

GLENDALE UNIFIED SCHOOL DISTRICT

September 15, 2015

ACTION REPORT NO. 1

TO: Board of Education

FROM: Dr. Donald W. Empey, Interim Superintendent

SUBMITTED BY: Robert McEntire, Chief Business and Financial Officer

PREPARED BY: Craig Larimer, Financial Analyst

SUBJECT: **Summary of Revenue and Expenditures for 2014-15 (Unaudited)
and Technical Corrections to the 2015-16 Adopted Budget**

The Interim Superintendent recommends that the Board of Education approve the unaudited summary of District revenue and expenditures for 2014-15 and resulting technical corrections to the 2015-16 adopted budget.

Education Code 42100 requires the governing board of each school district to provide the county office of education a report of all revenues and expenditures for the preceding fiscal year. This report must also include any resulting corrections to the 2015-16 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 2014-15 and 2015-16. 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 2014-15 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 2015-16 budget make adjustments for any variance between the 2014-15 Ending Fund Balances projected in the June 2015-16 Adopted Budget and the actual ending balances in the 2014-15 Unaudited Actual Report. The fund balance of each District fund is noted in Attachment "B" to this report.

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Attachment C provides the 2014-15 and 2015-16 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 2014-15 “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 2015-16 June Budget Adoption, the projected Ending Fund Balance for 2014-15 was \$23.9 million, of which \$13.6 million was unassigned. The projected Ending Fund Balance did not include a projection for all of the school site and department carry overs, as well as, any salary increases for 2014-15. The 2014-15 Ending Fund Balance, when we closed the books, was \$32.5 million, of which \$9.8 million is unassigned.

The \$32.5 million 2014-15 Ending Fund Balance for the Unrestricted General Fund includes the following components:

2014-15 Unrestricted General Fund Balance		
Unrestricted General Fund	Projected June 16, 2015	Final
Designated for Economic Uncertainty	\$ 7,502,474	\$ 7,263,669
Revolving Cash, Warehouse & Prepaid Expense	169,928	2,221,021
School Site & Program Carry Overs	612,235	2,667,678
Reserve for Medical Administrative Activity (MAA)	935,059	935,059
Reserve Accreditation for City of Glendale Loan	355,000	266,000
Reserve for ROP/Supplemental/Operational Draw Down	737,069	2,470,397
Reserve for 2014-15 Salary Increases	-	6,913,122
Unassigned Reserve	13,604,683	9,755,874
Total Unrestricted General Fund Balance	\$ 23,916,448	\$ 32,492,820

It is important to note that the change in the “Unassigned Reserve” was approximately \$3.8 million. This is the only change that will affect the multi-year projection. The balance of the other designations is assigned to specific purposes and will be budgeted to 2015-16.

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The book that accompanies this report has a substantial amount of historic information and analysis. One item of significant concern is:

Reserve Balances – The reserve balances in other funds available to support the Unrestricted General Fund may become more restricted by the CDE in the future.

The 2015-16 multi-year budget plan includes using \$1.3 million in 2015-16, and \$1.4 million in 2016-17 from the Debt Service Fund for the CCSS Math Program.

At the end of 2017-18 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 \$0 at the end of 2017-18 (assumes reserve will help cover a portion of future year textbook adoption costs).

This is a concern considering the instability in the State’s funding of the “Gap” in future years, the impact of future labor negotiations, and the structural deficit.

To Support 2015-16 Board Priority No. 2 - “Use Board adopted budgetary principles to maintain District fiscal integrity and stability of instruction and programs.”

Description	Resource Codes	Object Codes	2014-15 Unaudited Actuals			2015-16 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)	
A. REVENUES									
1) LCFF Sources		8010-8099	182,221,414.10	0.00	182,221,414.10	205,099,306.00	0.00	205,099,306.00	12.6%
2) Federal Revenue		8100-8299	126,014.18	15,077,936.90	15,203,951.08	200,000.00	12,035,739.00	12,235,739.00	-19.5%
3) Other State Revenue		8300-8599	6,105,319.54	25,379,585.32	31,484,904.86	19,313,424.00	17,229,467.00	36,542,891.00	16.1%
4) Other Local Revenue		8600-8799	6,663,238.51	6,116,228.21	12,779,466.72	4,179,025.00	5,114,538.00	9,293,563.00	-27.3%
5) TOTAL REVENUES			195,115,986.33	46,573,750.43	241,689,736.76	228,791,755.00	34,379,744.00	263,171,499.00	8.9%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	86,753,595.00	22,198,450.72	108,952,045.72	92,208,387.00	21,280,530.00	113,488,917.00	4.2%
2) Classified Salaries		2000-2999	17,913,746.59	14,862,374.18	32,776,120.77	18,930,337.00	16,452,864.00	35,383,201.00	8.0%
3) Employee Benefits		3000-3999	37,797,030.06	19,370,991.51	57,168,021.57	43,921,578.00	15,711,127.00	59,632,705.00	4.3%
4) Books and Supplies		4000-4999	4,242,134.90	5,049,942.88	9,292,077.78	2,364,510.00	2,644,758.00	5,009,268.00	-46.1%
5) Services and Other Operating Expenditures		5000-5999	15,781,214.36	15,824,112.83	31,605,327.19	16,954,013.00	12,396,280.00	29,350,293.00	-7.1%
6) Capital Outlay		6000-6999	137,301.92	200,848.34	338,150.26	98,657.00	75,252.00	173,909.00	-48.6%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	185,196.72	338,363.03	523,559.75	370,570.00	530,000.00	900,570.00	72.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(934,110.39)	561,101.64	(373,008.75)	(917,822.00)	504,322.00	(413,500.00)	10.9%
9) TOTAL EXPENDITURES			161,876,109.16	78,406,185.13	240,282,294.29	173,930,230.00	69,595,133.00	243,525,363.00	1.3%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			33,239,877.17	(31,832,434.70)	1,407,442.47	54,861,525.00	(35,215,389.00)	19,646,136.00	1295.9%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers									
a) Transfers In		8900-8929	0.00	0.00	0.00	1,270,025.00	0.00	1,270,025.00	New
b) Transfers Out		7600-7629	1,627,033.59	212,973.12	1,840,006.71	1,015,000.00	0.00	1,015,000.00	-44.8%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(30,338,655.98)	30,338,655.98	0.00	(35,215,389.00)	35,215,389.00	0.00	0.0%
4) TOTAL OTHER FINANCING SOURCES/USES			(31,965,689.57)	30,125,682.86	(1,840,006.71)	(34,960,364.00)	35,215,389.00	255,025.00	-113.9%

Description	Resource Codes	Object Codes	2014-15 Unaudited Actuals			2015-16 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)	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			1,274,187.60	(1,706,751.84)	(432,564.24)	19,901,161.00	0.00	19,901,161.00	-4700.7%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	31,218,632.37	8,792,402.97	40,011,035.34	32,492,819.97	7,083,816.40	39,576,636.37	-1.1%
b) Audit Adjustments		9793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			31,218,632.37	8,792,402.97	40,011,035.34	32,492,819.97	7,083,816.40	39,576,636.37	-1.1%
d) Other Restatements		9795	0.00	(1,834.73)	(1,834.73)	0.00	0.00	0.00	-100.0%
e) Adjusted Beginning Balance (F1c + F1d)			31,218,632.37	8,790,568.24	40,009,200.61	32,492,819.97	7,083,816.40	39,576,636.37	-1.1%
2) Ending Balance, June 30 (E + F1e)			32,492,819.97	7,083,816.40	39,576,636.37	52,393,980.97	7,083,816.40	59,477,797.37	50.3%
Components of Ending Fund Balance									
a) Nonspendable									
Revolving Cash		9711	70,000.00	0.00	70,000.00	70,000.00	0.00	70,000.00	0.0%
Stores		9712	70,805.96	0.00	70,805.96	70,806.00	0.00	70,806.00	0.0%
Prepaid Expenditures		9713	2,080,215.22	1,664,171.79	3,744,387.01	1,324,233.00	925,207.00	2,249,440.00	-39.9%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	5,419,644.61	5,419,644.61	0.00	6,158,609.40	6,158,609.40	13.6%
c) Committed									
Stabilization Arrangements		9750	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Commitments		9760	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
d) Assigned									
Other Assignments			13,252,256.00	0.00	13,252,256.00	19,891,786.00	0.00	19,891,786.00	50.1%
ASSIGNED MAA	0000	9780	935,059.00		935,059.00				
ASSIGNED REGULAR CARRY-OVER	0000	9780	2,667,678.00		2,667,678.00				
ASSIGNED SUPPLEMENT PROGRAM	0000	9780	1,850,260.00		1,850,260.00				
ASSIGNED FOR PLANNED OPERATI	0000	9780	547,184.00		547,184.00				
ASSIGNED FOR 2014-15 SALARY INC	0000	9780	6,913,122.00		6,913,122.00				
ASSIGNED ROP	0000	9780	72,953.00		72,953.00				
ASSIGNED FOR CITY OF GLENDALE	0000	9780	266,000.00		266,000.00				
ASSIGNED REGULAR CARRY OVER	0000	9780				2,667,678.00		2,667,678.00	
ASSIGNED MAA	0000	9780				935,059.00		935,059.00	
ASSIGNED ROP	0000	9780				72,953.00		72,953.00	
ASSIGNED SUPPLEMENT PROGRAM	0000	9780				1,850,260.00		1,850,260.00	
ASSIGNED FOR PLANNED OPERATI	0000	9780				273,592.00		273,592.00	
ASSIGNED FOR 2014-15 SALARY INC	0000	9780				13,826,244.00		13,826,244.00	
Assigned for City Of Glendale Loan	0000	9780				266,000.00		266,000.00	

Unaudited Actuals
General Fund
Unrestricted and Restricted
Expenditures by Object

Description	Resource Codes	Object Codes	2014-15 Unaudited Actuals			2015-16 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)	
e) Unassigned/unappropriated									
Reserve for Economic Uncertainties		9789	7,263,669.03	0.00	7,263,669.03	7,336,211.00	0.00	7,336,211.00	1.0%
Unassigned/Unappropriated Amount		9790	9,755,873.76	0.00	9,755,873.76	23,700,944.97	0.00	23,700,944.97	142.9%

GLENDALE UNIFIED SCHOOL DISTRICT

ATTACHMENT B

2014-15 Unaudited Actual Fund Balance With Adjustments

August 18, 2015

CDS Code: 64568

District: Glendale Unified

Fund Name	SACS Fund#	2014-15 Estimated Actuals End. Balance	2014-15 Unaudited Actuals End. Balance	2015-16 BUDGET ADJUSTMENT (Cols D-C)
(A)	(B)	(C)	(D)	(E)
General - Unrestricted	01U	23,916,447	32,492,820	8,576,373
General - Restricted	01R	6,347,447	7,083,816	736,369
Charter Schools Spec. Rev.	09			0
Special Education Pass-Through	10	0	0	0
Adult Education	11			0
Child Development	12	382,330	181,566	(200,764)
Cafeteria (Special Revenue)	13	5,982,961	6,045,109	62,148
Deferred Maintenance	14	5,032,738	5,031,315	(1,423)
Pupil Transportation	15			0
Spec Resv - Non Cap Proj.	17			0
Foundation Special Revenue	19			0
Postemployment Benefits	20			0
Measure S Projects Fund	21.1	75,926,234	75,716,722	(209,512)
Clean Renewable Energy Bonds	21.2	591,027	641,028	50,001
Capital Facilities (Developer Fees)	25	8,384,979	9,324,685	939,706
Lease Purchase	30			0
County Schools Facilities (State Bond)	35	55,105	91,055	35,950
Capital Projects - District Projects	40.1	12,809,316	16,700,634	3,891,318
Capital Projects - Food Service	40.2	1,200,149	1,199,810	(339)
Blended Components	49			0
Bond Interest and Redemption	51	13,239,200	17,154,775	3,915,575
Tax Override	53			0
Debt Service / COP Repayment	56	15,277,550	15,273,231	(4,319)
Foundation Permanent	57			0
Cafeteria (Enterprise)	61			0
Other Enterprise	63			0
Warehouse Revolving	66			0
Health & Welfare (Vision & Dental)	67.0	3,599,978	3,639,156	39,178
Workers' Compensation	67.1	2,150,278	1,750,033	(400,245)
Early Retirement Benefits	67.2	600,162	617,042	16,880
Retiree Benefits	71			0
Article XIII-B	72			0
McLennan & Other Scholarships Trust	73	336,174	336,185	11

ATTACHMENT C

End Of Year Reserves Available To The General Fund in millions

Reserve Category	2010-11 Year End Balance	2011-12 Year End Balance	2012-13 Year End Balance	2013-14 Year End Balance	2014-15 Year End Balance	2015-16 Budgeted Year End Balance
Restricted Maintenance Account To be utilized in Multi Year Plan as needed to maintain solvency	\$4.70	\$2.40	\$1.72	\$0.74	\$0.92	\$0.92
Special Education Reserve To be utilized in Multi Year Plan as needed to maintain solvency	\$3.36	\$1.11	\$0.00	\$0.00	\$0.00	\$0.00
Post Employment Benefits Funds (GASB 45) Fund #20.0 To be utilized in Multi Year Plan as needed to maintain solvency	\$6.44	\$2.75	\$0.00	\$0.00	\$0.00	\$0.00
Early Retirement Benefits Fund # 67.2 To be utilized in Multi Year Plan as needed to maintain solvency	\$4.00	\$4.56	\$4.59	\$2.97	\$0.62	\$0.63
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	\$4.93	\$4.97	\$5.00	\$5.03	\$5.07
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. Additionally, a portion will go to the I-Ready cost in future years.	\$1.56	\$0.69	\$1.01	\$1.66	\$2.10	\$2.10
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	\$14.99	\$15.07	\$15.17	\$15.27	\$14.10
Total Available Reserves	\$39.80	\$31.43	\$27.36	\$25.54	\$23.94	\$22.82