

2014-15

Second Interim Financial Report

Glendale Unified School District
Board Of Education Meeting – March 24, 2015
Discussion Report No. 1

Robert McEntire, Chief Business & Financial Officer

Budget Report No. 5

Second Interim Report And Certification

- AB 1200 and AB 1708 require county offices to monitor and review district budget and financial reports
- Districts are required to submit two interim budget reports determining if they can meet their financial obligations in the current and the two subsequent years
- The County certifies each report as “positive”, “qualified”, or “negative” based on the ability of the district to meet its financial obligations
- The second interim report represents the actual and projected financial position of the General Fund as of January 31, 2015

2014-15 Budget Calendar

Budgeting for schools is a continuous, year-round process

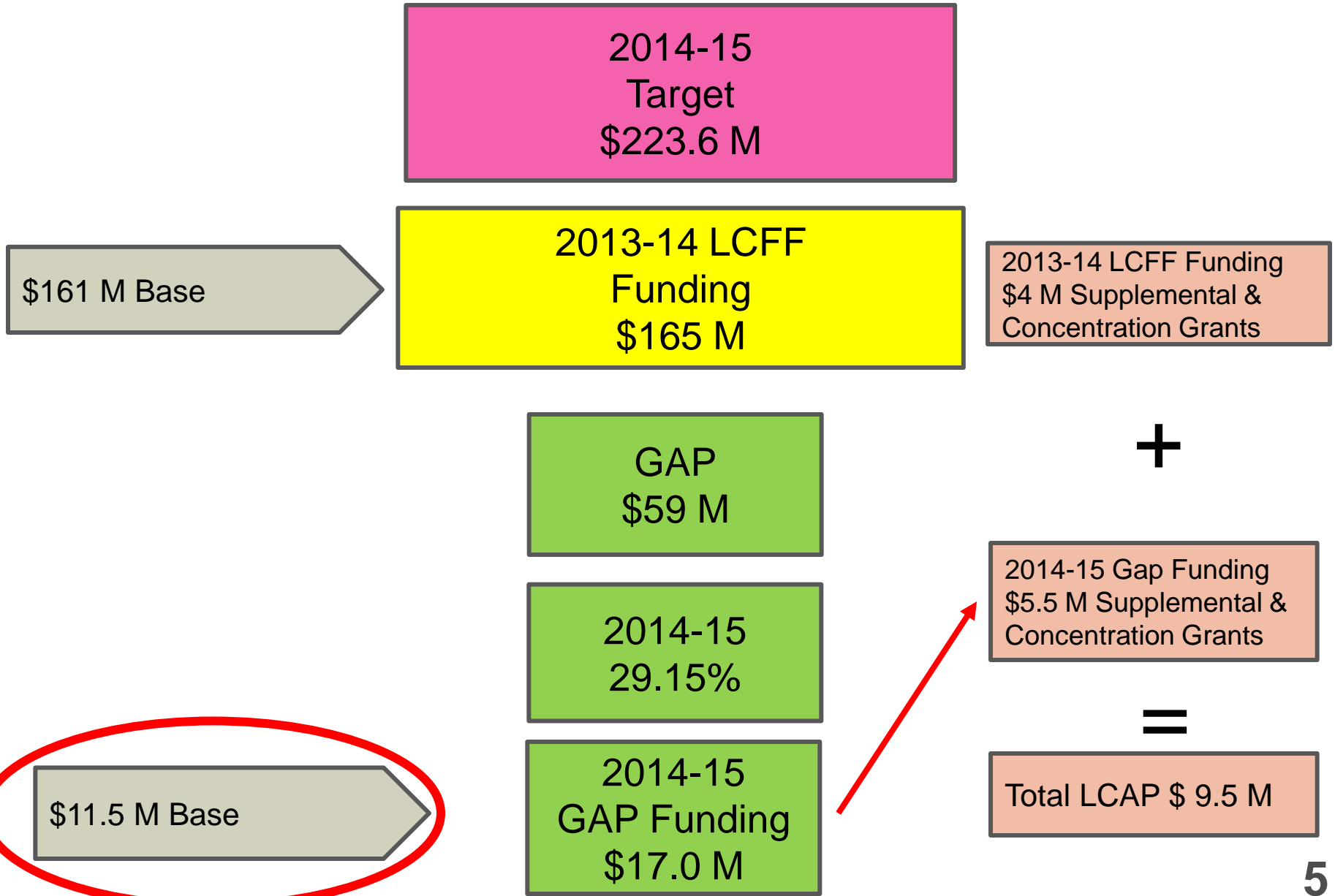
- Adopted Budget by June 30, 2014
- First Interim by December 15, 2014
 - *Using data through October 31, 2014*
- Second Interim by March 15, 2015
 - *Using data through January 31, 2015*
- Third Interim by June 1, 2015
 - *If a Qualified or Negative certification for the Second Interim*
 - *Using data through April 30, 2015*
- Public Hearing for the Local Control Accountability Plan (LCA) & 2015-16 Budget by June 30, 2015
- Adopt LCAP & 2015-16 Budget
 - *Public Hearing and actual Adoption must be performed in two separate Board meetings*

CERTIFICATION DEFINITION

- **POSITIVE** = The district, based on current projections, **will be able** to meet its financial obligations for the current and subsequent two fiscal years
- ✓ **QUALIFIED** = The district, based on current projections, **may not be able** to meet its financial obligations for the current and subsequent two fiscal years
- **NEGATIVE** = The district, based on current projections, **will be unable** to meet its financial obligations for the current and subsequent two fiscal years

Current Projections based on Second Interim and Multi-Year Projection (MYP)

Gap Funding and Proportionality Calculation



Major Changes Since First Interim

	2014-15	2015-16	2016-17	Cumulative
<u>Revenue</u>				
LCFF Revenue	\$0.9 M ↓	\$3.8 M ↑	\$1.3 M ↑	\$4.2 M ↑
GAP %	0.41% ↓	11.51% ↑	1.77% ↓	
Unduplicated %	55.91%	55.96%	55.99%	

Major Changes Since First Interim

		2014-15	2015-16	2016-17	Cumulative
<u>Expense</u>					
Special Ed Aides	15.0 FTE	\$ 1.50 M	\$1.50 M	\$1.50 M	\$ 4.50 M
Small Engine	0.8 FTE	0.08	0.08	0.08	0.24
Health Ins. Inc. to 9% (15-16)			1.48	1.48	2.96
Health Ins. Inc. to 9% (16-17)				1.48	1.48
CCSS – Ongoing Expenditures			1.84	2.00	3.84
Total		\$ 1.58 M	\$4.90 M	\$6.54 M	\$ 13.02 M

Solvency Transfers

Remember - Solvency Transfers Currently Budgeted

- **Early Retirement Fund 67.2 2014-15 \$2.4 M**
- **Deferred Maintenance Fund 14.0 2016-17 \$3.0 M**

New Solvency Transfers

- **Debt Service Fund #56.0 2015-16 & 2016-17 \$2.7 M**

Second Interim Report

Unrestricted General Fund Ending Balance

	In Millions		
	2014-15	2015-16	2016-17
Ending Balance	\$ 25.1	\$ 27.3	\$ 29.0
3% Mandated Reserve	(7.2)	(7.3)	(7.5)
Reserve Future LCFF Less STRS/PERS ↑	0	(11.6)	(27.5)
Other Reserves	(4.0)	(3.7)	(4.7)
Balance in Excess 3%	\$ 13.9	\$ 4.7	\$ (10.7)
Without Solvency Transfers (Retiree Def. Maint.)	\$ 11.5	\$ 3.4	\$ (15.1)

Cautions and Challenges

- **Future Funding - Unstable GAP% ↑ ↓**
- **Unduplicated Count - May ↓**
- **Structural Deficit - Must Be Addressed**
- **Special Education - Program Needs Increasing**
- **2014-15 Employee Compensation - Not Finalized**

Second Interim Summary

- **The Superintendent is recommending a Qualified Certification for Second Interim.**