

Revised



# FREMONT UNIFIED SCHOOL DISTRICT

## Second Interim Budget Report 2017-2018

Division of Business Services

March 14, 2018



# Outline

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- Assumptions for Expenditures Changes
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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	Second Interim Budget	Increase/ (Decrease)
	(a)	(b)	(c)	(d=c-b)
Revenues	\$342.0	\$349.1	\$350.4	\$1.3
Less: Expenditures	349.7	364.9	367.6	2.6
<b>= Surplus/(Deficit)</b>	<b>(\$7.7)</b>	<b>(\$15.8)</b>	<b>(\$17.2)</b>	<b>(\$1.4)</b>
Add: Beginning Fund Balance	26.0	36.4	36.4	0.0
=Ending Fund Balance	\$18.3	\$20.6	\$19.3	(\$1.4)
Less: Designations	7.8	9.7	8.2	(1.4)
=Reserve (\$)	\$10.5	\$10.9	\$11.0	\$0.1
=Reserve (%)	3.00%	3.00%	3.00%	0.00%

# 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	\$309.1	\$41.3	\$350.4
Add: Contributions [1]	(53.5)	53.5	0.0
Less: Expenditures	261.6	106.0	367.6
<b>= Surplus/(Deficit)</b>	<b>(\$6.0)</b>	<b>(\$11.2)</b>	<b>(\$17.2)</b>
Add: Beginning Fund Balance	24.6	11.8	36.4
=Ending Fund Balance	\$18.6	\$0.6	\$19.3
Less: Designations	7.6	0.6	8.2
=Reserve (\$)	\$11.0	\$0	\$11.0
=Reserve (%)	3.00%	0.00%	3.00%

[1] Contribution to Special Education program is \$43.3 million

[1] Contribution to Routine Restricted Maintenance is \$10.2 million

# Assumptions for Revenue Changes

- Local Control Funding Formula (LCFF) increased by \$0.3 million
  - LCFF Gap funding increased from 43.19% to 44.97%
  - Unduplicated Pupil Percentage (UPP) increased from 28.46% to 28.94%
  - Enrollment is 14 students lower than First Interim Report
- Federal Revenues ~~decreased~~ increased by \$10,414
  - Slight increase in Special Education funding
- State Revenues increased by \$0.2 million
  - Adjustments to:
    - Reimbursement for various student performance testing
    - Mandated Cost Block Grant
    - Partnership Academies
    - One-Time Discretionary Fund
- Local Revenues increased by \$0.7 million
  - Gifts and donations increased by \$0.7 million

# Assumptions for Expenditure Changes

- **Certificated Salaries**
  - 0.16 FTE net increase in teacher position
- **Classified Salaries**
  - 0.13 FTE net decrease in clerical staff
  - 1.00 FTE increase in System Specialist
  - 5.00 FTE increase in Van Driver - a six month position while the driver is being trained to be a bus driver
- **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 and transfer between expenditure categories
- **Capital Outlay**
  - Mission San Jose HS swimming pool for \$1.6 million - this fund has been earmarked in the ending fund balance

# 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 fully implemented
  - Unduplicated Pupil Percentage is projected at 27.91% and 27.80% - 3 year rolling average
- **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
  - 2018-19 includes one-time Discretionary Fund for \$10.4 million
  - 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)
- 2019-20 includes operational cost for Bringham Elementary School and Spanish Dual Immersion at Marshall school site

- 2019-20 includes cost of additional support staff due to conversion of Horner and Walter Junior High Schools to middle schools

- **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)

	Audited Actual 2016-17	Second Interim Budget 2017-18	Projected Budget 2018-19	Projected Budget 2019-20
Revenues	\$343.0	\$350.4	\$370.2	\$376.8
Less: Expenditures	355.4	367.6	362.7	376.0
<i>Less: Additional Routine Restricted Maintenance Contribution</i>			0.4	0.8
<i>Less: Additional Supplemental Grant Expenditures</i>			1.5	2.3
<b>=Surplus/(Deficit)</b>	<b>(\$12.5)</b>	<b>(\$17.2)</b>	<b>\$5.6</b>	<b>(\$2.3)</b>
Add: Beginning Fund Balance	48.9	36.4	19.3	24.8
<b>=Ending Fund Balance</b>	<b>\$36.4</b>	<b>\$19.3</b>	<b>\$24.8</b>	<b>\$22.5</b>
Less: Designation	29.3	8.2	16.1	16.0
<b>=Reserve (\$)</b>	<b>\$7.1</b>	<b>\$11.0</b>	<b>\$8.7</b>	<b>\$6.5</b>
=Reserve (%)	2.00%	3.00%	2.39%	1.70%

[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 \$2.3 million in 2018-19 and additional 0.3 million in 2019-20.

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	\$12.2	\$12.2	\$0.0
Adult Education	\$3.2	\$4.4	\$4.6	\$3.0
Child Development	\$0.3	\$1.6	\$1.9	\$0.1
Cafeteria	\$0.6	\$6.7	\$7.3	\$0.1
Building Fund (Measure E)	\$175.1	\$1.4	\$173.3	\$3.3
Capital Facilities (Developer Fees)	\$25.0	\$7.4	\$8.5	\$24.0
Special Reserve (Sale of Site Fund)	\$38.3	\$3.3	\$16.8	\$24.8
Bond Interest and Redemption Fund	\$34.2	\$37.8	\$40.0	\$32.1
Self-Insurance	\$0.0	\$0.3	\$0.3	\$0.0