

PIEDMONT UNIFIED SCHOOL DISTRICT

2019-20

Budget Advisory Committee

September 11, 2019

Agenda

- o Introductions
- o 2018-19 Results
- o Impact on 2019-20
- o 2019-18 Budget Calendar & 2020-21 Budget Development
- o Adjourn

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): 2,539
- o Attendance as % of Enrollment; 97%
- o # of Employees: 356
- o # of Full-Time Equivalents (FTE): 335.05

2018-19 Financial Results

(2018-19 Unaudited Actuals)

What's an Unaudited Actual?

- o Once the fiscal year ends – June 30 – the fiscal team starts the process to close the books and confirms:
 - o All revenues due in 2018-19 have been received or accrued and properly recorded;
 - o All expenses related to 2018-19 have been paid or accrued and properly recorded;
 - o Required reports are prepared for County, State, and Federal oversight agencies.
- o The end result is the Fiscal Year “Actuals” and because they haven't been audited yet, they are the “Unaudited Actuals”.

Headlines

- o Some unexpected revenues!
- o No unexpected expenses!
- o Net result is:
 - o 3% reserve is met
 - o RRMA (routine maintenance) requirement is met

Funds

- o The General Fund is where the day-to-day operations of the District are recorded. Revenues from the Local Control Funding Formula (LCFF), other state and federal programs, the Measure A Parcel Tax, the Piedmont Education Foundation (PEF) donation, and other support group donations are recorded and spent.
- o The Other Funds are restricted either by Board Board or by the revenue source.

Overall Picture

- o The District ended the year with \$30.1 million in all funds, including \$16.8 million in the Building Fund (H1 Bond), \$2.5 million in the General Fund, and \$10.9 million in the other funds combined.

Fund #	Fund Name	Ending Fund Balance as of June 30, 2019
1	General	\$2,464,423
11	Adult Education	421,375
13	Cafeteria	815,994
14	Deferred Maintenance	161,723
17 Noda	Special Reserve – Noda	104,881
17 Res	Special Reserve – Parcel Tax	0
21	Building	16,776,790
35	State Schools Facilities	3,579
40	Special Res for Capital Facilities	444,763
51	Bond Interest & Redemption	8,920,097
67	Self Insurance	7,284
	TOTAL ALL FUNDS	\$30,120,909

Reserves

- o The District is required to maintain a minimum reserve of 3% of General Fund expenditures. The available reserve is 3.27%.
- o The Ending Fund Balance is \$2.5 Million, with designations as follows:
 - o 3% Reserve: \$1,287,185
 - o Legally Restricted: 204,424
 - o Prepaid items (for 19-20) 399,057
 - o Other Designations: 422,262
 - o Revolving Cash: 36,080
 - o Additional Reserves: 115,415

General Fund

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- o The District is required to maintain a minimum reserve of 3% in the General Fund. The available reserve is 3.27%.

General Fund Results

- o Increase in STRS and PERS On-behalf entry distorts the increases in revenues and expenditures.
- o Net of the STRS and PERS on-behalf entries, the increase in revenues from original budget is 2%.
- o Net of the STRS and PERS on-behalf entries, the increase in revenues from original budget is 1%.

2018-19 Budget Progression

- The 2018-19 Budget was adopted in June 2018 and revised throughout the year.

General Fund - 2018-19 Unaudited Actuals				
	2018-19 Adopted Budget	2018-19 2nd Interim	2018-19 Unaudited Actuals	Difference July-June
Total Revenues	\$ 40,507,524	\$ 40,894,793	\$ 43,331,738	\$ 2,824,214
Total Expenditures	40,451,710	41,581,995	42,906,151	2,454,441
Net Surplus (Deficit)	55,814	(687,202)	425,587	369,773
Beginning Balance	1,467,125	2,038,836	2,038,836	571,711
Ending Balance	\$ 1,522,939	\$ 1,351,634	\$ 2,464,423	\$ 941,484
Restricted/Designated	25,000	632,512	1,061,823	1,036,823
3% Reserve	1,213,551	1,247,460	1,287,185	73,633
Over (Under)	284,388	(528,338)	115,415	(168,972)
Reserve %	3.70%	1.73%	3.27%	-0.43%

2018-19 General Fund Budget Progression - Revenues

- o The major differences in **revenues** were:
 - o LCFF Funds were adjusted during the year based on enrollment and prior year adjustments.
 - o Local revenues increased due to parent and student funds and reclassification of a grant from "Other State" to "Other Local".
 - o Increase in STRS & PERS On-behalf entry w/ corresponding Expense entry.
 - o Transfer In from Parcel Tax reserves (Fund 17) not in original budget.

Fund 1 - General Fund				
	Adopted Budget 6/27/18	2nd Interim 3/16/19	Actuals 9/11/2019	Difference July-June
Revenues				
LCFF	\$ 21,449,645	\$ 21,639,160	\$ 21,931,705	\$ 482,060
Parcel Tax	10,414,489	10,395,141	10,406,243	(8,246)
Other Local	3,992,547	4,128,959	4,495,876	503,329
Other State	1,809,202	1,493,210	1,420,914	(388,288)
Other State-STRS & PERS Onbehalf	1,037,895	1,285,432	3,108,306	2,070,411
Transfers from SELPA	1,142,774	1,123,199	1,139,125	(3,649)
Federal	660,972	632,144	632,382	(28,590)
Transfer from Parcel Tax Reserve	-	197,548	197,187	197,187
Total Revenues	\$ 40,507,524	\$ 40,894,793	\$ 43,331,738	\$ 2,824,214

2018-19 General Fund Budget Progression - Expenditures

- o The major differences in **expenditures** were:
 - o Overall benefits costs were less than originally budgeted.
 - o STRS & PERS On-behalf entry was increased.
 - o Services and Other Operating expenses for Special Education increased due to settlements and placements, but ended less than 2nd Interim projections.

Fund 1 - General Fund				
Expenditures	Adopted Budget 6/27/18	2nd Interim 3/13/2019	Unaudited Actuals 9/11/19	Difference July-June
Certificated Salaries	\$ 18,365,758	\$18,232,881	\$ 18,275,002	\$ (90,756)
Classified Salaries	5,814,371	5,764,265	5,765,092	(49,279)
Benefits	9,928,760	9,526,477	9,566,716	(362,044)
STRS & PERS On-Behalf	1,037,895	1,285,432	3,108,306	2,070,411
Books & Supplies	1,343,122	1,760,683	1,323,490	(19,632)
Services/Other Oper.	4,056,804	5,107,257	4,951,350	894,546
Internal Transfers	(95,000)	(95,000)	(83,805)	11,195
Total Expenditures	\$ 40,451,710	\$41,581,995	\$ 42,906,151	\$ 2,454,441

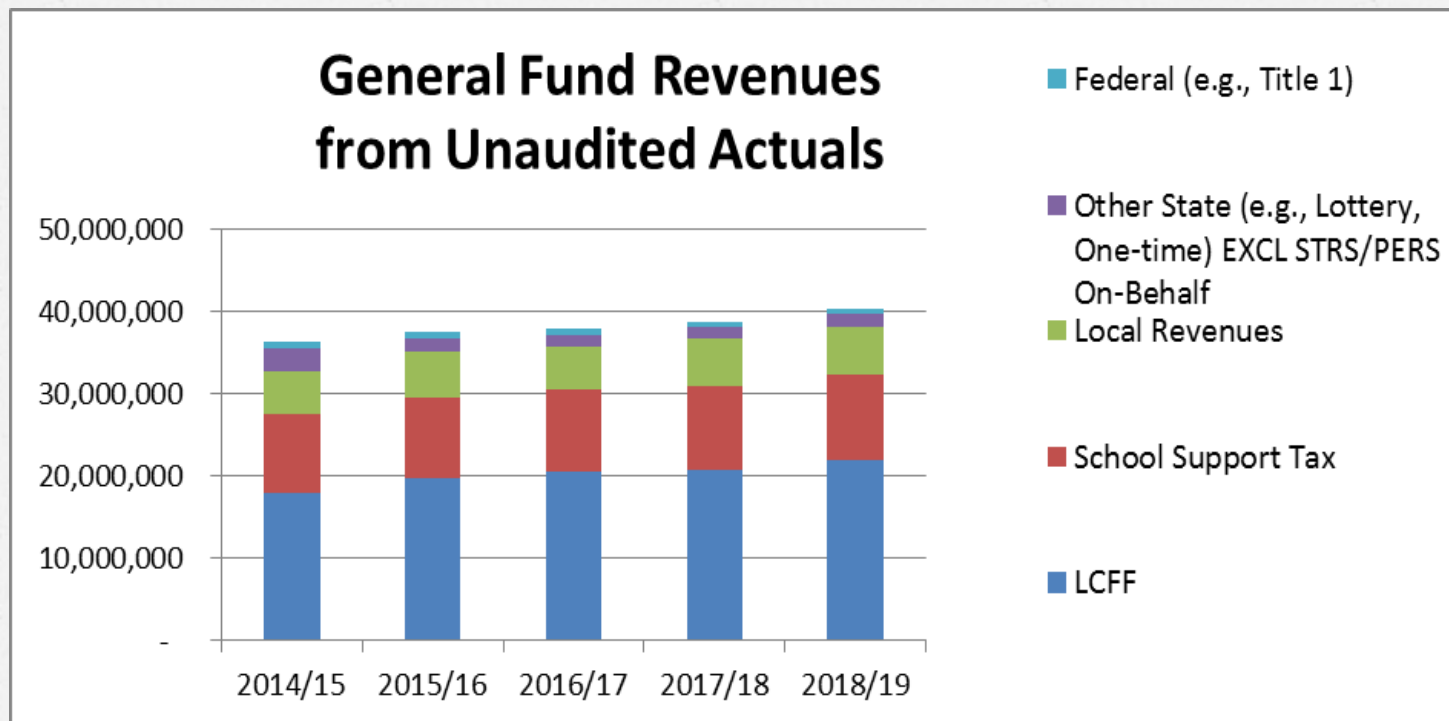
General Fund - Multiyear

- o The District was able to avoid another year of deficit spending with the transfer from the Special Reserve and cautious budget monitoring.

	2015/16	2016/17	2017/18	2018/19
	Unaudited Actuals 09/14/16	Unaudited Actuals 09/13/17	Unaudited Actuals 09/12/18	Unaudited Actuals 09/11/19
Total Revenues	39,615,245	39,589,415	39,775,668	43,331,738
Total Expenditures	(39,201,458)	(40,023,819)	(40,271,940)	(42,906,151)
Net Surplus (Deficit)	413,787	(434,404)	(496,272)	425,587
Beginning Fund Balance	2,555,725	2,969,512	2,535,108	2,038,837
Ending Fund Balance	2,969,512	2,535,108	2,038,837	2,464,423
Minimum Reserve (3% of Expenditures)	1,176,044	1,200,715	1,208,158	1,287,185

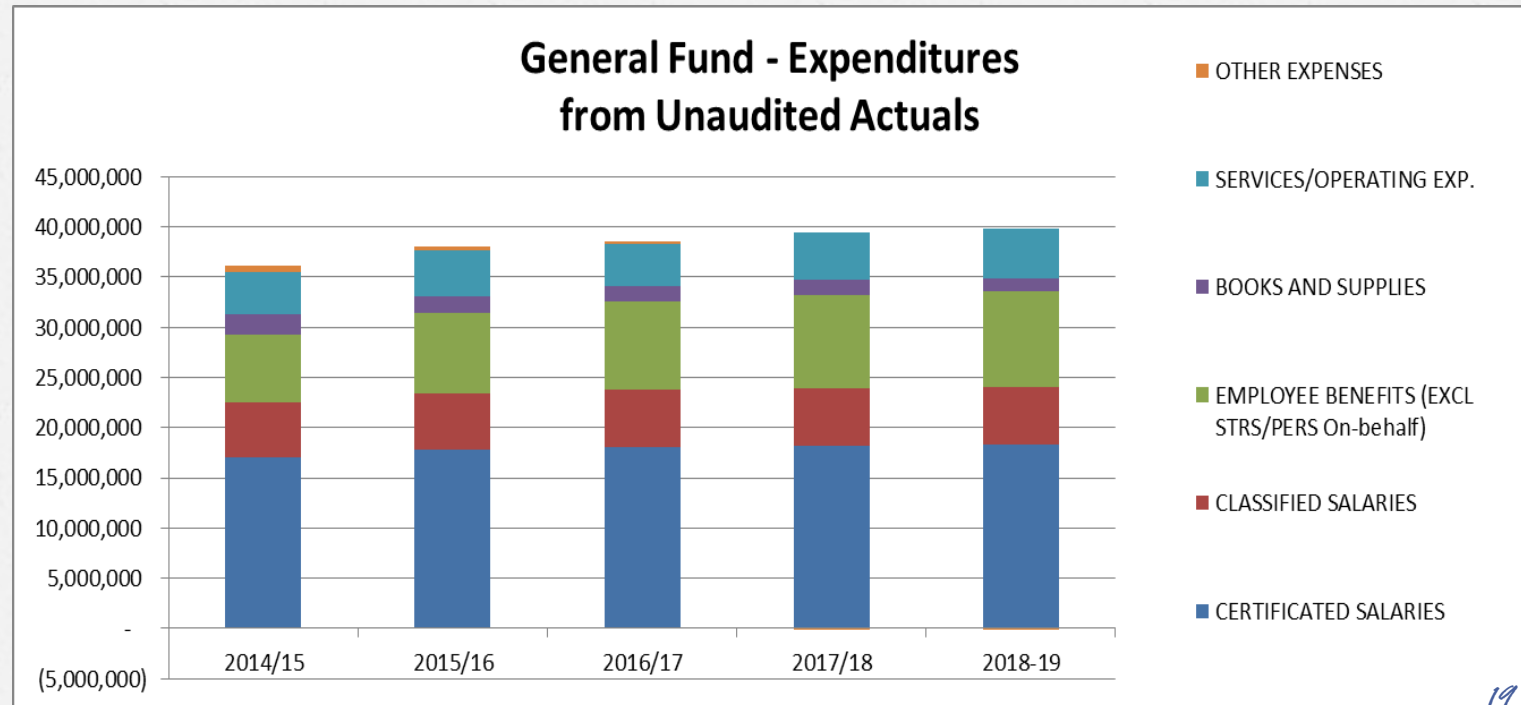
General Fund - Revenues

- The School Support Tax and Local Revenues are 40% of the District's General Fund revenues.



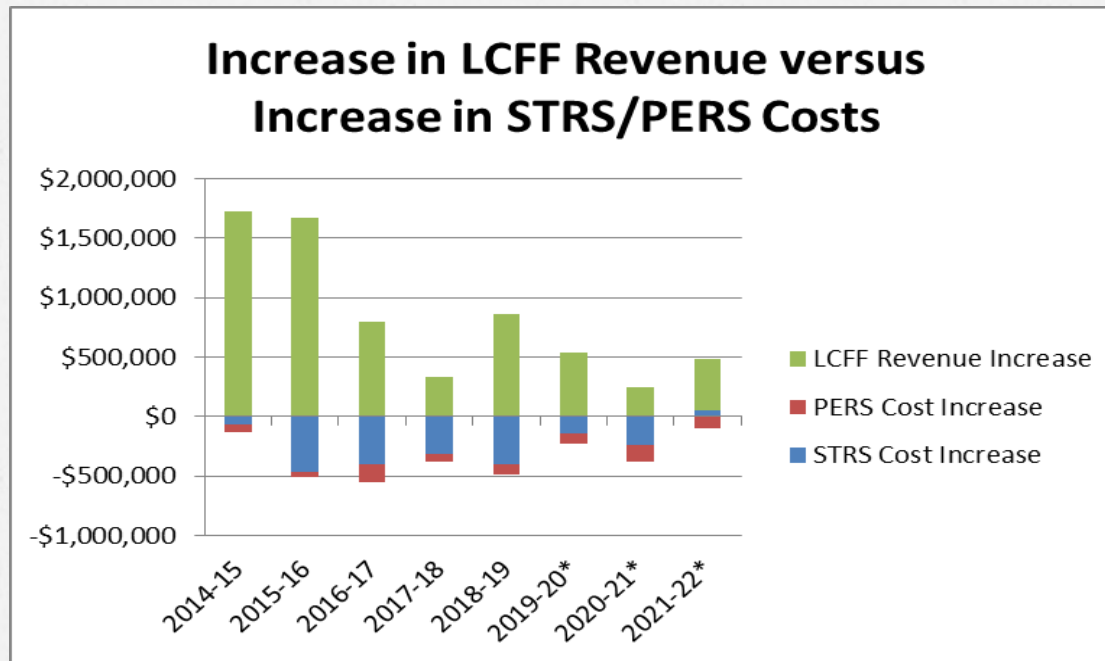
General Fund - Expenditures

- The District's required contributions to the STRS and PERS pensions are increasing at a higher rate than LCFF revenues.



Increase in LCFF Revenues versus Increase in STRS & PERS Costs

- The increase in base LCFF funding may not generate enough additional revenues to cover the increase in STRS & PERS payments.



Implications for 2019-20

2019-20 Revised Budget

2019-20 Budget Calendar

Budget Revisions

- o October 2019 – Preview budget based on:
 - o Revised LCFF & State one-time funding based on actual enrollment.
 - o Ending balances & carryovers from 2018-19
 - o Employee costs based on employees in positions
 - o Special Ed costs based on current obligations
- o November 2019 – Parcel Tax Election Results
- o December 2019 – First Interim Report
 - o Actuals as of October 31
 - o Multiyear Projections for 2020-21 and 2021-22
- o March 2020 – Second Interim Report
 - o Actuals as of January 31
 - o Multiyear Projections for 2020-21 and 2021-22

2020-21 Budget Development

2020-21 Budget

- o January 2020 – Governor’s Budget preview
- o March 2020 – Budget priorities and framework
- o April 2020 – Preliminary Budget
- o May 2020 – May Revision of Governor’s Budget
- o June 2020 – Final Budget Public Hearing and Board approval

Topics for Future Meetings

Month	Topic	Budget Year
October	Revenues – Deep Dive	
November	Expenditures – Deep Dive	
December	Budget Update	2019-20
January	Governor’s Proposal	2020-21
March	Budget Update	2019-20
April	District’s Preliminary Budget	2020-21
May	District’s Proposal w/ May Revisions from Governor	2020-21

Other Funds

(2017-18 Unaudited Actuals)

Adult Education

- The District provides both State-funded programs, such as diploma completion, and fee-based classes for the community.

Fund 11 - Adult Education				
	2015/16	2016/17	2017/18	2018-19
Revenues	\$3,669,252	\$ 652,084	\$ 679,743	\$ 680,444
Expenditures	(2,802,056)	(1,502,841)	(664,395)	(699,520)
Net	867,196	(850,757)	15,348	(19,076)
Beginning Balance	408,664	1,275,860	425,102	440,450
Ending Balance	\$ 1,275,860	\$ 425,102	\$ 440,450	\$ 421,375

Cafeteria Fund

- o The District's food service program serves middle and high school students.
- o Parents' clubs run the elementary lunch programs, with a portion of elementary lunches contributing to the Café Fund.

Fund 13 - Cafeteria				
	2015/16	2016/17	2017/18	2018/19
Revenues	\$ 739,034	\$ 832,401	\$ 927,167	\$ 1,066,219
Expenditures	(665,853)	(701,867)	(717,260)	(785,877)
Net	73,181	130,534	209,907	280,342
Beginning Balance	122,029	195,210	325,744	535,651
Ending Balance	\$ 195,210	\$ 325,744	\$ 535,651	\$ 815,993

Deferred Maintenance Fund

- o The District continues to fund facilities repairs through the Deferred Maintenance fund using district funds only. The State no longer provides a match.

Fund 14 - Deferred Maintenance				
	2015/16	2016/17	2017/18	2018/19
Revenues	\$ 191,155	\$ 190,554	\$ 22,475	\$ 84,784
Expenditures	(223,647)	(66,515)	(55,676)	(131,673)
Net	(32,492)	124,039	(33,201)	(46,889)
Beginning Balance	150,265	117,773	241,812	208,612
Ending Balance	\$ 117,773	\$ 241,812	\$ 208,612	\$ 161,722

Special Reserve - Noda

- o The Noda fund was established as an endowment to support the Visual Arts Program.
- o Any amount over the base endowment of \$100,000 can be used as a grant towards visual and performing arts.

Fund 17 - Special Reserve - Noda				
	2015/16	2016/17	2017/18	2018/19
Revenues	\$ 422	\$ 1,861	\$ 1,116	\$ 2,029
Expenditures	-	-	-	-
Net	422	1,861	1,116	2,029
Beginning Balance	99,452	99,874	101,735	102,851
Ending Balance	\$ 99,874	\$ 101,735	\$ 102,851	\$ 104,881

Special Reserve – Parcel Tax

- o The Parcel Tax reserve was established to set-aside funds in the early days of a parcel tax measure to increased costs of programs in the final years of the measure. The funds were drawn down for 2018-19.

Fund 17 - Special Reserve - School Support Tax				
	2015/16	2016/17	2017/18	2018/19
Revenues	\$ 191,968	\$ -	\$ 1,844	\$ 3,374
Expenditures	-	-	-	(197,187)
Net	191,968	-	1,844	(193,813)
Beginning Balance	-	191,968	191,968	193,812
Ending Balance	\$ 191,968	\$ 191,968	\$ 193,812	\$ (0)

Building (Bonds)

- o The Building Fund separately accounts for the Measure H1 bond revenues and expenditures.
- o The H1 program completed summer projects (2018) and pre-construction costs related to the STEAM building, including demo and site prep. Also include are project mgmt and other soft costs.

Fund 21 - Building				
	2015/16	2016/17	2017/18	2018/19
Revenues	\$ 166	\$26,000,139	\$ 279,575	\$ 400,452
Expenditures	(10,265)	(685,285)	(3,683,170)	(5,564,663)
Net	(10,099)	25,314,854	(3,403,595)	(5,164,211)
Beginning Balance	10,099	0	25,314,854	21,941,000
Ending Balance	\$ 0	\$25,314,854	\$21,911,260	\$ 16,776,789

State School Facilities

- State matching funds for the prior bond program are held in this fund. Minor facilities costs are paid from remaining funds.

Fund 35 - State School Facilities				
	2015/16	2016/17	2017/18	2018/19
Revenues	\$ 863	\$ 368	\$ 594	\$ 278
Expenditures	(362,891)	37,782	(74,148)	(986)
Net	(362,028)	38,150	(73,554)	(708)
Beginning Balance	401,719	39,691	77,842	4,287
Ending Balance	\$ 39,691	\$ 77,842	\$ 4,287	\$ 3,579

Special Reserve - Capital Facilities

- o This reserve fund is for facilities projects that are not part of the bond program, including Witter Field maintenance and repair
- o The Alan Harvey Theater donation funds are held here – remaining balance is \$26K.

Fund 40- Capital Facilities Fund				
	2015-16	2016/17	2017/18	2018/19
Revenues	\$ 87,946	\$ 96,636	\$ 70,438	\$ 63,265
Expenditures	(282,488)	(40,947)	(408,110)	(66,423)
Net	(194,542)	55,689	(337,672)	(3,158)
Beginning Balance	924,446	729,904	785,593	447,921
Ending Balance	\$ 729,904	\$ 785,593	\$ 447,921	\$ 444,763

Bond Interest & Redemption

- o This fund is to account separately for bond repayment funds collected from taxpayers. The County Auditor sets the tax rate and the County Treasurer collects taxes and makes the bond payments.

(Prior presentations have not included this fund because it is managed by the county.)

	Fund 67 - Self Insurance	
	2017/18	2018/19
Revenues	\$40,098,659	\$ 8,364,067
Expenditures	(37,202,352)	(9,630,435)
Net	2,896,307	(1,266,368)
Beginning Balance	7,290,157	10,186,464
Ending Balance	\$10,186,464	\$ 8,920,096

Self Insurance

- o This fund is to account separately for self-insurance related expenses, including ergonomic furniture to prevent injury.

Fund 67 - Self Insurance				
	2015/16	2016/17	2017/18	2018/19
Revenues	\$ 10,012	\$ 5,071	\$ 5,075	\$ 135
Expenditures	(492)	(6,863)	(7,659)	(450)
Net	9,520	(1,792)	(2,584)	(315)
Beginning Balance	2,455	11,976	10,184	7,600
Ending Balance	\$ 11,976	\$ 10,184	\$ 7,600	\$ 7,285

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Resources

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