

Tustin Unified School District

General Fund  
Revised Final Budget  
2011-12

August 29, 2011

# Enacted State Budget 2011-12

- ◎ **State Budget Closes 25.4 billion gap**
  - ◎ Expenditure reductions (higher education, safety, Medi-Cal, and social services)
  - ◎ Increase tax projections to fund State programs
  - ◎ Other changes (Borrowing, shift services from State to Local, shift of redevelopment taxes)
  - ◎ Increases to Dept of Corrections & Dept of Mental Health, Other agencies
- ◎ **Impact to Education**
  - ◎ Flat funding
  - ◎ Revenue Shortfall “Trigger”
    - ◎ 4% reduction to Revenue Limit Estimated at \$260 per ADA
    - ◎ Reduction of transportation funding
  - ◎ Two year extension of flexibility for categorical programs, CSR, and shorter school year through 2014-15
  - ◎ Impact to cash flow – 28.3% of major State apportionment is deferred

# State Budget Questions

## Uncertainties

- ⦿ **Anticipated State Financial Recovery not materializing**
  - ⦿ \$4 Billion in revenue added to State budget as part of optimist outlook
  - ⦿ Department of Finance and State Controller confirm July tax collection are over \$500 million short
  - ⦿ California and Federal Governments credit rating downgrade
  - ⦿ Impact of instability of Stock Market
  - ⦿ Inability of State Legislature to agree on solution
- ⦿ **Lawsuit challenging \$1.7 billion redevelopment tax shift**
- ⦿ **Manipulation of State Education Budget**
  - ⦿ \$7 Billion increase in State tax revenue since January – zero dollars for education
  - ⦿ Education loses \$2 billion in sales tax revenue in a transfer to Cities and Counties
  - ⦿ Education absorbs an additional \$2 billion in apportionment deferrals
  - ⦿ Education is subjected to additional “Trigger” cuts should revenue projection fall short
  - ⦿ Has proposition 98 Guarantee been suspended without a two thirds vote?
  - ⦿ What's next?

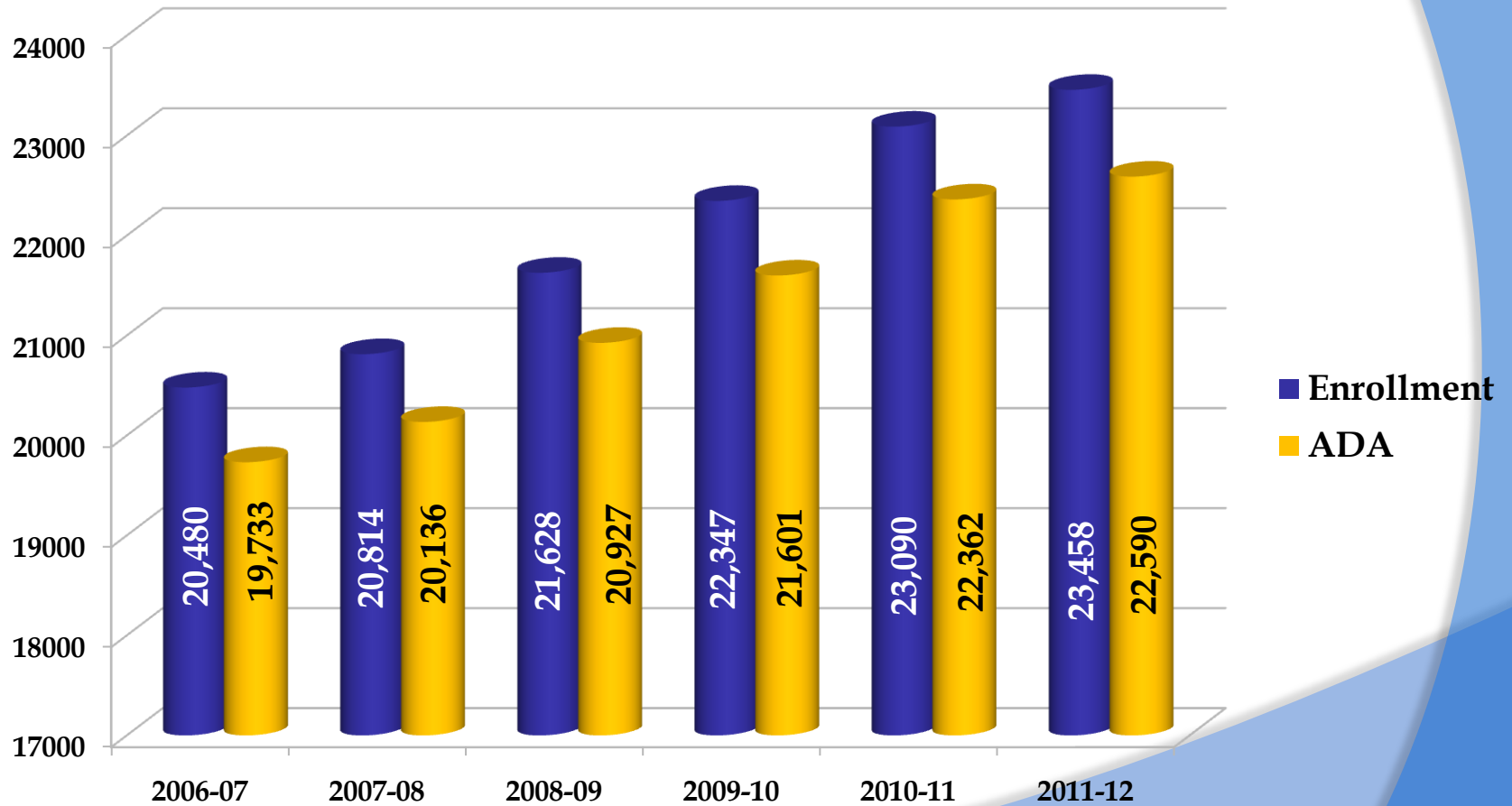
# State Budget Questions

## Certainties

- ◎ Education's unemployment benefit rate has more than doubled
- ◎ ACLU lawsuit regarding Student Fees has increased school level costs
- ◎ Shift of Mental Health Services to school district may not be sufficiently funded
- ◎ Some Federal Categorical Programs received cuts
- ◎ Loss of one-time Federal ARRA funding

# Average Daily Attendance

3.18% Average Growth Last 4 Years  
Projected ADA = 22,590



# Revenue

Revenue Limit	118,876,963
Federal Revenue	9,624,165
Other State	32,736,044
Other Local Revenue	4,716,470
Total Revenue	165,953,642

# Expenditures

Salary/Benefits	139,572,292
Books and Supplies	10,979,558
Services/Other Operations	17,255,537
Capital Outlay	451,384
Other Outgo	2,093,526
Total Expenditures	170,352,297

# New Legislation

- Impact of AB 114
  - County Office Approval Process
  - School District Revenue Projections



# General Fund Multi-Year Projection

	10-11 Unaudited Actual	11-12 Projected	12-13 Projected	13-14 Projected
Revenue	167,735,202	165,953,642	165,783,745	164,718,081
Expenditures	154,526,455	170,352,297	170,621,344	175,668,693
Transfers Out	2,694,692	1,771,125	1,131,939	1,144,093
Beginning Balance	34,145,450	44,659,505	38,489,725	32,520,187
Ending Balance	44,659,505	38,489,725	32,520,187	20,425,482

# Multi-Year Projections

## Components of Ending Fund Balance

	10-11 Unaudited Actuals	11-12 Projected	12-13 Projected	13-14 Projected
Ending Balance	44,659,505	38,489,725	32,520,187	20,425,482
Revolving Cash	150,000	150,000	150,000	150,000
Stores	345,642	345,642	180,000	180,000
Benefit Account	50,000	50,000	50,000	50,000
Accrued Vacation	1,268,965	1,268,965	1,000,000	1,000,000
Tier III/Categorical Reserves	11,518,565	11,140,315	0	0
Restricted Fund Balance	8,305,840	5,674,834	3,095,015	1,000,000
Uncertain Deficit/COLA	5,986,350	10,617,300	21,383,590	32,294,640
Designated for School Site Fees/Carryover	600,000	0	0	0
Designated for Economic Uncertainties	16,434,143	9,242,669	6,661,581	-14,249,158
Percent	10.45%	5.37%	3.88%	-8.06%
Excess/(Shortfall) of 3%	11,717,509	4,078,966	1,508,983	-19,553,542

# Looking Ahead

- ◎ Economy is not showing significant signs of improvement
- ◎ Flat funding for 2011-12 does not lessen our challenges
- ◎ Restoration of District Programs
- ◎ Continue to Plan for the future

# **Certification**

**In certifying the 2011-12 Revised Final Budget 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.**