

First Interim Financial Report

Glendale Unified School District Board Meeting – December 11, 2012
Discussion Report No. 2

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Chief Business and Financial Officer



First Interim Report and Certification (Background)

- 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 (December 15 & March 15) 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, 2012

Unrestricted General Fund Ending Balance

2012-13 Adopted Budget – June 30, 2012

- Qualified Certification
 - Short **\$5.5 M** in 2014-15
 - Short **\$36.4 M** in 2015-16

Multi-Year Budget Assumptions

Revenue Limit	2012-13 to 2015-16
■ Deficit Factor – Adopted Budget	22.272%
■ Net COLA Increase – Adopted Budget	\$0.00
■ Revenue Limit per ADA	\$5,222

Weighted Student Formula???

Multi-Year Budget Assumptions

Category	2011-12	2012-13 to 2015-16
<u>Employee Benefits</u>		
- STRS	8.25%	8.25%
- Retiree Health Benefits	2.37%	2.37%
- Health Insurance Increase	\$1.95 M	\$1.95 M
- Workers' Compensation	1.437%	2.92%
Utilizing Fund 67.1 Balance	1.3%	—
<u>Flexibility</u>		
- No Deferred Maintenance Transfer (Legally ends 2014-15)	\$1,238,000	\$1,238,000
- Deferred Maintenance Fund Revenue to General Fund (Legally ends 2014-15)	\$965,191	\$965,191

Multi-Year Budget Assumptions

Category	2011-12	2012-13	2013-14	2014-15	2015-16
<u>“Solvency Transfers”</u>					
- Special Ed. Reserve	\$2,250,000	\$1,110,000	–	–	–
- Post Employment Benefits Fund #20.0	3,750,000	2,500,000	–	–	–
- Restricted Maintenance Reserve	3,000,000	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</i>	\$9,000,000	\$4,610,000	\$2,500,000	\$22,200,000	–

Multi-Year Budget Assumptions (Cont.)

Category	2011-12	2012-13	2013-14	2014-15	2015-16
<u>ARRA – Federal Stimulus Fund</u>					
- Title I ARRA	\$362,141	–	–	–	–
- IDEA ARRA	–	–	–	–	–
- SFSF ARRA	1,283,275	–	–	–	–
- Federal Jobs Program	497,192	–	–	–	–
<i>Total</i>	\$2,142,608	–	–	–	–
Total of “Solvency” Transfers & ARRA	\$11,142,608	\$4,610,000	\$2,500,000	\$22,200,000	–

Changes Included in First Interim

Budget Revision

Adjust for 2011-12 Unrestricted General Fund Balance

	<u>In Millions</u>
Projected Ending Balance	\$42.53
<ul style="list-style-type: none">• 3% for Economic Uncertainties• School Site and Program Carry-Over• Reserve for Tier III Programs• MAA, E-Rate, Accreditation, ERRP, Mandated Cost• Reserve in Excess of 3%	(0.39) 2.81 2.79 0.85 0.21
	} \$6.27 M
Actual Ending Fund Balance	<u>\$48.80</u>

Budget Revision – Other Unrestricted General Fund

Reductions		# of FTE	One Time	Ongoing
2012-13	Public Information Officer	1.00		\$112,000
	Energy Conservation Manager	1.00		120,000
	Elementary & Secondary Asst. Principal	2.00		255,000
	Shift Dental Program to ASCIG			88,000
	Blue Shield Plan Design Changes			152,000
	Summer School Revenue			57,715
			\$.78 M	
	Energy Education Contract – eliminate			374,000
	SIA Contract – eliminate			87,000
	Renaissance Learning Inc. – add			(100,000)
	Correct Revenue Limit Calculation		(987,000)	
2013-14	K-3 Staffing 30:1			3,800,000
	Grades 6-12 Increase ratio 2 students			1,900,000
Total			(\$987,000)	\$6,845,715

Budget Assumption Impact on Unrestricted General Fund Ending Balance

Adjusted Ending Balance Projection in Excess of 3% Reserve

- Fiscal year 2012-13 \$19.9 M
- Fiscal Year 2013-14 \$8.4 M
- Fiscal Year 2014-15 \$8.9* M
- Fiscal Year 2015-16 (\$15.3 M)

* Projected Ending Balance was **(\$5.5 m)** when Budget was adopted 6/30/12.

Structural Deficit Analysis

	In Millions			
	2011-12 Unaudited Actuals	2012-13 Projected Budget	2013-14 Projected Budget	2014-15 Projected Budget
Structural Deficit - Adopted Budget	\$ (15.6)	\$ (19.7)	\$ (24.6)	\$ (28.4)
Personnel & Benefit Reductions, and Misc.	-	.78	.78	.78
Reduction in Service Contracts	-	.36	.36	.36
K-3 Staffing 30:1	-	-	3.8	3.8
Grades 6-12 Increase Ratio 2 Students	-	-	1.9	1.9
Structural Deficit First Interim	\$ (15.6)	\$ (18.6)	\$ (17.8)	\$ (21.6)

First Interim Summary

- The Superintendent is recommending a **Positive Certification** for First Interim.
- Items to be Determined
 - **Governor's January Budget Proposal for 2013-14**
 - Implementation of **Weighted Student Formula**
 - Base Grant
 - + English Language Learner
 - + Title I
- Sequestration ≈ **(\$1.42 Million)**
- PARS Implementation
- Negotiated Concession