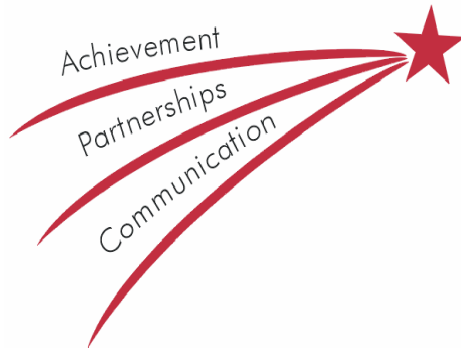


Pleasanton Unified School District



2019/20 Unaudited Actuals

September 10, 2020
Board of Trustees Meeting

Business Services Memorandum

To: Board of Trustees

From: Ahmad Sheikholeslami, Assistant Superintendent of Business Service
Thomas Gray, Executive Director of Fiscal Services

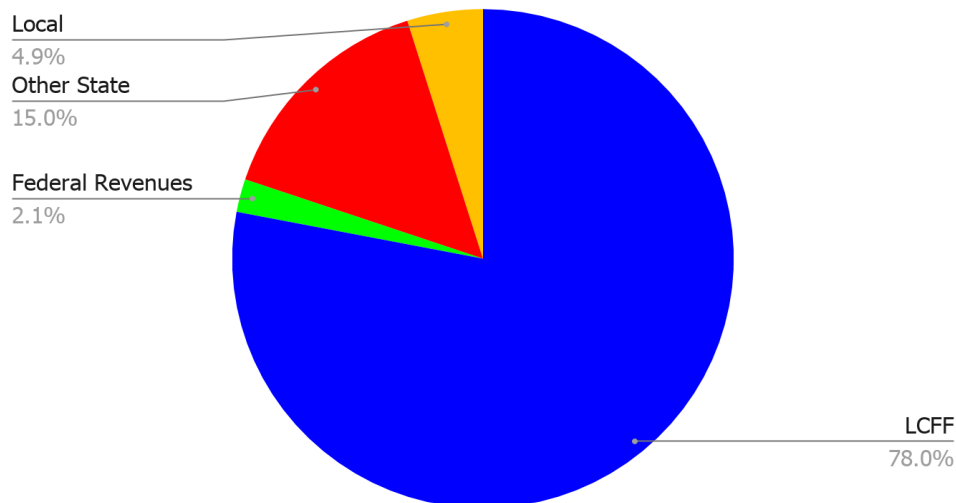
Date: 9/10/2020

Re: 2019/20 Unaudited Actuals

The Unaudited Actuals are presented to update the Board on the final status of the District's actual revenues, expenditures, and fund balance activity for the 2019/20 fiscal year. These include all activities since the 2019/20 Estimated Actuals were reported with the 2020/21 Adopted Budget at the June 25, 2020 school board meeting. The District ended the fiscal year with a net operating deficit of \$3,758,506 and an ending general fund balance of \$22,659,002.

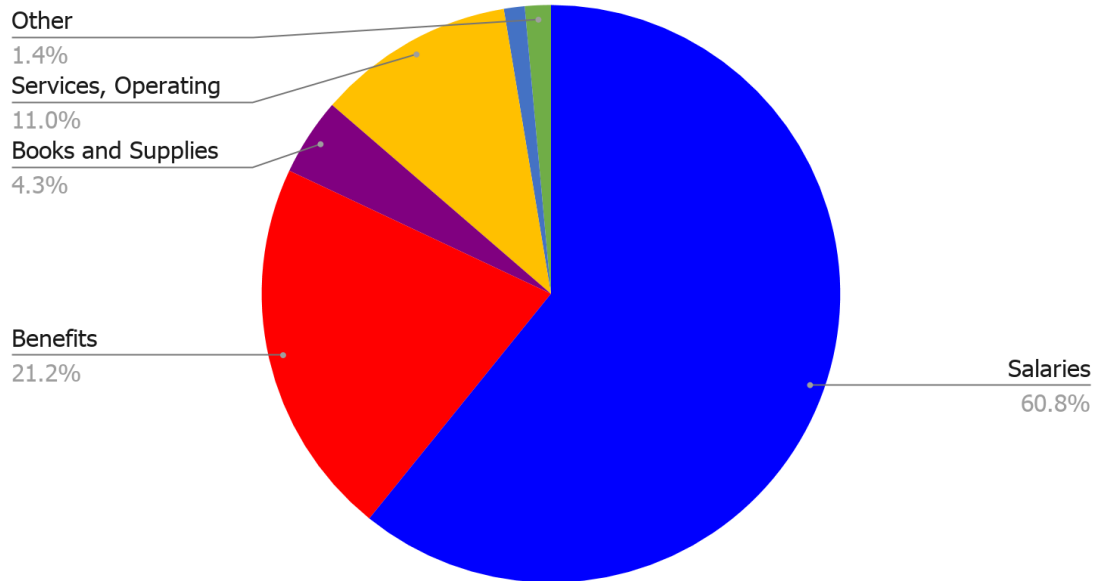
Total revenues for 2019/20 was \$174,967,432 or about \$11,780 per student. This includes the State's on behalf contribution to the STRS/PERS pension system in the amount of \$7,890,928. These funds are never transferred to the district and there is a corresponding expenditure in the same amount. The increase in unaudited revenues represents a 0.47% from estimated actuals.

2019/20 Unaudited Actual Revenue Sources



Total expenditures for 2019/20 is \$178,821,063 or about \$12,036 per student. This represents a decrease of 2.86% from estimated actuals but an overall increase of 4.2% from fiscal year 2018/19.

2019/20 Unaudited Actuals Expenditures



Summary

The net change in the General Fund Balance since Estimated Actuals is an increase of approximately \$5,907,231, or about 3.3% of total expenditures. The main drivers for the increased end funding balance is reduction of expenditures in the areas of services, book/supplies and capital expenditures. The savings are one time in nature and not ongoing. Additionally, about half of the reduced expenditures are in restricted categories. Much of reduced expenditure was also the result of the shelter in place orders which took place starting in March 16, 2020 as a result of the COVID 19 pandemic. With shelter in place orders many events, conferences, activities, professional development, and purchases were halted. The district also initiated freezes in positions and overtime work. These efforts have resulted in significant savings that will allow the district to better manage the pending fiscal challenges in the coming years. The largest portion of expenditures in salaries and benefits (82%) recorded a slight increase from estimated actuals. The main driver of the salary and benefit increase was final CSEA reclassification negotiations which were difficult to fully estimate.

Below is a breakdown of components of the increased ending fund balance from the estimated actuals:

- Revenues (net increase of \$826,533):
 - LCFF adjustments for net increase of \$307,556
 - Reduced Federal revenues from unused grants -\$306,488
 - Reduced State revenues in the amount of -\$103,203
 - Increased local revenues in the amount of \$928,669

- Expenditure (net decrease of \$5,115,367):
 - Increase in salaries and benefit: \$907,757
 - Reduced Book and Supplies: -\$3,532,366
 - Restricted portion: -\$1,724,654
 - Reduced Service and Operations: -\$2,249,347
 - Restricted Portion: -\$1,219,501
 - Reduced Capital Outlay: -\$390,740
 - Other and direct cost increase: \$149,329

Components of Ending Fund Balance: \$22,659,002

- Non-spendable cash: \$223,215
- Restricted Balances: \$3,264,125
 - Routine Maintenance: \$2,479,638
 - Local Site: \$1,858,975
 - Special Education AU (SELPA): \$737,517
 - Special Education (PUSD): \$3,125
 - Low Performing Student Block Grant: \$286,347
 - Classified Employee PD Block Grant: \$49,968
 - COVID Response: \$124,342
 - MAA LEA: \$38,391
- Assignments: \$3,264,125
 - Harvest Park Fire - Rebuild: \$ 252,768
 - Site Carryover (Resource 0800 Music, library, art): \$119,342
 - LCAP: \$517,078
 - MAA (Medical Reimbursements): \$551,819
 - Safety Plan: \$86,261
 - Technology Plan: \$434,640

- Site Carryover (hold harmless): \$2,217
- Textbooks (K-5 SS and 6-12 WL): \$1,300,000
- Reserve: \$13,593,358 or 7.6%
 - Economic Uncertainties (3%): \$5,366,503
 - Unappropriated: \$8,226,855*
 - * includes per State direction a reduction of \$210,274 in restricted CARES Act funding where actual allocation will be in 2020/21

Key changes and findings between 2018/19 and 2019/20 Fiscal Years

- The total reserve (economic uncertainties & unappropriated funds) fell about 1.72% or \$2.4M from 2018/19 level
 - 2018/19: \$16.2M or 9.4% of total expenditures
 - 2019/20: \$13.8M or 7.6% of total expenditures
- Ending fund balance decreased by \$3.76M from 2018/19
- Revenue growth from 2018/19 to 2019/20 remained flat at about \$174.8M
 - LCFF Sources funding grew by about 5%
 - LCFF growth was mainly driven by an increase of 3.26% in COLA
 - Full funding of Economic Recovery Target (ERT) which increased LCFF revenues by \$1.4M from 2018/19
 - Growth in Supplemental funding of about \$356K
 - ADA funding in 2019/20 was based on 2018/19 ADA
 - Other State funding decreased by 14.71%
 - 2018/19 included one-time state funds of \$3.7M
 - Local Revenues decreased by 17.39%
 - Lost facility rental funds, reduced local donations, and insurance claims received.
 - Expenditures grew from \$171.6M to \$178.8M or \$7.2M (4.2%) from 2018/19 to 2019/20
 - Salary and Benefit costs increased from 2018/19 by \$6.4M or 4.54%
 - Increase of general fund contribution to Special Education of about \$1.2M or 7.48%
 - Books and Supplies expenditures increased by 24.52%
 - Services and Operations expenditures decreased by 4.6%
 - Capital expenditures decreased by 20.9%

Other Funds

The District has established various other funds for distinct purposes. These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to the expenditure for specified purposes and that compose a substantial portion of the inflows of the fund. These funds cannot be used for the general fund expenditures. There are some limited options for interfund borrowing and minimal options to move funds by Board Resolution.

- **Adult Education (Fund 11)**

Adult education had a loss of about \$90K from its ending fund balance from the previous year to \$136,403 as a result of lost tuition revenues in the spring from the COVID 19 pandemic.

- **Cafeteria Special Reserve Fund (Fund 13)**

The cafeteria fund covers Child Nutritional Service. Once school closed, CNS was allowed to move into the Seamless Summer program that provided free meals to all children in the community with federal reimbursements. The program helped reduce losses in the spring with the shelter in place orders. Staffing levels were maintained. The fund realized a net loss of \$227K for a total ending fund balance of \$1,101,641. Staff expects a continuation of expenditures exceeding revenues in 2020/21 as a result of the COVID 19 pandemic.

- **Deferred Maintenance (Fund 14)**

The district did not contribute into this fund in 2019/20. Expenditures reflected maintenance and repair projects including the new Foothill HS synthetic field. Part of the cost of the Foothill field is being paid by the donations from the local boosters. The transfer in of funds includes the repayment of funds for the field which the district paid for out of this fund. The fund has an ending balance of \$169,894.

- **Special Reserve for Other than Capital Outlay Projects (Fund 17)**

In 2019/20 the district transferred \$6,760,578 out of Fund 17 and into Fund 20. These funds were set aside for its Other Post Benefit Obligations. Fund 20 is the

correct allocation for these funds. The remaining funds in Fund 17 help support teacher professional development. The ending fund balance is \$1,150,433.

- **Non Capital PSEE (Fund 18)**

The monies in the fund are from a grant donated to the district to be spent on the elementary music program. The grant allows an annual \$75K drawdown which supports a portion of a music teacher.

- **Other Post-Employment Benefits (Fund 20)**

This fund was established in 2019/20 to manage the district's other post employment benefit obligations. Funds were transferred from Fund 17 into this account. The ending fund balance was \$6,787,937.

- **Bond Fund (Fund 21)**

Proceeds and expenditures for the Measure 11 bond program and included in this fund. 2019/20 saw both the sale of additional bonds and expenditures related to Measure 11. In 2019/20 the district spent about \$14.2M on ongoing projects. Staff projects to expenditures to significantly increase as the projects move into high gear. The ending fund balance for this fund is \$125,984,379.

- **Capital Facilities (Fund 25)**

This fund includes revenues from developer fees and allowed expenditures related to facilities needed to house students, construction, debt service and related expenses. These funds are planned for the new facilities planned or under construction that address student capacity. The ending fund balance is \$4,719,758.

- **Capital Outlay (Fund 40)**

This funds includes monies as part of the district capital improvement projects planned under the district Facility Master Plan. Funds will go towards the projects planned with Measure 11 projects or other capital improvements. The ending fund balance is \$5,271,332.

- **Capital Sycamore (Fund 41)**

This funds in monies from the sale of the Sycamore property. Fifty thousand from the earnings is transferred for ongoing technology expenditures. The ending fund balance is \$7,238,253.

- **Enterprise Fund (Kids Club/Steam/Horizon) (Fund 63)**

This fund is for the district's various afterschool, preschool and daycare services. The program is fee based and serves students and families in the community. Typically the combined programs are cost neutral or generate positive income, however as a result of the COVID 19 pandemic the program was closed for a period of time or provided a modified and limited in services. Staffing was not reduced in 2019/20. Combined the programs lost about \$622,076 for an ending fund balance of \$1,194,898.

Conclusion/Next Steps

The district's quick actions after the shelter in place orders on March 16, 2020 reduced district expenditures. The savings have improved the district financial position from its estimated actuals. Our total general fund reserves (economic uncertainty and unappropriated) improved from an estimated 6.88% to 7.6%. This level of reserve will only cover about one month of the district's operational costs. This improvement will be critical to the district for the next two fiscal years, where the district will see flat or decreasing revenues while expenditures will continue to increase. The district is expected to deficit spend for the next two fiscal years and will need to make further budgetary reductions or find new revenue sources in order to maintain its current educational programs.

While the full impacts from the pandemic are unclear at this time, early indications point to lower student enrollments. If these trends continue they can further exacerbate the situation as the LCFF funding is tied to our average daily attendance (ADA). While reserves monies are one time in nature and can not solve structural deficits, they can ease some of the impacts of the current crisis and provide available cash during these turbulent times. Having available cash in the general fund will also be important to the district as it has to navigate the State's plan to manage its financial problems through deferrals. Deferrals can cause cash flow issues as promised State funds are deferred from one school year to another anywhere from 1 to 10 months.

The next step in the budgetary process will be an audit of the 2019/20 financials. An independent auditor will complete their audit in the fall and present their findings in December 2020. A report will be brought to the board in January 2021. Staff will now begin to work on the First Interim Report which will incorporate the unaudited actual ending balances, 45 Day Budget Revision, and adjustments from the actual staffing changes, hiring, and replacements. The First Interim Report will be presented for board review and action at the December 2020 board meeting.

Included in the Unaudited Actuals are the following reports:

- Summary of All Funds
- General Fund Variance Summary Reports
- SACS Financial Report

**Pleasanton Unified School District
FY 19/20 Unaudited Actuals**

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63	Enterprise Fund 64
BEGINNING FUND BALANCE	\$226,479	\$1,328,970	\$1,816,973	\$60,169
Revenue	\$857,349	\$3,601,733	\$3,625,214	\$768
Expenditures	\$947,426	\$3,891,434	\$4,247,290	\$43,065
Revenue Over (under) Expenses	(90,077)	(289,700)	(622,076)	(42,297)
Transfers In (Out)		\$62,371	-	
ENDING FUND BALANCE	\$136,403	\$1,101,641	\$1,194,898	\$17,872

Special Reserve Funds	Non-Capital Fund 17	PSEE Fund 18	OPEB Fund 20	Capital Fund 40	Capital Sycamore Fund 41
BEGINNING FUND BALANCE	\$ 7,763,016	\$ 295,812	\$ -	\$5,122,859	\$ 7,177,080
Revenue	\$147,995	\$6,215	\$27,359	\$148,474	\$111,173
Expenditures					
Revenue Over (under) Expenses	\$147,995	\$6,215	\$27,359	\$148,474	\$111,173
Transfers In (Out)	(6,760,578)	\$ (75,000)	\$6,760,578		\$ (50,000)
ENDING FUND BALANCE	\$1,150,433	\$227,027	\$6,787,937	\$5,271,332	\$7,238,253

Capital Outlay Funds	Deferred Maintenance Fund 14	Measure I1 Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$1,159,730	\$47,877,146	\$4,615,440
Revenue	\$13,282	\$2,656,716	\$1,174,237
Expenditures	\$1,303,118	\$14,249,482	\$1,037,423
Revenue Over (under) Expenses	(1,289,836)	(11,592,766)	136,814
Transfers In (Out)	\$300,000	\$89,700,000	(32,497)
ENDING FUND BALANCE	\$169,894	\$125,984,379	\$4,719,758

PLEASANTON UNIFIED SCHOOL DISTRICT

Variance Report

Unrestricted & Restricted General Fund	Original Budget	First Interim	Second Interim	Estimated Actuals	Unaudited Actuals	Increase / (Decrease)	Percentage
BEGINNING FUND BALANCE	\$26,417,508	\$26,417,508	\$26,417,508	\$26,417,508	\$26,417,508		0.00%
REVENUE							
LCFF Sources/Property Taxes	136,857,728	136,302,653	136,262,881	136,262,881	136,570,437	307,556	0.23%
Federal Revenues (1)	3,667,620	3,905,485	4,048,314	4,048,314	3,741,826	(306,488)	-7.57%
Other State Revenue	22,478,531	24,828,556	24,391,326	26,607,367	26,504,164	(103,203)	-0.39%
Other Local Revenue (2)	2,806,716	4,335,519	5,289,761	7,222,337	8,151,006	928,669	12.86%
TOTAL REVENUE	\$165,810,595	\$169,372,213	\$169,992,282	174,140,899	174,967,432	826,533	0.47%
EXPENDITURES							
Certificated Salaries	88,339,181	87,559,873	88,717,220	88,519,716	88,444,692	(75,024)	-0.08%
Classified Salaries (3)	20,404,929	20,362,174	20,184,827	19,863,522	20,288,430	424,908	2.09%
Employee Benefits (3)	35,988,282	36,027,111	35,389,415	37,355,273	37,913,146	557,873	1.47%
Books and Supplies (4)	6,512,192	10,702,490	10,759,764	11,282,658	7,750,292	(3,532,366)	-45.58%
Services, Operating Expenses (4)	18,480,152	20,266,881	21,603,281	22,002,887	19,753,540	(2,249,347)	-11.39%
Capital Outlay (5)	481,836	1,415,775	1,581,442	2,469,879	2,079,139	(390,740)	-18.79%
Other Outgo	1,814,215	1,814,215	2,648,970	2,648,970	2,719,646	70,676	2.60%
Direct Support/Indirect Costs	-206,475	(206,475)	(206,475)	-206,475	-127,822	78,653	-61.53%
TOTAL EXPENDITURES	\$171,814,312	\$177,942,044	\$180,678,444	183,936,430	178,821,063	(5,115,367)	-2.86%
OTHER FINANCING SOURCES							
Transfers In	600,050	180,050	150,050	159,912	157,497	(2,416)	-1.51%
Contributions	-	-	-	-	-	-	
Transfers Out and Other Uses	1,523,375	320,375	320,493	30,118	62,372	32,254	107.09%
INCOME minus EXPENSES & TRANSFERS	(6,927,042)	(8,710,156)	(10,856,605)	(9,665,737)	(3,758,506)	5,907,231	
ENDING FUND BALANCE	\$19,490,466	\$17,707,352	\$15,560,903	\$16,751,771	\$22,659,002	5,907,231	

- 1 Federal Revenue decrease from unspent grants
- 2 Local Revenue is increase when received
- 3 Over estimated savings from changes in staffing
- 4 Expenses are lower than anticipated from unspent allocation resulting in additional savings and higher carryovers
- 5 Capital Outlay is lower for projects not completed by June 30th

Unrestricted General Fund		Original Budget	First Interim	Second Interim	Estimated Actuals	Unaudited Actuals	Increase / (Decrease)	Percentage
BEGINNING FUND BALANCE		21,394,870	21,394,870	21,394,870	21,394,870	21,394,870	-	0.00%
REVENUE								
	LCFF Sources/Property Taxes	136,036,860	135,481,785	135,407,639	135,407,639	135,650,338	242,699	0.18%
	Federal Revenues						-	
	Other State Revenue	5,938,859	6,819,976	6,818,451	6,818,451	7,057,903	239,452	3.51%
	Other Local Revenue	1,028,462	1,256,225	1,506,835	3,150,442	3,452,910	302,468	24.08%
TOTAL REVENUE		143,004,181	143,557,986	143,732,925	145,376,532	146,161,151	784,619	0.55%
EXPENDITURES								
	Certificated Salaries	74,326,043	73,482,847	74,518,299	74,229,273	74,076,367	(152,906)	-0.21%
	Classified Salaries	12,904,031	12,840,791	12,590,542	12,291,849	12,405,200	113,351	0.91%
	Employee Benefits	23,252,883	23,279,467	22,750,641	22,788,389	23,285,811	497,422	2.14%
	Books and Supplies	4,453,625	6,465,686	6,312,922	6,489,702	4,681,990	(1,807,712)	-38.61%
	Services, Operating Expenses	11,995,751	12,544,388	13,192,517	12,913,311	11,883,465	(1,029,846)	-8.67%
	Capital Outlay	314,836	571,332	603,251	1,467,981	1,148,802	(319,179)	-27.78%
	Other Outgo	1,313,102	1,313,102	1,313,102	1,313,102	1,313,235	133	0.01%
	Transfers of Indirect Costs	(1,439,124)	(1,449,199)	(1,464,176)	(1,464,052)	(1,229,543)	234,509	-19.07%
TOTAL EXPENDITURES		127,121,147	129,048,414	129,817,098	130,029,555	127,565,327	(2,464,228)	-1.93%
OTHER FINANCING SOURCES								
	Transfers In/Out	600,050	180,050	150,050	159,912	157,497	9,862	6.26%
	Other Sources/Uses		-	-			-	
	Contributions	(21,591,750)	(21,143,184)	(21,912,925)	(22,462,925)	(22,794,964)	(332,039)	1.46%
	Categorical Programs		95,493	95,493	189,631	350,441	160,810	45.89%
	Special Education		16,296,126	16,296,126	16,846,126	17,078,020	231,894	1.36%
	Restricted Routine Repair		5,200,131	5,200,131	5,427,168	5,366,503	(60,665)	-1.13%
	Transfers Out and Other Uses	1,523,375	320,375	320,375	30,000	62,254	32,254	51.81%
TOTAL - OTHER FINANCING		(22,515,075)	(21,283,509)	(22,083,250)	(22,333,013)	(22,699,721)	(354,431)	1.56%
INCOME <i>minus</i> EXPENSES & TRANSFERS		(6,632,041)	(6,773,937)	(8,167,423)	(6,986,036)	(4,103,897)	2,882,139	
ENDING FUND BALANCE		14,762,829	14,620,933	13,227,447	14,408,834	17,290,973		

Restricted General Fund	Original Budget	First Interim	Second Interim	Estimated Actuals	Unaudited Actuals	Increase / (Decrease)	Percentage
BEGINNING FUND BALANCE	\$5,022,638	\$5,022,638	\$5,022,638	\$5,022,638	\$5,022,638	\$0	0.00%
REVENUE							
LCFF Sources/Property Taxes	820,868	820,868	855,242	855,242	920,099	64,857	7.90%
Federal Revenues	3,667,620	3,905,485	4,048,314	4,048,314	3,741,826	(306,488)	-7.85%
Other State Revenue	16,539,672	18,008,580	17,572,875	19,788,916	19,446,261	(342,655)	-1.90%
Other Local Revenue	1,778,254	3,079,294	3,782,926	4,071,895	4,698,096	626,201	20.34%
TOTAL REVENUE	22,806,414	25,814,227	26,259,357	28,764,367	28,806,282	41,915	0.16%
EXPENDITURES							
Certificated Salaries	14,013,138	14,077,026	14,198,921	14,290,443	14,368,325	77,882	0.55%
Classified Salaries	7,500,898	7,521,383	7,594,285	7,571,673	7,883,230	311,557	4.14%
Employee Benefits	12,735,399	12,747,644	12,638,774	14,566,884	14,627,335	60,451	0.47%
Books and Supplies	2,058,567	4,236,804	4,446,842	4,792,956	3,068,302	(1,724,654)	-40.71%
Services, Operating Expenses	6,484,401	7,722,493	8,410,764	9,089,576	7,870,075	(1,219,501)	-15.79%
Capital Outlay	167,000	844,443	978,191	1,001,898	930,336	(71,562)	100.00%
Other Outgo	501,113	501,113	1,335,868	1,335,868	1,406,411	70,543	14.08%
Direct Support/Indirect Costs	1,232,649	1,242,724	1,257,701	1,257,577	1,101,722	(155,855)	-12.54%
TOTAL EXPENDITURES	44,693,165	48,893,630	50,861,346	53,906,875	51,255,736	(2,651,139)	-5.42%
OTHER FINANCING SOURCES							
Transfers In		-				-	
Contributions	21,591,750	21,143,184	21,912,935	22,462,925	22,794,964	332,039	1.57%
Categorical Programs*		245,493	245,493	189,631	328,823	139,192	56.70%
Transfers Out and Other Uses	-	-	118	118	118	-	
INCOME minus EXPENSES & TRANSFERS	(295,001)	(1,936,219)	(2,688,936)	(2,679,465)	345,391	3,024,856	
ENDING FUND BALANCE	4,727,637	3,086,419	2,333,702	2,343,173	5,368,029	3,024,856	