



Pleasanton Unified School District

Fiscal Year 2020-21

First Interim Report
Presentation to Board of Trustees

December 15, 2020



Presentation Summary

- Executive Summary
- First Interim Adjustments
- 2020-21 First Interim Revenues and Expenditures
- Key Budget Assumptions
- Multi-year Projections
- Other Funds
- Conclusion / Next Steps
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Executive Summary

- First Interim Report meets the requirements of Positive Certification
- Significant fiscal uncertainty remains as we deal with the pandemic impacts to our finances and educational programs
- Expenditure increases in First Interim mainly from 2010/20 carryover, Learning Loss Mitigation Funds and donations
- Adjusting for carryover and one time expenditures current 2020/21 deficit is about \$2.4M
- Child Nutritional Services and Child Care Programs continue to deficit spend in these pandemic conditions
- If current flat funding of LCFF continues further reductions will be needed especially in 2022/23 of about \$5M
- Recent report by the LAO projects better than expected State revenues for 2020/21 which may translate to better school funding



2019-20 First Interim Adjustments

\$2.66 million net increase in revenue

- Approximately \$615K in Federal revenues mainly from 2019/20 carryover
- Approximately \$240K in other State revenues
- Approximately \$1.9M in local revenues from local donations, insurance funds for the Harvest Park library rebuild, and e-rate reimbursements



2019-20 First Interim Adjustments

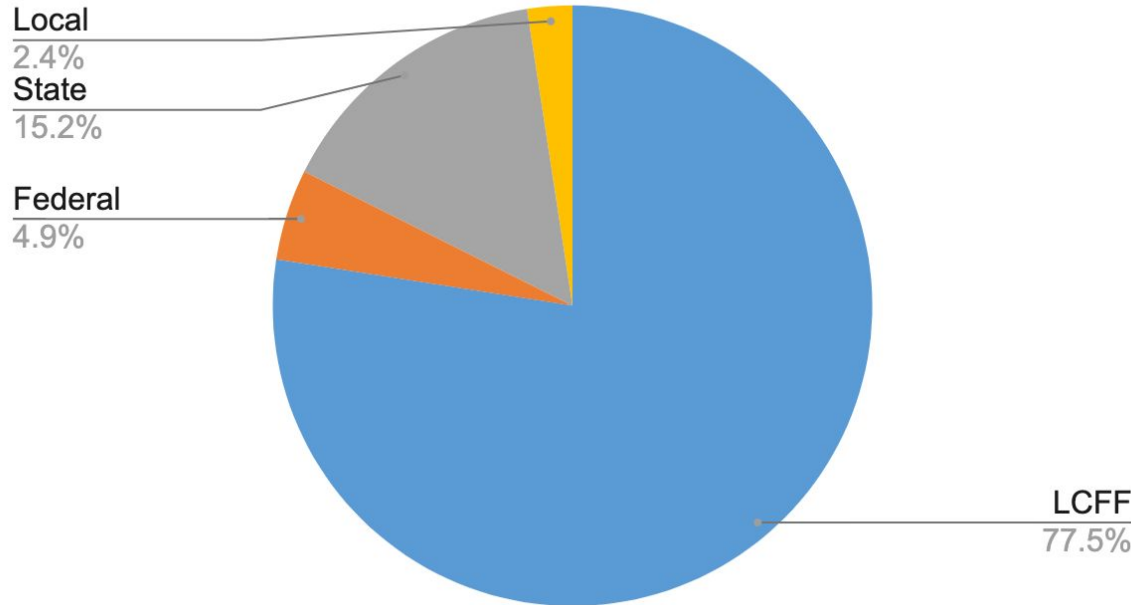
\$8.84 million net increase in expenditures

- Approximately \$970K in increased salaries as a result of actual hired positions and shifting of one time funds for salaries to cover COVID related labor
- Approximately \$700K reduction in benefit costs as a result of actual hired positions and shifting of one time funds
- Approximately \$6.4M in increased Books and Supplies expenditures to cover carryovers from 2019/20 and revenues received
- Approximately \$590K in increased Service expenditures to cover carryovers from 2019/20 and revenues received
- Approximately \$1.3M in increased Capital expenditures to cover the Harvest Park library rebuild expenditures



2020-21 First Interim Revenues

Pleasanton USD 2020/21 Revenue Sources

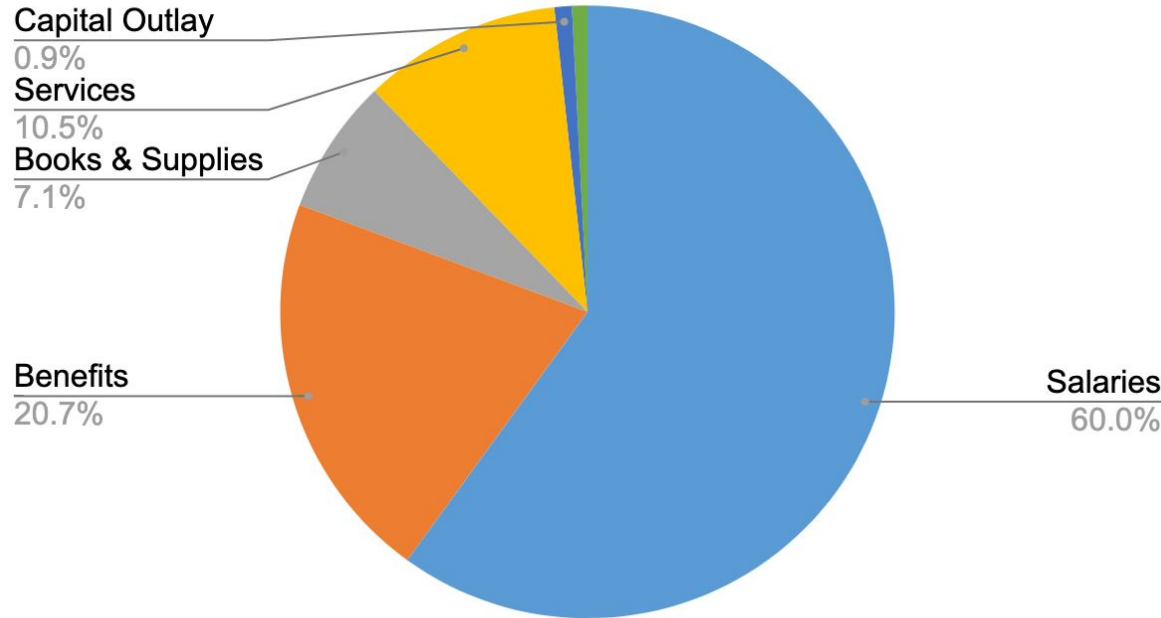


- Total Revenue: \$174,779,803
- Restricted Revenue: \$32,024,556
- District depends on State Funding
- LCFF includes \$4.2M in Supplemental Grants
- Includes about \$6M of onetime Learning Loss Mitigation Funds
- Includes Carryover Revenue from 2019/20
- 0% Cost of Living Adjustment in LCFF



First Interim 2020-21 Expenditures

Pleasanton USD 2020/21 Expenditures



- Total Expenditures: \$182,429,711
- 81% Expenditures on Salaries and Benefits
- Percentage of Book/Supplies and Services larger due to 2019/20 carryover and LLM Funds
- Total Restricted Expenditures: \$58,587,307
- Contributions to Restricted programs: \$23,551,497
- Beginning General Fund balanced increased by \$5.9M from 45 Day Budget Revisions
- Projected Deficit Spending: \$8,894,978



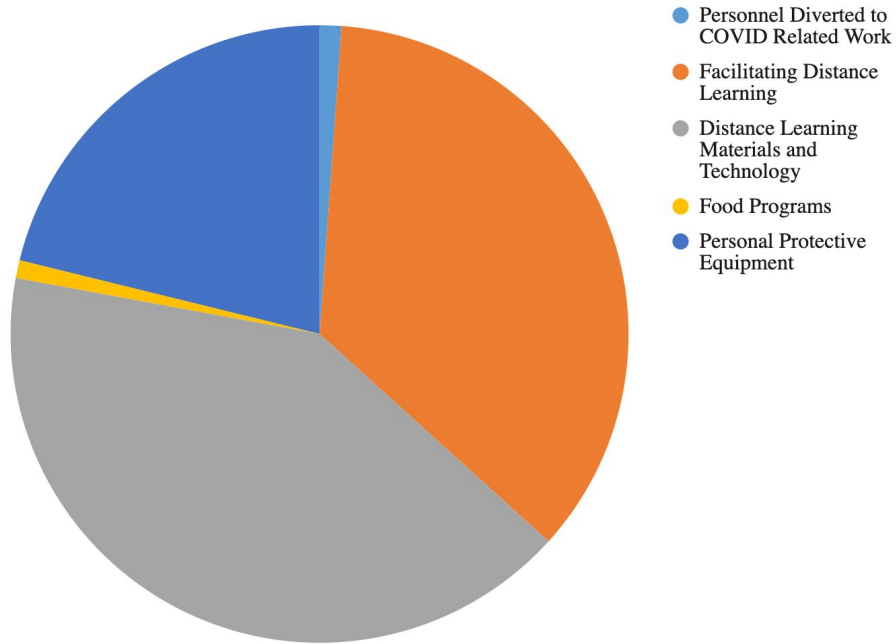
Review Key Budget Assumptions

- Pandemic Impacts / Onetime Funds
- Local Control Funding Formula Factors (LCFF)
- Staffing and Salaries
- Pension Impacts



Pandemic Impacts/One time Funds

Current Distribution of LLM Expenditures 12/2



- PUSD has received \$6.4M of LLM Funds since March 2020
- CARES Act Funds (\$4.2M) which is the largest portion must be expended by 12/30/20
- Impacts of pandemic will continue beyond January 2021 and will increase as we transition into hybrid model

Questions and Uncertainties Remain

- How long will the increased operational costs remain in place?
- What will be the longer term educational impacts and needed remedial support



Local Control Funding Formula Factors (LCFF)

Local Control Funding Formula Assumptions			
	FY20/21	FY 21/22	FY 22/23
Enrollment	14,483	14,750	14,850
ADA	14,355	14,355	14,326
COLA	0%	0%	0%
Unduplicated as % Enrollment	17.01%	16.35%	15.97%
Grades K-3 \$/per Student	\$7,702	\$7,702	\$7,702
Grades 4-6 \$/per Student	\$7,818	\$7,818	\$7,818
Grades 7-8 \$/per Student	\$8,050	\$8,050	\$8,050
Grades 9-12 \$/per Student	\$9,329	\$9,329	\$9,329
K-3 Grade Span Adj \$/per Student	\$801	\$801	\$801
9-12 Grade Span Adj \$/per Student	\$243	\$243	\$243

- District enrollment dipped by about 400 students in 2020/21 as a result of the pandemic
- Enrollment is projected to rebound by 2022/23 but funding will remain flat
- Model includes 0% COLA to LCFF funding
- Unduplicated counts have also been impacted by the pandemic and will result in less supplemental LCAP funds in 2021/22 and 2022/23



Staffing and Salaries

2020/21 Adopted Budget and First Interim Staffing Report (FTE)



- Net increase of 9.861 FTE between Adopted Budget and First Interim
 - Staffing reductions adjusted as a result of Enacted State Budget
 - Special Education staffing needs
 - Pandemic related staffing needs
 - Actual student enrollment needs
- Total FTE: 1,251
- Salary increase as a result of step/columns movement increase salary costs by 1.5% annually
- No additional salary compensation included for 2020/21 or beyond
- 2020/21 Cost of Living Adjustment to LCFF: 0%



Increased Pension Cost

Actual and Projected Employer Contribution Rates

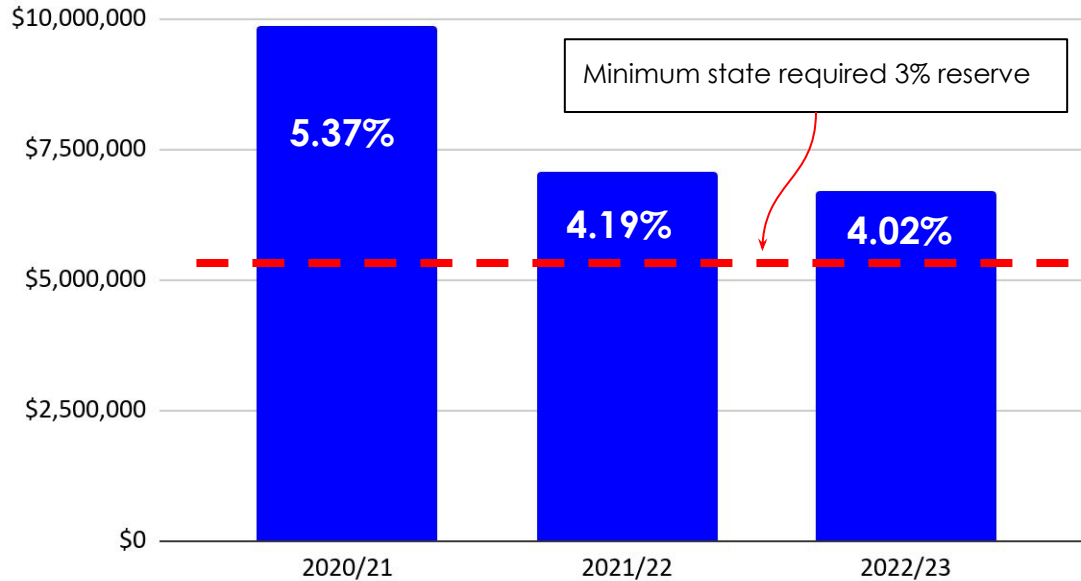
Pension Program	2020/21	2021/22	2022/23
STRS Employer Rates (Approx)	16.15%	16.00%	18.10%
PERS Employers Rates (Approx)	20.70%	23.00%	26.30%
Total Cost	\$18.4M	\$18.9M	\$20.9M

- Increased pension costs have reduced the district's ability to fund educational programs and salaries.
- Pensions are deferred compensation to employees with employee/employer contributions rates set by the State.
- The 2020/21 State Budget provided relief from rate increase for 2020/21 and 2021/22
- Rates are set to increase in 2022/23



Multi-Year Projections

Total GF Reserve*



* General Fund Reserve: Economic Uncertainty and Undesignated/Unapportioned adjusted

- Board increased economic uncertainty set aside by \$1.67M after 2019/20 Unaudited Actuals
- For best practice district reserve levels: 10-15% of GF
- Reserves allow the district to:
 - Weather downturns in the economy
 - Handle emergencies
 - Manage cashflow needs
- Reserves are one-time funds
- 2022/23 Budget includes \$5M in further reductions

Other Funds



Pleasanton Unified School District FY 20/21 First Interim

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63	Enterprise Fund 64
BEGINNING FUND BALANCE	\$136,403	\$1,101,641	\$1,194,898	\$17,872
Revenue	\$855,951	\$1,964,800	\$2,399,950	\$0
Expenditures	\$864,683	\$3,721,346	\$3,480,279	\$0
Revenue Over (under) Expenses	(8,732)	(1,756,546)	(1,080,329)	-
Transfers In (Out)		\$1,500,000	(111,900)	
ENDING FUND BALANCE	\$127,671	\$845,095	\$2,669	\$17,872

Special Reserve Funds	Non-Capital Fund 17	Non-Capital SEE Fund 17	OPEB Fund 20	Capital Fund 40
BEGINNING FUND BALANCE	\$ 1,150,433	\$ 227,027	\$6,787,937	\$5,271,332
Revenue	\$10,000	\$1,800	\$60,000	\$50,000
Expenditures				\$140,700
Revenue Over (under) Expenses	\$10,000	\$1,800	\$60,000	-\$90,700
Transfers In (Out)		\$ (75,000)		
ENDING FUND BALANCE	\$1,160,433	\$153,827	\$6,847,937	\$5,180,632

Capital Outlay Funds	Capital Sycamore Fund 40	Deferred Maintenance Fund 14	Measure 11 Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$ 7,238,253	\$169,894	\$125,984,379	\$4,719,758
Revenue	\$50,000	\$100	\$1,200,000	\$651,000
Expenditures	\$0	\$9,500	\$66,987,818	\$265,100
Revenue Over (under) Expenses	\$50,000	(9,400)	(65,787,818)	385,900
Transfers In (Out)	\$ (50,000)	\$0	\$0	(18,030)
ENDING FUND BALANCE	\$7,238,253	\$160,494	\$60,196,561	\$5,087,628



Conclusions/Next Steps

- Continue prudent fiscal planning
 - Cost savings efforts and efficiencies need to continue
 - Look for revenue generating opportunities
 - Carefully monitor staffing and limit growth
- Governor's January 2021/22 Budget
- Monitor State economic forecast and impacts of the pandemic
- Audit Report for FY 2019-20: January 2021
- Second Interim Report: March 2021
- Budget Development for FY 2021-22



Appendix: Budget Approval Process

Education Code Section 42130 requires that school districts certify to the State the fiscal stability of the District. Districts must demonstrate they can meet their fiscal obligations for the current year and two years out. The reports must be presented to and approved by the District's Governing Board no later than 45 days after the close of the report period.

- 1st Interim, covers actual expenditures and actual revenues from July 1 through October 31, and updates projections for the balance of the year
- 2nd Interim, covers actual expenditures and actual revenues from July 1 through January 31, and updates projections for the balance of the year

The Certification of the District's financial condition may take one of three forms:

Positive Certification: The District will meet its financial obligations for the current fiscal year and subsequent two years.

Qualified Certification: The District may not meet its financial obligations for the current fiscal year or subsequent two years.

Negative Declaration: The District will not meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal years.



Appendix: Budget Calendar

- June 2020: Adopted Budget FY 20/21
- August 2020: 45 Day Budget Revision for 2020/21 Adopted Budget
- September 2020: Unaudited Actuals FY19/20
- **December 15, 2020: First Interim Report, as of 10/31/20**
- January 2021: Audited Financial Statements for FY19/20
- January 2021: Governor's Budget Proposal for FY21/22
- March 15, 2021: Second Interim Report, as of 1/31/21
- March-April 2021: Staff Review and prepare for Budget Development
- May 2021: Governor's May Revise Budget Proposal
- June 2021: Estimated Actuals FY20/21 & Budget Adoption for FY21/22



Appendix: District Funds

Fund	Description
01	General Fund
10	Special Education Pass Through
11	Adult Education
13	Cafeteria (Food Service)
17	Special Reserve Fund for Other Than Capital Outlay Projects
63	Other Enterprise Fund (Infant, Preschool, and child care)

Fund	Description
14	Deferred Maintenance
21	Building (Bond Program)
25	Capital Facilities
35	County School Facilities
40	Special Reserve Fund for Capital Outlay Projects
51	Bond Interest & Redemption