



2009-10

45 Day Budget Revision

Business Services

September 15, 2009

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<http://www.hemetusd.k12.ca.us/>

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2008-09 State Adopted Budget

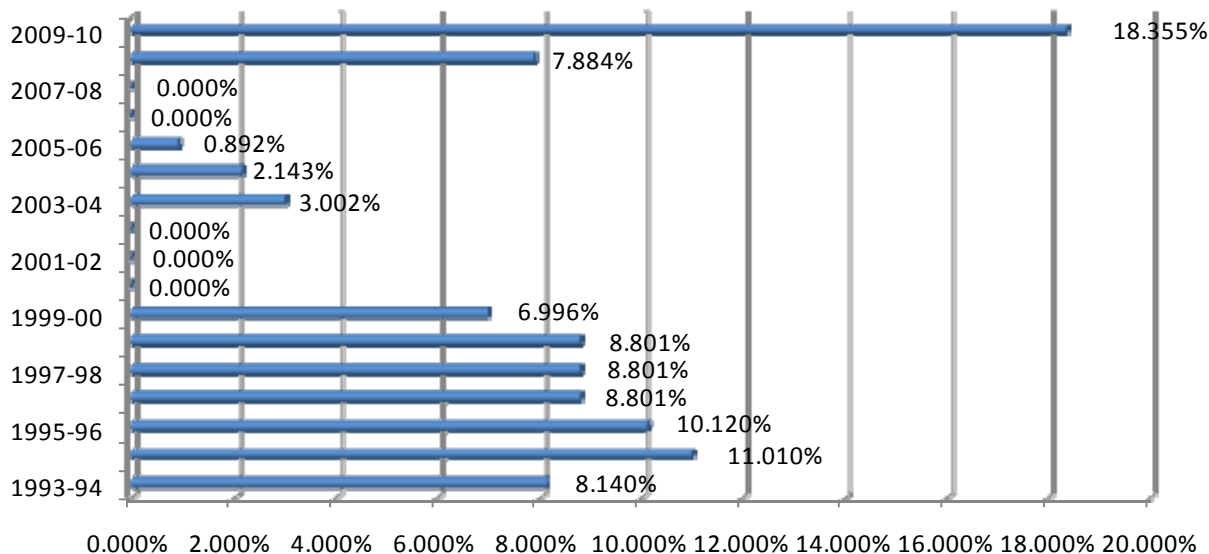
STATE BUDGET SUMMARY

The 2009-10 Budget Act for the State of California was part of an 18 month budget package signed by Governor Schwarzenegger on February 20, 2009 and was the earliest budget adoption in state history. The budget included cuts to address a \$40 billion budget gap which continued to grow through the end of the 2008-09 fiscal year. Part of the budget gap solutions included revenue increases that required voter approval in a special May 2009 election. When all ballot measures failed in the special election, legislators were forced to come up with alternate solutions to the budget gap. Those solutions were incorporated into amendments to the February Budget Package that were approved on July 23, 2009 in emergency session ABX 1 4. The July 2009 revisions include additional revenue limit deficits and reductions.

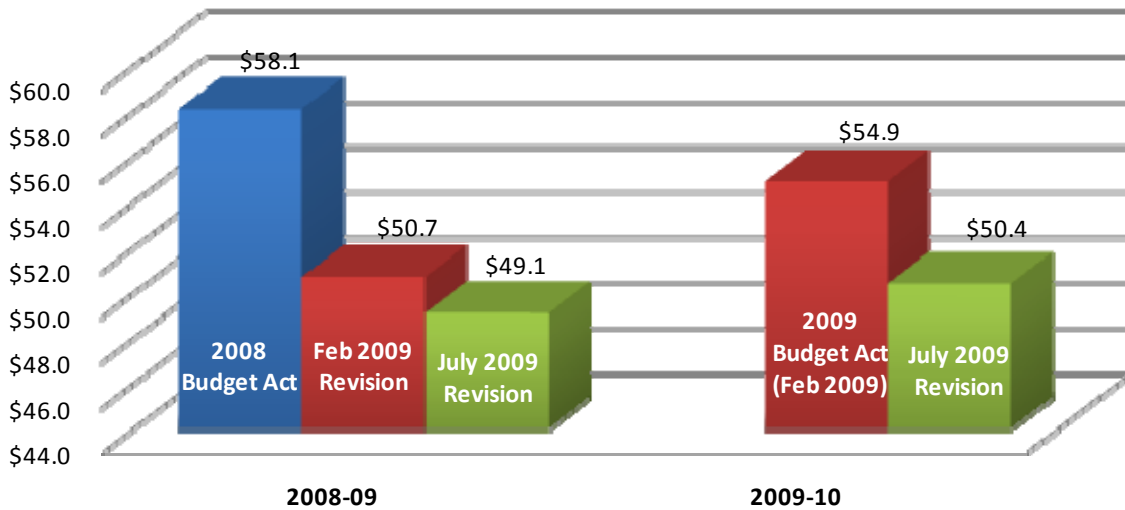
K-12 EDUCATION BUDGET REVISIONS

Districts are required to revise their budgets within 45 days of the adoption of the State budget to include changes that were enacted subsequent to the budget proposal presented in the May Revise. Because much of the 2009-10 budget process was completed outside the normal cycle, the 45 Day budget revision requirement does not technically apply to the current budget. However, it has been recommended that districts prepare revisions to their adopted budgets to reflect the ABX1 4 budget revisions. The state's July revised budget increased the 2009-10 revenue limit deficit for K-12 education to 18.355% from the 13.094% approved last February. In addition, ABX4 3 also approved in July 2009 authorized an additional one-time cut to K-12 education revenue limit funding at a rate of \$252.83 per average daily attendance (ADA). The ADA on which this cut is based is the district's funded 2008-09 P-2 ADA, excluding county ADA. The 4.25% cost-of-living adjustment (COLA) remains intact as does the 19.84% reduction to Tier II and III categorical programs. Added to the list of Tier II programs was Home-to-School Transportation.

Revenue Limit Deficit Factors



Prop 98 Guarantee (In Billions)



School Services of California, California School Finance & Management Conference 9/2009

Other changes approved in the July budget revisions impact cash flow as the state authorized deferral of scheduled apportionments to either later in the current year or into July and August of the 2010-11 fiscal year. Prior to the July revisions, a total of 14% of apportionments were deferred to July of the following year. With the additional deferrals, 25% of 2009-10 K-12 education Prop 98 apportionments will be deferred to July or August of 2010.

2009-10 Budget Changes

	Feb 2009 Budget Act	May Revise Proposal	July Revision
Prop 98	\$54.9 Billion	\$50.4 Billion	\$50.4 Billion
COLA	5.02%	4.25%	4.25%
Revenue Limit Deficit	7.844%	17.965%	18.355%
Flexibility	Tiered categories	No Change	No Change
Categorical Program Deficits	19.84% reduction to 2007-08 funding levels—Tiers II & III programs; allowed beginning balance sweep of some categorical prgms, reduced penalties for K-3 CSR	Same as Feb Budget Act and added 65% deficit factor to transportation	Same as February and added Transportation to Tier II list, added additional programs to beginning balance sweep list
Unrestricted Lottery	\$109.50 per ADA	\$109.50 per ADA	\$111.00 per ADA
Restricted Lottery	\$11.50 per ADA	\$11.50 per ADA	\$13.25 per ADA



District Budget

DISTRICT BUDGET REVISIONS SUMMARY

The most recent revisions to the 2009-10 California state budget for K-12 education will result in a projected \$6,062,747 decrease in revenue limit funding through a combination of one-time per ADA cuts and increased deficit factors for Hemet Unified. In addition a cut to state revenues related to new cuts to transportation apportionments of \$371,519 is included in this budget revision.

Unrestricted General Fund

REVENUES

At the time of adoption of the 2009-10 budget in June 2009, Hemet Unified School District's Unrestricted General Fund revenues were projected to be \$128.4 million. Changes as a result of the state's adopted budget revisions approved in July 2009 decrease revenue limit funding by \$6,062,747 million to \$122.3 million. No other changes to the Unrestricted General Fund revenues are currently proposed.

EXPENDITURES

No changes are currently recommended to the Unrestricted General Fund current budgeted expenditures .

OTHER SOURCES/USES/CONTRIBUTIONS

An increase of \$371,519 in contributions from the Unrestricted General Fund to Transportation resources in the Restricted General Fund is recommended to off-set the reduction to Transportation apportionment as a result of it being added to the Tier II list.

FUND BALANCE

The adopted budget beginning balance in the Unrestricted General Fund 2009-10, which was based on the May Revise revenue limit assumptions, was projected to be \$8.7 million. Because the final 2008-09 revenue limit deficit percentage was significantly less than the 11.428% proposed in May, the beginning balance for the Unrestricted General Fund grew by \$7.4 million to \$16.1 million. However, the district set aside reserves in its ending balance at the close of the 2008-09 fiscal year to fund the additional 2009-10 revenue limit cuts included in the state's July budget revision. The reduction to revenue limit apportionments, along with the reduction to transportation funding will result in a \$6,434,266 million reduction to the district's unaudited ending balance, lowering it to \$8,023,457.

Restricted General Fund

A reduction to home-to-school and special education transportation state apportionments totaling \$371,519 is proposed to reflect the placement of these programs on the Tier II resources list in the July revision.

Contributions to restricted programs from the Unrestricted General Fund are recommended to be increased by an amount equal to the transportation apportionment reduction to maintain the transportation budget.

The budgeted Restricted General Fund beginning balance will be increased by \$2,073,627 for additional unspent categorical revenues including ARRA and LEA Medi-Cal reimbursements at the close of the 2008-09 fiscal year to \$12,756,783.

Other District Funds

Except for the changes in ending balances listed on the following page, no adjustments to other district funds are proposed at this time



Beginning Fund Balances Revisions

During the budget adoption process in the early spring, beginning balances for each of the district's funds is estimated. The new year beginning fund balance are based the prior year's beginning balance and projected expenses and revenues through June 30th. District staff then finalize all prior fiscal year transactions from July 1 through mid-August to establish an actual beginning balance for each fund. When year-end transactions are complete, the district must revise the adopted budget estimated beginning fund balances in each fund to be in line with the actual beginning balance. The table below lists both the estimated beginning fund balances from the budget approved in June for all funds, along with the actual beginning fund balances after all year-end transactions for the 2008-09 fiscal year were posted.

The largest variance in a fund's actual beginning balance from projections occurred in Fund 03—Unrestricted General Fund as a result of the change in revenue limit deficit factors from the May Revise to the July 2009 ABX4 1 budget revision. The projected beginning balance for the Restricted General Fund also grew significantly from the amount projected in June primarily because of an additional \$1.5 million in American Reinvestment and Recovery Act State Fiscal Stabilization Funds received late in June 2009.

Beginning fund balances for Deferred Maintenance and Facilities related funds saw variances from the adopted budgets projections because projects were either completed earlier or later than estimated in contractor timelines.

The self-insurance fund began the 2009-10 year with a beginning balance \$2.2 million less than originally anticipated. The decrease was due to reducing the 2008-09 ending balance for \$2.2 million in IBNR (incurred but not recorded) liabilities that were not included in adopted budget estimates.

2009-10 Beginning Fund Balances All Funds

	2009-10 Adopted Budget	2008-09 Year-End Changes	Revised Budget
Fund 03 - Unrestricted General Fund	\$ 8,707,303.00	\$ 7,399,903.13	\$ 16,107,206.13
Fund 06 - Restricted General Fund	10,683,156.00	2,073,626.74	12,756,782.74
Fund 09 - Charter Schools	291,742.00	(21,554.16)	270,187.84
Fund 11 - Adult Education	309,144.00	5,752.77	314,896.77
Fund 12 - Child Development	102,441.00	(6,603.61)	95,837.39
Fund 13 - Child Nutrition	2,473,754.00	19,834.00	2,493,588.00
Fund 14 - Deferred Maintenance	484,419.00	921,701.74	1,406,120.74
Fund 17 - Reserve Other than Capital Outlay	128,597.00	(10,695.66)	117,901.34
Fund 21 - Building Fund	35,022,744.00	(1,474,762.51)	33,547,981.49
Fund 25 - Capital Facilities	5,067,328.00	(429,799.64)	4,637,528.36
Fund 35 - County School Facilities	2,075,895.00	(10,544.86)	2,065,350.14
Fund 40 - Reserve for Capital Outlay	19,313.00	(51.13)	19,261.87
Fund 67 - Self Insurance Fund	10,960,570.00	(2,220,593.67)	8,739,976.33
Total	\$ 76,326,406.00	\$ 6,246,213.14	\$ 82,572,619.14



**2009-10 45 Day Budget Revision
Hemet Unified School District
Unrestricted General Fund**

	<u>Adopted Budget</u>	<u>Bdgt Revisions as of 9/4/2009</u>	<u>45 Day Revisions</u>	<u>Revised Budget</u>
Revenue				
Revenue Limit	\$ 109,927,263	\$ -	\$ (6,062,747)	\$ 103,864,516
Federal Revenue	32,000	-	-	32,000
State Revenue	16,003,795	-	-	16,003,795
Local Revenue	2,399,248	-	-	2,399,248
Total Revenue	<u>\$ 128,362,306</u>	<u>\$ -</u>	<u>\$ (6,062,747)</u>	<u>\$ 122,299,559</u>
Expenditures				
Certificated Salaries	\$ 67,505,758	\$ (173,799)	\$ -	\$ 67,331,959
Classified Salaries	14,726,221	110,442	-	14,836,663
Employee Benefits	22,600,625	(21,971)	-	22,578,654
Books & Supplies	3,126,394	73,751	-	3,200,145
Services & Operating Expenses	11,310,987	85,219	-	11,396,206
Capital Outlay	147,309	(92,683)	-	54,626
Other Outgo	43,161	1	-	43,162
Transfers of Support Costs	(2,382,541)	19,040	-	(2,363,501)
Total Expenditures	<u>\$ 117,077,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,077,914</u>
	<u>\$ 11,284,392</u>	<u>\$ -</u>	<u>\$ (6,062,747)</u>	<u>\$ 5,221,645</u>
Other Financing Sources/Uses				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	(1,296,961)	-	-	(1,296,961)
Other Sources	-	-	-	-
Other Uses	-	-	-	-
Contributions	(11,636,914)	-	(371,519)	(12,008,433)
Total Others Sources/Uses	<u>\$ (12,933,875)</u>	<u>\$ -</u>	<u>\$ (371,519)</u>	<u>\$ (13,305,394)</u>
Increase/(Decrease) in Fund Balance	<u>\$ (1,649,483)</u>	<u>\$ -</u>	<u>\$ (6,434,266)</u>	<u>\$ (8,083,749)</u>
Beginning Fund Balance	<u>\$ 8,707,303</u>	<u>\$ -</u>	<u>\$ 7,399,903</u>	<u>\$ 16,107,206</u>
Ending Fund Balance	<u>\$ 7,057,820</u>	<u>\$ -</u>	<u>\$ 965,637</u>	<u>\$ 8,023,457</u>

**2009-10 45 Day Budget Revision
Hemet Unified School District
Restricted General Fund**

	<u>Adopted Budget</u>	<u>Bdgt Revisions as of 9/4/9</u>	<u>45 Day Revisions</u>	<u>Revised Budget</u>
Revenue				
Revenue Limit	\$ 5,330,460	\$ -	\$ -	\$ 5,330,460
Federal Revenue	14,936,915	-	-	14,936,915
State Revenue	7,625,760	-	(371,519)	7,254,241
Local Revenue	19,006,860	-	-	19,006,860
Total Revenue	\$ 46,899,995	\$ -	\$ (371,519)	\$ 46,528,476
Expenditures				
Certificated Salaries	\$ 18,564,339	\$ (167,845)		\$ 18,396,494
Classified Salaries	15,949,376	192,001		16,141,377
Employee Benefits	11,682,591	(186,364)		11,496,227
Books & Supplies	4,058,597	76,041		4,134,638
Services & Operating Expenses	5,717,196	105,207	-	5,822,403
Capital Outlay	33,500			33,500
Other Outgo	5,288,356		-	5,288,356
Transfers of Support Costs	1,911,507	(19,040)		1,892,467
Total Expenditures	\$ 63,205,462	\$ -	\$ -	\$ 63,205,462
	\$ (16,305,467)	\$ -	\$ (371,519)	\$ (16,676,986)
Other Financing Sources/Uses				
Transfers In	\$ 127,011	\$ -	\$ -	\$ 127,011
Transfers Out	-	-	-	-
Other Sources	-	-	-	-
Other Uses	-	-	-	-
Contributions	11,636,914	-	371,519	12,008,433
Total Others Sources/Uses	\$ 11,763,925	\$ -	\$ 371,519	\$ 12,135,444
Increase/(Decrease) in Fund Balance	\$ (4,541,542)	\$ -	\$ -	\$ (4,541,542)
Beginning Fund Balance	\$ 10,683,156		\$ 2,073,627	\$ 12,756,783
Ending Fund Balance	\$ 6,141,614	\$ -	\$ 2,073,627	\$ 8,215,241