



PERRIS UNION
HIGH SCHOOL DISTRICT

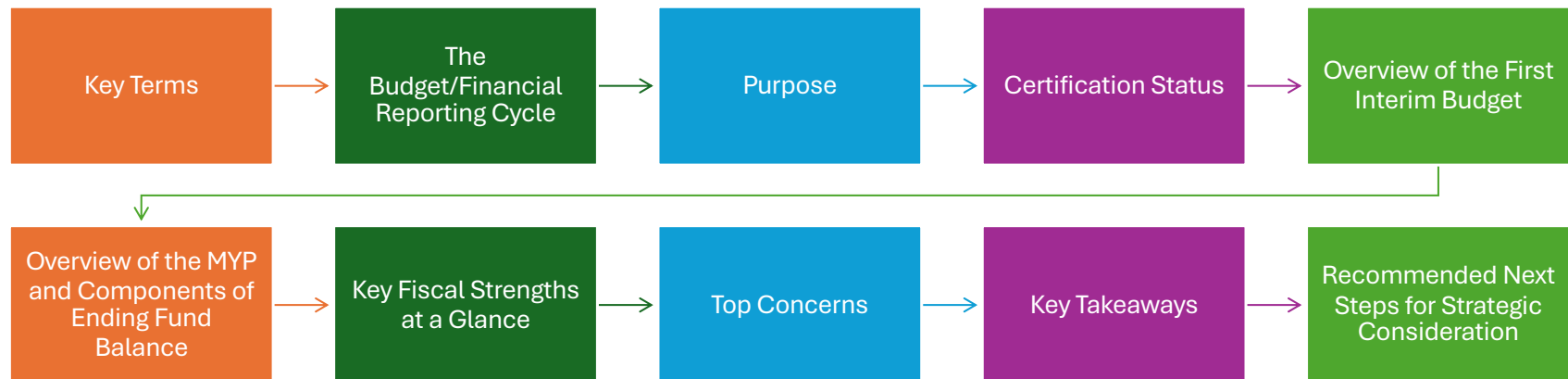
2025-2026 First Interim Budget Report

Dr. Marguerite Williams, Assistant Superintendent, Business Services
Mimi Capistrano, Director of Fiscal Services

Board Meeting
December 10, 2025



Agenda





Fiscal Outlook



We estimate the statutory COLA for 2026-27 will be 2.51 percent, but our estimate carries more uncertainty than usual



Districts are likely to see direct cuts of hundreds of millions of dollars in federal funding for homeless and migratory students and English learners, teacher recruitment and training grants, mental health clinicians, and money for tutors and counselors through programs like AmeriCorps.



We estimate that school attendance will increase by 0.9 percent in 2025-26. Two main factors explain the increase. First, districts can begin implementing attendance recovery programs

[Source document](#)



Purpose



Our District is required to submit two interim budget reports to assess the fiscal health of the District



The First Interim Report captures all known revenues and expenditures from July 1, 2025 until October 31, 2025



The First Interim Report also projects current and future revenue and expenditures in the current and two subsequent years based on constantly revised external and internal assumptions



First Interim Certification

The District must certify the 1st Interim Report as either:

- **POSITIVE** = Based on current projections, IUSD will be able to meet its financial obligations for the current and subsequent two fiscal years
- **QUALIFIED** = The District, based on current projections, may not be able to meet its financial obligations for the current and subsequent two fiscal years
- **NEGATIVE** = The District, based on current projections, will be unable to meet its financial obligations for the current and subsequent two fiscal years

The District Administration is recommending a **POSITIVE** certification, because the District, based on current projections, will be able to meet its financial obligations for the current and subsequent fiscal years.



Components of the First Interim

- All Funds: Actuals as of October 31st, Adopted Budget, and First Interim Projected Totals (Revenue, Expenditure, and Components of Ending Balance)
- Average Daily Attendance (Form A)
- Interim Certification
- Indirect Cost Rate (ICR form)
- Every Student Succeeds Act Maintenance of Effort (ESMOE form)
- Cash Flow
- Multi-Year Projection
- Summary of Interfund Activity (SIAA form)
- Criteria and Standards



Key Terms



Unrestricted Revenue - Unrestricted revenues are those funds whose uses are not subject to external or legal constraints and may be used for any purposes not prohibited by law.



Restricted Revenue - Restricted programs or activities are those funded from revenue sources subject to constraints imposed by external resource providers or by law through constitutional provisions or legislation.



Multi-Year Financial Projections (MYP) - These are financial projections for the current and two subsequent years. In order to file a positive certification, a District must prove fiscal solvency in all 3 years of the MYP



Key Terms



Average Daily Attendance (ADA) - ADA is equal to the average number of pupils actually attending classes who are enrolled for at least the minimum school day. Attendance is counted every day of the school year and is reported to the California Department of Education three times a year



Cash Flow Report: This report demonstrates the Cash position of the District in every month of the fiscal year. A District must ensure that it is able to meet its expenditure obligations and the cash flow report helps us ensure there is sufficient cash on hand to do so.



Cost of Living Adjustment (COLA) - An increase in funding for government programs, including the LCFF target calculation and categorical programs.



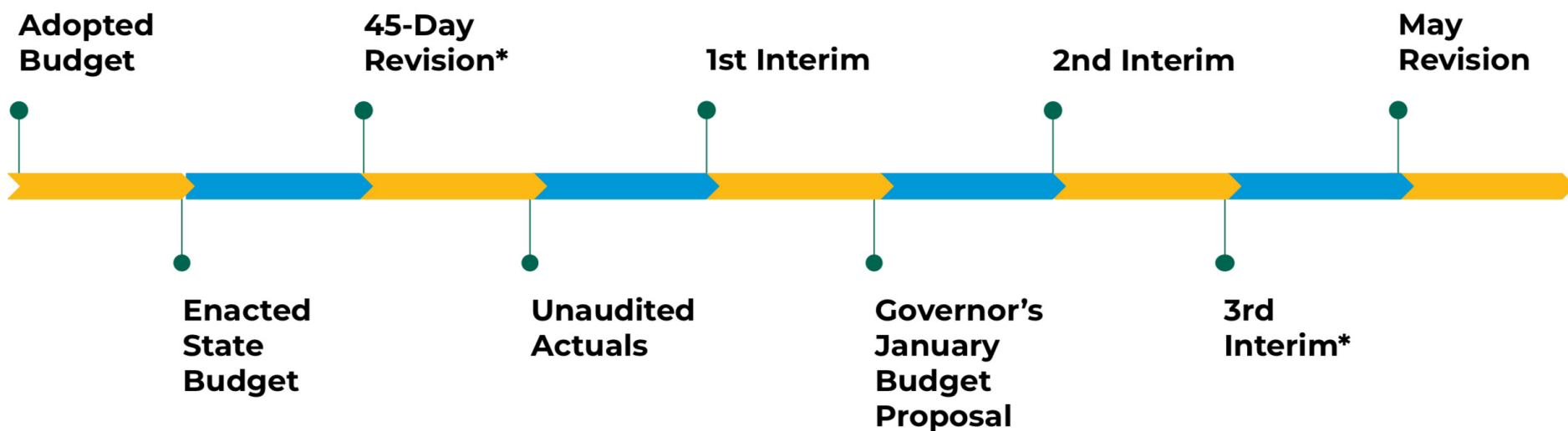
Local Control Funding Formula (LCFF) - This is the formula that is used for calculating our largest source of revenue.



Overview of First Interim Budget 2025-26



BUDGET/FINANCIAL CYCLE



*Only required in certain circumstances¹⁰



Focus thru the Budget Cycle

FOCUS
FOCUS
FOCUS
FOCUS
FOCUS

Adopted Budget
2025-2026

First Interim Report

Second Interim Report

Estimated Actuals

Unaudited Actuals



Enrollment and ADA

	2025-26 Adopted Budget	2025-26 First Interim	Change
Enrollment	10,651	10,792	141
ADA	9,622.62	9,782.94	160.32
ADA Rate	90.34%	90.65%	0.31%



2025-26 General Fund Revenues – Combined

	Unrestricted	Restricted	Combined Total
LCFF Sources	158,552,211	0	158,552,211
Federal Revenue	216,751	9,115,426	9,332,177
Other State Revenue	4,750,051	17,586,925	22,336,976
Other Local Revenue	8,507,799	11,795,176	20,302,975
Total Revenues	172,026,812	\$38,497,527	210,524,339



General Fund Expenditures - Combined

	Unrestricted	Restricted	Combined Total
Certificated Salaries	63,917,511	16,927,967	80,845,478
Classified Salaries	25,038,564	13,101,660	38,140,224
Benefits	34,853,054	19,735,874	54,588,928
Books and Supplies	5,585,357	7,706,076	13,291,434
Services	21,513,772	11,699,091	33,212,863
Capital Outlay	1,207,234	308,668	1,515,902
Other Outgo (excluding direct cost)	300,000	614,626	914,626
Other Outgo (transfer direct cost)	-5,172,926	3,664,851	-1,508,075
Total Expenditures	147,242,566	\$73,758,814	221,001,381



Unrestricted General Fund Revenues – Change from Adopted Budget

	2025-26 Adopted Budget	2025-26 First Interim	Change
LCFF/Revenue Limit Sources	158,313,781	158,552,211	238,430
Federal Revenues	214,193	216,751	2,558
Other State Revenues	4,863,550	4,750,051	-113,499
Other Local Revenues	4,848,217	8,507,799	3,659,582
TOTAL REVENUES	168,239,741	172,026,812	3,787,071



Unrestricted General Fund Expenditures 2025-26 Change from Adopted Budget

	2025-26 Adopted Budget	2025-26 First Interim	Change
Certificated Salaries	61,551,319	63,917,511	2,366,192
Classified Salaries	23,572,757	25,038,564	1,465,807
Employee Benefits	34,251,649	34,853,054	601,405
Books & Supplies	4,836,218	5,585,357	749,140
Services & Other Operating Expenses	21,075,793	21,513,772	437,979
Equipment / Capital Outlay	466,034	1,207,234	741,200
Debt & Tuition	300,000	300,000	0
Indirect Costs	-4,849,733	-5,172,926	-323,193
TOTAL EXPENDITURES	141,204,037	147,242,566	6,038,530



Contributions to Restricted Resources

	2025-26 Adopted Budget	2025-26 First Interim	Change
Special Education	26,965,068	28,153,628	1,188,560
RRMA	6,091,859	6,397,795	305,936
COVID Funds	-3,263,733	-3,263,733	0
Total	29,793,194	31,287,690	1,494,496



Components of Ending Fund Balance - Unrestricted

	2025-26 Adopted Budget	2025-26 First Interim	Change
Adj. Beginning Fund Balance	38,952,413	45,780,942	6,828,529
Plus: Revenues	168,239,741	172,026,812	3,787,071
Less: Expenditures	141,204,037	147,242,566	6,038,529
Plus: Transfers In	0	2,185,278	2,185,278
Minus: Transfers Out	143,781	148,777	4,996
Minus: Contributions	29,793,194	31,287,690	1,494,496
Ending Fund Balance	36,051,142	41,313,998	5,262,856
Cash, Stores & Prepaids	25,000	25,000	0
Other Assignments	23,419,834	28,019,998	4,600,164
Reserve for Economic Uncertainties	12,606,308	13,269,000	662,692



Multi-Year Projections (MYP)



FY 2025-26, FY 2026-27, and FY 2027-28



MYP Enrollment & ADA Assumptions

	2025-26 Budget	2026-27 Proj.	2027-28 Proj.
Enrollment	10,792	10,544	10,684
ADA Rate	90.65%	90.65%	90.65%



MYP Projection Factors

	2025-26 Budget	2026-27 Proj.	2027-28 Proj.
Step and Column Movement Certificated	1.11%	1.11%	1.11%
Step and Column Movement Classified	1.11%	1.11%	1.11%
Health and Welfare Benefits CAP Increase	10%	10%	10%
Statutory COLA	2.30%	3.02%	3.42%
Lottery Revenue – Unrestricted	190.00	190.00	190.00
Lottery Revenue – Restricted	82.00	82.00	82.00
Mandated Block Grant	2.30%	3.02%	3.42%
CalSTRS Employer Rates	19.10%	19.10%	19.10%
CalPERS Employer Rates	26.81%	26.90%	27.80%
LCFF Unduplicated % for Supplemental & Concentration Grants	74.35%	74.33%	74.15%



MYP Revenues - Unrestricted

	2025-26 Budget	2026-27 Proj.	2027-28 Proj.
LCFF Sources	158,552,211	163,331,105	168,145,490
Federal Revenue	216,751	216,751	216,751
Other State Revenue	4,750,051	4,753,407	4,751,317
Other Local Revenue	8,507,799	2,870,491	2,582,608
Total Revenues	172,026,812	171,171,753	175,696,166



MYP Expenditures - Unrestricted

	2025-26 Budget	2026-27 Proj.	2027-28 Proj.
Certificated Salaries	63,917,511	63,940,251	64,379,903
Classified Salaries	25,038,564	25,227,316	25,672,230
Employee Benefits	34,853,054	35,081,550	36,698,453
Books and Supplies	5,585,358	4,748,580	5,302,523
Services and Other Operating Expenditures	21,513,772	23,597,384	25,437,508
Capital Outlay/Depreciation	1,207,234	507,234	507,234
Other Outgo (excluding Transfers of Indirect Costs)	300,000	310,500	321,368
Other Outgo - Transfers of Indirect Costs	-5,172,926	-5,112,927	-5,182,536
Other Adjustments - Expenditures	0	0	0
Total, Expenditures	147,242,567	148,299,888	153,136,683



MYP Contributions to Restricted Programs

	2025-26 Budget	2026-27 Proj.	2027-28 Proj.
Special Education	26,965,068	29,451,428	30,961,870
RRMA*	6,091,859	6,350,418	6,565,580
Covid Funds	-3,263,733	0	0
Total	29,793,194	35,801,846	37,527,450

*Routine Restricted Maintenance Account



MYP Components of Ending Fund Balance - Unrestricted

	2025-26 Budget	2026-27 Proj.	2027-28 Proj.
Adj. Beginning Fund Balance	45,780,942	41,313,998	30,420,516
Plus: Revenues	172,026,812	171,171,753	175,696,166
Less: Expenditures	147,242,567	148,299,888	153,136,683
Plus: Transfers In	2,185,278	2,185,278	2,185,278
Minus: Transfers Out	148,777	148,777	148,777
Minus: Contributions	31,287,690	35,801,848	37,527,451
Ending Fund Balance	41,313,998	30,420,516	17,489,049
Cash	25,000	25,000	25,000
Commitment	0	0	0
Other Assignments	28,019,998	17,271,871	3,911,049
Reserve for Economic Uncertainties	13,269,000	13,123,645	13,553,000
Unassigned	0	0	0

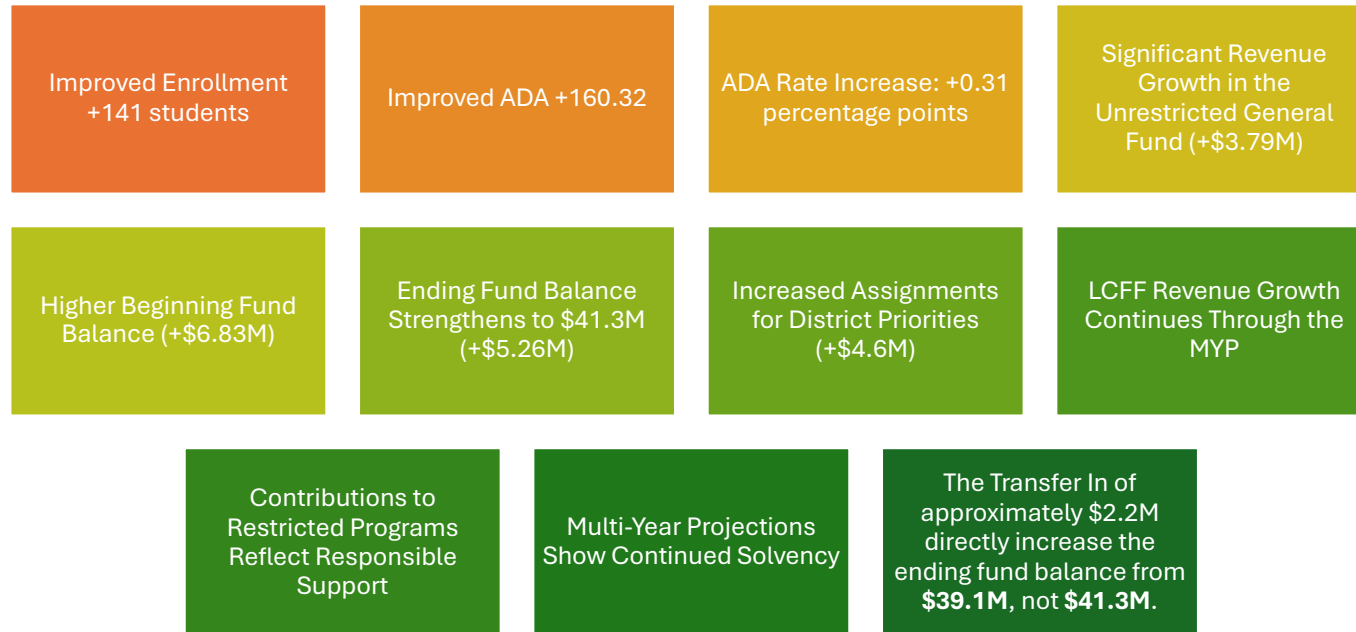


Net Decrease in Fund Balance

	2025-26 Budget	2026-27 Proj.	2027-28 Proj.
NET INCREASE (DECREASE) IN FUND BALANCE	-4,466,944	-10,893,482	-12,931,467



Key Fiscal Strengths at a Glance





Top Concerns to Highlight

- Expenditures increased by **\$6.04M**
- Structural deficit — expenditures exceeding revenues.
- Steep decline in ending fund balance across the MYP.
- Rapid increase in Special Education and RRMA contributions.
- Significant drop in local revenue beginning 2026–27.
- Rising salary and benefit costs outpacing funding growth.



Key Takeaways

The district is **in a strong position for 2025–26**, supported by higher ADA, increased revenues, and a healthy fund balance.

Long-term sustainability is a concern, as expenditures grow faster than revenues and fund balance is projected to decline sharply.

Increasing contributions to restricted programs and reduced local income further **strain unrestricted resources**.

Transfers In do not correct the underlying issue where expenditures are growing faster than revenues. This is a temporary solution, not a long-term fix.



Recommended Next Steps for Strategic Consideration



Conduct a structural deficit analysis identifying ongoing costs that exceed ongoing revenues.



Develop a 2–3 year Fiscal Stabilization plan.



Evaluate staffing ratios, program costs, and service contracts for potential alignment with enrollment trends.



Perform a program efficiency and service delivery audit (e.g., caseload analysis, staffing models).



Ensure full use of Medi-Cal, IDEA, and AB 602 revenue opportunities.



Continue to expand attendance recovery initiatives (tiered supports, communications, incentives).



Strengthen early identification systems for chronic absenteeism



Questions