

2015-16 Adopted Budget

Reasons for Assigned and Unassigned Ending Fund Balances Above the State Recommended Minimum Level

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for the budget.

District: FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

Combined Assigned and Unassigned Fund Balances			
Fund	Fund Description	2015-16	
01	General Fund/County School Service Fund	\$29,749,018.00	Fund 01, Objects 9780/9789/9790
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$ 4,378,292.00	Fund 17 Objects 9780/9789/9790
Total Assigned and Unassigned Fund Balance		\$34,127,310.00	
District Standard Reserve Level		3.0%	Form 01CS Line 10B-4
Less: Reserve for Economic Uncertainties		\$4,376,674.00	Form 01CS Line 10B-7
Fund Balance that Requires a Statement of Reasons		\$29,750,636.00	

Reasons for Assigned and Unassigned Ending Fund Balances Above the State Recommended Minimum Level			
Form	Fund	2015-16	Reasons
01	General Fund/County School Service Fund	\$25,372,344.00	Refer to attachment
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$ 4,378,292.00	Refer to attachment
Total of Substantiated Needs		\$ 29,750,636.00	

Education Code §42127(a)(2)(B) Disclosure

Statement of Reasons for Unassigned Ending Fund Balances
above the State Recommended Minimum Level

Education Code §42127(a)(2)(B) and (C)

(B) Commencing with budgets adopted for the 2015/16 fiscal year, the governing board of a school district that proposes to adopt a budget, or revise a budget pursuant to subdivision (e), that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties adopted by the state board pursuant to subdivision (a) of Section 33128, shall, at the public hearing held pursuant to paragraph (1), provide all of the following for public review and discussion:

(i) The minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.

(ii) The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.

(iii) A statement of reasons that substantiates the need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties for each fiscal year that the school district identifies an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties, as identified pursuant to clause (ii).

(C) The governing board of a school district shall include the information required pursuant to subparagraph (B) in its budgetary submission each time it files an adopted or revised budget with the county superintendent of schools. The information required pursuant to subparagraph (B) shall be maintained and made available for public review.

For the 2015/16 fiscal year budget adoption, unrestricted reserve amounts included in the budget are as follows:

Unrestricted Ending Fund Balances	
Fund 01 – General Fund	\$30,377,501
Fund 17 – Special Reserve	<u>\$4,378,292</u>
Total Unrestricted Fund Balance (Assigned and Unassigned)	\$34,755,793
Less 3% Reserve for Economic Uncertainty	– <u>\$4,367,750</u>
Fund Balance in Excess of 3% Reserve	\$30,388,043

Statement of reasons for carrying reserves in excess of the 3% Reserve for Economic Uncertainty.

1. The May Budget Revision provided considerable increases in both ongoing and one-time revenues. While these revenues have been recognized in the budget and multi-year

projection, staff members have not yet had time to develop or identify a spending plan with respect to these new revenues. Therefore, neither the LCAP nor the budget reflects expenditures related to these revenues. As a result, the General Fund ending fund balance is inflated. Reserve balances in excess of the 3% Reserve for Economic Uncertainty are expected to decline once spending plans are developed and appropriate expenditures are identified within the context of the LCAP.

2. The balance in Fund 17 has been allocated exclusively to provide support to the General Fund. An annual transfer of \$805,177 has been made annually from Fund 17 to the General Fund in order to backfill deficit spending and support educational programs. The current balance remaining in Fund 17 (\$4,378,292) will be drawn down over the next 5-1/2 years until it is exhausted.
3. As has been done in recent years, amounts have been assigned, or set aside, within the ending fund balance for planned or anticipated expenditures in the budget year. These amounts have been assigned within the unrestricted ending fund balance, as opposed to being budgeted in expenditure lines, in order to provide transparency, reflect Board priorities and budget assumptions, and to ensure that appropriate amounts are set aside to meet the both the fiscal and programmatic needs of the District. A breakdown of the General Fund unrestricted ending balance is provided on the attached spreadsheet.

2015/16 ADOPTED BUDGET 7/1/2015
FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

Reasons for Assigned and Unassigned Ending Fund Balances Above the State Recommended Minimum Level

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Object Description	<u>2014/15 EA</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
FUND 01				
9780 School Carryover	158,000	158,000	158,000	158,000
9780 Mandated Costs-School Carryover	38,000	38,000	38,000	38,000
9780 Summer School 2015 Supplies Carryover	5,000	5,000	5,000	5,000
9780 Summer School 2016 Supplies	-	4,000	4,000	4,000
9780 School Improvement Program Carryover	30,000	30,000	30,000	30,000
9780 School Library Program Carryover	45,663	48,104	48,104	48,104
9780 Vehicle Replacement Reserve	100,000	100,000	100,000	100,000
9780 Technology Reserve	350,000	350,000	350,000	350,000
9780 AVID/AP/IB/GATE Carryover	25,448	-	-	-
9780 EIA Carryover	291,654	166,765	166,765	166,765
9780 Cal-Safe Support Carryover	242,059	242,059	242,059	242,059
9780 Instructional Materials Textbooks (IMF) Carryover	771,877	771,877	771,877	771,877
9780 PAR Carryover	5,974	3,000	3,000	3,000
9780 Furniture Reserve	25,000	50,000	50,000	50,000
9780 Health Care Reform Reserve	150,000	150,000	150,000	150,000
9780 Food Service POS System	-	100,000	100,000	100,000
9780 Textbook Adoptions	-	1,500,000	1,500,000	1,500,000
9780 Technology Initiative & Upgrades	-	500,000	500,000	500,000
9780 Transportation Shop Equipment	-	35,000	35,000	35,000
9780 Unrestricted Lottery -School Carryover	119,000	119,000	119,000	119,000
9780 Unrestricted Lottery Carryover	3,037,774	3,059,178	3,059,178	3,059,178
9780 LCAP Supplemental Reserve 15/16	-	4,229,692	8,459,384	12,689,076
9780 LCAP Supplemental Reserve 16/17	-	-	463,853	927,706
9780 LCAP Supplemental Reserve 17/18	-	-	-	635,243
9780 LCAP Supplemental Reserve 18/19	-	-	-	-
9780 LCAP Supplemental Reserve 19/20	-	-	-	-
9789 3% Reserve Requirement	4,152,793	4,376,674	4,607,010	4,783,042
9790 Unrestricted Unappropriated/Undesignated	<u>7,275,699</u>	<u>13,712,669</u>	<u>10,016,473</u>	<u>3,177,263</u>
TOTAL UNRESTRICTED ASSIGNED FD BAL:	16,823,941	29,749,018	30,976,703	29,642,313
FUND 17				
9780 Focus of the Future Annual Transfer \$805,177	<u>5,167,469</u>	<u>4,378,292</u>	<u>3,589,115</u>	<u>2,798,438</u>
TOTAL FUND 17 Assigned Balances	5,167,469	4,378,292	3,589,115	2,798,438
SUMMARY:				
TOTAL ASSIGNED AND UNASSIGNED FUND BALANCE	21,991,410	34,127,310	34,565,818	32,440,751
DISTRICT STANDARD RESERVE LEVEL		3%	3%	3%
LESS: RESERVE FOR ECONOMIC UNCERTAINTIES	<u>4,152,793</u>	<u>4,376,674</u>	<u>4,607,010</u>	<u>4,783,042</u>
FUND BALANCE THAT REQUIRES STATEMENT OF REASONS	17,838,617	29,750,636	29,958,808	27,657,709