

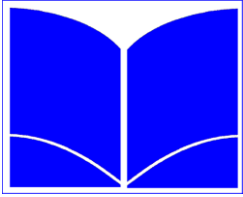
**Moorpark Unified
School District**

2008-09

Budget Adoption



June 24, 2008



Moorpark Unified School District

“Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence.”

Helen Keller

“Let’s remember that the dedication and motivation levels of our staff are alive and well; that can’t be taken away by Sacramento.”

Ellen Smith, Superintendent

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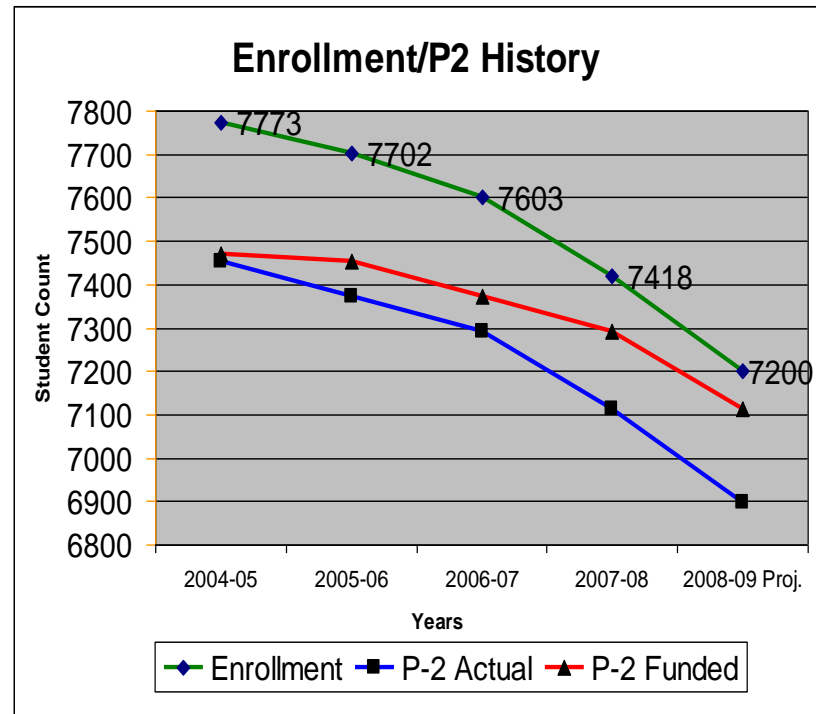
Michelle Williams, Director of Fiscal Services

Attendance History and Projections for 2008-09

The most significant component for determining District income is the calculation of the average number of students who are in attendance on a daily basis. This average daily attendance or ADA is multiplied by the District's revenue limit per ADA to determine the total Revenue Limit income for the District. Moorpark Unified School District has projected that the ADA for 2008-09 is 6,948. However, a declining enrollment option allows the District to utilize the projected ADA, or the prior year ADA, whichever is greater. The District will be using the 2007-08 P-2 ADA of 7,114, which is multiplied by the District's Revenue Limit of \$5,762.43 to generate the District's total Revenue Limit income for the new fiscal year.

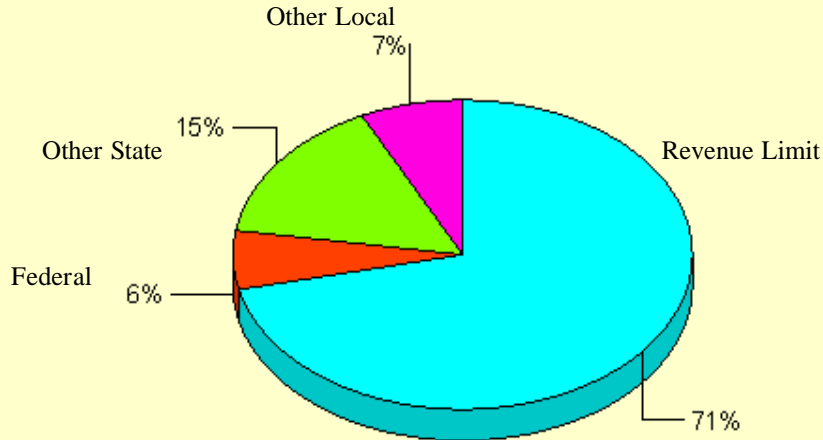
Public schools are the only agencies that receive income based on the population they serve. Cities or counties, as an example, do not have either increases or decreases in their revenue based on the number of citizens in their community. Public schools, however, receive most of their income based on attendance, and if a student misses even one day in Moorpark Unified School District, the District loses approximately \$45. The State does not pay the District for enrollment—just attendance—so all of the costs of setting up the instructional program will be a loss unless the student attends every day.

District revenues are generated based on actual attendance and not just the enrollment of students



General Fund Revenues 2008-09

General Fund Revenues, 2008-09



General Fund Sources (In Million)

Revenue Limit	\$41.3
Federal	3.4
Other State	8.9
Other Local	4.2
Total Revenues	<hr/> 57.8
Beginning Balance	2.0
Total General Fund	<hr/> \$59.8

71% of the District's revenues is generated from the District's Revenue Limit

The Governor's May Revision Proposal for the 2008-09 fiscal year has improved his proposed treatment of education funding when compared to January. Specific school district initiatives or programs have been identified for reduction. The Governor expects other major budget changes to help with the budget deficit.

Most of the District's General Fund revenue is generated from the District's Revenue Limit, which yields funds based on a State-determined dollar amount multiplied by the average number of students who are in attendance throughout the school year. Public education—unlike any other public agency—receives most of its revenue based on the population it serves.

For the District's revenue limit, the Governor's May Revision proposes that it be increased by the 5.66% statutory COLA in 2008-09, but then reduced by a deficit factor of 5.357%. This results in an additional \$3.00 per ADA for 2008-09.

The second biggest source of revenue is State categorical income, which must be spent for selected State-determined programs. The largest categorical program is Special Education services. The Governor's May Revision proposes to restore the January cuts to special education. However, Special Education is still projected to encroach on the General Fund by \$1,732,437.

Federal income is a small portion of the entire District income picture. Most of the Federal income is restricted since it must be expended for purposes that are determined by the grantor—not the local Board of Education.

Assumptions for the 2008-09 Budget Development

During the months of May and June each year, the District finalizes its budget for the coming year. In order to project the budget, a series of assumptions about the condition of the District must be determined. These assumptions are then inserted into State and District formulas in order to determine the final budget for the next year.

Since it is difficult to accurately predict all of the assumptions that are needed in budget development, Moorpark Unified School District updates its budget—and the assumptions—three times after the original budget is adopted. The assumptions are updated with a revision that occurs within 45 days after the adoption of the State Budget and with two interim reports that are presented to the Board of Education in January and March of each fiscal year.

Significant Revenue Assumptions

Adjustment

• COLA @ 5.66%/Deficit @ 5.36%	\$ 21,342
• Declining enrollment impact: 2008-09 Budget is based on prior year P-2 ADA of 7,114. This is a loss of 177 ADA @ \$5,759 each	(\$1,019,447)
• No additional assistance for declining enrollment impact	Ø
• No further equalization for 2008-09	Ø
• No mandated cost funding	Ø
• No funding for Medical Administrative Activities (MAA)	Ø
• Lottery adjustments for declining enrollment/lower sale proceeds	(\$85,368)

The District's budget projection is only as good as the assumptions that are used in developing the District's revenues and expenses

Assumptions for the 2008-09 Budget Development - contd

Significant Revenue Assumptions

Adjustment

- K-3 Class size reduction
 - Declining enrollment (59,000)
 - Revenue deficit (6.5%) (135,000)
 - Class size penalties (90,000)
- 9th grade class size reduction
 - Declining enrollment (6,000)
 - Deficit (6.5%) (18,000)
- Special Education (19,000)
- Transfer of supplemental grant funds to Transportation to reduce Unrestricted encroachment 198,000
- Transportation fees adjustment (29,000)
- Transportation COLA (6.5% deficit) (11,000)
- Increase of facility use fees 10,000
- Professional development AB 825 (6.5% deficit) (27,000)

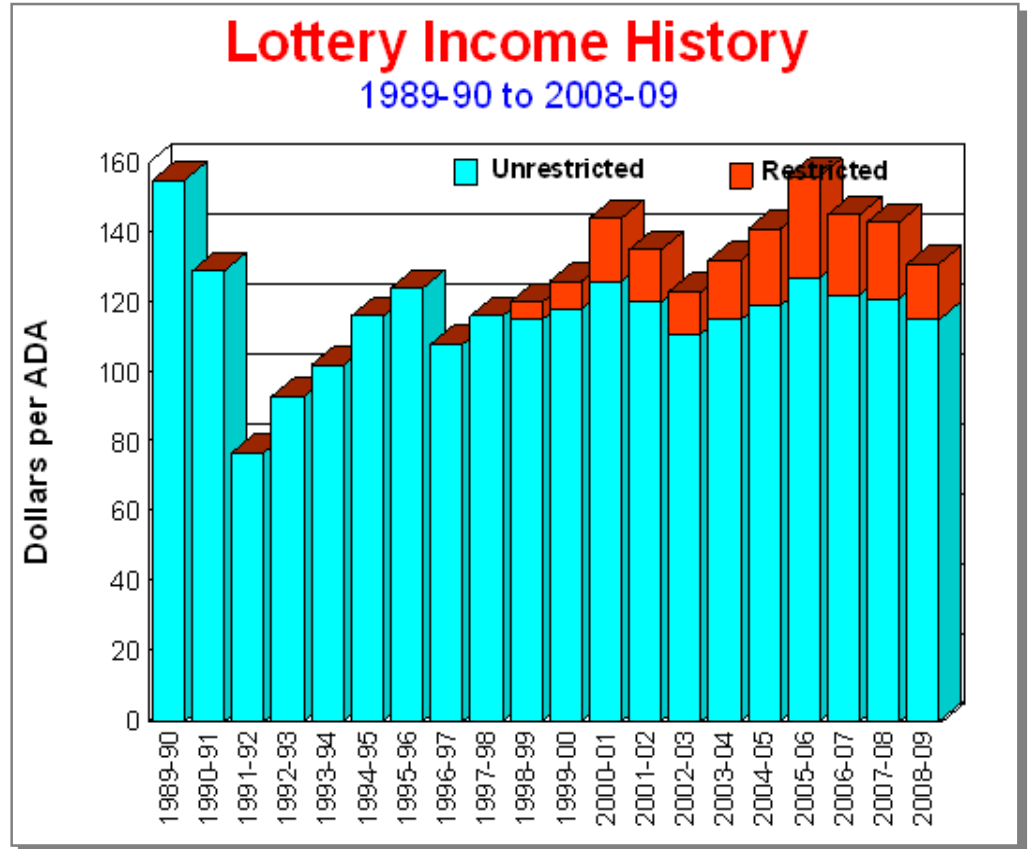
Lottery Income and its History

The California State Lottery is projected to yield \$931,934, or approximately 1.6%, of the District's income in 2008-09. While the income is welcome, it will yield only a small portion of the total income needed to support the District's educational program.

Lottery income is not a stable source of income for the district, but instead has ranged from a low of \$77 per ADA in 1991-92 to a high of \$156 per ADA in 2005-06. Since the income is not consistent, the expenditures have also varied widely. The May Revision which includes a significant modification to the Lottery System could have a major impact on future revenues from the Lottery.

Since 1997-98, school districts have been required to use 50% of the growth in Lottery allocations for the purchase of instructional materials. In 2008-09, it is projected that California school districts will receive \$115.00 per ADA in unrestricted funds and \$16.00 per ADA restricted for the instructional materials purchase.

Lottery income is important, but it is only 1.6% of the District's total income



Current and budgeted years are estimated and projected

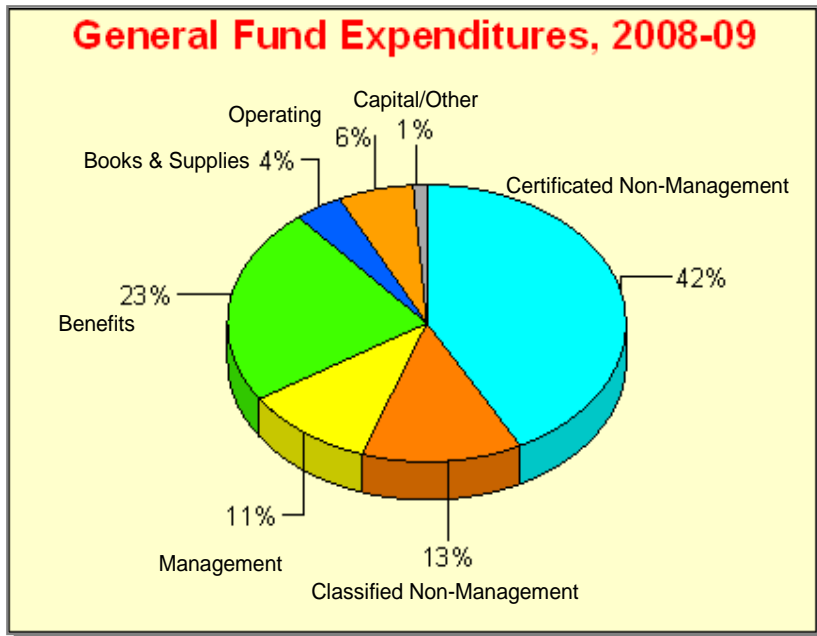
General Fund Expenditures 2008-09

It takes people to teach students and 89% of the District's total expenditures is committed to the employees of the District

Most of the expenditures of the District are committed to salaries and benefits for employees of the District. It takes people to teach students, and in Moorpark Unified School District, 89% of the District's budgeted expenditures is for the services of District employees.

Employee salaries are divided into three separate line items—certificated, management, and classified employees. Certificated employees include teachers, counselors, nurses, psychologists, and others who provide services that require credentials from the State of California. Management employees include principals, vice principals, instructional leaders, classified management personnel, and district superintendents. Classified employees include a variety of positions throughout the District such as: secretaries, instructional assistants, bus drivers, mechanics, painters, custodians, and other support personnel.

The health and welfare benefits of the District represent an additional 26% of payroll for expenses in areas such as medical, dental and vision plans, retirement, and workers' compensation expenses.



General Fund Expenditures (In Millions)	
Certificated Non-Management Salaries	\$24.3
Classified Non-Management Salaries	7.4
Management and Supervisor Salaries	6.0
Employee Benefits	13.3
Books and Supplies	2.2
Operating	3.4
Capital/Other	0.7
Total Expenditures	57.3
Ending Balance	0.0
Total General Fund	\$57.3

Assumptions for the 2008-09 Budget Development

Expenditure Assumptions

Adjustment

• Reduction of 8 FTE teachers due to declining enrollment	(472,000)
▪ 07/08 Classroom teacher staffing – 344 FTE	
▪ 08/09 Projected Classroom teacher staffing – 336 FTE	
• Maintenance of employee salary schedules less attrition/turnover projected savings	480,000
• Health Insurance increases	
▪ Active participants	263,000
▪ Retirees	54,000
• Special Education Increases	100,000
• Insurance adjustments	
▪ Worker's Compensation	(99,000)
▪ Unemployment	65,000
▪ Liability/Property	Ø
• Utilities increases	
▪ Electric/gas/water increase	51,000
▪ Gasoline/diesel increase	65,000

All assumptions will be reviewed throughout the year, but particularly at:

- Budget revision 45 days after the State Budget adoption
- 1st Interim Report in December
- 2nd Interim Report in March

Budget Reductions and Adjustments for 2008-09

California schools are highly dependent on funding from the State of California and, as the State encounters increasing difficulty in balancing its own Budget, so does public education. The squeeze in revenues and the escalating costs in District programs have forced budget reductions and adjustments as part of the District's obligation to adopt a balanced budget.

The budget reductions followed an in-depth analysis of District expenditures and were reviewed by the Board numerous times since the Governor's January Budget Proposal. Some of the reductions may be permanent and others hopefully will be able to be considered for restoration as quickly as possible, consistent with prudent District budgeting.

“The most important thing we can do now is to plan creatively to address student needs next year making the most of the resources that remain”.

Ellen Smith, Superintendent

The Board has worked hard to make as few budget reductions as possible

Budget Reductions and Adjustments for 2008-09

<u>Items Description:</u>	<u>Amount</u>
• Increase student/teacher staffing ratio @ grades 4-12 (3 FTE)	(\$177,000)
• Management reductions:	
a. .75 FTE certificated	(\$91,000)
b. .50 FTE classified	(\$44,000)
c. One management furlough day	(\$35,000)
• Reduce counseling General Fund support (1.5 FTE)	(\$157,000)
• Reduce psychologist services (.5 FTE)	(\$50,000)
• Eliminate matching funds for MHS Resource Officer	(\$80,000)

Budget Reductions and Adjustments for 2008-09 contd.

Items Description:	Amount
• Eliminate General Fund contribution for textbooks	(\$50,000)
• Classified employee reductions in force:	
a. Custodians (2 FTE)	(\$100,000)
b. Groundsmen (1.5 FTE)	(\$ 88,000)
c. Special Education instructional aide (1 FTE)	(\$ 27,000)
d. K instructional assistants	(\$165,000)
e. Library services	
1. K-5 Library Technicians (50%)	(\$ 59,000)
2. 6-12 Library Associates (50%)	(\$ 81,000)
• Eliminate District clerical subs	(\$ 10,000)
• Suspend Classified reclassifications	(\$ 25,000)
• Transportation Services	
a. Discontinue high school transportation, except for Special Education	(\$138,000)
b. Eliminate extra-curricular transportation encroachment by athletics/band	(\$ 85,000)
• Reduce non-salary budgets by 10%	(\$136,000)
• Reduce General Fund encroachment by ASB employee costs by 50%	(\$ 45,000)
• Reduce Athletic, extra-curricular Governing Board stipend allocation by 25%	(\$ 80,000)
• Suspend Quarterly In-service	(\$ 70,000)
• Reduce occupational therapists work year	(\$ 8,000)
• Eliminate shift differential pay for maintenance/grounds	(\$ 10,000)

Special Education and Transportation Encroachments for 2008-09

Special Education and Transportation Costs are greater than the dedicated income

Special Education Costs, 2008-09

Special Education Expense	\$6,876,012
Less: Funded Special Education	\$5,143,575
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Projected Special Education	\$1,732,437

Transportation Costs, 2008-09

Transportation Expenses	\$1,056,539
Less: Funded Transportation	\$ 437,640
<hr/>	
Projected Transportation Encroachment	\$ 618,899

School districts throughout the State face a continuing challenge in funding the costs for serving Special Education students. Moorpark Unified School District is proud of the Special Education support provided to our students, but the District is also faced with mounting increases in the difference between the Federal and State governments' funding and the mandated costs for these vital student services.

The Governor proposes a cut for Special Education of \$189 million in State aid. He proposes to zero out the COLA for Special Education, then goes on to further cut 6.5% in the State aid share of Special Education. The net impact of this 6.5% cut is a net decrease of about \$30 per ADA in Special Education Local Plan Area (SELPA) funding.

Unfortunately, the Federal government has not provided the funding that was envisioned when the laws mandating programs for Special Education students were adopted. The Federal government committed to providing funding for 40% of the costs of Special Education, but has never been able to match much more than a 17% funding level.

This shortfall in dedicated funding has led to a very significant encroachment into the District's Unrestricted General Fund. Encroachment—the difference between Special Education income and expense—has forced the District into making cuts in other District programs in order to make up for the funding shortfall by Federal and State governments. During 2008-09, it is estimated that Moorpark Unified School District will contribute \$1,732,437 from the District's Unrestricted General Fund to cover the encroachment costs for Special Education.

As with the Special Education Program, the Transportation Program creates a major funding encroachment on the Unrestricted General Fund. The State provides only \$153,780 for Transportation revenue. As part of the 2008-09 budget, high school home-to-school transportation, except for mandated Special Education, will be eliminated. Several years ago, the District implemented home-to-school transportation fees, which are projected to produce \$83,000 in 2008-09. The State revenue, when added to collected fees, will produce \$236,780. These revenues when combined with program reductions result in an encroachment of \$618,899 from the Unrestricted General Fund to cover the excess costs to transport students.

**MOORPARK UNIFIED SCHOOL DISTRICT
GENERAL FUND REVENUES & EXPENDITURES - 2008/2009 ADOPTED BUDGET**

Categories	Unrestricted	Restricted	Combined
Revenues:			
Revenue Limit	40,334,428	939,276	41,273,704
Federal	0	3,442,236	3,442,236
Other State	3,653,857	5,199,950	8,853,807
Local	1,025,295	3,199,813	4,225,108
Total Revenues	45,013,580	12,781,275	57,794,855
Expenditures:			
Certificated Salaries	22,807,775	5,448,257	28,256,032
Classified Salaries	3,936,065	5,532,215	9,468,280
Employee Benefits	9,568,224	3,720,552	13,288,776
Books & Supplies	854,443	1,382,962	2,237,405
Contracted Services	2,401,439	974,176	3,375,615
Capital Outlay	11,000	-	11,000
Other Outgo	0	691,731	691,731
Direct Support/Indirect Support	(1,248,352)	1,248,352	0
Total Expenditures	38,330,594	18,998,245	57,328,839
Other Sources/Uses:			
Interfund Transfer Out			
Interfund Transfer In			
Contributions to Restricted Programs	6,716,201	(6,518,201)	198,000
Total Other Sources/Uses	6,716,201	(6,518,201)	198,000
Total General Fund Expenditures	45,046,795	12,480,044	57,526,839
Net Increase/Decrease to Fund Balance	(33,215)	301,231	268,016
Beginning Balance	1,914,246	125,616	2,039,862
Net Change	(33,215)	301,231	268,016
Ending Balance	1,881,031	426,847	2,307,878
Components of Ending Fund Balance:			
Reserved for Revolving Cash	5,000		5,000
Reserved for Stores	55,000		55,000
Legally Restricted		426,847	426,847
Designated for Special Purposes			-
Designated for Economic Uncertainty	1,821,031		1,821,031
Undesignated/Unappropriated			-
	1,881,031	426,847	2,307,878

FUND SUMMARY

Fund Number	Fund Name	Budgeted Revenues or Fund Balance	Budgeted Expenditures
010	General Fund	57,794,855	57,328,839
140	Deferred Maintenance Fund	1,300,000	1,300,000
120	Child Development Fund	550,000	550,000
110	Adult Education Fund	130,000	130,000
130	Cafeteria Fund	1,835,000	1,835,000
	<u>State School Building Projects</u>		
350	Facilities Fund	350,000	350,000
251/252	Developer Fees – Residential & Commercial	1,000,000	530,000
710	Retiree Benefit	620,000	0
210	Redevelopment	650,000	260,096
211	Building Fund/Sale of Property	3,075,000	3,075,000
213	Bond Building Fund	3,918,000	2,918,000