



# Monterey County Office of Education

*Leadership, Support, and Service to Prepare All Students for Success*

*Dr. Nancy Kotowski  
County Superintendent of Schools*

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District Advisory and Financial Services  
Finance and Business Services

Bulletin No. 12-002

**TO:** Chief Business Officials, Business Managers

**FROM:** *KD* Karen Deller, Director  
District Advisory and Financial Services

**DATE:** July 22, 2011

**RE: Updated Cash Flow Estimates for the 2011-12 Fiscal Year**

The recently enacted State Budget includes an additional deferral of \$2.1 billion for K-12 school agencies as part of the state's cash management plan. The increase in the number of deferrals and the significant amount of the deferrals crossing fiscal years continues to place pressure at the local level regarding a school agency's ability to meet cash obligations as they come due. Local educational agencies (LEAs) need to continue to make cash management a top priority. In addition, LEAs should communicate to stakeholders about the importance of maintaining a strong cash position as they maneuver through the next year.

We are providing an updated schedule for cash flow to incorporate the new \$2.1 billion deferral, which was included in Senate Bill (SB) 70 (Chapter 7/2011) as a part of the state's cash management plan for 2011-12. The Governor's May Revision proposed elimination of the \$2.1 billion deferral. Unfortunately, in the end, the deferral was included as part of the 2011-12 enacted State Budget. The Principal Apportionment cash flow schedules for 2011-12 are as follows:

<b>Education Code Section (E.C.) 14041 (a)(1)(2)(3)(4)</b>		
<b>Month</b>	<b>2010-11 Updated Schedule</b>	<b>2011-12 Estimated Deferral Schedule</b>
July 2011	9.10%	0.00%
August 2011	12.10%	0.00%
September 2011	7.10%	11.70%
October 2011	-	0.00%
November 2011	-	9.00%
December 2011	-	9.00%
January 2012	-	25.30%
February 2012	-	0.50%
March 2012	-	0.00%
April 2012	-	4.60%
May 2012	-	1.50%
June 2012	-	0.00%
July 2012	-	22.60%
August 2012	-	15.80%
<b>Total</b>	<b>28.30%</b>	<b>100.00%</b>

The amounts in statute for the March 2012 deferrals are more than the amount available in the Principal Apportionment. A deferral of approximately \$356 million from categorical funds would be required to cover deferrals up to the statutory amount if the state deems necessary. Please note that these estimates are subject to change.

In addition, we have updated the deferral schedules for each of the respective alternative apportionment schedules to incorporate the new deferral and changes included in SB 82 (Chapter 12/2011). These schedules can be used by LEAs as they prepare cash flow projections for short-term borrowing and other financing needs.

<b>E.C. 14041(7)</b>		
<b>Month</b>	<b>2010-11 Updated Schedule</b>	<b>2011-12 Estimated Deferral Schedule</b>
July 2011	6.87%	0.00%
August 2011	11.20%	0.00%
September 2011	7.90%	23.10%
October 2011	-	0.00%
November 2011	-	0.00%
December 2011	-	0.00%
January 2012	-	42.90%
February 2012	-	0.40%

<b>E.C. 14041(7), continued</b>		
<b>Month</b>	<b>2010-11 Updated Schedule</b>	<b>2011-12 Estimated Deferral Schedule</b>
March 2012	-	0.00%
April 2012	-	3.50%
May 2012	-	1.10%
June 2012	-	0.00%
July 2012	-	17.10%
August 2012	-	11.90%
<b>Total</b>	<b>25.97%</b>	<b>100.00%</b>

Depending on how the state's Budget year unfolds, there could be changes to the deferral schedule. We will keep you updated on any future changes.

There are waiver provisions included in SB 82 for county offices of education, charter schools, and school districts for the 2011-12 deferrals that occur within the fiscal year. The first window to apply for an exemption of the SB 82 deferrals has closed, but there is a second window of opportunity to apply for an exemption from the March deferral.

Information on the waivers can be found at:  
<http://www.cde.ca.gov/fg/fi/ir/julaugoctmardef112.asp>.

*Courtesy of SSC*