

**GOVERNING BOARD AGENDA ITEM FORM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

DATE OF MEETING: August 10, 2010

TITLE: Review of 2010-2011 Budget Reductions

BACKGROUND:

School Site Capital Budgets

One of the most significant budget cuts for the 2010-2011 fiscal year is the estimated 85.3% reduction to the Soft Capital funding formula. This cut represents the loss of \$2,811,536 and resulted in the elimination of all Soft Capital funds to the school sites. Using a combination of savings in other projects and Capital Outlay Revenue Limit (CORL) funds transfer in Budget Revision #4 (2009-2010 Fiscal Year) we have the ability to provide funding to the school sites at 50% of the Non-Staffing formula. This distribution has been placed on the Consent Agenda for the Governing Board's consideration and action.

Bond Ratings

In July, Moody's Investors Service downgraded Arizona on worries about the state's tightening liquidity. In addition, it cited the sizable budget deficits, depleted reserves, reliance on one-time budget solutions and the two-thirds requirement for increasing taxes. This reduction in rating was the second downgrade since December 2009.

On July 19th, Moody's Investors Service began a review of Amphitheater's bond ratings. The district participated in several conference calls with Moody's in addition to responding to several requests for information. On July 28th we were notified that they are holding our bond rating constant and will reconsider the rating within a year.

Tax Rates

The District is scheduled to work with Pima County on Friday August 6 to set the 2010-2011 tax rates. This information should be available for presentation at the Governing Board Meeting.

State Fiscal Stabilization Fund

I indicated during the presentation of the 2010-2011 Proposed Budget that Arizona had exhausted all of the Stimulus Backfill funds during the 2009-2010 fiscal year. Recently, the state notified school districts that a small amount of funds remained that must be spent by September of 2010. Amphitheater will be receiving \$457,983.75. The receipt of these funds reduces the state's obligation to pay equalization funds out the state general funds and does not result in any increase to the budget.

State Equalization

The state has paid the district for one month of the three months of equalization payments that it still owes the district from the 2009-2010 budget year. The remaining payments are expected by the end of August and total approximately \$8,000,000. In addition, the state has notified school districts that the three months of payments that are being deferred into 2011-2012 will not be the last three payments of the year which will increase the cash flow issues for school districts. It is anticipated that they will begin the deferral with the September and November payments and the third payment would be determined in November.

RECOMMENDATION:

This item is presented for the Board's consideration and study.

INITIATOR:


Signature

Scott Little
Chief Financial Officer

8/2/2010

Name/Title

Date

**ASSOCIATE SUPERINTENDENT
SIGNATURE:**

SUPERINTENDENT SIGNATURE:

