



# FULLERTON SCHOOL DISTRICT

2010/11 FIRST INTERIM REPORT

PRESENTATION TO THE BOARD OF  
TRUSTEES

Dr. Gary Cardinale  
Assistant Superintendent,  
Business Services

December 14, 2010



# PRESENTATION OUTLINE

## December 14, 2010

**Review of the State's Finances**

**The Economic Challenge Facing Fullerton School District**

**Qualified Certification**

**A Look Ahead**

**Next Steps**

**Comments or Questions**

# Budget Overview - October 2010

## OCT BUDGET 10/11 ONLY

BRL	\$3.4M (\$5,003/ADA)
FED JOBS	2.4M
<u>SFSF</u>	<u>.24M</u>
	\$6.04 Million

## STATE ASSUMPTIONS

FED	\$5.3B
STATE REV	1.4B
SALE PROP	1.2B
<u>STATE CUTS</u>	<u>7.5B</u>
	\$15.4B

## JANUARY

FED	\$0.5B	
STATE REV	0.0	
STATE PROP	1.2B	
STATE CUTS	0.0B	Est. to save in 10/11*
		1/2 of year gone
	<u>\$1.7B</u>	

# Fullerton School District Proposed First Interim 2010/11 Budget Assumptions

Factors	2010/11 May '10	2010/11 October '10	2011/12 Projected	2012/13 Projected
<b>Revenue Limit COLA</b>	-0.39%	<b>-0.39%</b>	0.00%	1.90%
<b>Deficit Factor</b>	18.355%	<b>17.963%</b>	17.963%	17.963%
<b>Other Adjustments</b>	3.85% reduction to undeficitated BRL*	<b>n/a</b>	n/a	n/a
<b>COLA on Major Categoricals</b>	-0.38%	<b>0.00%</b>	0.00%	1.90%
<b>COLA on Special Education</b>	-0.38%	<b>0.00%</b>	0.00%	1.90%
<b>Revenue Limit Funded ADA (incl. Co. ADA)</b>	13,264	<b>13,276</b>	13,276	13,276
<b>P-2 ADA (excluding County ADA)</b>	13,219	<b>13,231</b>	13,231	13,231
Growth/(Decline) compared to prior year	0	<b>0</b>	0	0
<b>District Total Enrollment</b>	13,617	<b>13,616</b>	13,616	13,616
Growth/(Decline) compared to prior year	0	<b>0</b>	0	0
<b>Health and Welfare Increase</b>			6%	6%
<b>Lottery Funding per ADA</b>				
Unrestricted	\$111.00	<b>\$112.50</b>	\$111.00	\$110.00
Restricted	\$14.50	<b>\$17.50</b>	\$17.50	\$17.20
*\$235 per average daily attendance				

12/14/10

# The District's First Interim and MYP Assumptions:

- Includes \$3.4 million in revenues increased for COLA in 2010/11, no COLA for 2011/12, and 1.9% COLA for 2012/13
- Step and Column salaries for mid-year 2010/11, full year for 2011/12 and 2012/13
- Includes one-time federal stimulus revenue from the Jobs Bill:
  - \$2.4 million for FSD
  - No new federal stimulus money in future years
- No COLA salary increases in multi-year projections
- Unspecified budget reductions needed are as follows:
  - 2011/12: \$4 million
  - 2012/13: \$10.9 million
- Maintain reserve at or above 3%

# 2010/11 Changes from May Revise General Fund Revenues

	October Budget Act	May Revise
REVENUES	2010/11 First Interim	2010/11 Adopted Budget
Funded COLA	5.17%	-0.39%
Revenue Limit <sup>(a)</sup>	\$66,663,303	\$63,152,804
Federal <sup>(b)</sup>	\$11,404,618	\$7,515,432
State	\$15,195,915	\$15,136,926
Local <sup>(c)</sup>	\$8,374,381	\$7,997,401
Other Financing Sources <sup>(d)</sup>	\$33,000	\$1,921,503
<b>Total</b>	<b>\$101,671,217</b>	<b>\$95,724,066</b>

(a) Restoration of the revenue limit cuts from the May Revise.

(b) Includes restricted carryovers and new federal fundings such as the Federal Jobs Bill, Arts grant, and Technology grant.

(c) Includes carryovers, local donations and grants budgeted when received.

(d) Reduce transfers in from other funds due to item (a).

# 2010/11 Changes from May Revise General Fund Expenditures

<b>EXPENDITURES</b>	<b>2010/11 First Interim (October Budget Act)</b>	<b>2010/11 Adopted Budget (May Revise)</b>
Operating Expenditures <sup>(a)</sup>	\$104,935,989	\$97,428,160
Other Outgo/Financing Uses <sup>(b)</sup>	\$1,973,737	\$1,683,911
Total	\$106,909,726	\$97,428,160
<b>Net Increase/Decrease()</b>	<b>(\$5,238,509)</b>	<b>(\$3,388,002)</b>

(a) Includes new fundings not budgeted in the Adopted Budget such as the Federal Jobs Bill, Arts grant, and Technology grant. Also, restricted carryovers normally not included in the Adopted Budget are included in the First Interim.

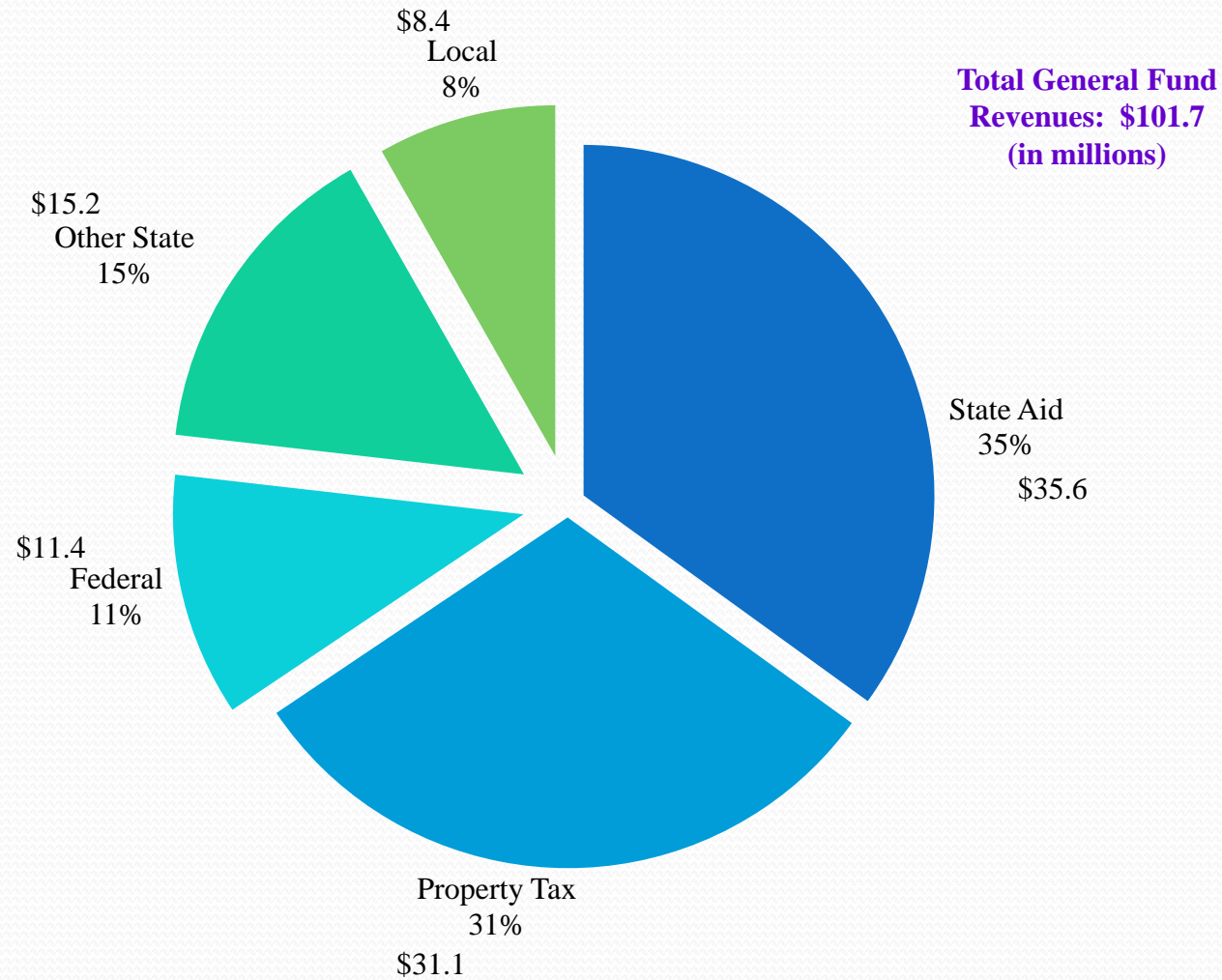
(b) Includes parent-paid laptop fees transferred out to Building Fund and adjustment to indirect cost charges.

# Ending Fund Balance for General Fund 2010/11

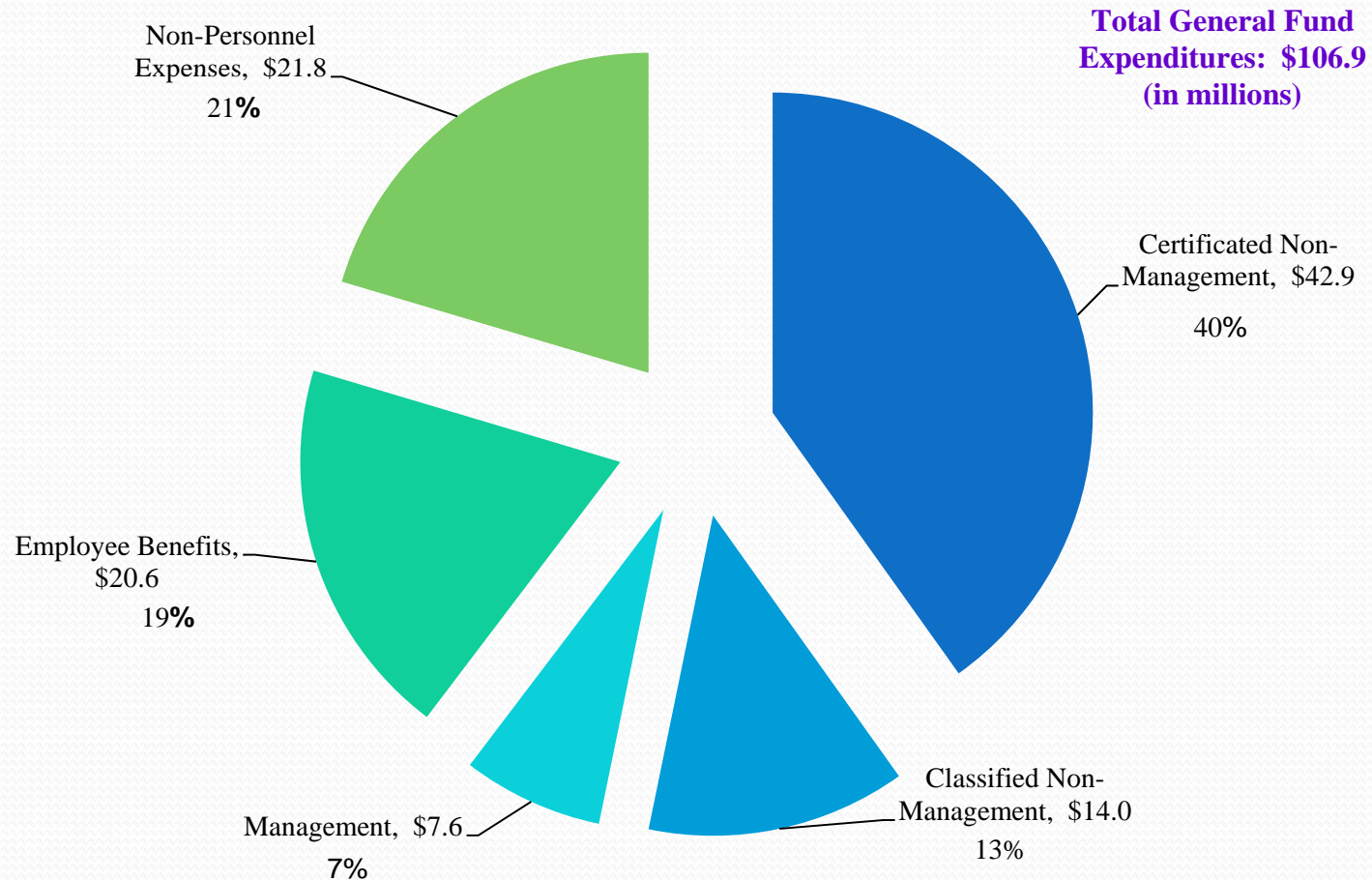
	2010/11 First Interim Budget	2010/11 Adopted Budget	% Difference
<b>Beginning Fund Balance</b>	<b>\$14,993,815</b>	<b>\$10,533,550</b>	<b>42%</b>
<b>Components of Ending Fund Balance:</b>			
Revolving Cash/Stores/Prepaid Exp.	\$1,630,000	\$1,630,000	0%
School Sites and Categorical Carryovers	\$0	\$1,939,881	-100%
Reserve for SERP	\$1,774,492	\$0	100%
Reserve for FTEs	\$420,000	\$420,000	0%
<b>Designated for Economic Uncertainties</b>	<b>\$5,930,814</b>	<b>\$3,155,667</b>	<b>88%</b>
<b>Ending Fund Balance</b>	<b>\$9,755,306</b>	<b>\$7,145,548</b>	<b>37%</b>



# General Fund Revenues 2010/11



# General Fund Expenditures 2010/11



Approximately 80%, or \$85.1 million of the general fund money, goes toward total compensation.



# Multi-Year Budget Challenges

**2010/11**

State Defers 28.5% of FSDs Revenue to 2011/12

Possible Mid-Year Cuts



# Multi-Year Budget Challenges

## 2011 & 2012

**Temporary State Tax Ends – Loss of \$12.5 Billion**

Sales and Use Tax Rate – 1 Cent Increase

Surtax on Personal Income Tax Liabilities

Increase in the Vehicle License Fee

Governor-Elect Brown indicated he will put tax increases to a vote of the people in June 2011.



# Multi-Year Budget Challenges

**2011/12**

Funding for ARRA and Jobs Bill ends

Last Year for CSR Flexibility

District Needs to Cut \$4 Million



# Multi-Year Budget Challenges

**2012/13**

Last Year for Tier III Flexibility

District Needs to Cut \$10.9 Million



# Multi-Year Budget Challenges

During the next 18 months, the State deficit is projected to grow from \$25.1 billion to \$28.1 billion.

# Multi-Year Projections (Based on October Budget Act)

OCTOBER BUDGET ACT	2010/11 Projected	2011/12 Projected	*2012/13 Projected
<b>Funded COLA</b>	<b>5.17%</b>	<b>0%</b>	<b>1.90%</b>
Total Revenues and Other Financing Sources	\$101,671,217	\$95,902,347	\$94,456,627
Total Expenditures** and Other Outgo/Financing Uses	\$106,909,726	\$99,260,252	\$95,021,211
Net Increase/Decrease()	(\$5,238,509)	(\$3,357,905)	(\$564,584)
Beginning Balance	\$14,993,815	\$9,755,306	\$6,397,401
<b>Projected Ending Balance</b>	<b>\$9,755,306</b>	<b>\$6,397,401</b>	<b>\$5,832,817</b>
Components of Ending Balance:			
Revolving Cash/Stores/Prepaid Exp.	\$1,630,000	\$1,630,000	\$1,630,000
Reserve for SERP	\$1,774,492	\$1,331,362	\$888,232
Reserve for FTEs	\$420,000	\$420,000	\$420,000
Designation for Economic Uncertainties	\$5,930,814	\$3,016,039	\$2,894,585
<b>Percentage Reserved</b>	<b>5.55%</b>	<b>3.04%</b>	<b>3.05%</b>
<b>Budget Reductions Needed</b>		<b>(\$4.0 million)</b>	<b>(\$10.9 million)</b>

Targeted Budget Reductions do not include possible mid-year or future cuts.

\*2012/13 assumes no revenues for class size reduction and ARRA.

\*\*Expenditures including budget reductions.



# Multi-Year Projections (Based on May Revise)

MAY REVISE	2010/11 Projected	2011/12 Projected	*2012/13 Projected
<b>Funded COLA</b>	<b>-0.39%</b>	<b>2.10%</b>	<b>2.40%</b>
Total Revenues and Other Financing Sources	\$95,724,069	\$93,380,013	\$92,163,484
Total Expenditures** and Other Outgo/Financing Uses	\$99,112,071	\$93,723,941	\$92,207,994
Net Increase/Decrease()	(\$3,388,002)	(\$343,928)	(\$44,510)
Beginning Balance	\$10,533,550	\$7,145,548	\$6,801,620
<b>Projected Ending Balance</b>	<b>\$7,145,548</b>	<b>\$6,801,620</b>	<b>\$6,757,110</b>
Components of Ending Balance:			
Revolving Cash/Stores/Prepaid Exp.	\$1,630,000	\$1,630,000	\$1,630,000
School Sites and Categorical Carryovers	\$1,939,881	\$1,939,881	\$1,939,881
Reserve for FTEs	\$420,000	\$420,000	\$420,000
Designation for Economic Uncertainties	\$3,155,667	\$2,811,739	\$2,767,229
<b>Percentage Reserved</b>	<b>3.18%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>Budget Reductions Needed</b>		<b>(\$8.6 million)</b>	<b>(\$13.9 million)</b>

\*2012/13 assumes no revenues for class size reduction and ARRA.

\*\*Expenditures including budget reductions.

# Three Possible Certifications:

- Positive

LEA will be able to meet its financial obligations for the current and two subsequent fiscal years.

- Qualified

LEA may not be able to meet its financial obligations for the current and/or two subsequent fiscal years.

- Negative

LEA will not be able to meet its financial obligations for the current or for the subsequent fiscal year.



# District Recommends a First Interim Certification of “Qualified”

# A Look Ahead

January 10, 2011 Governor's Budget for 2011/12 Released

January 2011 Budget Update on the Governor's 2011/12 Budget

February 2011 Budget Advisory Committee Report to the Board

March 8, 2011 Presentation of Second Interim Report to the Board,  
Including Approval of 2011/12 Budget Reductions

March 15, 2011 Certificated Job Action Notices

May 2011 May Revise of Governor's Budget



# Next Steps

File Qualified First Interim Report with OCDE

Appointment of a Financial Advisor for FSD

Continue Negotiations with Certificated and Classified Associations

Budget Advisory Committee Meetings

Continue to Refine Revenue Enhancement/Expenditure Reduction Lists  
for Board Consideration

Continue to Monitor News from the State



# Questions/Comments