



PARAMOUNT UNIFIED SCHOOL DISTRICT

GREAT THINGS ARE HAPPENING IN PARAMOUNT SCHOOLS



2018-19 Second Interim Report

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March 18, 2019
Action Item: 4.2-A



2018-19 Second Interim

- School District Financials from July 1, 2018 through January 31, 2019
- Education Code (EC) Sections 35035(g), 42130, and 42131 require the Governing Board of each school district to certify at least twice a year to the district's ability to meet its financial obligations for the remainder of that fiscal year and for the subsequent two fiscal years.
- In the development of the multi-year projection for the interim report, assumptions are made as to the attendance projections, revenues and expenditures.
- Many of the assumptions used are received directly from the Los Angeles County Office of Education or are recommendations from School Services of California.





Certification

- Positive Certification
- Projections show PUSD will remain financially **solvent** in the current and subsequent two fiscal years at the current actual and projected rate of expenses / revenues.
- LACOE approval expected.





What's Ahead?

- Local educational agencies (LEAs) will continue to face budget challenges as the Local Control Funding Formula (LCFF) funding flattens and costs rise
- Annual growth in LCFF funding will be determined by (1) the change in LEA's ADA, and (2) the statutory COLA
- End of one-time mandated cost reimbursements
- Legislative Analyst's Office May Revision warning
- Special Education State funding



PARAMOUNT UNIFIED SCHOOL DISTRICT

The FISCAL REPORT an informational update

For Publication Date: February 22, 2019

Legislative Analyst's Office Warns of May Revision Risks

The Legislature's nonpartisan fiscal advisor warns that recent economic developments could be setting the stage for a downward adjustment in state revenues at the May Revision, resulting in a lower Proposition 98 guarantee than proposed in the January Governor's Budget.

Proposition 98

In its annual assessment of the Governor's spending proposals for the upcoming year, the Legislative Analyst's Office (LAO) notes that the drop in the stock market in December 2018 and a \$2 billion shortfall in General Fund revenue collections in January could result in a downward revision to the Proposition 98 guarantee for both the current year and for 2019-20. In addition, the LAO identifies several cost pressures not recognized in the Governor's initial spending plan that could reduce the amount available to support K-12 and community college programs. The LAO's advice to the Legislature is to identify proposals to reject or reduce should fewer resources be available in May.

Local Control Funding Formula

In addition to its assessment of Proposition 98, the LAO revealed that the Administration will propose to link the cost-of-living adjustment (COLA) for the Local Control Funding Formula (LCFF) to the change in the Proposition 98 guarantee.

Other LAO Recommendations

•*Reject the proposal to create a new categorical program for Special Education grants.* The Governor's proposal works counter to the broad goals of improving coordination, reducing complexity, and alleviating the administrative burden on school districts.



PARAMOUNT UNIFIED SCHOOL DISTRICT

PREPARING STUDENTS FOR COLLEGE AND CAREERS

General Fund

	1st Interim	2nd Interim	Difference
Revenues:			
LCFF	170,452,880	171,100,040	647,160
Federal Revenue	11,538,068	11,683,655	145,587
Other State Revenue	11,909,394	13,870,081	1,960,687
Other Local Revenue	2,668,137	3,139,035	470,898
Total Revenue	196,568,479	199,792,811	3,224,332
Expenditures:			
Certificated Salaries	89,777,867	90,102,111	324,244
Classified Salaries	25,759,459	25,631,803	-127,656
Employee Benefits	45,348,369	44,797,667	-550,702
Books & Supplies	18,805,019	18,273,758	-531,261
Services and Other Operating	24,845,202	25,745,266	900,064
Capital Outlay	4,569,673	4,872,103	302,430
Other Outgo	-126,614	-124,047	2,567
Total Expenditures	208,978,975	209,298,661	319,686
Other Financing Sources/Uses	5,778,988	5,778,988	0
Net Increase/(Decrease) in Fund Balar	-18,189,484	-15,284,838	2,904,646
Beginning Fund Balance	57,058,666	57,058,666	
Ending Fund Balance	38,869,182	41,773,828	2,904,646



Multi-Year Projection

	2018-19	2019-20	2020-21
Total Revenue	199,792,811	196,453,480	197,688,387
Total Expenditures	215,077,649	208,737,662	209,042,419
Net Increase/(Decrease) in Fund Balance	-15,284,838	-12,284,182	-11,354,032
Beginning Fund Balance	57,058,666	41,773,828	29,489,646
Ending Fund Balance	41,773,828	29,489,646	18,135,614
NonSpendable	340,000	340,000	340,000
Restricted	3,400,080	1,217,532	757,549
Assigned	18,100,293	9,729,790	
Reserve for Economic Uncertainties	14,000,000	14,000,000	14,000,000
Available Balance	5,933,455	4,202,325	3,038,066



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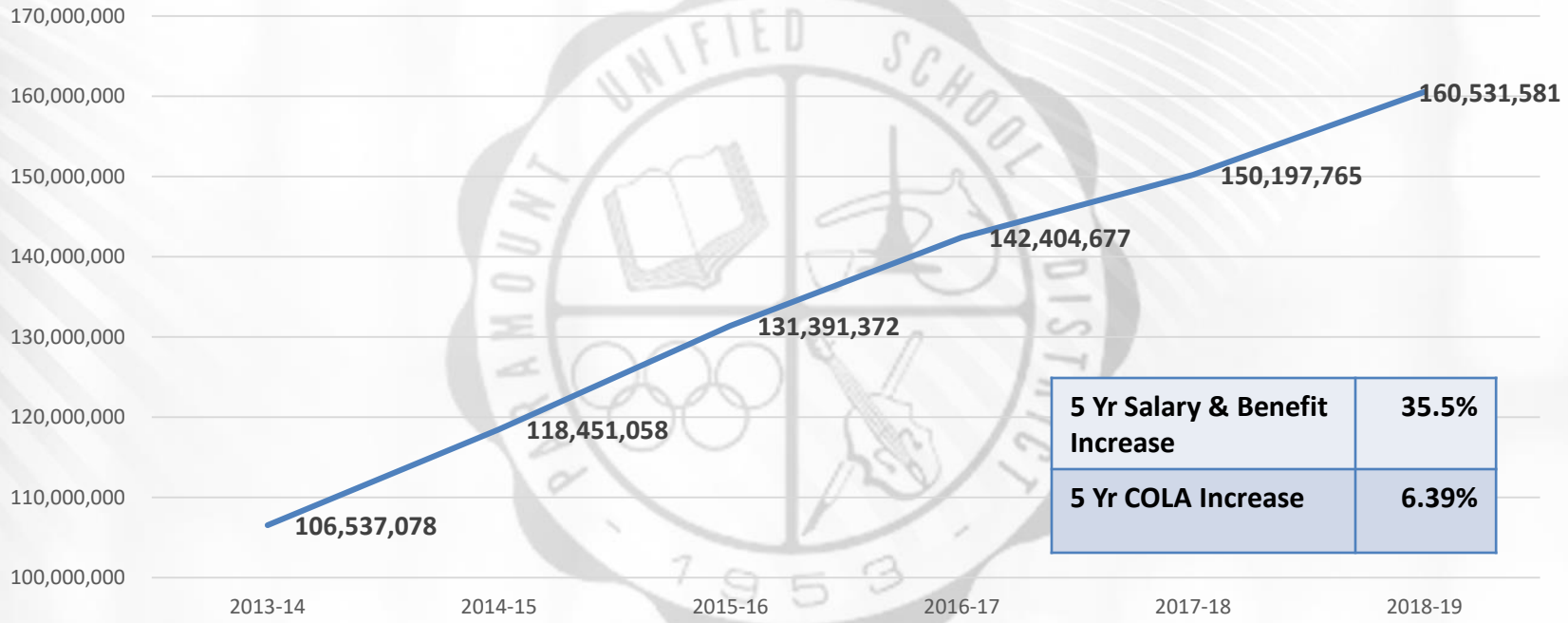
Components of 2018-19 Ending Fund Balance

Components	2018-19 Projected Actuals
Revolving Cash	\$ 40,000
Stores	300,000
LCAP Supplemental & Concentration	9,729,790
Infrastructure & Project Development	4,000,000
District Statutory Costs	4,422,269
Reserve for Economic Uncertainties	14,000,000
Restricted Programs	3,400,080
Unassigned	<u>5,881,689</u>
Total	\$ 41,773,828



Year-to-Year Comparison of Salary & Benefits

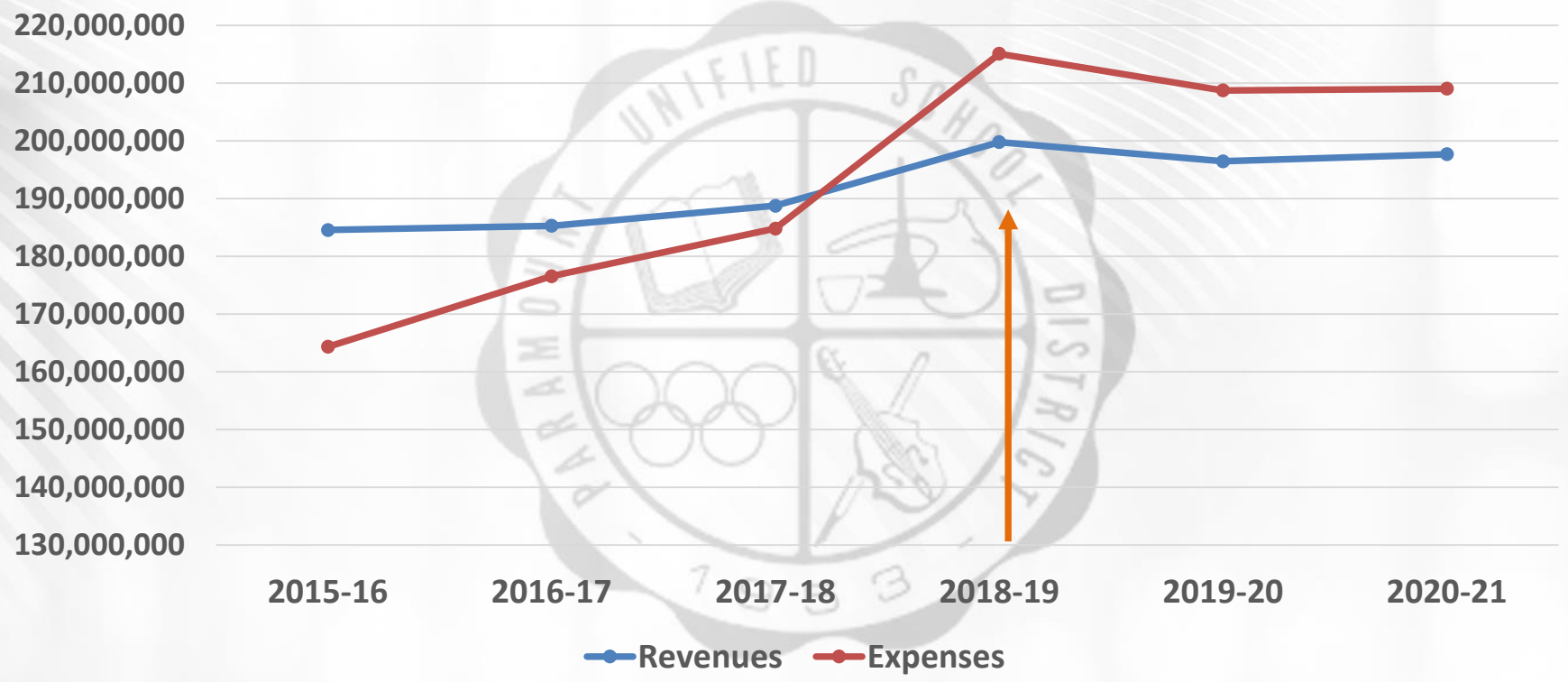
PUSD Salaries & Benefits



Salaries & Benefits	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Percent Change	1.54%	11.18%	10.92%	8.38%	5.47%	6.88%



Multi-Year Budget Analysis



Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues	184,550,359	185,270,819	188,751,568	199,792,811	196,453,480	197,688,387
Expenses	164,335,718	176,562,164	184,816,983	215,077,649	208,737,662	209,042,419



Funding Analysis – Expenses

	2014-15	2015-16	2016-17	2017-18	Variance 14-15 & 17-18
Certificated Salaries	69,557,741	76,141,344	81,685,415	85,048,793	22.27%
Classified Salaries	19,481,473	21,428,744	23,806,718	25,286,076	29.80%
Employee Benefits	29,411,845	33,821,284	36,912,544	39,862,895	35.53%

Factor	2017-18	2018-19	2019-20	2020-21
Statutory COLA	1.56%	3.70%*	3.46%	2.86%
SSC Gap Funding Percentage	45.17%	100.00%	-	-
DOF Gap Funding Percentage	45.17%	100.00%	-	-

*Includes statutory COLA of 2.71% plus an additional 0.99% appropriated for the LCFF target for 2018-19



Challenges remain the same

- Declining Enrollment
- CalSTRS & CalPERS Increases
- Health & Welfare Benefit Increases
- State Adopted Budget Uncertainty





What happens next?

- May 2019 – P-2 ADA report
 - Data as of April 2019
- June 2019 – 2019-20 Budget Adoption





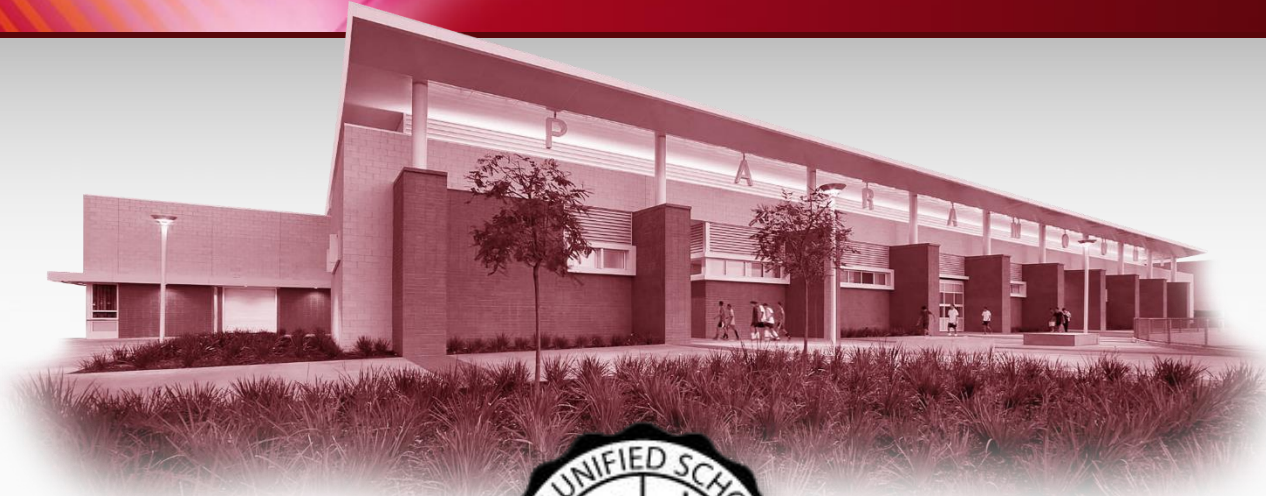
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Questions?



PARAMOUNT UNIFIED SCHOOL DISTRICT



The mission of the Paramount Unified School District is to ensure learning and success for each student by providing a quality education.