PIEDMONT UNIFIED SCHOOL DISTRICT

2020-21

Budget Advisory Committee

September 17, 2020

Agenda

- Introductions
- 2019-20 Results
- Impact on 2020-21
- 2020-21 Budget Calendar & 2021-22 Budget Development
- Adjourn

Acknowledgments

Thank you to the Business Services Team who have continued to do their jobs working alone from home at their kitchen tables with no reduction to what they need to do or when it must be completed.

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Purpose of BAC

- The Budget Advisory Committee is a standing committee with representatives from all stakeholders in the District.
- Its purpose is to:
  - review the District's Budget,
  - share the information with constituent groups, and
  - generate recommendations for Board consideration in the budget development process.
- The BAC is a vehicle to disseminate information to as many parents, students, staff and community members as possible.

Purpose of Today's Meeting

- Overview of 2019-20 financial results with the objective of answering the following questions:
  - How did actual revenues compare to expectations?
  - How did actual expenditures compare to expectations?
  - How will the results from 2019-20 affect the budget for 2020-21?
- Discuss budget calendar for this year (2020-21) and next (2021-22).

School District Financial Reports

- California public school districts are required to report financial data:
  - Following the California School Accounting Manual (**CSAM**),
  - Using the "Standardized Account Code Structure" (**SACS**),
  - To the County Office of Education by specific dates:
    - **Adopted Budget** by July 1
    - **1st Interim** by Dec 15 for actuals thru Oct 31
    - **2nd Interim** by March 15 for actuals thru Jan 31
    - **Estimated Actuals** with next year's budget
    - **Unaudited Actuals** by Sept 15 for actuals thru June 30
    - **Audit** by December 15 to CDE; by January 30 to Board

Budget Terminology

- **Budget** – *Plan* of how financial resources will be spent. Indicates priorities and estimates.
- **Budget authority** – spending approved by board and allocated to a budget code that indicates goal, function, spending type, etc.
- **Ongoing**– funding or spending that is expected to continue indefinitely.
- **One-time** – funding or spending for which there is no ongoing commitment.

District Basics

- # of School Sites: 6
- # of Students (Enrollment) 19-20: 2,539
- Attendance as % of Enrollment; 97%
- # of Employees: 348
- # of Full-Time Equivalents (FTE): 332.1

2019-20 Financial Results

(2019-20 Unaudited Actuals)

What's an Unaudited Actual?

- Once the fiscal year ends – June 30 – the fiscal team starts the process to close the books and confirms:
  - All revenues due in 2019-20 have been received or accrued and properly recorded;
  - All expenses related to 2019-20 have been paid or accrued and properly recorded;
  - Required reports are prepared for County, State, and Federal oversight agencies.
- The end result is the Fiscal Year "Actuals" and because they haven't been audited yet, they are the "Unaudited Actuals".

Headlines

- Year-end expenses were less than anticipated due to reduced spending on materials and supplies and unfilled vacancies from mid-year retirements.
- The minimum 3% reserve has been met, with additional resources available for one-time expenses.
- Four purchases/investments were financed during 2019-20:
  - Maintenance truck
  - Computer storage array servers
  - VRF at Havens
  - Renovations to 20's & 30's buildings at PHS.

Funds

- The General Fund is where the day-to-day operations of the District are recorded. Revenues from the Local Control Funding Formula (LCFF), other state and federal programs, the Measure A Parcel Tax, the Piedmont Education Foundation (PEF) donation, and other support group donations are recorded and spent.
- The Other Funds are restricted either by Board Board or by the revenue source.

Overall Picture

- The District ended the year with $38.2 million in all funds, including $22.3 million in the Building Fund (H1 Bond), $2.7 million in the General Fund, and $13.2 million in the other funds combined.

Fund #	Fund Name	Ending Fund Balance as of June 30, 2020
1	**General**	**$2,733,306**
11	Adult Education	293,175
13	Cafeteria	716,216
14	Deferred Maintenance	(163,159)
17 Noda	Special Reserve – Noda	108,179
21	**Building**	**22,253,819**
35	State Schools Facilities	3,653
40	Special Res for Capital Facilities	453,250
51	Bond Interest & Redemption	11,836,897
67	Self Insurance	0
	TOTAL ALL FUNDS	**$38,235,336**

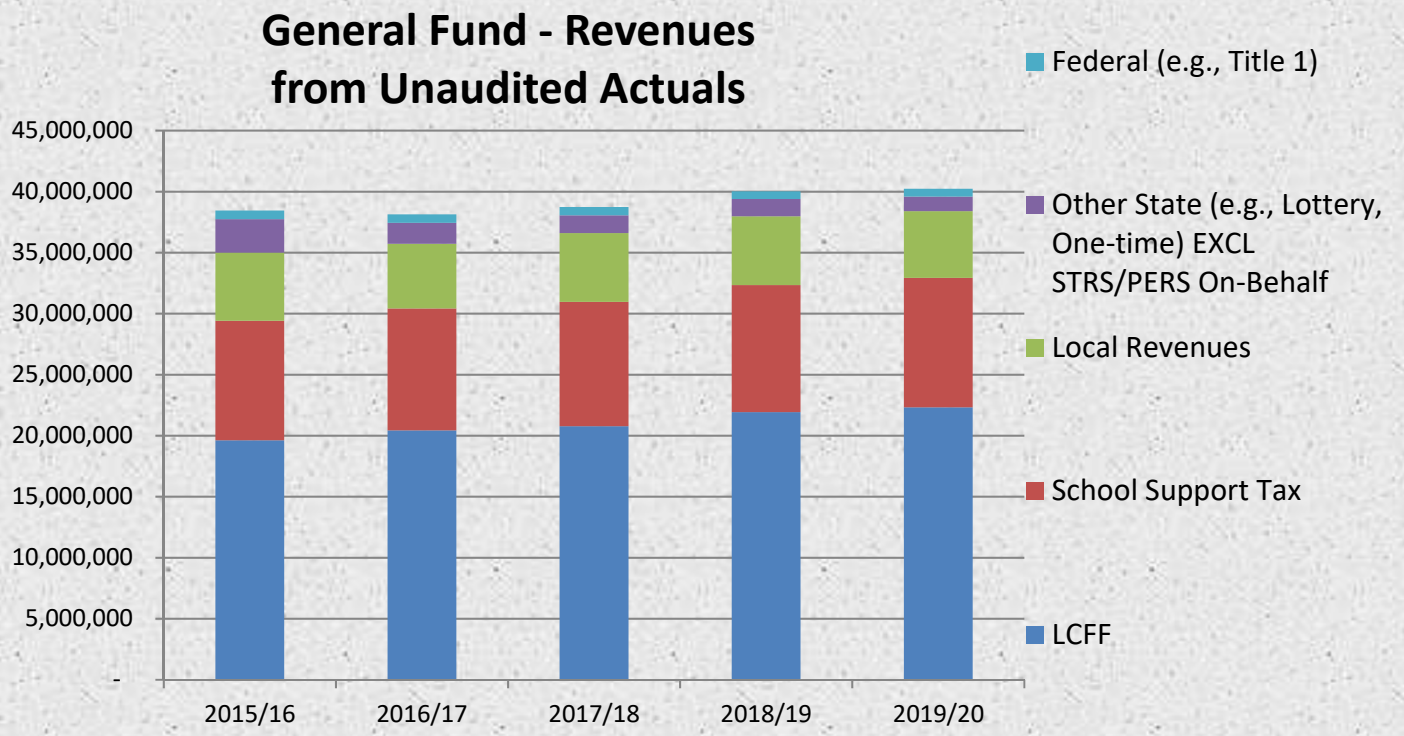
2019-20 General Fund Budget Progression - Revenues

- The major differences in **revenues** were:
  - State and federal funding increased by $374K
  - Local donations decreased by $122K although other local sources increased by $157K for a net $35K gain.
  - The STRS on-half amount increased by $655K
  - Internal transfers and a financing added $140K to revenue.

Fund 1 - General Fund			
	2019-20 Adopted Budget	2019-20 Un. Actuals	Difference July to June
Revenues			
LCFF	$ 22,165,250	$ 22,316,420	$ 151,170
Parcel Tax	10,602,574	10,617,162	14,588
Other Local	4,313,427	4,259,622	(53,805)
Other State	952,182	1,196,308	244,126
Other State - STRS Onbehalf	1,618,464	2,273,745	655,281
Transfers from SELPA	1,123,199	1,197,676	74,477
Federal	666,047	643,538	(22,509)
Other Sources	-	140,733	140,733
Total Revenues	**$ 41,441,143**	**$ 42,645,203**	**$ 1,204,060**

General Fund - Revenues

- The School Support Tax and Local Revenues are 40% of the District's General Fund revenues.



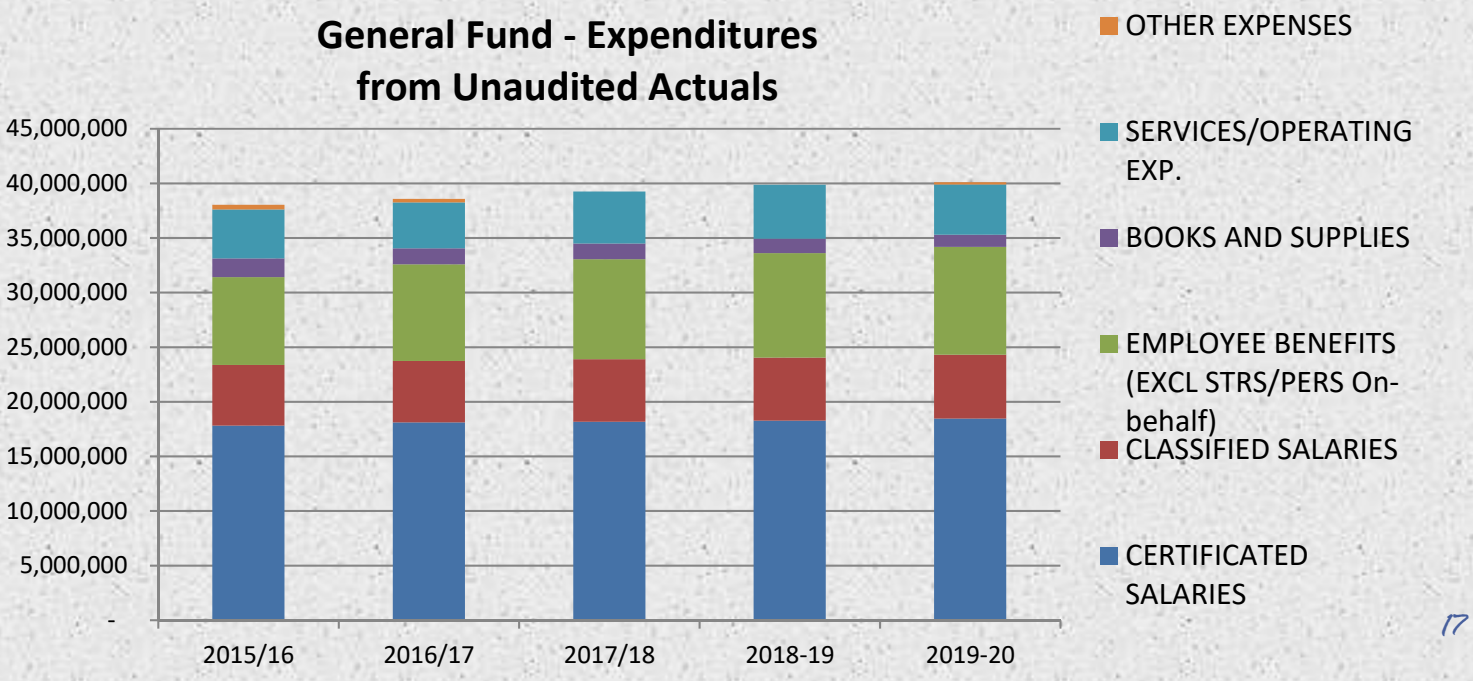
2019-20 General Fund Budget Progression - Expenditures

- The major differences in **expenditures** were:
  - 2% salary increase for all employees; mid-year retirement of classified staff; positions not filled during closure.
  - Supplies expenses increased due to carryover at the beginning of the year, and facilities expenses at end of year.
  - Although professional services (esp SPED) were reduced due to COVID, utilities costs were higher due to the STEAM building construction.

Fund 1 - General Fund			
Expenditures	2019-20 Adopted Budget	2019-20 Unaud.Actuals	Difference July to June
Certificated Salaries	$ 17,886,459	$ 18,457,702	$ 571,243
Classified Salaries	5,891,345	5,853,458	(37,887)
Benefits	10,106,349	9,867,793	(238,556)
STRS On-Behalf	1,618,464	2,273,745	655,281
Books & Supplies	1,101,793	1,330,507	228,714
Services/Other Oper.	4,648,195	4,598,114	(50,081)
Internal Transfers	(105,000)	(5,000)	100,000
Total Expenditures	**$ 41,147,605**	**$ 42,376,320**	**$ 1,228,715**

General Fund - Expenditures

- Total employee compensation has grown from 83% to 85% of total expenses.
  - Salaries have stayed at 61% of total expenditures
  - Benefits alone have grown from 21% to 25% of total expenditures.



2019-20 Budget Progression

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

General Fund - 2019-20 Unaudited Actuals			
	2019-20 Adoped Budget	2019-20 Un. Actuals	Difference July-June
Total Revenues	**41,441,143**	**42,645,203**	**1,204,060**
Total Expenditures	**41,147,605**	**42,376,320**	**1,228,715**
Net Surplus (Deficit)	293,538	268,883	**(24,655)**
Beginning Balance	1,346,545	2,464,423	**1,117,878**
Ending Balance	**1,640,083**	**2,733,306**	**1,093,224**
Designations	425,214	1,040,765	615,551
3% Reserve	1,234,428	1,271,080	36,652
Over (Under)	**(19,559)**	**421,461**	441,020
Reserve %	2.95%	3.99%	

- Overall increases to revenues and expenditures were equal.
- Unspent grants will be available for spending in 20-21.
- Other remaining resources have been designated for one-time uses.

Reserves

- The District is required to maintain a minimum reserve of 3% of General Fund expenditures. The available reserve is 3.99%.
- The Ending Fund Balance is $2.7 Million, with designations as follows:
  - Legally Restricted: 125,945
  - Unspent donations 407,820
  - Other Designations: 482,000
  - Revolving Cash: 25,000
  - 3% Reserve: $1,271,080
  - Additional Reserves: 421,461

Available Reserve = 3.99%

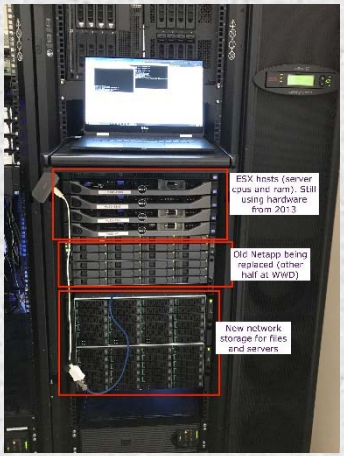
General Fund - Multiyear

- The District was able to avoid deficit spending even with less revenue due to right-sizing staffing for enrollment, and reduced spending and unfilled vacancies during closure.

	2016/17	2017/18	2018/19	2019/20
	Unaud. Actuals 09/13/17	Unaud. Actuals 09/12/18	Unaud. Actuals 09/11/19	Unaud. Actuals 09/09/20
Total Revenues	39,589,415	39,775,668	43,331,738	42,645,203
Total Expenditures	(40,023,819)	(40,271,940)	(42,906,151)	(42,376,320)
Net Surplus (Deficit)	**(434,404)**	**(496,272)**	**425,587**	**268,883**
Beginning Fund Balance	2,969,512	2,535,108	2,038,837	2,464,423
Ending Fund Balance	**2,535,108**	**2,038,837**	**2,464,423**	**2,733,307**
Minimum Reserve (3% of Expenditures)	1,200,715	1,208,158	1,287,185	1,271,290

2019-20 Investments

- Four investments were made in 2019-20. Two were paid for from restricted resources.



- New servers for district's memory storage to replace old servers at end of useful life
  - $100,000 total cost
  - Paid from Adult Ed reserves for student data systems.
- Refurbish 20's and 30's buildings at PHS
  - $200,000 total cost
  - Paid from Restricted Routine Maintenance Account (RRMA), which is part of the General Fund.

2019-20 Investments, cont.

- Two purchases were financed, requiring repayment over multiple years.
  - New truck for maintenance department to replace 30-year truck past useful life.
    - $36,104 total cost
    - $8,158 per year for 5 years to repay
    - First two years to be paid from bond program
  - New VRF installed in Havens to cool 2nd floor classrooms
    - $280,000 total cost
    - Loan from Cafeteria Fund
    - Will require $31,500 annual payment for 10 years.



Other Funds

Details for Other Funds

Adult Education

- Adult Education includes both State-funded programs, such as diploma completion, and fee-based classes for the community.
- In 2019-20 funds belonging to the Speaker Series program were transferred to PEF.
- In 2019-20 computer servers were purchased from the Adult Ed reserves.

Fund 11 - Adult Education				
	2016/17	2017/18	2018/19	**2019/20**
Revenues	$ 652,084	$ 679,743	$ 680,444	**$ 650,348**
Expenditures	(1,502,841)	(664,395)	(699,520)	**(778,548)**
Net	(850,757)	15,348	(19,076)	**(128,200)**
Beginning Balance	1,275,860	425,102	440,450	**421,375**
Ending Balance	$ 425,102	$ 440,450	$ 421,375	**$ 293,175**

Cafeteria Fund

- The District's food service program serves middle and high school students. Parents' clubs run the elementary lunch programs, with a portion of elementary lunches contributing to the Café Fund.
- In 2019-20, the Café Fund loaned $280,000 to the Deferred Maintenance Fund for the VRF project. This appears in the financials as a cash transaction and a "Due From" asset.
- In addition to supporting noon-time supervision at elementaries, the Café fund contributes toward indirect costs with a transfer to the General Fund.

Fund 13 - Cafeteria				
	2016/17	2017/18	2018/19	**2019/20**
Revenues	$ 832,401	$ 927,167	$ 1,066,219	**$ 581,032**
Expenditures	(701,867)	(717,260)	(785,877)	**(680,810)**
Net	130,534	209,907	280,342	**(99,778)**
Beginning Balance	195,210	325,744	535,651	**815,993**
Ending Balance	$ 325,744	$ 535,651	$ 815,993	**$ 716,215**

Deferred Maintenance Fund

- The District continues to fund facilities repairs through the Deferred Maintenance fund using district funds only. The State no longer provides a match.
- Restricted Routine Maintenance (RRMA) funds from the General Fund are used for Witter field maintenance expenses.
- The VRF project was paid from this account. The loan of cash from the Café Fund will be repaid from RRMA funds over 10 years.

Fund 14 - Deferred Maintenance				
	2016/17	2017/18	2018/19	**2019/20**
Revenues	$190,554	$ 22,475	$ 84,784	**$ 52,574**
Expenditures	(66,515)	(55,676)	(131,673)	**(377,455)**
Net	124,039	(33,201)	(46,889)	**(324,882)**
Beginning Balance	117,773	241,812	208,612	**161,722**
Ending Balance	$241,812	$208,612	$161,722	**$ (163,159)**

Special Reserve - Noda

- The Noda fund was established as an endowment to support the Visual Arts Program.
- Any amount over the base endowment of $100,000 can be used as a grant towards visual and performing arts.

Fund 17 - Special Reserve - Noda				
	2016/17	2017/18	2018/19	**2019/20**
Revenues	$ 1,861	$ 1,116	$ 2,029	**$ 3,297**
Expenditures	-	-	-	-
Net	1,861	1,116	2,029	**3,297**
Beginning Balance	99,874	101,735	102,851	**104,881**
Ending Balance	$101,735	$102,851	$104,881	**$108,178**

Building (Bonds)

- The Building Fund separately accounts for the Measure H1 bond revenues and expenditures.
- In 2019-20, the second series of bonds were issued for $30 M. The STEAM building was nearly completed and demo and site prep began on the performing arts center.

Fund 21 - Building	2016/17	2017/18	2018/19	2019/20
Revenues	$26,000,139	$ 279,575	$ 400,452	**$ 30,674,236**
Expenditures	(685,285)	(3,683,170)	(5,564,663)	**(25,197,206)**
Net	25,314,854	(3,403,595)	(5,164,211)	**5,477,030**
Beginning Balance	0	25,314,854	21,941,000	**16,776,789**
Ending Balance	$25,314,854	$21,911,260	$16,776,789	**$ 22,253,819**

State School Facilities

- State matching funds for the prior bond program are held in this fund. Minor facilities costs are paid from remaining funds. The account stays open in hopes that the State will support the H1 program.

Fund 35 - State School Facilities				
	2016/17	2017/18	2018/19	**2019/20**
Revenues	$ 368	$ 594	$ 278	**$ 74**
Expenditures	37,782	(74,148)	(986)	**-**
Net	38,150	(73,554)	(708)	**74**
Beginning Balance	39,691	77,842	4,287	**3,579**
Ending Balance	$ 77,842	$ 4,287	$ 3,579	**$ 3,653**

Special Reserve - Capital Facilities

- This reserve fund is for facilities projects that are not part of the bond program.
- In 2019-20, a temporary transfer of $100,000 was made from this fund to the General Fund, which appears as an expense and a revenue.
- The Alan Harvey Theater donation funds are held here – remaining balance is $25.5K.

Fund 40- Capital Facilities Fund				
	2016/17	2017/18	2018/19	**2019/20**
Revenues	$ 96,636	$ 70,438	$ 63,265	**$ 108,487**
Expenditures	(40,947)	(408,110)	(66,423)	**(100,000)**
Net	55,689	(337,672)	(3,158)	**8,487**
Beginning Balance	729,904	785,593	447,921	**444,763**
Ending Balance	$ 785,593	$ 447,921	$ 444,763	**$ 453,250**

Bond Interest & Redemption

- This fund is to account separately for bond repayment funds collected from taxpayers. The County Auditor sets the tax rate and the County Treasurer collects taxes and makes the bond payments.

Fund 51 - Bond Interest & Redemption Fund			
	2017/18	20108/19	**2019/20**
Revenues	$40,098,659	$ 8,364,067	**$11,649,144**
Expenditures	(37,202,352)	(9,630,435)	**(8,732,343)**
Net	2,896,307	(1,266,368)	**2,916,801**
Beginning Balance	7,290,157	10,186,464	**8,920,096**
Ending Balance	$10,186,464	$ 8,920,096	**$11,836,897**

Self Insurance

- This fund is to account separately for self-insurance related expenses, including ergonomic furniture to prevent injury.
- In 2019-20, the remaining funds were transferred to the General Fund so that this account can be closed in 2020-21.

Fund 67 - Self Insurance				
	2016/17	2017/18	2018/19	2019/20
Revenues	$ 5,071	$ 5,075	$ 135	$ 140
Expenditures	(6,863)	(7,659)	(450)	(7,425)
Net	(1,792)	(2,584)	(315)	(7,285)
Beginning Balance	11,976	10,184	7,600	7,285
Ending Balance	$ 10,184	$ 7,600	$ 7,285	$ (0)

Implications for 2020-21

2020-21 Revised Budget

What "Carrys Over" to 2020-21?

- The Ending Fund Balance is $2.7 Million:
  - Legally Restricted: $125,945
  - Unspent donations $407,820
  - Other Designations: $482,000
    - $100,000 Textbook adoption
    - $102,000 Adult Ed and Café possible shortfall
    - $280,000 VRF – repay loan or pay for 2021 Phase 2
  - Revolving Cash: $25,000
  - 3% Reserve: $1,271,080
  - Additional Reserves: $421,461
    - Covid-related costs, esp after 12/30/2020

] Unavailable Reserve

2020-21 Budget Calendar

2020-21 Budget Revisions

- October 2020 – Update to Board
- December 2020– First Interim Report – incl MYP
  - Actuals as of October 31
  - MYP based on enrollment, current expenditures
- March 2021 – Second Interim Report – incl MYP
  - Actuals as of January 31
  - Update Multiyear Projections based on Governor's Proposed Budget
- June 2021 – Estimated Actuals
- September 2021 – Unaudited Actuals

2021-22 Budget Development

2021-22 Budget Development

- January 2021 – Governor's Budget preview
- March 2021 – Budget priorities and framework
- April 2021 – Preliminary Budget
- May 2021 – May Revision of Governor's Budget
- June 2021 – Final Budget Public Hearing and Board approval

Topics for Future Meetings

Month	Topic	Budget Year
October	Revenues & COVID Reserves (LLM Funds) – Deep Dive	2020-21
November	Expenditures – Deep Dive	2020-21
December	Budget Update	2020-21
January	Governor's Proposal	2021-22
March	Budget Update	2020-21
April	District's Preliminary Budget	2021-22
May	District's Proposal w/ May Revisions from Governor	2021-22

Resources

- Ed Data: www.ed-data.org
- CDE Website: www.cde.ca.gov
- FCMAT: fcmat.org
- PEF: www.piedmontedfoundation.org