

# **2015-16**

# **First Interim Financial Report**

**Glendale Unified School District**  
**Board Of Education Meeting – December 15, 2015**  
**Discussion Report No. 1**

**Robert McEntire, Chief Business & Financial Officer**

**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, 2015

# 2015-16 Budget Calendar

***Budgeting for schools is a continuous, year-round process***

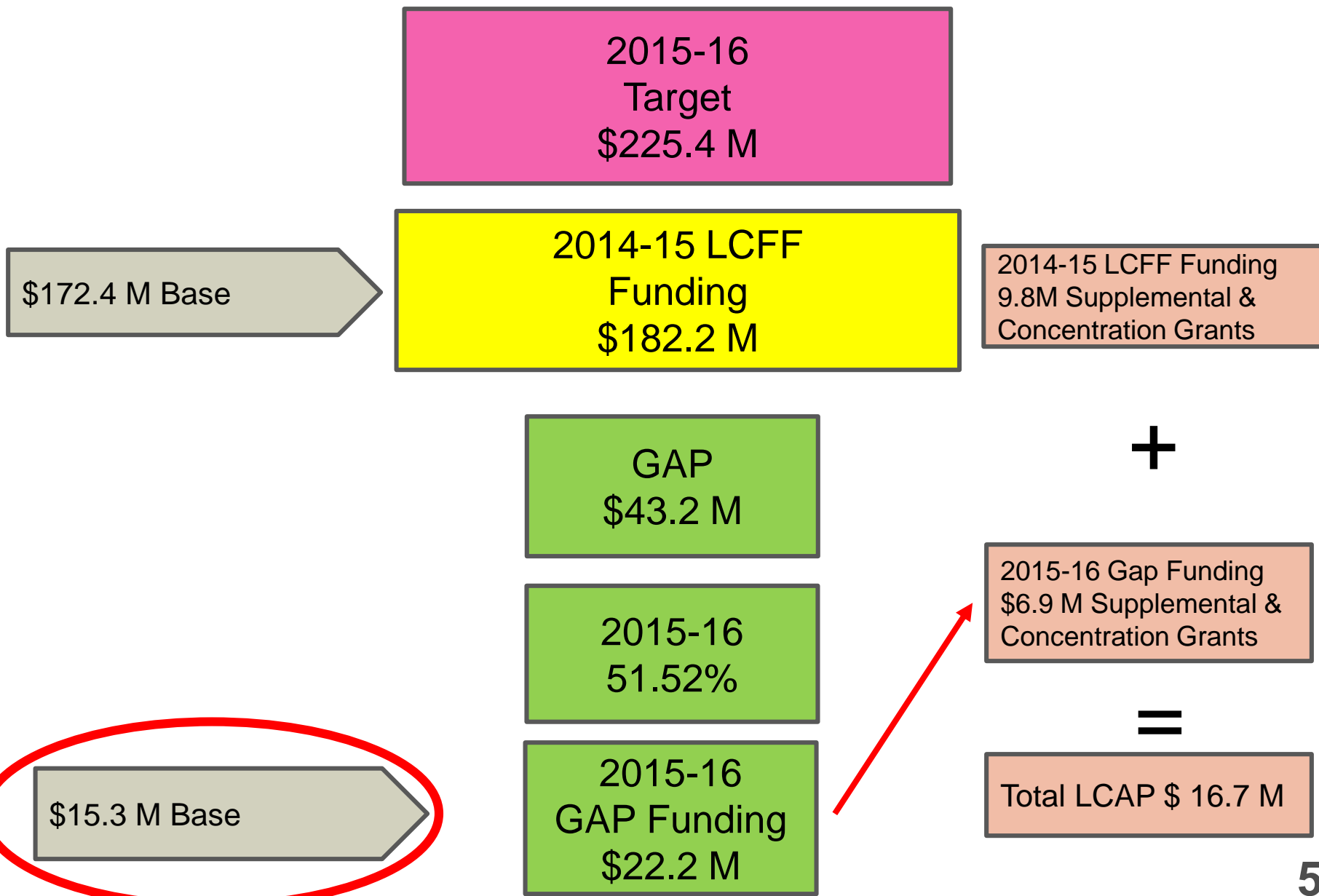
- Adopted Budget by June 30, 2015
- First Interim by December 15, 2015
  - *Using data through October 31, 2015*
- Second Interim by March 15, 2016
  - *Using data through January 31, 2016*
- Third Interim by June 1, 2016
  - *If a Qualified or Negative certification for the Second Interim*
  - *Using data through April 30, 2016*
- Public Hearing for the Local Control Accountability Plan (LCA) & 2016-17 Budget by June 30, 2016
- Adopt LCAP & 2016-17 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

2015-16    2016-17    2017-18    2018-19    2019-20    Cumulative

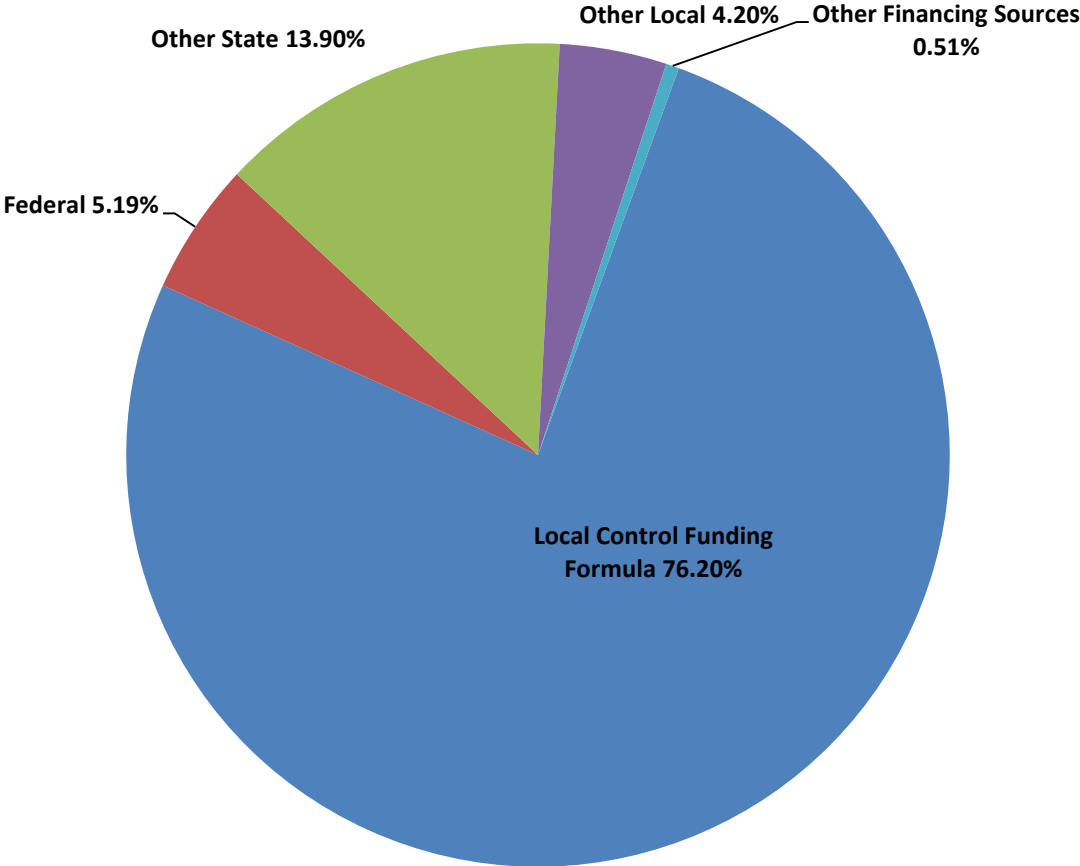
## Revenue

LCFF Revenue	\$0.7 M ↓	\$0.2 M ↓	\$6.7 M ↑	\$4.2 M ↑	\$4.7 M ↑	\$14.7 M ↑
GAP %	1.56% ↓	1.85% ↓	35.11% ↑	19.88% ↑	18.40% ↑	
Unduplicated %	55.94%	55.99%	56.17%	56.20%	56.10%	

# Major Changes Since June Budget Adoption In Millions

	2015-16	2016-17	2017-18	2018-19	2019-20	Cumulative
<b><u>Expense</u></b>						
2014-15 4.25% CSEA	\$2.9	\$1.5	\$1.5	\$1.5	\$1.5	\$8.9
2014-15 4.25% GSMA	\$1.5	\$0.8	\$0.8	\$0.8	\$0.8	\$4.7
2014-15 & 2015-16 GTA	\$8.7	\$10.4	\$10.1	\$10.1	\$10.1	\$49.4
Home to School Trans.	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$2.0
CCSS Program Supply	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$1.5
CCSS Math Program 1 FTE	\$0.1	\$0.1				\$0.2
Chromebooks	\$0.6					\$0.6
Add'l CSR Teacher 18 FTE	\$1.8					\$1.8
<b>Total</b>	<b>\$16.3M</b>	<b>\$13.5M</b>	<b>\$13.1M</b>	<b>\$13.1M</b>	<b>\$13.1M</b>	<b>\$69.1</b>

# 2015-16 First Interim TOTAL REVENUE – GENERAL FUND

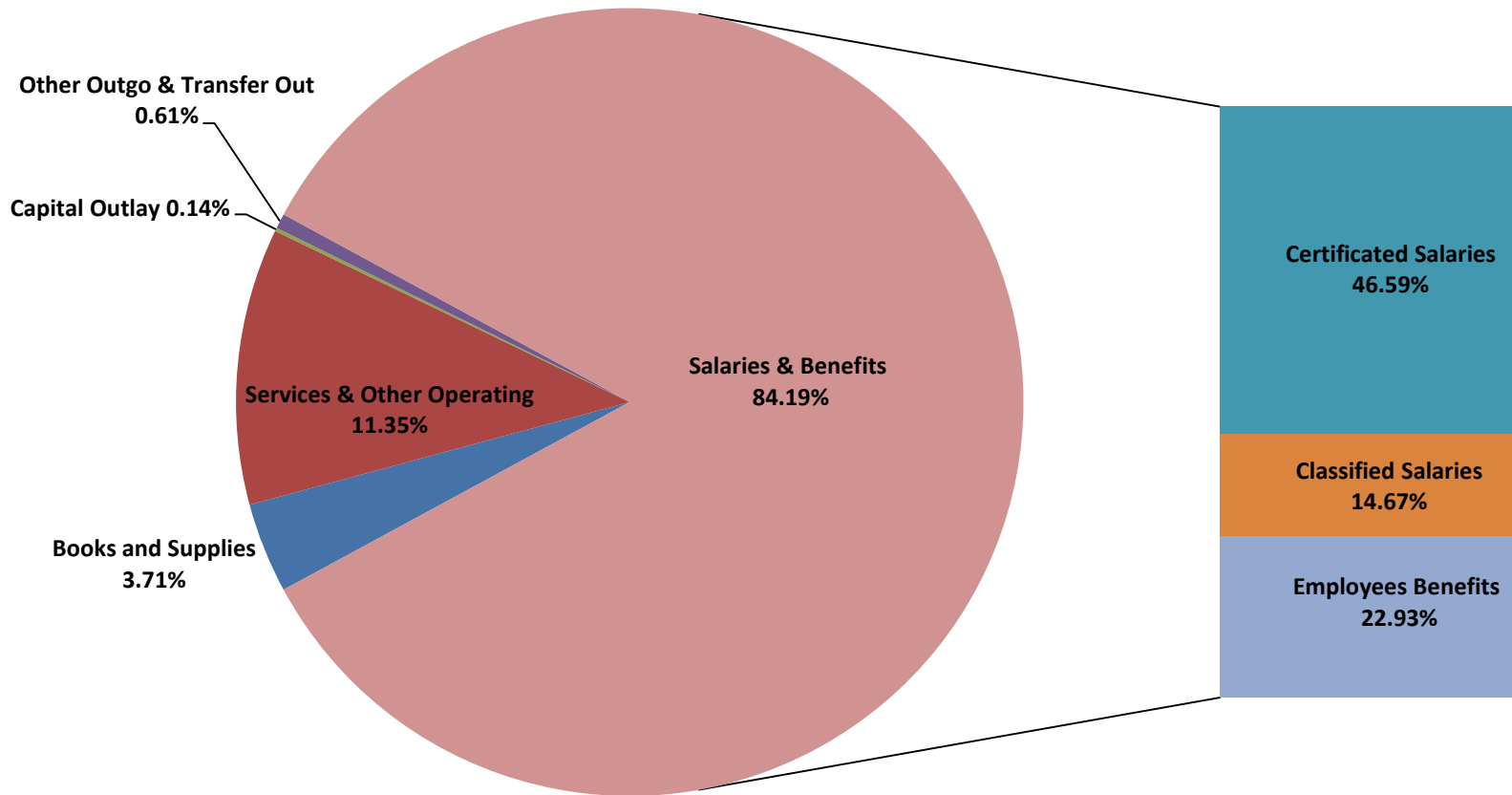


Total Revenues = \$268,320,580



# 2015-16 First Interim

## TOTAL EXPENDITURES – GENERAL FUND



Total Expenditures = \$267,101,927

# NOTE TO CERTIFICATION

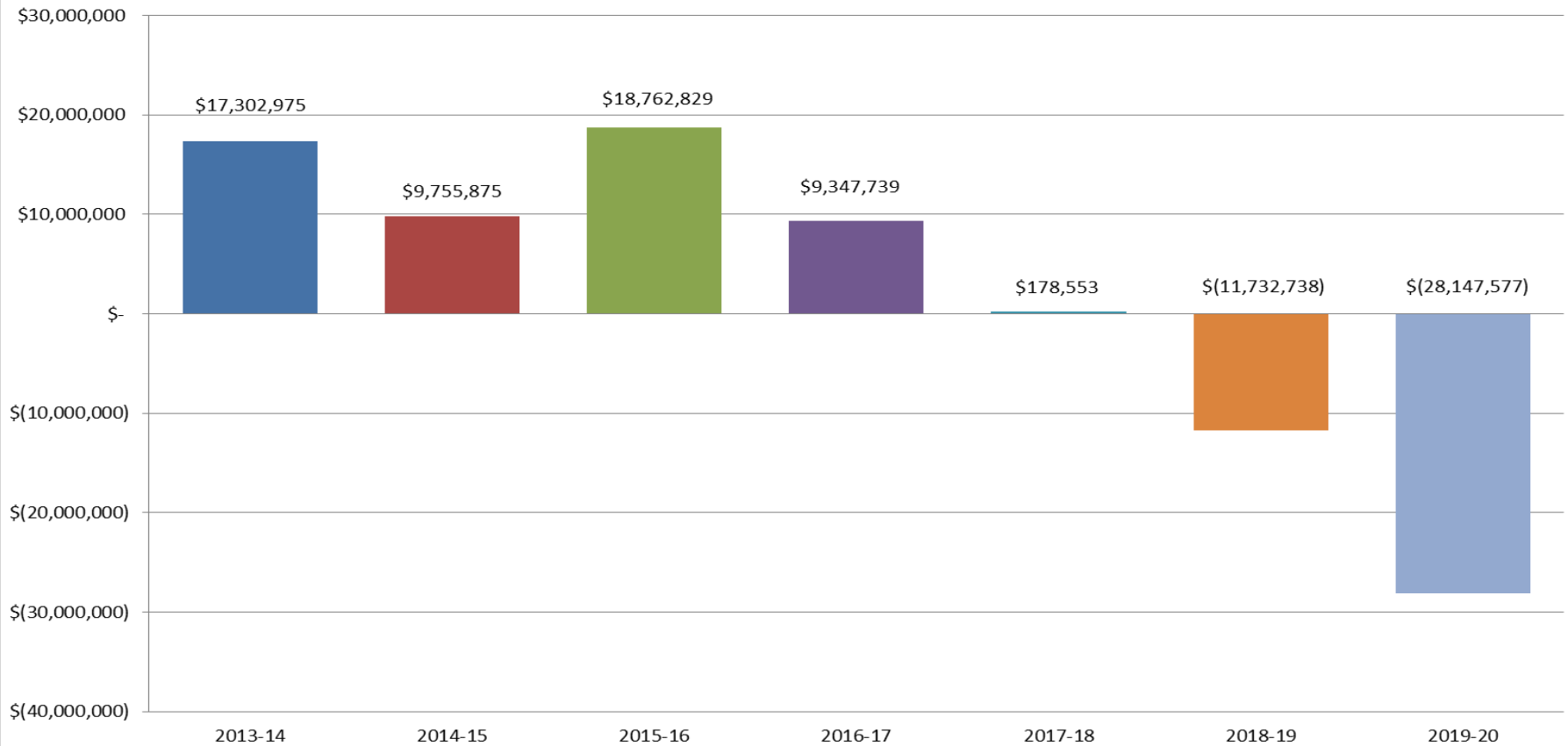
- Unrestricted General Fund Unassigned Balance will be Negative in 2018-19 and 2019-20 for \$11.7 million and \$28 million, respectively.
- The District will be unable to meet its financial obligations, if NOT rectified.

## First Interim Report

### Unrestricted General Fund Ending Balance

	In Millions					
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Ending Balance</b>	\$ 32.5	\$ 32.6	\$ 25.3	\$ 19.8	\$ 12.5	\$ 3.4
<b>3% Mandated Reserve</b>	(7.2)	(8.0)	(7.9)	(8.0)	(8.1)	(8.3)
<b>Reserve Future LCFF Less STRS/PERS</b>	-	-	(3.0)	(6.3)	(11.4)	(18.5)
<b>Other Reserves</b>	(15.5)	(5.8)	(5.1)	(5.3)	(4.7)	(4.7)
<b>Balance in Excess 3%</b>	<b>9.8</b>	<b>18.8</b>	<b>9.3</b>	<b>0.2</b>	<b>(11.7)</b>	<b>(28.1)</b>
<b>Without Solvency Transfers (Retiree Def. Maint.)</b>	\$ 7.4	\$ 15.1	\$ 4.1	\$ (5.0)	\$ (16.9)	\$ (33.3)

## Unrestricted General Fund Change in Unassigned Balance



“If you do not change direction, you may end up where you are heading.”  
Lao Tzu


## Other Funds- Projected Totals

	Fund 12.0	Fund 13.0	Fund 21	Fund 25.0	Fund 40
	Child Development Fund	Cafeteria Special Revenue Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects
Revenues	\$ 3,964,781	\$ 8,706,100	\$ 11,030,564	\$ 1,035,000	\$ 1,187,423
Expenditure	4,069,687	9,322,630	78,938,917	511,168	11,781,387
Net Increase/(Decrease) To Fund Balance	(104,906)	(616,530)	(67,908,353)	523,832	(10,593,964)
Beginning Fund Balance	181,566	6,045,109	76,357,749	9,324,685	17,900,444
<b>Ending Fund Balance</b>	<b>\$ 76,660</b>	<b>\$ 5,428,579</b>	<b>\$ 8,449,396</b>	<b>\$ 9,848,517</b>	<b>\$ 7,306,480</b>

**Unrestricted General Fund  
MULTI YEAR PROJECTION**

	2015-16	2016-17	2017-18	2018-19	2019-20
Total Revenues	\$ 190,402,011	\$ 183,734,100	\$ 188,427,259	\$ 192,205,058	\$ 196,489,503
Total Expenditure	190,300,987	191,003,155	193,943,867	199,526,868	205,531,677
Net Increase/(Decrease)	<b>101,024</b>	<b>(7,269,055)</b>	<b>(5,516,608)</b>	<b>(7,321,810)</b>	<b>(9,042,174)</b>
Beginning Balance	32,492,820	32,593,844	25,324,789	19,808,181	12,486,371
Audit Adjustments	-	-	-	-	-
Ending Balance	<b>32,593,844</b>	<b>25,324,789</b>	<b>19,808,181</b>	<b>12,486,371</b>	<b>3,444,197</b>
<b>Components of Ending Fund Balance:</b>					
Revolving Cash	70,000	70,000	70,000	70,000	70,000
Stores	70,806	70,806	70,806	70,806	70,806
Prepaid Expenditures	1,324,233	888,655	453,078	453,078	453,078
3% Reserve for Economic Uncertainties	8,013,056	7,914,850	8,018,916	8,185,930	8,381,895
Reserve for One Furlough Day 2017-18	-	-	643,000	-	-
Reserve LCFF Net Income Growth less STRS/PERS Increases & Solvency	-	2,953,412	6,294,502	11,359,969	18,536,670
Reserve for Regular carry-over, MAA, ROP and Supplemental Program	2,810,636	2,810,636	2,810,636	2,810,636	2,810,636
Reserve for Operational Draw-Down	1,542,282	1,268,690	1,268,690	1,268,690	1,268,690
Adjusted Balance in Excess of Assigned and 3% Reserve	<b>\$ 18,762,829</b>	<b>\$ 9,347,739</b>	<b>\$ 178,553</b>	<b>\$ (11,732,738)</b>	<b>\$ (28,147,577)</b>
Salaries and Benefits % of Exp.	87.33%	89.08%	89.18%	89.35%	89.53%
Salaries and Benefits % of Rev.	87.28%	92.61%	91.79%	92.75%	93.65%

# 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 2018-19 and 2019-20**
- **No Additional Funding to Cover CalPERS and Cal STRS Increases**

## Potential Positives

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

# First Interim Summary

- **The Co-Interim Superintendents are recommending a Positive Certification for First Interim.**



**QUESTIONS?**

