

PACIFIC GROVE UNIFIED
SCHOOL DISTRICT
2018-19

Second Interim report

March 7, 2019

AGENDA FOR THE PRESENTATION:

- Identify the issue/problem
- Review the 2018-19 Second Interim and subsequent fiscal years
 - General Fund and Other Funds
- Address questions, clarifications, and have a better understanding about Capital Outlay and other expenditures
- Take direction from the Board about the next steps and goals

WHAT IS THE PROBLEM:

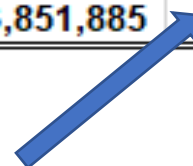
- There is a continuing structural /operational fiscal deficit
 - Last fiscal year, 2017-18, the District had an operating deficit of (\$ 739,727)
 - This fiscal year, 2018-19, the projected operating deficit at Second Interim is (\$1,095,339), (\$ 244,823) for 2019-20, and positive \$123,838 for 2020-21
 - ❖ Operating deficit is defined as the difference in current Revenues and Expenditures
 - Continuing the structural deficit, 2018-19 Reserve is estimated to be 9%, down from 12.6% of last fiscal year
 - 9% of Reserve equates to be about \$3.3 M, or approximately 1.7 months of payroll

Fund 1 - General Fund

		2015-16	2016-17	2017-18	2018-19	2018-19	4.75%	4%
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Beginning Fund Balance - Res		269,777	498,525	724,568	446,664	446,664	65,640	-
Beginning Fund Balance - Unre		3,416,235	4,742,364	4,663,312	4,151,404	4,151,404	3,252,756	3,006,264
Beginning Fund Balance		3,686,011	5,240,889	5,387,880	4,598,068	4,598,068	3,318,396	3,006,264
Revenues:								
LCFF Sources	8000	24,906,372	25,912,303	27,410,041	29,346,173	29,009,627	30,274,967	31,388,820
Federal Sources	8100	654,521	614,403	795,584	684,079	679,550	682,419	686,822
State Sources	8300	2,961,248	2,354,635	2,245,339	2,346,876	2,479,404	2,004,078	2,004,078
Local Sources	8600	1,361,147	1,612,235	1,583,927	1,311,836	1,432,512	1,524,746	1,524,746
Total Revenues		29,883,289	30,493,576	32,034,891	33,688,964	33,601,093	34,486,210	35,604,466
percent change		14.8%	2.0%	5.1%	5.2%	-0.2%	2.4%	3.2%
Expenditures:								
Certificated Salaries	1000	14,068,329	15,120,421	16,068,126	17,029,480	17,090,953	17,331,286	17,575,878
Classified Salaries	2000	5,060,143	5,478,317	5,892,951	6,364,397	6,605,049	6,636,744	6,751,305
Employee Benefits	3000	4,993,957	5,649,084	6,170,056	6,973,807	6,996,621	7,436,926	7,805,706
Books and Supplies	4000	1,059,566	1,098,576	1,414,682	1,456,934	1,527,577	935,764	940,443
Services and Other	5000	2,353,384	2,659,667	3,114,199	2,260,356	2,404,243	2,321,194	2,338,176
Capital Outlay	6000	56,843	178,164	74,062	46,479	53,785	53,785	53,785
Other Outgo	7000	683,204	251,056	40,543	119,362	18,203	15,335	15,335
Total Expenditures		28,275,427	30,435,285	32,774,619	34,250,815	34,696,432	34,731,033	35,480,627
percent change		9.7%	7.6%	7.7%	4.5%	1.6%	1.4%	2.2%
Surplus (Deficit)		1,607,862	58,291	(739,727)	(561,851)	(1,095,339)	(244,823)	123,838
Transfers In (Out)								
Fund 11 - Adult Education								
Fund 12 - Child Development								
Fund 13 - Cafeteria		(33,558)	(50,285)	(50,864)	(67,309)	(67,309)	(67,309)	(67,309)
Fund 14 - Deferred Maintenance								
Fund 20 - Postemployment		(19,426)	(19,426)					
Other Sources (Uses) Bus			158,410		(117,024)	(117,024)	-	-
Net Transfers In (Out)		(52,984)	88,699	(50,864)	(184,333)	(184,333)	(67,309)	(67,309)
Ending Fund Balance		5,240,889	5,387,880	4,597,288	3,851,885	3,318,396	3,006,264	3,062,793

Fund 1 - General Fund

							4.75%	4%
		2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Components of Ending Fund Balance								
a	Nonspendable - Revolving	5,000	5,000	5,000	5,000	5,000	5,000	5,000
b	Restricted (restricted carryover)	498,525	91,810	446,664	219,383	164,641	65,640	65,640
c	Committed							
d	Assigned							
	Prop Tax Reserve (0.50%)	109,018	157,551	124,728	133,416	133,416	139,232	144,801
	Basic Aid Reserve	790,340	945,304	1,028,873	1,027,101	701,699	294,729	293,748
	Sick Leave Incentive Reserve	40,000	40,000	40,000	40,000	40,000	40,000	40,000
	Deferred Maintenance Reserve	2,975,150		819,346	685,016	518,304	694,621	709,613
	STRS/PERS Reserve 2020-21		3,221,392	1,000,994	708,914	708,912	723,092	737,554
	Carryover Funds to Fund 40			117,024				
e	3% Resv for Econ Uncertainty	822,855	926,824	1,015,438	1,033,054	1,046,423	1,043,950	1,066,438
	Unassigned/Unappropriated							
	subtotal Unrestricted Reserves	4,737,363	5,291,070	4,146,403	3,627,502	3,148,754	2,935,624	2,992,153
	Undesignated Resv Percent	16.7%	17.4%	12.6%	10.5%	9.0%	8.4%	8.4%
	Ending Fund Balance	5,240,889	5,387,880	4,598,067	3,851,885	3,318,395	3,006,264	3,062,793



Property tax receipts posted to date:

	2018-19 Adopted Budget	2018-19 First Interim	2018-19 Second Interim	2018-19 Actuals to Date	2018-19 Act. vs. Adopted Bdgt.
July	-				
Year-to-Date	-				
August	-				
Year-to-Date	-				
September	60,335	60,831	81,929	81,929	21,594
Year-to-Date	60,335	60,831	81,929	81,929	
October	867,086	874,202	-	943,522	76,436
Year-to-Date	927,421	935,033	81,929	1,025,451	
November	49,191	49,595	943,522	29,028	(20,163)
Year-to-Date	976,612	984,628	1,025,451	1,054,480	
December	14,467,578	14,586,320	13,591,740	14,443,361	(24,217)
Year-to-Date	15,444,190	15,570,948	14,617,191	15,497,841	
percent change	6.00%	6.87%	0.32%	6.37%	
January	800,466	807,036	870,933	719,652	(80,814)
Year-to-Date	16,244,658	16,377,984	15,488,124	16,217,492	
percent change	6.00%	6.87%	1.06%		
February	1,547,075	1,559,773	1,683,268		
Year-to-Date	17,791,733	17,937,757	17,171,392		
percent change	6.00%	6.87%	2.30%		
March	5,443	5,488	5,923		
Year-to-Date	17,797,176	17,943,245	17,177,315		
percent change	6.00%	6.87%	2.31%		
April	8,141,843	8,191,753	8,840,336		
Year-to-Date	25,939,019	26,134,998	26,017,651		
percent change	6.00%	6.87%	6.39%		
May	88,697	77,137	83,244		
Year-to-Date	26,027,716	26,212,135	26,100,895		
percent change	6.00%	6.87%	6.42%		
June	655,448	447,278	482,692		
Year-to-Date	26,683,164	26,659,413	26,583,587		
percent change	6.57%	6.87%	6.57%		
Total	26,683,162	26,659,413	26,583,587	16,217,492	(27,164)
Inc (Dec)	1,695,858	1,713,765	1,637,938		
percent change	6.79%	6.87%	6.57%		

Interfund Transfers Out

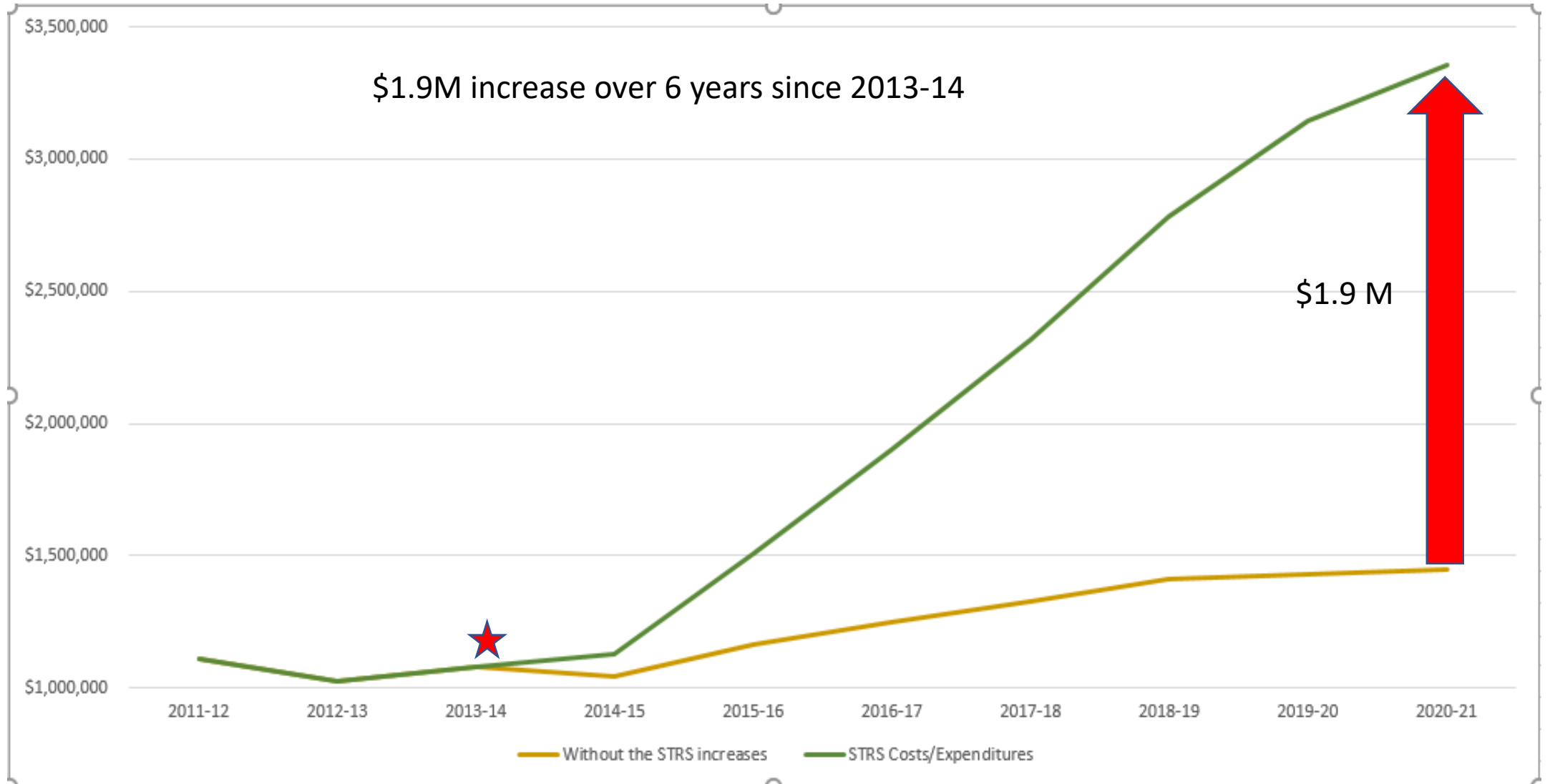
Fund 1 - General Fund

Property tax increase:	3.60%	5.80%				5.90%			6.00%				4.75%	4%			
	2014-15	2015-16	2016-17	2016-17	2016-17	2016-17	2016-17	2017-18	2017-18	2017-18	2017-18	2017-18	2018-19	2018-19	2018-19	2019-20	2020-21
	Actual	Actual	Adopted Budget	First Interim	Second Interim	Actual	Adopted Budget	First Interim	Second Interim	Audited Actuals	Adopted Budget	First Interim	Second Interim	Estimate	Estimate		
Beginning Fund Balance - Restricted	318,582	269,777		498,525	498,525	498,525	91,809	724,568	724,568	724,568	429,276	446,664	446,664	65,640	-		
Beginning Fund Balance - Unrestricted	3,220,119	3,416,235	4,064,031	4,742,364	4,742,364	4,742,364	3,889,400	4,663,312	4,663,312	4,663,312	3,622,853	4,151,404	4,151,404	3,252,756	3,006,264		
Beginning Fund Balance	3,538,701	3,686,011	4,064,031	5,240,889	5,240,889	5,240,889	3,981,209	5,387,880	5,387,880	5,387,880	4,052,129	4,598,068	4,598,068	3,318,396	3,006,264		
Total Revenues	26,019,661	29,883,289	29,143,565	30,330,797	30,240,755	30,493,576	30,575,956	31,578,858	31,643,614	32,034,891	33,363,327	33,688,964	33,601,093	34,486,210	35,604,466		
percent change	0.8%	14.8%	1.4%	1.5%	1.2%	2.0%		3.6%	3.8%	5.1%	4.5%	5.2%	4.9%	2.9%	3.2%		
Total Expenditures	25,777,964	28,275,427	28,785,250	30,709,893	30,617,839	30,435,285	30,276,792	33,070,126	33,009,997	32,774,619	33,143,657	34,250,814	34,696,431	34,731,034	35,480,628		
percent change	0.9%	9.7%	1.8%	8.6%	8.3%	7.6%	-3.9%	8.7%	8.5%	7.7%	1.1%	4.5%	4.5%	0.5%	2.4%		
Surplus (Deficit)	241,697	1,607,862	358,315	(379,096)	(377,084)	58,291	299,164	(1,491,268)	(1,366,383)	(739,727)	219,670	(561,850)	(1,095,338)	(244,824)	123,838		
INFORMATION:																	
Transfer to Adult Ed - Fund 11	581,056	143,533	\$0.00	\$0.00	143,533	344,180	135,000	135,000	145,127	318,652	129,000	129,000	365,971	365,971	365,971		
Transfers In (Out)																	
Fund 11 - Adult Education																	
Fund 13 - Cafeteria	(74,960)	(33,558)	(40,783)	(40,783)	(40,783)	(50,285)	(22,956)	(38,151)	(44,344)	(50,864)	(59,611)	(67,309)	(67,309)	(67,309)	(67,309)		
Fund 14 - Deferred Maintenance																	
Fund 20 - Postemployment Benefits	(19,426)	(19,426)	(19,426)	(19,426)	(19,426)	(19,426)	(19,426)										
Fund 40 - Capital Projects																	
Other Sources (Uses)						158,410						(117,024)	(117,024)				
Net Transfers In (Out)	(94,386)	(52,984)	(60,209)	(60,209)	(60,209)	88,699	(42,382)	(38,151)	(44,344)	(50,864)	(59,611)	(184,333)	(184,333)	(67,309)	(67,309)		
Ending Fund Balance	3,686,012	5,240,889	4,362,137	4,801,584	4,803,596	5,387,880	4,237,991	3,858,461	3,977,153	4,598,068	4,212,188	3,851,885	3,318,397	3,006,263	3,062,793		

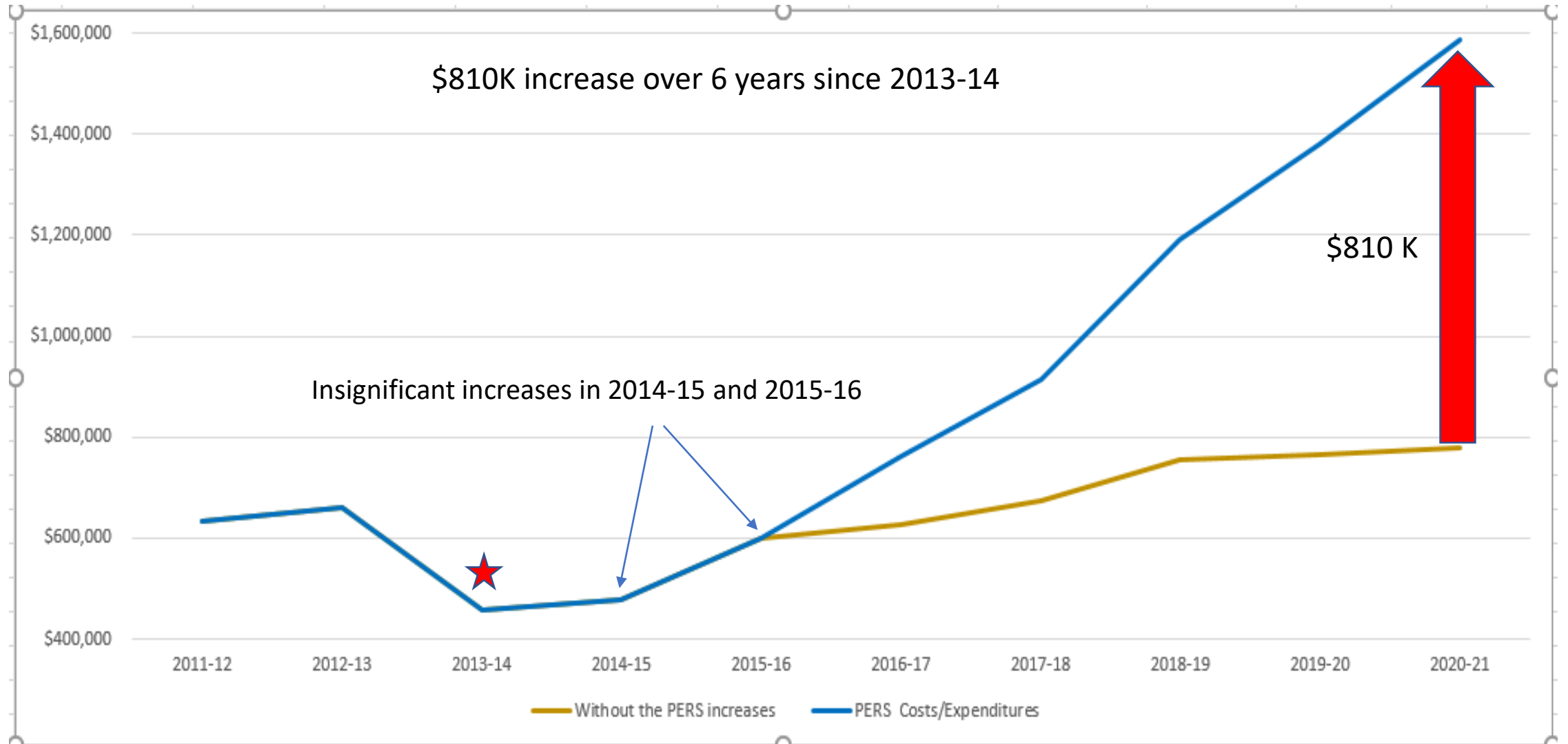
CalSTRS and CalPERS Costs:

Fund 1 - General Fund											
Property tax increase:					3.60%	5.80%	5.90%	6.00%		4.75%	4%
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
		Actual	Actual	Actual	Actual	Actual	Actual	Audited Actuals	Second Interim	Estimate	Estimate
INFORMATION:											
State-mandated STRS increase since 13-14		-	-	-	82,735	348,895	654,714	993,010	1,372,404	1,712,331	1,906,983
Without the STRS increases		\$ 1,106,450	\$ 1,023,443	\$ 1,077,240	1,044,777	1,160,637	1,247,435	1,325,621	1,410,003	1,429,831	1,450,010
STRS rates		8.25%	8.25%	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%
STRS Costs/Expenditures		\$ 1,106,450	\$ 1,023,443	\$ 1,077,240	\$ 1,127,512	\$ 1,509,532	\$ 1,902,149	\$ 2,318,631	\$ 2,782,407	\$ 3,142,162	\$ 3,356,993
PERS Board mandated increase since 13-14		-	-	-	1,169	1,265	135,369	242,436	438,906	616,089	809,009
Without the PERS increases		\$ 633,761	\$ 661,554	\$ 456,473	477,507	598,210	625,569	672,798	754,098	764,354	777,548
PERS rates		10.923%	11.417%	11.442%	11.771%	11.847%	13.888%	15.531%	18.062%	20.700%	23.400%
PERS Costs/Expenditures		\$ 633,761	\$ 661,554	\$ 456,473	\$ 478,676	\$ 599,475	\$ 760,938	\$ 915,234	\$ 1,193,004	\$ 1,380,443	\$ 1,586,557

CalSTRS Cost Increases: 2011-12 to 2020-21



CalPERS Cost Increases: 2011-12 to 2020-21



Governor's 2019-20 Proposed Budget for CalSTRS Payments:

- **A total of \$3 billion in one-time non-Proposition 98 funds will be used to buy down CalSTRS contribution rates in 2019-20 and beyond**
 - Based on current assumptions, a \$700 million would be used to decrease CalSTRS Employer contributions in 2019-20 of 18.13% to 17.10% and in 2020-21 from 19.10% to 18.10%
 - The remaining \$2.3 billion is expected to reduce employer contributions beyond 2020-21 by approximately half (0.50%) a percentage point
- **Impact of the reduction in rates to PG USD if the proposal is in statute:**
 - 2019-20 from 18.13% to 17.10% = estimated savings of \$178K
 - 2020-21 from 19.10% to 18.10% = estimated savings of \$175K

Trend in Fiscal Year 2016-17:

Property tax increase:			5.90%			
			2016-17	2016-17	2016-17	2016-17
			Adopted Budget	First Interim	Second Interim	Actual
Beginning Fund Balance - Restricted				498,525	498,525	498,525
Beginning Fund Balance - Unrestricted			4,064,031	4,742,364	4,742,364	4,742,364
Beginning Fund Balance			4,064,031	5,240,889	5,240,889	5,240,889
Revenues:						
	LCFF Sources	8000	26,193,841	26,187,135	26,180,068	25,912,303
	Federal Sources	8100	636,389	642,645	689,606	614,403
	State Sources	8300	1,257,765	2,257,021	2,276,938	2,354,635
	Local Sources	8600	1,055,570	1,243,996	1,094,143	1,612,235
Total Revenues			29,143,565	30,330,797	30,240,755	30,493,576
percent change			1.4%	1.5%	1.2%	2.0%
Expenditures:						
	Certificated Salaries	1000	14,750,828	15,064,118	15,153,894	15,120,421
	Classified Salaries	2000	5,053,206	5,262,581	5,298,167	5,478,317
	Employee Benefits	3000	4,543,683	5,463,267	5,548,914	5,649,084
	Books and Supplies	4000	1,191,321	1,647,555	1,498,938	1,098,576
	Services and Other	5000	2,549,776	2,679,828	2,885,390	2,659,667
	Capital Outlay	6000	12,529	22,166	19,754	178,164
	Other Outgo	7000	683,907	570,378	212,782	251,056
Total Expenditures			28,785,250	30,709,893	30,617,839	30,435,285
percent change			1.8%	8.6%	8.3%	7.6%
Surplus (Deficit)			358,315	(379,096)	(377,084)	58,291
Transfers In (Out)						
	Fund 11 - Adult Education					
	Fund 13 - Cafeteria		(40,783)	(40,783)	(40,783)	(50,285)
	Fund 14 - Deferred Maintenance					
	Fund 20 - Postemployment Benefits		(19,426)	(19,426)	(19,426)	(19,426)
	Other Sources (Uses)					158,410
Net Transfers In (Out)			(60,209)	(60,209)	(60,209)	88,699
Ending Fund Balance			4,362,137	4,801,584	4,803,596	5,387,880

Trend in Fiscal Year 2017-18:

Property tax increase:						6.00%
			2017-18	2017-18	2017-18	2017-18
			Adopted Budget	First Interim	Second Interim	Audited Actuals
Beginning Fund Balance - Restricted			91,809	724,568	724,568	724,568
Beginning Fund Balance - Unrestricted			3,889,400	4,663,312	4,663,312	4,663,312
Beginning Fund Balance			3,981,209	5,387,880	5,387,880	5,387,880
Revenues:						
LCFF Sources	8000		27,218,660	27,570,986	27,516,725	27,410,041
Federal Sources	8100		678,876	696,826	698,674	795,584
State Sources	8300		1,737,405	2,111,429	2,225,396	2,245,339
Local Sources	8600		941,015	1,199,617	1,202,819	1,583,927
Total Revenues			30,575,956	31,578,858	31,643,614	32,034,891
percent change				3.6%	3.8%	5.1%
Expenditures:						
Certificated Salaries	1000		15,280,295	15,911,461	15,993,975	16,068,126
Classified Salaries	2000		5,400,439	5,643,677	5,672,050	5,892,951
Employee Benefits	3000		5,798,117	6,176,137	6,201,406	6,170,056
Books and Supplies	4000		1,026,711	1,913,825	1,847,759	1,414,682
Services and Other	5000		2,564,328	3,150,540	3,024,479	3,114,199
Capital Outlay	6000		12,529	12,529	12,529	74,062
Other Outgo	7000		194,373	261,957	257,799	40,543
Total Expenditures			30,276,792	33,070,126	33,009,997	32,774,619
percent change			-3.9%	8.7%	8.5%	7.7%
Surplus (Deficit)			299,164	(1,491,268)	(1,366,383)	(739,727)
Transfers In (Out)						
Fund 11 - Adult Education						
Fund 13 - Cafeteria			(22,956)	(38,151)	(44,344)	(50,864)
Fund 14 - Deferred Maintenance						
Fund 20 - Postemployment Benefits			(19,426)			
Other Sources (Uses)						
Net Transfers In (Out)			(42,382)	(38,151)	(44,344)	(50,864)
Ending Fund Balance			4,237,991	3,858,461	3,977,153	4,598,068

Fund 11 – Adult Education Fund

		2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Beginning Fund Balance		34,670	774,914	1,693,433	2,336,590	2,336,590	1,895,429	1,824,649
Revenues:								
Revenue Limit Sources	8000	143,533	344,180	318,652	129,000	365,971	365,900	365,900
Federal Revenue	8200	56,853	34,558	25,722	26,252	26,252	26,252	26,252
Other State Revenue	8091	1,174,241	1,354,433	1,883,967	1,163,845	1,486,502	1,163,500	1,165,500
Other Local Revenue	8600	504,988	546,770	520,314	550,000	409,473	550,000	550,000
Total Revenues		1,879,616	2,279,942	2,748,654	1,869,097	2,288,198	2,105,652	2,107,652
Expenditures:								
Certificated Salaries	1000	527,700	597,180	585,395	568,847	590,361	599,629	609,043
Classified Salaries	2000	318,428	351,803	377,762	608,642	617,675	618,198	627,903
Employee Benefits	3000	189,355	209,514	234,137	268,203	273,411	295,604	318,465
Books and Supplies	4000	51,860	165,189	170,778	476,647	479,063	477,000	477,500
Services & Other Oper	5000	43,803	37,736	204,408	185,537	198,169	186,000	187,000
Capital Outlay	6000	8,226		533,017	379,000	460,681		
Other Outgo	7100							
Indirect Costs	7300					110,000		
Total Expenditures		1,139,372	1,361,423	2,105,497	2,486,876	2,729,360	2,176,431	2,219,912
Surplus (Deficit)		740,244	918,518	643,157	(617,779)	(441,162)	(70,779)	(112,260)
Transfers In - Fund 1	8900							
Ending Fund Balance		774,914	1,693,433	2,336,590	1,718,812	1,895,429	1,824,649	1,712,389
Components of Ending Fund Balance:								
a) Nonspendable - Revolv	9711							
b) Restricted - Donations	9740		1,188,902	1,688,778	1,262,622	1,302,992	1,480,628	1,368,368
c) Committed	9750							
d) Assigned	9780		504,531	647,812	456,190	592,437	344,021	344,021
e) Unassigned/Unappropri	9790	774,914						
Ending Fund Balance		774,914	1,693,433	2,336,590	1,718,812	1,895,429	1,824,649	1,712,389

Fund 12 – Child Development Fund

		2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Beginning Fund Balance		4,590	63,531	83,284	108,280	108,280	143,084	151,547
Revenues:								
Revenue Limit Sources 8000								
Federal Revenue 8100								
State Revenue (Presch 8500		110,772	99,383	91,248	122,038	122,038	120,000	122,000
Local Revenue (BASRI 8600		381,508	418,184	419,342	430,000	430,000	430,000	430,000
Total Revenues		492,280	517,567	510,590	552,038	552,038	550,000	552,000
Expenditures:								
Certificated Salaries 1000		61,308	57,887	59,570	63,863	63,863	64,866	65,884
Classified Salaries 2000		257,864	263,017	279,529	271,436	280,725	285,918	291,208
Employee Benefits 3000		86,244	93,776	99,603	112,395	112,471	121,214	129,715
Books and Supplies 4000		5,327	6,667	11,798	20,000	20,000	20,000	21,000
Services & Other Oper 5000		925	50,293	13,422	15,000	15,000	15,000	15,000
Capital Outlay 6000			4,503	-	10,000	14,637	10,000	10,000
Other Outgo 7100								
Indirect Costs 7300		21,672	21,672	21,672	24,540	24,540	24,540	24,540
Total Expenditures		433,340	497,814	485,594	517,234	531,236	541,538	557,347
Surplus (Deficit)		58,941	19,753	24,997	34,804	20,802	8,462	(5,347)
Transfers In from Fund 8900		-						
Ending Fund Balance		63,531	83,284	108,280	143,084	129,082	151,547	146,200
Components of Ending Fund Balance:								
a) Nonspendable - Revolv 9711								
b) Restricted 9740								
c) Committed 9750								
d) Assigned 9780			83,284	108,280	143,084	129,082	151,547	146,200
e) Unassigned-Res for Ec 9789								
Unassigned/Unappropri 9790		63,531						
Ending Fund Balance		63,531	83,284	108,280	143,084	129,082	151,547	146,200

Fund 13 – Cafeteria Fund

		2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Beginning Fund Balance		8,785	8,680	9,929	13,766	13,765	6,685	1,275
Revenues:								
Revenue Limit Sources 8000								
Federal Revenue 8200		191,656	180,311	182,258	180,000	180,000	180,000	180,000
Other State Revenue 8500		14,314	12,680	16,862	28,326	28,326	28,326	28,326
Other Local Revenue 8600		367,914	393,762	415,716	390,000	390,000	405,000	410,000
Total Revenues		573,884	586,753	614,836	598,326	598,326	613,326	618,326
Expenditures:								
Certificated Salaries 1000								
Classified Salaries 2000		257,521	270,631	290,475	285,002	285,055	290,275	295,645
Employee Benefits 3000		55,952	60,640	71,608	90,164	91,081	97,821	105,804
Supplies 4000		287,097	295,336	287,011	283,101	283,101	283,500	283,600
Services 5000		6,977	9,182	12,770	14,449	14,449	14,449	14,449
Capital Outlay 6000								
Other Outgo 7100								
Total Expenditures		607,547	635,789	661,863	672,716	673,686	686,045	699,497
Surplus (Deficit)		(33,663)	(49,036)	(47,028)	(74,390)	(75,360)	(72,719)	(81,171)
Transfers In - General 8900		33,558	50,285	50,864	67,309	67,309	67,309	67,309
Ending Fund Balance		8,680	9,929	13,766	6,685	5,714	1,275	(12,587)
Components of Ending Fund Balance:								
a) Nonspendable - Stores 9711		7,613	9,929	8,645				
b) Restricted 9740		642		4,568	6,132	5,162	1,275	(12,587)
c) Committed								
d) Assigned		425		552	553	552		
e) Unassigned/Unappropriated 9790								
Ending Fund Balance		8,680	9,929	13,765	6,685	5,714	1,275	(12,587)

Fund 14 – Deferred Maintenance Fund

		2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Beginning Fund Balance		462,580	380,180	94,526	26,040	26,040	4,733	23,033
Revenues:								
Revenue Limit Sources	8000							
Federal Revenue	8100							
Other State Revenue	8590	93,372	93,372	93,372	93,372	93,372	93,000	93,000
Other Local Revenue	8660	3,372	2,948	402	1,000	300	300	300
Total Revenues		96,744	96,320	93,774	94,372	93,672	93,300	93,300
Expenditures:								
Certificated Salaries	1000							
Classified Salaries	2000							
Employee Benefits	3000							
Supplies	4300	29,421	31,640	6,572	2,000	-	-	-
Services	5800	149,723	350,335	155,688	76,737	114,979	75,000	75,000
Capital Outlay	6000							
Other Outgo	7100							
Indirect Costs	7300							
Total Expenditures		179,144	381,975	162,260	78,737	114,979	75,000	75,000
Surplus (Deficit)		(82,400)	(285,655)	(68,486)	15,635	(21,307)	18,300	18,300
Transfers In (Out) - to G								
Ending Fund Balance		380,180	94,526	26,040	41,676	4,733	23,033	41,333
Components of Ending Fund Balance:								
a) Nonspendable - Revolv	9711							
b) Restricted	9740							
c) Committed	9750							
d) Assigned	9780		94,526	26,040	41,676	4,733	23,033	41,333
e) Unassigned-Reserve for	9789							
Unassigned/Unappropri	9790	380,180						
Ending Fund Balance		380,180	94,526	26,040	41,676	4,733	23,033	41,333

Fund 20 – Postemployment Benefits Fund

		2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Beginning Fund Balance		156,788	177,493	199,078	5,860	5,860	5,885	5,910
Revenues:								
Revenue Limit Sources	8000							
Federal Revenue	8100							
Other State Revenue	8300							
Other Local Revenue	8600	1,279	2,160	1,782	25	25	25	25
Total Revenues		1,279	2,160	1,782	25	25	25	25
Expenditures:								
Certificated Salaries	1000							
Classified Salaries	2000							
Employee Benefits	3000							
Supplies	4000							
Services	5000							
Capital Outlay	6000							
Other Outgo	7100							
Indirect Costs	7300							
Total Expenditures		-	-	-	-	-	-	-
Surplus (Deficit)		1,279	2,160	1,782	25	25	25	25
Transfers In (Out) - from	8900	19,426	19,426	(195,000)				
Ending Fund Balance		177,493	199,078	5,860	5,885	5,885	5,910	5,935
Components of Ending Fund Balance:								
a) Nonspendable - Revolv	9711							
b) Restricted	9740							
c) Committed	9750							
d) Assigned - Medigap	9780		199,078	5,860	5,885	5,885	5,910	5,935
e) Unassigned-Reserve fo	9789							
Unassigned/Unappropri	9790	177,493						
Ending Fund Balance		177,493	199,078	5,860	5,885	5,885	5,910	5,935

Fund 21 – Building Fund (Education Technology)

		2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Beginning Fund Balance		2,060,698	542,106	1,864,324	1,504,309	1,504,309	588,557	(0)
Revenues:								
Revenue Limit Sources	8000							
Federal Revenue	8100							
Other State Revenue	8300							
Other Local Revenue	8600	11,805	2,076,395	22,929	5,000	6,394	5,000	2,005,000
Total Revenues		11,805	2,076,395	22,929	5,000	6,394	5,000	2,005,000
Expenditures:								
Certificated Salaries	1000							
Classified Salaries	2000							
Employee Benefits	3000							
Supplies	4400	884,678	161,231	254,111	645,773	645,773	393,557	500,000
Services	5800	178,721	134,492	128,833	169,285	176,373	100,000	100,000
Capital Outlay	6000	466,999	458,454	-	100,000	100,000	100,000	100,000
Other Outgo	7100							
Indirect Costs	7300							
Total Expenditures		1,530,398	754,177	382,944	915,058	922,146	593,557	700,000
Surplus (Deficit)		(1,518,592)	1,322,218	(360,015)	(910,058)	(915,752)	(588,557)	1,305,000
Transfers In (Out)	8900							
Ending Fund Balance		542,106	1,864,324	1,504,309	594,251	588,557	(0)	1,305,000
Components of Ending Fund Balance:								
a) Nonspendable - Revolve	9711							
b) Restricted	9740			1,493,530	583,472	577,778		
c) Committed	9750							
d) Assigned	9780		1,864,324	10,779	10,779	10,779	(0)	1,305,000
e) Unassigned-Reserve for	9789							
Unassigned/Unappropriated	9790	542,107						
Ending Fund Balance		542,107	1,864,324	1,504,309	594,251	588,557	(0)	1,305,000

Fund 40 - Capital Outlay Projects Fund

		2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21
		Actual	Actual	Audited Actuals	First Interim	Second Interim	Estimate	Estimate
Beginning Fund Balance		636,191	571,955	376,097	10,636	10,636	82,490	65,055
Revenues:								
Revenue Limit Sources	8000							
Federal Revenue	8100							
Other State Revenue	8300							
Other Local Revenue	8600	276,678	285,922	904,725	220,770	220,770	218,770	218,770
Total Revenues		276,678	285,922	904,725	220,770	220,770	218,770	218,770
Expenditures:								
Certificated Salaries	1000							
Classified Salaries	2000							
Employee Benefits	3000							
Supplies	4000	117,813	124,197	107,904	25,655	45,655	25,000	25,000
Services	5000	4,450	91,094	781,825	39,654	18,300	40,000	40,000
Capital Outlay - Equipm	6000	189,215	237,355	374,818	-	3,882		
Other Outgo	7100			200,640	200,630	200,640	171,205	171,205
Indirect Costs	7300	29,435	29,135	-	-	-	-	-
Total Expenditures		340,914	481,781	1,465,187	265,939	268,477	236,205	236,205
Surplus (Deficit)		(64,236)	(195,858)	(560,462)	(45,170)	(47,707)	(17,435)	(17,435)
Transfers In (Out)	8900			195,000	117,024	117,024		
Ending Fund Balance		571,955	376,097	10,636	82,490	79,952	65,055	47,619
Components of Ending Fund Balance:								
a) Nonspendable - Revolv	9711							
b) Restricted	9740							
c) Committed	9750							
d) Assigned	9780		376,097	10,636	82,490	79,952	65,055	47,619
e) Unassigned/Unappropri	9790	571,955						
Ending Fund Balance		571,955	376,097	10,636	82,490	79,952	65,055	47,619

Fund 40 Capital Outlay Projects Fund : 2017-18 Revenues and Expenditures

- 2017-18 Income and Expenses:

- **Income:**

Monterey Bay Charter School (incl. utilities)	\$217,571
Facilitron rental income	\$ 63,240
Interest income	\$ 3,209
COP loan to purchase portables	\$620,705
From Fund 20 to pay for the portables	<u>\$195,000</u>
Total	\$1,099,725

- **Expenses:**

○ Pool Chemicals	\$65,920
○ Supplies for new portables	\$22,140
○ Equipment/furniture for new portables	\$19,844
○ Contracts (Lead abatement, batting cages, Board room desk)	\$46,768
○ GF portable tree removal	\$22,000
○ Santa Clara Swim Club – swim lessons	\$53,200
○ Contract services for Portables (engineering, etc)	\$659,857
○ Portables (Mobile Modular, etc)	\$374,818
○ Bus # 8 and # 9 payments	\$ 83,605
○ Portables payments	<u>\$117,035</u>
Total	\$1,465,187

Fund 40 - Capital Outlay Projects Fund 2018-19 Revenues and Expenditures

- 2018-19 Income and Expenses:

- **Income:**

Monterey Bay Charter School	\$218,770
Interest	\$ 2,000
Various rental income (e.g. SCSC)	<u>\$38,168</u> (not in Second Interim yet)
Total	\$258,938

- **Expenses:**

- HS Pool chemicals
- FG, MS, HS fencing project
- DSA fee for FG portables project
- Bus # 8 (P & I payments)
- Bus #9 (P & I payments)
- Portables FG and RHD (P & I payments)

	\$45,655 (\$25,158 spent and \$20,497 encumbered)
	\$18,300 (Spent)
	\$ 3,882 (spent)
	\$29,435 (paid, final payment)
	\$54,170 (paid, final payment)
	<u>\$117,035</u>
Total	\$268,477

GOALS TO ADDRESS OPERATIONAL/STRUCTURAL FISCAL DEFICIT (OR NOT):

1. Immediate: during current fiscal year, 2018-19

- Freeze spending on unencumbered expenditures or even encumbered expenditures but unspent, i.e. PO's
- Freeze vacancies – depending on the nature of the vacancies
- Draw from restricted, non-General Fund

2. Intermediate – next fiscal year, 2019-20

A. Expenditures:

For example -

- Class sizes
- Other FTEs
- Review ancillary programs: free swim lessons to 5th and 9th grade students
 - 2017-18: net cost \$14,297.50 (Paid \$53,200 out of Fund 40 and rent collected \$38,902.50 to the General Fund)
 - 2018-19: Billed by SCSC at \$80,177.50 (have not paid); rent collected thus far \$29,200

Continuing....Goals...

- B. Revenues:

- Pursue grants (Outdoor camp at PG MS) to help pay for expenses; reimbursements from MPC for pathway/dual enrollment classes

Direction from the Board:

1. Continue deficit spending?
 - Reserve to shore up spending
2. Make budget reductions? How much?

For example:

- Sections
- Personnel
- Programs
- Other discretionary funds

Appendix I - Carryover funds from 2017-18:

A. Restricted Fund:

• Medi-Cal Billing	\$ 86,391	
• Prop 39 – CA Clean Energy Act	\$147,824	
• Special Ed Mental Health	\$ 4,629	
• College Readiness Block Grant	\$ 56,961	
• Classified Employees PD Grant	<u>(\$ 13,782)</u>	received in 18-19 but unbudgeted
Subtotal	\$282,023	

B. Unrestricted Fund:

• Local Donations	\$312,153	
• ROP fees	\$ 1,297	
• ACSA carryover funds	<u>\$ 48,768</u>	
Subtotal	\$362,218	

Combined GF Total \$644,241

Appendix II - Structural Deficit: 2017-18 Second Interim Reported on March 8, 2018

SUBJECT: Approval of the 2017-18 Second Interim Report

PERSON RESPONSIBLE: Rick Miller, Assistant Superintendent for Business Services

RECOMMENDATION:

The Administration recommends that the Board approve the 2017-18 Second Interim Report.

BACKGROUND:

Under current state law, school districts are required to formally update and review their operating budgets at least twice per year. The First Interim Report reflects the results of operations through October 31, and must be approved by the Board and submitted to the County Office of Education by December 15 each year.

In March, the Board reviews and approves the Second Interim Report, which reflects the results of operations through January 31, and must be submitted to the County Office of Education by March 15.

INFORMATION:

The attached Second Interim Report indicates that, based on current information and projections, the District's General Fund will have a positive ending fund balance, a positive cash flow, and the District will be able to meet its financial obligations for the current year and subsequent two years.

With revenues of \$31,643,614 and expenditures of \$33,009,996, the General Fund is budgeted to run a net deficit of \$1,366,382 for the current year. At year end, this deficit is expected to be reduced by approximately \$300,000, once unspent budgets are transferred to the Ending Fund Balance.

The Ending Fund Balance will remain positive, and the District will be able to meet its minimum reserve requirement of 3.00%. Unrestricted General Fund reserves will decrease in 2017-18 due to the deficit spending situation, ending up at approximately 11.0%.

FISCAL IMPACT:

None

Appendix III - schedule of portable payments

EXHIBIT B

PAYMENT SCHEDULE

RE: Government Obligation Contract dated as of May 1, 2017, between KS StateBank (Obligee) and Pacific Grove Unified School District (Obligor)

Date of First Payment: November 1, 2017
 Original Balance: \$635,705.00
 Total Number of Payments: Twelve (12)
 Number of Payments Per Year: Two (2)

Interest
 \$66,507.04
Initial price

Pmt No.	Due Date	Contract Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
1	01-Nov-17	\$58,517.67	\$9,948.78	\$48,568.89	\$595,672.80
2	01-May-18	\$58,517.67	\$9,188.68	\$49,328.99	\$544,988.23
3	01-Nov-18	\$58,517.67	\$8,416.68	\$50,100.99	\$493,637.16
4	01-May-19	\$58,517.67	\$7,632.60	\$50,885.07	\$441,610.82
5	01-Nov-19	\$58,517.67	\$6,836.25	\$51,681.42	\$388,900.33
6	01-May-20	\$58,517.67	\$6,027.43	\$52,490.24	\$335,496.70
7	01-Nov-20	\$58,517.67	\$5,205.96	\$53,311.71	\$281,390.81
8	01-May-21	\$58,517.67	\$4,371.63	\$54,146.04	\$226,573.43
9	01-Nov-21	\$58,517.67	\$3,524.25	\$54,993.42	\$171,035.20
10	01-May-22	\$58,517.67	\$2,663.60	\$55,854.07	\$114,766.64
11	01-Nov-22	\$58,517.67	\$1,789.49	\$56,728.18	\$57,758.15
12	01-May-23	\$58,517.67	\$901.69	\$57,615.98	\$0.00

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702,212.04

Pacific Grove Unified School District

X *[Signature]*
 Signature
Rick Miller - Asst. Supt
 Printed Name and Title

*Assumes all Contract Payments due to date are paid