

FREMONT UNIFIED SCHOOL DISTRICT
 UNAUDITED ACTUAL FINANCIAL REPORT
 2012-2013

General Fund

At June 30, 2013, the District general fund ended with a fund balance of \$32.9 million (Column B). This is an increase of \$11.7 million (Column C) over the originally projected balance of \$21.2 million (Column A). Table 1 shows the summary of revenues and expenditures for 2012-13.

Table 1 - General Fund Summary (Amounts in Thousands)

Description	Projected	Unaudited Actual	Actual vs. Projected Increase/ (Decrease)
	(A)	(B)	(C=B-A)
Revenues	\$251,153	\$253,102	\$1,949
Less: Expenditures	266,004	256,291	(9,713)
= Surplus/(Deficit)	(\$14,851)	(\$3,190)	\$11,662
Plus: Beginning Fund Balance	36,062	36,062	0
=Ending Fund Balance	\$21,210	\$32,872	\$11,662
<u>Components of Ending Fund Balance</u>			
Carryover of unspent funds	\$1,038	\$11,178	\$10,140
Other Designations	418	613	195
Total Designations	1,456	11,791	10,335
Reserve (\$)	\$19,754	\$21,080	\$1,326
Reserve (%)	7.43%	8.23%	0.80%
Ending Fund Balance	\$21,210	\$32,872	\$11,662

As illustrated on the table above, the increase in fund balance of \$11.7 million was primarily made up of unspent funds, which are mostly categorical funds. These funds are earmarked for specific purposes and have been committed for 2013-14 expenditures. The District reserve has increased by \$1.3 million from 7.43% to 8.23%. The increase in reserve is explained below:

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Description	(In Thousands)
Projected Reserve (7.43%)	\$19,754
Additional revenue from Special Education Program	\$340
Additional revenue from Tier III Categorical Programs	291
Additional revenue from Lottery and Other State Revenues	424
Additional revenue from Local Sources	105
Reduction on Revenue Limit Sources	(76)
Reduction on Medical Administrative Activities (MAA) Revenue	(400)
Savings from Special Education Budget	157
Savings from Home to School Transportation Budget	1,159
Increase expenditures in Tier III Categorical Programs	(57)
Savings from Routine Restricted Maintenance Budget	158
Savings from Election Costs	95
Savings from Legal Costs	21
Savings from Site and Departments Discretionary Budget	232
Savings from the projected Salaries and Benefits	680
Carryover of Unspent Unrestricted Funds	(1,556)
Miscellaneous changes in other budget categories	(245)
Net Increase in Reserve	\$1,326
Actual Reserve at June 30, 2013 (8.23%)	\$21,080

The District historically receives approximately \$400,000 each year from MAA revenue. In 2012/13, State of California complied with the Federal requirements to submit proposed parameters and guidelines for submission of claims. The Federal agency had several corrections and suggestions to the proposal, which the State is currently addressing. Meanwhile, the Federal agency held the funding until the State's proposal was approved. It is uncertain whether the unpaid reimbursement claims that the District submitted will be forfeited or will remain as a receivable for future reimbursement.

The savings from the Routine Restricted Maintenance budget of \$158,000 was due to unspent emergency funds. The Maintenance Department set aside funds from their budget allocation to address needs in the event of an emergency. This fund is closely monitored to make sure that some funds are available down to the last day of the year, since an emergency situation could happen at any time. Fortunately, the District did not need to spend this fund at the end of the year.

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The ending fund balance represents unspent restricted and unrestricted general funds at June 30, 2013. Restricted general funds are mainly represented by the balances of categorical fund *entitlements*¹, while unrestricted general funds represent balances of general purpose funds. Table 2 below shows the breakdown of the revenues, expenditures, and components of ending fund balance by category.

Table 2 - General Fund by Category (Amounts in Thousands)

Description	Unrestricted			Restricted			Total General Fund
	Unrestricted General Fund	Tier III Categorical Programs	Parcel Tax	Special Education	RRM	Categorical Programs	
Beginning Fund Balance	\$28,473	\$1,760	\$0	\$1,516	\$0	\$4,313	\$36,062
Revenues	\$179,026	\$17,649	\$3,303	\$33,588	\$154	\$18,746	\$252,465
- Expenditures	164,075	13,825	3,303	50,310	6,480	18,300	256,291
= Excess of Revenues over Expenditures	\$14,951	\$3,824	\$0	(\$16,722)	(\$6,326)	\$447	(\$3,826)
+ Transfer from Other Funds	637	0	0	0	0	0	637
+ Flexibility Transfers	4,418	(4,418)	0	0	0	0	0
+ Contributions	(25,269)	0	0	18,013	6,326	930	0
= Surplus/(Deficit)	(\$5,263)	(\$594)	\$0	\$1,290	\$0	\$1,377	(\$3,190)
Ending Fund Balance	\$23,210	\$1,166	\$0	\$2,806	\$0	\$5,690	\$32,872

Components of Ending Fund Balance

Designated for:

Revolving Cash	\$100	\$0	\$0	\$0	\$0	\$0	\$100
Stores/Prepayments	474	0	0	0	0	0	474
Carryover of unspent funds	1,556	1,166	0	2,806	0	5,690	11,218
Total Designations	\$2,130	\$1,166	\$0	\$2,806	\$0	\$5,690	\$11,791

Reserve:

State Mandated Reserve (2%)	\$5,126	\$0	\$0	\$0		\$0	\$5,126
Board Designated Reserve (2%)	5,126	0	0	0		0	5,126
Undesignated Reserve	10,829	(0)	0	0	0	(0)	10,829
Total Reserve (\$)	\$21,080	(\$0)	\$0	\$0	\$0	(\$0)	\$21,080
Total Reserve (%)	8.23%	0.00%	0.00%	0.00%	0.00%	0.00%	8.23%

Ending Fund Balance	\$23,210	\$1,166	\$0	\$2,806	\$0	\$5,690	\$32,872
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The ending fund balance of \$32.9 million is made up of \$8.5 million in unspent entitlements (\$2.8 million from Special Education and \$5.7 million from Categorical funds), \$1.2 million of *Tier III Categorical Programs*², and \$23.2 million of unrestricted general fund. Since unspent entitlements need to be legally designated, it cannot be counted as part of the reserve. Any balance under the unrestricted general fund that has been committed, needs to be designated before the reserve is calculated.

¹ As defined in the California School Accounting Manual ("CSAM"), entitlements are recognized as revenue when it is awarded, regardless of whether the funds are spent or not. Any unspent entitlements at the end of the year becomes part of the ending fund balance, but should be legally designated for its original purpose. Unspent entitlement cannot be included as part of the district's reserve.

² Tier III Categorical Programs are restricted State grants or entitlements that are eligible for flexibility transfer to the unrestricted general fund and are subject to budget reduction of about 20% (4.5% in 2008/09 and 15.4% in 2009/10). The State requires that revenue and expenditures for these programs should be classified as part of the unrestricted general fund.

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The balances under Tier III Categorical Programs represent unspent funds from the school sites and other district programs. This amount will be allocated back to school sites in 2013-14.

The District is required to maintain a 2% reserve for economic uncertainties for a total of \$5.1 million. The board designated to maintain an additional 2% reserve for any unplanned emergency expenditures. The remaining \$10.8 million represents undesignated reserve.

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Other Funds

The District maintained other funds earmarked for specific purposes. Education Code requires that these funds are established and the revenue and expenditures to be maintained in a separate account. Below is the summary of revenues and expenditures of other funds.

(All Amounts are In Thousands)

Description	Charter School: Circle of Independent Learning (COIL)	Special Education Pass-Through Fund	Adult Education Fund	Child Dev't Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	State School Building Lease-Purchase Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Self-Insurance Fund
Beginning Fund Balance	\$1,115	\$0	\$2,969	\$133	\$969	\$3,041	\$335	\$9,308	\$16	\$3	\$24,191	\$10,924	\$10
Revenues	\$1,616	\$13,236	\$4,084	\$1,030	\$5,782	\$1,027	\$1	\$1,715	\$0	\$1	\$1,169	\$99,097	\$51
- Expenditures	1,847	13,236	3,505	1,038	5,688	989	336	6,473	0	0	960	97,202	52
= Budget Surplus/(Deficit	(\$231)	\$0	\$579	(\$8)	\$94	\$37	(\$335)	(\$4,758)	\$0	\$1	\$209	\$1,895	(\$2)
Ending Fund Balance	\$884	\$0	\$3,548	\$125	\$1,064	\$3,078	(\$0)	\$4,550	\$16	\$4	\$24,401	\$12,818	\$8