

**2012/2013**

# **First Interim Financial Report**



**CHINO VALLEY**  
UNIFIED SCHOOL DISTRICT

Student Achievement • Safe Schools • Positive School Climate  
Humility • Civility • Service

***December 13, 2012***

***Business Services Division***

# First Interim Financial Report

- Concurrent Budget Cycles
- Legal Requirement
- Budget Assumptions
- First Interim Financial Report
- Next Steps



# Concurrent Budget Cycles

## FOR LAST YEAR Close and Audit

AUGUST  
Close, define Actuals,  
determine the ending balance

JULY – DECEMBER  
Audit and review (Auditors)

DECEMBER  
Receive audit, evaluate  
Management letters

JANUARY – FEBRUARY  
Present audit; Follow-up on  
Management letters

## FOR THIS YEAR Monitor

JULY  
Analyze adopted budget

JULY – SEPTEMBER  
Amend and revise

DECEMBER  
Amend, measure, and  
report 1<sup>st</sup> Interim Financial

FEBRUARY – APRIL  
Amend, measure, and report  
2<sup>nd</sup> Interim Financial

MAY  
Amend, measure, and report  
End of Year Financial  
(if needed)

## FOR NEXT YEAR Developing the Budget

AUGUST – NOVEMBER  
Identify goals/reductions  
For next year

DECEMBER – JANUARY  
Project revenues and  
expenses  
(Governor's Proposal)

FEBRUARY – MARCH  
Complete staffing level  
studies and incorporate

APRIL – JUNE  
Review, balance, conclude,  
Adopt budget.  
(Governor's May Revision)

# Legal Requirement

Education Code 42130 requires:

- The superintendent of each school district to submit two reports to the governing board of the district during each fiscal year.
- ✓ ■ The **first report** shall cover the financial and budgetary status of the district for the period ending October 31.
- The **second report** shall cover the period ending January 31.
- Both reports shall be approved by the district governing board no later than 45 days after the close of the period being reported and submitted to the County and State.

# First Interim Financial Report

## General Fund – Major Assumptions

### REVENUE

#### 2012/2013

- Estimated average daily attendance = **29,240**
- COLA: **3.24%**; Deficit Factor: **22.272%**
- 2011/12 Restricted carryover revenues
- ~~Decrease of \$441/ADA ongoing cut~~
- Declining enrollment
- **Establish budget for Mandate Block Grant**
- **Increase in MAA Reimbursements**
- **Increase in restricted local donations/billings**

#### 2013/2014

- Estimated loss of 500 ADA
- COLA: **0%**; Deficit Factor: **22.272%**
- ~~Decrease of \$441/ADA ongoing cut~~
- Declining enrollment

#### 2014/2015

- Estimated loss of 500 ADA
- COLA: **0%**; Deficit Factor: **22.272%**
- ~~Decrease of \$441/ADA ongoing cut~~
- Expiration of Class Size Reduction Flexibility
- Declining enrollment

### EXPENDITURE

#### 2012/2013

- Step/Column increases for all groups
- Positions funded with Federal Jobs Money in 2011/12 revert back to General Fund
- **2011/12 Restricted carryover expenditures**
- Utility cost adjust. to include rate increase
- **Board approved budget reductions/restorations**
- Declining enrollment
- ~~A.C.T. 5.5 furlough salaries~~ **Restored**
- Increase in 4-12 class size by 2
- Increase in donations/billings expenditures

#### 2013/2014

- Decrease in 4-12 class size by 2
- Step/Column increases for all groups
- CHAMP furlough salaries restored
- Utility cost increase
- Board approved budget reductions/restorations
- Declining enrollment
- **Does not include budget for Common Core**

#### 2014/2015

- Step/Column increases for all groups
- Utility cost increase
- Board approved budget reductions/restorations
- Declining enrollment

# First Interim Budget Changes

## General Fund

### REVENUE CHANGES BETWEEN ADOPTED BUDGET AND FIRST INTERIM

2012/2013

#### Increases

- Elimination of midyear trigger cut = **\$12.9M**
- Additional 11/12 restricted carryover = **\$0.7M**
- Mandate Block Grant = **\$0.8M**
- Medi-Cal Admin adjustment = **\$0.8M**
- Restricted donation/billback = **\$0.5M**

#### Decreases

- Decrease to Revenue Limit due to change in unemployment insurance rate = **\$0.7M**

**NET CHANGE = +\$15.1 M**

### EXPENDITURE CHANGES BETWEEN ADOPTED BUDGET AND FIRST INTERIM

2012/2013

#### Increases

- Corresponding increases to 11/12 restricted carryover expenses = **\$1.1M**
- Rescission of Board approved budget items = **\$5.4M**
- Corresponding increases to restricted donation/billback expenses = **\$0.5M**

#### Decreases

- Position control reconciliation (including increase in 4-12 class size by 2; elimination of positions; vacancy savings) = **\$1.7M**

**NET CHANGES = +\$5.3 M**

# First Interim Multiyear Budget

*Activities as of October 31, 2012*

	2012/13 First Interim	2013/14 Estimated Budget	2014/15 Estimated Budget
BEGINNING BALANCE	\$49,519,026	\$44,870,209	\$41,805,618
Audit Adjustment	\$600,782		
Revenue	\$215,789,018	\$207,826,400	\$200,885,028
Expenditure & Other Sources/Uses	\$221,038,618	\$210,890,990	\$211,783,434
Net Inc./(Dec.) in Fund Balance	(\$5,249,600)	(\$3,064,591)	(\$10,898,406)
ENDING BALANCE	\$44,870,209	\$41,805,618	\$30,907,212
Components of Ending Balance:			
- Revolving Cash	\$100,000	\$100,000	\$100,000
- Reserve for Economic Uncertainty 3%	\$6,631,159	\$6,326,730	\$6,353,503
- Equity Distribution	\$49,889	\$49,889	\$49,889
- UNAPPROPRIATED ENDING BALANCE	\$38,089,161	\$35,328,999	\$24,403,820

Note: Numbers may not add up due to rounding

# Types of Interim Report Certifications

- Positive Certification



District **WILL MEET** its financial obligations for the current **and** two subsequent fiscal years

- Qualified Certification

District **MAY NOT MEET** its financial obligations for the current **or** two subsequent fiscal years

- Negative Certification

District **WILL BE UNABLE TO MEET** its financial obligations for the remainder of the current or subsequent fiscal year based upon current projections



# Next Steps

- Continue to closely monitor budget and cash flow
- Anticipate changes in Governor's January Budget Proposal
- Board to consider Budget Reduction/Restoration items
- Prepare for new Multi-Year Budget



# Discussions & Questions