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# **Mt. Diablo Unified School District**

**2010-11 Budget**

**Second Interim**

**March 15, 2011**

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**Steven Lawrence, Ph.D., Superintendent**

**Bryan Richards, Chief Financial Officer**

# Why an Interim Report?

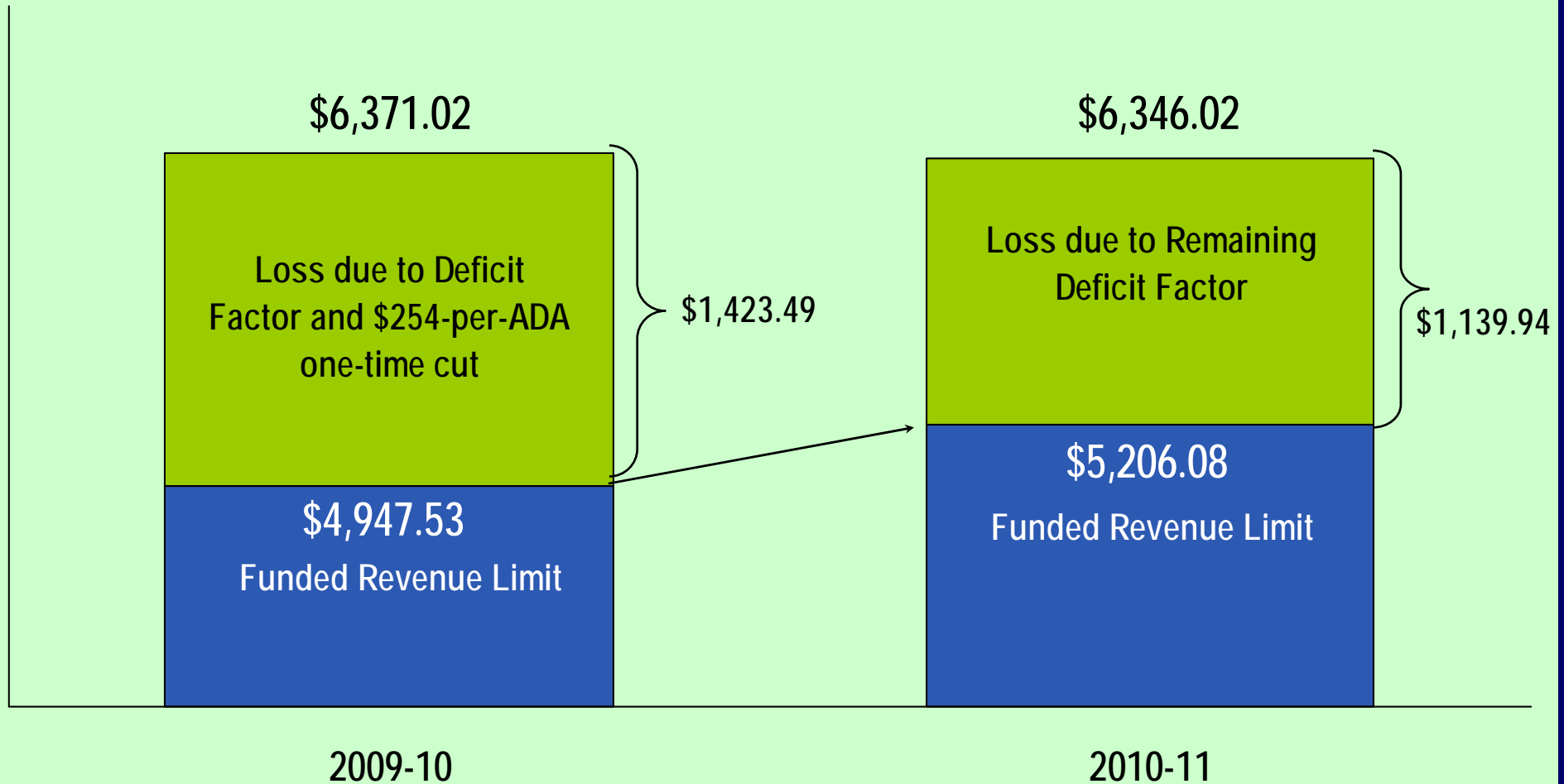
- Ed. Code §42130 requires the Board to certify two interim budget and financial reports
- Certification is either Positive, Qualified or Negative
  - Positive – The district will meet its obligations for 3 years
  - Qualified – The district may not meet its obligations for 3 years
  - Negative – The district will not meet its obligations in current or upcoming year
- 1<sup>st</sup> Interim with transactions to October 31 due December 15
- 2<sup>nd</sup> Interim with transactions to January 31 due March 15
- If 2<sup>nd</sup> Interim qualified or negative, 3<sup>rd</sup> Interim with transactions through April 30 due June 1

# Negative COLA & Deficits

- A 0.39% DECREASE in funding; (\$25) per ADA
- Deficit of 17.963%. We are being funded at 82 cents on the dollar
- The one time extra deficit of \$250\*ADA was returned to one time status and did not continue in 2010/11
- Deferrals increased to 29.70% of Revenue Limit and other apportionments such as special education, GATE and adult education

# Funded Revenue Limit 2009-10 vs. 2010-11

Mt. Diablo Unified School District



Graph courtesy of School Services of California, Inc.

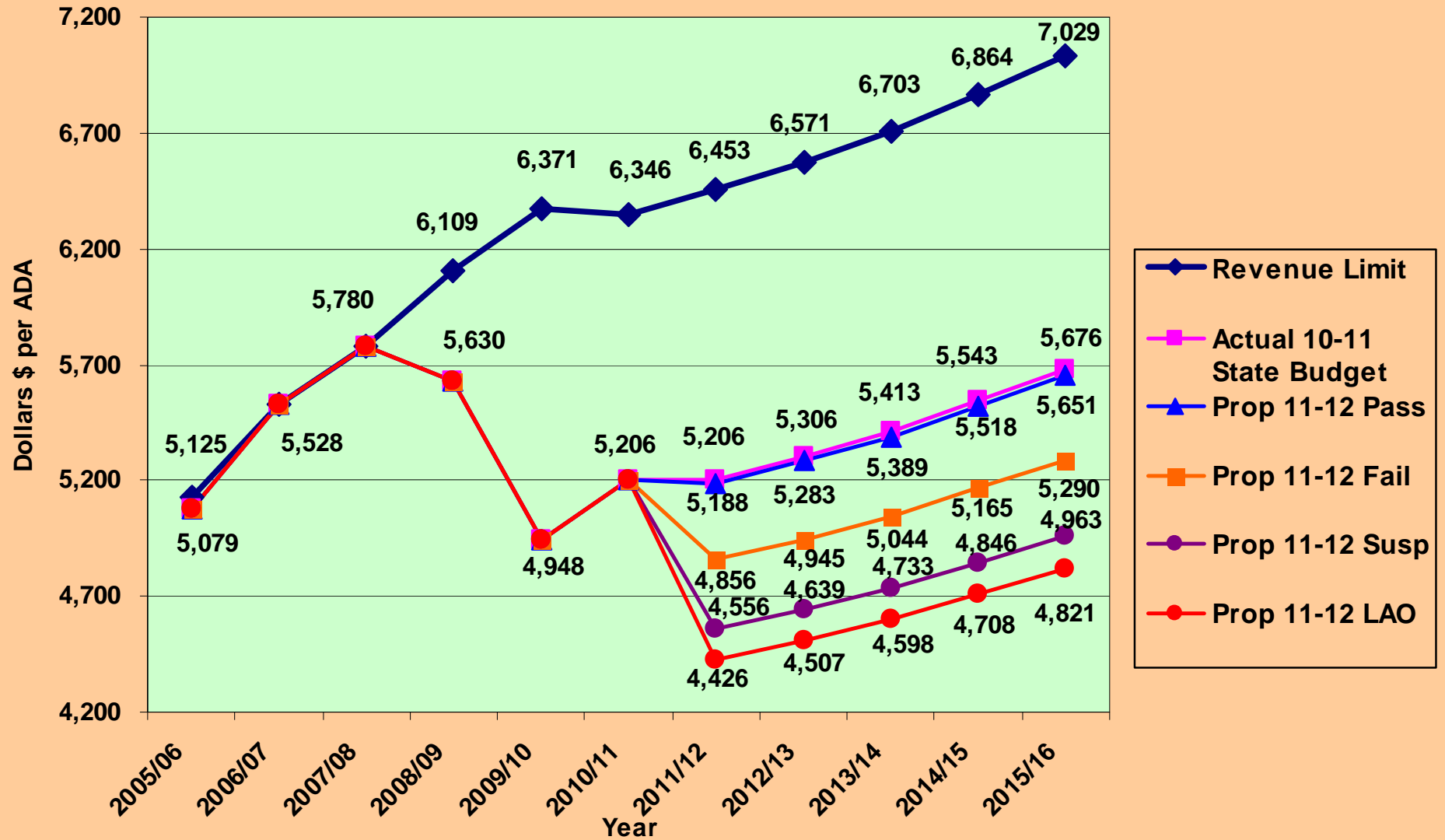
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## What does a 17.96% cut look like?

- School year is 180 days
  - 17.96% of school year is 32.33 days
  - To cut school by 17.96% we would have to close after school ended on April 18<sup>th</sup>
  - A 17.96% reduction of the school day would equal just over 1 hour less instruction daily
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# 10/11 revenue limit cut narrows to \$1,140/ADA

## MDUSD Revenue Limit Funding per ADA

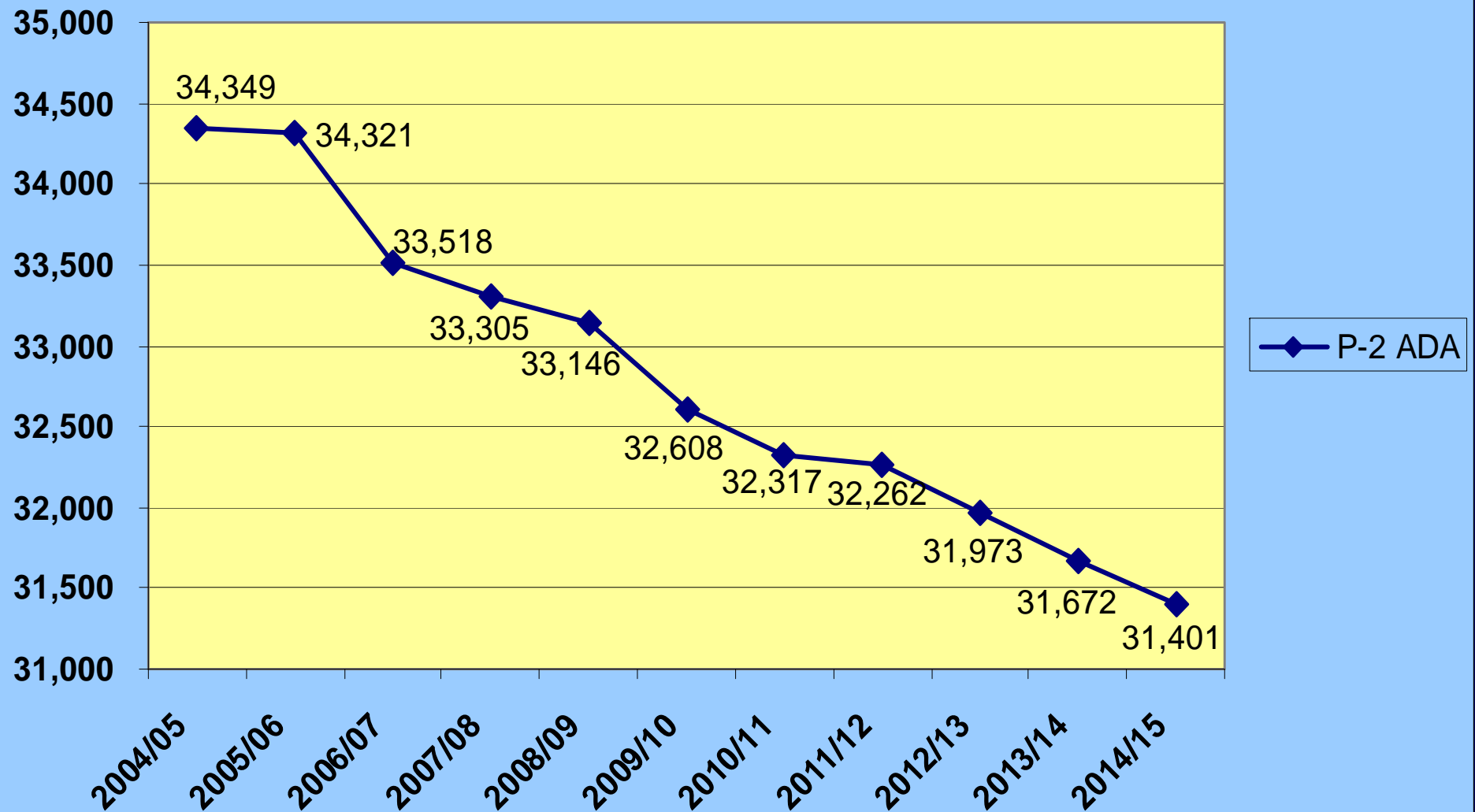


## Declining enrollment less steep than projected at adoption

- For P-2 in 2009/10 we were down 550.58 ADA
- We are still declining so this is our funding model
- We are projecting a decline of 291.32 ADA in 2010/11 from 2009/10
- ADA projection is based on our last 3 years average attendance of 94.8% until we know current ADA percentage

# MDUSD ADA is still declining!

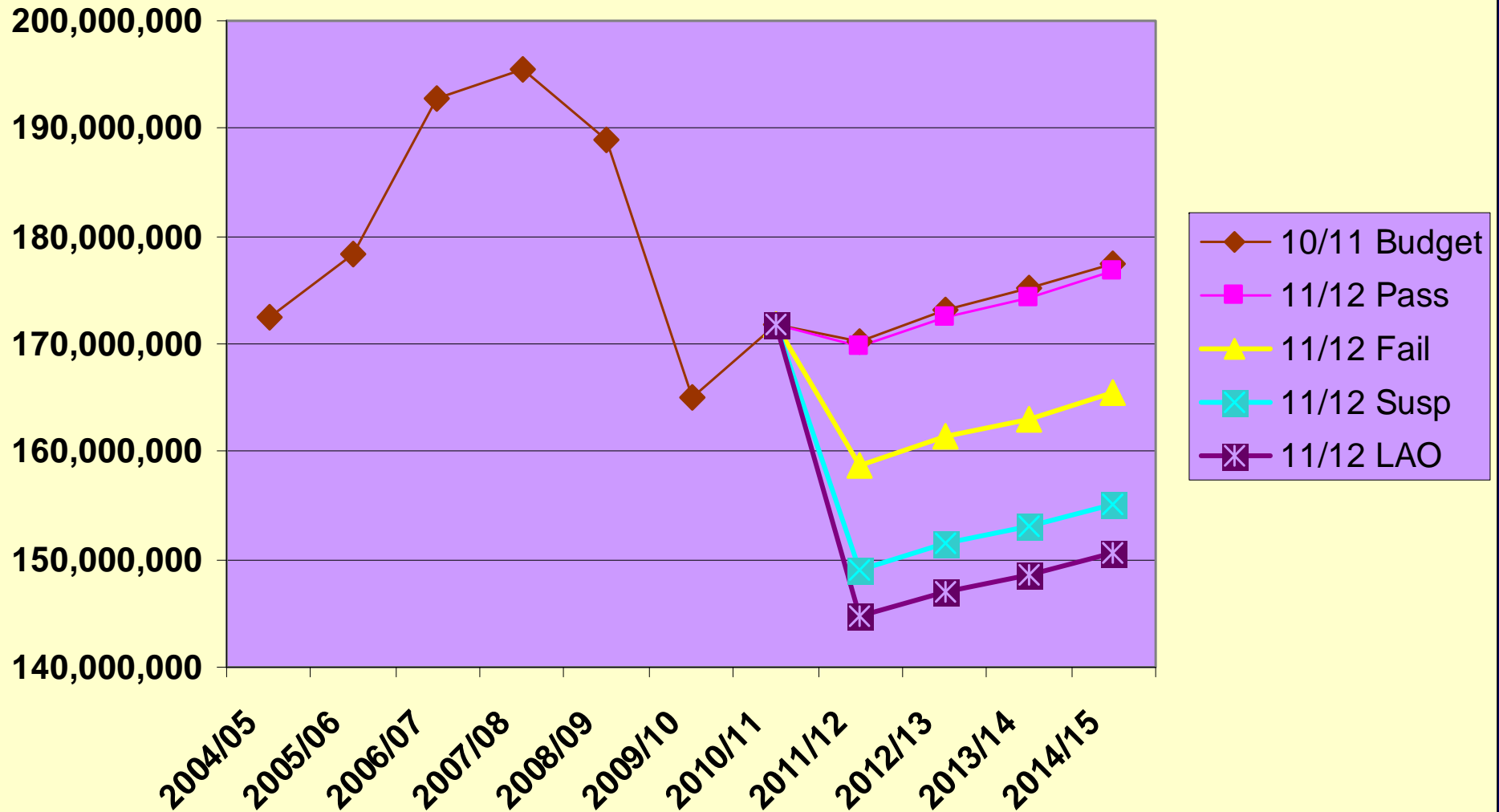
P-2 ADA





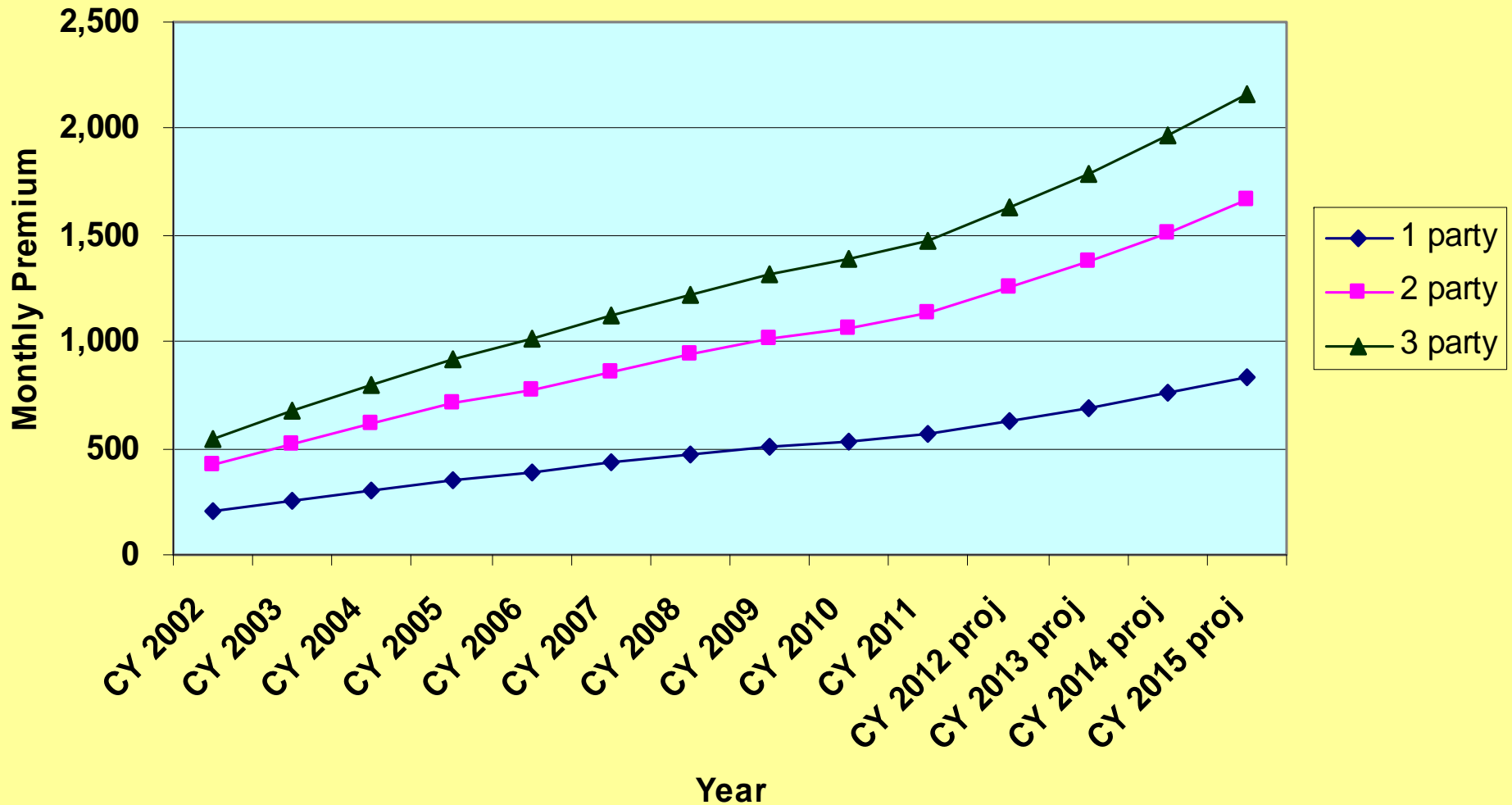
# How does revenue limit funding look?

Total Revenue Limit (in dollars)



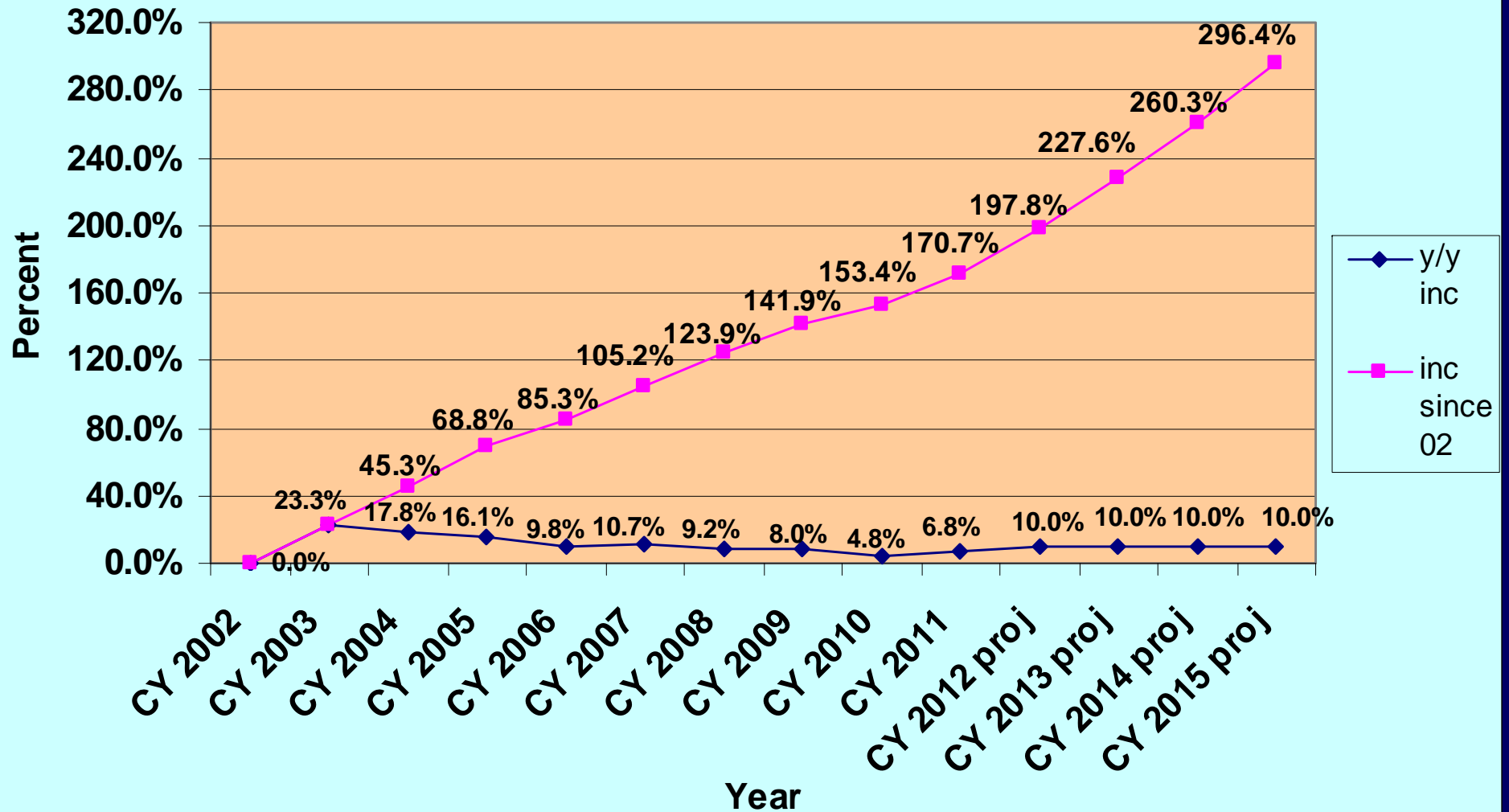
# Health rates skyrocketing!

Kaiser Rates



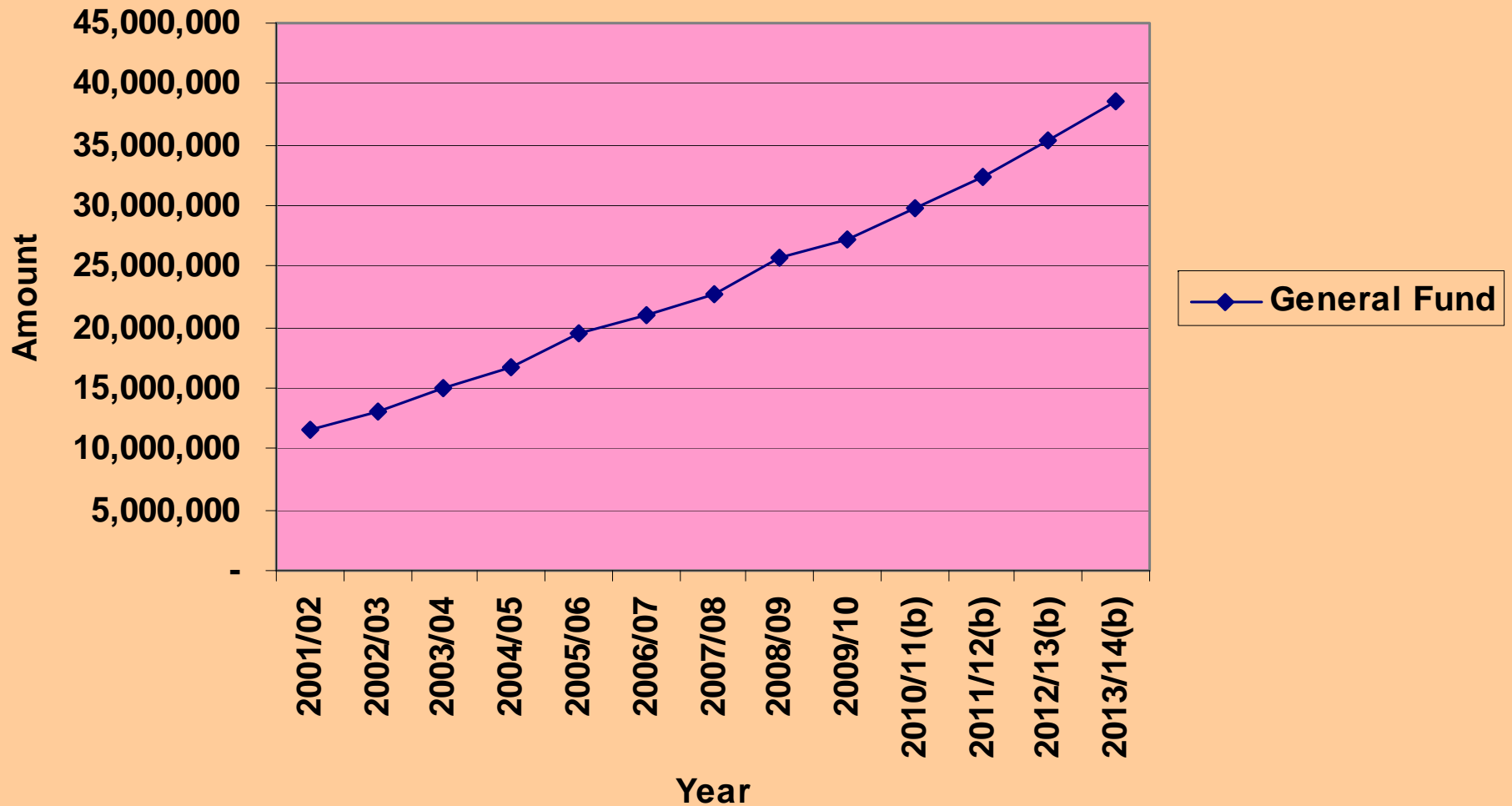
# Compounding rate increases

## Kaiser % Increase



# MDUSD Benefit Costs

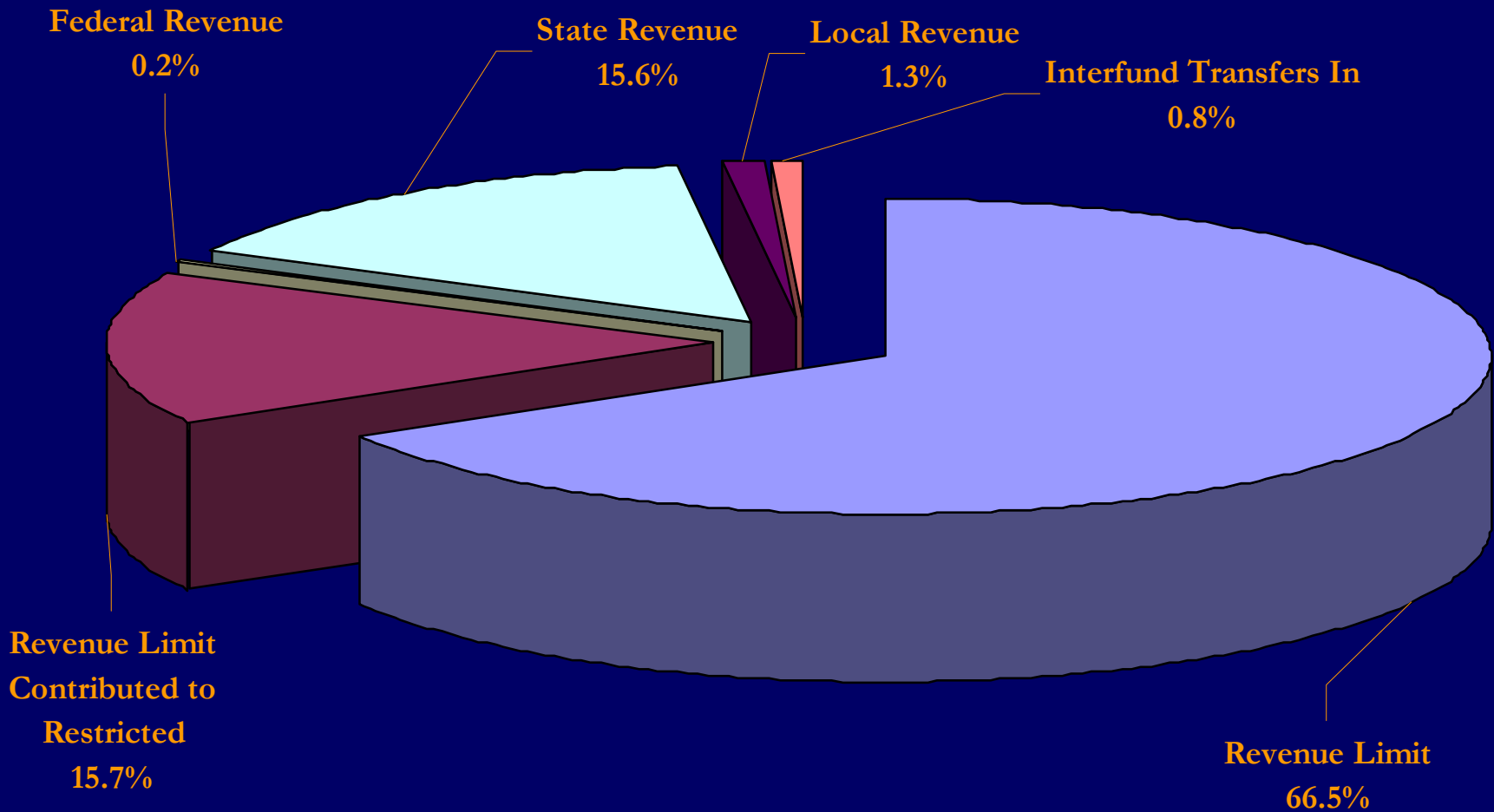
## Health, Dental, Vision, and Post-Retirement Benefits



# Unrestricted General Fund Revenue

■ Revenue Limit Sources	\$ 164,735,676
■ Federal Revenue	337,273
■ Other State Revenue	31,194,239
■ Other Local Revenue	2,535,869
■ Interfund Transfers In	<u>1,572,413</u>
■ Total Revenue	200,375,469
■ Less: Net Contrib. to RGF	<u>(31,393,058)</u>
■ Net Available Revenue	\$ 168,982,411

**Mt. Diablo Unified School District**  
**Unrestricted General Fund Revenues Before Contributions**  
**2010-11 Total = \$200,375,469**

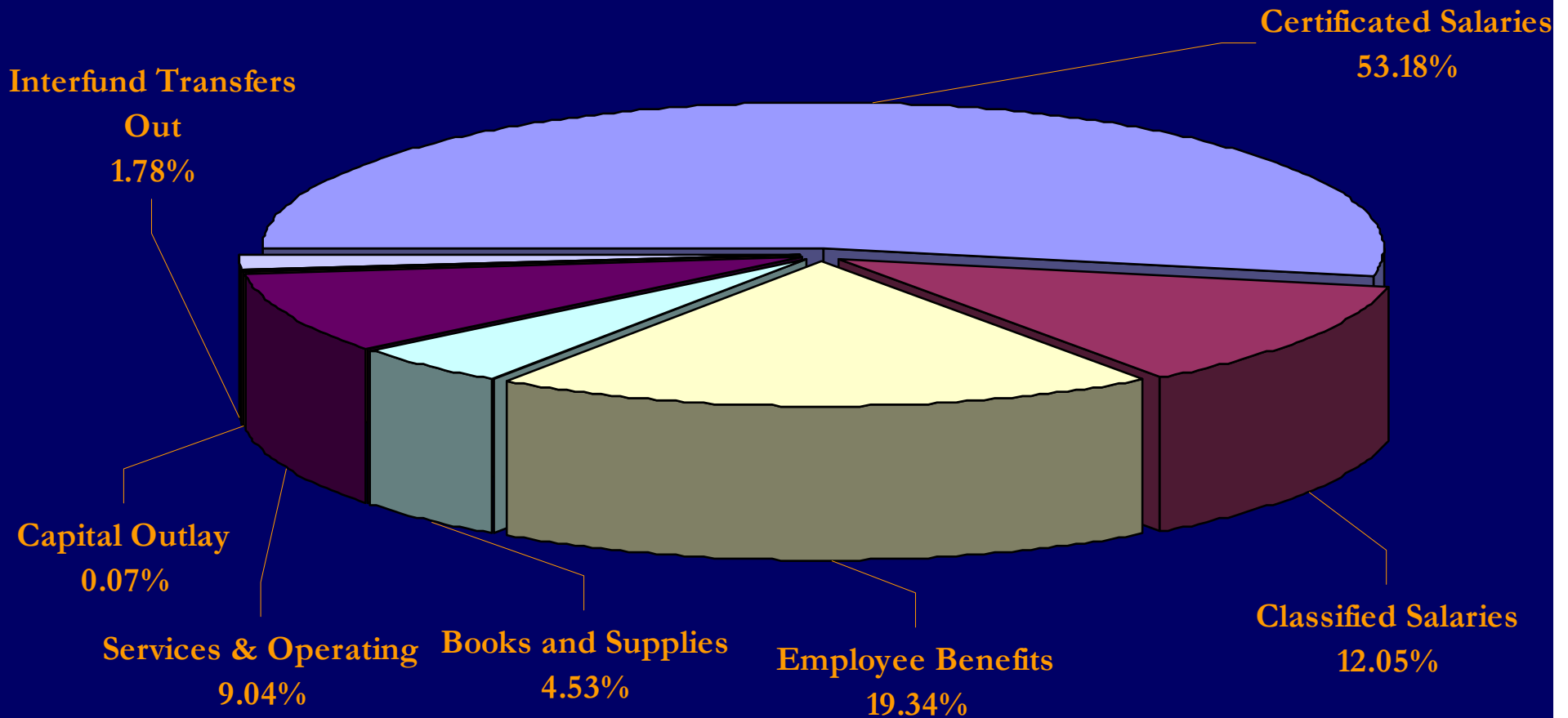


Revenue Limit is down to 82.2% of revenue because of the deficit.

# Unrestricted General Fund Expenditures

■ Certificated Salaries	\$ 87,399,211
■ Classified Salaries	19,807,654
■ Employee Benefits	31,778,504
■ Books & Supplies	7,447,827
■ Services & Operating	14,860,512
■ Capital Outlay	112,424
■ Other Outgo	0
■ Interfund Transfers Out	<u>2,925,484</u>
■ Total Expenditures	164,331,616

**Mt. Diablo Unified School District**  
**Unrestricted General Fund Expenditures and Transfers Out**  
**2010-11 Total = \$164,331,616**



**Salaries and Benefits make up 84.57% of expenditures & transfers out**  
**Down slightly from average due to effects of Ed Jobs Fund**



# Unrestricted General Fund Summary

■ Net Available Revenue	\$ 168,982,411
■ Net Expenditures	<u>164,331,616</u>
■ Net (decrease) fund bal.	4,650,795
■ Beginning Balance, July 1	<u>24,791,068</u>
■ Projected Ending Balance	\$ 29,441,863

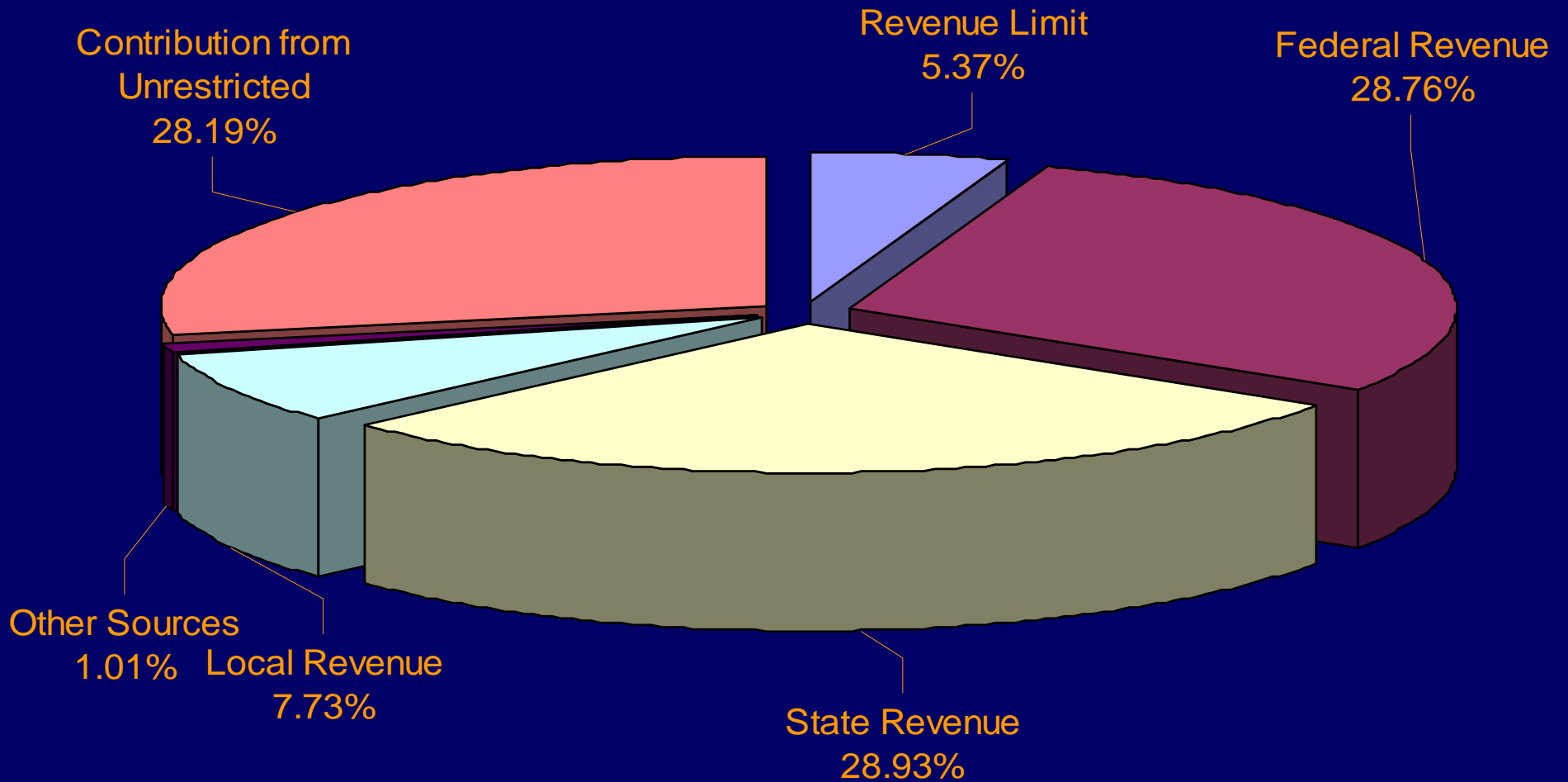
## Components of Ending Balance

■ Revolving Cash	\$	300,000
■ Stores Inventory		447,156
■ Economic Uncertainties (2%)		5,982,076
■ IRS Assessment Resolution		533,500
■ Tier 3 & Site Balances		1,520,144
■ Undesignated		<u>20,658,987</u>
■ Ending Balance	\$	29,441,863

## Restricted General Fund Revenue

■ Revenue Limit Sources	\$ 7,071,893
■ Federal Revenue	37,860,149
■ Other State Revenue	38,076,288
■ Other Local Revenue	10,180,330
■ Other Sources (Bus COP)	1,326,000
■ Contribution from Unr.	<u>37,108,817</u>
■ Total Revenue	\$131,623,477

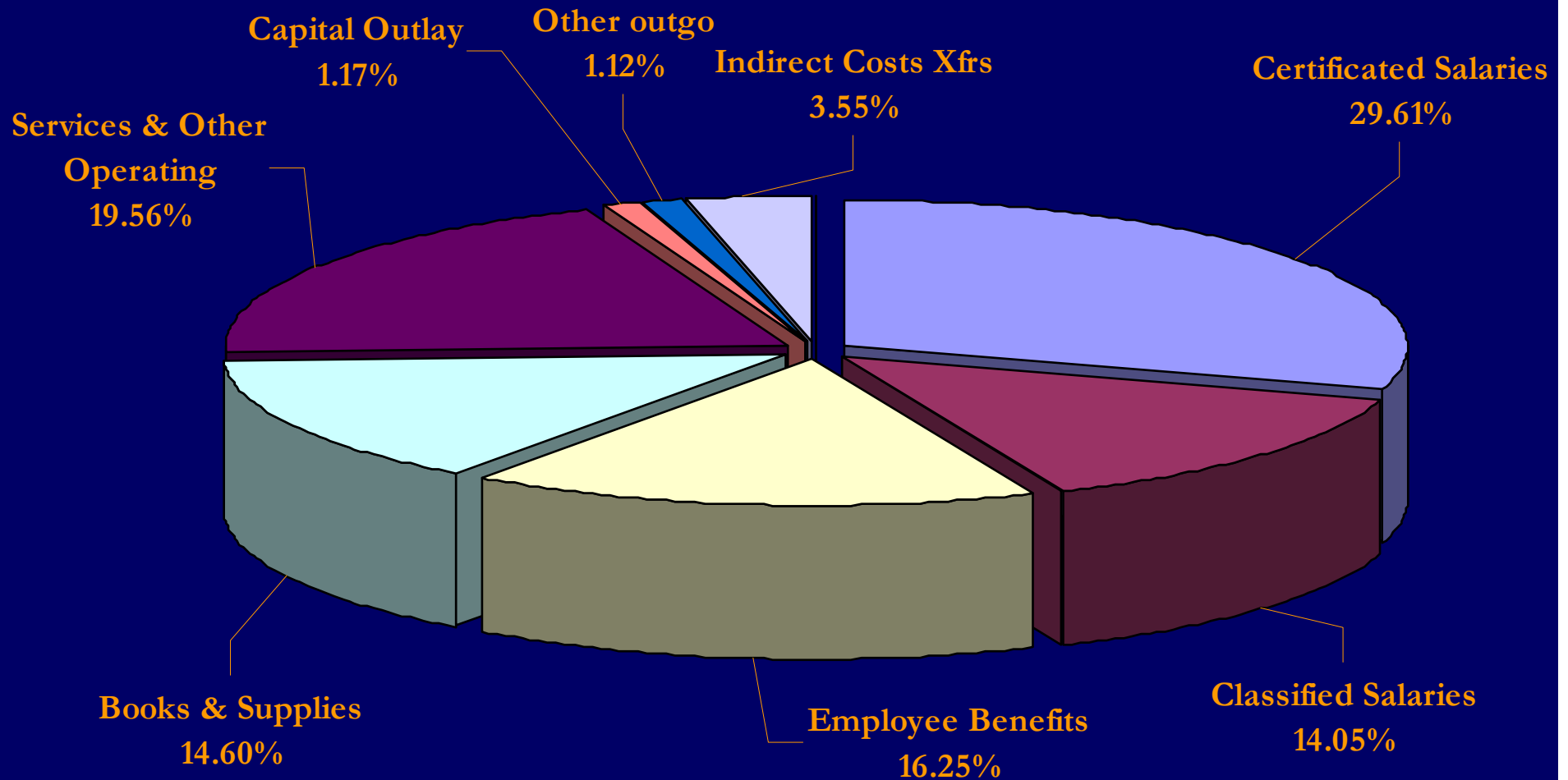
**Mt. Diablo Unified School District  
Restricted General Fund Revenue  
2010-11 Total = \$131,623,477**



# Restricted General Fund Expenditures

■ Certificated Salaries	\$ 41,599,628
■ Classified Salaries	19,735,547
■ Employee Benefits	22,826,872
■ Books & Supplies	20,509,119
■ Services & Other Operating	27,482,230
■ Capital Outlay	1,639,409
■ Other Outgo	1,571,036
■ Indirect Costs	4,984,138
■ Interfund Transfers Out	<u>139,948</u>
■ Total Expenditures	\$ 140,487,927

**Mt. Diablo Unified School District  
Restricted General Fund Expenditures  
2010-11 Total = \$140,487,927**



# Restricted General Fund Summary

■ Total Revenue	\$ 131,623,477
■ Total Expenditures	<u>140,487,927</u>
■ Net (decrease) in fund bal.	( 8,864,450)
■ Beginning Balance, July 1	<u>10,343,950</u>
■ Projected Ending Balance	\$ 1,479,500

# Other Funds of the District

- Funds for special purposes excluded from the General Fund
- Special Revenue Funds
  - Charter School – Form 09I
  - Adult Education – Form 11I
  - Cafeteria – Form 13I
  - Deferred Maintenance – Form 14I
- Capital Projects Funds
  - Building (Proceeds of local bonds for construction) – Form 21I
  - Capital Facilities (a.k.a. Developer Fees) – Form 25I
  - County Schools Facilities Fund – Form 35I



## Other Funds of the District (continued)

- ❑ Capital Project Fund for Blended Component Units (Mello-Roos Funds) – Form 49I
- Debt Service Funds
  - ❑ Bond Interest and Redemption Fund – Form 51I
  - ❑ Debt Service Fund for Blended Component Units – Mello-Roos Repayment – Form 52I
- Trust Funds
  - ❑ Foundation Private-Purpose Trust Fund (Scholarship Fund) – Form 73I

# Supplemental Information

- Form AI: Average Daily Attendance decrease of (291.32) in 10/11 will decrease funding for 11/12.
- Form CASH: Cash Flow – Ending GF cash projected to be NEGATIVE for the first time
  - We will need to issue a TRAN to cover the State's deferrals
- Form RLI: Revenue Limit Calculations
- Form 01CSI: Criteria & Standards
- Form CI: Certification to sign summarizes Criteria & Standards – POSITIVE Certification
  - Conditional on accepting the recommended tier 3 and special education reductions and achieving the furlough days, benefit caps and proration previously approved by the board last year

## Form MYPI: Multi Year Projection

■ Undesignated @ 6/11	\$ 20,658,987
■ Operating Deficit 2011/12	(12,996,095)
■ Adjustment in 2% reserve	<u>503,038</u>
■ Unappropriated Balance 6/12	8,165,930
■ Operating Deficit 2012/13	( 7,372,696)
■ Adjustment in 2% reserve	<u>11,869</u>
■ Unappropriated Balance 6/13	\$ 805,103

## Positive Certification – What does it mean?

- The District projects that it will meet its financial obligations for the current fiscal year and two subsequent fiscal years.
- We will meet our obligation to cover cash shortage in June by issuing a TRAN.
- This positive certification is conditional upon the Board accepting the recommended reductions, continuing negotiations to achieve the budgeted furlough days, capping and proration of benefits, utilizing the two year extension of existing Tier 3 flexibility, delaying the reinstatement of Class Size Reduction and contributions to the Deferred Maintenance Fund for the two additional years proposed by Governor Brown.

## One time solutions cannot solve ongoing problems...

- The District has used State Fiscal Stabilization Funds and Federal Jobs Funds to offset the effect of the State cuts on the General Fund
- This one-time funding will not continue in 2011/12
- The State deficits are ongoing and rising for Revenue Limit funding
- If Proposition 98 is suspended in 2011/12 additional cuts of \$300/ADA or more likely

## What about the election?

- Governor & Legislature still negotiating to put the revenue maintenance measures on the ballot
- If the extensions pass, the cut to the revenue limit will be \$18.37/ADA, about \$330/ADA better than currently projected.
- This will lessen the need for furlough days in the next two years, but not eliminate it
- FCMAT indicating possible zero COLA for 2012/13 = \$3.25M

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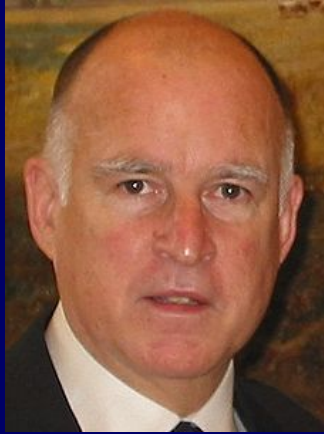
# LAO Issues Budget Assessment

- Estimates the cut should Governor Brown's measures not make the ballot or fail at \$780/ADA
  - Measure prohibiting fuel tax and other county tax shifts approved by voters, protects county tax base, but leaves State less flexibility to fund education
  - Still supports rollback of budget to level of May Revise
    - Reduces our revenue limit funds by \$8.5 Million
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## What about Solar \$?

- Solar expected to go online in late Spring 2012
- Savings from electricity and initiative credits are included in the budget
- The return of CSR originally planned to be reinstated with those funds must be delayed until 2014/15
- Savings from COP payments being utilized 2011/12 to fund Intervention teachers





## What next? More from Sacramento



- ✓ Governor Brown's budget deadline expired Friday
- ✓ Republicans demanding changes to retirement systems and spending caps before considering whether to put the revenue maintenance measures on the ballot
- ✓ May revise may have minimal changes if election goes forward, or significant changes if it does not



Mr. Perez and Mr. Steinberg have indicated both houses of the Legislature will vote this week.



Will the revenue measures make the ballot?

Tune in next time for...



sacramento  
as ~~the~~ ~~w~~-~~o~~-~~r~~-~~l~~-~~d~~ turns

Starring:

EDMUND G. BROWN, JR.