

# APPENDIX

IR #5

6-12-25

## Death Valley Unified School District July 1<sup>st</sup> Budget (2025-26)

### General Overview

The July 1<sup>st</sup> Budget was prepared based on a variety of assumptions related to anticipated expenditures and revenues. As presented, the 2025-26 year is projected to end with a \$59,412 deficit, and continue with deficit spending in the two out years. The following narrative will highlight some of the major assumptions used to prepare the 2025-26 Budget.

### LOCAL CONTROL FUNDING FORMULA (LCFF)

The multi-year projection was prepared using the assumption that the district will operate two necessary small schools, Shoshone Elementary, and Death Valley Academy. Based on this assumption, for the 2025-26 year, the district is still projected to be funded above the “minimum state aid” provision of LCFF. This is due to the district receiving tax revenue that is above the amount they would receive from the state for two Necessary small schools. The district will assume a flat amount of tax revenue for the following two years. The district will monitor the revenue closely for any changes.

	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>
Education Protection Account (EPA)	\$4,400	\$4,400	\$4,400
Local Revenue	\$1,094,670	\$1,094,670	\$1,094,670
12/13 categorical funding	<u>\$261,047</u>	<u>\$261,047</u>	<u>\$261,047</u>
<b>Grand Total LCFF Revenue</b>	<b>\$1,360,117</b>	<b>\$1,360,117</b>	<b>\$1,360,117</b>

It is also important to recognize the “Minimum state aid” provision still applies to Death Valley Unified. Therefore, if they do see future decreases in taxes, they will still be protected under this provision. A provision which ensures the level of funding that the district receives is at least the same amount in state aid as received in 2012-13, adjusted for changes in average daily attendance (ADA) and property taxes. The following table provides a summary of what this provision guarantees at minimum for Death Valley.

	<u>Provision</u>
12/13 revenue limit adjusted for ADA	\$22,089
12/13 necessary small school allowance	\$758,611
12/13 categorical funding	<u>\$261,047</u>
<b>Minimum State Aid Provision</b>	<b>\$1,041,747</b>

## **FEDERAL REVENUES**

Federal revenues are projected to be \$91,617 or about 6% of the total General Fund revenues. Now that one time funding has essentially ceased, this funding is expected to remain consistent at \$91,617 for the two out years as well. The largest source of funding in this category is, Forest Reserve which is about \$40,000. The district also receives Federal funding for REAP, Special Education, Impact Aid, and various No Child Left Behind programs.

## **OTHER STATE REVENUES**

The total projection for Other State Revenues is \$28,083 or 2% of the total General Fund revenues. Other State Revenues no longer contain any one time funding. It is expected this revenue will remain consistent in the two out years of the Multi-Year Projections. The largest revenue within this category is Special Education at \$20,000. The other revenues in this category include unrestricted and restricted Lottery revenues.

## **OTHER LOCAL REVENUES**

The total budget for this revenue category is \$67,300 or 4% of total General Fund revenues. This category has decreased about 50% from prior year as the district will no longer be participating in E-rate. Majority of the E-rate expenditures have also been eliminated and the district expects a net zero change in the budget as a result. The Other Local Revenues is expected to remain consistent at \$67,300 for the two out years as well.

## **SALARIES AND BENEFITS**

The Budget includes certificated and classified salaries based on current staffing levels for the 2025-26 year and the two out years.

The current and two subsequent years' projections do not include any COLA adjustment to the salary schedules. Future step and column adjustment costs are included in each year of the multi-year projection.

The multi-year projection includes 6% increases to health & welfare costs for both 2026-27 and 2027-28.

## **ALL OTHER GENERAL FUND EXPENDITURES & TRANSFERS**

All non-payroll expenditure budgets have been updated based on anticipated costs for the current year. One time expenditures have been eliminated and the budget is expected to remain fairly consistent for the two out years.

The budget includes a General Fund contribution toward the Cafeteria Fund for \$60,000. The amount of contributions required toward the Cafeteria Fund is expected to increase to \$65,000 for 2026-27, 2027-28.

### **OTHER FUNDS**

A one-page recap of the budgets for all funds, including beginning and ending balances, has been included with the 2025-26 Budget Report documents.

### **RECOMMENDATION**

Based on the information presented, you are being asked to approve the proposed budget for the 2025-26 fiscal year as submitted. This is consistent with the district's ability to meet current and future obligations. Following approval by the governing school board, the budget will be submitted to the Inyo County Office of Education for review and approval.