



November 21, 2011

To: Assistant Superintendents, Business Services  
Directors, Business Services

From: Wendy Benkert, Ed.D., Associate Superintendent  
Business Services

Subject: **Supplement to the 2011-12 First Interim Advisory – Cash Flow**

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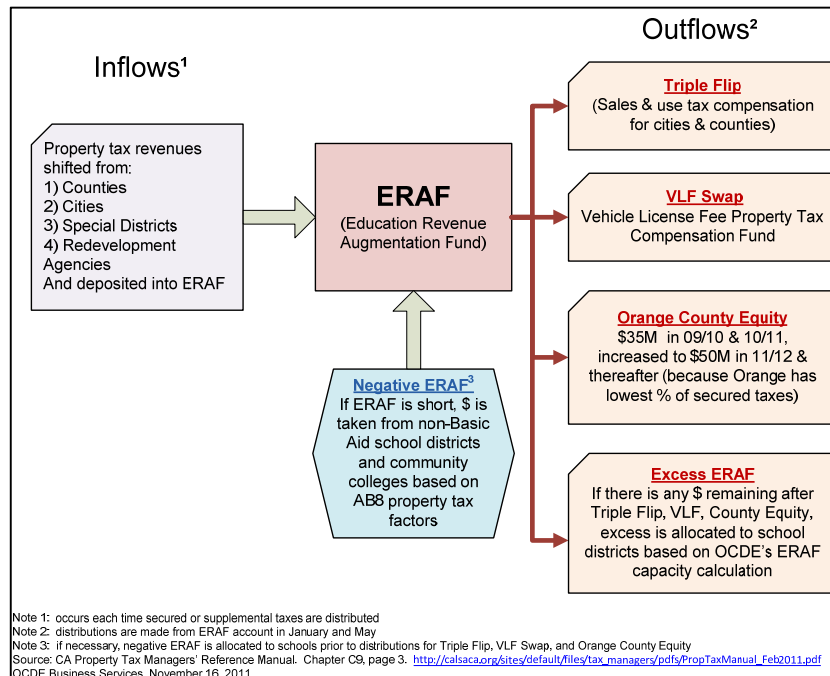
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This advisory is a supplement to the 2011-12 First Interim Advisory issued by our office on October 21, 2011. Since that date, the Legislative Analysts' Office (LAO) has issued the 2012-13 Budget Fiscal Outlook Report which projects State revenues to be \$3.7 billion below the level assumed in the 2011-12 Enacted Budget. The Department of Finance (DOF) will issue an independent revenue forecast for 2011-12 and the higher of the LAO or DOF's projections will be used to determine trigger reductions for K-12 education. We recommend that school districts continue to plan for both the pupil transportation and revenue limit trigger reductions.

On November 15, 2011, the Orange County Auditor-Controller's Office supplied our office with the 2011-12 First Period (P-1) property tax estimates. The County Auditor-Controller anticipates that there will be insufficient cash in the Education Revenue Augmentation Fund (ERAF) in December 2011 and April 2012 to make the Triple Flip, Vehicle License Fee Adjustment Amount (VLFAA), and County Equity payments in January 2012 and May 2012 to cities and the County of Orange. Please see the chart below for a graphic illustration of the payment flows between ERAF, local government agencies, and school districts.



The County Auditor-Controller will be making a negative ERAF apportionment of \$110 million which will reduce the 2011-12 ad valorem property tax revenue allocated to non-basic aid school districts and community college districts to cover the cash shortfall in ERAF. The attached exhibit, which is based on data provided by the Orange County Auditor-Controller, shows the estimated impact of negative ERAF apportionments for December 2011 and April 2012 as well as the total impact for the 2011-12 fiscal year.

We are recommending that school districts update their general fund cash flow projections to reflect these recent developments as soon as possible and to submit these updated cash flow projections to our office.

Districts that have exhausted short term cash flow borrowing options may be eligible to apply for an exemption from the June to July Second Period deferral (Education Code 14041.7). Please note that applications for exemptions are due to the California Department of Education (CDE) by April 1, 2012. However, we have been informed by the CDE that the application for exemption may not be available until February 2012.

If you have any questions or concerns regarding this information, please contact me at (714) 966-4229.

cc: Superintendents

Enclosures

**NEGATIVE EDUCATION REVENUE AUGMENTATION FUND (ERAF) ALLOCATION**  
**For Preparation of Cash Flow Projections**  
**Fiscal Year 2011-12**

FUND DESCRIPTION	AMOUNT	FY 2011-12 A AB8 FACTOR	PERCENTAGE OF TOTAL FACTOR	TOTAL NEGATIVE ERAF ALLOCATION	DECEMBER 2011 NEGATIVE ERAF APPORTIONMENT	APRIL 2012 NEGATIVE ERAF APPORTIONMENT
ANAHEIM ELEM. GEN FUND	52,841,091.21	0.01399393926	0.03776359998	(4,168,478)	(1,577,936)	(2,590,542)
BUENA PARK ELEM GEN FUND	8,306,501.87	0.00219981609	0.00593635382	(655,276)	(248,048)	(407,227)
CENTRALIA ELEM GEN FUND	10,270,691.77	0.00271999373	0.00734008868	(810,225)	(306,703)	(503,522)
CYPRESS ELEM SCH GEN FUND	12,185,199.20	0.00322701394	0.00870831731	(961,255)	(363,873)	(597,381)
FOUNTAIN VALLEY ELEM GEN FUND	19,061,713.94	0.00504812563	0.01362271147	(1,503,723)	(569,219)	(934,503)
FULLERTON ELEM GEN FUND	29,797,886.71	0.00789139299	0.02129546246	(2,350,668)	(889,822)	(1,460,846)
HUNTINGTON BEACH ELEM GEN FUND	29,982,506.07	0.00794028584	0.02142740315	(2,365,232)	(895,335)	(1,469,897)
LA HABRA ELEM GEN FUND	10,732,944.57	0.00284241243	0.00767044390	(846,690)	(320,506)	(526,184)
LOWELL JOINT ELEM GEN FUND	4,230,149.87	0.00112027324	0.00302313378	(333,704)	(126,320)	(207,384)
MAGNOLIA ELEM GEN FUND	7,859,098.90	0.00208133008	0.00561661124	(619,981)	(234,688)	(385,293)
OCEAN VIEW ELEM GEN FUND	27,186,252.91	0.00719975237	0.01942902305	(2,144,644)	(811,834)	(1,332,810)
SAVANNA ELEM GEN FUND	4,557,271.11	0.00120690496	0.00325691539	(359,510)	(136,089)	(223,421)
WESTMINSTER ELEM GEN FUND	11,513,890.84	0.00304923092	0.00822855770	(908,297)	(343,827)	(564,470)
ANAHEIM UNION HIGH GEN FUND	49,950,071.02	0.01322830857	0.03569749332	(3,940,414)	(1,491,605)	(2,448,809)
FULLERTON UNION HIGH GEN FUND	40,448,013.08	0.01071187262	0.02890671919	(3,190,825)	(1,207,855)	(1,982,970)
HUNTINGTON BEACH UNION HIGH GEN FUN	73,849,162.82	0.01955752001	0.05277730226	(5,825,743)	(2,205,278)	(3,620,466)
BREA OLINDA UNIFIED GENERAL FUND	17,294,326.82	0.00458006740	0.01235962440	(1,364,299)	(516,442)	(847,857)
CAPISTRANO UNIF GEN FUND	240,826,795.69	0.06377831103	0.17211012425	(18,998,118)	(7,191,550)	(11,806,568)
GARDEN GROVE UNIF GEN FUND	66,329,889.58	0.01756618618	0.04740355204	(5,232,570)	(1,980,738)	(3,251,832)
IRVINE UNIF GEN FUND			0.00000000000	-	-	-
LAGUNA BEACH UNIF GEN FUND			0.00000000000	-	-	-
LOS ALAMITOS UNIF GEN FUND	30,227,095.96	0.00800506074	0.02160220264	(2,384,527)	(902,639)	(1,481,888)
NEWPORT-MESA UNIF GEN FUND			0.00000000000	-	-	-
ORANGE UNIFIED GENERAL FUND	113,889,654.10	0.03016146837	0.08139278048	(8,984,420)	(3,400,963)	(5,583,457)
PLACENTIA YORBA LINDA UNIF-GEN FUND	74,407,131.40	0.01970528718	0.05317606205	(5,869,760)	(2,221,940)	(3,647,820)
SADDLEBACK VALLEY UNIF GEN FUND	127,870,271.81	0.03386396411	0.09138421787	(10,087,310)	(3,818,452)	(6,268,858)
SANTA ANA UNIF GEN FUND	76,505,671.32	0.02026104482	0.05467581197	(6,035,308)	(2,284,606)	(3,750,702)
TUSTIN UNIF GEN FUND	79,501,766.93	0.02105450269	0.05681701217	(6,271,661)	(2,374,075)	(3,897,586)
COAST COMM COLLEGE GEN FUND	87,473,669.50	0.02316570665	0.06251424012	(6,900,541)	(2,612,132)	(4,288,409)
NORTH ORANGE CO COMM COLL GEN FUND	53,479,625.82	0.01416304278	0.03821993736	(4,218,851)	(1,597,004)	(2,621,846)
RANCHO SANTIAGO COMM COLL GEN FUND	38,681,557.65	0.01024406112	0.02764429794	(3,051,474)	(1,155,105)	(1,896,369)
SOUTH ORANGE CO COMM COLL DIST-GEN			0.00000000000	-	-	-
O C DEPT OF EDUCATION-GEN FUND			0.00000000000	-	-	-
<b>TOTAL</b>		<b>0.37056687575</b>	<b>1.00000000000</b>	<b>\$ (110,383,502)</b>	<b>\$ (41,784,584)</b>	<b>\$ (68,598,918)</b>