

# 2025-26 First Interim Budget Report



December 9, 2025



# Agenda

- **Economic Outlook - Legislative Analyst's Office**
- **Budget Reporting Timelines and Self Certification**
- **First Interim Budget Report**
- **Budget Changes since Last Report**
- **Multiyear Projection**
- **Next Steps**

# LAO Fiscal Outlook

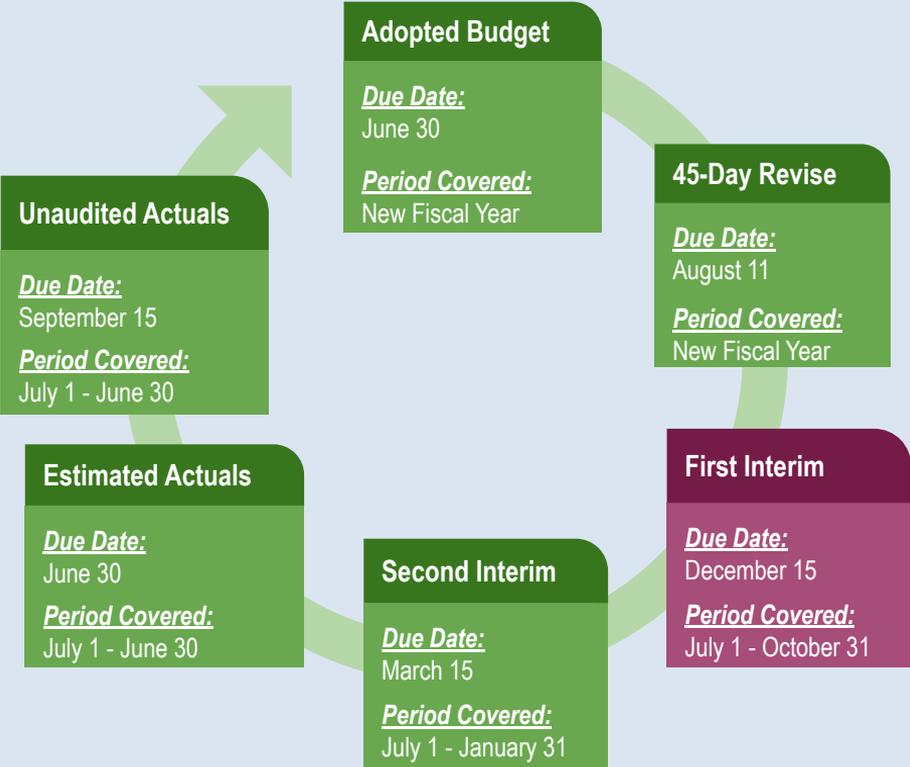
- **The Legislative Analyst's Office (LAO) released their Fiscal Outlook for K-12 Schools and Community Colleges in November.**
- **Income tax collections appear strong, showing annual growth of 10% based on investor enthusiasm for AI - Stock market gains have been very positive over the past two years.**
- **Corporation tax and sales tax receipts show flat growth.**
- **Strong income tax receipts increases the 2025-26 Prop 98 guarantee by 3.3%, or \$3.8 billion.**
- **When combined with pre-existing obligations from 2024-25, Prop 98 should receive a total of \$7.4 billion in one-time funding.**
- **This is potentially good news for K-12 schools, especially if the funds are allocated as discretionary.**

# LAO Multiyear Outlook

- There are economic signs that the stock market is overvalued.
- State's school age population is declining due to lower birth rates.
- Estimates show that there is just enough new revenue to cover the COLA in 2026-27.
  - Somewhat higher COLA estimates are projected after 2026-27 (3.7%, 4%, 4.2%)
  - Historical COLA average is 3%
- LAO cautions against new ongoing commitments from the State.
- Non Prop 98 Budget
  - Projects a deficit of \$18 billion in 2025-26, growing to \$35 billion in 2026-27.
  - This could put pressure on the Prop 98 side of the State budget.
- The Governor's response to this information will be seen with the release of the Governor's Budget Proposal in January.

# Public Education Budget Cycle

## 2025-26 Fiscal Year



# First Interim Report

## Purpose

- First of two required interim reports
- Part of the “checks and balances”
- Includes a review of financials, and a review of Criteria & Standards associated with fiscal stability and solvency

## Certification

- Board of Education self-certifies the report as either:
  - Positive
  - Qualified
  - Negative

## *Process*

Board Action → County Office of Ed. Certifies → Report to Sacramento



# 2025-26 First Interim Budget Report

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Combined</i>
Beginning Fund Balance	\$ 1,456,387	\$ 31,281,557	\$ 32,737,944
Increase (Decrease) in Fund Balance (from previous slide)	\$ (453,831)	\$ (14,734,346)	\$ (15,188,177)
Ending Fund Balance	\$ 1,002,556	\$ 16,547,211	\$ 17,549,767
<b><i>Components of Ending Fund Balance</i></b>			
-Non-spendable (Revolving Cash, Stores, Prepaid Items)	\$ 319,137	\$ 0	\$ 319,137
-Legally Restricted	\$ 0	\$ 16,547,211	\$ 16,547,211
-Committed	\$ 0	\$ 0	\$ 0
-Assigned	\$ 683,419	\$ 0	\$ 683,419
-Undesignated/Unappropriated	\$ 0	\$ 0	\$ 0
<b>Total Ending Fund Balance</b>	<b>\$ 1,002,556</b>	<b>\$ 16,547,211</b>	<b>\$ 17,549,767</b>

**Fund 17 Balance** \*(District is legally required to maintain a reserve in the amount of 3% of expenditures)

Reserve for Economic Uncertainties (REU)	\$ 14,298,255
Strategic Reserve (Assigned)	\$ 4,591,538

**Reserve Percentage (Fund 01 Assigned EFB + Fund 17)**

**4.11%**

# Budget Changes Since the 45-Day Revise

- **It's very common to see changes in the numbers between each financial report, especially between 45-Day Revise and First Interim.**
  - **45-Day Revise is typically the end of July, beginning of August**
  - **First Interim is through the end of October**
- **One of the main budget adjustments that takes place for First Interim is the inclusion of monies from the prior financial year.**
- **Any unspent restricted funds from 2024-25 have been re-budgeted for schools and staff to spend in the current year.**
- **This process increases expenditure budgets from the last financial report.**

# Visualizing the Budget Process

## Revenue



## Expenditures



### A) REVENUES

LCFF Sources  
Federal Revenues  
Other State Revenues  
Local Revenues  
Other Financing Sources  
Contributions

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**TOTAL REVENUES AND OTHER  
FINANCING SOURCES**

### B) EXPENDITURES

Certificated Salaries  
Classified Salaries  
Employee Benefits  
Books and Supplies  
Services and Operating Expenses  
Capital Outlay  
Other Outgo  
Direct Support/Indirect Costs  
Other Financing Uses

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**TOTAL EXPENDITURES AND OTHER  
FINANCING USES**

## Ending Balance



NET INCREASE (DECREASE)

C) IN FUND BALANCE

D) BEGINNING FUND BALANCE

E) ENDING FUND BALANCE

# Visualizing the Budget Process

<b>A) REVENUES</b>	
LCFF Sources	
Federal Revenues	\$ \$ \$
Other State Revenues	\$ \$ \$
Local Revenues	\$
Other Financing Sources	
Contributions	
<hr/>	
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	
<b>B) EXPENDITURES</b>	
Certificated Salaries	\$
Classified Salaries	\$
Employee Benefits	
Books and Supplies	\$ \$
Services and Operating Expenses	\$
Capital Outlay	
Other Outgo	
Direct Support/Indirect Costs	
Other Financing Uses	
<hr/>	
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	
<b>NET INCREASE (DECREASE)</b>	
<b>C) IN FUND BALANCE</b>	
<b>D) BEGINNING FUND BALANCE</b>	
	\$ \$ \$
<b>E) ENDING FUND BALANCE</b>	

## What happens if planned expenditures go unspent?

- *At the end of the fiscal year, expenditure budgets are adjusted downward and closed.*
- *Restricted funds are transferred to the Ending Fund Balance and carried over into the next fiscal year.*
- *Unrestricted funds follow the same process, but may not be carried over.*
- *Once the new fiscal year begins, the dollars are re-budgeted into expense lines for staff, school sites, and departments to spend.*

# Changes Since the 45-Day Revise

<i>Revenues</i>	<i>45-Day Revise</i>	<i>First Interim</i>	<i>Change</i>	<i>%</i>
LCFF Sources	\$ 335,593,008	\$ 335,589,362	\$ (3,646)	0.00%
Federal Revenue	\$ 7,268,460	\$ 7,630,849	\$ 362,389	4.99%
Other State Revenue	\$ 76,557,507	\$ 80,964,866	\$ 4,407,359	5.76%
Other Local Revenue	\$ 34,179,338	\$ 37,235,116	\$ 3,055,778	8.94%
Transfers In	\$ 0	\$ 0	\$ 0	
<b>Total</b>	<b>\$ 453,598,313</b>	<b>\$ 461,420,193</b>	<b>\$ 7,821,880</b>	<b>1.72%</b>
<i>Expenditures</i>	<i>45-Day Revise</i>	<i>First Interim</i>	<i>Change</i>	<i>%</i>
Certificated Salaries	\$ 187,609,136	\$ 187,101,106	\$ (508,030)	-0.27%
Classified Salaries	\$ 72,208,561	\$ 69,417,871	\$ (2,790,690)	-3.86%
Employee Benefits	\$ 133,515,365	\$ 132,739,499	\$ (775,866)	-0.58%
Books & Supplies	\$ 10,940,854	\$ 18,670,048	\$ 7,729,194	70.65%
Services	\$ 46,061,369	\$ 65,025,117	\$ 18,963,748	41.17%
Capital Outlay	\$ 101,150	\$ 582,775	\$ 481,625	476.15%
Other Outgo / Indirect Costs	\$ 704,146	\$ 704,146	\$ 0	0.00%
Transfers Out / Contributions	\$ 2,367,808	\$ 2,367,808	\$ 0	0.00%
<b>Total</b>	<b>\$ 453,508,389</b>	<b>\$ 476,608,370</b>	<b>\$ 23,099,981</b>	<b>5.09%</b>
<b>Net Increase (Decrease) in Fund Balance</b>	<b>\$ 89,924</b>	<b>\$ (15,188,177)</b>	<b>\$ (15,278,101)</b>	

# Additional Information re: Changes

<b>Revenues</b>	<b>45-Day Update</b>	<b>First Interim</b>	<b>Change</b>	<b>%</b>
Federal Revenue	\$ 7,268,460	\$ 7,630,849	\$ 362,389	4.99%
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- \$3.4m CalShape
- \$956k CSESAP
- \$603k Prop 28
- \$307k LRE BG

- Perkins
- ESSA carryover

- SPED Vacancies
- CSESAP

- SRVEF
- CTC Residency Program
- PTA/Classroom Donations
- HS Athletics

- \$17m Restricted
- \$7.98m SPED
  - \$5m CalShape
  - \$1m PTA/Classroom Donations/Boosters
  - \$1.56m Assessment
  - \$306k Lottery
  - \$264k ESSA carryover
  - \$494k Athletics

- \$7.58m Restricted
- \$1m Prop 28
  - \$103k SRVEF
  - \$470k CalShape
  - \$4.7m PTA/ classroom donations
  - \$1.5m HS Athletics

- \$1.9m Unrestricted
- Utilities

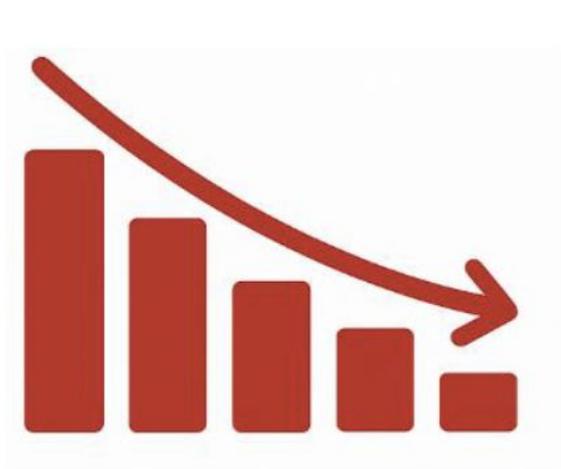
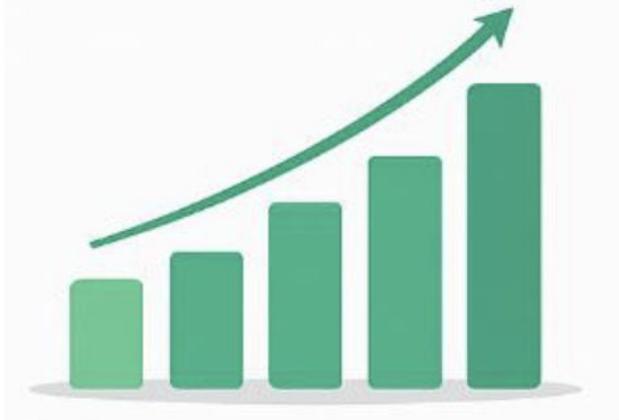
- \$433k PTA/Classroom Donations

\$145,824 Unrestricted

*Note: Bulleted Item dollar amounts may not add up to totals in the table due to space constraints.*

# Multiyear Projections

- Multiyear projections (MYPs) are the result of mathematical calculations for future years based on the following:
  - Industry standard economic assumptions
  - Locally calculated data point estimates
  - Decisions that have already been made



- MYPs are an important tool to assess a district's ongoing financial sustainability
- MYPs project how current day decisions affect the organization's finances in the future

# SRVUSD MYP Assumptions

- Below are the assumptions that inform the multiyear projection.

	2025-26	2026-27	2027-28
<b>Enrollment</b>	27,985	27,282	26,586
<b>ADA Ratio</b>	95.49%	95.49%	95.49%
<b>3-Yr Funded ADA</b>	27,886.85	27,405.51	26,774.67
<b>Unduplicated %</b>	11.40%	11.85%	12.21%
<b>COLA</b>	2.30%	2.53%	3.42%
<b>California CPI</b>	3.09%	2.82%	2.72%
<b>Health &amp; Welfare</b>	8.05%	8.05%	8.05

# Multiyear Projection

<b>Revenues</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
LCFF Sources	\$ 335,589,362	\$ 338,247,582	\$ 341,816,914
Federal Revenue	\$ 7,630,849	\$ 7,223,168	\$ 7,223,168
Other State Revenue	\$ 80,964,866	\$ 73,078,975	\$ 74,379,685
Other Local Revenue	\$ 37,235,116	\$ 37,210,428	\$ 37,257,549
Transfers In	\$ 0	\$ 1,000,000	\$ 0
<b>Total</b>	<b>\$ 461,420,193</b>	<b>\$ 456,760,153</b>	<b>\$ 460,677,316</b>
<b>Expenditures</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Certificated Salaries	\$ 187,101,106	\$ 183,394,548	\$ 182,902,889
Classified Salaries	\$ 69,417,871	\$ 70,104,357	\$ 70,804,193
Employee Benefits	\$ 132,739,499	\$ 134,704,633	\$ 138,573,182
Books & Supplies	\$ 18,670,048	\$ 13,117,697	\$ 13,462,344
Services	\$ 65,025,117	\$ 58,176,916	\$ 59,154,519
Capital Outlay	\$ 582,775	\$ 332,775	\$ 332,775
Other Outgo / Indirect Costs	\$ 704,146	\$ 704,146	\$ 704,146
Transfers Out / Contributions	\$ 2,367,808	\$ 2,367,808	\$ 945,845
Other Adjustments	\$ 0	\$ (2,336,593)	\$ (3,621,359)
<b>Total</b>	<b>\$ 476,608,370</b>	<b>\$ 460,566,288</b>	<b>\$ 463,258,534</b>
<b>Net Increase (Decrease) in Fund Balance</b>	<b>\$ (15,188,177)</b>	<b>\$ (3,806,135)</b>	<b>\$ (2,581,218)</b>

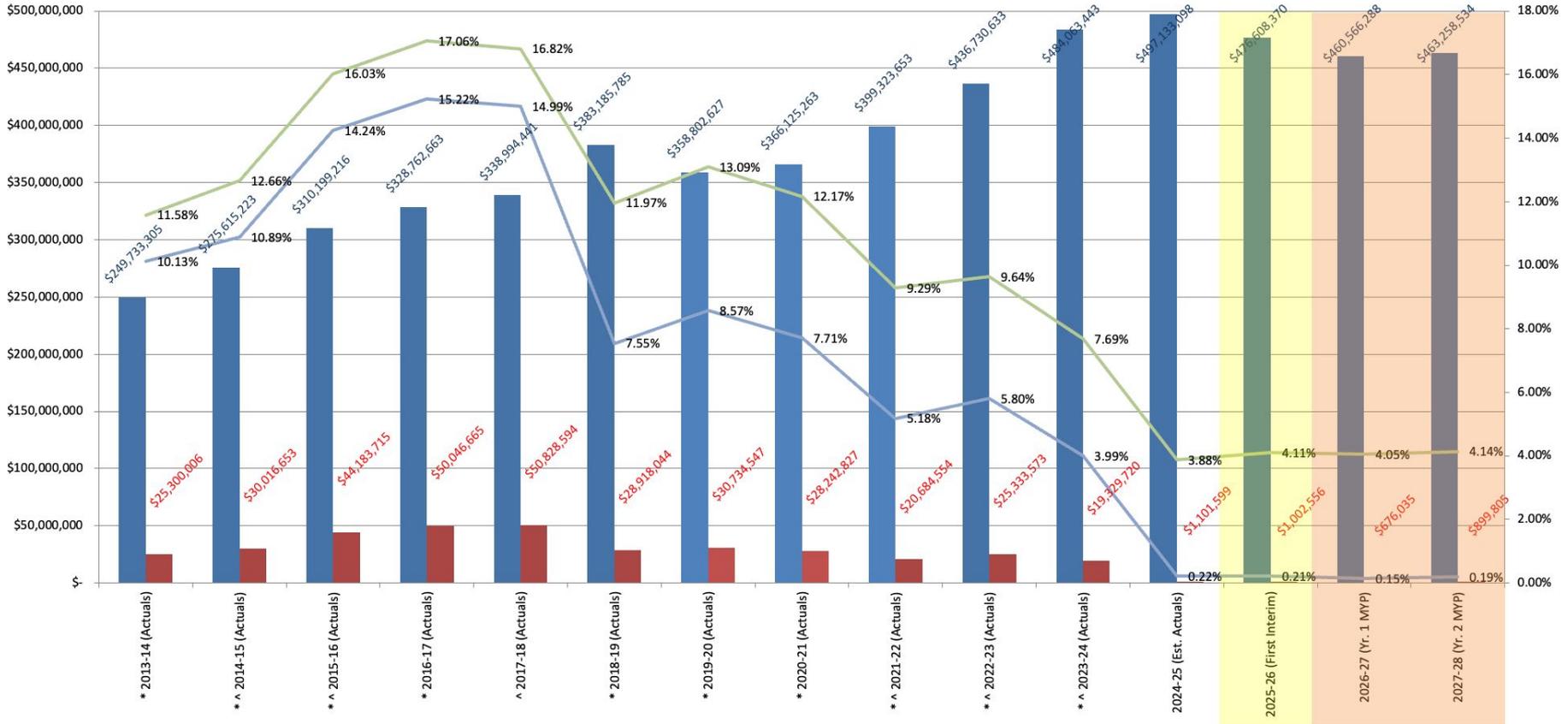
# Multiyear Projection

<b>Fund 01 - General Fund</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Beginning Fund Balance	\$ 32,737,944	\$ 17,549,767	\$ 13,743,632
Increase (Decrease) in Fund Balance (from previous slide)	\$ (15,188,177)	\$ (3,806,135)	\$ (2,581,218)
Ending Fund Balance	\$ 17,549,767	\$ 13,743,632	\$ 11,162,414
<b>Components of Ending Fund Balance</b>			
-Non-spendable: Revolving Cash, Stores, Prepaid Items	\$ 319,137	\$ 319,137	\$ 319,137
-Legally Restricted	\$ 16,547,211	\$ 13,067,596	\$ 10,262,608
-Committed	\$ 0	\$ 0	\$ 0
-Assigned	\$ 683,419	\$ 356,898	\$ 580,669
-Undesignated/Unappropriated	\$ 0	\$ 0	\$ 0
<b>Total Ending Fund Balance</b>	<b>\$ 17,549,767</b>	<b>\$ 13,743,631</b>	<b>\$ 11,162,414</b>

<b>Fund 17 Balance</b> *(District is legally required to maintain a reserve in the amount of 3% of expenditures)			
Reserve for Economic Uncertainties (REU)	\$ 14,298,255	\$ 13,887,265	\$ 14,021,671
Strategic Reserve (Assigned)	\$ 4,591,538	\$ 4,402,528	\$ 4,568,122

<b>Reserve Percentage (Fund 01 Assigned EFB + Fund 17)</b>	<b>4.11%</b>	<b>4.05%</b>	<b>4.14%</b>
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# SRVUSD Historical Reserve Balance



■ General Fund Total Expenditures

— General Fund Reserve Percentage %

\* = Ongoing salary increase

■ = 2025-26 First Interim

■ Unrestricted Ending Balance

— UGF + Fund 17 Reserve Percentage %

^ = One-time salary increase

■ = next two years in the multiyear projection

# SRVUSD Strategic Reserve Progress

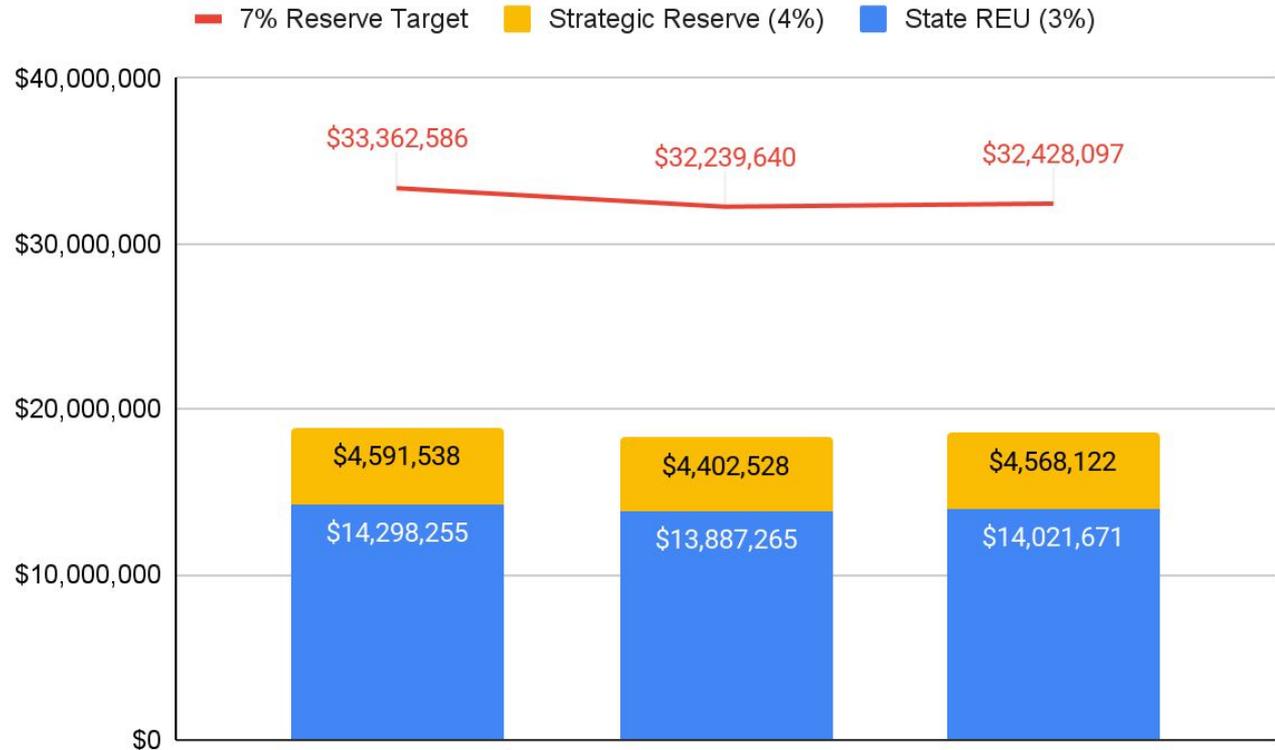
- The Strategic Reserve are savings beyond the minimum 3% Reserve for Economic Uncertainty (REU) required by the State.

State Required  
3%  
Reserve



Local 4%  
Strategic  
Reserve

Combined  
7%  
Reserve



# Estimated LCFF Revenues in San Ramon Valley Unified

- SRVUSD expects to receive a small increase in LCFF funding due to declining student enrollment.

	2024-25	2025-26	2026-27	2027-28
<b>Funded COLA</b>	1.07%	2.30%	2.53%	3.42%
<b>LCFF Revenues</b>	\$332,128,036	\$335,589,362	\$338,247,582	\$341,816,914
<b>\$ Change in LCFF Revenues</b>	N/A	\$3,464,972	\$3,858,681	\$3,023,691
<b>% Change in LCFF Revenues</b>	N/A	1.04%	0.79%	1.06%
<b>Funded ADA (3 Yr Avg)</b>	28,464.12	27,886.85	27,405.51	26,774.67
<b>Funded ADA Difference</b>		(577.27)	(481.34)	(630.84)

# First Interim Report Summary

- The Board approved budget reductions helped decrease the district's deficit spending.
  - Dropping from \$35.8 million in 2024-25 to \$15.1 million in 2025-26
- The unrestricted side of the budget is mostly balanced for this fiscal year.
  - \$453k unrestricted + \$14.7m restricted
- Ongoing expenses are being supported by one-time funds and/or grants.
  - As one-time funds are exhausted, these expenses return to the unrestricted general fund.
- Rising costs and falling revenues will make achieving the 7% reserve policy difficult; reserves are stable at approximately 4% per year.
- Declining enrollment is projected to continue.
- New State one-time funds will could help the district if they are allocated as discretionary.
- *Staff recommends that the Board self certify the budget Positive, which means the district will meet its financial obligations for this year and the next two fiscal years.*

# Next Steps and Upcoming Milestones

- December 9: BOE Meeting, First Interim Financial Report and FCMAT Report on Multiyear Projection
- *January 10: Governor's Budget Proposal is released*
- March 10: BOE Meeting, Second Interim Financial Report
- *May 10: Governor's Revision of January proposal*
- June 9 and 16: BOE Meetings, 2026-27 Budget Review and Adoption
- *June 30: Governor and Legislature agree on a balanced State budget*



# Questions and Board Discussion