2025-26
FIRST INTERIM REPORT

December 15, 2025

Presenters:
Sulema Holguin, Assistant Superintendent, Business Services/CBO
Meghna Bulsara, Executive Director, Business Services

OBJECTIVES

- **To present the Board with:**
  - **The First Interim Financial Report with updated projected revenues and expenditures through October 31**
  - **Updated committed funds based on strategic budgeted expenditures and future needs**
  - **Multi-year financial projection demonstrating fiscal solvency**
- **To obtain Board approval of the First Interim Financial Report and Adoption of Resolution**

Financial Reporting Requirements



Legal Requirement

Education Code 42130 and AB 1200 requires districts to file two interim financial reports including budget projections through June 30.



Board Certification

Education Code 42131 requires the Board of Education to certify the District's financial position for current and two subsequent years.



Strategic Budget Management

Demonstrates District's commitment to aligning resources with planned priorities while maintaining full transparency into fiscal health and allocation decisions.

2025-2026 REVENUES

	Adopted Budget	Changes	First Interim
LCFF Revenue	$ 299,042,491	$ 2,149,499	$ 301,191,990
Federal Revenue	$ 14,350,055	$ 723,123	$ 15,073,178
State Revenue	$ 71,961,332	$ 19,602,858	$ 91,564,190
Other Local Revenue	$ 20,181,358	$ 2,738,668	$ 22,920,026
Interfund Transfers In	$ 3,746,213	$ -	$ 3,746,213
Total	$ 409,281,449	$ 25,214,148	$ 434,495,597

2025-26 REVENUE CHANGES FROM ADOPTED

Total Revenue: $434,495,597 (up $25.2M from Adopted Budget)

Increased LCFF Revenue: $2,149,499



- TK funding increased from $3,077 to $5,545 per student for 1,018 TK students
- 90 students higher than the projected Enrollment for current year

Increased Federal Revenue: $723,123



- Deferred revenue for programs such as Title I, Title II, Title III and Title IV
- Increased IDEA Local Assistance allocation

Increased State Revenue: $19,602,858



- ELOP funding rate changed for UPP higher than 55% from $2,000 to $2,750 per student
- Additional allocation for ASES, Prop 28 VAPA funds and Learning Recovery Block Grant
- New $6.7 mil for Student Support and Professional Development Discretionary Block Grant

Increased Local Revenue: $2,738,668



- Deferred revenue for CALSHAPE grant
- Updated County funded local grants

2025-2026 EXPENDITURES

	Adopted Budget	Changes	First Interim
Certificated Salaries	$ 159,423,637	$ 2,120,457	$ 161,544,094
Classified Salaries	$ 60,547,675	$ 3,521,864	$ 64,069,539
Employee Benefits	$ 100,066,611	$ 4,700,582	$ 104,767,193
Materials and Supplies	$ 22,918,891	$ 5,522,117	$ 28,441,008
Operating Expenses and Services	$ 48,680,817	$ 6,559,950	$ 55,240,767
Capital Outlay	$ 5,550,175	$ 11,524,615	$ 17,074,790
Other Outgo	$ 6,990,228	$ -	$ 6,990,228
Direct Support/Indirect Costs	$ (789,803)	$ 18,204	$ (771,599)
Transfers Out/Other Uses	$ 7,631,538	$ 2,000,000	$ 9,631,538
Total	**$ 411,019,769**	**$ 35,967,789**	**$ 446,987,558**

2025-26 EXPENDITURES CHANGES FROM ADOPTED

Total Expenditures: **$446,987,558** (up **$35.97M** from Adopted Budget)

Increased Salaries and Benefits: $10,342,903

- Implementation of a one-time settlement pay for CSEA for 2024-25 year
- Ongoing salaries for new Certificated and Classified positions, approved by the Board
- Ongoing Health and Welfare district cap increases for all eligible employees

Increased Materials and Supplies: $5,522,117

- One-time budget increase for Math textbook adoption
- Budgeted carryover for arts, music, and instructional supplies/equipment for supplemental, unrestricted and restricted funds

2025-26 EXPENDITURES CHANGES FROM ADOPTED

Total Expenditures: **$446,987,558** (up **$35.97M** from Adopted Budget)

Increased Operating Expenses and Services: $6,559,950

Additional contracted services, including special education services, VAPA, professional, and software licenses using grants expiring by year-end.

Increased Capital Outlay and Deferred Maintenance Contribution: $13,524,615

One time purchases of 11 buses, IP speakers project, IT equipment, additional routine maintenance projects, and kitchen renovations.

$2M contribution to the deferred maintenance fund for a total of $6M.

2025-2026 FIRST INTERIM

	Adopted Budget	Changes	First Interim
Total Revenues	$ 409,281,449	$ 25,214,148	$ 434,495,597
Total Expenditures	$ 411,019,769	$ 35,967,789	$ 446,987,558
Change in Fund Balance	$ (1,738,320)	$ (10,753,641)	$ (12,491,961)
Unrestricted	$ 12,182,276	$ (21,369,977)	$ (9,187,701)
Restricted	$ (13,920,596)	$ 10,616,336	$ (3,304,260)
Beginning Fund Balance	$ 200,133,605	$ 15,686,510	$ 215,820,115
Projected Ending Fund Balance	$ 198,395,285	$ 4,932,869	$ 203,328,154

2025-2026 COMPONENTS OF ENDING FUND BALANCES

	2025-26 First Interim
Beginning Fund Balance	$ 215,820,115
Net Inc/ (Dec)	$ (12,491,961)
Ending Fund Balance	**$ 203,328,154**
Components of Fund Balance:	
Revolving Cash and Inventory	$ 408,485
Restricted	$ 53,418,342
Economic Uncertainties	$ 13,409,627
Assigned	$ 18,638,886
Committed	$ 105,211,056
Unassigned	**$ 12,241,758**

2025-2026 COMMITMENTS (Resolution 11-25-26)

Commitments	Amount
Fiscal Emergencies	$ 12,952,688
Districtwide Student Safety Fund	$ 3,998,114
Textbook Adoption	$ 15,120,000
Pension Obligation	$ 2,360,115
Replacement and Updating Technology	$ 9,793,050
Potential Additional Revenue Decline	$ 14,064,734
Vacation Liability	$ 5,150,033
Vehicle Replacements	$ 1,772,322
Campus Improvements	$ 40,000,000
Total Commitments	**$105,211,056**

2025-2026 RESTRICTED PROGRAMS ENDING BALANCES

Resource	Description	2025-26	Spend By
	Restricted Programs Balance	**$ 53,418,342**	
2600	Expanded Learning Opportunities Program	$ 20,771,566	6/30/27
6019	Student Support and Professional Development Discretionary Block Grant	$ 6,699,840	6/30/29
6211	Literacy Coaches and Reading Specialists Grant	$ 216,715	6/30/27
6332	CA Community Schools Partnership Act - Implementation Grant	$ 2,571,403	6/30/29
6383	Golden State Pathways Program	$ 75,000	6/30/29
6770	Arts and Music in Schools (AMS)- Prop 28	$ 6,579,525	6/30/27
7032	Child Nutrition: Kitchen Infrastructure and Training Funds - 2022	$ 1,465,097	6/30/26
7311	Classified School Employee Professional Development Block Grant	$ 162,176	
7388	SB 117 COVID-19 LEA Response Funds	$ 87,730	
7399	LCFF Equity Multiplier	$ 139,516	
7435	Learning Recovery Emergency Block Grant	$ 5,195,992	6/30/28
7810	Other Restricted State	$ 38,302	
8150	Routine Restricted Maintenance Account (RRMA)	$ 3,348,073	
9010	Other Restricted Local	$ 6,067,407	

MULTI-YEAR ASSUMPTIONS

	2025-26	2026-27	2027-28
Enrollment	22,396	22,035	21,674
Average Daily Attendance (ADA)	94.49%	94.49%	94.49%
Unduplicated Pupil Percentage (UPP)	59.19%	59.19%	59.19%
Statutory COLA and Augmentation*	2.30%	3.02%	3.42%
TK Add-on per student*	$5,545	$5,712	$5,907
Certificated Step & column	1.56%	1.79%	1.64%
Classified Step & column	0.78%	2.17%	1.80%
Health and Welfare benefits	Cap increases included		
Textbooks	$9.7M	$6.3M	$3.0M
Supplies and Services CPI*	3.09%	2.82%	2.72%
Vehicle Replacement & Deferred Maintenance	$6.4M	$6.4M	$6.4M

*School Services of California

MULTI-YEAR PROJECTIONS

	2025-26	2026-27	2027-28
	First Interim	Projected	Projected
Total Revenues	$ 434,495,597	$ 423,365,765	$ 424,874,985
Total Expenditures	$ 446,987,558	$ 436,208,207	$ 433,934,731
Change in Fund Balance	$ (12,491,961)	$ (12,842,442)	$ (9,059,746)
Unrestricted	$ (9,187,701)	$ (882,863)	$ (4,323,276)
Restricted	$ (3,304,260)	$ (11,959,579)	$ (4,736,470)
Beginning Fund Balance	$ 215,820,115	$ 203,328,154	$ 190,485,712
Projected Ending Fund Balance	$ 203,328,154	$ 190,485,712	$ 181,425,966

EXECUTIVE SUMMARY

What's Happening

- Revenues based on current known COLA projections
- One-time revenues from 2025–26 (e.g., block & community grants) spread across multiple years.
- Expenditures lower than 2025–26 but still exceed revenues due to multi-year use of prior one-time funds.
- Committed reserves allocated for one-time projects.
- Ongoing costs include added staffing, benefit increases, and inflation-adjusted expenses.
- Unrestricted changes increase in 2027–28 due to expiration of restricted grants.
- Exceeding State reserve requirements for current and two subsequent years



Why it's strategic

- One time reserves for one time needs



- Using previously committed funds for their intended purposes



- Excess spending is strategically budgeted to support committed funds focused on needs



Ongoing Monitoring

- Tracking federal funding changes for Federal programs



- Monitoring COLA and inflation impacts



- Ensuring compliance with State reserve requirements for current and two subsequent years



- Revising budgets as needed for Second Interim reporting



- Working with departments and sites to monitor budgeted expenditures



NEXT STEPS AND STAFF RECOMMENDATION

- State Level
  - Governor's January Budget Proposal for FY 2026-27
  - Projections are subject to change
  - Legislative Proposals
  - Governor's May Revision
- Local Level
  - Update Budget Stabilization Plan
  - 2025-26 Second Interim Reports by March 15, 2026
  - Strategies to retain and attract students
  - Development of Proposed Budget in connection with the LCAP for 2026-27

Recommendation: Staff recommends the Board of Education certify the First Interim Report with a **Positive Certification** as the District can meet and/or exceed its financial obligations for the current and the next two subsequent fiscal years.

Thank you to our Fiscal Services Team!

Leadership

Arlene Magana
Jami Lopez
Diana Gaeta
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Sharon Davis
David Nguyen

Support Staff

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BOARD MEMBER QUESTIONS OR COMMENTS