

WEST SONOMA COUNTY
UNION HIGH SCHOOL DISTRICT

2009-10 Adopted Budget

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Presented to the School Board: June 24, 2009

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Mr. Steven Jorgensen	Assistant Superintendent
Mr. Chris Heller	Principal, Analy High School
Ms. Doria Trombetta	Principal, El Molino High School
Ms. Brenda Hoff	Principal, Laguna High School

ADDRESS OF DISTRICT OFFICE

462 Johnson Street
Sebastopol, California 95472

The West Sonoma County Union High School District (District) is located in western Sonoma County, approximately 45 miles northeast of San Francisco and approximately 100 miles northwest of Sacramento. The District's boundaries consist of the City of Sebastopol and unincorporated areas of Sonoma County, including Forestville, Guerneville, Occidental, and Monte Rio. The District operates two comprehensive high schools—Analy High School and El Molino High School—and a continuation high school—Laguna High School. The district also maintains a necessary small school, independent study programs, an adult education program and a community day school. In addition, the District serves as the authorizing LEA for the Russian River Charter School.

I. OVERALL FISCAL CONDITION OF THE DISTRICT

The proposed budget reflects the Governor's Budget for 2009-10, the Governor's early release of the proposed May Revise and current information relative to the flexibility provisions per SBX3 4, Chapter 12, and Statutes of 2009. In response to the initial Governor's budget, the District made reductions to its budget of approximately \$1.2 million. As a result of the May Revise release, the District was faced with an additional \$1.48 million in cuts. In addition to these reductions, the Governor indicated that further deferrals may also be required.

II. BUDGET COMPONENTS

The following summarizes guidelines used to develop the 2009-10 Budget and projections for 2010-11 and 2011-12.

A. American Recovery and Reinvestment Act (ARRA)

On Tuesday, February 17, 2009, President Obama signed into law the \$789 billion federal stimulus package, the American Recovery and Reinvestment Act (ARRA), to boost the National economy. The three main components of the ARRA are Title I funds, IDEA, Part B funds, and State Fiscal Stabilization Funds. These are one-time funds and, generally, should not be used for ongoing expenditures.

1. Title I

WSUHSD will receive \$70,895 in Title I ARRA funds. These funds will continue to follow the current Title I expenditure guidelines, including "supplement not supplant" requirements, and the same reservations and set-asides as required for regular Title I funds.

2. IDEA, Part B

WSCUHSD will receive \$383,758 in ARRA IDEA, Part B funding. IDEA, Part B allows for 50% of the increased funds to be used to reduce state and local expenditures and the remaining 50% to be used for supporting new programs.

3. State Fiscal Stabilization Funds (SFSF)

WSUHSD will receive \$695,085 in State Fiscal Stabilization Funds (SFSF). SFSF is intended to avert layoffs of teachers and other personnel and to further education reform in the key areas of teacher quality, standards and assessments, using longitudinal data to improve instruction, and supporting struggling schools.

B. Revenue Limit, Special Education, Categorical Program COLAs and Other Funds

The School Services of California (SSC) Financial Projection Dashboard was used in the development of the 2009-10 Budget and associated multi-year projections for both the revenue limits and categorical programs.

1. Categorical Program Flexibility

The State Budget reduces most categorical funding by 4.5% and an applied deficit for 2009/10 and provides a tiered flexibility option for most programs. Categorical programs are divided into three tiers:

A. Tier I These programs will not be cut and no programmatic flexibility is granted. District Tier I Programs are: Career Technical Education, Special Education, Child Nutrition, State Lottery, Instructional Materials Lottery-Proposition 20, and Economic Impact Aid (EIA).

B. Tier II These programs were cut 15.4% in 2008/09 and an additional 4.50% in 2009/10; no programmatic flexibility is granted and current requirements remain in place. District Tier II Programs are: Agricultural Vocational Incentive Grant, Foster Youth Educational Services and Student Assessment.

C. Tier III SBX3 4 authorizes complete flexibility in the use of funds appropriated in 39 categorical programs. For fiscal years 2008-09 through 2012-13, school districts may use funds from these 39 programs for any educational purpose. The funds are therefore unrestricted. Program or funding requirements, as otherwise provided in statute, regulation, and budget act provisional language associated with the funding, are not in effect.

An LEA may choose to use funds from one or more of the programs in a manner completely different from how the funds could be used in years prior to 2008-09. Conversely, an LEA may choose to use the funds to continue to operate a program in the same manner as in the past. Both of these scenarios reflect a local decision as

allowed by the flexibility provisions. These categorical programs were cut 15.4% in 2008/09 and an additional 4.50% in 2009/10.

District Tier III are: Adult Education, Arts and Music Block Grant, CAHSEE Intensive Instruction and Services, California Peer Assistance & Review Program for Teachers (PAR), Class Size Reduction: Grade 9, Community Day Schools, Deferred Maintenance, Gifted and Talented Education (GATE), Instructional Materials Realignment, Pupil Retention Block Grant, School and Library Improvement Block Grant (SLIP), School Safety and Violence Prevention and the Supplemental School Counseling Program.

2. Special Education

Special Education remains at the current funding levels with no application of a COLA and no funding reductions expected. Special Education continues to be under-funded statewide.

3. Instructional Materials

The Instructional Materials adoption requirement was suspended for 2008-09 and 2009-10. Therefore, districts will not be required to purchase materials under the adoption schedule for 2009-10. However, unless the law is changed, school districts must budget for two adoptions in their 2009/10 and/or 2010/11 budgets. Both the Math and ELL adoptions are required to be implemented during the 2010/11 fiscal year.

4. Deferred Maintenance

The Deferred Maintenance Program matching requirement of one-half of 1% of district expenditures for 2009-10 through 2012-13 is eliminated. Under the State Budget, a school district is relieved of its five years of match requirement and also receives five years of flexibility to use the deferred maintenance funds for any educational purpose.

5. Routine Restricted Maintenance

Districts are allowed to reduce required contributions into routine restricted maintenance accounts from 3% of General Fund expenditures to 1% in 2009-10 through 2012-13. Because a large majority of the fund expenditures are tied to staffing and necessary ongoing maintenance, the District made the decision to only reduce RRM by 0.45%.

6. Lottery

Lottery funding is based on Lottery sales. Based on current Lottery sales and a projected 10% decrease, the estimates for 2009-10 are \$109.50 per annual ADA unrestricted funding and \$11.50 per annual ADA for Proposition 20 restricted funding.

7. Parcel Tax

In June, 2005, the school district community passed a parcel tax, (Measure K), a special assessment on parcels within the district's boundaries. The collection rate is \$26 per year per parcel for no more than eight (8) years. The funds generated have allowed the District to continue to offer courses in photography, art and ceramics, leadership,

yearbook, foreign language, construction and computer technology. In addition, the District has been able to reduce class sizes, provide outreach crisis counseling, provide additional librarian hours, provide campus supervision support and additionally support district-wide efforts in technology connectivity.

III. COLLECTIVE BARGAINING

Negotiations for the 2008-09 school year were completed in May for both represented bargaining units in the District. The bulk of the District’s expenditures are tied up in personnel with 82% of the General Fund spent on employee salaries and benefits. As a result, collective bargaining agreements have a dramatic impact on the District’s budget, both in current and future years.

The District determines the salary level for teachers and the majority of other employees based on a schedule that includes “steps” for years of service in the District and “columns” for the amount of education or training employees receive. Staff seniority usually has the greatest influence on average salaries and thus on the percentage of the budget spent for personnel.

Another significant cost for the District is employee benefits, including paid vacations and holidays, sick leave, health care, and retirement plans, all of which are negotiable. An additional area of great financial impact is class size because it relates directly to how many teachers the district must employ.

IV. BUDGET SPECIFICS

The 2009-10 Adopted Budget includes the General Fund (Fund 01) and the West Sonoma County Special Education Consortium (Fund 06) for which the district is the Local Educational Agency (LEA). In addition, a brief summary of Other Funds (Funds 11, 13, 14, 21, 25, 40, 67 and 73) is provided

The following is a summary of the 2009-10 Adopted Budget report:

2009-10 Adopted Budget Report			
	Unrestricted	Restricted	Combined
Total Revenues	\$ 14,917,103	\$ 5,568,881	\$ 20,485,984
Total Expenses	<u>\$ 13,808,874</u>	<u>\$ 7,499,690</u>	<u>\$ 21,308,564</u>
Excess (Deficiency)	\$ 1,108,229	\$(1,930,809)	\$ (822,580)
Total Transfers/Other Uses	<u>\$ (1,689,505)</u>	<u>\$ 1,659,505</u>	<u>\$ (30,000)</u>
Net Increase (Decrease) in Fund Balance	\$ (581,276)	\$ (271,304)	\$ (852,580)
Beginning Fund Balance	<u>\$ 1,252,466</u>	<u>\$ 962,714</u>	<u>\$ 2,215,180</u>
Ending Balance	\$ 671,190	\$ 691,410	\$ 1,362,600

The following is a summary of the multi-year financial projection:

Multi-Year Projection			
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Total Revenues	\$ 20,485,984	\$ 19,793,473	\$ 19,926,843
Total Expenses	<u>\$ 21,308,564</u>	<u>\$ 20,318,330</u>	<u>\$ 20,168,703</u>
Excess (Deficiency)	\$ (822,580)	\$ (524,857)	\$ (241,860)
Total Other Financing Sources/Uses	<u>\$ (30,000)</u>	<u>\$ (5,000)</u>	<u>\$ (15,000)</u>
Net Increase (Decrease) in Fund Balance	\$ (852,580)	\$ (519,857)	\$ (226,860)
Beginning Fund Balance	<u>\$ 2,215,180</u>	<u>\$ 1,362,600</u>	<u>\$ 842,743</u>
Ending Balance	\$ 1,362,600	\$ 842,743	\$ 615,883

A. Beginning Balance

The 2009-10 beginning balance is \$2,215,180. Of this amount, \$1,252,466 (73%) represents the Unrestricted general fund balance and the Restricted fund balance is \$962,714 (27%). The Unrestricted general fund includes \$642,107 in designated funds as per the state required 3% reserve for economic uncertainties.

B. Revenue Summary

The district's average daily attendance (ADA) is projected to be 2219; down 30 students from last year's ADA Period 2 (P2) count. Districts are given the opportunity to choose from either prior year P2 ADA (minus the net shift of students from district schools to the Russian River Charter School per Senate Bill 1466) or current year P2 ADA as a final basis for funding. At this time the 2009-10 budget is based on prior year P2 ADA (April 2009).

The Cost of Living Adjustment (COLA) is used to fund employee salaries, related programs and the operations of the school district. The 2009-10 COLA is 4.25% minus a 17.967% deficit. The Base Revenue Limit (BRL) per ADA for 2009-10 is \$7,355, up \$300 from the previous year. However, when the deficit is applied, the District will receive \$6,031 per ADA; a loss of \$1,324 per ADA in 2009-10 (\$2,977,676) and a decrease of \$1,024 per ADA (\$2,302,976) from the prior year.

Total projected revenues are \$17,991,498, down from the prior year by \$3,456,891. The majority of the revenue (75%) comes from the Revenue Limit and property taxes. (See Attachment A for a detailed summary)

C. Expenditure Summary

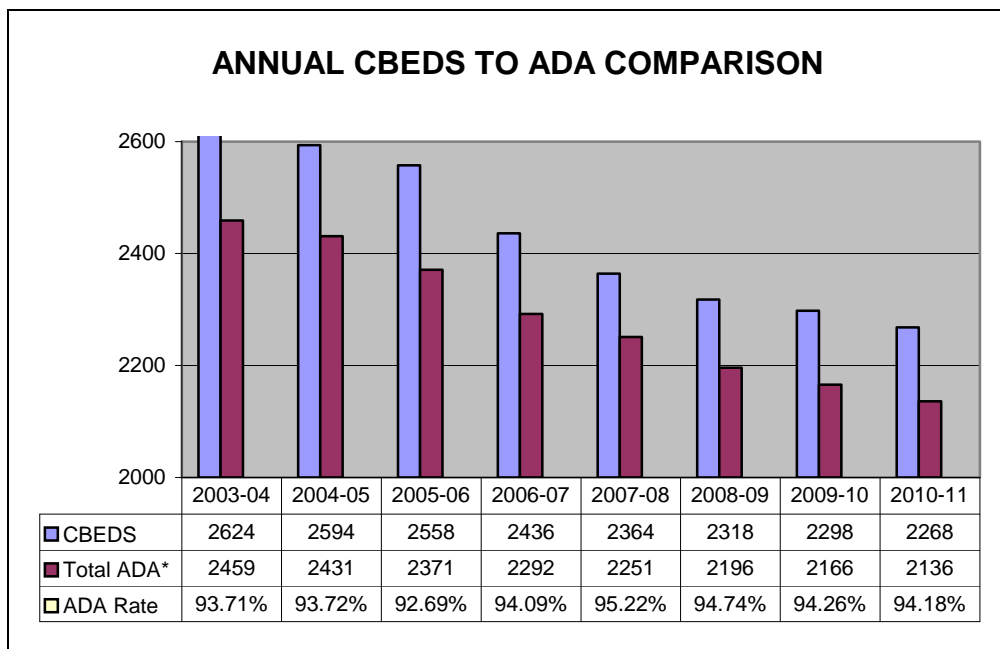
The total cost of all programs and services is projected to be \$18,848,968, down from the prior year by \$3,369,772. Expenses are predominately related to educating and caring for

students in the form of personnel costs and related benefits (83%). (See Attachment B for a detailed summary)

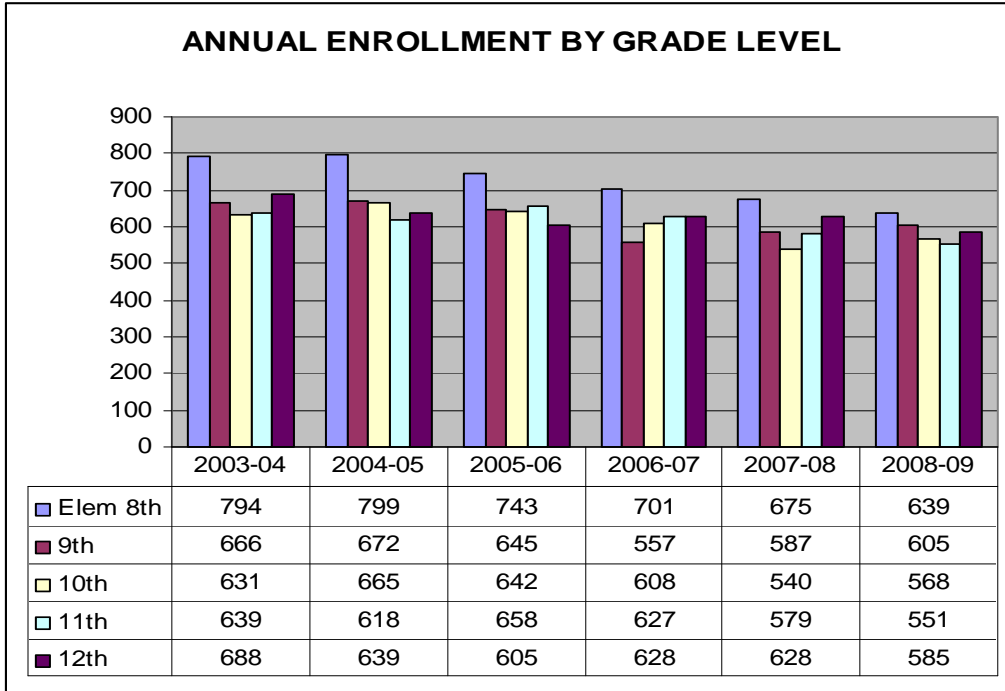
D. Enrollment/Average Daily Attendance Trends

As per the 2009 P2 enrollment count, the district’s average daily attendance was 2292; down 72 students from the 2007 CBEDS total enrollment count. It is anticipated that enrollment will continue to decline in 2008-09 and 2009-10.

The following graph displays the annual CBEDS to the Average Daily Attendance (ADA) comparison and the ADA rate.



The district receives approximately 85% of the potential incoming 9th graders living within the district’s boundaries. The incoming 9th grade class is projected to continue its decline. Based on historical patterns it is projected that 94% of the current tenth and eleventh grade students at Analy High School students will continue attending the school and 95% of the current tenth and eleventh grade students at El Molino High School will continue to attend the school. The following graph displays the annual CBEDS count by grade level:



V. CASH MANAGEMENT

The State Budget defers \$2 billion in revenue limit apportionment from February to July 2009. In addition, \$1 billion in revenue limit apportionments will be deferred from July to October 2009, and \$1.5 billion from August to October 2009.

Also, the June 2009 P2 apportionment that is normally received in early July 2009, will be apportioned at the end of July 2009. Although CDE indicates that they still intend to certify the June 2009 P-2 apportionment in early July 2009, the law allows the State Controller until the end of July 2009 to distribute the actual cash. Therefore, a great deal of emphasis is being placed on cash flow monitoring in regards to the impact of reduced or deferred apportionments for the current and subsequent years. Reserves are especially critical in order to meet cash flow needs that guarantee the ability to adequately meet payrolls and other obligations. (See Attachments C and D for Cash Flow analysis)

VI. ADDITIONAL FUNDS

Fund 11 Adult Education Fund This fund is used to account separately for federal, state, and local revenues for adult education programs. Analy Co-operative Nursery School is run as an Adult Education program with our certificated teachers working with parents of nursery school-age children. Adult Education programs should be self-sustaining and not require additional support from the General Fund.

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$47,117		\$53,191		\$40,627		\$59,681

Fund 13 Cafeteria Special Reserve Fund This fund is used to account separately for federal, state, and local resources to operate the food service program. The principal revenues in this fund are: Child Nutrition Programs (Federal), Child Nutrition Programs (State), Food Service Sales, Interest, and Local Revenue. The General Fund currently contributes \$60,000 to this fund.

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$53,541		\$560,000		\$579,613		\$33,928

Fund 14 Deferred Maintenance Fund This fund is used to account separately for state apportionments and the District's contribution for deferred maintenance purposes. The principal revenues for this fund are the Deferred Maintenance Allowance, Interest, and Transfers In from other district sources. Moneys in this fund may be expended only for the major repair or replacement of plumbing, heating, air-conditioning, electrical, roofing, and floor systems, exterior and interior painting, inspection and sampling and analysis of building materials and the removal of asbestos-containing materials. All expenditures must be approved by the State Allocation Board. The required contribution match of \$90,000 to this fund from district sources is suspended..

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$182,015		\$151,005		\$0		\$333,020

Fund 21 Building Fund (Bond Proceeds) This fund exists primarily to account separately for proceeds from the sale of bonds and may not be used for any purposes other than those for which the bonds were issued. Expenditures in this fund are most commonly made against the 6000 object codes for capital outlay. We are currently in the closeout process for modernization projects. This fund contributes \$25,000 to the Routine Restricted Maintenance Account in the General Fund. The current revenue is interest only.

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$5782		\$100		\$0		\$588

Fund 25 Capital Facilities Fund This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development. Expenditures are restricted to the purposes specified in *Government Code* sections 65970-65981 or to items specified in agreements with the developers.

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$762,780		\$92,000		\$40,000		\$814,780

Fund 35 County School Facilities Fund This fund is established to receive apportionments from the State facilities funds which are authorized by the State Allocation Board for new construction and modernization projects. The principal revenues for this fund are State School Facilities Apportionments, Interest, and transfers in from other funds. Currently we are in the closeout process for modernization projects. Typical expenditures in this fund are payments for the costs of sites, site improvements, buildings and building improvements. Our current revenue is interest only.

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$355,503		\$10,000		\$0		\$365,503

Fund 40 Special Reserve Fund for Capital Outlay Projects This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes. The revenue for this fund comes from Redevelopment funds received through the county and interest. This fund contributes \$65,000 to the Routine Restricted Maintenance Account in the General Fund.

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$34,354		\$39,400		\$65,000		\$8,754

Fund 67 Self-Insurance Fund This separate fund was established for our Self-Insured Dental Fund. The principal revenues in this fund are District premiums/contributions and interest. These funds are used for the payment of claims and other related costs. Amounts contributed to this fund are lawfully restricted for insurance purposes.

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$10,506		\$446,000		\$445,500		\$11,005

Fund 73 Foundation Trust Fund This fund is used to account separately for gifts of bequests per *Education Code* Section 41031 that benefit individuals (scholarship fund).

<u>Est. Beginning Fund Balance</u>	+	<u>Revenue</u>	-	<u>Expenses</u>	=	<u>Projected Ending Fund Balance</u>
\$435,048		\$10,000		\$10,000		\$435,048

VII. MULTI-YEAR PROJECTION (MYP)

The Multi-Year Projection for 2009-10, 2010-11 and 2011-12 summarizes the District's financial position and projection for the current and following two fiscal years. (See Attachment E) Assumptions used to develop the multi-year projection are outlined in Attachment F.

VIII. RUSSIAN RIVER CHARTER SCHOOL OVERSIGHT RESPONSIBILITIES

As per Education Code section 47604.32, the District has oversight responsibilities for the Russian River Charter School (RRCS). These duties include ensuring that RRCS complies with all reports required by law and monitoring the fiscal condition of the school.

RRCS contracts with the District to provide for the management of receipts and disbursements, including all aspects of payroll reporting and contributions to the PERS and STRS retirement systems. The District earns \$44,000 for providing these services. In addition, the District prepares and submits RRCS attendance reports to the Sonoma County Office of Education.

Annually, a representative from the RRCS presents an annual report to the School Board. Of particular interest to the District are enrollment and attendance patterns, the number of students enrolled at RRCS who reside within the district's attendance area, credentialing of RRCS faculty, data regarding student safety (including the number of suspensions and expulsions this school year), special education services provided, measurable student outcomes for the current school year (including state assessment and accountability measures), plans to comply with all Western Association of Schools and Colleges criteria and perform a self-study and accreditation review before June 30, 2010, biggest challenges and successes for the current school year, and opportunities and goals anticipated for the coming school

The Budget Building Process

The District's budget process begins in January of each year with the Governor's State of the State Address and continues through his Adopted Budget plan for the coming fiscal year. Our district, like most school districts in California, is dependent upon the State for much of its revenue each year. The District's Adopted Budget revenue projection is developed based on the State Budget and the District's student enrollment projection for the budget year.

The District operates on a fiscal year that begins July 1, however, the budget process is virtually continuous. Forecasts of revenues, expenditures, and student enrollments begin in the fall, a year in advance. A budget is adopted prior to July 1 but generally continues to be adjusted. During the school year, the District confirms its financial status both officially, with first interim and second interim reports, and unofficially, with monthly budget updates. After the books for the year are closed, the process ends with an audit certifying the accuracy of the District's records. The School Board holds final responsibility for adopting the budget and assuring that the District can meet its current and future financial obligations.

The primary focus of budget development each year is related to General Fund revenues. These funds represent the bulk of the District's operating money for instruction. In California, a school district has little control over most of its revenue sources. Instead, the District's income is affected by state-determined funding formulas and the mandatory programs in which it must participate. The number of students who attend school is critical to the District's revenues because most of this funding is provided on a per-pupil basis, adjusted for actual attendance.

The District allocates teaching sections based on negotiated class sizes. Thus, the District's first step in determining staffing levels is to accurately project how many students will attend school. This calculation depends on planned class sizes and the preparation time for which teachers are paid. Both of these are negotiated as part of the collective bargaining agreement between the district and the teachers' bargaining unit. In addition to administrative and service staff (e.g., vice principals, counselors), the District also employs a number of classified staff—such as secretaries, custodians, groundskeepers, cafeteria workers, and teachers' aides—who help to keep the District going.

Because the budget development process is built heavily on assumptions about the District's students, revenues, and expenses, Business Services staff continually examine trend reports and financial forecasts to help improve the validity of these assumptions. The District must adopt a budget by July 1 and submit the adopted budget to the Sonoma County Office of Education for the County Superintendent's approval. On this submittal the district's Superintendent and Chief Business Officer must personally certify that the District can meet its obligations in the current and following two years.

Tips For Reading A School District Budget



A school district budget is a record of the District's past decisions and a spending plan for its future. All district budgets in California use standardized object codes to classify their General Fund revenues and expenditures. The following represent the main categories into which these are placed.

Revenues

- Revenue Limit Sources (8010–8099): includes base revenue limits, plus other funds such as Equalization, Summer School, Prior Year Adjustments, etc.
- Federal Revenues (8100–8299): includes all money received for the No Child Left Behind Act (Title I, Title II, etc.) plus Special Education and other federal programs.
- Other State Revenues (8300–8599): includes lottery and state categoricals (e.g., K–3 Class Size Reduction, Gifted and Talented Education (GATE), Economic Impact Aid).
- Local Revenues (8600–8799): includes interest, donations and reimbursements, parcel taxes, rents and leases, and other local sources.

Expenditures

(These categories directly relate to ongoing operating expenses every district has.)

- Certificated Salaries (1000–1999): includes teachers, certified pupil support, certified supervisors and administrators, etc.
- Classified Salaries (2000–2999): includes instructional assistants, athletics staff, clerical and office, maintenance staff, classified supervisors and administrators, etc.
- Employee Benefits (3000–3999): includes Health and Welfare, Worker's Compensation, and other employee benefits.
- Books and Supplies (4000–4999): includes approved textbooks and core curricula material, books and other reference materials, materials and supplies, etc.
- Services and Other Operating Expenses (5000–5999): includes travel and conferences, dues and memberships, housekeeping services, rentals, leases, and repairs.

(These expenditures, which are largely outside of K-12 instruction itself, are quite variable among districts.)

- Capital Outlay (6000–6599): most commonly refers to site improvements, equipment, and equipment replacement.
- Other Outgo (7100–7299): includes tax revenue anticipation notes (TRANs), payments to districts, and payments to county offices.

- Direct Support/Indirect Costs (7400–7499): used to record transfers of direct support and indirect costs within or between funds.

Looking at an overview is the critical first step. A look at a district's line-item General Fund budget reveals a lot about its fiscal health. For example:

- Examining the difference between total revenues and total expenditures can show whether a district is operating with a deficit in any given year. A comparison of fund balances from year to year can do the same.
- Transfers from other funds to the General Fund may indicate that the district is balancing its ongoing budget by borrowing from other funds. Transfers into those same funds may mean that General Fund revenues are subsidizing other operations, such as facilities or a cafeteria program.

The line-item budget also provides a quick assessment of what proportion of the district's revenues are unrestricted (available for general purposes) and restricted (must be used for specified purposes). Expenditures are divided the same way. While these designations conform to state policy, they can also reflect local board decisions to restrict specific revenues or expenditures not required by the state.

In the General Fund, the classification "Designated for Economic Uncertainties" is sometimes referred to as "the reserve." This is money set aside for major unforeseen expenses or revenue shortfalls. The state requires our District to maintain a reserve of 3% of our General Fund expenditures (after deducting Transfers Out and Other Sources/ Uses).