FIRST INTERIM REPORT
for the period ending
October 31, 2013

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

December, 2013
State Economy

- Department of Finance (DOF) November Bulletin
  - General Fund revenue 5.2% above October estimates
  - Personal Income Taxes 10.4% higher in October
  - Corporate taxes 26% below projections
- Median price of single-family homes 24.4% higher than last year, but
  - Housing permits declined 23% from last year
  - Home sales declined 5.1% from last month
State Budget Outlook

- Department of Finance (DOF) November Bulletin
  - Shows current-year state revenues are tracking slightly above the budget forecast
  - 2012-13 ended the year with more than $2 billion in unanticipated revenues above the budget forecast
  - Budget reserve is forecast to reach $5.6 billion at the end of 2014-15
    - Stabilizing at just under $10 billion by 2019-20
State Budget Outlook

- LAO November 2013 Report
  - Projects 2013-14 operating surplus of $2.2 billion
    - $4.7 billion in higher revenues
  - Projects 2014-15 operating surplus to grow to $3.2 billion
    - Assumes Legislature restrained in spending
    - $5.8 billion in higher revenues
  - Local Control Funding Formula (LCFF) would likely not be fully implemented for school districts by 2019-20 (may take 10 years instead of 8 years)
State Budget Outlook

- **LAO Caution**
  - Forecast assumes continuing steady economic growth and a rising stock market
  - An economic downturn within the next few years could quickly result in a return to operating deficits
  - Normal volatility in capital gains could boost or depress annual revenues by billions of dollars
  - Average economic expansion is less than five years
    - California has been in recovery for several years already
Tonight’s Action

• Board Certification of Solvency
  ✓ Positive - ok for this year and next two years
  • Qualified - may have a problem in one or more years
  • Negative - won’t be able to meet this year’s obligations or won’t be able to meet next two years

Staff Recommendation: Positive!
Form 01 Changes

- CDE is waiting for accounting guidance
- Minimal changes to SACS software so far
  - Form RL deleted
  - ‘LCFF’ added to description lines
- Changes pending regulations and/or further discussions
  - Supplemental/Concentration grants coding
  - MOE reporting for Transportation and ROC/P
  - Restricted vs. Unrestricted reporting
Revenue Changes

- LCFF/Revenue Limit net increase of $13,542,092
  - Transition from Revenue Limit components to LCFF
  - Tier 3 categorical programs previously Other State Revenue and Other Financing Uses shifted to LCFF
  - Economic Impact Aid previously Other State Revenue shifted to LCFF

- Federal revenue net increase of $455,938
  - Deferred revenue from 2012-13 (Title I, II, III)
  - Grant award revisions for 2013-14 (Special Educ)
  - Projected carryovers for 2013-14

- Other State revenue net decrease of ($9,758,329) million
  - Tier 3 categorical programs shifted to LCFF
  - Economic Impact Aid shift to LCFF
  - Grant award revisions (Common Core, Special Educ, Lottery)
  - Projected carryovers for 2013-14

- Other Local revenue increases of $337,692
  - Donations, miscellaneous income, ASB Reimbursements
Expenditure Changes

- Salary and benefits net increase of $1,673,205
  - Accurate placement of staff
  - Temporary positions
  - Board approved positions
  - Updated benefit information
- Supplies, other operating, capital outlay net increase of $489,785
  - Expenditures adjusted for increased program revenue and miscellaneous income
  - Projected carryover balances for 2013-14
- Other outgo net increase of $1,919,368
  - Use of one-time funds for lease payoffs
- Other financing sources/uses net decrease of ($382,681)
  - Reimbursements from other funds
  - Tier 3 categorical program transfers shifted to LCFF
Ending Balance Changes

- Beginning Fund balance updated as of June 30, 2013
- Components of Ending Fund Balance
  - Legally restricted categoricals
  - Projected carryovers reflected in assigned balances
    - Mandated cost reimbursement
    - Projected school site and local grant carryover
    - Projected department carryover
    - Common Core/textbook adoptions
    - Folsom SRO
    - IB Program
    - One-time funding available
- Revised unappropriated balance
MULTI-YEAR PROJECTIONS
General Fund Multi-Year Projections

- “Positive” Financial Status
- Assumptions
  - Flat enrollment
  - Projected increase based on effective gap funding of 3%
  - Loss of one-time revenue for Common Core State Standards
  - Includes step and column
  - Programmatic increases for class size reduction and IB
  - Annual increases for utilities, property & liability insurance
  - Other adjustment for expected expenditure of one-time available funds
  - Funding for Common Core Curriculum/Textbook Adoptions held in Assigned designation until publisher prices finalized

- Future Considerations
  - Increase in PERS and STRS contributions
### 2013-14 Multiyear Projection - Combined

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<thead>
<tr>
<th>Description</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
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<tbody>
<tr>
<td>Beg Balance, July 1 (estimated)</td>
<td>$ 34,323,916</td>
<td>$ 35,214,032</td>
<td>$ 25,108,224</td>
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<td>Revenues/Other Financing Sources</td>
<td>146,530,026</td>
<td>146,097,255</td>
<td>149,610,255</td>
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<td>Expenditures/Other Financing Uses</td>
<td>145,639,910</td>
<td>156,203,063</td>
<td>150,846,741</td>
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<td>Designated for Economic Uncertainties</td>
<td>4,770,000</td>
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<td>Legally Restricted</td>
<td>10,394,321</td>
<td>7,849,084</td>
<td>6,051,979</td>
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<td>Assigned</td>
<td>19,683,754</td>
<td>11,311,659</td>
<td>9,511,659</td>
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<td>Unassigned/Unappropriated</td>
<td>$ 365,957</td>
<td>$ 1,177,481</td>
<td>$ 3,538,100</td>
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Multi-Year Projections - Other Funds

- Charter School
- Adult Education
- Child Development
- Food Services
- Deferred Maintenance
- Building Funds
- Developer Fees
- Special Reserve for Capital Outlay
- Student Care
- Retiree Benefit Trust
What’s Next?

- Governor’s Proposed 2014-15 Budget – January 2014
- P-1 ADA Report – January 2014
- CBEDS Corrections – February 2014
- LCAP regulations/SBE Template - March 2014
- Second Interim – March 2014
- P-2 ADA Report – April 2014
- Start Budget Development – April 2014
- Governor’s May Revise – May 2014