

West Contra Costa Unified School District

March 20, 2013



2012-13 Second Interim Financial Report

Second Interim 2012-13

- Period Ending January 31, 2013
- Updated Information for all funds
- Latest Information from the State
- Utilizing the budget assumptions published by School Services of California as recommended by the County Office of Education

Multi Year Projection Second Interim Report Unrestricted General Fund

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Revenues	\$169,288	\$172,794	\$169,155
Expenses	175,170	179,591	182,013
Deficit Spending	(\$5,882)	(\$6,797)	(\$12,858)
Special Reserve Transfer	2,879	3,782	6,841
Beginning Fund Balance	23,376	20,373	17,358
Use of Fund Balance	(3,003)	(3,015)	(6,017)
Ending Fund Balance	20,373	17,358	11,341
Required Reserve	8,594	8,251	8,302
Stores & Revolving Cash	300	300	300
Balance	\$11,479	\$8,807	\$2,739

Chart in Thousands

Multi Year Projection

- 2012-13
 - Will meet 3% reserve
 - Use of Ending Fund Balance \$2.5 million
 - Use of Special Reserve fund \$2.8 million
- 2013-14
 - Will meet 3% reserve
 - Use of Ending Fund Balance \$3 million
 - Use of Special Reserve fund \$3.8 million
- 2014-15
 - Will meet 3% reserve
 - Use of Ending Fund Balance \$6 million
 - Use of Special Reserve fund \$6.8 million

Multi-Year Projection

- Assumptions Used for Multi-Year Projections
- Maintains....
 - School Resource Officers at levels in 2012-13
 - Including additional officer added for Hercules this Spring
 - 180 Day School Year
 - Adult Education
 - Summer School Program
- Long Term Debt
 - Certificate of Participation is the only outstanding debt for the general fund
 - State Loan, IBM and VIP are all paid off!

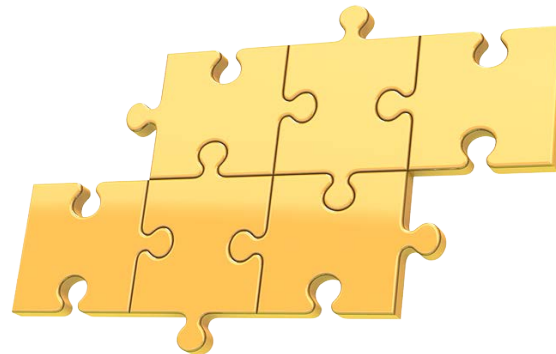
Structural Deficit

- Defined as having ongoing programs and financial commitments for a given year that exceed that particular year's revenue
- Ending Fund Balance or Special Reserve Funds can be used to address the deficit



Structural Deficit

- Use of these one-time funds does not address the program commitment or “structure” of the deficit
- The Board needs to be aware of the use of one-time funds and prepare plans for reducing commitments as one-time funds are depleted



Special Reserve Summary

Special Reserve Fund - 17	Adopted Budget & Multi Year Projection
Estimated Balance June 30, 2012	\$ 13,500,000
2012-13	\$ (2,800,000)
2012-13 Additional Transfer Due to "trigger"	
2013-14	\$ (3,800,000)
2014-15	\$ (6,800,000)
Special Reserve Fund Balance Projection June 2015:	\$ 100,000



Budget Planning

- Multi Year Projection Assumptions are used for initial budget planning
- Current Staffing Matrix for 2012-13
 - Rolls into 2013-14 with adjustments for teaching staff based upon estimated enrollment
- LCFF is not in the budget plan pending the May Revision

Local Control Funding Formula

- LCFF This is our new acronym!
- State Categorical Programs are rolled in
 - EIA
 - All Tier III Programs (including Adult Ed.)
 - Class Size Reduction
- Some are not
 - Special Education
 - After School Programs

LCFF

- What could it mean for our District?
 - Estimates still vary widely
- Previously restricted dollars become unrestricted – expenses follow unless the District cuts the program
- Roll out over 5 years
- Still many unknowns

Political Climate

- Will regions of the State with Districts that will not see any increases during the roll out support this change?
- Will the State Legislature pass the bills necessary to fund the LCFF?
- Will Class Size Reduction in grades K-3 be a bargaining chip?

Multi Year Planning Concerns

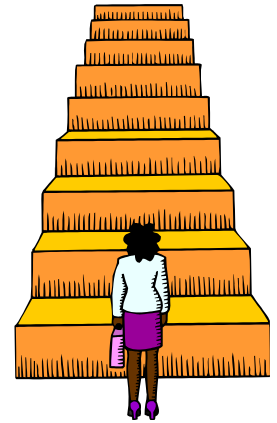
- Structural deficit becomes a problem absent improved funding from the State
- Retiree Benefits continue to take a large portion of the budget, and the District is absorbing the increased cost of health plans for the majority of retirees
 - The District is operating on a “Pay as you go” basis
 - The District has a retiree benefit fund, but is not currently adding to it

Risk Projections

- 2014-15
 - Class Size Reduction Flexibility expires
 - Loss of \$6.9 million in revenues
- 2015-16
 - Tier III Flexibility expires
 - \$13.5 million in categorical sweeps
 - Increased program contribution requirement for Maintenance and Deferred Maintenance
- Unknowns – Health Care increases and Health Care Reform

Next Steps

May Revision of Governors Budget
May Board Meeting
Preliminary Budget
June 12, 2013 Board Meeting
Budget Adoption
June 26, 2013 Board Meeting



Financial reports available on the web
<http://www.wccusd.net/>