Santa Clara County Office of Education
Charles Weis, Ph.D.
County Superintendent of Schools

DATE: February 7, 2012

TO: School District, Joint Powers Authorities (JPA) and Charter School
Chief Business Officials
Fiscal Services Directors
Charter School Executive Directors

FROM: Kenneth Shelton
Chief Business Officer

Nimrat Johal
Director, District Business and Advisory Services

SUBJECT: **2011-12 Second Interim Report Guidelines**

Pursuant to Education Code (EC) section 35035 (g), 42130 and 42131, the Governing Board of each Local Education Agency (LEA) is to certify twice a year, the LEA's ability to meet financial obligations for the remainder of that fiscal year and for the subsequent two fiscal years. Similarly, pursuant to EC 47604.33, a charter school is to prepare and submit to its chartering authority and the county superintendent of schools, interim financial reports within the time frames specified.

The Second (2nd) Interim Report from school districts and JPAs due by March 15th to the county office of education or, in the case of charter schools, due to their chartering authority, includes budget-to-actual expenditures of the current fiscal year through January 31, an estimate of budget for the remainder of the current fiscal year, and budget projections for the two subsequent fiscal years.

The following presents the general assumptions and parameters that the Santa Clara County Office of Education (SCCOE) is providing as guidance for the preparation of Second Interim Report for Fiscal Year (FY) 2011-12.

Background

On January 5, 2012, Governor Brown introduced his Proposed 2012-13 State Budget. The cornerstone of the Governor's Budget assumes passage of his tax initiative which will be on the November 2012 ballot. According to the Department of Finance (DOF), this would generate an additional $6.9 billion annually for 2013 through 2016. Although Proposition 98 funding has increased by $4.9 billion from 2011-12 to 2012-13, the budget proposal would maintain program funding at current levels. The Proposition 98 increase will be used to backfill the deferral that was authorized in 2011-12 of $2.1 billion, and an additional $2.5 billion to reduce an inter-year revenue deferral.

Guidelines

The cornerstone of the Governor's Budget Proposal assumes passage of a new tax initiative, i.e. "Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding". According to the DOF, the initiative would generate an additional $6.9 billion annually from 2013 to 2016. This initiative, if passed by the voters in the November 2012 election, would temporarily increase the state sales tax by ½ cent and would increase the income tax rate by up to 2% on the state's wealthiest taxpayers. In addition to the tax increases, the Governor proposes to generate an additional $1.4 billion in other revenue sources such as fees, loans and payment deferrals.

The challenge for school and community college districts and charter schools with the State Budget proposal, is to develop a plan to deal with the potential loss of $370 per average daily attendance (ADA) at mid-year (i.e. an automatic "trigger") in the event that Governor's tax initiative is not approved. Should the tax initiative not pass, this could be on-going.

The results of the election, which may have more than one tax-increase initiative on the ballot, will not be known until November. To estimate the impact on each entity, the revenue limit projection needs to be analyzed and plans developed to accommodate a mid-year cut. Feasible and individually implementable responses (i.e. budget balancing plans) will vary from district to district and charter school to charter school. Districts should consider plans that keep their agency solvent, while at the same time keeping their educational program viable. In many cases, choices and priorities will be difficult. Specifically, the Governor and his staff have given the message: ***… plan for the initiative to pass but be prepared in case it doesn't …***

While we are advising "flat funding" in concert with the Governor's direction, we are also expecting districts to develop Board-approvable contingency plans that individual districts could and would implement to remain solvent if the initiative fails. Attachment A is a copy of a board resolution template that we encourage district to use.

Attachment B is the School Services of California (SSC) Dartboard for cost of living adjustments (COLA) projections and other state revenues.

For preparation of the 2nd Interim Report, SCCOE recommends that districts and other K-12 public school education entities use the School Services of California (SSC) Dartboard in the development of their 2011-12 report and the related Multi Year Projections (MYPs) for 2012-13 and 2013-14, with one exception. ***We recommend districts project flat funding of Revenue Limits for the 2012-13 and 2013-14 fiscal years i.e., no cost of living adjustments (COLA).***

Basic Aid School Districts

For 2011-12 and 2012-13, the State Budget provides for a reduction to state categorical funds provided to a basic aid school district in an amount equal to 8.92% of its revenue limit, commonly known as the "fair share" reduction. A school district receives a "fair share" reduction based on the district's basic aid status at the Second Principal Apportionment in the prior year. This means that for a school district to be subject to the 8.92% cut in 2011-12, it must be a basic aid district in 2010-11. If a school district becomes basic aid in 2011-12, it will be "subject" to the "fair share" reduction in 2012-13. However, in no event would that reduction be more than the amount of local revenues that exceed the district's revenue limit.

Basic aid school districts should be prepared to take their share of any "trigger language" reductions in the event the Governor's tax initiative fails. Similar to the advice above, basic aid districts may need to develop contingency plans using the loss of $370/ADA, or to the extent that categorical revenues are available for the State to reduce, including Assembly Bill (AB) 602 Special Education revenues. Complicating the "fair share" reduction for 2011-12 is the amendment of Senate Bill (SB) 81 on January 31, 2012, which if enacted increases the current year "fair share" reduction.

<u>Charter Schools</u>

E. C. 47604.33 requires charter schools to submit their 2^{nd} Interim Reports to their charter authorizer, also by **March 15, 2012**. Chartering districts are then required to forward the reports to the County Office of Education by the same deadline. We recommend that districts coordinate with charter schools authorized by their district to ensure timely submission of these reports.

Reminder: Charter schools are not required to use a particular format for Interim Reports. However, the existing report forms in the SACS software are available for charter school use. Charter schools may also choose, and are encouraged, to develop multi-year projections. A certification page is not required and has no meaning.

<u>Weighted Pupil Funding Formula</u>

The Governor has indicated that California's school finance system has become "too complex, administratively costly and inequitable". As such, the Budget proposes major school finance reform to remedy these issues and to provide greater flexibility in the use of funding. The proposed Weighted Pupil Funding Formula model would reflect the following elements:

- This funding formula would replace revenue limits and most state categorical programs. Attachment A provides a list of those categorical programs that would be included and those that would be excluded per the Department of Finance.
- The model would eliminate most categorical program requirements allowing total flexibility in use of the funds. However, accountability requirements would be implemented at a future date.
- The model would be phased in over a five year period allocating 20% of the revenue limit funding and categorical program funding based on this new Weighted Pupil Funding Formula each year.
- The formula would be based on counts of English Learners (EL) and pupils eligible for free and reduced price lunches.

There is currently not enough detail in the Governor's Proposed 2012-13 State Budget to determine the financial impact on any given school district.

We recommend that school districts continue to maintain the current level of funding for revenue

limits and categorical programs. Moreover, school districts should assume no further changes in categorical flexibility programs.

Transitional Kindergarten

SB 1381, Chapter 705, Statutes of 2010 changed the birth date for enrollment in kindergarten by moving the date for eligible age requirement from December 2nd to September 1st. Under current law these changes will be phased in over three years as follows:

- Eligibility by November 1 for 2012-13
- Eligibility by October 1 for 2013-14
- Eligibility by September 1 for 2014-15

This bill mandated a Transitional Kindergarten Program for students displaced as a result of the changes in eligibility birthdates. School districts are currently scheduled to collect ADA for these transitional kindergarten students. The Governor's Proposed 2012-13 State Budget eliminates the requirement that school districts provide transitional kindergarten instruction, for the 2012-13 school year. Transitional kindergarten would be optional for 2012-13 and would be a local decision for each school district. The proposed budget does not eliminate the Eligibility age requirements that will begin in 2012-13.

While school districts may admit students under the Governor's proposal early per the requirements of the education code, it is our understanding that those districts choosing to operate the program will not receive any ADA-based funding until the student reaches the age of five.

School districts may be entitled to receive ADA funding to serve "under-age children" based on currently existing statutes. As with other aspects/components of the Governor's Budget Proposal, we are waiting for additional clarifications regarding how Transitional Kindergarten funding will be resolved.

We recommend that school districts review enrollment projections and decrease the revenue limit funding for ADA that would have been claimed for transitional kindergarten students in 2012-13. Additionally, staffing levels should also be carefully reviewed.

Special Education

The Governor's Proposed 2012-13 State Budget for special education provides $12.3 million for ADA growth. No COLA is provided for special education.

- Special Education Local Plan Areas (SELPAs) with growth will receive an estimated $465.44 per ADA. This is the same as last year.
- Also, a $17.4 million increase in federal funding will be allocated to SELPAs, estimated at $2.94 per ADA.
- Under the Governor's mandate proposal, he would eliminate the Behavioral Intervention Plan (BIP) and would make its continuation optional for each school district.

Transportation

AB 121, Chapter 41, Statutes of 2011 reduced home-to-school and special education transportation by $248 million as a result of the mid-year “trigger reductions”. These reductions were implemented for the applicable school districts in January 2012. School districts may be able to make changes to regular education home-to-school transportation as a result of these reductions. However all school districts must continue to provide special education transportation as required by a student’s Individual Education Plan (IEP).

2011-12 Trigger Impact

Districts should incorporate the 2011-12 trigger reductions that were recently enacted.

These trigger reductions are as follows:

- Loss of 50 percent of transportation funding for 2011-12.

- Reduction of 0.25 percent to the district revenue limit, approximately $13 per average daily attendance (ADA). The County Office revenue limit system has been updated to reflect this for each district.

Complicating the revenue limit issue is proposed Senate Bill (SB) 81/Committee on Budget and Fiscal Review, as amended on January 31, 2012. This bill would eliminate the trigger reduction for home-to-school and special education transportation, and restore the $248 million transportation appropriation. In its place, SB 81 proposes to increase the school district revenue limit deficit factor from 19.754 percent to 20.404 percent. In addition, SB 81 would also increase the reduction to categorical programs for Basic Aid school districts in 2011-12 from 8.92 percent to 9.57 percent to ensure a "fair share" reduction commensurate with the revenue limit reduction for non-Basic Aid school districts in 2011-12. Although SB 81 would restore the transportation appropriation for 2011-12, the Governor’s Proposed 2012-13 State Budget proposes to eliminate the entire transportation appropriation.

Multi-Year Projections

Please include with your 2nd Interim report, a clear statement of assumptions including the ADA that is being used to calculate revenue limit income. If reductions are reflected in MYP, we request that the district provide reasonable details of the reductions including the number of Full Time Equivalents (FTE) being reduced or other cost-containment actions as appropriate.

Cash Projections and Cash Flow

In light of on-going reduced and deferred apportionments, we continue to urge extreme caution and extra care in the development of cash management options and cash-flow projections. While cash-flow analyses and monitoring are always important, the dynamics of this State budget proposal will place additional fiscal pressure on many school districts and their ability to meet their on-going financial obligations. The 2nd Interim Report cash flow projections need to reflect this analysis as well as the new apportionment schedule.

To fully assess the impact of these deferrals on district solvency, we are requesting school districts to submit cash-flow data using the templates provided by the Santa Clara County Office of Education

(SCCOE). Copies have been sent to each school district in Santa Clara County via e-mail.

Cash Management

SB 82 was chaptered on March 24, 2011 and allows for both intra-year and cross-fiscal year deferrals in the 2011-12 fiscal year. Although the Governor's January Budget proposal is silent on intra-year deferrals for 2012-13 and beyond, at this time, we recommend that school districts anticipate the continued implementation of SB 82 deferrals in 2012-13 and subsequent fiscal years. The intra-year deferrals from SB 82 are as follows:

Timeframe	Deferral Amount
July 2011 to September 2011	$700 million
July 2011 to January 2012	$700 million ($541 million was actually deferred)
August 2011 to January 2012	$1.4 billion ($1.2 billion was actually deferred)
October 2011 to January 2012	$2.4 billion ($2.2 billion from Principal Apportionment and the difference is a 100% deferral of the October consolidated categoricals payment plus a 7% deferral of the October Instructional Materials Realignment Program (IMFRP) payment)
March 2012 to April 2012	$1.4 billion ($837 million from Principal Apportionment and the difference will come from a 100% deferral of the March consolidated categoricals payment plus a 100% deferral of the March Economic Impact Aid (EIA) payment)

The Governor's 2012-13 January Budget proposes an increase of $2.1 billion in Proposition 98 funding for the purpose of reducing ongoing K-12 school district revenue limit deferrals. The pay down of 2012-13 deferrals will only occur if the tax initiative is successful. If the tax initiative is unsuccessful, there is no change to the existing cross fiscal year cash deferral schedule.

When preparing cash flow projections, we recommend that school districts use the current deferral schedule and not change projections until the outcome of the November 2012 election is known. See Attachment C for a graphic illustration of all principal apportionment deferrals both intra-year and inter-year.

In addition to the cross fiscal year principal apportionment cash deferrals, there are three cross fiscal year cash deferrals applicable to K-3 Class Size Reduction, School Safety Violence Prevention, and Targeted Instructional Improvement Grant. The deferral amounts are listed below:

- $570 million for K-3 Class Size Reduction (CSR)
- $38.7 million for School Safety Violence Prevention
- $100.1 million for the Targeted Instructional Improvement Gran

Reserve for Economic Uncertainty

The revised 2009-10 Enacted Budget lowered the minimum reserve requirement levels for economic uncertainties to 1/3 the percentage level adopted by the State Board of Education as of May 1, 2009. SB 70 extended this provision for both 2010-11 and 2011-12. However, school districts are required to make progress in the 2012-13 fiscal year to return to compliance with the specified standards and criteria adopted by the State Board of Education. By fiscal year 2013-14, school districts must meet compliance and restore the reserves to the percentage adopted by the State Board of Education as of May 1, 2009. We strongly believe that the percentages established in the Criteria and Standards for reserves prior to the current Enacted Budget are the Bare Minimum, at best. If a school district reduces the minimum reserve levels, it would take budget reductions of twice the amount of the lowered reserve levels to fully restore the reserve by June 30, 2014. We remind districts that a state loan is only caused when a district exhausts cash and does not have any other borrowing options available. Further, a positive fund balance in the face of immediate payment obligations is irrelevant.

Basic Aid school districts are advised to maintain reserves much greater than the State required minimum because they do not have the prior year ADA protection provided to school districts under Education Code 42238.5, whereby revenue limit funding is based on ADA for either the current or prior fiscal year, whichever is greater.

We encourage districts to preserve options that would allow them to exercise all expenditure reduction alternatives available to them.

Again, we also advise school districts to maintain compliance with the reserve requirements identified in the Criteria and Standards even under the current revenue/budget reduction environment.

Summary

Based on the uncertainty of the implementation of 2012-13 Budget proposal trigger language, we recommend school districts:

- Maintain “best fiscal practices” and exercise prudent fiscal management
- Per the Governor’s direction, plan on flat funding but prepare and submit a Board-approved contingency plan should the State budget “trigger” be pulled due to the failure of the tax initiative.
- If negotiation-based cost-containment is part of the district’s contingency plan, efforts to reach agreement with bargaining units should continue, especially if mid-year cuts necessitate reducing the school year.
- Hold off on restoring any expenditure cuts until after a decision on the tax initiatives has been made.

We acknowledge that these are extraordinary economic times that require a great degree of restraint in the management of school district budgets. These tough economic times make it more important for school districts to maintain reserves that are much larger than the required minimum. We appreciate the challenge that school districts face in dealing with the increased pressures, significantly reduced funding, apportionment deferrals and the volatility of an uncertain economy.

We strongly recommend that districts realistically review current and projected capability to meet fiscal obligations and self-certify appropriately. If a district is unable to maintain a positive certification at 2nd Interim, we believe it is prudent to publicly acknowledge the challenges that must be met so that district decisions and planning can be made to navigate a pathway to full solvency while providing a strong educational program.

Timeline

We remind districts that Second Interim Reports are due to the County Office no later than March 15th, 2012. Reports may be submitted earlier than this due date and we appreciate early submissions.

If you have any questions regarding this advisory, please feel free to call your District Advisors: Ann Redd-Oyedelle at (408) 453 6593, Jason Vann at (408) 453 6576, Jenina Salcedo at (408) 453 6594 or Kolvira Chheng at (408) 453 6510.

Attachment A

In submitting the 2011-12 Second Interim Report, the Board understands its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years. At this time, there is a high degree of uncertainty due to the State's economic recovery and the uncertain outcome of the Governor's tax initiative, which would implement proposed trigger reductions for 2012-13. With the 2011-12 Second Interim Report submission, the Board is providing a budget balancing plan along with an implementation timeline for fiscal year 2012-13.

Furthermore, in the event that the November 2012 tax initiative is unsuccessful, the District's funding will be reduced by an additional $370/ADA or $(____) million. The Board acknowledges that the District has addressed the need for a contingency plan with the appropriate Board options by which to address this potential reduction in funding. This plan will allow the District to maintain fiscal solvency for both 2012-13 and 2013-14. A more refined and specific plan will be submitted with the District's 2012-13 Adopted Budget based upon the budget planning recommendations issued by the County Office of Education. Any additional updates to that plan will be dependent on the adopted 2012-13 State Budget.

2012 SSC School District and County Office Financial Projection Dartboard
Governor's 2012-13 Budget Proposal (Revised 1-19-12)

This version of SSC's Financial Projection Dartboard is based on the Governor's 2012-13 State Budget Proposal. We have updated the COLA, CPI, and ten-year T-bill planning factors per the latest economic forecasts. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are, at best, general guidelines.

Factor		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Statutory COLA (applies to K-12 and COE Revenue Limits)		2.24%	3.17%	2.40%	2.70%	2.90%	3.10%
K-12 Revenue Limit Deficit %[1]		19.754%	21.666%	21.666%	21.666%	21.666%	21.666%
COE Revenue Limit Deficits %		20.041%	22.497%	22.497%	22.497%	22.497%	22.497%
SSC Planning COLA if tax initiative passes[1]		—	0.00%	2.40%	2.70%	2.90%	3.10%
Trigger cuts		-$13 per ADA[2.1] (one-time)	-$370 per ADA[2.2] (ongoing)	2.40%	2.70%	2.90%	3.10%
Home-to-School and Special Education Transportation Funding[3]		-50%	-100% (ongoing)	—	—	—	—
Net Revenue Limit Change:	K-12	-0.25%	0.00%	2.40%	2.70%	2.90%	3.10%
	COEs	-0.25%	0.00%	2.40%	2.70%	2.90%	3.10%
Special Education COLA (on state and local share only)		0.00%	0.00%	2.40%	2.70%	2.90%	3.10%
State Categorical Funding (including adult education and ROC/P)	Tier I	0.00%	0.00%	2.40%	2.70%	2.90%	3.10%
	Tier II	0.00%	0.00%	2.40%	2.70%	2.90%	3.10%
	Tier III	0.00%	0.00%	2.40%	2.70%	2.90%	3.10%
California CPI		2.30%	2.10%	2.40%	2.60%	2.80%	3.00%
California Lottery	Base	$117.25	$117.25	$117.25	$117.25	$117.25	$117.25
	Proposition 20	$23.25	$23.25	$23.25	$23.25	$23.25	$23.25
Interest Rate for Ten-Year Treasuries		2.10%	2.60%	3.10%	3.40%	3.50%	3.60%

ESTIMATED STATEWIDE AVERAGE BASE REVENUE LIMITS PER ADA "UNDEFICITED"			
Year	**Elementary**	**High School**	**Unified**
2011-12 Statewide Average (est.)	$6,247	$7,504	$6,535
2012-13 Inflation Increase @ 3.17% COLA	$198	$238	$207
2012-13 Statewide Average (est.)	$6,445	$7,742	$6,742

2012-13 BUDGET ACT ESTIMATED CHARTER SCHOOL RATES				
	K-3	**4-6**	**7-8**	**9-12**
General Purpose Block Grant (will change at each apportionment)	$5,117	$5,193	$5,346	$6,188
Categorical Block Grant (est.)[4]	$410	$410	$410	$410
Total	$5,527	$5,603	$5,756	$6,598

[1] The Department of Finance deficit factor will not produce a net change of 0.0%; it would produce a net change of about 0.7%. We will revise the Dartboard when this issue has been resolved.

[2.1] The 2011-12 trigger cut was contained in the 2011-12 Budget Act and was contingent upon the midyear revenue forecast from the Department of Finance. The actual cut will be 0.25% of a district's deficited base revenue limit, or about $13 per ADA for the average unified school district.

[2.2] The Governor's Budget Proposal provides for trigger reductions if the November 2012 tax initiative fails. The average school district reduction is estimated to be about $370 per ADA.

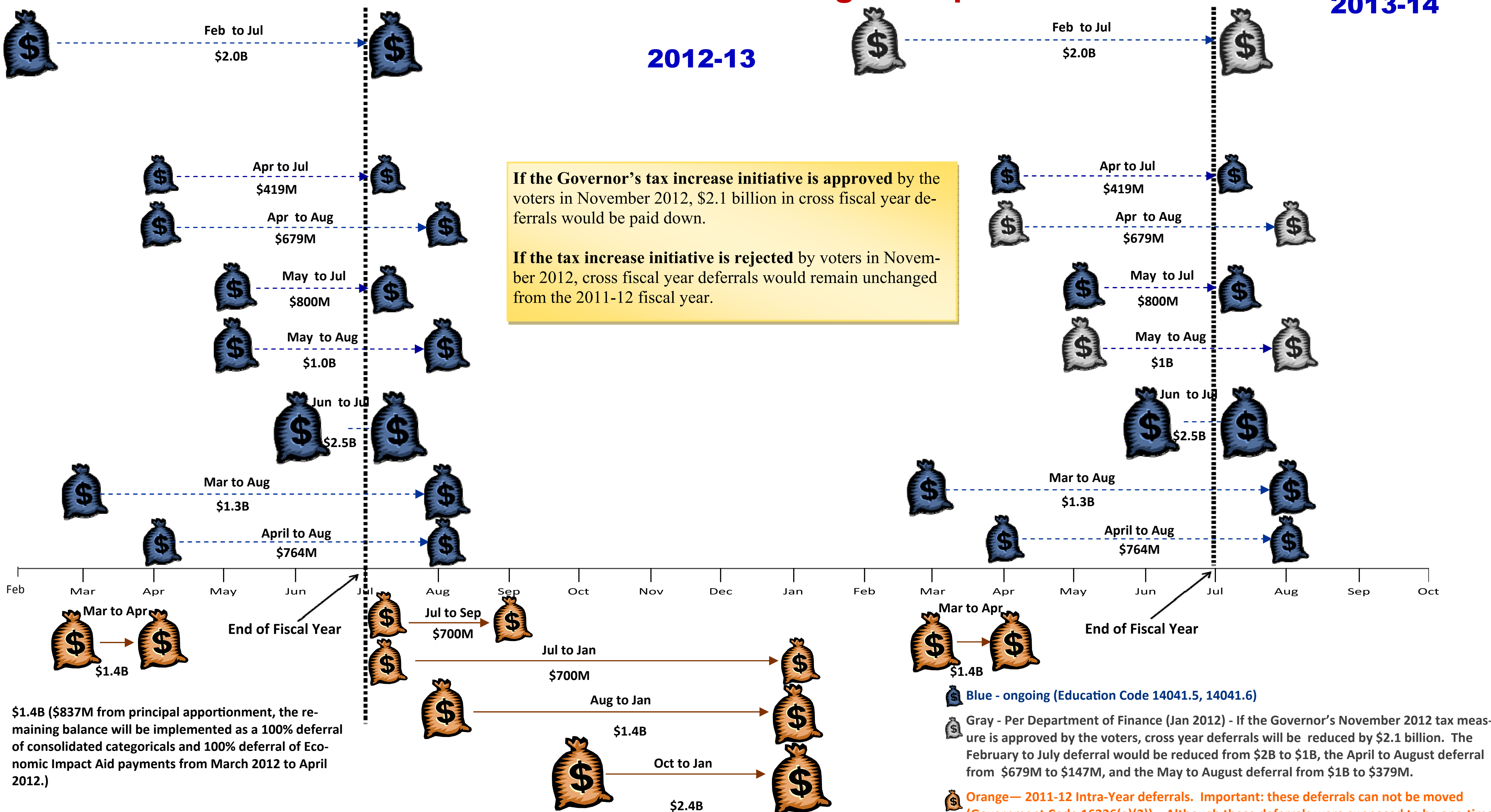
[3] The Governor's Budget Proposal includes cuts of 100% of a district's Home-to-School and special education transportation funding.

[4] The Charter School Categorical Block Grant rates do not include Economic Impact Aid funding, which is provided separately. In addition, for charter schools that began operation in or after 2008-09, there is an additional amount per ADA in supplemental categorical block grant funding.

School Services of California INC.

Delayed Principal Apportionment Funding

2012-13 Governor's Budget Proposal



If the Governor's tax increase initiative is approved by the voters in November 2012, $2.1 billion in cross fiscal year deferrals would be paid down.

If the tax increase initiative is rejected by voters in November 2012, cross fiscal year deferrals would remain unchanged from the 2011-12 fiscal year.

$1.4B ($837M from principal apportionment, the remaining balance will be implemented as a 100% deferral of consolidated categoricals and 100% deferral of Economic Impact Aid payments from March 2012 to April 2012.)

Blue - ongoing (Education Code 14041.5, 14041.6)

Gray - Per Department of Finance (Jan 2012) - If the Governor's November 2012 tax measure is approved by the voters, cross year deferrals will be reduced by $2.1 billion. The February to July deferral would be reduced from $2B to $1B, the April to August deferral from $679M to $147M, and the May to August deferral from $1B to $379M.

Orange— 2011-12 Intra-Year deferrals. Important: these deferrals can not be moved (Government Code 16326(a)(2)). Although these deferrals were supposed to be one-time for 2011-12, It is assumed that these one-time deferrals will continue in 2012-13.

January 20, 2012

Attachment C

Principal Apportionment Schedule - Education Code Section 14041(a)(1)(2)(3)(4)

	2011-12												2012-13												2013-14	
	Advance							P-1				P-2	Advance							P-1				P-2	Advance	
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Education Code Section 14041(a)(1)(2)(3)(4)	5.00%	5.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	5.00%	5.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	5.00%	5.00%
Percentage Paid in Current Month	**0.00%**	**0.00%**	**9.00%**	**0.00%**	**9.00%**	**9.00%**	**9.00%**	**0.50%**	**0.00%**	**1.09%**	**1.50%**	**0.00%**	**0.00%**	**0.00%**	**9.00%**	**0.00%**	**9.00%**	**9.00%**	**9.00%**	**0.50%**	**0.00%**	**1.09%**	**1.50%**	**0.00%**	**0.00%**	**0.00%**
Deferred from July Advance			**2.70%**				**2.30%**								**2.70%**				**2.30%**							
Deferred from August Advance							**5.00%**												**5.00%**							
Deferred from October Advance							**9.00%**												**9.00%**							
Deferred from February P-1	**0.10%**	**5.73%**	**2.32%**										**8.50%**												**8.50%**	
Deferred from March P-1										**3.51%**				**5.49%**								**3.51%**				**5.49%**
Deferred from April P-1		**2.77%**	**1.71%**										**1.79%**	**6.12%**											**1.79%**	**6.12%**
Deferred from May P-1		**3.61%**	**3.07%**										**3.31%**	**4.19%**											**3.31%**	**4.19%**
Deferred from June P-2	**9.00%**												**9.00%**												**9.00%**	
Total Received from Current Year	**0.00%**	**0.00%**	**11.70%**	**0.00%**	**9.00%**	**9.00%**	**25.30%**	**0.50%**	**0.00%**	**4.60%**	**1.50%**	**0.00%**	**0.00%**	**0.00%**	**11.70%**	**0.00%**	**9.00%**	**9.00%**	**25.30%**	**0.50%**	**0.00%**	**4.60%**	**1.50%**	**0.00%**	**0.00%**	**0.00%**
Total Received from Prior Year	**9.10%**	**12.10%**	**7.10%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**22.60%**	**15.80%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**22.60%**	**15.80%**
Grand Total Received	**9.10%**	**12.10%**	**18.80%**	**0.00%**	**9.00%**	**9.00%**	**25.30%**	**0.50%**	**0.00%**	**4.60%**	**1.50%**	**0.00%**	**22.60%**	**15.80%**	**11.70%**	**0.00%**	**9.00%**	**9.00%**	**25.30%**	**0.50%**	**0.00%**	**4.60%**	**1.50%**	**0.00%**	**22.60%**	**15.80%**

Cumulative E.C. Section 14041 5/5/9			
2010-11 Cumulative Principal Apportionments	80.79%	92.90%	100.00%
Difference			

Cumulative E.C. Section 14041	5.00%	10.00%	19.00%	28.00%	37.00%	46.00%	55.00%	64.00%	73.00%	82.00%	91.00%	100.00%		
2011-12 Cumulative Principal Apportionments	0.00%	0.00%	11.70%	11.70%	20.70%	29.70%	55.00%	55.50%	55.50%	60.10%	61.60%	61.60%	84.20%	100.00%
Difference	**-5.00%**	**-10.00%**	**-7.30%**	**-16.30%**	**-16.30%**	**-16.30%**	**0.00%**	**-8.50%**	**-17.50%**	**-21.90%**	**-29.40%**	***-38.40%***		

Cumulative E.C. Section 14041	5.00%	10.00%	19.00%	28.00%	37.00%	46.00%	55.00%	64.00%	73.00%	82.00%	91.00%	100.00%		
2012-13 Cumulative Principal Apportionments	0.00%	0.00%	11.70%	11.70%	20.70%	29.70%	55.00%	55.50%	55.50%	60.10%	61.60%	61.60%	84.20%	100.00%
Difference	**-5.00%**	**-10.00%**	**-7.30%**	**-16.30%**	**-16.30%**	**-16.30%**	**0.00%**	**-8.50%**	**-17.50%**	**-21.90%**	**-29.40%**	***-38.40%***		

Assumptions:

(1) For both 2011-12 and 2012-13, we assume that your 2011-12 Advance Apportionment is fixed for the entire 2011-12 fiscal year.

(2) This apportionment schedule does not reflect any changes from 2011-12 because it is assumed that the tax initiative does not pass in November 2012.

(3) It is assumed that the intra-year deferrals from 2011-12 will continue in future years.

Legend:

Orange: one-time 2011-12 Intra-Year Deferrals (SB82, Government Code Section 16326(a)(2))

Blue: ongoing Inter-Year Deferrals (Education Code Sections 14041.5, 14041.6)

Yellow Highlight: Percentage of Principal Apportionment payments deferred across fiscal years.

Principal Apportionment Schedule - Education Code Section 14041(a)(7)

(Only applicable to Brea Olinda Unified, Buena Park Elementary, and Laguna Beach Unified)

	2011-12												2012-13												2013-14	
	Advance							P-1				P-2	Advance							P-1				P-2	Advance	
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Education Code Section 14041(a)(7)	15.00%	15.00%	15.00%	15.00%	0.00%	0.00%	6.00%	6.80%	6.80%	6.80%	6.80%	6.80%	15.00%	15.00%	15.00%	15.00%	0.00%	0.00%	6.00%	6.80%	6.80%	6.80%	6.80%	6.80%	15.00%	15.00%
Percentage Paid in Current Month	**0.00%**	**0.00%**	**15.00%**	**0.00%**	**0.00%**	**0.00%**	**6.00%**	**0.41%**	**0.00%**	**0.82%**	**1.09%**	**0.00%**	**0.00%**	**0.00%**	**15.00%**	**0.00%**	**0.00%**	**0.00%**	**6.00%**	**0.41%**	**0.00%**	**0.82%**	**1.09%**	**0.00%**	**0.00%**	**0.00%**
Deferred from July Advance			**8.10%**				**6.90%**								**8.10%**				**6.90%**							
Deferred from August Advance							**15.00%**												**15.00%**							
Deferred from September Advance																										
Deferred from October Advance							**15.00%**												**15.00%**							
Deferred from February P-1	**0.08%**	**4.33%**	**1.75%**										**6.39%**												**6.39%**	
Deferred from March P-1										**2.65%**				**4.15%**								**2.65%**				**4.15%**
Deferred from April P-1		**2.09%**	**1.29%**										**1.36%**	**4.62%**											**1.36%**	**4.62%**
Deferred from May P-1		**3.08%**	**2.46%**										**2.52%**	**3.20%**											**2.52%**	**3.20%**
Deferred from June P-2	**6.80%**												**6.80%**												**6.80%**	
Total Received from Current Year	**0.00%**	**0.00%**	**23.10%**	**0.00%**	**0.00%**	**0.00%**	**42.90%**	**0.41%**	**0.00%**	**3.47%**	**1.09%**	**0.00%**	**0.00%**	**0.00%**	**23.10%**	**0.00%**	**0.00%**	**0.00%**	**42.90%**	**0.41%**	**0.00%**	**3.47%**	**1.09%**	**0.00%**	**0.00%**	**0.00%**
Total Received from Prior Year	**6.88%**	**9.50%**	**5.51%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**2.65%**	**0.00%**	**0.00%**	**17.07%**	**11.97%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**17.07%**	**11.97%**
Grand Total Received	**6.88%**	**9.50%**	**28.61%**	**0.00%**	**0.00%**	**0.00%**	**42.90%**	**0.41%**	**0.00%**	**6.12%**	**1.09%**	**0.00%**	**17.07%**	**11.97%**	**23.10%**	**0.00%**	**0.00%**	**0.00%**	**42.90%**	**0.41%**	**0.00%**	**3.47%**	**1.09%**	**0.00%**	**17.07%**	**11.97%**

Cumulative E.C. Section 14041			
2010-11 Cumulative Principal Apportionments	84.99%	94.49%	100.00%
Difference			

Cumulative E.C. Section 14041	15.00%	30.00%	45.00%	60.00%	60.00%	60.00%	66.00%	72.80%	79.60%	86.40%	93.20%	100.00%		
2011-12 Cumulative Principal Apportionments	0.00%	0.00%	23.10%	23.10%	23.10%	23.10%	66.00%	66.41%	66.41%	69.88%	70.96%	70.96%	88.03%	100.00%
Difference	**-15.00%**	**-30.00%**	**-21.90%**	**-36.90%**	**-36.90%**	**-36.90%**	**0.00%**	**-6.39%**	**-13.19%**	**-16.52%**	**-22.24%**	***-29.04%***		

Cumulative E.C. Section 14041	15.00%	30.00%	45.00%	60.00%	60.00%	60.00%	66.00%	72.80%	79.60%	86.40%	93.20%	100.00%		
2012-13 Cumulative Principal Apportionments	0.00%	0.00%	23.10%	23.10%	23.10%	23.10%	66.00%	66.41%	66.41%	69.88%	70.96%	70.96%	88.03%	100.00%
Difference	**-15.00%**	**-30.00%**	**-21.90%**	**-36.90%**	**-36.90%**	**-36.90%**	**0.00%**	**-6.39%**	**-13.19%**	**-16.52%**	**-22.24%**	***-29.04%***		

Assumptions:

(1) For both 2011-12 and 2012-13, we assume that your 2011-12 Advance Apportionment is fixed for the entire 2011-12 fiscal year.

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