FULLERTON SCHOOL DISTRICT

1401 W. VALENCIA DRIVE, FULLERTON, CA 92833   (714) 447-7400

FIRST INTERIM REPORT

**Report to Board of Trustees**
December 13, 2016

First Interim Report

- One of three annual financial reports
- Reports financial results and projections
- Key to determining District's fiscal viability
- Components of the Report
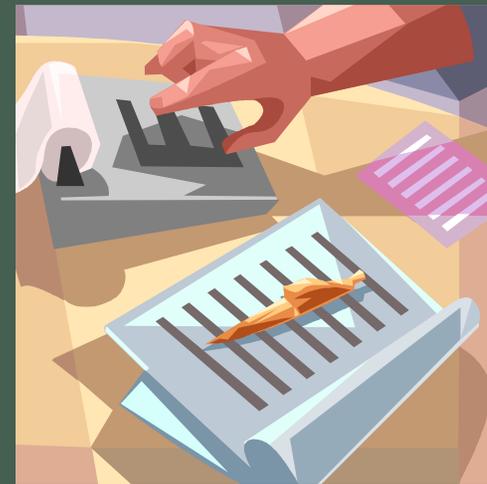
2016-17 Budget
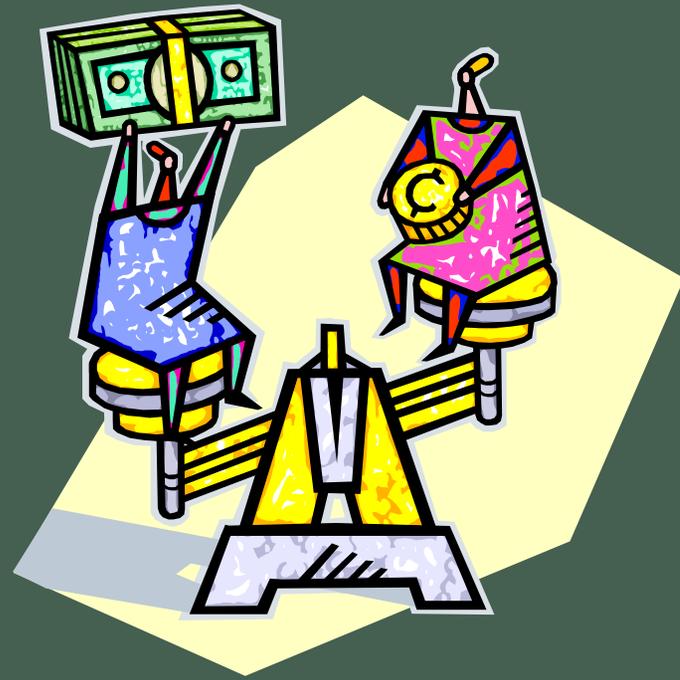
- At First Interim, District updates current year budget to most recent data

- Material changes:
  - Decrease in one-time Mandate Reimbursement revenues
  - Adjustment in salaries due to staff attrition
  - Adds to budgets

Adjustments to First Interim Budget

District budget is updated to reflect most current information regarding:

- Beginning fund balances/carryovers
- Enrollment
- Immaterial change to LCFF
- Categorical revenues and expenses

Adjustments to First Interim Budget

- Other income accounts
- Encroachment
- Salaries and benefits (actual positions, step and column)
- All other expenditure accounts

2016-17 Revised Budget

Unrestricted General Fund:

|	
Projected loss - Original Budget	($2,452,038)
Projected loss - First Interim	(2,172,080)
Change	$ 279,958

Ending General Fund Balance – At First Interim

- Projected unrestricted ending fund balance at June 30, 2017 = $28,270,534

- 20.1%

- Amount above required 3% = $24,044,853
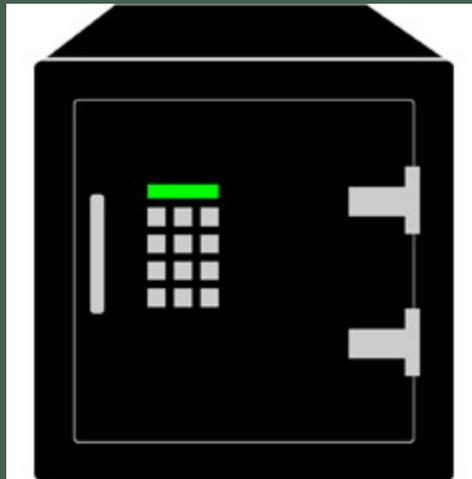
Ending General Fund Balance

Fund Balance %

40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-

23.5%
19.6%
20.1%

Unrestricted
Restricted
Reserved/Assigned

2014-15 Actual
2015-16 Actual
2016-17 First Interim
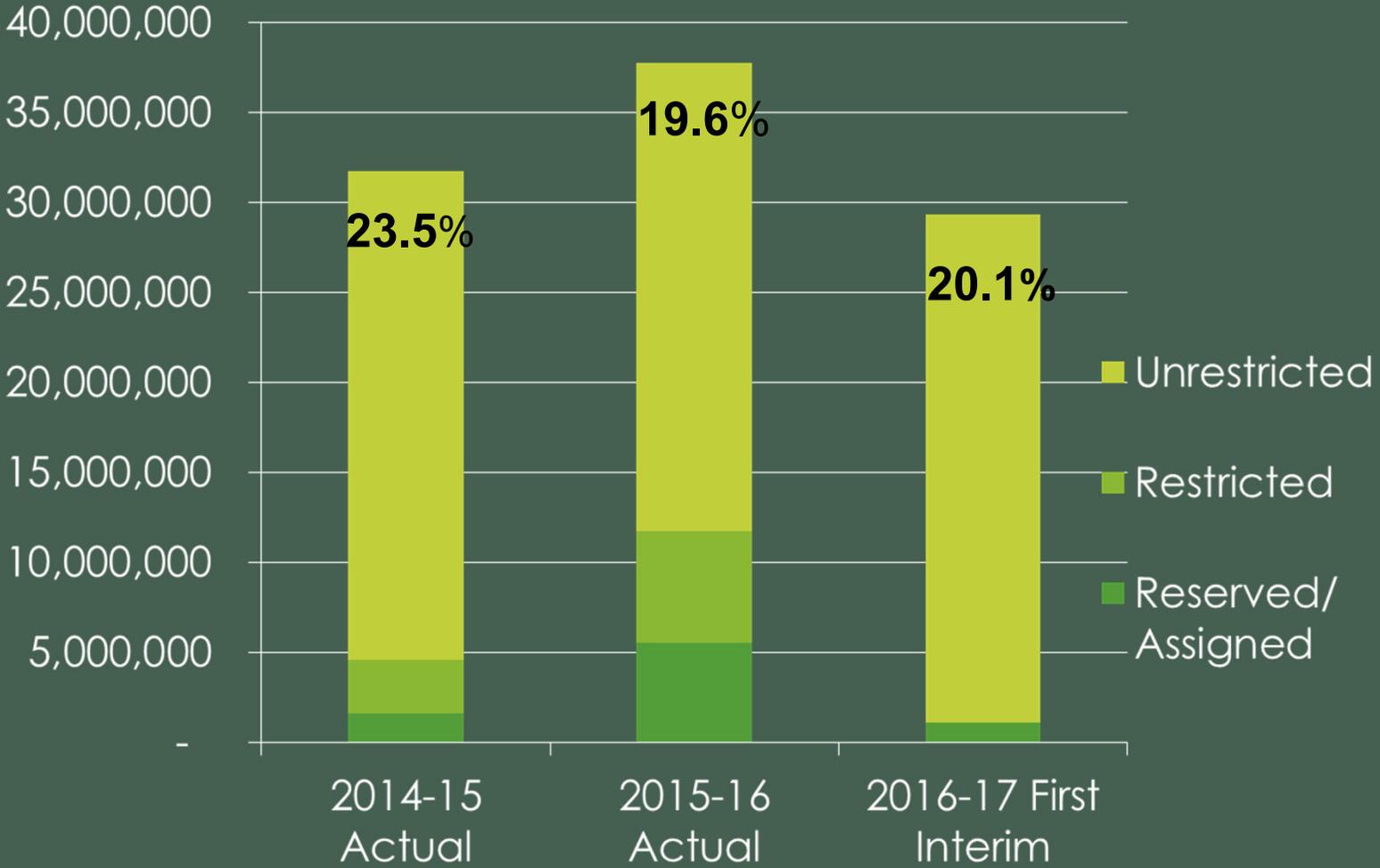
Multi-Year Projections

	2016-17	2017-18	2018-19
ADA	13,212	13,080	13,080
Statutory COLA	0%	1.11%	2.42%
Unduplicated Percent - FSD	51.91%	51.91%	51.91%
LCFF GAP Funding Rate	54.18%	72.99%	40.36%

Multi-Year Projections

	2016-17	2017-18	2018-19
Per ADA change to LCFF	5.25%	3.82%	1.51%
$ per ADA	$8,106	$8,416	$8,543
Total LCFF increase	$4.0M	$3.0M	$1.66M

FSD 2nd Month Enrollment

FSD Change in LCFF

- Change in LCFF revenues (net)
- Change in LCFF ADA
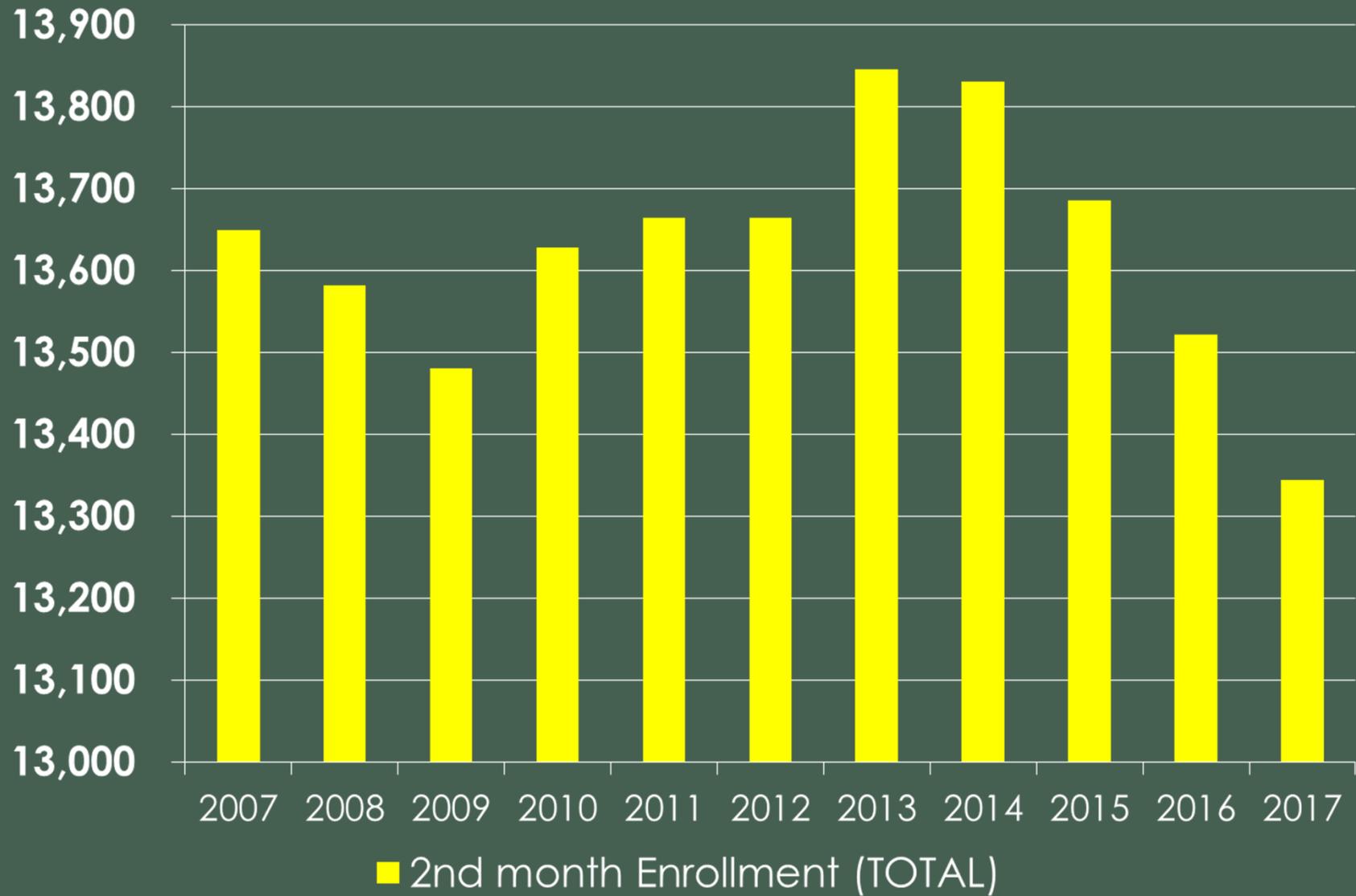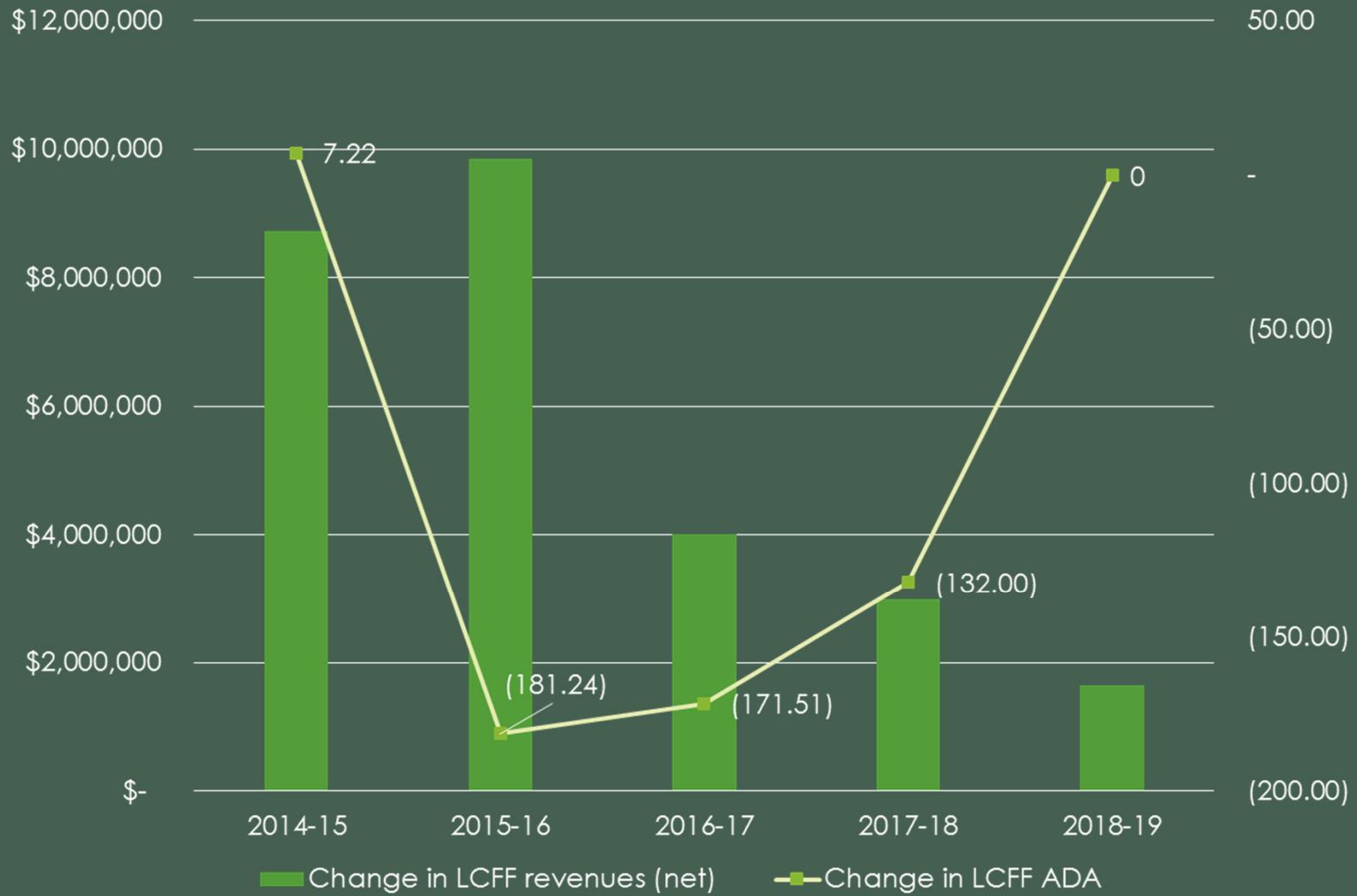
Multi-Year Projections

- Mandated Cost one-time revenue – no additional revenues projected after 2016-17
- STRS and PERS rate increases
- $338,000 in 17-18 for Dual Immersion
- Routine step & column, inflationary increases

Negotiated Increases to Employee Compensation

- Classified has reached an agreement, but not ratified as of First Interim

- First Interim does not show the increase to the budget – it will be added as of Second Interim

- Cost of 2% agreed upon on schedule for Classified is $355,422

- Management will have same % increase

Projected Unrestricted Reserve – First Interim 3-year Projection

	2016-17	2017-18	2018-19
Projected Unrestricted Gain (Loss)	($2,172,080)	($2,946,113)	($4,137,521)
Projected Unrestricted Ending Fund Balance	$28,270,534	$26,278,794	$22,141,273
Fund Balance Percent	20.1%	19.4%	15.6%

Required Disclosure under Ed Code 42127 (a)(2)(b)

	Assigned	Unassigned	3% Minimum	Amount Above 3% Minimum
June 30, 2017	$954,373	$28,270,534	$4,225,681	$24,044,853
June 30, 2018	-0-	$26,278,794	$4,069,457	$22,209,337
June 30, 2019	-0-	$22,141,273	$4,158,193	$17,983,080

Required Disclosure under Ed Code 42127 (a)(2)(b)

The Board of Trustees of the Fullerton School District maintains a prudent reserve which provides for :

- anticipated future expenditures for technology, instructional materials, and other necessary instructional expenditures

- funds available to mitigate the costs to the District of declining enrollment

- unplanned or emergency expenditures that might occur in the future

- future facilities needs

- future downturns in the state economy which could negatively affect the District's budget

State Budget Outlook

- Prop 30 extension? YES!
- LAO projection had been based on Prop 30 taxes ending
- Effect on LCFF – unknown at present
- Chrystal ball:
  - 2017-18- Additional dollars on top of current projection - increase to LCFF
  - No one-time $$
  - Less positive outlook starting 2018-19

District Certification

- Ending Fund Balance projected above the required 3% reserve as of June 30, 2019

- The District is certifying **"Positive"**

- A positive certification indicates that the District **will** be able to meet is financial obligations for the current and subsequent two fiscal years

Next Steps

- First Interim Report filed with OCDE for review
- Governor releases his projected State Budget – January
- LCAP development
- Second Interim – March
- P-2 ADA

Questions?