

The District

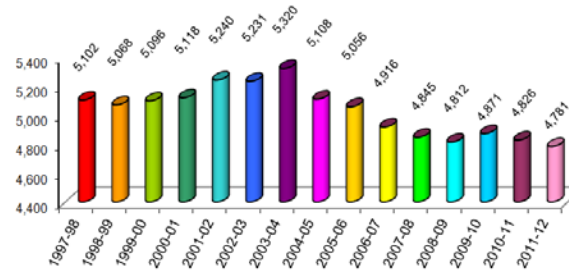
Central School District was established in 1915. It serves 4,666 students. It is an elementary school district serving Kindergarten through eighth grade. The District operates four K-5 elementary schools, one K-4 elementary school, one 5-8 middle school, and one 6-8 middle school.

The District encompasses approximately six square miles of the City of Rancho Cucamonga and is located in the western part of San Bernardino County, about 40 miles east of Los Angeles and 20 miles west of the City of San Bernardino.

As a school district, we are committed to remaining fiscally solvent by effectively managing current resources and pursuing new revenue sources. While this has certainly become a challenge during these most recent times of economic crisis, the District continues to find innovative opportunities and strategies to remain fiscally solvent and ensure the success of each student. Learning will always be the top priority as the District strives for excellence and maintains a family atmosphere, passion and integrity that makes it so unique.

The basic measure of attendance in California's K-12 school system is known as ADA (Average Daily Attendance). To compute ADA, the number of student days of creditable attendance is divided by the number of days school was in session. Each student has the possibility of generating one ADA per year for a district. ADA is a valuable indicator of growth.

Because ADA is the factor used to determine approximately 76% of the District's revenue, enrollment is monitored on a consistent basis. The District's student population peaked in 2003-04 at 5,320. Since then, enrollment has declined over 9% to 4,781 last year. There are several contributing factors that cause this decline, including low birth rates in San Bernardino County and financial conditions causing families to move out of the district boundaries.



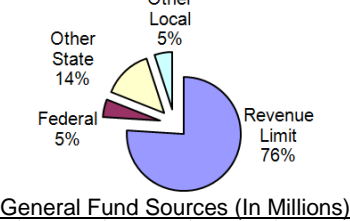
ADA is not known until the year is completed. Therefore, funding is not typically known until the end of the year. However, for declining enrollment districts, like Central School District, the State allows districts to be funded on the greater of the current year or prior year ADA.

The 2012-13 Budget

On June 27, 2012, Governor Jerry Brown signed into law the 2012-13 State Budget. The budget is predicated on

the passage of Proposition 30 (Sales & Income Tax Increase of 2012). Governor Brown indicated that if the tax initiative passes it would increase K-12 funding 14%. The increase in funds would be used to buy down the current deferrals in state funding between fiscal years, so the best case scenario is that school districts would receive the same state funding for 2012-13 as it received in 2011-12.

Central School District generates 76% of its revenue from the District's Revenue Limit, which yields funds based on a State-determined dollar amount multiplied by the average number of students who are in attendance throughout the school year. Public education, unlike any other public agency, receives most of its revenue based on the population it serves. Because enrollment projections show that the District is still declining, the prior year ADA was used to determine the Revenue Limit funding for the 2012-13 fiscal year.



Revenue Limit	\$21.6
Federal	\$1.4
Other State	\$4.2
Other Local	\$1.3
Total Revenues	\$28.5

Based on the Revenue Limit calculations, which includes a cost of living adjustment (COLA) as well as a statewide adjustment for an increase in average daily attendance \$6,416 per student in 2012-13. However, the State has been unable to fully fund school districts since 2007-08. Below is a graph of the Base Revenue Limit (per pupil funding) versus the funded Base Revenue Limit for the last six years.



If Proposition 30 passes, Central School District will receive approximately \$0.78 for every dollar in Revenue Limit funding. That is a loss of \$1,429 per student, or more than \$6.7 million annually. However, due to the uncertainty of the passage of Proposition 30, the District built its budget anticipating it would not pass. Therefore,

the projected per student funding is \$4,546, which reflects a loss of an additional \$441 per student. This represents a total loss in student funding of approximately \$8.8 million.

The second largest source of revenue for the District is State categorical income. Since 2007-08, the State has granted flexibility for 28 State programs, which means funds from those programs can be used for any educational purpose rather than for the purpose for which they were originally intended. Although Central School District does not receive funds for all 28 programs, it does receive funds for the following State categorical flexibility programs:

Class Size Reduction	\$1,004,598
Community Based English Tutoring	\$17,961
School Safety & Violence Prevention	\$10,559
Arts & Music Block Grant	\$65,524
Supplemental School Counseling Program	\$67,165
Gifted & Talented Education	\$31,811
Instructional Materials	\$267,925
Math & Reading Staff Development	\$22,046
Professional Development Block Grant	\$202,734
Targeted Instructional Improvement Block Grant	\$327,699
Staff Development ELL	\$9,022
School & Library Improvement Block Grant (SLIP)	\$445,429
Supplemental Hourly Programs	\$114,631
Peer Assistance & Review (PAR)	\$17,549
Total	\$2,604,653

Other Non-Flexible State funding includes Lottery, Home-To-School Transportation, and Economic Impact Aid. Total State funds comprise approximately 15% of the District's budget.

Federal income is a small portion of the entire District income picture. Most of the income is restricted because it must be spent for purposes that are determined by the grantor – not the local Board of Trustees. Central School District receives approximately \$1.4 million in Federal funds.

Title I	\$516,534
Title II	\$126,518
Title III	\$76,302
Special Ed	\$648,306
Medi-Cal	\$10,000
Total	\$1,377,660

The one-time Federal Stimulus funds the district received in 2009-10 and 2010-11 totaled \$3.8 million. These one-time funds were used to support school sites for the past three years. However, all funds had to be spent by September 30, 2012. The expenses covered

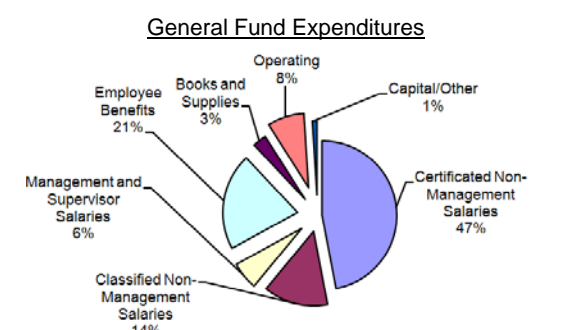
by these programs are now covered by the unrestricted general fund.

The District receives approximately 5% of its revenues through local sources, such as rentals and leases of its facilities, interest, donations, and the Kid/Teen Central Before and After School Care Program.

Most of the District's expenditures are committed to salaries and benefits for employees. In fact, 87% of Central School District's budgeted expenditures are for the services of District employees.

General Fund Expenditures (In Millions)

Certificated Non-Management Salaries	\$14.8
Classified Non-Management Salaries	\$4.3
Management and Supervisor Salaries	\$1.9
Employee Benefits	\$6.7
Books and Supplies	\$1.1
Operating	\$2.4
Capital/Other	\$0.5
Total Expenditures	\$31.7



Employee salaries are divided into three separate line items – certificated, management, and classified employees. Certificated employees include teachers, counselors, nurses, librarians, psychologists, and others who provide services that require credentials from the State of California. Management employees include principals, vice-principals, instructional leaders, classified management personnel, and district superintendents. Classified employees include all of the support personnel in the District, including office managers, educational aides, grounds and maintenance, playground and lunch proctors, and fiscal personnel.

Central School District employs 201 certificated staff, 284 classified staff, and 20 management staff. Below is a breakdown of the various positions.

<u>Certificated Staffing</u>	
Teachers	188
Speech/Language Pathologists	5
Counselors	3
Nurses	2
Psychologists	3

<u>Classified Staffing</u>	
Account Clerk	3
Accounting Assistant (Food Services)	1
Administrative Assistant	5
Child Care Manager/Assistant	42
Custodian	20
Educational Services Technician	1
Food Service Assistant-Caterer	1
Food Service Delivery Worker	2
Food Service Lead/Worker	39
Grounds & Maintenance Lead/Worker	10
Health Clerk	7
Human Resources Technician	1
Library Media Technician	7
Office Manager	8
Paraeducator	61
PCI Coordinator	7
Proctor	46
Purchasing Assistant	1
Receptionist/Duplications Clerk	1
Special Education Technician	1
Technology Support Technician	1
Typist Clerk	18
Warehouse Delivery Worker	1

<u>Management Staffing</u>	
Superintendent	1
Assistant Superintendent	3
Director of Special Education	1
Technology Coordinator	1
Director	2
Principal	7
Assistant Principal	2
Director/School Administrative Manager	1
Department Manager	2

Employee benefits include statutory taxes such as Medicare, Workers' Compensation and Unemployment Insurance. Health and welfare benefits and life insurance for eligible employees and retirees are also budgeted in this expenditure category. The District does have a cap for health and welfare benefits of \$9,690 per employee. As health and welfare costs increase, employees pay more out-of-pocket premium costs. For 2012-13, the average annual out-of-pocket premium cost for employees is \$3,511.

School districts throughout the state face a continuing challenge in funding the costs for serving Special Education students. Central School District is proud of

the Special Education support provided to our students, but the District is also faced with mounting increases in the difference between the federal and state governments' funding and the mandated costs for these vital student services.

Unfortunately, the federal government has not provided the funding that was envisioned when the laws mandating programs for Special Education students were adopted. The nation's capital community committed to providing funding for 40% of the costs of Special Education, but has never been able to match much more than about a 16% funding level. In the last two years the District has used one-time Federal Stimulus funds to offset some of the Special Education costs. Those funds must have been spent by September 30, 2011.

The ongoing shortfall in federal and state funding requires the District to cover the difference between the costs of the Special Education program and the revenues received. During 2012-13 it is estimated that the District will contribute over \$2.7 million from the Unrestricted General Fund for Special Education costs.

<u>Special Education Costs</u>	
Special Education Expense	\$4,212,704
Less: Funded Special Ed.	<u>\$1,512,393</u>
Special Education Contribution	\$2,700,311

In addition to contributing to the Special Education program, the District also anticipates 2012-13 support from the Unrestricted General Fund to be provided to the following programs.

Peer Assistance Review (PAR)	\$33,712
Home to School Transportation	\$87,754
Routine Repair & Maintenance	\$719,784

The District continues to research cost reducing and revenue generating opportunities to minimize the loss of State funding. As opportunities arise, information is shared with stakeholders.

The Budget Process
The complete budget process takes approximately two years. The initial process begins in January, prior to the start of the new fiscal year in July, when the Governor releases his proposed budget. The District uses this information to plan its preliminary budget.

The Adopted Budget released in June is the first formal occasion to review the District's anticipated revenues and expenditures for the year. Updates are formally given throughout the year with the First Interim Report in December and the Second Interim Report in March. A review of the annual financial activity occurs in September with the presentation of the Unaudited Actuals, which reflects the actual revenues received and expenses made. Finally, in January, following the close of the fiscal year, the District's external auditors present their review of the financial records.

Central School District

Guiding Principles

Guiding Principle #1:

Student Performance:

We are committed to maintaining an exceptional academic environment that provides quality instruction to all of our students, which will ensure that they meet federal, state and local standards.

Guiding Principle #2:

Parental Involvement/Character Education:

We recognize parents as key partners in the success of our students. We are committed to working together to promote academic, social and civic values.

Guiding Principle #3:

Fiscal Solvency:

We are committed to remaining fiscally solvent by effectively managing current resources and pursuing new revenue sources.

Guiding Principle #4:

Facilities:

We take pride in our well-maintained facilities. It is our responsibility to provide clean, safe and secure sites for the well being of our students and staff.

Guiding Principle #5:

Personnel Development/Staff Development:

We are committed to hiring and retaining the best employees. We believe that all employees benefit from building on their strengths and identifying areas in which to grow.

Guiding Principle #6:

Technology:

We believe that students and staff must demonstrate technological competence to support academic progress, communication and learning.

Access on website:
<http://csd-ca.schoolloop.com>



A Summary

Analysis of the

2012-13

Adopted Budget

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Central School District is

committed to remaining fiscally

solvent by effectively managing

current resources and pursuing

new revenue sources.

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Board of Trustees

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