

# **Annual Budget Report 2009-2010**

**Presented to the Board of Trustees  
June 29, 2009**

# 2009/10 Annual Budget Assumptions

## General Fund Revenue

- Revenue Limit Sources
  - 4.25% COLA (\$250/ADA)
  - 17.97% DEFICIT (-\$1,098/ADA, or -\$3.2 million)
- ADA: 2,951 (funded on 2008/09 ADA, 62 less than prior year funding, 2009/10 projected to decline 70 ADA)
- Mandated Costs – None budgeted at this time
- Lease income and property sale proceeds are budgeted in the Special Reserve For Capital Outlay Fund
- Board approved budget recommendations included

# 2009/10 Adopted Budget Revenues

	Estimated	Adopted	
	Actuals 2008/09	Budget 2009/10	Change
Revenue Limit	\$ 15,626,088	\$ 14,777,838	\$ (848,250)
Federal Income	\$ 1,868,100	\$ 2,173,238	\$ 305,138
Other State Income	\$ 4,184,262	\$ 4,022,394	\$ (161,868)
Other Local Income	\$ 344,000	\$ 160,227	\$ (183,773)
<b>Sub Total</b>	<b>\$ 22,022,450</b>	<b>\$ 21,133,697</b>	<b>\$ (888,753)</b>
Interfund Transfer In	\$ 249,358	\$ 197,750	\$ (51,608)
<b>Total</b>	<b>\$ 22,271,808</b>	<b>\$ 21,331,447</b>	<b>\$ (940,361)</b>

# 2009/10 Adopted Budget Assumptions

## General Fund Expenditures

### ➤ Salary

#### ➤ Certificated

➤ Residual of January 1, 2009: 3% increase on schedule carries into 2009/10

#### ➤ Classified, Confidential, and Management

➤ Residual of January 1, 2009: 3% increase on schedule carries into 2009/10

### ➤ Step and Column

➤ Certificated – 0 %, eliminated per M.O.U.

➤ Classified – 0 %, eliminated per M.O.U.

➤ Management, Supervisory, and Confidential – 0%

# **2009/10 Adopted Budget Assumptions**

## **General Fund Expenditures**

### **➤ Health and Welfare**

➤ Maximum medical cap \$12,695

➤ Dental, Vision, and Life Maximum \$1,627

➤ Board approved budget reductions included where achieved

# 2009/10 Board Approved Budget Recommendations

<b><u>PART 1</u> - UNANIMOUS CONSENSUS ITEMS ( in no order of preference)</b>	<b>2009/10 Budget Savings</b>	<b>Amount Included in Budget</b>
Reduction of SESA's due to 8 <sup>th</sup> grade graduation	\$60,000	\$60,000
Reduction of cost of Substitutes for teachers	\$ 67,000	\$67,000
Freeze Step, Column, Longevity (all employees)	\$ 273,935	\$273,935
Teachers \$200,000		
Classified Employees \$62,000		
Confidential \$1,000		
Supervisory and Certificated And Classified Administrators \$10,935		
Reduction of Overall Teacher Salary	\$ 35,000	\$35,000
Eliminate substitute coverage for report cards (grades K and 3-6)	\$ 13,200	\$13,200

# 2009/10 Board Approved Budget Recommendations

<b><u>PART 1</u> –Unanimous Consensus Items – Continued</b>	<b>2009/10 Budget Savings</b>	<b>Amount Included in Budget</b>
Eliminate speech consultants due to hired speech staff	\$59,000	\$50,385
Shut down schools from 6/20 to 8/8 to save utility costs	\$20,000	\$20,000
Eliminate Assistant to the Supt. Secretary	\$22,000	\$22,000
Reduction of 5 NPS students due to 8 <sup>th</sup> grade promotion	\$140,000	\$-109,000
Reduce Rancho Principal from 12 months to 11 months (voluntary)	\$10,275	\$10,275
Summer Savings Program (through SCE) for electricity savings	\$5,000	\$5,000

# 2009/10 Board Approved Budget Recommendations

<b>PART 1 – Unanimous Consensus Items - Continued</b>	<b>2009/10 Budget Savings</b>	<b>Amount Included in Budget</b>
Eliminate subs for night time custodians	\$10,000	\$10,000
Special education parents to transport their children (est 20%)	\$45,000	\$30,535
Requote on Health & Welfare Benefits	\$30,000	\$0
Increase staffing for Independent Study from 20:1 to 25:1	\$14,400	\$14,400
<b>Subtotal</b>	<b>\$848,810</b>	<b>\$502,730</b>

# 2009/10 Board Approved Budget Recommendations

<b>PART 1 – Ongoing Budget Reductions (2008/09)</b>	<b>2009/10 Budget Savings</b>	<b>Amount Included in Budget</b>
Reduce Budget Code 5220 Travel and Conference	\$12,300	\$12,300
Reduce Budget Code 5800 Set aside for potential nonpublic school special education costs	\$150,000	\$150,000
Reduce Budget Code 5320 Legal, Audit, Election	\$100,000	\$100,000
Reduce Fund 20 over two-year period 2009/10 and 2010/11 (set aside to begin meeting post-retirement costs)	\$100,000	\$100,000
Reduce Maintenance and Operations budgets	\$33,000	\$33,000
Reduce Budget Code 7142 (special education students attending county programs)	\$150,000	\$150,000
<b>Sub Total for Part 1 –</b>	<b>\$545,300</b>	<b>\$545,300</b>
<b>Total Part #1</b>	<b>\$1,394,110</b>	<b>\$1,048,030</b>

# 2009/10 Adopted Budget Expenditures

	Estimated	Adopted	
	Actuals 2008/09	Budget 2009/10	Change
Certificated Salaries	\$ 11,215,250	\$ 11,139,189	\$ (76,061)
Classified Salaries	\$ 3,561,728	\$ 3,334,240	\$ (227,488)
Employee Benefits	\$ 4,331,744	\$ 4,388,562	\$ 56,818
Books & Supplies	\$ 1,406,641	\$ 383,975	\$ (1,022,666)
Services/Operating Exp.	\$ 1,665,997	\$ 1,893,310	\$ 227,313
Capital Outlay	\$ 0	\$ 0	\$ 0
Other Outgoing	\$ 578,966	\$ 488,949	\$ (90,017)
<b>Sub Total</b>	<b>\$ 22,760,326</b>	<b>\$ 21,628,225</b>	<b>\$ (1,132,101)</b>
Interfund Transfer Out	\$ 226,608	\$ 0	\$ (226,608)
<b>Total</b>	<b>\$ 22,986,934</b>	<b>\$ 21,628,225</b>	<b>\$ (1,358,709)</b>

# 2009/10 Adopted Budget Assumptions

## General Fund Reserve

- Although continuing to experience declining enrollment within the District, historic state funding declines have necessitated the Designation For Economic Uncertainties Reserve target to decrease from 5% to the legal minimum of 3%.
- During declining enrollment, and reliable state funding, it is prudent to maintain an additional 2% above the state minimum reserve level to provide a buffer should financial difficulties arise and commitments cannot be reduced. Financial difficulties have been imposed on the District by the state. Commitments have been reduced. District reserves above the legal minimum are spent down in 2010/11 and zeroed out for 2011/12.

# Multi-year Projections

## Revenue Assumptions – Future Years

- Revenue Limit Sources
  - 0.90% in 2010/11 (no additional state deficit)
  - 2.40% in 2011/12 (no additional state deficit)
- ADA: Less 70 ADA in 2010/11 (funded on 2009/10 ADA)
  - Less 70 ADA in 2011/12 (funded on 2010/11 ADA)
- State Categorical Flexibility Remains Until 2012/13
- Federal Stimulus Funds (\$1.8 million) Removed in 2010/11 (assumed fully spent in 2009/10)
- Local Revenues Remain Constant (Interest Income only)

# Multi-year Projections

## Expenditure Assumptions – Future Years

- Carryover is budgeted (Federal Stimulus and School Sites)
- 2010/11 Salaries and Employee Benefits
  - 2.2% Certificated step and column costs resume
  - 2.0% classified step and longevity costs resume
  - 0% salary increases
  - 5.0% Increase in Employee Health & Welfare Benefits
  - Election costs of \$29K budgeted
- 2011/12 Salaries and Employee Benefits
  - 2.2% Certificated step and column costs continue
  - 2.0% classified step and longevity costs continue
  - 0% salary increases
  - 5.0% Increase in Employee Health & Welfare Benefits
  - Election costs of \$29K removed
- 2010/11 and 2011/12 Other District Expenses
  - 0.0% Consumer Price Index (CPI) Cost increase for supplies, utilities, contracted services, insurance services, non-public schools

# Multi-year Unrestricted General Fund Summary

	09/10 Adopted Budget*	10/11 Projected Budget	11/12 Projected Budget
Total Revenue and Transfers In	\$ 16,130,274	\$ 15,355,030	\$ 15,445,448
Total Expenditures & Outgoing	\$ 15,601,815	\$ 16,703,202	\$ 16,748,202
<b>Change in Fund Balance</b>	<b>\$ 528,459</b>	<b>\$ (1,348,172)</b>	<b>\$ (1,302,754)</b>
Beginning Balance	\$ 2,895,849	\$ 3,424,308	\$ 2,076,136
<b>Ending Balance</b>	<b>\$ 3,424,308</b>	<b>\$ 2,076,136</b>	<b>\$ 773,382</b>
<b>Components of Fund Balance</b>			
Reserved Amounts	\$ 72,000	\$ 72,000	\$ 72,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 648,847	\$ 640,733	\$ 642,083
Designations	\$ 106,987	\$ 0	\$ 0
Undesignated Amount	\$ 2,596,474	\$ 1,363,403	\$ 59,299

\* The 2009/10 adopted budget is based on the Governor's May Revision Proposed Budget Reductions (to 2008/09 and 2009/10) and the District's Board approved budget reductions have been incorporated.

# Multi-year Combined General Fund Summary

	09/10 Adopted Budget	10/11 Projected Budget	11/12 Projected Budget
Total Revenue and Transfers Out	\$ 21,331,438	\$ 20,009,587	\$ 20,100,005
Total Expenditures & Outgoing	\$ 21,628,225	\$ 21,357,759	\$ 21,402,759
<b>Change in Fund Balance</b>	<b>\$ (296,787)</b>	<b>\$ (1,348,172)</b>	<b>\$ (1,302,754)</b>
Beginning Balance	\$ 3,721,095	\$ 3,424,308	\$ 2,076,136
<b>Ending Balance</b>	<b>\$ 3,424,308</b>	<b>\$ 2,076,136</b>	<b>\$ 773,382</b>
<b>Components of Fund Balance</b>			
Reserved Amounts	\$ 72,000	\$ 72,000	\$ 72,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 648,847	\$ 640,733	\$ 642,083
Designations	\$ 106,987	\$ 0	\$ 0
Undesignated Amount	\$ 2,596,474	\$ 1,363,403	\$ 59,299

# 2009/10 Adopted Budget Report

- The good news – District financial projections for 2009/10 and the subsequent two years show the District able to meet the legal minimum 3% reserves each year! The District is utilizing \$200K in one-time revenues from an “equity release” to be received in July 2009 from the WASIA JPA to meet 3% in 2011/12.
- The bad news – State financial condition has worsened. The largest cuts to school funding in state history have been implemented for 2008/09 - and more are proposed - but time is running out to implement the cuts. Reductions will continue in 2009/10.
- Bad news/good news – Cashflow problems continue for the state, and the state continues to pass them on to school districts in the form of cash deferrals. While proceeds from the sale of the Grovedale property cannot be used to support General Fund expenditures, the proceeds can be used to alleviate cashflow shortages, currently eliminating the need (and expense) for a Tax Revenue Anticipation Note (TRAN) for 2009/10.

# 2009/10 Adopted Budget Report

- All District funds are projected to end with positive fund and cash balances for the adopted budget and subsequent two fiscal years.
- Adoption of the District's Proposed 2009/10 Budget is recommended.
- Los Angeles County Office of Education (LACOE) will evaluate the District's 2009/10 Budget based upon the latest proposed or approved state assumptions, so if assumptions worsen between District adoption and LACOE evaluation, this budget could be rejected by LACOE.