

Second Interim Report



Irvine Unified School District

Presented by John Fogarty
March 18, 2014



Second Interim Budget Report

- The Second Interim Budget Report represents the District's second official revision to the Final Adopted Budget
- The Second Interim Budget Report includes actual financial data through January 31, 2014 with revised projections for the remainder of the fiscal year
- Multiyear Projections are updated based on Governor's January Budget proposal for subsequent fiscal year
- Guidance in developing current and future year's projections is received from the Orange County Department of Education, School Services of California, and the California Association of School Business Officials



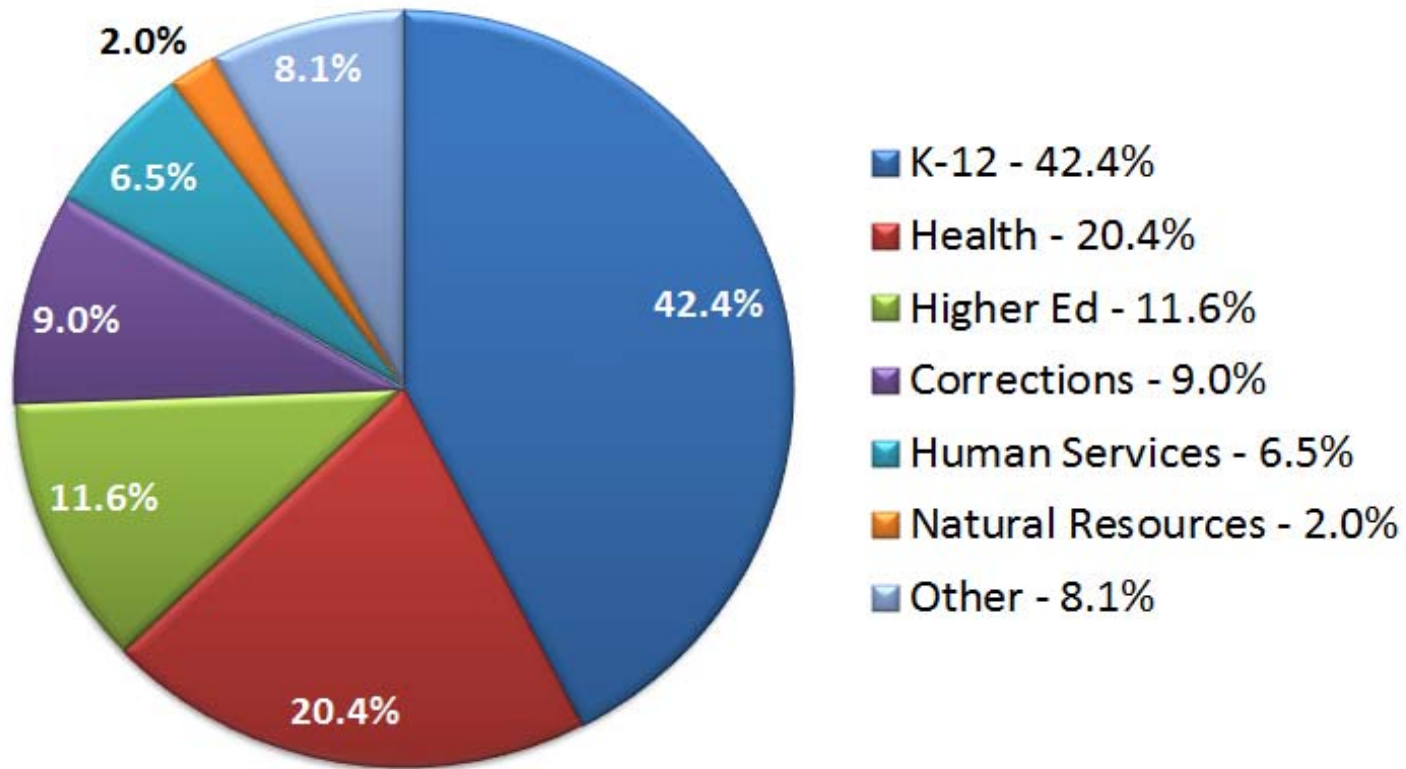
Governor's 2014-15 State Budget Proposal Highlights

- Improving economy leads to a dramatic shift in Education Funding
 - Only 16 months ago, Education Funding was dependent on the Passage of Proposition 30 to avoid deep cuts
- With the passage of Proposition 30 and an improving economy, State revenues are projected to remain robust for the next several years
- Governor's proposal provides a strong investment in education
 - Greatest increase in per-student average funding since 2000-01
 - \$4.5 billion is allocated to further implement the Local Control Funding Formula (LCFF)
 - Providing an average increase of approximately \$755/ADA
 - For IUSD the projected increase is approximately \$20 million!
 - \$5.5 billion allocated to eliminate remaining deferrals



Commitment to Education

2014-15 State General Fund Expenditures

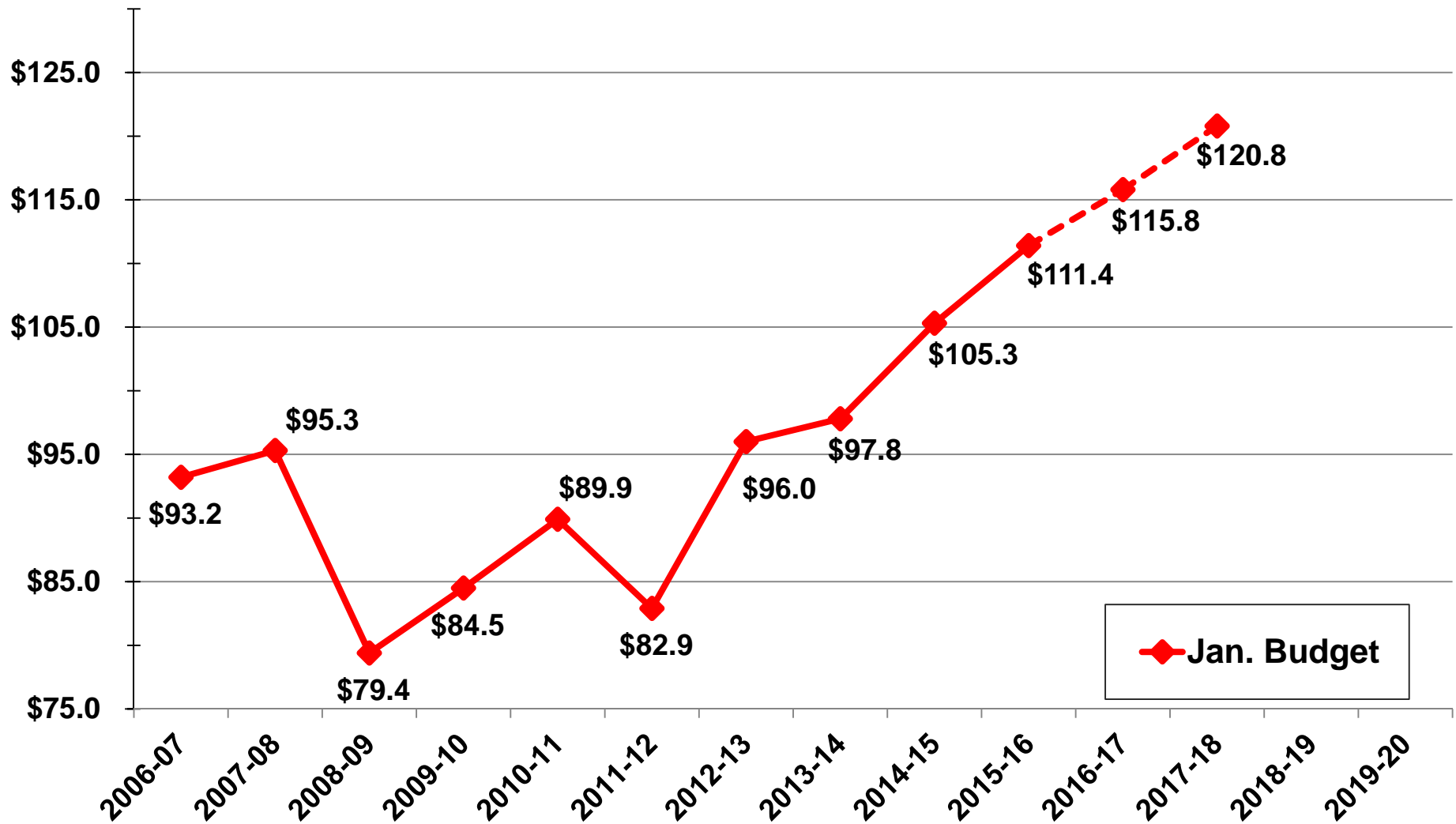


K-12 and Higher Education represent 54% of the State's Proposed Spending Plan



State General Fund Revenue Projections

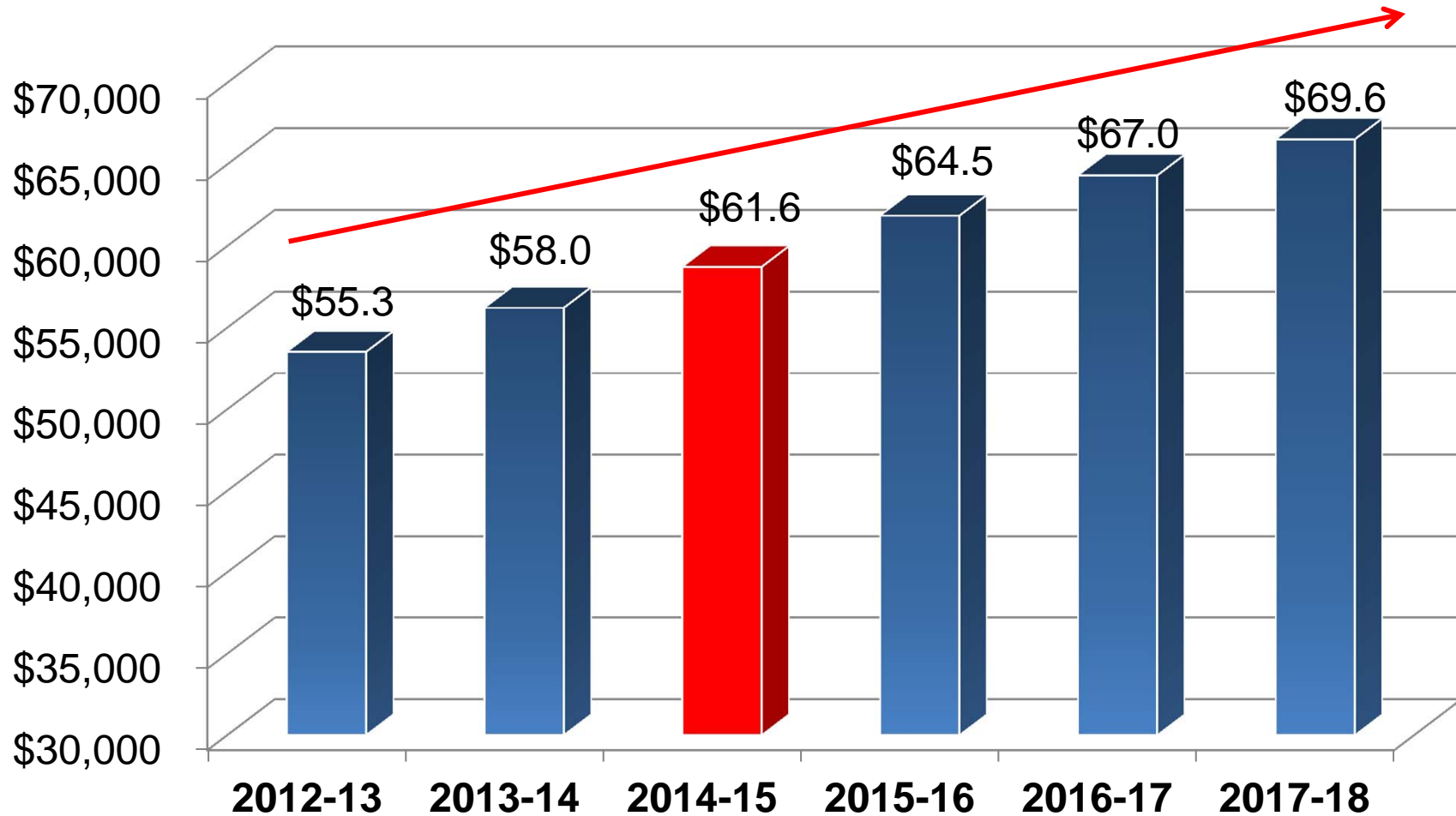
(Dollars in Billions)





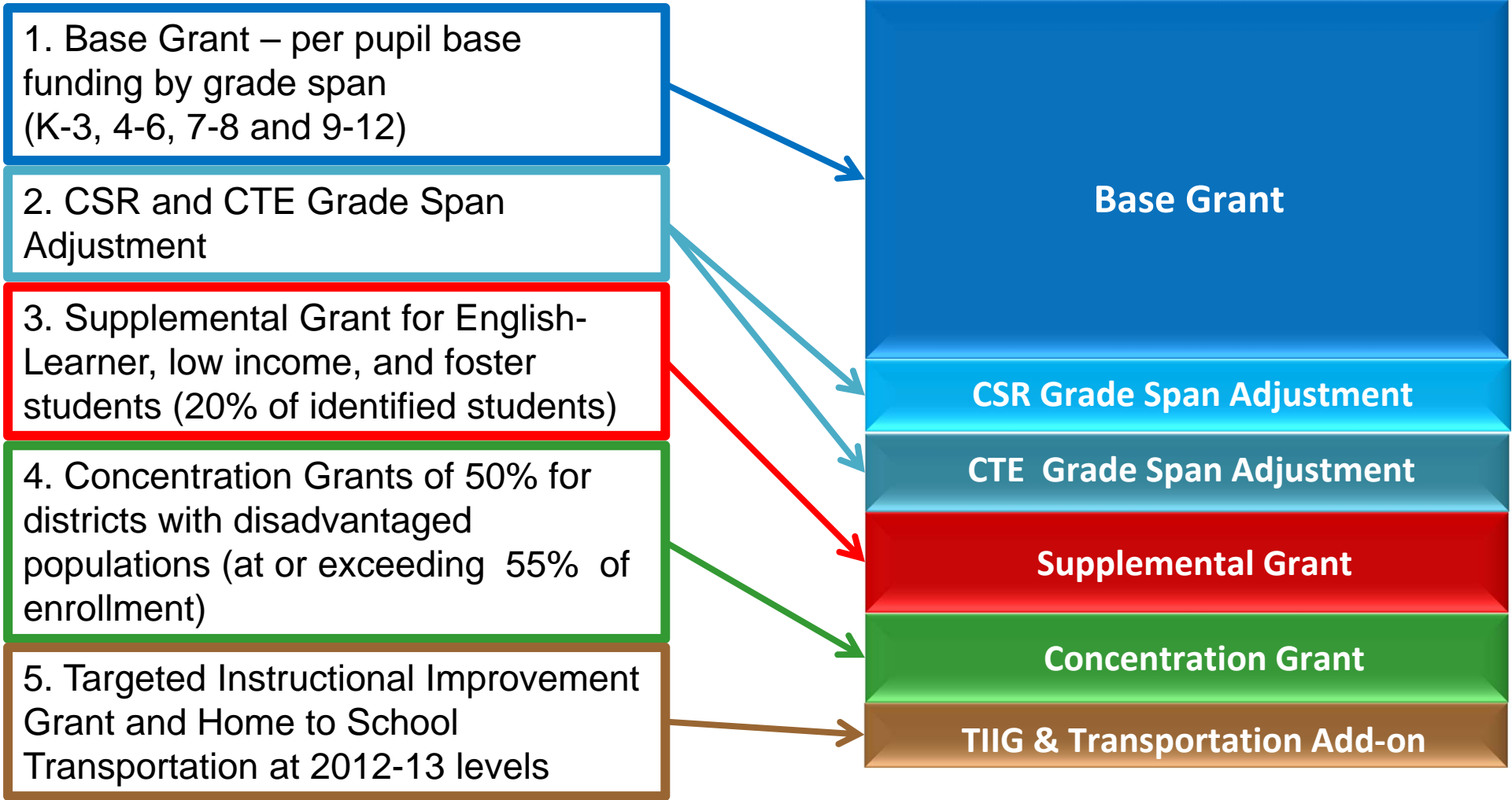
Proposition 98 Forecast

(Dollars in Billions)





Major Components of Local Control Funding Formula - LCFF





IUSD Projected LCFF Funding

IUSD LCFF	2013-14 Projection	2014-15 Projection
LCFF Target (Actual target to be reached in 2020-21)	\$242,360,924	\$255,333,530
LCFF Floor (2012-13 Actual Funding adjusted for ADA growth & any LCFF funding rec'd)	\$165,399,687	\$184,073,825
LCFF Gap = (Difference between target & floor)	\$76,961,237	\$71,259,705
Gap Funding Rate = (% of gap to be funded, set by governor)	11.78%	28.05%
Gap Funding Amount = (Anticipated additional funds)	\$9,066,034	\$19,988,347
Total LCFF Funding = (Includes \$2.9m in excess property taxes for 13-14)	\$177,413,949	\$204,062,172

Includes supplemental funding

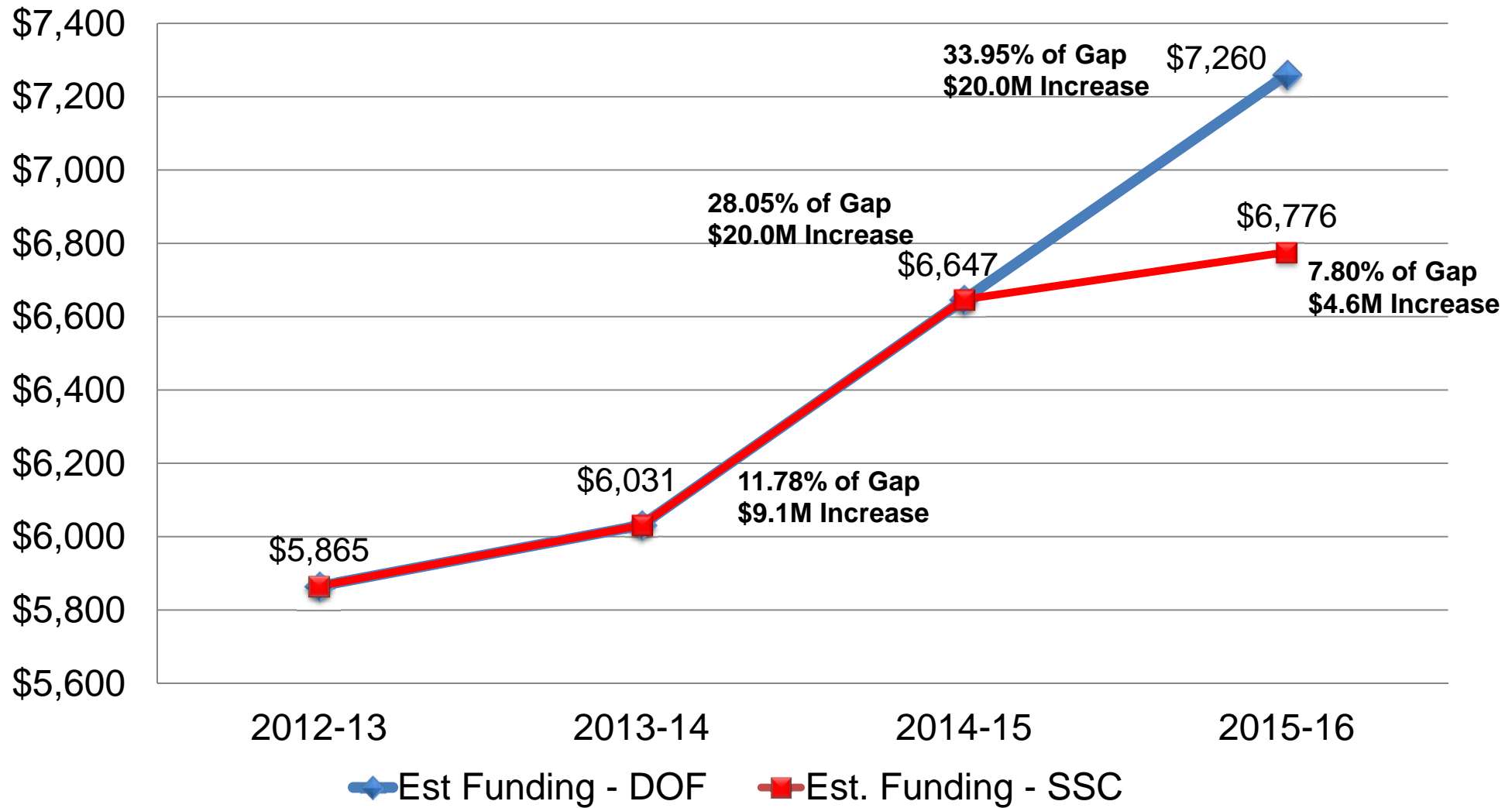


Second Interim Revenue Assumptions

Description	2013-14	2014-15	2015-16
ADA Growth	1,264	1,284	1,152
LCFF Funding per student	\$6,031	\$6,647	\$7,260
LCFF Gap Funding	11.78%	28.05%	33.95%
Fair Share State Reductions	(\$10,045,984)	N/A	N/A
Property Tax Growth	5%	5%	5%
Bren Donation	\$2,150,000	\$2,150,000	\$2,150,000
IRWD Easement	\$1,315,000	\$0	\$0
RIMD Revenues	\$4,322,063	\$4,408,504	\$4,496,674
Redevelopment Revenues	\$533,420	\$533,420	\$533,420



Estimated LCFF Funding per ADA





Second Interim Expenditure Assumptions

Description	2013-14	2014-15	2015-16
Step and Column Increases	2%	2%	2%
Additional Teacher FTE – Growth	32	43	62
Average New Teacher Cost	\$73,776	\$75,048	\$76,346
PERS Rate	11.417%	11.600%	11.800%
Health Insurance Contribution	\$10,143	\$10,143	\$10,143
Workers Compensation Rate	3.00%	3.00%	3.50%
Utility Increases	5%	5%	5%
Retiree Health Costs	\$2,148,306	\$2,148,306	\$2,148,306
Special Education Underfunding	\$29,722,718	\$30,364,675	\$30,837,391
Deferred Maintenance Transfer	\$0	\$0	\$0



2013-14 Second Interim Financial Comparison

General Fund Unrestricted Balance

Description	2013-14 1 st Interim	2013-14 2 nd Interim	Variance
Total Revenues	\$188,477,215	\$190,842,489	\$2,365,274
Total Expenditures	\$168,839,868	\$168,017,108	\$822,760
EXCESS (DEFICIENCY)	\$19,637,347	\$22,825,381	\$3,188,034
Total Other Sources/Uses	(\$36,324,731)	(\$35,920,069)	\$404,662
NET INCREASE (DECREASE)	(\$16,687,384)	(\$13,094,688)	\$3,592,696
Beginning Balance, July 1	\$47,991,720	\$47,991,720	\$0
Ending Balance, June 30	<u>\$31,304,336</u>	<u>\$34,897,032</u>	<u>\$3,592,696</u>



2013-14 **Second Interim Financial Comparison**

Components of Unrestricted Ending Fund Balance

Description	2013-14 1 st Interim	2013-14 2 nd Interim	Variance
Ending Fund Balance	<u>\$31,304,336</u>	<u>\$34,897,032</u>	<u>\$3,592,696</u>
Revolving Cash	\$150,000	\$150,000	\$0
Stores	\$250,000	\$250,000	\$0
Economic Uncertainties	\$7,600,000	\$7,600,000	\$0
Board Assigned	\$23,304,336	\$26,897,032	\$3,592,696



2013-14 Second Interim Financial Comparison

Unrestricted General Fund Board Assigned - Detail

Description	2013-14 1 st Interim	2013-14 2 nd Interim	Variance
Total Board Assigned	<u>\$23,304,336</u>	<u>\$26,897,032</u>	<u>\$3,592,696</u>
2011/12 Carryover	\$2,904,263	\$2,904,263	\$0
Education Protection Account (EPA)	\$5,671,400	\$5,671,400	\$0
Assigned for future shortfall	<u>\$14,728,673</u>	<u>\$18,321,369</u>	<u>\$3,592,696</u>



Unrestricted General Fund Financial Outlook

Description	2013-14 2 nd Interim	2014-15 Projected	2015-16 Projected
Total Revenues	\$190,842,489	\$217,930,078	\$245,264,802
Total Expenditures	\$168,017,108	\$172,228,245	\$178,609,405
EXCESS (DEFICIENCY)	\$22,825,381	\$45,701,833	\$66,655,397
Total Other Sources/Uses	(\$35,920,069)	(\$36,176,172)	(\$36,798,462)
NET INCREASE (DECREASE)	(\$13,094,688)	\$9,525,661	\$29,856,935
Beginning Balance, July 1	\$47,991,720	\$34,897,032	\$44,422,693
Ending Balance, June 30	<u>\$34,897,032</u>	<u>\$44,422,693</u>	<u>\$74,279,628</u>



Certification Definition

- **Positive** = A school district that, based on current projections, will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- **Qualified** = A school district that, based on current projections, may not meet its financial obligations for the current fiscal year or subsequent fiscal year.
- **Negative** = A school district that, based on current projections, will be unable to meet its financial obligations for the current fiscal year or for subsequent two fiscal years.

Positive certification is recommended



Questions

