

2021-22 1st Interim Report

Piedmont USD Budget Advisory Committee
December 9, 2021

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

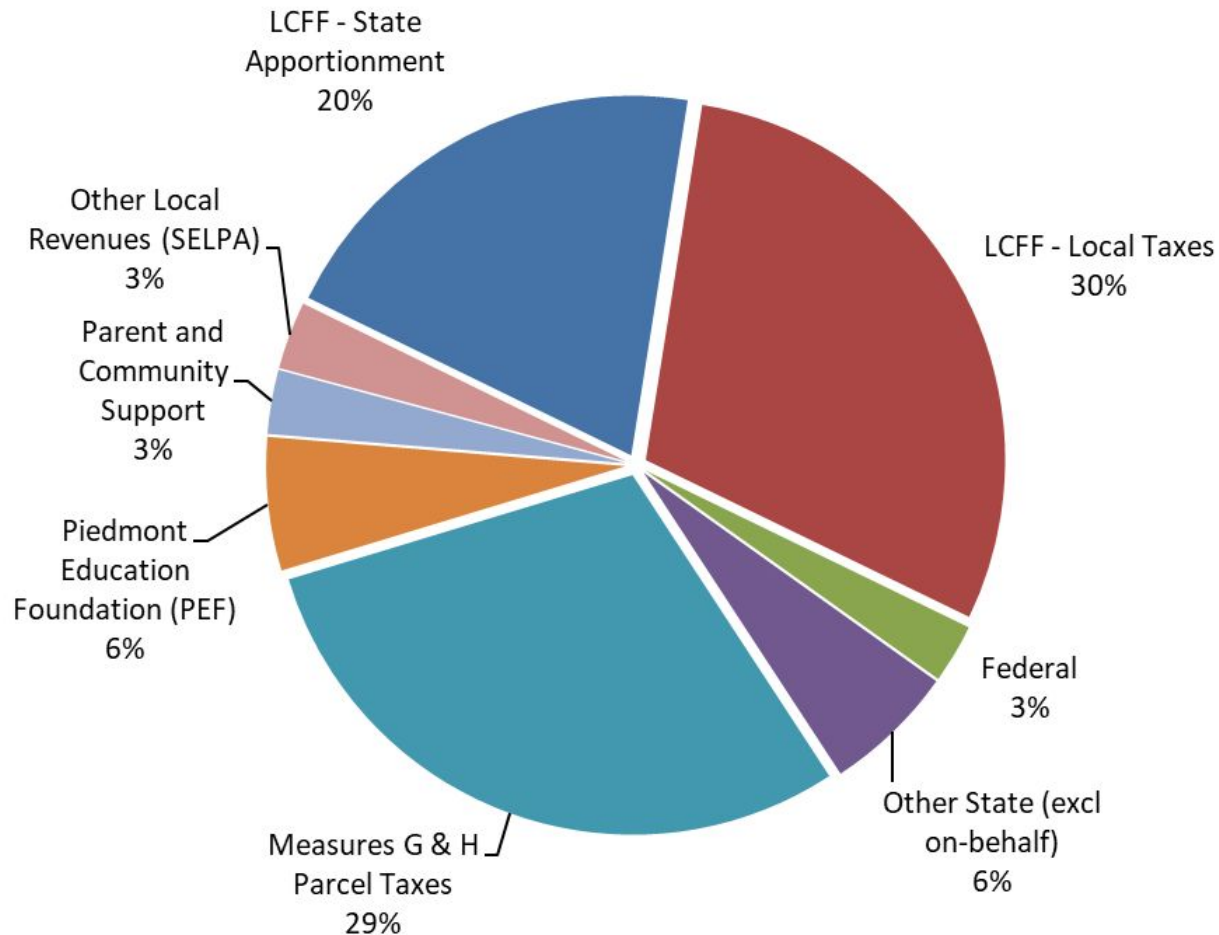
- For 2021-22, the District expects to meet all financial obligations, including the requirement for a 3% reserve.
- State, Federal and local revenues have enhanced the revenues and expenditures for 2021-22 to allow additional support for students to recover any learning loss from last year.
- The projections for the next 2 years assume a continued decline in enrollment, rightsizing staff accordingly, and elimination of the one-time revenues and associated programs
- The District expects to meet all financial obligations in 2022-23.
- The District will need to make additional adjustments of \$800,000 in 2023-24.

What is a Positive Certification?

- 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.
- At the 1st and 2nd Interim Reporting Periods, the District must certify whether its financial condition is:
 - **Positive** – The District will meet its financial obligations for the current and 2 subsequent years.
 - **Qualified** – The District may not meet its financial obligations for the current and 2 subsequent years.
 - **Negative** – The District will not meet its financial obligations for the current and 2 subsequent years.
- 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.

Revenues

- 50% is based on the Local Control Funding Formula (LCFF)
- 38% is locally generated - parcel taxes, PEF, parents



2021-22 Changes in Revenue

The 2021-22 Budget was adopted in June 2021 and will be revised throughout the year. The table below identifies the changes to revenues over the past 5 months.

REVENUES \$ in millions	Adopted Budget 6/23/2021	State Budget Impact 8/11/2021	U.A. Impact 9/14/2021	October Update 10/13/2021	First Interim 12/8/2021	Working Budget 2021-22
Original Revenues	\$44.88					\$44.88
Federal - ELO				\$0.68		\$0.68
State - IPI/ELO				\$0.61		\$0.61
State - New Grants		\$0.20			\$0.90	\$1.10
State - STRS On-Behalf		\$0.09				\$0.09
State - Lottery, Other State		\$0.08				\$0.08
Local - Parcel Tax		\$0.13				\$0.13
Local - Parents, Other				\$0.32	\$0.21	\$0.54
New Total Revenues	\$44.88	\$0.50	\$0.00	\$1.62	\$1.12	\$48.11



\$3.23 M

Changes to Unrestricted Revenues

There have been a number of significant adjustments to revenues since budget adoption. Splitting out Unrestricted from Restricted revenues clarifies the revenue changes by resource.

	UNRESTRICTED		
	2021-22 Adopted Budget 6/23/2021	2021-22 1st Interim 12/8/2021	Difference between 6/23 & 12/8
REVENUES:			
LOCAL CONTROL FUNDING FORMULA	\$ 22,840,550	\$ 22,840,550	\$ -
FEDERAL REVENUES	-	-	-
STATE REVENUES	659,099	692,985	33,886
STATE REVENUES - STRS on-behalf	-	-	-
PARCEL TAX REVENUE - Measure G	10,990,192	10,990,192	-
PARCEL TAX REVENUE - Measure H	2,500,967	2,633,239	132,272
LOCAL REVENUES - PEF	2,760,000	2,760,000	-
LOCAL REVENUES - ALL OTHERS	675,599	903,272	227,673
TRFS APPORT FR DISTRICTS (SELPA)	-	-	-
OTHER SOURCES	-	-	-
TOTAL REVENUES:	\$ 40,426,407	\$ 40,820,238	\$ 393,831

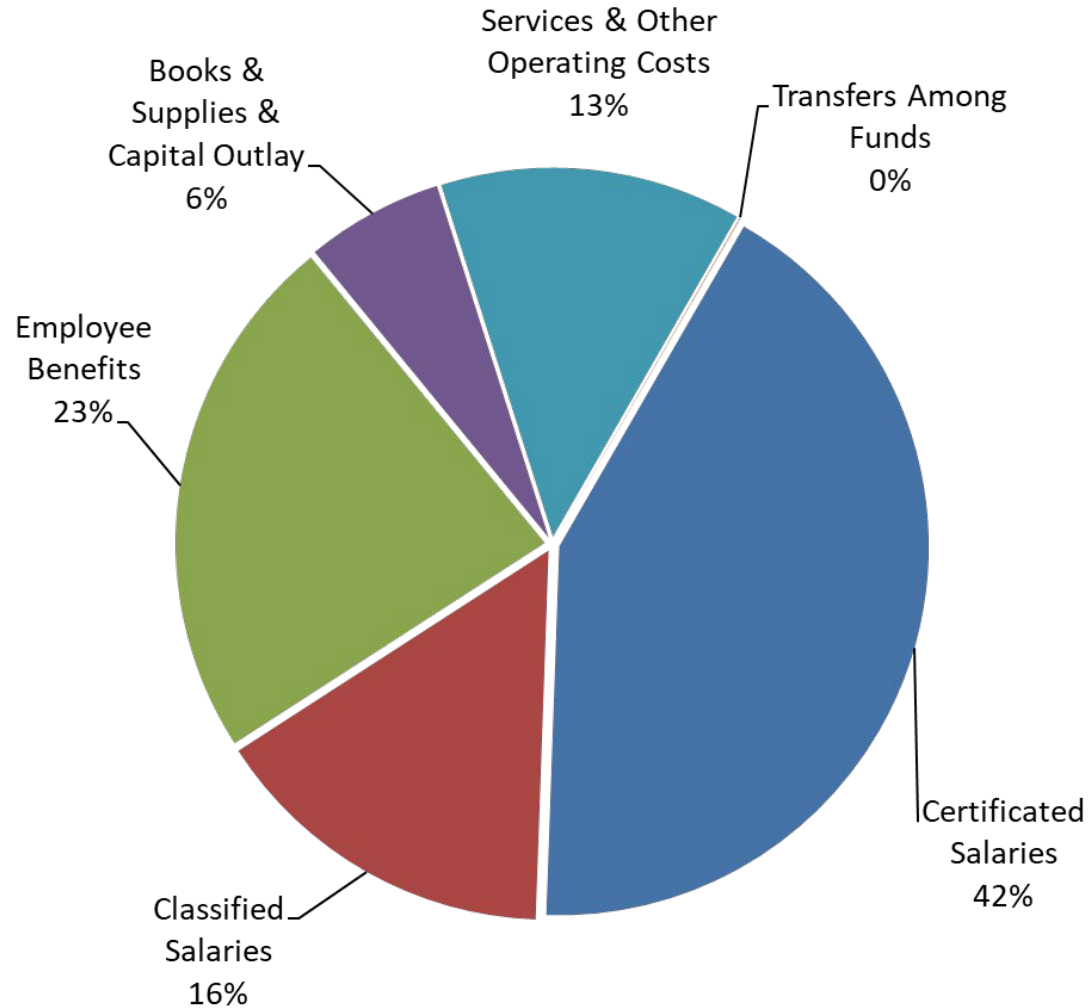
Changes to Restricted Revenues

Most of the additional revenue is in restricted revenue sources.

	RESTRICTED		
	2021-22 Adopted Budget 6/23/2021	2021-22 1st Interim 12/8/2021	Difference between 6/23 & 12/8
REVENUES:			
LOCAL CONTROL FUNDING FORMULA	\$ 202,189	\$ 201,980	\$ (209)
FEDERAL REVENUES	547,943	1,226,511	678,568
STATE REVENUES	286,200	2,041,413	1,755,213
STATE REVENUES - STRS on-behalf	1,898,025	1,988,608	90,583
PARCEL TAX REVENUE - Measure G	-	-	-
PARCEL TAX REVENUE - Measure H	-	-	-
LOCAL REVENUES - PEF	-	-	-
LOCAL REVENUES - ALL OTHERS	135,853	423,469	287,616
TRFS APPORT FR DISTRICTS (SELPA)	1,383,857	1,405,363	21,506
TOTAL REVENUES:	\$ 4,454,067	\$ 7,287,344	\$ 2,833,277
COMBINED TOTAL REVENUES:	\$ 44,880,474	\$ 48,107,582	\$ 3,227,108

Expenditures

- 81% of expenditures are salaries and benefits.



2020-21 Changes to Expenditures

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

EXPENDITURES \$ in millions	Adopted Budget 6/23/2021	State Budget Impact 8/11/2021	U.A. Impact 9/14/2021	October Update 10/13/2021	First Interim 12/8/2021	Working Budget 2021-22
Original Expenditures	\$46.55					\$46.55
Certific ated Salary - Adjust to Actuals				-\$0.21	-\$0.08	-\$0.29
Classified Salary - Adjust to Actuals					\$0.28	\$0.28
Benefits - State Unempl Ins.		-\$0.19				-\$0.19
Benefits - STRS On-Behalf		\$0.09				\$0.09
Benefits - Adjust to Actuals (Health)				-\$0.21	-\$0.58	-\$0.79
Books & Supplies - Prior year funds				\$0.53		\$0.53
Books & Supplies - New Grants				\$0.33		\$0.33
Capital Expenditures				\$0.71	\$0.08	\$0.79
Services - ELO/IPI Grants				\$0.32	\$0.09	\$0.41
Services - Related to New Grants					\$0.19	\$0.19
Services - One-time contracts					\$0.39	\$0.39
New Total Expenditures	\$46.55	-\$0.10	\$0.00	\$1.47	\$0.37	\$48.28

\$1.73 M

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Changes to Unrestricted Expenditures

The change in Unrestricted expenditures includes the unspent parent and local contributions that were unspent last year and were moved to this year.

	UNRESTRICTED		
	2021-22 Adopted Budget 6/23/2021	2021-22 1st Interim 12/8/2021	Difference between 6/23 & 12/8
EXPENDITURES:			
CERTIFICATED SALARIES	\$ 16,377,536	\$ 16,266,406	\$ (111,130)
CLASSIFIED SALARIES	4,012,484	4,330,299	317,815
EMPLOYEE BENEFITS	8,034,245	7,599,302	(434,943)
STRS OnBehalf Payment	-	-	-
POST EMPLOYMENT BENEFITS	367,440	367,440	-
BOOKS AND SUPPLIES / CAPITAL OUTLAY	723,419	1,247,163	523,744
SERVICES/OPERATING EXPENDITURES	2,627,265	3,025,482	398,217
DIRECT SUPPORT/INDIRECT COSTS-Other I	(102,000)	(145,258)	(43,258)
TOTAL EXPENDITURES:	\$ 32,040,389	\$ 32,690,834	\$ 650,445

Changes to Restricted Expenditures

A net total of \$1 million in expenditures have been added to restricted budgets. The rest of the restricted resources are left unspent in the fund balance.

	RESTRICTED		
	2021-22 Adopted Budget 6/23/2021	2021-22 1st Interim 12/8/2021	Difference between 6/23 & 12/8
EXPENDITURES:			
CERTIFICATED SALARIES	\$ 3,478,312	\$ 3,295,255	\$ (183,057)
CLASSIFIED SALARIES	2,804,396	2,762,913	(41,483)
EMPLOYEE BENEFITS	3,333,638	2,874,779	(458,859)
STRS OnBehalf Payment	1,898,025	1,898,025	-
POST EMPLOYMENT BENEFITS	-	-	-
BOOKS AND SUPPLIES / CAPITAL OUTLAY	415,510	1,543,968	1,128,458
SERVICES/OPERATING EXPENDITURES	2,501,772	3,087,523	585,751
DIRECT SUPPORT/INDIRECT COSTS-Other I	81,150	129,408	48,258
TOTAL EXPENDITURES:	\$ 14,512,803	\$ 15,591,871	\$ 1,079,068
COMBINED TOTAL EXPENDITURES:	\$ 46,553,192	\$ 48,282,705	\$ 1,729,513

Net Change to Fund Balance

FUND BALANCE \$ in Millions	Adopted Budget 6/23/2021	First Interim 12/8/2021	Difference 6/23/21 to 12/8/2021
Beg. FB	\$3,891,410	\$4,715,595	\$824,185
Revenues	\$44,880,474	\$48,107,582	\$3,227,108
Expenditures	\$46,553,192	\$48,282,705	\$1,729,513
Ending FB	\$2,218,692	\$4,540,472	\$2,321,780
Restricted & Revol.			
Cash	\$70,452	\$1,213,212	\$1,142,760
Committed (Meash)	\$800,000	\$833,206	\$33,206
3% Reserve	\$1,396,596	\$1,448,481	\$51,885
Above (Below) Reserve	-\$48,356	\$1,045,573	\$1,093,929

General Fund - Multiyear

The following assumptions were used in the MYP:

Assumption	2021-22	2022-23	2023-24
Enrollment	2,348	2,291	2269
Estimated ADA based on enrollment	2,282.14	2,227.39	2,206.11
ADA used for LCFF calculations	2,496.18	2,282.14	2,227.39
Cost of Living Increase (COLA) for LCFF per pupil funding	5.07%	2.48%	3.11%
COLA for increase in other State revenues	1.70%	2.65%	2.36%
COLA for Measure G Funds	2.0%	2.0%	2.0%
Natural progression (Step & Column) in Employee Salaries	APT: 1.45% CSEA: 1.00%	APT: 1.45% CSEA: 1.00%	APT: 1.45% CSEA: 1.00%
STRS Rate	16.92%	19.10%	19.10%
PERS Rate	22.91%	26.10%	27.10%

Add'l Elements of MYP

To identify whether additional reductions are needed, we start by eliminating those expenditures that we know were one-time, or those that are related to the number of students.

Assumptions about:	2022-23	2023-24
Certificated Employees	Incorporate savings from new hires Eliminate one-time positions Reduce 3.0 FTE for rightsizing	Reduce 2.0 FTE for rightsizing
Classified Employees	Eliminate one-time positions Reduce 3.0 FTE for rightsizing	Reduce 2.0 FTE for rightsizing
Books and Supplies	Eliminate one-time purchases and spending tied to one-time funds.	
Services & Other Operating Expense	Eliminate one-time contracts and spending tied to one-time funds.	

General Fund - Multiyear

MULTIYEAR PROJECTIONS - 2021-22 1st Interim			
	2021-22	2022-23	2023-24
Beginning Balance	4,715,595	4,540,472	4,321,235
Total Revenues	\$ 48,107,582	\$ 45,562,688	\$ 45,884,004
Total Expenditures	48,282,705	45,781,925	46,054,076
Add'l Adjustments		-	(800,000)
Net Surplus (Deficit)	(175,123)	(219,237.08)	629,927.83
Ending Fund Balance	\$ 4,540,472	\$ 4,321,235	\$ 4,951,163
<u>Components of Ending Balance:</u>			
Restricted Funds	\$ 1,213,212	\$ 1,068,449	\$ 1,068,449
Measure H - still available	833,206	1,666,412	2,499,618
Required Reserve	1,448,481	1,373,458	1,357,622
Over (Under) Reserve Rqmt	1,045,573	212,916	25,474

What happened to the \$1.4 M Gap in the June Budget?

		2021-22	2022-23	2023-24
	Original Gap based on 6/23/21 Budget		-1,400,000	-1,400,000
45 Day Rev	State Unemployment Ins Adj	192,000		
	Lottery Revenue Adjust	75,600	73,765	73,028
UA	Undesignated Balance	948,205		
Oct Update	Enrollment Proj LCFF Adjust		-570,000	-415,000
	Salary & Benefit Adjust	427,000	427,000	427,000
	Enrollment adjustment (higher UPP)		132,000	131,000
	Salary & Benefit Adjust	-90,000		
	Add'l costs in 21-22 (LCAP, Wellness, SPED, etc.)	-300,000		
1st Interim	PEF's Successful Fundraising		300,000	200,000
	Total Adjustments	1,252,805	362,765	416,028
	Balance Avail (from Prior Year)	0	1,252,805	215,570
	Gap + Adjustments + Balance	1,252,805	215,570	-768,402

Caution Ahead

Add'l Expenses for 2021-22:

- Collective bargaining agreements
- Additional support for Special Needs students


Add'l Expenses for 2022-23 (and beyond):

- TK expansion (facilities, staff)
- Universal meals
- Deferred facilities needs

Add'l Revenues for 2022-23: State revenues appear to be higher than anticipated so far this year, which may result in positive developments for the 2022-23 budget. The Governor will share his preliminary budget for 2022-23 in January.



Next Steps

December	 <ul style="list-style-type: none">● 1st Interim Report presented with MYP Projections● BAC Meeting to review 1st Interim
January	<ul style="list-style-type: none">● Governor's Budget Proposal released 1/10● Board review of how Gov's Budget will affect PUSD● BAC Meeting to review Governor's Budget Proposal
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 2022-23 that involve positions● If required, March 15 notices mailed
May	<ul style="list-style-type: none">● Governor releases May Revisions to budget proposal for 2022-23
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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Budget Progress Updates

The following updates have been provided to the Board and community on the 2021-22 budget:

- June 23 Budget Adoption
- August 11 Update revenues based on Final State Budget
- September 9 Budget Advisory Committee (BAC) – 2019-20 Closing & Budget Basics
- September 14 Update beginning balances based on closing the books for 2020-21
- October 7 BAC - Revenues
- October 13 October Budget Update to Board
- November 4 BAC - Expenditures
- December 8 1st Period Interim
- *December 9 BAC - 2021-22 1st Interim Budget Update & MYP*