

Metropolitan Education District

**Second Interim Report
March 9, 2011**



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 & 2 subsequent fiscal years
- Determination of the adequacy of cash balances at the end of the current and 2 subsequent fiscal years
- Identification of contingent liabilities, & resources to service those liabilities
- Board Certification of Financial Condition

Second Interim Report

- **Based on budgetary status of District for period ending January 31, 2011**
- **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

- **Prior year Excess Property Tax budgeted for distribution.**
- **\$225K maintained in Adult Education Fund Balance for replacing portable classrooms at MC Center to assist in site consolidations.**

Reserves for uncertainties, cash flow & potential liabilities:2010-11

<u>Fund Balances</u>	<u>Gen. Fund</u>	<u>Adult Ed</u>	<u>Spec Res</u>
Revolving Cash Reserve	31,988	0	0
Restricted Balances	186,044	0	0
General Reserve --5%	801,248	402,922	0
Economic Uncert. --10 %	1,602,496	805,844	0
Conting. For State Deficits	200,270	845,042	0
PERS Recapture Liability	0	0	630,052
Reserves for Legal	0	0	133,333
CCOC Work Experience	80,000	0	0
Total Fund Balances	2,902,046	2,278,808	763,385

Major Multi-Year Projection Changes

- **Reduction of \$3.5 million in adult education funding for MAEP based on SJUSD Board decision. Comparative reductions made in planned expenditures.**
- **Deficit spending for General Fund reflected in decreases in Fund Balance for current and two subsequent years. Reserve for State Contingencies will be used by 2013-14.**
- **Deficit spending for Adult Education Fund projected for current and two subsequent years, but positive fund balances are maintained for all projected years.**

Current Concerns:

- **Continuing challenge to maintain cash flow due to state deferrals.**
- **Interfund borrowing will be necessary for current and following years.**
- **Borrowing from County may also be needed during the budget and subsequent years.**

Recommendation

- ✓ **The Governing Board accept the 2nd Interim Report and instruct the Board President to submit a positive certification to the County Superintendent of Schools for all funds.**

