



FREMONT UNIFIED SCHOOL DISTRICT

First Interim Budget Report 2018-2019

Division of Business Services
December 12, 2018



Overview

- Education Code Section 42130 states that school districts submit two reports to their governing board each fiscal year
 - First Interim Report covers the financial and budgetary status of the district for the period ending October 31
 - Second Interim Report covers the period ending January 31
- Both reports shall be approved by the district governing board no later than 45 days after the close of the period being reported

Consolidated General Fund

(in millions)

	Adopted Budget	First Interim Budget	Increase/ (Decrease)
	(a)	(b)	(c=b-a)
Revenues	\$371.2	\$382.3	\$11.1
Less: Expenditures	370.9	393.3	22.4
= Surplus/(Deficit)	\$0.3	(\$11.0)	(\$11.3)
Add: Beginning Fund Balance	25.3	30.3	5.0
=Ending Fund Balance	\$25.7	\$19.4	(\$6.3)
Less: Designations	14.5	7.6	(7.0)
=Reserve (\$)	\$11.1	\$11.8	\$0.7
=Reserve (%)	3.00%	3.00%	0%

General Fund Summary (in millions)

Unrestricted and Restricted General Fund

	Unrestricted General Fund	Restricted General Fund	Total General Fund
	(a)	(b)	(c=a+b)
Revenues	\$327.7	\$54.6	\$382.3
Add: Contributions [1]	(57.0)	57.0	0.0
Less: Expenditures	270.6	122.7	393.3
= Surplus/(Deficit)	\$0.1	(\$11.1)	(\$11.0)
Add: Beginning Fund Balance	18.7	11.6	30.3
=Ending Fund Balance	\$18.8	\$0.5	\$19.4
Less: Designations	7.1	0.5	7.6
=Reserve (\$)	\$11.8	\$0.0	\$11.8
=Reserve (%)	3.00%	0.00%	3.00%

[1] Contribution to Special Education program is \$46.2 million

[1] Contribution to Routine Restricted Maintenance is \$10.8 million



Assumptions for Revenue Changes

- **Local Control Funding Formula (LCFF) decreased by \$1.0 million**
 - 2018-19 enrollment (35,176) is 254 students lower than 2017-18 enrollment (35,430)
 - District is using 2017-18 ADA (34,323) for LCFF calculation as allowed by law
- **Federal Revenues increased by \$1.2**
 - Reflects categorical program revenue adjustments, including carryover of unspent funds from prior year
- **State Revenues increased by \$10.7 million**
 - \$5.5 million reduction in One-Time Discretionary Fund
 - \$15.5 million STRS On-Behalf (exact amount offset in expenditures)
 - Various categorical program revenue adjustments
- **Local Revenues increased by \$0.2 million**
 - Gifts and donations increased by \$0.2 million

Assumptions for Expenditure Changes

- **Certificated Salaries increased by \$2.5 million**
 - 1.0 FTE Program Manager
 - 2.4 FTE Psychologist
 - 2.0 FTE Speech Language Pathologist
 - Impact of ongoing salary increase from 2017-18
- **Classified Salaries decreased by \$0.1 million**
 - Impact of ongoing salary increase from 2017-18
 - Miscellaneous savings within budget categories
- **Employee Benefits**
 - Employee benefits are adjusted accordingly based on changes in certificated and classified salaries
- **Supplies and Other Operating Services**
 - Adjustments due to new revenues, carryover of unspent funds from prior year, and transfer between expenditure categories

Multi-Year Budget Projection Assumptions

- These assumptions apply to 2019-20 and 2020-21
- Local Control Funding Formula (LCFF)
 - Enrollment is projected at 35,722 and 36,344, respectively
 - Average Daily Attendance (ADA) is projected at 97.03% of enrollment
 - Unduplicated Pupil Percentage is projected at 28.15% and 27.91% - 3 year rolling average
 - COLA is projected at 2.57% and 2.67%, respectively
- State Revenues
 - Mandated Cost Block Grant is budgeted at about \$1.4 million each year
 - No One-Time Discretionary Fund
 - Lottery Funds are estimated at \$204 per student
- Local Revenues
 - Parcel tax (Measure I) is projected at \$4.3 million
 - Other local donations remain the same as in the current year, except for one-time donations
 - Transfer of \$0.7 million from the Adult Education Fund is not included in 2019-20 and 2020-21

Multi-Year Budget Projection Assumptions

- Salaries and Benefits

- Additional classroom staffing due to projected increase in enrollment
- Class size for grades TK-6 is projected as listed below:

	TK/K	1	2	3	4	5	6
2017-18	24	24	24	28	30	30	30
2018-19	24	24	24	28	30	30	30
2019-20	24	24	24	28	30	30	30

- Secondary class ratio is projected at 27:1
- No projection for any salary and benefit adjustments other than step and column changes for eligible employees
- Increasing pension contribution to (STRS and PERS)

- Support staff are included in the 2019-20 and 2020-21 for:
 - Bringhurst Elementary School
 - Spanish Dual Immersion at Marshall school site
 - Walters and Horner Middle Schools

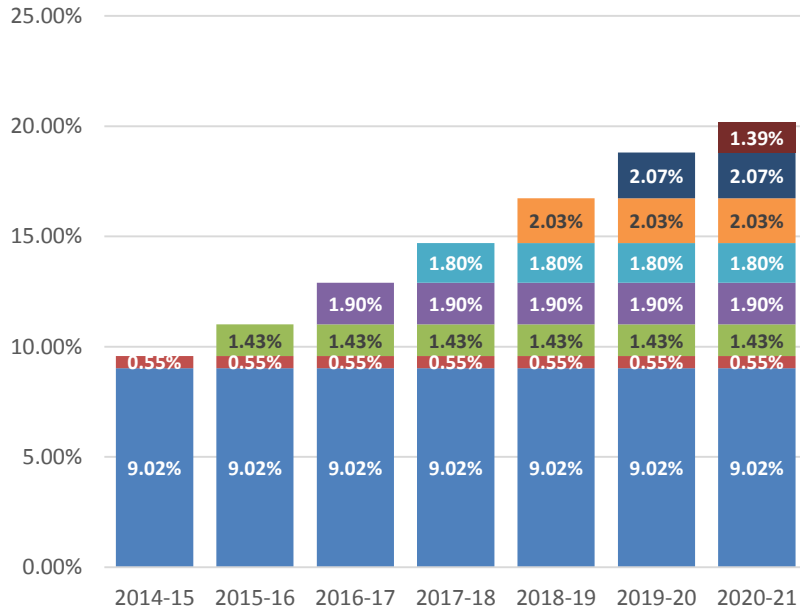
- Supplies, Services, Capital Outlay, and Other Outgo

- One-time expenditures in the current year are eliminated in the projected years
- Transfer of funds to MVROP is projected at the same level as the current year
- Contribution to Special Education program is projected at \$47.1 million and \$48.5 million, respectively
- All of the ongoing budget reductions approved by the Board on March 8, 2016 are not restored and remain in effect for the projected 8 years

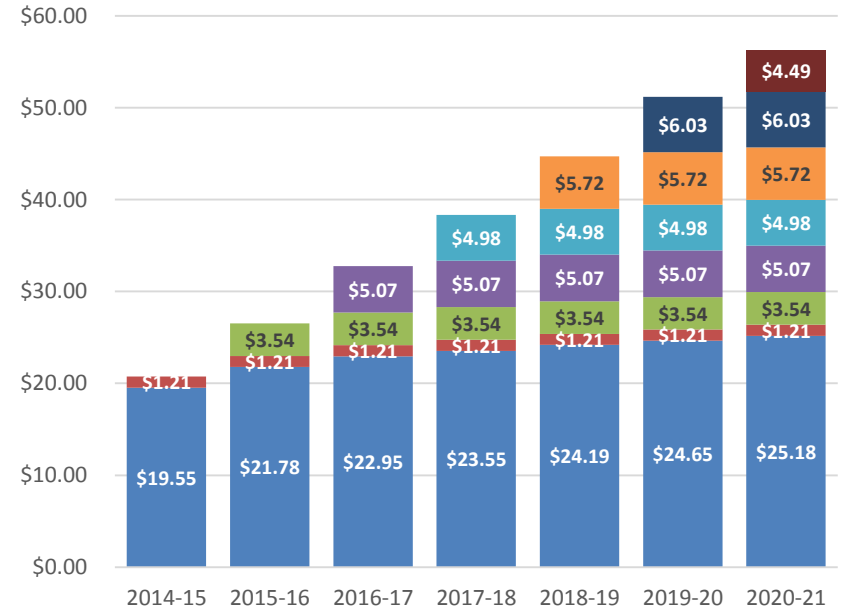


Pension Contribution (STRS and PERS)

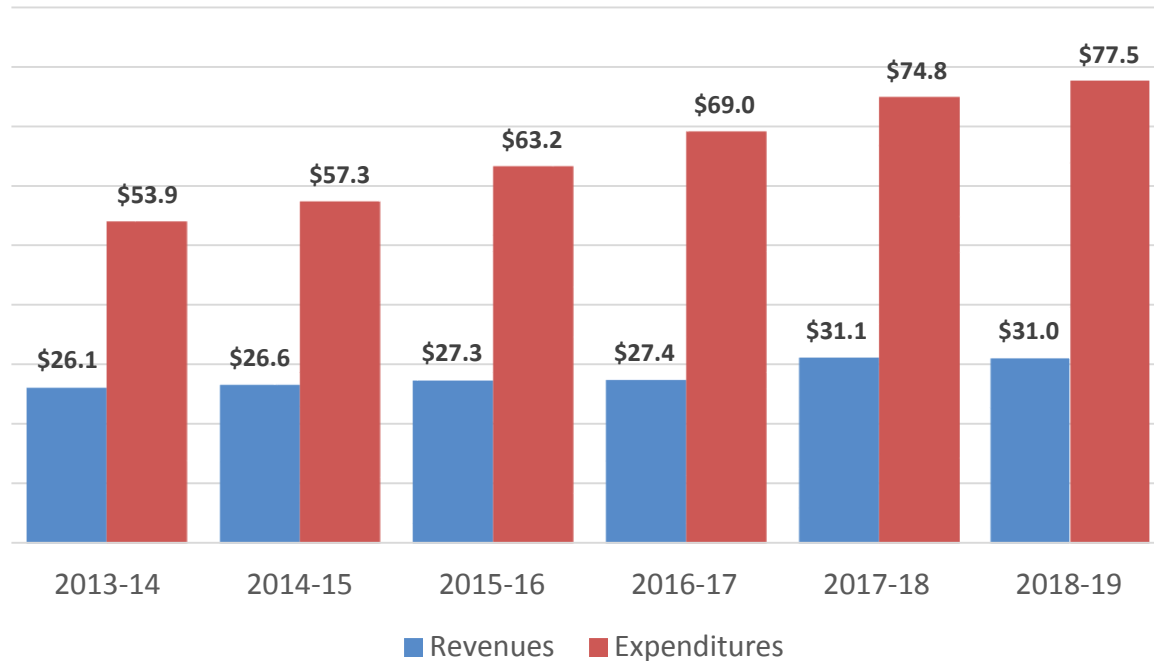
In Percent of Gross Pay



In Millions



Special Education Program (in millions)



- Current budget deficit is \$46.5 million
- Budget deficit grows by an average of \$3.7 million each year or 12%
- Unrestricted General Fund backfills the deficit

Multi-Year Budget Projection (in millions)

	Unaudited Actual 2017-18	First Interim Budget 2018-19	Projected Budget 2019-20	Projected Budget 2020-21
Revenues	\$352.4	\$382.3	\$386.0	\$400.9
Less: Expenditures	370.3	393.3	390.9	401.9
<i>Less: Additional Routine Restricted Maintenance Contribution</i>			0.5	1.0
=Surplus/(Deficit)	(\$17.9)	(\$11.0)	(\$5.4)	(\$2.0)
Add: Beginning Fund Balance	36.4	30.3	19.4	14.0
=Ending Fund Balance	\$18.6	\$19.4	\$14.0	\$12.0
Less: Designation [1]	8.0	7.6	2.8	2.7
=Reserve (\$)	\$10.5	\$11.8	\$11.2	\$9.3
=Reserve (%)	2.85%	3.00%	2.88%	2.33%

[1] Includes 0.5% designation for reserve variance

In order for the District to maintain its reserve at 3%, the District needs to enhance its revenues and/or reduce its expenditures by \$0.5 million in 2019-20 and an additional \$1.7 million in 2020-21.

Staff recommends Positive Certification, which certifies that based upon current projection, FUSD will meet its financial obligations for current fiscal year and subsequent two years.



Other Funds (in millions)

	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
Special Education Pass-Through	\$0.0	\$12.1	\$12.1	\$0.0
Adult Education	\$2.8	\$4.7	\$5.5	\$1.9
Child Development	\$0.4	\$1.7	\$12.1	\$0.1
Cafeteria	\$0.1	\$6.9	\$6.9	\$0.1
Building Fund (Measure E)	\$144.0	\$129.0	\$193.3	\$79.7
Capital Facilities (Developer Fees)	\$38.2	\$3.7	\$8.2	\$33.6
County School Facilities Fund	\$0.0	\$3.6	\$3.6	\$0.0
Special Reserve (Sale of Site Fund)	\$30.4	\$0.6	\$7.4	\$23.7
Bond Interest and Redemption Fund	\$33.3	\$38.5	\$38.5	\$33.3
Self-Insurance	\$0.0	\$0.3	\$0.3	\$0.0