

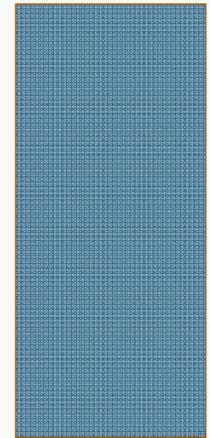
FULLERTON SCHOOL DISTRICT



1401 W. VALENCIA DRIVE, FULLERTON, CA 92833

(714) 447-7400

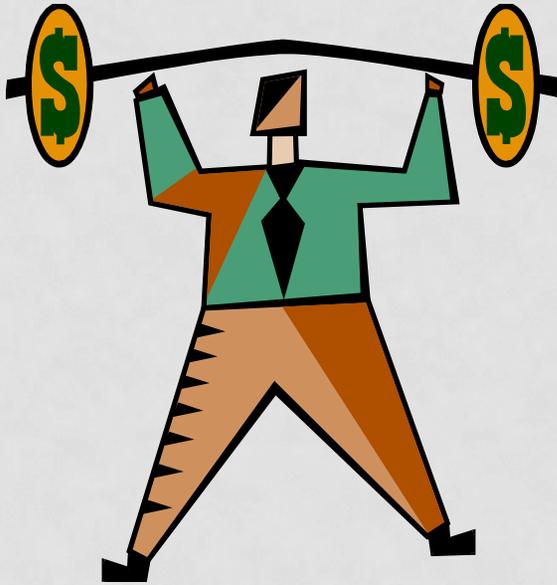
SUMMARY BUDGET REVIEW



Report to Board of Trustees

June 25, 2013

THE “FINAL” BUDGET



- “Final” budget due June 30 to State
- For all funds:
 - 2012-13 Estimated Actuals
 - 2013-14 Budget
- General Fund only:
 - Multi-year projections through 2015-16
- Budget will be revised throughout the year

THE “FINAL” BUDGET

- Our budget based on May Revise
- State budget passed June 15
- Our budget not materially different from final state budget – but still lots of details to be worked out



2012-13 ESTIMATED ACTUALS

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



2012-13 ESTIMATED ACTUALS

Items Reviewed:

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



2012-13 ESTIMATED ACTUALS

CHANGES FROM SECOND INTERIM



No material revisions
from Second Interim

2012-13 ESTIMATED ACTUALS

◆ Estimated net decrease \$ 1,054,402

Total is made up of:

➤ Unrestricted net income

\$ 1,143,112

➤ Restricted net deficit

(\$ 2,197,514)



2012-13 ESTIMATED ACTUALS

Ending Fund Balance:

Restricted, Reserved, Designated	\$ 3,650,363
Unrestricted	<u>17,799,165</u>

**Total General Fund Ending
Balance**

\$21,449,528



2012-13 ESTIMATED ACTUALS

Unrestricted Ending Fund Balance

- \$ 17,799,165
- 17.06% of total expenditures
- State requirement is 3%



2012-13 ESTIMATED ACTUALS

Final results should be better than Estimated Actuals

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



2013-14 BUDGET



STATE BUDGET OVERVIEW

- Economic growth (slow-paced)
 - Proposition 30 provides more revenue in 2012-13
 - Governor projects slower growth for 2013-14
- Proposition 98 increased by higher State revenues
 - Deferral buy backs
 - One-time augmentation for Common Core State Standards (CCSS)
- The Local Control Funding Formula (LCFF) remains the centerpiece of the Governor's State Budget proposal

STATE BUDGET OVERVIEW

- Most major policy issues remain as proposed in January
- Increase of \$4.5 billion in revenues for 2012-13, most of which are committed by statute to Proposition 98
 - The Governor has the responsibility for determining how much of the revenue is one time or ongoing and then adjusting his State Budget proposal accordingly
 - No major increases are proposed for any area of the State Budget other than education
- Higher revenues are good news, but the real story is in the distribution system for education funding
 - The LCFF provides widely disparate increases

STATE BUDGET

- Local Control Funding Formula (LCFF)
- Deferral buy-down
- Common Core
- More revenues to come?



STATE BUDGET

- Prop. 98 at \$56.5 billion for 2012-13 and \$55.3 billion in 2013-14
- 13-14 Budget based on DOF revenue projections (not higher LAO)
- Deferral pay down: \$4.1 billion in 2012-13 and \$266 million in 2013-14



STATE BUDGET

- Increases funding formula target per-pupil Base Grant by \$537 above the May Revision.
- Changes the Supplemental Grant rate to an additional 20 percent of the Base Grant for low-income and English learner students.
- Districts would qualify for additional Concentration Grant funding at 50 percent of the Base Grant if 55 percent of their students are low-income and English learners.
 - *The Concentration Grant for each low-income and English learner student in the May Revision was 35 percent for each disadvantaged student above a 50 percent threshold.*

STATE BUDGET

While the Supplemental Grant is reduced from the May Revision level of 35 percent of the base rate, the rate is calculated on the much higher Base Grant. Thus, there is very little difference between the lower Base Grant/higher Supplemental Grant approach vs. and higher Base Grant/lower Supplement approach.

STATE BUDGET

- Full implementation of the new funding mechanism is now estimated to take eight years. If additional funding is devoted to the system in coming years, districts would get to their targets faster.
- With a hold-harmless provision, no district would get less money in the budget year than they do currently, and the vast majority will do better.

STATE BUDGET

- LCFF \$2.1 B
- Deferral pay down \$4.3 B
- Common Core Standards
(one-time) \$1.25 B
- Prop 39 Energy Efficiency \$ 428M
- Back-fill sequestration cuts \$ -0-

GENERAL FUND BUDGET SUMMARY

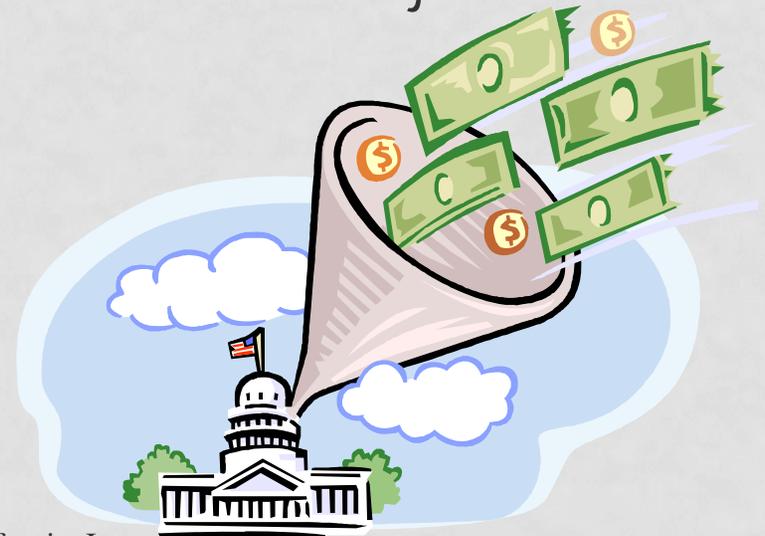
2013-14 May Revision General Fund Budget Summary (In Millions)

	2012-13	2013-14
Prior-Year Balance	-\$1,658	\$850
Revenues and Transfers	<u>\$98,195</u>	<u>\$97,235</u>
Total Resource	\$96,537	\$98,085
Total Expenditures	<u>\$95,687</u>	<u>\$96,353</u>
Fund Balance	\$850	\$1,732
Budget Reserve:		
Reserve for Encumbrance	\$618	\$618
Reserve for Economic Uncertainties	\$232	\$1,114
Budget Stabilization Account	\$0	\$0
Total Available Reserve	\$232	\$1,114

- Revenues and transfers drop \$960 million in 2013-14, or 1.0%
- Expenditures increase \$666 million, or 0.7%
- The reserve is 1.1% of revenues and transfers

BUDGET RISKS ARE LOWER IN 2013-14

- Compared to prior years, the proposed 2013-14 State Budget faces considerably less risk of falling out of balance
- Unlike the 2012-13 spending plan, it is not dependent upon voter approval of a major tax initiative
- Proposition 30 provides both sales tax and income tax revenues

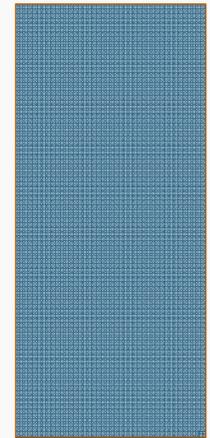


BUDGET RISKS ARE LOWER IN 2013-14

- Unlike prior years, it is not dependent upon an unrealistic revenue projection
- The plan does not rely on an infusion of federal funds to maintain programs
- It is not reliant on unrealistic operational efficiencies in state programs
- The overall economic outlook is the best it has been in more than five years



FULLERTON S.D. BUDGET



FSD BUDGET

Our budget based on:

- Revenue limit increased by COLA, increased by deficit reduction
- No COLA on categorical programs (except for Special Ed)
- LCFF NOT incorporated
- Back fill dollars for Federal special education sequestration cuts added
- No Common Core Standards allocation added
- No Prop 39 energy efficiency dollars added

FSD BUDGET VS. STATE BUDGET

Our budget based on:

- Revenue limit increased by COLA, increased by deficit reduction
- No COLA on categorical programs (except for Special Ed)
- LCFF NOT incorporated
- Back fill dollars for Federal special education sequestration cuts added
- No Common Core Standards allocation added
- No Prop 39 energy efficiency dollars added

State budget:

**LCFF implemented;
total dollars not
materially different**

**No dollars added for
sequestration backfill**

Dollars added

Dollars added

PROJECTED REVENUES - 2013-14

- Total Revenues - \$ 104.4M
- \$2.7M increase from Estimated Actuals 2012-13
- Increase due to increase in State funding
- No projected increase in ADA



PROJECTED REVENUES - 2013-14

Total Projected Revenues = \$104.4 M



millions

■ Revenue Limit

■ Federal Revenues

■ Other State

■ Other Local

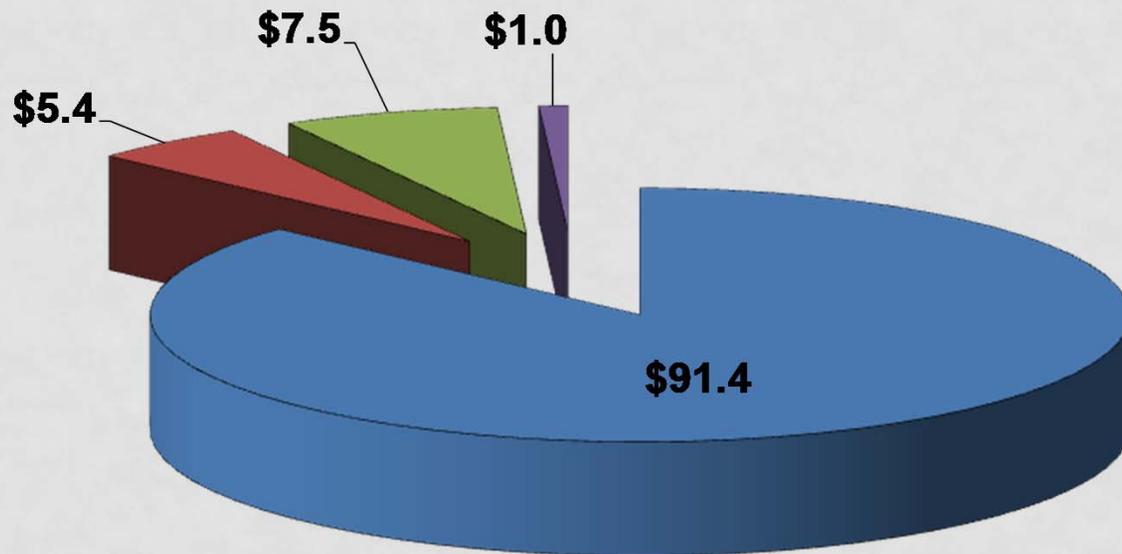
PROJECTED EXPENDITURES - 2013-14

- Total \$105.3 M
- \$ 1.3 M increase over
2012-13
- Majority of changes in
salary and benefit cost
line items
 - Restoration of furlough days
 - Step and column
 - Health insurance



PROJECTED EXPENDITURES - 2013-14

Total Projected Expenditures = \$105.3 M



millions

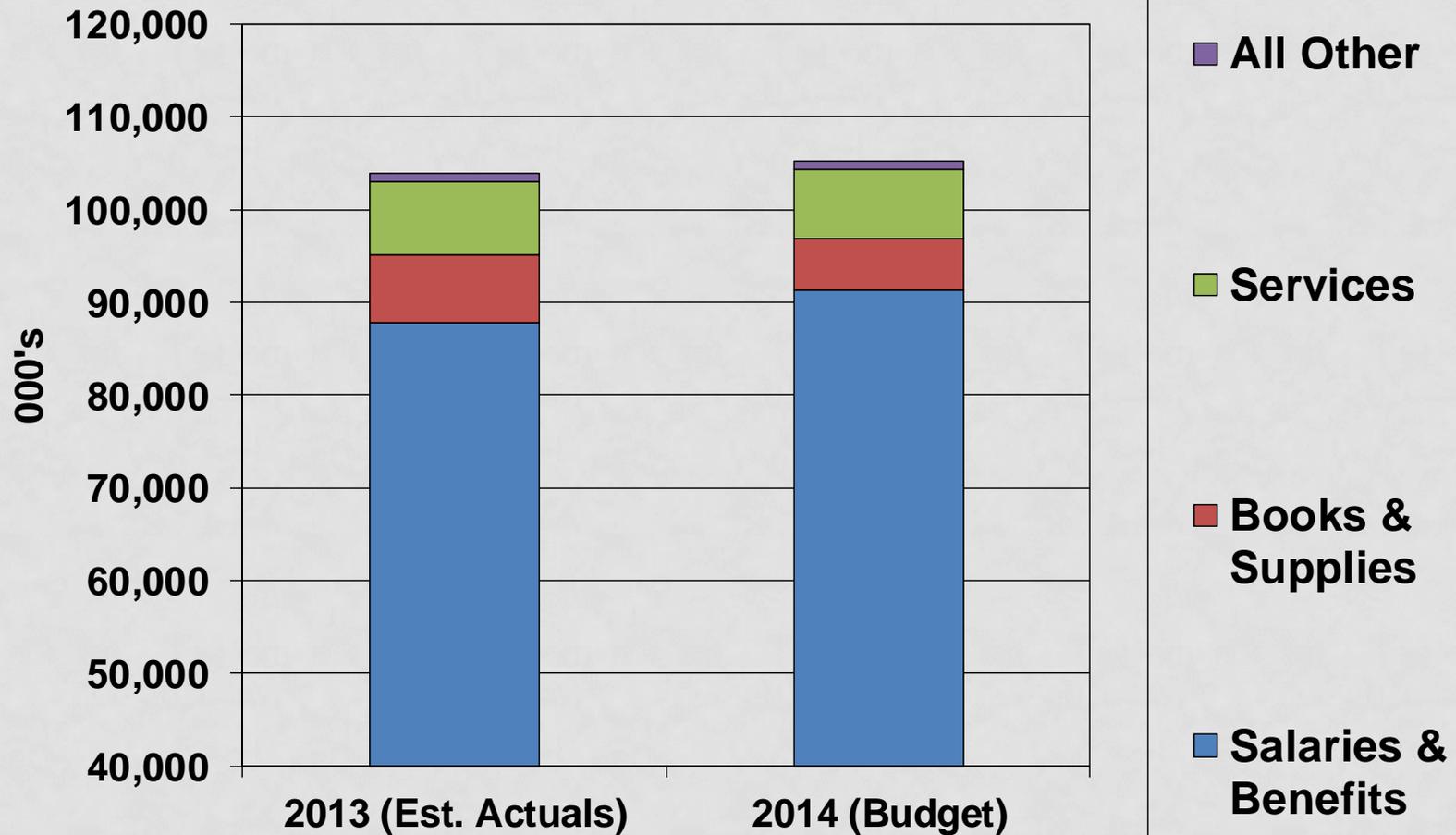
■ Salaries & Benefits

■ Books & Supplies

■ Services & Other

■ Other Outgoing

GENERAL FUND EXPENDITURES



GENERAL FUND EXPENDITURES

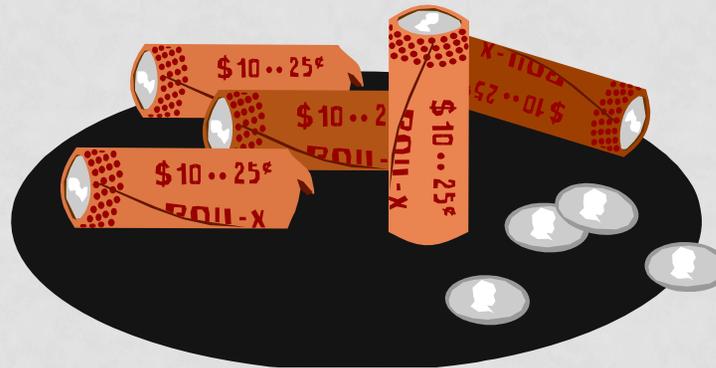
Total General Fund Expenditures



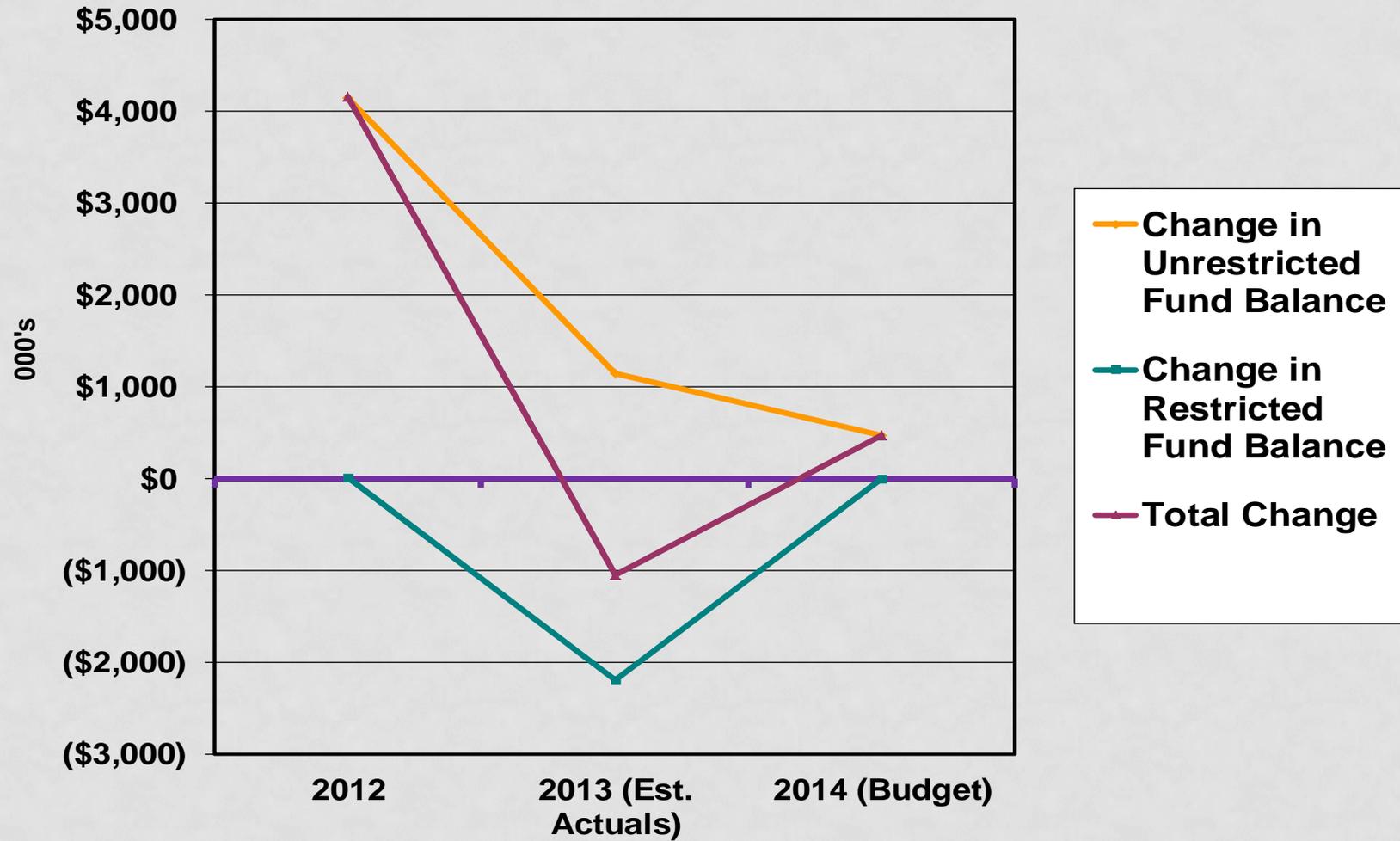
2013-14 BUDGET - CHANGE IN FUND BALANCE

Total estimated net increase \$ 473,703

All Unrestricted Fund

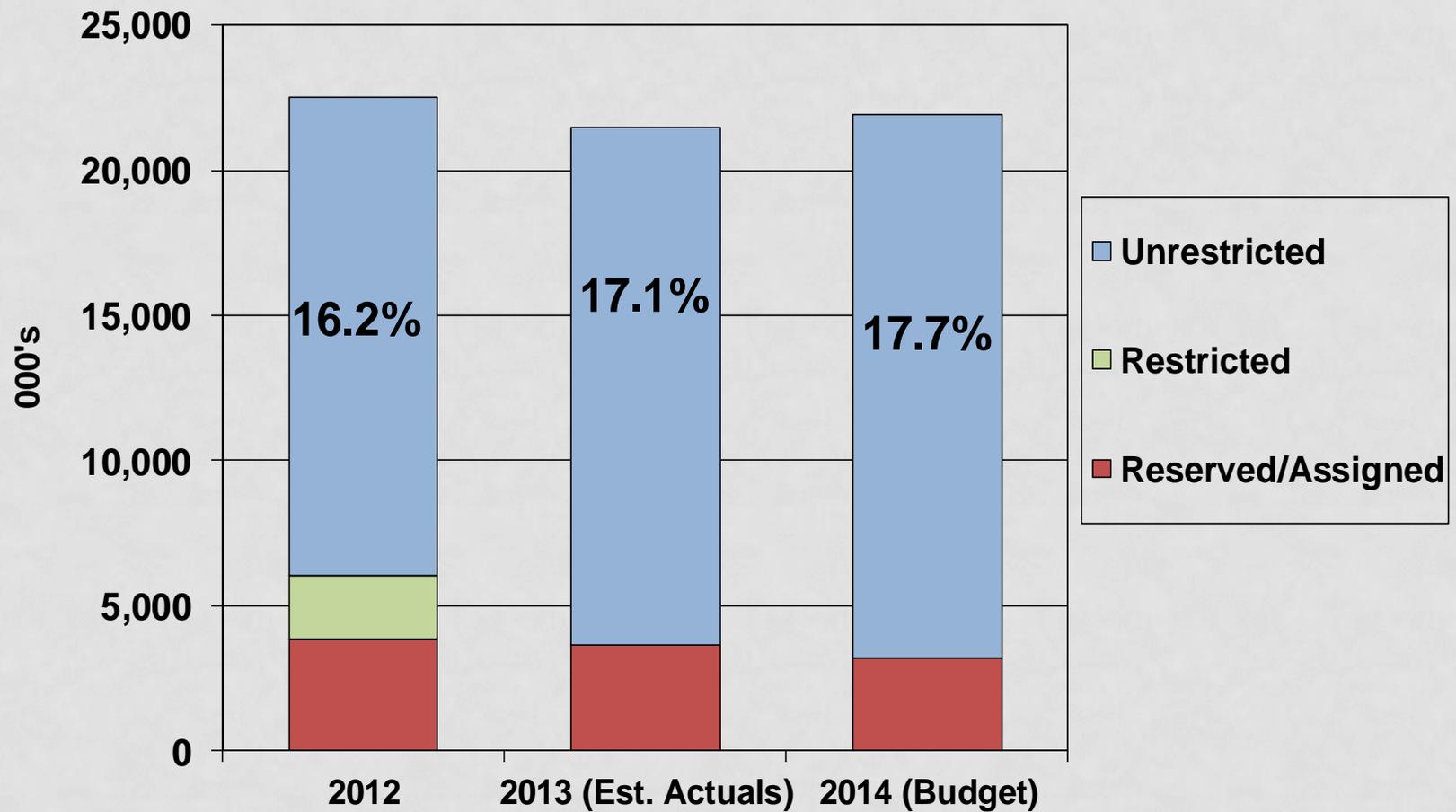


CHANGE IN FUND BALANCE



ENDING GENERAL FUND BALANCE

Unrestricted Fund Balance %

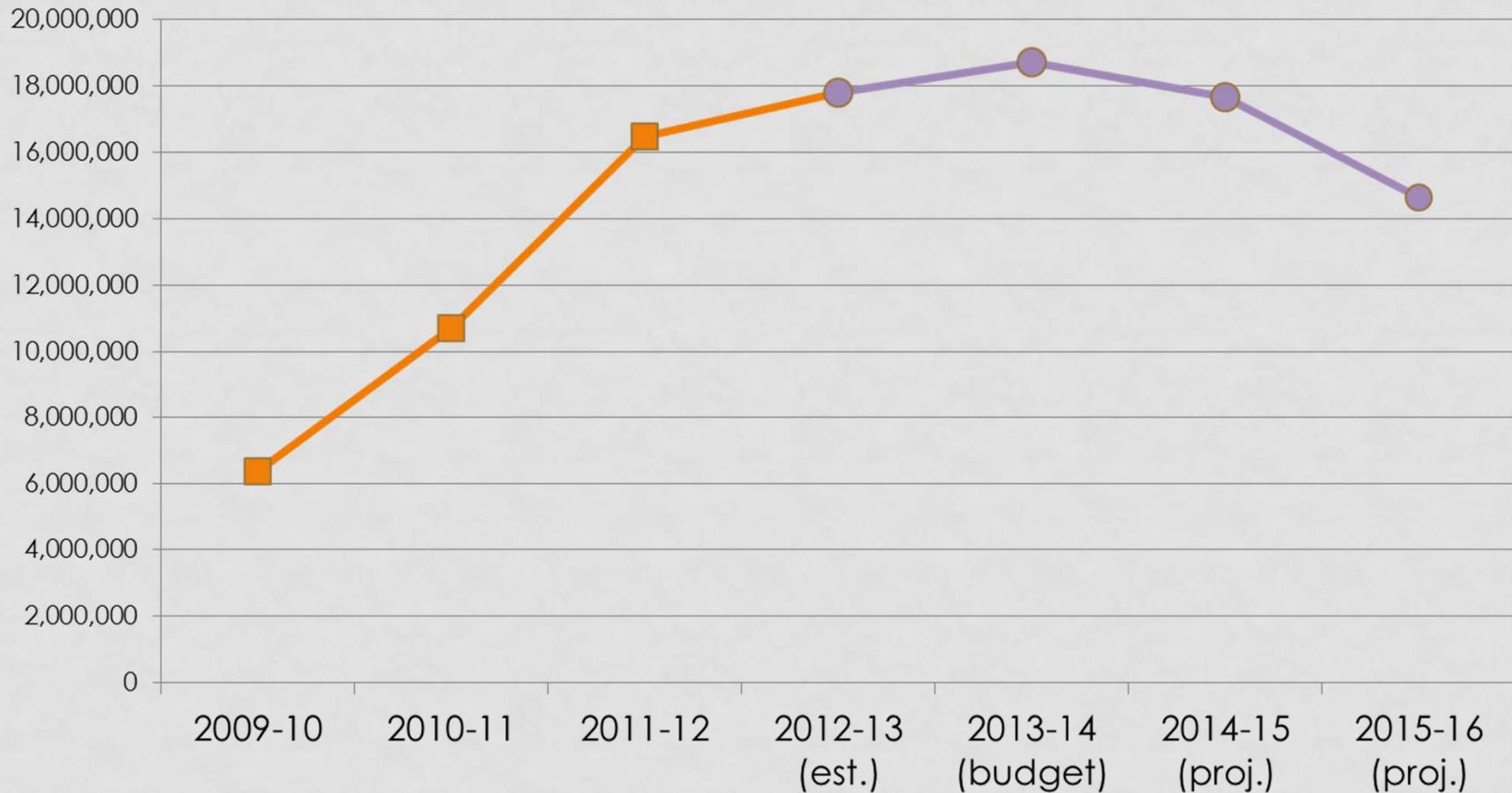


THREE-YEAR PROJECTION

- Required by State
- Positive, Qualified, or Negative certification not required
- OCDE-recommended parameters
- Projected Unrestricted Fund Balance %'s:
 - 2013-14 17.7%
 - 2014-15 16.3%
 - 2015-16 13.2%

FUND BALANCE - ACTUALS AND PROJECTED

Unrestricted Fund Balance



WHAT'S NEXT?

- Update our budget to State budget
- Close books on 2012-13 to determine carryovers
- Start school and count enrollment
- Further budget refinement



QUESTIONS?

