



2240 Old River Road
Ukiah, CA 95482-6156

Ph. (707) 467-5001
Fax (707) 462-0379

NICOLE H. GLENTZER
Superintendent of Schools

SERVICE

EXCELLENCE

INNOVATION

TEAMWORK

January 15, 2025

Warren Galletti, Superintendent
Point Arena School District
45 Lake Street
Point Arena, CA 95468

Dear Superintendent Galletti,

In accordance with Education Code Section 42131, a review of Point Arena School District's (District) First Interim Report for Fiscal Year 2024-25 has been completed by the Mendocino County Office of Education (County). The District self-certified its 2024-25 First Interim Report as Positive. After a review of the financial data provided by the District, it appears that the District will meet its financial obligations for the current and two subsequent years. Therefore, the County concurs with the District's positive certification.

State Budget

On January 6, 2025, the Governor provided a preview of the proposed 2025-26 State Budget, with the full release anticipated on January 10th. The preview highlighted a fully balanced budget with no deficits and reinforced the Governor's commitment to key education initiatives, including the Expanded Learning Opportunities Program and Universal Transitional Kindergarten. It also proposed a \$3.6 billion increase to Proposition 98 funding compared to the current year's minimum guarantee.

The budget preview projects a 2.43% cost-of-living adjustment (COLA) for 2025-26, a decrease from the 2.93% forecasted in the June 2024 Enacted Budget. Additionally, the Governor emphasized the need for fiscal prudence, noting the state's heavy reliance on capital gains from high-income earners. This emphasis serves as a reminder to prioritize long-term planning in decision-making.

The California Budget Act of 2024 amended Education Code 32526 regarding unexpended Learning Recovery Emergency Block Grant (LREBG) funds. As a result, any local education agency (LEA) with unexpended LREBG funds remaining before the 2025-26 fiscal year will be required to undergo a needs assessment. Additionally, the LEA must include actions for utilizing the unexpended LREBG funds in its Local Control and Accountability Plan (LCAP) for the 2025-26, 2026-27, and 2027-28 fiscal years.

First Interim and Multi-Year Projection (MYP)

The District's First Interim Report MYP projects an increase in unrestricted fund balance of \$266,271 in 2024-25, and deficit spending of -\$84,928 in 2025-26 and -\$249,617 in 2026-27 with the state minimum reserve for economic uncertainty of 4% met in all years.

With the District being locally funded (basic aid), it is important to have sufficient reserves in place to support unexpected changes in projected revenues which are uncertain in amount. The County reminds the district to align staffing and expenditures to the number of students being served and monitor projections closely.

Collective Bargaining

Based upon the Criteria and Standards, negotiations with all bargaining units in the 2024-25 fiscal year are settled. Because these costs make up the largest portion of the district's budget, any salary and/or benefit increase could adversely impact the fiscal condition of the district. We caution the district to ensure that the costs of any proposed agreement be supported by ongoing revenues to avoid creating or exacerbating structural deficits. Before the district takes any future action on a proposed collective bargaining agreement, Government Code Section 3547.5 requires the district to certify financial projections reflecting the impact of any salary negotiations on the current or two subsequent years.

Summary

Our office appreciates the preparation and timely submittal of your First Interim report. A technical review will be communicated to the business office. The Second Interim Report is due to our office no later than March 15, 2025. If you have any questions, please feel free to call me at (707) 467-5034.

Sincerely,



Heather Rantala
Assistant Superintendent, Business and Administrative Services

cc:

Catherine Chin, District Business Manager
Nicole H. Glentzer, County Superintendent of Schools
Michelle Ebert, MCOE Director, External Business Services
Jami Vallejo, MCOE District Fiscal Management Advisor