



Alameda County Office of Education

Alyse Castro, Superintendent

January 23, 2026

Dr. Torie F. Gibson, Superintendent
Members of the Board of Education
Livermore Valley Joint Unified School District (LVJUSD) via email

POSITIVE with concerns certification of 2025-26 First Interim Budget Report

Dear Superintendent Gibson and Members of the Board,

LVJUSD filed a POSITIVE certification of the District's 2025-26 First Interim Budget Report covering the period ending October 31st, which LVJUSD's Board of Education approved on December 9, 2025. A Positive Certification is assigned when a district will meet its financial obligations for the remainder of the fiscal year and for the subsequent two fiscal years based on current forecasts. *ACOE has reviewed LVJUSD's First Interim Budget Report and concurs with the District's POSITIVE certification as of October 31, 2026.*

ACOE is highlighting our concerns from the District's 2025-26 First Interim Report in the following areas:

- *The District experienced a cash shortfall, which required an interfund cash borrowing of \$8.0 million in October 2025. The District expects a positive cash balance by year-end; however, this appears to fall very low by June 2026.*
- *The District's ongoing deficit spending is causing significant decreases in the District's Unrestricted General Fund Balance. LVJUSD started 2025-26 with a \$12.9 million Unrestricted General Fund Balance that is now projected to be \$ 7.2 million by 2027-28.*
- *The District is navigating the potential loss of Federal grant dollars for its School Based Mental Health Grant.*

Following the District's submission and approval of the 2025–26 First Interim Report, the LVJUSD Board approved a collective bargaining agreement with the teachers on January 13, 2025. Per the associated AB1200 Public Disclosure, the projected cost of this agreement, including potential "me-too" impacts, is \$30,737,539 over the period from 2025–26 through 2027–28. This is a projected cost in 2026–27 alone of \$13,114,638, which exceeds the District's current fund balance.

As with all budget projections, these numbers are estimates and will shift as they are refined. LVJUSD is working with ACOE's Financial System Support team to run the settlement in the financial system to provide the district with the most accurate estimates possible. Despite the fact that projections will change, raises of this magnitude will require cuts elsewhere and the board needs to move rapidly to action on funding the agreement.

While Board discussion reflects some understanding of the need for corresponding reductions, it is critical that the board rapidly identify and adopt the reductions to offset these new commitments to maintain a positive certification. The District must approve and implement budget solutions by the 2025–26 Second Interim Report and personnel actions must be taken before the looming March 15th statutory deadline. Failure to take timely action may result in a “Lack of Going Concern” or “Negative” designation signaling potential insolvency.

Please see the attached report for a detailed summary and analysis.

We honor the continued hard work and commitment of the District staff, the Board, and the community in these challenging times. Our District Business & Advisory Service Team is here to answer questions or provide support.

In community,

A handwritten signature in black ink, appearing to read 'Alysse Castro', with a stylized flourish at the end.

Alysse Castro
Alameda County Superintendent of Schools

cc: Kayla Wasley, Assistant Superintendent, Livermore Valley Joint USD
Doug D'Amour, Director of Fiscal Services, Livermore Valley Joint USD
Allan Garde, Associate Superintendent of Business Services, ACOE
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Julia Xu, Director III, District Advisory Services, ACOE
Christopher Raymundo, Director I, District Advisory Services, ACOE

2025-26 First Interim Review
Livermore Valley Joint Unified School District

Revenue Projections

Description: In the LCFF revenue calculation, ACOE concurs with LVJUSD. However, please have contingency plans in place, should enrollment or attendance not materialize as projected.

Enrollment Projections

Description: The District projected enrollment growth for 2025-26, followed by a decline in enrollment for the two subsequent years.

CALPADS	2025-26*	2026-27	2027-28
Projections within the District's First Interim Report	12,988	12,847	12,765
Year-Over-Year Difference	20**	(141)	(82)

*CALPADs certified

**compared to 2024-25 enrollment of 12,968.

Average Daily Attendance (ADA)

Description: The District projects its LCFF Revenue based on available CALPADS Enrollment and ADA, and leveraging Current, Prior Year, and the Three-Year Rolling average ADA. The District projects ADA will decrease by 115.15 from 2025-26 to 2026-27, and by 78.35 from 2026-27 to 2027-28.

ADA for LCFF Revenue Projections	2025-26	2026-27	2027-28
Enrollment	12,988	12,847	12,765
Unduplicated Pupil Count (UPC)	3,069	3,019	3,000
Total Average Daily Attendance (ADA) for the FY	12,260.62	12,145.47	12,067.12
Total Funded ADA	12,260.62	12,257.79	12,211.27
LCFF ADA Funding Method	Current Year	Prior Year	3-PY Average

Cash Borrowing

Description: The District experienced a cash shortfall in the General Fund in November 2025. LVJUSD borrowed \$8.0 million in cash from its Fund 40, which was authorized by the board and the repayment is scheduled to be in April 2026 in accordance with EC 42603. While the District expects a positive cash balance by year-end, projections show a cash balance of \$2.5 million in May and \$7.4 million in June after repayment, which may be insufficient to cover LVJUSD's projected average monthly disbursements of \$19.5 million. ACOE advises the District to continue closely monitor its cash flow monthly and ensure it can meet financial obligations across all funds.

Deficit Spending and Reserve for Economic Uncertainties (REU)

Description: Districts the size of LVUSD are required to meet 3% minimum required reserves for each year. The District's First Interim Report shows that expenditures in the General Fund continue to outpace revenues, continuing the trend of deficit spending and reducing the Unrestricted Fund Balance. LVUSD is projected to meet the minimum REU in all three years. ACOE commends the District's Budget Advisory Committee effort and recommends that LVJUSD continue on its path of identifying the needed reductions. The District's ability to implement budget-balancing solutions will aid the District in continually meeting the REU all years.

First Interim LVJUSD's MYP Fund Balance	2025-26	2026-27	2027-28
Unrestricted General Fund - Beginning Balance	\$ 12,856,142	\$ 9,895,295	\$ 7,670,756
Unrestricted General Fund - Surplus/(Deficit)	\$ (2,960,847)	\$ (2,224,539)	\$ (489,242)
Unrestricted General Fund - Ending Balance	\$ 9,895,295	\$ 7,670,756	\$ 7,181,514

District LCFF Calculations	2025-26	2026-27	2027-28
Is the REU Met or Not Met	Met	Met	Met

Collective Bargaining Agreement

Description: Subsequent to the District's submission and approval of its 2025-26 First Interim report, the LVJUSD Board approved a Collective Bargaining agreement with its Teachers' Association on January 13, 2025. Although the Board did not approve Resolution No. 012-2526, the required budget reductions and corresponding offsets at the January 13 meeting, the District must approve and implement budget solutions by the 2025-26 Second Interim Report. Failure to take timely actions may result in a "Lack of Going Concern" designation or potential insolvency.

CBA Agreement - LVJUSD's MYP Fund Balance w/Reductions	2025-26	2026-27	2027-28
General Fund - Beginning Balance	\$ 26,414,109	\$ 14,402,084	\$ 8,706,577
Other Adjustments - Projected ongoing Budget Balancing Solutions/Reductions		\$ (14,800,000)	\$ (16,145,000)
General Fund - Surplus/(Deficit)	\$ (12,012,025)	\$ (5,695,507)	\$ (549,075)
General Fund - Ending Balance	\$ 14,402,084	\$ 8,706,577	\$ 8,157,502
Is the REU Met or Not Met - IF Reductions implemented	Met	Met	Met

2025-26 First Interim Review
Livermore Valley Joint Unified School District

CBA Agreement - LVJUSD's MYP Fund Balance w/o Reductions	2025-26	2026-27	2027-28
General Fund - Ending Balance	\$ 14,402,084	\$ 8,706,577	\$ (6,642,498)
Other Adjustments - <i>Projected ongoing Budget Balancing Solutions IF NOT Implemented</i>		\$ 14,800,000	\$ 16,145,000
General Fund - Adjusted Ending Balance	\$ 14,402,084	\$ (6,093,423)	\$ (22,787,498)
Is the REU Met or Not Met - <i>IF Reductions not implemented</i>	Met	Not Met	Not Met

**Without implementation and following through with the required ongoing reductions, the expenditures would be added back to the budget, reducing fund balance.*

Conclusion

ACOE understands LVJUSD board did not approve the budget-balancing solutions *Resolution No. 012/25-26* at the January 13, 2026 board meeting. The District must approve and implement budget solutions by the 2025–26 Second Interim Report. Failure to take timely actions may result in a “Lack of Going Concern” designation or potential insolvency. The District should continue monitoring ADA and enrollment projections, cash flow, and deficit spending. We appreciate the LVJUSD’s partnership and remain confident the district will continue to make the necessary decisions concerning ongoing revenues and expenditures to ensure it is able to meet its financial obligations and maintain long-term fiscal health.