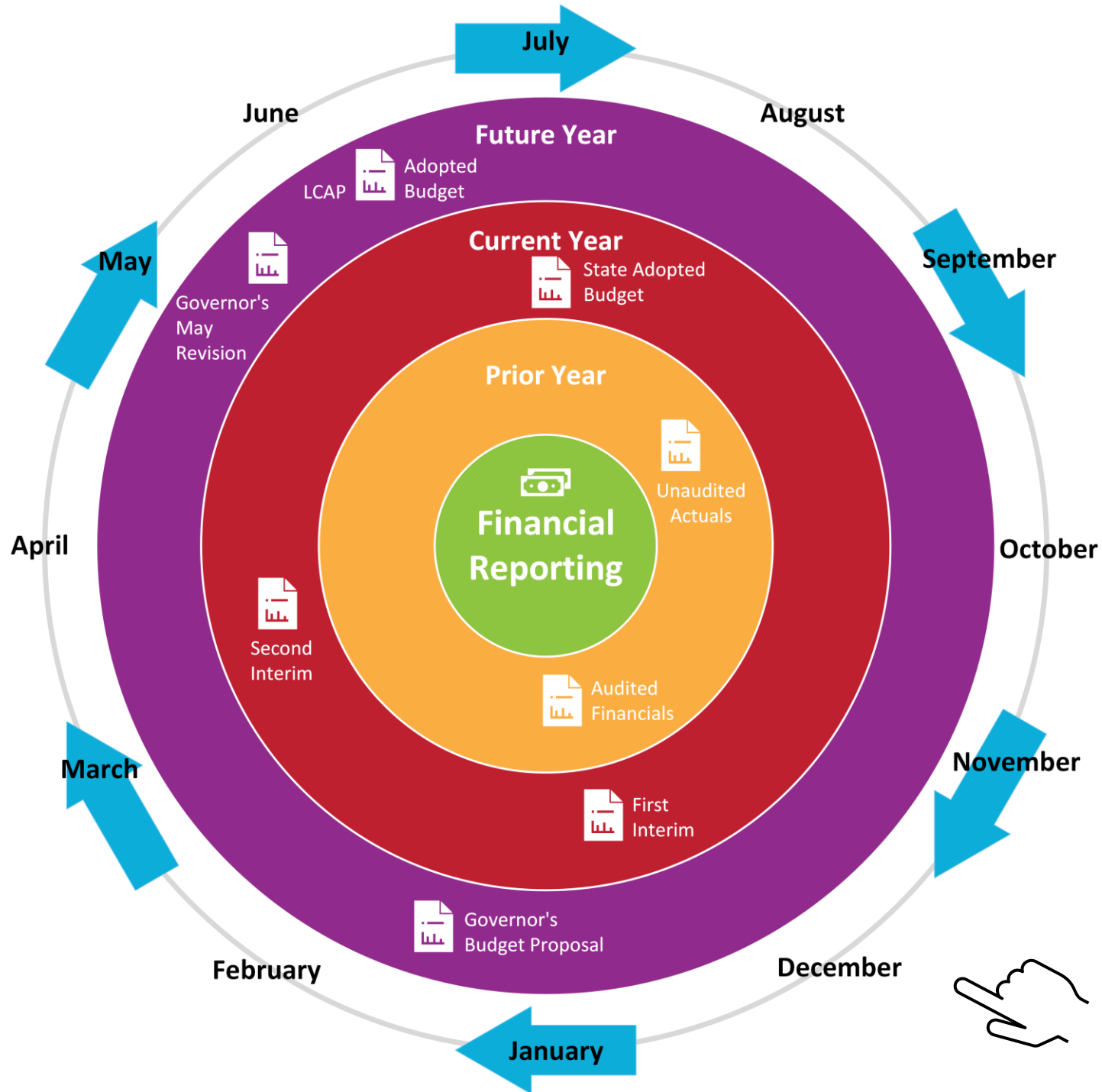

2025-26 First Interim Report

Board of Education Meeting
December 16, 2025

Amari Watkins, CPA Inactive, Chief Financial Officer
Finance and School Support

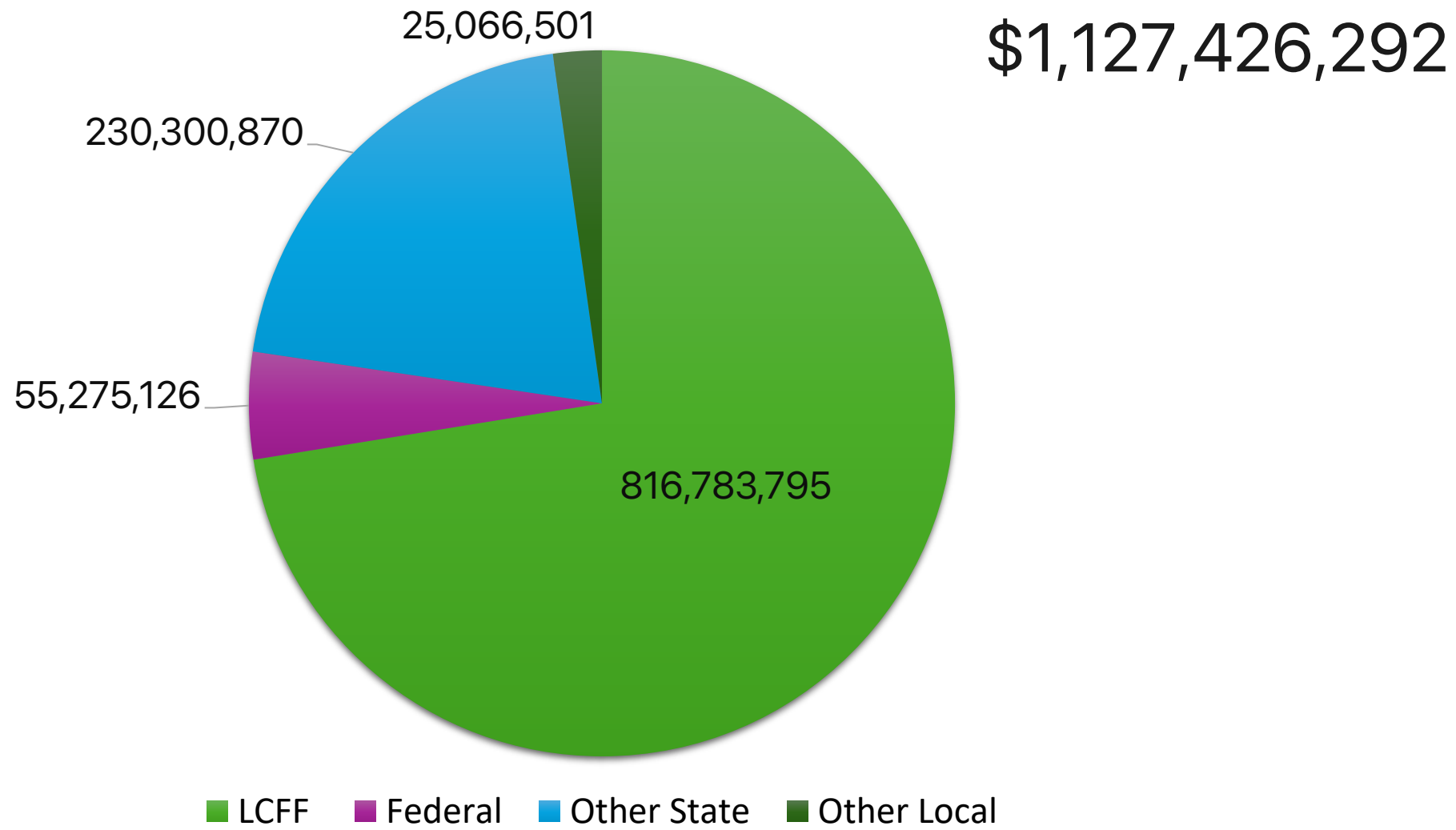
Financial Reporting Lifecycle



2025-26 First Interim Overview

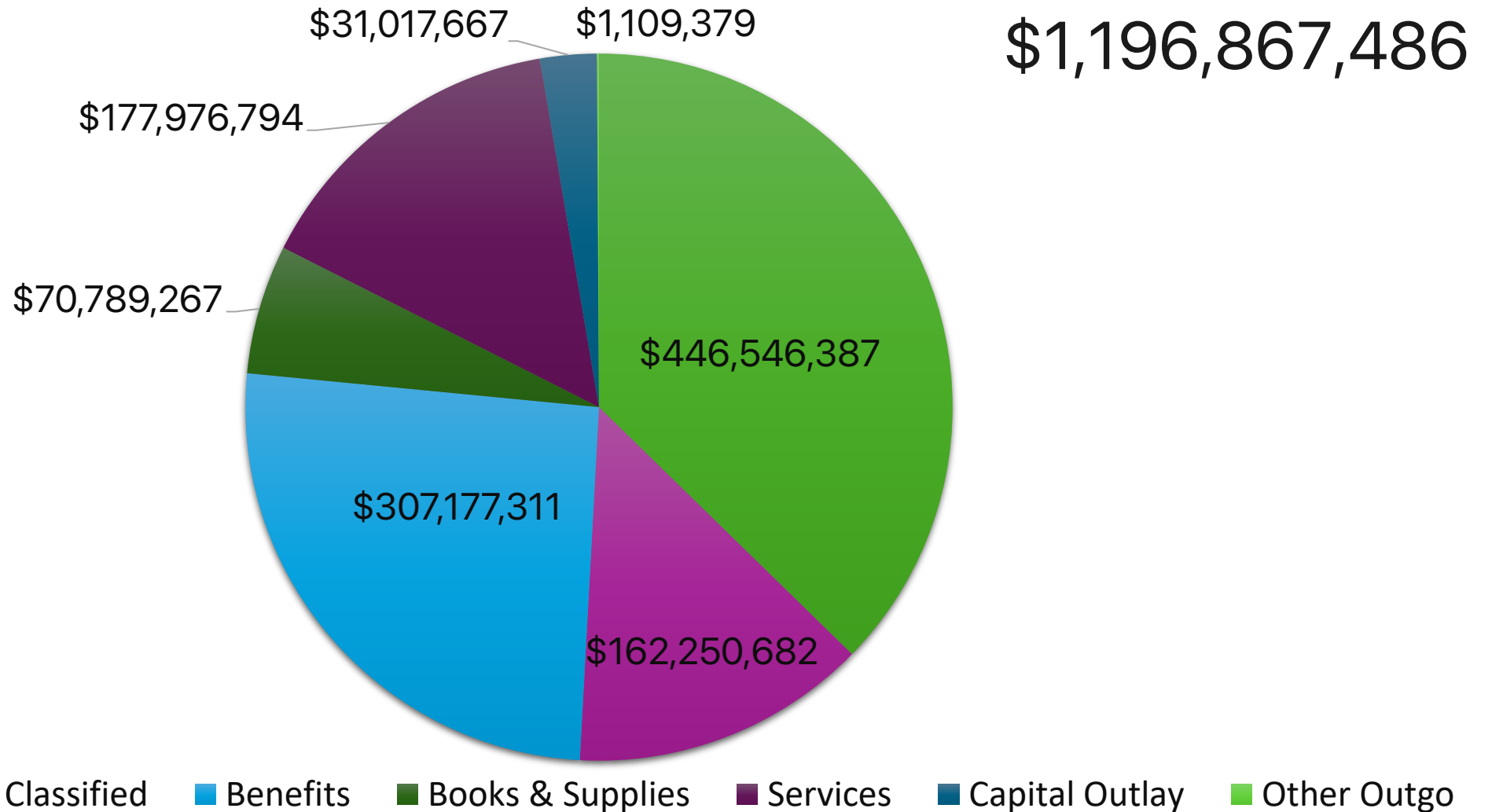
- Total General Fund Revenues
- Total General Fund Expenditures
- General Fund Changes from Adopted to First Interim
- Multiyear Projections
- Components of Ending Fund Balance
- Next Steps

2025-26 First Interim Total General Fund Revenues



2025-26 First Interim

Total General Fund Expenditures by Type



General Fund Changes from Adopted to First Interim Revenues

- Local Control Funding Formula (LCFF) Revenue increased by \$6.8 million
 - Projected enrollment increased 745 students based on actual CBEDS data
 - Districtwide efforts to collect Educational Benefits data from families increased our planned Unduplicated Pupil Count (UPC) by 783 students (0.49% increase in expected percentage)
 - Additional ongoing Transitional Kindergarten 1:10 staffing ratio revenue adjusted for CBEDS count and moved from Other State Revenue to LCFF Sources
- Carryover balances adjusted after year end close - Unaudited Actuals (UA)
- New and increased restricted grant awards
 - Career Technical Education Incentive Grant Program, Expanded Learning Opportunities Program

General Fund Changes from Adopted to First Interim Expenditures & Other Financing Sources/Uses

- Salaries and benefits increased by \$18 million for the 2024-25 and 2025-26 bargaining agreements settled and approved since Adopted
- Carryover budgets and rollover purchase orders adjusted after year end (UA)
 - Operating budgets realigned across discretionary expenditure categories – supplies, services, capital outlay
 - Indirect costs adjusted
- Increases in capital improvements (e.g., EV and fuel stations, VAPA)
- Expenditures for new restricted awards
- \$7 million increase in contribution to restricted programs for related increases in negotiated agreements

Multiyear Projection (MYP) Assumptions

First Interim (2025-2028)

Assumptions	2025-26	2026-27	2027-28
Enrollment Change	+745 (CBEDS)	+125	-
Average Daily Attendance (ADA) %	94%	94%	94%
COLA % (SSC Dartboard)	2.30%	3.02%	3.42%
CalPERS Pension Rate (SSC Dartboard)	26.81%	26.90%	27.80%
CalSTRS Pension Rate	19.10%	19.10%	19.10%

- Legislative Analyst’s Office (LAO) COLA expects 2026-27 COLA to decline by 0.51% (~\$4 million potential impact in 2026-27 not yet budgeted)
- CalPERS’ current rates expected to increase in outyears

Multiyear Projection (MYP) Assumptions

First Interim (2025-2028)

- Ongoing 2025-26 - 2% negotiated salary increases
- Salaries and benefits adjusted by step and column movement, vacancy rates, pension rates and health benefits
- Rising insurance (health, liability) and energy (utilities, fuel) costs
- Continuing Board Priority positions and initiatives are budgeted until June 30, 2028
- \$3 million in ongoing reductions in site/department supplies and services (2026-27)
- \$7 million increase in operating costs from expiring one-time block grant used to alleviate cost pressures (2027-28)
- Maintains minimum required 2% reserve for economic uncertainties

Multiyear Projections - Unrestricted General Fund

	First Interim 2025-26	Projected 2026-27	Projected 2027-28
Revenues	\$ 847,671,509	\$ 888,159,153	\$ 920,267,704
Contributions	\$ (210,685,303)	\$ (210,828,195)	\$ (215,317,067)
Salaries and Benefits	\$ (608,361,203)	\$ (619,121,181)	\$ (636,820,758)
Books, Supplies, and Other Expenditures	\$ (71,729,847)	\$ (67,450,895)	\$ (73,970,895)
Other Services	\$ 8,551,248	\$ 7,635,147	\$ 6,900,994
Surplus/(Deficit)	\$ (34,553,596)	\$ (1,605,971)	\$ 1,059,979
Beginning Fund Balance	\$ 68,661,438	\$ 34,107,842	\$ 32,501,871
Ending Fund Balance	\$ 34,107,842	\$ 32,501,871	\$ 33,561,850

Components of Ending Fund Balance

	First Interim 2025-26	Projected 2026-27	Projected 2027-28
Ending Fund Balance	\$ 34,107,842	\$ 32,501,871	\$ 33,561,850
Nonspendable (Revolving, Stores, etc):	\$ 750,000	\$ 750,000	\$ 750,000
Commitments:			
Retention, Recruitment and Continuity Strategies	\$ 300,000	\$ 300,000	\$ 300,000
Assignments:			
Pending Agreements	\$ 1,100,000	\$ 1,820,000	\$ 2,540,000
Instructional Materials	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Board Priorities	\$ 4,850,000	\$ 1,685,000	\$ -
2% Reserve for Economic Uncertainties:	\$ 24,000,000	\$ 22,600,000	\$ 22,800,000
Unassigned and Unappropriated:	\$ 107,842	\$ 2,346,871	\$ 4,171,850

Multiyear Projections - Restricted General Fund

	First Interim 2025-26	Projected 2026-27	Projected 2027-28
Revenues	\$ 279,754,783	\$ 223,653,055	\$ 225,274,676
Contributions	\$ 210,685,303	\$ 210,828,195	\$ 215,317,067
Salaries and Benefits	\$ (307,613,176)	\$ (295,827,725)	\$ (286,805,542)
Books, Supplies, and Other Expenditures	\$ (208,053,881)	\$ (145,273,402)	\$ (137,203,291)
Other Services	\$ (9,986,286)	\$ (9,070,185)	\$ (8,336,032)
Surplus/(Deficit)	\$ (35,213,257)	\$ (15,690,062)	\$ 8,246,878
Beginning Fund Balance	\$ 152,440,980	\$ 117,227,723	\$ 101,537,661
Ending Fund Balance	\$ 117,227,723	\$ 101,537,661	\$ 109,784,539

Considerations - Looking Ahead

- Enrollment growth and decline across schools
 - Opening of two new elementary schools over the next two years included in MYP
- Initiatives to address attendance and chronic absenteeism
 - Attendance Recovery – potential revenue not yet included in the budget
- Minimum wage increases
- Controlled spending and resource allocation
- Potential influx of additional one-time state funds in 2026-27 should be targeted at one-time costs and cost pressure relief

Next Steps

- First Interim Report submitted to Sacramento County Office of Education (SCOE) for review, approval and submission to California Department of Education (CDE)
- January Governor's Budget Proposal for 2026-27
- Second Interim Report prepared for the period ending January 31, 2026 (March, 2026)
- Governor's May Revision for 2026-27
- 2026-27 Local Control Accountability Plan (LCAP) and Adopted Budget

Questions and Comments
