



Union High School District

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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
BOARD OF TRUSTEES  
BUDGET WORKSHOP  
AGENDA**

**WEDNESDAY, SEPTEMBER 8, 2010  
1:30 PM**

**DISTRICT OFFICE BOARD ROOM 101  
710 ENCINITAS BLVD., ENCINITAS, CA. 92024**

The Governing Board of the San Dieguito Union High School District has scheduled a Board Budget Workshop for Wednesday, September 8, 2010, at the above location, in the Board Room.

- 1. CALL TO ORDER ..... 1:30 PM

**INFORMATION ITEMS**

- 2. DISTRICT BUDGET UPDATE
  - A. 2009-10 Unaudited Actuals Review
  - B. 2010-11 Fall Revision Preview
  - C. 2011-12 Planning
  - D. Cash Flow

- 3. Adjournment

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# San Dieguito Union High School District

## INFORMATION REGARDING BOARD AGENDA ITEM

**TO:** BOARD OF TRUSTEES

**DATE OF REPORT:** September 1, 2010

**BOARD MEETING DATE:** September 8, 2010

**PREPARED BY:** Eric R. Dill  
Associate Superintendent, Business

**SUBMITTED BY:** Ken Noah  
Superintendent

**SUBJECT:** DISTRICT BUDGET UPDATE

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### EXECUTIVE SUMMARY

A district budget update will be presented at the meeting, as shown in the attached supplement.

### RECOMMENDATION:

This item is being submitted as an information item only.

# District Budget Update



Board Workshop  
September 8, 2010  
1:30 p.m.

# Table of Contents

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- ❑ State Budget Update
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- ❑ 2010 Fall Revision Preview
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- ❑ Multi-Year Projection
- ❑ Cash Flow
- ❑ Next Steps

# 2009-10 Unaudited Actuals

|   | 2009-2010<br>Spring<br>Revision | 2009-2010<br>Unaudited<br>Actuals | Difference  |
|---|---------------------------------|-----------------------------------|-------------|
| <b>Total Revenue</b>                          | <b>100,157,516</b>              | <b>98,671,060</b>                 | (1,486,456) |
| <b>Total Expenditures</b>                     | <b>102,466,020</b>              | <b>100,866,131</b>                | (1,599,889) |
| Expenditures (over/under)<br>Revenue          | <b>(2,308,504)</b>              | <b>(2,195,071)</b>                | (113,433)   |
| <b>Beginning Balance – July 31</b>            | <b>18,722,242</b>               | <b>18,722,242</b>                 |             |
| <b>Ending Balance –<br/>June 30</b>           | <b>16,413,738</b>               | <b>16,527,171</b>                 | 113,433     |
| Revolving Cash/Inventory                      | 31,144                          | 51,137                            |             |
| Board Min. Reserve (4.5%)                     | 4,610,971                       | 4,538,976                         |             |
| Basic Aid Reserve (3%)                        | 3,755,292                       | 3,025,984                         |             |
| Other Commitments                             | 275,000                         | 275,000                           |             |
| Donation Carryover                            | 0                               | 778,228                           |             |
| Reserve/Categorical Programs                  | 5,932,394                       | 3,118,462                         |             |
| <b>Reserve for Economic<br/>Uncertainties</b> | <b>1,808,937</b>                | <b>4,739,384</b>                  |             |

# 2009-10 Unaudited Actuals Variance

## Revenue:

| Amount | Item   |
|--------|--|
| (901K) | Property Taxes                                   |
| (2.8M) | ARRA SFSF Repayment                              |
| 1.3M   | Local Revenue (College Testing, Donations, etc.) |
| 1.1M   | Fund Transfers Flexibility                       |
| (447K) | Reduce Special Ed Encroachment w/ARRA IDEA Funds |

## Expenditures:

| Amount | Item   |
|--------|--|
| 478K   | Certificated Salaries (Substitute Teachers, Counselor Extra Days, Professional Dev.) |
| 154K   | Classified Salaries (IA's, Substitute Costs)   |
| 165K   | Benefits   |
| (2.8M) | Books & Supplies (Carry-over Amounts)  |
| (440K) | Utility Savings  |
| 1.1M   | Fund Transfers for Flexibility   |

# State Budget Update

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- Political parties are about \$4B apart in their negotiations
- Both houses rejected competing Dem & Rep budget proposals on August 31<sup>st</sup>
- Where they agree:
  - Assume new federal dollars
  - Assume higher tax revenue
  - Transfer funds from special accounts
  - Cuts to health care & other state programs
  - Sell off state property

# State Budget Update

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- Where the parties disagree
  - Governor & Republicans
    - Lower taxes, no borrowing, less spending
    - Revision of state employee pension system
    - Constitutional amendment to create rainy day fund
    - Continue to fund education at level of May Revision
  - Democrats
    - Mixture of tax increases and spending cuts
    - Increase income & vehicle taxes; reduce sales tax
    - Increase funding to education



# Proposition 98

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- Prop 98 guarantee would be \$55.3B
- Governor & Republicans
  - Keep education funding at May Revision levels - \$48.7B
  - Shift funding & expenses out of Prop 98
  - One-time, permanent cuts to revenue limits
- Democrats
  - Increase funding to education by \$3.4B to \$52.1B
  - Suspend Prop 98 & add to maintenance factor
  - Define maintenance factor from last year at \$11.2B
  - Create funding stream for mandated costs

# Federal Education Jobs Act

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- ❑ California to receive \$1.2B in one-time money
- ❑ Funds may be used to retain or rehire school-site personnel
- ❑ State may not use funds to offset other cuts in state aid
- ❑ Basic Aid districts to receive same proportional amount as Revenue Limit districts
- ❑ Not included in district budget at this time

# Federal Education Jobs Act

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- Similar allocation plan as with SFSF:
  - 90% of funds will be distributed based on 2009-10 P2 Revenue Limit
  - Final allocation will be based on 2010-11 P2 Revenue Limit
- Funds must be spent by September, 2012
- Recommend using funds to retain staff & reserve appropriately for final allocation

# 2010-11 Fall Revision Preview

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- ❑ Special Board Meeting held on July 20, 2010 to address property tax decreases and return of Federal stimulus funds
- ❑ Expenditure reductions for current fiscal year identified in all categories
- ❑ Fall Revision to Adopted Budget will incorporate previously discussed reductions

# Multi-Year Projection w/o Changes

|                                | 2010-11     | 2011-12     | 2012-13     | 2013-14     |
|--------------------------------|-------------|-------------|-------------|-------------|
| Total GF Expense               | 98,845,439  | 98,109,723  | 98,078,623  | 99,125,056  |
| Deficit                        | (5,309,326) | (4,869,612) | (3,892,263) | (3,222,036) |
| Unrestricted GF Ending Balance | 7,072,042   | 2,202,430   | (1,689,833) | (4,911,869) |
| Unrestricted GF Reserve %      | 7.2%        | 2.2%        | -1.7%       | -5.0%       |

2010-11 based on June Adopted Budget  
2011-12 based on 2009-10 reduction plan

# 2010-11 Fall Revision Preview

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- 2009 carry-over amounts will be added into the budget
  - Donations \$778K
  - Categorical Programs \$981K
- These amounts will increase the expenditure budget
- Carry-over is typically added at First Interim

# 2010-11 Fall Revision Preview

| Item                             | Reductions         | Carry-Over       | Net            |
|----------------------------------|--------------------|------------------|----------------|
| Certificated Salaries & Benefits | (526,352)          | 111,254          | (415,098)      |
| Classified Salaries & Benefits   | (633,114)          | 25,135           | (607,979)      |
| Supplies & Services              | (192,000)          | 1,623,141        | 1,431,141      |
| Other Shifts & Transfers         | (95,000)           | 0                | (95,000)       |
|                                  |                    |                  |                |
| <b>Total</b>                     | <b>(1,446,466)</b> | <b>1,759,530</b> | <b>313,064</b> |
|                                  |                    |                  |                |

# 2010-11 Fall Revision Preview

|                           | 2009-2010<br>Unaudited<br>Actuals | 2010-2011<br>Adopted<br>Budget | 2010-2011<br>Preliminary<br>Fall Revision | Difference     |
|---------------------------|-----------------------------------|--------------------------------|---|----------------|
| Property Tax              | 79,529,471                        | 78,536,707                     | 78,536,707                                | 0              |
| Federal Income            | 2,831,137                         | 3,527,483                      | 3,996,163                                 | 468,680        |
| State Income              | 5,933,929                         | 3,715,419                      | 3,723,672                                 | 8,253          |
| Local Income              | 9,277,607                         | 7,014,210                      | 7,108,603                                 | 94,393         |
| Transfers                 | 1,098,916                         | 0                              | 0   | 0              |
| <b>Total Revenue</b>      | <b>98,671,060</b>                 | <b>92,793,819</b>              | <b>93,365,145</b>                         | <b>571,326</b> |
| Certificated Salaries     | 49,916,700                        | 48,792,033                     | 48,421,740                                | (370,293)      |
| Classified Salaries       | 17,286,818                        | 16,499,106                     | 15,796,430                                | (702,676)      |
| Benefits                  | 18,539,084                        | 19,076,599                     | 18,964,967                                | (111,632)      |
| Books & Supplies          | 3,730,214                         | 3,319,462                      | 4,888,914                                 | 1,569,452      |
| Services & Operating Exp. | 9,450,435                         | 9,567,135                      | 9,480,434                                 | (86,701)       |
| Capital Outlay            | 884,621                           | 132,366                        | 132,366                                   | 0              |
| Other Outgo               | 1,058,259                         | 1,531,683                      | 1,546,597                                 | 14,914         |
| <b>Total Expenditures</b> | <b>100,866,131</b>                | <b>98,918,384</b>              | <b>99,231,448</b>                         | <b>313,064</b> |



# Budget Analysis

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- Focus has been on closing 2009-10 and preparing Fall Revision according to reduction plans
- Now that we have a solid baseline, Actuals will be compared to Fall Revision
- All budgets will be reviewed and adjusted where possible prior to First Interim
- Preparation for 2011-12 begins now!

# 2011-12 Planning

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- ❑ Reserves used to soften the impact of revenue cuts are depleting
- ❑ Additional budget reductions are necessary to close the deficit between revenue and expenditures
- ❑ Administration has begun the process of identifying potential cuts for 2011-12

# 2011-12 Planning

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| Certificated Salaries & Benefits                     | Amount             |
|--|--------------------|
| Reductions due to declining enrollment & retirements | (1,055,000)        |
| Shift some coaching funding to other sources         | (75,000)           |
| <b>Total</b>   | <b>(1,130,000)</b> |

# 2011-12 Planning

| Classified Salaries & Benefits     | Amount           |
|------------------------------------|------------------|
| District & Site Staff              | (375,000)        |
| Shift Artists in Residence Funding | (50,000)         |
| Eliminate Readiness Days           | (10,000)         |
| <b>Total</b>                       | <b>(435,000)</b> |

# 2011-12 Planning

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| <b>Services &amp; Supplies</b>             | <b>Amount</b>   |
|--|-----------------|
| Eliminate High School Athletics Allocation | (36,000)        |
|  |                 |
|  |                 |
|  |                 |
| <b>Total</b>                               | <b>(36,000)</b> |

# 2011-12 Planning

| Home-to-School Transportation                    | Amount             |
|--|--------------------|
| Fund 03 Effect                                   |                    |
| HTS Revenue shifted to Tier III                  | (481,086)          |
| Auto Insurance reduced                           | (14,319)           |
| Net  | (495,405)          |
| Fund 06 Effect                                   |                    |
| HTS Costs reduced                                | (1,180,515)        |
| Loss of HTS Fees                                 | 538,000            |
| Net  | (642,515)          |
| Change to Special Ed Transportation Encroachment | 102,838            |
| <b>Total Savings and Revenue Shifts</b>          | <b>(1,035,082)</b> |

# Multi-Year Projection

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## □ Assumptions

- All reduction ideas presented above are incorporated
- Any increases in revenue applied toward deficit reduction
- Increases to step, column, & benefits costs
- Salary reopeners for both bargaining units; no increases included at this time
- No restoration of categorical funding; flexibility ending in 2012-13

# Multi-Year Projection

|                                | 2010-11     | 2011-12     | 2012-13     | 2013-14    |
|--------------------------------|-------------|-------------|-------------|------------|
| Total GF Expense               | 99,231,448  | 95,307,052  | 95,906,472  | 97,211,165 |
| Deficit                        | (5,866,303) | (1,355,882) | (1,164,045) | (870,397)  |
| Unrestricted GF Ending Balance | 10,660,867  | 8,626,019   | 6,948,511   | 5,707,481  |
| Unrestricted GF Reserve %      | 10.7%       | 9.1%        | 7.2%        | 5.9%       |



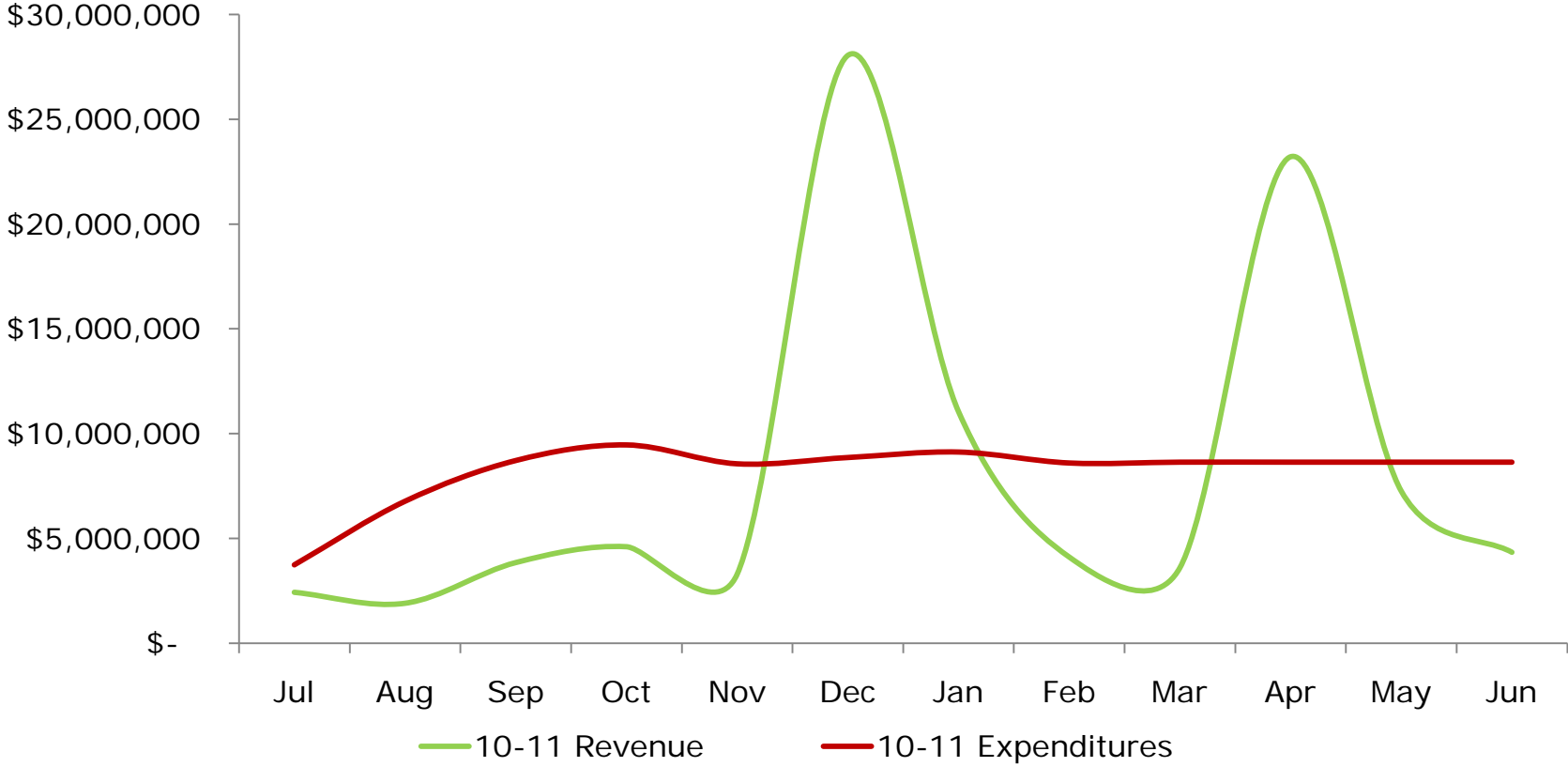
# Cash Flow

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- Property tax revenue comes in two major installments – December & April
- Expenses are fairly constant throughout the year
  - Monthly payroll cost = \$7.8M
  - Other expenses = \$1.1M
- District must borrow money for cash flow purposes

# Projected Cash Flow – Revenue and Expenses

ITEM 2



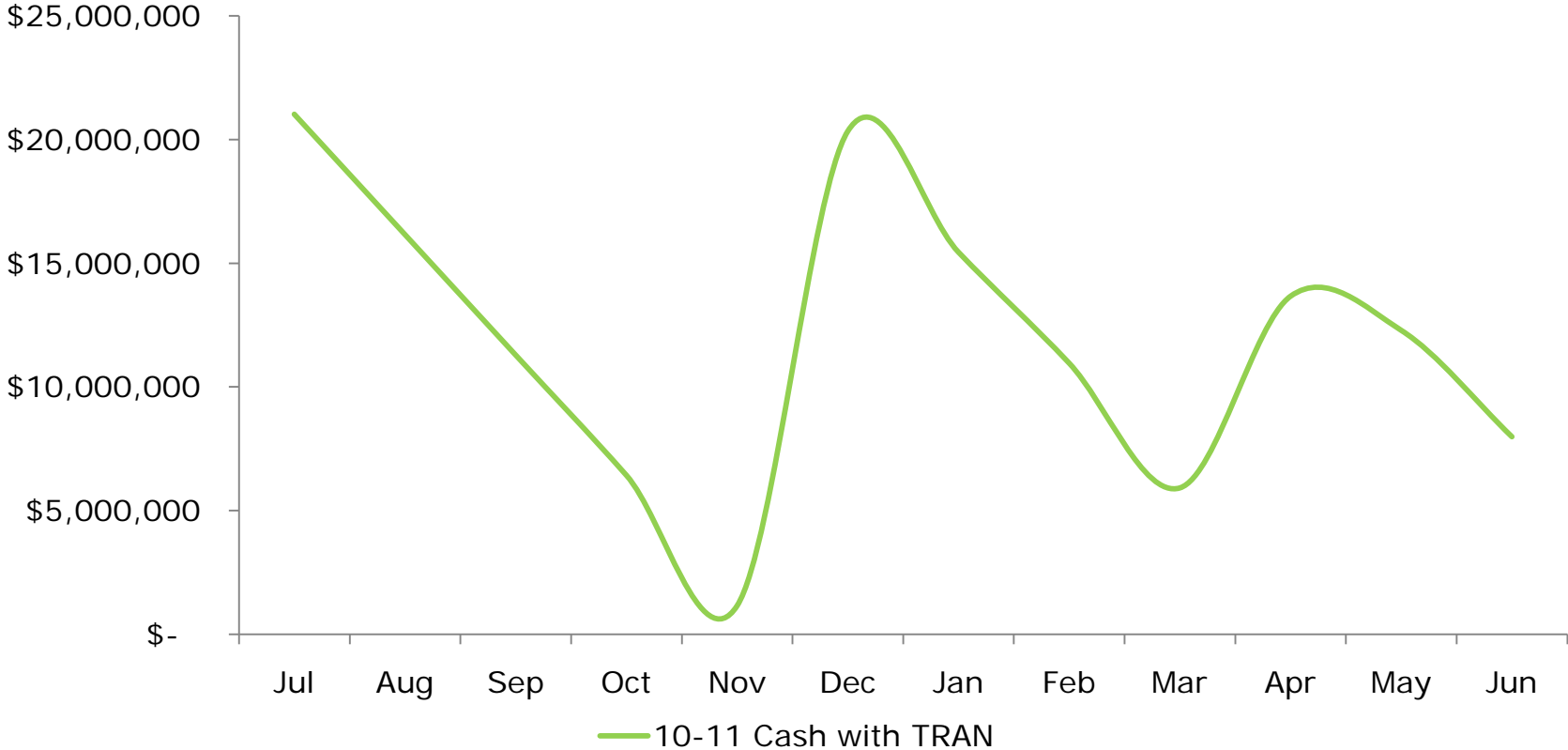
# Cash Flow

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- Tax Revenue Anticipation Notes (TRAN)
  - Short-term loan against property tax revenue
  - Paid back within fiscal year
- 2009-10 TRAN = \$13,646,857
- 2010-11 TRAN = \$15,145,000
- Other borrowing options
  - County Treasury
  - County Office of Education

# Projected Cash Balances

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# Next Steps

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- Fall Revision – September 16, 2010
- Additional budget analysis
  - Adjust budgets to 09/10 levels where possible
  - First Interim cut-off is October 31, 2010
  - First Interim to Board on December 9, 2010
  - Adjust Multi-Year Projection
- Begin decision making for 2011-12 budget