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

PRESENTERS: Ruth Alahydoian, Chief Business Officer

DATE: December 10, 2025

RE: **REVIEW THE 2025-26 FIRST 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**

PURPOSE:

The First Interim Report for Fiscal Year 2025-26 provides an update of actual expenditures and revenues through October 31, 2025, and a projection of the budget adjustments necessary to complete the fiscal year. The First Interim also includes a multiyear projection (MYP) to serve as a planning tool for projecting the district's revenues and expenditures over the next two years.

Based on the projections for revenues and expenditures through the end of the fiscal year and assumptions for future years described below (see MYP Projections), 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 First Interim report as "Positive".**

BACKGROUND:

Governing Boards are required to certify the financial condition of each school district at two intervals during the school year, though the Board 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 the district may not be able to meet its financial obligations in the current and two subsequent fiscal years;
- *Negative* Certification is used when the 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 First Interim Report provides projections for budgets from the current year, 2025-26, through 2027-28 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 2025-26 First Interim Report. After approval by the Board, the report will be submitted to the Alameda County Office of Education (ACOE) by December 15, 2025.

DETAILS:

The following information explains the differences between the adopted budget and the first interim and accompanies the "Budget Comparison General Fund" table (attached).

Revenues: Since the budget was adopted on June 25, 2025, revenues have been adjusted to reflect any changes in the calculations of the state apportionments and additions/increases from other funding sources. Budget updates have been provided to the Board on August 20 and September 10. The net increase in revenues since budget adoption is **$1,905,216**, with the major adjustments as follows:

- **Local Control Funding Formula (LCFF):**
  - **$220 K -** Increase in Transitional Kindergarten allocation, plus adjustments based on actual enrollment.
- **State Funding**: Overall State funding increased by **$952 K** and includes the following:
  - **$741 K -** Discretionary Block Grant
  - **$121 K -** Mandated Cost Reimbursements - not included in original budget
  - **$50 K** - Increase in allocation for Expanded Learning Opportunity Program (ELOP)
  - **$37 K** - Lottery - increase in 2025-26 rate
  - **$8 K** - Learning Recovery Emergency Block Grant (LREBG)
- **Local Funding:** total increase of **$651 K** including:
  - **$140 K** - City /District inter-district agreement
  - **$125 K** - Athletic team accounts moved from ASB to District, held in separate accounts
  - **$117 K** - IC store collections in excess of original budget for specific programs
  - **$90 K** - Elementary & PMS Parent Club grants and field trip funds
  - **$66 K -** Insurance reimbursements
  - **$50 K** - Grant thru PEF for Professional Development
  - **$22 K** - Misc Donations and loss of ADA donations
  - **$20 K** - Piedmont Arts Fund grant for instrumental music
  - **$13 K** - Spring Fling final donation adjustment
  - **$8 K** - Fees collected for PSAT, Pre-ACT, AP tests

Expenditures: Since budget adoption, expenditure budgets have been adjusted to reflect actual people in positions, the posting of carryover from the prior year, and the additional expenditures tied to the additional donations and grants. The net increase in expenditure budgets since budget adoption is **$1,450,544.** The major differences include:

- **Certificated Salaries: $73 K net increase** due to increase in substitute costs for coverage for teachers on leave. Adjustments were also made when actual people filled vacant positions and when certain hard-to-fill positions were moved to contracts.
- **Classified Salaries: $90 K net increase** due to additional support needed to cover a maintenance employee on leave, and an additional SPED paraeducator.
- **Benefits: $370 K net decrease i**n health benefit costs for new employees (we assume 2 party coverage in vacant positions) offset with increases in benefit costs due to salaries as described above.
- **Books & Supplies**: **$927 K increase (net)**

- **$558 K** - posting of carryover from prior year (unspent funds)
- **$128 K** - increase in curriculum purchases
- **$113 K** - transfer of Athletic accounts from ASB
- **$111 K** - tech purchases for Spring Fling projects

- **Services and Other Operating Expenditures: $551 K increase**
  - **$224 K -** net increase in SpEd contracts for personnel
  - **$184 K -** increase in SPED student placement costs
  - **$71 K** from prior year carryover (unspent funds)
  - **$46 K -** tech purchases for Spring Fling projects
  - **$21 K** PAF grant for instrument repair
- **Capital Outlay $180 K increase**
  - **$94 K -** tech purchases for Spring Fling projects
  - **$86 K** - kitchen remodel (paid from grant funds)

Fund Balance: The Ending Fund Balance, which is the bottom line of what is left in the District's General Fund at the end of the year, is projected to be **$6,962,016.** Included in the balance is:

- **$1,730,000** required 3% reserve
- **$1,350,000** other assigned funds
- **$939,590** restricted balance - various resources
- **$257,035** restricted balance - ELOP funds not spent
- **$94,263** restricted balance - Proposition 28 remaining from 2023-24
- **$44,100** Revolving Cash
- **$2,547,028** Unappropriated

MULTI-YEAR PROJECTIONS (MYP):

The First Interim Report includes a multi-year projection (MYP) that includes 2025-26, 2026-27 and 2027-28. The MYP is developed from the current year budget, with adjustments for any known changes, including elimination of current year one-time revenues and expenses from the subsequent year budgets. Assumptions are based on currently available information. The two assumptions that can have the largest impact on revenues are the Cost of Living Adjustment (COLA) that is applied to the LCFF per pupil amounts, and enrollment. The following two tables provide assumption variations, followed by the actual assumptions used in this MYP.

COLA: An increase of 0.5% in COLA for 2026-27 from the current estimate of 3.02% would generate an additional $142,000 for the District, assuming enrollment stays at the current rate. However, the Legislative Analyst's Office is estimating COLA to be 2.53%, with other estimates as low as 1.27%. If those lower estimates are more accurate, District revenues would see a reduction of up to $492 K in 2026-27 and an additional $630 K the following year.

Change in COLA	2026-27	2027-28
3.02% (Current assumption)	$28,920,115	$29,865,438
+0.5%	$142,000	$142,000
2.53% (LAO Estimate)	-$138,515	-$257,042
1.27% (Even lower estimate)	-$491,902	-$620,435

Enrollment: The MYP assumes that the District will maintain enrollment at the current enrollment of 2,470 students. For every student less than the assumption, the District's revenues would be reduced by approximately $13,000.

Other Assumptions: The basic assumptions used in the MYP are as follows:

Assumption	2025-26	2026-27	2027-28
Enrollment	2,476	2,470	2,470
ADA used for LCFF calculations	2,389.76	2,388.73	2,380.37
COLA for LCFF per pupil funding	2.30%	3.02%	3.42%
COLA for Measure G Funds	2.00%	2.00%	2.00%
CPI increase for other expenses		2.82%	2.72%
Natural progression (Step & Column) in Employee Salaries	APT: 1.15% CSEA: 1.00%	APT: 1.15% CSEA: 1.00%	APT: 1.15% CSEA: 1.00%
Add'l FTE Costs	–		
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	26.81%	26.40%	26.90%

The table below indicates that the District will be able to meet its current obligations for this year and the two subsequent years.

MULTIYEAR PROJECTIONS - 2025-26 First Interim			
	2025-26	2026-27	2027-28
Beginning Balance	$ 5,989,928	$ 6,962,016	$ 7,564,876
Total Revenues	$ 58,483,410	$ 58,819,805	$ 60,140,005
Total Expenditures	57,511,322	58,216,945	58,994,306
Net Surplus (Deficit)	972,088	602,860	1,145,699
Ending Fund Balance	**$ 6,962,016**	**$ 7,564,876**	**$ 8,710,575**
Components of Ending Balance:			
Restricted / Committed	$ 2,684,988	$ 2,834,988	$ 2,984,988
Required Reserve	**1,730,000**	**1,746,508**	**1,769,829**
Add'l Unassigned	2,547,028	2,983,380	3,955,758
Ending Fund Balance	**$ 6,962,016**	**$ 7,564,876**	**$ 8,710,575**

STATUS OF OTHER FUNDS:

In addition to the General Fund, the District also maintains eight other funds to track revenues and expenses for specific functions. 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. The table below summarizes the beginning balances, revenues, expenditures and ending fund balances for all funds.

Fund #	Fund Name	Beginning Balance	Revenues	Expenditures	Ending Fund Balance
08	ASB Fund	$ 352,313	$ 300,637	$ 355,778	$ 297,172
11	Adult Education	124,933	636,947	654,415	107,465
13	Cafeteria	152,948	1,788,125	1,700,684	240,389
14	Deferred Maintenance	163,217	87,951	85,951	165,217
17	Special Reserve-Noda	106,685	2,000	-	108,685
35	State School Fac	2,967,280	50,000	621,263	2,396,017
40	Reserve-Cap Facilities	158,495	49,060	142,993	64,562
51	Bond Repayment	13,848,386	8,778,643	17,507,419	5,119,610
		$ 17,874,257	$ 11,693,363	$ 21,068,503	$ 8,499,117

RECOMMENDATION: APPROVE A POSITIVE CERTIFICATION OF THE 2025-26 FIRST INTERIM FINANCIAL REPORT AND AUTHORIZE REQUIRED BUDGET TRANSFERS

Upon review of the 2025-26 PUSD First Interim Report, approve a *Positive* certification affirming the District's ability to meet its financial obligations for the current year and two subsequent fiscal years and authorize all budget transfers as required.

NEXT STEPS: The SACS documents and board materials will be submitted to ACOE for review.

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

- First Interim Report in State Accounting Code (SACS) format (all funds and additional forms 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
- Multi Year Projections Table for the General Fund.
- Summary Table for each fund (Funds 8, 11, 13, 14, 17, 35, 40, and 51)