



2008/09 2nd Interim Report

March 9, 2009

Presented by Business & Support Services

Requirements

- Ed Code 42130 – Interim Reports
 - October 31st – actuals + year end projection
 - January 31st – actuals + year end projection
- Fiscal Solvency
 - Current year (2008/09)
 - Two subsequent years (2009/10 & 2010/11)
- Board Certification – Financial Stability
- Admin. Certification – Criteria & Standards

Goal - Positive Certification

- District meets its multi-year fiscal solvency requirements.
- Report includes:
 - Current year cuts (2008/09)
 - Categorical flexibility - \$9.45M
 - 1st subsequent year cuts (2009/10)
 - Identified/approved budget cuts - \$25M
 - 2nd subsequent year cuts (2010/11)
 - Quantified reduction amount - \$10M
 - Identified/approved cuts included in 2009/10 budget multi-year projection.



OCDE Action

- In order for OCDE to accept and certify the 2nd interim report, the Board must formally make cuts by April 13th.
 - OCDE Review/Certification by April 15th
 - Typically completed by March 15th
- If the Board does not or cannot make the necessary cuts, OCDE will issue a “Qualified Certification.”

Definition of Terms

- Positive Certification
 - Shall be assigned to a district that will meet its financial obligations for the current plus two subsequent fiscal years.
- Qualified Certification
 - Shall be assigned to a district that may not be able meet to its financial obligations for the current plus two subsequent fiscal years.
- Negative Certification
 - Shall be assigned to a district that will be unable to meet to its financial obligations for the current plus one subsequent (following) fiscal year.



Options

Option 1 – Board approves a positive certification and takes formal action on cuts by April 13th

Option 2 – Board declares it may not make its financial obligations (qualified certification) and has until June 1st to make necessary cuts.



Option 1 – April 13th

- March 9th - Board approves a positive certification for 2nd interim report.
- April 13th - Board takes formal action on \$25 million in reductions for 2009/10.
 - Failure to make the reductions by April 13 will result in the county changing the district's certification from positive to qualified.
 - Board identifies and includes an additional \$10M in ongoing cuts in the 2010/11 projection.
- June 1st – Board takes formal action on \$10 million in reductions for 2010/11.



Option 2 – June 1st

- March 9th - Board approves a qualified certification for 2nd interim report.
- June 1st - Board takes formal action on:
 - \$25M in reductions for 2009/10.
 - \$10M in reductions for 2010/11.
- 3rd interim report becomes necessary.
- If cuts are made, qualified certification removed at 1st interim report in 2009/10.



Impacts of a Qualified Certification

- OCDE must:
 - Approve debt instruments – TRAN
 - Comment on proposed collective bargaining agreements 10 days prior to Board approval.
- Slightly higher (possible) borrowing rate.
- Greater oversight/assistance from OCDE
 - Fiscal Assistance
 - Study
 - Recovery Plan

If cuts are not approved
by June 1st.



Budget Timeline - Option 1

Positive Certification

- **March 9th - Board Meeting**
 - Approve 2nd interim report
 - Certificated layoff notices (March 15th)
- **Week of March 23rd – Special Board Meeting/Budget Study Session**
 - Budget Discussion V
 - Formal hearing on proposed 2008/09 CAT flexibility/budget cuts
 - Review & discuss most viable 2009/10 budget cuts
- **Week of March 30th– Special Board Meeting/Budget Study Session**
 - Budget Discussion VI
 - Present finalized list of potential 2009/10 budget cuts
 - Board acknowledgement of 2010/11 reduction amount
- **April 13th Board Meeting**
 - Board approval of 2008/09 CAT flexibility/budget cuts
 - Board approval of 2009/10 cuts
 - Review & discuss most viable 2010/11 budget cuts
- **May 11th - Board Meeting**
 - Classified layoff notices (45 Days prior to June 30)
 - Board approval of 2010/11 budget cuts
- **June 8th – Board Meeting**
 - Present finalized budget
- **June 22nd – Board Meeting**
 - Budget hearing and adoption
 - Budget includes 2010/11 budget reductions (multi-year solvency)



Budget Timeline - Option 2

Self-Qualification

- March 9th - Board Meeting
 - Approve 2nd interim report w/ self-qualification
 - Certificated layoff notices (March 15th)
- TBD March – Budget Study Session
- April 13th Board Meeting
 - Board approval of 2008/09 CAT flexibility/budget cuts
 - Present potential 2009/10 budget cuts
 - Board acknowledgement of 2010/11 reduction amount
- TBD April – Budget Study Session
- May 11th - Board Meeting
 - Classified layoff notices (45 Days prior to June 30)
 - Review & discuss most viable 2010/11 budget cuts
- TBD May – Special Board Meeting (Budget)
 - Board approval of 2009/10 cuts
 - Board approval of 2010/11 budget cuts
- June 8th – Board Meeting
 - Present finalized budget
- June 22nd – Board Meeting
 - Budget hearing and adoption
 - Budget includes 2010/11 budget reductions (multi-year solvency)



Conclusion

- Recommendation – Option 1
- Discussion
- Comments
- Questions

Thank You