



2011-12 Second Interim Financial Report

Board Item #9.3

**Board of Education
March 15, 2012**



Overview

- Second Interim Summary
- Fund Balance
- Deficit Spending
- LAO/Tax Initiative Update
- Cash Flow
- Approved Reductions
- Bargaining Update
- Timeline
- Next Steps



General Fund Summary Second Interim

Beginning Balance July 1, 2011	\$34,399,424
REVENUES	\$391,633,130
EXPENDITURES	
Certificated Salaries	\$171,399,934
Classified Salaries	\$51,607,671
Employee Benefits	\$111,595,977
Books and Supplies	\$24,962,361
Services/Operational Expenses	\$54,837,941
Capital Outlay	\$3,675,474
Other Outgo	\$2,169,042
Direct/Indirect	-\$1,810,410
Total Expenditures	\$418,437,990
Interfund Transfers In/Out	\$2,930,254
Ending Fund Balance June 30, 2012	\$10,524,818



General Fund Summary Second Interim cont'd

Ending Fund Balance

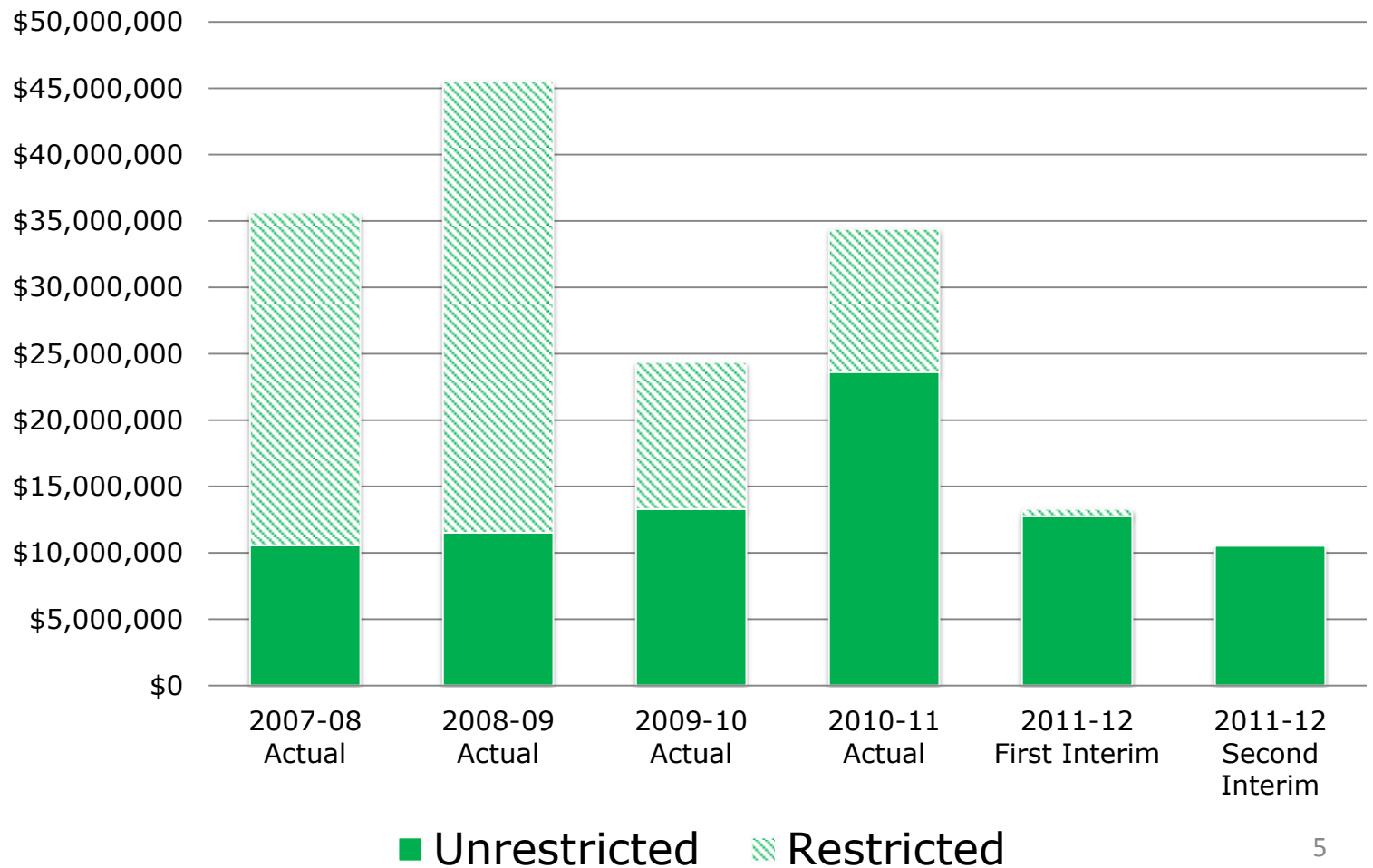
- Reserves:

– Revolving Cash and Stores	\$.545 M
– Required 2% Reserve for Economic Uncertainties	\$ 8.980 M
– Reserve for Unfunded Retiree Health Liability	<u>\$ 1.000 M</u>

Total Reserves **\$ 10.525 M**

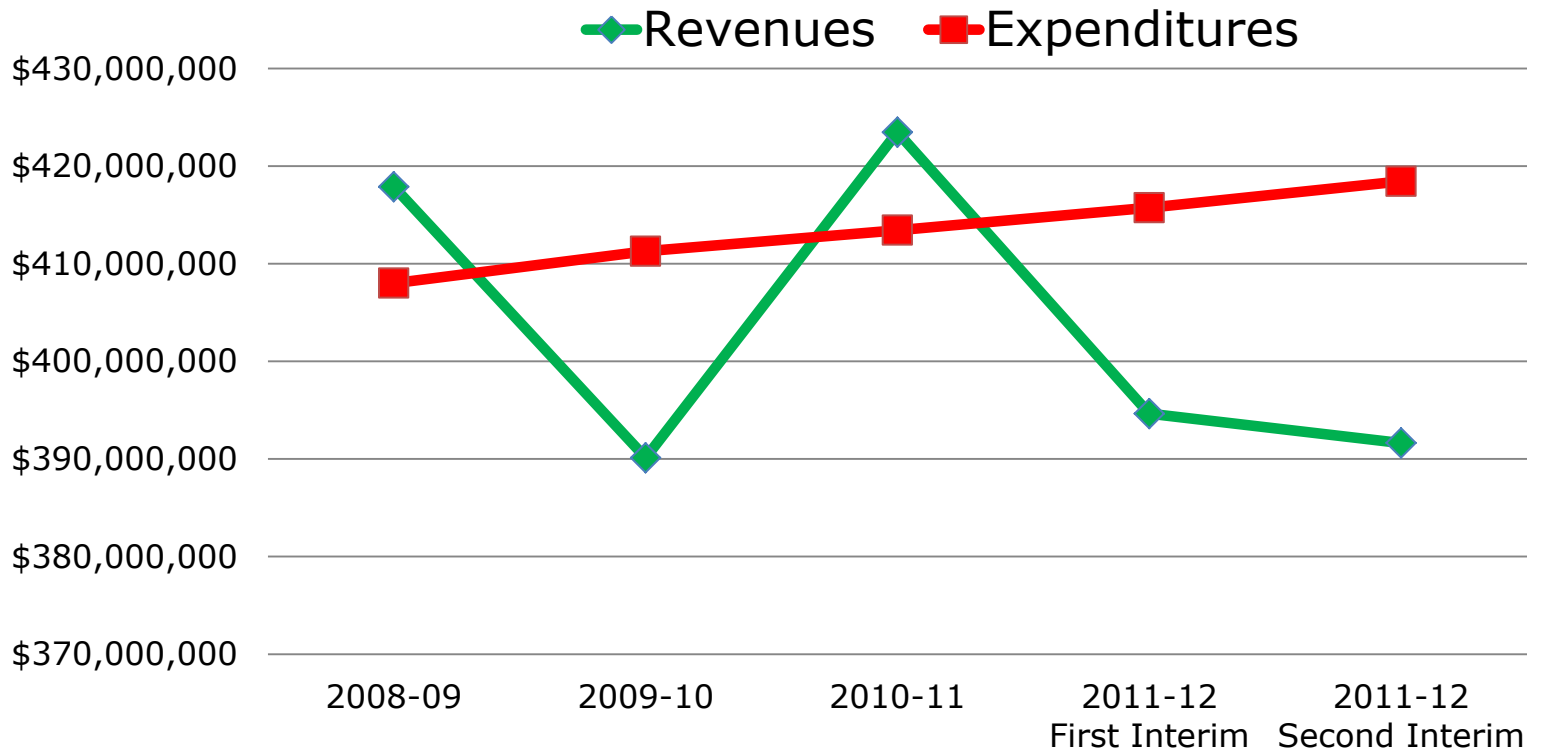


Fund Balance (incl. required 2% reserve)





Deficit Spending



Green – Revenues and Interfund Transfers IN

Red – Expenditures and Interfund Transfers OUT



Legislative Analyst Office Update

- Tax revenues may be down by \$6.5 billion compared to January Governor's State Budget estimates
 - \$8.5 billion if Facebook-related revenues are omitted
- Job growth and economic confidence rising
- Persistent joblessness and high unemployment
- Housing market remains troubled
- Corporate profits are booming
- Mixed economic news
- More information in April for May Revision process



Tax Initiative Update

- Public Policy Institute of California – Polling for Governor’s Tax Initiative - March
 - 52% of likely voters would vote yes
 - 40% of likely voters would vote no
 - 8% are undecided
- Decline from Field Poll - February
 - 58% of likely voters would vote yes
- Possible merger of initiatives



Cash Flow

The state of California, in an effort to manage its own cash flow issues, has imposed numerous intra-year and inter-year deferrals of principal apportionment funding.

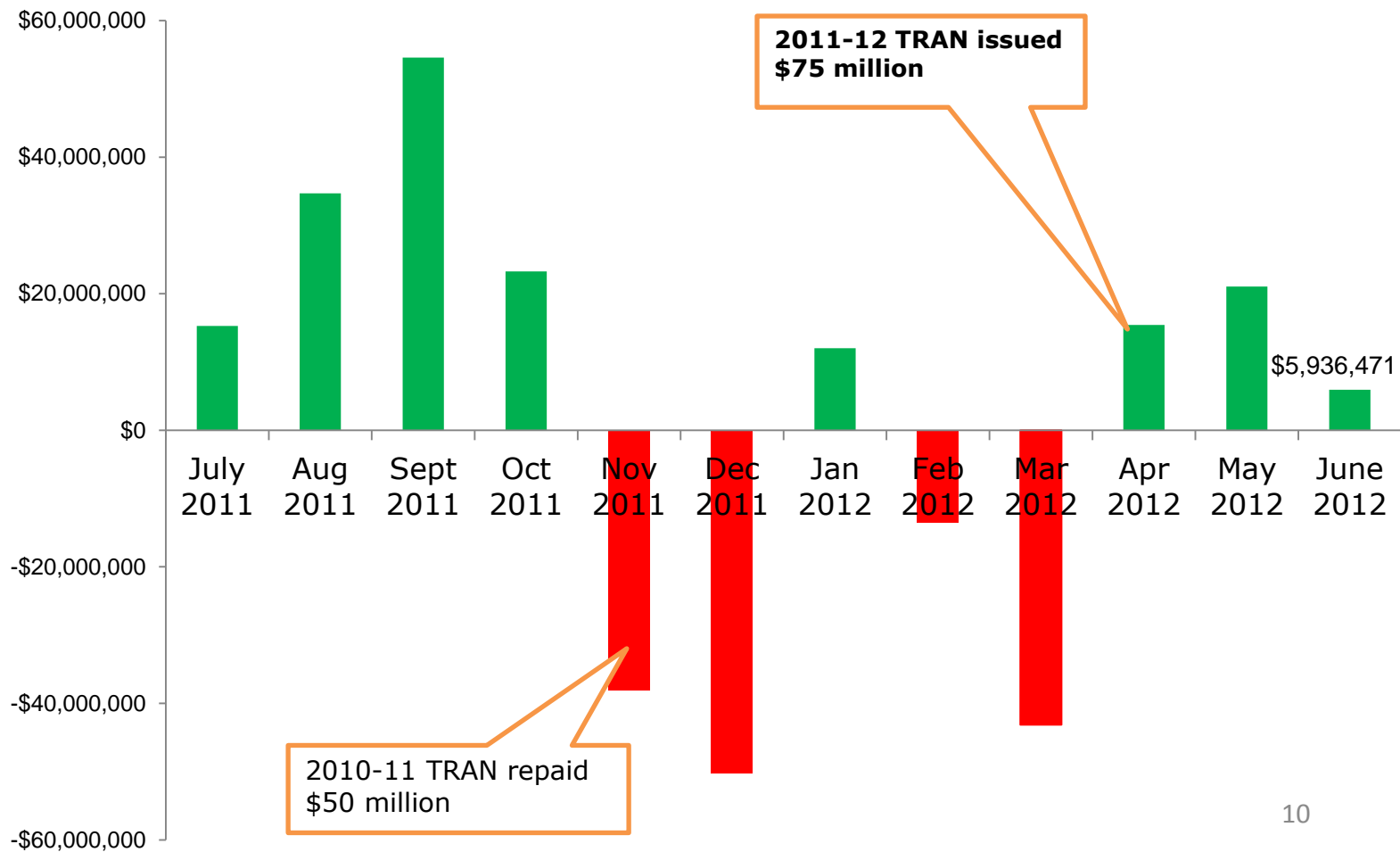
2011-12

Percentage of Apportionment

July	0.00%
August	0.00%
September	11.70%
October	0.00%
November	9.00%
December	9.00%
January	25.30%
February	1.10%
March	0.20%
April	5.35%
May	1.90%
June	0.00%
July	21.70%
August	14.75%
	100.00%



General Fund Cash





Approved Reductions – February 2, 2012

- PARS Payments Charged to Retiree Benefits Fund
- Reduce Contracts and Central Office Operating Budgets
- Use Reserve for Unfunded Liability
- Reduce Central Office Staff or Equivalent
- Five Furlough Days and Freeze Step and Column Increases for Unrepresented Management, Supervisors, Confidential (plus five furlough days for UPE pending board approval)
- 25% Reduction of Board Stipend (Calendar year 2012)



Approved Reductions – February 2, 2012 cont'd

- Eliminate Adult Education Funding
- Eliminate Deferred Maintenance Contribution
- Eliminate School Library Improvement Block Grant
- Eliminate Arts and Music Grant
- Reduce ROP and GATE by 5%
- Increase Class Sizes to Contract Maximums
- Eliminate 50% of Custodians and 50% of Plant Managers
- Eliminate Middle and High School Counselors
- Reduce Maintenance Staff by 20%



Approved Reductions – February 2, 2012 cont'd

- Eliminate Co-Curricular Support
- Eliminate 50% of Assistant Principals
- Eliminate Home-to-School Transportation
- Eliminate Middle and High School Librarians



Bargaining Update

- Negotiation sessions continuing with partners
- Information sharing
- Quick resolution needed to avoid loss of enrollment/
Average Daily Attendance



Timeline

March, 2012

**3-15-2012
Second Interim
Financial Report
Conference/
Action**

April, 2012

**Continued
Review of State
Budget Updates**

**Provide Board
Updates as
Needed**

May, 2012

**Governor's
May Revise
Report**

**05-17-2012
Staff Analysis
of Governor's
May Revise
Report**

June, 2012

**06-14-2012
Third Interim
Financial
Report
Conference/
Action**

**06-21-2012
Public Hearing
and Adoption
of 2012-13
Budget**



Next Steps

- Continue bargaining unit sessions
- Continue to closely monitor cash situation
- Continue to provide information to Board and stakeholders
- Continue to monitor state budget updates