



Santa Ana
Unified School District

2011-12 Budget Update & Unaudited Actuals

September 13, 2011

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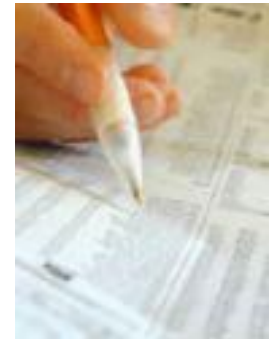


- 2010 – 11 Unaudited Actuals
- Budget Update
- Cash Flow Update
- Enrollment Update
- Next Steps



Santa Ana
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2010-11 Unaudited Actuals





• **2010-11 Unaudited Actuals closed as follows:**

* At 2011-12 Adopted Budget

(\$s in millions)	Estimated 2010-11 Fund Balance *	2010-11 Unaudited Actual Fund Balance	Difference
Unrestricted	\$78.3	\$77.7	-\$0.6
Restricted	\$ 7.0	\$ 9.0	+\$2.0
Total	\$85.3	\$86.7	+\$1.4

- Unrestricted unfavorable variance primarily attributable to:
 - Prior year Accounts Payable adjustments due to over clearing Accounts Payable account when reversing the accruals
- Restricted favorable variance is primarily attributable to less than anticipated spending from Medi-Cal, EIA, Lottery-Instructional Materials, QEIA, other local programs
 - Dollars will be carried over to 2011-12



(\$s in millions)		2010-11	2011-12	2012-13	2013-14
b	Beginning Fund Balance	\$95.3	\$86.7	\$58.0	\$53.9
c	Adjustment to Beginning Fund Balance	(\$1.0)	---	---	---
	Add: Revenues	\$478.9	\$457.8	\$460.6	\$444.9
	Less: Expenditures (incl. Budget Reductions)	\$486.5	\$486.5	\$464.7	\$442.5
d	Net Increase/(Decrease) in Fund Balance	(\$7.6)	(\$28.7)	(\$4.1)	\$2.4
	Ending Fund Balance	\$86.7	\$58.0	\$53.9	\$56.3
	Less: a) Non-spendable (Revolving Cash/Stores)	\$1.1	\$1.2	\$1.2	\$1.2
	b) Restricted	\$9.0	\$7.6	\$3.4	\$2.0
	c) Committed: Stabilization Arrangements	\$24.4	\$16.3	\$6.4	\$11.1
f	d) Assigned: Future State Cuts/COLA		\$17.2	\$26.7	\$25.3
	Board approved one-time cuts for 2011-12	\$21.5			
	Est. one-time/mid-year cuts	\$13.5			
	Other Designations (est. site carryover, Instr Materials, CalSafe, Community Day, CASHEE)	\$7.5	\$5.9	\$6.9	\$7.9
g	e) Unassigned: Reserve for Economic Uncert. (%)	\$9.7(2%)	\$9.9 (2%)	\$9.3 (2%)	\$8.8 (2%)
e	Budget Reductions *included in Adopted Budget		(\$31.5)*	(\$32.0)	(\$30.0)



- **Column Headings titled 2010-11 through 2013-14**

- a
 - 2010-11: Numbers shown are actuals
 - 2011-12 through 2013-14: Numbers shown are projections

- **Beginning Fund Balance**

- b
 - Beginning Fund Balance for the General Fund (Unrestricted & Restricted Combined)

- **Adjustment to Beginning Fund Balance**

- c
 - Adjustments to 2010-11 Beginning Fund Balance due to prior year Accounts Receivables and Payables adjustments.

- **Revenues, Expenditures, Net Increase/(Decrease) & Ending Fund Balance**

- d
 - The Net Increase/(Decrease) and any adjustments to beginning fund balance are added to each year's respective beginning balance to derive the Ending Fund Balance
 - $(b) + (c) + \text{Net Increase/(Decrease)} = \text{Ending Fund Balance}$



- **Budget Reductions**

e

- Current projected amount of budget cuts needed to maintain fiscal solvency
- These reductions are assumed to have been made and their impact reflected in the Ending Fund Balance
- If these cuts are not made, the Ending Fund Balance will decrease

- **Designations (per GASB 54)**

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- Amounts from the Ending Fund Balance that are reserved for other purposes:
 - Non-spendable: For revolving cash, warehouse inventory & prepaid expenses
 - Restricted: Funds that can only be used as specified by the respective categorical programs
 - Committed – Stabilization Arrangements: Funds that can only be used for specific purposes as imposed by formal action of the Board of Education, i.e. reserves for one-month payroll costs
 - Assigned: For future use / obligations related to future State cuts/COLA, Board approved one-time cuts for 2011-12, estimated one-time/mid-year cuts, Instructional Materials, CalSafe, CAHSEE, estimated site carryover, etc.
 - Unassigned – Reserve for Economic Uncertainties

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- **The true amount of district reserves**
- Projected Ending Balance minus Designations (Non-spendable, Restricted, Committed, Assigned) = DEU
- State mandates a minimum reserve of at least 2% for current & future years



(\$s in millions)	2010-11	2011-12	2012-13	2013-14
Budget Cuts <u>not</u> yet Identified &/or Approved	---	---	<\$32.0>	<\$30.0>
Reserves with above cuts	2.0%	2.0%	2.0%	2.0%
Reserves without above cuts	2.0%	2.0%	<7.2%>	<26.1%>



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Ending Balances (All Other Funds)

Fund (all \$s in 000's)	2010-11 Estimated Actuals	2010-11 Unaudited Actuals	Difference
Fund 11 - Adult Education	\$0	\$0	\$0
Fund 12 – Child Development	\$90	\$88	<\$2>
Fund 13 – Cafeteria	\$15,576	\$15,895	\$319
Fund 14 – Deferred Maintenance	\$86	\$108	\$22
Fund 17 – Special Reserve	\$13,177	\$13,576	\$399
Fund 21 – Building	\$78,100	\$76,729	<\$1,371>
Fund 25 – Capital Facilities	\$342	\$1,343	\$1,001
Fund 35 – School Facilities	\$91,112	\$84,845	<\$6,267>
Fund 40 – Special Reserve/Capital Outlay	\$1,243	\$1,285	\$42
Fund 49 – Capital Projects (COP)	\$2,094	\$2,158	\$64
Fund 51 – Bond Interest & Redemption	\$14,110	\$16,526	\$2,416
Fund 56 – Debt Service	\$6,527	\$6,833	\$306
Fund 67 – Workers' Comp/Self-Ins.	\$550	\$1,624	\$1,074
Health & Welfare Benefits (Fund 69)	\$304	\$303	<\$1>



- Governor's May Revise provided no surprises and was within District projections
- SAUSD Adopted Budget
 - Met reduction targets of **\$31.5 million**
 - **\$27.5 million** of the solutions use one-time funds
 - No layoffs
 - No significant changes from past 5 months of budget updates
- Potential for 2011-12 mid-year cuts (“trigger language”)
- Expect the 2012-13 budget challenge to be more difficult than fiscal 2011-12
 - Federal ARRA funds have been utilized
 - **\$32.0 million** in reductions are needed
 - This is AFTER utilizing Fund 17 reserves
 - 90 days remaining until ongoing reductions must be identified



- **State Budget was approved in June**
 - “Flat funding” for school districts from 2010-11
 - Previous year one-time Base Revenue Limit funds included in adopted budget
 - SAUSD did budget this revenue and assigned it in row D of the ending fund balance

- **“Trigger” Language for mid-year budget reductions if State Revenue projections fall short**
 - Up to a \$2 billion reduction is possible if the State ends up \$4 billion short of projections
 - The State has implemented an additional cash deferral (Revenue Limits & State categorical programs)
 - Additional deferrals are a possibility as the State manages cash



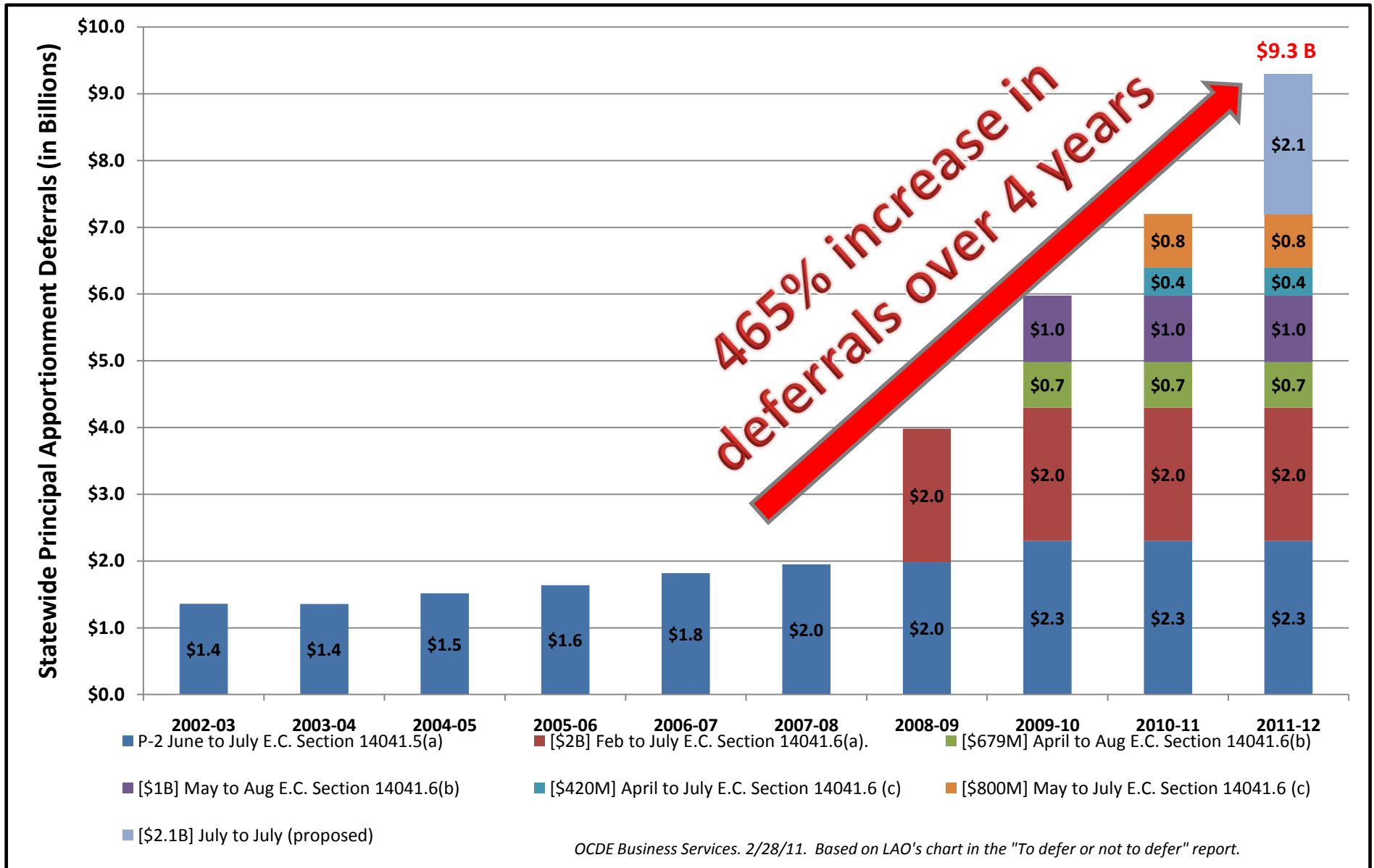


- **Federal Jobs Bill**
 - Partially used in 2010-11 for Certificated and Classified retirement incentive (\$2 million)
 - Used to restore 5 negotiated furlough days with certificated and administration in the current year (\$6.5 million)
 - Approximately \$1.8 million remains to be utilized in 2011-12
- **School Improvement Grant (Transformational Schools)**
 - SIG schools were required to complete a corrective action plan prior to the opening of school to maintain year 2 funding which included an extension of the school day for Increased Learning Time.
 - An amended plan is due to the California Department of Education this week
- **QEIA**
 - Sites are reviewed on multiple targets including class size and API
 - 13 of 14 sites met the 3 year API improvement goal
 - Funding is in jeopardy due to class size targets



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

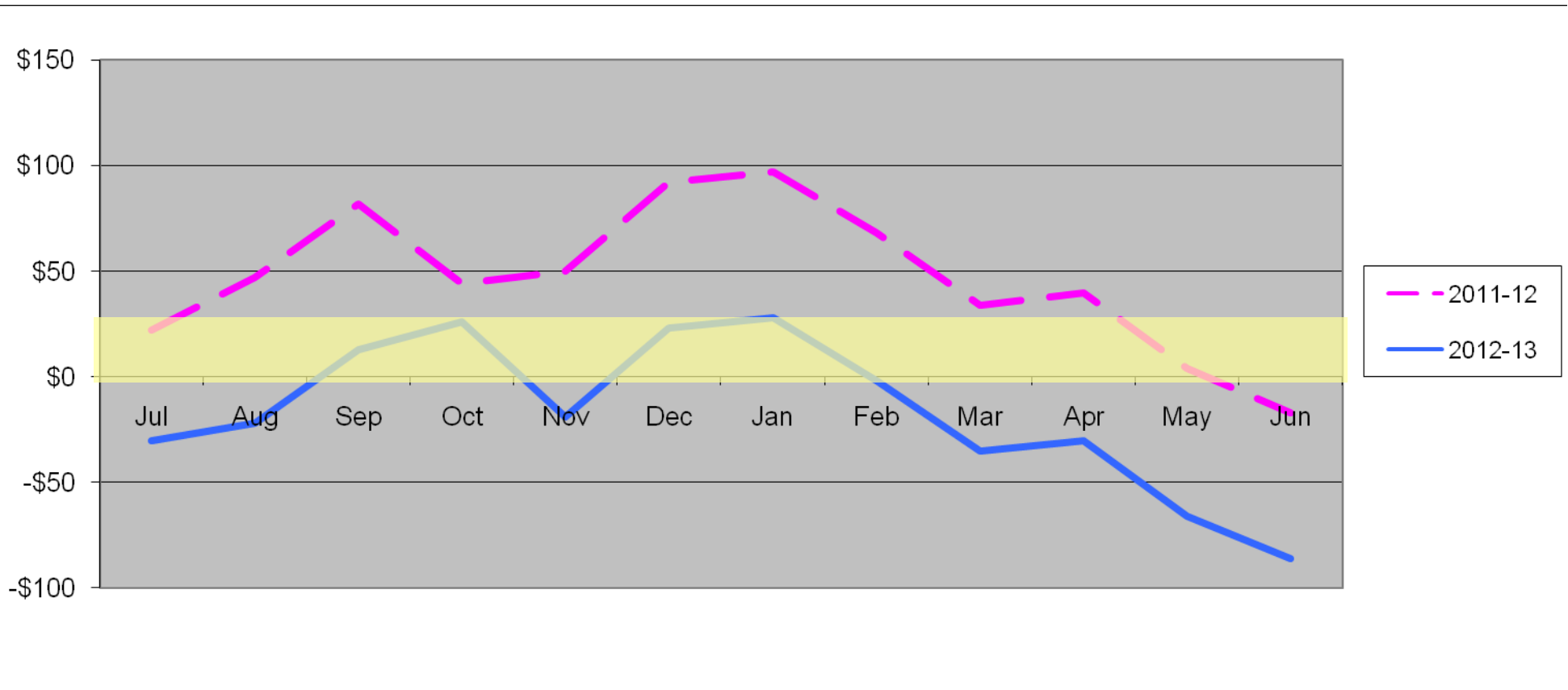
They will pay us late even though we have obligations such as payroll, vendor invoices that must be paid on a timely basis.





Santa Ana Unified School District

Projected SAUSD Cash Flow (as of 08/31/11)



Cash balance as of August 30, 2011 is \$47 million.
Projections for June 2011-12 and 2012-13 are negative
-\$17 million and negative -\$86 million.



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2010-11 Enrollment as of September 12*





The District has utilized a three-level approach to enrollment projections the past two school years and bases staffing allocations on the final projection

- Input from site principal
- Demographic analysis include trends and historical cohort-survival rates (previously used Dolinka but now done by Facilities)
- District adjustments based upon multiple factors done in collaboration with Human Resources, Facilities, Business Operations

Year	Dolinka	District	CBEDS	Difference (CBEDS v. District)	% Difference
2011 - 12		53,996	53,376*	(620)	(1.14%)
2010 – 11	53,289	53,256	53,942	686	1.28%
2009 – 10	55,025	54,813	54,084	(729)	(1.32%)
2008 – 09	54,314	54,210	54,584	374	0.68%
2007 – 08	53,693	55,043	54,449	(594)	(1.08%)
2006 – 07		55,053	54,899	(154)	(0.27%)
2005 – 06		58,169	56,574	(1,595)	(2.74%)
2004 – 05		58,656	58,884	228	0.38%
2003 – 04		62,656	59,895	(2,761)	(4.40%)
2002 – 03		58,953	60,973	2,020	3.42%

* Current enrollment estimate not finalized



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2011-12 Enrollment

	2010-11 CBEDS	2011-12 Projected Enrollment	Actual as of 9/12/11	Diff.	Percent Change
Elementary (includes K-6 sites)	26,586	27,055	26,747	(308)	(1.13%)
Intermediate	11,488	11,369	11,315	(54)	(0.47%)
High School	15,868	15,572	15,314	(258)	(1.65%)
Total	53,942	53,996	53,376	(620)	(1.14%)

Schools have monitored enrollment on a daily basis. This past week no show students are inactivated from enrollment and sites are beginning the outreach process of locating these students. High Schools have been actively working to contact students that did not attend Program Verification as demonstrated by the increase of 525 enrollment since our last Board presentation.

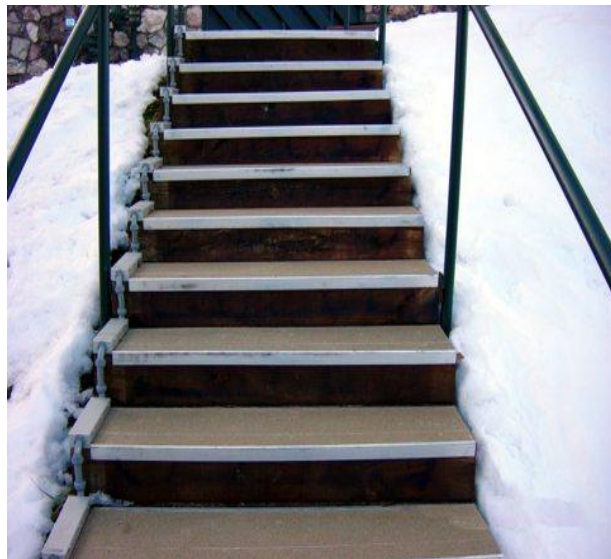
Changes since Previous Board	8/26/11 presentation Projection	Actual as of 9/12/11	Diff.
Elementary (includes K-6 sites)	26,936	26,747	(189)
Intermediate	11,463	11,315	(148)
High School	14,789	15,314	525
Total	53,188	53,376	188



- Enrollment is monitored daily and staffing is adjusted quickly to though collaboration with Human Resources, Business Operations and the Elementary and Secondary Divisions
 - High School staffing is locked after Program Verification to ensure that there is not disruption in the master schedule
 - Elementary enrollment is monitored and staffing and balancing adjustments on verified enrollment were made prior to the first day
- Staffing is budgeted based upon enrollment projections but not all positions are filled immediately
 - Staff is not hired until there is verified enrollment at the elementary and intermediate level
 - The district receives funding for the higher ADA of the current or previous year.
 - The current decline of enrollment versus would ultimately impact 2012-13 revenue
 - Through proper monitoring of enrollment the District did not hire surplus teachers which will offset the loss of revenue in 2012-13



Days
Remaining to
Identify
2012-13
Reductions
90



Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA respectively)
Sept. 27, Oct. 11 & 25 Nov. 8 & 22	Budget Updates (if applicable)
Dec. 13	Presentation of First interim Report, Approval of 2012-13 Budget Reductions (current target \$32 million)
Jan 2012	Governor's Proposed Budget and possible mid-year "trigger" based upon State Revenue projections
March 13, 2012	Presentation of Second Interim Report
June 12, 2012	Presentation of 2012-13 Budget for adoption