



Newport-Mesa

Unified School District

2024-25 Unaudited Actuals Report

Unaudited Actuals – What Is It?

- Board approval required by law
- Represents cumulative financial activity for the fiscal year – snapshot as of June 30
 - Conformance with the State Accounting Manual
 - Subject to audit
 - Stabilization Reserve review
- Annual report filed with the State
- 2025-26 beginning fund balances updated



The 2024-25 Year in Review

“Life can only be understood backwards; but it must be lived forwards.”

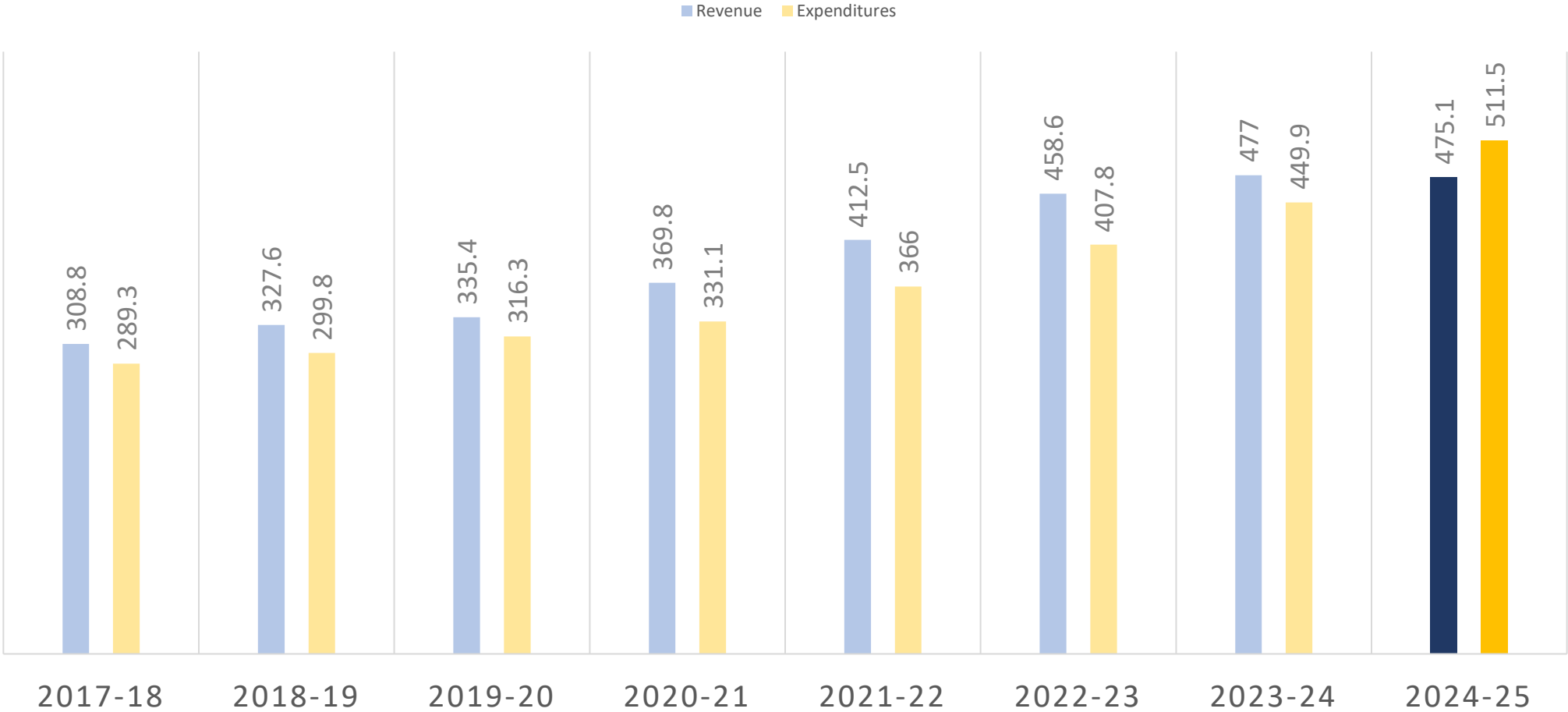
Soren Kierkegaard

The Theme of the 2024-25 Budget

- Significant investments were made to support the planning efforts for the robust capital improvements that took place over summer. Specifically, the efforts were primarily to improve student and staff safety, as well as some audio/visual upgrades at several of our schools.
- The planning efforts included a significant investment into design, construction management, and required state agency approvals to be prepared for the summer construction.

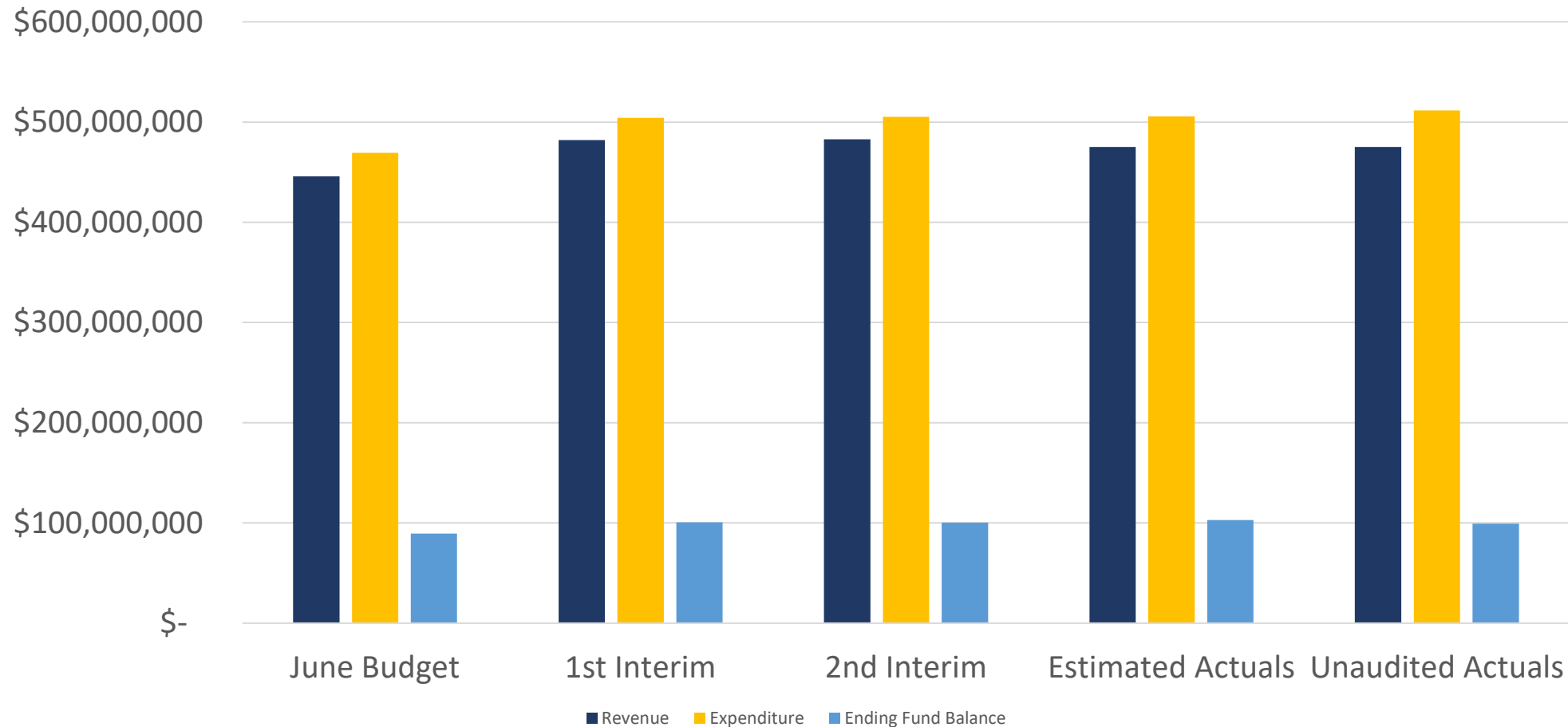
Revenue vs. Expenditures

- Expenditures increased by 13.7% from the prior year
- Revenues decreased very slightly from the prior year by 0.4%



Revenue vs. Expenditures

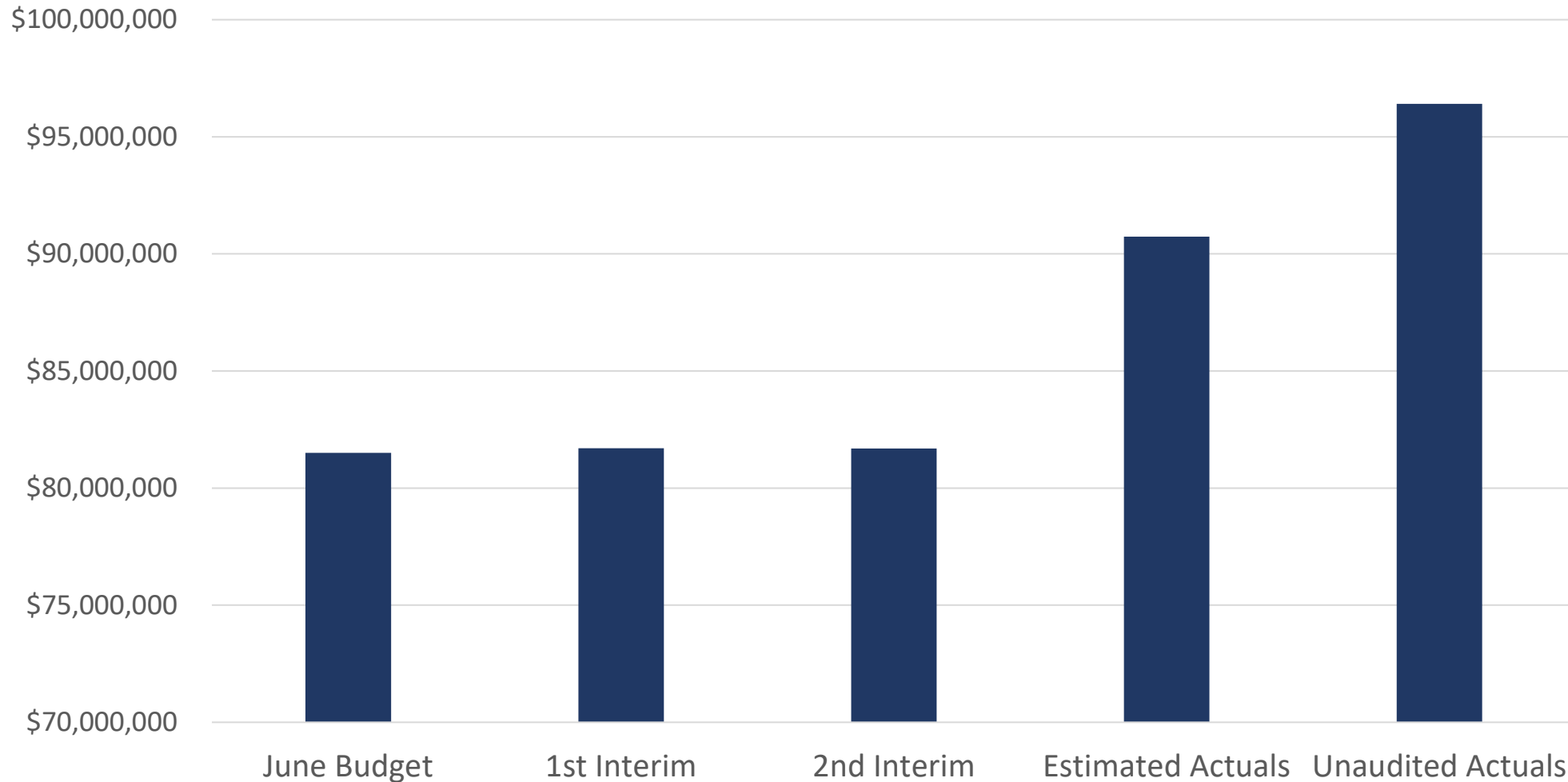
- 2024-25 Budget History



What the Numbers Say

- From the June adoption, through the closure of the books, the 2024-25 budget had planned to spend more than it would receive in revenue for the year.
- A significant amount of one-time expenditures in services primarily drove the increase in expenditures for the year, which were intentional and planned to support the summer work.
- Going forward we will need to be very thoughtful in how we can bring our expenditures in better alignment with our revenues.

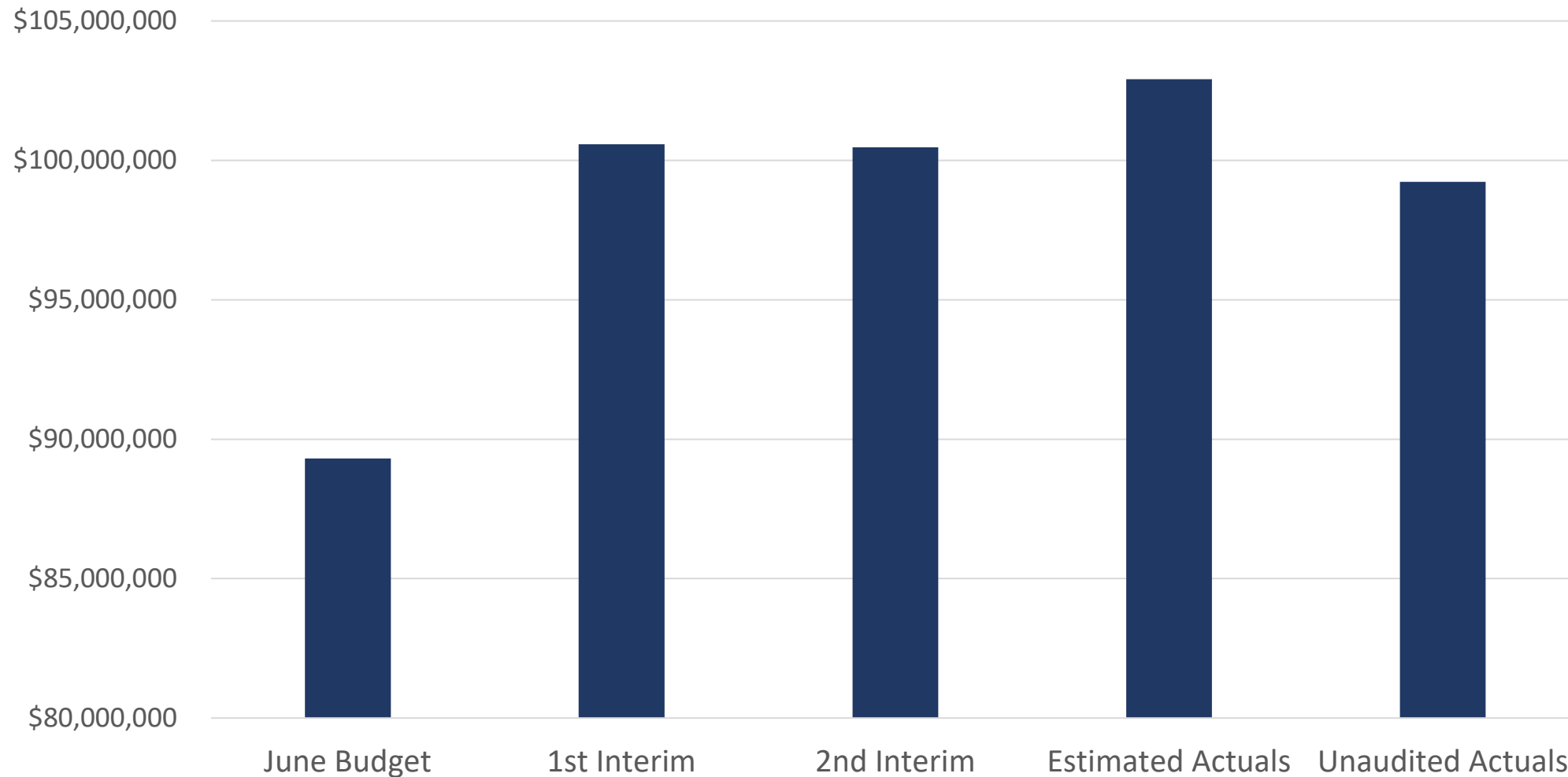
Encroachment and Transfers Out



Encroachment and Transfers Out

- Encroachments occur when restricted or categorical programs require more funding than they receive from the State and/or Fed (i.e. Special Education, Transitional Kindergarten, Transportation)
- Transfers encompass funding that goes from the General Fund to a separate fund to support a specific program (i.e. Nutrition Services, Facilities, State Preschool)

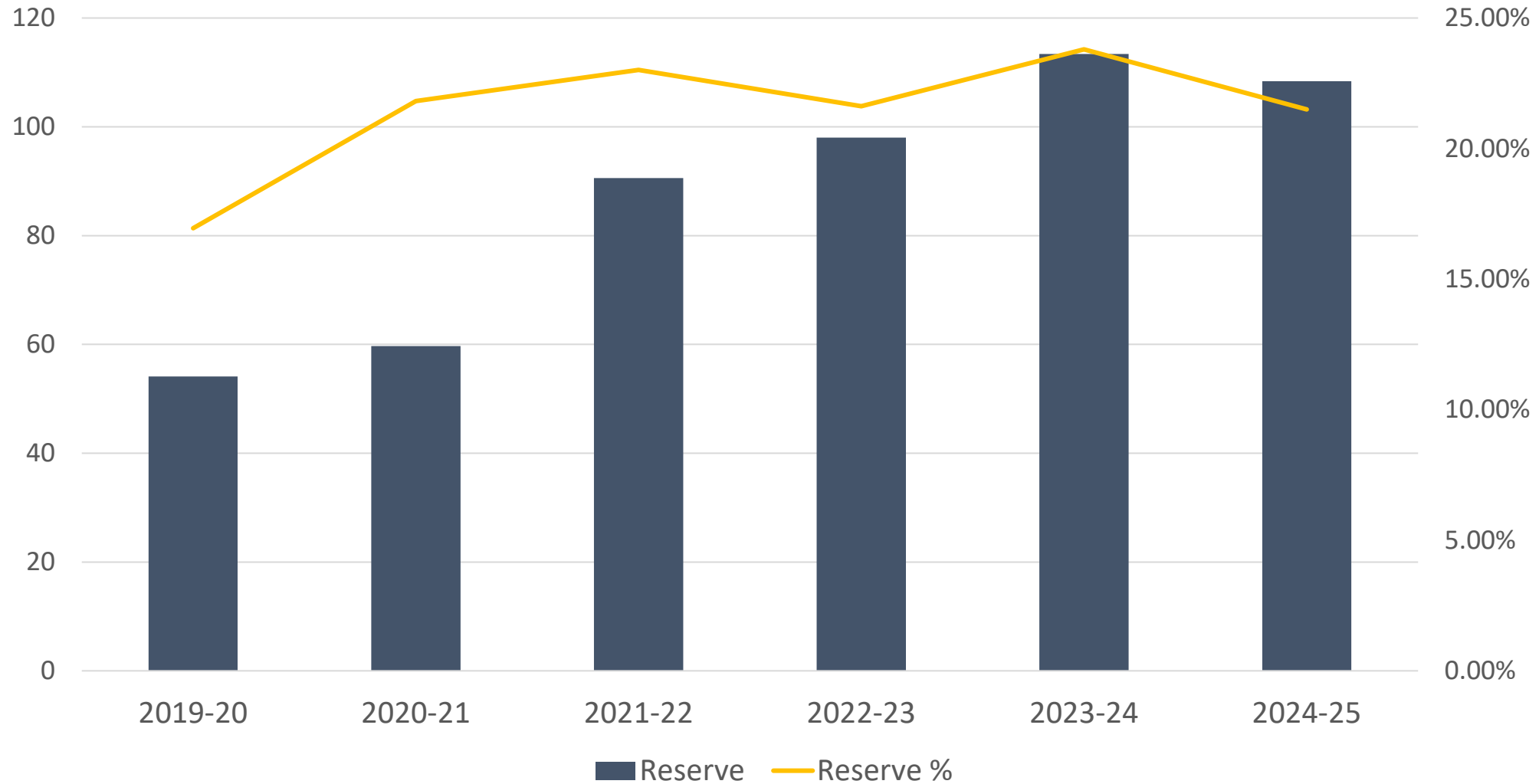
Ending Fund Balance



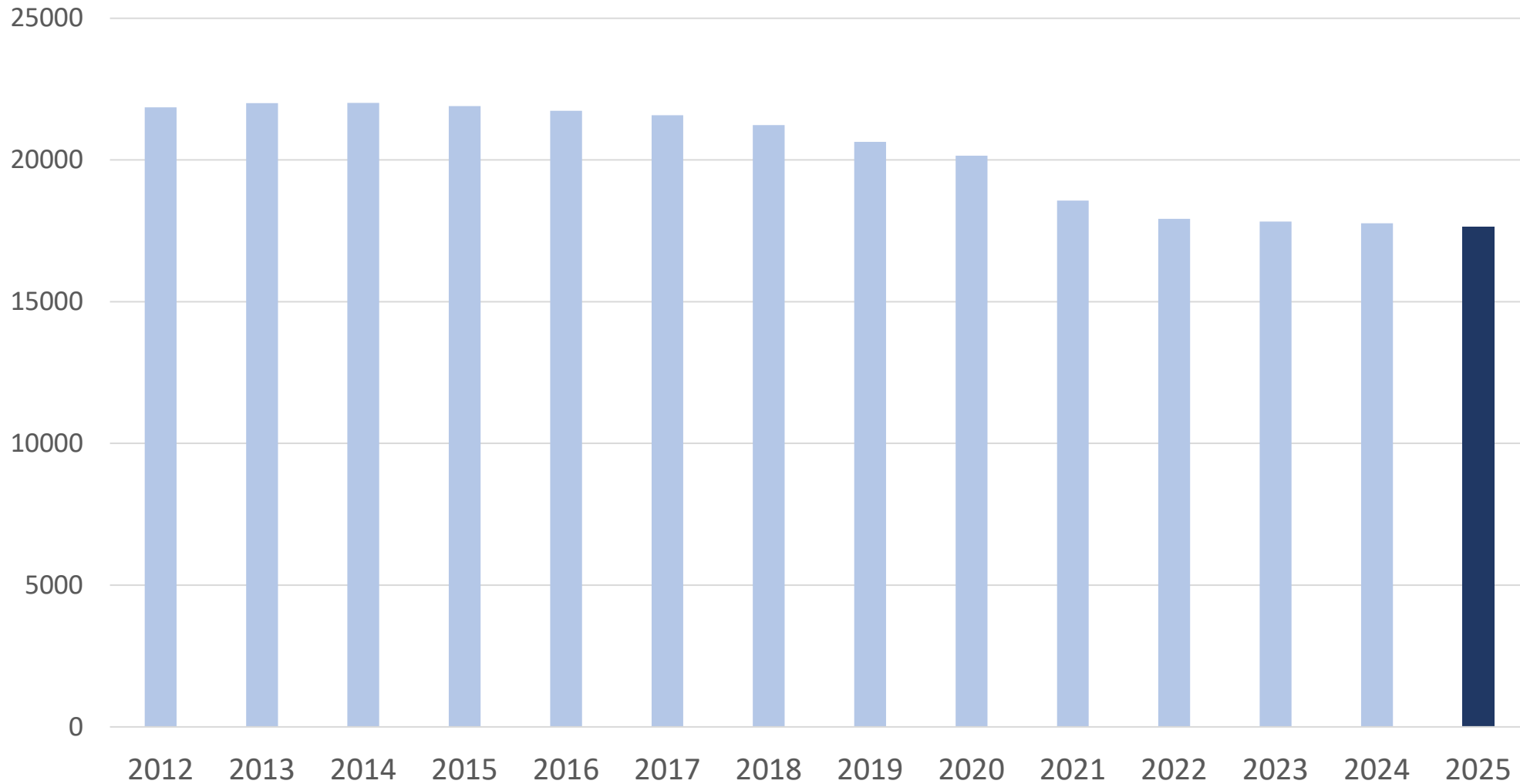
Ending Fund Balance

- The decline in the fund balance from the estimated actuals to the unaudited actuals was due to higher than expected expenditures once we closed the books.
- The decline in fund balance also resulted in a slight decline in the total amount of reserves.

Reserves Over Time (General Fund / Fund 17)



Enrollment Trend is Stable



Financial Activators – Comparison to Previous Year

	Thresholds			Results
	Favorable	Acceptable	Evaluate	2024-25 UA
Unrestricted GF Balance Change	Greater than \$3M	\$3M-\$0	Less than \$0	(\$8.1M)
Property Tax Revenue Change	Greater than 5%	5%-4%	Less than 4%	5.5%
General Fund REU	Greater than 4.5%	4.5%-4.0%	Less than 4%	4.5%
Reserves	Greater than 17%	17%-13%	Less than 13%	21.15%
Routine Restricted Maintenance	Greater than 5%	5%-4%	Less than 4%	6.8%
OPEB	Greater than 0.5%	0.5%-0.1%	Less than 0.1%	0.5%
Workers Comp Liability Funding	Greater than ACE	ACE	Less than ACE	ACE
Moody's Credit Rating	Aaa	Aa1	Less than Aa1	Aa1



Other Important Points

- Routine Restricted Maintenance
 - Increased from 5.1% of the total operating budget to 6.8% year over year.
 - This amount is in addition to the work done by our facilities team and reflects a commitment by our Board to improve our learning environments and safety.
- LCFF Supplemental Requirement
 - Unlike most other districts, NMUSD does not receive LCFF supplemental funding for high need segments inclusive of foster youth, English Learner and low-income students. Instead, we assign General Fund dollars to meet the State's minimum. For 2024-25 we had \$22.8M in expenditures, \$2.6M more than the target requirement.

Summary

- Unaudited Actuals prepared in accordance with School Accounting Manual
- Enrollment is stable
- Strong effort to maintain facilities
- Educational program and support services are being maintained
- Reserve level is declining

Sustainable Success



Unaudited Actuals Report Recommendation

Staff recommends approval of the 2024-25
Unaudited Actuals Report