



2012-13 Second Interim Financial Report

Board Item #9.2

**Board of Education
March 21, 2013**



Overview

- Second Interim Summary
- Fund Balance
- Deficit Spending
- Cash Flow
- Multi-Year Projection
- Working Budget
- Economy
- Timeline
- Next Steps



General Fund Second Interim Summary

Unrestricted/Restricted

| | <u>2011-12</u> | <u>2012-13</u> |
|--|-----------------------------|-----------------------------|
| Beginning Balance | \$ 34,399,424 | \$ 21,113,495 |
| Revenues | \$ 391,633,130 | \$ 386,959,222 |
| Expenditures | | |
| Certificated Salaries | \$ 171,399,934 | \$ 162,498,064 |
| Classified Salaries Employee Benefits | \$ 51,607,671 | \$ 48,202,973 |
| Employee Benefits | \$ 111,595,977 | \$ 105,592,194 |
| Books and Supplies | \$ 24,962,361 | \$ 21,061,684 |
| Services/Operational Expenses | \$ 54,837,941 | \$ 55,095,811 |
| Capital Outlay | \$ 3,675,474 | \$ 364,890 |
| Other Outgo | \$ 2,169,042 | \$ 2,169,460 |
| Direct/Indirect | \$ (1,810,410) | \$ (1,375,231) |
| Total Expenditures | \$ 418,437,990 | \$ 393,609,845 |
| Interfund Transfeers In/Out | \$ 2,930,254 | \$ 710,568 |
| Ending Fund Balance (projected) | <u>\$ 10,524,818</u> | <u>\$ 15,173,440</u> |



General Fund Second Interim cont'd

Ending Fund Balance

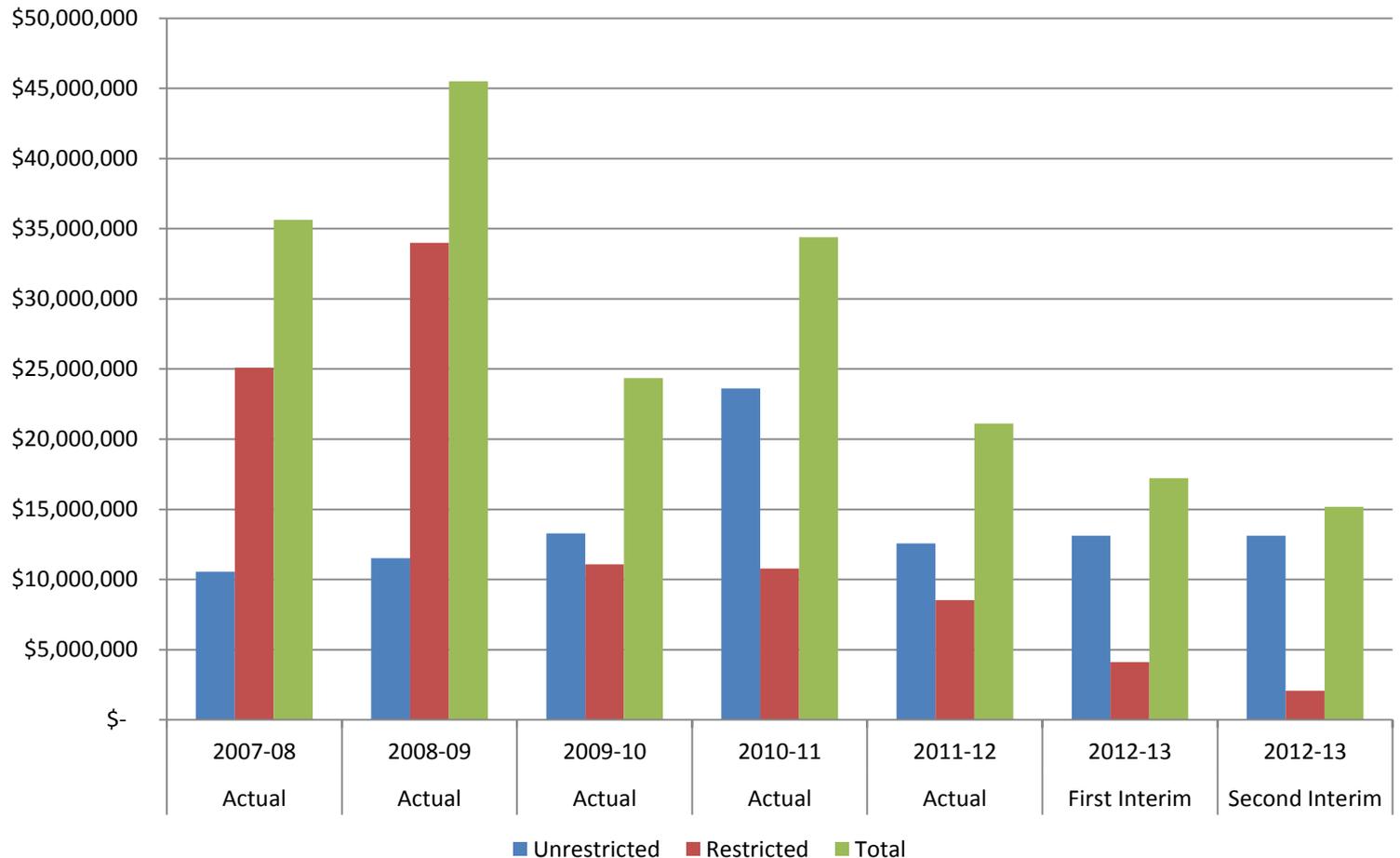
- Reserves:

| | |
|---|------------|
| – Revolving Cash and Stores | \$.545 M |
| – Required 2% Reserve for Economic Uncertainties | \$ 8.980 M |
| – Restricted | \$ 2.066M |
| – Other Assignments | \$ 3.582M |

Total Reserves **\$ 15.173M**

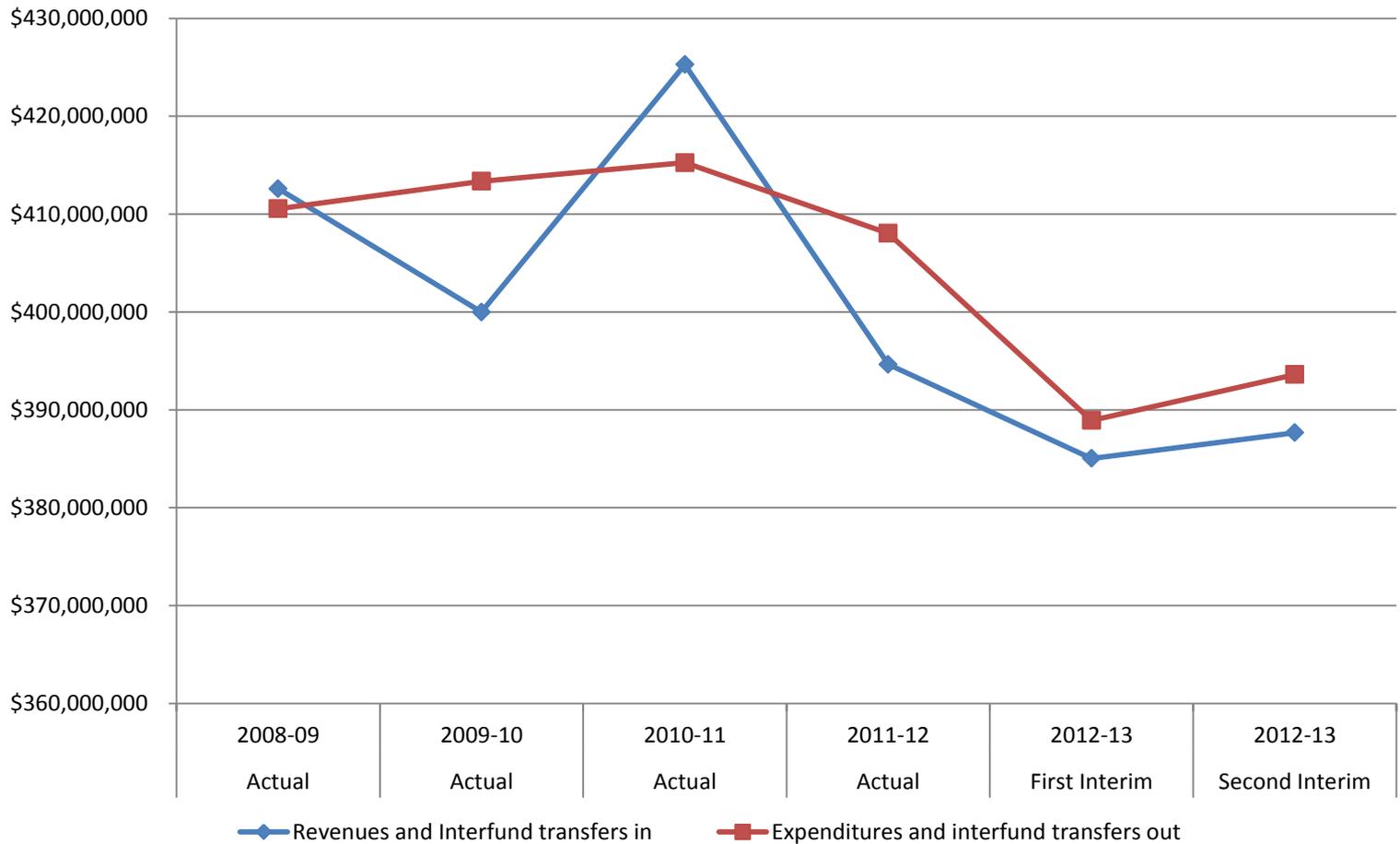


Fund Balance (incl. required 2% reserve)





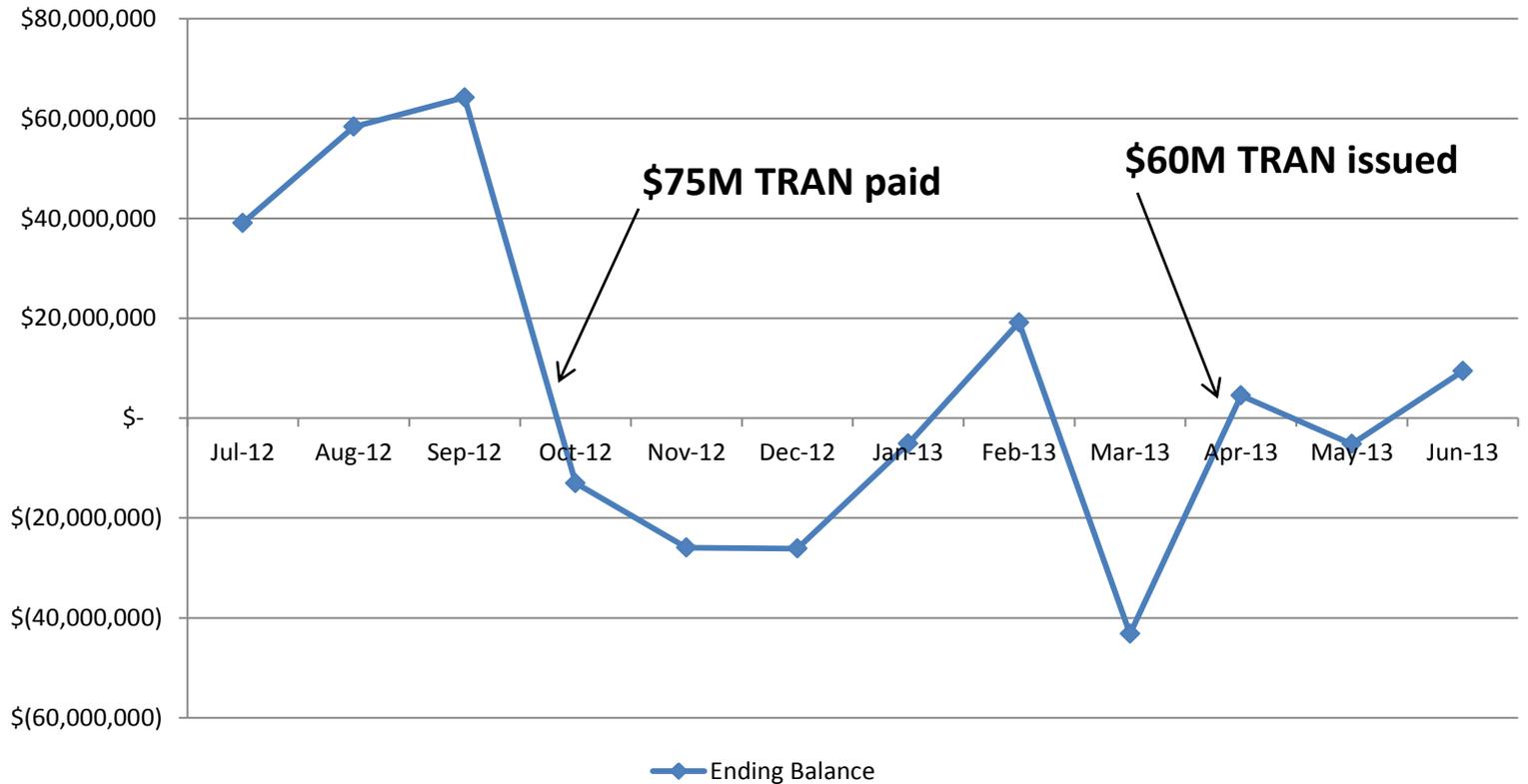
Deficit Spending





General Fund Cash

Ending Cash Balance





Multi-Year Budget Projection

| Multi-Year Unrestricted Working Budget | 2012-13 Preliminary 2nd Interim | 2013-14 | 2014-15 |
|--|---------------------------------|-----------------|------------------------|
| Revenues | \$ 264,025,518 | \$ 269,320,582 | \$ 271,834,432 |
| Contributions/Transfers | \$ (42,185,589) | \$ (42,268,969) | \$ (42,928,969) |
| Salaries/Benefits | \$ 198,906,285 | \$ 208,145,886 | \$ 220,366,636 |
| Operating Expenses | \$ 23,707,251 | \$ 23,790,496 | \$ 24,250,496 |
| Internal Charges/Credits | \$ (1,302,769) | \$ (1,302,769) | \$ (1,302,769) |
| Surplus/(Deficit) | \$ 529,162 | \$ (3,582,000) | \$ (14,408,900) |
| Beginning Fund Balance | \$ 12,577,660 | \$ 13,106,822 | \$ 9,524,822 |
| Reserves | \$ 545,000 | \$ 545,000 | \$ 545,000 |
| Designated Reserves | \$ 8,979,822 | \$ 8,979,822 | \$ 8,979,822 |
| Undesignated Balance | \$ 3,582,000 | \$ - | \$ (14,408,900) |



2012-13 Working Budget

| Unrestricted | Adopted | 45- Day Revise | First Interim | Preliminary Second Interim | Projected Year-End |
|-------------------------|-----------------|-----------------|-----------------|----------------------------|--------------------|
| Revenues | \$ 244,669,302 | \$ 245,157,398 | \$263,123,835 | \$ 264,025,518 | \$264,025,518 |
| Contributions/Transfers | \$ (39,476,881) | \$ (39,476,881) | \$ (42,185,589) | \$ (42,185,589) | \$ (42,185,589) |
| Salaries/Benefits | \$ 185,301,940 | \$ 185,790,036 | \$198,224,171 | \$198,906,285 | \$198,906,285 |
| Operating Expenses | \$ 21,692,855 | \$ 21,692,855 | \$ 23,205,183 | \$ 23,707,251 | \$ 23,707,251 |
| Internal Chages/Credits | \$ (802,374) | \$ (802,374) | \$ (1,020,270) | \$ (1,302,769) | \$ (1,302,769) |
| Surplus/(Deficit) | \$ (1,000,000) | \$ (1,000,000) | \$ 529,162 | \$ 529,162 | \$ 529,162 |
| Beginning Fund Balance | \$ 10,524,822 | \$ 10,524,822 | \$ 12,577,660 | \$ 12,577,660 | \$ 12,577,660 |
| Reserves (2%) | \$ 8,979,822 | \$ 8,979,822 | \$ 8,979,822 | \$ 8,979,822 | \$ 8,979,822 |
| Designated Reserves | \$ 545,000 | \$ 545,000 | \$ 545,000 | \$ 545,000 | \$ 545,000 |
| Undesignated Balance | 0 | 0 | \$ 3,582,000 | \$ 3,582,000 | \$ 3,582,000 |



The Economy

- UCLA forecasters see strengthening economy
 - Slowest recovery since WWII
 - GDP to grow at 2% in current year
 - GDP to grow at 3% in 2014 and beyond
 - Prior recoveries have shown annual growth of 4% to 6%
 - Strength primarily due to housing recovery and auto sales



The Economy cont'd

- Economic headwinds
 - Effects of the sequestration
 - Long-term imbalance in Federal budget
 - Increase in payroll tax and high earners tax
 - Implementation of the Affordable Care Act
- Possible tailwinds
 - Future of LCFF
 - Prop 30/tax collections



Timeline

March, 2013

3-21-2013
Second Interim
Financial Report
Conference/
Action

April, 2013

Continued
Review of State
Budget
Updates

Provide Board
Updates as
Needed

May, 2013

Governor's
May Revise
Report

05-16-2013
Staff Analysis
of Governor's
May Revise
Report

June, 2013

06-13-2013
Third Interim
Financial Report
Conference/
Action

2013-14 Budget
Presentation
Conference

06-20-2013
Public Hearing
and Adoption of
2013-14 Budget



Next Steps

- Continue to closely monitor cash situation
- Continue to monitor state budget updates
- Review budget priorities and projections for 2012-13
- Develop budget recommendations in support of academic achievement
- Continue to provide information to Board and stakeholders