
Review of the 2009-10 Budget by the County Office of Education

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Approval Options

- √ Approved
- Conditionally approved
- Not approved
- Approval is withheld

Framework

- The 2008-09 State budget and its impact on schools was one of the worst in history
- State Budget solutions for 2009-10 are worse yet and further reduce funding for 2008-09
- There exists a distinct possibility for mid-year reductions in 2009-10
- The outlook for significant increased funding in the future for education to restore cuts is potentially a long way off

Implications

- Reductions made are permanent
 - Temporary tax increases expire end of 2010
 - Need to address compensation issues
 - Increased cost of doing business
 - Deferred services
- Lower reserves permissible but inadvisable
 - Results in a deferral of cuts
 - Restoration will be required
 - Cash deferrals require more liquidity

Budget Review Standards

- Looks at adoption year plus one year out
- Focus is on ending fund balance/reserves
- Determines whether or not calculations are accurate and narrative is reasonable
- Delineates a list of observations, recommendations or corrective actions required

Observations/Recommendations

- Acknowledged district included the impacts of both the May Revise and the projected Federal Stimulus funds (SFSF)
- Advises district to proceed with the assumption that the revenue reductions are permanent
- Highlights the need for the district to develop priorities for when revenue restoration occurs

Observations/Recommendations

- Deficit Spending levels cannot be maintained beyond 2011-12
 - \$400,000 in 2010-11
 - \$1,200,000 in 2011-12
- Ending Fund Balance declines to required reserve level
 - \$1,700,000 in 2009-10
 - \$147,000 in 2011-12
- Acknowledges the aberration between the restricted and unrestricted ending fund balance due to categorical flexibility

Observations/Recommendations

- District experiencing declining enrollment since 2005-06
 - Monitor enrollment and ADA levels
- Compensation increases @ zero
 - Current and multi-year projections
 - Likely scenario for most districts

Observations/Recommendations

- Contributions to restricted programs
 - Decreases in 2009-10
 - Increases 6% in 2010-11
 - Increases 4% in 2011-12
 - Decrease due to routine restricted maintenance
 - Increase due to Special Education

Observations/Recommendations

- Supports the assumption that the district can absorb the impact of the additional revenue reductions due to the revised state budget
 - Approximately \$250,000 through 2011-12
 - Increased flexibility options assist in the offset

Next Steps:

● Fiscal Milestones

- Unaudited Actuals 2008-09
 - Incorporates 2009-10 budget revisions
- CBEDS
 - First Wednesday in October
 - Enrollment comparison year over year
- First Interim Report
 - Reflects transactions through 10/31
 - Presented in December