

Millbrae School District

First Interim Report

FY 2010-11



Linda Luna, Superintendent

Cynthia Shieh, Chief Business Official

December 13, 2010

Interim Reports

Education Code Requires districts to submit reports to the County Office of Education twice a year. This report is referred as “Interim” report.

- 1st Interim Report for FY 2010-11 (as of 10/31/10): Board Action on 12/13/10
- 2nd Interim Report for FY 2010-11 (as of 1/31/11): Board Action on 03/14/11

Certifications (EC 42131 (a)(1))

- Positive Certification: WILL MEET the financial obligations for the current and two subsequent fiscal years
- Qualified Certification: MAY NOT MEET the financial obligations for the current and two subsequent fiscal years
- Negative Certification: WILL BE UNABLE TO MEET the financial obligations for the current and two subsequent fiscal years

A Summary Analysis of the First Interim

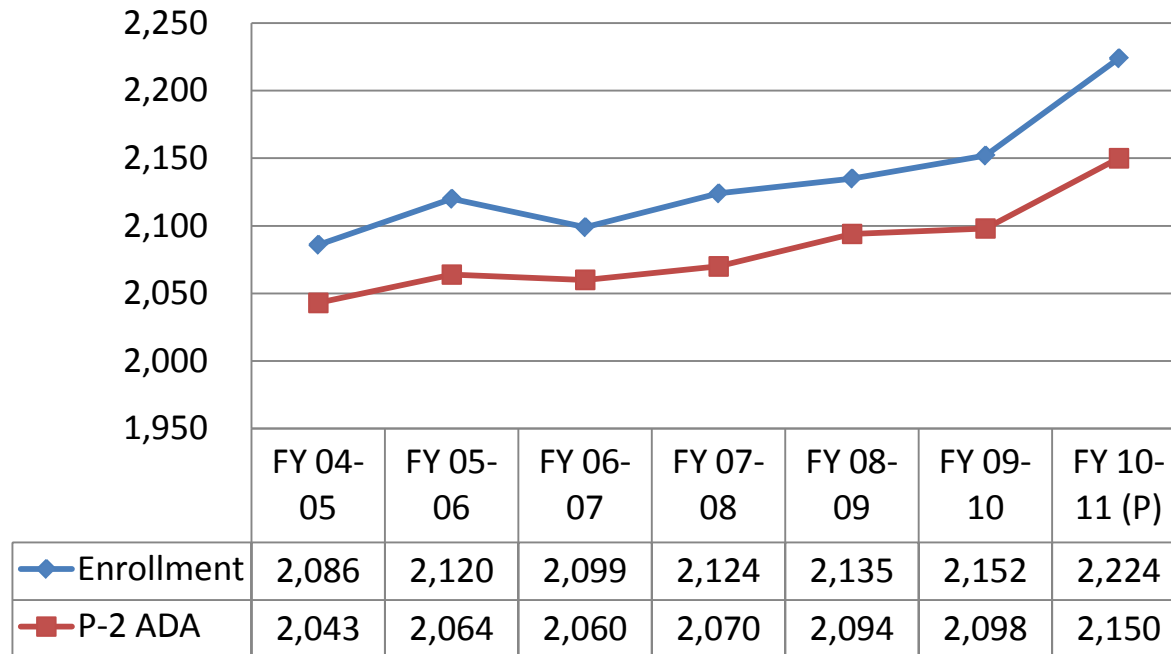
- The enactment of California's 2010 State Budget has the distinction of being the latest in the state's history. It passed on October 8, 2010.
- Similar to past years, the final State Budget includes rosier state and federal revenue projections.
- The major surprise in the final agreement was the restoration of virtually all of the proposed school funding cuts proposed in the May Revision including eliminating 3.85% other Revenue Limit Adjustment, Deficit Factors are reduced from 18.355% to 17.963% and providing Mandated Cost reimbursements.



Budget Assumptions:

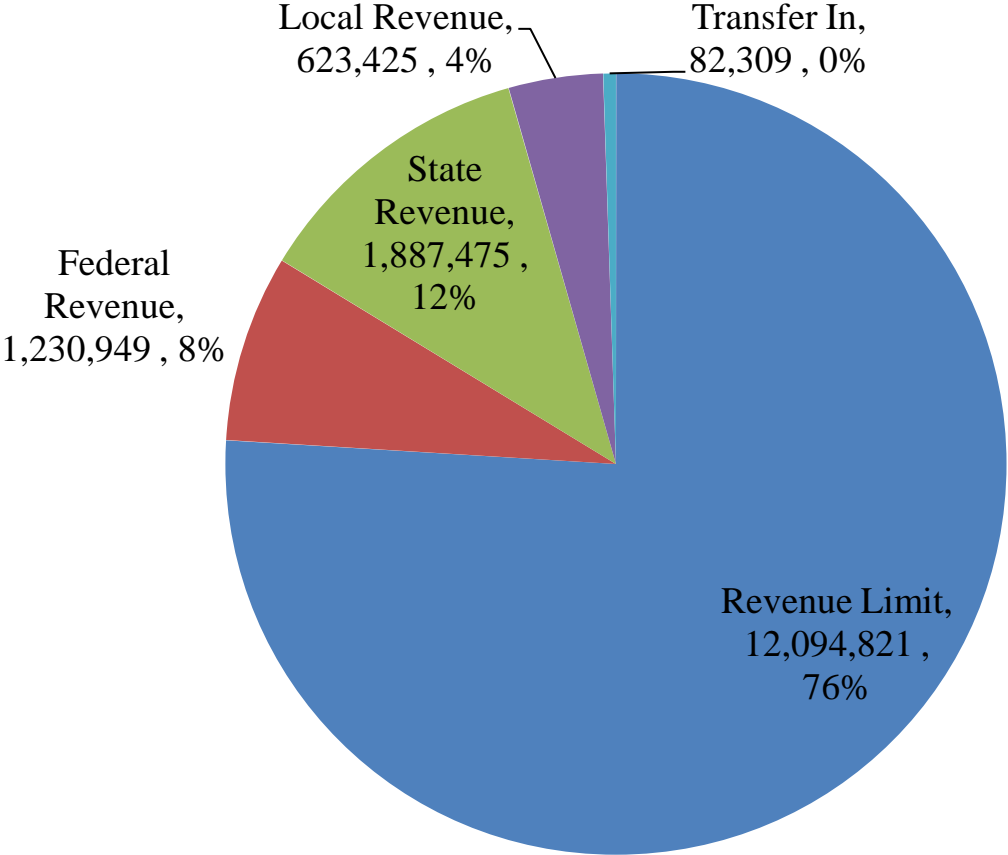
Factor	2010-11	2011-12	2012-13
Statutory COLA	-0.39%	0%	1.9%
Revenue Limit Deficits	17.963%	17.963%	17.963%
Projected P-2 ADA	2,150.00	2,150.00	2,150.00
K-3 Funding (assume 890 pupils)	464,814	464,814	970,990
Federal Education Job Fund	358,686	39,854	-
Furlough Day	5	5	-
K-3 CSR	28	28	20
Staff Development Day	0	0	3

Trends of Enrollment & P-2 ADA



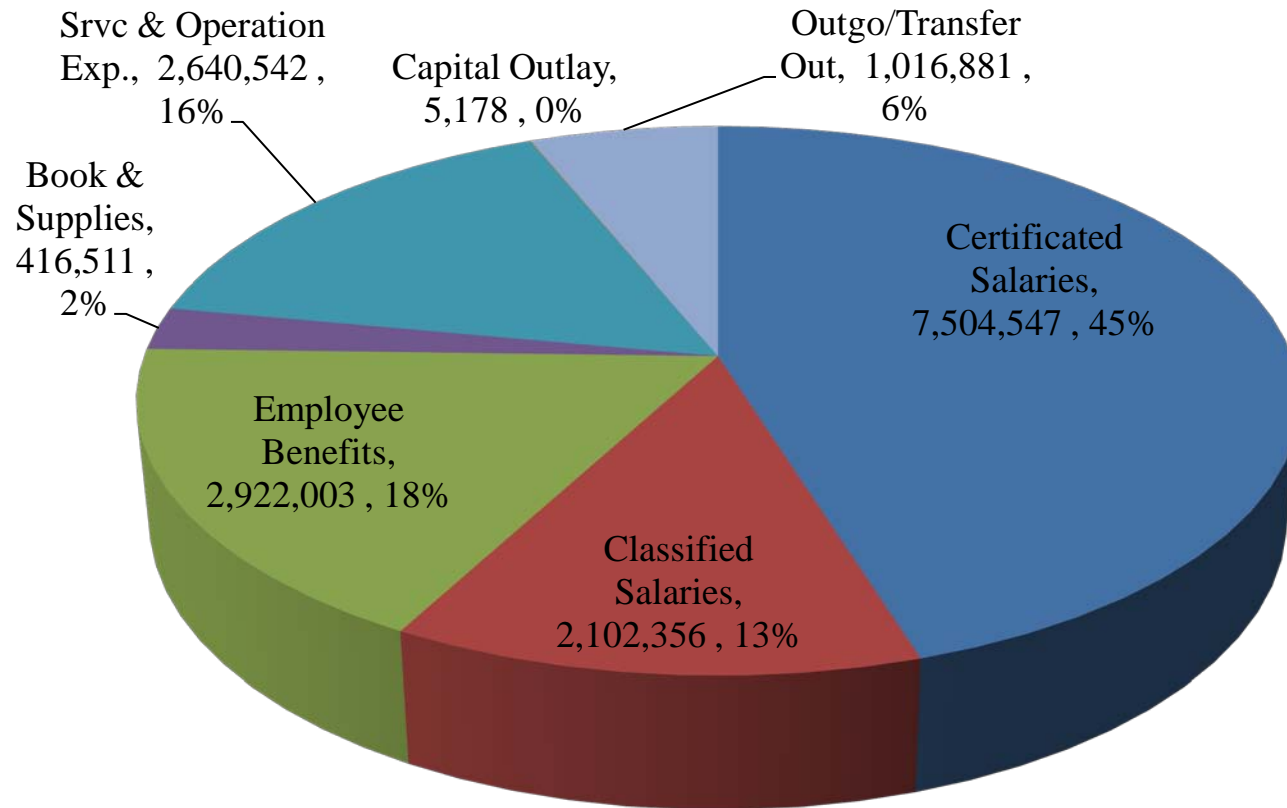
General Fund: Total Projected Revenues: \$15,918,979

(Unrestricted: \$12,545,290; Restricted: \$3,373,689)



General Fund Total Projected Expenditures: \$ 16,608,018

(Unrestricted: \$10,804,245; Restricted: \$5,803,773)



Multi-Year Projections (Unrestricted General Fund)

Unrestricted	FY 10-11	FY 11-12	FY 12-13
Total Revenue	10,035,914	10,856,038	11,893,157
Total Expenditures	10,804,245	11,077,765	12,505,493
Net	(768,331)	(221,727)	(612,336)
Beginning Balance	1,487,558	719,227	497,500
Ending Balance	719,227	497,500	(114,836)
Required Reserve	495,000	495,000	512,500
Budget Shortfall			(627,336)

Please note: The accumulated rental income will be totally exhausted in FY 12-13.

Concerns

- (November, 2010) Legislative Analyst's Office (LAO) reports the Budget gap for current year at \$6 billion, with an additional \$19 billion in 2011-12.
- (December 8, 2010) Gov.-Elect Jerry Brown opens Budget Summit declaring the Budget gap at \$28 billion.
- Reduced penalties for K-3 CSR will be expired on 6/30/12 (FY 2011-12).
- Flexibility of Tier III categorical programs will be expired on 6/30/13 (FY 2012-13).
- Reduction of school year by up to 5 days will be expired on 6/30/13 (FY 2012- 13).
- Suspension of instructional materials adoption requirement is expired on 6/30/13 (FY 2012-13).
- Based upon current projections, District will meet financial obligations for the current year and the next, but NOT the FY 2012-13; District will be making further reductions and finding ways to enhance revenues.

Next Step

- Update financial information based on the Governor's January Budget Proposal