



PIEDMONT UNIFIED SCHOOL DISTRICT

2019-20 1st INTERIM REPORT

Budget Advisory Committee 12/5/19

Board of Education 12/11/2019

Purpose of BAC

- o The Budget Advisory Committee is a standing committee with representatives from all stakeholders in the District.
- o Its purpose is to:
 - o Review the District's Budget,
 - o Share the information with constituent groups, and
 - o Generate recommendations for Board consideration in the budget development process.
- o The BAC is a vehicle to disseminate information to as many parent, students, staff and community members as possible.

Agenda

- o Introductions
- o Review purpose of BAC
- o 1st Interim Report – 2019-20 Budget Update
- o Salary Settlement
- o Multiyear projections
- o Other Funds
- o Questions / Comments

1st Period Interim Report

- o The District is required to adopt a budget and provide updates to the Alameda County Office of Education (ACOE) by:

- o July 1 Adopt a budget

- o December 15 1st Period Interim to ACOE

- o March 15 2nd Period Interim to ACOE

Headlines

- For 2019-20, the projection is that the District expects to meet all financial obligations, including the requirement for a 3% reserve.
- The projections for 2020-21 and 2021-22 are significantly improved with the passage of Measure H.
- The District must continue to right-size and adjust spending to ensure that Measure H can be used for new compensation strategies.

What Does Certification Mean?

- o Ed Code 42131 requires each school district to maintain 3% of it's General Fund Expenditures as a Reserve for Economic Uncertainty (REU). This is considered a financial obligation.
- o At the 1st and 2nd Interim Reporting Periods, the District must certify whether it's financial condition is:
 - o **Positive** – The District will meet it's financial obligations for the current and 2 subsequent years.
 - o **Qualified** – The District may not meet it's financial obligations for the current and 2 subsequent years.
 - o **Negative** – The District will not meet it's financial obligations for the current and 2 subsequent years.
- o If the District self-certifies as anything other than “Positive”, the ACOE will require the Board to provide a plan that will bring the budget back into balance by the 2nd Interim Reporting Period.

Summary of General Fund Results

- Revenues are currently projected to be **\$335 K** more than the October estimate.
- Expenditures are currently projected to be **\$627 K more** than the October estimate.
- As of the 1st Interim, the District continues to deficit spend, though a portion is spend-down of carryover. The net **decrease** is **\$526 K**.
- As of the 1st Interim, the Ending Fund Balance is **\$1.939 M**, of which **\$473K** is for the salary settlements. The remaining reserve is **\$1.282 M**, or **3.04%**.

2019-20 Budget Progression

- The 2019-20 Budget was adopted in June 2019 and will be revised throughout the year.
- The table below identifies the changes to revenues over the past 5 months.

REVENUES	Adopted Budget 6/26/2019	State Budget Impact 8/14/2019	U.A. Impact 9/11/2019	October Update 10/10/2019	First Interim 12/11/2019	Working Budget 12/11/2019
Original Revenues	\$41,441,143		\$ -			\$41,441,143
LCFF - Adjustments					(23,978)	(23,978)
State - Pre-School		\$ 89,750		\$ 350		90,100
Federal - SPED				27,669	17,976	45,645
Federal - Title IV				10,000		10,000
Federal - DOJ Grant				(50,000)		(50,000)
State - DOJ Grant				50,000		50,000
State - SPED					4,550	4,550
Local - Donations				9,689	223,632	233,321
Local - SELPA					13,010	13,010
Local - Temp Transfer					100,000	100,000
New Total Revenues	\$41,441,143	\$89,750	\$ -	\$47,708	\$335,190	\$ 41,913,791



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2019-20 Budget Progression

- The table below shows the adjustments to expenditures over the past 5 months.

EXPENDITURES	Adopted Budget 6/26/2019	State Budget Impact 8/14/2019	U.A. Impact 9/11/2019	October Update 10/10/2019	First Interim 12/11/2019	Working Budget 12/11/2019	
Original Expenditures	\$41,147,605					\$41,147,605	
STRS/PERS		11,925				11,925	
Carryover & Set-Asides			422,262		125,000	547,262	←
Certificated Salary Adjustments				168,089	224,023	392,112	}
Classified Salary Adjustments					(228,563)	(228,563)	
Other Benefit Adjustments					8,963	8,963	
Add'l Costs due to new revenues					325,000	325,000	←
Add'l Costs not in Orig Budget				62,756	172,579	235,335	←
Total Expenditures	\$41,147,605	\$11,925	\$422,262	\$230,845	\$627,002	\$42,439,639	
Net (Rev – Exp)	293,538	77,825	(422,262)	(183,137)	(291,812)	(525,848)	9

Net Change to Fund Balance

	Adopted Budget 6/26/19	State Budget Impact 8/14/19	U.A. Impact 9/11/19	Oct. Update 10/10/19	1 st Interim 12/11/19	Working Budget 12/11/19
Beg. Fund Balance	\$1,346,545		\$1,117,878			\$2,464,423
Revenues	41,441,143	89,750	-	47,708	335,190	41,913,791
Expenditures	41,147,605	11,925	422,262	230,845	627,002	42,439,639
Net Rev-Exp	293,538	77,825	(422,262)	(183,137)	(291,812)	(525,848)
Ending Fund Balance	1,640,083	77,825	695,616	(183,137)	(291,812)	1,938,575
3% Reserve Rqmt.	\$1,234,428	\$358	\$12,668	\$ 6,925	\$18,810	\$1,273,189

Deconstruct the Deficit

- How much of the District's deficit is one-time and how much is ongoing?

1 st Interim 12/12/18	
Net Increase (Decrease/DEFICIT)	(525,848)
1X - Parcel Tax Costs	125,000
1X - Added cost for textbook adoption	100,000
1X - ELA adoption support at PMS	13,000
1X - Spending down prior year carryover	313,000
1X - \$300K from PEF	(300,000)
1X - Pre-school funds from State	(90,010)
PORTION OF DEFICIT THAT IS ONGOING:	\$(364,858)

Salary Settlements

- On December 3, the Board approved salary settlements with all three bargaining units.
 - APT (Associated Piedmont Teachers) – 2% raise, retroactive to July 1, 2019. Also, a \$1,000 stipend for Nat'l Cert. Psychologists.
 - CSEA (Classified) – an “Equity Raise” of \$430 per FTE, It is in addition to the Equity Raise of \$686 per FTE already implemented in 2019-20.
 - APSA (Administrators/Confidential) – 1% raise in addition to the \$686 equity raise already in place for 2019-20.
- Retro paychecks will go out on December 12.

Cost of Settlements

- o The total cost in 2019-20 will be **\$473 K**.
- o The District is currently deficit spending (net of one-time revenues and expenditures) **\$365 K**.
- o Without the additional revenues of Measure H, the settlement would require budget adjustments of at least **\$700 K** in 2020-21.

General Fund - Multiyear

- o The District's expenditures have been growing at a faster pace than revenues, especially with declining enrollment, meager increases from the State, and increasing pension costs.
- o Thanks to Piedmont voters, additional revenues starting in 2020-21 will provide significant support.
- o The following assumptions were used in the MYP:

Assumption	2019-20	2020-21	2021-22
Enrollment	2,567	2,535	2,472
Cost of Living Increase (COLA) for LCFF revenue (per pupil funding)	3.26%	3.00%	2.80%
COLA for increase in other State revenues and various costs	3.26%	3.00%	2.80%
Natural progression (Step & Column) in Employee Salaries	n.a.	1%	1%
STRS Rate	17.10%	18.40%	18.10%
PERS Rate	19.72%	22.80%	24.90%

General Fund - Multiyear

MULTIYEAR PROJECTIONS - 2019-20 First Interim

	2019-20	2020-21	2021-22
Total Revenues	\$ 41,913,791	\$ 44,741,005	\$ 45,400,095
Total Expenditures	42,439,639	43,103,642	43,626,235
Net Surplus (Deficit)	(525,848)	1,637,363	1,773,859
Beginning Balance	2,464,423	1,465,839	3,103,202
Ending Fund Balance	\$ 1,938,575	\$ 3,103,202	\$ 4,877,061
Required Reserve	1,273,189	1,293,109	1,308,787
Other Reserved Amts	173,785	165,000	165,000
Reserve for Salary Settlements	472,736	-	-
Over / Under	\$ 18,865	\$ 1,645,092	\$ 3,403,274

Other Funds

- The District's nine other funds are used to track restricted funds and programs separately.

Fund #	Fund Name	Beginning Balance	Revenues	Expenditures	Ending Fund Balance
11	Adult Education	\$ 421,376	\$ 613,493	\$ 754,427	\$ 280,442
13	Cafeteria	815,994	615,295	839,989	591,300
14	Deferred Maintenance	161,722	50,000	112,876	98,846
17	Special Reserve-Noda	104,881	1,009	-	106,963
17	Special Reserve-Parcel Tax	-	-	-	-
21	Building Fund	16,776,790	30,172,608	36,505,400	10,443,998
35	State School Fac	3,579	45	3,369	255
40	Reserve-Cap Facilities	444,763	3,692	127,359	321,096
51	Bond Repayment	8,920,097	11,108,202	10,436,702	9,591,597
67	Self Insurance	7,284	59	3,823	3,520
		\$27,656,486	\$ 42,564,403	\$ 48,783,945	\$ 21,436,944

Next Steps

- December: BAC Review
 * Board Action on First Interim
- January: Governor's Budget released 1/10 & MYP Updated
 * Board review of how Gov's Budget will affect PUSD
 BAC Meeting
- February: Rightsizing staffing options developed & reviewed by
 administration
 * Options presented & discussed with Board
- March: * Second Interim Report presented
 BAC Meeting
- * Board Action or Review

Acknowledgments

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Questions from Prior Meetings

- Why do we need to adopt /purchase new textbooks?
- Per *Education Code Section 60210*, school districts must use instructional materials that are aligned with the academic content standards adopted by the State Board of Education (SBE). The SBE has a 7 year cycle for reviewing content standards, creating frameworks and adopting instructional materials (grades 1-8). The District reviews curriculum and instructional materials on a cycle that follows the State to stay current on content.

Resources

- o Ed Data: www.ed-data.org
- o CDE Website: www.cde.ca.gov
- o FCMAT: fcmat.org
- o PEF: www.piedmontedfoundation.org

School District Financial Reports

- o California public school districts are required to report financial data:
 - o Following the California School Accounting Manual (CSAM),
 - o Using the “Standardized Account Code Structure” (SACS),
 - o To the County Office of Education by specific dates:
 - o Adopted Budget by July 1
 - o 1st Interim by Dec 15 for actuals thru Oct 31
 - o 2nd Interim by March 15 for actuals thru Jan 31
 - o Estimated Actuals with next year’s budget
 - o Unaudited Actuals by Sept 15 for actuals thru June 30
 - o Audit by December 15 to CDE; by January 30 to Board

Budget Terminology

- **Budget** – *Plan* of how financial resources will be spent. Indicates priorities and estimates.
- **Budget authority** – spending approved by board and allocated to a budget code that indicates goal, function, spending type, etc.
- **Ongoing**– funding or spending that is expected to continue indefinitely.
- **One-time** – funding or spending for which there is no ongoing commitment.

District Basics

- o # of School Sites: 6
- o # of Students (Enrollment): 2,567
- o Attendance as % of Enrollment; 97%
- o # of Employees: 362
- o # of Full-Time Equivalents (FTE): 332.97