



Palo Alto Unified School District

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2009-10 First Interim Financial Report

December 8, 2009

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BUDGET DEVELOPMENT/FINANCIAL REPORTING/CALENDAR FOR THE 2009-10 & 2010-11 BUDGET

February 2009	Governor Adopted the 2009-10 State Budget
June 2009	Adoption of 2009-10 PAUSD Budget
July 2009	Governor Signed Revisions to the 2009-10 State Budget
August 2009	Property Tax Projections from County of Santa Clara
September 2009	First Revision of 2009-10 PAUSD Budget
November 2009	County Controller-Treasurer Property Tax Projection Update
December 2009	First Interim PAUSD Financial Report
December 2009	PAUSD Enrollment Projections
January 2010	Release of Governor's Recommended 2010-11 State Budget
February 2010	County Controller-Treasurer Property Tax Projection Update
March 2010	Second Interim PAUSD Financial Report
May 2010	Governor's May Revise & Property Tax Projection Update
June 2010	Adoption of 2010-11 PAUSD Budget
July 2010	Governor Signs State Budget

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2009-10 PAUSD Budget

- Adopted on June 23, 2009
- Since then, there have been major changes

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2009-10 PAUSD Budget

■ September Budget Changes

□ Income

- State Fair Share Reduction of \$2.6 million
- Estimated property tax revenue - \$500,000 less (dropped from 2.6% to 2.06%)
- Federal Stimulus Funding for Special Education - \$1 million

□ Expenditures

- Savings in Board election costs - \$125,000
- Savings in growth teachers and from soft hiring freeze - \$1.6 million
- Federal Stimulus Funding for Special Education - \$500,000

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2009-10 PAUSD Budget

■ First Interim Budget Changes

□ Income

- Estimated property tax revenue - \$197,000 less (dropped from 2.06% to 1.88%)
- Estimated parcel tax revenue - \$218,000 more
- State Class Size Reduction - \$82,000 less

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2009-10 PAUSD Budget

■ First Interim Budget Changes

□ Expenditures

- More savings in personnel budgets - \$500,000
- Savings in summer school budget - \$91,000
- Savings in legal services/consultants/supplies - \$250,000
- Parcel tax election costs – need \$110,000 more from general fund budget savings
- Student Information System implementation – need \$250,000 more from general fund budget savings
- Modest increase in health benefit costs - \$316,000 funded in 2008-09 savings, \$80,000 from Retiree Benefit Fund

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2009-10 PAUSD Budget

Estimated Fund Balance

- There have been major efforts to preserve resources
 - Not hiring additional teachers for enrollment growth at the elementary level
 - Increased K-6 class sizes incrementally
 - Tighter staffing at secondary level
 - Soft hiring freeze
 - Budget savings in all areas of the budget
- Estimated unrestricted undesignated fund balance
 - \$4.2 million in June
 - \$5.9 million in September
 - \$6.4 million at First Interim
 - Will help soften the budget problems ahead

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Estimated General Fund & Basic Aid Reserves

	<u>2009-10</u>		<u>2010-11</u>		<u>2011-12</u>		<u>2012-13</u>	
Reserve for Economic Uncertainties	\$4.58	3.0%	\$4.60	3.0%	\$4.64	3.0%	\$4.72	3.0%
Unrestricted Undesignated Fund Balance	\$6.42	4.2%	\$4.32	2.8%	\$2.19	1.4%	\$0.02	0.0%
Basic Aid Reserve	\$9.51	6.2%	\$9.51	6.2%	\$9.51	6.1%	\$9.51	6.0%
TOTAL ESTIMATED ENDING RESERVE	\$20.51	13.4%	\$18.43	12.0%	\$16.34	10.6%	\$14.25	9.1%
TOTAL GENERAL FUND EXPENDITURES	\$152.70		\$153.30		\$154.84		\$157.46	

*Amounts shown in millions

Projection on 2010-11 Budget

- Fair share reduction of \$4.4 million
- Property tax growth at zero percent
- More State budget cuts anticipated
- Major budget conservation efforts, so far, have reduced projected structural budget deficit from \$5.7 million in September to \$5.1 million at First Interim
- Use of the estimated unrestricted undesignated fund balance of \$6.4 million over the next 3 years will reduce the problem to \$3.1 million
- A budget balancing process is in place on which the Board is anticipated to take action in February
- Parcel tax renewal planned for April, if passed, will generate an additional \$1.8 million

Projection on 2011-12 to 2014-15 Budget

- Grim outlook for the national and state economy
- Fair share reduction of \$4.4 million will continue
- Property tax growth at 2%
- Projected structural budget deficit of \$1.5 million to \$3.3 million for 2011-12 to 2014-15
- Estimated unrestricted undesignated fund balance of \$6.4 million will be fully exhausted by the end of 2012-13

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Property Tax Growth

	2009-10 Adopted Budget 6/23/09	2009-10 County Estimate 8/26/09	2009-10 County Estimate 11/17/09
Secured Taxes	4.38%	2.25%	1.94%
Unsecured Taxes	-20.00%	-0.35%	1.00%
Homeowners' Exemption	0.00%	2.77%	2.94%
<u>TOTAL GROWTH</u>	2.60%*	2.06%	1.88%

*3% growth over estimated 2008-09 property tax revenue or 2.6% growth over actual 2008-09 property tax revenue.

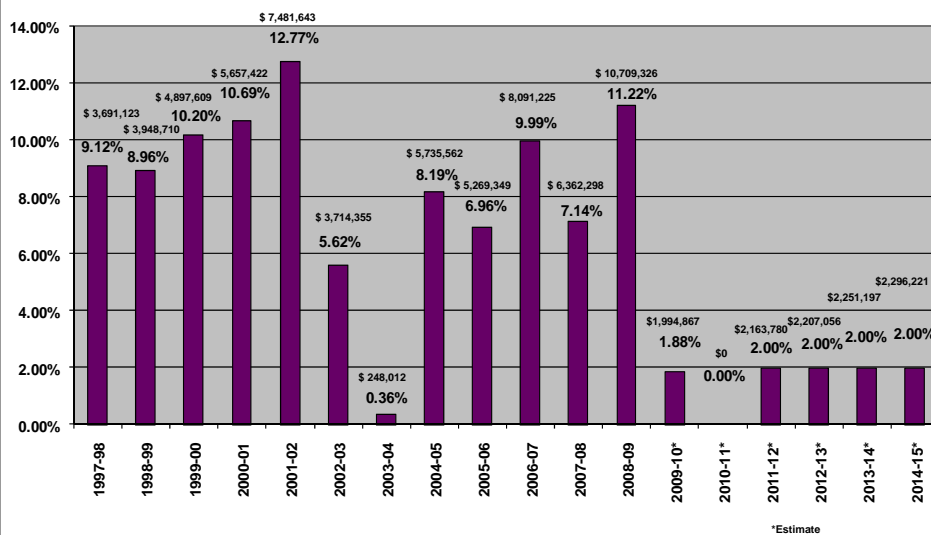
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Property Tax Revenue Per Student

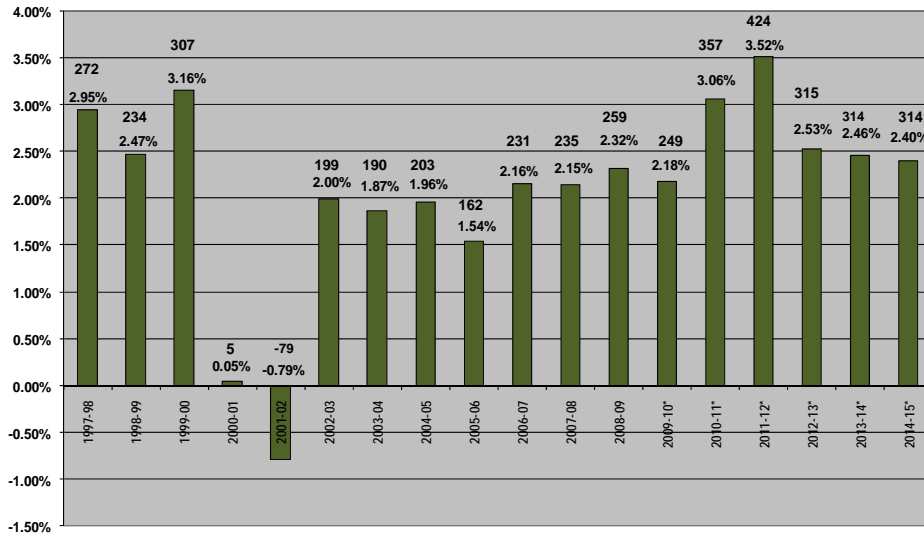
- Basic Aid districts do not get funding for growth
- Enrollment growth reduces the revenue per student

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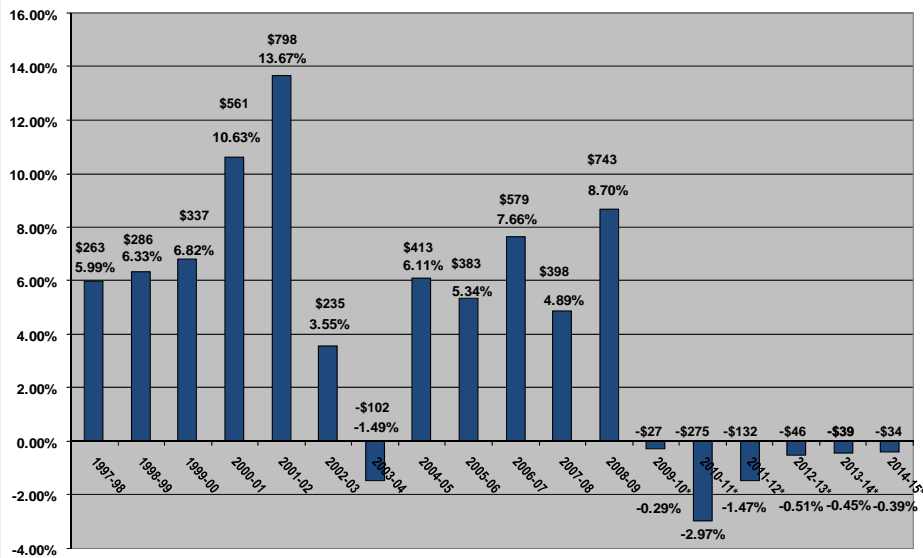
Change In Property Tax Revenue
Amount and Percentage



Change In Enrollment
of Students and Percentage



Change In Property Tax Revenue Per Student
Amount and Percentage



Unknowns/Variables

- State Budget
- Inflation
- Property Tax Revenue
- Enrollment Growth
- Parcel Tax Renewal
- Employee Compensation
- Salary Driven Benefits
- Health Benefits