

GLENDALE UNIFIED SCHOOL DISTRICT

July 26, 2016

ACTION REPORT NO. 1

TO: Board of Education

FROM: Winfred B. Roberson, Jr. Superintendent

SUBMITTED BY: Robert McEntire, Chief Business and Financial Officer

PREPARED BY: Karineh Savarani, Director, Financial Services
Craig Larimer, Financial Analyst

SUBJECT: Final State Budget and 2016-17 Initial Budget Adjustments

The Superintendent recommends that the Board of Education approve the District’s initial budget adjustments to reflect changes in the State’s Final Budget.

The Final State Budget contains a few significant changes covering LCFF. As a result, the District’s Adopted Budget will be adjusted to reflect some of these changes with Board of Education approval.

Local Control Funding Formula (LCFF)

The final 2016-17 State Budget contains a decrease of \$40 million to the Governor’s May Revise for the LCFF, bringing the total LCFF funding down to \$2.94 billion. Even though there was a decrease in LCFF funding, the District has an increase in funding compared to the Adopted Budget. The “gap” toward the funding target changed to 54.18% from 49.08% at adoption. The projected “gap” for 2017-18 and 2018-19 changed from 45.34% to 72.99% and 6.15% to 40.36%, respectively. The funded Average Daily Attendance (ADA) for 2016-17 changed to 25,134 from 25,169 at adoption. The projected ADA for 2017-18 and 2018-19 changed from 25,049 to 25,041, and 25,081 to 25,073, respectively. The impact of GAP, COLA, and ADA changes to District Budget LCFF Total funding is as follows:

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Adopted Budget Funding	\$213.9 M	\$219.6 M	\$220.5 M
<u>Revised Funding</u>	<u>\$214.1 M</u>	<u>\$221.3 M</u>	<u>\$224.7 M</u>
Change	\$ 0.2 M	\$ 1.7 M	\$ 4.2 M

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Budget Revisions

Attachment A contains a recap of the revised, Multi-Year Budget Assumptions, and Attachment B lists the budget adjustment impact on the Unrestricted General Fund resulting from the Final State Budget provisions. District administration recommends the Board of Education approve these adjustments to the District Budget.

**2016-17 State Budget Adoption
Multi-Year Budget Assumptions**

Attachment A

Category	2015-16 Actual	2016-17	2017-18	2018-19	2019-20
<u>Local Control Funding Formula</u>					
- Projected Net District LCFF Revenue Increase	\$21,992,185				
Adopted Budget (June 2016)		\$9,884,609	\$5,703,318	\$971,749	\$7,728,824
State Budget Adoption		\$9,904,153	\$7,144,325	\$3,479,206	\$9,226,388
- Revenue Net Percentage Increase	12.11%	5.13%	3.72%	1.44%	3.53%
- Projected Increase In Funding Per ADA	\$875	\$416	\$317	\$127	\$316
- Total LCFF Funding Per ADA	\$8,103	\$8,519	\$8,836	\$8,964	\$9,280
- Factors Utilized In Revenue Calculations					
Unduplicated Percentage	55.31%				
Adopted Budget (June 2016)		54.82%	54.45%	54.54%	54.41%
State Budget Adoption		54.80%	54.45%	54.54%	54.41%
Cost of Living Adjustment (COLA)	1.02%				
Adopted Budget (June 2016)		0.47%	2.13%	2.65%	2.72%
State Budget Adoption		0.00%	1.11%	2.42%	2.67%
Gap Funding	52.20%				
Adopted Budget (June 2016)		49.08%	45.34%	6.15%	34.21%
State Budget Adoption		54.18%	72.99%	40.36%	73.98%
Revenue ADA (Funded)	25,202				
Adopted Budget (June 2016)		25,169	25,049	25,081	25,220
State Budget Adoption		25,134	25,041	25,073	25,213
Enrollment	26,115				
Adopted Budget (June 2016)		25,962	25,943	25,995	26,139
State Budget Adoption		25,962	25,943	25,995	26,139
Unduplicated Count - Enrollment	14,161				
Adopted Budget (June 2016)		14,161	14,161	14,161	14,161
State Budget Adoption		14,161	14,161	14,161	14,161
<u>EMPLOYEE BENEFITS</u>					
- Proposed Budget STRS Rates	10.730%	12.580%	14.430%	16.280%	18.130%
- PERS	11.847%	13.888%	15.500%	17.100%	18.600%
- Workers Compensation	3.003%	2.743%	2.743%	2.743%	2.743%
- Retiree Benefits	1.344%	1.611%	1.611%	1.611%	1.611%
Utilizing Fund #67.1 Balance	---	---	---	---	---
- Health Insurance Increase (District-wide)	\$1,161,310	\$1,870,785	\$2,430,000	\$2,430,000	\$2,430,000
<u>"SOLVENCY" TRANSFERS</u>					
- Early Retirement Benefit Fund #67.2	\$0	\$0	\$0	\$0	\$0
- Debt Service Fund #56.0 (for CCSS Math Program)	\$1,370,025	\$1,481,351	\$0	\$0	\$0

**Budget Adjustment Impact on Unrestricted General Fund Ending Balance
July 26, 2016 Initial Adjustments**

Major Changes	2015-16	2016-17	2017-18	2018-19	2019-20
Adopted Budget 2016-17 Ending Balance	\$ 33,182,609	\$ 26,054,773	\$ 21,923,858	\$ 12,715,226	\$ 4,780,524
Adjustment For Actual 2015-16 Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revised 2016-17 Ending Balance Reflecting Actuals Adjustment	\$ 33,182,609	\$ 26,054,773	\$ 21,923,858	\$ 12,715,226	\$ 4,780,524
Initial July Adjustments					
Revised LCFF Funding Variables	\$ 276,760	\$ 296,304	\$ 1,737,311	\$ 4,244,768	\$ 5,742,332
Charge RRM Indirect Costs	\$ 238,000	\$ 238,000	\$ 238,000	\$ 238,000	\$ 238,000
Move Summer Custodial to RRM	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Current Year Impact	\$ 1,264,760	\$ 1,284,304	\$ 2,725,311	\$ 5,232,768	\$ 6,730,332
Cumulative Impact to Ending Balance	\$ 1,264,760	\$ 2,549,064	\$ 5,274,375	\$ 10,507,143	\$ 17,237,475
Adjusted Ending Balance Projection	\$ 34,447,369	\$ 28,603,837	\$ 27,198,233	\$ 23,222,369	\$ 22,017,999
Designated and Restricted Portion:					
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	\$ -	\$ -
3% Mandated Reserve for Economic Uncertainties	\$ 8,288,430	\$ 8,264,920	\$ 8,140,600	\$ 8,323,039	\$ 8,519,751
Reserve For Future LACOE System Charges	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
Reserve LCFF Net Income Growth less STRS/PERS Increases	\$ -	\$ -	\$ 4,394,289	\$ 9,484,059	\$ 21,011,806
Reserve for Regular c/o and MAA	\$ 1,385,622	\$ 1,385,622	\$ 1,385,622	\$ 1,385,622	\$ 1,385,622
Reserve for Planned Operational Draw-Down	\$ 2,142,282	\$ -	\$ -	\$ -	\$ -
Adjusted Balance in Excess of Assigned And 3% Reserve	\$ 21,165,996	\$ 17,023,834	\$ 11,783,838	\$ 2,988,843	\$ (9,939,986)