


<h2>2010-11 Second Interim Budget Report</h2> <hr/>	
	<p>Presentation to the Board of Trustees Brett McFadden, CBO Helen Bellonzi, Dir. of Finance March 9, 2011</p>
1	

<h2>What we will cover tonight</h2> <hr/>	
<ul style="list-style-type: none"><input type="checkbox"/> Background and Assumptions<input type="checkbox"/> Multi-year projections<input type="checkbox"/> Next steps<input type="checkbox"/> Questions and comments	

What is the second interim?

- Required by all school districts as part the AB 1200/2756 fiscal accountability statutes
- The report is a snapshot in time – July 1 to January 31
- Reflects the following based on known assumptions at that time:
 - Fiscal certification of the district
 - Multi-year fiscal projection
 - Mid-year variances in spending
 - Cash flow analysis

3

Fiscal certification

- Santa Cruz County Office of Education, per statute, is the fiscal oversight agency for the district
- AB 1200/2756 requires districts to certify their fiscal status pursuant to state prescribed criteria and standards
 - **Positive** The district will meet its minimum fiscal obligations during the three-year projection
 - **Qualified** The district may not be able to meet its minimum fiscal obligations for the three years
 - **Negative** The district will not meet its minimum obligations during the three years

4

2010-11 Second Interim assumptions

The proposed Second Interim assumes the following:

- Governor's January proposal with an ongoing loss of \$350 per student beginning in 2011-12
- Allocation of all \$3.3 million in Federal Education Jobs Funds in 2011-12
- Step and column movement and costs per current salary schedule
- Health and Welfare benefit increases of 10%
- No additional federal ARRA funds
- Current state categorical flexibility shifts as approved by the board
- NOTE: Does not reflect 2011-12 program reductions approved by the board on Feb 16 and 23

5

2010-11 Multi-year projection

	10-11	11-12	12-13
Beginning Balance	28.57	24.24	16.21
Audit Adjustment	0.79		
Revenues	179.80	161.29	158.15
Expenditures	184.92	169.32	176.49
Increase (Decrease)	-5.12	-8.03	-18.34
Ending Balance	24.24	16.21	-2.13
Cash/Stores and Restricted Reserve	1.80	2.30	4.76
3% Reserve	5.55	5.08	5.29
Unappropriated Reserve	16.89	8.83	-12.18

6

Qualified certification	
<ul style="list-style-type: none"> □ The projected negative fund balance in 2012-13 puts the district's fiscal certification into qualified status □ Updated assumptions of a \$350 per student loss contributes to this certification □ Most districts in the state are technically qualified □ The board has taken early action to reduce expenditures and prepare for possible budget scenarios as outlined in the Governor's January budget 	
7	

Variances: 2010-11 revenues																																				
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%;">10/11 1st Interim</th> <th style="width: 15%;">Unrestricted</th> <th style="width: 15%;">Restricted</th> <th style="width: 15%;">10/11 2nd Interim</th> </tr> </thead> <tbody> <tr> <td>Revenue Limit</td> <td>88.73</td> <td>0.24</td> <td>0.00</td> <td>88.97</td> </tr> <tr> <td>Federal</td> <td>34.71</td> <td>0.00</td> <td>3.47</td> <td>38.18</td> </tr> <tr> <td>State</td> <td>46.81</td> <td>0.82</td> <td>1.01</td> <td>48.64</td> </tr> <tr> <td>Local</td> <td>3.09</td> <td>-0.05</td> <td>0.39</td> <td>3.43</td> </tr> <tr> <td>Transfers In</td> <td>0.58</td> <td>0.00</td> <td>0.00</td> <td>0.58</td> </tr> <tr> <td>Total Revenue</td> <td>173.92</td> <td>1.01</td> <td>4.87</td> <td>179.80</td> </tr> </tbody> </table>			10/11 1st Interim	Unrestricted	Restricted	10/11 2nd Interim	Revenue Limit	88.73	0.24	0.00	88.97	Federal	34.71	0.00	3.47	38.18	State	46.81	0.82	1.01	48.64	Local	3.09	-0.05	0.39	3.43	Transfers In	0.58	0.00	0.00	0.58	Total Revenue	173.92	1.01	4.87	179.80
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8																																				

Variances: 2010-11 expenditures				
	10/11 1st Interim	Unrestricted	Restricted	10/11 2nd Interim
Certificated Salaries	69.21	0.14	0.45	69.80
Classified Salaries	25.25	0.00	0.44	25.69
Benefits	47.28	-0.01	-0.03	47.24
Books/Supplies	16.41	0.05	3.80	20.26
Services	17.92	0.26	1.32	19.50
Capital Outlay/Other	2.34	0.09	0.00	2.43
Total Expenditures	178.41	0.53	5.98	184.92

- | Next steps | |
|--------------------------|---|
| <input type="checkbox"/> | Staff have begun developing two budget scenarios based on: <ul style="list-style-type: none"> ■ Statewide tax extensions failing on June 7 ■ Statewide tax extensions passing on June 7 |
| <input type="checkbox"/> | Developing the 2011-12 budget based on board actions to date |
| <input type="checkbox"/> | Will seek additional guidance from the board on other policy priorities |
| <input type="checkbox"/> | Submit budget for board adoption in June |

Questions, comments, input

11