

2011-2012 First Interim Report



December 7, 2011

2011-2012 BUDGET CALENDAR

- Adopted Budget - June 2011
 - Based upon the Governor's May Revision and the expiration of temporary taxes resulting in a loss of \$330 per ADA, with a second scenario based upon the potential receipt of flat funding
 - The Riverside County Office of Education (RCOE) gave this budget a conditional approval
- Revised Budget - August 2011
 - Based on the State Budget Act that provided flat funding and as a result, the District's budget and multi-year projections were revised
 - Included salary concessions for the Classified School Employees Association (CSEA)

2011-2012 BUDGET CALENDAR

- Unaudited Actuals - September 2011
 - Following the closing of the 2010-2011 books, the 2010-2011 Unaudited Actuals report was approved by the Board of Trustees
- Revised Budget - September 2011
 - Based on RCOE's Conditional Approval and the certified 2010-2011 Unaudited Actuals
 - Adjustments were made to the 2011-2012 Budget as a result of the 2010-2011 ending balance
- Revised Budget - October 2011
 - Based on salary concessions with the Perris Secondary Educators Association (PSEA)

STATE BUDGET RISKS

- The State Budget Act provided “flat funding”, but also included provisions for automatic mid-year reductions to education funding through “trigger language” in the event state revenues fall short by more than \$2.0 billion
- The State Controller’s Office reports that year-to-date (July to October 2011) revenues are down by more than 6 percent or \$1.5 billion from budget projections

STATE BUDGET RISKS

- In the event the State triggers reductions, AB 114 provides the authority for local school boards to negotiate a reduction of the school year by 7 days to a minimum of 168 instructional days
- RCOE has strongly advised the District to immediately begin negotiations to develop contingency language as a result of trigger reductions, which may necessitate a shortening of the instructional year

2011-2012 FIRST INTERIM REPORT

- As advised by RCOE and School Services of California, the District's First Interim Financial Report is based on the State's trigger reductions in 2011-2012
- Whether the state implements these reductions as mid-year cuts in 2011-2012, or defers the cuts to 2012-2013, ***the District will need to cut its budget by an additional \$2.47 million prior to July 1, 2012***

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-FIRST INTERIM BUDGET -

	2011-2012 October Budget	2011-2012 First Interim Budget	2012-2013 Projected Budget	2013-2014 Projected Budget
Beginning Balance	\$12,721,914	\$12,721,914	\$2,524,635	\$2,222,501
Revenue	\$72,470,960	\$70,835,424	\$72,947,562	\$72,928,932
Subtotal Expenditures	\$80,001,135	\$81,032,703	\$75,721,303	\$78,284,144
Identified & Approved Budget Reductions (not yet implemented)				
Additional Required Budget Reductions (not yet identified & approved)			(\$2,471,607)	(\$5,345,871)
Total Expenditures	\$80,001,135	\$81,032,703	\$73,249,696	\$72,938,273
Net Increase/(Decrease) to Ending Balance (deficit spending amount)	(\$7,530,175)	(\$10,197,279)	(\$302,134)	(\$9,341)
Total Ending Balance	\$5,191,739	\$2,524,635	\$2,222,501	\$2,213,159
Ending Balance Above 3%	\$2,788,538	\$91,544	\$25,000	\$25,000

FIRST INTERIM REVENUE REVISIONS

REVENUE CHANGES	AMOUNT
<i>Revenue Limit "Trigger Language" (\$300 per ADA reduction – net)</i>	(\$2,260,144)
<i>Charter In Lieu Property Tax Transfer</i>	(\$100,441)
Net Revenue Limit Decrease	(\$2,360,585)
<i>Title I, II, III, Special Education</i>	\$308,989
<i>Medical Administrative Activities (MAA)</i>	\$70,000
<i>Mental Health Services</i>	\$354,000
<i>After School Educational and Safety (ASES)</i>	\$150,000
<i>Adult Education, Community Day School, Supplemental Hourly , Lottery</i>	\$215,101
<i>Transportation "Trigger Language"</i>	(\$346,997)
<i>SELPA and Various Local Grants</i>	(\$26,044)
Net Total Other Funding Sources Increase	\$725,049
Total Decrease in Revenues	(\$1,635,536)

FIRST INTERIM EXPENDITURE REVISIONS

EXPENDITURE CHANGES	AMOUNT
<i>Mental Health Services</i>	\$140,000
<i>Special Education, Title & EIA stipends</i>	\$91,289
Net Certificated Salaries Increase	\$231,289
<i>Mental Health Services</i>	\$20,000
<i>Community Day School, Carl Perkins, Title & EIA stipends</i>	(\$139,597)
Net Classified Salaries Decrease	(\$119,597)
Benefits Increase	\$89,067
<i>Mental Health, ASES, Special Education, Title, EIA, MAA</i>	\$384,875
<i>Technology</i>	\$65,000
<i>Textbooks</i>	\$85,000
<i>Routine Repair, Deferred Maintenance, Redevelopment Agency (RDA)</i>	\$175,000
Net Book and Supplies Increase	\$709,875

FIRST INTERIM EXPENDITURE REVISIONS

EXPENDITURE CHANGES	AMOUNT
<i>Mental Health, ASES & MAA</i>	\$165,628
<i>Routine Repair, Deferred Maintenance, Redevelopment Agency (RDA)</i>	\$250,000
Net Other Professional Services Increase	\$415,628
<i>Routine Repair & Redevelopment Agency (RDA)</i>	(\$344,694)
<i>Deferred Maintenance</i>	\$50,000
Net Capital Outlay Decrease	(\$294,694)
Total Increase in Expenditures	\$1,031,568

CASHFLOW UPDATE

- Revenue Limit
 - Approximately 29% of state apportionment will be deferred to the next fiscal year
 - PUHSD property taxes are projected to decrease by approximately 3%
- Federal Revenues
 - Reduction of transportation funding – “Trigger Language”
- State Revenues
 - One-time prior year deferrals continue

BOARD CERTIFICATION

- Board action is required to certify the financial condition of the District in accordance with the state adopted Criteria and Standards
- Qualified Certification is recommended
 - Certifies that based on current projections the District may not meet its financial obligations for the current and subsequent two fiscal years

2011-2012 BUDGET CALENDAR

- January 2012
 - Governor to release his 2012-2013 Budget proposal on January 18, 2012
- March 2012
 - 2011-2012 Second Interim Report and budget revisions to be presented to the Board for approval
- June 2012
 - 2012-2013 Budget to be presented for Board approval