

Piedmont Unified School District

2015-16 Second Interim
Report

March 9, 2016

Support Information

- The budget is a reflection of the District's goals and philosophy. Budget presentations remain consistent with Board priorities of providing a breadth and depth of program experience for all students while maintaining highly qualified staff through a competitive compensation package.

Support Information

The Second Interim report reflects the tremendous support of the community as expressed in revenues from:

- The School Support Parcel Tax;
- Annual support from the Piedmont Educational Foundation Endowment;
- The funding of personnel and direct per-student contributions from the Piedmont Education Foundation (PEF), including direct contributions of \$300 per student;
- Numerous donations and grants from service organizations; youth sports clubs, and
- Other support clubs like PRAISE, CHIME, and PAINTS; and philanthropic efforts from individuals and foundations

Support Information

- Governing Boards are required to certify the financial condition of the District at two intervals during the school year. Per the requirements of AB 1200, the District declares its ability to meet its financial obligations through one of three self-certifications: A *Positive Certification* means the District will be able to meet financial obligations for the remainder of the current fiscal year and subsequent two fiscal years.

Support Information

- A *Qualified Certification* means that the District may be able to meet its financial obligations for the remainder of the current fiscal year and the two subsequent fiscal years.
- A *Negative Certification* means the District will not be able to meet its financial obligations in the current year and two subsequent fiscal years

Support Information

- Certification is based on the General Fund Summary of Revenues and Expenditures as presented in this Second Interim Report. Based on actual expenditures through January 31st, this Second Interim Report reflects updated projected year-end totals and becomes the newly Approved Budget for the District.

Support Information

- The Second Interim report traditionally serves as a means to look back at the District's First Interim Report as well as an opportunity to look at possible changes in the current budget year;
- It also provides a multi-year perspective through 2017-2018.

The Current District Budget

- The District incorporates in its 2015-2016 Second Interim report guidelines established by ACOE, and applies the Fiscal Crisis and Management Assistance Team (FCMAT) LCFF Calculator for the multi-year projections
- The FCMAT/LCFF calculator assumes COLA provided by California Department of Finance (DOF) as follows:
 - 1.02% for 2015-16
 - 0.47% for 2016-17
 - 2.13% for 2017-18

The Current District Budget

- The Piedmont USD budget, like all California public schools, is in its third year of funding under Local Control Funding Formula (LCFF). The District budget is made up of 50% LCFF, 25% School Parcel Tax, 8% Piedmont Education Foundation & Endowment, 6% Special Ed/Other Revenues, and the balance of 11% from Federal, state lottery money, support group donations, and other miscellaneous revenues

The Current District Budget

- PUSD's current year budget includes Cost of Living Adjustments (COLA) and additional "gap funding" as part of LCFF
- PUSD's multi-year projections include COLAs for 2016-17 & 2017-18
- A *Positive Certification* of the District's ability to meet its financial obligations is recommended

Long Term Budget Challenges:

- 1. CalSTRS liability: **The State continues not to address the unfunded CalSTRS and CalPERS liabilities**
- Assembly Bill 1469 increased the contribution rates that employers, employees and the state pay to support the State Teachers Retirement System (STRS).
- Employer rates will continue to increase until 2020-21 and are expected to bring the retirement system to full funding in about 31 years;
- AB 1469 requires that the CalSTRS Board takes action that beginning in 2021-22 to increase or decrease the employer contribution rates to reflect contribution required to eliminate the current unfunded actuarial liability by June 30, 2046

Long Term Budget Challenges.....

- This rate adjustment shall not increase by more than 1% of creditable compensation from one year to the next. The employer rates are capped at the 20.25% of member creditable compensation.

CalSTRS Employer and Employee Contribution Rates per Education Code Sections 22901.7 and 22950.5							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.1%
Member - classic (2% at 60)	8.15%	9.20%	10.25%	10.25%	10.25%	10.25%	10.25%
Member - new (2% at 62)	8.15%	8.56%	9.205%	9.205%	9.205%	9.205%	9.205%

State CalSTRS contribution rates:

- 2014-2015 3.454%
- 2016-2017 6.328%
- Increase in CalSTRS Employer contribution rates will impact the District's budget by approximately \$330,000 to \$334,000 each fiscal year from 2015-16 through 2017-18

Long Term Budget Challenges.....

- 2. CalPERS Contributions:
- The CalPERS Board adopted changes to the actuarial assumptions to be effective June 30, 2015. The changes result in an increase to the employer contribution rates for 2016-17 and for the next four years.

CalPERS Actual and Projected Rates						
2014-15 Actual	2015-16 Actual	2016-17 Projected	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected
11.771%	11.847%	13.05%*	16.6%* (PUSD: applied 15%)	18.2%*	19.9%*	20.4%*

* CalPERS provided these estimates in 2014 and has not yet issued revised estimates

- A CalPERS contribution rate for employers of 13.02% was built into the LCFF base grant. There is no increase in state funding for employer contribution rates in excess of 13.02%.
- Increase in CalPERS cost in 2015-16 is minimal due to the negligible rate increase of 0.076% but the projected rate increase of 1.203% in 2016-17 will cost the District approximately \$66k and another \$108k in 2017-18 (1.95% increase)

Long Term Budget Challenges....

- Proposition 2:
- Proposition 2 was approved by the voters on November 4, 2014. As an amendment to the California Constitution, Proposition 2 creates two distinct reserves – the state Budget Stabilization Account (BSA) and the K-14 “Public School System Stabilization Account” (PSSSA) which will impact school districts like Piedmont USD. For a contribution to the PSSSA reserve to occur, all of the following must be true:
 1. The state must have repaid to schools the past Proposition 98 Maintenance Factor (\$6.6 billion as of 2013-14).
 2. Capital gains taxes must be greater than 8% of state general fund revenue (capital gains taxes have exceeded 8% seven times in the past 16 years).
 3. Proposition 98 must be calculated using Test 1 (since passage of Prop. 98 in 1988, Test 1 has been used only three times - in 1988-89, 2011-12, and 2012-13). Test 1 establishes a set percentage of state general fund revenues and serves as the minimum guarantee or funding floor for Proposition 98.
 4. Proposition 98 must not be suspended (Proposition 98 has been suspended twice: in 2004-05 and 2010-11).

Long Term Budget Challenges....

- When the above listed conditions are met and revenues are deposited into the PSSSA, school district reserves will be capped in the following fiscal year. According to Senate Bill 858 (Chapter 32/2014), the fiscal year after a transfer is made into the PSSSA, school districts would not be able to have a “combined assigned and unassigned ending fund balances” of more than twice the minimum recommended reserve for economic uncertainties required by state regulations. County offices of education (COEs) could provide an exemption under “extraordinary fiscal circumstances,” but only for up to two consecutive fiscal years within a three-year period; in the third year, a COE would not be able to grant a waiver and a district would be required to spend down its reserves to the capped level or be out of compliance with the law.
- While the conditions listed above seemed unlikely, the conditions have changed due to the improved economic conditions at the State level. If positive economic growth continues and fuels public education, the Reserve Cap trigger could happen in 2016-17

2015-16 Second Interim Financial Summary

- What follows is a financial summary of the Second Interim, which shows the financial condition of the District's General Fund as of January 31, 2016.
- The report is a snapshot of this year's budget, and reflects current conditions based on existing assumptions.

General Fund

	12/09/15 First Interim	03/09/16 Second Interim	Difference
A) REVENUES:			
LOCAL CONTROL FUNDING FORMULA	19,578,514	19,593,039	14,525
FEDERAL REVENUES	740,922	711,590	(29,332)
OTHER STATE REVENUES**	2,605,084	3,766,500	1,161,416
LOCAL REVENUES	13,665,685	14,051,995	386,310
SE APPORTIONMENT	1,075,470	1,075,470	-
TOTAL REVENUES:	37,665,675	39,198,594	1,532,919
B) EXPENDITURES:			
CERTIFICATED SALARIES	17,608,165	17,690,729	82,564
CLASSIFIED SALARIES	5,402,890	5,431,949	29,059
EMPLOYEE BENEFITS**	7,360,430	8,600,032	1,239,602
POST EMPLOYMENT BENEFITS	414,945	414,945	-
BOOKS AND SUPPLIES	1,791,410	2,047,120	255,710
SERVICES/OPERATING EXP.	4,511,382	4,620,068	108,686
CAPITAL OUTLAY	124,007	100,479	(23,528)
TRANSFER TO CAPITAL FACILITIES	50,000	50,000	-
TRANSFER TO DEFERRED MAINT.	190,000	190,000	-
TRANSFER TO PARCEL TAX REVENUE	191,968	191,968	-
TRANSFER TO SELF-INSURANCE FUN	10,000	10,000	-
DIRECT SUPPORT/INDIRECT COSTS	(120,000)	(120,000)	-
TOTAL EXPENDITURES:	37,535,197	39,227,290	1,692,093
C) NET INCREASE (DECREASE)			
IN FUND BALANCE (A-B)	130,478	(28,696)	(159,174)
D) FUND BALANCE, RESERVES			
BEGINNING BALANCE	2,847,160	2,847,160	
ADJUSTMENT TO BEG. BALANCE		(291,435)	
NET BEGINNING BALANCE	2,847,160	2,555,725	
E) ENDING BALANCE JUNE 30 (C+D)	2,977,638	2,527,029	(450,609)
COMPONENTS OF ENDING BALANCE:			
Reserved Amounts:			
a) Revolving Cash	25,000	25,000	
b) Economic Uncertainties (4%)	1,493,808	1,561,492	
c) Reserve Fund Balance for 2016-17	1,458,830	940,537	

** Second Interim: STRS On-Behalf Contribution: Revenue: \$1,168,047 and Expenditure: \$1,168,047

Explanations:

- **A. Adjustment to Fund Balance due to an Audit Adjustment:**
 - There is a one-time audit adjustment of \$291,435 for expenditures that should have been recorded in FY 2014-15. These were legitimate expenses but due to a software technical issue, this entry could not be recorded as a normal journal entry during closing of the books. Thus, the only way to record this entry was via an audit adjustment because the books have already been closed
- **B. CalSTRS On-Behalf Payment**
 - The State of California requires school districts to record their proportionate share of teachers' pension liability cost. The actual expense journal entry is offset by a corresponding revenue entry set by the state and thus it has no impact on the District cash flow. However, because the Reserve is calculated as a percentage of total expenditures, the Reserve is required to be increased by \$35k due to this "phantom" pension expenditure.

	12/09/15 First Interim	03/09/16 Second Interim	Difference
A) REVENUES:			
LOCAL CONTROL FUNDING FORMULA	19,578,514	19,593,039	14,525
FEDERAL REVENUES	740,922	711,590	(29,332)
OTHER STATE REVENUES**	2,605,084	3,766,500	1,161,416
LOCAL REVENUES	13,665,685	14,051,995	386,310
SE APPORTIONMENT	1,075,470	1,075,470	-
TOTAL REVENUES:	37,665,675	39,198,594	1,532,919

Second Interim (as of January 31, 2016) from the First Interim – Revenue: +\$1,532,919 but \$1,168,047 of which is CalSTRS On-Behalf Payment which is a phantom entry with corresponding amount in expenditures; the net increase is \$364,872

Revenue: +\$1,532,919 - \$1,168,047 = + \$364,872

- LCFF Revenues: Increase of \$14k
- Federal Revenues: Title I apportionment has *decreased* by \$29k
- Local Revenues: Piedmont Education Foundation \$97k, FallFest \$47k, music donations \$32k, Turkey Trot \$20k, Service Learning \$9k, and other local donations \$175k (year book, ASB, Silicon Valley field trip, etc)

	12/09/15 First Interim	03/09/16 Second Interim	Difference
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B) EXPENDITURES:

CERTIFICATED SALARIES (205.69 FTE)	17,608,165	17,690,729	82,564
CLASSIFIED SALARIES (119.60 FTE)	5,402,890	5,431,949	29,059
EMPLOYEE BENEFITS**	7,360,430	8,600,032	1,239,602
POST EMPLOYMENT BENEFITS	414,945	414,945	-
BOOKS AND SUPPLIES	1,791,410	2,047,120	255,710
SERVICES/OPERATING EXP.	4,511,382	4,620,068	108,686
CAPITAL OUTLAY	124,007	100,479	(23,528)
TRANSFER TO CAPITAL FACILITIES	50,000	50,000	-
TRANSFER TO DEFERRED MAINT.	190,000	190,000	-
TRANSFER TO PARCEL TAX REVENUE	191,968	191,968	-
TRANSFER TO SELF-INSURANCE FUN	10,000	10,000	-
DIRECT SUPPORT/INDIRECT COSTS	(120,000)	(120,000)	-
TOTAL EXPENDITURES:	37,535,197	39,227,290	1,692,093

Expenditures: + \$1,692,093 but \$1,168,047 is for CalSTRS On-Behalf Payment which is a phantom expense against a corresponding state revenue; the net increase is only \$524,046

Certificated and Classified Salaries: + \$82,564

Employee benefits : + \$71,555, reflect actual benefits encumbrances and selection of new medical coverage in the new enrollment period;

Books & Supplies/Services & Operating expenses: booked against revenues received of \$364,872

Other miscellaneous adjustments: \$5,055

	12/09/15 First Interim	03/09/16 Second Interim	Difference
C) NET INCREASE (DECREASE) IN FUND BALANCE (A-B)	130,478	(28,696)	(159,174)
D) FUND BALANCE, RESERVES			
BEGINNING BALANCE	2,847,160	2,847,160	
ADJUSTMENT TO BEG. BALANCE		(291,435)	
NET BEGINNING BALANCE	2,847,160	2,555,725	
E) ENDING BALANCE JUNE 30 (C+D)	2,977,638	2,527,029	(450,609)
COMPONENTS OF ENDING BALANCE:			
Reserved Amounts:			
a) Revolving Cash	25,000	25,000	
b) Economic Uncertainties (4%)	1,493,808	1,561,492	
c) Reserve Fund Balance for 2016-17	1,458,830	940,537	

Ending Fund Balance: \$2,527,029

The ending balance on January 31, 2016, is projected to be \$2,527,029 which represents a total of 6.68% of total expenditures. AB 1200 requires each district to maintain a 3% reserve for economic uncertainty. An Ending Fund Balance of \$952,218 (plus \$25,000 Revolving Cash and \$35,041 for CalSTRS On-Behalf Payment reserve) is what remains after the 4% reserve goal set forth by the Board has been met.

Multi-Year Budget Development

- The District has a projected 3% reserve in all the fiscal years, 2015-16 through 2017-18:
- The District continues to have a challenge in the second subsequent fiscal year, 2017-18, to maintain the 3% Reserve primarily due to increased costs of CalSTRS and CalPERS; the LCFF revenue is not enough to keep up with the increased costs. The District needs to tap into parcel tax reserve and NODA fund to cover the 3% Reserve
- By examining current conditions, taking early and decisive action, and focusing on long-term fiscal strategies consistent with the Board's educational philosophy, the District will devise a plan to address the reserve shortfall in 2017-18.

Multi-year Projections (as of January 31, 2016) – 2016-17

Assumptions:

■ Revenue:

- FCMAT/LCFF calculator used to define base/grade level grants plus LCFF scheduled Economic Recovery Growth Target (year four) based on ADA of 2618. The ADA is a function of enrollment, based on October 7, 2015, CBEDs census data of 2,708 students.
- As part of the LCFF formula, the District is projected to receive \$110,748 in Supplemental & Concentration grant; it is not additional funding but is part of the base grant
- Federal funding remains at the 2015-16 level
- State funding decreases by \$1.2M due to lower one-time revenue from the State and other one-time grants (Effective Educator Grant)
- **No increase (0%)** on School Support Parcel Tax over 2015-16 level
- Piedmont Educational Foundation Endowment contribution of \$275k
- Piedmont Education Foundation (PEF) contributions of approximately \$2.6 million (Tier I and II funded positions and non personnel costs)

Multi-year Projections (as of January 31, 2016) – 2016-17

Assumptions:

■ Expenditures:

- 0% increase in salary schedules for all employees
- “Step & Column” and “Longevity” salary increases of 1.5% for certificated/classified (\$268k/\$82k)
- The hold-harmless amount of Adult Education apportionment (based on 2007-08 ADA) of \$285,463 is retained by the District General Fund as part of the LCFF base; Adult Ed has another \$285,463 directly from CDE as Maintenance of Effort (MOE) funds
- \$50,000 transfer to Capital Facilities Fund for Witter Field sinking fund
- \$190,000 transfer to Deferred Maintenance Fund per historical categorical funding levels
- An increase of 1.85% of CalSTRS funding rate from 10.73% to 12.58%

Multi-year Projections (as of January 31, 2016) – 2017-18 Assumptions

■ Revenue:

- FCMAT/LCFF calculator used to define base/grade level grants plus LCFF scheduled Economic Recovery Growth Target (year five) based on ADA of 2,608, with 10 fewer ADA than 2016-17
- As part of the LCFF formula, the District is projected to receive \$113,092 in Supplemental & Concentration grant; it is not additional funding but part of the base grant
- Federal funding remains at the 2016-17 level
- State funding is further reduced by 2016-17 one-time funds
- **No increase (0%)** on School Support Parcel Tax over 2016-17 level
- Piedmont Educational Foundation Endowment contribution of \$275k
- Piedmont Education Foundation (PEF) contributions of approximately \$2.6million (Tier I and II funded positions and non personnel costs)

Multi-year Projections (as of January 31, 2015) – 2017-18 Assumptions

Expenditures:

- % increase in salary schedules for all employees
- “Step & Column” and “Longevity” salary increases of 1.5% for certificated/classified (\$271k/\$83k).
- The hold-harmless amount of Adult Education apportionment (based on 2007-08 ADA) of \$285,463 is retained by the District General Fund as part of the LCFF base; Adult Ed has another \$285,463 directly from CDE as Maintenance of Effort (MOE) funds
- \$50,000 transfer to Capital Facilities Fund for Witter Field sinking fund
- \$190,000 transfer to Deferred Maintenance Fund per historical categorical funding levels
- An increase of 1.85% of CalSTRS funding rate from 12.58% to 14.43%

BUDGET	2015-16 Budget	2016-2017	2017-2018	
	03/09/16	Projected Budget	Projected Budget	
A) REVENUES:				
LOCAL CONTROL FUNDING FORMULA	19,593,039	20,291,139	20,788,371	
FEDERAL REVENUES	711,590	711,590	711,590	
STATE REVENUES**	3,766,500	2,549,673	2,016,282	
LOCAL REVENUES	14,051,995	13,412,982	13,412,982	
SE APPORTIONMENT	1,075,470	1,080,525	1,103,540	
TOTAL REVENUES:	39,198,594	38,045,909	38,032,765	
B) EXPENDITURES:				
CERTIFICATED SALARIES	17,690,729	17,851,875	18,073,342	
CLASSIFIED SALARIES	5,431,949	5,492,079	5,561,437	
EMPLOYEE BENEFITS**	8,600,032	9,197,274	9,518,172	
CalSTRS/CalPERS costs: cummulative		456,896	853,226	1,296,031
POST EMPLOYMENT BENEFITS	414,945	414,945	414,945	
BOOKS AND SUPPLIES	2,047,120	1,325,830	1,324,722	
SERVICES/OPERATING EXP.	4,620,068	4,096,871	4,167,924	
CAPITAL OUTLAY	100,479	-	-	
TRANSFER TO CAPITAL FACILITIES	50,000	50,000	50,000	
TRANSFER TO DEFERRED MAINT.	190,000	190,000	190,000	
TRANSFER TO PARCEL TAX RESERVE	191,968	-	-	
TRANSFER TO SELF-INSURANCE FUND	10,000	10,000	10,000	
DIRECT SUPPORT/INDIRECT COSTS	(120,000)	(120,000)	(120,000)	
TOTAL EXPENDITURES:	39,227,290	38,508,874	39,190,542	
C) NET INCREASE (DECREASE)				
IN FUND BALANCE	(28,696)	(462,965)	(1,157,777)	
D) FUND BALANCE, RESERVES				
BEGINNING BALANCE	2,847,160	2,527,029	2,064,064	
ADJUSTMENT TO BEG. BALANCE	(291,435)	-	-	
NET BEGINNING BALANCE	2,555,725	2,527,029	2,064,064	
E) ENDING BALANCE JUNE 30				
	2,527,029	2,064,064	906,287	

COMPONENTS OF ENDING BALANCE:

Reserved Amounts:

a) Revolving Cash	25,000	25,000	25,000
b) Economic Uncertainties*	1,514,770	1,486,033	1,134,975
** STRS On-Behalf Contribution	35,041	35,041	35,041
c) Reserve Fund Balance for 2016-17	952,218		
d) Reserve Fund Balance for 2017-18		517,990	
e) Funds Needed To Make 3% Reserve for 2017-18			(288,729)

* Economic Uncertainties: Reserve 4% in 2015-16 & 2016-17 and 3% for 2017-18

** STRS On-Behalf Contribution: Revenue: \$1,168,047 and Expenditure: \$1,168,047

	2015-16 Budget 3/9/2016	2016-2017 Projected Budget	2017-2018 Projected Budget
NET INCREASE (DECREASE) IN FUND BALANCE	(28,696)	(462,965)	(1,157,777)
FUND BALANCE, RESERVES			
BEGINNING BALANCE	2,847,160	2,527,029	2,064,064
ADJUSTMENT TO BEG. BALANCE	(291,435)	-	-
NET BEGINNING BALANCE	2,555,725	2,527,029	2,064,064
ENDING BALANCE JUNE 30	2,527,029	2,064,064	906,287
COMPONENTS OF ENDING BALANCE:			
Reserved Amounts:			
a) Revolving Cash	25,000	25,000	25,000
b) Economic Uncertainties*	1,514,770	1,114,525	1,134,975
STRS On-Behalf Contribution	35,041	35,041	35,041
c) Reserve Fund Balance for 2016-17	952,218		
d) Reserve Fund Balance for 2017-18		889,498	
e) Funds Needed To Make 3% Reserve for 2017-18			(288,729)
* Economic Uncertainties: Reserve 4% in 2015-16 and 3% for 2016-17 & 2017-18			

Multi-year Projections : 2017/18 Ending Fund Balance: \$906,287

- **Deficit spending in 2016-17 and 2017-18**
 - **Three major factors:**
 - **CalSTRS and CalPERS increased by \$396k in 2016-17 and \$442k in 2017-18;**
 - **Step & Column increased by \$350k in 2016-17 and \$354k in 2017-18**
 - **Salaries & Benefits increased in FY 2015-16 Second Interim by \$155k which compounds to \$465k for a three-year period**
- **Negative Fund Balance of \$288,729 projected in 2017-18 will be covered, on paper, by the parcel tax reserve and NODA funds (both in Fund 17)**

Status of Other Funds Operated by the District as of Second Interim

- Districts in Alameda County and the state are required to provide multi-year projections for all funds operated by the District as part of the Second Interim Report. What follows is a quick synopsis of these other funds, including current year and/or multi-year summaries (if no significant changes are anticipated).

Adult Education - Fund 11

The Adult Education Funding as reported in the Second Interim Report is supported under three separate sources: the first is the continuation of Maintenance of Effort (MOE) funding under the Governor's 2015-16 Budget (\$285,463); the second source is the remaining funding PUSD will receive for serving as the fiscal agent for the Northern Alameda Consortium for Adult Education (NACAE) 2013-14 Adult Education AB 86 Planning Grant; and the third source is from an allocation approved by NACAE Adult Education AB 104 Block Grant to support PUSD's efforts to identify high school graduates under SB 172 and curriculum development for high school diploma students (\$130,150). PUSD serves as the fiscal agent for the Adult Education Block Grant, which is responsible for distributing \$2,612,493 (minus the \$130,150 PUSD allocation) to member districts.

BUDGET	2015-16 Budget 03/09/16	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	-	-	-
FEDERAL REVENUES	-	-	-
OTHER STATE REVENUES	2,998,521	301,362	301,362
OTHER LOCAL REVENUES	226,004	226,004	226,004
TOTAL REVENUES:	3,224,525	527,366	527,366
EXPENDITURES:			
CERTIFICATED SALARIES	285,677	289,960	294,305
CLASSIFIED SALARIES	108,473	105,000	106,575
EMPLOYEE BENEFITS	129,665	131,142	132,645
BOOKS AND SUPPLIES	9,600	9,600	9,600
SERVICES/OPERATING EXP.	2,527,486	86,205	86,205
CAPITAL OUTLAY	-	-	-
OTHER OUTGO	120,000	120,000	120,000
DIRECT SUPPORT/INDIRECT COST	-	-	-
TOTAL EXPENDITURES:	3,180,901	741,907	749,330
NET INCREASE (DECREASE)			
IN FUND BALANCE	43,624	(214,541)	(221,964)
FUND BALANCE, RESERVES			
BEGINNING BALANCE	408,664	452,288	237,747
ADJUSTMENT TO BEG. BALANCE			
NET BEGINNING BALANCE	408,664	452,288	237,747
ENDING BALANCE JUNE 30	452,288	237,747	15,783
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts:			
Revolving Cash			
b) Designated Amounts:			
Econ Uncertainties	452,288	237,747	15,783

Cafeteria Fund – Fund 13

•The Cafeteria Fund is a separate fund for which the District tracks all food service operations. Food services at the elementary sites are exclusively operated by parent volunteers. Food Service at the High and Middle schools require at least 4 employees (one employee is part time) whose salaries are accounted for through this fund. This fund does not receive contributions from the District General Fund.

•Revenue is anticipated to increase by the cost of salary and benefits for employees in the multi-year projections. 0% increase in salaries for 2016-17 and 2017-18 and 1.5% in longevity increases only.

BUDGET	2015-16 Budget 03/09/16	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	-	-	-
FEDERAL REVENUES	6,435	6,435	6,435
STATE REVENUES	-	-	-
LOCAL REVENUES	713,134	734,530	756,565
TOTAL REVENUES:	719,569	740,965	763,000
EXPENDITURES:			
CERTIFICATED SALARIES	-	-	-
CLASSIFIED SALARIES	149,217	151,455	153,725
EMPLOYEE BENEFITS	80,486	81,045	81,610
SUPPLIES	496,055	510,935	526,260
SERVICES/OPERATING EXP.	29,191	29,190	29,190
CAPITAL OUTLAY	-	-	-
OTHER OUTGO	-	-	-
DIRECT SUPPORT/INDIRECT COSTS	-	-	-
TOTAL EXPENDITURES:	754,949	772,625	790,785
NET INCREASE (DECREASE)			
IN FUND BALANCE	(35,380)	(31,660)	(27,785)
FUND BALANCE, RESERVES			
BEGINNING BALANCE	122,030	86,650	54,990
ADJUSTMENT TO BEG. BALANCE	-	-	-
NET BEGINNING BALANCE	122,030	86,650	54,990
ENDING BALANCE JUNE 30	86,650	54,990	27,205
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts:			
Revolving Cash			
b) Designated Amounts:			
Econ Uncertainties	86,650	54,990	27,205
c) Undesignated Balance			

Deferred Maintenance - Fund 14

- The source of revenue to this fund is no longer designated as a combination of State funds which require matching District funds. All funds have been rolled into the LCFF which goes directly to the District General Fund, therefore all "revenue" for this fund is a transfer from the District General Fund. The amount to be transferred is budgeted at \$190,000 and will continue through 2017-18. Expenditures for this fund include 40% of the Director of Facilities and other deferred maintenance expenses as needed.

BUDGET	2015-2016 Budget 03/09/16	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	190,000	190,000	190,000
FEDERAL REVENUES	-	-	-
STATE REVENUES	-	-	-
LOCAL REVENUES	700	720	755
TOTAL REVENUES:	190,700	190,720	190,755
EXPENDITURES:			
CERTIFICATED SALARIES	-	-	-
CLASSIFIED SALARIES	50,107	50,860	51,625
EMPLOYEE BENEFITS	19,313	19,500	19,690
BUILDING SUPPLIES	2,274	-	-
SERVICES/OPERATING EXP.	24,540	25,000	25,000
CAPITAL OUTLAY	49,212	50,000	50,000
OTHER OUTGO	-	-	-
DIRECT SUPPORT/INDIRECT COSTS	-	-	-
TOTAL EXPENDITURES:	145,446	145,360	146,315
NET INCREASE (DECREASE)			
IN FUND BALANCE	45,254	45,360	44,440
FUND BALANCE, RESERVES			
BEGINNING BALANCE	150,264	195,518	240,878
ADJUSTMENT TO BEG. BALANCE			
NET BEGINNING BALANCE	150,264	195,518	240,878
ENDING BALANCE JUNE 30	195,518	240,878	285,318
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts:			
Revolving Cash			
b) Designated Amounts:			
Econ Uncertainties	195,518	240,878	285,318
c) Undesignated Balance			

Support Tax Reserve – Fund 17

• The Parcel Tax Reserve Fund is established to account for transfers for future use to support Parcel Tax programs. The purpose of this fund is to support programs in the final years of a Parcel Tax Measure. 2015-16 was the first year that there was a transfer to this fund from Measure A, which was approved by the voters in March 2013 for eight years.

BUDGET	2015-16 Budget 03/09/15	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	-	-	-
FEDERAL REVENUES	-	-	-
STATE REVENUES	-	-	-
LOCAL REVENUES	-	-	-
TRANSFER FROM GENERAL FUND	191,968	-	-
TOTAL REVENUES:	191,968	-	-
EXPENDITURES:			
CERTIFICATED SALARIES	-	-	-
CLASSIFIED SALARIES	-	-	-
EMPLOYEE BENEFITS	-	-	-
BOOKS AND SUPPLIES	-	-	-
SERVICES/OPERATING EXP.	-	-	-
CAPITAL OUTLAY	-	-	-
TRANSFER TO GENERAL FUND	-	-	-
OTHER OUTGO	-	-	-
DIRECT SUPPORT/INDIRECT COSTS	-	-	-
TOTAL EXPENDITURES:	-	-	-
NET INCREASE (DECREASE)			
IN FUND BALANCE	191,968	-	-
FUND BALANCE, RESERVES			
BEGINNING BALANCE	-	191,968	191,968
ADJUSTMENT TO BEG. BALANCE	-	-	-
NET BEGINNING BALANCE	-	191,968	191,968
ENDING BALANCE JUNE 30	191,968	191,968	191,968
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts:			
Revolving Cash			
b) Designated Amounts:			
Econ Uncertainties	191,968	191,968	191,968
c) Undesignated Balance			

NODA Fund – Fund 17

- The NODA Fund was established by the Board of Education to use the proceeds from the sale of a mural by artist Noda to establish a fund to support visual arts at the secondary level.
- Arts grants are funded through interest earned. Interest earnings are not sufficient to match the amount of the grants found in the multi-year projections.
- The balance of these funds is included as part of the 6% cap on reserves that will be imposed if the Prop. 2 provisions come into effect.

BUDGET	2015-2016 Budget 03/09/16	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	-	-	-
FEDERAL REVENUES	-	-	-
STATE REVENUES	-	-	-
LOCAL REVENUES	400	750	750
TOTAL REVENUES:	400	750	750
EXPENDITURES:			
CERTIFICATED SALARIES	-	-	-
CLASSIFIED SALARIES	-	-	-
EMPLOYEE BENEFITS	-	-	-
BOOKS AND SUPPLIES	-	-	-
SERVICES/OPERATING EXP.	-	-	-
CAPITAL OUTLAY	-	-	-
OTHER OUTGO	-	-	-
DIRECT SUPPORT/INDIRECT COSTS	-	-	-
TOTAL EXPENDITURES:	-	-	-
NET INCREASE (DECREASE)			
IN FUND BALANCE	400	750	750
FUND BALANCE, RESERVES			
BEGINNING BALANCE	99,452	99,852	100,602
ADJUSTMENT TO BEG. BALANCE	-	-	-
NET BEGINNING BALANCE	99,452	99,852	100,602
ENDING BALANCE JUNE 30	99,852	100,602	101,352
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts:			
Revolving Cash			
b) Designated Amounts:			
Econ Uncertainties	99,852	100,602	101,352
c) Undesignated Balance			

Building Fund – Fund 21

All funds will be expended on projects approved by the Board

BUDGET	2015-16 Budget 03/09/16	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	-	-	-
FEDERAL REVENUES	-	-	-
STATE REVENUES	-	-	-
LOCAL REVENUES	100	-	-
TOTAL REVENUES:	100	-	-
EXPENDITURES:			
CERTIFICATED SALARIES	-	-	-
CLASSIFIED SALARIES	-	-	-
EMPLOYEE BENEFITS	-	-	-
BUILDING SUPPLIES	-	-	-
SERVICES/OPERATING EXP.	10,200	-	-
CAPITAL OUTLAY	-	-	-
OTHER OUTGO	-	-	-
DIRECT SUPPORT/INDIRECT COSTS	-	-	-
TOTAL EXPENDITURES:	10,200	-	-
NET INCREASE (DECREASE)			
IN FUND BALANCE	(10,100)	-	-
FUND BALANCE, RESERVES			
BEGINNING BALANCE	10,100	0	0
ADJUSTMENT TO BEG. BALANCE	-	-	-
NET BEGINNING BALANCE	10,100	0	0
ENDING BALANCE JUNE 30	0	0	0
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts:			
Revolving Cash			
b) Designated Amounts:			
Econ Uncertainties	0	0	0
c) Undesignated Balance			

State School Facilities Fund – Fund 35

- This Fund typically holds restricted funds received from the State as part of the state matching funds for modernization projects
- The Board has approved a contract for QKA to develop a District Master Facilities Plan; other expenditures from this Fund are \$46k for the Beach shade structure, \$18k for district-wide signage. \$96k has not been encumbered as expenditures yet.

BUDGET	2015-16 Budget 03/09/16	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	-	-	-
FEDERAL REVENUES	-	-	-
STATE REVENUES	-	-	-
LOCAL REVENUES	1,260	-	-
TRANSFER FROM BUILDING FUND	-	-	-
TOTAL REVENUES:	1,260	-	-
EXPENDITURES:			
CERTIFICATED SALARIES	-	-	-
CLASSIFIED SALARIES	-	-	-
EMPLOYEE BENEFITS	-	-	-
BUILDING SUPPLIES	57,930	-	-
SERVICES/OPERATING EXP.	3,153	-	-
CAPITAL OUTLAY	341,896	-	-
OTHER OUTGO	-	-	-
DIRECT SUPPORT/INDIRECT COSTS	-	-	-
TOTAL EXPENDITURES:	402,979	-	-
NET INCREASE (DECREASE)			
IN FUND BALANCE	(401,719)	-	-
FUND BALANCE, RESERVES			
BEGINNING BALANCE	401,719	0	0
ADJUSTMENT TO BEG. BALANCE	-	-	-
NET BEGINNING BALANCE	401,719	0	0
ENDING BALANCE JUNE 30	0	0	0
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts: Revolving Cash			
b) Designated Amounts: Econ Uncertainties	0	0	0
c) Undesignated Balance			

Capital Facilities – Fund 40

- The Capital Facilities Fund is a fund for capital projects as identified by the Board of Education

- Changes in the multi-year projections reflect ongoing transfers of \$50,000 for future field replacement needs.

- There are also ongoing donations from the City of Piedmont, a range of \$30k to \$35k

- Donations from PHS Boosters and local sports clubs are as yet unidentified

BUDGET	2015-16 Budget 03/09/16	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	-	-	-
FEDERAL REVENUES	-	-	-
STATE REVENUES	-	-	-
LOCAL REVENUES	70,698	33,400	33,400
TRANSFER FROM GENERAL FUND	50,000	50,000	50,000
TOTAL REVENUES:	120,698	83,400	83,400
EXPENDITURES:			
CERTIFICATED SALARIES	-	-	-
CLASSIFIED SALARIES	-	-	-
EMPLOYEE BENEFITS	-	-	-
BUILDING SUPPLIES	58,971	-	-
SERVICES/OPERATING EXP.	17,930	-	-
CAPITAL OUTLAY	293,092	-	-
OTHER OUTGO	-	-	-
DIRECT SUPPORT/INDIRECT COSTS	-	-	-
TOTAL EXPENDITURES:	369,993	-	-
NET INCREASE (DECREASE)			
IN FUND BALANCE	(249,295)	83,400	83,400
FUND BALANCE, RESERVES			
BEGINNING BALANCE	924,446	675,151	758,551
ADJUSTMENT TO BEG. BALANCE	-	-	-
NET BEGINNING BALANCE	924,446	675,151	758,551
ENDING BALANCE JUNE 30	675,151	758,551	841,951
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts: Revolving Cash	-	-	-
b) Designated Amounts: Econ Uncertainties Witter Field	675,151	758,551	841,951
c) Undesignated Balance	-	-	-

Self Insurance Fund – Fund 67

•The fund is established to account for funds spent on self-insurance activities such as deductibles for property and liability, and workers compensation. This money is also used to fund ergonomic needs before they become workers compensation cases.

• The General Fund transferred \$10,000 to this fund in 2015-16 and is projected to transfer similar amount for the two subsequent fiscal years. Adjustments can be made in the future based on expenditure needs.

BUDGET	2015-2016 Budget 03/09/16	2016-2017 Projected Budget	2017-2018 Projected Budget
REVENUES:			
REVENUE LIMIT SOURCES	-	-	-
FEDERAL REVENUES	-	-	-
STATE REVENUES	-	-	-
LOCAL REVENUES	10	10	10
TRANSFER FROM GENERAL FUND	10,000	10,000	10,000
TOTAL REVENUES:	10,010	10,010	10,010
EXPENDITURES:			
CERTIFICATED SALARIES	-	-	-
CLASSIFIED SALARIES	-	-	-
EMPLOYEE BENEFITS	-	-	-
BOOKS AND SUPPLIES	10,010	12,465	10,010
SERVICES/OPERATING EXP.	-	-	-
CAPITAL OUTLAY	-	-	-
OTHER OUTGO	-	-	-
DIRECT SUPPORT/INDIRECT COSTS	-	-	-
TOTAL EXPENDITURES:	10,010	12,465	10,010
NET INCREASE (DECREASE)			
IN FUND BALANCE	-	(2,455)	-
FUND BALANCE, RESERVES			
BEGINNING BALANCE	2,455	2,455	0
ADJUSTMENT TO BEG. BALANCE	-	-	-
NET BEGINNING BALANCE	2,455	2,455	0
ENDING BALANCE JUNE 30	2,455	0	0
COMPONENTS OF ENDING BALANCE:			
a) Reserved Amounts: Revolving Cash			
b) Designated Amounts: Econ Uncertainties	2,455	0	0
c) Undesignated Balance			

Summary & Recommendation

- Multi-year projections show positive Ending Fund balances meeting designated reserve levels in the current and two subsequent fiscal years, 2015-16 through 2017-18
- However, the District will need to tap into the parcel tax reserve and NODA funds to meet the 3% Reserve in 2017-18. This requires the District to continue working on an action plan to address the challenge of an adequate Reserve which is severely impacted by CalSTRS/CalPERS cost increases; these costs are not matched by corresponding revenues from the State.

Summary & Recommendation

- The District business services staff continues to work closely with the Business Services department at Alameda County Office and in consultation with School Services of California to assure all requirements of AB 1200 and the Daucher Bill are met.

Summary & Recommendation

- The Budget Advisory Committee (BAC) remains an essential vehicle for dissemination of information to parents, students, staff and community members. Its purpose is to review the District's budget, share information with constituents, and generate recommendations for Board consideration in the budget development process.
- **BAC will continue to play a critical role in the District plan to address the 3% Reserve challenge in 2017-18.**

Recommendation: Action

- Upon review of 2015-16 Second
- Interim Report, approve a *Positive Certification* of the District's ability to meet financial obligations for the current year and the subsequent two fiscal years