

2024-2025
Second Interim Report

Board of Education Presentation

March 12, 2025

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

Presentation Overview



- Budget and Financial Reporting Cycle
- State Budget Update - Prop 98
- Second Interim
- Multi-Year Projections
- Next Steps

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 Proposed Budget.....January 2025**
- **OUSD Budget Development for 2025-2026.....January-June 2025**
- 2023-2024 Audit Report.....January 2025
- **2024-2025 Second Interim Financial Report.....March 2025**
- 2025-2026 Public Hearing on LCAP and Proposed Budget.....May 2025
- 2025-2026 LCAP and Budget Adoption.....June 2025

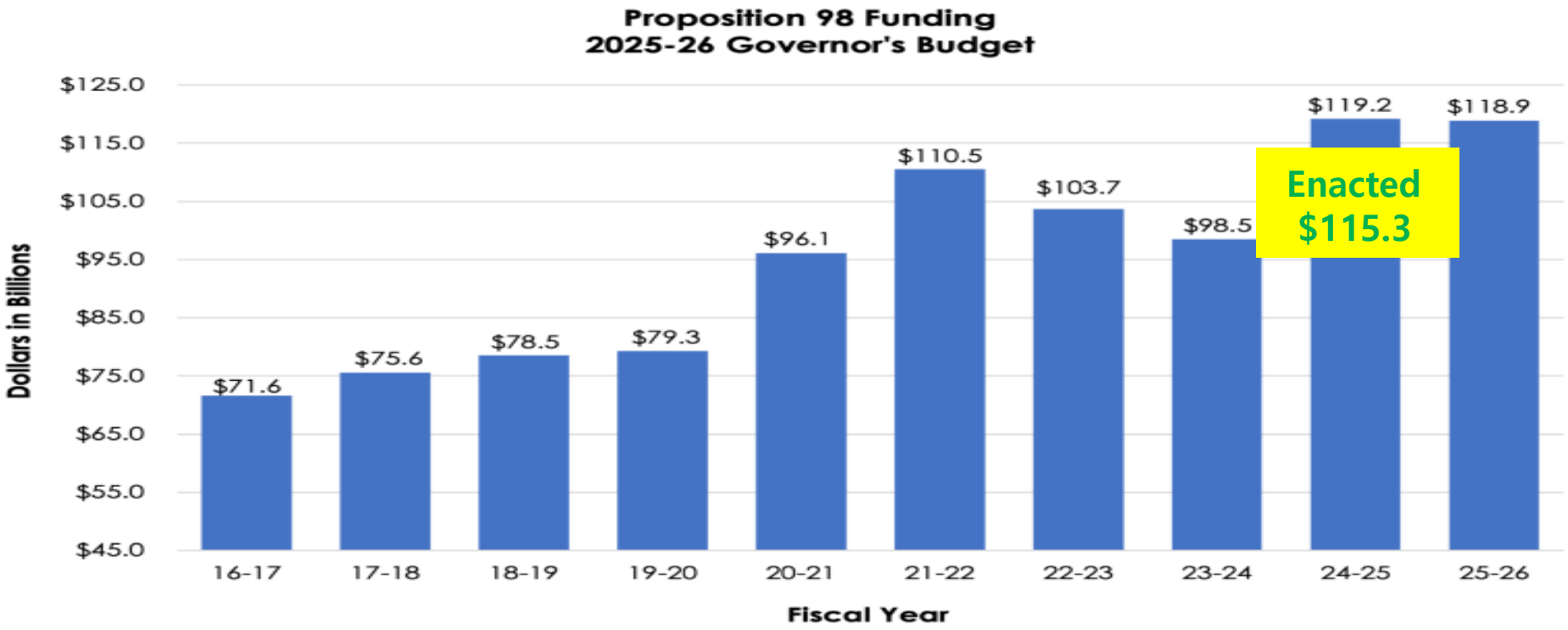


STATE BUDGET UPDATE-PROP 98

State Budget Update - Prop 98



- Governor Gavin Newsom released his proposed 2025-2026 California state budget on January 10.
- Under the governor's proposal, the 2025-26 Prop. 98 guarantee is **$118.9 billion.** This reflects a $3.6 billion growth from the prior year relative to the 2024-25 enacted budget levels.



State Budget Education Funding Highlights



- LCFF fully funded with ongoing dollars for 2025-26
- Statutory COLA of 2.43% for LCFF and categorical programs
- $1.8 billion one-time Student Support and Professional Development Discretionary Block Grant
- $1.5 billion ongoing for reduced TK student-to-adult ratio (from 12:1 to 10:1)
- $435 million for expanded ELO-P eligibility (UPP threshold lowered to 55%)
- $500 million one-time for TK-12 Literacy and Mathematics Coaches
- $150 million one-time for school nutrition kitchen equipment and infrastructure
- $378.6 million additional for Learning Recovery Emergency Block Grant
- $1.5 billion in school facilities bonds proposed for sale in 2025-26

We do not yet have program details or allocations for many proposals in the Governor's Budget



SECOND INTERIM

Purpose



- Second interim report serves as a mid-year financial snapshot
- Provides an updated view of the District's current financial health
- Allows staff and Board members to assess if the District is on track to meet its financial obligations for the current and upcoming fiscal years
- Identifies any potential areas of concern requiring adjustments based on actual revenue and expenditure data up to that point in the year
- Serves as a tool to monitor fiscal solvency and make informed decisions about budget management throughout the school year
- Continued analysis of information from the State and its impact on the District's budget

Legal 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 Second Interim Report, as of January 31st, requires Board approval by March 15.
- Education Code section 42131 requires the Board of Education to certify, in writing, whether the district is able to meet its financial obligations for the remainder of the fiscal year
- If the District is in qualified or negative status, a third financial report is required as of April 30, and requires Board approval by June 1.

Combined 2024-25 Revenue



Combined Revenue	2024-25 First Interim	2024-25 Second Interim	Variance	2024-25 Actuals to Date
LCFF Revenue	$ 298,673,625	$ 299,206,077	$ 532,452	$ 169,453,450
Federal Revenue	$ 22,603,879	$ 22,787,569	$ 183,690	$ 11,434,577
State Revenue	$ 76,324,886	$ 76,557,470	$ 232,584	$ 33,531,893
Other Local Revenue	$ 21,381,710	$ 19,005,171	$ (2,376,539)	$ 12,858,818
Interfund Transfers In	$ 3,744,200	$ 3,744,200	$ -	$ 2,255,615
Contributions	$ -	$ -	$ -	$ -
Total	**$ 422,728,300**	**$ 421,300,487**	**$ (1,427,813)**	**$ 229,534,353**

Combined 2024-25 Expenditures



Combined Expenditures	2024-25 First Interim	2024-25 Second Interim	Variance	2024-25 Actuals to Date
Certificated Salaries	$ 163,776,015	$ 162,858,886	$ (917,129)	$ 85,559,000
Classified Salaries	$ 62,384,700	$ 62,760,079	$ 375,379	$ 30,755,736
Employee Benefits	$ 103,567,188	$ 103,354,432	$ (212,756)	$ 46,334,606
Materials and Supplies	$ 25,378,198	$ 23,589,281	$ (1,788,917)	$ 8,226,155
Operating Expenses and Services	$ 54,516,092	$ 53,903,755	$ (612,337)	$ 29,006,624
Capital Outlay	$ 14,123,548	$ 14,440,655	$ 317,107	$ 8,079,953
Other Outgo	$ 6,876,325	$ 6,876,325	$ -	$ 1,785,949
Direct Support/Indirect Costs	$ (791,943)	$ (799,703)	$ (7,760)	$ -
Transfers Out/Other Uses	$ 12,165,593	$ 10,062,167	$ (2,103,426)	$ 8,217,376
Total	**$ 441,995,716**	**$ 437,045,877**	**$ (4,949,839)**	$ 217,965,399

Budget Assumptions (Governor's Jan Budget Proposal)



		2024-25 First Interim	2024-25 Second Interim	2025-26 Projected	2026-27 Projected
Statutory Cost of Living Adjustment (COLA)		1.07%	1.07%	2.43%	3.52%
Student Enrollment		22,784	22,667	22,306	21,945
Funded Average Daily Attendance (ADA)		22,284.58	22,270.60	21,741.66	21,448.74
Consumer Price Index (CPI)		3.23%	2.85%	2.92%	2.70%
State Teachers' Retirement System (STRS)		19.10%	19.10%	19.10%	19.10%
Public Employees' Retirement System (PERS)		27.05%	27.05%	27.40%	27.50%
LCFF Base Grade Span Factors	TK	$14,145	$14,145	$14,489	$14,999
	K-3	$11,068	$11,068	$11,337	$11,736
	Gr 4-6	$10,177	$10,177	$10,424	$10,791
	Gr 7-8	$10,478	$10,478	$10,733	$11,111
	Gr 9-12	$12,460	$12,460	$12,762	$13,212

Multi-Year Projections



	2024-25	2024-25	2025-26	2026-27
	First Interim	Second Interim	Projected	Projected
TOTAL REVENUES	$ 422,728,300	$ 421,300,487	$ 412,623,959	$ 418,309,215
TOTAL EXPENDITURES	$ 441,995,716	$ 437,045,877	$ 410,994,925	$ 416,312,879
CHANGE IN FUND BALANCE:	**$ (19,267,416)**	**$ (15,745,390)**	**$ 1,629,034**	**$ 1,996,336**
Unrestricted Balance	$ (1,186,164)	$ 1,217,834	$ 6,336,470	$ 7,276,823
Restricted Balance	$ (18,081,252)	$ (16,963,224)	$ (4,707,436)	$ (5,280,487)
BEGINNING FUND BALANCE	$ 216,660,043	$ 216,660,043	$ 200,914,653	$ 202,543,687
PROJECTED ENDING BALANCE	**$ 197,392,627**	**$ 200,914,653**	**$ 202,543,687**	**$ 204,540,023**

Multi-Year Projections - Fund Balances



	2024-25 First Interim	2024-25 Second Interim	2025-26 Projected	2026-27 Projected
Beginning Fund Balance	$ 216,660,043	$ 216,660,043	$ 200,914,653	$ 202,543,687
Net Inc/(Dec)	$ (19,267,416)	$ (15,745,390)	$ 1,629,034	$ 1,996,336
Ending Fund Balance	**$ 197,392,627**	**$ 200,914,653**	**$ 202,543,687**	**$ 204,540,023**
Components of Fund Balance:				
Revolving Cash and Inventory	$ 408,485	$ 408,485	$ 408,485	$ 408,485
Restricted	$ 47,428,667	$ 48,546,695	$ 43,839,259	$ 38,558,772
Economic Uncertainties	$ 13,225,239	$ 13,171,376	$ 12,329,848	$ 12,489,386
Assigned	$ 20,171,897	$ 21,822,415	$ 21,562,415	$ 21,302,415
Committed	$ 105,764,388	$ 108,663,371	$ 117,604,936	$ 124,349,963
Unassigned	**$ 10,393,951**	**$ 8,302,311**	**$ 6,798,744**	**$ 7,431,002**

Second Interim Summary



- The District **is** on track to meet its financial obligations.

- Despite deficit spending in the current year, the District **is** projected to have a balanced budget and is projected to meet and exceed reserve requirements in the current and two consecutive fiscal years.

- The District continues to have a healthy reserve and is projecting a stabilized budget with excess revenue through reduction of expenditures based on attrition aligned with enrollment needs.

- Staff recommends a **Positive Certification** meaning that **OUSD can** meet its financial obligations for the current fiscal year and the next two years.

Next Steps



- State Level
  - Senate and Assembly Hearings
  - Governor's May Revision for Fiscal Year 2025-26 published by May 14, 2025
  - Projections are subject to change
  - Legislature adopts its version of State Budget by June 15
  - Governor signs State Enacted Budget by June 30
- Local Level
  - Development of Proposed Budget
    - Meet with sites and departments
    - Align Budget to LCAP
    - Present Proposed Budget in alignment with LCAP at the May 21 Board meeting
  - Adopt Budget at June Board meeting

Thank you to our Fiscal Services Team!



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BOARD MEMBER QUESTIONS OR COMMENTS