

TO: Board of Directors

FROM: Dr. David E. Guthrie, Advisor to the Board

DATE: December 5, 2008

ITEM: **Legislative Analyst Office (LAO) Fiscal Outlook Report**

Background:

The LAO publishes annually a “Fiscal Outlook Report” that is a 5-year forecast of the State’s economic condition and the source from which the Governor and Legislature develop their budget assumptions. The Report is the most authoritative independent assessment of California’s economy outlook, demographics, revenues, expenditures, and impacts from structural deficit spending. The LAO was first to recognize the State’s structural deficits and implications for the State’s current fiscal crisis. Moreover, the LAO suggests recommendations to solve the budget problem but the Governor and Legislature has chosen to ignore at their own peril.

Current Consideration:

During the meeting, we will discuss the Report and what the School can anticipate for the upcoming budget year. The Governor will deliver the budget plan in early January that will reveal his revenue and spending priorities and how he will address the deficit to balance the budget estimated to have a \$27.8 billion deficit. A recessionary economy, sub-prime mortgage crisis, bank and business failures, and wavering economic policies are dampening the State’s revenue projections. The LAO offers solutions but whether or not there is the political will to implement them remains to be seen.

The LAO is projecting K-12 Education will receive a 6% COLA but deficiated as property taxes are revalued offset by State tax revenue sources that are softening. The School should not expect to see significant increases for many years. Typically, the Governor has discounted the per-student dollars we receive to balance the budget in the near term and backfills when times are good. The State’s strategy of the past to balance the budget relied on leveraging to fund operations appears exhausted. If the Federal government does not respond positively to the Governor’s request for a bailout may not bode well for State budget and finances that will necessarily have a trickle down effect.

Financial/Educational Impact:

None.

Recommendation:

The Board of Directors discusses the LAO Report during the meeting.

CORE Butte

Agenda Item G2

TO: Board of Directors
FROM: Dr. David E. Guthrie, Advisor to the Board
DATE: December 5, 2008
ITEM: **Budget Development Calendar and Guidelines**

Background:

The annual budget is a significant part of the overall planning process for the School. The budget is not merely an accounting tool; it is the School's education program expressed in monetary terms. The budget should reflect the School's philosophy, vision, and mission and the interests of its stakeholders. The governing board, administration, and staff need to participate and understand the budgeting process to develop a financial plan that aligns with the education program's goals and objectives.

Current Consideration:

During the meeting, we will discuss the budget process for the 2009/10 fiscal year budget development structure, calendar, guidelines, Governor's budget, and SB740 as they impact the budget. The agenda item provides the Board with an opportunity to deliberate about the course of budget development through adoption at their regularly scheduled meeting in June.

Financial/Educational Impact:

None.

Recommendation:

The Board of Directors discusses the budget development process, calendar, and guidelines during the meeting.

CORE Butte

Agenda Item G3

TO: Board of Directors

FROM: Dr. David E. Guthrie, Advisor to the Board

DATE: December 5, 2008

ITEM: **2007/08 First Interim Report Approval**

Background:

Charter schools must submit periodic financial reports to their sponsors so they can determine the financial health and viability of their charter schools. This Interim Report fulfills the financial reporting and accountability provisions contained in AB 1137. The financial reporting and analysis is presented 4 times during the fiscal year: Budget Adoption (by June 30), First Interim (by December 15), Second Interim (by March 15), and Unaudited Actuals (by September 15). The financial information contained in these reports is an indication of the financial health of the School. The First Interim Report provides an update about the Academy's financial status as of October 31, 2008.

Current Consideration:

The enclosed 2008/09 First Interim Report shows a strong financial profile. From our own analysis, the School continues on its course as an ongoing and viable concern that has sufficient reserves and excess funds from operations allowing the School to respond effectively to initiatives such as facilities investment. The Report demonstrates the School is financially sound and will be able to declare a "positive certification" for this reporting period based on the School's financial information from the financial system. Forecasting shows the School will remain financially sound as well.

Financial/Educational Impact:

None

Recommendation:

The Board of Directors approves the 2008/09 First Interim Report.

CORE Butte

Agenda Item G4

TO: Board of Directors
FROM: Jan Jablecki, Executive Director
DATE: December 5, 2008
ITEM: **2007/08 CORE Butte Audit Report**

Background:

Education Code #41020 declares annual financial audits are required “. . . to encourage sound fiscal management practices among local education agencies for the most efficient and effective use of public funds for the education of children in California by strengthening fiscal accountability . . .” The fiscal year audit must be transmitted to the State by December 15th and reported to the School Board by January with recommendations to correct audit exceptions by March 15th.

Current Consideration:

The 2007/08 Audit Report prepared by Hosaka & Nagel, Auditors, will be presented to the Board during the meeting. The Audit is without exceptions as the Auditor noted nothing from their testing were non-compliant or disclose a material weakness. This is evidence of good accounting and internal control.

Financial/Educational Impact:

None.

Recommendation:

The Board of Directors discusses and accepts the audit report.

CORE Butte

Agenda Item G5

TO: Board of Directors

FROM: Jan Jablecki, Executive Director

DATE: December 5, 2008

ITEM: **Executive Director's Goals 2008/09 (discussion/action)**

Background:

The board reviews and approves the Executive Director's goals each year.

Current Consideration:

According to the policy the Executive Director submits goals to the board of directors for discussion. The Executive Director and Board of Directors then agree upon the goals on which the evaluation will be based. See attached goals.

Financial/Educational Impact:

None

Recommendation:

Discuss and approve the attached goals.

CORE Butte

Agenda Item G6

TO: Board of Directors
FROM: Jan Jablecki, Executive Director
DATE: December 5, 2008
ITEM: **Grant Writing Contract (discussion/action)**

Background:

With impending funding cuts, strain of overcrowded facilities, and the startup costs associated with a new charter we may need to seek outside sources of funding.

Current Consideration:

Jeff Rice, ED of The APLUS+ Consortium of Personalized Learning Charter Schools has negotiated cut costs for grant writer services from the Randall Funding and Development Group. See enclosed information. Additionally, the Personalized Learning Foundation would like to participate for a reduced cost of \$1000. This would be deducted from the fee of \$9000 for 6 months leaving participating schools to share the cost of \$8000.

Financial/Educational Impact:

Cost depends on the number of member schools that choose to participate.

Recommendation:

The Board discusses and approves participation in the grant writing service contract.

CORE Butte

Agenda Item G7

TO: Board of Directors

FROM: Jan Jablecki, Executive Director

DATE: December 5, 2008

ITEM: **Board Resolution Capitalization Policy #120508 (discussion/action)**

Background:

CORE Butte is required to pass RESOLUTION #1020508, CAPITALIZATION THRESHOLD POLICY.

Current Consideration:

The resolution presented in this packet reflects the current threshold of \$5000.

Financial/Educational Impact:

None

Recommendation:

The Board discusses and approves the revised Resolution #120508.

CORE Butte

Agenda Item G8

TO: Board of Directors

FROM: Jan Jablecki, Executive Director

DATE: December 5, 2008

ITEM: **Board Resolution to Adopt of 403(b) Tax Sheltered Account Plans Documents #120508B (discussion/action)**

Background:

CORE Butte employees are able to contribute a portion of their salaries toward a retirement 403(b) Plan.

Current Consideration:

IRS has adopted new regulations pertaining to governance of employee 403(b) (tax sheltered annuity) financial investments that are run through school district's payroll systems effective 1/01/09. Each district must adopt a resolution and a specific written plan. The resolution and plan will be distributed to the Board Members at the Board Meeting.

Financial/Educational Impact:

None

Recommendation:

The Board discusses and approves the Resolution #120508B.

CORE Butte

Agenda Item G9

TO: Board of Directors
FROM: Jan Jablecki, Executive Director
DATE: December 5, 2008
ITEM: **Change of Board Meeting Date (discussion/action)**

Background:

The June Board meeting was tentatively scheduled for June 12, 2009.

Current Consideration:

Due to conflicts with this date for some Board Members the meeting needs to be rescheduled for June 19, 2009.

Financial/Educational Impact:

None

Recommendation:

Discuss and approve the new meeting date.