

25-26 DNUSD Second Interims

Budget Report & Multi-Year Projections

A comprehensive review of actuals vs. projections through January 31, budget modifications for the remainder of the year, multi-year financial planning, and key budget decisions for the district.



What Are Second Interims?

1

Actuals vs. Projections

Compares actual money spent and received through January 31 against the Adopted Budget.

2

Multi-Year Projections (MYP)

District must certify financial health not just for the current year, but for the next two subsequent years.

3

Validation of Enrollment & ADA

Since most CA funding is based on student attendance, the Second Interim updates these numbers.



Why Are Second Interims So Important?

→ Governor's January Proposal

Incorporates the Governor's new state budget proposal, telling districts how much state funding to expect for the next year.

→ Staffing & Enrollment

By January, enrollment and staffing costs are locked in, giving a clear picture of the "burn rate" for the rest of the year.

→ Layoff Deadlines

Due in mid-March, coinciding with the March 15 deadline for preliminary layoff notices. A massive deficit may require the board to reduce staff.

Budget Assumptions

COLA Rates

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

Payroll Employer Rates

- Certificated: **25.78%**
- Classified: **39.69%**
- Certificated Management: **25.78%**
- Classified Management: **40.78%**

Health & Welfare (H&W) rates remain the same.

Revenues — 4% Increase from Budget

LCFF Revenue

\$45.2M vs. Adopted Budget \$45.5M — averaging a 2% run-off over the past three years with enrollment.

Federal Revenues

\$4.6M vs. Adopted Budget \$4.8M — reduction in Title Resources.

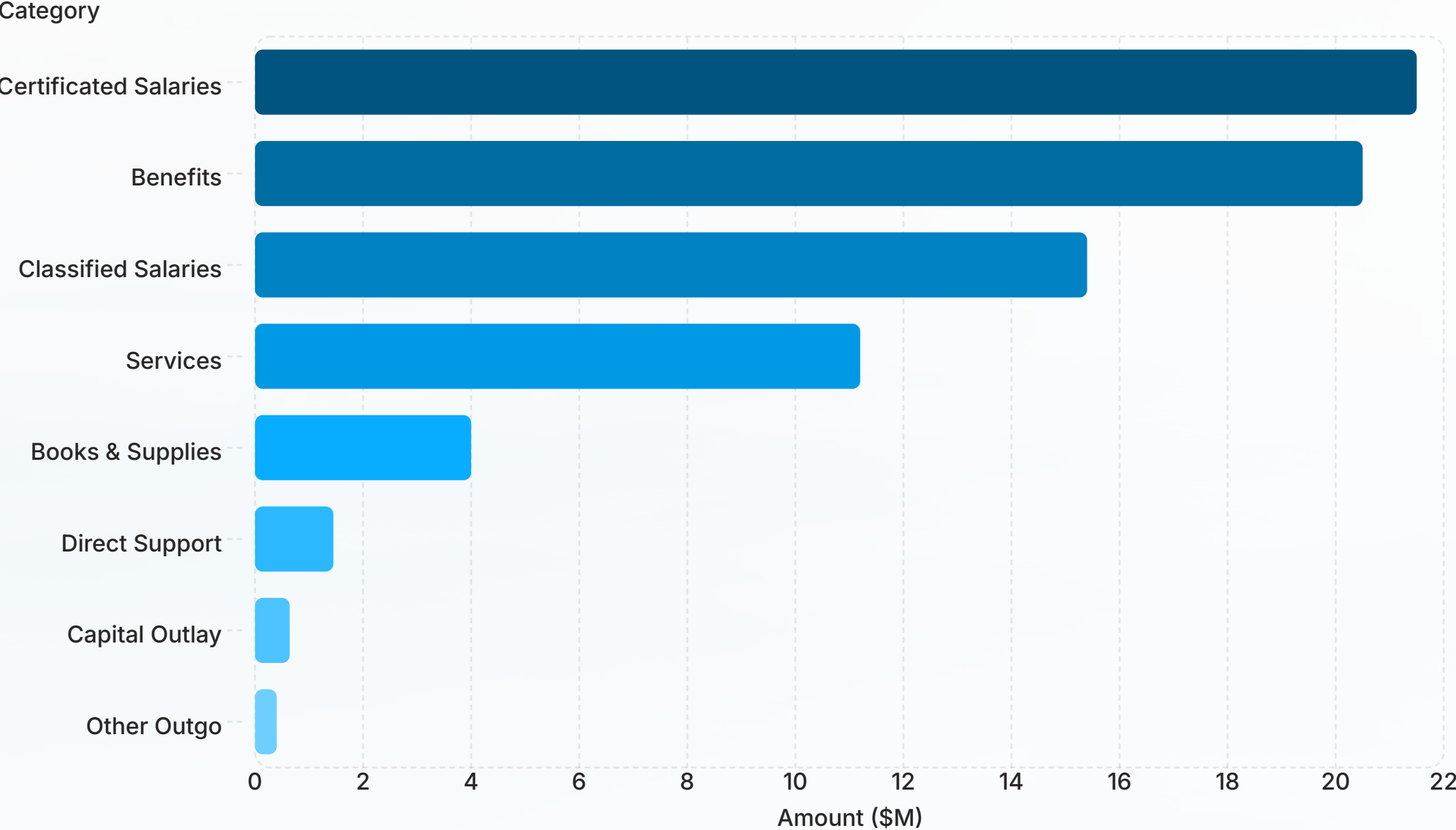
State Revenues

\$13.1M vs. Adopted Budget \$9.8M — driven by Expanded Learning Opportunities (+\$1.3M), Student Support & PD Block Grant (+\$956k), and Literacy Coaches/OMLC (+\$450k).

Local Revenues

\$9.59M vs. Adopted Budget \$10.6M. - GASB 31 adjustment post closing of the books.

Expenses Overview



Certificated salaries (\$21.5M) followed by Classified salaries (\$15.4M) and benefits (\$20.5M) represent the largest expenditure categories, and services (\$11.2M).

Components of Funding Balance

Component	Amount
Restricted Resources	\$15,475,585
Reserve Cashflow (HR 2389 Fed Facilities)	\$2,635,308
Contingent Legal Liability Reserve	\$5,000,000
Reserve for Proposed Increases 25-26	\$1,018,444
Additional Reserve for Projected Deficit	\$2,454,487
Economic Uncertainties (3%)	\$2,262,032
Unassigned/Unappropriated Amount	(\$5)



Second Interim Highlights

2025-26 Unrestricted Expenditures by Object

FUND 01 - DISTRICT

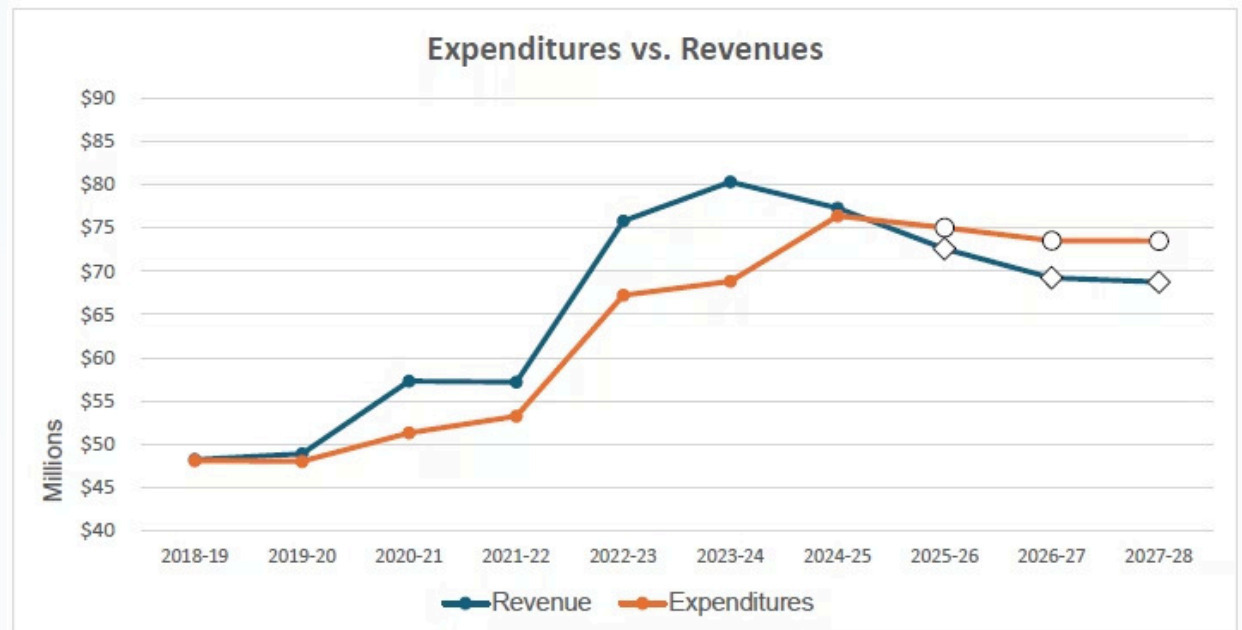
Revenue	\$	50,723,093
Expenditures	\$	53,916,766
Net Increase (Decrease) in Fund Balance	\$	(3,193,673.00)

Multi-Year Projection

DNUSD achieved a "Positive " certification which means The district will be able to fulfill its financial obligations in the 2025-26 fiscal year as well as the two subsequent years.

Recommendation

2025-26	\$ 72,600,903.00	\$ 75,054,772.00	\$ (2,453,869.00)	Second Interim
2026-27	\$ 69,242,755.00	\$ 73,543,951.62	\$ (4,301,196.62)	Projection
2027-28	\$ 68,743,376.00	\$ 73,517,147.39	\$ (4,773,771.39)	Projection



Areas of Focus

Addressing the Budget Shortfall

- Current hiring frost — all vacancies reviewed at Cabinet level to ensure services are needed and funding is stable
- Tight operational controls — programs tied to the unrestricted general fund subject to reductions

Declining Enrollment

Anticipating declining enrollment and revenues impacting the next few years, requiring proactive budget planning.

Federal & State Volatility

Closely monitoring volatility within Federal and State Government and its potential impact on district revenues.

