



2025–26 Second Interim Report

Pacific Grove Unified School District · Board of Education Meeting · March 5, 2026

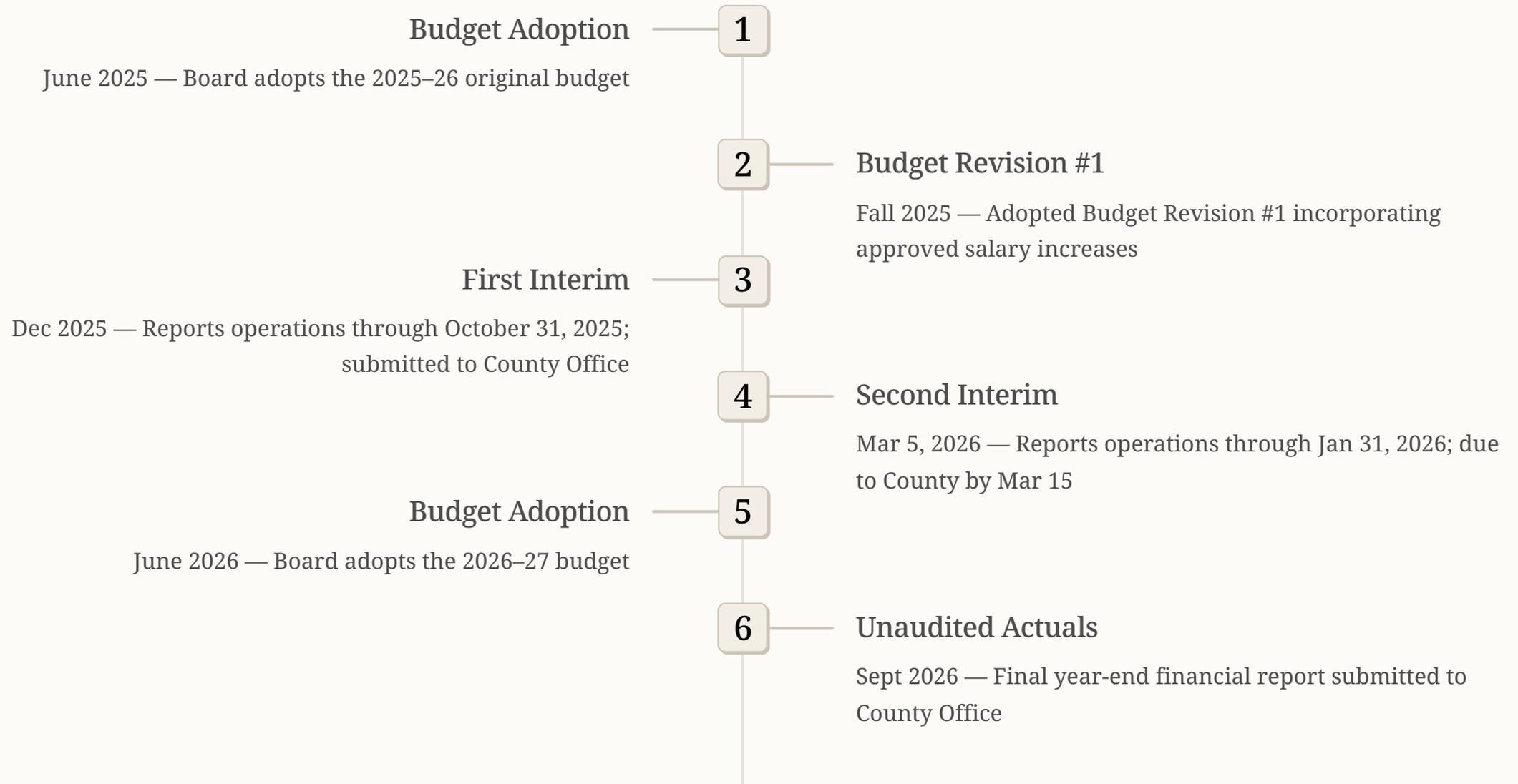
Presented by **Josh Jorn**, Assistant Superintendent

ACTION / DISCUSSION ITEM

FISCAL SOLVENCY, ACCOUNTABILITY & INTEGRITY

PGUSD Fiscal Reporting Calendar

California Education Code requires school districts to formally update and review operating budgets at least twice per year. Below is the annual fiscal reporting cycle for PGUSD.



Second Interim: Purpose & Recommendation

Board Recommendation

The District Administration recommends that the Board **review and approve** the 2025–26 Second Interim Report, which identifies expenditures and revenue for all district funds through **January 31, 2026**.

Positive Certification Findings

Based on current information and projections, the District's General Fund will have:

- A **positive ending fund balance**
- A **positive cash flow**
- The ability to **meet financial obligations** for the current year and the subsequent two years

General Fund Overview — FY 2025–26

The Combined General Fund (**Restricted** + Unrestricted) reflects total revenues of **\$49,070,115** and total expenditures of **\$50,657,555** (including interfund transfers), projecting a gross operating deficit for the fiscal year.

\$49.1M

Total Revenue

Combined General Fund
projected revenues

\$50.7M

Total Expenditures

Including interfund transfers

-\$1.59M

Operating Deficit

Unrestricted: (\$829,384) ·
Restricted: (\$758,053)

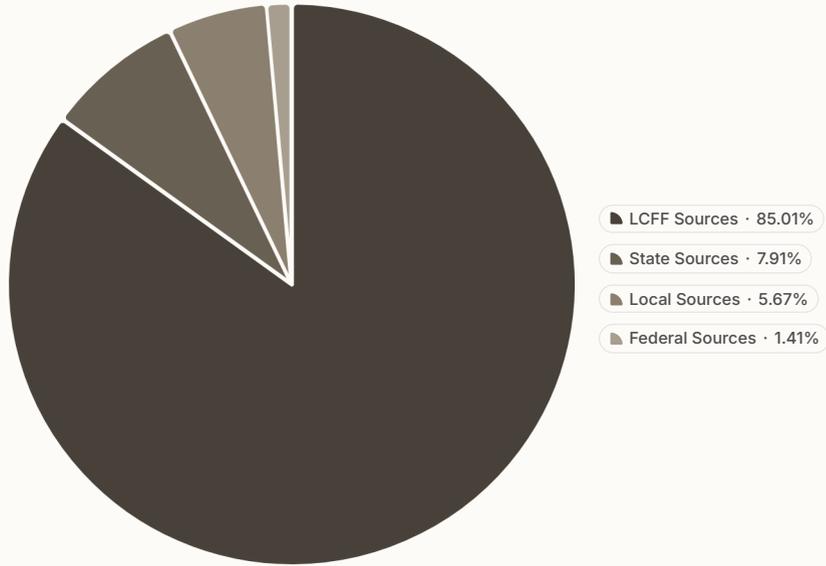
8.5%

Reserve Balance

Exceeds the 3.0% minimum
required reserve for economic
uncertainty

☐ Beginning Fund Balance: **\$7,201,682** (Unrestricted: \$4,882,718 · Restricted: \$2,318,963) · Projected Ending Fund Balance: **\$5,614,244**

Revenue Sources — General Fund



LCFF Sources — \$41,713,695

Local Property Taxes + LCFF Base + EPA

Property tax revenue is tracking 3.875% over FY24-25 (budget assumed 5%). Increased receipts are projected for April 2026.

State Sources — \$3,882,194

Includes ELOP, Arts Music Program, and other categorical grants with carryover balances.

Federal Sources — \$689,872

Title I, II, SPED, ESSA, CTE Incentive Grant.

Federal sources have declined since 2023–24 and are projected significantly lower than prior years.

Local Sources — \$2,784,353

SELPA funding, interest, tuition

Declining due to reduced SELPA/SPED receipts, partially offset by new PGHS Ballas Trust donations.

Expenditures & Salary Reconciliation

Board-approved salary increases for all employee groups were included in the FY 2025–26 Adopted Budget Revision #1. Changes from First Interim reflect position vacancy reconciliation.

Certificated Salaries

Decreased by **(\$45,074)** from First Interim due to vacancy reconciliation

Classified Salaries

Decreased by **(\$165,054)** from First Interim due to vacancy reconciliation

Benefits

Decreased by **(\$42K4)** from First Interim

Benefit Rates

STRS: 19.10% · CalPERS: 26.81% (flat) · SUI: 0.50% · Workers' Comp: **3.24%** (up from 2.77%)

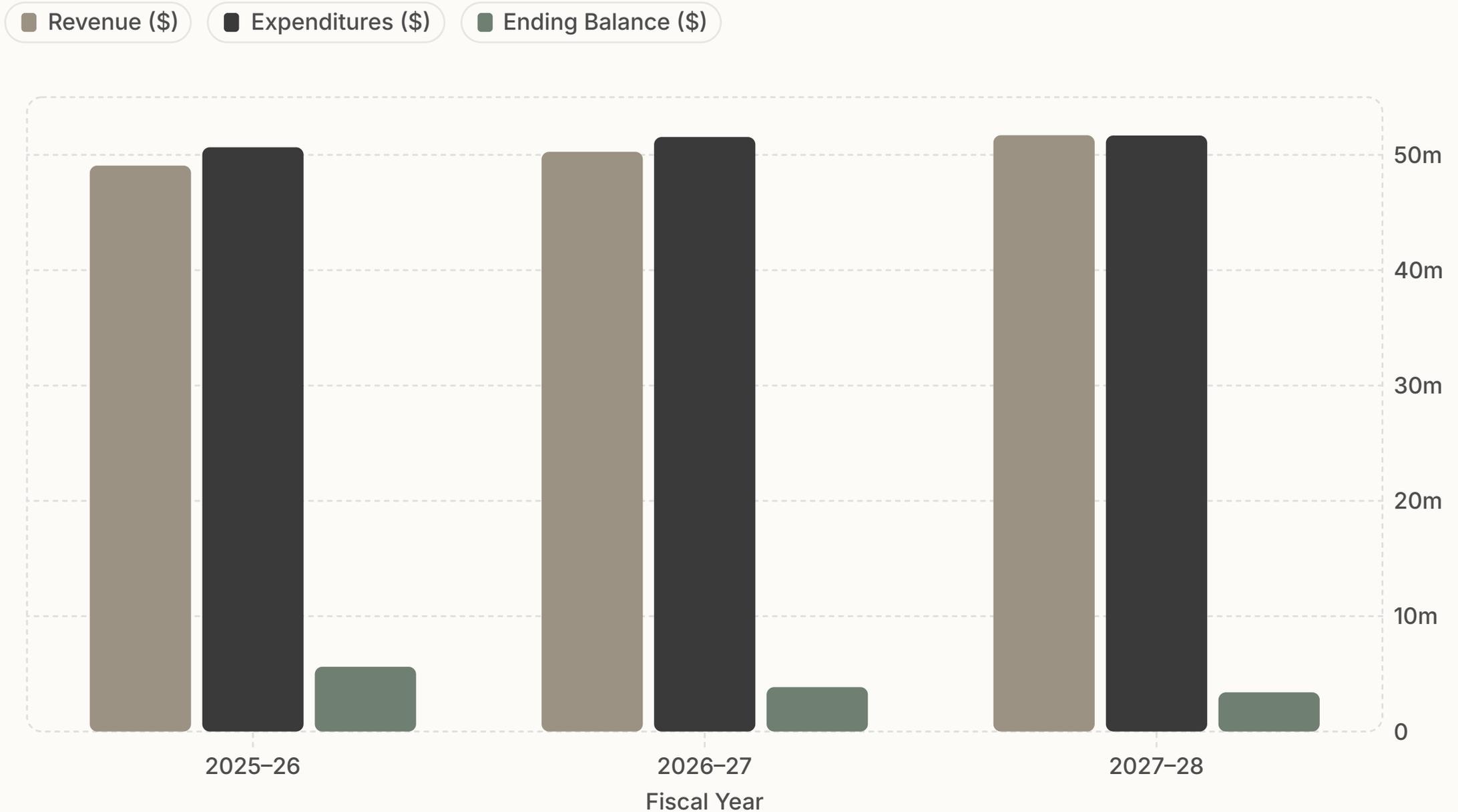
Reserves increased to **8.5%** (up from First Interim) due to:

- (Unrestricted) receipt of delayed/delinquent tax receipts, reduced Fund 01 Contribution to RS6500 (SPED) and;
- reduced program such as SRO Contract and continued reduction to travel and conference and;
- position vacancy reconciliation



Multi-Year Projections — General Fund

Projections assume a 2% salary schedule increase and 0.5% Health & Welfare increase in FY 2026–27, and step-in-column only for FY 2027–28.



FY 2026–27

Deficit: (\$1,597,413)

Ending Balance: ↑ \$4,016,831

Reserves: ↑ 6.9%

FY 2027–28

Deficit: (\$452,429)

Ending Balance: ↑ \$3,687,341

Reserves: ↑ 5.2%

Special Funds Summary — Funds 08, 11, 12 & 13

Fund 08 — Student Activities (ASB) Fund

No changes from 1st Interim

Revenue: \$434,000

Expenditures: \$422,500

Surplus: +\$11,500

Ending Balance: \$441,079

Fund 11 — Adult Education Fund

Revenue increased \$13,433

Expenditures increased \$4,576

Deficit improved by \$8,764

Ending Balance: \$1,312,142

Fund 12 — Child Development Fund

Revenue up \$36,292

Expenditures up \$182,601

Deficit increased \$146,310

Ending Balance: \$31,825.

Requires increased Fund 01 contribution due to lower tuition revenue (ELOP/BASRP staffing).

Fund 13 — Cafeteria Fund

Revenue up \$24,560

Expenditures up \$89,541 (staffing aligned to program growth).

Deficit increased \$64,981

Ending Balance: \$1,069,702

Capital & Other Funds Summary — Funds 14, 20, 21, 25 & 40

Fund	Revenue	Expenditures	Surplus / (Deficit)	Ending Balance
Fund 14 — Deferred Maintenance	\$198,133	\$467,414	(\$69,280)	\$754,046
Fund 20 — Post-Employment Benefits	\$131	\$0	+\$131 — no change	\$6,977
Fund 21 — Building / Ed Tech (Measure A & D)	\$10,765,401	\$14,907,422	(\$4,141,019) ↑ \$1.15M	\$2,166,070
Fund 25 — Developer Fees	\$108,000	\$0	+\$108,000	\$59,470
Fund 40 — Capital Projects	\$290,000	\$464,199	(\$174,188)	\$553,053

☐ Fund 21 deficit increased by \$1,147,879 from 1st Interim, driven by increased expenses for **Quick Start Projects planned for Summer 2026**. Fund 20 balances are stationary and cannot be transferred to any other fund.

Summary & Board Action

The 2025–26 Second Interim Report reflects the District's financial position through **January 31, 2026** and supports a **Positive Certification** — the District can meet its obligations for the current year and the next two years.

Positive Certification

Positive ending balance, positive cash flow, and ability to meet all financial obligations through FY 2027–28

Reserve at 8.5%

Above the 3.0% minimum; increased from First Interim due to tax receipts and vacancy savings

Deficit Spending

Combined General Fund deficit of (\$1,587,437) with projected ending balance of \$5,614,244

Board Action Required

Approve the 2025–26 Second Interim Report for submission to Monterey County Office of Education by **March 15, 2026**