



San Mateo-Foster City School District

Presentation to Board of Trustees
2012-13 Second Interim Report

Information Item #12.1
March 7, 2013



Overview

1. About Interim Reports
2. Revenues Update
3. Expenditures Update
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5. Multi-Year Budget Assumptions
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1. About Interim Reports

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 30th
- 1st Interim Report (actuals as of October 31st) – Board action by December 15th
- 2nd Interim Report (actuals as of January 31st) – Board action by March 15th
- 3rd Interim Report (actuals as of March 31st) – Required if 2nd Interim is Qualified

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

2. Revenues Update - Unrestricted General Fund

- Changes from First Interim
 - Revenue Limit Sources increase by \$3,298,350
 - Project Revenue Limit ADA increase by 62
 - Per latest estimate property tax revenues from County Controller
 - Include Redevelopment Agencies distributions
 - All Other State Revenues decrease by **-\$3,149,427**
 - Fair Share Reduction of **-\$4,450,860** (changed from **-\$1,301,433** at First Interim); pass through of RDA distributions
 - Other Local Revenues – No Change
 - Contributions to Restricted General Fund Programs increase by \$23,824
 - Required match for the Academic Center (Homework Tutor Program)

3. Expenditures Update - Unrestricted General Fund

- Changes from First Interim
 - Decrease in budgeted expenditures of **-\$1,247,230**
 - Relinquishment of positions reserved for unexpected increase in enrollment
 - Savings from pay differentials of retired/resigned employees and new hires
 - Savings from vacant positions

4. Multi-Year Projections – Unrestricted General Fund

	2012-13 Adopted Budget	2012-13 First Interim	2012-13 Second Interim	2013-14 Projection	2014-15 Projection
Beginning Fund Balance	\$ 42,707,199	\$ 42,707,199	\$ 42,707,199	\$ 43,352,382	\$ 43,127,868
Total Revenues	\$ 68,115,097	\$ 74,046,486	\$ 74,195,409	\$ 76,074,842	\$ 78,212,852
Total Expenditures	\$ (63,327,788)	\$ (63,970,392)	\$ (62,723,162)	\$ (64,978,486)	\$ (67,452,822)
Total Other Financing sources/uses	\$ (11,220,146)	\$ (10,749,865)	\$ (10,827,064)	\$ (11,320,870)	\$ (11,320,870)
Surplus/(Deficit) Spending	\$ (6,432,837)	\$ (673,771)	\$ 645,183	\$ (224,514)	\$ (560,840)
Ending Fund Balance	\$ 36,274,362	\$ 42,033,428	\$ 43,352,382	\$ 43,127,868	\$ 42,567,028
Reserve for Revolving Fund	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Designated for Tier III sites use	\$ 3,000,000	\$ 3,000,000	\$ 3,184,700	\$ 4,000,000	\$ 4,000,000
Reserve for Economic Uncertainties (10%)	\$ 8,859,365	\$ 9,549,669	\$ 9,449,115	\$ 9,918,973	\$ 9,640,800
Unallocated Fund balance	\$ 24,379,997	\$ 29,448,759	\$ 30,683,567	\$ 29,173,895	\$ 28,891,228

5. Multi-Year Projections

- Budget Assumptions for 2013-14 and 2014-15

Revenue Assumptions

- District will assume Revenue Limit allocation per current law
 - Funded COLA of 1.65% and 2.20% for 2013-14 and 2014-15
 - Deficit Factor remains at **-22.272%**
- Continue enrollment growth of 131 in 2013-14 and 176 in 2014-15
- District will not receive any allocations from Proposition 30 (Education Protection Account) nor Proposition 39 (Energy Efficiency Projects)
- Federal Sequestration (Federal trigger cut) of 5.9% starts 2013-14

Expenditure Assumptions

- Maintain K-3 Class Size at 24:1
- Step and Column increases for all employees; other salary adjustments pending collective bargaining
- Funding continues for Magnet Schools, the Music Program and Routine Restricted Maintenance

5. Multi-Year Projections

- Budget Assumptions for 2013-14 and 2014-15

- Measure A Parcel Tax resource
 - Supplement Class Size Reduction (CSR) funding for grades K-3
 - Maintain school libraries
 - Support programs which will enhance student achievement
 - Physical Education, student counseling programs, music program and middle school art program
 - Maintain support services
 - Retain school custodians that may have been laid off due to lack of funding
- Other budget assumptions are based on School Services of California Dartboard and San Mateo County Office of Education guidance

6. Other Budget Concerns

- Local Control Funding Formula (LCFF) will likely replace Revenue Limit Calculation
 - Entitlement details pending lengthy legislative approval process
 - Actual impact to the District depends on the final implementation method
 - The District may experience cash flow shortage in 2013-14; there will be no State apportionment in the first half of 2013-14 due to the District's current Basic Aid status
 - Program flexibility will depend on the implementation of LCFF

7. Next Steps

- March 21, 2013
 - Present 2012-13 Final Second Interim Report to Board of Trustees for approval
 - Board discussion of 2013-14 Budget Assumptions
 - Present 2013-14 Flexible Transfer for Tier III Categorical and Public Hearing
- April 18, 2013
 - Present 2013-14 Budget Assumptions to Board of Trustees for approval