

PIEDMONT UNIFIED SCHOOL DISTRICT

M E M O R A N D U M

TO: Piedmont Unified School District Board of Education

FROM: Ruth Alahydroian, Chief Business Officer
Denise Mandap, Fiscal Services Manager

DATE: September 11, 2024

SUBJECT: APPROVE THE 2023-24 UNAUDITED ACTUALS FOR ALL THE FUNDS OPERATED BY THE DISTRICT: GENERAL FUND; STUDENT ACTIVITIES; ADULT EDUCATION; CAFETERIA; DEFERRED MAINTENANCE; SPECIAL RESERVE/NODA; STATE SCHOOL FACILITIES FUND; CAPITAL FACILITIES; BOND INTEREST AND REDEMPTION FUND; AND AUTHORIZE APPROPRIATE BUDGET TRANSFERS

PURPOSE:

Review and approval of the unaudited financial statements of the Piedmont Unified School District for the fiscal year ended June 30, 2024. The financial results for the 2023-24 Fiscal Year are presented to the Board for approval before submission to the County Office of Education by September 15.

BACKGROUND:

Education Code Section 42100 requires that each governing board approve and submit the Unaudited Actuals (“UA”) and Gann Limit Resolution to the county office on or before September 15.

The 2023-24 UA compiles all actual fiscal transactions of the Piedmont Unified School District and presents the District’s financial position for the period July 1, 2023, through June 30, 2024. The UA is submitted to the Alameda County Office of Education (ACOE), and through them, to the California Department of Education (CDE). The District’s auditors, Christy White Associates Inc., will audit the UA to prepare the audited financials by December 2024. The UA and the audited financials are the only comprehensive financial documents submitted to CDE.

SUMMARY:

The ending fund balance represents the amount left in each fund after all revenues and expenditures have been recorded. It represents the bottom line in financial reporting. The following table provides the ending fund balance for each fund.

ALL FUNDS – ENDING FUND BALANCES		
Fund #	Fund Name	Ending Fund Balance as of June 30, 2024
0	General	\$4,527,289
08	Student Activities	279,946
11	Adult Education	33,679
13	Cafeteria	78,139
14	Deferred Maintenance	272,432
17 Noda	Special Reserve – Noda	109,068
35	State Schools Facilities	5,765,997
40	Special Res for Capital Facilities	167,910
51	Bond Interest & Redemption	11,744,104
	TOTAL ALL FUNDS	\$22,978,564

As noted in the table above, the 2023-24 General Fund Ending Fund Balance is **\$4,527,289**. The General Fund ending balance is further designated as follows:

DETAILS OF GENERAL FUND ENDING BALANCE	
<u>Restricted or Unavailable:</u>	
Revolving Cash	\$44,000
Restricted	1,037,656
Required Reserves (3%)	1,551,780
Held for specific uses	1,078,389
Remaining Reserve	<u>815,464</u>
TOTAL GENERAL FUND ENDING BALANCE	\$4,527,289

DETAILED ATTACHMENTS PROVIDED:

Attached to this memo are several tables that provide summarized information for the General Fund and each of the other funds of the District. The tables are described below. The document that will be submitted to the Alameda County Office of Education and ultimately to the State is the Standardized Account Code Structure (SACS) Report.

Multiyear Comparisons: To provide historical context, a multiyear comparison table has been prepared for each fund. Each table compares UA information from 2019-20, 2020-21, 2021-22, 2022–23 and 2023-24. For the General Fund, the information in the multiyear comparison table is also provided in bar graph form, with a separate graph for revenues and for expenditures.

Progression through the year: For the General Fund, the progression from Adopted Budget to Unaudited Actuals for 2023-24 is provided in a separate table. The eight labeled columns show the budget as it was presented to the Board from Adoption to the Unaudited Actuals. The ninth column calculates the difference between the Adopted Budget and the Unaudited Actuals.

The last column shows the difference as a percentage of total revenues or expenditures, to put the dollar amount in perspective.

2024-25 Budget: The 2024-25 Budget, where provided in these documents, is the Adopted Budget as approved by the Board on June 26, 2024. Subsequent changes that are the result of the final State budget, as presented on August 9 are not shown here as the SACS software only loads the Adopted Budget. The working budget will be revised to incorporate the final State budget, carryover from 2023-24, enrollment changes and staffing adjustments over the next weeks. An updated 2024-25 Budget will be shared with the Board in October to provide a more complete update and multiyear projections prior to the official First Interim report in December.

ANALYSIS:

General Fund (Fund 01): The General Fund is the most significant of the funds because it represents the day-to-day operations of the District. Revenues in the General Fund are from several sources: Local Control Funding Formula (LCFF), which includes both State aid and local property taxes; Federal funds such as IDEA funding for special education; other State funds such as lottery, mandated costs reimbursements, and the STRS on-behalf revenues; and local revenues including Parcel Tax Measures G & H, Piedmont Education Foundation (PEF) donations, and parent and support group donations.

Revenues

Revenues increased by \$2,157,025 from the Adopted Budget in June 2023 to the final UA in September 2024. Explanations for significant changes in revenues are as follows:

- **State revenues - \$604K** increase from the original budget. The following are the significant changes:
 - **\$264K** - Proposition 28 Arts and Music Education grant. This had not been included in the original budget. The funds were not spent and are held in the restricted fund balance.
 - **\$147K** - Lottery revenues. The budget was updated when the State updated the projections; the biggest increase came after the 4th Qtr information was released (July 2024).
 - **\$97K** - Classified Employees Summer Assistance Program (CESAP) - this program is a straight pass-through to qualifying classified employees. It is not incorporated into the budget until closing, when the corresponding expenditures are also recorded.
 - **\$75K** - Expanded Learning Opportunity Program (ELOP) - ongoing grant that has significant requirements attached to provide additional school time for students. These funds are being held in the Restricted fund balance.
- **Local Revenue - overall increase of \$1,264K.** The following local sources were increased or added after the original budget was adopted:
 - **\$163K** - additional facility rental income
 - **\$130K** - City of Piedmont (per agreement for cost of 1 FTE teacher)
 - **\$124K** - additional interest earnings
 - **\$35K** - additional parcel tax collections
 - The bulk of the additional local revenues were for specific purposes and are offset by related expenditures:
 - **\$238K** - PHS from fees and donations, including:
 - \$124K from parent contributions for AP exams offset by the cost of the exams.

- \$41K from parent and community donations for the performing arts program. Any funds not spent are carried over for the programs to spend in 2024-25.
 - \$73K from parent and community donations for other specific departments or programs.
 - **\$89K** - PMS over the budgeted estimate for donations
 - **\$71K** - Beach, Havens, Wildwood parents clubs' contributions over budgeted amounts
 - **\$86K** CalESCE Grant to cover .4 FTE for Exemplar teacher
 - **\$50K** - contributions for the Wellness Center to pay interns
 - **\$47K** - summer adventures to cover costs of program
 - **\$38K** - PEF contribution to reduce class sizes by adding 2 sections at PHS
 - **\$12K** - Spring Fling funds above original estimate to be used for counseling and library aides at elementaries (over 2 years)
 - **\$11K** - PEF contribution for SPED
 - Various other contributions from local sources to support specific work throughout the District. Any such revenues left unspent in 2023-24 will be available to site managers to spend in 2024-25 and are set-aside in the Ending Fund Balance.
- **Special Education** funds through our SELPA increased by **\$157K** from the reimbursement by the State for extraordinary costs.

Expenditures

Expenditures increased by \$1,377,414 from the Adopted Budget in June 2023 to the UA in September 2024. The significant changes in expenditures were as follows:

- **Certificated salaries** increased by **\$846K**. This represents the 3% increase in salaries and the one-time payment in lieu of an increase to health benefits (Jan-June).
- **Classified salaries** increased by **\$254K**. This represents the 3% increase in salaries and two one-time bonuses - \$400 and \$800 per FTE.
- **Employee benefits** decreased by **\$294K**. This is a net decrease but represents both the increase linked to the salary increases and health benefit increases (for CSEA), and a decrease recognized early in the year as health and other benefits linked to vacancies were identified and reduced.
- **Books and Supplies** increased by a net **\$142K** over the course of the year. This is the result of the increase in local revenues for specific purchases (see Local Revenues above).
- **Services and Operating Expenses** increased by **\$583K** over the course of the year. The major increases were as follows:
 - **\$256K** in various professional services tied to the donations (see Local Revenues above) received during the year.
 - **\$116K** for on-line subscription portion of new curriculum - not in original budget; purchased after lottery revenues from prior year were increased.
 - **\$86K** increase in legal costs
 - **\$57K** unexpected pool rental
 - **\$35K** increase in costs for crossing guards
 - **\$32K** increase in insurance costs
 - Unlike last year, SPED contracts and utilities came in within the budget.

Changes in Ending Fund Balance:

- The net **increase of \$1.6M** to the Ending Fund Balance can be attributed to the increase in the beginning balance (2022-23 ending balance) and the net positive difference between revenues and expenditures.
- The District is able to meet the requirement to reserve the equivalent of **3%** of expenditures for economic uncertainty.
- The ending balance of **\$3,549,277**, is comprised of:
 - **\$1,551,780** - 3% Required Reserve
 - **\$1,037,656** Legally restricted funds
 - **\$44,000** - Revolving cash
 - **\$449,663** - Hold as carryover of donations/unspent site funds
 - **\$528,726** - Hold for negotiated increases to District's contribution to health benefits in 2024-25 (not yet incorporated into 2024-25 budget)
 - **\$100,000** - Hold for Fund 11 & Fund 13
 - **\$815,464** - Remaining funds will be set-aside to support the budget for 2024-25 and for other Board priorities.

OTHER FUNDS:

The District maintains other funds to track revenues that are restricted for specific purposes and are required to be held in separate funds.

Student Activities Special Revenue Fund (Fund 8): The Student Activities Fund separately tracks the financial activities and the account balances of the associated student body (ASB) organizations within the District. Each ASB maintains its own records of income, expense, and account balances. The aggregate activity and balances are recorded in Fund 8. The combined balance for the PMS, MHS and PHS ASB's is **\$279,946**.

Adult Education (Fund 11): The Adult Education Fund is used to account separately for state and local revenues for adult education programs. Piedmont USD's Adult Ed program offers both State-funded courses such as diploma completion, and fee-based classes, such as flower-arranging. The sources of revenue are State funds through the Adult Education Block Grant, and local funds through fees and donations. The fund ends the year with a balance of **\$33,679**.

During COVID and for a few years since, the expenses for the fee-based Adult Education program were greater than the revenues. Changes have been made to the class fee structure to ensure better alignment. In 2023-24, the fees collected covered the costs of the program and resulted in a surplus for the year. The District will continue to review the status of this program regularly to ensure the programs offered are meeting the needs of the community.

Cafeteria Fund (Fund 13): The Cafeteria Fund is used to separately account for federal, state and local resources used to operate the food service program. The District provides free breakfast and lunch to all students. Elementary students are served meals prepared by a local vendor. Secondary meals are prepared on-site. The program is not yet completely self-sufficient. With two years of experience, and fully staffed, the expectation is that we can continue to fine-tune the offerings to ensure the highest possible participation rates, contain costs by streamlining purchases, and expand revenue opportunities by selling healthy snacks. The ending balance is **\$78,139**.

Deferred Maintenance (Fund 14): The Deferred Maintenance Fund was originally established to account separately for State funds and the District match used for major school building repair projects such as roofing, paving, electrical and plumbing. The State suspended payments toward Deferred Maintenance in 2013 and no longer funds deferred maintenance separately from LCFF. The District continues to contribute to Fund 14 to allow separate tracking of certain expenditures related to facilities maintenance and repair. In 2023-24, the District received a grant from the State to test and update ventilation systems throughout the District. The revenue and expenditures for the CalSHAPE grant are shown in Fund 14. The ending balance in the fund is **\$272,432**.

Special Reserve Fund – NODA (Fund 17): The NODA fund was established as an endowment to support the Visual Arts Program in grades 6 through 12. The interest earned on the endowment is recorded as income. Any amount exceeding the base endowment of \$100,000 can be spent as a grant towards visual and performing arts. The District solicited proposals from art teachers for 2023-24 and granted \$3,141 for proposed purchases. The ending balance is **\$109,068**.

State Schools Facilities Fund (Fund 35): The State Schools Facilities Fund is required to account separately for the State matching funds for school facilities modernization and construction received by the District. The costs of Witter Field renovations were paid from this Fund. The ending balance is **\$5,765,997**.

The projects completed this summer (new roofs and HVAC systems) will be paid from this balance. In addition, the loan to complete the Alan Harvey Theater will be repaid from the remaining funds.

Capital Facilities Fund (Fund 40): The Capital Facilities Fund is used to account for facilities projects that are not part of the construction projects funded by general obligation bonds or the State facilities program. Several projects have been funded through Fund 40 during 2023-24: at PMS the sports courts were resurfaced and restriped with a grant from the City of Piedmont (summer 2023); at Beach the play structures were replaced with a grant from the Beach Parents Club; and at Witter Field a new scoreboard was installed and the weight room was completely remodeled with donations from Boosters and other community donors. The ending balance is **\$167,910**.

Bond Interest and Redemption Fund (Fund 51): The Bond Interest and Redemption Fund is managed by the County and is used to account for bond repayment activities. The Alameda County Auditor determines the amount of tax to be collected every year. The County Treasurer/Tax Collector deposits tax collections to Fund 51 and makes payments to bond holders directly from the Fund.

RECOMMENDATION:

Approve the 2023-24 Unaudited Actuals for all the funds operated by the District and authorize appropriate budget transfers.