

2009-2010 UNAUDITED ACTUALS

- The 2009-2010 year began with passage of an early state budget
 - But, the budget quickly fell out of balance causing the need for a Revision, passed in July 2009
 - Major reductions to all state services followed
 - with K-12 Education taking cuts in excess of its proportionate share of the state budget
- There are still no signs that the state's budget situation will improve in the near future
- School district finance has fundamentally changed for the foreseeable future

2009-2010 UNAUDITED ACTUALS

- The district took a variety of actions to respond to the budget crisis:
 - We utilized \$4 million of federal State Fiscal Stabilization (SFSF) funding to maintain our K-3 classrooms at a student/teacher ratio that averaged 24:1
 - Due to receipt of special education IDEA funding from the American Recovery and Reinvestment Act (ARRA), we saved \$1.7 million in required general fund support for special education programs
 - District office clerical and administrator positions were eliminated

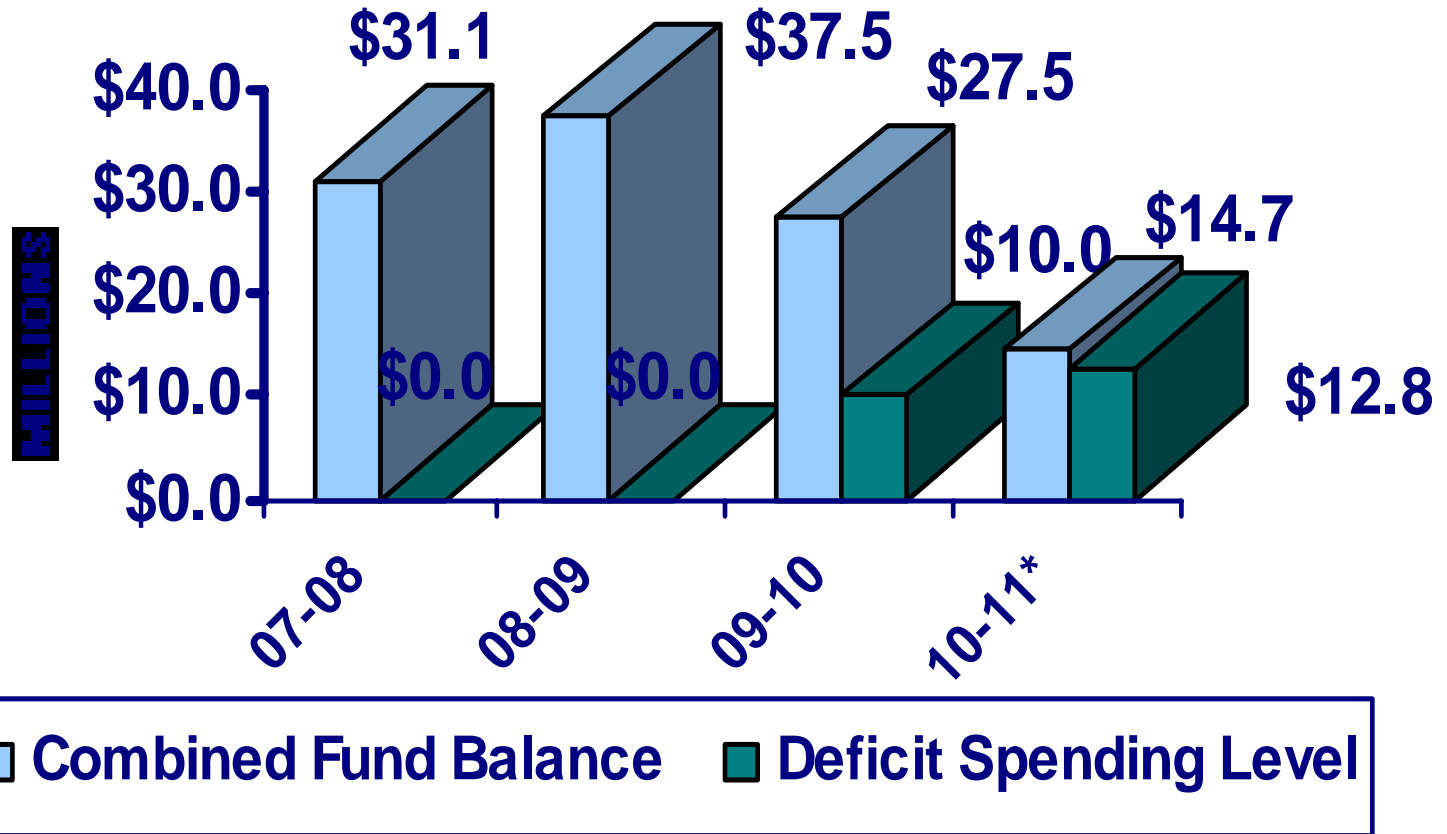
2009-2010 UNAUDITED ACTUALS

- Selected TOSA positions were eliminated (teachers returned to the classroom)
- Health insurance plan design changes were undertaken
- Title I ARRA provided about \$1.5 million of support at qualifying sites
- We took advantage of state categorical flexibility options
- We took advantage of state flexibility options related to district maintenance programs

2009-2010 UNAUDITED ACTUALS

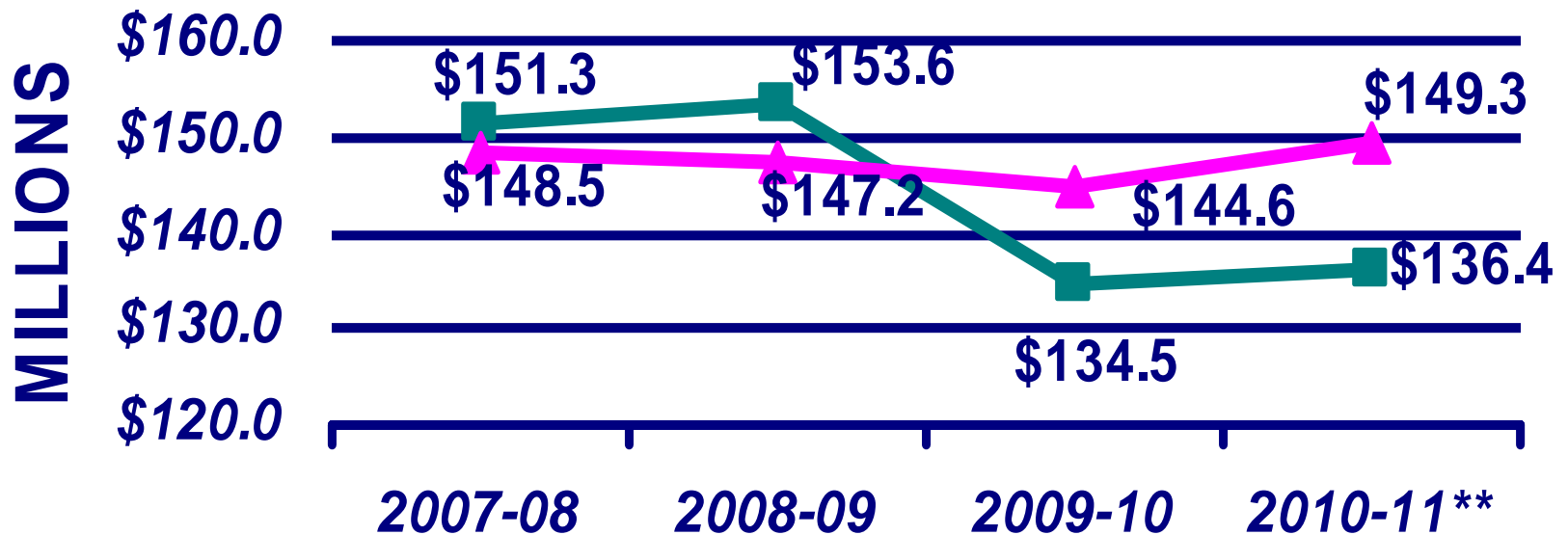
- The result of our reductions was a decrease in district expenditures from 2008-2009 of about \$2.6 million, or about 1.8%
- During this same time period, our revenues decreased by \$19.1 million, or about 12.4%
- The San Diego County Office of Education has let us know that they will be monitoring our progress in making additional budget reductions

FOUR-YEAR HISTORY - FUND BALANCE VS. DEFICIT SPENDING



* ESTIMATED – EXCLUDES FEDERAL JOBS BILL FUNDING AND STATE BUDGET

FOUR-YEAR COMPARISON - DISTRICT GENERAL FUND OPERATIONS



■ **Total Revenues w/o FJB ***
▲ **Total Expenditures**

* FJB – New Federal Jobs Bill

** Budget Estimates

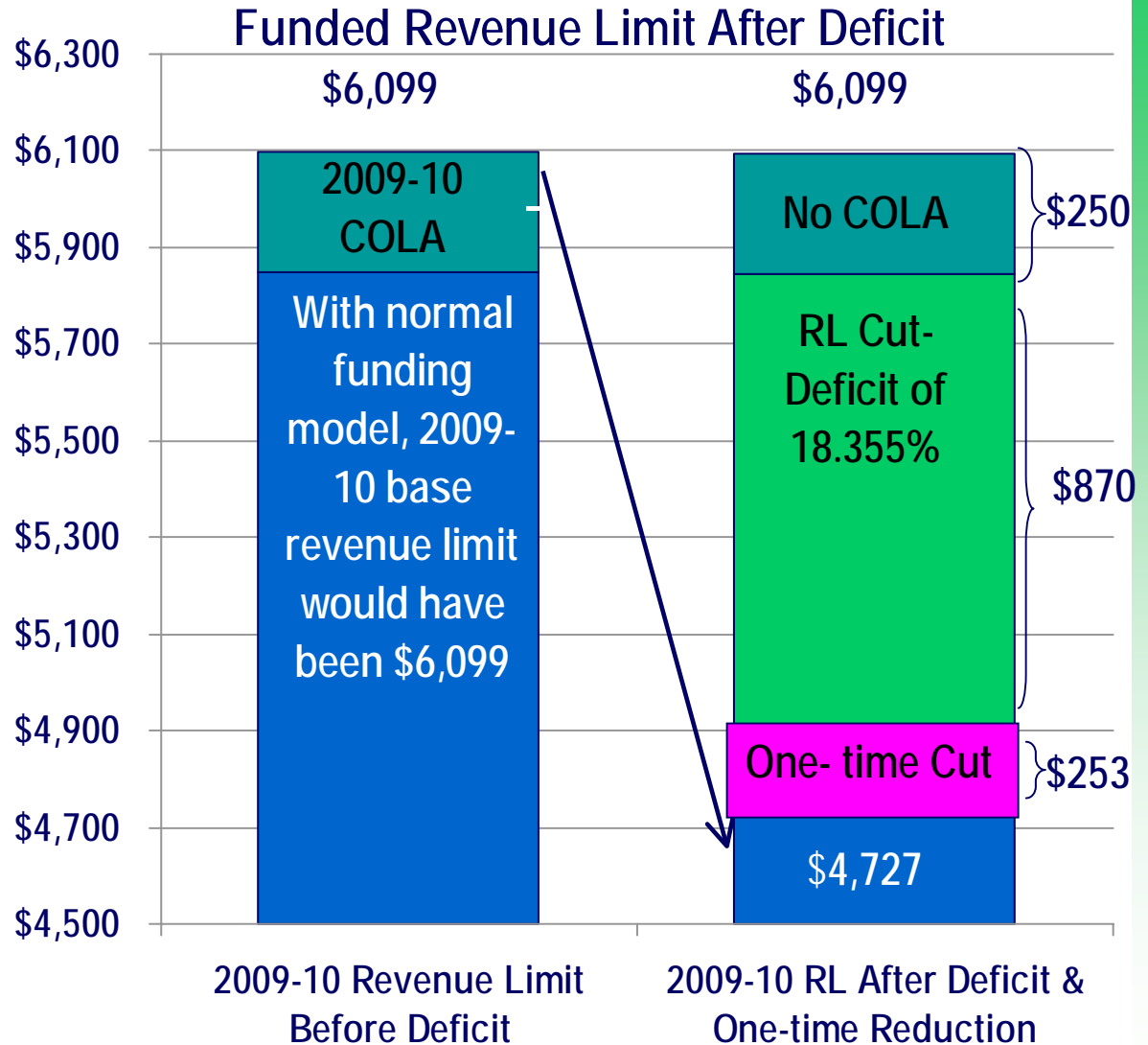
FOUR-YEAR HISTORY OF EUSD DISTRICT REVENUE LIMIT

| FISCAL YEAR | 2007-08 | 2008-09 | 2009-10 | 2010-11 * |
|---|--------------|---------------|---------------|---------------|
| BASE REVENUE LIMIT | \$ 5,534 | \$ 5,850 | \$ 6,100 | \$ 6,095 |
| ADA | 17,661.60 | 17,599.00 | 17,403.90 | 17,159.99 |
| ADJ. REV. LIMIT BEFORE DEFICIT | \$98,081,604 | \$103,572,829 | \$106,156,828 | \$104,589,796 |
| DEFICIT FACTOR | 0.00% | 7.844% | 18.355% | 18.355% |
| FUNDING LOST DUE TO DEFICIT | \$ - | \$ 8,103,481 | \$ 19,553,091 | \$ 19,197,457 |
| ONE-TIME LOSS | N/A | N/A | \$ 4,446,441 | N/A |
| ONGOING CUT | N/A | N/A | N/A | \$ 4,026,707 |
| FUNDED BASE REVENUE LIMIT | \$ 5,534 | \$ 5,391 | \$ 4,727 | \$ 4,741 |
| FINAL ADJ. REVENUE LIMIT FUNDING | \$98,107,564 | \$ 95,469,328 | \$ 82,772,143 | \$ 82,209,803 |
| * AMOUNTS ARE ESTIMATED DUE TO LACK OF 2010-2011 STATE BUDGET PASSAGE | | | | |

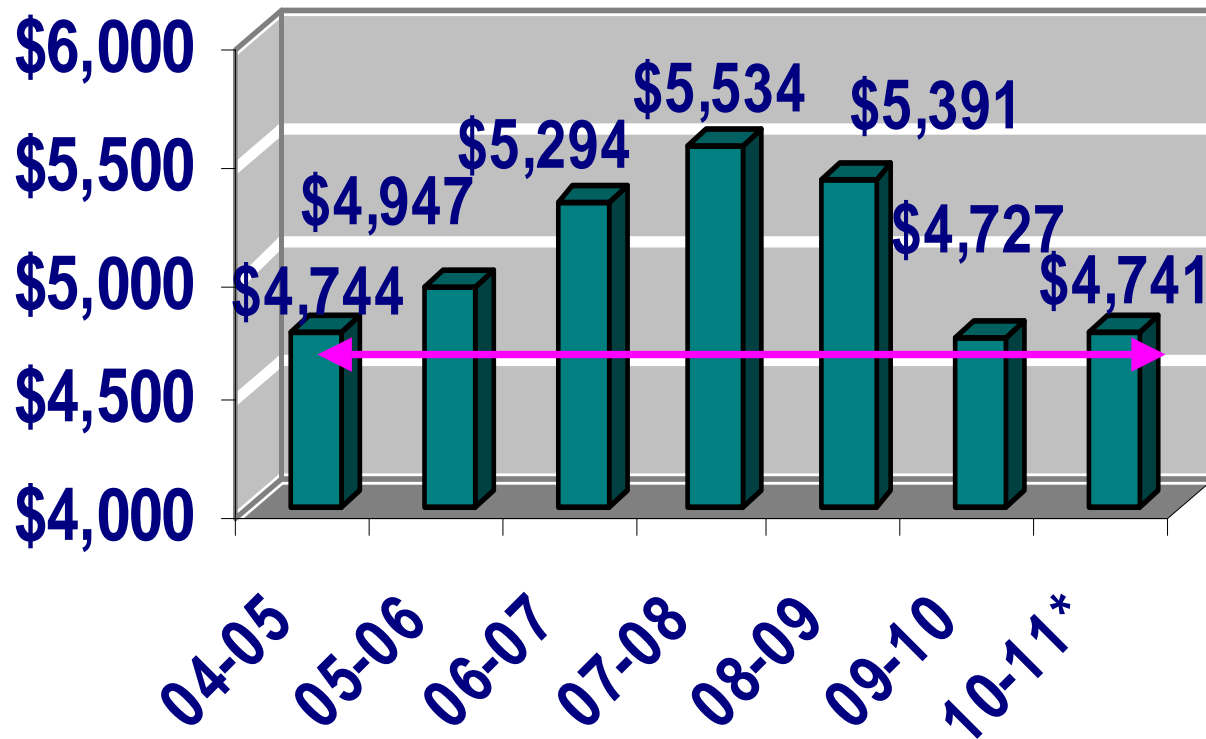
2009-2010 Deficit Applied

- Apply 2009-10 deficit of 18.355% to the undeficit 2009-2010 revenue limit (RL) per ADA

Funded RL
 = $\$6,099 \times (1.0 - .18355)$
 = $\$6,099 \times 0.81645$
 = $\$4,980 - \$253 = \underline{\underline{\$4,727}}$



SEVEN-YEAR HISTORY OF EUSD BASE REVENUE LIMIT- Unrestricted Funding



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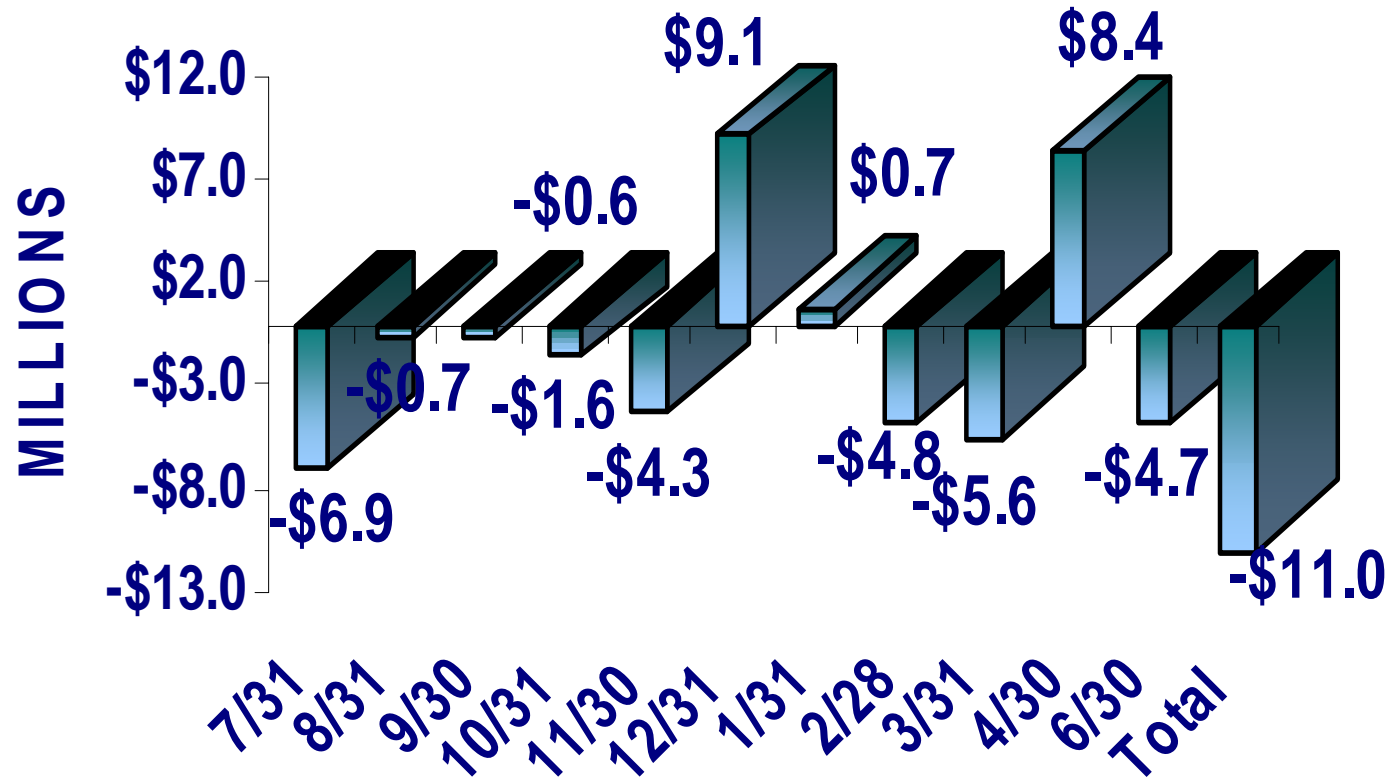
| | ESTIMATED | ACTUAL | VARIANCE | VAR % |
|--------------|--------------|--------------|-------------|-------|
| UNRESTRICTED | \$20,367,776 | \$21,290,130 | \$922,354 | 4.53% |
| RESTRICTED | \$5,790,740 | \$6,202,819 | \$412,079 | 7.12% |
| COMBINED | \$26,158,516 | \$27,492,948 | \$1,334,432 | 5.10% |

- Actual results were 5.1% better than expected
- Virtually all of the “savings” was in the discretionary areas of the budget
 - Included are temporary “savings” from textbook and technology orders placed in late spring, but not received by June 30, 2010. The timing of these purchases moved to the 2010-2011 budget

STATE REVENUE DEFERRALS

- Deferrals (delays) of state revenue payments have been around since the 2002-2003 recession
- The state continues to make use of deferrals to solve its cash flow problem
- Additional deferrals for 2010-2011 have been approved
- Interest earned on district cash balances in 2009-2010 was just \$343,215, down from \$790,965 in 2008-2009, and down from \$1.2 million in 2007-2008

2008-2009 USE OF RESERVES FOR CASH FLOW PURPOSES



2009-2010 USE OF RESERVES FOR CASH FLOW PURPOSES

