

# **2020-21 2nd Interim Report**

Piedmont USD Board of Education  
March 10, 2021  
(as presented)

# 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            1<sup>st</sup> Period Interim to ACOE

-  ○ March 15                2<sup>nd</sup> Period Interim to ACOE

- June 30                    Estimated Actuals

- September 15          Unaudited Actuals

# Headlines

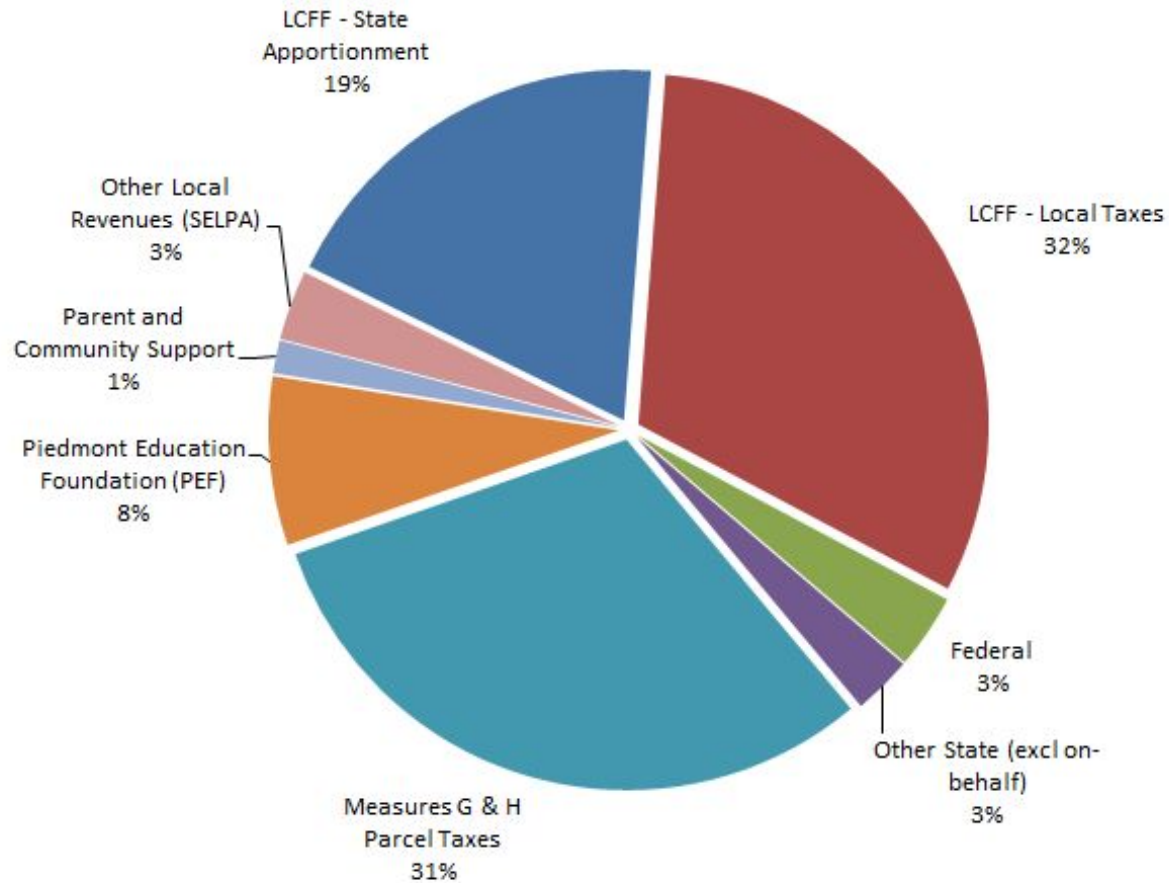
- For 2020-21, the projection is that the District expects to meet all financial obligations, including the requirement for a 3% reserve.
- The projections for the next 2 years assume the Dept of Finance's projected COLA increase in funding from the State and a continued decline in enrollment.
- The District is protected from the enrollment decline next year, but will need to rightsize and adjust spending in 2022-23.
- As current year COVID funding ends and new one-time funds become available, the District will need to decide most appropriate use of funds.

# 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

- 72% of revenues are from local sources.



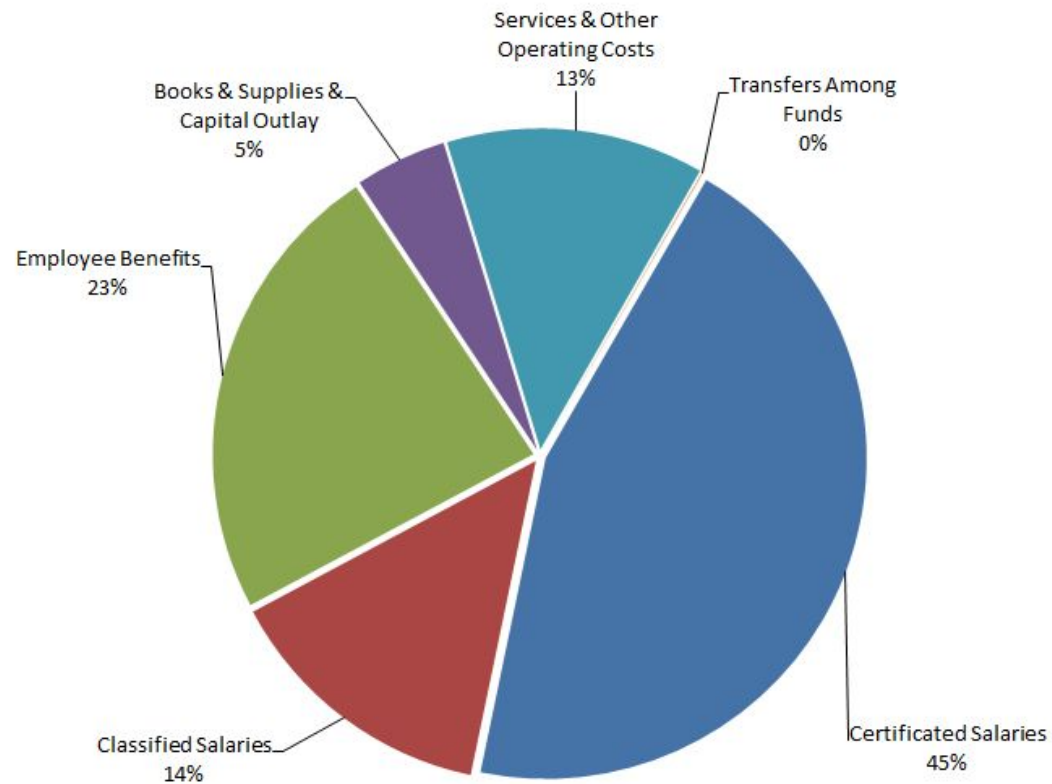
# 2020-21 Changes in Revenue

- The 2020-21 Budget was adopted in June 2020 and will be revised throughout the year. The table below identifies the changes to revenues over the past 5 months.
- \$66K more in restricted funding through LCFF, State and local.

REVENUES \$ in millions	Adopted Budget 6/30/2020	State Budget Impact 8/12/2020	U.A. Impact 9/9/2020	October Update 10/14/2020	First Interim 12/15/2020	Second Interim 3/10/2021	Working Budget 3/10/2021
Original Revenues	\$42.95						\$42.95
LCFF - COLA at 0%		\$1.73				<b>\$0.04</b>	\$1.77
Federal - LLM		\$0.84					\$0.84
State - LLM		\$0.19				<b>\$0.00</b>	\$0.19
Federal - Title 1					-\$0.03		-\$0.03
Local - Adjustment					-\$0.02	<b>\$0.03</b>	\$0.01
<b>New Total Revenues</b>	<b>\$42.95</b>	<b>\$2.76</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-\$0.05</b>	<b>\$0.07</b>	<b>\$45.72</b>

# Expenditures

- 82% of expenditures are salaries and benefits.



**EXPENSES**

# 2020-21 Changes to Expenditures

- The table below shows the adjustments to expenditures over the past 7 months.
- We have further adjusted certificated salaries to accommodate leaves, add'l hours, and increased the budget for costs associated w/ SPED, comm director, and plant preparations.

EXPENDITURES \$ in millions	Adopted Budget 6/30/2020	State Budget Impact 8/12/2020	U.A. Impact 9/9/2020	October Update 10/14/2020	First Interim 12/15/2020	Second Interim 3/10/2021	Revised Budget 3/10/2021
Original Expenditures	<b>\$41.76</b>						\$41.76
Certificated Salary - New/Adj/Raise		\$0.82			-\$0.20	<b>\$0.28</b>	\$0.91
Classified Salary Adj/Raise		\$0.19			\$0.15	<b>-\$0.08</b>	\$0.25
Benefits - Due to Raise, Add'l Staff, Adjmts		\$0.22			-\$0.10	<b>-\$0.13</b>	-\$0.02
Carryover/Prior year funds			\$0.68				\$0.68
LLM Funds (COVID Relief)				\$1.03	-\$0.04		\$0.99
Increased costs for SPED; other svcs						<b>\$0.31</b>	\$0.31
<b>New Total Expenditures</b>	<b>\$41.76</b>	<b>\$1.23</b>	<b>\$0.68</b>	<b>\$1.03</b>	<b>-\$0.19</b>	<b>\$0.38</b>	<b>\$44.89</b>



# Net Change to Fund Balance

<b>FUND BALANCE</b>	<b>Adopted Budget</b>	<b>State Budget Impact</b>	<b>U.A. Impact</b>	<b>October Update</b>	<b>First Interim</b>	<b>Second Interim</b>	<b>Revised Budget</b>
<b>\$ in Millions</b>	<b>6/30/2020</b>	<b>8/12/2020</b>	<b>9/9/2020</b>	<b>10/14/2020</b>	<b>12/15/2020</b>	<b>3/10/2021</b>	<b>3/10/2010</b>
Beg. FB	\$1.73		\$1.00			\$0.00	\$2.73
Revenues	\$42.95	\$2.76			-\$0.05	\$0.07	\$45.72
Expenditures	\$41.76	\$1.23	\$0.68	\$1.03	-\$0.19	\$0.38	\$44.89
Ending FB	\$2.93	\$1.53	\$0.32	-\$1.03	\$0.14	-\$0.32	\$3.57
Cash/Restricted	\$0.03		\$0.12		\$0.01	\$0.01	\$0.18
Committed (MeasH)	\$1.34				-\$0.11		\$1.23
Other Designations			\$0.38			\$0.10	\$0.48
COVID & Reopening	\$0.30	\$1.49	-\$0.21	-\$1.05	\$0.24	-\$0.34	\$0.33
3% Reserve	\$1.25	\$0.04	\$0.03	\$0.02	-\$0.01	\$0.01	\$1.35

# General Fund - Multiyear

The following assumptions were used in the MYP:

Assumption	2020-21	2021-22	2022-23
Enrollment	2,461	2,395	2,323
Estimated ADA	2,396	2,328.53	2,258.53
ADA used for LCFF calculations	2,495.67	2,496.12	2,328.53
Cost of Living Increase (COLA) for LCFF per pupil funding	0%	3.84%	2.98%
COLA for increase in other State revenues	0.98%	1.28%	1.61%
COLA for Measure G Funds	2.0%	2.0%	2.0%
Natural progression (Step & Column) in Employee Salaries	APT: 1.25% CSEA: 1.00%	APT: 1.25% CSEA: 1.00%	APT: 1.25% CSEA: 1.00%
STRS Rate	16.15%	15.92%	18.00%
PERS Rate	20.70%	23.00%	26.30%

# 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:	2021-22	2022-23
Certificated Employees	Eliminate one-time positions Reduce 2.0 FTE for rightsizing Keep add'l .6 FTE nurses	Reduce 3.0 FTE for rightsizing
Classified Employees	Eliminate one-time positions Keep add'l 3.5 FTE health clerks	Reduce 3.0 FTE for rightsizing
Books and Supplies	Eliminate one-time purchases from COVID funds	
Services & Other Operating Expense	Eliminate one-time contracts from COVID funds	

# General Fund - Multiyear

MULTIYEAR PROJECTIONS - 2020-21 2nd Interim			
	2020-21	2021-22	2022-23
Total Revenues	\$ 45,721,228	\$ 44,961,176	\$ 44,388,036
Total Expenditures	44,894,048	43,465,174	43,924,882
Add'l Adjustments			(1,050,000)
<b>Net Surplus (Deficit)</b>	<b>827,180</b>	<b>1,496,002</b>	<b>1,513,154</b>
Beginning Balance	2,733,307	3,560,487	5,056,489
<b>Ending Fund Balance</b>	<b>\$ 3,560,487</b>	<b>\$ 5,056,489</b>	<b>\$ 6,569,643</b>
Required Reserve	1,346,977	1,303,955	1,286,246
Other Reserved Amts	178,473	25,000	25,000
Other Designations	478,165	700,825	923,485
Measure H Reserve (from 20-21)	1,232,246	1,232,246	1,232,246
Measure H (avail 2021-22)		1,558,483	1,558,483
Measure H (avail 2022-23)			1,543,949
Available for COVID/Reopening	324,606	235,980	233
<b>TOTAL ENDING FUND BALANCE</b>	<b>\$ 3,560,467</b>	<b>\$ 5,056,489</b>	<b>\$ 6,569,643</b>

# News on State Revenues

The Governor and State legislature have agreed on language. Funds will be available to school districts who are reopening.

- AB 86 - **Reopening Grant**: (est. \$715,000)
  - Backfill existing expenses
  - Possibly for COVID testing of students
- AB 86 – **Extended Learning Grant**: (est. \$1,509,000)
  - Broadly available to extend opportunities for learning from now through August 2022.
  - Expect to use for summer school and possibly other needs for next year.

# Next Steps

March →	<ul style="list-style-type: none"><li>• BAC Meeting to review 2<sup>nd</sup> Interim</li><li>• 2<sup>nd</sup> Interim Report presented with budget solutions for 2021-22</li><li>• If required, Board takes action on reductions for 2021-22 that involve positions</li><li>• If required, March 15 notices mailed</li></ul>
April →	<ul style="list-style-type: none"><li>• Board develops District Goals and Budget Priorities for 2021-22</li><li>• BAC develops recommendations to Board for 2021-22</li></ul>
May →	<ul style="list-style-type: none"><li>• BAC presents budget recommendations to Board (possible increase to parcel tax levy)</li><li>• Governor releases May Revisions to budget proposal for 2021-22</li></ul>
June → →	<ul style="list-style-type: none"><li>• Board holds public hearing on draft budget</li><li>• Final budget adopted by Board</li></ul>

# Acknowledgments

Thank you to the Business Services Team!

**Suzanne Binder**

**Nancy Brahm**

**Upexa Captan**

**Cherrie Deangkinay**

**Cheryl Kaiser**

**Julie Kim**

**Kim Randlett**

**Terra Salazar**

**Cindy Sivilaythong**

**Jennifer Stahl**

# Budget Progress Updates

- The following updates have been provided to the Board and community on the 2020-21 budget:
  - June 30 Budget Adoption
  - August 12 Update revenues based on Final State Budget
  - September 9 Update beginning balances based on closing the books for 2019-20
  - September 17 Budget Advisory Committee (BAC) – 2019-20 Closing & Budget Basics
  - September 30 Learning Continuity Plan reviewed and adopted by Board
  - October 14 October Budget Update to Board
  - October 15 BAC - Revenues
  - November 5 BAC - Expenditures
  - December 10 BAC – 2020-21 Budget Update & MYP
  - December 15 1<sup>st</sup> Period Interim
  - January 27 Update on Governor’s Budget Proposal
  - January 28 BAC - Update on Governor’s Budget Proposal