ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT

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AGENDA ERRATA

To: Members of the School Board

From: District Administration

Date: December 18, 2025

Subject: Item 8.1- 1st Interim Financial Report 2025-2026

Correction:

Original Language:
The First Interim Report is one measure designed to help the County and ultimately the State to monitor each school district's fiscal health. According to the State requirements, in order to have a Positive Certification, ARUESD must project at least 3% in unrestricted reserves in each of the current and following two years. Districts that may not meet this requirement receive a qualified budget certification and Districts that do not demonstrate that they will meet this requirement receive a negative budget certification. If any problems are anticipated, the County will offer immediate fiscal management advisory services.

School districts in California are required to maintain their financial affairs in accordance with prudent financial management principles. Those principles were strengthened and codified in 1991 with the passage of AB 1200. The increased oversight provided by AB 1200 was in response to a number of school district near-bankruptcies, requests for state loans, and defaults on school district financial obligations.

The statute requires school districts to self-certify budgets, interim reports, unaudited actuals, and disclosure statements related to collective bargaining. The law also requires county offices of education (COE) to review the various certifications and determine whether the financial position of the district is in conformance with state-recommended standards and criteria. The COE is empowered to initiate action if problems are disclosed or discovered. That action may take the form of additional questions or warnings, a lowering of the self-rating from "positive" to either "qualified" or "negative," appointment of a fiscal advisor, or more stringent measures if the situation warrants.

Sandra Garcia, Interim Superintendent

Board of Trustees: Linda Chavez, President, Andrés Quintero, Vice-President
Minh Pham, Clerk ·Corina Herrera-Loera, Member· Minh Nguyen, Member

The Alum Rock Union Elementary School District is presenting a Qualified Certification of its financial condition. This means that the District may not meet its financial obligations for the current fiscal year or subsequent two years.

Corrected Language:
The First Interim Report is one measure designed to help the County and ultimately the State to monitor each school district's fiscal health

Certification System: Districts receive "Positive," "Qualified," or "Negative" certifications based on their projected reserve levels. In order to have a "positive" rating, at least 3% in unrestricted reserves are required for the current and following two years.

State Oversight (AB 1200): This law mandates financial responsibility and empowers County Offices of Education to intervene if districts face financial difficulties.

The Alum Rock Union Elementary School District is presenting a **Positive Certification** of its financial condition. This means that the District will be able to meet its financial obligations for the current fiscal year and two subsequent fiscal years.

Recommended Action: It is the recommendation of the Superintendent that the Board of Trustees approve the First Interim Financial Report for 2025-2026.