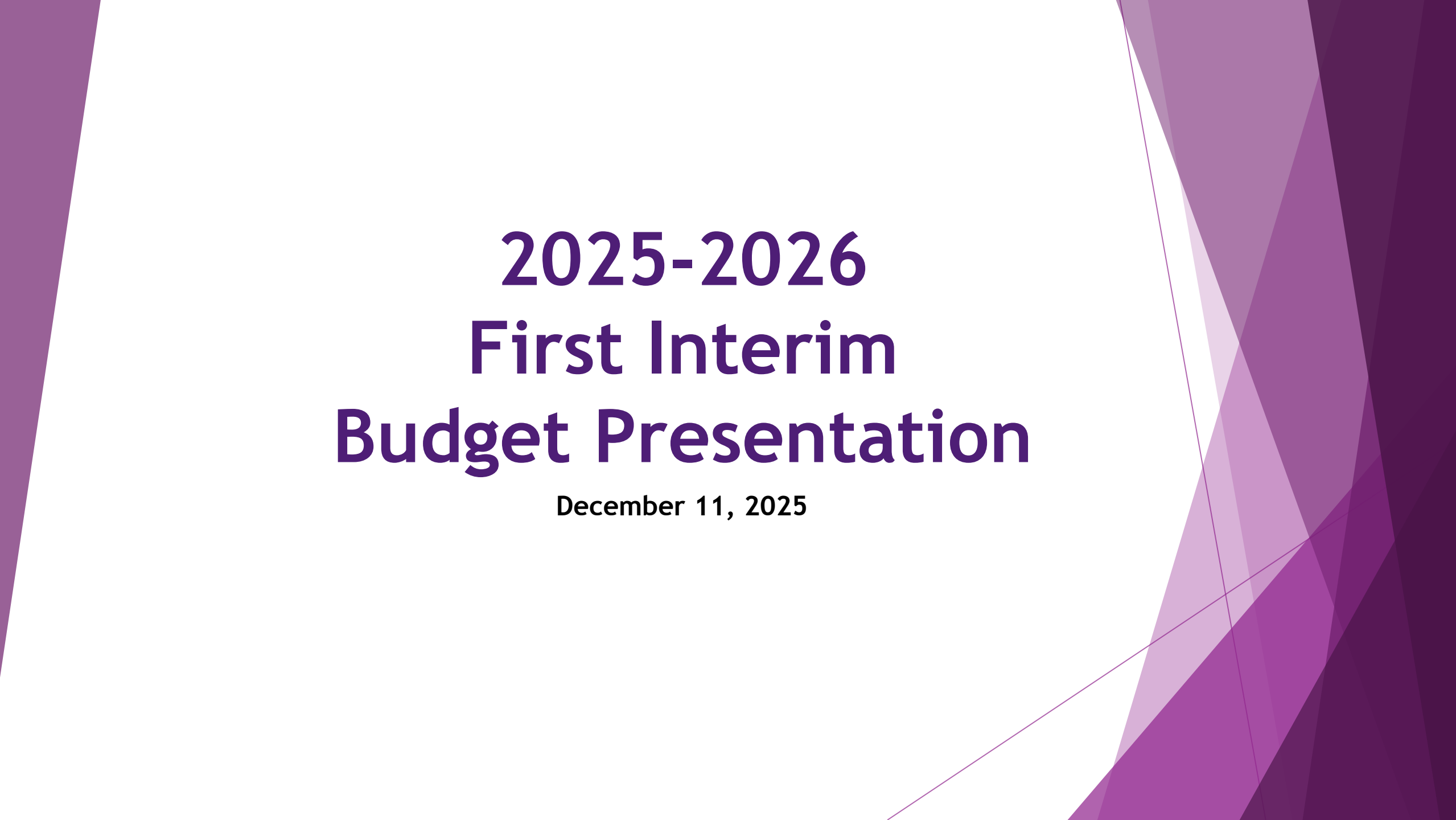


The background features abstract, overlapping purple geometric shapes, primarily triangles and polygons, in various shades of purple, creating a modern and dynamic visual effect.

2025-2026 First Interim Budget Presentation

December 11, 2025

General Fund Projections (Unrestricted & Restricted)

What are multi-year financial projections?

A comprehensive three-year financial outlook analyzing revenue trends, expenditure patterns, and fund balance projections for fiscal years 2025-26 through 2027-28

	2025-26 1 st Interim	2026-27 Projection	2027-28 Projection
Beginning Balance - July 1	\$11,946,674	\$11,675,407	\$10,436,183
Revenues	\$46,334,421	\$47,158,512	\$48,743,453
Transfers In	-	-	-
Total Revenues & Transfers In	\$46,334,421	\$47,158,512	\$48,743,453
Expenditures	(\$45,861,418)	(\$48,102,977)	(\$49,183,596)
Transfers Out	(\$444,270)	(\$594,759)	(\$498,960)
Total Expenditures & Transfers	(\$46,305,688)	(\$48,697,736)	(\$49,682,556)
Surplus/ (Deficit Spending)	\$28,733	(\$1,539,224)	(\$939,103)
Ending Balance - June 30	\$11,975,407	\$10,436,183	\$9,497,080
General Fund 01 - Available Reserve %	20.59%	15.59%	13.72%
Basic Aid Special Reserve Fund 17 - Available Reserve % <i>(Board policy: 15% of prior year General Fund Audited Expenditures)</i>	13.95%	14.94%	14.95%
Total Combined Available Reserves % <i>(General Fund 01 & Basic Aid Reserve Fund 17)</i>	34.54%	30.53%	28.67%

Current Year General Fund Revenue Budget Changes

Revenue Categories	2025-26 Adopted Budget	2025-26 First Interim	Change
LCFF Sources	\$40,664,193	\$41,236,185	\$571,992
Federal Revenues	\$485,993	\$482,439	(\$3,554)
State Revenues	\$2,581,134	\$3,065,994	\$484,860
Local Revenues	\$1,034,163	\$1,549,803	\$515,640
TOTAL REVENUES	\$44,765,483	\$46,334,421	\$1,568,938

- LCFF Sources: Increase for Property Taxes to current projection of 5.54%
- Federal programs: Decrease in Special Education funds with slight offset for increase in Title I, Title II and Title III funds
- State Revenues: Decrease for Lottery and ELOP funds and an increase in mental health, Special Education Preschool Intervention and Prop 98 funds. New Learning Recovery and Student Support and Professional Development Grants
- Local revenues: Increase for site carryover funds of \$169K and \$257K for miscellaneous site donations, rentals and one-time funds

General Fund Revenues (Unrestricted & Restricted)

Revenue Categories	2025-26 1 st Interim	%	2026-27 Projection	%	2027-28 Projection	%
LCFF/Revenue Limit Sources	\$41,236,185	89%	\$42,758,151	90.68%	\$44,343,092	90.97%
Federal Revenues	\$482,439	1.04%	\$482,439	1.02%	\$482,439	0.99%
State Revenues	\$3,065,994	6.62%	\$2,567,309	5.44%	\$2,567,309	5.27%
Local Revenues	\$1,549,803	3.34%	\$1,350,613	2.86%	\$1,350,613	2.77%
Total Revenues	\$46,334,421		\$47,158,512		\$48,743,453	

LCFF Sources:

\$41.2M baseline grows to \$44.3M by 2027-28, representing 3.7% annual growth driven by enrollment and property tax adjustments

Federal Revenue:

Stable at \$482K annually across all projection years with no anticipated changes in federal funding streams

State and Local Revenues:

Combined \$4.0M declining to \$3.9M due to one-time funding reductions offset by stable local revenue sources

General Fund Expenditure Budget Changes

- Adjusted to actual staffing and savings due to reduction of some FTE
- Employee Benefit changes due to changes in employer paid worker's compensation and changes in staffing
- Increase for Special Education and 2-3 grade Argonaut library furniture replacements, technology equipment and allocation of site carryover funds from last year
- Increase in repairs, grant funded contracted services, field trips and other contracted services mainly for Special Education Non-Public School, transportation and speech related expenses
- Capital Outlay changes due to new equipment below capitalization threshold and classified as supplies and increase for RMS field improvements
- Reduced transfers to Basic Aid Reserve fund based on 2024-25 Unaudited Actuals General Fund Expenditures

Expenditure Categories	2025-26 Adopted Budget	2025-26 First Interim	Change
Certificated Salaries	\$18,324,315	\$18,040,826	(\$283,489)
Classified Salaries	\$7,593,326	\$7,309,387	(\$283,939)
Employee Benefits	\$13,087,313	\$12,677,484	(\$409,829)
Books & Supplies	\$1,586,021	\$2,065,885	\$479,864
Services & Operations	\$4,819,702	\$5,688,836	\$869,134
Capital Outlay	\$155,000	\$79,000	(\$76,000)
Transfers Out	\$560,571	\$444,270	(\$116,301)
TOTAL EXPENDITURES	\$46,126,248	\$46,305,688	\$179,440

General Fund Expenditures (Unrestricted & Restricted)

Expenditure Categories	2025-26 1 st Interim	2026-27 Projection	2027-28 Projection
Certificated Salaries	\$18,040,826	\$19,379,805	\$19,670,502
Classified Salaries	\$7,309,387	\$7,968,589	\$8,088,118
Employee Benefits	\$12,677,484	\$13,791,799	\$14,452,825
Books & Supplies	\$2,065,885	\$1,222,474	\$1,222,474
Services & Operations	\$5,688,836	\$5,581,310	\$5,740,677
Capital Outlay	\$79,000	\$159,000	\$9,000
Transfers Out	\$444,270	\$554,759	\$498,960
Total Expenditures	\$46,305,688	\$48,697,736	\$49,682,556

Total expenditures grow from \$46.3M to \$49.7M, with personnel costs representing approximately 85% of total spending

Salary & Compensation Analysis

Certificated Salaries

2025-26: \$18.0M

2026-27: \$19.4M
(7.42% Increase)

2027-28: \$19.7M
(1.50% increase)

Includes 6.5% negotiated salary increases in 2026-27 and step/column adjustments totaling \$291K by 2027-28

Classified Salaries

2025-26: \$7.3M

2026-27: \$8.0M (9.02% Increase)

2027-28: \$8.1M (1.50% increase)

Growth reflects negotiated increases of 6.5% in 2026-27 and step adjustments of \$120K by final projection year



Employee Benefits Trajectory



2025-26

\$12.7M baseline for health, retirement, and statutory benefits

2026-27

\$13.8M baseline for health, retirement, and statutory benefits and overall increase of 8.79%

2027-28

\$14.5M with overall growth of 4.79% with 10% increases in health benefits and lower rates for employer mandatory costs, but no salary increases

Components of General Fund Ending Fund Balance

Description	2025-26	2026-27	2027-28
A. Revolving Cash	\$635	\$635	\$635
B. Restricted	\$1,177,810	\$1,224,160	\$1,270,510
C. Assigned (Maintenance/Other Projects, Technology Plan, Elementary Furniture Replacements and K-8 Instructional Materials Adoptions)	\$1,261,133	\$1,261,133	\$1,261,133
D. Economic Uncertainty (Required 3%)	\$1,389,171	\$1,460,932	\$1,1490,477
E. Unassigned/Unappropriated	\$8,146,658	\$6,489,323	\$5,474,325
F. Total Ending General Fund Balance (Fund 01)	\$11,980,920	\$10,436,183	\$9,497,080
G. Basic Aid Reserve Fund Balance (Fund 17)	\$6,456,094	\$6,915,853	\$7,279,813
H. Reserve % (Items D, E & G)	34.54%	30.53%	28.67%

2025-26: \$11.9M beginning balance with a modest projected increase of \$29K

2026-27: \$10.4M ending balance after a \$1.5M decrease due to expenditure growth outpacing revenue

2027-28: \$9.5M ending balance with an additional decline of \$939K

Reserve Analysis

Available Reserves

2025-26: \$16.0M (34.54% of expenditures)

2026-27: \$14.9M (30.53% of expenditures)

2027-28: \$14.2M (28.67% of expenditures)

Reserves for Economic Uncertainties (\$1.5M by 2027-28) and Special Reserve Fund (\$7.3M)

All years meet the minimum state mandated 3% reserve requirement

Other Funds - Summary

Funds	Beginning Balance	Revenues	Expenditures	Ending Balance
Fund 08 - Student Body Funds	\$7,843	\$1	(\$2,000)	\$5,844
Fund 13 - Cafeteria	\$203,327	\$1,344,000	(\$1,449,901)	\$97,426
Fund 14 - Deferred Maintenance	\$1,472,596	\$1,025,000	(\$1,345,176)	\$1,152,420
Fund 17 - Basic Aid Special Reserve (BASR)	\$6,146,824	\$309,270	-	\$6,053,762
Fund 20 - Special Reserve (OPEB)	\$525,925	\$10,000	-	\$535,925
Fund 21 - Building Fund	\$1,893,635	\$78,570	(\$11,605)	\$1,960,600
Fund 25 - Capital Facilities	\$3,137,159	\$102,268	(\$4,000)	\$3,235,427
Fund 51 - Bond Interest Redemption	\$9,958,652	\$8,752,670	(\$9,004,000)	\$9,707,322
Fund 63 - After School Child Care Fund	\$1,235,187	\$1,548,000	(\$1,618,274)	\$1,164,913

Next Steps

- ▶ First Interim Report is due to the Santa Clara County Office of Education by December 18th
- ▶ Governor's January Budget Proposal for 2026-27 will be released and any changes will be reflected in the Second Interim Report
- ▶ Second Interim Budget will be presented to the Board for approval on March 12, 2026

The background features abstract, overlapping geometric shapes in various shades of purple, ranging from light lavender to deep, dark purple. These shapes are primarily located on the right side of the slide, creating a modern, layered effect.

Thank you for your attention!

**Board Comments and
Questions?**