



Business Services Memorandum

To: Board of Trustees

From: Ahmad Sheikholeslami, Assistant Superintendent of Business Services

Date: 5/26/26

Re: 2025/26 Third Interim Budget Report

The 2025-26 Third Interim Budget Report is the final of three updates to the 2025/26 Annual Budget. The Third Interim Report is required by the State as a result of the Negative Certification of the Budget at the Second Interim. It provides an updated, more accurate picture of Pleasanton Unified School District's finances, based on actual revenues and expenditures through April 30, 2026. The Third Interim Report only includes an update to the General Fund (Fund 001). The data from the Third Interim serve as the basis for our Estimated Actual for the 2026/27 Budget. The District is simultaneously developing the 2026/27 budget, which will be presented to the Board for an initial reading at the Public Hearing on June 11, 2026. The 2026/27 Budget will include a Budget Report with a comprehensive assessment and analysis of the budget.

While the Third Interim includes a multi-year projection (MYP), it will differ significantly once the updated 2026/27 District Budget and new State Budget data are incorporated into the MYP. For this reason, the report for the Third Interim will mainly focus on the updates and adjustments to the 2025/26 Budget since the Second Interim. Included as part of the Third Interim are the SACS documents, the MYP, and variance report.

The Third Interim Report shows an improved unrestricted Ending Fund balance from negative (\$110,121) to positive \$670,125. The unrestricted Adjusted Ending fund balance also improved from a negative (\$3,342,827) to (\$2,562,582). These improvements are mainly driven by one-time revenue adjustments and expenditure savings.

Below is a recap of the Third Interim financials. Detailed information is available in the appendix and in the SACS Financial documents.

Description	2025/2026 - Third Interim		
	Unrestricted	Restricted	Total
Revenues	\$173,898,602	\$47,069,518	\$220,968,120
Expenditures	\$145,644,844	\$87,064,962	\$232,709,806
Transfers In/Out (includes Committed/Stabilization Fund)	\$5,962,000	\$0	\$5,962,000
Contribution to Restricted Programs	-\$36,024,969	\$36,024,969	\$0
Less Committed	\$2,882,000	\$0	\$2,882,000
Net Increase/Decrease (without Committed/Stabilization Fund)	-\$4,691,211	-\$3,970,475	-\$8,661,686
Beginning Balance	\$2,479,336	\$9,852,006	\$12,331,342
Ending Balance (includes Committed)	\$670,125	\$5,881,531	\$6,551,656
Less Nonspendable	\$350,706	\$0	\$350,706
Adjusted Ending Balance (without Committed/Stabilization Funds)/Reserves	-\$2,562,582	\$5,881,531	\$3,318,949

Major Third Interim adjustments:

- Adjustments to revenues and expenditures based on actuals to date and projections of the remaining year
 - Increases to salaries and benefits to accurately capture current and future costs
 - Reduce budgets based actual expenditures to date resulting in onetime savings in the current year
- Revision to the LCFF in 2026/27 and 2027/28 based on the following:
 - Adjusted Cost of Living Adjustment (COLA)
 - 2025/26 from 2.41% to 2.87%
 - Adjustment of Enrollment and ADA in the LCFF calculation based on updated enrollment projections
- Expenditure reductions for 2026/27 based on Board actions
- Increase of Restricted Grant of \$1.5M and removal of site donations/expenditures in out years

Summary of Third Interim Budget Adjustments

The Third Interim Budget includes the following changes from the Second Interim Budget for 2025/26. Key changes are highlighted below (amounts are rounded and see attached variance report for details):

Revenue Adjustments:

- \$1.94M net increase in revenue (major changes listed below)
 - \$1.04 Increase in unrestricted revenues
 - \$146K increase in LCFF funding
 - Prior year adjustment and Higher enrollment/ADA
 - \$898K increase other Local funding
 - Reconciliation of prior year liabilities (one-time)
 - \$892K increase in restricted revenues
 - \$21.4K increase in Federal revenues
 - \$294K in State funding
 - SELPA P1 Allocation update and Early Intervention
 - \$576K increase Local funding
 - Increased site donations

Expenditure Adjustments:

- \$1.28M net increase in expenditures (major changes listed below)
 - \$118.5K increase in unrestricted expenditures
 - \$97.5K increase in salaries
 - \$435K increase in benefits
 - STRS understatement
 - \$279.8K decrease in Books & Supplies
 - Savings from reduced expenditures
 - \$120.3K decrease in Services/Other Operating
 - Savings from reduced expenditures
 - \$1.16M increase in restricted expenditures
 - \$871K net increase in salaries and benefits
 - Grants
 - Billing Accounts
 - Special Education
 - \$17K increase in Books and Supplies
 - Prop 28
 - Site donations
 - \$291K increase in Services and Operations
 - Site donations
 - Grants
- Increased Contribution to Restricted programs: \$145K (Special Education)

Next Steps:

Staff is currently developing the 2026/27 Budget, including incorporating all approved staffing reductions and adjustments into a revised budget model, as well as updating site and department budgets. Budget development involves many moving parts, and staff remain committed to building the most accurate and responsible budget possible amid complex and evolving fiscal conditions. Revenue assumptions are also being updated based on the latest information available from the State Budget process. Due to the timing of State budget adoption, some adjustments may not be fully reflected in the District's Adopted Budget and may instead need to be incorporated through the 45-Day Budget Revision or at First Interim. Staff will continue to rely on guidance from the Common Message and School Services of California to determine the most reliable assumptions for revenue projections. The 2025/26 Budget, along with the Local Control and Accountability Plan (LCAP), is scheduled to be presented for a first reading on June 11, 2026, with adoption anticipated at the second Board meeting in June 2026.

Attachments

Multi-Year Projections - Attachment A
General Fund Variance Report - Attachment B

PLEASANTON UNIFIED
2025-26 Third Interim
Multi-Year Projection

Description	2025-26 Projected Budget			2026-27 Projected Budget			2027-28 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenue									
LCFF	164,290,183	1,186,723	165,476,906	165,104,127	1,186,723	166,290,850	166,465,788	1,186,723	167,652,511
Federal Revenue	0	3,906,712	3,906,712	0	3,153,060	3,153,060	0	3,153,060	3,153,060
State Revenue	3,499,961	34,312,079	37,812,040	3,293,185	28,292,155	31,585,340	3,242,765	28,269,636	31,512,401
Local Revenue	6,108,458	7,664,004	13,772,462	4,447,715	3,763,846	8,211,561	4,205,000	3,763,846	7,968,846
Total Revenue	173,898,602	47,069,518	220,968,120	172,845,027	36,395,784	209,240,811	173,913,553	36,373,265	210,286,818
Expenditures									
Certificated Salaries	83,163,612	21,252,837	104,416,449	83,163,612	21,252,837	104,416,449	78,382,398	20,354,366	98,736,764
<i>Step & Column</i>			0	868,159	225,444	1,093,603	869,247	228,305	1,097,552
<i>Other Adjustments</i>			0	(5,649,374)	(1,123,915)	(6,773,289)	(771,101)	30,016	(741,086)
Total Certificated Salaries	83,163,612	21,252,837	104,416,449	78,382,398	20,354,366	98,736,764	78,480,543	20,612,686	99,093,230
Classified Salaries	16,363,572	15,905,272	32,268,844	16,363,572	15,905,272	32,268,844	15,220,990	14,899,077	30,120,067
<i>Step & Column</i>			0	384,271	376,144	760,415	396,291	387,981	784,272
<i>Other Adjustments</i>			0	(1,526,853)	(1,382,339)	(2,909,192)	79,823	80,902	160,724
Total Classified Salaries	16,363,572	15,905,272	32,268,844	15,220,990	14,899,077	30,120,067	15,697,103	15,367,960	31,065,063
Employee Benefits	33,408,416	23,312,445	56,720,861	30,406,828	22,795,337	53,202,165	29,710,769	23,021,929	52,732,698
Books and Supplies	1,950,975	5,369,665	7,320,640	2,161,326	1,342,907	3,504,233	2,226,166	1,342,907	3,569,073
Other Services & Oper. Expenses	11,953,988	16,835,448	28,789,436	12,223,703	14,120,589	26,344,292	12,712,651	14,120,589	26,833,240
Capital Outlay	0	1,599,577	1,599,577	0	648,442	648,442	0	648,442	648,442
Other Outgo 7xxx	1,773,914	250,000	2,023,914	1,444,871	250,000	1,694,871	1,502,666	250,000	1,752,666
Transfer of Indirect 73xx	(2,969,633)	2,539,718	(429,915)	(2,878,856)	2,448,941	(429,915)	(2,878,856)	2,448,941	(429,915)
Budget Reductions			0	0	0	0	0	0	0
Total Expenditures	145,644,844	87,064,962	232,709,806	136,961,260	76,859,659	213,820,918	137,451,042	77,813,455	215,264,497
Deficit/Surplus	28,253,758	(39,995,444)	(11,741,686)	35,883,767	(40,463,875)	(4,580,107)	36,462,511	(41,440,190)	(4,977,679)
Other Sources/(uses)									
Transfers In	14,080,000	-	14,080,000	3,080,000	-	3,080,000	3,080,000	-	3,080,000
Transfers out	8,118,000	-	8,118,000	-	-	-	-	-	-
Contributions to Restricted			-			-			-
Special Education	(29,688,674)	29,688,674	-	(32,890,950)	32,890,950	-	(33,830,707)	33,830,707	-
Restricted Routine Repair	(6,336,289)	6,336,289	-	(6,123,491)	6,123,491	-	(6,166,799)	6,166,799	-
Other Restricted	(6)	6	-	-	-	-	-	-	-
Total Other Sources	(30,062,969)	36,024,969	5,962,000	(35,934,441)	39,014,441	3,080,000	(36,917,506)	39,997,506	3,080,000
Net increase (decrease)	(1,809,211)	(3,970,475)	(5,779,686)	(50,674)	(1,449,433)	(1,500,107)	(454,995)	(1,442,683)	(1,897,679)
Beginning Balance	2,479,336	9,852,006	12,331,342	670,125	5,881,531	6,551,656	619,451	4,432,097	5,051,548
Ending Balance	670,125	5,881,531	6,551,656	619,451	4,432,097	5,051,548	164,456	2,989,414	3,153,870
Revolving	40,150	-	40,150	40,150		40,150	40,150		40,150
Stores	310,556			100,000			100,000		
Restricted Programs		5,881,531	5,881,531		4,432,097	4,432,097		2,989,414	2,989,414
Committed - textbooks	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000		2,000,000
Committed - PARS	882,000			-			-		
Unappropriated Fund Balance	(2,562,582)	0	(1,370,025)	(1,520,699)	0	(1,420,699)	(1,975,694)	0	(1,875,694)
			-0.6%			-0.7%			-0.9%
<i>Fund 17 committed stabilization</i>	<i>8,118,000</i>			<i>8,118,000</i>			<i>8,118,000</i>		
Reserve for Econ Uncertainty (3%)	6,737,800		6,737,800	6,414,700		6,414,700	6,458,000		6,458,000

Unrestricted & Restricted General Fund	Original Budget	First Interim	Second Interim	Third Interim	Increase/Decrease (3rd Interim - 2nd Interim)	Percent Diff (3rd Interim - 2nd Interim)
BEGINNING FUND BALANCE	\$ 10,567,115	\$ 12,331,341	\$ 12,331,341	\$ 12,331,341		
REVENUE						
LCFF Sources/Property Taxes (1)	\$ 165,125,548	\$ 165,204,105	\$ 165,330,651	\$ 165,476,906	\$ 146,255	0.1%
Federal Revenues	\$ 3,342,848	\$ 3,319,469	\$ 3,885,347	\$ 3,906,712	\$ 21,365	0.5%
Other State Revenue (2)	\$ 33,811,636	\$ 37,411,848	\$ 37,517,924	\$ 37,812,040	\$ 294,116	0.8%
Other Local Revenue (3)	\$ 6,873,678	\$ 9,395,192	\$ 12,297,738	\$ 13,772,462	\$ 1,474,724	12.0%
TOTAL REVENUE	\$ 209,153,710	\$ 215,330,614	\$ 219,031,660	\$ 220,968,120	\$ 1,936,460	0.9%
EXPENDITURES						
Certificated Salaries (4)	\$ 101,749,770	\$ 103,370,129	\$ 104,010,974	\$ 104,416,449	\$ 405,475	0.4%
Classified Salaries (5)	\$ 30,371,296	\$ 31,011,527	\$ 31,863,935	\$ 32,268,844	\$ 404,909	1.3%
Employee Benefits (6)	\$ 55,704,291	\$ 55,663,870	\$ 56,145,102	\$ 56,720,861	\$ 575,759	1.0%
Books and Supplies (7)	\$ 4,565,228	\$ 7,614,535	\$ 7,583,228	\$ 7,320,640	\$ (262,588)	-3.5%
Services, Operating Expenses (8)	\$ 25,619,089	\$ 26,825,225	\$ 28,618,415	\$ 28,789,436	\$ 171,021	0.6%
Capital Outlay	\$ 1,354,595	\$ 1,383,714	\$ 1,612,306	\$ 1,599,577	\$ (12,729)	-0.8%
Other Outgo	\$ 2,023,840	\$ 2,023,840	\$ 2,023,914	\$ 2,023,914	\$ -	0.0%
Direct Support/Indirect Costs	\$ (473,937)	\$ (646,230)	\$ (429,915)	\$ (429,915)	\$ -	0.0%
TOTAL EXPENDITURES	\$ 220,914,172	\$ 227,246,610	\$ 231,427,959	\$ 232,709,806	\$ 1,281,847	0.6%
OTHER FINANCING SOURCES						
Transfers In	\$ 3,230,000	\$ 14,080,000	\$ 5,962,000	\$ 5,962,000	\$ -	
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfers Out and Other Uses	\$ -	\$ -	\$ -	\$ -	\$ -	
INCOME minus EXPENSES & TRANSFERS	\$ (8,530,462)	\$ 2,164,004	\$ (6,434,299)	\$ (5,779,686)	\$ 654,613	
ENDING FUND BALANCE	\$ 2,036,653	\$ 14,495,345	\$ 5,897,042	\$ 6,551,655	\$ 654,613	

- 1 Increased TK Add-on with P2 Update to LCFF
- 2 SELPA P1 Allocation update and Early Intervention
- 3 Reconcile prior year workers compensation liability; Restricted - Local site and PTA donations
- 4 Unrestricted - increase Certificated Admin, Restricted - Special Education and local billing account
- 5 Restricted - SpEd, Billing account
- 6 Unrestricted & Restricted STRS benefit increase,
- 7 Unrestricted - reduced supplies in site discretionary
- 8 Unrestricted - Ldecrease utilities; Restricted site donations
- 9 Unrestricted - Moved MOT to Routine Restricted, decreased new equipment; Restricted - ELOP, Routine Restricted, and site donations and grant funded

Unrestricted General Fund	Original Budget	First Interim	Second Interim	Third Interim	Increase/Decrease (3rd Interim - 2nd Interim)	Percent Diff (3rd Interim - 2nd Interim)
BEGINNING FUND BALANCE	\$ 1,951,522	\$ 2,479,335	\$ 2,479,335	\$ 2,479,335		
REVENUE						
LCFF Sources/Property Taxes	\$ 163,935,771	\$ 164,014,316	\$ 164,143,928	\$ 164,290,183	\$ 146,255	0.1%
Federal Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Other State Revenue	\$ 4,429,580	\$ 3,351,015	\$ 3,499,938	\$ 3,499,961	\$ 23	0.0%
Other Local Revenue	\$ 4,673,569	\$ 5,034,024	\$ 5,210,149	\$ 6,108,458	\$ 898,309	17.2%
TOTAL REVENUE	\$ 173,038,920	\$ 172,399,355	\$ 172,854,015	\$ 173,898,602	\$ 1,044,587	0.6%
EXPENDITURES						
Certificated Salaries	\$ 82,424,668	\$ 82,839,682	\$ 83,074,711	\$ 83,163,612	\$ 88,901	0.1%
Classified Salaries	\$ 16,212,745	\$ 16,085,489	\$ 16,354,979	\$ 16,363,572	\$ 8,593	0.1%
Employee Benefits	\$ 33,151,696	\$ 32,730,343	\$ 32,973,694	\$ 33,408,416	\$ 434,722	1.3%
Books and Supplies	\$ 2,350,695	\$ 2,243,668	\$ 2,230,736	\$ 1,950,975	\$ (279,761)	-12.5%
Services, Operating Expenses	\$ 11,509,017	\$ 12,007,476	\$ 12,074,299	\$ 11,953,988	\$ (120,311)	-1.0%
Capital Outlay	\$ 44,000	\$ 43,000	\$ 10,470	\$ -	\$ (10,470)	-100.0%
Other Outgo	\$ 1,773,840	\$ 1,773,840	\$ 1,773,914	\$ 1,773,914	\$ -	0.0%
Transfers of Indirect Costs	\$ (2,159,620)	\$ (3,284,501)	\$ (2,966,447)	\$ (2,969,633)	\$ (3,186)	0.1%
TOTAL EXPENDITURES	\$ 145,307,041	\$ 144,438,997	\$ 145,526,356	\$ 145,644,844	\$ 118,488	0.1%
OTHER FINANCING SOURCES						
Transfers In/Out	\$ 3,230,000	\$ 14,080,000	\$ 5,962,000	\$ 5,962,000	\$ -	
Other Sources/Uses	\$ -	\$ -	\$ -	\$ -	\$ -	
Contributions	\$ (38,683,972)	\$ (35,699,504)	\$ (35,879,115)	\$ (36,024,969)	\$ (145,854)	
Categorical Programs	\$ -	\$ -	\$ (6)	\$ (6)	\$ -	
Special Education	\$ (32,347,682)	\$ (29,173,241)	\$ (29,542,820)	\$ (29,688,674)	\$ (145,854)	
Restricted Routine Repair	\$ (6,336,290)	\$ (6,526,263)	\$ (6,336,289)	\$ (6,336,289)	\$ -	
Transfers Out and Other Uses	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL - OTHER FINANCING	\$ (35,453,972)	\$ (21,619,504)	\$ (29,917,115)	\$ (30,062,969)	\$ (145,854)	
INCOME minus EXPENSES & TRANSFERS	\$ (7,722,093)	\$ 6,340,854	\$ (2,589,456)	\$ (1,809,211)	\$ 780,245	
ENDING FUND BALANCE	\$ (5,770,571)	\$ 8,820,189	\$ (110,121)	\$ 670,124	\$ 780,245	

Restricted General Fund	Original Budget	First Interim	Second Interim	Third Interim	Increase/Decrease (3rd Interim - 2nd Interim)	Percent Diff (3rd Interim - 2nd Interim)
BEGINNING FUND BALANCE	\$ 8,615,593	\$ 9,852,006	\$ 9,852,006	\$ 9,852,006		
REVENUE						
LCFF Sources/Property Taxes	\$ 1,189,777	\$ 1,189,789	\$ 1,186,723	\$ 1,186,723	\$ -	0.0%
Federal Revenues	\$ 3,342,848	\$ 3,319,469	\$ 3,885,347	\$ 3,906,712	\$ 21,365	0.5%
Other State Revenue	\$ 29,382,056	\$ 34,060,833	\$ 34,017,986	\$ 34,312,079	\$ 294,093	0.9%
Other Local Revenue	\$ 2,200,109	\$ 4,361,168	\$ 7,087,589	\$ 7,664,004	\$ 576,415	8.1%
TOTAL REVENUE	\$ 36,114,790	\$ 42,931,259	\$ 46,177,645	\$ 47,069,518	\$ 891,873	1.9%
EXPENDITURES						
Certificated Salaries	\$ 19,325,102	\$ 20,530,447	\$ 20,936,263	\$ 21,252,837	\$ 316,574	1.5%
Classified Salaries	\$ 14,158,551	\$ 14,926,038	\$ 15,508,956	\$ 15,905,272	\$ 396,316	2.6%
Employee Benefits	\$ 22,552,595	\$ 22,933,527	\$ 23,171,408	\$ 23,312,445	\$ 141,037	0.6%
Books and Supplies	\$ 2,214,533	\$ 5,370,867	\$ 5,352,492	\$ 5,369,665	\$ 17,173	0.3%
Services, Operating Expenses	\$ 14,110,072	\$ 14,817,749	\$ 16,544,116	\$ 16,835,448	\$ 291,332	1.8%
Capital Outlay	\$ 1,310,595	\$ 1,340,714	\$ 1,601,836	\$ 1,599,577	\$ (2,259)	-0.1%
Other Outgo	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	0.0%
Direct Support/Indirect Costs	\$ 1,685,683	\$ 2,638,271	\$ 2,536,532	\$ 2,539,718	\$ 3,186	0.1%
TOTAL EXPENDITURES	\$ 75,607,131	\$ 82,807,613	\$ 85,901,603	\$ 87,064,962	\$ 1,163,359	1.4%
OTHER FINANCING SOURCES						
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	
Contributions	\$ 38,683,972	\$ 35,699,504	\$ 35,879,115	\$ 36,024,969	\$ 145,854	
Categorical Programs	\$ -	\$ -	\$ 6	\$ 6	\$ -	
Special Education	\$ 32,347,682	\$ 29,173,241	\$ 29,542,820	\$ 29,688,674	\$ 145,854	
Restricted Routine Repair	\$ 6,336,290	\$ 6,526,263	\$ 6,336,289	\$ 6,336,289	\$ -	
Transfers Out and Other Uses	\$ -	\$ -	\$ -	\$ -	\$ -	

TOTAL - OTHER FINANCING	\$ (38,683,972)	\$ (35,699,504)	\$ (35,879,109)	\$ (36,024,963)	\$ (145,854)	
INCOME minus EXPENSES & TRANSFERS	\$ (808,369)	\$ (4,176,850)	\$ (3,844,843)	\$ (3,970,475)	\$ (125,632)	
ENDING FUND BALANCE	\$ 7,807,224	\$ 5,675,156	\$ 6,007,163	\$ 5,881,531	\$ (125,632)	