Newport-Mesa
Unified School District

2025-26
Second Interim Report

Presentation Overview

- General Themes for Second Interim Adjustments
- Changes in Revenue
- Changes in Expenditures
  - Expenditure trend data
- Multi-Year Outlook
- Fiscal Indicators

Newport-Mesa
Unified School District

General Themes for Second Interim

Governor's Budget Proposal

Generally good for TK-14 public education, despite the continuation of intentionally underfunding Proposition 98 to fund non-education related programs.

Reserves & Efficiencies

Total reserves forecasted to remain steady at just over 13%. Improved efficiencies assumed to reduce costs slightly in Services and Other Operating expenditures; more work needed to increase total reserve levels.

Revenue & Expenditure Changes

Both revenues and expenditures increased from First Interim primarily based on restricted funding sources for each category.

Fiscal Health & Cash Flow

Remain in good fiscal health with potential to improve. Cash flow will likely require short-term borrowing to meet expenditure requirements in late Summer, early Fall.

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Overall Changes
Summary

	1st Interim	2nd Interim	Variance (2nd - 1st)
Restricted Revenue	$78,087,904	$81,231,485	$3,143,581
Unrestricted Revenue	$421,226,051	$421,557,911	$331,860
Total Revenue	**$499,313,955**	**$502,789,396**	**$3,475,441**
Restricted Expenditures	($185,752,486)	($189,036,849)	($3,284,363)
Unrestricted Expenditures	($354,187,654)	($355,739,085)	($1,551,431)
Transfers and Other Sources	$7,395,001	$7,395,001	-
Total Expenditures	**($532,545,139)**	**($537,380,933)**	**($4,835,794)**

Expenditure Trends

Through February 2026

	Budget	Spent	Encumbered	% of budget
Salaries & Benefits	$426,119,993	$233,986,808	$36,406,463	63%
Materials & Supplies	$25,481,427	$11,688,433	$5,649,237	68%
Services & Operating	$84,923,692	$43,830,620	$28,630,202	85%
Capital Improvements	$4,654,675	$1,701,581	$1,944,140	78%
Other Outgo / Indirect	$3,596,147	$12,178,866	$1,799,774	427%
Total	**$544,775,934**	**$303,386,308**	**$74,429,816**	**69%**

Multi Year Outlook

MYP

	2024-25 Actual	2nd Interim	2026-27	2027-28
Beginning Balance	126,027,435	99,226,966	64,635,429	58,655,489
Revenue	475,088,350	502,789,396	531,259,667	554,206,999
Expenditure	(511,495,716)	(544,775,934)	(535,327,551)	(537,105,500)
Sources/Uses	9,606,897	7,395,001	(1,912,057)	(1,923,770)
ENDING BALANCE	**99,226,966**	**64,635,429**	**58,655,489**	**73,833,218**

Financial Indicators - Thresholds Reminder

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

Financial Indicators

	2025-26	2026-27	2027-28
Unrestricted GF Balance Change	($1.3M)	($2.6M)	$15.1M
Property Tax Revenue Change	7%	6%	5%
General Fund REU	4.5%	4.5%	4.5%
Reserves	13.29%	13.07%	13.04%
Routine Restricted Maintenance	5.8%	5.5%	5.5%
OPEB	0.5%	0.1%	0.1%
Workers Comp Liability Funding	ACE	ACE	ACE
Moody's Credit Rating	Aa1	Aa1	Aa1

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Thank you

Questions & Discussion