

# 2024-2025
# First Interim Report

**Board of Education Presentation**

**December 16, 2024**


- Presenters:
- Sulema Holguin, Assistant Superintendent/CBO
- Meghna Bulsara, Executive Director

# Presentation Overview



- Budget Basics
- LCAP & LCFF Budget Connection
- First Interim
- Multi-Year Projections
- Next Steps

# What Exactly is a School District Budget?



- A **fluid guiding financial plan** for meeting the local school district goals and objectives for the year.
- Represents how much a school district **estimates** it will receive in income/revenue
- Provides the **maximum expenditures** authorized by the Board and the balance when the year is done
- Includes a **fund balance** that helps demonstrate the financial stability of a district and commitments for current and subsequent years

**Note:** Local district budgets **change** and need to be **revised** as part of the annual state budget process and funding level changes

# Budget and Financial Reporting Cycle

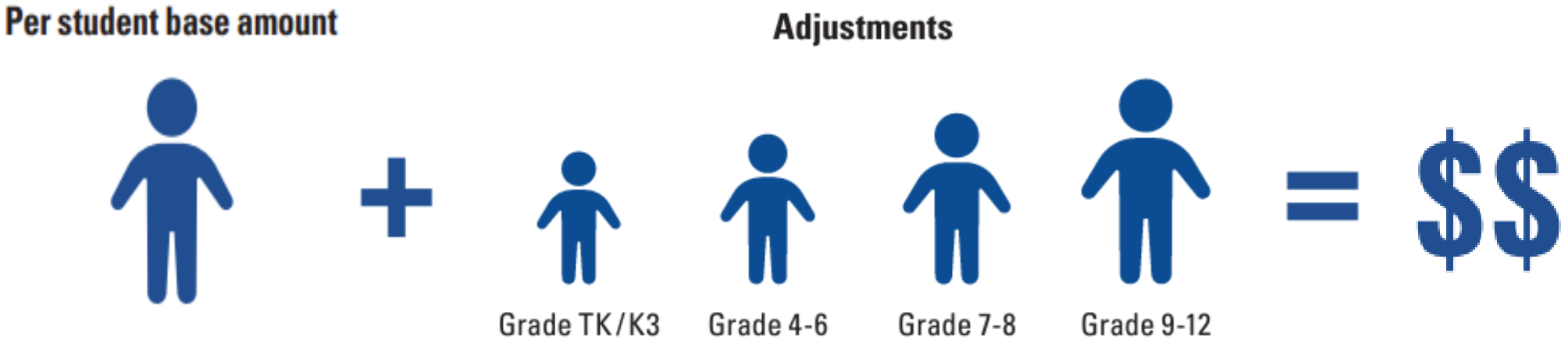


- Adopted LCAP and 2024-2025 Proposed Budget.....June 2024
- 45-Day 2024-25 Budget Revise.....August 2024
- Closing of the 2023-2024 Fiscal Year.....June-September 2024
- 2023-2024 Unaudited Actuals.....September 2024
- **2024-2025 First Interim Financial Report.....December 2024**
- Governor's 2025-2026 Budget Proposal.....January 2025
- 2023-2024 Audit Report.....January 2025
- 2024-2025 Second Interim Financial Report.....March 2025
- 2025-2026 Public Hearing on LCAP and Proposed Budget.....June 2025
- 2025-2026 LCAP and Budget Adoption.....June 2025

# How Are School Districts in California Funded?



- **State, local, and federal dollars** support California's students in TK-12 public schools
- Districts are **funded** based on **Average Daily Attendance** (ADA)
- The **largest revenue** is from the **State** and it is set mainly through the **Local Control Funding Formula** (LCFF) which includes base funding.



# How Are School Districts in California Funded (cont'd)?



- **Supplemental Funding**: Districts receive 20% additional funding per student for students with **high needs**

- **Concentration Funding**: Districts are provided additional money if more than 55% of children in the district qualify as having high needs.

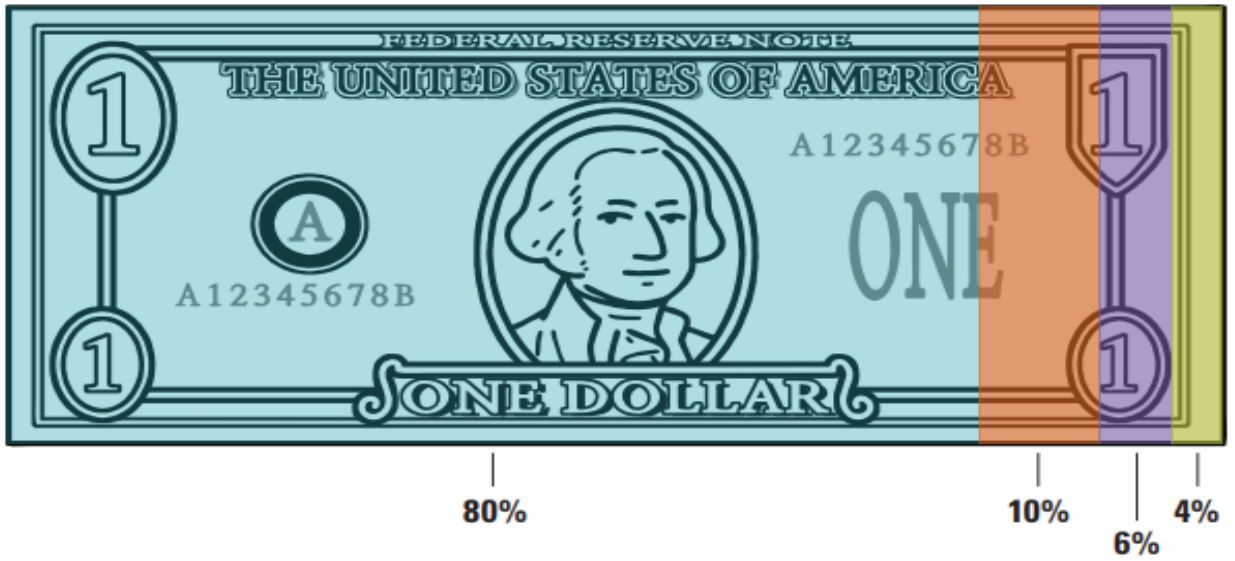
- **Federal Funds** account for roughly only **6-12%** of TK-12 funding

- While districts have **flexibility** to decide how to utilize their **LCFF funds**, a noticeable swing back by the state toward more categorical or grant-based funding for which districts must apply and/or use for certain purposes has evolved and connected with accountability.

# What Are The Main Expenditures in School District Budgets?



- While every school district is unique, the spending of school districts is roughly:
  - 80% salaries and benefits
  - 10% books and supplies
  - 6% utilities and contracts
  - 4% transfers and other





# LCFF & LCAP
# BUDGET CONNECTION

# LCFF & LCAP Budget Connection



- The **Local Control Accountability Plan (LCAP)** and budget approval processes are both **interdependent** and **interrelated**. Budget approval is not possible without prior County Office of Education (COE) approval of a district's LCAP.

- Money from the **LCFF** accounts for about **80 percent** of general funding that districts get from the state. The law requires that districts detail how they will spend the money in their **LCAP**.

- The budget for the applicable fiscal year adopted by the governing board of the school district includes expenditures sufficient to implement the actions and strategies included in the district's board adopted LCAP.

# LCFF & LCAP Budget Connection (cont'd)



- Districts must develop a **Local Control and Accountability Plan (LCAP)** that will better align the academic plan with the district expenditure plan which includes the **Local Control Funding Formula (LCFF)** funds that are approved by the Board of Trustees every June.
- The **LCAP** is part of the accountability plan connected to conceptual priorities of the District and informs resource allocation related to **LCFF** funding.
- The Goals and Actions section of the LCAP focuses on the goals, metrics, actions, and **expenditures** identified by the Local Education Agency (LEA).
- The LCAP provides plan **accountability** to budget expenditures for **student achievement**.



# FIRST INTERIM

# Legal Requirements



## Reporting Requirements

- In accordance with Ed Code and AB 1200, school districts are required to prepare and submit two interim financial reports to the Governing Board.
- The purpose of these reports is to notify the appropriate State and County Office of Education Officials as to whether the District will be able to meet its financial obligations for the remainder of the current year and for two subsequent years.
- The Board of Trustees is required to certify each interim report to indicate that it has been informed of the financial stability of the District.
  - **Positive:** The District **can** meet its financial obligation for the current fiscal year and the next two years
  - **Qualified:** The District **may not** meet its financial obligation for the current fiscal year and the next two years
  - **Negative:** The District **will not** meet its financial obligation for the current fiscal year and the next two years

**District staff recommends a positive certification for the First Interim report.**



# BUDGET ASSUMPTIONS

# Budget Assumptions



| | | 2024-25 Adopted | 2024-25 First Interim | 2025-26 Projected | 2026-27 Projected |
|---|---|---|---|---|---|
| Statutory Cost of Living Adjustment (COLA) | | 0.76% | 1.07% | 2.93% | 3.08% |
| Funded Average Daily Attendance (ADA) | | 22,284.58 | 22,301.67 | 21,820.56 | 21,549.09 |
| Consumer Price Index (CPI) | | 2.83% | 3.23% | 2.86% | 2.81% |
| State Teachers' Retirement System (STRS) | | 19.10% | 19.10% | 19.10% | 19.10% |
| Public Employees' Retirement System (PERS) | | 27.80% | 27.05% | 27.60% | 28.00% |
| LCFF Base Grade Span Factors | TK | $14,100 | $14,145 | $14,559 | $15,008 |
| | K-3 | $11,033 | $11,068 | $11,392 | $11,743 |
| | Gr 4-6 | $10,146 | $10,177 | $10,475 | $10,798 |
| | Gr 7-8 | $10,446 | $10,478 | $10,785 | $11,117 |
| | Gr 9-12 | $12,421 | $12,460 | $12,825 | $13,220 |

# Unrestricted Revenues



| Unrestricted Revenue | 2024-25 Adopted Budget | 2024-25 First Interim | Variance |
|---|---|---|---|
| LCFF Revenue | $ 297,525,939 | $ 298,673,625 | $ 1,147,686 |
| Federal Revenue | $ 9,243 | $ 9,598 | $ 355 |
| State Revenue | $ 9,299,631 | $ 9,202,899 | $ (96,732) |
| Other Local Revenue | $ 12,372,297 | $ 15,785,217 | $ 3,412,920 |
| Interfund Transfers In | $ 3,744,200 | $ 3,744,200 | $ - |
| Contributions | $ (44,463,218) | $ (40,168,690) | $ 4,294,528 |
| **Total** | **$ 278,488,092** | **$ 287,246,849** | **$ 8,758,757** |

# Restricted Revenues



| Restricted Revenue | 2024-25 | 2024-25 | |
|---|---|---|---|
| | Adopted Budget | First Interim | Variance |
| Federal Revenue | $ 14,417,770 | $ 22,594,281 | $ 8,176,511 |
| State Revenue | $ 65,120,968 | $ 67,121,987 | $ 2,001,019 |
| Other Local Revenue | $ 4,046,844 | $ 5,596,493 | 1,549,649 |
| Contributions | $ 44,463,218 | $ 40,168,690 | $ (4,294,528) |
| **Total** | **$ 128,048,800** | **$ 135,481,451** | **$ 7,432,651** |

# Unrestricted & Restricted Combined Revenue



| Combined Revenue | 2024-25 | 2024-25 | |
|---|---|---|---|
| | Adopted Budget | First Interim | Variance |
| LCFF Revenue | $ 297,525,939 | $ 298,673,625 | $ 1,147,686 |
| Federal Revenue | $ 14,427,013 | $ 22,603,879 | $ 8,176,866 |
| State Revenue | $ 74,420,599 | $ 76,324,886 | $ 1,904,287 |
| Other Local Revenue | $ 16,419,141 | $ 21,381,710 | $ 4,962,569 |
| Interfund Transfers In | $ 3,744,200 | $ 3,744,200 | $ - |
| Contributions | $ - | $ - | $ - |
| **Total** | **$ 406,536,892** | **$ 422,728,300** | **$ 16,191,408** |

# Unrestricted & Restricted Combined Expenditures



| Combined Expenditures | 2024-25 Adopted Budget | 2024-25 First Interim | Variance |
|---|---|---|---|
| Certificated Salaries | $ 153,777,823 | $ 163,776,015 | $ 9,998,192 |
| Classified Salaries | $ 57,578,841 | $ 62,384,700 | $ 4,805,859 |
| Employee Benefits | $ 101,808,388 | $ 103,567,188 | $ 1,758,800 |
| Materials and Supplies | $ 22,493,772 | $ 25,378,198 | $ 2,884,426 |
| Operating Expenses and Services | $ 47,558,826 | $ 54,516,092 | $ 6,957,266 |
| Capital Outlay | $ 3,147,465 | $ 14,123,548 | $ 10,976,083 |
| Other Outgo | $ 6,866,510 | $ 6,876,325 | $ 9,815 |
| Direct Support/Indirect Costs | $ (641,474) | $ (791,943) | $ (150,469) |
| Transfers Out/Other Uses | $ 12,163,688 | $ 12,165,593 | $ 1,905 |
| **Total** | **$ 404,753,839** | **$ 441,995,716** | **$ 37,241,877** |

# Multi-Year Projections

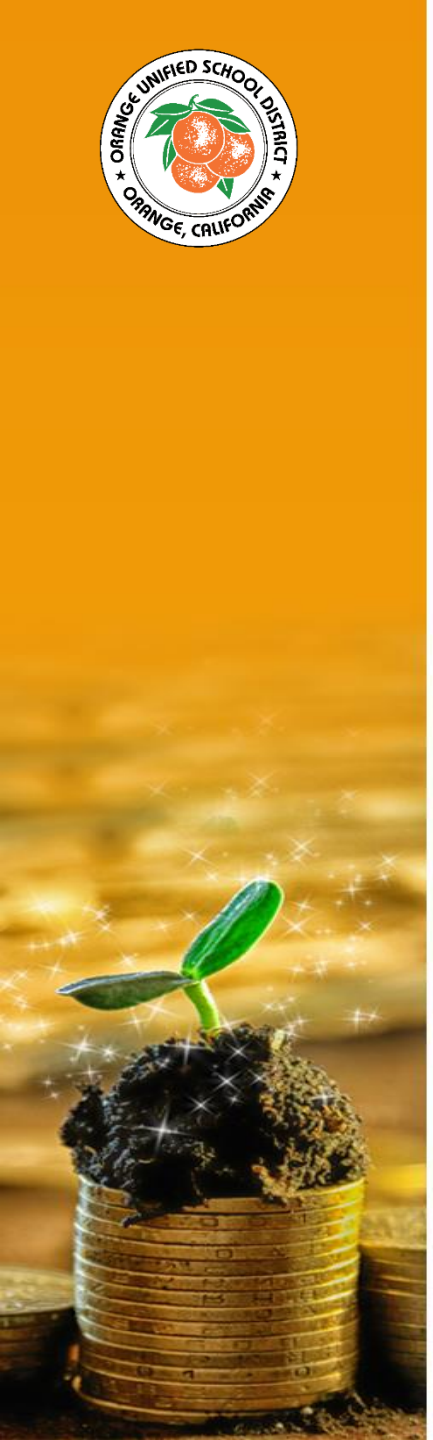


| | 2024-25 | 2024-25 | 2025-26 | 2026-27 |
|---|---|---|---|---|
| | Adopted Budget | First Interim | Projected | Projected |
| TOTAL REVENUES | $ 406,536,892 | $ 422,728,300 | $ 413,861,292 | $ 418,492,015 |
| TOTAL EXPENDITURES | $ 404,753,839 | $ 441,995,716 | $ 407,013,059 | $ 412,074,832 |
| CHANGE IN FUND BALANCE: | $ 1,783,053 | $ (19,267,416) | $ 6,848,233 | $ 6,417,183 |
| Unrestricted Balance | $ 14,179,188 | $ (1,186,164) | $ 12,231,683 | $ 12,457,555 |
| Restricted Balance | $ (12,396,135) | $ (18,081,252) | $ (5,383,450) | $ (6,040,372) |
| BEGINNING FUND BALANCE | $ 219,022,536 | $ 216,660,043 | $ 197,392,627 | $ 204,240,860 |
| PROJECTED ENDING BALANCE | $ 220,805,589 | $ 197,392,627 | $ 204,240,860 | $ 210,658,043 |

# Multi-Year Projections-Fund Balances

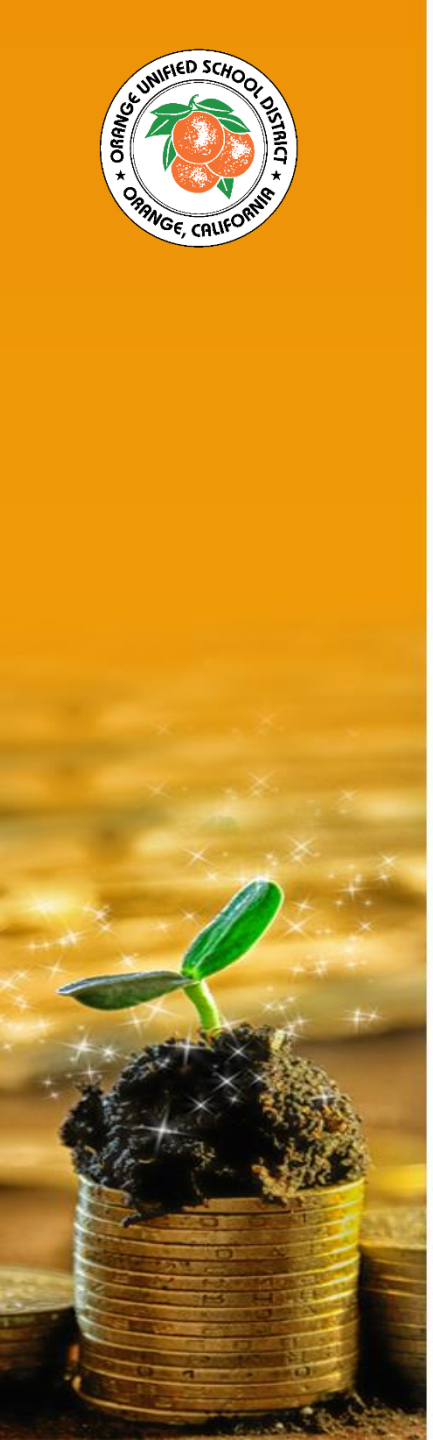


| | 2024-25 Adopted | 2024-25 First Interim | 2025-26 Projected | 2026-27 Projected |
|---|---|---|---|---|
| Beginning Fund Balance | $219,022,536 | $216,660,043 | $197,392,627 | $204,240,860 |
| Net Inc/(Dec) | $1,783,053 | $(19,267,416) | $6,848,233 | $6,417,183 |
| Ending Fund Balance | $220,805,589 | $197,392,627 | $204,240,860 | $210,658,043 |
| Components of Fund Balance: | | | | |
| Revolving Cash and Inventory | $254,297 | $408,485 | $408,485 | $408,485 |
| Restricted | $44,342,700 | $47,428,667 | $42,045,217 | $36,004,844 |
| Economic Uncertainties | $12,142,615 | $13,225,239 | $12,210,392 | $12,362,245 |
| Assigned | $26,775,629 | $20,171,897 | $19,911,897 | $19,651,897 |
| Committed | $135,987,505 | $105,764,388 | $121,494,338 | $133,445,716 |
| Unassigned | $1,302,843 | $10,393,951 | $8,170,532 | $8,784,856 |
| Unassigned Percentages | 0.59% | 5% | 4% | 4% |



# Multi-Year Projections

| | 2024-25 Adopted | 2024-25 First Interim | 2025-26 Projected | 2026-27 Projected |
|---|---|---|---|---|
| PROJECTED ENDING BALANCE | $220,805,589 | $197,392,627 | $204,240,860 | $210,658,043 |
| Stores and Revolving Cash | $254,297 | $408,485 | $408,485 | $408,485 |
| Restricted Programs Balance: | $44,342,700 | $47,428,667 | $42,045,217 | $36,004,844 |
| Assignments: | | | | |
| •Attract & Retain Program | $2,321,440 | $2,369,199 | $2,109,199 | $1,849,199 |
| •Personnel Vacancies | $20,481,158 | $14,687,502 | $14,687,502 | $14,687,502 |
| •LCFF Carryover | $2,976,911 | $3,115,196 | $3,115,196 | $3,115,196 |
| •Site Carryover – Donations | $996,120 | - | - | - |
| Commitments: | | | | |
| •Fiscal Emergencies | $23,707,275 | $14,671,596 | $22,401,545 | $26,352,923 |
| •Negotiation Commitments | $32,838,445 | $15,968,425 | $15,968,425 | $15,968,425 |
| •Textbook Adoption | $21,916,000 | $21,643,760 | $21,643,760 | $21,643,760 |
| •Pension Obligations | $14,780,000 | $14,780,000 | $14,780,000 | $14,780,000 |
| •Replacing and Updating Technology | $14,550,000 | $12,180,249 | $12,180,249 | $12,180,249 |
| •Enrollment Decline (851 students) | $13,038,222 | $13,038,222 | $13,038,222 | $13,038,222 |
| •Vacation Liability | $5,050,033 | $5,050,033 | $5,050,033 | $5,050,033 |
| •Loss of Attendance (ADA) | $4,157,546 | $4,157,546 | $4,157,546 | $4,157,546 |
| •Vehicle Replacements | $3,447,748 | $1,772,322 | $1,772,322 | $1,772,322 |
| •Facility Maintenance | $2,502,236 | $2,502,236 | $10,502,236 | $18,502,236 |
| Contingency/Unassigned: | | | | |
| •3% Reserve for State Required Contingency | $12,142,615 | $13,225,239 | $12,210,392 | $12,362,245 |
| •Unassigned Fund Balance | $1,302,843 | $10,393,951 | $8,170,532 | $8,784,856 |



# Anticipated Program Carryover Projections

| Program# | Program Description | 2024-25 Projected Totals |
|---|---|---|
| | Restricted Programs Balances: | $ 47,428,667 |
| 2600 | Expanded Learning Opportunities Program | $8,792,089 |
| 6211 | Literacy Coaches and Reading Specialists Grant | $301,531 |
| 6266 | Educator Effectiveness, FY 2021-22 | $1,254,995 |
| 6300 | Lottery: Instructional Materials | $1,231,588 |
| 6332 | CA Community Schools Partnership Act - Implementation Grant | $2,581,212 |
| 6762 | Arts, Music and Instructional Materials Discretionary Block Grant | $8,155,353 |
| 6770 | Arts and Music in Schools (AMS)- Prop 28 | $2,885,757 |
| 7032 | Child Nutrition: Kitchen Infrastructure and Training Funds - 2022 | $2,644,584 |
| 7311 | Classified School Employee Professional Development Block Grant | $163,505 |
| 7388 | SB 117 COVID-19 LEA Response Funds | $261,228 |
| 7399 | LCFF Equity Multiplier | $426,283 |
| 7412 | A-G Access/Success Grant | $229,023 |
| 7413 | A-G Learning Loss Mitigation Grant | $36,596 |
| 7435 | Learning Recovery Emergency Block Grant | $14,121,269 |
| 7810 | Other Restricted State | $481,598 |
| 8150 | Routine Restricted Maintenance Account (RRMA) | $2,518,357 |
| 9010 | Other Restricted Local | $1,343,699 |
| | Other Programs Carryover: | $ 5,513,848 |
| 0000 | LCFF-Supplemental & Concentration | $3,115,196 |
| 0000 | Site Donations | - |
| 3010 | Title I | $788,084 |
| 4035 | Title II | $391,408 |
| 4127 | Title IV | $372,351 |
| 4201 | Title III | $35,106 |
| 4203 | Title III | $88,051 |
| 6053 | Universal Pre-K Grant | $723,652 |
| 6387 | Career Technical Education Incentive Grant (CTEIG) | - |
| | TOTAL: | $ 52,942,515 |

# 2024-25 Other Funds Projections



| Fund Description | Beginning Balance | Revenue | Expenditures | Ending Balance |
|---|---|---|---|---|
| 08 - Student Activity Special Revenue Fund* | $0 | $0 | $0 | $0 |
| 09 - Charter Schools Special Revenue Fund | $8,750,052 | $14,580,755 | $15,521,918 | $7,808,889 |
| 11 - Adult Education Fund | $8,030 | $9,918 | $11,752 | $6,196 |
| 12 - Child Development Fund | $5,975,735 | $11,208,088 | $12,093,270 | $5,090,553 |
| 13 - Cafeteria Special Revenue Fund | $12,441,803 | $14,189,227 | $15,271,791 | $11,359,239 |
| 14 - Deferred Maintenance Fund | $1,691,356 | $6,149,052 | $6,213,452 | $1,626,956 |
| 17 - Special Reserve for Other than Capital Outlay Fund | $1,190,458 | $3,827,824 | $3,744,200 | $1,274,082 |
| 21 - Building Fund | $56,767,727 | $3,057,161 | $56,956,757 | $2,868,131 |
| 25 - Capital Facilities Fund | $5,288,489 | $660,567 | $5,046,000 | $903,056 |
| 35 - County School Facilities Fund | $35,348,589 | $1,134,549 | $25,000,000 | $11,483,138 |
| 40 - Special Reserve Fund for Capital Outlay Projects | $7,889,324 | $18,475,990 | $20,707,113 | $5,658,201 |
| 49 - Capital Project Fund for Blended Component Units | $577,370 | $19,922 | $113,660 | $483,632 |
| 51 - Bond Interest Redemption Fund | $0 | $0 | $0 | $0 |
| 56 - Debt Service Fund | $9,542,431 | $7,022,787 | $16,006,802 | $558,416 |
| 67 - Self-Insurance Fund | $6,811,058 | $4,153,358 | $4,751,925 | $6,212,491 |
| 71 - Retiree Benefit Fund | $113,982,561 | $37,002 | $5,902,755 | $108,116,808 |

* Updated at Unaudited Actuals Report

# Next Steps



- State Level
  - Governor's January Budget Proposal for Fiscal Year 2025-26 published by Jan 10, 2025
  - Projections are subject to changes
  - Legislative Proposals
  - Governor's May Revision
- Local Level
  - Update Budget Stabilization Plan
    - Release of Carry-Over Funds
    - 2024-25 Second Interim Reports by March 15, 2025
    - Strategies to retain and attract students
    - Development of Proposed Budget in connection with the LCAP for 2025-2026

# Thank you to our Fiscal Services Team!



## Leadership

Arlene Magana
Jami Lopez
Diana Gaeta
Allen Choi
Sharon Davis
David Nguyen

## Support Staff

Amy Glinskas
Ana Galicia
Ana Alvarado
Ana Tovar
Angelique Macis
Arhidai Guzman
Daniel Garcia
Francisco Chairez
Kim Da Silva
Jessica Urroz
Julie Lemos
Marci Gresham
Michelle Flansburg
Moises Lopez
Natalie Nguyen
Veronica Hernandez
Yesenia Carrillo
Yong Davidson



# BOARD MEMBER QUESTIONS OR COMMENTS