

PIEDMONT UNIFIED SCHOOL DISTRICT

**M E M O R A N D U M**

**TO:** Board of Education

**FROM:** Dr. Donald Evans, Interim Superintendent  
Ruth Alahydoian, Chief Financial Officer

**PRESENTERS:** Ruth Alahydoian, Chief Financial Officer

**DATE:** May 24, 2023

**RE:** **REVIEW AND APPROVE THE 2022-23 THIRD INTERIM REPORT**

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**PURPOSE:** To review and approve the 2022-23 Third Interim Financial Report..

**BACKGROUND:** At the time of the Board review of the 2022-23 2nd Interim Financial Report on March 8, 2023, the Board certified the District's financial position as "Qualified". This was the result of various factors that have caused the District to draw on its 3% reserve to meet all financial obligations for 2022-23. Factors contributing to the change in the District's financial position include (1) the Governor's January proposal to clawback the AMIM grant (\$450K); (2) slowness in receiving funding from the State for other 2022-23 commitments (transportation and facilities); and unanticipated increases in costs for utilities and special education. As a result of the "Qualified" certification, the District is required to submit a 3rd Interim Report.

The 3rd Interim Report focuses on the General Fund only. It provides a snapshot of the District's financial position as of April 30, 2023, plus other information from the Governor's May Revision that will impact the current year's financials.

**Revenues:** The following summarizes the changes made to the **revenues:**

\$ 36,845	LCFF - SPED Adjustment to revenues
29,501	Federal - increase in Special Education allocation
(21,525)	State - decrease in budgeted revenue for Pre-K planning; addition of KIT grant
(434,384)	STRS-on-behalf adjustment
227,455	Local - increases in interest earnings, parent contributions
<u>(14,823)</u>	SELPA - adjustment to contribution from SELPA
<b>(176,931)</b>	<b>Net reduction to Revenues</b>

**Expenditures:** The following summarizes the changes made to the **expenditures:**

(\$209,022) Salaries & Benefits - closed vacant positions, adjusted sub/hourly budgets and

	related benefits
(434,384)	STRS on-behalf adjustment
(76,162)	Books & Supplies - reduced unused budget commitments
172,647	Services - net increase, mostly utilities; some related to incr in SPED costs
(151,812)	Capital Outlay - Witter expenses moved to anticipated State facilities funds
<u>(144,574)</u>	Transfers to Other Funds - Theater loan repayment moved to State facilities funds
<b>(843,307)</b>	Net Reduction to Expenditures

The net result is slightly improved from 2nd Interim, but still results in an available (unrestricted) ending balance that is less than the reserve requirement.

	Ending Fund Balance		
	2022-23 Second Interim	2022-23 Third Interim	Difference Jan -->May
Beginning Balance	\$ 4,888,296	\$ 4,888,296	\$ -
Revenues	52,509,962	52,333,031	(176,931)
Expenditures	(55,720,926)	(54,877,619)	843,307
Rev-Exp = Surplus(Deficit)	(3,210,964)	(2,544,588)	666,376
Ending FB	1,677,332	2,343,708	666,376
3% Minimum Reserve	1,671,628	1,646,329	(25,299)
Less Restricted & Revolving	897,777	1,133,847	236,070
Less Committed/not available	451,012	805,160	354,148
Over (Under) Reserve	(1,343,085)	(1,241,628)	101,457

Also included in the 3rd Interim Report are a cash flow projection for the General Fund through June 30, 2023, and a multiyear projection.

- **Cash flow:** With diminished reserves, it is very possible that cash could be insufficient to pay monthly bills. Projections show a positive balance through the end of the year.
- **MYP:** The revised ending balance for 2022-23 is carried forward as the beginning balance for 2023-24. May Revision information is also incorporated. The net result is approximately the same as at 2nd Interim.

**NEXT STEPS:** The District will submit the report to the ACOE and to the State.

**FISCAL IMPACT:** None. This report is a snapshot of the District's financial position as of April 30, 2023.

**RECOMMENDATION: APPROVE THE 2022-23 THIRD INTERIM FINANCIAL REPORT.**