



Fountain Valley School District

BOARD OF TRUSTEES  
SPECIAL MEETING

**AGENDA**

Board Room  
10055 Slater Avenue  
Fountain Valley, CA

**December 12, 2019**

- CALL TO ORDER: 4:45PM
- ROLL CALL
- APPROVAL OF AGENDA

M \_\_\_\_\_  
 2<sup>nd</sup> \_\_\_\_\_  
 V \_\_\_\_\_

- PUBLIC COMMENTS

*Speakers may address the Board of Trustees on Closed Session Items. Please comply with procedures listed on the goldenrod form "For Persons Wishing to Address the Board of Trustees" and give the form to the Executive Assistant.*

- CLOSED SESSION

The Board of Trustees will retire into Closed Session to address the following:

- Personnel Matters: *Government Code 54957 and 54957.1*  
Appointment/Assignment/Promotion of employees; employee discipline/dismissal/release; evaluation of employee performance; complaints/charges against an employee; other personnel matters.
- Pupil Personnel: *Education Code 35146*
- Negotiations: *Government Code 54957.6*  
Update and review of negotiations with the FVEA and CSEA Bargaining Units with the Board's designated representative, Cathie Abdel.
- OPEN SESSION: 5:00PM
- PLEDGE OF ALLEGIANCE

**STAFF REPORTS AND PRESENTATIONS**

**1. FIRST INTERIM REPORT PRESENTATION (WRITTEN AND ORAL)**

*Our mission is to promote a foundation for academic excellence, mastery of basic skills, responsible citizenship, and a desire by students to achieve their highest potential through a partnership with home and community.*

Assistant Superintendent, Business, Christine Fullerton and Director, Fiscal Services, Isidro Guerra will present and review with the Board of Trustees the First Interim Report for the Fountain Valley School District.

**PUBLIC COMMENTS**

*Members of the community and staff are welcome to address the Board of Trustees on any item listed on the Agenda of Business or any other item of specific concern. Speakers are requested to limit their presentation to four minutes unless the time is waived by a majority of the Board Members present. If a member of the audience requests a response to their comments, the Board of Trustees may ask the Superintendent/Staff to respond to them personally or in writing after the meeting, or direct that additional information be provided to the Board on a future agenda.*

**\*\*\* BOARD MEMBERS WHO WISH TO DISCUSS WITH STAFF ANY ITEMS LISTED UNDER LEGISLATIVE SESSION SHOULD INFORM THE BOARD PRESIDENT AT THIS TIME.**

**LEGISLATIVE SESSION**

**2. CONSENT CALENDAR/ROUTINE ITEMS OF BUSINESS**

M \_\_\_\_\_  
2<sup>nd</sup> \_\_\_\_\_  
V \_\_\_\_\_

All items listed under the Consent Calendar and Routine Items of Business are considered by the Board of Trustees to be routine and will be enacted by the Board in one action. There will be no discussion of these items prior to the time the Board votes on the motion unless members of the Board, staff, or public request specific items to be discussed and/or removed from the Consent Calendar.

Superintendent's Recommendation: The Board of Trustees approves all items listed under the Consent Calendar and Routine Items of Business in one action.

**Consent Items**

**2-A. APPROVAL OF 2019-20 FIRST INTERIM REPORT**

Superintendent's Comments: The First Interim Report is completed and submitted to the County Office of Education and the State Controller's Office as of October 31, 2019. It is recommended that the Board of Trustees receives and authorizes submittal of the First Interim Report for 2019-20.

**2-B. REVIEW AND APPROVAL OF 2018-19 FINANCIAL AUDIT**

Superintendent's Comments: It is recommended that the Board of Trustees receives and accepts the 2018-19 Financial Audit.

**2-C. REVIEW AND APPROVAL OF 2018-19 BUILDING FUND MEASURE O FINANCIAL AND PERFORMANCE AUDIT REPORT**

Superintendent's Comments: It is recommended that the Board of Trustees receives and accepts the 2018-19 Building Fund Measure O Financial and Performance Audit Report.

**SUPERINTENDENT'S COMMENTS/NEW ITEMS OF BUSINESS**

The Board President will receive any announcements concerning new items of business from board members or the superintendent.

- CLOSED SESSION
- APPROVAL TO ADJOURN

**The annual organizational meeting of the Fountain Valley School District Board of Trustees is on Thursday, December 19, 2019 at 6:30pm.**

*A copy of the Board Meeting agenda is posted on the District's web site ([www.fvsd.us](http://www.fvsd.us)). Materials related to this agenda submitted to the Board of Trustees less than 72 hours prior to the meeting are available for public inspection by contacting the Superintendent's Office at 10055 Slater Avenue, Fountain Valley, CA 92708 or calling 714.843.3255 during normal business hours.*

Reasonable Accommodation for any Individual with a Disability: Any individual with a disability who requires reasonable accommodation to participate in a board meeting may request assistance by contacting the Superintendent's Office at 10055 Slater Avenue, Fountain Valley, CA 92708 or calling 714.843.3255 or faxing 714.841.0356.

Board meeting of December 12, 2019



SO 19-20/B20-16  
Fountain Valley School District  
Superintendent's Office

MEMORANDUM

TO: Board of Trustees  
FROM: Mark Johnson, Ed.D., Superintendent  
SUBJECT: **FIRST INTERIM REPORT PRESENTATION (WRITTEN AND ORAL)**  
DATE: December 5, 2019

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**Background:**

Assistant Superintendent, Business, Christine Fullerton and Director, Fiscal Services, Isidro Guerra will present and review with the Board of Trustees the First Interim Report for the Fountain Valley School District.



Fountain Valley School District  
**BUSINESS SERVICES DIVISION**

MEMORANDUM

TO: Board of Trustees  
FROM: Christine Fullerton, Assistant Superintendent Business Services  
Isidro Guerra, Director, Fiscal Services  
SUBJECT: **Approval of 2019-20 First Interim Report**  
DATE: December 4, 2019

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**Background:**

School districts are required to complete two interim financial reports during a fiscal year; one as of October 31 and one as of January 31. The Interim Reports are filed with the County Department of Education and the State Controller's Office. School districts must conduct a review of their interim reports in accordance with state-adopted Criteria and Standards. Two critical areas are cash balance and fund balance. The second part of the summary review includes specified additional information intended to assist governing boards and county offices in better understanding the status of the District budget. This supplemental information includes the status of negotiations, reserves, and any multi-year commitments that have occurred since the budget was adopted.

**Fiscal Impact:**

**Beginning Balance**

The 2018-19 audit is complete with a General Fund beginning balance on July 1, 2019 of \$19.0 million.

**Revenue Assumptions**

*Local Control Funding Formula Revenue*

The 2019-20 budget has been updated as of the First Interim Report to reflect all state level changes to the Local Control Funding Formula (LCFF). The LCFF was calculated using an average daily attendance (ADA) of 6,138 and a cost of living adjustment of 3.26%. Districts are required to complete a Local Control Accountability Plan (LCAP). The LCAP outlines spending of LCFF revenues and is approved by the Board of Trustees each year in June.

The methodology used for enrollment projections is based on the population and births in conjunction with historical enrollment and an analysis of District trends. The District

also uses Decision Insite to assist in enrollment projections. As of the First Interim Report, the projected ADA has increased by 18 from budgeted ADA to reflect a more accurate trend experienced over the past several years. The trend, while still showing a decline in enrollment and ADA, is not as severe as originally estimated at budget adoption. The projected total LCFF revenue for 2019-20 is estimated to be \$54.1 million.

#### *Federal Revenue*

The adopted budget includes estimates based on entitlements for 2019-20 funding for all federal programs. Contracted programs are budgeted as received during the year.

All federal program revenues have been adjusted for unearned revenue from fiscal 2018-19. Federal revenue is projected to be \$2.03 million.

#### *Other State Revenue*

Significant changes in other state revenues since budget adoption include the recognition of one-time funds for a Special Education Early Intervention Preschool Grant of \$595,000 as well as receipt of the remaining funds for 2018-19's Low-Performing Students Block Grant in the amount of \$163,000. The remaining balance is comprised of Lottery and Mandate Block Grant funding. Unrestricted Lottery revenue is projected at \$153 per annual ADA. The restricted portion of Lottery funding is estimated at \$54 per annual ADA. The Mandate Block Grant is expected to be funded at a rate of \$32.18 per ADA.

All State program revenues have been adjusted for carry-over revenues. Other state revenue is projected to be \$5.3 million.

#### *Other Local Revenue*

Other local revenue is derived from various sources: lease income, special education transfer of apportionment, donations, contract fees and miscellaneous income. Lease income is used to partially fund the Routine Maintenance program.

Other local revenue is projected to be \$5.2 million.

### **Expenditure Assumptions**

#### *Salaries & Benefits*

##### Salaries

Step, column and longevity increases for certificated, classified, confidential and management employees are reflected in the First Interim Report as well as increases associated with contract negotiations for 2018-19 and 2019-20, which were settled after the adopted budget was prepared. Salaries and benefits for all staff make up approximately 85.6% of total revenue as of October 31, 2019. As of the date of this report, contract negotiations for 2019-20 have been settled for all bargaining unit.

### Benefits

Employee statutory benefit rates for 2019-20 are as follows:

- STRS 17.1%
- PERS 19.721%
- Social Security 6.20%
- PARS 1.30%
- Medicare 1.45%
- Unemployment Insurance 0.05%
- Workers' Compensation 2.2%.

Employee Benefits expense reflects the requirement to record STRS on-behalf pension contributions as an employee benefit expense. An equal offsetting entry in Other State Revenue makes the net impact \$0.

Health and Welfare costs are allocated at \$9,750 per full-time employee prorated by the percentage of hours worked and \$4,625 for employees working part-time. For the 2019-20 fiscal year, these costs reflect a half year of the negotiated increase to the health and welfare cap approved in 2018-19 collective bargaining agreements since health and welfare benefits are provided on a calendar year basis. Cost increases above the cap amount are borne by employees through payroll deductions.

### Retiree Benefits

The District also covers the cost of health and welfare for retired employees until the age of 65. The cost of this benefit does not exceed the cap amount at the time of the employee's retirement.

### *Other Expenditures*

Object codes 4000 through 7000 reflect typical expenditures in supplies, services and equipment. As of October 31, 2019 variances appear reasonable given carry-over amounts from 2018-19 and new revenues received and budgeted after the adopted budget was developed.

### **Ending Balance**

The projected ending balance for June 30, 2020, is \$18.3 million. The projected ending fund balance is comprised of: Restricted Balance of \$1.9 million, Assigned Balance of \$4.5 million, Stores Balance of \$100,000, Revolving Cash of \$45,000, Unassigned Balance of \$9.8 million and a Reserve for Economic Uncertainties amount of \$2.0 million, which meets the state requirement for reserves equal to 3% of expenditures.

All other funds are projected to end the year with a positive fund and cash flow balance.

### **Recommendation:**

It is recommended that the Board of Trustees approves the First Interim Report for fiscal year 2019-20.



Fountain Valley School District  
**BUSINESS SERVICES DIVISION**

MEMORANDUM

TO: Board of Trustees  
FROM: Christine Fullerton, Assistant Superintendent Business Services  
Isidro Guerra, Director, Fiscal Services  
SUBJECT: **Review and Approval of 2018-19 Financial Audit**  
DATE: December 4, 2019

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**Background:**

The 2018-19 Financial Audit, completed by EideBailly (formerly known as Vavrinek, Trine, Day & Co., LLP), is presented to the Board of Trustees for review and acceptance. The Audit Report includes financial statements, supplemental information, compliance statements, findings and recommendations. The Audit Committee met and discussed the audit on December 2, 2019 and will make comments to the Board of Trustees. There were no restatements on the financial reports and no findings reported.

The audit received an unmodified certification in all areas, the best possible certification. A copy of the Audit Report is available in the Business Services office for review.

**Fiscal Impact:**

None.

**Recommendation:**

It is recommended that the Board of Trustees receives and accepts the 2018-19 Financial Audit.





Fountain Valley School District  
**BUSINESS SERVICES DIVISION**

MEMORANDUM

TO: Board of Trustees  
FROM: Christine Fullerton, Assistant Superintendent Business Services  
Isidro Guerra, Director, Fiscal Services  
SUBJECT: **Review and Approval of 2018-19 Building Fund Measure O Financial and Performance Audit Report**  
DATE: December 4, 2019

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**Background:**

The 2018-19 Building Fund Measure O Financial and Performance Audit, completed by EideBailly (formerly known as Vavrinek, Trine, Day & Co., LLP), is presented to the Board of Trustees for review and acceptance. The Audit Report includes financial statements, an independent Auditor's report and a schedule of findings and questioned costs. The Audit Committee met and discussed the audit on December 2, 2019 and will make comments to the Board of Trustees. There were no restatements on the financial reports and no findings reported.

The audit specifies that, in all significant respects, the District properly accounted for the expenditures held in the Building Fund (Measure O) and that such expenditures were made for authorized Bond projects. A copy of the Audit Report is available in the Business Services office for review.

**Fiscal Impact:**

None.

**Recommendation:**

It is recommended that the Board of Trustees receives and accepts the 2018-19 Building Fund Measure O Financial and Performance Audit Report.