



PIEDMONT UNIFIED SCHOOL
DISTRICT

2019-20 2nd INTERIM REPORT

Budget Advisory Committee
March 5, 2020

Board of Education
March 11, 2020

Agenda

- o Introductions
- o Follow-up to Last Meeting:
 - o COLA formula
 - o Other Alameda District Reserves
- o 2nd Interim Report
- o What is Piedmont's Programmatic Footprint?

COLA Formula

- o Education Code Section 42238.1
- o The percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year.
- o This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as report by the Department of Finance.

Alameda County School Districts

2019-20 First Interim Report

Reserve Levels

DISTRICT	2019-20	
	Required Reserve % (REU)	Actual REU %
Fremont Unified	2%	2.05%
Oakland Unified	2%	2.32%
Livermore Valley Joint Unified	3%	3.00%
Albany Unified	3%	3.21%
Piedmont Unified	3%	4.24%
San Leandro Unified	3%	4.57%
Pleasanton Unified	3%	6.07%
Castro Valley Unified	3%	6.42%
Newark Unified	3%	6.60%
Hayward Unified	3%	6.93%
San Lorenzo Unified	3%	7.34%
Dublin Unified	3%	7.66%
Berkeley Unified	3%	8.50%
New Haven Unified	3%	9.53%
Sunol Glen Unified	5%	13.25%
Alameda Unified	3%	13.96%
Emery Unified	4%	30.27%

School District Financial Reports

- o California public school districts are required to report financial data:
 - o Using the “Standardized Account Code Structure” (SACS),
 - o 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

Headlines

- o For 2019-20, the District continues to expect to meet all financial obligations, including the requirement for a 3% reserve.
- o The projections for 2020-21 and 2021-22 are adjusted for the Governor's Budget Proposal and the passage of Measure H.
- o 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 its 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 its financial obligations for the current and 2 subsequent years.
 - o **Qualified** – The District may not meet its financial obligations for the current and 2 subsequent years.
 - o **Negative** – The District will not meet its financial obligations for the current and 2 subsequent years.

Summary of General Fund Results

- Revenues are currently projected to be \$333 K more than the projection at 1st Interim.
- Expenditures are currently projected to be \$668 K more than the projection at 1st Interim.
- As of the 2nd Interim, the District continues to deficit spend, though a portion is spend-down of carryover and other one-time expenditures. The net decrease is \$862 K.
- As of the 2nd Interim, the Ending Fund Balance is \$1.603 M, of which is \$1.293 M, or 3.0% is the required reserve.

2019-20 General Fund Budget Progression - Revenues

- The major differences in revenues since 1st Interim are:

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	Second Interim 3/11/2020	Working Budget 3/11/2020
Original Revenues	\$41,441,143						\$ 41,441,143
LCFF - Adjustments					(23,978)	139,863	115,885
State - Pre-School		\$ 89,750		\$ 350			90,100
Federal - SPED				27,669	17,976	(6,427)	39,218
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	660	5,210
State - Mandated Costs						3,461	3,461
State - TUPE Grant						1,000	1,000
Local - Donations				9,689	223,632	145,593	378,914
Local - SELPA					13,010		13,010
Local - Temp Transfer					100,000		100,000
Local - Interest						12,259	12,259
Local - Financing						36,104	36,104
New Total Revenues	\$41,441,143	\$ 89,750	\$ -	\$ 47,708	\$ 335,190	\$ 332,513	\$ 42,246,304

2019-20 General Fund Budget Progression - Expenditures

o The major differences in expenditures were:

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	Second Interim 3/11/2020	Working Budget 3/11/2020
Original Expenditures	\$41,147,605						\$ 41,147,605
STRS/PERS % change		11,925					11,925
Carryover & Set-Asides			422,262				422,262
Parcel Tax Costs					125,000		125,000
Certificated Salary - New/Adj/Raise				168,089	224,023	326,021	718,133
Classified Salary Adj/Raise					(228,563)	82,740	(145,823)
Benefits - Due to Raise						93,097	93,097
Benefit - Other Adjustments					8,963	79,218	88,181
Add'l Costs due to New Revenues					325,000		325,000
Reductions to Orig Budget						(12,891)	(12,891)
Repayment of Interfund Loan						100,000	100,000
Add'l Costs not in Orig Budget				62,756	172,579		235,335
New Total Expenditures	\$41,147,605	\$ 11,925	\$ 422,262	\$ 230,845	\$ 627,002	\$ 668,185	\$ 43,107,824

2019-20 General Fund Budget Net Change to Fund Balance

	Adopted Budget 6/26/19	1 st Interim 12/11/13	2 nd Interim 3/11/20	Difference 1 st to 2 nd Interim
Beginning Fund Balance	\$1,346,545	\$2,464,423	\$2,464,423	0
Revenues	41,441,143	41,913,791	42,246,304	332,513
Expenditures	<u>41,147,605</u>	<u>42,439,639</u>	<u>43,107,824</u>	<u>668,185</u>
Net Surplus (Deficit)	293,538	(525,848)	(861,520)	(335,672)
Ending Fund Balance	1,640,083	1,938,575	1,602,903	(335,672)
3% Reserve Rqmt.	1,234,428	1,273,189	1,293,235	20,046

Deconstruct the Deficit

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

2 nd Interim 3/11/20	
Net Increase (Decrease/DEFICIT)	\$(861,520)
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 revenues from PEF	(300,000)
1X - Pre-school funds from State (1/2 of 19-20 amount)	(45,100)
PORTION OF DEFICIT THAT IS ONGOING:	\$(565,510)

General Fund - Multiyear

- The Multiyear Projections (MYP) in each interim report use the best assumptions available at the time to estimate revenues and expenditures over the next 2 years.

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%	2.29% ↓ (down from 3.00%)	2.71% ↓ (down from 2.80%)
COLA for increase in other State revenues and various costs	3.26%	2.29% ↓ (down from 3.00%)	2.71% ↓ (down from 2.80%)
Natural progression (Step & Column) in Employee Salaries	n.a.	1.25% Certified ↑ 1.00% Classified	1.25% Certified ↑ 1.00% Classified
STRS Rate	17.10%	18.40%	18.10%
PERS Rate	19.72%	22.80%	24.90%
SPED Funding Increase	n.a.	Add'l \$70 per ADA ↑	Ongoing

General Fund – Multiyear

MULTIYEAR PROJECTIONS - 2019-20 Second Interim

	2019-20	2020-21	2021-22
Total Revenues (Excl Meas H)	\$ 42,246,304	\$ 42,363,651	\$ 42,966,262
Total Expenditures	43,107,824	43,132,723	43,706,674
Net Surplus (Deficit)	(861,520)	(769,072)	(740,412)
Beginning Balance	2,464,423	1,602,903	833,831
Measure H (Reserve)		2,600,000	5,200,000
Available Balance for the Year	2,464,423	4,202,903	6,033,831
Ending Fund Balance	\$ 1,602,903	\$ 3,433,831	\$ 5,293,419
Required Reserve	1,293,235	1,293,982	1,311,200
Other Reserved Amts	176,812	25,000	25,000
Measure H Reserve	-	2,600,000	5,200,000
Over (Under)	\$ 132,856	\$ (485,151)	\$ (1,242,782)

Budget Adjustments

- o The MYP before the Board includes the rightsizing of staffing that results in a reduction of costs of \$335,000 in 2020-21 that will be continued into 2021-22.
- o The current staffing projections for rightsizing are for a reduction of 2-3 FTE across the District.

Other Funds

- o No significant changes to budgets in the other funds (details are in board package). The activity and fund balances are summarized in the table below:

Fund #	Fund Name	Beginning Balance	Revenues	Expenditures	Ending Fund Balance
11	Adult Education	\$ 421,376	\$ 606,232	\$ 828,832	\$ 198,776
13	Cafeteria	815,994	616,771	1,121,875	310,890
14	Deferred Maintenance	161,722	51,457	112,876	100,303
17	Special Reserve-Noda	104,881	2,579	-	107,460
17	Special Reserve-Parcel Tax	-	-	-	-
21	Building Fund	16,776,790	30,350,668	36,491,004	10,636,454
35	State School Fac	3,579	45	3,369	255
40	Reserve-Cap Facilities	444,763	383,939	407,359	421,343
51	Bond Repayment	8,920,097	11,108,202	10,436,702	9,591,597
67	Self Insurance	7,284	72	3,823	3,533
		\$27,656,486	\$ 43,119,965	\$ 49,405,840	\$ 21,370,611

Next Steps

- March: * Board reviews and approves 2019-20 2nd Interim and MYP for 2020-21 and 2021-22.
BAC meets to review 2nd Interim & MYP
LCAP Advisory Group meets to discuss 2020-2023 LCAP
- April: LCAP drafted with new goals, actions & services
BAC meets to review budget development.
- May: * Governor's May Revise provides updated information about State funds. Update provided to Board.
BAC reviews 2019-20 budget proposal.
- June: * LCAP and Budget reviewed by public and Board.

* Board Action or Review

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