



First Interim Report



December 13, 2011



Outline

Current Year's Financial Condition

- Estimated Revenue & Expense
- Ending Balance (Equity)
 - Multiple Year Projection
 - Mid Year Trigger
- Review Cash Estimates
- Recommendation

Assumptions

- Revenue Limit deficit factor of 19.754%
- Maximized flexibility transfer of categorical (Tier III) dollars to augment reductions to Revenue Limit
- Federal Jobs Bill offsets state cuts
- K-3 CSR staffed at 24:1
- Grades 4-6 staffed at 35:1
- Grades 7-12 staffed at 36:1
- 5 days of furloughs for all employees
- Implemented additional expenses approved on 9/27/2011
- Applied previously approved cost cutting measures such as: closure of YES, closure of MCES and subsequent establishment of CECA

CECA – Fund 09

	<u>Rest</u>	<u>%</u>
<u>Revenue</u>		
Rev Limit	\$2,402,300	83.8%
Federal	\$3,317	0.1%
State	\$439,712	15.3%
Local	\$20,000	0.7%
	\$2,865,329	
<u>Expense</u>		
Certificated	\$1,761,359	63.2%
Classified	\$241,040	8.7%
Benefits	\$603,158	21.7%
Books & Supplies	\$48,000	1.7%
Services	\$58,317	2.1%
Capital Outlay	\$73,454	2.6%
	\$2,785,328	

Enrollment – 466 students

Donations & CECare

22 Teachers
8.6 Classified
1 Administrator

3% minimum reserve

Rev minus Exp \$80,000

Revenue & Expense Summary

End of Year Projections

General Fund	<u>Rest</u>	<u>%</u>	<u>UnRest</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Revenue						
Rev Limit	\$2,233,612	11.5%	\$42,201,629	88.7%	\$44,435,241	66.4%
Federal	\$6,550,404	33.8%	\$130,000	0.3%	\$6,680,404	10.0%
State	\$1,766,869	9.1%	\$8,174,649	17.2%	\$9,941,518	14.9%
Local	\$5,012,122	25.9%	\$850,304	1.8%	\$5,862,426	8.8%
Encroachment	\$3,790,000	19.6%	-\$3,789,250	-8.0%	\$750	0.0%
	\$19,353,007		\$47,567,332		\$66,920,339	
Expense						
Certificated	\$6,498,721	30.1%	\$22,275,093	44.7%	\$28,773,814	40.3%
Classified	\$3,148,560	14.6%	\$5,344,731	10.7%	\$8,493,291	11.9%
Administration	\$865,215	4.0%	\$3,508,468	7.0%	\$4,373,683	6.1%
Benefits	\$3,034,195	14.1%	\$10,765,006	21.6%	\$13,799,201	19.3%
Books & Supplies	\$2,792,231	12.9%	\$2,570,445	5.2%	\$5,362,676	7.5%
Services	\$4,189,322	19.4%	\$4,861,217	9.8%	\$9,050,539	12.7%
Capital Outlay	\$48,295	0.2%	\$143,133	0.3%	\$191,428	0.3%
Other Outgo	\$1,004,072	4.7%	\$365,101	0.7%	\$1,369,173	1.9%
	\$21,580,611		\$49,833,194		\$71,413,805	

98% of Unrestricted Revenue from State

Revenue Limit

- 84% (37.8M) from State
- 16% Property Taxes
- 14,600,000 deferred to 2012-13

Contribution to Rest Programs

- \$550,000 Comm Day Sch
- \$335,000 Special Education
- \$1,125,000 Transportation
- \$1,780,000 Maintenance

- \$1,690,000 Jobs Bill
- \$383,000 ARRA/SFSF
- \$150,000 Medical Billing

- \$575,000 Carryover
- \$255,000 Roof repair
- \$85,000 Mower
- \$290,000 New positions
- \$940,000 ELA Textbooks

Revenue minus Expense **(\$2,227,603)**

(\$2,265,862)

(\$4,493,465)

Projected Ending Balance

Unrestricted

Beginning Balance	\$5,576,022
Revenue minus Expense	(\$2,265,862)
Projected Ending Balance	\$3,310,160

<u>Components of Projected Ending Balance</u>	<u>(Equity)</u>
Revolving Checking Account	\$50,000
Stores Inventory	\$60,000
Economic Uncertainty (3%)	\$2,150,000
YHS Turf & Track	\$260,000
Compensated Absences	\$214,600
Infrastructure	\$575,000

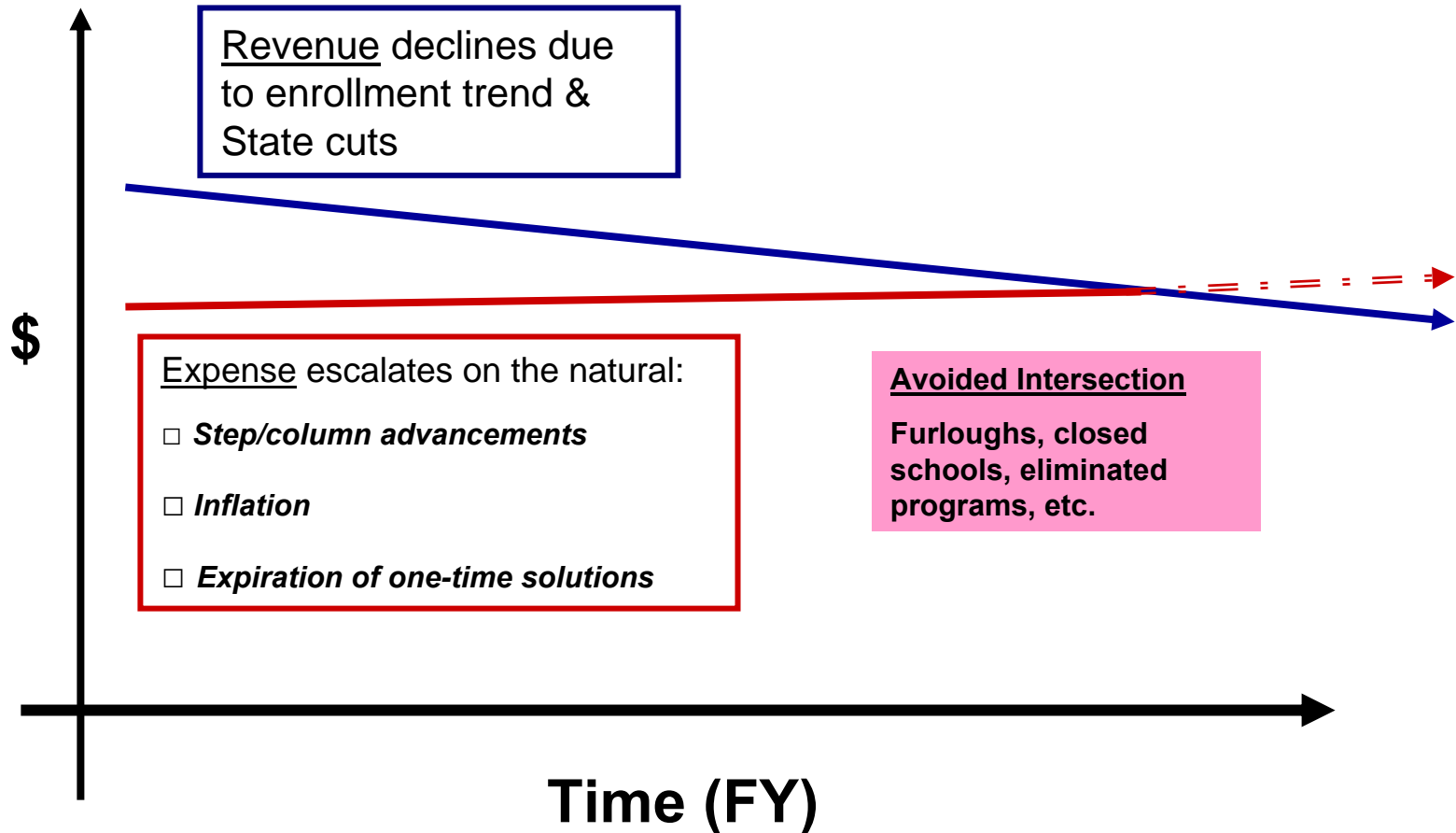
Multiple Year Projection (MYP)

- 2.2% decline in enrollment
- Step & column advancements
- Jobs Bill \$\$ gone
- Expiration of furloughs
- Continue State deficit

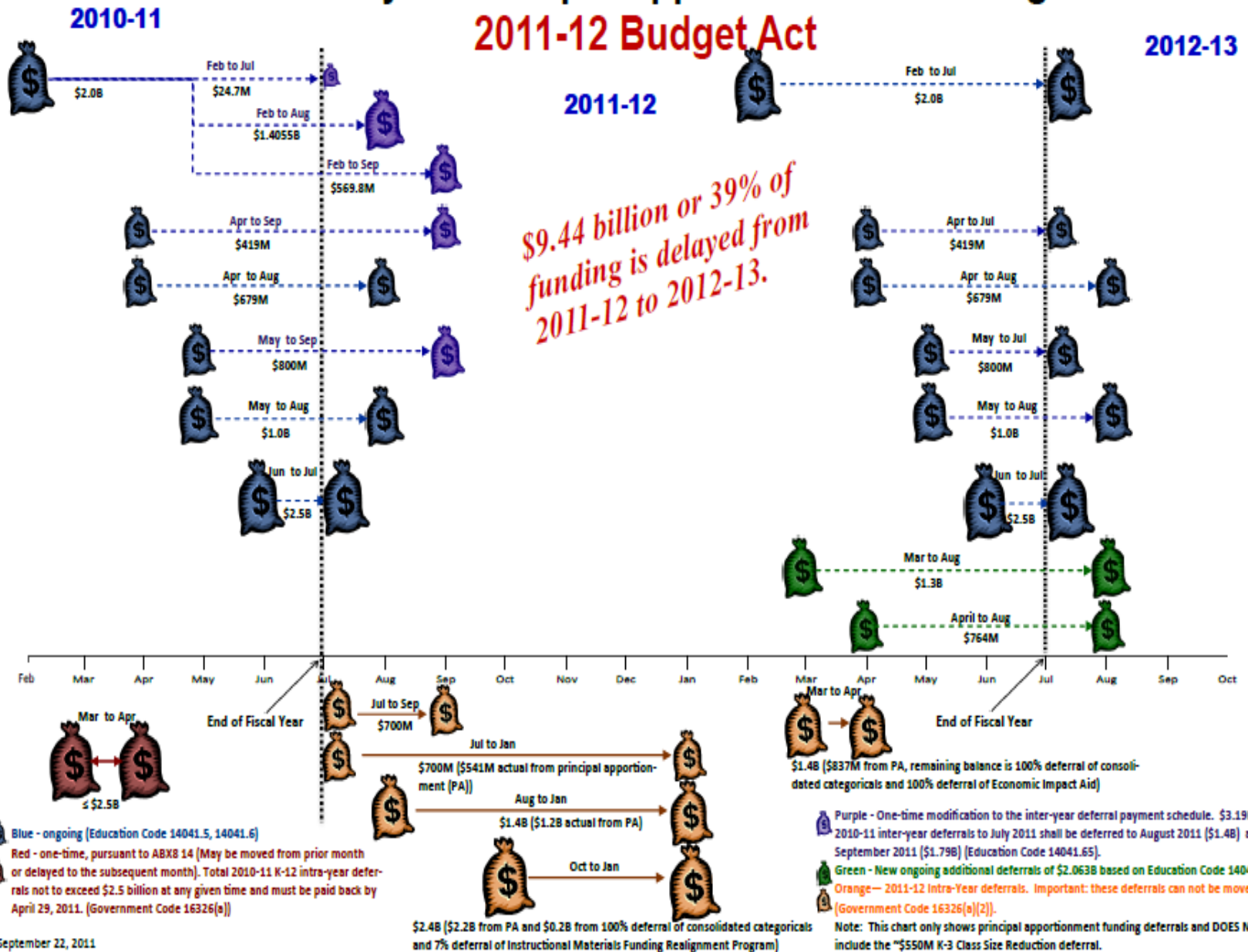
Possible loss of additional \$480,000 if ILCS joins other SELPA

<u>WITHOUT TRIGGER</u>	2011-12	2012-13	2013-14
Ending Balance	\$3,310,000	\$898,000	(\$3,555,000)
Meet minimum 3% reserve?	Yes	No	No
Amount required to maintain 3% reserve?	0	\$1,526,000	\$6,004,000

Revenue vs. Expense Trend



Delayed Principal Apportionment Funding 2011-12 Budget Act

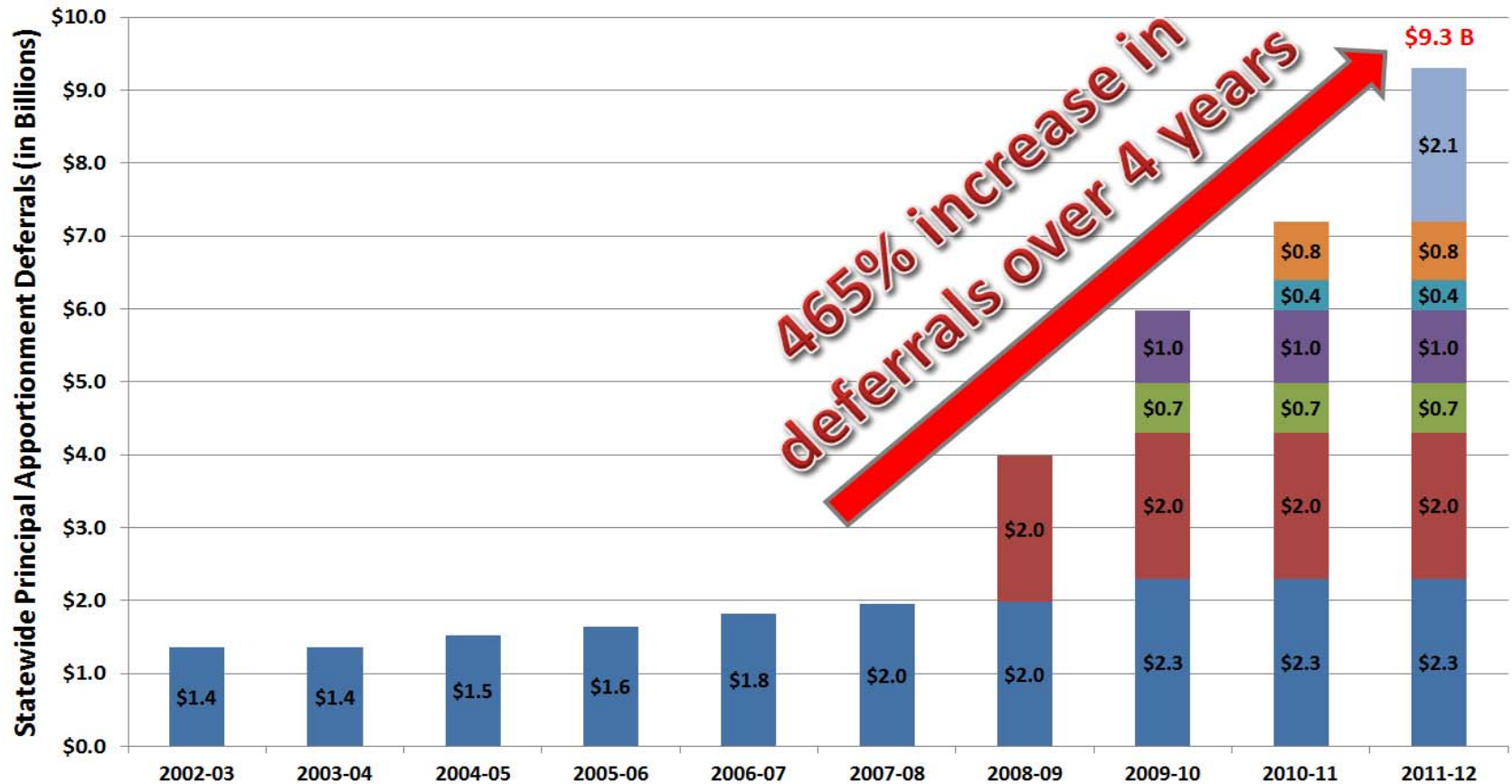


K-12 Payment Deferrals

Reliance on IOUs to Balance State Budget

Principal Apportionment Cross Year Deferrals for CA K-12 Districts

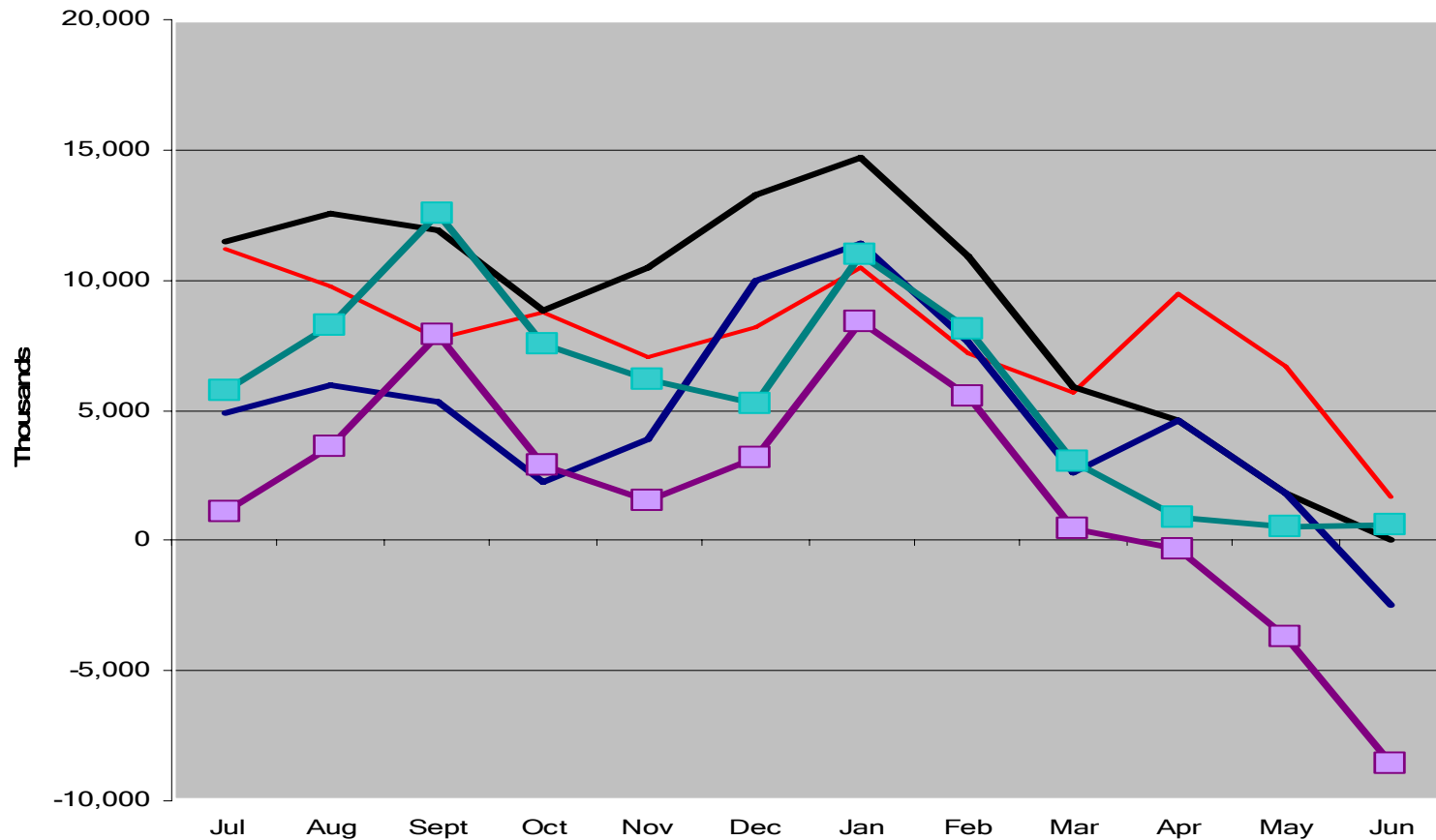
Chart Area



- P-2 June to July E.C. Section 14041.5(a)
- [\$679M] April to Aug E.C. Section 14041.6(b)
- [\$420M] April to July E.C. Section 14041.6 (c)
- [\$2.1B] March [\$1.3B] and April [\$0.763B] to July (proposed)
- [\$2B] Feb to July E.C. Section 14041.6(a).
- [\$1B] May to Aug E.C. Section 14041.6(b)
- [\$800M] May to July E.C. Section 14041.6 (c)

Cash Management

General Fund – Cash Flow Profile



— 09/10 — 10/11 — 10/11 w/o Loans — 11/12 w/o Loans — 11/12 w/Loans

Summary & Recommendation

Multiple Year Outlook

2011-12

OK in Current Year

- Maintain 3% minimum reserve
- Budget Stable with Qualified Certification (due to uncertainties in out years)
- \$14.6M deferred to 2012-13
 - County Loan
 - TRAN
 - Inter-fund Borrowing
- Possible Trigger

2012-13

May not be OK

- Dependent upon State's budget
- Jobs Bill Money depleted
- Causes of imbalance continues:
 - Salary Advancements
 - Enrollment Trend
 - Increase in HW premiums
 - State cuts continue
- Limited options for budget reductions
- Borrowing continues

2013-14

Not OK

- Causes of imbalance lingers
- Possible loss of Special Education funds

Recommendation -- Approve Qualified First Interim Report