



Pleasanton Unified School District

Fiscal Year 2019-20

First Interim Report
Presentation to Board of Trustees

December 12, 2019



Presentation Summary

- Executive Summary
- First Interim Adjustments
- 2019-20 First Interim Revenues
- 2019-20 First Interim Expenditures
- Key Budget Assumptions
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Executive Summary

- First Interim Report meets the requirements of Positive Certification
- District Enrollment/ADA lower in 2019/20 than projected by 180 reducing LCFF funding
- First Interim includes additional new State Funding for Special Education
- Expenditure Increases in First Interim mainly from 2018/19 carryover and donations
- Significant salary savings from better position control, more work to follow



2019-20 First Interim Adjustments

\$3.56 million net increase in revenue

- Approximately \$550,000 reduction in LCFF funding due to lower enrollment/ADA
- Approximately \$200,000 increase in interest earnings
- \$700,000 increase as a result of not transferring that amount into the Deferred Maintenance Fund 14 (District to use increased required funding to routine restricted maintenance, 3% of total exp, to offset needed ongoing maintenance work)
- Approximately \$700,000 of one-time unrestricted State funding for Special Education Preschool
- Approximately \$700,000 increase in restricted Special Education funding
- Approximately \$1,500,000 increase in local funding for donations



2019-20 First Interim Adjustments

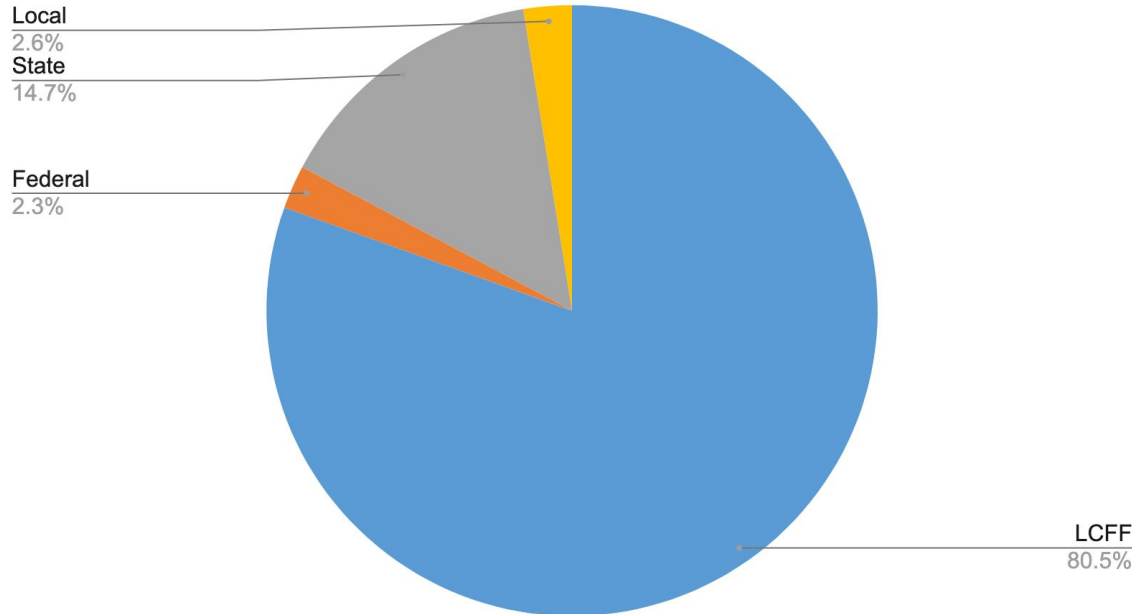
\$6.13 million net increase in expenditures

- Approximately \$780,000 reduction in salaries and benefits as a result of actual hiring placements and position control work
- Approximately \$4,200,000 increase in Books and Supplies primarily as a result of carryover from 2018/19 and increased local donation
- Approximately \$1,790,000 increase in Services primarily as a result of carryover from 2018/19 and increased local donation
- Approximately \$930,000 in Capital expenditures as a result of cost associated with the Harvest Park library rebuild (cost covered by insurance)

2019-20 First Interim Revenues



Pleasanton USD 2019/20 Revenue Sources

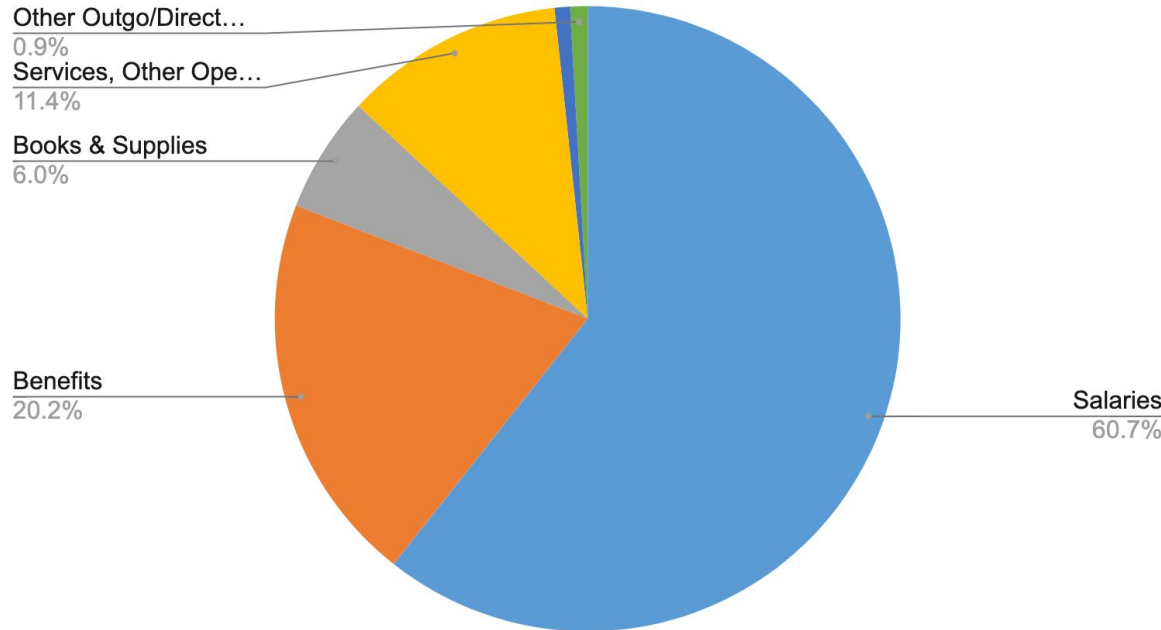


- Total Revenue: \$169,372,213
- Restricted Revenue: \$25,814,227
- District is heavily dependent on State Funding
- LCFF is now growing only Cost of Living Adjustment



First Interim 2019-20 Expenditures

Pleasanton USD 2019/20 Expenditures



- Total Expenditures: \$177,942,044
- ~ 81% Expenditures on Salaries and Benefits
- Percentage of Book/Supplies and Services larger due to 2019-20 carryover
- Total Restricted Expenditures: \$48,893,630
- Contributions to Restricted programs: \$21,143,184
- Projected Deficit Spending: \$8,569,831
- Does not include potential compensation increases



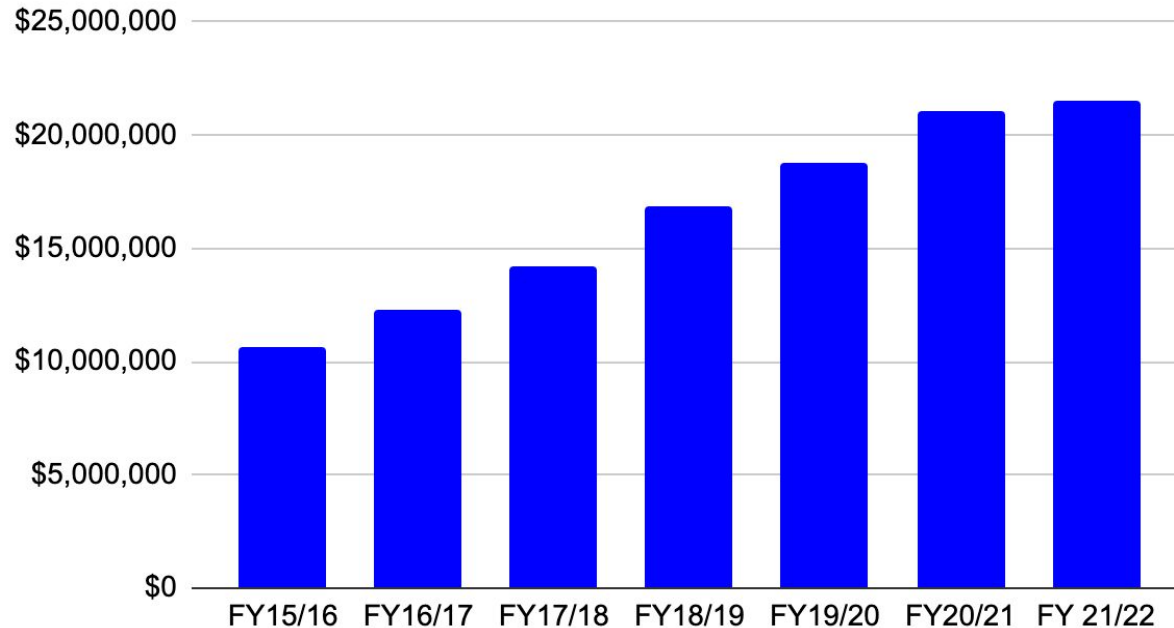
Review Key Budget Assumptions

- Enrollment and Average Daily Attendance (ADA)
- Local Control Funding Formula Factors (LCFF)
- Other State Funding
- Staffing
- Salaries
- Pension
- One-time Funds



Increased Pension Cost

Pleasanton USD (STRS and PERS Costs)

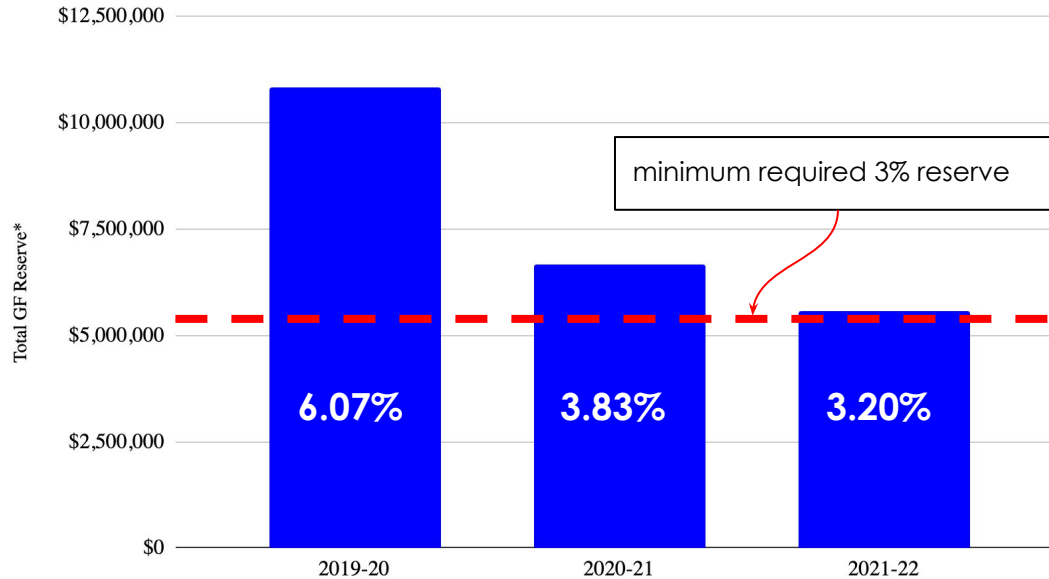


- Increased pension costs have reduced the district's ability to fund educational programs and salaries.
- Pensions are deferred compensation to employees with employee/employer contributions rates set by the State.
- State provided some relief in rate increases in 2019/20.



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

Other Funds



Pleasanton Unified School District FY 19/20 First Interim - Other Funds

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63	Enterprise Fund 64
BEGINNING FUND BALANCE	\$226,480	\$1,328,970	\$1,816,974	\$60,169
Revenue	\$809,467	\$4,230,000	\$4,119,660	\$116,100
Expenditures	\$886,283	\$4,566,756	\$4,531,916	\$113,482
Revenue Over (under) Expenses	(76,816)	(336,756)	(412,256)	2,618
Transfers In (Out)		\$30,000	178,475	
ENDING FUND BALANCE	\$149,664	\$1,022,214	\$1,583,193	\$62,787

Special Reserve Funds	Non-Capital OPEB/CalPers Fund 17	Non-Capital SEE Fund 17	Capital Fund 40	Capital Sycamore Fund 40
BEGINNING FUND BALANCE	\$ 7,763,016	\$ 295,812	\$ 5,122,859	\$7,177,080
Revenue	\$30,000	\$3,000	\$74,000	\$50,000
Expenditures				
Revenue Over (under) Expenses	\$30,000	\$3,000	\$74,000	\$50,000
Transfers In (Out)				\$ (50,000)
ENDING FUND BALANCE	\$7,793,016	\$298,812	\$5,196,859	\$7,177,080

Capital Outlay Funds	Deferred Maintenance Fund 14	Measure II Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$1,159,731	\$47,877,145	\$4,615,440
Revenue	\$15,000	\$780,000	\$640,000
Expenditures	\$1,463,538	\$72,824,071	\$979,285
Revenue Over (under) Expenses	(1,448,538)	(72,044,071)	(339,285)
Transfers In (Out)	\$300,000	\$90,000,000	(18,150)
ENDING FUND BALANCE	\$11,193	\$65,833,074	\$4,258,005



Conclusions/Next Steps

- Develop greater budget accuracy and transparency
- Ensure proper position control and staffing
- Monitor enrollment/ADA and future projections
- Review Governor's 2020/21 Budget
- District needs to carefully plan out year budgets
- Staff to work with Budget Committee on budget modifications/clarity
- Audit Report for FY 2018-20: January 2020
- Second Interim Report: March 2020
- Budget Development for FY 2020-21



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