

2012-2013 THIRD INTERIM FINANCIAL REPORT

May 15, 2013



THIRD INTERIM REPORT

- Education Code requires a Third Interim Report be prepared when a school district has a “qualified” Second Interim certification
- RCOE concurred with the District’s self-certification and cited the following concerns:
 - Operating deficit/Budget shortfalls
 - Declining enrollment
 - No contingency for un-funded COLAs
 - Ongoing Choice 2000 audit finding

STATE BUDGET UPDATE

- Local Control Funding Formula (LCFF)
 - Could provide additional funding
 - DOF estimates a \$359 per ADA increase (based on 11/12 data)
 - LCFF is not current law, therefore it is not included in the District's budget projections
- COLA
 - First funded COLA since 2007-08 at 1.565%
- Deficit factor remains
 - Funding 10% below 2007-08 levels
 - Funding 22% below fully funded level
- Decreased deferrals
 - Reduce cash flow pressures

STATE BUDGET UPDATE

- Governor's May Revise released May 14th (yesterday)
 - Prop 98 guarantee net increase of \$1B over 2012-13 and 2013-14
 - 2012-13 increase of \$2.8B
 - 2013-14 decrease of \$1.8B
- Common Core implementation
 - \$1B in one-time monies for 2013-14 and 2014-15
- Deferral buy down
 - \$600M additional
- LCFF implementation
 - \$236M increase (up from \$1.6B)
- Special Education backfill
 - \$60M to backfill federal sequestration cuts

STATE BUDGET UPDATE

■ Adult Education

- Additional \$30M to begin a two year plan to coordinate with K-12 and community colleges

■ May Revise keeps original LCFF proposal intact, but with several notable exceptions

- Three year rolling average to determine student counts for calculations
- EL learner counts factor in to calculation of seven years instead of the original five
- Two additional years of funding to JPAs that operate ROC/P programs and HTS transportation services.
- Increased accountability for outcomes and spending on disadvantaged students

THIRD INTERIM BUDGET REPORT UNRESTRICTED GENERAL FUND

	2012-2013 Third Interim	2013-2014 Projected Budget	2014-2015 Projected Budget
Beginning Fund Balance	\$6,686,367	\$5,608,436	\$1,641,558
Net Revenue	53,732,327	53,223,211	53,211,307
Net Expenditures	54,810,258	57,190,089	58,485,930
Net Increase/ (Decrease) to Ending Balance (deficit spending amount)	(1,077,931)	(3,966,878)	(5,274,623)
Ending Fund Balance	\$5,608,436	\$1,641,558	(\$3,633,065)
3% Minimum Required Reserve (plus revolving and other assignments)	2,564,272	2,427,037	2,472,953
Excess/ (Shortfall) of 3% Reserve (Required Expenditure Reductions)	\$3,044,164	(\$785,479)	(\$6,106,018)

THE ROAD TO BUDGET ADOPTION

- Governor's May Revision to the State Budget was released on May 14th
- 2013-2014 District Budget will be presented to the Board for adoption on June 15th
- 2013-2014 State Budget *should* be approved in June 2013
- The District's Budget will then be revised within 45 days of the State Budget adoption to reflect any changes
- 2012-2013 Unaudited Actuals will be presented to the Board for approval on September 18th