



San Benito County Office of Education

Fiscal Review of the Aromas-San Juan Unified School District

April 3, 2008



April 3, 2008

Tim Foley, Superintendent
San Benito County Office of Education
460 Fifth Street
Hollister, CA 95023-3841

Dear Superintendent Foley:

In October 2007, the Fiscal Crisis and Management Assistance Team received a request for assistance from the San Benito County Office of Education regarding the Aromas-San Juan Unified School District. In December 2007, a study agreement for FCMAT services was finalized with the county to conduct a review of the district's financial condition office. Specifically, the scope of work requested FCMAT to complete the following:

1. To review and validate the district's 2007-08 general fund first interim projected budget in order to establish accurate base year data for FCMAT's multiyear financial projection.
2. Prepare a multiyear financial projection for the general fund for 2008-09 and 2009-10 and provide a management letter with the two scenarios, conclusions and recommendations regarding the district's financial position.
3. Complete FCMAT's Fiscal Health Risk Analysis to confirm whether other indicators affecting the district's solvency require attention.

The FCMAT study team visited the district on January 23-24, 2008, to conduct interviews, gather documentation, and analyze financial data. This report represents the results of those activities. Thank you for allowing us to serve you, and please give our regards to all the employees of the San Benito County Office of Education.

Sincerely,

Joel D. Montero
Chief Executive Officer

FCMAT

Joel D. Montero, Chief Executive Officer

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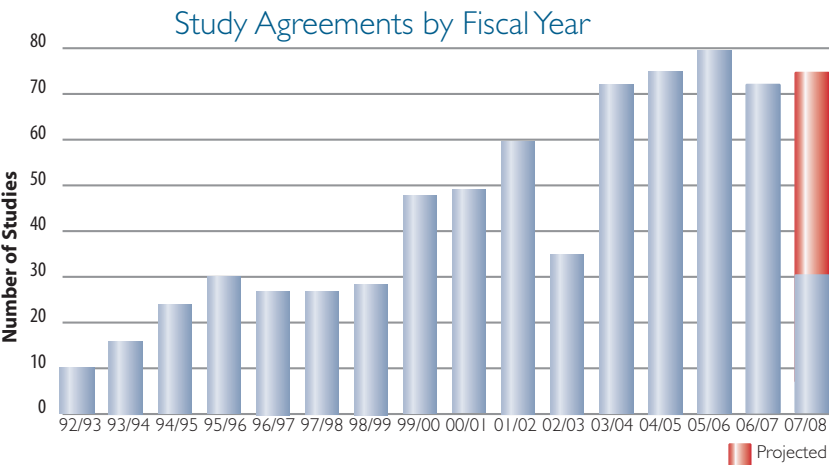
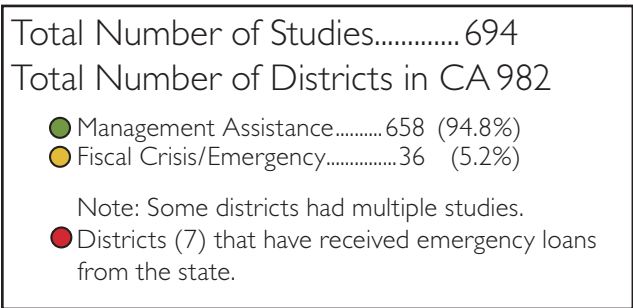
Foreword

FCMAT Background

The Fiscal Crisis and Management Assistance Team (FCMAT) was created by legislation in accordance with Assembly Bill 1200 in 1992 as a service to assist local educational agencies in complying with fiscal accountability standards.

AB 1200 was established from a need to ensure that local educational agencies throughout California were adequately prepared to meet and sustain their financial obligations. AB 1200 is also a statewide plan for county offices of education and school districts to work together on a local level to improve fiscal procedures and accountability standards. The legislation expanded the role of the county office in monitoring school districts under certain fiscal constraints to ensure these districts could meet their financial commitments on a multiyear basis. AB 2756 provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans. These include comprehensive assessments in five major operational areas and periodic reports that identify the district’s progress on the improvement plans.

Since 1992, FCMAT has been engaged to perform nearly 700 reviews for local educational agencies, including school districts, county offices of education, charter schools and community colleges. Services range from fiscal crisis intervention to management review and assistance. FCMAT also provides professional development training. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The agency is guided under the leadership of Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.



Introduction

Background

The Aromas-San Juan Unified School District is located in San Benito County near Highway 101, just south of the city of Gilroy. The district serves students from two communities, Aromas and San Juan Bautista, at two K-8 elementary schools and a comprehensive high school. The district also operates adult education and preschool programs.

Student enrollment has fluctuated over the past five years, and the district has an equivalent number of inter-district transfers to and from other districts.

In June 2007 the Governing Board adopted the budget for the upcoming year. At that time it was believed that the budget accurately reflected anticipated revenues and expenditures and included a reserve in line with the 3% required for a district of its size.

As the 2006-07 financial records were closed during the summer, the Business Manager identified several material liabilities that would significantly alter the district's financial condition, including increases in excess costs for special education services provided by other local educational agencies (LEAs), general fund support needed for 87% of the annual payment for Certificates of Participation (COP); and the impact of collective bargaining agreements ratified in June 2007. As a result, the estimated unrestricted ending balance for 2006-07 included in the adoption budget decreased from \$449,554 to \$27,350 in the unaudited actuals.

The district hired an independent consultant to confirm needed budget revisions. The consultant's report, dated November 6, 2007, discussed other financial issues that would further affect the financial shortfall.

The Governing Board approved a negative certification for the first interim report on December 12, 2007. On December 28, the County Superintendent notified the district in writing of his concerns, including the following issues:

1. The current fiscal crisis and lack of ability to continue as a "going concern"
2. Insufficient cash flow to meet payroll
3. Deficit spending
4. Program overruns
5. Unaffordable labor contract settlements
6. Insufficient reserves
7. Long-term debt (COP)

The County Superintendent appointed a fiscal advisor with stay and rescind authority and entered into an agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) to prepare an independent multiyear financial projection and Fiscal Health Risk Analysis. The scope of work for this review called for FCMAT to complete the following:

1. To review and validate the district's 2007-08 general fund first interim projected budget in order to establish accurate base year data for FCMAT's multiyear financial projection.
2. Prepare a multiyear financial projection for general fund for 2008-09 and 2009-10 and provide a management letter (report) with the two scenarios, conclusions and recommendations regarding the district's financial position.
3. Complete FCMAT's Fiscal Health Risk Analysis to confirm whether other indicators affecting the district's solvency require attention.

Study Team

The study team was composed of the following members:

Barbara Dean
FCMAT Deputy Administrative Officer
Bakersfield, CA

Margaret Rosales
FCMAT Consultant
Kingsburg, CA

Leonel Martínez
FCMAT Public Information Specialist
Bakersfield, CA

Study Guidelines

The study team visited the district on January 23-24, 2008, to interview county office and district employees, review documents and collect additional information. This report is the result of those efforts and is divided into the following sections:

- I. Executive Summary
- II. Multiyear Financial Projection
- III. Fiscal Health Risk Analysis
- IV. Other Issues
- V. Appendices
 - a. Multiyear financial projection detail
 - b. Sample Classified Change of Status form
 - c. Sample Certificated Change of Status form
 - d. 2006-07 cash flow
 - e. 2007-08 projected cash flow
 - f. Study Agreement

Executive Summary

At the request of the Superintendent of the San Benito County Office of Education, FCMAT prepared an independent multiyear financial projection for the Aromas-San Juan Unified School District general fund using the district's first interim report with subsequent adjustments necessary to reflect revenue and expenditure allocations as of February 22, 2008.

FCMAT's protocol for multiyear projections does not incorporate proposed reductions or any other actions that have not been approved by the Governing Board or the results of an anticipated bond election in June 2008. Therefore, FCMAT's projection shows the overall shortfall in meeting the district's reserve requirement in 2007-08, 2008-09, and 2009-2010 based on current revenue and expenditure data and trends.

The projection confirms that the district *will not be able to meet its obligations* in any of the projection years because of negative fund balances, lack of reserves, and insufficient cash. The district will require an infusion of cash from an outside source. Without a cash infusion, the district will struggle to deliver instructional services to students, ensure operational safety and compliance, and support the infrastructure needed for personnel, payroll, and payable activities.

The district administration, board, budget committee, and fiscal advisor are focusing their attention on identifying areas where costs can be reduced. However, FCMAT believes the size of the budgetary shortfall exceeds what can be made up by budget cuts unless other external resources can be found to make up the difference. Since salary and benefits make up 87 percent of the budget, the district has very limited options to reduce expenditures and/or contain costs within its current economic structure. In reducing expenditures, strategies the board and administration may consider might include reassessing staffing levels among the certificated and classified workforce, consolidating programs and re-evaluating or negotiating all employees' total compensation. The County Superintendent has determined that some opportunity for local borrowing may exist and will require that a loan, if made, must be secured by a solvent budget including the current and future ability to service any debt and the re-establishment of a three percent reserve fund by the end of the 2009-10 school year. Local borrowing options include: the county office of education, San Benito County Treasury or a third-party Tax on Revenue Anticipation Notes (TRANS).

At FCMAT's request, the county office provided the district's cash flow worksheet for 2006-07 and prepared a cash flow projection for 2007-08 with year-to-date actual amounts through December 31, 2007. The current year cash flow was revised by FCMAT to reflect adjustments included in its multiyear projection and projects a *negative* cash balance at June 30, 2008 of \$246,865. The primary factors reducing the cash balance include the following:

1. The June deferral of the revenue limit (approximately \$212,000).
2. Deficit spending.
3. Prior year revenue limit corrections of -\$1,842,788, primarily due to the way the revenues the district receives from Monterey County property taxes are reported. The district benefits from having access to these cash receipts in December and April. However, between February and June of the following year, the state reduces the current apportionment to recover the prior year overpaid state aid amounts.
4. Cash receipts for federal and state categorical programs typically are not received in full by June 30, and accruals are set up to recognize cash that will come after July 1. However, expenditures of the program funds may have been completed by year-end.

The following table below represents the FCMAT Multiyear Financial Projection for the unrestricted general fund, as of February, 2008.

Description	Prior year 2006-07 Unaudited	Adjusted First Interim 2007-08	Year 1 2008-09	Year 2 2009-10
Total Revenues	8,219,517	8,338,500	8,098,798	8,398,425
Total Expenditures	7,498,450	7,789,460	7,739,758	7,885,702
Excess (Deficiency)	721,067	549,040	359,040	512,723
Total Other Sources/Uses	(1,052,313)	(1,320,049)	(1,340,201)	(1,362,127)
Net Increase/Decrease	(331,246)	(771,009)	(981,161)	(849,404)
Beginning Balance	358,597	27,351	(743,658)	(1,724,819)
Ending Balance	27,351	(743,658)	(1,724,819)	(2,574,223)
3% Reserve	359,842	385,901	358,051	361,154
Other designated	2,500	2,500	2,500	2,500
Undesignated				
Negative Shortfall	(334,991)	(1,132,059)	(2,085,370)	(2,937,877)

FCMAT also completed a Fiscal Health and Risk Analysis (FHRA) for the district using financial reports and independent audits from 2001-02 through 2007-08, CBEDS data, information from the CDE Web site, and other supporting documentation to determine the district's rating. The total of 10 "No" responses would rank the district's risk as high, and the district's fiscal problems are more serious because of the lack of available cash to sustain ongoing operational expenses and the projected negative fund balances for 2007-08 and the two subsequent years.

If the risk analysis had been conducted by the district before June 2007, the overall rating would have been relatively positive because the material liabilities had not yet been recognized. Better procedures for monitoring and updating the budget and earlier notification/recognition of excess cost increases by LEAs providing special education services might have focused attention earlier on the areas identified during the closing of the 2006-07 financial records. The result may have been the same, but this would have raised awareness and led to earlier corrective actions.

The study team credits the county office, district administration and Governing Board for focusing attention on identifying expenditure reductions for the current and subsequent years. With the assistance of the fiscal advisor, the goals and objectives will also include the development of a recovery plan to restore fiscal solvency in two or three years. The process should be conducted as openly as possible and include participation and communication at all levels, including with the community.

Findings and Recommendations

Multiyear Financial Projection

The section of the Education Code commonly known as AB1200 requires districts to include multiyear financial projections (MYFP) with their annual adoption budgets and two interim reports. Projections are based on the most current financial information available and the impact of any upcoming changes that will affect both the current and/or future years. Financial projections are intended to confirm whether the district will be able to meet its financial obligations in the current and two subsequent fiscal years. When creating the multiyear financial projection, the primary objective is to demonstrate that the district is able to sustain a balanced budget and meet all of its instructional, contractual, and operational needs.

If a district cannot or may not be able to meet its financial obligations, the County Superintendent must notify the Governing Board of the district and the Superintendent of Public Instruction (SPI). Based on the negative certification of the first interim report by the Aromas-San Juan Unified School District Governing Board on December 12, 2007, the county superintendent exercised his authority to enact the provisions of Education Code 42127.6.

The County Superintendent appointed a fiscal advisor with stay and rescind authority to assist the district in developing a financial recovery plan. In addition, the county office entered into a contract requesting FCMAT to independently prepare a multiyear financial projection and complete a Fiscal Health and Risk analysis.

The MYFP developed by FCMAT for this report shows that the district *will not be able* to maintain the state required reserve of 3%. Further, the cash flow projection prepared by the county office with actual revenue and expenditure amounts through December 31, 2007 and updated by FCMAT to reflect adjustments to the current budget shows that the district will have a negative cash balance in June 2008 of -\$246,865.

The primary factors affecting the cash balance include the following:

1. The June deferral of the revenue limit (approximately \$212,000).
2. Deficit spending.
3. Prior year revenue limit corrections of -\$1,842,788, primarily due to the way the revenues the district receives from Monterey County property taxes are reported. The district benefits from having access to these cash receipts in December and April. However, between February and June of the following year, the state reduces the current apportionment to recover the prior year overpaid state aid amounts.

4. Cash receipts for federal and state categorical programs typically are not received in full by June 30 and accruals are set up to recognize cash that will come after July 1. However, expenditures of the program funds may have been completed by year end.

Multiyear Forecast Assumptions

FCMAT's projection of the general fund was prepared using FCMAT's Budget Explorer multiyear projection software, a Web-based forecasting tool that is available at no cost to all California school districts. FCMAT used the district's first interim numbers for the base year and applied numerous adjustments after validating supporting documentation. The adjustments are presented in detail later in this section.

There are inherent limitations with any forecast of financial data because forecasts are based on certain criteria and assumptions rather than on exact calculations. These limitations include issues such as accuracy of baseline data, unpredictable timing of negotiations, unanticipated changes in local property taxes, enrollment trends and changing economic conditions at the state, federal and local levels. *Therefore, the budget forecasting model should be evaluated as a trend based on certain criteria and assumptions rather than a prediction of exact numbers. The projection should be updated throughout the year, including at least at each interim financial reporting period and before settling negotiations, to maintain the most accurate and meaningful data.*

FCMAT reviewed district records, interviewed staff members and examined financial reports to gather the information needed for the multiyear financial projection. The list includes all the documents requested by the team.

Fiscal

- 2007-08 SACS Dat.file adoption budget (Electronic SACS data file)
- 2006-07 SACS Dat.file unaudited actuals (Electronic SACS data file)
- June 2007 budget adoption documents, all funds, including narrative/Power Point for Board presentation.
- 2007-08 first interim report, all funds, including narrative/Power Point for board presentation
- Financial system budget reports that correspond to amounts in 2007-08 projected budget at first interim
- First, second and third (if required) interim reports, SACS documents, all funds, including narrative for board presentation for fiscal years 2001-02 through 2006-07
- Unaudited actuals SACS forms, including all schedules, for fiscal years 2001-02 through 2006-07
- Revenue limit worksheets, including all schedules, for fiscal years 2001-02 through 2007-08

- Independent audit reports for 2001-02 through 2006-07
- Long-term debt schedule
- Any district 2007-08 multiyear projections outside of the SACS multiyear format (Excel for example)
- Any outside review or analysis or recommendations by an outside consultant, auditor, or company relative to the district's financial condition
- Information on supplemental revenue sources, such as forest reserves, impact aid, parcel taxes, foundations, redevelopment funds, general obligation bonds etc. for fiscal years 2001-02 through 2007-08
- General fund cash flow statements for 2006-07 actuals and 2007-08 projected

Collective Bargaining

- Current salary proposals, both district and bargaining unit(s)
- AB1200 impact of salary settlement disclosure for all groups
- Salary schedules and Scatter gram, all employee groups
- Collective Bargaining Agreements, all employee groups
- Position control spreadsheet, districtwide summary by fund, identifying FTE, and formatted by unrestricted and restricted totals, if available
- District organizational chart, departmental organizational charts

Enrollment and ADA

- Historical and current enrollment, by grade level
- Enrollment projections for next five years
- Current Fiscal Year CBEDS, by grade level
- Staffing allocation formulas by fund, resource and grade level, if applicable, classified and certificated
- Data regarding inter- and intra-district transfers
- Data regarding residential housing starts
- Current Student Generation Factor (SGF), if applicable

Charter Schools

- Historical and current enrollment, by grade level
- Enrollment projections for next five years (if available)
- Current fiscal year CBEDS, by grade level
- Current and prior-year audit reports

Risk Management

- Actuarial report for health and welfare benefits, if required by GASB
- Actuarial report for workers compensation, if required by GASB
- History of health and welfare rates- Prior six years
- Copy of district plan to address retiree benefits, if applicable
- Copy of Golden Handshake provisions including cost analysis, if applicable

Facilities

- Copy of ballot language for general obligation bonds
- Copy of COPs or other financing mechanisms for facilities funding
- Annual Developer Fee Justification Report
- Developer Fee Facilities Needs Analysis Report
- Facility Master Plan
- Facility cash flow – all capital projects funds
- List of surplus property

FCMAT Adjustments to the District's First Interim Report

While working at the district, FCMAT received information on expenditure reductions approved by the Governing Board at a January 9 meeting. FCMAT later received information about reductions approved at the February board meeting, reconciled salary and benefits in the general fund for all employees, and adjusted specific resources as needed. The adjustments are grouped by unrestricted and restricted resource categories.

UNRESTRICTED

Resource 0000 –Unrestricted general purpose

Expenditures were adjusted as follows: Certificated salaries were increased by \$86,579 for the net effect of the cash-in-lieu employee benefits and to reflect the most current payroll information; classified salaries were reduced by \$21,608, due to a net projected overbudget in this category; and employee benefits were increased by \$16,517.

Total indirect cost was enhanced by capturing the allowable amount of \$2,737 from restricted resource 6760, Arts and Music Block Grant; and resource 3710, Drug Free Schools. In addition, the inter-fund indirect cost charge of \$34,400 to the cafeteria fund was eliminated.

The transfer out to the deferred maintenance fund was moved to the restricted resource (8150) for routine maintenance, and the transfer out to the cafeteria program was reduced by \$22,767.

Resource 1100 – Unrestricted State Lottery. Certificated salaries were increased by \$6,793 to adjust for the net effect of the cash-in-lieu employee benefit and to reflect the most current payroll information.

Resource 1300 – K-3 Class Size Reduction. Certificated salaries were increased by \$13,464 and employee benefits were increased by \$7,110 for the net effect of the cash-in-lieu of employee benefits and to reflect the most current payroll information.

RESTRICTED

Resource 3010 – Title I, Basic Grant. Salaries and benefits were adjusted as follows: Certificated salaries were increased by \$11,932; classified salaries were reduced by \$957; and employee benefits were increased by \$1,094 to adjust for certificated cash-in-lieu and to reflect the most current payroll information. Expenditures for supplies and materials and other services were reduced to maintain expenditures within the revenue funding levels.

Resource 3310 – Special Education, Basic Grant PL94-142. Reduced salaries and benefits as follows: Classified salaries by \$7,285 and employee benefits by \$2,569 due to projected budget savings based on the most current payroll information. The unrestricted contribution was adjusted to recapture the anticipated budget savings.

Resource 3710 – Drug Free Schools. The supplies budget was reduced by \$489 to capture allowable indirect program cost.

Resource 4035 – Title II, Teacher Quality. Expenditures were increased in the supplies budget by \$871, and other services were increased by \$12,778 to cover overexpenditures in those line items. An unrestricted contribution was established to offset these additional costs.

Resource 6258 – Physical Education Teacher Incentive. State revenues were increased by \$1,586 to equal the amount posted on the California Department of Education Web site. The increased funding was allowed to carry over to 2008-09.

Resource 6405 – School Safety and Violence Prevention. State revenues were reduced by \$877 to the funding level posted on the California Department of Education Web site, and the unrestricted contribution was increased to maintain the current expenditure level.

Resource 6500 – Special Education. Salaries and benefits were adjusted as follows: Certificated salaries were increased by \$2,243; classified salaries were decreased by \$5,001; and employee benefits were increased by \$1,178 due to certificated cash-in-lieu and to reflect the most current payroll information.

Resource 6760 – Arts and Music Block Grant. The supplies budget was reduced by \$2,248 to capture the allowable indirect program cost.

Resource 7080 – Middle and High School Supplemental Counseling. State revenues were increased by \$2,265 to the posted funding level on the California Department of Education's Web site. Expenditures were reduced by \$32,916 in certificated salaries and \$6,000 in employee benefits. The projected net budget savings was allowed to carry over to 2008-09.

Resource 7091 – Economic Impact Aid-LEP. Certified salaries were increased by \$30,070 to adjust for cash-in-lieu and to correct salaries that appeared to be underbudgeted based on year-to-date expenditures and current payroll information. The unrestricted contribution was increased by the same amount to maintain the current expenditure level.

Resource 7156 – Instructional Materials Realignment. State revenues were reduced by \$3,538 to the current listed funding level on the California Department of Education's Web site. No changes were made to expenditures. The result was a reduction in the estimated carryover for 2008-09.

Resource 7230 – Home to School Transportation. Classified salaries were reduced by \$8,450 due to a projected overbudget in this category, and the unrestricted contribution was adjusted by the same amount.

Resource 7393 – Professional Development Block Grant. State revenues were reduced by \$815 to the posted level on the California Department of Education's Web site. Other services expenditures were reduced by the same amount to maintain expenditures within revenue funding levels.

Resource 7395 – School and Library Improvement. State revenues were reduced by \$572 to the posted level of funding on the California Department of Education's Web site. In addition, expenditures were increased for salaries and employee benefits as follows: Certificated salaries \$2,500; classified salaries \$13,915; and employee benefits by \$20,010 based on the year-to-date activity and to reflect current payroll information. An unrestricted contribution of \$36,997 was necessary to maintain the current expenditure level.

Resource 8150 – Ongoing and Major Maintenance Account. The required transfer amount to the deferred maintenance fund of one-half of 1% of the total adopted budget general fund expenditures was moved from the unrestricted general fund, and reduced by \$17,901. The unrestricted 3% contribution was increased to offset the net effect of this change and to maintain the current level of spending in this resource. Common practice in LEAs is to budget the full amount of the transfer in resource 8150 so that it will qualify as part of the 3% contribution required by the district's participation in the state school facility program.

Unrestricted Projection

Emphasis is always given to the unrestricted portion of a multiyear projection because it represents the LEA's discretionary funds. In Aromas-San Juan Unified, 87.45% of the 2006-07 budget was expended for salaries and benefits, leaving only 12.55% to cover the costs of supplies, utilities, insurance, contracts and services, capital outlay, other outgo, transfers out, and debt service payments. Reflecting the district's unstable financial condition, all areas of the budget including salaries and benefits are expected to be

reduced by action of the Governing Board. Further, options related to the district's cash shortages *could have an adverse impact* on the administration and oversight of district operations *if* the district were to require an emergency appropriation from the state.

Until final resolution of the district's projected cash shortage occurs, the district administration, board, and budget committee will continue to be assisted by the fiscal advisor to identify necessary reductions and create a recovery plan. The district hopes to pass a general obligation bond in June 2008. *If approved by voters and based on the wording of the ballot measure*, bond proceeds *could be used* to offset general fund payments in 2007-08 for the certificates of participation and to pay off the debt in full or support future annual COP debt payments.

FCMAT's protocol for multiyear projections does not incorporate proposed reductions or any other actions that are not fully approved by the Governing Board, or in this case, voters. Therefore, FCMAT's projections show the overall shortfall in meeting the district's reserve requirement in 2007-08, 2008-09, and 2009-2010 based on current revenue and expenditure data and trends.

Aromas-San Juan Unified School District
Unrestricted General Fund Multiyear Financial Projection

	Object Code	Base Year 2007 - 08	Year 1 2008 - 09	Year 2 2009 - 10
Revenues				
Revenue Limit Sources	8010 - 8099	7,589,112	7,384,075	7,656,971
Federal Revenues	8100 - 8299	0	0	0
Other State Revenues	8300 - 8599	632,988	594,634	616,866
Other Local Revenues	8600 - 8799	116,400	120,090	124,587
Total Revenues		8,338,500	8,098,799	8,398,425
Expenditures				
Certificated Salaries	1000 - 1999	4,375,895	4,449,881	4,536,635
Classified Salaries	2000 - 2999	903,710	785,333	796,792
Employee Benefits	3000 - 3999	1,530,065	1,486,326	1,497,180
Books and Supplies	4000 - 4999	123,996	126,809	131,682
Services and Other Operating Expenditures	5000 - 5999	626,675	642,235	662,621
Capital Outlay	6000 - 6900	24,000	0	0
Other Outgo	7000 - 7299	23,000	23,000	23,000
Direct Support/Indirect Cost	7300 - 7399	(94,145)	(50,362)	(44,510)
Debt Service	7430 - 7439	276,264	276,536	282,302
Total Expenditures		7,789,460	7,739,758	7,885,702
Excess (Deficiency) of Revenues Over Expenditures		549,040	359,040	512,723
Other Financing Sources\Uses				
Interfund Transfers In	8910 - 8929	0	0	0
Interfund Transfers Out	7600 - 7629	30,240	30,240	30,240
All Other Financing Sources	8930 - 8979	0	0	0
All Other Financing Uses	7630 - 7699	0	0	0
Contributions	8980 - 8999	(1,289,809)	(1,309,961)	(1,331,887)
Total Other Financing Sources\Uses		(1,320,049)	(1,340,201)	(1,362,127)
Net Increase (Decrease) in Fund Balance		(771,009)	(981,161)	(849,404)
Fund Balance				
Beginning Fund Balance (as of July 1 - Unaudited)	9791	27,351	(743,658)	(1,724,819)
Audit Adjustments	9793	0	0	0
Other Restatements	9795	0	0	0
Adjusted Beginning Fund Balance		27,351	(743,658)	(1,724,819)
Ending Fund Balance		(743,658)	(1,724,819)	(2,574,223)
Components of Ending Fund Balance				
Reserved Balances	9700	0	0	0
Revolving Cash	9711	2,500	2,500	2,500
Designated for Economic Uncertainties	9770	385,901	358,051	361,154
Other Designated	9780	0	0	0
Undesignated/Unappropriated	9790	0	0	0
Negative Shortfall	9790	(1,132,059)	(2,085,370)	(2,937,877)

Fiscal Health Risk Analysis

Key Fiscal Indicators

FCMAT developed the Fiscal Health and Risk Analysis to evaluate key fiscal indicators that will assist a school district in measuring its financial solvency for the current and two subsequent fiscal years as recommended by AB 1200. The presence of any single criteria is not necessarily an indication of a district in fiscal crisis. However, districts exceeding the risk threshold of six or more “No” responses may have cause for concern and require some level of fiscal intervention. Diligent planning will enable a district to better understand its financial objectives and strategies to sustain its financial solvency. A district must continually update its budget as new information becomes available from within the district or from other funding and regulatory agencies.

The Fiscal Health Risk Analysis includes 17 components of key fiscal indicators to measure a district’s potential risk. Any of the 17 individual components receiving a simple majority of “No” responses to the questions it contains should be rated with an overall “No” response. For purposes of this review, general fund data used in the comparison of trends is from fiscal years 2001-02 through 2006-07, plus the 2007-08 first interim report.

Is the district’s fiscal health acceptable in the following areas?

1. Deficit Spending No

For comparison purposes, deficit spending is defined as the negative difference between fiscal year revenue and expenditure amounts, not including transfers in, transfers out, sources, or uses.

- **Is the district avoiding deficit spending in the current year? No**
Although the June adoption budget for 2007-08 did not reflect projected deficit spending, four issues surfaced during the closing of the 2006-07 general fund financial records that required adjustments to the 2007-08 budget. These issues included general budget adjustments, an unanticipated increase in excess special education costs from other LEAs, general fund support needed to cover 87% of the annual certificates of participation payment, and the effect of the classified negotiations ratified by the Governing Board on June 27, 2007.
- **Is the district avoiding deficit spending in the two subsequent fiscal years. No**
The district’s first interim report projects ongoing deficit spending in 2008-09 and 2009-2010.
- **Has the district controlled deficit spending over the past two fiscal years? Yes**

- **Is the issue of deficit spending addressed by fund balance, ongoing revenues, or expenditure reductions? Yes**

Between 2004-05 and 2006-07 the level of deficit spending was minimal, and was offset by fund balance.

- **Has the board approved a plan to eliminate deficit spending? Yes**

The administration and board are investigating all available means and taking necessary actions to reduce deficit spending.

	Audited 2001-02	Audited 2002-03	Audited 2003-04	Audited 2004-05	Audited 2005-06	Unaudited 2006-07	2007-08 First Interim
Increase/Decrease	\$359,780	\$382,543	(\$460,452)	\$13,395	\$30,458	(\$31,175)	(\$775,303)

2. Fund Balance No

- **Is the district's fund balance at or consistently above the recommended reserve for economic uncertainty? No**

Prior to 2006-07, the district had maintained a reserve level above the 3% required for a district of its size. Based on the 2006-07 draft audit report and the district's first interim report, the 2006-07 and projected 2007-08 reserve levels are negative.

- **Is the fund balance stable or increasing due to ongoing revenues and/or expenditure reductions? No**

At the time of the closing of the 2006-07 general fund financial records, the district recognized that it was in serious financial condition largely due to the four factors identified in the previous section of this report.

- **Does the fund balance include any designated reserves for unfunded liabilities or one time costs above the recommended reserve level? No**

As of first interim, the general fund ending balance is projected to be negative for 2007-08. The San Benito County Superintendent of Schools, in exercising his authority under AB1200 and AB 2756, appointed a fiscal advisor with stay and rescind authority and engaged FCMAT to prepare a multiyear financial projection to confirm the seriousness of the district's financial condition.

	Audited 2001-02	Audited 2002-03	Audited 2003-04	Audited 2004-05	Audited 2005-06	Unaudited 2006-07	2007-08 First Interim
Fund Balance	\$1,058,134	\$1,092,575	\$622,489	\$594,816	\$551,801	\$376,918	(\$525,033)

3. Reserve for Economic Uncertainty No

- **Is the district able to maintain its reserve for economic uncertainty in the current and two subsequent years based on current revenue and expenditure trends? No**

As reported in the district's 2007-08 first interim report, the fund balance is projected to be negative, and with no available reserves, the reserve shortfall is equivalent to (4.11)%.

- **Does the district have additional reserves in fund 17, special reserve for noncapital projects? No**
- **If not, is there a plan to restore the reserve for economic uncertainties in the district's multiyear financial projection? No**

The district administration, board, staff, and budget committee are working with the fiscal advisor to create a recovery plan. The available reserve for a LEA is based on the unrestricted portion of the general fund ending balance. Factors identified during the closing of the district's 2006-07 financial records caused the June 2007 projected unrestricted ending balance to decrease from \$449,554 to \$27,351. The standards and criteria section on available reserves requires the district to maintain a 3% reserve level.

	Audited 2001-02	Audited 2002-03	Audited 2003-04	Audited 2004-05	Audited 2005-06	Unaudited 2006-07	2007-08 First Interim
Reserve Level	5.54%	5.64%	3.63%	4.39%	3.63%	(.67%)	(4.11%)

4. Enrollment Yes

- **Has the district's enrollment been increasing or stable for multiple years? No**
- **Is the district's enrollment projection updated at least semiannually? Yes**
- **Are staffing adjustments for certificated and classified employee groups consistent with the enrollment trends? Yes**
- **Does the district analyze enrollment and average daily attendance (ADA) data? Yes**
- **Does the district track historical data to establish future trends between P-1 and P-2 for projection purposes? Yes**
- **Has the district implemented any attendance programs to increase ADA? Yes**
The district has a perfect-attendance program as an incentive for students.
- **Have approved charter schools had little or no impact on the district's student enrollment? N/A**
- **Does the district have a board policy that attempts to reduce the effect that transfers out of the district have on the district's enrollment? No**

District enrollment has fluctuated slightly. In 2006-07, enrollment increased by 83 students from the prior year and dropped by 34 students in 2007-08. The district is affected by inter-district agreements each year although the difference between the number of those who transfer to and from the district is typically very small. For example, in 2007-08, 151 Aromas-San Juan Unified students applied to attend school in another district while 152 students outside the district applied to attend school in Aromas-San Juan Unified.

CBEDS	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Enrollment	1,364	1,360	1,285	1,286	1,247	1,330	1,296

5. Interfund Borrowing N/A

- **Can the district manage its cash flow in all funds without interfund borrowing? N/A**
- **Is the district repaying the funds within the statutory period in accordance with Education Code section 42603? N/A**

Interfund borrowing is insufficient to address the district's cash flow problems. The district does not have a special reserve for other than capital projects fund, that could be used to support the required reserve. The practice at the San Benito County Treasurer's office is to combine the cash balances of the cafeteria and general fund. According to the county office, at the end of June 2007, the cafeteria had a negative cash balance with the treasurer of more than \$350,000 due to receivables and cash that was in a clearing account at a local bank.

Although the total ending cash balance for the general/cafeteria funds was \$1,958,637 in June 2007, the 2007-08 cash flow projection prepared by the county office at FCMAT's request shows that the district will end the 2007-08 fiscal year with a negative cash balance of -\$613,486 if all funds are received and expended as budgeted at first interim.

6. Bargaining Agreements No

- **Has the district settled the total cost of the bargaining agreements at or under COLA during the current and past three years? No**
Negotiations for classified and certificated employees were settled in January of 2004-05 and 2005-06 at a percentage higher than the state COLA. The 2006-07 settlements were below the state COLA and included a one-time bonus for the classified staff.
- **Did the district conduct a presettlement analysis identifying an ongoing revenue source to support the agreement? No**
FCMAT was not provided with supporting documentation for previous settlements.

- **Did the district correctly identify the related costs above the COLA, (i.e. statutory benefits, step and column)? No**
FCMAT was provided with the 2006-07 AB 1200 disclosure documents for the certificated and classified units. In June 2007, the district had a positive certification status from the 2006-07 second interim reporting period and was not required to submit the disclosures to the county office for review prior to board approval. The disclosure for the certificated unit dated June 6, 2007, noted a projected unrestricted ending balance of \$12,840 for 2007-08 and \$84,435 for 2008-09. Both amounts are below the required reserve level of 3%. The disclosure for the classified unit dated June 27, 2007 noted a projected unrestricted ending balance of \$87,190 for 2007-08, less than the required reserve level.
- **Did the district address budget reductions necessary to sustain the total compensation increase including a board-adopted plan? No**
The intent of the district was to incorporate the budget revisions into the 2007-08 first interim report.
- **Did the superintendent and CBO certify the agreement prior to ratification? No**
The certification of the June 2007 certificated settlement did not include the signature of the Business Manager.
- **Is the governing board's action consistent with the superintendent's/CBO's certification? N/A**
- **Did the district submit to the county office of education the AB 1200\2756 full disclosure as required? No**
The Governing Board ratified the 2006-07 settlement with the Aromas-San Juan Teacher's Association on June 6, 2007. The 2006-07 settlement with the ASJ Federation of Classified Employees was ratified on June 27, 2007, at the same meeting that the 2007-08 budget was adopted. The fiscal impact of the certificated agreement was included in the 2006-07 unaudited actuals; the impact of the classified agreement was not.

The district hired an independent consultant to review the budget. The consultant's November 6, 2007 report addressed the budget revisions needed to adjust projected ADA, the retroactive salary payment processed in July 2007 for the classified unit settlement, the impact of ongoing costs of each bargaining unit settlement to the 2007-08 fiscal year, and the addition of the carryover balances for categorical programs.

	2004-05	2005-06	2006-07
Funded State COLA*	2.41%	4.23%	5.92%
Negotiated Settlements			
Certificated	4.0% effective 1/1/05	5.0 % effective 1/23/06	4.1% effective 7/1/06
Classified	4.0% effective 1/1/05	5.0% effective 1/23/06	4.1% effective 7/1/06 + 2.15% One-time bonus

*Source – School Services of California, Revenue limit COLAs since 1978-79 and district records

According to the county office Assistant Superintendent of Business, the district did not submit the disclosures or a revised budget within 45 days of ratification of the agreements required by E.C. 42142. At that time, the district became alarmed by the impact of the four issues previously discussed, which reduced the estimated unrestricted ending balance for 2006-07 from \$449,554 to \$27,350 in the unaudited actuals.

7. General Fund Yes

- **Is the percentage of the district's general fund unrestricted budget allocated to salaries and benefits at or under the statewide average? Yes**

Salary and Benefit Expense as a Percentage of Total Expense Unrestricted General Fund

					Total General Fund
<u>Statewide Averages</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2005-06</u>
Unified	89.53%	91.26%	92.03%	91.38%	82.63%
Elementary	88.13%	89.84%	90.30%	89.95%	81.96%
High School	86.52%	88.30%	88.64%	87.92%	80.00%

Source: School Services of California

For comparison, the following table provides the district percentages for the same periods. As the percentage of unrestricted costs for salaries and benefits increases, an LEA has fewer discretionary dollars available to support other costs such as supplies, utilities, insurance, capital outlay, etc.:

	<u>Unrestricted</u> General Fund %					Total General Fund %
	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2006-07</u>
District Average % of Salary	82.63%	86.59%	89.01%	88.99%	87.45%	76.34%

- **Is the district making sure that only ongoing restricted dollars pay for permanent staff? Yes**

- Does the budget include reductions in expenditures proportionate to one-time revenue sources, such as parcel taxes, that will terminate in the current or two subsequent fiscal years? N/A
- If the district receives redevelopment revenue that is subject to AB 1290 and SB 617, has it made the required offset to the revenue limit? N/A

8. Encroachment No

- Is the district aware of the Contributions to Restricted Programs in the current year? (Identify cost, programs and funds) Yes
- Does the district have a reasonable plan to address increased encroachment trends? No
The district is unable in its current financial condition to manage the increasing level of excess costs from other LEAs that provide special education services to its students. In addition, other programs are allowed to encroach, including transportation and categorical programs (see chart below).
- Does the district manage encroachment from other funds such as Adult Education, Cafeteria, Child Development, etc.? No
In addition to transfers to the cafeteria fund and child development programs when necessary, changes in the levels of unrestricted contributions to restricted programs add to the factors that have contributed to the district's fiscal crisis as shown in the following table:

General Fund Contributions	Audited 2001-02	Audited 2002-03	Audited 2003-04	Audited 2004-05	Audited 2005-06	Unaudited 2006-07	Projected First Interim 2007-08
	(550,093)	(376,523)	(437,131)	(643,494)	(764,572)	(916,760)	(1,197,046)

A more specific comparison of contributions to restricted programs is shown for 2006-07 and 2007-08:

General Fund Contributions	Unaudited 2006-07	Adopted Budget 2007-08	Projected First Interim 2007-08
Routine Repair/Maintenance (required)	(294,279)	(335,016)	(335,016)
Title 1 Basic resource	(24,889)		
Agriculture Vocational Ed	(712)		
Closing adjustments other programs	4,743		
School Safety and Violence Prevention			(4,766)
Economic Impact Aid			(22,565)
Transportation	(21,812)	(81,820)	(105,081)
IDEA resource 3310	(105,463)	(52,337)	(9,854)
Special Education resource	(474,348)	(489,741)	(798,842)
TIIG Block Grant		81,820	90,156
School and Library Block Grant			(11,078)
Total	(916,760)	(877,094)	(1,197,046)

9. Management Information Systems Yes

- Is the district's financial data accurate and timely? Yes
- Are the county and state reports filed in a timely manner? Yes
- Are key fiscal reports readily available and understandable? Yes
- Is the district on the same financial system as the county? Yes
- If the district is on a separate financial system, is there an automated interface with the financial system maintained by the county? N/A

10. Position Control No

- Does the district maintain a reliable position control system? No
- Is position control integrated with payroll? No
- Does the district control unauthorized hiring? Yes
- Are the appropriate levels of internal controls in place between the business and personnel departments to prevent fraudulent activity? N/A
- Does the district use position control data for budget development? Yes
- Is position control reconciled against the budget during the fiscal year?

Although the county office financial system has a position control module, the district business office uses Excel spreadsheets for position control. These spreadsheets are not regularly reconciled between HR, Payroll and the budget office. The district should consider building the position control information in the QSS system so it can be used for budget development and monitoring throughout the year.

11. Budget Monitoring

No

- **Are budget revisions completed in a timely manner? No**
When the economy of California and the district are in a state of flux, more frequent monitoring and adjustments to the budget should be completed.
- **Does the district openly discuss the impact of budget revisions at the board level? Yes**
- **Are budget revisions made or confirmed by the board at the same time the collective bargaining agreement is ratified? No**
- **Has the district's long-term debt decreased from the prior fiscal year? No**
- **Has the district identified the repayment sources for long-term debt or nonvoter-approved debt, i.e. certificates of participation, capital leases? Yes**
The district earmarked revenues from the capital facilities fund as support for the certificates of participation and had serviced the COP payments from this source in the past. Revenues collected in this fund have decreased significantly, and in 2007-08, the general fund is projected to fund 87% of the annual COP payment. The district hopes to pass a bond measure in June 2008 that will partly reimburse the general fund for the 2007-08 COP payment and potentially pay off the debt.
- **Does the district's financial system have a hard-coded warning regarding insufficient funds for requisitions and purchase orders? No**
- **Does the district encumber salaries and benefits? Yes**
Budget revisions are generally made at interim reporting periods and when updated information on revenues or expenditures is received during the year. The 2006-07 collective bargaining agreements for both units were ratified at the June 2007 board meeting causing unusual circumstances for budget revisions for that year. The certificated agreement was ratified early in the month, with retroactive pay processed on the June end of month payroll. The impact of this agreement for 2006-07 was recognized in the unaudited actual report presented to the board in September 2007.

The classified agreement for 2006-07 was ratified on June 27, the same day the 2007-08 budget was adopted by the board. Budget adjustments were processed after the report of the independent consultant was completed. Under the best of circumstances, the 2007-08 budget would have been updated to reflect the salary increase in September 2007 when the unaudited actuals for 2006-07 were presented to the board.

12. Retiree Health Benefits No

- **Has the district completed an actuarial valuation to determine the unfunded liability under GASB 45 requirements? No**
- **Does the district have a plan for addressing the retiree benefits liabilities? No**
- **Has the district conducted a re-enrollment process to identify eligible retirees? N/A**

The district recognizes an expense for health benefits for five retirees whose coverage will continue until their 65th birthdays. Members of the Aromas-San Juan Teachers Association qualify for benefits on a sliding scale of age/number of years of service in the district. FCMAT was not able to verify the issue of retiree benefits for the classified staff. At the end of 2006-07, the balance of the retiree benefit fund was zero. Funding for retiree benefits is done on a pay-as-you-go basis.

13. Leadership/Stability No

- **Does the district have a superintendent and/or chief business official that has been with the district more than two years? No**

The district superintendent is in her eighth year with the district. The superintendent bears the entire load of administration duties. The CBO joined the district in early 2006-07. The CBO has not yet taken advantage of available statewide CBO training programs.

- **Does the governing board adopt clear and timely policies and support the administration in their implementation? No**

The county superintendent has observed that the Governing Board does not exhibit proper boardsmanship, causing a distraction and delay of district business. In the opinion of the superintendent, "the board has not found a working consensus nor performs as a cohesive governing body. Board meetings run long and leave unfinished business. Issues are readdressed unnecessarily."

14. Charter SchoolsN/A

- **Has the district identified a specific employee or department to be responsible for oversight of the charter? N/A**
- **Has the charter school submitted the required financial reports? N/A**
- **Has the charter school commissioned an independent audit? N/A**
- **Does the audit reflect findings that will not impact the fiscal certification of the authorizing agency? N/A**
- **Is the district monitoring and reporting the current status to the board to ensure that an informed decision can be made regarding the reauthorization of the charter? N/A**
- **The district does not have any charter schools.**

15. Audit ReportNo

- **Did the district receive an audit report without material findings? No**
- **Can the audit findings be addressed without impacting the district's fiscal health? No**
- **Has the audit report been completed and presented within the statutory time line? No**
- **Are audit findings and recommendations reviewed with the board? Yes**

- **Did the audit report meet both GAAP and GASB standards? Yes**

At the time of FCMAT's visit in late January, an extension for the 2006-07 audit had been requested through the county office. Factors noted earlier in this report, which became apparent during the closing of the district's financial records resulted in the district's reserve for economic uncertainties calculated at (.67)%. Under these circumstances the district will likely be identified as a going concern, require an infusion of cash from an outside source, or qualify for state intervention, and be required to develop recovery and actions plans to restore fiscal solvency.

An organization is not a going concern when its fiscal health is suspect or it is deemed to have risk of insolvency. This latter circumstance would be considered "not a going concern" or "lack of a going concern." The AB 1200 section of the

Education Code does not use the term “going concern.” However, E.C. 42127.6 has often been referred to as the “going concern” section. The term “going concern” does appear in the State Controller’s K-12 Audit Guide under “other issues.” The guide’s statement on auditing standards (SAS) No. 59 states, “The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern, addresses the auditor’s responsibilities and considerations when questions arise concerning an organization’s ability to meet its obligations as they become due without substantial disposal of assets, restructuring of debt, externally forced revision of its operation, or similar actions. The ability to meet payment obligations as they become due is the key concept that causes SAS No. 59 to be directly applicable to government entities, including LEAs.”

To put it simply, a district that is able to maintain operations with a stable cash balance is categorized as a going concern. A district that cannot sustain a cash balance sufficient to support its obligations is categorized as “a lack of going concern.”

16. Facilities Yes

- **Has the district passed a general obligation bond? Yes**
On March 5, 2002, \$11,199,046 in general obligation bonds (election of 2001, series A) were authorized in an election of registered voters in the district. The maturity date of this issuance is 2028.
- **Has the district met the audit and reporting requirements of Proposition 39? Yes**
- **Is the district participating in the state’s School Facilities Program? Yes**
- **Does the district have sufficient personnel to properly track and account for facility-related projects? Yes**
- **Has the district met the reporting requirements of the Williams Act? Yes**
- **Is the district properly accounting for the 3% routine repair and maintenance account requirement at the time of budget adoption? Yes**
- **If needed, does the district have surplus property that may be sold or used for lease revenues? No**
- **If needed, are there other potential statutory options?**
The district has a joint-use agreement with a county agency for the Aromas School gymnasium.

- **Can the district enter into a joint use agreement with some entities without declaring the property surplus and without bidding?**

Joint Occupancy: The Education Code provides for a joint venture that can authorize private development of district property that will result in some educational use.

- **Does the district have a facilities master plan that was completed or updated in the last two years? N/A**

FCMAT did not receive information on the district's facilities master plan. Proposed development in the area could result in the construction of more than six thousand homes. One-third of the community's population commutes to jobs in larger cities.

The district received an updated developer fee justification study in February 2008.

17. General Ledger

Yes

- **Has the district closed the general ledger (books) within the time prescribed by the county office of education? Yes**

Although the general ledger was closed within the time line required by the county office, significant liability factors that had not been anticipated when the 2007-08 budget adoption radically changed the ending balance for 2006-07.

- **Does the district follow a year-end closing schedule? N/A**

- **Have beginning balances in the new fiscal year been recorded correctly for each fund from the prior fiscal year? Yes**

Beginning balances have been recorded correctly. However, for the two interim reports, column A reflecting the adoption budget should be reported with the estimated beginning balance used in June so that the interim report will clearly identify when the changes to the budget and the subsequent change in the district's financial position occurred.

- **Does the district adjust prior year accruals if the amounts actually received (A/R) or paid (A/P) are greater or less than the amounts accrued? Yes**

- **Does the district reconcile all payroll suspense accounts at the close of the fiscal year? Yes**

Total “No” Responses: 10

RISK ANALYSIS

1. Total the number of component areas in which the district’s fiscal health is not acceptable (“No” responses).
2. Use the key below to determine the level of risk to the district’s fiscal health.

0 – 4	5 – 9	10 – 14	15 – 17
Low	Moderate	High	Extremely High

The total of 10 “No” responses would rank the fiscal health and risk of the district as high, and the lack of available cash to sustain ongoing operational expenses and the projected negative fund balances for 2007-08 and the two subsequent years make the district’s fiscal problems more serious. Depending on the options available for cash support from other outside sources, the district *may find itself in the position of* requiring intervention at the state level and receiving emergency funds to support pupil instruction, operational safety and compliance, and the infrastructure needed for personnel, payroll, and payable activities.

FCMAT’s ratings are based on documentation requested from the district in the document request list, interviews conducted with district and county office staff, independent audit reports, and information and data available from the CDE Web site.

If the Fiscal Health Risk Analysis had been conducted by the district before June 2007, the overall rating would have been relatively positive because the material liabilities had not yet been recognized. Better procedures for monitoring and updating the budget and earlier notification/recognition of excess cost increases by LEAs providing special education services might have focused attention earlier on the areas identified during the closing of the 2006-07 financial records. The result may have been the same, but would have raised awareness and corrective actions sooner.

The administration can improve the overall rating by continuing to work with the fiscal advisor, budget committee, and Governing Board to reduce or eliminate deficit spending and develop a financial recovery plan to restore the fund balance and required reserve of 3%.

The administration can improve the “No” ranking for collective bargaining agreements by ensuring that a full cost analysis of each proposed settlement is prepared and reviewed prior to the completion of negotiations. The board should also adopt budget revisions when it ratifies agreements to recognize the financial impact of the settlement.

The administration will be challenged by the increasing level of contributions for special education and transportation as costs in these areas may not be directly under the district’s control. However, every effort should be made to reduce or eliminate general

fund support to other categorical programs and the cafeteria and child development funds. The administration should make it a top priority to use the financial system's position control module to account for employee salary and benefit costs. These areas of expense comprised 87.45% of the general fund unrestricted budget in 2006-07. At this point, even a slight difference between actual payments and the current Excel tracking can create more significant problems.

The administration and business office should establish better processes to develop and monitor the budgets for all sites and funds, including better communication with school sites and program managers to instill fiscal accountability at all levels.

The "No" response for the audit section is directly related to negative cash and fund and reserve balances. The study team credits the county office, district administration and Governing Board for focusing on identifying expenditure reductions for the current and subsequent years. With the assistance of the fiscal advisor and an infusion of cash from an outside source, the priority will be to develop a recovery plan to restore fiscal solvency in two to three years. The process should be as open as possible and include participation and communication at all levels, including with the community.

Other Issues

FCMAT's visit to the district included discussions on practices in the business and personnel offices as well as ideas for improvements. At the district's request, general information on the industry's best practices in those areas is included in this section of the report.

Budget Development

Developing an annual spending plan should be considered a high priority between January and June each year regardless of a school district's financial condition. The budget serves as a fiscal road map to support district operations and programs through the year. The process ideally is one of collaboration between the business office, administrative cabinet, department heads, and school site administrators. The original budget adopted by the board in June represents *anticipated* revenue and expenditure allocations that are based on known variables including but not limited to the following:

Changes in enrollment/ADA	State cost of living adjustment (COLA)
Inflation factors (CPI, interest)	Changes in staffing, salaries, and benefits
Increases or decreases in staff	Adjustments for utility costs
Equipment purchases	Contributions to restricted programs
Long-term debt/liabilities	Impact of new requirements/compliance issues

When building a new budget each year, all site and program administrators should play an active role in the development of their budgets, site plans should be reviewed to be sure that budgets reflect site goals, and district goals reviewed to ensure that the budget accurately reflects overall goals and objectives. The district should consider a formal, documented budget development process so that all those affected understand and participate in the process.

Although very large districts may begin the process in the fall, average or small size districts typically initiate budget development activities in January following the release of the Governor's proposed budget by adopting a budget calendar. The calendar identifies dates for the completion of each function in the process and assigns responsibility for completion to a specific individual/department/school site.

Many types of budget development models exist, including the following:

- Decentralized budgeting: Major budgeting and related decisions are made at the school-site level.
- Centralized budgeting: Budget decisions are made in a "top-down" method, commonly used when a district is small, has a severe financial condition, or needs to exert greater fiscal control over the annual spending plan.

- Blended decentralized/centralized method: Combines the two previous models and uses budget committees to gain broad participation while maintaining control.
- Zero-based budgeting: The entire budget is analyzed and recreated each year.
- Rollover budgeting: Prior year budgets are moved forward and updated with additions or deletions.
- Enrollment-based budgets: Accurate demographic information becomes the basis for budget allocations.
- Program budgeting: Spending plans are based on the expected results of services to be performed by the organizational units.

Because one budget approach seldom meets all of a district's needs or requirements, many districts have created a process that combines elements from several models. The primary consideration in choosing a budget development process is to assess the district's budget needs and tailor the process to the district's unique characteristics. All budget methods must be carefully communicated to interested parties so that the advantages of the chosen method are evident.

The district uses a blended approach, including the rollover method, to prepare each upcoming annual budget. Districts using the rollover method should consider using a more comprehensive method every other year. Rollover budgeting starts with the prior year working budget as a base with added adjustments for the annual impact of step-and-column movement, utility increases and other areas where costs increase annually due to inflation. Districts that utilize rollover budgeting often strategically adjust budgets further based on need or local priorities. However, with the constant change in instructional programs, fiscal reporting, district goals and objectives and compliance, taking the time to review the budget with new objectivity will help the district keep stride with new priorities and the changing economy.

Budget guidelines are defining statements that include criteria to develop the budget so that it reflects the goals and objectives adopted by the board. Examples of budgetary guidelines are as follows:

- A. General fund budgeted expenditures will not exceed budgeted revenue and/or reserves, except by the amount of authorized funds carried over from the fiscal year 20xx-xx budget, in accordance with board policy and state law.
- B. The budget format will be based on the California School Accounting Manual and utilize the Standardized Account Code Structure (SACS).

- C. Basic allocations for staffing and budget will be established in the same manner at each school site, regardless of availability of supplemental resources (e.g. Title I) to ensure that the district complies with Title I comparability requirements.
- D. The cafeteria fund operating budget will show a positive fund balance as stipulated by Education Code requirements and the Governing Board.
- E. The projected costs of current operations will be budgeted within the general fund based on enrollment projections, revenue calculations, and reasonable inflation factors. Information from the county office and School Services of California will be applied, where appropriate, to revenue and expenditure allocations.
- F. A transfer to the deferred maintenance fund will be budgeted at a level which will, at a minimum, entitle the district to the maximum amount of state matching funds and ensure a continuing eligibility for modernization and hardship funding. The funds will be expended for projects approved by the state under the district's five-year plan.
- G. Funds generated from developer fees will be placed in the capital facilities fund-developer fees, and expenditures will be incurred in accordance with board-approved construction/reconstruction projects.

The adoption budget includes an *estimate* of the beginning balance for the new year; the actual beginning balance will not be confirmed by the business office until the financial records for the fiscal year have been closed out in August or September. The estimated beginning balance used in the adoption budget should be validated by a thorough fiscal analysis, completed in May, of the projected ending balances through June 30.

Reconciliation of projected enrollment and staffing full time equivalents (FTEs) should be completed through a joint effort between the business office, curriculum/instruction, and the personnel office. Staffing levels should reflect and comply with formulas included in collective bargaining agreements.

A budget calendar for a single adoption district might incorporate some or all of the factors listed below:

<u>DATE</u>	<u>FUNCTION</u>	<u>RESPONSIBILITY</u>
12/xx/xx	Adoption of budget calendar	Governing Board and Superintendent
12/xx/xx	Approval of budget guidelines	Governing Board

01/xx/xx	Distribution of budget development Materials to cabinet, departments, and school sites	Business office
02/xx/xx	Submittal of preliminary budget requests to business office	Cabinet, departments, and school sites
02/xx.xx	Update enrollment projections, calculate revenue limit, supply allocations, utility/salary/benefit increases	Business office
02xx/xx	Project new year grant and entitlement amounts	Special projects and Business office
02/xx/xx	Identify one time funds and Supporting expenditures	Business office
03/xx/xx	Return preliminary budget printouts to cabinet, departments, and school sites for review	Business office
04/xx/xx	Conduct board study sessions on preliminary budget	Superintendent, CBO Cabinet
05/xx/xx	Update June 30 projections for current year	Business office
06/xx/xx	Update preliminary budget as needed to reflect May revise information	Business office
6/xx/xx	Public hearing on budget	Governing board
6/xx/xx	Adoption of budget	Governing board
On or before 7/01/xx	Filing of budget at county office	Business office

Budget Monitoring

The budget represents the best projection of the district's financial plan at any given time and should be reviewed and updated regularly as material changes occur. Districts are required to report financial information and projections up to three or four times during the fiscal year. If the state budget is adopted after June 30, school districts are required to

report material district budget revisions caused by the impact of the state budget to the county office within 45 days of the signing of the state budget by the Governor.

By September 15, the Governing Board is required to certify the unaudited actuals for each fund and forward the information in a Standardized Account Code Structure (SACS) report to the county office for review. The beginning balance of each fund is updated by the district to replace the estimated beginning balance with the actual amount. If the actual amount is substantially more or less than originally estimated at the June adoption, adjustments to revenue and the expenditure allocations may be needed to maintain a balanced budget. By late September or early October, budget revisions for carryover amounts for grants and entitlements should be added to the budget so that school sites and special programs can utilize the funds. The district should maximize the use of categorical funds by identifying the specific goals that can be met with restricted funds.

During the first and second interim reporting periods, the district is required to complete projections through June 30, which often creates the need for additional budget revisions. At the same time, cash flow projections, enrollment/ADA, and revenue limit calculations should be recomputed, with any necessary budget revisions being completed for both revenue and expenditure accounts.

Recommendations

The district should:

1. Include with the annual budget a mission statement, statement of core values, strategic plan, or goals and objectives that have been approved by the Governing Board based on a realistic projection of available funds.
2. Draft and approve budget development processes and board policies to link the district's spending plan to the adopted goals, objectives, concepts and guidelines.
3. Consider using a zero-based budget model every other year to ensure that a fresh and objective perspective of the district's needs is applied.
4. Annually review formula allocations to ensure that they are equitable and provide adequate support for basic needs.
5. Prepare a comparison of current revenue and expenditures with anticipated revenues and expenditures for the budget year, and compare the two for reasonableness.

6. Conduct board study sessions and community meetings to solicit public opinion on the budget and report out on progress to date. The district should report back during open session to verify recommendations that were incorporated into the budget and explain why other recommendations were not.
7. Ensure that program and/or department expenditures are linked in the budget to the district's strategic priorities and core values and document the link in each budget narrative throughout the year.
8. Conduct annual budget development in a collaborative manner that relies on input from key stakeholders, including the board, cabinet, departments, and school sites; utilizing unrestricted and categorical funds appropriately and to their full benefit on behalf of students.
9. Document the formal budget development process in a budget handbook. The handbook should identify the time line for tasks to be completed and where the responsibility is placed. The handbook should be included in staff in-service workshops conducted at the beginning of the each year.

Position Control

Employee salaries and benefits make up the largest part of any school district budget; projecting them accurately is the most important element in any financial projection. A reliable position control system establishes positions by site or department and prevents overstaffing by ensuring that staffing levels conform to district formulas and standards.

Once a district's position control data is entered into the position control software and reconciled, salary and benefit costs are loaded directly into the budget development system, eliminating the need for manual entry, external applications and spreadsheets. The advantages of this approach include saving time in budget development and monitoring checks and balances on employee costs. A fully functioning position control system will help the district maintain accurate budget projections, employee demographic data, and salary and benefit information.

The deficiency in some position control modules is that it may not encumber salary and benefits as the year progresses, so the district must continually perform this additional analysis to ensure that existing budgets are adequate. After budget development, the position control system should continue to be updated. Budget revisions should be made for changes to salaries and benefits for existing positions and for any noncontractual salaries such as substitute, extra hire and other miscellaneous classified and certificated accounts. Many districts include these additional salary accounts in position control, which allows position control to drive the budget all year. The practice differs by district and by system.

Because the payroll system and position control are linked, it is understood that all information related to employee changes must be shared with the Business, Personnel, and Payroll departments.

New positions and changes in employment status should be entered into the district's financial/position control system by human resources staff. A Notification of Employment form (NOE) or Change of Status form should be used to formally notify the Payroll department within three working days of all personnel actions that could affect the payroll, including the hiring of new employees, employee terminations and resignations, and other changes in employment status. A copy of the form should also be forwarded to the business office employee updating the budget. Examples of certificated and classified Change of Status forms are included in the appendix section of this report.

To provide good internal controls, position control responsibilities are normally shared by the Business and Human Resources departments. Internal controls help ensure efficient operations, reliable financial information, and legal compliance. They also protect the district from material weaknesses, serious errors and fraud. Regardless of the type of position control system used, these controls should be in place.

The following table provides a sample distribution of labor between the Business and Human Resources departments to establish the necessary internal control structure.

TASK	RESPONSIBILITY
Approve or authorize position	Governing Board
Enter demographic data into the main demographic screen, including: Employee Name Employee Address Social Security Number Credential Classification Salary Schedule Placement Annual Review of Employee Assignments	Human Resources Department
Update Employee Benefits Review and Update Employee Work Calendars Annually Review and Update Salary Schedules	Business Department
Account Codes Budget Development Budget Projections Multiyear Projections Salary Projections	Business Department

For a position control system to be an effective budgeting resource, all authorized positions for the current fiscal year should be rolled into the upcoming budget year in January or February. This rollover provides a starting point for the annual budget process.

Appendices

- A. Multiyear Financial Projection Detail
- B. Sample Classified Change of Status form
- C. Sample Certificated Change of Status form
- D. 2006-07 cash flow
- E. 2007-08 projected cash flow
- F. Study Agreement

Projection Rules

Rule	Description	Base Year 2007 - 08	Year 1 2008 - 09	Year 2 2009 - 10	Note
CertCOLA	Certificated COLA %	0.00%	0.00%	0.00%	
ClassCOLA	Classified COLA %	0.00%	0.00%	0.00%	
CertColumn%	Certificated Staff Column Increase %	0.00%	0.00%	0.00%	
CertStep%	Certificated Staff Step Increase %	2.08%	2.08%	2.08%	
ClasStep%	Classified Staff Step Increase %	1.75%	1.75%	1.75%	
CPI	California CPI (SSC)	3.20%	2.70%	2.50%	(1)
LOT-Res	California Lottery Restricted (SSC)	\$22.00	\$22.50	\$22.50	(2)
LOT-Unr	California Lottery Unrestricted (SSC)	\$121.00	\$121.00	\$121.00	(3)
INT	Interest Rate Trend for 10 Year Treasuries (SSC)	4.20%	4.10%	4.80%	(4)
NetCOLA	Net Funded Revenue Limit COLA (SSC)	4.53%	4.94%	3.00%	(5)
RLDef	Revenue Limit Deficit: K-12 (SSC)	0.00%	6.99%	6.99%	(6)
SpEdDef	Special Education Base Deficit (SSC)	4.53%	-6.50%	3.00%	(7)
CatCOLA	State Categorical COLA (SSC)	4.53%	-6.50%	3.00%	(8)
StCOLA	Statutory COLA (SSC)	4.53%	4.94%	3.00%	(9)
HW%	Health & Welfare Benefit Increase	0.00%	0.00%	0.00%	
CustAmt	Custom Amount	\$0.00	(\$7,856.38)	\$2,146.21	
Cust%	Custom Percent	0.00%	0.00%	0.00%	
Cust1Amt	Custom One Time Amount	\$0.00	\$0.00	\$0.00	
Cust1%	Custom One Time Percent	0.00%	0.00%	0.00%	
ManInput	Manual Input	\$0.00	\$0.00	\$0.00	
PRO	Proportional	0.00%	0.00%	0.00%	
Zap	Zero Out	\$0.00	\$0.00	\$0.00	
Enr	Year-to-Year Change in Enrollment	-2.56%	-0.39%	1.47%	
RL-ADA	Year-to-Year Change in RL ADA	0.00%	-0.42%	1.31%	
TchrStfg	Year-to-Year Change in Teacher Staffing	0.00%	0.00%	0.00%	
SalFrcstr	Salary Forecaster	\$3,184,746.00	\$3,184,746.00	\$3,184,746.00	
P2ADA	P2-ADA/ PRIOR YEAR ANNUAL ESTIMATE	\$0.00	\$0.00	\$0.00	

-
- (1) California CPI
- (2) The forecast for Lottery funding per ADA includes only the amount restricted by Proposition 20 (2000) for instructional materials. Lottery funding is based on prior year annual ADA times the statewide average excused absence factor of 1.04446.
- (3) The forecast for Lottery funding per ADA includes only the base (unrestricted) funding. Lottery funding is based on prior year annual ADA times the statewide average excused absence factor of 1.04446.
- (4) Interest Rate for 10-year Treasuries
- (5) Net Funded Revenue Limit Change
- (6) Revenue Limit Deficits K-12
- (7) Special Education Base Deficit
- (8) State Categorical COLA (including adult ed, ROC/P)
- (9) Statutory COLA (use for K-12 and COE Revenue Limits and Special Education)

Enrollment, P2ADA & Enrollment Factors

Enrollment	Historical 5 2002 - 03	Historical 4 2003 - 04	Historical 3 2004 - 05	Historical 2 2005 - 06	Historical 1 2006 - 07	Base Year 2007 - 08	Year 1 2008 - 09	Year 2 2009 - 10
K	111	98	97	94	80	98	102	107
1	108	111	91	93	105	85	102	108
2	100	105	98	93	97	107	86	104
3	98	94	107	90	92	81	98	78
4	122	90	87	101	103	98	85	104
5	111	107	94	84	100	92	93	80
Subtotal (K - 5)	650	605	574	555	577	561	566	581
6	105	103	124	87	103	107	101	102
7	132	100	108	122	102	94	109	102
8	129	131	106	103	131	110	99	115
Subtotal (6 - 8)	366	334	338	312	336	311	309	319
9	107	112	125	92	112	127	108	98
10	101	94	106	123	101	107	127	108
11	78	83	77	100	118	97	101	121
12	58	57	66	65	86	93	80	83
Subtotal (9 - 12)	344	346	374	380	417	424	416	410
Ungraded Elementary	0	0	0	0	0	0	0	0
Ungraded Secondary	0	0	0	0	0	0	0	0
Subtotal Excluding Charter Schools	1360	1285	1286	1247	1330	1296	1291	1310
Charter Schools	0	0	0	0	0	0	0	0
Total	1360	1285	1286	1247	1330	1296	1291	1310

P2ADA	Historical 5 2002 - 03	Historical 4 2003 - 04	Historical 3 2004 - 05	Historical 2 2005 - 06	Historical 1 2006 - 07	Base Year 2007 - 08	Year 1 2008 - 09	Year 2 2009 - 10
Excluding Charter Schools	0.00	1219.18	1213.44	1212.26	1200.18	1213.97	1208.89	1224.72
Charter Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COE SDC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	1219.18	1213.44	1212.26	1200.18	1213.97	1208.89	1224.72

Enrollment Factors	Historical 5 2002 - 03	Historical 4 2003 - 04	Historical 3 2004 - 05	Historical 2 2005 - 06	Historical 1 2006 - 07	Base Year 2007 - 08	Year 1 2008 - 09	Year 2 2009 - 10
Excluding Charter Schools	0.0000	0.9488	0.9436	0.9721	0.9024	0.9367	0.9364	0.9349
Charter Schools	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Revenue Limit

Description	Base Year 2007 - 08	Rules	Year 1 2008 - 09	Year 2 2009 - 10	Note
1. Base Revenue Limit Per ADA					
1.a. State Avg Base RL Per ADA (Prior Year)	\$5,568.00		\$5,820.00	\$6,108.00	
1.b. Base RL per ADA (Prior Year)	\$5,904.82		\$6,156.82	\$6,444.82	
2. Inflation Increase	\$252		\$288	\$183	
3. All Other Adjustments	\$0.00		\$0.00	\$0.00	
4. Current Base Revenue Limit Per ADA	\$6,156.82		\$6,444.82	\$6,627.82	
Revenue Limit Subject To Deficit					
5. Base Revenue Limit					
5.a. Base Revenue Limit Per ADA (Line 4)	\$6,156.82		\$6,444.82	\$6,627.82	
5.b. Prior Year P2 ADA	1,200.18		1,213.97	1,208.89	
5.b.i. Prior Yr. ADA Adjustment	0.00		0.00	0.00	
5.b.ii. Net Prior Yr. Revenue Limit ADA	1,200.18		1,213.97	1,208.89	
5.c. Current Yr. RL ADA (excluding Charter ADA)	1,213.97		1,208.89	1,224.72	
5.d. ADA Used for Revenue Limit (before adjustments)	1,213.97		1,213.97	1,224.72	
5.d.i. Current Yr. Charter Schl. ADA	\$0.00		\$0.00	\$0.00	
5.d.ii. Deduct: Necessary Small Schools ADA	\$0.00		\$0.00	\$0.00	
5.e. ADA used for Revenue Limit (Excluding COE SDC)	1,213.97		1,213.97	1,224.72	
5.f. Total Base Revenue Limit	\$7,474,194.78		\$7,823,818.14	\$8,117,223.71	
6. Allowance for Necessary Small Schools	\$0.00		\$0.00	\$0.00	
7. Gain or Loss from Interdistrict Attendance Agreements	\$0.00		\$0.00	\$0.00	
8. Meals for Needy Pupils	\$64,315.00		\$64,315.00	\$64,315.00	
9. Other Revenue Limit Adjustments	\$0.00		\$0.00	\$0.00	
10. Beginning Teacher Salary	\$46,920.00		\$46,920.00	\$46,920.00	
11. Less: Class Size Penalties Adjustment	\$0.00		\$0.00	\$0.00	
12. Total Before Deficit	\$7,585,429.78		\$7,935,053.14	\$8,228,458.71	
Deficit Calculation					
13. Revenue Limit Deficit:	0.00000%		6.99000%	6.99000%	
13.a. Loss to Deficit	\$0.00		\$554,660.21	\$575,169.26	
14. SubTotal, After Deficit	\$7,585,429.78		\$7,380,392.93	\$7,653,289.45	
Other Revenue Limit Items Net of Any Deficit					
15. Unemployment Insurance Revenue	\$3,682.00		\$3,682.00	\$3,682.00	
16. Continuation High School Revenue	\$0.00		\$0.00	\$0.00	
17. Less: Longer Day/year Penalty	\$0.00		\$0.00	\$0.00	
18. Less: Excess ROC/P Reserves Adjustment	\$0.00		\$0.00	\$0.00	
19. Less: PERS Reduction	\$65,775.00	(1)	\$70,372.67	\$75,291.72	
20. PERS Safety Adjustment	\$0.00		\$0.00	\$0.00	
21. Total, Other Revenue Limit Items Net of any Deficit	(\$62,093.00)		(\$66,690.67)	(\$71,609.72)	
22. Total, Revenue Limit	\$7,523,336.78		\$7,313,702.26	\$7,581,679.73	
Revenue Limit Local Sources					
23. Property Taxes	\$5,058,262.00		\$5,058,262.00	\$5,058,262.00	
24. Miscellaneous Taxes	\$0.00		\$0.00	\$0.00	
25. Community Redevelopment Funds	\$0.00		\$0.00	\$0.00	
26. Less: Charter Schools In-lieu Taxes	\$0.00		\$0.00	\$0.00	
27. Total, Revenue Limit - Local Sources	\$5,058,262.00		\$5,058,262.00	\$5,058,262.00	
28. Charter School General Purpose Block Grant Offset (Unified Districts Only)	\$0.00		\$0.00	\$0.00	
29. State Aid Portion of Revenue Limit	\$2,465,074.78		\$2,255,440.26	\$2,523,417.73	
Basic Aid Status					
30. Funding Model Used: ("Basic Aid" or "Revenue Limit")	Revenue Limit		Revenue Limit	Revenue Limit	
31. Educational Revenue Augmentation Fund Allocation (ERAF)	\$0.00		\$0.00	\$0.00	
32. Total Basic Aid Funding Received	N/A		N/A	N/A	
Other Items					
33. Less: County Office Funds Transfer	\$0.00		\$0.00	\$0.00	
34. All Other Adjustments	\$0.00		\$0.00	\$0.00	
35. Total, Other Items	\$0.00		\$0.00	\$0.00	
36. Total State Aid Portion of Revenue Limit	\$2,465,074.78		\$2,255,440.26	\$2,523,417.73	
Reconciliation to SACS Form 01					
37. Total State Aid Portion of Revenue Limit (Line 36)	\$2,465,074.78		\$2,255,440.26	\$2,523,417.73	
38. Total, Revenue Limit - Local Sources	\$5,058,262.00		\$5,058,262.00	\$5,058,262.00	
39. Total Combined Revenue Limit	\$7,523,336.78		\$7,313,702.26	\$7,581,679.73	
Revenue Limit Transfers					
40. Restricted Revenue Limit	\$66,465.00	(2)	\$71,110.90	\$76,081.55	
Reconciliation of Total Revenue Limit Sources					
41. Revenue Limit State Aid - Prior Year	\$0.00		\$0.00	\$0.00	
42. PERS Revenue Limit Reduction (Line 19)	\$65,775.00		\$70,372.67	\$75,291.72	

Revenue Limit

Description	Base Year 2007 - 08	Rules	Year 1 2008 - 09	Year 2 2009 - 10	Note
43. Total Unrestricted Revenue Limit Sources	\$7,522,646.78		\$7,312,964.03	\$7,580,889.90	
OTHER NON REVENUE LIMIT ITEMS					
44. Core Academic Program	\$42,184.00		\$42,184.00	\$42,184.00	
45. California High School Exit Exam	\$0.00		\$0.00	\$0.00	
46. Pupil Promotion and Retention, and Low STAR Score Program	\$0.00		\$0.00	\$0.00	
47. Apprenticeship Funding	\$0.00		\$0.00	\$0.00	
48. Community Day School Additional Funding	\$0.00		\$0.00	\$0.00	
49. Other State Apportionments-Current Year	\$0.00		\$0.00	\$0.00	
50. Total Other Non Revenue Limit Items	\$42,184.00		\$42,184.00	\$42,184.00	

Rules:

- (1) Rules applied: RLDef
- (2) Rules applied: ManInput

**General Fund/County School Service Fund
Unrestricted and Restricted Resources
Revenues, Expenditures, and Changes in the Fund Balance**

Name	Object Code	Base Year 2007 - 08	Year 1 2008 - 09	Year 2 2009 - 10
Revenues				
Revenue Limit Sources	8010 - 8099	\$7,655,576.78	\$7,455,185.83	\$7,733,053.00
Federal Revenues	8100 - 8299	\$1,360,145.00	\$1,189,324.38	\$689,021.12
Other State Revenues	8300 - 8599	\$2,096,272.00	\$1,858,394.12	\$1,813,988.60
Other Local Revenues	8600 - 8799	\$799,291.00	\$672,212.00	\$676,709.12
Total Revenues		\$11,911,284.78	\$11,175,116.33	\$10,912,771.84
Expenditures				
Certificated Salaries	1000 - 1999	\$5,474,305.00	\$5,490,041.53	\$5,600,234.60
Classified Salaries	2000 - 2999	\$1,911,369.00	\$1,765,346.51	\$1,793,705.35
Employee Benefits	3000 - 3999	\$2,201,862.00	\$2,119,178.94	\$2,137,118.73
Books and Supplies	4000 - 4999	\$593,000.11	\$482,589.26	\$500,006.44
Services and Other Operating Expenditures	5000 - 5999	\$1,871,637.26	\$1,255,602.03	\$1,178,854.82
Capital Outlay	6000 - 6900	\$24,000.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$456,002.00	\$456,002.00	\$456,002.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00
Debt Service	7430 - 7439	\$276,264.00	\$276,536.00	\$282,302.00
Total Expenditures		\$12,808,439.37	\$11,845,296.27	\$11,948,223.94
Excess (Deficiency) of Revenues Over Expenditures		(\$897,154.59)	(\$670,179.94)	(\$1,035,452.10)
Other Financing Sources/Uses				
Interfund Transfers In	8910 - 8929	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$85,979.00	\$89,741.00	\$90,256.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$0.00	\$0.00	\$0.00
Total Other Financing Sources/Uses		(\$85,979.00)	(\$89,741.00)	(\$90,256.00)
Net Increase (Decrease) in Fund Balance		(\$983,133.59)	(\$759,920.94)	(\$1,125,708.10)
Fund Balance				
Beginning Fund Balance (as of July 1 – Unaudited)	9791	\$376,916.71	(\$606,216.88)	(\$1,366,137.82)
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$376,916.71	(\$606,216.88)	(\$1,366,137.82)
Ending Fund Balance		(\$606,216.88)	(\$1,366,137.82)	(\$2,491,845.92)
Components of Ending Fund Balance				
Reserved Balances	9700	\$0.00	\$0.00	\$0.00
Revolving Cash	9711	\$2,500.00	\$2,500.00	\$2,500.00
Stores	9712	\$0.00	\$0.00	\$0.00
Prepaid Expenditures	9713	\$0.00	\$0.00	\$0.00
Other Prepay	9719	\$0.00	\$0.00	\$0.00
General Reserve	9730	\$0.00	\$0.00	\$0.00
Legally Restricted Balance	9740 - 9759	\$137,441.54	\$358,681.13	\$82,376.94
Economic Uncertainties Percentage		3.00%	3.00%	3.00%
Designated for Economic Uncertainties	9770	\$385,900.93	\$358,051.12	\$361,154.40
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	\$0.00	\$0.00	\$0.00
Other Designated	9780	\$0.00	\$0.00	\$0.00
Undesignated/Unappropriated	9790	\$0.00	\$0.00	\$0.00
Negative Shortfall	9790	(\$1,132,059.35)	(\$2,085,370.07)	(\$2,937,877.26)

Source	Note
Resource: 0000 - Unrestricted Object: 1101 - Budget Adjustment	Board Approved - Non-renewed shared teaching assignment at San Juan School.
Resource: 0000 - Unrestricted Object: 1999 - Certificated - Under Budget Adjustment	Salary / Cash in-Lieu budget increase adjustments.
Resource: 0000 - Unrestricted Object: 2216 - Budget Adjustment	Board approved reduction in 08-09 for an unfilled position created by a classified retirement.
Resource: 0000 - Unrestricted Object: 2997 - Classified - Salaries Over Budget	Classified Salaries over budget adjustment.
Resource: 0000 - Unrestricted Object: 2998 - 2006-07 - 4.1% Retro - Paid in 2007-08	2006-07 4.1% Retro - Paid in July 2007, not setup as a liability in 2006-07.
Resource: 0000 - Unrestricted Object: 2999 - 2006-07 - One Time Bonus	2006-07 One-Time 2.15% Bonus paid in July 2007, not setup as a liability in 2006-07.
Resource: 0000 - Unrestricted Object: 3403 - Adjust for HW under budget	Adjust budget for HW benefits under budget.
Resource: 0000 - Unrestricted Object: 3404 - Adjustment for H/W Cap	Savings from a hard cap on health/welfare benefits for unrepresented district employees.

Resource: 0000 - Unrestricted Object: 3405 - Budget Adjustment	Reduce Benefits for an unfilled retiree position.
Resource: 0000 - Unrestricted Object: 6200 - Buildings and Improvement of Buildings	Portable lease ending in 2007-08.
Resource: 0000 - Unrestricted Object: 7350 - Direct Support/Indirect Costs for Interfund Charges	Remove the interfund indirect cost charge from the cafeteria program.
Resource: 0000 - Unrestricted Object: 7438 - Debt Service—Interest	Unrestricted GF is paying all the principal and 40% of the interest of the 1998 COP. The balance of the interest is being charged to the Developer Fund.
Resource: 0000 - Unrestricted Object: 7615 - From General, Special Reserve, and Building Funds to Deferred Maintenance Fund	Move the Deferred Maintenance contribution to Resource 8150, Routine Restricted Maintenance.
Resource: 0000 - Unrestricted Object: 7617 - Adjustment to Cafeteria Transfer	Reduce the transfer to cafeteria based on the district's 2/22/08 budget report.
Resource: 0000 - Unrestricted Object: 8047 - Community Redevelopment Funds	Added From Revenue Limit Screen
Resource: 1100 - State Lottery Object: 1900 - Other Cert. Salaries	Adjust certificated salaries for under budget, based on December payroll encumbrances.
Resource: 1300 - Class Size Reduction Operations, Grades K-3 Object: 1900 - Other Cert. Salaries	Adjust certificated salaries for over budget, per the December payroll encumbrances.
Resource: 1300 - Class Size Reduction Operations, Grades K-3 Object: 3901 - Other Benefits, Cert.	Adjust for benefits over budget, per the December payroll encumbrances.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 1900 - Other Cert. Salaries	Adjust salaries under budget, per the December payroll encumbrances.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 2900 - Other Class. Salaries	Adjust classified salaries over budget, per the December payroll encumbrances.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 3902 - Other Benefits, Class.	Increase benefits based on salary adjustments.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 4300 - Materials and Supplies	This object was used for autobalancing (at 1/30/2008). Initial Value is: 6,397.00\$. For project years see applied Autobalanced Rule.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 5800 - Professional/Consulting Services and Operating Expenditures	This object was used for autobalancing (at 1/30/2008). Initial Value is: 11,230.00\$. For project years see applied Autobalanced Rule.
Resource: 3110 - NCLB: Title I, Part B, Even Start Migrant Education (MEES) Object: 3902 - Other Benefits, Class.	Adjust expenditures to match expected revenues.
Resource: 3178 - NCLB: Title I, Part A, Support for Program Improvement Schools Object: 8290 - All Other Federal Revenue	One-Time funding.
Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P Object: 2900 - Other Class. Salaries	Adjust classified salaries for over budget, per the December payroll encumbrances.
Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P Object: 3989 - Adjust Benefits for Over-Budget	Adjust benefits for over-budget.
Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P Object: 8980 - Contributions from Unrestricted Resources	Reduced salaries/benefits in the base year, per the December payroll encumbrances and adjusted the unrestricted contribution.
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality Object: 4301 - Adjust for Materials/Supplies	Increase based on YTD expenditure activity.
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality Object: 5999 - Budget Increase 5000's	Increase to cover YTD actual activity.
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality Object: 8980 - Contributions from Unrestricted Resources	Unrestricted contribution is required due to actual YTD expenditures over-budget. Expenses were reduced in the projection years to maintain expenditures at the funding level.
Resource: 6010 - After-School Learning & Safe Neighborhood Partnerships Object: 8590 - All Other State Revenue	3-Year Grant - Funding will end in 2008-09.
Resource: 6258 - PE Teacher Incentive Program Object: 8590 - All Other State Revenue	Increased revenues to current funding level per CDE website.
Resource: 6258 - PE Teacher Incentive Program Object: 8980 - Contributions from Unrestricted Resources	Contribution from unrestricted required in the 3rd year out.
Resource: 6275 - Teacher Recruitment and Student Support Object: 8590 - All Other State Revenue	One-Time funding, per SSC.
Resource: 6286 - English Language Acquisition Program, Teacher Training & Student Assistance Object: 8980 - Contributions from Unrestricted Resources	Contribution from unrestricted required in the projection years.
Resource: 6350 - ROC/P Apportionment Object: 1900 - Other Cert. Salaries	Salaries over-budget in the base year, reduced in the projection years to maintain expenditures within funding levels.
Resource: 6405 - School Safety & Violence Prevention, Grades 8-12 Object: 8980 - Contributions from Unrestricted Resources	Unrestricted contribution increased by \$877, due to the current year reduced funding level, per CDE website.
Resource: 6500 - Special Education Object: 1101 - Budget Adjustment	Reassign Itenarate Teacher to Regular Classroom due to declining enrollment in Special Education Students.
Resource: 6500 - Special Education Object: 1900 - Other Cert. Salaries	Increase in certificated salaries based on YTD activity and the December payroll encumbrances.
Resource: 6500 - Special Education Object: 2900 - Other Class. Salaries	Reduced classified salaries, based on YTD activity and the December payroll encumbrances.
Resource: 6500 - Special Education Object: 3403 - Budget Adjustment	Reduce employee benefit for teacher reassignment.
Resource: 6500 - Special Education Object: 3902 - Other Benefits, Class.	Increase employee benefits based on adjustments to salaries.
Resource: 6500 - Special Education Object: 8980 - Contributions from Unrestricted Resources	Contributions from unrestricted were adjusted based on projected expenditures in excess of revenues.
Resource: 6760 - Arts & Music Block Grant Object: 4300 - Materials and Supplies	Expenditures were reduced in order to capture indirect cost.
Resource: 6760 - Arts & Music Block Grant Object: 7310 - Direct Support/Indirect Costs Charges	Charge resource indirect cost.

Resource: 6761 - Arts, Music, and Physical Education Object: 8590 - All Other State Revenue	One-Time funding, per SSC.
Resource: 7026 - California Instructional School Garden Object: 8590 - All Other State Revenue	One-Time Funding, per SSC.
Resource: 7080 - Middle / High School Supplemental Counseling Object: 8590 - All Other State Revenue	Increase funding by \$2,265, to the current year funding level per the CDE website.
Resource: 7091 - Economic Impact Aid: Limited English Proficiency (LEP) Object: 1900 - Other Cert. Salaries	Salaries were increase based on YTD activity and the December payroll encumbrances.
Resource: 7156 - Instructional Materials Realignment, IMFRP (AB 1781) Object: 8590 - All Other State Revenue	Revenues were reduced by \$3,538 to match the current year funding level posted on the CDE website.
Resource: 7230 - Transportation: Home to School Object: 8980 - Contributions from Unrestricted Resources	Reduced contribution from unrestricted in the current year, based on the salary reduction.
Resource: 7393 - Professional Development Block Grant Object: 1100 - Tchr Salaries	Reduced teacher stipends to maintain expenditures to the funding level.
Resource: 7393 - Professional Development Block Grant Object: 8590 - All Other State Revenue	Reduced revenues by \$815 to the current funding level, per CDE website.
Resource: 7395 - School and Library Improvement Block Grant Object: 1900 - Other Cert. Salaries	Adjusted budget to cover the current year YTD expenditures.
Resource: 7395 - School and Library Improvement Block Grant Object: 2991 - Adjustment for Classified salaries	Increase the classified salaries by \$13
Resource: 7395 - School and Library Improvement Block Grant Object: 3901 - Other Benefits, Cert.	Increase in classified statutory benefits.
Resource: 7395 - School and Library Improvement Block Grant Object: 3902 - Other Benefits, Class.	Increase the HW budget by \$14,447 based on the current year YTD activity and the December encumbrances.
Resource: 7395 - School and Library Improvement Block Grant Object: 8590 - All Other State Revenue	Reduced revenues by \$572 to the current year funding level per the CDE website.
Resource: 9010 - Other Local Object: 8699 - All Other Local Revenue	Revenues and expenditures in the projection years were adjusted by 1-time projects: - (9011) Healthy/Ready Grant -\$63,000 - (9025) SJS/SDCOE Athletic Field Proj - \$67,769 A prior year carryover of \$16,081 for the 1-time (9017) Bayces grant, was budgeted to be fully expended in the current year.
Resource: 3710 - NCLB: Title IV, Part A, Drug Free Schools Object: 4000-4999 - Books and Supplies	Reduce expenditures by \$489 in order to capture program indirect costs.
Resource: 7080 - Middle / High School Supplemental Counseling Object: 1000-1999 - Certificated Salaries	Salaries/Benefits were reduced due to over-budget in the current year, based on YTD activity and the December payroll encumbrances.
Resource: 7091 - Economic Impact Aid: Limited English Proficiency (LEP) Object: 8980-8999 - Contributions	Contribution increased by \$30,699 in the current year due to under-budgeted salaries, based on YTD activity and the December payroll encumbrances.
Resource: 7390 - Pupil Retention Block Grant Object: 3000-3999 - Employee Benefits	Reduced expenditures to match funding levels, based on the current year YTD activity and the December encumbrances.
Resource: 7394 - Targeted Instructional Improvement Block Grant Object: 8980-8999 - Contributions	Restricted contribution to Home to School Transportation.
Resource: 7395 - School and Library Improvement Block Grant Object: 8980-8999 - Contributions	Increased contributions by \$36,997 based on the current level of services provided in salaries/benefits.
Resource: 7396 - Discretionary Block Grant - School Site Object: 8300-8599 - Other State Revenues	One-Time funding, per SSC.

**General Fund/County School Service Fund
Unrestricted Resources Only
Revenues, Expenditures, and Changes in the Fund Balance**

Name	Object Code	Base Year 2007 - 08	Year 1 2008 - 09	Year 2 2009 - 10
Revenues				
Revenue Limit Sources	8010 - 8099	\$7,589,111.78	\$7,384,074.93	\$7,656,971.45
Federal Revenues	8100 - 8299	\$0.00	\$0.00	\$0.00
Other State Revenues	8300 - 8599	\$632,988.00	\$594,633.61	\$616,866.00
Other Local Revenues	8600 - 8799	\$116,400.00	\$120,090.00	\$124,587.12
Total Revenues		\$8,338,499.78	\$8,098,798.54	\$8,398,424.57
Expenditures				
Certificated Salaries	1000 - 1999	\$4,375,895.00	\$4,449,881.22	\$4,536,635.14
Classified Salaries	2000 - 2999	\$903,710.00	\$785,332.50	\$796,791.69
Employee Benefits	3000 - 3999	\$1,530,065.00	\$1,486,326.25	\$1,497,180.00
Books and Supplies	4000 - 4999	\$123,996.00	\$126,809.05	\$131,682.00
Services and Other Operating Expenditures	5000 - 5999	\$626,675.00	\$642,235.28	\$662,620.70
Capital Outlay	6000 - 6900	\$24,000.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$23,000.00	\$23,000.00	\$23,000.00
Direct Support/Indirect Cost	7300 - 7399	(\$94,145.00)	(\$50,362.00)	(\$44,510.00)
Debt Service	7430 - 7439	\$276,264.00	\$276,536.00	\$282,302.00
Total Expenditures		\$7,789,460.00	\$7,739,758.30	\$7,885,701.53
Excess (Deficiency) of Revenues Over Expenditures		\$549,039.78	\$359,040.24	\$512,723.04
Other Financing Sources\Uses				
Interfund Transfers In	8910 - 8929	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$30,240.00	\$30,240.00	\$30,240.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	(\$1,289,808.94)	(\$1,309,960.77)	(\$1,331,886.95)
Total Other Financing Sources\Uses		(\$1,320,048.94)	(\$1,340,200.77)	(\$1,362,126.95)
Net Increase (Decrease) in Fund Balance		(\$771,009.16)	(\$981,160.53)	(\$849,403.91)
Fund Balance				
Beginning Fund Balance (as of July 1 – Unaudited)	9791	\$27,350.74	(\$743,658.42)	(\$1,724,818.95)
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$27,350.74	(\$743,658.42)	(\$1,724,818.95)
Ending Fund Balance		(\$743,658.42)	(\$1,724,818.95)	(\$2,574,222.86)
Components of Ending Fund Balance				
Reserved Balances	9700	\$0.00	\$0.00	\$0.00
Revolving Cash	9711	\$2,500.00	\$2,500.00	\$2,500.00
Stores	9712	\$0.00	\$0.00	\$0.00
Prepaid Expenditures	9713	\$0.00	\$0.00	\$0.00
Other Prepay	9719	\$0.00	\$0.00	\$0.00
General Reserve	9730	\$0.00	\$0.00	\$0.00
Legally Restricted Balance	9740 - 9759	\$0.00	\$0.00	\$0.00
Economic Uncertainties Percentage		3.00%	3.00%	3.00%
Designated for Economic Uncertainties	9770	\$385,900.93	\$358,051.12	\$361,154.40
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	\$0.00	\$0.00	\$0.00
Other Designated	9780	\$0.00	\$0.00	\$0.00
Undesignated/Unappropriated	9790	\$0.00	\$0.00	\$0.00
Negative Shortfall	9790	(\$1,132,059.35)	(\$2,085,370.07)	(\$2,937,877.26)

Source	Note
Resource: 0000 - Unrestricted Object: 1101 - Budget Adjustment	Board Approved - Non-renewed shared teaching assignment at San Juan School.
Resource: 0000 - Unrestricted Object: 1999 - Certificated - Under Budget Adjustment	Salary / Cash in-Lieu budget increase adjustments.
Resource: 0000 - Unrestricted Object: 2216 - Budget Adjustment	Board approved reduction in 08-09 for an unfilled position created by a classified retirement.
Resource: 0000 - Unrestricted Object: 2997 - Classified - Salaries Over Budget	Classified Salaries over budget adjustment.
Resource: 0000 - Unrestricted Object: 2998 - 2006-07 - 4.1% Retro - Paid in 2007-08	2006-07 4.1% Retro - Paid in July 2007, not setup as a liability in 2006-07.
Resource: 0000 - Unrestricted Object: 2999 - 2006-07 - One Time Bonus	2006-07 One-Time 2.15% Bonus paid in July 2007, not setup as a liability in 2006-07.
Resource: 0000 - Unrestricted Object: 3403 - Adjust for HW under budget	Adjust budget for HW benefits under budget.
Resource: 0000 - Unrestricted Object: 3404 - Adjustment for H/W Cap	Savings from a hard cap on health/welfare benefits for unrepresented district employees.

Resource: 0000 - Unrestricted Object: 3405 - Budget Adjustment	Reduce Benefits for an unfilled retiree position.
Resource: 0000 - Unrestricted Object: 6200 - Buildings and Improvement of Buildings	Portable lease ending in 2007-08.
Resource: 0000 - Unrestricted Object: 7350 - Direct Support/Indirect Costs for Interfund Charges	Remove the interfund indirect cost charge from the cafeteria program.
Resource: 0000 - Unrestricted Object: 7438 - Debt Service—Interest	Unrestricted GF is paying all the principal and 40% of the interest of the 1998 COP. The balance of the interest is being charged to the Developer Fund.
Resource: 0000 - Unrestricted Object: 7615 - From General, Special Reserve, and Building Funds to Deferred Maintenance Fund	Move the Deferred Maintenance contribution to Resource 8150, Routine Restricted Maintenance.
Resource: 0000 - Unrestricted Object: 7617 - Adjustment to Cafeteria Transfer	Reduce the transfer to cafeteria based on the district's 2/22/08 budget report.
Resource: 0000 - Unrestricted Object: 8047 - Community Redevelopment Funds	Added From Revenue Limit Screen
Resource: 1100 - State Lottery Object: 1900 - Other Cert. Salaries	Adjust certificated salaries for under budget, based on December payroll encumbrances.
Resource: 1300 - Class Size Reduction Operations, Grades K-3 Object: 1900 - Other Cert. Salaries	Adjust certificated salaries for over budget, per the December payroll encumbrances.
Resource: 1300 - Class Size Reduction Operations, Grades K-3 Object: 3901 - Other Benefits, Cert.	Adjust for benefits over budget, per the December payroll encumbrances.

**General Fund/County School Service Fund
Restricted Resources Only
Revenues, Expenditures, and Changes in the Fund Balance**

Name	Object Code	Base Year 2007 - 08	Year 1 2008 - 09	Year 2 2009 - 10
Revenues				
Revenue Limit Sources	8010 - 8099	\$66,465.00	\$71,110.90	\$76,081.55
Federal Revenues	8100 - 8299	\$1,360,145.00	\$1,189,324.38	\$689,021.12
Other State Revenues	8300 - 8599	\$1,463,284.00	\$1,263,760.51	\$1,197,122.60
Other Local Revenues	8600 - 8799	\$682,891.00	\$552,122.00	\$552,122.00
Total Revenues		\$3,572,785.00	\$3,076,317.79	\$2,514,347.27
Expenditures				
Certificated Salaries	1000 - 1999	\$1,098,410.00	\$1,040,160.31	\$1,063,599.46
Classified Salaries	2000 - 2999	\$1,007,659.00	\$980,014.01	\$996,913.66
Employee Benefits	3000 - 3999	\$671,797.00	\$632,852.69	\$639,938.73
Books and Supplies	4000 - 4999	\$469,004.11	\$355,780.21	\$368,324.44
Services and Other Operating Expenditures	5000 - 5999	\$1,244,962.26	\$613,366.75	\$516,234.12
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$433,002.00	\$433,002.00	\$433,002.00
Direct Support/Indirect Cost	7300 - 7399	\$94,145.00	\$50,362.00	\$44,510.00
Debt Service	7430 - 7439	\$0.00	\$0.00	\$0.00
Total Expenditures		\$5,018,979.37	\$4,105,537.97	\$4,062,522.41
Excess (Deficiency) of Revenues Over Expenditures		(\$1,446,194.37)	(\$1,029,220.18)	(\$1,548,175.14)
Other Financing Sources/Uses				
Interfund Transfers In	8910 - 8929	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$55,739.00	\$59,501.00	\$60,016.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$1,289,808.94	\$1,309,960.77	\$1,331,886.95
Total Other Financing Sources/Uses		\$1,234,069.94	\$1,250,459.77	\$1,271,870.95
Net Increase (Decrease) in Fund Balance		(\$212,124.43)	\$221,239.59	(\$276,304.19)
Fund Balance				
Beginning Fund Balance (as of July 1 – Unaudited)	9791	\$349,565.97	\$137,441.54	\$358,681.13
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$349,565.97	\$137,441.54	\$358,681.13
Ending Fund Balance		\$137,441.54	\$358,681.13	\$82,376.94
Components of Ending Fund Balance				
Reserved Balances	9700	\$0.00	\$0.00	\$0.00
Revolving Cash	9711	\$0.00	\$0.00	\$0.00
Stores	9712	\$0.00	\$0.00	\$0.00
Prepaid Expenditures	9713	\$0.00	\$0.00	\$0.00
Other Prepay	9719	\$0.00	\$0.00	\$0.00
General Reserve	9730	\$0.00	\$0.00	\$0.00
Legally Restricted Balance	9740 - 9759	\$137,441.54	\$358,681.13	\$82,376.94
Designated for Economic Uncertainties	9770	\$0.00	\$0.00	\$0.00
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	\$0.00	\$0.00	\$0.00
Other Designated	9780	\$0.00	\$0.00	\$0.00
Undesignated/Unappropriated	9790	\$0.00	\$0.00	\$0.00
Negative Shortfall	9790	\$0.00	\$0.00	\$0.00

Source	Note
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 1900 - Other Cert. Salaries	Adjust salaries under budget, per the December payroll encumbrances.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 2900 - Other Class. Salaries	Adjust classified salaries over budget, per the December payroll encumbrances.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 3902 - Other Benefits, Class.	Increase benefits based on salary adjustments.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 4300 - Materials and Supplies	This object was used for autobalancing (at 1/30/2008). Initial Value is: 6,397.00\$. For project years see applied Autobalanced Rule.
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 5800 - Professional/Consulting Services and Operating Expenditures	This object was used for autobalancing (at 1/30/2008). Initial Value is: 11,230.00\$. For project years see applied Autobalanced Rule.
Resource: 3110 - NCLB: Title I, Part B, Even Start Migrant Education (MEES) Object: 3902 - Other Benefits, Class.	Adjust expenditures to match expected revenues.
Resource: 3178 - NCLB: Title I, Part A, Support for Program Improvement Schools Object: 8290 - All Other Federal Revenue	One-Time funding.
Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P Object: 2900 - Other Class. Salaries	Adjust classified salaries for over budget, per the December payroll encumbrances.

Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P Object: 3989 - Adjust Benefits for Over-Budget	Adjust benefits for over-budget.
Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P Object: 8980 - Contributions from Unrestricted Resources	Reduced salaries/benefits in the base year, per the December payroll encumbrances and adjusted the unrestricted contribution.
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality Object: 4301 - Adjust for Materials/Supplies	Increase based on YTD expenditure activity.
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality Object: 5999 - Budget Increase 5000's	Increase to cover YTD actual activity.
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality Object: 8980 - Contributions from Unrestricted Resources	Unrestricted contribution is required due to actual YTD expenditures over-budget. Expenses were reduced in the projection years to maintain expenditures at the funding level.
Resource: 6010 - After-School Learning & Safe Neighborhood Partnerships Object: 8590 - All Other State Revenue	3-Year Grant - Funding will end in 2008-09.
Resource: 6258 - PE Teacher Incentive Program Object: 8590 - All Other State Revenue	Increased revenues to current funding level per CDE website.
Resource: 6258 - PE Teacher Incentive Program Object: 8980 - Contributions from Unrestricted Resources	Contribution from unrestricted required in the 3rd year out.
Resource: 6275 - Teacher Recruitment and Student Support Object: 8590 - All Other State Revenue	One-Time funding, per SSC.
Resource: 6286 - English Language Acquisition Program, Teacher Training & Student Assistance Object: 8980 - Contributions from Unrestricted Resources	Contribution from unrestricted required in the projection years.
Resource: 6350 - ROC/P Apportionment Object: 1900 - Other Cert. Salaries	Salaries over-budget in the base year, reduced in the projection years to maintain expenditures within funding levels.
Resource: 6405 - School Safety & Violence Prevention, Grades 8-12 Object: 8980 - Contributions from Unrestricted Resources	Unrestricted contribution increased by \$877, due to the current year reduced funding level, per CDE website.
Resource: 6500 - Special Education Object: 1101 - Budget Adjustment	Reassign Itenarate Teacher to Regular Classroom due to declining enrollment in Special Education Students.
Resource: 6500 - Special Education Object: 1900 - Other Cert. Salaries	Increase in certificated salaries based on YTD activity and the December payroll encumbrances.
Resource: 6500 - Special Education Object: 2900 - Other Class. Salaries	Reduced classified salaries, based on YTD activity and the December payroll encumbrances.
Resource: 6500 - Special Education Object: 3403 - Budget Adjustment	Reduce employee benefit for teacher reassignment.
Resource: 6500 - Special Education Object: 3902 - Other Benefits, Class.	Increase employee benefits based on adjustments to salaries.
Resource: 6500 - Special Education Object: 8980 - Contributions from Unrestricted Resources	Contributions from unrestricted were adjusted based on projected expenditures in excess of revenues.
Resource: 6760 - Arts & Music Block Grant Object: 4300 - Materials and Supplies	Expenditures were reduced in order to capture indirect cost.
Resource: 6760 - Arts & Music Block Grant Object: 7310 - Direct Support/Indirect Costs Charges	Charge resource indirect cost.
Resource: 6761 - Arts, Music, and Physical Education Object: 8590 - All Other State Revenue	One-Time funding, per SSC.
Resource: 7026 - California Instructional School Garden Object: 8590 - All Other State Revenue	One-Time Funding, per SSC.
Resource: 7080 - Middle / High School Supplemental Counseling Object: 8590 - All Other State Revenue	Increase funding by \$2,265, to the current year funding level per the CDE website.
Resource: 7091 - Economic Impact Aid: Limited English Proficiency (LEP) Object: 1900 - Other Cert. Salaries	Salaries were increase based on YTD activity and the December payroll encumbrances.
Resource: 7156 - Instructional Materials Realignment, IMFRP (AB 1781) Object: 8590 - All Other State Revenue	Revenues were reduced by \$3,538 to match the current year funding level posted on the CDE website.
Resource: 7230 - Transportation: Home to School Object: 8980 - Contributions from Unrestricted Resources	Reduced contribution from unrestricted in the current year, based on the salary reduction.
Resource: 7393 - Professional Development Block Grant Object: 1100 - Tchr Salaries	Reduced teacher stipends to maintain expenditures to the funding level.
Resource: 7393 - Professional Development Block Grant Object: 8590 - All Other State Revenue	Reduced revenues by \$815 to the current funding level, per CDE website.
Resource: 7395 - School and Library Improvement Block Grant Object: 1900 - Other Cert. Salaries	Adjusted budget to cover the current year YTD expenditures.
Resource: 7395 - School and Library Improvement Block Grant Object: 2991 - Adjustment for Classified salaries	Increase the classified salaries by \$13
Resource: 7395 - School and Library Improvement Block Grant Object: 3901 - Other Benefits, Cert.	Increase in classified statutory benefits.
Resource: 7395 - School and Library Improvement Block Grant Object: 3902 - Other Benefits, Class.	Increase the HW budget by \$14,447 based on the current year YTD activity and the December encumbrances.
Resource: 7395 - School and Library Improvement Block Grant Object: 8590 - All Other State Revenue	Reduced revenues by \$572 to the current year funding level per the CDE website.
Resource: 9010 - Other Local Object: 8699 - All Other Local Revenue	Revenues and expenditures in the projection years were adjusted by 1-time projects: - (9011) Healthy/Ready Grant -\$63,000 - (9025) SJS/SDCOE Athletic Field Proj - \$67,769 A prior year carryover of \$16,081 for the 1-time (9017) Bayces grant, was budgeted to be fully expended in the current year.
Resource: 3710 - NCLB: Title IV, Part A, Drug Free Schools Object: 4000-4999 - Books and Supplies	Reduce expenditures by \$489 in order to capture program indirect costs.
Resource: 7080 - Middle / High School Supplemental Counseling Object: 1000-1999 - Certificated Salaries	Salaries/Benefits were reduced due to over-budget in the current year, based on YTD activity and the December payroll encumbrances.
Resource: 7091 - Economic Impact Aid: Limited English Proficiency (LEP) Object: 8980-8999 - Contributions	Contribution increased by \$30,699 in the current year due to under-budgeted salaries, based on YTD activity and the December payroll encumbrances.
Resource: 7390 - Pupil Retention Block Grant Object: 3000-3999 - Employee Benefits	Reduced expenditures to match funding levels, based on the current year YTD activity and the December encumbrances.
Resource: 7394 - Targeted Instructional Improvement Block Grant	Restricted contribution to Home to School Transportation.

Object: 8980-8999 - Contributions	
Resource: 7395 - School and Library Improvement Block Grant Object: 8980-8999 - Contributions	Increased contributions by \$36,997 based on the current level of services provided in salaries/benefits.
Resource: 7396 - Discretionary Block Grant - School Site Object: 8300-8599 - Other State Revenues	One-Time funding, per SSC.

Office of Larry E. Reider
Kern County Superintendent of Schools
Advocates for Children
CLASSIFIED – CHANGE OF STATUS

Employee Information

Name: _____ SSN/ID# _____ DOB: _____
Address: _____ City: _____ CA ZIP: _____
Employment Type: ☐ Regular Classified ☐ Exempt Non-Mgmt ☐ Management ☐ Administrative

Employment Change Status

Status change: ☐ Promotion ☐ Transfer ☐ WOC ☐ Leave of Absence ☐ FMLA/CFRA
☐ End WOC/FMLA/LOA ☐ Resigned ☐ Retired ☐ Terminated* ☐ Other* _____
Last Day Worked: _____ *Reason for Change: _____

Position Information

Position #: _____ Position Title: _____
Dept/Program: _____ Supervisor: _____
Place of Assignment: _____ Hrs/Day: _____ Days/Wk: _____
Effective Dates: _____ to _____ Authorize Hepatitis B vaccination: ☐ Yes ☐ No
Budget Account(s)/Percentages:
_____% _____
_____% _____

If your current budget does not contain funding for this position, describe the funding source and the amount required.

Salary Information (Completed by HR)

Pay Schedule: ☐ 9 Pay ☐ 10 Pay ☐ 11 Pay ☐ 12 Pay Employee eligible for: _____ % office paid benefits
Employee eligible for: _____ % longevity
Current: Schedule/Range #: _____ Step: _____ Monthly Amt: _____ Hourly Rate: _____
Eff: _____ Sch/Rng#: _____ Step: _____ Monthly Amt: _____ Hourly Rate: _____
Equal Pay Calculation: _____ days x _____ hrs x hourly rate _____ = _____

Does the changes indicated require a day count calculation? ☐ Yes ☐ No HR Initials: _____

REQUIRED SIGNATURES: *To be obtained in order listed.*

Program Director: _____ Date: _____

Administrator: _____ Date: _____

H/R Administrator: _____ Date: _____

Is this appointment covered by the current budget? ____ Yes ____ No

Budget Review: _____ Date: _____

CBO: _____ Date: _____

Assoc/Asst. Superintendent: _____ Date: _____

Timekeeper

Payroll

Retirement

Personnel File

Program/Department

Office of Larry E. Reider
Kern County Superintendent of Schools
Advocates for Children
CERTIFICATED - CHANGE OF STATUS

Employee Information

Name: _____ SSN/ID# _____ DOB: _____
Address: _____ City: _____ CA ZIP: _____

Employment Status/Change

☐ Leave of Absence ☐ FMLA/CFRA ☐ End LOA/FMLA/CFRA ☐ Resigned ☐ Retired ☐ Terminated*
☐ Other* _____

Effective Date of Change: _____ Last Day Worked: _____

*Reason for Change: _____

Position Change Information

☐ Position/Budget Change ☐ Change in work days/hours ☐ Change in pay rate ☐ Other _____

Stipend: ☐ Add ☐ Remove Type: ☐ Location ☐ Non-Residential ☐ RSP ☐ E.D. Class ☐ Lead Teacher ☐ Car (Admin)

Reason for Change: _____

Position #: _____ Position Title: _____

Effective Dates: _____ to _____ Hrs/Day: _____ Days/Wk: _____

Place of Assignment: _____ Dept/Program: _____

Budget Account(s)/Percentages:

_____ % _____

_____ % _____

If your current budget does not contain funding for this position, describe the funding source and the amount required.

Completed by Human Resources

Does the changes indicated require a contract adjustment? ☐ Yes ☐ No HR Initials: _____

Credentials Approval: ☐ Yes ☐ No Credentials Initials: _____

Credential/Type: _____ Exp. Date: _____

REQUIRED SIGNATURES: *To be obtained in order listed.*

Program Director: _____ Date: _____

Administrator: _____ Date: _____

H/R Administrator: _____ Date: _____

Is this appointment covered by the current budget? ____ Yes ____ No

Budget Review: _____ Date: _____

CBO: _____ Date: _____

Assoc/Asst. Superintendent: _____ Date: _____

Timekeeper

Payroll

Retirement

Personnel File

Program/Department

Aromas/San Juan Unified 2006-2007 Cash Flow	JULY	AUG	SEPT	OCT	NOV	DEC
A. BEGINNING CASH	2,762,275.88	2,119,568.55	1,716,725.18	1,565,133.63	1,024,801.97	618,721.87
B. RECEIPTS:						
Revenue Limit						
Property Tax	0.00	1,085.83	0.00	627.57	0.00	2,598,623.06
State Aid	127,680.00	255,360.00	170,239.00	170,239.00	170,239.00	170,239.00
Other (PERS Reduction)	2,967.78	3,197.26	5,111.02	6,097.20	4,860.71	4,828.69
Other (AB602 tax transfer)						
Federal Revenues	0.00	72,972.57	184,484.45	17,037.01	(12,361.76)	122,762.11
Other State Revenues	69,523.75	0.00	241,876.12	280,296.72	201,011.75	76,079.96
Other Local Revenues	28,521.00	57,041.00	104,157.00	42,561.00	44,188.46	41,013.00
Interfund Transfers In						
All Other Financing Sources						
Other Receipts/Non-Revenue						
TOTAL RECEIPTS	228,692.53	389,656.66	705,867.59	516,858.50	407,938.16	3,013,545.82
C. DISBURSEMENTS						
Certificated Salaries	81,244.15	31,790.42	526,065.68	603,181.05	506,593.14	494,513.08
Classified Salaries	87,386.49	83,443.85	176,915.44	210,763.41	169,538.69	171,045.37
Employee Benefits	107,707.58	101,928.21	191,134.33	213,679.42	187,259.09	193,033.15
Supplies and Services	28,863.93	201,595.78	113,595.33	161,744.30	106,091.07	241,618.38
Capital Outlays						
Other Outgo						
Interfund Transfers Out						
All Other Financing Uses						
Other Disburse/Non-Expense						
TOTAL DISBURSEMENTS	305,202.15	418,758.26	1,007,710.78	1,189,368.18	969,481.99	1,100,209.98
D. PRIOR YEAR TRANSACTIONS						
Accounts Receivable	135,942.36	27,163.00	153,278.75	61,026.97	126,661.35	410.00
Accounts Payable	640,473.16	400,163.15	63,517.74	(9,105.20)	(3,715.25)	(1,095.03)
Payroll Suspense	92,059.91	741.62	(12,490.96)	(14,253.90)	23,666.76	62,644.98
Tax proceeds payable in 07-08	30,393.00					885,755.15
Deferred Payroll payable in 07-08			47,999.67	47,791.95	48,753.89	48,782.33
TOTAL PRIOR YEAR TRANSACTIONS	(566,197.71)	(373,741.77)	150,251.64	132,178.02	155,463.73	873,397.53
E. NET INCREASE/DECREASE (B - C + D)	(642,707.33)	(402,843.37)	(151,591.55)	(540,331.66)	(406,080.10)	2,786,733.37
F. ENDING CASH (A + E)	2,119,568.55	1,716,725.18	1,565,133.63	1,024,801.97	618,721.87	3,405,455.24

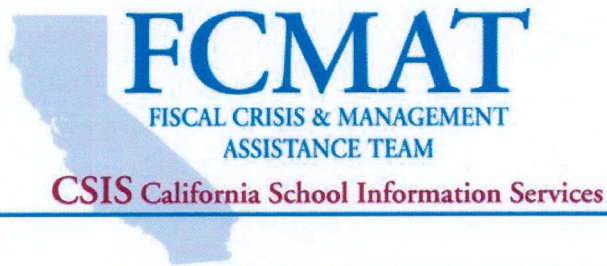
JAN	FEB	MARCH	APRIL	MAY	JUNE	TOTAL	Budget
3,405,455.24	3,043,003.12	2,114,669.57	945,499.38	3,715,719.09	2,531,322.98		
12,451.48	0.00	0.00	2,509,242.54	10,957.14	313,638.19	5,446,625.81	
170,239.00	290,478.00	145,239.00	145,239.00	145,239.00	0.00	1,960,430.00	
4,874.71	4,872.37	5,028.82	4,823.71	4,957.59	4,839.09	56,458.95	
					66,465.00	66,465.00	
24,086.83	0.00	53,157.26	232,136.57	110,566.36	214,308.24	1,019,149.64	
188,871.24	344,269.00	135,251.00	222,667.59	170,488.00	100,019.00	2,030,354.13	
79,412.34	76,584.00	113,432.17	50,446.00	35,292.00	113,376.17	786,024.14	
						0.00	
						0.00	
						0.00	
479,935.60	716,203.37	452,108.25	3,164,555.41	477,500.09	812,645.69		
471,763.33	509,734.88	552,016.00	494,366.48	507,608.56	674,667.63	5,453,544.40	
128,878.95	174,699.12	187,086.63	169,000.40	180,475.65	141,337.60	1,880,571.60	
164,770.03	193,655.82	202,464.50	195,608.11	354,008.34	186,200.14	2,291,448.72	
189,989.59	254,699.09	218,229.58	114,232.08	196,123.94	482,517.79	2,309,300.86	
						0.00	
		71,971.36			2,611.17	74,582.53	
					107,356.81	107,356.81	
						0.00	
						0.00	
955,401.90	1,132,788.91	1,231,768.07	973,207.07	1,238,216.49	1,594,691.14		
0.00	0.00	55,508.73	12,083.00	0.00	97,393.00	669,467.16	
(9,356.39)	615,735.31	377,584.40	307,500.13	307,819.46	(50.59)	2,689,470.89	
(54,769.24)	(55,282.24)	115,911.51	(162,191.70)	164,269.41	(63,257.53)	97,048.62	
			663,426.45			1,579,574.60	
48,888.55	48,705.06	48,476.81	48,670.35	48,409.16	48,658.64	485,136.41	
113,014.18	(511,748.01)	(389,510.37)	578,871.37	(423,679.71)	209,359.76	(52,341.34)	
(362,452.12)	(928,333.55)	(1,169,170.19)	2,770,219.71	(1,184,396.11)	(572,685.69)		
3,043,003.12	2,114,669.57	945,499.38	3,715,719.09	2,531,322.98	1,958,637.29		

Aromas/San Juan Unified 2007-2008 Cash Flow	JULY	AUG	SEPT	OCT	NOV	DEC
A. BEGINNING CASH	1,958,637.30	1,631,672.46	941,570.61	218,565.80	172,984.27	(659,256.40)
B. RECEIPTS:						
Revenue Limit						
Property Tax	30,435.24	1,213.36	0.00	154.20	0.00	2,981,740.79
State Aid	110,864.00	221,727.00	173,009.00	155,570.00	155,570.00	155,570.00
Other (PERS Reduction)						
Other (AB602 tax transfer)						
Federal Revenues	0.00	0.00	2,179.00	113,852.95	28,748.59	74,106.20
Other State Revenues	246,338.21	18,391.00	184,075.00	467,349.49	200,870.94	131,738.68
Other Local Revenues	13,019.18	0.00	27.90	35,776.95	18,826.99	42,880.37
Interfund Transfers In						
All Other Financing Sources						
Other Receipts/Non-Revenue						
TOTAL RECEIPTS	400,656.63	241,331.36	359,290.90	772,703.59	404,016.52	3,386,036.04
C. DISBURSEMENTS						
Certificated Salaries	111,606.29	51,454.14	571,732.10	538,732.29	530,575.91	537,399.23
Classified Salaries	198,044.81	99,454.60	181,656.69	186,511.61	162,358.20	186,420.30
Employee Benefits	17,351.55	279,557.61	153,159.16	91,610.24	313,958.89	212,581.41
Supplies and Services	15,311.35	224,398.30	257,753.86	99,768.51	277,263.40	147,223.92
Capital Outlays	0.00	0.00	0.00	0.00	0.00	23,408.22
Other Outgo	0.00	0.00	5,877.36	0.00	(415.45)	0.00
Interfund Transfers Out	0.00	0.00	0.00	0.00	0.00	0.00
All Other Financing Uses	0.00	0.00	0.00	0.00	0.00	0.00
Other Disburse/Non-Expense						
TOTAL DISBURSEMENTS	342,314.00	654,864.65	1,170,179.17	916,622.65	1,283,740.95	1,107,033.08
D. PRIOR YEAR TRANSACTIONS						
Accounts Receivable	280,220.35	141,818.03	40,680.24	51,748.16	0.00	345,133.57
Accounts Payable	665,527.82	418,436.21	1,148.60	1,818.67	1,204.81	1,756.66
Payroll Suspense						
Tax proceeds payable in 08-09						918,194.31
Deferred Payroll payable in 08-09		49.62	48,351.82	48,408.04	48,688.57	48,383.99
TOTAL PRIOR YEAR TRANSACTIONS	(385,307.47)	(276,568.56)	87,883.46	98,337.53	47,483.76	1,309,955.21
E. NET INCREASE/DECREASE (B - C + D)	(326,964.84)	(690,101.85)	(723,004.81)	(45,581.53)	(832,240.67)	3,588,958.17
F. ENDING CASH (A + E)	1,631,672.46	941,570.61	218,565.80	172,984.27	(659,256.40)	2,929,701.77

Note - Taxes received from Monterey County and Deferred Payroll deductions returned to the district are noted on the cash flow in section D. These items are not included in the district's adopted budget and the funds will be payable in 2008-09.

Aromas/San Juan Unified 2007-2008 Cash Flow	JAN	FEB	MARCH	APRIL	MAY	JUNE	TOTAL
A. BEGINNING CASH	2,929,701.77	2,362,670.60	1,431,395.60	517,894.85	1,817,097.85	750,655.85	
B. RECEIPTS:							
Revenue Limit							
Property Tax	20,100.03	66,465.00	0.00	1,875,335.00	0.00	149,282.97	5,124,726.59
State Aid	155,570.00	424,711.00	212,356.00	212,356.00	212,356.00	128,835.00	2,318,494.00
Other (PERS Reduction)							
Other (AB602 tax transfer)							
Federal Revenues	119,249.89	12,859.00	70,729.00	105,745.00	22,859.00	108,212.11	658,540.74
Other State Revenues	224,651.86	245,198.00	72,790.25	43,687.00	77,719.00	91,731.00	2,004,540.43
Other Local Revenues	113,963.30	39,932.00	49,932.00	39,932.00	39,932.00	74,289.00	468,511.69
Interfund Transfers In							
All Other Financing Sources							
Other Receipts/Non-Revenue							
TOTAL RECEIPTS	633,535.08	789,165.00	405,807.25	2,277,055.00	352,866.00	552,350.08	10,574,813.45
C. DISBURSEMENTS							
Certificated Salaries	524,987.24	522,134.00	522,134.00	522,134.00	522,134.00	519,282.00	5,474,305.20
Classified Salaries	160,436.36	149,487.00	149,487.00	149,487.00	149,487.00	138,538.00	1,911,368.57
Employee Benefits	74,954.92	188,941.00	188,941.00	188,941.00	188,941.00	302,924.00	2,201,861.78
Supplies and Services	212,547.99	200,000.00	200,000.00	250,000.00	300,000.00	280,370.00	2,464,637.33
Capital Outlays						591.78	24,000.00
Other Outgo	275,570.59	94,000.00				80,969.50	456,002.00
Interfund Transfers Out							0.00
All Other Financing Uses				276,264.00			276,264.00
Other Disburse/Non-Expense							0.00
TOTAL DISBURSEMENTS	1,248,497.10	1,154,562.00	1,060,562.00	1,386,826.00	1,160,562.00	1,322,675.28	12,808,438.88
D. PRIOR YEAR TRANSACTIONS							
Accounts Receivable							859,600.35
Accounts Payable		614,263.00	307,131.00	307,131.00	307,131.00	307,131.00	2,932,679.77
Payroll Suspense							
Tax proceeds payable in 08-09				667,720.00		31,550.00	1,617,464.31
Deferred Payroll payable in 08-09	47,930.85	48,385.00	48,385.00	48,385.00	48,385.00	48,385.00	483,737.89
TOTAL PRIOR YEAR TRANSACTIONS	47,930.85	(565,878.00)	(258,746.00)	408,974.00	(258,746.00)	(227,196.00)	28,122.78
E. NET INCREASE/DECREASE (B - C + D)	(567,031.17)	(931,275.00)	(913,500.75)	1,299,203.00	(1,066,442.00)	(997,521.20)	
F. ENDING CASH (A + E)	2,362,670.60	1,431,395.60	517,894.85	1,817,097.85	750,655.85	(246,865.35)	

Note - Taxes received from Monterey County and Deferred Payroll deductions returned to the district are noted on the cash flow in section D. These items are not included in the district's adopted budget and the funds will be payable in 2008-09.



FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
December 20, 2007

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the San Benito County Office of Education, hereinafter referred to as the COE, mutually agree as follows:

1. BASIS OF AGREEMENT

The Team provides a variety of services to school districts and county offices of education upon request. The COE has requested that the Team provide for the assignment of professionals to study specific aspects of the Aromas-San Juan Unified School District, hereinafter referred to as the District. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. SCOPE OF THE WORK

The District has submitted a Negative Certification for the 2007-08 First Interim report to the COE. A negative certification indicates that a district is unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. Based on this certification, the COE is exercising its authority pursuant to Education Code 42127.6 and requesting the Team to conduct an in-depth review of the District's 2007-08 General Fund First Interim budget and complete a Multi-Year Financial Projection.

The Team will utilize FCMAT's Budget Explorer v.2.0 Multi-Year Financial Projection software to complete the financial projection. Due to the uncertainty regarding funding levels for public education in the near future, FCMAT will provide two scenarios; one using current School Services of California Dartboard variables and one with a zero COLA for the subsequent year. The projections will apply any immediate changes to 2007-08 funding that may be enacted by the Governor or Legislature during the term of this agreement.

A. Scope and Objectives of the Study

- 1) To review and validate the District's 2007-08 General Fund First Interim projected budget in order to establish accurate base year data for FCMAT's multi year financial projection.
- 2) Prepare a multi year financial projection for general fund for 2007-08 and 2008-09 and provide a Management Letter with the two scenarios, conclusions and recommendations regarding the District's financial position.
- 3) Complete FCMAT's Fiscal Health Risk Analysis to confirm whether other

indicators affecting the District's solvency require attention.

B. Services and Products to be Provided

- 1) Orientation Meeting - The Team will conduct an orientation session at the District to brief COE and District management and supervisory personnel on the procedures of the Team.
- 2) On-site Review - The Team will conduct an on-site review at the District office and at school sites if necessary. The Team will continue to work on the budget analysis and multi year projections off site using the documentation provided by the District and COE.
- 3) Progress Reports - The Team will hold an exit meeting at the conclusion of the on-site review to inform the COE and District of significant findings and recommendations to that point, if applicable.
- 4) Draft Management Letter - Sufficient copies of a draft letter will be delivered to the COE and District administration for review and comment.
- 5) Final Management Letter - Sufficient copies of the final letter will be delivered to the COE following completion of the review.
- 6) Follow-Up Support – Six months after the completion of the study, FCMAT will return to the District, if requested, to confirm the District's progress in implementing their recovery plan, at no cost. Status of the recommendations will be documented to the COE and District in a FCMAT Management Letter.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, Deputy Executive Officer Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- A. Barbara Dean, FCMAT Deputy Administrative Officer
- B. Margaret Rosales, FCMAT Fiscal Consultant

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be:

- A. \$500.00 per day for each Team Member while on site, conducting fieldwork at other locations, preparing and presenting reports, traveling to or from the District, or participating in meetings. \$500.00 per day for off-site work completed by FCMAT consultants.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. Based on the

scope of work identified in section 2 A, estimated total cost is \$6,000. The COE will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final management letter by the COE.

The COE may submit a claim for reimbursement of 25% of the total cost of the review under the provisions of AB 1200/2756 and E.C. 42127.6, after payment for FCMAT services has been received. Directions for filing a reimbursement claim are available at www.fcmat.org.

- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services are payable to Kern County Superintendent of Schools-Administrative Agent.

5. RESPONSIBILITIES OF THE COE AND DISTRICT

- A. The District will provide office and conference room space while on-site reviews are in progress.
- B. The District will provide the following:
- 1) A map of the local area
 - 2) Existing policies, regulations and prior reports addressing the study request
 - 3) Current organizational charts
 - 4) Current and four (4) prior year's audit reports
 - 5) Any documents requested on a supplemental listing
- C. The COE and District Administration will review a preliminary draft copy of the Management Letter. Any comments regarding the accuracy of the data presented in the letter or the practicability of the recommendations will be reviewed with the Team prior to completion of the final Management Letter.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with District pupils. The District shall take appropriate steps to comply with EC 45125.1(c).

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for key study milestones:

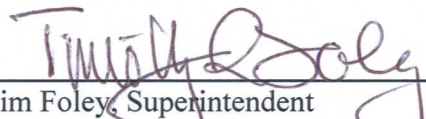
Orientation:	January 23, 2008
Staff Interviews:	January 23-24, 2008
Exit Interviews:	January 24, 2008
Preliminary Letter Submitted:	to be determined
Final Letter Submitted:	to be determined
Board Presentation:	to be determined
Follow-Up Support:	If requested

7. CONTACT PERSON

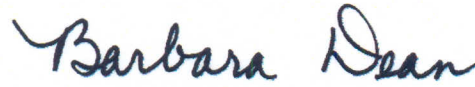
Please print name of contact person: Ron Wheelehan, Assistant Supt.
Business/Technology Services

Telephone 831 637-5393, ext 163 FAX 831 637-0140

Internet Address rwheel@sbcoe.k12.ca.us


Tim Foley, Superintendent
San Benito County Office of Education

12-21-07
Date


Barbara Dean, Deputy Administrative Officer
Fiscal Crisis and Management Assistance Team

December 20, 2007
Date