

**SAN JUAN UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

AGENDA ITEM I-6
MEETING DATE: 05-28-2013

SUBJECT: Budget Financial Status Report
2012-13 Third Interim Report

CHECK ONE:
For Discussion:
For Action:
Report:
Workshop:
Recognition:
Emergency Action:

DEPARTMENT: Business Services

ACTION REQUESTED:

The Superintendent is recommending the Board review and approve:

- 1) The 2012-13 Third Interim Report and Revised Budget, and
- 2) The Education Protection Account spending plan for 2012-13.

RATIONALE/BACKGROUND:

The Third Interim Report reflects actual expenditures through April 30, 2013, forecasts the remainder of the 2012-13 fiscal year, and provides a multi-year budget projection for 2013-14 and 2014-15.

On May 14, 2013, the Governor released his May Revise budget proposal for 2013-14. The revised Budget projects \$2.9 billion in higher Proposition 98 state revenue than was projected in January, with most of the increase being one-time.

The multi-year projection submitted at Second Interim projected the unrestricted General Fund balance to decrease (deficit spending) by \$15,048,168 in 2014/15 and to have a projected ending fund balance of \$9,669,107 at June 30, 2015. The Sacramento County Office of Education responded with concern that the district budgets should be managed with great awareness of the risk created by volatile state revenues. And with continued economic uncertainty and continued district declining enrollment, the district needs reserves that are much greater than the minimum required level. The County recognized that there are increased pressures to restore programs and salaries but asked the district to continue to focus on maintaining fiscal solvency and develop contingency plans that allow the most flexibility possible.

The County is asking for the district to develop a proposed timeline for 2014-15 budget adjustments and have a board-approved budget reduction plan with the 2013-14 First Period Interim Report. The plan must be viable and reverse the deficit spending trend. It should include supporting expenditures from on-going revenue sources and be independent from any one-time income.

With the passage of Proposition 30, the Board is also asked to review and approve how the moneys received from the 2012-13 Education Protection Account (EPA) are spent. All of the funds from the EPA will be spent on instructional programs, with no expenses for administrative costs.

The San Juan Unified School District is certifying the 2012-13 Third Interim Report as **Qualified**, with the understanding of the fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years. The report includes proposed school site staffing guidelines for the 2013-14 budget. The 2012-13 Third Interim report does not reflect analysis of the May Revise.

BOARD COMMITTEE ACTION/COMMENT:

Facilities Transportation and Finance Committee 12-04-2012 / 01-15-2013 / 02-05-2013 / 03-05-2013
04-02-2013 / 05-07-2013

PREVIOUS STAFF/BOARD ACTION:

12-11-2012 - 2012-13 First Interim / 03-12-2013 2012-13 Second Interim

FINANCIAL DATA: 2012-13 Third Interim Budget Report attached

PREPARED BY: Kent G. Stephens, Chief Financial Officer *KS*

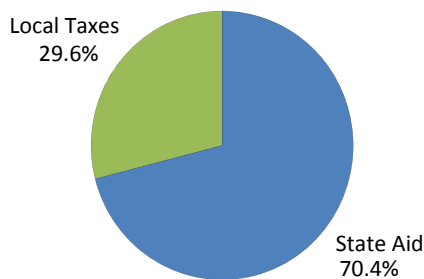
APPROVED BY: Glynn Thompson, Superintendent of Schools *GT*

Education Protection Account (EPA)

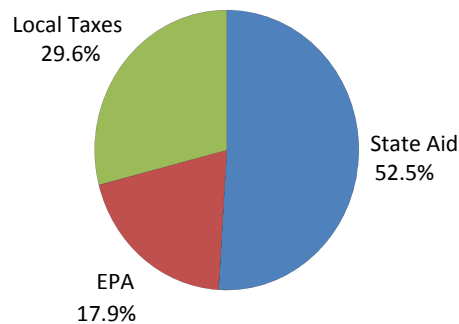
The Education Protection Account (EPA) provides local educational agencies (LEAs) with general purpose state aid funding pursuant to Proposition 30, the Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012. The EPA funding is a component of an LEA's total revenue limit or charter school general purpose entitlement.

The new revenues generated from Proposition 30 are deposited into the EPA and a corresponding reduction is made to the district's revenue limit or charter school general purpose entitlement. For 2013-14, the reduction is estimated at approximately 17.9% of the deficated base revenue limit for 2012-13. *However, the State adopted budget for 2013-14 eliminates revenue limit funding. The actual calculation of the EPA under the Local Control Funding Formula (LCFF) is unknown at this time.* The district will receive EPA payments quarterly beginning with the 2013–14 Fiscal Year.

Funding Before Proposition 30



Funding After Proposition 30



Proposition 30 requires that each local educational agency (LEA) shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or for any other administrative costs. An LEA may allocate the EPA entitlement entirely to one program for expenditure.

Proposition 30 requires all districts, counties, and charter schools to report on their Web sites an accounting of how much money was received from the EPA and how that money was spent.

Listed on the next page is the Education Protection Account Expenditure Report showing how the funds received from the Education Protection Account were spent in 2012-13.

The District's Governing Board approved the General Fund 2012-13 EPA spending plan (Fund 01, Resource 1400) in open session at the Board meeting on May 28, 2013, agenda item I-6.

Expenditures through:

For Fund(s), Resource(s), and Project Year(s):

01 1400 0 Education Protection Account

Description	Object Codes	Amount
AMOUNT AVAILABLE FOR THIS FISCAL YEAR		
Adjusted Beginning Fund Balance	9791-9795	0.00
Revenue Limit Sources	8010-8099	43,468,902.00
Federal Revenue	8100-8299	0.00
Other State Revenue	8300-8599	0.00
Other Local Revenue	8600-8799	0.00
All Other Financing Sources and Contributions	8900-8999	0.00
Deferred Revenue	9650	0.00
TOTAL AVAILABLE		43,468,902.00
EXPENDITURES AND OTHER FINANCING USES		
Certificated Salaries	1000-1999	33,091,687.00
Classified Salaries	2000-2999	0.00
Employee Benefits	3000-3999	10,377,215.00
Books and Supplies	4000-4999	0.00
Services and Other Operating Expenditures	5000-5999, except 5100-5199	0.00
Subagreements for Services	5100-5199	0.00
Capital Outlay	6000-6999	0.00
Other Outgo (Excluding Indirect Costs)	7000-7299, 7400-7499	0.00
Indirect Costs	7310,7350	0.00
Other Financing Uses	7600-7999	0.00
TOTAL EXPENDITURES AND OTHER FINANCING USES		43,468,902.00
BALANCE (Total Available minus Total Expenditures and Other Financing Uses)		0.00
INDIRECT COSTS AS A PERCENTAGE OF ELIGIBLE EXPENDITURES		
Eligible Expenditures (Objects 1000-5999 except objects 5100-5199)		43,468,902.00
Indirect Costs (Objects 7310 and 7350)		0.00
Indirect Costs divided by Eligible Expenditures		0.00%

Expenditures through:

For Fund(s), Resource(s), and Project Year(s):

09 1400 0 Education Protection Account

Description	Object Codes	Amount
AMOUNT AVAILABLE FOR THIS FISCAL YEAR		
Adjusted Beginning Fund Balance	9791-9795	0.00
Revenue Limit Sources	8010-8099	5,335,263.00
Federal Revenue	8100-8299	0.00
Other State Revenue	8300-8599	0.00
Other Local Revenue	8600-8799	0.00
All Other Financing Sources and Contributions	8900-8999	0.00
Deferred Revenue	9650	0.00
TOTAL AVAILABLE		5,335,263.00
EXPENDITURES AND OTHER FINANCING USES		
Certificated Salaries	1000-1999	4,165,544.00
Classified Salaries	2000-2999	0.00
Employee Benefits	3000-3999	1,169,719.00
Books and Supplies	4000-4999	0.00
Services and Other Operating Expenditures	5000-5999, except 5100-5199	0.00
Subagreements for Services	5100-5199	0.00
Capital Outlay	6000-6999	0.00
Other Outgo (Excluding Indirect Costs)	7000-7299, 7400-7499	0.00
Indirect Costs	7310,7350	0.00
Other Financing Uses	7600-7999	0.00
TOTAL EXPENDITURES AND OTHER FINANCING USES		5,335,263.00
BALANCE (Total Available minus Total Expenditures and Other Financing Uses)		0.00
INDIRECT COSTS AS A PERCENTAGE OF ELIGIBLE EXPENDITURES		
Eligible Expenditures (Objects 1000-5999 except objects 5100-5199)		5,335,263.00
Indirect Costs (Objects 7310 and 7350)		0.00
Indirect Costs divided by Eligible Expenditures		0.00%