

GLENDALE UNIFIED SCHOOL DISTRICT

September 15, 2020

ACTION REPORT NO. 3

TO: Board of Education

FROM: Dr. Vivian Ekchian, Superintendent

SUBMITTED BY: Stephen Dickinson, Chief Business and Financial Officer

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

SUBJECT: **Summary of Revenue and Expenditures for 2019-20 (Unaudited)
and Technical Corrections to the 2020-21 Adopted Budget**

The Superintendent recommends that the Board of Education approve the unaudited summary of District revenue and expenditures for 2019-20 and resulting technical corrections to the 2020-21 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 2020-21 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 2019-20 and 2020-21. 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 2019-20 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.

***To Support Board Priority No. 4 - Maintain District Solvency & Financial Responsibility -
Manage district financial resources and facilities to support optimal learning, healthy
working conditions, and strong enrollment to ensure long-term stability.***

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The September technical corrections to the 2020-21 budget make adjustments for any variance between the 2019-20 Ending Fund Balances projected in the June 2020-21 Adopted Budget and the actual ending balances in the 2019-20 Unaudited Actual Report. The fund balance of each District fund is noted in Attachment “B” to this report.

Attachment “C” provides the 2019-20 and 2020-21 Reserve Balance for utilization in the Fiscal Stabilization Plan. A more detailed narrative report of each fund with historical data has been provided for review under separate cover.

Unrestricted General Fund

The 2019-20 “Ending Fund Balance” of the Unrestricted General Fund plays a very significant role in the District’s Fiscal Stabilization Plan for future years.

In the 2020-21 June Budget Adoption, the projected Ending Fund Balance for 2019-20 was \$37.9 million, of which \$17.8 million was unassigned. The projected Ending Fund Balance did not include a projection for all carryovers or reserves. The 2019-20 Ending Fund Balance, when we closed the books, was \$45.7 million, of which \$19.7 million is unassigned.

The \$45.7 million 2019-20 Ending Fund Balance for the Unrestricted General Fund includes the following components:

2019-20 Unrestricted General Fund Balance		
Unrestricted General Fund	Projected June 16, 2020	Final
Designated for Economic Uncertainty	\$ 9,372,116	\$ 9,665,367
Revolving Cash, Warehouse	109,272	210,012
Reserve for School Site & Program Carryovers, Supplemental Program, MAA, LACOE System Charges	10,209,669	15,366,715
Reserve for One-Time 2017-18 Discretionary Funding	489,767	751,851
Unassigned Reserve	17,804,865	19,749,913
Total Unrestricted General Fund Balance	\$ 37,985,689	\$ 45,743,858

It is important to note that the change in the “Unassigned Reserve” was approximately \$1.9 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 2020-21.

A Board approved Fiscal Stabilization Plan was submitted to Los Angeles County Office of Education (LACOE) with the 2020-21 Proposed Budget. In the Fiscal Stabilization Plan, the Board of Education identified the specific areas to reduce, up to the \$5.0 million of ongoing expenditures and increased revenues. Due to a higher than projected ending

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balance in 2019-20, STRS and PERS adjustments, revised LCFF Funding Variables, reversal of Adopted Budget Fiscal Stabilization Plan and revisions to the 2021-22 and 2022-23 Fiscal Stabilization Plan, there will be future budget adjustments in 2020-21 and the multiyear projected budget.

There are two separate, but related, budget stories evolving: 1) specific revenues and expenses related to COVID-19, and 2) ongoing budget challenges created by the economic crisis:

1. COVID-19 Related Expenditures & Revenues – Due to COVID-19, the District has encountered additional costs that had not been included in the 2020-21 Adopted Budget. There are one-time Federal and State CARES Act funding available such as Learning Loss Mitigation Funding (LLM), SB 117, and Elementary & Secondary School Emergency Relief (ESSER) fund that will be utilized to claim related expenditures. The total one-time CARES Act funding for Glendale Unified School District is approximately \$21.5 million. Due to school closures in 2019-20, the District also had some savings in utilities, transportation, teacher substitutes, and travel expenses of approximately \$1.3 million. As of this date, the total estimated expenditures related to COVID-19 is \$17 million. There will be ongoing budget adjustments to 2020-21 and outyears to record the additional expenses and revenues.
2. Ongoing Budget Challenges – Although the 2020-21 LCFF avoided a 10% cut proposed during the beginning of the pandemic, the expected increase of about 2.3% was lost and replaced with a 0% increase for the foreseeable future. This creates a multi-year estimated deficit of at least \$25 million. Even with substantial use of reserves, the 2021-22 Fiscal Stabilization Plan will likely include the need for ongoing budget reductions of at least \$12-15 million. Attachment “D” is a DRAFT of this plan that will be discussed and revised over the next two months and must be approved in December with the First Interim Report in order to maintain a “Positive Certification” with the Los Angeles County Office of Education. We must also continue to monitor enrollment trends and projections.

Next Steps

- Continue to review 2021-22 Fiscal Stabilization Plan
- 2020-21 First Interim Report – December 2020
- Governor’s January 2021-22 Budget Proposal

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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 will be used for textbook purposes in future years.

At the end of 2019-20 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 2019-20 (assumes reserves will help cover a portion of future year textbook adoption costs, so is unavailable to assist the General Fund).

This is a concern considering the instability in the State's funding of the revenues in future years, the impact of future labor negotiations, and the expenditure cuts that need to be implemented to ensure on-going fiscal stability.

Description	Resource Codes	Object Codes	2019-20 Unaudited Actuals			2020-21 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	239,582,606.03	0.00	239,582,606.03	218,932,735.00	0.00	218,932,735.00	-8.6%
2) Federal Revenue		8100-8299	549,389.88	13,994,312.89	14,543,702.77	200,000.00	13,801,740.00	14,001,740.00	-3.7%
3) Other State Revenue		8300-8599	7,453,265.67	37,761,178.49	45,214,444.16	4,987,876.00	21,660,636.00	26,648,512.00	-41.1%
4) Other Local Revenue		8600-8799	4,930,276.02	15,235,286.40	20,165,562.42	4,106,791.00	12,826,574.00	16,933,365.00	-16.0%
5) TOTAL, REVENUES			252,515,537.60	66,990,777.78	319,506,315.38	228,227,402.00	48,288,950.00	276,516,352.00	-13.5%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	105,437,281.75	26,796,322.50	132,233,604.25	107,472,226.00	25,980,853.00	133,453,079.00	0.9%
2) Classified Salaries		2000-2999	26,324,473.86	16,768,765.22	43,093,239.08	28,058,807.00	17,550,301.00	45,609,108.00	5.8%
3) Employee Benefits		3000-3999	58,730,499.07	35,478,691.73	94,209,190.80	62,407,982.00	19,917,588.00	82,325,570.00	-12.6%
4) Books and Supplies		4000-4999	3,243,030.38	7,485,249.54	10,728,279.92	4,381,946.00	4,489,441.00	8,871,387.00	-17.3%
5) Services and Other Operating Expenditures		5000-5999	15,681,520.20	21,411,091.11	37,092,611.31	17,916,616.00	16,260,058.00	34,176,674.00	-7.9%
6) Capital Outlay		6000-6999	125,101.77	987,997.79	1,113,099.56	988,969.00	54,102.00	1,043,071.00	-6.3%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	329,395.00	824,522.89	1,153,917.89	220,000.00	788,000.00	1,008,000.00	-12.6%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(1,861,153.46)	1,247,518.64	(613,634.82)	(1,097,355.00)	656,355.00	(441,000.00)	-28.1%
9) TOTAL, EXPENDITURES			208,010,148.57	111,000,159.42	319,010,307.99	220,349,191.00	85,696,698.00	306,045,889.00	-4.1%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)									
			44,505,389.03	(44,009,381.64)	496,007.39	7,878,211.00	(37,407,748.00)	(29,529,537.00)	-6053.4%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers									
a) Transfers In		8900-8929	4,578,000.00	0.00	4,578,000.00	0.00	0.00	0.00	-100.0%
b) Transfers Out		7600-7629	77,831.21	3,090,749.92	3,168,581.13	0.00	3,842,773.00	3,842,773.00	21.3%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	13,046,399.95	0.00	13,046,399.95	New
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(47,096,542.71)	47,096,542.71	0.00	(41,074,698.86)	41,074,698.86	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(42,596,373.92)	44,005,792.79	1,409,418.87	(28,028,298.91)	37,231,925.86	9,203,626.95	553.0%

Unaudited Actuals
General Fund
Unrestricted and Restricted
Expenditures by Object

Description	Resource Codes	Object Codes	2019-20 Unaudited Actuals			2020-21 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)			1,909,015.11	(3,588.85)	1,905,426.26	(20,150,087.91)	(175,822.14)	(20,325,910.05)	-1166.7%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	43,834,841.91	9,301,507.08	53,136,348.99	45,743,857.02	9,297,918.23	55,041,775.25	3.6%
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)			43,834,841.91	9,301,507.08	53,136,348.99	45,743,857.02	9,297,918.23	55,041,775.25	3.6%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			43,834,841.91	9,301,507.08	53,136,348.99	45,743,857.02	9,297,918.23	55,041,775.25	3.6%
2) Ending Balance, June 30 (E + F1e)			45,743,857.02	9,297,918.23	55,041,775.25	25,593,769.11	9,122,096.09	34,715,865.20	-36.9%
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	140,011.50	0.00	140,011.50	140,012.00	0.00	140,012.00	0.0%
Prepaid Items		9713	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	9,297,918.23	9,297,918.23	0.00	9,122,096.09	9,122,096.09	-1.9%
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		9780	16,118,566.00	0.00	16,118,566.00	15,838,566.00	0.00	15,838,566.00	-1.7%
Assigned for Future LACOE System Ch	0000	9780	560,000.00		560,000.00				
Assigned Regular Carry-overs	0000	9780	8,890,688.00		8,890,688.00				
Assigned MAA	0000	9780	3,995,715.00		3,995,715.00				
LCAP Carry-Over (exluding 01000.0 & C	0000	9780	1,920,312.00		1,920,312.00				
Assigned for One-Time 2017-18/ Discre	0000	9780	751,851.00		751,851.00				
Assigned for Future LACOE System Ch	0000	9780				280,000.00		280,000.00	
Assigned Regular Carry-overs	0000	9780				8,890,688.00		8,890,688.00	
Assigned MAA	0000	9780				3,995,715.00		3,995,715.00	
LCAP Carry-Over (Exluding 01000.0 & (0000	9780				1,920,312.00		1,920,312.00	
Assigned for One-time 2017-18/Discreti	0000	9780				751,851.00		751,851.00	
e) Unassigned/Unappropriated									
Reserve for Economic Uncertainties		9789	9,665,367.00	0.00	9,665,367.00	9,296,660.00	0.00	9,296,660.00	-3.8%
Unassigned/Unappropriated Amount		9790	19,749,912.52	0.00	19,749,912.52	248,531.11	0.00	248,531.11	-98.7%

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ATTACHMENT B

2019-20 Unaudited Actual Fund Balance With Adjustments

September 15, 2020

CDS Code: 64568

District: Glendale Unified

Fund Name	SACS Fund#	2019-20 Estimated Actuals End. Balance	2019-20 Unaudited Actuals End. Balance	2020-21 BUDGET ADJUSTMENT (Cols D-C)
(A)	(B)	(C)	(D)	(E)
General - Unrestricted	01U	37,985,689	45,743,857	7,758,168
General - Restricted	01R	9,646,009	9,297,918	(348,091)
Charter Schools Spec. Rev.	09			0
Special Education Pass-Through	10	0	0	0
Adult Education	11			0
Child Development	12	329,714	327,092	(2,622)
Cafeteria (Special Revenue)	13	3,019,535	2,274,369	(745,166)
Deferred Maintenance	14	5,424,835	5,406,761	(18,074)
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	59,781,271	63,007,183	3,225,912
Clean Renewable Energy Bonds	21.2	386,803	74,007	(312,796)
Capital Facilities (Developer Fees)	25	10,379,559	10,603,575	224,016
Lease Purchase	30			0
County Schools Facilities (State Bond)	35	5,090	5,177	87
Capital Projects - District Projects	40.1	30,049,819	18,934,215	(11,115,604)
Capital Projects - Food Service	40.2	1,103,346	1,100,237	(3,109)
Blended Components	49			0
Bond Interest and Redemption	51	15,155,301	16,873,771	1,718,470
Tax Override	53			0
Debt Service / COP Repayment	56	95,798,463	91,982,129	(3,816,334)
Foundation Permanent	57			0
Cafeteria (Enterprise)	61			0
Other Enterprise	63			0
Warehouse Revolving	66			0
Health & Welfare (Vision & Dental)	67.0	5,959,752	7,767,552	1,807,800
Workers' Compensation	67.1	1,771,900	2,882,037	1,110,137
Early Retirement Benefits	67.2	503,852	695,562	191,710
Retiree Benefits	71			0
Article XIII-B	72			0
McLennan & Other Scholarships Trust	73	335,837	334,806	(1,031)

ATTACHMENT C

**End Of Year Reserves Available To The General Fund
in millions**

Reserve Category	2011-12 Year End Balance	2012-13 Year End Balance	2013-14 Year End Balance	2014-15 Year End Balance	2015-16 Year End Balance	2016-17 Year End Balance	2017-18 Year End Balance	2018-19 Year End Balance	2019-20 Year End Balance	2020-21 Budgeted Year End Balance
Restricted Maintenance Account To be utilized in Multi Year Plan as needed to maintain solvency	\$2.40	\$1.72	\$0.74	\$0.92	\$1.84	\$2.45	\$3.20	\$3.67	\$3.74	\$3.56
Special Education Reserve To be utilized in Multi Year Plan as needed to maintain solvency	\$1.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$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	\$2.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$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	\$4.56	\$4.59	\$2.97	\$0.62	\$0.55	\$0.59	\$0.58	\$0.50	\$0.70	\$0.74
Deferred Maintenance Fund #14.0 Due to passage of Measure S, this balance may be used for future textbook purchases. (This fund became unrestricted for any use by the State resulting from the past State fiscal crisis)	\$4.93	\$4.97	\$5.00	\$5.03	\$5.07	\$5.13	\$5.21	\$5.32	\$5.41	\$5.50
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.	\$0.69	\$1.01	\$1.66	\$2.10	\$2.94	\$3.38	\$2.24	\$2.01	\$0.63	\$0.63
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 for textbook purchases.	\$14.99	\$15.07	\$15.17	\$15.27	\$14.02	\$12.68	\$11.68	\$11.26	\$6.91	\$6.91
Total Available Reserves	\$31.43	\$27.36	\$25.54	\$23.94	\$24.42	\$24.23	\$22.91	\$22.76	\$17.39	\$17.34

GLENDALE UNIFIED SCHOOL DISTRICT 2021-22 Fiscal Stabilization Plan \$12,000,000+ (Year 1 of multi-year plan to address total estimated ongoing deficit of up to \$30m)		
Dept	Program	Est. Savings/Rev
1. LCFF Funding	Increased revenue from “Schools and Communities First” (November 3, 2020 ballot initiatives)	\$ 0
2. LCFF Funding	2021-22 LCFF above current COLA projection of 0%; 1% = \$2.2m (Governor’s January Proposal)	\$ 0
3. State/Federal	One-time funding that can be used to offset reductions	\$ 0
4. Other Sources	One-time and/or ongoing funding that can be used to offset reductions	\$ 0
5. Non-personnel	6.67% reduction in all non-site department budgets – supplies, consulting services, conferences, etc.	\$ 3,000,000
6. Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2021); 1% = \$300,000	\$ 0
7. Elem	Est. Adjust Teaching positions due to declining enrollment from 2020-21	\$ 900,000
8. Middle	Est. Adjust Teaching positions due to declining enrollment from 2020-21	\$ 200,000
9. HS	Est. Adjust Teaching positions due to declining enrollment from 2020-21	\$ 100,000
10. Classified	Adjust Classified staffing due to declining enrollment from 2020-21	\$ 720,000
11. Management	Adjust Management staffing due to declining enrollment from 2020-21	\$ 250,000
12. Certificated	TK-3 class size to 26:1 if 2020-21 LCFF per ADA is equal to or below 2019-20	\$ 2,000,000
13. Districtwide	Furlough days; every 1 day = \$1,000,000 (must be negotiated)	\$ 3,000,000
14. TBD	Additional budget reductions yet to be determined	\$ 1,830,000
15.		\$ 0
	AS OF 9/15/20	\$ 0
Total Needed = \$12,000,000+		Current Total = \$ 12,000,000