

## COTTONWOOD UNION SCHOOL DISTRICT 2011/2012 THIRD INTERIM BUDGET

AB1200/AB 256 requires the Board of Trustees to certify the status of the District's financial obligations three times of year if the district is qualified or negative. The 3rd Interim Report for period July 1, 2011, through April 30, 2012, provides financial information that has become available since the 2011-2012 budget was adopted in June 2011, and revised at 1<sup>st</sup> and 2<sup>nd</sup> Interims. The Third Interim report focuses on the General Fund, which is the largest and most active district fund. Highlighted below are the notable budget assumptions and/or changes since the 2nd Interim Report.

**Enrollment:** The District's enrollment for October, 2010, was 1,015 students. The October, 2011, enrollment was **948** students, a **decrease of 67 students** from prior year. Over the last five years, the district has **lost 237.99 in ADA**. **This amounts to a loss in revenue from declining enrollment of \$1,436,139 since 2007/2008.**

**Average Daily Attendance (ADA) Calculation:** This year the district reported 907.3 ADA at P-1. Our P-2 report shows ADA of 909.88 district-wide.

**Number of Teachers:** The school district currently has a teaching staff of 42.5 FTE.

### **REVENUES**

	2011/12 Adopted Budget	2011/12 First Interim	2011/12 Second Interim	2011/12 Third Interim	Change
Revenue Limit	\$4,921,533	\$4,911,470	\$4,842,319	\$4,842,594	\$275
Federal Revenue	\$700,647	\$648,613	\$612,787	\$618,502	\$5,715
State Revenue	\$1,513,430	\$1,522,839	\$1,525,885	\$1,536,505	\$10,620
Local Revenue	\$592,455	\$607,619	\$587,929	\$732,948	\$145,019
Other Income Source					\$0
<b>Total Revenue</b>	<b>\$7,728,065</b>	<b>\$7,690,541</b>	<b>\$7,568,920</b>	<b>\$7,730,549</b>	<b>\$161,629</b>

The increase in Federal Revenue is due to increased Forest Reserve funds. The increase in State Revenue is due to increased lottery funds based on P-2 ADA. The Local revenue is increased for 2 reasons: 1) Special Ed Funding went up by \$30,000, and 2) the district will receive approximately \$115,000 from the Air Resources Board (ARB) to retrofit six of our buses and make them ARB compliant.

**EXPENDITURES**

	2011/12 Adopted Budget	2011/12 First Interim	2011/12 Second Interim	2011/12 Third Interim	Change
Certificated Salaries	\$3,252,964	\$3,268,693	\$3,254,532	\$3,264,862	\$10,330
Classified Salaried	\$980,350	\$1,037,640	\$1,050,528	\$1,059,272	\$8,744
Employee Benefits	\$1,543,074	\$1,573,598	\$1,564,965	\$1,568,570	\$3,605
Books & Supplies	\$436,712	\$334,967	\$278,891	\$235,208	-\$43,683
Services & Other Exp's	\$1,127,836	\$1,360,715	\$1,418,348	\$1,540,567	\$122,219
Capital Outlay	\$0	\$0	\$0	\$0	\$0
Other Outgo	\$142,579	\$155,936	\$155,936	\$162,571	\$6,635
Direct Support/ Indirect Costs	-\$17,881	-\$17,881	-\$17,881	-\$17,881	\$0
Interfund Transfers Out		\$20,000	\$20,000	\$20,000	\$0
<b>Total Expenditures</b>	<b>\$7,465,634</b>	<b>\$7,733,668</b>	<b>\$7,725,319</b>	<b>\$7,833,169</b>	<b>\$107,850</b>

**Certificated Salaries** for 3rd Interim are based on 42.5 FTE; no change since 1<sup>st</sup> Interim. The substitute accounts were increased by \$10,330 based on actuals.

**Classified Salaries** for 3rd Interim are increased \$4,404 due to the hiring of a 1:1 special ed aide for balance of year (8<sup>th</sup> gr. student) and by \$4,340 for fiscal expert/advisor costs.

**Employee Benefits** were increased by \$3,605 due to the increase in certificated and classified salaries detailed above.

**Books & Supplies** decreased by \$43,683 due to implementation of spending freeze.

**Services & Other Exp's** increased by \$122,219 overall. The following adjustments were made since 2<sup>nd</sup> Interim: 1) Increase of \$110,483 to retrofit buses, 2) Increase of \$22,400 in Utilities, 3) Increase in Special Ed contracts for student services of \$45,689 and 4) a Decrease of \$56,353 in overall expenditures due to implementation of spending freeze.

**Other Outgo** was increased by \$6,635. This was the General Fund portion of the annual \$95,692 lease payment due to the shortage of funds in the Capital Facilities fund. This payment will be budgeted in the General Fund in the future with the Capital Facilities fund contributing the amount collected each year at the time of payment. The district has made 6 of 15 payments on this lease and will continue efforts to refinance this debt.

**DEFICIT SPENDING**

The District is projecting to deficit spend (expenditures exceed income) \$102,620. This is \$53,779 less than 2<sup>nd</sup> Interim projections.

## ENDING FUND BALANCE

The Third Interim budget projects an ending fund balance of \$1,376,682. The components of the ending fund balance are:

Rev Cash/Prepays/Stores	\$2,000
Economic Uncertainty (4.%)	\$313,500
Other Assignments (as shown below)	\$1,039,227
<u>Breakdown:</u>	
Future Deficits Cuts	\$396,571
MAA Balance	\$196,123
Deferred Maint	\$190,828
IMFRP (textbooks)	\$255,705
Restricted (Medi-Cal/EIA/Rest. Lottery)	<u>\$21,955</u>
Ending Fund Balance	<u>\$1,376,682</u>

## CASH BALANCE

The district is projected to have a **negative cash balance on June 30, 2012 of \$306,012**. This is due to state deferrals. As of June 30, it is estimated the district will have accounts receivables of \$1,926,986. The District can borrow approximately \$335,000 from the Special Reserve Funds before utilizing the TRAN.

The district has received the cross-year TRANS loan to cover any shortage at year end. However, the less we need to borrow; the lower the cost.

## SPECIAL CIRCUMSTANCES

The District is basing the multi-year projection on the Governor's January proposal as instructed by the Shasta County Office of Education. The Governor is proposing to eliminate transportation funding which is \$315,564 for our district. Also, unless the November initiative passes, a reduction of \$370 per ADA on the revenue limit is proposed, which is estimated to be \$332,253 for our district. We must plan based on the initiative not passing.

Due to budgeting the above proposal and the loss of funding due to declining enrollment plus the end of the federal stimulus funding, the District filed a "negative" certification at 2<sup>nd</sup> Interim. We are now projecting negative cash balance of \$314,220 for June 30, 2013. Having the required economic uncertainty no longer covers the cash flow.

The District has implemented a plan to reduce next years' deficit per the Board's direction over the past few months. This has reduced the deficit by \$661,840 for 2012/13. We have also made many cuts over the past few years to try to keep up with the states reduced funding. However, with the latest proposals, we have

to re-look at our priorities and how they are funded. Difficult decisions have been made and may still be necessary in the future. We will all need to work together respectfully to get our district back to fiscal stability.

### **CERTIFICATION**

No certification is required for the Third Interim report. However, the District did file a **negative** certification at Second Interim. This was due to the district being unable to meet its financial obligations for **the subsequent fiscal year**. This certification was based on the projected negative cash balance of \$1,048,622 on June 30, 2013.

### **MULTI-YEAR PROJECTION**

The Third Interim Report is the basis for the multi-year projections.

The following assumptions were used for **2012/2013**:

- Revenue Limit: ADA estimated at 893.50 – a drop of 53.37  
Loss of \$556,420; \$332,253 due to \$370 per ADA cut and \$224,167 due to declining enrollment
- Federal Income down \$184,244 due to \$144,420 in Ed Jobs, \$20,755 in Forest Reserve, \$20,000 in MAA, \$279 in EETT, with Special Ed Increase of \$1,210
- State Income down \$349,686 due to \$315,564 in Transportation, \$8,823 in Mandated costs, \$12,000 in CSR and \$13,299 in Lottery
- Local Income down \$154,519; loss of \$115,250 in ARB funds, \$8,500 in facility rent, and \$31,260 in Special Ed

**Total income loss projected is \$1,244,869**

- Certificated staffing reduced by 8.0 FTE but includes step/column; reduced \$397,700 from 2011-12
- Classified staffing reduced by 10.261 FTE includes step and column; reduced \$244,153 from 2011-12
- Benefits reduced \$374,012 which includes board benefits
- Books and supplies were reduced \$48,267
- Services and Other Exp's reduced \$150,053
- Other outgo increased \$83,365 for Lease Payment
- Interfund transfers out decreased \$15,000 (Cafeteria Encroachment)

**Total expenditure reductions are \$1,145,820**

Projecting to deficit spend \$201,669

The ending balance for 2012/13 is projected to be **\$1,175,013**.

**Cash balance is projected to be (\$332,253).**

The 2012/2013 projections are the basis for the 2013/14 multi-year projections.

The following assumptions were used for **2013/2014**:

- ADA estimated at 874.50 – a drop of 19 with 0 COLA on Revenues
- Certificated staffing reduced by 1.0 FTE, eliminated Athletic stipends, includes step and column
- Classified staffing reduced by 1.0 FTE, includes step and column
- Employee Benefits reduced due to staffing reductions
- Books and supplies increased slightly
- Services and Other Exp's reduced as moving costs are no longer needed

Projecting to deficit spend \$47,819

The ending balance is projected to be **\$1,127,194.**

**Cottonwood Union Elementary  
Cashflow Worksheet  
2011/12 Third Interim**

ACTUALS THROUGH THE MONTH OF (Enter Month Name):		July	August	September	October	November	December
<b>A. BEGINNING CASH</b>	<b>April</b>						
	9110	439,897	562,982	722,422	850,262	245,169	171,462
<b>B. RECEIPTS</b>							
Revenue Limit Sources	8020-8079		90,504	8,132	2,692	5,286	864,967
Property Taxes	8010-8019	52,087	0	386,622	0	294,387	294,387
Principal Apportionment	8080-8099	1,046	2,052	(7,053)	1,786	(29,061)	(10,568)
Miscellaneous Funds	8100-8299	0	0	142,202	0	2,341	32,811
Federal Revenue	8300-8599	10,937	270,903	133,885	53,810	72,539	104,765
Other State Revenue	8600-8799	0	1,250	88,319	(24,841)	38,428	38,691
Other Local Revenue	8910-8929					0	0
Interfund Transfers In	8930-8979					0	0
All Other Financing Sources						0	0
Other Receipts/Non-Revenue						0	0
<b>TOTAL RECEIPTS</b>		<b>64,070</b>	<b>364,709</b>	<b>752,107</b>	<b>33,447</b>	<b>383,920</b>	<b>1,325,053</b>
<b>C. DISBURSEMENTS</b>							
Certificated Salaries	1000-1999	23,851	280,536	280,875	295,867	299,754	299,684
Classified Salaries	2000-2999	47,692	84,315	91,846	89,364	90,422	90,514
Employee Benefits	3000-3999	97,004	120,224	129,993	119,081	123,359	152,617
Books, Supplies and Services	4000-5999	9,489	155,012	115,879	132,794	104,172	132,154
Capital Outlay	6000-6999	0	0	0	0	10,754	(10,754)
Other Outgo	7000-7499	0	0	106,614	5,992	0	22,447
Interfund Transfers Out	7600-7629					0	0
All Other Financing Uses	7630-7699					0	0
Other Disbursements/ Non Expenditures						0	0
<b>TOTAL DISBURSEMENTS</b>		<b>178,036</b>	<b>640,087</b>	<b>725,207</b>	<b>643,098</b>	<b>628,461</b>	<b>686,662</b>
<b>D. PRIOR YEAR TRANSACTIONS</b>							
Assets	9111-9499	377,132	511,199	334,462	30,411	175,393	2,451
Liabilities	9500-9699	(140,081)	(76,381)	(233,522)	(25,853)	(4,559)	7,665
<b>TOTAL PRIOR YEAR TRANSACTIONS</b>		<b>237,051</b>	<b>434,818</b>	<b>100,940</b>	<b>4,558</b>	<b>170,834</b>	<b>10,116</b>
<b>E. NET INCREASE/DECREASE (B - C + D)</b>		<b>123,085</b>	<b>159,440</b>	<b>127,840</b>	<b>(605,093)</b>	<b>(73,707)</b>	<b>648,507</b>
<b>F. ENDING CASH (A + E)</b>		<b>562,982</b>	<b>722,422</b>	<b>850,262</b>	<b>245,169</b>	<b>171,462</b>	<b>819,969</b>
<b>G. ENDING CASH, PLUS ACCRUALS</b>							







**Cottonwood Creek Charter  
Cashflow Worksheet  
2012/13 for 11/12 Third Interim**

	Object	January	February	March	April	May	June	Accruals / Adjustments	TOTAL
<b>ACTUALS THROUGH THE MONTH OF (Enter Month Name):</b>									
<b>A. BEGINNING CASH</b>	None	808,492	1,502,285	1,078,574	733,972	926,219	439,498		
<b>B. RECEIPTS</b>	9110								
Revenue Limit Sources									
Property Taxes	8020-8079	1,267	603	(401)	448,557	(31,282)	(34,367)	0	1,294,168
Principal Apportionment	8010-8019	791,591	15,644	0	143,926	46,932	0	1,201,467	3,128,820
Miscellaneous Funds	8080-8099	(10,521)	(10,531)	(35,847)	(11,006)	(11,369)	(16,110)	0	(136,814)
Federal Revenue	8100-8299	61,050	19,617	122,310	0	63,654	(158,378)	158,378	434,258
Other State Revenue	8300-8599	103,241	94,206	109,644	164,037	27,257	(133,198)	231,798	1,186,819
Other Local Revenue	8600-8799	145,682	3,325	12,089	30,679	40,068	92,950	119,454	578,429
Interfund Transfers In	8910-8929	0	0	0	0	0	0	0	0
All Other Financing Sources	8930-8979	0	0	0	0	0	0	0	0
Other Receipts/Non-Revenue		0	0	0	0	0	0	0	0
<b>TOTAL RECEIPTS</b>		<b>1,092,310</b>	<b>122,864</b>	<b>207,795</b>	<b>776,192</b>	<b>135,259</b>	<b>(249,104)</b>	<b>1,711,097</b>	<b>6,485,680</b>
<b>C. DISBURSEMENTS</b>									
Certificated Salaries	1000-1999	257,054	256,175	263,085	270,611	257,360	262,661	0	2,867,162
Classified Salaries	2000-2999	67,734	71,271	73,092	68,129	74,834	79,804	0	815,119
Employee Benefits	3000-3999	89,043	98,907	104,479	101,331	110,245	125,265	0	1,194,558
Books, Supplies and Services	4000-5999	104,785	146,622	104,984	136,092	179,542	44,757	200,000	1,577,455
Capital Outlay	6000-6999	0	0	0	0	0	0	0	0
Other Outgo	7000-7499	0	17,604	0	10,458	0	(12,873)	0	228,055
Interfund Transfers Out	7600-7629	0	0	0	0	0	5,000	0	5,000
All Other Financing Uses	7630-7699	0	0	0	0	0	0	0	0
Other Disbursements/ Non Expenditures		0	0	0	0	0	0	0	0
<b>TOTAL DISBURSEMENTS</b>		<b>518,616</b>	<b>590,579</b>	<b>545,639</b>	<b>586,621</b>	<b>621,980</b>	<b>504,614</b>	<b>200,000</b>	<b>6,687,349</b>
<b>D. PRIOR YEAR TRANSACTIONS</b>									
Assets	9111-9499	120,439	45,796	0	(10,826)	0	0	(21,865)	1,926,986
Liabilities	9500-9699	(340)	(1,791)	(6,757)	13,502	0	0	0	(244,292)
<b>TOTAL PRIOR YEAR TRANSACTIONS</b>		<b>120,099</b>	<b>44,005</b>	<b>(6,757)</b>	<b>2,676</b>	<b>0</b>	<b>0</b>	<b>(21,865)</b>	<b>1,682,694</b>
<b>E. NET INCREASE/DECREASE (B - C + D)</b>		<b>693,793</b>	<b>(423,711)</b>	<b>(344,602)</b>	<b>192,247</b>	<b>(486,721)</b>	<b>(753,718)</b>	<b>1,489,233</b>	<b>1,481,025</b>
<b>F. ENDING CASH (A + E)</b>		<b>1,502,285</b>	<b>1,078,574</b>	<b>733,972</b>	<b>926,219</b>	<b>439,498</b>	<b>(314,220)</b>		
<b>G. ENDING CASH, PLUS ACCRUALS</b>									<b>1,175,013</b>

Cottonwood Union Elementary School District  
 Projected Program Cuts and Adjustments for 2011/12 (Not Included in Second Interim Budget)

Projected Adjustment	Estimated Savings	Implemented	Action Pending
District Office Reductions	\$0		
	0		
	0		
	0		
Total Reduction	\$0		
Certificated Reductions (1000 Object Code)			
Increase Substitutes	\$10,330		
	0		
	0		
	0		
	0		
Total Increase	\$10,330		
Classified Reductions (2000 Object Code)			
Increased Fiscal Expert/Advisor Costs	\$4,340		
Increased Aide/Support Staff	\$4,404		
	0		
	0		
Total Increase	\$8,744		
Employee Benefit Reduction (3000 Object Code)			
Benefits to follow increased Salaries Above	\$3,605		
	0		
	0		
Total Increase	\$3,605		
Supplies & Operations Reductions (4000 & 5000 Object Codes)			
Reductions due to Spending Freeze (\$4,000)	(\$43,683)		
Increased PO to ARB - Bus Retrofits	\$110,483		
Increased Utilities to actuals	\$22,400		
Reductions due to Spending Freeze (\$5,000)	(\$56,353)		
Increased Sp Ed Contracts	45,689		
	0		
Total Increase	\$78,536		
Contribution Reductions (7000 Object Code)			
	\$0		
	0		
Total Reduction	\$0		
<b>Total Increases</b>	<b>\$97,610</b>		
Revenue Increases			
	\$0		
	0		
Total Increase	\$0		

Cottonwood Union Elementary School District  
 Projected Program Cuts and Adjustments for 2012/13 (Not Included in Second Interim Budget)

Projected Adjustment	Estimated Savings	Implemented	Action Pending
<b>District Office Reductions</b>			
	\$0		
	0		
	0		
	0		
<b>Total Reduction</b>	\$0		
<b>Certificated Reductions (1000 Object Code)</b>			
Reduce by Cert Layoffs/Retirement	(175,271)		
Eliminate Yearbook Stipends	(3,168)		
	0		
<b>Total Reduction</b>	(\$178,439)		
<b>Classified Reductions (2000 Object Code)</b>			
Reduce Comp Tech to 156 days	(1,948)		
Eliminate Unrest Paraprofessionals	(125,198)		
Add 3 Title I Paraprofessionals	33,484		
Reduce 2.0 FTE Custodians	(63,465)		
Reduce 1.575 FTE Clerical	(55,760)		
Reduce Custodial Subs	(1,700)		
Reduce Clerical Subs	(1,000)		
Add Moving Costs (Cust time)	10,000		
	0		
<b>Total Reduction</b>	(\$205,587)		
<b>Employee Benefit Reduction (3000 Object Code)</b>			
Term Brd Benefits	(\$39,400)		
Reduce by Cert Layoffs/Retirement	(147,678)		
Eliminate Yearbook Stipends	(428)		
Reduce Comp Tech to 156 days	(477)		
Eliminate Unrest Paraprofessionals	(30,636)		
Add 3 Title I Paraprofessionals	8,194		
Reduce 2.0 FTE Custodians	(35,234)		
Reduce 1.575 FTE Clerical	(23,496)		
Reduce Custodial Subs	(195)		
Reduce Clerical Subs	(115)		
Add Moving Costs (Cust time)	2,447		
	0		
<b>Total Reduction</b>	(\$267,017)		
<b>Supplies &amp; Operations Reductions (4000 &amp; 5000 Object Codes)</b>			
Reduce Office Supplies	(2,000)		
Reduce Custodial Supplies	(5,000)		
Reduce Maintenance Supplies	(2,500)		
Reduce Laundry Service	(3,000)		
Reduce Tech Cont by 10%	(2,800)		
Reduce Utilities	(46,580)		
Reduce Tech Software	(14,650)		
Add Moving Costs (plygnd/tech/fence)	75,000		
	0		
<b>Total Reduction</b>	(\$1,530)		
<b>Contribution Reductions (7000 Object Code)</b>			
	\$0		
	0		
<b>Total Reduction</b>	\$0		
<b>Total Reductions</b>	<b>(\$652,573)</b>		
<b>Revenue Increases</b>			
	\$0		
	0		
<b>Total Increase</b>	\$0		

Cottonwood Union Elementary School District  
 Projected Program Cuts and Adjustments for 2013/14 (Not Included in Second Interim Budget)

Projected Adjustment	Estimated Savings	Implemented	Action Pending
<b>District Office Reductions</b>			
Eliminate 1 FTE Administrator	(115,819)		
Increased Salary for Sup/Principal	30,000		
	0		
	0		
<b>Total Reduction</b>	<u>(\$85,819)</u>		
<b>Certificated Reductions (1000 Object Code)</b>			
Eliminate Athletic Stipends	(25,852)		
	0		
	0		
	0		
<b>Total Reduction</b>	<u>(\$25,852)</u>		
<b>Classified Reductions (2000 Object Code)</b>			
Eliminate 1 FTE Librarian	(30,470)		
	0		
	0		
	0		
<b>Total Reduction</b>	<u>(\$30,470)</u>		
<b>Employee Benefit Reduction (3000 Object Code)</b>			
Eliminate 1 FTE Administrator	(25,488)		
Eliminate Athletic Stipends	(3,490)		
Eliminate 1 FTE Librarian	(17,308)		
<b>Total Reduction</b>	<u>(\$46,286)</u>		
<b>Supplies &amp; Operations Reductions (4000 &amp; 5000 Object Codes)</b>			
	\$0		
	0		
	0		
<b>Total Reduction</b>	<u>\$0</u>		
<b>Contribution Reductions (7000 Object Code)</b>			
	\$0		
	0		
<b>Total Reduction</b>	<u>\$0</u>		
<b>Total Reductions</b>	<u><u>(\$188,427)</u></u>		
<b>Revenue Increases</b>			
	\$0		
	0		
<b>Total Increase</b>	<u>\$0</u>		