



La Puente Valley Regional Occupational Program 2011-12

1st Interim Budget Revision

“Keeping our Promise”



Prepared by: Leticia Covarrubias, Assist. Superintendent, Business Services
Revised on: November 18, 2011

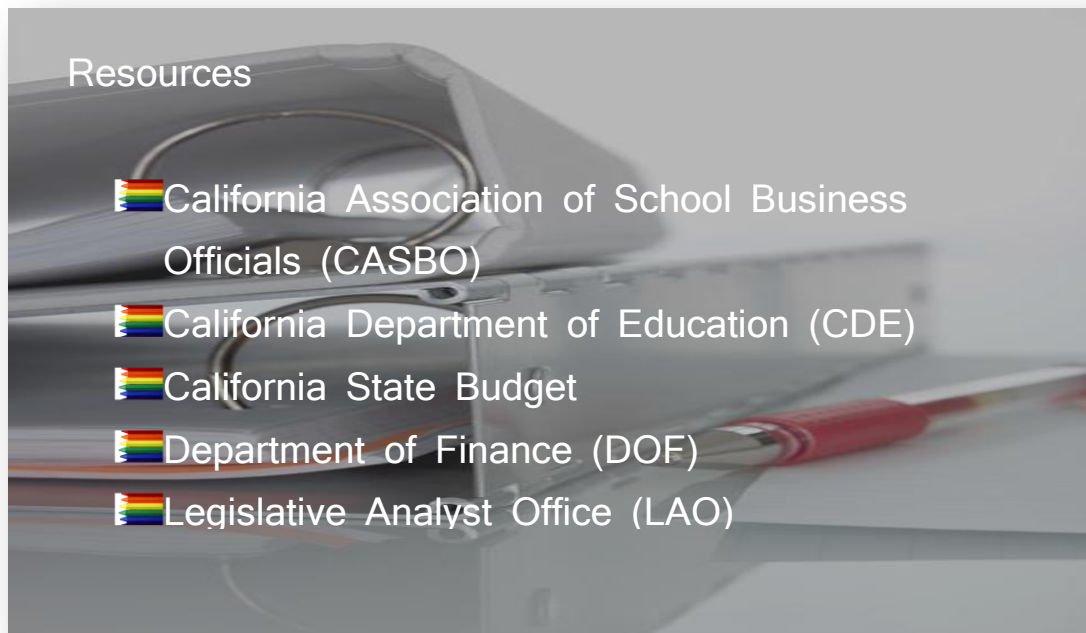
Draft: May 2011
Adopted: June 2011
Revised: December 2011

LPVROP Vision Statement

La Puente Valley Regional Occupational Program will be the premier provider of exemplary career technical education in the San Gabriel Valley. Through a multiple pathways/linked learning approach we offer rigorous, innovative, career-technical education programs for the students we serve.

Budget Development

The 2011-12 budget development process begins early in November by identifying potential new courses for the upcoming school year, reviewing classroom enrollments and looking at local labor market trends and demands. The budget was developed using *Zero Based Budgeting* and based upon assumptions as of March 31, 2011. The resources utilized for the budget development included:



The 2011-12 budget development is a collaborative process involving input from various stakeholders. La Puente Valley ROP Educational Services met with principals from the participating high schools to review the ROP courses to determine if they are meeting the specific career technical educational needs for their high school campus. Some factors considered were student enrollments, verifying that the ROP course supports a career pathway, and that a qualified CTE credentialed instructor is providing quality instruction.

This collaborative approach of identifying the student needs in ROP offerings resulted in new courses at some school sites while eliminating other courses that did not have student interest or did not meet the criteria considerations.

The development process also provided teachers an opportunity to contribute to the development of the budget by reviewing their current program budgets and submitting a request for additional funds for 2011-12 if needed. Additionally, Educational Services, Directors of Technology & Human Resources and department Supervisors submitted their recommendations to the Assistant Superintendent of Business for budget consideration. The budget is a compilation of the course offerings approved at the high school sites, program budget requests from teachers, budgeted needs identified from the various departments, and the administrative operating costs to reflect one overall operating budget which is presented and reviewed by LPVROP's cabinet and management team.

Budget Priorities

Purpose

To plan, implement and **serve** with the participating **school districts** the **career technical educational** needs identified through needs assessments in the area served by LPVROP.

The budget developed supports the ROP's purpose as a regional independent entity that serves the three school districts' career technical educational (CTE) needs for their students. La Puente Valley ROP is the primary delivery source of CTE programs at many of the high schools. The budget resources are high school centered and focused.

The ROP considers its mission as the budget is being developed. The mission helps the ROP focus its expenses on curricula needs to continue to provide quality CTE programs to the districts being served. Resources are allocated to ensure that the ROP classes are meeting industry requirements and funds are budgeted to provide ongoing professional development that will support the multiple pathways approach to linked learning. Additionally, the budget sets

Mission

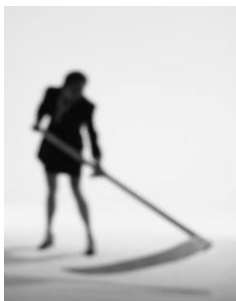
La Puente Valley Regional Occupational Program is a nationally accredited school offering quality career and technical education that develops a competively skilled workforce for the 21st century. We deliver **exemplary programs that meet industry requirements and standards using the multiple pathways/linked learning** approach. In collaboration with Bassett USD, Hacienda La Puente USD, Rowland USD, and the business community, we provide and promote innovative **programs that lead to workforce placement and higher education.**

funding aside to ensure that work sites and internships are being maintained and established.

Lastly, as the budget is being developed the ROP takes into account the organizational goals. Resources are distributed to ensure that goals will be effectively and efficiently accomplished.

2011-12 GOALS

1. To gather and use data for organizational improvement to successfully complete WASC accreditation process
2. To continue to improve communication among all stakeholders maintaining strong working relationships with members of the LPVROP Governing Board and the districts served by the ROP
3. To increase business and work-based learning opportunities for students
4. To support employee motivation through effective policies and procedures and appropriate support and training
5. To improve marketing efforts for LPVROP
6. To assist schools with delivery of quality CTE Programs
7. To provide leadership and resources to support the development of the Linked Learning approach at the high schools, including the integration of core academics and career technical education for the 21st century workforce



Financial History

The economic decline in the nation has resulted in significantly impacting the State of California and its ability to balance the State Budget. California's unemployment rate has been higher than the national average. California's unemployment rate as reported in January 2011 is 12.3% whereas the nation is 9.4%. Former

Governor Schwarzenegger enacted legislative laws addressing the budget deficit and cutting education funding. Budget act SBX3 4 (Chapter 12, Statutes of 2009), enacted in February 2009, reduced funding to Regional Occupational Programs by approximately 20%. The act also authorized flexibility of ROCP funds for 2008-09 through 2012-13,

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1strevision: November 2011

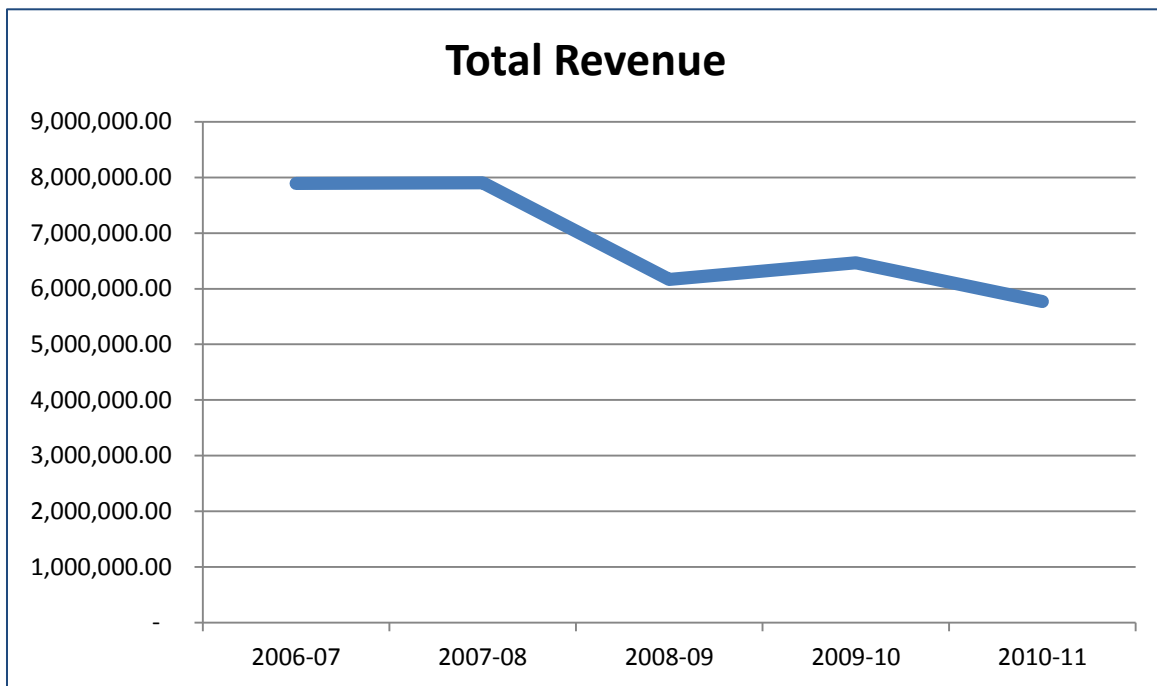
(classified as Tier III) for any other educational program or purpose. Governor Jerry Brown extended Tier III categorical flexibility until 2015.

Overview of funding cuts

In 2007-08 total ROP revenue was \$7.9 million. In 2009 state cuts to ROC/Ps and other losses to LPVROP revenue resulted in a \$1.7 million loss, which is approximately 22% less. La Puente Valley ROP's current revenue projection for 2011 is \$5.7 million. Since 2008 the ROP has lost \$2.1 million or 27% of its funding as reflected in the chart below.

Five Year Revenue History

Chart - 1



Source: [lcovarrubias/facilities/lpvropfinancial info](#)

Cost savings

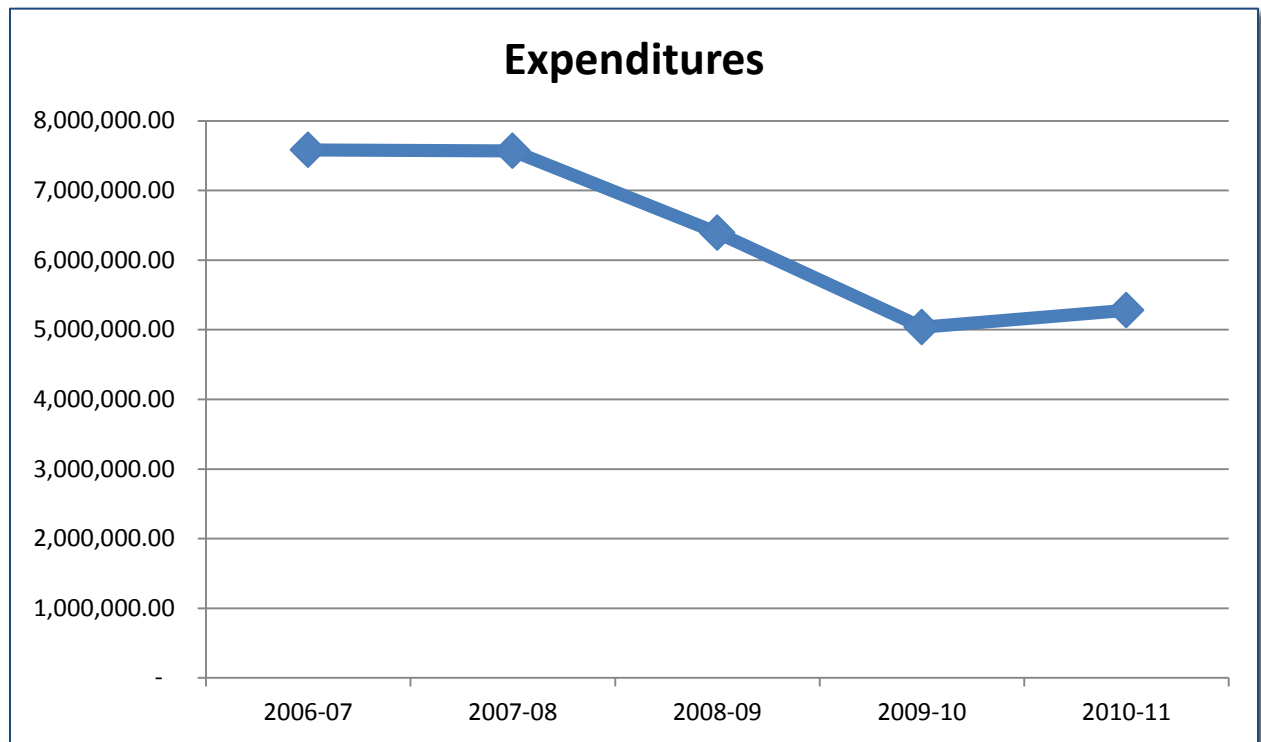
To address the funding cuts, the ROP implemented a cost-savings plan that consequently required massive layoffs. Since 2008 the ROP laid off 72 employees which was approximately 61% of its staff. In addition, in 2009-10 classified and administrative staff was forced to take furlough days which was equivalent to a 5% cut in pay. As of 2008, the ROP reduced expenditures by \$2.3 million. See chart on next page.

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1strevision: November 2011



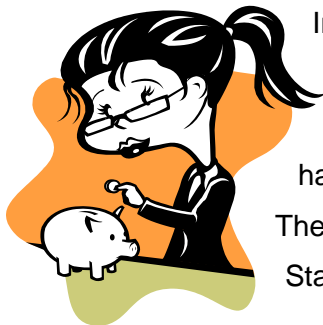
Five Year Expenditure History

Chart - 2



Source: [lcovarrubias/facilities/lpvpropfinancial info](#)

Cash Flow Issues



In addition to budget cuts to school funding and the existing cash deferrals, the State imposed new cash deferrals on schools.

The revised schedule for distributing cash to school agencies has created a cash burden for many schools, including the ROP. The ROP will not receive 29% of the money promised from the State in the current year.

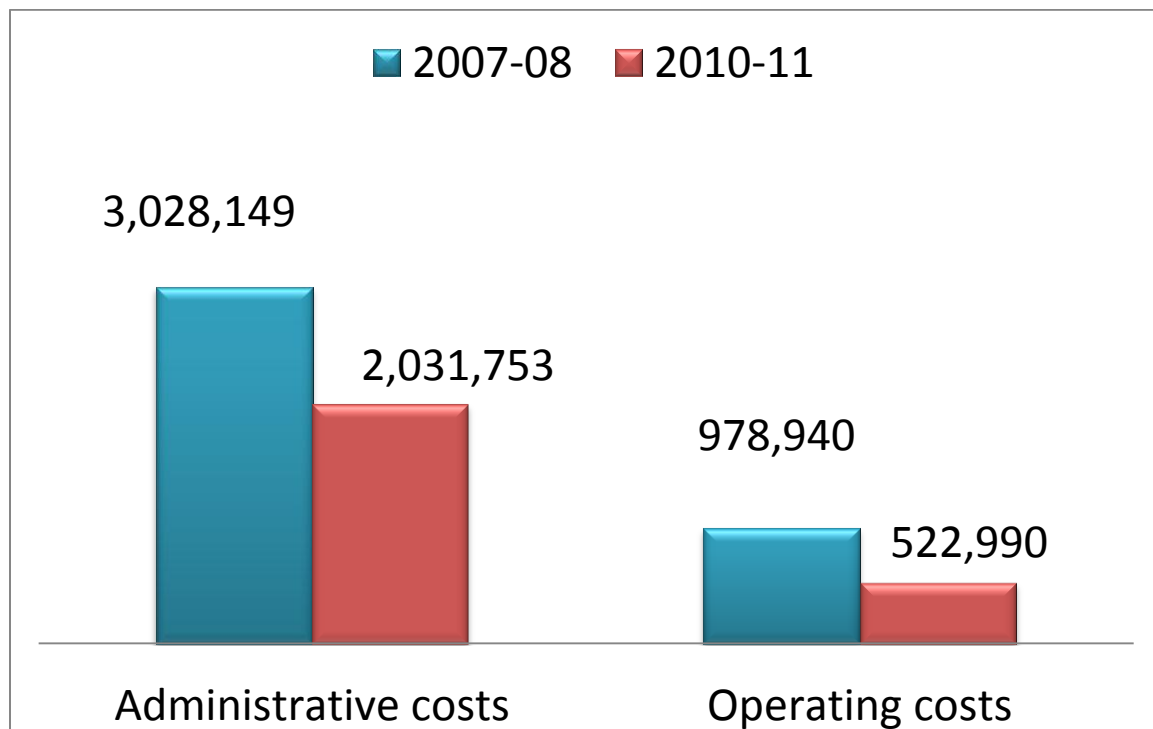
Future Outlook

Ninety-seven percent of the ROP revenue is dependent on State funding. The current State budget for education is uncertain due to the legislature's reaction to the Governor's current budget proposal. Los Angeles Office of Education (LACOE) is recommending that school districts prepare for more significant budget cuts. The impact of these cuts for the ROP may range from 6% to 12%. The ROP has already laid off 61% of its staff, resulting in only occupying 50% of the facility. Since significant cuts in operating and

administrative expenses (see chart – 3 below) have already been incurred, the only possible cost savings that remains is the facility lease cost. The yearly cost of the lease is approximately \$415,000 or 7% of the total expenditures. If further cuts are imposed on the ROP and the ROP is unable to incur cost savings from the lease, the ROP will be forced to cut programs at the high school sites. A savings of \$200,000 or 50% of the lease cost is equivalent to saving 16 high school classes which would provide career technical classes to approximately 416 students.

Administrative & Operating Costs Savings

Chart – 3



State Outlook

The California State Education budget remains uncertain since Governor Brown has given up on a June election to extend the temporary taxes. However, he has not given up hope of getting the extension approved through other legislative measures. The Governor has committed to making a firm proposal by Friday, May 14, the statutory date for the May Revision. But regardless of his proposal, there will be no real certainty about the funding level for education until a Budget enactment and maybe beyond. (Source: SSC Vol.31 No 19)

First Interim Budget Revision

Throughout the year, LPVROP submits budget revisions to reflect the current state and local fiscal impacts to its budget. These revisions are reflected during the first and second interim reporting periods. The 2011-12 budget was revised during the first interim reporting period to include assumptions based upon information from July to October 31, 2011. This revised budget document details any revisions that were made to the adopted budget.

Funding Sources



La Puente Valley ROP's revenue is comprised of two funding sources. These funding sources consist of State and Local revenues. However, the primary funding source of revenue for LPVROP is Local revenues derived from apportionment transfers from the Districts.

State Revenue

1st Interim Revision

There was an increase of \$30,560 to State Revenue during the first interim reporting period

California Health Science Capacity Building Project - \$230,560

La Puente Valley ROP successfully renewed the California Health Science Capacity Building Grant for 2011-12. The grant commonly referred to as "*Health Grant*" is a collaborative effort between LPVROP and four participating high schools, La Puente, Los Altos, Nogales and Workman. The funds are intended to build the capacity of quality Health Science Pathway Programs. The project funded by California Department of Education, is an effort to prepare an adequate number of qualified workers to meet the critical worker shortages in the health-care



industry. LPVROP estimated \$200,000 in funding from this grant to enhance the medical pathways at the participating high schools.

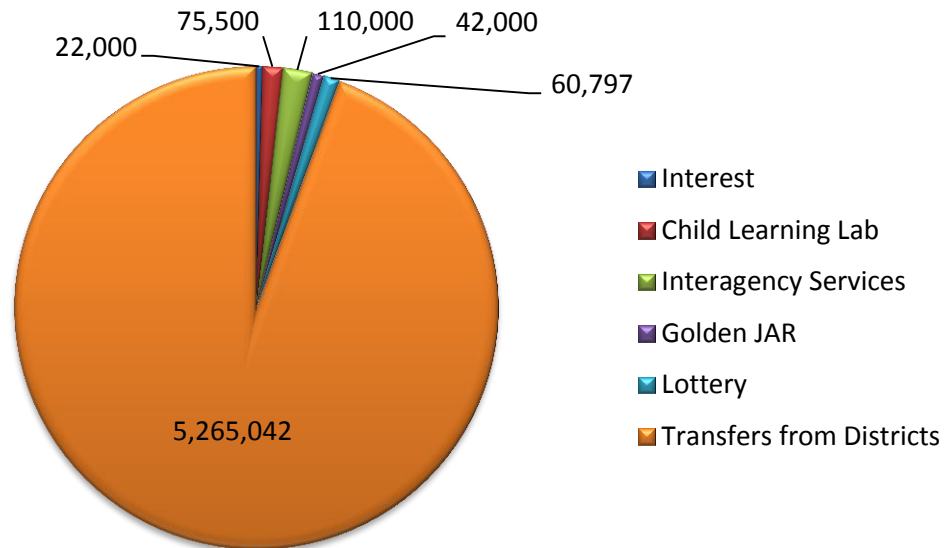
➤ **First Interim Revision**

La Puente Valley ROP received an additional \$2,640 per high school site from the Building Capacity Health Grant for a total of \$30,560 more State Revenue.

Local Revenue

Local revenue is LPVROP's primary funding source. It is comprised of the revenue sources reflected in the chart 3 below.

Local Revenue Chart -4



Interest - \$22,000

La Puente Valley ROP invests its cash funds with the Los Angeles County Office of Education (LACOE) to maximize interest income. This pooling enables the ROP to receive more interest revenue from its fund balance. Based on LPVROP's forecasted average fund balance, the ROP has conservatively budgeted \$22,000 in interest income. The Interest rate for a 10-year Treasury bond is projected at 3.8% (Source: LACOE Assumptions 2-23-11).

Child Learning Lab - \$75,500

La Puente Valley ROP operates a licensed preschool which is an important component for the child development program at Rowland High School.



The Rainbow Preschool's goal is to be a self-sustaining program with an average of 23 full-time preschool enrollments, paying monthly tuition of \$335. The proposed budget includes \$75,500 in funding from preschool fees.

Golden JAR - \$42,000

Another self-sustaining program generating fees is the Golden JAR. This program is an important part of the culinary arts course at Rowland High School. The course is a Model Practice program in the hospitality industry sector, providing hands-on catering experience to high school students. The proposed budget includes \$42,000 in revenue generated from the Golden JAR restaurant.

District Reverse Contracts - \$110,000

The partnering districts request ROP instructors to provide quality CTE instruction to high school students. La Puente Valley ROP is estimating to receive local income funding for inter-district reverse contracts as follows:

- Bassett Unified School District \$60,000
- Rowland Unified School District \$50,000

Lottery Income - \$60,797

The California State Lottery has contributed \$22.9 billion to public education since its inception in October 1985. Unfortunately, as the amount is spread out over 24 years and over all students in California public schools from kindergarten through graduate school, the Lottery actually provides less than 2% of total K-14 funding. (*Source: LACOE Workshop 2-23-11*).

La Puente Valley ROP normally received annual funding from the California State Lottery based upon prior year adult ADA. However, since the Budget ACT SBX3 4 established 2007-08 as a benchmark year for ROC/P's, LPVROP has estimated to

receive lottery based upon the 2007-08 adult ADA that was reported to the districts as follows:

Lottery Funding

Table – 1

School District	Estimated 07-08 ADA	Lottery Funding	Total Lottery
BUSD	15.8	\$128.50	\$2,030
HLPUSD	384.89	\$128.50	\$49,458
RUSD	72.44	\$128.50	\$9,309
Total	473.13	\$128.50	\$60,797

Lottery funding rate for 2011-12 is \$128.50 per ADA with \$111 unrestricted and \$17.50 restricted (*Source: LACOE Workshop 2-23-11*).

District Apportionment - \$5,265,042

Since school year 1986-87, ROC/P's revenue limit funding had been based upon how much money the districts spent on ROP classes in the school year and the ADA that was generated. However, Budget act SBX3 4 approved in February 2009, changed the way ROC/Ps were financed. ROC/Ps are now no longer funded per ADA. Rather funding is based upon 2007-08 base funding less 20%.

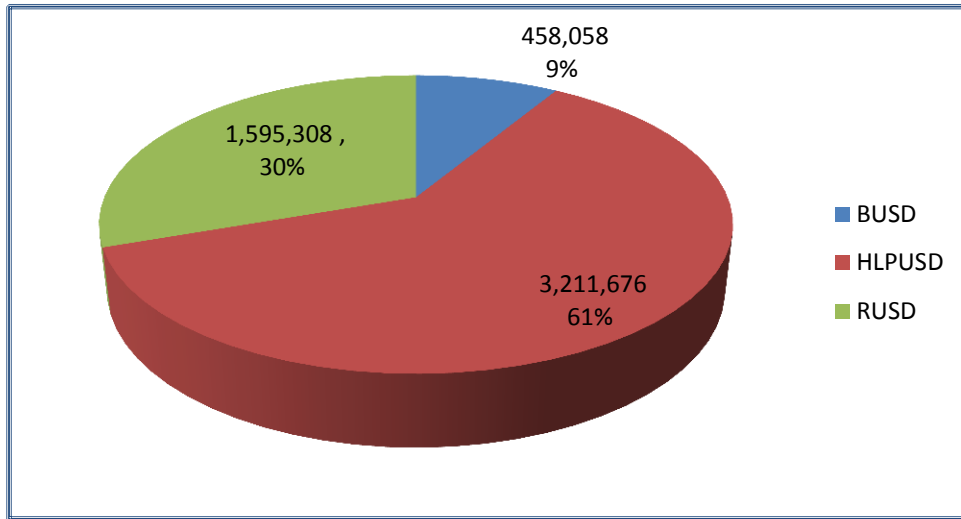
The funding calculation for apportionment is determined as follows:

- ▶ Base funding for 2011-12
 \$ 6,635,907 (2007-08 funding)
- 1,370,865 (SBX3 4 funding cut approximately 20%)
 \$5,265,042

La Puente Valley ROP's funding is apportioned from the State which distributes the funding to the County and then transfers the funds to the participating Districts. Once the ROP receives a payment notification from LACOE that the Districts received ROP apportionment, LPVROP generates an invoice billing the Districts. ROP funds have been classified as Tier III categorical funding. Chart 5 illustrates the apportionment funding allocated from the state to the districts for ROP programs.

Apportionment funding by District

Chart - 5

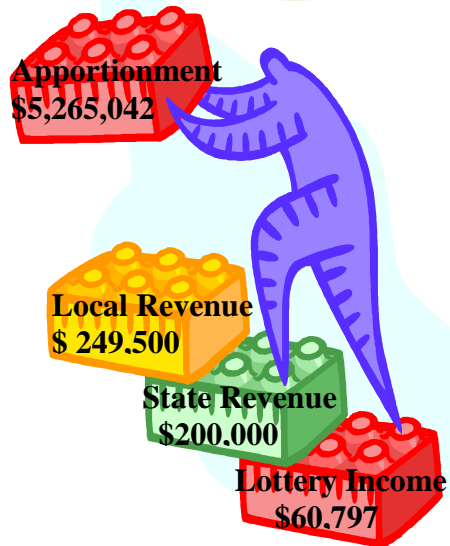


Total Revenue Sources

First Interim revisions include current assumptions as of October 31, 2011 and updated information obtained from fiscal resources previously listed. La Putene Valley ROP's total revenue increased by \$30,560 from the original board approved operating budget.

First Interim Budget
Total Revenues \$5,805,899

Original Budget
Total Revenues \$5,775,339

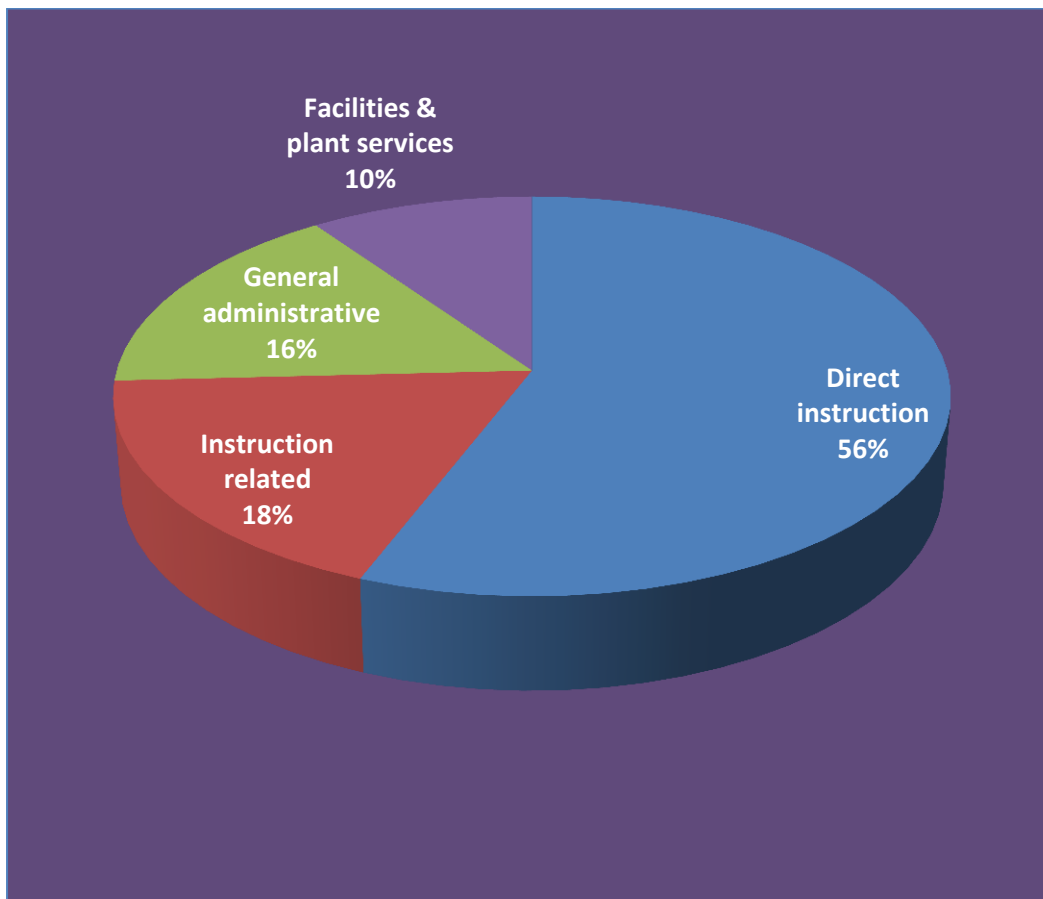


Expenditures

La Puente Valley ROP's expenditures are comprised of Certificated Salaries, Classified Salaries, Employee Benefits, Supplies and Materials, Contracted Services and Capital Outlay. Instructional services represent approximately 74% of total expenditures as reflected in chart 6 below.

% of Instructional Expenditures

Chart - 6



(Source: finances/%ofinstructor)

The table below summarizes the original budgeted expenditures for 2011-12 and the first interim revision.

Expenditures

Table – 2

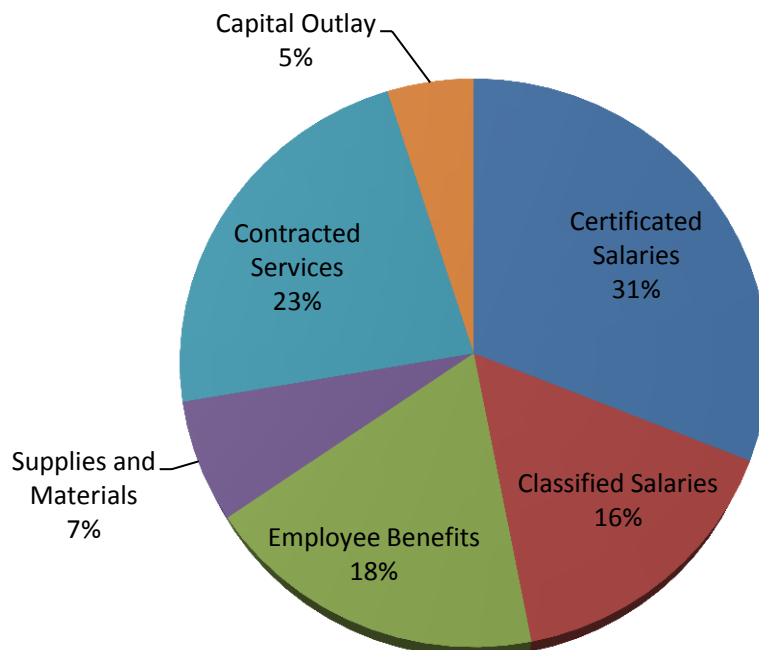
Description	Original Budget	1 st Interim Revision
Certificated Salaries	1,856,800	1,856,800
Classified Salaries	946,548	946,548
Employee Benefits	1,099,777	1,099,777
Supplies & Materials	270,179	411,739
Contracted Services	1,314,536	1,361,347
Capital Outlay	40,000	293,325
Total Expenditures	5,527,840	5,969,536

(Source: Budget/11-12/1stinterim/11-12budgetrevised)

The chart below illustrates the allocation of total expenditures.

Where the funding goes

Chart – 7



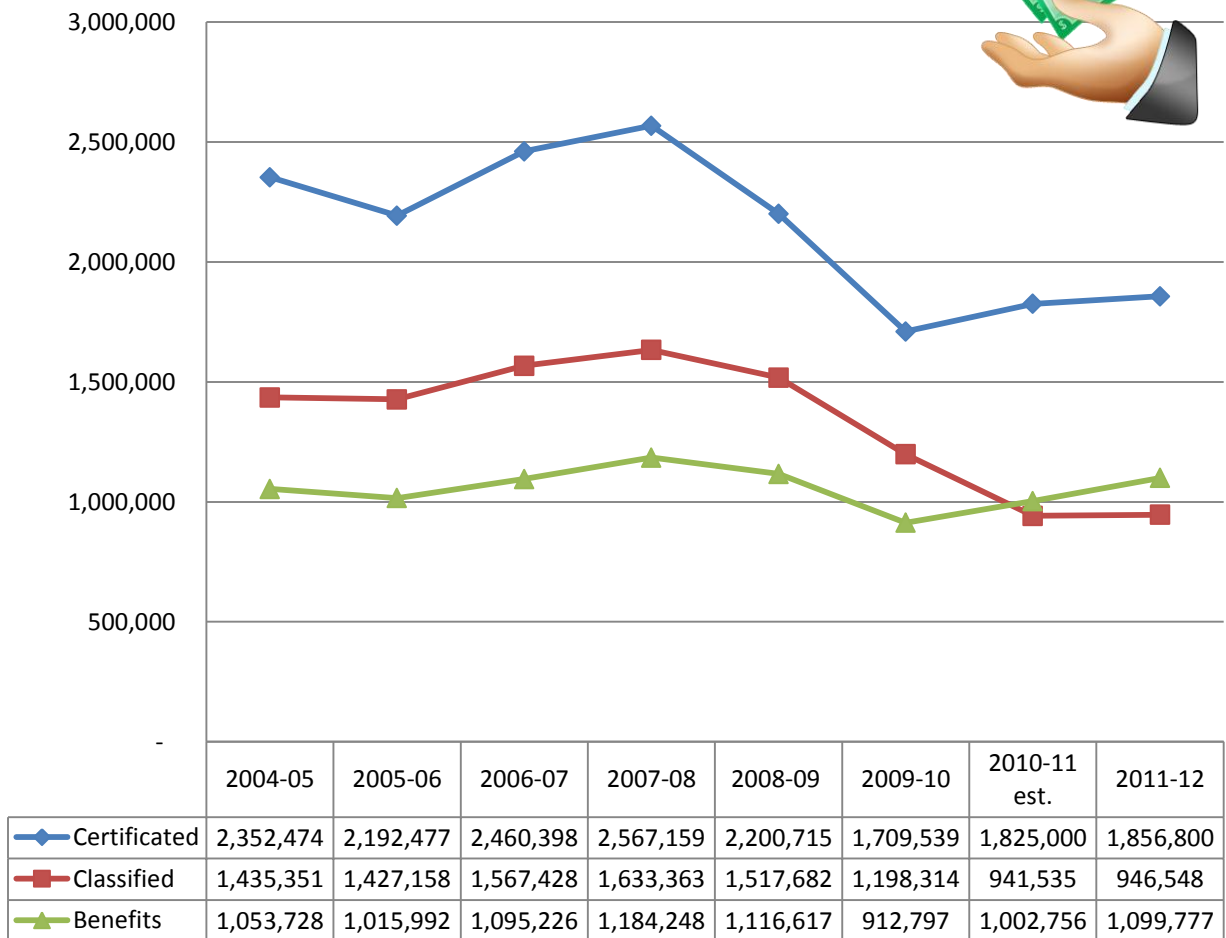
(Budget/11-12/1stinterim/11-12budgetrevised)

Compensation Costs

Total compensation costs for 2011-12 represent 71% of total expenditures. This is approximately a 2.7% increase from prior year, and approximately a \$133,000 increase from projected year end 2010-11. The increase is mostly attributed to a 10% increase or \$97,000 increase in employee benefits. The chart below illustrates the salary history of the ROP the last several years.



Salary History
Chart – 8



*Est. (Source: Icovarrubias/Finance/History)

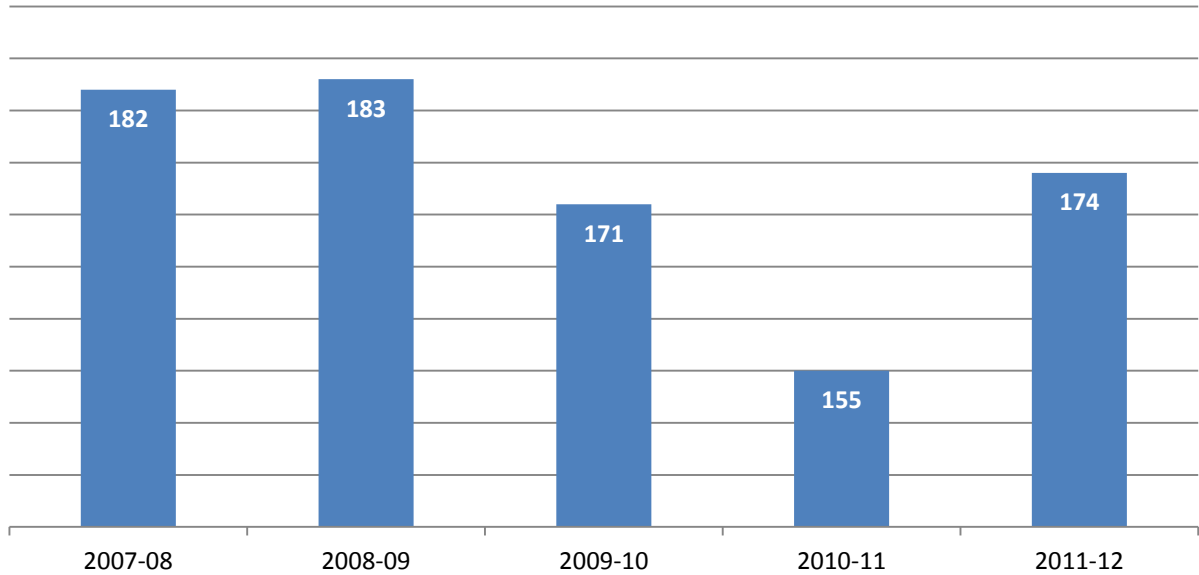
Certificated Salaries

La Puente Valley ROP's ability to effectively streamline the organization has resulted in cost savings that have enabled an increase of 19 sections from 2010-11 see Chart 9 on the next page.

Five Year Section History

Chart –9

Total Sections



(Source: data/10-11enrollments)

Please note sections decreased since 2007-08 due to lack of student interest in classes, low enrollments, low employment demand, or request from high school site principals. The certificated salaries are budgeted 2% or \$31,800 more than 2010-11. The proposed budget supports funding for 174 sections at the high school sites.

Classified Salaries

La Puente Valley ROP budget supports 16 classified employees who provide daily support to the teaching staff. Classified salaries are budgeted to increase 1% or \$5,013 from estimated year end 2010-11.

Employee Benefits

Employee benefits include required statutory benefits such as state unemployment insurance, social security, Medicare, and workers compensation benefits. Other employee benefits include state teachers retirement, public employees retirement benefits and health benefits.

SDI – California State Disability Insurance (SDI) is a partial wage-replacement insurance plan for California workers. The SDI programs are State-mandated, and funded through employee payroll deductions. SDI provides affordable, short-term benefits to eligible workers. Current SDI rate is budgeted at 1.2% of annual compensation per employee, limited to maximum compensation of \$93,316. (*Source: EDD, Notice of Contribution Rates for 2011*)

SUI – State Unemployment Insurance (SUI) is an employer-funded benefit available to employees. The SUI tax rate is determined by EDD and varies based on employment experience and the amount in unemployment claims paid to former school employees. La Puente Valley ROP participates with the California School Employees Fund Unemployment Insurance. Due to the continued high unemployment rates and significant school employee lay-offs, effective July 1, 2011 the UI contribution rate will increase from the current .72% to 1.61% of total wages. (*Source: LACOE bulletin No. 232*) There were 235,665 school employee claimants in California who filed for UI benefits during 2009-10, representing an increase of 78% from 2008-09.

Medical - La Puente Valley ROP offers medical, HMO and DPO dental, and vision benefits to eligible employees. Eligible classified employees are those working at least 20 hours per week. Eligible certificated employees are those working between 25 and 29 hours per week. Eligible certificated employees receive employer-paid benefits at 83% of the benefit premium. The average annual health benefit cost per covered employee is \$16,000 for full benefits. La Puente Valley ROP provides employer paid medical contributions for employees. The estimated annual cost to provide medical benefits for 2011-12 is approximately \$465,556.



PERS & STRS – Due to the significant investment losses during this recession, both the PERS and STRS retirement plans are underfunded. PERS originally estimated that the employer contribution rate would increase by about 2% for 2011-12 and STRS is estimating that another 15% of payroll-paid by the state, school agencies, and/or employees will need to be contributed in order to fully fund the program. The actual PERS rate posted is estimated at 10.923% which is an increase of .22% from 2010-11. (*Source: SSC, Vol 31 No10 5-13-11*) The Legislative Analyst Office has made

proposals for state and local policymakers to consider restructuring the retirement systems to be more fiscally viable now and for the future. (Source: SSC Vol. 31 No. 5, March 31, 2011). The budget includes a contribution rate of 8.3% for STRS and 10.923% for PERS.

Employer Paid Statutory Benefits

Table – 3

Description	Contribution Rate
STRS	8.3% of employee compensation
PERS	10.923% of employee compensation
OASDI	6.2% of employee compensation
Medicare	1.45% of employee compensation
SDI	1.2% of employee compensation
SUI	1.61% of employee compensation
Workers Comp	.0247 per \$100 of payroll

The 2011-12 budget costs allocated for employee medical benefits and statutory benefits for 2011-12 is \$1,099,777 representing a 10% increase from estimated 2010-11 year end.

Supplies & Materials



The ROP's commitment to provide quality CTE-ROP classes required cuts in non-instructional areas to avoid reductions directly affecting students and teachers. There were no cuts to program budgets, maintaining the same funding level as last year. La Puente Valley ROP provided teachers the opportunity to determine if additional funds were needed for the upcoming school year. Only a few instructors requested additional funds needed for their program.

1st Interim Revision

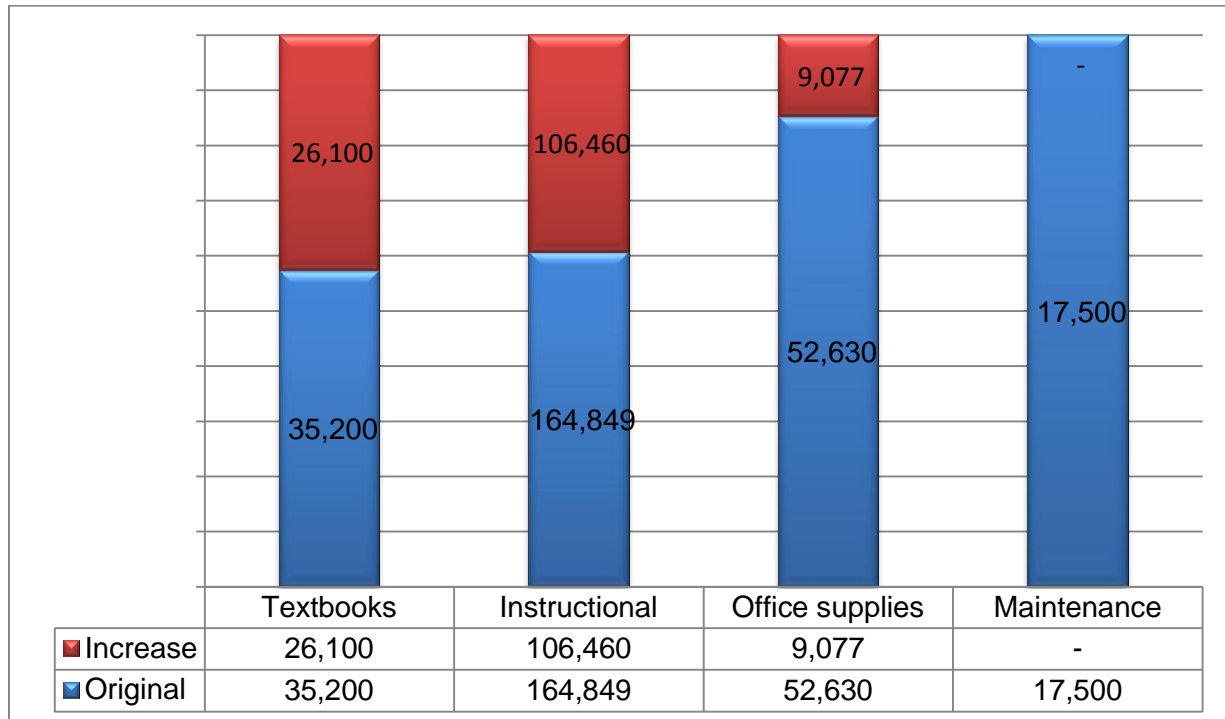
There was an increase of \$141,637 to Supplies & Materials during first interim reporting.

➤ *First Interim Budget*

The first interim budget was revised to include textbooks and supplies that were not identified by instructors during budget development, start up costs for new classes requested after the budget was developed and costs to vacate Suite #150 at the Ed Center. The chart below summarizes the \$141,637 increase to supplies & materials.

Increase to Supplies & Materials

Chart - 10

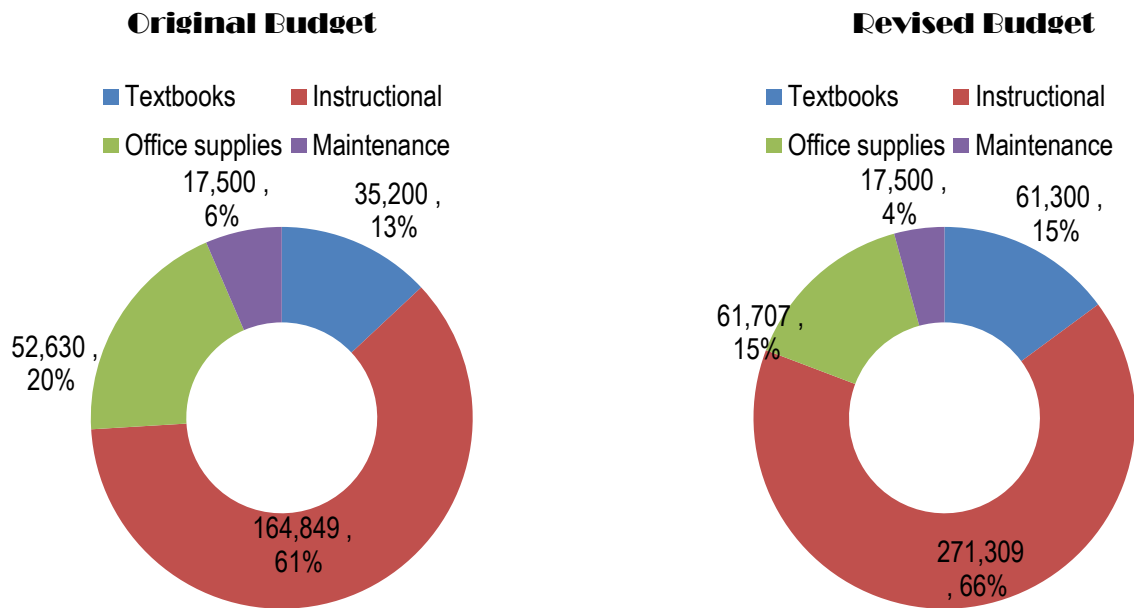


(Source: Budget/11-12/1stinterim/11-12budgetrevised)

The original budget specified approximately 74% of the funds for supplies & materials for instructional purposes. The revised budget increased the allocation to 81% for instructional purposes. The charts on the next page provide a comparison of the allocation of supplies from the original budget to the revised budget.

Allocation of Supplies

Chart -11



(Source: Budget/11-12/1stinterim/11-12budgetrevised)

Contracted Services

These types of expenditures are primarily operating expenditures which include the facility lease, janitorial services, utilities, property & liability insurance, advertising, legal & auditing services and other miscellaneous expenditures. Also included in contracted services are: conferences and travel, mileage reimbursements, instructional contracted services, field trips, and membership fees. The first interim revision increased contracted services 4% from the original budget for costs associated with vacating Suite 150 and absorbing 2 additional sections for instructional services from District Contracts.

1st Interim Revision

There was an increase of \$46,811 to Contracted Services during first interim reporting.

Instructional Contracts \$511,271 - The largest expenditure comprising contracted services is instructional contracts. La Puente Valley ROP maintains instructional contracts with the participating school districts to reimburse the district for teacher salaries paid to instruct ROP classes. In addition, the recent health grant has provided compensation for district teachers and high school counselors for activities such as gathering student data, integrating core academics with CTE lessons, attending mandatory Health Grant Institute conference and various other activities.

➤ *First Interim Revision*

The ROP contracted additional sections from Hacienda La Puente USD for ROP additional Sound Technology program at Workman High School.

Facility Lease \$415,000 – The second largest expenditure budgeted in contracted services is the facility lease. The cost of the lease represents 7.6% of total expenditures. Unfortunately, due to closure of adult programs, LPVROP only requires half of the leased space. The ROP is considering sub-leasing the vacant space as an option to help offset some of the lease costs.

Field Trips \$20,600 – Although field trips are not a major expenditure encompassing contracted services, the 2011-12 original budget included \$16,100 for fieldtrips. Fieldtrips provide ROP students the opportunity to learn work-related experiences, or compete in skilled events. The 2011-12 budget includes field trips for competitive events including: Botball, Solar- boat, HOSA and HERO competitions. Students from the automotive classes attend the annual NASCAR event in Irwindale and students from graphics design classes visit graphic and animation studios.

➤ *First Interim Revision*

La Puente Valley ROP increased field trip costs by an additional \$4,500. The purpose for the increase was to pay for bussing costs that will enable ROP medical students to participate in activities related to medical field such as attending the Pomona Fair Body Exhibit.

Other Contracted Services \$414,476 – The original budget included \$398,476 for contracted services listed in the table below.

➤ *First Interim Revision*

The revised budget increased other contracted services by \$16,000. The following line items were increased:

- Conference & travel by \$2,000. There was a need to increase conference and travel to allow for additional training for support staff to successfully complete their tasks.
- Technology by \$4,000. Further funding was needed for technological repairs identified in the classrooms.
- Janitorial & maintenance by \$10,000 related to vacating Suite 150.

Contracted Services Expenditures

Table - 4

Description	Original	Increase	Total
Advertising, postage	10,400		10,400
Auditing & Legal Services	27,000		27,000
Copier Costs	15,000		15,000
Dues/ Memberships	11,850		11,850
Field Trips	16,100	4,500	16,100
Instructional Contracts	484,960	26,311	511,271
Janitorial & Maintenance	54,050	10,000	64,050
Other –Instr. Related	21,210		21,210
Property & Liability	61,000		61,000
Rents & Leases	415,000		415,000
Technology	47,120	4,000	51,120
Travel & Conference	89,846	2,000	91,846
Utilities	61,000		61,000
Total contracting services	\$1,314,536	46,811	1,356,847

Capital Outlay

1st Interim Revision

There was an increase of \$253,325 to Capital expenditures during first interim reporting.

La Puente Valley ROP understands how important it is that the equipment in the classroom meets industry standards. This requires continual updating of classroom technology and computers. Assessment of classroom needs is reviewed at the Annual Industry Advisory Summit where LVPROP gathers industry advisory members to ascertain that the equipment and supplies in ROP classes are adequate for student learning.



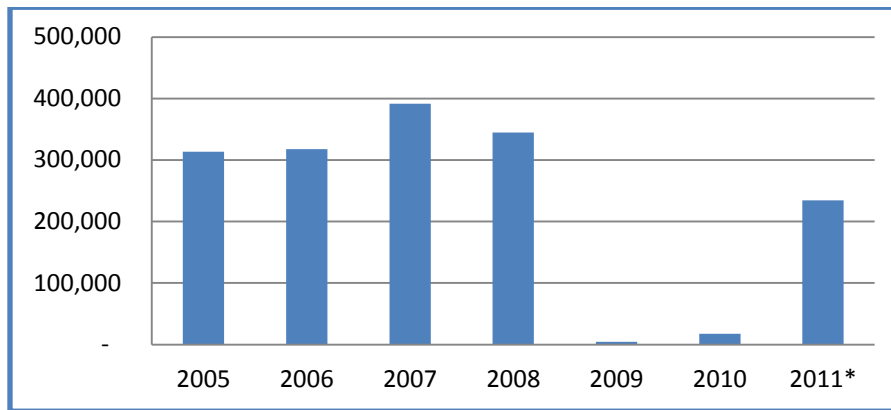
The ROP's Capital Outlay Fund is estimated at approximately \$2 million. Funds are set aside for capital equipment expenditures that have been identified for classroom needs or to fund start-up costs related to new programs. In addition, the reserve fund ensures funding is available to replace outdated equipment. The 2011-12 original budget included \$25,000 in capital expenditures necessary to update or replace some classroom supplies/equipment. In addition, \$15,000 in funds was budgeted for possible costs incurred with moving the server equipment.



Chart 12 on the next page illustrates the expenditures funded from the capital outlay reserve fund the last several years. La Puente Valley ROP was unable to fund capital expenditures in 2009 and 2010 due to conserving cash reserves to ensure that regular monthly obligations would be met. Fortunately, due to cost savings in non-instructional areas, a surplus was realized, thus enabling the ROP to fund approximately \$293,000 in one-time capital expenditures in 2011-12.

Capital Expenditures History

Chart – 12



(Source: finances/capitalexpenditure history)

➤ *First Interim Revision*

La Puente Valley ROP increased capital expenditures by \$253,325 to purchase equipment for new classes and to upgrade some existing classes. The table below includes the costs of the equipment for 2011-12.

Capital Outlay 2011-12

Table – 5

Course	District	Site	Cost of Equip.
Digital animation	HLPUSD	WHS	2,000.00
Digital graphics design	HLPUSD	WHS	1,100.00
Digital animation	HLPUSD	LAHS	7,000.00
Intro to Web Design	HLPUSD	WHS	1,100.00
NEW -Video Production	HLPUSD	WKHS	50,000.00
NEW-Culinary	HLPUSD	WHS	95,625.00
Nogales Knabe Matching Grant-TV Broadcasting	RUSD	NGHS	2,500.00
TV Broadcasting	RUSD	RHS	7,000.00
Video Broadcast	HLPUSD	LAHS	45,000.00
Video Production	HLPUSD	WHS	42,000.00

Revenues and Expenditures Summarized

La Puente Valley ROP's 2011-12 first interim budget revision estimates \$5,805,899 in revenue and includes an increase in expenditures of \$441,696 resulting in deficit spending of \$163,637. Fortunately, LPVROP's cost savings have enabled contributions to the reserve balances to not only withstand the months in which deferrals occur but just as importantly, the ability to fund start-up costs related to new classes and costs associated with replacing outdated CTE instructional equipment. The deficit spending is 100% funded from the capital outlay reserve fund which has approximately \$1.8 million in funding that has been set aside for purchasing



capital equipment that is needed for CTE classes.

Cash Flow

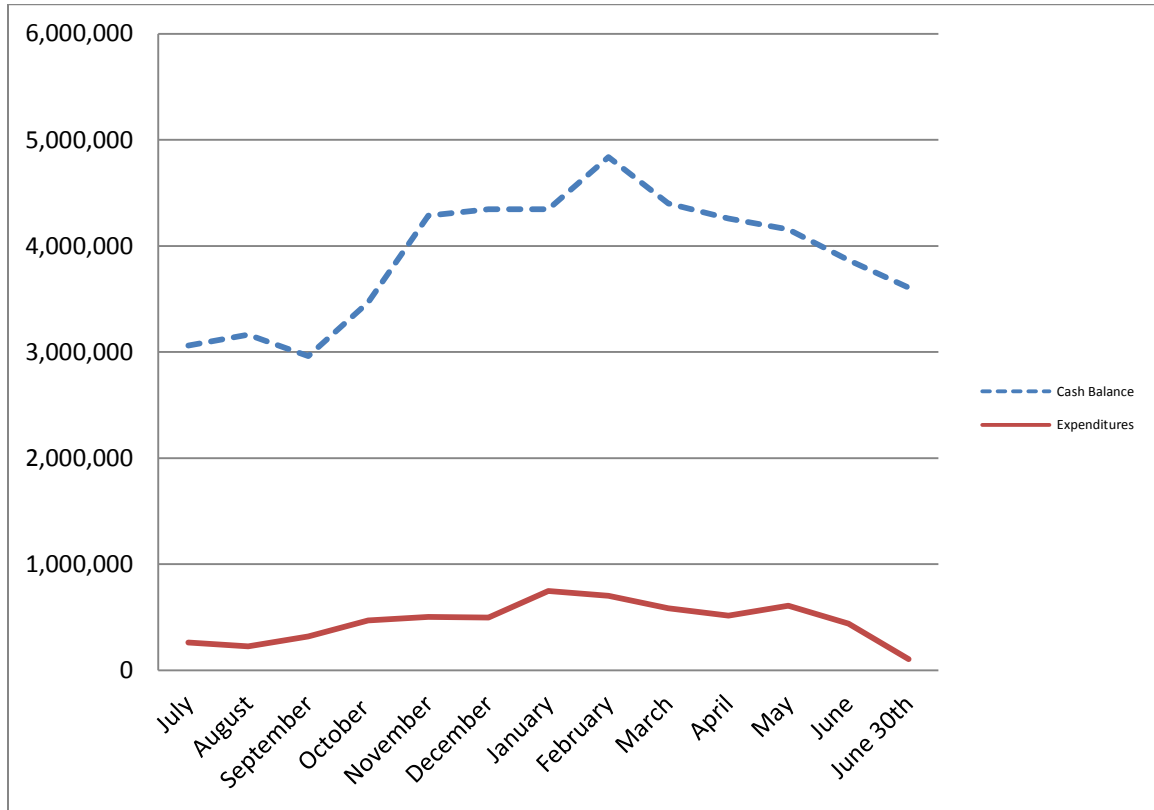
In addition to budget cuts to school funding and the existing cash deferrals, the State imposed new cash deferrals on schools. The revised schedule for distributing cash to school agencies has created a cash burden for schools including the ROP. Although, it is estimated that the ROP will not receive 29% of the money promised from the State in 2010-11, LPVROP began the 2011-12 fiscal year with approximately \$1.4 million more than budgeted. The 2011-12 budget forecasts ending the fiscal year with a positive cash balance of \$3.4 million.



➤ *First Interim Revision*

The ROP is projecting positive cash flow throughout the year as illustrated in the chart below. Chart-12 reflects the projected cash balance throughout the year and the anticipated expenditures. The year-end cash balance is estimated at \$3.6million.

**Forecasted Cash Flow
Chart -13**

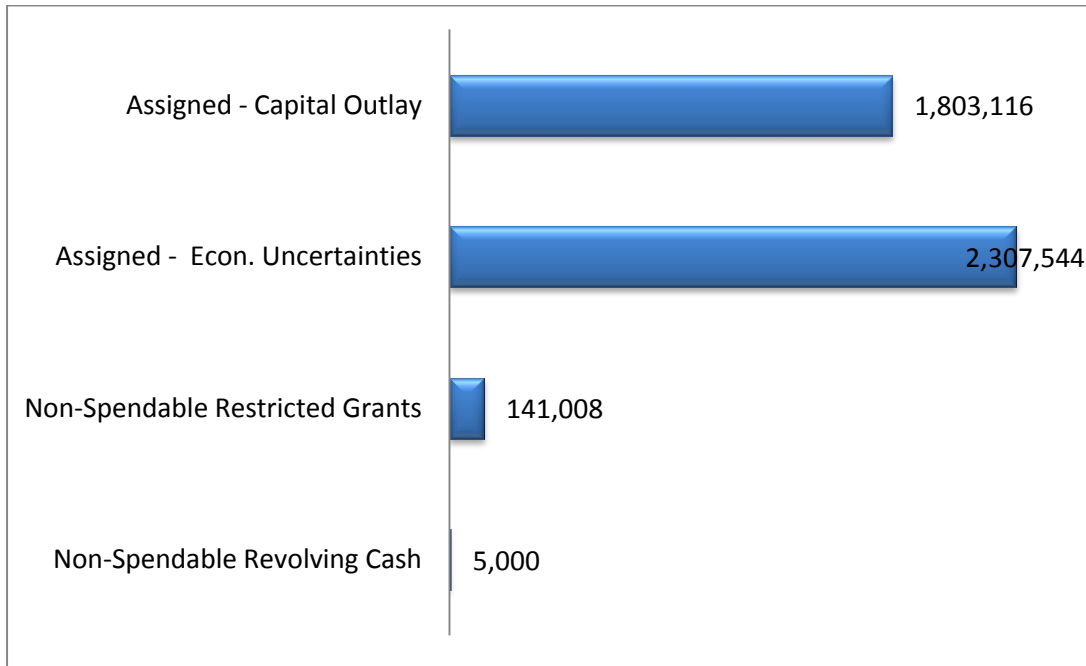


(Source: 11-12/1stinterim/cashflow2111-12revised)

Components of Ending Fund Balance

La Puente Valley ROP maintains healthy reserves in the components of the Ending Fund Balance. The 2011-12 original budget projected Reserves for Economic Uncertainties at 32.47%. The first interim revision will reflect an increase to Reserves for Economic uncertainty at 39% from recognition of 2011-12 year end surplus. In addition, the Reserve for Capital Expenditure is forecasted to be maintained at approximately \$1.8 million which will guarantee funds available to invest in quality CTE-ROP classes.

Fund Balance Chart - 14



Source: budget/11-12/1stinterim/11-12 budgetrevised

Other Comments

At the time the budget was developed the State assumed optimistically that the economy could realize an extra \$4 billion. However there was trigger language that was contained in the state budget that would occur should revenues not come in as forecasted. On November 16, 2011, the legislative analyst reported that there will be a \$3.7 billion shortfall in the 2011-12 State Budget. If the Department of Finance report in December does not improve the legislative analyst office (LAO) forecast, then according to the LAO, there could be trigger reductions on or after January 1, 2012. (SSC Vol. 31 NO 24). Significant cuts in non-instructional areas have allowed the ROP to build its reserves to avoid an impact to day block high school classes. These strong reserves have also enabled the ROP to continue to invest in equipment and add new classes. Our commitment to our participating districts is to continue to provide the needed CTE courses at their high school sites while continuing to maintain our fiscal solvency.



Acknowledgements

The budget is a collaborative effort of many individuals including teachers, advisory members, department supervisors, ROP administrators, and many others. However, I would like to extend my appreciation to the following individuals who assist with coordinating and inputting all the financial numbers. Without these individuals, it would not be possible to prepare such a detailed report.

- 🇺🇸 Marci Ellison, Administrative Assistant
- 🇺🇸 Marcella Jackson, Accounting Specialist
- 🇺🇸 Patricia Miller, Accounting Specialist