SECOND INTERIM REPORT
for the period ending
January 31, 2017

March 9, 2017

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
Tonight’s Action

- Board Certification of Solvency
  - Positive - ok for this year and next two years
  - Qualified - may have a problem in one or more years
  - Negative - won’t be able to meet this year’s obligations or won’t be able to meet next two years
Revenue Changes Since First Interim

- LCFF Sources net increase of $145,781
  - Funding gap adjustments
    - Gap funding gap increased from 54.18% to 55.28%
    - Unduplicated 3-year rolling average decreased to 36.72%
    - Base funding increased by $147,088
    - EL/LI decreased by $20,019
    - CTE increased by $4,842
  - Adjustments to property taxes, Education Protection Account (EPA) calculation, and in-lieu transfers
- Federal revenue net decrease of <$532,517>
  - Projected carryovers for 2016-17
    - Title I estimated 22% reduction in 2017-18
Revenue Changes Since First Interim

- Other State revenue net increase of $868,538
  - Career Technical Education Grant (CTEIG) adjustment
  - College Readiness Grant
  - Special Education AB 602 adjustment
  - Prior and current-year adjustments to Lottery

- Other Local revenue increases of $491,762
  - Grant award revisions for 2016-17 (HEAL Grant, Measure H)
  - Donations, misc income, ASB reimbursements
Expenditure Changes Since First Interim

- Salary and benefits net decrease of <$311,251>
  - Adjustments for open positions, unfilled positions requiring outside services, subs, extra help, and stipends
  - Adjustments for grant spending plans

- Supplies, other operating, and capital outlay net decrease of <$109,326>
  - Adjustments for grant spending plans
  - Adjustments for projected carryovers
Ending Balance Changes Since First Interim

- Beginning Fund balance updated as of June 30, 2016
- Components of Ending Fund Balance
  - Committed balances
    - EL/LI
      - Board resolution to commit funds to increase and improve services for unduplicated pupils based on LCAP
    - Legally restricted categoricals (Mental Health Services, MediCal LEA, Lottery, Restricted Maintenance, Educator Effectiveness)
  - Projected carryovers reflected in assigned balances
    - Projected school site, department, and local grant carryover
      - Intel, donations, fundraisers, Mandated Cost reimbursement, MAA
      - Testing, Music, Language Saturday School, Health Services
  - Revised unappropriated balance (from $495,865 to $637,947)
MULTI-YEAR PROJECTIONS
General Fund Multi-Year Projections

- “Positive” Financial Status
- Assumptions
  - Increased enrollment in 2016-17; flat enrollment for 2017-18 and 2018-19
  - Gap funding of 55.28% for 2016-17, 23.67% for 2017-18 and 53.85% for 2018-19
  - COLA of 0% in 2016-17, 1.48% in 2017-18, and 2.40% in 2018-19
  - Unduplicated pupil % declining
  - Includes step and column
  - Employer increases for PERS and STRS contributions
  - Annual increases for utilities, property & liability insurance, disability
- Future Considerations
  - LCFF funded at 96% in 2017-18; future gap reductions
  - Contributions continuing to increase (special ed, maint, transp)
  - Textbook adoption costs
  - NGSS equipment and facility implications
## Projected Structural Deficit

<table>
<thead>
<tr>
<th></th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Grant increase</td>
<td>$1,881,641</td>
<td>$5,077,187</td>
</tr>
<tr>
<td>Step/Column</td>
<td>$2,289,000</td>
<td>$2,289,000</td>
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<tr>
<td>STRS employer contribution</td>
<td>$1,960,950</td>
<td>$2,034,774</td>
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<tr>
<td>PERS employer contribution</td>
<td>$689,103</td>
<td>$1,070,255</td>
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<tr>
<td>Property/Liability, Work Comp,</td>
<td>$209,203</td>
<td>$209,935</td>
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<tr>
<td>Disability Insurances</td>
<td></td>
<td></td>
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<tr>
<td>Contribution to Special Ed,</td>
<td>$663,878</td>
<td>$925,323</td>
</tr>
<tr>
<td>Maint, Transp Encroachments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural Deficit</td>
<td>&lt;$3,930,493&gt;</td>
<td>&lt;$1,452,100&gt;</td>
</tr>
</tbody>
</table>
## Employer Retirement Contributions

- Projected cost to Employer (District) $12.8 million for CalSTRS and $4.2 million for CalPERS over 7 years

<table>
<thead>
<tr>
<th>Year</th>
<th>CalSTRS</th>
<th>Cumulative Increase</th>
<th>CalPERS</th>
<th>Cumulative Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>8.88%</td>
<td>0.63%</td>
<td>11.771%</td>
<td>.329%</td>
</tr>
<tr>
<td>2015-16</td>
<td>10.73%</td>
<td>2.48%</td>
<td>11.847%</td>
<td>.405%</td>
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<tr>
<td>2016-17</td>
<td>12.58%</td>
<td>4.33%</td>
<td>13.888%</td>
<td>2.446%</td>
</tr>
<tr>
<td>2017-18</td>
<td>14.43%</td>
<td>6.18%</td>
<td>15.80%</td>
<td>4.358%</td>
</tr>
<tr>
<td>2018-19</td>
<td>16.28%</td>
<td>8.03%</td>
<td>18.70%</td>
<td>7.26%</td>
</tr>
<tr>
<td>2019-20</td>
<td>18.13%</td>
<td>9.88%</td>
<td>21.60%</td>
<td>10.16%</td>
</tr>
<tr>
<td>2020-21</td>
<td>19.10%</td>
<td>10.85%</td>
<td>24.90%</td>
<td>13.46%</td>
</tr>
<tr>
<td>2021-22</td>
<td>TBD</td>
<td>TBD</td>
<td>26.40%</td>
<td>14.96%</td>
</tr>
</tbody>
</table>
2016-17 Multiyear Projection  
(no negotiated salary increases)

<table>
<thead>
<tr>
<th>Description</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beg Balance, July 1</td>
<td>36,494,953</td>
<td>29,416,720</td>
<td>25,912,840</td>
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<tr>
<td>Revenues/Other Financing Sources</td>
<td>202,921,349</td>
<td>200,152,243</td>
<td>204,980,106</td>
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<tr>
<td>Expenditures/Other Financing Uses</td>
<td>209,999,582</td>
<td>203,656,123</td>
<td>205,373,718</td>
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<tr>
<td>Ending Balance, June 30</td>
<td>29,416,720</td>
<td>25,912,840</td>
<td>25,519,228</td>
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<tr>
<td>Designated for Economic Uncertainties</td>
<td>6,300,000</td>
<td>6,125,000</td>
<td>6,200,000</td>
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<tr>
<td>Legally Restricted</td>
<td>12,068,392</td>
<td>12,044,827</td>
<td>11,381,143</td>
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<tr>
<td>Assigned/Committed</td>
<td>10,410,381</td>
<td>7,743,013</td>
<td>7,938,085</td>
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<tr>
<td>Unassigned/Unappropriated</td>
<td>637,947</td>
<td>0</td>
<td>0</td>
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</tbody>
</table>

*No negotiated salary increases are included for 2016-17, 2017-18 or 2018-19*
Multi-Year Projections - Other Funds

- Charter School – additional ADA or reduced expenditures needed to sustain operations
- Adult Education – deficit spending
- Child Development
- Food Services
- Deferred Maintenance – coordinating with bond projects
- Building Funds – bond projects for Measures P & G
- Developer Fees – increased activity past several years; expected to slow down
- Special Reserve for Capital Outlay – more changes in federal e-rate credits
- Student Care
- Retiree Benefit Trust – unfunded liability continues to grow
What’s Next?

- LCAP Discussions – September 2016 through May 2017
- Start Budget Development – March 2017
- P-2 ADA Report – April 2017
- Governor’s May Revise – May 2017
- Adopted 2017-18 Budget – June 2017