

Metropolitan Education District

**First Interim Report
MetroED Governing Board Presentation
December 12, 2012**



Purpose of Interim Reports

- Formal review of current year budget status
- Multi-Year Analysis of projected revenues, expenditures and fund balances
- Determination of the adequacy of fund balances at the end of the current & two subsequent fiscal years
- Determination of the adequacy of cash balances at the end of the current and two subsequent fiscal years
- Identification of contingent liabilities & resources to service those liabilities
- Board Certification of Financial Condition

First Interim Report

- **Based on budgetary status of District for period ending October 31, 2012**
- **Governing Board must certify whether the District is able to meet its financial obligations for the current year and two subsequent years.**
- **The certification is classified Positive, Qualified, or Negative.**

Major Current Year Changes

- Increased the annual Employee Benefits Cap by five (5) percent to \$15,089. No salary increases other than step and column.
- Inclusion of \$1 million Excess Property Tax revenue & partial distribution to participating districts (SSC developing a new equalizing funding model)
- Miscellaneous budget adjustments due to staffing and other changes.

Reserves, Designations & Assignments

Reserves	Fund 010 General Fund	Fund 110 Adult Ed.	Fund 170 Special Res.
Revolving Cash, Stores, Prepaids	20,000	13,573	-
Economic Uncertainty (10%)	1,583,253	463,310	-
Reserve for Cash Flow (5%)	791,626	231,655	-
Contingency for State Deficits	1,052,351	709,841	-
PERS Recapture Liability Reserves	-	-	633,029
Legal/LEA Programs/Student Funds/Other	222,130	-	184,015
Unassigned Reserves	-	-	5,380
Total Fund Balances	3,669,360	1,418,379	822,424

Major Multi-Year Projection Changes

- **2.3% state COLA included for 2014-15 based on School Services' Dartboard; zero COLA for 2012-13, 2013-14.**
- **Deficit spending for both the General Fund & Adult Ed Fund is projected for current & 2 subsequent years.**
- **GF - \$1 million Excess Property Tax revenue & partial distribution to districts; actual amount unknown & could vary greatly**
- **GF – net increase of 1.5 classes at CCOC**
- **Adult Ed will continue to reduce instructional hours as federal WIA grant declines from \$1 million to \$283,298**

Major Multi-Year Projection Changes

- There are sufficient funds in the fund balances, to cover these deficits (**Contingency for State Deficits**)
- General & Adult Ed Funds deficit spending cannot extend beyond 2014-15.
- The District will maintain a 15% reserve (10% for Economic Uncertainty and 5% for General Reserve).
- The District will end each year with a positive cash balance (given the passage of Prop 30).

Recommendation

That the Governing Board:

- ✓ **Accept the 1st Interim Report, and**
- ✓ **Instruct the Board President to submit a positive certification to the County Superintendent of Schools for all funds**

