FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

May 10, 2013

Sue Johnson, Ed.D., Superintendent
Savanna Elementary School District
1330 South Knott Avenue
Anaheim, CA 92804

Dear Superintendent Johnson,

The purpose of this management letter is to confirm the findings and recommendations of the Fiscal Crisis and Management Assistance Team (FCMAT) resulting from the recent independent review of the Savanna Elementary School District's 2012-13 second interim budget. As indicated in the study agreement, dated February 8, 2013, FCMAT reviewed the district's 2012-13 general fund budget and prepared both a multiyear financial projection (MYFP) for the current and subsequent two fiscal years and a cash flow projection for fiscal year 2012-13. This letter provides FCMAT's projections and analyses.

FCMAT conducted fieldwork at the district office on March 11-13, 2013, with additional off-site work during the weeks that followed. FCMAT reviewed numerous documents and financial reports, including the district's annual independent audits, unaudited actuals, financial system reports, J-18/19 attendance reports, and other historical financial information pertinent to the study. The independent MYFP was developed based on this information and on reports from the district's financial system through February 2013. Additional input from district and county office of education staff was also considered before finalizing the enclosed information.

## Background

Over the last several years, California public education has experienced economic challenges unprecedented in the experience of even longtime chief business officials and superintendents. Ongoing declines in state and federal funding; reliance on one-time revenue sources; increases in state apportionment deferrals; and increasing costs of salary and health benefits, energy, fuel, and other routine operating costs, have left many district budgets with structural deficits and exhausted or insufficient reserve balances. These conditions have sometimes been exacerbated by insufficient or delayed spending reductions to offset the funding reductions, and have resulted in extreme financial strains that significantly hamper a district's ability to meet students' instructional needs.

These economic factors, combined with the requirements to meet student performance objectives established by federal No Child Left Behind (NCLB) legislation, pose considerable fiscal challenges for public schools. Districts must demonstrate leadership and the ability to meet the increasing expectations of parents, students and the community while working within the constraints of decreasing fiscal resources.

Over the last several years, the Savanna Elementary School District has relied on one-time funding sources and negotiated furlough days as its main methods of addressing the fiscal shortfalls resulting from

FCMAT
Joel D. Montero, Chief Executive Officer
1300 17th Street - City Centre, Bakersfield, CA 93301-4533 • Telephone 661-636-4611 • Fax 661-636-4647
755 Baywood Drive, 2nd Floor, Petaluma, CA 94954 • Telephone: 707-775-2850 • Fax: 661-636-4647 • www.fcmat.org
Administrative Agent: Christine L. Frazier - Office of Kern County Superintendent of Schools

state funding reductions and increasing costs. Although these strategies have helped the district mitigate some of the funding shortfall, an ongoing shortfall of revenue over expenditures, otherwise known as a structural deficit, is present in the district's 2012-13 second interim budget and accompanying multiyear financial projection (MYFP). Like most districts, the district has fewer resources available to address these shortfalls and must make difficult choices that will require diligence on the part of the school board, staff and the community to maintain the district's financial stability.

Clearly defined budget assumptions and/or detailed supporting narratives, and well-structured multiyear financial projections and cash flow projections are critical to demonstrating a district's financial position. Many of the MYFP and cash flow tools that the district's business office uses are highly detailed, current, and reliable.

Many of the differences noted in the MYFP prepared by FCMAT resulted from differences in timing, because updated information became available after the district prepared its second interim budget report. The district's MYFP also included an ongoing reduction of $1 million in unidentified expenditures in the 2013-14 fiscal year of the MYFP and an additional $1 million in the 2014-15 fiscal year of the MYFP, with the understanding that a fiscal solvency plan would be developed to balance the district's budget in the two subsequent years of the MYFP.

## Multiyear Financial Projection

Multiyear financial projections are required by Assembly Bill (AB) 1200 and AB 2756 and are a part of the budget adoption and interim revision reporting process. In June 2004, AB 2756 (Daucher) was passed and signed into law on an urgency basis. This legislation made substantive changes to the financial accountability and oversight processes used to monitor the fiscal position of school districts and county offices of education. Among other things, AB 2756 strengthened the roles of the superintendent of public instruction (SPI), county offices of education and FCMAT, and their ability to provide management assistance and intervene during fiscal crises.

FCMAT prepared a multiyear financial projection using FCMAT's Budget Explorer software and the district's 2012-13 second interim budget to initiate the projection. FCMAT's initial overview included a preliminary review of the district's 2012-13 second interim financial report and assumptions included as the foundation of that report. An analysis was conducted of projected revenues; expenditures, including an in depth comparison of the district's 2012-13 salary and benefit expenditure budgets compared to the actual September 2012 recorded payroll; transfers and components of the ending fund balance for the general fund. Revenue and expenditure trends for the preceding two fiscal years and industry-standard variables were also used as the basis for FCMAT's projection.

Any forecast of financial data has inherent limitations because calculations are based on certain assumptions and criteria, including enrollment trends, cost-of-living increases, projected deferrals, forecasts of costs for utilities, fuel and other consumables, and local, state and national economic conditions. Therefore, the projection should be viewed as a trend based on current criteria and assumptions rather than as a prediction of exact numbers. Multiyear financial projections can serve as the basis for more informed decisions and the ability to forecast the fiscal effects of decisions, and should be updated at least at each interim financial reporting period and in preparation for negotiations.

The governor's 2013-14 state budget proposal includes the local control funding formula (LCFF), which would significantly change the way school districts are funded. As proposed, the LCFF would replace revenue limits and most state categorical program funding with base grade span pupil grants and supplemental and concentration grants. At the request of the Legislative Analyst's Office, on April 2, 2013 the California Department of Education (CDE) released a report detailing the percentages of students in each district who are eligible for free and reduced-price meals and who are classified as English learners. The report provides estimates of district revenues under current law and under the proposed LCFF. The estimated projections can be found at http://www.cde.ca.gov/fg/fr/eb/documents/fundmdlfndngformula.xls. These calculations are provided only as illustrations of potential funding differences under the proposed LCFF and current law.

For the purposes of calculating and projecting the district's MYFP, FCMAT did not incorporate the proposed LCFF, because it is not yet law. However, the district will need to prepare for the possible effect of the LCFF beginning in 2013-14.

## Enrollment Projections

Enrollment projections are an essential tool used to identify potential issues that may have a significant impact on a district's estimated revenue in a multiyear financial projection. It is useful to review the district's historical enrollment patterns to identify any significant fluctuations in enrollment that may take place in future years. Although districts are funded based on the greater of the prior fiscal year or the current fiscal year P-2 average daily attendance (ADA) under the revenue limit funding formula, this simply provides for a one-year opportunity to make necessary staffing adjustments when reductions are necessary as a result of declining enrollment. Failure to identify and address this potential loss of revenue in a timely manner could have a significant effect on a district's financial position.

The business office staff do not prepare enrollment projections for the multiyear financial projections, nor do they assess the changes in enrollment as each cohort transitions into its subsequent grade level in future years. The business office staff use the current fiscal year P-2 ADA as the basis for revenue projections in the subsequent two years of their multiyear financial projection. This results in a flat per ADA funding level for revenue projections in subsequent fiscal years of a MYFP, prior to any cost of living adjustments (COLA).

FCMAT used the cohort survival technique to project the district's enrollment. Cohort survival groups students by grade level upon entry and tracks them through each year they stay in school. This method evaluates the longitudinal relationship of the number of students passing from one grade to the next in the subsequent year. In doing so, it more closely accounts for retention, dropouts, new and departing students by grade.

Percentages are calculated from the historical enrollment data to determine a percentage of increase or decrease in enrollment between any two grades. For example, if 100 students enrolled in first grade in 2012-13 and that number increased to 104 in second grade in 2013-14, the survival would be 104%, or a ratio of 1.04. Such ratios are calculated between each pair of grades or years in school over several recent years. The ratios used are the key factors in the reliability of the projections given the validity of the data at the starting point. Each ratio collectively encompasses the variables that could possibly account for an increase or decrease in the size of a grade cohort as it moves on to the next grade.

The process of projecting kindergarten enrollment differs from other grades because little data is available regarding the presence of four- and five-year-old children that may enroll in the district the following year. The industry standard for projecting kindergarten enrollment is to identify the percentage of countywide live births that enroll in the district five years later. Based on a four-year average, approximately 0.81% of countywide births become kindergartners in the district five years later. Assuming this percentage holds true for the next four years, the district will have kindergarten enrollments of 342, 326 and 308, resulting in an enrollment decline of 44, 16 and 18 kindergarten students for fiscal years 2013-14, 2014-15 and 2015-16, respectively, as illustrated in the table below:

## *Countywide Births / Kindergarten Projection*

| Birth Year | Births | Kindergarten Year | Actual Kindergarten Enrollment | Percent of Births Five Years Later | Average Percentage |
|---|---|---|---|---|---|
| **Actuals** | | | | | |
| 2004 | 45060 | 2009 | 352 | 0.78% | 0.81% |
| 2005 | 44065 | 2010 | 335 | 0.76% | |
| 2006 | 44231 | 2011 | 357 | 0.81% | |
| 2007 | 44026 | 2012 | 386 | 0.88% | |
| **Projected** | | | | | |
| 2008 | 42456 | 2013 | 342 | -44 | |
| 2009 | 40431 | 2014 | 326 | -16 | |
| 2010 | 38237 | 2015 | 308 | -18 | |
| 2011 | 38100 | 2016 | 307 | -1 | |

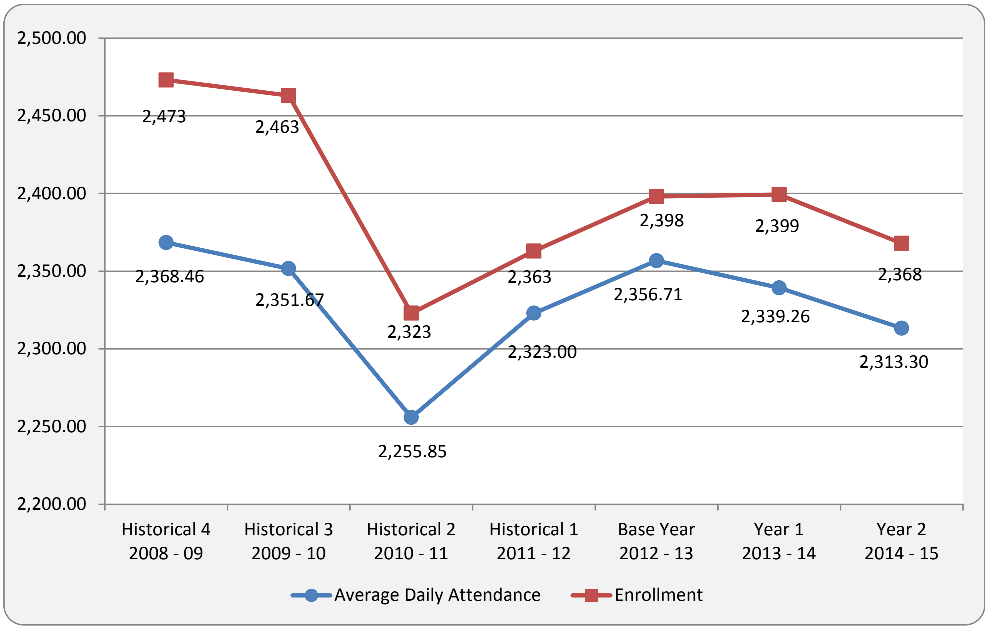
District-wide enrollment projections by grade level are presented in the table below followed by a graphic showing average daily attendance to enrollment.

| Enrollment | Historical 5 2007 - 08 | Historical 4 2008 - 09 | Historical 3 2009 - 10 | Historical 2 2010 - 11 | Historical 1 2011 - 12 | Base Year 2012 - 13 | Year 1 2013 - 14 | Year 2 2014 - 15 |
|---|---|---|---|---|---|---|---|---|
| K | 334 | 327 | 352 | 335 | 357 | 386 | **342** | **326** |
| 1 | 322 | 357 | 318 | 323 | 341 | 351 | **378** | **335** |
| 2 | 342 | 339 | 358 | 321 | 333 | 335 | **353** | **380** |
| 3 | 351 | 350 | 344 | 334 | 317 | 336 | **331** | **349** |
| 4 | 359 | 378 | 345 | 313 | 348 | 314 | **332** | **328** |
| 5 | 331 | 382 | 364 | 347 | 323 | 348 | **316** | **335** |
| Subtotal (K - 5) | 2,039 | 2,133 | 2,081 | 1,973 | 2,019 | 2,070 | **2,052** | **2,053** |
| 6 | 349 | 340 | 382 | 350 | 344 | 328 | **347** | **315** |
| Subtotal (6 - 8) | 349 | 340 | 382 | 350 | 344 | 328 | **347** | **315** |
| Ungraded Elementary | 0 | 0 | 0 | 0 | 0 | 0 | **0** | **0** |
| Ungraded Secondary | 0 | 0 | 0 | 0 | 0 | 0 | **0** | **0** |
| Subtotal Excluding Charter Schools | 2,388 | 2,473 | 2,463 | 2,323 | 2,363 | 2,398 | **2,399** | **2,368** |
| Charter Schools (to calculate in-lieu property taxes) | 0 | 0 | 0 | 0 | 0 | 0 | **0** | **0** |
| Total | 2,388 | 2,473 | 2,463 | 2,323 | 2,363 | 2,398 | **2,399** | **2,368** |
| **Increase / (Decrease) in Enrollment** | | | | | | **35** | **1** | **-31** |

| P2ADA | Historical 5 2007 - 08 | Historical 4 2008 - 09 | Historical 3 2009 - 10 | Historical 2 2010 - 11 | Historical 1 2011 - 12 | Base Year 2012 - 13 | Year 1 2013 - 14 | Year 2 2014 - 15 | |
|---|---|---|---|---|---|---|---|---|---|
| Excluding Charter Schools | 0.00 | 2,368.46 | 2,351.67 | 2,255.85 | 2,323.00 | 2,356.71 | 2,339.26 | 2,313.30 | |
| Charter Schools (to calculate in-lieu property taxes) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| COE CommSchs/SpEd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Total | 0.00 | 2,368.46 | 2,351.67 | 2,255.85 | 2,323.00 | 2,356.71 | 2,339.26 | 2,313.30 | |
| Increase / (Decrease) in ADA | | | | | | | **-17.45** | **-25.96** | |
| Funded ADA | | | | | | 2,356.71 | **2,356.71** | **2,339.26** | |
| Increase / (Decrease) in Funded ADA | | | | | | 33.71 | **0.00** | **-17.45** | **-25.96** |

| Enrollment Factors | Historical 5 2007 - 08 | Historical 4 2008 - 09 | Historical 3 2009 - 10 | Historical 2 2010 - 11 | Historical 1 2011 - 12 | Base Year 2012 - 13 | Year 1 2013 - 14 | Year 2 2014 - 15 |
|---|---|---|---|---|---|---|---|---|
| Excluding Charter and COE | 0.0000 | 0.9577 | 0.9548 | 0.9711 | 0.9831 | 0.9828 | 0.9750 | 0.9769 |
| Charter Schools (to calculate in-lieu property taxes) | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

| Statewide ADA to Enrollment Ratio | | | |
|---|---|---|---|
| Type | 2011-12 | 2010-11 | Difference |
| High | 93.77% | 93.54% | 0.23% |
| Unified | 95.23% | 94.86% | 0.37% |
| Elementary | 96.26% | 96.00% | 0.26% |




FCMAT's enrollment projection indicates that although the district can anticipate stable enrollment through 2013-14 based on projections for all grade levels, actual attendance to enrollment trends show a potential decline of approximately 17.45 ADA in that same year. Although the current funding formula allows for a one-year hold harmless for this decline in attendance, the projection indicates that enrollment for 2014-15 further declines by an additional 31 students and a loss of 25.96 ADA. Following the actual enrollment and ADA and comparing it to projections allows the district to adjust staffing and expenditures in a timely manner.

Enrollment forecasts have inherent limitations because they are based on certain criteria and assumptions instead of exact calculations. Limitations include the accuracy of baseline data, unpredictable trends affecting residential housing, unanticipated changes in enrollment trends, and changing state, federal and local economic conditions. Therefore, the forecasting model should be viewed as a trend based on certain criteria and assumptions instead of a prediction of exact numbers. To maintain the most accurate and meaningful data, the district should routinely prepare and update enrollment projections and compare them to actual enrollment. This process provides the district greater ability to identify a potential enrollment decline and adjust staffing levels and expenditure budgets where needed.

## Other Projection Assumptions

FCMAT prepared its multiyear financial projection to include the effect of the state's budget for 2012-13 and the governor's 2013-14 proposed budget. Assumptions include conservative economic factors and estimates provided by School Services of California in its Financial Dartboard as of January 2013.

Significant assumptions included the following:

| Description | Base Year 2012-13 | Projection Year 1 2013-14 | Projection Year 2 2014-15 |
|---|---|---|---|
| Statutory COLA (SSC) | 3.24% | 1.65% | 2.20% |
| Revenue Limit Deficit K-12 (SSC) | 22.27% | 22.27% | 22.27% |
| State Categorical COLA (SSC) | 0.00% | 0.00% | 0.00% |
| California Lottery Unrestricted (SSC) Per 2011-12 P-Annual Attendance | $124.25 | $124.00 | $123.75 |
| California Lottery Restricted (SSC) Per 2011-12 P-Annual Attendance | $30.00 | $30.00 | $30.00 |
| California CPI (SSC) | 2.30% | 2.20% | 2.40% |
| Certificated Staff Step & Column - FCMAT Calculated Based on Historical | 2.00% | 2.00% | 2.00% |
| Classified Staff Step - FCMAT Calculated Based on Historical | 1.50% | 1.50% | 1.50% |
| District-Paid Health Benefit Cost Increases - Single $5,000 2-Party $10,000 Family $14,000" | | N/C over Prior Year | N/C over Prior Year |

- FCMAT's projection is based on the current revenue limit funding model and does not adjust for the governor's proposed new LCFF model. While not yet in law, it is clear that implementation of the LCFF is the governor's highest priority. FCMAT did not assess the potential effect on district funding under the LCFF. However, discussion with the Orange County Office of Education suggested that under the criteria currently available, the district may experience a favorable change in funding. It is essential for the district to prepare for the possible effects of this new funding formula as more concrete information becomes known.
- Class Size Reduction funding retained at 2012-13 level.
- Projected revenue based on validation of funding from the California Department of Education, School Services of California's Dynamic Budget Guide, grant letters and analysis of district assumptions for any sources that could not be directly verified. Federal revenue sources retained at flat funding – no consideration for potential reductions due to federal sequestration.
- Medi-Cal Administrative Activities (MAA) funding reduced to reflect actual receipts received by the district through February 2013 and eliminated in subsequent years.
- Other local revenue from sale of equipment eliminated in subsequent years.
- Reducations associated with three furlough days for all staff were added to the salary and benefit budgets in fiscal year 2013-14.
- Long-term debt obligations removed in years subsequent to final payment.
- Indirect cost charges applied to all programs where allowable to ensure proper program cost accounting, even when this resulted in a contribution back into the resource from the unrestricted general fund.
- Expenditure budgets in restricted resources only reduced in the 4XXX object code series when expenditures exceed revenues in the second and third year; no elimination of salary and benefit budgets made. Additionally, no reductions made to expenditure budgets for restricted resources where the only budget resided in the 5XXX services object code series, as FCMAT does not have the ability to ascertain whether service commitments are ongoing or binding. Contribution

from the unrestricted general fund made to balance any restricted resource when expenditures exceeded revenue.

| Name | Resource Code | Base Year 2012 - 13 | Year 1 2013 - 14 | Year 2 2014 - 15 |
|---|---|---|---|---|
| **Unrestricted Resources** | | | | |
| Unrestricted | 0000 | ($1,442,066.46) | ($1,637,654.40) | ($1,736,488.80) |
| Lottery: Unrestricted | 1100 | $12,079.42 | $29,175.47 | $38,513.10 |
| Class Size Reduction Operations, Grades K-3 | 1300 | ($857,642.02) | ($857,642.02) | ($857,642.02) |
| Total Unrestricted | | $0.00 | $0.00 | $0.00 |
| **Restricted Resources** | | | | |
| NCLB-Title I, Part A, Basic Grants Low Income and Neglected | 3010 | $0.00 | $18,682.92 | $25,804.29 |
| Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P | 3310 | $27,254.88 | $38,736.66 | $51,537.80 |
| Special Ed: IDEA Preschool Grants, Part B, Sec 619 | 3315 | $2,656.32 | $3,775.35 | $5,022.98 |
| Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611 | 3320 | $4,899.55 | $6,963.60 | $9,264.82 |
| Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611 | 3327 | $803.19 | $1,141.55 | $1,518.79 |
| NCLB: Title II, Part A, Teacher Quality | 4035 | $914.75 | $5,372.48 | $7,055.58 |
| NCLB: Title III, Limited English Proficiency (LEP) Student Program | 4203 | $0.14 | $5,860.58 | $8,118.96 |
| Special Education | 6500 | $1,504,621.26 | $1,608,975.15 | $1,660,212.12 |
| Special Ed: Mental Health Services | 6512 | $7,452.88 | $7,452.88 | $7,452.88 |
| Transportation: Home to School | 7230 | $304,071.00 | $320,052.57 | $326,033.57 |
| Transportation: Special Education (Severely Disabled/ Orthopedically Impaired) | 7240 | $123,000.00 | $123,159.30 | $123,320.98 |
| Ongoing & Major Maintenance Account (RMA: Education Code Section 17070.75) | 8150 | $311,955.09 | $325,947.91 | $330,274.95 |
| **Total Restricted** | | **$0.00** | **$0.00** | **$0.00** |
| **Balance** | | **$0.00** | **$0.00** | **$0.00** |

## *Projection Assessment*

FCMAT reviewed the district's records, interviewed staff members and examined a variety of financial documents to gather the information needed for the multiyear financial projection. The district's budget, as revised for the 2012-13 second interim reporting period and submitted to the Orange County Department of Education, required some revision by FCMAT based on the timing of the review.

Revenue and most expenditure budgets appear reasonable and reflective of actual anticipated revenue and expenditures. However, a reduction in budgeted health care costs was included in the district's second interim report to offset the anticipation of covering the costs in the current fiscal year with a combination of one-time funds available in the district's self-insurance fund, fund 67, and an anticipated one-time distribution of equity from the Southern California Schools Employee Benefit Association (SCSEBA).

Although this adjustment could be reasonably expected to have the same effect on the district's projected ending fund balance in the current year budget, it creates inaccuracies in the district's projected revenue and expenditure budgets. Further, this practice raises the opportunity to miss a necessary adjustment in a multiyear financial projection in subsequent years, resulting in an inaccurate projection.

FCMAT increased the expenditure budget for health care benefits $365,000 in the 3400 object code series so that the budgeted amount accurately reflects the anticipated expenditures for the current fiscal year. FCMAT also adjusted the other local revenue budget to reflect the actual amount received from SCSEBA, which was $117,948. Additionally, FCMAT included a transfer of direct costs of $255,323 to the self-insurance fund to account for the use of balances residing in that fund for health care benefit costs. The district is no longer self-insured.

Procedure 775 of the California School Accounting Manual (CSAM), Accounting for Internal Service Funds, notes that transfers into an internal service fund become restricted by law and must be utilized for the purposes for which they were originally intended. The CSAM states:

> "Amounts contributed to a self-insurance fund are lawfully restricted for that purpose (Education Code Section 17566 and Government Code Section 53205)."
>
> "If amounts held in a self-insurance fund exceed amounts required as determined on an actuarial basis (a surplus), current and/or future contributions may be reduced by adjusting the rates used to charge the contributing funds."

The district reports that the balances held in the self-insurance fund are free from outstanding obligations and/or claims and may be used to offset insurance benefit costs.

Less clear is the guidance in the CSAM pertaining to accounting methods for using remaining balances once a district moves away from a self-insurance model. It is FCMAT's position that the actual costs for health benefits should be fully reflected in the district's general fund under object codes 3401 and 3402 and that recovery of those costs should be recorded using the same methodology as accounting for reimbursements to the general fund for administrative costs noted in the CSAM, by transferring the desired amount to fund 67 using object code 5750, transfers of direct costs-interfund. It is best practice for district staff to consult their independent auditor prior to making this transfer to ensure the auditor agrees with the transfer methodology.

Salary and benefit cost projections were based on an analysis of the active positions, actual salaries and benefits paid through September 2012, and a projection of encumbered salary and benefit costs through the end of the fiscal year. The district has settled negotiations for the 2012-13 fiscal year. Salary and statutory benefit reductions associated with negotiated furlough days for the 2012-13 fiscal year were reversed in the 2013-14 fiscal year. No open but unfilled positions were identified by the district and as such no excess budgetary reserve is included in FCMAT's projections. A reduction of one certificated teaching position, based on an average certificated salary and benefit cost of $65,630, was included in the 2014-15 fiscal year based on the projected decline in enrollment and ADA in conjunction with the reduction in revenue limit funding based on this same decline.

Other expenditure budgets in the second interim report appear reasonable, with a focus on expenditure restraint. FCMAT's MYFP assumes that the district's current ongoing costs will continue, including the cost of step-and-column adjustments, utilities and other expenditures such as contributions to special education, transportation and routine repair and maintenance. This excludes the effect of any unsettled negotiations or changes to ongoing costs that were approved subsequent to FCMAT's fieldwork.

The following table presents the differences between the district's and FCMAT's 2012-13 general fund budget.

| SAVANNA ELEMENTARY SCHOOL DISTRICT<br>General Fund Budget Comparison<br>2012-13 COMBINED | | | | | |
|---|---|---|---|---|---|
| | | District Second Interim Budget | FCMAT Revised Budget | Increase / (Decrease) | |
| **BEGINNING FUND BALANCE** | | $927,429 | $927,429.00 | $- | 0.00% |
| | | | | | |
| **REVENUE** | | | | | |
| | Revenue Limit | $11,787,419 | $11,787,419 | $0 | 0.0% |
| | Federal Revenues | 1,322,195 | 1,322,195 | - | 0.0% |
| | Other State Revenue | 4,385,373 | 4,357,187 | (28,186) | -0.6% |
| | Other Local Revenue | 352,182 | 385,110 | 32,928 | 9.3% |
| **TOTAL REVENUE** | | $17,847,169 | $17,851,910 | $4,741 | 0.027% |
| | | | | | |
| **EXPENDITURES** | | | | | |
| | Certificated Salaries | $9,366,296 | $9,366,296 | $- | 0.0% |
| | Classified Salaries | 2,115,418 | 2,115,418 | - | 0.0% |
| | Employee Benefits | 2,695,622 | 3,060,622 | 365,000 | 13.5% |
| | Books and Supplies | 898,590 | 895,952 | (2,638) | -0.3% |
| | Services, Operating Expenses | 3,054,411 | 2,799,088 | (255,323) | -8.4% |
| | Capital Outlay | - | - | - | |
| | Other Outgo | - | - | - | |
| | Direct Support/ Indirect Costs | (41,157) | (41,157) | - | |
| **TOTAL EXPENDITURES** | | $18,089,180 | $18,196,219 | $107,039 | 0.59% |
| | | | | | |
| | Transfers In | $- | $- | $- | |
| | Contributions | - | - | $- | |
| | Transfers Out and Other Uses | - | - | $- | |
| **INCOME minus EXPENSES & TRANSFERS** | | $(242,011) | $(344,308) | $(102,297) | |
| **ENDING FUND BALANCE** | | $685,418 | $583,121 | $(102,297) | -14.92% |

The budget to actuals should be closely monitored through the remainder of the year to ensure actuals do not exceed amounts budgeted. Revision to the budget should be made timely to ensure the effects on the district's fiscal status are clearly understood prior to additional expenditures. It is likely that any increase in expenditures in any given object code classification will require a reduction of reserve balances.

FCMAT's multiyear financial projection indicates that the district's fiscal condition is critical and requires clearly identifiable expenditure reductions and/or revenue enhancements. Although FCMAT's projection indicates that the district will have a positive general fund balance at the end of the current fiscal year, it will be **unable**

... the district's fiscal condition is critical and requires clearly identifiable expenditure reductions and/ or revenue enhancements.

to meet the recommended minimum unrestricted reserve balance. As reflected in the table below, the district's fiscal condition worsens dramatically in the subsequent two fiscal years in the absence of a solid fiscal recovery plan that includes ongoing expenditure reductions and/or revenue enhancements.

| **UNRESTRICTED - FCMAT** | **2012-13** | **2013-14** | **2014-15** |
|---|---|---|---|
| Beginning Fund Balance | $842,507 | $498,199 | $(769,535) |
| | | | |
| Revenue | $14,100,779 | $14,166,310 | $14,227,655 |
| Expenses | 12,157,458 | 12,967,923 | 13,009,487 |
| **Excess / (Deficiency) before Other Sources & Uses** | $1,943,321 | $1,198,387 | $1,218,168 |
| | | | |
| Interfund Transfers Out | $- | $- | $- |
| Contributions | (2,287,629) | (2,466,121) | (2,555,618) |
| **Total Other Financing Sources, Uses & Contributions** | $(2,287,629) | $(2,466,121) | $(2,555,618) |
| | | | |
| **Net Increase/(Decrease) in Fund Balance** | $(344,308) | $(1,267,734) | $(1,337,450) |
| | | | |
| **Ending Fund Balance** | $498,199 | $(769,535) | $(2,106,985) |
| **Unrestricted Reserve %** | 2.74% | -4.01% | -10.91% |
| | | | |
| **3% Minimum Reserve Requirement** | $545,887 | $575,662 | $579,620 |
| **Excess/(Shortfall) in Unrestricted Resources after Designations** | $(95,639) | $(1,393,148) | $(2,734,556) |
| | | | |
| **2013-14 Ongoing Targeted Reductions or Revenue Enhancements** | | $1,400,000 | $1,400,000 |
| **2014-15 Additional Ongoing Targeted Reductions or Revenue Enhancements** | | | 1,335,000 |
| | | $6,852 | $444 |

As demonstrated in the table above, the district's structural deficit is ongoing and increasing. Further, the district fails to meet the recommended 3% minimum reserve in the current fiscal year. It is possible for the district to obtain a budgetary savings in the current fiscal year of approximately $95,000 resulting in achieving the reserve level in the current year. However; in order for the district to meet the reserve level in the two subsequent years of the projection, targeted **ongoing** expenditure reductions and/or revenue enhancements should be identified in the amount of $1.4 million dollars in **each** of the two subsequent fiscal years.

FCMAT's full multiyear financial projection is included with this management letter, and FCMAT can provide the district with access to Budget Explorer for projection files on request.

If a district is unable to meet its financial obligations for the current or two subsequent fiscal years, or has a qualified or negative budget certification, the county superintendent of schools is required to notify the district governing board and the SPI. The county office of education must follow Education Code Section 42127.6 when assisting a school district in this situation. In the case of a district that does not maintain its required reserve for economic uncertainty, the intent of the MYFP is to help the county and the district create a plan to regain fiscal solvency and restore the required reserve.

If a California school district's governing board determines that it has insufficient funds to meet its current obligations, it may request an emergency apportionment loan from the state. Emergency apportionment loans are provided only through a legislative appropriation that involves various lengthy and complicated steps and preparation by both the district and the county office. If it is determined that state intervention is required, the superintendent of public instruction (SPI) assumes all rights and duties of the governing board and, in consultation with the county office, appoints a state administrator to act on behalf of the SPI in exercising the SPI's authority over the district. The authority of the SPI continues until certain conditions are met including but not limited to the completion of assessment and improvement plans for the school district and repayment of the emergency loan. The state administrator supersedes any local authority over the affairs of the district until the district is able to recover financially. This includes the repayment of the state loan, cost for the state administrator and related cost for FCMAT to make periodic assessments of progress toward recovery. This process can take up to 20 years. The most effective way for the district to avoid such intervention is to implement a financial plan that identifies revenue enhancements and/or expenditure reductions that will balance its budget and eliminate the structural deficit. For Savanna Elementary School District, 79.92% of its general fund expenditure budget is comprised of salaries and benefits, and any solution is likely to include some form of staffing or compensation adjustments.

As of June 30, 2012, the district had $10,321,366.32 set aside in the special reserve fund for capital outlay, fund 40. The balance retained in this fund originated from the sale of district property, so Education Code Section 17462 restricts the district's ability to redirect balances to the general fund. Education Code Section 17463.7 does offer some flexibility that permits districts to transfer these funds to the general fund under specific prescribed requirements. According to the School Services of California, Inc. Fiscal Report dated March 30, 2012, the provision states that:

- Property purchased originally with local funds may use all or some of the proceeds without restriction for a one-time general fund expenditure.
- Property purchased with general obligation bonds or developer fees allow that a percentage of the proceeds may be used for a one-time general fund purpose
- The State Allocation Board (SAB) will reduce hardship assistance to districts using the proceeds from the sale of property for one-time general fund purposes
- School districts are ineligible for hardship funding from the State School Deferred Maintenance Fund for five years after the date proceeds are deposited into the general fund

The Governing Board has to certify to the SAB that:

- There are no major deferred maintenance requirements not covered by existing capital outlay resources
- The sale does not violate provisions of the local bond act
- The property is not suitable to meet projected school constructions needs for the next ten years

A plan for expending the one-time resources must be presented at a regularly scheduled meeting

- The plan must identify the source and use of funds
- It must also describe the reasons why the expenditure will not result in ongoing fiscal obligations for the school district

Districts have until January 1, 2014 to act on this provision. The district's structural deficit is primarily the result of ongoing expenditures that exceed revenue sources, and as such, it is unlikely that the flexibility provided under this section of the education code is a viable solution to the district's solvency issue. However, the district should consult its legal counsel for further guidance in this area.

Although the district had not prepared a recovery plan identifying realistic and certain expenditure reductions and/or revenue enhancements, a positive budget certification was assigned to the district's second interim budget. It is understood that the Orange County Office of Education is aware of the district's inclusion of a $1 million expenditure reduction placeholder or line item in 2013-14 and 2014-15 of the district's MYFP as a means of obtaining a positive certification, based on the knowledge that the district has resources available in other funds that may provide for temporary borrowing until such time as the LCFF details have been finalized. It is anticipated that a portion of the structural deficit may be rectified by the new funding formula proposed in the governor's 2013-14 proposed state budget. Final details of this new funding formula have yet to be determined, so FCMAT recommends that districts monitor their current year budget and accompanying MYFP utilizing revenue assumptions currently in law.

## Cash Flow

FCMAT recognized actual cash receipts, disbursements, asset and liability entries recorded in the district's general ledger detail through February 2013 as a foundation for the cash flow projection. State apportionment payment projections were based on the updated First Principal Apportionment certification and deferral schedule available on the California Department of Education website. FCMAT also isolated 21.2% attributable to EPA funds. Proposition 30, approved by the voters on November 6, 2012, temporarily increases the state's sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers. The revenues generated from Proposition 30 are deposited into a new state account called the Education Protection Account (EPA). Local educational agencies (LEAs) will receive funds from the EPA based on their proportionate share of the statewide revenue limit amount. A corresponding reduction is made to an LEA's revenue limit state aid equal to the amount of its EPA entitlement. To allow time for the state to collect the increased tax revenues, EPA entitlements will not be calculated for fiscal year 2012-13 until June 2013; LEAs will receive their 2012-13 EPA entitlement in one lump sum payment at the end of June. LEAs will receive EPA payments quarterly beginning with fiscal year 2013-14. FCMAT's cash flow projections for the district include the estimated EPA payments. For Savanna ESD, nearly $1.1 million in state apportionment, revenue limit funding, is deferred into the next fiscal year.

FCMAT also applied deferrals to other applicable revenue sources and projected cash receipts based on historical activity or pushed them to year end to be conservative. Expenditure projection balances were evenly distributed among the remaining months, adjusted slightly based on historical activity.

The following is a summary of actual (through February 2013) and projected monthly cash balances for the 2012-13 fiscal year.

| Month End | Balance |
|---|---|
| **Beginning Balance** | **$1,806,431.82** |
| July | $3,592,162.43 |
| August | $4,722,789.67 |
| September | $3,748,480.97 |
| October | $3,353,793.58 |
| November | $2,903,363.87 |
| December | $5,348,770.34 |
| January | $4,057,582.30 |
| February | $3,279,892.70 |
| March | $2,830,926.63 |
| April | $1,682,421.87 |
| May | $144,405.20 |
| June | $50,106.78 |

Based on the historical cash receipt and disbursement activity, FCMAT anticipates that the district will continue its reliance on internal borrowing from other funds. FCMAT included partial repayment of the outstanding obligation to fund 40, special reserve for capital outlay, during the months of April and June. However, it is unlikely that the district will be able to fully repay the outstanding balance by year end without having to re-borrow it for cash flow purposes. FCMAT's review of resources available from other funds indicates there are sufficient alternative sources for internal borrowing. However, if these sources were exhausted or otherwise unavailable and additional borrowing becomes necessary, options include the following:

- External borrowing from the county office of education as authorized by Education Code Sections 42621 and 42622.

  This option depends on the county office's willingness and ability to provide funds.

- External borrowing from the county treasurer as authorized by Education Code Section 42620.

  Under Article XVI, Section 6 of the California Constitution, the county treasurer is required to provide funds to an LEA that cannot meet its obligations. However, the county treasurer cannot lend districts money after the last Monday in April of the current fiscal year, and the district must meet additional requirements.

- External borrowing using tax and revenue anticipation notes (TRANs).

  Because of arbitrage penalties, the district should determine its cash flow needs and size the TRANs appropriately. Strict time lines and requirements concerning the district's ability to pay should be considered and may make this option not viable. Working with an outside financial consultant can help avoid problems.

FCMAT's detailed cash flow projection is provided at the end of this letter following the MYFP.

## *Other Matters*

### Capital Facilities Fund (fund 25)

During FCMAT interviews it was noted that business office staff routinely deposit or transfer redevelopment agency (RDA) (non-revenue limit adjustment) receipts into fund 25. Procedure 305, Fund Classification, of the CSAM specifically states:

> Fund 25, Capital Facilities Fund "is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code Sections 17620-17626). The authority for these levies may be county/city ordinances (Government Code Sections 65970-65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code Section 66006).
>
> "The principal revenues in this fund are the following:
>
> "Interest
>
> "Mitigation/Developer Fees
>
> "Expenditures in Fund 25, Capital Facilities Fund, are restricted to the purposes specified in Government Code Sections 65970–65981 or to the items specified in agreements with the developer (Government Code Section 66006). Expenditures incurred in another fund may be reimbursed to that fund by means of an interfund transfer."

Proceeds from RDA, non-revenue limit adjustment sources should be deposited in the district's unrestricted general fund and transferred to the routine repair and maintenance resource (resource 8150). Amounts may be retained in the routine repair and maintenance resource, or transferred to the deferred maintenance fund (fund 14) or the special reserve for capital outlay fund (fund 40) to be used to support facility construction, reconstruction, remodeling or deferred maintenance.

FCMAT would like to thank the Savanna Elementary School District staff for their cooperation and assistance in this review. If you have questions or require additional information about any of these issues, please do not hesitate to contact me at (209) 384-0349.

Sincerely,

Marisa A. Ploog, CPA, CFE, CGMA
Fiscal Intervention Specialist

Attachments:

> Multiyear financial projection general fund summary, unrestricted summary, restricted summary
>
> 2012-13 cash flow projection

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

| Name | Object Code | Base Year 2012 - 13 | Year 1 2013 - 14 | Year 2 2014 - 15 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Revenue Limit Sources | 8010 - 8099 | $11,787,419.14 | $11,982,270.06 | $12,156,325.22 |
| Federal Revenues | 8100 - 8299 | $1,322,195.00 | $1,322,195.00 | $1,322,195.00 |
| Other State Revenues | 8300 - 8599 | $4,357,186.61 | $4,392,457.52 | $4,278,554.35 |
| Other Local Revenues | 8600 - 8799 | $385,109.50 | $219,901.88 | $220,324.78 |
| **Total Revenues** | | $17,851,910.25 | $17,916,824.46 | $17,977,399.35 |
| **Expenditures** | | | | |
| Certificated Salaries | 1000 - 1999 | $9,366,296.00 | $9,826,311.23 | $9,968,230.76 |
| Classified Salaries | 2000 - 2999 | $2,115,418.00 | $2,216,097.77 | $2,248,305.01 |
| Employee Benefits | 3000 - 3999 | $3,060,622.00 | $3,192,522.89 | $3,096,556.07 |
| Books and Supplies | 4000 - 4999 | $895,951.53 | $893,311.76 | $895,916.53 |
| Services and Other Operating | 5000 - 5999 | $2,799,088.00 | $3,101,659.17 | $3,152,825.59 |
| Capital Outlay | 6000 - 6900 | $0.00 | $0.00 | $0.00 |
| Other Outgo | 7000 - 7299 | $0.00 | $0.00 | $0.00 |
| Direct Support/Indirect Cost | 7300 - 7399 | ($41,157.00) | ($41,157.00) | ($41,157.00) |
| Debt Service | 7430 - 7439 | $0.00 | $0.00 | $0.00 |
| **Total Expenditures** | | $18,196,218.53 | $19,188,745.82 | $19,320,676.96 |
| **Excess (Deficiency) of Revenues Over Expenditures** | | ($344,308.28) | ($1,271,921.36) | ($1,343,277.61) |
| **Other Financing Sources\Uses** | | | | |
| Interfund Transfers In | 8900 - 8929 | $0.00 | $0.00 | $0.00 |
| Interfund Transfers Out | 7600 - 7629 | $0.00 | $0.00 | $0.00 |
| 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** | | $0.00 | $0.00 | $0.00 |
| **Net Increase (Decrease) in Fund Balance** | | ($344,308.28) | ($1,271,921.36) | ($1,343,277.61) |
| **Fund Balance** | | | | |
| Beginning Fund Balance | 9791 | $927,429.00 | $583,120.72 | ($688,800.64) |
| Audit Adjustments | 9793 | $0.00 | $0.00 | $0.00 |
| Other Restatements | 9795 | $0.00 | $0.00 | $0.00 |
| Adjusted Beginning Fund Balance | | $927,429.00 | $583,120.72 | ($688,800.64) |
| Ending Fund Balance | | $583,120.72 | ($688,800.64) | ($2,032,078.25) |
| **Components of Ending Fund Balance** | | | | |
| Reserved Balances | 9700 | $0.00 | $0.00 | $0.00 |
| Revolving Cash | 9711 | $15,000.00 | $15,000.00 | $15,000.00 |
| Stores | 9712 | $32,951.00 | $32,951.00 | $32,951.00 |
| 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 | $84,922.00 | $80,734.39 | $74,906.55 |
| 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 |
| Economic Uncertainties Percentage | | 3.00% | 3.00% | 3.00% |
| Reserve for Economic Uncertainties | 9789 | $545,886.56 | $575,662.37 | $579,620.31 |
| Undesignated/Unappropriated | 9790 | $0.00 | $0.00 | $0.00 |
| Negative Shortfall | 9790 | ($95,638.84) | ($1,393,148.40) | ($2,734,556.11) |

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

| Name | Object Code | Base Year 2012 - 13 | Year 1 2013 - 14 | Year 2 2014 - 15 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Revenue Limit Sources | 8010 - 8099 | $11,787,419.14 | $11,982,270.06 | $12,156,325.22 |
| Federal Revenues | 8100 - 8299 | $0.00 | $0.00 | $0.00 |
| Other State Revenues | 8300 - 8599 | $1,992,581.58 | $2,028,369.50 | $1,915,236.11 |
| Other Local Revenues | 8600 - 8799 | $320,778.50 | $155,670.88 | $156,093.78 |
| **Total Revenues** | | $14,100,779.22 | $14,166,310.44 | $14,227,655.11 |
| **Expenditures** | | | | |
| Certificated Salaries | 1000 - 1999 | $7,661,011.00 | $8,035,658.09 | $8,142,651.72 |
| Classified Salaries | 2000 - 2999 | $1,204,529.00 | $1,267,482.28 | $1,285,821.23 |
| Employee Benefits | 3000 - 3999 | $2,470,844.00 | $2,574,784.82 | $2,471,992.45 |
| Books and Supplies | 4000 - 4999 | $509,540.00 | $516,896.33 | $523,426.59 |
| Services and Other Operating | 5000 - 5999 | $631,746.00 | $903,566.86 | $920,651.61 |
| Capital Outlay | 6000 - 6900 | $0.00 | $0.00 | $0.00 |
| Other Outgo | 7000 - 7299 | $0.00 | $0.00 | $0.00 |
| Direct Support/Indirect Cost | 7300 - 7399 | ($320,211.56) | ($330,465.14) | ($335,056.44) |
| Debt Service | 7430 - 7439 | $0.00 | $0.00 | $0.00 |
| **Total Expenditures** | | $12,157,458.44 | $12,967,923.24 | $13,009,487.16 |
| **Excess (Deficiency) of Revenues Over Expenditures** | | $1,943,320.78 | $1,198,387.20 | $1,218,167.95 |
| **Other Financing Sources\Uses** | | | | |
| Interfund Transfers In | 8900 - 8929 | $0.00 | $0.00 | $0.00 |
| Interfund Transfers Out | 7600 - 7629 | $0.00 | $0.00 | $0.00 |
| 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 | ($2,287,629.06) | ($2,466,120.95) | ($2,555,617.72) |
| **Total Other Financing Sources\Uses** | | ($2,287,629.06) | ($2,466,120.95) | ($2,555,617.72) |
| **Net Increase (Decrease) in Fund Balance** | | ($344,308.28) | ($1,267,733.75) | ($1,337,449.77) |
| **Fund Balance** | | | | |
| Beginning Fund Balance | 9791 | $842,507.00 | $498,198.72 | ($769,535.03) |
| Audit Adjustments | 9793 | $0.00 | $0.00 | $0.00 |
| Other Restatements | 9795 | $0.00 | $0.00 | $0.00 |
| Adjusted Beginning Fund Balance | | $842,507.00 | $498,198.72 | ($769,535.03) |
| Ending Fund Balance | | $498,198.72 | ($769,535.03) | ($2,106,984.80) |
| **Components of Ending Fund Balance** | | | | |
| Reserved Balances | 9700 | $0.00 | $0.00 | $0.00 |
| Revolving Cash | 9711 | $15,000.00 | $15,000.00 | $15,000.00 |
| Stores | 9712 | $32,951.00 | $32,951.00 | $32,951.00 |
| 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 |
| 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 |
| Economic Uncertainties Percentage | | 3.00% | 3.00% | 3.00% |
| Reserve for Economic Uncertainties | 9789 | $545,886.56 | $575,662.37 | $579,620.31 |
| Undesignated/Unappropriated | 9790 | $0.00 | $0.00 | $0.00 |
| Negative Shortfall | 9790 | ($95,638.84) | ($1,393,148.40) | ($2,734,556.11) |

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

| Name | Object Code | Base Year 2012 - 13 | Year 1 2013 - 14 | Year 2 2014 - 15 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Revenue Limit Sources | 8010 - 8099 | $0.00 | $0.00 | $0.00 |
| Federal Revenues | 8100 - 8299 | $1,322,195.00 | $1,322,195.00 | $1,322,195.00 |
| Other State Revenues | 8300 - 8599 | $2,364,605.03 | $2,364,088.02 | $2,363,318.24 |
| Other Local Revenues | 8600 - 8799 | $64,331.00 | $64,231.00 | $64,231.00 |
| **Total Revenues** | | $3,751,131.03 | $3,750,514.02 | $3,749,744.24 |
| **Expenditures** | | | | |
| Certificated Salaries | 1000 - 1999 | $1,705,285.00 | $1,790,653.14 | $1,825,579.04 |
| Classified Salaries | 2000 - 2999 | $910,889.00 | $948,615.49 | $962,483.78 |
| Employee Benefits | 3000 - 3999 | $589,778.00 | $617,738.07 | $624,563.62 |
| Books and Supplies | 4000 - 4999 | $386,411.53 | $376,415.43 | $372,489.94 |
| Services and Other Operating | 5000 - 5999 | $2,167,342.00 | $2,198,092.31 | $2,232,173.98 |
| Capital Outlay | 6000 - 6900 | $0.00 | $0.00 | $0.00 |
| Other Outgo | 7000 - 7299 | $0.00 | $0.00 | $0.00 |
| Direct Support/Indirect Cost | 7300 - 7399 | $279,054.56 | $289,308.14 | $293,899.44 |
| Debt Service | 7430 - 7439 | $0.00 | $0.00 | $0.00 |
| **Total Expenditures** | | $6,038,760.09 | $6,220,822.58 | $6,311,189.80 |
| **Excess (Deficiency) of Revenues Over Expenditures** | | ($2,287,629.06) | ($2,470,308.56) | ($2,561,445.56) |
| **Other Financing Sources\Uses** | | | | |
| Interfund Transfers In | 8900 - 8929 | $0.00 | $0.00 | $0.00 |
| Interfund Transfers Out | 7600 - 7629 | $0.00 | $0.00 | $0.00 |
| 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 | $2,287,629.06 | $2,466,120.95 | $2,555,617.72 |
| **Total Other Financing Sources\Uses** | | $2,287,629.06 | $2,466,120.95 | $2,555,617.72 |
| **Net Increase (Decrease) in Fund Balance** | | $0.00 | ($4,187.61) | ($5,827.84) |
| **Fund Balance** | | | | |
| Beginning Fund Balance | 9791 | $84,922.00 | $84,922.00 | $80,734.39 |
| Audit Adjustments | 9793 | $0.00 | $0.00 | $0.00 |
| Other Restatements | 9795 | $0.00 | $0.00 | $0.00 |
| Adjusted Beginning Fund Balance | | $84,922.00 | $84,922.00 | $80,734.39 |
| Ending Fund Balance | | $84,922.00 | $80,734.39 | $74,906.55 |
| **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 | $84,922.00 | $80,734.39 | $74,906.55 |
| 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 |
| Reserve for Economic Uncertainties | 9789 | $0.00 | $0.00 | $0.00 |
| Undesignated/Unappropriated | 9790 | $0.00 | $0.00 | $0.00 |
| Negative Shortfall | 9790 | $0.00 | $0.00 | $0.00 |

**General Fund/County School Service Fund**
**Cashflow**
**Fiscal Year: 2012/13**

| Name | Object Code | Budget | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Projected |
| **Beginning Cash Balance** | | | **$1,806,431.82** | **$3,592,162.43** | **$4,722,789.67** | **$3,748,480.97** | **$3,353,793.58** | **$2,903,363.87** | **$5,348,770.22** | **$4,057,582.18** |
| **Receipts** | | | | | | | | | | |
| Revenue Limit Sources | 8010 - 8099 | $11,787,419.14 | $187,524.65 | $94,536.70 | $704,687.08 | $228,733.42 | $1,046,176.63 | $2,604,738.56 | $689,797.48 | $271,180.80 |
| Federal Revenues | 8100 - 8299 | $1,322,195.00 | $11,783.52 | $11,819.85 | $7,236.00 | $15,867.19 | $409.24 | $545.08 | $360,763.87 | $24,276.89 |
| Other State Revenues | 8300 - 8599 | $4,357,186.61 | $0.00 | $286,176.94 | $209,797.40 | $591,390.85 | $349,367.32 | $272,042.99 | $273,994.29 | $483,231.17 |
| Other Local Revenues | 8600 - 8799 | $385,109.50 | $259.33 | $3,993.70 | $35,735.58 | $66,657.05 | ($10,958.83) | $116,812.12 | ($701.14) | $4,512.79 |
| Interfund Transfers In | 8900 - 8929 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| All Other Financing Sources | 8930 - 8979 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Receipts** | | **$17,851,910.25** | **$199,567.50** | **$396,527.19** | **$957,456.06** | **$902,648.51** | **$1,384,994.36** | **$2,994,138.75** | **$1,323,854.50** | **$783,201.65** |
| **Disbursements** | | | | | | | | | | |
| Certificated Salaries | 1000 - 1999 | $9,366,296.00 | $110,548.36 | $99,686.15 | $897,782.43 | $935,837.21 | $929,978.46 | $9,512.00 | $1,808,291.41 | $918,882.51 |
| Classified Salaries | 2000 - 2999 | $2,115,418.00 | $0.00 | $139,730.22 | $151,274.12 | $181,668.60 | $184,821.61 | $170,965.45 | $176,266.87 | $161,595.31 |
| Employee Benefits | 3000 - 3999 | $3,060,622.00 | $192,858.64 | $136,590.42 | $230,168.35 | $131,106.23 | $463,971.79 | $217,190.00 | $379,195.74 | $118,432.91 |
| Books and Supplies | 4000 - 4999 | $895,951.53 | $9,957.02 | $82,478.09 | $224,101.88 | $93,778.72 | $71,277.84 | $54,502.12 | $98,515.90 | $3,271.64 |
| Services and Other Operating | 5000 - 5999 | $2,799,088.00 | $98,774.60 | $52,644.20 | $397,640.49 | $73,909.42 | $180,529.22 | $123,708.34 | $642,338.73 | $21,621.24 |
| Capital Outlay | 6000 - 6900 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Other Outgo | 7000 - 7299 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Direct Support/Indirect Cost | 7300 - 7399 | ($41,157.00) | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Debt Service | 7430 - 7439 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Interfund Transfers Out | 7600 - 7629 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| All Other Financing Uses | 7630 - 7699 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Disbursements** | | **$18,196,218.53** | **$412,138.62** | **$511,129.08** | **$1,900,967.27** | **$1,416,300.18** | **$1,830,578.92** | **$575,877.91** | **$3,104,608.65** | **$1,223,803.61** |
| **Assets** | | | | | | | | | | |
| Revolving Cash Account | 9130 | $15,000.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Accounts Receivable | 9200 | $4,500,232.48 | $2,831,987.96 | $1,337,550.64 | $33,666.92 | $107,581.16 | $10,860.64 | $66,774.57 | $149,485.29 | $0.00 |
| Custom Asset | 9221 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Due from Other Funds | 9310 | $114,957.40 | $0.00 | $114,957.40 | ($75,000.00) | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Stores | 9320 | $32,951.06 | $0.00 | $0.00 | ($464.19) | $0.00 | ($13,319.26) | ($2,035.34) | ($12,288.06) | $0.00 |
| **Total Assets** | | **$4,663,140.94** | **$2,831,987.96** | **$1,452,508.04** | **($41,797.27)** | **$107,581.16** | **($2,458.62)** | **$64,739.23** | **$137,197.23** | **$0.00** |
| **Liabilities** | | | | | | | | | | |
| Accounts Payable (Current Liabilities) | 9500 | $1,476,916.94 | $833,686.23 | $142,052.36 | ($10,999.78) | ($11,383.12) | $2,386.53 | $37,593.72 | ($352,368.88) | $337,087.64 |
| Due to Grantor Governments | 9590 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Due to Other Funds | 9610 | $4,065,226.55 | $0.00 | $65,226.55 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Deferred Revenue | 9650 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Liabilities** | | **$5,542,143.49** | **$833,686.23** | **$207,278.91** | **($10,999.78)** | **($11,383.12)** | **$2,386.53** | **$37,593.72** | **($352,368.88)** | **$337,087.64** |
| **Ending Cash Balance** | | | **$3,592,162.43** | **$4,722,789.67** | **$3,748,480.97** | **$3,353,793.58** | **$2,903,363.87** | **$5,348,770.22** | **$4,057,582.18** | **$3,279,892.58** |

| | | |
|---|---|---|
| **Ending Fund Balance** | $ | 583,120.99 |
| **Balance Per SACS** | $ | 583,120.72 |
| **BB was posted .27 less than actual** | $ | 0.27 |

| | | |
|---|---|---|
| **Beginning Cash** | | $1,806,431.82 |
| **Assets** | | $4,663,140.94 |
| **Liabilities** | | ($5,542,143.49) |
| **BB** | | $927,429.27 |
| **BB Posted** | $ | 927,429.00 |
| **Difference** | $ | (0.27) |

**General Fund/County School Service Fund**
**Cashflow**
**Fiscal Year: 2012/13**

| Name | Object Code | Mar | Apr | May | Jun | YTD Actuals Plus Projected Cash | Accruals | Totals | Variance |
|---|---|---|---|---|---|---|---|---|---|
| | | Projected | Projected | Projected | Projected | | | | |
| **Beginning Cash Balance** | | **$3,279,892.58** | **$2,830,926.48** | **$1,682,421.75** | **$144,405.08** | | | | |
| **Receipts** | | | | | | | | | |
| Revenue Limit Sources | 8010 - 8099 | $97,679.05 | $1,963,302.41 | $204,821.21 | $2,729,269.02 | $10,822,447.01 | $964,972.13 | $11,787,419.14 | $0.00 |
| Federal Revenues | 8100 - 8299 | $195,820.50 | $500.00 | $158,443.00 | $28,641.36 | $816,106.50 | $506,088.50 | $1,322,195.00 | $0.00 |
| Other State Revenues | 8300 - 8599 | $321,598.52 | $331,597.72 | $283,857.37 | $272,627.76 | $3,675,682.33 | $681,504.28 | $4,357,186.61 | $0.00 |
| Other Local Revenues | 8600 - 8799 | $137,828.12 | $38,935.14 | ($43,798.10) | $40,587.00 | $389,862.76 | ($4,753.26) | $385,109.50 | $0.00 |
| Interfund Transfers In | 8900 - 8929 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| All Other Financing Sources | 8930 - 8979 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Receipts** | | **$752,926.19** | **$2,334,335.27** | **$603,323.48** | **$3,071,125.14** | **$15,704,098.60** | **$2,147,811.65** | **$17,851,910.25** | **$0.00** |
| **Disbursements** | | | | | | | | | |
| Certificated Salaries | 1000 - 1999 | $904,150.00 | $904,150.00 | $904,150.00 | $904,150.00 | $9,327,118.53 | $39,177.47 | $9,366,296.00 | $0.00 |
| Classified Salaries | 2000 - 2999 | $180,000.00 | $180,000.00 | $180,000.00 | $190,000.00 | $1,896,322.18 | $219,095.82 | $2,115,418.00 | $0.00 |
| Employee Benefits | 3000 - 3999 | $233,690.00 | $233,690.00 | $233,690.00 | $255,000.00 | $2,825,584.08 | $235,037.92 | $3,060,622.00 | $0.00 |
| Books and Supplies | 4000 - 4999 | $65,000.00 | $65,000.00 | $65,000.00 | $63,068.32 | $895,951.53 | $0.00 | $895,951.53 | $0.00 |
| Services and Other Operating | 5000 - 5999 | $300,000.00 | $300,000.00 | $300,000.00 | $307,918.62 | $2,799,084.86 | $3.14 | $2,799,088.00 | $0.00 |
| Capital Outlay | 6000 - 6900 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Other Outgo | 7000 - 7299 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Direct Support/Indirect Cost | 7300 - 7399 | $0.00 | $0.00 | $0.00 | ($41,157.00) | ($41,157.00) | $0.00 | ($41,157.00) | $0.00 |
| Debt Service | 7430 - 7439 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Interfund Transfers Out | 7600 - 7629 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| All Other Financing Uses | 7630 - 7699 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Disbursements** | | **$1,682,840.00** | **$1,682,840.00** | **$1,682,840.00** | **$1,678,979.94** | **$17,702,904.18** | **$493,314.35** | **$18,196,218.53** | **$0.00** |
| **Assets** | | | | | | | | | |
| Revolving Cash Account | 9130 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | ($15,000.00) |
| Accounts Receivable | 9200 | $0.00 | $0.00 | $0.00 | ($37,674.70) | $4,500,232.48 | $0.00 | $4,500,232.48 | $0.00 |
| Custom Asset | 9221 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Due from Other Funds | 9310 | $0.00 | $0.00 | $0.00 | $75,000.00 | $114,957.40 | $0.00 | $114,957.40 | $0.00 |
| Stores | 9320 | ($2,459.00) | $0.00 | $0.00 | $0.00 | ($30,565.85) | $0.00 | ($30,565.85) | ($63,516.91) |
| **Total Assets** | | **($2,459.00)** | **$0.00** | **$0.00** | **$37,325.30** | **$4,584,624.03** | **$0.00** | **$4,584,624.03** | **($78,516.91)** |
| **Liabilities** | | | | | | | | | |
| Accounts Payable (Current Liabilities) | 9500 | ($483,406.71) | $500,000.00 | $458,500.15 | $23,768.80 | $1,476,916.94 | $0.00 | $1,476,916.94 | $0.00 |
| Due to Grantor Governments | 9590 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Due to Other Funds | 9610 | $0.00 | $1,300,000.00 | $0.00 | $1,500,000.00 | $2,865,226.55 | $0.00 | $2,865,226.55 | $1,200,000.00 |
| Deferred Revenue | 9650 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Liabilities** | | **($483,406.71)** | **$1,800,000.00** | **$458,500.15** | **$1,523,768.80** | **$4,342,143.49** | **$0.00** | **$4,342,143.49** | **$1,200,000.00** |
| **Ending Cash Balance** | | **$2,830,926.48** | **$1,682,421.75** | **$144,405.08** | **$50,106.78** | | | | |

**Ending Fund Balance**
**Balance Per SACS**
**BB was posted .27 less than actual**

**Beginning Cash**
**Assets**
**Liabilities**
**BB**
**BB Posted**
**Difference**

**EFB Reconciliation**

| | |
|---|---|
| Cash | 50,106.78 |
| Revolving | $15,000.00 |
| Stores | $63,516.91 |
| Accrued Assets | 2,147,811.65 |
| Accrued Liabilities | (493,314.35) |
| Due To | (1,200,000.00) |
| Ending Fund | 583,120.99 |
| | |
| Per Adjusted Budget | 583,121.00 |
| calc. | (0.01) |