

# FULLERTON SCHOOL DISTRICT

1401 W. VALENCIA DRIVE, FULLERTON, CA 92833

(714) 447-7400

---

# FIRST INTERIM REPORT

Report to Board of Trustees

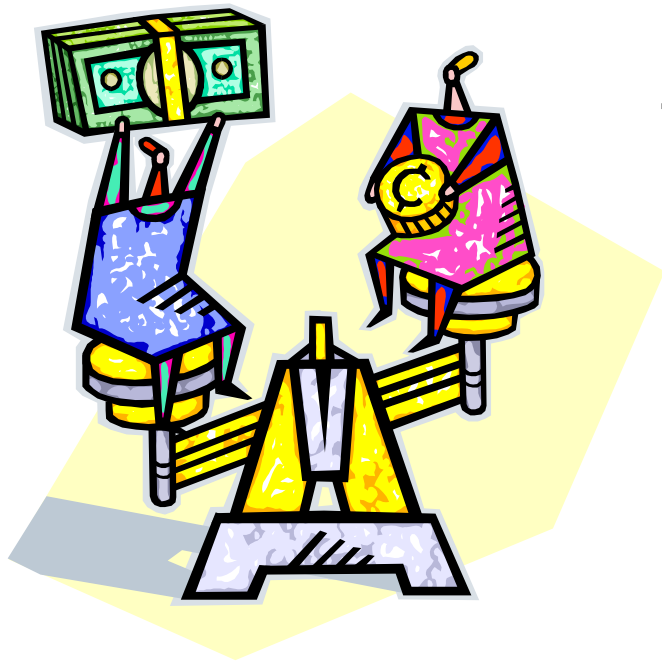
December 10, 2013

# 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



# 2013 -14 Budget

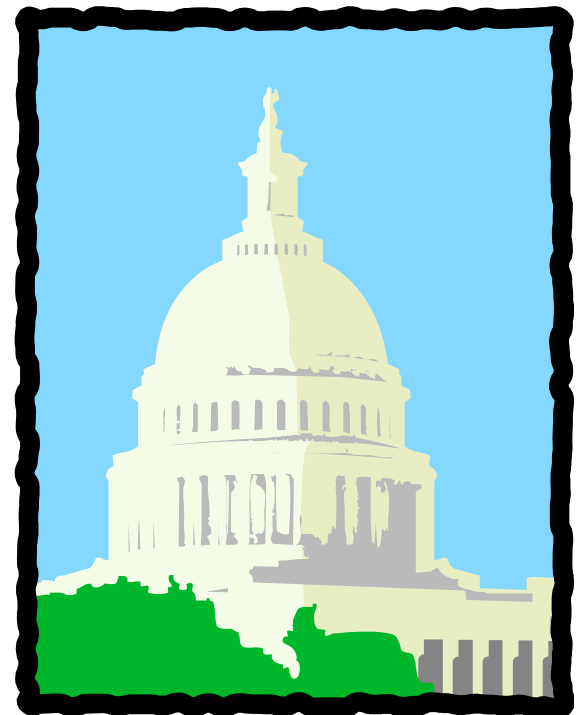


At First Interim, District updates current year budget to most recent data

- Update for State Budget
- Raise
- “Routine” adjustments

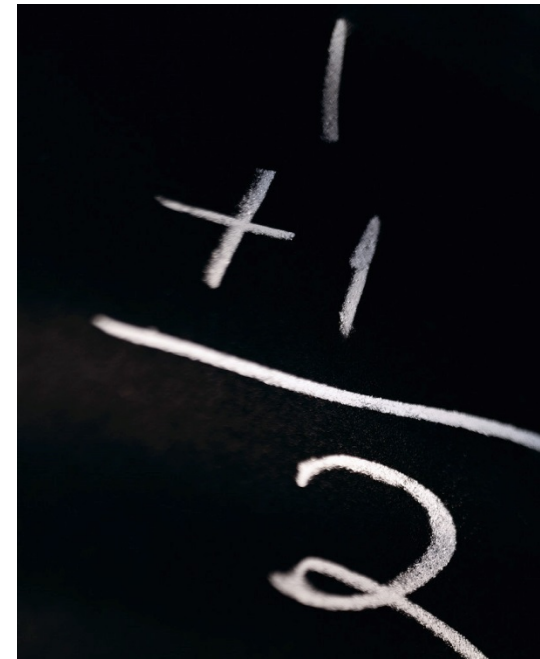
# State Budget

- State budget not finalized at time of District budget
- District's original budget based on Revenue Limit and Categorical funding
- Final State budget: Local Control Funding Formula (LCFF)



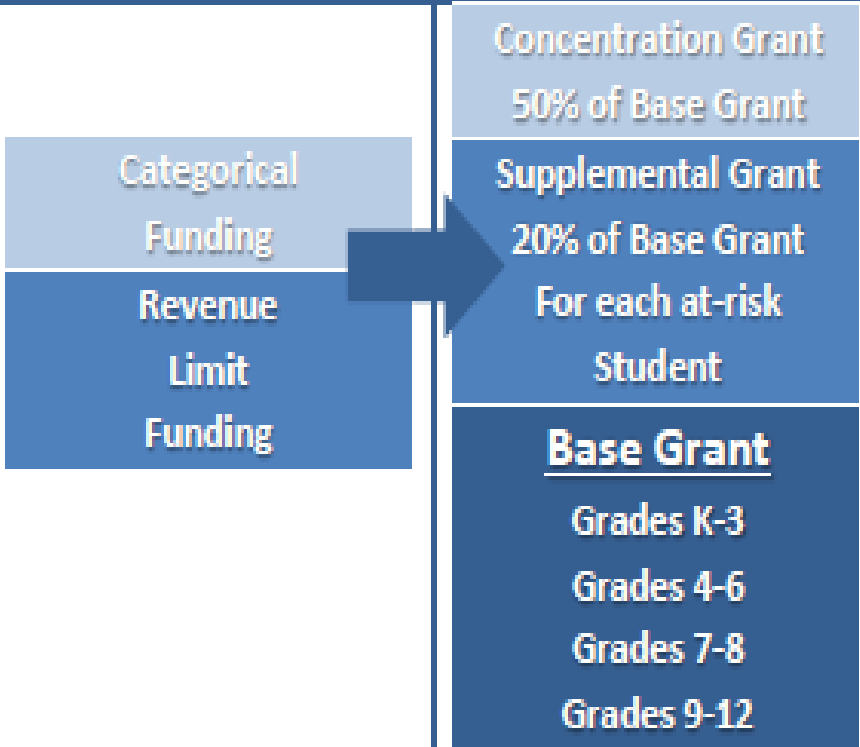
# Local Control Funding Formula

- A new formula for funding California K-12 LEAs
- Biggest change since 1970's *Serrano vs. Priest*
- Intent is for local districts to have more control
- Also specifically addresses needs of underserved students



Before LCFF	After LCFF	Unchanged
Revenue Limits	LCFF funding based upon grade span, Unduplicated Count of pupils	*Governor and Legislature are mostly responsible for determining annually HOW MUCH funding schools will receive in budget
State Categorical programs – State dictates how to spend money	Districts, through LCAP, determine best use of funding for their students	*School Accountability Report Cards
K-3 class size reduction limited funding	State sets target of K-3 24:1, but District can negotiate what it thinks best with its employee associations	*Federal funding, planning and accountability requirements
Accountability and performance process separate from funding	Local Control and Accountability Plans required	*Prop 98 *Financial Audits *Williams compliance

## How does the LCFF compare to the old school funding system?

BEFORE LCFF	PER PUPIL FUNDING OLD SYSTEM	PER PUPIL FUNDING UNDER LCFF	AFTER LCFF
<p>Much of the money given to schools districts was restricted to particular programs, called <b>categorical programs</b>.</p> <p>Amount of money each district received per student was called "<b>Revenue Limit</b>" and was based on a complicated formula not on the needs of students.</p>	 <p>Categorical Funding</p> <p>Revenue Limit Funding</p>	<p>Concentration Grant 50% of Base Grant</p> <p>Supplemental Grant 20% of Base Grant For each at-risk Student</p> <p><b>Base Grant</b> Grades K-3 Grades 4-6 Grades 7-8 Grades 9-12</p>	<p><b>Base Grant:</b> Per student funding is now called the Base Grant with different amounts depending on grade level.</p> <p><b>Supplemental Grants</b> go to help high needs students: English Language Learners, low-income students and foster children.</p> <p><b>Concentration Grants</b> go to districts with more than 55% of their students identified as EL/LI/FY.</p>

Actual funding will depend on district's prior revenue levels along with other factors. ERT – Economic Recovery Target means no district will receive less money than under the old system. Most will receive more.

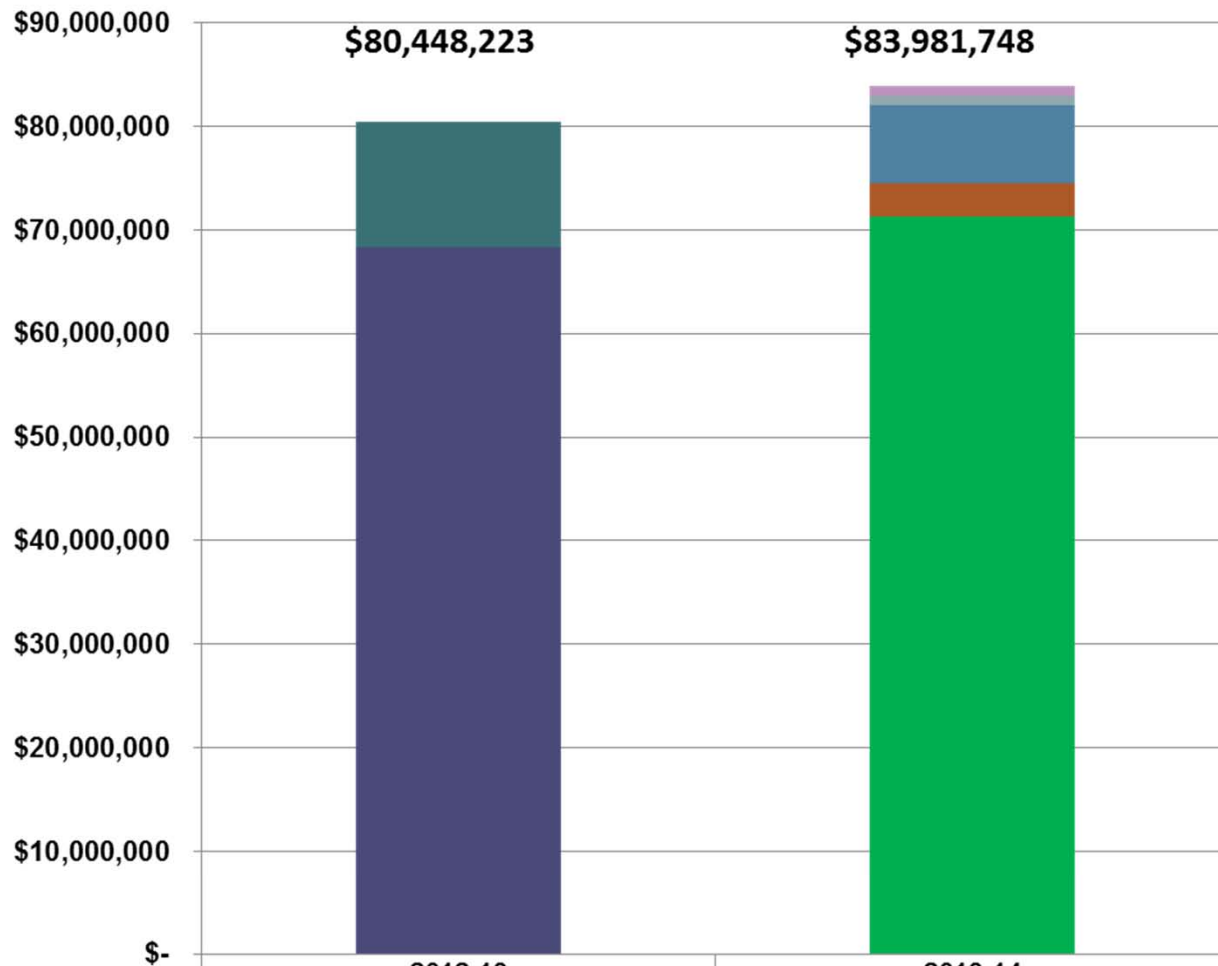
# Fullerton School District LCFF

Grades	Base	K-3 CSR Add-on	Supplemental	Concentration	Total per Student
K-3	\$ 6,952	\$ 723	\$ 777	0	\$ 8,452
4-6	\$ 7,056		\$ 714	0	\$ 7,770
5-8	\$ 7,266		\$ 735	0	\$ 8,001
2012-13 Revenue Limit Per Pupil					\$ 5,004

➤ This is the Funding *Goal*



# Fullerton School District



	2012-13	2013-14
LCFF Transportation Add-On	\$-	\$1,023,629
LCFF TIIG Add-On	\$-	\$899,088
LCFF Concentration	\$-	\$-
LCFF Supplemental	\$-	\$7,541,515
LCFF Base 9-12 Adj	\$-	\$-
LCFF Base K-3 Adj	\$-	\$3,252,173
LCFF Base	\$-	\$71,265,343
Categoricals	\$12,143,967	\$-
Revenue Limit	\$68,304,256	\$-

# Fullerton School District



	2012-13	2013-14
■ Revenue Limit	\$68,304,256	\$-
■ Categoricals	\$12,143,967	\$-
■ LCFF Base	\$-	\$71,265,343
■ LCFF Base K-3 Adj	\$-	\$3,252,173
■ LCFF Base 9-12 Adj	\$-	\$-
■ LCFF Supplemental	\$-	\$7,541,515
■ LCFF Concentration	\$-	\$-
■ LCFF TIIG Add-On	\$-	\$899,088
■ LCFF Transportation Add-On	\$-	\$1,023,629

**TOTALS**

**\$80,448,223**

**\$83,981,748**

**CATEGORICAL FUNDING REPEALED WITH LCFF**

	2012-13
Title	Award
Arts & Music Block Grant	\$ 183,090
Peer Assistance & Review	48,548
CBET	120,782
Child Oral Health Assessments	9,873
Deferred Maintenance	480,889
Economic Impact Aid	2,102,083
Gifted & Talented	98,784
Home to School & Severely Disabled Pupil Transportation	1,023,629
Inst Materials Block Grant	750,003
K-3 CSR	3,485,862
Math & Reading Prof Development	117,242
Natl Board Certification Incentive	3,355
PE Teacher Incentive Grants	176,108
Prof Development BG	592,394
Pupil Retention BG	4,347
Sch & Library Improvement BG	1,053,193
School Safety Block Grant	55,243
Supplemental Instruction	547,851
Supplemental Sch Counseling	186,133
Targeted Instructional Improvement	899,088
Teacher Credentialing BG	205,470
<b>TOTAL</b>	<b>\$ 12,143,967</b>

# Negotiated Increase to Employee Compensation

## Cost to General Fund:

Unrestricted	\$2,074,000
Restricted	<u>162,000</u>
TOTAL	\$2,236,000



# Adjustments to First Interim Budget

District budget is updated to reflect most current information regarding:

- Beginning fund balances/Carryovers
- Enrollment
- Categorical revenues and expenses
- Other income accounts
- Encroachment
- Salaries and benefits (actual positions, step and column)
- All other expenditure accounts



# 2013-14 Revised Budget

## Unrestricted General Fund:

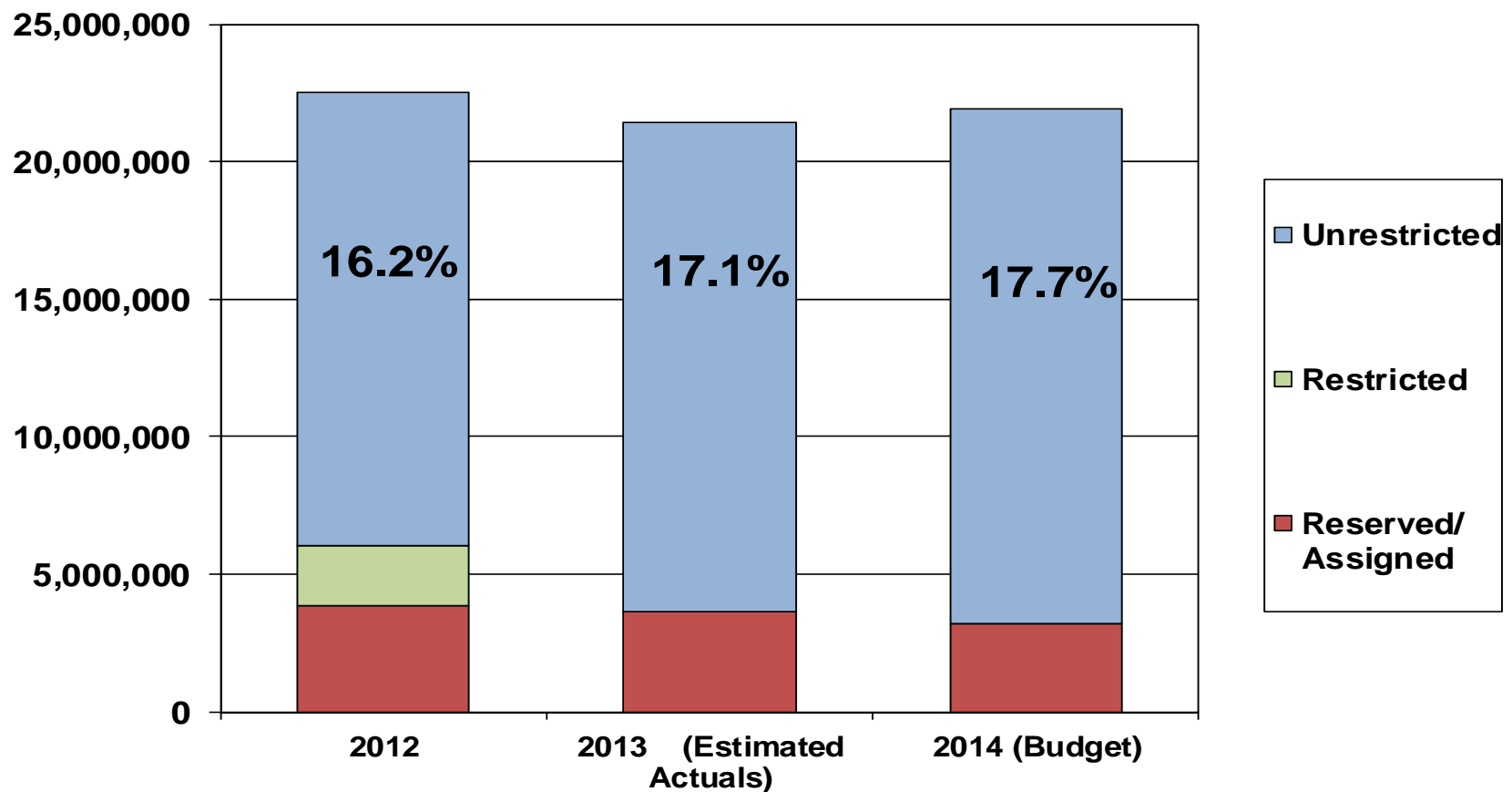
Projected gain - Original Budget	\$473,000
Projected gain - First Interim	<u>8,000</u>
Change	( \$465,000 )

Revised projected Unrestricted Ending Fund Balance:

\$20.8 M      18.68%

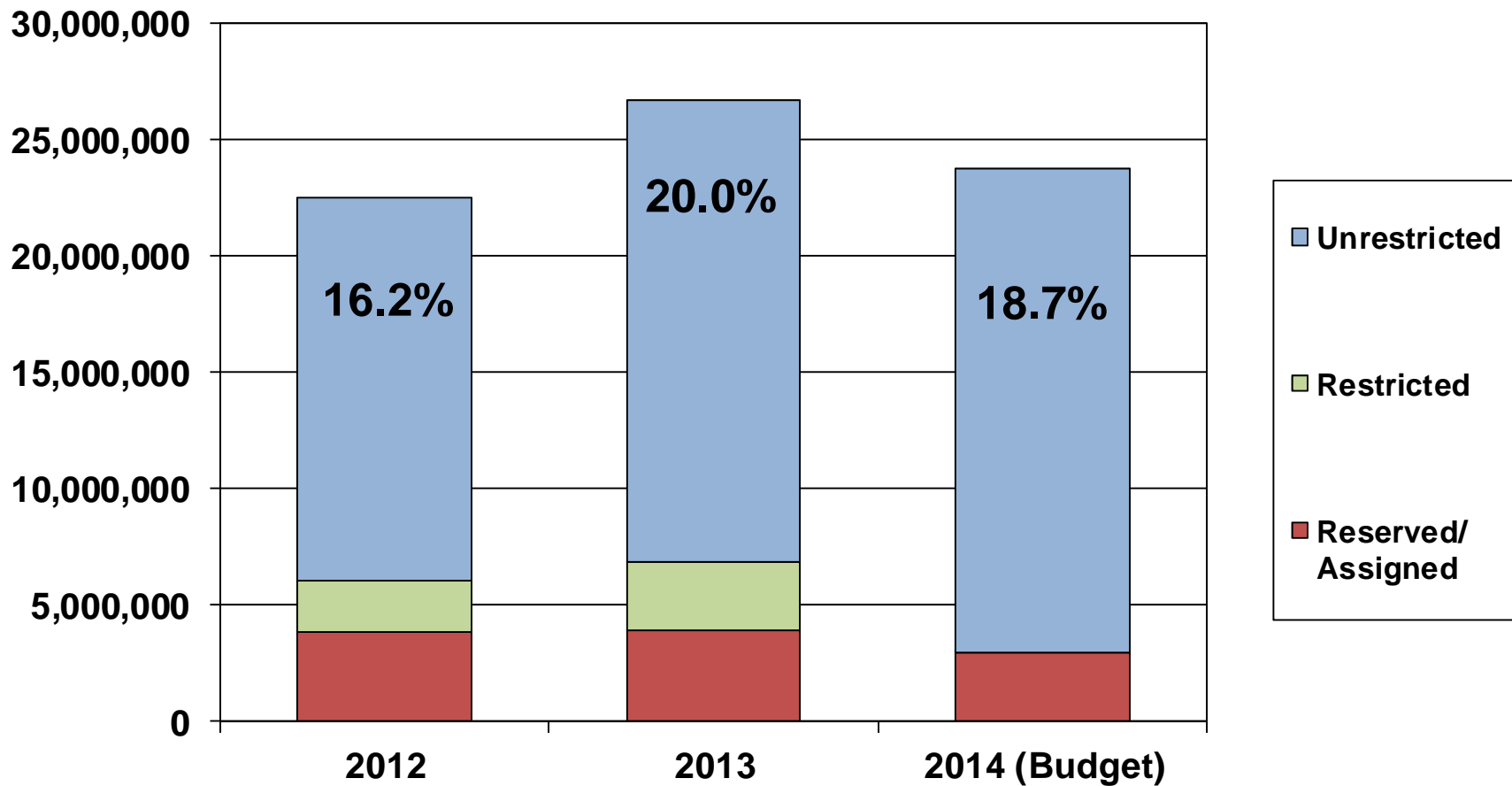
# Ending General Fund Balance – At Original Budget (June 2013)

## Unrestricted Fund Balance %



# Ending General Fund Balance – At First Interim

## Unrestricted Fund Balance %





# Multi-Year Projections - Factors

## OLD SYSTEM (Revenue Limit/Categoricals):

- ADA
- COLA

## NEW SYSTEM (LCFF)

- ADA
- COLA

- *Unduplicated Percent*
- *LCFF Funding Rate*



# Multi-Year Projections

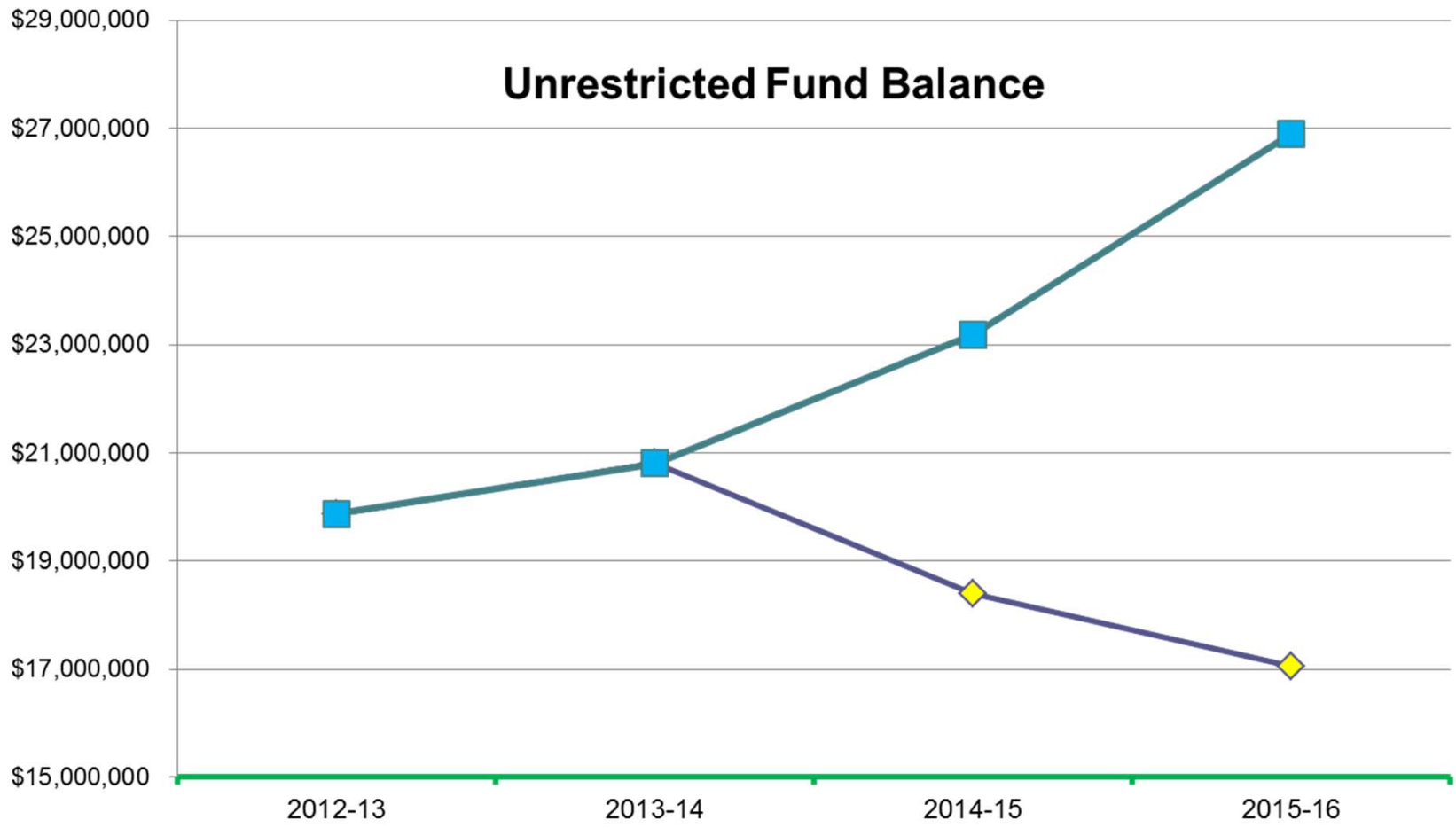
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
ADA	13,476	13,476	13,476
Statutory COLA	1.565%	1.8%	2.3%
Unduplicated Percent	50.6%	50.6%	50.6%
LCFF Funding Rate	11.78%	16.49%	18.69%
Change in Rate		+4.71	+2.2

# Projected Unrestricted Reserve – First Interim 3-year Projection

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Projected Unrestricted Gain	\$8,118	\$1.9M	\$3.7M
Projected Unrestricted Ending Fund Balance	\$ 20.8 M	\$18.4M	\$17.1M
Fund Balance Percent	18.68%	16.58%	15.02%

## Projected Unrestricted Reserve – Additional LCFF Income NOT Designated

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Projected Unrestricted Gain	\$8,118	\$1.9M	\$3.7M
Projected Unrestricted Ending Fund Balance	\$ 20.8 M	\$23.2M	\$26.9M
Fund Balance Percent	18.68%	20.88%	23.69%



◆ Unrestricted Fund Balance (projection)

■ Unrestricted Fund Balance (additional LCFF revenue not designated)

# Unknowns

- LCFF Funding Rate
- Restrictions on Use of Funds



# District Certification

- The District shows above required 3% reserve as of June 30, 2016
- The District is certifying **“Positive”**
- A positive certification indicates that the District **will** be able to meet its 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





## How is the Budget Aligned to the LCAP?

- Each year, the LCAP must be adopted before the LEA adopts the budget
- OCDE will not approve a budget that does not include the expenditures necessary to implement the LCAP
- There will be some type of reporting of expenditures that implement the specific actions identified in the LCAP
- There will be some type of reporting of expenditures that will serve students that generate supplemental and concentration grants

---

**Questions?**

