

PIEDMONT UNIFIED SCHOOL DISTRICT

M E M O R A N D U M

TO: Board of Education

FROM: Jennifer Hawn, Ed.D., Superintendent
Ruth Alahydoian, Chief Business Officer
Denise Mandap, Fiscal Services Manager

DATE: March 12, 2025

RE: **REVIEW THE 2024-25 SECOND INTERIM FINANCIAL REPORT OF THE DISTRICT;
DETERMINE A *POSITIVE* CERTIFICATION SIGNIFYING THAT THE DISTRICT WILL
MEET ITS FINANCIAL OBLIGATIONS FOR THE CURRENT YEAR AND SUBSEQUENT
TWO FISCAL YEARS; AND AUTHORIZE APPROPRIATE BUDGET TRANSFERS**

I. SUMMARY

The Second Interim Report for Fiscal Year 2024-25 provides an update of actual expenditures and revenues through January 31, 2025, and a projection of the budget adjustments necessary to close out the fiscal year. The Second Interim also includes a multiyear projection (MYP) that shapes the budget development process for 2025-26.

The Board must certify the District's financial condition as Positive, Qualified or Negative, depending on whether the budget for the current year and the following two years shows that the District will, may not, or will not meet all of its financial obligations, including the required minimum reserve.

Based on the projections for expenditures through the end of the fiscal year and assumptions for future years described below (see MYP Projections), including the 4.5% salary increase for employees and the program enhancements authorized by the Board on February 7, all as a result of the passage of Measure P, the District will meet the 3% reserve in the current and two subsequent fiscal years. **As a result, we recommend that the Board certify the Second Interim report as "Positive".**

II. ATTACHED DOCUMENTATION

Attached to this memo are the following items that make-up this Board item:

- Second Interim Report in State Accounting Code (SACS) format (all funds and supporting documents are included)
- Graph and Table of Revenues of the General Fund
- Graph and Table of Expenditures of the General Fund
- Budget Comparison Table for the General Fund
- Multiyear Projections Table for the General Fund
- Summary Table for each fund

III. BACKGROUND

The Governing Board is required to certify the financial condition of the school district at two intervals during the school year, though the Board routinely reviews the budget more frequently. Per the requirements of AB 1200, the District declares its ability to meet its financial obligations through one of three self-certifications:

- *Positive* Certification means that the District believes it can meet its financial obligations for the remainder of the current fiscal year and subsequent two fiscal years;
- *Qualified* Certification indicates a district may not be able to meet its financial obligations in the current and two subsequent fiscal years;
- *Negative* Certification is used when a district will not be able to meet its financial obligations for the remainder of the current year nor for the subsequent two fiscal years.

The Second Interim Report provides projections for 2024-25 through 2026-27 based on conditions at this time. In compliance with Education Code EC 42131(a)(1) requirements, Assembly Bill (AB) 1200, and AB 2756, the Piedmont USD is recommending a **positive** certification for its 2024-25 Second Interim Report. After approval by the Board, the report will be submitted to the Alameda County Office of Education (ACOE) by March 17, 2025.

IV. 2024-25 BUDGET INFORMATION

The budget documents presented in this Second Interim report serve as a reflection of the District's goals and philosophy of providing a high-quality educational experience to the students of Piedmont. They reflect the tremendous support of the community by way of Parcel Taxes, the Piedmont Educational Foundation (PEF), and parent and community donations.

The General Fund is the primary fund for the District, from which most expenses are paid. Revenues and expenditures have been updated with information available through March 3, 2025, and reflect the District's best estimate for the 2024-25 school year.

The following information explains the differences between the First Interim and the Second Interim and accompanies the "General Fund Budget Comparison" table. For changes from

Budget Adoption to the First Interim, please see the First Interim Board Report from December 11, 2024.

Revenues: Since the district budget was adopted on June 26, 2024, revenues have been adjusted to reflect the actual State-adopted budget and other revenue adjustments. These changes were reviewed with the Board on September 11, October 9, and December 11. The net increase in revenues from First Interim is **\$580,307** with the major adjustments as follows:

- **LCFF Funding – \$88,086** increase due to actual P-1 Average Daily Attendance reporting
- **Federal Funding - \$2,500** – Title IV allocation
- **State Funding – (\$351)** slight reduction to Prop 28 allocation
- **Local Funding – \$490,072** increase based on actual grants and donations that are only included in the budget after funds are received. The major changes are as follows:
 - **\$207 K** Rebate to offset to electric truck purchase
 - **\$124 K** for AP/SAT Exams
 - **\$41 K** Turkey Trot donation for track & cross country
 - **\$36 K** Donations from parents to PHS programs
 - **\$32 K** Piedmont Baseball & Softball Foundation (PBSF) grants
 - **\$26 K** Makers Grants for 2024-25
 - **\$21 K** Donations from parents to PMS programs
 - **\$11 K** Inclusive Pre-School tuition
 - **(\$33 K)** Reduction to CALESCE grant
 - **\$25 K** Total of multiple smaller donations and grants from local sources

Expenditures: Since the budget was adopted on June 26, 2024, expenditures have been adjusted to reflect actual and anticipated expenditures and commitments. The net increase in expenditures from First Interim is **\$304,033**. The major differences in expenditures are as follows:

- **Salaries – (\$161,514)** decrease due to reducing the budget for vacant positions
- **Benefits – (\$87,158)** decrease due to reducing vacancies
- **Books & Supplies – \$342,345** net increase in expenses tied to local funds listed above and prior year Prop 28 funds, primarily as follows:
 - **\$122 K** for AP/SAT Exams
 - **\$98** arts and music materials purchased using 2023-24 **K** Prop 28 funds
 - **\$31 K** Makers grants to teachers
 - **\$23 K** Dugout improvements
 - **\$24 K** increase in maintenance related costs (from RRMA restricted balance)
 - **\$19 K** for cross country team expenses (from Turkey Trot funds)
 - **\$17 K** for PMS departmental purchases (from parent funding)

- **\$15 K** for PHS departmental purchases from (parent funding)
- **Other Professional Services – (\$88,429)** net decrease in contracts and services with the major changes as follows:
 - **\$78 K** increase in maintenance expenditures (from RRMA restricted balance)
 - **\$21 K** for PHS departmental purchases
 - **\$10 K** for Wellness Center interns
 - **(\$219 K)** decrease to SPED budget for legal costs, settlements, and other contracts based on confirmed needs through the end of the year.
- **Capital Outlay - \$298,789** increase in capital expenses:
 - **\$255 K** – electric truck, offset by rebate (\$207 K – see local funds above)
 - **\$40 K** – Binks Gym sound system upgrade

Fund Balance: The Ending Fund Balance, the amount remaining in the District’s General Fund at the end of the year, is projected to be **\$3,979,539**, of which \$672,630 is restricted. The total unrestricted balance is \$3,306,909. Included in the unrestricted balance is:

- **\$1,640,000** – Reserve for Economic Uncertainties
- **\$175,000** – Adult Ed and Cafeteria Fund support; additional required amount for RRMA
- **\$44,000** – Revolving cash
- **\$1,447,910** – Unassigned; for 2025-26 and future priorities

V. MULTIYEAR PROJECTIONS (MYP)

The Second Interim Report includes multiyear projections (MYP) for two additional years – 2025-26 and 2026-27. The MYP is built on the current year budget, with adjustments for any known changes, including eliminating one-time expenditures in the current year from the subsequent year budget. The following assumptions were used:

Assumption	2024-25	2025-26	2026-27
Enrollment	2,455	2,455	2,456
ADA used for LCFF calculations	2,372.93	2,371.07	2,356.66
Cost of Living Increase (COLA) for LCFF & Other State funding	1.07%	2.43%	3.52%
Consumer Price Index (CPI) used for increase in other costs	N.A.	2.86%	2.81%
COLA for Measure G	2.00%	2.00%	2.00%
Natural progression (Step & Column) in Employee Salaries	Cert: actuals Class: actuals	Cert: 1.15% Class: 1.00%	Cert: 1.15% Class: 1.00%
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	27.05%	27.40%	27.50%

Other assumptions in the MYP are:

Revenues:

- Enrollment is expected to stay the same as 2024-25, which will require at least 71 new students in grades 1-12, in addition to new TK and K students.
- All ongoing state funds are increased by the COLA.
- Piedmont Education Foundation has committed \$3.7 million in base grant and \$25,000 for PD from the Pamela Rafanelli bequest for next year. The same grants are also assumed for 2026-27.

Expenditures:

- Salaries are increased by 4.5% thanks to the passage of Measure P.
- Performing arts, world language, Advanced Placement, and Career-Tech Ed courses are in the planning stages. As a placeholder, 4.4 teacher FTE has been added to salaries and benefits.
- The extra .72 FTE added for elementary counselors paid from Spring Fling funds from 2023 will be reduced as the funds have been spent down.
- Special Education program changes will add 2.4 FTE in salaries and benefits.
- All one-time expenditures in 2024-25, including the one-time expenditure of carryover revenues from the prior year, are not included in ongoing expenditures.

Ending Balance:

- The ending balance includes the unrestricted funds that are available for future Board priorities, including increases to employee compensation.

VI. STATUS OF OTHER FUNDS

In addition to the General Fund, the District also maintains eight other funds to track restricted revenues and the associated expenses. Reports are provided for each of the funds in the Standardized Account Code Structures (SACS) format required by the State of California and in a one-page table in the attachments. The table below summarizes the SACS reports, noting the beginning balances, revenues, expenditures and ending fund balances for other funds.

Fund #	Fund Name	Beginning Balance	Revenues	Expenditures	Ending Fund Balance
08	ASB Fund	\$ 279,946	\$ 301,606	\$ 439,719	\$ 141,833
11	Adult Education	\$ 33,679	\$ 625,810	\$ 634,250	\$ 25,239
13	Cafeteria	78,139	1,739,178	1,692,025	125,292
14	Deferred Maintenance	272,432	227,770	339,197	161,005
17	Special Reserve-Noda	109,068	1,500	8,500	102,068
35	State School Fac	5,765,998	50,000	2,955,298	2,860,700
40	Reserve-Cap Facilities	167,911	2,000	-	169,911
51	Bond Repayment	11,744,103	8,700,752	7,233,594	13,211,261
		\$ 18,451,276	\$ 11,648,616	\$ 13,302,583	\$ 16,797,309

VII. RECOMMENDATION: APPROVE A POSITIVE CERTIFICATION OF THE 2024-25 SECOND INTERIM FINANCIAL REPORT AND AUTHORIZE APPROPRIATE BUDGET TRANSFERS.

Upon review of the 2024-25 PUSD Second Interim Report, approve a *Positive* certification of the District's ability to address and meet its financial obligations for the current year and subsequent two years and authorize all budget transfers as required.