

SAN YSIDRO SCHOOL DISTRICT

2025-2026

Third Interim Financial Report **(as of April 30, 2026)**

GOVERNING BOARD MEETING - MAY 7, 2026

Presented by Marilyn Adrianzen, Chief Business Official &
San Diego County Office of Education Appointed
Fiscal Advisor Dr. Timothy Glover

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)

Third Interim Budget Assumptions

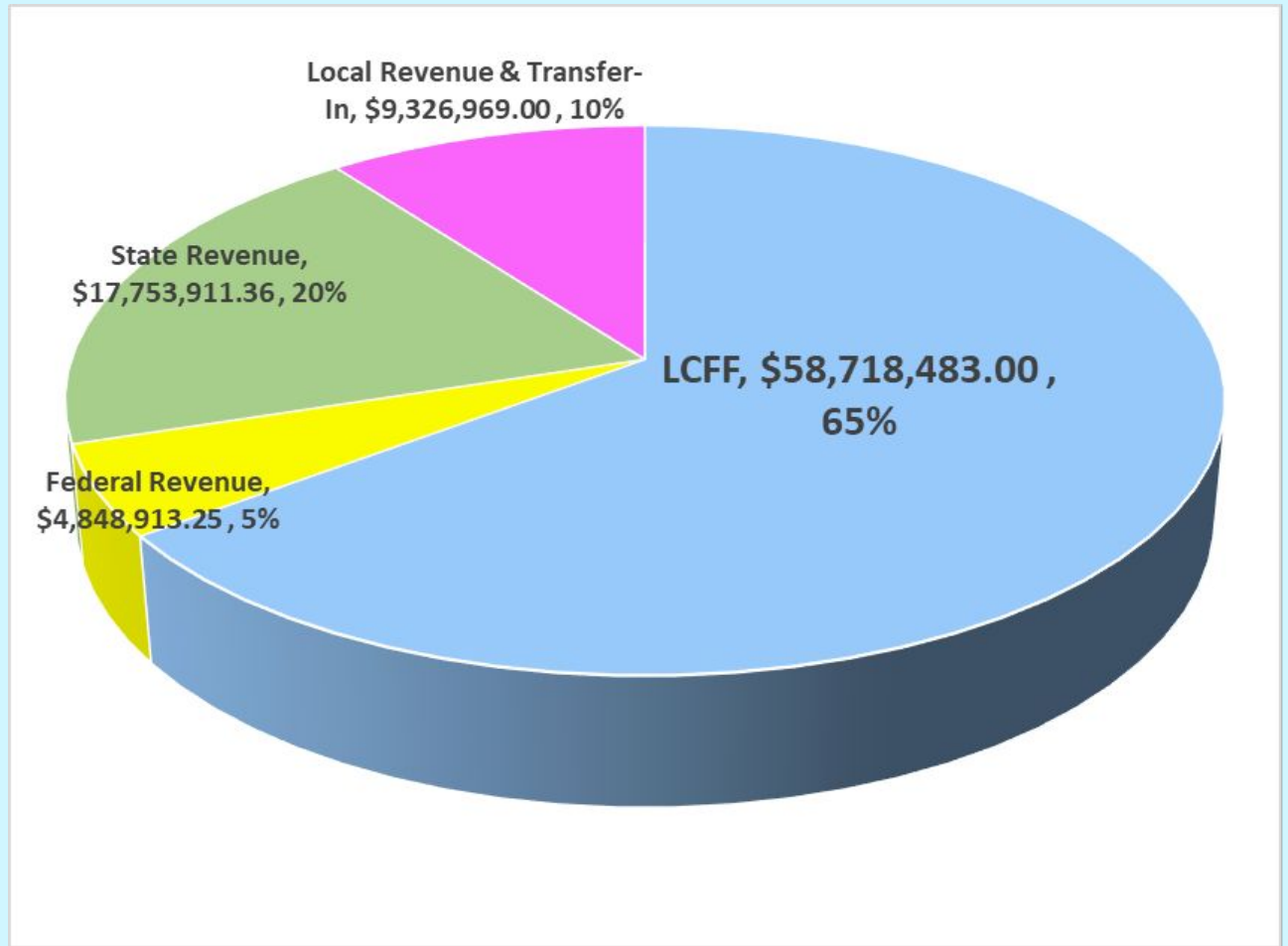
Date

Planning Factors	2025-26	2026-27	2027-28
Funded LCFF COLA	2.30%	2.87%	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%

Budget Narrative

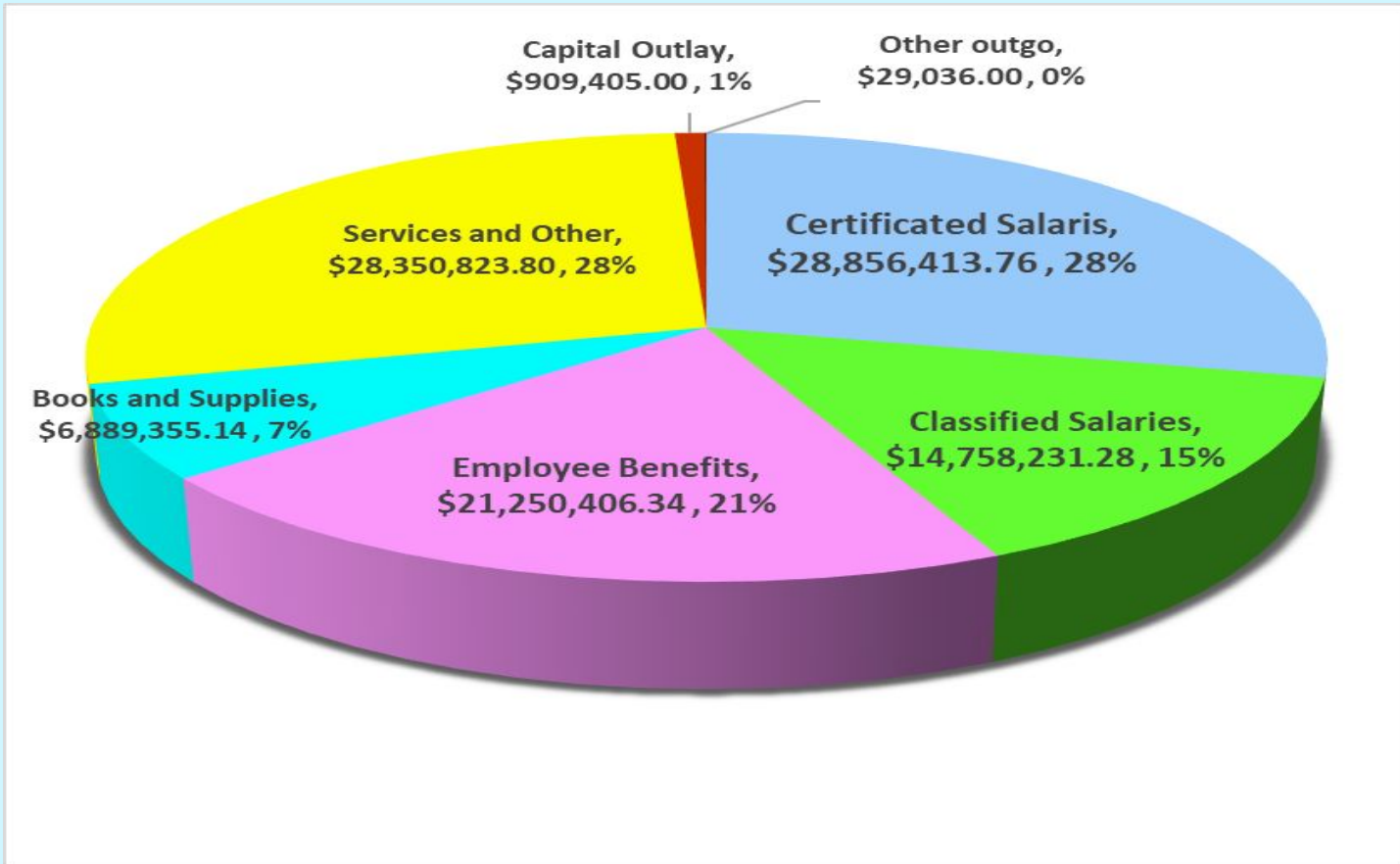
	Estimated Amount
<p>AB1200 Salary & Benefit increases</p> <p>January 1, 2026 = 1% salary increase + \$760 H&W cap increase (\$12,260)</p> <p>July 1, 2026 = 2% salary increase + \$1,000 H&W cap increase (\$13,260)</p>	\$2.3 mil
<p>2026-27 Board approved Budget Reduction Plan (\$4.8 million)</p>	<p>\$4.5 mil</p> <p>(excludes TK revenue est. \$300,000 - closely monitoring TK enrollment)</p>
<p>Revenue: Literacy Coach and Reading Specialists Grant Program</p>	\$2.27 mil
<p>2026-2027 projected slight increase in COLA</p>	From 2.41% to 2.87%

General Fund Revenues



Estimated Unrestricted Revenue	\$48,483,296
Estimated Restricted Revenue	\$42,164,980
Estimated Total Revenue	\$90,648,276

General Fund Expenditures



Estimated Total Expenditures = \$101,043,671

Restricted carryover funds = \$9.5 mil; will cover the majority of the deficit spending

2025-2026 Multi-Year Projection

<i>General Fund Unrestricted ONLY</i>	2025-26	2026-27	2027-28
Projected Beginning Balance	\$1,053,823	\$114,206	\$2,246,711
Projected Revenue	\$48,483,296	\$50,051,944	\$50,715,688
Projected Expense	\$49,422,913	\$47,919,439	\$48,645,708
Net Increase (Decrease) in Fund Balance	(\$939,617)	\$2,132,505	\$2,069,980
Projected Ending Fund Balance	\$114,206	\$2,246,711	\$4,316,691
Restricted Reserve Requirement & Commitments	\$100,000	\$100,000	\$1,750,619
Reserve for Economic Uncertainties (REU)	\$14,206	\$2,146,711	\$2,566,072
Required Minimum (REU) 3%	\$3,031,310	\$2,521,609	\$2,566,072
	Qualified Budget	Qualified Budget	Positive Budget
		<i>*Pending TK Enrollment</i>	

If layoff resolutions are board approved on May 7, 2026, then the budget will restore to positive in 2026-27, 2027-28 and 2028-29.

2026-2027 Adopted Budget Commitment

\$2.8 billion discretionary block grant proposed by Newsom in January 2026	Estimated Allocation
Estimated @ \$500 per ADA	\$1.9 million

2026-27 Adopted Budget Commitment (Action Item in June 2026)

Restore the District's Reserve Commitment = \$1.5 mil
and Instructional Materials Adoption = \$400,000

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**

STATE RECEIVERSHIP

California school districts enter state receivership when they become fiscally insolvent and require an emergency state loan, resulting in the loss of local control and the appointment of a state administrator.

- The authority of the school board and superintendent is often replaced by a state-appointed administrator who has veto power over all decisions.
- The state-appointed administrator focuses on reducing expenses to repay the emergency loan.
- Fiscal Crisis Management Assistance Team (FCMAT): This team frequently assesses distressed districts and helps manage the receivership process.

Implemented FCMAT FHRA Recommendations

Budget Monitoring and Updates

The business department will include additional details beginning 3rd interim budget in May 2026.

→ District and SDCOE staff meet monthly to discuss all financial matters

Collective Bargaining Agreements

The details on the reductions were provided during the Board closed session.

→ Future budget reductions plans finalized prior to AB 1200s

Deficit Spending

Board approved 26-27 Budget Reduction Plan = \$4.8 million to address deficit spending in subsequent fiscal years.

→ 3% Reserves Restored

General Fund

The business department will provide additional details in the SACS Criteria and Standards moving forward.

→ Full indirect costs charged to special education grants and other funds as required

Factors Impacting District's Budget

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

2025-26	2026-27	2027-28
2.30%	2.87%	3.06%

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

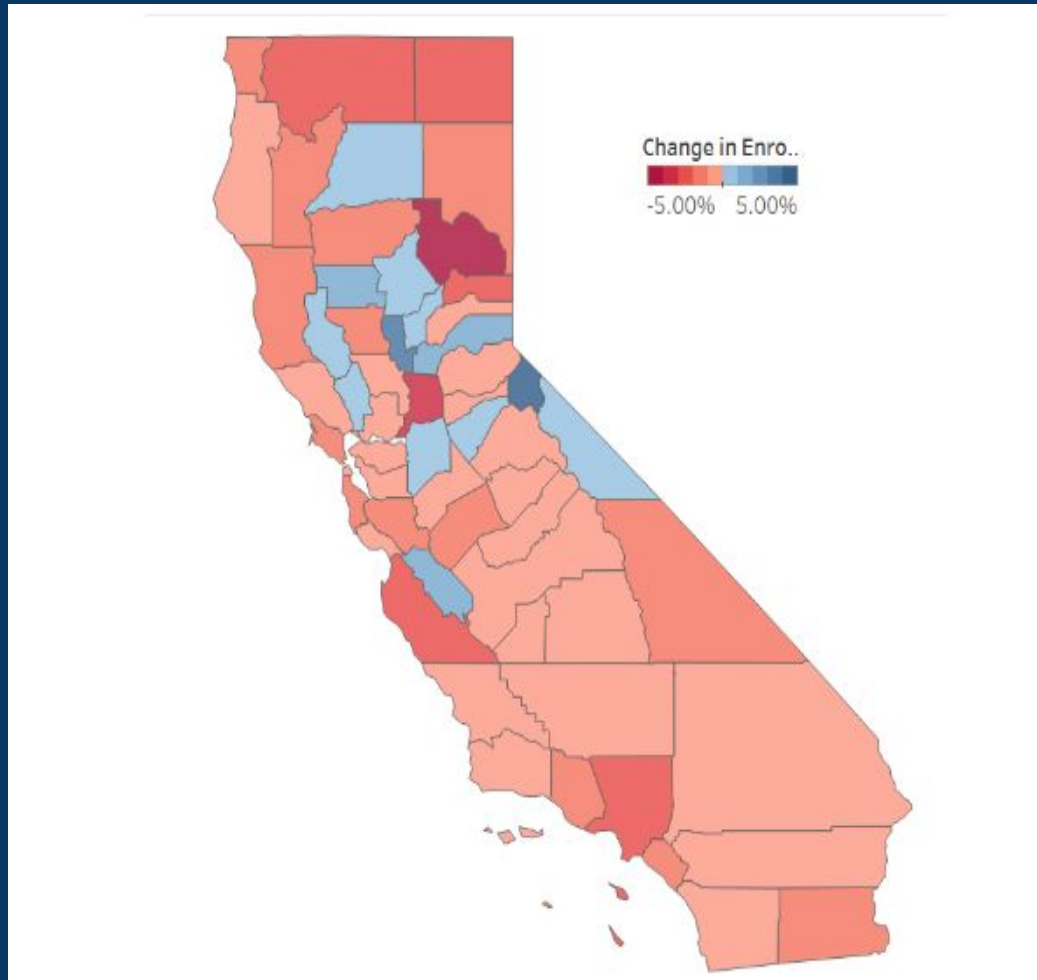
School districts need minimum 4% COLA annually to cover operating costs.

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. Approximately 70% of CA school districts are in declining enrollment.

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

Classified Salary Comparability Study

Attract and Retain Highly Qualified Classified Employees

(9 Comparable Districts)

	2024-2025 School Services of California Comparative Analysis of District Income & Expenditures	Rank (Prior to 1% @ Jan 2026 & 2% @ 2026-27 salary increases; & H&W cap adjustment) Salary Expense Per ADA
1	South Bay Union	\$4,855.14
2	National Elementary	\$4,115.61
3	Cajon Valley Union	\$3,996.74
4	San Ysidro	\$3,937.24
5	La Mesa - Spring Valley	\$3,830.82
6	Lemon Grove	\$3,702.18
7	Coronado Unified	\$3,182.72
8	Alpine Union	\$2,960.29
9	Santee Elementary	\$2,838.01
10	Lakeside Union	\$2,714.51

Administrator Salary Comparability Study

(9 Comparable Districts)

2024-2025 School Services of California Comparative Analysis of District Income & Expenditures (statutory & health benefits are not included)		Rank (Prior to 1% @ Jan 2026 & 2% @ 2026-27 salary increases; & H&W cap adjustment) Salary Expense per ADA
1	Lemon Grove	\$1,599.55
2	South Bay Union	\$1,582.91
3	National Elementary	\$1,565.17
4	Cajon Valley Union	\$1,368.68
5	Coronado	\$1,316.76
6	Alpine Union	\$1,137.93
7	Santee Elementary	\$1,084.85
8	La Mesa-Spring Valley	\$1,056.12
9	San Ysidro	\$961.98
10	Lakeside Union	\$857.54

Superintendent’s salary ranks 8th lowest out of 10 as compared to our comparable districts.

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

Layoff Resolutions & Special Program Job Descriptions

	CERTIFICATED LAYOFF RESOLUTION	CLASSIFIED LAYOFF RESOLUTION
JOB TITLES	Teacher	Instructional Aide Campus Aide Communications Specialist
POSSIBLE ALTERNATE JOB DESCRIPTIONS	Literacy Coach Resource Teacher Backfill Teacher	Special Programs Instructional Aide Special Programs Campus Aide Special Programs Liaison (TBD)

Timeline for Restoration of Positive Budget Certification

<p>Dec 11, 2025 Governing Board Meeting</p> <p>Jan 27, 2026 Governing Board Meeting</p>	<p>Board Approved Budget Reduction Plan</p> <p>Board Approved Revised Budget Reduction Plan</p>
<p>March 12, 2026 Governing Board Meeting</p>	<p>Second Interim Financial Report</p>
<p>May 7, 2026 Governing Board Meeting</p>	<p>Third Interim Financial Report</p>
<p>June 4, 2026 Governing Board Meeting</p> <p>June 18, 2026 Governing Board Meeting</p>	<p>2026-27 Proposed Budget</p> <ul style="list-style-type: none"> ● <i>Financially Stable Budget</i> <p>2026-27 Adopted Budget</p> <ul style="list-style-type: none"> ● <i>Financially Stable Budget</i>
<p>December 2026 Governing Board Meeting</p>	<p>2026-27 First Interim Financial Report</p> <ul style="list-style-type: none"> ● <i>Positive Budget Certification</i>

Thank You!

**Upon implementation of the budget reduction plan,
a fiscally stable 2026–27 budget
will be presented in June 2026**

&

Positive Budget Certification by December 2026