

THIRD INTERIM REPORT FOR THE PERIOD ENDING APRIL 30, 2011

May, 2011



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

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 five and one-half months of operations (ADA, staffing, categoricals) through April 30
- ⦿ Review cash flow and state standards
- ⦿ Multi-year financial projections – all funds

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 2011/12 and 2012/13. Narrative to SCOE

Plan for budget cuts and layoffs for 2012/13 due to County by June 1

State Report - Unrestricted/Restricted

Page 1

- ⊙ Projected Year Revenues
 - Decrease in Federal Revenue <\$1,410,000>
 - Decrease in State Revenue <\$11,781>
- ⊙ Projected Year Expenditures
 - Decrease in salaries/benefits
 - Decrease in books and supplies
 - Decrease in services/other operating
- ⊙ Projected carryovers reflected in ending balances

Ending Balance Changes

- Similar to Second Interim
- Projected carryovers reflected in ending balances
 - Restricted categoricals
 - Tier 3 programs
 - State cash deferral to 2011/12
 - Mandated cost reimbursement
 - Spending freeze effective January 1
 - Legally restricted

Ending Balance Assumption

Previously Restricted add'l sweep	1,200,000
State cash available in 11/12	5,000,000
Mandated Costs reimbursement (50% to school sites)	440,000
Spending freeze effective January 2011	1,200,000
Federal job bill	2,700,000

Set aside to help with 11/12

MULTI-YEAR PROJECTION

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
 - Declining enrollment
 - State COLA but increased deficit factor
 - Loss of one-time federal revenue (ARRA, IDEA)
 - Loss of one-time categorical transfers
 - Includes step and column for 11/12 and 12/13
 - Assumes no furlough days in 11/12 or 12/13
 - Modified “worst” case scenario

2011/12 – FCUSD Budget Scenario

● Known Structural Deficit

Loss of one-time ARRA funds (used for expenses in 10/11)	\$3,000,000
Loss of cell tower revenue	600,000
Reduction in funded base revenue limit (\$19/student)	340,000
Declining enrollment	1,900,000
Sunset of furlough days	1,500,000
Automatic salary increases	1,973,000
Employer's share health prem. increase	150,000
Utilities/Gas/Property Insurance	100,000
Unemployment Insurance	1,100,000
Required Mental Health Services	300,000
Loss of interest earnings/cost of borrowing	<u>75,000</u>
Structural Deficit 11/12	\$11,038,000

2012/13 – Outlook

- Known structural deficit

Structural deficit from 2011/12	\$11,038,000
Loss of one-time Federal Jobs Bill	2,700,000
Declining enrollment (add'l 300 students)	1,900,000
Automatic salary increases	1,973,000
Health benefit premiums	150,000
Utilities, etc.	<u>100,000</u>
Subtotal Shortfall	\$17,861,000
COLA 1.8%	<u>2,000,000</u>
Structural Deficit 12/13	\$15,861,000
(assumes no cuts by state)	

What's Next?

Who knows.....