

First Interim Budget 2025-26 Fiscal Year

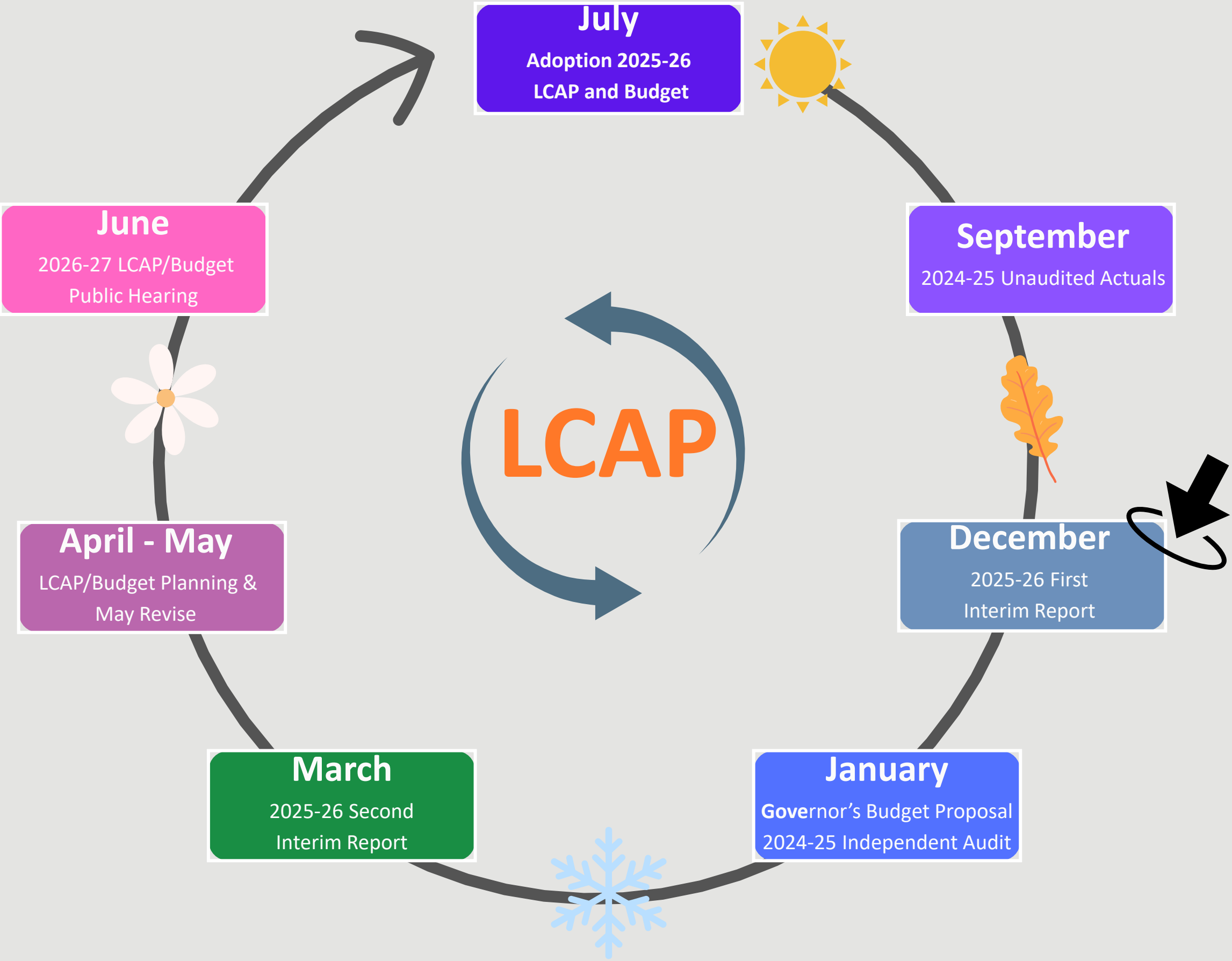
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December 17, 2025



Budget Cycle:



Purpose of Interim Budget Reports:

- Required by Ed Code (Section 42130).
- Provide an expenditure plan for the governing board's consideration and approval.
- Provide certification of Financial Status to VCOE.
- Provide evidence of LCAP and Strategic alignment to Budget.



Summary of Changes- Revenues

Object	Adopted Budget	First Interim	Difference	Explanation
8010-8099 LCFF Sources	193,481,588	194,864,607	1,383,019	TK rate increased from 2,813 to 3,044 per ADA.
8100-8299 Federal Revenue	12,157,687	17,567,655	5,409,968	Recognition of prior year carryover amounts and one time EPA Clean HDV Grant of (+4,552,500)
8300-8599 Other State Revenue	39,227,548	47,157,475	7,929,927	Updated allocations, including SSPDDBG (+3,792,154), LCSSP (+1,947,258), Literacy Coaches and Reading Grant (+1,151,851), and Arts and Music (+345,321)
8600-8799 Other Local Revenue	23,502,381	23,936,779	434,398	Interagency Special Education revenue (+400,000), donations (+31,482), and outside salary reimbursements (+42,054), offset by reduced lease revenue.
			15,157,312	Total Increase/(Decrease) in Revenue



Summary of Changes Expenditures

Object	Adopted Budget	First Interim	Difference	Explanation
1000-1999				The increase in certificated and classified salaries, along with corresponding benefits, is due to budgeted expenditures recognizing prior year carryover amounts and projected rise in expenditures from the carryover of ELOP, Prop 28 Arts and Music funds.
Certificated Salaries	113,070,399	115,564,097	2,493,698	
2000-2999				
Classified Salaries	50,807,845	51,900,751	1,092,906	
3000-3999				Increases in Supplies, Services & Operating Expenses, and Capital Outlay are due to the recognition of prior year's carryover amounts and projected rise in expenditures from the carryover of ELOP and the one time EPA Clean HDV Grant
Employee Benefits	68,259,497	69,742,625	1,483,128	
4000-4999				
Materials & Supplies	14,367,976	15,032,154	664,178	
5000-5999				
Services & Other Operating	57,342,576	69,042,522	11,699,946	
6000-6999				
Capital Outlay	777,320	7,950,309	7,172,989	
7100-7499				
Outgo	2,439,495	2,326,546	(112,949)	
			24,493,896	Total Increase/(Decrease) in Expenses

Assumptions/Planning Factors

Factor		2025-26	2026-27	2027-28
Statutory COLA		2.30%	3.02%	3.42%
California Lottery	Unrestricted per ADA	\$190	\$190	\$190
	Restricted per ADA	\$82	\$82	\$82
Mandated Block Grant	Per ADA	\$39.09	\$40.27	\$41.65
Enrollment		12,487	11,945	11,486
Estimated ADA		11,725.18	11,306.43	10,958.22
Estimated Funded ADA		12,597.20	12,170.14	11,747.06
Unduplicated Pupil Percentage		91.18%	91.19%	91.19%
STRS		19.10%	19.10%	19.10%
PERS		26.81%	26.90%	27.80%
Step & Column Costs		1.3%	1.3%	1.3%
Salary Negotiations (OEA)		Not yet settled	Not yet settled	Not yet settled
Salary Negotiations (CSEA)		Not yet settled	Not yet settled	Not yet settled
Salary Negotiations (OSSA)		Not yet settled	Not yet settled	Not yet settled

Multi-Year Financial Projections

Components	2025-26	2026-27	2027-28
	First Interim	Projections	Projections
Beginning Fund Balance	114,736,423	66,703,935	50,844,640
+ Revenues	283,526,516	269,991,097	270,322,504
- Expenditures	331,559,004	300,850,392	288,560,706
(Reductions Needed)		(15,000,000)	(8,000,000)
Net Increase/(Decrease) in Fund Balance	(48,032,488)	(15,859,295)	(10,238,202)
= Ending Fund Balance	66,703,935	50,844,640	40,606,438
Components of Ending Fund Balance			
Reserve for Economic Uncertainty %	10%	10%	7.5%
Reserve for Economic Uncertainty	33,155,900	28,585,039	21,042,053
Non-Spendable	120,000	120,000	120,000
Financial Stability Reserve	8,047,870	3,275,077	978,911
Legally Restricted	25,380,165	18,864,524	18,465,474
Unappropriated	0	0	0

Next Steps

- 1** January 2026
Governor's Proposed Budget for the 2026-27 Fiscal Year
- 2** March 2026
Second Interim Financial Report
- 3** January – May 2026
LCAP and Budget Development for 2026-27 Fiscal Year.
Governor's May Revise
- 4** June 2026
LCAP and Budget hearings and adoption for 2026-27 Fiscal Year



Summary:

- Projecting deficit spending on all three years.
 - Expected as district is spending down categorical balances
 - Future deficits will need to be addressed through planned expenditure reductions.
- Our budget exceeds the state-mandated 3% reserve level, with a reserve at 10% for current year and 2026-27 fiscal year and then at 7.5% in the 2027-28 fiscal year.
- Based on the revisions to the budget, the district is certifying a **Positive Certification**, which affirms the district's ability to meet its financial obligations for the current and two subsequent years.
- Staff recommends that the Board of Trustees approve the 1st Interim Report as presented.





Thank you