

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

Executive Summary

Purpose and Development of the Budget

The purpose of the MetroED budget is to express the educational program of the District in dollars. It is a tool to maximize the use of limited resources while implementing the District's vision and goals.

For purposes of developing the MetroED budget, we have relied on the Governor's 2011-2012 "May Revise" budget proposal, projections provided by School Services of California in their "Financial Projections Dartboard", historic spending patterns, contractual obligations and the District's vision and goals.

The Vision for Metropolitan Education District

The District's goals are designed to realize the vision of what MetroED is all about. That vision is articulated in the following three statements:

- 1. The Metropolitan Education District facilitates workforce-relevant student learning through research-based teaching practices, program accountability and continual measurement of student achievement.**
- 2. The Metropolitan Education District programs and services are known and respected and meet the changing needs of key constituencies, including students, participating districts, education partners, business, industry and community.**
- 3. The Metropolitan Education District fosters an internal culture characterized by employee professionalism, teamwork, continual staff improvement, an appreciation of diversity, a safe and supportive work environment and effective utilization of technology and other resources.**

...Amended vision statements pending Board adoption

Overview of the Governor's 2011-12 Budget and May Revise

The Governor's proposed 2011-12 budget in January identified a \$25.4 billion gap between revenues and spending and proposed to bridge the gap through a combination of spending cuts and tax extensions. In March, most of the Governor's spending cuts were adopted by the legislature, but no agreement on tax extensions has thus far been reached. The Governor's May Revise to the budget proposal recognized a \$6.6 billion increase to state revenues for this year. However, with other adjustments, there remains a \$10.6 billion shortfall, including a \$1 billion reserve.

Governor Brown has taken the position that the tax extensions needed to close the remaining budget gap should be California voters. In order to qualify a measure for the ballot, he needs that support of all Democrats plus two Republicans in each house of the legislature. Governor Brown is currently negotiating with Republicans to attain the needed votes. Should he be successful, there is no guarantee that the voters will approval the tax extensions. Moreover, there is an issue with continuing the current

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

temporary taxes, which expire on 7/1/11, until the electorate can vote on the extension proposal.

Even though there is uncertainty with the tax extension, we are advised to adopt our budget based on the Governor's May Revise. Should the tax extension proposal fail, the District will have to amend its budget based on any new impacts (which are currently unknown).

The Funding Model for ROCP and Adult Education

Funding for the current and subsequent three years for Regional Occupational Centers/Programs (ROCPs) and Adult Education is based on a fixed grant that is about 20% less than 2007-08 funding levels. This means that funds will be received regardless of whether or not average daily attendance is generated. The solution for the 20% cut in revenues has been a corresponding cut in on-going expenses. Reserves can be helpful to fill some of the gaps. However, on-going structural deficits are not fiscally responsible and will ultimately precipitate a fiscal crisis for the organization.

State Budget Impacts on MetroED

The major impact of the state budget on MetroED is the extension of state categorical funding flexibility for two additional years—now through the 2014-2015 school year. Funding from federal sources is not affected by either the reductions or the continuing flexibility provisions of the Tier 3 programs.

Flexibility

Flexibility authority for Joint Powers Authorities (JPAs) rests with the JPA Governing Board. At a board retreat held May 9, 2009 the MetroED Governing Board reaffirmed its desire for the administration to continue to operate the organization as it has in the past. Changes to board policy may be brought to the Board for approval when the administration sees the need for a change.

Apportionment Deferrals & Reserves for Cash Flow

The State of California has a serious problem with its cash flow. Both the amounts of the deferred apportionments and the time delays have increased. State Deferrals for the 2010-11 school year total \$7.4 billion and for the 2011-12 year total \$7.0 billion. MetroED has taken steps to provide a minimum 15% reserve in both its General and Adult Education Funds, which would meet the district's cash flow needs under normal circumstances. However, the extent of these deferrals is severe, and the district will need to borrow funds from other fund reserves to help cover the cash shortfalls. Borrowing from the County Office of Education or County Treasurer may also be required if necessary. If these options are not available, the District is reviewing the possibility of a Revenue Anticipation Note (RAN). This is similar to a Tax Revenue Anticipation Note (TRAN) that are available to regular school districts.

Reserves for PERS Recapture ("PERS Reduction") Liability

In 1982-83, the Public Employees Retirement System (PERS) employer contribution rate was reduced from 13.02% to 12.045%. The state was in financial crisis and a state law was passed requiring the recapture of the savings from the PERS rate reduction. This was to have been a one-time reduction of districts' revenue limit apportionment. However, this one-time reduction has become an on-going part of the revenue limit calculation since 1982-83. The amount recaptured is the difference between the 13.02%

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

and the employer contribution rate for that year. In years when there has been no employer rate, the recapture rate has been the full 13.02% of qualifying classified employee wages.

The law has been confusing as to whether the PERS recapture applies to ROC/Js operating as Joint Powers Authorities (JPAs). In 2000, SB 1667 was enacted that intended to include JPAs in the PERS reduction calculations. However, there was an erroneous cross reference in the legislation that kept it from being implemented. In 2003-04, the Department of Finance (DOF) attempted to unilaterally impose the PERS recapture on JPAs, without correcting the Education Code. The DOF attempt was defeated when education advocates threatened litigation. In 2004-05, legislation that would have corrected the erroneous reference, and provide a clear exemption for ROC/Js JPAs, was vetoed by the Governor, and the matter was referred to the California Department of Education (CDE) for interpretation. Currently, both CDE and DOF believe the PERS offset applies to ROC/Js JPAs. However, they have not imposed the recapture because of the incorrect Ed Code reference. The matter continues to be unresolved.

Over the past several years, the MetroED Governing Board has recognized the potential financial liability to the District, and has directed that reserves be established in the District Special Reserve Fund 170 for both the General and Adult Education funds. However, due to increasing cost pressures, it will be necessary to transfer some or all of the PERS reserves into the General and Adult Education Funds in 2012-13, in order to mitigate projected deficit spending. Some of these funds should be restored to the PERS reserve when funding allows.

Contingency Reserves for State Deficits

In response to the state budget crisis MetroED has reserved all General and Adult Education fund balances not otherwise reserved as "Contingency for State Deficits." For the budget year, the General Fund Contingency is \$1,052,183, and for the Adult Education Fund, \$4,259. These contingency reserves will be used during the budget and projected three years to off-set the declining revenues and cost pressures

Reduction of the San Jose Unified School District Adult Education Program

The major impact on MetroED's 2011-12 budget is the reduction of adult education services as a result of the San Jose Unified School District Board of Education decision of January 20, 2011 to keep \$3.5 million of the adult education funds normally passed through to the Metropolitan Adult Education Program. As a result, the Erikson Center and San Jose Center sites are being closed, instructional programs are being reduced and over 100 employees are being impacted by layoffs or reductions in hours.

Employee Reductions and Reassignments

The following chart summarizes the key MetroED layoff actions from March 15 notifications through final layoffs. It is expected that there still will be several rescinding letters to be offered by the end of the fiscal year.

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

Employee Unit	March 15 Notices	Rescinding Letters	Final Layoffs
Administration	6.90 FTE (8)	0.0 FTE	6.90 FTE (8)
Contract Teachers (CCOC) (CTA)	4.60 (5)	3.00 FTE (3) 1.60 FTE Retire (2)	0.00 FTE 1.6 FTE Retire
Curriculum Specialists	3.17 FTE (6)	1.88 FTE (4)	1.29 FTE (2)
CalWORKS Site Representatives	7.88 FTE (8)	0.00 FTE	7.88 FTE (8)
Permanent/Probationary Teachers (AFT) Hourly	15.34 FTE (20)	14.20 FTE (18)	1.14 FTE(2)
Capitol High School	1.00 FTE (2)	1.00 FTE (2)	0.00 FTE
Classified Employees	13.50 FTE (18)	0.00 FTE	13.50 FTE (18)
Temporary Teachers	21.83 FTE (69)	0.00 FTE	21.83 FTE (69)
Totals	74.22 FTE (136 employees)	21.68 FTE (29 employees)	52.54 FTE (99 employees)

Key Changes to General and Adult Education Programs for 2011-12

General Fund (ROCP) Programs:

- Closing of Graphic Design and Computer Aided Drafting classes
- Consolidation and coordination of classrooms through building upgrades and space allocation
- Upgrading of curriculum and student resources using Prop 1D funding for classroom equipment and technology

Adult Education Programs:

- Closing of Erikson and San Jose Centers
- Reductions or closing of 50++ and Community Classroom Programs
- Consolidation of MAEP classrooms and resources at the MC Village site on the Hillsdale Campus
- Development of supplemental medical and Vocational ESL classes
- Layoffs of identified administrative and support positions
- Reorganization of the Adult Education administrative structure to balance site supervision and program responsibilities to enhance administrative oversight and efficiencies

The Budget Presentation Format

The presentation of the proposed budget is similar to that of the District's Interim Reports. We have provided a "Budget at a Glance" that summarized the proposed budgets for all the District's funds. The Capital Outlay fund 400 has been divided to separately show the resources available for the Central County Occupational Center (CCOC), the San Jose Adult Education Programs. Included with the "Budget at a Glance" are spreadsheets detailing the new revenues/sources of funds and expenses/uses of funds for both the General Fund 010 and Adult Education Fund 110.

Multi-Year Projection (MYP) Assumptions

For the General Fund 010 and Adult Education Fund 110, we have provided detailed multi-year projections, with all budget assumptions and calculations. Revenues and expenses are summarized at a four-digit object code level. Comparative data is provided for the following six year period:

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

- 2008-09 Actuals
- 2009-10 Actuals (audited)
- 2010-11 Estimated Actuals
- 2011-12 Proposed Budget
- 2012-13 Projected Budget
- 2013-14 Projected Budget

The MetroED Budget Advisory Committee (BAC)

The MetroED Budget Advisory Committee is composed of the participating District Chief Business Officials, Partnership representatives such as Job Corps, and bargaining unit representatives. The group meets three times per year to review and advise the development of the proposed budget. They last met to review this budget proposal on May 31, 2011.

Employee Salaries and Benefits

The District administration has attempted to maintain employee salaries at levels reasonably competitive with surrounding school districts, within the limitations of ROCP and Adult Education funding. The 2011-12 budget, and two projected years, include step, column and longevity salary and statutory benefit increases for district employees, plus increases in the district's contribution to employee health and welfare benefits, which for 2011-12 will be \$14,371 per full-time equivalent employee.

Fund 010: General Fund (CCOC/P)

Fund 010 Purpose: Fund 010 is the General Fund for the Central County Occupational Center and Programs (CCOC/P), which includes the ROP programs in the high schools of the six participating districts.

Fund 010 Certification: The administration is recommending a positive certification. This means that the General Fund will meet its financial obligations for the budget and two subsequent fiscal years; will maintain at least the required 15% Reserve (10% Reserve for Economic Uncertainty and 5% General Reserve) and will end the year with a positive cash balance. The spending deficits for the current and two subsequent years are covered by the Contingency for State Deficits and reserves.

Fund 010 Budget Assumptions	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Revenue Limit COLA	0.0%	0.0%	3.2%	2.70%
Revenue Limit Reduction	0.00%	0.00%	0.00%	0.00%
Total ROCP Revenue Limit	\$2,771.02	\$2,771.02	\$2,859.69	\$2,936.90
ADA Cap Growth	4,155.57	4,155.57	4,155.57	4,155.57
Reserve-Economic Uncertainty	6.00%	6.00%	6.00%	6.00%
General Reserve for Cash Flow	4.00%	4.00%	4.00%	4.00%
Employer Paid Benefits Increase	5.00%	5.00%	5.00%	5.00%
Employer Paid Benefits Maximum	\$13,686	\$14,371	\$15,089	\$15,843
Salary Increase COLA	0.00%	0.00%	0.00%	0.00%
Workers Comp Rate	1.55%	1.66%	1.66%	1.66%
PERS Contribution Rates	10.707%	10.923%	10.923%	10.923%
SUI Rate	0.30%	0.72%	1.61%	1.61%

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

Overhead Costs: For the past several years, general expenditures for Superintendent and Central Office support have been direct-charged to the General and Adult Education Funds on a 65%-35% basis. This was based on an extensive time allocation survey of all impacted positions. The method has proved to be both time consuming and unreliable. Based on a review of alternatives considered by the MetroED Cabinet, the ratio utilized for the 2010-11 and subsequent MYP years is calculated using total revenues. For the 2010-11 year district overhead is being charged 66% to the General Fund and 34% to the Adult Education Fund. For the budget year, the ratio is 79% to the General Fund and 21% to the Adult Education Fund.

Fund 010 Revenues: Projected revenues for the 2011-12 school year total \$13,804,735 which is approximately \$1.5 million less than the current year Actuals. This is due to the inclusion of 2 years of Excess Property Taxes for the 2010-11 year and changes in the CalWORKS and SB 70 Grants.

Fund 010 Expenditures: During 2008-09, in response to the state budget crisis, the District froze most discretionary budgets in order to build reserves to help carry the District cover mid-year funding deficits. The 2011-12 budget continues an appropriate level of expenditures to maintain General Fund programs. Projected Expenditures for the 2011-12 school year total \$14,270,153, a reduction of \$711,919 from 2010-11. This was due in part to the closing of two classes (three sections) at CCOC at the end of the 2010-11 school year.

Fund 010 Other Financing Sources/Uses: Under the state flexibility program, the District is not required to provide local match for Deferred Maintenance for five years starting in 2008-09. However, the CCOC facilities are 40 years old and the maintenance needs have been increasing in a number of areas. The administration believes that it is prudent to keep our CCOC facilities maintained, and is recommending the District continue with our annual match. For the budget year, that amount is budgeted at \$336,022.

Fund 010 Fund Balance: For the 2010-11 Estimated Actuals, we are estimating an ending balance of \$4,388,224. For the budget year, the fund balance is expected to decline to \$3,548,034. The General Reserve is maintained at the Board required 5% and the Designation for Economic Uncertainty is maintained at 10%. For cash flow purposes, and to help cover state deficits in the budget year and beyond, the District has reserved an additional \$1,052,183 under the Contingency for State Reserves

Fund 010 Multi-Year Projections: The following chart summarizes the high points of operations for the proposed budget and two projected years:

General Fund - Operations	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Total Revenues	15,300,492	13,804,735	14,204,865	14,583,806
Total Expenditures	14,982,072	14,270,153	14,374,910	14,581,414
Net Revenues/Expenses	318,420	(465,418)	(170,045)	2,392
Other Sources (Uses)	(337,884)	(374,772)	(385,525)	(394,888)
Change to Fund Balance	(19,464)	(840,190)	(555,570)	(392,496)

Multi-Year Projection Fund Balances: The following chart details the projected fund balances for the budget and two subsequent years:

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

General Fund – Fund Balance	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
<i>Reserved & Designated:</i>				
Revolving Fund, Prepaid	31,988	31,988	31,988	31,988
General Reserve (5%)	780,905	732,606	738,382	749,175
Legally Restricted	186,044	186,044	186,044	186,044
Economic Uncertainty (10%)	1,561,809	1,465,2132	1,476,764	1,498,350
Contingency for State Deficits	1,745,396	1,052,183	479,286	54,411
Other Designations	82,082	80,000	80,000	80,000
Total Reserves	4,388,224	3,548,034	2,992,464	2,599,968
Undesignated Fund Balance	0	0	0	0
Total Fund Balance	4,388,224	3,548,034	2,992,464	2,599,968

There is no provision made for salary increases. However, the projections include salary increases for step, column and longevity advancement, increases in the district contribution to employee health and welfare benefits.

Any funds not otherwise designated in the projected years are shown as Contingency for State Deficits, which are projected to be used during the projected years to maintain current levels of programming.

Fund 110: Adult Education

Fund 110 Purpose: The Adult Education Fund is used to account separately for federal, state and local revenues for Adult Education programs. MetroED administers the Adult Education programs for the San Jose Unified School District under a Master Business Relationship Agreement. Expenditures in this fund must be for Adult Education only.

Fund 110 Certification: The administration is recommending a positive certification. This means that the Adult Education Fund 110 will meet its financial obligations for the budget and two subsequent fiscal years; will maintain a 10% Reserve for Economic Uncertainty and 5% General Reserve as required by Governing Board policy; and will end the year with a positive cash balance.

Fund 110 Budget Assumptions	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Revenue Limit COLA	-0.390%	2.240%	03.200%	2.70%
Revenue Limit Reduction	0.00%	0.00%	0.00%	0.00%
Total ROCP Revenue Limit	\$2,280.92	2,274.82	2,274.82	2,347.61
ADA Cap Growth	0.00%	0.00%	0.00%	0.00%
Reserve-Economic Uncertainty	10.00%	10.00%	10.00%	10.00%
General Reserve for Cash Flow	5.00%	5.00%	5.00%	5.00%
Employer Paid Benefits Increase	5.00%	5.00%	5.00%	5.00%
Employer Paid Benefits Maximum	\$13,686	\$14,371	\$15,089	\$15,843
Salary Increase COLA	0.00%	0.00%	0.00%	0.00%
Workers Comp Rate	1.55%	1.66%	1.66%	1.66%
PERS Contribution Rates	10.707%	10.923%	10.923%	10.923%
SUI Rate	0.30%	0.72%	1.61%	1.61%

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

Overhead Calculations

For the past several years, expenditures for Superintendent and Central Office support have been direct-charged to the General and Adult Education Funds on a 65%-35% basis. This was based on an extensive time allocation survey of impacted positions. The method has proved to be time consuming and unreliable. Based on a review of alternatives by the MetroED Cabinet, the ratio utilized for the 2010-11 and subsequent MYP years is based on the proportion of total revenues. For 2010-11, overhead is charged 66% to the General Fund and 34% to the Adult Education Fund. For the budget year, the charge is 79% to the General Fund and 21% to the Adult Education Fund.

Fund 110 Revenues: Projected revenues for 2010-11 total \$7,944,351. Revenues for the budget year will be reduced to \$4,048,276 based primarily on the \$3.5 million funding reduction of the San Jose Unified School District Adult Education programs. Revenue funding for the subsequent years are projected to remain relatively level.

Fund 110 Expenditures: The following expenditures reductions represent the largest reductions in order to accommodate the cuts to Adult Education funding:

- \$452,873 in teacher salaries
- \$361,289 in Certificated Administrator and Supervisor salaries
- \$560,397 in Classified clerical and office salaries
- \$51,496 in Instructional Aide salaries

Fund 110 Fund Balance: For the 2010-11 Estimated Actuals, we are projecting a Fund Balance of \$1,998,334. For the budget year, the fund balance is expected to decrease to \$797,081. The General Reserve is maintained at the Board required 5% and the Designation for Economic Uncertainty is maintained at 10%. For cash flow purposes, and to help cover deficits in the budget year and beyond, the District has reserved additional funds in the Contingency for State Deficits. In order to maintain the Adult Education Program during this key transition period, this contingency account will go from \$732,548 in the current year to \$4,259 in the budget year.

Fund 110 Multi-Year Projections: The following chart summarizes the high points of operations for the proposed budget and two projected years:

Adult Ed Fund - Operations	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Total Revenues	7,944,351	4,048,276	4,111,444	3,975,316
Total Expenditures	8,146,909	5,285,481	4,563,143	4,065,113
Net Revenues/Expenses	(202,558)	(1,237,205)	(451,698)	(89,796)
Other Sources (Uses)	(169,859)	45,952	345,952	45,952
<i>Change to Fund Balance</i>	(372,417)	(1,191,253)	(105,746)	(43,844)

Multi-Year Projection Fund Balances: The following chart details the projected fund balances for the proposed budget and two projected years:

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

Adult Ed Fund – Fund Balance	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
<i>Reserved & Designated:</i>				
General Reserve (5%)	418,595	264,274	228,157	203,256
Economic Uncertainty (10%)	837,191	528,548	456,314	406,511
Contingency for State Deficits	732,548	4,259	6,864	37,724
Total Reserves	1,988,334	797,081	691,335	647,491
Undesignated Fund Balance	0	0	0	0
Total Fund Balance	1,988,334	797,081	691,335	647,491

There is no provision made for salary increases. However, the projections include salary increases for step, column and longevity advancement, increases in the district contribution to employee health and welfare benefits.

Federal Grant Funding: The ability of the Adult Education program to maintain its proposed level of services for the budget year and beyond is greatly dependent upon federal grant funding. Because of the reduction in services due to the “flexing” (taking) of \$3.5 million by the San Jose Unified School District, it is expected that student learning gains will also decline (since we’re serving fewer students). This will result in a corresponding reduction in the federal Workforce Investment Act grant funding, and even further students served. That reduction is reflected in the multiyear projections. Federal grant funds should be considered “soft money” in term of commitments to long term expenditures.

Fund 140: Deferred Maintenance

Deferred Maintenance (DM) will continue to be funded by the state, but after the cuts noted above. Flexibility allows the district to not fund its matching deposit to the DM Fund. However, given the increasing maintenance needs of the aging CCOC facilities, staff is recommending that the district continue to fund its full share, which is included in the budget and multi-year projections.

Fund 140 Purpose: The Deferred Maintenance Fund is used to account separately for state apportionments and the District’s match contribution for deferred maintenance purposes. Primary revenues for this fund are the state Deferred Maintenance apportionment, interest earnings and district interfund transfers for the district’s match. Expenditures in this fund are intended for major repairs or replacements at the Central County Occupational Center (CCOC) under the 5-year Deferred Maintenance plan approved by the Office of Public School Construction (OPSC).

Fund 140 Certification: The administration is recommending a positive certification. This means that the Deferred Maintenance Fund 140 will be able to meet its financial obligations for the budget and subsequent two fiscal years and will end the year with a positive cash balance.

Fund 140 Revenues: The 2011-12 budget projects DM revenues of \$349,200. Funding for replacement of the sewer lines at CCOC was approved in 2008-09. This has been apportioned in five installments over five years. The two major sewer lines for the Hillsdale Campus were replaced in 2009-2010 and new sewer construction and connections are scheduled in conjunction with the 1D project remodeling.

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

Fund 140 Expenditures: The following chart details the Estimated Actuals and planned expenditures, by type of project, for the proposed budget and two projected years. The sewer line replacement project is a state-approved Deferred Maintenance Extreme Hardship project. The other major project planned for 2011-12 from Deferred Maintenance is reconfiguration/restriping of the Hillsdale campus parking lot.

Deferred Maintenance Fund	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Revenues:				
State Regular DM Funding	168,011	168,011	173,387	178,069
State Extreme Hardship Funding	0	0	0	0
District Match Contribution	168,011	168,011	173,387	178,069
Interest Income	12,920	13,178	13,600	13,967
Total Income	348,942	349,200	360,375	370,105

Deferred Maintenance Fund	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Expenditures:				
Electrical Projects	0	50,000	0	50,000
HVAC	0	50,000	0	0
Painting Projects	111,460	112,575	116,177	119,314
Paving Projects	2,349	400,000	200,000	100,000
Plumbing Projects	48,868	50,000	0	0
Roofing Projects	0	0	50,000	0
Floor Covering Projects	0	50,000	20,000	20,000
Classroom Lighting Projects	0	20,000	20,000	50,000
Wall Systems	6,800	50,000	50,000	50,000
Sewer line Replacement	3,000	172,000	100,000	0
Total Expenditures	165,677	954,575	556,177	389,314
Fund Balance:				
Beginning Fund Balance	1,102,927	1,286,193	680,819	485,016
Ending Fund Balance	1,286,193	680,819	485,016	465,807

Fund 170: Special Reserve Fund for Other than Capital Outlay Projects

Fund 170 Purpose: The Special Reserve Fund for Other Than Capital Outlay is used to account for accumulation of General Fund money for purposes other than capital outlay. This fund was authorized by the Governing Board in October 2006 to reserve mandated cost reimbursements pending audit by the State Controllers' Office (SCO). Additional funds from the General and Adult Education Funds have been transferred here as reserves for the PERS recapture (reduction) liability, and a legal reserve for both funds.

Fund 170 Certification: Staff is recommending a positive certification. This means the Special Reserve Fund will be able to meet its financial obligations for the budget and subsequent two fiscal years, and will end the year with a positive cash balance.

Fund 170 Revenues: The projected revenues for the budget year total \$10,306, interest only.

Fund 170 Expenditures: There are no expenditures expected in the budget year.

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

Fund 210: Building Fund (Asset Management)

Fund 210 Purpose: This is otherwise known as the CCOC Asset Management Fund. This Fund exists primarily to account separately for proceeds from the rentals and leases of real property specifically authorized for deposit into the Fund by the Governing Board. Revenues include lease payments from the Capital Auto Mall LLP and interest earnings. Expenditures are allowed only for new programs, upgrading of existing programs and necessary facility upgrades as approved by the Governing Board.

Fund 210 Certification: Staff is recommending a positive certification. This means that the Asset Management fund will be able to meet its financial obligations for the budget and subsequent two fiscal years, and will end the year with a positive cash balance.

Fund 210 Revenues: Projected revenues are budgeted at \$190,628 which includes rent from the Capitol Auto Mall LLP and interest on the fund balance. Lease revenues include a 30% recession-related rent reduction for Capital Auto Mall LLC. The rent reduction commenced in 2009-10 and was extended through 2010-11. The administration will be bringing an additional two-year extension to the 6/29/11 Board meeting for approval.

Fund 210 Expenditures: The following chart details the planned expenditures, by type of class, for the budget and two projected years. Nearly all budgeted and projected expenditures are as match for Proposition 1D equipment grants for CCOC programs.

ASSET MANAGEMENT FUND	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Revenues:				
Lease Revenue	184,788	184,788	184,788	184,788
Interest Income	5,700	5,837	5,995	5,995
Total Revenues	190,488	190,625	190,783	190,783

ASSET MANAGEMENT FUND	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Expenditures:				
Prop1 D equipment Grants-Match	412,123	316,001	106,137	0
Health & Safety	0	50,000	50,000	50,000
3% District Management Fee	7,202	7,202	7,202	7,202
Total Expenditures, Transfers	419,325	323,203	113,339	7,202
Fund Balance:				
Beginning Fund Balance	1,316,900	1,088,063	955,485	1,032,929
Reserved & Designated:				
Health & Safety Reserve	50,000	0	0	0
Prop 1D Projects Match (Equip)	425,218	106,137	0	0
Reserve for County Share Rent	62,592	62,592	62,592	62,592
Minimum Required Reserve	250,000	250,000	250,000	250,000
Other: Undesignated	300,253	486,756	670,337	853,918
Ending Fund Balance	1,088,063	955,485	1,032,929	1,216,510

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

The \$50,000 Health & Safety budget was established by the Governing Board based on a recommendation by the District's Budget Advisory Committee. The funds are to be used for the correction of health and safety problems that are identified throughout the year. Unspent funds from this account are to revert back to the fund balance at the end of each year. The fund maintains a minimum \$250,000 reserve, which is a requirement of the Joint Powers Agreement. The administration is currently planning on the addition of Cosmetology and Small Engines programs at CCOC. The intent is to fund the startup costs for these two new programs from the Fund 210 Undesignated fund balance.

Fund 350: County School Facilities Funds

Fund 350 Purpose: This fund was established in 2008-09 to account separately for apportionments from the state and expenditures related to construction and modernization projects that have been approved by the State under Proposition 1D. State funds will be released when District submits the funding request after Division of State Architect's approval.

Fund 350 Certification: The administration is recommending a positive certification. This means that the County School Facilities Fund will be able to meet its financial obligations for the budget and subsequent two fiscal years and will end the year with a positive cash balance.

Fund 350 Revenues & Expenditures: The only resources for this fund come from state Proposition 1D apportionments and interest earnings. The expenditures are for Proposition 1D-approved projects and are shown by project, based on the preliminary timeline for completion of each project. These represent only 50% of the cost of each project. The District's match is recorded in the Capital Outlay Fund 400.

COUNTY SCHOOL FACILITIES FUND 350	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Revenues:				
Interest Earnings	58,355	75,862	65,138	6,900
Prop 1D State Apportionments	4,190,978	222,258	0	0
Total Sources Available	4,249,333	298,120	65,138	6,900
Expenditures:				
Prop 1D: Bldg 300 (40360-00-01)	26,437	121,985	0	0
Prop 1D: Bldg 800 (40360-00-02)	307,082	635,119	0	0
Prop 1D: Bldg 200 (40360-00-03)	191,959	88,643	0	0
Prop 1D: Bldg 100 (40360-00-04)	0	140,430	1,263,867	0
Prop 1D: Bldg 100 (40360-00-05)	0	26,328	236,953	0
Prop 1D: Bldg 200 (40360-00-06)	772,683	482,785	0	0
Prop 1D: Bldg 600 (40360-00-07)	0	701,652	701,650	0
Prop 1D: Bldg 700 (40360-00-08)	35,291	19,841	0	0
Prop 1D: Bldg 300 (40360-00-09)	11,404	3,063	0	0
Prop 1D: Bldg 100 (40360-00-10)	16,421	37,256	0	0
Prop 1D: Bldg 100 (40360-00-11)	97,128	5,492	0	0

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

Prop 1D: Bldg 200 (40360-00-12)	286,525	633,281	0	0
Prop 1D: Bldg 600 (40360-00-13)	292,517	0	0	0
Prop 1D: Bldg 700 (40360-00-14)	0	46,479	418,307	0
Prop 1D: Bldg 300 (40360-00-15)	246,886	141,981	0	0
Prop 1D: Bldg 100 (40360-00-16)	0	93,497	93,498	0
Total Expenditures	2,284,333	3,177,832	2,714,275	0
Fund Balance:				
Beginning Fund Balance	4,066,208	6,031,208	3,151,496	502,358
Ending Fund Balance	6,031,208	3,151,496	502,358	509,258

Fund 400: Special Reserve Fund for Capital Outlay Projects

Fund 400 Purpose: This Capital Outlay Fund exists to provide for accumulation of monies for capital outlay purposes. The only sources of revenue for this fund are interest earnings and transfers from the ROCP and Adult Education Funds.

MetroED has received funding approval for 15 grant applications for state Proposition 1D grants, and has received funding approval for nearly \$10 million, which must be matched by the District on a dollar-for-dollar basis. This \$20 million is designated for the Central County Occupational Center to consolidate and reconfigure programs, bring the buildings into compliance with fire and ADA codes and improve classroom safety and security. It also includes funds for equipment upgrades to industry standards.

The District accumulated its required match in this fund primarily from Excess Property Taxes, which the Governing Board has designated for the District's match.

Fund 400 Certification: The administration is recommending a positive certification. This means that the Capital Outlay Fund will be able to meet its financial obligations for the budget and subsequent two fiscal years and will end the year with a positive cash balance.

Fund 400 Revenues & Expenditures: The only revenue, other than authorized transfers from the General and Adult Education Funds, is interest revenue. The chart below shows the projected revenues and expenditures for the Adult Education facilities and the match expenditures for the Proposition 1D projects. We are expecting interest revenue of \$79,476 for CCOC and \$4,000 for the Adult Education Program for the budget year.

SPECIAL RESERVE-CAPITAL OUTLAY PROJECTS FUND 400	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
Revenues & Transfers In:				
Interest-Gen Fund Capital Projects	78,876	106,770	74,026	38,665
Interest-Adult Ed Capital Projects	4,000	4,200	4,250	3,825
Transfers In-General Fund/Prop 1D	300,000	0	0	0
Transfers In-Adult Education Fund	225,000	0	0	0
Total New Sources Available	607,876	110,970	78,276	42,490

Metropolitan Education District
Adopted Budget, Fiscal Year 2011-2012
June 29, 2011

SPECIAL RESERVE-CAPITAL OUTLAY PROJECTS FUND 400	2010-11 Estimated Actuals	2011-12 Proposed Budget	2012-13 Projected	2013-14 Projected
<i>Expenditures & Transfers Out:</i>				
General & Debt Svc. (Res. 0006)	21,000	19,500	19,500	69,000
Gas Line Replacement Project	0	300,000	0	0
Adult Ed Facilities (Res. 0012,0015)	282,882	145,008	0	20,000
Prop 1D: Bldg 300 (Res. 9501)	3,903	(91,985)	0	0
Prop 1D: Bldg 800 (Res. 9502)	198,418	635,120	0	0
Prop 1D: Bldg 200 (Res. 9503)	146,941	88,644	0	0
Prop 1D: Bldg 100 (Res. 9504)	490	127,323	1,145,905	0
Prop 1D: Bldg 100 (Res. 9505)	9,191	22,405	198,414	0
Prop 1D: Bldg 200 (Res. 9606)	681,025	482,786	0	0
Prop 1D: Bldg 600 (Res. 9507)	10,155	644,024	644,023	0
Prop 1D: Bldg 700 (Res. 9512)	240,154	630,281	0	0
Prop 1D: Bldg 300 (Res. 9513)	177,073	0	0	0
Prop 1D: Bldg 100 (Res. 9514)	0	47,532	427,799	0
Prop 1D: Bldg 600 (Res. 9515)	0	0	0	0
<i>Total Uses</i>	1,771,232	3,050,638	2,465,641	89,500
<i>Fund Balance:</i>				
<i>Beginning Fund Balance</i>	7,609,467	6,446,111	3,506,443	1,119,078
<i>Reserved & Designated:</i>				
Prop 1D Projects	5,004,880	2,444,500	0	0
Facilities Reserve-General	363,425	123,901	187,797	156,962
Facilities Reserve-Adult Ed	287,045	146,237	120,487	104,313
QZAB Reserve	790,761	791,805	810,794	810,794
<i>Ending Fund Balance</i>	6,446,111	3,506,443	1,119,078	1,072,069