

# Chico Unified School District

**2010-11**

## **Second Interim Financial Report**

**Period Ending January 31, 2011**

### ***Board of Trustees***

**Dr. Kathleen Kaiser**  
**President**

Jann Reed  
Vice President

Eileen Robinson  
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Elizabeth Griffin  
Member

Dr. Andrea Lerner Thompson  
Member

Kelly Staley  
Superintendent

Maureen Fitzgerald  
Assistant Superintendent, Business  
Services



Chico Unified School District  
2010-11 Second Interim  
**AB1200 Reporting Requirements**

AB1200 requires that Budget and Financial data are reported at periodic intervals throughout the fiscal year.

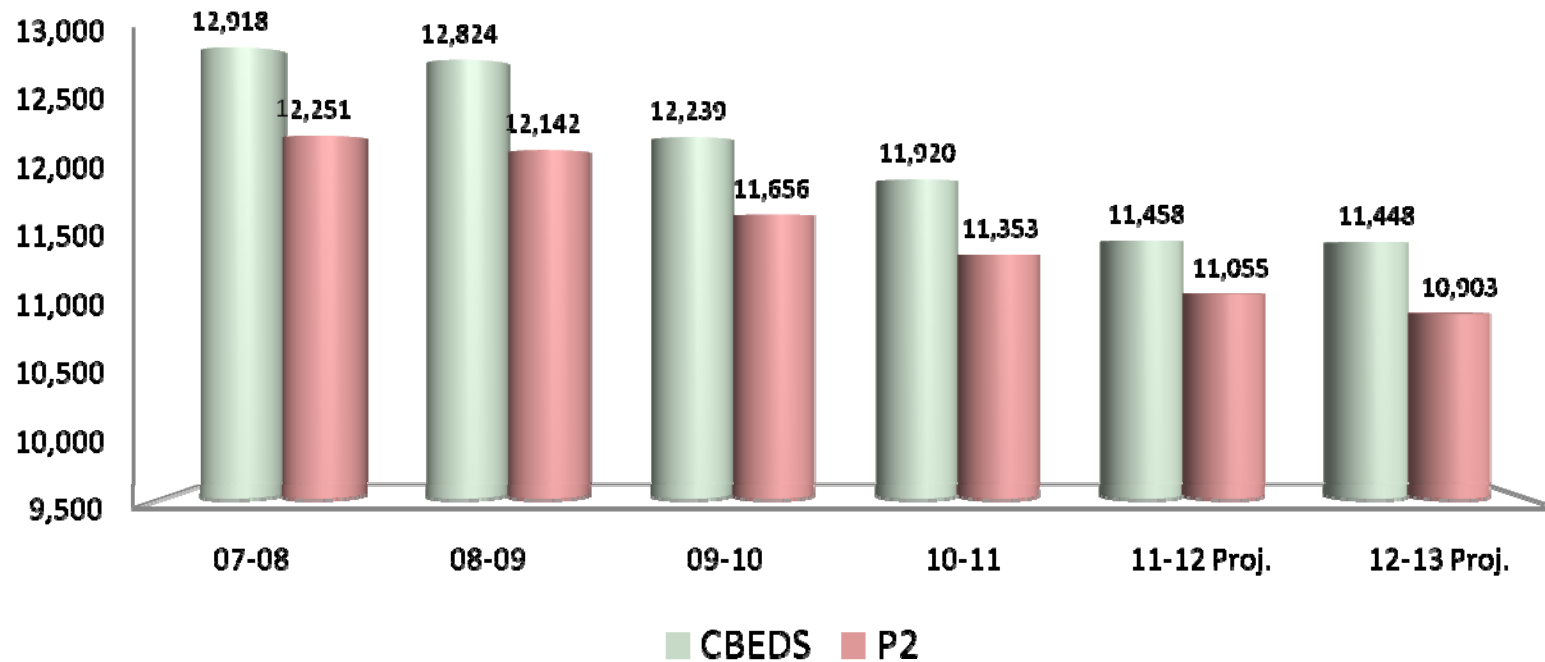
- ✓ July 1 Budget Adoption – *The Board of Trustees must adopt the budget by June 30 for the subsequent fiscal year*
- ✓ Unaudited Actuals – September 15<sup>th</sup>. *The district must submit board approved unaudited financial reports for the previous fiscal year to the County Office of Education.*
- ✓ First Interim Report – December 15<sup>th</sup>. *Actuals through October 31<sup>st</sup> along with any material budget revisions to review the fiscal status of the district as of the interim period. The district must also submit a multi-year projection reflecting the current to two subsequent years.*
- ✓ Second Interim Report – March 15<sup>th</sup>. *Actuals through January 31<sup>st</sup> along with any material budget revisions to review the fiscal status of the district as of the interim period. The district must also submit a multi-year projection reflecting the current to two subsequent years.*
- ✓ Third Interim Report – May 31<sup>st</sup>. *Actuals through May 31<sup>st</sup>. A Third Interim is required if the district has received either a Qualified or Negative certification for any previous reporting period.*

Chico Unified School District  
2010-11 Second Interim  
**AB1200 Certifications**

The following definitions explain Certification status issued at each reporting period.

- **Positive** - *The district has and can meet it's financial obligations, based upon current projections, in the current and two subsequent years.*
  
- **Qualified** - *The district may not meet it's financial obligations, based upon current projections, in the current and/or two subsequent years.*
  
- **Negative** - *The district will not have CASH to meet it's financial obligations, based upon current projections, in the current or subsequent year.*

## Chico Unified School District 2010-11 Second Interim **CBEDS vs. P2 Average Daily Attendance**



The 2009-10 School year saw significant enrollment loss which did not manifest into the 2010-11 year. Whether or not this changes the trend is yet to be measured, however, it does improve the current fiscal outlook with ongoing impact into future projections. Aside the 09-10 year losses, assuming regular enrollment decline, the most significant enrollment loss projected for the 2011-12 and 2012-13 years is to current and potential future charter schools.

Chico Unified School District  
2010-11 Second Interim  
**Total Changes to Unrestricted Fund Balance**

**1st Interim Unrestricted Ending Fund Balance** **\$15,987,948**

One-Time Changes to FB

<i>Prior Year Mandated Costs</i>	\$439,392
<i>General Fund portion of MAA</i>	\$825,111
<i>Special Education Contribution</i>	(\$410,341)
<i>ARRA-SFSF Reauthorization</i>	\$804,812
<i>Final 10% Federal Jobs Bill</i>	\$235,234
<i>ARRA transfers from Restricted</i>	\$296,373

Misc. On-going Adjustments	<u>(\$74,472)</u>
	\$2,116,109

**2nd Interim Unrestricted Ending Fund Balance** **\$18,104,057**

Chico Unified School District  
2010-11 Second Interim  
**The Bottom Line-Unrestricted General Fund**

Total Revenue/Transfers In	\$75,512,819
Total Expenditures/Transfers Out	(\$60,901,202)
Contributions to Restricted Programs	<u>(\$10,267,030)</u>
Net (Decrease) in Fund Balance	\$4,344,587

Beginning Fund Balance	<u>\$13,759,470</u>
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<b>Ending Fund Balance</b>	<b><u>\$18,104,057</u></b>
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***Components of Fund Balance:***

<i>Reserve for Economic Uncertainties</i>	\$3,204,881
<i>Other Unrestricted Reserves</i>	\$1,065,559
<i>Other Restricted Reserves</i>	\$0

<b>Undesignated Fund Balance</b>	<b>\$13,833,617</b>
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Chico Unified School District  
2010-11 Second Interim  
**General Fund Summary**

Description	Unrestricted	Restricted	Total General Fund
<b>Revenue</b>			
Revenue Limit	\$62,266,675	\$298,347	\$62,565,022
Federal Revenues	\$55,887	\$19,232,618	\$19,288,505
State Revenues	\$9,999,346	\$8,175,017	\$18,174,363
Local Revenues	\$1,089,926	\$3,876,645	\$4,966,571
<b>Total Revenue</b>	<b>\$73,411,834</b>	<b>\$31,582,627</b>	<b>\$104,994,461</b>
<b>Expenditures</b>			
Certificated Salaries	\$30,710,164	\$16,773,577	\$47,483,741
Classified Salaries	\$7,256,645	\$8,441,343	\$15,697,988
Employee Benefits	\$16,256,719	\$7,684,874	\$23,941,593
Books and Supplies	\$1,701,587	\$9,480,593	\$11,182,180
Services	\$4,926,600	\$1,897,693	\$6,824,293
Capital Outlay	\$113,237	\$6,047	\$119,284
Other Outgo	\$779,997	\$713,569	\$1,493,566
Direct Support/Indirect Costs	(\$1,040,603)	\$930,477	(\$110,126)
<b>Total Expenditures</b>	<b>\$60,704,346</b>	<b>\$45,928,173</b>	<b>\$106,632,519</b>
<b>Excess/(Deficiency) of Revenues over Expenditures Before Other Financing Sources and Uses</b>	<b>\$12,707,488</b>	<b>(\$14,345,546)</b>	<b>(\$1,638,058)</b>
<b>Interfund Transfers</b>			
Transfers In	\$2,100,985	\$0	\$2,100,985
Transfers Out	(\$196,856)	\$0	(\$196,856)
Other Uses			\$0
All Other Contributions to Restricted Programs	(\$10,267,030)	\$10,267,030	\$0
<b>Total Transfers</b>	<b>(\$8,362,901)</b>	<b>\$10,267,030</b>	<b>\$1,904,129</b>
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>\$4,344,587</b>	<b>(\$4,078,516)</b>	<b>\$266,071</b>
<b>Beginning Balance</b>	<b>\$13,759,470</b>	<b>\$4,599,484</b>	<b>\$18,358,954</b>
<b>Ending Balance</b>	<b>\$18,104,057</b>	<b>\$520,968</b>	<b>\$18,625,025</b>
<b>Components of Fund Balance</b>			
Reserved Components	\$438,064		\$438,064
Audit Adjustment	\$135,567		\$135,567
Other Designations	\$491,928	\$520,968	\$1,012,896
Designated or Economic Uncertainty	\$3,204,881		\$3,204,881
<b>Unappropriated Fund Balance</b>	<b>\$13,833,617</b>	<b>\$0</b>	<b>\$13,833,617</b>

## Chico Unified School District 2010-11 Second Interim **The State Budget**

In January 2011 the Governor presented his 2011-12 proposed budget. The Governor's Budget proposes flat funding for K-12 education if the temporary taxes are extended. The expiration of temporary taxes drives down the Proposition 98 minimum guarantee for 11-12 by over \$2 billion, reducing the amount coming to K-12. The following are for proposed revenue limits:

- 2010-11: No Change to 2010-11 Enacted Budget Levels
- For 2011-12:
  - *Full funding for an estimated .22% increase in ADA*
  - *No funding increase for the estimated %1.67 statutory COLA*
  - *19.608% deficit factor, which eliminates the statutory COLA*
  - Total revenue limit change per the January Proposed Budget
    - **(\$19)/ADA**
- *The actual statutory COLA will be updated in the May Revision*



Chico Unified School District  
2010-11 Second Interim  
**Multi Year Projection-Unrestricted General Fund Only**

**Multi-Year Scenario WITH the extension of temporary taxes**

	2010-11 2nd Interim	2011-12 Projected	2012-13 Projected
Total Revenue/Transfers In	\$75,512,819	\$73,716,710	\$73,411,556
Total Expenditures/Transfers Out	(\$60,901,202)	(\$66,226,941)	(\$68,761,594)
Contributions to Restricted Programs	(\$10,267,030)	(\$12,652,809)	(\$12,850,135)
Net (Decrease) in Fund Balance	\$4,344,587	(\$5,163,040)	(\$8,200,173)
Beginning Fund Balance	\$13,759,470	\$18,104,057	\$12,941,017
<b>Ending Fund Balance</b>	<b>\$18,104,057</b>	<b>\$12,941,017</b>	<b>\$4,740,844</b>
<b>Components of Fund Balance:</b>			
3% Required Reserve for Economic Uncertainties	\$3,204,881	\$3,017,449	\$3,083,779
Other Unrestricted Reserves	\$1,065,559	\$866,238	\$959,341
Other Restricted Reserves	\$0	\$0	\$0
<b>Undesignated Fund Balance</b>	<b>\$13,833,617</b>	<b>\$9,057,330</b>	<b>\$697,724</b>
Additional 2% Reserve per Board Policy	\$2,136,588	\$1,995,433	\$2,039,653
<b>Undesignated Fund Balance with 5% Reserve for EU per Board Policy</b>	<b>\$11,697,029</b>	<b>\$7,061,897</b>	<b>(\$1,341,929)</b>

Chico Unified School District  
2010-11 Second Interim  
**Multi Year Projection-Unrestricted General Fund Only**

**Multi-Year Scenario WITHOUT the extension of temporary taxes**

	2010-11 2nd Interim	2011-12 Projected	2012-13 Projected
Total Revenue/Transfers In	\$75,512,819	\$69,993,505	\$69,688,351
Total Expenditures/Transfers Out	(\$60,901,202)	(\$66,226,941)	(\$68,761,594)
Contributions to Restricted Programs	(\$10,267,030)	(\$12,652,809)	(\$12,850,135)
Net (Decrease) in Fund Balance	\$4,344,587	(\$8,886,245)	(\$11,923,378)
Beginning Fund Balance	\$13,759,470	\$18,104,057	\$9,217,812
<b>Ending Fund Balance</b>	<b>\$18,104,057</b>	<b>\$9,217,812</b>	<b>(\$2,705,566)</b>
<b>Components of Fund Balance:</b>			
<i>Reserve for Economic Uncertainties</i>	\$3,204,881	\$3,017,449	\$3,083,779
<i>Other Unrestricted Reserves</i>	\$1,065,559	\$866,238	\$959,341
<i>Other Restricted Reserves</i>	\$0	\$0	\$0
<b>Undesignated Fund Balance</b>	<b>\$13,833,617</b>	<b>\$5,334,125</b>	<b>(\$6,748,686)</b>
<i>Additional 2% Reserve per Board Policy</i>	\$2,136,588	\$1,995,433	\$2,039,653
<b>Undesignated Fund Balance with 5% Reserve for EU per Board Policy</b>	<b>\$11,697,029</b>	<b>\$3,338,692</b>	<b>(\$8,788,339)</b>

Chico Unified School District  
2010-11 Second Interim  
...still more to consider...

- 2011-12 State Budget

- \$26+ Billion State Budget deficit over multiple years
- Proposed levels for Education funding is predicated on the extension of current tax law by voter approval
  - *Failure to extend tax law could result in further reductions to education ranging from \$350-\$600/ADA*
  - *The estimated ongoing impact to 2011-12 CUSD Projection:*
    - *With the extension of current tax law* \$ (212,895)
    - *Without the extension of current tax law as proposed* \$ (3,921,750)
    - *Impact if cuts to CUSD reach \$600/ADA* \$ (6,723,000)
- The Legislator has the authority to extend the taxes; however, the Governor is calling for voter approval instead
- \$12.5 billion in cuts necessary from other areas of the State budget
- State Budget requires simple majority rather than 2/3 vote to be approved
- State revenues continue to come in above projected levels



# Chico Unified School District 2010-11 Second Interim ...still more to consider...

- 2011-2012 CUSD District Budget

- FY 2011-12 New Charter Loss ??
- Ongoing deficit spending problematic
  - CUSD approximate structural deficit of \$ (3,000,000).
  - Structural deficits are not easily measured when the culprit is the lack of stable revenue
  - Significant factors resulting in ongoing deficits:
    - Declining Enrollment
    - State funding to Education unstable
      - » Zero/Negative COLAs
      - » Unfunded mandates
      - » Temporary flexibility
    - Salary/Benefits costs increase each year
- MYP very tenuous
  - Current Projections are based on the School Services Dartboard used Statewide
  - Assumptions WILL change
  - Closely monitor State budget talks and hope for the best for Education!....

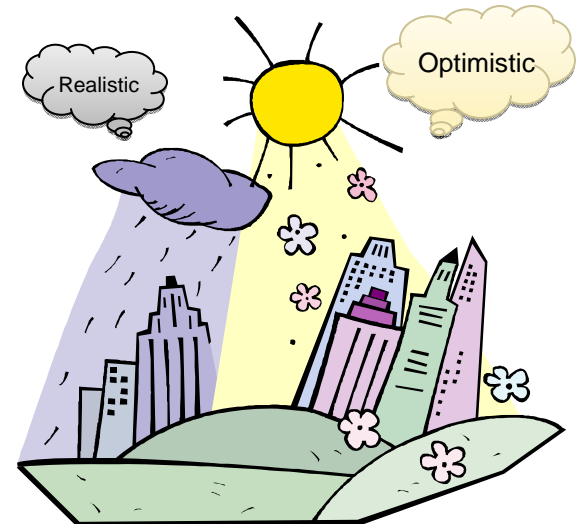


Chico Unified School District  
2010-11 Second Interim  
**In the Eye of the Storm...**

- Continue to closely monitor Cash...
  - Additional proposed deferrals move more than 25% of cash into next fiscal year.

- Know where all the money is going...
  - Monitor unspent allocation and “set-asides” closely.
  - Find better, smarter, more efficient way of doing business...

- Control spending...
  - Wants v. Needs...



- ***Work together to maximize resources, minimize affect to the classroom, and still provide outstanding support and services.***