

CAPISTRANO UNIFIED SCHOOL DISTRICT
San Juan Capistrano, California

June 29, 2010

2011-2012 FINAL BUDGET: PUBLIC HEARING AND ADOPTION

BACKGROUND INFORMATION

In accordance with Article IV, §12 of the California Constitution, Governor Brown released his 2011-2012 fiscal year budget proposal in January. At its regular meeting of February 8, 2011, Trustees were informed of the potential impacts of the Governor's January budget proposal. Also at the February 8, 2011, meeting, Trustees approved budget guidelines, assumptions, and a calendar to support the budget development process for the 2011-2012 fiscal year.

On Monday, May 16, the Governor released the May Budget Revision, which increased funding over the January proposal for the District from a cut of \$348 per Average Daily Attendance (ADA) to flat funding, providing schools with the same level of revenue per student that was received in 2010-2011.

At the Board meeting on June 13, 2010, staff presented to Trustees the 2011-2012 tentative budget, as well as the revised budget guidelines and assumptions to be used in the District's 2011-2012 final budget.

CURRENT CONSIDERATIONS

This agenda item requests Board approval of the 2011-2012 District budget. This final budget incorporates the budget assumptions presented to Trustees June 13, 2010.

As required by law, the Board will also conduct a public hearing on the final budget. A final version of this agenda item has been available for public inspection, both in the lobby of the Education Center and on the District website, since Friday, June 24, 2011. Included in this packet of information are the following items:

- Summary Budgets for the District's Funds
- State Criteria and Standards
- School District Certification of the State Criteria and Standards and the Workers' Compensation Certification
- 2011-2012 Budget Guidelines and Assumptions

Final Budget Overview

Revenue Budget – The final budget has been prepared based upon the revenue assumptions contained in the Governor's May Revise. The budget assumes a 2.24% statutory cost-of-living (COLA) revenue adjustment over 2010-2011. However a 19.754% deficit factor is applied to the base revenue limit (funding per student), yielding the essentially same revenue limit per student, as received in received in 2010-2011. ADA for revenue limit funding is projected to be 49,475, a decline of 798 ADA compared to the 2010-2011 fiscal year.

State categorical revenues are budgeted with no COLA and up to a 0.38% deficit, depending on which tier the program is in. \$13.7 million of one-time revenues are included in the budget as follows:

<u>One-time Revenue Sources</u>	<u>Millions</u>
Federal Job Fund	\$9.6
State Fiscal Stabilization Funds	\$2.3
Mandate Reimbursement	<u>\$1.8</u>
One-time Revenue Total	\$13.7

Additionally, the budget includes approximately \$10.6 million in Tier III categorical flexibility.

Expenditure Budget – The 2011-2012 expenditure budget contains the cost of automatic step and column salary increases and projected health and welfare benefit premium increases, as applicable to the various bargaining units. Increases for statutory benefits and operational costs, as outlined in the budget assumptions, are included.

Ending Fund Balance – The final budget shows general fund revenues and other sources estimated at \$360 million with estimated expenditures and other uses of \$372 million. As discussed with Trustees at the June 13, 2010, meeting, the unrestricted reserve for economic uncertainties is projected to be \$7.6 million, as of budget adoption. This reserve exceeds the 2% required reserve level of \$7.5 million by \$100,000.

Revised Final Budget – As required by law, staff will bring forward any adjustments to the District's budget necessitated by the state budget within 45 days after the adoption of the state budget.

FINANCIAL IMPLICATIONS

The financial implications of this agenda item have been detailed under Current Considerations and presented in the attached documents.

STAFF RECOMMENDATION

It is respectfully requested the Board President recognize Ron Lebs, Deputy Superintendent, Business & Support Services, who will make a brief presentation regarding this item and be available for Trustee questions. Following the presentation, it is recommended the Board President conduct a public hearing on the District's 2011-2012 final budget.

Following the public hearing, it is respectfully recommended the Board approve the revised budget guidelines and assumptions, adopt the final budget, and approve the Criteria & Standards for the 2011-2012 fiscal year.