SECOND INTERIM REPORT
for the period ending
January 31, 2014

March, 2014

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
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 continuing to work on financial reporting guidelines
- Changes to SACS software so far
  - Form RL deleted
  - ‘LCFF’ added to description lines
  - EL/LI moved from restricted to unrestricted
- Changes pending further discussions
  - MOE reporting for Transportation and ROC/P
  - Transportation from restricted to unrestricted
  - Elimination of revenue limit transfers for Special Education
Revenue Changes

- LCFF/Revenue Limit net increase of $15,000
  - Will be updated upon CALPADS Final Certification and P2 ADA
    - Target base grant per grade span:  
      - K-3 = $7,012  
      - 4-6 = $7,117  
      - 7-8 = $7,328  
      - 9-12 = $8,491
  - Transfer to Adult Education

- Federal revenue net increase of $334,138
  - Grant award revisions for 2013-14 (Special Education Preschool, Mental Health)
  - AP Reimbursement

- Other State revenue net increase of $266,216
  - Healthy Start
  - Special Education AB602
  - Prop 39 Energy Grant
  - Specialized Secondary Program Grant (SSP)

- Other Local revenue increases of $241,600
  - Donations, miscellaneous income, ASB Reimbursements
Expenditure Changes

- Salary and benefits net increase of $6,397,189
  - Accurate placement of staff
  - Employee 5% Bonus
  - Retiree incentive
  - Hourly interventions, school site stipends
- Supplies, other operating, capital outlay net increase of $908,487
  - Expenditures adjusted for increased program revenue and miscellaneous income
  - Supplies, repairs and equipment purchases
- Other financing sources/uses increase of $1,237,538
  - General Fund pays for 5% employee bonus (Spec Ed, Transp)
- EL/LI transfer from restricted to unrestricted
Special Education Trends

• Structural deficit varies from year to year
• Revenues
  ▫ Federal Funding subject to sequestration
  ▫ State funding subject to revenue limit deficit factors in prior years
  ▫ Loss of one-time funding (ARRA/IDEA) in prior years
  ▫ Proposed COLA of 0.86% (only $4.39/ADA) for 2014-15
  ▫ Funding based on per-student, not per-disability
• Expenditures
  ▫ Increase of 44% since 2004-05
    • Step and column
    • Instructional aides
    • Legal fees (varies based on due process filings)
    • Number of students with other health impairments, multiple disabilities, and autism
    • Services based on individual student needs (which change yearly)
    • Cannot predict cost of mediated settlements
    • Federal funding only pays 17%
• Encroachment increased 41% since 2004-05
Ending Balance Changes

• Beginning Fund balance updated as of January 31, 2014
• 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
    • Portable classrooms approved January 2014
    • CTE Grant (part of LCFF)
    • EL/LI
  ▫ One-time funding available moved into budget lines (i.e. 5% bonus)
  ▫ Revised unappropriated balance
MULTI-YEAR PROJECTIONS
General Fund Multi-Year Projections

- BIG assumption – Governor’s proposed budget is approved
- “Positive” Financial Status
- Assumptions for 14-15 and 15-16
  - Flat enrollment
  - Projected increase based on effective gap funding of 28% and 33%
  - Loss of one-time revenue for Common Core State Standards
  - Includes step and column
  - Programmatic increases for class size reduction (10 FTE) and IB (7 FTE)
  - Annual increases for utilities, property & liability insurance
  - Spending of EL/LI funds in 14-15 (no added expenditures in 15-16)
  - Funding for Common Core curriculum/textbook adoptions held in assigned designation until pilots completed (Fall 2014)
- Designations
  - Increase in PERS and STRS contributions of .5% and 1.0%
  - CTE Grant (part of LCFF) carryover
## LCFF 2014-15 Target

<table>
<thead>
<tr>
<th></th>
<th>13/14 Funding A</th>
<th>LCFF 14/15 Target B</th>
<th>Gap (Difference) C = B - A</th>
<th>New Funding @ 28% of Gap D = C * .28</th>
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<tbody>
<tr>
<td>Base Grant</td>
<td>$110,652,960</td>
<td>$137,446,131</td>
<td>$26,793,171</td>
<td>$7,502,088</td>
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<tr>
<td>EL/LI</td>
<td>2,876,388</td>
<td>10,921,314</td>
<td>$8,044,926</td>
<td>2,252,579</td>
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<tr>
<td>Targeted Instr</td>
<td></td>
<td></td>
<td>N/C</td>
<td>N/C</td>
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<tr>
<td>Improvement Grant</td>
<td>749,374</td>
<td>749,374</td>
<td>N/C</td>
<td>N/C</td>
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<tr>
<td>Transportation</td>
<td>976,737</td>
<td>976,737</td>
<td>N/C</td>
<td>N/C</td>
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<td>K-3 CSR</td>
<td>497,067</td>
<td>4,255,875</td>
<td>3,758,808</td>
<td>1,052,466</td>
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<td>9-12 Career Tech</td>
<td>138,220</td>
<td>1,183,438</td>
<td>1,045,218</td>
<td>292,661</td>
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<tr>
<td>Education</td>
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<tr>
<td>Totals</td>
<td>$115,890,746</td>
<td>$155,532,869</td>
<td>$39,642,123</td>
<td>$11,099,794</td>
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## 2013-14 Multiyear Projection - Combined

<table>
<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>$28,753,916</td>
<td>$28,242,501</td>
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<tr>
<td>Revenues/Other Financing Sources</td>
<td>147,369,939</td>
<td>154,103,162</td>
<td>164,618,723</td>
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<td>Expenditures/Other Financing Uses</td>
<td>152,939,939</td>
<td>154,614,577</td>
<td>158,160,645</td>
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<td>Ending Balance, June 30</td>
<td>$28,753,916</td>
<td>$28,242,501</td>
<td>$34,700,580</td>
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<td>Designated for Economic Uncertainties</td>
<td>4,770,000</td>
<td>4,770,000</td>
<td>4,770,000</td>
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<td>Legally Restricted</td>
<td>9,199,135</td>
<td>7,649,287</td>
<td>5,257,121</td>
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<td>Assigned</td>
<td>14,504,532</td>
<td>11,660,592</td>
<td>14,322,568</td>
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<td>Unassigned/Unappropriated</td>
<td>$280,249</td>
<td>$4,162,623</td>
<td>$10,350,891</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?

- CALPADS Final Certification – February 2014
- P-2 ADA Report – April 2014
- Start Budget Development – April 2014
- Governor’s May Revise – May 2014
- Approve LCAP – June 2014