



2025-26 First Interim Financial Report

December 18, 2025
Agenda Item No. 11.2

Presented by:
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Building Equity Into The Foundation

SCUSD Core Value

We recognize that our system is inequitable by design and we vigilantly work to confront and interrupt inequities that exist to level the playing field and provide opportunities for everyone to learn, grow and reach their greatness.

SCUSD GUIDING PRINCIPLE

All students are given an equal opportunity to graduate with the greatest number of postsecondary choices from the widest array of options

Acronyms

ADA	Average Daily Attendance	LCFF	Local Control Funding Formula
AMIM	Arts Music Instructional Materials Block Grant (1x)	LREBG	Learning Recovery Emergency Block Grant (1x)
ASES	After School Education and Safety	MYP	Multi-Year Projections
COLA	Cost of Living Adjustment	OPEB	Other Post Employment Benefits
CTE	Career Technical Education	P-2	Second Period Attendance Reporting Cycle
ELOG	Expanded Learning Opportunities Grant (1x)	PERS	California Public Employees' Retirement System
ELOP	Expanded Learning Opportunities Program	S&C	Supplemental and Concentration Funds
EPA	Education Protection Account	SCOE	Sacramento County Office of Education
ESSER	Elementary and Secondary School Emergency Relief (1x)	STRS	California State Teachers Retirement System
FEMA	Federal Emergency Management Agency (1x)	SUI	State Unemployment Insurance
HTS	Home-To -School Transportation LCFF Add-On	TIIG	Targeted Instructional Improvement Grant LCFF Add-On
IPI	In Person Instruction Grant (1x)	UPK	Universal Prekindergarten Planning and Implementation
LCAP	Local Control Accountability Plan	UPP	Unduplicated Pupil Percentage

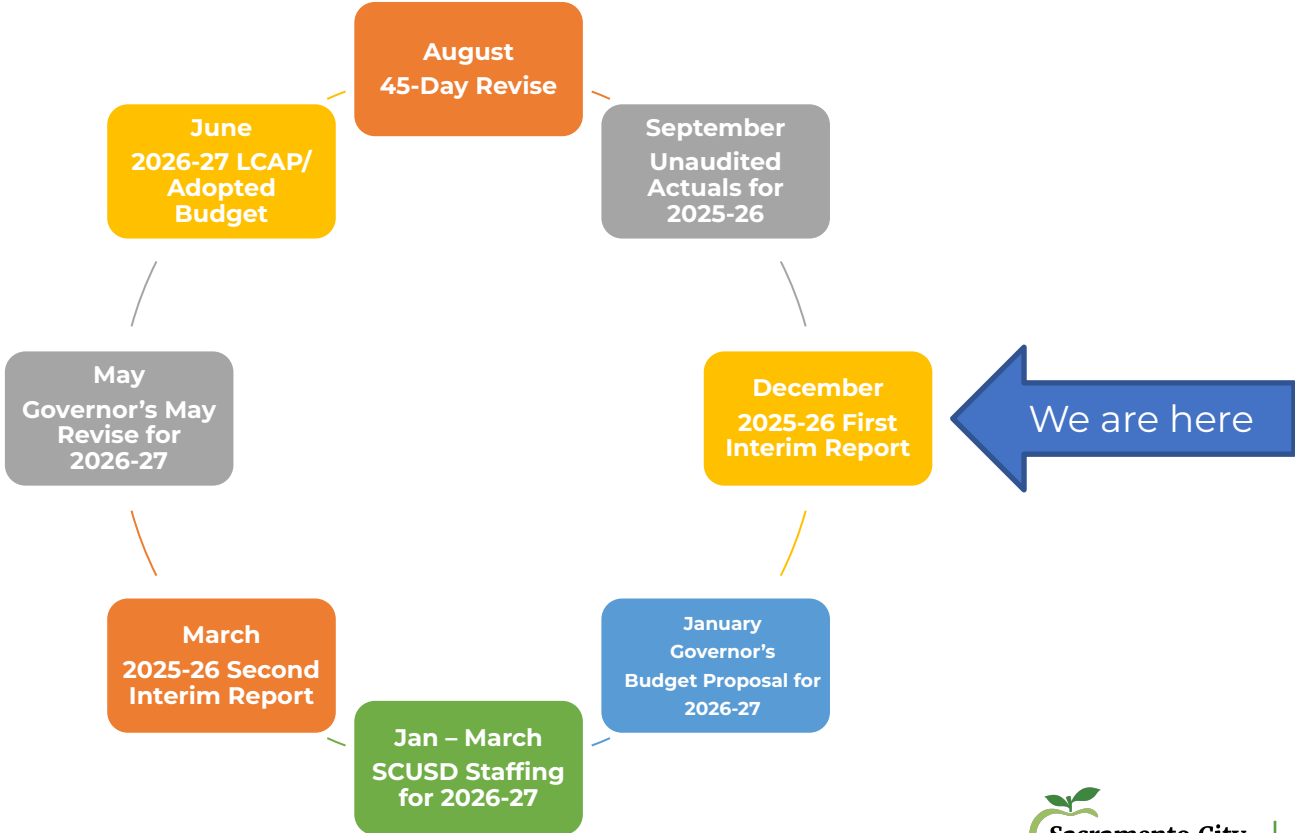
*1x indicates a one-time funding source

Agenda

- **Budget Reporting Cycle**
- **Revenues**
- **Expenditures**
- **Surplus / Deficit & Fund Balance**
- **Multi-Year Projections**
- **Enrollment Trend & Other Funds**
- **Summary and Certification**

2025-26 First Interim Financial Report

Budget Reporting Cycle





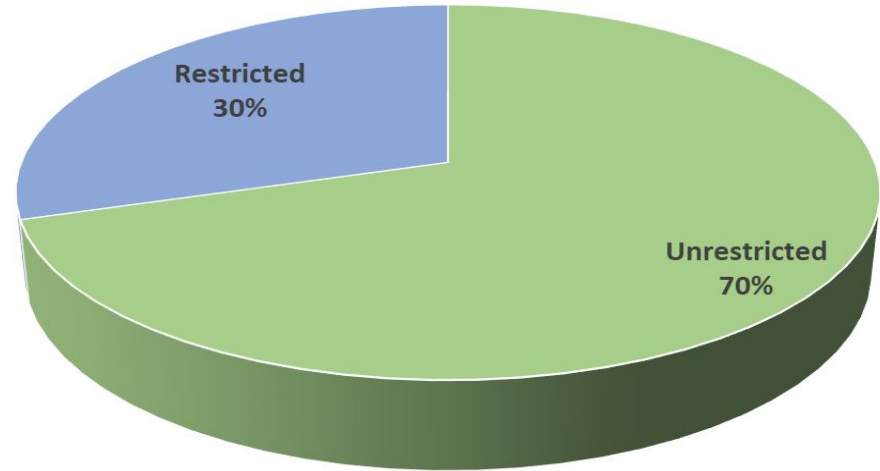
Revenues



2025-26 First Interim Revenues

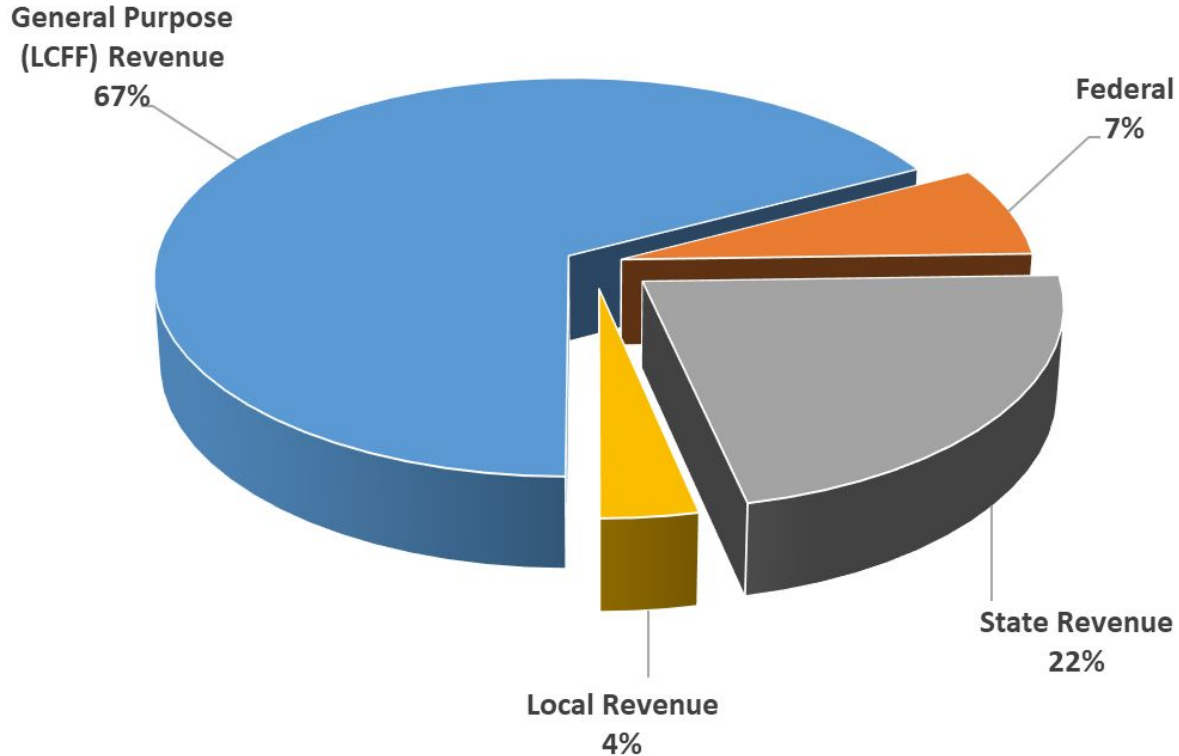
- District revenues are received as restricted or unrestricted funds
- Unrestricted funds are used for general purposes and are the primary resource for core educational programs
- Restricted revenues are received for specific and limited purposes

2025-26 First Interim General Fund Revenues



2025-26 First Interim Revenues by Source

2025-26 First Interim Total General Fund Revenues Combined



2025-26 First Interim Revenue Changes

Unrestricted Revenue Summary

- LCFF Revenue Decrease – \$6M – Adopted Budget ADA for 2025-26 was 33,391.69; First Interim ADA is 33,174.82, a decrease of 216.87 ADA.
- State revenues decreased by \$4.5M to reflect the most current allocations. Decrease mostly due to realignment of projections, including a correction to Home-to-School Transportation.
- Local revenue increased due to small grants adjustment of \$325K

2025-26 First Interim Revenue Changes

Restricted Revenue Summary

- Other federal revenue updated to reflect the most current allocations, ensuring that all funding sources are accurately incorporated into the budget, reduction of approx. \$1.5M
- State revenue adjusted to align with the latest awarded funding including new one-time allocations such as the Student Success & Progressional Development Grant, approx \$34M
- Local revenue updated to account for the latest awarded grants and funding adjustments, approx. \$1.4M

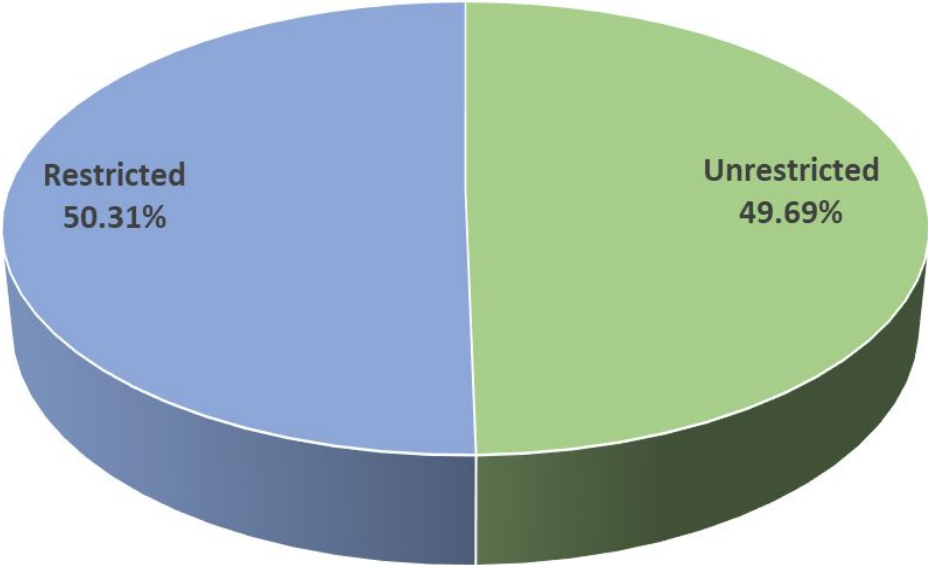


Expenditures

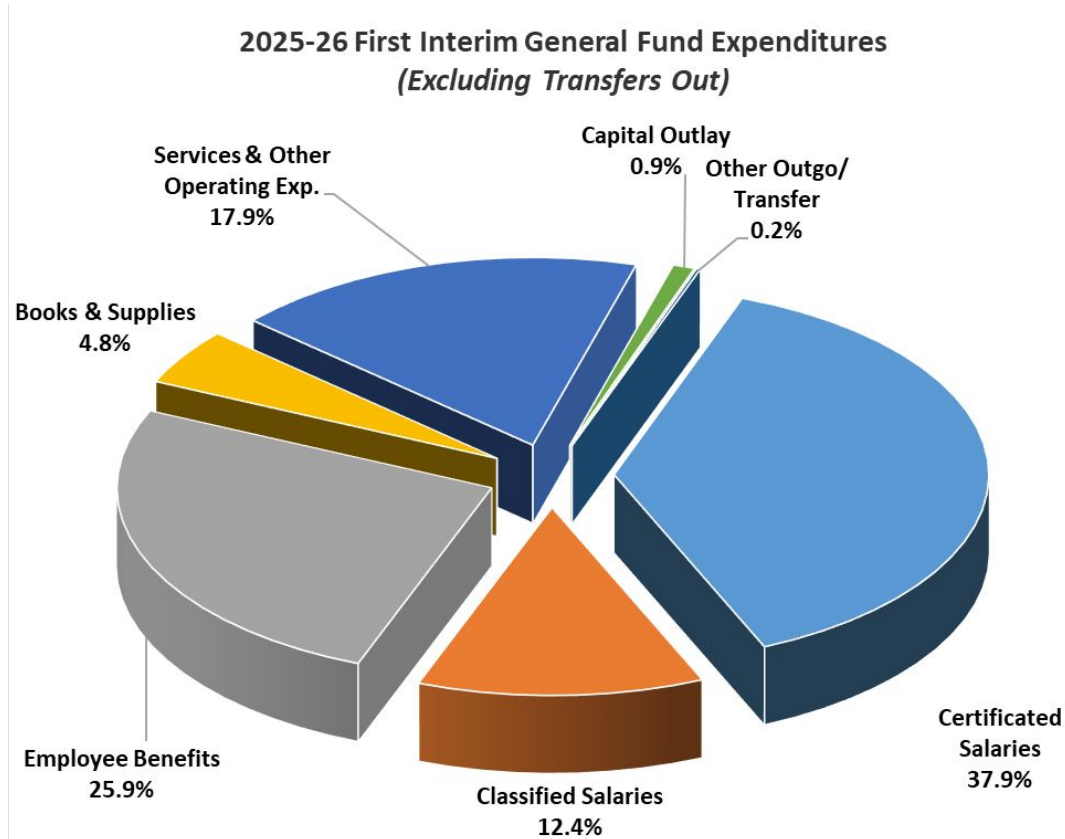


2025-26 First Interim Expenditures

2025-26 First Interim General Fund Expenditures



2025-26 First Interim Expenditures



The chart above excludes Transfers Out amount of $-\$2.4M$

2025-26 First Interim Expenditure Changes

Unrestricted Expenditures Summary

- **Certificated Salaries:** Increased due to new positions to meet SCTA CBA Requirements such as Nurses & Social Workers and various non-positional salaries from subs, overtime, stipends, and per diems.
- **Classified Salaries:** Reduced due to vacancy savings and updated staffing projections.
- **Benefits:** Aligned with reductions in salaries, updated health benefit selections, revised employer costs, shifting costs to grants awarded since adopted budget per FSP and OPEB Disbursement per FSP.
- **Books & Supplies:** Reductions based on spending trends and refined site and department spending plans.
- **Services & Operating Contracts:** Increases of legal fees and 6th grade science field trip

2025-26 First Interim Expenditure Changes

Restricted Expenditures Summary

- **Certificated Salaries:** Increased by \$9.1M due to updated grant budgets, Special Education staffing needs, and programmatic requirements.
- **Classified Salaries:** Decrease by \$12.8M due to adjustments to staffing levels and program support costs within restricted resources based on updated budgets.
- **Benefits:** Reduction of \$8.5M corresponding to updated benefit rates and revised salary-related benefit costs across restricted programs
- **Books & Supplies:** Increase of \$15.9M reflects updated program allocations and the timing of grant-funded purchases that were not included in the Adopted Budget.
- **Services & Contracts:** Significant increase of \$87.9M due to updated costs for Special Education services, NPS/NPA contracts, and expanded programmatic needs funded by restricted resources.

General Fund Contributions

Contributions changes

From Adopted Budget to First Interim, there has been an increase in the district contributions.

- Special Education contribution increased by \$30M to align with program needs and account for the costs of contracted services over in-house staff.
- Routine Maintenance contribution increased by \$2.1M due to district-wide budget realignment and increased costs.
- Medi-Cal Administration is recorded as a negative contribution to reflect the FSP requirement that it will be used to offset the special education contribution and reduce the effect on general funds.

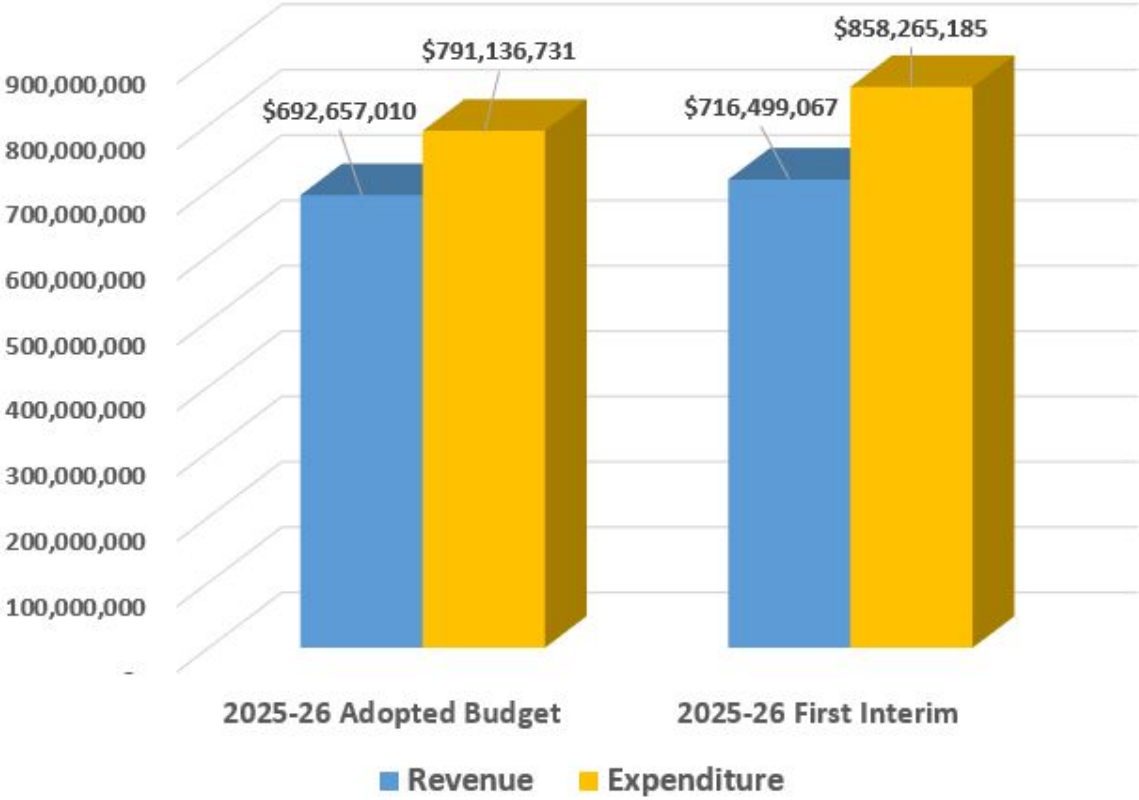
Program	2025-26 First Interim	2026-27 Projected	2027-28 Projected
Special Education	\$ 154,211,579	\$ 157,003,880	\$ 159,909,970
Routine Maintenance (RRMA)	\$ 24,884,219	\$ 21,153,917	\$ 21,474,779
MediCal Administration	\$ (2,579,814)	\$ -	\$ -
Total	\$ 176,515,984	\$ 178,157,797	\$ 181,384,750



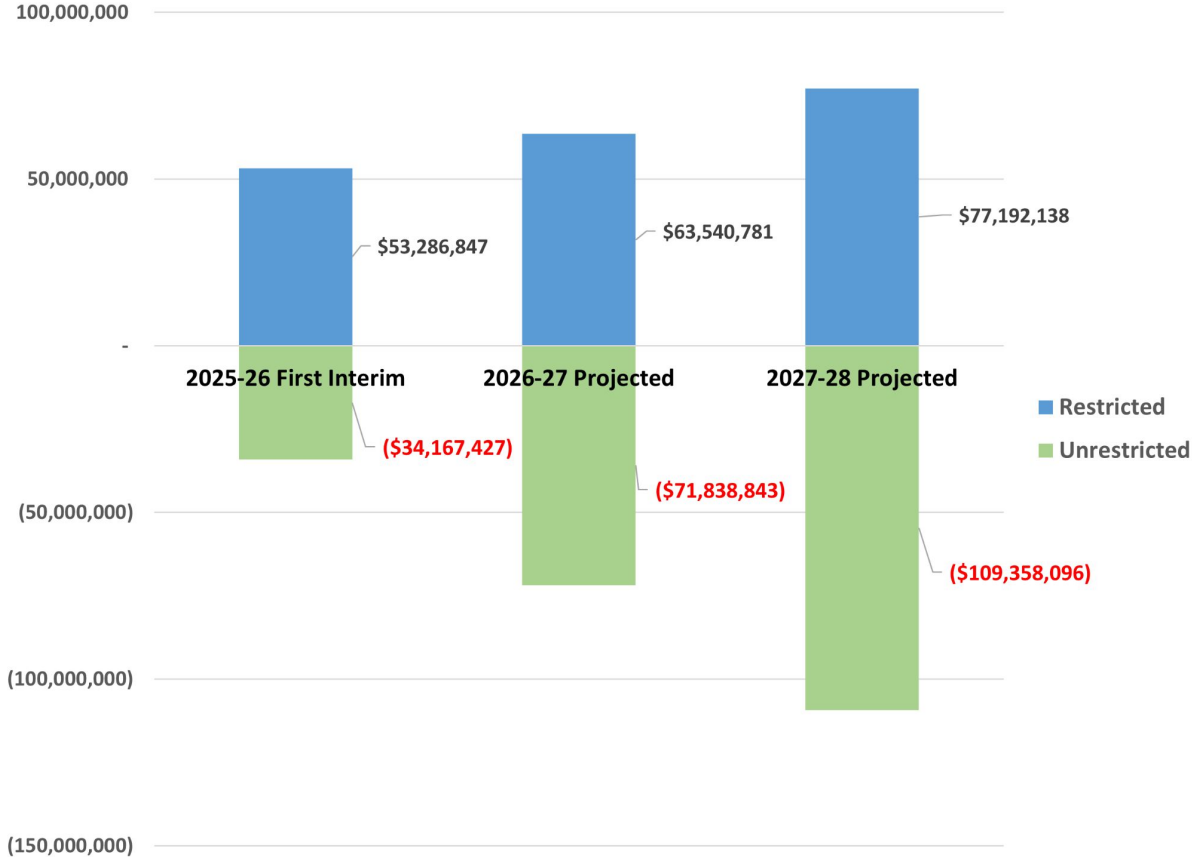
Surplus/(Deficit) and Fund Balance Summary



2025-26 Surplus / (Deficit) Comparison



2025-26 Ending Fund Balance Comparison





Multi-Year Projections & Other Funds



Other Funds Summary

Fund		2025-26 Beginning Fund Balance	Budgeted Net Change	2025-26 Ending Fund Balance
01	General (Unrestricted and Restricted)	157,129,658	(138,010,238)	19,119,421
08	Student Activity Fund	1,670,479	-	1,670,479
09	Charter Schools	12,703,316	(8,782,093)	3,921,223
11	Adult Education	571,941	(898,072)	(326,131)
12	Child Development	4,367,520	(3,155,173)	1,212,347
13	Cafeteria	11,489,022	(1,417,356)	10,071,666
21	Building Fund	203,187,818	(203,187,818)	-
25	Capital Facilities	37,652,572	3,876,387	41,528,959
35	County School Facilities Fund	3,343	-	3,343
49	Capital Projects for Blended Components	3,889,166	1,089,791	4,978,957
51	Bond Interest and Redemption	45,993,338	24,032,193	70,025,531
61	Cafeteria Enterprise Fund	39,220	46,417	85,638
67	Self-Insurance Fund	11,901,319	(205,037)	11,696,283

MYP Revenue Assumptions

Unrestricted Revenue Assumptions

- LCFF COLA is expected to increase to 3.02% for 2026-27 and 3.42% for 2027-28, resulting in funding increases of \$7.4M and \$13.9M, respectively
- EPA revenue is projected to increase by \$4.4M in 2026-27 and \$6.1M in 2027-28

Unrestricted Contributions

- Special Education contributions are projected to increase by \$2.8M in 2026-27, and \$2.9M in 2027-28
- Routine Maintenance contributions are expected to decrease by \$3.7M in 2026-27 due to decreased expenditures with the enrollment decline and the FSP and then increase by \$320K in 2027-28 as expenditures stabilize.

MYP Expenditure Assumptions

Unrestricted Expenditure Assumptions

- **Salaries:** For step and column assumptions, certificated salaries are projected to increase by 1.4% in both 2025-26 and 2026-27, resulting in an increase of \$2.3M in 2025-26 and \$2.5M in 2026-27. Classified salaries will increase by 0.7% each year, adding \$469K in 2025-26 and \$427.7K in 2026-27
- **Benefits:** Certificated benefits are projected to increase by \$688K in 2025-26 and \$725K in 2026-27. Classified benefits will increase by \$236K in 2025-26 and \$68K in 2026-27 driven by PERS rate changes from 27.05% to 27.40% in 2025-26 and 27.50% in 2026-27. Health & Welfare costs are expected to increase by 8% annually
- **Arts, Music, & Instructional Materials Block Grant:** Offsetting rising costs: \$12.3M in 2025-26, but removal in 2026-27 adds \$12.6M in unrestricted expenditures
- **Instructional materials & supplies:** Reduced by \$2.5M in 2025-26 to reflect declining enrollment
- **Operational expenditures:** Reduced by \$4.5M in 2026-27

MYP Revenue Assumptions

Restricted Revenue Assumptions

- Carryover funds from prior years (2024-25) will be fully expended by 2025-26, reducing restricted revenue
- A few grants will expire at the end of 2025-26, leading to the phase-out of revenues, expenditures, and staff positions.
- Restricted revenues are expected to decrease due to declining enrollment and unearned revenue adjustments

MYP Expenditure Assumptions

Restricted Expenditure Assumptions

- **Salaries:** Step and column increases are estimated as \$1.3M for certificated and \$299K for classified in 2026-27; \$1.2M for certificated and \$285K for classified in 2027-28. Additional, the AB1200 increase for certificated is estimated at \$2M for 26-27. Overall net decrease of \$4.1M in 26-27 due to expiring grant funding requiring reductions in staff.
- **Benefits:** Overall decrease of \$11.2M in 2026-27 and increase of \$3.2M in 2027-28 due to staffing alignments as grants expire. Health & Welfare costs rising by \$4.3M in 2026-27 and \$3.5M in 2027-28.
- **Contracted services:** \$32.5M reduction in 2026-27, additional \$306K reduction in 2027-28
- **Carryover reductions:** \$36.4M decrease in expenditures from grants budgeted in 2025-26
- Overall **indirect cost:** Transfers to restricted decrease by \$1.6M in 2026-27 due to lower revenues from expiring grants

Multi-Year Projections & Components of Ending Fund Balance

Description	2025-26 First Interim Budget	2026-27 Projected	2027-28 Projected
Total Revenues	\$716,499,067	\$702,748,429	\$716,993,414
Total Expenditures	\$858,265,185	\$733,921,791	\$744,617,190
Net Increase/(Decrease)	\$(138,010,238)	\$(27,417,482)	\$(23,867,896)
Beginning Fund Balance	\$157,129,658	\$19,119,421	-\$8,298,061
Ending Fund Balance	\$19,119,421	\$(8,298,061)	\$(32,165,957)
Nonspendable	\$253,265	\$253,265	\$253,265
Restricted	\$53,286,847	\$63,540,781	\$77,192,138
Assigned	-	-	-
2% REU	\$17,165,304	\$14,678,436	\$14,892,344
Unassigned/Unappropriated	\$(51,585,995)	\$(86,770,543)	\$(124,503,704)

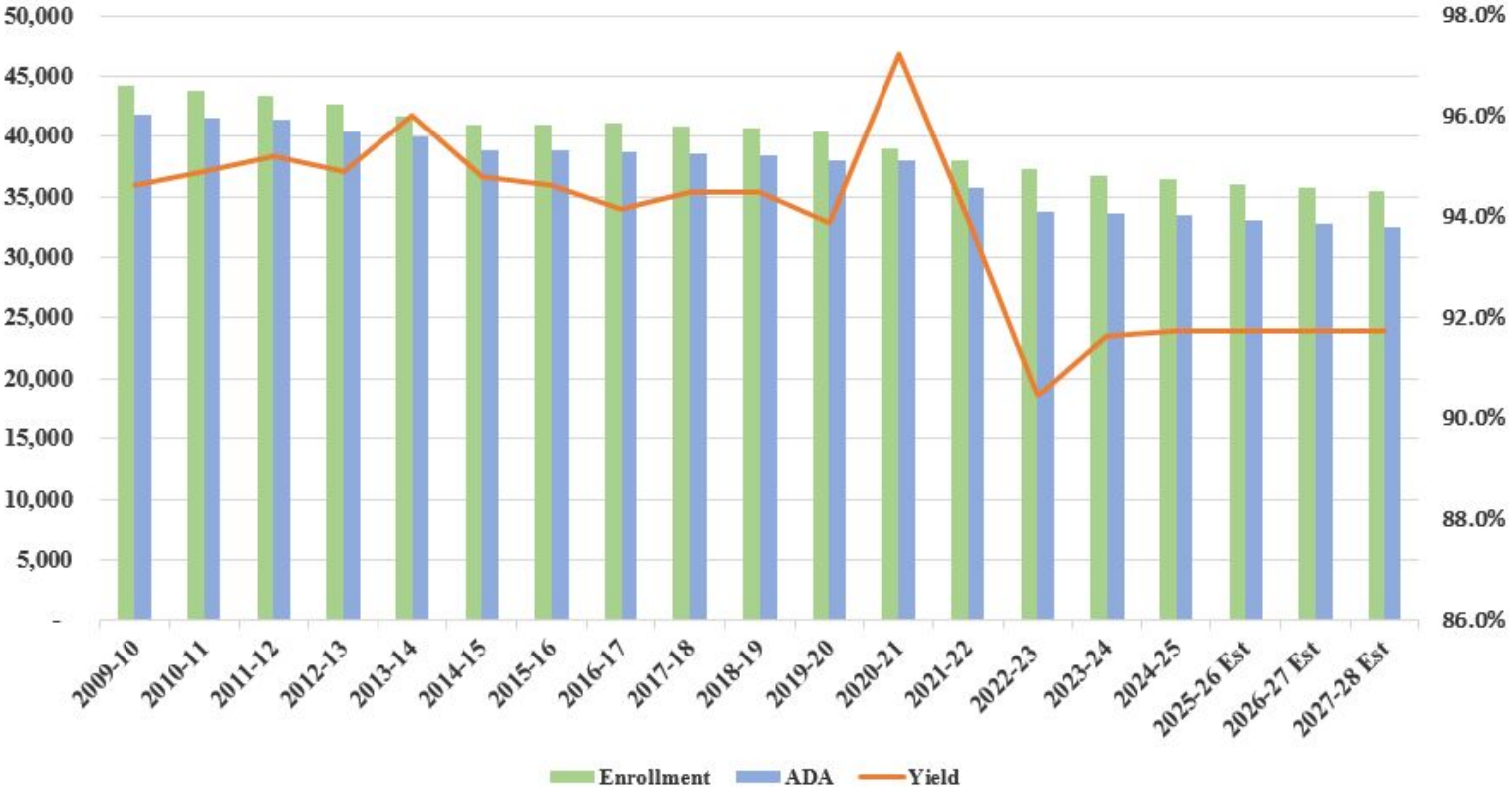


Enrollment Trends



SCUSD Enrollment & ADA Trend

Enrollment & ADA Trend



Summary & Certification

Summary and Certification

- The District is not projected to meet the 2% reserve requirement for economic uncertainties in 2025-26, 2026-27, and 2027-28. Cash flow is projected to go negative in June 2026.
- The District projects a negative ending fund balance of -\$51.5M for 2025-26, -\$86.7M for 2026-27, and -\$124.5M for 2027-28, including contributions to restricted resources
- The projected budget and multiyear projections support the District's projection of **NOT** being able to meet its financial obligations for the current and subsequent two years (Negative Certification).
- **Staff recommends a “Negative Certification” which certifies that, based on current projections, SCUSD will NOT meet its financial obligations for the current year and the next two fiscal years, 2026-27 and 2027-28.**



Thank you!



Feedback



Questions?