



Mt. Diablo Unified School District

First Interim Budget Report 2012-13

Activity through October 31, 2012

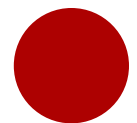
Presented December 10, 2012

Steven Lawrence, Ph.D., Superintendent

Bryan Richards, Chief Financial Officer

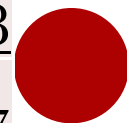
WHY IS THE ENDING BALANCE HIGHER THAN PROJECTED LAST YEAR?

Revenue	<u>3rd Int</u>	<u>Est Act</u>	<u>Actuals</u>
Revenue Limit	164,384,932	164,384,932	163,828,449
Federal	354,151	354,151	449,362
State	32,043,878	32,528,804	32,575,907
Local	<u>3,215,379</u>	<u>3,499,270</u>	<u>4,320,943</u>
Total Revenue	199,998,339	200,767,156	201,174,661



WHY IS THE ENDING BALANCE HIGHER THAN PROJECTED LAST YEAR?

Expenditures	<u>3rd Int</u>	<u>Est Act</u>	<u>Actuals</u>
Cert Sal	93,318,820	93,334,794	94,259,212
Clsf Sal	19,762,870	19,773,527	19,733,072
Benefits	33,634,072	33,641,215	32,536,755
Bks/Supp	4,233,747	4,384,996	3,908,446
Svc/Othr	11,616,798	11,694,915	10,413,408
Capital	205,435	205,435	102,031
Interfund	3,986,579	3,986,579	3,939,120
Net Contrib	<u>42,966,636</u>	<u>42,961,833</u>	<u>40,129,403</u>
Total Exps	209,724,957	209,983,294	205,021,447



WHY IS THE OPENING BALANCE HIGHER THAN PROJECTED AT THIRD INTERIM LAST YEAR?

- Programmatic & site budget carryovers \$5.6M
- Late local revenue from CSI credits offset revenue limit shortfall
 - Total Revenue \$400K above projection
- Books & Supplies
 - \$400K below projection
- Services and Other operating expenses
 - \$1.3M below projection
- Net Contribution to Restricted (encroachment)
 - \$2.8M below projection



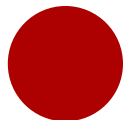
WHY DO WE NEED A HIGHER FUND BALANCE THAN IN YEARS PAST?

- Cash Flow & State Deferrals:
 - Deferrals increased \$8.1M (from \$29.2M to \$37.3M)
 - Need higher fund balance to maintain positive cash
- To deal with declining enrollment
- To deal with continued 22.272% deficit to state revenue limit funding
- To equip us to keep programs going as long as we can until the State's situation turns around
- To decrease need for more layoffs



2012-13: No COLA, BUT PROP. 30 PASSAGE REVERSES TRIGGER CUTS

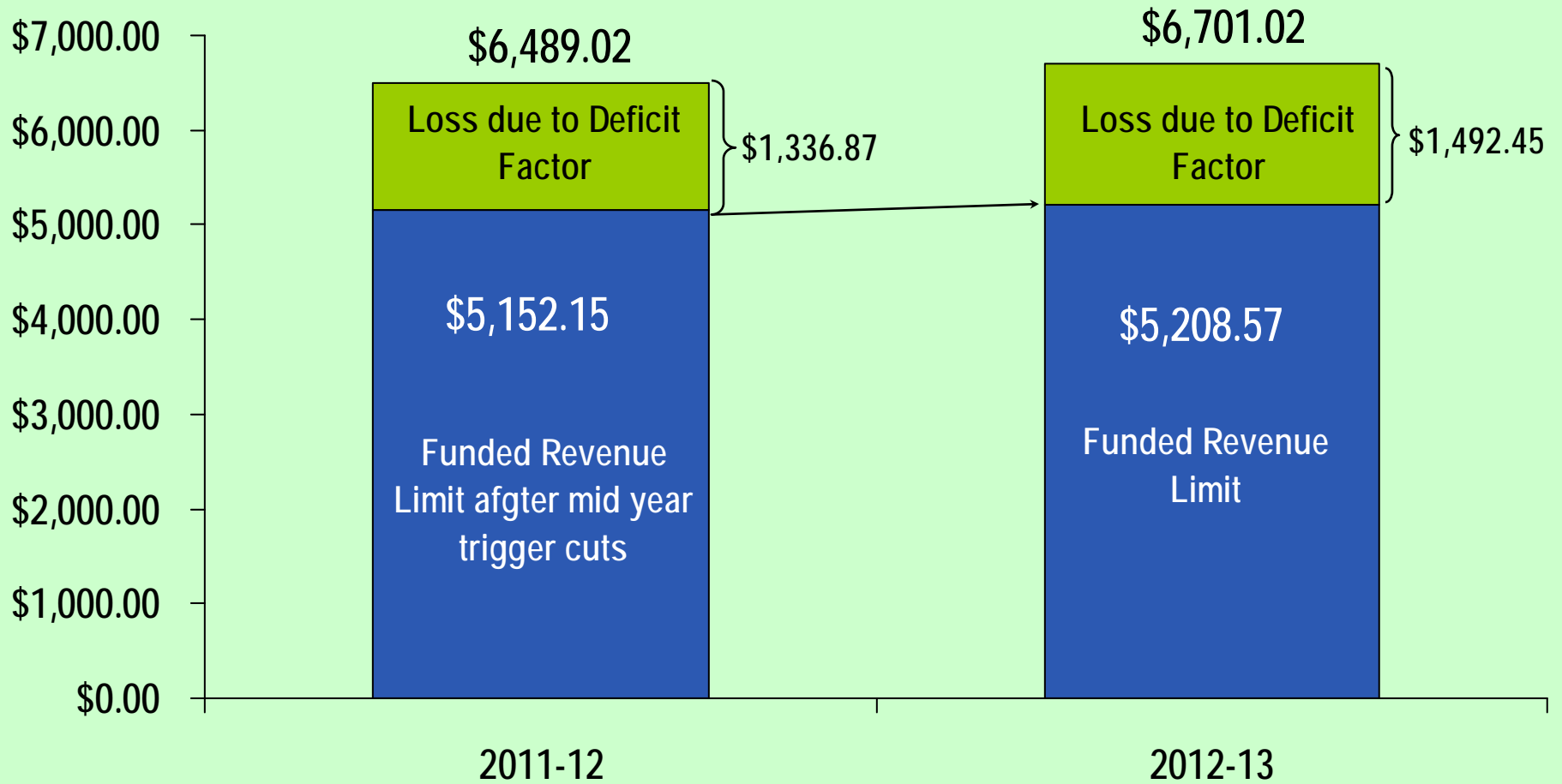
- The 3.24% COLA has been fully offset by an addition to the deficit factor (\$5.2M ongoing reduction to the base)
- School Services and the CCCOE advise planning for no COLA next year as well.
- This creates a new \$4.3M ongoing annual deficit from budget adoption.
 - Reduction of COLA from 2.5% to 2.0% = \$0.86M
 - Elimination of COLA with deficit factor = \$3.44M
- Passage of Proposition 30 means no planned additional mid-year cuts this year.
 - School year remains at 180 days.
 - No furlough days.



FUNDED REVENUE LIMIT 2011-12 vs. 2012-13

ONE TIME TRIGGER CUT GOES AWAY, NO COLA

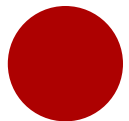
Mt. Diablo Unified School District



Graph style courtesy of School Services of California, Inc.

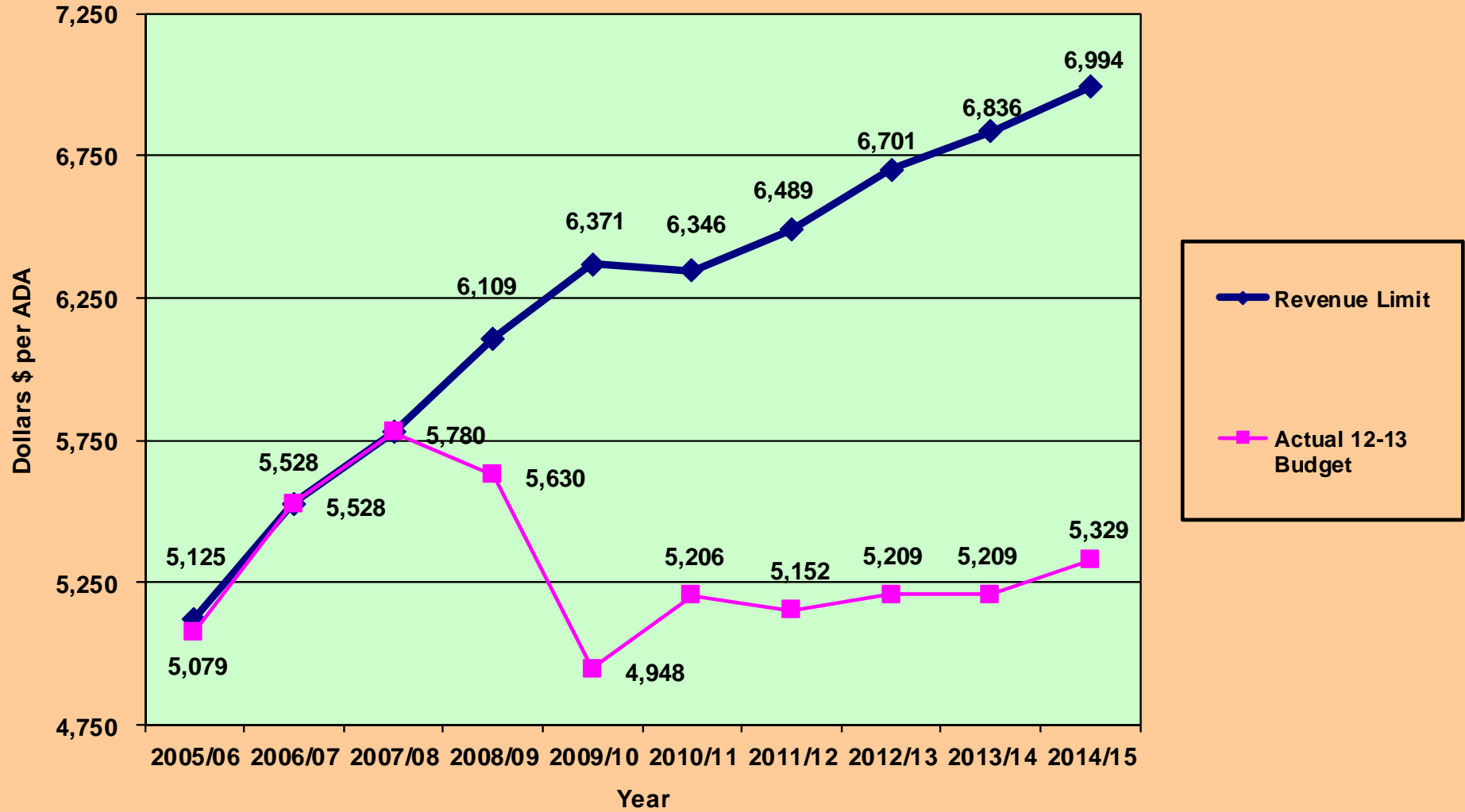
WHAT DOES A 22.272% CUT LOOK LIKE?

- School year is 180 days
- 22.272% of school year is just over 40 days
- To cut school by 22.272% we would have to close after school ended on April 17th
- A 22.272% reduction of the school day would equal about 1 hour and 20 minutes less instruction daily



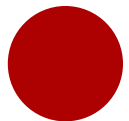
12/13 REVENUE LIMIT DEFICIT WIDENS TO \$1,492.45/ADA

MDUSD Revenue Limit Funding per ADA

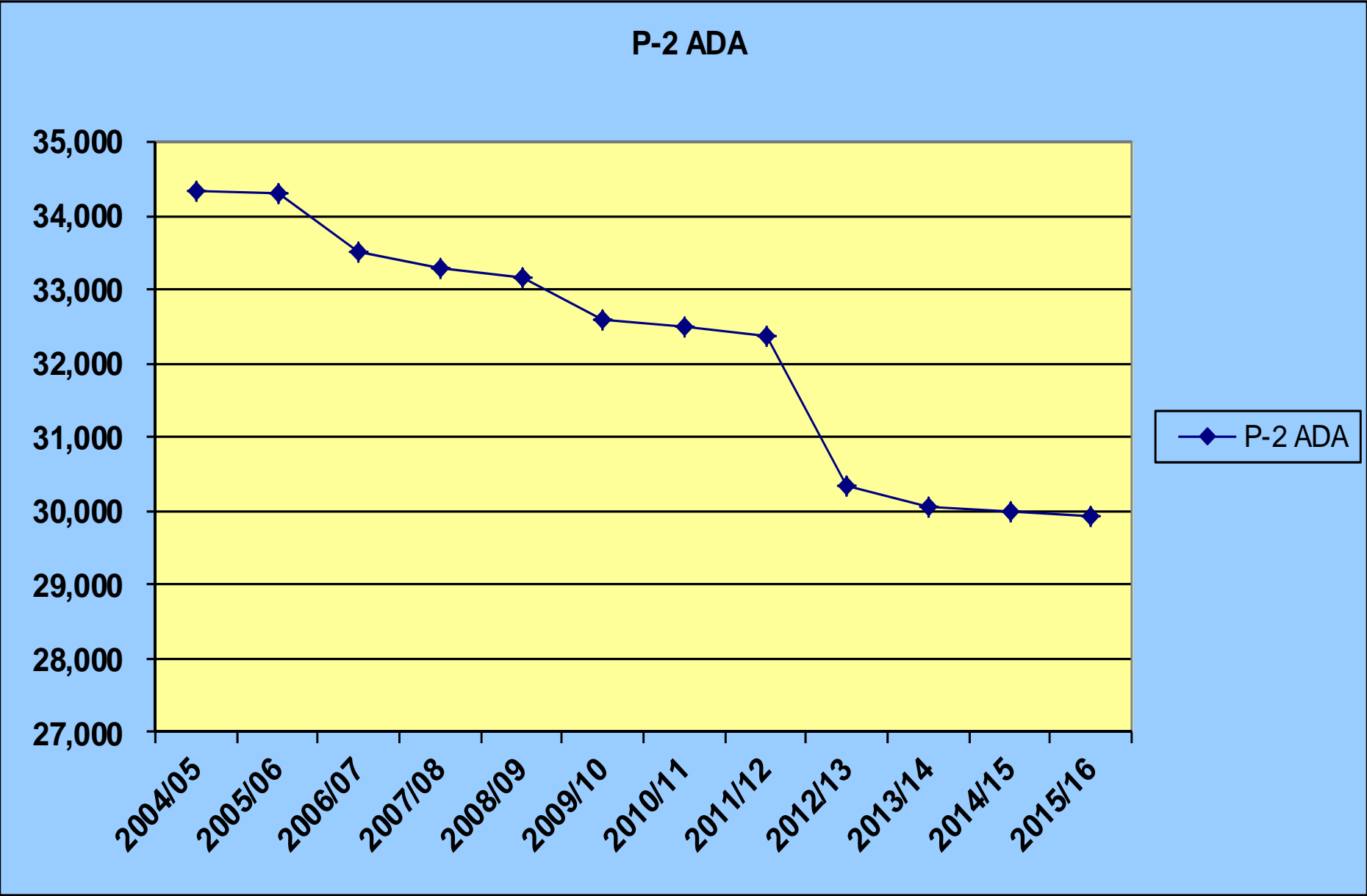


DECLINING ENROLLMENT

- We are still in a declining enrollment funding model
- We are projecting a decline of 270.5 ADA in 2012/13 from 2011/12
- This is in addition to effect of charter school conversion (1,776.50 ADA)

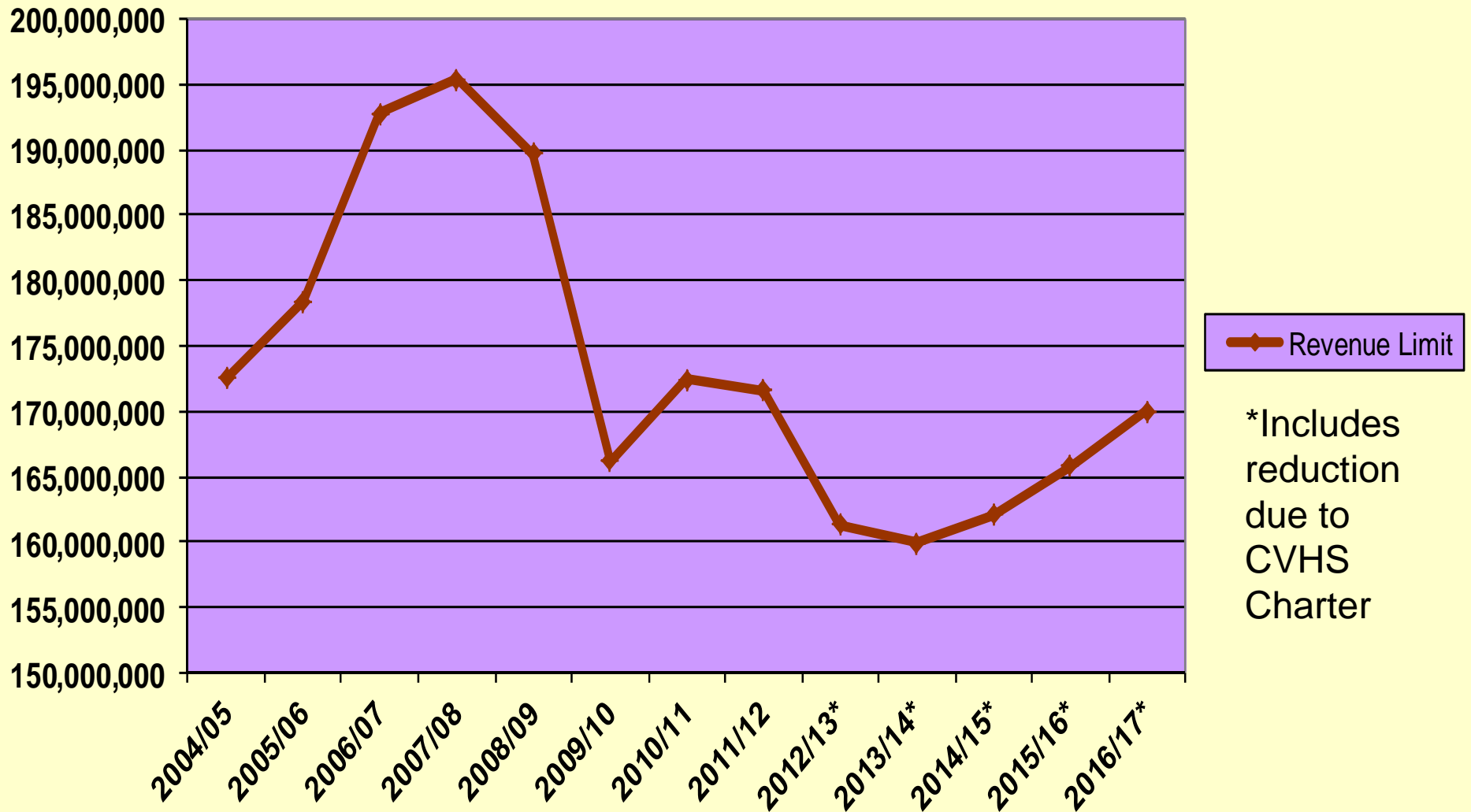


MDUSD ADA IS STILL DECLINING!



HOW DOES REVENUE LIMIT FUNDING LOOK?

Revenue Limit



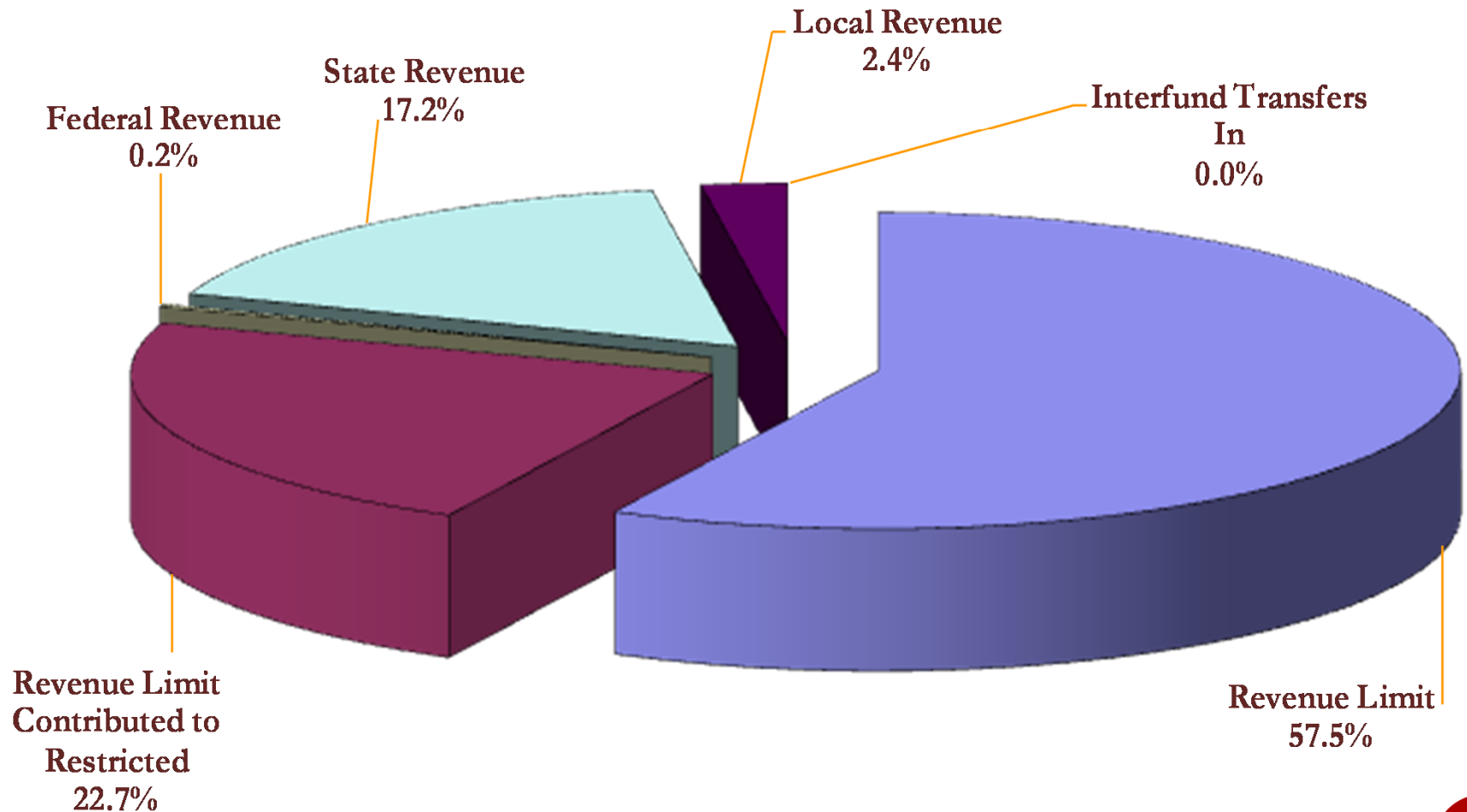
*Includes reduction due to CVHS Charter

UNRESTRICTED GENERAL FUND REVENUE

○ Revenue Limit Sources	\$ 153,423,293
○ Federal Revenue	433,736
○ Other State Revenue	32,911,015
○ Other Local Revenue	4,531,218
○ Interfund Transfers In	<u>0</u>
○ Total Revenue	191,299,262
○ Less: Net Contrib. to RGF	<u>(43,501,138)</u>
○ Net Available Revenue	\$ 147,798,124



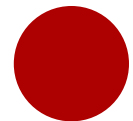
**Mt. Diablo Unified School District
Unrestricted General Fund Revenues Before Contributions
2012-13 Total = \$191,299,262**



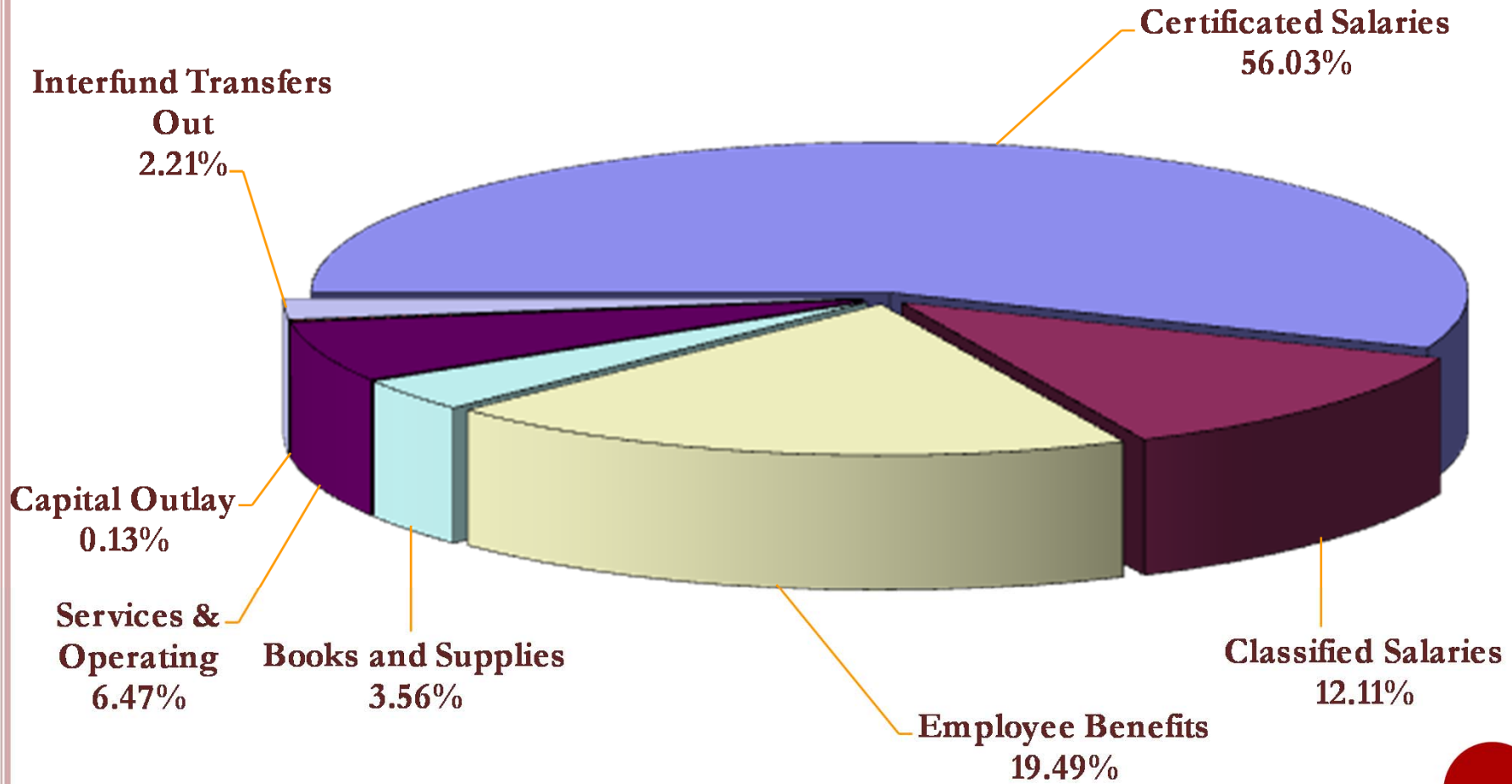
Revenue Limit is 80.2% of unrestricted general fund revenue.

UNRESTRICTED GENERAL FUND EXPENDITURES

○ Certificated Salaries	\$ 88,945,034
○ Classified Salaries	19,229,776
○ Employee Benefits	30,947,422
○ Books & Supplies	5,643,848
○ Services & Operating	10,276,335
○ Capital Outlay	200,820
○ Other Outgo	0
○ Interfund Transfers Out	<u>3,505,746</u>
○ Total Expenditures	158,748,981



**Mt. Diablo Unified School District
Unrestricted General Fund Expenditures and Transfers Out
2012-13 Total = \$158,748,981**

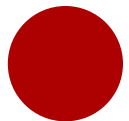


Salaries and Benefits make up 87.63% of expenditures & transfers out



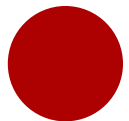
UNRESTRICTED GENERAL FUND SUMMARY

○ Net Available Revenue	\$	147,798,124
○ Net Expenditures		<u>158,748,981</u>
○ Net (decrease) fund bal.		(10,950,857)
○ Beginning Balance, July 1		<u>41,696,645</u>
○ Projected Ending Balance	\$	30,745,788



COMPONENTS OF ENDING BALANCE

○ Revolving Cash	\$ 305,000
○ Stores Inventory	422,008
○ Economic Uncertainties (2%)	5,826,096
○ Tier 3 Balances & Site carryovers	4,039,126
○ Undesignated	<u>20,153,558</u>
○ Ending Balance	\$ 30,745,788

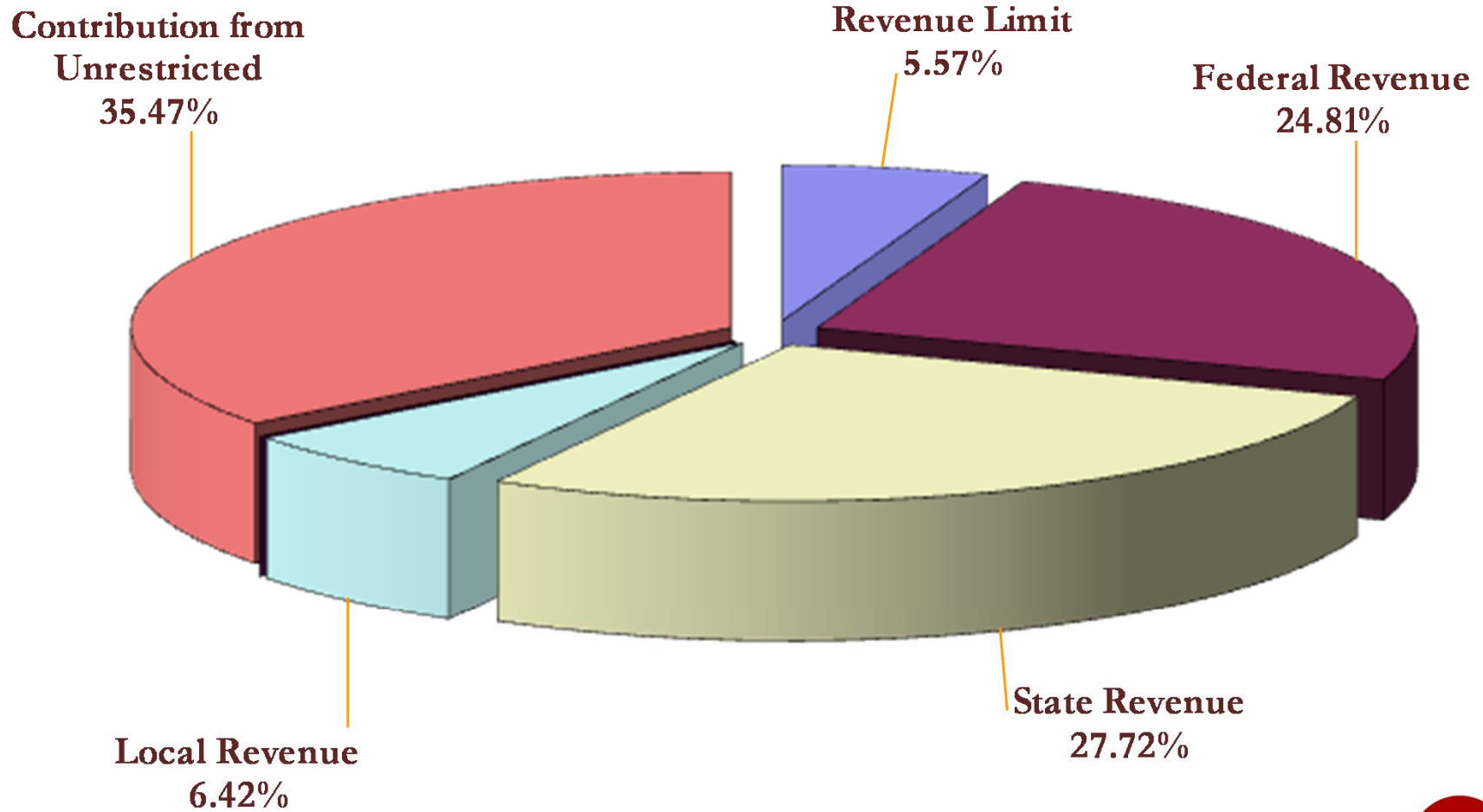


RESTRICTED GENERAL FUND REVENUE

○ Revenue Limit Sources	\$ 7,311,843
○ Federal Revenue	32,550,068
○ Other State Revenue	36,367,464
○ Other Local Revenue	8,427,219
○ Interfund Transfers In	0
○ Contribution from Unr.	<u>46,529,652</u>
○ Total Revenue	\$131,186,246

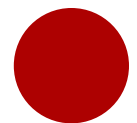


**Mt. Diablo Unified School District
Restricted General Fund Revenue
2012-13 Total = \$131,186,246**

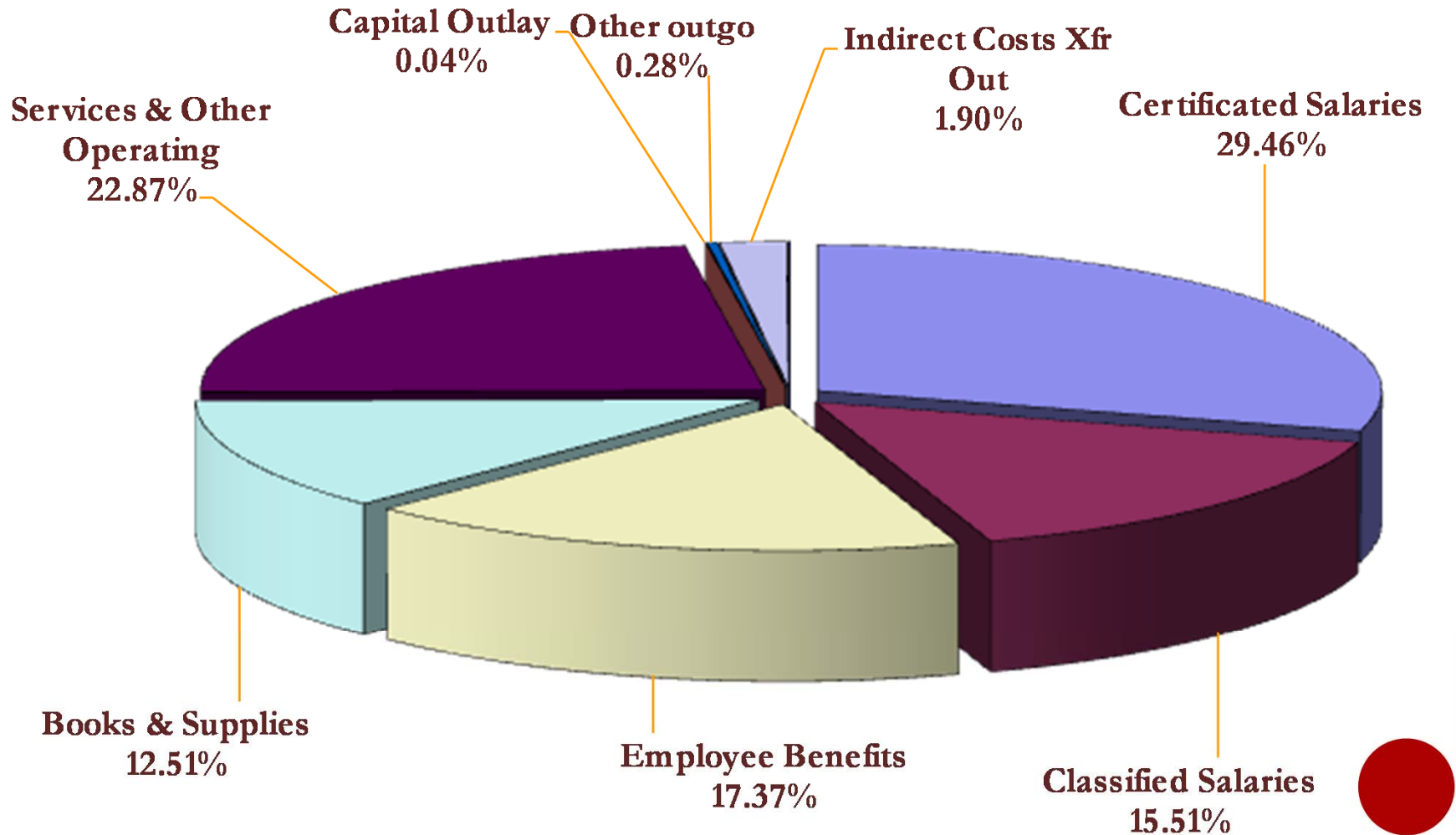


RESTRICTED GENERAL FUND EXPENDITURES

○ Certificated Salaries	\$ 39,942,944
○ Classified Salaries	21,031,566
○ Employee Benefits	23,548,168
○ Books & Supplies	16,962,596
○ Services & Other Operating	31,014,448
○ Capital Outlay	50,297
○ Other Outgo	375,493
○ Indirect Costs	2,582,308
○ Interfund Transfers Out	<u>76,500</u>
○ Total Expenditures	\$ 135,584,320

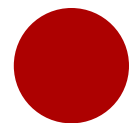


**Mt. Diablo Unified School District
Restricted General Fund Expenditures
2012-13 Total = \$135,584,320**



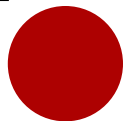
RESTRICTED GENERAL FUND SUMMARY

○ Total Revenue	\$ 131,186,246
○ Total Expenditures	<u>135,584,320</u>
○ Net (decrease) in fund bal.	(4,398,074)
○ Beginning Balance, July 1	<u>11,986,825</u>
○ Projected Ending Balance	\$ 7,588,751



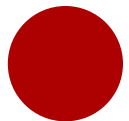
OTHER FUNDS OF THE DISTRICT

- Funds for special purposes excluded from the General Fund
- Special Revenue Funds
 - Charter School – Form 09I
 - Adult Education – Form 11I
 - Cafeteria – Form 13I
 - Deferred Maintenance – Form 14I
- Capital Projects Funds
 - Building (Proceeds of Measure C for construction) – Form 21I
 - Capital Facilities (a.k.a. Developer Fees) – Form 25I



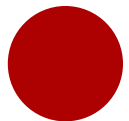
OTHER FUNDS OF THE DISTRICT (CONT'D)

- Capital Project Funds (continued)
 - County School Facilities Fund (Statewide bond proceeds for construction like Prop 1A, 55) – Fund 35I
 - Capital Project Fund for Blended Component Units (Mello-Roos, Measure A) – Fund 49I
- Debt Service Funds
 - Bond Interest & Redemption Fund (Measure C) – Fund 51I
 - Debt Service Fund for Blended Component Units (Measure A) – Fund 52I
- Trust Funds
 - Foundation Private-Purpose Trust Fund – Fund 73I



SUPPLEMENTAL INFORMATION

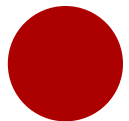
- Form AI: Average Daily Attendance decrease of (116.55) in 11/12 will decrease funding for 12/13. Projected decrease of (270.50) in 12/13 affects funding in 2013/14.
- Form CASH: Cash Flow – Ending GF cash will be positive (just barely) but projecting a decline of almost entire cash balance
 - This may change if State adjusts Inter-year deferrals
- Form RLI: Revenue Limit Calculations
- Form 01CSI: Criteria & Standards
- Form CI: Certification to sign summarizes Criteria & Standards – QUALIFIED Cert.



FORM MYPI: MULTI YEAR PROJECTION

○ Undesignated @ 6/13	\$	20,153,558
○ Operating Deficit 2013/14		(14,004,427)
○ Reduce reserv. of Tier 3/Site		1,878,449
○ Adjustment in 2% reserve		<u>73,133</u>
○ Unappropriated Balance 6/14		8,100,713
○ Operating Deficit 2014/15		(13,555,723)
○ Reduce reserv. of Tier 3/Site		2,160,677
○ Adjustment in 2% reserve		<u>(45,684)</u>
○ Unappropriated Balance 6/15	\$	(3,340,017)

Based upon first interim guidance, and delay CSR until 15/16. If CSR comes back in 14/15 the bottom line becomes \$(7,563,516).



QUALIFIED CERTIFICATION – WHAT DOES IT MEAN?

- The District projects that it may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.
- We will meet our obligations for this year
- If necessary, we can issue a TRAN to deal with cash flow
- We may be unable to meet obligations for next year based on current projections (depending on what comes in the Governor's January budget)



LAO ISSUES BUDGET ASSESSMENT

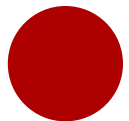
SCO ADJUSTS INTRA-YEAR DEFERRALS

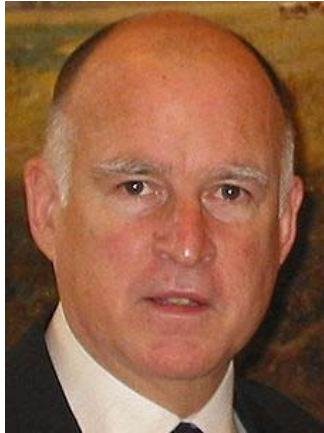
- State still has deficit for 2012/13 and 2013/14, but is on track to turn around in 2014/15
- The SCO is paying some of the intra-year deferrals from fall that were supposed to come in January during December.
- The one month deferral from March to April may be cancelled
- Note: This does not affect the Inter-Year deferrals which are still draining cash in the spring. We must wait until the January budget to see what happens with the Inter-Year deferrals.



WHAT ABOUT SOLAR \$?

- Solar is now on-line throughout the District and the notice of completion is on tonight's agenda
- Services and Other Operating Expenses budget was reduced by \$3M for electricity savings.
- Other Local Revenues increased by \$3M for the CSI credits.
- These items are helping offset the other cost increases that in a normal year would have been covered by the COLA. They are not generating enough funds to stop our deficit from growing, but they are slowing it down.





WHAT NEXT? MORE FROM SACRAMENTO



- ✓ Governor Brown's budget will be announced in January
- ✓ Will include full implementation of Proposition 30
- ✓ However, the State still has a deficit. Therefore, a COLA is questionable for at least one more year.
- ✓ Overall, it is still better news than the past few years.

