

Pleasanton Unified School District

Fiscal Year 2025/26

Second Interim Report
Presentation to Board of Trustees

March 12, 2026

Presentation Summary

- Executive Summary
- Budget Monitoring and Controls
- Second Interim Adjustments
- 2025/26 Second Interim Revenues and Expenditures
- Multi-year Projections and Reductions
- Other Funds
- Conclusion / Next Steps
- Appendix

Executive Summary

- Second Interim Report was updated through a rigorous process and supported by our Fiscal Expert Kate Lane
- Second Interim Report to continue as a **Negative Certification**, 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
- While the current projections show a slight deterioration from First Interim, with continued vigilance in spending in the remainder of the year, the District can improve its final ending fund balance
- Improved multi-year projections (MYP) shows that with the planned reductions, district revenues and expenditure are balanced for the next two fiscal years
- 2026/27 State Budget includes a stable outlook with some encouraging news on additional ongoing and one-time funds; potential impact from economic downturn is possible

Summary Second Interim Fiscal Position

Description	2025/2026 - Second Interim		
	Unrestricted	Restricted	Total
Revenues	\$172,854,015	\$46,177,645	\$219,031,660
Expenditures	\$145,526,356	\$85,901,603	\$231,427,959
Transfers In/Out (includes Committed/Stabilization Fund)	\$5,962,000	\$0	\$5,962,000
Contribution to Restricted Programs	-\$35,879,115	\$35,879,115	\$0
Less Committed	\$2,882,000	\$0	\$2,882,000
Net Increase/Decrease (without Committed/Stabilization Fund)	-\$5,471,456	-\$3,844,843	-\$9,316,299
Beginning Balance	\$2,479,335	\$9,852,006	\$12,331,341
Ending Balance (includes Committed)	-\$110,121	\$6,007,163	\$5,897,042
Less Nonspendable	\$350,706	\$0	\$350,706
Adjusted Ending Balance (without Committed/Stabilization Funds)/Reserves	-\$3,342,827	\$6,007,163	\$3,015,042

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
- Ongoing and regular support from our Fiscal Expert
- Regular monitoring and communication with ACOE

2025/26 Second Interim Adjustments

Combined Unrestricted and Restricted Budget

Unrestricted & Restricted General Fund	Original Budget	First Interim	Second Interim	Increase/Decrease (2nd Interim - 1st Interim)	Percent Diff (2nd Interim - 1st Interim)
BEGINNING FUND BALANCE	\$ 10,567,115	\$ 12,331,341	\$ 12,331,341		
REVENUE					
LCFF Sources/Property Taxes	\$ 165,125,548	\$ 165,204,105	\$ 165,330,651	\$ 126,546	0.1%
Federal Revenues (1)	\$ 3,342,848	\$ 3,319,469	\$ 3,885,347	\$ 565,878	17.0%
Other State Revenue (2)	\$ 33,811,636	\$ 37,411,848	\$ 37,517,924	\$ 106,076	0.3%
Other Local Revenue (3)	\$ 6,873,678	\$ 9,395,192	\$ 12,297,738	\$ 2,902,546	30.9%
TOTAL REVENUE	\$ 209,153,710	\$ 215,330,614	\$ 219,031,660	\$ 3,701,046	1.7%
EXPENDITURES					
Certificated Salaries (4)	\$ 101,749,770	\$ 103,370,129	\$ 104,010,974	\$ 640,845	0.6%
Classified Salaries (5)	\$ 30,371,296	\$ 31,011,527	\$ 31,863,935	\$ 852,408	2.7%
Employee Benefits (6)	\$ 55,704,291	\$ 55,663,870	\$ 56,145,102	\$ 481,232	0.9%
Books and Supplies (7)	\$ 4,565,228	\$ 7,614,535	\$ 7,583,228	\$ (31,307)	-0.4%
Services, Operating Expenses (8)	\$ 25,619,089	\$ 26,825,225	\$ 28,618,415	\$ 1,793,190	6.7%
Capital Outlay (9)	\$ 1,354,595	\$ 1,383,714	\$ 1,612,306	\$ 228,592	16.5%
Other Outgo	\$ 2,023,840	\$ 2,023,840	\$ 2,023,914	\$ 74	0.0%
Direct Support/Indirect Costs (10)	\$ (473,937)	\$ (646,230)	\$ (429,915)	\$ 216,315	-33.5%
TOTAL EXPENDITURES	\$ 220,914,172	\$ 227,246,610	\$ 231,427,959	\$ 4,181,349	1.8%
OTHER FINANCING SOURCES					
Transfers In	\$ 3,230,000	\$ 14,080,000	\$ 14,080,000	\$ -	
Contributions	\$ -	\$ -	\$ -	\$ -	
Transfers Out and Other Uses	\$ -	\$ -	\$ 8,118,000	\$ 8,118,000	
INCOME minus EXPENSES & TRANSFERS	\$ (8,530,462)	\$ 2,164,004	\$ (6,434,299)	\$ (8,598,303)	
ENDING FUND BALANCE	\$ 2,036,653	\$ 14,495,345	\$ 5,897,042	\$ (480,303)	

2025/26 Second Interim Adjustments

Unrestricted General Fund	Original Budget	First Interim	Second Interim	Increase/Decrease (2nd Interim - 1st Interim)	Percent Diff (2nd Interim - 1st Interim)
BEGINNING FUND BALANCE	\$ 1,951,522	\$ 2,479,335	\$ 2,479,335		
REVENUE					
LCFF Sources/Property Taxes	\$ 163,935,771	\$ 164,014,316	\$ 164,143,928	\$ 129,612	0.1%
Federal Revenues	\$ -	\$ -	\$ -	\$ -	
Other State Revenue	\$ 4,429,580	\$ 3,351,015	\$ 3,499,938	\$ 148,923	4.4%
Other Local Revenue	\$ 4,673,569	\$ 5,034,024	\$ 5,210,149	\$ 176,125	3.5%
TOTAL REVENUE	\$ 173,038,920	\$ 172,399,355	\$ 172,854,015	\$ 454,660	0.3%
EXPENDITURES					
Certificated Salaries	\$ 82,424,668	\$ 82,839,682	\$ 83,074,711	\$ 235,029	0.3%
Classified Salaries	\$ 16,212,745	\$ 16,085,489	\$ 16,354,979	\$ 269,490	1.7%
Employee Benefits	\$ 33,151,696	\$ 32,730,343	\$ 32,973,694	\$ 243,351	0.7%
Books and Supplies	\$ 2,350,695	\$ 2,243,668	\$ 2,230,736	\$ (12,932)	-0.6%
Services, Operating Expenses	\$ 11,509,017	\$ 12,007,476	\$ 12,074,299	\$ 66,823	0.6%
Capital Outlay	\$ 44,000	\$ 43,000	\$ 10,470	\$ (32,530)	-75.7%
Other Outgo	\$ 1,773,840	\$ 1,773,840	\$ 1,773,914	\$ 74	0.0%
Transfers of Indirect Costs	\$ (2,159,620)	\$ (3,284,501)	\$ (2,966,447)	\$ 318,054	-9.7%
TOTAL EXPENDITURES	\$ 145,307,041	\$ 144,438,997	\$ 145,526,356	\$ 1,087,359	0.8%
OTHER FINANCING SOURCES					
Transfers In/Out	\$ 3,230,000	\$ 14,080,000	\$ 14,080,000	\$ -	
Other Sources/Uses	\$ -	\$ -	\$ -	\$ -	
Contributions	\$ (38,683,972)	\$ (35,699,504)	\$ (35,879,115)	\$ (179,611)	
Categorical Programs	\$ -	\$ -	\$ (6)	\$ (6)	
Special Education	\$ (32,347,682)	\$ (29,173,241)	\$ (29,542,820)	\$ (369,579)	
Restricted Routine Repair	\$ (6,336,290)	\$ (6,526,263)	\$ (6,336,289)	\$ 189,974	
Transfers Out and Other Uses	\$ -	\$ -	\$ 8,118,000	\$ 8,118,000	
TOTAL - OTHER FINANCING	\$ (35,453,972)	\$ (21,619,504)	\$ (29,917,115)	\$ 7,938,389	
INCOME minus EXPENSES & TRANSFERS	\$ (7,722,093)	\$ 6,340,854	\$ (2,589,456)	\$ (8,930,310)	
ENDING FUND BALANCE	\$ (5,770,571)	\$ 8,820,189	\$ (110,121)	\$ (8,930,310)	

\$454K Increase in unrestricted revenues

- \$129.6K increase in LCFF funding
 - Higher enrollment/ADA
- \$149K increase in other State funding
 - Increase in mandated costs, unrestricted lottery and prior year revenue adjustments
- \$176K increase other Local funding
 - Increased CYBHI Implementation Grant

\$1.09M increase in unrestricted expenditures

- \$748K increase in salary and benefits costs
 - Increase in teacher substitute and custodial sub/hourly costs
 - Increased health care cost from increased usage by staff
 - Increased benefit costs for retirees
- \$13K decrease in Books & Supplies
- \$66.9K increase in Services/Other Operating
 - Increased legal expenses
- \$32K decrease in Capital Outlay
- \$318K decrease in indirect fund charges to restricted funds (increasing expenses)

Variance from First Interim: (\$800K) or 0.35% of total expenditures

2025/26 Second Interim Adjustments

Restricted General Fund	Original Budget	First Interim	Second Interim	Increase/Decrease (2nd Interim - 1st Interim)	Percent Diff (2nd Interim - 1st Interim)
BEGINNING FUND BALANCE	\$ 8,615,593	\$ 9,852,006	\$ 9,852,006		
REVENUE					
LCFF Sources/Property Taxes	\$ 1,189,777	\$ 1,189,789	\$ 1,186,723	\$ (3,066)	-0.3%
Federal Revenues	\$ 3,342,848	\$ 3,319,469	\$ 3,885,347	\$ 565,878	17.0%
Other State Revenue	\$ 29,382,056	\$ 34,060,833	\$ 34,017,986	\$ (42,847)	-0.1%
Other Local Revenue	\$ 2,200,109	\$ 4,361,168	\$ 7,087,589	\$ 2,726,421	62.5%
TOTAL REVENUE	\$ 36,114,790	\$ 42,931,259	\$ 46,177,645	\$ 3,246,386	7.6%
EXPENDITURES					
Certificated Salaries	\$ 19,325,102	\$ 20,530,447	\$ 20,936,263	\$ 405,816	2.0%
Classified Salaries	\$ 14,158,551	\$ 14,926,038	\$ 15,508,956	\$ 582,918	3.9%
Employee Benefits	\$ 22,552,595	\$ 22,933,527	\$ 23,171,408	\$ 237,881	1.0%
Books and Supplies	\$ 2,214,533	\$ 5,370,867	\$ 5,352,492	\$ (18,375)	-0.3%
Services, Operating Expenses	\$ 14,110,072	\$ 14,817,749	\$ 16,544,116	\$ 1,726,367	11.7%
Capital Outlay	\$ 1,310,595	\$ 1,340,714	\$ 1,601,836	\$ 261,122	19.5%
Other Outgo	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	0.0%
Direct Support/Indirect Costs	\$ 1,685,683	\$ 2,638,271	\$ 2,536,532	\$ (101,739)	-3.9%
TOTAL EXPENDITURES	\$ 75,607,131	\$ 82,807,613	\$ 85,901,603	\$ 3,093,990	3.7%
OTHER FINANCING SOURCES					
Transfers In	\$ -	\$ -	\$ -	\$ -	
Contributions	\$ 38,683,972	\$ 35,699,504	\$ 35,879,115	\$ 179,611	
Categorical Programs	\$ -	\$ -	\$ 6	\$ 6	
Special Education	\$ 32,347,682	\$ 29,173,241	\$ 29,542,820	\$ 369,579	
Restricted Routine Repair	\$ 6,336,290	\$ 6,526,263	\$ 6,336,289	\$ (189,974)	
Transfers Out and Other Uses	\$ -	\$ -	\$ -	\$ -	
TOTAL - OTHER FINANCING	\$ (38,683,972)	\$ (35,699,504)	\$ (35,879,109)	\$ 369,579	
INCOME minus EXPENSES & TRANSFERS	\$ (808,369)	\$ (4,176,850)	\$ (3,844,843)	\$ 332,007	
ENDING FUND BALANCE	\$ 7,807,224	\$ 5,675,156	\$ 6,007,163	\$ 332,007	

\$3.25M increase in restricted revenues

- \$565K increase in Federal revenues
 - Prior year carryover from Title programs and Sped (CEIS)
 - Updated Special Education allocation/carry over
- \$43K reduction in State funding
- \$2.73M increase Local funding (major items listed below)
 - \$1.2M Sped Mental Health - reclassification/pass through funds
 - \$1.2M in Site donations
 - \$103K in local grants (SBHIP et al)
 - \$342K Outside billing

2025/26 Second Interim Adjustments

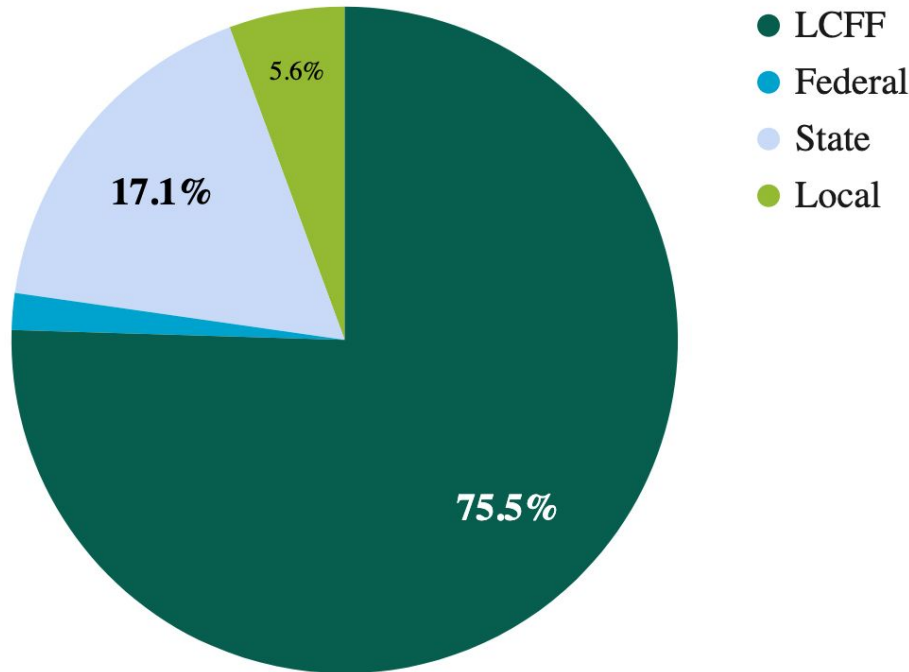
Restricted General Fund	Original Budget	First Interim	Second Interim	Increase/Decrease (2nd Interim - 1st Interim)	Percent Diff (2nd Interim - 1st Interim)
BEGINNING FUND BALANCE	\$ 8,615,593	\$ 9,852,006	\$ 9,852,006		
REVENUE					
LCFF Sources/Property Taxes	\$ 1,189,777	\$ 1,189,789	\$ 1,186,723	\$ (3,066)	-0.3%
Federal Revenues	\$ 3,342,848	\$ 3,319,469	\$ 3,885,347	\$ 565,878	17.0%
Other State Revenue	\$ 29,382,056	\$ 34,060,833	\$ 34,017,986	\$ (42,847)	-0.1%
Other Local Revenue	\$ 2,200,109	\$ 4,361,168	\$ 7,087,589	\$ 2,726,421	62.5%
TOTAL REVENUE	\$ 36,114,790	\$ 42,931,259	\$ 46,177,645	\$ 3,246,386	7.6%
EXPENDITURES					
Certificated Salaries	\$ 19,325,102	\$ 20,530,447	\$ 20,936,263	\$ 405,816	2.0%
Classified Salaries	\$ 14,158,551	\$ 14,926,038	\$ 15,508,956	\$ 582,918	3.9%
Employee Benefits	\$ 22,552,595	\$ 22,933,527	\$ 23,171,408	\$ 237,881	1.0%
Books and Supplies	\$ 2,214,533	\$ 5,370,867	\$ 5,352,492	\$ (18,375)	-0.3%
Services, Operating Expenses	\$ 14,110,072	\$ 14,817,749	\$ 16,544,116	\$ 1,726,367	11.7%
Capital Outlay	\$ 1,310,595	\$ 1,340,714	\$ 1,601,836	\$ 261,122	19.5%
Other Outgo	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	0.0%
Direct Support/Indirect Costs	\$ 1,685,683	\$ 2,638,271	\$ 2,536,532	\$ (101,739)	-3.9%
TOTAL EXPENDITURES	\$ 75,607,131	\$ 82,807,613	\$ 85,901,603	\$ 3,093,990	3.7%
OTHER FINANCING SOURCES					
Transfers In	\$ -	\$ -	\$ -	\$ -	
Contributions	\$ 38,683,972	\$ 35,699,504	\$ 35,879,115	\$ 179,611	
Categorical Programs	\$ -	\$ -	\$ 6	\$ 6	
Special Education	\$ 32,347,682	\$ 29,173,241	\$ 29,542,820	\$ 369,579	
Restricted Routine Repair	\$ 6,336,290	\$ 6,526,263	\$ 6,336,289	\$ (189,974)	
Transfers Out and Other Uses	\$ -	\$ -	\$ -	\$ -	
TOTAL - OTHER FINANCING	\$ (38,683,972)	\$ (35,699,504)	\$ (35,879,109)	\$ 369,579	
INCOME minus EXPENSES & TRANSFERS	\$ (808,369)	\$ (4,176,850)	\$ (3,844,843)	\$ 332,007	
ENDING FUND BALANCE	\$ 7,807,224	\$ 5,675,156	\$ 6,007,163	\$ 332,007	

\$3.09M increase in restricted expenditures

- \$1.24M net increase in salaries and benefits
 - Sped - mental health
 - Local grants
 - Outside billing
 - Prop 28
- \$18.4K decrease in Books and Supplies
 - Prop 28
 - Site donations
- \$1.73M increase in Services and Operations
 - Site donations
 - Sped - Non-public school tuition
 - Local grants
 - Outside billing
 - Prop 28
- \$261K increase in Capital Outlay
 - Site donation projects

2025/26 Second Interim Revenues

Pleasanton USD 2025/26 Revenue Sources



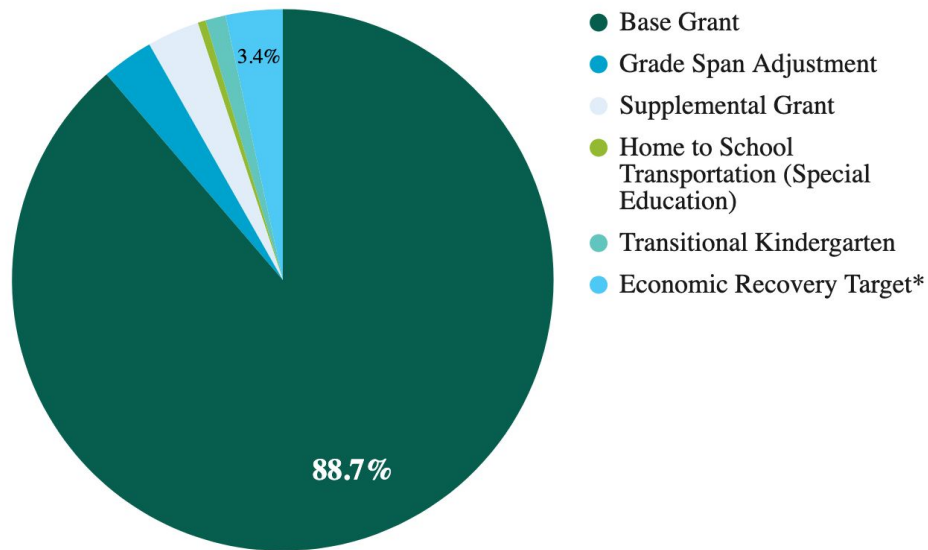
- Total Revenue: \$219,031,660
- Restricted Revenue: \$46,177,645 (21.1% of total revenue)
- District depends on State Funding (60% of LCFF from local property taxes)
- LCFF includes \$5M in Supplemental Grants
- 2.30% Cost of Living Adjustment in LCFF (Effective growth 0.85%)

Local Control Funding Formula Factors

Local Control Funding Formula Assumptions 2025/26 - Second Interim			
School Year	FY 25/26	FY 26/27	FY 27/28
Enrollment	13,021	12,642	12,385
LCFF ADA Funding	13,039	12,723	12,373
COLA	2.30%	2.41%	3.06%
Unduplicated as % Enrollment	17.02%	17.36%	17.90%
Grades TK-3 \$/per Student	\$ 11,323	\$ 11,595	\$ 11,950
Grades 4-6 \$/per Student	\$ 10,411	\$ 10,662	\$ 10,988
Grades 7-8 \$/per Student	\$ 10,719	\$ 10,997	\$ 11,313
Grades 9-12 \$/per Student	\$ 12,746	\$ 13,053	\$ 13,452
K-3 Grade Span Adj \$/per Student	\$ 1,067	\$ 1,092	\$ 1,126
9-12 Grade Span Adj \$/per Student	\$ 323	\$ 331	\$ 341
TK Add on \$/Student	\$ 5,545	\$ 5,679	\$ 5,853
TOTAL EST LCFF Funding - unrestricted	\$ 164,143,928	\$ 164,235,138	\$ 165,217,698
Net Change on LCFF Funding	0.85%	0.06%	0.60%
Net Difference from First Interim	+129,612	+399,197	+730,456

- District enrollment has **declined about 1870 students** from 2019/20 levels
- Slight improvement in 2025/26 enrollment
- Updated enrollment and ADA projections based on updated demographer report
- Revised COLA Assumptions based on Governor's January Budget
- Net increase in LCFF is flat due to declining enrollment
- In 2028/29 LCFF revenues are projected to decline from prior year due to declining enrollment

2025/26 LCFF Breakdown

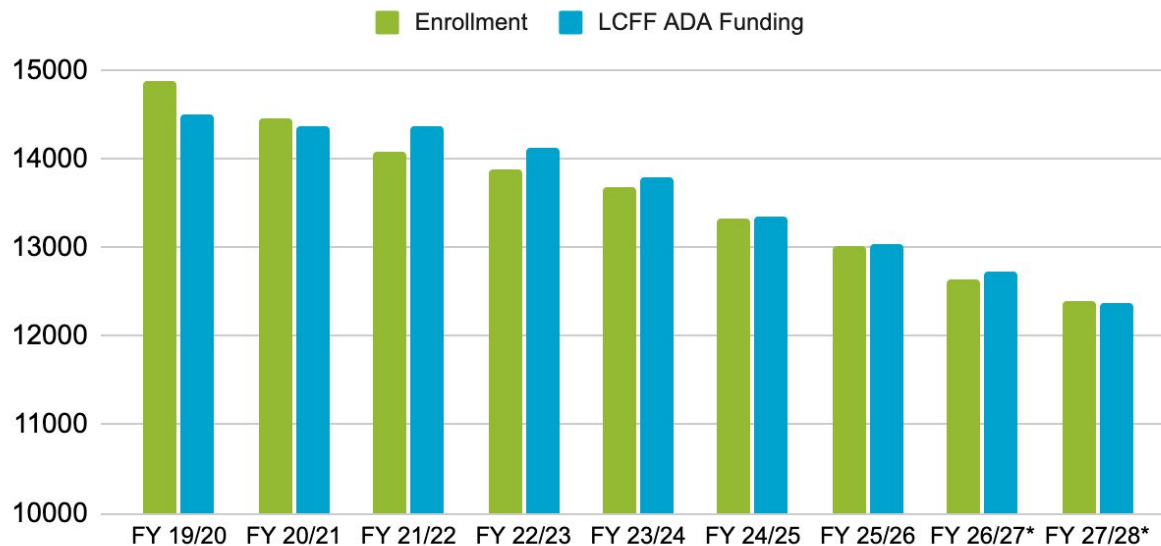


PUSD LCFF for 2025/26- First Interim	
Base Grant	\$145,614,450
Grade Span Adjustment	\$5,050,269
Supplemental Grant	\$5,128,627
Home to School Transportation (Special Education)	\$776,447
Transitional Kindergarten	\$1,995,091
Economic Recovery Target*	\$5,579,044
Total	\$164,143,928

* No COLA Adjustment

Enrollment and ADA Funding

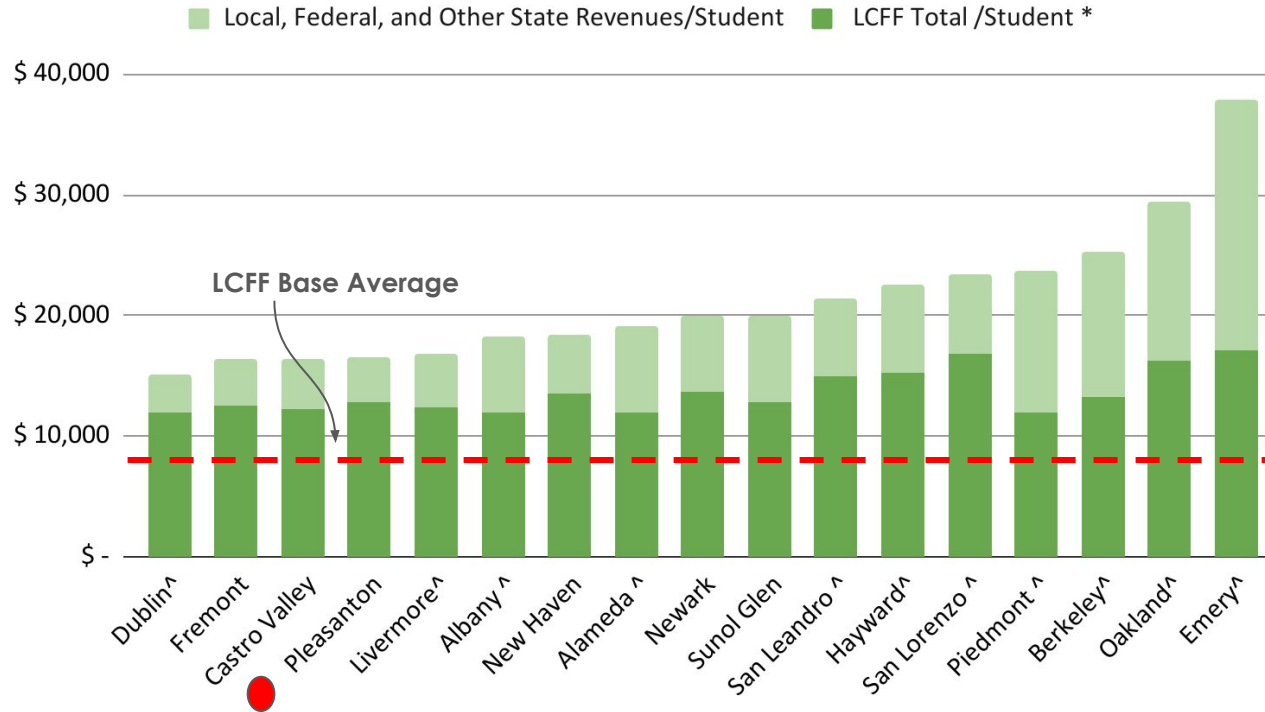
PUSD Historical Enrollment



- Decline of about 1,870 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
- Includes updated enrollment projections

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

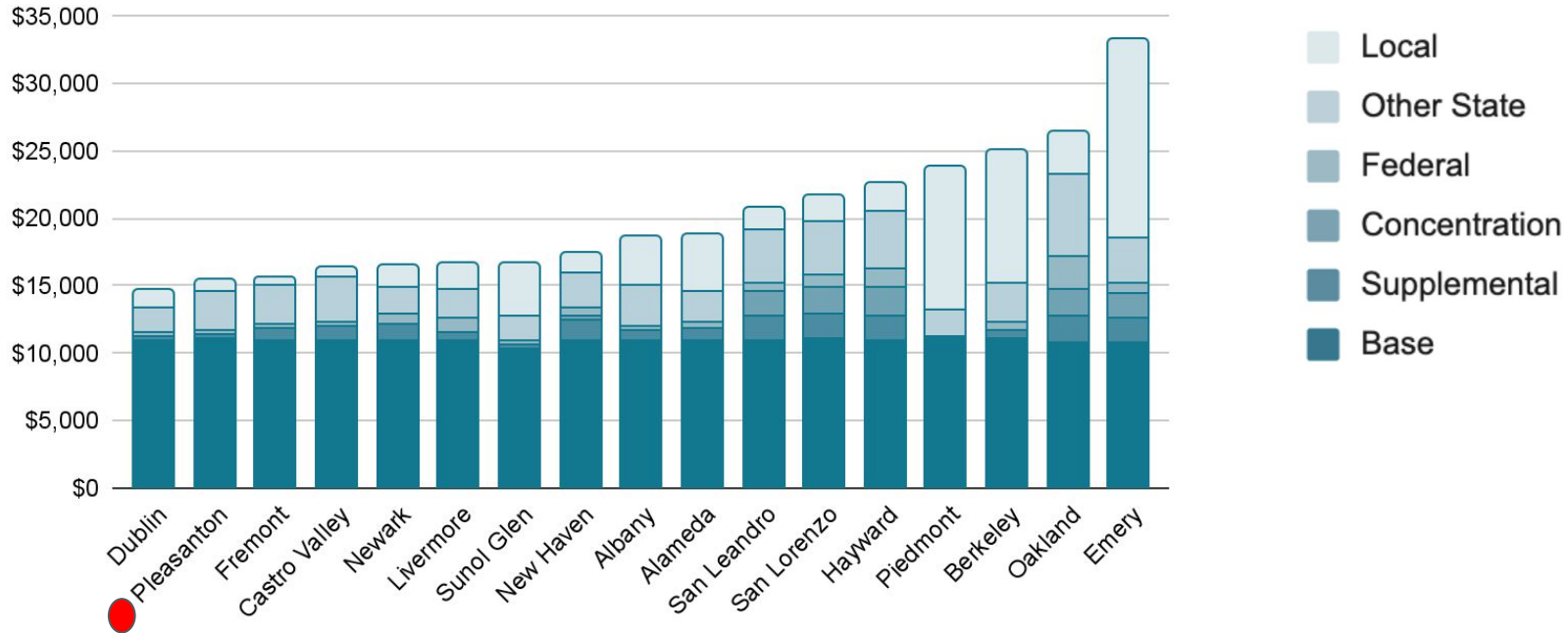
* LCFF/Student includes: LCFF Base, LCFF Grade Span Adjustment, LCFF Supplemental, LCFF Concentration, LCFF TK Add on, LCFF ERT, and LCFF Transportation (updated 9/26/25)

^ District's with a Parcel Tax

Source: Ed-Data.org

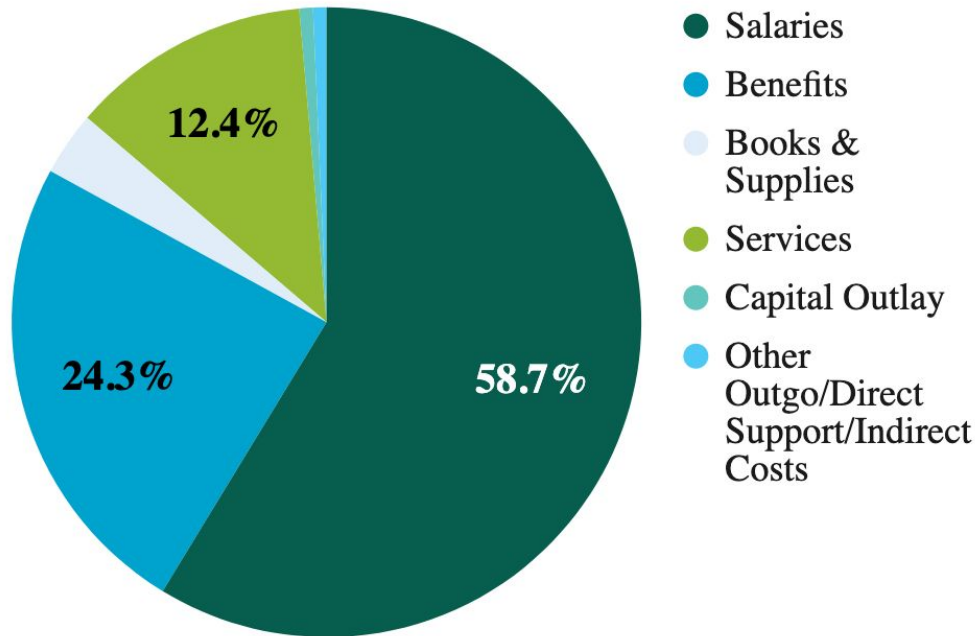
Alameda County: Funding Sources & Amounts

2025-26 Per ADA Funding



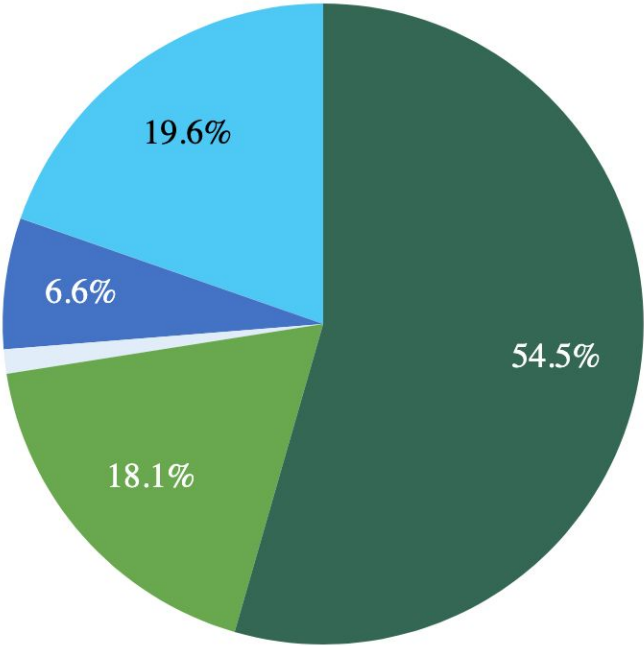
Second Interim 2025/26 Expenditures

Pleasanton USD 2025/26 Expenditures



- Total Expenditures: \$231,427,959
- 83% Expenditures on Salaries and Benefits
 - When looking only at the unrestricted expenditures salaries and benefits account for **91%** of expenditures
- Total Restricted Expenditures: \$85,901,603
- Contributions to Restricted programs: \$35,879,115
 - Special Education: \$29.5M
 - Routine Restricted Maintenance (3% of Exp): \$6.3M
- 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



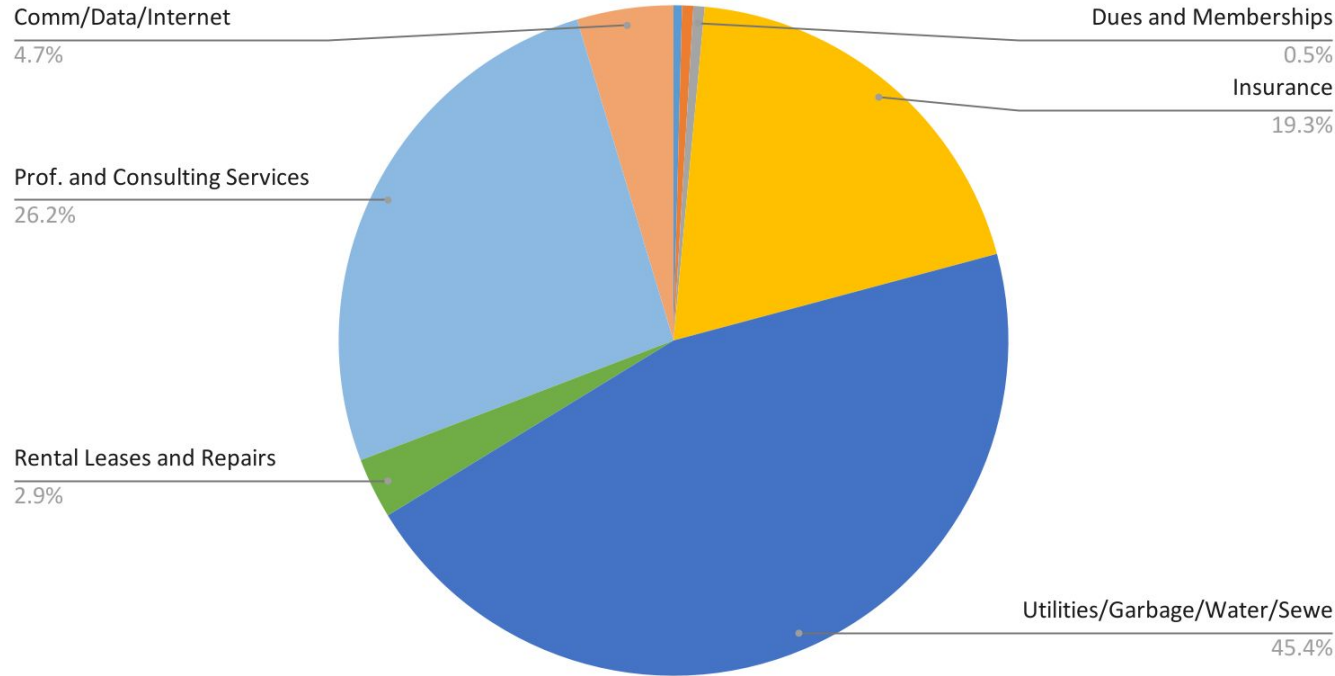
- Salaries
- Benefits
- Books & Supplies
- Services
- Capital Outlay
- Contribution to Restricted Programs*

2025/26 UNRESTRICTED EXPENDITURES	
Salaries	99,429,690
Benefits	32,973,694
Books & Supplies	2,230,736
Services	12,074,299
Capital Outlay	10,470
Contribution to Restricted Programs*	35,879,115

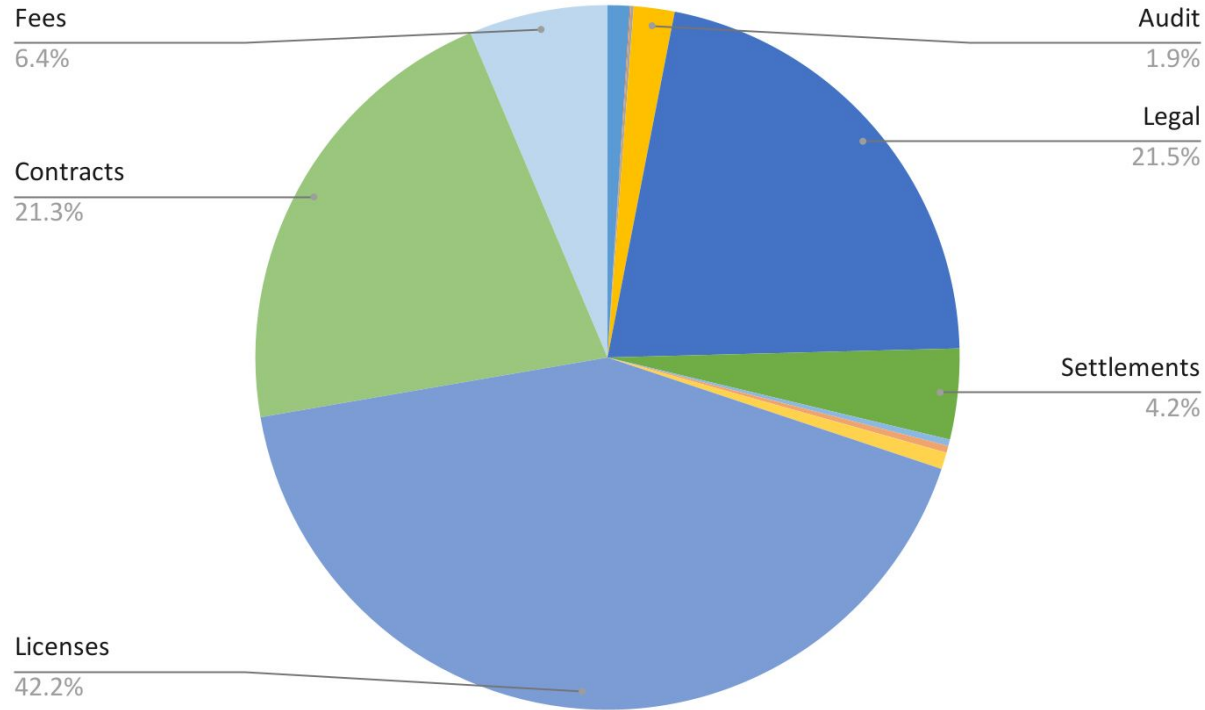
* PUSD makes a contribution to Special Education and Routine Restricted Maintenance. Additional \$3.97M contributed to Special Education from the one-time 25/26 discretionary block grant

Breakdown Unrestricted Services (5000)

~\$12,000,000 or 5.2% of all GF expenditures



Breakdown of Unrestricted Professional and Consulting Services: \$3.1M



Additional Key Budget Assumptions - Second Interim

- Includes revenue/transfer from Gatan Lease: \$700,000 into General Fund
- Use of OPEB Funds: Draw down of fund by \$2M in 25/26 and \$1M in 26/27 and 27/28
- Includes revenue from Kids Club of about \$2.3M
- 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

Additional Key Budget Assumptions - Second Interim

- Does not include the proposed increase to AB 602 Special Education Funding estimated at \$743K - higher likelihood to be in Enacted State budget
- Does not include the proposed increase to ELOP funding estimated at \$238K- higher likelihood to be in Enacted State budget
- Does not include the proposed new one-time funding from the Student Support and Professional Development Discretionary Block Grant estimated at \$6.4M. This grant appears to be the most likely to change in amount and structure
- Includes the remaining funding from the Learning Recovery Emergency Block Grant
- Includes the estimated \$10.7M in reductions approved by the Board for 26/27
- Includes estimated staff reductions due to declining enrollment for 2026/27 and 2027/28

Components of Ending Fund Balance

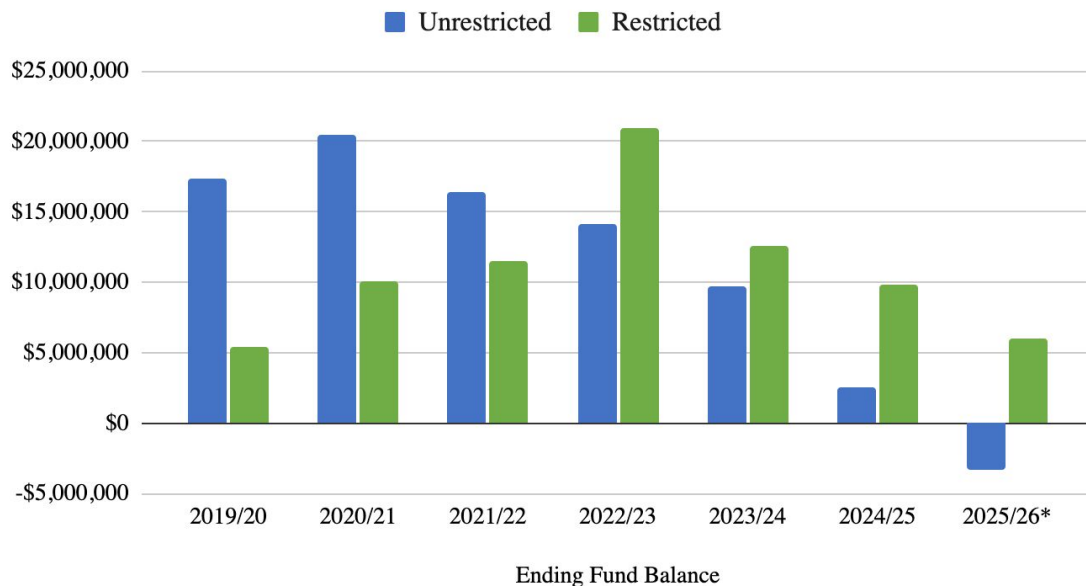
Restricted Programs Total	\$6,007,162
Other Restricted Federal	\$3,063
Lottery: Instructional Materials	\$5,000
Golden State Pathways Program	\$1,509,132
Strong Workforce Program	\$45,384
Special Education (SELPA Administrative Unit)	\$303,941
Mental Health Related Services	\$256,791
Arts and Music in Schools (Proposition 28)	\$1,518,088
Dual Enrollment Opportunities (CCAP)	\$89,670
Other Restricted State	\$48,227
Ongoing & Major Maintenance Account (RMA)	\$700,765
Other Restricted Local	\$1,527,101
Nonspendable	\$350,706
Revolving Cash	\$40,150
Stores	\$310,556
Prepaid Items	\$0
Committed	\$2,882,000
Stabilization Arrangements	
Other commitment - Textbooks	\$2,000,000
Other commitment - Technology	
Other commitment - Bus/Vans	
Other commitment - PARS	\$882,000
Assigned	\$0
Other Assignments	\$0
Reserves	-\$3,342,827
Economic Uncertainty	\$0
Total Ending Fund Balance	\$5,897,041

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. Committed funds and Stabilization Arrangements moved to Fund 170 (Special Reserves Other)

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.

* Does not include the Committed/Stabilization Funds

2026/27 and 2027/28 Reductions

Reduction Components	2026/27 - Reductions			2027/28- Adjustments for One-Time Reduction		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Certificated Salaries	-\$3,781,012	-\$353,387	-\$4,134,399	\$122,585	\$30,016	\$152,601
Classified Salaries	-\$2,293,922	-\$108,358	-\$2,402,281	\$20,639	\$6,070	\$26,709
Benefits	-\$3,117,183	-\$144,591	-\$3,261,774	\$34,800	\$8,890	\$43,690
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	-\$9,840,117	-\$901,336	-\$10,741,453	\$178,024	\$44,976	\$223,000

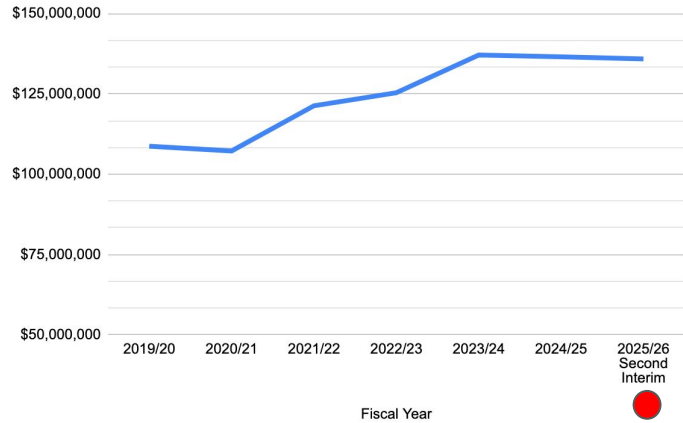
The above reductions include all of the items identified as 1's by the Board in November that do not require negotiations and the items identified as 3's approved for reduction by the Board in February. The total of 10.74M is about \$420K less due to adjustments for items that were duplicated for tiered reductions. The MYP shows that we can still meet our fiscal goals for 2026/27 with this adjusted reduction amount.

Multi-Year Projections

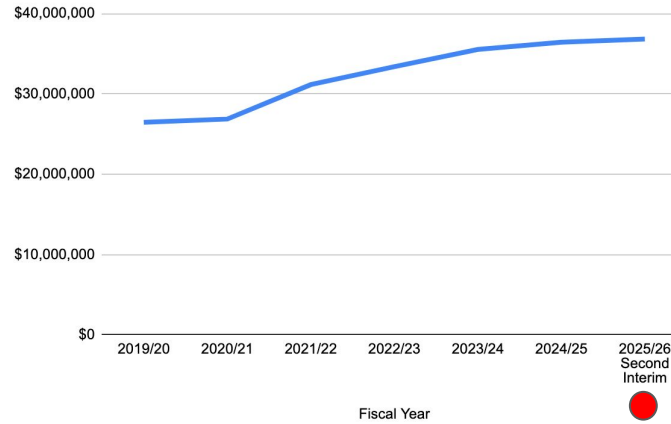
Fiscal Year	2025/26	2026/27	2027/28
Required 3% Reserve for Economic Uncertainty (REU)	\$6,817,398	\$6,372,347	\$6,452,090
PUSD REU	0	0	0
Unrestricted Ending Fund Balance with Committed Funds	-\$110,121	\$61,406	\$554,985
Unrestricted Ending Fund Balance without Committed Funds	-\$2,992,121	-\$1,938,594	-\$1,445,015
Total Unrestricted Reserve	-\$3,342,827	-\$2,078,744	-\$1,585,165

- District is not meeting the required minimum 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 plugging the negative balance and building up the reserves**
- *Due to declining enrollment and increasing cost pressures further revenue enhancements and/or reductions will be required in the future.*

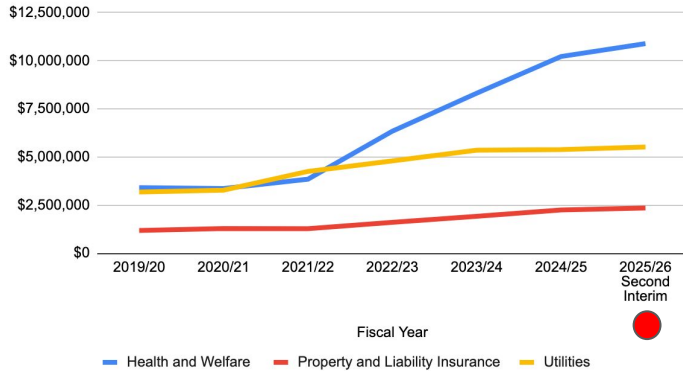
Increased Salary Costs



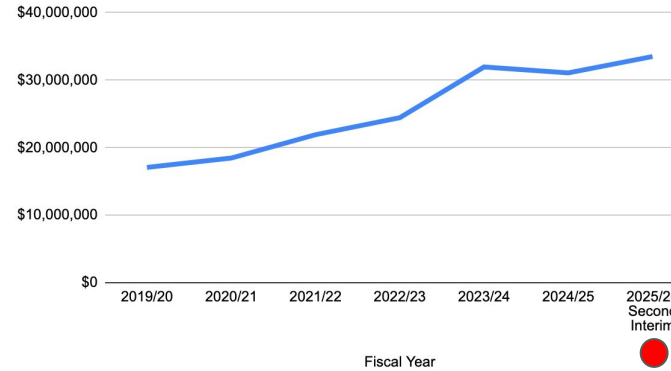
Increased Pension (STRS and PERS) Costs



Key Components of Rising Costs



GF Contribution to Special Education



Updated Historical Data
Rising Costs

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	\$ 17,333,944	\$ 1,776,700	\$ 7,550,000	\$ 5,370,000
Expenditures	\$ 17,619,000	\$ 1,655,164	\$ 9,051,643	\$ 6,100,572
Revenue Over (under) Expenses	\$ (285,056)	\$ 121,536	\$ (1,501,643)	\$ (730,572)
Transfers In (Out)	\$ -	\$ -	\$ -	\$ (2,300,000)
ENDING FUND BALANCE	\$ 602,646	\$ 439,340	\$ 5,169,207	\$ 519,025

Special Reserve Funds	Special Reserve Other Fund 170	Capital Outlay Fund 400	Retiree Benefit (OPEB) Fund 710 *
BEGINNING FUND BALANCE	\$ -	\$ 4,548,752	\$ 6,228,933
Revenue	\$ -	\$ 1,697,428	\$ 250,000
Expenditures	\$ -	\$ 27,766,860	\$ 1,894,000
Revenue Over (under) Expenses	\$ -	\$ (26,069,432)	\$ (1,644,000)
Transfers In (Out)	\$ 8,118,000	\$ 24,297,271	\$ -
ENDING FUND BALANCE	\$ 8,118,000	\$ 2,776,591	\$ 4,584,933

Capital Outlay Funds	Capital Sycamore/ Property Sale Fund 410	Deferred Maintenance Fund 140	Measure I1 and I Fund 210	Capital Facilities Fund 250	County School Facilities Fund 350
BEGINNING FUND BALANCE	\$ 37,961,473	\$ 9,827	\$ 294,263,915	\$ 4,678,649	\$ 3,254,187
Revenue	\$ 100,000	\$ 500	\$ 6,223,098	\$ 2,182,591	\$ 1,290,335
Expenditures	\$ -	\$ -	\$ 288,260,947	\$ 197,000	\$ -
Revenue Over (under) Expenses	\$ 100,000	\$ 500	\$ (282,037,849)	\$ 1,985,591	\$ 1,290,335
Transfers In (Out)	\$ (36,047,271)	\$ -	\$ -	\$ (30,000)	\$ -
ENDING FUND BALANCE	\$ 2,014,202	\$ 10,327	\$ 12,226,066	\$ 6,634,240	\$ 4,544,522

Conclusions/Next Steps

- Continue rigorous budget controls and monitoring
- March-June: Budget Development for 2026/27
- Governor's May Revise Budget: May 15, 2026
- Third Interim: May 28, 2026, expenses through April 30
- Approval of PUSD 2026/27 Budget: June 2026
- 2026/27 Enacted State Budget: By June 30, 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

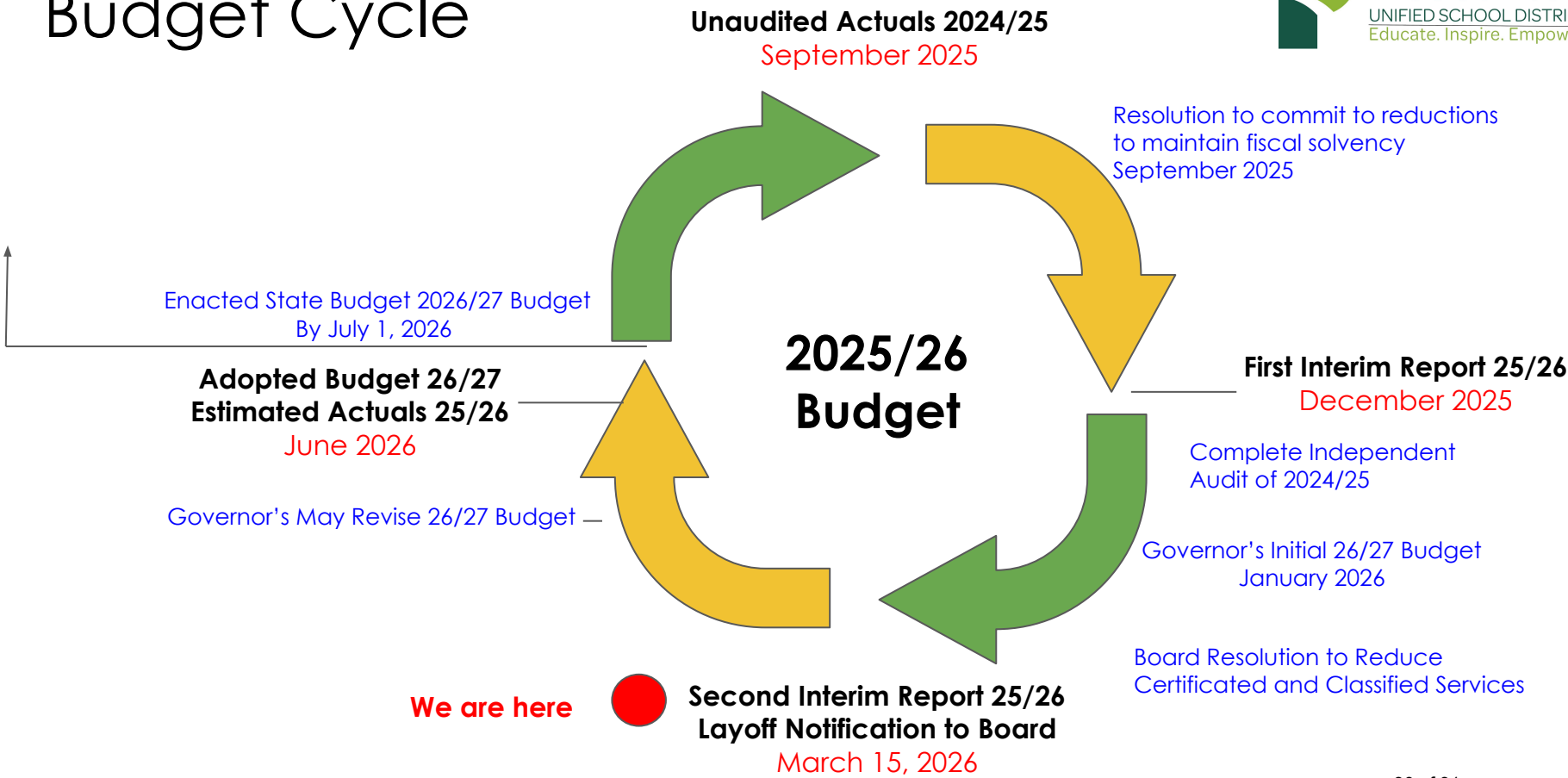
The Certification of the District's financial condition may take one of three forms:

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