West Contra Costa Unified School District
December 7, 2016

First Interim Report

As of October 31, 2016

2016-17 1st Interim

- Executive Summary

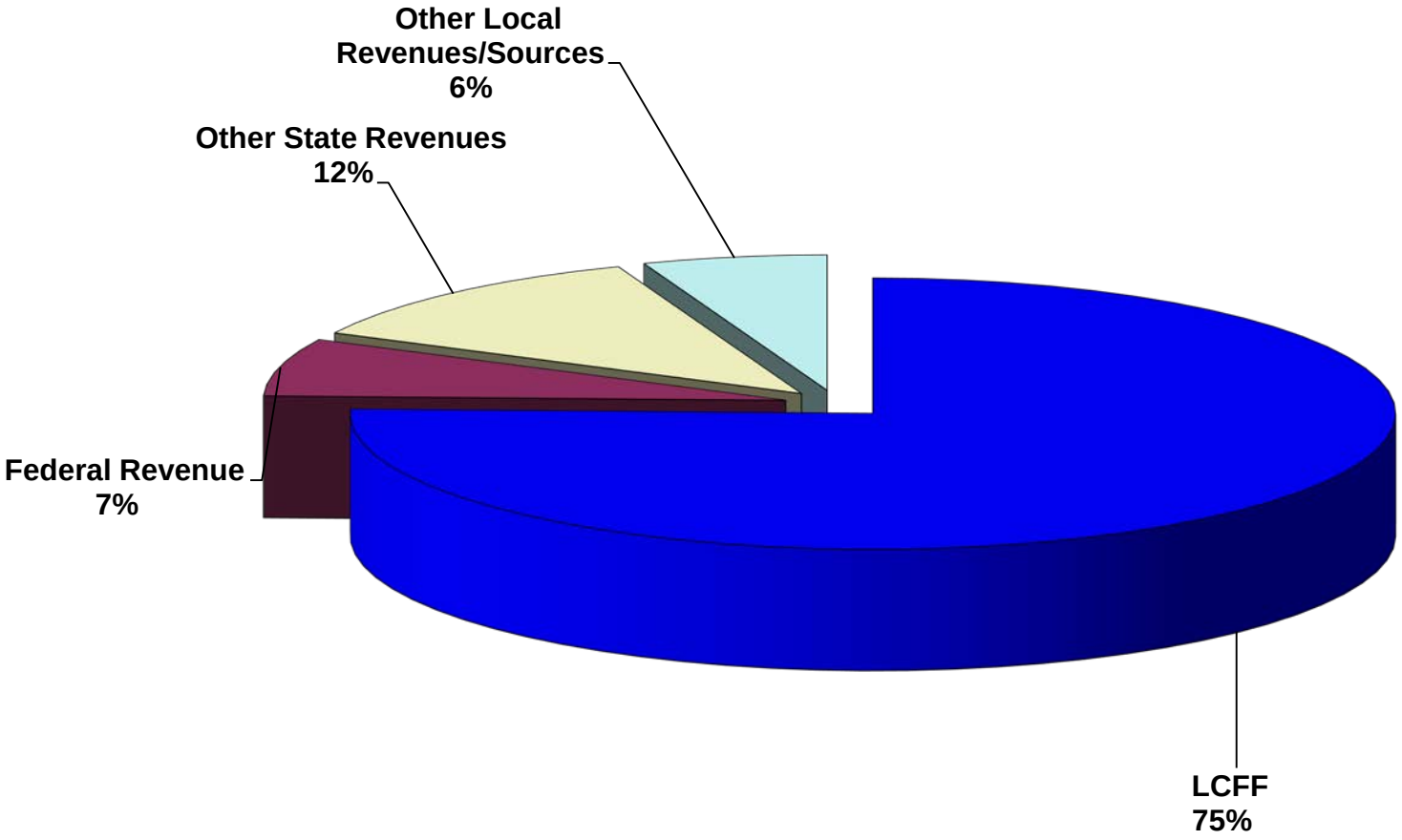
- State Forms
  - Includes all funds of the district
  - Documentation of revenue calculations
  - Criteria and Standards

- Multi-Year Projection

Revenues

- Local Control Funding Formula
  - Based upon average daily attendance (ADA) 26,687
  - Unduplicated Student Count – 74.58%
- Lottery $181 per pupil
- Locally Restricted
  - Parcel Tax $9.7 Million GREAT NEWS!!
  - MRAD $5.5 Million

2016-17 1st Interim TOTAL GENERAL FUND REVENUES & OTHER SOURCES by OBJECT $344,578,586



Local Control Funding Formula

- 2016-17 **target** vs Phase in entitlement calculation

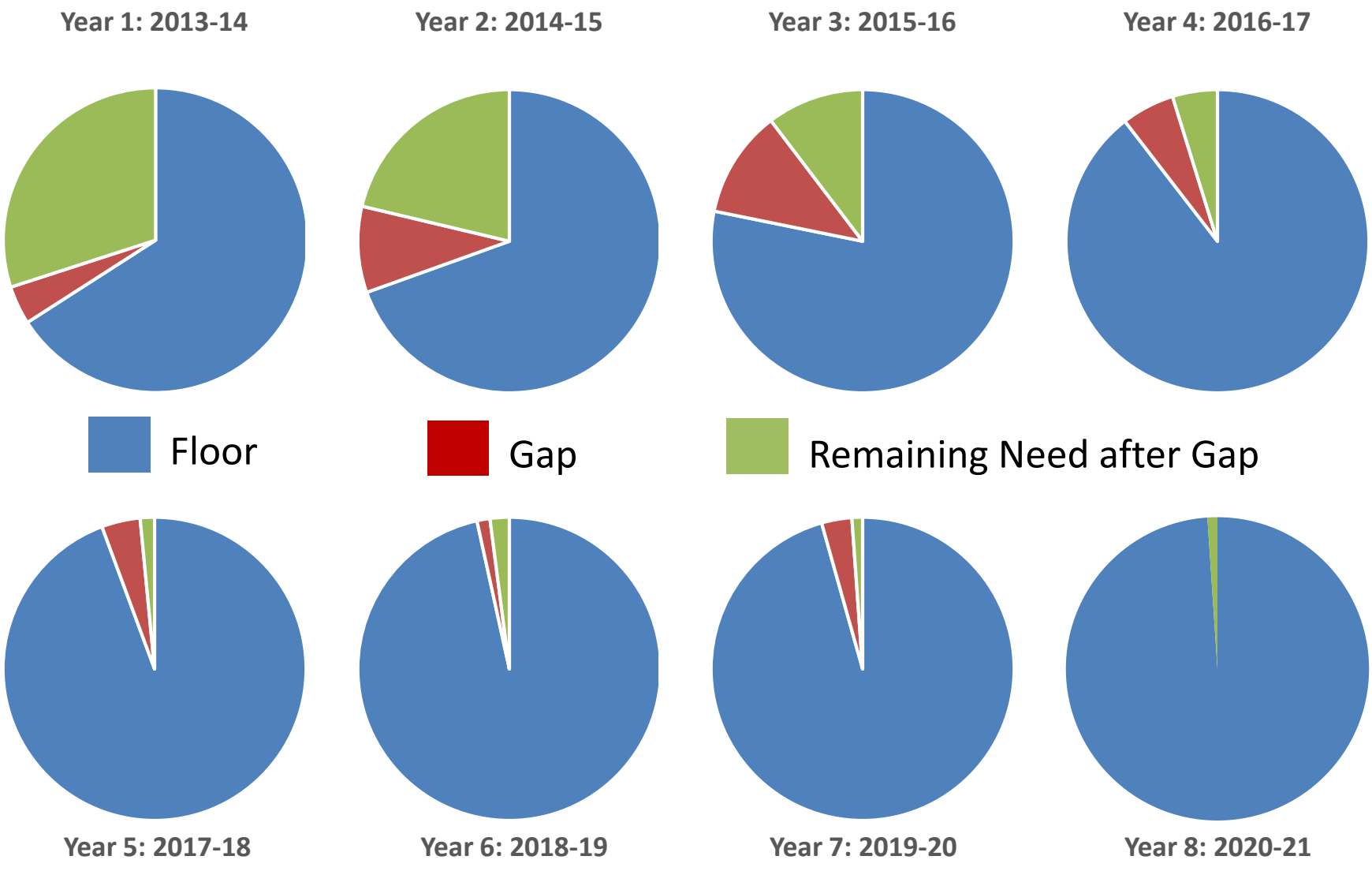
Summary of Funding	2016-17	2017-18	2018-19
Target	$ 273,311,361	$ 274,503,615	$ 276,830,202
Total Phase-In Entitlement	$ 260,204,831	$ 259,017,939	$ 267,313,012
Base/TIIG/Transportation	$ 210,966,648	$ 208,354,304	$ 218,592,805
Supplemental/Concentration	$ 49,238,183	$ 50,663,635	$ 48,720,207
Total Funding	$ 260,204,831	$ 259,017,939	$ 267,313,012
Estimated Percent toward Target	**95%**	**94%**	**97%**

This funding level assumes the State will fund the target "gap"
2016-17 54.18% - 2017-18 72.99 % - 2017-18 40.36%

How far away is our target?

- The LCFF has an 8 year implementation plan
- The 2016-17 Funding Target as of 1st Interim is $273 million
- The 2016-17 Estimated Funding $260 million
  - **The Funding "Gap" is $13 million**
- Each year the LCFF base grants are adjusted, but not necessarily funded. That will be a decision of the State Legislature based upon funds available.
- LCFF is tied to the annual unduplicated pupil count, which will vary.

Local Progress Towards Full LCFF Implementation:
West Contra Costa Unified



Multi Year Projection

- <u>2017-18 Assumptions</u>
- Funded ADA: 27,113.03
- LCFF Gap Funding Rate: 72.99%
- District Unduplicated Count: 74.22%
- Estimated Supplies Increase: California CPI 2.26%
- Step and Column: 1.0%
- CalPERS Rate: 15.5%
- Cal STRS Rate: 14.43%
- Active Health Benefits: 0%
- Retiree Health Benefits: 0%
- Reserve for economic uncertainty 6%
  (Split between Special Reserve and General Fund)

Multi Year Projection

- <u>2018-19 Assumptions</u>
- Funded ADA: 26,775.37
- LCFF Gap Funding Rate: 40.36%
- District Unduplicated Count: 74.11%
- Estimated Supplies Increase: California CPI 2.42 %
- Step and Column: 1.0%
- CalPERS Rate: 17.10%
- Cal STRS Rate: 16.28%
- Active Health Benefits: 0%
- Retiree Health Benefits: 0%
- Reserve for economic uncertainty 6%
  (Split between Special Reserve and General Fund)

Multi Year Projection
Unrestricted General Fund

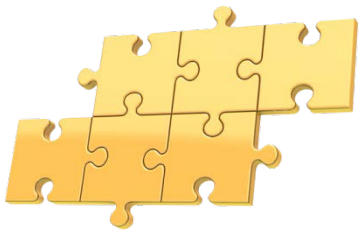
	2016-17	2017-18	2018-19
Revenues	$219,687	$221,695	$222,299
Expenses	218,370	226,703	230,274
Excess/(Deficit) Spending	$1,317	($5,008)	($7,975)
Beginning Fund Balance	49,307	50,624	45,616
Use/Increase of Fund Balance	1,317	(5,008)	(7,975)
Ending Fund Balance	50,624	45,616	37,641
Required Reserve	11,784	11,655	11,972
Assigned Reserve	3,052	1,287	1,288
Stores & Revolving Cash	300	300	300
Balance	$35,488	$32,374	$24,081

Chart in Thousands

Structural Deficit

- Defined as having ongoing programs and financial commitments for a given year that exceed that particular year's revenue
- Ending Fund Balance or Special Reserve Funds can be used to address the deficit

Structural Deficit



- The Board needs to be aware of the use of one-time funds and prepare plans for reducing commitments as one-time funds are depleted

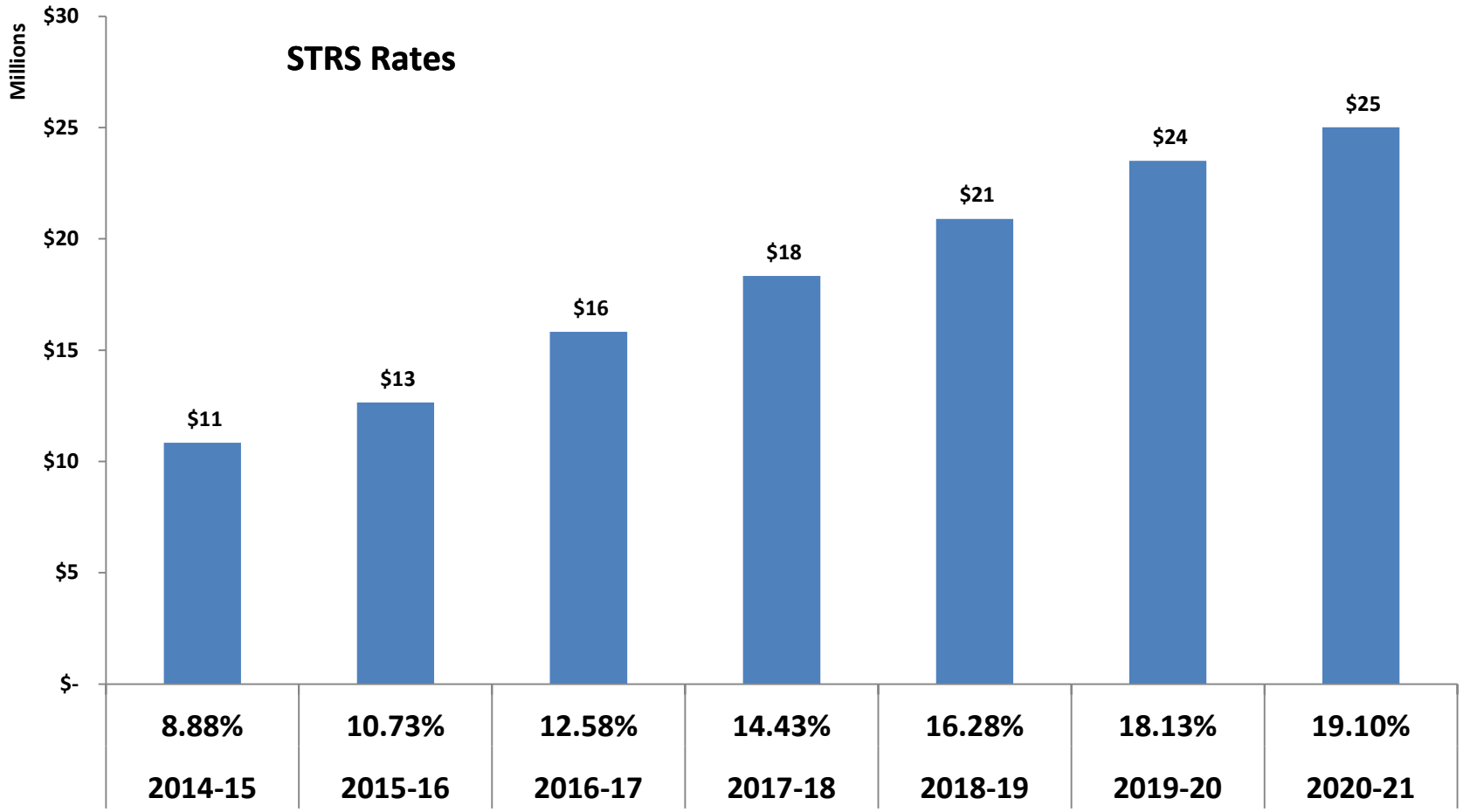
- 2017-18 through 2018-19, the District shows revenue growth due to LCFF however expenses exceed revenue

- There is sufficient fund balance to cover the overage and still maintain 6% reserve

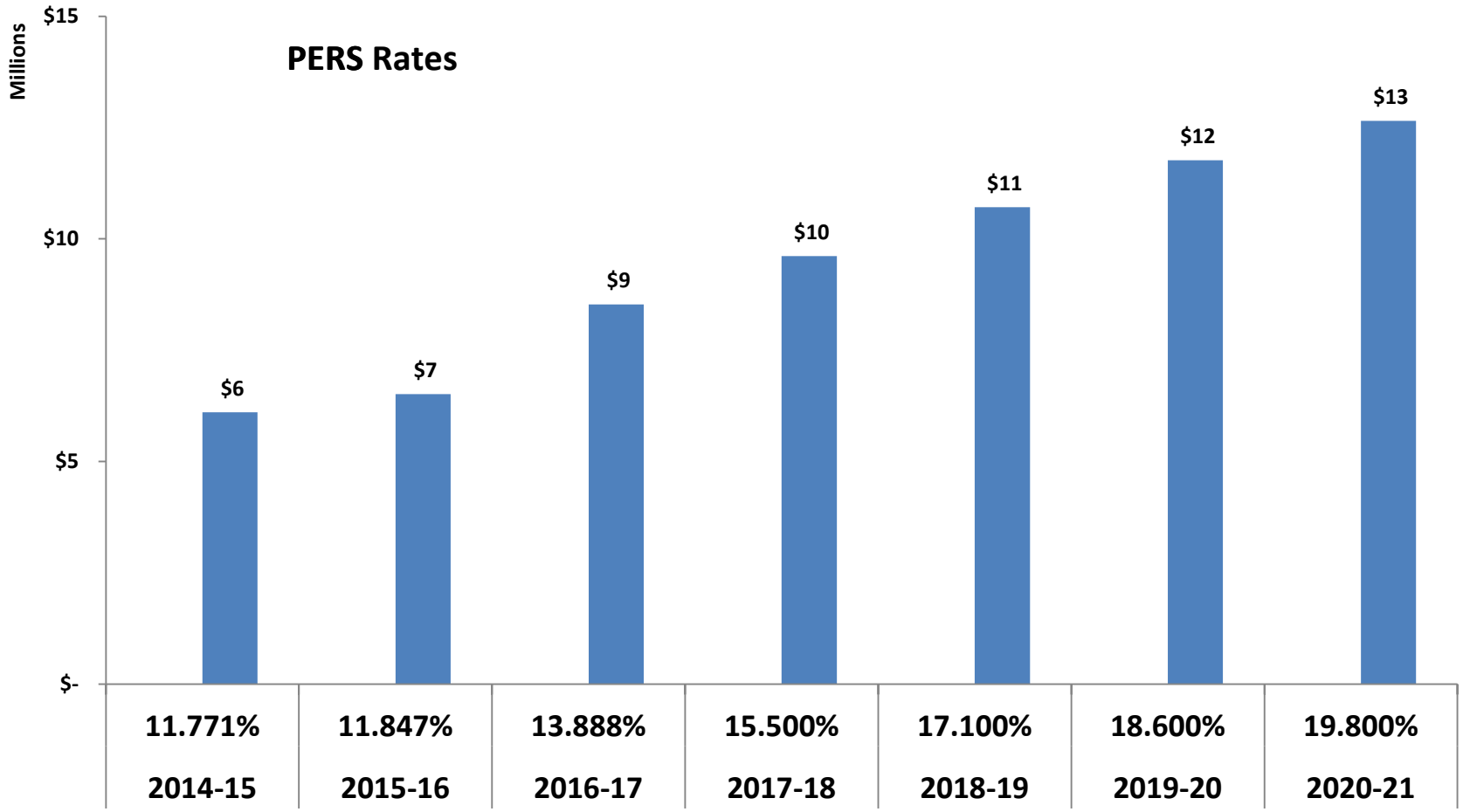
Future Funding & Fund Balance

- There is a higher level of volatility and risk in this funding model as years progress
  - Student Demographic Changes
  - Legislative Support must continue over time
  - Economic Stability and Growth
- Ending Fund Balance at end of 2018-19
  - $24 million
  - Structural Deficit of $7.9 million
  - One time use of fund balance should be considered

STRS Multi Year Rates



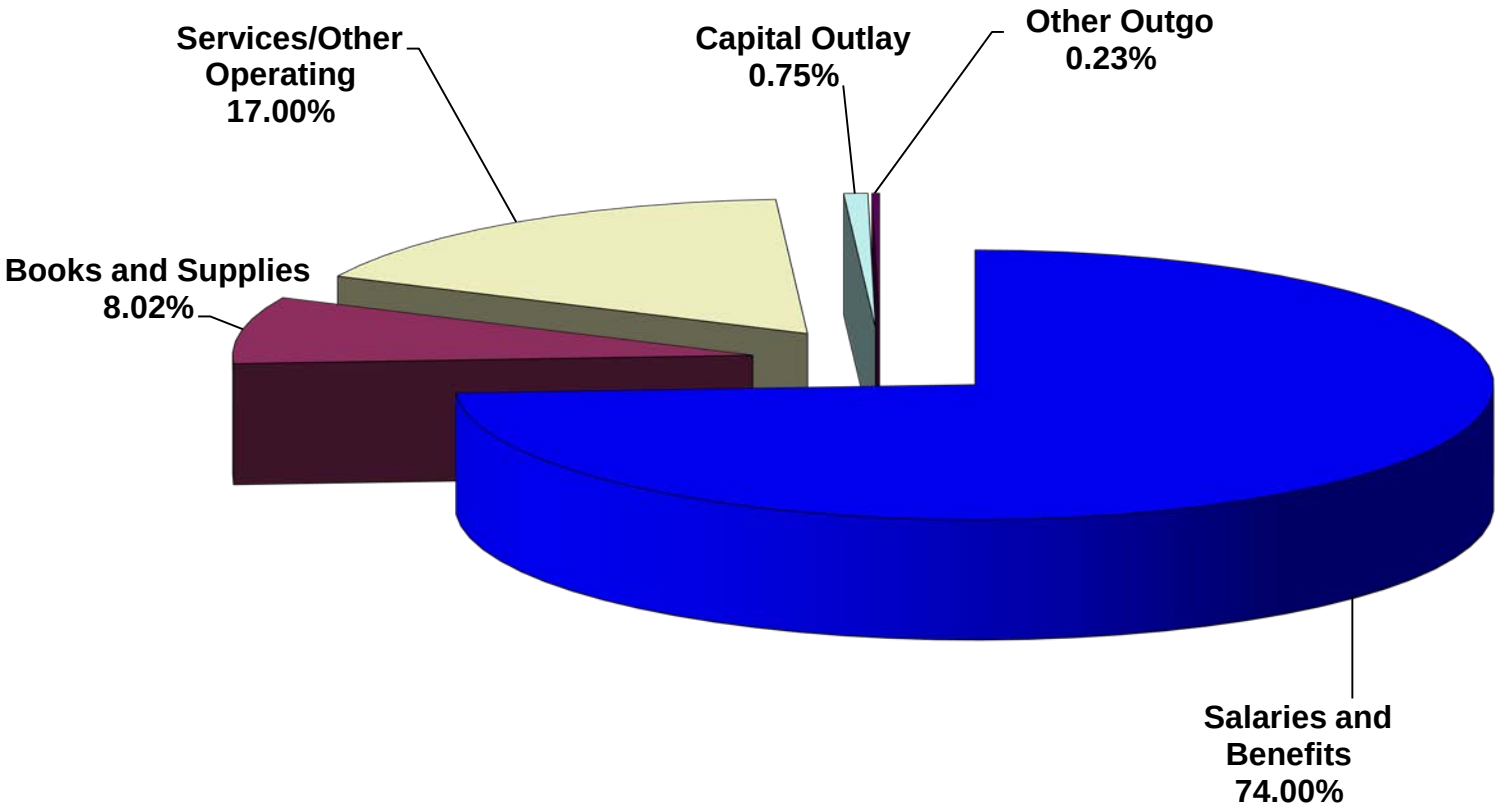
PERS Multi Year Rates



Budget Areas by Object

- Grouping Budget
  - Classifies expenses by type
    - Salaries
    - Benefits
    - Supplies
    - Contracted Services
    - Capital Outlay

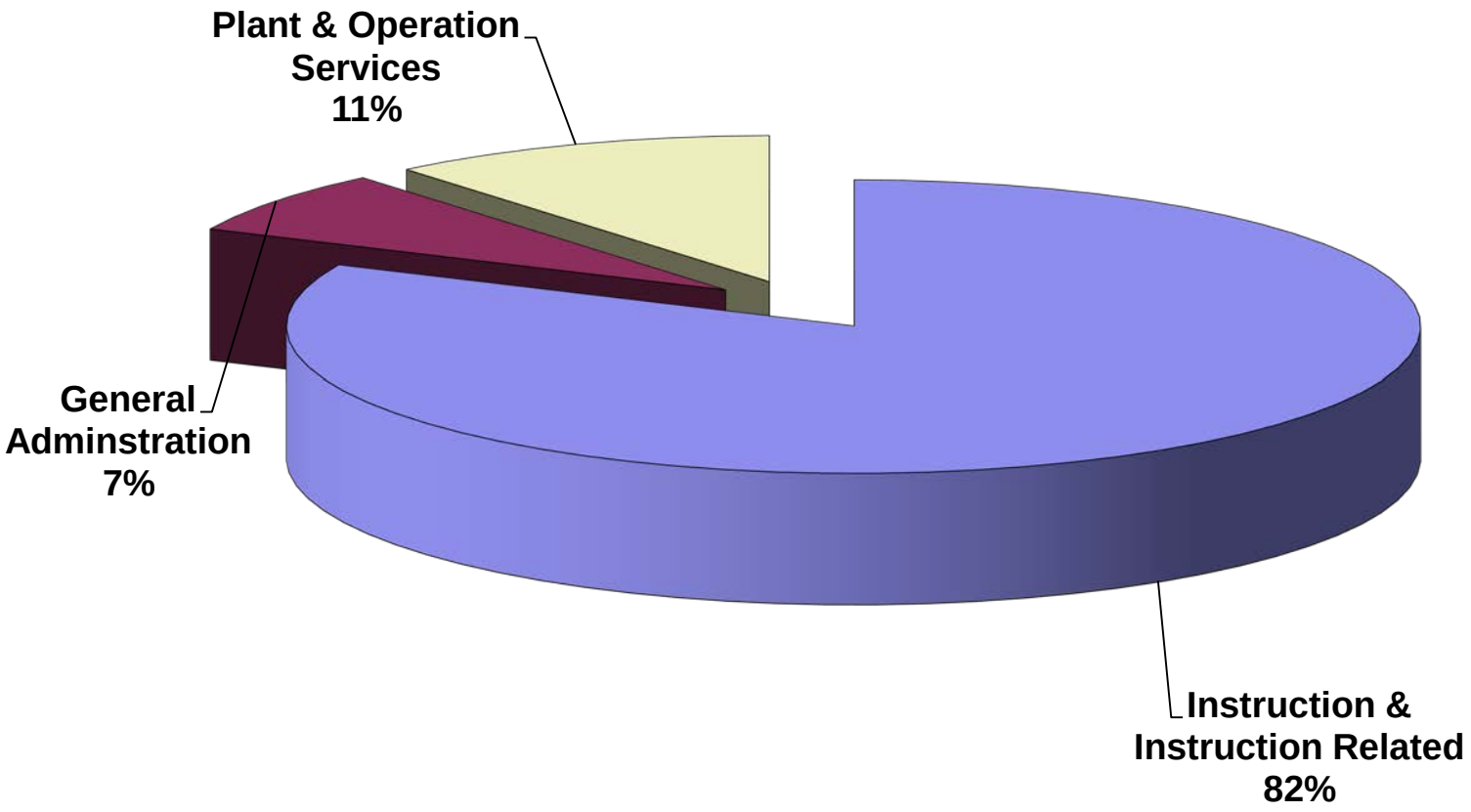
2016-17 1st INTERIM TOTAL GENERAL FUND EXPENDITURES & OTHER USES by OBJECT $355,478,327



Budget by Function

- Grouping Budget Areas
  - Activity Based - Function
    - Instruction & Instruction Related
    - General
    - Plant Maintenance & Operations

2016-17 1st INTERIM TOTAL GENERAL FUND
EXPENDITURES BY FUNCTION
$355,478,327



Special Reserve Summary

Special Reserve Fund – 17	2016-17 First Interim
Balance June 30, 2016	**$11,818,319**
3% Reserve	**$9,543,319**
Technology Replacement	**$2,275,000**
Technology Replacement Transfer for Program Expense	**0**
Unassigned Special Reserve Fund Balance Projection June 2017	$ **-0-**

The 2016-17 budget includes 6% as a designated reserve using both general and special reserve funds.

Fund Review

- Review of Budget Fund Schedules
  - Schedule 2
    - Adult Ed, Child Development, Cafeteria, Deferred Maintenance, Special Reserve
  - Schedule 3
    - Building, Capital Facility, County School Facility, Special Reserve for Capital Outlay
  - All funds are estimated to have positive ending fund and cash balances for 16-17, moving into the 2017-18 budget year

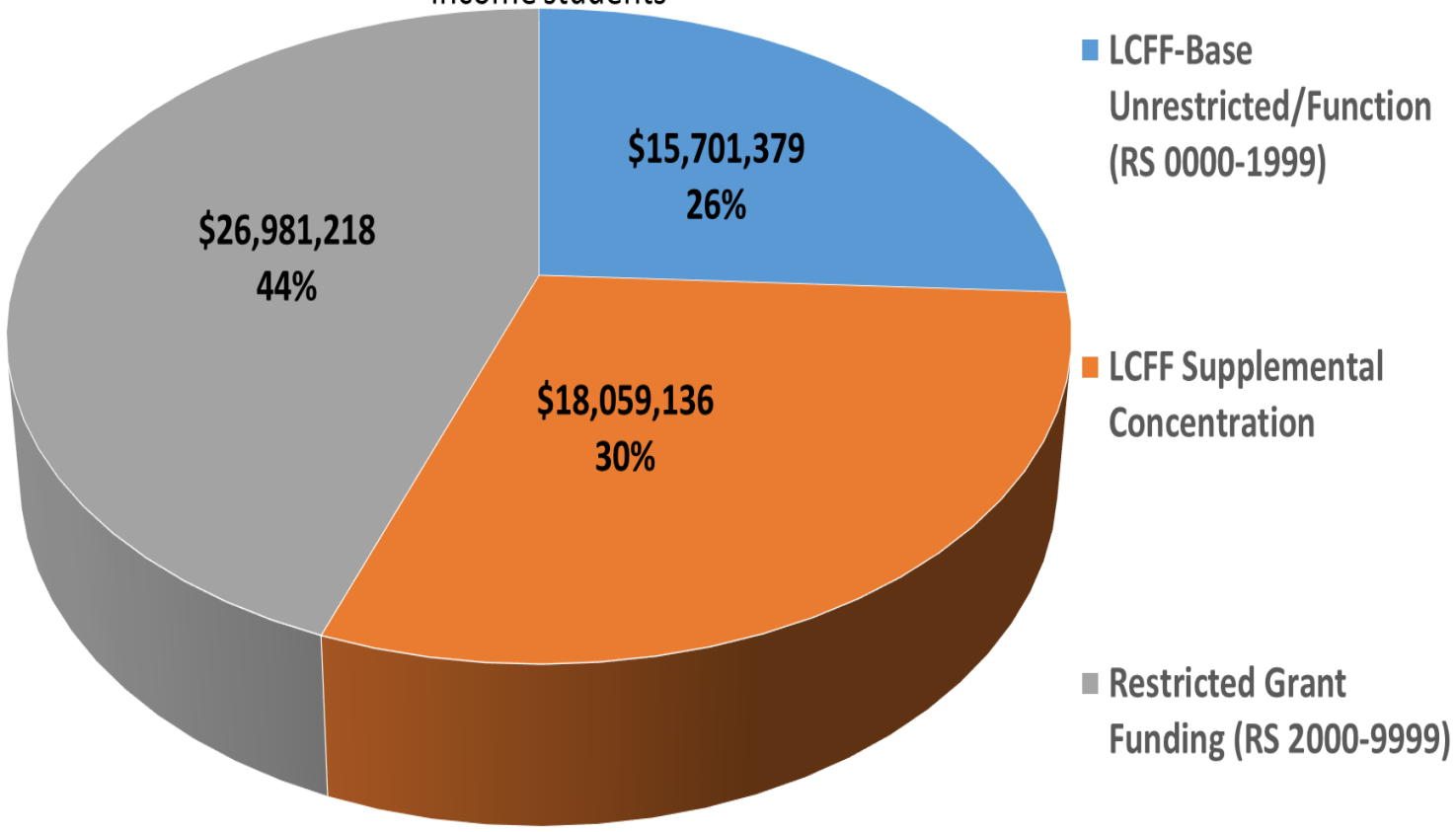
General Fund Budget by District Goal Overview

- All Unrestricted Expenditures by the State Account Code (SACS) definition of function has been reviewed and assigned to one of the District's five goals

- All Restricted Expenditures by the State, Federal or Local Account Code definition of resource has been reviewed and assigned to one of the District's five goals based upon the intent of the funding source

Goal 1

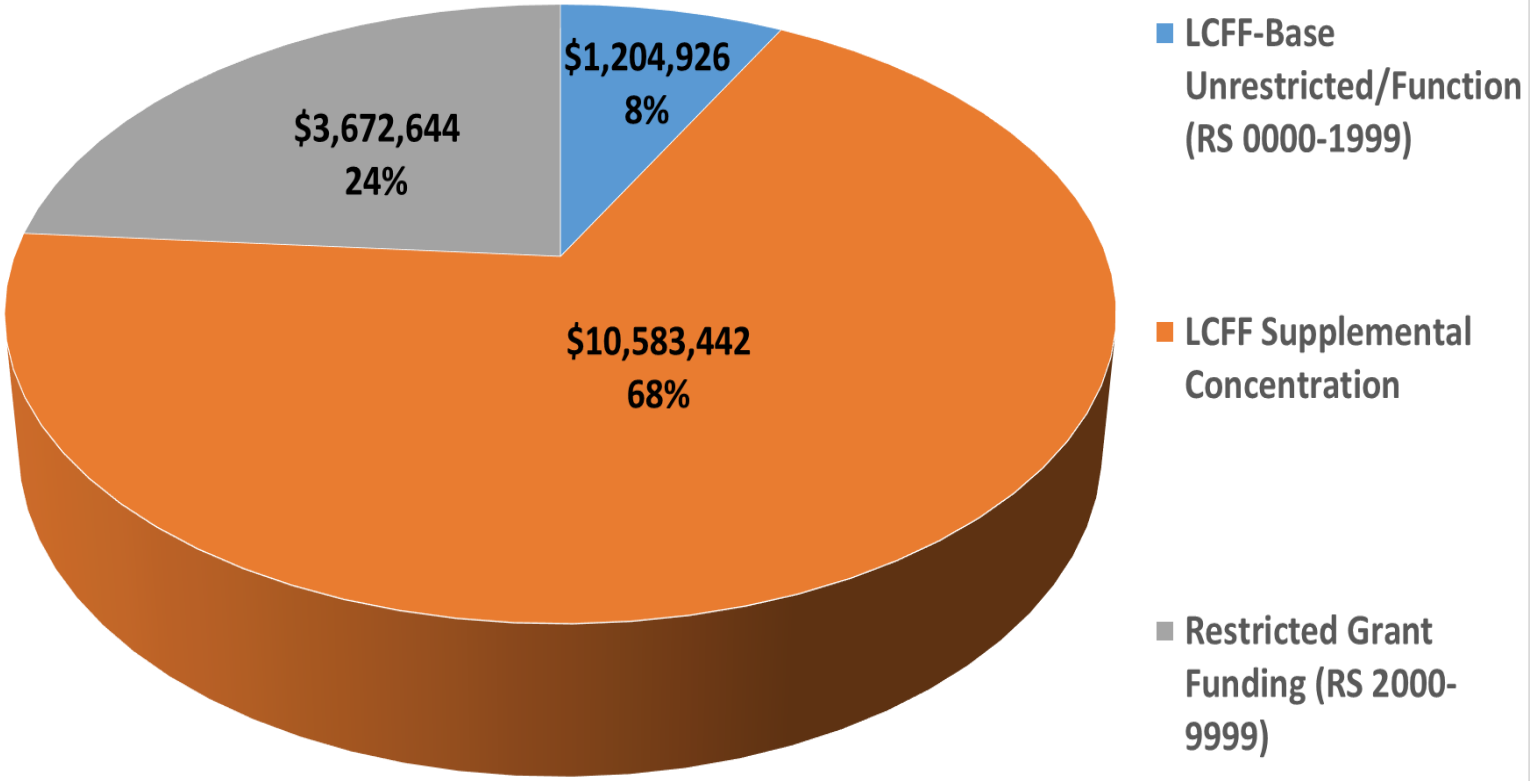
Improve student achievement for all students and accelerate student learning increases for ELL and low income students



Total: $60,741,733

Goal 2

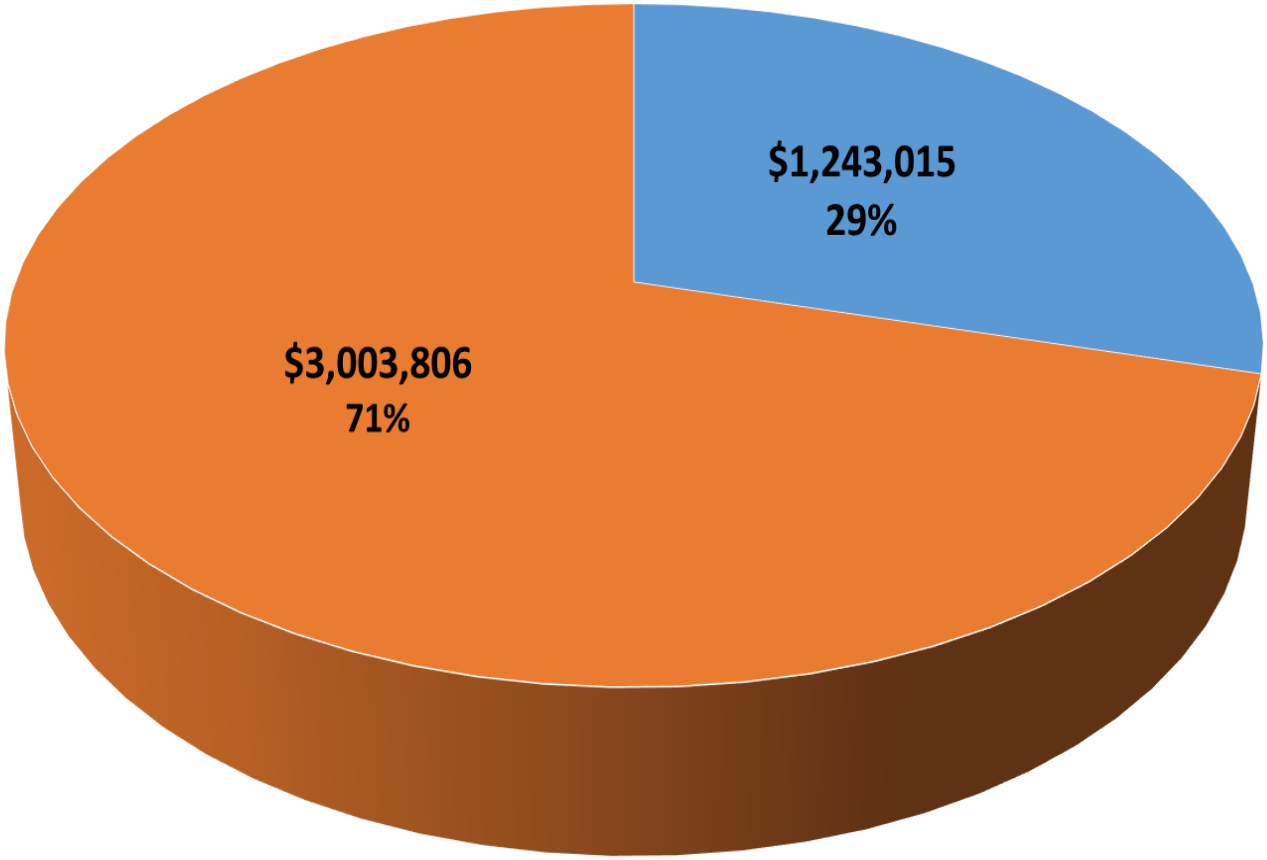
Improve instructional practice through professional development and professional learning communities at schools and recruiting and retaining high quality teachers.



Total: $15,461,012

Goal 3

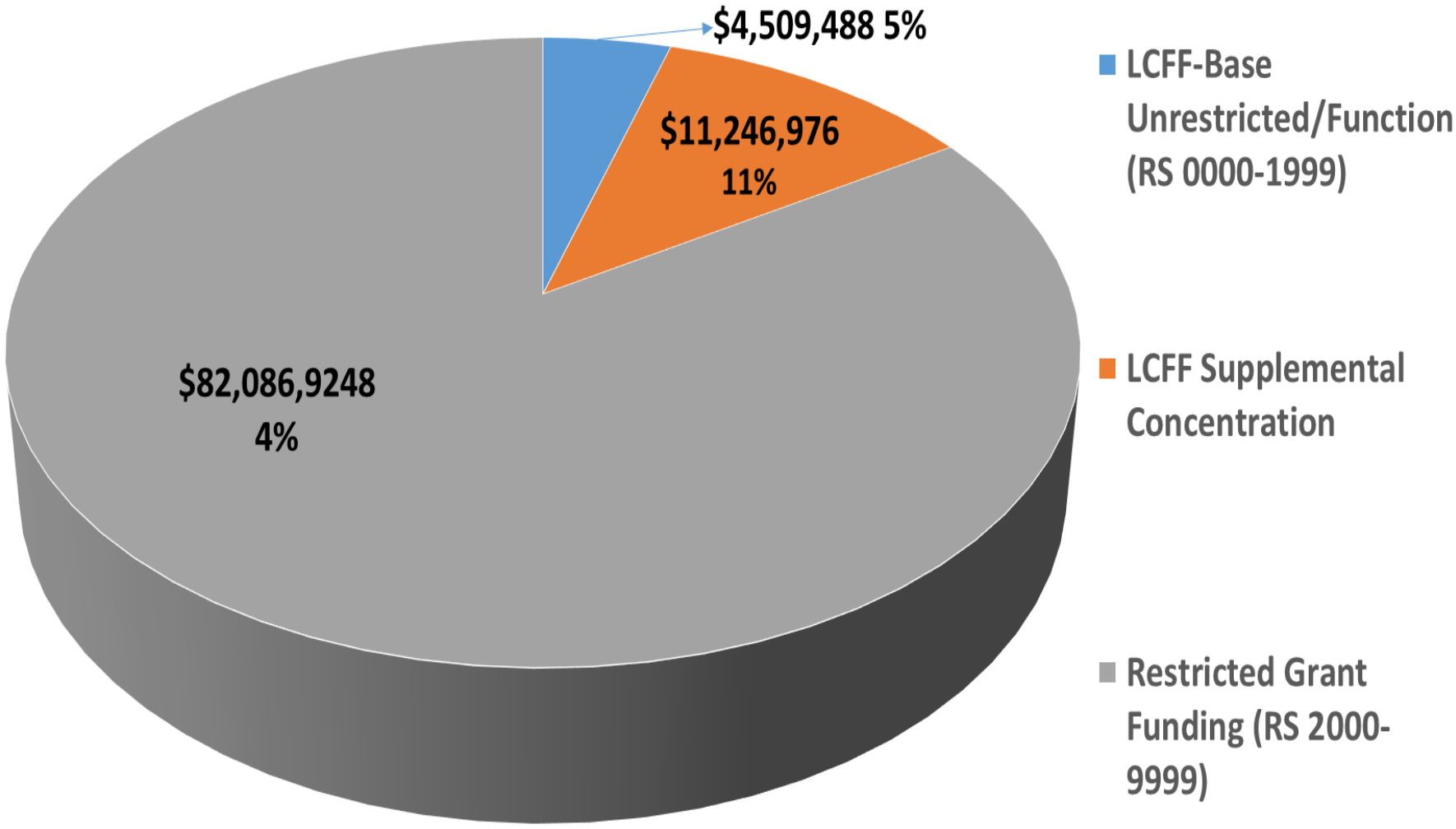
Increase parent and community engagement, involvement, and satisfaction



Total: $4,246,821

Goal 4

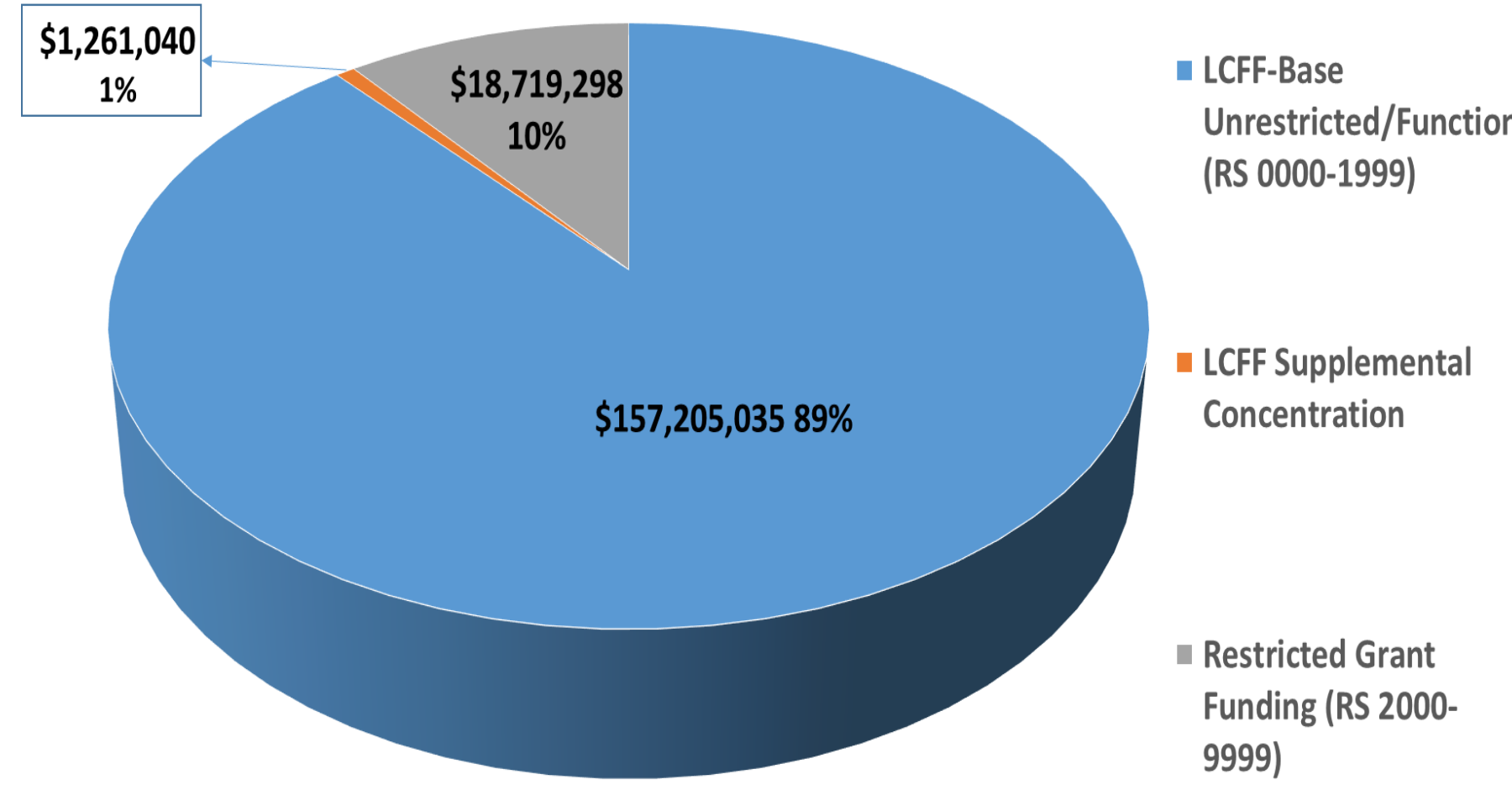
Improve student engagement and climate outcomes, and allocated services to ELL and LI students.



Total: $97,843,388.00

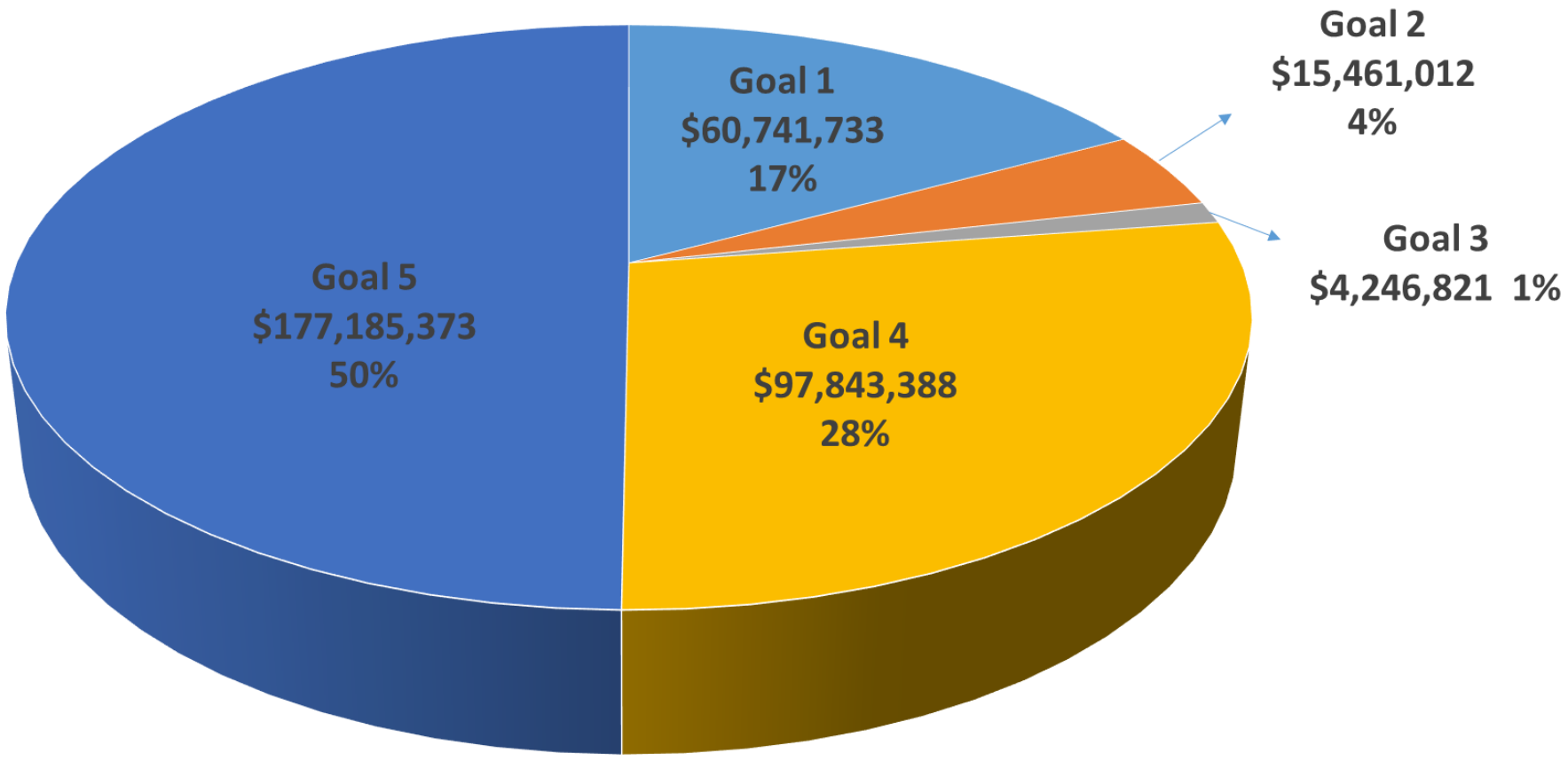
Goal 5

Provide services to all students, including teachers, facilities, access to materials and technology



Total: $177,185,373

Total General Fund by Goal



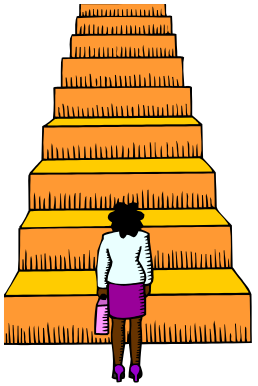
- 1 - Student Achievement for All Students
- 2 - PD and Recruitment of High Quality Staff
- 3 - Parent and Community Engagement
- 4 - Student Engagement and Climate
- 5 - Basic Services

Total: $355,478,327

All Inclusive Budget

- Providing the community with a budget overview that includes all general fund resources has been a board interest
- The information provided in the previous pie graphs has been developed to be interactive using the District Enterprise Software
- The information will be available on an interactive Citizen Transparency Tool on the District website

Next Steps

- January 4 – Board will receive Audit of 2015-16 Financials
- March 22– Second Interim Report 2016-17
- June 14 – Public Hearing for 2017-18 Budget
- June 28 – Adoption of 2017-18 Budget

Financial reports available on the web
http://www.wccusd.net/