



CABRILLO UNIFIED SCHOOL DISTRICT  
*Every Student. Every Day!*

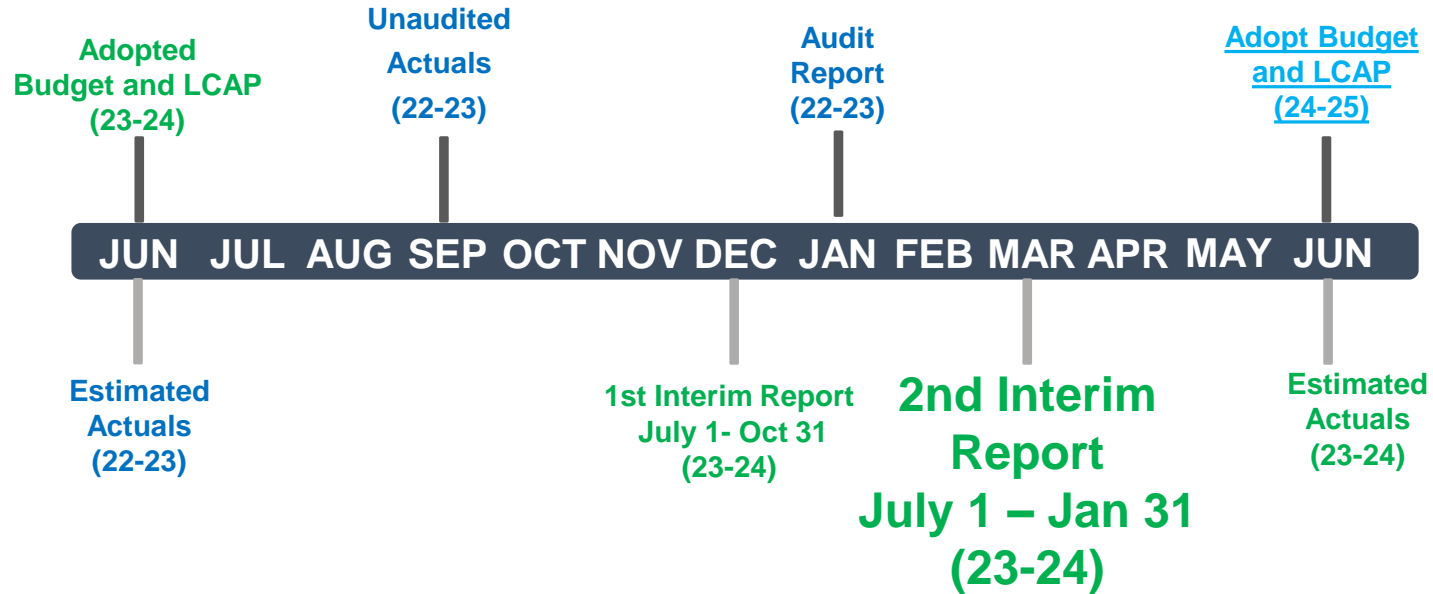
# Cabrillo Unified School District 2023-24 Second Interim Financial Report

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March 14, 2024

# CUSD Financial Reports



# Background: CUSD 2023-24 Financial Reports

The 2022-23 CUSD Financial Reports were certified as follows: the First was Qualified, Second was Qualified, an SMCOE-Required Third Report was Negative, and the 2023-24 Adopted Budget was also Negative.

The First Interim Financial Report (December 14, 2023) provided CUSD's Governing Board with a synthesis of revenue and expenditures through October 31, 2023. Due to its low reserves, its still not fully implemented Fiscal Stabilization Plan, and the uncertainty of the assumed revenues for 2023-24, the CUSD Board certified the First Interim Report as "Qualified."

The Second Interim Financial Report (March 14, 2024) now provides the CUSD Governing Board with a report of revenue and expenditure forecasts for 2023-24. It includes all fiscal activity through January 31, 2024.

\*(change from Jan/change from 2022 Budget Act)  
Source – Capitol Advisors



# CUSD at Unaudited Actuals 2022-23

Except for the Unaudited Actuals, all other Financial Reports are based on Assumptions. Meanwhile, Unaudited Actuals reflect true revenue and true expenditures once per fiscal cycle.

For the period of July 1, 2022 to June 30, 2023:

- 2022-23 Unaudited Actuals reflected a \$2,599,012.73 negative fund balance
- 2022-23 Unaudited Actuals reflected a Reserve for Economic Uncertainties being \$494,000.29 (below its statutorily required three percent (3%)).
- **The 2023-24 Second Interim projects a better picture.**



## 2023-24 Second Interim: Cabrillo USD Budget Summary and Multi-Year-Projections

	2023-24: Basic Aid												2024-25: Basic Aid			2025-26: Basic Aid			2026-27: Basic Aid								
	UNRESTRICTED			RESTRICTED			COMBINED			UNRESTRICTED			RESTRICTED			COMBINED			UNRESTRICTED			RESTRICTED			COMBINED		
	UNRESTRICTED	RESTRICTED	COMBINED	UNRESTRICTED	RESTRICTED	COMBINED	UNRESTRICTED	RESTRICTED	COMBINED	UNRESTRICTED	RESTRICTED	COMBINED	UNRESTRICTED	RESTRICTED	COMBINED	UNRESTRICTED	RESTRICTED	COMBINED	UNRESTRICTED	RESTRICTED	COMBINED	UNRESTRICTED	RESTRICTED	COMBINED			
LCFF	37,604,879	2,357,848	39,962,727	34,338,548	2,357,848	36,696,396	34,975,106	2,357,848	37,332,954	35,628,395	2,357,848	37,986,243															
Federal Revenue	4,785	1,709,896	1,714,681	4,785	1,225,220	1,230,005	4,785	1,225,220	1,230,005	4,785	1,225,220	1,230,005															
State Revenue	560,048	5,301,096	5,861,144	560,048	3,751,579	4,311,627	560,048	3,633,277	4,193,325	560,048	3,633,277	4,193,325															
Local Revenue	548,684	3,249,584	3,798,268	255,179	2,652,856	2,908,035	255,179	2,652,856	2,908,035	255,179	2,580,356	2,835,535															
Total Revenues	38,718,396	12,618,424	51,336,820	35,158,560	9,987,503	45,146,063	35,795,118	9,869,201	45,664,319	36,448,407	9,796,701	46,245,108															
Certificated Salaries	12,621,543	4,067,725	16,689,268	11,794,323	3,860,426	15,654,749	12,030,209	3,754,781	15,784,990	12,270,813	3,601,511	15,872,324															
Classified Salaries	3,696,335	4,226,772	7,923,107	3,713,024	4,163,735	7,876,759	3,787,284	4,133,700	7,920,984	3,863,030	4,216,374	8,079,404															
Benefits	6,000,203	5,814,426	11,814,629	6,683,714	5,354,804	12,038,518	6,957,986	5,354,242	12,312,228	7,167,271	5,439,998	12,607,269															
Supplies	635,784	1,500,110	2,135,894	635,784	1,028,720	1,664,504	635,784	915,112	1,550,896	635,784	915,112	1,550,896															
Services	3,325,602	3,889,408	7,215,010	3,250,130	3,477,372	6,727,502	3,250,130	3,223,574	6,473,704	3,250,130	3,223,134	6,473,264															
Capital Outlay	0	207,847	207,847	0	0	0	0	0	0	0	0	0															
Other Outgo/Indirect	70,312	224,114	294,426	(11,348)	220,874	209,526	(11,348)	220,874	209,526	(11,348)	220,874	209,526															
Total Expenses	26,349,779	19,930,402	46,280,181	26,065,627	18,105,931	44,171,558	26,650,045	17,602,283	44,252,328	27,175,680	17,617,003	44,792,683															
Surplus/(Deficit)	12,368,617	(7,311,978)	5,056,639	9,092,933	(8,118,428)	974,505	9,145,073	(7,733,082)	1,411,991	9,272,727	(7,820,302)	1,452,425															
Transfer in (891X)	0	0	0	0	0	0	0	0	0	0	0	0															
Transfer out (761X)	320,439	0	320,439	323,415	0	323,415	323,415	0	323,415	323,415	0	323,415															
Contribution	(7,774,197)	7,774,197	0	(7,897,245)	7,897,245	0	(8,134,789)	8,134,789	0	(8,458,591)	8,458,591	0															
Other In / Out	(8,094,636)	7,774,197	(320,439)	(8,220,660)	7,897,245	(323,415)	(8,458,204)	8,134,789	(323,415)	(8,782,006)	8,458,591	(323,415)															
Total Surplus/(Deficit)	4,273,981	462,219	4,736,200	872,273	(221,183)	651,090	686,869	401,707	1,088,576	490,721	638,289	1,129,010															
9791	533,301	4,858,583	5,391,884	4,807,282	5,320,802	10,128,084	5,679,555	5,099,618	10,779,173	6,366,424	5,501,325	11,867,749															
9793			0			0			0			0															
9795																											
Beginning Balance	533,301	4,858,583	5,391,884	4,807,282	5,320,802	10,128,084	5,679,555	5,099,618	10,779,173	6,366,424	5,501,325	11,867,749															
Ending Balance	4,807,282	5,320,802	10,128,084	5,679,555	5,099,618	10,779,173	6,366,424	5,501,325	11,867,749	6,857,145	6,139,614	12,996,759															
Revolving Cash, Stores & Prep	45,000		45,000	45,000		45,000	45,000		45,000	45,000		45,000															
Restricted Programs		5,320,802	5,320,802		5,099,618	5,099,618		5,501,325	5,501,325		6,139,614	6,139,614															
3% REU (9789)	1,398,019	0	1,398,019	1,334,850	0	1,334,850	1,337,273	0	1,337,273	1,353,483	0	1,353,483															
UNASSIGNED (9790)	3,364,263	0	3,364,263	4,299,705	0	4,299,705	4,984,151	0	4,984,151	5,458,662	0	5,458,662															

# CUSD Continuing Challenges

The challenges CUSD faces to meet current and future fiscal obligations include the following: deficit spending, declining enrollment, high cost of Special Education services (including transportation), maintenance of eight (8) campuses, and flipping from/to Basic Aid/LCFF/Basic Aid status.

At Second Interim, the anticipated contributions (\$8,094,636) expected from the general fund include the following expenses:

General Special Ed.	\$4,848,995	Maint. Campuses	\$2,315,278
Parcel Tax Balancing	\$95,104	HMBHS Athletics	\$32,082
Transportation	\$472,506	PTO Balancing	\$10,232
Nutrition Services	\$320,439		



# CUSD 2024 Second Interim Assumptions

CUSD Second Interim Multi-Year Projections (MYP) assumptions include:

- > One-time \$3.8M Supplemental Taxes (LCFF Basic Aid)
- > 2023-24 expected tax revenue will increase to 4.3% and then back to 2% in subsequent years
- > 2023-24 revenue info will be updated at P2 in Spring of 2024
- > 2023-24 Revenue Actuals will be confirmed in Summer of 2024



# LCFF Calculator – Second Interim 2023-24

Cabrillo Unified (68890) - 23/24 2nd Interim with 2% annual tax growth & \$3.8M supplemental taxes for FY 23/24	2/1/2024				
	2023-24	2024-25	2025-26	2026-27	2027-28
<b>SUMMARY OF FUNDING</b>					
COLA & Augmentation	8.22%	0.76%	2.73%	3.11%	3.17%
Base Grant Proration Factor	0.00%	0.00%	0.00%	0.00%	0.00%
Add-on, ERT & MSA Proration Factor	0.00%	0.00%	0.00%	0.00%	0.00%
<b>LCFF Entitlement</b>					
Base Grant	\$29,255,565	\$27,687,939	\$27,242,256	\$27,163,106	\$27,277,176
Grade Span Adjustment	1,041,479	988,955	985,386	982,422	986,986
Supplemental Grant	2,524,349	2,332,579	2,287,004	2,260,086	2,244,739
Concentration Grant	-	-	-	-	-
Add-ons: Targeted Instructional Improvement Block Grant	-	-	-	-	-
Add-ons: Home-to-School Transportation	364,175	366,943	376,961	388,684	401,005
Add-ons: Small School District Bus Replacement Program	-	-	-	-	-
Add-ons: Transitional Kindergarten	136,746	131,130	132,147	134,660	138,928
<b>Total LCFF Entitlement Before Adjustments, ERT &amp; Additional State Aid</b>	<b>\$33,322,314</b>	<b>\$31,507,546</b>	<b>\$31,023,754</b>	<b>\$30,928,958</b>	<b>\$31,048,834</b>
Miscellaneous Adjustments	-	-	-	-	-
Economic Recovery Target	-	-	-	-	-
Additional State Aid	1,021,371	1,021,371	1,021,371	1,021,371	1,021,371
<b>Total LCFF Entitlement</b>	<b>34,343,685</b>	<b>32,528,917</b>	<b>32,045,125</b>	<b>31,950,329</b>	<b>32,070,205</b>
<b>LCFF Entitlement Per ADA</b>	<b>\$ 12,683</b>	<b>\$ 12,819</b>	<b>\$ 13,188</b>	<b>\$ 13,597</b>	<b>\$ 14,022</b>
<b>Components of LCFF By Object Code</b>					
<b>State Aid (Object Code 8011)</b>	<b>\$ 1,021,371</b>	<b>\$ 1,021,371</b>	<b>\$ 1,021,371</b>	<b>\$ 1,021,371</b>	<b>\$ 1,021,371</b>
<b>EPA (for LCFF Calculation - Resource 1400 / Object Code 8012)</b>	<b>\$ 541,558</b>	<b>\$ 507,492</b>	<b>\$ 485,976</b>	<b>\$ 469,962</b>	<b>\$ 457,434</b>
<b>Local Revenue Sources:</b>					
<b>Property Taxes (Object Code 8021 to 8089)</b>	<b>\$ 36,041,950</b>	<b>\$ 32,808,893</b>	<b>\$ 33,465,071</b>	<b>\$ 34,134,372</b>	<b>\$ 34,817,059</b>
<b>In-Lieu of Property Taxes (Object Code 8096)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Property Taxes net of In-Lieu</i>	<i>\$ 36,041,950</i>	<i>\$ 32,808,893</i>	<i>\$ 33,465,071</i>	<i>\$ 34,134,372</i>	<i>\$ 34,817,059</i>
<b>TOTAL FUNDING</b>	<b>37,604,879</b>	<b>34,337,756</b>	<b>34,972,418</b>	<b>35,625,705</b>	<b>36,295,864</b>
<b>Basic Aid Status</b>	<i>Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>
Excess Taxes	\$ 2,719,636	\$ 1,301,347	\$ 2,441,317	\$ 3,205,414	\$ 3,768,225
EPA in Excess to LCFF Funding	\$ 541,558	\$ 507,492	\$ 485,976	\$ 469,962	\$ 457,434
<b>Total LCFF Entitlement</b>	<b>34,343,685</b>	<b>32,528,917</b>	<b>32,045,125</b>	<b>31,950,329</b>	<b>32,070,205</b>



# CUSD 2024 Second Interim Assumptions (continued)

## LCFF PLANNING FACTORS

Factor	2023-24 <sup>1</sup>	2024-25	2025-26	2026-27	2027-28
Department of Finance Statutory COLA	8.22%	0.76%	2.73%	3.11%	3.17%

## LCFF GRADE SPAN FACTORS FOR 2024-25

Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Statutory COLA of 0.76%	\$75	\$77	\$79	\$91
2024-25 Base Grants	\$9,994	\$10,146	\$10,446	\$12,106
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$1,039	–	–	\$315
2024-25 Adjusted Base Grants <sup>2</sup>	\$11,033	\$10,146	\$10,446	\$12,421
Transitional Kindergarten (TK) Add-On <sup>3</sup>	\$3,067	–	–	–

\*Average daily attendance (ADA)

## OTHER PLANNING FACTORS

Factors	2023-24	2024-25	2025-26	2026-27	2027-28	
California CPI	3.36%	2.83%	2.70%	2.72%	2.72%	
California Lottery	Unrestricted per ADA	\$177	\$177	\$177	\$177	\$177
	Restricted per ADA	\$72	\$72	\$72	\$72	\$72
Mandate Block Grant (District) <sup>4</sup>	Grades K-8 per ADA	\$37.81	\$38.10	\$39.14	\$40.36	\$41.64
	Grades 9-12 per ADA	\$72.84	\$73.39	\$75.39	\$77.73	\$80.19
Mandate Block Grant (Charter) <sup>4</sup>	Grades K-8 per ADA	\$19.85	\$20.00	\$20.55	\$21.19	\$21.86
	Grades 9-12 per ADA	\$55.17	\$55.59	\$57.11	\$58.89	\$60.76
Interest Rate for Ten-Year Treasuries	4.16%	3.68%	3.50%	3.60%	3.60%	
CalSTRS Employer Rate <sup>5</sup>	19.10%	19.10%	19.10%	19.10%	19.10%	
CalPERS Employer Rate <sup>5</sup>	26.68%	27.80%	28.50%	28.90%	30.30%	
Unemployment Insurance Rate <sup>6</sup>	0.05%	0.05%	0.05%	0.05%	0.05%	
Minimum Wage <sup>7</sup>	\$16.00	\$16.50	\$16.90	\$17.30	\$17.70	



# CUSD Journey Back to Fiscal Health

- Implementation of CUSD ***Solvency and Fiscal Stabilization Plan*** which has been approved by CUSD as a living document to continue as a tool to contain potential reductions and savings
- Staffing levels need to be commensurate with actual enrollment and contractual class sizes for 2024-25, 2025-26, and future years
- Efforts must include the district's need to prioritize and address:
  - Deficit Spending
  - Compensation Increases
  - Program Enhancements



# CUSD Journey Back to Fiscal Health (cont.)

The Second Interim MYP now reflects the implementation of the reductions and savings that were included in the CUSD Fiscal Stabilization Plan.

The Second Interim MYP also includes positions paid from restricted resources that will expire in the upcoming years. Thus,

- > CUSD must align its instructional program to the core services required in accordance with assessed student needs and declining enrollment
- > CUSD must continue identifying reductions and savings for 2024-25 and 2025-26 to be operationalized through the Fiscal Stabilization Plan
- > CUSD must prioritize healthy reserves to weather future uncertainties.



The 2023-24 Second Interim Financial Report reflects CUSD Fiscal Stabilization Plan savings and reductions, the potential Tax Revenue as reported at (P1), and the potential challenges ahead that CUSD still faces to meet its fiscal obligations.

**Staff requests Governing Board certification of the CUSD 2023-24 Second Interim Financial Report as Positive.**





# Questions?

*Thank you!*



**CUSD**

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