

Fullerton School District

1st Interim Financial Report

December 9, 2008

Presented by:

Dr. Gary Cardinale

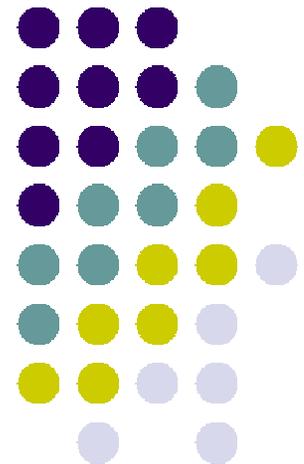
Assistant Superintendent, Business Services

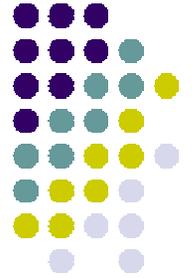
Suwen Su

Director of Business Services

Becky Silva

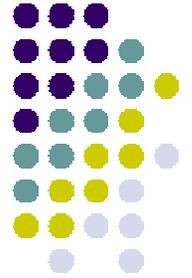
Assistant Director of Business Services





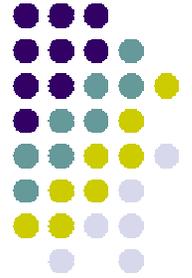
“Nine-tenths of education is
encouragement.”

- Anatole France, Author



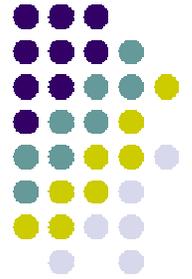
We are recommending a positive certification...

Objectives For This Session



- | Budget Calendar
- | Budget Assumptions
- | Declining Enrollment
- | 1st Interim Budget 2008/2009
- | Budget Reductions
- | Multi-Year Projections
- | What if ???
- | Next Steps

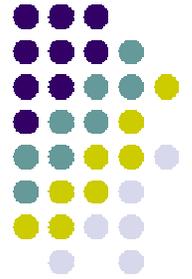
Budget Calendar - FSD



- | December 9, 2008
 - | State of the Budget
 - | Fullerton School District Academic Program Review
 - | 1st Interim Financial Report to Board

- | December 15, 2008
 - | Submit Certified 1st Interim Financial Report to County Superintendent

Budget Calendar - FSD

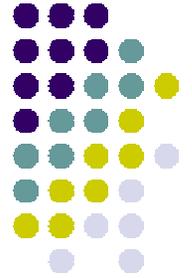


- | January-March 2009
 - | Ongoing Budget Study Sessions TBD

- | January 9, 2009
 - | Governor Submits Proposed 2009/2010 Budget

- | January 14, 2009
 - | 2nd Meeting with Budget Advisory Committee

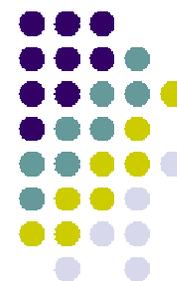
Budget Calendar - FSD



- | January 20, 2009
 - | Audit report to Board for 2007/2008
 - | Budget Study Session/Board Meeting

- | February 11, 2009
 - | 3rd Meeting with Budget Advisory Committee

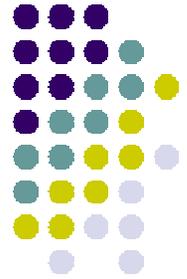
- | March 10, 2009
 - | 2nd Interim Financial Report to the Board



Budget Assumptions (Including Multi-Year Projections)

Factors		2008/2009 Adopted	2008/2009 First Interim	2009/2010 Projected	2010/2011 Projected
Revenue Limit Funded COLA		0%	.68%	0%	3.50%
Categorical COLA		-6.50%	-6.50%	0%	3.50%
California Lottery	Base	\$115/ADA	\$118/ADA	\$118/ADA	\$118/ADA
	Prop 20	\$16.5/ADA	\$19/ADA	\$19/ADA	\$19.3/ADA
Interest Rate (10 yr Treasuries)		4.60%	4.30%	4.70%	4.80%
California Consumer Price Index (CPI)		3.46%	3.50%	4.00%	4.00%
Funded Revenue Limit ADA		13,216	13,218	13,091	12,946
CBEDS (Decline)		-7	-106	-150	-150
P2 ADA (Decline)		-10	-126	-145	-145

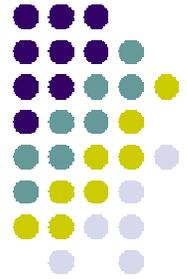
Budget Assumptions 2008/2009



<u>FETA</u>			
Step/Column Increase	2.4%	\$	1,122,180
Attrition Savings		\$	-781,615
		\$	340,565
<u>All Units</u>			
Health & Welfare Increase	12%	\$	921,023
Cost of 1% (Including Statutory Benefits)*			
-Certificated	1%	\$	485,492
-Classified	1%	\$	128,158
-Management	1%	\$	73,037
		\$	686,687

* For Unrestricted General Fund Only

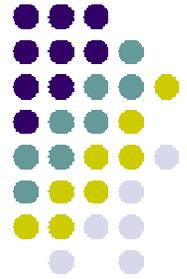
Effect of Declining Enrollment on Income



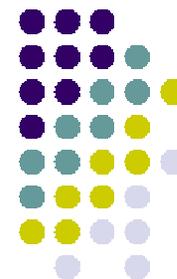
2007/2008	<u>Loss of ADA</u>	<u>Percent</u>	<u>Revenue Limit \$</u>
(249 ADA (x) RL \$5,557.24)	-249	-2%	\$ -1,383,753
2008/2009			
(3 ADA (x) RL \$5,595.48)	-3	0%	-16,786
2009/2010			
(126 ADA (x) RL \$5,595.48)	-126	-1%	-705,030
2010/2011			
(145 ADA (x) RL \$5,791.43)	-145	-2%	-839,757
Cumulative Impact	-523		\$ -2,945,326

Note: Funding based on prior year average daily attendance due to declining enrollment.

Contributions to Restricted Programs: 2008/2009



Special Education	\$ -6,468,049
Home to School Transportation	\$ -14,508
Special Education Transportation	\$ -257,322
Routine Maintenance	\$ -3,313,029
Total Unrestricted Contribution	\$ -10,052,908

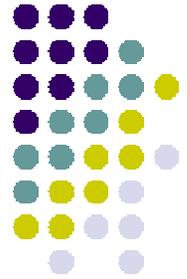


General Fund Summary

	2008/2009 Adopted Budget	2008/2009 First Interim	% Change
REVENUE	\$106,339,724	\$109,323,070	3%
EXPENDITURE	\$108,781,183	117,105,199	8%
Net Increase/Decrease(-) Fund Balance	-2,441,459	-7,782,129*	
Beginning Balance 7/1	13,844,767	13,844,767	0%
Ending Balance 6/30	\$11,403,308	\$6,062,638	-47%

* \$6 Million From 2007/2008 Carryover.

General Fund Summary



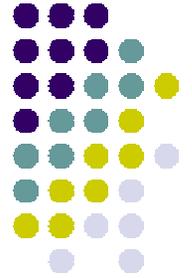
Components of Ending Fund Balance	2008/2009 Adopted Budget	2008/2009 First Interim	% Change
Revolving Cash/Stores/Prepaid Expense	\$1,200,000	\$1,411,000	18%
Restricted Funds – Categoricals	4,152,861	0	-100%
0.68% COLA	0	500,000	100%
Backfill Teachers – 5 FTEs	0	345,091	100%
Technology	0	76,000	100%
Laptop Consumer Coverage	0	45,579	100%
Designated for Economic Uncertainties	4,098,970	3,684,968	-10%
Total Ending Fund Balance	11,403,308	6,062,638	-47%
Amount Needed to Meet AB 1200 3% Reserve ⁽¹⁾	3,263,435	3,513,156	8%
Amount Above (Below) AB 1200 3% Reserve	\$835,535	\$171,812	-79%

Note: (1) 3% of Total General Fund Expenditures

(2) \$4,098,970 less \$3,263,435 = \$ 835,535

\$3,684,968 less \$3,513,156 = \$171,812

General Fund Revenue Changes



I Unrestricted + \$0.6 Million Due To:

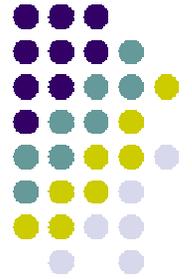
Increase Revenue Limit COLA .68%

Increase to PTA, ASB, and Other Donations

Increase Laptop Revenue

Decrease in Projected Interest Earnings

General Fund Revenue Changes



I Restricted + \$2.4 Million Due To:

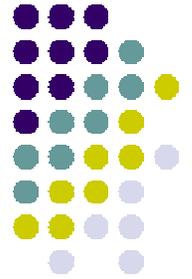
Categorical Carryover and Deferred Revenue

Increase to New and Current Funding Including the Readiness and Emergency Management Grant, the School Library Grant, and the English Language Acquisition Program

Reduction to Title I and the Comprehensive School Reform Grant

Increase in Special Education Revenue

General Fund Expenditure Changes



I Unrestricted +\$1.0 Million Due To:

Increase to Salary and Benefits

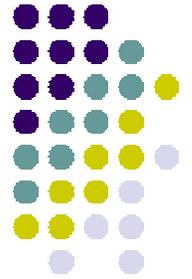
Adjustment for Projected Additional Compensation

2007/2008 School Site Carryover

Reduction for Election Expense

Reduction to District Office Budgets

General Fund Expenditure Changes



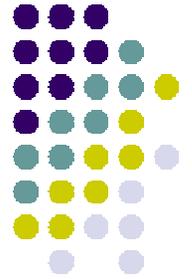
I Restricted +\$7.0 Million Due To:

Categorical Carryover and Deferred Revenue

Increase to New and Current Funding Including the Readiness and Emergency Management Grant, the School Library Grant and the English Language Acquisition Program

Reduction to Title I and the Comprehensive School Reform Programs

Reduction to Special Education Excess Costs Expense

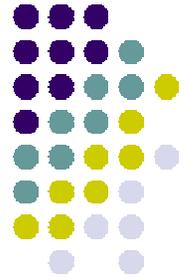


“Always do right. That will gratify
some people and astonish the
rest.”

- Mark Twain

Budget Reductions

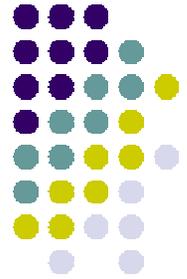
Adopted Budget – 2008/2009 – 2010/2011



Categories	2008/2009	2009/2010	2010/2011
	Year 1	Year 2	Year 3
1. Educational Services	\$122,100	\$ -	\$ -
2. Business Services	742,525	275,710	475,710
3. Personnel Services	283,193	-	-
4. Superintendent's Office	104,162	-	-
5. Set Assistant Principal Ratio	215,102	-	-
6. Set Ratios for Clerical Staff (School Sites)	418,960	-	-
7. Attrition Savings	1,397,068	-	-
8. Reduce 7 FTEs Teachers Due to Declining Enrollment	-	483,222	483,222
9. Program Reductions	189,076	30,620	709,620
10. Other	490,999	538,858	538,858
Total	\$ 3,963,185	\$1,328,410	\$2,207,410

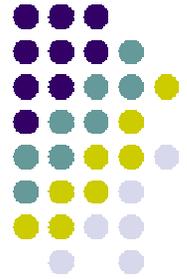
Budget Reductions

1st Interim – 2008/2009 – 2010/2011



Categories	2008/2009 Year 1	2009/2010 Year 2	2010/2011 Year 3
Total from Adopted Budget	\$ 3,963,185	\$1,328,410	\$2,207,410
1. Include Savings from Attrition	-	713,560	721,221
2. Move Transportation Reduction from Year 3 to Year 2	-	200,000	-
3. Reduce 6 FTE Teachers Due to Projected Declining Enrollment of -150	-	-	370,002
4. Program Reduction Changes	-	-	-679,000
5. Other Changes (i.e., adjust FTEs from 7 to 6 Due to Enrollment Changes and Changes to Department Cuts)	-	-132,209	-132,209
	\$ 3,963,185	\$2,109,761	\$2,487,424

Budget Reductions Summary 2008/2009 to 2010/2011 - 1st Interim

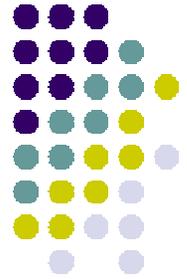


In Millions (\$)

	2008/2009 Year 1	2009/2010 Year 2	2010/2011 Year 3	Total Reduction
Identified:	\$3.90	\$2.10	\$0.00	\$6.00
To Be Determined:	\$0.00	\$3.40	\$1.00	\$4.40
Total:	\$3.90	\$5.50	\$1.00	\$10.40

Note: Assume Year 2 total of \$5.5 million is ongoing, then Year 3 is \$1 million.

Fullerton School District Multi-Year Projections with COLAs

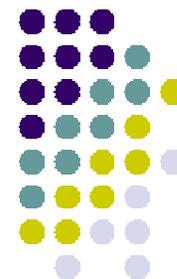


Funded COLA	4.53%	.68%	0%	3.50%
	2007/2008 Actuals	2008/2009 First Interim	2009/2010 Projection	2010/2011 Projection
REVENUE	\$110,731,862	\$109,323,070	\$108,377,216	\$111,040,979
EXPENDITURE:				
BEFORE Reductions	110,488,847	121,068,384	114,270,003	117,451,761
Budget Reductions*	0	-3,963,185	-5,486,434	-6,485,168
AFTER Reductions	110,488,847	117,105,199	108,783,569	110,966,593
Net Increase/Decrease(-) Fund Balance	243,015	-7,782,129	-406,353	74,386
Beginning Balance 7/1	13,601,751	13,844,767	6,062,638	5,656,285
Ending Balance 6/30	\$13,844,76	\$6,062,638	\$5,656,285	\$5,730,671

6

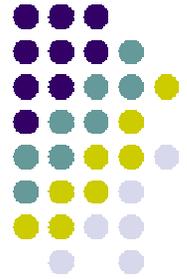
*Includes attrition. 2008/2009: Reductions met. 2009/2010: Anticipated \$5+ million in ongoing reductions. 2010/2011: Need additional \$1 million in cuts.

Fullerton School District Multi-Year Projections with COLAs



Components of Ending Fund Balance	2007/2008 Unaudited	2008/2009 First Interim	2009/2010 Projection	2010/2011 Projection
Revolving Cash/Stores/Prepaid Expense	\$1,410,018	\$1,411,000	\$1,411,000	\$1,411,000
Restricted Funds – Categoricals	5,088,843	0	0	0
Unrestricted – School Site C/O	977,233	0	0	0
2007/08 Compensation	2,191,848	0	0	0
0.68% COLA	0	500,000	500,000	500,000
Backfill Teachers – 5 FTEs	0	345,091	355,777	364,672
Technology	0	76,000	76,000	76,000
Laptop Consumer Coverage	0	45,579	50,000	50,000
Designated for Economic Uncertainties	4,176,826	3,684,968	3,263,508	3,328,999
Total Ending Fund Balance	\$13,844,766	\$6,062,638	\$5,656,285	\$5,730,671
Amount For AB 1200 3% Reserve	3,314,665	3,513,156	3,263,508	3,328,999
Amount Above (Below) AB 1200 3% Reserve	\$862,161	\$171,812	\$0	\$0

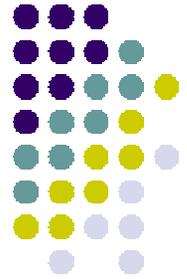
Multi-Year Projections with 0% COLA



Funded COLA	4.53%	0%	0%	0%
	2007/2008 Actuals	2008/2009 First Interim	2009/2010 Projection	2010/2011 Projection
REVENUE	\$110,731,862	\$108,836,251	\$107,808,873	\$107,031,305
EXPENDITURES				
BEFORE Reductions	110,488,847	120,705,188	113,481,310	116,130,721
Budget Reductions*	0	-3,963,185	-4,884,115	-9,062,443
AFTER Reductions	110,488,847	116,742,003	108,597,195	107,068,278
Net Increase/Decrease(-) Fund Balance	243,015	-7,905,752	-788,322	-36,973
Beginning Balance 7/1	13,601,751	13,844,767	5,939,015	5,150,693
Ending Balance 6/30	\$13,844,766	\$5,939,015	\$5,150,693	\$5,113,720

*08/09: Reductions met. 09/10 and 10/11: Assume declining enrollment of -150 per year, 0% COLA, and exclusion of the 1% ongoing total compensation from mid-year 2008/09. For 09/10, a minimum of \$4.9 million reduction is needed to meet the 3% AB1200 reserve requirement. If 09/10 total reductions are ongoing, then for 10/11 an additional reduction of \$4.2 million is needed to meet the 3%.

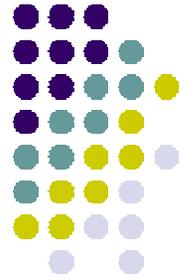
Potential Revenue Losses in January



2007/2008 California Enrollment Total:	6,275,469		
% Statewide Decline in Enrollment:	-0.52%		
Student Enrollment Decline Total:	-32,632		
Projected 2008/2009 Enrollment	6,242,837		
<u>When The State Cuts \$2.5 Billion...</u>	<u>Per Student</u> -\$400	<u>CBEDS*</u> 13,478	<u>Total Revenue Loss</u> -\$5,397,386
<u>When The State Cuts \$4 Billion...</u>	-\$641	13,478	-\$8,635,818

*Estimated 2008/2009

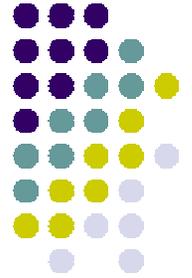
What If ??



	\$2 Billion Budget Cut ⁽¹⁾	\$4 Billion Budget Cut ⁽²⁾
School Closure	Seven Days	Fourteen Days
Class Size	Increase of Over 11%	Increase of Over 22%
Per Student Spending	\$350	\$750
Layoffs (Non-Teaching Personnel)	50,000	100,000
District Cuts	\$3.5 Million (Assuming 10,000 students)	\$6.9 Million (Assuming 10,000 students)
Classroom Cuts	\$8,750 per Classroom	\$17,500 per Classroom
Eliminating Programs	Music, Art, Career Technical	Music, Art, Career Technical

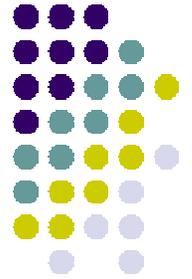
1. The Governor's Proposed Mid-Year Education Cuts of \$2 Billion to K-12 School Districts Assumes \$4.7 Billion in New Revenue

2. Potential 2008/2009 Mid-Year Education Cuts If There Are No New Revenues.



“The time for action is now. It’s never too late to do something.”

- Carl Sandburg



“Never doubt that a small group
of thoughtful, committed
citizens can change the world.
Indeed, it is the only thing that
ever has.”

- Margaret Mead