

2005/06

BUDGET ASSUMPTIONS

(LRP Indicates items implementing or related to District Long Range Plan Goals)

1. Educational Program

- 1.1 (LRP)The District shall continue to offer a full K-12 educational program, to the extent permitted by available financial resources, and subject to the reductions resulting from State budgetary impacts as yet unknown.
- 1.2 (LRP)The District shall attempt to enhance the educational program to the extent permitted by financial resources.
- 1.3 (LRP)The District shall continue to participate in the State Class Size Reduction Program for grades K, 1, 2, 3 and 9th grade English and 9th grade Social Studies. Both programs involve District subsidy to continue. The level of subsidy will depend on the number of teachers employed and the cost per teacher. The current estimate of subsidies of these programs are approximately \$205,972 and \$42,000 respectively.
- 1.4 (LRP)The District will continue to fund 2 previously State funded High School AP sections.
- 1.5 (LRP)The District will continue to subsidize the ROP program for expenses beyond revenues for 23 sections at a cost estimated at up to approximately \$92,000.
- 1.6 (LRP)Any future changes to ongoing individual programs or services, either increases or decreases, shall be brought to the Board for approval.
- 1.7 The District will attempt to offer but not subsidize the operation of a State funded preschool program.

2. Enrollment Projection

- 2.1 The budget will assume the number of students by grade level as identified in projections as follows: K-5 689 (reduction of 10); 6-8 409 (reduction of 41); 9-12 - 658-including 14 at Community High School (increase of 2).

2.2 The ADA used for projecting revenues is estimated at 1800 K-12 – (including ROP and Special Education) and 790 Adult.

3. Staffing Projection

3.1 (LRP)Certificated Staff - Staffing for 2005/06 is projected at the level indicated by the Board based on the staffing projection previously reviewed - ie. a maintenance of current staffing, with the additions noted as follows.

- The 0.1 additional psychologist included in the 2004/05 budget revision is continued.
- An elementary teacher is continued with Parcel Tax revenues to address 4th and 5th grade class size issues as well as 2 sections of MS and 5 sections of HS.
- The \$10,000 2003/04 parcel tax supplement to the HS Athletic stipends is continued.
- A new management position of Curriculum Coordinator is added to replace the 2004/05 “Teacher-on-Assignment”.
- A 0.4 FTE school psychologist (RD) and 0.2 FTE ELL teacher (FG) is added.
- The second counselor at the High School is restored.

(NOTE: Discussion is still occurring concerning whether a section of certificated staff time currently assigned to the Middle School will be assigned to the High School)

3.2 Administrative Personnel - maintained at 2004/05 levels.

Robert Down, Forest Grove Middle School	1 principal per school 1 principal
High School	1 assistant principal 1 principal
Community High School	1 assistant principal Lead Teacher
District Office	1 superintendent 1 assistant superintendent

3.2 (LRP)Classified Staff – maintained at 2004/05 levels.

- A 5 hour HS computer lab aide, the restoration of the elementary library managers, and a 2 hour MS computer lab aide are maintained with Parcel Tax revenue.
- The partial restoration of the Maintenance/Operations summer assistance with 2003/04 Parcel Tax revenue is deleted.

- Funding of the fourth maintenance position is funded for 7 months through the General Fund (balance of previously approved 12 month position).(The balance of the year is funded through the Capital Improvement Fund 40).
- The 1.5 counseling technician positions created in 2004/05 are discontinued in lieu of a second HS counselor.
- A 2 hour addition is made to the HS ASB assignment to address ASB accounting issues.

4. Revenues:

- 4.1 Property tax will increase by 5.36% over 2004/05 levels(and the district will be able to retain any amount in excess of the State established Revenue limit).
- 4.2 State aid will no longer include “basic aid” at \$120 /ADA as a separate allocation. State will again require a “negative allocation” to occur as a result of changes that require a transfer to the County (for Special Ed. students attending County classes) even though no State allocation, in excess of Summer School funding, is received.
- 4.3 Federal revenues will not increase over 2004/05 levels.
- 4.4 Other State revenues will increase a net of 2% over 2004/05 levels. Lottery revenue will continue at \$110/ADA.
- 4.5 Interest income will continue at 2004/05 levels.
- 4.6 Other sources of local income including transportation and fees will continue at 2004/05 levels. ROP funding will increase by an estimated 2% (due to enrollment decline coupled with State funding increase.) over current reduced funding level.
- 4.7 The District will receive an estimated net \$252,530 from the local parcel tax in 2005/06 (\$51,000 less than in 2004/05 due to the revised “timeshare” provision).

5. Expenditures:

- 5.1 Certificated Salaries –will include increases to reflect the added positions noted above and contractual step and column costs only at this time – includes the addition of a Step

V-17 to the schedule and movement of eligible employees to that new Step.

Negotiations may result in a further compensation adjustment.

- 5.2 Classified Salaries – will include increases to reflect the added ASB hours and contractual step movement costs only. Negotiations may result in a further compensation adjustment. Also \$14,400 is allocated for possible Board member remuneration.
- 5.3 Employee Benefits - fixed benefits (STRS, PERS, OASDI, W/C, Unemployment) will be increased in proportion to salary increases. The District health benefit contribution amounts for certificated, classified, confidential and management will be maintained at 2004/05 levels in accordance with current contract provisions. The PERS contribution is budgeted at 16.952% pending further information. The Workers Compensation rate is maintained at 2004/05 levels pending updated information. The STRS employer contribution is increased to 10.25% in accordance with current State budget proposals. (The additional 2%, costing approximately \$200,000, may be reduced if not included in the final State budget).

5.4 (LRP) Books and Supplies

- 5.4.1 Instructional allocations for school sites are to be funded at the 2004/05 levels with a 2.4% increase. The \$17,000 supplement – previously using Parcel Tax Funds in 2004/05 has been continued using General Funds. An additional allocation of \$7,500 has been added to the secondary site budgets along with \$10,000 for Community High School and High School WASC expenses. (See attached table – page _____ K)
- 5.4.2 Department and program allocations are funded at the 2004/05 levels with a 2.4% increase. A supplemental allocation of \$10,000 for Special Ed department testing materials is continued. The 2004/05 Parcel Tax allocations of \$32,500 for Technology Fund restoration and \$19,000 for Music Program restoration and enhancement are deleted.

5.5 (LRP) Services and other operating expenses (including travel, conference, dues, membership, insurance, utilities, rentals, repairs, consultants, legal, etc.) funded at the 2004/05 levels with a 2.4% increase with the exception of insurance and utility costs which are budgeted at projected expense levels. Also includes continuance of \$8,000 supplement to Superintendent's travel, conference, and membership budget, \$45,600 increase in legal services budget and \$2,600 supplement to MS athletic program – approved in budget revisions during 2004/05. An additional \$22,700 is added to Board budget to cover the projected November Board election expenses.

5.6 (LRP) Capital Outlay expenses – maintain 2004/05 budget – ie. no projected expenditures in excess of \$5,000

5.7 Other Outgo - includes the following:

- a) The County Special Education services cost is estimated at \$977,412 (20% increase-due to revised SELPA agreement and increased utilization) but will be revised based on information being developed.
- b) Debt service payments for Robert Down/Forest Grove Reconfiguration Project Modular lease purchase \$109,354.68. Full lease payment is \$138,282.68. (of this amount \$28,928 is charged to BASRP for unit) – last lease payment is in 2006/07.
- c) Transfers to MCOE Charter School \$31,000 – retained at 2004/05 level.

6. **Indirect contributions** from other funded programs will be included to reflect projected levels for the following programs:

State Preschool(if this program is continued)	\$ 3,242
Child Development (BASRP)	18,769
Adult Education*	<u>272,236</u>
Total	\$294,247

* Includes credit for 0.4 FTE of Technology Coordinator (LRP)

7.(LRP)**Transfers Out of the General Fund** to other funds including the following items:

Retiree Benefit Fund	\$325,021
Deferred Maintenance Fund*	100,000
Transportation Equipment Reserve*	1,500
Building Improvement Fund*	50,000
Cafeteria Fund	<u>37,229</u>
Total:	\$513,750

*These transfers are maintained at 2004/05 levels.

NOTE: NO transfers are assumed to offset expenses in the State Preschool Program (although a transfer of \$24,000 is estimated as needed in 2004/05)

- 8. Contributions to restricted programs** - the District will expend an estimated \$1.7 million from the general fund for offsetting the total cost of the Special Education program (\$2.6 mill.) in excess of State and Federal special education (\$0.9 mill)(Numbers will be revised as State budget is finalized).
- 9. Revenues vs. Expenditures** - The budget identifies the projected difference between expenditures and revenues. The net result is reflected as a change in the ending balance. The following projections identify a small decrease of \$130,546 if no compensation adjustment is assumed (Projection 1) or a decrease of \$519,760 if an adjustment equivalent to the California CPI is assumed (Projection 2).
- 10. Ending fund balance** - The projected June 30, 2006 ending balance under the following projection will consist of various components such as follows:

	Projection 1	Projection 2
	<u>No Comp.</u>	<u>CPI Comp.</u>
	<u>Adjustment</u>	<u>Adjustment</u>
Revolving Cash	\$5,000	\$5,000
Economic Uncertainty Reserve (3%)	\$557,447	\$561,123
Property Tax Reserve	\$74,515	\$74,515
Parcel Tax (pending Board allocation)	\$3,796	\$3,796

Charter School Transfer (assuming 71 ADA – inc. prior year)*		\$233,590
\$233,590		
State Funding Reduction Categorical Reserve**	\$16,500	\$16,500
Sick Leave Incentive Reserve	\$69,595	\$69,595
Basic Aid Reserve (to offset possible legislative changes)	\$237,578	Ø
Unallocated Balance (must be positive or zero at adoption)	\$0	<\$163,312>

*Assumes no payment in 2004/05 and 70% in 2005/06.(71 x 0.7 x \$4,700) Would increase by \$100,000 if 100% charged in 2005/06.(Subject to State legislation currently in SB1078 and revision of ADA and revenue limit calculation when known).

** This reserve would offset a reduction in categorical funding consistent with the Governor’s May Budget proposal - a reduction of 50% from the 2004/05 level.

11. Carry-Overs

The District normally permits only school sites and categorically funded programs to carry over unexpended balances from the prior year. (Sites and programs are encouraged to expend funds within the year they are allocated, however, small balances often remain due to timing or planned expenditures.) Other District accounts do not retain unexpended balances unless authorized by Board action.

The budget is prepared prior to the close of the 2004/05 year therefore balances within accounts, available for carry-over, are not determined at this time. Subsequent budget revisions by the Board will identify and allocate carry-over amounts-usually in October.

12. (LRP)Capital Improvements

The budget continues the previous allocation of \$50,000 for capital (facility) improvements and \$100,000 for the deferred maintenance program -subject to possible State matching funds. The allocation for the general maintenance program (approximately \$112,000) and the David Avenue lease revenue (approximately \$300,000) provide the only other source of general funds for maintaining or improving existing facilities. In addition, remaining Bond proceeds from Measure A, located in Fund 21 (previously 16), are allowing the remodeling of classrooms at David Avenue to accommodate the Community High School relocation and several improvements at the High School (exterior painting, flooring, window replacements)- in accordance with prior Board action.

13. Lottery Funds

The District receives approximately \$374,000 from the State Lottery program. The funding is used to support the General Fund and is the equivalent of funding the District Library and Music programs. A portion of the allocation (approximately \$50,000) is specifically allocated for purchasing instructional materials within these and site programs. (An adjusting journal entry will be made at year end to implement this allocation.)

14. Budget Projections

In Projection 1 (assuming no employee compensation adjustment) the budget is in “deficit spending” mode and there is a decrease to the fund balance of \$130,546. There is \$3,796 available in Parcel Tax funds to allocate. There is \$16,500 available to offset possible State funding reductions to categorical programs (as occurred in 2003/04 and 2004/05) and \$240,256 remains as a Basic Aid reserve – which is a result of one-time funds from prior years.

In Projection 2 – (assuming an employee compensation adjustment for salary and benefits equivalent to the projected Calif. CPI of 2.8% in addition to the other assumptions) the budget is in a more significant “deficit spending” condition with a need to reduce the reserve account by \$519,760. Any increase in compensation beyond this level will require approximately \$130,000 per 1%. There is \$3,796 available in Parcel Tax funds to allocate. There is \$16,500 available to offset possible State funding reductions to categorical programs (as occurred in 2003/04 and 2004/05) and nothing remains as a Basic Aid reserve. The budget is out of balance by \$163,312.

The projections assume that the District’s ability to retain property tax in excess of the revenue limit is also maintained.

The projections show that, although the District is in a relatively financially secure condition (if these or similar assumptions are applied), considerable caution will be needed to maintain this situation as staffing, program and compensation decisions are made.

15. Routine Restricted Maintenance

The District is required to identify an amount equal to 3% of the General Fund’s expenditures (approximately \$535,400) for “Routine Restricted Maintenance” to meet the requirements for receiving State School Facilities funding – (Forest Grove received \$1,007,413 and the High School received \$2,451,611 for modernization in 2002/03). The required maintenance expenditures are identified in Resource 8150 in the General Fund and Fund 40, Capital Reserve. These expenditures exceed \$535,400.

16. Parcel Tax

The District will receive an estimated \$252,530 in fiscal year 2005/06 – a \$51,000 reduction from 2004/05. At the March 17 meeting, the Board defined specific expenditures to assign to this revenue that are consistent with the authorizing ballot language as indicated in the following table.

The personnel items are maintained within the assumptions at this time. The remaining items are not included. The resulting personnel expense leaves available funds of \$ 13,796 available for allocation in 2005/06.

17. Long Range Plan Goal Implementation

The above assumptions include various items designed to continue the implementation of the District's L.R.P Goals as follows:

Goal	Assumptions
1. Develop and implement a K-12 comprehensive program with respect to course offerings, class size, support program and facilities	1.1; 1.2; 1.3; 1.4; 1.5; 1.6; 3.1; 3.2; 5.4
2. Establish a school environment which is safe, clean and secure	3.2; 5.4; 7
3. Technology will be integrated ...	1.5; 3.1; 3.2; 5.4; 5.6; 6
4. Basic education will include critical thinking ...	3.1; 5.4; 5.5
5. Establish a professional development plan	3.1; 5.4; 5.5
6. Revise the District budget process to include Long Range Plan Goals	1.6; 17

The Board will have the opportunity to allocate other District funds, to further implement the Long Range Plan.