

**Riverside Unified School District
Business and Governmental Relations Division**

Board Finance Subcommittee Meeting

Superintendent's Office

September 3, 2009

12:30 p.m.

PRESENT: Ms. Kathy Allavie, Dr. Charles Beaty (Chair), Dr. Rick Miller,
Mr. Mike Fine, Ms. Sandie Meekins, and Mrs. Joyce Threadgold
(recorder)

CALL TO ORDER – Dr. Beaty called the meeting to order at 12:45 p.m.

INFORMATION

1. 2009-2010 Gann Limit

The Committee will discuss Revising the 2008-2009 Appropriations Limit and Adopting the 2009-2010 Appropriations Limit (Gann limit)

Mr. Fine explained that this is the annual Gann Limit approval. He reminded the committee that after the closing of the books, last year's limit that was being revised and we setting the new year's limit based on a projection. RUSD is under the appropriations limit for both the restated 2008-09 limit and the projected 2009-10 limit. Mr. Fine went on to explain that the starting point for 2009-2010 Gann Limit calculation is the District's 2009/2010 adopted budget. There is an inflation factor and a growth factor (ADA) applied. The estimated appropriations limit for 2009/10 is \$228,034,420.

2. 2008-2009 Unaudited Actuals

The Committee will discuss the 2008-2009 Unaudited Ending Fund Balances

Mr. Fine directed the Committee to the slide presentation section of the Board Agenda item. He explained that he broke out the areas of historical interest, the first being the General Fund. The unaudited ending balance is \$72.5M from the beginning balance of \$56.9. The \$72.5M is \$10M lower then if we would have followed the State's guidance in closing the books. After the State adopted the budget on July 28, they sent to the County Office of Education guidance of how to close the books, we chose to ignore the guidance sent out believing that it did not follow long standing accounting principles.

Mr. Fine discussed the break down of the \$72.5 M. He explained that once the standard fund balance components are accounted for, the remaining amount is \$41M. Of the \$41M that is left, \$27.5M was planned as part of the 2009/10 budget solutions adopted by the Board in June. The following fund balances used in 2009/2010 included: routine restricted maintenance, May revised 2008 reserve, sweep of carryover and the federal stabilization funds. Dr. Beaty wanted clarification regarding the \$15.3M of federal stabilization funds. Mr. Fine explained that it is one-time money and represents the amount of funds actually

received to-date. He further indicated that the state will be taking the last 1/3 of federal stabilization funds that are owed us. The discussion continued with the next group of items, totaling \$1.4M, that is needed for the current year but came to us after the budget was adopted. They include: the July revisions to the state budget, budget corrections and adjustments and the increase in designated for economic uncertainties. After all is said and done the net undesignated fund balance as of June 30, 2009 is \$12.3M. Mr. Fine stated that this amount is available, and is unrestricted, but his recommendation is that these funds be the first dollars that will be use to reduce the deficit for 2010-11.

Mr. Fine continued his review of each fund. The last unaudited fund balance discussed was Food Services with an ending balance of \$3.1M. Mr. Fine indicated that this was the first time there was a loss in a number of years. The reason for the \$300,000 loss is attributed to the state not paying RUSD \$137,000 from mid-May and the impact of the retroactive salary settlement in 2008-09 that included costs associated to 2007-08. There is no indication that the net loss trend will continue; however, the state will probably continue to deficit fund free and reduced-price meal reimbursements.

3. 2008-2009 Conditional Budget Approval

The Committee will discuss the Conditional Budget Approval by 2009-2010

Mr. Fine explained to the Committee that the County Office of Education can approve, conditionally approve or disapprove the RUSD budget that was adopted in June. They have conditionally approved the district's budget because the district does not meet the minimum state required reserves for the two subsequent fiscal years (2010/11 and 2011/12). As a result, we are required to hold a public hearing which is on the September 8 Board agenda, update our multi-year financial projections and pass a resolution recognizing the amount of expenditure reductions necessary to maintain the state's required minimum reserve levels. The deficit amount for 2009/10 is projected at \$37.0M and for 2011/12 is \$44.4M.

Mr. Fine provided the Committee with a timeline that incorporates regular and special Board Meeting dates and Budget Advisory Committee meetings, that was also required by the County Office of Education.

PUBLIC RELATIONS

1. Unscheduled Communications

There were no unscheduled communications.

ADJOURNMENT

The meeting was adjourned at 2:30 p.m.