



# ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT

**2011-12 Second Interim Budget**

**Board Meeting  
March 12, 2012**

Presented by Laura Phan, Assistant Superintendent, Business Services



# Budget Reporting Periods

Education Code requires districts to submit interim budget reports to the County Office of Education and State Department of Education:

- Budget Adoption – Board action by June 30<sup>th</sup>
- 1<sup>st</sup> Interim Report (actuals as of October 31<sup>st</sup>) – Board action by December 15<sup>th</sup>
- 2<sup>nd</sup> Interim Report (actuals as of January 31<sup>st</sup>) – Board action by March 15<sup>th</sup>

Certifications (EC 42131 (a)(1))

- Positive Certification: WILL MEET the financial obligations for the current and two subsequent fiscal years
- Qualified Certification: MAY NOT MEET the financial obligations for the current and two subsequent fiscal years
- Negative Certification: WILL BE UNABLE TO MEET the financial obligations for the current and two subsequent fiscal years



# 2011-12 Second Interim Budget

ARUSD has a Qualified Certification  
due to Negative Ending Fund Balance  
projected at end of Year 3, 2013-14



# 2011-12 Second Interim Budget Assumptions (State Factors)

FACTOR	2011-12 First Interim	2011-12 Second Interim	2012-13 Projections	2013-14 Projections
Revenue Limit Statutory COLA	2.24%	2.24%	3.17%	2.40%
Revenue Limit Deficit	-19.754%	-20.602%	-22.231%	-24.054%
Equalization Aid	\$0.00	\$0.00	\$0.00	\$0.00
Other Revenue Limit Adjustments Other Adjustment \$ per ADA	(\$250.00)		(\$370.00)	(\$370.00)
CSR, K-3	\$1,071.00	\$1,071.00	\$1,071.00	\$1,071.00
State Categorical COLA*	0.00%	0.00%	0.00%	2.40%
Transportation Funding	-50.00%		-100.00%	
Special Education COLA	0.00%	0.00%	0.00%	2.40%
California Lottery (per ADA)				
Base	\$111.75	\$117.25	\$117.25	\$117.25
Proposition 20	\$17.00	\$23.25	\$23.25	\$23.25
California Consumer Price Index (CPI)	3.20%	2.30%	2.10%	2.40%
Interest Rate for 10-year Treasuries	3.50%	2.10%	2.60%	3.10%

Source: Santa Clara County Office of Education (SCCOE) & School Services of California



# 2011-12 Second Interim Budget Assumptions (District Factors)

FACTOR	2011-12 First Interim	2011-12 Second Interim	2012-13 Projections	2013-14 Projections
Base Revenue Limit (RL) per ADA	\$6,217.48	\$6,217.48	\$6,415.48	\$6,569.48
Funded Revenue Limit (RL) per ADA	\$4,739.28	\$4,936.55	\$4,989.29	\$4,989.28
Net RL Funding Change from Prior Year	-4.99%	-1.04%	1.07%	0.00%
Parcel Tax				
Number of Parcels	21,019	21,019	21,019	21,019
Parcel Tax Rate	\$163.92	\$163.92	\$168.51	\$171.38
Parcel Tax Revenue	\$3,445,434.48	\$3,445,434.48	\$3,541,911.69	\$3,602,236.22
Enrollment (CBEDS)				
Regular Ed	12,170	12,170	11,638	11,331
Special Day Class (SDC)	399	399	399	399
<b>Total In-District Enrollment</b>	<b>12,569</b>	<b>12,569</b>	<b>12,037</b>	<b>11,730</b>
COE Programs	143	143	143	143
<b>Total Enrollment</b>	<b>12,712</b>	<b>12,712</b>	<b>12,180</b>	<b>11,873</b>
Revenue Limit ADA	12,284.75	12,284.75	12,160.20	11,649.83
Average Class Size, District				
Grades K-3	20:1	20:1	20:1	20:1
Grades 4-8	32:1	32:1	32:1	32:1
Small School Grades 4-5	32:1	25:1	25:1	25:1

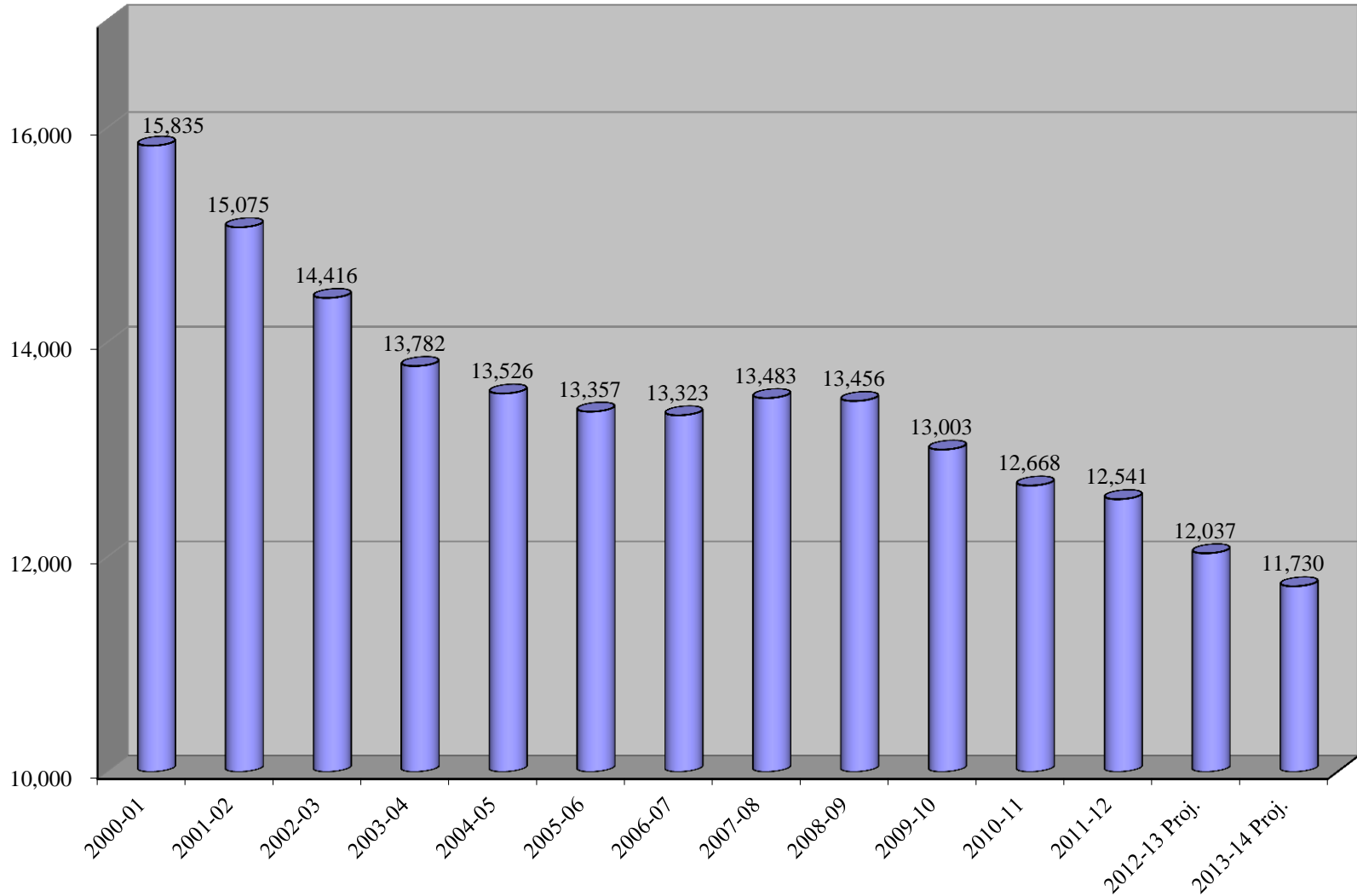


# Base Revenue Limit per ADA





# Enrollment Projections for Budget



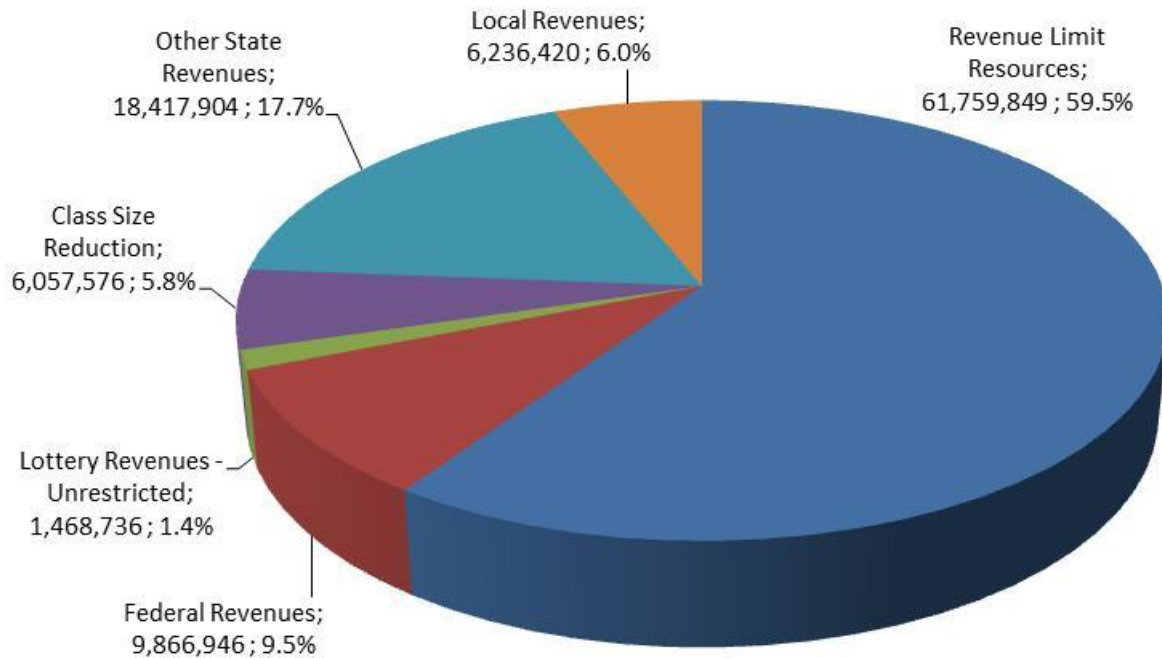


# 2011-12 General Funds – Combined Total Revenues

Total Revenues : \$103,807,431

Unrestricted: \$80,288,161

Restricted: \$23,519,270





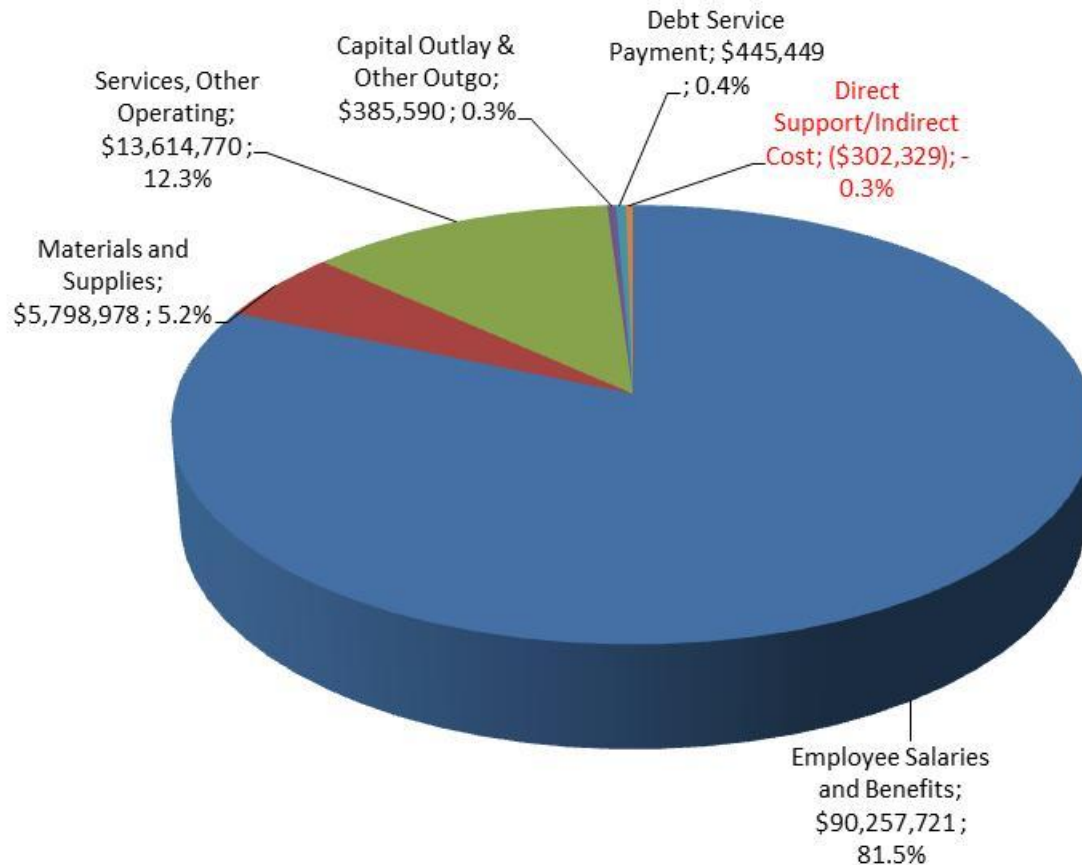


# 2011-12 General Funds – Combined Total Expenditures

Total Expenditures : \$110,200,179

Unrestricted: \$72,195,257

Restricted: \$38,004,922





# Combined General Fund (Unrestricted/Restricted)

<b>Combined General Fund Unrestricted/Restricted</b>	<b>2011-12 First Interim</b>	<b>2011-12 Second Interim</b>	<b>Year 2 2012-13 Projected</b>	<b>Year 3 2013-14 Projected</b>
<b>Beginning Fund Balance</b>	\$ 18,453,048	\$ 18,453,048	\$ 12,060,300	\$ 6,820,458
Revenues, Unrestricted	\$ 77,986,467	\$ 80,288,161	\$ 79,845,787	\$ 77,302,758
Revenues, Restricted	22,614,737	23,519,270	21,750,660	20,689,709
Unrestricted Expenditures:				
Salaries and Benefits	(65,110,358)	(65,138,647)	(64,704,310)	(65,044,134)
Supplies and Operating Expenses	(8,240,189)	(8,507,201)	(7,326,403)	(7,396,538)
Indirect Cost and Transfers	1,891,705	1,896,040	1,981,910	1,950,897
Debt Service	(590,178)	(445,449)	(623,948)	(398,785)
<b>Total Expenditures, Unrestricted G/F</b>	<b>(72,049,020)</b>	<b>(72,195,257)</b>	<b>(70,672,751)</b>	<b>(70,888,560)</b>
Restricted Expenditures:				
Routine Restricted Maintenance	(2,452,838)	(2,452,839)	(2,492,657)	(2,525,315)
Categoricals	(18,164,158)	(18,244,135)	(16,182,544)	(15,165,002)
Transportations	(2,864,858)	(2,864,858)	(2,898,277)	(2,933,715)
Special Education	(14,768,100)	(14,443,090)	(14,590,060)	(14,745,930)
<b>Total Expenditures, Restricted G/F</b>	<b>(38,249,954)</b>	<b>(38,004,922)</b>	<b>(36,163,538)</b>	<b>(35,369,962)</b>
<b>Surplus/(Deficit)</b>	<b>\$ (9,697,770)</b>	<b>\$ (6,392,748)</b>	<b>\$ (5,239,842)</b>	<b>\$ (8,266,055)</b>
<b>Ending Fund Balance</b>	<b>\$ 8,755,278</b>	<b>\$ 12,060,300</b>	<b>\$ 6,820,458</b>	<b>\$ (1,445,597)</b>
Assigned, includes Required 3% Reserve	3,615,956	3,612,993	3,225,089	3,207,756
<b>Ending Fund Balance, Unassigned</b>	<b>\$ 5,139,322</b>	<b>\$ 8,447,307</b>	<b>\$ 3,595,369</b>	<b>\$ (4,653,353)</b>



# Unrestricted General Fund

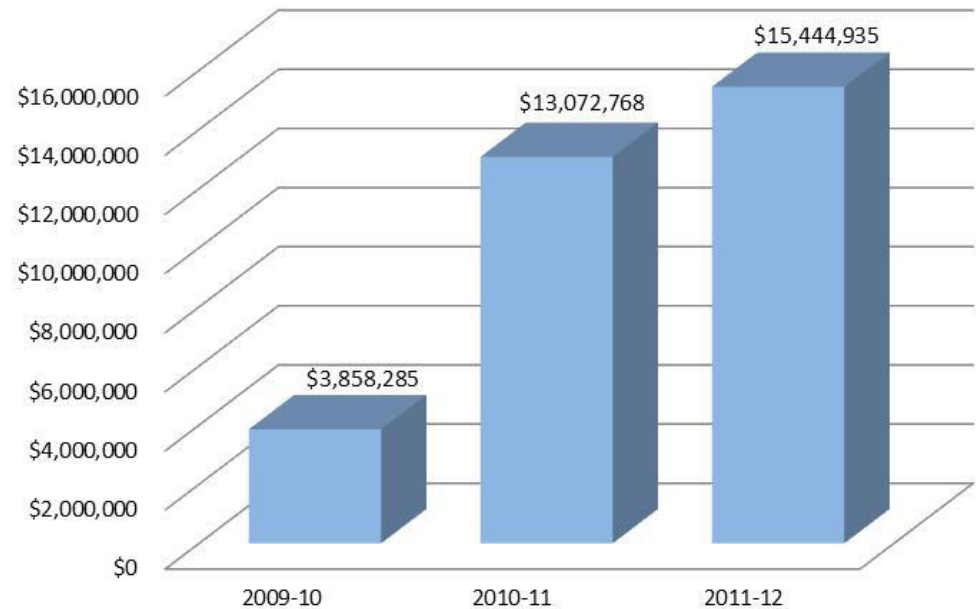
	2011-12 First Interim	2011-12 Second Interim	Year 2 2012-13 Projected	Year 3 2013-14 Projected
<b>BEGINNING FUND BALANCE</b>	\$ 15,926,226	\$ 15,926,226	\$ 11,773,312	\$ 6,820,458
Revenue Limit	57,465,964	59,859,298	59,879,542	57,324,431
Other Revenues	20,520,502	20,428,863	19,966,245	19,978,327
<b>Total General Fund Revenues</b>	\$ 77,986,466	\$ 80,288,161	\$ 79,845,787	\$ 77,302,758
<u>Contribution to Restricted Programs:</u>				
Routine Restricted Maintenance	(2,112,125)	(2,112,125)	(2,205,669)	(2,525,315)
Transportation (program encroachment)	(2,151,961)	(1,449,066)	(2,888,277)	(2,923,715)
Special Ed (program encroachment)	(9,131,296)	(8,684,627)	(9,031,944)	(9,231,223)
<b>Total Contributions</b>	\$ (13,395,382)	\$ (12,245,818)	\$ (14,125,890)	\$ (14,680,253)
Indirect Costs	1,891,705	1,896,040	1,981,910	1,950,897
<b>TOTAL RESOURCES</b>	\$ 66,482,789	\$ 69,938,383	\$ 67,701,807	\$ 64,573,402
Salaries and Benefits	(65,110,358)	(65,138,647)	(64,704,310)	(65,044,134)
Supplies, Operating & Other Expenditures	(8,240,189)	(8,507,201)	(7,326,403)	(7,396,539)
Other Debt Service Payments	(590,178)	(445,449)	(623,948)	(398,785)
<b>TOTAL EXPENDITURES</b>	\$ (73,940,725)	\$ (74,091,297)	\$ (72,654,661)	\$ (72,839,458)
<b>Net Change to Fund Balance</b>	\$ (7,457,936)	\$ (4,152,914)	\$ (4,952,854)	\$ (8,266,056)
<b>ENDING FUND BALANCE</b>	\$ 8,468,290	\$ 11,773,313	\$ 6,820,459	\$ (1,445,597)
Accounting Restriction	20,000	20,000	20,000	20,000
Committed for Economic Uncertainties	3,308,969	3,306,005	3,205,089	3,187,756
<b>Unassigned Fund Balance</b>	\$ 5,139,321	\$ 8,447,308	\$ 3,595,370	\$ (4,653,353)



# Cashflow – Apportionments Deferral

- 2011-12 Revenue Limit cash deferral of 38.4%
- Approximately \$15.4 million delayed to after July 1
- \$10 million TRANs (short-term borrowing) issued in February, 2012 to cover cash shortfall
- Net interest expense of \$64,413

Revenue Limit State Aide Cash Deferrals





# Uncertainties

- Multi-year budget assumptions are subject to change
  - State budget
  - District enrollment
  - Budget reductions implementation
- ARUSD operates with structural deficits – expenditures continue to exceed revenues
- State November Tax Initiative(s)



# Uncertainties (cont.)

- 2012-13 Midyear Triggers

<b>Combined General Fund Unrestricted/Restricted</b>	<b>2011-12 Second Interim</b>	<b>Year 2 2012-13 Projected</b>	<b>Year 3 2013-14 Projected</b>
Beginning Fund Balance	\$ 18,453,048	\$ 12,060,300	\$ 6,820,458
Revenues, Unrestricted	\$ 80,288,161	\$ 79,845,787	\$ 77,302,758
Revenues, Restricted	23,519,270	21,750,660	20,689,709
Total Expenditures, Unrestricted G/F	(72,195,257)	(70,672,751)	(70,888,560)
Total Expenditures, Restricted G/F	(38,004,922)	(36,163,538)	(35,369,962)
<b>Surplus/(Deficit)</b>	<b>\$ (6,392,748)</b>	<b>\$ (5,239,842)</b>	<b>\$ (8,266,055)</b>
<b>Ending Fund Balance</b>	<b>\$ 12,060,300</b>	<b>\$ 6,820,458</b>	<b>\$ (1,445,597)</b>
Assigned, includes Required 3% Reserve	3,612,993	3,225,089	3,207,756
<b>Ending Fund Balance, Unassigned</b>	<b>\$ 8,447,307</b>	<b>\$ 3,595,369</b>	<b>\$ (4,653,353)</b>
Possible Mid-Year Cut, 2012-13 "Triggers" Revenue Limit reduction (est. -\$370 per ADA ongoing cut)		(4,499,274)	(8,809,711)
<b>Adjusted Projected Fund Balance</b>	<b>\$ 8,447,307</b>	<b>\$ (903,905)</b>	<b>\$ (13,463,064)</b>



# Budget Options

(not subject to collective bargaining)

<b>Program</b>	<b>Estimated 2012-13 Savings</b>	<b>2-Years Total thru 2013-14</b>	<b>3-Years Total thru 2014-15</b>
Campus safety	\$250,000	\$500,000	\$750,000
Health support	\$484,423	\$968,846	\$1,453,269
District personnel Reduction	\$156,384	\$312,769	\$469,153
Library	\$405,954	\$811,908	\$1,217,862
Mariachi (emp contract)	\$161,659	\$323,318	\$484,977
Middle School Sports	\$136,415	\$272,830	\$409,245
Music/VAPA	\$985,514	\$1,971,028	\$2,956,543
Office assistants	\$652,568	\$1,305,136	\$1,957,704
Reg Ed Busing	\$106,937	\$213,875	\$320,812
Small School allocations	\$130,000	\$260,000	\$390,000
School operations (close 2 sites)	\$724,107	\$1,448,213	\$2,172,320
<b>TOTAL</b>	<b>\$4,193,961</b>	<b>\$8,387,923</b>	<b>\$12,581,884</b>



# Budget Timeline

## 2011-12 Budget Updates

- June 2012 – Third Interim Report/Estimated Actuals

## 2012-13 Budget

- May 2012 – Governor to release revised proposal
- June 11, 2012 – Budget Adoption
- By June 30, 2012 – Legislature to adopt State Budget





Thank You