



2008-2009 Adoption Budget Final Reading

Wednesday, June 25, 2008

Financial Team

- Vince Matthews – State Administrator
- Roberta Mayor – Superintendent
- Leon Glaster – Chief Financial Officer
- Roberta Sadler – Controller
- Jason Willis – Budget Director

Financial Team

- Sandra Anderson-Knox – Financial Services Manager
- Roxanne Dunn, Financial Services Associate II
- Linda Wu, Financial Services Associate II
- Katema Slocum, Financial Services Associate II
- Diane O'Hara, Financial Services Associate I
- Keisha Smith, Financial Services Associate I
- Marla Williams, Financial Services Associate I
- Ruth Dubose, Financial Services Associate I

Financial Team

- Waly Ndiaye – Financial Accountant II
- Quyen Nyo – Financial Accountant II
- Azeb Legesse – Financial Accountant I
- Minh Co – Financial Accountant I
- Michael Ezeh – Financial Accountant I
- David Lewis – Financial Accountant I
- Adan Hernandez – Account Technician/Receivables Billing

Agenda

- Adoption Budget Overview
- Response to First Reading Requests
- 2008-09 General Fund Adoption budget
- Multi-Year Budget Projection
- Components of Ending Fund Balance
- 2008-09 Adoption Budget Other funds
- Board Questions & Discussion

Adoption Budget Overview

- The District has been able to achieve a balanced budget in 2008-09; however, we continue to be in fiscal recovery.
- State budget proposal for 2008-09 has devastated the District's budget resulting in an estimated total revenue loss of \$20 million.
- Governor's May revise budget has provided some relief and flexibility, but the District's budget for 2008-09 and beyond is still bleak.

Response to First Reading Requests

- Amortization Schedule for Emergency Loan funds
- Amortization Schedule for COPS
- 1% Raise for employees by Union classification
- Discussion on school site “one page” budget reports
- Redevelopment Fees
- Requests to provide additional information to board of Education members based on Board member Gallo’s matrix

Oakland USD Original Outstanding State Loan

- Original State Loan for \$65 Million converted to “Lease Revenue Bonds” by the State. Annual repayment of \$3,890,532 is automatically deducted.
- Interest Rate 1.778%
- Terms 20 years
- Please refer to next slide for loan repayment schedule

Oakland USD Original Outstanding State Loan

Payment #	Date	Principal balance	Scheduled Payment	Principal Portion	Interest Portion
1	June-2004	65,000,000	3,890,534	2,734,834	1,165,700
2	2005	62,265,166	3,890,534	2,783,459	1,107,075
3	2006	59,481,707	3,890,534	2,832,949	1,057,585
4	2007	56,648,758	3,890,534	2,883,319	1,007,215
5	2008	53,765,439	3,890,534	2,934,585	955,949
6	2009	50,830,854	3,890,534	2,986,761	903,773
7	2010	47,844,093	3,890,534	3,039,866	850,688
8	2011	44,804,227	3,890,534	3,093,915	796,619
9	2012	41,710,312	3,890,534	3,148,925	741,609
10	2013	38,561,387	3,890,534	3,204,913	685,621
11	2014	35,356,474	3,890,534	3,261,896	628,638
12	2015	32,094,578	3,890,534	3,319,892	570,642
13	2016	28,774,686	3,890,534	3,378,920	511,614
14	2017	25,395,766	3,890,534	3,438,997	451,537
15	2018	21,956,769	3,890,534	3,500,143	390,391
16	2019	18,456,626	3,890,534	3,562,375	328,159
17	2020	14,894,251	3,890,534	3,625,714	264,820
18	2021	11,268,537	3,890,534	3,690,179	200,355
19	2022	7,578,358	3,890,534	3,755,791	134,743
20	2023	3,822,567	3,890,532	3,822,57	67,965
Total	expect Success every student. every classroom. every day.	0	77,810,678	65,000,000	12,810,678

\$35 Million State Loan and Special Reserve Fund 17

- Draw-down of remaining \$35 million of State Loan in June/July 2006.
- State has approved expenditures for IFAS/Technology Upgrades of \$7,000,000.
- State has also approved expenditures for audit findings for 2002-03 and 2003-04 totaling \$1,798,885.
- State has approved \$873,636 for 2000 Mandated Cost audit. (Not included in analysis on next slide).
- BOE must decide where to pay for potential audit findings for 2004-05, 2005-06, 2006-07. Currently \$3 million reserved in Unrestricted fund balance. (Not included in analysis on next slide).
- Remaining balance is to be applied to repayment.
- Funds only sufficient to make payments through 2019. District will still need to repay approximately \$10.5 million of principal.

\$35 Million State Loan and Special Reserve Fund 17

Fund 17 Balance						
Year Ending	Beg Balance	Interest Earnings	Approved Exp	Loan Payment	Ending Balance	
		2%				
30-Jun-07	\$ 35,064,590	\$ 434,279	\$ 739,067	\$ 2,094,903	\$ 32,664,899	
30-Jun-08	32,664,899	653,298	1,726,774	2,094,903	29,496,520	
30-Jun-09	29,496,520	589,930	1,798,885	2,094,903	26,192,663	
30-Jun-10	26,192,663	523,853	4,534,159	2,094,903	20,087,454	
30-Jun-11	20,087,454	401,749		2,094,903	18,394,300	
30-Jun-12	18,394,300	367,886		2,094,903	16,667,283	
30-Jun-13	16,667,283	333,346		2,094,903	14,905,726	
30-Jun-14	14,905,726	298,115		2,094,903	13,108,937	
30-Jun-15	13,108,937	262,179		2,094,903	11,276,213	
30-Jun-16	11,276,213	225,524		2,094,903	9,406,834	
30-Jun-17	9,406,834	188,137		2,094,903	7,500,068	
30-Jun-18	7,500,068	150,001		2,094,903	5,555,166	
30-Jun-19	5,555,166	111,103		2,094,903	3,571,367	
30-Jun-20	3,571,367	71,427		2,094,903	1,547,891	
30-Jun-21	1,547,891	30,958		1,578,849	-	
30-Jun-22	-	-			-	
30-Jun-23	-	-			-	
30-Jun-24	-	-			-	
30-Jun-25	-	-			-	
30-Jun-26	-	-			-	
30-Jun-27	-	-			-	
	\$	4,641,786	\$	8,798,885	\$	30,907,491

Loan Balance						
Year Ending	Principal Balance	Scheduled Payment	Principal Portion	Interest Portion		
30-Jun-06	\$ 35,000,000					
30-Jun-07	35,000,000	\$ 2,094,903	\$ 1,472,603	\$ 622,300		
30-Jun-08	33,527,397	2,094,903	1,498,786	596,117		
30-Jun-09	32,028,611	2,094,903	1,525,434	569,469		
30-Jun-10	30,503,177	2,094,903	1,552,557	542,346		
30-Jun-11	28,950,620	2,094,903	1,580,161	514,742		
30-Jun-12	27,370,459	2,094,903	1,608,256	486,647		
30-Jun-13	25,762,203	2,094,903	1,636,851	458,052		
30-Jun-14	24,125,352	2,094,903	1,665,954	428,949		
30-Jun-15	22,459,398	2,094,903	1,695,575	399,328		
30-Jun-16	20,763,823	2,094,903	1,725,722	369,181		
30-Jun-17	19,038,101	2,094,903	1,756,406	338,497		
30-Jun-18	17,281,695	2,094,903	1,787,634	307,269		
30-Jun-19	15,494,061	2,094,903	1,819,419	275,484		
30-Jun-20	13,674,642	2,094,903	1,851,768	243,135		
30-Jun-21	11,822,874	2,094,903	1,884,692	210,211		
30-Jun-22	9,938,182	2,094,903	1,918,202	176,701		
30-Jun-23	8,019,980	2,094,903	1,952,308	142,595		
30-Jun-24	6,067,672	2,094,903	1,987,020	107,883		
30-Jun-25	4,080,652	2,094,903	2,022,349	72,554		
30-Jun-26	2,058,303	2,094,900	2,058,303	36,597		
30-Jun-27	(0)					
	\$	41,898,057	\$	35,000,000	\$	6,898,057

Oakland USD Outstanding Bonds

- General Obligation Bonds are approved by voters and repaid by taxpayers.
- District still has \$305 million of bonds authorized but not yet issued.
- Taxpayer currently paying **\$80.10 per \$100,000** of assessed value each year for bond repayment.

Oakland USD Outstanding Bonds

Name	Dated Date	MEASURE C Original Par	MEASURE A Original Par	MEASURE B Original Par	Total Principal Outstanding	Interest Rate	Final Maturity	Comments
Series A	5/23/1995	\$ 12,200,000			\$ -		8/1/2019	REFUNDED
Series A	5/23/1995	18,315,640			-		8/1/2019	REFUNDED
Series B	7/30/1997	9,999,977			-	5.18%	8/1/2022	REFUNDED
Series C	5/20/1998	27,045,000			-	5.08%	8/1/2019	REFUNDED
Series C	5/20/1998	8,916,738			-	5.34%	8/1/2012	REFUNDED
Series D	5/20/1998	5,999,277			-	5.40%	8/1/2022	REFUNDED
Series E	5/1/1999	10,000,000			-	5.09%	8/1/2023	REFUNDED
Series F	4/1/2000	75,000,000			3,735,000	5.85%	8/1/2024	PARTIALLY REFUNDED
Series 2001	6/1/2001	38,215,107			400,398	5.10%	8/1/2025	} Issued as one series; PARTIALLY REFUNDED
Series 2001	6/1/2001		61,999,893		649,602	5.10%	8/1/2025	
Series 2002	8/1/2002		100,000,000		97,030,000	4.92%	8/1/2026	
Series 2005	8/31/2005		141,000,000		140,200,000	4.38%	8/1/2030	
Series 2006	11/28/2006			130,000,000	122,735,000	4.45%	8/1/2031	
Series 2008	8/1/2008			150,000,000		5.25%	8/1/2033	Estimate
Series 2010	8/1/2010			155,000,000		5.50%	8/1/2035	Estimate
Issued		<u>\$ 205,691,738</u>	<u>\$ 302,999,893</u>	<u>\$ 130,000,000</u>				
To be Issued				<u>\$ 305,000,000</u>				
2007 Refunding	8/1/2007				199,240,000	4.48%	8/1/2025	
TOTAL OUTSTANDING					<u>\$ 563,990,000</u>			

Oakland USD Outstanding Lease (COP's) Obligations

- School Districts can only enter into long term DEBT if voter approved.
- However, districts can enter into long term LEASES. Certificates of Participation, or "Cop's" are based on lease agreements.
- Cop's are repaid by the District (General Fund).

Oakland USD Outstanding Lease Obligations

Series	Issue Date	Final Maturity	Original Principal	Principal Outstanding 3/1/2008	Annual Payments	Comments
CERTIFICATES OF PARTICIPATION						
* Series G - Refund Series A & Series D; Chabot Observatory loan; HVAC	6/17/1999	8/1/2024	\$ 37,325,000	\$ 10,510,000	Approx. \$1,500,000	Refinance prior COPS; \$10 million loan to Chabot; \$200,000 for HVAC project
** Series H - Refund Honeywell Phase II and Phase III	7/15/1999	11/1/2014	12,565,000	6,810,000	Approx. \$1,100,000	Replaces Capital Leases for Honeywell Phase II and Phase III
* Series J - Bi-Tech System	1/8/2002	8/1/2010	<u>4,690,000</u>	<u>1,960,000</u>	Approx. \$680,000	Purchase & installation of BiTech management information & accounting system.
TOTAL COPS OUTSTANDING:			<u>54,580,000</u>	<u>19,280,000</u>	Approx. \$3,200,000	

Oakland USD Outstanding Lease Obligations

Series	Issue Date	Final Maturity	Interest rate	Outstanding	Purpose
Series G – District portion	6/17/99	8/01/2024	Assume 4.5%	8,460,000	Loan to Chabot Observatory during construction
Series G – Chabot Observatory portion	6/17/99	8/01/2024	Assume 4.5%	2,050,000	Refinanced prior Cop's for CSR and energy efficient projects
Series H	7/15/99	11/01/2014	Assume 4.5%	6,810,000	Refinanced prior Cop's for energy efficiency projects
Series J	1/08/2002	8/01/2010	Assume 4.5%	1,960,000	Purchase & installation of BiTech computer system
Total	expect Success	every student.	every classroom.	19,280,000 every day.	16

1% Raise for employees by Union Classification

- Information will be provided at the 6/25/2008 Board meeting during the Adoption budget presentation.
- Information will also be updated on the OUSD website on 6/25/2008

Discussion on School Site “One Page” Results Based Budgeting Reports

- School Site Regular Teacher Salaries
 - Actual salaries (current allocation)
 - Average salaries
 - Central allocation (formula based)
 - Other suggestions
 - School site categorical fund carryover policy
 - School site budget preparation timelines
- (Staff anticipates that in-depth RBB discussions will be a part of the Multi-year fiscal/academic sustainability plan)

Redevelopment Agency Contributions

- The Redevelopment Agency fees listed below are still subject to review. A portion of the funds may have to be used to supplement revenue limit apportionment based on Government code.
- \$1.1 million used to pay Series H COP's in 2007-08. Series H originally paid for out of Unrestricted General Fund.
- See Redevelopment Fees collection schedule on next slide

Redevelopment Agency Contributions

Category	Redevelopment Fees Amount	Check Date
2004/05 Fiscal Year	2,065,097	07/14/2005
2005/06 Fiscal year	3,728,305	08/31/2006
2006/07 Fiscal Year	5,056,126	09/14/2007

2008-09 Adoption Budget

Unrestricted General Fund Expenditures

Assumptions

- Increase in certificated and classified salaries, on average, by 1.5% due to step and column changes
- Increase in employee benefits due primarily to increased health & welfare costs estimated at 9% for 2008-09.
- Utility costs expected to rise approximately 6% for 2008-09.

2008-09 Adoption Budget Unrestricted General Fund

	2007-08 Estimated Actuals	2008-09 Adoption Budget	Change
Beginning Fund Balance	18,371,093	21,069,600	2,698,517
Revenue Limit	208,303,667	205,380,725	(2,922,942)
Federal Revenue	18,818	18,818	0
State Revenue	25,924,918	24,647,243	(1,277,675)
Local Revenue	27,089,887	26,236,568	(853,319)
Total Revenue	261,337,291	256,283,353	(5,167,733)
Salary & Benefits	190,283,296	193,872,089	3,588,793
Books & Supplies	11,085,387	13,498,178	2,412,791
Services & Operating, Capital Outlay	32,901,883	19,935,044	(12,966,839)
Outgo, and Transfers Out & In	24,368,208	27,786,252	3,418,044
Total Expenditures	258,638,774	255,091,563	(3,547,211)
Net Increase/(Decrease)	2,698,517	1,191,790	
Ending Fund Balance	21,069,600	22,261,390	1,191,790

2008-09 Adoption Budget

Categorical (Restricted) General Fund

	2007-08 Estimated Actuals	2008-09 Adoption Budget	Change
Beginning Fund Balance	26,119,025	3,965,857	(22,153,168)
Revenue Limit	10,745,568	10,022,951	(722,617)
Federal Revenue	68,367,375	52,357,032	(16,010,343)
State Revenue	106,539,114	96,016,135	(10,522,979)
Local Revenue	16,171,893	8,114,191	(8,057,702)
Total Revenue	201,823,950	166,510,309	(35,313,641)
Salary & Benefits	126,643,145	116,155,434	(10,487,711)
Books & Supplies	41,001,229	27,234,718	(13,766,511)
Services & Operating, Capital Outlay	72,657,022	41,305,329	(31,351,693)
Outgo, and Transfers Out & In	(16,324,278)	(20,450,788)	(4,126,510)
Total Expenditures	223,977,118	164,244,693	(59,732,425)
Net Increase/(Decrease)	(22,153,168)	2,265,616	
Ending Fund Balance	3,965,857	6,231,473	2,265,616

2008-09 Adoption Budget Combined General Fund

	2007-08 Estimated Actuals	2008-09 Adoption Budget	Change
Beginning Fund Balance	44,490,108	25,035,457	(19,454,651)
Revenue Limit	219,049,235	215,403,677	(3,645,558)
Federal Revenue	68,386,192	52,375,849	(16,010,343)
State Revenue	132,464,032	120,663,378	(11,800,654)
Local Revenue	43,261,781	34,350,758	(8,911,023)
Total Revenue	463,161,241	422,793,662	(40,367,579)
Salary & Benefits	316,926,441	310,027,523	(6,898,918)
Books & Supplies	52,086,616	40,732,896	(11,353,720)
Services & Operating, Capital Outlay	105,558,905	61,240,373	(44,318,532)
Outgo, and Transfers Out & In	8,043,930	7,335,464	(708,466)
Total Expenditures	482,615,892	419,336,256	(63,279,636)
Net Increase/(Decrease)	(19,454,651)	3,457,406	
Ending Fund Balance	25,035,457	28,492,863	3,457,406

Multi-Year Unrestricted General Fund Budget Projections

	2008-09	2009-10	2010-11
Beginning Fund Balance	21,069,600	22,261,390	29,778,426
Revenue Limit	205,380,725	212,897,913	212,729,357
Federal Revenue	18,818	0	0
State Revenue	24,647,243	24,508,157	24,230,183
Local Revenue	26,236,568	26,236,568	26,236,568
Total Revenue	256,283,354	263,642,638	263,196,108
Salary & Benefits	193,872,090	197,828,874	201,744,546
Books & Supplies	13,498,178	12,838,373	10,898,437
Services & Operating, Capital Outlay	19,935,044	19,694,723	19,189,541
Outgo, and Transfers Out & In			
Total Expenditures			
Net Increase/(Decrease)	1,191,790	7,517,035	5,529,127
Ending Fund Balance	22,261,390	29,778,426	35,307,553

Multi-Year Categorical (Restricted) General Fund Budget Projections

	2008-09	2009-10	2010-11
Beginning Fund Balance	3,965,857	6,231,473	6,391,069
Revenue Limit	10,022,951	10,180,436	10,098,685
Federal Revenue	52,357,032	51,309,891	50,283,693
State Revenue	96,016,135	95,055,974	93,154,854
Local Revenue	8,114,191	3,914,191	3,914,191
Total Revenue	166,510,309	160,460,492	157,451,423
Salary & Benefits	116,155,434	118,363,330	118,642,104
Books & Supplies	27,234,718	24,234,718	22,734,718
Services & Operating, Capital Outlay	41,305,329	38,105,329	36,405,329
Outgo, and Transfers Out & In	(20,450,788)	(20,402,481)	(20,353,689)
Total Expenditures	164,244,693	160,300,896	157,428,462
Net Increase/(Decrease)	2,265,616	159,596	22,961
Ending Fund Balance	6,231,473	6,391,069	6,414,030

Components of Ending Fund Balance

Unrestricted General Fund

Category	2007-08 Estimated	2008-09 Adopted	2009-10 Projected	2010-11 Projected
Ending Fund Balance	21,069,600	22,261,390	29,778,426	35,307,553
Reserve for Economic Uncertainty	9,712,081	8,521,359	8,462,945	8,463,324
Revolving Cash	150,000	150,000	150,000	150,000
Audit Findings	3,000,000	3,000,000	3,000,000	3,000,000
Declining Enrollment	2,500,000	2,500,000	2,500,000	2,500,000
Unappropriated Fund Balance	5,707,519	8,090,032	15,665,481	21,194,229

2008-09 Adoption Budget

Other Funds

	Adult School	Child Development	Nutrition Services
Beginning Fund Balance	4,373,566	1,972,169	1,299,112
Revenue Limit	0	0	0
Federal Revenue	1,556,915	8,496,673	12,309,893
State Revenue	12,685,945	13,517,600	776,264
Local Revenue	131,483	140,000	1,028,368
Total Revenue	14,374,342	22,154,273	14,114,525
Salary & Benefits	12,171,389	16,126,705	7,059,140
Books & Supplies	546,525	1,685,624	6,168,200
Services & Operating, Capital Outlay	5,089,599	2,667,116	541,609
Outgo, and Transfers	566,828	1,674,828	345,576
Total Expenditures	18,374,342	22,154,273	14,114,525
Net Increase/(Decrease)	(4,000,000)	0	0
Ending Fund Balance	373,566	1,972,169	1,299,112

2008-09 Adoption Budget

Other Funds

	Special Reserves (Emergency Loan funds) Fund 17	General Obligation Bond Fund 21	Deferred Maintenance Fund 14
Beginning Fund Balance	29,125,980	36,875,295	1,998
Revenue Limit	0	0	0
Federal Revenue	0	0	0
State Revenue	0	0	2,000,000
Local Revenue	1,208,101	1,500,000	50,000
Total Revenue	1,208,101	1,500,000	2,050,000
Salary & Benefits	0	2,068,864	0
Books & Supplies	0	0	0
Services & Operating, Capital Outlay	0	0	4,050,000
Outgo, and Transfers	3,302,903	47,906,218	(2,093,782)
Total Expenditures	3,302,903	(45,837,353)	1,956,218
Net Increase/(Decrease)	(2,094,802)	47,337,353	93,782
Ending Fund Balance	27,031,178	84,212,648	95,780

2008-09 Adoption Budget

Other Funds

	Capital Facilities Fund 25	State Facilities – Fund 30	State Facilities- Fund 35
Beginning Fund Balance	8,166,566	4,109,985	13,269,807
Revenue Limit	0	0	0
Federal Revenue	0	0	0
State Revenue	0	0	0
Local Revenue	2,500,000	50,000	750,000
Total Revenue	2,500,000	50,000	750,000
Salary & Benefits	0	0	0
Books & Supplies	0	0	0
Services & Operating, Capital Outlay	4,200,000	4,106,484	5,000,000
Outgo, and Transfers	2,335,114	0	0
Total Expenditures	6,535,114	4,106,484	5,000,000
Net Increase/(Decrease)	(4,035,114)	(4,056,484)	(4,250,000)
Ending Fund Balance	4,131,452	53,501	9,019,807

Thank You.

QUESTIONS?