



PIEDMONT UNIFIED SCHOOL DISTRICT

2019-20 1st INTERIM REPORT

Board of Education

December 11, 2019

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 projection is that the District expects to meet all financial obligations, including the requirement for a 3% reserve.
- o The projections for 2020-21 and 2021-22 are significantly improved with 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 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

- o The 2019-20 Budget was adopted in June 2019 and will be revised throughout the year.
- o 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



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)	7

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 revenues from PEF	(300,000)
1X - Pre-school funds from State	(90,010)
PORTION OF DEFICIT THAT IS ONGOING:	\$(364,858)

Salary Settlements

- o On December 3, the Board approved salary settlements with all three bargaining units.
 - o APT (Associated Piedmont Teachers) – 2% raise, retroactive to July 1, 2019. Also, a \$1,000 stipend for Nat'l Cert. Psychologists.
 - o 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.
 - o APSA (Administrators/Confidential) – 1% raise in addition to the \$686 equity raise already in place for 2019-20.
- o 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: BAC Meeting
 * Second Interim Report presented
- * Board Action or Review

Acknowledgments

Thank you to the Business Services Team!

Suzanne Binder

Upexa Captan

Philip Chang

Cherrie Deangkinay

Cheryl Kaiser

Julie Kim

Kim Randlett

Terra Salazar

Cindy Sivilaythong

Jennifer Stahl