

**2005-06 Adopted Budget  
Assumptions and Projections  
June 21, 2005**

**ENROLLMENT AND AVERAGE DAILY ATTENDANCE (ADA)**

Projected enrollment is 14,375 students (Version #1-CAB Staffing), comprised of:

<u>Classes</u>	<u>Enrollment</u>	<u>Change</u>
K-5	5,817	-24
6-8	3,407	+21
9-12	4,761	+175
Horizon	41	+7
Independent Study	76	-11
SDC K-12	273	0
<b>Totals</b>	<b>14,375</b>	<b>+168</b>

- Average Daily Attendance is projected to be 13,944 ADA (K-12 at P-2).
- These amounts yield an increase over 2004-05 of 168 CBEDS enrollment and 149 P-2 ADA.
- Enrollment and ADA projections continue to reflect projections of enrollment and staffing as of 1/24/05, and have not been updated for the demographer's projections presented in February 2005 or more recent Cabinet versions of enrollment and staffing.

**REVENUES**

Revenue Limit:

- The 2005-06 statutory COLA will be 4.23%.
- The 4.23% COLA provides a \$211 per ADA increase to revenue limit for unified districts.
- The PUSD unique revenue limit COLA for 2005-06 is 3.77%.
- PUSD revenue limit per ADA is \$5,807.70.
- A deficit factor of 1.132% will be applied to the total revenue limit apportionments.
- Effective revenue limit per ADA after deficit is \$5,741.96.
- The 2004-05 revenue limit, including a 2.41% COLA, remains funded with a 2.143% deficit applied.

Special Education

- COLA for State AB 602 funding will be 4.23% (\$23.31 per SELPA K-12 ADA).
- Due to intra-SELPA equalization, the funded COLA for PUSD will be \$20.75 per PUSD K-12 ADA.
- No deficit factor will be applied to apportionments.
- No additional State funded equalization is available for the Tri-Valley SELPA.
- Effective AB 602 base rate per ADA after deficit is \$568.17.
- Increases in Federal aid will provide an additional \$4.00 per ADA, to be funded as State aid.
- Other increases in Federal aid will be offset by corresponding deductions from State aid.
- Total Federal revenue deducted from State aid entitlement is \$1,974,000.

Lottery income will be \$123.00 per 2004-05 annual ADA. Of this amount, \$13.40 per ADA will be funds restricted by Prop 20 for instructional materials.

Other significant State funding that is assumed to continue into 2005-06:

- Staff development buy-back (ITSDR); 3 days to be funded through a block grant.
- K-3 CSR (full day at all four grades at \$964 per student)
- Morgan Hart CSR (2004-05 funding at \$183 per 9<sup>th</sup> grade student plus COLA)
- Carl Washington safety grant
- Instructional Materials Fund Realignment (IMFRP) at \$58.30 per 2004-05 enrollment
- PAR staff development

Other state revenue sources are generally budgeted at the same level as 2004-05, pending confirmation of anticipated COLA increases in the State budget.

District Flexibility Transfers:

- No reallocations of restricted program revenues are budgeted by the district to supplement programs or to offset program encroachment.

Treatment of State Revenue Deferrals:

- All 2005-06 entitlements are included in the budget. Any apportionment payments that may be deferred by the State into 2006-07 will be recorded as a receivable at June 30, 2006, and recognized as revenue in 2005-06. All 2004-05 apportionments are similarly included in the 2004-05 working budget and projected actuals.
- Mandated cost reimbursements remain excluded from the budget, pending a proposal to fund outstanding claims over a 15-year period.

Transfers to the General Fund from the Sale of Property reserve fund will be limited to interest only, because all SOP fund balances in excess of the original sale amount (corpus) have been previously transferred to the General Fund for technology.

No other transfers from the reserve funds are budgeted, other than transfers of interest earnings to the General Fund.

## **EXPENDITURES AND TRANSFERS**

### Salaries and Benefits

- Until such time as salary agreements are implemented, no COLA increase will be included in the budgets for salaries and related benefits, and no increase will be included for Section 125 health plan benefits for classified employees.
- A salary increase for all employees would cost approximately \$869,000 for each 1% of increase.
- Included in the budget are:
  - Staffing adjustments based on projected student enrollment
  - Step and longevity increases.
  - Column (professional growth) increases for certificated staff.
  - Savings from retirements and other estimated turnovers, including the District's Golden Handshake.
  - Golden Handshake payments and retiree health benefits costs, on a pay-as-you-go basis.
- Health benefit premium increases do not directly impact PUSD expenditures, except for retiree benefits, due to negotiated caps on IRS Section 125 plan benefits for CSEA employees.
- No staffing changes, other than those required by staffing formulas or categorical programs, are budgeted. However, all open positions and normal operating efficiencies are being reviewed for possible attrition savings.

### Supplies, Services and Equipment

- In this rollover budget, only contractual or uncontrollable changes have been included, except as noted below.
- Staff development expenses of \$103,000 have been added to unrestricted expenditures, and \$70,000 has been added to unrestricted contributions to restricted staff development programs.
- School site discretionary allocations have been maintained at 2004-05 levels.

### Other Expenditures and Transfers

- Expenditure reductions implemented in the 2002-03, 2003-04 and 2004-05 budgets are not restored in 2005-06.
- The annual interfund transfer to the Deferred Maintenance Fund, approximately one-half of one percent of budgeted General Fund expenditures, is budgeted at 100%, or \$556,000, as required to receive the State match. The transfer is budgeted as a Routine Maintenance expense, to count toward the 3% requirement for that resource.

- A \$245,000 transfer from the Special Reserve-Insurance Fund to the General Fund was anticipated in the 2004-05 interim reports. The 2005-06 budget includes the restoration of this transfer to the Special Reserve Fund.
- In 2004-05, the corpus beginning balance of the Sale of Property Fund provided a \$979,981 payment to STRS for the lump sum cost of the "STRS +2" retirement incentive offered to certificated employees at the end of 2003-04. This amount will be restored to the Sale of Property Fund, in eight installments over eight years beginning 2004-05, by interfund transfers from the General Fund.
- \$600,000 placeholder expenditures for the potential annual operating costs of Neal School are included in unrestricted expenditures for services.

## **FUND BALANCE AND RESERVES**

The budgeted General Fund unrestricted unappropriated ending balance for 2005-06 is \$2,560,776. The Special Reserve Fund balances will be restored to \$5,397,164 at June 30, 2006.

Total budgeted reserves, including the unappropriated fund balance, are 7.64% of 2005-06 budgeted expenditures and other outgo (excluding pass-through expenditures).

Interest earnings on reserve funds are transferred to the General Fund.

## **OTHER HIGHLIGHTS & ANOMALIES**

During 2001-02, PUSD became the Administrative Unit (AU) of the Tri-Valley SELPA. Included in the 2005-06 budget are:

- Pass-through revenues recorded as PUSD revenue, with offsetting transfers out to school districts within the SELPA recorded as other outgo expenditures.
  - \$13.8 million pass-through state revenues (object 8311).
  - \$5.2 million pass-through federal revenues (object 8287).
  - \$19.0 million offsetting other outgo expenditures (objects 7211 & 7221).
- SELPA AU revenues and expenditures of \$237,000.

(The above amounts are excluded from the calculation of the reserve requirement and routine maintenance requirement.)

Between 2001-02 and 2005-06, the PERS contribution rate has increased from zero to 9.116% of classified salaries subject to PERS. Due to the PERS Reduction provisions in the revenue limit calculation, the rate increases do not impose an additional expense on the district, but shift expenses from PERS Reduction object 3800 to PERS benefits object 3200.

The State Unemployment Insurance (SUI) rate more than doubled for 2004-05, from .30% to .65% of all salaries. The rate has been reduced to .45% for 2005-06. All expenditure variations in object 3500 resulting from these rate changes are recaptured by offsetting increases in the revenue limit.

As a result of AB 825, the State budget will consolidate a number of State categorical and unrestricted funding sources into six block grants. The only budgetary change included in this budget is the movement of \$403,000 unrestricted funding for summer school core programs and grades 2-9 hourly programs from unrestricted Revenue Limit to restricted Other State Revenues. The District does not anticipate changes in the delivery of the affected categorical programs, however there is a change in programs' resource codes in accordance with the Standardized Account Code Structure. This will also require a shift of existing staff development revenues and expenses from unrestricted to restricted resources after final budget adoption.

Special education interdistrict billback expenditures of \$580,000 have been moved from Other Services to Other Outgo for 2004-05 and 2005-06.