

Grossmont Union High School District

**FY 2010/11 First Interim  
Financial Report**

December 9, 2010

# Agenda

---

- State Budget Overview
- First Interim Summary
- Response to Budget Resolution
- Conclusion

## FY 2010/11 First Interim Financial Report

# FY 10/11 State Budget Overview Revenue Changes

---

Revenue Limit \$5.9M

Removal of 3.85% Cut: \$5.4M

Eliminate Effects of <.39%> COLA: \$.5M

\*Note: New Deferral Causes \$5.6M to be Received  
Next Year (July – September)

Special Disabilities Funds (AB 184) \$2.6M

For 2009/10      \$1.3M Received

For 2010/11      \$1.3M Anticipated

For 2011/12-on      No Further Funding Unless New Legislation

Mandate Payments \$ .5M

AB 1610 (SB 850)

## FY 2010/11 First Interim Financial Report

# FY 10/11 State Budget Overview

## Changes to COLA (\$M)

---

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
Baseline (Adopted Budget)	<.39%>	2.1%	2.4%
Revised (State Budget)	--	--	1.9%

Revenue Impact	<u>\$.5</u>	<u>&lt;\$2.9&gt;</u>	<u>&lt;\$3.6&gt;</u>
----------------	-------------	----------------------	----------------------

## State Budget Overview

### Good News on the Surface But Clouds are Overhead

---

- Weeks After the Budget was Signed, LAO Report Published Forecasting Shortfalls:

< \$ 6 Billion > 10/11

< \$19 Billion > 11/12

< \$25 Billion > Through June 30, 2012

- In Response, Governor has Called a Special Session to Address the Shortfalls
  - Began December 6
- LAO Indicates that Prop 98 Guarantee will Decline by > \$8 Billion in FY 11/12 Due to Expiration of Temporary Tax Increase
  - Current State Budget Funds Above that Level
  - State Could Cut from Current Level and Still Meet Prop 98

## FY 2010/11 First Interim Financial Report

# First Interim Financial Report Key Assumptions

---

### 2010/11

- COLA of 0% (Was <.39% >
- Includes: \$4.2M in Federal Education Jobs Bill Revenue  
\$2.6M in SDA Revenue  
\$ .5M in Mandate Cost Revenue
- Reflects \$3.0M in Savings from Five Furlough Days
- Includes H&W Savings Associated with Higher Co-pays

### 2011/12

- COLA of 0% (Was 2.1%)
- Does Not Include One-time Revenues Already Recorded in 2010/11
- Does Not Include Savings for Five Furlough Days
- Continues \$4.0M in Flexibility Transfers
- Includes H&W Savings with Shift to HealthNet
- Assumes 14% Increase in H&W Costs for CY 2012
- Includes 2% Increase in Special Ed. Costs

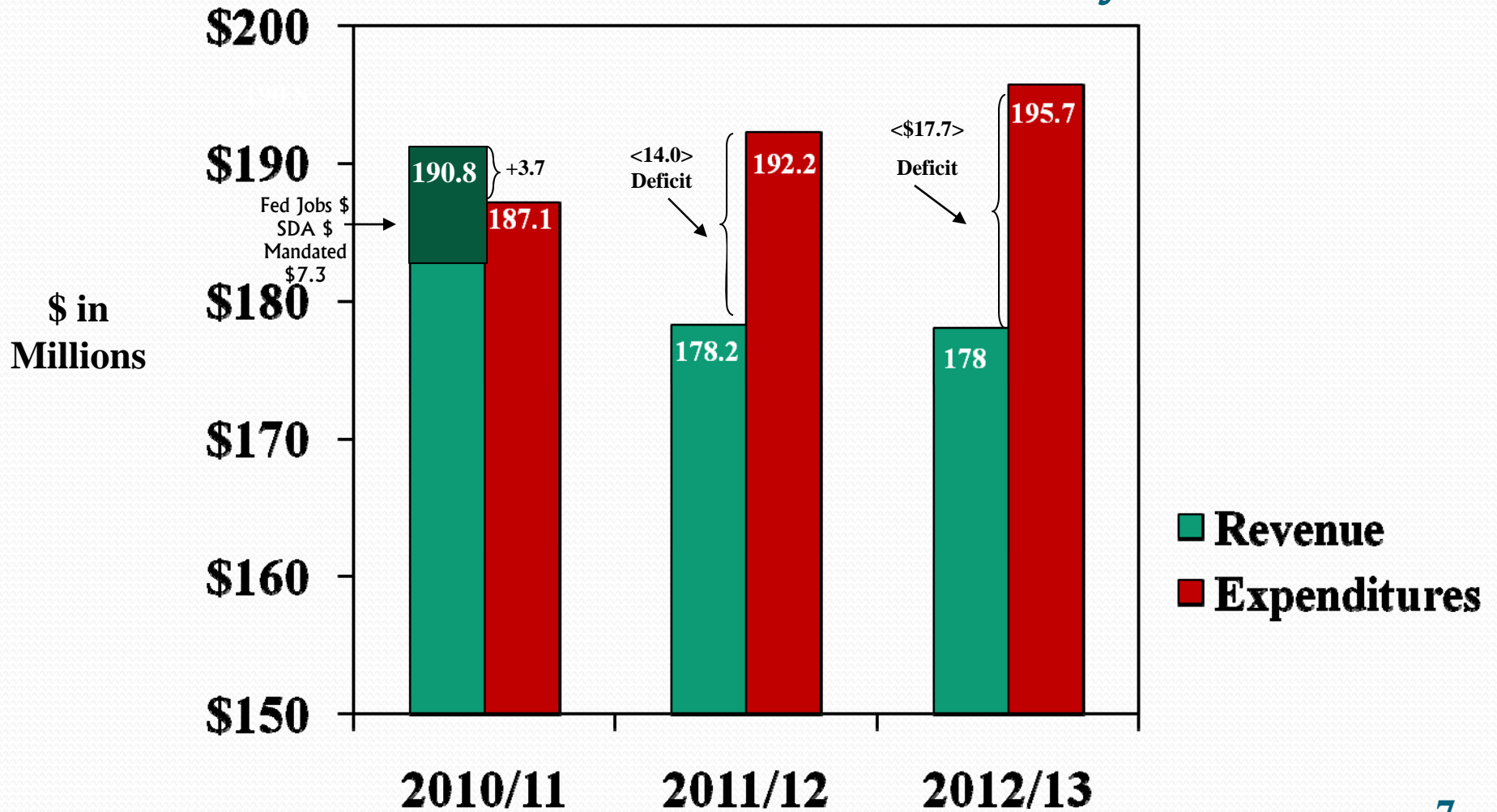
## FY 2010/11 First Interim Financial Report

# General Fund Summary Projections (\$M)

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
Revenue	\$190.8	\$178.2	\$178.0
- Expenditures	<u>187.1</u>	<u>192.2</u>	<u>195.7</u>
= Surplus/ < Deficit >	<u>\$ 3.7</u>	< <u>\$ 14.0</u> >	< <u>\$ 17.7</u> >

# FY 2010/11 First Interim Financial Report

## FY 2010/11 First Interim Report General Fund Summary



## FY 2010/11 First Interim Financial Report

# Revenue by Year (\$M)

---

	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>
As Reported on SACS	\$199.7	\$188.2	\$184.9
Adjustments			
• Subtract Transfer in of Reserves	< 2.0 >	< 3.1 >	
• Subtract Adult Ed Flow Through	< <u>6.9</u> >	< <u>6.9</u> >	< <u>6.9</u> >
Adjusted Revenue	<u>\$190.8</u>	<u>\$178.2</u>	<u>\$178.0</u>

## FY 2010/11 First Interim Financial Report

# Expenditures by Year (\$M)

	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>
As Reported on SACS	\$199.5	\$193.7	\$185.2
Adjustments			
• Subtract Adult Ed. Flow Through	< 6.9 >	< 6.9 >	< 6.9 >
• Subtract Restricted Carryovers	< 3.5 >		
• Subtract Unrestricted Carryovers	< 2.0 >		
• Add Back Assumed Budget Reductions		5.4	17.4
Adjusted Expenditures	<u>\$187.1</u>	<u>\$192.2</u>	<u>\$195.7</u>

# FY 2010/11 First Interim Financial Report

## General Fund – Unrestricted Changes Since Adopted Budget

	<u>10/11</u> < \$18.2 >	<u>11/12</u> < \$21.4 >	<u>12/13</u> < \$26.5 >
Deficit Projected at June 2010			
<u>Solutions Incorporated in Budget Adoption</u>			
Level I Cuts	6.1	6.1	6.1
Negotiated Changes ( <i>Furloughs &amp; Benefits</i> )	3.6	1.0	1.0
<u>Changes Since Budget Adoption</u>			
Federal Jobs Bill	4.2		
Mandate Payments	.5		
SDA Funds ( <i>09/10 &amp; 10/11</i> )	2.6		
Revenue Limit Restoration	5.9	5.9	5.9
COLA Changes		< 2.9 >	< 3.6 >
AB3632 Veto Impact – Estimate	< 1.0 >	< 1.0 >	< 1.0 >
Health & Welfare Changes		.6	.6
Declining Enrollment		< .9 >	< .9 >
Steele Canyon Service Fees		< .3 >	< .3 >
All Other Forecast Updates		< 1.1 >	.8
= Revised Projected Surplus/ < Deficit >	<u>\$ 3.7</u>	<u>&lt; \$14.0 &gt;</u>	<u>&lt; \$17.7 &gt;</u>

# FY 2010/11 First Interim Financial Report

## District Reserve Plan Update (\$M)

	Actual at <u>06/30/10</u>	+ Projected 10/11 <u>Surplus</u>	- Targeted at <u>06/30/12</u>	= Available for Spend <u>Down</u>
General Fund Unrestricted	\$15.2*	\$3.2	\$8.5	\$10.4
Fund 17 Reserve	<u>5.1</u>	<u>--</u>	<u>--</u>	<u>5.1</u>
<b>TOTAL</b>	<u>\$20.3</u>	<u>\$3.7</u>	<u>\$8.5</u>	<u>\$15.5</u>
	<u>11.7%</u>		<u>4.5%</u>	

\*Excluding Carryovers (Open Purchase Orders, Site Owned \$)

## Response to Budget Resolution

---

- Per Board Resolution (2011-09) Dated 09/12/10, District is Required to Submit a List of Board Approved Budget Reductions for 2011/12
- State Budget Provides Additional Resources Not Previously Projected . . . But May Deteriorate
- Actions to be Considered in Time for 2011/12 Budget
  - Negotiate Furlough Days (Current Baseline of Five)
  - Program and Nonpersonnel Reductions
  - Position Reductions
  - Other Negotiated Changes as Necessary

## Conclusions

---

- Recommend Positive Certification
- Close Watch on State Budget Actions
  - Special Session
  - New Governor's January Proposal
  - Significant Financial Risk if AB 3632 Veto Issue Not Resolved
- Still Have Heavy Reliance on One-Time Funds (ARRA, Fed Jobs Bill, Reserves)
  - Much Work to Do on Balancing Ongoing Revenues and Expenditures