



FREMONT UNIFIED SCHOOL DISTRICT

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SECOND INTERIM BUDGET REPORT 2016-2017

DIVISION OF BUSINESS SERVICES

MARCH 8, 2017

Outline

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- ❖ Overview
- ❖ General Fund Summary
- ❖ Assumptions for Revenue Changes
- ❖ Assumptions for Expenditures Changes
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- ❖ 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

General Fund Summary (in millions)

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Consolidated Unrestricted and Restricted General Fund

	Adopted Budget	First Interim Budget	Second Interim Budget	Increase/ (Decrease)
	(a)	(b)	(c)	(d=c-b)
Revenues	\$332.9	\$339.6	\$340.7	\$1.1
Less: Expenditures	332.0	351.9	354.1	2.2
= Surplus/(Deficit)	\$0.9	(\$12.3)	(\$13.4)	(\$1.1)
Add: Beginning Fund Balance	41.8	48.9	48.9	0.0
=Ending Fund Balance	\$42.7	\$36.5	\$35.5	(\$1.1)
Less: Designations	28.1	29.3	28.1	(1.3)
=Reserve (\$)	\$14.6	\$7.2	\$7.4	\$0.2
=Reserve (%)	4.40%	2.05%	2.09%	0.04%

General Fund Summary (in millions)

Unrestricted and Restricted General Fund

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	Unrestricted General Fund	Restricted General Fund	Total General Fund
	(a)	(b)	(c=a + b)
Revenues	\$299.8	\$40.9	\$340.7
Add: Contributions*	(51.6)	51.6	0.0
Less: Expenditures	251.2	102.9	354.1
= Surplus/(Deficit)	(\$3.0)	(\$10.4)	(\$13.4)
Add: Beginning Fund Balance	36.8	12.1	48.9
=Ending Fund Balance	\$33.8	\$1.7	\$35.5
Less: Designations	26.4	1.7	28.1
=Reserve (\$)	\$7.4	\$0	\$7.4
=Reserve (%)	2.09%	%0	2.09%

*Contribution to Special Education program is \$41.0 million
 Contribution to Routine Restricted Maintenance is \$10.5 million

Assumptions for Revenue Changes 6

- ❖ Local Control Funding Formula (LCFF)
 - LCFF gap funding increased from 54.18 % at First Interim budget to 55.28% at Second Interim budget
 - Enrollment is certified at 34,832
- ❖ Federal Revenues
 - Categorical programs such as Title I, II, & III had minimal adjustment in funding allocations (+\$93,000)
- ❖ State Revenues
 - Reduction in categorical program funding (-\$61,000)
 - Net reduction of Special Education (SPED) funding (-\$227,000)
- ❖ Local Revenues
 - Gifts and donations have increased (+\$1,066,000)
 - Parcel Tax (Measure I) proceeds is included (\$4.3 million)

Assumptions for Expenditure Changes

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- ❖ Certificated Salaries
 - Positional / non-positional budgets adjusted based on staffing needs
- ❖ Classified Salaries
 - 2% increase for FUDTA, FSMA and SEIU included
 - For CSEA – 2% is set aside in the fund balance
- ❖ Employee Benefits
 - Employee benefits have been adjusted due to changes in certificated and classified salaries
- ❖ Supplies, Services, Capital Outlay, and Other Outgo
 - Adjusted for new revenues and transfers between categories

Multi-Year Budget Projection Assumptions

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- ❖ These assumptions apply to 2017-18 and 2018-19
- ❖ Local Control Funding Formula (LCFF)
 - Enrollment is projected at 35,625 and 36,569, respectively
 - Average Daily Attendance (ADA) is projected at 97.16% of enrollment
 - LCFF gap funding is projected at 23.67% and 53.85%, respectively
 - Unduplicated count of eligible students is projected to decline
 - 2016-17 – 28.0%
 - 2017-18 - 27.3%
 - 2018-19 - 26.6%
 - LCFF is calculated based on 3-year rolling average

Multi-Year Budget Projection

Assumptions - continued

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❖ 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 estimated funding of \$1.7 million or \$48/ADA
- 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

Multi-Year Budget Projection

Assumptions - continued

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❖ Salaries and Benefits

- Additional classroom staffing due to projected increase in enrollment
- Class size for grades K-3 is projected as listed below:

	K	1	2	3
2013-14	28	30	30	30
2014-15	24	28	30	30
2015-16	24	24	28	30
2016-17	24	24	24	28
2017-18	24	24	24	24

- Secondary class ratio will be 27:1
- No projection for any salary and benefit adjustments other than step and column changes for eligible employees
- Increasing contribution to STRS and PERS

Multi-Year Budget Projection

Assumptions - continued

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- ❖ 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 at \$41.7 million and \$42.5 million, respectively
- ❖ Additional LCFF allocation to Supplemental Grant
- ❖ Estimated cost of textbook adoptions are included in the projected years
- ❖ Estimated impact of Affordable Care Act is projected at \$0.5 million each year

Multi-Year Budget Projection

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(in millions)

	Audited Actual 2015-16	Second Interim Budget 2016-17	Projected Budget 2017-18	Projected Budget 2018-19
Revenues	\$337.4	\$340.7	\$342.4	\$356.3
Less: Expenditures	321.6	354.1	366.8	366.2
<i>Less: Supplemental Grant expenditures</i>			1.2	1.6
<i>Revenue Enhancement/Expenditure Reduction</i>			(23.1)	(13.1)
=Surplus/(Deficit)	\$15.8	(\$13.4)	(\$2.5)	\$1.6
Add: Beginning Fund Balance	33.1	48.9	35.5	33.0
=Ending Fund Balance	\$48.9	\$35.5	\$33.0	\$34.6
Less: Designation	33.1	28.1	19.2	20.3
=Reserve (\$)	\$15.8	\$7.4	\$13.8	\$14.3
=Reserve (%)	4.91%	2.09%	4.01%	4.02%

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)

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	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
Special Education Pass-Through	\$0.0	\$11.9	\$11.9	\$0.0
Adult Education	3.4	4.3	5.0	2.7
Child Development	0.3	1.4	1.7	0.0
Cafeteria	0.2	6.3	6.4	0.1
Deferred Maintenance	1.5	0.0	1.5	0.0
Building Fund (Measure E)	232.2	0.0	209.8	22.4
Capital Facilities (Developer Fees)	14.9	13.5	6.4	22.0
Special Reserve (Sale of Site Fund)	27.2	1.2	2.5	25.9
Bond Interest and Redemption Fund	34.6	36.0	37.6	33.0
Self-Insurance	0.0	0.3	0.3	0.0