



CSIS California School Information Services

St. Helena Unified School District

Fiscal Review

October 8, 2010



Joel D. Montero
Chief Executive Officer





CSIS California School Information Services

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Robert A. Haley, Ed.D, Superintendent
St. Helena Unified School District
465 Main Street
St. Helena, CA 94574

Dear Superintendent Haley:

In June 2010, the St. Helena Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into a study agreement to conduct a Fiscal Health and Risk Analysis for the St. Helena Unified School District using the districts' 2010-11 adoption budget and provide recommendations.

The attached report contains the study team's findings and recommendations. We trust that this document will be beneficial to all concerned.

On behalf of FCMAT, we appreciate the opportunity to serve the district and extend our thanks to all the staff for their assistance during our fieldwork.

Sincerely,



Joel D. Montero
Chief Executive Officer

FCMAT

Joel D. Montero, Chief Executive Officer

1300 17th Street - CITY CENTRE, Bakersfield, CA 93301-4533 • Telephone 661-636-4611 • Fax 661-636-4647
422 Petaluma Blvd North, Suite. C, Petaluma, CA 94952 • Telephone: 707-775-2850 • Fax: 707-775-2854 • www.fcmat.org
Administrative Agent: Christine L. Frazier - Office of Kern County Superintendent of Schools

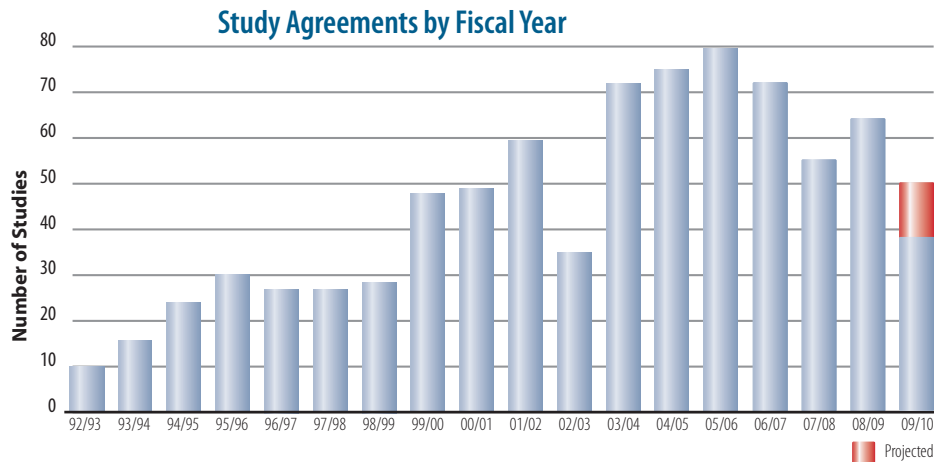
About FCMAT

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

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

In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 750 reviews for local educational agencies, including school districts, county offices of education, charter schools and community colleges. Services range from fiscal crisis intervention to management review and assistance. FCMAT also provides professional development training. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The agency is guided under the leadership of Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.



Total Number of Studies.....	743
Total Number of Districts in CA.....	1,050
Management Assistance	705 (94.886%)
Fiscal Crisis/Emergency	38 (5.114%)
Note: Some districts had multiple studies.	
Eight districts have received emergency loans from the state.	
(Rev. 12/8/09)	



Introduction

Background

The St. Helena Unified School District is located in St. Helena in the center of the Napa Valley wine country. The district has a broad curriculum provided in a small setting and is composed of a primary school and elementary school of about 260 students each, a middle school of about 310 students and a high school of about 500 students. Students from two nearby districts attend St. Helena High School via interdistrict transfer agreements.

For purposes of state funding, the district is defined under the basic-aid status, meaning its funding is primarily from local property taxes that exceed the revenue limit entitlement. The district has a general fund budget of approximately \$22 million, providing about \$16,525 per pupil.

Through parent groups, the St. Helena Public Schools Foundation, and unmatched gifts, the local community augments the athletic and fine arts programs, enriches classrooms and provides scholarships to high school graduates. There is strong community support for the schools, including an active volunteer support program.

During the 2009-10 fiscal year, the district hired a new superintendent and a new chief business official (CBO). The new administrative team and the school board determined that a third-party evaluation of the district's fiscal position would be useful in helping the district plan given the state's current difficult fiscal climate.

In June 2010, the Fiscal Crisis and Management Assistance Team entered into an agreement to conduct a Fiscal Health and Risk Analysis. This analysis, using the 17 factors included in the FCMAT Fiscal Health Risk Analysis model, was to be prepared utilizing the districts 2010-11 adoption budget as the basis for identifying recommendations for improvement.

Study Team

The study team was composed of the following members:

Jim Cerreta
FCMAT Fiscal Intervention Specialist
Sacramento, CA

Linda Grundhoffer
FCMAT Consultant
Danville, CA

Leonel Martínez
FCMAT Public Information Specialist
Bakersfield, CA

Margaret Rosales
FCMAT Consultant
Kingsburg, CA

Study Guidelines

A FCMAT study team visited the district on July 7 and 8, 2010 and on August 13, 2010 to conduct interviews and site visits, collect data, and review documents. This report is a result of those activities and is divided into the following sections:

- I. Executive Summary
- II. Multiyear Financial Projection
- III. Fiscal Health Risk Analysis
- IV. Comparison Study
- IV. Appendices

Executive Summary

The severe economic downturn in the state and local sectors has affected private businesses and government entities of all types. Declining retail sales, consumer spending and home values, and sharply rising unemployment and home foreclosures, have contributed to a significant decrease in tax revenues, which resulted in decreased assessed valuation and tax revenues for many basic aid school districts. At the same time, increases in health care, energy, fuel, insurance and equipment replacement costs often exceed revenue growth, leaving district budgets with deficits, shortfalls and insufficient reserves.

These economic factors, combined with student performance objectives established by federal No Child Left Behind (NCLB) legislation, California's rapidly growing student population, and a competitive global economy, pose considerable fiscal challenges for public schools. Therefore, it is important for districts to 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.

The Saint Helena Unified School District is not immune to these problems. While somewhat isolated from the state funding crises in the past, new "fair share" state funding reductions have reduced district financial resources for basic aid school districts. Local property tax growth has slowed considerably and as a result, the district will have fewer resources and be forced to make difficult choices that will require fiscal diligence on the part of the school board, staff, and the community to maintain the district's financial solvency.

To address these concerns, the district took proactive steps to conduct this third-party review of its financial condition and begin developing a long-term plan to respond to the impact of the state and national economic crisis. This study is the result of these actions and is the first step to actively managing the situation and avoiding fiscal insolvency.

The most recent district adoption budget submitted to the Napa County Office of Education is not a sound financial document, meaning that the district may not be able to meet its financial obligations in the subsequent two fiscal years. This may be exacerbated by the possibility of further state funding reductions in the current fiscal year. If this occurs, the district will need to revisit the budget in the current fiscal year and make additional reductions or revenue enhancements

FCMAT's multiyear financial projection (MYFP) indicates that the district will have a negative general fund balance at the close of the 2012-13 fiscal year. *FCMAT's MYFP indicates that the district will not meet its reserve requirement in the two subsequent fiscal years without a detailed plan to increase revenue and/or reduce expenditures and cease deficit spending.*

FCMAT's projection indicates that the district's fiscal condition may deteriorate far more than projected in its 2010-11 adopted budget report. The district's next budget could receive a qualified or negative certification. If this occurs, the county office could assign a fiscal expert or take other fiscal intervention measures in accord with Education Code section 42127.6.

The most effective way for the district to avoid such intervention is to implement a new financial plan that identifies revenue enhancements or expenditure reductions. Because more than 88% of the unrestricted budget is comprised of salaries and benefits, any solution is likely to include some form of staffing or compensation adjustments.

The school board adopted a resolution for fiscal solvency on August 12, 2010. This resolution demonstrates the board's commitment to implement a plan to reduce budgeted expenditures for the 2010-11 fiscal year. A target date of January 14, 2011 was also established to submit a detailed list for 2011-12 budget reductions.

FCMAT used its Fiscal Health Risk Analysis to assess the district's financial condition using 17 risk indicators, based on the district's adopted budget report for 2010-11. The analysis indicates that the district failed to meet 10 of the indicators and thus needs fiscal intervention to avoid outside intervention. *Absent significant expenditure reductions or revenue enhancements, the district will require fiscal intervention by the county office and/or the state, up to and including the appointment of a state administrator.*

The district placed a general obligation bond on the November 2010 ballot. This bond will provide much needed resources to address school facility construction and modernization needs. The bond will also fund deferred maintenance projects that will provide relief to the district's general fund budget. Deferred maintenance funding has not been sufficient to address the many deteriorating infrastructure needs of the various school campuses, requiring allocation of general fund resources that are insufficient and not intended for such purposes.

FCMAT conducted a study of the district's financial condition as compared to five districts with similar funding and demographics. The comparison indicates that from a fiscal perspective, the district does not compare favorably to the group.

During interviews and observations, FCMAT noted indications of serious communication difficulties between the school board and the superintendent. The superintendent and board should develop a positive working relationship to allow the district to address its fiscal condition. The full focus, energy and attention of all parties involved will be required. Anything less could result in a failure to resolve the districts fiscal challenges and cause harm to the educational program for many years to come.

Findings and Recommendations

Multiyear Financial Projections

Multiyear financial projections are required by Assembly Bill (AB) 1200 and AB 2756 and are a part of the adoption budget and interim 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 (MYFP) using FCMAT's Budget Explorer software to determine the financial condition of the district's general fund for the fiscal years 2009-10 through 2012-13. FCMAT reviewed revenue and expenditure trends during recent years, used industry-standard variables, and based its projection on the district's 2010-11 adopted budget.

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, but should be updated at least at each interim financial reporting period and in preparation for negotiations.

When developing a MYFP, attention is focused on the district's ability to meet its required reserve for economic uncertainty and achieve a positive unappropriated fund balance. The district's recent deficit spending trend indicates a need to increase revenue, decrease expenditures, or both to maintain a positive unappropriated fund balance. When the unappropriated fund balance is negative, the negative balance is the amount by which budgeted expenditures must be reduced or revenues increased to meet the reserve requirements in accordance with AB 1200 guidelines.

The district's fiscal condition may deteriorate far more than projected in its adopted budget report. Significant factors contributing to this situation include the impact of the state budget crisis, which may result in additional funding reductions in the 2010-11 year.

FCMAT reviewed the district's records, interviewed staff members and examined a variety of financial documents (see Appendix A) to gather the information needed for the multiyear financial projection. *FCMAT's multiyear financial projection indicates that the district will not meet its reserve requirement in the two subsequent fiscal years, 2011-12 and 2012-13, without a detailed plan to increase revenue and/or reduce expenditures and cease deficit spending.*

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 state superintendent of public instruction (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 district create a plan to regain fiscal solvency and restore the required reserve.

Multiyear Financial Projection Method

FCMAT prepared two multiyear financial projection scenarios. Multiyear Financial Projection I assumes the state budget funding assumptions have been properly reflected in the districts adopted budget. Multiyear Financial Projection II assumes that additional reductions will be implemented for basic-aid districts; specifically the 3.85% reduction identified by the governor in his May Revise 2010-11 budget proposal for revenue limit school districts as recommended by the Schools for Sound Finance (SF2) organization.

Projection I indicates the district will experience a negative ending general fund balance beginning with the 2011-12 fiscal year; Projection II also indicates the district will have a negative ending general fund balance of even greater proportions beginning in the that fiscal year.

After consideration of the special reserve fund balance, Projection I indicates a negative fund balance for the general fund and special reserve funds combined beginning with the 2012-13 fiscal year. Projection II yields the same result beginning with the 2011-12 year.

Projection I

Significant Assumptions

FCMAT prepared its multiyear financial projection to include the impact of the governor's May Revise budget proposals for the 2010-11 fiscal years. These proposals include significant state funding reductions in the current fiscal year. Other significant assumptions include no adjustments to staff compensation throughout the projection period, flat enrollment and no staffing reductions.

The following are also included in the assumptions for Projection I:

- A 1.6% annual average cost of step-and-column movement for all contracted salaries and employer-paid statutory benefits.
- No increases for health and welfare costs for active employees or retirees other than 8% increases for dental and vision programs for active employees for the 2010-11 year.
- Increases in general operating expenditures based on the California consumer price index (CPI) and other economic indicators.

Appendix B provides a complete listing of all assumptions used in Projections I and II.

Comparison of Projection I to District Budget

FCMAT developed its first projection using a slightly different set of assumptions than the district used in its 2010-11 adopted budget report. The following table provides a comparison of the fiscal impact of these differences.

Table 1 - Comparison of FCMAT projection to the district's 2010-11 adopted budget report

	FCMAT	St Helena USD	Difference
Beginning General Fund Balance	\$836,082	\$836,082	\$0
Revenues	\$22,209,673	\$22,324,805	(\$115,132)
Expenditures	(\$23,266,478)	(\$23,266,478)	\$0
Transfers In	\$446,000	\$446,000	\$0
Transfers Out	(\$194,796)	(\$206,661)	\$11,865
Deficit	(\$805,601)	(\$702,334)	(\$103,267)
Ending General Fund Balance	\$30,481	\$133,748	(\$103,267)
Detail of Ending Fund Balance:			
Reserve for Economic Uncertainty	\$703,838	\$704,194	(\$356)
Other Reserves	\$126,941	\$132,954	(\$6,013)
Board Designated	\$0	\$0	\$0
Undesignated and Available	(\$800,298)	(\$703,400)	(\$96,898)

The district included \$115,132 in resources from the American Reinvestment and Recovery Act (ARRA) State Fiscal Stabilization Fund (SFSF) in its 2010-11 adopted budget. FCMAT removed this amount since no such funding is scheduled to be provided to school districts, creating instead a contribution from the unrestricted general fund to finance this resource.

FCMAT adjusted the interfund transfer out for the contribution to the cafeteria fund by \$11,865 to reflect a higher ending cafeteria fund balance for the 2010-11 year.

The net result of these and other less significant changes was to reduce the district's ending fund balance by \$103,267 to \$30,481. The total impact of the adjustments created an undesignated ending balance shortfall of -\$800,298 in the general fund.

The district maintains a special reserve for other than capital outlay projects fund (fund 17). The district budget projects an ending fund balance of \$686,249 in this fund as of the end of the 2010-11 year. If utilized to offset the shortfall, a negative shortfall of -\$114,049 in the general fund would still exist.

Deficit Spending

Deficit spending occurs when expenditures and other uses exceed revenues and other sources. The district began deficit spending in its general fund during the 2007-08 fiscal year, returned to a surplus in the 2008-09 year, and returned to a deficit in 2009-10. FCMAT projects that this trend will continue through the 2012-13 fiscal year unless new and significant revenues are identified or expenditure reductions made. A comparison of the change in revenues to the change in expenditures highlights this trend: from 2007-08 through 2010-11, revenues increased 6% while expenditures increased 11%.

The following table summarizes the deficit spending from 2007-08 through 2012-13, the second subsequent year of FCMAT's MYFP. FCMAT has included the special reserve for other than capital outlay fund for additional perspective on the impact of deficit spending on district reserves.

Table 2 - General fund deficit spending, past, present and projected

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues	\$20,991,097	\$22,410,502	\$23,464,212	\$22,209,673	\$23,121,901	\$23,512,861
Expenditures	(\$21,024,226)	(\$22,033,707)	(\$23,931,797)	(\$23,266,478)	(\$23,580,836)	(\$23,914,112)
Subtotal	(\$33,129)	\$376,795	(\$467,585)	(\$1,056,805)	(\$458,935)	(\$401,251)
Sources/Uses	(\$227,424)	(\$103,367)	(\$206,661)	\$251,204	(\$130,000)	(\$130,000)
Surplus/-Deficit	(\$260,553)	\$273,428	(\$674,246)	(\$805,601)	(\$588,935)	(\$531,251)
Fund Balance:						
Beginning Fund Balance	\$1,497,453	\$1,236,900	\$1,510,328	\$836,082	\$30,481	(\$558,454)
Ending Fund Balance	\$1,236,900	\$1,510,328	\$836,082	\$30,481	(\$558,454)	(\$1,089,705)
Fund 17 Balance	\$1,062,865	\$1,094,749	\$1,117,249	\$686,249	\$686,249	\$686,249
Total Fund Balance	\$2,299,765	\$2,605,077	\$1,953,331	\$716,730	\$127,795	(\$403,456)

Components of the Ending Fund Balance

The following table provides a summary of the ending general fund balance, per FCMAT's MYFP, which includes reserves against fund balance. The MYFP indicates that the district will experience a negative ending fund balance in excess of \$1.4 million in the 2012-13 fiscal year without revenue increases or expenditure reductions. The projected budget shortfall is discussed in the next section.

Table 3 - Components of general fund ending fund balance

	2010-11	2011-12	2012-13
Ending Fund Balance	\$30,481	(\$558,454)	(\$1,089,705)
Components of Ending Fund Balance:			
Legally Restricted Balances	\$126,941	\$124,026	\$119,196
Designated for Economic Uncertainties	\$703,838	\$711,325	\$721,323
Other Designated	\$0	\$0	\$0
Shortfall	(\$800,298)	(\$1,393,805)	(\$1,930,224)

Budget Shortfall

The above deficits create ending fund balance shortfalls in all three years of the MYFP projection. A budget shortfall is defined as the difference between the minimum recommended reserve for economic uncertainty and the projected ending fund balance. The following table compares the budget shortfalls projected by FCMAT to those projected by the district.

Table 4 - Comparison of FCMAT's shortfall projection with district's projection

	2010-11	2011-12	2012-13
Shortfall			
FCMAT - Projected	(\$800,298)	(\$1,393,805)	(\$1,930,224)
St Helena USD - Budgeted	(\$703,400)	(\$1,061,230)	(\$1,341,482)
Difference	(\$96,898)	(\$332,575)	(\$588,742)

Enrollment

Proper enrollment tracking and analysis of average daily attendance (ADA) are essential to budget planning for districts funded via their revenue limit entitlement and other state resources such as lottery. When enrollment and related ADA are declining, a revenue limit district must avoid fiscal insolvency by exercising extreme caution regarding actions that will affect the budget, such as negotiations with collective bargaining units, staffing ratios, and deficit spending.

Saint Helena Unified is funded primarily by local property taxes, the allocation of which is not connected to the districts' student enrollment or ADA. In fact, a significant number of students enrolled in district schools live outside district boundaries and are served in the district via an authorized interdistrict attendance agreement. In effect, these students increase staffing demands and reduce the funding available per pupil.

Because state law allows the district to determine a maximum capacity for student enrollment, the district ultimately controls the size of its student population. However, enrollment projections are more important when it comes to staffing needs, not funding entitlement, in a basic-aid funded school district.

The district has projected flat enrollment through the multiyear financial projection period, and FCMAT concurs with this projection.

FCMAT reviewed the district's California Basic Education Data System (CBEDS) student enrollment counts for 1993-94 through 2009-10. Enrollment has been steadily declining since it peaked in 1994-95, decreasing by about 350 students over those years. Declining enrollment has no impact on district funding levels and provides relief for staffing and expenditure allocations. Therefore, a flat enrollment projection by the district appears reasonable.

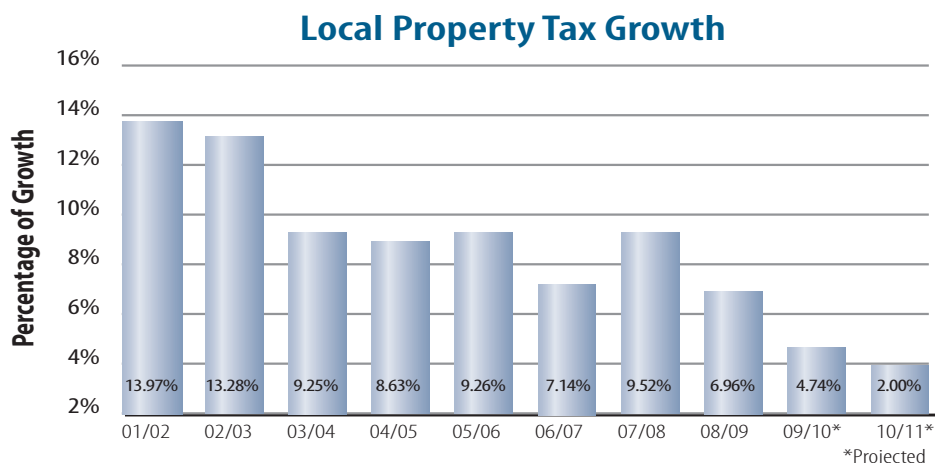
The district could enhance its state revenue entitlement by declaring itself in district-of-choice status. This status would require the district to admit interdistrict transfers in and out subject to certain limitations and as space allows. However, as a basic-aid funded district, Saint Helena Unified would be eligible for state aid for students that transfer from districts funded via their revenue limit (i.e. districts who would otherwise receive state aid for that student). The state aid would be 70% of the revenue limit per pupil of the students' district of residence.

Revenues

Local Property Taxes

As a basic-aid funded school district in California, Saint Helena Unified's state funding entitlement is composed entirely of local property taxes. The district's deficated revenue limit calculations yield an entitlement exceeding \$7 million for the 2010-11 year, while local property taxes are projected to exceed \$19 million.

Therefore, the projection of local property taxes is the most important element in projecting revenues for the district budget since it is the basis for funding much of the district's expenditure base. The most reliable source for estimating local tax collections is the Napa County Assessor. The assessor projected property taxes will increase in the range of 0-2% for the district for the 2010-11 fiscal year. This projection is substantially lower than actual property tax increases over the last 10 years. The bar graph below provides a chart of the history of growth in local property taxes during this period.

Table 5 - Local Growth Property Tax Rates

The district's adopted budget includes the assumption that local property taxes will increase by 2% during the 2010-11 year and continue to grow at this rate through the multiyear projection period. In discussions with the district staff, FCMAT learned that much of the Napa Valley local property tax base is commercial winery or high-value residential property, which historically does not depreciate at levels that occur throughout the region and the state. Therefore, it is reasonable to assume the higher end of the 0-2% growth projection provided by the assessor's office.

FCMAT's multiyear projection includes this same assumption for local property tax growth, although the growth rate was applied only to secured taxes. This results in projected tax revenues that are slightly lower than projections of the district for the 2011-12 (\$11,366) and 2012-13 (\$43,925) years.

Federal and Other State Revenues

FCMAT projected federal and other state and local revenues for 2010-11 at amounts indicated in the district's 2010-11 adopted budget report, with the exception of \$115,132 of ARRA SFSF funds, which are not scheduled to be paid to the district. This amount was budgeted in anticipation of carryover of funds, which did not occur. FCMAT's practice is to retain the related expenditure budget in its projections and allow the district to determine how to best reallocate the budgeted expenditures.

For 2011-12 and 2012-13, FCMAT projected the same funding levels for federal programs, except for the SFSF resource as noted above. FCMAT also assumed a cost-of-living adjustment (COLA) for state-funded categorical programs consistent with the School Services of California Inc. Financial Dartboard developed with the May Revise in May 2010. This COLA provided additional funding of \$12,315 and \$22,905 for the two years respectively.

Federal Education Jobs Funding

The federal government approved the Federal Education Jobs Funding Act (Jobs Act) in August 2010, providing one-time funds to school districts across the country. The administration is developing regulations to provide local agencies with guidance on how the funds are to be utilized.

State preliminary apportionment schedules indicate the district will receive \$271,635 in one-time Jobs Act funding. Of this amount, \$244,472 was apportioned in September 2010 and the remaining amount later in the fiscal year. This amount was apportioned after FCMAT concluded its study and is not included in the multiyear financial projections. However, inclusion of this one-time funding amount in the projections would not change the conclusions of this report.

Local Revenues

The district benefits substantially from local donations and grants. In 2009-10, the district budgeted \$1,685,944 in local revenues, which comprised 7% of the total revenue budget.

The district's 2010-11 adopted budget projects local revenues for the year at \$451,252. The strategy was to budget only for those local revenues that have an enforceable obligation. All other local revenues will be budgeted when received. Expenditures associated with these revenues will also be budgeted at that time. FCMAT concurs with this treatment.

Interfund Transfers In

Special Reserve Fund for Other than Capital Outlay

The district maintains a special reserve fund for operations purposes known as fund 17. This fund is comprised of prior years transfers of unrestricted funds from the general fund (fund 01), and from time to time, amounts are transferred back to the general fund as needed.

The district's stated purpose for this fund was to maintain a reserve of at least 5% for economic uncertainties. The fund balance as of June 30, 2010 is budgeted at \$1,117,249. When combining the fund 17 balance and the general fund undesignated balance at June 30, 2010 the district maintained a 7.36% reserve.

Industry standards for revenue limit school districts have been to maintain between 10-15% in reserve for unforeseen economic challenges, which would allow one to two years to respond if funding levels decrease. School Services of California reports that the average reserve level for all unified school districts is 11.2%.

Industry standards for maintenance of an economic uncertainties reserve vary by circumstance for basic-aid funded school districts in California. The minimum is to maintain in reserve at least the amount recommended by the state for school districts of a similar size, which would be 3%. The maximum would be to maintain a reserve equivalent to the amount the district would lose if the state terminated the basic aid funding mechanism. This would allow the district to operate at current levels for at least one year as it determined how to best absorb the funding loss. For Saint Helena Unified, this would be a reserve of approximately \$12 million or 50% of total general fund expenditures. An amount between these two extremes is a reasonable goal.

The district has included a \$446,000 transfer from the special reserve fund to the general fund in its 2010-11 fiscal year budget to help offset the general fund deficit. Additional transfers are projected in the 2011-12 and 2012-13 for the same purpose, drawing the special reserve fund balance to \$0 by the end of the 2012-13 fiscal year. While FCMAT has no recommendation as to a specific reserve target, the district should act to restore the reserve level and cease spending levels that would decrease the reserve.

FCMAT's multiyear financial projection does not reflect interfund transfers in from the special reserve fund for the 2011-12 and 2012-13 years; therefore, the general fund ending fund balance is substantially less than that projected by the district. This occurred to emphasize the magnitude of the fiscal challenge faced by the district in its general fund. The reader must distinguish between data that represents only the general fund and the data showing the general fund and special reserve fund combined.

Salaries

In 2010-11, the district budgeted certificated salaries at the same staffing levels as 2009-10. This is consistent with the district's assumption that student enrollment will not change. FCMAT's projection is consistent with the district's assumption regarding staffing levels.

The district assumed no salary schedule increase since this amount will be determined by reference to formula language included in the collective bargaining agreement between the district and its certificated bargaining unit. The formula language is subject to renegotiation beginning with the 2011-12 fiscal year, and FCMAT concurs with the districts projection.

Step-and-column salary schedule movement was budgeted at \$200,000, or an increase of about 1.80%. FCMAT's projection included 1.60% for step-and-column increases for the 2011-12 and 2012-13 years. This results in reduced projected costs of \$23,823 in 2011-12 and \$44,827 in 2012-13.

Classified staffing levels are projected to be unchanged by the district, and FCMAT's projections are the same. No salary schedule increase was assumed by the district, and step-and-column costs were estimated at .78%. FCMAT concurs with both of these assumptions.

Employee Benefit Compensation

The district budgeted for changes to certain statutory employer-paid benefits in 2010-11 as follows.

State Teachers Retirement System (STRS) – Assumed district payment of 3.5% of the 8% employee contribution as per agreement with the certificated bargaining unit. This amount has since been transferred to the certificated salary schedule as it was determined such contributions could not be accommodated by the county financial system.

Public Employees Retirement System (PERS) – Increased rate from 9.428% to 10.707% per PERS directive.

State Unemployment Insurance (SUI) – Increased rate from .03% to .072% as per state rate determination.

Workers Compensation – Rate increased from 2.0769% to 2.324% as per carrier rate setting.

The district also budgeted a full year in 2010-11 for the 2009-10 medical health benefit program rate increase that was implemented mid-year. A rate increase for 2010-11 has not been estimated or projected in the 2010-11 budget. Projected rate increases for dental and vision programs have been included. Certain coverage changes for classified employees have been included as required by agreement with the classified bargaining unit.

FCMAT concurs with all the above assumptions. FCMAT also added an inflationary increase to all statutory benefits for the 2011-12 and 2012-13 years, increasing costs by \$39,182 and \$78,947 respectively in lieu of a \$50,000 increase assumed by the district for the 2012-13 year only.

Other Post-Employment Benefits (OPEB)

Governmental Accounting Standards Board (GASB) statement number 43 requires school districts to utilize certain accounting standards for other post-employment benefits (OPEB). These standards require accounting procedures for the liability associated with such benefits, for both current and future retirees.

The district has implemented an OPEB management plan that indicates it will fund its benefits using a pay-as-you-go method. This approach provides funding only for the amount needed to

pay the annual benefit premiums. It does not provide the entire annual required contribution (ARC). The ARC represents the full accrual of the liability by including the current year's normal costs (the present value of future benefits that employees earn by working during the current year) and an actuarially determined amount for future retiree costs amortized over 30 years.

Regardless of how the district chooses to pay for OPEBs, GASB 45 requires the district to account for its liability using the full accrual basis known as the Actuarially Required Contribution (ARC). The difference between the full accrual basis ARC and the pay-as-you-go cash payment represents the district's unfunded liability, which is likely to increase over time.

The district's governing board has designated its special reserve for postemployment benefits (fund 20) balance of \$205,425 towards funding the OPEB liability. The district's last actuarial report estimates the unfunded liability at \$2 million. The amount designated by the board cannot be legally regarded as offsetting this liability unless the district places the reserve in an irrevocable trust; however, the district has not done this.

The district last received an OPEB actuarial study in 2009. The OPEB management plan requires that plans with 200 or more members (active and retired employees) conduct a new study every two years, and a new study is due in 2011.

Books and Supplies, Services and Other Operating Costs and Capital Outlay

FCMAT assumed that all books and supplies, services and other operating cost line items would increase each year by the California consumer price index (CPI), increasing costs by \$5,495 and \$13,083 in 2011-12 and 2012-13, respectively.

FCMAT increased services and other operating costs by the CPI in 2011-12 and 2012-13, increasing costs by \$78,435 and \$160,100 respectively.

Capital outlay expenditures remained unchanged by both the district and FCMAT through the entire multiyear financial projection period.

Other Outgo, Direct and Indirect Support Costs and Debt Service

Other outgo consists of transfers for special education costs of the county office of education. The district omitted these transfers from its multiyear projection; FCMAT has included them at the 2010-11 budgeted level of \$107,743.

The district's budgets for direct and indirect support cost charges to restricted programs and grants were not changed in the FCMAT projection.

District staff members identified \$75,599 in debt service payments for an energy retrofit program that have been coded to a 5000 object code series since the 2004 inception of the debt. Furthermore, it was determined the debt was not reported in the district's SACS Long Term Debt report or the district's audit report. The California School Accounting Manual requires such payments be accounted for utilizing the 7400 object code series and the obligation reported as long-term debt.

Interfund Transfers Out

The district budgeted interfund transfers out to the cafeteria fund of \$141,863 and the county schools facility fund of \$64,796 for the 2010-11 year. FCMAT adjusted the cafeteria fund transfer to \$130,000 to reflect a higher ending fund balance for the 2010-11 budget and the multiyear projection period. This decreased the transfers by \$11,863 each year.

FCMAT noted a transposition error in the interfund transfers out of the 2012-13 year of the districts projection. The total should be \$206,661 but was entered as \$260,661, a \$54,000 over-statement. FCMAT projections include the correct amount.

Contributions to Restricted Programs

The district budgeted a significant increase in contributions to restricted programs for the 2010-11 year. The principal increase is in the special education program, where a one-time distribution of about \$344,000 from the SELPA in 2009-10 cannot be assumed in future years, and about \$274,000 of increased costs are projected. FCMAT's addition of \$115,132 in contribution to the ARRA SFSF resource accounts for most of the balance of the increased contributions.

As indicated in the following table, the district's contributions to restricted programs are projected to further increase in future years. The district will need to review and adjust these program budgets to avoid such increases in the future.

Table 6 - Contributions to restricted programs

Contributions (8980 - 8999)						
Name	Resource Code	Historical Year 2009 - 10	Base Year 2010 - 11	Year 1 2011 - 12	Year 2 2012 - 13	Note
Unrestricted Resources						
Unrestricted	0000	(\$2,132,966.17)	(\$2,443,167.01)	(\$2,498,273.94)	(\$2,550,346.81)	
Tier III	0010	\$0.00	\$0.00	\$0.00	\$0.00	
Lottery: Unrestricted	1100	\$0.00	\$0.00	\$0.00	\$0.00	
Class Size Reduction Operations, Grades K-3	1300	\$135,603.17	(\$355,287.90)	(\$355,288.00)	(\$355,288.00)	
Total Unrestricted		(\$1,997,363.00)	(\$2,798,454.91)	(\$2,853,561.94)	(\$2,905,634.81)	
Restricted Resources						
NCLB-Title I, Part A, Basic Grants Low Income and Neglected	3010	\$9,250.00	\$0.00	\$0.00	\$0.00	
ARRA Title I	3011	\$4,952.00	\$0.00	\$0.00	\$0.00	
ARRA - SFSF	3200	\$0.00	\$115,132.00	\$116,941.47	\$118,779.63	(1)
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P	3310	\$176,262.00	\$189,298.00	\$195,052.26	\$200,898.58	(3)
Title I - SAIT	3313	\$0.00	\$0.00	\$0.00	\$0.00	
ARRA Preschool Grant	3319	\$0.00	\$0.00	\$0.00	\$0.00	
ARRA Preschool	3324	\$0.00	\$0.00	\$0.00	\$0.00	
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	3550	\$0.00	\$0.00	\$0.00	\$0.00	
NCLB: Title IV, Part A, Drug Free Schools	3710	\$0.00	\$0.00	\$0.00	\$0.00	
NCLB: Title II, Part A, Teacher Quality	4035	\$0.00	\$0.00	\$0.00	\$0.00	
NCLB: Title II, Part D, Enhancing Education Through Technology, Formula Grants	4045	\$0.00	\$0.00	\$0.00	\$0.00	
NCLB: Title V, Part A: Innovative Education Strategies	4110	\$0.00	\$1.00	\$1.00	\$1.00	
NCLB: Title III, Immigrant Education Program	4201	\$0.00	\$0.03	\$0.03	\$0.03	
NCLB: Title III, Limited English Proficiency (LEP) Student Program	4203	\$0.00	\$12,220.00	\$12,941.64	\$13,674.83	(4)
Medi-Cal Billing Option	5640	\$0.00	\$0.00	\$0.00	\$0.00	
English Language Acquisition Program, Teacher Training & Student Assistance	6286	\$0.00	\$0.00	\$0.00	\$0.00	
Lottery: Instructional Materials	6300	\$0.00	\$0.00	\$0.00	\$0.00	
Special Education	6500	\$717,030.97	\$1,453,662.78	\$1,491,007.69	\$1,524,155.91	
Special Ed-Preschool Low Incidence (97/98)	6530	\$0.00	\$0.00	\$0.00	\$0.00	
Tobacco-Use Prevention Education: Elementary Grades 4-8	6660	\$0.00	\$0.00	\$0.00	\$0.00	
Agricultural Vocational Incentive Grants	7010	\$0.00	\$0.00	\$0.00	\$0.00	
CAHSEE Intensive Instruction and Services	7055	(\$26,058.87)	\$0.00	\$0.00	\$0.00	
CAHSEE Individual Intervention Materials	7056	(\$954.00)	\$0.00	\$0.00	\$0.00	
Economic Impact Aid: Limited English	7091	\$24,185.00	\$28,474.00	\$28,474.00	\$28,474.00	
Instructional Materials Realignment, IMFRP (AB 1781)	7156	(\$26,953.41)	\$0.00	\$0.00	\$0.00	
Transportation: Home to School	7230	\$113,230.00	\$160,128.10	\$158,557.05	\$156,141.60	
Transportation: Special Education (Severely Disabled/Orthopedically Impaired)	7240	\$177,047.00	\$181,027.00	\$181,924.36	\$182,734.59	
Routine Repair & Maintenance (RRRMF: Education Code Section 17014)	8100	\$656,936.00	\$658,512.00	\$668,662.44	\$680,774.64	(2)
Other Local	9010	\$172,436.31	\$0.00	\$0.00	\$0.00	
Total Restricted		\$1,997,363.00	\$2,798,454.91	\$2,853,561.94	\$2,905,634.81	
Balance		\$0.00	\$0.00	\$0.00	\$0.00	

Notes:

Unrestricted Resources:

Restricted Resources:

- (1) No revenue anticipated 10-11 forward, however, there are salary and benefits in this resource that caused a contribution.
- (3) Source: Object 8980 (Contributions from Unrestricted Revenues) - Increase 11-12 and 12-13 to balance resource
- (4) Source: Object 8980 (Contributions from Unrestricted Revenues) - Reduced 10-11 due to change in ICR
- (2) Source: Object 8980 (Contributions from Unrestricted Revenues) - Moved to 8980 from 8990 in 10-11

Other Funds

FCMAT did not review the district's other funds. Although FCMAT used data from some of these funds' budgets to develop its general fund projection, the study team did not prepare a multiyear financial projection for the other funds.

Carryover of Restricted Funds

The district's adopted budget report contained \$132,954 of restricted categorical and local donated funds from the 2009-10 fiscal year that were carried over and included in the 2010-11 budget. This amount remains unchanged through the multiyear financial projection period. FCMAT adjusted this carryover for the cost of inflation in expenditures in the 2011-12 and 2012-13 years.

The district should develop a plan for the allocation of these funds.

Financial Projection Tools

The district has historically developed its MYFPs using Excel spreadsheets and other tools outside of the district's CECC financial program. To increase the effectiveness of its MYFPs and help guide financial planning, the district should consider using FCMAT's free Web-based Budget Explorer financial projection software.

Projection II Assumptions

FCMAT's second MYFP, Projection II, contains the same assumptions as Projection I in all areas except the outcome of the state budget relative to "fair share" adjustments.

Projection II was prepared assuming the state imposes the 5.81% fair share reduction estimated at \$527,873, already imposed for the 2010-11 year, in the 2011-12 year as well. Further, an additional 3.85% reduction of \$349,795 is assumed to be imposed only in the 2010-11 year. These assumptions are consistent with recommendations provided by the School for Sound Finance (SF2) organization but is subject to the final state budget whenever it is adopted.

This outcome would significantly increase the district's general fund deficit and negative shortfall and result in a negative ending fund balance for the current fiscal year.

The following table summarizes the potential impact of additional "fair share" funding reductions on the district's general fund deficit, ending fund balance, reserve for economic uncertainty and negative shortfall.

Table 7 - Potential impact of additional "fair share" funding reductions on the general fund budget

	2010-11	2011-12	2012-13
Deficit - Projection I	(\$805,601)	(\$588,935)	(\$531,251)
Additional "Fair Share" Reductions	(\$349,795)	(\$527,873)	\$0
Deficit - Projection II	(\$1,155,396)	(\$1,116,808)	(\$531,251)
Beginning Fund Balance	\$836,082	(\$319,314)	(\$1,436,122)
Ending Fund Balance	(\$319,314)	(\$1,436,122)	(\$1,967,373)
Reserve for Economic Uncertainty	\$703,838	\$711,325	\$721,323
Legally Restricted Balance	\$126,941	\$124,026	\$119,196
Negative Shortfall	(\$1,150,093)	(\$2,271,473)	(\$2,807,892)

Cash Flow and Cash Deferrals

With a state budget crisis and cash-flow crisis, this is the most challenging fiscal era in the state's history. The governor's numerous proposed solutions to solve the state's fiscal dilemma include state revenue apportionment deferrals, which have the effect of transferring the state's cash flow crisis to local school districts. Because only categorical funding depends on the state at St. Helena Unified, the deferrals will have less of an impact on cash flow compared with revenue limit school districts.

FCMAT projects the district will be unable to sustain adequate cash in the general fund given the low general fund balance and the semiannual time frame for apportionment of local property tax receipts. However, the district has secured \$5 million in Tax and Revenue Anticipation Notes (TRANs) that address short-term cash flow deficiencies. The district staff also advised FCMAT that the county auditor controller's office does not require the district to maintain a positive cash balance in the general fund if there is sufficient cash in all funds to meet all obligations on a timely basis. The staff reported that the district will meet this requirement and thus have sufficient operating cash for the 2010-11 year. Finally, Napa County has adopted the "Teeter Plan." Within certain limits, this plan requires apportionment of property taxes to the school district as levied as opposed to as collected, which provides a level of stability for the district in projecting property tax collections.

FCMAT prepared cash flow projections for the 2010-11 and 2011-12 fiscal years on the basis of its multiyear financial projection I, and they are attached to this report as Appendix C.

The 2010-11 projection indicates that a cash deficit exceeding \$869,000 will occur in November 2010 despite the benefit of the TRANs. FCMAT recommends careful management of district expenditures to ensure sufficient cash will be available in all funds during this month.

The 2011-12 cash flow projection also indicates no cash deficiencies at any time, yet a \$6.5 million TRANs is required. The district staff should review the size of its TRAN in future years to ensure they satisfy any projected cash deficiency.

The district should update its cash flow projections and review the need to issue midyear or interim TRANs to meet any cash flow deficiencies for the balance of the fiscal year. The district updates and prepares its cash flow at interim reporting periods, but needs to begin doing so at least monthly.

Recommendations

The district should:

1. Develop a plan to address deficit spending and ending balance negative shortfall using revenue enhancements and/or expenditure reductions.
2. Assess the likelihood of the state implementing the SF2 recommendation to budget for additional "fair share" funding reductions and develop a financial plan to respond if these reductions are implemented.
3. Remove the amount included for the ARRA SFSF resource 3200 revenue from the district budget.
4. Account for recognition of debt and the related debt service of the 2004 retrofit lease purchase in accordance with the California School Accounting Manual.

5. Develop an allocation plan for the restricted ending general fund balance.
6. Prepare cash flow projections to include the impact of the SF2 funding reductions, and take appropriate action to ensure that the district has sufficient cash to meet its financial obligations.
7. Update and analyze cash flow at least monthly.
8. Update the actuarial study of OPEB in the 2010-11 fiscal year.
9. Review general fund contributions to categorical programs and take steps to decrease them.
10. Consider using FCMAT's free Web-based Budget Explorer software program to develop multiyear financial projections.
11. Consider district-of-choice status for the purpose of capturing state aid revenue for certain students who attend Saint Helena schools per an interdistrict transfer agreement.

Fiscal Health Risk Analysis

FCMAT's Fiscal Health Risk Analysis evaluates key fiscal indicators that help a school district measure its financial solvency for the current and two subsequent fiscal years as recommended by AB 1200.

Failure to meet any single criterion is not necessarily an indication of a district in fiscal crisis. However, districts that exceed the risk threshold of six or more "No" responses may have cause for concern and may require some level of fiscal intervention. Diligent planning will enable a district to better understand its financial objectives and strategies to sustain financial solvency. A district must continually update its budget as new information becomes available.

The Fiscal Health Risk Analysis includes 17 key fiscal indicators to measure a district's potential risk. The team applied these indicators to the districts 2010-11 Adoption Budget. Following are the results of FCMAT's analysis of the district.

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

1. Deficit Spending - No

- Is the district avoiding deficit spending in the current year? **No**
- Is the district avoiding deficit spending in the two subsequent fiscal years? **No**
- Has the district controlled deficit spending over the past two fiscal years? **No**
- Is the issue of deficit spending addressed by fund balance, ongoing revenues, or expenditure reductions? **No**
- Has the board approved a plan to eliminate deficit spending? **No**

The district has not developed a multiyear plan to eliminate deficit spending. The 2010-11 adopted budget includes a deficit of \$702,334. This amount is reduced to \$354,312 in 2011-12 and \$270,383 in 2012-13 as a result of assumed increases in property tax receipts and restoration of "fair share" state categorical funding reductions beginning in 2011-12.

The district school board vacated a district-level administrative position in June 30, 2010 and filled a new position at a lower cost two months later. Savings for the 2010-11 year of approximately \$30,000 were realized that have not been reflected in the general fund budget.

SF2 has recommended its member basic aid districts, including St. Helena Unified, assume continued and additional state "fair share" funding reductions in their multi-year financial projections. If the district assumed these reductions, the deficits noted above would increase by hundreds of thousands of dollars each year, necessitating additional expenditure reductions or other revenue enhancement measures. FCMAT presents its analysis of the impact of these recommendations in the multiyear financial projection section of this report.

The district staff reported a budget advisory committee has been convened to assist in the review of the 2010-11 fiscal year budget and development of the 2011-12 budget. Through this process, the community and staff will be afforded the opportunity to provide input and feedback on any funding reduction allocations and related expenditure adjustments.

The district has a history of experiencing significant increases in ending fund balances compared to budgeted amounts at the close of the fiscal year. These increases have lessened credibility among district financial report users and other interested parties. Thorough budget development utilizing a budget advisory committee should help avoid such issues.

2. Fund Balance - No

- Is the district's fund balance at or consistently above the recommended reserve for economic uncertainty? **Yes**
- Is the fund balance stable or increasing due to ongoing revenues and/or expenditure reductions? **No**
- Does the fund balance include any designated reserves for unfunded liabilities or one-time costs above the recommended reserve level? **No**

Consistent deficit spending started in the 2009-10 fiscal year. This caused a significant decrease in the district's general fund balance, which could lead to fiscal insolvency by the 2012-13 fiscal year.

The district's 2009-10 budgeted general fund (fund 01) unrestricted ending balance was projected to be \$703,128. The district's budgeted unrestricted ending balance for 2010-11 for the general fund is \$794 and well below the traditional three percent reserve requirement and the temporary 1% requirement for 2010-11. When factoring in the special reserve fund for other than capital outlay projects (fund 17) fund balance, the total of \$687,043 is still slightly below the 3% but above the temporary 1% reserve requirement.

The district's projected 2011-12 unrestricted ending balance for the general fund is -\$353,518. After inclusion of the special reserve fund balance, it is a positive \$333,731 and well below the three percent reserve requirement.

The district's projected 2012-13 unrestricted ending balance for the general fund is -\$623,901. After inclusion of the special reserve fund balance, it is still negative at -\$290,170.

The staff reported that the ending fund balance increased by about \$50,000 above budgeted amounts at the close of the 2009-10 fiscal year. Any increase may be largely mitigated by extended and/or additional "fair-share" funding reductions under consideration by the state. See narrative under the "Deficit Spending" fiscal indicator for more information.

3. Reserve for Economic Uncertainty - No

- Is the district able to maintain its reserve for economic uncertainty in the current and two subsequent years based on current revenue and expenditure trends? **No**
- Does the district have additional reserves in Fund 17, Special Reserve for Non Capital Projects? **Yes**

- If not, is there a plan to restore the reserve for economic uncertainties in the district's multiyear financial projection? **No**

The district has traditionally maintained at least a five percent unrestricted reserve for economic uncertainties between its general fund (fund 01) and special Reserve fund for other than capital outlay projects (fund 17). The budget for the 2009-10 fiscal year includes a combined 7.36% unrestricted reserve.

The adopted budget for 2010-11 and the subsequent two years do not meet this reserve level; in fact, by 2012-13 they fall below 0%. The unrestricted amounts reserved in these years are as follows:

2010-11	2.93%, or a shortfall of 0.07%
2011-12	1.41%, or a shortfall of 1.59%
2012-13	-1.21%, or a shortfall of 4.21%

There is no plan to restore these reserves to state required levels.

4. Enrollment - No

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

The district's enrollment has declined by 20% since the 1994-95 fiscal year, a net loss of 347 students. District projections indicate enrollment will remain flat through the 2012-13 year. Enrollment and related ADA counts do not generate a significant portion of the district's funding. Therefore, enrollment changes primarily affect staffing and other expenditure allocations.

The district updates enrollment projections at first and second interim reporting periods. The district monitors enrollment and ADA trends monthly.

The statewide average ratio of ADA to enrollment for unified school districts is 94%. The district's ratio has averaged 95%.

Staffing adjustments are not always commensurate with enrollment calculations. Some staffing allocations are based on need generated by enrollment changes, but others are not. The latter circumstance commonly occurred as a result of the receipt of new locally donated funds, grants or the otherwise arbitrary decisions on the part of administrators.

The district does not have charter schools.

5. Interfund Borrowing - Yes

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

The district has not required interfund borrowing to meet cash flow needs in the past. Instead, the district has secured TRANs) that meet short-term cash flow deficiencies.

The county of Napa provides property tax apportionments to all local agencies under the Teeter Plan. Within certain limits, this plan requires apportionment of property taxes to the school district as levied as opposed to as collected. Therefore, the risk of uncollected property taxes within stated limits is borne by the county.

6. Bargaining Agreements - No

- Has the district settled the total cost of the bargaining agreements at or under COLA during the current and past three years? **No**
- Did the district conduct a presettlement analysis identifying an ongoing revenue source to support the agreement? **No**
- Did the district correctly identify the related costs above the COLA, (i.e. statutory benefits, step and column)? **No**
- Did the district address budget reductions necessary to sustain the total compensation increase including a board-adopted plan? **No**
- Did the superintendent and CBO certify the agreement prior to ratification? **Yes**
- Is the governing board's action consistent with the superintendent's/CBO's certification? **Yes**
- Did the district submit to the county office of education the AB 1200\2756 full disclosure as required? **Yes**

The district is funded primarily at the local level and therefore is not significantly affected by cost-of-living adjustments (COLA) from the state.

The district's collective bargaining agreement with the certificated bargaining unit includes a formula that determines the amount any salary schedule adjustment each year. The formula is driven by reference to the increase in total district taxes, and 55% of any new taxes are allocated to the unit. Further language prohibits any reductions in pay as a result of application of the formula.

The district has settled negotiations for the 2009-10 fiscal year. Negotiations for the 2010-11 fiscal year will commence once the state approves a final budget and "fair share" funding reductions for 2010-11 are certain.

Prior tentative agreements certified by the superintendents and chief business officials have been submitted to the county office in accordance with AB1200 and AB2756. Disclosures included the cost of statutory benefits and step-and-column movement. However, the district staff has determined that the 2009-10 disclosure did not include correct calculations of the costs of the settlement, although the difference was immaterial.

No budget adjustments were implemented to fund the 2009-10 collective bargaining agreement as the total cost was to be funded by increased revenues received by the district. However, the calculation of available revenues in negotiations did not include all fair share funding reductions experienced by the district in the 2009-10 year. Therefore, the salary schedule increase for 2009-10 exceeded available funding.

A provision of the 2009-10 agreement with the certificated bargaining unit dated April 14, 2010 provided for district payment of a portion of the employees' contributions to STRS, the certificated staff retirement system, effective July 1, 2010. The structure of this agreement was contingent on the county office's ability to incorporate these changes into the countywide financial system. It has been determined that this change cannot be accommodated and an equivalent dollar amount must be added to the certificated salary schedule for the 2010-11 year.

Another provision of the agreement dated April 14, 2010 between the district and the certificated bargaining unit provides for modification of the salary schedule formula. Item 3c of this section requires ARRA funding received in 2010-11 to be used to offset any categorical funding losses suffered as a result of any "fair share" funding reductions. This provision is problematic because any ARRA funding would likely be received on a one-time basis, and adjustments to the formula and related expenditure obligations would be permanent.

Further, recently authorized one-time federal Education Jobs Fund entitlements for 2010-11 would not apply under this provision. If it is determined these funds should be allocated per provision 3c of the agreement, the same problem would apply in this area.

The current collective bargaining agreement between the district and the certificated bargaining unit expires on June 30, 2011. It is risky to utilize formulas to determine automatic compensation increases given the current fiscal environment and decreasing funding. FCMAT recommends the parties be more flexible in their negotiation strategies and avoid formula-driven compensation adjustments.

7. General Fund - Yes

- Is the percentage of the district's general fund unrestricted budget allocated to salaries and benefits at or under the statewide average? **Yes**
- Is the district making sure that only ongoing restricted dollars pay for permanent staff? **No**
- Does the budget include reductions in expenditures proportionate to one-time revenue sources, such as parcel taxes, that will terminate in the current or two subsequent fiscal years? **Yes**
- If the district receives redevelopment revenue that is subject to AB 1290 and SB 617, has it made the required offset to the revenue limit? **N/A**

The district's cost for salaries and benefits as a percentage of all unrestricted expenditures has been below statewide averages. Data for the 2009-2010 year have not yet been certified by the state.

Salaries and benefits as a percentage of total unrestricted expenditures

	2005-06	2006-07	2007-08	2008-09
St Helena USD	83.86%	83.66%	85.97%	89.02%
Statewide Average	91.38%	90.60%	91.77%	92.16%

Source: Ed Data Web site

The district needs to ensure that only ongoing funds from restricted funding sources are used to pay for permanent staff members. All material one-time revenues and expenditures have been noted in the budget and are scheduled to cease in the proper fiscal year.

8. Encroachment - No

- Is the district aware of the Contributions to Restricted Programs in the current year? (Identify cost, programs and funds) **No**
- Does the district have a reasonable plan to address increased encroachment trends? **No**
- Does the district manage encroachment from other funds such as Adult, Cafeteria, Child Development, etc.? **No**

The district has historically not managed contributions to restricted programs. The practice for many years has been to allow encroachment to develop and fund it as final amounts are identified.

Per-pupil contributions to special education and other programs on a per-pupil basis are higher than comparison districts. No plans have been developed to reduce contributions.

Both home-to-school and special education transportation program operations and management are contracted to a third-party vendor. No studies have been conducted to determine if a more cost-effective program can be operated.

The district contributes from the general fund to offset cafeteria fund financial deficits. No plans have been developed to reduce the contribution.

Although there is no adult education program, an amount is allocated from the general fund to provide a very limited program. Use of general fund dollars is prohibited by the Education Code.

9. Management Information Systems - Yes

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

The CECC financial system is fully integrated and includes position control, budget development, purchasing and general ledger modules. The county office processes commercial and payroll warrants on behalf of the district.

The district staff reported some concerns regarding the relative inflexibility of CECC. In particular, the district would be better served if more flexibility were allowed regarding account code structures. This would enhance the ability to capture relevant data for information purposes, which in turn would afford management the ability to make more informed decisions.

The district staff also reported relatively slow financial report processing times, which reduces staff efficiency when generating reports and hampers the ability to meet reporting deadlines.

The district uses Excel spreadsheets to develop multiyear financial projections. Transitioning to FCMAT's Web-based Budget Explorer multiyear financial projection tool would improve staff efficiency.

10. Position Control - No

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

As a module in the CECC system, position control, functions satisfactorily according to the district staff. Position control is utilized to develop and monitor budgets in the district and is integrated with payroll.

However, the district's management of position control does not function well. In a fully functioning system, the authority to increase or decrease positions is segregated from the authority to manage authorized positions. This segregation of duties helps prohibit unauthorized hiring among other things.

In recent years, the functions of both position authorization and management were assumed by the district's prior CBO as confidence eroded in the Human Resources Department's staff capabilities. The district needs to segregate these duties between the Business and Human Resources departments and resume providing appropriate controls over unauthorized hiring.

Interviews with the district staff indicated that unauthorized hiring for short-term and temporary assignments has been the norm for many years. The pervasive attitude is that short-term staffing needs preclude all other considerations, including identification of authorized funding sources. This practice is completely inconsistent with the need for sound internal controls. While the school board ultimately approves all permanent hiring and terminations, short-term and extra-duty assignments occur without prior approval.

The district's position control form does not function in a fully integrated manner. It does not contain all the elements that would allow the user to document the pertinent aspects of an authorized personnel change. A new form should be implemented that provides all such elements.

11. Budget Monitoring - Yes

- Are budget revisions completed in a timely manner? **Yes**
- Does the district openly discuss the impact of budget revisions at the board level? **Yes**
- Are budget revisions made or confirmed by the board at the same time the collective bargaining agreement is ratified? **No**
- Has the district's long term debt decreased from the prior fiscal year? **Yes**
- Has the district identified the repayment sources for long term debt or non voter-approved debt, i.e. certificates of participation, capital leases? **Yes**
- Does the district's financial system have a hard coded warning regarding insufficient funds for requisitions and purchase orders? **Yes**
- Does the district encumber salaries and benefits? **Yes**

The district uses the CECC financial system for budget monitoring, and the business office monitors the budget periodically. Salaries and benefits are encumbered in the financial system. The district's financial system has a hard code warning for purchase orders that exceed budgeted funds, but it is not utilized. Instead, a soft code warns of purchase orders exceeding budgeted funds. The CBO has authority to override or approve such orders.

The district needs to report budget revisions to the governing board monthly, especially as the district experiences continued fiscal distress. It is essential to keep the board and senior management informed regarding the district's financial condition.

The district's account code structure includes thousands of unused accounts that have been created for a variety of needs over many years. Maintaining excessive numbers of accounts can reduce staff efficiency and significantly increases storage requirements that can degrade system performance. The excess accounts should be removed from the system.

12. Retiree Health Benefits - No

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

The Governmental Accounting Standards Board (GASB) released Statement No. 45, Accounting and Financial Reporting by Employers for Other Postemployment Benefits (OPEB), which creates an accrual-basis accounting requirement for recognition of post-employment retirement benefit costs. This accrual-based obligation is referred to as the Annual Required Contribution (ARC). Many school districts, including St. Helena Unified, use a pay-as-you-go method, which fails to recognize or measure the cost of OPEB during the working careers of current employees.

The district complied with GASB Statements No. 43 & 45 by having an actuarial study to estimate the district's liability and financial disclosure requirements for OPEB. The most recent study, prepared in 2009, identified the outstanding liability for the districts at approximately \$2 million. This study needs to be updated in 2011.

The district maintains about \$205,000 in special reserve for post-employment benefits, fund 20, as partial funding of the outstanding liability. However, only those funds on deposit in an irrevocable trust can be scored as a funding source of the accrued liability.

The district has not conducted re-enrollment to ensure that only eligible employees, dependents and retirees are enrolled in the health and other benefit plans. The district should conduct such a re-enrollment process as soon as possible.

13. Leadership/Stability - No

- Does the district have a superintendent and/or chief business official that has been with the district more than two years? **No**
- Does the governing board adopt clear and timely policies and support the administration in their implementation? **No**

The district's superintendent was hired in July 2009. Before then, the superintendent served as the district's assistant superintendent of curriculum, instruction and student services for five years. The previous superintendent served with the district for approximately five years as well.

The district's CBO began employment with the district in May 2010. His predecessor was employed by the district for about four years. An interim CBO provided services between the tenures of these two individuals from February 1, 2010 through April 30, 2010.

Neither of these key employees has been in the current position for more than a year, although the superintendent has been with the district for six years.

Various interviews indicated that district's fiscal challenges began during the development of the 2009-10 budget. The previous superintendent had announced his retirement, and guidance for budget development was not provided to the staff. Further, controversy surrounding his retirement distracted the board. This resulted in the adoption of a budget that did not include actions to resolve the district's developing fiscal deficit.

The board was further distracted by a special recall election that resulted in the replacement of four board members in February 2010. No planning for resolution of the developing and growing fiscal deficit occurred during this time.

Board/superintendent relations deteriorated after the special election. The two parties openly disagreed over several matters in public meetings. Concerns were expressed during FCMAT interviews that in recent weeks, the board was considering termination of the superintendent, but reversed itself and committed to maintaining the superintendent until the end of the contract year. These events have contributed to tension throughout the organization, taking time and energy needed to address the district's many other priorities.

According to the district staff and FCMAT's observations, board meetings are often disorganized and contentious. Board members do not consistently follow orderly rules of procedure, which are helpful to the proper functioning of a public body, yet the staff sometimes does not provide appropriate guidance. Board members should receive training on proper conduct at board meetings and appropriate public board operation in general.

Many board policies have not been updated for more than two years. The district should update board policies and administrative regulations on a scheduled and recurring basis.

14. Charter Schools - N/A

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

The district has no charter schools.

15. Audit Report - Yes

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

The district's audit report for fiscal year 2008-09 included several findings of weaknesses in internal controls such as a failure to meet federal record keeping requirements. No fiscal penalties were identified with these findings, although a serious financial penalty could be imposed by the federal government if these requirements continue to be ignored.

The district's outstanding lighting retrofit debt, with an original principal amount of \$838,845, has not been reported in the district's annual financial audit report since inception of the obligation in 2004-05. The related annual debt service payments of \$75,598 have been coded to a 5000 object code series during this time. The California School Accounting Manual requires these obligations to be recorded in the district's books and the annual debt service coded to object code series 7400 accounts. The district's auditor has concurred with the district's determination to report this obligation beginning with the 2009-10 fiscal year audit.

16. Facilities - No

- Has the district passed a general obligation bond? **Yes**
- Has the district met the audit and reporting requirements of Proposition 39? **N/A**
- Is the district participating in the state's School Facilities Program? **Yes**
- Does the district have sufficient personnel to properly track and account for facility-related projects? **No**

- Has the district met the reporting requirements of the Williams Act? **No**
- Is the district properly accounting for the 3% Routine Repair and Maintenance Account requirement at the time of budget adoption? **Yes**
- If needed, does the district have surplus property that may be sold or used for lease revenues? **No**
- If needed, are there other potential statutory options? **Yes**
 - Joint Use: Can the district enter into a joint use agreement with some entities without declaring the property surplus and without bidding?
 - Joint Occupancy: The Education Code provides for a joint venture that can authorize private development of district property that will result in some educational use.
- Does the district have a facilities master plan that was completed or updated in the last two years? **Yes**

In 1997, the district issued general obligation bonds that were not subject to Proposition 39.

The district receives generous community donations that assist significantly in addressing continued facility upgrade and construction needs. However, relying on these donations can become problematic in the current economic climate. To that end, the district recently updated its facilities master plan in preparation for a general obligation bond measure that was placed on the local ballot for November 2010. FCMAT toured all district facilities and observed that the infrastructure of many buildings and condition of many fields and play structures is inadequate and does not meet local educational and community standards. These resources will be critical if the district is to continue meeting the ever-changing academic needs of students.

The district does not fund a facilities department. Instead, business office and Maintenance Department staff members fulfill the duties and responsibilities for facility modernization and construction design, project management and accounting. In some cases, outside consultants provide services that the staff cannot. The district can fund facility program staff from the proceeds of a general obligation bond and relieve the staff of this responsibility.

A general obligation bond can also provide resources to improve operational efficiencies and lower general fund operating costs. From these savings, the district may be able to address the district's general fund deficit.

The district has not met the inspection requirements of the Williams Act. A third-party contractor has been hired to conduct these inspections, including satisfying the related reporting requirements.

The district has participated in the state's school facilities program and has been particularly successful in the Career Technical Education (CTE) grant program. Participation in the state program requires that the district maintain a 3% routine repair and maintenance account in the general fund at the time of budget adoption. The district has met this requirement.

The district staff reported several incidents in recent years of facility projects that proceeded without proper staff and/or state approval. The common theme was that

community members, who donate generously for facility improvement projects, are allowed to take command of such projects with little or no district oversight. An architectural firm has been hired to close out these projects but many hurdles remain. One such project that has not been approved for use by the California Division of the State Architect (DSA) office will require thousands of dollars in state building code upgrades to bring the facility into compliance. The staff indicated that disagreements developed between the district and a previous architect during a modernization project in 2004-05 that was completed without state approval, and such approval has never been received. In the meantime, state codes have changed, requiring further upgrades before formal approval can be sought. The staff reported to FCMAT that the district's liability carrier has reviewed the circumstances and found the facility to comply structurally with the California Field Act, rendering it available for occupancy. The carrier also advised that the district and its board members are extended liability coverage with respect to use of the building, according to the staff. However, until the building is certified by DSA, the insurance carrier is subject to liability exposure as a result of the noncompliance issues if claims arise for any reason.

17. General Ledger - Yes

- Has the district closed the general ledger (books) within the time prescribed by the county office of education? **Yes**
- Does the district follow a year-end closing schedule? **Yes**
- Have beginning balances in the new fiscal year been recorded correctly for each fund from the prior fiscal year? **Yes**
- Does the district adjust prior year accruals if the amounts actually received (A/R) or paid (A/P) are greater or less than the amounts accrued? **Yes**
- Does the district reconcile all payroll suspense accounts at the close of the fiscal year? **Yes**
The business office follows a schedule for closing the books that corresponds with county office of education time lines.

Accounts receivable and payable are adjusted to reflect the actual receipts and payments. Amounts greater or less than the amounts accrued are properly recorded to offset accounts.

Total "No" Responses: 10

Key

Low Risk:	0-4 "No" Responses
Moderate Risk:	5-9 "No" Responses.
High Risk:	10-14 "No" Responses
Extremely High Risk:	15-17 "No" Responses

Conclusion

The number of “No” responses places the district at the lower end of the high-risk category. As noted earlier, a rating of six or more no responses indicates a district that may be in need of fiscal intervention.

This analysis was prepared based on the districts 2010-11 adopted budget report. If the district effectively addresses issues such as budget deficits, projected reserves for economic uncertainties and negative fund balances, the district could avoid outside fiscal intervention.

Recommendations

The district should:

1. Adopt expenditure reductions and/or identify revenue increases to eliminate deficit spending and maintain at least the required 3% reserve for economic uncertainties, with a preferred target of at least the same reserve level as other school districts with similar student demographics and funding levels.
2. Establish a budget advisory committee to improve fiscal openness and credibility.
3. Develop a multiyear financial plan that includes recommendations developed by the Schools for Sound Finance organization.
4. Adjust staffing only on predetermined criteria, in particular with student enrollment changes.
5. Reconsider the utilization of formulas in bargaining unit contracts.
6. Consider all unrestricted funding reductions when applying formulas to compensation adjustments.
7. Avoid funding ongoing obligations such as salary schedule increases with one-time funding.
8. Cease unauthorized temporary and short-term hiring.
9. Segregate duties over the position control system between business office and human resource department staffs.
10. Adopt a new position control form that provides for documentation of all position decisions.
11. Exercise caution in allowing restricted programs to operate with general fund contributions. The district should manage all contributions so that they do not exceed the amounts required to meet district standards.
12. Cease the use of general fund resources for adult education programs.
13. Account for all long-term debt in accordance with the California School Accounting Manual.
14. Request that the county office improve CECC account code flexibility and report generation efficiency. Eliminate excess account codes.
15. Transition to the FCMAT Budget Explorer program to develop multiyear financial projections.
16. Update and report budget revisions to the governing board monthly.

17. Conduct a re-enrollment to ensure that only eligible employees, dependents and retirees are enrolled in the health and other benefit plans.
18. Fund the Annual Required Contribution (ARC) of the districts Other Post-Employment Benefits (OPEB) retiree benefit program.
19. Implement a training program to improve board/superintendent relations and governance skills.
20. Begin updating board policies and continue to do so regularly.
21. Conduct periodic facility inspections as required by the Williams Act.
22. Acquire sufficient resources to modernize existing and construct new facilities to meet the needs of the academic program.
23. Require district staff oversight of all facilities modernization, construction and maintenance projects.

Comparison Study

FCMAT compared the district’s financial condition to five California school districts that receive similar funding and are of similar size. The comparison districts were selected by the district staff based on criteria traditionally utilized to conduct such comparisons; namely, they must be basic-aid funded school districts with similar student counts and demographics.

The data comparison was developed utilizing the Standardized Account Code Structure (SACS) report for each districts adopted 2010-11 fiscal year budget. This report was utilized so that the comparison data is as current and useful as possible to the reader.

The districts and their student enrollment are indicated in Table A.

Table A - Student Enrollment	
Laguna Beach Unified	2,765
Pacific Grove Unified	1,757
Average	1,476
St Helena Unified	1,351
Las Lomas Elem	1,300
Reed Union Elem	1,300
Montecito Union Elem	384

The average for each comparison was also calculated for reference purposes. A sixth district, the Carmel Unified School District, did not respond to the FCMAT survey.

In summary, the comparison reveals that St. Helen Unified enjoys relatively high funding per pupil compared to the group, but also expends funds at the highest levels. This condition results in a relatively large deficit spending pattern and low financial reserve levels compared to the group.

Comparison Study Results

FCMAT identified a variety of fiscal characteristics that are considered industry-standard comparison points for school districts. These characteristics are divided into four categories:

- Revenues
- Expenditures, including staffing levels
- Surplus/Deficit
- Fund Balance

Revenues

Table B summarizes a total revenue comparison that measures the level of resources available to the district on a per-pupil basis. The district compares favorably to the group.

Table B - Revenue Per Pupil			
	Unrestricted	Restricted	Total
Montecito Union Elem	\$25,323	\$197	\$25,519
St Helena Unified	\$15,009	\$1,516	\$16,525
Laguna Beach Unified	\$13,317	\$1,112	\$14,429
Average	\$13,237	\$1,152	\$14,389
Pacific Grove Unified	\$12,683	\$755	\$13,438
Las Lomitas Elem	\$11,915	\$794	\$12,709
Reed Union Elem	\$9,728	\$2,039	\$11,766

Unrestricted revenue is available to allocate for discretionary purposes. Table C indicates the percentage that unrestricted revenue comprises total general fund revenue. St. Helena Unified ranks near the bottom in this comparison, indicating the district receives a larger proportion of restricted revenue than the comparison group.

Table C - Unrestricted Revenue as % of Total Revenue	
Montecito Union Elem	99.23%
Pacific Grove Unified	94.39%
Las Lomitas Elem	93.75%
Laguna Beach Unified	92.30%
Average	91.99%
St Helena Unified	90.83%
Reed Union Elem	82.67%

Local taxes are a significant component of revenue for this group. Table D indicates the level of local taxes received per pupil and Table E the total percentage that local taxes comprises of all general fund revenue. In both cases, the district compares favorably.

Table D - Local Tax Revenue Per Pupil			
	Local Property Tax	Parcel Tax	Total
Montecito Union Elem	\$24,184	\$0	\$24,184
St Helena Unified	\$14,973	\$0	\$14,973
Laguna Beach Unified	\$13,032	\$0	\$13,032
Average	\$12,062	\$323	\$12,385
Pacific Grove Unified	\$10,773	\$152	\$10,925
Las Lomitas Elem	\$8,779	\$904	\$9,683
Reed Union Elem	\$8,419	\$1,091	\$9,510

Table E - Local Taxes as % of Total Revenue	
Montecito Union Elem	94.77%
St Helena Unified	90.61%
Laguna Beach Unified	90.32%
Average	83.83%
Pacific Grove Unified	80.17%
Reed Union Elem	71.55%
Las Lomas Elem	69.08%

Local revenue, such as donations and grants, is typically a significant resource for the comparison group as well. Table F compares the level of local revenue as a percentage of general fund total revenue. While St. Helena Unified relies on local revenue as an important resource, the total received is less than the average of the comparison group. FCMAT utilized the district's final 2009-10 budgeted revenue for this comparison since the 2010-11 adopted budget was reduced by about \$1.2 million to remove those resources that were not obligations of the donor or grantor when the budget was adopted.

Table F - Local Revenue as % of Total Revenue*	
Las Lomas Elem	26.55%
Reed Union Elem	24.55%
Average	11.27%
Pacific Grove Unified	8.18%
St Helena Unified	7.40%
Laguna Beach Unified	5.72%
Montecito Union Elem	3.67%

* St Helena Unified adjusted to reflect 2009-10 budgeted local revenue

In virtually all school districts, some restricted resource programs require a financial contribution from the unrestricted general fund; in particular special education programs require relatively significant contributions. This is no different for the comparison group as indicated by Table G below. The district's contributions on a per-pupil basis are about average as compared to the group, for special education programs and all programs combined. This comparison utilizes all student enrollment as the basis for comparison; if this comparison were conducted on a services received per pupil basis, the conclusion might be different. The scope of FCMAT's study did not include such a comparison.

Table G - Contribution to Restricted Programs Per Pupil		
	All Programs	Special Education
Las Lomas Elem	\$2,346	\$1,768
Pacific Grove Unified	\$2,118	\$1,632
St Helena Unified	\$1,991	\$1,221
Average	\$1,855	\$1,192
Laguna Beach Unified	\$1,837	\$1,094
Reed Union Elem	\$1,402	\$555
Montecito Union Elem	\$180	\$0

Expenditures

Table H summarizes total expenditures of the district against those of the comparison group. The district ranks near the top in per-pupil expenditures for both restricted and unrestricted resources.

Total Expenditures and Other Outgo Per Pupil			
	Unrestricted	Restricted	Total
Montecito Union Elem	\$23,637	\$365	\$24,002
St Helena Unified	\$13,888	\$3,407	\$17,295
Average	\$11,584	\$2,810	\$14,393
Laguna Beach Unified	\$11,460	\$2,837	\$14,298
Pacific Grove Unified	\$10,733	\$2,473	\$13,206
Las Lomas Elem	\$10,032	\$2,940	\$12,971
Reed Union Elem	\$8,592	\$3,177	\$11,769

Tables I, J and K compare staffing levels per pupil. The district is at or near the bottom of each comparison. This means the district funds the highest level of staffing per pupil in the group, which contributes to the financial condition noted in the surplus/deficit and ending fund balance sections that follow.

Table I - Student Enrollment per Certificated Staff Full-Time Equivalent	
Laguna Beach Unified	17.76
Pacific Grove Unified	16.15
Average	15.74
Las Lomas Elem	15.68
Reed Union Elem	15.64
St Helena Unified	13.56
Montecito Union Elem	11.82

Table J - Student Enrollment per Classified Staff Full-Time Equivalent*	
Las Lomas Elem	33.51
Pacific Grove Unified	29.19
Reed Union Elem	28.89
Average	28.04
Laguna Beach Unified	26.66
St Helena Unified	19.83

*Montecito data not available

Table K - Student Enrollment per Management Staff Full-Time Equivalent	
Las Lomas Elem	151.16
Montecito Union Elem	128.00
Laguna Beach Unified	120.22
Average	105.94
Pacific Grove Unified	103.35
Reed Union Elem	96.30
St Helena Unified	73.03

Total compensation comparisons measure both relative staffing levels and compensation levels combined. Table L compares total compensation per pupil in the group, and the district is near the top of the group. To segregate the compensation component from staffing levels would require an additional study as this was not within the scope of FCMAT's study.

Montecito Union Elem	\$19,361
St Helena Unified	\$14,243
Average	\$11,763
Laguna Beach Unified	\$11,551
Las Lomas Elem	\$10,865
Pacific Grove Unified	\$10,512
Reed Union Elem	\$9,981

Montecito Union Elem	\$4,055
St Helena Unified	\$2,899
Laguna Beach Unified	\$2,554
Average	\$2,339
Pacific Grove Unified	\$2,078
Reed Union Elem	\$1,750
Las Lomas Elem	\$1,733

Surplus/-Deficit

A surplus is defined as the excess of revenues over expenditures; a deficit is defined as the opposite. Deficit spending is defined as the act of spending more than revenues received. A pattern of deficit spending is a common indicator of a district whose finances are developing into fiscal insolvency. FCMAT compared the surplus/deficit of each district based upon line E of the SACS adopted budget report. Table N indicates the district has the largest deficit of the group on a per-pupil and total basis. Further, only one other district in the group has a significant deficit.

	Total	Per Pupil
Montecito Union Elem	\$229,148	\$597
Reed Union Elem	\$176,642	\$136
Laguna Beach Unified	\$7,548	\$3
Pacific Grove Unified	-\$11,634	-\$7
Average	-\$141,931	-\$16
Las Lomas Elem	-\$550,957	-\$424
St Helena Unified	-\$702,334	-\$520

Fund Balance

Tables O and P provide a comparison of the ending general fund balance per pupil, and the same combined with the special reserve for other than capital outlay fund, respectively. In both comparisons, the district compares very unfavorably to the group. This indicates a serious lack of appropriate fiscal reserving in the district, another common indicator of a district moving towards fiscal insolvency.

Table O - Ending Fund Balance Per Pupil - General Fund (01)			
	Unrestricted	Restricted	Total
Montecito Union Elem	\$29,407	\$76	\$29,483
Average	\$2,936	\$161	\$3,098
Laguna Beach Unified	\$2,894	\$0	\$2,894
Reed Union Elem	\$2,347	\$146	\$2,493
Las Lomas Elem	\$1,235	\$698	\$1,933
Pacific Grove Unified	\$1,170	\$96	\$1,266
St Helena Unified	\$1	\$98	\$99

Table P - Ending Fund Balance Per Pupil - General Fund (01) & Special Reserve Fund (17)	
Montecito Union Elem	\$30,563
Laguna Beach Unified	\$7,453
Average	\$5,037
Las Lomas Elem	\$4,600
Reed Union Elem	\$2,493
Pacific Grove Unified	\$1,266
St Helena Unified	\$607

Recommendations

The district should:

1. Implement budget reductions and/or identify revenue increases to reduce and ultimately eliminate deficit spending and to maintain at least a 3% reserve for economic uncertainties.

Appendices

- A. Document List
- B. Projection Rules
- C. Cash Flows
- D. Study Agreement

Appendix A - Documents Used to Develop Multiyear Financial Projection

In addition to interviews, FCMAT used the following district documents to develop baseline and future assumptions for the MYFP:

Unaudited actual SACS .dat files for 2005-06, 2006-07, 2007-08 and 2008-09

Second interim SACS .dat file (and 3rd interim if one was prepared) for 2009-10, as well as narrative and other board report attachments

Adopted budget SACS .dat file for 2010-11 as provided to Napa COE, as well as narrative and other board report attachments

Revenue limit calculations (preferably on SSC software) from 2005-06 through 2009-10 for both P-2 and annual

Access to board policy and administrative regulation manual

Board meeting minutes, 2009-10 and 2010-11

External financial audit reports from 2005-06 through 2008-09

P-1, P-2 and annual J18/19 reports from 2005-06 through 2009-10

P-1, P-2 and annual J29 Taxes Reports from 2005-06 through 2009-10

Parcel tax ballot language

Board approved budget reductions for 2009-10 and 2010-11

General ledger report for all funds, sorted by object with major object code totals, 2009-10

General ledger report for general fund, sorted by resource, with object detail, 2009-10

Use of tier III funds adopted for 2009-10 and 2010-11

County treasury and other significant bank account cash reconciliations for 2009-10

Enrollment projection by school, grade level and program for 2010-11

Current bargaining unit agreements with all units

Collective bargaining disclosure reports, 2009-10 and 2010-11

Position control report, sorted by resource and object, 2009-10 and 2010-11

Sample position control form(s)

GASB 45 retiree benefits actuarial valuation

Copies of any significant debt financing documents, including certificates of participation, bonded indebtedness and major leases

Williams Act reports, 2009-10 and 2010-11

Facility master plan

Listing of surplus real property

Significant facility joint use agreements

Charter school agreements

Appendix B - Projection Rules

Projection Rules

Rule	Description	Base Year 2010 - 11	Year 1 2011 - 12	Year 2 2012 - 13	Note
CertCOLA	Certificated COLA %	0.00%	0.00%	0.00%	
ClassCOLA	Classified COLA %	0.00%	0.00%	0.00%	
CertColumn%	Certificated Staff Column Increase %	0.00%	0.00%	0.00%	
CertStep%	Certificated Staff Step Increase %	0.00%	1.60%	1.60%	
ClassStep%	Classified Staff Step Increase %	0.00%	0.78%	0.78%	
CPI	California CPI (SSC)	2.00%	2.40%	2.70%	(1)
LOT-Res	California Lottery Restricted (SSC)	\$14.50	\$14.50	\$14.50	(2)
LOT-Unr	California Lottery Unrestricted (SSC)	\$111.00	\$111.00	\$111.00	(3)
INT	Interest Rate Trend for 10 Year Treasuries (SSC)	4.00%	4.40%	4.60%	(4)
NetCOLA	Net Funded Revenue Limit COLA (SSC)	-0.39%	2.10%	2.40%	(5)
RLDef	Revenue Limit Deficit: K-12 (SSC)	18.36%	18.36%	18.36%	(6)
SpEdCOLA	Special Education COLA (SSC)	-0.38%	2.10%	2.40%	(7)
CatCOLA	State Categorical COLA (SSC)	-0.38%	1.80%	2.40%	(8)
StCOLA	Statutory COLA (SSC)	-0.39%	2.10%	2.40%	(9)
HW%	Health & Welfare Benefit Increase	0.00%	0.00%	0.00%	
Tier I	Tier I Programs	0.00%	2.10%	2.40%	(10)
TierII	Tier II Programs	-0.38%	2.10%	2.40%	(11)
TierIII	Tier III Programs	-0.38%	2.10%	2.40%	(12)
CustAmt	Custom Amount	\$0.00	\$0.00	\$0.00	
Cust%	Custom Percent	0.00%	0.00%	0.00%	
Cust1Amt	Custom One Time Amount	\$0.00	\$0.00	\$0.00	
Cust1%	Custom One Time Percent	0.00%	0.00%	0.00%	
ManInput	Manual Input	\$0.00	\$0.00	\$0.00	
PRO	Proportional	0.00%	0.00%	0.00%	
Zap	Zero Out	\$0.00	\$0.00	\$0.00	
Enr	Year-to-Year Change in Enrollment	0.00%	0.00%	0.00%	
RL-ADA	Year-to-Year Change in RL ADA	0.00%	-0.36%	0.04%	
TchrStfg	Year-to-Year Change in Teacher Staffing	0.00%	0.00%	0.00%	
SalFrcstr	Salary Forecaster	\$0.00	\$0.00	\$0.00	
P2ADA	P2-ADA/ PRIOR YEAR ANNUAL ESTIMATE	0.00	1,274.43	1,269.79	
RLDefCOE	County Office Revenue Limit Deficit (SSC)	18.62%	18.62%	18.62%	(13)
EnEducTech	Title II Part D (Resource 4045)	0.00%	0.00%	0.00%	
LangAcqu	Title III Language (Resource 4203)	0.00%	0.00%	0.00%	
SafeDrugFree	Title V Safe and Drug (Resource 3710)	0.00%	0.00%	0.00%	
InnProg	Title V Part A (Resource 4110)	0.00%	0.00%	0.00%	(14)
21CLC	Title V now IV Part B (Resource 4124)	0.00%	0.00%	0.00%	(15)
ReadFirst	Title I Part B (Resource 3030)	0.00%	0.00%	0.00%	(16)
EvenStart	Title I Part B, Even Start (Resource 3105)	0.00%	0.00%	0.00%	(17)
CTechEdGrant	Career and Technical Ed Grants	0.00%	0.00%	0.00%	(18)
SSC CSR	SSC-CSR/ SSC CSR	\$0.00	\$0.00	\$0.00	
K3 CSR	K3-CSR/ K3 CSR	\$0.00	\$0.00	\$0.00	
AutoBal	Autobalance Rule	\$0.00	\$0.00	\$0.00	(19)
FedCOLA	Federal COLA	0.00%	0.00%	0.00%	(20)
IndirectRate	Indirect Rate	0.00%	0.00%	0.00%	(21)

- (1) California CPI
- (2) The forecast for Lottery funding per ADA includes only the amount restricted by Proposition 20 (2000) for instructional materials. Lottery funding is based on prior year annual ADA times the statewide average excused absence factor of 1.04446.
- (3) The forecast for Lottery funding per ADA includes only the base (unrestricted) funding. Lottery funding is based on prior year annual ADA times the statewide average excused absence factor of 1.04446.
- (4) Interest Rate for 10-year Treasuries
- (5) Net Funded Revenue Limit Change
- (6) Revenue Limit Deficits K-12
- (7) Special Education Base Deficit
- (8) State Categorical COLA (including adult ed, ROC/P)
- (9) Statutory COLA (use for K-12 and COE Revenue Limits and Special Education)
- (10) Tier I Programs: No reduction in funding for 2008-09 and 2009-10 (remains at 2007-08 level adjusted for growth/decline). Programs Affected: 6010 After School Education and Safety 7230 Home to School Transportation Child Development 1300 K-3 Class Size Reduction Child Nutrition 7400 Quality Education Investment Act 7090 Economic Impact Aid (EIA) 6500 Special Education
- (11) Tier II Programs: Reduction of approximately 15.4% in 2008-09, plus additional reduction of 4.5% in 2009-10 (plus adjustment for growth/decline). Programs Affected: 6015 Adults in Correctional Facilities Foster Youth Educational Services Apprenticeship Programs 7126 K-12 High Speed Network 7010 Agricultural Vocational Education 7220 Partnership Academies 6030 Charter School Facility Grants Pupil Testing County Office Oversight (FCMAT) Year-Round Education English Language Acquisition Program
- (12) Tier III Programs: Reduction of approximately 15.4% in 2008-09, plus additional reduction of 4.5% in 2009-10 (plus adjustment for growth/decline) with flexibility to transfer funds from any of these programs to any "educational purpose" (includes unrestricted General Fund or other categorical programs) for the period from 2008-09 to 2012-13. Programs Affected: 7394 AB 825 Targeted Instructional Improvement Block Grant 1200 Class-Size Reduction-9th Grade 7392 AB 825 Teacher Credentialing Block Grant 6205 Deferred Maintenance 7393 AB 825 Professional Development Block Grant 4410 Educational Technology 7390 AB 825 Pupil Retention Block Grant Gifted and Talented Education (GATE) AB 825 School Safety Consolidated 7268 High Priority Schools and I/USP (see "Note") 7395 AB 825 School and Library Improvement Administrator Training Program (AB 430) 7015 Indian Education Centers Adult Education Instructional Materials Fund Alternative Credentialing 7286 International Baccalaureate

Projection Rules

Rule	Description	Base Year 2010 - 11	Year 1 2011 - 12	Year 2 2012 - 13	Note
(13)	County Office Revenue Limit Deficit				
(14)	Title V, Part A (Innovative Programs) Resource 4110				
(15)	Title IV Part B (21st Century Learning Centers) Resource 4124				
(16)	Title I, Part B, Subpart 1 (Reading First) Resource 3030				
(17)	Title I, Part B, Subpart 3 (Even Start) Resource 3105				
(18)	Career and Technical Ed Grants				
(19)	Autobalance Rule				
(20)	Federal COLA				
(21)	Indirect Rate				

Appendix C - Cash Flows

Projection: St. Helena Unified 10-11 Budget

General Fund/County School Service Fund
Cashflow
Fiscal Year: 2010/11

LEA: Saint Helena Unified

Name	Object Code	Budget	Jul Projected	Aug Projected	Sep Projected	Oct Projected	Nov Projected	Dec Projected
Beginning Cash Balance			\$1,329,523.65	\$5,519,066.02	\$4,517,414.12	\$2,958,040.15	\$1,098,446.97	(\$869,105.67)
Receipts								
Revenue Limit Sources	8010 - 8099	\$20,228,965.00	\$79,166.70	\$79,166.70	\$372,912.62	\$0.00	\$0.00	\$9,583,236.48
Federal Revenues	8100 - 8299	\$457,072.00	\$0.00	\$0.00	\$13,580.00	\$0.00	\$0.00	\$51,060.80
Other State Revenues	8300 - 8599	\$1,072,384.00	\$27,950.45	\$27,950.45	\$50,310.81	\$120,770.27	\$50,310.81	\$50,310.81
Other Local Revenues	8600 - 8799	\$451,252.00	\$0.00	\$0.00	\$68,563.00	\$37,500.00	\$0.00	\$0.00
Interfund Transfers In	8800 - 8829	\$446,000.00	\$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
Total Receipts		\$22,655,673.00	\$107,117.15	\$107,117.15	\$505,366.43	\$158,270.27	\$50,310.81	\$9,684,608.09
Disbursements								
Certificated Salaries	1000 - 1999	\$11,011,054.00	\$327,034.92	\$436,046.56	\$981,104.75	\$981,104.75	\$981,104.75	\$981,104.75
Classified Salaries	2000 - 2999	\$3,213,892.00	\$96,416.76	\$128,555.68	\$289,250.28	\$289,250.28	\$289,250.28	\$289,250.28
Employee Benefits	3000 - 3999	\$5,017,558.00	\$150,131.14	\$200,174.85	\$450,393.41	\$450,393.41	\$450,393.41	\$450,393.41
Books and Supplies	4000 - 4999	\$510,961.77	\$76,644.27	\$76,644.27	\$76,644.27	\$35,767.32	\$35,767.32	\$35,767.32
Services and Other Operating	5000 - 5999	\$3,330,269.00	\$256,097.69	\$256,097.69	\$256,097.69	\$256,097.69	\$256,097.69	\$256,097.69
Capital Outlay	6000 - 6900	\$75,000.00	\$11,250.00	\$11,250.00	\$11,250.00	\$5,250.00	\$5,250.00	\$5,250.00
Other Outgo	7000 - 7299	\$107,743.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$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	\$194,796.00	\$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		\$23,461,273.77	\$917,574.78	\$1,108,769.05	\$2,064,740.40	\$2,017,863.45	\$2,017,863.45	\$2,017,863.45
Assets								
Revolving Cash Account	9130	\$0.00	\$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
Investments	9150	\$0.00	\$5,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Accounts Receivable	9200	\$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	\$0.00	\$0.00	\$0.00	\$0.00
Total Assets		\$0.00	\$5,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Liabilities								
Accounts Payable (Current Liabilities)	9500	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Due to Grantor Governments	9590	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Due to Other Funds	9610	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Current Loans	9640	\$0.00	\$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
Total Liabilities		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ending Cash Balance			\$5,519,066.02	\$4,517,414.12	\$2,958,040.15	\$1,098,446.97	(\$869,105.67)	\$6,797,638.97
Blue - projected								
Black - actuals								

LEA: Saint Helena Unified

General Fund/County School Service Fund
Cashflow
Fiscal Year: 2011/12

Projection: St. Helena Unified 10-11 Budget

Name	Object Code	Budget	Jul Projected	Aug Projected	Sep Projected	Oct Projected	Nov Projected	Dec Projected
Beginning Cash Balance			\$795,254.98	\$6,570,915.29	\$6,033,385.62	\$4,099,880.55	\$2,131,189.79	\$121,541.72
Receipts								
Revenue Limit Sources	8010 - 8099	\$20,601,877.62	\$72,410.73	\$452,781.60	\$0.00	\$0.00	\$0.00	\$9,708,186.78
Federal Revenues	8100 - 8299	\$457,072.00	\$0.00	\$0.00	\$13,580.00	\$0.00	\$0.00	\$51,060.80
Other State Revenues	8300 - 8599	\$1,611,699.26	\$55,535.78	\$55,535.78	\$99,964.39	\$101,771.70	\$99,964.39	\$99,964.39
Other Local Revenues	8600 - 8799	\$451,252.00	\$0.00	\$0.00	\$68,563.00	\$39,150.00	\$0.00	\$0.00
Interfund Transfers In	8900 - 8929	\$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
Total Receipts		\$23,121,900.88	\$127,946.51	\$508,317.38	\$182,107.39	\$140,921.70	\$99,964.39	\$9,859,211.97
Disbursements								
Certificated Salaries	1000 - 1999	\$11,187,230.87	\$332,842.95	\$443,790.59	\$998,528.84	\$998,528.84	\$998,528.84	\$998,528.84
Classified Salaries	2000 - 2999	\$3,238,960.37	\$96,416.76	\$128,555.68	\$289,250.28	\$289,250.28	\$289,250.28	\$289,250.28
Employee Benefits	3000 - 3999	\$5,056,740.37	\$151,422.86	\$201,897.15	\$454,268.59	\$454,268.59	\$454,268.59	\$454,268.59
Books and Supplies	4000 - 4999	\$516,457.26	\$36,152.01	\$36,152.01	\$36,152.01	\$36,152.01	\$36,152.01	\$36,152.01
Services and Other Operating	5000 - 5999	\$3,398,704.02	\$169,935.20	\$169,935.20	\$271,896.32	\$271,896.32	\$271,896.32	\$135,948.16
Capital Outlay	6000 - 6900	\$75,000.00	\$11,250.00	\$11,250.00	\$11,250.00	\$5,250.00	\$5,250.00	\$5,250.00
Other Outgo	7000 - 7299	\$107,743.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$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	\$130,000.00	\$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		\$23,710,835.89	\$798,019.78	\$991,580.63	\$2,061,346.04	\$2,055,346.04	\$2,055,346.04	\$1,919,397.88
Assets								
Revolving Cash Account	9130	\$0.00	\$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
Investments	9150	\$0.00	\$6,500,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Accounts Receivable	9200	\$409,170.45	\$81,834.09	\$81,834.09	\$81,834.09	\$81,834.09	\$81,834.09	\$0.00
Due from Other Funds	9310	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Assets		\$409,170.45	\$6,581,834.09	\$81,834.09	\$81,834.09	\$81,834.09	\$81,834.09	\$0.00
Liabilities								
Accounts Payable (Current Liabilities)	9500	\$680,502.55	\$136,100.51	\$136,100.51	\$136,100.51	\$136,100.51	\$136,100.51	\$0.00
Due to Grantor Governments	9590	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Due to Other Funds	9610	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Current Loans	9640	\$0.00	\$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
Total Liabilities		\$680,502.55	\$136,100.51	\$136,100.51	\$136,100.51	\$136,100.51	\$136,100.51	\$0.00
Ending Cash Balance			\$6,570,915.29	\$6,033,385.62	\$4,099,880.55	\$2,131,189.79	\$121,541.72	\$8,061,355.81
Blue - projected								
Black - actuals								

Projection: St. Helena Unified 10-11 Budget

General Fund/County School Service Fund
Cashflow
Fiscal Year: 2011/12

LEA: Saint Helena Unified

Jan Projected	Feb Projected	Mar Projected	Apr Projected	May Projected	Jun Projected	YTD Actuals Plus Projected Cash	Accruals	Totals	Variance
\$8,061,355.81	\$6,188,238.72	\$4,363,261.09	\$2,431,619.21	\$10,418,159.90	\$9,091,655.25				
\$0.00	\$0.00	\$0.00	\$9,708,186.78	\$452,781.60	\$207,530.13	\$20,601,877.62	\$0.00	\$20,601,877.62	\$0.00
\$116,960.50	\$9,700.00	\$58,472.30	\$47,361.20	\$56,540.25	\$3,880.00	\$37,555.05	\$99,516.95	\$457,072.00	\$0.00
\$127,896.10	\$173,654.02	\$86,780.46	\$301,972.78	\$91,953.13	\$83,941.88	\$1,378,934.79	\$232,764.47	\$1,611,699.26	\$0.00
\$39,150.00	\$68,563.00	\$0.00	\$0.00	\$107,713.00	\$27,000.00	\$350,139.00	\$101,113.00	\$451,252.00	\$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
\$284,006.60	\$251,917.02	\$145,252.76	\$10,057,520.76	\$708,987.98	\$322,352.01	\$22,688,506.46	\$433,394.42	\$23,121,900.88	\$0.00
\$1,090,994.86	\$998,528.84	\$998,528.84	\$998,528.84	\$998,528.84	\$1,109,476.48	\$10,965,335.60	\$221,895.27	\$11,187,230.87	\$0.00
\$289,250.28	\$289,250.28	\$289,250.28	\$289,250.28	\$289,250.28	\$345,956.20	\$3,174,181.16	\$64,779.21	\$3,238,960.37	\$0.00
\$463,580.22	\$454,268.59	\$454,268.59	\$454,268.59	\$454,268.59	\$504,742.87	\$4,955,791.82	\$100,948.55	\$5,056,740.37	\$0.00
\$36,152.01	\$36,152.01	\$36,152.01	\$30,987.44	\$0.00	\$0.00	\$356,355.53	\$160,101.73	\$516,457.26	\$0.00
\$271,896.32	\$271,896.32	\$271,896.32	\$271,896.32	\$271,896.32	\$271,896.32	\$2,922,885.44	\$475,818.58	\$3,398,704.02	\$0.00
\$5,250.00	\$5,250.00	\$5,250.00	\$4,500.00	\$0.00	\$0.00	\$69,750.00	\$5,250.00	\$75,000.00	\$0.00
\$0.00	\$21,548.60	\$21,548.60	\$21,548.60	\$21,548.60	\$21,548.60	\$107,743.00	\$0.00	\$107,743.00	\$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	\$130,000.00	\$130,000.00	\$0.00	\$130,000.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$2,157,123.69	\$2,076,894.64	\$2,076,894.64	\$2,070,980.07	\$2,035,492.63	\$2,383,620.47	\$22,682,042.55	\$1,028,793.34	\$23,710,835.89	\$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	\$6,500,000.00	\$0.00	\$6,500,000.00	\$6,500,000.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$409,170.45	\$0.00	\$409,170.45	\$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	\$6,909,170.45	\$0.00	\$6,909,170.45	\$6,500,000.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$680,502.55	\$0.00	\$680,502.55	\$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	\$6,500,000.00	\$6,500,000.00	\$0.00	\$6,500,000.00	(\$6,500,000.00)
\$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	\$6,500,000.00	\$7,180,502.55	\$0.00	\$7,180,502.55	(\$6,500,000.00)
\$6,188,238.72	\$4,363,261.09	\$2,431,619.21	\$10,418,159.90	\$9,091,655.25	\$530,386.79				

Appendix D - Study Agreement



CSIS California School Information Services

**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
FINAL STUDY AGREEMENT
June 14, 2010**

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the Saint Helena Unified School District, hereinafter referred to as the District, mutually agree as follows:

1. BASIS OF AGREEMENT

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

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

1. The Team will conduct a Fiscal Health and Risk Analysis using the district's 2010-11 Adoption Budget and provide recommendations.

B. Services and Products to be Provided

- 1) Orientation Meeting - The Team will conduct an orientation session at the District to brief District management and supervisory personnel on the procedures of the Team and on the purpose and schedule of the study.
- 2) On-site Review - The Team will conduct an on-site review at the District office and at school sites if necessary.
- 3) Exit Report - The Team will hold an exit meeting at the conclusion of the on-site review to inform the District of significant findings and recommendations.

- 4) Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.

3. **PROJECT PERSONNEL**

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

A. Jim Cerreta, FCMAT Fiscal Intervention Specialist

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

4. **PROJECT COSTS**

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

- A. \$500.00 per day for each Team Member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. The District will be billed for the daily rate and expenses of the independent consultant, only. Based on the elements noted in section 2 A, the total cost of the study is estimated at \$6,000. The District will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report or management letter by the District.
- C. Any change to the scope will affect the estimate of total cost.

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

5. RESPONSIBILITIES OF THE DISTRICT

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

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

6. PROJECT SCHEDULE

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

<i>Orientation:</i>	<i>6/29/2010</i>
<i>Staff Interviews:</i>	<i>6/29/2010</i>
<i>Exit Interviews:</i>	<i>to be determined</i>
<i>Preliminary Report Submitted:</i>	<i>to be determined</i>
<i>Final Report Submitted:</i>	<i>to be determined</i>
<i>Board Presentation:</i>	<i>to be determined</i>
<i>Follow-Up Support:</i>	<i>If requested</i>

7. **CONTACT PERSON**Name of contact person: Bill McGuire, CBOTelephone 707-967-2708 FAX E-Mail: bmcguire@sthelena.k12.ca.us6/18/2010
DateSuperintendent CBO
Saint Helena Unified School DistrictAnthony L. Bridges, Deputy Executive Officer Date
Fiscal Crisis and Management Assistance Team

In keeping with the provisions of AB1200, the County Superintendent will be notified of this agreement between the District and FCMAT and will receive a copy of the final report.