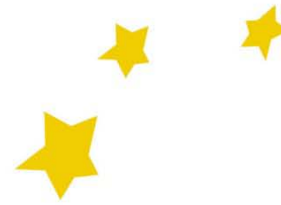




Great Schools  
Successful Kids



FULLERTON  
SCHOOL  
DISTRICT



# Second Interim Report

Report to Board of Education  
March 12, 2013

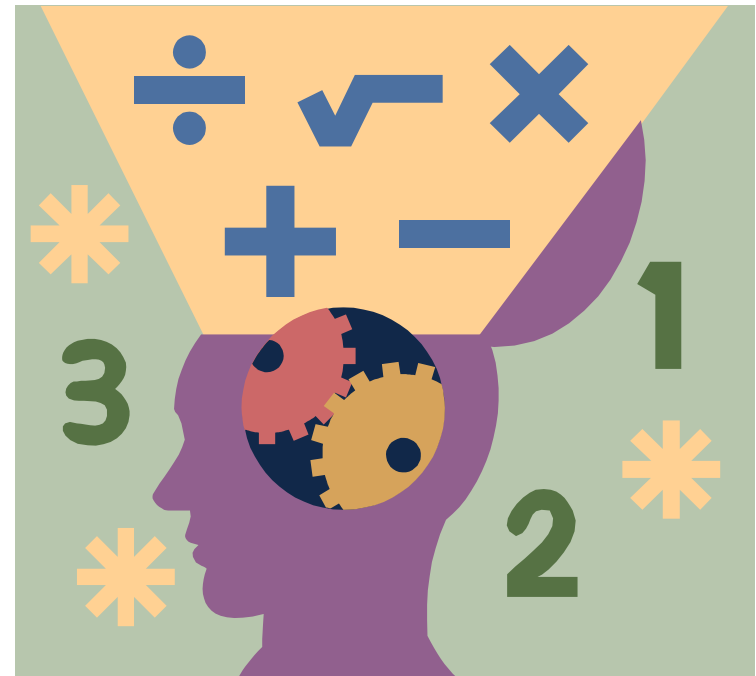
# Second Interim Report

- One of three annual financial reports
- Reports actual financial results through January 31 and projections through 2014-15
- Key to determining District's fiscal viability
- Components of the Report



# Sources of Factors/Assumptions

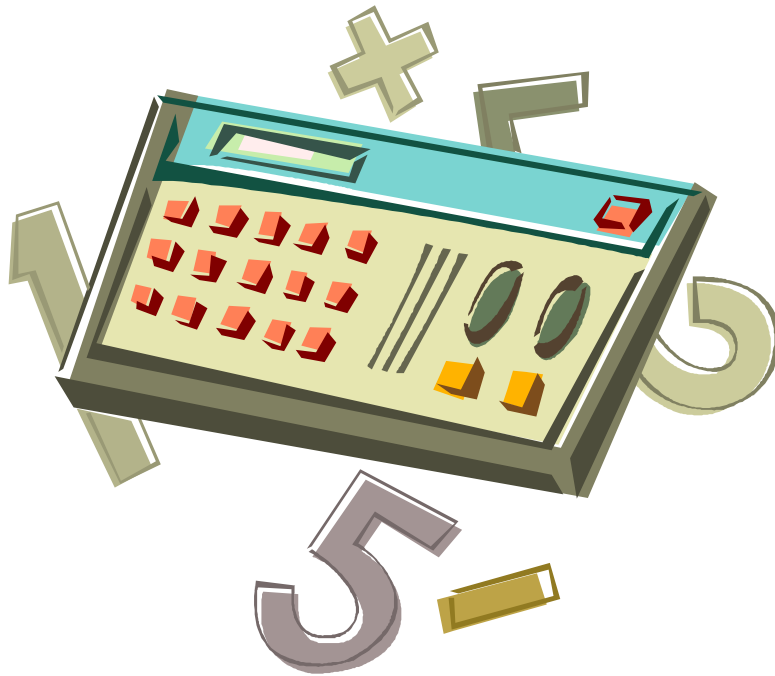
- Orange County  
Department of Ed
- California  
Department of Ed
- School Services of  
California
- Other relevant  
professional sources



# Updating the 2012-13 Budget



# 2012-13 Budget - Adjustments



- No material mid-year changes
- Ongoing budget adjustments caused by routine financial changes

# Ongoing Budget Adjustments

- Categorical revenues and expenses
- Other income accounts
- Encroachment
- Salaries and benefits
- Health Insurance
- All other expenditure accounts

# 2012-13 Revised Budget

Projected net income –

First Interim	\$ 66,769
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Second Interim	\$ 828,410
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Projected Unrestricted Ending Fund Balance

\$17.8 M ~ 17.1%

# Multi-Year Projections





# Multi-Year Projections

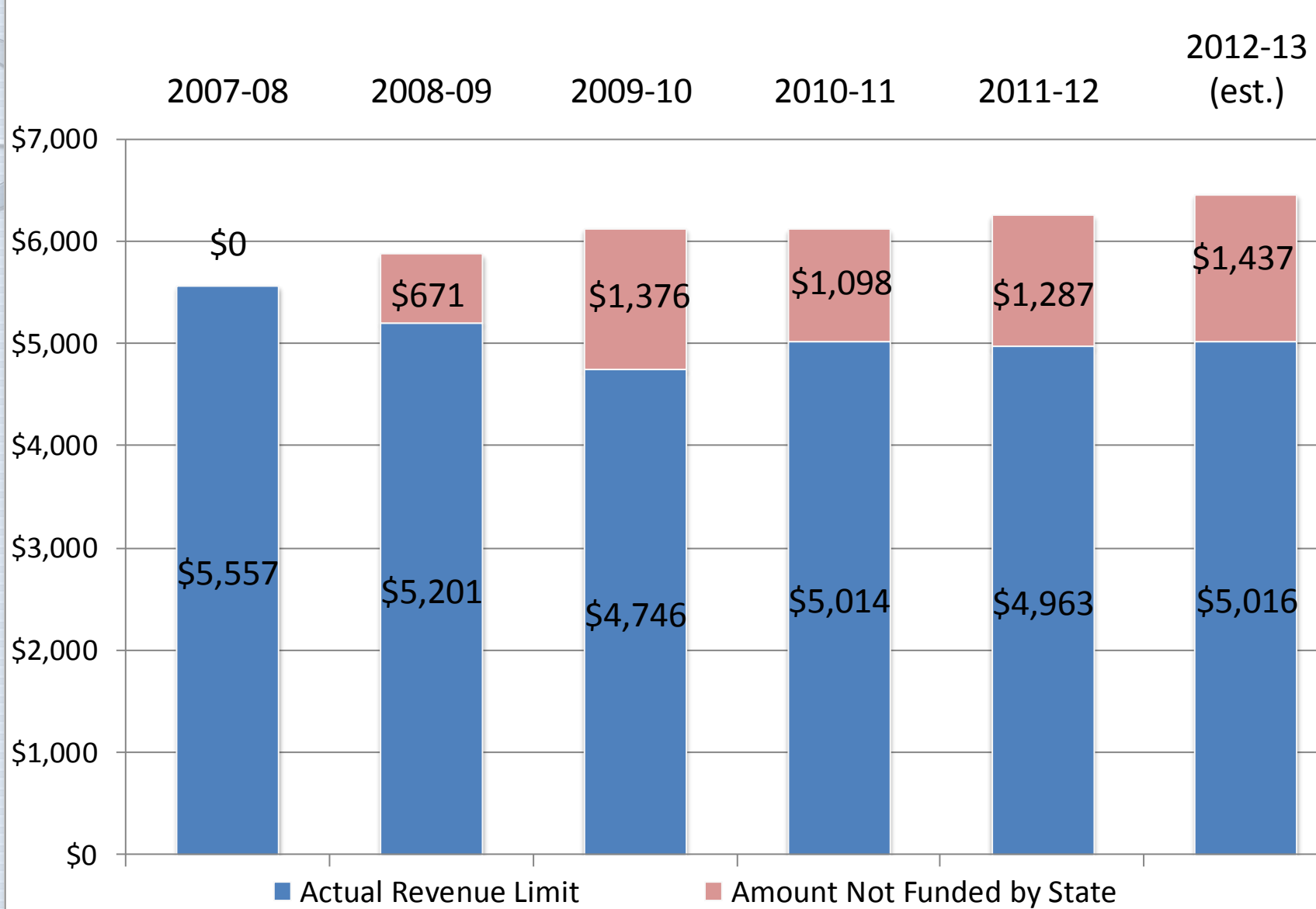
- Three year projection is presented through June 30, 2015
- Current variables and assumptions as directed by OCDE
- Governor's Proposed Budget (including LCFF) NOT incorporated



# Multi-Year Projections

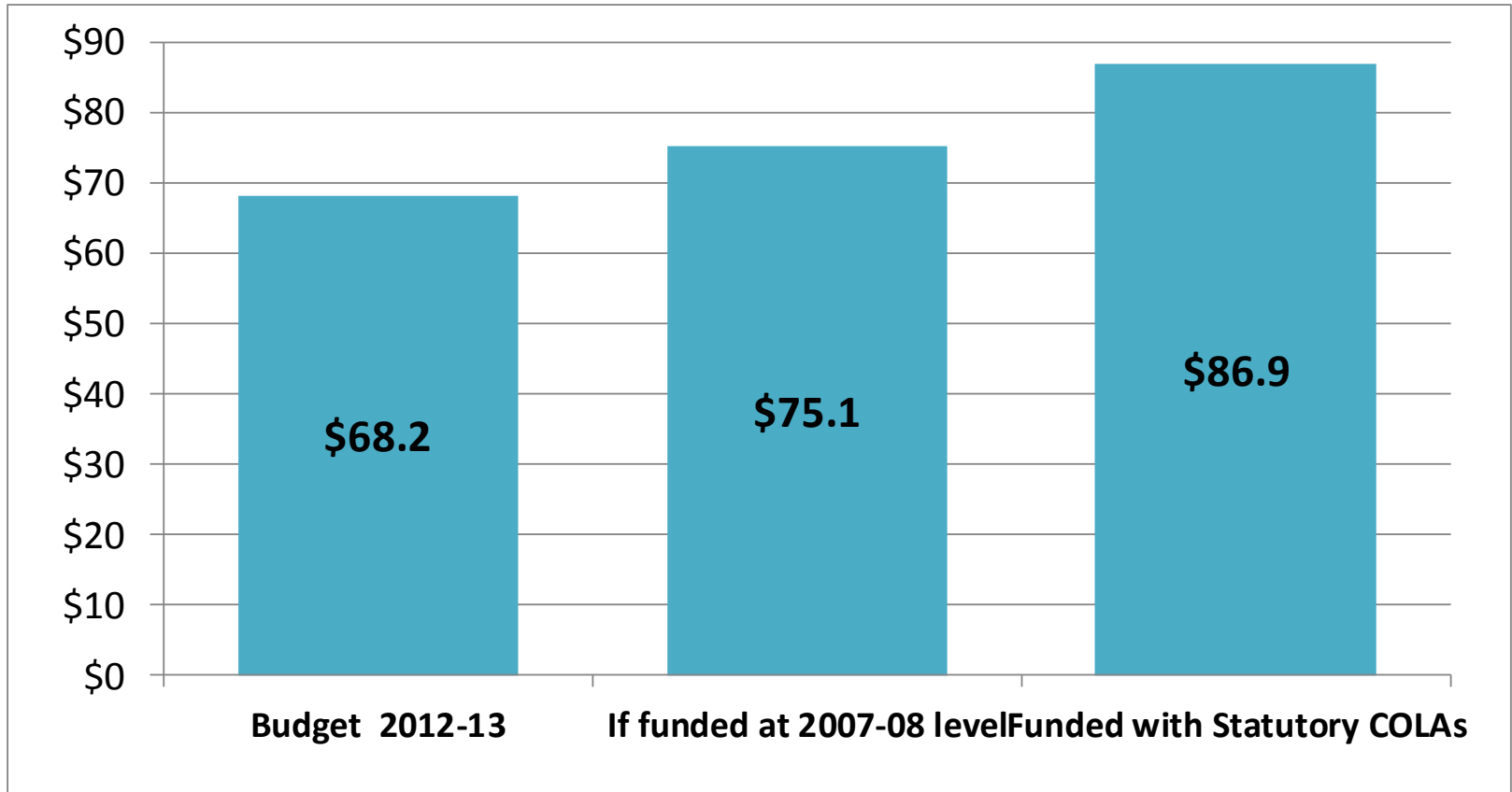
	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>
Effective Revenue Limit COLA	1.08%	1.65%	2.2%
Dollars per ADA	\$5,016	\$5,099	\$5,211
Dollar Change per ADA	\$54	\$83	\$112
Change in ADA	-100-	-0-	-0-

# Revenue Limit per Student



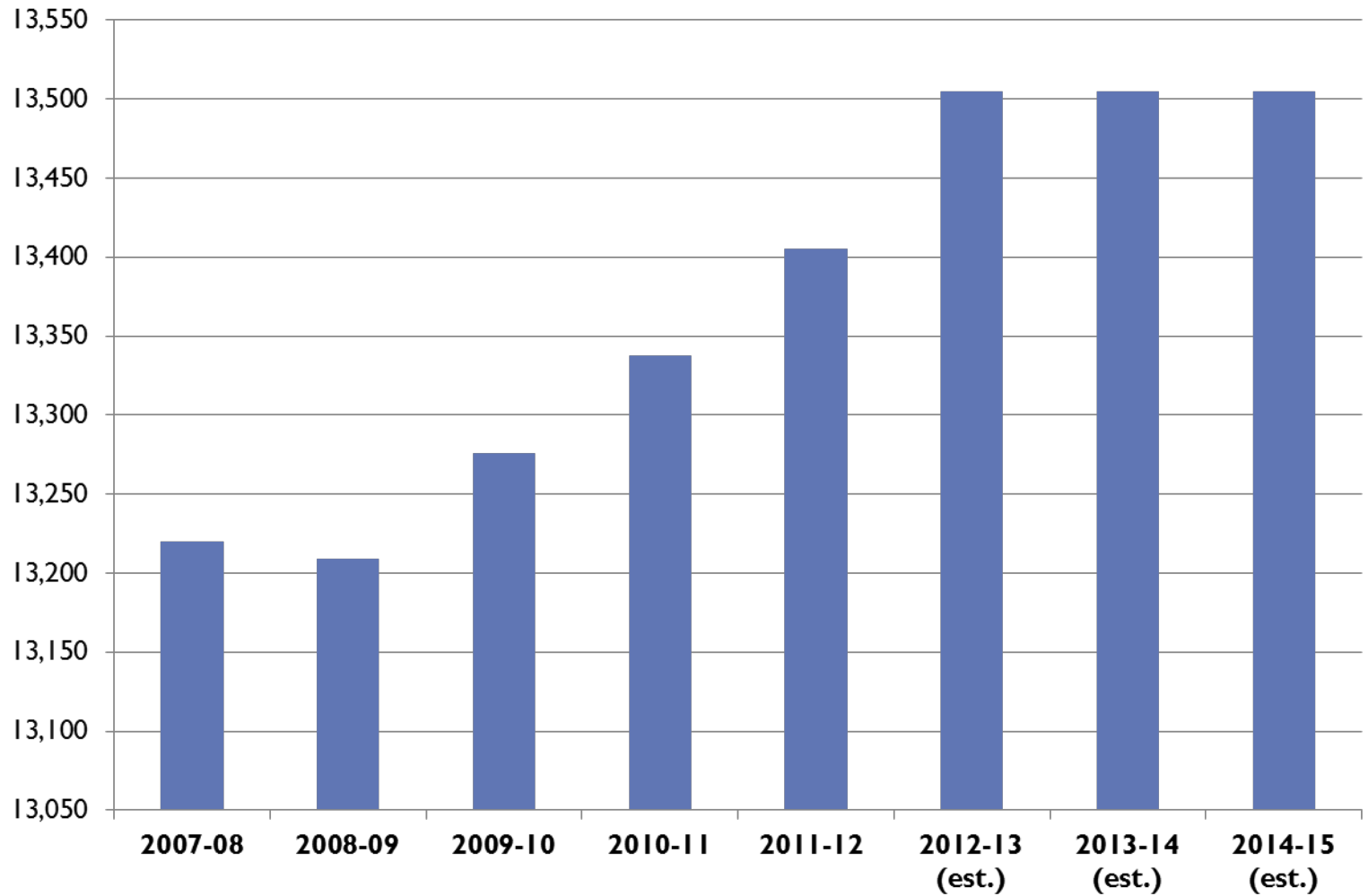
# Revenue Limit Income – Actual vs. COLA

*All amounts in Millions*



**Estimated Total Revenue Limit**

# FSD Revenue Limit ADA



# Multi-Year Projections – Other Factors

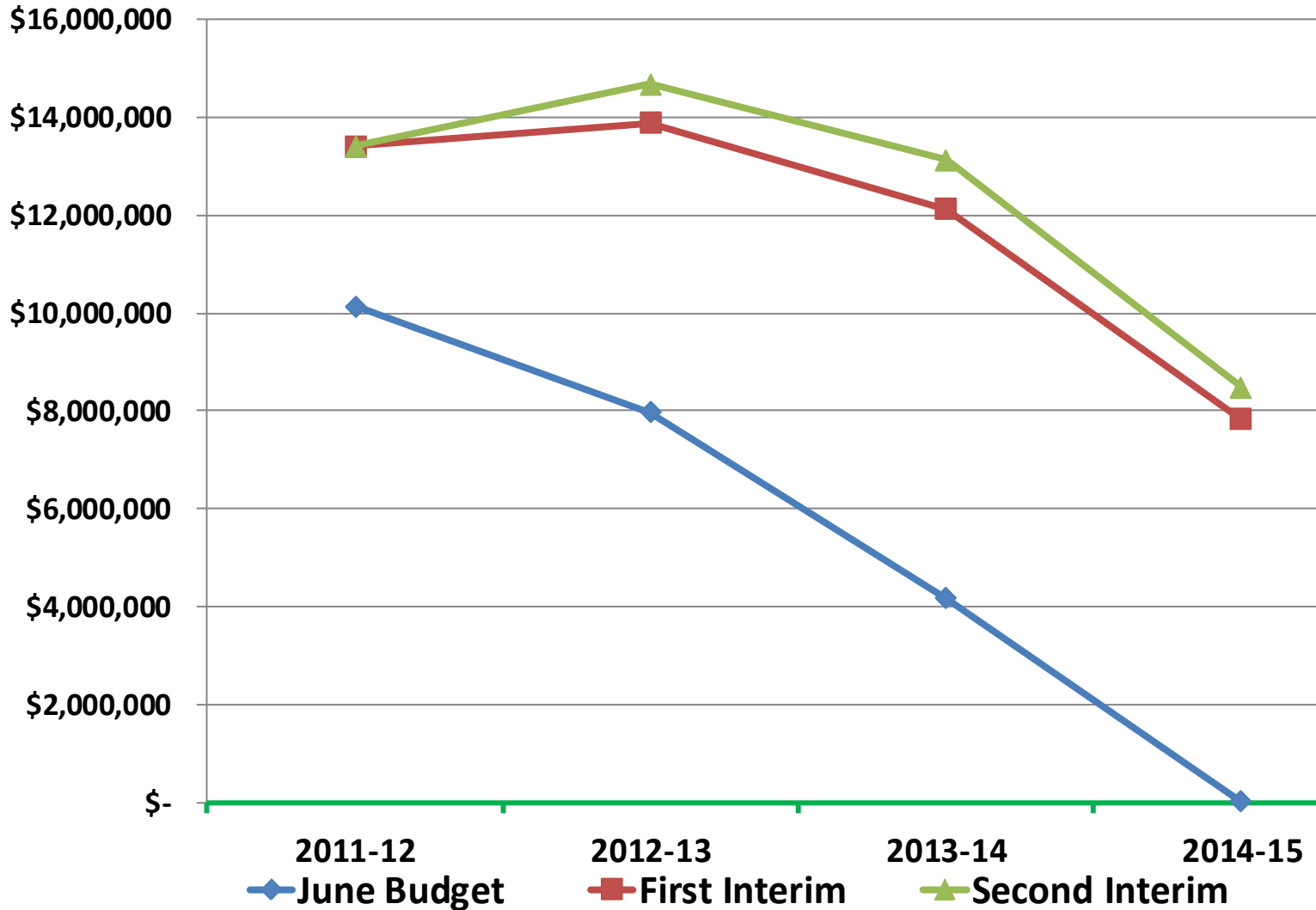
- Flexibility
  - Tier 3 Categorical sweep – \$3.2 million
  - K-3 CSR Flexibility
- Salaries and Benefits
  - No furlough days projected beyond current year
  - Step and column increase
  - 8% increase for health insurance added



# Multi-Year Projections

	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>
Projected Unrestricted Gain/(Loss)	\$828,410	(\$1,935,707)	(\$4,957,102)
Projected Unrestricted Ending Fund Balance	\$17.8M	\$16.3M	\$11.8M
Fund Balance Percent	17.1%	15.3%	10.7%

# Amount Above Required 3% Reserve





# District Certification

- The District shows above required 3% reserve as of June 30, 2015
- 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

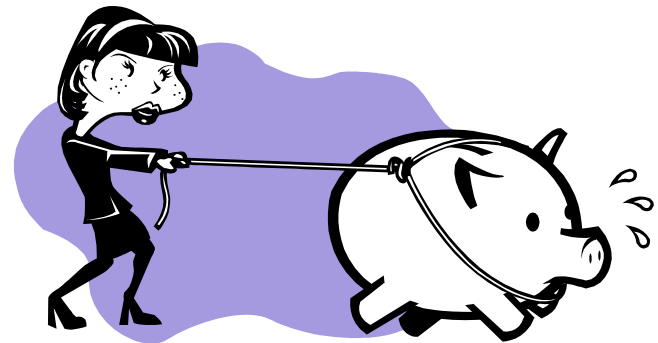


# Governor's January Budget Proposal



# Governor's January Budget Proposal

- **A PROPOSAL**
- Will be revised in May, and again by Legislature for final budget
- For the first time in 5 years, per student \$\$ increases
- Prop 98 sees \$2.7 billion (5%) increase
- LCFF – a radical change to way K-12 education is funded



# Major LCFF Elements

- The LCFF would replace revenue limits and most categorical program funding
- Funding is flexible and could be used for any educational purpose



# Elements of the Proposed Formula

- A base grant target equal to the undeficitated statewide average base revenue limit per ADA
- Differential adjustments for school grade spans
- Added funding for K-3 Class-Size Reduction (CSR) and 9-12 Career Technical Education (CTE)
- Additional funding based on the demographics of the schools, including:
  - English Learner population
  - Pupils eligible for free and reduced-price meals
  - Foster youth

# Major LCFF Elements

- Almost all categorical programs added into LCFF
- All LCFF funding is “no strings attached”
- CSR – all K-3 to go to 24:1 (No penalty for non-compliance?)



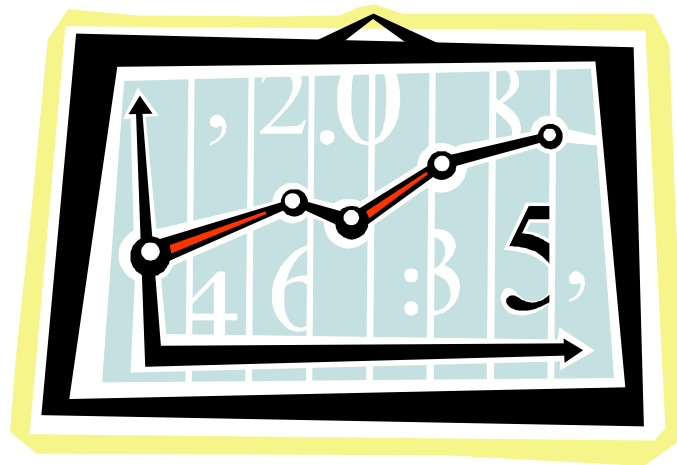
# Major LCFF Elements

- To be phased in over 7 years (2020-21)
- Total estimated cost = \$15 billion
- Governor proposes \$1.6 billion for this year
- Continued funding dependent on strong economic growth



# Impact on FSD

- Dollars are unknown at this time
- Remember, Governor's proposal can and will change before final budget is passed by Legislature
- District Second Interim DOES NOT reflect estimated changes from LCFF





# Challenges to FSD

- District goal is a balanced budget
- Projected deficit spending in out years
- Prioritization of new dollars?
  - Deficit spending reduction
  - Restoration of prior cuts
  - Implementation of new programs/services
  - Expectation of employees



# Next Steps

- Second Interim Report filed with OCDE for review
- P-2 Attendance Report
- May Revise
- District Budget – June 25<sup>th</sup>
- State Budget



QUESTIONS?

