

**ANNUAL BUDGET REPORT:**  
July 1, 2011 Single Budget Adoption

This budget was developed using the state-adopted Criteria and Standards. It was filed and adopted subsequent to a public hearing by the governing board of the school district. (Pursuant to Education Code sections 33129 and 42127)

Budget available for inspection at:

Public Hearing:

Place: Willows Unified District Office

Place: City of Willows Council Chambers

Date: June 20, 2011

Date: June 23, 2011

Time: \_\_\_\_\_

Adoption Date: June 23, 2011

Signed: \_\_\_\_\_

Clerk/Secretary of the Governing Board  
(Original signature required)

Contact person for additional information on the budget reports:

Name: Betty Skala

Telephone: 530-934-6600

Title: Director of Business Services

E-mail: bskala@willowsunified.org

**Criteria and Standards Review Summary**

The following summary is automatically completed based on data provided in the Criteria and Standards Review (Form 01CS). Criteria and standards that are "Not Met," and supplemental information and additional fiscal indicators that are "Yes," may indicate areas of potential concern for fiscal solvency purposes and should be carefully reviewed.

CRITERIA AND STANDARDS			Met	Not Met
1	Average Daily Attendance	Budgeted (funded) ADA has not been overestimated by more than the standard for the prior fiscal year, or two or more of the previous three fiscal years.	X	
2	Enrollment	Enrollment has not been overestimated by more than the standard for the prior fiscal year, or two or more of the previous three fiscal years.		X
3	ADA to Enrollment	Projected second period (P-2) ADA to enrollment ratio is consistent with historical ratios for the budget and two subsequent fiscal years.	X	
4	Revenue Limit	Projected change in revenue limit is within the standard for the budget and two subsequent fiscal years.	X	

CRITERIA AND STANDARDS (continued)			Met	Not Met
5	Salaries and Benefits	Projected ratios of total unrestricted salaries and benefits to total unrestricted general fund expenditures are consistent with historical ratios for the budget and two subsequent fiscal years.	X	
6a	Other Revenues	Projected operating revenues (e.g., federal, other state, and other local) are within the standard for the budget and two subsequent fiscal years.		X
6b	Other Expenditures	Projected operating expenditures (e.g., books and supplies, and services and other operating) are within the standard for the budget and two subsequent fiscal years.		X
7a	Deferred Maintenance	SBX3 4 (Chapter 12, Statutes of 2009) eliminates the local match requirement for Deferred Maintenance for a five-year period from 2008-09 through 2012-13. Therefore, this item has been inactivated for that period.		
7b	Ongoing and Major Maintenance Account	If applicable, required contribution to the ongoing and major maintenance account (i.e., restricted maintenance account) is included in the budget.	X	
8	Deficit Spending	Unrestricted deficit spending, if any, has not exceeded the standard for two or more of the last three fiscal years.	X	
9	Fund Balance	Unrestricted general fund beginning balance has not been overestimated by more than the standard for two or more of the last three fiscal years.	X	
10	Reserves	Projected available reserves (e.g., reserve for economic uncertainties, unassigned/unappropriated amounts) meet minimum requirements for the budget and two subsequent fiscal years.	X	

SUPPLEMENTAL INFORMATION			No	Yes
S1	Contingent Liabilities	Are there known or contingent liabilities (e.g., financial or program audits, litigation, state compliance reviews) that may impact the budget?	X	
S2	Using One-time Revenues to Fund Ongoing Expenditures	Are there ongoing general fund expenditures in excess of one percent of the total general fund expenditures that are funded with one-time resources?		X
S3	Using Ongoing Revenues to Fund One-time Expenditures	Are there large non-recurring general fund expenditures that are funded with ongoing general fund revenues?	X	
S4	Contingent Revenues	Are any projected revenues for the budget or two subsequent fiscal years contingent on reauthorization by the local government, special legislation, or other definitive act (e.g., parcel tax, forest reserves)?		X
S5	Contributions	Have contributions from unrestricted to restricted resources, or transfers to or from the general fund to cover operating deficits, changed by more than the standard for the budget or two subsequent fiscal years?		X

<b>SUPPLEMENTAL INFORMATION (continued)</b>			<b>No</b>	<b>Yes</b>
S6	Long-term Commitments	Does the district have long-term (multiyear) commitments or debt agreements?		X
		<ul style="list-style-type: none"> <li>If yes, have annual payments for the budget or two subsequent fiscal years increased over prior year's (2010-11) annual payment?</li> </ul>	X	
S7a	Postemployment Benefits Other than Pensions	Does the district provide postemployment benefits other than pensions (OPEB)?		X
		<ul style="list-style-type: none"> <li>If yes, are they lifetime benefits?</li> </ul>		X
		<ul style="list-style-type: none"> <li>If yes, do benefits continue beyond age 65?</li> </ul>		X
		<ul style="list-style-type: none"> <li>If yes, are benefits funded by pay-as-you-go?</li> </ul>		X
S7b	Other Self-insurance Benefits	Does the district provide other self-insurance benefits (e.g., workers' compensation)?		X
S8	Status of Labor Agreements	Are salary and benefit negotiations still open for:		X
		<ul style="list-style-type: none"> <li>Certificated? (Section S8A, Line 1)</li> </ul>		X
		<ul style="list-style-type: none"> <li>Classified? (Section S8B, Line 1)</li> <li>Management/supervisor/confidential? (Section S8C, Line 1)</li> </ul>	n/a	

<b>ADDITIONAL FISCAL INDICATORS</b>			<b>No</b>	<b>Yes</b>
A1	Negative Cash Flow	Do cash flow projections show that the district will end the budget year with a negative cash balance in the general fund?	X	
A2	Independent Position Control	Is personnel position control independent from the payroll system?		X
A3	Declining Enrollment	Is enrollment decreasing in both the prior fiscal year and budget year?	X	
A4	New Charter Schools Impacting District Enrollment	Are any new charter schools operating in district boundaries that are impacting the district's enrollment, either in the prior fiscal year or budget year?		X
A5	Salary Increases Exceed COLA	Has the district entered into a bargaining agreement where any of the budget or subsequent fiscal years of the agreement would result in salary increases that are expected to exceed the projected state funded cost-of-living adjustment?	X	
A6	Uncapped Health Benefits	Does the district provide uncapped (100% employer paid) health benefits for current or retired employees?	X	
A7	Independent Financial System	Is the district's financial system independent from the county office system?	X	
A8	Fiscal Distress Reports	Does the district have any reports that indicate fiscal distress? If yes, provide copies to the COE, pursuant to EC 42127.6(a).	X	
A9	Change of CBO or Superintendent	Have there been personnel changes in the superintendent or chief business official (CBO) positions within the last 12 months?		X

ANNUAL CERTIFICATION REGARDING SELF-INSURED WORKERS' COMPENSATION CLAIMS

Pursuant to EC Section 42141, if a school district, either individually or as a member of a joint powers agency, is self-insured for workers' compensation claims, the superintendent of the school district annually shall provide information to the governing board of the school district regarding the estimated accrued but unfunded cost of those claims. The governing board annually shall certify to the county superintendent of schools the amount of money, if any, that it has decided to reserve in its budget for the cost of those claims.

To the County Superintendent of Schools:

(  ) Our district is self-insured for workers' compensation claims as defined in Education Code Section 42141(a):

Total liabilities actuarially determined:	\$	_____
Less: Amount of total liabilities reserved in budget:	\$	_____
Estimated accrued but unfunded liabilities:	\$	_____ 0.00

(  ) This school district is self-insured for workers' compensation claims through a JPA, and offers the following information:

\_\_\_\_\_ Golden State Risk Management \_\_\_\_\_

(  ) This school district is not self-insured for workers' compensation claims.

Signed \_\_\_\_\_  
Clerk/Secretary of the Governing Board  
(Original signature required)

Date of Meeting: Jun 23, 2011

For additional information on this certification, please contact:

Name: Betty Skala

Title: Director of Business Services

Telephone: 530-934-6600

E-mail: bskala@willowsunified.org

Description	2010-11 Estimated Actuals			2011-12 Budget		
	P-2 ADA	Annual ADA	Revenue Limit ADA	Estimated P-2 ADA	Estimated Annual ADA	Estimated Revenue Limit ADA
<b>ELEMENTARY</b>			1,107.69	928.72	924.27	958.36
1. General Education						
a. Kindergarten	119.17	118.77				
b. Grades One through Three	323.58	323.27				
c. Grades Four through Six	356.65	355.25				
d. Grades Seven and Eight	208.96	206.51				
e. Opportunity Schools and Full-Day Opportunity Classes						
f. Home and Hospital						
g. Community Day School						
2. Special Education						
a. Special Day Class						
b. Nonpublic, Nonsectarian Schools (EC 56366[a][7])						
c. Nonpublic, Nonsectarian Schools - Licensed Children's Institutions						
3. TOTAL, ELEMENTARY	1,008.36	1,003.80	1,107.69	928.72	924.27	958.36
<b>HIGH SCHOOL</b>			485.64	469.28	462.74	478.77
4. General Education						
a. Grades Nine through Twelve	453.54	447.34				
b. Continuation Education	25.23	24.76				
c. Opportunity Schools and Full-Day Opportunity Classes						
d. Home and Hospital						
e. Community Day School						
5. Special Education						
a. Special Day Class						
b. Nonpublic, Nonsectarian Schools (EC 56366[a][7])						
c. Nonpublic, Nonsectarian Schools - Licensed Children's Institutions						
6. TOTAL, HIGH SCHOOL	478.77	472.10	485.64	469.28	462.74	478.77
<b>COUNTY SUPPLEMENT</b>						
7. County Community Schools (EC 1982[a])						
a. Elementary						
b. High School						
8. Special Education						
a. Special Day Class - Elementary	5.87	5.53	5.53	5.87	5.87	5.87
b. Special Day Class - High School	9.36	8.81	8.81	9.36	9.36	9.36
c. Nonpublic, Nonsectarian Schools - Elementary						
d. Nonpublic, Nonsectarian Schools - High School						
e. Nonpublic, Nonsectarian Schools - Licensed Children's Institutions - Elementary						
f. Nonpublic, Nonsectarian Schools - Licensed Children's Institutions - High School						
9. TOTAL, ADA REPORTED BY COUNTY OFFICES	15.23	14.34	14.34	15.23	15.23	15.23
10. TOTAL, K-12 ADA (sum lines 3, 6, and 9)	1,502.36	1,490.24	1,607.67	1,413.23	1,402.24	1,452.36
11. ADA for Necessary Small Schools also included in lines 3 and 6.						
12. REGIONAL OCCUPATIONAL CENTERS & PROGRAMS*						

Description	2010-11 Estimated Actuals			2011-12 Budget		
	P-2 ADA	Annual ADA	Revenue Limit ADA	Estimated P-2 ADA	Estimated Annual ADA	Estimated Revenue Limit ADA
<b>CLASSES FOR ADULTS</b>						
13. Concurrently Enrolled Secondary Students*						
14. Adults Enrolled, State Apportioned*						
15. Students 21 Years or Older and Students 19 or Older Not Continuously Enrolled Since Their 18th Birthday, Participating in Full-Time Independent Study*						
16. TOTAL, CLASSES FOR ADULTS (sum lines 13 through 15)						
17. Adults in Correctional Facilities						
18. TOTAL, ADA (sum lines 10, 12, 16, and 17)	1,502.36	1,490.24	1,607.67	1,413.23	1,402.24	1,452.36
<b>SUPPLEMENTAL INSTRUCTIONAL HOURS</b>						
19. ELEMENTARY*						
20. HIGH SCHOOL*						
21. TOTAL, SUPPLEMENTAL INSTRUCTIONAL HOURS (sum lines 19 and 20)						
<b>COMMUNITY DAY SCHOOLS - Additional Funds</b>						
22. ELEMENTARY						
a. 5th & 6th Hour (ADA) - Mandatory Expelled Pupils only						
b. 7th & 8th Hour Pupil Hours (Hours)*						
23. HIGH SCHOOL						
a. 5th & 6th Hour (ADA) - Mandatory Expelled Pupils only						
b. 7th & 8th Hour Pupil Hours (Hours)*						
<b>CHARTER SCHOOLS</b>						
24. Charter ADA Funded Through the Block Grant						
a. Charters Sponsored by Unified Districts - Resident (EC 47660) (applicable only for unified districts with Charter School General Purpose Block Grant Offset recorded on line 30 in Form RL)						
b. All Other Block Grant Funded Charters						
25. Charter ADA Funded Through the Revenue Limit						
26. TOTAL, CHARTER SCHOOLS ADA (sum lines 24a, 24b, and 25)	0.00	0.00	0.00	0.00	0.00	0.00
27. SUPPLEMENTAL INSTRUCTIONAL HOURS*						

\*ADA is no longer collected as a result of flexibility provisions of SBX3 4 (Chapter 12, Statutes of 2009), currently in effect for a five-year period from 2008-09 through 2012-13.

Current Expense Formula/Minimum Classroom Compensation

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	6,096,605.20	301	0.00	303	6,096,605.20	305	7,899.00		307	6,088,706.20	309
2000 - Classified Salaries	1,467,091.00	311	0.00	313	1,467,091.00	315	154,436.00		317	1,312,655.00	319
3000 - Employee Benefits (Excluding 3800)	1,858,694.93	321	25,918.00	323	1,832,776.93	325	52,827.00		327	1,779,949.93	329
4000 - Books, Supplies Equip Replace. (6500)	842,807.22	331	0.00	333	842,807.22	335	182,036.41		337	660,770.81	339
5000 - Services... & 7300 - Indirect Costs	1,493,283.02	341	0.00	343	1,493,283.02	345	134,817.56		347	1,358,465.46	349
TOTAL					11,732,563.37	365			TOTAL	11,200,547.40	369

Note 1 - In Column 2, report expenditures for the following programs: Nonagency (Goals 7100-7199), Community Services (Goal 8100), Food Services (Function 3700), Fringe Benefits for Retired Persons (Objects 3701-3702), and Facilities Acquisition & Construction (Function 8500).

Note 2 - In Column 4, report expenditures for: Transportation (Function 3600), Lottery Expenditures (Resource 1100), Special Education Students in Nonpublic Schools (Function 1180), and other federal or state categorical aid in which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of EC Section 41372.

\* If an amount (even zero) is entered in any row of Column 4b or in Line 13b, the form uses only the values in Column 4b and Line 13b rather than the values in Column 4a and Line 13a.

PART II: MINIMUM CLASSROOM COMPENSATION (Instruction, Functions 1000-1999)	Object		EDP No.
1. Teacher Salaries as Per EC 41011	1100	4,964,188.20	375
2. Salaries of Instructional Aides Per EC 41011	2100	137,430.00	380
3. STRS	3101 & 3102	410,005.45	382
4. PERS	3201 & 3202	9,204.00	383
5. OASDI - Regular, Medicare and Alternative	3301 & 3302	74,474.13	384
6. Health & Welfare Benefits (EC 41372) (Include Health, Dental, Vision, Pharmaceutical, and Annuity Plans)	3401 & 3402	47,466.00	385
7. Unemployment Insurance	3501 & 3502	37,484.56	390
8. Workers' Compensation Insurance	3601 & 3602	124,672.88	392
9. OPEB, Active Employees (EC 41372)	3751 & 3752	358,322.91	
10. Other Benefits (EC 22310)	3901 & 3902	0.00	393
11. SUBTOTAL Salaries and Benefits (Sum Lines 1 - 10)		6,163,248.13	395
12. Less: Teacher and Instructional Aide Salaries and Benefits deducted in Column 2		0.00	
13a. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4a (Extracted)		0.00	396
b. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4b (Overrides)*			396
14. TOTAL SALARIES AND BENEFITS		6,163,248.13	397
15. Percent of Current Cost of Education Expended for Classroom Compensation (EDP 397 divided by EDP 369) Line 15 must equal or exceed 60% for elementary, 55% for unified and 50% for high school districts to avoid penalty under provisions of EC 41372		55.03%	
16. District is exempt from EC 41372 because it meets the provisions of EC 41374. (If exempt, enter 'X')			

PART III: DEFICIENCY AMOUNT

A deficiency amount (Line 5) is only applicable to districts not meeting the minimum classroom compensation percentage required under EC 41372 and not exempt under the provisions of EC 41374.

1. Minimum percentage required (60% elementary, 55% unified, 50% high)	55.00%
2. Percentage spent by this district (Part II, Line 15)	55.03%
3. Percentage below the minimum (Part III, Line 1 minus Line 2)	0.00%
4. District's Current Expense of Education after reductions in columns 4a or 4b (Part I, EDP 369)	11,200,547.40
5. Deficiency Amount (Part III, Line 3 times Line 4)	0.00

Current Expense Formula/Minimum Classroom Compensation

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	5,650,148.00	301	0.00	303	5,650,148.00	305	21,617.00		307	5,628,531.00	309
2000 - Classified Salaries	1,363,648.00	311	0.00	313	1,363,648.00	315	156,548.00		317	1,207,100.00	319
3000 - Employee Benefits (Excluding 3800)	1,850,762.00	321	57,511.00	323	1,793,251.00	325	61,308.00		327	1,731,943.00	329
4000 - Books, Supplies Equip Replace. (6500)	269,195.00	331	0.00	333	269,195.00	335	84,147.00		337	185,048.00	339
5000 - Services ... & 7300 - Indirect Costs	1,388,190.00	341	0.00	343	1,388,190.00	345	82,655.00		347	1,305,535.00	349
<b>TOTAL</b>					<b>10,464,432.00</b>	<b>365</b>			<b>TOTAL</b>	<b>10,058,157.00</b>	<b>369</b>

Note 1 - In Column 2, report expenditures for the following programs: Nonagency (Goals 7100-7199), Community Services (Goal 8100), Food Services (Function 3700), Fringe Benefits for Retired Persons (Objects 3701-3702), and Facilities Acquisition & Construction (Function 8500).

Note 2 - In Column 4, report expenditures for: Transportation (Function 3600), Lottery Expenditures (Resource 1100), Special Education Students in Nonpublic Schools (Function 1180), and other federal or state categorical aid in which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of EC Section 41372.

\* If an amount (even zero) is entered in any row of Column 4b or in Line 13b, the form uses only the values in Column 4b and Line 13b rather than the values in Column 4a and Line 13a.

PART II: MINIMUM CLASSROOM COMPENSATION (Instruction, Functions 1000-1999)		Object	EDP No.
1. Teacher Salaries as Per EC 41011		1100	4,514,506.00 375
2. Salaries of Instructional Aides Per EC 41011		2100	159,371.00 380
3. STRS		3101 & 3102	372,307.00 382
4. PERS		3201 & 3202	10,061.00 383
5. OASDI - Regular, Medicare and Alternative		3301 & 3302	74,953.00 384
6. Health & Welfare Benefits (EC 41372) (Include Health, Dental, Vision, Pharmaceutical, and Annuity Plans)		3401 & 3402	47,464.00 385
7. Unemployment Insurance		3501 & 3502	76,844.00 390
8. Workers' Compensation Insurance		3601 & 3602	114,616.00 392
9. OPEB, Active Employees (EC 41372)		3751 & 3752	334,103.00
10. Other Benefits (EC 22310)		3901 & 3902	0.00 393
11. SUBTOTAL Salaries and Benefits (Sum Lines 1 - 10)			5,704,225.00 395
12. Less: Teacher and Instructional Aide Salaries and Benefits deducted in Column 2			0.00
13a. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4a (Extracted)			0.00 396
b. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4b (Overrides)*			396
14. TOTAL SALARIES AND BENEFITS			5,704,225.00 397
15. Percent of Current Cost of Education Expended for Classroom Compensation (EDP 397 divided by EDP 369) Line 15 must equal or exceed 60% for elementary, 55% for unified and 50% for high school districts to avoid penalty under provisions of EC 41372			56.71%
16. District is exempt from EC 41372 because it meets the provisions of EC 41374. (If exempt, enter 'X')			

PART III: DEFICIENCY AMOUNT	
A deficiency amount (Line 5) is only applicable to districts not meeting the minimum classroom compensation percentage required under EC 41372 and not exempt under the provisions of EC 41374.	
1. Minimum percentage required (60% elementary, 55% unified, 50% high)	55.00%
2. Percentage spent by this district (Part II, Line 15)	56.71%
3. Percentage below the minimum (Part III, Line 1 minus Line 2)	0.00%
4. District's Current Expense of Education after reductions in columns 4a or 4b (Part I, EDP 369)	10,058,157.00
5. Deficiency Amount (Part III, Line 3 times Line 4)	0.00

July 1 Budget (Single Adoption)  
2010-11 Estimated Actuals  
LOTTERY REPORT  
Revenues, Expenditures and  
Ending Balances - All Funds

Description	Object Codes	Lottery: Unrestricted (Resource 1100)	Transferred to Other Resources for Expenditure	Lottery: Instructional Materials (Resource 6300)*	Totals
<b>A. AMOUNT AVAILABLE FOR THIS FISCAL YEAR</b>					
1. Adjusted Beginning Fund Balance	9791-9795	0.00		178,882.09	178,882.09
2. State Lottery Revenue	8560	166,039.00		25,828.00	191,867.00
3. Other Local Revenue	8600-8799	14,380.00		0.00	14,380.00
4. Transfers from Funds of Lapsed/Reorganized Districts	8965	0.00		0.00	0.00
5. Contributions from Unrestricted Resources (Total must be zero)	8980	0.00			0.00
6. Total Available (Sum Lines A1 through A5)		180,419.00	0.00	204,710.09	385,129.09
<b>B. EXPENDITURES AND OTHER FINANCING USES</b>					
1. Certificated Salaries	1000-1999	7,899.00			7,899.00
2. Classified Salaries	2000-2999	51,550.00			51,550.00
3. Employee Benefits	3000-3999	9,915.00			9,915.00
4. Books and Supplies	4000-4999	6,473.00		107,147.00	113,620.00
5. a. Services and Other Operating Expenditures (Resource 1100)	5000-5999	104,582.00			104,582.00
b. Services and Other Operating Expenditures (Resource 6300)	5000-5999, except 5100, 5710, 5800				
c. Duplicating Costs for Instructional Materials (Resource 6300)	5100, 5710, 5800				
6. Capital Outlay	6000-6999	0.00			0.00
7. Tuition	7100-7199	0.00			0.00
8. Interagency Transfers Out					
a. To Other Districts, County Offices, and Charter Schools	7211,7212,7221, 7222,7281,7282	0.00			0.00
b. To JPAs and All Others	7213,7223, 7283,7299	0.00			0.00
9. Transfers of Indirect Costs	7300-7399				
10. Debt Service	7400-7499	0.00			0.00
11. All Other Financing Uses	7630-7699	0.00			0.00
12. Total Expenditures and Other Financing Uses (Sum Lines B1 through B11 )		180,419.00	0.00	107,147.00	287,566.00
<b>C. ENDING BALANCE</b>					
(Must equal Line A6 minus Line B12)	979Z	0.00	0.00	97,563.09	97,563.09
<b>D. COMMENTS:</b>					

Data from this report will be used to prepare a report to the Legislature as required by Control Section 24.60 of the Budget Act.

\*Pursuant to Government Code Section 8880.4.5(a)2(B) and the definition in Education Code Section 60010(h), Resource 6300 funds are to be used for the purchase of instructional materials only. Any amounts in the shaded cells of this column should be reviewed for appropriateness.

## 2011-12 ADOPTED BUDGET MULTI-YEAR ASSUMPTIONS

(Based on May Revision)

We are following the recommendations provided by School Services (SSC) utilizing their suggested dartboard.

For both unrestricted and restricted, we have created QSS models for both 2012/13 and 2013/14 for projection purposes. The models are used as the basis for multi-year projections and are updated throughout the year as information is known from various funding streams, updated projections from School Services, Governor's budget, along with the May revise, position control refinement, and authorized Board actions.

May revision themes as identified by SSC: 1. Low levels of funding and probably last in the nation; 2. Volatility of funding as year to year funding levels are totally unpredictable; and 3. Uncertainty of funding as estimates of funding are wildly uncertain from January to May to Budget enactment and beyond. To address these problems, the economic condition of the State needs to improve and expansion begins; State revenues and spending reach an equilibrium; education spending rises in priority at the State level; and there is a stable, predictable source of ongoing funding for education.

### REVENUES:

Revenue Limit (8010-8099): 2011/12, 2012/13, and 2013/14 DO NOT reflect the ongoing \$330 cut per ADA that was provided within the Governor' January budget proposal and since removed for the May Revision. COLA for 2011/12 is projected at 2.24%, 3.20% for 2012/13 and 2.70% for 2013/14. We continue to have a deficit factor of 19.754% for all years which make the assumption in 2012/13 and 2013/14 we WILL be funded the COLA; therefore, the deficit remains the same. The 2011/12 funded ADA is estimated at 1,452.36 (prior year 2010/11 P2 ADA, less estimated charter prior year adjustment), for 2012/13, funded ADA is estimated at 1,394.30 and 2013/14 at 1,369.30, both allowing for continued declining enrollment. These ADA figures include special education ADA that is subsequently transferred to GCOE for the "severe" student population. The charter impacts the safety net of prior year funding that has been used in the past when projecting revenues for the current year. Once we have known information of how much actual ADA that represents, we will adjust the revenue limit figure for prior year as compared to our projected current year, and utilize the higher of the two which has been the prior year calculation.

Federal Revenues (8100-8299): Restricted federal revenues in 2011/12 reflect the last of the Jobs funding. It also includes estimated MAA funding, whereas the out years we do not budget for MAA except for the amount to provide for operational expenditures. Title I has projected carryover in the 2011/12 budget to offset current year expenditures. Title II has been cut by approximately 18% and has been reflected in all three budget years. All other federal funding for multi-year is budgeted at anticipated 2011/12 levels and will be realigned as we are notified of our funding.

State Revenues (8300-8599): Applied the appropriate COLA for all three budget years. Unrestricted and restricted increases are primarily a result of the COLA being funded. Lottery funds are based on current year annual ADA and with declining enrollment, has been adjusted downward. Tier III and class size reduction program continue in the multi-year due to the extension of flexibility from the State.

Local Revenues (8600-8799): Multi-year is the same as proposed for current year except ROP funding has been adjusted for COLA. Restricted local is primarily donations and other misc funding with specific obligations. We will adjust the budget as we progress through the year once this information is known.

Other Financing Sources (8900-8999): The 2011/12 decrease as compared to the two out years is due to the subsequent transfer of MAA funding to unrestricted, whereas MAA is not budgeted for in those other years. Current year assumes all of MAA, including WUTA's share, is transferred to support the general fund. Any revisions to this assumption will be reflected at First Interim. Contributions from unrestricted to restricted primarily include support to special education (resource code (RS) 6500), routine maintenance (RS 8150), and transportation (RS 7230). Contributions going into unrestricted include Title II supporting CSR and MAA from RS 5815 (but only for 2011/12 and one quarter in 2012/13).

#### EXPENDITURES:

Certificated & Classified Salary & Employee Benefits (objects 1000-3999): For 2011/12, salaries and fringe benefits were updated based on position control (outside of financial system) to include the Board authorized reductions as per the Fiscal Recovery Plan's Cut List. However, since we may be entering into agreements with GCOE to provide technology services as we provide yard care, those positions have been restored. If agreements do not materialize, then budget and position control will be realigned at First Interim. Additionally, due to the need for ASB services at the high school, a 3.9 hour account clerk position has been added. Continuation school has been budgeted but at a limited amount due to our requirement to provide alternative education. Both 2012/13 and 2013/14 account for step and column increases running roughly under 1%. Also included in 2011/12 through 2012/13 is the assumption of continued decrease in work days for all groups except for Classified which at this time assume no furloughs. In 2013/14 no furloughs are included for all groups except confidential and management. Once Jobs funding is depleted and the full impact to Title I due to PI status are realized, further reductions in workforce may be necessary in 2012/13 and beyond in our categorically funded positions. Because Jobs funding funds two teaching positions and we are projecting further decline in enrollment, it is assumed two positions will be eliminated and not transferred back to unrestricted general fund. Post retirement continues to grow as more individuals that are eligible to retire are indeed retiring. We are currently paying our post retirement on a "pay as you go" and once our updated actuarial is completed; we need to strive to fully fund our annual contribution to ensure our ability to fund this commitment into the future. Once statutory costs have been finalized, current year and multi-year will be updated accordingly within the First Interim.

Books and Supplies & Services and Other Operating Expenditures (4000-5999): Unrestricted for supplies reflect a slight decrease, and this is due to funding at the site level being adjusted based on

CBEDS. Since we are experiencing declining enrollment, their budgets are reduced accordingly. Supplies under restricted programs are balanced generally in this category. We will be using carryover to support site needs and categorical requirements. A large component of unrestricted operational is for utilities, thus accounting for approximately 41% of that category. The other component would be object 5800 which includes the audit, legal, consultants (GCOE for technology support), and other operating such as our obligations to PARS (last year to fund is 2013/14), hardware/software support, internet access, mandate and ERATE claiming, etc. Restricted includes our requirement due to PI status of compensating a vendor for intervention services which accounts for approximately 52% of that category at this time. However, this figure may need to be increased as demands increase for this particular service resulting in other needs not being fulfilled at the site level. Additionally, this requirement is not adequately funded in the out years thus impacting other ongoing costs that would need to be reduced and/or eliminated. The balance of this category is allocated for training because of Title II and maintenance on equipment and buildings as needed for transportation and deferred maintenance programs.

Capital Outlay (6000-6999): Capital outlay will be budgeted if it becomes essential and/or funded from outside restricted resources.

Other Outgo (7100-7299; 7400-7499): Special education excess cost payable to GCOE is budgeted to remain the same throughout the multi-year. This may or may not be realistic as costs do increase. Therefore, there should be an increase in the multi-year; however, since the allocation is partially based on enrollment and we have been experiencing a severe decline due in part to the charter, it is possible our fair share would be going down, while theirs would be going up accordingly, making it possible we could remain close to the same. We will need to watch and adjust as more information is known. Debt costs remain the same through the multi-year with 2013/14 being the last year.

Indirect (7310-7350): The 2011/12 rate is at 9.61% and has been applied in the multi-year. Indirect for cafeteria is at 4.44%. At First Interim, once all carryover has been appropriated, the indirect that is allowable will be reassessed for each categorical. We have few categoricals in which to charge indirect and many have ceilings that are less than our allowable rate, therefore, will be charged accordingly.

Other Financing Uses (7600-7699): We assume contribution to the cafeteria fund is adequate for all three years which has been reduced from prior levels due to staffing reductions.

#### FUND BALANCE:

Components of Ending Fund Balance (9700-9799): Unrestricted Fund balance reserve objects 9710-9719 are for cash in other banks to account for revolving and clearing accounts, and it is reserved for all three years.

Object 9780, Assigned (formerly called "other designations") for 2011/12 includes set aside for CAHSEE services, formerly Fund 17, IMFRP, vacation liability, bus replacement, and the \$330 per ADA. For the specific amounts, refer to July 1 Budget (Single Adoption) General Fund, Unrestricted/Restricted, Form 01 page 3.

Object 9789, Unassigned/Unappropriated, Reserved for Economic Uncertainties (formerly DEU object 9770) meets our 3% minimum requirement (less than has been extended for two more years, however not recommended). A portion of DEU (\$219,996) is being met via what was formerly Fund 17 by undesignating from object 9780. Object 9790, Unassigned and unappropriated, at this time is zero.

Multi-year reflects the Assigned (object 9780) decreasing when it should be increasing because we desire to retain the designations with some level of depletion; however we are to continue to set aside the \$330 per ADA into the multi-year. We are not able to do that due to deficit spending of \$421,761 in 2012/13 and \$619,567 in 2013/14. In readings from others sources, it was recommended if one holds the \$330 per ADA in reserve to double the amount in 2012/13 and triple in 2013/14. Considering our estimate is roughly \$479,279, by implementing that option we would have required a contribution from a restricted fund such as what was formerly Fund 20, but it would have been inadequate to meet our needs through the required three year projection period.

Restricted Due to GASB 54, all restricted now fall under object 9740, restricted. Restricted fund balance includes our set aside for deferred maintenance, restricted lottery, and what was formerly Fund 20 Post Retirement

#### THE FUTURE:

The state budget continues to be of concern even though the May Revision was much better than we expected. We need to respond carefully in the event circumstances change once the State's budget has been adopted.

Regardless what happens with the pending State budget, we still need to address our declining enrollment, deficit spending and reductions in staffing and programs. Therefore, it benefits us to focus on retaining our students, improving upon our "seat" time to increase our ADA and improve academics such that we are out of PI status and able to utilize all of our restricted funds for locally identified purposes.

Description	Object Codes	2011-12 Budget (Form 01) (A)	% Change (Cols. C-A/A) (B)	2012-13 Projection (C)	% Change (Cols. E-C/C) (D)	2013-14 Projection (E)
<b>A. REVENUES AND OTHER FINANCING SOURCES</b>						
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
1. Revenue Limit Sources	8010-8099	7,865,486.00	-0.97%	7,789,049.54	0.79%	7,850,235.19
2. Federal Revenues	8100-8299	1,259,811.00	-30.74%	872,553.00	-5.32%	826,120.00
3. Other State Revenues	8300-8599	1,730,518.00	0.54%	1,739,907.00	1.14%	1,759,683.00
4. Other Local Revenues	8600-8799	332,455.00	1.79%	338,414.00	1.53%	343,603.00
5. Other Financing Sources	8900-8999	560.00	0.00%	560.00	0.00%	560.00
6. Total (Sum lines A1 thru A5)		11,188,830.19	-4.01%	10,740,483.54	0.37%	10,780,201.19
<b>B. EXPENDITURES AND OTHER FINANCING USES</b>						
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
1. Certificated Salaries				5,650,148.00		5,523,162.00
a. Base Salaries				37,014.00		25,169.00
b. Step & Column Adjustment				0.00		0.00
c. Cost-of-Living Adjustment				(164,000.00)		170,000.00
d. Other Adjustments						
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	5,650,148.00	-2.25%	5,523,162.00	3.53%	5,718,331.00
2. Classified Salaries				1,363,648.00		1,318,145.00
a. Base Salaries				26,273.00		8,395.00
b. Step & Column Adjustment				0.00		0.00
c. Cost-of-Living Adjustment				(71,776.00)		0.00
d. Other Adjustments						
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	1,363,648.00	-3.34%	1,318,145.00	0.64%	1,326,540.00
3. Employee Benefits	3000-3999	1,861,532.00	-2.66%	1,812,046.00	2.65%	1,860,111.00
4. Books and Supplies	4000-4999	269,195.00	-8.74%	245,663.00	-1.19%	242,731.00
5. Services and Other Operating Expenditures	5000-5999	1,417,162.00	-1.75%	1,392,406.00	-0.97%	1,378,935.00
6. Capital Outlay	6000-6999	0.00	0.00%	0.00	0.00%	0.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	879,119.00	0.00%	879,119.00	0.00%	879,119.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(28,972.00)	0.00%	(28,972.00)	0.00%	(28,972.00)
9. Other Financing Uses	7600-7699	61,018.00	11.29%	67,908.00	4.57%	71,011.00
10. Other Adjustments				0.00		0.00
11. Total (Sum lines B1 thru B10)		11,472,850.00	-2.30%	11,209,477.00	2.13%	11,447,806.00
<b>C. NET INCREASE (DECREASE) IN FUND BALANCE</b>						
(Line A6 minus line B11)						
		(284,019.81)		(468,993.46)		(667,604.81)
<b>D. FUND BALANCE</b>						
1. Net Beginning Fund Balance (Form 01, line F1e)		2,798,162.98		2,514,143.17		2,045,149.71
2. Ending Fund Balance (Sum lines C and D1)		2,514,143.17		2,045,149.71		1,377,544.90
3. Components of Ending Fund Balance						
a. Nonspendable	9710-9719	5,775.00		5,775.00		5,775.00
b. Restricted	9740	940,500.64		893,268.64		845,230.64
c. Committed						
1. Stabilization Arrangements	9750	0.00		0.00		0.00
2. Other Commitments	9760	0.00		0.00		0.00
d. Assigned	9780	1,223,681.34		809,821.76		183,105.08
e. Unassigned/Unappropriated						
1. Reserve for Economic Uncertainties	9789	344,186.00		336,284.31		343,434.18
2. Unassigned/Unappropriated	9790	0.00		0.00		0.00
f. Total Components of Ending Fund Balance		2,514,142.98		2,045,149.71		1,377,544.90
(Line D3f must agree with line D2)						

