



FREMONT UNION HIGH SCHOOL DISTRICT

Cupertino High School | Fremont High School | Homestead High School | Lynbrook High School | Monta Vista High School | Adult & Community Ed.

2025-26 First Interim Report

Presented December 9, 2025

Pursuant to Education Code Section 42130, Fremont Union High School District (FUHSD) staff must prepare and submit interim financial reports to the governing board at intervals throughout the fiscal year. The State-required reports are comprised of several components that include not only financial data but also information on staffing and student enrollment and attendance. Interim budget reports provide a snapshot of a district's financial condition during the fiscal year. As part of these midyear interim financial reports, the Board certifies to the County Superintendent of Schools, the State Controller, and the State Superintendent of Public Instruction whether the District is able to meet its financial obligations for the remainder of the current fiscal year and the next two fiscal years, using one of three certifications:

- Positive - will meet its financial obligations for the current plus two subsequent fiscal years.
- Qualified - may not meet its financial obligations for one of the three years.
- Negative - unable to meet its financial obligations in the current or subsequent fiscal year.

This First Interim Report covers actual activity through October 31, 2025, and updated projections through the end of the school year plus 2 subsequent years. Based on current revenue and expenditure projections, the District continues to exceed both the State-required 3% reserve and the Board's additional reserve policy of 7%—adopted to provide added stability against fluctuations in property tax revenue, rising cost pressures, and other unforeseen financial challenges. With a total unrestricted reserve of \$35 million, the Business Office recommends the Board certify the District's First Interim report as **Positive**.

The District Certification of the Interim Report is the formal document signed by the Superintendent (or designee) and the Board President, and submitted to the Santa Clara County Office of Education for review prior to transmission to the California Department of Education. It also summarizes key components of the report, including the Criteria and Standards, Cash Flow, and Multiyear Projection.

The required financial reports are prepared separately by "fund." In California public school districts, each fund functions like its own bank account with a specific purpose, legal requirements, and reporting rules. Districts do not pool all resources together; instead, they use multiple funds to ensure revenues and expenditures are properly tracked, controlled, and spent in accordance with state law, federal regulations, and accounting standards. The District's primary operating activity is recorded in the General Fund, which includes both Unrestricted and Restricted resources. Unrestricted funds are flexible for use on any day-to-day expenses and operations of the school sites or district. Restricted Funds must be used only for the specific purpose for which they were received.

Major updates in the General Fund since budget adoption include revenue and expenditure changes to property tax apportionments, grant allocations and available carryover from the prior fiscal year. The following table and summary highlight major changes between the Adopted Budget and First Interim reports.

2025-26 FIRST INTERIM CHANGES

REVENUES	ADOPTED	FIRST INTERIM	CHANGES	
	Total	Total		
LCFF & Property Taxes	213,711,725	215,234,056	1,522,331	0.71%
Federal Revenue	3,263,294	3,266,474	3,180	0.10%
State Revenue	16,497,074	19,976,737	3,479,663	21.09%
Local Revenue	9,747,722	11,005,935	1,258,213	12.91%
Total Revenues	243,219,815	249,483,202	6,263,387	2.58%
Financing (Transfers In)	1,005,000	1,005,000	-	
Financing (Contributions)	-	-	-	
Total Revenue & Financing	\$ 244,224,815	\$ 250,488,202	\$ 6,263,387	2.56%
EXPENDITURES				
Certificated Salaries	99,130,053	97,936,740	(1,193,313)	-1.20%
Classified Salaries	42,256,134	41,371,197	(884,937)	-2.09%
Employee Benefits	68,127,004	68,524,337	397,333	0.58%
Books & Supplies	6,151,336	7,061,438	910,102	14.80%
Other Operating Expenditures	28,296,426	32,418,711	4,122,285	14.57%
Capital Outlay	203,432	564,883	361,451	177.68%
Other Outgo	30,000	30,000	-	0.00%
Direct Support/Indirect Cost	(218,731)	(211,202)	7,529	-3.44%
Total Expenditures	243,975,654	247,696,103	3,720,450	1.52%
Other Transfers & Uses	1,687,544	2,104,786	417,242	
Total Expenditures & Uses	\$ 245,663,198	\$ 249,800,889	\$ 4,137,691	1.68%

Revenue

- 86.3% of FUHSD’s local revenue comes from local property taxes. Growth is slowing from 7.2% in 2023-24 and 5.4% in 2024-25. 2025-26 brings a 3.54% growth from prior year which is a \$1.5 million increase providing a modest boost compared to the 3.0% growth we projected at the Adopted Budget.
- Governor Newsom's Adopted 2025–26 budget includes one-time State funding for Student Support and Professional Development Discretionary Block Grant for local education agencies (LEAs). The funds can be used for any purpose and must be spent by June 30, 2029. FUHSD received \$2.6 million.
- New Cal-Shape local grant of \$0.92 million was received and included in the First Interim.
- State Career Technical Education Incentive carryover of \$0.5 million was added to the Budget.

Expenditure

- At adoption, the staff salaries budget includes vacancies. At First Interim, we updated for actual filled positions and salary schedule placements resulting in a reduction of \$1.7 million.
- Books and supplies increased after adding carryover to the budget.
- Other operating expense budgets were increased for carryover as well as some of the new grants funding allocations (see Revenue section).

Multiyear Projection

The multiyear projection displays General Fund revenue and expenditure for three fiscal years and the forecast assumptions used should be reasonable. The Business Office uses up-to-date information for current year and remains conservative when forecasting for future. Property tax is estimated to growth 2% at this time to account for the slowing growth from the prior years. Carryover and one-time revenues and expenses are also removed from future projections. Any funding based on Average Daily Attendance (ADA) accounts for declining enrollment. Other State revenue allocated on a dollar-per-ADA basis is increased by a conservative Cost of Living Adjustment (COLA) of 2% compared to the 3% estimated by School Services of California.

Salaries and Benefits make up over 80% of our expenditure budget. The Business Office estimates a 1.5% increase over prior year for step and column and does not include any other salary enhancements or increases. Based on enrollment information received from the Residency Team, a projected decrease of 16 sections is included in 2026-27. A 5% increase is projected to books, supplies, other contracted services and the Special Education contribution.

GENERAL FUND		2025-26	2026-27	2027-28
<i>in \$ millions</i>		FIRST INTERIM	PROJECTED	PROJECTED
REVENUES				
LCFF & Property Taxes		215.23	219.11	223.07
Federal Revenue		3.27	3.32	3.37
State Revenue		19.98	16.64	16.68
Local Revenue		11.01	9.17	9.22
Total Revenues		249.49	248.24	252.34
Financing (Transfers In)		1.01	0.84	0.84
Total Revenue & Financing		\$ 250.50	\$ 249.08	\$ 253.18
EXPENDITURES				
Salaries & Benefits		207.83	209.68	212.57
Books & Supplies		7.06	7.37	7.70
Contract Services & Operating		32.42	35.18	36.76
Other		0.38	0.38	0.38
Total Expenditures		247.69	252.61	257.41
Other Transfers & Uses		2.10	2.10	2.10
Total Expenditures & Uses		\$ 249.79	\$ 254.71	\$ 259.51

School districts are required to keep a “reserve” balance for times of economic uncertainty based on district size (ADA). Reserves for other needs must also be specifically classified by type prescribed by the State. Restricted reserves are grant and other entitlements that are used for a specific purpose as determined by the grantor and include the Learning Recovery Emergency Block Grant and new Student Support and Professional Development Discretionary Block Grant. Committed reserves require Board action and this is how the 7% added reserve for economic uncertainty is classified. Assigned reserves are unrestricted funds set aside by the Business Office which include Lottery and site carryover.

Based on these assumptions, the District is projecting to meet both the State-required 3% and the Board’s reserve policy of 7% with additional reserve amounts at a healthy level. Unassigned reserves are estimates for the Revenue Sharing Allocation Program (RSP).

	2025-26	2026-27	2027-28
<i>Beginning Fund Balance</i>	\$ 58.59	\$ 59.27	\$ 53.63
<i>Ending Fund Balance (C+D)</i>	\$ 59.27	\$ 53.63	\$ 47.29
Restricted	23.84	17.00	11.00
Committed (Additional REU) 7%	17.49	17.83	18.17
Assigned	3.34	3.34	3.34
Reserve for Economic Uncertainty 3%	7.49	7.64	7.79
RSP (Formerly Unassigned)	6.75	7.44	6.63

Cash Flow

Cash flow projections are essential to prudent fiscal planning and are also required to be included with First Interim. We forecast the monthly timing of revenues and expenditures to ensure the District can meet its financial obligations and identify any potential cash-borrowing needs in advance. After developing the cash flow projection, the District does not anticipate negative cash balances in any month.

Conclusion and Recommendation for Positive Certification

The First Interim Report reflects the Fremont Union High School District’s fiscal position as of October 31, 2025. The multiyear projections incorporate conservative assumptions for property taxes due to slowing growth, enrollment and section changes, and cost adjustments, positioning the District to maintain State and Board required reserves. With a total unrestricted reserve of \$35 million and no projected cash flow shortages, the District is able to meet its financial obligations for the current year and the two subsequent fiscal years, supporting the ongoing delivery of high-quality educational programs and services for all FUHSD students.

The Business Office recommends the Board certify the District’s First Interim report as **Positive**.