Newport-Mesa
Unified School District

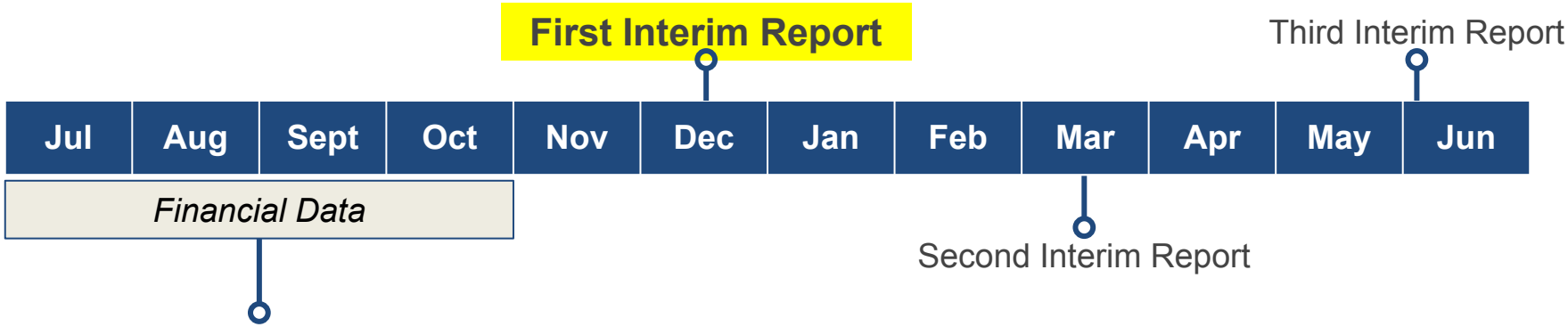
2025-26 First Interim

December 9, 2025

Overview

- Budget Timeline
- Explanation of Certifications
- Revenue Adjustments
- Expenditure Adjustments
- Ending Fund Balance
- Multi-Year Projection
- Financial Activators
- Staff Recommendation

Budget Timeline



Adjustments made to the adopted budget for the First Interim are based on information obtained from the beginning of the fiscal year through the end of October

Budget Certifications

Positive

Will meet financial obligations for the current and two subsequent fiscal years

Qualified

May not meet financial obligations for current or two subsequent fiscal years

Negative

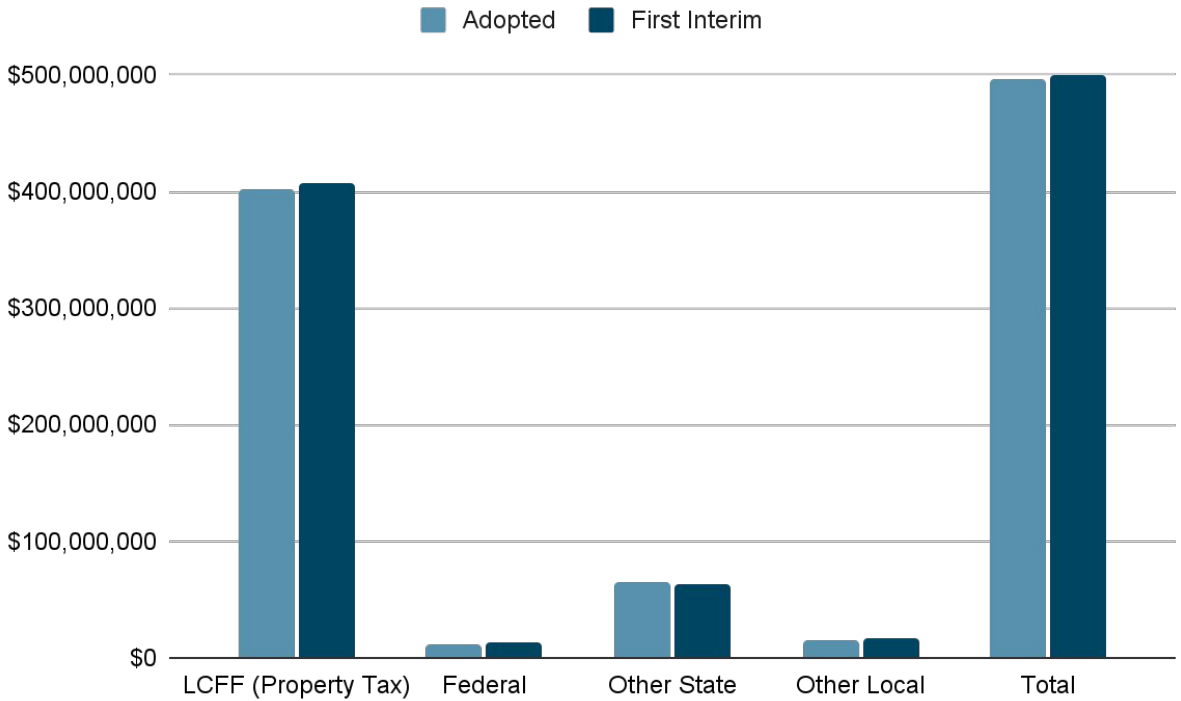
Unable to meet financial obligations for current year or subsequent fiscal year

Revenue Adjustments

Revenues have been adjusted based on information and trends we have received through the end of October. This includes an updated property tax estimate that is slightly higher than what was assumed at budget adoption.

Source	Adopted	First Interim
LCFF (Property Tax)	$402,541,190	$407,100,456
Federal	$12,374,398	$12,579,827
Other State	$65,274,787	$63,315,560
Other Local	$15,865,872	$16,318,112
Total	$496,056,247	$499,313,955

Revenue Adjustments



$3.2M

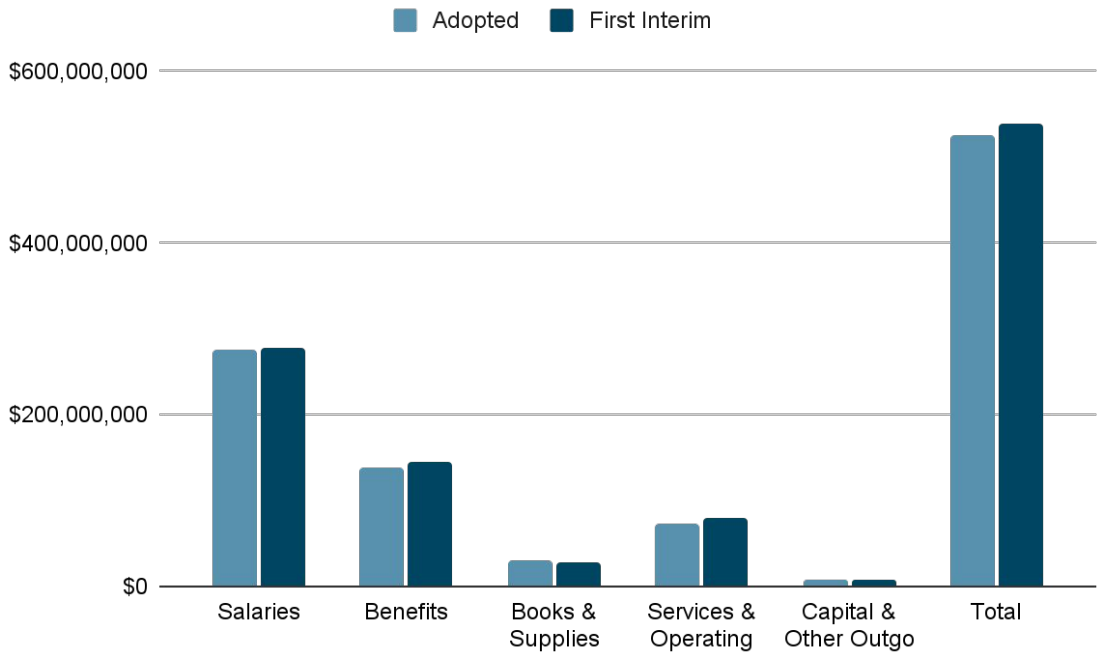
Revenue forecast adjustment

Expenditure Adjustments

Expenditures have been adjusted higher based expense trends observed through the end of October.

Source	Adopted	First Interim
Salaries	$275,102,967	$277,560,159
Benefits	$137,517,915	$144,929,740
Books & Supplies	$30,010,206	$28,711,707
Services & Operating	$73,786,249	$80,274,182
Capital & Other Outgo	$8,416,778	$8,464,352
Total	$524,834,115	$539,940,140

Expenditure Adjustments



$15.1M

Expenditure forecast adjustment

2025-26 Ending Fund Balance

Component	Adopted	First Interim
Reserve for Economic Uncertainties	$23,764,500	$24,444,500
Revolving Cash	$150,000	$150,000
Cash Flow Requirements	$36,540,389	$27,081,805
Stores	$66,676	$104,903
Restricted & Other Assignments	$20,789,144	$14,214,574
Total	$81,366,900	$65,995,782

Total Reserve Level: 15.66% 13.65%

Multi-Year Projection

EFB Component	2025-26	2026-27	2027-28
Reserve for Economic Uncertainties	$24,444,500	$23,902,000	$23,984,500
Revolving Cash	$150,000	$150,000	$150,000
Cash Flow Requirements	$27,081,805	$31,489,488	$45,138,871
Stores	$104,903	$1,805,677	$100,000
Restricted & Other Assignments	$14,214,574	-	-
Total	$65,995,782	$57,347,165	$69,373,371

Total Reserve Level: 13.65% 14.69% 14.40%

Financial Activators - First Interim

	Thresholds				Results
	Favorable	Acceptable	Evaluate		
Unrestricted GF Balance Change	Greater than $3M	$3M-$0	Less than $0		($2.9M)
Property Tax Revenue Change	Greater than 5%	5%-4%	Less than 4%		7%
General Fund REU	Greater than 4.5%	4.5%-4.0%	Less than 4%		4.5%
Reserves	Greater than 17%	17%-13%	Less than 13%		13.65%
Routine Restricted Maintenance	Greater than 5%	5%-4%	Less than 4%		5.5%
OPEB	Greater than 0.5%	0.5%-0.1%	Less than 0.1%		0.1%
Workers Comp Liability Funding	Greater than ACE	ACE	Less than ACE		ACE
Moody's Credit Rating	Aaa	Aa1	Less than Aa1		Aa1

Financial Activators - Comparison

	Adopted	First Interim
	Results	***Results***
Unrestricted GF Balance Change	($8.1M)	($2.9M)
Property Tax Revenue Change	5.5%	7%
General Fund REU	4.5%	4.5%
Reserves	21.15%	13.65%
Routine Restricted Maintenance	6.8%	5.5%
OPEB	0.5%	0.1%
Workers Comp Liability Funding	ACE	ACE
Moody's Credit Rating	Aa1	Aa1

Staff Recommendation

Board of Trustees approve the First Interim Report with a Positive Certification

Staff will bring back additional budget related information and detail for the Budget Workshop in February/March to strategize potential changes or explore opportunities to maximize our resource allocations and further improve our financial position.

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2025-26 First Interim

Thank you