

# 2018-19 Second Interim Report

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Presentation to the Board of Trustees  
Joe Dominguez, Chief Business Officer  
Helen Bellonzi, Director of Finance  
March 13, 2019

# Agenda

- Overview of the Second Interim Report
- Assumptions
- Updated multi-year outlook
- Variance report
- Next steps

# The Second Interim Report

- ▶ All districts are required to develop and submit periodic fiscal reports
  - ▶ COEs act as fiscal oversight agencies on behalf of the state and provide certification as:
    - ▶ Positive – the district can meet its minimum obligations over the 3-year forecast
    - ▶ Qualified – the district may not be able to meet its obligations over the 3-year forecast
    - ▶ Negative – the district will not be able to meet its obligations over the 3-year forecast
- ▶ The Second Interim reflects major fiscal activity and multi-year projections (MYPs) from July 1 to January 31

# School District Reporting Schedules

## Budget action:

Adopted budget

Unaudited actuals (fiscal activity through year end)

Annual independent audit of prior-year budget

1<sup>st</sup> Interim Report (activity through Oct 31)

2<sup>nd</sup> Interim Report (activity through January 31)

3<sup>rd</sup> Interim Report (activity through June 30)

## Board adoption date:

No later than July 1

By September 15

Board review in Jan/Feb

By December 15

By March 15

If required by COE

# Second Interim Assumptions

Major assumptions include:

## Revenue

- ▶ Projected LCFF funding based on Governor's January budget proposal using the FCMAT/ BASC Calculator
- ▶ Average Daily Attendance at 17,207.14 for current year and adjusted for declining enrollment for multiple year projections

## Expense

- ▶ Employee step and column movement
- ▶ STRS/PERS rates and rate increases
- ▶ Health and Welfare Contributions and increases

\* See board item for complete list

# Multi-year fiscal projection

## General Fund Unrestricted

(2018-19 Second Interim)

	2018-19	2019-20	2020-21
Beginning Balance	33.82	25.40	18.16
Revenues	194.41	196.40	202.41
Expenditures	167.56	167.28	171.15
Contributions	(35.27)	(36.36)	(37.17)
Increase/Decrease	(8.42)	(7.24)	(5.91)
Ending Balance	25.40	18.16	12.25
Non Spendables *	0.39	0.39	0.39
3% Reserve	7.77	7.76	7.89
Assigned Fund Balance **	3.91	3.91	3.91
Committed Addl 3% Reserve ***	6.82	6.10	0.06
Committed Fund Balance ***	6.51	-	-
Restricted Fund Balance	-	-	-
Unappropriated Fund Balance	-	0.00	(0.00)
* Revolving Cash, Cash with Fiscal Agent, Stores and Prepaids ** Includes set aside for PVHS Facilities *** Includes Board Approved Committed Funds			

Total Fund Balance

# Multi-year fiscal projection

## General Fund Restricted

(2018-19 Second Interim)

Total Fund Balance

	2018-19	2019-20	2020-21
Beginning Balance	6.14	2.72	1.54
Revenues	52.83	52.93	53.27
Expenditures	91.52	91.30	91.62
Contributions	35.27	37.19	38.34
Increase/Decrease	(3.42)	(1.18)	(0.01)
Ending Balance	2.72	1.54	1.53
Non Spendables *	-	-	-
3% Reserve	-	-	-
Assigned Fund Balance **	-	-	-
Committed Addl 3% Reserve ***	-	-	-
Committed Fund Balance ***	-	-	-
Restricted Fund Balance	2.72	1.54	1.53
Unappropriated Fund Balance	0.00	0.00	0.00

\* Revolving Cash, Cash with Fiscal Agent, Stores and Prepays

\*\* Includes set aside for PVHS Facilities

\*\*\* Includes Board Approved Committed Funds

# Multi-year fiscal projection

## General Fund (Unrestricted/Restricted)

(2018-19 Second Interim)

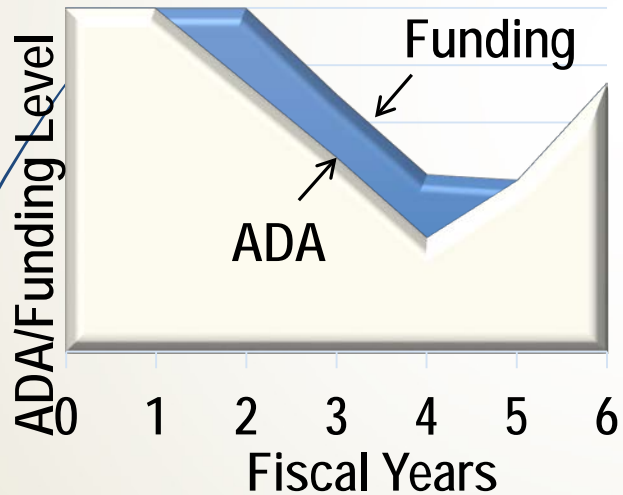
	2018-19	2019-20	2020-21
Beginning Balance	39.96	28.12	19.70
Revenues	247.24	250.16	256.86
Expenditures	259.08	258.58	262.77
Contributions	-	-	-
Increase/Decrease	(11.84)	(8.42)	(5.91)
Ending Balance	28.12	19.70	13.79
Non Spendables *	0.39	0.39	0.39
3% Reserve	7.77	7.76	7.88
Assigned Fund Balance **	3.91	3.91	3.91
Committed Addl 3% Reserve ***	6.82	6.09	0.06
Committed Fund Balance ***	6.51	-	-
Restricted Fund Balance	2.72	1.55	1.55
Unappropriated Fund Balance	0.00	0.00	0.00

Total Fund Balance

\* Revolving Cash, Cash with Fiscal Agent, Stores and Prepays  
 \*\* Includes set aside for PVHS Facilities  
 \*\*\* Includes Board Approved Committed Funds



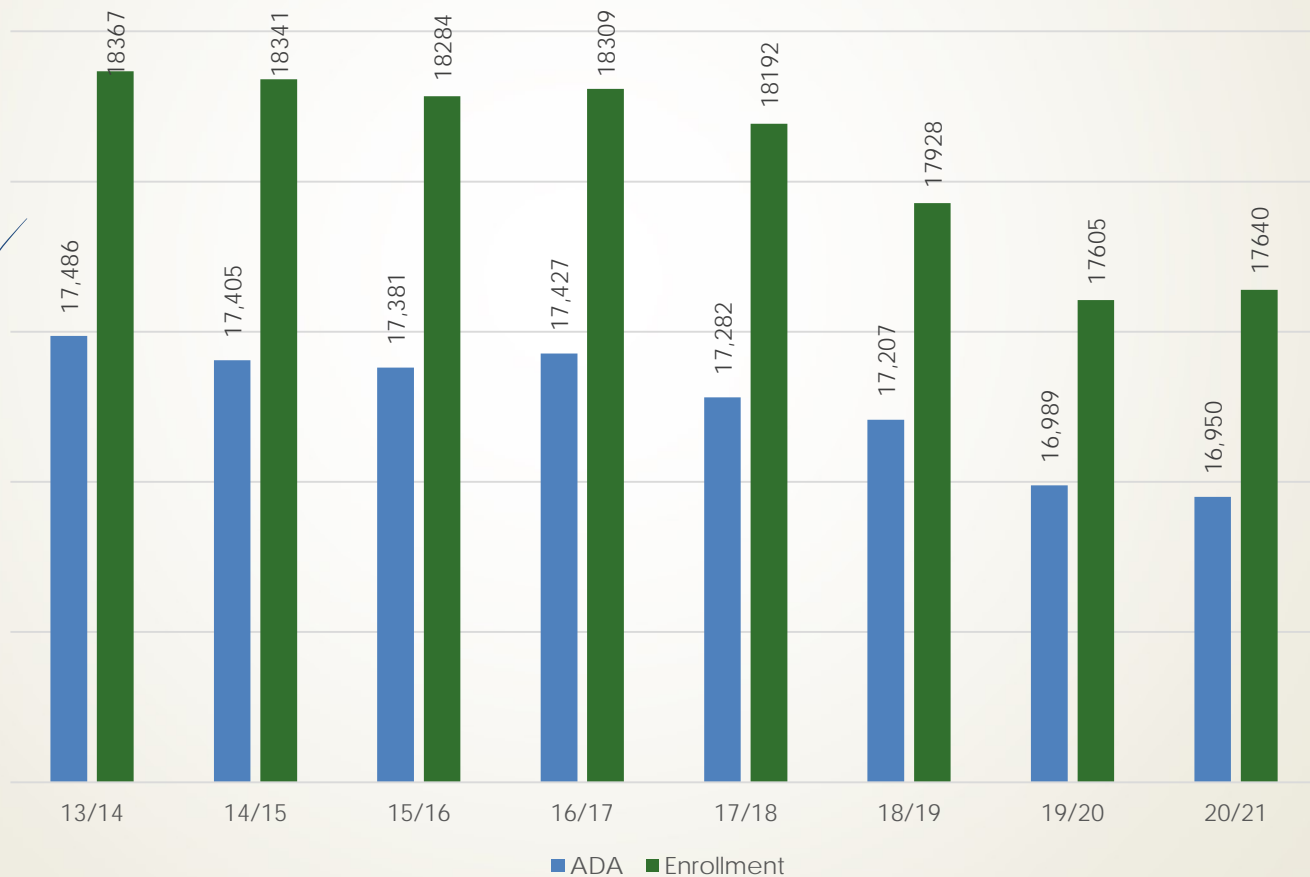
# Declining Enrollment



## Impact of ADA Decline

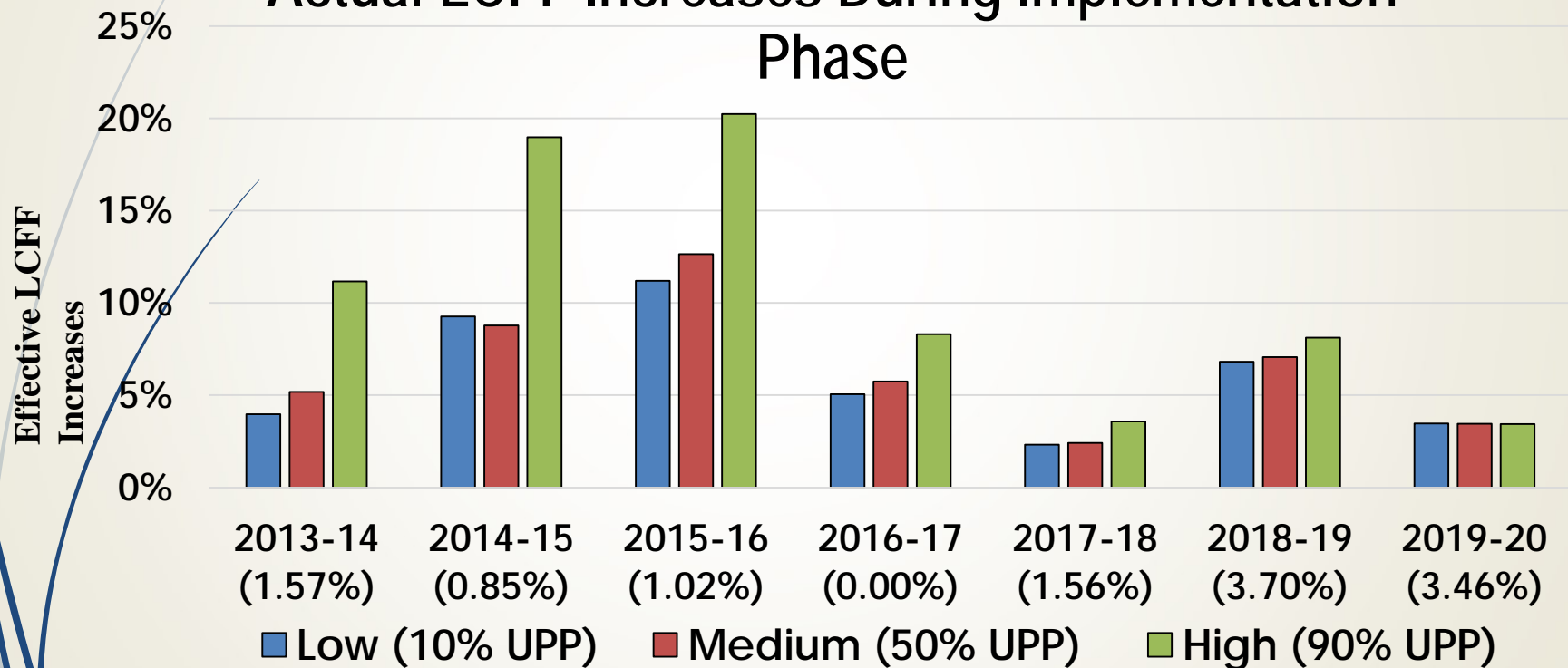
- ▶ Declining enrollment funding only delays – it doesn't relieve – the need for budget reductions
- ▶ Compensation increases will be lost in years of decline unless there are budget reductions equal to the revenue loss
- ▶ A budgeting change will also occur at the turnaround: more students, no more dollars

# PVUSD Enrollment/ADA History



# LCFF Increases During Implementation

## Actual LCFF Increases During Implementation Phase



COLA Applied to LCFF Targets

# Potential Increase to Health and Welfare costs for 19/20

(Final Rates will be available early April)

6% *	2.5 million
7%	2.9 million
8%	3.3 million
9%	3.7 million

**Medical Increase only  
No increases to Dental and Vision Plans**

\* 19/20 at 18/19 2<sup>nd</sup> Interim Budget includes 6% increase

# Required Contributions from Unrestricted to Programs

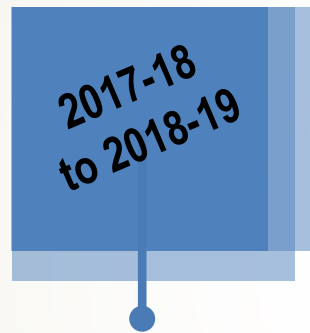
## Restricted Programs

	18/19	19/20	20/21
Unrestricted Contributions	(35,271,192)	(36,357,113)	(37,168,577)
Special Education	27,707,843	27,781,314	28,469,327
Routine Restricted Maintenance	6,749,182	7,761,632	7,885,083
Other Miscellaneous	814,167	814,167	814,167
Net	-	-	-

## Unrestricted Programs

	18/19	19/20	20/21
Transportation	7,993,072	7,899,006	8,123,346
State Funding	2,673,110	2,673,110	2,673,110
Local Funding (contribution)	5,319,962	5,225,896	5,450,236

# Routine Restricted Maintenance Account Contribution



Greater of:

Lesser of 3% of total  
General Fund expenditures  
or the amount deposited in  
2014-15

or

2% of total General Fund  
expenditures



At least:

3% of total  
General Fund  
expenditures

Estimated Increases for PVUSD

19/20 - \$1,006,608

20/21 - \$ 975,221

# Variance Report

1<sup>st</sup> Interim vs 2<sup>nd</sup> Interim

- ▶ Revenues
  - ▶ Prior year adjustment for LCFF
  - ▶ New State Grants – TUPE (Tobacco Use Prevention Education), Classified Employees Professional Development, Low Performing Student Block Grant
  - ▶ Local Grants/Entitlements \$747k increase
- ▶ Expenditures
  - ▶ Salaries and benefits adjusted for employees hired and units added
  - ▶ Federal, State and Local Grant/Entitlements adjusted based on spending trends

\* See board item for complete list

# Variance Report

18/19 2<sup>nd</sup> Interim vs 1<sup>st</sup> Interim

	18/19 1st Interim	18/19 2nd Interim	Variance
Beginning Balance	39.96	39.96	0.00
Audit Adjustment	0.00	0.00	0.00
Revenues	244.69	247.24	2.55
Expenditures	256.31	259.08	2.77
Increase (Decrease)	(11.62)	(11.84)	(0.22)
Ending Balance	28.34	28.12	(0.22)
Non-Spendables	0.39	0.39	0.00
3% Reserve	7.69	7.77	0.08
Assigned Fund Balance **	6.43	3.91	(2.52)
Committed Addl 3% Reserve ***	6.81	6.82	0.01
Committed Fund Balance ***	4.18	6.51	2.33
Restricted Fund Balance	2.84	2.72	(0.12)
Unapprop Reserve	0.00	0.00	0.00



# Next Steps

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- COE will review and present the board with their certification
- Beginning to review for the 2019-20 budget
  - Finance and Federal and State Departments will hold budget/program work group meetings with sites to develop their School Site Plans and Budget
  - Have met with majority of school sites to review their 2018-19 budget/spending
- Staff will attend the School Services May Revise Workshops
- The Estimated Actuals and 2019-20 Budget Adoption will be presented in June 2019

**Staff recommendation:**

**Approve Positive Certification of 2018-19 Second Interim Report as submitted**

Thank you to the Board of Trustees for giving us this opportunity to present the 2018-19 Second Interim Report