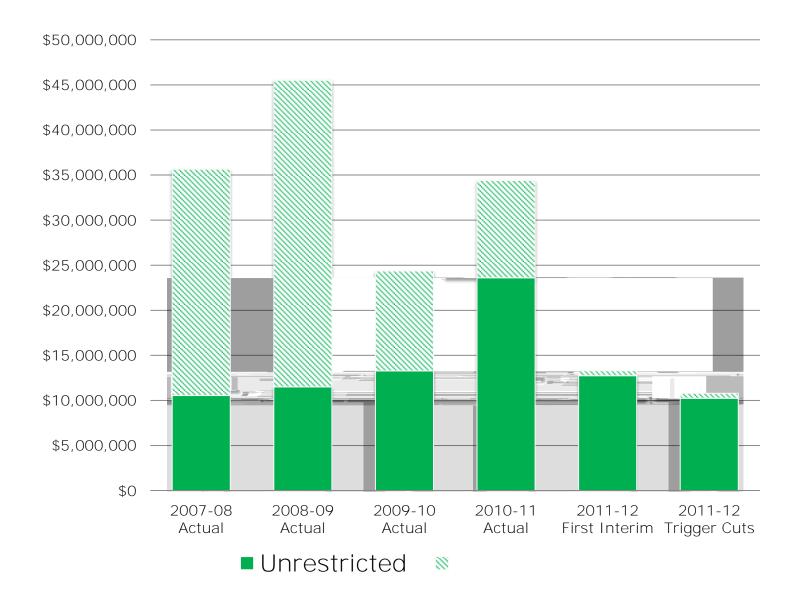
First Interim Financial Report

Board Item #9.2

Board of Education December 14, 2011

- First Interim Summary
- Trigger Cuts
- Deficit Spending
- Declining Fund Balance
- Cash Flow
- Fiscal Condition
- Time Line
- Next Steps



- Announced December 13
 - \$13 per ADA Reduction
 - **-** \$13 * 41,848

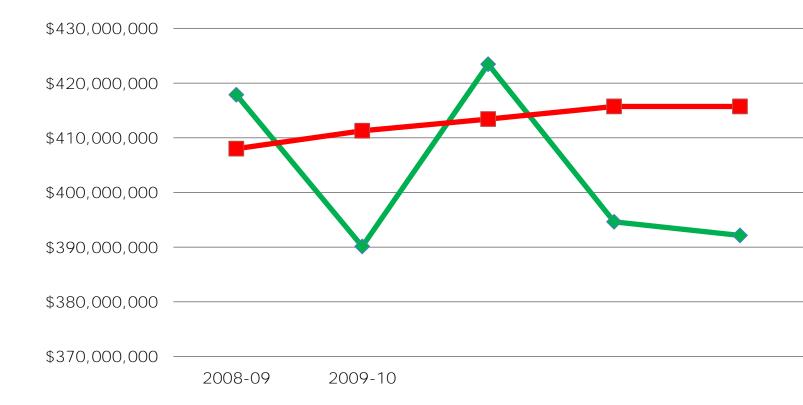
\$.54 M

- Transportation Revenue
 - 50% Reduction

\$ 2.00 M

Mid-Year Reductions to SCUSD

\$ 2.54 M



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
	Apportionmen
July	0.00%
August	0.00%
September	11.70%
October	0.00%
November	9.00%
December	9.00%

- The state's 2011-12 budget defers an additional \$2.1 billion in apportionments to schools.
- The district needs other sources of cash,

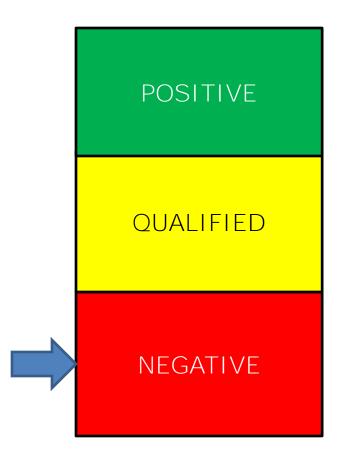
SCUSD is certifying the 2011-12 First Interim as qualified, with the understanding of the fiduciary responsibility to maintain fiscal solvency for the current or two subsequent years.

POSITIVE **OUALIFIED** NEGATIVE

If the district does not take appropriate action according to outlined time lines,

condition would go to negative.

Specifically, due to cash needs (TRAN) in the current fiscal year and the need to repay in 2012-13.



- Revenue Reduction
 - Reduction in 475 average daily \$ 2.48 M attendance/enrollment decline
 - Special Education

\$.86 M

- Declining enrollment
- Charters pulled out of Special Education Local Plan Area
- Use of one-time funds to balance 2011-12 from fund balance

\$ 10.31 M

Total Revenue Reduction

\$13.65 M

- Expenditure Increases
 - Step/Column/Attrition\$ 2.50 M
 - Estimated 10% increase on \$ 6.04 M
 Health & Welfare benefits
 - Furlough/Salary reduction agreements end June 2012

Total Expenditure Increase \$11.61 M

<u>3.07 M</u>

• Revenue Decrease \$ 13.65 M

• Expenditure Increase \$ 11.61 M

Total Estimated Shortfall \$25.26 M

• 2011-12 Trigger Cuts <u>\$ 2.54 M</u>

Total Potential Impact

\$27.80 M

(Amount of budget shortfall may change throughout the budget process. There are still many unknowns such as the governor's January budget projection, utility increases and other potential cost increases.)

Dec. 2011 Jan. 2012 Feb. 2012 Mar. 2012

12-14-2011 First Interim Financial Report Action O1-12-2012 Phase One Budget Reductions Conference

01-19-2012 Phase One Budget Reductions Action 02-02-2012 Certificated Notices (PKS) and Classified Notices Conference

02-16-2012 Certificated and Classified Notices Action

Phase Two Budget Reductions Conference 03-01-2012 Phase Two Budget Reductions Action

03-15-2012 Second Interim Financial Report Conference/ Action

- Meet with bargaining unit partners on solutions
 - Meetings scheduled to begin in January
- Continue to closely monitor cash situation
- Provide information to Board and stakeholders
 - Community budget information meetings
- Continue to monitor state budget updates