

Fullerton School District

First Interim Financial Report
2007/08

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Presented to the Board of Trustees by:

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Objectives for This Session

- 1st Interim Budget 07/08
- Cost by Bargaining Unit
- 85% Calculation
- Multi-Year Projections
- Next Steps

Budget Assumptions (Including Multi-Year Projections)

Factors		07/08 Adopted	07/08 1st Interim	08/09 Projected	09/10 Projected
Revenue Limit COLA/State		4.53%	4.53%	4.30%	2.50%
Revenue Limit Deficit		0.00%	0.00%	0.00%	0.00%
Categorical COLA		4.53%	4.53%	4.30%	2.50%
California Lottery	Base	\$121/ADA	\$121/ADA	\$121/ADA	\$121/ADA
	Prop 20	\$22/ADA	\$22/ADA	\$22/ADA	\$22/ADA
Interest Rate for 10-year Treasuries		4.60%	4.30%	4.70%	4.80%
California Consumer Price Index (CPI)		2.90%	2.60%	2.40%	2.70%
Other Expenses 4000's-6000's (i.e., instructional supplies, utilities, contract services)		2006/07+ CPI	2006/07+ CPI	2007/08+ CPI	2008/09+ CPI
Funded Revenue Limit ADA		13,166.19	13,166.19	13,129.33	12,984.34
CBEDS (Decline)		-310	-29	-150	-200
ADA (Decline)		-300	-30	-145	-193

Budget Assumptions

2007/08

FETA

Step/Column Increase	2.4%	\$	1,288,879
Attrition Savings		\$	-747,560
		\$	541,319

All Units

Health & Welfare Increase (premiums)	12%	\$	676,792
Cost of 1% (incl. statutory benefits)			
-FETA	1%	\$	504,541
-FESMA	1%	\$	86,362
-CSEA	1%	\$	176,845
		\$	767,748

Effect of Declining Enrollment on Income

	<u>Loss of ADA</u>	<u>Percent</u>	<u>Revenue Limit \$</u>
2007/08 (259 ADA (x) RL \$5,557.24)	-259	-2.0%	\$ -1,439,325
2008/09 (30 ADA (x) RL \$5,796.20)	-30	-0.3%	-173,886
2009/10 (145 ADA (x) RL \$5,941.11)	-145	-1.1%	-861,460
2010/11 (193 ADA (x) RL \$6,101.52)	-193	-1.5%	-1,177,593
Cumulative Impact	-627		\$ -3,652,264

Contributions to Restricted Programs

2007/08

Special Education	\$	-6,677,983
Home to School Transportation	\$	-16,415
Special Education Transportation	\$	-24,190
Routine Maintenance	\$	-2,767,715
	\$	-9,486,303

General Fund Summary

2007/08

	Adopted Budget		1st Interim	
Revenue	\$	105,728,882	\$	111,113,843
Expenditure	\$	107,288,649	\$	118,530,235
Net Operating	\$	-1,559,767	\$	-7,416,392
Other Uses	\$	-626,097	\$	-1,385,526
Net Inc/Dec Fund Balance	\$	-2,185,864	\$	-8,801,918
Beginning Fund Balance	\$	13,601,751	\$	13,601,751
Ending Fund Balance	\$	11,415,887	\$	4,799,833

Components of Ending Fund Balance

2007/08

	Adopted Budget	1st Interim
Revolving Cash/Stores/Prepaid Exp.	\$ 1,200,000	\$ 1,200,000
Designated for Economic Uncertainties	\$ 4,711,574	\$ 3,599,833
Unrestricted - School Site C/O	\$ 1,019,302	\$ -
Restricted - Categoricals	\$ 4,485,011	\$ -
Total Ending Fund Balance	\$ 11,415,887	\$ 4,799,833

Revenue Changes

- Unrestricted +\$0.8 million
 - + \$0.2 mil State Revenue Limit & Intervention Programs
 - + \$0.2 mil Interest Income
 - + \$0.2 mil Donations, ASB/PTA Reimbursements
 - + \$0.2 mil Parent Paid Laptop for debt service payments
- Restricted +\$4.6 million
 - + \$2.3 mil Deferred Revenue from 2006/07
 - + \$1.0 mil New Grants: Pre Kindergarten FLG, QEIA & CA Garden Instr. Grant
 - + \$1.3 mil Increase Revenue for CA Math/Science, SBCP, Teacher Recruitment and Student Support Grant

Expenditure Changes

- Unrestricted +\$1.5 million
 - + \$1.0 mil School Site Carryover budgeted
 - + \$1.0 mil Adjustment to salaries, primarily 12 FTE's excluded in AB and an additional 5 new teachers
 - \$0.2 mil Adjustment to Indirect Cost
 - \$0.3 mil Adjustment to reduce Laptop expense
- Restricted +\$9.7 million
 - + \$4.8 mil Categorical Carryover from 06/07 budgeted
 - + \$1.0 mil New Grants: Pre-Kindergarten, FLG, QEIA, California Garden Instruction
 - + \$2.3 mil Deferred Revenue budgeted
 - + \$0.3 mil Increase to Special Education
 - + \$1.3 mil Increased Revenue for California Math/Science, Teacher Recruitment and Student Support Grants

Sample 85% Calculation

(Unrestricted General Fund)

	2006/07	2007/08
Base Revenue Limit	\$ 5,316.24	\$ 5,557.24
Revenue Limit ADA	13,425.15	13,166.19
Total Revenue Limit	\$ 71,371,319	\$ 73,167,678
New Base Revenue Limit \$		\$ 1,796,358
Contribution to 5 new teachers (5 (x) \$59,059 (avg. salary & benefits, not incl. H&W))		\$ -295,295
New Unrestricted Money		\$ 1,501,063
85% for employee “total compensation”		\$ 1,275,904

What has yet to come out Step & Column, Longevity, increased H&W costs.

Multi-Year Projection - Summary

	<u>2008/09</u>	<u>2009/10</u>
Revenue	\$ 115,321,699	\$ 117,036,955
Expenditure	\$ 116,068,017	\$ 118,189,171
Unspecified Cuts	\$	\$ -2,600,000
Net Operating	\$ -746,318	\$ 1,447,784
Transfer In		
-Fd 17	\$ 2,150,000	\$
-Other	\$ 70,924	\$ 72,694
Transfer Out	\$ -1,453,526	\$ -1,453,526
Other Sources/Uses	\$ 767,398	\$ -1,380,829
Net Inc/Dec Fund Bal.	\$ 21,080	\$ 66,955
Beginning Fund Bal.	\$ 4,799,833	\$ 4,820,913
Ending Fund Balance	\$ 4,820,913	\$ 4,887,868

Multi-Year Projection

Components of Ending Fund Balance

	<u>2008/09</u>	<u>2009/10</u>
Revolving Cash/Stores/Prepaid Exp.	\$ 1,200,000	\$ 1,200,000
Designated for Economic Uncertainties (3%)	\$ 3,562,712	\$ 3,536,173
Restricted - Categoricals	\$ 58,201	\$ 151,695
Total Ending Fund Balance	\$ 4,820,913	\$ 4,887,868

Fullerton School District Multi-Year Projections

	06/07 Unaudited	07/08 First Interim	08/09 Projection	09/10 Projection
Income	\$113,550,252	\$111,113,843	\$117,471,700	\$117,036,956
Expenditures	105,640,713	118,530,235	116,068,018	115,589,172
Net Operating	7,909,539	-7,416,392	1,403,682	1,447,784
Other Sources/Uses	-6,028,197	-1,385,526	-1,382,602	-1,380,829
Net Fund Balance Change	1,881,342	-8,801,918	21,080	66,955
Beginning Balance 7/1	11,720,409	13,601,751	4,799,833	4,820,913
Ending Balance 6/30	\$13,601,751	\$4,799,833	\$4,820,913	\$4,887,868

Fund Balance Components				
Revolving Cash/Stores/Prepaid Expense	1,284,992	1,200,000	1,200,000	1,200,000
Restricted Funds – Categoricals	4,852,823	0	58,201	151,695
Unrestricted – School Site C/O	1,019,302	0	0	0
Designated for Economic Uncertainties	6,444,634	3,599,833	3,562,712	3,536,173
Amount Needed to meet AB 1200 3% Reserve	3,352,293	3,599,513	3,525,646	3,511,281
Amount Above (Below) AB 1200 3% Reserve	\$3,092,341	\$320	\$37,066	\$24,892

State Outlook for the Future

- COLA 4.8 - 5.0% Deficit 2 - 3%
- \$10 billion State deficit (projected)
- \$1 billion in lost property tax revenue
- Increase backfill from State Aid (Revenue Limit) = Less General Fund money
- Suspension of Prop 98?
- Mid-Year Cuts?
- Recession? Think Tank Opinions

Challenges for FSD

- Familiar Message - Different Realities
- Unfavorable State budget news
- Declining enrollment
- Balancing the budget
- Deficit financing
- Staffing considerations
- Continued fallout from housing downturn

Next Steps

- Work with Budget Advisory Committee to set spending priorities
- Planning based on Governor's Budget
- Examine:
 - Enhancement of Revenue
 - Reduce Costs
 - Recommend appropriate actions to the Board
- Investigate ways to maximize District Budget
- Sustain Financial Solvency

