

Metropolitan Education District

Fiscal Year 2004-05

2nd Interim Report

March 9, 2005

Purpose of Interim Reports

- Formal review of current year budget in relation to the original adopted budget
- Multi-Year Analysis of Projected Revenues, Expenditures and Fund Balances
- Determination of the Adequacy of Fund Balances at the end of the Year
- Determination of the Adequacy of Cash Balances at the end of the Year
- Certification of Financial Condition

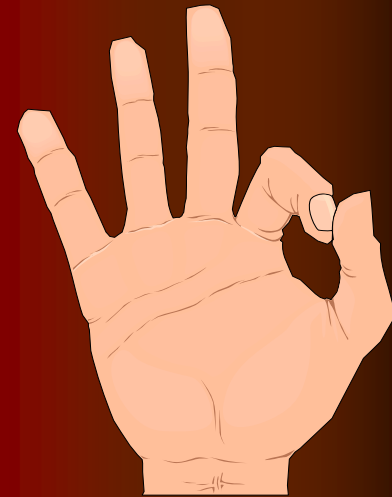
Interim Financial Reports

- Two Interim Reporting Periods
 - October 31 (1st Interim)
 - January 31 (2nd Interim)
- Board Certification
 - Positive
 - Qualified
 - Negative



Interim Financial Reports

- County Superintendent Certification
 - Approves or Disputes District Board Certification
- Notice to State Controller



Components of 1st Interim Report

- Executive Summary
- Budget at a Glance, as of 2/28/05
- Monthly Budget Adjustments, with changes footnoted
- Report of Expenditures/Revenues (State Forms)
- Cash Flow Projections, General & Adult Funds
- Multi-Year Projections, General & Adult Funds
- Updated Criteria & Standards, General Fund
- Other Funds (Deferred Maintenance, Asset Management, Capital Outlay)

2004-05 State Budget Update

- As a Categorical Program, we need to be concerned about mid-year cuts
 - there are none for 2004-05
- What about the “Deal” ...The Governor is not keeping his word
 - for this year or next
- \$1.1 billion owed to education for the current year will not be paid
 - carries over into next year too

General Fund - ROC/P Budget Summary

	<u>Adopted</u>	<u>2nd Interim</u>
Revenues	14,339,579	14,474,307
Other Sources, Transfers	<u>0</u>	<u>131,421</u>
Total Sources	14,339,579	14,605,728
Expenditures	13,837,561	14,023,490
Other Uses, Transfers	<u>486,403</u>	<u>532,623</u>
Total Uses	14,323,964	14,556,113
Change to Fund Balance	<u>15,615</u>	<u>49,615</u>

General Fund - ROC/P Fund Balance

	<u>Adopted</u>	<u>2nd Interim</u>
Required Reserves	25,000	62,140
General Reserve	82,000	582,245
Economic Uncertainty (6%)	859,439	873,367
Contingency-State Deficits	575,200	0
Restricted Balances	430,430	0
Designated-Security	0	100,000
Designated-PERS liability	0	70,000
Undesignated Balance	<u>4,084</u>	<u>322,401</u>
Total Fund Balance	1,976,153	2,010,153⁸

March 9, 2005

Adult Education Budget Summary

	<u>Adopted</u>	<u>2nd Interim</u>
Revenues	9,712,976	10,165,700
Other Sources, Transfers	<u>0</u>	<u>81,128</u>
Total Sources	9,712,976	10,246,828
Expenditures	9,553,226	9,829,151
Other Uses, Transfers	<u>150,000</u>	<u>500,000</u>
Total Uses	9,703,226	10,329,151
Change to Fund Balance	<u>9,750</u>	<u>(82,324)</u>

Adult Education Fund Balance

	<u>Adopted</u>	<u>2nd Interim</u>
Required Reserves	0	28,000
General Reserve	48,000	413,166
Economic Uncertainty (6%)	582,194	619,749
Contingency-State Deficits	535,000	0
Contingency-Federal Cuts	0	100,000
Designated-PERS liability	0	61,000
Undesignated Balance	<u>455,942</u>	<u>307,147</u>
Total Fund Balance	1,621,136	1,529,062

Multi-Year Projections Assumptions

	<u>2005-06</u>	<u>2006-07</u>
ROCP & Adult COLA	3.93%	3.20%
ROCP Growth	2.62%	2.62%
Adult Ed Growth	2.50%	2.50%
Employer STRS (add 2%)	10.25%	10.25%
H&W Increase for employees	5.00%	5.00%

- + Step, column & longevity increases for employees
- + COLA increases for applicable expenditure accounts

Multi-Year Projections

Assumptions

	<u>2005-06</u>	<u>2006-07</u>
Def. Maintenance-full funding	\$ 164,203	\$ 164,203
Mandated Cost Reimbursement	0	0
Staff Dev Buy-Back Days	(25,500)	(25,500)
ROCP-Carl Perkins	(123,000)	(123,000)
Adult Ed-Carl Perkins	(36,000)	(36,000)
Adult Federal ABE		(250,000)

General Fund

Multi-Year Projection Summary

(in millions)

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Revenues	\$ 14.47	\$ 15.02	\$ 15.78
Expenditures	<u>(14.02)</u>	<u>(14.06)</u>	<u>(14.30)</u>
Excess/Deficiency	.45	.95	1.48
Other Sources	.13	.00	.00
Other Uses	<u>(.53)</u>	<u>(.54)</u>	<u>(.54)</u>
Change to F/Bal	.05	.42	.95
End Fund Bal	<u>\$ 2.01</u>	<u>\$ 2.43</u>	<u>\$ 3.37</u>

Adult Education

Multi-Year Projection Summary

(in millions)

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Revenues	\$ 10.17	\$ 10.03	\$ 9.88
Expenditures	(9.83)	(9.45)	(9.09)
Excess/Deficiency	.34	.59	.79
Other Sources	.08	.00	.00
Other Uses	<u>(.50)</u>	<u>.00</u>	<u>.00</u>
Change to F/Bal	(.08)	.59	.79
End Fund Bal	<u>\$ 1.53</u>	<u>\$ 2.12</u>	<u>\$ 2.90</u>

Given the Assumptions- The Financial Standards are Met

- All Funds will meet their financial obligations for the current & subsequent 2 fiscal years
- All funds will end the year with positive cash balances
- General and Adult funds will maintain at least a 3% required reserve for economic uncertainty
 - 6% Reserve for Economic Uncertainty
 - 4% General Reserve for Cash Flow

But....Notes of Caution

- State Budget Crisis continues
 - \$8.6 billion deficit for 2005-06
 - \$10.0 billion deficit for 2006-07
- Education Industry is a big target to resolve deficits
 - Proposition 98 has already been suspended
 - Past \$ owed Education to be repaid over 15 years
 - Governor has targeted 98 to be weakened via ballot measure
- Vocational and Adult Ed Funding is discretionary

Undetermined Budget Impacts

The District has not settled with its bargaining units for 2004-05 compensation adjustments

*Staff Recommends a
POSITIVE CERTIFICATION
for all Funds*

