



# BUDGET UPDATE

Presentation to the  
Board of Trustees

*May 18, 2011*

Candace Reines

*Assistant Superintendent, Business Services*

Mary Perea

*Director of Fiscal Services*

# 2<sup>nd</sup> Interim Financial Report

- March 16, 2011 – approved by the Board of Trustees with a “Qualified Certification”
  - Certified that based on projections the District may not meet its financial obligations for the current and subsequent two fiscal years
- The Riverside County Office of Education has reviewed and concurred with the “self” certification
- Implications of the qualified certification
  - Encumber all contracts and other obligations in order to prepare cash flow projections and budget revisions
  - Submit a 3<sup>rd</sup> Interim Financial Report with updated budget and multi-year projections through 2012-2013
  - Submit a cash flow analysis for 2010-2011 and 2011-2012
  - Submit a financial projection of ending fund and cash balances for 2010-11 for all funds within the District

# 2011-2012 District Budget

- 3<sup>rd</sup> Interim is based on the Governor's January budget proposal (loss of \$352 per ADA)
- The May Revision does not look much different in terms of how the 2011-2012 District budget will be built. Cashflow will change.
- The final budget could still be at risk of additional cuts – there is no “plan B”
- Will the final budget be better than \$352 per ADA, or worse?

# 3<sup>rd</sup> Interim District Budget Summary

	2010-2011	2011-2012	2012-2013
Beginning Balance	\$11,187,294	\$10,242,236	\$2,348,817
Revenue	\$79,446,092	\$69,566,813	\$68,051,634
Subtotal Expenditures	\$80,391,150	\$80,977,060	\$78,418,878
Required Reductions/ Budget Shortfall		(\$3,516,828)	(\$10,093,208)
Total Expenditures	\$80,391,150	\$77,460,232	\$68,325,670
Net Increase/(Decrease)	(\$945,058)	(\$7,893,418)	(\$274,036)
Ending Balance	\$10,242,236	\$2,348,817	\$2,074,781

# 2011-2012 Cashflow Projections

*(Includes Required Reductions)*

	Beginning Cash	Total Receipts	Total Disbursements	Net Ending Cash	Interfund Temporary Loans	Tax Revenue Anticipation Note (TRAN)	Total Ending Cash
July 2011	1.0	3.9	4.4	.5	2.5		3.0
August 2011	3.0	7.7	8.1	2.6			2.6
September 2011	2.6	10.6	8.2	5.0			5.0
October 2011	5.0	4.3	8.6	.7			.7
November 2011	.7	1.9	6.6	(4.0)	(2.5)	7.5	1.0
December 2011	1.0	8.9	6.7	3.2			3.2
January 2012	3.2	18.2	7.5	13.9		(7.5)	6.4
February 2012	6.4	1.7	7.6	.5			.5
March 2012	.5	1.2	7.1	(5.4)		7.5	2.1
April 2012	2.1	4.2	5.4	.9			.9
May 2012	.9	5.4	5.7	.6			.6
June 2012	.6	1.4	4.9	(2.9)	3.0		.1

**2011-2012 Fiscal Year Ending with Debt of \$10.5 million**

Dollars in Millions

# Ending Balances and Cash

	2009-2010	2010-2011	2011-2012
Total Ending Balance	\$11,187,294	\$10,242,236	\$2,348,817
Less Restricted Ending Balance	\$6,336,188	\$4,243,554	\$0
Unrestricted Ending Balance	\$4,851,106	\$5,998,682	\$2,348,817
Reserve Level <i>(Unrestricted Ending Balance as a percentage of Expenditures)</i>	6.21%	7.46%	3.03%
Cash Balance <i>(Total Ending Balance made up of Cash)</i>	\$5,867,245	\$982,781	\$101,731
Cash Reserve Level <i>(Cash Ending Balance as a percentage of Expenditures)</i>	7.51%	1.22%	0.13%
Cash Balance made up of Loans	\$0	\$0	\$10,500,000

# Putting it in Perspective

- Assuming we could meet our cashflow needs, we still need to cut \$13.6 million from the budget prior to the start of the 2012-2013 fiscal year
  - ▣ **This is 13 months away – we must plan now!**
- What happens if the taxes are extended and the state budget is better than \$352 per ADA?
  - ▣ This could equate to approximately \$3.0 million of additional revenue per year

# The 13-Month Challenge

Total Budget Shortfall	\$13.6
2011-2012 Required Reductions (to be approved June 2011)	(\$3.5)
Net Shortfall	\$10.1
2011-2012 Possible Revenue Increase with Tax Extension	\$3.0
2012-2013 Possible Revenue Increase with Tax Extension	\$3.0
Net Shortfall for 2012-2013	\$4.1
Continuation of Employee Concessions within 2011-2012 Reductions	(\$2.0)
<b>Net Shortfall/Additional Reductions Required</b>	<b>\$2.1</b>



# 2010-2011 Fund and Cash Balances

## *Special Revenue, Capital Project and Debt Service Funds*

<b>Fund</b>	<b>Description</b>	<b>Projected Ending Fund Balance</b>	<b>Projected Ending Cash Balance</b>
09	Charter Schools Special Revenue Fund	\$937,486	\$77,492
11	Adult Education Fund	\$0	\$0
13	Nutrition Services Special Revenue Fund	\$361,913	\$150,000
14	Deferred Maintenance Fund	\$0	\$0
21	Building Fund	\$2,841,538	\$2,841,538
25	Capital Facilities Fund	\$9,755,927	\$9,755,927
35	County School Facilities Fund	\$4,041,243	\$4,000,000
40	Special Reserve Fund for Capital Outlay Projects	\$0	\$0
51	Bond Interest and Redemption Fund	\$2,747,972	\$2,747,972
56	Debt Service Fund	\$138,366	\$35,275