

First Interim Financial Report



GLENDALE UNIFIED SCHOOL DISTRICT
Board of Education Meeting – December 17, 2013
Discussion Report No. 3

Eva Rae Lueck, Chief Business & Financial Officer
Mike Lee, Controller

Budget Report No. 4

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, 2013



Budget Revision

Adjust For 2012-13 Unrestricted General Fund Balance

| | <u>In Millions</u> | |
|--|-----------------------|------------------|
| Projected Ending Balance | \$32.56 | |
| <ul style="list-style-type: none">• 3% for Economic Uncertainties | (0.33) | } \$5.8 M |
| <ul style="list-style-type: none">• School Site and Program Carry-Over | 2.45 | |
| <ul style="list-style-type: none">• Reserve for Tier III Programs | 0.86 | |
| <ul style="list-style-type: none">• MAA and E-Rate | 1.48 | |
| <ul style="list-style-type: none">• Reserve in Excess of 3% | 1.34 | |
| Actual Ending Fund Balance | <u>\$38.40</u> | |



Board Priorities

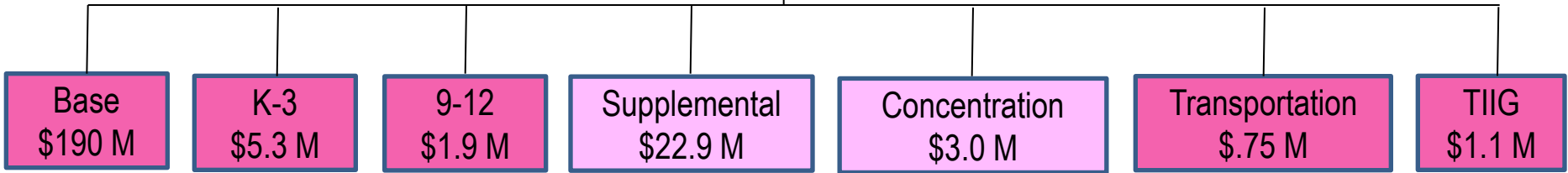
3

- **Maintain Staffing – Avoid Layoffs**
- **Eliminate Furlough Days**
- **Re-Structure / Re-Store Programs**

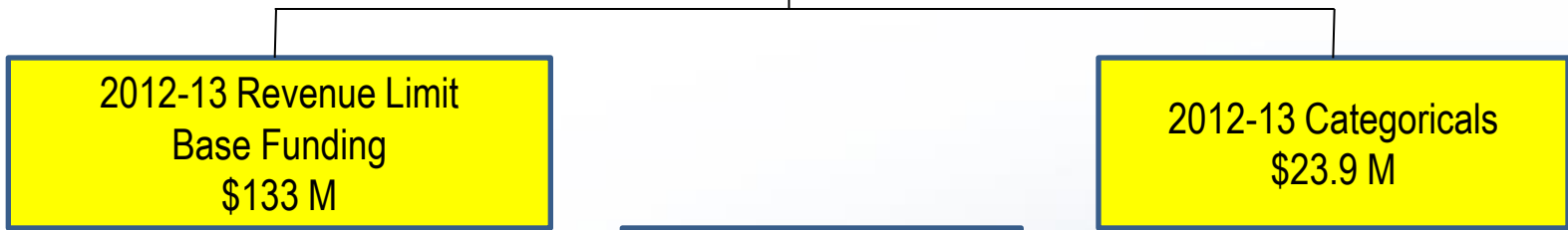


How LCFF Works

(Full Implementation in 2020-21)
Target
\$225 M



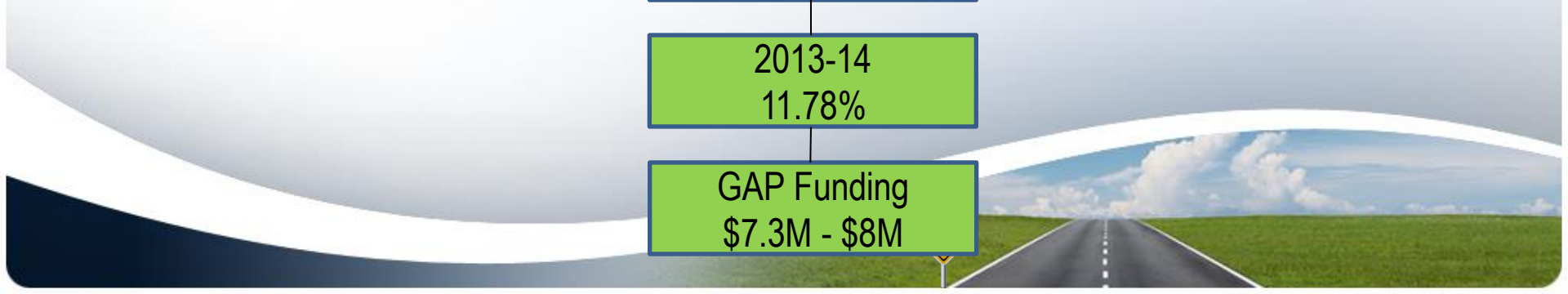
(Hold Harmless)
2013-14 LCFF Current Projection
\$156.9 M



GAP
\$68 M

2013-14
11.78%

GAP Funding
\$7.3M - \$8M



Multi-year Budget Assumptions (LCFF)

| | 2013-14 | 2014-15 | 2015-16 |
|--|---------|---------|---------|
|--|---------|---------|---------|

| | | | |
|---|---------|---------|---------|
| Adopted Budget Funding Increase Before L. A. County Calculation | \$5.6 M | \$1.8 M | \$2.5 M |
|---|---------|---------|---------|

Projection based on combination of COLA increase, decline in ADA and State deficit factor.

| | | | |
|--|---------|---------|---------|
| First Interim Increase over adopted Budget | \$1.7 M | \$7.9 M | \$7.2 M |
|--|---------|---------|---------|


Adjustment between the Adopted Budget Funding and Projected LCFF Revenue Increase.

| | | | |
|---|-------------------------|-------------------------|-------------------------|
| <i>Total Projected LCFF Revenue Increase (L.A. County Calculator)</i> | <u>\$7.3 M</u> 4.65% | <u>\$9.7 M</u> 5.87% | <u>\$9.7 M</u> 5.54% |
|---|-------------------------|-------------------------|-------------------------|

| Breakdown | | | | Target |
|---------------|---|---|---|---------|
| Supplemental | ? | ? | ? | = \$26M |
| Concentration | ? | ? | ? | |



Multi-year Budget Assumptions

| Category | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---------------------------------------|--|-------------|--------------|---------|---------|
| <u>“Solvency Transfers”</u> | | | | | |
| - Special Ed. Reserve | \$1,110,000 | — | — | — | — |
| - Post Employment Benefits Fund #20.0 | 2,750,000 | — | — | — | — |
| - Restricted Maintenance Reserve | 1,000,000 | 700,000 | — | — | — |
| - Early Retirement Benefit Fund #67.2 | — | 1,800,000 | 2,400,000 | — | — |
| - Deferred Maintenance Fund #14.0 | — | — | 4,900,000 | — | — |
| - Debt Service Fund #56.0 | — | — | 14,900,000 | — | — |
| <i>Total Solvency Transfer</i> | \$4,860,000 | \$2,500,000 | \$22,200,000 | — | — |
| |  | | | | |
| | ≈\$30 M * | | | | |

* More information to be provided as it impacts the ending balances.

Changes Included in First Interim



First Interim Budget Adjustments

| | In Millions | | | |
|---------------------------------------|-------------|----------|----------|----------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Routine Restricted Maintenance | | | | |
| Flexibility Ends | | | \$ (1.1) | \$ (1.1) |
| Special Education | | | | |
| Salary and Benefits | \$ (.30) | \$ (.30) | \$ (.30) | \$ (.30) |
| Transportation | \$ (.32) | \$ (.32) | \$ (.32) | \$ (.32) |
| LCFF Net Income Adjustment | | | | |
| 2013-14 | \$ 1.7 | \$ 1.7 | \$ 1.7 | \$ 1.7 |
| 2014-15* | – | \$ 7.9 | \$ 7.9 | \$ 7.9 |
| 2015-16* | – | – | \$ 7.2 | \$ 7.2 |

* L. A. County Office of Education recommends assignment of these dollars as Restricted.

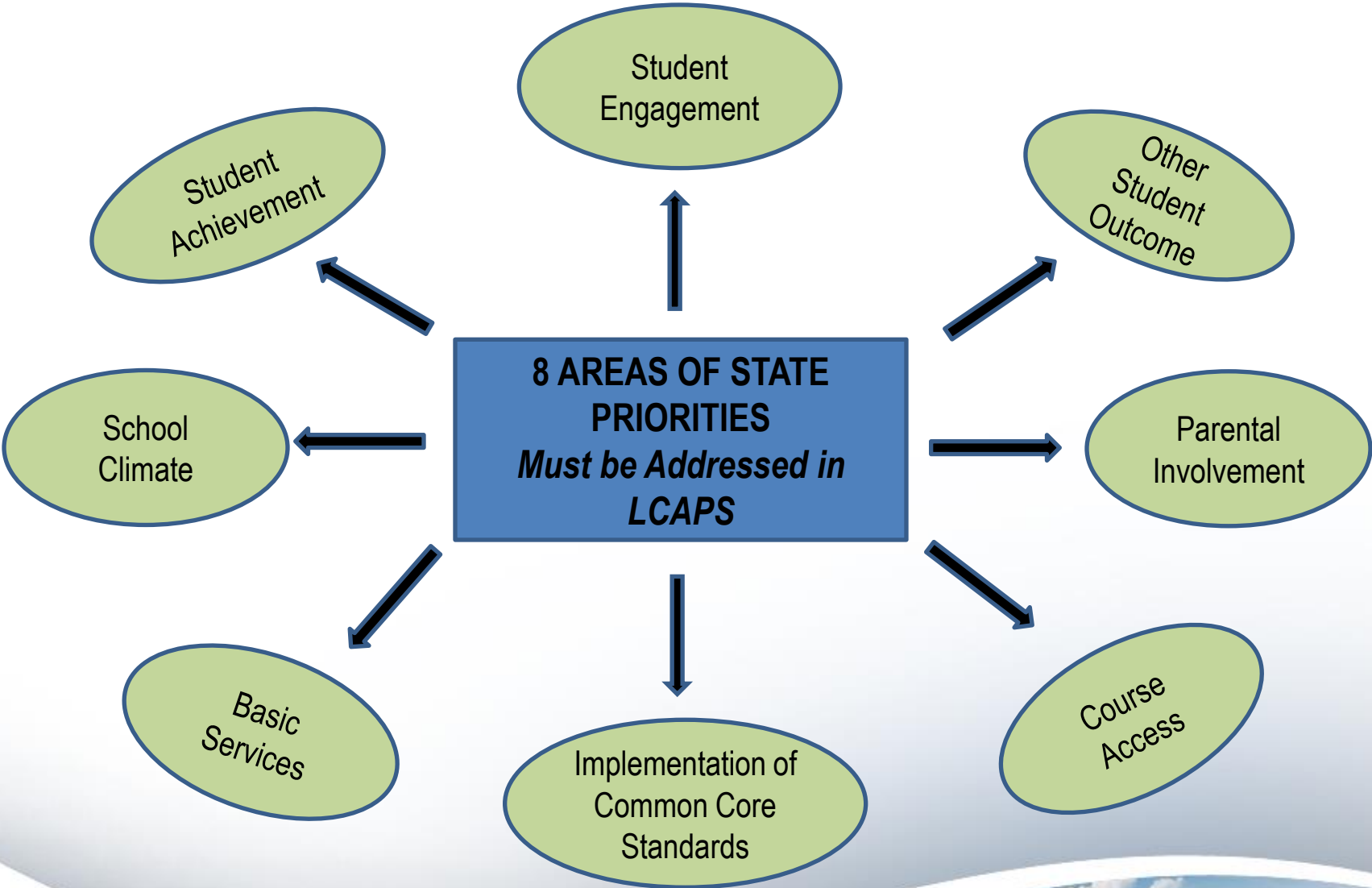


Budget Assumption Impact on Unrestricted General Fund Ending Balance

| | In Millions | | | |
|---|-------------|---------|----------|-----------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Adjusted Ending Balance Projected | \$ 27.8 | \$ 48.8 | \$ 56.2 | \$ 68.4 |
| | ↓ | ↓ | ↓ | ↓ |
| Adjusted Balance in Excess of Assigned 3% Reserve Without Solvency Transfers | \$ 17.4 | \$ 30.6 | \$ 20.7 | \$ 12.2 |
| | \$ 10.0 | \$ 1.0 | \$ (8.8) | \$ (17.4) |



Local Control Accountability Plan (LCAP)



Local Control Accountability Plan (LCAP)

11

- **Align School Site Plans, Strategic Plan, Board Priorities to the 8 Areas of Priority**
- **Develop Broad Goals with Multiple Indicators**
 - Trackable
 - Traceable
 - Reportable
- **Review Existing Services for English Learner, Foster Youth, and Social Economic Disadvantaged**
- **Develop a Detailed Engagement Plan(LCAP)**



First Interim Summary

12

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

- **Next Steps**
 - **Allocation of Supplemental/Concentration**

 - **Develop District Local Control Accountability Plan (LCAP)**

 - **Board Adoption of LCAP by 6/30/2014**

 - **Community Meeting - LCFF: January 15, 2014, January 21, 2014, and January 23, 2014.**

