

2022-23 2nd Interim Report

Piedmont USD Board of Education Meeting
March 8, 2023

Required Reports

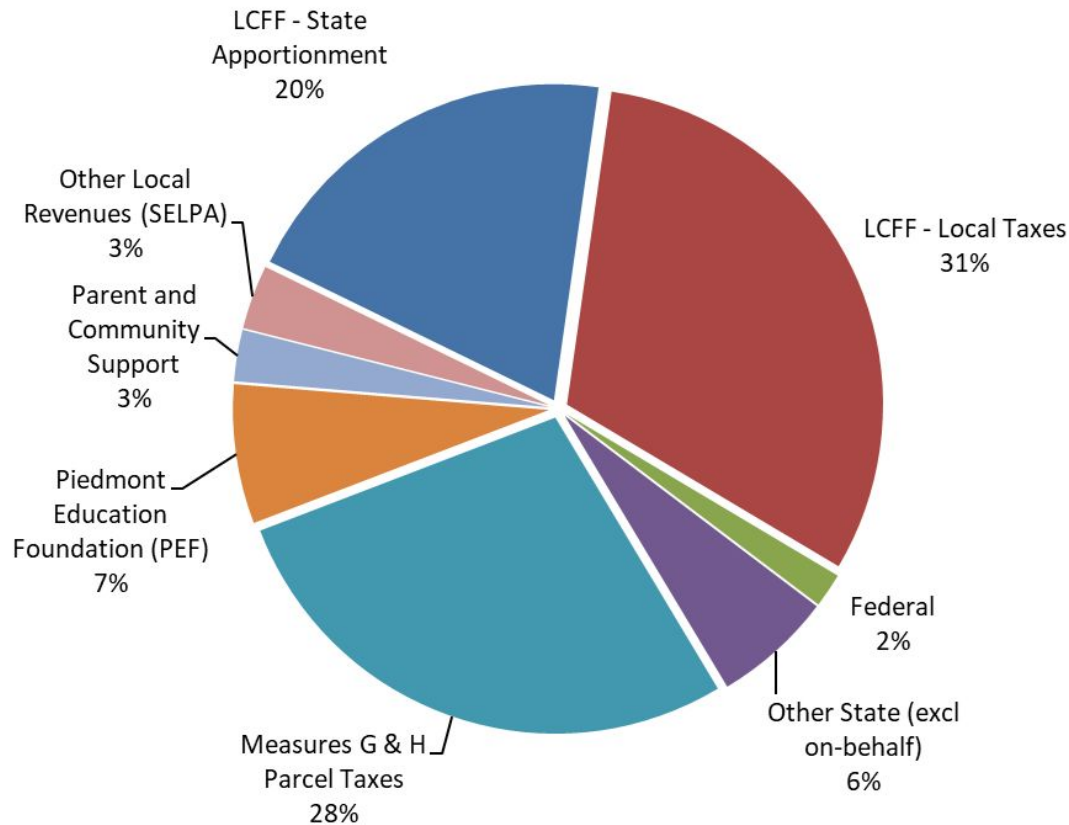
- The District is required to adopt a budget and provide updates to the Alameda County Office of Education (ACOE) by:
 - July 1 Adopt a budget
 - December 15 1st Period Interim to ACOE
 - ○ March 15 2nd Period Interim to ACOE
 - June 30 Estimated Actuals
 - September 15 Unaudited Actuals

Headlines

- 2022-23: The District reports a *Qualified Certification for 2nd Interim*
 - Qualified means a district *may* not be able to meet its financial obligations for the current year and two subsequent fiscal years.
- The salary & health benefit increases and one-time payments to staff were paid with the fund balance leaving little room for additional expenses
- Expenses for subcontractors, NPS placements, and transportation exceed earlier estimates
- The governor announced a shrinking of promised AMIM funds that had been directed to the Reserve for Economic Uncertainty
- Budget adjustments for 2023-24 and 2024-25 will need to be made
 - 2023-24: planned adjustments of \$2.3 million
 - 2024-25: planned adjustments ongoing from

Revenues

- 51% is based on the Local Control Funding Formula (LCFF), but of that, only 20% is State Aid. The rest is from local taxes.
- 38% is locally generated - parcel taxes, PEF, parents donations.



LCFF =
51% of Revenues =
\$25.5 M

COLA increase to per pupil amount from 2021-22 to 2022-23:
13.26% =
10.4% in LCFF revenues for PUSD =
\$2.4 M =
7.2% increase in total revenues

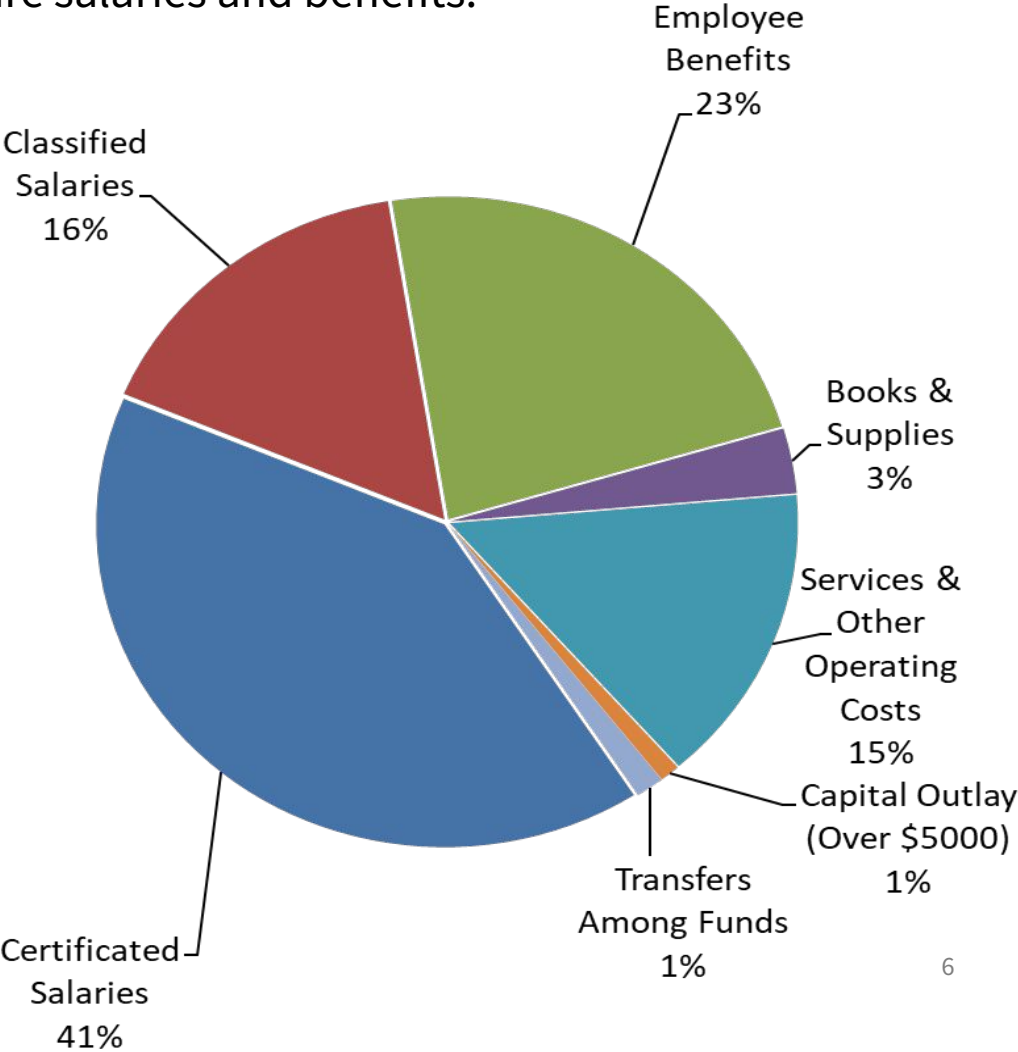
Changes to Revenues

- LCFF and State revenues are adjusted for P-1 certification.
- Antibias Grant awarded, 22-23 Pre-K planning apportionment

General Fund Revenues				
		2022-23 1st Interim 12/14/2022	2022-23 2nd Interim 3/8/2023	Difference Dec → Mar
Revenues				
LCFF - Base		\$ 25,559,252	\$ 25,477,144	\$ (82,108)
FEDERAL REVENUES		875,181	875,181	-
STATE REVENUES		3,034,513	3,299,587	265,074
PARCEL TAX REVENUE - Measure G		11,251,405	11,251,405	-
PARCEL TAX REVENUE - Measure H		2,657,467	2,657,467	-
LOCAL REVENUES - PEF		3,550,051	3,641,085	91,034
LOCAL REVENUES - ALL OTHERS		1,200,462	1,304,738	104,276
TRFS APPORT FR DISTRICTS (SELPA)		1,636,039	1,636,039	-
Total Revenues		\$ 49,764,370	\$ 50,142,646	\$ 378,276
STATE REVENUES - STRS on-behalf		2,367,316	2,367,316	-
Total Revenues incl STRS on-behalf		\$ 52,131,686.00	\$ 52,509,962.00	\$ 378,276.00

Expenditures

- 80% of expenditures are salaries and benefits.



Personnel Costs = 80%
81% = \$42 M

Non-Personnel Costs = 20%
20% = \$10.9 M
Unrestricted portion = 46% or \$5 M

Changes to Expenditures

- Salaries and benefits increased by \$341 due to CSEA retro and one-time plus increases to teacher sub budget (CSEA settlement was held in the fund balance at first interim)
- Non-personnel expense budgets have increased by \$935 K.

General Fund Expenses			
	2022-23 1st Interim 12/14/2022	2022-23 2nd Interim 3/8/2023	Difference Dec → Mar
Expenditures			
CERTIFICATED SALARIES	\$ 21,525,246	\$ 21,626,959	\$ 101,713
CLASSIFIED SALARIES	8,311,461	8,552,789	241,328
EMPLOYEE BENEFITS	11,773,232	11,878,272	105,040
POST EMPLOYMENT BENEFITS	367,440	367,440	-
BOOKS AND SUPPLIES	1,548,797	1,734,639	185,842
SERVICES/OPERATING EXPENDITURES	7,252,353	7,984,813	732,460
CAPITAL OUTLAY (OVER \$5,000)	497,628	505,901	8,273
INDIRECT COSTS	15,863	24,863	9,000
TRANSFERS TO & FROM OTHER FUNDS	677,934	677,934	-
Total Expenditures	\$ 51,969,954	\$ 53,353,610	\$ 1,383,656
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STRS OnBehalf Payment	2,367,316	2,367,316	-
Total Expenditures incl STRS on-behalf	\$ 54,337,270	\$ 55,720,926	\$ 1,383,656

Why have non-personnel costs increased?

Books and Supplies:

- **\$185 K increase**
 - AP test budget
 - Pre-K planning grant

Services and Other Operating Expenses:

- **\$732 K increase**
 - travel conference expenses
 - PMS canoe field trip
 - Track & Cross country
 - Special Education Transportation
 - drama budget
 - Special Education settlements and placements

Net Change to Fund Balance

GENERAL FUND ENDING BALANCE				
	2022-23 1st Interim 12/14/2022		2022-23 2nd Interim 3/8/2023	Difference Dec -> Mar
BEGINNING FUND BALANCE	\$ 4,888,296		\$ 4,888,296	\$ -
Revenues	52,131,686		52,509,962	
Expenditures	54,337,270		55,720,926	
Rev - Exp = Surplus(Deficit)	(2,205,584)		(3,210,964)	
ENDING FUND BALANCE	\$ 2,682,712		\$ 1,677,332	
Reserved Amounts				
Revolving Cash	44,000		44,000	-
Restricted Balances	806,829		853,777	46,948
Assigned Unrestricted Balances				
Set Aside for CSEA settlement	217,123			(217,123)
AMIM shrinkage			451,012	451,012
Reserve for Economic Uncertainties	1,614,757		328,541	(1,286,216)
FD 17 - Reserve for Economic Uncertainties	108,185		108,685	
TOTAL RESERVE BALANCE	1,722,942	3.17%	437,226	0.78%
Required Reserve Balance - 3%	1,630,118		1,671,628	
Over (Under) Reserve Balance	92,824		(1,234,402)	

General Fund - Multiyear

The Multiyear Projections are updated at 2nd Interim with the latest information available. The following assumptions were used in the MYP:

Assumption	2022-23	2023-24	2024-25
Enrollment	2,344	2,340	2,300
ADA used for LCFF calculations	2,426.72	2,337.16	2,262.76
Cost of Living Increase (COLA) for LCFF per pupil funding (LCFF is 50% of revenues)	13.26%	8.13%	3.54%
COLA for other State funds	6.56%	8.13%	3.54%
COLA for Measure G Funds	2.0%	2.0%	2.0%
Natural progression (Step & Column) in Employee Salaries	APT: actual CSEA: actual	APT: 1.15% CSEA: 1.00%	APT: 1.15% CSEA: 1.00%
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	25.37%	27.00%	28.10%

Add'l Elements of MYP

- Elimination of FTE in 2023-24 and 2024-25 to reflect staffing for lower enrollment projections
- Reduce non-salary expenses–discretionary spending by 12%; RRMA budget (3% of expenses) lower due to lower overall spending

Assumptions about:	2023-24	2024-25
Certificated Employees	Take out one-time bonus; Reduce 5.4 FTE	Reduce by 3.0 Certificated FTE
Classified Employees	Take out July & Dec. one-time bonuses; Reduce 4.48 FTE (health coordinator, extra library support; classified director)	Reduce by 2.0 Classified FTE
Books and Supplies	Take out one-time purchases; lower budgets in discretionary accounts by 12%	
Services & Other Operating Expense	Return SpEd students from placements (net savings); increase insurance costs.	
Capital Expenses	Reduce by \$376 K - reduced RRMA budget due to lower overall spending	

General Fund - Multiyear

MULTIYEAR PROJECTIONS - 2022-23 SECOND INTERIM			
	2022-23	2023-24	2024-25
Beginning Balance	\$ 4,888,296.00	\$ 1,677,332	\$ 2,307,849
Total Revenues	52,509,962	52,002,007	52,058,582
Total Expenditures	55,720,926	51,371,490	51,459,340
Net Surplus (Deficit)	(3,210,964)	630,517	599,242
Ending Fund Balance	\$ 1,677,332	\$ 2,307,849	\$ 2,907,091
Components of Ending Fund Balance			
Non-spendable Cash in Banks	44,000	44,000	44,000
Restricted Funds	853,777	370,660	295,660
Unrestricted			
Measure H (CSEA)**	-	320,872	641,744
AMIM shrinkage	451,012	451,012	451,012
Reserve of Economic Uncertainties	328,543	1,442,177	2,116,419
FD 17 - Reserve for Economic Uncertainties	108,685	108,185	108,185
Total Reserve for Economic Uncertainties	437,228	1,550,362	2,224,604
Reserve %	0.78%	3.02%	4.32%
Required Reserve at 3%	1,671,628	1,541,145	1,543,780
Above (Below) reserve requirement	(1,234,400)	9,217	680,824
**Reserve for EU includes Measure H balance			

What's the Good News?

The following revenues are anticipated and incorporated into the MYP:

Transportation Funding

- Plan due April 1
- will receive a % of prior year expense; est. \$140K


State Facilities funding

- \$9 million is anticipated by Fall 2023
 - Witter
 - Repay Theater loan

Kitchen Infrastructure funding

- \$100 K expected by June 2023

Next Steps

March 	<ul style="list-style-type: none">● BAC Meeting to review 2nd Interim● 2nd Interim Report presented with MYP Projections● If required, Board takes action on reductions for 2023-24 that involve positions● If required, March 15 notices mailed
April	<ul style="list-style-type: none">● BAC meeting - April 20 - to review budget projections and discuss need for Measure G increase.● District continues to build budget for 2023-24 using new targets for site and department spending.
May	<ul style="list-style-type: none">● Governor releases May Revisions to budget proposal for 2023-24● BAC meeting - May 18 - to review May Revision impact on budget● Board meeting to review May Revision impact on budget
June	<ul style="list-style-type: none">● Board holds public hearing on draft budget● Final budget adopted by Board

Acknowledgments

Thank you to the Business Services Team!

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