

GLENDALE UNIFIED SCHOOL DISTRICT

September 15, 2020

INFORMATION REPORT NO. 5

TO: Board of Education

FROM: Dr. Vivian Ekchian, Superintendent

SUBMITTED BY: Stephen Dickinson, Chief Business and Financial Officer

PREPARED BY: Karineh Savarani, Director, Financial Services
Craig Larimer, Financial Analyst

SUBJECT: **Summary of Revenue and Expenditures for 2019-20 and 2020-21 Budget to Reflect the Related Technical Corrections (Refer to Action Report No. 3)**

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 2020-21 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.

Unrestricted General Fund

In the 2020-21 June Budget Adoption, the projected Ending Fund Balance for 2019-20 was \$37.9 million, of which \$17.8 million was unassigned. The projected Ending Fund Balance did not include a projection for all carryovers or reserves. The 2019-20 Ending Fund Balance, when we closed the books, was \$45.7 million, of which \$19.7 million is unassigned.

There are two separate, but related budget stories evolving: 1) specific revenues and expenses related to COVID-19, and 2) ongoing budget challenges created by the economic crisis:

1. COVID-19 Related Expenditures & Revenues

Due to COVID-19, the District has encountered additional costs that had not been included in the 2020-21 Adopted Budget. There are also one-time Federal and State CARES Act funding totaling to approximately \$21.5 million that have not been included in the 2020-21 Adopted Budget. As of this date, the total estimated expenditures related to COVID-19 is \$17 million.

To Support Board Priority No. 4 - Maintain District Solvency & Financial Responsibility - Manage district financial resources and facilities to support optimal learning, healthy working conditions, and strong enrollment to ensure long-term stability.

2. Ongoing Budget Challenges

Due to ongoing budget challenges and 0% COLA for 2020-21 and the foreseeable future, the District's multi-year deficit is estimated for at least \$25 million. Even with substantial reserves, the 2021-22 Fiscal Stabilization Plan will likely include the need for ongoing budget reductions of at least \$12-15 million.

The Information Report will include a brief presentation to review the following:

- 2019-20 Unaudited Actuals Report
- Short and long-term financial impacts of COVID-19
- Draft fiscal stabilization plan for 2021-22
- Cashflow
- Retirement incentive
- Next Steps