

# LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

## Report to the Board of Education

### 2016/2017 First Period Interim Financial Report

#### Changes since the last budget update in September

As of October 31, 2016, the ending fund balance increased by a total of \$319,302.

#### Revenue

The District recalculated its Local Control Funding Formula and its Lottery revenue to include the increased enrollment due to the opening of the Satellite Campus, resulting in an increase of \$1,396,903. Special Education revenue increased by \$500,000 due to the newly approved SELPA funding model.

#### Expenditures

Expenditures increased by \$1,577,601 for staff, supplies, and utilities for the Satellite Campus as well as for additional staffing in middle schools.

#### Assumptions used for the First Interim

##### 2016/17 1<sup>st</sup> Interim Assumptions

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 0%
- Special Education COLA = 0% (*on state and local share only*)
- Enrollment on day 14 was 12,890 and is currently 13,359
- Projected ADA is 12,613
- Projected Parcel Tax revenue of \$3.8 million with portion to Charter School
- Lottery = \$140.00 unrestricted and \$41.00 restricted per ADA
- STRS employer rate = 12.58%
- PERS employer rate = 13.888%
- One-time State Discretionary funding of \$2.6 million

## Multi-Year Projection (MYP) Assumptions

### 2017/18

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 1.11%
- Stable enrollment and ADA
- Projected Parcel Tax revenue of \$3.8 million with portion to Charter School
- Lottery = \$140.00 unrestricted and \$41.00 restricted per ADA
- STRS employer rate = 14.43%
- PERS employer rate = 15.5%
- Salary schedules will continue the 1.5% based on contract language

### 2017/18

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 2.48%
- Stable enrollment and ADA
- Projected Parcel Tax revenue of \$3.8 million with portion to Charter School
- Lottery = \$140.00 unrestricted and \$41.00 restricted per ADA
- STRS employer rate = 16.28%
- PERS employer rate = 17.10%

## State Budget

The Legislative Analyst's Office (LAO) estimates that the current fiscal year will end with \$7.5 billion in total reserves, about \$1 billion lower than the 2016-17 Budget Act assumption, which was based on the Brown Administration's May Revision forecast. Assuming that the 2017-18 Budget funds only workload growth and cost-of-living adjustments (COLAs), forecast revenues are expected to outpace spending by \$4 billion, yielding total reserves of \$11.5 billion at the end of the fiscal year. The Legislature's nonpartisan fiscal advisor concludes that the "state is increasingly prepared to weather a mild recession."

The LAO's economic forecast was prepared in late October 2016; while it does take into account the passage of Proposition 55 (higher personal incomes tax extension) and Proposition 64 (sales tax revenues from the sale of marijuana), it did not contemplate what changes could occur as a result of the presidential election.

We look forward to the release of the Governor's 2017-18 Budget Proposal in January.

## Summary

As of the First Interim, the District's projected ending fund balance for the year is \$7,574,480. Of this amount, staff is designating \$50,000 for the revolving fund, \$150,000 in estimated warehouse inventory, and \$4,145,487 as a 3% reserve for economic uncertainty. This leaves \$3,228,993 as undesignated at this time, but may be allocated toward competitive compensation adjustments that are being negotiated and considered.

	September Revised Budget September 30, 2016			Adjustments			First Interim Oct 31 2016		
	Unrestricted	Restricted	Totals	Unrestricted	Restricted	Totals	Unrestricted	Restricted	Totals
<b>A. REVENUE</b>									
1. LOCAL CONTROL FUNDING FORMULA	\$101,528,331	\$748,467	\$102,276,798	\$1,396,903	\$0	\$1,396,903	\$102,925,234	\$748,467	\$103,673,701
2. FEDERAL REVENUE	\$0	\$4,963,222	\$4,963,222	\$0	\$26,415	\$26,415	\$0	\$4,989,637	\$4,989,637
3. STATE REVENUE	\$4,820,213	\$8,613,001	\$13,433,214	\$0	\$7,455	\$7,455	\$4,820,213	\$8,620,456	\$13,440,669
4. LOCAL REVENUE	\$1,128,178	\$10,585,110	\$11,713,288	\$2,000	\$906,371	\$908,371	\$1,130,178	\$11,491,481	\$12,621,659
TOTAL	\$107,476,722	\$24,909,800	\$132,386,522	\$1,398,903	\$940,241	\$2,339,144	\$108,875,625	\$25,850,041	\$134,725,666
<b>B. EXPENDITURES</b>									
1. CERTIFICATED SALARIES	\$46,240,955	\$12,795,721	\$59,036,676	\$801,770	\$3,910	\$805,680	\$47,042,725	\$12,799,631	\$59,842,356
2. CLASSIFIED SALARIES	\$11,875,307	\$8,332,799	\$20,208,106	\$199,380	\$11,460	\$210,840	\$12,074,687	\$8,344,259	\$20,418,946
3. EMPLOYEE BENEFITS	\$18,501,704	\$10,289,969	\$28,791,673	\$353,621	\$26,406	\$380,027	\$18,855,325	\$10,316,375	\$29,171,700
4. BOOKS AND SUPPLIES	\$3,370,448	\$6,376,381	\$9,746,829	\$15,068	(\$28,172)	(\$13,104)	\$3,385,516	\$6,348,209	\$9,733,725
5. SERV & OTHER OPER EXP	\$6,569,979	\$10,095,163	\$16,665,142	\$189,915	\$446,484	\$636,399	\$6,759,894	\$10,541,647	\$17,301,541
6. CAPITAL OUTLAY	\$29,000	\$218,623	\$247,623	\$0	\$0	\$0	\$29,000	\$218,623	\$247,623
7. OTHER OUTGO	\$528,138	\$1,092,393	\$1,620,531	\$0	\$0	\$0	\$528,138	\$1,092,393	\$1,620,531
8. INDIRECT COSTS	(\$409,368)	\$255,823	(\$153,545)	\$0	\$0	\$0	(\$409,368)	\$255,823	(\$153,545)
TOTAL	\$86,706,163	\$49,456,872	\$136,163,035	\$1,559,754	\$460,088	\$2,019,842	\$88,265,917	\$49,916,960	\$138,182,877
<b>C. DEFICIENCY OF REV TO EXP</b>	\$20,770,559	(\$24,547,072)	(\$3,776,513)	(\$160,851)	\$480,153	\$319,302	\$20,609,708	(\$24,066,919)	(\$3,457,211)
<b>D. INTERFUND TRANSFERS</b>									
1. TRANSFERS IN	\$12,457		\$12,457	\$0	\$0	\$0	\$12,457		\$12,457
2. TRANSFERS OUT	\$0		\$0	\$0	\$0	\$0	\$0		\$0
TOTAL	\$12,457	\$0	\$12,457	\$0	\$0	\$0	\$12,457	\$0	\$12,457
<b>OTHER SOURCES/USES</b>									
3. SOURCES			\$0	\$0	\$0	\$0			\$0
4. USES			\$0	\$0	\$0	\$0			\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CONTRIBUTION TO RESTR. PROG.</b>	(\$21,557,822)	\$21,557,822	\$0	\$480,154	(\$480,154)	\$0	(\$21,077,668)	\$21,077,668	\$0
<b>E. NET CHANGE IN FUND BALANCE</b>	(\$774,806)	(\$2,989,250)	(\$3,764,056)	\$319,303	(\$1)	\$319,302	(\$455,503)	(\$2,989,251)	(\$3,444,754)
<b>F. BEGINNING BALANCE</b>	\$8,029,984	\$2,989,250	\$11,019,234	\$0	\$0	\$0	\$8,029,984	\$2,989,250	\$11,019,234
AUDIT ADJUSTMENTS			\$0	\$0	\$0	\$0			\$0
<b>G. ESTIMATED ENDING BALANCE</b>	\$7,255,178	\$0	\$7,255,178	\$319,303	(\$1)	\$319,302	\$7,574,481	(\$1)	\$7,574,480
<b>COMPONENTS OF ENDING BAL:</b>									
1. REVOLVING CASH	\$50,000		\$50,000	\$0	\$0	\$0	\$50,000		\$50,000
2. STORES/WAREHOUSE	\$150,000		\$150,000	\$0	\$0	\$0	\$150,000		\$150,000
3. RESERVE FOR ECONOMIC UNCERTAINTY	\$4,084,891		\$4,084,891	\$60,595	\$0	\$60,595	\$4,145,486		\$4,145,486
4. OTHER DESIGNATIONS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. UNDESIGNATED BALANCE	\$2,970,287	\$0	\$2,970,287	\$258,708	(\$1)	\$258,707	\$3,228,995	(\$1)	\$3,228,994