

FULLERTON SCHOOL DISTRICT



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FIRST INTERIM REPORT

Report to Board of Trustees
December 8, 2015

PEANUTS By Charles M. Schulz

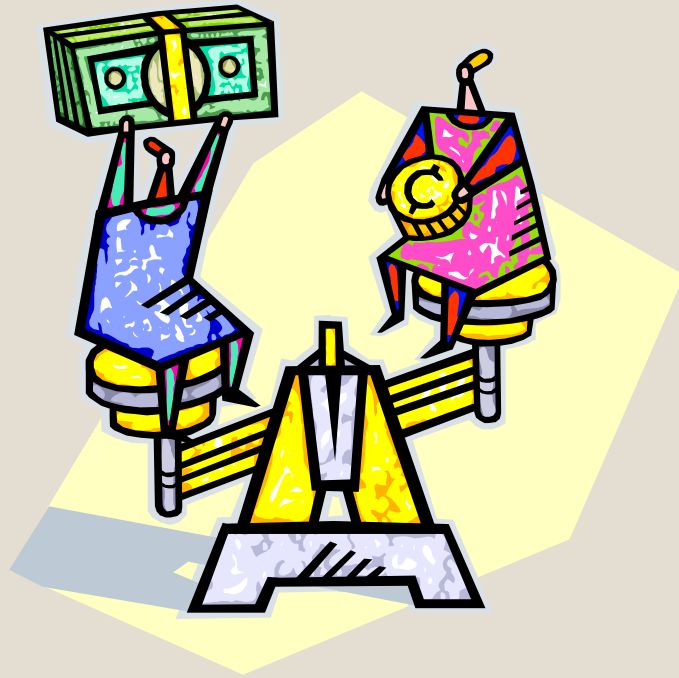


First Interim Report

- One of three annual financial reports
- Reports financial results and projections
- Key to determining District's fiscal viability
- Components of the Report



2015-16 Budget



- At First Interim, District updates current year budget to most recent data
- Major changes:
 - LCFF funding
 - Mandated Cost revenue
 - Adjustments to employee compensation

Increased LCFF Funding

- Final State budget included increased gap funding percents for 2014-15 AND 2015-16
- \$4,114,000 more in projected revenues



Mandated Cost Revenues

- Final State budget included additional one-time appropriation for prior year Mandated Costs claims
- Increase of \$4,773,000 to revenues



Negotiated Increases to Employee Compensation

- Updated budget includes settlement for FETA & FESMA
- Classified also settled – will be reflected @ 2nd Interim
- Total compensation increase = \$3,826,000



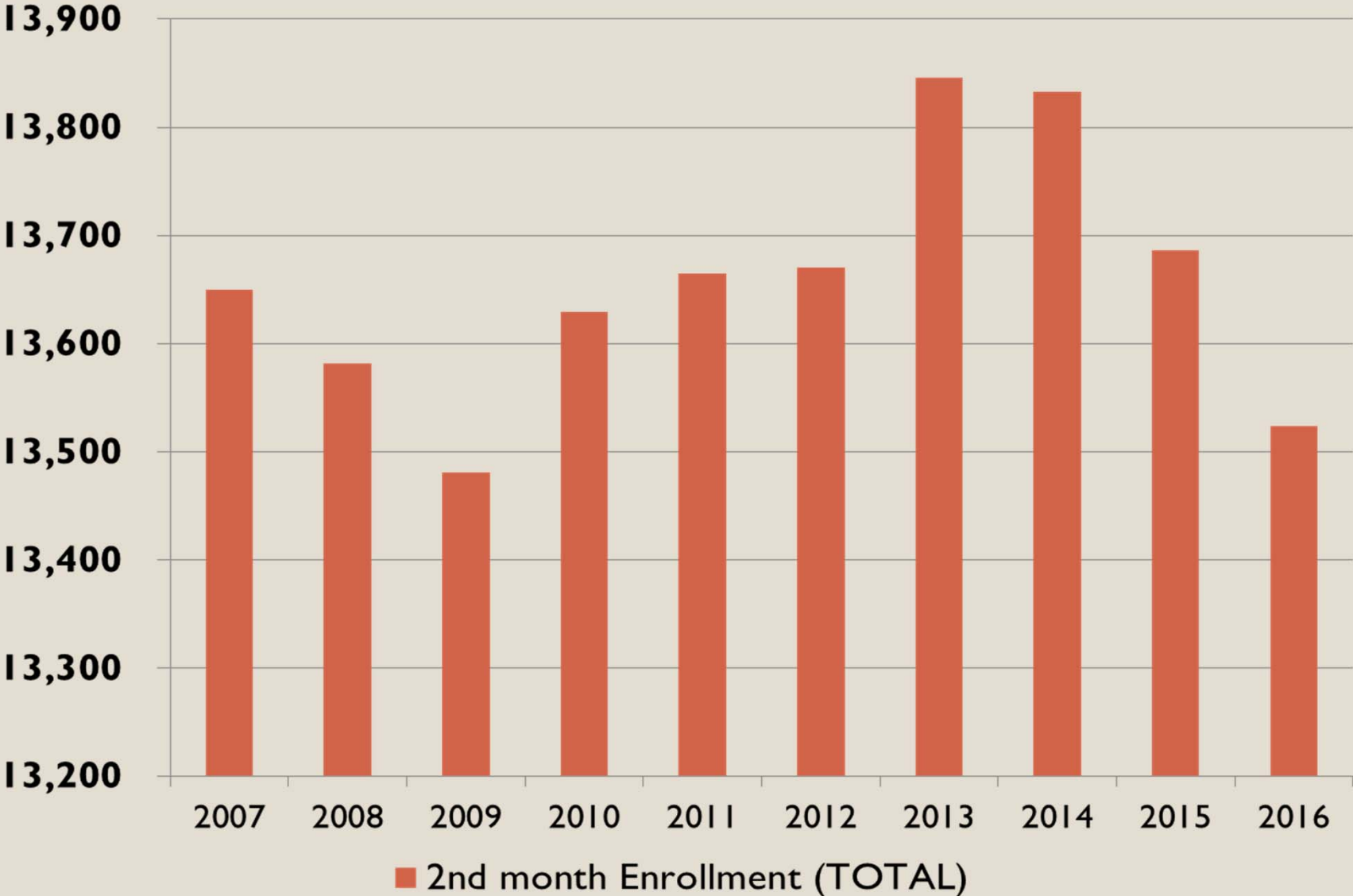
Adjustments to First Interim Budget

District budget is updated to reflect most current information regarding:

- Beginning fund balances/carryovers
- Enrollment
- Categorical revenues and expenses
- Other income accounts
- Encroachment
- Salaries and benefits (actual positions, step and column)
- All other expenditure accounts



FSD 2nd Month Enrollment



2015-16 Revised Budget

Unrestricted General Fund:

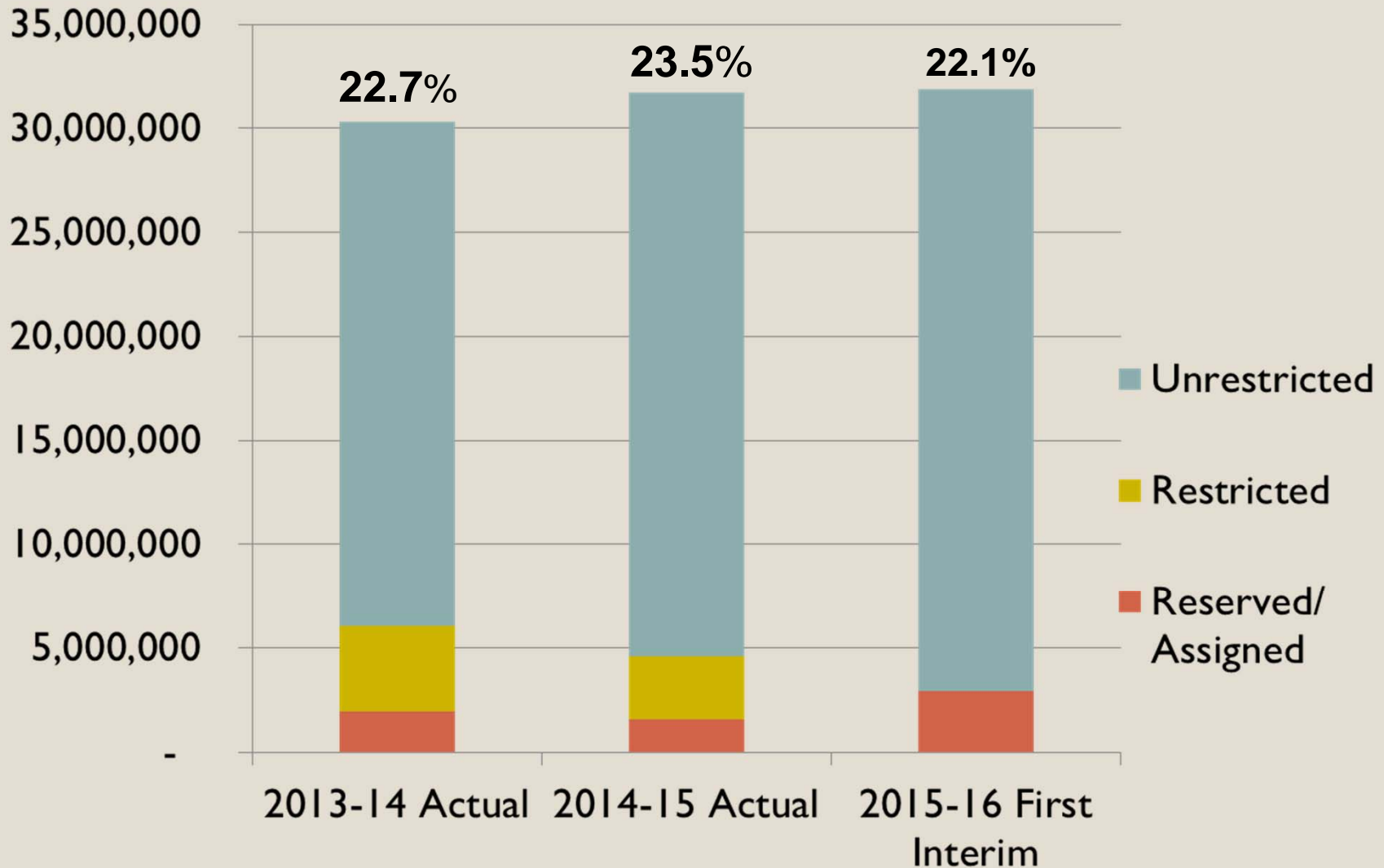
Projected gain - Original Budget	\$ 145,057
Projected gain - First Interim	<u>3,151,216</u>
Change	\$3,006,159

Revised projected Unrestricted Ending Fund Balance:

\$28.9 M 22.1%

Ending General Fund Balance – At First Interim

Fund Balance %



Ending General Fund Balance – At First Interim

- Projected unrestricted ending fund balance at June 30, 2016 = \$28,989,336
- Amount above required 3% = \$25,046,650



Multi-Year Projections

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
ADA	13,396	13,291	13,291
Statutory COLA	1.02%	1.60%	2.48%
Unduplicated Percent - FSD	52.09%	52.17%	52.29%
LCFF GAP Funding Rate	51.52%	35.55%	35.11%
Per ADA change to LCFF	11.84%	4.15%	3.41%

Multi-Year Projections



- ADA decrease - 105
- Employee compensation
 - 1% off schedule on 7/1/2016 for FETA and FESMA
 - Effect of CSEA settlement will be added at 2nd Interim
- STRS and PERS rate increases
- Routine step & column, inflationary increases

Projected Unrestricted Reserve – First Interim 3-year Projection

	2015-16	2016-17	2017-18
Projected Unrestricted Gain (Loss)	\$3,151,216	(\$2,624,436)	\$828,512
Projected Unrestricted Ending Fund Balance	\$28,989,336	\$29,164,900	\$29,993,412
Fund Balance Percent	22.1%	22.3%	22.9%

2016-17 Net Deficit

Projected net deficit – UGF	\$2,624,436
One-time expenses – 2016-17	
• Carryover – one-time funding	\$2,800,000
• 1 % bonus	<u>782,000</u>
Total	\$3,582,000

Required Disclosure under Ed Code 42127 (a)(2)(b)

	Assigned	Unassigned	3% Minimum	Amount Above 3% Minimum
June 30, 2016	\$2,800,000	\$28,989,336	\$3,942,686	\$25,046,650
June 30, 2017	-0-	\$29,164,900	\$3,919,618	\$25,245,282
June 30, 2018	-0-	\$29,993,412	\$3,927,190	\$26,066,222

Required Disclosure under Ed Code 42127 (a)(2)(b)

The Board of Trustees of the Fullerton School District maintains a prudent reserve which provides for :

- anticipated future expenditures for technology, instructional materials, and other necessary instructional expenditures
- funds available to mitigate the costs to the District of declining enrollment
- unplanned or emergency expenditures that might occur in the future
- future facilities needs
- future downturns in the State economy which could negatively affect the District's budget

Update on SB 858

- **Ed Code 42127 (a)(2)(b) was created by SB 858, the Education trailer bill for 2014-15**
- **Requires that in the year following the year the State transfers money into the Public School Stabilization Account (the “Prop 98 Reserve”), districts will have to spend down unrestricted/designated fund balances to no more than twice the minimum required**
- **A waiver is available, but only in 2 of 3 years**

Effect on FSD



- FSD minimum = 3%
- SB 858 would allow 6% = \$7,88,5371
- ONE MONTH'S payroll = \$8,000,000
 - Legislative options – SB 799

State Budget Outlook



- Prop 30 extension?
- LAO projection (*assumes Prop 30 taxes end*):
 - Higher revenues
 - 2015-16 - \$3.6B
 - 2016-17 - \$1.8B
 - State revenues to increase 3.7%/year thru 2019-20
 - 2016-17 - Prop 98 guarantee increases 3.3%
 - Trigger caps required by SB 858 not met thru 2019-20
 - Move toward full implementation of LCFF continues thru 2017-18, then stalls

District Certification

- Ending Fund Balance projected above the required 3% reserve as of June 30, 2018
- 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

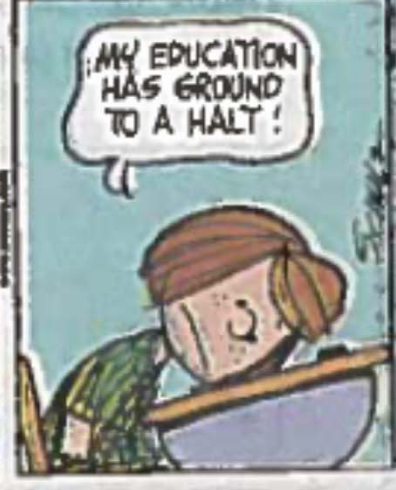


Next Steps

- First Interim Report filed with OCDE for review
- Governor releases his projected State Budget – January
- LCAP development
- Second Interim – March
- P-2 ADA



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Questions?

