

GLENDALE UNIFIED SCHOOL DISTRICT

September 17, 2019

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 2018-19 (Unaudited)  
and Technical Corrections to the 2019-20 Adopted Budget**

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The Superintendent recommends that the Board of Education approve the unaudited summary of District revenue and expenditures for 2018-19 and resulting technical corrections to the 2019-20 adopted budget.

This agenda item is in support of Board Priority No. 4 – Maintain District Solvency and Financial Responsibility.

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 2019-20 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 2018-19 and 2019-20. 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 2018-19 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.

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The September technical corrections to the 2019-20 budget make adjustments for any variance between the 2018-19 Ending Fund Balances projected in the June 2019-20 Adopted Budget and the actual ending balances in the 2018-19 Unaudited Actual Report. The fund balance of each District fund is noted in Attachment “B” to this report.

Attachment “C” provides the 2018-19 and 2019-20 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 2018-19 “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 2019-20 June Budget Adoption, the projected Ending Fund Balance for 2018-19 was \$36.8 million, of which \$20.5 million was unassigned. The projected Ending Fund Balance did not include a projection for all carryovers or reserves. The 2018-19 Ending Fund Balance, when we closed the books, was \$43.8 million, of which \$22.9 million is unassigned.

The \$43.8 million 2018-19 Ending Fund Balance for the Unrestricted General Fund includes the following components:

2018-19 Unrestricted General Fund Balance		
Unrestricted General Fund	Projected June 18, 2019	Final
Designated for Economic Uncertainty	\$ 9,152,447	\$ 9,475,059
Revolving Cash, Warehouse	150,096	126,773
Reserve for School Site & Program Carryovers, MAA, Board Election, LACOE System Charges, FASO Wall Cost	5,790,641	9,576,900
Reserve for One-Time 2017-18 Discretionary Funding	1,222,896	1,712,663
Unassigned Reserve	20,451,734	22,943,447
<b>Total Unrestricted General Fund Balance</b>	<b>\$ 36,767,814</b>	<b>\$ 43,834,843</b>

It is important to note that the change in the “Unassigned Reserve” was approximately \$2.5 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 2019-20.

A Board approved Fiscal Stabilization Plan was submitted to Los Angeles County Office of Education (LACOE) with the 2019-20 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 2018-19, STRS and PERS adjustments, and one-time 2019-20 Preschool Special Education Funding, there will be future budget adjustments in 2019-20 to the multiyear projected budget. Also, Attachment "D" is a committed DRAFT of the 2020-21 Fiscal Stabilization Plan that will be submitted to LACOE, which will be finalized and approved with the 2019-20 First Interim Report.

A continuous analysis of the Fiscal Stabilization 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 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	2018-19 Unaudited Actuals			2019-20 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) LCFF Sources		8010-8099	234,321,786.08	0.00	234,321,786.08	239,969,886.00	0.00	239,969,886.00	2.4%
2) Federal Revenue		8100-8299	1,281,151.74	14,026,279.39	15,307,431.13	200,000.00	14,271,497.00	14,471,497.00	-5.5%
3) Other State Revenue		8300-8699	10,100,004.79	43,815,368.33	53,915,373.12	4,970,957.00	19,240,835.00	24,211,792.00	-55.1%
4) Other Local Revenue		8600-8799	5,040,044.95	12,190,612.81	17,230,657.76	4,216,291.00	11,150,924.00	15,367,215.00	-10.8%
5) TOTAL REVENUES			250,742,987.56	70,032,260.53	320,775,248.09	249,357,134.00	44,663,256.00	294,020,390.00	-8.3%
<b>B. EXPENDITURES</b>									
1) Certificated Salaries		1000-1999	101,421,315.51	24,205,755.49	125,627,071.00	105,068,086.00	24,920,846.00	129,988,932.00	3.5%
2) Classified Salaries		2000-2999	25,414,467.50	16,354,086.29	41,768,553.79	27,071,456.00	17,437,233.00	44,508,689.00	6.6%
3) Employee Benefits		3000-3999	56,085,915.78	36,789,315.47	92,875,231.25	61,236,835.00	19,978,595.00	81,215,430.00	-12.6%
4) Books and Supplies		4000-4999	4,937,271.44	7,981,462.82	12,918,734.26	3,986,209.00	4,329,496.00	8,315,705.00	-35.6%
5) Services and Other Operating Expenditures		5000-5999	17,665,318.56	18,712,622.45	36,377,941.01	16,486,281.00	16,897,910.00	33,384,191.00	-8.2%
6) Capital Outlay		6000-6999	204,726.48	2,693,724.59	2,898,451.08	299,592.00	55,250.00	354,842.00	-87.8%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	218,951.21	734,999.11	953,950.32	220,000.00	767,000.00	987,000.00	3.5%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(1,485,236.97)	975,562.74	(509,674.23)	(1,244,059.00)	803,059.00	(441,000.00)	-13.5%
9) TOTAL EXPENDITURES			204,482,729.52	108,447,528.96	312,910,258.48	213,124,400.00	85,189,389.00	298,313,789.00	-4.7%
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>									
			46,280,258.04	(38,415,268.43)	7,864,989.61	36,232,734.00	(40,526,133.00)	(4,293,399.00)	-154.6%
<b>D. OTHER FINANCING SOURCES/USES</b>									
1) Interfund Transfers									
a) Transfers In		8900-8929	600,000.00	0.00	600,000.00	0.00	0.00	0.00	-100.0%
b) Transfers Out		7600-7629	72,659.62	2,852,392.84	2,925,052.26	0.00	3,842,773.00	3,842,773.00	31.4%
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	(42,960,736.12)	42,960,736.12	0.00	(44,081,421.00)	44,081,421.00	0.00	0.0%
4) TOTAL OTHER FINANCING SOURCES/USES			(42,433,397.74)	40,108,345.48	(2,325,052.26)	(44,081,421.00)	40,238,648.00	(3,842,773.00)	65.3%

Description	Resource Codes	Object Codes	2018-19 Unaudited Actuals			2019-20 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>			3,846,860.30	1,693,077.05	5,539,937.35	(7,848,687.00)	(287,485.00)	(8,136,172.00)	-246.9%
<b>F. FUND BALANCE, RESERVES</b>									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	39,804,622.73	7,608,430.03	47,413,052.76	43,834,841.91	9,301,507.08	53,136,348.99	12.1%
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)			39,804,622.73	7,608,430.03	47,413,052.76	43,834,841.91	9,301,507.08	53,136,348.99	12.1%
d) Other Restatements		9795	183,358.88	0.00	183,358.88	0.00	0.00	0.00	-100.0%
e) Adjusted Beginning Balance (F1c + F1d)			39,987,981.61	7,608,430.03	47,596,411.64	43,834,841.91	9,301,507.08	53,136,348.99	11.6%
2) Ending Balance, June 30 (E + F1e)			43,834,841.91	9,301,507.08	53,136,348.99	35,986,154.91	9,014,022.08	45,000,176.99	-15.3%
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	39,272.16	0.00	39,272.16	39,272.00	0.00	39,272.00	0.0%
Prepaid Items		9713	17,500.50	0.00	17,500.50	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	9,301,507.08	9,301,507.08	0.00	9,014,022.08	9,014,022.08	-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									
Assigned for Future LACOE System Ch	0000	9780	11,289,563.00	0.00	11,289,563.00	9,786,667.00	0.00	9,786,667.00	-13.3%
Assigned Regular Carry-overs	0000	9780	840,000.00		840,000.00				
Assigned MAA	0000	9780	3,087,902.00		3,087,902.00				
LCAP Carry-Over (excluding resource 0	0000	9780	3,494,274.00		3,494,274.00				
Assigned for One-Time 2017-18/Discret	0000	9780	2,000,000.00		2,000,000.00				
Assigned for 2018-19 FASO Wall Costs	0000	9780	1,712,663.00		1,712,663.00				
Assigned for Future LACOE System Ch	0000	9780	154,724.00		154,724.00				
Assigned Regular Carry-overs	0000	9780				560,000.00		560,000.00	
Assigned MAA	0000	9780				3,087,902.00		3,087,902.00	
LCAP Carry-Over (excluding resource 0	0000	9780				3,494,274.00		3,494,274.00	
Assigned for One-Time 2017-18/Discret	0000	9780				2,000,000.00		2,000,000.00	
Assigned for 2018-19 FASO Wall Costs	0000	9780				489,767.00		489,767.00	
						154,724.00		154,724.00	
e) Unassigned/Unappropriated									

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2018-19 Unaudited Actuals			2019-20 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	9,475,059.32	0.00	9,475,059.32	9,064,697.00	0.00	9,064,697.00	-4.3%
Unassigned/Unappropriated Amount		9790	22,943,446.93	0.00	22,943,446.93	17,025,518.91	0.00	17,025,518.91	-25.8%

**GLENDALE UNIFIED SCHOOL DISTRICT**

**ATTACHMENT B**

**2018-19 Unaudited Actual Fund Balance With Adjustments**

**September 5, 2019**

**CDS Code: 64568**

**District: Glendale Unified**

<b>Fund Name</b>	<b>SACS Fund#</b>	<b>2018-19 Estimated Actuals End. Balance</b>	<b>2018-19 Unaudited Actuals End. Balance</b>	<b>2018-19 BUDGET ADJUSTMENT (Cols D-C)</b>
<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D)</b>	<b>(E)</b>
General - Unrestricted	01U	36,767,813	43,834,842	7,067,029
General - Restricted	01R	7,986,802	9,301,507	1,314,705
Charter Schools Spec. Rev.	09			0
Special Education Pass-Through	10	0	0	0
Adult Education	11			0
Child Development	12	304,504	314,314	9,810
Cafeteria (Special Revenue)	13	3,533,820	3,590,684	56,864
Deferred Maintenance	14	5,315,078	5,316,185	1,107
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	61,849,432	65,599,125	3,749,693
Clean Renewable Energy Bonds	21.2	305,063	2,208,782	1,903,719
Capital Facilities (Developer Fees)	25	10,221,222	10,867,407	646,185
Lease Purchase	30			0
County Schools Facilities (State Bond)	35	6,004	5,090	(914)
Capital Projects - District Projects	40.1	27,315,631	28,538,547	1,222,916
Capital Projects - Food Service	40.2	1,169,249	1,179,346	10,097
Blended Components	49			0
Bond Interest and Redemption	51	14,828,379	17,524,475	2,696,096
Tax Override	53			0
Debt Service / COP Repayment	56	94,443,175	95,598,463	1,155,288
Foundation Permanent	57			0
Cafeteria (Enterprise)	61			0
Other Enterprise	63			0
Warehouse Revolving	66			0
Health & Welfare (Vision & Dental)	67.0	4,901,409	5,727,663	826,254
Workers' Compensation	67.1	1,883,253	1,911,536	28,283
Early Retirement Benefits	67.2	583,769	497,852	(85,917)
Retiree Benefits	71			0
Article XIII-B	72			0
McLennan & Other Scholarships Trust	73	336,314	335,837	(477)

**ATTACHMENT C**

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

<b>Reserve Category</b>	<b>2011-12 Year End Balance</b>	<b>2012-13 Year End Balance</b>	<b>2013-14 Year End Balance</b>	<b>2014-15 Year End Balance</b>	<b>2015-16 Year End Balance</b>	<b>2016-17 Year End Balance</b>	<b>2017-18 Year End Balance</b>	<b>2018-19 Year End Balance</b>	<b>2019-20 Budgeted Year End Balance</b>
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	\$3.67
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
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
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	\$0.50
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	\$5.32
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	\$2.01
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	\$11.26
<b>Total Available Reserves</b>	<b>\$31.43</b>	<b>\$27.36</b>	<b>\$25.54</b>	<b>\$23.94</b>	<b>\$24.42</b>	<b>\$24.23</b>	<b>\$22.91</b>	<b>\$22.76</b>	<b>\$22.76</b>



**ATTACHMENT D**

<b>GLENDALE UNIFIED SCHOOL DISTRICT</b> <b>DRAFT 2020-21 Fiscal Stabilization Plan - \$5,000,000 Needed</b>		
Dept	Program	Est. Savings
LCFF Funding	2020-21 LCFF above current COLA projection of 3% (Jan/May 2020 Gov proposals); 1% = \$2.4m	\$ 0
T&L/Funding	Restructure funding source for professional development to LPS Block Grant (Yr2 of 2)	\$ 500,000
LCFF Funding	ADA% increase of 0.25% (could begin in 2019-20) – need specific plans and actions; 1% = \$2.4m	\$ 600,000
DO Cert Mgmt	Eliminate (1) Exec. Dir. Of Secondary Ed position – vacant	\$ 200,000
DO Non-personnel	3% reduction in all DO department budgets – supplies, consulting services, conferences (Yr2)	\$ 750,000
DO Benefits budget	Reduce annual increase in projected H&W rates from +8% (May 2020); 1% = \$300,000	\$ 0
Elem – estimate	Adjust (2) Teaching positions due to declining enrollment from 2019-20	\$ 175,000
Middle – estimate	Adjust (7) Teaching positions due to declining enrollment from 2019-20	\$ 615,000
HS – estimate	Adjust (7) Teaching positions due to declining enrollment from 2019-20	\$ 615,000
Classified	Adjust Classified staffing – due to ratios and declining enrollment from 2019-20	\$ 0
Classified	Adjust Classified staffing – review of all vacancies for possible non-replacement	\$ 0
		\$ 0
		\$ 0
		\$ 0
		\$ 0
		\$ 0
	<b>Total Needed = \$5,000,000</b>	<b>Current Total = \$ 3,455,000</b>