



Tustin Unified School District

General Fund Second Interim Report 2010-11

March 14, 2011

Governor's January Budget Proposal 2011-12

- 2010-11 – No additional budget cuts or program changes
- State Budget Gap \$25.4 Billion
 - 2010-11 \$8.2 Billion shortfall
 - 2011-12 \$17.2 Billion shortfall
- Governor proposes to close the gap by
 - \$12 Billion revenue increase/tax extension (sales, vehicle, & income tax)
 - \$12.5 Billion expenditure reductions (higher education, safety, Medi-Cal, and social services)
 - \$1.9 Billion in other changes (Borrowing, shift services from State to Local, eliminate redevelopment agencies)
- Impact to Education
 - Flat funding for K-12 education
 - Minimum funding for schools maintained at \$49.3 billion
 - Per student funding is deficated by 1.65% totaling 19.608%
 - Two year extension of flexibility, CSR, and shorter school year
- Governor's January Proposal is best case scenario

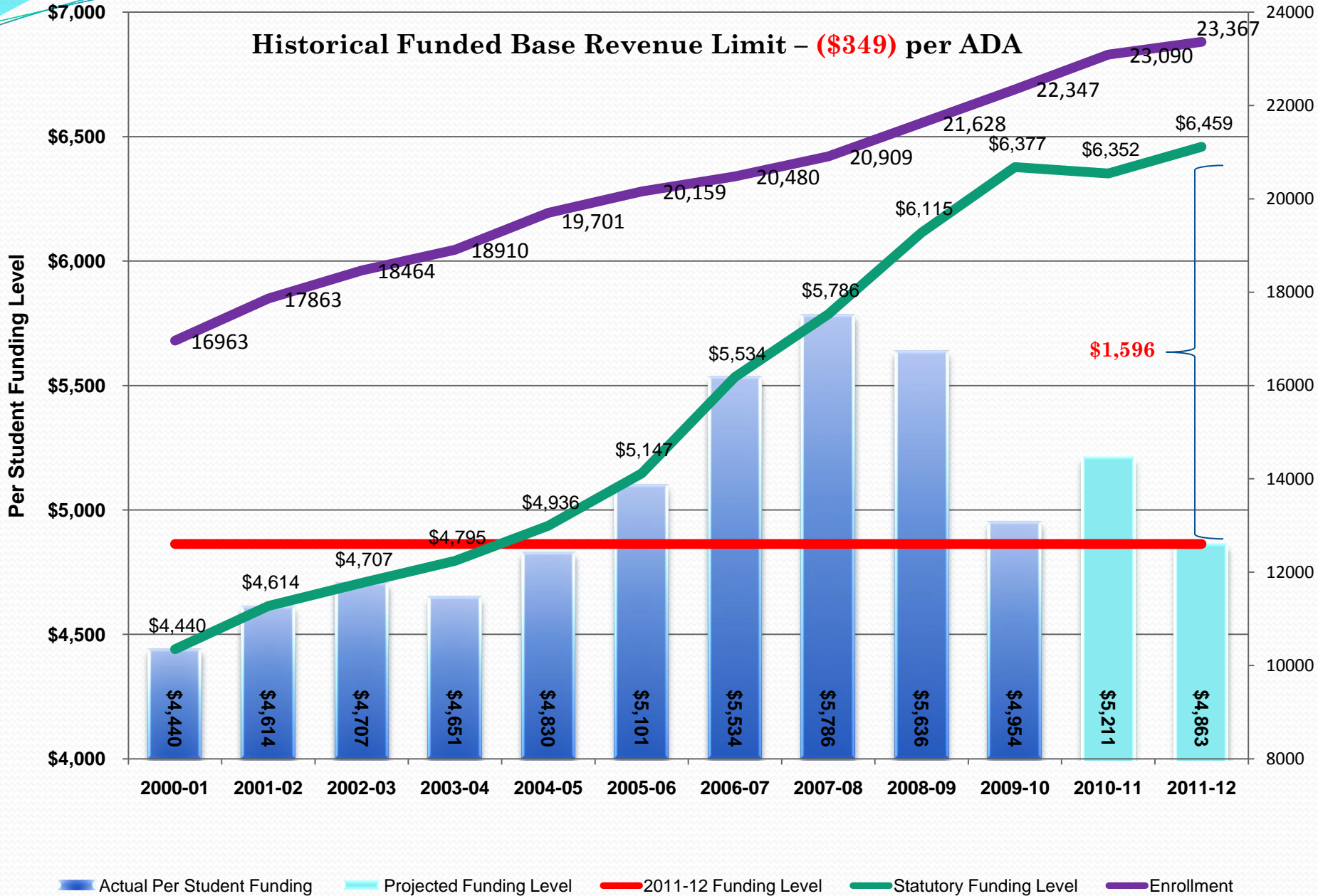
State Budgetary Uncertainties

- 75% of budget fixes were either temporary or have not materialized
- Governor is faced with a divided legislature
- In the past, the Legislature has refused to enact many proposed cuts such as prison services, social services and health care
- Loss of one time federal stimulus funds
- Education faces another \$2.1 billion in deferrals
- Gap between revenues and expenditures has continued to increase with the 2011-12 budget. Projected at \$20 billion annually through 2015-16
- Extension of temporary tax - If the ballot measure fails education cuts have been estimated to range between \$349-\$1,000 per student

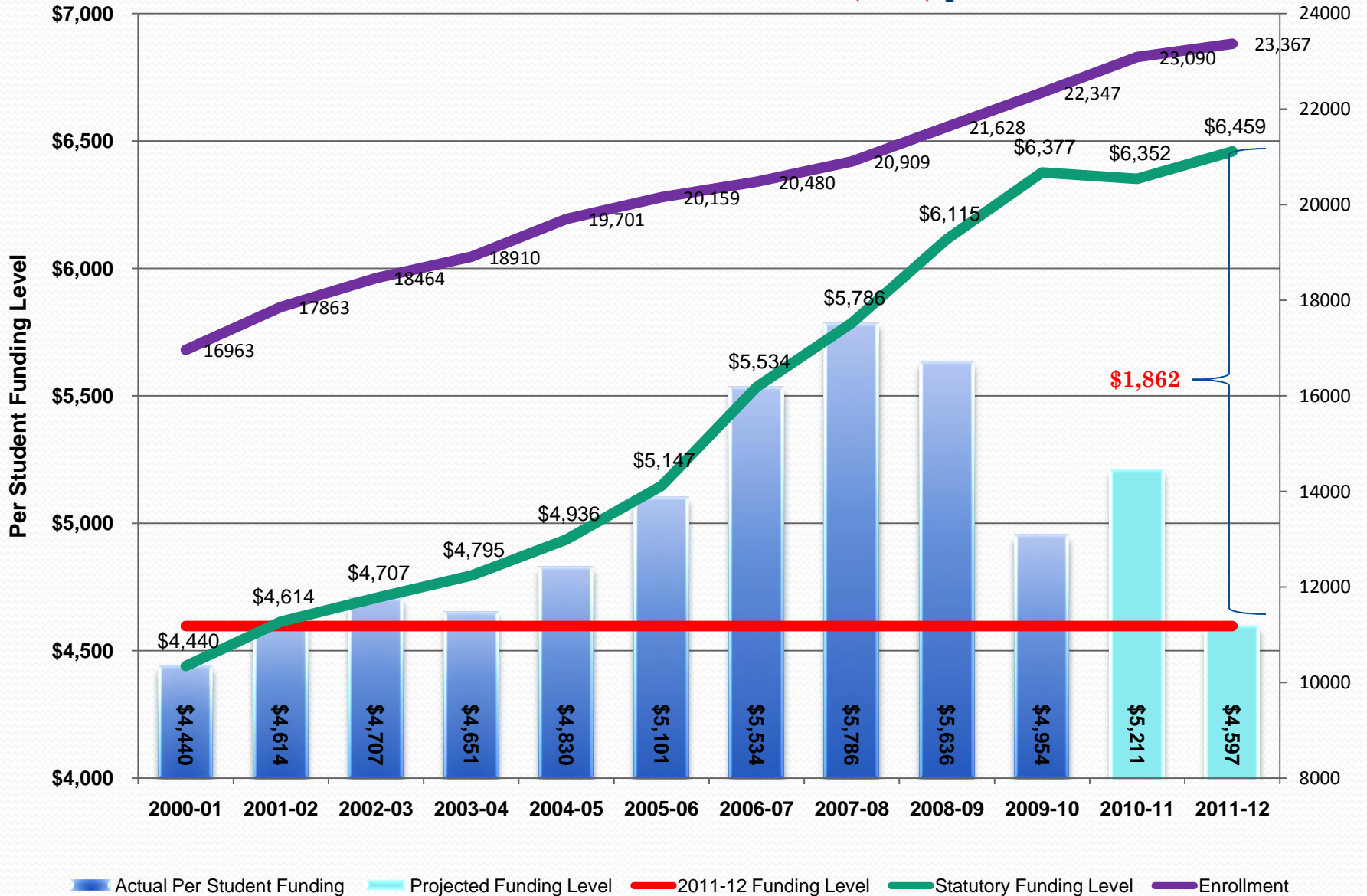
Impact to TUSD Budget Fiscal Year 2011-2012

	% Increase	Impact on TUSD Students	
COLA	1.67%	0	
Increase deficit in per student funding	(1.65%)	(19)	} (349)
Recommended planning cut if tax extension fails		(330)	
Additional impact of an “All Cuts Budget” (set aside reserve)		(265)	
Estimated reduction in per student funding		<u>(\$614)</u>	

Historical Funded Base Revenue Limit – (\$349) per ADA



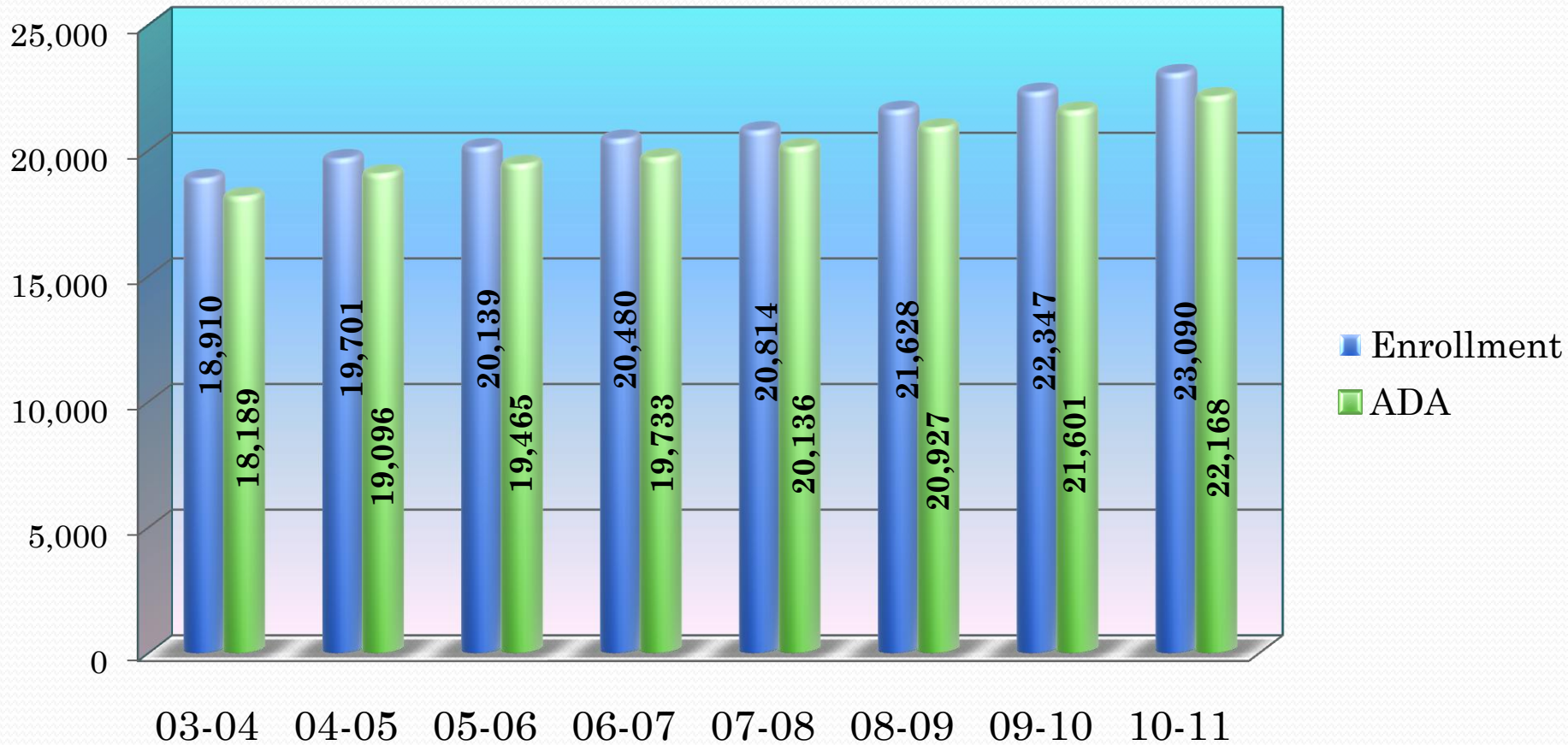
Historical Funded Base Revenue Limit - (\$614) per ADA



Average Daily Attendance

2.86% Average Growth Last 4 Years

Projected ADA = 22,168



Revenues

	First Interim	Second Interim	Change
Revenue Limit Sources	116,645,782	116,645,782	-
Federal Revenue	14,361,758	15,677,422	1,315,664
Other State Revenue	32,278,311	33,292,083	1,013,772
Other Local Revenue	5,817,063	5,714,348	(102,715)
	<u>\$169,102,914</u>	<u>\$171,329,635</u>	<u>\$2,226,721</u>

Expenditures & Transfers Out

	First Interim	Second Interim	Change
Salaries & Benefits	135,678,272	135,184,037	(494,235)
Books, Supplies, Services, & Operating Expenses	28,672,298	28,114,452	(557,846)
Capital Outlay & Other Outgo	2,319,005	2,319,005	-
Transfers Out	2,190,121	2,194,692	4,571
	<u>\$168,859,696</u>	<u>\$167,812,186</u>	<u>(\$1,047,510)</u>

Summary of Financial Status

	<u>First Interim</u>	<u>Second Interim</u>	<u>Change</u>
Revenues	169,102,914	171,329,635	2,226,721
Expenditures	166,669,575	165,617,494	(1,052,081)
Transfers Out	2,190,121	2,194,692	4,571
Excess/ Shortfall of Revenue	243,218	3,517,449	3,274,231
Beginning Balance, July 1	<u>34,145,450</u>	<u>34,145,450</u>	<u>0</u>
Ending Balance, June 30	\$34,388,668	\$37,662,899	\$3,274,231

General Fund Multi-Year Projection

	09-10	10-11	11-12	12-13
	Actuals	Projected	Projected	Projected
Revenues	157,131,972	171,329,635	152,829,245	156,381,490
Expenditures	158,489,681	165,617,494	165,515,231	174,897,476
Transfers Out	1,748,835	2,194,692	1,044,536	1,051,526
Beginning Balance	37,251,995	34,145,450	37,662,899	23,932,377
Ending Fund Balance	\$34,145,450	\$37,662,899	\$23,932,377	\$4,364,864

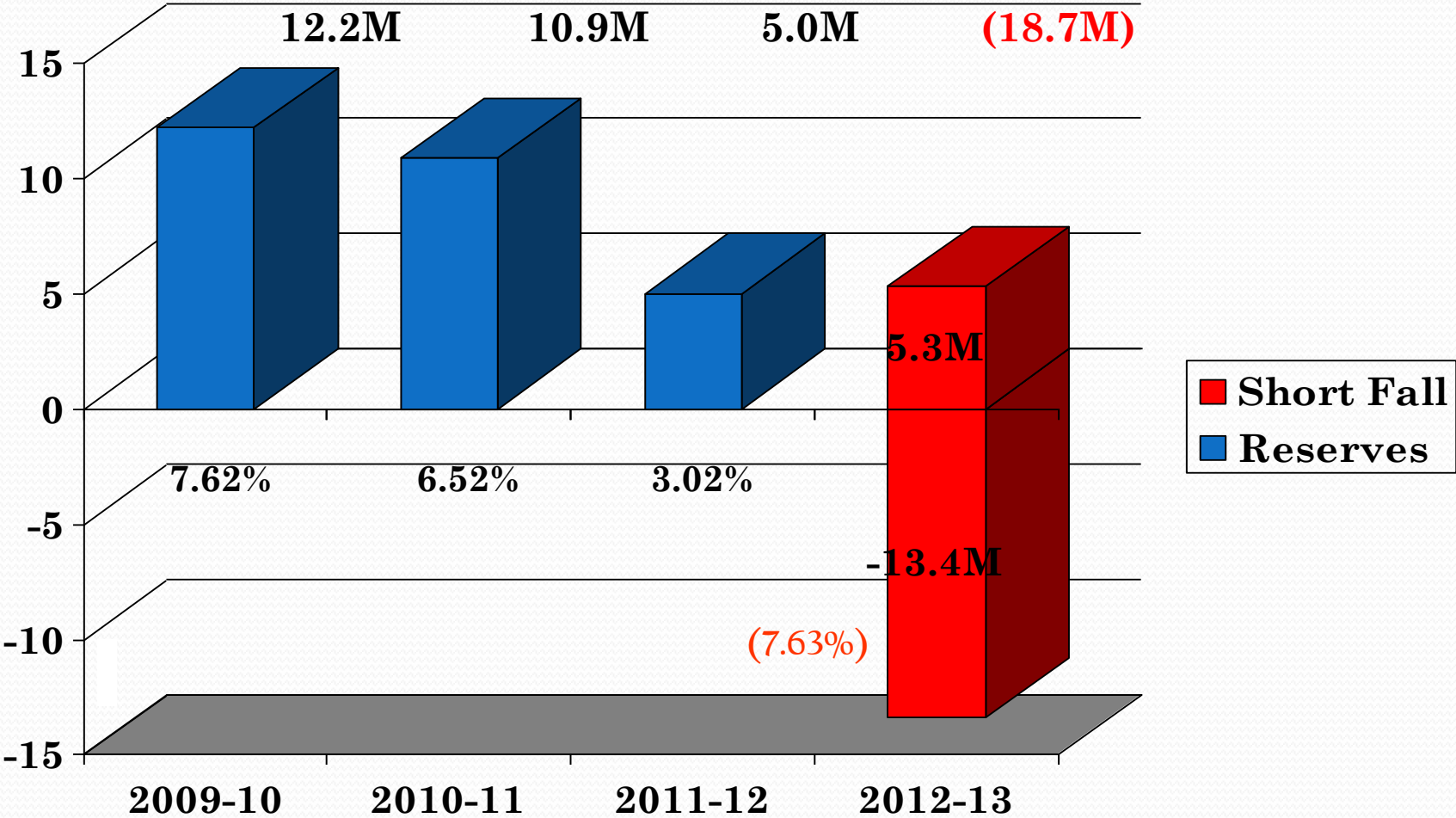
Multi-Year Projections

Components of Ending Fund Balance

	09-10	10-11	11-12	12-13
	Actuals	Projected	Projected	Projected
Ending Fund Balance	34,145,450	37,662,899	23,932,377	4,364,864
Revolving Cash	150,000	150,000	150,000	150,000
Stores	189,955	189,955	189,955	189,955
Benefit Account	50,000	50,000	50,000	50,000
Accrued Vacation	1,761,131	1,761,131	1,761,131	1,761,131
Tier III/Categorical Reserves	11,018,565	10,762,065	7,041,023	0
Restricted Fund Balance	8,769,499	7,473,134	3,450,000	1,200,000
Uncertain Deficit/COLA	0	6,036,845	5,963,030	14,143,022
Designated for Site Fees/Carryover	0	290,673	300,000	300,000
Designated for Economic Uncertainties	12,206,301	10,949,096	5,027,236	(13,429,244)
Percent of Economic Uncertainties	7.62%	6.52%	3.02%	(7.63%)
Excess/(Shortfall) of 3% Reserve	\$7,399,146	\$5,914,730	\$30,443	(\$18,707,714)

State Required Minimum Reserve 3%

Reserve for Economic Uncertainties



Certification

In certifying the 2010-11 Second Interim Report as positive, the Board understands its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years. The District will implement the necessary budget reductions to maintain a positive certification.





