



FULLERTON  
SCHOOL  
DISTRICT


Great Schools  
Successful Kids



# Second Interim Report

Report to Board of Education

March 13, 2012



Annual income twenty pounds, annual  
expenditure nineteen six, result  
happiness.

Annual income twenty pounds, annual  
expenditure twenty pound ought and  
six, result misery.

**Charles Dickens**, *David Copperfield*, 1849

# Second Interim Report

- One of three annual financial reports
- Reports actual financial results through January 31 and projections through 2013-14
- Key to determining District's fiscal viability
- Components of the Report



# Sources of Factors/Assumptions

- Orange County Department of Ed
- California Department of Ed
- School Services of California
- Other relevant professional sources
- District Budget Advisory Committee

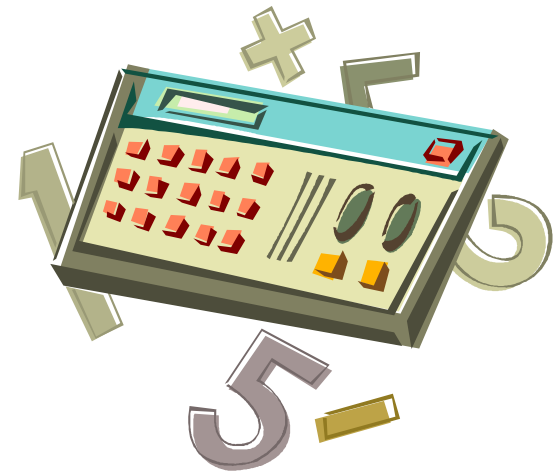


# Updating the 2011-12 Budget



# 2011-12 Budget - Adjustments

- Adjustments due to mid-year budget cuts from State
- Cuts/adjustments by District to address new and continuing cuts from State
- Ongoing budget adjustments caused by routine financial changes



# Mid-year Budget Cuts

- \$52.21 per ADA
- Total reduction to Revenue Limit = \$699,821



# Cuts/Adjustments by District

To address new and continuing cuts from State:

- Interfund transfers - \$1 million
- Deferred Maintenance Funding - \$489,000
- Negotiated reductions - \$690,000



# Ongoing Budget Adjustments

- Categorical revenues and expenses
- Other income accounts
  - Lottery
- Encroachment
- Salaries and benefits
  - Health Insurance
- All other expenditure accounts

# 2011-12 Revised Budget

Projected net loss –

First Interim	\$ 3.231 M
Second Interim	\$ 0.266 M

Projected Unrestricted Ending Fund Balance

\$12.38 M (11.5%)

➡ “Excess” Reserves?

# Multi-Year Projections



# Multi-Year Projections

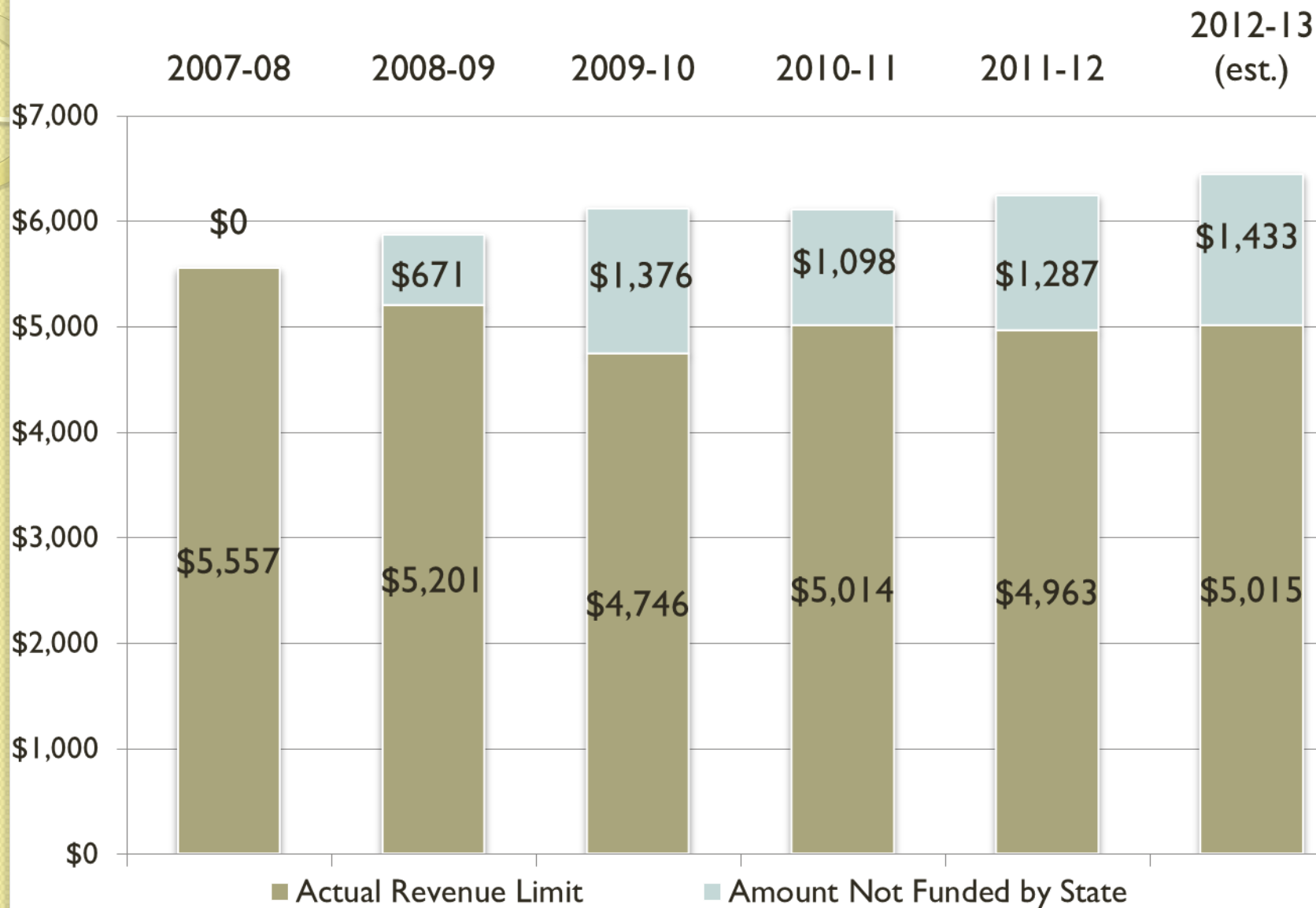
- Three year projection is presented through June 30, 2014
- Current variables and assumptions as directed by OCDE
- Based upon Governor's January budget proposal for State 2012-13 budget



# Multi-Year Projections

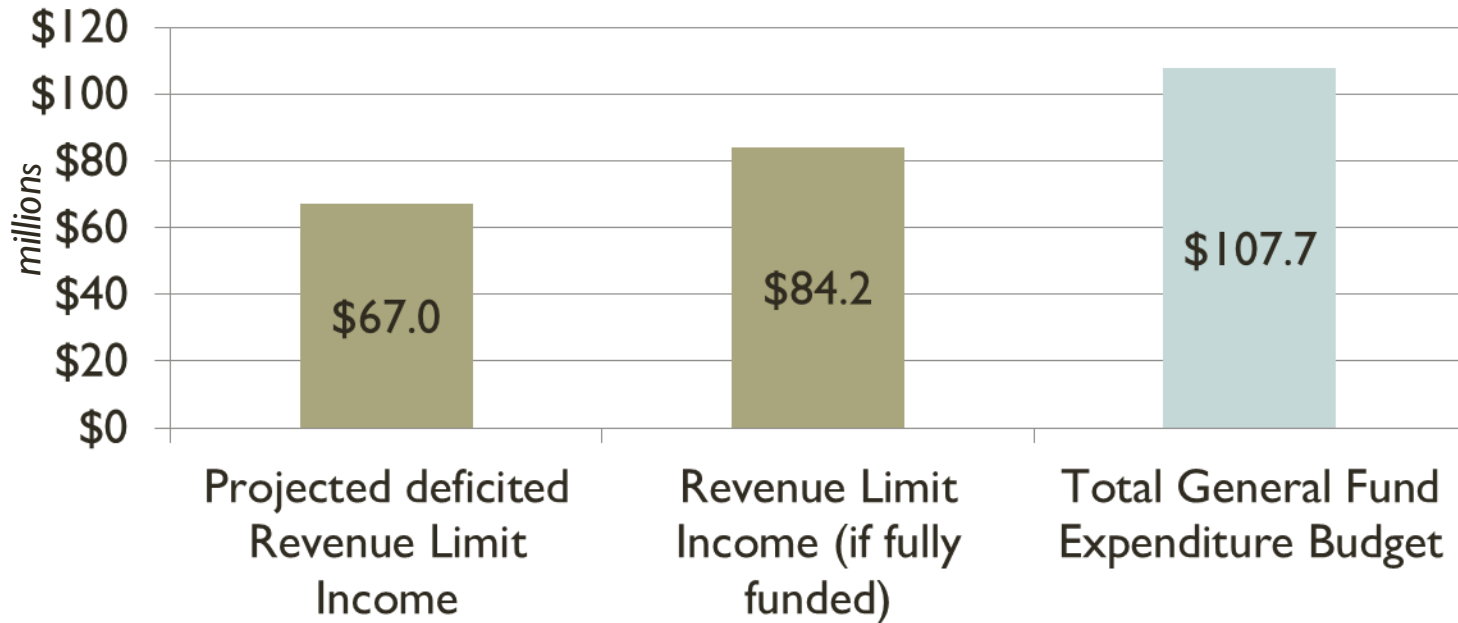
	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Effective Revenue Limit COLA	-0-	-0-	2.4%
Dollars per ADA	\$4,963	\$5,015	\$5,136
Dollar Change per ADA	(\$ 52)	\$52	\$121
Change in ADA	-0-	-0-	-0-

# Revenue Limit per Student



# Total Revenue Limit Funding

## 2011-12 Projected Budget



If the State had fully funded the statutory COLAs, the District would be receiving \$17.2 million more in Revenue Limit funding

# Multi-Year Projections – Other Factors

## □ State Flexibility

- Tier 3 Categorical sweep – \$3,102,921
- Includes Deferred Maintenance funding
- Class Size Reduction





# Multi-Year Projections – Other Factors

- ❑ Federal Education Jobs Funding - \$2,476,650
  - One-time only
  - Fully used in 2011-12
- ❑ State Transportation funding - \$1,000,000
  - Governor's Budget cuts totally starting in 2012-13



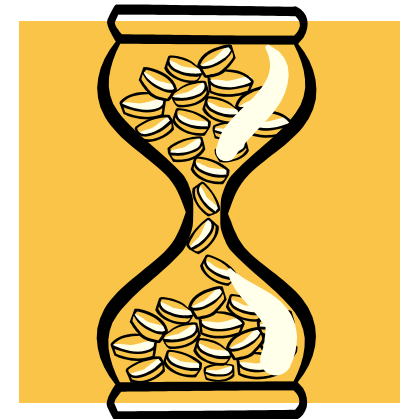
# Multi-Year Projections – Other Factors

- Items to be negotiated:
  - Adjustments to salaries and benefits - \$2,288,000
  - Increased Class Size - \$1,500,000



# State Budget – Governor's January Proposal

- Governor's proposed budget for 2012-13 based on revenues from fall tax initiative
- If passed, District is flat-funded
- If the Governor's tax initiative does not pass in November, the State will impose mandatory mid-year trigger cuts on K-12 education
- Estimated cut = 7.4%
- \$370/student
- \$4,932,100 total cut to FSD



# Cash Flow

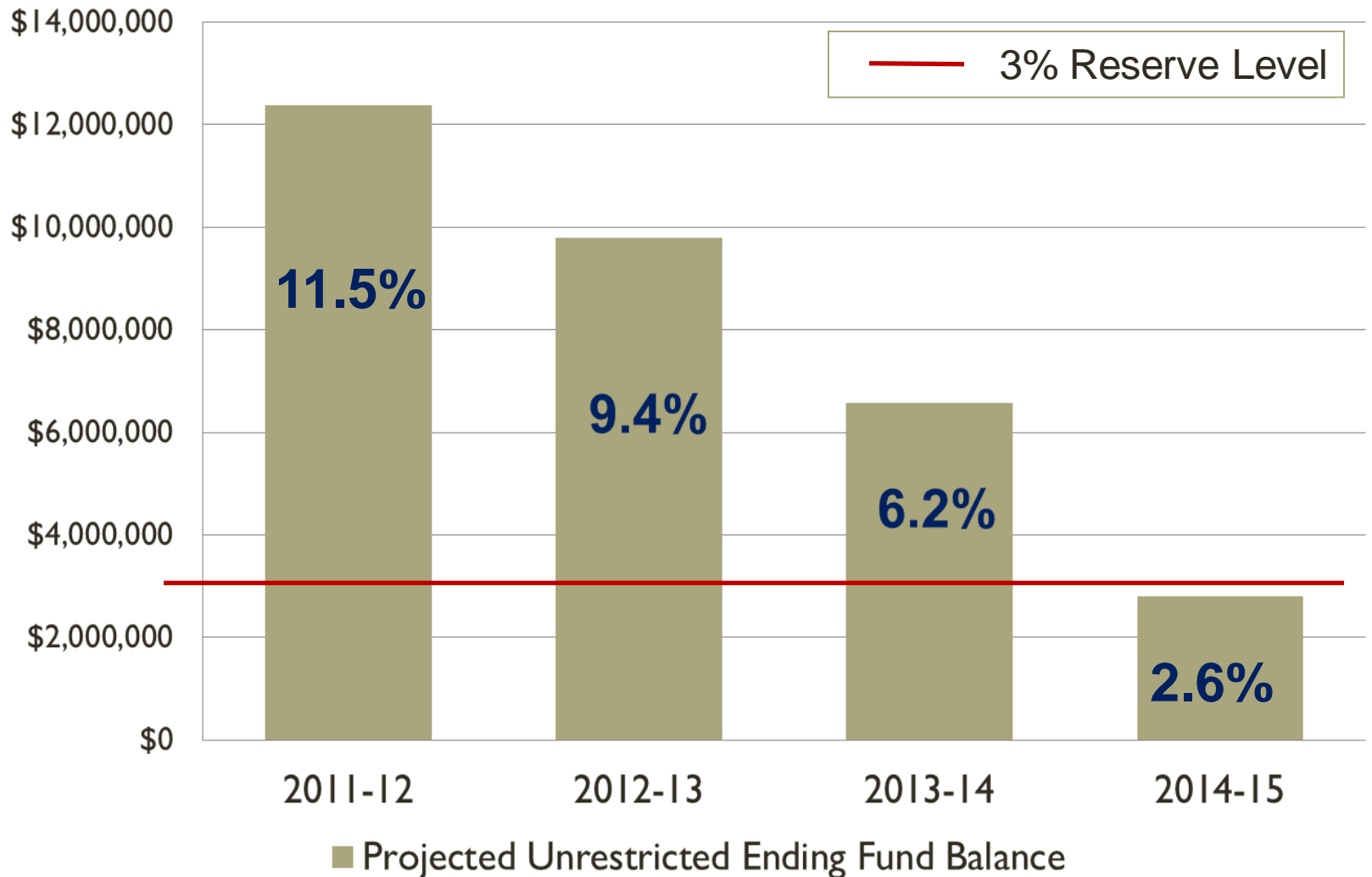
Reasons for declining cash balances:

- State budget cuts
- Deferral of State revenues
  - 42% of revenues received in subsequent year
- Shift in Redevelopment Agency funds
- Reallocation of taxes by Orange County

# Multi-Year Projections

	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Projected Unrestricted Loss	(\$266,000)	(\$3,024,000)	(\$3,667,000)
Projected Unrestricted Ending Fund Balance	\$12,383,000	\$9,802,000	\$6,577,000
Fund Balance Percent	11.5%	9.4%	6.2%

# Projected Ending Fund Balance



# General Fund Balance Reserves

- Due to continuing and projected cuts from State, District is spending down reserves
- District's projections are based upon successful multi-year negotiated agreements
- District's projections are based upon Governor's projected budget
  - Potential of mid-year cuts from State
  - COLA for 2013-14

# 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






# BAC Agreed-upon Items:

- We wish California Schools were not among the lowest funded in the country
- None of the choices we have to make are easy
- Our community, parents, staff and Board have successfully worked together before to address the District's financial issues, and will continue to do so
- This is a great challenge to the District, but we can get through it together!





Reflect on your present blessings,  
of which every man has many; not  
on your past misfortunes, of which  
all men have some.

*Charles Dickens*

QUESTIONS?

