

WESTERN PLACER UNIFIED SCHOOL DISTRICT

**2016-17 Second Interim Reporting
Board of Trustees
March 21, 2017**

SECOND INTERIM UPDATE – 2016-17 BUDGET

- The district's Board of Trustees shall certify in writing whether or not the district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. The certification shall be classified as positive, qualified, or negative, pursuant to standards and criteria adopted by the State Board of Education (EC §33127).
- In certifying the 2016-17 Second Interim report as positive, the Board confirms its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years.

2016-17 BUDGET

SECOND INTERIM

	Second Interim		
	Unrestricted	Restricted	Combined
Revenues			
LCFF Funding	53,178,354	968,994 ▲	54,147,348
Federal Revenue	2,624	2,509,966 ▲	2,512,590
State Revenue	2,549,160	7,320,192 ▲	9,869,352
Local Revenue	1,306,169	2,509,502 ▲	3,815,671
Total Revenue	57,036,307	13,308,654	70,344,961
Expenditures			
Certificated Salaries	25,926,386	5,163,860 ▲	31,090,246
Classified Salaries	5,789,946	3,083,343 ▲	8,873,289
Benefits	10,852,303	5,220,609 ▲	16,072,912
Books and Supplies	5,466,530	1,542,555 ▲	7,009,085
Other Services & Oper. Exp	4,917,822	3,195,570 ▲	8,113,392
Capital Outlay	363,237	3,397,651 ▲	3,760,888
Other Outgo 7xxx	327,075	1,794,938 ▲	2,122,013
Transfer of Indirect 73xx	(751,116)	676,477	(74,639)
Total Expenditures	52,892,183	24,075,003	76,967,186
Deficit/Surplus	4,144,124	(10,766,349)	(6,622,225)
Transfers In			-
Transfers out	(173,560)	-	(173,560)
Contributions to Restricted	(9,685,090)	9,685,090	-
Net increase (decrease) in Fund Balance	(5,714,526)	(1,081,259)	(6,795,785)
Beginning Balance	10,482,878	1,233,972	11,716,850
Ending Fund Balance	4,768,352	152,713	4,921,065
Components of Ending Fund Balance			
<u>Nonspendable:</u>			
Reserve - Revolving Fund	5,000		5,000
<u>Restricted:</u>			
Reserve - Designated Programs	-	152,713	152,713
<u>Unassigned/Unappropriated:</u>			
Reserve - Economic Uncertainty @ 3%	2,314,222		2,314,222
Reserve - Deferred Maintenance Reserve	158,455		158,455
Reserve - Charter Technical Assistance	93,812 ▼		93,812
Reserve - GAP Funding Contingency - Subsequent Budget Year	743,919		743,919
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	1,452,944	-	1,452,944
Total Ending Fund Balance	4,768,352	152,713	4,921,065

SECOND INTERIM UPDATE – 2016-17 BUDGET

Changes from District's First Interim Budget:

- The total net change to revenues has increased by a net \$223,000 due primarily recording increases in final allocations of state, federal and local revenues and grants.
- Expenditures have increased by approximately \$473,000 primarily due to budgeting the expenditures for the deferred maintenance roofing projects of \$285,000, increases in legal settlement and PCOE billback expenses for the Special Education program and to budget expenditures for increased federal, state and local programs.
- At Second Interim, expenditures are budgeted to exceed revenues by almost \$6.8 million, due to the spending down of program carryover funds, leaving an ending combined fund balance (unrestricted and restricted programs) of \$4.9 million or 6.4% of total expenditures.

FIRST INTERIM

VS.

SECOND INTERIM

	First Interim 2016-17 Combined	Second Interim 2016-17 Combined	2nd Interim vs. 1st Int \$ Variance
Revenues			
LCFF Funding	54,095,745	54,147,348	51,603
Federal Revenue	2,418,196	2,512,590	94,394
State Revenue	9,796,842	9,869,352	72,510
Local Revenue	3,811,600	3,815,671	4,071
Total Revenue	70,122,383	70,344,961	222,578
Expenditures			
Certificated Salaries	31,124,629	31,090,246	(34,383)
Classified Salaries	8,800,410	8,873,289	72,879
Benefits	16,074,418	16,072,912	(1,506)
Books and Supplies	7,128,852	7,009,085	(119,767)
Other Services & Oper. Exp	7,683,468	8,113,392	429,924
Capital Outlay	3,712,302	3,760,888	48,586
Other Outgo 7xxx	2,045,013	2,122,013	77,000
Transfer of Indirect 73xx	(74,639)	(74,639)	-
Total Expenditures	76,494,453	76,967,186	472,733
Deficit/Surplus	(6,372,070)	(6,622,225)	(250,155)
Transfers In	-	-	-
Transfers out	(173,560)	(173,560)	-
Contributions to Restricted	-	-	-
Net increase (decrease) in Fund Balance	(6,545,630)	(6,795,785)	(250,155)
Beginning Balance	11,716,850	11,716,850	-
Ending Fund Balance	5,171,220	4,921,065	(250,155)
Components of Ending Fund Balance			
<u>Nonspendable:</u>			
Reserve - Revolving Fund	5,000	5,000	-
<u>Restricted:</u>			
Reserve - Designated Programs	115,035	152,713	37,678
<u>Unassigned/Unappropriated:</u>			
Reserve - Economic Uncertainty @ 3%	2,300,040	2,314,222	14,182
Reserve - Deferred Maintenance Reserve	445,355	158,455	(286,900)
Reserve - Charter Technical Assistance	93,812	93,812	-
Reserve - GAP Funding Contingency - Subsequent Budget Year	743,919	743,919	-
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	1,468,059	1,452,944	(15,115)
Total Ending Fund Balance	5,171,220	4,921,065	(250,155)

MAJOR EXPENDITURE CHANGES TO 2016-17 BUDGET SINCE FIRST INTERIM BUDGET

Budgeted Fund Balance Decrease at First Interim

(\$6,545,630)

Revenues

LCFF Sources

Increase in projected LCFF Gap Closed Percentage	10,000	
Increase in AB602 property tax revenue	<u>40,000</u>	
Total Changes in LCFF Sources		50,000

Federal Revenue

Actual Title I, Title II and Title III allocations over budget	40,000	
Increase in PL94-142 allocation	10,000	
Medi-Cal billing revenues (budgeted when received)	40,000	
Total Federal Revenue Changes		90,000

State Revenue

Increase in PCOE CTEIG allocation	65,000	
Miscellaneous	<u>10,000</u>	
Total State Revenue changes		75,000

Local Revenue

Miscellaneous	<u>5,000</u>	
Total Local Revenue changes		<u>5,000</u>

Total Change in Revenues

\$220,000

MAJOR EXPENDITURE CHANGES TO 2016-17 BUDGET SINCE FIRST INTERIM

Expenditures

Certificated Salaries

Transfer of coaching stipends from certificated to classified	<u>(35,000)</u>	
Total Certificated Salaries changes		(35,000)

Classified Salaries

Transfer of coaching stipends from certificated to classified	35,000	
Increased substitute costs due to classified leaves	30,000	
Increase in transportation salaries	15,000	
Savings from vacancies	(20,000)	
Miscellaneous	<u>10,000</u>	
Total Classified Salaries changes		70,000

Books and Supplies

Transfers to other objects	(150,000)	
Adjust budgets for increased federal revenues	20,000	
Increase in CTEIG allocation	15,000	
Miscellaneous	<u>(5,000)</u>	
Total Books and Supplies		(120,000)

MAJOR EXPENDITURE CHANGES TO 2016-17 BUDGET SINCE FIRST INTERIM

Services & Other Operating Expenditures		
Budget deferred maintenance expenditures	285,000	
Increase in CTEIG allocation	45,000	
Transfer from other objects	45,000	
Increase in legal fees	40,000	
Adjust budgets for increased federal revenues	20,000	
Miscellaneous	<u>(5,000)</u>	
Total Services and Other Operating Costs		430,000
Capital Outlay		
RDA Facilities Expenditure	20,000	
Transfers from other objects	<u>25,000</u>	
Total Capital Outlay		45,000
Other outgo - Increase in PCOE projected billback		80,000
<i>Total Change in Expenditures</i>		<u>470,000</u>
<i>Rounding</i>		(155)
<i>Total Change in Budgeted FB</i>		<u>(250,000)</u>
Budgeted Deficit Spending at Second Interim	-	<u>(\$6,795,785)</u>

CONTRIBUTIONS TO RESTRICTED PROGRAMS

Contributions to Restricted Programs 2016-17 Second Interim and 2016-17 First Interim

<u>Program</u>	<u>Resource</u>		<u>Second Interim</u>	<u>First Interim</u>	<u>Change</u>	<u>Comments</u>
Special Ed-Basic Grant (PL94-142)	3310	*	\$1,329,431	\$1,324,058	\$5,373	Final position control adjustments
Spec Ed Pre-School	3315	*	\$51,802	\$51,802	\$0	
Special Education	6500	*	\$6,502,446	\$6,384,540	\$117,906	Increase in legal fees, increase in projected PCOE billback
Maintenance	8150		\$1,877,987	\$1,877,987	\$0	
Total Contribution to Restricted Programs			<u>\$9,761,666</u>	<u>\$9,638,387</u>	<u>\$123,279</u>	
Total Special Ed Contribution			\$7,883,679	\$7,760,400	\$123,279	

MULTIPLE-YEAR BUDGET PROJECTIONS

**2016-17 2ND INTERIM
2017-18 PROJECTED
2018-19 PROJECTED**

MYP - BUDGET ASSUMPTIONS - REVENUES

	16/17 Second Interim	17/18 Projection	18/19 Projection	
REVENUE				
Enrollment	6,812	6,881	6,949	Based on 15/16 Actual Enrollment and Projections
ADA Yield	95.8%	95.8%	95.8%	Based on Historical Rates
ADA	6,546	6,612	6,678	Enrollment X ADA Yield
% Increase (Decrease) Enrollment	0.0%	1.0%	1.0%	Based on Historical Rates
# Increase (Decrease) Enrollment	67	68	69	
Statutory COLA %	0.00%	1.48%	2.40%	Per PCOE Common Message
LCFF Entitlement Factors:				
Base Grant - Grades K-3	\$7,083	\$7,188	\$7,361	Per LCFF Calculator
Base Grant - Grades 4-6	\$7,189	\$7,295	\$7,470	Per LCFF Calculator
Base Grant - Grades 7-8	\$7,403	\$7,513	\$7,693	Per LCFF Calculator
Base Grant - Grades 9-12	\$8,578	\$8,705	\$8,914	Per LCFF Calculator
Grade Span Funding (K-3 CSR & 9-12)	\$737	\$748	\$766	Per LCFF Calculator
Supplemental Grants (% Adj. Base)	20%	20%	20%	Per LCFF Calculator
Concentration Grants	50%	50%	50%	Per LCFF Calculator
Concentration Grant Threshold	55%	55%	55%	Per LCFF Calculator
LCFF Gap Closed Percentage	55.28%	23.67%	53.85%	Per LCFF Calculator
LCFF Entitlement per ADA	8,123	8,222	8,507	Per LCFF Calculator
LCFF Funding	53,178,354	54,367,537	56,813,477	Per LCFF Calculator
Property Tax change	3.00%	3.00%	3.00%	County Taxes Report/3-Yr Ave
Est. Property Taxes	44,842,284	46,187,553	47,573,179	Actuals/3-Yr Average
State LCFF Supplemental Funds	3,206,032	3,427,633	3,528,720	Per LCFF Calculator
Federal Revenue	0%	0%	0%	Per PCOE Common Message
Categorical COLA	0.00%	1.48%	2.40%	Per PCOE Common Message
Lottery Unrestricted/ADA	\$144.00	\$144.00	\$144.00	Per PCOE Common Message
Lottery Restricted/ADA	\$45.00	\$45.00	\$45.00	Per PCOE Common Message

MYP - BUDGET ASSUMPTIONS - EXPENDITURES

	16/17 Second Interim	17/18 Projection	18/19 Projection	
EXPENDITURES				
Certificated New Positions - FTE	10.1	2.0	2.0	
Estimated Retirements - FTE	2.0	0.0	0.0	
Reductions in Staffing - FTE - Temp Cert	0.0	-2.0	0.0	
Staffing Ratios:				
TK/Kindergarten	25:1	25:1	25:1	Per Contract - District-wide
1-3	25:1	25:1	25:1	Per Contract - District-wide
4-5	31:1	31:1	31:1	Per Contract
6-8	32:1	32:1	32:1	Per Contract
9-12	36:1	36:1	36:1	Per Contract
Certificated Step/Column	2.10%	2.10%	2.10%	
Classified New Positions - FTE	6.7	0.0	0.0	
Estimated Retirements - FTE	0.0	0.0	0.0	
Reductions in Staffing - FTE	0.0	0.0	0.0	
Classified Step/Column	1.00%	1.00%	1.00%	
Health Benefits	0.0%	0.0%	0.0%	Contribution Capped
CalPERS Employer Rate	13.888%	15.80%	18.70%	Per SSC Dartboard (projected)
CalSTRS Employer Rate	12.58%	14.43%	16.28%	Per SSC Dartboard (projected)
Budget Reductions	-	-	-	
Transfers Out	173,560	173,560	223,560	To Fund 17
Designated for Economic Uncertainty	3%	3%	3%	
Deferred Maintenance Reserve	158,455	158,455	158,455	Reserved for Roofing Needs
New High School Start-Up Reserve	-	-	-	Reserved for New High School
Site Allocations:				
Elementary	47.00	47.00	47.00	
Middle School	58.50	58.50	58.50	
High School	83.75	83.75	83.75	
Lottery per teacher	500.00	500.00	500.00	

MULTI-YEAR PROJECTIONS

- Based the governor’s January proposals of a reduction in the 2017-18 LCFF GAP funding percentage from 72.99%, at First Interim, to 23.67% in 2017-18, the projected 2017-18 LCFF base funding has been reduced by \$1.1 million. This change generated the need for budget reductions in 2017-18 and 2018-19 to meet the required 3% Economic Uncertainty Fund Balance reserve.
- While the annual gap-closure percentage estimates may seem large, the remaining gap to fill has shrunk significantly. This means that gap-closure percentages will increase, yet result in smaller actual funding increases for school districts.

Planning Factor	2016-17	2017-18	2018-19
COLA (Department of Finance - DOF)	0.00%	1.48%	2.40%
LCFF Gap Funding Percentage (DOF)	55.28%	23.67%	53.85%
LCFF Gap Funding (in millions)	\$2,942	\$744	\$1,904

Enrollment and attendance projections for the current 2016-17 budget year and the next two budget years are listed below:

	16/17 Second Interim	17/18 Projection	18/19 Projection
Enrollment	6,812	6,881	6,949
ADA Yield	95.8%	95.8%	95.8%
ADA	6,546	6,612	6,678
% Increase (Decrease) Enrollment	0.0%	1.0%	1.0%
# Increase (Decrease) Enrollment	67	68	69

CALSTRS AND CALPERS EMPLOYER CONTRIBUTIONS

CalSTRS employer rates increased to 12.58% in 2016-17 in the amount of **\$516,000**. Board can change rates as needed.

The employer contribution to CalPERS increased to 13.888% in 2016-17 in the amount of **\$119,000**. No specific state funds are provided for this cost increase.

The projected increases in STRS and PERS employer rates are as follows:

	2016-17	2017-18	2018-19	2019-20	2020-21
CalPERS Employers Rate (Projected)	13.89%	15.80%	18.70%	21.60%	24.90%
CalSTRS Employer Rate (Statutory)	12.58%	14.43%	16.28%	18.13%	19.10%

The CalSTRS and CalPERS costs associated with the employer rates increase over the next three years area as follows:

	2016-17	2017-18	2018-19
STRS Costs - Annual	\$ 515,860	\$ 526,177	\$ 536,701
PERS Costs - Annual	119,116	112,703	172,650
	\$ 634,976	\$ 638,880	\$ 709,351
STRS Costs Cumulative	\$ 515,860	\$ 1,042,037	\$ 1,578,738
PERS Costs Cumulative	119,116	231,819	404,469
	\$ 634,976	\$ 1,273,856	\$ 1,983,207

MULTIPLE YEAR PROJECTIONS

	Second Interim	Projection	Projection
	2016-17 Combined	2017-18 Combined	2018-19 Combined
Revenues			
LCFF Funding	54,147,348	55,336,531	57,782,471
Federal Revenue	2,512,590	2,207,955	2,207,955
State Revenue	9,869,352	4,566,391	4,390,783
Local Revenue	3,815,671	3,540,850	3,540,850
Total Revenue	70,344,961	65,651,727	67,922,059
Expenditures			
Certificated Salaries	31,090,246	31,547,743	32,340,858
Classified Salaries	8,873,289	8,956,076	9,030,221
Benefits	16,072,912	16,977,971	18,008,102
Books and Supplies	7,009,085	2,484,537	2,484,537
Other Services & Oper. Exp	8,113,392	5,721,388	5,726,971
Capital Outlay	3,760,888	151,860	13,940
Other Outgo 7xxx	2,122,013	2,122,013	2,122,013
Transfer of Indirect 73xx	(74,639)	(74,639)	(74,639)
Unidentified Budget Reductions 17-18 & 18-19-		(160,000)	(1,900,000)
Total Expenditures	76,967,186	67,726,949	67,752,003
Deficit/Surplus	(6,622,225)	(2,075,222)	170,056
Transfers In	-	-	-
Transfers out	(173,560)	(173,560)	(223,560)
Contributions to Restricted	-	-	-
Net increase (decrease) in Fund Balance	(6,795,785)	(2,248,782)	(53,504)
Beginning Balance	11,716,850	4,921,065	2,672,283
Ending Fund Balance	4,921,065	2,672,283	2,618,779

LCFF Funding includes Projected GAP Funding per DOF and FCMAT LCFF Calculator

One time Federal & State funding removed from 17/18 and 18/19.

Salaries include step & column cost and increasing STRS & PERS employer contribution rates. No negotiated salary increase included.

One time State funding removed from 17/18 and 18/19

Necessary Budget Reductions in 17/18 and 18/19

Includes transfer of \$250,000 Wetlands Reserve back to Fund 17 -Special Reserve in each of three years. (Paid back in full by 18-19)

COMPONENTS OF FUND BALANCE

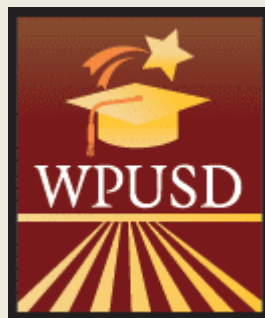
<u>2016-17 Ending Fund Balance Components (\$4,921,065) :</u>		Second Interim	Projection	Projection
		2016-17 Combined	2017-18 Combined	2018-19 Combined
Ending Fund Balance		4,921,065	2,672,283	2,618,779
Components of Ending Fund Balance				
<u>Nonspendable:</u>	<u>Nonspendable:</u>			
\$5,000 →	Reserve - Revolving Fund	5,000	5,000	5,000
<u>Restricted:</u>	<u>Restricted:</u>			
\$152,713 →	Reserve - Designated Programs	152,713	152,713	152,713
	<u>Unassigned/Unappropriated:</u>			
<u>Reserve for EU (3%):</u>	Reserve - Economic Uncertainty @ 3%	2,314,222	2,037,015	2,039,267
\$2,314,222 →	Reserve - Deferred Maintenance Reserve	158,455	158,455	158,455
<u>Board designated:</u>	Reserve - Additional LCFF Supplemental Required			
\$252,267 →	Increase Budget 17-18 & 18-19	0	221,061	101,087
	Reserve - Charter Technical Assistance	93,812	93,812	93,812
<u>GAP Funding Reserve:</u>	Reserve - GAP Funding Contingency - Subsequent			
\$743,919 →	Budget Year	743,919	0	0
<u>Unassigned Surplus:</u>	Reserve - Unassigned Economic Uncertainty surplus/(deficit)	1,452,944	4,227	68,445
\$1,452,944 →				
Total Ending Fund Balance		4,921,065	2,672,283	2,618,779

MULTIPLE YEAR PROJECTIONS – FUND BALANCE RESERVES

- Placer County Office of Education continues to reinforce the need for reserves over the minimum reserve requirements. In the projection years, funding growth is expected to be limited as target funding approaches; employer contributions to retirement benefits are scheduled to rise; and requirements to improve academic performance increase.
- Special attention must be made to out-year projections and the contributing factors both within and outside the control of district decision makers. To maximize success, districts will need to make deliberate use of resources and prudent fiscal decisions.

NEXT STEPS

- District Attendance Reporting (P-2) – April 2017
 - P-2 ADA may drive change in 2017-18 Projected Funded ADA
- Governor's May Revision – May 2017
- 2017-18 Budget Adoption and LCAP Approval
 - June 30, 2017



Recommend Approval of
2016-17 Second Interim Budget
Positive Certification



QUESTIONS & COMMENTS