



Great Schools
Successful Kids

FULLERTON
SCHOOL
DISTRICT



Second Interim Report

Report to Board of Education
March 10, 2015

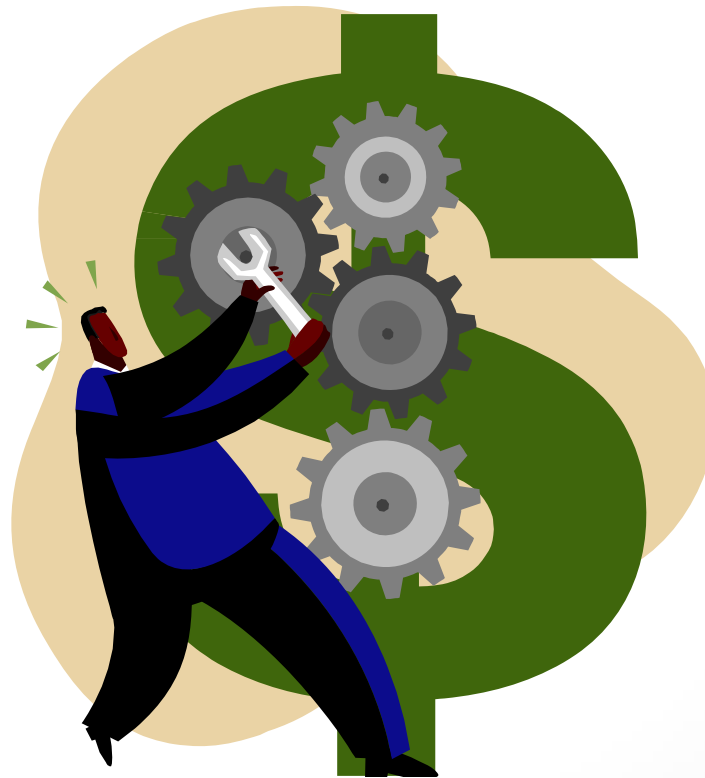
Second Interim Report

- One of three annual financial reports
- Reports actual financial results through January 31 and projections through 2016-17
- Key to determining District's fiscal viability
- Components of the Report

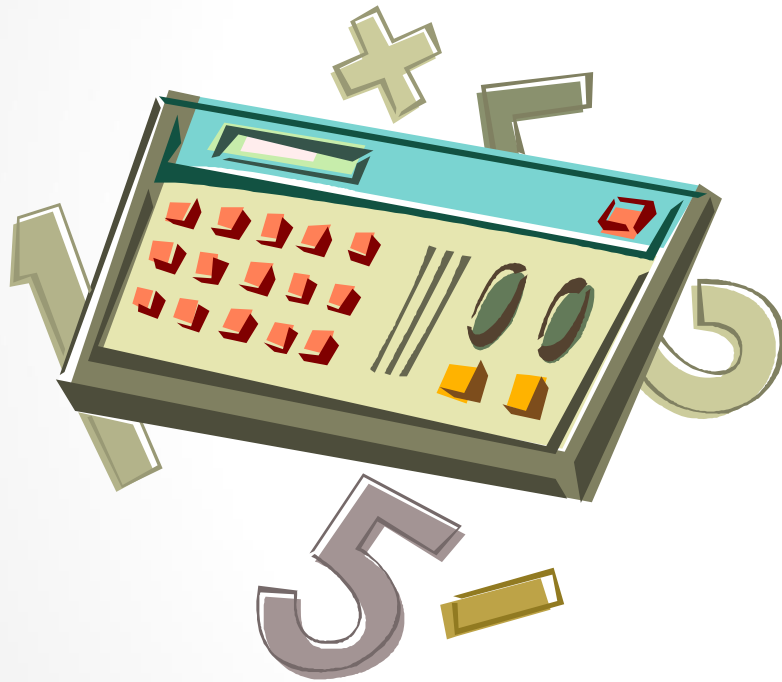


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Updating the 2014-15 Budget



2014-15 Budget - Adjustments



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

Ongoing Budget Adjustments

- Current year enrollment down 147 – will be reflected in 2015-16 budget
- Categorical revenues and expenses
- Other income accounts
- Encroachment
- Salaries and benefits
- All other expenditure accounts



2014-15 Revised Budget

Projected net income (loss) –

First Interim (\$ 1,201,708)

Second Interim (\$ 950,729)



Projected Unrestricted Ending Fund Balance

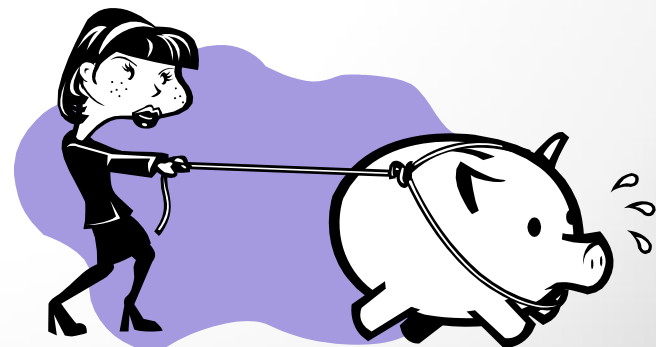
\$24.3 M ~ 19.98%

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 2014-15 Adopted Budget





Themes for the 2015-16 Governor's Budget

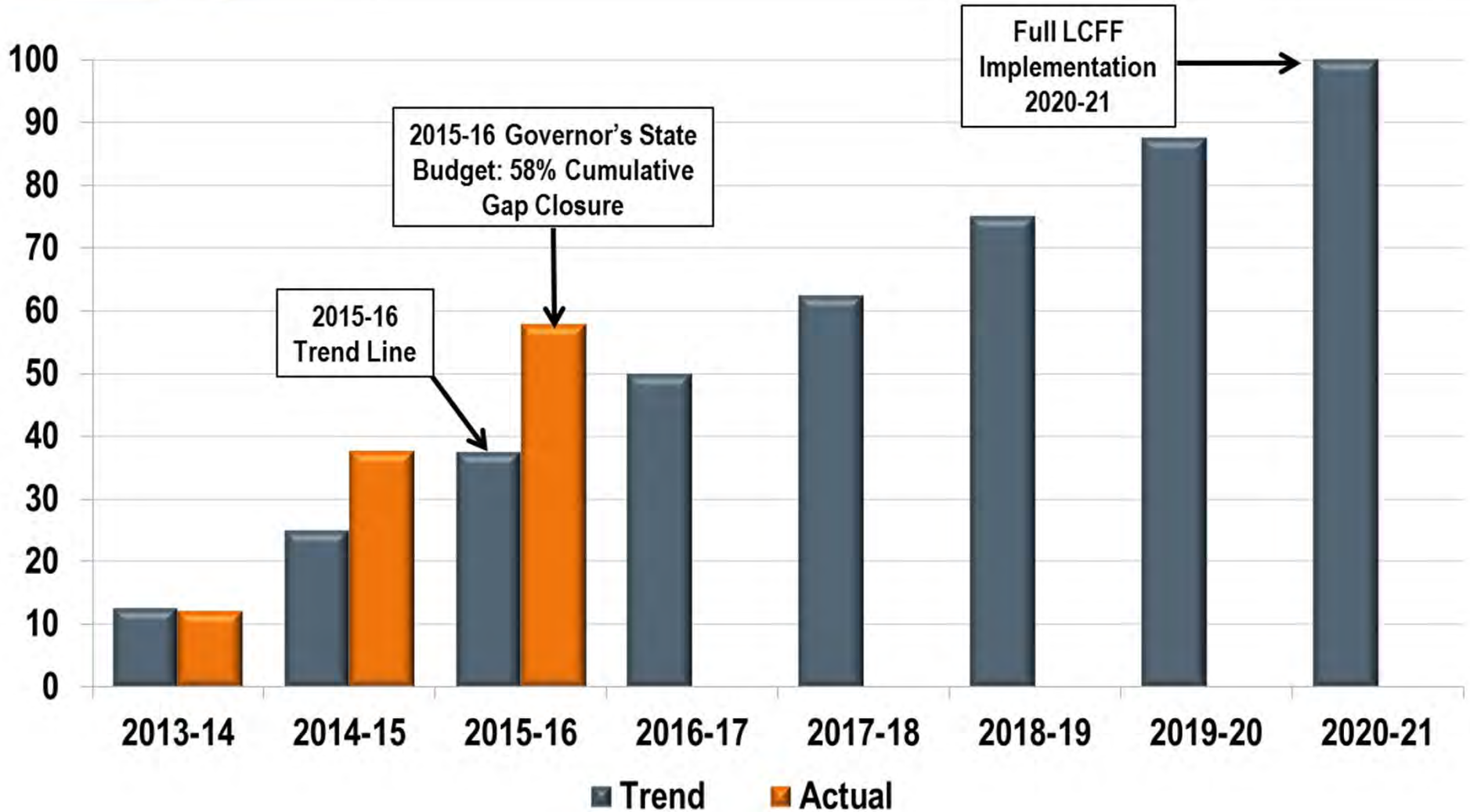
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- Positive economic growth continues and fuels public education spending
- Proposition 98 continues to receive most of the new money
- Funding is tight for the non-Proposition 98 side of the State Budget
- Governor stays the course on the Local Control Funding Formula (LCFF) and the Local Control and Accountability Plan (LCAP)
- State makes a firm commitment to Adult Education and Career Technical Education (CTE)
- The Wall of Debt continues to come down and is replaced with the Rainy Day Fund
- Overall, a very good State Budget for public education



Progress Toward LCFF Implementation

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Proposition 98 and the Major K-12 Proposals

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The Governor's State Budget proposes:

- \$4 billion for LCFF gap closure
- \$1.1 billion for discretionary one-time uses, including Common Core implementation (one time)
- \$1 billion to eliminate the remaining K-14 apportionment deferrals
- \$500 million for an Adult Education Block Grant
- \$273 million for the Emergency Repair Program (one time)
- \$250 million for one-time CTE incentive grants (each of the next three years)
- \$198 million additional ADA growth in the current year and a \$6.9 million decrease for ADA decline in 2015-16

Multi-Year Projections - Factors

OLD SYSTEM (Revenue Limit/Categoricals):

- ADA
- COLA

NEW SYSTEM (LCFF)

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

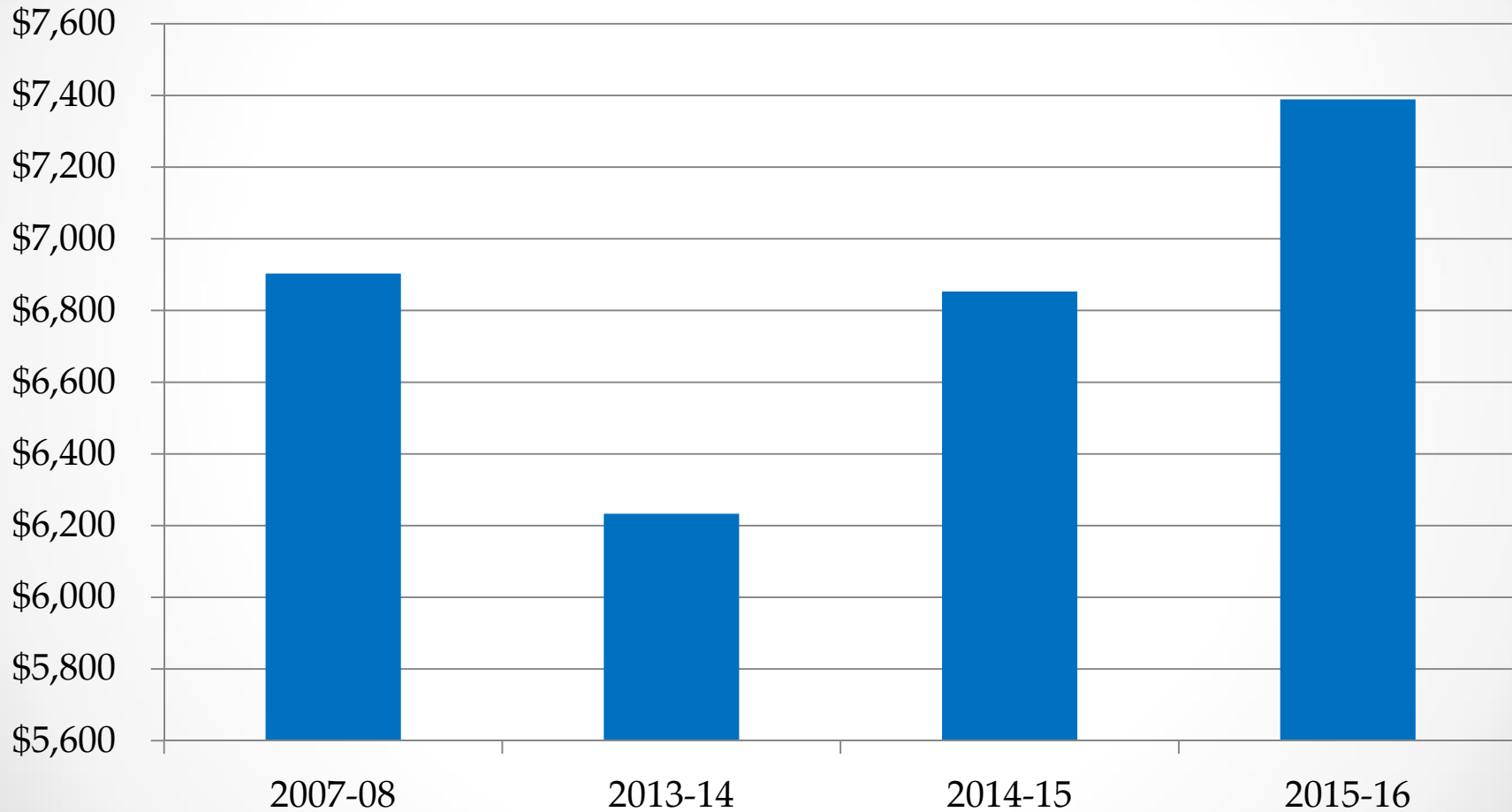


Multi-Year Projections

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Funded ADA	13,564	13,414	13,414
Statutory COLA	0.85%	1.58%	2.17%
Unduplicated Percent	52.42%	52.48%	52.53%
LCFF Gap Funding Rate	29.15%	32.19%	23.71%
Percent change LCFF-FSD	10.01%	6.63%	4.14%

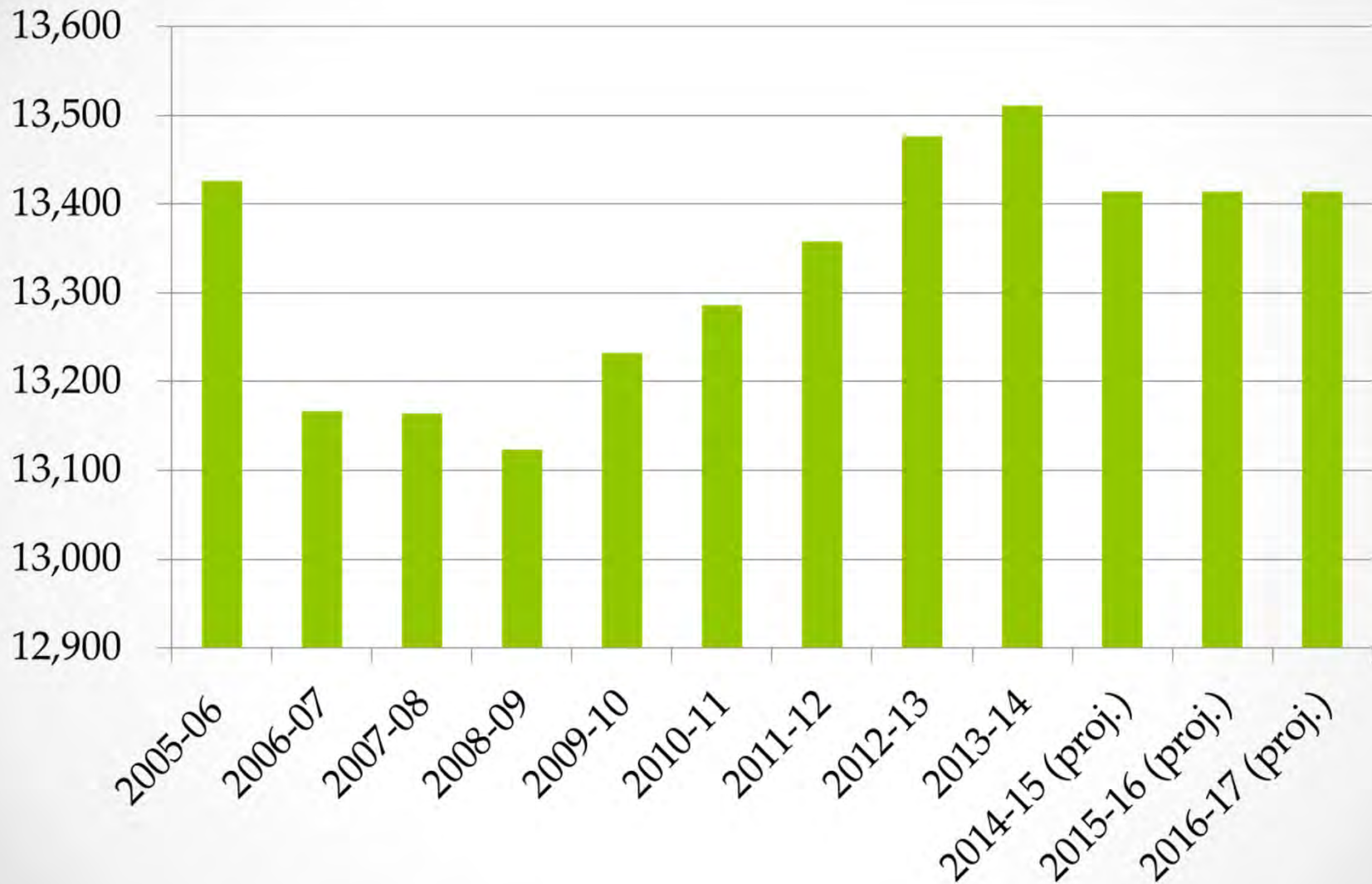
Per Pupil Funding

Funding per ADA



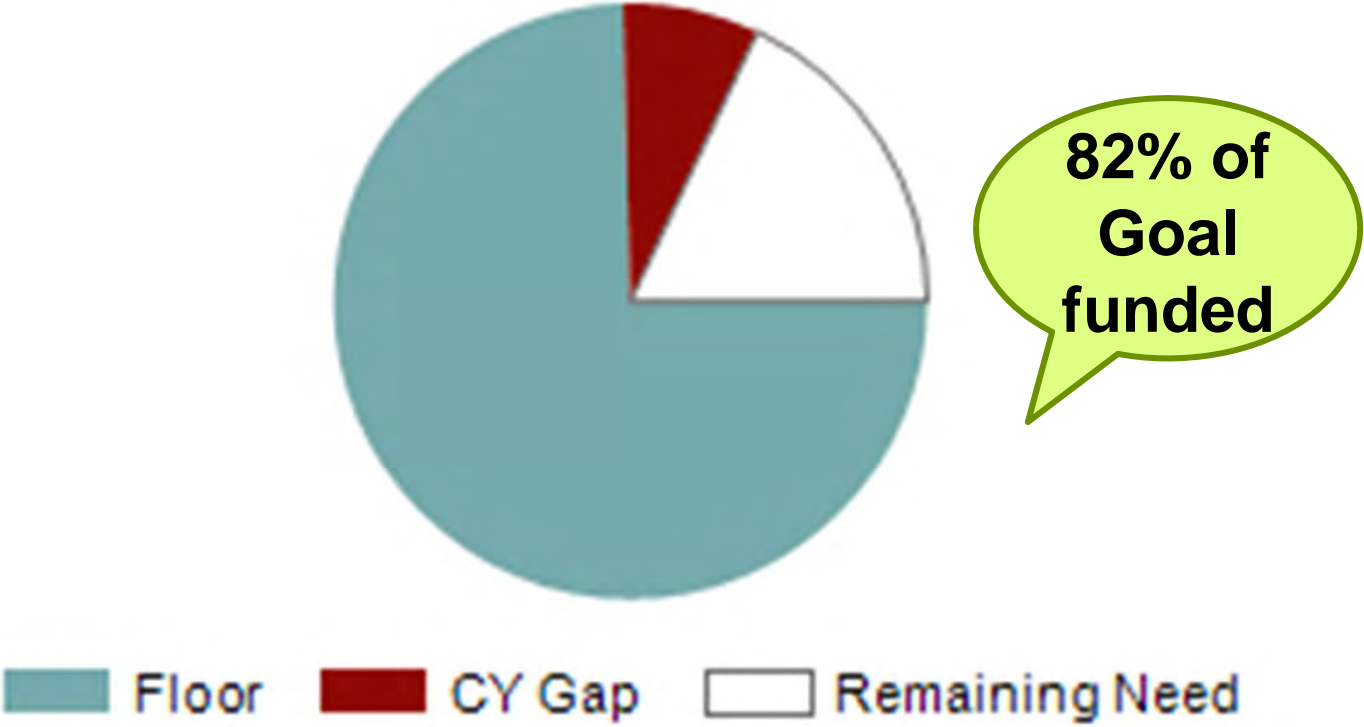
■ 2007-08 is Revenue Limit and categoricals, others are LCFF

FSD P-2 ADA



LCFF Funding Snapshot – 2014-15

LCFF Target vs. LCFF Floor



LCFF Funding Sources



Local Revenue EPA State Aid

Multi-Year Projections

- Mandated Costs Revenues
 - \$2.4 million unrestricted
- Employee compensation
 - Effect of 2014-15 bonus removed
 - 1% on schedule starting 7/1/2015 (contingent)
 - Negotiations still open
- STRS and PERS rate increases
- Increase in RRM expenses to 3% requirement



Projected Unrestricted Reserve – 3-year Projection

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Projected Unrestricted Gain/(Loss)	(\$950K)	\$851K	\$332K
Projected Unrestricted Ending Fund Balance	\$24.3M	\$25.1M	\$25.4M
Fund Balance Percent	19.98%	20.62%	20.51%



District Certification

- The District shows above required 3% reserve as of June 30, 2017
- 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 9th AND 23rd
- State Budget



QUESTIONS?

