

# METROPOLITAN EDUCATION DISTRICT

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**2014-15 Second Interim Financial Report  
Board Meeting  
March 11, 2015**

# Second Interim

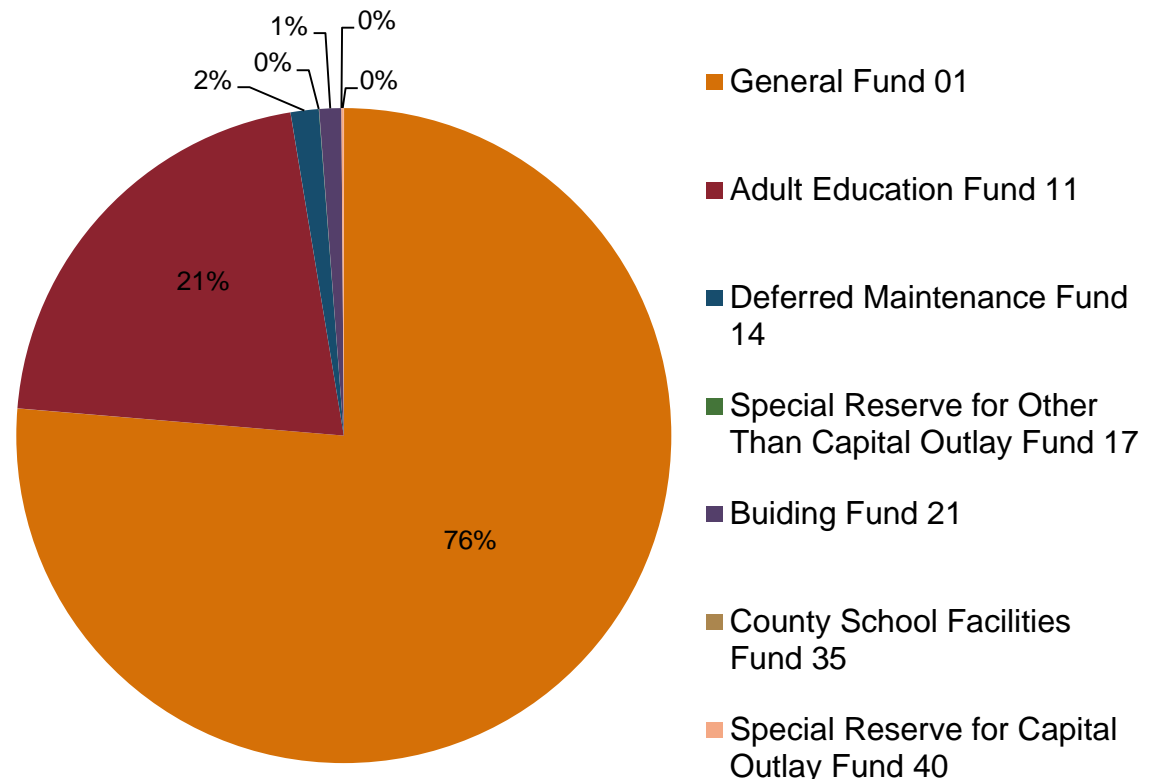
## July 2014 - January 2015

- No major changes in revenues since 1<sup>st</sup> Interim
- Expenditures in Adult Ed decreased by 7.7%
- Governor's January Budget proposal for 2015-16 includes \$250 million in CTE Incentive Grants for each of the next 3 years and \$500 million for Adult Ed. No extension on maintenance of effort (MOE) or permanent solution for ongoing CTE funding.
- STRS and PERS increases not addressed in Governor's proposal (rates still expected to double by 2021: STRS 8.25%-19.1% and PERS 11.442% - 20.4%)

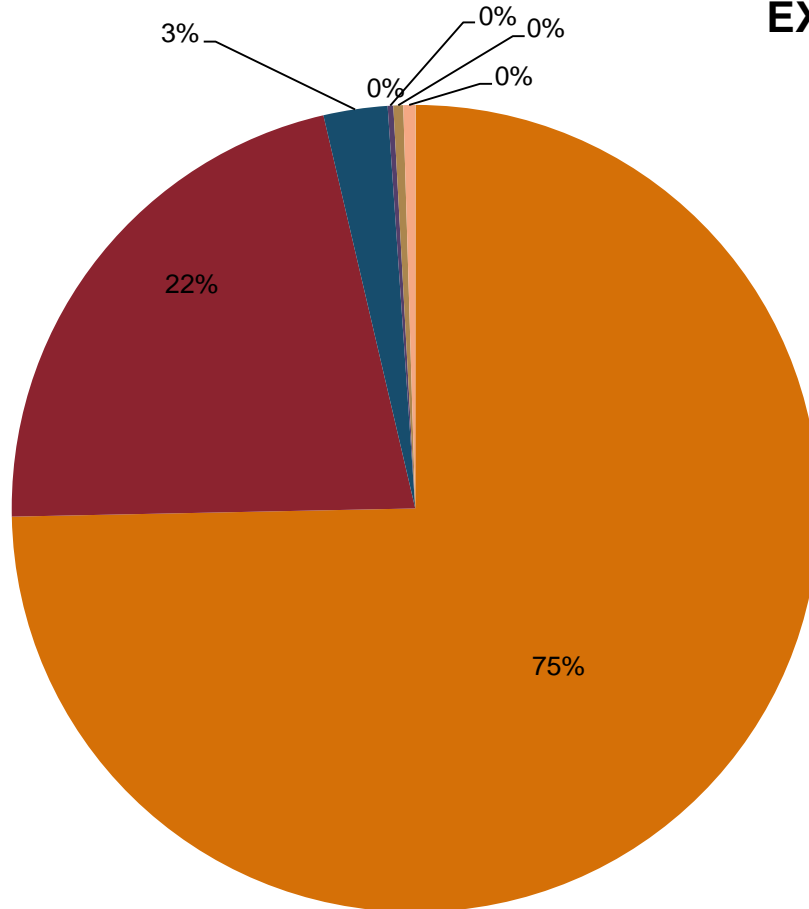
# Budget Overview

- Seven Funds
- Total Revenues \$18,032,999
- Total Expenses \$19,175,773
- Deficit \$1,142,774

## REVENUES - ALL FUNDS



# OVERALL EXPENDITURES



## EXPENDITURES - ALL FUNDS

- General Fund 01
- Adult Education Fund 11
- Deferred Maintenance Fund 14
- Special Reserve for Other Than Capital Outlay Fund 17
- Building Fund 21
- County School Facilities Fund 35
- Special Reserve for Capital Outlay Fund 40

# General Fund & Adult Ed

	General Fund ROP/CTE	Adult Ed	Total
Revenues	13,763,808	3,797,972	17,561,780
Expenditures	14,070,157	4,153,692	18,473,849
Transfers to Other Funds	250,000	-	250,000
Surplus/(Deficit)	(556,349)	(355,720)	(912,070)

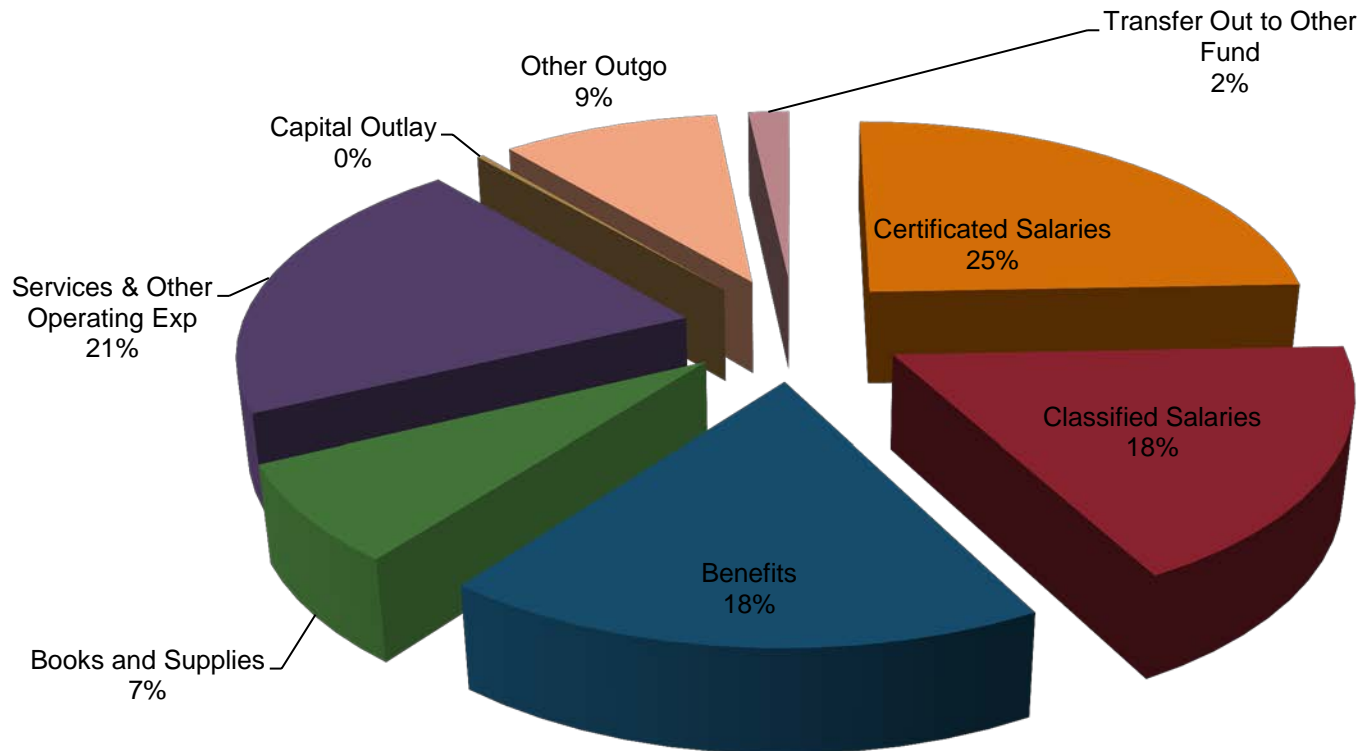
# EXPENDITURES

- Expenses continue to rise but revenues remain flat
- ROP's and Adult Ed do not receive growth or Cost of Living Adjustments (COLA) like school districts
- Deficit spending lowers reserves. For future budget planning, analyze trend to lower and/or eliminate deficit.
- Reserves should only be used for one-time expenditures and not for ongoing costs.
- Reduction plan required for Adult Ed per SCCOE's review of First Interim report



# General Fund Expenditures

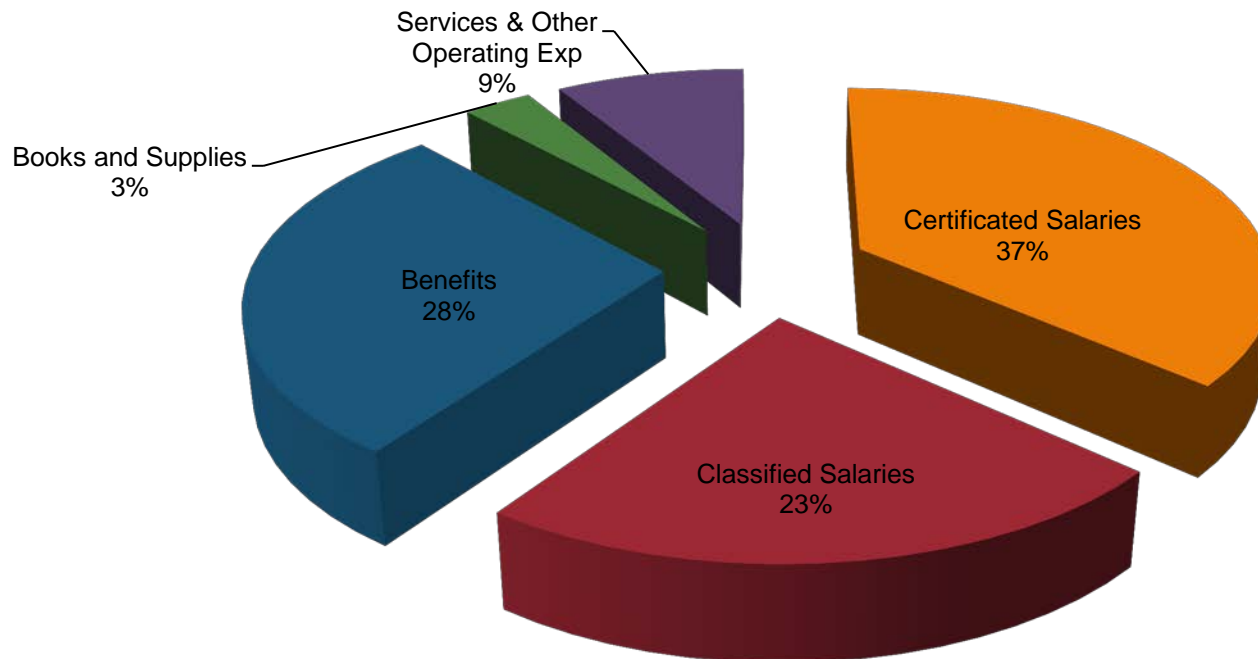
## GENERAL FUND



61% of Total Expenditures = Salaries & Benefits  
0.64% decrease from 1<sup>st</sup> Interim (\$92,464)

# Adult Ed Expenditures

## Adult Ed



7.7% decrease (\$347,593) from 1<sup>st</sup> Interim

88% of Total Expenditures = Salaries & Benefits



# Adult Ed Reduction Plan

	2014-15	2015-16	Change	%
<b>Certificated Salaries</b>	1,519,139	1,205,604	<b>(313,535)</b>	-20.6%
<b>Classified Salaries</b>	962,802	908,504	<b>(54,298)</b>	-5.6%
<b>Benefits</b>	1,178,234	1,126,729	<b>(51,505)</b>	-4.4%
<b>Books and Supplies</b>	131,506	131,506	-	0.0%
<b>Services &amp; Other Operating Exp</b>	361,801	361,801	-	0.0%
<b>Capital Outlay</b>	210	-	<b>(210)</b>	-100.0%
<b>Total Expenditures</b>	<b>4,153,692</b>	<b>3,734,144</b>	<b>(419,548)</b>	-10.1%
<b>Reserves</b>	<b>935,086</b>	<b>998,914</b>		

10% reduction in overall expenditure to meet reserve levels required by the Board, SCCOE and the State

# Multi-Year Projection – Adult Ed

	1st Interim			2nd Interim		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
Revenues	3,798,106	3,798,106	3,798,106	3,797,972	3,797,972	3,797,972
Expenditures	4,501,285	4,385,733	4,375,734	4,153,692	3,734,144	3,834,363
Surplus/(Deficit)	(703,179)	(587,627)	(577,628)	(355,720)	63,828	(36,391)
Reserves:						
Beginning Fund Balance	1,290,806	587,627	-	1,290,806	935,086	998,914
Surplus/(Deficit)	(703,179)	(587,627)	(577,628)	(355,720)	63,828	(36,391)
Ending Fund Balance	587,627	-	-	935,086	998,914	962,523
Available Reserves	13%	0%	0%	23%	27%	25%

# Multi-Year Projection – ROP/CTE

	2014-15	2015-16	2016-17
Revenues	13,763,808	13,763,808	13,763,808
Expenditures	14,320,157	14,195,157	14,094,171
Surplus/(Deficit)	(556,349)	(431,349)	(330,363)
<b>Reserves:</b>			
Beginning Fund Balance	6,051,149	5,494,800	5,063,451
Surplus/(Deficit)	(556,349)	(431,349)	(330,363)
Ending Fund Balance	5,494,800	5,063,451	4,733,088
<i>Assigned Reserves</i>	22%	23%	24%
<i>5% for Cashflow</i>	5%	5%	5%
<i>Reserve for Economic Uncertainty</i>	11%	8%	5%
<i>Total Reserves % of Expenditures</i>	38%	36%	34%

In the next two years, the combined Reserve for Economic Uncertainty and Reserve for Cashflow projected to be below the Board required 15%.

# Thoughts for our future...

- How do we grow programs, maintain facilities, stay competitive and attract quality teachers at current funding levels and no cost of living adjustments (COLA)?
- If the intent of LCFF is to bring districts back to 2007-08 levels, how do we (MetroED) get on that train to bring us back to 2007-08 funding levels?
- How do we get a share of the CTE grade span funding into our district? As part of LCFF, districts receive an increase over their base funding of an estimated \$224/ADA towards CTE coursework (2.6% increase of base funding formula)?

# Summary

- The second interim report provides a glimpse of budget balances projected for the remainder of the year and budget projections for future years.
- Deficit spending continues to be a concern.
- The Governor's January's budget proposal will be revisited in his May Budget report.
- This is the final year of the Maintenance of Effort (MOE) requirement for ROC/P funding. The funding levels have remained flat as the cost of doing business continue to rise. There are no guarantees or solutions for permanent, ongoing funding at this time.
- Good news: Based on current year estimates and multi-year projections, MetroED is able to make a **POSITIVE Certification** in this Second Interim report.

# QUESTIONS?



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Thank you!