

Manhattan Beach Unified School  
District

# Special Board Meeting: 2013-14 Budget

*Presented by*

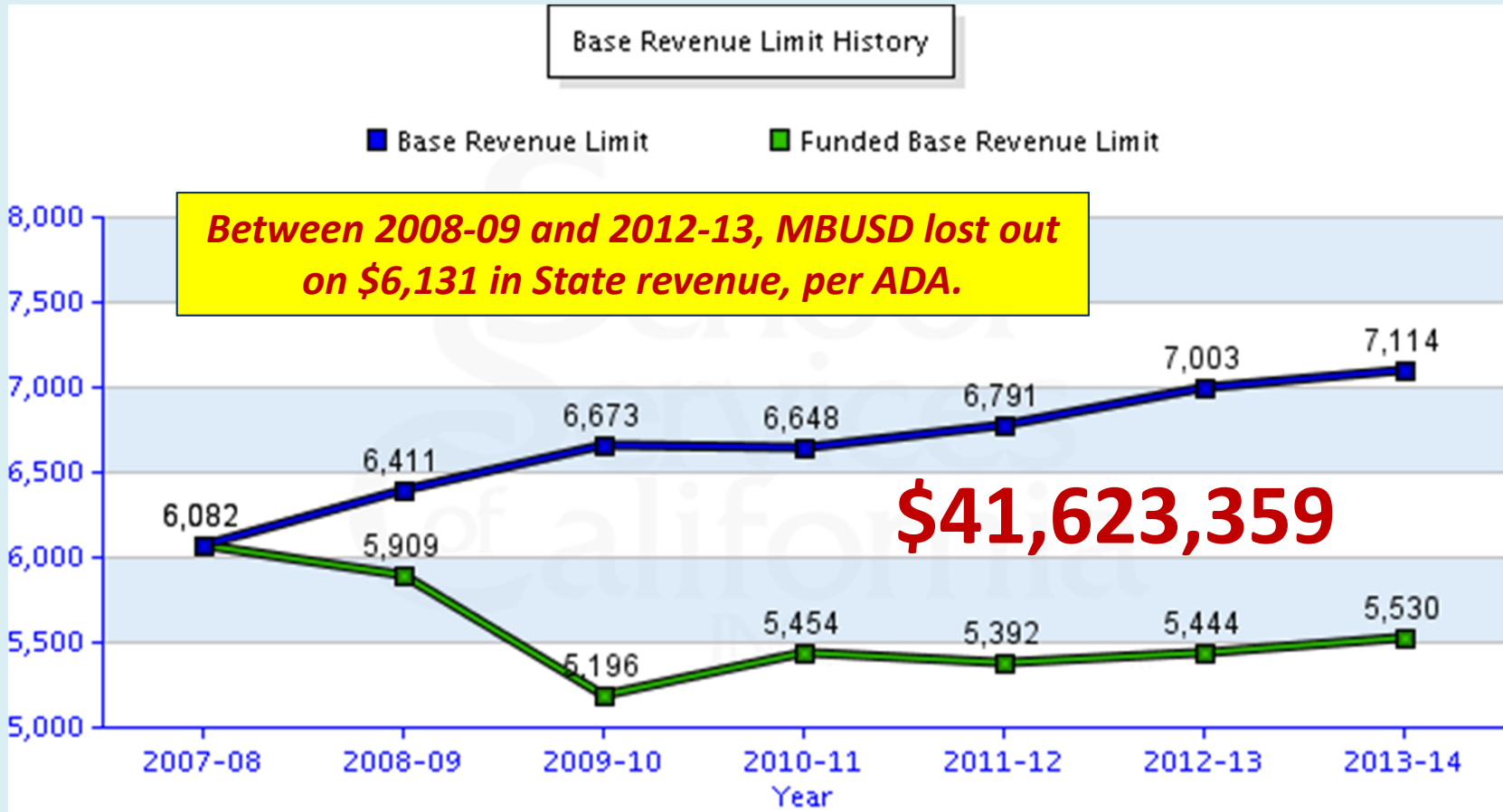
*Dr. Michael D. Matthews  
Superintendent of Schools*

*Dr. Rick E. Bagley  
Deputy Superintendent, Administrative Services*

*February 28, 2013*

# **A Pattern of Declining Revenues and Escalating Expenditures**

# CUTS IN STATE REVENUE SINCE 2008 HAVE BEEN DEVASTATING AND REMAIN UNADDRESSED



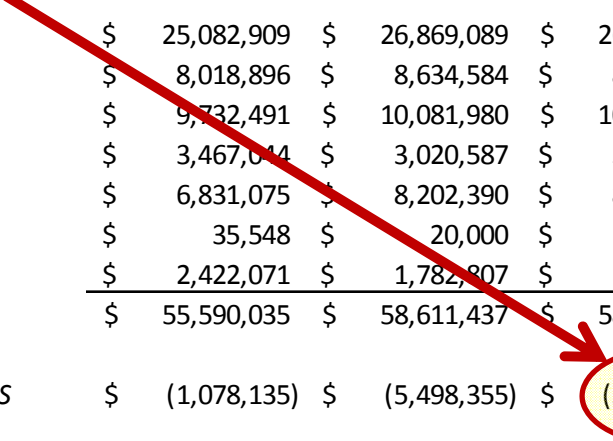
# **Our Multi-Year Projection**

***2012-13 through 2015-16***

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b><u>REVENUES</u></b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<i>TOTAL REVENUES</i>	\$ 54,511,900	\$ 53,113,082	\$ 53,213,082	\$ 54,228,172	\$ 55,319,757	\$ 56,523,726
<b><u>EXPENDITURES</u></b>						
Certificated Salaries	\$ 25,082,909	\$ 26,869,089	\$ 26,869,089	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<i>TOTAL EXPENDITURES</i>	\$ 55,590,035	\$ 58,611,437	\$ 58,461,437	\$ 59,721,774	\$ 60,331,032	\$ 60,948,209
<i>REVENUES - EXPENDITURES</i>	\$ (1,078,135)	\$ (5,498,355)	\$ (5,248,355)	\$ (5,493,602)	\$ (5,011,275)	\$ (4,424,483)
<b><u>FUND BALANCE (RESERVES)</u></b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 4,499,598	\$ (511,677)	\$ (4,936,160)
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 3,047,410
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 1,483,509	\$ (3,558,229)	\$ (8,013,570)

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<b>TOTAL REVENUES</b>	\$ 54,511,900	\$ 53,113,082	\$ 53,213,082	\$ 54,228,172	\$ 55,319,757	\$ 56,523,726
<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,082,909	\$ 26,869,089	\$ 26,869,089	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<b>TOTAL EXPENDITURES</b>	\$ 55,590,035	\$ 58,611,437	\$ 58,461,437	\$ 59,721,774	\$ 60,331,032	\$ 60,948,209
<b>REVENUES - EXPENDITURES</b>	\$ (1,078,135)	\$ (5,498,355)	\$ (5,248,355)	\$ (5,493,602)	\$ (5,011,275)	\$ (4,424,483)
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
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Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 4,499,598	\$ (511,677)	\$ (4,936,160)
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 3,047,410
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 1,483,509	\$ (3,558,229)	\$ (8,013,570)

Structural  
Deficit



**How do we arrive at a  
\$5.2 million structural  
Deficit in 2012-13?**

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741					\$ 8,737,308
<b>TOTAL REVENUES</b>	\$ 54,511,900					\$ 56,523,726
<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,082,909	\$ 27,930,665				\$ 27,930,665
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<b>TOTAL EXPENDITURES</b>	\$ 55,590,035	\$ 58,611,437	\$ 58,461,437	\$ 59,721,774	\$ 60,331,032	\$ 60,948,209
<b>REVENUES - EXPENDITURES</b>	\$ (1,078,135)	\$ (5,498,355)	\$ (5,248,355)	\$ (5,493,602)	\$ (5,011,275)	\$ (4,424,483)
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
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Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 4,499,598	\$ (511,677)	\$ (4,936,160)
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 3,047,410
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 1,483,509	\$ (3,558,229)	\$ (8,013,570)

**In 2011-12, MBUSD expenditures exceeded revenues (i.e. deficit spending) by \$1,078,135**



	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<b>TOTAL REVENUES</b>	\$ 54,511,900	\$ 53,113,082	\$ 53,213,082	\$ 54,228,172	\$ 55,319,757	\$ 56,523,726
<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,082,909	\$ 26,869,089	\$ 26,869,089	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$	\$	\$	\$	\$
Other Outgo	\$ 2,422,071	\$	\$	\$	\$	\$
<b>TOTAL EXPENDITURES</b>	\$ 55,590,035	\$ 55,507,040	\$ 55,507,040	\$ 55,507,040	\$ 55,507,040	\$ 55,507,040
<b>REVENUES - EXPENDITURES</b>	\$ (1,078,135)	\$ 606,038	\$ 606,038	\$ 606,038	\$ 606,038	\$ 606,038
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 16,319,690	\$ 16,319,690	\$ 16,319,690	\$ 16,319,690	\$ 16,319,690
Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 16,319,690	\$ 16,319,690	\$ 16,319,690	\$ 16,319,690	\$ 16,319,690	\$ 16,319,690
Ending Fund Balance (June 30)	\$ 15,241,555	\$ 15,241,555	\$ 15,241,555	\$ 15,241,555	\$ 15,241,555	\$ 15,241,555
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 3,047,410
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 1,483,509	\$ (3,558,229)	\$ (8,013,570)

**Note, too, that as the last of the Federal Government's one-time infusion of additional funds ended, our Federal Revenues this year dropped \$1,247,168.**

**2011-12 Budget Deficit = \$1,078,135**  
**Loss of Federal Funds = \$1,245,168**  
**Total loss carried forward = \$2,323,303**

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<b>TOTAL REVENUES</b>	<b>\$ 54,511,900</b>	<b>\$ 53,113,082</b>	<b>\$ 53,213,082</b>	<b>\$ 54,228,172</b>	<b>\$ 55,319,757</b>	<b>\$ 56,523,726</b>

<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,082,909	\$ 26,869,089	\$ 26,869,089	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outlay	\$ 1,437,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807

**Also, expenditures associated with employee salaries and benefits are projected to increase by \$2,751,357 over 2011-12.**

**2011-12 Budget Deficit = \$1,078,135**  
**Loss of Federal Funds = \$1,245,168**  
**Increased Employee Costs = \$2,751,357**  
**Total loss carried forward = \$5,076,660**

	\$ 1,437	\$ 59,721,774	\$ 60,331,032	\$ 60,948,209
	\$ 3,355)	\$ (5,493,602)	\$ (5,011,275)	\$ (4,424,483)
	\$ 1,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
	\$ -	\$ -	\$ -	\$ -
	\$ 1,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
	\$ 3,200	\$ 4,499,598	\$ (511,677)	\$ (4,936,160)
	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
	\$ 3,072	\$ 2,986,089	\$ 3,016,552	\$ 3,047,410
Un-designated Ending Balance	\$ 12,152,055	\$ 6,702,020	\$ 7,670,128	\$ 1,483,509
	\$ -	\$ (3,558,229)	\$ -	\$ (8,013,570)

**How have costs  
associated with personnel  
gone up by \$2.75 million  
in 2012-13?**

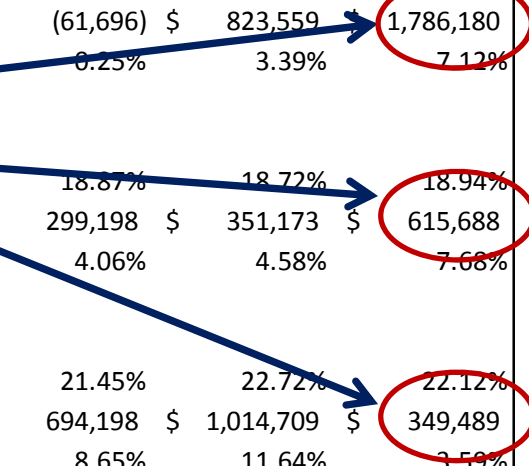
## Analysis of Personnel Expenditures: 2008-09 to 2012-13

	Audited Actuals				Projected	Mean
	2008-09	2009-10	2010-11	2011-12	2012-13	
Certificated	\$ 24,989,364	\$ 24,321,046	\$ 24,259,350	\$ 25,082,909	\$ 26,869,089	\$ 25,104,352
Classified	\$ 7,492,461	\$ 7,368,525	\$ 7,667,723	\$ 8,018,896	\$ 8,634,584	\$ 7,836,438
Benefits	\$ 7,741,992	\$ 8,023,584	\$ 8,717,782	\$ 9,732,491	\$ 10,081,980	\$ 8,859,566
<u>CERTIFICATED ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS	62.13%	61.24%	59.69%	58.56%	58.94%	60.11%
INCREASE/(DECREASE)		\$ (668,318)	\$ (61,696)	\$ 823,559	\$ 1,786,180	
PERCENT INC/(DEC)		-2.67%	-0.25%	3.39%	7.12%	
<u>CLASSIFIED ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS	18.63%	18.55%	18.87%	18.72%	18.94%	18.74%
INCREASE/(DECREASE)		\$ (123,936)	\$ 299,198	\$ 351,173	\$ 615,688	
PERCENT INC/(DEC)		-1.65%	4.06%	4.58%	7.68%	
<u>BENEFITS ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS	19.25%	20.20%	21.45%	22.72%	22.12%	21.15%
INCREASE/(DECREASE)		\$ 281,592	\$ 694,198	\$ 1,014,709	\$ 349,489	
PERCENT INC/(DEC)		3.64%	8.65%	11.64%	3.59%	
<u>TOTAL</u>						
TOTAL PERSONNEL	\$ 40,223,817	\$ 39,713,155	\$ 40,644,855	\$ 42,834,296	\$ 45,585,653	\$ 41,800,355
INCREASE/(DECREASE)		\$ (510,662)	\$ 931,700	\$ 2,189,441	\$ 2,751,357	\$ 1,340,459
PERCENT INC/(DEC)		-1.27%	2.35%	5.39%	6.42%	3.22%

## Analysis of Personnel Expenditures: 2008-09 to 2012-13

	Audited Actuals				Projected	Mean
	2008-09	2009-10	2010-11	2011-12	2012-13	
Certificated	\$ 24,989,364	\$ 24,321,046	\$ 24,259,350	\$ 25,082,909	\$ 26,869,089	\$ 25,104,352
Classified	\$ 7,492,461	\$ 7,368,525	\$ 7,667,723	\$ 8,018,896	\$ 8,634,584	\$ 7,836,438
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<u>CERTIFICATED ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS	62.13%	61.24%	59.69%	58.56%	58.94%	60.11%
			(61,696)	\$ 823,559	\$ 1,786,180	
			0.25%	3.39%	7.12%	
			18.87%	18.72%	18.94%	18.74%
			299,198	\$ 351,173	\$ 615,688	
PERCENT INC/(DEC)		-1.65%	4.06%	4.58%	7.68%	
<u>BENEFITS ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS	19.25%	20.20%	21.45%	22.72%	22.12%	21.15%
INCREASE/(DECREASE)		\$ 281,592	\$ 694,198	\$ 1,014,709	\$ 349,489	
PERCENT INC/(DEC)		3.64%	8.65%	11.64%	3.59%	
<u>TOTAL</u>						
TOTAL PERSONNEL	\$ 40,223,817	\$ 39,713,155	\$ 40,644,855	\$ 42,834,296	\$ 45,585,653	\$ 41,800,355
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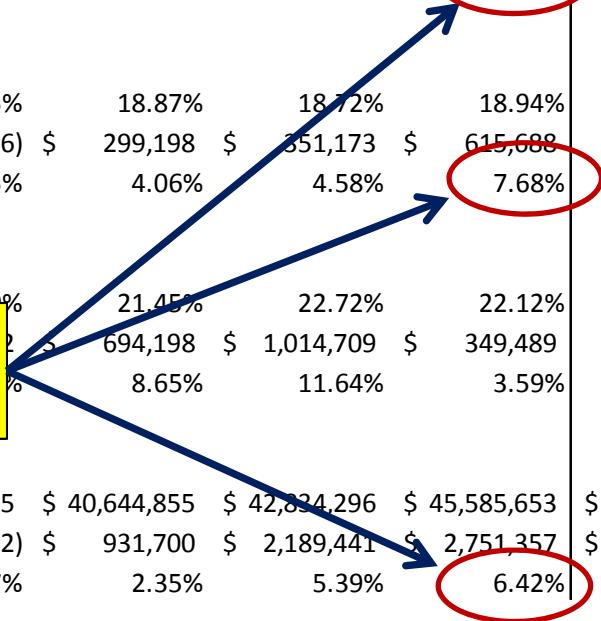
**Of the personnel cost increases for 2012-13,**  
**64.92% = Certificated**  
**22.38% = Classified**  
**12.70% = Health and Welfare Benefits**



## Analysis of Personnel Expenditures: 2008-09 to 2012-13

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<u>CERTIFICATED ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS	62.13%	61.24%	59.69%	58.56%	58.94%	60.11%
INCREASE/(DECREASE)		\$ (668,318)	\$ (61,696)	\$ 823,559	\$ 1,786,180	
PERCENT INC/(DEC)		-2.67%	-0.25%	3.39%	7.12%	
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PERCENT OF TOTAL PERSONNEL COSTS	18.63%	18.55%	18.87%	18.72%	18.94%	18.74%
INCREASE/(DECREASE)		\$ (123,936)	\$ 299,198	\$ 351,173	\$ 615,688	
PERCENT INC/(DEC)		-1.65%	4.06%	4.58%	7.68%	
<u>BENEFITS ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS	19.25%	20.20%	21.45%	22.72%	22.12%	21.15%
INCREASE/(DECREASE)		\$ 694,198	\$ 1,014,709	\$ 349,489	\$ 349,489	
PERCENT INC/(DEC)		3.61%	8.65%	11.64%	3.59%	
<u>TOTAL</u>						
TOTAL PERSONNEL	\$ 40,223,817	\$ 39,713,155	\$ 40,644,855	\$ 42,834,296	\$ 45,585,653	\$ 41,800,355
INCREASE/(DECREASE)		\$ (510,662)	\$ 931,700	\$ 2,189,441	\$ 2,751,357	\$ 1,340,459
PERCENT INC/(DEC)		-1.27%	2.35%	5.39%	6.42%	3.22%

**Increase over last year's costs for salaries is over 7% and 6.42% overall.**



## Analysis of Personnel Expenditures: 2008-09 to 2012-13

	Audited Actuals				Projected	Mean
	2008-09	2009-10	2010-11	2011-12	2012-13	
Certificated	\$ 24,989,364	\$ 24,321,046	\$ 24,259,350	\$ 25,082,909	\$ 26,869,089	\$ 25,104,352
Classified	\$ 7,492,461	\$ 7,368,525	\$ 7,667,723	\$ 8,018,896	\$ 8,634,584	\$ 7,836,438
Benefits	\$ 7,741,992	\$ 8,023,584	\$ 8,717,782	\$ 9,732,491	\$ 10,081,980	\$ 8,859,566
<u>CERTIFICATED ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS	62.13%	61.24%	59.69%	58.56%	58.94%	60.11%
INCREASE/(DECREASE)				\$ 23,559	\$ 1,786,180	
PERCENT INCREASE/DECREASE				3.39%	7.12%	
<u>CLASSIFIED ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS				18.72%	18.94%	18.74%
INCREASE/(DECREASE)				\$ 51,173	\$ 615,688	
PERCENT INCREASE/DECREASE				4.58%	7.68%	
<u>BENEFITS ONLY</u>						
PERCENT OF TOTAL PERSONNEL COSTS				22.72%	22.12%	21.15%
INCREASE/(DECREASE)				\$ 14,709	\$ 349,489	
PERCENT INCREASE/DECREASE				11.64%	3.59%	
<u>TOTAL</u>						
TOTAL PERSONNEL COSTS				\$ 34,296	\$ 45,585,653	\$ 41,800,355
INCREASE/(DECREASE)				\$ 89,441	\$ 2,751,357	\$ 1,340,459
PERCENT INCREASE/DECREASE				5.39%	6.42%	3.22%

### What causes this type of increase?

- **3% Salary Increase = \$766,377**
- **2.22% Step/Column = \$556,805**
- **Net New/Returning Positions = \$462,998**
  - **1.0 Elementary Teacher**
  - **1.6 High School Teachers**
  - **2.0 Middle School Teachers**
  - **2.0 Special Education Teachers**

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121			
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023			
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249			
<b>TOTAL REVENUES</b>	<b>\$ 54,511,900</b>	<b>\$ 53,113,082</b>	<b>\$ 53,213,082</b>			
<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,082,909	\$ 26,869,089	\$ 26,869,089	\$ 27,218,387	\$ 27,572,228	\$ 27,558,683
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<b>TOTAL EXPENDITURES</b>	<b>\$ 55,590,035</b>	<b>\$ 58,611,437</b>	<b>\$ 58,461,437</b>	<b>\$ 59,721,774</b>	<b>\$ 60,331,032</b>	<b>\$ 60,948,209</b>
<b>REVENUES - EXPENDITURES</b>	<b>\$ (1,078,135)</b>	<b>\$ (5,498,355)</b>	<b>\$ (5,248,355)</b>	<b>\$ (5,493,602)</b>	<b>\$ (5,011,275)</b>	<b>\$ (4,424,483)</b>
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 4,499,598	\$ (511,677)	\$ (4,936,160)
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 3,047,410
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 1,483,509	\$ (3,558,229)	\$ (8,013,570)

**The bottom line ...  
\$5.24 million of structural deficit  
must be absorbed 100% by our  
reserve.**





	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<i>TOTAL REVENUES</i>	\$ 54,511,900	\$ 53,113,082	\$ 53,213,082	\$ 54,228,172	\$ 55,319,757	\$ 56,523,726
<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,082,909	\$ 26,869,089	\$ 26,869,089	\$ 26,869,089	\$ 26,869,089	\$ 26,869,089
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,634,584	\$ 8,634,584	\$ 8,634,584
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,081,980	\$ 10,081,980	\$ 10,081,980
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<i>TOTAL EXPENDITURES</i>	\$ 55,590,035	\$ 58,611,437	\$ 58,461,437	\$ 59,721,774	\$ 60,331,032	\$ 60,948,209
<i>REVENUES - EXPENDITURES</i>	\$ (1,078,135)	\$ (5,498,355)	\$ (5,248,355)	\$ (5,493,602)	\$ (5,011,275)	\$ (4,424,483)
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 4,499,598	\$ (511,677)	\$ (4,936,160)
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 3,047,410
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 1,483,509	\$ (3,558,229)	\$ (8,013,570)

**Resulting in a significant reduction of our reserve; a pattern that is not sustainable.**

15,241,555

9,993,200

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<b>TOTAL REVENUES</b>	\$ 54,511,900	\$ 53,113,082	\$ 53,213,082	\$ 54,228,172	\$ 55,319,757	\$ 56,523,726

**GOOD NEWS**

State funding is expected to modestly increase over the next few years.

**NOT-SO-GOOD NEWS**

Under Governor Brown's new "Local Control Funding Formula" (LCFF), the increases are expected to be lower than shown here.

**BAD NEWS**

Whether we keep the current funding model or move to the LCFF, revenues are not increasing fast enough to offset our deficit.

\$ 26,869,089	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665
\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
\$ 20,000	\$ -	\$ -	\$ -
\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
\$ 58,461,437	\$ 59,721,774	\$ 60,331,032	\$ 60,948,209
\$ (5,248,355)	\$ (5,493,602)	\$ (5,011,275)	\$ (4,424,483)
\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
\$ -	\$ -	\$ -	\$ -
\$ 15,241,555	\$ 9,993,200	\$ 4,499,598	\$ (511,677)
\$ 9,993,200	\$ 4,499,598	\$ (511,677)	\$ (4,936,160)
\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 3,047,410
\$ 7,040,128	\$ 1,483,509	\$ (3,558,229)	\$ (8,013,570)

**How can we move toward  
a balanced budget?**

# Recommended Budget Adjustment Schedule 2013-14 to 2015-16

	2013-14	2014-15	2015-16	TOTAL
PHASE 1	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 3,750,000
PHASE 2		\$ 1,250,000	\$ 1,250,000	\$ 2,500,000
PHASE 3			\$ 1,250,000	\$ 1,250,000
		Total by 6/30/16		\$ 7,500,000

A combination of revenue increases and/or expenditure decreases are needed in order to end 2015-16 with a balanced budget. Note that with \$6 million in reductions, the reserve for economic uncertainties will be approximately at the 3% level; the minimum reserve required by law.

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<i>TOTAL REVENUES</i>	\$ 54,511,900	\$ 53,113,082	\$ 53,213,082	\$ 54,228,172	\$ 55,319,757	\$ 56,523,726
<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,082,909	\$ 26,869,089	\$ 26,869,089	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<i>TOTAL EXPENDITURES</i>	\$ 55,590,035	\$ 58,611,437	\$ 58,461,437	\$ 59,721,774	\$ 60,331,032	\$ 60,948,209
<b>ADJUSTED</b>				<b>\$ 1,250,000</b>	<b>\$ 2,500,000</b>	<b>\$ 3,750,000</b>
<i>REVENUES - EXPENDITURES</i>	\$ (1,078,135)	\$ (5,498,355)	\$ (5,248,355)	\$ (4,243,602)	\$ (2,511,275)	\$ (674,483)
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323
Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323
Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323	\$ 2,563,840
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 1,828,446
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 2,733,509	\$ 191,771	\$ 705,394

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<b>TOTAL REVENUES</b>	<b>\$ 54,511,900</b>	<b>\$ 53,113,082</b>	<b>\$ 53,213,082</b>	<b>\$ 54,228,172</b>	<b>\$ 55,319,757</b>	<b>\$ 56,523,726</b>

<b>EXPENDITURES</b>						
Capital Outlay	\$ 9,089	\$ 26,869,089	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665	\$ 27,930,665
Contractual	\$ 4,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728	\$ 8,975,728
Entertainment	\$ 1,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<b>TOTAL EXPENDITURES</b>	<b>\$ 55,590,035</b>	<b>\$ 58,611,437</b>	<b>\$ 58,461,437</b>	<b>\$ 59,721,774</b>	<b>\$ 60,331,032</b>	<b>\$ 60,948,209</b>
<b>ADJUSTED</b>				<b>\$ 1,250,000</b>	<b>\$ 2,500,000</b>	<b>\$ 3,750,000</b>
<b>REVENUES - EXPENDITURES</b>	<b>\$ (1,078,135)</b>	<b>\$ (5,498,355)</b>	<b>\$ (5,248,355)</b>	<b>\$ (4,243,602)</b>	<b>\$ (2,511,275)</b>	<b>\$ (674,483)</b>

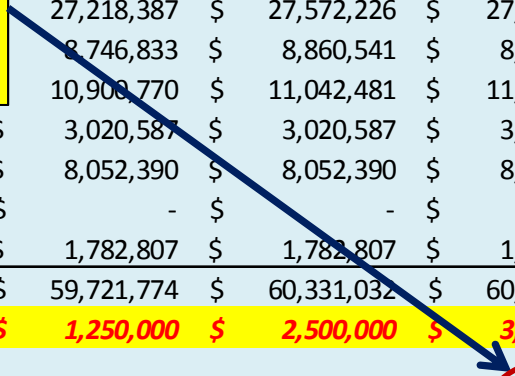
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323
Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323
Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323	\$ 2,563,840
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 1,828,446
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 2,733,509	\$ 191,771	\$ 705,394

**Factoring in the projected schedule of budget adjustments for each of the next three years ...**

**\$ 1,250,000 \$ 2,500,000 \$ 3,750,000**

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<b>TOTAL REVENUES</b>	<b>\$ 54,511,900</b>	<b>\$ 53,113,082</b>	<b>\$ 53,213,082</b>	<b>\$ 54,228,172</b>	<b>\$ 55,319,757</b>	<b>\$ 56,523,726</b>
<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665
Classified Salaries	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,700,000	\$ 9,700,000	\$ 9,700,000	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<b>TOTAL EXPENDITURES</b>	<b>\$ 55,590,035</b>	<b>\$ 58,611,437</b>	<b>\$ 58,461,437</b>	<b>\$ 59,721,774</b>	<b>\$ 60,331,032</b>	<b>\$ 60,948,209</b>
<b>ADJUSTED</b>				<b>\$ 1,250,000</b>	<b>\$ 2,500,000</b>	<b>\$ 3,750,000</b>
<b>REVENUES - EXPENDITURES</b>	<b>\$ (1,078,135)</b>	<b>\$ (5,498,355)</b>	<b>\$ (5,248,355)</b>	<b>\$ (4,243,602)</b>	<b>\$ (2,511,275)</b>	<b>\$ (674,483)</b>
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323
Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 16,319,690	\$ 15,241,555	\$ 15,241,555	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323
Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323	\$ 2,563,840
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 1,828,446
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 2,733,509	\$ 191,771	\$ 705,394

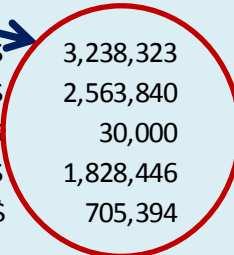
**We are still deficit spending at the end of 2015-16.**



(674,483)

	2011-12 Audited Actuals	2012-13 First Interim Budget	DRAFT 2012-13 Second interim Budget	Projected 2013-14 Budget	Projected 2014-15 Budget	Projected 2015-16 Budget
<b>REVENUES</b>						
Revenue Limit	\$ 35,417,219	\$ 35,747,689	\$ 35,747,689	\$ 36,225,873	\$ 37,022,834	\$ 37,909,553
Federal Revenue	\$ 2,374,289	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121	\$ 1,127,121
Other State Revenue	\$ 8,250,651	\$ 8,225,023	\$ 8,225,023	\$ 8,360,736	\$ 8,544,672	\$ 8,749,744
Other Local Revenue	\$ 8,469,741	\$ 8,013,249	\$ 8,113,249	\$ 8,514,442	\$ 8,625,130	\$ 8,737,308
<b>TOTAL REVENUES</b>	<b>\$ 54,511,900</b>	<b>\$ 53,113,082</b>	<b>\$ 53,213,082</b>	<b>\$ 54,228,172</b>	<b>\$ 55,319,757</b>	<b>\$ 56,523,726</b>
<b>EXPENDITURES</b>						
Certificated Salaries	\$ 25,082,909	\$ 26,869,089	\$ 26,869,089	\$ 27,218,387	\$ 27,572,226	\$ 27,930,665
Classified Salaries	\$ 8,018,896	\$ 8,634,584	\$ 8,634,584	\$ 8,746,833	\$ 8,860,541	\$ 8,975,728
Employee Benefits	\$ 9,732,491	\$ 10,081,980	\$ 10,081,980	\$ 10,900,770	\$ 11,042,481	\$ 11,186,032
Books and Supplies	\$ 3,467,044	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587	\$ 3,020,587
Services/Other Op. Exp.	\$ 6,831,075	\$ 8,202,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390	\$ 8,052,390
Capital Outlay	\$ 35,548	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other Outgo	\$ 2,422,071	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807	\$ 1,782,807
<b>TOTAL EXPENDITURES</b>			<b>58,461,437</b>	<b>\$ 59,721,774</b>	<b>\$ 60,331,032</b>	<b>\$ 60,948,209</b>
<b>ADJUSTED</b>				<b>\$ 1,250,000</b>	<b>\$ 2,500,000</b>	<b>\$ 3,750,000</b>
<b>REVENUES - EXPENDITURES</b>			<b>(5,248,355)</b>	<b>\$ (4,243,602)</b>	<b>\$ (2,511,275)</b>	<b>\$ (674,483)</b>
<b>FUND BALANCE (RESERVES)</b>						
Beginning Fund Balance (July 1)			15,241,555	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323
Audit Adjustment			-	\$ -	\$ -	\$ -
Adjusted Beginning Balance			15,241,555	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323
Ending Fund Balance (June 30)	\$ 15,241,555	\$ 9,743,200	\$ 9,993,200	\$ 5,749,598	\$ 3,238,323	\$ 2,563,840
Revolving Cash and Stores	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Reserve for Economic Unc.	\$ 2,779,502	\$ 2,930,572	\$ 2,923,072	\$ 2,986,089	\$ 3,016,552	\$ 1,828,446
Undesignated Ending Balance	\$ 12,432,053	\$ 6,782,628	\$ 7,040,128	\$ 2,733,509	\$ 191,771	\$ 705,394

**Our reserve for economic uncertainty drops to 3% in 2015-16 and our total reserve is depleted to \$2.5 million by June 30, 2013.**





# **The Board's Direction from the 2-15-13 Budget Workshop**

- 1. Identify \$1.5 million in potential budget adjustments for 2013-14.**
- 2. Prioritize the adjustments according to educational need.**
- 3. Present recommendations at a special Board meeting on 2-28-13.**
- 4. Be prepared to implement adjustments immediately; including consideration of the possibility of layoffs.**

# Our Assumptions

- 1. Fund 25 (Developer Fees) will be allocated solely for prioritized maintenance projects, repairs and equipment replacement.**
- 2. In 2013-14 and beyond, any Chevron Grant funds received (\$215,000 in 2012-13), will be allocated to support professional development and/or the iPad program; up to and no greater than the Grant amount.**
- 3. In 2013-14 and beyond, any Title II Federal Funds received (\$88,000 in 2012-13), will be allocated to support professional development; up to the funding amount.**

# **Recommended Budget Adjustments for 2013-14**

**LEVEL 1 ADJUSTMENTS**

Certificated Teaching Staff	MCHS	3.80	\$	345,250
Athletic Director	MCHS	1.00	\$	113,177
Certificated Teaching Staff	MBMS	2.20	\$	77,788
Advisor	MBMS	0.40	\$	32,761
Systems Technician (vacant)		1.00	\$	63,745
Certificated Teaching Staff	Elem	4.00	\$	320,000
4000s/5000s Reduction	Gen Fund		\$	300,000

Total Level 1 Adjustments \$ 1,252,721

**LEVEL 2 ADJUSTMENTS**

Certificated Teaching Staff	Elem	3.00	\$	250,000
Computer Lab Specialists *	Elem	2.85	\$	123,518
School Supply Funds (\$20/student)			\$	140,000

Total Level 2 Adjustments \$ 513,518

**LEVEL 3 ADJUSTMENTS**

Certificated Staff *	TBD	2.00	\$	160,000
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Total Level 3 Adjustments \$ 160,000

Total for All Levels \$ 1,926,239

**LEVEL 1 ADJUSTMENTS**

Certificated Teaching Staff	MCHS	3.80	\$	345,250
Athletic Director	MCHS	1.00	\$	113,177
Certificated Teaching Staff	MBMS	2.20	\$	77,788
Advisor	MBMS	0.40	\$	32,761
Systems Technician (vacant)		1.00	\$	63,745
Certificated Teaching Staff	Elem	4.00	\$	320,000
4000s/5000s Reduction	Gen Fund		\$	300,000

Total Level 1 Adjustments \$1,252,721

**LEVEL 2 ADJUSTMENTS**

Certificated Teaching Staff	Elem	3.00		
Computer Lab Specialists *	Elem	2.85		
School Supply Funds (\$20/student)				

Total Level 2 A

**All Level 1 reductions can be made through attrition, reassignment and/or releasing temporary contract personnel.**

**LEVEL 3 ADJUSTMENTS**

Certificated Staff *	TBD	2.00	\$	160,000
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Total Level 3 Adjustments \$ 160,000

Total for All Levels \$1,926,239

\* Layoffs may or will be required

**LEVEL 1 ADJUSTMENTS**

Certificated Teaching Staff	MCHS	3.80	\$	345,250
Athletic Director	MCHS	1.00	\$	113,177
Certificated Teaching Staff	MBMS	2.20	\$	77,788
Advisor	MBMS	0.40	\$	32,761
Systems Technician (vacant)		1.00	\$	63,745
Certificated Teaching Staff	Elem	4.00	\$	320,000
4000s/5000s Reduction	Gen Fund		\$	300,000

Total Level 1 Adjustments \$ 1,252,721

**3.0 FTE will result from increasing class size in 3<sup>rd</sup> grade to approximately 29:1. To avoid the need to transfer students from school-to-school to balance classes, it may also be necessary to create occasional 3<sup>rd</sup>/4<sup>th</sup> combination grade classes.**

em	3.00	\$	250,000
em	2.85	\$	123,518
nt)		\$	140,000

Total Level 2 Adjustments \$ 513,518

BD	2.00	\$	160,000
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Total Level 3 Adjustments \$ 160,000

Total for All Levels \$ 1,926,239

\* Layoffs may or will be required

**LEVEL 1 ADJUSTMENTS**

Certificated Teaching Staff	MCHS	3.80	\$	345,250
Athletic Director	MCHS	1.00	\$	113,177
Certificated Teaching Staff	MBMS	2.20	\$	77,788
Advisor	MBMS	0.40	\$	32,761
Systems Technician (vacant)		1.00	\$	63,745
Certificated Teaching Staff	Elem	4.00	\$	320,000
4000s/5000s Reduction	Gen Fund		\$	300,000

Total Level 1 Adjustments \$1,252,721

**3.0 FTE will result from increasing class size in 3<sup>rd</sup> grade to approximately 29:1. To avoid the need to transfer students from school-to-school to balance classes, it may also be necessary to create occasional 3<sup>rd</sup>/4<sup>th</sup> combination grade classes.**

**1.0 FTE will result from the creation of a 4<sup>th</sup>/5<sup>th</sup> grade combination class .**

3.00		
2.85	\$	123,518
	\$	140,000
Level 2 Adjustments		<u>\$ 513,518</u>

2.00 \$ 160,000  
 Total Level 3 Adjustments \$ 160,000

Total for All Levels \$1,926,239

\* Layoffs may or will be required

**LEVEL 1 ADJUSTMENTS**

Certificated Teaching Staff	MCHS	3.80	\$	345,250
Athletic Director	MCHS	1.00	\$	113,177
Certificated Teaching Staff	MBMS	2.20	\$	77,788
Advisor	MBMS	0.40	\$	32,761
Systems Technician (vacant)		1.00	\$	63,745
Certificated Teaching Staff	Elem	4.00	\$	320,000
4000s/5000s Reduction	Gen Fund		\$	300,000
Total Level 1 Adjustments				<u>\$ 1,252,721</u>

**LEVEL 2 ADJUSTMENTS**

Certificated Teaching Staff	Elem	3.00	\$	250,000
	Elem	2.85	\$	123,518
	(nt)		\$	140,000
Total Level 2 Adjustments				<u>\$ 513,518</u>

FBD	2.00	\$	160,000
Total Level 3 Adjustments			<u>\$ 160,000</u>

Total for All Levels			<u><u>\$ 1,926,239</u></u>
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**The General Fund budget currently contains \$300,000 in maintenance projects, routine repairs and equipment replacement that we recommend moving to Fund 25 (Developer Fees).**

**NOTE: Average 5-year ending balance in Fund 25 = \$420,591**

\* Layoffs may or will be required



**LEVEL 1 ADJUSTMENTS**

Certificated Teaching Staff	MCHS	3.80	\$	345,250
Athletic Director	MCHS	1.00	\$	113,177
Certificated Teaching Staff	MBMS	2.20	\$	77,788
Advisor	MBMS	0.40	\$	32,761
		1.00	\$	63,745
		4.00	\$	320,000
			\$	300,000

**If this target amount is not reached with the identified Level 1 adjustments, staff will identify alternate adjustments to make-up any shortfall.**

Total Level 1 Adjustments **\$ 1,252,721**

**LEVEL 2 ADJUSTMENTS**

Certificated Teaching Staff	Elem	3.00	\$	250,000
Computer Lab Specialists *	Elem	2.85	\$	123,518
School Supply Funds (\$20/student)			\$	140,000

Total Level 2 Adjustments \$ 513,518

**LEVEL 3 ADJUSTMENTS**

Certificated Staff *	TBD	2.00	\$	160,000
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Total Level 3 Adjustments \$ 160,000

Total for All Levels \$ 1,926,239

\* Layoffs may or will be required

**Level 2 and 3 adjustments may require a certificated and/or classified reduction in force (e.g. layoff) process. Action would be needed right away if adjustments need to extend into these levels.**

	IBCHS	3.80	\$	345,250
	IBCHS	1.00	\$	113,177
	IBMS	2.20	\$	77,788
	IBMS	0.40	\$	32,761
		1.00	\$	63,745
	em	4.00	\$	320,000
4000s/5000s Reduction	Gen Fund		\$	300,000

Total Level 1 Adjustments \$ 1,252,721

**LEVEL 2 ADJUSTMENTS**

Certificated Teaching Staff	Elem	3.00	\$	250,000
Computer Lab Specialists *	Elem	2.85	\$	123,518
School Supply Funds (\$20/student)			\$	140,000

Total Level 2 Adjustments \$ 513,518

**LEVEL 3 ADJUSTMENTS**

Certificated Staff *	TBD	2.00	\$	160,000
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Total Level 3 Adjustments \$ 160,000

Total for All Levels \$ 1,926,239

\* Layoffs may or will be required

## **Our Recommendations**

- 1. Fully implement all Level 1 adjustments.**
- 2. Effective immediately, any addition(s) to the budget shall be presented to the Board for consideration along with offsets to make the addition(s) cost-neutral.**
- 3. Implement an operational position control system through LACOE, by July 1, 2013.**
- 4. Begin exploring the feasibility of transitioning to a “zero based budget” (ZBB) methodology.**
- 5. Study overtime costs/patterns and make adjustments as needed.**



**Questions?**