

Grossmont Union High School District

**FY 2011/12 First Interim
Financial Report**

December 8, 2011

Agenda

- Trigger Status
- 2011/12 First Interim Summary
- Potential Scenarios
- Conclusion → **QUALIFIED** CERTIFICATION

TRIGGER STATUS

Trigger Status 2011/12

- If State Revenues are PROJECTED to be Lower Than State Budget by:
 - a. < \$1B → No Cuts
 - b. > \$1B but < \$2B → Cuts to Child Care, Community Colleges & Higher Education
 - c. > \$2B → Cuts to All Above PLUS K-12
(Total GUHSD Exposure = \$6.3M)
- By December 15, 2011, Director of Department of Finance (DOF) to Determine if Trigger is Pulled and by How Much Based on Better of the Following Forecasts:
 - Legislative Analysts Office (LAO)
 - Department of Finance

GUHSD "Trigger" Exposure

Potential Revenue Loss This Year 2011/12

(Based on LAO Forecast)

Revenue Limit ADA Funding	\$4.0M
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Home-to-School Transportation Funding	<u>.7M</u>
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Total:	<u>\$4.7M</u>
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Trigger Status (Cont'd) 2011/12

- LAO Published Their Forecast Mid-November
 - Forecast a \$3.7B Revenue Shortfall
 - Would Translate into About $\frac{3}{4}$'s Cuts to K-12
(GUHSD Exposure = \$4.7M)
- Now Waiting on DOF . . .

2011/12 First Interim Summary

FY 2011/12 Key Assumptions

- Trigger is NOT PULLED—Maintain Flat Funding From 2010/11
- Full School/Work Year
- Adds Back Six Librarian FTE (Adopted Budget = Three)
- New Mental Health Therapy and Room & Board Costs Offset by New Revenue

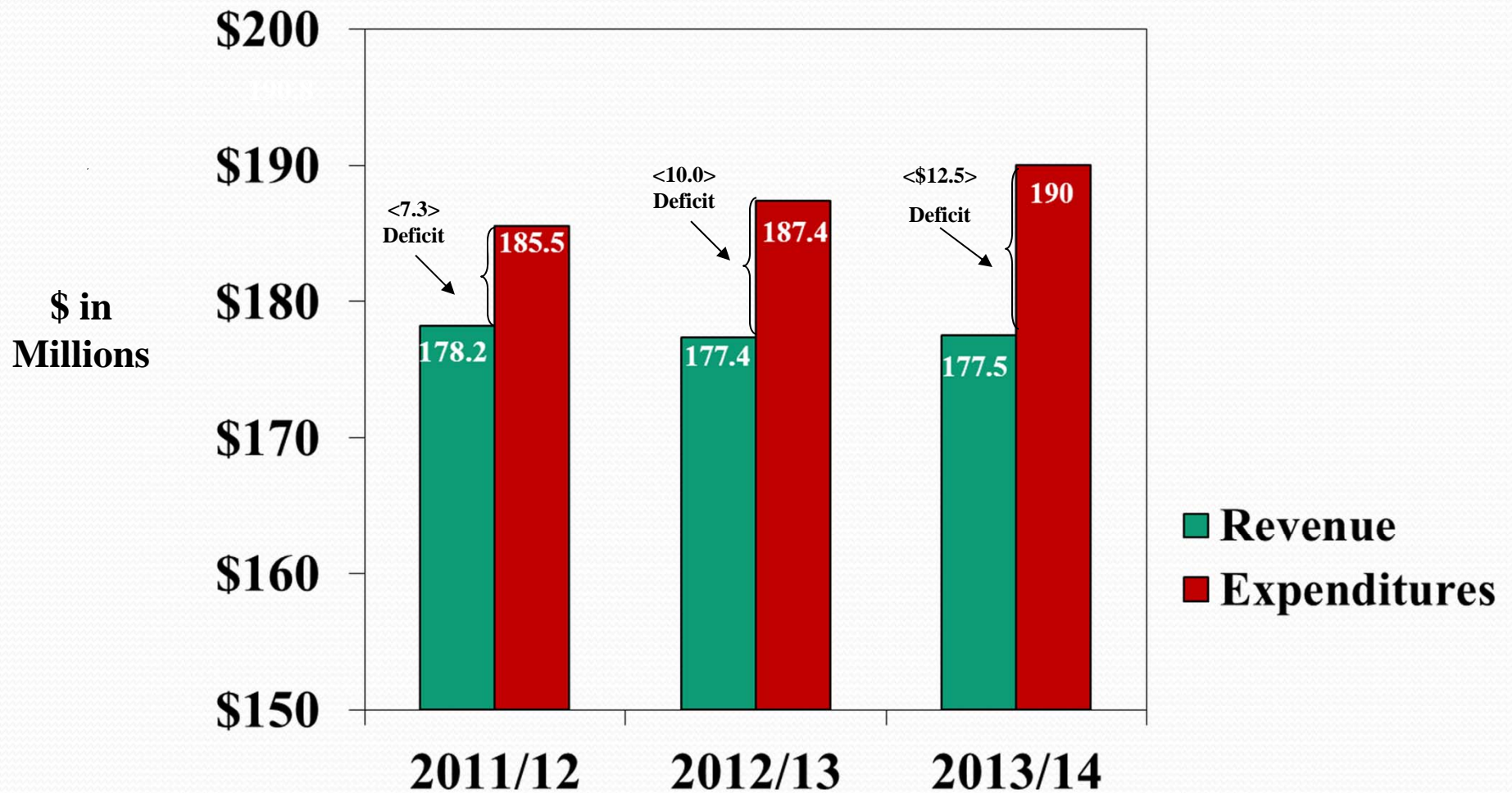
FY 2012/13 Key Assumptions

- COLA Funded at 3.1%
- Enrollment Decline of 2.7% (534 Students)
- Full School/Work Year
- Continues all Flexibility Transfers at Current Level: \$7.0M
- Health & Welfare Cost Increase of 12%
- Dental Benefit Cap Raised From \$2,000 to \$2,250
- Special Education Costs Increase by 2%
- New Mental Health Therapy and Room & Board Costs Offset by New Revenue

General Fund Summary Projections (\$M)

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Revenue	\$178.2	\$177.4	\$177.5
- Expenditures	<u>185.5</u>	<u>187.4</u>	<u>190.0</u>
= < Deficit >	< \$ <u>7.3</u> >	< \$ <u>10.0</u> >	< \$ <u>12.5</u> >

General Fund Summary



First Interim Changes from Adopted Budget

	<u>Adopted Budget</u>	<u>Changes Since Adopted Budget</u>
Original Deficit	< \$13.5 >	
Less Budget Reductions Made	7.9	
Deficit Budgeted	<u>< \$ 5.6 ></u>	
<ul style="list-style-type: none"> • Add Back Librarians • Personnel Adjustments • Special Ed SELPA ADA • CDS Revenue Adjustment • All Other Revisions 		<ul style="list-style-type: none"> < \$.6 > < .5 > < .1 > < .3 > < .2 >
Deficit at First Interim		<u>< \$7.3 ></u>

Potential Scenarios

Potential Scenarios Deficits \$(M)

	<u>11/12</u>	<u>12/13</u>	<u>13/14</u>
1. No Trigger & COLAs Funded	< \$ 7.3 >	< \$10.0 >	< \$12.5 >
2. Trigger & COLAs Funded	< \$12.0 >	< \$14.7 >	< \$17.2 >
3. Trigger & No COLAs	< \$12.0 >	< \$17.9 >	< \$23.2 >

 = First Interim Assumption

DISTRICT RESERVE PLAN (\$M)

	Actual at <u>06/30/11</u>	-	4.5% <u>Target</u>	=	Available for Spend <u>Down</u>
General Fund Unrestricted	\$21.4*		\$8.6		\$12.8
Fund 17 Reserve	<u>3.1</u>		<u>--</u>		<u>3.1</u>
TOTAL	<u>\$24.5</u>		<u>\$8.6</u>		<u>\$15.9</u>
	13.8%		4.5%		

* Excluding Carryovers (Open Purchase Orders, Site Owned \$) and Prepaid/Stores/Revolving Cash

Conclusion

Conclusion

- First Interim is Best Case Scenario
- Reserves May be Used to Offset All of 11/12 Deficit and Partial 12/13 Deficit
- After this, Deficits Will be Beyond Ability of District to Absorb Solely with Budget Reductions Without Negotiations With Employee Groups

Conclusion

Certification

Means

1. Positive: District Will Meet its Financial Obligations for Current Year Plus Two

RECOMMEND

→ 2. Qualified: District May Not Meet its Financial Obligations for Current Year Plus Two

3. Negative: District Will Not Meet its Financial Obligations for Current Year Plus Two