2024-25 SECOND INTERIM

March 12, 2025 Presentation

Board of Trustees

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Presentation Items

- Background
- Acronym Table
- Economic Overview & State Budget
- School District General Fund Budget
- District Financial Stabilization Plan
- Multi-Year Projections
- Next Steps

ACRONYM TABLE

Acronym	Meaning
ADA	Average Daily Attendance
CALPADS	California Longitudinal Pupil Achievement Data System
COLA	Cost-of Living Adjustment
CPI	Consumer price index
FTE	Full-time equipvalent
IDC	Indirect Costs
LCAP	Local Control Funding Formula
LCFF	Local Control Funding Formula
LEA	Local Educational Agency
P-1, P-2, P-A	Period 1, 2 or Annual (to submit the students Attendance Reports)
PERS	California Public Employees' Retirement System (CALPERS)
RIF	Reduction in force
SELPA	Special Education Local Plan Areas
STRS	State Teacher Retirement System

Background

School Districts are required to submit a Second Interim Budget to their County Office of Education (COE) by mid-March every year.

Second Interim Budget is assigned either a Positive, Qualified, or Negative Certification by the COE

- Positive: the district will meet its financial obligations (positive balance with 3% State required minimum reserve) for the current fiscal year and subsequent two fiscal years
- Qualified: the district may not meet its financial obligation for the current fiscal year or two subsequent fiscal year
- Negative: The district will be unable to meet its financial obligations in all three years

MPESD BUDGET STATUS UPDATE

- The First Interim Report had a one million deficit in 2024-25, and three million in 2025-26
- The District formed a Budget Advisor Committee to formulate a budget-balancing plan
- As a result, the Financial Stability Plan was submitted for Board Approval on February 12, 2025
- The Plan will be submitted with the Second Interim Report to the County for approval

ECONOMY OUTLOOK

- From 2021-2023 the poverty rate increased from 11.7% to 13.2%, largely due to the expiration of several temporary pandemic relief programs. Without the safety net programs, an estimated additional 8.4% Californians would have fallen into poverty
- The job market is vulnerable due to immigration policy change
- U.S Unemployment is predicted to rise to 4.3% in the short term
- Due to labor constraints, new home construction has slowed, and the housing market is projected weak in 2026
- Mortgage and long-term interest rates remain high
- Stock market volatility

The Governor's Budget Proposal

Besides those challenges, there are other risks to the State Budget

- Extreme weather events
- Delayed tax deadlines due to natural disasters
- Federal policy uncertainty
  - Tariffs
  - Immigration
- Elevated interest rate
- The Governor released his 2025-26 proposal amidst one of state's most devastating natural disasters-the Southern California wildfires

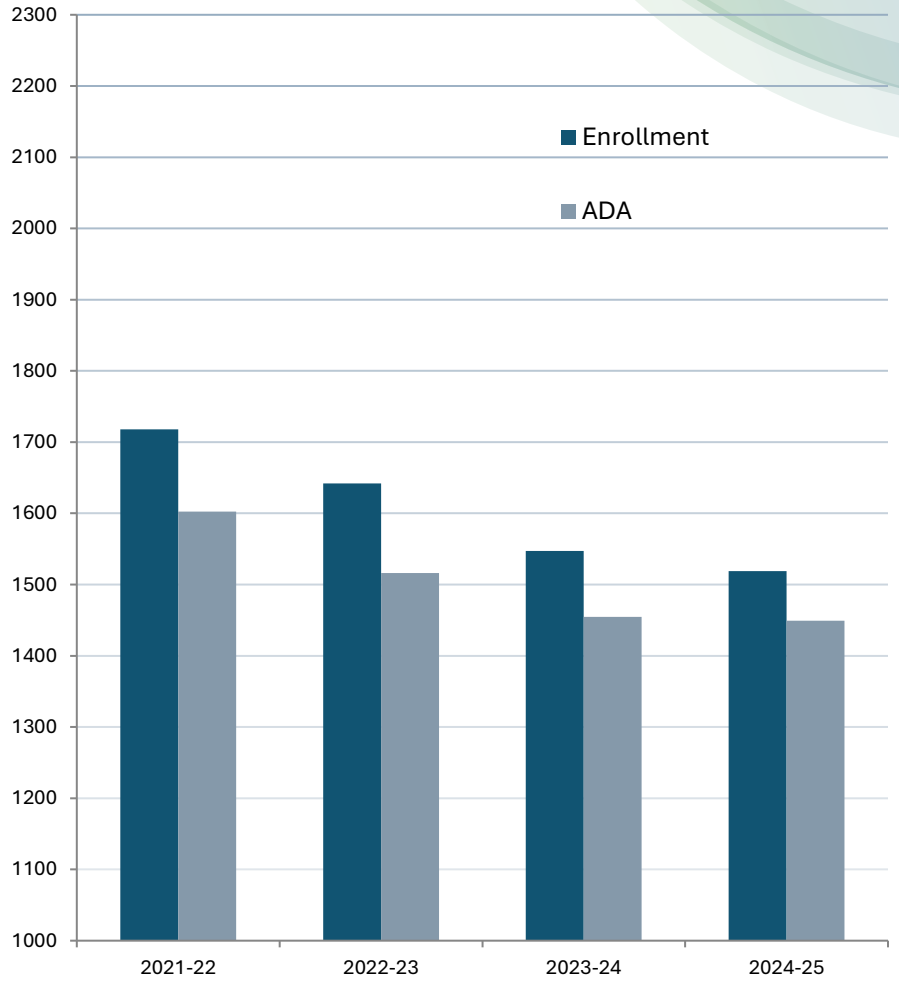
SCHOOL FINANCIAL PROJECTION DARTBOARD

Fiscal Year	Budget 2024-25	Projection 2025-26	Projection 2026-27
COLA (Cost-of Living Adjustment)	1.07%	2.43%	3.52%
Mandate Block Grant District	$ 38.21	$ 39.14	$ 40.52
Mandate Block Grant Charter	$ 20.06	$ 20.55	$ 21.27
Parcel Tax (per parcel)	$ 95.00	$ 95.00	$ 95.00
Lotery Unrestricted (per ADA)	$ 191.00	$ 191.00	$ 191.00
Lottery Restricted (per ADA)	$ 82.00	$ 82.00	$ 82.00
STRS	19.10%	19.10%	19.10%
PERS	27.05%	27.40%	27.50%
Unemployment Insurance (UI)	0.05%	0.05%	0.05%
California CPI	2.85%	2.92%	2.70%
Interest Rate	4.39%	4.49%	4.41%

Students Average Daily Attendance (ADA) and Enrollment

ADA	2021-22	2022-23	2023-24	2024-25 P-1
P2	1,602.26	1,515.26	1,458.11	1,449.18
ADA Change-P2	(274.28)	(87.00)	(57.15)	(8.93)
% Change-P2	-14.62%	-5.43%	-3.77%	-0.61%

CALPADS Enrollment	2021-22	2022-23	2023-24	2024-25 Estimated
Total Enrollment	1,718	1,642	1,547	1,519
Change	(223)	(76)	(95)	(28)
% Change	-11.49%	-4.42%	-5.79%	-1.81%
Total Attendance Rate	93.26%	92.28%	94.25%	95.40%



General Fund - Second Interim Compared to First Interim

Revenues	First Interim	Second Interim	Difference
LCFF Source	$ 22,284,106	$ 22,382,286	$ 98,180
Federal Revenue	$ 1,222,177	$ 1,242,635	$ 20,458
Other State Revenue	$ 9,695,785	$ 9,722,806	$ 27,021
Local Revenue	$ 2,807,120	$ 3,105,584	$ 298,464
TOTAL REVENUES	**$ 36,009,188**	**$ 36,453,311**	**$ 444,123**
Expenses			
Certificated	$ 13,870,585	$ 13,910,049	$ 39,464
Classified	$ 7,559,967	$ 7,706,892	$ 146,925
Benefits	$ 10,030,236	$ 9,921,353	$ (108,883)
Operating Expenses	$ 11,191,418	$ 11,801,314	$ 609,896
TOTAL EXPENSES	**$ 42,652,206**	**$ 43,339,608**	**$ 687,402**
Excess/Deficit	$ (6,643,018)	$ (6,886,297)	$ (243,279)



General Fund
Second Interim Compared to First Interim

- Revenue increased by $444,123
- Expenditures increased by $687,402
- Deficit increased by $243,279
- Special expenditures increased by $206,223 from $5,123,372 to $5,329,595
- Unrestricted Funds has a few significant one-time expenditures in 2024-25
  - Election Cost-Registrar Voters $195,729
  - Office of Admin Hearing $48,000
  - 2023-24 Classified Retro: $226,281 unrestricted, $86,080 restricted, and $44,074 other funds

General Fund

Unrestricted and Restricted Fund Summary

Description		Second Interim
Genera Fund Revenues	$	36,453,311.00
Borrow from Fund 17	$	2,000,000.00
Transfer from SELPA for Reserve	$	100,000.00
Total General Fund Revenues	**$**	**38,553,311.00**
General Fund Expenses	**$**	**43,745,156.00**
Deficit Spending	**$**	**(5,191,845.00)**
Beginning Balance	**$**	**10,519,056.75**
Ending Balance	**$**	**5,327,211.75**
Restricted SELPA Fund	$	993,793.00
Restricted District Fund	$	2,963,891.00
Total Restricted Balance	**$**	**3,957,684.00**
Unrestricted balance	$	1,369,527.75
3% Reserved Requirement	$	1,369,527.00
Available Balance	$	-

General Fund – Unrestricted and Restricted Summary

- Total Revenues of $36,453,311 included $2 million borrowed from fund 17 and $100,000 transferred from SELPA's general fund to cover the 3% reserve for the Economic Uncertainties
- Total general fund expenditures were $43,475,156
- General Fund deficit spending of $5,191,845
- Subtracting the deficit from the Beginning Fund Balance of $10,519,056 gave the estimated ending balance of $5,327,212
- That ending balance includes $1,369,528 unrestricted, $2,963,891 restricted, and $993,739 belongs to SELPA

Board Approved Financial Stability Plan

2025-26 BUDGET REDUCTIONS SUMMARY

	FTEs	Unrestricted	Restricted	Total
Certificated Total	15.000	$ 1,329,207	$ 326,467	$ 1,655,674
Classified Total	4.125	$ 321,494	$ 58,831	$ 380,325
Management Total	2.000	$ 462,322	$ 28,615	$ 490,937
Contract Total		$ 690,160	$ 731,616	$ 1,421,776
Grand Total	**21.125**	**$ 2,803,183**	**$ 1,145,529**	**$ 3,948,712**



The Budget Reduction Plan saved $2.8 million in unrestricted funds and 1.15 million in restricted funds in fiscal year 2025-26



Within those RIF positions, some attrition saved approximately $200,000 in 2024-25. Those included one classified FTE and two classified manager FTEs



The plan listed savings for three manager positions, including one reclassification for which the FTE was not listed. The three positions include one certificated and two classified managers

Multi-Year Projections

Descriptions	2024-25 SECOND INTERIM	2025-26 PROJECTIONS	2026-27 PROJECTIONS
Revenues & Transfer in	$ 38,553,311	$ 36,815,549	$ 35,229,937
Expenditures & Transfer out	$ 43,745,157	$ 39,576,111	$ 36,018,709
Surplus/Deficit	$ (5,191,846)	$ (2,760,562)	$ (788,772)
Beginning Balance	$ 10,519,057	$ 5,327,211	$ 2,566,649
Estimated Ending Fund Balance	$ 5,327,211	$ 2,566,649	$ 1,777,877
3% Minimum Reserve	$ 1,369,527	$ 1,742,930	$ 1,777,773
Restricted Funds	$ 3,957,684	$ 823,719	$ 104
Balance	$ -	$ -	$ -



MULTI-YEAR BUDGET ASSUMPTIONS

- LCFF Revenue: estimated 4% decline in enrollment in 2025-26, and 2026-27
- Federal, State, and Local Revenues were projected to remain flat for the next two years
- Add 1.5% step & column increase
- Benefit costs were budgeted with the increase in PERS, STRS percentage, and decrease based on projected FTE reductions
- Contribution to Special Education estimated to be reduced by 7% and 4% in 2025-26 and 2026-27, respectively
- Certificated Bargaining Negotiation was settled for zero percent in the fiscal year 2024-2025
- Classified, Management, and Confidential Groups have yet to be settled



MULTI-YEAR BUDGET ASSUMPTIONS

- The 2025-26 Budget reductions proceeded according to the Board Approved Financial Stability Plan
- Due to the ending of the one-time restricted funds, the restricted ending fund balance will be entirely spent in 2025-26. Next year, the administration has to come up with a reduction plan on the restricted resources for the fiscal year 2026-27
- The Administration has to continue monitor the 2024-25 spending to reduce the $655,373 in the unrestricted fund

NEXT STEPS

12 Mar. 2025	May 2025	11 June 2025	25 June 2025	30 June 2025
Administration present Board with 2024-25 Second Interim Reports	Governor announces the 2025-26 State May Revise	Administration presents 25-26 • LCAP Annual Updates for the public hearing for the fist time • Budget Study Session	Administration presents 25-26 • LCAP for the public hearing for the second time and adoption • Budget Report for adoption	LCAP and Budget submission to County Office of Education

Questions?

Thank you!