

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 4, 2026

RE: **REVIEW THE 2025-26 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 2025-26 provides an update of actual expenditures and revenues through January 31, 2026, 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 2026-27.

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) 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 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 Second Interim Report. After approval by the Board, the report will be submitted to the Alameda County Office of Education (ACOE) by March 17, 2026.

IV. 2025-26 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 February 20, 2026, and reflect the District's best estimate for the 2025-26 school year.

Detailed information on the current budget and projections for the next two years were presented during the [Board Budget Workshop](#) on January 23, 2026.

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 10, 2025.

Revenues: Since the district budget was adopted on June 25, 2025, revenues have been adjusted to reflect the actual State-adopted budget and other revenue adjustments. These changes were reviewed with the Board on August 20, September 10, December 10, and January 23. The net increase in revenues from First Interim is **\$826,337** with the major adjustments as follows:

- **LCFF Funding – \$9,567** increase due to actual P-1 Average Daily Attendance reporting
- **Federal Funding – \$25,698** – Title I, Title III, and Title IV allocations based on low income population. These resources were not anticipated. Corresponding expenses are budgeted.

- **State Funding – \$180,308 K** increase in State grants based on ADA true-up from original the budget.
 - **\$97 K** - Pre-Kindergarten planning grant
 - **\$60 K** – additional ELOP funds
 - **\$17 K** - Literacy screening grant
- **Local Funding – \$610,764** increase based on actual grants and donations that are only included in the budget after funds are received. The major changes are as follows:
 - **\$125 K** - AP/SAT Exam fees
 - **\$109 K** -DEIB anonymous donor grant
 - **\$71 K** - Athletic team fundraising
 - **\$48 K** - PMS parent donations
 - **\$38 K** - Turkey Trot
 - **\$31 K** - Bridge grant for Wellness Center
 - **\$23 K** - interest earnings
 - **\$21 K** - Makers Grants for 2025-26
 - **\$18 K** - Parent Clubs
 - **\$18 K** - PHS Parent donations
 - **\$11 K** - Boosters

Expenditures: Since the budget was adopted on June 25, 2025, expenditures have been adjusted to reflect actual and anticipated expenditures and commitments. The net increase in expenditures from First Interim is **\$1,420,490**. The major differences in expenditures are as follows:

- **Certificated Salaries – \$86,968** increase for additional specialist support at Havens and adjustments for substitutes.
- **Classified Salaries - \$143,645** increase for coaches (originally under-budgeted) and adventures programs.
- **Benefits – (\$39,057)** decrease due to 2026 health benefit net adjustments.
- **Books & Supplies – \$437,281** net increase in expenses tied to local funds listed above:
 - **\$120 K** for AP/SAT Exams
 - **\$109 K** – DEIB grant – expenses to be determined
 - **\$66 K** – Athletic team supplies
 - **\$33 K** - Maintenance related costs (from RRMA restricted balance)
 - **\$33 K** - PMS department purchases from add'l parent funding
 - **\$17 K** – Materials purchased with Makers grants to teachers
 - **\$17 K** – Literacy screener grant – expenses to be determined
 - **\$14 K** – Cross country team expenses (from Turkey Trot funds)
 - **\$13 K** – Classroom supplies paid from parent club donations
 - **\$11 K** – Athletics purchases tied to Boosters grants
 - **\$10 K** – Classroom computer upgrades paid from Title IV
- **Other Professional Services –\$782,431** net increase in contracts and services with the major changes as follows:
 - **\$336 K** increase in maintenance expenditures (from RRMA restricted balance)
 - **\$114 K** increase in SPED transportation costs

- **\$61 K** increase in IT related costs; may get some reimbursements to offset.
- **\$44 K** increase in county charge for Measure P parcel tax collection (original budget only had Meas H amount, which was ½ of Meas P)
- **\$31 K Wellness center intern costs offset with Bridge Grant**
- **\$27 K** increase in facility rental costs offset by facility rentals
- **\$22 K** increase in insurance costs
- **\$14 K** increase in PMS costs tied to parent contributions
- **Capital Outlay - \$9,222** increase in capital expenses

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 **\$6,367,863**, of which \$1,412,828 is restricted. The total unrestricted balance is \$4,955,035. Included in the unrestricted balance is:

- **\$1,780,000** – Reserve for Economic Uncertainties
- **\$703,382** – Adult Ed and Cafeteria Fund support, if needed; and COLA buffer.
- **\$2,471,653** – Unassigned; for 2026-27 and future priorities

V. MULTIYEAR PROJECTIONS (MYP)

The Board met in January for an in-depth budget study workshop to review the current budget and the projections for next year and beyond. The materials from that study session are available here and provide detailed information about the District's budget. The Second Interim Report includes multiyear projections (MYP) for two additional years – 2026-27 and 2027-28. 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	2025-26	2026-27	2027-28
Enrollment	2,476	2,470	2,470
ADA used for LCFF calculations	2,390.14	2,389.22	2,380.37
Cost of Living Increase (COLA) for LCFF & Other State funding	2.30%	2.41%	3.06%
Consumer Price Index (CPI) used for increase in other costs	N.A.	3.08%	2.75%
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	26.81%	26.40%	26.90%

Other assumptions in the MYP are:

Revenues:

- Enrollment is expected to stay the same as 2025-26, 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 \$3.8 million in base grant and \$25,000 for PD from the Pamela Rafanelli bequest for next year. Although the Spring Fling grant is not known, \$220 K is assumed to balance the expenditures already incorporated in the budget.

Expenditures:

- Salary schedules remain the same for budgeting purposes.
- Additional FTE and the related benefits are added for Elementary Latin (.3 FTE), PMS World Language Exploration (.3 FTE), and additional honors and AP classes, plus class size limits at PHS (.8 FTE).
- All one-time expenditures in 2025-26, including the one-time expenditure of carryover revenues from the prior year, are excluded from ongoing expenditures.

Ending Balance:

- The ending balance includes the unrestricted funds that are available for future Board priorities, including potential 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	\$ 352,313	\$ 300,637	\$ 367,683	\$ 285,267
11	Adult Education	124,933	636,947	653,277	108,603
13	Cafeteria	152,948	1,788,125	1,692,014	249,059
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	922,271	2,095,009
40	Reserve-Cap Facilities	158,495	49,041	133,448	74,088
51	Bond Repayment	13,848,386	8,778,643	17,507,419	5,119,610
		\$ 17,874,257	\$ 11,693,344	\$ 21,362,063	\$ 8,205,538

VII. RECOMMENDATION: APPROVE A POSITIVE CERTIFICATION OF THE 2025-26 SECOND INTERIM FINANCIAL REPORT AND AUTHORIZE APPROPRIATE BUDGET TRANSFERS.

Upon review of the 2025-26 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.