SAN JOAQUIN DELTA COLLEGE COMMUNITY COLLEGE DISTRICT

Q4 2012-13 BUDGET UPDATE AND BUDGET TO ACTUAL VARIANCES

Raquel Puentes-Griffith, Controller
Board of Trustees Meeting
August 27, 2013
OVERVIEW

- Background/timeline of quarterly fiscal reporting
- Changes to 2012-13 budget assumptions
- Revenue, expenditure and fund balance changes based on Q4-13
- Final reflections on 2012-13 and preview of 2013-14 budget
## 2012-13 ASSUMPTIONS CHANGE

<table>
<thead>
<tr>
<th>No.</th>
<th>Change in Assumption</th>
<th>Budget Assumption Description Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>FTES target will increase from 14,500 to 15,100</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>Budget is built on Best Case scenario</td>
</tr>
<tr>
<td>3</td>
<td>Yes</td>
<td>Worst case scenario did not materialize</td>
</tr>
<tr>
<td>4</td>
<td>Yes</td>
<td>Revenues are dependent on State pledge of $2.5 million backfill for RDA shortfalls in 2012-13.</td>
</tr>
<tr>
<td>5</td>
<td>Yes</td>
<td>Summer term 2013 was reinstated</td>
</tr>
<tr>
<td>6</td>
<td>No</td>
<td>Reductions for 2012-13 are addressed; Additional $3 million cut will not occur</td>
</tr>
<tr>
<td>7</td>
<td>No</td>
<td>Contract settlement of 3.46% increase for CTA over two years; increase of 2.23% for other groups</td>
</tr>
<tr>
<td>8</td>
<td>No</td>
<td>District will continue to maintain prudent 5% reserve</td>
</tr>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
</tr>
<tr>
<td>--------------------------------</td>
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</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$ 79.7 million</td>
<td>$ 81.2 million</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td>$ 81.3</td>
<td>$ 81.1 *</td>
</tr>
<tr>
<td><strong>Operating (Deficit)/Surplus</strong></td>
<td>$ (1.6) million</td>
<td>$ .1 million</td>
</tr>
</tbody>
</table>

*includes one-time uses
# Fund Balance Impact – General Fund Unrestricted

## Beginning Fund Balance 2012-13

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Plus – Adopted Budget Revenues</td>
<td>79.7</td>
</tr>
<tr>
<td>Less – Adopted Budget Expenditures</td>
<td>(81.3)</td>
</tr>
<tr>
<td><strong>Projected Net Operating Deficit</strong></td>
<td>(1.6)</td>
</tr>
</tbody>
</table>

**Adopted Budget Projected Fund Balance for June 30, 2013**

$8.5 million

*Based on final 2012-13 financial data.*

## Beginning Fund Balance 2012-13

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>$10.1 million</strong></td>
<td></td>
</tr>
<tr>
<td>Plus – Actual Revenues</td>
<td>81.2</td>
</tr>
<tr>
<td>Less – Actual Expenditures</td>
<td>(81.1)</td>
</tr>
<tr>
<td><strong>Net Operating Surplus</strong></td>
<td>.1</td>
</tr>
</tbody>
</table>

**Actual Fund Balance for June 30, 2013**

$10.2 million
Revenue surprisingly positive, yet there are still exposures….

 Stable Apportionment – Post Prop 30
   - P2 Apportionment restored 57 FTES more than budgeted
   - 2011-12 One-Time Adjmt PY Apportionment $304k
   - 2012-13 Deficit - still possible in Feb 2014

 Increases in Local Revenue, Lottery, Enrollment Admin, Contract Admin

 State revenue exposures are expected to be “protected” by State - Prop 30 and RDA
   - Year end results assume full backfill
   - Counting on state’s word for $2.5M backfill
CHANGES IN EXPENDITURE
BUDGET TO ACTUAL Q4-13

One-time savings in salaries, benefits and operations…

- Projection data at quarterly reports showed positive trend - planning began for one-time uses
- $2.4 million salaries and benefits for budgeted vacancies and hourly
- $2 million in operational lines (legal services, other contract services, supplies and equipment)
  - Spending discipline anticipating a negative Prop 30 outcome
  - Opportunities for one-time uses for reinvestment into District one-time needs
  - Planned budget efficiencies in 2013-14

*Funds are one-time in nature, not ongoing revenue*
REFLECTION ON
2012-13 FINANCIAL ACTIVITY

Year of uncertainty and potential devastation with Prop 30 risk turned into opportunity

- Focus on core services
- Reassess priorities and plan for resource allocation
- Developed strategic operating and staffing plan
- Used fiscal projections to be proactive in decision making

✓ Addressed long-term obligations and reinvested into capital needs
  - $2.25 million Passport Program loan
  - $500k contribution to OPEB and approval of funding plan
  - $1 million for instructional program capital uses
  - $650k non-instructional capital uses
PREVIEW
2013-14 FINAL BUDGET

- First time since 2007-08 that a COLA has been provided
  - Only offsets rising inflationary costs of healthcare benefits, step/longevity, CalPers, retiree benefits, operational etc…

- Ramp up of FTES for access and to meet targets
  - Increase to faculty hourly budget
  - Because a number of districts are in decline there is a possibility that more FTES restoration may be available

- More complexity in state funding, less uncertainty in terms of triggers and ballot initiatives….but more risk of mid-year deficits

- Budget reductions for 2013-14 are not expected
  - Continuous evaluation and refinements for budget reallocation
QUESTIONS ......THANK YOU~