

2011-2012 Second Interim Report



March 21, 2012

STATE BUDGET REVIEW

- 2011-2012 Trigger Reductions
 - Loss of \$62 per ADA
- Governors January Budget Proposal for the 2012-2013 State Budget
 - With a tax measure, revenue limits are maintained at about the 2011-2012 pre-trigger-cut levels
 - Alternative proposal, if a tax measure is not successful, cuts education by about \$370 per ADA
 - 100% of home-to-school and special education transportation funding is eliminated under both alternatives, equating to a loss of \$78 per ADA
 - Or, if converted to a Revenue Limit cut, a loss of approximately \$85-\$96 per ADA

2011-2012 SECOND INTERIM REPORT

- Includes the one-time trigger reductions in 2011-2012
- Incorporates the Governor's alternate proposal for 2012-2013, planning that a tax measure is not successful (as recommended by the Riverside County Office of Education and School Services of California)
- Includes the loss of transportation revenue beginning with 2012-2013
- This is an ongoing loss of \$448 beginning in 2012-2013
- On top of the one-time loss of \$62 in 2011-2012, this is a total loss of \$510 per ADA between 2011-2012 and 2012-2013 alone
 - This loss is reduced to \$140 per ADA if a tax measure is successful

2011-2012 SECOND INTERIM REPORT

- 2012-2013 Includes
 - All previously approved ongoing expenditure reductions
 - 2nd year of the 2-year agreement with PSEA
 - 5 furlough days
 - Change in 6th period assignment pay from 1/5 to 1/6 (equal to 1 furlough day)
 - Freeze in automatic step increases (equal to 3 furlough days)
 - CSEA Salary Concessions in an amount similar to the negotiated concessions in 2011-2012
 - Negotiations still need to take place
 - 6 furlough days for Management and Confidential employees
 - MOU to be brought forward for Board approval in April 2012
 - Will include contingency language if a tax measure is not successful
- 2013-2014 Includes
 - All previously approved ongoing expenditure reductions
 - Salaries for all groups - status quo (back to 100%)

DISTRICT BUDGET SUMMARY

Combined General Fund Budget Summary Second Interim Budget and Multi-Year Projections

	2011-2012 Revised Budget	2012-2013 Projected Budget	2013-2014 Projected Budget
Beginning Balance	\$12,721,914	\$5,541,336	(\$1,517,356)
Total Revenue	\$74,102,769	\$68,999,682	\$69,008,811
Total Expenditures	\$81,283,347	\$76,058,373	\$78,620,429
Net Increase/(Decrease) to Ending Balance (deficit spending amount)	(\$7,181,644)	(\$7,058,691)	(\$9,614,618)
Ending Fund Balance	\$5,541,336	(\$1,517,356)	(\$11,131,973)
Components of Ending Balance			
Required Minimum Reserves (3%)	\$2,438,543	\$2,281,770	\$2,358,647
Nonspendable & Restricted Balances	\$27,757	\$25,000	\$25,000
Excess Ending Balance/ Budget Shortfall	\$3,046,600	(\$3,824,126)	(\$13,515,973)

District's WORST Case Scenario - Governor's Tax Plan is NOT Successful

DISTRICT BUDGET SUMMARY

Combined General Fund Budget Summary Second Interim Budget and Multi-Year Projections

	2011-2012 Revised Budget	2012-2013 Projected Budget	2013-2014 Projected Budget
Beginning Balance	\$12,721,914	\$5,541,336	\$1,698,070
Total Revenue	\$74,102,769	\$72,215,107	\$72,221,236
Total Expenditures	\$81,283,347	\$76,058,373	\$78,620,429
Net Increase/(Decrease) to Ending Balance (deficit spending amount)	(\$7,180,578)	(\$3,843,266)	(\$6,399,193)
Ending Fund Balance	\$5,541,336	\$1,698,070	(\$4,701,123)
Components of Ending Balance			
Required Minimum Reserves (3%)	\$2,438,543	\$2,281,770	\$2,358,647
Nonspendable & Restricted Balances	\$27,757	\$25,000	\$25,000
Excess Ending Balance/ Budget Shortfall	\$3,075,036	(\$608,700)	(\$7,084,770)

District's BEST Case Scenario - Governor's Tax Plan is Successful

NEXT STEPS?

- The District's 2012-2013 budget must be adopted by the Board of Trustees prior to June 30, 2012
 - The state budget will most likely not be in place by then
 - The success or failure of a tax measure will not be known by then
- The Adopted Budget will need to be based on the worst case scenario, as though a tax measure is not successful
- It will be critical for employee bargaining groups to be involved in the planning efforts

FISCAL HEALTH OF THE DISTRICT

- Even in the best case scenario, there still exists a budget shortfall in 2012-2013
- The budget shortfall in 2013-2014 and beyond is of a much more extreme nature
- Deficit spending is an ongoing concern
- All one-time funding and prior year ending balances have been exhausted
- Revenue deferrals continue to create the need for cash loans

SECOND INTERIM 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