

**Second Interim Financial  
Report as of  
January 31, 2012**

**Presented to the Board of Trustees  
March 5, 2012**

# **2011/12 Second Interim Assumptions**

## **General Fund Revenue**

- **Revenue Limit Sources**
  - **2.24% COLA [\$137/ADA]**
  - **-20.602 DEFICIT [-\$1,283/ADA]**
- **ADA: 3,084 (20 ADA increase above First Interim)**
- **State Categoricals “flexed” and reduced 20% below 2008/09 award amounts**
- **Mandated Costs – Cash receipts of \$42,000 budgeted**
- **Lease income is budgeted in the Special Reserve For Capital Outlay Fund**

# 2011/12 Revenue

	First Interim	Second Interim Budget	Change
Revenue Limit	\$ 15,562,783	\$ 15,507,044	\$ (55,739)
Federal Revenue	\$ 1,232,017	\$ 1,223,581	\$ (8,436)
Other State Revenue	\$ 4,216,724	\$ 4,183,550	\$ (33,174)
Other Local Revenue	\$ 123,976	\$ 154,546	\$ 30,570
Interfund Transfer In	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 21,135,500</b>	<b>\$ 21,068,721</b>	<b>\$ (66,779)</b>

# 2011/12 Second Interim Assumptions

## General Fund Revenue – Changes from First Interim Budget

- **Revenue Limit**
  - **\$200,000 Mid-year “trigger” reductions**
  - + **\$100,000 (20 Additional ADA)**
- **Federal Revenue – no significant change**
- **State Revenue – no significant change**
- **Local Revenue – no significant change** (school donations)

# **2011/12 Second Interim Assumptions**

## **General Fund Expenditures**

- **Salary**
  - **Certificated Teachers**
    - **Salary reduction of 3% via 6 furlough days**
  - **Classified and Non-unit (unrepresented employees)**
    - **Salary reduction of 3% via 6-8 furlough days**
- **Step and Column: Actuals for 2011/12**
- **Health and Welfare: Maximum medical cap \$14,281; Dental, Vision, and Life Maximum \$1,744**

# 2011/12 Expenses

	First Interim Budget	Second Interim Budget	Change
Certificated Salaries	\$ 10,776,554	\$ 10,771,144	\$ (5,410)
Classified Salaries	\$ 3,050,439	\$ 3,149,617	\$ 99,178
Employee Benefits	\$ 4,648,557	\$ 4,680,410	\$ 31,853
Books & Supplies	\$ 1,054,246	\$ 1,047,829	\$ (6,417)
Services/Operating Exp.	\$ 2,110,794	\$ 2,091,771	\$ (19,023)
Capital Outlay	\$ 0	\$ 0	\$ 0
Other Outgoing	\$ 540,570	\$ 563,900	\$ 23,330
Interfund Transfer Out	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 22,181,160</b>	<b>\$ 22,304,671</b>	<b>\$ 123,511</b>

# **2011/12 Second Interim Assumptions**

## **General Fund Expenditures – Changes from First Interim Budget**

- **Certificated Salaries – no significant change**
- **Classified Salaries**
  - + \$100,000 Representing increased hourly and substitute usage**
- **Benefits – no significant change**

# **2011/12 Second Interim Assumptions**

## **General Fund Expenditures – Changes from First Interim Budget**

- **Books and Supplies - no significant change**
- **Services - no significant change**
- **Other Outgoing - no significant change**



# **2011/12 Second Interim Assumptions-General Fund Reserve**

- **District policy recommends an additional 2% above the State minimum reserve level, when stable state funding exists, to provide a buffer for cash-flow needs and if financial difficulties arise and commitments cannot be reduced.**
- **The District is projecting slight enrollment growth in 2011/12 and stable enrollment in 2012/13 and 2013/14.**
- **The Designation For Economic Uncertainties Reserve target remains at 3% until the District determines stable funding from the state exists. At that time, the Reserve target should increase to the previous target of 5%.**

# 2011/12 Second Interim Cashflow

- **Projections indicate borrowing of at least \$4,000,000 from Special Reserve Fund through June 30 is necessary**
- **Waiver is available for June apportionment of \$920,000**
- **The District will apply for this waiver, and future waivers if eligible, to mitigate excessive cash borrowing**

# **Multi-year Projections**

## **Revenue Assumptions**

**(Subsequent Years)**

- **Revenue Limit Sources:**
  - **COLA**
    - **0.00% in 2012/13**
    - **2.40% in 2013/14 (LACOE advises districts not to rely on this revenue for planning purposes)**
  - **ADA**
    - **0 ADA increase in 2012/13**
    - **0 ADA increase in 2013/14**
- **State categorical funds remain flexed and reduced 20% from 2008/09 levels through 2014/15**
- **Class size reduction funds remained flexed through 2013/14**
- **Residual Federal Stimulus funds were fully spent in 2010/11**
- **All other revenues remain relatively constant**

# **Multi-year Projections**

## **Expenditure Assumptions**

**(Subsequent Years)**

- **2010/11 Legal and Board restricted carryover is fully spent in 2011/12**
- **Increase of 1.6 FTE in 2012/13 due to Transitional Kindergarten program implementation for new age requirement of November 1 birthday and addition of Severely Handicapped special education classroom**
- **2012/13 Salaries and Employee Benefits**
  - **1.4% Certificated step and column costs**
  - **1.2% Classified step and longevity costs**
  - **0.7% Non-unit step and longevity costs**
  - **-0.5% one additional furlough day per contract language**
  - **-1.0% Salary reduction all employees via two additional furlough days to total 9-11 furlough days for fiscal year due to contract contingency language**
  - **7.0% Increase in employee health and welfare benefits**
- **Title I funds directed to identified target population**
- **Restored school site allocation funds remain**

# **Multi-year Projections Expense Assumptions**

**(Subsequent Years - Continued)**

- **2013/14 Salaries and Employee Benefits**
  - **1.4% Certificated step and column costs**
  - **1.2% Classified step and longevity costs**
  - **0.7% Non-unit step and longevity costs**
  - **Furlough days eliminated (contracts expire)**
  - **7.0% Increase in employee health and welfare benefits**
  - **No increase or decrease of teachers due to stable projected enrollment**
- **One additional FTE for additional Transitional Kindergarten class due to new age requirement of October 1 birthday**

# Multi-year Unrestricted General Fund Summary

Total Revenue and Transfers In	\$ 16,277,894	\$ 16,359,281	\$ 16,807,285
Total Expenditures & Outgo	\$ 17,325,933	\$ 17,405,998	\$ 18,602,998
<b>Change in Fund Balance</b>	<b>\$ (1,048,039)</b>	<b>\$ (1,046,717)</b>	<b>\$ (1,795,713)</b>
Beginning Balance	\$ 4,895,182	\$ 3,847,143	\$ 2,800,426
<b>Ending Balance</b>	<b>\$ 3,847,143</b>	<b>\$ 2,800,426</b>	<b>\$ 1,004,713</b>
<b>Components of Fund Balance</b>			
Reserved Amounts	\$ 71,000	\$ 71,000	\$ 71,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 669,140	\$ 667,000	\$ 703,000
Designations	\$ 0	\$ 0	\$ 0
Undesignated Amount	\$ 3,107,003	\$ 2,062,426	\$ 230,713

# Multi-year Combined General Fund Summary

(Restricted and Unrestricted)

Total Revenue and Transfers In	\$ 21,068,721	\$ 21,176,043	\$ 21,624,047
Total Expenditures & Outgo	\$ 22,304,671	\$ 22,222,760	\$ 23,419,760
<b>Change in Fund Balance</b>	<b>\$ (1,235,950)</b>	<b>\$ (1,046,717)</b>	<b>\$ (1,795,713)</b>
Beginning Balance	\$ 5,083,093	\$ 3,847,143	\$ 2,800,426
<b>Ending Balance</b>	<b>\$ 3,847,143</b>	<b>\$ 2,800,426</b>	<b>\$ 1,004,713</b>
<b>Components of Fund Balance</b>			
Reserved Amounts	\$ 71,000	\$ 71,000	\$ 71,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 669,140	\$ 667,000	\$ 703,000
Designations	\$ 0	\$ 0	\$ 0
Undesignated Amount	\$ 3,107,003	\$ 2,062,426	\$ 230,713

# Multi-year w/Trigger - Combined General Fund Summary (Restricted and Unrestricted)

Total Revenue and Transfers In	\$ 21,068,721	\$ 19,775,043	\$ 20,223,047
Total Expenditures & Outgo	\$ 22,304,671	\$ 22,222,760	\$ 23,419,760
<b>Change in Fund Balance</b>	<b>\$ (1,235,950)</b>	<b>\$ (2,447,717)</b>	<b>\$ (3,196,713)</b>
Beginning Balance	\$ 5,083,093	\$ 3,847,143	\$ 1,399,426
<b>Ending Balance</b>	<b>\$ 3,847,143</b>	<b>\$ 1,399,426</b>	<b>\$ (1,797,287)</b>
<b>Components of Fund Balance</b>			
Reserved Amounts	\$ 71,000	\$ 71,000	\$ 71,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 669,140	\$ 667,000	\$ 703,000
Designations	\$ 0	\$ 0	\$ 0
Undesignated Amount	\$ 3,107,003	\$ 661,426	\$ (2,571,287)

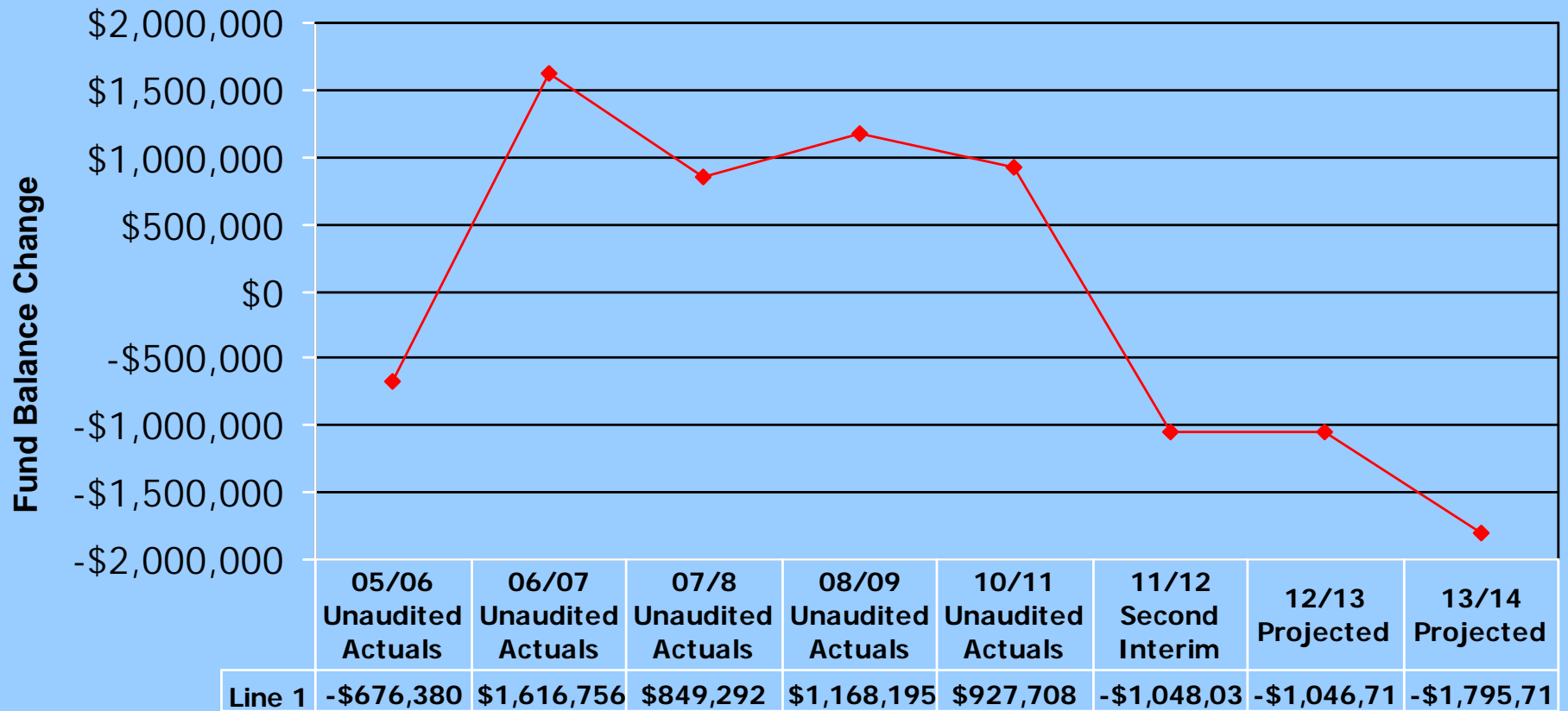


# **Multi-year w/Trigger - Combined General Fund Summary**

**(Restricted and Unrestricted)**

- **If trigger is pulled — the District will have to utilize the options provided by the legislature to remain solvent**
- **At this time there is no level one, level two, or level three cut scenarios – its all or nothing**

# Multi-year Unrestricted General Fund Summary (without Trigger)



# Future Considerations....

- **“Trigger” was pulled this January – albeit smaller than could have been**
- **Sets the stage for “voter fear” of trigger pull in 2012/13 if initiative does not pass**
- **May Revise is next State Budget projection**
  - **We should know what initiatives have submitted signatures for certification by then**

# Future Considerations....

- **We should also know the outcome of the CSBA lawsuit by then – could affect Governor’s trigger cuts (manipulation of Prop. 98)**

# Second Interim Financial Report Certification of Financial Condition

## ☒ Positive Certification

‘As president of the governing board of this school district, I certify that this district will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.’

## Qualified Certification

‘As president of the governing board of this school district, I certify that this district may not meet its financial obligations for the current fiscal year and subsequent two fiscal years.’

## Negative Certification

‘As president of the governing board of this school district, I certify that based upon current projections this district will be unable to meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year.’