



FREMONT UNIFIED SCHOOL DISTRICT

Revised

First Interim Budget Report 2017-2018

Division of Business Services
December 13, 2017



Outline

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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	\$342.0	\$349.1	\$7.1
Less: Expenditures	349.7	364.9	15.2
= Surplus/(Deficit)	(\$7.7)	(\$15.8)	(\$8.1)
Add: Beginning Fund Balance	26.0	36.4	10.4
=Ending Fund Balance	\$18.3	\$20.6	\$2.3
Less: Designations	7.8	9.7 [1]	1.8
=Reserve (\$)	\$10.5	\$11.0	\$0.5
=Reserve (%)	3.00%	3.00%	0.00%

[1] Designations include \$1.8 million for potential variation in the level of reserve, \$2.9 million in one-time discretionary fund, \$2.4 million in Career Technical Education Fund, and \$1.6 million for the replace of Mission San Jose High School Swimming Pool



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	\$308.7	\$40.4	\$349.1
Add: Contributions [1]	(53.2)	53.2	0.0
Less: Expenditures	260.0	104.9	364.9
= Surplus/(Deficit)	(\$4.5)	(\$11.3)	(\$15.8)
Add: Beginning Fund Balance	24.6	11.8	36.4
=Ending Fund Balance	\$20.1	\$0.6	\$20.6
Less: Designations	9.1	0.6	9.7
=Reserve (\$)	\$11.0	\$0	\$11.0
=Reserve (%)	3.00%	0.00%	3.00%

[1] Contribution to Special Education program is \$43.0 million

[1] Contribution to Routine Restricted Maintenance is \$10.1 million

Assumptions for Revenue Changes

- **Local Control Funding Formula (LCFF) decreased by \$0.4 million**
 - Gap funding decrease from 43.97 % to 43.19%
 - Lower than anticipated enrollment growth from 793 students to 612 students.
- **Federal Revenues increased by \$1.4 million**
 - Categorical, i.e., Title I, II, & III – slight adjustments in current year funding allocations
 - Carryover of unspent grants from prior year
- **State Revenues increased by \$5.8 million**
 - One-time Discretionary Fund included in the amount of \$5.0 million
 - Special Education (SPED) funding increased by \$0.1 million
 - Additional Proposition 39 Fund (California Clean Energy Jobs Act) for \$0.3 million
 - California Partnership Academy grant for \$0.4 million
- **Local Revenues increased by \$0.4 million**
 - Gifts and donations increased by \$0.4 million

Assumptions for Expenditure Changes

- **Certificated Salaries**
 - 5.29 FTE additional Teachers
 - 0.60 FTE additional Nurse
 - One-time stipend for Psychologists, Counselors, Nurses, Speech Language Pathologist, and Program Specialists
- **Classified Salaries**
 - 2.10 FTE decrease in Paraeducators
 - 0.62 FTE increase Library Media Technician
 - 1.00 FTE decrease in Accounting Technician
 - 2.34 FTE increase in Office Assistant
 - 0.40 FTE increase in Lead Case Manager
- **Employee Benefits**
 - Employee benefits increased related to the above changes in certificated and classified salaries
- **Supplies, Services, Capital Outlay, and Other Outgo**
 - Adjusted for new revenues, carryover of unspent funds from prior year, and transfers between categories
 - Athletic Trainers
 - Share of crossing guard costs with the City of Fremont
 - Traffic safety assessment
 - Electronic document management system

Multi-Year Budget Projection Assumptions

- These assumptions apply to 2018-19 and 2019-20
- **Local Control Funding Formula (LCFF)**
 - Enrollment is projected at 35,720 and 36,769, respectively
 - Average Daily Attendance (ADA) is projected at 97.17% of enrollment
 - LCFF gap funding is projected at 66.12% and 64.92%
 - Unduplicated count of eligible students is projected at 28.46%
- **Federal Revenues**
 - Medi-Cal Administrative Activities (MAA) revenue is not included (the State has not confirmed when school districts will receive the funds)
- **State Revenues**
 - Mandated Cost Block Grant is budgeted at about \$1.2 million each year
 - 2017-18 includes one-time Discretionary Fund for \$5 million, this amount is not included in the projected years
 - Lottery Funds are estimated at \$189 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 included in 2017-18 and 2018-19 only

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)

- Supplies, Services, Capital Outlay, and Other Outgo

- One-time expenditures in the current year are eliminated in the projected years
- Estimated cost of textbook adoptions is included 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 \$43.9 million and \$45.0 million, respectively
- All of the budget reductions approved by the Board on March 8, 2016 are not restored and remain in effect for the projected years

Multi-Year Budget Projection

(in millions)

	Unaudited Actual 2016-17	First Interim Budget 2017-18	Projected Budget 2018-19	Projected Budget 2019-20
Revenues	\$343.0	\$349.1	\$352.3	\$368.6
Less: Expenditures	355.4	364.9	363.3	373.7
<i>Less: Additional Supplemental Grant Expenditures</i>			0.7	1.2
=Surplus/(Deficit)	(\$12.5)	(\$15.8)	(\$11.7)	(\$6.2)
Add: Beginning Fund Balance	48.9	36.4	20.6	8.9
=Ending Fund Balance	\$36.4	\$20.6	\$8.9	\$2.7
Less: Designation	29.3	9.7	2.6	2.5
=Reserve (\$)	\$7.1	\$11.0	\$6.3	\$0.2
=Reserve (%)	2.00%	3.00%	1.73% ^[1]	0.05% ^[1]

[1] In order for the District to maintain its reserve at 3%, the District needs to enhance its revenues and/or reduce its expenditures by \$4.5 million in 2018-19 and an additional \$1.9 million in 2019-20

Staff recommends Positive Certification, which certifies that based upon current projections, FUSD will meet its financial obligations for the current fiscal year and subsequent two fiscal 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	\$3.2	\$4.3	\$4.5	\$2.3
Child Development	\$0.3	\$1.5	\$1.8	\$0.1
Cafeteria	\$0.6	\$6.7	\$7.3	\$0.1
Building Fund (Measure E)	\$175.1	\$1.4	\$150.5	\$26.0
Capital Facilities (Developer Fees)	\$25.0	\$3.7	\$8.5	\$20.2
Special Reserve (Sale of Site Fund)	\$38.3	\$3.3	\$0.9	\$40.6
Bond Interest and Redemption Fund	\$34.2	\$37.8	\$40.0	\$32.1
Self-Insurance	\$0.0	\$0.3	\$0.3	\$0.0