

ESCONDIDO UNION SCHOOL DISTRICT

BUDGET UPDATE – FIRST INTERIM REPORT

DECEMBER 9, 2010

2010-2011 BUDGET REVISION (2)

- **BASED ON BUDGET REVISION (2)**
- INCLUDES ADDITIONAL \$4.4 MILLION DUE TO PASSAGE OF STATE BUDGET- Revenue Limit
- INCLUDES FEDERAL JOBS FUNDING - \$3.1 Million
- INCLUDES FELICITA SCHOOL IMPROVEMENT FUNDS – about \$1.7 million for this year
- INCLUDES \$388,388 2009-10 SPECIAL EDUCATION DISABILITIES ADJUSTMENT FUNDING – temporary lowering of general fund support
- INCLUDES CHANGES AS A RESULT OF RECENTLY COMPLETED NEGOTIATIONS

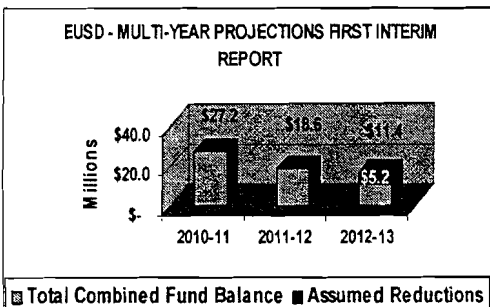
2010-2011 FIRST INTERIM REPORT

- REPORT IS OUR BEST ESTIMATE OF WHERE WE'RE LIKELY TO END THE FISCAL YEAR
- PROJECTIONS TAKE INTO ACCOUNT ALL OF THE INFORMATION CONTAINED IN BUDGET REVISION (2)
 - **ALSO INCLUDE OUR CURRENT ESTIMATE OF YEAR-END ACCRUALS**
 - FACTOR IN STATE BUDGET INFORMATION AND DISTRICT'S UNIQUE SET OF FISCAL CONDITIONS
 - PROJECTIONS ALSO REFLECT HISTORICAL TRENDS
 - PROJECTIONS ARE NOT FORECASTS – THEY ARE SUBJECT TO CHANGE

2010-2011 FIRST INTERIM REPORT

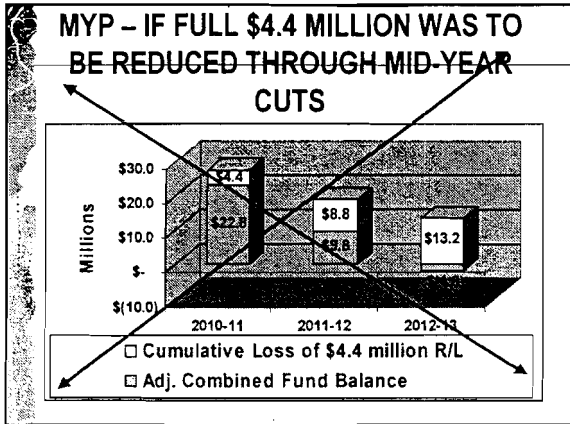
- **MULTI-YEAR PROJECTIONS ARE REQUIRED ASPECT OF REPORT**
 - DISTRICTS MUST DEMONSTRATE THAT THEY CAN MEET THEIR OBLIGATIONS FOR THE CURRENT YEAR, AND TWO SUBSEQUENT YEARS
 - **CRITERIA** AND STANDARDS ARE A SERIES OF TECHNICAL REVIEWS THAT EXAMINE TRENDS, CONTINGENCIES, AND OTHER MAJOR FACTORS THAT COULD IMPACT THE DISTRICT'S FINANCES
- **THE DISTRICT'S CURRENT CERTIFICATION IS POSITIVE**
 - **POTENTIAL STATE MID-YEAR BUDGET CUTS WILL PLAY A FACTOR IN DETERMINING WHETHER WE CAN MAINTAIN THE POSITIVE CERTIFICATION IN SUBSEQUENT PERIODS**

MYP – CURRENT STATE BUDGET



MYP – CURRENT BUDGET

- **DISTRICT HAS ITS OWN STRUCTURAL DEFICIT – RANGING FROM \$5 – \$7 MILLION**
 - IN 2010-2011 FEDERAL JOBS FUNDING, AND THE INCREASE IN STATE REVENUE LIMITS IS HELPING CONTAIN THIS PROBLEM
 - **ONE-TIME BORROWING FROM OTHER DISTRICT FUNDS IS ALSO REDUCING OUR 2010-2011 STRUCTURAL DEFICIT**
- **WITH POTENTIAL MID-YEAR CUTS, OUR STRUCTURAL DEFICIT WILL GROW MUCH LARGER VERY RAPIDLY**
 - **ONGOING REVENUE REDUCTIONS HAVE A CUMULATIVE EFFECT ON SUBSEQUENT YEARS**



- ### DIFFICULT ROAD AHEAD
- ~~BASED ON CURRENT LAW, IT NOW APPEARS THAT 2012-2013 WILL BE THE MOST DIFFICULT WE'VE FACED YET~~
 - ~~CLASS SIZE REDUCTION FLEXIBILITY IS EXHAUSTED – A YEAR LATER IN 2013-2014, ALL OTHER FLEXIBILITY IS EXHAUSTED~~
 - DISTRICT'S FULL WORK-YEAR TO BE RESTORED
 - ALL OF FEDERAL STIMULUS WILL BE GONE, INCLUDING 2010-2011 FEDERAL JOBS FUNDING
 - DISTRICT'S DECLINING ENROLLMENT HAS ACCELERATED (EST. ~~300~~ STUDENTS) AFTER TWO YEARS OF SMALLER DECLINES 406

MAINTAINING SUFFICIENT CASH BALANCES WILL BE KEY

EJSD - 4-YR HISTORY OF MONTHLY GENERAL FUND CASH BALANCES

Fiscal Year	July	Aug	Sept	Oct	Nov
2010-11	\$ 9.9	\$ 9.2	\$ 9.0	\$ 4.5	\$ 3.7
2009-10*	\$ 30.4	\$ 23.3	\$ 18.7	\$ 17.9	\$ 12.1
2008-09*	\$ 20.3	\$ 20.3	\$ 18.5	\$ 18.3	\$ 15.1
2007-08	\$ 20.8	\$ 17.6	\$ 15.3	\$ 14.5	\$ 16.6

Amounts are in millions - Adjusted for TRAN borrowing *

- ### WHAT'S NEXT?
- ~~SPECIAL SESSION OF THE LEGISLATURE STARTED MONDAY, DECEMBER 6~~
 - ~~GOVERNOR SCHWARZENEGGER HAS PROPOSED \$9 BILLION OF REDUCTIONS~~
 - ~~GOVERNOR-ELECT BROWN IS BUSY QUANTIFYING THE SIZE OF THE STATE'S STRUCTURAL DEFICIT~~
 - ~~CAN'T SOLVE WITHOUT AGREEMENT AS TO SIZE OF PROBLEM~~
 - ~~NOT LIKELY TO SEE REAL ACTION UNTIL NEW ADMINISTRATION TAKES OFFICE IN JANUARY~~