



Great Schools
Successful Kids

FULLERTON
SCHOOL
DISTRICT



Second Interim Report

Report to Board of Education
March 4, 2014

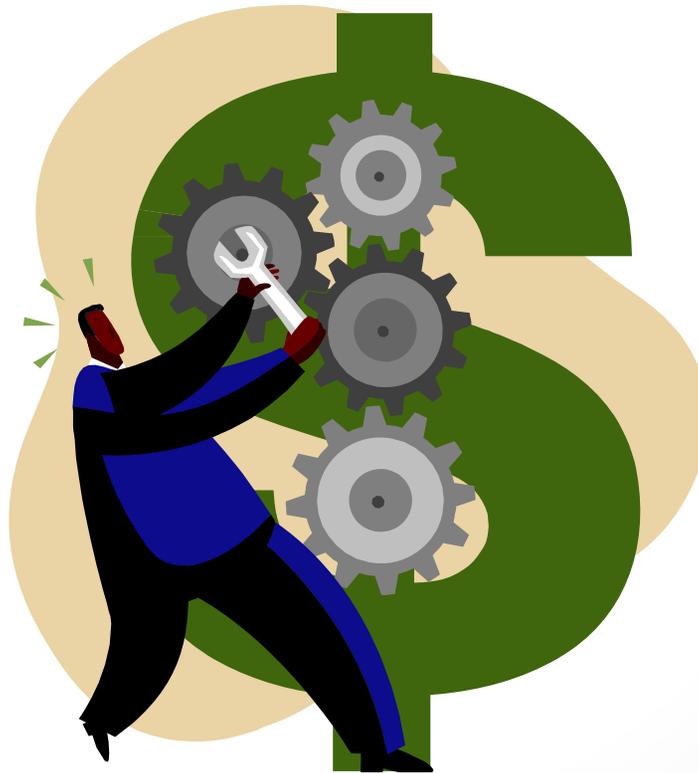
Second Interim Report

- One of three annual financial reports
- Reports actual financial results through January 31 and projections through 2015-16
- Key to determining District's fiscal viability
- Components of the Report

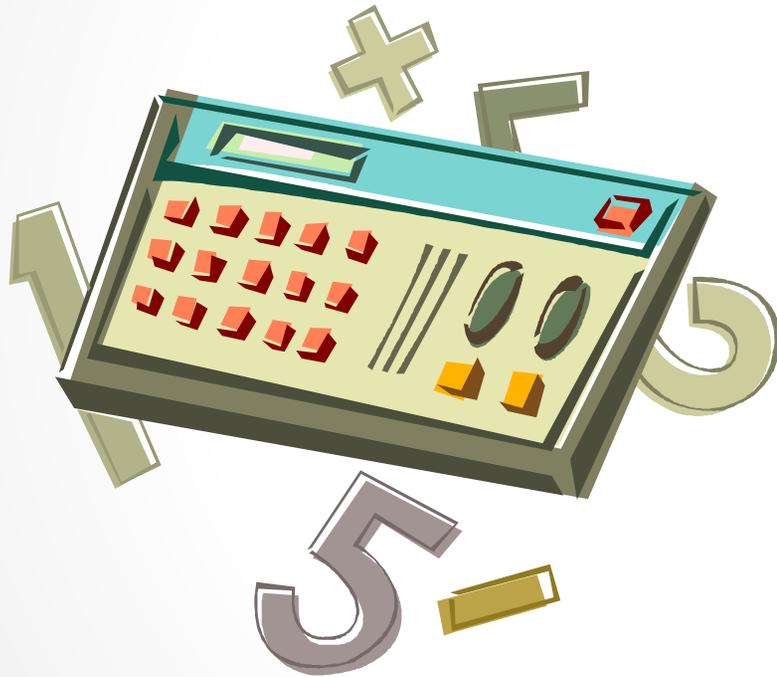


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Updating the 2013-14 Budget



2013-14 Budget - Adjustments



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

Ongoing Budget Adjustments

- No change in projected ADA
- Categorical revenues and expenses
- Other income accounts
- Encroachment
- Salaries and benefits
- Health Insurance
- All other expenditure accounts

2013-14 Revised Budget

Projected net income –

First Interim	\$ 8,118
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Second Interim	\$ 84,338
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Projected Unrestricted Ending Fund Balance

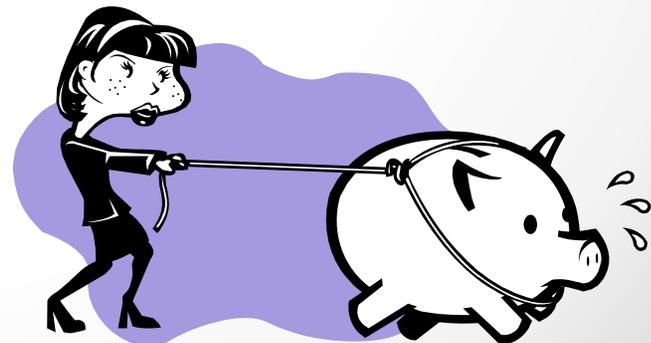
\$20.9 M ~ 18.5%

Multi-Year Projections



Governor's January Budget Proposal

- **A PROPOSAL**
- Will be revised in May, and again by Legislature for final budget
- Includes significant increases from 2013-14 Adopted Budget
- \$4.5B for continued implementation of LCFF
- 0.86% COLA on other State Categoricals
- Elimination of inter-year deferrals by 2014-15



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 categorical programs.</p> <p>Amount of money each district received per student was called "Revenue Limit" 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>Base Grant Grades K-3 Grades 4-6 Grades 7-8 Grades 9-12</p>	<p>Base Grant: Per student funding is now called the Base Grant with different amounts depending on grade level.</p> <p>Supplemental Grants go to help high needs students: English Language Learners, low-income students and foster children.</p> <p>Concentration Grants 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.

Multi-Year Projections - Factors

OLD SYSTEM (Revenue Limit/Categoricals):

- ADA
- COLA

NEW SYSTEM (LCFF)

- ADA
- COLA
- *Unduplicated Percent*
- *LCFF Funding Rate*



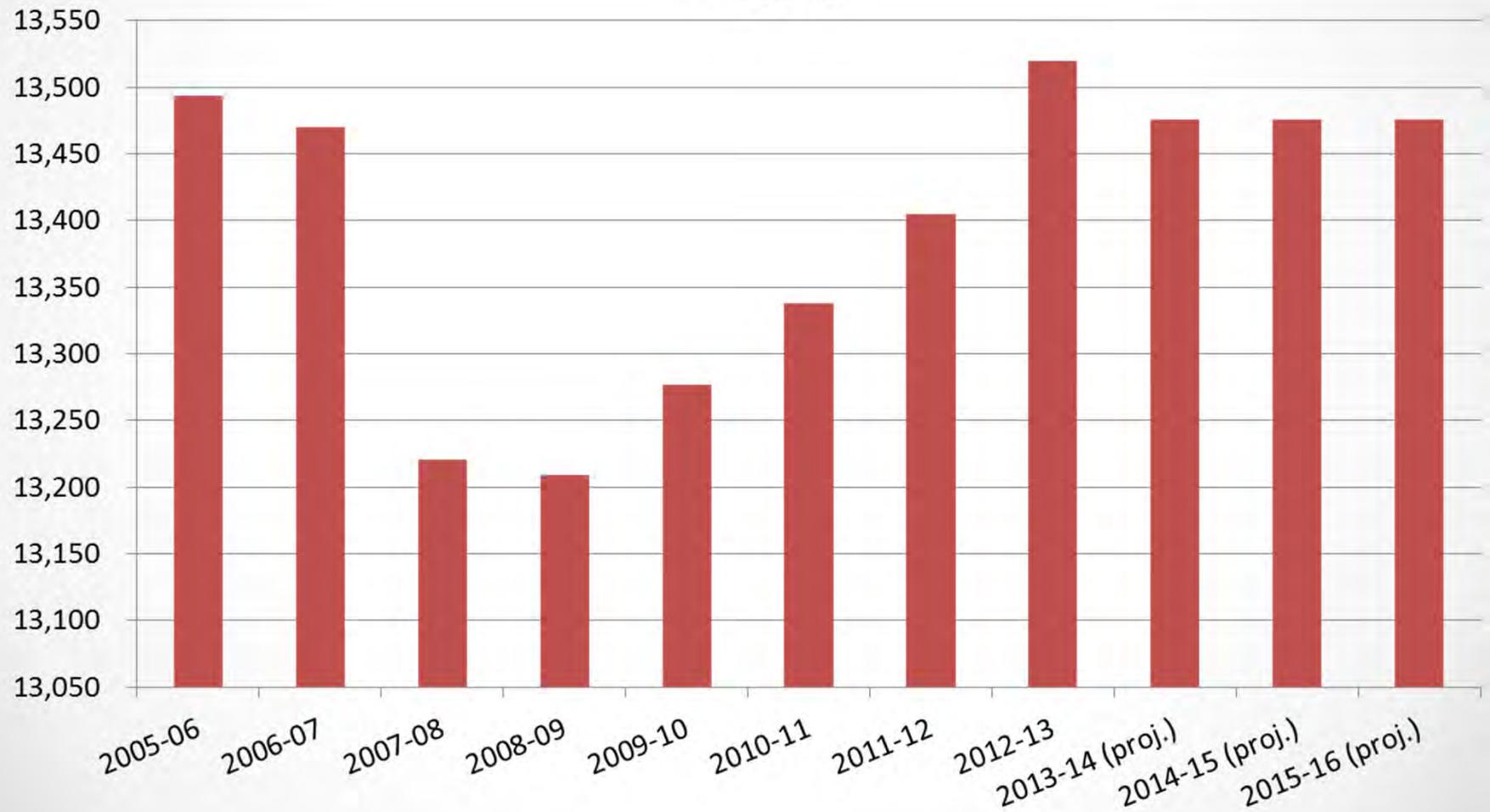
Multi-Year Projections

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
ADA	13,476	13,476	13,476
Statutory COLA	1.565%	0.86%	2.12%
Unduplicated Percent	50.6%	50.6%	50.6%
LCFF Funding Rate	11.78%	28.05%	33.95%
Change in funding/PY		+9.5%	+8.42%



FSD ADA

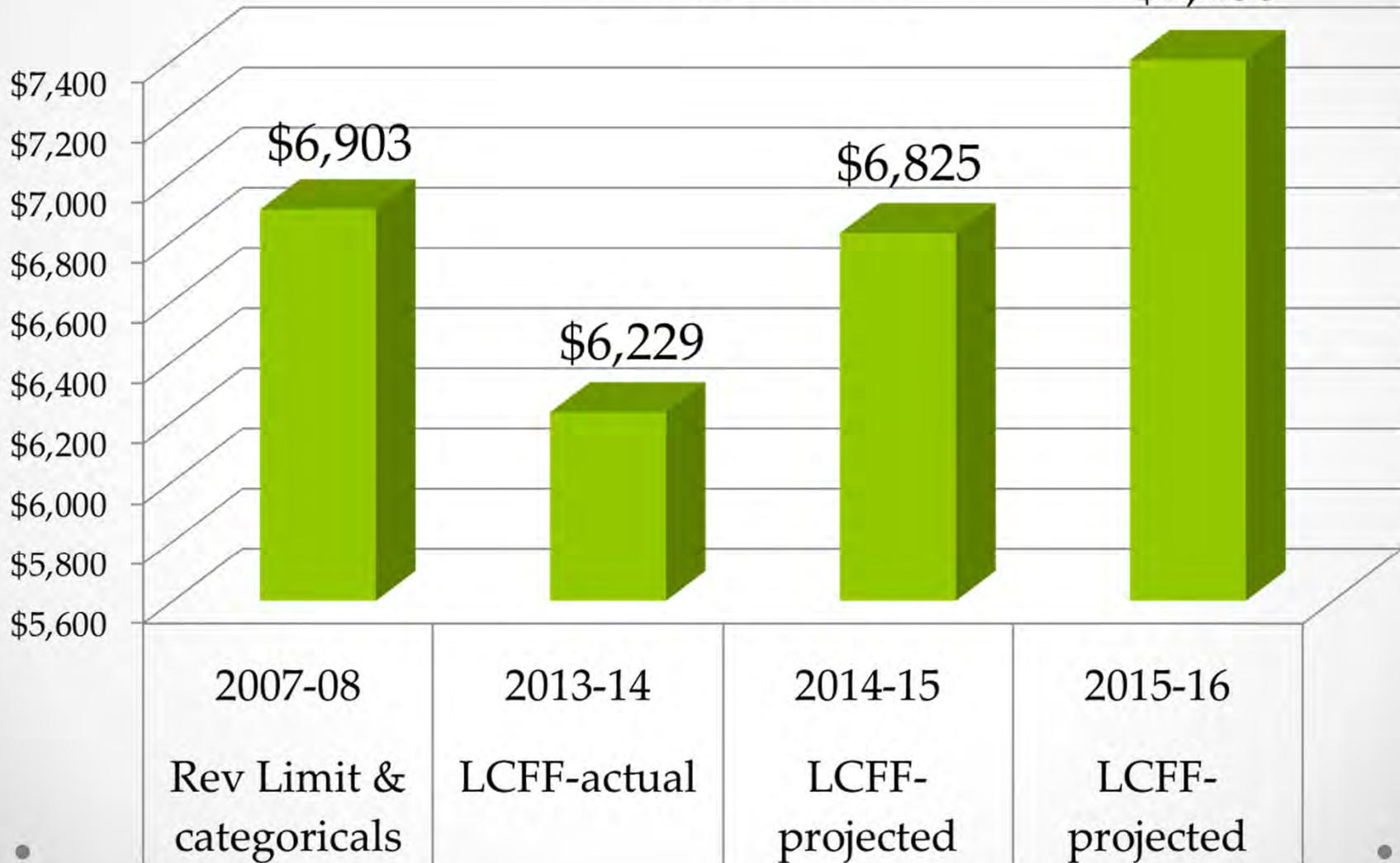
P-2 ADA



Per Pupil Funding

Funding per ADA

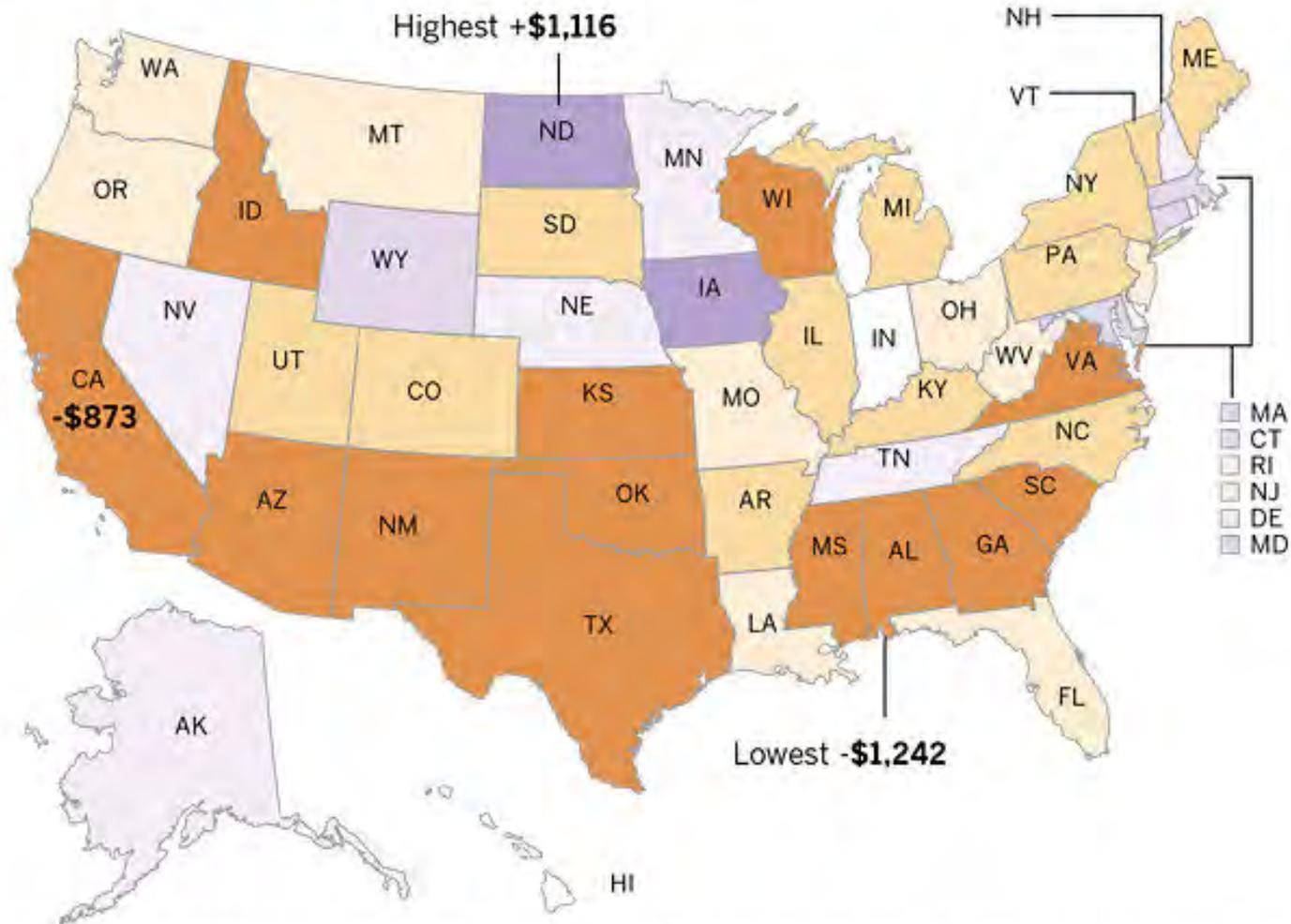
\$7,400



Per-student funding to K-12 schools has not returned to 2008 levels in 34 states, and funding in 13 states is down more than 10%.

Change in funding 2008 to 2014

-23% -10% -5% 0 5% 10% 27%



Notes: Adjusted for inflation. State "formula" aid only; does not include funding from local and federal governments. Excludes Hawaii and Indiana due to significant changes to funding formulas between 2008 and 2014.

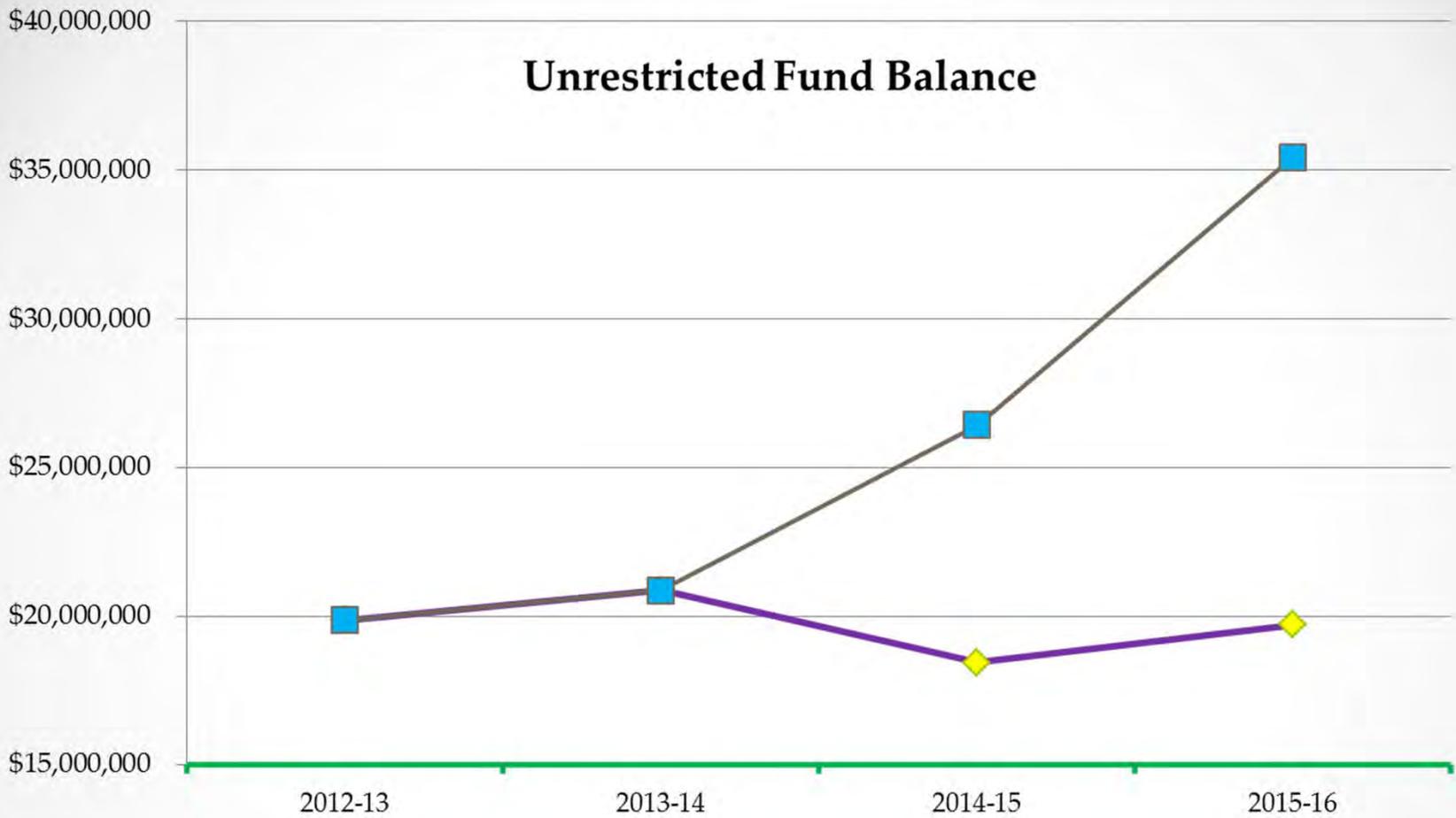
Source: Center on Budget and Policy Priorities

Projected Unrestricted Reserve – 3-year Projection

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Projected Unrestricted Gain	\$84k	\$5.1M	\$9.0M
Projected Unrestricted Ending Fund Balance	\$20.8M	\$18.4M	\$19.7M
Fund Balance Percent	18.52%	16.77%	17.49%

➤ ***Increases to LCFF are “Designated”***





◆ Unrestricted Fund Balance (projection)

■ Unrestricted Fund Balance (additional LCFF revenue not designated)

Uncertainties

- Legislative commitment to continue LCFF
- Use of the Continuing Appropriation for LCFF
- Costs associated with implementing locally established priorities as outlined in the LCAP
- Costs associated with increased or enhanced services for unduplicated count pupils
- Costs associated with Common Core Standards and SBAC
- Increases in STRS and PERS rates
- Uncertainties surrounding facilities funding



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

- Second Interim Report filed with OCDE for review
- P-2 Attendance Report
- LCAP development
- May Revise
- District Budget – June 10th AND 24th
- State Budget



QUESTIONS?

