

GLENDALE UNIFIED SCHOOL DISTRICT

September 4, 2012

ACTION REPORT NO. 4

TO: Board of Education

FROM: Dr. Richard M. Sheehan, Superintendent

SUBMITTED BY: Eva Rae Lueck, Chief Business and Financial Officer

PREPARED BY: Mike Lee, Controller
Craig Larimer, Financial Analyst

SUBJECT: **Summary of Revenue and Expenditures for 2011-12 (Unaudited)
and Technical Corrections to the 2012-13 Adopted Budget**

The Superintendent recommends that the Board of Education approve the unaudited summary of District revenue and expenditures for 2011-12 and resulting technical corrections to the 2012-13 adopted budget.

Education Code 42100 requires the governing board of each school district to provide the county office of education (on or before September 15) a report of all revenues and expenditures for the preceding fiscal year. This report must also include any resulting corrections to the 2012-13 adopted budget. Although the prior fiscal year formally ended on June 30, final accounting tabulations are not generally completed by the District and the Los Angeles County Office of Education (LACOE) until the end of August.

The attached State summary report (Attachment A) provides information for both 2011-12 and 2012-13. For the September submission, the LACOE and the California Department of Education only require data for the previous fiscal year.

The complete State report for 2011-12 is available for review in the Business Office. That report includes:

- 1) Income and expenditure data by object.
- 2) Ending balance information for each fund.
- 3) Summary attendance and revenue data.
- 4) Analysis of income and expenditures.

The September technical corrections to the 2012-13 budget make adjustments for any variance between the Fund Balances projected in the June 2012-13 Adopted Budget and the balances in the 2011-12 Unaudited Actual Report. The fund balance of each District fund is noted in Attachment "B" to this report.

Attachment C provides the 2011-12 Reserve Balance for utilization in the solvency plan. A more detailed narrative report of each fund with historical data has been provided for review under separate cover.

Unrestricted General Fund

The 2011-12 "Ending Fund Balance" of the Unrestricted General Fund plays a very significant role in the District's solvency plan for future years. Due to the State fiscal crisis and the various actions taken at the State level in "their" solvency strategies for districts, there is a significant change in what is included in the Unrestricted General Fund Balance.

In the 2012-13 June Budget Adoption, the projected Ending Fund Balance for 2011-12 was \$42.5 million, of which \$34.7 million was above the 3% reserve and undesignated. The 2011-12 Ending Fund Balance, when we closed the books, was \$48.8 million, of which \$34.9 million is undesignated.

The \$48.8 million 2011-12 Ending Fund Balance for the Unrestricted General Fund includes the following components:

2011-12 Unrestricted General Fund Balance		
Unrestricted General Fund	Projected June 12, 2012	Final
Designated for Economic Uncertainty	\$ 7,065,922	\$ 6,672,621
Revolving Cash & Warehouse	171,871	166,578
School Site & Program Carry Overs	-	2,807,015
Reserve for Medical Administrative Activity (MAA)	-	454,318
Reserve for Accreditation & E-Rate	-	366,322
Reserve for Tier III Programs	-	2,789,025
Reserve for ERRP & Site Mandated Costs	632,860	662,860
Unassigned Reserve	34,663,950	34,875,692
Total Unrestricted General Fund Balance	\$ 42,534,603	\$ 48,794,430

It is important to note that the change in the "Unassigned Reserve" was approximately \$212,000. This is the only change that will effect the multi year projection. The balance of the other designations is assigned to specific purposes and will be budgeted to 2012-13.

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The book that accompanies this report has a substantial amount of historic information and analysis. Two items of significant concern are:

Cash Flow – The District’s Unrestricted Ending Balance is \$48.8 million. However, the Cash Balance in the fund is \$21.4 million and the Accounts Receivable Balance is \$40.8 million. (refer to page 28 of the budget book)

This places the District in a very precarious cash position if the State delays funding.

Reserve Balances – The reserve balances available to support the Unrestricted General Fund are quickly disappearing.

<u>Reserve Utilization (millions)</u>	
2011 – 12	\$ 8.37 (actual)
2012 – 13	4.61
2013 – 14	2.50
2014 – 15	22.20

At the end of 2014-15 the reserves in other funds available to assist the General Fund will have dropped from \$39.8 million at the end of 2010-11 to \$1.43 million at the end of 2014-15. (refer to pages 39, 40, and Appendix IV of the budget book)

The District will need \$5.5 million in reductions in 2014-15 to reach a 3% reserve. The additional funds needed to reach a 3% reserve in 2015-16 increases to \$36.4 million. (refer to page 41 of the budget book)

If Proposition 30 does not pass the District will need an additional \$11 million to \$12 million each year.

RESTRICTED GENERAL FUND

The 2011-12 Ending Fund Balance in the Restricted General Fund is \$8.5 million compared to \$13.7 million in 2010-11. This is due to the reduction in State funding, no more Federal ARRA carry over funds, and solvency balance drawdowns from Special Education, Restricted Maintenance, and Restricted Lottery.

ATTACHMENT A

Unaudited Actuals
General Fund
Unrestricted and Restricted
Expenditures by Object

Glendale Unified
Los Angeles County

Description	2011-12 Unaudited Actuals		2012-13 Budget		% Diff Column C & F
	Unrestricted (A)	Restricted (B)	Unrestricted (D)	Restricted (E)	
A. REVENUES					
1) Revenue Limit Sources	127,891,927.43	5,317,361.00	129,754,340.00	5,285,817.00	1.4%
2) Federal Revenue	741,101.03	22,104,976.99	175,000.00	15,515,613.00	-31.3%
3) Other State Revenue	22,480,600.20	22,757,558.73	20,055,425.00	21,555,222.00	-8.0%
4) Other Local Revenue	7,573,913.98	4,864,228.80	5,299,563.00	4,423,080.00	-21.8%
5) TOTAL REVENUES	158,687,542.64	55,044,125.52	155,284,328.00	46,779,732.00	-5.5%
B. EXPENDITURES					
1) Certificated Salaries	79,189,585.14	26,499,290.88	79,705,402.00	24,549,137.00	-1.4%
2) Classified Salaries	16,437,017.27	15,181,918.52	17,209,853.00	15,777,644.00	4.3%
3) Employee Benefits	32,619,916.13	15,097,613.79	38,053,486.00	15,805,051.00	12.9%
4) Books and Supplies	2,381,745.32	5,349,671.82	1,232,685.00	2,984,580.00	-45.5%
5) Services and Other Operating Expenditures	9,479,282.49	18,618,522.21	10,667,993.00	12,506,195.00	-17.5%
6) Capital Outlay	98,067.88	158,501.85	72,590.00	158,252.00	-10.0%
7) Other Outgo (excluding Transfers of Indirect Costs)	109,000.00	754,582.09	109,000.00	652,274.00	-11.8%
8) Other Outgo - Transfers of Indirect Costs	(1,388,070.22)	942,613.03	(1,028,426.00)	535,426.00	10.7%
9) TOTAL EXPENDITURES	138,926,524.01	82,602,714.19	146,022,583.00	72,988,559.00	-1.1%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)	19,761,018.63	(27,558,588.67)	9,261,745.00	(26,188,827.00)	117.1%
D. OTHER FINANCING SOURCES/USES					
1) Interfund Transfers					
a) Transfers In	3,750,000.00	0.00	2,500,000.00	0.00	-33.3%
b) Transfers Out	891,433.28	0.00	1,015,638.00	0.00	13.9%
2) Other Sources/Uses	0.00	0.00	0.00	0.00	0.0%
a) Sources	0.00	0.00	0.00	0.00	0.0%
b) Uses					
3) Contributions	(22,361,112.66)	22,361,112.66	(23,578,827.00)	23,578,827.00	0.0%
4) TOTAL OTHER FINANCING SOURCES/USES	(19,502,545.94)	22,361,112.66	(22,094,465.00)	23,578,827.00	-48.1%

Description	2011-12 Unaudited Actuals		2012-13 Budget			% Diff Column C & F
	Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			(4,939,003.32)	(12,832,720.00)	(2,610,000.00)	212.7%
F. FUND BALANCE, RESERVES						
1) Beginning Fund Balance						
a) As of July 1 - Unaudited	48,535,957.55	13,678,866.61	62,214,824.16	48,794,430.24	8,481,390.60	57,275,820.84
b) Audit Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
c) As of July 1 - Audited (F1a + F1b)	48,535,957.55	13,678,866.61	62,214,824.16	48,794,430.24	8,481,390.60	57,275,820.84
d) Other Restatements	0.00	0.00	0.00	0.00	0.00	0.00
e) Adjusted Beginning Balance (F1c + F1d)	48,535,957.55	13,678,866.61	62,214,824.16	48,794,430.24	8,481,390.60	57,275,820.84
2) Ending Balance, June 30 (E + F1e)	48,794,430.24	8,481,390.60	57,275,820.84	35,961,710.24	5,871,390.60	41,833,100.84
Components of Ending Fund Balance						
a) Nonspendable	70,000.00	0.00	70,000.00	70,000.00	0.00	70,000.00
Revolving Cash	96,578.03	0.00	96,578.03	96,578.03	0.00	96,578.03
Stores	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenditures	0.00	0.00	0.00	0.00	0.00	0.00
All Others	0.00	0.00	0.00	0.00	0.00	0.00
b) Restricted	0.00	8,481,390.60	8,481,390.60	0.00	5,871,390.60	5,871,390.60
c) Committed	0.00	0.00	0.00	0.00	0.00	0.00
Stabilization Arrangements	0.00	0.00	0.00	0.00	0.00	0.00
Other Commitments	0.00	0.00	0.00	0.00	0.00	0.00
d) Assigned	7,079,540.00	0.00	7,079,540.00	7,079,540.00	0.00	7,079,540.00
Other Assignments	2,807,015.00	0.00	2,807,015.00	0.00	0.00	2,807,015.00
Regular Carry-Overs	454,318.00	0.00	454,318.00	0.00	0.00	454,318.00
Reserve MAA	25,000.00	0.00	25,000.00	0.00	0.00	25,000.00
Reserve Accreditation	341,322.00	0.00	341,322.00	0.00	0.00	341,322.00
Reserve E-Rate	2,789,025.00	0.00	2,789,025.00	0.00	0.00	2,789,025.00
Reserve for Tier III Programs	662,860.00	0.00	662,860.00	0.00	0.00	662,860.00
ERRP & Site Mandate Cost	0.00	2,807,015.00	2,807,015.00	0.00	0.00	2,807,015.00
Regular Carry-Overs	0.00	454,318.00	454,318.00	0.00	0.00	454,318.00
Reserve MAA	0.00	25,000.00	25,000.00	0.00	0.00	25,000.00
Reserve Accreditation	0.00	341,322.00	341,322.00	0.00	0.00	341,322.00
Reserve E-Rate	0.00	2,789,025.00	2,789,025.00	0.00	0.00	2,789,025.00
Reserve for Tier III Programs	0.00	662,860.00	662,860.00	0.00	0.00	662,860.00
ERRP & Site Mandated Costs	0.00	0.00	0.00	0.00	0.00	0.00
e) Unassigned/unappropriated						

Unaudited Actuals
General Fund
Unrestricted and Restricted
Expenditures by Object

Glendale Unified
Los Angeles County

Description	Resource Codes	Object Codes	2011-12 Unaudited Actuals			2012-13 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Reserve for Economic Uncertainties		9789	6,672,620.14	0.00	6,672,620.14	6,600,203.00	0.00	6,600,203.00	-1.1%
Unassigned/Unappropriated Amount		9790	34,875,692.07	0.00	34,875,692.07	22,115,389.21	0.00	22,115,389.21	-36.6%

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ATTACHMENT B

2011-12 Unaudited Actual Fund Balance With Adjustments

September 2012

CDS Code: 64568

District: Glendale Unified

Fund Name	SACS Fund#	2012-13 Budgeted Beg. Balance	2011-12 Unaudited Actuals End. Balance	2012-13 BUDGET ADJUSTMENT (Cols D-C)
(A)	(B)	(C)	(D)	(E)
General - Unrestricted	01U	42,534,602	48,794,430	6,259,828
General - Restricted	01R	5,956,147	8,481,391	2,525,244
Charter Schools Spec. Rev.	09			0
Special Education Pass-Through	10	0	0	0
Adult Education	11			0
Child Development	12	148,670	177,036	28,366
Cafeteria (Special Revenue)	13	4,857,263	5,273,293	416,030
Deferred Maintenance	14	4,934,597	4,934,042	(555)
Pupil Transportation	15			0
Spec Resv - Non Cap Proj.	17			0
Foundation Special Revenue	19			0
Postemployment Benefits	20	2,752,569	2,749,329	(3,240)
Building Fund (Measure K)	21	35,815,269	39,388,527	3,573,258
Capital Facilities (Developer Fees)	25	7,530,344	8,730,221	1,199,877
Lease Purchase	30			0
County Schools Facilities (State Bond)	35	410	451	41
Capital Projects - District Projects	40.1	26,769,284	26,205,063	(564,221)
Capital Projects - Food Service	40.2	1,191,137	1,187,531	(3,606)
Blended Components	49			0
Bond Interest and Redemption	51	8,678,416	9,244,189	565,773
Tax Override	53			0
Debt Service / COP Repayment	56	14,992,471	14,990,550	(1,921)
Foundation Permanent	57			0
Cafeteria (Enterprise)	61			0
Other Enterprise	63			0
Warehouse Revolving	66			0
Health & Welfare (Vision & Dental)	67.0	1,171,138	1,191,857	20,719
Workers' Compensation	67.1	1,245,334	1,573,479	328,145
Early Retirement Benefits	67.2	4,046,870	4,563,597	516,727
Retiree Benefits	71			0
Article XIII-B	72			0
McLennan & Other Scholarships Trust	73	336,854	336,354	(500)

ATTACHMENT C

Reserve Balances and Designations

Reserve Category	2010-11 Year End Balance	2011-12 Year End Balance
Restricted Maintenance Account To be utilized in Multi Year Plan as needed to maintain solvency	\$4.7 million	\$2.4 million
Special Education Reserve To be utilized in Multi Year Plan as needed to maintain solvency	\$3.36 million	\$1.11 million
Post Employment Benefits Funds (GASB 45) Fund #20.0 To be utilized in Multi Year Plan as needed to maintain solvency	\$6.44 million	\$2.75 million
Early Retirement Benefits Fund # 67.2 To be utilized in Multi Year Plan as needed to maintain solvency	\$4 million	\$4.56 million
Deferred Maintenance Fund #14.0 Due to passage of Measure S, this balance may be used to maintain solvency in the Unrestricted General Fund.	\$4.89 million	\$4.93 million
Restricted Lottery Reserve Limited options - must be used for instructional materials Current plan is to utilize restricted lottery for textbook purchases and \$500,000 annually for instructional material purchases.	\$1.56 million	\$0.69 million
Debt Service Fund #56.0 This Fund was established as a reserve for the C.O.P. payments; however, due to the passage of Measure S, it will be utilized to maintain solvency in the Unrestricted General Fund.	\$14.85 million	\$14.99 million
Total	\$39.8 million	\$ 31.43 million