

GLENDALE UNIFIED SCHOOL DISTRICT

September 17, 2018

ACTION REPORT NO. 1

TO: Board of Education

FROM: Dr. Winfred B. Roberson, Jr., 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 2017-18 (Unaudited)
and Technical Corrections to the 2018-19 Adopted Budget**

The Superintendent recommends that the Board of Education approve the unaudited summary of District revenue and expenditures for 2017-18 and resulting technical corrections to the 2018-19 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 2018-19 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 2017-18 and 2018-19. 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 2017-18 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 2018-19 budget make adjustments for any variance between the 2017-18 Ending Fund Balances projected in the June 2018-19 Adopted Budget and the actual ending balances in the 2017-18 Unaudited Actual Report. The fund balance of each District fund is noted in Attachment "B" to this report.

Attachment C provides the 2017-18 and 2018-19 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 2017-18 “Ending Fund Balance” of the Unrestricted General Fund plays a very significant role in the District’s solvency plan for future years.

In the 2018-19 June Budget Adoption, the projected Ending Fund Balance for 2017-18 was \$35.4 million, of which \$18.1 million was unassigned. The projected Ending Fund Balance did not include a projection for all carryovers or reserves. The 2017-18 Ending Fund Balance, when we closed the books, was \$39.8 million, of which \$18.5 million is unassigned.

The \$39.8 million 2017-18 Ending Fund Balance for the Unrestricted General Fund includes the following components:

2017-18 Unrestricted General Fund Balance		
Unrestricted General Fund	Projected June 19, 2018	Final
Designated for Economic Uncertainty	\$ 8,749,878	\$ 9,063,316
Revolving Cash, Warehouse & Prepaid Expense	600,552	603,174
Reserve for School Site & Program Carryovers, MAA, LACOE System Charges, FASO Wall Cost	4,839,170	7,380,970
Reserve for 2017-18 CSEA 1.5% Salary Increase	651,962	651,962
Reserve for One-Time 2017-18 Discretionary Funding	2,445,792	3,575,923
Unassigned Reserve	18,130,477	18,529,278
Total Unrestricted General Fund Balance	\$ 35,417,831	\$ 39,804,623

It is important to note that the change in the “Unassigned Reserve” was approximately \$0.40 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 2018-19.

In the 2018-19 June Budget Adoption, there were revenue assumptions and expenditure reductions for solvency savings projected at \$7.6 million for 2017-18 and another \$3.6 million in 2018-19 to ensure that the District will be solvent in the next three years. Due to a higher than projected ending balance in 2017-18, revised LCFF funding variables, and revised one-time discretionary funding, there will be future budget adjustments in 2018-19 to the multiyear projected budget. A Board approved fiscal stabilization plan was

GLENDALE UNIFIED SCHOOL DISTRICT

September 17, 2018

ACTION REPORT NO. 1

Page 3

submitted to Los Angeles County Office of Education (LACOE) with the 2018-19 Proposed Budget. In the fiscal stabilization plan, the Board of Education identified the specific areas to reduce, up to the \$3.6 million of ongoing expenditures and increased revenues.

A continuous analysis of the Solvency Savings Plan will be done to monitor the actual savings and to modify, change, or increase savings as needed.

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 2018-19 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 2018-19 (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, the solvency expenditure cuts that need to be implemented to ensure on-going fiscal solvency, and the structural deficit.

ATTACHMENT A

Description	2017-18 Unaudited Actuals			2018-19 Budget			% Diff Column C & F		
	Resource Codes	Object Codes	Total Fund col. A + B (C)	Unrestricted (A)	Restricted (B)	Unrestricted (D)		Restricted (E)	Total Fund col. D + E (F)
A. REVENUES									
1) LCFF Sources		8010-8099	219,410,004.32	219,410,004.32	0.00	235,751,710.00	0.00	235,751,710.00	7.4%
2) Federal Revenue		8100-8299	756,059.32	756,059.32	14,536,335.91	200,000.00	12,663,443.00	12,863,443.00	-15.9%
3) Other State Revenue		8300-8599	8,887,206.47	8,887,206.47	30,293,045.57	13,447,189.00	18,034,586.00	31,481,775.00	-18.6%
4) Other Local Revenue		8600-8799	7,609,655.74	7,609,655.74	8,976,774.85	4,842,427.00	7,867,030.00	12,709,457.00	-23.4%
5) TOTAL REVENUES			236,662,925.85	236,662,925.85	53,808,156.33	254,241,326.00	38,585,069.00	292,806,385.00	0.8%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	103,118,304.71	103,118,304.71	26,149,714.53	105,017,459.00	23,493,628.00	128,511,087.00	-0.6%
2) Classified Salaries		2000-2999	23,925,374.75	23,925,374.75	16,123,077.25	25,189,526.00	17,069,633.00	42,259,159.00	5.5%
3) Employee Benefits		3000-3999	52,572,197.06	52,572,197.06	27,457,163.83	59,252,730.00	17,832,922.00	77,085,652.00	-3.7%
4) Books and Supplies		4000-4999	7,247,927.32	7,247,927.32	7,341,602.82	3,867,111.00	4,061,696.00	7,928,807.00	-45.7%
5) Services and Other Operating Expenditures		5000-5999	16,522,001.52	16,522,001.52	16,999,585.01	17,292,210.00	13,550,636.00	30,842,846.00	-8.0%
6) Capital Outlay		6000-6999	189,347.27	189,347.27	499,297.63	89,841.00	61,717.00	151,559.00	-78.0%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299	401,459.35	401,459.35	505,424.44	436,000.00	530,000.00	966,000.00	6.5%
8) Other Outgo - Transfers of Indirect Costs		7400-7499	(1,376,125.02)	(1,376,125.02)	882,165.10	(1,101,910.00)	700,910.00	(401,000.00)	-19.1%
9) TOTAL EXPENDITURES		7300-7399	202,598,486.96	202,598,486.96	95,938,030.61	210,042,967.00	77,301,142.00	287,344,109.00	-3.9%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)									
			34,064,438.89	34,064,438.89	(42,149,874.28)	44,198,359.00	(38,736,083.00)	5,462,276.00	-167.6%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers		8900-8929	1,197,596.00	1,197,596.00	0.00	0.00	0.00	0.00	-100.0%
a) Transfers In		7600-7629	3,057,490.19	3,057,490.19	496,541.06	1,015,000.00	858,773.00	1,873,773.00	-47.3%
b) Transfers Out		8930-8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
2) Other Sources/Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
a) Sources		8980-8999	(39,612,530.70)	(39,612,530.70)	39,612,530.70	(39,594,856.00)	39,594,856.00	0.00	0.0%
b) Uses			(41,472,424.89)	(41,472,424.89)	39,115,989.64	(40,609,866.00)	38,736,083.00	(1,873,773.00)	-20.5%
3) Contributions									
4) TOTAL OTHER FINANCING SOURCES/USES									

Description	Resource Codes	Object Codes	2017-18 Unaudited Actuals			2018-19 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)			(7,407,986.00)	(3,033,884.64)	(10,441,870.64)	3,588,503.00	0.00	3,588,503.00	-134.4%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance		9791	47,212,608.73	10,642,314.67	57,854,923.40	39,804,622.73	7,608,430.03	47,413,052.76	-18.0%
a) As of July 1 - Unaudited		9793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Audit Adjustments									
c) As of July 1 - Audited (F1a + F1b)			47,212,608.73	10,642,314.67	57,854,923.40	39,804,622.73	7,608,430.03	47,413,052.76	-18.0%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			47,212,608.73	10,642,314.67	57,854,923.40	39,804,622.73	7,608,430.03	47,413,052.76	-18.0%
2) Ending Balance, June 30 (E + F1e)			39,804,622.73	7,608,430.03	47,413,052.76	43,393,125.73	7,608,430.03	51,001,555.76	7.6%
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	80,096.00	0.00	80,096.00	80,096.00	0.00	80,096.00	0.0%
Prepaid Items		9713	453,077.96	308,402.45	761,480.41	0.00	0.00	0.00	-100.0%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	7,300,027.58	7,300,027.58	0.00	7,608,430.03	7,608,430.03	4.2%
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									
Assigned for Future LACOE System Ch	0000	9780	11,608,855.00	0.00	11,608,855.00	10,127,790.00	0.00	10,127,790.00	-12.8%
Assigned Regular Carry-overs & MAA	0000	9780	1,120,000.00		1,120,000.00				
Assigned for 2017-18 CSEA 1.5% Salar	0000	9780	6,059,745.00		6,059,745.00				
Assigned for One-Time 2017-18/Discret	0000	9780	651,962.00		651,962.00				
Assigned for 2018-19 FASO Wall Costs	0000	9780	3,575,923.00		3,575,923.00				
Assigned for Future LACOE System Ch	0000	9780	201,225.00		201,225.00				
Assigned Regular Carry-over & MAA	0000	9780				840,000.00		840,000.00	
Assigned for 2017-18 CSEA 1.5% Salar	0000	9780				6,559,745.00		6,559,745.00	
Assigned for One-Time 2017-18/Discret	0000	9780				1,303,924.00		1,303,924.00	
Assigned for 2018-19 FASO Wall Costs	0000	9780				1,222,896.00		1,222,896.00	
e) Unassigned/Unappropriated						201,225.00		201,225.00	
Reserve for Economic Uncertainties		9789	9,063,316.00	0.00	9,063,316.00	8,676,536.00	0.00	8,676,536.00	-4.3%
Unassigned/Unappropriated Amount		9790	18,529,277.77	0.00	18,529,277.77	24,438,703.73	0.00	24,438,703.73	31.9%

Description	Resource Codes	Object Codes	2017-18 Unaudited Actuals			2018-19 Budget		% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	
G. ASSETS								
1) Cash								
a) in County Treasury		9110	61,430,999.44	17,411,630.90	78,842,630.34			
1) Fair Value Adjustment to Cash in County Treasury		9111	0.00	0.00	0.00			
b) in Banks		9120	0.00	0.00	0.00			
c) in Revolving Cash Account		9130	70,000.00	0.00	70,000.00			
d) with Fiscal Agent/Trustee		9135	0.00	0.00	0.00			
e) Collections Awaiting Deposit		9140	0.00	0.00	0.00			
2) Investments		9150	0.00	0.00	0.00			
3) Accounts Receivable		9200	1,228,360.98	9,012,107.19	10,240,468.17			
4) Due from Grantor Government		9290	0.00	0.00	0.00			
5) Due from Other Funds		9310	0.00	0.00	0.00			
6) Stores		9320	80,096.00	0.00	80,096.00			
7) Prepaid Expenditures		9330	453,077.96	308,402.45	761,480.41			
8) Other Current Assets		9340	1,120,174.33	0.00	1,120,174.33			
9) TOTAL ASSETS			64,382,708.71	26,732,140.54	91,114,849.25			
H. DEFERRED OUTFLOWS OF RESOURCES								
1) Deferred Outflows of Resources		9490	0.00	0.00	0.00			
2) TOTAL DEFERRED OUTFLOWS			0.00	0.00	0.00			
I. LIABILITIES								
1) Accounts Payable		9500	24,578,085.98	8,564,434.83	33,142,520.81			
2) Due to Grantor Governments		9590	0.00	0.00	0.00			
3) Due to Other Funds		9610	0.00	0.00	0.00			
4) Current Loans		9640	0.00	0.00	0.00			
5) Unearned Revenue		9650	0.00	10,559,275.68	10,559,275.68			
6) TOTAL LIABILITIES			24,578,085.98	19,123,710.51	43,701,796.49			
J. DEFERRED INFLOWS OF RESOURCES								
1) Deferred Inflows of Resources		9660	0.00	0.00	0.00			
2) TOTAL DEFERRED INFLOWS			0.00	0.00	0.00			
K. FUND EQUITY								
Ending Fund Balance, June 30								

GLENDALE UNIFIED SCHOOL DISTRICT

ATTACHMENT B

2017-18 Unaudited Actual Fund Balance With Adjustments

August 21, 2018

CDS Code: 64568

District: Glendale Unified

Fund Name	SACS Fund#	2017-18 Estimated Actuals End. Balance	2017-18 Unaudited Actuals End. Balance	2018-19 BUDGET ADJUSTMENT (Cols D-C)
(A)	(B)	(C)	(D)	(E)
General - Unrestricted	01U	35,417,830	39,804,623	4,386,793
General - Restricted	01R	9,334,810	7,608,430	(1,726,380)
Charter Schools Spec. Rev.	09			0
Special Education Pass-Through	10	0	0	0
Adult Education	11			0
Child Development	12	196,634	298,504	101,870
Cafeteria (Special Revenue)	13	3,765,500	3,964,118	198,618
Deferred Maintenance	14	5,197,765	5,207,078	9,313
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	36,322,751	39,066,607	2,743,856
Clean Renewable Energy Bonds	21.2	3,922,650	4,993,833	1,071,183
Capital Facilities (Developer Fees)	25	9,546,226	9,925,419	379,193
Lease Purchase	30			0
County Schools Facilities (State Bond)	35	750	4	(746)
Capital Projects - District Projects	40.1	22,409,010	24,088,144	1,679,134
Capital Projects - Food Service	40.2	1,192,571	1,199,250	6,679
Blended Components	49			0
Bond Interest and Redemption	51	16,720,492	17,632,850	912,358
Tax Override	53			0
Debt Service (Textbook Purchases)	56	12,868,056	11,684,084	(1,183,972)
Foundation Permanent	57			0
Cafeteria (Enterprise)	61			0
Other Enterprise	63			0
Warehouse Revolving	66			0
Health & Welfare (Vision/Dental/Medimpact)	67.0	4,488,386	4,821,408	333,022
Workers' Compensation	67.1	1,899,482	1,825,254	(74,228)
Early Retirement Benefits	67.2	598,287	578,769	(19,518)
Retiree Benefits	71			0
Article XIII-B	72			0
McLennan & Other Scholarships Trust	73	336,611	336,314	(297)

ATTACHMENT C

End Of Year Reserves Available To The General Fund
in millions

Reserve Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	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	\$4.70	\$2.40	\$1.72	\$0.74	\$0.92	\$1.84	\$2.45	\$3.20	\$3.20
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	\$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	\$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	\$0.55	\$0.59	\$0.58	\$0.58
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)	\$4.89	\$4.93	\$4.97	\$5.00	\$5.03	\$5.07	\$5.13	\$5.21	\$5.28
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	\$2.94	\$3.38	\$2.24	\$2.24
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 and funding for CCSS Math program.	\$14.85	\$14.99	\$15.07	\$15.17	\$15.27	\$14.02	\$12.68	\$11.68	\$11.87
Total Available Reserves	\$39.80	\$31.43	\$27.36	\$25.54	\$23.94	\$24.42	\$24.23	\$22.91	\$23.17