

West Contra Costa
Unified School District
October 24, 2012



Budget Update
Actuarial Study

Multi Year Projection Budget Adoption

Unrestricted General Fund

(In thousands)

Prop 30
Passes

| | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> |
|------------------------------------|----------------|----------------|----------------|
| Revenues | \$166,638 | \$169,817 | \$166,852 |
| Expenses | 172,820 | 176,645 | 179,359 |
| Deficit Spending | (\$6,182) | (\$6,828) | (\$12,507) |
| Special Reserve Transfer | 2,800 | 3,800 | 6,800 |
| Beginning Fund Balance | 23,376 | 19,994 | 16,966 |
| Use of Fund Balance | (3,382) | (3,028) | (5,707) |
| Ending Fund Balance | 19,994 | 16,966 | 11,259 |
| Required Reserve | 8,002 | 7,931 | 7,751 |
| Stores & Revolving Cash | 300 | 300 | 300 |
| Balance | \$11,692 | \$8,735 | \$3,208 |

Updated with Unaudited Fund Balance Increase

Fund Balance

- Because of the cuts and reductions the District has made we have maintained solvency and been able to plan for the ongoing economic crisis
- Board set aside \$13.5 million to help offset cuts and save jobs
- **This plan works unless Proposition 30 fails**

Risks to the State Budget

- The State Budget is balanced only if revenues are increased by the November election
- Education funding is the “hot button” for voters to approve taxes
- Mid Year Triggers are once again threatened

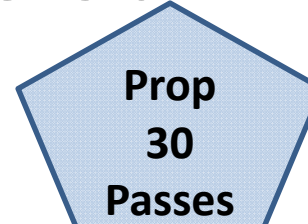
\$441- \$461 per pupil cut if taxes do not pass in November

= \$12 + million cut

Without the Proposition 30

| | | | |
|------------------------------------|------------|------------|------------|
| Revenues | \$166,638 | \$169,817 | \$166,852 |
| Mid Year Trigger ongoing | (\$12,000) | (\$12,000) | (\$12,000) |
| Expenses | 172,820 | 176,645 | 179,359 |
| Deficit Spending | (\$18,182) | (\$18,828) | (\$24,507) |
| Special Reserve Transfer | 13,500 | - | - |
| Beginning Fund Balance | 23,376 | 18,694 | (134) |
| Use of Fund Balance | (4,682) | (18,828) | (24,507) |
| Ending Fund Balance | 18,694 | (134) | (24,641) |
| Required Reserve | 8,002 | 7,981 | 7,751 |
| Stores & Revolving Cash | 300 | 300 | 300 |
| Balance | \$10,392 | (\$8,415) | (\$32,692) |
| | | | |

Special Reserve Summary



| Special Reserve Fund - 17 | Adopted Budget & Multi Year Projection | Mid Year Trigger Projection |
|---|--|-----------------------------|
| Estimated Balance June 30, 2012 | \$ 13,500,000 | \$ 13,500,000 |
| 2012-13 | \$ (2,800,000) | \$ (2,800,000) |
| 2012-13 Additional Transfer Due to "trigger" | | \$ (10,700,000) |
| 2013-14 | \$ (3,800,000) | |
| 2014-15 | \$ (6,800,000) | |
| Special Reserve Fund Balance Projection June 2015: | \$ 100,000 | \$ - |



Actuarial Study

- In 2004 The Governmental Accounting Standard Board adopted issued “Statement 45” – this is known as GASB 45
- Requires all government entities to account for post employment benefits on an accrual basis
 - This means that as employees work and earn the right to future benefits the District must book them in their financial statement

Actuarial Study

- In 2004 the District liability for Post Employment benefits was \$900 million
- Post Employment Health Care benefit changes were achieved through bargaining over the course of several years
- By 2010 the District liability for Post Employment Benefits was \$385 million
- The 2012 study shows additional savings the liability is now \$364 million

Actuarial Study

- Over the course of the next 25 years the pay as you go costs will be less under the new benefit program than they would have been
- However, post retirement benefit costs are still a major component of the budget - \$19 million per year
- Retiree benefits increase each year because of the obligation to those who had retired prior to the changes

Next Steps

- First Interim Report is prepared for the December 2012 board meeting
- Budget Development for 2013-14 will be underway
- November Election is a key factor
- Actuarial Study and Financial Reports are on our website

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