

GLENDALE UNIFIED SCHOOL DISTRICT

September 19, 2017

ACTION REPORT NO. 1

TO: Board of Education

FROM: 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 2016-17 (Unaudited)  
and Technical Corrections to the 2017-18 Adopted Budget**

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The Superintendent recommends that the Board of Education approve the unaudited summary of District revenue and expenditures for 2016-17 and resulting technical corrections to the 2017-18 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 2017-18 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 2016-17 and 2017-18. 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 2016-17 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 2017-18 budget make adjustments for any variance between the 2016-17 Ending Fund Balances projected in the June 2017-18 Adopted Budget and the actual ending balances in the 2016-17 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 2016-17 and 2017-18 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 2016-17 “Ending Fund Balance” of the Unrestricted General Fund plays a very significant role in the District’s solvency plan for future years.

In the 2017-18 June Budget Adoption, the projected Ending Fund Balance for 2016-17 was \$44.3 million, of which \$31.2 million was unassigned. The projected Ending Fund Balance did not include a projection for all carry overs or reserves. The 2016-17 Ending Fund Balance, when we closed the books, was \$47.2 million, of which \$31.3 million is unassigned.

The \$47.2 million 2016-17 Ending Fund Balance for the Unrestricted General Fund includes the following components:

2016-17 Unrestricted General Fund Balance			
	Projected June 6, 2017		
Designated for Economic Uncertainty	\$	8,398,250	\$ 8,442,375
Revolving Cash, Warehouse & Prepaid Expense		1,020,286	1,036,129
Reserve for School Site & Program Carry Overs & Code to the Future		200,000	1,959,994
Reserve for Medical Administrative Activity (MAA)		1,389,566	1,730,911
Reserve for Unrestricted CTE Assigned		-	200,000
Reserve for Supplemental Program		680,000	1,158,973
Reserve for future LACOE System Charges		1,400,000	1,400,000
Unassigned Reserve		31,199,289	31,284,226
<b>Total Unrestricted General Fund Balance</b>	<b>\$</b>	<b>44,287,391</b>	<b>\$ 47,212,608</b>

It is important to note that the change in the “Unassigned Reserve” was approximately \$0.085 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 2017-18.

In the 2017-18 June Budget Adoption, there were expenditure reductions for solvency savings projected at \$7.6 million for 2017-18 and another \$6.1 million in 2018-19 to ensure that the District will be solvent in the next three years. Due to a higher than projected

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ending balance in 2016-17, revised LCFF funding variables, and revised one-time discretionary funding, there will be future budget adjustments in 2017-18 to the multiyear projected budget. A Board approved fiscal stabilization plan was submitted to Los Angeles County Office of Education (LACOE) with the 2017-18 Proposed Budget. In the fiscal stabilization plan, the Board of Education identified the specific areas to reduce, up to the \$7.6 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.

The 2016-17 actuals included using \$1.4 million 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 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 "Gap" 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	Resource Codes	Object Codes	2016-17 Unaudited Actuals			2017-18 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)	
<b>A. REVENUES</b>									
1) LCOFF Sources		8010-8099	214,753,763.90	0.00	214,753,763.90	221,709,082.00	0.00	221,709,082.00	3.2%
2) Federal Revenue		8100-8299	465,025.30	15,442,494.19	15,907,519.49	200,000.00	12,994,032.00	13,194,032.00	-17.1%
3) Other State Revenue		8300-8599	10,226,245.57	28,577,904.39	38,804,149.96	4,611,888.00	17,519,936.00	22,131,824.00	-43.0%
4) Other Local Revenue		8600-8799	6,575,765.46	8,210,781.33	14,786,546.79	4,548,427.00	7,312,143.00	11,860,570.00	-19.8%
5) TOTAL, REVENUES			232,020,800.23	52,231,179.91	284,251,980.14	231,069,397.00	37,826,111.00	268,895,508.00	-5.4%
<b>B. EXPENDITURES</b>									
1) Certificated Salaries		1000-1999	99,346,887.03	24,955,840.86	124,302,727.89	101,322,425.00	23,640,798.00	124,963,223.00	0.5%
2) Classified Salaries		2000-2999	22,224,296.02	16,160,964.35	38,385,260.37	24,029,654.00	17,185,545.00	41,215,199.00	7.4%
3) Employee Benefits		3000-3999	48,172,116.78	25,583,939.62	73,756,056.40	53,588,969.00	17,076,482.00	70,665,451.00	-4.2%
4) Books and Supplies		4000-4999	4,449,101.45	5,206,050.27	9,655,151.72	3,482,590.00	3,465,219.00	6,947,809.00	-28.0%
5) Services and Other Operating Expenditures		5000-5999	15,988,382.29	16,116,900.34	32,105,282.63	16,065,512.00	13,329,688.00	29,395,200.00	-8.4%
6) Capital Outlay		6000-6999	94,076.93	237,563.09	331,640.02	81,592.00	74,750.00	156,342.00	-52.9%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	360,572.18	328,548.90	689,121.08	409,569.00	530,000.00	939,569.00	36.3%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(1,449,740.56)	950,782.04	(498,958.52)	(1,089,519.00)	688,519.00	(401,000.00)	-19.6%
9) TOTAL, EXPENDITURES			189,185,692.12	89,540,589.47	278,726,281.59	197,890,792.00	75,991,001.00	273,881,793.00	-1.7%
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>									
			42,835,108.11	(37,309,409.56)	5,525,698.55	33,178,605.00	(38,164,890.00)	(4,986,285.00)	-190.2%
<b>D. OTHER FINANCING SOURCES/USES</b>									
1) Interfund Transfers									
a) Transfers In		8900-8929	1,481,351.00	0.00	1,481,351.00	0.00	0.00	0.00	-100.0%
b) Transfers Out		7600-7629	2,436,317.81	249,909.65	2,686,227.46	1,015,000.00	858,773.00	1,873,773.00	-30.2%
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	(38,857,144.98)	38,857,144.98	0.00	(39,023,663.00)	39,023,663.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(39,812,111.79)	38,607,235.33	(1,204,876.46)	(40,038,663.00)	38,164,890.00	(1,873,773.00)	55.5%

Description	Resource Codes	Object Codes	2016-17 Unaudited Actuals			2017-18 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)	
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)</b>			3,022,996.32	1,297,825.77	4,320,822.09	(6,860,058.00)	0.00	(6,860,058.00)	-258.8%
<b>F. FUND BALANCE; RESERVES</b>									
1) Beginning Fund Balance		9791							
a) As of July 1 - Unaudited		9793	44,189,612.41	9,344,488.90	53,534,101.31	47,212,608.73	10,642,314.67	57,854,923.40	8.1%
b) Audit Adjustments			0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			44,189,612.41	9,344,488.90	53,534,101.31	47,212,608.73	10,642,314.67	57,854,923.40	8.1%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			44,189,612.41	9,344,488.90	53,534,101.31	47,212,608.73	10,642,314.67	57,854,923.40	8.1%
2) Ending Balance, June 30 (E + F1e)			47,212,608.73	10,642,314.67	57,854,923.40	40,352,550.73	10,642,314.67	50,994,865.40	-11.9%
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	77,473.85	0.00	77,473.85	77,474.00	0.00	77,474.00	0.0%
Prepaid Expenditures		9713	888,655.42	616,804.91	1,505,460.33	453,077.00	308,404.00	761,481.00	-49.4%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	10,025,509.76	10,025,509.76	0.00	10,333,910.67	10,333,910.67	3.1%
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			6,449,878.00	0.00	6,449,878.00	6,449,878.00	0.00	6,449,878.00	0.0%
Assigned Regular Carry-overs	0000	9780	1,693,994.00	0.00	1,693,994.00				
Assigned for Medical Admin Activities	0000	9780	1,730,911.00		1,730,911.00				
Assigned for Code to the Future	0000	9780	266,000.00		266,000.00				
Assigned for Unrestricted CTE	0000	9780	200,000.00		200,000.00				
Assigned for Supplemental Program	0000	9780	1,158,973.00		1,158,973.00				
Assigned for future LACOE system char	0000	9780	1,400,000.00		1,400,000.00				
Assigned Regular Carry-overs	0000	9780				1,693,994.00		1,693,994.00	
Assigned for Medical Admin Activities	0000	9780				1,730,911.00		1,730,911.00	
Assigned Code to the Future	0000	9780				266,000.00		266,000.00	
Assigned for Unrestricted CTE	0000	9780				200,000.00		200,000.00	
Assigned for Supplemental program	0000	9780				1,158,973.00		1,158,973.00	
Assigned for future LACOE system char	0000	9780				1,400,000.00		1,400,000.00	
e) Unassigned/unappropriated									

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

19 64568 0000000  
Form 01

Glendale Unified  
Los Angeles County

Description	Resource Codes	Object Codes	2016-17 Unaudited Actuals			2017-18 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)	
Reserve for Economic Uncertainties		9789	8,442,375.00	0.00	8,442,375.00	8,272,667.00	0.00	8,272,667.00	-2.0%
Unassigned/Unappropriated Amount		9790	31,284,226.46	0.00	31,284,226.46	25,029,454.73	0.00	25,029,454.73	-20.0%

GLENDALE UNIFIED SCHOOL DISTRICT

ATTACHMENT B

2016-17 Unaudited Actual Fund Balance With Adjustments

September 5, 2017

CDS Code: 64568

District: Glendale Unified

Fund Name	SACS Fund#	2016-17 Estimated Actuals End. Balance	2016-17 Unaudited Actuals End. Balance	2017-18 BUDGET ADJUSTMENT (Cols D-C)
(A)	(B)	(C)	(D)	(E)
General - Unrestricted	01U	44,287,390	47,212,609	2,925,219
General - Restricted	01R	6,907,753	10,642,315	3,734,562
Charter Schools Spec. Rev.	09			0
Special Education Pass-Through	10	0	0	0
Adult Education	11			0
Child Development	12	191,221	190,634	(588)
Cafeteria (Special Revenue)	13	4,678,036	4,350,555	(327,481)
Deferred Maintenance	14	5,123,480	5,126,765	3,285
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	65,175,495	70,636,711	5,461,216
Clean Renewable Energy Bonds	21.2	9,800,720	10,222,749	422,029
Capital Facilities (Developer Fees)	25	9,990,901	10,185,256	194,355
Lease Purchase	30			0
County Schools Facilities (State Bond)	35	145,822	740	(145,082)
Capital Projects - District Projects	40.1	17,282,425	21,488,992	4,206,568
Capital Projects - Food Service	40.2	1,121,768	1,222,572	100,804
Blended Components	49			0
Bond Interest and Redemption	51	14,676,916	20,013,864	5,336,948
Tax Override	53			0
Debt Service / COP Repayment	56	12,675,991	12,683,056	7,066
Foundation Permanent	57			0
Cafeteria (Enterprise)	61			0
Other Enterprise	63			0
Warehouse Revolving	66			0
Health & Welfare (Vision & Dental)	67.0	3,891,728	4,428,386	536,659
Workers' Compensation	67.1	1,705,909	1,857,482	151,573
Early Retirement Benefits	67.2	557,007	593,287	36,280
Retiree Benefits	71			0
Article XIII-B	72			0
McLennan & Other Scholarships Trust	73	337,445	336,611	(834)

**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
	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	\$1.84	\$2.45
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
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
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	\$0.55	\$0.59
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	\$5.10	\$5.13
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	\$2.94	\$1.73
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	\$12.64	\$12.68
<b>Total Available Reserves</b>	<b>\$39.80</b>	<b>\$31.43</b>	<b>\$27.36</b>	<b>\$25.54</b>	<b>\$23.94</b>	<b>\$24.42</b>	<b>\$23.07</b>	<b>\$22.58</b>