

Pleasanton Unified School District

Fiscal Year 2025/26

First Interim Report
Presentation to Board of Trustees

December 11, 2025

Presentation Summary

- Executive Summary
- Budget Monitoring and Controls
- First Interim Adjustments
- 2024/25 First Interim Revenues and Expenditures
- Multi-year Projections and Reductions
- Other Funds
- Conclusion / Next Steps
- Appendix

Executive Summary

- First Interim Report was updated through a rigorous process and supported by outside experts.
- Significant improvement in fiscal condition from the Adopted Budget to First Interim, from -\$5.8 million to and adjusted -\$2.5 million ending fund balance, however it falls short of our 45 Day Budget Update projection
- While the transfer of \$11M from the Sale of Property funds ([Board Resolution 2025-2026.08](#)) into the General Fund provides a committed fund balance reserve that meets the minimum state required reserve for economic uncertainties, the ending fund balance falls short of the reserve which is reflected as a negative unappropriated fund balance.
- Staff recommends the First Interim Report to be submitted as a **Negative Certification** to the County Superintendent of Schools, which indicates the district will not meet its financial obligations in the current or subsequent fiscal year. Once the District is able to clear this negative balance it can return to a Positive Certification
- The Negative Certification will translate to additional oversight and support by the ACOE as well as a required fiscal health risk analysis conducted by the Fiscal Crisis Management and Assistance Team (FCMAT).

Summary First Interim Fiscal Position

Description	2025/2026 - First Interim		
	Unrestricted	Restricted	Total
Revenues	\$172,399,355	\$42,931,259	\$215,330,614
Expenditures	-\$144,438,997	-\$82,807,613	-\$227,246,610
Transfers In (includes Committed/Stabilization Fund)	\$14,080,000	\$0	\$14,080,000
Contribution to Restricted Programs	-\$35,699,504	\$35,699,504	\$0
Less Committed/Stabilization Funds	-\$11,000,000	\$0	-\$11,000,000
Net Increase/Decrease (without Committed/Stabilization Fund)	-\$4,659,146	-\$4,176,850	-\$8,835,996
Beginning Balance	\$2,479,335	\$9,852,006	\$12,331,341
Ending Balance (includes Committed/Stabilization Funds)	\$8,820,189	\$5,675,156	\$14,495,345
Less Nonspendable	-\$350,706		
Adjusted Ending Balance (without Committed/Stabilization Funds)/Reserve	-\$2,530,517	\$5,675,156	\$3,495,345

Includes one-time and ongoing funding sources

Restricted by the State and Board action and not available to manage deficit spending

Expenditures exceed revenues (deficit spending)

To return to Positive Certification this Ending Fund Balance will need cleared above \$0.

Budget Monitoring and Controls

- Establishing best practices for sustained improvements
- Enhanced purchase order and contract approval processes
- Rigorous budget monitoring with actuals
- Regular department and site budget reviews
- Weekly/Monthly updating and analyzing of cash flow
- Strengthened position control and approval of hiring
- Regular meeting with fiscal team at ACOE and outside fiscal advisor
- Additional review of District's budget with support to update the First Interim Report

2025/26 First Interim Adjustments

Unrestricted General Fund	Original Budget	First Interim	Increase / (Decrease)	Percentage
BEGINNING FUND BALANCE	\$ 1,951,522	\$ 2,479,335		
REVENUE				
LCFF Sources/Property Taxes	\$ 163,935,771	\$ 164,014,316	\$ 78,545	0.05%
Federal Revenues	\$ -	\$ -	\$ -	
Other State Revenue	\$ 4,429,580	\$ 3,351,015	\$ (1,078,565)	-32.19%
Other Local Revenue	\$ 4,673,569	\$ 5,034,024	\$ 360,455	7.16%
TOTAL REVENUE	\$ 173,038,920	\$ 172,399,355	\$ (639,565)	-0.37%
EXPENDITURES				
Certificated Salaries	\$ 82,424,668	\$ 82,839,682	\$ 415,014	0.50%
Classified Salaries	\$ 16,212,745	\$ 16,085,489	\$ (127,256)	-0.79%
Employee Benefits	\$ 33,151,696	\$ 32,730,343	\$ (421,353)	-1.29%
Books and Supplies	\$ 2,350,695	\$ 2,243,668	\$ (107,027)	-4.77%
Services, Operating Expenses	\$ 11,509,017	\$ 12,007,476	\$ 498,459	4.15%
Capital Outlay	\$ 44,000	\$ 43,000	\$ (1,000)	-2.33%
Other Outgo	\$ 1,773,840	\$ 1,773,840	\$ -	0.00%
Transfers of Indirect Costs	\$ (2,159,620)	\$ (3,284,501)	\$ (1,124,881)	34.25%
TOTAL EXPENDITURES	\$ 145,307,041	\$ 144,438,997	\$ (868,044)	-0.60%
OTHER FINANCING SOURCES				
Transfers In/Out	\$ 3,230,000	\$ 14,080,000	\$ 10,850,000	77.06%
Other Sources/Uses	\$ -	\$ -	\$ -	
Contributions	\$ (38,683,972)	\$ (35,699,504)	\$ 2,984,468	-8.36%
Categorical Programs	\$ -	\$ -	\$ -	
Special Education	\$ (32,347,682)	\$ (29,173,241)	\$ 3,174,441	-10.88%
Restricted Routine Repair	\$ (6,336,290)	\$ (6,526,263)	\$ (189,973)	2.91%
Transfers Out and Other Uses	\$ -	\$ -	\$ -	
TOTAL - OTHER FINANCING	\$ (35,453,972)	\$ (21,619,504)	\$ 13,834,468	-63.99%
INCOME minus EXPENSES & TRANSFERS	\$ (7,722,093)	\$ 6,340,854	\$ 14,062,947	221.78%
ENDING FUND BALANCE	\$ (5,770,571)	\$ 8,820,189	\$ 14,590,760	165.42%

- \$640K decrease in unrestricted revenues
 - \$78.5K increase in LCFF funding
 - Higher Unduplicated Student counts
 - \$1.08M decrease in other State funding
 - Moved the Student and Professional Development Block Grant into Restricted Revenues
 - \$360K in other Local funding
 - Increased Medi-Cal Administrative Activities (MAA) recovery
- \$868K decrease in unrestricted expenditures
 - \$134K decrease in salary and benefits costs
 - \$391K increase in Books & Supplies and Services & Operations
 - Legal Settlements cost increases
 - Technology licenses and communications costs increase
 - Foothill HS Athletic Trainer (student safety) contract with Stanford Medical
 - Increase in Transfer of Indirect costs: \$1.1M reduced expenses by charging restricted programs the full cost of indirect costs

2025/26 First Interim Adjustments

Restricted General Fund	Original Budget	First Interim	Increase / (Decrease)	Percentage
BEGINNING FUND BALANCE	\$ 8,615,593	\$ 9,852,006		
REVENUE				
LCFF Sources/Property Taxes	\$ 1,189,777	\$ 1,189,789	\$ 12	0.00%
Federal Revenues	\$ 3,342,848	\$ 3,319,469	\$ (23,379)	-0.70%
Other State Revenue	\$ 29,382,056	\$ 34,060,833	\$ 4,678,777	13.74%
Other Local Revenue	\$ 2,200,109	\$ 4,361,168	\$ 2,161,059	49.55%
TOTAL REVENUE	\$ 36,114,790	\$ 42,931,259	\$ 6,816,469	15.88%
EXPENDITURES				
Certificated Salaries	\$ 19,325,102	\$ 20,530,447	\$ 1,205,345	5.87%
Classified Salaries	\$ 14,158,551	\$ 14,926,038	\$ 767,487	5.14%
Employee Benefits	\$ 22,552,595	\$ 22,933,527	\$ 380,932	1.66%
Books and Supplies	\$ 2,214,533	\$ 5,370,867	\$ 3,156,334	58.77%
Services, Operating Expenses	\$ 14,110,072	\$ 14,817,749	\$ 707,677	4.78%
Capital Outlay	\$ 1,310,595	\$ 1,340,714	\$ 30,119	2.25%
Other Outgo	\$ 250,000	\$ 250,000	\$ -	0.00%
Direct Support/Indirect Costs	\$ 1,685,683	\$ 2,638,271	\$ 952,588	36.11%
TOTAL EXPENDITURES	\$ 75,607,131	\$ 82,807,613	\$ 7,200,482	8.70%
OTHER FINANCING SOURCES				
Transfers In	\$ -	\$ -	\$ -	
Contributions	\$ 38,683,972	\$ 35,699,504	\$ (2,984,468)	-8.36%
Categorical Programs	\$ -	\$ -	\$ -	
Special Education	\$ 32,347,682	\$ 29,173,241	\$ (3,174,441)	-10.88%
Restricted Routine Repair	\$ 6,336,290	\$ 6,526,263	\$ 189,973	2.91%
Transfers Out and Other Uses	\$ -	\$ -	\$ -	
TOTAL - OTHER FINANCING	\$ (38,683,972)	\$ (35,699,504)	\$ 2,984,468	-8.36%
INCOME minus EXPENSES & TRANSFERS	\$ (808,369)	\$ (4,176,850)	\$ (3,368,481)	80.65%
ENDING FUND BALANCE	\$ 7,807,224	\$ 5,675,156	\$ (2,132,068)	-37.57%

- \$6.82M increase in restricted revenues
 - \$23.3K decrease in Federal revenues
 - \$4.68M increase Other State Revenues (major items listed below)
 - \$3.97M increase in Student Support and Professional Development Block Grant
 - \$244K increase in CA UTK Planning Grant
 - \$310K increase in Golden State Pathways Program Grant
 - \$279K decrease in State Mental Health (SELPA)
 - \$100K increase in Dual Enrollment Opportunities Grant
 - \$100K increase in State Grant
 - \$124K increase in Early Education Teacher Development Grant
 - \$2.16M increase in local funding, mainly in donations

2025/26 First Interim Adjustments

Restricted General Fund	Original Budget	First Interim	Increase / (Decrease)	Percentage
BEGINNING FUND BALANCE	\$ 8,615,593	\$ 9,852,006		
REVENUE				
LCFF Sources/Property Taxes	\$ 1,189,777	\$ 1,189,789	\$ 12	0.00%
Federal Revenues	\$ 3,342,848	\$ 3,319,469	\$ (23,379)	-0.70%
Other State Revenue	\$ 29,382,056	\$ 34,060,833	\$ 4,678,777	13.74%
Other Local Revenue	\$ 2,200,109	\$ 4,361,168	\$ 2,161,059	49.55%
TOTAL REVENUE	\$ 36,114,790	\$ 42,931,259	\$ 6,816,469	15.88%
EXPENDITURES				
Certificated Salaries	\$ 19,325,102	\$ 20,530,447	\$ 1,205,345	5.87%
Classified Salaries	\$ 14,158,551	\$ 14,926,038	\$ 767,487	5.14%
Employee Benefits	\$ 22,552,595	\$ 22,933,527	\$ 380,932	1.66%
Books and Supplies	\$ 2,214,533	\$ 5,370,867	\$ 3,156,334	58.77%
Services, Operating Expenses	\$ 14,110,072	\$ 14,817,749	\$ 707,677	4.78%
Capital Outlay	\$ 1,310,595	\$ 1,340,714	\$ 30,119	2.25%
Other Outgo	\$ 250,000	\$ 250,000	\$ -	0.00%
Direct Support/Indirect Costs	\$ 1,685,683	\$ 2,638,271	\$ 952,588	36.11%
TOTAL EXPENDITURES	\$ 75,607,131	\$ 82,807,613	\$ 7,200,482	8.70%
OTHER FINANCING SOURCES				
Transfers In	\$ -	\$ -	\$ -	
Contributions	\$ 38,683,972	\$ 35,699,504	\$ (2,984,468)	-8.36%
Categorical Programs	\$ -	\$ -	\$ -	
Special Education	\$ 32,347,682	\$ 29,173,241	\$ (3,174,441)	-10.88%
Restricted Routine Repair	\$ 6,336,290	\$ 6,526,263	\$ 189,973	2.91%
Transfers Out and Other Uses	\$ -	\$ -	\$ -	
TOTAL - OTHER FINANCING	\$ (38,683,972)	\$ (35,699,504)	\$ 2,984,468	-8.36%
INCOME minus EXPENSES & TRANSFERS	\$ (808,369)	\$ (4,176,850)	\$ (3,368,481)	80.65%
ENDING FUND BALANCE	\$ 7,807,224	\$ 5,675,156	\$ (2,132,068)	-37.57%

\$7.2M increase in restricted expenditures

- \$2.35M net increase in salaries and benefits
 - +\$284K in Special Education
 - -\$102K IDEA - Special Education
 - -\$127K State Mental Health - SELPA
 - +\$284K in ELOP Grant
 - +\$94.5K Golden State Pathways Grant
 - +\$272K Special Education Early Preschool Intervention Grant
 - +\$95K Prop 28 Art and Music
 - +\$57K AG Learning Loss Grant
 - +\$583K Classified Summer Assistance (in/out)
 - +\$240K Learning Recovery Emergency Block Grant
 - +\$343K Other Local
 - +\$251K PPIE/PTA Donation
- \$3.16M increase in Books and Supplies (major changes listed below)
 - +\$217K CA UTK Planning Grant
 - +\$115K Early Education Teacher Development Grant
 - +\$216K Lottery - Instructional Materials
 - +\$199K Golden State Pathways Grant
 - +\$124K State Programs (Resource 7810)
 - +\$2.17M Local Donations/PTA/PPIE
- \$708K increase in Services and Operations
 - +\$61K Inclusive Preschool Grant
 - +\$124K Lottery - Instructional Materials
 - +\$476K Special Education
 - -\$100K SELPA
 - -\$500K Routine Restricted Maintenance
 - +\$325K Local Donations/PTA

Unrestricted Variance from 45-Day Budget Update

Description	2025/2026 - Variance from 45 Day Budget		
	45 Day Budget	First Interim	Variance
Revenues	\$176,160,152	\$172,399,355	-\$3,760,797
Expenditures	\$144,190,084	\$144,438,997	\$248,913
Transfers In (includes Committed/Stabilization Fund)	\$3,280,000	\$14,080,000	\$10,800,000
Contribution to Restricted Programs	\$36,920,338	\$35,699,504	-\$1,220,834
Less Committed/Stabilization Funds		\$11,000,000	\$11,000,000
Net Increase/Decrease (without Committed/Stabilization Fund)	-\$1,670,270	-\$4,659,146	-\$2,988,876
Beginning Balance	\$1,951,522	\$2,479,335	\$527,813
Ending Balance (includes Committed/Stabilization Funds)	\$281,252	\$8,820,189	\$8,538,937
Less Nonspendable	\$240,150	\$350,706	\$110,556
Adjusted Ending Balance (without Committed/Stabilization Funds)/Reserves	\$41,102	-\$2,530,517	-\$2,571,619

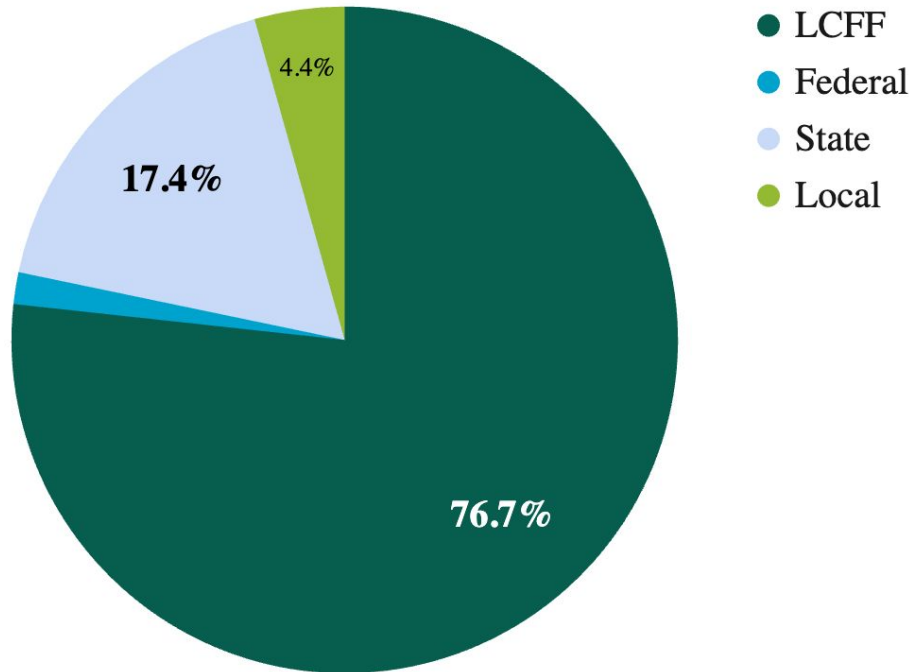
Reallocation of revenues from unrestricted to restricted

Increased projected costs as a result of salaries/benefits, settlements, legal expenses, and operational costs

When factoring in the use of the SSPDB Grant of \$3.97M the actual contribution totals is \$39.67M (35.7M+\$3.97M) compared to \$36.92M in the 45 Day Budget Update; an increase of \$2.75M mainly driven by not realizing the reductions in special education as projected in the 45 Day Budget Update

2025/26 First Interim Revenues

Pleasanton USD 2025/26 Revenue Sources



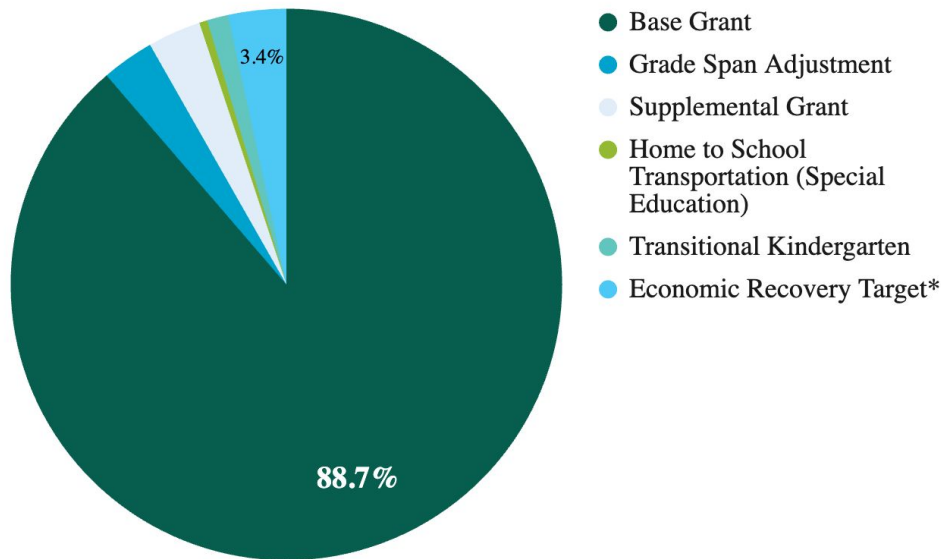
- Total Revenue: \$215,330,614
- Restricted Revenue: \$42,931,259 (23% of total revenue)
- District depends on State Funding (60% of LCFF from local property taxes)
- LCFF includes \$5M in Supplemental Grants
- 2.30% Cost of Living Adjustment in LCFF (Effective growth 0.77%)
- LCFF revenues based on 3 year ADA rolling average

Local Control Funding Formula Factors

Local Control Funding Formula Assumptions 2025/26 - First Interim			
School Year	FY 25/26	FY 26/27	FY 27/28
Enrollment	13,012	12,572	12,517
LCFF ADA Funding	13,025	12,679	12,334
COLA	2.30%	2.53%	3.02%
Unduplicated as % Enrollment	17.01%	17.05%	17.29%
Grades TK-3 \$/per Student	\$ 11,323	\$ 11,609	\$ 11,960
Grades 4-6 \$/per Student	\$ 10,411	\$ 10,674	\$ 10,996
Grades 7-8 \$/per Student	\$ 10,719	\$ 10,990	\$ 11,322
Grades 9-12 \$/per Student	\$ 12,746	\$ 13,068	\$ 13,463
K-3 Grade Span Adj \$/per Student	\$ 1,067	\$ 1,094	\$ 1,127
9-12 Grade Span Adj \$/per Student	\$ 323	\$ 331	\$ 341
TK Add on \$/Student	\$ 5,545	\$ 5,685	\$ 5,857
TOTAL EST LCFF Funding - unrestricted	\$ 164,014,316	\$ 163,835,941	\$ 164,487,242
Net Change on LCFF Funding	0.77%	-0.11%	0.40%

- District enrollment has **declined about 1867 students** from 2019/20 levels
- Higher Unduplicated (English learners, Free and Reduced Lunch Program, foster and homeless youth) percentage
- Reduced 2026/27 Enrollment by 100 students
- Revised assumption of 2.53% COLA for 2026/27 down from Adopted Budget estimate of 3.02%
- Next Important Information Release: Governor's January Budget Proposal for 2026/27

2025/26 LCFF Breakdown



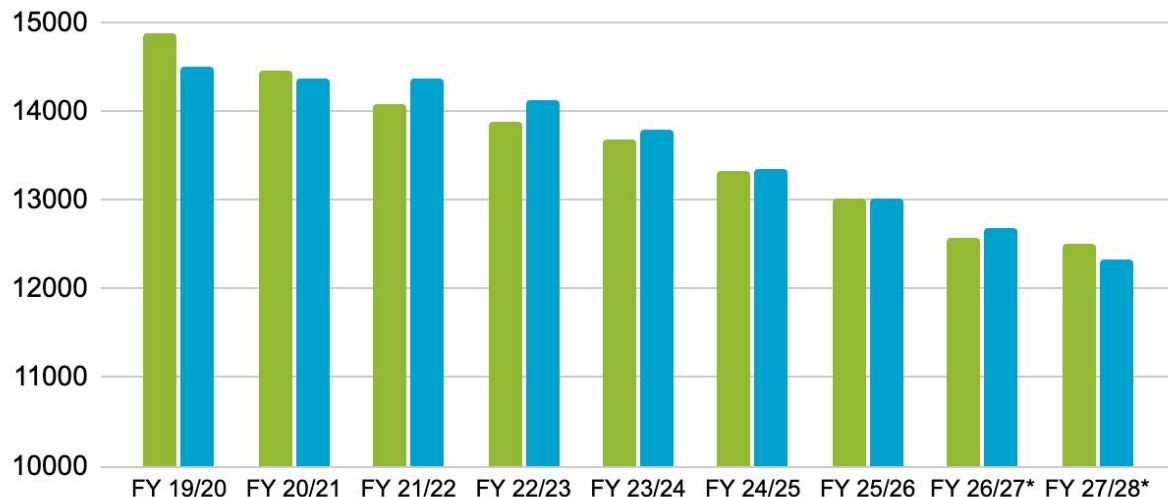
PUSD LCFF for 2025/26- First Interim	
Base Grant	\$145,541,901
Grade Span Adjustment	\$5,046,412
Supplemental Grant	\$5,119,952
Home to School Transportation (Special Education)	\$776,447
Transitional Kindergarten	\$2,040,560
Economic Recovery Target*	\$5,579,044
Total	\$164,104,316

* No COLA Adjustment

Enrollment and ADA Funding

PUSD Historical Enrollment

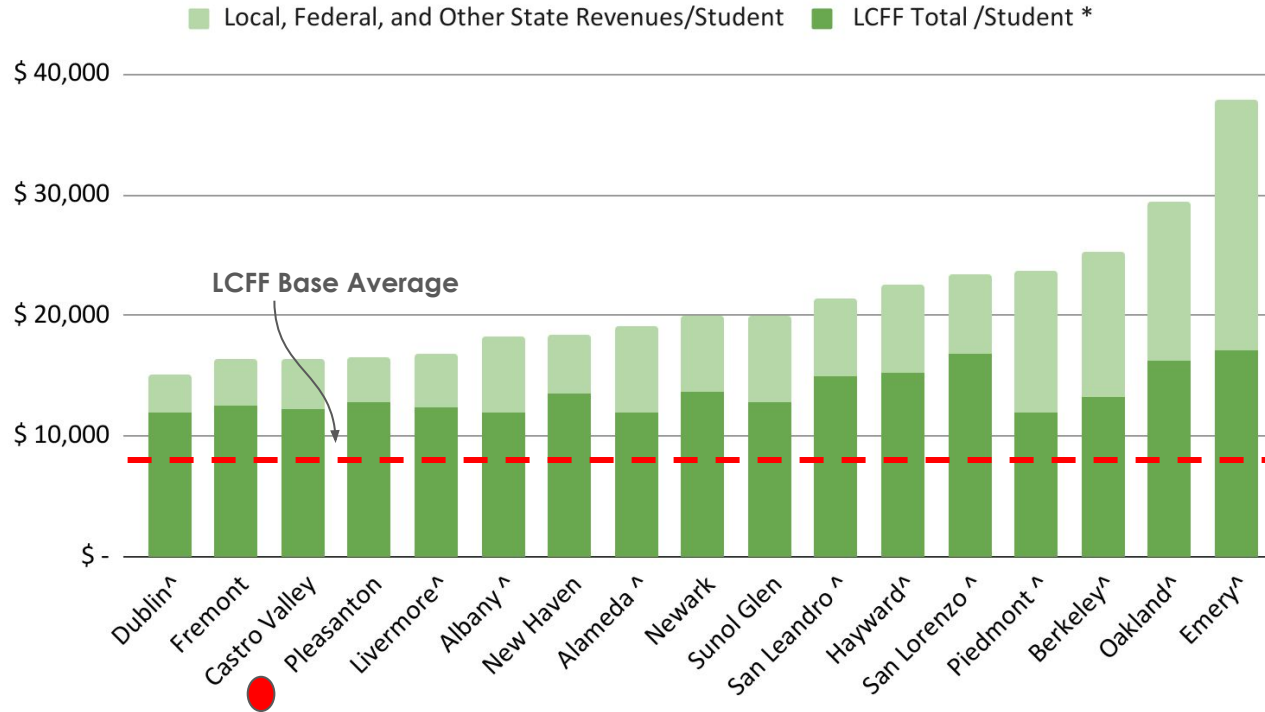
■ Enrollment ■ LCFF ADA Funding



- Decline of about 1,867 students since 2019/20
- Includes growth in TK
- Hold harmless years created inverted ADA Funding compared to actual ADA
- 3 year average ADA calculation softens the impact of enrollment loss
- Enrollment projections to be updated in January 2026

Comparable Revenues per ADA: 2023/24

Revenue per Student - 2023/24



\$16,600
PUSD per ADA
Funding

\$22,125
Average per ADA
Funding for
unified school
districts

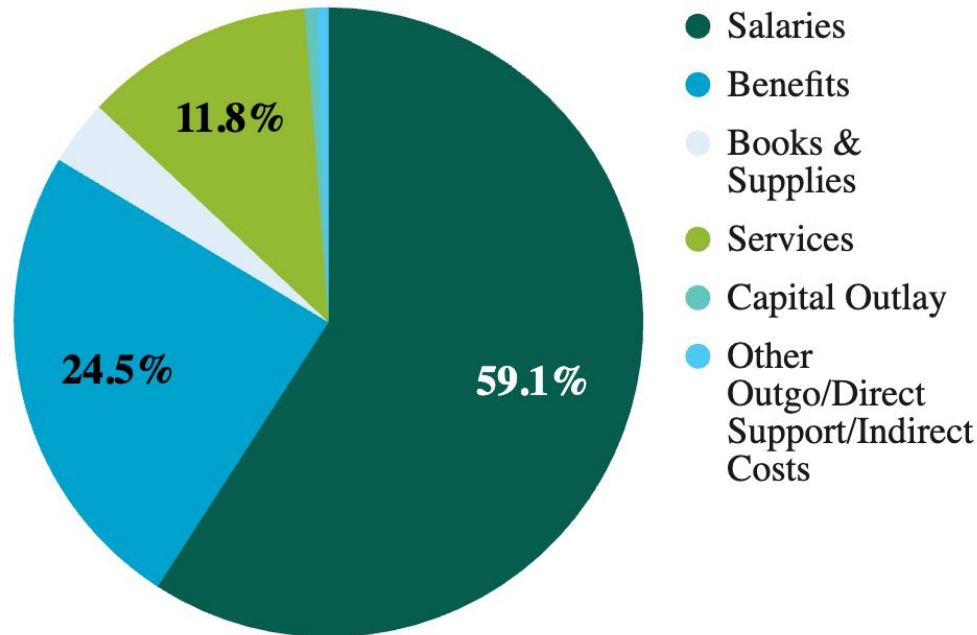
* LCFF/Student includes: LCFF Base, LCFF Grade Span Adjustment, LCFF Supplemental, LCFF Concentration, LCFF TK Add on, LCFF ERT, and LCFF Transportation (updated 9/26/25)

^ District's with a Parcel Tax

Source: Ed-Data.org

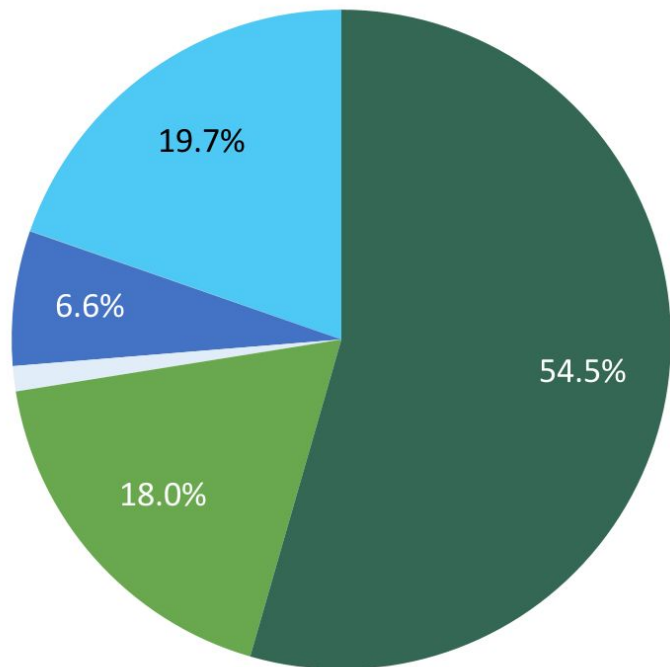
First Interim 2025/26 Expenditures

Pleasanton USD 2025/26 Expenditures



- Total Expenditures: \$227,246,610
- 83.6% Expenditures on Salaries and Benefits
- Total Restricted Expenditures: \$82,807,613
- Contributions to Restricted programs: \$35,699,504
 - Special Education: \$29.2M
 - Routine Restricted Maintenance (3% of Exp): \$6.5M
- In addition to the contribution to Special Education from the GF; \$4M of the 25/26 discretionary block grant used to cover rising cost in Special Education

Breakdown of Unrestricted Expenditures



- Salaries
- Benefits
- Books & Supplies
- Services
- Capital Outlay
- Contribution to Restricted Programs*

2025/26 UNRESTRICTED EXPENDITURES	
Salaries	98,925,171
Benefits	32,730,343
Books & Supplies	2,243,668
Services	12,007,476
Capital Outlay	43,000
Contribution to Restricted Programs*	35,699,504

* PUSD makes a contribution to Special Education and Routine Restricted Maintenance. Additional \$3.97M contributed to Special Education from the one-time 25/26 discretionary block grant

Additional Key Budget Assumptions - First Interim Updates

- Revised local revenue/transfer in to account for Gatan Lease
- Use of OPEB Funds: Draw down of fund by \$2M in 25/26 and \$1M in 26/27 and 27/28
- Reductions placeholders in 2026/27 based on School Board actions (~\$11M)
- Alignment of staffing to enrollment includes reduction of 16 teaching positions in 2026/27
- Increased healthcare costs in 2025/26 as a result of increased usage
- 4% growth in unrestricted Services & Operating Costs in 26/27 and 27/28
- 3% growth growth in Books and Supplies in 26/27 and 27/28
- 2% growth in contribution to special education
- No increased compensation placeholder other than salary schedule step and column movements (Cost to increase compensation by 1% for all staff: ~ \$1.7M)
- Revenues and expenditures from restricted one-time grants and funds are removed in 2026/27

Components of Ending Fund Balance

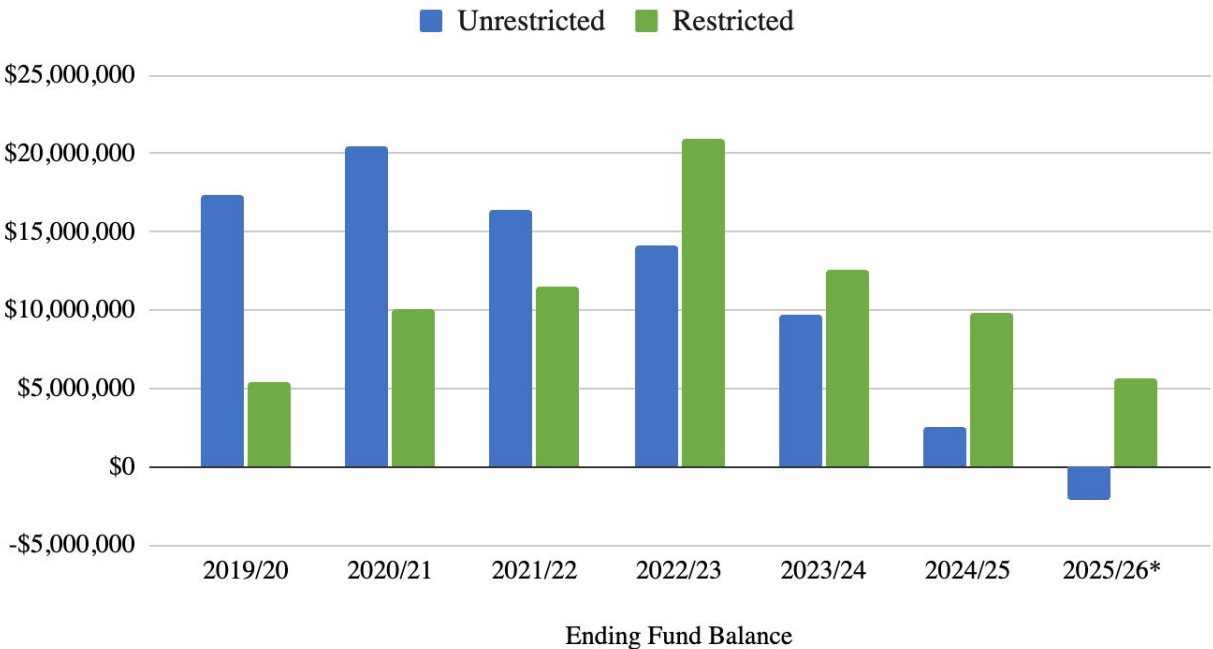
Restricted Programs Total	\$5,675,160
Other Restricted Federal	\$3,063
Lottery: Instructional Materials	\$5,000
Golden State Pathways Program	\$1,424,252
Special Education (SELPA Administrative Unit)	\$24,602
Mental Health Related Services	\$246,700
Arts and Music in Schools (Proposition 28)	\$1,925,112
Child Nutrition: Food Service Staff Training Funds	\$471
Dual Enrollment Opportunities (CCAP)	\$117,331
Other Restricted State	\$50,000
Ongoing & Major Maintenance Account (RMA)	\$561,464
Other Restricted Local	\$1,317,165
Nonspendable	\$350,706
Revolving Cash	\$40,150
Stores	\$310,556
Prepaid Items	\$0
Committed	\$11,000,000
Stabilization Arrangements	\$7,118,000
Other commitment - Textbooks	\$2,000,000
Other commitment - Technology	\$500,000
Other commitment - Bus/Vans	\$500,000
Other commitment - PARS	\$882,000
Assigned	\$0
Other Assignments	\$0
Reserves	-\$2,530,517
Economic Uncertainty	\$0
Total Ending Fund Balance	\$14,495,349

As funds are used on allowable costs the restricted reserves for each program will be drawn down

Funds can only be used as designated. Prior State approval is needed to access the Stabilization Arrangements.

Ending Fund Balances

Historical Ending Fund Balance



Structural deficit has eroded our unrestricted reserves.

One-time pandemic and grant funds increased our restricted reserves that are being spent down per allowable expenses.

2026/27 and 2027/28 Reductions

Reduction Components	2026/27 - Reductions			2026/27 - Adjustments for One-Time Reduction		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Certificated Salaries	-\$4,664,662	-\$655,481	-\$5,320,143	\$425,170	\$136,329	\$561,499
Classified Salaries	-\$1,245,629	-\$420,850	-\$1,666,479	\$79,811	\$87,784	\$167,596
Benefits	-\$2,911,157	-\$295,624	-\$3,206,780	\$153,329	\$32,576	\$185,906
Books & Supplies	-\$151,000	\$0	-\$151,000	\$0	\$0	\$0
Services, Other Operating Expenses	-\$97,000	-\$295,000	-\$392,000	\$0	\$0	\$0
Other Outgo	-\$400,000	\$0	-\$400,000	\$0	\$0	\$0
TOTAL	-\$9,469,447	-\$1,666,955	-\$11,136,402	\$658,310	\$256,690	\$915,000

The Board has approved to date reductions totaling \$11,161,702. About \$25,300 are outside of the General Fund. The reductions were allocated to the respective categorization between unrestricted and restricted accounts. Reductions that were one-time were added back into the budget in 2026/27. About 50% of the reductions need to be negotiated with our labor partners; once finalized the final allocations will be incorporated into the the 2026/27 Budget.

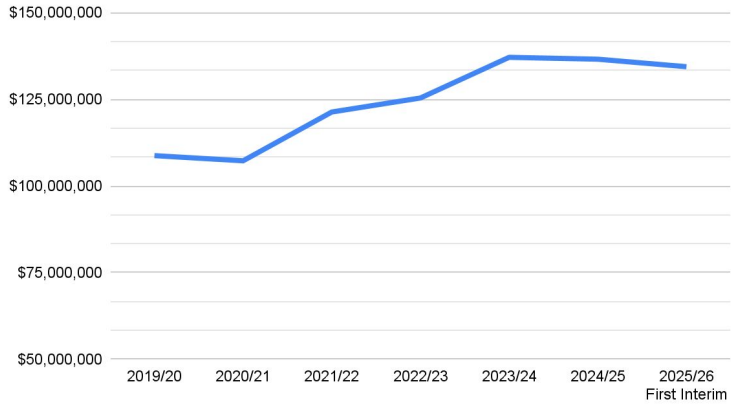
Multi-Year Projections

Fiscal Year	2025/26	2026/27	2027/28
Required 3% Reserve for Economic Uncertainty (REU)	\$6,817,398	\$6,372,347	\$6,452,090
PUSD REU	0	0	0
Net Increase/Decrease (without Committed/Stabilization Fund)	-\$4,659,146	-\$25,783	-\$1,642,683
Unrestricted Ending Fund Balance with Committed and Stabilization Arrangement Funds	\$8,820,189	\$8,794,407	\$7,151,723
Adjusted Unrestricted Ending Fund Balance without Committed and Stabilization Arrangement Funds	-\$2,530,517	-\$1,463,743	-\$3,106,427

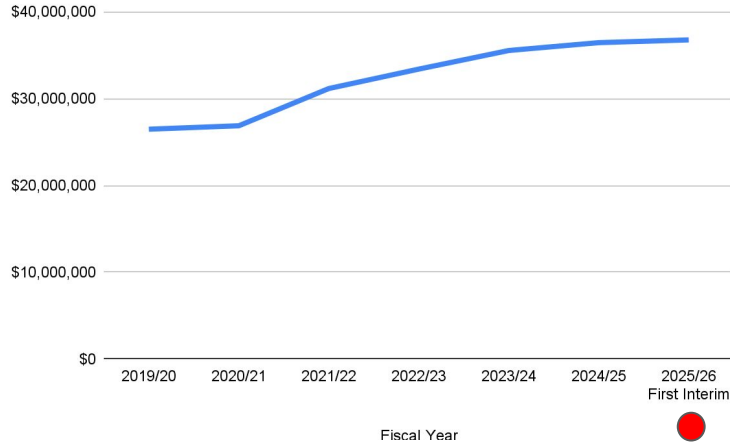
Due to declining enrollment and increasing cost pressures further revenue enhancements and/or reductions will be required in the future.

- District is not meeting the required minimum reserves
- District will need to develop a stabilization plan to rebuild its reserves
- Reserves allow the district to:
 - Weather downturns in the economy
 - Handle emergencies
 - Manage cashflow needs
- Reserves are one-time funds
- To increase reserve by 1% will require reductions and/or revenues of \$2.15M
- Carryover funds and future one time state funds can be allocated towards the reserves

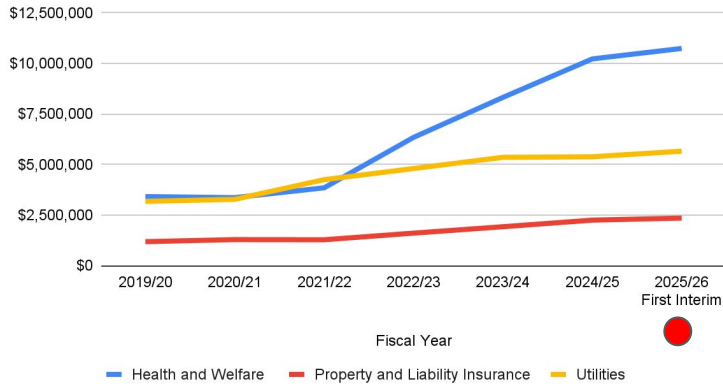
Increased Salary Costs



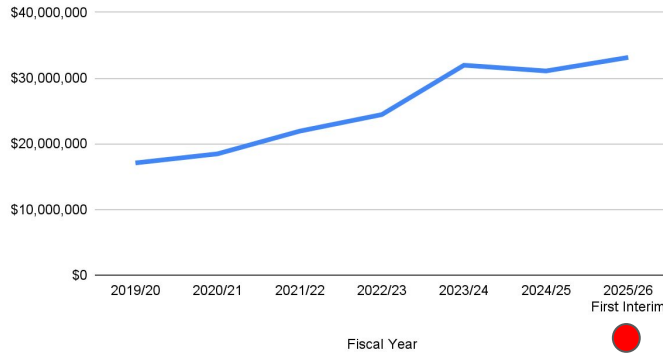
Increased Pension (STRS and PERS) Costs



Key Components of Rising Costs



GF Contribution to Special Education



Updated Historical Data
Rising Costs

General Fund Staffing - First Interim

Full Time Equivalent (FTE)

Fiscal Year	2024/25 (FTE)	2025/26 (FTE)	Net Change (FTE)
Classified	472.3	447.9	-24.4
Certificated	753.3	732.9	-20.4
Management	76	66	-10
Total	1301.7	1245.8	-55.8

**~ 55 FTE
Reduction from
2024/25**

* As of October 31, 2025, there are about 46.6 FTE vacancies of which 4 FTE positions are frozen and 13 positions are filled by contractors (special education).

Other Funds

Special Revenue Funds	Adult Education Fund 110	Child Development Fund 120	Cafeteria Fund 130	Child Dev Enterprise Fund 630
BEGINNING FUND BALANCE	\$ 887,702	\$ 317,804	\$ 6,670,850	\$ 3,549,597
Revenue	\$ 7,297,457	\$ 1,769,653	\$ 7,550,000	\$ 5,370,000
Expenditures	\$ 6,824,590	\$ 1,542,782	\$ 7,697,239	\$ 6,100,311
Revenue Over (under) Expenses	\$ 472,867	\$ 226,871	\$ (147,239)	\$ (730,311)
Transfers In (Out)	\$ -	\$ -	\$ -	\$ (2,300,000)
ENDING FUND BALANCE	\$ 1,360,569	\$ 544,675	\$ 6,523,611	\$ 519,286

Capital Outlay Funds	Capital Sycamore/Property Sale Fund 41	Deferred Maintenance Fund 14	Measure I1 and I Fund 21	Capital Facilities Fund 25	County School Facilities Fund 35
BEGINNING FUND BALANCE	\$ 37,961,473	\$ 9,827	\$ 294,263,915	\$ 4,678,649	\$ 3,254,187
Revenue	\$ 100,000	\$ 500	\$ -	\$ 2,057,244	\$ 10,000
Expenditures	\$ -	\$ -	\$ 56,687,343	\$ 197,000	\$ -
Revenue Over (under) Expenses	\$ 100,000	\$ 500	\$ (56,687,343)	\$ 1,860,244	\$ 10,000
Transfers In (Out)	\$ (36,047,271)	\$ -	\$ -	\$ (30,000)	\$ -
ENDING FUND BALANCE	\$ 2,014,202	\$ 10,327	\$ 237,576,572	\$ 6,508,893	\$ 3,264,187

Special Reserve Funds	Retiree Benefit (OPEB) Fund 710 *	Capital Outlay Fund 400
BEGINNING FUND BALANCE	\$ 6,228,933	\$ 4,548,752
Revenue	\$ 250,000	\$ 1,630,183
Expenditures	\$ -	\$ 27,746,558
Revenue Over (under) Expenses	\$ 250,000	\$ (26,116,375)
Transfers In (Out)	\$ -	\$ 24,297,271
ENDING FUND BALANCE	\$ 6,478,933	\$ 2,729,648

* OPEB Expenditure to be updated at 2nd Interim to reflect planned allowable use of about \$2M to pay for retiree costs

AB1200 created an early warning system to support the oversight.

School districts are required to create multi-year financial projections AND hold a *minimum* reserve for economic uncertainty.

Figure 1

COEs Assign Each of Their Districts a Budget Rating

COEs review the fiscal health of their school districts at least two times per year. Based on these reviews, each district receives one of the following budget ratings:

-  **Positive:** the district will meet its fiscal obligations for the current and upcoming two years.
-  **Qualified:** the district may be unable to meet its fiscal obligations for the current or upcoming two years.
-  **Negative:** the district will be unable to meet its fiscal obligations for the current or upcoming years without corrective action.

COEs = county offices of education.

LAOA

County Tools to Assist Districts in Fiscal Distress

Here is a summary of some of the tools Counties have to assist districts in fiscal distress.

Figure 2

County Offices of Education Are Required to Assist Districts in Fiscal Distress

First-Level Intervention for Qualified and Negative Districts

For All Qualified and Negative Districts, COEs Must:

- Review a third budget report (submitted by district at the end of the school year).
- Review and comment on proposed district collective bargaining agreements.
- Approve issuance of certain types of district debt.

In Addition, COEs Must Do at Least One of the Following:

- Assign a fiscal expert to the district.
- Conduct a study of the district's financial condition.
- Require a report on the district's financial projections.
- Require an update of the district's cash flow and expenditure estimates.
- Require that the district submit a proposal to address its fiscal health.
- Assign FCMAT to review the district's management of its teacher workforce.
- Withhold compensation from the district superintendent or governing board members if they do not provide all requested information.

Second-Level Intervention for Negative Districts

COEs Must Do at Least One of the Following:

- Assign a fiscal advisor to the district.
- Develop and impose district budget revisions in consultation with the state Superintendent of Public Instruction and local governing board.
- Overturn local governing board action.
- Assist in developing district budget or financial recovery plan.

COEs = county offices of education and FCMAT = Fiscal Crisis and Management Assistance Team.

26 of 30

Conclusions/Next Steps

- Continue rigorous budget controls and monitoring
- Work with ACOE and FCMAT on additional oversight and support
- Ensure Budget Reductions move forward for 2026/27
- Governor's Initial 2026/27 Budget will be released in early January 2026
- Second Interim: March 15, 2026
- Third Interim: June 1, 2026
- March-June: Budget Development for 2026/27
- Approval of 2026/26 Budget: June 2026

Appendix: Budget Approval Process

Education Code Section 42130 requires that school districts certify to the State the fiscal stability of the District. Districts must demonstrate they can meet their fiscal obligations for the current year and two years out. The reports must be presented to and approved by the District's Governing Board no later than 45 days after the close of the report period.

- 1st Interim, covers actual expenditures and actual revenues from July 1 through October 31, and updates projections for the balance of the year
- 2nd Interim, covers actual expenditures and actual revenues from July 1 through January 31, and updates projections for the balance of the year

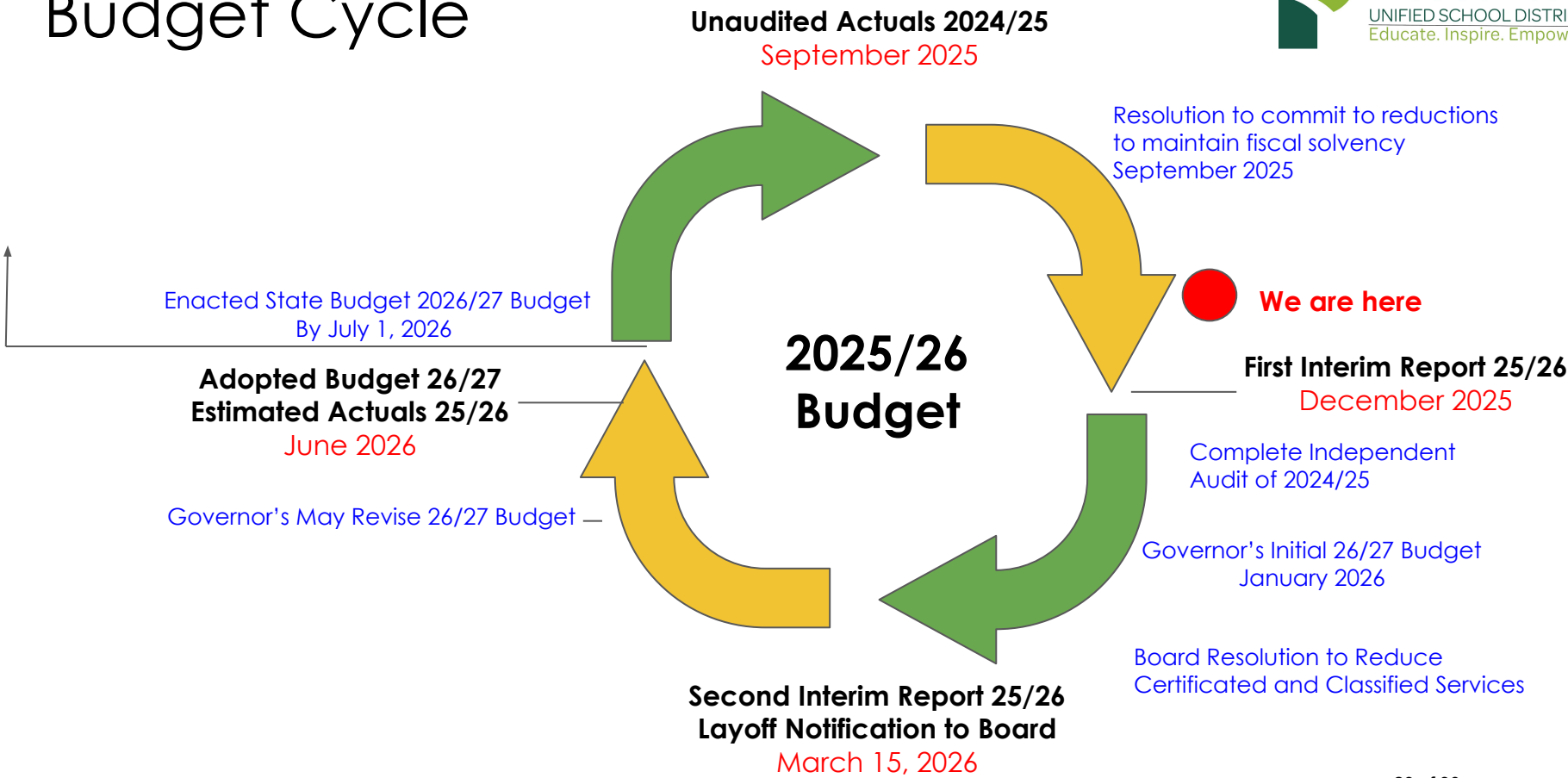
The Certification of the District's financial condition may take one of three forms:

Positive Certification: The District will meet its financial obligations for the current fiscal year and subsequent two years.

Qualified Certification: The District may not meet its financial obligations for the current fiscal year or subsequent two years.

Negative Declaration: The District will not meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal years.

Budget Cycle



Appendix: District Funds

Fund	Description
01	General Fund
10	Special Education Pass Through
11	Adult Education
12	Child Development
13	Cafeteria (Food Service)
17	Special Reserve Fund for Other Than Capital Outlay Projects
63	Other Enterprise Fund (Preschool, and child care)

Fund	Description
14	Deferred Maintenance
21	Building (Bond Program)
25	Capital Facilities
35	County School Facilities
40	Special Reserve Fund for Capital Outlay Projects
51	Bond Interest & Redemption
71	Other Post Employment Benefits