

First Interim

Ventura Unified School District
Board of Education Regular Meeting
December 13, 2024



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Agenda

- Reporting Requirements
- Reserves
- Enrollment and ADA trends
- Revenues and Expenditures
- Ending Fund Balance
- MYP



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Education Code

- Per Education Code (EC) Section 42130 requires districts to submit two financial interim reports to the County Office of Education each fiscal year:
- **1st Interim financial transactions from July 1 to October 31**
- **2nd Interim financial transactions from July 1 to January 31**
- The Interim is designed to identify the changes in the budget, since adoption in June.
- The report provides overall changes in revenues, expenditures and ending fund balances and reserves.
- The report also provides a multi-year analysis to state the district ability to meet its financial obligations for the current and two subsequent years.



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District Certification and Reserves

Fiscal Status of First Interim Report- Positive Certification

The district will exceed the State required minimum 3% reserve.

Reserve	2024-2025	2025-2026	2026-2027
Total Available Reserves	\$16,149,956	\$15,447,180	\$15,512,303
Total Available Reserves by %	6.00%	6.00%	6.00%



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Enrollment and ADA

Year	Enrollment	ADA	Decrease ADA Yr. to Yr.	Decrease Enrollment Yr. to Yr.
2019-2020	16236	15660.38		
2020-2021	15871	15660.38	0	-365
2021-2022	15357	13889.75	-1770.63	-514
2022-2023	14980	13736.90	-152.85	-377
2023-2024	14746	13655.01	-81.89	-234
2024-2025	14434	13204.08	-450.93	-312
2025-2026	14234	13067.58	-136.5	-200
2026-2027	14034	13222.20	-432.81	-200

Current year funding is based on a three-year ADA average, which moderates the impact of declining enrollment on funded ADA.

2024/25 funded ADA is 14,089.53



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All General Fund Revenues

	2024-2025 Adopted Budget	2024-2025 First Interim	Difference	% Change
LCFF(Local Control Funding Formula)	\$180,022,623.00	\$181,728,242.00	\$1,705,619.00	0.95%
Federal Revenue	\$8,916,406.00	\$8,783,561.00	(\$132,845.00)	-1.49%
State Revenues	\$30,055,195.00	\$31,132,091.00	\$1,076,896.00	3.58%
Local Revenues	\$21,072,890.00	\$26,320,755.00	\$5,247,865.00	24.90%
Total	\$240,067,114.00	\$247,964,649.00	\$7,897,535.00	3.29%

LCFF Revenue – Increase was due to our rolling LCFF supplemental and concentration percentage increased from 56% to 57%.

Federal Revenue – Updated revenues to match updated allocations in Title programs.

State Revenue – Updated allocations in CTE in the amount of \$789k and updated allocations in unrestricted lottery in the amount of \$230k.

Local Revenue – Updated budget to reflect one-time Workers' Compensation dividend in the amount of \$1.7 million and updated budget to reflect one-time Gold Coast payment of \$3.7 million.



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2024-2025 Combined Unrestricted/Restricted General Fund Expenditures

	2024-2025 Adopted Budget	2024-2025 First Interim		
Description	Expenses	Expenses	Difference	% Change
Certificated Salaries	\$88,832,547	\$91,454,533	\$2,621,986.00	3%
Classified Salaries	\$47,206,521	\$52,273,152	\$5,066,631.00	11%
Benefits	\$69,889,129	\$72,898,419	\$3,009,290.00	4%
Supplies	\$8,818,146	\$11,800,288	\$2,982,142.00	34%
Services	\$26,073,396	\$28,458,727	\$2,385,331.00	9%
Capital Outlay	\$6,025,291	\$7,736,633	\$1,711,342.00	28%
Other Outgo	\$5,455,680	\$5,455,680	\$0.00	0%
Total Expenditures	\$252,300,710	\$270,077,432	\$17,776,722.00	7%



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COLA*, CPI, and CalSTRS / CalPERS

SSC School District and Charter School Financial Projection Dartboard 2024-25 Enacted State Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2024–25 Enacted State Budget. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2023-24 ¹	2024-25 ²	2025-26	2026-27	2027-28
Department of Finance Statutory COLA	8.22%	1.07%	2.93%	3.08%	3.30%

LCFF GRADE SPAN FACTORS FOR 2024-25				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Statutory COLA of 1.07%	\$106	\$108	\$111	\$129
2024-25 Base Grants	\$10,025	\$10,177	\$10,478	\$12,144
Grade Span Adjustment Factors	10.4%	—	—	2.6%
Grade Span Adjustment Amounts	\$1,043	—	—	\$316
2024-25 Adjusted Base Grants ³	\$11,068	\$10,177	\$10,478	\$12,460
Transitional Kindergarten (TK) Add-On ⁴	\$3,077	—	—	—

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2023-24	2024-25	2025-26	2026-27	2027-28
California CPI		3.46%	3.23%	2.86%	2.81%	2.85%
California Lottery	Unrestricted per ADA	\$211	\$191	\$191	\$191	\$191
	Restricted per ADA	\$102	\$82	\$82	\$82	\$82
Mandate Block Grant (District) ⁴	Grades K-8 per ADA	\$37.81	\$38.21	\$39.33	\$40.54	\$41.88
	Grades 9-12 per ADA	\$72.84	\$73.62	\$75.78	\$78.11	\$80.69
Mandate Block Grant (Charter) ⁵	Grades K-8 per ADA	\$19.85	\$20.06	\$20.65	\$21.29	\$21.99
	Grades 9-12 per ADA	\$55.17	\$55.76	\$57.39	\$59.16	\$61.11
Interest Rate for Ten-Year Treasuries		4.26%	3.89%	3.58%	3.60%	3.50%
CalSTRS Employer Rate ⁶		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁵		26.68%	27.05%	27.60%	28.00%	29.20%
Unemployment Insurance Rate ⁷		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage ⁸		\$16.00	\$16.50	\$17.00	\$17.40	\$17.80

Expenditure Variances

Certificated Salaries – Reflect an increase due to new hires: intervention teachers, multilingual teachers, co-teaching subs, reading initiatives PD being added after budget adoption along with updating budgets to account for LCAP Goals.

Classified Salaries – \$1 million budget added for vacation payouts, \$1.8 million for behavioral health team, \$600k for ELOP positions, \$600k for facilities overtime and subs, \$1 million from adopted budget to account for special education permanent/hourly/sub paras.

Supplies – Increased approx. \$1.4 million in restricted lottery to spend carryover amounts. Increased facilities supply budget by approx. \$600k to account for trend in expenses. Updated Prop 28 supply budgets approx. \$900k

Services – Contracted Services reflect an increase in the amount of \$2 million due to updating budget to account for liability coverage. At adopted budget we did not have updated information on property coverage.

Capital Outlay – This is due to updating budget to account for \$1 million for updated costs at EP Foster Annex and the remaining \$700k is to account for bus purchases.



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2024-2025 VUSD First Interim Budget – Unrestricted Fund

Beginning Balance	\$24,409,656
Income	\$196,809,861
Expense	(\$170,161,008)
Contributions	(\$25,336,376)
Increase/Decrease Fund Balance	\$1,312,477



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2024-2025 VUSD First Interim Budget – Unrestricted Fund

Ending Balance \$ 25,722,133

- 6% Reserve for Economic Uncertainty - \$16,149,956
- Stores - \$365,000
- Reserve for 2022/23 H&W Projected Savings - \$2,329,431
- Reserve for 2023/24 Declining ADA - \$6,877,746
- Undesignated Ending Balance - \$ 0



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2024-2025 VUSD First Interim Budget – Restricted Fund

Ending Balance \$ 12,116,965

- Reserve for Learning Recovery Block Grant - \$6,394,006
- Reserve for Expanded Learning - \$1,421,270
- Reserve for Educator Effectiveness - \$1,011,368
- Reserve for Prop 28 - \$2,238,650
- Mental Health Funds- \$294,909
- California School Employee PD Block Grant- \$109,802
- Reserve for Site/District Grants/Donations - \$646,960



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Assumptions in Multiyear Projections (MYP)

The District's MYP is developed with key assumptions.

- The COLAs used for the are based on SSC assumptions at 1.07% in fiscal year 2024/25, 2.93% in 2025/26 and 3.08% in 2026/27.
- The Unduplicated Count has been updated to 60% for the next three years, increasing supplemental and concentration amount dollars in the LCFF unrestricted general fund by about \$3 million in fiscal year 2025/26 and \$2 million in fiscal year 2026/27.

Assumptions in MYP

- Learning Recovery Emergency Block Grant (LREBG) in current fiscal year 2024/25 will expend \$9.2 million in positions of the \$15.6 million total allocation leaving a balance of approx. \$6.3 million for fiscal year 2025/26.
- This MYP assumes that \$2.9 million shortfall due to lack of one-time LREBG funds to cover expenses is being removed from budget. As anticipated, one result is the need to reduce positions previously added via LREBG funding.
- This MYP also assumes that in Fiscal year 2025/26 the \$6.3 million remaining in LREBG will fully be exhausted at the end of the fiscal year and expenses tied to these funds are removed from fiscal year 2026/27.
- As the parcel tax did not pass (final 66.46% but 66.76% required), MYP reflects \$2.1 million of expenses that were previously funded by parcel tax. This translates to an additional need to reduce positions and expenses.
- As stated during previous budget discussions, current MYP reflects that expenses tied to LREBG and Parcel Tax are removed from the budget unless and until another funding source is identified.

Multi-Year Projection 2025-2027

<u>Projected 1st Interim- Combined Un/Res</u>	2024/2025	2025/2026	2026/2027
Beginning Balance	\$59,040,381	\$37,839,098	\$26,728,650
Projected Revenue (per MYP)	\$247,964,649	\$246,342,543	\$253,847,930
Total Projected Revenues	\$247,964,649	\$246,342,543	\$253,847,930
Projected Expenses (per MYP)	\$269,165,932	\$257,452,991	\$258,538,374
Total Projected Expenditures	\$269,165,932	\$257,452,991	\$258,538,374
Surplus/(Deficit)	(\$21,201,283)	(\$11,110,448)	(\$4,690,444)
Transfers from/(to other funds)	\$0	\$0	\$0
Projected Ending Fund Balance	\$37,839,098	\$26,728,650	\$22,038,206
Revolving Cash, Stores	(\$365,000)	(\$365,000)	(\$365,000)
Restricted Resources	(\$12,116,965)	(\$4,002,681)	(\$3,835,163)
Assignments	(\$9,207,177)	(\$6,913,789)	(\$2,325,740)
Reserve Dollars	\$16,149,956	\$15,447,180	\$15,512,303
Reserve Level	6.0%	6.00%	6.00%

Multi-Year Projection 2025-2027

<u>Projected 1st Interim- Unrestricted</u>	2024/2025	2025/2026	2026/2027
Beginning Balance	\$24,409,656	\$25,722,133	\$22,725,969
Projected Revenue (per MYP)	\$196,809,861	\$196,194,077	\$203,452,981
Total Projected Revenues	\$196,809,861	\$196,194,077	\$203,452,981
Projected Expenses (per MYP)	\$195,497,384	\$199,190,241	\$207,975,907
Total Projected Expenditures	\$195,497,384	\$199,190,241	\$207,975,907
Surplus/(Deficit)	\$1,312,477	(\$2,996,164)	(\$4,522,926)
Projected Ending Fund Balance	\$25,722,133	\$22,725,969	\$18,203,043
Revolving Cash, Stores	(\$365,000)	(\$365,000)	(\$365,000)
Restricted Resources	\$0	\$0	\$0
Assignments	(\$9,207,177)	(\$6,913,789)	(\$2,325,740)
Reserve Dollars at 6%	\$16,149,956	\$15,447,180	\$15,512,303

MYP reflects no LREBG positions remaining and unrestricted budget with \$4.5 million deficit.



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Multi-Year Projection 2025-2027

<u>Projected 1st Interim- Unrestricted</u>	2024/2025	2025/2026	2026/2027
Beginning Balance	\$24,409,656	\$25,722,133	\$19,825,969
Projected Revenue (per MYP)	\$196,809,861	\$196,194,077	\$203,452,981
Total Projected Revenues	\$196,809,861	\$196,194,077	\$203,452,981
Projected Expenses+Contribution (per MYP)	\$195,497,384	\$199,190,241	\$207,975,907
LRBEG positions brought back		\$2,900,000	\$9,200,000
Total Projected Expenditures	\$195,497,384	\$202,090,241	\$217,175,907
Surplus/(Deficit)	\$1,312,477	(\$5,896,164)	(\$13,722,926)
Projected Ending Fund Balance	\$25,722,133	\$19,825,969	\$6,103,043
Revolving Cash, Stores	(\$365,000)	(\$365,000)	(\$365,000)
Restricted Resources	\$0	\$0	\$0
Assignments	(\$9,207,177)	(\$4,013,789)	\$0
Reserve Dollars	\$16,149,956	\$15,447,180	\$5,738,043

If existing LREBG positions are retained, by 2026/27 unrestricted general fund deficit is \$13 million with ending fund balance that will not meet statutorily required 3% reserve. Third year 3% minimum reserve is approx. \$7.7 million and we project \$5.7 million.



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If a district cannot meet its required reserve, it faces several consequences:

State Intervention: The California Department of Education (CDE) or the county office of education may step in to monitor the district's financial health. This could include placing the district under fiscal oversight, which involves additional reporting and potentially a financial recovery plan.

Fiscal Insolvency: If a district repeatedly fails to meet its reserve requirements or is unable to balance its budget, it may be at risk of insolvency. This can lead to further intervention, including potential state loans to cover deficits.

Loss of Funding: The state may withhold certain funds, or the district may face a downgrade in its credit rating. This can increase borrowing costs or limit access to other financial resources.

Impact on Operations: Insufficient reserves may limit a district's ability to invest in critical programs, meet payroll, or respond to emergencies. In the long-term, it can affect student services and educational outcomes.



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Final Notes

- The District's current financial position is positive and the District's ability to manage its cash flow is effective without the need to borrow. As a precaution for fiscal year 2025/26 if all budgeted expenditures are expended cash flow is negative in December and April. As a precautionary measure, the District will prep a Tax Revenue Anticipation Note (TRAN) resolution, as applications for TRAN are due in Feb/March for Fiscal year 2025/26. There is no cost for the application.
- The District must continue to be prudent in the development of its budgets to ensure fiscal solvency.
- As one-time dollars conclude, there is a need to reduce positions previously funded by one-time dollars in order to protect general fund and reserves, while continuing to maximize the use of categorical funds.
- Staffing and natural attrition must continue to be monitored, and vacancies should be analyzed on an ongoing basis (i.e. position control).



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Questions?



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