

GLENDALE UNIFIED SCHOOL DISTRICT

September 6, 2016

ACTION REPORT NO. 1

TO: Board of Education

FROM: Winfred B. Roberson, Jr., Superintendent

SUBMITTED BY: Cheryl Plotkin, Interim Chief Business and Financial Officer

PREPARED BY: Craig Larimer, Financial Analyst

SUBJECT: **Summary of Revenue and Expenditures for 2015-16 (Unaudited)
and Technical Corrections to the 2016-17 Adopted Budget**

The Superintendent recommends that the Board of Education approve the unaudited summary of District revenue and expenditures for 2015-16 and resulting technical corrections to the 2016-17 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 2016-17 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 2015-16 and 2016-17. 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 2015-16 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 2016-17 budget make adjustments for any variance between the 2015-16 Ending Fund Balances projected in the June 2016-17 Adopted Budget and the actual ending balances in the 2015-16 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 2015-16 and 2016-17 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 2015-16 “Ending Fund Balance” of the Unrestricted General Fund plays a very significant role in the District’s solvency plan for future years.

In the 2016-17 June Budget Adoption, the projected Ending Fund Balance for 2015-16 was \$33.2 million, of which \$19.9 million was unassigned. The projected Ending Fund Balance did not include a projection for all carry overs or reserves. The 2015-16 Ending Fund Balance, when we closed the books, was \$44.2 million, of which \$27.7 million is unassigned.

The \$44.2 million 2015-16 Ending Fund Balance for the Unrestricted General Fund includes the following components:

2015-16 Unrestricted General Fund Balance		
Unrestricted General Fund	Projected June 21, 2016	Final
Designated for Economic Uncertainty	\$ 8,288,430	\$ 8,045,298
Revolving Cash, Warehouse & Prepaid Expense	1,465,039	1,455,864
School Site & Program Carry Overs	-	1,759,616
Reserve for Medical Administrative Activity (MAA)	1,385,622	1,389,566
Reserve for Board Election	-	200,000
Reserve for Operational Draw Down	2,142,282	2,142,282
Reserve for Unrestricted CTE Assigned	-	262,564
Reserve for Supplemental Program	-	1,221,818
Unassigned Reserve	19,901,237	27,712,605
Total Unrestricted General Fund Balance	\$ 33,182,610	\$ 44,189,613

It is important to note that the change in the “Unassigned Reserve” was approximately \$7.8 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 2016-17.

In the 2016-17 June Budget Adoption, there were expenditure reductions for solvency savings projected at \$8.2 million for 2017-18 and another \$8.2 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 2015-16, revised LCFF funding variables, and revised

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direct/indirect costs, there will be future budget adjustments in 2016-17 to the multiyear projected budget

for 2017-18 and 2018-19 lowering the expenditure reductions to \$4.1 million in both years. Fiscal year 2018-19 still reflects the full \$8.2 million reduction. A Board approved fiscal stabilization plan for the \$8.2 million reduction in 2017-18 and 2018-19 needs to be submitted to Los Angeles County Office of Education (LACOE) with the 2016-17 First Interim Report. In the fiscal stabilization plan, the Board of Education will identify the specific areas to reduce, up to the \$4.1 million of ongoing expenditures, and identify the remaining \$4.1 million details covered by the higher 2015-16 balance, revised LCFF funding and revised direct/indirect costs.

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 may be needed for textbook purposes in future years.

The 2016-17 budget 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).

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.

Description	Resource Codes	Object Codes	2015-16 Unaudited Actuals			2016-17 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	204,294,373.40	0.00	204,294,373.40	213,828,409.00	0.00	213,828,409.00	4.7%
2) Federal Revenue		8100-8299	584,443.15	14,610,862.24	15,195,305.39	200,000.00	14,524,549.00	14,724,549.00	-3.1%
3) Other State Revenue		8300-8599	18,196,669.16	28,874,390.99	47,071,060.15	9,850,728.00	17,323,350.00	27,174,078.00	-42.3%
4) Other Local Revenue		8600-8799	6,809,021.89	7,394,277.44	14,203,299.33	3,672,695.00	7,488,409.00	11,161,104.00	-21.4%
5) TOTAL, REVENUES			229,884,507.60	50,879,530.67	280,764,038.27	227,551,832.00	39,336,308.00	266,888,140.00	-4.9%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	97,087,173.85	23,198,390.85	120,285,564.70	102,385,717.00	23,689,513.00	126,075,230.00	4.8%
2) Classified Salaries		2000-2999	20,823,825.67	16,539,276.68	37,363,102.35	21,267,382.00	19,451,926.00	40,719,308.00	9.0%
3) Employee Benefits		3000-3999	43,673,789.96	22,634,503.40	66,308,293.36	48,468,797.00	18,512,062.00	66,980,859.00	1.0%
4) Books and Supplies		4000-4999	3,746,809.65	5,064,189.19	8,810,998.84	4,438,535.00	3,473,178.00	7,911,713.00	-10.2%
5) Services and Other Operating Expenditures		5000-5999	16,588,125.66	15,668,243.33	32,256,368.99	16,747,573.00	14,505,959.00	31,253,532.00	-3.1%
6) Capital Outlay		6000-6999	175,886.62	192,357.61	368,244.23	81,592.00	81,750.00	163,342.00	-55.6%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	432,676.36	259,690.56	692,366.92	390,570.00	530,000.00	920,570.00	33.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(1,356,741.32)	866,231.56	(490,509.76)	(909,816.00)	508,816.00	(401,000.00)	-18.2%
9) TOTAL, EXPENDITURES			181,171,546.45	84,422,883.18	265,594,429.63	192,870,350.00	80,753,204.00	273,623,554.00	3.0%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)									
			48,712,961.15	(33,543,352.51)	15,169,608.64	34,681,482.00	(41,416,896.00)	(6,735,414.00)	-144.4%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers									
a) Transfers In		8900-8929	1,370,025.00	0.00	1,370,025.00	1,481,351.00	0.00	1,481,351.00	8.1%
b) Transfers Out		7600-7629	2,188,797.52	393,371.18	2,582,168.70	1,015,000.00	858,773.00	1,873,773.00	-27.4%
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	(36,197,396.19)	36,197,396.19	0.00	(42,275,669.00)	42,275,669.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(37,016,168.71)	35,804,025.01	(1,212,143.70)	(41,809,318.00)	41,416,896.00	(392,422.00)	-67.6%

Description	Resource Codes	Object Codes	2015-16 Unaudited Actuals			2016-17 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)			11,696,792.44	2,260,672.50	13,957,464.94	(7,127,836.00)	0.00	(7,127,836.00)	-151.1%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	32,492,819.97	7,083,816.40	39,576,636.37	44,189,612.41	9,344,488.90	53,534,101.31	35.3%
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)			32,492,819.97	7,083,816.40	39,576,636.37	44,189,612.41	9,344,488.90	53,534,101.31	35.3%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			32,492,819.97	7,083,816.40	39,576,636.37	44,189,612.41	9,344,488.90	53,534,101.31	35.3%
2) Ending Balance, June 30 (E + F1e)			44,189,612.41	9,344,488.90	53,534,101.31	37,061,776.41	9,344,488.90	46,406,265.31	-13.3%
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	61,630.93	0.00	61,630.93	70,806.00	0.00	70,806.00	14.9%
Prepaid Expenditures		9713	1,324,232.88	925,207.37	2,249,440.25	888,655.00	616,806.00	1,505,461.00	-33.1%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	8,419,281.53	8,419,281.53	0.00	8,727,682.90	8,727,682.90	3.7%
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	6,975,846.00	0.00	6,975,846.00	5,733,564.00	0.00	5,733,564.00	-17.8%
Regular carry over assigned	0000	9780	1,759,616.00		1,759,616.00				
Reserve for Medical Admin Activities	0000	9780	1,389,566.00		1,389,566.00				
Board Elections	0000	9780	200,000.00		200,000.00				
Unrestricted CTE Assigned	0000	9780	262,564.00		262,564.00				
Supplemental Program	0000	9780	1,221,818.00		1,221,818.00				
Reserve for Planned Operational Drawd	0000	9780	2,142,282.00		2,142,282.00				
Regular carry over assigned	0000	9780				1,759,616.00		1,759,616.00	
Reserve for Medical Admin Activities	0000	9780				1,389,566.00		1,389,566.00	
Board elections	0000	9780				200,000.00		200,000.00	
Unrestricted CTE assigned	0000	9780				262,564.00		262,564.00	
Supplemental program	0000	9780				1,221,818.00		1,221,818.00	
Future LACOE system charge	0000	9780				900,000.00		900,000.00	
e) Unassigned/unappropriated									

Description	Resource Codes	Object Codes	2015-16 Unaudited Actuals			2016-17 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	8,045,297.95	0.00	8,045,297.95	8,264,920.00	0.00	8,264,920.00	2.7%
Unassigned/Unappropriated Amount		9790	27,712,604.65	0.00	27,712,604.65	22,033,831.41	0.00	22,033,831.41	-20.5%

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ATTACHMENT B

2015-16 Unaudited Actual Fund Balance With Adjustments

August 19, 2016

CDS Code: 64568

District: Glendale Unified

Fund Name	SACS Fund#	2015-16 Estimated Actuals End. Balance	2015-16 Unaudited Actuals End. Balance	2016-17 BUDGET ADJUSTMENT (Cols D-C)
(A)	(B)	(C)	(D)	(E)
General - Unrestricted	01U	33,182,609	44,189,612	11,007,003
General - Restricted	01R	7,026,635	9,344,489	2,317,854
Charter Schools Spec. Rev.	09			0
Special Education Pass-Through	10	0	0	0
Adult Education	11			0
Child Development	12	185,074	184,621	(453)
Cafeteria (Special Revenue)	13	5,764,067	5,434,159	(329,908)
Deferred Maintenance	14	5,068,915	5,070,980	2,065
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	56,783,645	55,627,487	(1,156,158)
Clean Renewable Energy Bonds	21.2	302,434	67,220	(235,214)
Capital Facilities (Developer Fees)	25	11,339,921	11,547,125	207,204
Lease Purchase	30			0
County Schools Facilities (State Bond)	35	152,055	144,350	(7,705)
Capital Projects - District Projects	40.1	15,882,909	19,514,711	3,631,802
Capital Projects - Food Service	40.2	1,208,709	1,209,269	560
Blended Components	49			0
Bond Interest and Redemption	51	13,026,166	14,267,522	1,241,356
Tax Override	53			0
Debt Service / COP Repayment	56	14,017,206	14,023,342	6,136
Foundation Permanent	57			0
Cafeteria (Enterprise)	61			0
Other Enterprise	63			0
Warehouse Revolving	66			0
Health & Welfare (Vision & Dental)	67.0	3,662,756	3,955,727	292,971
Workers' Compensation	67.1	1,586,133	1,672,710	86,577
Early Retirement Benefits	67.2	620,142	552,507	(67,635)
Retiree Benefits	71			0
Article XIII-B	72			0
McLennan & Other Scholarships Trust	73	336,607	337,445	838

ATTACHMENT C

End Of Year Reserves Available To The General Fund in millions

Reserve Category	2010-11 Year End Balance	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 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
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
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
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
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
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
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
Total Available Reserves	\$39.80	\$31.43	\$27.36	\$25.54	\$23.94	\$24.42	\$23.07