

FIRST INTERIM REPORT

2025-2026

Budget Certification

- ▶ Board must certify its financial standing twice a year for the current and next two fiscal years.
- ▶ Districts operate on a July 1 - June 30 fiscal year.
- ▶ First Interim is due December 15 and Second Interim is due March 15 each year.



Positive

District will complete the year with a positive fund and cash balance; the district is solvent and can meet its obligations.



Qualified

District may not complete the year with a positive fund or cash balance; financial indicators require scrutiny/ modest intervention.



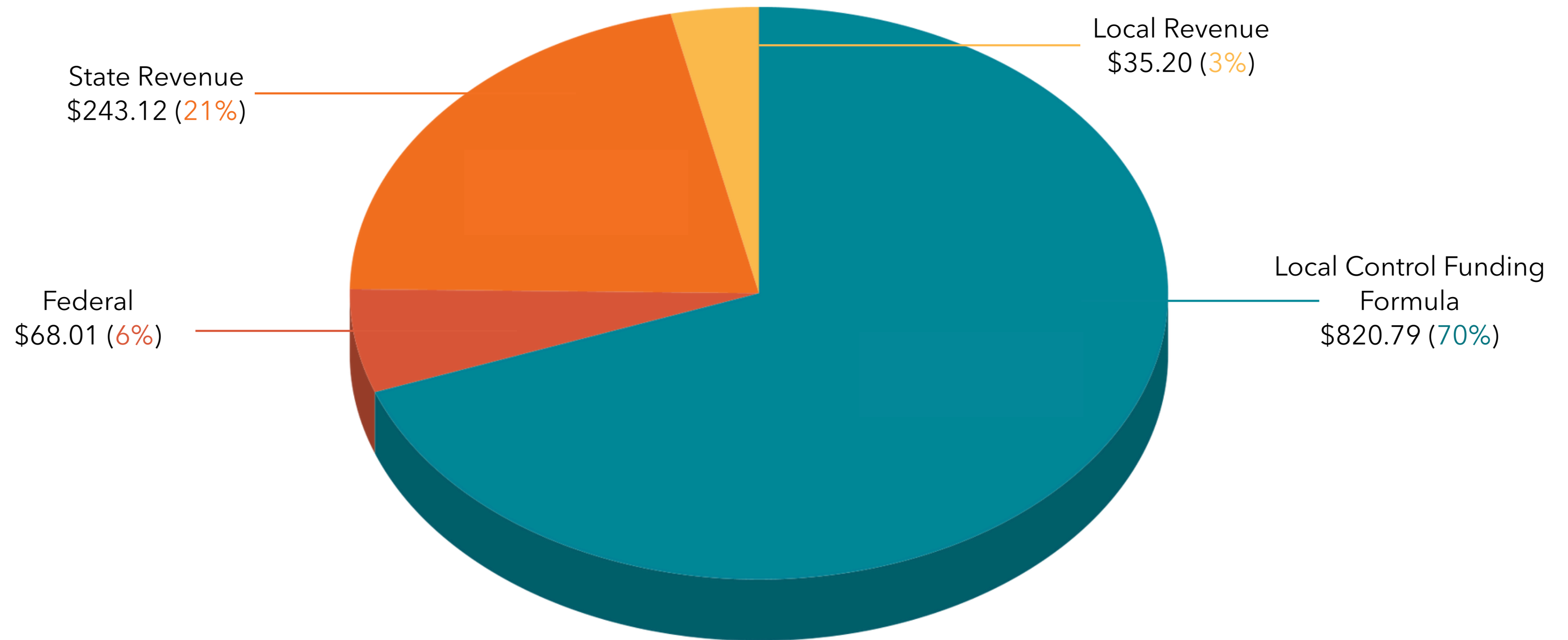
Negative

District will not complete the year with a positive fund or cash balance; aggressive correction action is required.



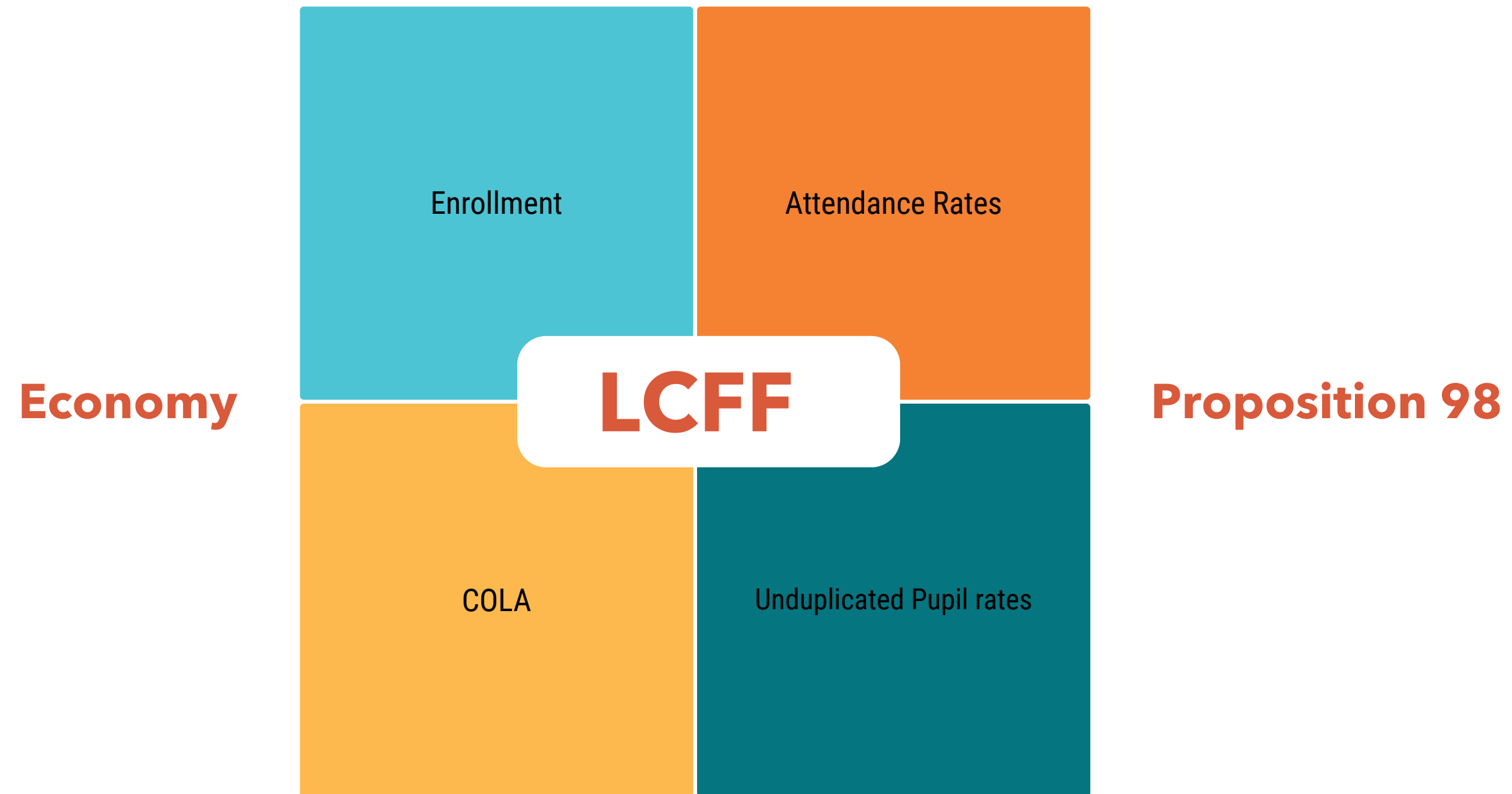
First Interim Financial Report is being submitted to the Board with a **positive** certification.

Total General Fund Revenue (In Millions)

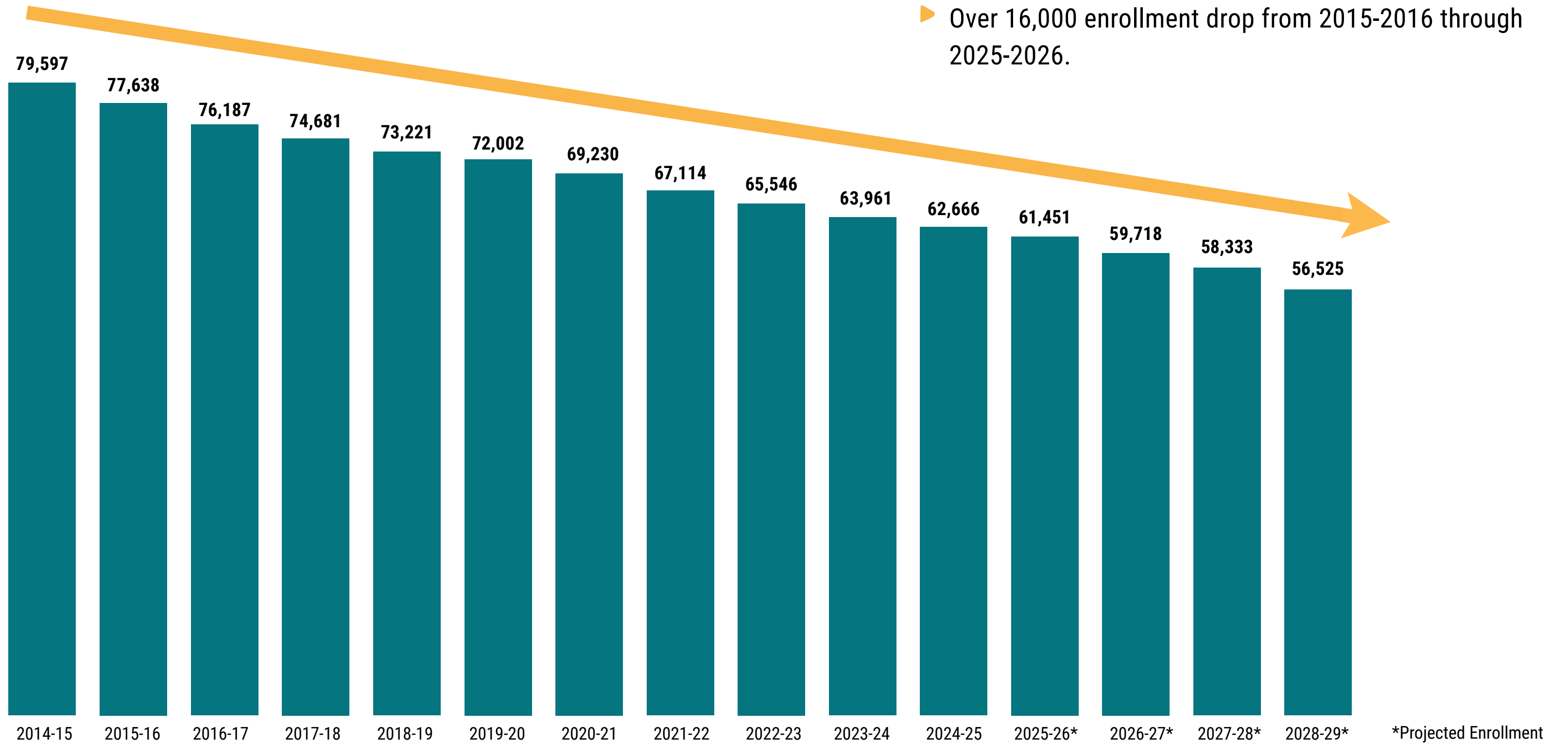


Total: \$1.17 Billion

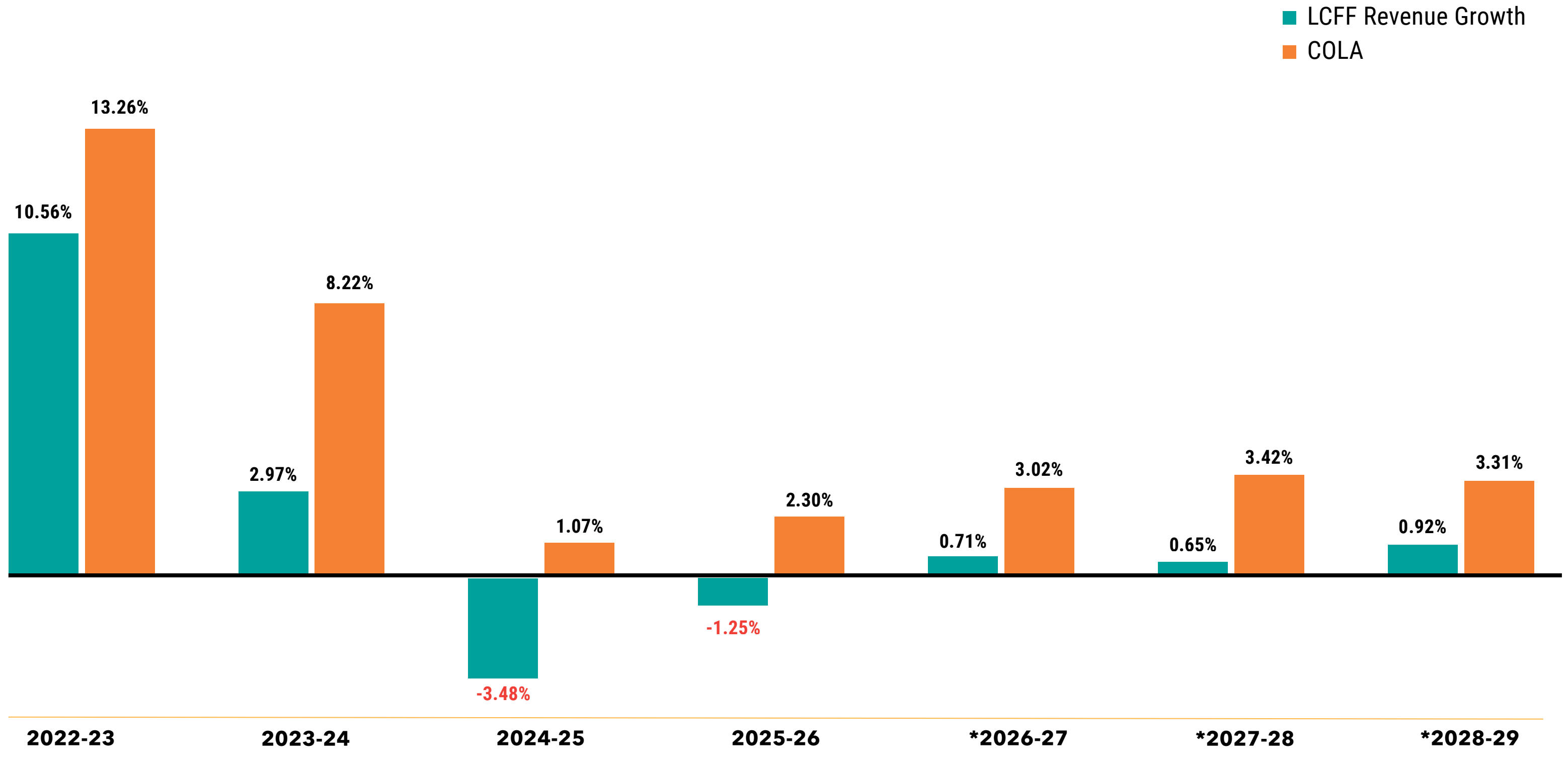
Factors Impacting LCFF Revenues



Enrollment



State Funding Growth $\neq$ LCFF Growth



*Projected

Other Revenue Factors

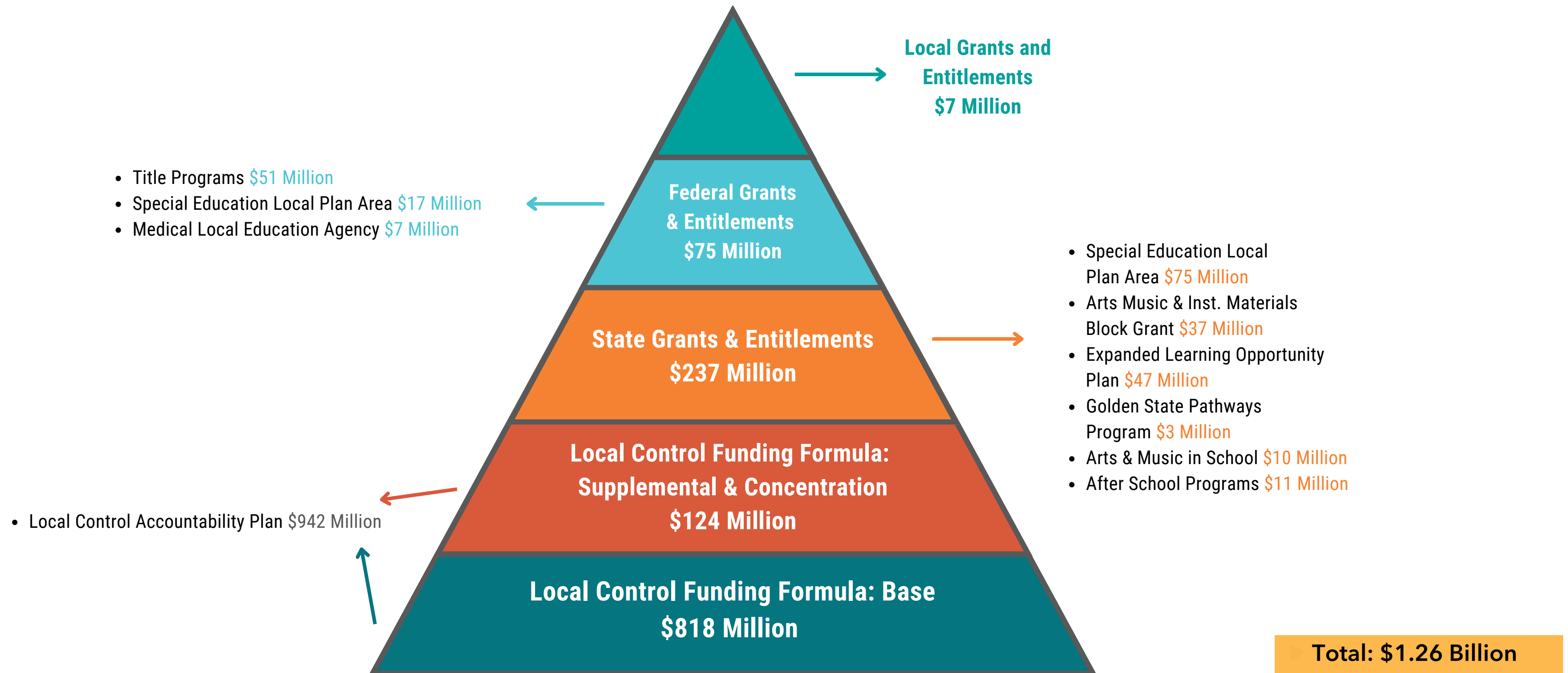
Attendance Rates Have Not Rebounded

- ▶ From a pre-pandemic attendance rate of 95%, the attendance rate for 2025- 26 and the outyears is assumed to be at 91.89%.

2025- 2026 Unduplicated Student Count = 61.89%

- ▶ This reduces our LCFF by approximately \$4 million this year and \$36 million over the next four years.

General Fund Budgeted Expenses



Expenditure Highlights

Salaries and Benefits Account for 78% of the Expenditures

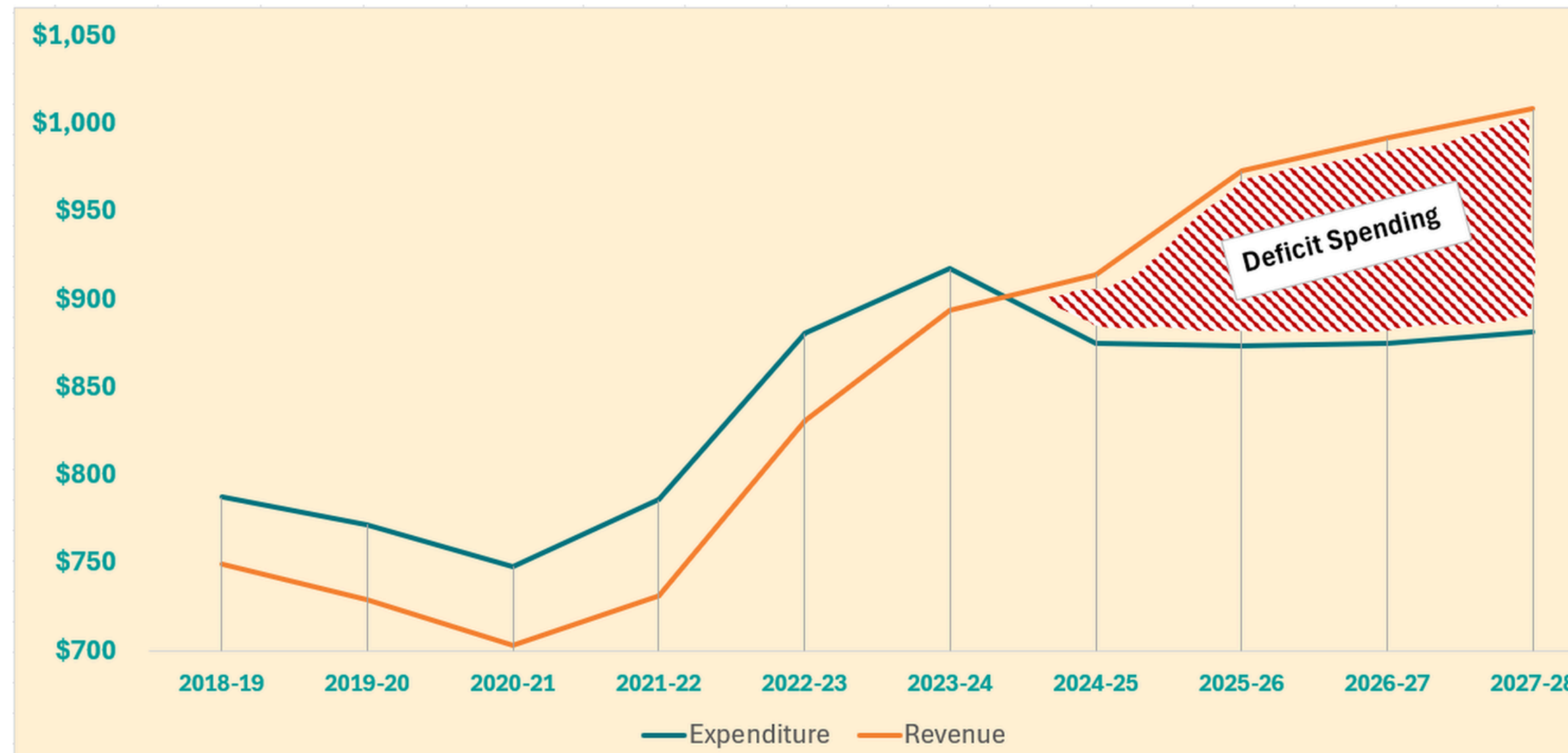
- ▶ Health benefits increases of 3.5%, average benefit cost of \$27,192 per employee.
- ▶ STRS Contribution Rate of 19.1%
- ▶ PERS Contribution Rate of 26.8%
- ▶ No salary increases assumed

Increases

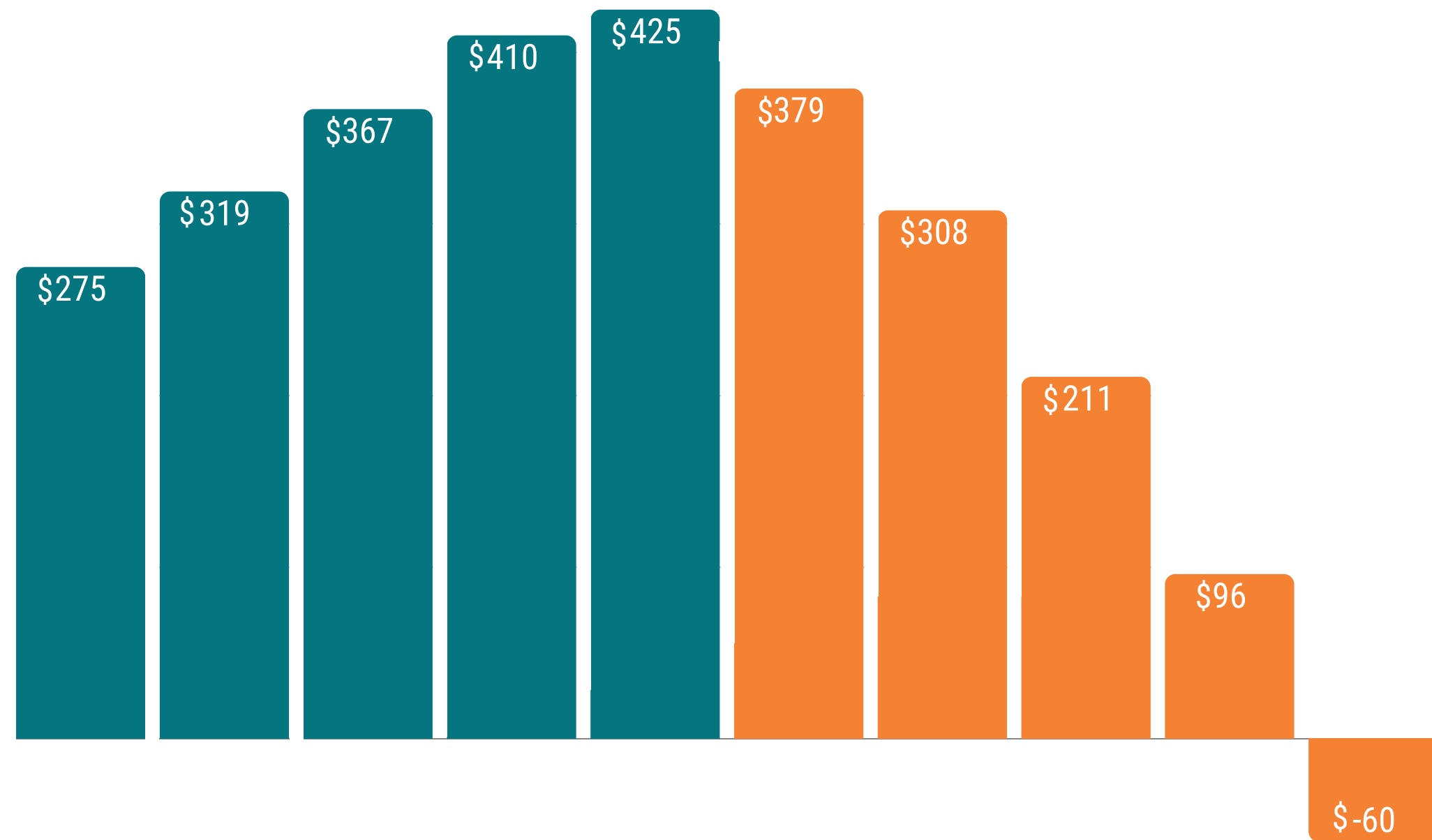
- ▶ Special education annual cost increases of \$15 million
- ▶ 4% to 5% increase for utilities
- ▶ 10% increase in student transportation costs

Revenue & Expenditure Trends

- ▶ Over the last few years revenues have exceeded expenditures, resulting in a healthy ending balance.
- ▶ Beginning in 2024 - 2025, expenditures outpaced revenues, leading to **deficit** spending.



Ending Balance Projections (in Millions)



2019-20

2020-21

2021-22

2022-23

2023-24

2024-25

2025-26

2026-27*

2027-28*

2028-29*

*Projected

Strategies to Address the Deficit



Improving Attendance



Program Prioritization
Alignment to Goals



Attrition



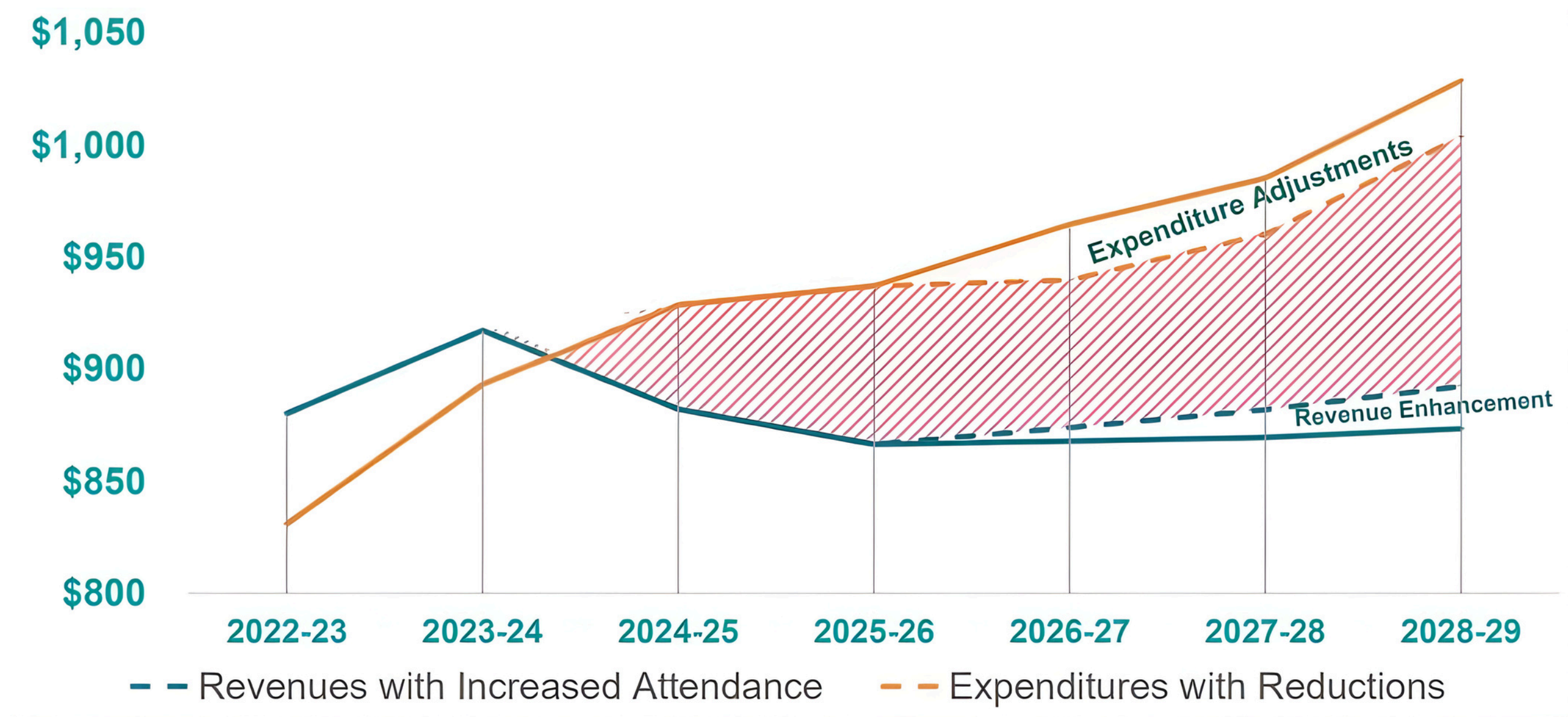
Efficiencies and Cost
Containment Strategies



Leveraging One-Time
Funds

Closing the Gap Through Strategic Actions

► For illustrative purposes only.



Budget Cycle

