

FIRST INTERIM REPORT
FOR THE PERIOD ENDING
OCTOBER 31, 2011
AND BUDGET UPDATE FOR 2012-13

December, 2011



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

State Economy

▣ Strengths

- Export growth
- Technology – related service sectors

▣ Weaknesses

- Housing
- Unemployment
- Construction
- Financial services sector

State Budget Outlook

▣ LAO Estimates

■ 2011-12

- ▣ Projected revenue \$3.7 billion lower than Governor's June Budget

■ 2012-13

- ▣ Projected \$12.8 billion revenue shortfall

▣ Department of Finance Estimates

■ 2011-12

- ▣ Due December 15, 2011

State Budget Outlook

- ▣ Trigger Implications
 - Tier 2 effective February 1, 2012 for K-12
 - Proportional revenue limit reduction up to 4%
 - Elimination of all regular and special education transportation state funding
 - Impact to Folsom Cordova USD = \$5.2 million

State Budget Outlook

▣ LAO

- Projection assumes minimum funding for Prop 98 to \$49.1 billion base for 2012-13
- Will Legislature be able to fund minimum guarantee?
- Maintenance factor continues to grow
 - By 2016-17, the amount owed to schools could range between \$13 and \$16 billion

Governor's Budget – Anyone's Guess

- ▣ Mid Year Cuts?
- ▣ Governor's Budget Proposal for 2012-13
 - January, 2012
- ▣ Governor's Tax Proposals

Tonight's Action

- ▣ Board Certification of Solvency
 - Positive-ok for this year and next two years
 - ☑ Qualified-may have a problem in one or more years
 - Negative-won't be able to meet this year's obligations or won't be able to meet next year

Recommendation: Qualified with acknowledgement that even best case scenario will require budget cuts for 2012-13 and 2013-14. Narrative to SCOE

Budget cuts and layoffs for 2012-13 due to County by March 15

Purpose of Interim Financial Reports

- ▣ Requirement for reporting to and review by County Office of Education and State
- ▣ More in-depth analysis than monthly budget revisions approved by Board
- ▣ Revise projections based on two and one-half months of operations (ADA, staffing, categoricals) through October 31
- ▣ Review cash flow and state standards
- ▣ Multi-year financial projections – All Funds

State Report Format Summary Page 1-2

- ▣ Section A – Revenue Summary
- ▣ Section B – Expenditure Summary
- ▣ Section C – Excess or (Deficit)
- ▣ Section D – Interfund Transfers, Loan Proceeds, etc.
- ▣ Object Code Detail

State Report Format

Page 1-2

- ▣ Section E - Net Increase or Decrease to Fund Balance
- ▣ Section F - July 1 Beginning Balance
- ▣ Ending Balance Expected on June 30
- ▣ Components of Ending Balance
 - Revolving cash
 - Reserve for economic uncertainties
 - Legally restricted balances
 - Projected carryovers

Columns

Page 1-2

- ▣ A – Original Budget (before state adopted budget)
- ▣ B – Budget with Board Approved Revisions through October
- ▣ C – Actuals through October 31
- ▣ D – Projected Revenue/Expenses
- ▣ E – Revisions (D-B) as they affect fund balance

State Report Format

Page 1-2

- ▣ Unrestricted revenues and expenditures
- ▣ Regular education, site operating costs including school budgets, utilities, custodial, centralized services, etc.
- ▣ Contribution to Restricted Programs (encroachment for transportation and special education)
- ▣ Detailed Information

State Report Format

Page 17-18

- ▣ Restricted Revenues and Expenditures
- ▣ Federal and State Categorical Programs with Specified Purposes and Regulations
- ▣ Special Education
- ▣ Transportation
- ▣ Continuation High Schools
- ▣ Community Day School
- ▣ Limited Local Grants
- ▣ Detailed Information

Revenue

Page 1

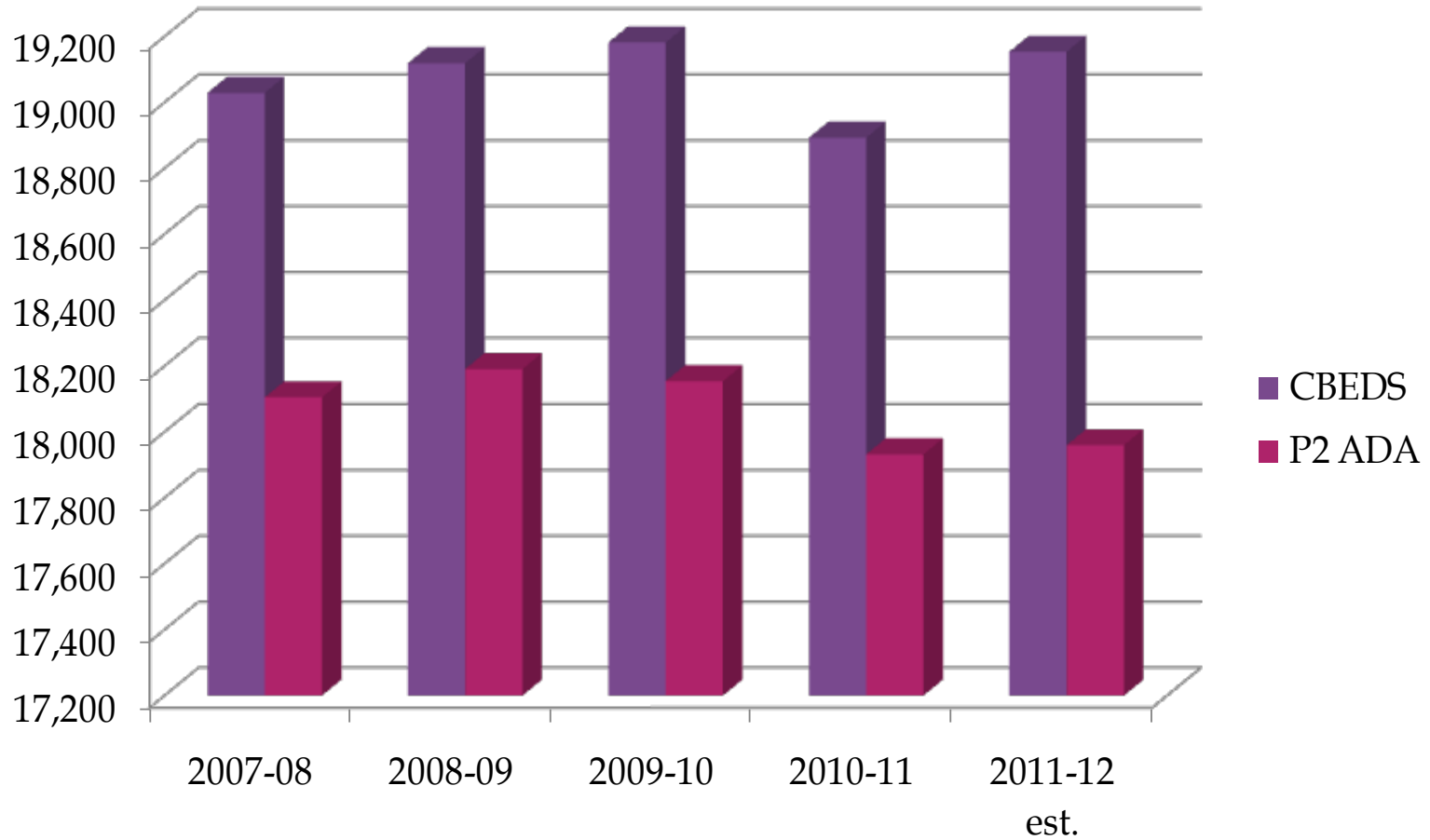
- ▣ Revenue limit increase of \$300,000 for increased ADA
- ▣ Revised projections include increase in State Revenue of \$250,000 for mandated costs
- ▣ Local revenue
 - decrease for interest earnings of \$215,000
 - increase of \$1.4 million
 - ▣ miscellaneous income and donations
 - ▣ reimbursements from associated student body and PTA/PTO

Expenditure and Ending Balance Changes

- ▣ Salary and benefit changes reflect furlough days, restoration of positions, and additional staffing for growth
- ▣ Supplies and other operations reflect carryover allocations and expenses related to local revenue
- ▣ Projected carryovers reflected in ending balance
 - Legally restricted categoricals
 - Tier 3 programs
 - Mandated cost reimbursement
 - Additional sweeps from Tier 3 programs
 - Reserve for state triggers
 - December allocation adjustments
 - Projected school site and local grants

MULTI-YEAR PROJECTION

Enrollment Trends



Multi-Year Projections for Other Funds

- ▣ Charter School
- ▣ Deferred Maintenance
- ▣ Building Funds/Developer Fees
- ▣ Student Care
- ▣ Building Funds/Capital Outlay
- ▣ Adult Education
- ▣ Child Development
- ▣ Food Services
- ▣ Retiree Benefit Trust

General Fund Multi-Year Projections

- ▣ “Qualified” Financial Status
- ▣ Additional Reporting and Oversight
- ▣ Assumptions
 - Flat enrollment
 - No State COLA
 - Loss of all one-time revenue (ARRA, IDEA, SFSF)
 - Loss of one-time categorical transfers
 - Include step and column for 2012-13 and 2013-14
 - Assume no furlough days in 2012-13 or 2013-14

2012-13

▣ Known Structural Deficit

Loss of one-time funds (used for expenses in 2011-12)	\$5,000,000
Sunset of furlough days	1,700,000
Automatic salary increases	1,800,000
Benefits increase (unemployment, workers comp, dental, retirees)	400,000
Utilities/Gas/Property Insurance	<u>100,000</u>
	\$9,000,000

2012-13 (Best Case)

Structural deficit	\$9,000,000
Revenue reductions (\$260/student)	5,200,000
One-time solutions	
Reserve for state triggers	-5,200,000
Tier 3 categorical transfers	<u>-6,100,000</u>
Budget Shortfall	\$2,900,000*

*Assumes no mid-year reductions in 2011-12 for triggers and one-year revenue reduction

2013-14 (Best Case)

- ▣ Assumes we made \$2.9 million in cuts in 2012-13

Loss of one-time solutions

Tier 3 categorical transfers	6,100,000
Automatic salary increases	1,800,000
Benefit increases (unemployment, workers' comp, dental, retirees)	400,000
Utilities, etc.	<u>100,000</u>
Structural Deficit 2013-14	\$8,400,000*

*Also assumes no ongoing reductions

2012-13 (Worst Case)

Structural deficit	\$9,000,000
Ongoing revenue reductions (\$260/student)	<u>5,200,000</u>
	\$14,200,000
One-time solutions	
Tier 3 categorical transfers	<u>6,100,000</u>
Budget Shortfall	\$8,100,000*

*Assumes mid-year reductions in 2011-12 based on triggers and ongoing revenue reductions based on LAO revenue projections

2013-14 (Worst Case)

- ▣ Assumes we made \$8.1 million in cuts in 2012-13

Ongoing revenue reductions	5,200,000
Loss of one-time solutions	
Tier 3 categorical transfers	6,100,000
Automatic salary increases	1,800,000
Benefit increases (unemployment, workers' comp, dental, retirees)	400,000
Utilities, etc.	<u>100,000</u>
Structural Deficit 2013-14	\$13,600,000

*Assumes mid-year reductions in 2011-12 based on triggers and ongoing revenue reductions based on LAO revenue projections

Total General Fund Revenue for 2009-10

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	Revenue (including Beg. Bal & Other Sources) per ADA
DISTRICT	
Sacramento City Unified	10,405.84
River Delta Joint Unified	10,643.68
El Dorado Union High	10,701.27
San Juan Unified	10,545.04
Twin Rivers Unified	9,657.69
Elk Grove Unified	8,862.44
Woodland Joint Unified	9,049.91
Center Joint Unified	9,009.30
Roseville Joint Union High	9,406.13
Folsom Cordova Unified	8,753.73
Natomas Unified	8,617.21
Rocklin Unified	8,132.78

TOTAL GENERAL FUND REVENUE FOR 2009-10

By Funding Sources Per ADA (Part 2)

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	Beginning Balance per ADA
DISTRICT	
El Dorado Union High	2,067.92
Roseville Joint Union High	1,856.87
River Delta Joint Unified	1,591.84
Twin Rivers Unified	1,491.34
Folsom Cordova Unified	1,328.97
Natomas Unified	1,264.06
Center Joint Unified	1,262.95
Rocklin Unified	1,212.72
Sacramento City Unified	1,087.17
Woodland Joint Unified	1,002.79
Elk Grove Unified	803.67

2009-10 BASE REVENUE LIMIT PER ADA

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DISTRICT	2009-10 Base Revenue Limit Per ADA
El Dorado Union High	7,353.70
Roseville Joint Union High	7,347.62
Twin Rivers Unified	7,211.69
Natomas Unified	6,502.49
River Delta Joint Unified	6,447.36
Rocklin Unified	6,417.80
San Juan Unified	6,394.19
Woodland Joint Unified	6,385.98
Elk Grove Unified	6,383.90
Sacramento City Unified	6,376.28
Folsom Cordova Unified	6,374.78
Center Joint Unified	6,363.46

TOTAL EXPENDITURES OF THE DISTRICT FOR 2009-10

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DISTRICT	Total Expense, Transfers & Other Uses per ADA
Sacramento City Unified	9,823.94
River Delta Joint Unified	9,448.00
San Juan Unified	9,069.82
El Dorado Union High	8,438.89
Center Joint Unified	8,216.97
Elk Grove Unified	8,212.33
Twin Rivers Unified	8,168.31
Woodland Joint Unified	7,943.08
Folsom Cordova Unified	7,736.70
Roseville Joint Union High	7,639.92
Natomas Unified	7,409.31
Rocklin Unified	7,163.49

ALL PERSONNEL SALARY AND BENEFIT EXPENSES FOR 2009-10

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DISTRICT	Personnel Salary & Benefits per ADA
Sacramento City Unified	7,713.52
San Juan Unified	7,691.70
River Delta Joint Unified	7,405.67
Elk Grove Unified	7,235.84
El Dorado Union High	7,062.41
Center Joint Unified	7,039.24
Twin Rivers Unified	6,738.91
Woodland Joint Unified	6,645.74
Folsom Cordova Unified	6,591.65
Roseville Joint Union High	6,500.57
Natomas Unified	6,240.71
Rocklin Unified	6,199.45

TOTAL CERTIFICATED SALARIES FOR 2009-10

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DISTRICT	% of Total Expense
Roseville Joint Union High	53.70%
Rocklin Unified	52.63%
Woodland Joint Unified	51.76%
Elk Grove Unified	51.19%
Folsom Cordova Unified	51.10%
Center Joint Unified	51.00%
Natomas Unified	50.92%
El Dorado Union High	50.79%
San Juan Unified	49.63%
Twin Rivers Unified	46.85%
River Delta Joint Unified	44.14%
Sacramento City Unified	43.76%

TOTAL CLASSIFIED SALARIES FOR 2009-10

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	% of Total Expense
DISTRICT	
River Delta Joint Unified	20.18%
Twin Rivers Unified	19.16%
Folsom Cordova Unified	18.39%
Woodland Joint Unified	17.47%
San Juan Unified	17.37%
Center Joint Unified	16.40%
Rocklin Unified	16.28%
El Dorado Union High	16.12%
Natomas Unified	15.12%
Roseville Joint Union High	14.31%
Elk Grove Unified	14.13%
Sacramento City Unified	13.68%

TOTAL EMPLOYEE BENEFIT EXPENSE FOR 2009-10

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DISTRICT	% of Total Expense, Transfers & Other Uses
Sacramento City Unified	23.34%
Elk Grove Unified	23.22%
San Juan Unified	19.10%
Center Joint Unified	18.45%
Natomas Unified	18.20%
Roseville Joint Union High	18.19%
Twin Rivers Unified	18.00%
Rocklin Unified	17.96%
El Dorado Union High	17.37%
Folsom Cordova Unified	16.70%
Woodland Joint Unified	15.54%
River Delta Joint Unified	14.32%

SITE AND DISTRICT ADMINISTRATOR SALARY EXPENSE FOR 2009-10 (Total of Object Codes 1300 and 2300)

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DISTRICT	% of Total Expense
Twin Rivers Unified	7.11%
El Dorado Union High	6.71%
River Delta Joint Unified	6.59%
Roseville Joint Union High	6.52%
San Juan Unified	6.49%
Woodland Joint Unified	6.27%
Natomas Unified	5.92%
Folsom Cordova Unified	5.73%
Rocklin Unified	5.63%
Sacramento City Unified	5.49%
Center Joint Unified	4.40%
Elk Grove Unified	4.37%

What Next?

- ▣ December – Department of Finance Projections
- ▣ January - Should Know if There will be Mid-year Budget Cuts
- ▣ Analyze Governor's Budget
- ▣ Monitor Enrollment and ADA
- ▣ Maximize Attendance (on-going)
- ▣ Develop Recommendations (cuts, flexibility options, redirection) for Board Consideration
- ▣ Start Budget Development and Layoff Process