

2016-17

First Interim Financial Report

Glendale Unified School District
Board Of Education Meeting – December 13, 2016
Information Report No. 2

Cheryl Plotkin, Interim Chief Business & Financial Officer
Karineh Savarani, Director, Financial Services

Budget Report No. 3

First 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 first interim report represents the actual and projected financial position of the General Fund as of October 31, 2016

2016-17 Budget Calendar

Budgeting for schools is a continuous, year-round process

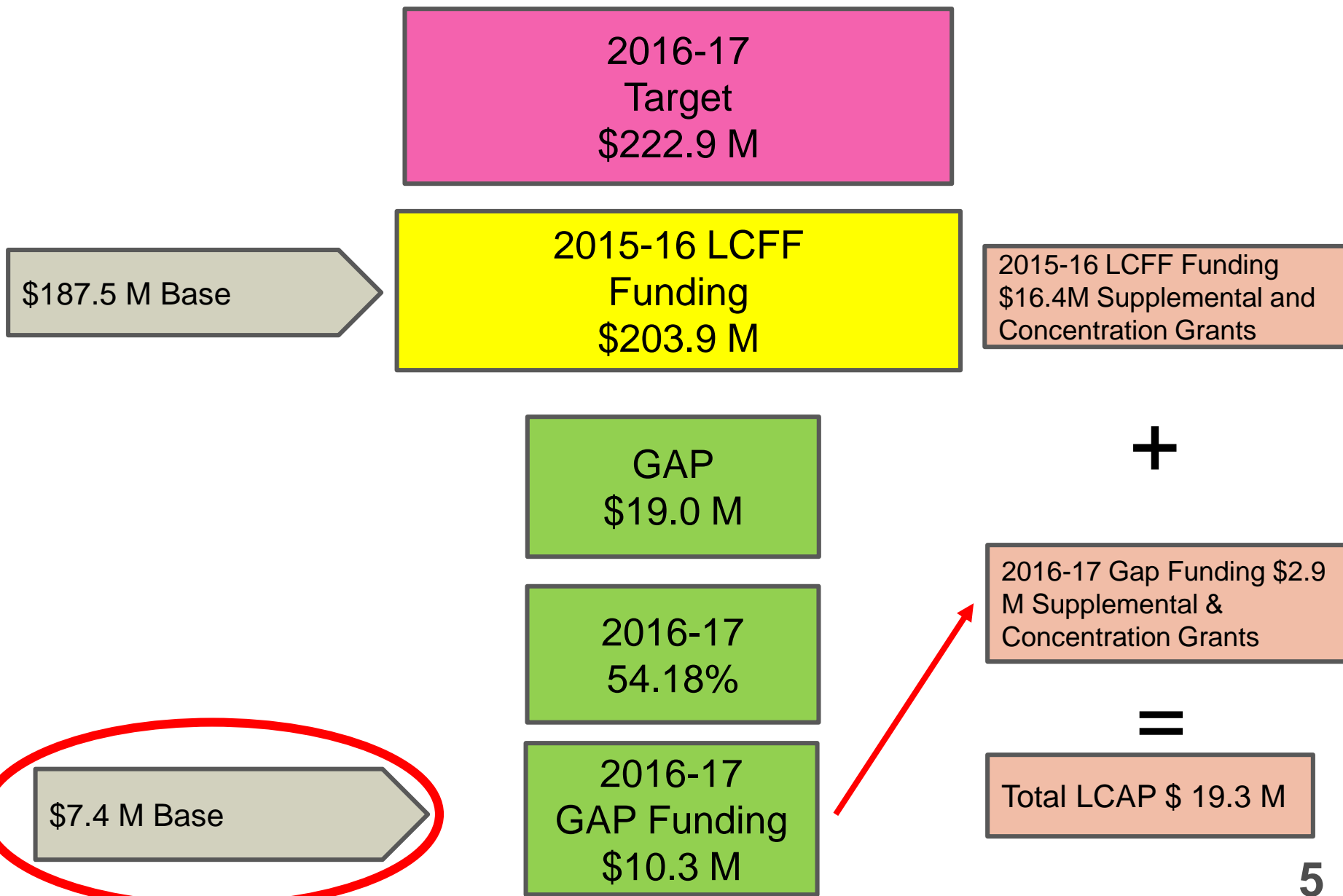
- Adopted Budget by June 30, 2016
- First Interim by December 15, 2016
 - *Using data through October 31, 2016*
- Second Interim by March 15, 2017
 - *Using data through January 31, 2017*
- Third Interim by June 1, 2017
 - *If a Qualified or Negative certification for the Second Interim*
 - *Using data through April 30, 2017*
- Public Hearing for the Local Control Accountability Plan (LCAP) & 2017-18 Budget by June 30, 2017
- Adopt LCAP & 2017-18 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 First Interim and Multi-Year Projection (MYP)

Gap Funding and Proportionality Calculation



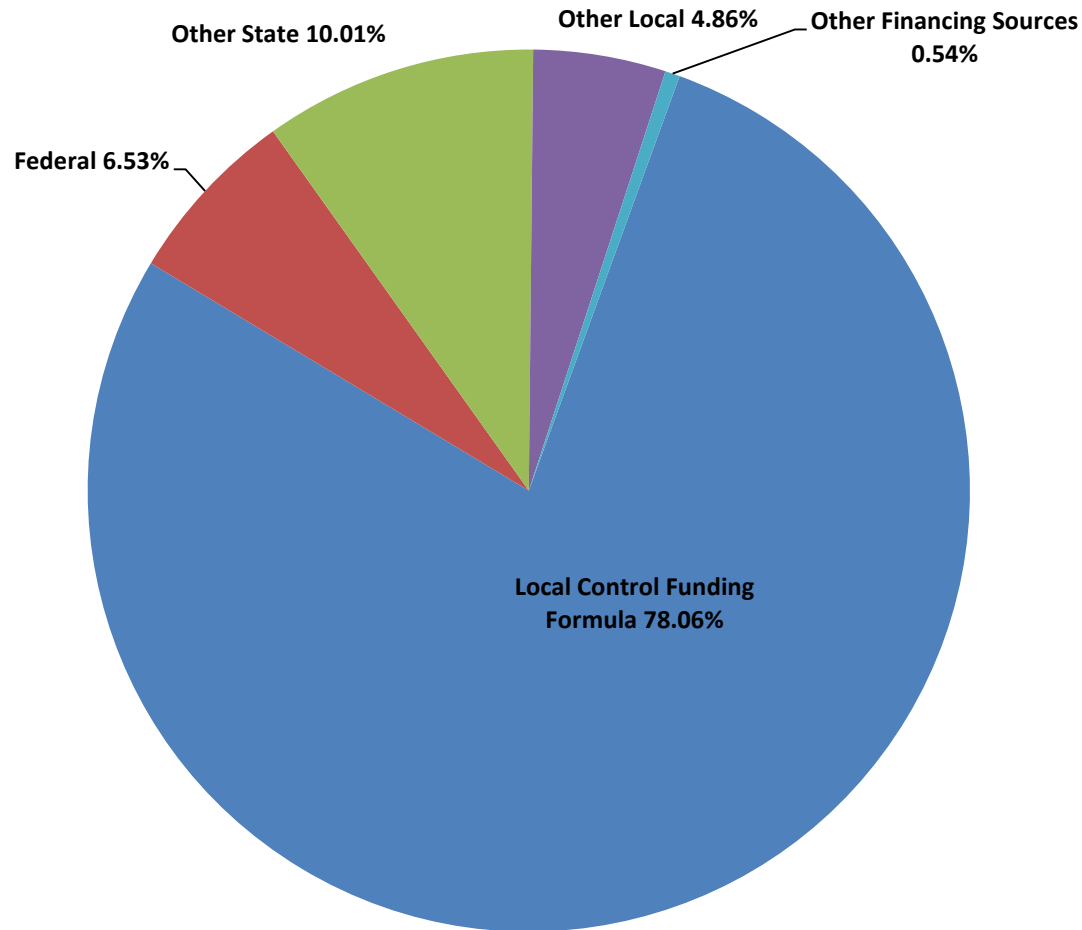
Major Changes Since June Budget Adoption

	2016-17	2017-18	2018-19	2019-20	CUM.
<u>Revenue</u>					
LCFF Revenue	\$0.06 M↓	\$1.4 M↑	\$2.5 M↑	\$1.5 M↑	\$5.3 M↑
GAP %	5.1%↑	27.65%↑	34.21%↑	39.77%↑	
Unduplicated %	54.80%	54.45%	54.54%	54.41%	

Major Changes Since June Budget Adoption In Millions

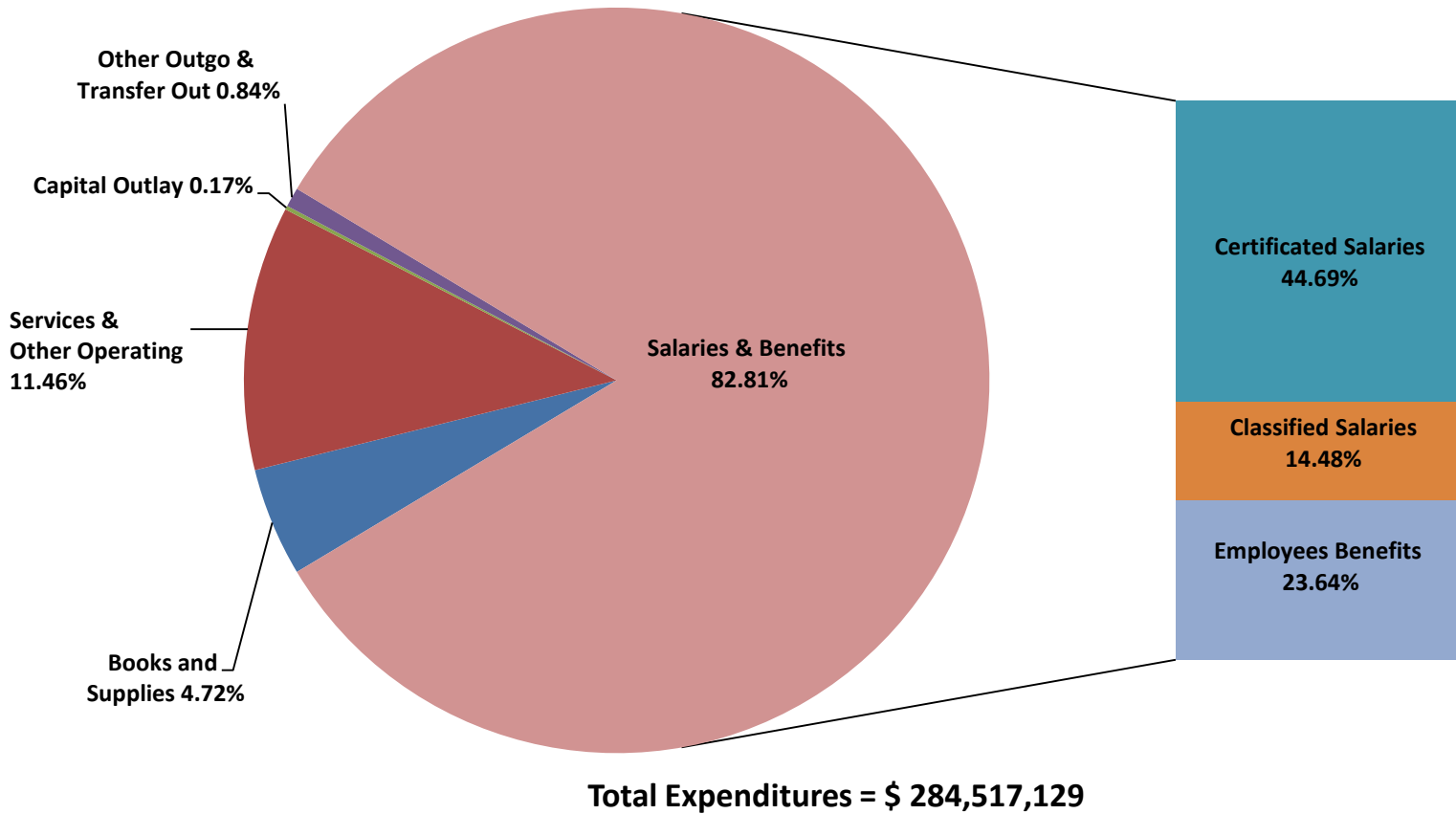
	2016-17	2017-18	2018-19	2019-20	2020-21	CUM.
<u>Expense</u>						
ETIS Measure S Salary & Benefits Cost Return to General Fund	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$1.0
2017-18 SPED BIAs & EAls	\$0.0	\$1.3	\$1.3	\$1.3	\$1.3	\$5.2
2018-19 SPED BIAs & EAls	\$0.0	\$0.0	\$1.3	\$1.3	\$1.3	\$3.9
2019-20 SPED BIAs & EAls	\$0.0	\$0.0	\$0.0	\$1.3	\$1.3	\$2.6
2020-21 SPED BIAs & EAls	\$0.0	\$0.0	\$0.0	\$0.0	\$1.3	\$1.3
Total	\$0.2M	\$1.5M	\$2.8M	\$4.1M	\$5.4M	\$14.0 M

2016-17 First Interim TOTAL REVENUE – GENERAL FUND



Total Revenues = \$274,389,306

2016-17 First Interim TOTAL EXPENDITURES – GENERAL FUND



NOTE TO CERTIFICATION

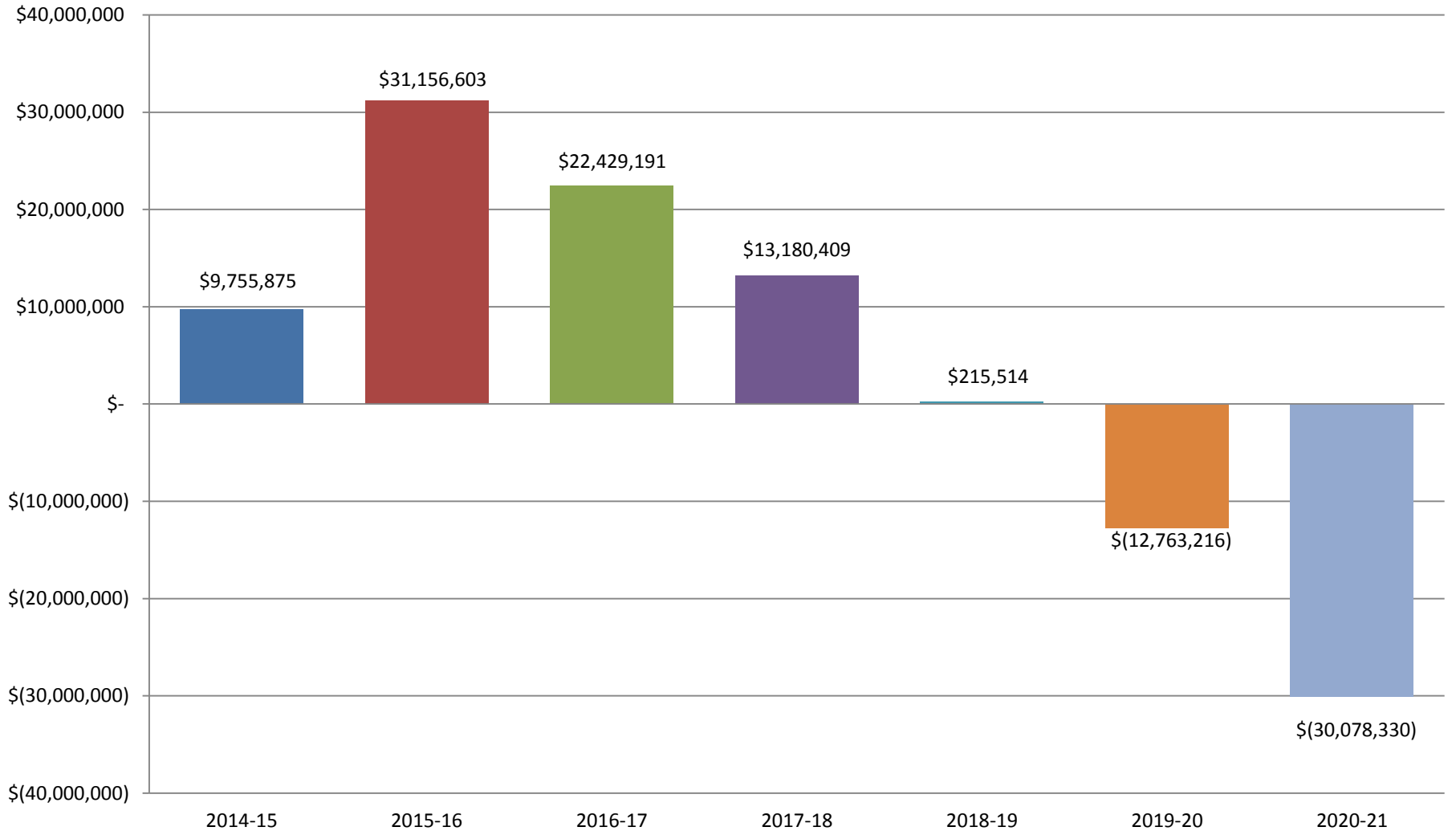
- Unrestricted General Fund Unassigned Balance will be Negative in 2019-20 for \$12.8 million.
- The District will be unable to meet its financial obligations, if NOT rectified.

First Interim Report Unrestricted General Fund Ending Balance

	In Millions					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Ending Balance	\$ 44.2	\$ 34.8	\$ 27.9	\$ 17.0	\$ 11.7	\$ (0.90)
3% Mandated Reserve	(8.1)	(8.5)	(8.3)	(8.5)	(8.6)	(8.8)
Reserve Future LCFF Less STRS/PERS/SPED Incr.	-	-	(3.0)	(5.4)	(12.9)	(17.5)
Other Reserves	(8.4)	(3.8)	(3.4)	(2.9)	(2.9)	(2.9)
Balance in Excess of 3%	27.7	22.5	13.2	0.2	(12.7)	(30.1)
Without Solvency Transfers (Debt Service Fund)	\$ 24.0	\$ 17.3	\$ 8.0	\$ (5.0)	\$ (17.9)	\$ (35.3)

Note: The "Balance in Excess of 3%," includes the Solvency Plan Reductions for 2017-18 , 2018-19, and 2019-20

Unrestricted General Fund Change in Unassigned Balance





Other Funds- Projected Totals

	Fund 12.0 Child Development Fund	Fund 13.0 Cafeteria Special Revenue Fund	Fund 21 Building Fund	Fund 25.0 Capital Facilities Fund	Fund 40 Special Reserve Fund for Capital Outlay Projects
Revenues	\$ 4,587,753	\$ 9,029,800	\$ 79,940,000	\$ 1,070,000	\$ 1,144,000
Expenditure	4,584,503	9,665,254	94,756,106	2,764,457	9,823,221
Net Incr./ (Decr.) To Fund Balance	3,250	(635,454)	(14,816,106)	(1,694,457)	(8,679,221)
Beginning Fund Balance	184,621	5,434,159	55,694,707	11,547,125	20,723,979
Ending Fund Balance	\$ 187,871	\$ 4,798,705	\$ 40,878,601	\$ 9,852,668	\$ 12,044,758

**Unrestricted General Fund
MULTI YEAR PROJECTION**

	2016-17	2017-18	2018-19	2019-20
Total Revenues	\$ 190,407,456	\$ 189,908,908	\$ 192,837,645	\$ 201,666,112
Total Expenditure	199,822,510	196,829,995	203,684,021	207,013,820
Net Increase/(Decrease)	(9,415,054)	(6,921,087)	(10,846,376)	(5,347,708)
Beginning Balance	44,189,612	34,774,558	27,853,471	17,007,095
Audit Adjustments	-	-	-	-
Ending Balance	34,774,558	27,853,471	17,007,095	11,659,387
Components of Ending Fund Balance:				
Revolving Cash	70,000	70,000	70,000	70,000
Stores	61,631	61,631	61,631	61,631
Prepaid Expenditures	888,655	453,078	-	-
3% Reserve for Economic Uncertainties	8,535,515	8,289,081	8,510,520	8,626,233
Reserve LCFF Net Income Growth less STRS/PERS Increases & SPED Increases	-	3,009,706	5,359,864	12,875,174
Supplemental Program and Future LACOE System	2,789,566	2,789,566	2,789,566	2,789,566
Adjusted Balance in Excess of Assigned and 3% Reserve	\$ 22,429,191	\$ 13,180,409	\$ 215,514	\$ (12,763,217)
Salaries and Benefits % of Exp.	87.68%	91.62%	91.77%	93.90%
Salaries and Benefits % of Rev.	92.01%	94.96%	96.94%	96.39%

Cautions and Challenges

- **Future Funding - Unstable GAP% and UPP**  
- **Structural Deficit - Must Be Addressed**
- **Special Education - Program Needs Increasing**
- **Projected Negative Unrestricted General Fund Adjusted Balances in 2019-20**
- **No Additional Funding to Cover CalPERS and Cal STRS Increases**
- **Solvency Plan of \$4.2 million for 2017-18 and 2018-19, and an additional \$8.2 million in 2019-20**

Potential Positives

- **State Revenue Up – Keep Close Eye on Governor’s Budget – January**
- **Fiscal Position for GUSD: Guarded Optimism**

First Interim Summary

- **The Superintendent is recommending a Positive Certification for First Interim.**

Solvency Savings Plan/Fiscal Stabilization Plan

- **2017-18 - \$4.2 million**
 - **2018-19 - \$4.2 million**
 - **2019-20 - \$8.2 million**
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- **LACOE requires a Fiscal Stabilization Plan with 2016-17 First Interim Report (December 15, 2016)**
 - **Passage of Proposition 55 – Possible release of LCFF Reserve with LACOE’s approval.**
 - **However,**
 - **Deficit Spending Every Year**
 - **Reserves Ending by 2019-20**

**Glendale USD
Possible Budget Reductions 2017-18 and 2018-19**

s	Estimated Reduction 2017-2018	Estimated Reduction 2018-2019	Reduction %	Comments
Meal/snacks for employee- events	20,000	20,000	20%	
Approve conferences based on purpose and alignment to LCAP	50,000	50,000	20%	No out of state
Transportation (SPED and Clark) - Full Cost Is Reflected	500,000	500,000	10%	Charge on sliding scale or get a community sponsors for Clark ; Develop a minimum distance
Eliminate Jewel City	50,000	50,000		
Early Retirement Plan Offer		350,000	100%	Estimated based on a PARS analysis
Reduce sub days for Professional Development	50,000	50,000	10%	Common release days PD outside of school day
Eliminate overtime for classified management position	15,000	15,000	25%	
Examine cost of 3rd party contracts, iReady	90,000	90,000	1%	
Identify areas for Special Education reductions	1,100,000	1,100,000	2%	Aides, Reduce number of students identified- cost to GF \$56,063,642
				Reduce SPED days Release days
				Build interventions to avoid over identification in SPED
Raise fees for facility usage by community groups	15,000	15,000	10%	Charge for all non-district for profit entities
Close Elementary and Middle school total for one week in the summer	44,431	44,431	100%	Possible Utility savings for one week of closure in July (GWP, Edison, GAS) (total monthly cost/4) CVW (Total monthly cost /8)
Review classified staffing level	1,200,000	1,200,000	5%	
Have summer school at one site instead of multiple	136,823	136,823	100%	Possible Utility savings for having summer school at one site (GWP, Edison, GAS) calculated based on average cost for 4 MS and 4 HS for 5 weeks (There could be additional savings/cost depending on the teachers and class sizes)
Cost of copies	50,000	50,000	10%	Go digital
Increase E-waste rebates by including community E-waste	5,000	5,000		
Cell towers at FASO and Administration		50,000		
Reduce mailings by using Parent Connect	5,000	5,000		
Commodity recycling-Cardboard	5,000	5,000		
Independent Study for all students out for 5 days or more	20,000	20,000		
Increase participation in LEA-MAA billing	100,000	100,000		
Increase enrollment	900,000	900,000		Current year 131 over projected
Increase ADA to 96.5%	100,000	100,000	0.50%	Increase average daily attendance by .5%
District office supplies	69,863	69,863	10%	Use Tech-eliminate paper
4/10 work week in summer months	40,000	40,000		Totally shut down for one day a week.
Reduce site allocations				
Reduce amounts K-5 by 10% (supplies/services)	41,767	41,767	10%	
Reduce amount 6-8 by 10% (supplies/services)	21,014	21,014	10%	supplies/services
Reduce amount HS by 10% (supplies/services)	40,842	40,842	10%	supplies/services
Total	4,669,739	5,069,739		

Note: The Estimated \$ Amounts are based on a combination of 16-17 Adopted Budget and 15-16 Actuals

QUESTIONS?

