



Great Schools  
Successful Kids



FULLERTON  
SCHOOL  
DISTRICT



# First Interim Report

**REPORT TO BOARD OF EDUCATION**

**DECEMBER 13, 2011**

## UNDERSTANDING ACCOUNTING PEOPLE

PEOPLE WHO WORK IN ACCOUNTING DEPARTMENTS OFTEN WORK TWELVE-HOUR DAYS CREATING REPORTS THAT NOBODY CARES ABOUT. THIS GIVES THEM A VERY BAD ATTITUDE. DO NOT ATTEMPT HUMOR AROUND THEM.



ARE YOU THE CLERK WHO RETAINS ALL OF THE BUDGET ANALYSIS RECORDS?

WHAT IF I AM?



THEN I GUESS YOU COULD BE CONSIDERED "ANALYSIS RETENTIVE."



Hee  
Hee

HE WAS MIGHTY FAST WITH THOSE SCISSORS.



# 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



# 2011-12 Budget



- At First Interim, District updates current year budget to most recent data
- Effect of State budget on FSD
- “Routine” adjustments



# State Budget



- K-12 “held harmless”
- District is using same assumptions as at original budget:
  - ❖ No COLA on revenue limit and all programs
  - ❖ No new programs

# State Budget – Trigger Language



- State budget includes automatic reductions if revenue forecasts not met
  - Estimated annual revenues < \$1 billion below forecast:  
No cuts
  - Revenues \$1 - \$2 billion below forecast: Additional cuts to social services and higher education
  - Revenues \$2 billion short: \$250/ADA cut to Revenue Limit; 50% cut to Transportation
    - ✦ Districts awarded “flexibility” to further cut school year

# State Budget – Trigger Language



- Trigger is based upon projections from Legislative Analyst (November) and Department of Finance (December)
- LAO projected State would be \$3.7B short for year
- DOF – not released yet
- Effect on FSD

• Revenue Limit	\$ 3,324,742
• Transportation	<u>498,832</u>
<b>Total</b>	<b><u><u>\$3,823,574</u></u></b>

# Adjustments to First Interim Budget



District budget is updated to reflect most current information regarding:

- Beginning fund balances
- Categorical revenues and expenses
- Other income accounts
- Encroachment
- Salaries and benefits
- All other expenditure accounts





# 2011-12 Revised Budget



## Unrestricted General Fund:

Projected loss – Original budget	(\$1.7 M)
First Interim	<u>( 3.2 M)</u>
Change	<b>\$ 1.5 M</b>

Revised projected Unrestricted Ending Fund Balance:

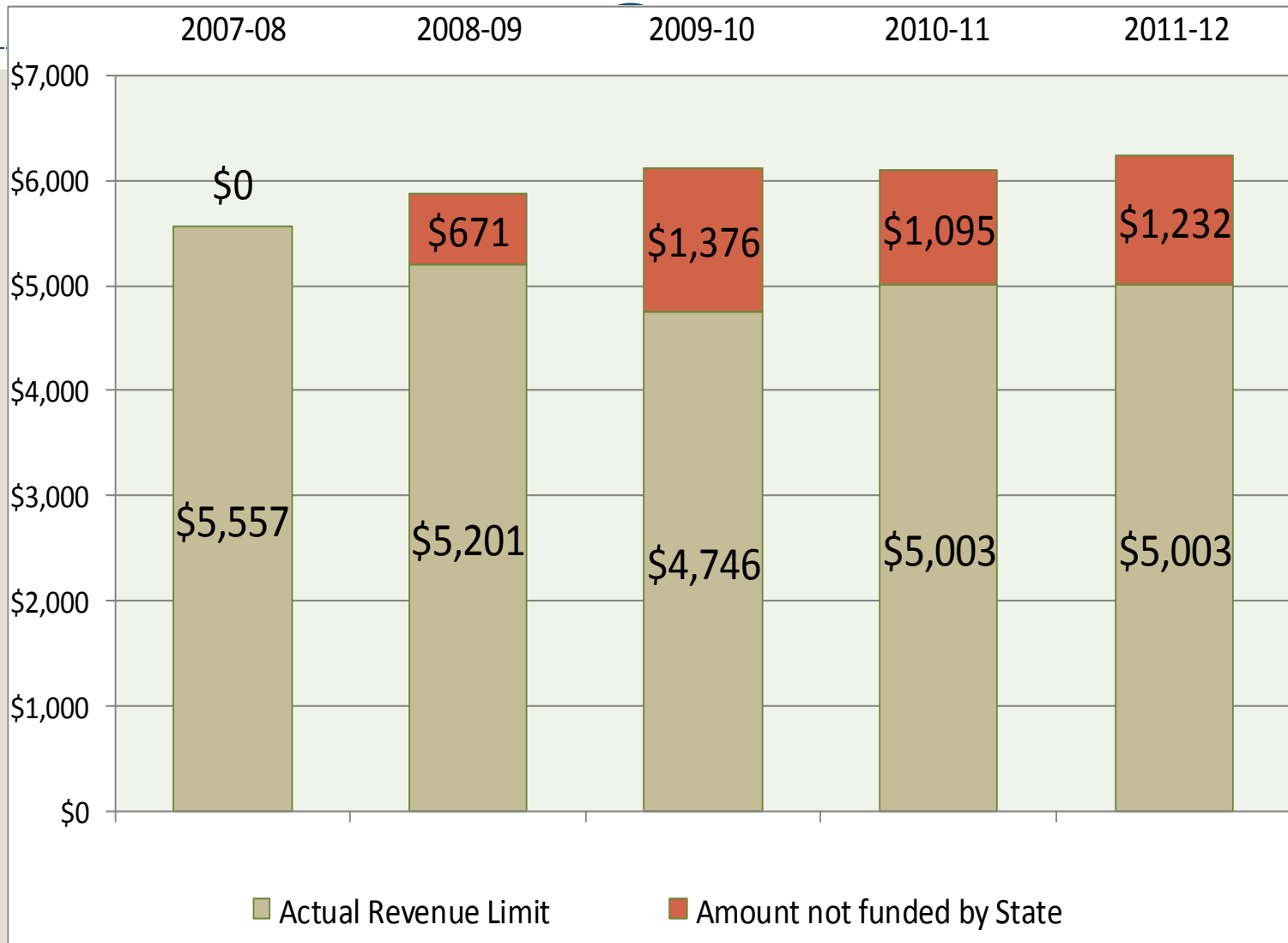
\$9.4 M      8.6%

# Multi-Year Projections

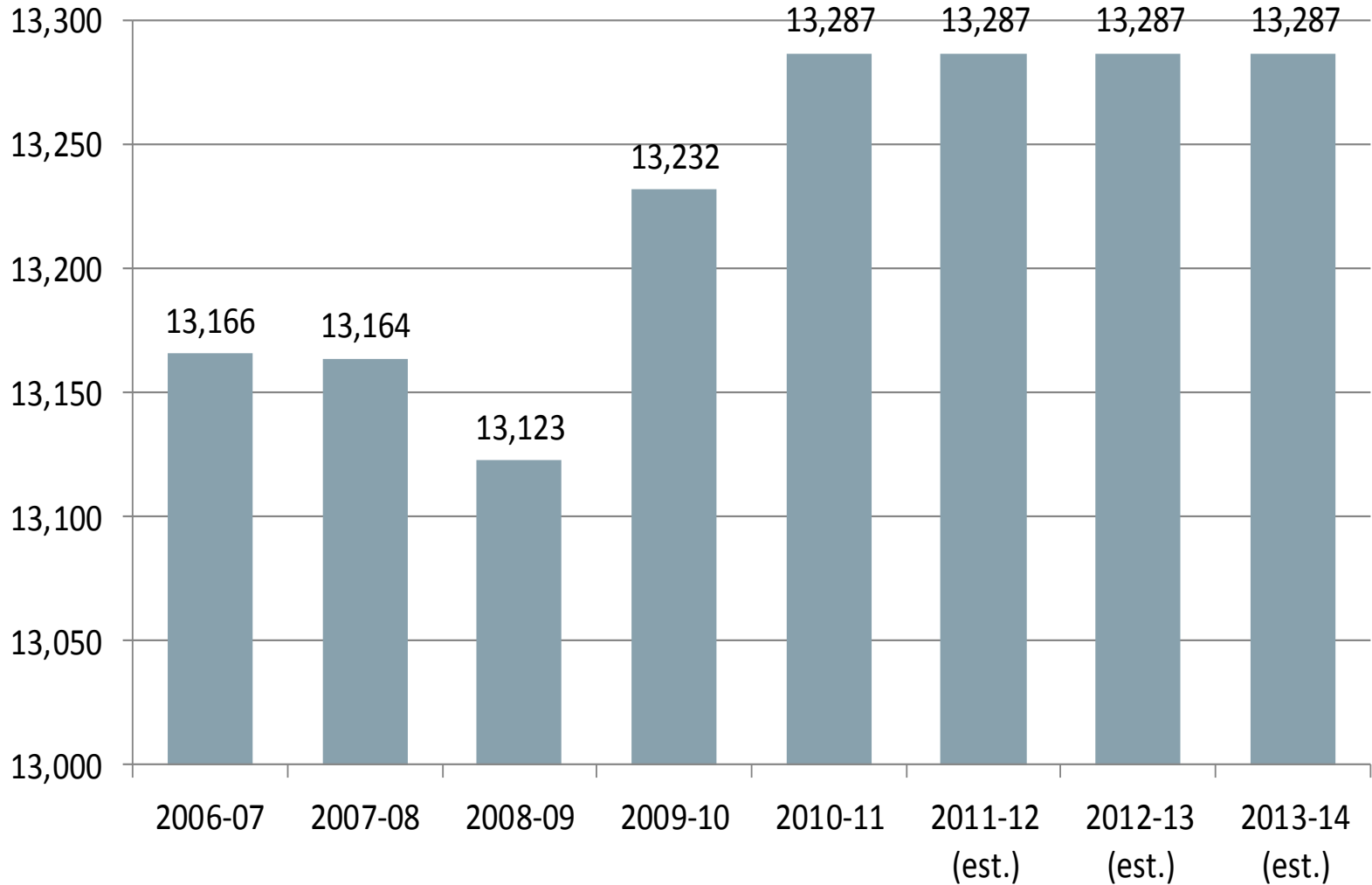


	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Statutory COLA	2.24%	3.1%	2.8%
Net funded COLA	0.0%	3.1%	2.8%
Dollar Change per ADA	\$ 0	\$ 156	\$144
Change in ADA	-0-	-0-	-0-

# FSD Revenue Limit



# FSD P-2 ADA



# Multi-Year Projections – Other Factors



- Flexibility
  - Tier 3 Categorical sweep – \$2.5 million
  - K-3 CSR Flexibility (scheduled to phase out after 2013-14)
- Federal Education Jobs Funding (one time) - \$2.5 million
- Salaries and Benefits
  - Step and column increase
  - 6% increase for health insurance added

# Multi-Year Projections – Other Factors



- **Orange County Tax Issue**
  - \$2.35 million in property taxes – backfilled by State in August 2012
- **Cuts**
  - In order to maintain the required 3% reserve, the District is currently projected to make \$3.3 million in ongoing cuts starting July 1, 2012



# Projected Unrestricted Reserve



<i>Amounts in millions</i>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Projected Unrestricted Loss	(\$3.2)	(\$3.3)	(\$3.7)
Projected Unrestricted Ending Fund Balance	\$ 9.4	\$6.6	\$3.3
Fund Balance Percent	8.6%	6.2%	3.0%
Amount above 3%	\$6.1	\$3.4	-0-

# District Certification



- The District shows required 3% reserve as of June 30, 2014
- The 3% is **ONLY MADE** through an estimated \$3.3 million in cuts to start July 1, 2012
- COLAs have been included
- Potential mid-year cuts from the State have not been included



# District Certification



- Due to financial uncertainties, the District is self-certifying “**Qualified**”
- A qualified certification indicates that the District **may not** be able to meet its financial obligations for the current fiscal year or subsequent two fiscal years

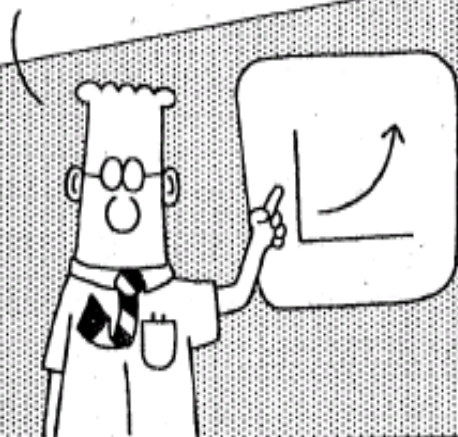
# Next Steps



- First Interim Report filed with OCDE for review
- DOF releases its projections for estimated revenues for year – State decides what to do about the Trigger
- Governor releases his projected State Budget – January
- District BAC meets – December through February
- District determines cuts to be incorporated into budget

**DILBERT** By Scott Adams

AS REQUESTED, I WROTE  
THE BUSINESS PLAN TO  
SHOW PROFITABILITY  
BY YEAR THREE.



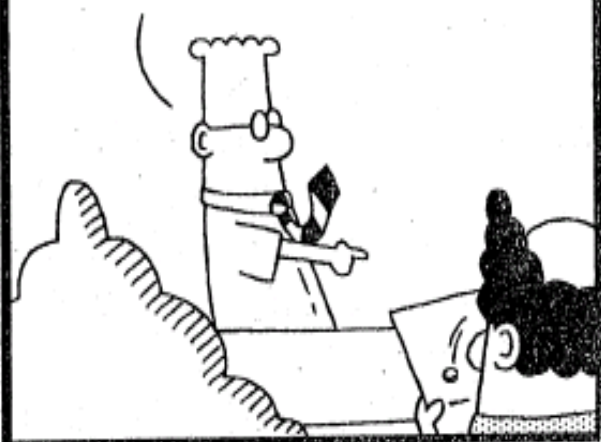
www.dilbert.com scottadams@aol.com

THE KEY REVENUE  
ASSUMPTION IS THAT  
AN ARMORED CAR  
CRASHES THROUGH THAT  
WALL AND  
SPILLS ITS  
CONTENTS.



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AND DON'T STAND  
WHERE THE COMET IS  
ASSUMED TO STRIKE  
OIL.



# Questions?

