



2012-13 First Interim

(Financial Information as of October 31, 2012)

December 11, 2012

Getting to the Core



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Tonight's Goal



1. Review and acceptance of 2011-12 Annual Financial Report (Audited Financials)
2. Approve 2012-13 First Interim Report
3. Cash Flow
4. Next Steps

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2012-13 First Interim Budget



- The District's 2012-13 Revenue budget was based upon the June 27th Enacted State Budget:
 - Budget assumed the passage of Proposition 30
 - "Flat" funding
 - Potential mid-year reduction of approximately \$441/ADA was reserved in assigned category of ending fund balance
 - The Board of Education's priorities
 - Orange County Department of Education (OCDE) direction.

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First Interim Report

Key Changes & Assumptions

- Continues to budget Base Revenue Limit at a “flat” funding
- Federal & State Categorical Programs
 - Re-budgeting of carryover dollars and new award dollars
- COLA & Deficit Reduction



	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
COLA	3.24%	0.00%	2.30%
Deficit Reduction	<22.272%>	<22.272%>	<22.272%>

- 2012-13 COLA. The deficit factor is eliminating the statutory COLA of 3.24% resulting in flat funding.
- 2013-14 COLA. No COLA is budgeted in 2013-14.
- 2014-15 COLA. Funding of COLA for the out year is suspect. Given guidance from OCDE, funds are reflected in Revenue assumptions but designated as assigned against future State cuts in the GASB 54 reporting.

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General Fund Revenue Distribution

(Combined Restricted/Unrestricted)

(\$s in millions)	2012-13 Adoption	2012-13 Budget As of Oct 31, 2012	Difference		
			Unrestricted	Restricted	Total
Revenue Limit	\$276.7	\$276.8	\$0.1		\$0.1
Federal Revenue	\$61.3	\$65.9	(\$1.3)	\$5.9	\$4.6
Other State Revenue	\$105.4	\$108.6	\$2.1	\$1.1	\$3.2
Other Local Revenue	\$8.0	\$8.5	(\$0.1)	\$0.6	\$0.5
Total	\$451.4	\$459.8	\$0.8	\$7.6	\$8.4

The revenue increase is attributable to:

Unrestricted: 1) Reducing MAA budget; 2) Budgeting Mandated Block Grant and additional Unrestricted Lottery

Restricted: 1) Adjusting the current year awards; (2) Re-budgeting of Federal and State Categorical carryovers, and (3) Budgeting new local revenues

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General Fund Expenditure Distribution

(Combined Restricted/Unrestricted)

(\$s in millions)	2012-13 Adoption	2012-13 Budget As of Oct 31, 2012	Difference		
			Unrestricted	Restricted	Total
Certificated Salary (incl. Mgt)	\$233.8	\$240.2	\$2.0	\$4.4	\$6.4
Classified Salary (incl. Mgt)	\$66.1	\$66.9	\$0.4	\$0.4	\$0.8
Employee Benefits	\$99.8	\$102.2	\$1.0	\$1.4	\$2.4
Non-Salary Expenses	\$83.2	\$89.0	\$1.9	\$3.9	\$5.8
Total	\$482.9	\$498.3	\$5.3	\$10.1	\$15.4

The expenditure increase is attributable to:

Unrestricted: 1) Under projection of teacher salaries at the adoption including corresponding statutory benefit costs; 2) Debt service reduction for ROP; 3) Interfund transfers: a) from Fund 01 to Fund 69 for retirees' premium reimbursement and b) from Fund 01 to Food Service for activity supervisors' costs from 2008-09 through 2010-11.

Restricted: Budgeted prior year's carryover plus additional expenses for new grant/entitlement

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2012-13 First Interim MYP (including unspecified cuts)



\$s in million	2011-12 Unaudited Actuals	2012-13	2013-14	2014-15
Beginning Fund Balance (a)	\$ 86.7	\$ 70.6	\$ 45.6	\$ 24.3
Add: Revenues (b)	\$475.1	\$473.4	\$443.8	\$437.1
Less: Expenditures (incl . Required Budget Cuts below) (c)	\$491.2	\$498.4	\$465.1	\$430.4
Net Increase / (Decrease) (d) = (b) - (c)	(\$16.1)	(\$25.0)	(\$21.3)	\$ 6.7
Ending Fund Balance (a) + (d)	\$ 70.6	\$ 45.6	\$ 24.3	\$ 31.0
<u>Non-spendable:</u> Revolving Cash/ Stores / Prepaid Expend.	\$1.3	\$1.2	\$1.2	\$1.2
<u>Restricted:</u> Desig. For Restricted Fund Bal.	\$9.2	\$7.7	\$8.1	\$8.4
<u>Assigned:</u>				
- Reserve for Mid-year cuts/budget reductions	\$24.1	\$21.5*	---	---
- Desig. for Unrestricted Reserve (Instr. Mat'l, CalSafe, Community Day, CAHSEE, etc.)	\$9.0	\$5.3	\$5.2	\$5.2
- Desig. Future/State Cuts	---	---	---	\$6.3
- Desig. for Restoration of 11-12 cut for 12-13	\$17.2	---	---	---
<u>Unassigned/Unappropriated:</u>				
- Desig. for Economic Uncertainties (e)	\$9.8	\$9.9	\$9.8	\$9.9
(e) / (c)	2.0%	2.0%	2.0%	2.0%
Required Budget Cuts	----	----	\$15 - \$25*	TBD

*Incorporates 2012-13 ending fund balance to push the budget cuts to 2014-15

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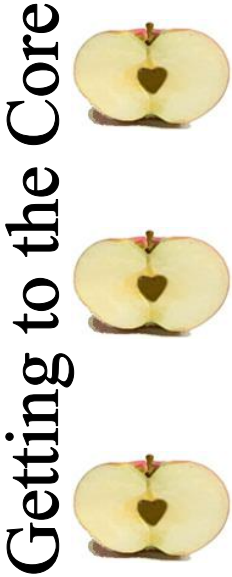
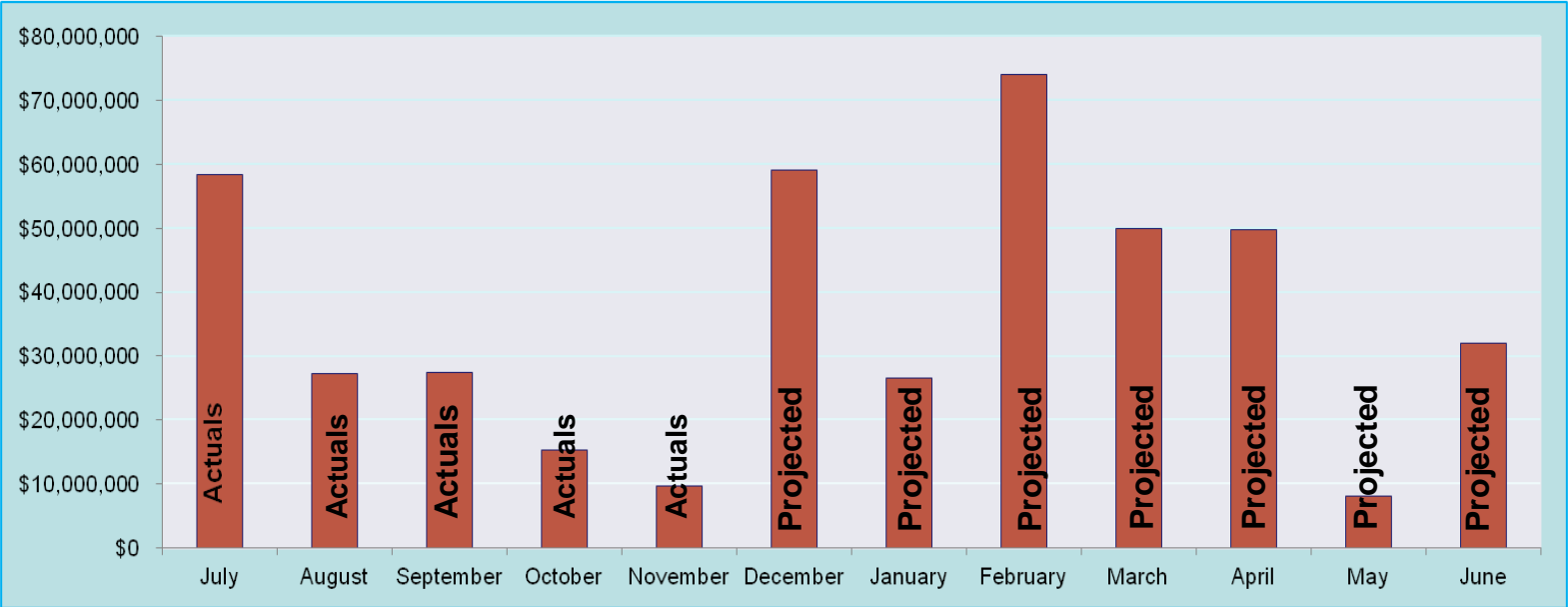


2012-13 Cash Flow as of October 2012

Cash Ending Balance for June 2013 is projected to be \$30 million positive. The projection is based on the following:

- First Interim Budget
- Borrowing from the Orange County Treasury - \$70 million
- All State Deferrals scheduled
- One time reserve transfer from Special Revenue Fund (Fund 17) of \$13.6 million

2012-13 Monthly Cash Balances as of October 2012



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Projected Ending Balances (All other Funds)



Fund (all \$s in 000's)	2012-13 Adopted Budget	2012-13 First Interim	Difference
Fund 12 – Child Development	\$75	\$75	\$0
Fund 13 – Cafeteria	\$17,488	\$17,068	<\$420>
Fund 14 – Deferred Maintenance	\$339	\$337	<\$2>
Fund 17 – Special Reserve	\$4	\$0	<\$4>
Fund 21 – Building	\$26,352	\$13,330	<\$13,022>
Fund 25 – Capital Facilities	\$3,088	\$4,276	\$1,188
Fund 35 – School Facilities	\$101,789	\$47,483	<\$54,306>
Fund 40 – Special Reserve/Capital Outlay	\$1,115	\$2,936	\$1,821
Fund 49 – Capital Projects (COP)	\$1,137	\$1,099	<\$38>
Fund 51 – Bond Interest & Redemption	\$13,806	\$13,806	\$0
Fund 56 – Debt Service	\$8,158	\$8,158	\$0
Fund 67 – Self-Insurance Fund	\$6,646	\$8,057	\$1,411

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Next Steps - Budget

Date	Event or Activity
Dec 15	Special Study Session – District Budget Priorities
Jan 22 Feb 12 & 26	Budget Update on Governor’s 2013-14 Budget Proposal
Jan / Feb ?	Special Board Meeting on Proposed Budget Reductions
Mar 12	Presentation of Second Interim Report

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