PIEDMONT UNIFIED SCHOOL DISTRICT

2020-21 1st INTERIM REPORT

Budget Advisory Committee

12/10/2020

Agenda

- Introductions
- Purpose of BAC
- 1st Interim Report – 2020-21 Budget Update
- Measure H Spending
- COVID (LLM Funds) Spending
- Economy and State Revenues - Update
- Multiyear Projections
- Discussion / Comments / Questions
- Adjourn

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.

Required Reports

- The District is required to adopt a budget and provide updates to the Alameda County Office of Education (ACOE) by:
  - July 1 — Adopt a budget
  - **December 15** — **1st Period Interim to ACOE**
  - March 15 — 2nd Period Interim to ACOE

Headlines

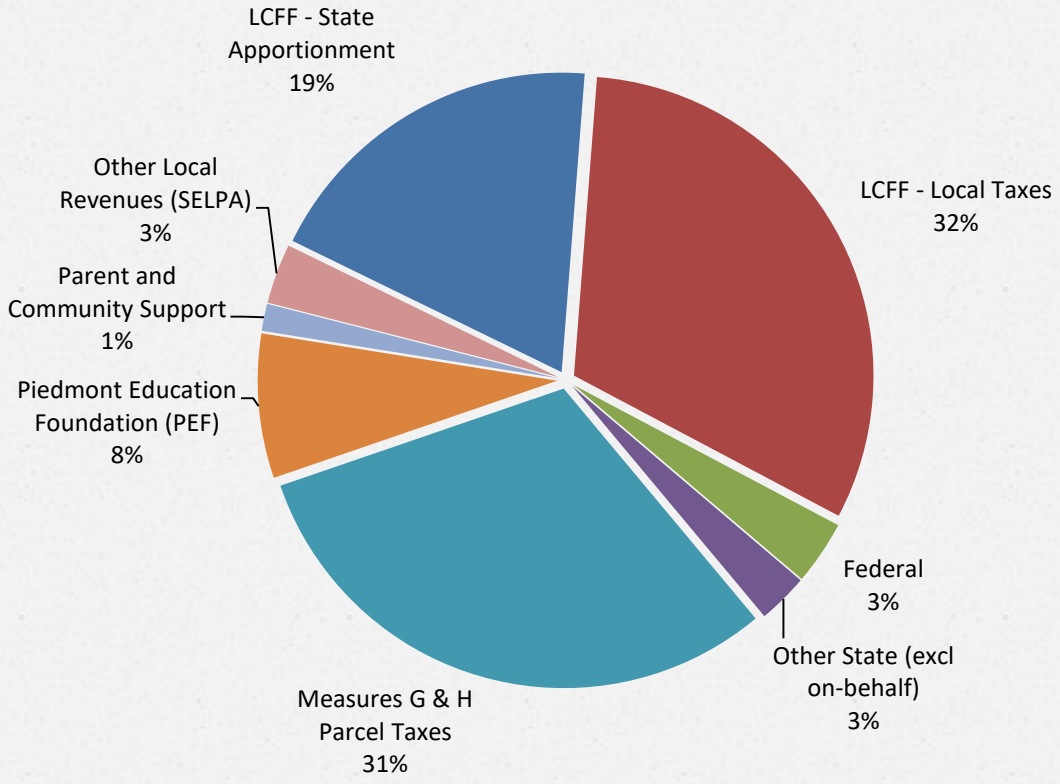
- For 2020-21, the projection is that the District expects to meet all financial obligations, including the requirement for a 3% reserve.
- The projections for the next 2 years assume no increase in funding from the State and a continued decline in enrollment.
- The District is protected from the enrollment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

What is a Positive Certification?

- 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.
- 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.



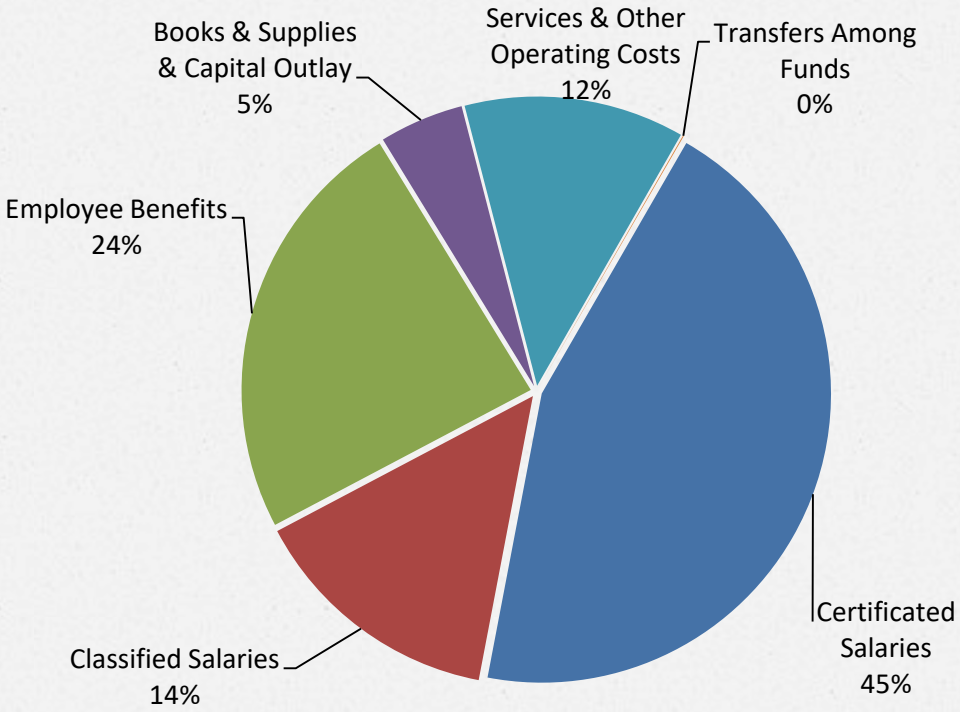
2020-21 Changes in Revenue

- 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

- The table below shows the adjustments to expenditures over the past 5 months.
- 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 more** 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

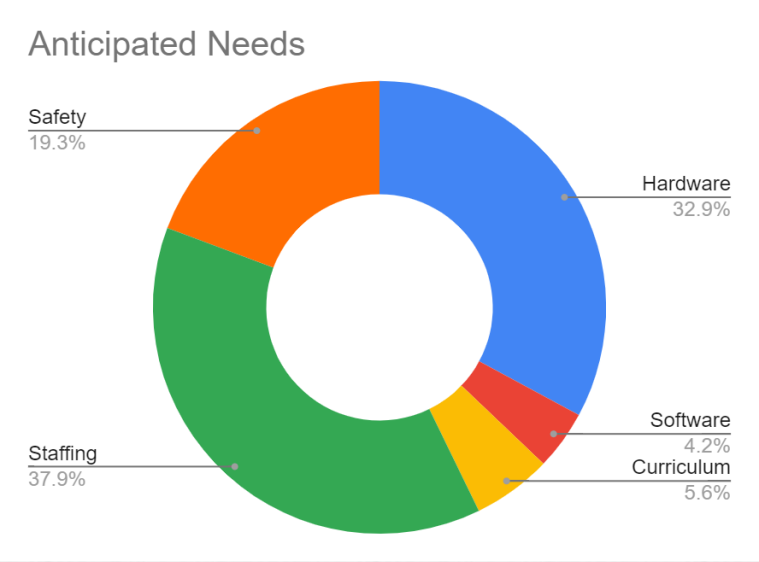
- Measure H funds have been obligated as follows:

MEASURE H - 2020-21 1st Interim	
Revenues (projected):	**$2,587,399**
Expenditures:	
Salaries & Benefits	
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	33,359
	$ 1,396,505
Fees for Tax Collection	
County Fees for collection	$38,916
Parcel Tax Consultant	8,000
	$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

- 2019-20 Revenues:
  - Tax collections were better than expected!
  - Think of this as one-time funds
  - Additional revenues are due to schools
  - Expect to fill the hole created by deferrals or, at most, one-time funds.
- 2020-21 Revenues:
  - Any COLA for 2021-22 will depend on what can be identified as on-going revenues
  - Economic forecasts are guesses right now.

Enrollment Projections

- Using 2020 Census Day Enrollment and projecting each class forward, the District is expected to decline by 126 students in 2 years.

Grades	2020-21	2021-22	2022-23
TK-5	974	960	946
6-8	586	525	499
9-12	906	895	897
	2,466	2,411	2,340
Cumulative Loss		**55**	**126**

General Fund - Multiyear

- 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

- Budgets in the other funds have been adjusted to correspond to current information. In particular:
  - 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.
  - 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,
  - 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.
  - 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.
- 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).

Next Steps

December: BAC Review
*Board Action on First Interim

January: Governor's Budget released 1/10 & MYP Updated
* Board review of how Gov's Budget will affect PUSD
BAC Meeting

March: * Board takes action on reductions for 2020-21 that involve positions
If required, March 15 notices mailed

* Board Action or Review

Acknowledgments

Thank you to the Business Services Team!

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Jennifer Stahl

Budget Progress Updates

- The following updates have been provided to the Board and community on the 2020-21budget:

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