

2021-22

First Interim Financial Report

December 14, 2021

Information Report No. 2

Presented by: Stephen Dickinson

Chief Business and Financial Officer

Budget Report No. 2



Excelling Together with Endless Pathways for Success!



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, 2021



2021-22 Budget Calendar

Budgeting for schools is a continuous, year-round process

- Adopted Budget by June 30, 2021
- First Interim by December 14, 2021
 - *Using data through October 31, 2021*
- Second Interim by March 15, 2022
 - *Using data through January 31, 2022*
- Third Interim by June 1, 2022
 - *If a Qualified or Negative certification for the Second Interim*
 - *Using data through April 30, 2022*
- Public Hearing for the Local Control Accountability Plan (LCAP) & 2022-23 Budget by June 30, 2022
- Adopt LCAP & 2022-23 Budget
 - *Public Hearing and actual Adoption must be performed in two separate Board meetings*



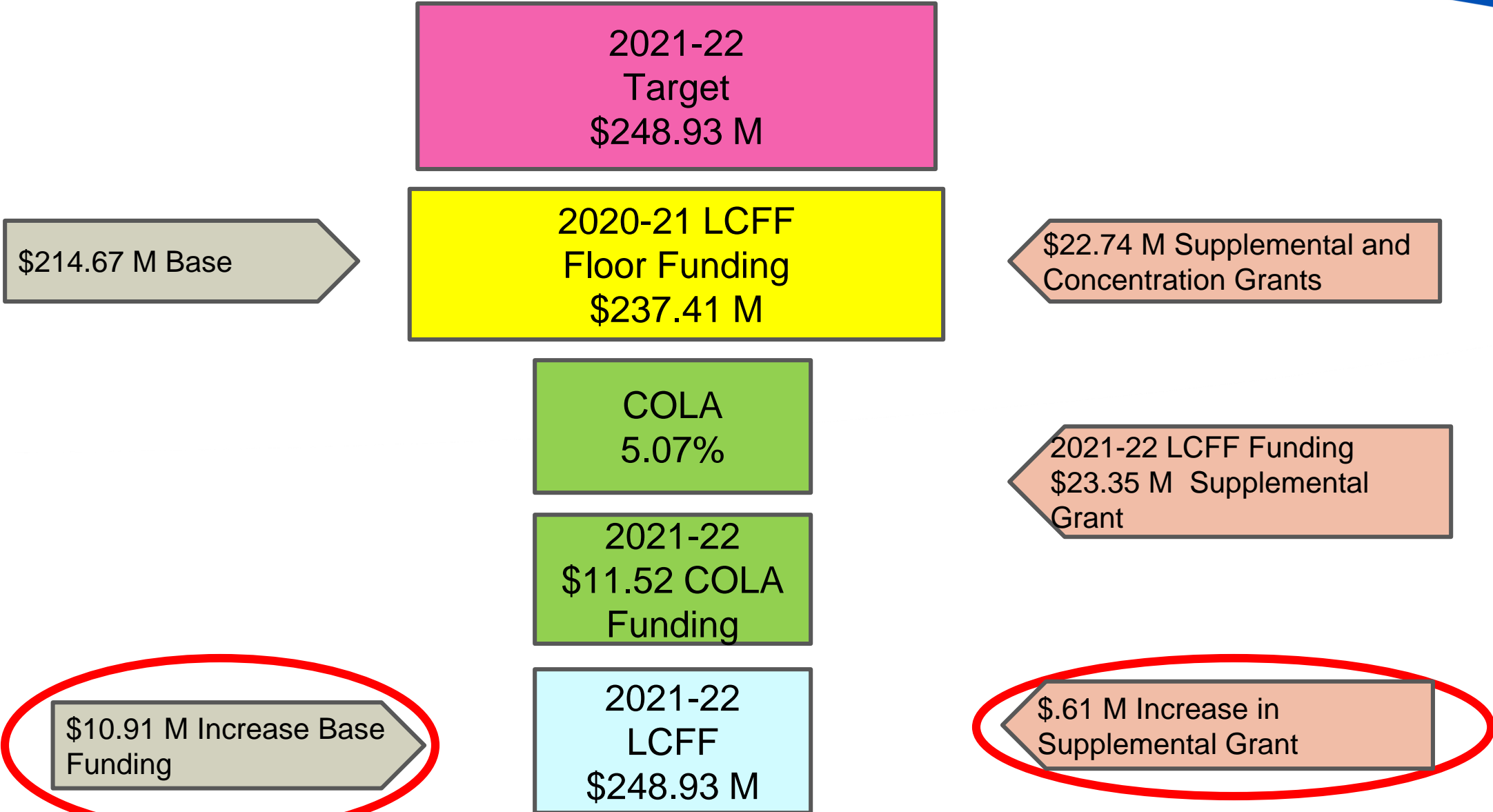
Certification Definition

- ✓ **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)



COLA Funding and Proportionality Calculation





Major Changes Since June Budget Adoption

	2021-22	2022-23	2023-24	2024-25	CUMULATIVE
<u>Revenue</u>					
LCFF Revenue	\$0.26 M ↓	\$3.7 M ↓	\$10.1 M ↓	\$10.3 M ↓	\$24.4 M ↓
Unduplicated %	52.19%	51.18%	50.93%	51.30%	
Enrollment	330 ↓	929 ↓	925 ↓	926 ↓	



Major Changes Since June Budget Adoption

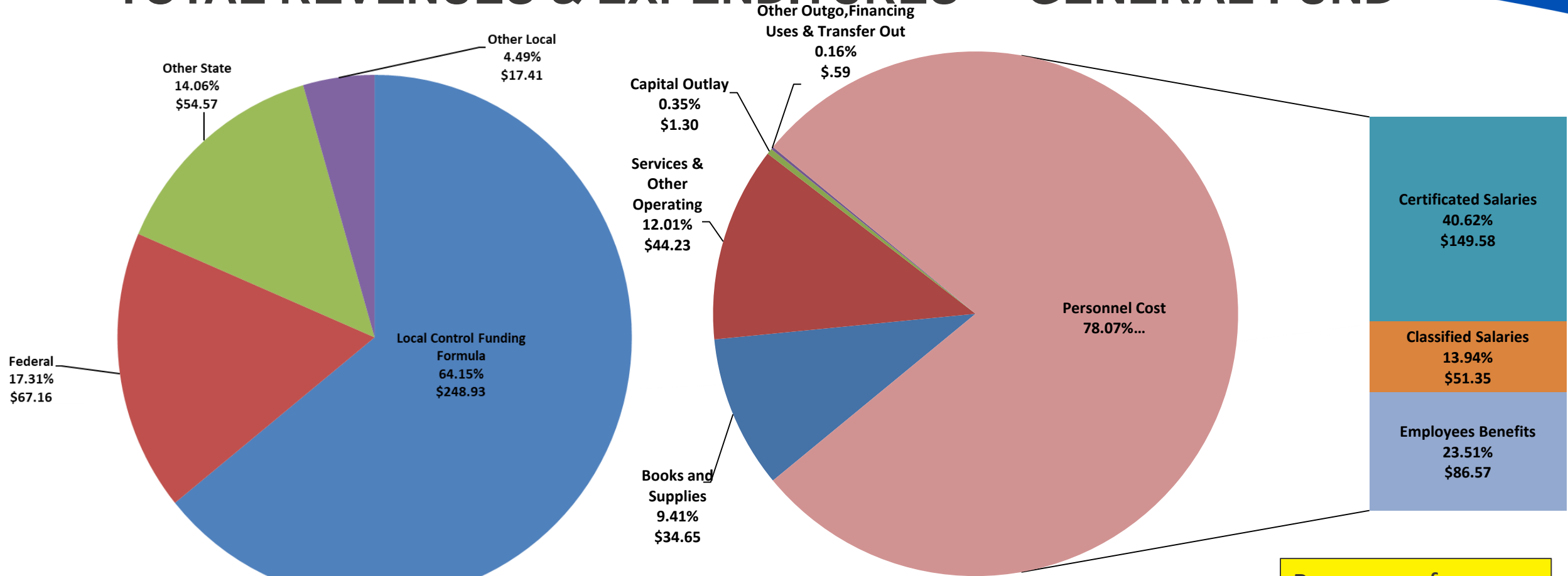
	2021-22	2022-23	2023-24	2024-25	CUMULATIVE
<u>Expense</u>					
Projected Trash Disposal Cost Increase	\$0.67	\$0.67	\$0.67	\$0.67	\$2.68M
2023-24 Classified Staffing Cost Increase-COVID Funding Ends	\$0	\$0	\$1.7	\$1.7	\$3.40M
2023-24 Teacher Staffing Cost Increase-COVID Funding Ends	\$0	\$0	\$7.0	\$7.0	\$14.0M
Carry Over	\$9.4	\$0	\$0	\$0	\$9.40M
Total	\$10.07	\$0.67	\$9.37	\$9.37	\$29.48 M

These correlate with decreasing Designated reserves



2021-22 First Interim

TOTAL REVENUES & EXPENDITURES – GENERAL FUND



Rev \$388.06m
 -Exp \$368.27m
 Current Excess= \$19.79m

Be aware of annual carryover process

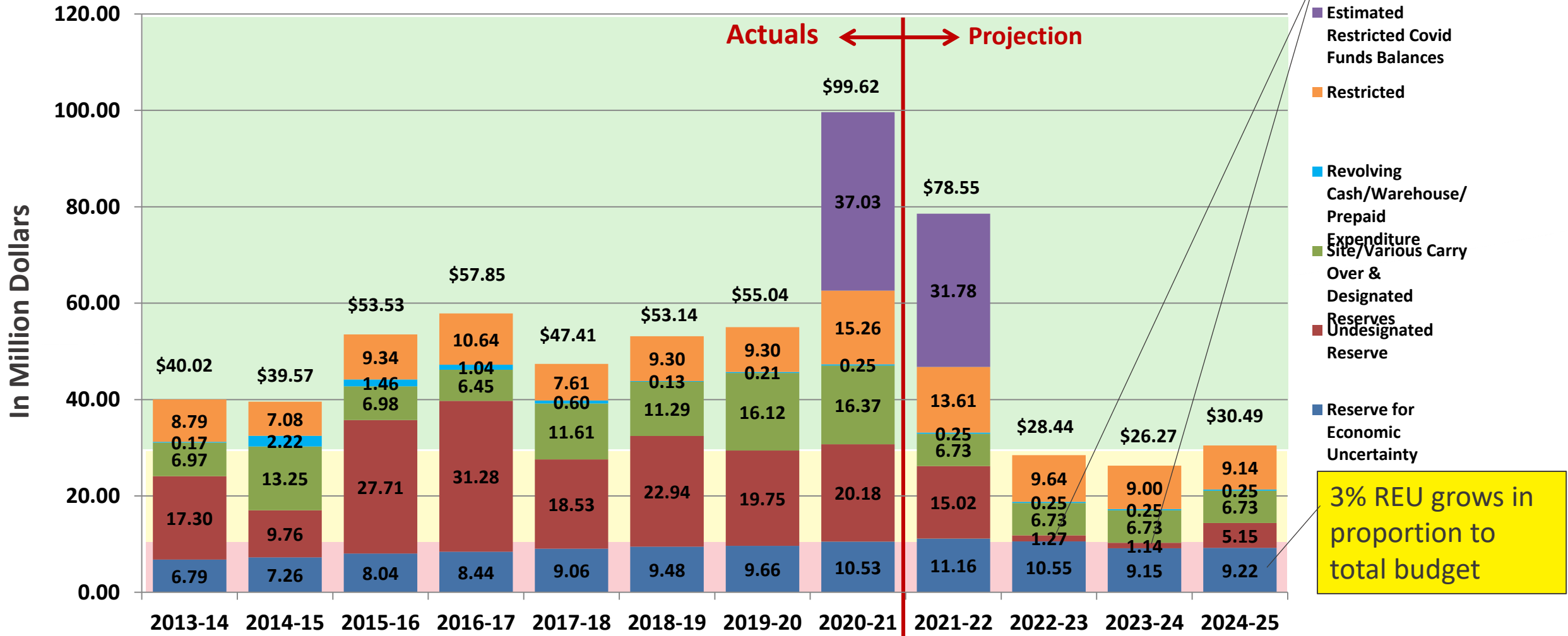
Total Revenues \$388,062,825

Total Expenditures \$ 368,269,238



2021-22 First Interim Summary of General Fund Ending Fund Balances

Assumes \$6m ongoing expense reduction for 2022-23 and another \$23.5m for 2023-24



3% REU grows in proportion to total budget

AS of 12/08/2021

Note: The Estimated Restricted COVID Fund Balances for 2020-21 and 2021-22 is based on the First Interim Projections



Unrestricted General Fund MULTI YEAR PROJECTION

	2021-22	2022-23	2023-24
Total Revenues	\$ 219,850,998	\$ 212,805,567	\$ 213,872,604
Total Expenditure	234,028,762	227,160,134	215,408,508
Net Increase/(Decrease)	(14,177,764)	(14,354,567)	(1,535,904)
Beginning Balance	47,338,051	33,160,287	18,805,720
Audit Adjustments	-		
Ending Balance	33,160,287	18,805,720	17,269,816
Components of Ending Fund Balance:			
Revolving Cash	70,000	70,000	70,000
Stores	183,810	183,810	183,810
3% Reserve for Economic Uncertainties	11,163,597	10,553,529	9,147,970
Reserve for Carry Over, MAA, Board Election	6,724,527	6,724,527	6,724,527
Reserve for One-Time 2017-18 Discretionary Funding	-	-	-
Adjusted Balance in Excess of Assigned and 3% Reserve	\$ 15,018,353	1,273,854	1,143,509
Salaries and Benefits % of Exp.	85.23%	88.56%	98.50%
Salaries and Benefits % of Rev.	90.72%	94.53%	99.21%

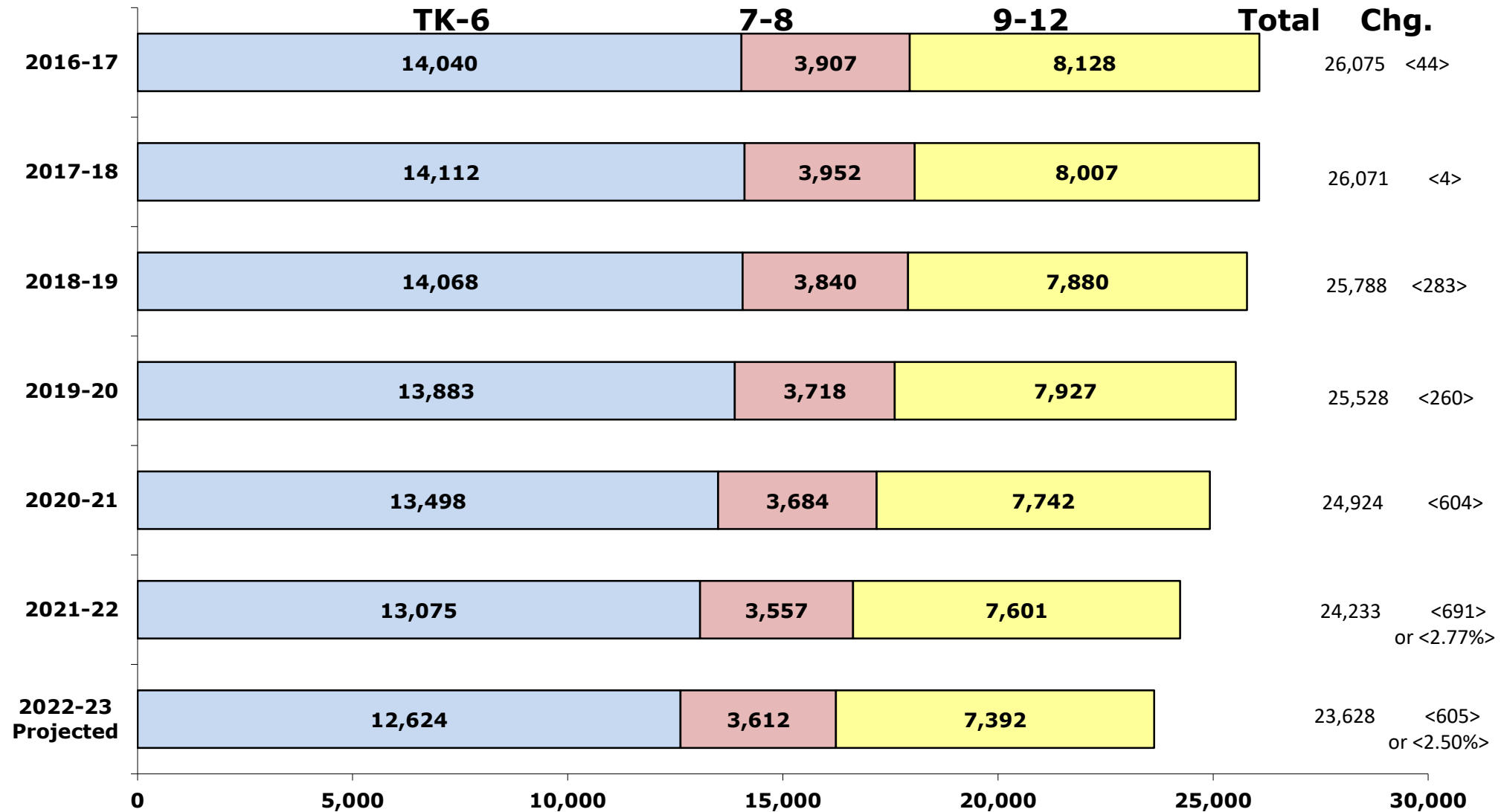


Other Funds- Projected Totals - 2020-21

	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 (Includes Interfund Transfers In)	\$ 4,149,038	\$ 9,905,024	\$ 557,877	\$ 1,130,000	\$ 3,664,000
Expenditure	4,129,038	9,854,124	27,133,873	977,554	7,572,802
Net Incr./((Decr.) To Fund Balance	20,000	50,900	(26,575,996)	152,446	(3,908,802)
Beginning Fund Balance	614,611	1,412,980	91,882,742	10,828,884	21,604,496
Ending Fund Balance	\$ 634,611	\$ 1,463,880	\$ 65,306,746	\$ 10,981,330	\$ 17,695,694

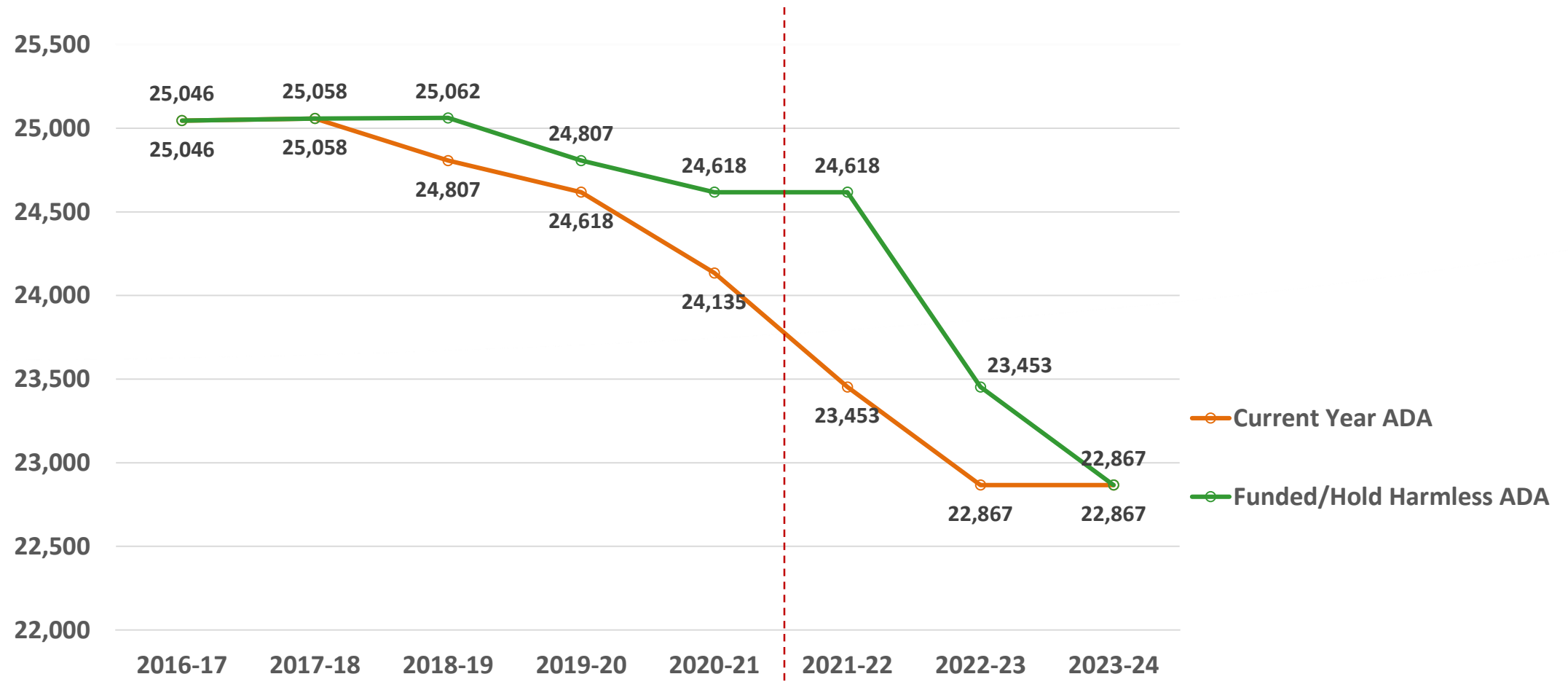


Historical Enrollment (CALPADS Data)





Funded ADA/Current Year ADA Comparison Example of Hold Harmless





GLENDALE UNIFIED SCHOOL DISTRICT 2022-23 Fiscal Stabilization Plan – as of 12/14/21

Dept	Program	Est. Savings/Rev
1. LCFF Funding	2022-23 LCFF above current COLA projection of 2.48% already included; every 1% = \$2.2m	\$ 0
2. State/Federal*	Additional State/Federal one-time and/or ongoing funding that can be used to offset reductions	\$ 0
3. Other Sources	One-time and/or ongoing funding that can be used to offset reductions	\$ 0
4. Non-personnel	Non-site department budgets – supplies, consulting services, conferences, etc.	\$ 0
5. Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2022); 1% = \$350,000	\$ 0
6. Elementary	Adjust Teaching FTE due to declining enrollment from 2021-22 (-2.7%) and est. for 2022-23 (-2.5%)	\$ 4,000,000
7. Middle School	Adjust Teaching FTE due to declining enrollment from 2021-22 (-2.7%) and est. for 2022-23 (-2.5%)	\$ 1,200,000
8. High School	Adjust Teaching FTE due to declining enrollment from 2021-22 (-2.7%) and est. for 2022-23 (-2.5%)	\$ 800,000
9. Classified	Adjust Classified staffing due to declining enrollment	\$ 0
10. Management	Adjust Management staffing due to declining enrollment	\$ 0
11. Districtwide	TBD – Additional budget reductions needed	\$ 0
	*ESSER III Plan includes two years (2021-22 and 2022-23) of funding for additional 70 FTE to eliminate split classes and add block scheduling; \$7.05 million per year. This cost will come back to the unrestricted General Fund in 2023-24.	
	Total Impact Needed (new revenue + expense reductions) = \$6,000,000+	Current Total = \$ 6,000,000



Concerns

- Enrollment, ADA and Unduplicated Pupil Percent (UPP)
- Special Education – Program Needs Increasing
- Health care contribution – +8% (+\$2.4m) potential cost increase every year
- Personnel costs yet to be settled
- Ongoing Impact of COVID-19 on 2021-22 and future budgets
- Ending of ADA “Hold Harmless” Provision in 2021-22 and also depletion of the COVID-19 funding
- Potential territory transfer – est. negative impact of \$2.7m ongoing
- Fiscal Stabilization Plan for 2022-23 of \$6 million and another \$23.5m for 2023-24 – to prevent Unrestricted General Fund Balances going negative



Future Options to Increase Enrollment and/or Revenue

- Fund raising
- Grants
- Parcel tax
- Advertising and promotion
- Quality programs and services for parents and families
 - Transitional Kindergarten
 - Full-day Kindergarten
 - ✓ Block Schedule



Next Steps

- Finalize the 2022-23 enrollment projection
- December 14, 2021 – Approval of 2021-22 First Interim Report, including Fiscal Stabilization Plan (FSP) for 2022-23
- January thru March 2022 – Must begin taking responsible actions to meet the FSP, with adjustments based on new information from January Governor’s 2022-23 Budget Proposal and the May Revise
- Preliminary review of the 2023-24 Fiscal Stabilization Plan (FSP)



Budget Modes: Deficit – Balanced – Surplus

Surplus/ Additions	8	
	7	
	6	Innovation
	5	Build reserves
	4	Increase employee compensation
	3	Build/expand programs
	2	Reduce class size
	1	LCAP goals
Balanced Budget		
Deficit/ Reductions	1	LCFF revenue increases above projections
	2	Use of one-time funds and/or current reserves
	3	Supplies & Equipment
	4	Contracted services
	5	Administrative and management staffing
	6	Classified staffing (reduce support and service)
	7	Certificated staffing (reduce programs and
	8	increase class size)



First Interim Summary

- The Superintendent is recommending a Positive Certification for First Interim.
- The Superintendent is recommending approval of the Resolution for the 2022-23 Fiscal Stabilization Plan

QUESTIONS?

FOR MORE BUDGET INFO . . .

WWW.GUSD.NET/BUDGET

WWW.ED100.ORG

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