



# Pleasanton Unified School District

Fiscal Year 2019-20

Second Interim Report  
Presentation to Board of Trustees

March 10, 2019



# Presentation Summary

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- 2019-20 Second Interim Revenues
- 2019-20 Second Interim Expenditures
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# Executive Summary

- Second Interim Report meets the requirements of Positive Certification
- Projected Reserve level for 2019/20 at 6.42% of Expenditures
- Larger Deficit spending in 2019/20 as a result of carryover
- Projected Multi-year deficit spending is not sustainable
- LCFF increasing only by COLA, while expenditures grow more
- Projected ADA growth slower than 2019/20 Adopted Budget
- Projected 2021/21 Reserve level at 3.13%



# 2019-20 Second Interim Adjustments

## \$0.62 million net increase in revenue

- Approximately \$40K reduction in LCFF funding due to lower enrollment/ADA
- Approximately \$450K reduction in State Revenue mainly due to recalculation of SPED funding (District impact \$150K, SELPA \$160K)
- Approximately \$950K increase in Local Revenue from donations



# 2019-20 Second Interim Adjustments

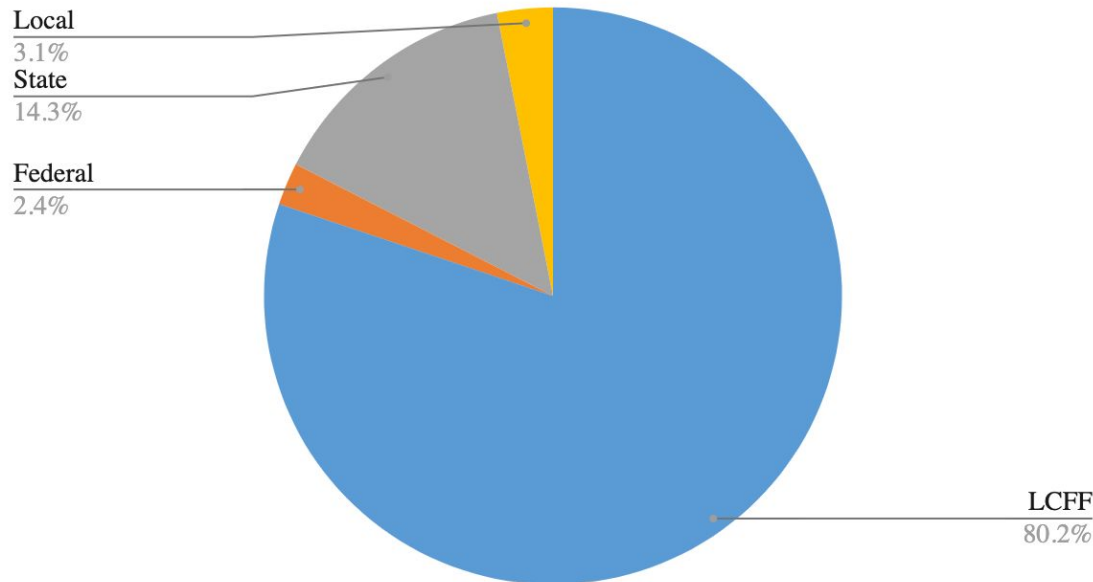
## \$2.74 million net increase in expenditures

- Changes in staffing costs from the continued work in position control
- Negotiated compensation increase with APT
- Increase the expense budget by the amount received from the donations
- Increase contracted services to meet the needs of students with an IEP

# 2019-20 Second Interim Revenues



Pleasanton USD 2019/20 Revenue Sources

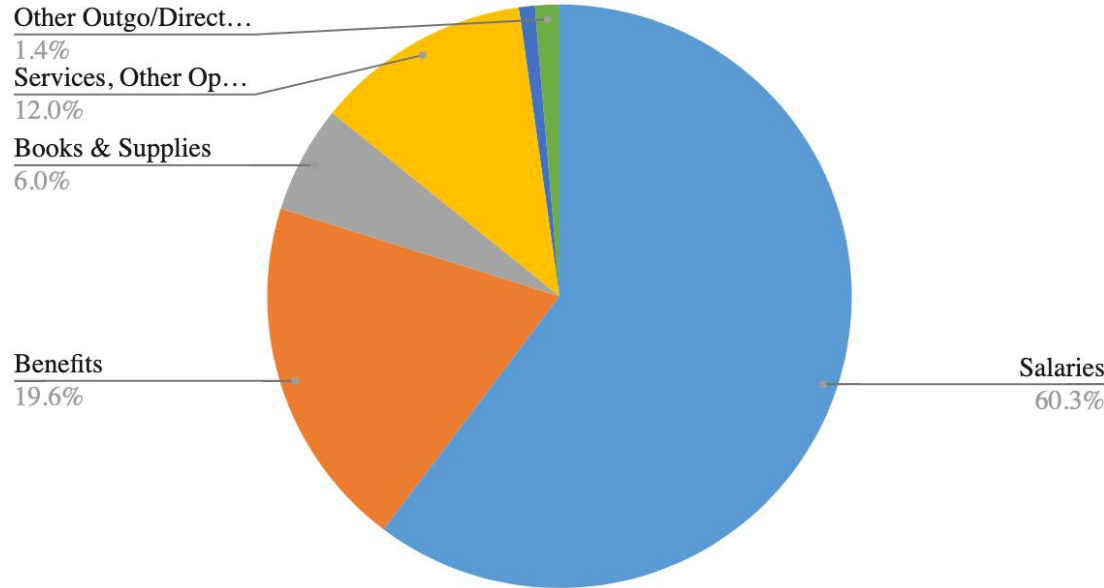


- Total Revenue: \$169,992,282
- Restricted Revenue: \$26,259,358
- District is heavily dependent on State Funding
  - Local Property Tax accounts for only 54% of LCFF, State backfill remainder
- LCFF is now growing only at Cost of Living Adjustment



# Second Interim 2019-20 Expenditures

## Pleasanton USD 2019/20 Expenditures



➤ Total Expenditures: \$180,678,564

- 80% Expenditures on Salaries and Benefits
- Percentage of Book/Supplies and Services larger due to 2019-20 carryover
- Total Restricted Expenditures: \$50,861,466
- Contributions to Restricted programs: \$21,912,925
- Projected Deficit Spending: \$10,686,281
- Includes APT compensation increase for 2019/20
- Does not included potential compensation increases with CSEA and Management



# Review Key Budget Assumptions

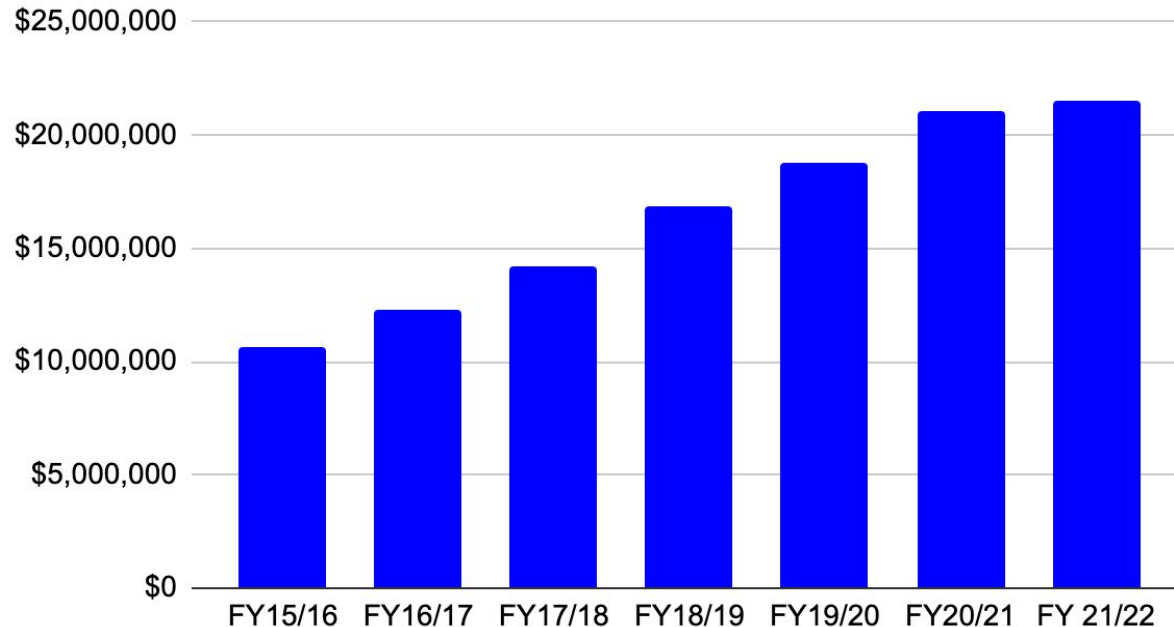
- Enrollment and Average Daily Attendance (ADA)
  - Multi years budget has reduced ADA estimates based on latest enrollment numbers
- Local Control Funding Formula Factors (LCFF)
  - Revised ADA and COLA (2.29%) assumption for 2020/21 has reduced LCFF by \$3.8M in 2020/21
- Other State Funding
- Staffing
- Salaries and Pension
- OPEB and Retirement Incentives





# Increased Pension Cost

Pleasanton USD (STRS and PERS Costs)

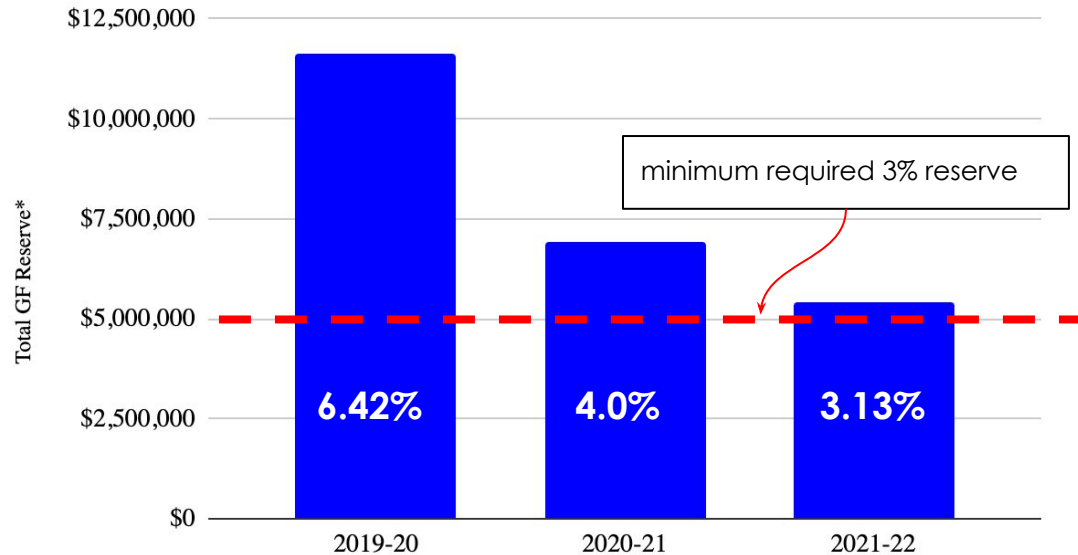


- Increased pension costs have reduced the district's ability to fund educational programs and salaries.
- Pensions are deferred compensation to employees with employee/employer contributions rates set by the State.
- Increase of 1.3% in STRS and 2.08% in PERS in 2020/21 for employer contribution



# Multi-Year Projections

## Total GF Reserve\*



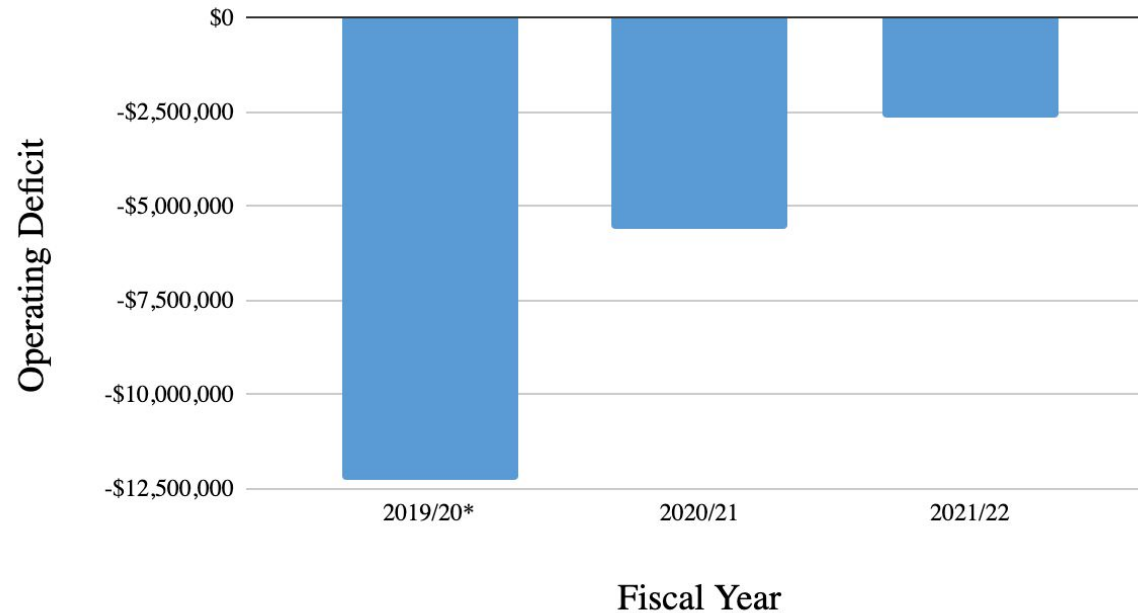
\* General Fund Reserve: Economic Uncertainty and Undesignated/Unapportioned adjusted for Possible TA with Bargaining Units

- State requires minimum 3% reserves for economic uncertainty
- Best practices: Reserve level of 10-15%
- Reserves allow the district to:
  - Weather downturns in the economy
  - Handle emergencies
  - Manage cashflow needs
- Reserves are one-time funds
- Does not include placeholder for future compensation increases



# Projected Operating Deficit

Projected Operating Deficit



- \* 2019/20 Budget includes large carryover expenditures
- Level of deficit spending can not continue
- 2019/20 Compensation increases included



# Other Funds

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63	Enterprise Fund 64
<b>BEGINNING FUND BALANCE</b>	<b>\$226,480</b>	<b>\$1,328,970</b>	<b>\$1,816,974</b>	<b>\$60,169</b>
Revenue	\$812,868	\$4,406,200	\$4,121,933	\$116,100
Expenditures	\$933,979	\$4,566,756	\$4,648,389	\$113,482
Revenue Over (under) Expenses	(121,111)	(160,556)	(526,456)	2,618
Transfers In (Out)		\$30,118	290,375	
<b>ENDING FUND BALANCE</b>	<b>\$105,369</b>	<b>\$1,198,532</b>	<b>\$1,580,893</b>	<b>\$62,787</b>

Special Reserve Funds	Non-Capital OPEB/CalPers Fund 17	Non-Capital PSEE Fund 17	Capital Fund 40	Capital Sycamore Fund 40
<b>BEGINNING FUND BALANCE</b>	<b>\$ 7,763,016</b>	<b>\$ 295,812</b>	<b>\$ 5,122,859</b>	<b>\$ 7,177,080</b>
Revenue	\$65,000	\$3,000	\$74,000	\$50,000
Expenditures			\$140,700	
Revenue Over (under) Expenses	\$65,000	\$3,000	-\$66,700	\$50,000
Transfers In (Out)				\$ (50,000)
<b>ENDING FUND BALANCE</b>	<b>\$7,828,016</b>	<b>\$298,812</b>	<b>\$5,056,159</b>	<b>\$7,177,080</b>

# Other Funds



<b>Capital Outlay Funds</b>	<b>Deferred Maintenance Fund 14</b>	<b>Measure I1 Fund 21</b>	<b>Capital Facilities Fund 25</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$1,159,731</b>	<b>\$47,877,145</b>	<b>\$4,615,440</b>
Revenue	\$15,000	\$780,000	\$1,007,747
Expenditures	\$1,463,538	\$73,976,777	\$979,285
Revenue Over (under) Expenses	(1,448,538)	(73,196,777)	28,462
Transfers In (Out)	\$300,000	\$89,700,000	(18,150)
<b>ENDING FUND BALANCE</b>	<b>\$11,193</b>	<b>\$64,380,368</b>	<b>\$4,625,752</b>



# Conclusions/Next Steps

- Budget Development for FY 2020-21
  - Work with Budget Committee on 2020/21 Budget
- Governor's May 2020 Budget Revise
  - Special Education
  - Grant Opportunities
- Align staffing with enrollment
- Continue work around position control, accuracy and transparency
- Evaluate departmental expenditures and district programs for optimization



# Appendix: Budget Calendar

- June 2019: Estimated Actuals FY18-19 , Budget Adoption FY19-20
- September 2019: Unaudited Actuals FY19-20
- December 2019: First Interim Report, as of 10/31/18
- January 2020: Audited Financial Statements for FY18-19
- January 2020: Governor's Budget Proposal for FY20-21
- **March 2020: Second Interim Report, as of 1/31/20**
- March-April 2020: Staff review and prepare for Budget Development
- May 2020: Governor's May Revise Budget Proposal
- June 2020: Estimated Actuals FY19-20 & Budget/LCAP Adoption for FY20-21



# 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: 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