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