

# FULLERTON SCHOOL DISTRICT



1401 W. VALENCIA DRIVE, FULLERTON, CA 92833

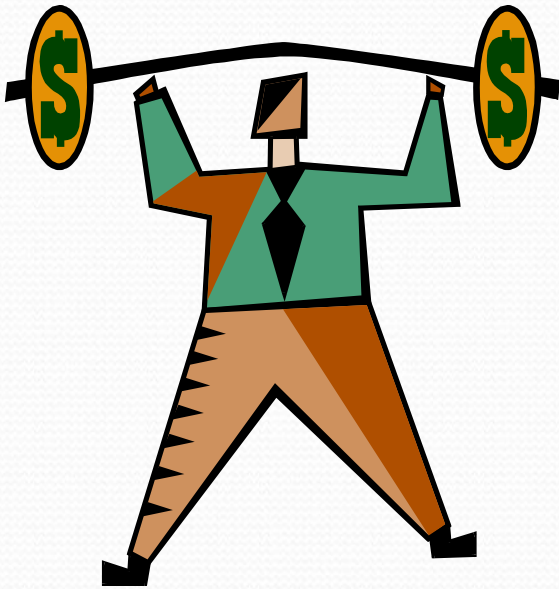
(714) 447-7400

## Summary Budget Review

*Report to Board of Trustees*

*June 26, 2012*

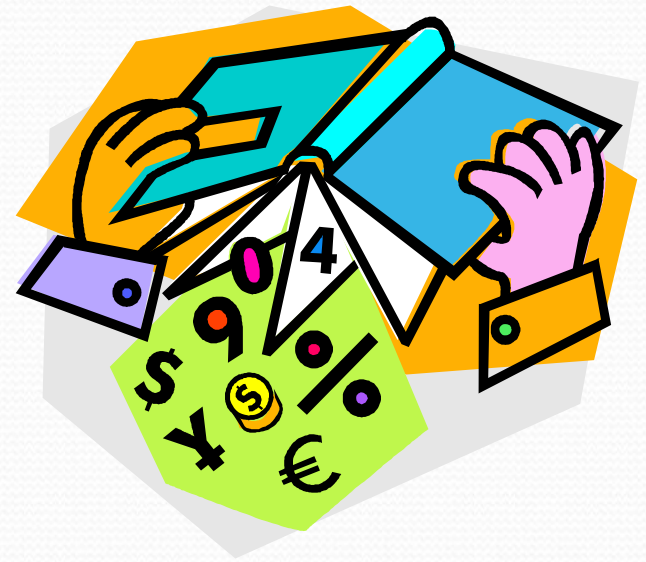
# The “Final” Budget



- “Final” budget due June 30 to State
- *For all Funds:*
  - 2011-12 Estimated Actuals
  - 2012-13 Budget
- *General Fund only:*
  - Multi-year projections through 2014-15
- Budget will be revised throughout the year

# The “Final” Budget

- Our budget based on May Revise
- State budget passed June 15
- No material changes in K-12 Budget from May Revise to June 15 budget



# 2011-12 Estimated Actuals

- District's best estimate of J-200 unaudited actuals
- Reflects current District budget
- Current budget includes all budget revisions for year



# 2011-12 Estimated Actuals

## Items Reviewed:

- Revenue Limit
- All Categorical programs/carryovers
- Other revenues
- All expense accounts
- Encroachment
- Other Funds



# 2011-12 Estimated Actuals

## Changes from Third Interim



No material revisions  
from Third Interim

# 2011-12 Estimated Actuals

◆ Total estimated net  
income

\$

268,064



*Total is made up of:*

➤ Unrestricted net income

\$

1,228,999

➤ Restricted net deficit

(\$

# 2011-12 Estimated Actuals

Total General Fund Ending Balance  
\$18,616,877

*Ending Fund Balance components:*

Restricted, Reserved, Designated	\$
5,302,061 Unrestricted	
\$ 13,314,816	





# 2011-12 Estimated Actuals

## Unrestricted Ending Fund Balance

- \$ 13,314,816
- 12.6% of total expenditures
- State requirement is 3%



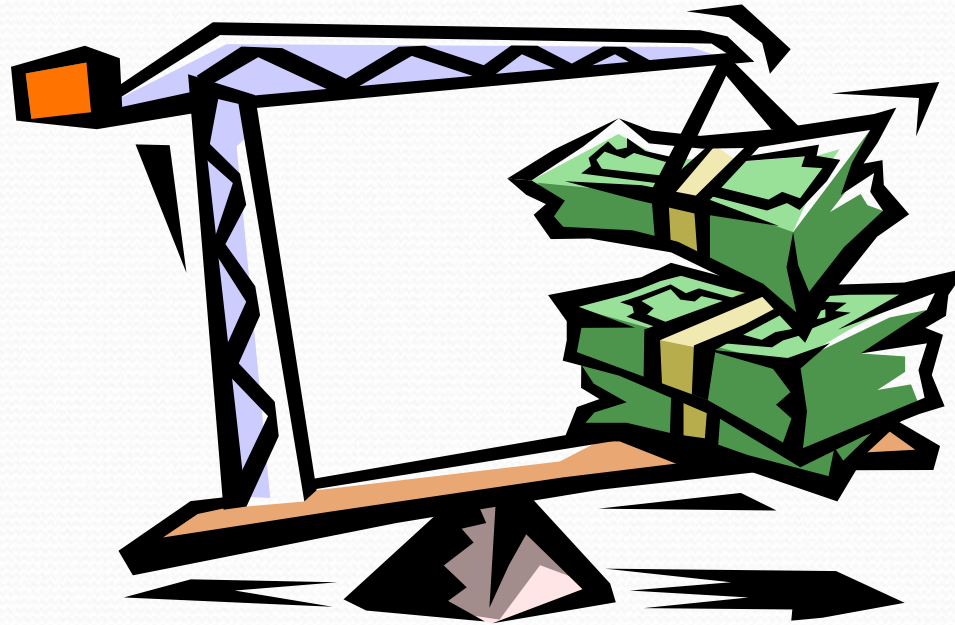
# 2011-12 Estimated Actuals

## Final results should be better than Estimated Actuals

- 100% of categorical grants typically not spent
- Projected under-spending in expenditure accounts



# 2012-13 Budget



# State Budget

- Budget for K-12 is materially the same as Governor's January proposal and May Revision
- 2011-12 mid-year trigger reductions (\$13 Revenue Limit/\$39 Transportation) restored
- All other funding is flat
- Budget is based upon Governor's fall tax initiative passing

# State Budget

- Governor's proposed budget for 2012-13 based on revenues from fall tax initiative
- If passed, District is flat-funded
- If the Governor's tax initiative does not pass in November, the State will impose mandatory mid-year trigger cuts on K-12 education
- ~~\$441/student~~    **\$457.47**
- \$5,901,000 total cut to FSD
- Two budget projections prepared

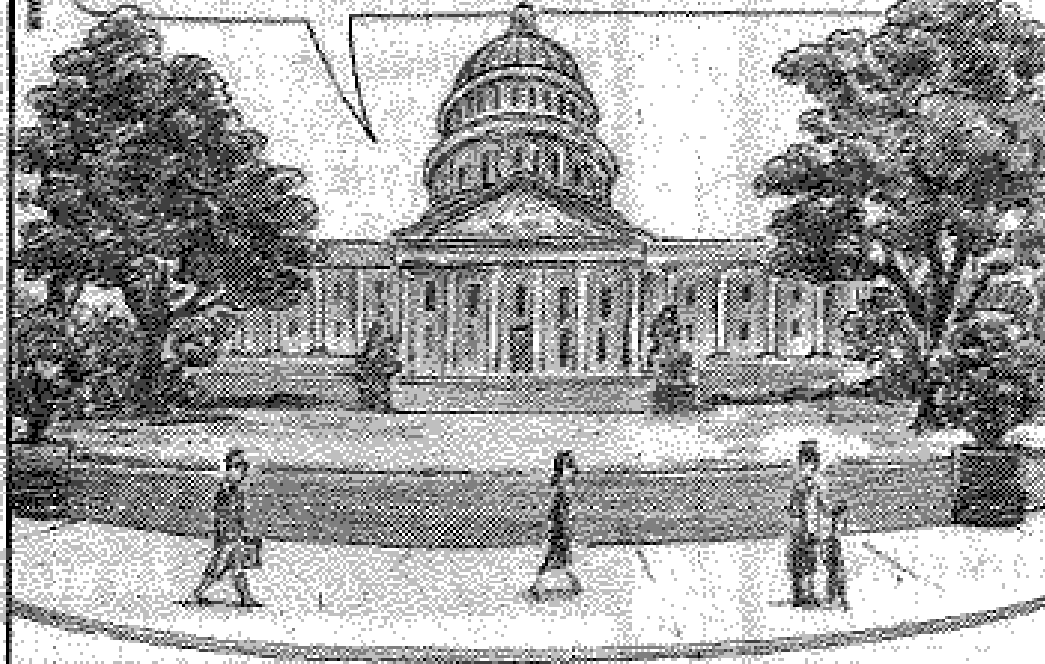


# BLISS By Harry Bliss

www.harrybliss.com

6/15

GOVERNOR BROWN, I HAVE NASA ON  
LINE THREE - THEY'VE SPOTTED CALIFORNIA'S  
BUDGET DEFICIT FROM SPACE...



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# General Fund Budget Summary

## 2012-13 May Revision General Fund Budget Summary (In Millions)

	2011-12	2012-13
Prior-Year Balance	-\$2,844	-\$2,535
Revenues and Transfers	<u>\$86,809</u>	<u>\$95,689</u>
Total Resource	\$83,965	\$93,154
Total Expenditures	<u>\$86,500</u>	<u>\$91,387</u>
Fund Balance	-\$2,535	\$1,767
Budget Reserve:		
Reserve for Encumbrance	\$719	\$719
Reserve for Economic Uncertainties	-\$3,254	\$1,048
Budget Stabilization Account	\$0	\$0
<b>Total Available Reserve</b>	<b>-\$3,254</b>	<b>\$1,048</b>

- The current-year Reserve for Economic Uncertainties was -\$1.7 billion in January, compared to -\$3.2 billion in May
- Revenues and transfers increase 10.2% in 2012-13
- The 2012-13 reserve is just 1.1% of revenues and transfers

# Education's Share of the Cuts

## Budget (In Millions)

	2007-08	2012-13	Change	% Change
Health and Human Services	\$29,726	\$23,043	(\$6,683)	-22%
Corrections and Rehabilitation	\$10,209	\$9,821	(\$388)	-4%
<b>K-12 Education</b>	<b>\$42,233</b>	<b>\$34,302</b>	<b>(\$7,931)</b>	<b>-19%</b>
<b>Higher Education</b>	<b>\$11,819</b>	<b>\$10,248</b>	<b>(\$1,571)</b>	<b>-13%</b>
Labor and Workforce Development	\$104	\$371	\$267	257%
General Government	\$1,177	\$1,777	\$600	51%
Other	\$8,065	\$6,374	(\$1,691)	-21%
	<b>\$103,333</b>	<b>\$85,936</b>	<b>(\$17,397)</b>	<b>-17%</b>

**Education has taken at least its share**



# Fullerton S.D. Budget



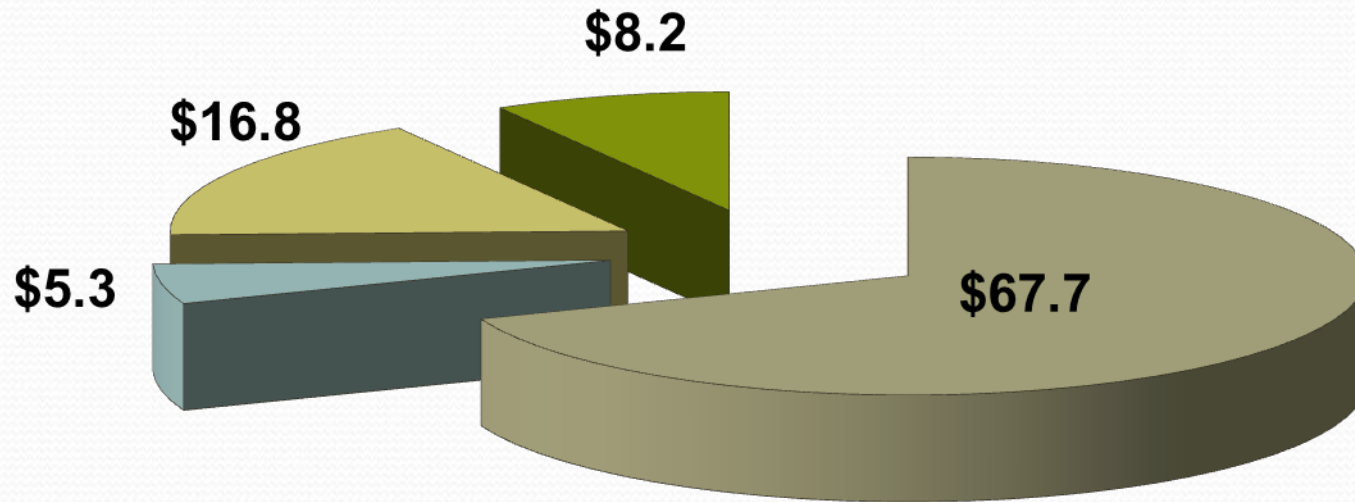
# Projected Revenues – 2012-13

- Total Revenues - \$98.0M
- \$5.4M decrease from Estimated Actuals 2011-12
- Material decreases:
  - ✓ Federal Jobs Act allocation
  - ✓ ARRA IDEA apportionment
  - ✓ LEA Program Improvement
  - ✓ Ongoing programs such as Title 1, Title 2, and Title 3.



# Projected Revenues – 2012-13

Total Projected Revenues = \$98.0M



*millions*

■ Revenue Limit

■ Federal Revenues

■ Other State

■ Other Local

# 2012-13 Budget – State Funding

Major factors:

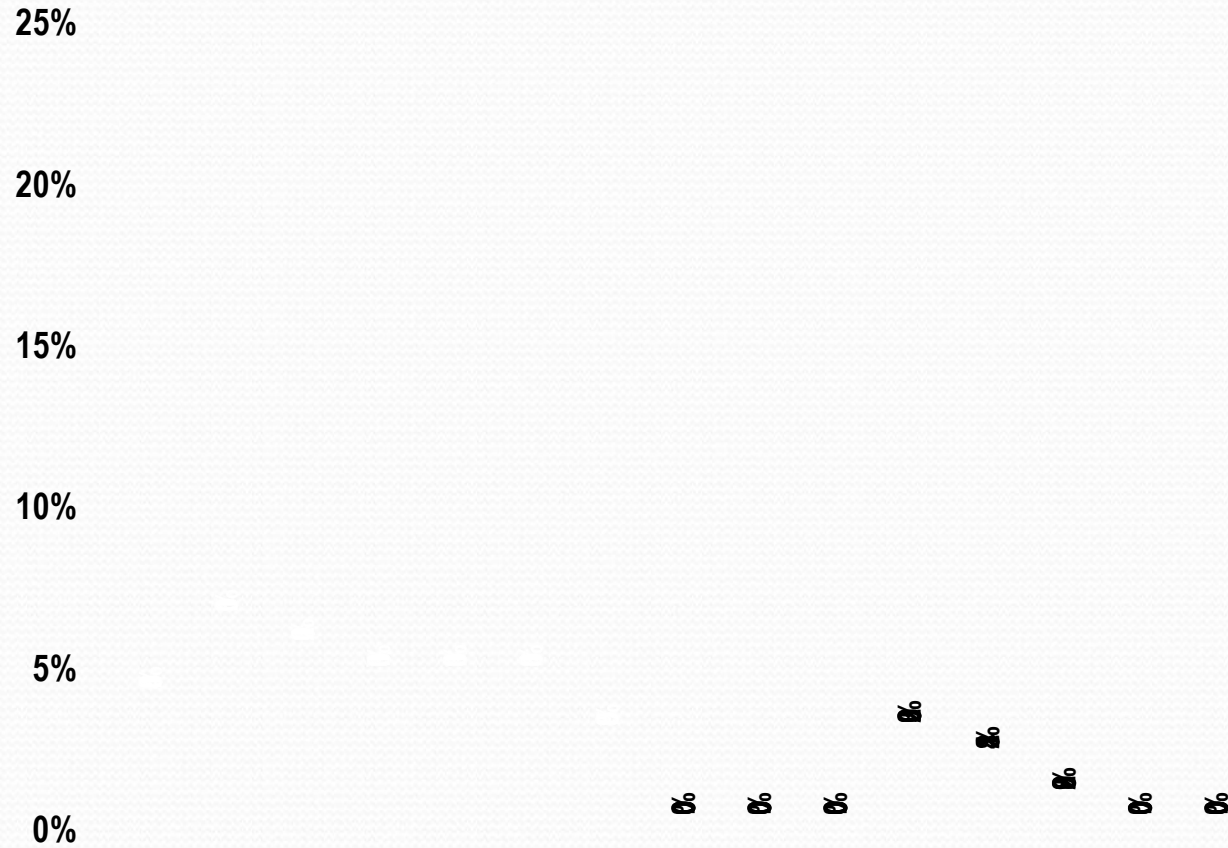
- COLA on Revenue Limit of 3.24% offset by increased deficit factor (22.272%).  
Net result = flat funding
- -0- COLA on State programs
- No mandated cost income



# FSD Revenue Limit

- Statutory Cost of Living Adjustment (COLA)  
3.24%
- Deficit factor  
22.272%
- Net effect (*Restoration of 2011-12 one-time trigger cuts*)  
1.08%
- Per ADA Allocation  
\$5,015
- ADA Change

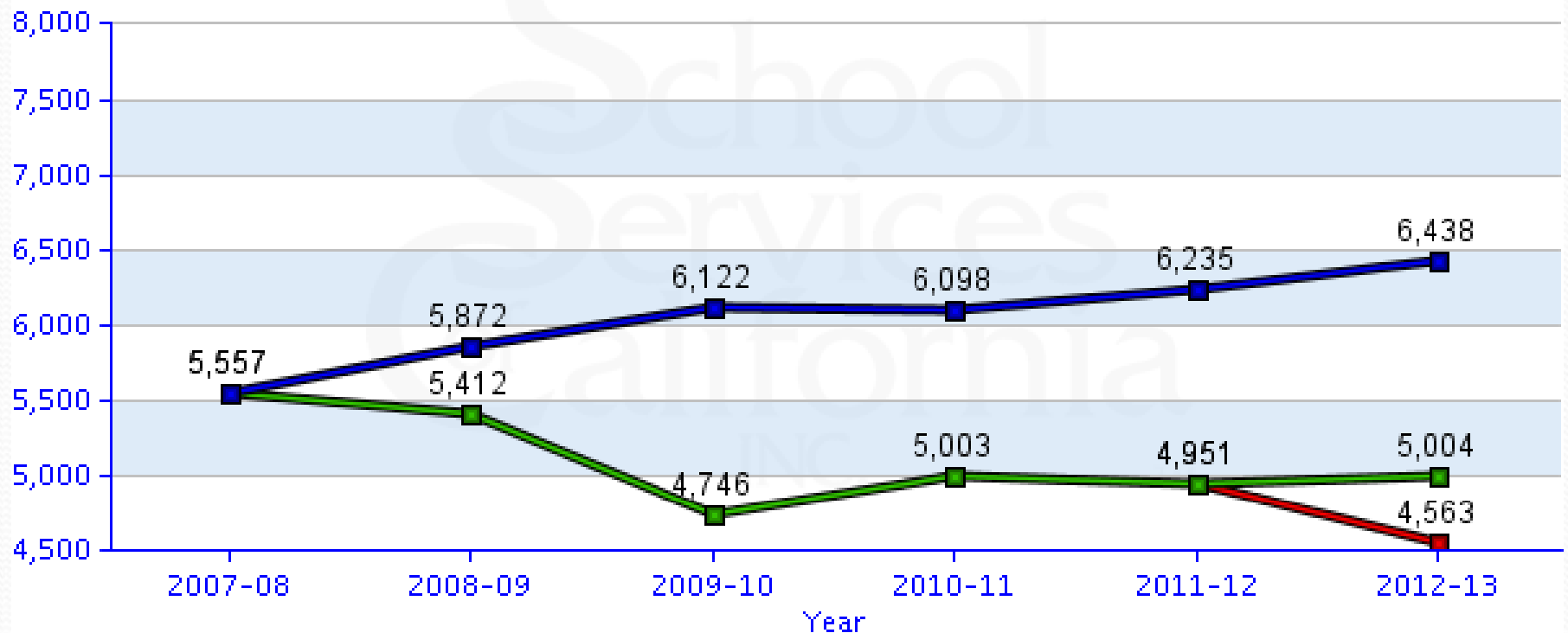
# Revenue Limit Deficit Factors



# FSD Revenue Limit

Base Revenue Limit History

■ Base Revenue Limit    ■ Funded Base Revenue Limit    ■ If Trigger Pulled



# Fullerton Elementary School District

## Estimated Cumulative Revenue Limit Funding Reductions Since 2007-08

	2008-09	2009-10	2010-11	2011-12 Estimated	2012-13 Flat Funding	2012-13 With \$455/ ADA Cut
\$0.0	(\$1.9)	(\$1.9)	(\$1.9)	(\$1.9)	(\$1.9)	(\$1.9)
<b>M</b>	<b>(\$1.9) M</b>					
(\$5.0)		(\$10.7)	(\$10.7)	(\$10.7)	(\$10.7)	(\$10.7)
(\$10.0)		<b>(\$12.7) M</b>				
(\$15.0)			(\$7.4)	(\$7.4)	(\$7.4)	(\$7.4)
(\$20.0)			<b>(\$20.0) M</b>			
(\$25.0)				(\$8.1)	(\$8.1)	(\$8.1)
(\$30.0)				<b>(\$28.1) M</b>		
(\$35.0)					(\$7.3)	(\$7.3)
(\$40.0)					<b>(\$35.4) M</b>	(\$6.0)
(\$45.0)					<b>If Tax Initiative Passes</b>	<b>(\$41.5) M</b>
						<b>If Tax Initiative Fails</b>
2008-09 Reductions		2009-10 Reductions		2010-11 Reductions		
2011-12 Reductions		2012-13 Reductions		2012-13 with \$455/ ADA Reduction		

Note: Figures do not include cuts to categorical programs.



# Revenue Limit Income – Actual vs. COLA

*All amounts in Millions*

\$90  
\$80  
\$70  
\$60  
\$50  
\$40  
\$30  
\$20  
\$10  
\$0

Estimated Budget  
2012-13

**\$67.7**

Estimated with  
Statutory COLAs

**\$86.3**

Difference in Revenue  
Limit Income, Estimated  
Budget 2012-13

vs.

Estimated Revenue Limit  
with all COLAs

**\$18.6M**

**Total Revenue Limit**

# Tier Three Categorical Programs

- Revenues from formerly restricted Tier Three categorical programs can be “swept” to Unrestricted General Fund
- \$3.18M for 2012-13
- No Tier Three programs have been eliminated



# Projected Expenditures – 2012-13

- Total \$102 M
- \$3 M decrease over 2011-12
- Majority of changes in salary and benefit cost line items
- Includes negotiated items



# Projected Expenditures – 2012-13

**Total Projected Expenditures = \$102.2 M**

**\$7.7      \$1.0**

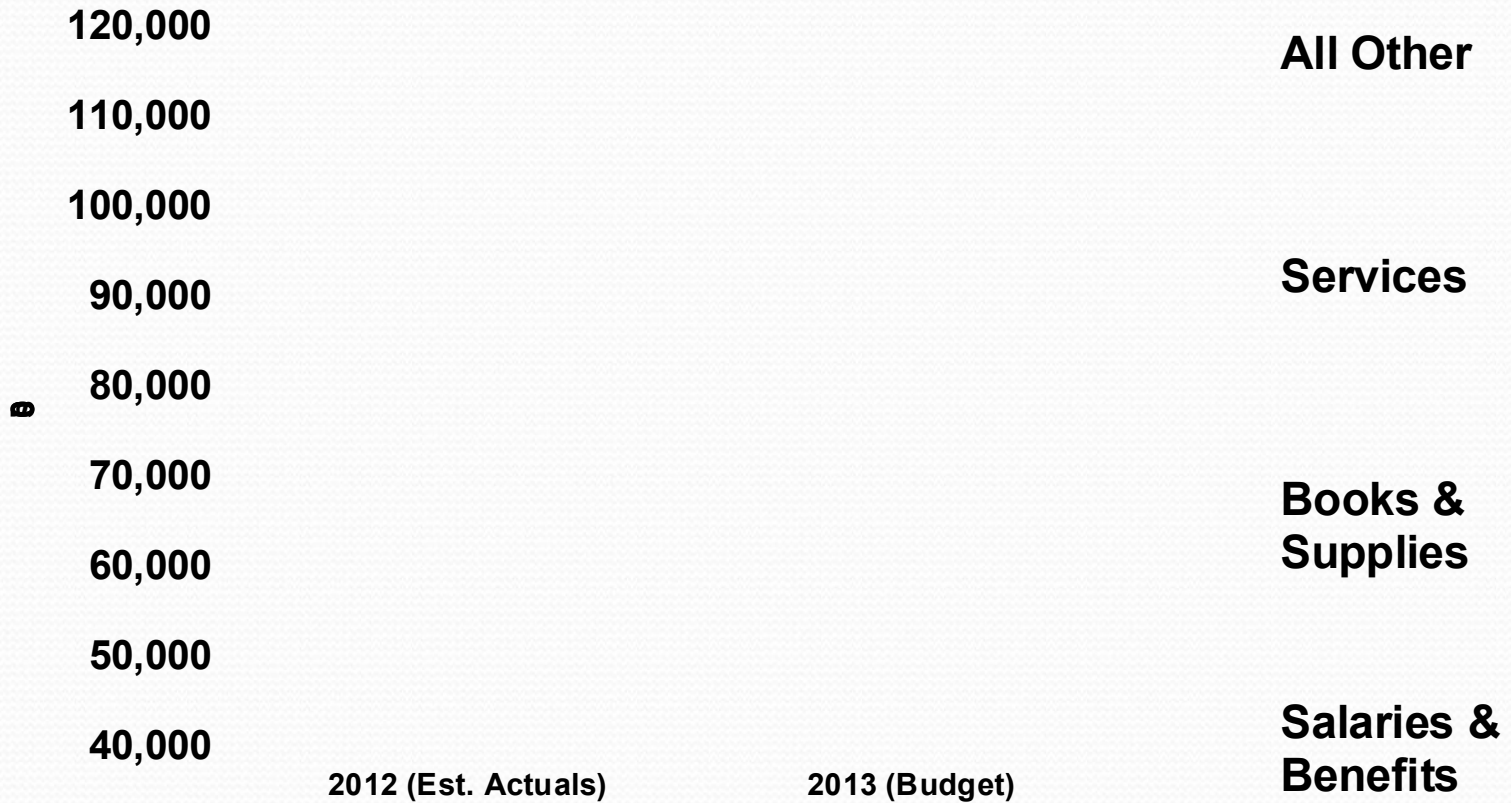
**\$5.3**

**\$88.2**

***millions***

Salaries & Benefits    Books & Supplies    Services & Other    Other Outgoing

# General Fund Expenditures

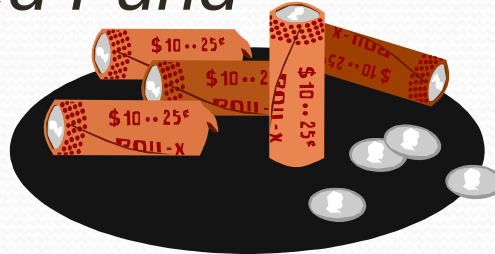


# 2012-13 Budget – Change in Fund Balance

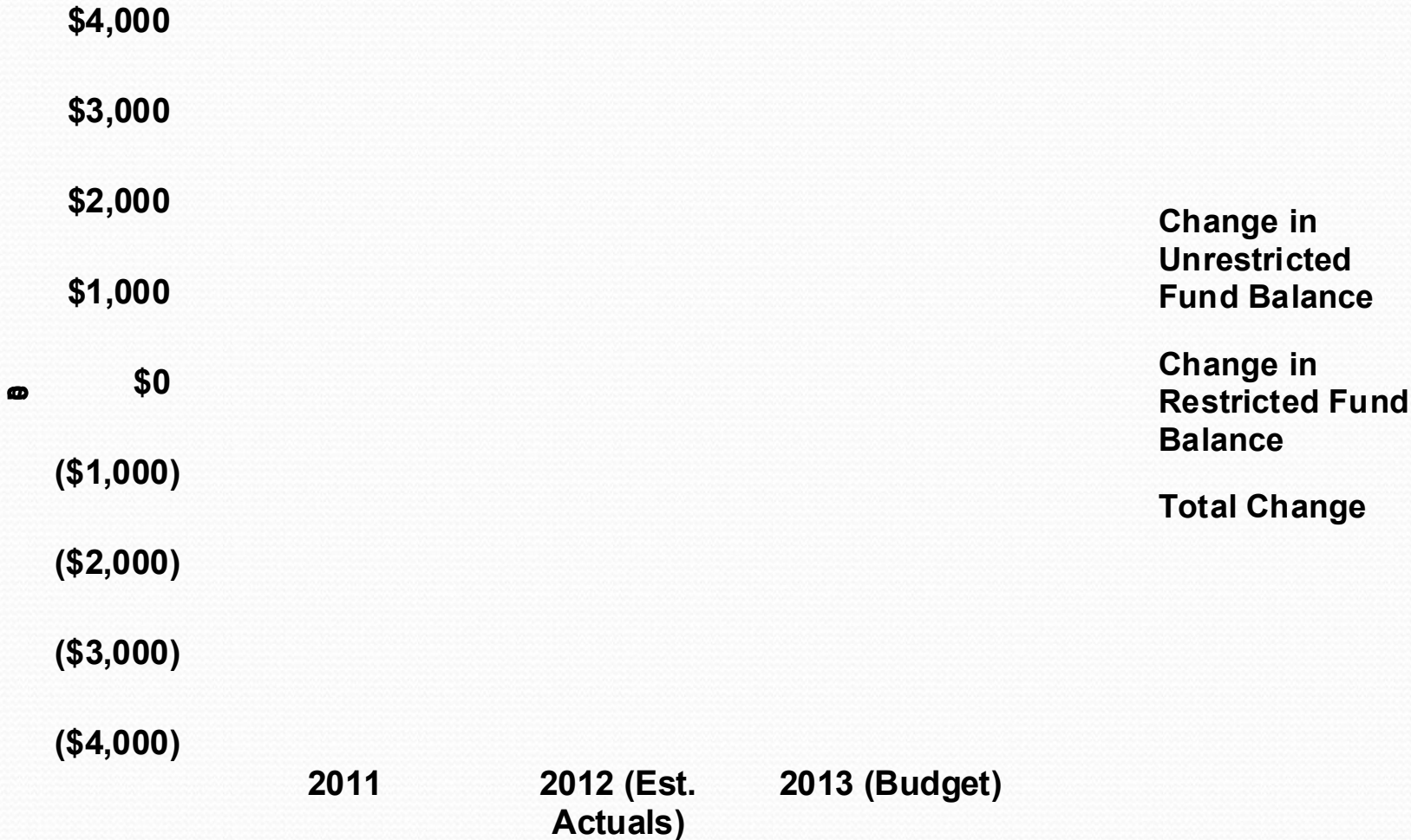
Total estimated net decrease (\$  
~~2,835,941~~)  
~~Made up of:~~

*Unrestricted Fund*  
(\$2,720,790)

*Restricted Fund* (\$ 115,151)

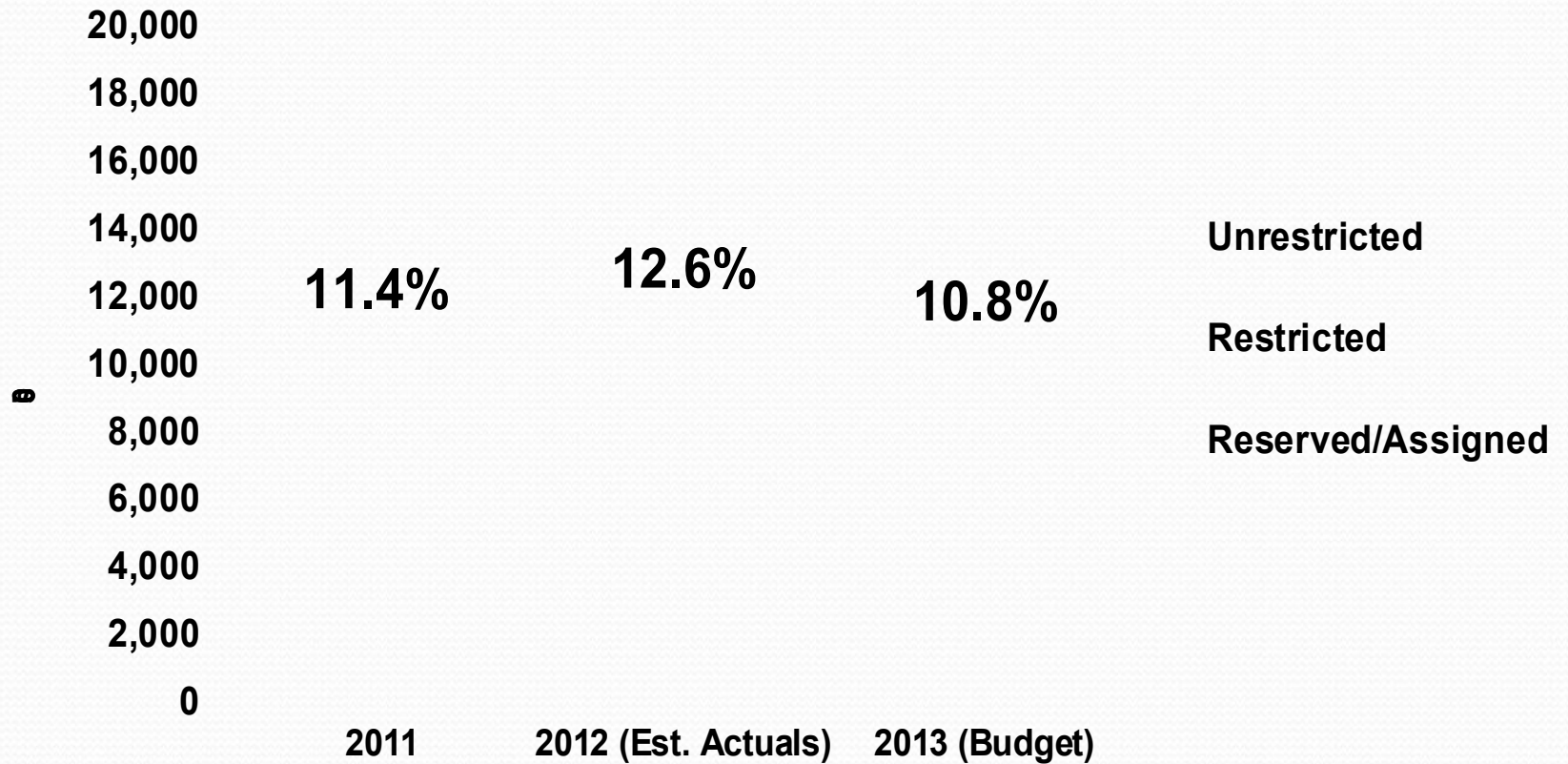


# Change in Fund Balance



# Ending General Fund Balance

## Unrestricted Fund Balance %





# Three-Year Projection – *Governor's Budget*

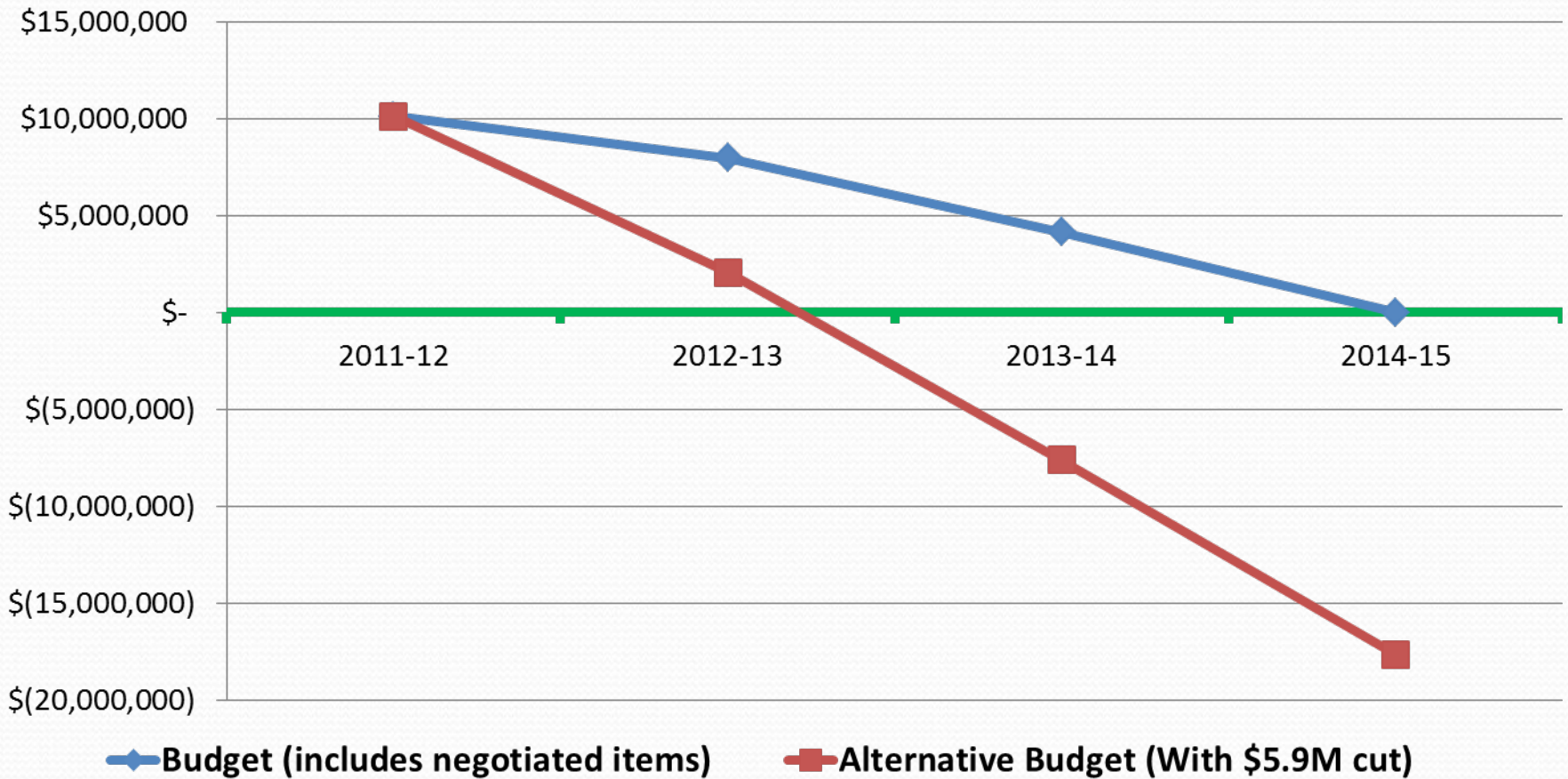
- Required by State
- Positive, Qualified, or Negative certification not required
- OCDE-recommended parameters
- Projected Unrestricted Fund Balance %'s:
  - 2012-13 10.8%
  - 2013-14 6.9%
  - 2014-15 3.0%

## Three-Year Projection – *Governor's Tax Initiative Does Not Pass*

- \$5.9 million less (ongoing) in Revenue Limit
- Projected Unrestricted Fund Balance %'s:
  - 2012-13 5%
  - 2013-14 (4.2%)
  - 2014-15 (13.2%)

# Three Year Projections – Budget and Alternative

## Amount Above Required 3% Reserve



# What's Next?

- State budget
- Close books on 2011-12 to determine carryovers
- Start school and count enrollment
- Further budget refinement
- Fall election

