



**Plumas Lake Elementary School District
2010-11 First Interim Financial Report
December 16, 2010**

Each student will reach their fullest potential as we strive for district excellence through sound leadership, effective communication, accountability, and investment in our staff.



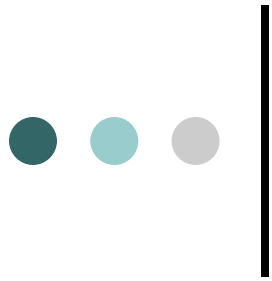
Today's Agenda

- Annual Financial Reporting
- General Fund
 - Budget Assumptions
 - Revenue and Expenditures
 - Budget Concerns
 - Multi-Year Projections
- Other District Funds
- Long-Term Commitments
- Questions



Annual Financial Reporting

- Annual financial deadlines:
 - Budget Adoption – June 30
 - Unaudited Actuals for prior year – October 15
 - First Interim – December 15 (county has approved today's meeting date)
 - Second Interim – March 15
 - Third Interim – June 1 (required if negative or qualified certification)



First Interim Financial Report

- *Education Code* Section 42130 requires District to submit two financial interim reports to Yuba County Office of Education each fiscal year:
 - First Interim: Financial transactions from July 1 to October 31
 - Second Interim: Financial transactions from July 1 to January 31
- First Interim must be approved by the Board prior to December 15 (county has approved today's meeting date.)
- District must certify one of the following:
 - Positive: District *can* meet its current year and subsequent two year obligations;
 - Qualified: District *may not* be able to meet its current year and subsequent two year obligations; or
 - Negative: District *cannot* meet its current year and subsequent two year obligations.



Budget Assumptions – Current Budget Year

	Budget Adoption	First Interim
	2010-11	2010-11
COLA	(0.39%)	(0.39%)
Deficit Factor	18.355% \$0.81645 per \$1.00	17.963% \$0.82037 per \$1.00
Revenue Limit (RL)	\$6,573.35	\$6,573.35
Deficited RL	\$5,366.81	\$5,392.58
Dollar loss per ADA	(\$1,206.54)	(\$1,180.77)
Other Revenue Limit Adjustments	3.85% deficit applied to RL	
State Categorical Programs	(0.38%)	0%
ARRA – SFSF (RL)	0	\$24,921
ARRA – Sp Ed	0	0
Education Jobs Funds	0	\$198,960
ADA: K-8 + County	1021.86	1021.86

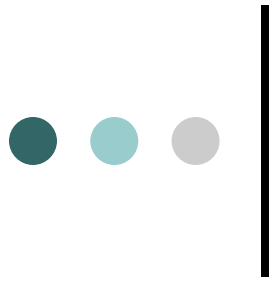


Revenue Sources – General Fund Projections

	Board Approved Operating Budget	Projected Year Totals (Revisions)	Difference	% Variance	Reason
Beginning Fund Balance	\$2,599,040	\$2,599,040			
Revenue Limit Sources	\$5,708,991	\$6,038,872	\$329,881	5.8%	Eliminated 3.85% reduction; Prior year adjustment and PERS reduction adjustment
Federal Revenue	\$154,377	\$383,733	\$229,356	148.6%	Added Title I, ARRA SFSF and Education Jobs Funding
Other State Revenue	\$927,590	\$937,053	\$9,463	1.0%	Negative COLA eliminated and Lottery revenue adjusted
Other Local Revenue	\$561,466	\$557,466	(\$4,000)	(0.7%)	Reduced interest earnings
Total Revenue	\$7,352,424	\$7,917,124	\$564,700	7.7%	

Projected General Fund Expenditures

	Board Approved Operating Budget	Projected Year Totals (Revisions)	Difference	% Difference	Reason
Certificated Salaries	\$3,306,538	\$3,246,709	(\$59,829)	(1.8%)	Adjusted Teachers' & Sp Ed Coordinator salaries to reflect current staffing; Added 2 part-time PE teachers and Literacy Coach
Classified Salaries	\$1,079,033	\$1,152,695	\$73,662	6.8%	Adjusted FMOT Director and Bus Driver/Custodian salaries; Added Yard Duty @ RM; Added Sp Ed Para time (6 hours) and Sp Ed one-on-one para; Added Office Clerk and Library Clerk.
Employee Benefits	\$1,504,812	\$1,541,949	\$37,137	2.5%	Added TCSIG payment; adjusted benefits to salaries above.
Books and supplies	\$228,049	\$359,204	\$131,155	57.5%	Added ELA adoption; adjustments for prior year purchase orders; added EIA, SLIP (unrestricted), Title I and Title IV carryover.
Services/Other Op Expenses	\$1,187,822	\$1,258,233	\$70,411	5.9%	Added EIA and SLIP carryover; Adjusted nursing services.
Capital Outlay	0	0	0	0	
Other outgo	\$289,820	\$289,820	0	0	
Transfers of Indirect Costs	(\$18,303)	(\$18,111)	\$192	1.0%	Indirect – calculation based on Fund 13 expenditures
Other Financing Sources/Uses	(\$32,250)	(\$32,250)	0		0
Net Increase (Decrease) in Fund Balance	(\$193,097)	\$118,875			
Ending Fund Balance	\$2,405,943	\$2,717,915			



RECENT BUDGET HEADLINES

Smoke and Mirrors in Sacramento

California's latest state budget is a fraud.

Source: <http://www.city-journal.org/2010/eon1026sg.html>

California budget shortfall twice as large as predicted

Source: Sacramento Bee, November 11, 2010

Governor Arnold Schwarzenegger Announces Intent to Call Special Session to Address Budget Deficit

Source: Office of the Governor of the State of California PRESS RELEASE 11/12/10

Jerry Brown: 'Fasten your seat belt' for school spending cuts

Source: Sacramento Bee, December 15, 2010



State Budget Concerns

- October 2010 – California officials adopted State’s latest budget:
 - It was a plan to solve a \$19B deficit with no new taxes or severe cuts;
 - Budget does little to solve state’s permanent fiscal problems:
 - Makes questionable assumptions that could make next year’s deficit worse should they fall short.
 - Roughly \$8B in tax revenues will end in July of next year because existing tax rates on vehicles, sales and income will shrink.
 - Budget relies on one-time solutions;
 - State Budget relies on Federal Aid of \$5.3B of which only \$1.3B has been secured.
 - \$1.7B in deferrals to K-12 school payments enticing districts to maintain same level spending.

Source: SAC Bee, October 7, 2010



State Budget Concerns

- Soon after the November 2010 elections:
 - Legislative Analyst's office announces \$25B shortfall (\$6.1B in current year and \$19B in next year)
 - Governor announces plans to call Special Session to address projected budget shortfall of \$25B over next 18 months;



State Budget Concerns

- December 8, 2010 – Budget Forum
 - Governor-elect Jerry Brown estimates deficit at \$28B over next 18 months;
- December 14, 2010 – Budget Forum
 - Brown told education leaders to “fasten your seat belt” for dramatic spending cuts to schools;
 - Brown suggested he is not likely to make mid-year budget cuts to education; and will focus on 2011-12;



Multi-Year Projections – Assumptions

Current Assumptions

Financial Report	Budget Adoption	First Interim	Budget Adoption	First Interim
Fiscal Year	2011-12	2011-12	2012-13	2012-13
COLA	2.10%	1.70%	2.40%	1.90%
Deficit Factor	18.355%	17.963%	18.355%	17.963%
Funded amount	\$0.81645 per \$1.00	\$0.82037 per \$1.00	\$0.81645 per \$1.00	\$0.82037 per \$1.00
Revenue Limit (RL)	\$6,701.61	\$6,677.19	\$6,851.28	\$6,795.21
Deficited RL	\$5,471.53	\$5,477.76	\$5,593.73	\$5,574.59
Dollar loss per ADA	(\$1,230.08)	(\$1,199.43)	(\$1,257.52)	(\$1,220.62)
Other Revenue Limit Adjustments	3.85% deficit applied to RL		3.85% deficit applied to RL	
State Categorical Programs	2.10%	0.0%	2.4%	1.90%
ADA	1021.86	1021.86	1021.86	1021.86



Multi-Year Projections Assumptions (continued)

- No American Recovery and Reinvestment Act (ARRA) funding in 2011-12 and 2012-13;
- ELA Adoption – second phase budgeted in 2011-12;
- No Education Jobs Funding in 2012-13;
- Tier III flexibility ends after 2012-13;
- ADA projections for 2010-11 and two subsequent years based on P-2 data for 2009-10; 1021.86 for K-8/County;
- No changes to STRS, PERS, FICA/Medicare, Unemployment, Worker's Comp and Health benefits;
- COP debt service payment not reflected in projections;



Multi-Year Projections – Concerns

- Average Daily Attendance is down;
- Possible mid-year cuts?
- Drastic cuts at State level next year?



Multi-Year Projections

Description	2010-11	2011-12	2012-13
Beginning Fund Balance	\$2,599,040	\$2,717,915	\$2,643,811
Revenue	\$7,949,374	\$7,769,634	\$7,886,299
Expenditures and other financing uses	\$7,830,499	\$7,843,737	\$7,906,081
Net Increase/ Decrease in Fund Balance	\$118,875	(\$74,103)	(\$19,782)
Fund balance	\$2,717,915	\$2,643,811	\$2,624,029
Designated for Economic Uncertainties	\$389,912	\$390,574	\$393,692
Other designations	\$2,318,029	\$2,253,237	\$2,230,338



Components of Ending Balance

Revenues	\$7,949,374
Expenditures	\$7,830,499
Net Increase/Decrease	\$ 118,875
Ending Fund Balance	\$2,717,915
Reserved for Economic Uncertainty	\$ 389,912
Revolving Cash and Prepays	\$ 9,973
COP Debt Service Payment	\$ 476,065
Charter ADA	\$ 186,511
Revenue Limit Reduction proposed in May Revise	\$ 281,781
Education Jobs Funds	\$ 121,411
Restricted funds	\$ 13,894
Lottery Unrestricted	\$ 170,719
Available for Budget Shortfalls	\$1,067,648



Fund 13 – Cafeteria Fund

	Board Approved Operating Budget	Projected Year Totals (Revisions)	Difference	% Difference	Reason
Beginning Fund Balance	\$25,926	\$25,926			
Revenue	\$424,000	\$424,000		-	
Expenditures					
Classified salaries	\$147,301	\$143,685	(\$3,616)	(2.5%)	Adjusted salaries to reflect current staff contracts
Employee Benefits	\$56,413	\$55,691	(\$722)	(1.3%)	Adjusted benefits to salaries
Supplies	\$200,000	\$200,000	-	-	
Services/Op Expenses	\$ 8,525	\$ 8,525	-	-	
Other Outgo	\$18,303	\$18,111	(\$192)	(1.0%)	Indirect based on expenditures
Transfers In	\$0	\$0			
Total Expenditures	\$430,542	\$426,012			
Net Increase (Decrease) in fund balance	(\$6,542)	(\$2,012)			
Ending Fund Balance	\$19,384	\$23,914			



Fund 14 – Deferred Maintenance Fund

	Board Approved Operating Budget	Projected Year Totals (Revisions)	Difference	% Difference	Reason
Beginning Fund Balance	\$112,373	\$112,373			
Revenue	\$2,000	\$2,000	-	-	
Expenditures					
Materials and Supplies	-	\$15,376	\$15,376	NEW	Non-capitalized equipment – Lawn Mower
Services/Op Expenses	\$30,000	\$14,624	(\$15,376)	(51.3%)	
Transfers In	0	0	0	-	Contribution from GF not required until 2013-14
Net Increase (Decrease in fund balance)	(\$28,000)	(\$28,000)			
Ending Fund Balance	\$84,374	\$84,374			



Fund 25 – Capital Facilities Fund

	Board Approved Operating Budget	Projected Year Totals (Revisions)	Difference	% Difference	Note
Beginning Fund Balance	\$759,224	\$759,224			
Revenue	\$302,962	\$302,962	-	-	
Expenditures					
Services/Other Op Expense	\$35,000	\$35,000	-	-	
Other outgo	\$476,065	\$476,065	-	-	
Other financing sources	\$48,326	\$48,326	-	-	
Net Increase (Decrease) in Fund Balance	(\$159,777)	(\$159,777)			
Ending Fund Balance (includes cash with fiscal agent)	\$599,447	\$599,447			\$485,339 w/ fiscal agent



Fund 52 – Debt Service Fund

	Board Approved Operating Budget	Projected Year Totals (Revisions)	Difference (Projected – Approved)	% Difference	Notes
Beginning Fund Balance (includes reserves for debt service payment with Trustee)	\$1,205,080	\$1,205,080			
Revenue	\$669,720	\$669,720	-	-	
Expenditures					
Other outgo	\$524,613	\$524,613	-	-	
Other financing sources	(\$80,576)	(\$80,576)	-	-	
Net Increase (Decrease) in Fund Balance	\$64,531	\$64,531			
Ending Fund Balance (includes cash with fiscal agent)	\$1,269,611	\$1,269,611			\$469,707 w/ fiscal agent



Fund 25 and Fund 52 Concerns

- No Impact Fees collected this fiscal year;
- Payment of COP debt service - \$476,065;

Funding Sources If No Impact Fees Collected				
	Fund 25	Fund 52	Fund 01	Total
2010-11 COP Payment	\$157,000	\$319,065		\$476,065
2011-12 COP Payment	\$0	\$209,000	\$266,475	\$475,475



Long-Term Commitments

Type of Commitment	Fund	# of Years Remaining	Principal Balance as of July 1	Funding sources	Current Year Annual Payment
CFD #1, Series 2005	52	25	\$4,545,000	Mello Roos Taxes	\$309,175
CFD #1, Series 2007	52	2	\$2,525,000	Mello Roos Taxes	\$126,250
CFD #2, Series 2007	52	27	\$1,240,000	Mello Roos Taxes	\$89,188
Certificates of Participation	25 and 01	27	\$6,820,000	Developer Fees; however obligation of General Fund if no other funding source available	\$476,065



Certification of First Interim Report

- Certification of Financial Condition:
 - Based upon current projections, District will be:
 - Deficit spending in 2011-12 and 2012-13; however District has sufficient reserves to cover budget shortfalls;
 - Meeting minimum reserve requirements for economic uncertainty;
 - Able to meet financial obligations for the current fiscal year and subsequent two fiscal years.
- Board approval of First Interim Financial Report with positive certification and budget adjustments within.