

2012-2013 SECOND INTERIM FINANCIAL REPORT

March 20, 2013



REVIEW/UPDATE

- Proposition 30 passed
 - Prevented further cuts to education
 - Did not bring in additional spending ability
- Local Control Funding Formula (LCFF)
 - Could provide additional funding
 - LCFF not current law – being debated in the Legislature
- COLA
 - First funded COLA since 2007-08 at 1.65%
- Deficit factor remains
 - Funding 10% below 2007-08 levels
 - Funding 22% below fully funded level
- Decreased deferrals
 - Reduce cash flow pressures

INTERIM FINANCIAL REPORTS

- State the District's ability to meet its financial obligations for the current and two (2) subsequent fiscal years
- Are a tool used to evaluate ongoing budget issues, concerns and discussions
- Allow for adjustments to be made to the operating budget to reflect actual activity and/or changes to projections
- Are used by the District and County Office to review the District's financial condition, including the viability of plans to address budget shortfalls

ASSUMPTIONS

		2012-2013	2013-2014	2014-2015
COLA		3.24%	1.65%	2.20%
Deficit		22.272%	22.272%	22.272%
Enrollment		9,428	9,259	9,259
ADA		8,835.62	8,686.66	8,686.66
Automatic Step Increases	Certificated	\$123,876	\$957,375	\$508,804
	Classified	\$97,813	\$108,800	\$110,999
Health & Welfare Increases		\$465,888	\$600,000	\$650,000

Current employee concessions expire at the end of 2012-13

SECOND INTERIM BUDGET REPORT

UNRESTRICTED GENERAL FUND

	2012-2013 Revised Budget	2013-2014 Projected Budget	2014-2015 Projected Budget
Beginning Fund Balance	\$6,686,367	\$5,149,364	\$646,067
Net Revenue	53,424,253	53,050,913	53,049,322
Net Expenditures	54,961,256	57,554,210	58,856,070
Net Increase/(Decrease) to Ending Balance (deficit spending amount)	(1,537,003)	(4,503,297)	(5,806,748)
Ending Fund Balance	\$5,149,364	\$ 646,067	(\$5,160,681)
3% Minimum Required Reserve (plus revolving and other assignments)	2,521,775	2,432,000	2,476,000
Excess/(Shortfall) of 3% Reserve (Required Expenditure Reductions)	\$2,627,589	(\$1,785,933)	(\$7,636,681)

EARLY REDUCTION EFFECT

	2012-2013 Revised Budget	2013-2014 Projected Budget	2014-2015 Projected Budget
Excess/(Shortfall) of 3% Reserve (Required Expenditure Reductions)	\$2,627,589	(\$1,785,933)	(\$7,636,681)
Scenario 1			
2013-2014 Budget Solutions		1,800,000	1,800,000
2014-2015 Budget Solutions			4,036,681
Total Solutions			\$7,636,681
Scenario 2			
2013-2014 Budget Solutions		2,500,000	2,500,000
2014-2015 Budget Solutions			2,636,681
Total Solutions			\$7,636,681

RECOMMENDATION

- A “qualified” certification is recommended
 - Structural deficit persists
 - Budget reductions still needed
 - State revenue situation remains volatile

TIMELINE FOR BUDGET ADOPTION

- ✓ Governor's Budget presented
- ✓ February budget revision
- ✓ Second Interim Financial Report presented to the Board for approval
- May 2013 - Third Interim Financial Report presented to the Board for approval
- Governor's Budget – May revision
- 2013-2014 Budget presented to Board for adoption – June
- 2013-2014 State Budget approved – June (?)