

PIEDMONT UNIFIED SCHOOL
DISTRICT

2020-21 1st INTERIM REPORT

Board of Education

12/15/2020

Agenda

- o 1st Interim Report – 2020-21 Budget Update
- o Focus on Measure H and COVID spending
- o Economy and State Revenues - Update
- o Multiyear Projections
- o Other items of note:
 - o Other Funds
 - o Cash flow
 - o LCFF Budget Overview for Parents

Budget Progress Updates

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

Required Reports

- o The District is required to adopt a budget and provide updates to the Alameda County Office of Education (ACOE) by:

- | | |
|-----------------|--|
| o July 1 | Adopt a budget |
| → o December 15 | 1 st Period Interim to ACOE |
| o March 15 | 2 nd Period Interim to ACOE |
| o June 30 | Estimated Actuals |
| o September 15 | Unaudited Actuals |

Headlines

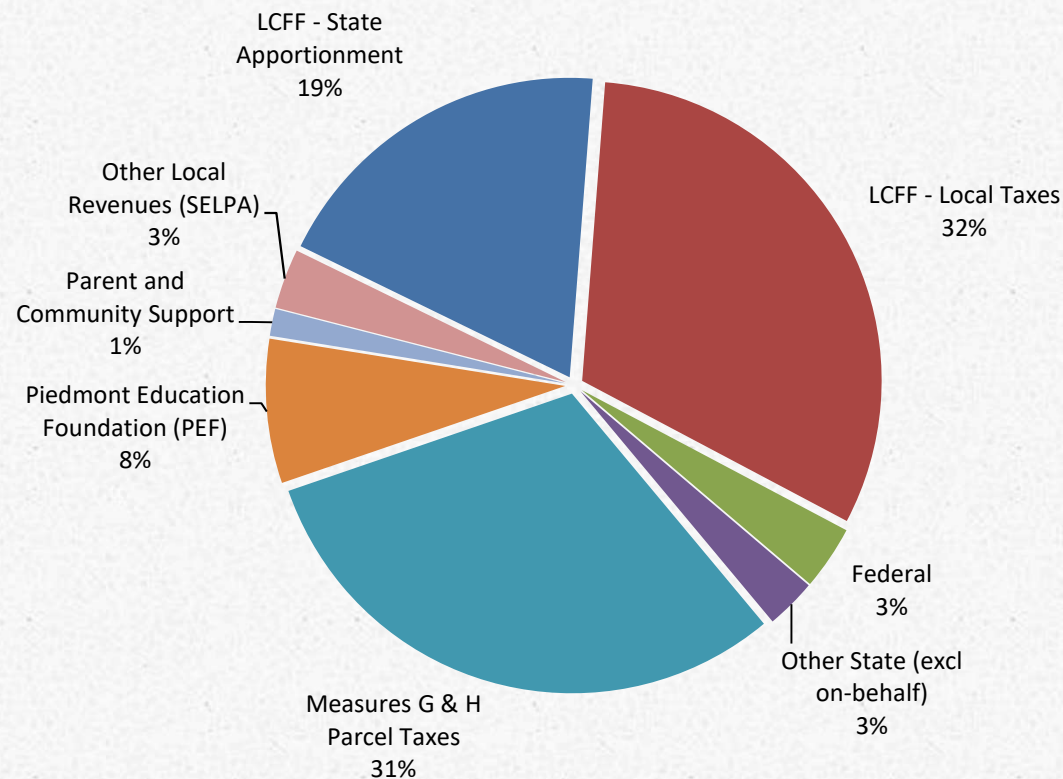
- o For 2020-21, the projection is that the District expects to meet all financial obligations, including the requirement for a 3% reserve.
- o The projections for the next 2 years assume no increase in funding from the State and a continued decline in enrollment.
- o The District is protected from the enrollment decline next year, but will need to significantly rightsize and adjust spending in 2022-23.
- o Additional funding for COVID expenses has made a significant impact on the District's ability to respond.

What is a Positive Certification?

- 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.

Revenues

72% of revenues are from local sources.



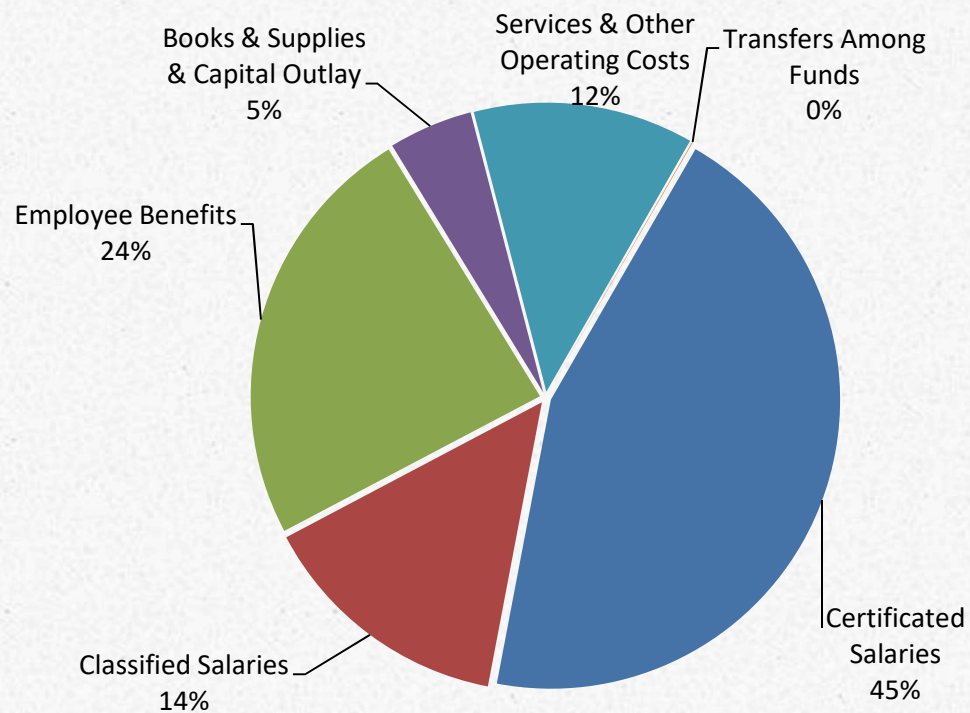
2020-21 Changes in Revenue

- 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.
- Only significant change is the loss of \$33K in Federal Title 1 resources due to poverty level under 2%.

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	Revised Budget 12/15/2020
Original Revenues	\$42.95					\$42.95
LCFF - COLA at 0%		\$1.73				\$1.73
Federal - LLM		\$0.84				\$0.84
State - LLM		\$0.19				\$0.19
Federal - Title 1					-\$0.03	-\$0.03
Local - Adjustment					-\$0.02	-\$0.02
New Total Revenues	\$42.95	\$2.76	\$0.00	\$0.00	-\$0.05	\$45.66

Expenditures

83% of expenditures are salaries and benefits.



2020-21 Changes to Expenditures

- o The table below shows the adjustments to expenditures over the past 5 months.
- o The two major adjustments are the incorporation of the salary increase and the expenditures related to COVID.

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	Revised Budget 12/15/2020
Original Expenditures	\$41.76					\$41.76
Certificated Salary - New/Adj/Raise		\$0.82			-\$0.20	\$0.62
Classified Salary Adj/Raise		\$0.19			\$0.15	\$0.34
Benefits - Due to Raise, Add'l Staff, Adjmts		\$0.22			-\$0.10	\$0.11
Carryover/Prior year funds			\$0.68			\$0.68
LLM Funds (COVID Relief)				\$1.03	-\$0.04	\$0.99
New Total Expenditures	\$41.76	\$1.23	\$0.68	\$1.03	-\$0.19	\$44.51

Net Change to Fund Balance

FUND BALANCE \$ 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	Revised Budget 12/15/2020
Beg. FB	\$1.73		\$1.00			\$2.73
Revenues	\$42.95	\$2.76			-\$0.05	\$45.66
Expenditures	\$41.76	\$1.23	\$0.68	\$1.03	-\$0.19	\$44.51
Ending FB	\$2.93	\$1.53	\$0.32	-\$1.03	\$0.14	\$3.88
Cash/Restricted	\$0.03		\$0.12		\$0.01	\$0.16
Committed (MeasH)	\$1.34				-\$0.11	\$1.23
Other Designations			\$0.38			\$0.38
3% Reserve	\$1.25	\$0.04	\$0.03	\$0.02	-\$0.01	\$1.34
Above (Below) Reserve	\$0.30	\$1.49	-\$0.21	-\$1.05	\$0.24	\$0.77

Summary of General Fund Results

- Revenues are currently projected to be \$63K less than the October estimate.
- Expenditures are currently projected to be \$191K less than the October estimate.
- As of the 1st Interim, the net difference between revenues and expenditures is \$1,144,899.
- As of the 1st Interim, the Ending Fund Balance is \$3,878,698, which includes the 3% reserve, set-aside Measure H funds, and additional designations.

Measure H Funds

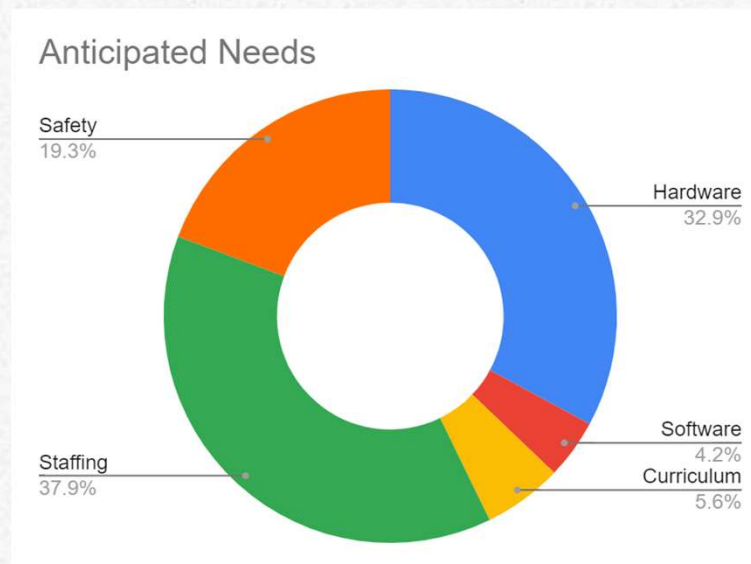
- Measure H funds have been obligated as follows:

MEASURE H - 2020-21 1st Interim	
Revenues (projected):	\$2,587,399
Expenditures:	
<i>Salaries & Benefits</i>	
APT - 3.5%	\$653,888
APT - 3 Add'l Days	302,960
CSEA - 3.5%	233,857
CSEA - Set-aside in lieu of 3 days	88,268
APSA - 3.5%	84,173
APSA - 3 Add'l Days	<u>33,359</u>
	\$ 1,396,505
<i>Fees for Tax Collection</i>	
County Fees for collection	\$38,916
Parcel Tax Consultant	<u>8,000</u>
	\$46,916
Remaining Balance	\$1,143,978

COVID Spending

- COVID-related needs have been identified and substantially met thanks to the additional COVID and LLM funds provided by the State and PEF.

	Anticipated Need	Spent So Far 12/15/20
Hardware	\$573,637	\$397,699
Software	\$74,050	\$57,646
Curriculum	\$98,287	\$104,890
Staffing	\$661,484	\$397,996
Safety	\$336,680	\$198,417
Total	\$1,744,138	\$1,156,647



News on State Revenues

- o State revenues are based on three sources:
 - o Personal Income Taxes, including Capital Gains – higher than expected.
 - o Sales Taxes – higher than expected
 - o Corporate Taxes – higher than expected
- o “Wind-fall” of \$26 billion - Think of this as one-time funds
 - o About $\frac{1}{2}$ of that is owed to schools
 - o Most likely will be used to fill the debt to schools created by deferrals.
- o 2021-22 Revenues:
 - o Any COLA for 2021-22 will depend on what can be identified as on-going revenues.
 - o Economic forecasts are guesses right now.

Enrollment Projections

- Using 2020 Census Day Enrollment and projecting each class forward, the District is projected to decline by 126 students over the next two years.

Grades	2020-21	2021-22	2022-23
TK-5	974	960	946
6-8	586	525	499
9-12	<u>906</u>	<u>895</u>	<u>897</u>
	2,466	2,411	2,340
Loss from Prior Year	-101	-55	-71
Cumulative Loss		-156	-227

General Fund - Multiyear

o The following assumptions were used in the MYP:

Assumption	2020-21	2021-22	2022-23
Enrollment	2,466	2,411	2,340
Estimated ADA	2,396	2,344.03	2,275.01
ADA used for LCFF calculations	2,495.67	2,496.12	2,344.03
Cost of Living Increase (COLA) for LCFF per pupil funding	0%	0%	0%
COLA for increase in other State revenues and various costs	0.98%	1.59%	1.87%
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	17.10%	16.15%	16.00%
PERS Rate	19.72%	20.70%	23.00%

General Fund - Multiyear

MULTIYEAR PROJECTIONS - 2020-21 October Update			
	2020-21	2021-22	2022-23
Total Revenues	\$ 45,655,335	\$ 44,224,307	\$ 43,185,556
Total Expenditures	44,510,436	43,964,761	43,761,496
Add'l Adjustments			(2,050,000)
Net Surplus (Deficit)	1,144,899	259,546	1,474,060
Beginning Balance	2,733,799	3,878,698	4,138,244
Ending Fund Balance	\$ 3,878,698	\$ 4,138,244	\$ 5,612,304
Required Reserve	1,335,313	1,318,943	1,251,345
Other Reserved Amts	164,891	25,000	25,000
Other Designations	1,146,248	-	-
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
Over (Under)	\$ -	\$ 3,572	\$ 1,281

Other Funds

- o Budgets in the other funds have been adjusted to correspond to current information. In particular:
 - o Fund 13 – Cafeteria Fund – the estimated revenues have been reduced, along with the estimated expenditures for food and supplies. Fortunately, the balance in the fund is sufficient to sustain the fixed costs.
 - o Fund 14 – Deferred Maintenance – the beginning fund balance is negative to reflect the loan due to the Cafeteria Fund for the VRF project. This was recorded when we closed the books,
 - o Fund 21 – Building Fund – the remaining costs associated with the STEAM and Theater buildings have been included, though a portion will roll into 2021-22.
 - o Fund 67 – Self Insurance – this fund is no longer used and a report is not provided. A separate resolution will be taken to the board to close out this fund.
- o The remaining funds had little to no other changes: Fund 11 (Adult Education), Fund 17 (Special Reserve); Fund 35 (County School Facilities); Fund 40 (Special Reserve for Capital Projects) and Fund 51 (Bond Interest and Redemption).

Other Funds Summary

Fund #	Fund Name	Beginning Balance	Revenues	Expenditures	Ending Fund Balance
11	Adult Education	\$293,176	\$500,993	\$583,859	\$210,310
13	Cafeteria	716,216	115,154	344,860	486,510
14	Deferred Maintenance	(163,159)	52,000	50,000	(161,159)
17	Special Reserve-Noda	108,179	3,500	-	111,679
21	Building Fund	22,253,820	10,500,000	32,584,287	169,533
35	State School Fac	3,653	77	-	3,730
40	Reserve-Cap Facilities	453,250	5,000	-	458,250
51	Bond Repayment	11,836,898	9,290,425	8,440,425	12,686,898
67	Self Insurance	-	-	-	-
		\$35,502,033	\$20,467,149	\$42,003,431	\$13,965,751

LCFF Overview

- o The Local Control Accountability Plan (LCAP) was replaced this year with the Learning Continuity Plan (LCP), which the Board approved on September 30, 2020.
- o Local Control Funding Formula (LCFF) revenues include a base funding level for each student, adjusted for grade level, and additional funding for students who are low-income, foster youth or English Learners.
- o The LCFF Overview is intended to provide basic budget information that is consistent across the state.

LCFF Overview, cont.

- o The main take-aways:
 - o Total LCFF Revenues for 2020-21 are \$21.7 million
 - o Of this, \$100K are generated by students who are low income, foster youth or English learners. This is the “Supplemental” funding.
 - o The District uses the supplemental funds to ensure training and availability of teachers to support English learners.
 - o The LCP included \$1.5 million in expenditures, including the LCFF Supplemental resources for teaching English Learners.

Next Steps

- December: BAC Review of 1st Interim
 * Board Action on 1st Interim
- January: 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: BAC Review of 2nd Interim
 * Board Action on 2nd Interim Report with updated
 MYP that serves as guide for 2021-22 Budget.

Acknowledgments

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