



2024-25 Second Interim Financial Report

March 20, 2025
Agenda Item No. 12.2

Presented by:

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Building Equity Into The Foundation

SCUSD Core Value

We recognize that our system is inequitable by design and we vigilantly work to confront and interrupt inequities that exist to level the playing field and provide opportunities for everyone to learn, grow and reach their greatness.

SCUSD GUIDING PRINCIPLE

All students are given an equal opportunity to graduate with the greatest number of postsecondary choices from the widest array of options

Acronyms

ADA	Average Daily Attendance	LCFF	Local Control Funding Formula
AMIM	Arts Music Instructional Materials Block Grant (1x)	LREBG	Learning Recovery Emergency Block Grant (1x)
ASES	After School Education and Safety	MYP	Multi-Year Projections
COLA	Cost of Living Adjustment	OPEB	Other Post Employment Benefits
CTE	Career Technical Education	P-2	Second Period Attendance Reporting Cycle
ELOG	Expanded Learning Opportunities Grant (1x)	PERS	California Public Employees' Retirement System
ELOP	Expanded Learning Opportunities Program	S&C	Supplemental and Concentration Funds
EPA	Education Protection Account	SCOE	Sacramento County Office of Education
ESSER	Elementary and Secondary School Emergency Relief (1x)	STRS	California State Teachers Retirement System
FEMA	Federal Emergency Management Agency (1x)	SUI	State Unemployment Insurance
HTS	Home-To -School Transportation LCFF Add-On	TIIG	Targeted Instructional Improvement Grant LCFF Add-On
IPI	In Person Instruction Grant (1x)	UPK	Universal Prekindergarten Planning and Implementation
LCAP	Local Control Accountability Plan	UPP	Unduplicated Pupil Percentage

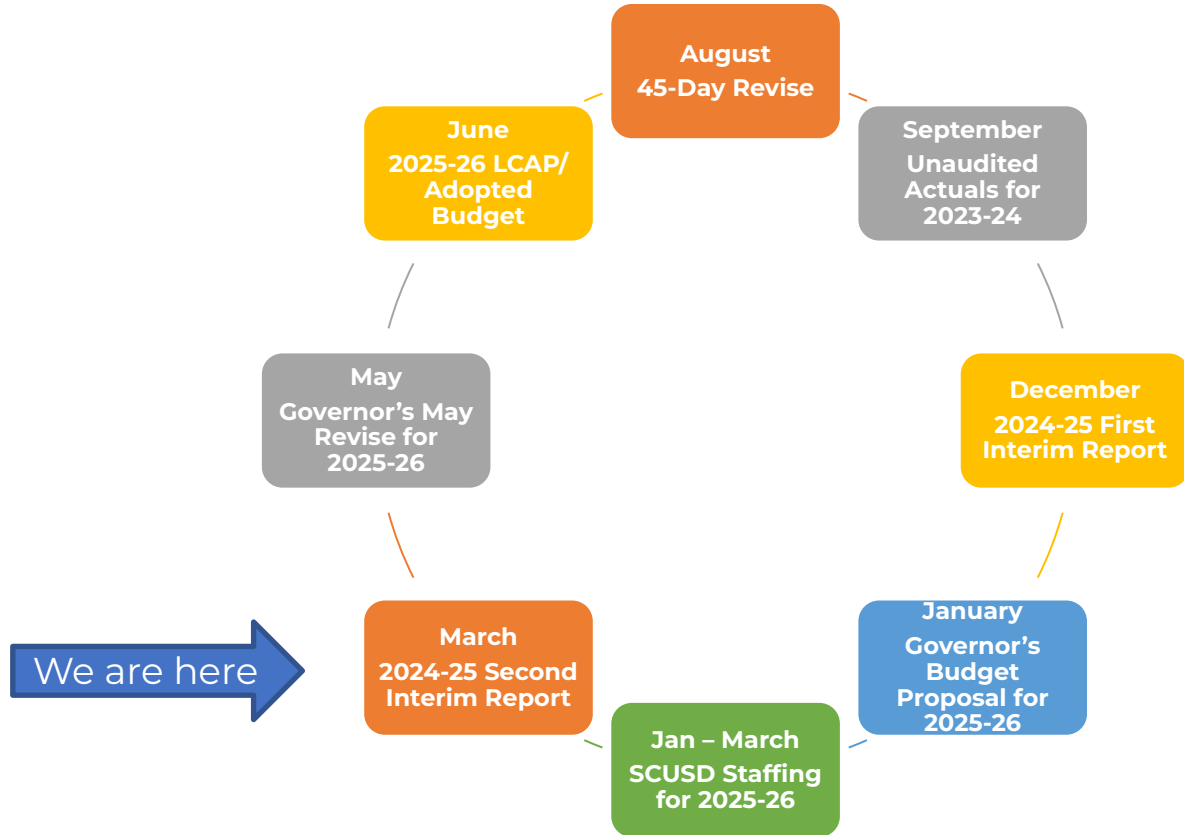
*1x indicates a one-time funding source

Agenda

- **Budget Reporting Cycle**
- **Revenues**
- **Expenditures**
- **Surplus / Deficit & Fund Balance**
- **Multi-Year Projections**
- **Enrollment Trend & Other Funds**
- **Budget Right-Sizing Plan Update**
- **Summary and Certification**

2024-25 Second Interim Financial Report

Budget Reporting Cycle





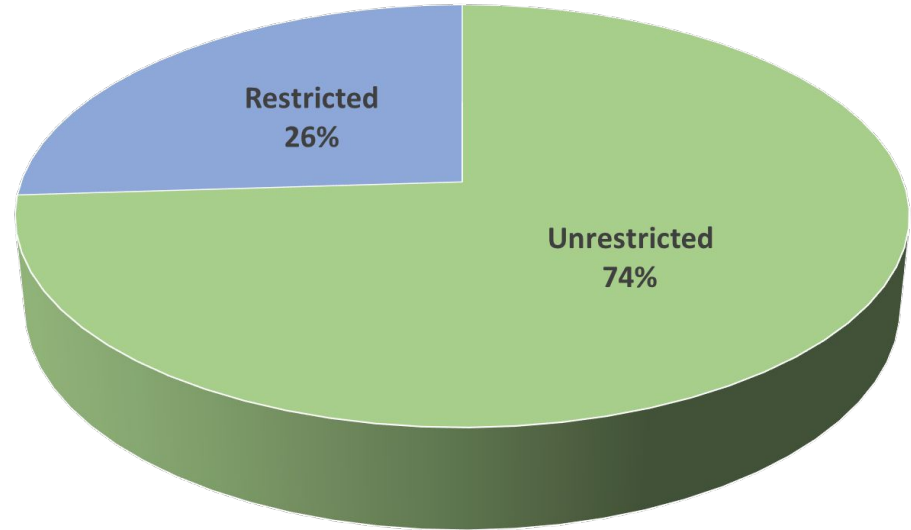
Revenues



2024-25 Second Interim Revenues

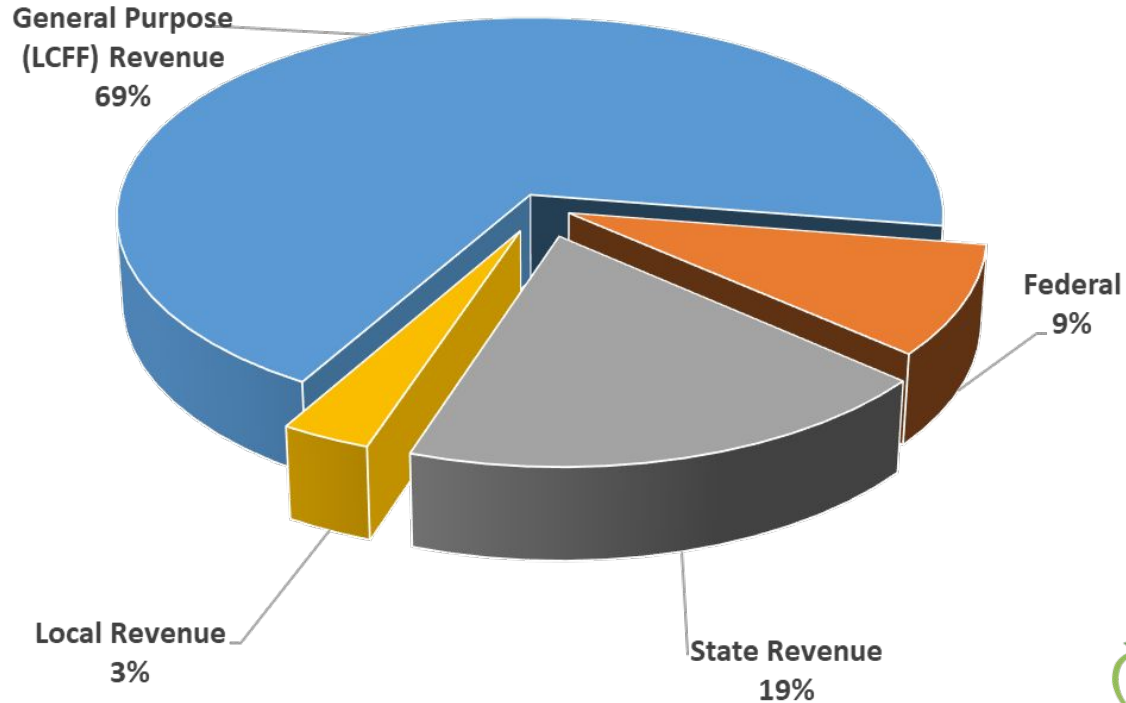
- District revenues are received as restricted or unrestricted funds
- Unrestricted funds are used for general purposes and are the primary resource for core educational programs
- Restricted revenues are received for specific and limited purposes

2024-25 Second Interim Revenues



2024-25 Second Interim Revenues by Source

2024-25 Second Interim Total General Fund Revenues Combined



2024-25 Second Interim Revenue Changes

Unrestricted Revenue Summary

- LCFF updated to reflect current-year enrollment of 35,699 students, an UPP of 69.55%, and an ADA ratio of 94.80%, result in a \$1.7M decrease
- Federal revenue increased to account for FEMA reimbursement funds of \$7.1M
- Local revenue increased due to additional interest earnings, reflecting the prior year's interest rate of 4.74%, along small grants adjustment of \$7.7M

2024-25 Second Interim Revenue Changes

Restricted Revenue Summary

- Other federal revenue updated to reflect the most current allocations, ensuring that all funding sources are accurately incorporated into the budget, approx. \$4.4M
- State revenue adjusted to align with the latest awarded funding
- Local revenue updated to account for the latest awarded grants and funding adjustments, approx. \$3.1M

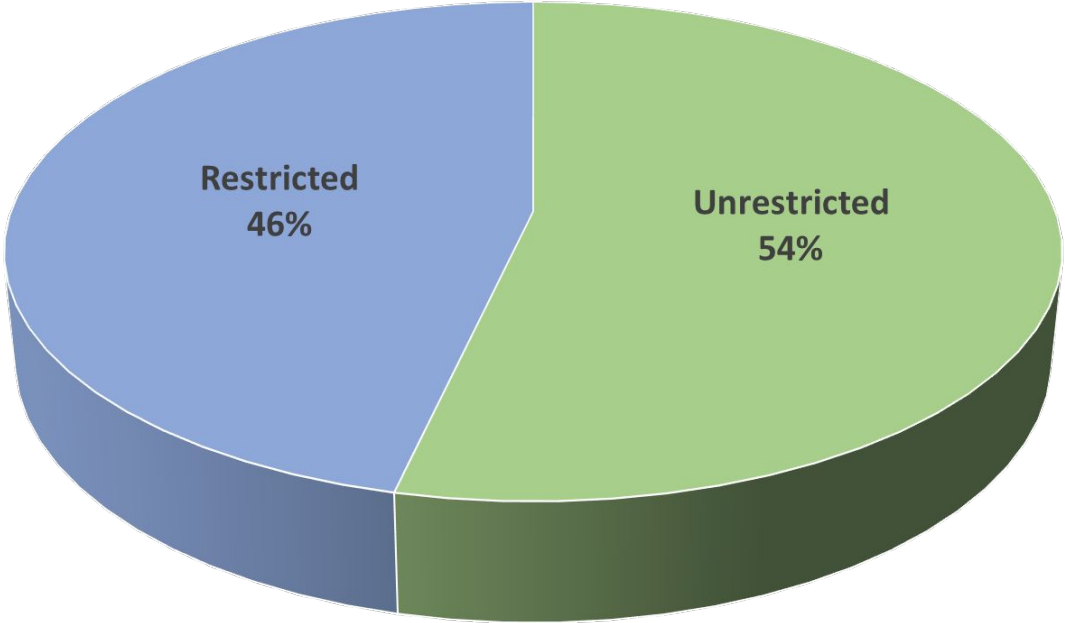


Expenditures

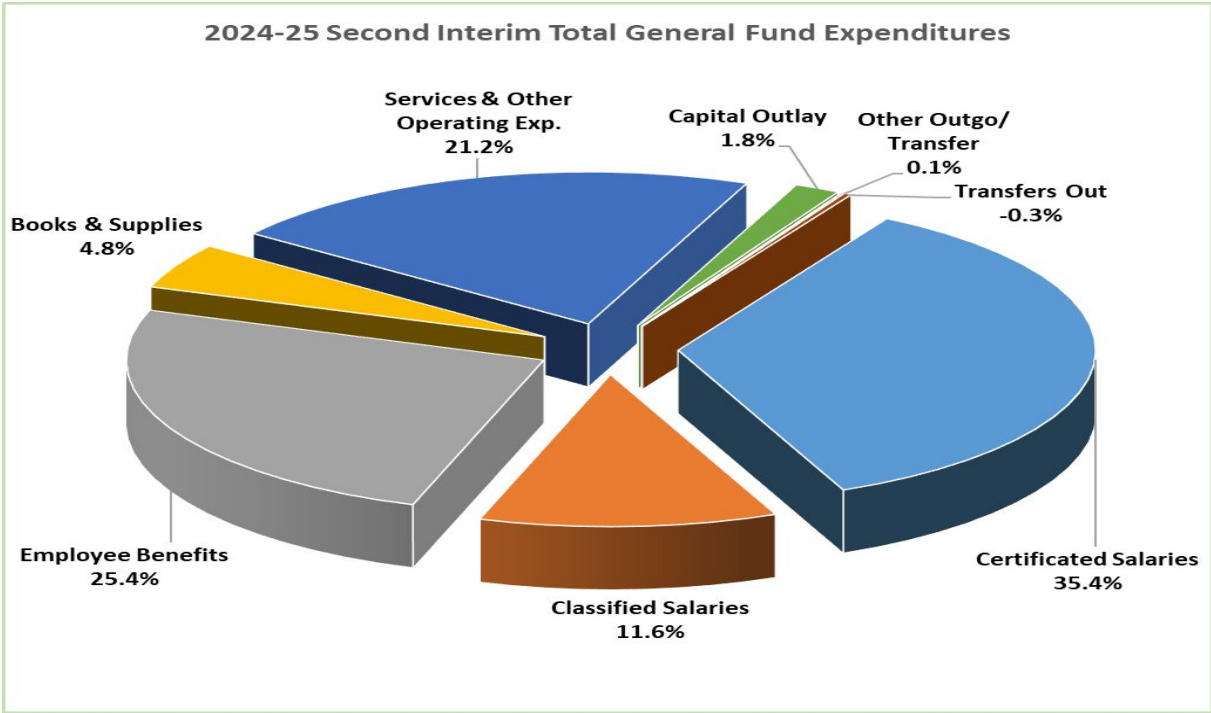


2024-25 Second Interim Expenditures

2024-25 Second Interim Expenditures



2024-25 Second Interim Expenditures



2024-25 Second Interim Expenditure Changes

Unrestricted Expenditures Summary

- **Classified Salaries & Benefits:** Increased due to SEIU negotiated agreement, including retroactive and ongoing costs, approx. \$13.8M
- **Benefits:** Align with salary increases and adjustments based on historical spending trends over the past three years
- **Books & Supplies:** Increased for purchases of student Chromebooks and operational air filters, approx \$3.2M
- **Services & Operating Contracts:** Increased of \$7.6M due to purchases of operational custodial expenses and legal fees
- **Capital Outlay:** Increased due to purchases of four bus replacements and one interim housing transportation bus

2024-25 Second Interim Expenditure Changes

Restricted Expenditures Summary

- **Certificated and Classified Salaries:** Certificated salaries increased by \$4.2M to fund eight additional instructional days under the Learning Recovery Emergency Block Grant, that will end by June 30th, 2026, while classified salaries decreased due to re-allocating funds to contracted services for Special Education vacancies, approx. \$14.8M
- **Benefits:** Reduced by \$16.7M as funds were re-allocated to Special Education services and contracts to align with salary adjustments
- **Services & Contracts:** Increased due to routine maintenance costs and contracted Special Education services for vacant positions, such as speech-language pathologists, instructional aides, and occupational therapists, approx. \$37.7M
- **Capital Outlay:** Increased for HVAC upgrades, a van purchase for Luther Burbank HS, and Nutrition Services kitchen equipment, approx. \$2.7M

General Fund Contributions

Contributions changes

From First Interim to the Second Interim, there has been an increase in the district contributions.

- Special Education contribution increased by \$200K due to higher costs of contracted services over in-house staff.
- Routine Maintenance contribution increased by \$122K due to district-wide budget realignment and increased costs

Contributions from Unrestricted to Restricted

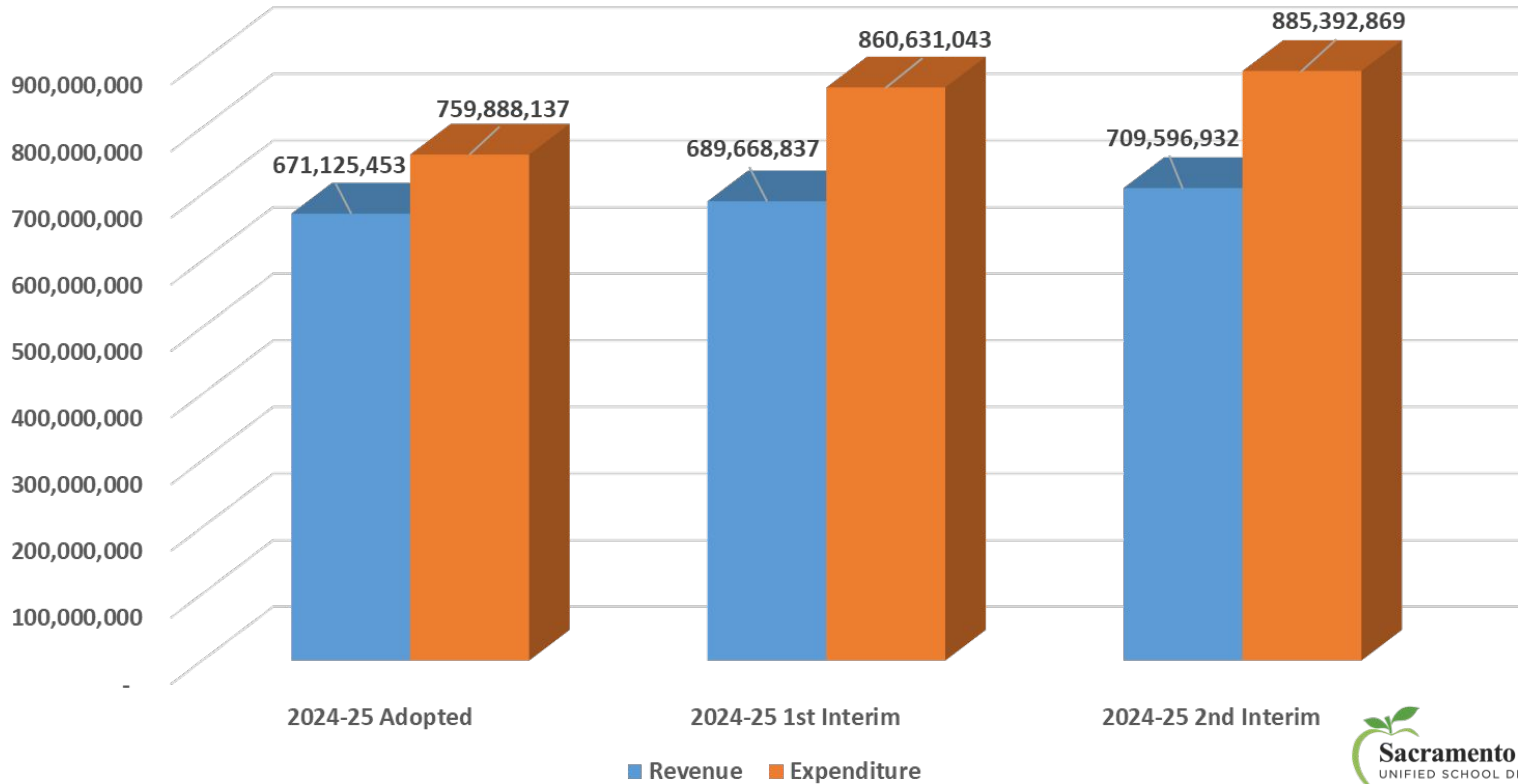
Program	2024-25 First Interim	2024-25 Second Interim
Special Education	\$123,000,000	\$123,200,000
Routine Maintenance	\$22,013,236	\$22,135,379
Total	\$145,013,236	\$145,335,379



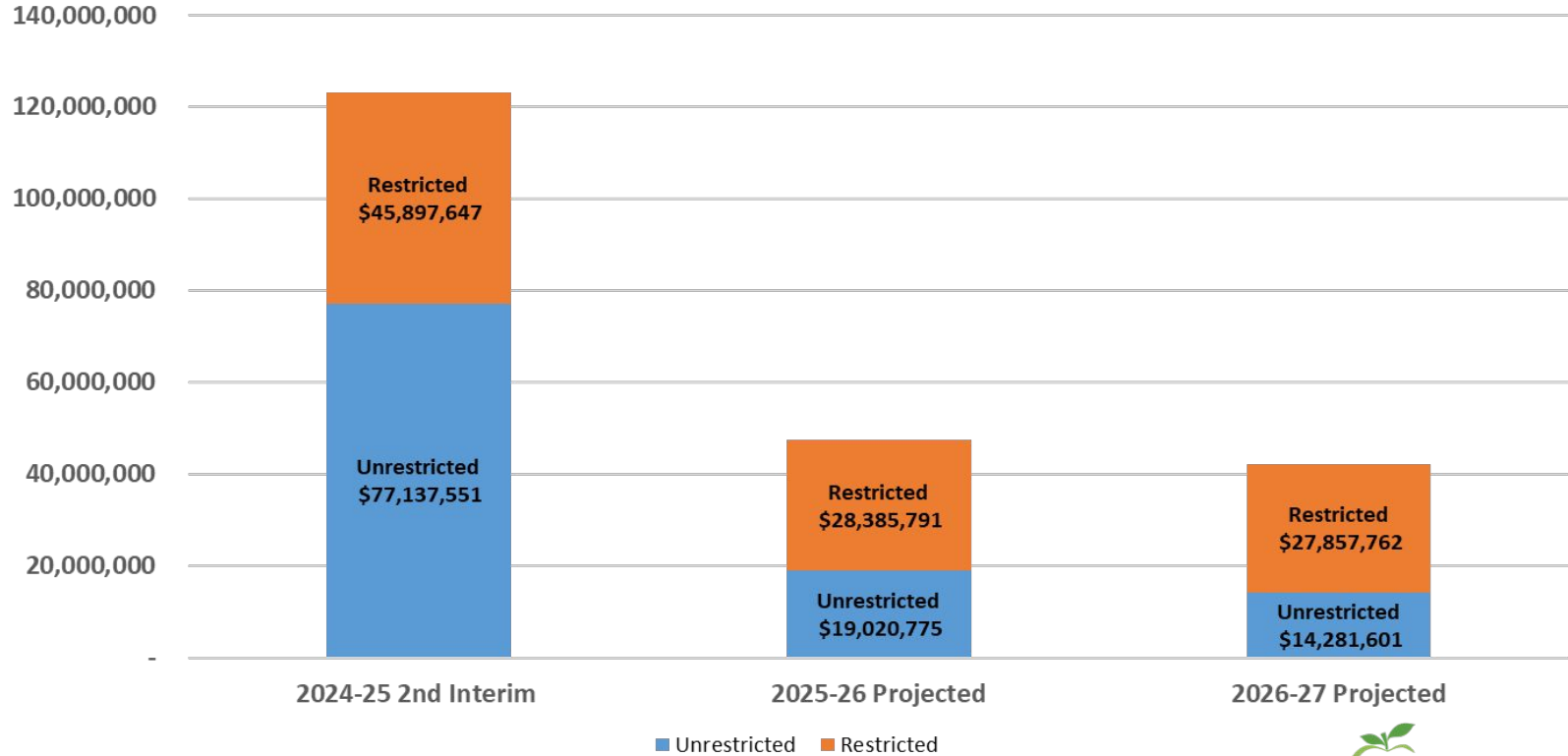
Surplus/(Deficit) and Fund Balance Summary



2024-25 Surplus / (Deficit) Comparison



2024-25 Ending Fund Balance Comparison





Multi-Year Projections & Other Funds



Other Funds Summary

Fund		2024-25 Beginning Fund Balance	Budgeted Net Change	2024-25 Ending Fund Balance
01	General (Unrestricted and Restricted)	\$298,831,135	(\$175,795,938)	\$123,035,198
08	Student Activity Fund	\$1,668,396	\$0	\$1,668,396
09	Charter Schools	\$15,685,391	(\$5,415,815)	\$10,269,576
11	Adult Education	\$167,168	(\$73,534)	\$93,634
12	Child Development	\$3,561,647	\$473,636	\$4,035,283
13	Cafeteria	\$16,811,123	(\$1,623,990)	\$15,187,133
21	Building Fund	\$457,848,204	(\$292,812,789)	\$165,035,415
25	Capital Facilities	\$30,852,823	\$164,388	\$31,017,211
35	County School Facilities Fund	\$3,237	\$4,181	\$7,418
49	Capital Projects for Blended Components	\$2,710,750	\$23,939	\$2,734,689
51	Bond Interest and Redemption	\$48,064,933	\$2,206,337	\$50,271,270
61	Cafeteria Enterprise Fund	\$45,446	\$547	\$45,993
67	Self-Insurance Fund	\$12,168,009	(\$333,673)	\$11,834,336

MYP Revenue Assumptions

Unrestricted Revenue Assumptions

- LCFF COLA is expected to increase to 2.43% for 2025-26 and 3.52% for 2026-27, resulting in funding increases of \$1.1M and \$10.3M, respectively
- EPA revenue is projected to increase by \$29.1K in 2025-26 and \$1.7M in 2026-27
- Interest income is estimated to grow by \$5.8M in 2025-26, based on historical trends

Unrestricted Contributions

- Special Education contributions are projected to increase by \$3M in 2025-26, then be set at \$125.4M in 2026-27
- Routine Maintenance contributions are expected to decrease by \$586K in 2025-26 and by \$1M in 2026-27 due to decreased expenditures with the enrollment decline

MYP Expenditure Assumptions

Unrestricted Expenditure Assumptions⁷

- **Salaries:** For step and column assumptions, certificated salaries are projected to increase by 1.4% in both 2025-26 and 2026-27, resulting in an increase of \$2.3M in 2025-26 and \$2.5M in 2026-27. Classified salaries will increase by 0.7% each year, adding \$469K in 2025-26 and \$427.7K in 2026-27
- **Benefits:** Certificated benefits are projected to increase by \$688K in 2025-26 and \$725K in 2026-27. Classified benefits will increase by \$236K in 2025-26 and \$68K in 2026-27 driven by PERS rate changes from 27.05% to 27.40% in 2025-26 and 27.50% in 2026-27. Health & Welfare costs are expected to increase by 8% annually
- **Arts, Music, & Instructional Materials Block Grant:** Offsetting rising costs: \$12.3M in 2025-26, but removal in 2026-27 adds \$12.6M in unrestricted expenditures
- **Instructional materials & supplies:** Reduced by \$2.5M in 2025-26 to reflect declining enrollment
- **Operational expenditures:** Reduced by \$4.5M in 2026-27

MYP Revenue Assumptions

Restricted Revenue Assumptions

- Carryover funds from prior years (2023-24) will be fully expended by 2024-25, reducing restricted revenue
- A few grants will expire at the end of 2024-25, leading to the phase-out of revenues, expenditures, and staff positions.
- Restricted revenues are expected to decrease due to declining enrollment and unearned revenue adjustments
- An additional \$3.4M reduction is anticipated due to budget realignment in 2025-26

MYP Expenditure Assumptions

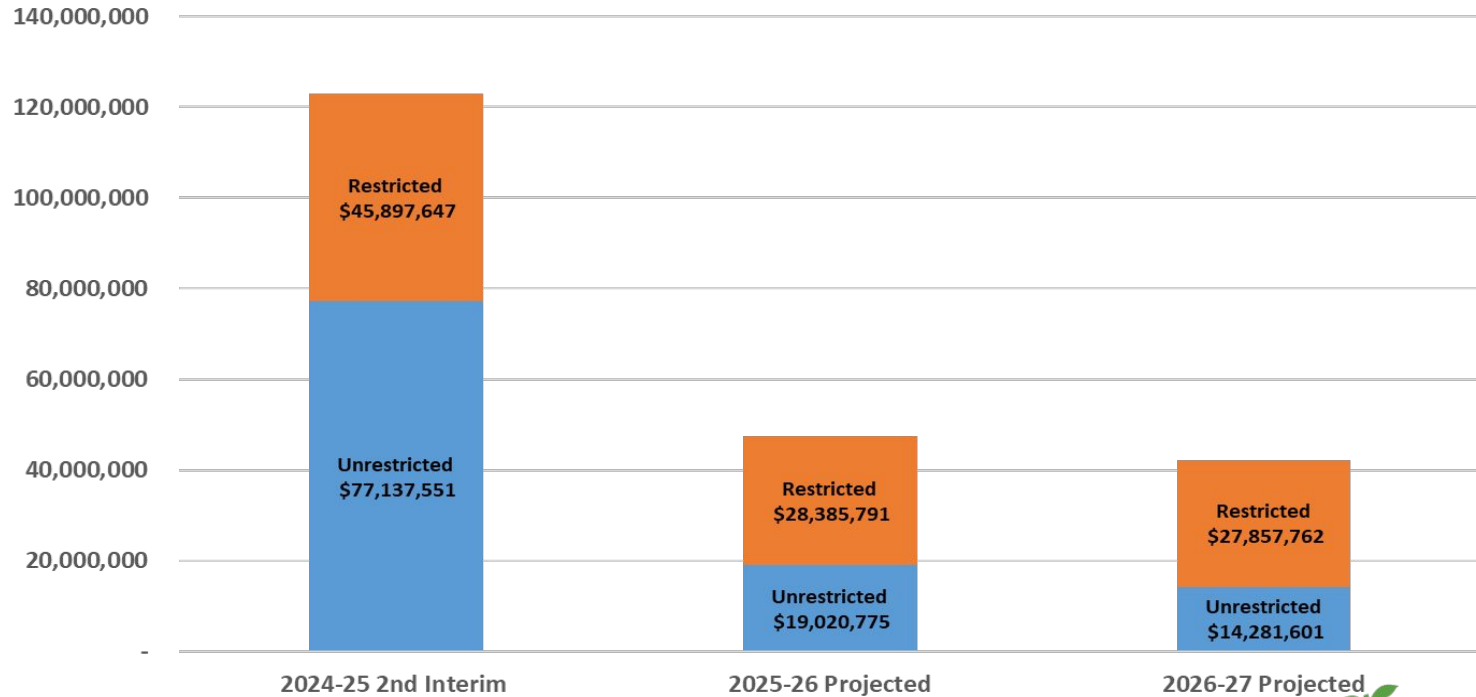
Restricted Expenditure Assumptions

- **Salaries:** Step and column increases are estimated as \$3.6M for certificated and \$1.0M for classified in 2025-26; \$2.6M for certificated and \$749K for classified in 2026-27. Staffing reductions: \$4.1M for certificated and \$5M for classified in 2025-26; \$7.4M for certificated and \$2.2M for classified in 2026-27
- **Benefits:** Overall increase of \$1.2M in 2025-26 and \$1.4M in 2026-27. Health & Welfare costs rising by \$2.1M in 2025-26 and \$4M in 2026-27. Benefits savings from staffing reductions: \$5.5M in 2025-26 and \$4.9M in 2026-27
- **Contracted services:** \$14.6M reduction in 2025-26, additional \$3.2M reduction in 2026-27
- **Carryover reductions:** \$18.8M decrease in expenditures from grants budgeted in 2024-25
- Overall **indirect cost:** Transfers to restricted decrease by \$2.8M in 2025-26 due to lower revenues from expiring grants

Multi-Year Projections & Components of Ending Fund Balance

Description	2024-25 Second Interim Budget	Projected 2025-26	Projected 2026-27
Total Revenues	706,591,484	661,730,026	696,628,276
Total Expenditures	885,254,869	740,226,104	704,762,927
Net Increase/(Decrease)	(175,795,938)	(75,628,631)	(5,267,204)
Beginning Fund Balance	298,831,135	123,035,198	47,406,567
Ending Fund Balance	123,035,198	47,406,567	42,139,363
Nonspendable	150,000	150,000	150,000
Restricted	45,897,647	28,385,792	27,857,762
Assigned	-	-	-
2% REU	17,707,857	14,807,282	14,098,019
Unassigned/Unappropriated	59,279,694	4,063,493	33,583

Multi-Year Projections & Components of Ending Fund Balance



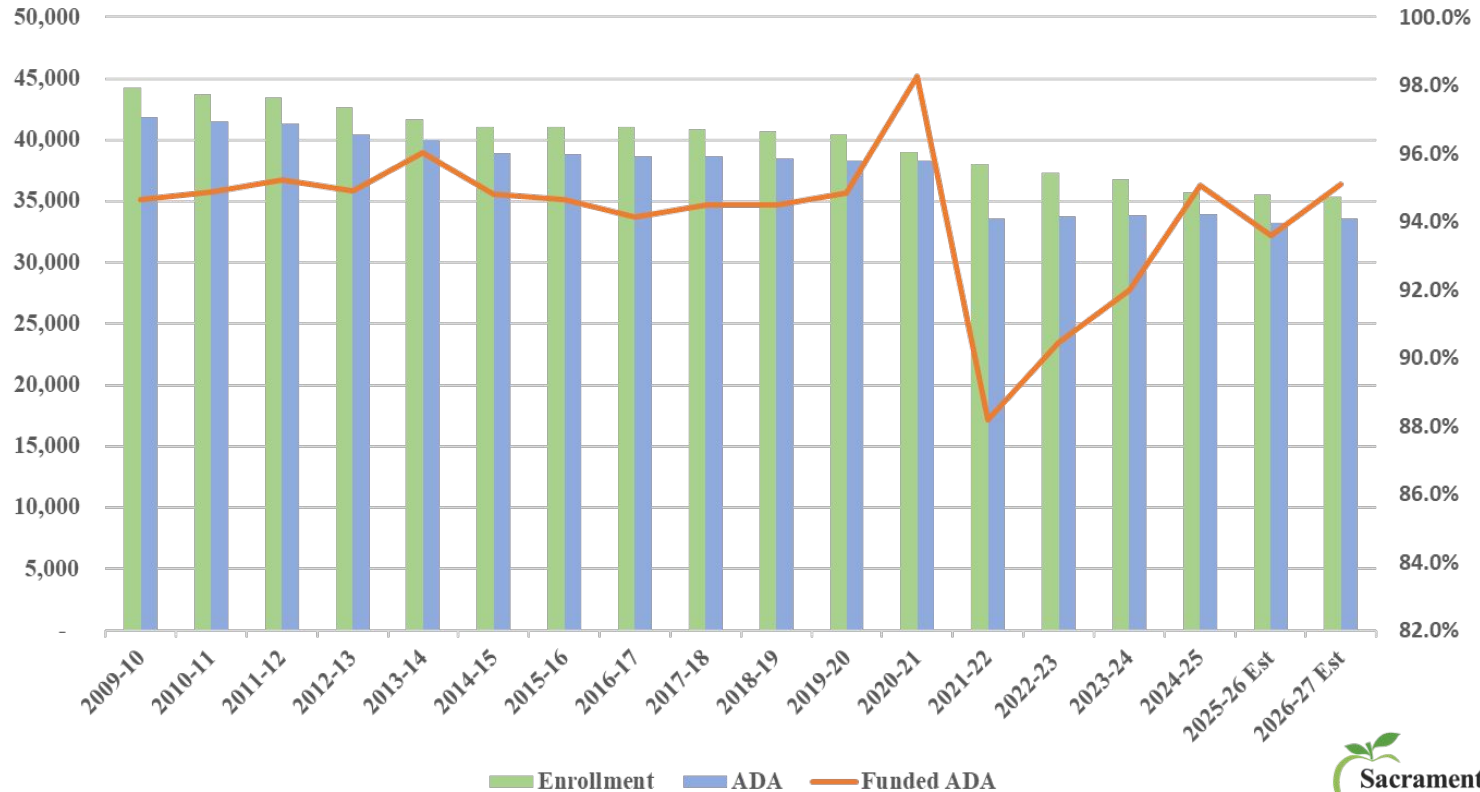


Enrollment Trends



SCUSD Enrollment & ADA Trend

Enrollment & ADA Trend



Budget Right-Sizing Plan Update

Flow

- **Celebration of Teamwork**
- **How Did We Do It?**
- **Mission Accomplished?**
- **How Do We Continue to Improve?**
- **Fiscally Responsible Practices**

This is what happens when a team comes together.

A shared vision, to achieve a clear goal, with feasible actions.



How Did We Do It?

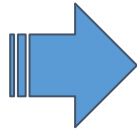
**When decisions are made, they
require months to implement
and potentially years to create
IMPACT**

**We seek to understand the
decisions that were already
made and now take action to
bring those decisions into focus**

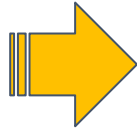


FCMAT

Fiscal Health Risk Analysis 2018



Budget Process



Position Control



Accuracy / Internal Controls

Observations

- 1 Need for Budget Literacy
- 2 Dependent on Contracts
- 3 Dependent on Exceptions
- 4 Lack of Compliance Accountability (unauthorized)
- 5 Unbudgeted Expenditures
- 6 Need for Internal Controls

Commitments

- 1 Prioritize People
- 2 Maximize Dollars
- 3 Fiscal Discipline
- 4 Transparency
- 5 Budget Literacy
- 6 The Work Must Be Done



How Do We Maintain?

**How Do We
Continue To Improve?**

The Work Continues

Unauthorized Contracts

Restricted Funds Use

Plan Implementation

Negotiated Agreements

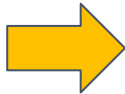
Unknown Needs



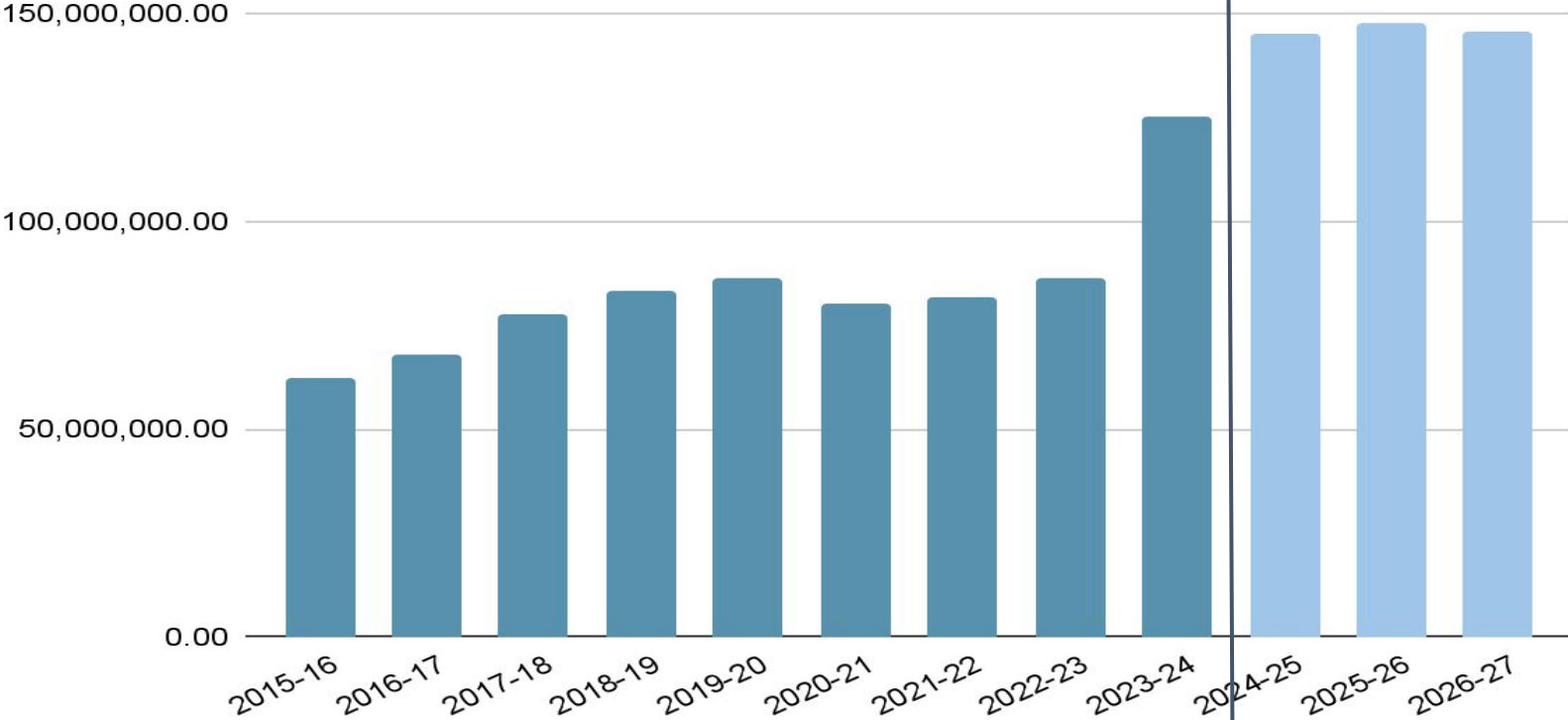
Balancing Many Efforts

2024-25 Second Interim Multi-Year Projections

Description	2024-25 Second Interim			2025-26 Projection			2026-27 Projection		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
REVENUE AND OTHER FINANCING SOURCES									
LCFF/Revenue Limit Sources	485,986,740	2,688,061	488,674,801	487,416,187	2,688,061	490,104,248	499,487,159	2,688,061	502,175,220
Federal Revenues	7,162,887	55,500,866	62,663,752	7,162,887	42,247,750	49,410,636	7,162,887	39,807,750	46,970,636
Other State Revenues	17,003,334	116,191,332	133,194,667	17,003,334	78,032,345	95,035,680	17,003,334	83,392,909	100,396,244
Other Local Revenues	11,950,019	10,108,246	22,058,264	17,723,740	9,455,723	27,179,462	37,723,740	9,362,437	47,086,176
TOTAL REVENUES	522,102,980	184,488,505	706,591,484	529,306,148	132,423,879	661,730,026	561,377,120	135,251,157	696,628,276
EXPENDITURE AAND OTHER FINANCING SOURCES									
Certificated Salaries	217,549,453	95,850,132	313,399,584	229,634,232	72,552,478	302,186,710	217,155,933	70,714,747	287,870,680
Classified Salaries	67,062,312	35,545,690	102,608,003	60,126,099	25,942,425	86,068,524	55,075,677	26,511,907	81,587,584
Employee Benefits	134,278,028	90,688,261	224,966,290	123,594,924	89,153,490	212,748,413	129,527,523	78,270,128	207,797,651
Books & Supplies	13,054,691	29,782,570	42,837,261	8,054,691	14,382,761	22,437,451	5,554,691	13,511,176	19,065,867
Services & Other Operating Expenses	52,883,600	134,497,588	187,381,188	28,676,655	82,987,276	111,663,930	23,326,655	81,996,092	105,322,747
Capital Outlay	1,264,442	14,390,175	15,654,616	1,264,442	5,450,654	6,715,095	1,264,442	3,447,978	4,712,419
Other Outgo (excluding Indirect Costs)	895,830	-	895,830	895,830	-	895,830	895,830	-	895,830
Other Outgo - Indirect Costs	(12,485,475)	9,997,572	(2,487,903)	(9,710,935)	7,221,084	(2,489,851)	(9,671,310)	7,181,459	(2,489,851)
TOTAL EXPENDITURES	474,502,881	410,751,988	885,254,869	442,535,938	297,690,167	740,226,104	423,129,440	281,633,487	704,762,927
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES	47,600,099	(226,263,484)	(178,663,385)	86,770,210	(165,266,288)	(78,496,078)	138,247,680	(146,382,331)	(8,134,651)
OTHER FINANCING SOURCES/USES									
Interfund Transfers									
Transfers In	3,005,447	-	3,005,447	3,005,447	-	3,005,447	3,005,447	-	3,005,447
Transfers Out	138,000		138,000	138,000		138,000	138,000		138,000
Contributions	(145,335,379)	145,335,379	-	(147,754,433)	147,754,433	-	(145,854,301)	145,854,301	-
TOTAL OTHER FINANCING SOURCES/USES	(142,467,931)	145,335,379	2,867,447	(144,886,986)	147,754,433	2,867,447	(142,986,854)	145,854,301	2,867,447
NET INCREASE (DECREASE) IN FUND BALANCE	(94,867,833)	(80,928,105)	(175,795,938)	(58,116,776)	(17,511,855)	75,628,631	(4,739,174)	(528,030)	(1,267,204)
FUND BALANCE, RESERVES									
Beginning Fund Balance	172,005,384	126,825,752	298,831,135	77,137,551	45,897,647	123,035,198	19,020,775	28,385,792	47,406,567
Ending Fund Balance	77,137,551	45,897,647	123,035,198	19,020,775	28,385,792	47,406,567	14,281,601	27,857,762	42,139,363
Components of Ending Fund Balance:									
Non-spendable	150,000	-	150,000	150,000	-	150,000	150,000	-	150,000
Restricted		45,897,647	45,897,647		28,385,792	28,385,792		27,857,762	27,857,762
Reserve for Economic Uncertainties	17,707,857	-	17,707,857	14,807,282	-	14,807,282	14,098,019	-	14,098,019
Unassigned/Unappropriated	\$ 59,279,694	-	\$ 59,279,694	\$ 4,063,493	-	\$ 4,063,493	\$ 33,583	-	\$ 33,583
<i>Unappropriated Percent</i>			6.696%			0.549%			0.005%



Annual Contributions



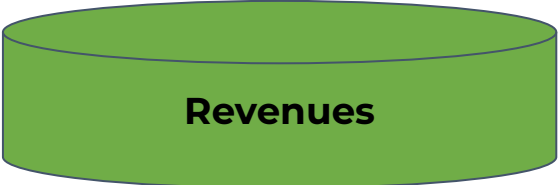


Proposing A Closer Look

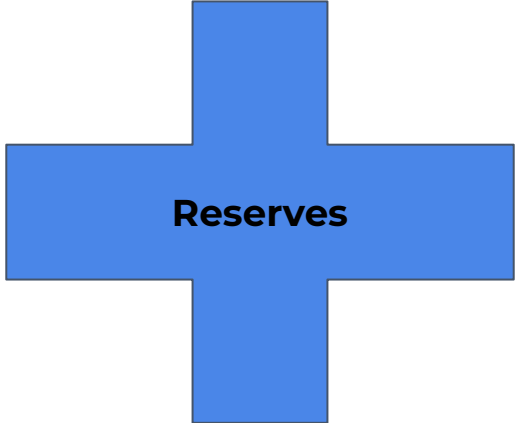
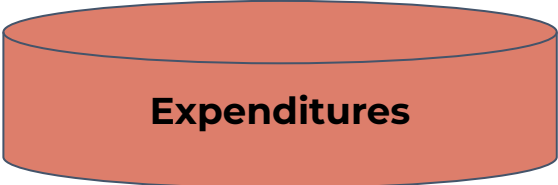
Special Education

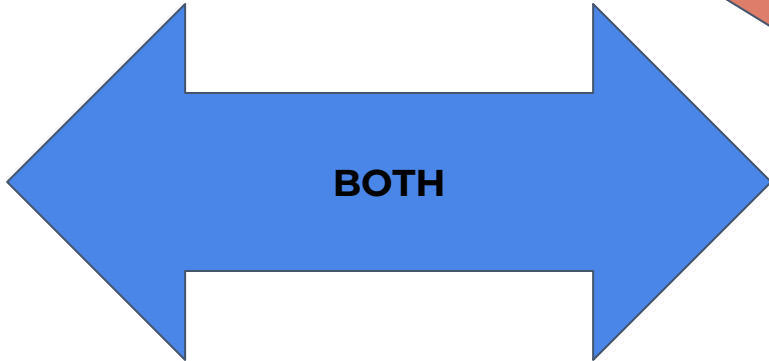
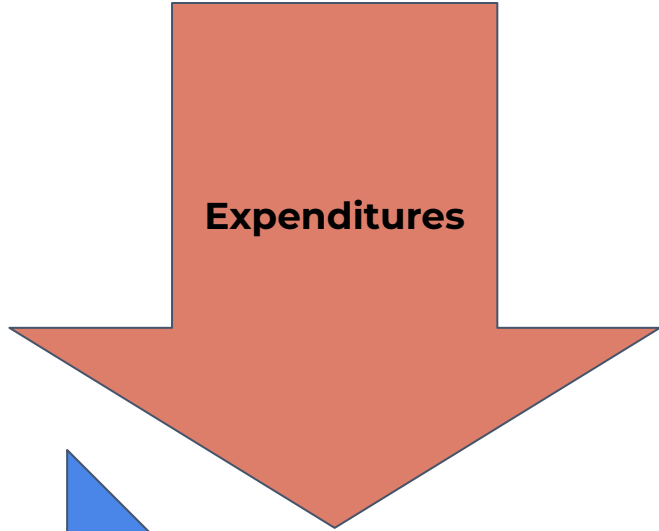
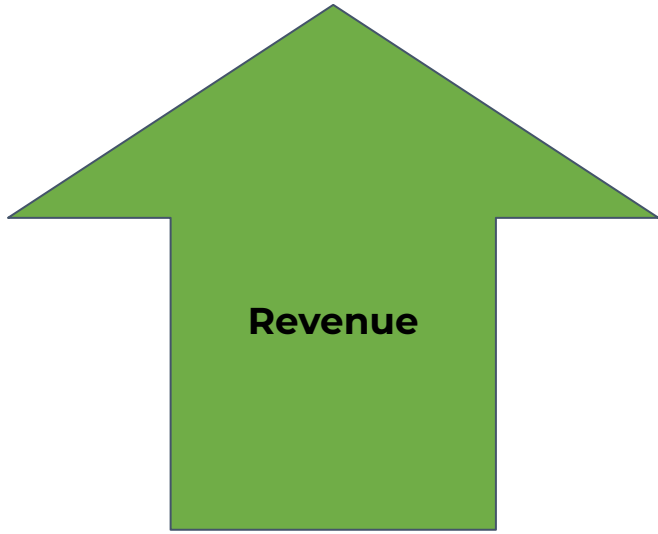
Continuing Fiscally Responsible Practices

What is Right-Sizing



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Budget Right Sizing Plan

 **Implemented**
New Budget Development Process for 2025-26

Observable improvement in

-  **Budget literacy**
-  **Strategic alignment**
-  **Collaborative conversations**

We are shifting our culture to be empowered through knowledge

Budget Right Sizing Plan - What's Next?



JUNE

**2025-26
Budget Adoption**

**2025-26
Guiding Principles**

SEPTEMBER

**2024-25
Unaudited Actuals**

DECEMBER

**2026-27
Budget Development**



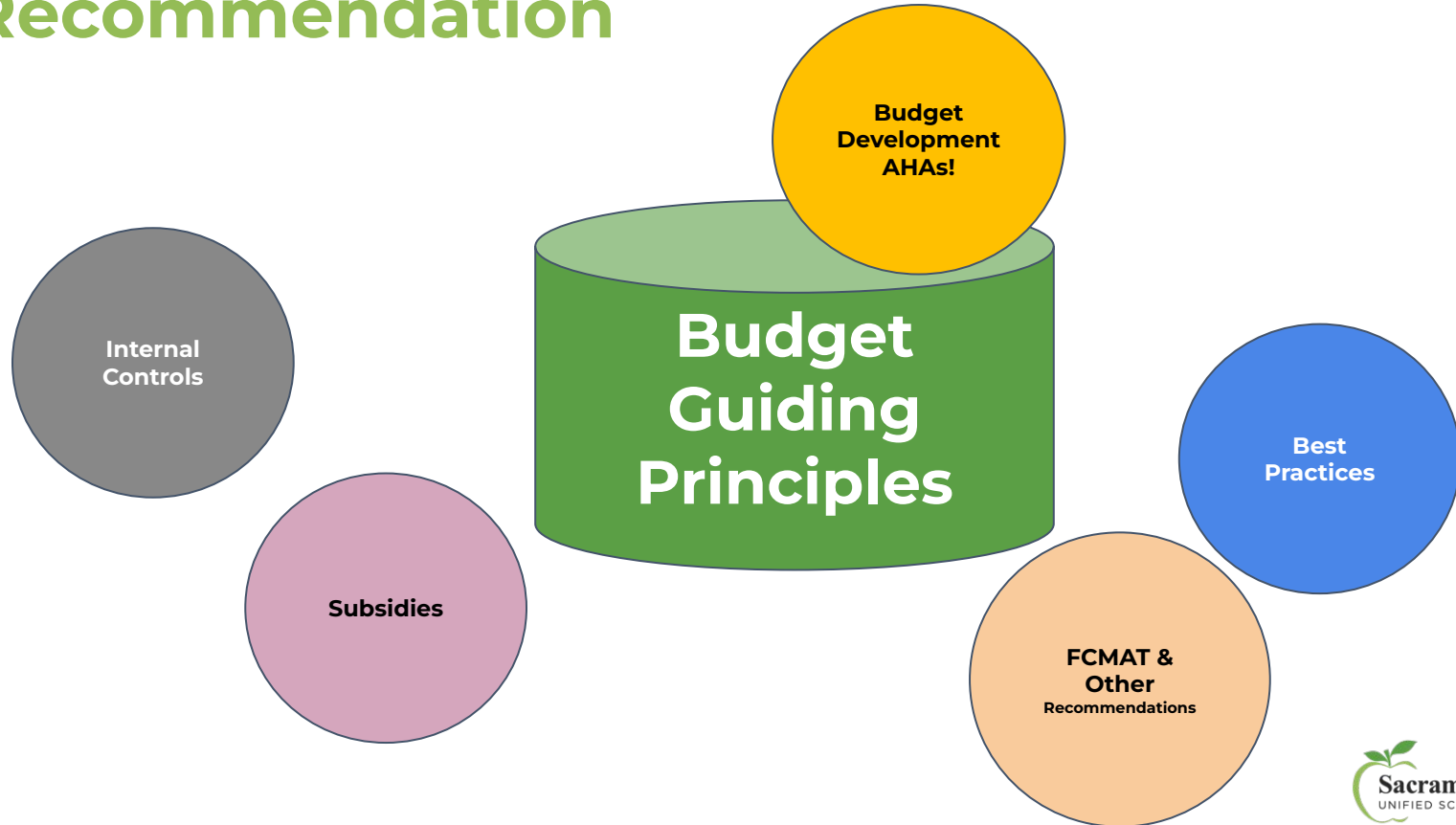
**We are
committed to
each other.**

**Success is shared
by ALL.**



The Next Phase

Recommendation





**Your future hasn't
been written yet.**

No one's has...

**Your future is
whatever you make it,
so make it a good one.**

Dr. Emmett Brown
Back to the Future



Thank You
to the
TEAM!

Certification

Summary and Certification

- The District is projected to meet the 2% reserve requirement for economic uncertainties in 2024-25, 2025-26, and 2026-27 and maintain positive cash flow in 2024-25, 2025-26, and 2026-27.
- The District projects surplus of \$175.8M for 2024-25, \$75.6M for 2025-26, and \$5.3M for 2026-27 is anticipated, including contributions to restricted resources
- The projected budget and multiyear projections support the District's projection of being able to meet its financial obligations for the current and subsequent two years (Positive Certification).
- **Staff recommends a “Positive Certification” which certifies that, based on current projections, SCUSD will meet its financial obligations for the current year and the next two fiscal years, 2025-26 and 2026-27.**



Thank you!



Feedback



Questions?