

Annual Budget Report

2012/13

Presented to the Board of Trustees
June 18, 2012

2012/13 Annual Budget Assumptions

General Fund Revenue

➤ Revenue Limit Sources

3.24% COLA (\$203/ADA) (not funded)

22.272% DEFICIT (-\$1,432/ADA, or -\$4.4 million)

➤ ADA: 3,086

➤ Mandated Costs – None budgeted at this time

➤ Lease income and property sale proceeds are budgeted in the Special Reserve For Capital Outlay Fund

2012/13 Adopted Budget Revenues

	Estimated	Adopted	
	Actuals 2011/12	Budget 2012/13	Change
Revenue Limit	\$ 15,521,021	\$ 14,347,506	\$ (1,173,515)
Federal Income	\$ 1,250,715	\$ 1,210,688	\$ (40,027)
Other State Income	\$ 4,214,311	\$ 4,161,759	\$ (52,552)
Other Local Income	\$ 196,571	\$ 98,700	\$ (97,871)
Sub Total	\$ 21,182,618	\$ 19,818,653	\$ (1,363,965)
Interfund Transfer In	\$ 0	\$ 0	\$ 0
Total	\$ 21,182,618	\$ 19,818,653	\$ (1,363,965)

2012/13 Adopted Budget Assumptions

General Fund Revenue – Major Changes from Estimated Actuals 2011/12

(amounts are rounded to nearest \$10,000)

➤ Revenue Limit

- \$1,360,000 for mid-year cut of \$441 per ADA
- + \$150,000 restore 2011/12 mid-year cut

➤ Federal

- \$40,000 Prior year deferred revenues in 2011/12

➤ State

- \$40,000 Mandated cost revenue budgeted as received

➤ Local

- \$98,000 School donations received in 2011/12

2012/13 Adopted Budget Assumptions

General Fund Expenditures

➤ Salary

Certificated

Decrease salary for 3 additional furlough days

(-1.5%) (per contingency language)

Classified, Confidential, and Management

Decrease salary for 3 additional furlough days

(-1.5%) (per contingency language)

➤ Step and Column

Certificated 1.3% increase

Classified 1.2% increase

Management, Supervisory, and Confidential 0.7% increase

2012/13 Adopted Budget Assumptions

General Fund Expenditures

➤ Health and Welfare

Maximum medical cap estimate \$15,281 per employee
Dental, Vision, and Life Maximum actual \$1,866 per employee

➤ School Site Allocations

Per pupil allocations are \$54 per pupil at the elementary sites and \$88 per pupil at the intermediate site

➤ Consumer Price Index

Budgeted increases for operating expenses such as utilities, transportation, and repairs

2012/13 Adopted Budget Expenditures

	Estimated	Adopted	
	Actuals 2011/12	Budget 2012/13	Change
Certificated Salaries	\$ 10,827,745	\$ 10,672,352	\$ (155,393)
Classified Salaries	\$ 3,188,558	\$ 3,102,668	\$ (85,890)
Employee Benefits	\$ 4,690,809	\$ 4,796,600	\$ 105,791
Books & Supplies	\$ 982,156	\$ 856,885	\$ (125,271)
Services/Operating Exp.	\$ 1,990,288	\$ 1,892,615	\$ (97,673)
Capital Outlay	\$ 0	\$ 0	\$ 0
Other Outgoing	\$ 538,519	\$ 506,100	\$ (32,419)
Sub Total	\$ 22,218,075	\$ 21,827,220	\$ (390,855)
Interfund Transfer Out	\$ 0	\$ 0	\$ 0
Total	\$ 22,218,075	\$ 21,827,220	\$ (390,855)

2012/13 Adopted Budget Assumptions

General Fund Expenditure – Major Changes from Estimated Actuals 2011/12

(amounts are rounded to nearest \$10,000)

➤ Certificated Salaries

- +\$ 62,000 Net increase of 1.0 FTE
- \$168,000 Three additional furlough days
- +\$119,000 Step and Column
- \$52,000 Savings from 4 teacher retirements
- \$116,000 EIA funds reallocated to books and supplies

➤ Classified Salaries

- \$72,000 Three additional furlough days
- +\$65,000 Step and longevity
- \$70,000 Retirement replacement savings
- +\$16,000 Aides for new severely handicapped program
- \$12,000 Substitute cost reduction

➤ Benefits

- +\$219,000 Projected 7% premium increase, retiree increase
- \$113,000 Mandated benefit reduced due to salary reduction

2012/13 Adopted Budget Assumptions

General Fund Expenditure – Major Changes from Estimated Actuals 2011/12

(amounts are rounded to nearest \$10,000)

➤ **Books and Supplies, Services**

-\$269,000 School donations received/budgeted in 2011/12

-\$188,000 Categorical carryover not in Adopted Budget

+\$205,000 Federal funds reallocated from salary

-\$22,000 Reduced Medi-Cal expense

+\$75,000 Legal expense due to special education due
process filings, negotiations and miscellaneous

➤ **Other Outgoing**

-\$32,000 One less non-public agency student

2012/13 Adopted Budget Reserves

	Est.Actuals 2011/12	Budget 2012/13
Beginning Balance	\$5,083,093	\$4,047,636
Net Increase / (Decrease)	(\$1,035,457)	(\$2,008,567)
Ending Balance	\$4,047,636	\$2,039,069
Assigned Reserves	\$71,000	\$71,000
Available Reserves	\$3,976,636	\$1,968,069

2012/13 Adopted Budget Assumptions

General Fund Reserve

The Designation For Economic Uncertainties Reserve target remains at 3%. Per the newly adopted Board Policy 3105, stable funding from the state exists when COLA is funded two years in a row. At that time, the Reserve target should increase to the previous target of 5%.

Multi-year Projections

Revenue Assumptions – Future Years

- Revenue Limit Sources
 - 0.0% COLA in 2013/14 (increase to state deficit)
 - 2.70% COLA in 2014/15 (no increase to state deficit)
- ADA: “flat” in 2013/14 and 2014/15
- State Categorical Flexibility remains through 2014/15
- CSR Flexibility remains through 2014/15
- COLA applied to state revenues in 2014/15
- Local Revenues remain constant

Multi-year Projections

Expenditure Assumptions - Future Years

➤ 2013/14 Salaries and Employee Benefits

No staffing changes due to student enrollment “flat”

9-11 furlough days restored to work calendars (contract expires)

1.3% Certificated step and column costs

1.2% Classified step and longevity costs

0.7% Management and Confidential step and longevity costs

0.0% Salary increases/decreases

7.0% Increase in employee health and welfare benefits

➤ 2013/14 Other District Expenses

Election costs of \$35,000 removed

2.4% Consumer Price Index (CPI) Cost increase for supplies, utilities, contracted services, insurance services, transportation, non-public schools

Multi-year Projections

Expenditure Assumptions - Future Years

➤ 2014/15 Salaries and Employee Benefits

No staffing changes due to student enrollment “flat”

Add 0.6 FTE for Transitional Kindergarten growth

1.3% Certificated step and column costs

1.2% Classified step and longevity costs

0.7% Management and Confidential step and longevity costs

0% Salary increases/decreases

7.0% Increase in employee health and welfare benefits

➤ 2014/15 Other District Expenses

Election costs of \$35,000 added

2.6% Consumer Price Index (CPI) Cost increase for supplies, utilities, contracted services, insurance services, transportation, non-public schools

Multi-year Combined General Fund Summary (with trigger)

	12/13 Adopted Budget	13/14 Projected Budget	14/15 Projected Budget
Total Revenue and Transfers In	\$ 19,818,653	\$ 19,818,653	\$ 20,328,965
Total Expenditures & Outgoing	\$ 21,827,220	\$ 22,941,220	\$ 23,422,220
Change in Fund Balance	\$ (2,008,567)	\$ (3,122,567)	\$ (3,093,255)
Beginning Balance	\$ 4,047,636	\$ 2,039,069	\$ (1,083,498)
Ending Balance	\$ 2,039,069	\$ (1,083,498)	\$ (4,176,753)
Components of Fund Balance			
Reserved Amounts	\$ 71,000	\$ 71,000	\$ 71,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 669,000	\$ 702,000	\$ 717,000
Designations	\$ 0	\$ 0	\$ 0
Undesignated Amount	\$ 1,299,069	\$ (1,856,498)	\$ (4,964,753)

Multi-year Combined General Fund Summary (without trigger)

	12/13 Adopted Budget	13/14 Projected Budget	14/15 Projected Budget
Total Revenue and Transfers In	\$ 21,179,725	\$ 21,179,725	\$ 21,690,037
Total Expenditures & Outgoing	\$ 21,987,220	\$ 22,941,220	\$ 23,421,220
Change in Fund Balance	\$ (807,495)	\$ (1,761,495)	\$ (1,731,183)
Beginning Balance	\$ 4,047,636	\$ 3,240,141	\$ 1,478,646
Ending Balance	\$ 3,240,141	\$ 1,478,646	\$ (252,537)
Components of Fund Balance			
Reserved Amounts	\$ 71,000	\$ 71,000	\$ 71,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 669,000	\$ 702,000	\$ 717,000
Designations	\$ 0	\$ 0	\$ 0
Undesignated Amount	\$ 2,500,141	\$ 705,646	\$ (1,040,537)

2012/13 Adopted Budget Report

- State budget assumes the Governor's tax initiative is approved by voters (flat funding)
- LACOE requires districts to assume it does not pass (9% cut)
- Cash flow problems continue for the state and the state continues to pass them on to school districts in the form of cash deferrals. While proceeds from the sale of the Grovedale property cannot be used to support General Fund expenditures, the proceeds can be used to alleviate cash flow shortages, currently eliminating the need (and expense) for a Tax Revenue Anticipation Note (TRAN) for 2012/13 to assist with cash flow shortages.

2012/13 Multi-Year Projection Budget Report

- The District General Fund is projected to end the year with available reserves of \$2.0 million, or 9.3%. The subsequent fiscal year is projected to be at -5.0%, and the third fiscal year is short \$4.2 million, or -18.4% short of the state required 3% minimum fund balance.
- Per Los Angeles County Office of Education (LACOE) requirement, these reserve calculations include the reduction of \$441 per ADA (\$1.4 million per year) beginning in 2012/13, due to the uncertainty of approval of tax initiative revenues.

2012/13 Multi-Year Projection Budget Report

- Adoption of the District's Proposed 2012/13 Budget is recommended.

2012/13 Adopted Budget Report

➤ Questions