

Pleasanton Unified School District

Fiscal Year 2023-24

First Interim Report
Presentation to Board of Trustees

December 14, 2023

Presentation Summary

- Executive Summary
- First Interim Adjustments
- 2023/24 First Interim Revenues and Expenditures
- Key Budget Assumptions
- Multi-year Projections
- Other Funds
- Conclusion / Next Steps
- Appendix

Executive Summary

- First Interim Report meets the requirements of Positive Certification
- 2023/24 Projected Reserves are at 3.75% of total expenditures
- 2023/24 Unrestricted Operating **Deficit** projected to increase to \$4.19M
- Increased costs as a result of projected salary and benefit increases and contribution to Special Education
- Revenue decrease for 2024/25 due to lower projected Cost of Living Adjustment (COLA) as State economy cools
- District continues to face declining enrollment and related fiscal impacts
- District has ongoing efforts to reduce 2023/24 expenditures
- Planning process to make fiscal adjustments and reductions for 2024/25

2023/24 First Interim Adjustments

- **\$5.01M net increase in revenue**
 - \$699K increase in unrestricted revenues
 - \$281K increase in lottery and mandated reimbursements
 - \$405K increase in interest earnings and lease rentals
 - \$4.3M increase in restricted revenues
 - \$388K Federal prior year revenues
 - \$2.6M in Other State Revenues
 - \$1.6M Proposition 28 Art and Music
 - \$1M prior year deferred revenue
 - \$1.26M increase in local funding mainly in donations

2023/24 First Interim Adjustments

- **\$11.8M net increase in expenditures**

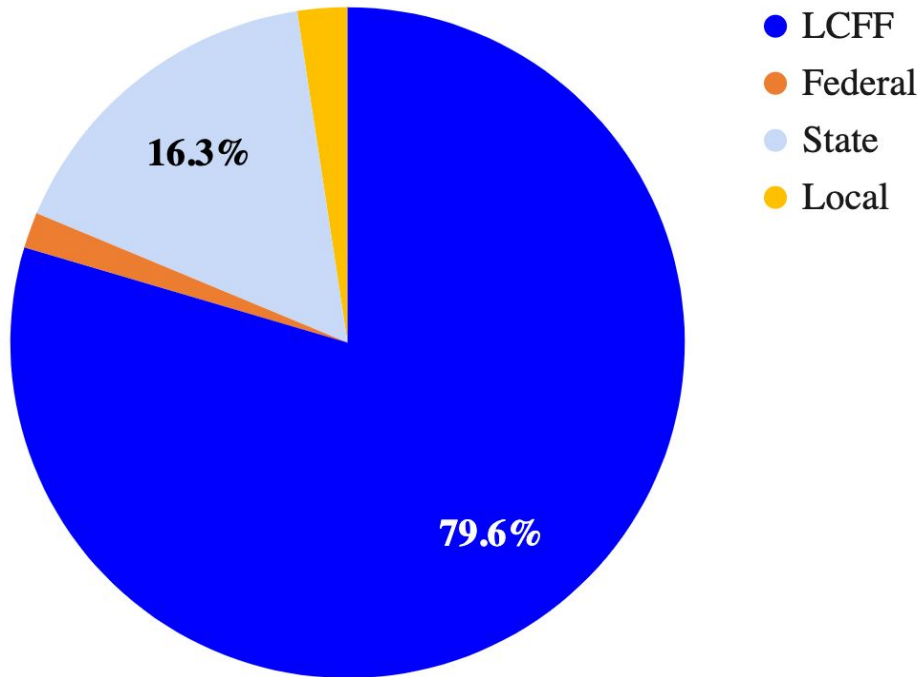
- \$2.60M in unrestricted expenditure increases
 - \$1.98M increase in salary and benefits costs
 - \$381K decrease in Books and Supplies
 - \$765K increase in Services and Operations
- \$9.17M in restricted expenditure increases
 - \$1.129M net decrease in salary and benefits (increase in salaries and reallocation of budget to services)
 - \$2.91M increase in Books and Supplies (increase from local donations and carryover from prior year)
 - \$7.04M increase in Services and Operations (increase related to special education contracted costs, routine restricted maintenance, and local programs)

- **Increased Contribution from Unrestricted to Restricted Fund**

- \$2.26M increase to Special Education

2023/24 First Interim Revenues

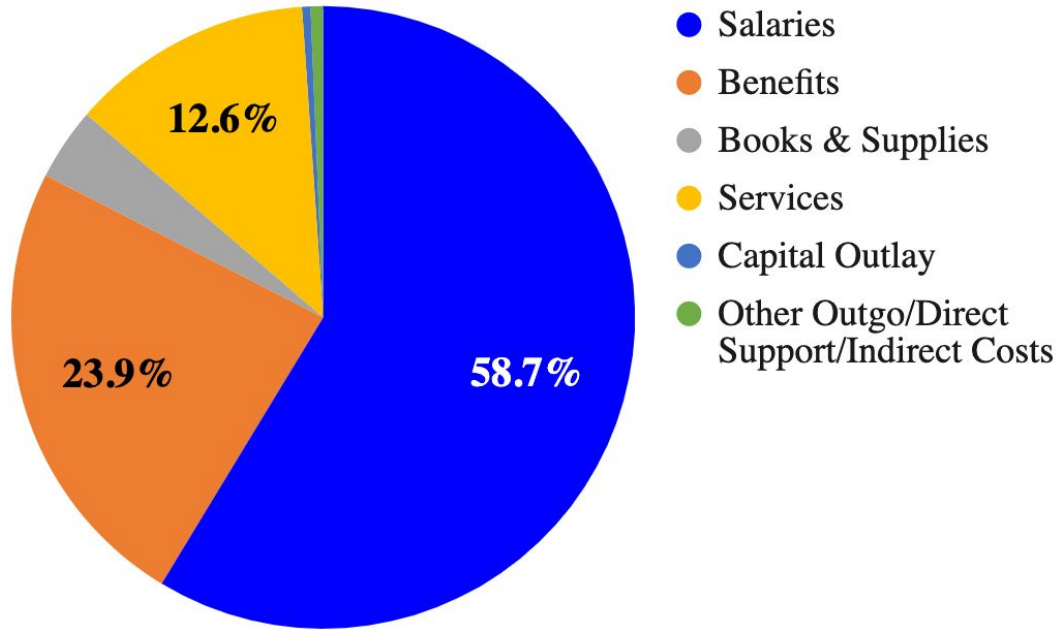
Pleasanton USD 2023/24 Revenue Sources



- **Total Revenue: \$210,037,500**
- **Restricted Revenue: \$38,264,952 (18.2% of total revenue)**
- **District depends on State Funding (56.2% of LCFF from local property taxes)**
- **LCFF includes \$5M in Supplemental Grants**
- **Includes Carryover Revenue from 2022/23**
- **8.22% Cost of Living Adjustment in LCFF (Effective growth 5.9%)**
- **LCFF revenues based on 3 year ADA rolling average**

First Interim 2023/24 Expenditures

Pleasanton USD 2023/24 Expenditures



- **Total Expenditures: \$222,883,845**
- **82.6% Expenditures on Salaries and Benefits**
- **Percentage of Book/Supplies and Services larger due to 2022/23 carryover and one-time funds**
- **Total Restricted Expenditures: \$80,076,518**
- **Contributions to Restricted programs: \$34,235,313**
 - **Special Education**
 - **Routine Restricted Maintenance (3% of Exp)**
- **Projected Unrestricted Deficit Spending: \$4.19M**

Restricted Ending Fund Balance

Restricted Programs	Projected Ending Fund Balance
Expanded Learning Opportunities Program	\$606,666
Special Education: IDEA	\$206,562
Other Restricted Federal	\$3,063
Educator Effectiveness, FY 2021-22	\$747,019
Lottery: Instructional Materials	\$356,257
Special Education	\$396,420
Mental Health-Related Services	\$728,902
Special Education Early Intervention Preschool Grant	\$35,649
→ Arts, Music, and Instructional Materials Discretionary Block Grant	\$3,615,089
→ Art and Music in Schools - Prop 28	\$1,621,752
Child Nutrition: Food Service Staff Training	\$35,186
A-G Access/Success Grant	\$215,364
A-G Learning Loss Mitigation Grant	\$61,761
Expanded Learning Opportunities (ELO) Grant: Paraprofessional Staff	\$43,786
→ Learning Recovery Emergency Block Grant	\$2,718,722
Other Restricted State	\$123,850
Ongoing & Major Maintenance Account (RMA: Education Code Section 17070.75)	\$1,486,842
Other Restricted Local	\$414,529
Total, Restricted Balance	\$13,417,419

Local Control Funding Formula Factors

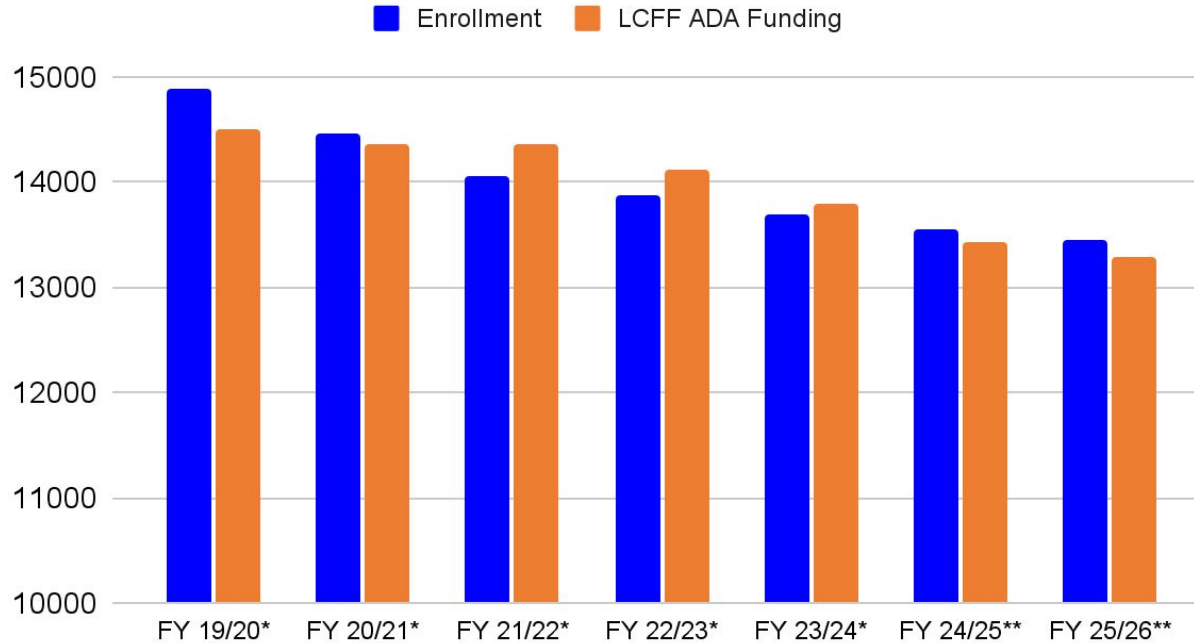
Local Control Funding Formula Assumptions First Interim			
School Year	FY 23/24	FY 24/25	FY 25/26
Enrollment	13,700	13,550	13,450
LCFF ADA Funding	13,796	13,434	13,285
COLA	8.22%	2.0%	3.29%
Unduplicated as % Enrollment	16.13%	15.8%	15.6%
Grades TK-3 \$/per Student	\$9,919	\$10,117	\$10,450
Grades 4-6 \$/per Student	\$10,069	\$10,270	\$10,608
Grades 7-8 \$/per Student	\$10,367	\$10,574	\$11,270
Grades 9-12 \$/per Student	\$12,015	\$12,255	\$12,658
K-3 Grade Span Adj \$/per Student	\$1,032	\$1,052	\$1,087
9-12 Grade Span Adj \$/per Student	\$312	\$319	\$329
TK Add on \$/Student	\$3,044	\$3,105	\$3,207
TOTAL EST LCFF Funding - unrestricted	\$166,028,290	\$165,335,066	\$169,312,188

Effective Net Funding Increase/decrease	5.9%	-0.42%	2.4%
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- District enrollment has **declined about 1170 students** from 2019/20 levels
- District LCFF revenues for 2023/24 are higher because of the 3 year rolling average and hold harmless on 2019/20 ADA levels
- Revised assumption of 2% COLA for 2024/25 down from Adopted Budget estimate of 3.94%
- Revenue will decrease in 2024/25 - will depend on final COLA for 2024/25
- LAO December Report and Governor January 2024 Budget

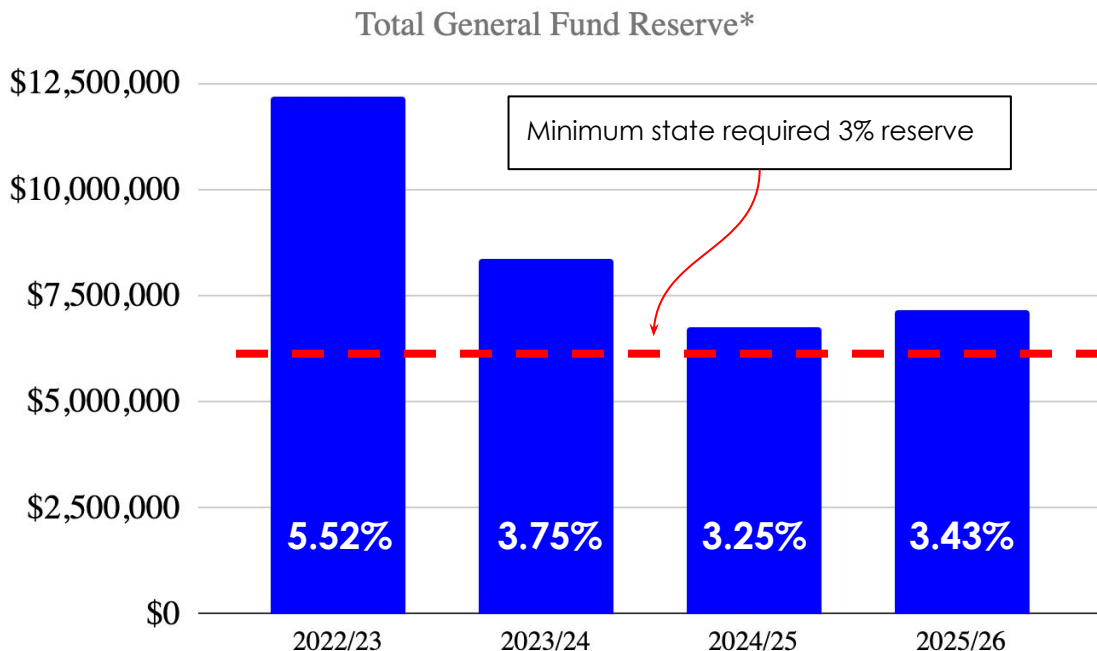
Enrollment and ADA Funding

Enrollment and LCFF ADA Funding



- Decline of 1,170 students since 2019/20
- Hold harmless years created inverted ADA Funding compared to actual ADA
- 3 year average ADA calculation softens the impact of enrollment loss
- Enrollment projections to be updated in January 2024

Multi-Year Projections



- District is running reserves at minimum levels
- Projected unrestricted deficit spending for 2023/24 is \$4.19M
- Reserves allow the district to:
 - Weather downturns in the economy
 - Handle emergencies
 - Manage cashflow needs
- Reserves are one-time funds
- **Requires reduction and/or reallocation of \$5.5M in 2024/25**

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

Plan to address Fiscal Challenges

- Expenditure reductions and cost saving measures for current fiscal year 2023/24 - increase reserves
- Re-evaluate and re-prioritize one-time grant expenditures
- Develop by end of January 2024 program adjustment plan for 2024/25
- Convene Superintendent Budget Committee in Spring 2024 to work on medium and longer term plans for revenue enhancement and expenditure reductions

Other Funds

Pleasanton Unified School District

FY 23/24 First Interim

Special Revenue Funds	Adult Ed Fund 11	Child Development Fund 12	Cafeteria Fund 13	Enterprise Fund 63
BEGINNING FUND BALANCE	\$194,921	\$221,276	\$5,658,615	\$2,958,887
Revenue	\$6,466,832	\$1,475,176	\$6,352,261	\$4,755,200
Expenditures	\$6,256,783	\$1,475,176	\$6,756,251	\$3,295,539
Revenue Over (under) Expenses	210,049	-	(403,990)	1,459,661
Transfers In (Out)				(1,000,000)
ENDING FUND BALANCE	\$404,970	\$221,276	\$5,254,625	\$3,418,548

Special Reserve Funds	OPEB Fund 71	Capital Fund 40
BEGINNING FUND BALANCE	\$ 6,467,474	\$ 7,011,553
Revenue	\$300,000	\$1,209,000
Expenditures		\$6,570,369
Revenue Over (under) Expenses	\$300,000	(5,361,369)
Transfers In (Out)		\$ -
ENDING FUND BALANCE	\$6,767,474	\$1,650,184

Capital Outlay Funds	Capital Sycamore Fund 40	Deferred Maintenance Fund 14	Measure II and I Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$ 7,249,810	\$116,199	\$156,623,442	\$2,173,175
Revenue	\$50,000	\$500	\$800,000	\$1,010,000
Expenditures	\$50,000	\$100,450	\$53,906,383	\$294,350
Revenue Over (under) Expenses	\$0	(99,950)	(53,106,383)	\$715,650
Transfers In (Out)				(30,000)
ENDING FUND BALANCE	\$7,249,810	\$16,249	\$103,517,059	\$2,858,825

Conclusions/Next Steps

- State's cooling economy and lowered than projected revenues will impact school funding - PUSD needs to prepare itself
- Develop plan for reallocation of grant funds and reductions for 2024/25
- Governor's January 2023/24 Budget
- Monitor State economic forecast
- Reach compensation settlements for 2023/24
- Audit Report for FY 2022/23: January 2024
- Second Interim Report: March 2024
- Budget Development for FY 2024/25

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 2023: Adopted Budget FY 23.24
- September 2023: Unaudited Actuals FY 22/23
- **December 14, 2023: First Interim Report, as of 10/31/23**
- January 2024: Audited Financial Statements for FY 22/23
- January 2024: Governor's Budget Proposal for FY 24/25
- March 14, 2024: Second Interim Report, as of 1/31/24
- January-April 2024: Staff Review and prepare for Budget Development
- May 2024: Governor's May Revise Budget Proposal
- June 2024: Estimated Actuals FY 23/24 & Budget Adoption for FY 24/25

Appendix: District Funds

Fund	Description
01	General Fund
10	Special Education Pass Through
11	Adult Education
12	Child Development
13	Cafeteria (Food Service)
17	Special Reserve Fund for Other Than Capital Outlay Projects
63	Other Enterprise Fund (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
71	Other Post Employment Benefits