



Santa Ana
Unified School District

2012 – 13 Second Interim Budget

(The New Normal)

March 13, 2012

Thelma Meléndez de Santa Ana, Ph.D., Superintendent

Michael P. Bishop, Sr. CBO, Deputy Superintendent, Operations

Tony Wold, Ed.D., Executive Director, Business Operations

Swandayani Singgih, Director, Budget

Christeen Betz, Director, Accounting



- **Second Interim Certification**
 - OCDE Second Interim Guidance
 - District Self Certifying as Qualified
- **Second Interim Budget Adjustments and Multi-Year Projection (MYP)**
- **Cash Flow Update**
- **Next Steps for 2012-13 Reductions and Budget Adoption**



- At the February 28, 2012 Board Meeting, the reduction target for 2012-13 was at **\$15.1 million**
- The target continually changes as more information from the Governor's proposal are analyzed
- The District must **develop a plan** to meet the reductions for the Second Interim (March 13, 2012)
 - The District would have to **identify** all the elements of the reduction plan for OCDE at Budget adoption in June 2012

The current target is \$15.1 (+/- \$3 million)

This target will continue to adjust as the year-to-date actuals are calculated, staffing is finalized, and elements of the State budget are adopted



- Staff recommends a Qualified Certification
 - Remaining budget reduction target for 2012-13 is approximately **\$15.1 million (+/- \$3 million)**
 - Remaining budget reduction target for 2013-14 is approximately **\$47.0 million**
- Expenditure decrease of \$12.8 million and revenue decrease of **\$7.6 million** are built into the projection after adjusting for State mid-year reductions, vacancies, and categorical carryover projections
- Available **one-time** resources have been fully utilized
- Health benefits actual costs have a huge upside potential to be determined by Third Interim
- Reduction in force is difficult due to preferential sub requirements
- Other forms of reduction recommendations are being developed, including negotiated reductions



- Enrollment Loss

- 2011-12 (257) students
- 2012-13 on (550) students
- The District will adjust these assumptions at the Third Interim (May 2012) after completing the P2 Attendance report (preliminary projections indicate a positive adjustment with a lesser drop in student ADA and enrollment)

- Jobs Bill

- \$8.3 million fully utilized to restore Certificated furlough days and provide a Certificated retirement incentive in the current year

- State Revenue

- Decrease of \$2.4 million in base revenue limit due to State mid-year trigger reductions

- Federal Revenue

- Decrease of \$4.9 million due to expected carryover to 2012-13 fiscal year



- **Expenditures**
 - Certificated salaries decrease of \$4.4 million due to management of master schedules and actual cost calculations
 - Classified salaries decrease of \$0.7 million due to management of vacancies and actual cost calculations
 - Employee benefits decrease of \$0.7 million due to above
 - Non-salary decrease of \$7.0 million
 - **Actual expense calculations in books, supplies and interfund transfers due to EERP reimbursement and OMMA**
- **Second Interim adjustments provide a positive one-time increase to the ending fund balance of approximately \$5.3 million compared to First Interim**



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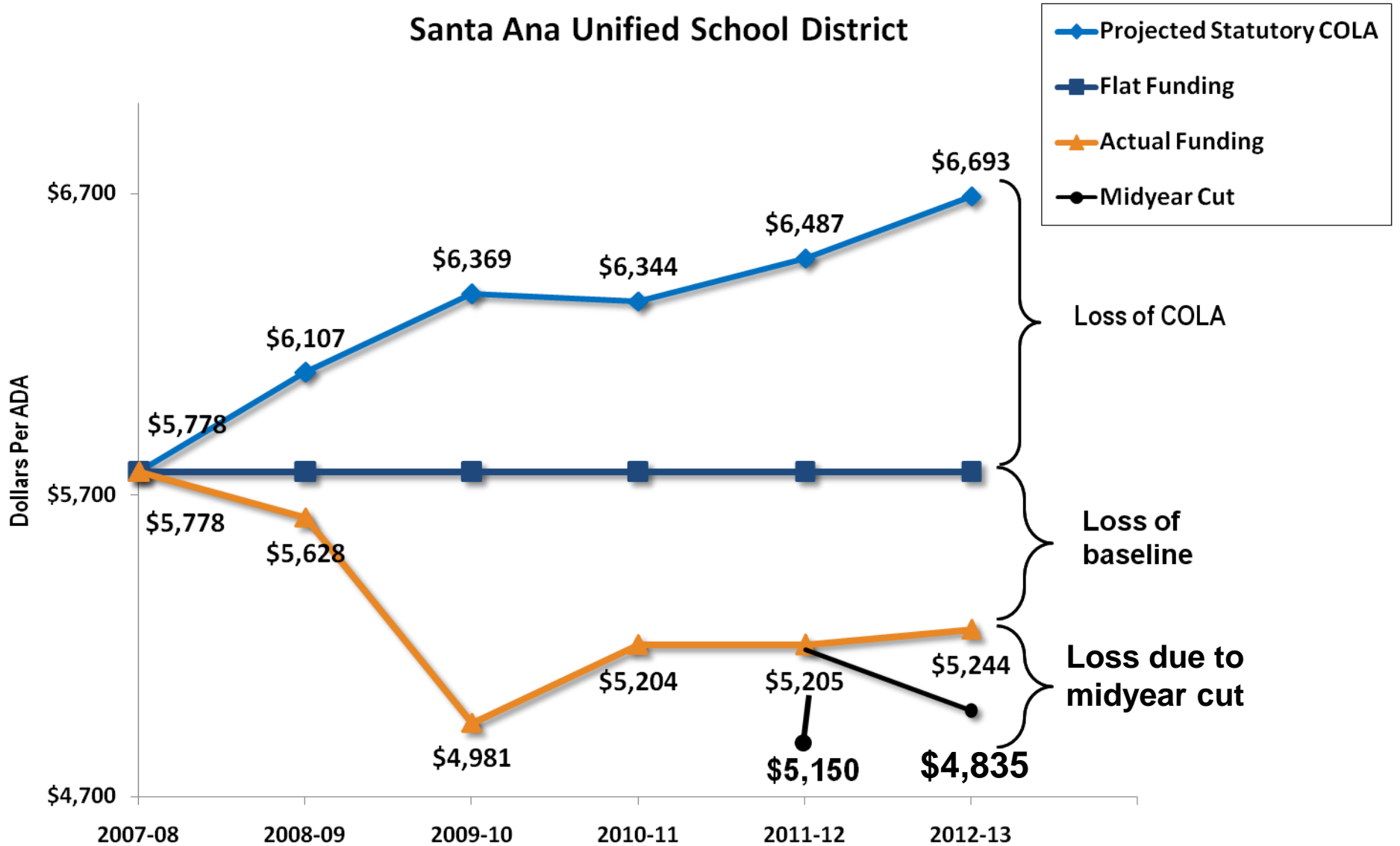
2011-12 Second Interim MYP (including unspecified cuts)

\$s in million	2010-11 Unaudited Actuals	2011-12 Budget	2012-13 Budget	2013-14 Budget
Beginning Fund Balance (a)	\$ 95.3	\$ 86.7	\$ 61.4	\$ 49.0
Add: Adjustment to Beginning Fund Bal. (b)	(\$1.0)	\$ 0.3	----	----
Add: Revenues (c)	\$478.9	\$477.4	\$454.0	\$420.2
Less: Expenditures (incl. Budget Reductions) (d)	\$486.5	\$503.0	\$466.4	\$421.2
Net Increase / (Decrease) (e) = (c) - (d)	(\$7.6)	(\$25.6)	(\$12.4)	(\$1.0)
Ending Fund Balance (a) + (e)	\$ 86.7	\$ 61.4	\$ 49.0	\$ 48.0
<u>Non-spendable:</u> Revolving Cash/ Stores / Prepaid Expend.	\$1.2	\$1.2	\$1.2	\$1.2
<u>Restricted:</u> Desig. for Restricted Fund Bal.	\$9.0	\$5.0	\$2.8	\$1.5
<u>Committed:</u> Stabilization Arrangements	\$24.4	\$22.6	\$9.4	\$3.6
<u>Assigned:</u>				
- Restoration of State cuts / Future State cuts / COLA	\$13.5	\$17.2	\$20.0	\$25.9
- Desig. for Unrestricted Reserve (Instr. Mat'l, CalSafe, Community Day, CAHSEE, Summer School, etc.)	\$7.4	\$5.3	\$6.3	\$7.4
- Board approved carryover utilized one-time in 2011-12	\$21.5	----	----	----
<u>Unassigned/Unappropriated:</u>				
- Desig. for Economic Uncertainties (f)	\$9.7	\$10.1	\$9.3	\$8.4
(f) / (d)	2.0%	2.0%	2.0%	2.0%
Additional Budget Cuts	----	----	\$15.1	\$47.0



<u>\$s in millions</u>	2011-12	2012-13	2013-14
First Interim	\$53.7	\$41.3	\$38.6
Second Interim	\$56.3	\$46.2	\$46.6
Variance	\$ 2.6	\$ 4.9	\$ 8.0

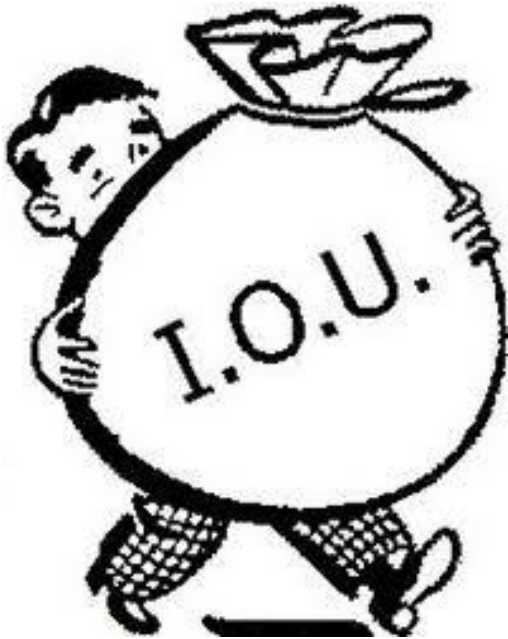
- Changes in ending fund balance are due to changes in budget assumptions
- Major changes from First Interim to Second Interim include:
 - Changes in budget assumptions due to Governor’s January budget proposal
 - Adjustments and interfund transfers





**Projected Ending Balances
(All Other Funds)**

Fund (all \$s in 000's)	2011-12 First Interim	2011-12 Second Interim	Difference
Fund 11 - Adult Education	\$0	\$0	\$0
Fund 12 – Child Development	\$89	\$89	\$0
Fund 13 – Cafeteria	\$15,945	\$13,772	<\$2,173>
Fund 14 – Deferred Maintenance	\$0	\$0	\$0
Fund 17 – Special Reserve	\$13,576	\$13,576	\$0
Fund 21 – Building	\$982	\$697	<\$285>
Fund 25 – Capital Facilities	\$1,302	\$1,120	<\$182>
Fund 35 – School Facilities	\$0	\$14,934	\$14,934
Fund 40 – Special Reserve/Capital Outlay	\$137	\$222	\$85
Fund 49 – Capital Projects (COP)	\$155	\$155	\$0
Fund 51 – Bond Interest & Redemption	\$13,779	\$13,779	\$0
Fund 56 – Debt Service	\$7,208	\$7,073	<\$135>
Fund 67 – Self-Insurance Fund	\$2,344	\$3,122	\$778



The State will pay the District, not on Tuesday but several months later, for money they owe us!

They will pay us late even though we have obligations such as payroll, vendor invoices that must be paid on a timely basis.

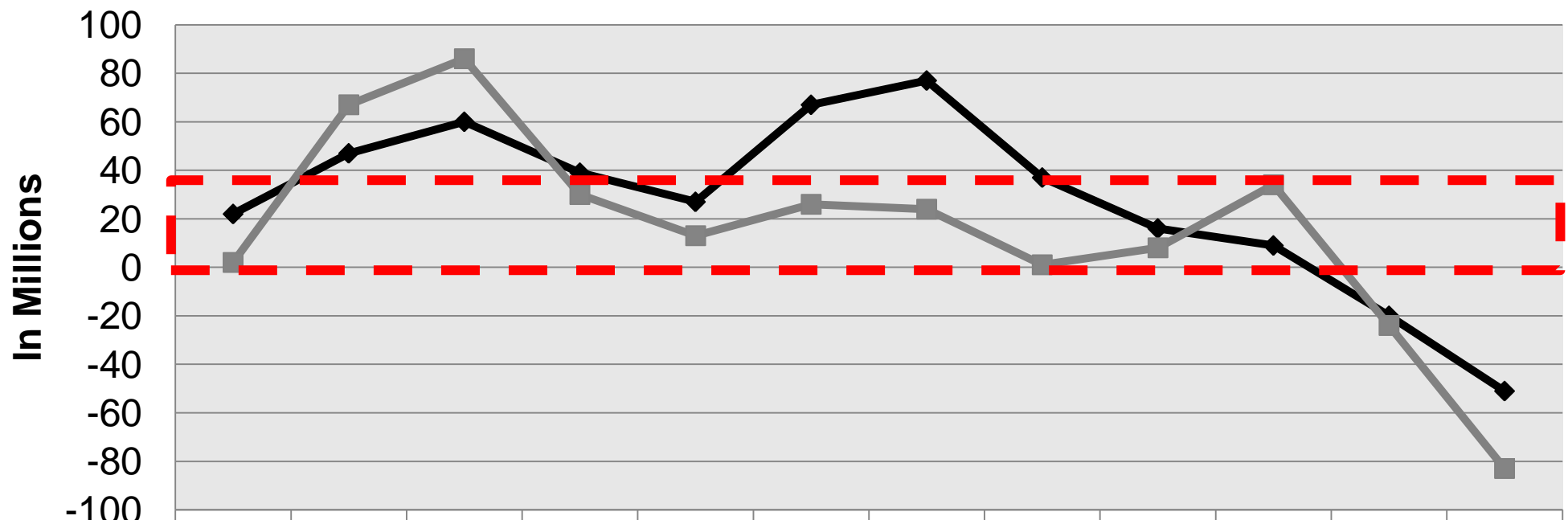


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SAUSD Cash Projections (as of February 29, 2012)

Cash Projections



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
■ 2012-13	-20	20	26	-9	-14	-41	-53	-36	-8	25	-4	-32
◆ 2011-12	22	47	60	39	27	67	77	37	16	9	-20	-51



- **2011-12** projected cash shortfall in May and June
- Business Services will recommend Cash Borrowing from the Orange County Treasury
- Currently estimated amount of \$65 million will be transferred into the General Fund no later than April 30, 2012
- **2012-13** earliest projected cash shortfall is in October
- Business Services will recommend Cash Borrowing from the Orange County Treasury
- With the terms set forth by the Orange County Treasury, the District may borrow up to two consecutive years with the Board approved resolution as long as the original loan has been repaid

Borrowing from the Orange County Treasury is an available option for both 2011-12 and 2012-13 fiscal years

The amount borrowed for the 2011-12 fiscal year may change based on March actuals



**Days
Remaining to
Identify 2012–
13 Reductions**

91

Date	Event or Activity
\$10.0	Negotiations with our certificated & classified associations (SAEA & CSEA respectively) for <u>ongoing reductions</u>
\$5.1	Ongoing non-salary program reductions to be identified
\$20.0	Mid-year reductions if Governor's tax plan does not pass

