

VUSD 2023-2024 First Interim Budget

Ventura Unified School District
Board of Education Regular Meeting
December 12, 2023



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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	2023-2024	2024-2025	2025-2026
Total Available Reserves	\$14,805,206.00	\$13,906,438.00	\$14,325,791.00
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	14629	13340.58	-396.32	-351
2024-2025	14479	13204.08	-136.5	-150
2025-2026	14329	13067.58	-136.5	-150

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

2023/24 funded ADA is 14,746.25



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All General Fund Revenues

	2023-2024 Adopted Budget	2023-2024 First Interim	Difference	% Change
LCFF(Local Control Funding Formula)	\$184,943,946.00	\$185,082,139.00	\$138,193.00	0.07%
Federal Revenue	\$14,931,664.00	\$23,192,030.00	\$8,260,366.00	55%
State Revenues	\$20,457,496.00	\$33,759,550.00	\$13,302,054.00	65%
Local Revenues	\$20,393,263.00	\$20,168,038.00	(\$225,225.00)	-1%
Total	\$240,726,369.00	\$262,201,757.00	\$21,475,388.00	9%

LCFF Revenue - increased slightly based on updated projection for ADA.

Federal Revenue - resources that need to be balanced and cannot have excess revenue if expenditures do not match. This is not a loss in revenue. It is adjusting our revenues to match the expense plan. Updated ESSER III funding to reflect being fully spent by the end of the fiscal year.

State Revenue - increased to account for \$2.3 million for Prop 28 funds. Added \$4.2 million to AMIM discretionary budget to reflect the remaining funds owed to district from CDE. The remaining was due to revising ELOP budget by \$7.9 million to match expenditure plan.

Local Revenue - reduced MAA billing budget to reflect actuals.



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2023-2024 Combined Unrestricted/Restricted General Fund Expenditures

Combined	2023-2024 Adopted Budget	2023-2024 First Interim		
Description	Expenses	Expenses	Difference	% Change
Certificated Salaries	\$84,195,051	\$84,471,046	\$275,995.00	0%
Classified Salaries	\$39,129,188	\$40,693,324	\$1,564,136.00	4%
Benefits	\$63,477,376	\$63,870,993	\$393,617.00	1%
Supplies	\$14,112,099	\$18,560,603	\$4,448,504.00	32%
Services	\$38,137,680	\$32,303,565	(\$5,834,115.00)	-15%
Capital Outlay	\$645,492	\$2,007,288	\$1,361,796.00	211%
Other Outgo	\$4,360,175	\$4,846,589	\$486,414.00	11%
Total Expenditures	\$244,057,061	\$246,753,408	\$2,696,347.00	1%



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Unrestricted Expenditures

Unrestricted	2023-2024 Adopted Budget	2023-2024 First Interim		
Description	Expenses	Expenses	Difference	% Change
Certificated Salaries	\$62,842,963	\$60,732,929	(\$2,110,034.00)	-3%
Classified Salaries	\$24,191,439	\$22,710,576	(\$1,480,863.00)	-6%
Benefits	\$39,940,901	\$37,673,662	(\$2,267,239.00)	-6%
Supplies	\$4,931,818	\$3,658,138	(\$1,273,680.00)	-26%
Services	\$17,411,355	\$16,929,972	(\$481,383.00)	-3%
Capital Outlay	\$161,473	\$805,000	\$643,527.00	399%
Other Outgo	\$3,393,667	\$3,513,922	\$120,255.00	4%
Total Expenditures	\$152,873,616	\$146,024,199	(\$6,849,417.00)	-4%



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Restricted Expenditures

Restricted	2023-2024 Adopted Budget	2023-2024 First Interim		
Description	Expenses	Expenses	Difference	% Change
Certificated Salaries	\$21,352,088	\$23,738,117	\$2,386,029.00	11%
Classified Salaries	\$14,937,749	\$17,982,748	\$3,044,999.00	20%
Benefits	\$23,536,475	\$26,197,331	\$2,660,856.00	11%
Supplies	\$9,180,281	\$14,902,465	\$5,722,184.00	62%
Services	\$20,726,325	\$15,373,593	(\$5,352,732.00)	-26%
Capital Outlay	\$484,019	\$1,202,288	\$718,269.00	148%
Other Outgo	\$966,508	\$1,332,667	\$366,159.00	38%
Total Expenditures	\$91,183,445	\$100,729,209	\$9,545,764.00	10%



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COLA*, CPI, and CalSTRS / CalPERS

SSC School District and Charter School Financial Projection Dartboard 2023-24 Enacted State Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2023–24 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	2022-23	2023-24 ¹	2024-25	2025-26	2026-27
Department of Finance Statutory COLA	6.56%	8.22%	3.94%	3.29%	3.19%
Planning COLA	6.56%	8.22%	3.94%	3.29%	3.19%

LCFF GRADE SPAN FACTORS FOR 2023-24				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2022-23 Base Grants	\$9,166	\$9,304	\$9,580	\$11,102
Statutory COLA of 8.22%	\$753	\$765	\$787	\$913
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Grade Span Adjustment Factors	10.4%	—	—	2.6%
Grade Span Adjustment Amounts	\$1,032	—	—	\$312
2023-24 Adjusted Base Grants ²	\$10,951	\$10,069	\$10,367	\$12,327
Transitional Kindergarten (TK) Add-On ³	\$3,044	—	—	—

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2022-23	2023-24	2024-25	2025-26	2026-27
California CPI		5.69%	3.55%	3.03%	2.64%	2.90%
California Lottery	Unrestricted per ADA	\$204	\$177	\$177	\$177	\$177
	Restricted per ADA	\$100	\$72	\$72	\$72	\$72
Mandate Block Grant (District)	Grades K-8 per ADA	\$34.94	\$37.81	\$39.30	\$40.59	\$41.88
	Grades 9-12 per ADA	\$67.31	\$72.84	\$75.71	\$78.20	\$80.69
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$18.34	\$19.85	\$20.63	\$21.31	\$21.99
	Grades 9-12 per ADA	\$50.98	\$55.17	\$57.34	\$59.23	\$61.12
Interest Rate for Ten-Year Treasuries		3.72%	3.60%	2.98%	2.90%	3.00%
CalSTRS Employer Rate ⁴		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁴		25.37%	26.68%	27.70%	28.30%	28.70%
Unemployment Insurance Rate ⁵		0.50%	0.05%	0.05%	0.05%	0.05%
Minimum Wage ⁶		\$15.50	\$16.00	\$16.50	\$16.90	\$17.30



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Expenditure Variances

Certificated Salaries - reflect a decrease in unrestricted general fund due to shifting to spend down categorical funds in restricted general fund programs such as Title I, II, III, IV, CSI, A-G Grants, IPI, SPED and ESSER III.

Classified Salaries - reflect a decrease in unrestricted general fund due to shifting to spend down categorical funds in restricted general fund programs such as Title I, IV, A-G Grants, IPI, SPED and ESSER III along with vacancies that will not be filled in this fiscal year being removed from budget.

Supplies - decreased in Unrestricted General Fund but increased in Restricted General Fund due to shifting expenses to categorical funds, such as ESSER III and ELOP. The strategy is to alleviate general fund and spend categorical federal funds first.

Services - reflect and overall decrease due to Special Education contract budgets being adjusted to align with actuals and encumbrances for this year and comparing from the previous three years history of actuals.

Capital Outlay - increased to match actual and encumbrances for transportation and facilities on unrestricted general fund. On restricted General Fund side budgets were increased to account for capital expenditures for ELOP and CTEIG grants.

Other Outgo - special education excess cost increased.



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2023-2024 VUSD First Interim Budget – Unrestricted Fund

Beginning Balance	\$17,944,774
Income	\$194,646,875
Expense	(\$146,024,199)
Contributions	(\$34,981,876)
Increase/Decrease Fund Balance	\$13,640,800



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2023-2024 VUSD First Interim Budget – Unrestricted Fund

Ending Balance \$ 31,585,574

- 6% Reserve for Economic Uncertainty - \$14,805,206
- Stores - \$365,000
- Reserve for Instructional Materials - \$2,885,937
- Reserve for 22-23 H&W Projected Savings - \$2,329,431
- Reserve for 23-24 Declining ADA - \$11,200,000
- Undesignated Ending Balance - \$ 0



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2023-2024 VUSD First Interim Budget – Restricted Fund

Ending Balance \$ 42,751,798

- Reserve for Arts/Music Discretionary Block Grant - \$8,868,192
- Reserve for Learning Recovery Grant - \$15,498,768
- Reserve for Expanded Learning - \$9,817,145
- Reserve for Educator Effectiveness - \$3,493,594
- Reserve for CTE CTEIG and K-12 Strong Workforce - \$1,494,529
- Parcel Tax - \$808,008
- Reserve for Site/District Grants/Donations - \$2,771,562



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Assumptions in Multiyear Projections (MYP)

The District's MYP is developed with key assumptions.

- The COLAs used for the two out years are based on SSC assumptions at 3.94% in 2024/25 and 3.29% in 2025/26. However, the **Legislative Analyst's Office (LAO)** is projecting a 1% COLA for 2024/25. This has potential for reducing 2024/25 revenues by approx. \$5.1 million.
- Savings (\$5.3 million) from PARS implementation is accounted for beginning fiscal year 2024/25, as well as \$1.8 million PARS payment every year for five years.

Low Statutory COLA Estimated for 2024-25

➤ Latest Estimate of Statutory COLA Is 1.27 Percent

- The COLA rate is determined by a national price index for state and local governments and finalized in late April before the start of the year.
- Our estimate reflects preliminary data for six of the eight quarters affecting the calculation, updated as of November 29, 2023. (It also reflects our projections for the remaining two quarters.)
- The low COLA rate is probably due in part to the recent drop in energy prices, which remain above 2020 levels but are down significantly from their peak in 2022.

This is an early forecast from LAO, will monitor and adjust after May Revise for next years budget.

Assumptions in MYP

- ESSER III funds amounting to \$14.2 million will expire at the conclusion of 2023/24 fiscal year. Every recurring expenditure has been subtracted from the subsequent years. This accounts for \$6.5 million in services and supplies. The remaining \$7.7 million consists of ESSER III-funded positions that were not included during the previous two years of the MYP.
- If these positions are not reduced, costs will either impact the General Fund or need to be transferred to Learning Recovery Emergency Block Grant (LREBG) for no more than two years, after which the Learning Recovery funds will be completely depleted, although Learning Recovery funds can be utilized through 2028.

Multi-Year Projection 2024-2026

<u>Projected 1st Interim</u>	2023-2024	2024/2025	2025/2026
Beginning Balance	\$58,889,022	\$74,337,371	\$85,158,250
Projected Revenue (per MYP)	\$262,201,757	\$242,594,832	\$239,868,922
Total Projected Revenues	\$262,201,757	\$242,594,832	\$239,868,922
Projected Expenses (per MYP)	\$246,753,408	\$231,773,953	\$236,171,950
Total Projected Expenditures	\$246,753,408	\$231,773,953	\$236,171,950
Surplus/(Deficit)	\$15,448,349	\$10,820,879	\$3,696,972
Transfers from/(to other funds)	\$0	\$0	\$0
Projected Ending Fund Balance	\$74,337,371	\$85,158,250	\$88,855,222
Revolving Cash, Stores	(\$365,000)	(\$365,000)	(\$365,000)
Restricted Resources	(\$42,751,798)	(\$42,751,798)	(\$40,564,432)
Assignments	(\$16,415,368)	(\$28,135,034)	(\$33,600,000)
Reserve Dollars	\$14,805,205	\$13,906,418	\$14,325,790
Reserve Level	6.0%	6.00%	6.07%

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.
- The District must continue to be prudent in the development of its budgets to ensure fiscal solvency.
- As the allocation of one-time dollars concludes, the subsequent course of action will be to further reduce general fund expenditures while maximizing 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).
- It is recommended that the Board of Trustees approve the 2023-2024 First Interim Report



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Questions?



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