



2011-12 Third Interim Financial Report and Preliminary May Revise Update

Board Item #10.2

Board of Education

May 17, 2012



Overview

- Education Code Section 42130 requires report
- Provides “early warning system”
- District certifies Positive, Qualified or Negative
- Qualified certification submitted
 - May not meet financial obligations for current or two subsequent fiscal years
 - Requires Third Interim Report as of April 30



Assumptions

- Assumptions are based on best information available
 - Third Interim multi-year projections may be different than Adopted Budget
- 2011-12
 - Balanced at this time
 - Mid-year reductions included in budget



Assumptions cont'd

- 2012-13
 - Maintain same level of Average Daily Attendance as revised 2011-12
 - Projected \$370 (\$55 for 2011-12 plus \$315 for 2012-13) per ADA reduction in state revenue
 - Per Sacramento County Office of Education recommendation
 - Step and Column cost increases
 - Health and Welfare cost increases
 - Recoup one-time funds used to balance 2011-12



Assumptions cont'd

- 2012-13
 - Maintain 2% Reserve for Economic Uncertainties
 - \$43 million in reductions needed assuming tax initiative doesn't pass
 - February 2 Board approved reductions of \$28 million
 - Additional reductions needed of \$15 million



Assumptions cont'd

- 2013-14
 - Maintain same level of Average Daily Attendance as 2012-13
 - Step and Column cost increases
 - Health and Welfare cost increases
 - 2% Reserve for Economic Uncertainties requirement not met
 - Estimated \$8 million in reductions required
 - Board action will be needed



Preliminary May Revise Update

- Tax Initiative Passes
 - Weighted Student Formula implemented
 - Transportation funding becomes flexible
 - Deferrals are paid down
- Tax Initiative Doesn't Pass
 - Weighted Student Formula not implemented
 - Transportation funded - flexible?
 - No deferrals are paid down
 - Estimated reduction of \$398 per ADA
 - Legislation to reduce school year by three weeks over two year period
- No improvement in state budget picture



Status

- District is dangerously close to a negative certification
 - Continuing dialogue with Sacramento County Office of Education
 - Continuing working relationship with fiscal expert



Updated Management Report

- See Attachment



Next Steps

- Prepare Adopted Budget with best information available
 - Include May Revise
- Continue dialog with collective bargaining partners
- Continue dialog with Sacramento County Office of Education
- Continue to analyze State Budget information
- Continue to follow the approved budget calendar
- Continue to provide information to the Board, parents, community and staff