August 4, 2014

### Item:

Report and Discussion of the California State Budget for FY14/15 – 45-Day Revise

## Recommendation:

For Board information and discussion

#### Overview:

On June 20, 2014 the Governor signed the FY14/15 State Budget into law. Pursuant to the provisions of Education Code 42127(i)(4), "Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revision in revenue and expenditures that it has made to its budget to reflect the funding made available by that Budget Act."

A last minute addition to the Budget Act requires districts to justify ending fund balance in excess of the minimum reserve requirement during budget adoption or revision at the public hearing starting with FY15/16. Districts are required to prepare a statement that would justify the need for the excess and submit to the County Office of Education (COE) to determine compliance with the requirement.

Major highlights of the Budget Act are described below and reflected in our operating budget as attached:

Local Control Funding Formula (LCFF) – The Budget Act provides for additional funds towards implementation of the LCFF. The gap closure for FY14/15 is 29.56%, an increase of 1.51% or \$0.3M when compared to May Revise.

Lottery – The lottery funding is estimated at \$162 per ADA which is an increase of \$6.00 per ADA or \$0.1M for the PUSD.

California State Teachers' Retirement System (CalSTRS) – As reported in May, the Governor proposes to fully fund the CalSTRS' unfunded liability by FY45/46 and plans to increase the employer contribution rate over seven years. Based on this proposal, the PUSD committed \$0.9M of the ending fund balance for the increase in expenditures. The CalSTRS rate schedule through FY20/21 was adopted with the State Budget. The FY14/15 employer contribution rate is 8.88%, a slight decrease from the May Revision proposal of 9.50%. Thus, the PUSD adjusted the expenditures by \$0.5M to reflect the approved rate. The remaining balance from the CalSTRS commitment of \$0.4M is available in the undesignated reserve.

Deferrals – The Budget Act does not eliminate all deferrals. There is approximately \$1.0B in deferrals still active for K-14 education. The PUSD's cash projection for FY14/15 was based on the schedule with deferrals prior to the May Revision proposal to eliminate all deferrals, therefore there is no impact to PUSD's cash.

Mandates – The Budget Act provides \$400.5M towards funding prior mandate claims on a per-average daily attendance basis. Funding can be used for implementation of the Common Core State Standards or any one-time purpose as determined by the Board of Trustees. The PUSD will budget this revenue upon receipt of funds.

As a result of the approved tentative agreement between the PUSD and the Association of Pleasanton Teachers (APT) employees, the PUSD adjusted salaries and benefits by \$1.4M to reflect each cell increase on the salary schedule and additional new ongoing stipends for head counselors at the secondary level.

Special Education Transportation – Funding for the Special Education Transportation is included as an add-on to the LCFF grant. Prior to LCFF, the PUSD received and recorded transportation funding and expenditures in a separate restricted account. Due to the continued mandate to provide transportation to severely disabled and orthopedically impaired students including non-severely disabled special education students, the PUSD has determined that special education transportation costs should be reflected in the Special Education restricted account instead of an unrestricted resource. As a result, unrestricted expenditures were reduced by \$0.9M and restricted expenditures were increased by the same amount. There is no impact to fund balance because of the reclassification. The PUSD sought guidance from the Alameda County Office of Education (ACOE) and the external auditor prior to the reclassification.

# **Funding Source:**

General Fund

## Prepared by:

Suzy Chan, Director, Fiscal Services

## Reviewed by:

Luz T. Cázares, Deputy Superintendent, Business Services Parvin Ahmadi, Superintendent

#### PLEASANTON UNIFIED SCHOOL DISTRICT GENERAL FUND SUMMARY 45 DAY REVISE

Federal Revenues         8100-8299         0.0         3.344,998         3,344,998         3,344,998         3,344,998         3,344,998         3,344,998         3,344,998         3,247,265         65,944         98,91           Other State Revenues         8600-8799         3,871,268         802,850         1,100,443         1,107,193         802,850         1,100,443         1,107,193         802,850         1,100,443         1,107,193         802,850         1,100,443         1,107,193         802,850         1,100,443         1,107,193         802,850         1,100,443         1,107,193         802,850         1,100,443         1,107,193         802,850         1,100,443         1,107,193         802,850         1,910,443         1,000,421         1,212,102         122,955,042         364,216         65,944         430,165           EXPENDITURES         Certificated Salaries         1000-1999         60,471,621         11,840,649         72,312,270         61,540,824         12,020,329         73,561,154         1,069,203         179,680         1,248,86           Classified Salaries         2000-2999         10,704,512         5,843,550         16,640,899         12,627,423         4,055,687         16,663,111         388,486         233,725         622,21           Books and Supplies <th colspan="2">FINANCIAL SUMMARY</th> <th colspan="3">2014-15 Original Budget</th> <th colspan="3">2014-15 Operating Budget</th> <th colspan="3">Difference</th>	FINANCIAL SUMMARY		2014-15 Original Budget			2014-15 Operating Budget			Difference		
LOFE Sources			Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Perform Revenues	REVENUES										
Chine   Color   Colo	LCFF Sources	8010-8099	101,400,263	2,647,075	104,047,338	101,731,507	2,647,075	104,378,582	331,244	0	331,244
Control Local Revenues   8600-879   1,107.103   802.285	Federal Revenues	8100-8299	0	3,344,998	3,344,998	0	3,344,998	3,344,998	0	0	0
EXPENDITURES	Other State Revenues	8300-8599	3,871,268	9,351,235	13,222,503	3,904,240	9,417,179	13,321,419	32,972	65,944	98,916
EVERNOTURES	Other Local Revenues	8600-8799	1,107,193	802,850	1,910,043	1,107,193	802,850	1,910,043	0	0	0
Contribution	TOTAL, REVENUES		106,378,724	16,146,158	122,524,882	106,742,940	16,212,102	122,955,042	364,216	65,944	430,160
Classified Salaries	EXPENDITURES										
Employee Benefits   3000-3999   12,238,287   3,801,982   16,046,899   12,827,275   16,046,899   16,046,899   16,046,899   16,046,899   16,046,811   388,480   23,3725   622,21   8006s and Supplies   4000-4999   7,648,743   4,100,833   17,43,382   7,337,461   1,664,361   1,663,363   11,743,382   251,281	Certificated Salaries	1000-1999	60,471,621	11,840,649	72,312,270	61,540,824	12,020,329	73,561,154	1,069,203	179,680	1,248,884
Books and Supplies	Classified Salaries	2000-2999	10,704,512	5,843,550	16,548,062	10,313,336	6,234,726	16,548,062	(391,176)	391,176	0
Services Office Operating Expenses   5000-5999   7,648,743   4,100,639   1,749,382   7,397,482   4,351,900   11,749,382   (251,261)   251,261   Capital Outlay   600-6599   57,000   20,000   77,000   20   0   0   0   0   0   0   0   0	Employee Benefits	3000-3999	12,238,937	3,801,962	16,040,899	12,627,423	4,035,687	16,663,111	388,486	233,725	622,212
Capital Outlay	Books and Supplies	4000-4999	1,923,761	1,604,436	3,528,197	1,864,261	1,663,936	3,528,197	(59,500)	59,500	0
Other Outgo         7100-7299         0         111,000         111,000         111,000         111,000         0         0           Transfers of Pass Through Revenue         7211-7223         1,374,029         3,535         1,375,588         1,374,265         4,011         1,378,278         236         472         70           Diffed SupportIndired Costs         7400-799         (1,863,939)         1,642,910         (221,083)         (1,912,611)         1,691,528         (221,083)         (48,618)         48,618	Services, Other Operating Expenses	5000-5999	7,648,743	4,100,639	11,749,382	7,397,482	4,351,900	11,749,382	(251,261)	251,261	0
Transfers of Pass-Through Revenues   7211-7223   1,374,029   3,339   1,377,568   1,374,265   4,011   1,374,276   236   472   770,2749   1,474,0749   770,07499   1,833,993   1,842,910   221,083)   (1,912,011)   (1,912,012)	Capital Outlay	6000-6599	57,000	20,000	77,000	57,000	20,000	77,000	0	0	0
Debt Service   7400-7499   31,165   75,988   107,113   31,165   75,988   107,113   10,103	Other Outgo	7100-7299	0	111,000	111,000	0	111,000	111,000	0	0	0
Direct Support/Indirect Costs   7300-7399   1,863,993   1,642,910   221,083   3,093,933,136   30,209,076   123,502,212   707,371   1,164,433   1,871,801   1,87	Transfers of Pass-Through Revenues	7211-7223	1,374,029	3,539	1,377,568	1,374,265	4,011	1,378,276	236	472	708
TOTAL EXPENDITURES  92,585,765  99,044,643  121,630,408  93,233,135  30,209,076  123,502,212  707,371  1,164,433  1,871,805  1,871,8	Debt Service	7400-7499	31,155	75,958	107,113	31,155	75,958	107,113	0	0	0
Components of Ending Balance   Legish Resistatements   1,3792,959   12,898,485   894,474   13,449,805   13,996,974   (547,169)   (343,154)   (1,098,489)   (1,441,641)	Direct Support/Indirect Costs	7300-7399	(1,863,993)	1,642,910	(221,083)	(1,912,611)	1,691,528	(221,083)	(48,618)	48,618	0
OVER EXPENDITURES BEFORE OTHER! FINANCING SOURCES AND USES         13,792,959         (12,988,485)         894,474         13,449,805         (13,996,974)         (647,169)         (43,154)         (1,098,489)         (1,41,64)         (44,61) <td>TOTAL, EXPENDITURES</td> <td></td> <td>92,585,765</td> <td>29,044,643</td> <td>121,630,408</td> <td>93,293,136</td> <td>30,209,076</td> <td>123,502,212</td> <td>707,371</td> <td>1,164,433</td> <td>1,871,804</td>	TOTAL, EXPENDITURES		92,585,765	29,044,643	121,630,408	93,293,136	30,209,076	123,502,212	707,371	1,164,433	1,871,804
Temporal Contributions to Restricted Programs   Sayo-Sayo   13,792,959   12,898,485   Sayo-Sayo   Sa											
Interfund Transfers In			13,792,959	(12,898,485)	894,474	13,449,805	(13,996,974)	(547,169)	(343,154)	(1,098,489)	(1,441,643)
Interfund Transfers Out	OTHER FINANCING SOURCES/USES										
Other Sources 8930-8979 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Interfund Transfers In	8910-8929	605,803	58,665	664,468	605,803	58,665	664,468	0	0	0
Other Uses   7630-7699	Interfund Transfers Out	7610-7629	1,913,773	0	1,913,773	1,913,773	0	1,913,773	0	0	0
Contributions to Restricted Programs   8980-8999   (12,141,1115   12,141,1115   0   (13,305,076)   13,305,076   0   (1,163,961)   1,163,961   1,163,	Other Sources	8930-8979	0	0	0	0	0	0	0	0	0
TOTAL, OTHER FINANCING SOURCES/USES   (13,449,085)   12,199,780   (1,249,305)   (14,613,046)   13,363,741   (1,249,305)   (1,163,961)   1,163,961	Other Uses	7630-7699	0	0	0	0	0	0	0	0	0
NET INCREASE (DECREASE) IN FUND BALANCE   343,874   (698,705)   (354,831)   (1,163,241)   (633,233)   (1,796,474)   (1,507,115)   65,472   (1,441,642)	Contributions to Restricted Programs	8980-8999	(12,141,115)	12,141,115	0	(13,305,076)	13,305,076	0	(1,163,961)	1,163,961	0
FUND BALANCE, RESERVES         Beginning Balance, Unaudited         9791         10,419,109         2,887,750         13,306,859         10,419,109         2,887,750         13,306,859           Audit Adjustments & Restatements         9793-9795         0         0         0         0         0         0         0           ENDING BALANCE         10,762,983         2,189,045         12,952,028         9,255,867         2,254,517         11,510,384           Components of Ending Balance         RCF, Stores & Prepaid Exp.         9711-9730         303,786         0         1,120,939         1,120,939         1,120,939         1,120,939         0         1,120,939         1,120,939         1,120,939         0         1,120,939	TOTAL, OTHER FINANCING SOURCES/USES		(13,449,085)	12,199,780	(1,249,305)	(14,613,046)	13,363,741	(1,249,305)	(1,163,961)	1,163,961	0
Beginning Balance, Unaudited Adjustments & Restatements   9791   10,419,109   2,887,750   13,306,859   2,879,50   2,55,451   11,510,384   10,510,494   10,	NET INCREASE (DECREASE) IN FUND B	ALANCE	343,874	(698,705)	(354,831)	(1,163,241)	(633,233)	(1,796,474)	(1,507,115)	65,472	(1,441,643)
Audit Adjustments & Restatements 9793-9795 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	FUND BALANCE, RESERVES										
ENDING BALANCE 10,762,983 2,189,045 12,952,028 9,255,867 2,254,517 11,510,384  Components of Ending Balance RCF, Stores & Prepaid Exp. 9711-9730 303,786 0 303,786 303,786 0 303,786  Legally Restricted Balances 9740  Mental Health Services 0 1,120,939 1,120,939 0 1,120,939 Prop 39 0 1,052,106 1,052,106 0 1,052,106 Lottery 0 16,000 16,000 0 81,472 81,472  Other Commitments Technology 121,278 0 121,278 121,278 0 121,278 Instructional Materials 1,906,656 0 1,906,656 1,906,656 CalSTRS 900,000 0 900,000 0 0 0 0 0  Designated for Econ. Uncertainties 9789 3,706,325 3,766,325 3,762,480 0 3,762,480 Other Designations 9720-9789 0 0 0 0 0 0 0 0  Undesignated/Unappropriated 9790 3,824,937 (0) 3,840,936 3,161,667 (0) 3,243,139  Memo Reserves in Other Funds 0 0 0 0 0 0 0 0 0	Beginning Balance, Unaudited	9791	10,419,109	2,887,750	13,306,859	10,419,109	2,887,750	13,306,859			
Components of Ending Balance RCF, Stores & Prepaid Exp. 9711-9730 Legally Restricted Balances 9740 Mental Health Services 0 1,120,939 1,120,939 0 1,120,939 1,120,939 Prop 39 0 1,052,106 1,052,106 0 1,052,106 1,052,106 Lottery 0 16,000 16,000 0 81,472 81,472 Other Commitments Technology 121,278 0 121,278 121,278 0 121,278 Instructional Materials 1,906,656 0 1,906,656 1,906,656 0 1,906,656 CalSTRS 900,000 0 900,000 0 0 0 0 0 Designated for Econ. Uncertainties 9789 3,706,325 0 3,706,325 3,762,480 0 3,762,480 Other Designations 9720-9789 0 0 0 0 0 0 0 Undesignated/Unappropriated 9790 3,824,937 (0) 3,840,936 3,161,667 (0) 3,243,139  Memo Reserves in Other Funds 0 0 0 0 0 0 0 0	Audit Adjustments & Restatements	9793-9795	0	0	0	0	0	0			
RCF, Stores & Prepaid Exp.       9711-9730       303,786       0       303,786       0       303,786       0       303,786         Legally Restricted Balances       9740       0       1,120,939       1,120,939       0       1,120,939       1,120,939         Mental Health Services       0       1,052,106       1,052,106       0       1,052,106       1,052,106         Lottery       0       16,000       0       81,472       81,472         Other Commitments       Technology       121,278       0       121,278       0       121,278         Instructional Materials       1,906,656       0       1,906,656       1,906,656       0       1,906,656         CalSTRS       900,000       0       900,000       0       0       0       0         Designated for Econ. Uncertainties       9789       3,706,325       0       3,766,325       3,762,480       0       3,762,480         Other Designations       9720-9789       0       0       0       0       0       0         Memo Reserves in Other Funds       0       0       0       0       0       0       0	ENDING BALANCE		10,762,983	2,189,045	12,952,028	9,255,867	2,254,517	11,510,384			
Legally Restricted Balances       9740         Mental Health Services       0       1,120,939       1,120,939       0       1,120,939       1,120,939         Prop 39       0       1,052,106       1,052,106       0       1,052,106       1,052,106         Lottery       0       16,000       0       81,472       81,472         Other Commitments       Technology       121,278       0       121,278       121,278       0       121,278         Instructional Materials       1,906,656       0       1,906,656       1,906,656       0       1,906,656         CalSTRS       900,000       0       900,000       0       0       0       0         Designated for Econ. Uncertainties       9789       3,706,325       0       3,766,325       3,762,480       0       3,762,480         Other Designations       9720-9789       0       0       0       0       0       0         Undesignated/Unappropriated       9790       3,824,937       (0)       3,840,936       3,161,667       (0)       3,243,139	Components of Ending Balance										
Mental Health Services         0         1,120,939         1,120,939         0         1,120,939         1,120,939           Prop 39         0         1,052,106         1,052,106         0         1,052,106         1,052,106           Lottery         0         16,000         0         81,472         81,472           Other Commitments         Technology         121,278         0         121,278         0         121,278         0         121,278           Instructional Materials         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656         0	RCF, Stores & Prepaid Exp.	9711-9730	303,786	0	303,786	303,786	0	303,786			
Prop 39	Legally Restricted Balances	9740									
Lottery         0         16,000         16,000         0         81,472         81,472           Other Commitments         Technology         121,278         0         121,278         0         121,278         0         121,278           Instructional Materials         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656         0 <td>Mental Health Services</td> <td></td> <td>0</td> <td>1,120,939</td> <td>1,120,939</td> <td>0</td> <td>1,120,939</td> <td>1,120,939</td> <td></td> <td></td> <td></td>	Mental Health Services		0	1,120,939	1,120,939	0	1,120,939	1,120,939			
Other Commitments           Technology         121,278         0         121,278         0         121,278         0         121,278         0         121,278         0         121,278         0         121,278         0         121,278         0         121,278         0         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656         0	Prop 39		0	1,052,106	1,052,106	0	1,052,106	1,052,106			
Technology         121,278         0         121,278         0         121,278         0         121,278           Instructional Materials         1,906,656         0         1,906,656         0         1,906,656         0         1,906,656           CalSTRS         900,000         0         0         0         0         0           Designated for Econ. Uncertainties         9789         3,706,325         0         3,766,325         3,762,480         0         3,762,480           Other Designations         9720-9789         0         0         0         0         0         0           Undesignated/Unappropriated         9790         3,824,937         (0)         3,840,936         3,161,667         (0)         3,243,139    Memo Reserves in Other Funds  O 0 0 0 0 0 0	Lottery		0	16,000	16,000	0	81,472	81,472			
Instructional Materials	Other Commitments										
CalSTRS         900,000         0         900,000         0         0         0         0           Designated for Econ. Uncertainties         9789         3,706,325         0         3,706,325         3,762,480         0         3,762,480           Other Designations         9720-9789         0         0         0         0         0         0           Undesignated/Unappropriated         9790         3,824,937         (0)         3,840,936         3,161,667         (0)         3,243,139           Memo Reserves in Other Funds         0         0         0         0         0         0	Technology		121,278	0	121,278	121,278	0	121,278			
Designated for Econ. Uncertainties         9789         3,706,325         0         3,706,325         3,762,480         0         3,762,480           Other Designations         9720-9789         0         0         0         0         0         0         0           Undesignated/Unappropriated         9790         3,824,937         (0)         3,840,936         3,161,667         (0)         3,243,139           Memo Reserves in Other Funds         0         0         0         0         0         0	Instructional Materials		1,906,656	0	1,906,656	1,906,656	0	1,906,656			
Other Designations         9720-9789         0         0         0         0         0         0         0           Undesignated/Unappropriated         9790         3,824,937         (0)         3,840,936         3,161,667         (0)         3,243,139           Memo Reserves in Other Funds         0         0         0         0         0         0	CalSTRS		900,000	0	900,000	0	0	0			
Undesignated/Unappropriated         9790         3,824,937         (0)         3,840,936         3,161,667         (0)         3,243,139           Memo Reserves in Other Funds         0         0         0         0         0         0         0	Designated for Econ. Uncertainties	9789	3,706,325	0	3,706,325	3,762,480	0	3,762,480			
Memo Reserves in Other Funds         0         0         0         0         0	Other Designations	9720-9789	0	0	0	0	0	0			
	Undesignated/Unappropriated	9790	3,824,937	(0)	3,840,936	3,161,667	(0)	3,243,139			
	Memo Reserves in Other Funds		0	0	0	0	0	0			
	Reserve Percentage		6.16%	0.00%	6.18%	5.58%	0.00%	5.65%			