



CSIS California School Information Services

January 14, 2010

Dr. Carl Wong, County Superintendent of Schools
Sonoma County Office of Education
5340 Skylane Boulevard
Santa Rosa, CA 95403-8246

Dear Dr. Wong:

The purpose of this letter is to confirm the findings of the Fiscal Crisis and Management Assistance Team (FCMAT) regarding the work performed for the Cloverdale Unified School District to determine its status as a going concern and whether or not there will be a cash shortage at June 30, 2010. As defined in the study agreement, dated November 11, 2009, the scope and objectives of the study are as follows:

1. Develop an independent multiyear financial projection (MYFP) of the Cloverdale Unified School District general fund to confirm its status as a going concern. FCMAT's Budget Explorer software will be used to prepare the MYFP.
2. Identify the district's cash flow needs for 2009-10 and 2010-11 to assist in estimating cash flow shortages.

FCMAT conducted fieldwork at the district office on November 16 and 17, 2009, with additional off-site work later in the month. The team reviewed multiple documents and financial reports, including the district's annual independent audits, unaudited actuals, budget documentation from the financial system, J-18/19 attendance reports and other historical financial information pertinent to the study. The independent multiyear financial projection (MYFP) and cash flow were developed based on this information and on reports from the district's financial system as of November 16, 2009. Additional input from district and county office staff after the initial analysis was also taken into account prior to finalizing the enclosed information. Subsequent to FCMAT's analysis, the district has made additional adjustments for the First Interim report. FCMAT's financial information included with this letter will differ from the district's First Interim report because these adjustments were not communicated at the time of fieldwork.

Background

The Sonoma County Office of Education (county office) met with the superintendent and chief business official (CBO) of the Cloverdale Unified School District on October 28, 2009

FCMAT

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to relay concerns about the district's fiscal solvency. Items discussed included the district's 2009-10 adopted budget, multiyear projections, and upcoming 2009-10 first interim report. The Cloverdale Unified School District has engaged in deficit spending for several years, and has received the reduced state funding experienced by all local educational agencies. The county office is concerned that this may result in a cash flow shortage at June 30, 2010 that would require a temporary loan from the county office or intervention in the form of a state emergency appropriation loan.

In California, if a 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. Statute specifies that emergency apportionment loans are to be provided only through a legislative appropriation. Various lengthy and complicated steps must be taken, requiring much advance preparation by both the district and the county office of education. The county office requested FCMAT to review district financial information to address these concerns and prepare an independent opinion of the district's fiscal health by producing a multiyear financial projection and a cash flow analysis.

Before FCMAT's visit, the district CBO and staff updated the 2009-10 general fund budget in the financial system to reflect the most up-to-date information. This greatly assisted FCMAT's review, as the adopted budget information would have already been severely out of date because of late revisions made to the state budget. On meeting with the district in October 2009, the county office had expressed a concern that the budget in the financial system was not up to date; FCMAT agrees that it is essential to keep both budget and general ledger financial information current in the system so it is useful and validates the district's financial position. Although the CBO and staff are very busy, more attention needs to be given to the budget and general ledger accounts to ensure the information is reliable and reflects the district's financial position. This also would greatly alleviate the county office's concerns and allow for more efficient oversight under AB 1200 guidelines.

FCMAT's analysis indicates that the district will be able to meet its current obligations in fiscal year 2009-10 and will not need an emergency state appropriation or temporary loan from the county office for fiscal year 2009-10 based on all financial information known to date. This fiscal analysis should not overshadow the fact that the district will need to make significant adjustments (i.e., budget cuts or revenue enhancements) to its budget to offset reduced state funding and the loss of one-time funds from the federal government (ARRA) to remain a going concern and avoid the need for outside assistance from the county office or the state in future years. FCMAT's analysis shows that without significant budget adjustments (revenue enhancements or expenditure reductions), the district will be in severe financial distress and will clearly need outside assistance by June 30, 2011, if not sooner.

Multiyear Forecast Assumptions

Multiyear financial projections (MYFPs) are required by AB 1200 and AB 2756 as part of the budget and interim financial reporting process. They should be produced accurately and on time, and contain the most current fiscal information available. MYFPs allow the district to project

revenues and expenditures and help ensure that it will be able to meet its financial obligations in the current and two subsequent fiscal years. In developing and implementing the MYFP, the district's primary objectives are to achieve and sustain a balanced budget, improve academic achievement, and, in the case of Cloverdale USD, to ensure that it will remain financially solvent.

The district has historically developed MYFPs using the California Department of Education's (CDE's) Standardized Account Code Structure (SACS) software and Microsoft Excel spreadsheets. The district should consider using FCMAT's Budget Explorer software, which allows projections to be developed at the resource level. This can provide a greater level of detail, greater accuracy and better financial planning. The district should continue to ensure that it obtains and uses updated budget and projection data as the basis for financial decisions that will affect current and future students.

To prepare the MYFP for the district, FCMAT reviewed each district fund to identify trends and formulate questions about the status of budgetary accounts. This review allowed FCMAT to project the resources in the general fund into the next two fiscal years and reflect the effects from other funds, if any, on the general fund.

California school districts and county offices of education use many different methods and software products to prepare MYFPs. FCMAT's MYFP for the district's general fund was prepared using FCMAT's Budget Explorer multiyear projection software, a Web-based forecasting tool that is free to all California school districts. FCMAT also uses a spreadsheet in considering revenue and expenditure trends from prior years. The information in both applications was used to validate the district's 2009-10 financial data and to forecast the 2010-11 and 2011-12 fiscal years. The final Budget Explorer projection is part of this management letter, and FCMAT can provide the district and/or county office staff with access to Budget Explorer for the projection files upon request.

Any financial forecast has inherent limitations because it is based on certain criteria and assumptions rather than on exact calculations. Limitations include issues such as the accuracy of baseline data, unpredictable timing of negotiations, unanticipated changes in enrollment trends, and changing state, federal and local economic conditions. Therefore, the budget forecasting model should be viewed as a trend based on certain criteria and assumptions rather than as a prediction of exact numbers. To maintain the most accurate and meaningful data, the projection should be updated at least at each interim financial reporting period and during collective bargaining negotiations to determine the fiscal impact of any potential contractual changes.

In evaluating the MYFP, much attention is focused on the bottom line, which indicates the district's undesignated, unappropriated fund balance. If the bottom line shows a positive unappropriated fund balance, this amount may be used by the governing board and/or the superintendent to improve educational programs, increase employee compensation or spend in other categories. However, if the unappropriated fund balance is negative, the deficit is the amount by which the budget must be reduced to sustain the recommended reserve levels and board-designated reserves under AB 1200 guidelines. The projection must be viewed comprehensively, and the district must determine the compounding effects that using any or all of the unappropriated fund

balance will have on the projection in the current and future years. The unappropriated balance and the corresponding compound effects can be clearly determined as the years proceed.

FCMAT reviewed district records, interviewed staff members and examined financial reports to gather the information needed to prepare the MYFP. The review included a summary assessment of the district's 2008-09 unaudited actuals, 2009-10 actuals to date, 2009-10 adopted budget, and other financial reports. It also included the district's other funds, as well as actual expenditures charged against the funds as of November 16, 2009. FCMAT used the district's 2009-10 updated budget as the base year for the attached MYFP. FCMAT reviewed the district's budget assumptions and additional requested clarification to validate the 2009-10 adopted budget and determine how the 2009-10 budget amounts should be indicated in the MYFP.

The budget assumptions FCMAT has used include conservative economic factors and estimates provided by School Services of California (SSC) in its current Financial Dartboard after all of the 2009 Governor's budget acts have been signed into law.

The Governor's 2009-10 budget proposal and subsequent legislation (i.e., one-time budget reduction of \$252.83 per ADA based on the funded 2008-09 Second Principal Apportionment (P-2) ADA in the 2009-10 fiscal year pursuant to ABX4 3 [Chapter 3/2009-10]) includes severe budget reductions to education. FCMAT has included all projection parameters outlined on the SSC Financial Dartboard, such as CPI, lottery and interest, as of November 2009.

The assumptions of FCMAT's MYFP include the following:

2009-10

- Funded ADA: 1443.10
- Step and column increases of 2% for all employees
- No COLA on salary
- 4.25% statutory COLA on the revenue limit
- Revenue limit deficit: 18.355%
- Other revenue limit adjustment: reduction of \$252.83 per ADA
- Restricted lottery of \$13.25 per ADA
- Unrestricted lottery of \$111.00 per ADA
- California consumer price index (CPI): .50%
- Interest rate of 3.6%
- 3% reserve
- Reduced RRMA contribution to cover budgeted expenses since 3% is no longer required
- Books and supplies (object codes in the 4000s) and services/operating costs (object codes in the 5000s) increased by CPI
- Used the 2008-09 state-approved indirect cost rate
- Increased contributions to special education and transportation each year because of increasing costs and expenditures in these programs

- Moved June 30, 2009 deferred maintenance fund balance to the general fund per the budget act
- Adult Education and Child Development funds will not require an interfund transfer from the general fund. The district has budgeted both programs as self balancing, and FCMAT used this assumption as well
- No budget for mandated costs

2010-11

- Funded ADA: 1443.10
- Step and column increases of 2% for all employees
- No COLA on salary
- 0.5% statutory COLA on the revenue limit
- Revenue limit deficit: 18.355%
- Restricted lottery of \$13.25 per ADA
- Unrestricted lottery of \$111.00 per ADA
- California consumer price index (CPI): 1.9%
- Interest rate of 4.1%
- 3% reserve
- Reduced the RRMA contribution to cover budgeted expenses since 3% is no longer required
- Added back negotiated expenditures that had been suspended for one year (2009-10) such as buyback days and early retirement incentive equaling \$145,000
- Books and supplies (object codes in the 4000s) and services/operating costs (object codes in the 5000s) increased by CPI
- Used the 2008-09 state-approved indirect cost rate
- Increased contributions to special education and transportation each year because of increasing costs and expenditures in these programs
- Adult Education and Child Development funds will not require an interfund transfer from the general fund. The district has budgeted both programs as self balancing, and FCMAT used this assumption as well
- No budget for mandated costs

2011-12

- Funded ADA: 1430.57
- Step and column increase of 2% for all employees
- No COLA on salary
- 2.3% statutory COLA on the revenue limit
- Revenue limit deficit: 18.355%
- Restricted lottery of \$13.50 per ADA
- Unrestricted lottery of \$111.50 per ADA

- California CPI: 2.2%
- Interest rate of 4.4%
- 3% reserve
- Reduced the RRMA contribution to cover budgeted expenses since 3% is no longer required
- Added back negotiated expenditures that had been suspended for one year (2009-10) such as buyback days and early retirement incentive equaling \$145,000
- Books and supplies (object codes in the 4000s) and services/operating costs (object codes in the 5000s) increased by CPI
- Used the 2008-09 state-approved indirect cost rate
- Increased contributions to special education and transportation each year because of increasing costs and expenditures in these programs
- Adult Education and Child Development funds will not require an interfund transfer from the general fund. The district has budgeted both programs as self balancing, and FCMAT used this assumption as well
- No budget for mandated costs

FCMAT projects revenue and expenditures based on data that utilizes a three-year average of district expenditures, including carryover. 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, child development and adult education.

The table on page 7 shows the unrestricted general fund projection.

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

Name	Object Code	Base Year 2009 - 10	Year 1 2010 - 11	Year 2 2011 - 12
Revenues				
Revenue Limit Sources	8010 - 8099	\$7,100,591.25	\$7,506,610.55	\$7,613,110.84
Federal Revenues	8100 - 8299	\$100,940.00	\$100,940.00	\$100,940.00
Other State Revenues	8300 - 8599	\$1,376,795.00	\$1,373,345.22	\$1,401,047.48
Other Local Revenues	8600 - 8799	\$226,635.00	\$229,088.93	\$231,830.39
Total Revenues		\$8,804,961.25	\$9,209,984.70	\$9,346,928.71
Expenditures				
Certificated Salaries	1000 - 1999	\$4,231,222.00	\$4,836,639.74	\$4,863,950.85
Classified Salaries	2000 - 2999	\$1,011,407.00	\$1,112,748.14	\$1,135,003.11
Employee Benefits	3000 - 3999	\$1,533,191.00	\$1,636,197.78	\$1,644,850.64
Books and Supplies	4000 - 4999	\$258,181.00	\$237,778.69	\$238,747.15
Services and Other Operating	5000 - 5999	\$709,752.00	\$718,120.80	\$736,693.43
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$5,159.00	\$5,159.00	\$5,159.00
Direct Support/Indirect Cost	7300 - 7399	(\$224,302.22)	(\$190,678.29)	(\$176,049.47)
Debt Service	7430 - 7439	\$0.00	\$0.00	\$0.00
Total Expenditures		\$7,524,609.78	\$8,355,965.86	\$8,448,354.71
Excess (Deficiency) of Revenues Over Expenditures		\$1,280,351.47	\$854,018.84	\$898,574.00
Other Financing Sources/Uses				
Interfund Transfers In	8900 - 8929	\$423,170.28	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$290,863.00	\$290,863.00	\$290,863.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	(\$1,714,972.09)	(\$1,871,614.68)	(\$1,919,085.51)
Total Other Financing Sources/Uses		(\$1,000,938.81)	(\$1,580,751.68)	(\$1,628,222.51)
Net Increase (Decrease) in Fund Balance		\$279,412.66	(\$726,732.84)	(\$729,648.51)
Fund Balance				
Beginning Fund Balance	9791	\$327,807.00	\$607,219.66	(\$119,513.18)
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$327,807.00	\$607,219.66	(\$119,513.18)
Ending Fund Balance		\$607,219.66	(\$119,513.18)	(\$849,161.69)
Components of Ending Fund Balance				
Reserved Balances	9700	\$0.00	\$0.00	\$0.00
Revolving Cash	9711	\$2,250.00	\$2,250.00	\$2,250.00
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	\$372,460.28	\$374,474.24	\$372,842.32
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	\$232,509.38	\$0.00	\$0.00
Negative Shortfall	9790	\$0.00	(\$496,237.42)	(\$1,224,254.01)

Source	Note
Resource: 0000 - Unrestricted Object: 4100 - Textbooks and Materials	Moved from resource 7156
Resource: 0000 - Unrestricted Object: 8591 - IMF dollars	Moved from resource 7156
Resource: 0000 - Unrestricted Object: 8979 - All Other Financing Sources	Deferred Maintenance Hardship funds
Resource: 1300 - Class Size Reduction Operations, Grades K-3 Object: 7310 - Direct Support/Indirect Costs Charges	Reduced 10-11 and 11-12 to zero as this is an unrestricted program it does not benefit unrestricted.

FCMAT's MYFP shows that the district will be able to maintain the recommended 3% reserve for economic uncertainties in the 2009-10 fiscal year, but will not be able to do so in the 2010-11 and/or 2011-12 fiscal years. FCMAT's MYFP is based on the assumptions listed earlier in this letter, but does not include the impact of any unsettled negotiations or changes to ongoing costs that have not been approved by the governing board. The MYFP assumes that the district will continue to operate in the same manner, with the ongoing costs for salaries and benefits currently in place. Salary increases and/or health and welfare benefit increases would significantly affect the ending fund balance and the district's financial solvency.

ABX4 2 (Evans, D-Santa Rosa), approved by the Legislature and signed by the Governor on July 28, 2009, provides for flexibility with the Reserve for Economic Uncertainties. In that bill, school agencies are allowed to reduce the reserve to one-third of the statutory level in 2009-10. In 2010-11, the school agency must make progress toward reinstating the reserve level to its statutory level (i.e., 3% for most districts), and in 2011-12 the 3% requirement is back in place. Cloverdale USD is required to maintain a 3% reserve but, based on provisions of the current budget act, legally can reduce that reserve level to 1% in 2009-10. FCMAT continues to reflect the reserve at 3% in all years in the developed MYFP because the reserve requirements should be considered a minimum, and in most cases inadequate, particularly when it is calculated that a reserve of 3% covers only about six days of payroll. In addition, the reserve is a one-time resource; spending it or reducing it to 1% only temporarily solves a financial reporting issue and delays solving the problem. Additional solutions are needed when the reserve is no longer available and restoration to the 3% level is required by 2012.

In volatile economic times like these, the reserve allows the district time to make more permanent adjustments to its budget. If the minimum reserve levels are reduced by two-thirds, it would take budget reductions of twice the amount of the lowered reserve levels to fully restore the reserve by 2011-12. FCMAT believes that the percentages established in the Criteria and Standards for reserves prior to the enacted state budget are the bare minimum, and for Cloverdale USD this would mean adopting a district goal to increase the reserve to a percentage above the current 3%.

The district will need to update its projections as the state budget continues to be developed and further revised; there is always the potential for additional midyear reductions. To accurately understand its financial condition, the district must make adjustments to the projection when the state makes final decisions in these areas. Other adjustments may also be necessary as a result of the growing state budget crisis since its full impact on educational agencies is not yet clear.

These are extraordinary economic times, and it is difficult to gauge the future. School district budgets should be managed with a great degree of conservatism over the next few years. Thus, school districts need reserves that are much greater than the minimum. Since the district's multiyear projections indicate a structural deficit spending pattern and shortfalls of (\$496,237.42) in 2010-11 and (\$1,224,254.01) in 2011-12, it is critical to start taking action as soon as possible to correct the problem. The earlier that action is taken to correct deficit spending, the greater the impact on the district's multiyear financial outlook: basically, one dollar of ongoing expenditure eliminated this year results in three dollars of ongoing expenditures eliminated in the multiyear projections and

a three dollar improvement in reserves. Even a seemingly high ending fund balance is unlikely to carry a district through the next few years, which reinforces the need for stakeholders to be well aware of the multiyear projections in assessing the district's fiscal condition.

It is extremely difficult for school districts to deal with the increased financial pressures from significantly reduced funding, apportionment deferrals and uncertainty associated with a volatile economy. School districts should proactively develop contingency plans that allow the most flexibility possible. All school districts, including Cloverdale USD, must begin planning now for necessary reductions for 2010-11 and 2011-12. If revenues exceed current budget estimates then expenditures may be restored, but the budget reductions must be planned for now based on today's economic information.

Because the MYFP reflects that the district is not able to maintain the required reserve level of 3% in the two subsequent years, FCMAT has outlined several options the district could consider to reduce expenditures or increase revenues. This list is not intended to be all-inclusive, but should be considered as budget adjustments are made. Please note that some of these items may be subject to negotiations and should not be included in any projections until acted upon by the governing board:

- Implement recommendations of a recent report by School Innovations and Advocacy on the district's special education program. The report clearly states that the district has much higher than average special education program costs, and gives several recommendations to reduce costs while maintaining an effective program. FCMAT has not factored in any of the anticipated savings; however, implementation of the recommendations could reduce expenditures in the current and future years and improve the district's fiscal position.
- Maximize categorical flexibility options under provisions provided in the revised budget act. Most of the categorical programs that could be swept into unrestricted are still being run as they were before, thus no cost savings. These programs should be reviewed for elimination or reduction, as the revenue will remain the same regardless of program status.
- Increase class sizes in accordance with the collective bargaining agreement(s).
- Use remaining amounts of federal stimulus dollars (ARRA) that have not been spent.
- Implement new programs to increase attendance.
- Follow the established staffing ratios for teachers by grade level and credential to serve the anticipated number of students. Do not staff higher than the required ratios. Hire additional staff only when more students enroll than anticipated.
- Review specialized staffing being charged to the unrestricted budget to potentially charge the expenditure to an existing categorical program.
- Review other significant staffing areas – special education, transportation, etc. – to ensure that the staffing budget is accurate for the number of students expected to be served.
- Have staff prepare projections for the district's other funds – especially child development, cafeteria, and adult education – to ensure that staffing and other budget projections will allow those programs to be self-sufficient. If they are not, either bring the budgets into balance by increasing revenues and/or decreasing expenditures, or plan on some general fund support for these programs.

Cash Flow Projections

Based on FCMAT's analysis, the district is estimated to have a cash balance of \$438,357.67 in its general fund as of June 30, 2010 and (\$1,024,085.35) as of June 30, 2011. These estimates are based on the effect of all other district funds on the general fund reflected in the previous MYFP, assuming that those funds do not require greater general fund contributions than currently projected (e.g., child development and adult education funds). FCMAT has based this cash flow and all multiyear projections on all currently known information regarding the status of district projects, expenditures and funding, as well as known state deferrals. As the numbers portray, just as with the multiyear projections, the district must make significant budget adjustments to remain a going concern through June 30, 2011.

The tables on the following two pages reflect FCMAT's calculation of the district's cash flow for fiscal years 2009-10 and 2010-11.

**General Fund/County School Service Fund
Cashflow
Fiscal Year: 2009/10**

Name	Object Code	Budget	Jul Actual	Aug Actual	Sep Actual	Oct Actual	Nov Actual	Dec Projected
Beginning Cash Balance			\$677,374.00	\$985,707.00	\$16,747.00	(\$249,903.42)	\$956,713.72	\$16,210.91
Receipts								
Revenue Limit Sources	8010 - 8099	\$7,520,475.25	\$108,461.00	\$0.00	\$195,229.00	\$303,689.00	\$97,614.00	\$2,959,632.00
Federal Revenues	8100 - 8299	\$1,043,740.52	\$156,999.00	\$63,357.00	\$0.00	\$47,820.00	\$85,892.00	\$139,867.00
Other State Revenues	8300 - 8599	\$1,895,167.00	\$505,850.00	(\$77,369.00)	\$80,298.00	\$359,763.00	\$50,298.00	\$79,320.00
Other Local Revenues	8600 - 8799	\$957,790.00	\$950.00	\$168,463.00	\$101,029.00	\$132,900.00	\$40,563.00	\$99,324.00
Interfund Transfers In	8900 - 8929	\$423,170.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$290,863.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Receipts		\$12,131,206.05	\$772,260.00	\$154,451.00	\$376,556.00	\$844,172.00	\$274,367.00	\$3,278,143.00
Disbursements								
Certificated Salaries	1000 - 1999	\$5,699,464.00	\$31,349.00	\$579,579.00	\$521,335.00	\$540,306.00	\$541,089.00	\$542,805.00
Classified Salaries	2000 - 2999	\$1,572,534.00	\$69,639.00	\$131,284.00	\$151,301.00	\$157,413.00	\$158,207.00	\$155,258.00
Employee Benefits	3000 - 3999	\$2,001,644.00	\$92,038.00	\$175,355.00	\$171,786.00	\$175,201.00	\$175,897.00	\$175,866.00
Books and Supplies	4000 - 4999	\$432,386.00	\$8,804.00	\$130,320.00	\$212,887.00	\$80,181.00	\$246,836.00	\$486,309.00
Services and Other Operating	5000 - 5999	\$2,539,681.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital Outlay	6000 - 6900	\$108,266.00	\$0.00	\$108,266.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$85,509.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	(\$24,142.00)	\$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
Interfund Transfers Out	7600 - 7629	\$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
Total Disbursements		\$12,415,342.52	\$201,830.00	\$1,124,804.00	\$1,057,309.00	\$953,101.00	\$1,122,029.00	\$1,360,038.00
Assets								
Revolving Cash Account	9130	\$2,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cash with a Fiscal Agent/Trustee	9135	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Accounts Receivable	9200	\$1,676,150.37	(\$106,540.00)	\$565,705.00	\$337,793.00	\$417,332.00	(\$94,624.00)	\$556,484.37
Due from Other Funds	9310	\$40,558.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40,558.00
Total Assets		\$1,718,958.37	(\$106,540.00)	\$565,705.00	\$337,793.00	\$417,332.00	(\$94,624.00)	\$597,042.37
Liabilities								
Accounts Payable (Current Liabilities)	9500	\$977,313.87	\$155,557.00	\$564,312.00	(\$76,309.58)	(\$898,214.14)	(\$1,783.19)	\$1,233,751.78
Due to Other Funds	9610	\$1,710.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,710.21
Deferred Revenue	9650	\$233,844.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$233,844.77
Total Liabilities		\$1,212,868.85	\$155,557.00	\$564,312.00	(\$76,309.58)	(\$898,214.14)	(\$1,783.19)	\$1,469,306.76
Ending Cash Balance			\$985,707.00	\$16,747.00	(\$249,903.42)	\$956,713.72	\$16,210.91	\$1,062,051.52
Blue - projected								
Black - actuals								

**General Fund/County School Service Fund
Cashflow
Fiscal Year: 2009/10**

Jan Projected	Feb Projected	Mar Projected	Apr Projected	May Projected	Jun Projected	YTD Actuals Plus Projected Cash	Accruals	Totals	Variance
\$1,062,051.52	\$351,496.52	(\$378,730.48)	(\$1,033,644.48)	(\$1,377,715.20)	\$512,413.48				
\$292,843.00	\$10,846.00	\$195,229.00	\$130,153.00	\$2,775,347.68	\$0.00	\$7,069,043.68	\$451,431.57	\$7,520,475.25	\$0.00
\$13,789.00	\$109,857.00	\$52,343.00	\$59,028.00	\$37,865.00	\$98,228.88	\$865,045.88	\$178,694.64	\$1,043,740.52	\$0.00
\$57,715.00	\$169,049.00	\$185,916.00	\$135,504.00	\$87,870.00	\$81,857.82	\$1,716,071.82	\$179,095.18	\$1,895,167.00	\$0.00
\$34,670.00	\$98,311.00	\$105,870.00	\$14,639.00	\$30,667.00	\$20,840.49	\$848,226.49	\$109,563.51	\$957,790.00	\$0.00
\$0.00	\$0.00	\$0.00	\$423,170.28	\$0.00	\$0.00	\$423,170.28	\$0.00	\$423,170.28	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$290,863.00	\$290,863.00	\$0.00	\$290,863.00	\$0.00
\$399,017.00	\$388,063.00	\$539,358.00	\$762,494.28	\$2,931,749.68	\$491,790.19	\$11,212,421.15	\$918,784.90	\$12,131,206.05	\$0.00
\$552,605.00	\$552,605.00	\$552,605.00	\$545,605.00	\$542,246.00	\$197,534.00	\$5,699,463.00	\$1.00	\$5,699,464.00	\$0.00
\$155,258.00	\$155,258.00	\$155,258.00	\$155,258.00	\$128,400.00	\$0.00	\$1,572,534.00	(\$1.00)	\$1,572,533.00	\$1.00
\$175,866.00	\$175,866.00	\$175,866.00	\$175,866.00	\$175,544.00	\$156,492.00	\$2,001,643.00	\$1.00	\$2,001,644.00	\$0.00
\$225,843.00	\$234,561.00	\$310,543.00	\$229,836.00	\$195,431.00	\$150,453.00	\$2,512,004.00	(\$2,079,618.00)	\$432,386.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,539,681.52	\$2,539,681.52	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$108,266.00	\$0.00	\$108,266.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$85,509.00	\$85,509.00	\$0.00	\$85,509.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$24,142.00)	(\$24,142.00)	\$0.00	(\$24,142.00)	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$1,109,572.00	\$1,118,290.00	\$1,194,272.00	\$1,106,565.00	\$1,041,621.00	\$565,846.00	\$11,955,277.00	\$460,064.52	\$12,415,341.52	\$1.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,250.00)
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,676,150.37	\$0.00	\$1,676,150.37	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40,558.00	\$0.00	\$40,558.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,716,708.37	\$0.00	\$1,716,708.37	(\$2,250.00)
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$977,313.87	\$0.00	\$977,313.87	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,710.21	\$0.00	\$1,710.21	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$233,844.77	\$0.00	\$233,844.77	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,212,868.85	\$0.00	\$1,212,868.85	\$0.00
\$351,496.52	(\$378,730.48)	(\$1,033,644.48)	(\$1,377,715.20)	\$512,413.48	\$438,357.67				

FCMAT's cash flow projection includes all one-time and permanent education apportionment deferrals for the revenue projections. Roughly one-third of 2009-10 K-adult funding apportionments have been delayed through either inter- or intra-year deferrals. Districts and county offices of education should closely monitor their cash positions to meet short term fiscal obligations. Because school entities could face additional proposed cash deferrals, it is more important than ever for the district to monitor cash flow. The consequences of becoming cash insolvent are severe and should be avoided to maintain local governance and control of the district. The district must closely track and update all fund balances and cash flow projections as economic data and other fiscal information continue to change.

Budget adjustments (expenditure reductions or revenue enhancements), would have a positive effect on cash. The enclosed analysis reflects that the district will not have adequate cash at June 30, 2011 to be considered a going concern, and outside assistance will be necessary if balances in other district funds are not adequate for internal borrowing as authorized by Education Code section 42603. Currently, based on district balances projected at June 30, 2010, unless additional facility projects are completed, close to \$1 million will be available in facility funds for temporary transfer to the general fund to cover the negative cash balance at June 30, 2011. However, if the district makes the necessary significant adjustments, there will be no need for outside assistance or borrowing between funds, and the district will maintain local control. Making budget adjustments as soon as possible is clearly in the district's best interest.

The district should be aware that any additional delay of apportionments could cause cash flow problems and result in a need to borrow to meet ongoing expenditures. Should borrowing become necessary, options include the following:

- Internal borrowing between funds as authorized by Education Code section 42603, which allows local educational agencies (LEAs) to borrow temporarily between funds to address cash flow shortages. This is the most common method used by school districts, but it only works if cash is available in other funds. This type of borrowing has specific limitations regarding amounts and the timing of repayment.
- External borrowing from the county office of education as authorized under 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, which is authorized by Education Code section 42620. Under Article XVI, Section 6 of the California Constitution, the county treasurer must 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 there are arbitrage penalties, the LEA should determine its cash flow needs and size the TRANs appropriately. Working with an outside financial consultant can help avoid potential problems.

Reserve for Economic Uncertainty

Sufficient cash reserves give a district time to react, plan, and execute a survival strategy. As previously stated, FCMAT has included a 3% reserve for economic uncertainty in all years of the MYFP. New budget language allows districts to reduce their reserves to one-third of the previously required levels in fiscal year 2009-10. However, extreme caution should be taken in considering this option, and FCMAT has not indicated a lower amount in the MYFP provided with this letter. At no other time in recent memory have local educational agencies faced such fiscal uncertainty or had such a need to maintain reserve levels as high as possible. Education leaders should continue to maintain the largest reserves possible in their budgets for fiscal years 2009-10, 2010-11 and 2011-12 to address possible midyear reductions.

FCMAT would like to thank the Sonoma County Office of Education and the Cloverdale Unified School District staff for their cooperation and assistance in this review.

Sincerely,



Michelle Plumbtree
Chief Management Analyst

C: Denise Calvert, Assistant Superintendent, Sonoma County Office of Education
Linda Grundhoffer, FCMAT Consultant
Claudia Rosatti, Superintendent, Cloverdale USD
Patricia Mills, Fiscal Specialist, Cloverdale USD

Attachments:

- Multiyear Financial Projection General Fund Summary, unrestricted summary, restricted summary
- Multiyear Cash Flow Projection General Fund Summary for 2009-10 and 2010-11

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

Name	Object Code	Base Year 2009 - 10	Year 1 2010 - 11	Year 2 2011 - 12
Revenues				
Revenue Limit Sources	8010 - 8099	\$7,520,475.25	\$7,921,488.26	\$8,027,453.51
Federal Revenues	8100 - 8299	\$1,043,740.52	\$566,689.38	\$566,689.38
Other State Revenues	8300 - 8599	\$1,895,167.00	\$1,785,185.16	\$1,822,078.41
Other Local Revenues	8600 - 8799	\$957,790.00	\$960,243.93	\$962,985.39
Total Revenues		\$11,417,172.77	\$11,233,606.73	\$11,379,206.69
Expenditures				
Certificated Salaries	1000 - 1999	\$5,699,464.00	\$5,829,307.82	\$5,820,868.11
Classified Salaries	2000 - 2999	\$1,572,534.00	\$1,602,362.42	\$1,634,409.66
Employee Benefits	3000 - 3999	\$2,001,644.00	\$2,097,497.16	\$2,097,696.72
Books and Supplies	4000 - 4999	\$432,386.00	\$370,770.73	\$362,391.59
Services and Other Operating	5000 - 5999	\$2,539,681.52	\$2,519,642.84	\$2,448,016.16
Capital Outlay	6000 - 6900	\$108,266.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$85,509.00	\$87,035.65	\$88,836.94
Direct Support/Indirect Cost	7300 - 7399	(\$24,142.00)	(\$24,142.00)	(\$24,142.00)
Debt Service	7430 - 7439	\$0.00	\$0.00	\$0.00
Total Expenditures		\$12,415,342.52	\$12,482,474.62	\$12,428,077.18
Excess (Deficiency) of Revenues Over Expenditures		(\$998,169.75)	(\$1,248,867.89)	(\$1,048,870.49)
Other Financing Sources/Uses				
Interfund Transfers In	8900 - 8929	\$423,170.28	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$290,863.00	\$290,863.00	\$290,863.00
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		\$714,033.28	\$290,863.00	\$290,863.00
Net Increase (Decrease) in Fund Balance		(\$284,136.47)	(\$958,004.89)	(\$758,007.49)
Fund Balance				
Beginning Fund Balance	9791	\$1,185,179.00	\$901,042.53	(\$56,962.36)
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$1,185,179.00	\$901,042.53	(\$56,962.36)
Ending Fund Balance		\$901,042.53	(\$56,962.36)	(\$814,969.85)
Components of Ending Fund Balance				
Reserved Balances	9700	\$0.00	\$0.00	\$0.00
Revolving Cash	9711	\$2,250.00	\$2,250.00	\$2,250.00
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	\$293,822.87	\$62,550.82	\$34,191.84
Economic Uncertainties Percentage		3.00%	3.00%	3.00%
Designated for Economic Uncertainties	9770	\$372,460.28	\$374,474.24	\$372,842.32
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	\$232,509.38	\$0.00	\$0.00
Negative Shortfall	9790	\$0.00	(\$496,237.42)	(\$1,224,254.01)

Source	Note
Resource: 0000 - Unrestricted Object: 4100 - Textbooks and Materials	Moved from resource 7156
Resource: 0000 - Unrestricted Object: 8591 - IMF dollars	Moved from resource 7156
Resource: 0000 - Unrestricted Object: 8979 - All Other Financing Sources	Deferred Maintenance Hardship funds
Resource: 1300 - Class Size Reduction Operations, Grades K-3 Object: 7310 - Direct Support/Indirect Costs Charges	Reduced 10-11 and 11-12 to zero as this is an unrestricted program it does not benefit unrestricted.
Resource: 3011 - ARRA: Title I Object: 8290 - All Other Federal Revenue	Revenue verified on CDE website
Resource: 3550 - Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act) Object: 8290 - All Other Federal Revenue	Deferred Revenue
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality Object: 8290 - All Other Federal Revenue	There is no guarantee on the dollar amount for this program from year to year.

Resource: 4045 - NCLB: Title II, Part D, Enhancing Education Through Technology, Formula Grants Object: 8290 - All Other Federal Revenue	Revenue verified on CDE website
Resource: 6520 - Special Education-Project Workability (97/98) Object: 7310 - Direct Support/Indirect Costs Charges	Adjusted 10-11 and 11-12 to balance resource
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P Object: 7300-7399 - Direct Support/Indirect Cost	Reduced in 11-12 to balance resource
Resource: 3315 - Special Ed: IDEA Preschool Grants, Part B, Sec 619 Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 3320 - Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611 Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 3550 - Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act) Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 3710 - NCLB: Title IV, Part A, Drug Free Schools Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 to balance resource Eliminated 11-12 to help balance resource
Resource: 4045 - NCLB: Title II, Part D, Enhancing Education Through Technology, Formula Grants Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 4110 - NCLB: Title V, Part A: Innovative Education Strategies Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 4203 - NCLB: Title III, Limited English Proficiency (LEP) Student Program Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to help balance resource
Resource: 6010 - After-School Learning & Safe Neighborhood Partnerships Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 6520 - Special Education-Project Workability (97/98) Object: 7300-7399 - Direct Support/Indirect Cost	Reduced in 10-11 and 11-12 to balance resource
Resource: 7090 - Economic Impact Aid (EIA) Object: 7300-7399 - Direct Support/Indirect Cost	Adjusted to allowable 3%
Resource: 7156 - Instructional Materials Realignment, IMFRP (AB 1781) Object: 8300-8599 - Other State Revenues	Moved to resource 0000
Resource: 7235 - Transportation: Bus Replacement Object: 8300-8599 - Other State Revenues	One-time grant
Resource: 8150 - Ongoing & Major Maintenance Account (RMA: Education Code Section 17070.75) Object: 7600-7629 - Interfund Transfers Out	Deferred Maintenance match removed in all years
Resource: 9010 - Other Local Object: 4000-4999 - Books and Supplies	Reduced 10-11 and 11-12 to balance resource
Resource: 9010 - Other Local Object: 5000-5999 - Services and Other Operating	Reduced 10-11 and 11-12 to balance resource

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

Name	Object Code	Base Year 2009 - 10	Year 1 2010 - 11	Year 2 2011 - 12
Revenues				
Revenue Limit Sources	8010 - 8099	\$7,100,591.25	\$7,506,610.55	\$7,613,110.84
Federal Revenues	8100 - 8299	\$100,940.00	\$100,940.00	\$100,940.00
Other State Revenues	8300 - 8599	\$1,376,795.00	\$1,373,345.22	\$1,401,047.48
Other Local Revenues	8600 - 8799	\$226,635.00	\$229,088.93	\$231,830.39
Total Revenues		\$8,804,961.25	\$9,209,984.70	\$9,346,928.71
Expenditures				
Certificated Salaries	1000 - 1999	\$4,231,222.00	\$4,836,639.74	\$4,863,950.85
Classified Salaries	2000 - 2999	\$1,011,407.00	\$1,112,748.14	\$1,135,003.11
Employee Benefits	3000 - 3999	\$1,533,191.00	\$1,636,197.78	\$1,644,850.64
Books and Supplies	4000 - 4999	\$258,181.00	\$237,778.69	\$238,747.15
Services and Other Operating	5000 - 5999	\$709,752.00	\$718,120.80	\$736,693.43
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$5,159.00	\$5,159.00	\$5,159.00
Direct Support/Indirect Cost	7300 - 7399	(\$224,302.22)	(\$190,678.29)	(\$176,049.47)
Debt Service	7430 - 7439	\$0.00	\$0.00	\$0.00
Total Expenditures		\$7,524,609.78	\$8,355,965.86	\$8,448,354.71
Excess (Deficiency) of Revenues Over Expenditures		\$1,280,351.47	\$854,018.84	\$898,574.00
Other Financing Sources/Uses				
Interfund Transfers In	8900 - 8929	\$423,170.28	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$290,863.00	\$290,863.00	\$290,863.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	(\$1,714,972.09)	(\$1,871,614.68)	(\$1,919,085.51)
Total Other Financing Sources/Uses		(\$1,000,938.81)	(\$1,580,751.68)	(\$1,628,222.51)
Net Increase (Decrease) in Fund Balance		\$279,412.66	(\$726,732.84)	(\$729,648.51)
Fund Balance				
Beginning Fund Balance	9791	\$327,807.00	\$607,219.66	(\$119,513.18)
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$327,807.00	\$607,219.66	(\$119,513.18)
Ending Fund Balance		\$607,219.66	(\$119,513.18)	(\$849,161.69)
Components of Ending Fund Balance				
Reserved Balances	9700	\$0.00	\$0.00	\$0.00
Revolving Cash	9711	\$2,250.00	\$2,250.00	\$2,250.00
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	\$372,460.28	\$374,474.24	\$372,842.32
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	\$232,509.38	\$0.00	\$0.00
Negative Shortfall	9790	\$0.00	(\$496,237.42)	(\$1,224,254.01)

Source	Note
Resource: 0000 - Unrestricted Object: 4100 - Textbooks and Materials	Moved from resource 7156
Resource: 0000 - Unrestricted Object: 8591 - IMF dollars	Moved from resource 7156
Resource: 0000 - Unrestricted Object: 8979 - All Other Financing Sources	Deferred Maintenance Hardship funds
Resource: 1300 - Class Size Reduction Operations, Grades K-3 Object: 7310 - Direct Support/Indirect Costs Charges	Reduced 10-11 and 11-12 to zero as this is an unrestricted program it does not benefit unrestricted.

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

Name	Object Code	Base Year 2009 - 10	Year 1 2010 - 11	Year 2 2011 - 12
Revenues				
Revenue Limit Sources	8010 - 8099	\$419,884.00	\$414,877.71	\$414,342.67
Federal Revenues	8100 - 8299	\$942,800.52	\$465,749.38	\$465,749.38
Other State Revenues	8300 - 8599	\$518,372.00	\$411,839.94	\$421,030.93
Other Local Revenues	8600 - 8799	\$731,155.00	\$731,155.00	\$731,155.00
Total Revenues		\$2,612,211.52	\$2,023,622.03	\$2,032,277.98
Expenditures				
Certificated Salaries	1000 - 1999	\$1,468,242.00	\$992,668.08	\$956,917.26
Classified Salaries	2000 - 2999	\$561,127.00	\$489,614.28	\$499,406.55
Employee Benefits	3000 - 3999	\$468,453.00	\$461,299.38	\$452,846.08
Books and Supplies	4000 - 4999	\$174,205.00	\$132,992.04	\$123,644.44
Services and Other Operating	5000 - 5999	\$1,829,929.52	\$1,801,522.04	\$1,711,322.73
Capital Outlay	6000 - 6900	\$108,266.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$80,350.00	\$81,876.65	\$83,677.94
Direct Support/Indirect Cost	7300 - 7399	\$200,160.22	\$166,536.29	\$151,907.47
Debt Service	7430 - 7439	\$0.00	\$0.00	\$0.00
Total Expenditures		\$4,890,732.74	\$4,126,508.76	\$3,979,722.47
Excess (Deficiency) of Revenues Over Expenditures		(\$2,278,521.22)	(\$2,102,886.73)	(\$1,947,444.49)
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	\$1,714,972.09	\$1,871,614.68	\$1,919,085.51
Total Other Financing Sources/Uses		\$1,714,972.09	\$1,871,614.68	\$1,919,085.51
Net Increase (Decrease) in Fund Balance		(\$563,549.13)	(\$231,272.05)	(\$28,358.98)
Fund Balance				
Beginning Fund Balance	9791	\$857,372.00	\$293,822.87	\$62,550.82
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$857,372.00	\$293,822.87	\$62,550.82
Ending Fund Balance		\$293,822.87	\$62,550.82	\$34,191.84
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	\$293,822.87	\$62,550.82	\$34,191.84
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: 3011 - ARRA: Title I Object: 8290 - All Other Federal Revenue	Revenue verified on CDE website
Resource: 3550 - Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act) Object: 8290 - All Other Federal Revenue	Deferred Revenue
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality Object: 8290 - All Other Federal Revenue	There is no guarantee on the dollar amount for this program from year to year.
Resource: 4045 - NCLB: Title II, Part D, Enhancing Education Through Technology, Formula Grants Object: 8290 - All Other Federal Revenue	Revenue verified on CDE website
Resource: 6520 - Special Education-Project Workability (97/98) Object: 7310 - Direct Support/Indirect Costs Charges	Adjusted 10-11 and 11-12 to balance resource
Resource: 3010 - NCLB-Title I, Part A, Basic Grants Low Income and Neglected Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P) Object: 7300-7399 - Direct Support/Indirect Cost	Reduced in 11-12 to balance resource

Resource: 3315 - Special Ed: IDEA Preschool Grants, Part B, Sec 619 Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 3320 - Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611 Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 3550 - Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act) Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 3710 - NCLB: Title IV, Part A, Drug Free Schools Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 to balance resource Eliminated 11-12 to help balance resource
Resource: 4045 - NCLB: Title II, Part D, Enhancing Education Through Technology, Formula Grants Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 4110 - NCLB: Title V, Part A: Innovative Education Strategies Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 4203 - NCLB: Title III, Limited English Proficiency (LEP) Student Program Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to help balance resource
Resource: 6010 - After-School Learning & Safe Neighborhood Partnerships Object: 7300-7399 - Direct Support/Indirect Cost	Reduced 10-11 and 11-12 to balance resource
Resource: 6520 - Special Education-Project Workability (97/98) Object: 7300-7399 - Direct Support/Indirect Cost	Reduced in 10-11 and 11-12 to balance resource
Resource: 7090 - Economic Impact Aid (EIA) Object: 7300-7399 - Direct Support/Indirect Cost	Adjusted to allowable 3%
Resource: 7156 - Instructional Materials Realignment, IMFRP (AB 1781) Object: 8300-8599 - Other State Revenues	Moved to resource 0000
Resource: 7235 - Transportation: Bus Replacement Object: 8300-8599 - Other State Revenues	One-time grant
Resource: 8150 - Ongoing & Major Maintenance Account (RMA: Education Code Section 17070.75) Object: 7600-7629 - Interfund Transfers Out	Deferred Maintenance match removed in all years
Resource: 9010 - Other Local Object: 4000-4999 - Books and Supplies	Reduced 10-11 and 11-12 to balance resource
Resource: 9010 - Other Local Object: 5000-5999 - Services and Other Operating	Reduced 10-11 and 11-12 to balance resource