

San Ysidro School District

2025-2026 Second Interim Financial Report (as of January 31, 2026)

Governing Board Meeting - March 12, 2026

Presented by Marilyn Adrianzen, Chief Business Official

CURRENT HISTORY OF FISCAL STABILITY & RESPONSIBLE FINANCIAL MANAGEMENT

<p>District Positive Budget Certifications</p>	<p>FY 2024-25 FY 2023-24 FY 2022-23 FY 2021-22 FY 2020-21</p>	<p>5 Years of multi-year positive and balanced budgets</p>
<p>District Annual External Audits</p>	<p>FY 2024-25 FY 2023-24 FY 2022-23 FY 2021-22</p>	<p>No Financial Audit Findings: 3 Years</p> <ul style="list-style-type: none"> • 2021-22, 2022-23, 2023-24 <p>2024-25</p> <ul style="list-style-type: none"> • 2 Procedural Findings: CNS & GO Bond • Rebuild Reserves

CURRENT HISTORY OF FISCAL STABILITY & RESPONSIBLE FINANCIAL MANAGEMENT

Credit Ratings and Fiscal Outlook	Moody's Ratings	A2 2025 GO Bond Rating & Stable Outlook (2025) A2 2024 GO Bond Rating & Stable Outlook (2024) A3 2023 GO Bond Rating & Positive Outlook (2023)
General Obligation Bond Audits	FY 2024-25 FY 2023-24 FY 2022-23 FY 2021-22 FY 2020-21	No Financial Audit Findings
San Diego County Taxpayers Association (SDCTA)	Bond Transparency Report Cards	A+ (2025) – 1 out of 6 district in SD county w/A+ A+ (2024) – 1 out of 5 districts in SD county w/ A+ A+ (2023) – 1 out of 6 districts in SD county w/ A+ A- (2022) A- (2021)

Transparent and Ongoing Budget Reporting

The Chief Business Official presents a comprehensive budget update at 4 public Governing Board meetings each year. These budget reports are publicly available through board agendas posted on the district's website and the board presentations can be viewed via the district's YouTube livestream recordings of board meetings.

- **June:** Proposed and Adopted Budget
- **September:** Unaudited Actuals
- **December:** First Interim Financial Report
- **March:** Second Interim Financial Report

Second Interim Budget Assumptions

Date

Planning Factors	2025-26	2026-27	2027-28
Funded LCFF COLA	2.30%	2.41%	3.06%
STRS Employer Rates	19.10%	19.10%	19.10%
PERS Employer Rates	26.81%	26.40%	26.90%
State Unemployment Insurance	0.05%	0.05%	0.05%
Lottery – Unrestricted per ADA	\$190	\$190	\$190
Lottery – Restricted Prop 20 per ADA	\$82	\$82	\$82
Mandated Block Grant	\$39.09	\$40.03	\$41.25
Routine Restricted Maintenance Account	3%	3%	3%

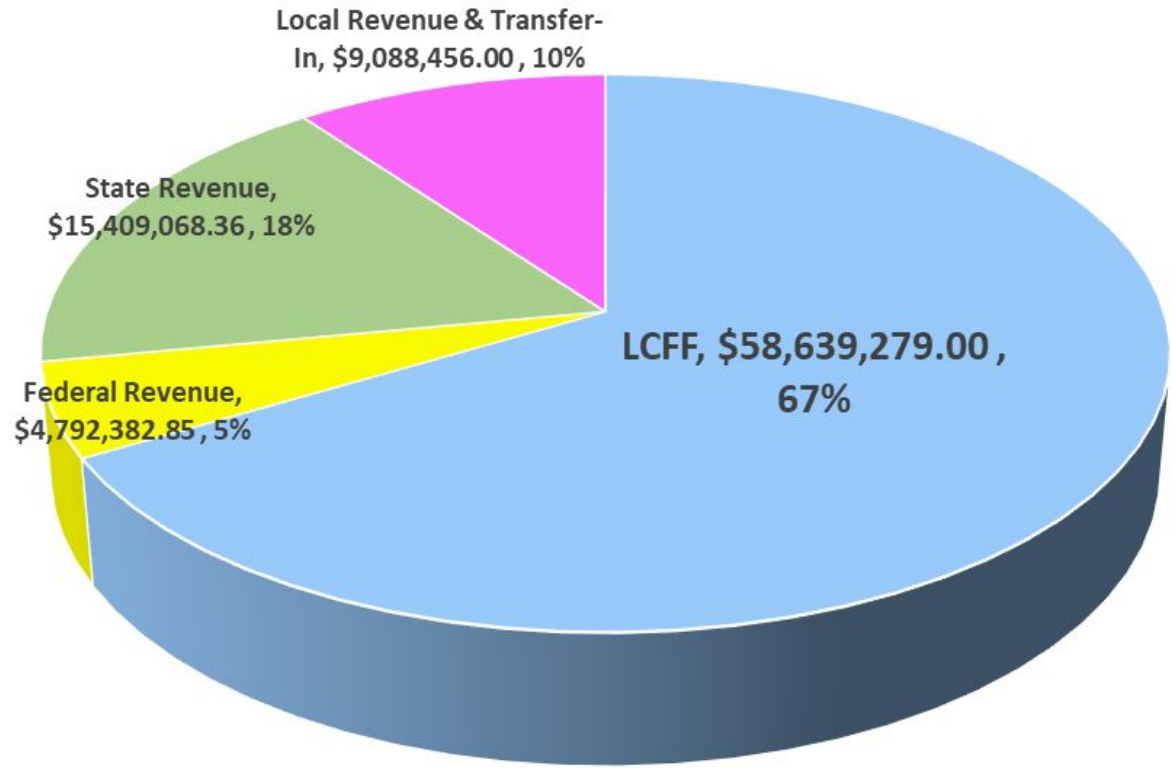
Historically Low State Cost-of-Living Adjustments (COLA)

2025-26	2026-27	2027-28
2.30%	2.41%	3.06%

Cost of Step/Column	2.0%
Cost of Health and Welfare Benefit Increases	0.6%
STRS & PERS Increases	0.3%

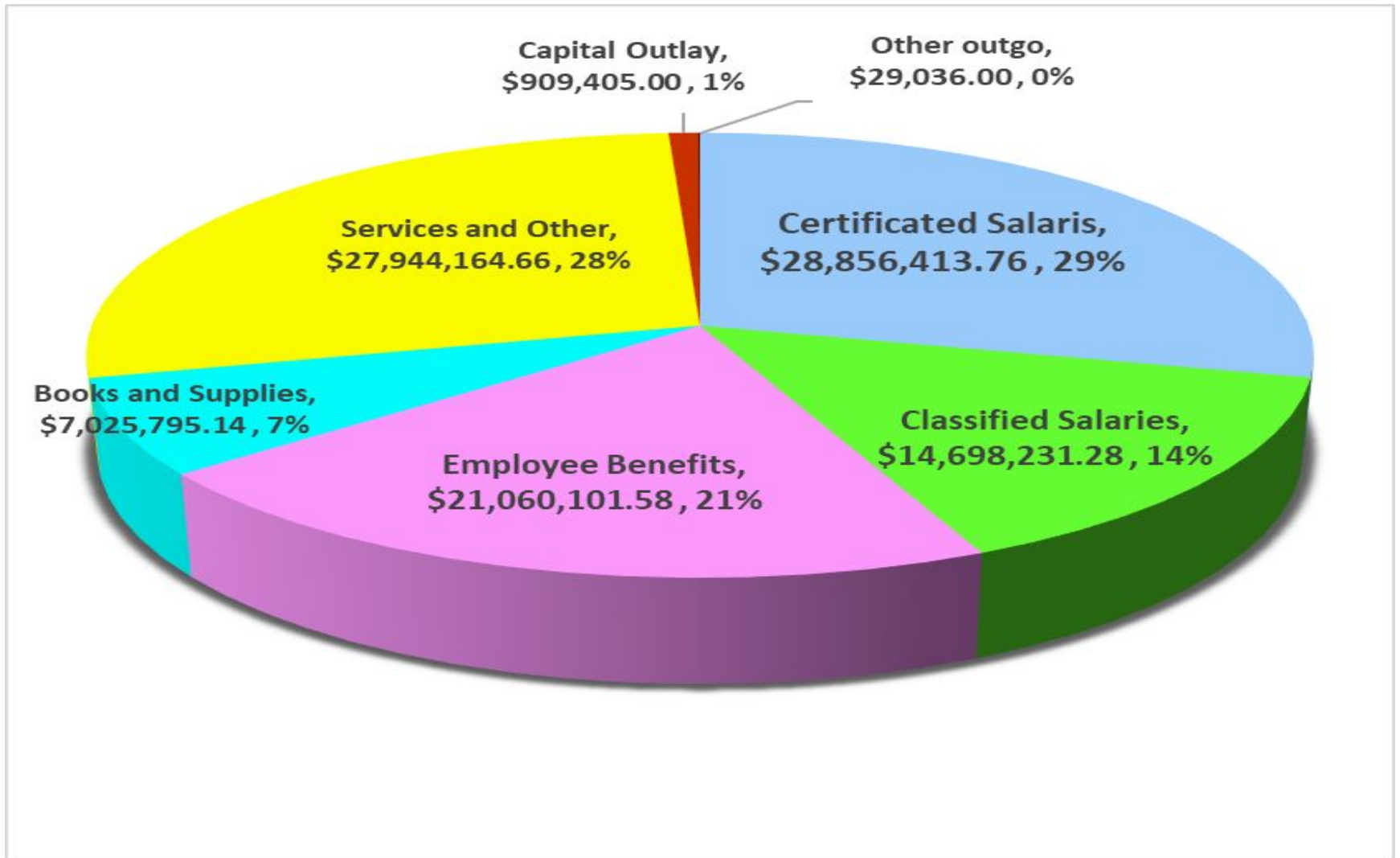
School districts need minimum 4% COLA annually to cover operating costs.

General Fund Revenues



Estimated Unrestricted Revenue	\$48,322,258
Estimated Restricted Revenue	\$39,606,928
Estimated Total Revenue	\$87,929,186

General Fund Expenditures



Estimated Total Expenditures = \$100,523,147

2025–26 Combined General Fund Unrestricted and Restricted	25–26 Estimated Budget
Beginning Fund Balance	\$16,975,385
General Fund Revenue	\$87,929,186
General Fund Expenditures	\$100,523,147
Difference (Revenue minus expenditures)	(\$12,593,961) <i>One-time restricted carryover</i>
Ending Fund Balance	\$4,381,424 (Restricted Funds)

2024–25 Statewide Average Reserve Levels

2024-25 Average Unrestricted General Fund, Plus Fund 17—Fund Balances as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses		Change from Prior Year
Unified School Districts	21.89%	-2.47%
Elementary School Districts	24.52%	-0.02%
High School Districts	26.13%	1.73%

In an environment of low cost-of-living adjustments, declining enrollment, and slowing state revenues, as well as increased demands at the bargaining table, having adequate reserves is of critical importance. An adequate reserve allows LEA governance teams the ability to be more strategic in reducing expenditures when faced with a fiscal crisis. An adequate reserve protects students, employees, and the public.

***Source: School Services of California Fiscal Report dated Feb. 11, 2026**

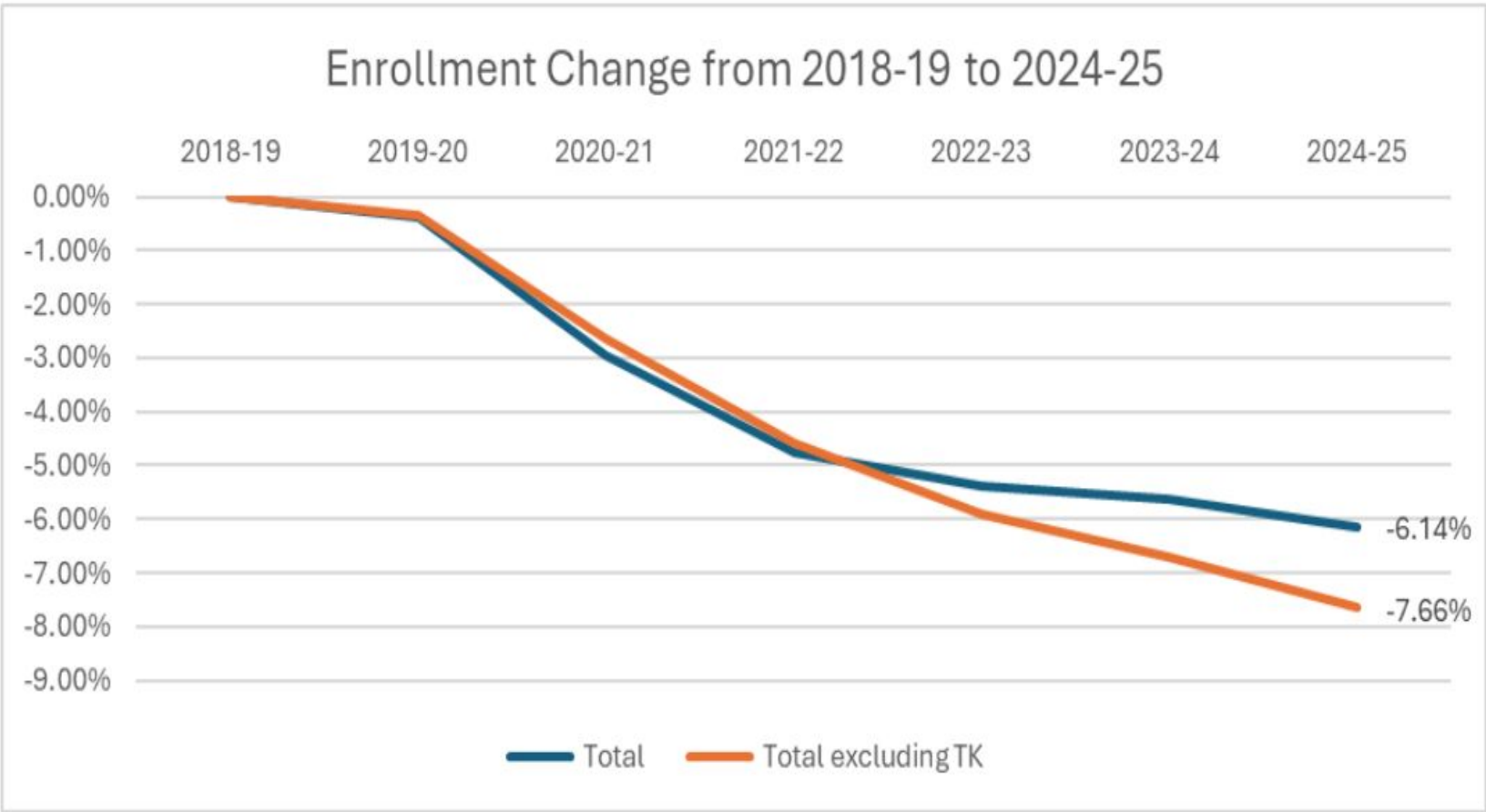
Factors Impacting District's Budget

CBEDS Enrollment Historical Data - 9 Year Comparison

School Site	2017-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	9 Year Difference (+/-)
La Mirada	424	413	336	340	328	409	368	382	367	(57)
Ocean View Hills	1,009	985	1,020	996	1,079	963	985	1020	1032	23
San Ysidro Middle	655	656	633	612	504	531	548	500	496	(159)
Smythe	706	647	646	664	616	578	561	534	499	(207)
Sunset	723	672	649	606	588	546	522	520	524	(199)
Vista Del Mar	425	413	402	425	425	555	531	541	605	180
Willow	789	789	784	772	719	673	685	643	625	(164)
Total	4,731	4,575	4,470	4,415	4,259	4,255	4,200	4,144	4,148	(583)

Decline in Enrollment of 583 students; estimated revenue loss = -\$9 million/yr

Statewide Enrollment Decline



Since 2018–19, enrollment has dropped from 6.2 million students to 5.8 million students, representing a 6.14% decrease overall primarily due to declining birth rates and families moving out of California due to the high cost of living.

Teacher Salary Comparability Study

Attract and Retain Highly Qualified Educators

(9 Comparable Districts)

2024-2025 School Services of California Salary and Benefits Report	Rank (Prior to 1% @ Jan 2026 & 2% @ 2026-27 salary increases; & H&W cap adjustment)
Teacher Salary: BA, Step 1	5
Teacher Salary: BA+30, Step 1	7
Teacher Salary: Maximum Scheduled Salary – BA+60 including MA, Step 22	10 Lowest
Maximum District Contribution to Health & Welfare Benefits	10 Lowest

Special Education Costs

Estimated Special Education Costs	\$15.5 million
Federal & State Revenue Sources	\$5.0 million
2025–26 General Fund Contribution	\$10.5 million general fund contribution (Includes LCFF SPED ADA = \$3.6 mil)
Increase in SPED costs approximately	\$500,000 – \$1.0 mil per year

Enrollment has increased to 20%; State average = 15%

The Federal Individuals with Disabilities Education Act (IDEA) was enacted with a commitment to fund 40%; however for our district Federal Special Education funding only covers 8% of special education actual expenses.

Potential Federal Education Funding Reductions

Federal Program Title	Resource Code	Projected Budget
*National School Lunch Program: Community Eligibility Program (CEP)	5310	\$2.4 million
*Title I	3010	\$1.3 million
*Title II	4035	\$160,000
*Title III	4203	\$300,000
*Title IV	4127	\$100,000

*Federal education funding reduction/elimination is unknown at this time.

Child Nutrition Program 2026-27 Federal Changes

*Possible Shift from Community Eligibility Program (CEP) to
Free/Reduced Meal Application*

- Revenue Loss Approx. \$360,000
- Approx. **30% of students** not eligible for F/R meals
- Reduction in staffing & reduction in work hours

2026-2027 Budget Reduction Plan

(Board Approved 12-11-25 & Revised 1-27-26)

General Fund Estimated Budget Reduction	\$4,800,000
Spending freeze	500,000
Limit Overtime and Extra Hours	200,000
Layoff Vacant Positions - Natural attrition in 2026-2027: hiring freeze	614,760
Shift in Expenditures from General Fund to Restricted funds	1,059,850
Declining Enrollment Layoff Resolutions and/or Special Program Reduction	2,425,390
Total Estimated Budget Reductions	\$4,800,000
Federal Programs Estimated Budget Reduction (unknown as of 01-27-26)	Estimated Loss
Layoff resolutions due to potential loss/reduction in federal funding	\$908,300
Total Potential Loss in Federal Funding	\$908,300
Child Development Fund Estimated Budget Reduction	
Temporary Release and Layoff resolutions due to reduction in funding	\$546,700
Child Nutrition Services Estimated Budget Reduction	
Layoff resolution due to potential loss/reduction in funding	\$360,000

2025-2026 Multi-Year Projection

General Fund Unrestricted ONLY	2025-26	2026-27	2027-28
Projected Beginning Balance	\$1,053,823	\$122,852	\$2,071,206
Projected Revenue	\$48,322,258	\$49,694,638	\$50,342,601
Projected Expense	\$49,253,230	\$47,746,283	\$48,468,845
Net Increase (Decrease) in Fund Balance	(\$930,972)	\$1,948,355	\$1,873,756
Projected Ending Fund Balance	\$122,852	\$2,071,206	\$3,944,962
Restricted Reserve Requirement	\$100,000	\$100,000	\$100,000
Reserve for Economic Uncertainties (REU)	\$22,852	\$1,971,206	\$2,549,466
Required Minimum (REU) 3%	\$3,015,694	\$2,505,457	\$2,549,466
	Qualified Budget	Qualified Budget	Positive Budget
		<i>*Pending TK Enrollment</i>	

***Second Interim Financial Report:** District certifying negative pending final implementation of Budget Reduction Plan and TK revenues by June 2026. 2026-27 District Budget will be fiscally solvent with a positive budget certification restored by December 2026.

Timeline for Restoration of Positive Budget Certification

<p>Dec 11, 2025 Governing Board Meeting Jan 27, 2026 Governing Board Meeting</p>	<p>Board Approved Budget Reduction Plan Board Approved Revised Budget Reduction Plan</p>
<p>March 12, 2026 Governing Board Meeting</p>	<p>Second Interim Financial Report</p>
<p>May 14, 2026 Governing Board Meeting</p>	<p>Third Interim Financial Report</p>
<p>June 4, 2026 Governing Board Meeting June 18, 2026 Governing Board Meeting</p>	<p>2026–27 Proposed Budget ● <i>Financially Stable Budget</i> 2026–27 Adopted Budget ● <i>Financially Stable Budget</i></p>
<p>December 2026 Governing Board Meeting</p>	<p>2026–27 First Interim Financial Report ● <i>Positive Budget Certification</i></p>

Fiscally Stable Budget by July 2026

&

Positive Budget Restoration by December 2026!