

PIEDMONT UNIFIED SCHOOL DISTRICT

2018-19 2nd INTERIM REPORT

Board of Education

3/13/2019

Budget Progress Updates

- o The following updates have been provided to the Board and community on the 2018-19 budget:
 - o June 27 Budget Adoption
 - o August 8 Update revenues based on Final State Budget
 - o September 12 Update beginning balances based on closing the books for 2017-18
 - o September 27 Budget Advisory Committee (BAC)–2017-18 Closing/Budget Basics
 - o October 17 BAC - Revenues
 - o October 24 October Budget Update to Board
 - o November 8 BAC - Expenditures
 - o December 6 BAC - 2018-19 Budget Update & MYP
 - o December 12 1st Period Interim
 - o January 23 Governor's Proposed Budget Update to Board
 - o January 24 BAC – 2019-20 Governor's Proposed Budget
 - o Jan & Feb Supt's Mtgs with Parent Groups and Staff on 2019-20 Budget

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 1st Period Interim to ACOE

- o **March 15 2nd Period Interim to ACOE**

Headlines

- o The District is recommending a “Positive” certification for the 2018-19 2nd Interim Report, indicating that the District expects to meet it’s financial obligations and maintain a minimum 3% reserve for this year and the subsequent 2 years.
- o To certify “Positive,” the board will need to make reductions for 2019-20 and 2020-21.
 - o \$1.2 Million has been identified for 2019-20. No lay-offs of tenured certificated staff will be required.
 - o \$460,000 in additional reductions will need to be determined by June of 2019 and incorporated no later than 2020-21.

What Does Certification Mean?

- 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.
- At the 1st and 2nd Interim Reporting Periods, the District must certify whether it's financial condition is:
 - Positive** – The District will meet it's financial obligations for the current and 2 subsequent years.
 - Qualified** – The District may not meet it's financial obligations for the current and 2 subsequent years.
 - Negative** – The District will not meet it's financial obligations for the current and 2 subsequent years.
- The ACOE requires the Board to take action (pass a resolution) to affirm their commitment to the reductions required in the MYP to meet the obligations in the 2 subsequent years.

2018-19 Budget Progression

- The 2018-19 Budget was adopted in June 2018 and is revised throughout the year.

Fund 1 - General Fund				
	Adopted Budget 6/27/18	1st Interim 12/12/18	2nd Interim 3/13/19	Difference Dec to Mar
Revenues				
LCFF	21,449,645	21,601,163	21,639,160	37,997
Parcel Tax	10,414,489	10,395,141	10,395,141	-
Other Local	3,992,547	3,880,588	4,128,959	248,371
Other State	2,847,097	2,680,413	2,778,642	98,229
All Other	1,803,746	1,948,056	1,952,891	4,835
Total Revenues	40,507,524	40,505,361	40,894,793	389,432
Expenditures				
Salaries & Benefits	35,146,784	35,019,913	34,809,055	(210,858)
Books & Supplies	1,343,122	1,612,941	1,760,683	147,742
Services/Other Oper.	4,056,804	4,786,884	5,107,257	320,373
Other	(95,000)	(95,000)	(95,000)	-
Total Expenditures	40,451,710	41,324,738	41,581,995	257,257
Net Surplus (Deficit)	55,814	(819,377)	(687,202)	132,175
Beginning Balance	1,467,125	2,038,836	2,024,602	(14,234)
Ending Balance	1,522,939	1,219,459	1,337,400	117,941

2018-19 General Fund Budget Progression - Summary

- Revenues are currently projected to be **\$389,432 more** than the 1st Interim estimate.
- Expenditures are currently projected to be **\$257,257 more** than the 1st Interim estimate.
- As of the 2nd Interim, the net difference is better than at 1st Interim, however the fund balance is still projected to **decrease by \$687,202**.
- As of the 2nd Interim, the Ending Fund Balance is **\$1,337,400** which is just over the required 3% reserve. It is 3.16%.

2018-19 General Fund Budget Progression - Revenues

- o The major differences in **revenues** since 1st Interim are:
 - o Additional local funds through Piedmont Store & ASB.
 - o Two State one-time restricted grants (Low Performing Student Block Grant and Classified Employee PD grant)

Fund 1 - General Fund				
	Adopted Budget 6/27/18	1st Interim 12/12/18	2nd Interim 3/13/19	Difference Dec. to Mar.
Revenues				
LCFF	21,449,645	21,601,163	21,639,160	37,997
Parcel Tax	10,414,489	10,395,141	10,395,141	-
Other Local	3,992,547	3,880,588	4,128,959	248,371
Other State	1,809,202	1,394,981	1,493,210	98,229
Other State - STRS Onbehalf	1,037,895	1,285,432	1,285,432	-
Transfers from SELPA	1,142,774	1,123,627	1,123,199	(428)
Federal	660,972	628,772	632,144	3,372
Transfer from Parcel Tax Reserve	-	195,657	197,548	1,891
Total Revenues	40,507,524	40,505,361	40,894,793	389,432

2018-19 General Fund Budget Progression - Expenditures

- o The major differences in expenditures were:
 - o Classified salaries were adjusted for positions not filled for the first ½ of the year and the budget for hourly costs was reduced based on expenditures to date and anticipated expenditures to the end of the year.
 - o Books & Supplies and Services were increased in line with revenues collected through ASB and Piedmont Store. Also, some one-time costs have come in higher than expected.

Fund 1 - General Fund				
Expenditures	Adopted Budget 6/27/18	1st Interim 12/12/18	2nd Interim 3/13/19	Difference Oct. to Dec.
Certificated Salaries	\$ 18,365,758	\$ 18,204,514	\$ 18,232,881	\$ 28,367
Classified Salaries	5,814,371	5,939,925	5,764,265	(175,660)
Benefits	9,928,760	9,590,042	9,526,477	(63,565)
STRS On-Behalf	1,037,895	1,285,432	1,285,432	-
Books & Supplies	1,343,122	1,612,941	1,760,683	147,742
Services/Other Oper.	4,056,804	4,786,884	5,107,257	320,373
Internal Transfers	(95,000)	(95,000)	(95,000)	-
Total Expenditures	\$ 40,451,710	\$ 41,324,738	\$ 41,581,995	\$ 257,257

2018-19 General Fund Budget Net Change to Fund Balance

	Adopted Budget 6/27/18	1 st Interim 12/12/18	2 nd Interim 3/13/19	Difference 1 st to 2 nd Interim
Beginning Fund Balance	\$1,467,125	\$2,038,836	\$2,024,602	(\$14,234)
Revenues	40,507,524	40,505,361	40,894,793	389,432
Expenditures	<u>40,451,710</u>	<u>41,324,738</u>	<u>41,581,995</u>	<u>257,257</u>
Ending Fund Balance	\$1,522,939	\$1,219,459	1,337,400	117,941
3% Reserve Rqmt.	\$1,213,551	\$1,239,742	1,247,460	7,718
Above (Below) Reserve	284,388	(45,283)	64,940	110,223

* Beginning balance was adjusted for federal revenue that has not been received yet.

General Fund - Multiyear

- o The District's expenditures have been growing at a faster pace than revenues, resulting in a shrinking fund balance.
- o The Multiyear Projections (MYP) in each interim report use the best assumptions available at the time to estimate revenues and expenditures over the next 2 years
- o The following assumptions were used in the 2nd Interim MYP:

Assumption	2018-19	2019-20	2020-21
Enrollment	2,599	2,542	2,502
Cost of Living Increase (COLA) for LCFF revenue (per pupil funding)	3.70%	3.46% ↑	2.86%
COLA for increase in other State revenues and various costs	2.71%	3.46% ↑	2.86%
Natural progression (Step & Column) in Employee Salaries	1.50%	1.50%	1.50%
STRS Rate	16.28%	17.10% ↓	18.10%
PERS Rate	18.06%	20.70%	23.40%



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General Fund – Multiyear From 1st Interim to 2nd Interim

MULTIYEAR PROJECTIONS 1 st Interim & Govnr's Proposed Budget			
	2018-19	2019-20	2020-21
<i>AT 1st INTERIM:</i>			
Over/(Under) Reserve Rqmt:	(45,283)	(1,913,989)	(4,356,407)
<i>GOVERNOR's BUDGET:</i>			
Increase in COLA		189,716	
Decrease in STRS costs		190,320	
<i>PEF FUNDRAISING:</i>		<u>300,000</u>	
		680,036	
<i>STILL NEED:</i>		(1,233,953)	

Board Resolution

- o The Alameda County Office of Education has requested a commitment from the PUSD Board regarding the multiyear budgets.
- o The Resolution before the Board recognizes that the 2019-20 Budget will incorporate the needed \$1.2 M in reductions:
 - o \$650,000 reduction in contracts – mostly SPED contracts and settlements that end this year.
 - o \$388,000 from 3.4 FTE Certificated reductions ($3.4/188 = 1.8\%$)
 - o \$68,400 from 0.6 FTE Administration reductions ($.6/14.5 = 4.1\%$)
 - o \$152,000 from 2.4 FTE Classified reductions ($2.4/125 = 1.9\%$)
- o Also, an additional \$460,000 must be identified by June 2019 for reductions to the 2020-21 Budget.

General Fund - Multiyear

MULTIYEAR PROJECTIONS – 2 nd Interim			
	2018-19	2019-20	2020-21
Total Revenues	\$40,894,793	41,264,279	41,694,144
Total Expenditures	41,581,995	41,268,235	41,748,823
Net Surplus (Deficit)	(687,202)	(3,956)	(54,679)
Beginning Balance	2,024,602	1,337,400	1,333,444
Ending Fund Balance	\$ 1,337,400	1,333,444	1,278,765
<i>Required Reserve</i>	<i>1,247,460</i>	<i>1,238,047</i>	<i>1,252,465</i>
Other Reserved Amts	25,000	25,000	25,000
Over / (Under)	64,940	70,397	1,301

Other Funds

- o No significant changes to budgets in the other funds (details are in board package). The activity and fund balances are summarized in the table below:

Fund #	Fund Name	Beginning Balance	Revenues	Expenditures	Ending Fund Balance
11	Adult Education	\$ 459,463	\$ 608,925	\$ 765,135	\$ 303,253
13	Cafeteria	535,652	905,110	808,638	632,124
14	Deferred Maintenance	208,612	22,685	41,209	190,088
17	Special Reserve-Noda	102,852	2,559	-	105,411
17	Special Reserve-Parcel	193,812	3,736	197,548	-
21	Building Fund	21,941,001	275,494	7,780,175	14,436,320
35	State School Fac	4,287	75	4,297	65
40	Reserve-Cap Facilities	447,920	75,800	292,177	231,543
67	Self Insurance	7,599	100	2,000	5,699
		\$23,901,198	\$1,894,484	\$ 9,891,179	\$ 15,904,503

Next Steps

- March: * Board takes action on resolution to recognize reductions needed for 2019-20 and 2020-21. BAC meets to review 2nd Interim & MYP
- April: Additional reductions discussed internally and with stakeholder groups.
LCAP updated.
BAC meets to review budget development.
- May: * Governor's May Revise provides updated information about State funds. Update provided to Board.
BAC reviews 2019-20 budget proposal.
- June: * LCAP and Budget reviewed by public and Board.

* Board Action or Review

Acknowledgments

Thank you to the Business Services Team!

Suzanne Binder

Michelle Nguyen

Philip Chang

Tina Quach

Cherrie Deangkinay

Kim Randlett

Julie Hollinger

Terra Salazar

and our newest member - **Cindy Sivilaythong**