

GLENDALE UNIFIED SCHOOL DISTRICT

September 14, 2021

ACTION REPORT NO. 1

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 2020-21 (Unaudited)
and Technical Corrections to the 2021-22 Adopted Budget**

The Superintendent recommends that the Board of Education approve the unaudited summary of District revenue and expenditures for 2020-21 and resulting technical corrections to the 2021-22 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 2021-22 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 2020-21 and 2021-22. 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 2020-21 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 2021-22 BOARD PRIORITY NO. 4: Maintain District Financial Responsibility – Ensure the fiscal health of the District; implement a fiscal plan to preserve the District resources; plan for the District's future educational and facility needs.

GLENDALE UNIFIED SCHOOL DISTRICT

September 14, 2021

ACTION REPORT NO. 1

Page 2

The September technical corrections to the 2021-22 budget make adjustments for any variance between the 2020-21 Ending Fund Balances projected in the June 2021-22 Adopted Budget and the actual ending balances in the 2020-21 Unaudited Actual Report. The fund balance of each District fund is noted in Attachment “B” to this report.

Attachment “C” provides the 2020-21 and 2021-22 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 2020-21 “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 2021-22 June Budget Adoption, the projected Ending Fund Balance for 2020-21 was \$33.6 million, of which \$9.8 million was unassigned. The projected Ending Fund Balance did not include a projection for all carryovers or reserves. The 2020-21 Ending Fund Balance, when we closed the books, was \$47.3 million, of which \$20.1 million is unassigned.

The \$47.3 million 2020-21 Ending Fund Balance for the Unrestricted General Fund includes the following components:

2020-21 Unrestricted General Fund Balance		
Unrestricted General Fund	Projected June 15, 2021	Final
Designated for Economic Uncertainty	\$ 10,216,699	\$ 10,533,577
Revolving Cash, Warehouse	210,012	253,810
Reserve for School Site & Program Carryovers, Supplemental Program, MAA, LACOE System Charges	13,136,090	15,595,799
Reserve for One-Time 2017-18 Discretionary Funding	300,000	771,978
Unassigned Reserve	9,780,485	20,182,887
Total Unrestricted General Fund Balance	\$ 33,643,286	\$ 47,338,051

It is important to note that the change in the “Unassigned Reserve” was approximately \$10.4 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 2021-22.

At the 2020-2021 second interim, a Los Angeles County Office of Education (LACOE) required board resolution was presented for the 2021-22 Fiscal Stabilization Plan of \$4.47

GLENDALE UNIFIED SCHOOL DISTRICT

September 14, 2021

ACTION REPORT NO. 1

Page 3

million. In the Fiscal Stabilization Plan, the Board of Education identified the specific areas to reduce, up to the \$4.47 million of ongoing expenditures and increased revenues. Due to a higher than projected ending balance in 2020-21, STRS and PERS adjustments, revised LCFF Funding Variables, reversal of Adopted Budget Fiscal Stabilization Plan there will be future budget adjustments in 2021-22 and the multiyear projected budget.

COVID-19 Related Expenditures & Revenues – Due to COVID-19, the District has encountered additional costs which are mainly covered by multiple CARES funding such as Learning Loss Mitigation Funding, SB117, Elementary and Secondary Relief Funds (ESSER I), (ESSER II) and (ESSER III), In-Person Instruction Grant and Expanded Learning Opportunities Grant. These fundings are one-time multiyear fundings. The District’s total allocation for these fundings are approximately \$116 million. As of June 30, 2021, we have received \$33.6 million in income and the total expenditures including contributions to other programs as of June 30, 2021, are equal to \$41.8 million.

Ongoing Budget Challenges – The 2020-21 LCFF received 0% cost of living adjustment (COLA) and the district was “held harmless” in using one 2019-20 ADA for the 2020-21 LCFF apportionment. In 2021-22 there is a COLA of 5.07% which really is the COLA for 2020-21 and 2021-22. The District will still have an LCFF apportionment in 2021-22 based on greater of current year or prior year ADA, which since the district incurred a significant drop in enrollment in 2020-21 due to the pandemic, it will still be the 2019-20 ADA. However, in 2022-23, there will be a drop in LCFF funded ADA which will have a significant impact on the budget. Even with substantial use of reserves, the 2022-23 Fiscal Stabilization Plan will likely include the need for ongoing budget reductions of at least \$14 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 2022-23 Fiscal Stabilization Plan
- Continue to monitor all COVID-19 Related Expenditures and Revenues
- 2021-22 First Interim Report – December 2021
- Governor’s January 2022-23 Budget Proposal

GLENDALE UNIFIED SCHOOL DISTRICT

September 14, 2021

ACTION REPORT NO. 1

Page 4

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 2020-21 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 2020-21 (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	2020-21 Unaudited Actuals			2021-22 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	237,539,776.29	0.00	237,539,776.29	249,186,570.00	0.00	249,186,570.00	4.9%
2) Federal Revenue		8100-8299	207,502.95	51,909,382.34	52,116,885.29	200,000.00	13,635,539.00	13,835,539.00	-73.5%
3) Other State Revenue		8300-8599	5,375,688.91	47,762,420.53	53,138,109.44	4,830,250.00	21,349,088.00	26,179,338.00	-50.7%
4) Other Local Revenue		8600-8799	4,381,048.92	6,979,015.42	11,360,064.34	4,475,967.00	12,434,206.00	16,910,173.00	48.9%
5) TOTAL, REVENUES			247,504,017.07	106,650,818.29	354,154,835.36	258,692,787.00	47,418,833.00	306,111,620.00	-13.6%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	104,656,281.05	30,238,930.27	134,895,211.32	106,241,020.00	26,343,646.00	132,584,666.00	-1.7%
2) Classified Salaries		2000-2999	25,866,307.95	20,452,520.41	46,318,828.36	28,695,893.00	19,403,246.00	48,099,139.00	3.8%
3) Employee Benefits		3000-3999	59,596,502.24	34,171,393.84	93,767,896.08	63,943,260.00	25,355,277.00	89,298,537.00	-4.8%
4) Books and Supplies		4000-4999	9,533,861.35	23,155,701.86	32,689,563.21	5,538,381.00	14,382,391.00	19,920,772.00	-39.1%
5) Services and Other Operating Expenditures		5000-5999	12,731,833.72	24,081,101.91	36,812,935.63	19,340,602.00	16,001,503.00	35,342,105.00	-4.0%
6) Capital Outlay		6000-6999	30,994.09	1,251,028.80	1,282,022.89	988,969.00	54,102.00	1,043,071.00	-18.6%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	255,177.00	777,126.54	1,032,303.54	220,000.00	809,000.00	1,029,000.00	-0.3%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(635,722.65)	535,015.42	(100,707.23)	(1,130,390.00)	689,390.00	(441,000.00)	337.9%
9) TOTAL, EXPENDITURES			212,035,234.75	134,662,819.05	346,698,053.80	223,837,735.00	103,038,555.00	326,876,290.00	-5.7%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			35,468,782.32	(28,012,000.76)	7,456,781.56	34,855,052.00	(55,619,722.00)	(20,764,670.00)	-378.5%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers									
a) Transfers In		8900-8929	4,525,152.00	0.00	4,525,152.00	0.00	0.00	0.00	-100.0%
b) Transfers Out		7600-7629	0.00	4,420,648.24	4,420,648.24	0.00	3,842,773.00	3,842,773.00	-13.1%
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	527.18	0.00	527.18	0.00	0.00	0.00	-100.0%
3) Contributions		8980-8999	(38,399,213.30)	38,399,213.30	0.00	(41,077,280.00)	41,077,280.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(33,874,588.48)	33,978,565.06	103,976.58	(41,077,280.00)	37,234,507.00	(3,842,773.00)	-3795.8%

Unaudited Actuals
General Fund
Unrestricted and Restricted
Expenditures by Object

Description	Resource Codes	Object Codes	2020-21 Unaudited Actuals			2021-22 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)			1,594,193.84	5,966,564.30	7,560,758.14	(6,222,228.00)	(18,385,215.00)	(24,607,443.00)	-425.5%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	45,743,857.02	9,297,918.23	55,041,775.25	47,338,050.86	15,264,482.53	62,602,533.39	13.7%
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)			45,743,857.02	9,297,918.23	55,041,775.25	47,338,050.86	15,264,482.53	62,602,533.39	13.7%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			45,743,857.02	9,297,918.23	55,041,775.25	47,338,050.86	15,264,482.53	62,602,533.39	13.7%
2) Ending Balance, June 30 (E + F1e)			47,338,050.86	15,264,482.53	62,602,533.39	41,115,822.86	(3,120,732.47)	37,995,090.39	-39.3%
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	183,809.75	0.00	183,809.75	183,810.00	0.00	183,810.00	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	15,264,482.53	15,264,482.53	0.00	14,255,215.53	14,255,215.53	-6.6%
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		9780	16,367,777.00	0.00	16,367,777.00	16,087,777.00	0.00	16,087,777.00	-1.7%
Assigned for Future LACoE System Chg	0000	9780	280,000.00		280,000.00				
Assigned Regular Carry-overs	0000	9780	11,176,195.00		11,176,195.00				
Assigned MAA	0000	9780	4,139,604.00		4,139,604.00				
Assigned for One-Time 2017-18/Discret	0000	9780	771,978.00		771,978.00				
Assigned Regular Carry-overs	0000	9780				11,176,195.00		11,176,195.00	
Assigned MAA	0000	9780				4,139,604.00		4,139,604.00	
Assigned for One-Time 2017-18/Discret	0000	9780				771,978.00		771,978.00	
e) Unassigned/Unappropriated									
Reserve for Economic Uncertainties		9789	10,533,577.00	0.00	10,533,577.00	9,921,572.00	0.00	9,921,572.00	-5.8%
Unassigned/Unappropriated Amount		9790	20,182,887.11	0.00	20,182,887.11	14,852,663.86	(17,375,948.00)	(2,523,284.14)	-112.5%

GLENDALE UNIFIED SCHOOL DISTRICT

ATTACHMENT B

2020-21 Unaudited Actual Fund Balance With Adjustments

September 14, 2021

CDS Code: 64568

District: Glendale Unified

Fund Name	SACS Fund#	2020-21 Estimated Actuals End. Balance	2020-21 Unaudited Actuals End. Balance	2021-22 BUDGET ADJUSTMENT (Cols D-C)
(A)	(B)	(C)	(D)	(E)
General - Unrestricted	01U	33,643,286	47,338,051	13,694,765
General - Restricted	01R	51,502,680	15,264,483	(36,238,198)
Charter Schools Spec. Rev.	09			0
Special Education Pass-Through	10	0	0	0
Adult Education	11			0
Child Development	12	327,092	614,611	287,520
Cafeteria (Special Revenue)	13	1,903,009	1,412,980	(490,029)
Deferred Maintenance	14	5,496,761	5,436,321	(60,440)
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	60,476,939	91,808,330	31,331,391
Clean Renewable Energy Bonds	21.2	74,009	74,412	403
Capital Facilities (Developer Fees)	25	9,856,593	10,828,884	972,291
Lease Purchase	30			0
County Schools Facilities (State Bond)	35	5,177	6,329	1,152
Capital Projects - District Projects	40.1	14,827,510	20,603,820	5,776,310
Capital Projects - Food Service	40.2	62,237	1,000,676	938,439
Blended Components	49			0
Bond Interest and Redemption	51	14,895,680	19,474,320	4,578,640
Tax Override	53			0
Debt Service / COP Repayment	56	92,132,129	87,327,434	(4,804,695)
Foundation Permanent	57			0
Cafeteria (Enterprise)	61			0
Other Enterprise	63			0
Warehouse Revolving	66			0
Health & Welfare (Vision & Dental)	67.0	7,397,734	8,791,776	1,394,042
Workers' Compensation	67.1	3,423,559	3,901,542	477,983
Early Retirement Benefits	67.2	699,561	923,529	223,968
Retiree Benefits	71			0
Article XIII-B	72			0
McLennan & Other Scholarships Trust	73	334,806	335,898	1,092

ATTACHMENT C

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

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Reserve Category	Year End Balance	Year End Balance	Year End Balance	Year End Balance	Year End Balance	Year End Balance	Year End Balance	Year End Balance	Year End Balance	Budgeted Year End Balance
Restricted Maintenance Account To be utilized in Multi Year Plan as needed to maintain solvency	\$1.72	\$0.74	\$0.92	\$1.84	\$2.45	\$3.20	\$3.67	\$3.74	\$2.46	\$2.31
Special Education Reserve To be utilized in Multi Year Plan as needed to maintain solvency	\$0.00	\$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	\$0.00	\$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	\$4.59	\$2.97	\$0.62	\$0.55	\$0.59	\$0.58	\$0.50	\$0.70	\$1.08	\$1.08
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)	\$4.97	\$5.00	\$5.03	\$5.07	\$5.13	\$5.21	\$5.32	\$5.41	\$5.44	\$5.53
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.	\$1.01	\$1.66	\$2.10	\$2.94	\$3.38	\$2.24	\$2.01	\$0.63	\$0.96	\$0.96
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.	\$15.07	\$15.17	\$15.27	\$14.02	\$12.68	\$11.68	\$11.26	\$6.91	\$2.46	\$2.58
Total Available Reserves	\$27.36	\$25.54	\$23.94	\$24.42	\$24.23	\$22.91	\$22.76	\$17.39	\$12.40	\$12.46

GLENDALE UNIFIED SCHOOL DISTRICT 2022-23 Fiscal Stabilization Plan – Draft #2 (9/14/21)

Dept	Program	Est. Savings/Rev
1.		\$
2. LCFF Funding	2022-23 LCFF above current COLA projection of 0%; 1% = \$2.2m (early est of 2.48% 2022-23 COLA)	\$ 5,450,000
3. State/Federal*	One-time funding that can offset reductions - from COVID funds only if needed (Yr 2 of 2 yrs)	\$ 7,050,000
4. Other Sources	One-time and/or ongoing funding that can be used to offset reductions	\$ 0
5. Non-personnel	3% reduction in all non-site department budgets – supplies, consulting services, conferences, etc.	\$ 1,500,000
6. Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2022); 1% = \$350,000	\$ 0
7. Elementary**	Adjust Teaching FTE due to declining enrollment from 2021-22 (-1.5%?) and est. for 2022-23 (-?%)	\$ 2,200,000
8. Middle School**	Adjust Teaching FTE due to declining enrollment from 2021-22 (-1.5%?) and est. for 2022-23 (-?%)	\$ 600,000
9. High School***	Adjust Teaching FTE due to declining enrollment from 2021-22 (-1.5%?) and est. for 2022-23 (-?%)	\$ 400,000
10. Classified	Adjust Classified staffing due to declining enrollment from 2021-22 and est. for 2022-23	\$ 720,000
11. Management	Adjust Management staffing due to declining enrollment from 2021-22 and est. for 2022-23	\$ 250,000
12. Districtwide	TBD – Additional budget reductions needed	\$ 0
	*Coordinated with evolving plan for all COVID funding	
	**Maintained Elem staffing from 2020-21 into 2021-22 and ongoing to reduce combo classes	
	*** Maintained HS staffing from 2020-21 into 2021-22 and ongoing to add block scheduling	
	Total Impact Needed (new revenue + expense reductions) = \$14,000,000+ Current Net Total =	\$ 14,000,000