

NEW ISSUE -- FULL BOOK-ENTRY

**RATINGS: Moody's: "Aa1"
Standard & Poor's: "AA"
See "RATINGS" herein**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series E Bonds maturing on and after September 1, 2022 (the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, the interest on the Series E Bonds is exempt from California personal income taxes. Bond Counsel further observes that interest on the Series E Bonds maturing on December 1, 2020 (the "Federally Taxable Bonds") is not excluded from gross income for federal income tax purposes. See "TAX MATTERS" herein.

**\$38,000,000
GLENDALE UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2011, Series E**

Dated: Date of Delivery

Due: September 1, as shown on inside cover

Authority and Purpose. The captioned General Obligation Bonds Election of 2011, Series E (the "Series E Bonds") are being issued by the Glendale Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District (the "Board of Education") adopted on September 15, 2020. The Series E Bonds were authorized at an election of the voters of the District held on April 5, 2011, which authorized the issuance of \$270,000,000 principal amount of general obligation bonds for the purpose of financing the construction, renovation, modernization and equipping of school facilities. The Series E Bonds are the seventh series of bonds to be issued under this authorization. See "THE FINANCING PLAN" and "THE SERIES E BONDS – Authority for Issuance" and "– Purpose of Issue."

Security. The Series E Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by Los Angeles County (the "County"). The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Series E Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has outstanding general obligation bonds that are secured by *ad valorem* taxes on the same basis as the Series E Bonds. See "SECURITY FOR THE SERIES E BONDS."

Redemption. The Series E Bonds are subject to optional redemption prior to maturity under certain circumstances, as described herein. See "THE SERIES E BONDS – Optional Redemption."

Book-Entry Only. The Series E Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Series E Bonds. See "THE SERIES E BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. The Series E Bonds are being issued as current interest bonds. Interest on the Series E Bonds accrues from the date of delivery and is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2021, to the person in whose name the Series E Bond is registered. Payments of principal and interest on the Series E Bonds will be paid by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of Los Angeles County, California, the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series E Bonds. The Series E Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. See "THE SERIES E BONDS."

MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Series E Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series E Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation, San Francisco, California. It is anticipated that the Series E Bonds will be available for delivery to Cede & Co., as nominee of DTC, on October 26, 2020.



**Capital
Markets**

MATURITY SCHEDULE

Base CUSIP[†]: 378460

\$38,000,000
GLENDAL Unified School District
(Los Angeles County, California)
General Obligation Bonds
Election of 2011, Series E

FEDERALLY TAXABLE BONDS

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†]
2020	\$2,370,000	0.255%	0.255%	100.000%	ZZ5

TAX-EXEMPT BONDS

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†]
2022	\$1,470,000	3.000%	0.120%	105.312%	ZF9
2023	2,225,000	4.000	0.130	110.994	ZG7
2024	1,370,000	4.000	0.160	114.721	ZH5
2025	1,640,000	4.000	0.230	118.161	ZJ1
2026	1,780,000	4.000	0.380	120.913	ZK8
2027	2,180,000	4.000	0.530	123.303	ZL6
2028	2,960,000	4.000	0.690	125.240	ZM4
2029	1,535,000	4.000	0.800 ^C	124.291	ZN2
2030	1,905,000	4.000	0.940 ^C	123.095	ZP7
2031	1,935,000	4.000	1.060 ^C	122.080	ZQ5
2032	1,840,000	4.000	1.170 ^C	121.158	ZR3
2033	1,845,000	4.000	1.300 ^C	120.079	ZS1
2034	1,980,000	4.000	1.410 ^C	119.174	ZT9
2035	1,830,000	4.000	1.490 ^C	118.522	ZU6
2036	2,200,000	4.000	1.580 ^C	117.792	ZV4
2037	2,400,000	3.000	2.010 ^C	107.152	ZW2
2038	2,195,000	3.000	2.050 ^C	106.852	ZX0
2039	2,340,000	3.000	2.090 ^C	106.553	ZY8

[†] CUSIP Copyright 2020, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series E Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series E Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated”, “estimate”, “project,” “forecast”, “expect”, “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Document Summaries. All summaries of the Series E Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

No Securities Laws Registration. The Series E Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Series E Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Series E Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, counties described herein, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Stabilization of Market Price. In connection with the offering of the Series E Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

Website. The District maintains a website and social media accounts. However, the information presented on the District website or any social media account maintained by the District is not a part of this Official Statement, is not incorporated herein by reference, and should not be relied upon in making an investment decision with respect to the Series E Bonds.

GLENDALÉ UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)

BOARD OF EDUCATION OF THE DISTRICT

Dr. Armina Gharpetian, *President*
Shant Sahakian, *Vice President*
Nayiri Nahabedian, *Clerk*
Gregory S. Krikorian, *Trustee*
Jennifer Freemon, *Trustee*

DISTRICT ADMINISTRATION

Dr. Vivian Ekchian, Superintendent
Stephen Dickinson, Chief Business and Financial Official

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Keygent LLC
El Segundo, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER'S COUNSEL

Stradling Yocca Carlson & Rauth, A Professional Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank National Association,
As agent of the Los Angeles County Treasurer-Tax Collector
Los Angeles, California

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE FINANCING PLAN.....	3
The Series E Bonds.....	3
SOURCES AND USES OF FUNDS.....	4
THE SERIES E BONDS.....	5
Authority for Issuance.....	5
Description of the Series E Bonds.....	5
Optional Redemption.....	6
Registration, Transfer and Exchange of Bonds.....	7
Defeasance.....	7
DEBT SERVICE SCHEDULES.....	9
APPLICATION OF PROCEEDS OF THE SERIES E BONDS.....	12
Building Fund.....	12
Debt Service Funds.....	12
Investment of Proceeds of Series E Bonds.....	12
SECURITY FOR THE SERIES E BONDS.....	13
<i>Ad Valorem</i> Taxes.....	13
Debt Service Funds.....	14
Not a County Obligation.....	14
Disclosure Relating to COVID-19.....	14
PROPERTY TAXATION.....	18
Property Tax Collection Procedures.....	18
Taxation of State-Assessed Utility Property.....	19
Assessed Valuations.....	20
Tax Rates.....	24
Appeals of Assessed Value.....	24
Tax Levies and Delinquencies.....	25
Largest Secured Property Taxpayers in District.....	26
Overlapping Debt Obligations.....	27
TAX MATTERS.....	28
Tax Exemption.....	28
CERTAIN LEGAL MATTERS.....	29
Legality for Investment.....	29
Absence of Litigation.....	30
Compensation of Certain Professionals.....	30
CONTINUING DISCLOSURE.....	30
RATINGS.....	31
UNDERWRITING.....	31
ADDITIONAL INFORMATION.....	32

APPENDIX A - District General and Financial Information

APPENDIX B - Audited Financial Statements of the District for Fiscal Year Ended June 30, 2019

APPENDIX C - General Information about the City of Glendale and Los Angeles County

APPENDIX D - Forms of Opinion of Bond Counsel

APPENDIX E - Form of Continuing Disclosure Certificate

APPENDIX F - DTC and the Book-Entry System

APPENDIX G - Los Angeles County Investment Policy and Monthly Investment Report

[THIS PAGE INTENTIONALLY LEFT BLANK]

\$38,000,000
GLENDALE UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2011, Series E

*The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the General Obligation Bonds, Election of 2011, Series E (the “**Series E Bonds**”) by the Glendale Unified School District (the “**District**”).*

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District provides services to residents of an area encompassing approximately 36 square miles including the City of Glendale and the community of La Crescenta, an additional portion of an unincorporated area of Los Angeles County in the northeast part of the District, and a very small portion of the City of La Canada-Flintridge. Enrollment in the District is 25,534 students in fiscal year 2019-20. For more information regarding the District and its finances, see Appendix A attached hereto. See “APPENDIX A – General and Financial Information About the District” and “APPENDIX C – General Information about the City of Glendale and the County of Los Angeles.”

Purpose. The Series E Bonds are being issued to provide funds to finance the construction, renovation, modernization and equipping of school facilities and to pay related costs of issuance. \See “THE FINANCING PLAN” herein.

Authority for Issuance. The Series E Bonds were authorized at an election of the registered voters of the District held on April 5, 2011 (the “**2011 Authorization**”), which authorized a total of \$270,000,000 principal amount of general obligation bonds to finance new construction and additions to and modernization of school facilities for the District. The Series E Bonds will be issued pursuant to the 2011 Authorization, Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the “**Bond Law**”), and a resolution of the Board of Education of the District (the “**Board of Education**”) adopted on September 15, 2020 (the “**Series E Bond Resolution**”).

See “THE SERIES E BONDS – Authority for Issuance.”

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and changeable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the District cannot at this time predict the impacts that the COVID-19 pandemic may have on its enrollment, average daily attendance, operations and finances, property values in the District, and economic activity in the District, the State and the nation,

among others. For more disclosure regarding the COVID-19 emergency, see “SECURITY FOR THE SERIES E BONDS – Disclosure Regarding COVID-19” herein. See also references to COVID-19 in the sections herein entitled “PROPERTY TAXATION”, and in APPENDIX A under the heading “GENERAL DISTRICT INFORMATION” and “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”

Payment and Registration of the Series E Bonds. The Series E Bonds will be issued as current interest bonds. The Series E Bonds will be dated their date of delivery (the “**Dated Date**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Series E Bonds will mature on September 1 in the years indicated on the inside cover page hereof. See “THE SERIES E BONDS.” The Series E Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Series E Bonds. See “THE SERIES E BONDS” and “APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption. The Series E Bonds are subject to optional redemption prior to maturity as described herein. See “THE SERIES E BONDS – Optional Redemption.”

Security and Sources of Payment for the Series E Bonds. The Series E Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Series E Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See “SECURITY FOR THE SERIES E BONDS.”

The District can make no representation regarding the affect that the current COVID-19 outbreak may have on the assessed valuation of property within the District. See “SECURITY FOR THE SERIES E BONDS – Disclosure Regarding COVID-19.”

Tax-Exempt Status. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Jones Hall, A Professional Law Corporation (“**Bond Counsel**”), interest on the Series E Bonds maturing on or after September 1, 2022 (the “**Tax-Exempt Bonds**”) is excluded from gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Series E Bonds will be exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Series E Bonds maturing on December 1, 2020 (the “**Federally Taxable Bonds**”) is not excluded from gross income for federal income tax purposes. See “TAX MATTERS” and APPENDIX D hereto for the form of Bond Counsel’s opinion to be delivered concurrently with the Series E Bonds.

Continuing Disclosure. The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Series E Bonds in the form attached hereto as Appendix E. See “CONTINUING DISCLOSURE.”

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Series E Bonds are available from the District from the Superintendent’s Office at Glendale Unified School District, 223 North Jackson Street,

Glendale, California 91206; telephone: (818) 241-3111. The District may impose a charge for copying, mailing and handling.

[END OF INTRODUCTION]

THE FINANCING PLAN

As described herein, the net proceeds of the Series E Bonds will be used to finance school facility improvements, and to pay related costs of issuance.

The Series E Bonds

At the April 5, 2011 bond election, the District received authorization by affirmative votes of the qualified electors exceeding the required 55% to issue general obligation bonds in a principal amount not to exceed \$270,000,000. The abbreviated form of the ballot measure is as follows:

“To protect quality education at local schools, provide safe and modern school facilities, and qualify for matching funds, shall Glendale Unified School District upgrade classrooms, science labs and libraries; update computers/technology; provide facilities/equipment for career training; improve campus safety and access for students with disabilities; increase energy efficiency; and make funding available for classroom instruction by issuing \$270 million in bonds with legal interest rates, independent oversight, all fund staying local, and without increasing tax rates?”

The District has issued six series of general obligation bonds pursuant to the 2011 Authorization in the combined principal amount of \$231,999,985.60 (some of which have subsequently been refinanced with the issuance of refunding general obligation bonds), leaving \$38,000,014.40 principal amount of authorized but unissued bonds. The Series E Bonds represent the seventh series of bonds to be issued pursuant to the 2011 Authorization, and will be used to finance school facility projects. In addition, a portion of the proceeds of the Series E Bonds will be used to pay related costs of issuance.

[Remainder of page intentionally left blank.]

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series E Bonds are as follows:

Sources of Funds

Principal Amount of Series E Bonds	\$38,000,000.00
Net Original Issue Premium	<u>6,034,832.55</u>
Total Sources	\$44,034,832.55

Uses of Funds

Deposit to Building Fund	\$37,790,000.00
Debt Service Fund	5,892,332.55
Costs of Issuance ⁽¹⁾	<u>352,500.00</u>
Total Uses	\$44,034,832.55

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, and the rating agencies.

[Remainder of page intentionally left blank.]

THE SERIES E BONDS

Authority for Issuance

The Series E Bonds will be issued pursuant to the Bond Law and the Series E Bond Resolution.

Description of the Series E Bonds

Book-Entry Form. The Series E Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“**DTC**”). Purchasers of the Series E Bonds (the “**Beneficial Owners**”) will not receive physical certificates representing their interest in the Series E Bonds. Payments of principal of and interest on the Series E Bonds will be paid by the Treasurer and Tax Collector of Los Angeles County, through its agent, U.S. Bank National Association, Los Angeles California (the “**Paying Agent**”) to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Series E Bonds.

As long as DTC’s book-entry method is used for the Series E Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series E Bonds called for prepayment or of any other action premised on such notice. See “APPENDIX F – Book-Entry Only System.”

The Paying Agent, the District, and the Underwriter of the Series E Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Series E Bonds.

Principal and Interest Payments. The Series E Bonds will be dated the Dated Date and will bear interest payable semiannually each March 1 and September 1 (each, an “**Interest Payment Date**”), commencing March 1, 2021, at the interest rates shown on the inside front cover page of this Official Statement. The Series E Bonds will mature on September 1 in each of the years and in the principal amounts shown on the inside front cover page of this Official Statement. Interest on the Series E Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond authenticated on or before February 15, 2021 shall bear interest from the date of the Series E Bonds. Each Bond authenticated during the period between the 15th day of the month preceding any Interest Payment Date (the “**Record Date**”) and that Interest Payment Date shall bear interest from that Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If an Interest Payment Date does not fall on a business day, the interest, principal or redemption payment due on such Interest Payment Date will be paid on the next business day. The Series E Bonds will be issued in the denomination of \$5,000 principal amount each or any integral multiple thereof.

See the maturity schedule on the inside cover page of this Official Statement and “DEBT SERVICE SCHEDULES.”

Optional Redemption

The Series E Bonds maturing on or before September 1, 2028 are not subject to redemption prior to maturity. The Series E Bonds maturing on or after September 1, 2029 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on September 1, 2028, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

For the purpose of selection for optional redemption, Series E Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed. Whenever less than all of the outstanding Series E Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series E Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent.

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of \$5,000 denominations each, which may be separately redeemed.

Notice of Redemption. The Paying Agent will cause notice of any redemption to be mailed, by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books (as hereinafter defined); but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds.

The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will designate the Series E Bonds to be redeemed, and will require that any redeemed Bonds be surrendered at the designate office of the Paying Agent for redemption, giving notice that further interest on such Bonds will not accrue from and after the redemption date.

Partial Redemption. Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series E Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Series E Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption. The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the

Series E Bonds then called for redemption. The District and the Paying Agent shall have no liability to the Series E Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent, except that the time period for giving the original notice of redemption shall not apply to any notice of rescission thereof.

Registration, Transfer and Exchange of Bonds

If the book-entry system as described above and in Appendix F is no longer used with respect to the Series E Bonds, the following provisions will govern the registration, transfer, and exchange of the Series E Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Series E Bonds (the “**Registration Books**”), which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Series E Bonds.

Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

Whenever any Bond or Bonds are surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers will be required to be made (a) 15 days prior to a date established for selection of Bonds for redemption and (b) with respect to a Bond that has been selected for redemption.

Exchange. Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Bond issued upon any exchange. No exchanges will be required to be made (a) 15 days prior to a date established for selection of Bonds for redemption and (b) with respect to a Bond that has been selected for redemption.

Defeasance

The Series E Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the applicable Resolution) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in a Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the applicable Resolution and will be:

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the applicable Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Series E Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the applicable Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

The Bond Resolution defines the term “**Federal Securities**” to mean United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of principal and interest of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

[Remainder of page intentionally left blank.]

DEBT SERVICE SCHEDULES

Series E Bonds. The following table shows the annual debt service schedule with respect to the Series E Bonds (assuming no optional redemptions).

GLENDALE UNIFIED SCHOOL DISTRICT Annual Debt Service Schedule Series E Bonds

Period Ending September 1	Series E Bonds Principal	Series E Bonds Interest	Series E Bonds Total Debt Service
2021	\$2,370,000	\$1,136,839.64	\$3,506,839.64
2022	1,470,000	1,341,150.00	2,811,150.00
2023	2,225,000	1,297,050.00	3,522,050.00
2024	1,370,000	1,208,050.00	2,578,050.00
2025	1,640,000	1,153,250.00	2,793,250.00
2026	1,780,000	1,087,650.00	2,867,650.00
2027	2,180,000	1,016,450.00	3,196,450.00
2028	2,960,000	929,250.00	3,889,250.00
2029	1,535,000	810,850.00	2,345,850.00
2030	1,905,000	749,450.00	2,654,450.00
2031	1,935,000	673,250.00	2,608,250.00
2032	1,840,000	595,850.00	2,435,850.00
2033	1,845,000	522,250.00	2,367,250.00
2034	1,980,000	448,450.00	2,428,450.00
2035	1,830,000	369,250.00	2,199,250.00
2036	2,200,000	296,050.00	2,496,050.00
2037	2,400,000	208,050.00	2,608,050.00
2038	2,195,000	136,050.00	2,331,050.00
2039	2,340,000	70,200.00	2,410,200.00
Total	\$38,000,000	\$14,049,389.64	\$52,049,389.64

Combined Debt Service Table. The following table shows the combined annual debt service schedule with respect to obligations secured by *ad valorem* taxes, assuming no optional redemptions. See Appendix A under the heading “DISTRICT FINANCIAL INFORMATION – Long Term Borrowing” for additional information.

[Remainder of page intentionally left blank.]

**GLENDAL Unified School District
Combined Annual Debt Service Schedule
All Outstanding General Obligation Debt**

Date	2011 Refunding Bonds	Election of 2011 Series A	Election of 2011 Series A-1⁽¹⁾	2012 Refunding Bonds⁽²⁾	Election of 2011 Series B⁽²⁾	2015 Refunding Bonds⁽³⁾
9/1/21	\$1,932,000.00	\$1,255,000.00	\$202,100.00	\$1,247,100.00	\$12,500.00	\$6,217,100.00
9/1/22	--	--	202,100.00	1,291,500.00	12,500.00	6,181,850.00
9/1/23	--	--	202,100.00	--	12,500.00	5,158,350.00
9/1/24	--	--	202,100.00	--	262,500.00	4,020,600.00
9/1/25	--	--	202,100.00	--	--	3,524,600.00
9/1/26	--	--	202,100.00	--	--	3,864,600.00
9/1/27	--	--	4,502,100.00	--	--	1,554,600.00
9/1/28	--	--	--	--	--	6,634,600.00
9/1/29	--	--	--	--	--	7,664,600.00
9/1/30	--	--	--	--	--	9,034,600.00
9/1/31	--	--	--	--	--	9,504,600.00
9/1/32	--	--	--	--	--	9,964,600.00
9/1/33	--	--	--	--	--	10,444,600.00
9/1/34	--	--	--	--	--	10,944,600.00
9/1/35	--	--	--	--	--	11,469,600.00
9/1/36	--	--	--	--	--	12,014,600.00
9/1/37	--	--	--	--	--	12,579,600.00
9/1/38	--	--	--	--	--	13,174,600.00
9/1/39	--	--	--	--	--	13,719,600.00
9/1/40	--	--	--	--	--	14,358,000.00
9/1/41	--	--	--	--	--	15,028,000.00
Total	\$1,932,000.00	\$1,255,000.00	\$5,714,700.00	\$2,538,600.00	\$300,000.00	\$187,057,900.00

[Table continued on next page]

(1) The Election of 2011, Series A-1 Bonds were issued as New Clean Renewable Energy Bonds. Gross Debt Service does not reflect receipt of federal subsidy payments.

(2) A portion of the 2012 Refunding Bonds and Election of 2011, Series B Bonds to be refunded by the 2020 Refunding Bonds Series B to be issued on the same date as the Series E Bonds.

(3) Includes debt service payments on the 2015 Refunding Bonds, Series A and 2015 Refunding Bonds, Series B Bonds, a portion of which is paid out of the 2015 Refunding Bonds, Series B escrow.

GLENDALE UNIFIED SCHOOL DISTRICT
Combined Annual Debt Service Schedule
All Outstanding General Obligation Debt, cont'd.

Date	Election of 2011 Series C	Election of 2011 Series D Bonds	2018 Forward Delivery Refunding Bonds	2020 Refunding Bonds	2020 Refunding Bonds, Series B⁽⁴⁾	Series E Bonds	Aggregate Debt Service
9/1/21	\$2,052,900.00	\$1,387,931.26	\$2,505,500.00	\$2,139,745.16	\$1,380,203.84	\$3,506,839.64	\$23,838,919.90
9/1/22	2,052,900.00	1,387,931.26	2,507,000.00	4,071,456.16	1,347,834.16	2,811,150.00	21,866,221.58
9/1/23	2,052,900.00	1,387,931.26	2,503,750.00	4,111,891.76	2,650,752.16	3,522,050.00	21,602,225.18
9/1/24	3,142,900.00	1,387,931.26	2,505,750.00	3,032,495.56	3,747,617.80	2,578,050.00	20,879,944.62
9/1/25	3,374,300.00	1,387,931.26	2,502,500.00	5,680,322.50	2,149,347.10	2,793,250.00	21,614,350.86
9/1/26	3,509,700.00	1,387,931.26	2,499,000.00	5,726,002.70	2,313,522.00	2,867,650.00	22,370,505.96
9/1/27	3,842,500.00	1,387,931.26	--	5,781,996.70	2,882,038.66	3,196,450.00	23,147,616.62
9/1/28	4,284,500.00	1,387,931.26	--	4,500,416.20	3,261,262.36	3,889,250.00	23,957,959.82
9/1/29	4,587,750.00	3,237,931.26	--	5,923,346.40	968,842.46	2,345,850.00	24,728,320.12
9/1/30	4,994,350.00	3,578,931.26	--	991,661.60	4,273,089.66	2,654,450.00	25,527,082.52
9/1/31	5,160,150.00	3,698,331.26	--	989,710.66	4,466,331.66	2,608,250.00	26,427,373.58
9/1/32	5,345,500.00	3,819,331.26	--	5,037,180.76	749,401.56	2,435,850.00	27,351,863.58
9/1/33	5,537,000.00	3,951,531.26	--	5,266,154.90	748,832.36	2,367,250.00	28,315,368.52
9/1/34	5,736,600.00	4,084,131.26	--	563,701.90	5,553,156.06	2,428,450.00	29,310,639.22
9/1/35	5,941,400.00	4,226,731.26	--	5,940,713.06	559,449.56	2,199,250.00	30,337,143.88
9/1/36	6,155,600.00	4,373,531.26	--	5,802,898.00	559,465.86	2,496,050.00	31,402,145.12
9/1/37	6,382,550.00	4,518,931.26	--	5,855,553.00	559,351.00	2,608,050.00	32,504,035.26
9/1/38	6,607,800.00	4,677,531.26	--	--	6,854,105.00	2,331,050.00	33,645,086.26
9/1/39	6,731,050.00	4,543,331.26	--	--	7,183,610.00	2,410,200.00	34,587,791.26
9/1/40	--	--	--	--	--	--	14,358,000.00
9/1/41	--	--	--	--	--	--	15,028,000.00
Total	\$87,492,350.00	\$55,813,693.94	\$15,023,500.00	\$71,415,247.02	\$52,208,213.26	\$52,049,389.64	\$532,800,593.86

(4) The 2020 Refunding Bonds Series B, to be issued on the same date as the Series E Bonds, will refund a portion of the 2012 Refunding Bonds and Election of 2011, Series B Bonds.

APPLICATION OF PROCEEDS OF THE SERIES E BONDS

Building Fund

Pursuant to the Bond Resolution, the net proceeds from the sale of the Series E Bonds will be paid and credited to funds established and held by the Los Angeles County Treasurer (the “**County Treasurer**”) and designated as the “Glendale Unified School District, Election of 2011, Series E Building Fund” (the “**Building Fund**”). Amounts credited to the Building Fund will be expended by the District for the purpose of financing any of the projects for which the Series E Bond proceeds are authorized to be expended under the bond authorization, including the capital facility and technology projects described therein, and further including all incidental expenses and related costs of issuance. All interest and other gain arising from the investment of proceeds of the Series E Bonds will be retained in the Building Fund and used for the purposes thereof. All moneys held in the Building Fund will be invested in accordance with the investment policies of the County, as such policies exist at the time of investment. Pursuant to the Bond Resolution and applicable provisions of the Education Code, a portion of the proceeds of the Series E Bonds may be deposited with a fiscal agent for the purpose of paying costs of issuance. See also “APPENDIX G - LOS ANGELES COUNTY INVESTMENT POLICY AND MONTHLY INVESTMENT REPORT” herein.

Debt Service Funds

As further described herein under the heading “SECURITY FOR THE SERIES E BONDS - Debt Service Funds,” the County will establish debt service funds for each series of the Series E Bonds (the “**Debt Service Funds**”). Accrued interest and premium, if any, received by the County from the sale of the Series C Bonds will be deposited in the related Debt Service Fund. Said funds, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Series E Bonds. Interest earnings on the investment of monies held in the Debt Service Funds will be retained in the Debt Service Funds and used to pay the principal of and interest on applicable series of the Series E Bonds when due. Any moneys remaining in the Debt Service Funds after the applicable series of Bonds including the interest thereon have been paid, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District’s general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Series E Bonds

All moneys held in any of the funds or accounts established with the County under the Bond Resolution will be invested in Authorized Investments (as defined in the Bond Resolution) in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the respective Bond Resolution will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof.

In accordance with Government Code Section 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those

required by the Government Code. See “APPENDIX G - LOS ANGELES COUNTY INVESTMENT POLICY AND MONTHLY INVESTMENT REPORT.”

SECURITY FOR THE SERIES E BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Series E Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Series E Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Bonds Payable from Ad Valorem Property Taxes. The District has other outstanding general obligation bonds which are payable from *ad valorem* taxes on a parity basis. See “APPENDIX B – DISTRICT GENERAL AND FINANCIAL INFORMATION - Long-Term Debt.” In addition to the general obligation bonds issued by the District, there is other debt issued by entities within the jurisdiction of the District, which is payable from *ad valorem* taxes levied on parcels in the District. See “PROPERTY TAXATION – Tax Rates” and “- Direct and Overlapping Debt” below.

In addition to the Series E Bonds, the District has sold its 2020 General Obligation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of \$41,660,000 (the “**2020 Refunding Series B Bonds**”) in order to refund, on an advance basis, certain prior obligations of the District. The 2020 Refunding Series B Bonds will be payable from *ad valorem* taxes on a parity basis with the District’s other outstanding general obligation bonds, including the Series E Bonds.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the applicable series of Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Series E Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Series E Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the Series E Bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Series E Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Series E Bonds. Fluctuations in the annual debt service on the Series E Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "-- Disclosure Relating to COVID-19."

Debt Service Funds

As previously described herein (see "APPLICATION OF PROCEEDS OF THE SERIES E BONDS – Debt Service Fund"), the County will establish the Debt Service Funds, into which will be deposited all taxes levied by the County for the payment by the District of the principal of and interest on the Series E Bonds. The Debt Service Funds are pledged by the District for the payment by it of the principal of and interest and premium (if any) on the respective series of Bonds when and as the same become due. The County will transfer amounts in the Debt Service Funds to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest and premium (if any) on the applicable series of Bonds as the same becomes due and payable.

If, after payment in full of the Series E Bonds and any other general obligation bond indebtedness of the District, any amounts remain on deposit in a Debt Service Fund, the County will transfer such amounts to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Series E Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Series E Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Series E Bonds, the Series E Bonds are not a debt of the County.

Disclosure Relating to COVID-19

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("COVID-19" or "Coronavirus"), which was first detected in China and has spread throughout the world, including to the United States, has been declared a Pandemic by the World Health Organization, a National Emergency by President Trump (the "President") and a State of Emergency by State Governor Newsom (the "Governor"). The emergency has resulted in tremendous volatility in the financial markets in the United States and globally, and the likely onset of a U.S. and global recession.

The President's declaration of a national emergency on March 13, 2020 made available more than \$50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a \$2 trillion relief package, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**"). The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, \$367 billion for loans to small businesses, a \$500 billion fund to assist distressed large businesses, including approximately \$30 billion to provide emergency grants to educational institutions and local educational agencies. This funding allocation includes approximately \$13.5 billion in formula funding to make grants available to each state's educational agency in order to facilitate K-12 schools' responses to the COVID-19 crisis.

On April 9, 2020, the Federal Reserve took additional actions to provide up to \$2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the SBA's Paycheck Protection Program, purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed, to provide additional funding for the local program for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation adds \$310 billion to the Paycheck Protection Program, increases the small business emergency grant and loan program by \$60 billion, and directs \$75 billion to hospitals and \$25 billion to a new COVID-19 testing program.

At the State level, on March 19, 2020, Governor Newsom issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes. On March 17, 2020, Senate Bill 89 ("**SB 89**") and Senate Bill 117 ("**SB 117**") were signed by the Governor, both of which took effect immediately. SB 89 amends the Budget Act of 2019 by appropriating \$500,000,000 from the State general fund for any purpose related to the Governor's March 4, 2020 emergency proclamation. SB 117, among other things, (i) specifies that, for school districts that comply with Executive Order N-26-20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes, for the 2019-20 school year, includes only all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty because of a school closed due to COVID-19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID-19, (iii) requires a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID-19, and (iv) appropriates \$100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites.

On May 4, 2020, the Governor enacted Executive Order N-60-20 ("**Executive Order N-60-20**"), which directs the State Public Health Officer to establish criteria to determine whether and how particular local jurisdictions may implement public health measures that are less restrictive than statewide directives, as the State transitions from Stage 1 to Stage 2, and then

Stage 3 of reopening. The stages will be phased in gradually, and counties which have met readiness criteria and worked with the State Department of Public Health can open more public spaces and workplaces, as outlined by the State, with variances allowed by county. The State is currently in early Stage 2, where retail, related logistics and manufacturing, office workplaces, limited personal services, outdoor museums, child care, and essential businesses can open with modifications. The State will continue to issue guidance to assist workplaces to reopen safely. Pursuant to Executive Order N-60-20, local jurisdictions may issue their own public health measures to slow the spread of COVID-19.

On June 29, 2020, Senate Bill 98 (“**SB 98**”), the education omnibus bill to the 2020-21 State Budget, was signed by the Governor, which took effect immediately. SB 98 provides that distance learning may be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provides requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers.

On July 17, 2020, as amended on August 3, 2020, the Governor released guidelines for the reopening of schools and school based programs, which tracked the level of COVID-19 infections in a community as well as the preparedness of the community’s healthcare system. Under the guidelines, any county that did not meet certain benchmarks was to be put on a County Monitoring List (the “**Monitoring List**”) and schools in counties on the County Monitoring List could not open for in-person instruction. An exception was made for elementary schools granted waivers by their local health department. Once a county has been off the Monitoring List for 14 consecutive days, schools meeting certain criteria could begin a phased reopening pursuant to the guidelines. If 5% of students and staff tested positive within a 14-day period, a school would be required to revert to distance learning, and if 25% or more of schools within a school district had been closed due to COVID-19 during a 14-day period, the entire school district would be required to revert to distance learning. Schools could then resume in-person instruction after 14 days with the approval of the local public health officer.

On August 28, 2020, the Governor released a new system, “Blueprint for a Safer California,” which places the State’s 58 counties into four color-coded tiers – purple, red, orange, and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties must spend at least three weeks in each tier before advancing to the next one. The guidelines for reopening schools summarized above remain in effect, except that the purple tier is substituted for the Monitoring List. The County is currently assigned to the purple tier, which designates widespread risk.

As a result of the outbreak of COVID-19, the District closed its schools for in-person learning in March, 2020 and implemented distance learning programs for its students for the remainder of the 2019-20 school year. The District opened the 2020-21 academic year in a distance learning environment because the County was on the Monitoring List. District schools remain closed for in-person instruction because the County is assigned to the purple tier. If certain

conditions are met, the Board is considering applying for waivers with the County Department of Public Health that would permit the District to open schools before the County has moved out of the purple tier. If the District does not pursue such waivers, or if such waivers are not granted, District schools cannot reopen for in-person learning until the County has been in the red tier or a lower tier for two weeks. When in-person learning resumes, the District plans to open in a hybrid model, with District students divided into two cohorts. Each cohort would be assigned two days of the week for in-person instruction and distance learning would continue to be available to students the other days of the week. The District will continue to evaluate the State's school reopening guidelines and will consult with local health officials and the State's school reopening guidelines in implementing the District's plans for the 2020-21 academic year.

For more information about how the District has responded to the COVID-19 emergency and the District's current assessment of the impact of the COVID-19 emergency on its finances, see Appendix A under the heading "DISTRICT GENERAL INFORMATION – District's Response to COVID-19 Emergency."

Impacts of COVID-19 Emergency Uncertain. The possible impacts that the COVID-19 emergency might have on the District's finances, programs, credit ratings on its debt obligations, local property values and the economy in general are uncertain at this time. In addition, there may be unknown consequences of the COVID-19 emergency, which the District is unable to predict.

General Obligation Bonds Secured by Ad Valorem Tax Revenues. Notwithstanding the impacts the COVID-19 emergency may have on the economy in the State, the County and the District or on the District's general purpose revenues, the Series E Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. The District cannot predict the impacts that the Coronavirus emergency might have on local property values or tax collections. See "SECURITY FOR THE SERIES E BONDS – *Ad Valorem* Taxes" and "PROPERTY TAXATION – Teeter Plan; Property Tax Collections" herein.

[Remainder of page intentionally left blank.]

PROPERTY TAXATION

Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing state assessed public utilities’ property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the superior court clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes. In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 (“**Order N-61-20**”). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the

failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19.

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict the impact of Order N-61-20 on property tax revenues in the County or the District, whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“**SBE**”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property”, a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties of the State based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

[Remainder of page intentionally left blank.]

Assessed Valuations

Assessed Valuation History. The table following shows a recent history of the District's assessed valuation.

GLENDALÉ UNIFIED SCHOOL DISTRICT Assessed Valuation Fiscal Year 2008-09 through Fiscal Year 2020-21

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2008-09	\$24,593,237,046	\$--	\$664,835,315	\$25,258,072,361	--
2009-10	24,536,551,743	--	717,158,709	25,253,710,452	0.0%
2010-11	24,844,233,103	--	726,383,603	25,570,616,706	1.3
2011-12	25,296,457,210	--	728,780,539	26,025,237,749	1.8
2012-13	25,529,821,269	--	756,530,032	26,286,351,301	1.0
2013-14	26,646,883,528	--	766,214,818	27,413,098,346	4.3
2014-15	27,958,799,498	--	829,368,564	28,788,168,062	5.0
2015-16	29,571,064,920	--	829,721,717	30,400,786,637	5.6
2016-17	31,233,634,015	--	813,616,263	32,047,250,278	5.4
2017-18	33,150,959,813	--	829,493,092	33,980,452,905	6.0
2018-19	34,875,065,297	--	785,214,117	35,660,279,414	4.9
2019-20	37,126,551,518	--	850,332,239	37,976,883,757	6.4
2020-21	38,967,349,674	--	818,327,941	39,785,677,615	4.8

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value.

Economic Conditions; Disasters. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts. The District is located in a seismically active region. Other notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, and wildfires in different regions of the State, and related flooding and mudslides.

The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. The Bobcat Fire, has burned over 110,000 acres in the Angeles National Forest in the San Gabriel Mountains located northeast of the City of Glendale. The fire was sparked on September 6, 2020 and is not expected to be contained until October. It is the third largest fire ever recorded in Los Angeles County. The Bobcat Fire caused the closure of a 10-mile stretch of the Glendale Freeway on September 9. Evacuation warnings have been issued for cities and unincorporated areas close to the City of Glendale, including Pasadena, Altadena, Sierra Madre and Monrovia. Most of the District is urbanized, but portions of it are adjacent to grasslands and forested areas. In addition, according to the U.S. Drought Monitor, as of March 2020, parts of the State are experiencing abnormally dry conditions or moderate drought conditions.

Currently the world is experiencing a global pandemic as a result of the outbreak of COVID-19 which could result in an economic recession or depression that could cause general marked declines in property values. For disclosure relating to the COVID-19 emergency, see also “SECURITY FOR THE SERIES E BONDS – Disclosure Relating to Coronavirus.”

The District cannot predict or make any representations regarding the effects that any disasters and related conditions, have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Proposition 15 - Initiative for Split-Roll Approach to Property Taxation. A State constitutional amendment designated as the Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative, has qualified by initiative for the November 3, 2020 ballot which, if approved by State voters by majority vote, would amend the Constitution to change to a split roll approach to determine property values for purposes of property taxation. If approved, the Constitution will be amended to require certain commercial and industrial properties to be taxed based on their market value, while continuing to assess taxes on residential properties at market value. This change would be phased in beginning in fiscal year 2022-23. The resulting increases in property tax revenues would be allocated among local public agencies, rather than to the State’s general fund, which would increase the District’s share of local property tax revenues. However, the District cannot predict if such initiative will be successful or the ultimate impact it might have on assessed values in the District.

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation of local secured property within the District by jurisdiction for fiscal year 2020-21.

GLENDALE UNIFIED SCHOOL DISTRICT
Assessed Valuations By Jurisdiction⁽¹⁾
Fiscal Year 2020-21

<u>Jurisdiction:</u>	<u>Assessed Valuation in School District</u>	<u>% of School District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in School District</u>
City of Glendale	\$35,478,353,492	89.17%	\$35,557,869,979	99.78%
City of La Canada-Flintridge ⁽²⁾	738,647,980	1.86	\$8,862,622,903	8.33%
Unincorporated Los Angeles County	<u>3,568,676,143</u>	<u>8.97</u>	\$117,499,724,109	3.04%
Total District	\$39,785,677,615	100.00%		
Los Angeles County	\$39,785,677,615	100.00%	\$1,708,923,809,032	2.33%

(1) Before deduction of redevelopment incremental valuation.

(2) On May 3, 2017, the Los Angeles County Committee on School District Organization (the “County Committee”) voted to preliminarily approve a petition to transfer approximately 250 District students living in the City of La Canada-Flintridge to the La Canada Unified School District. Following a CEQA review, the County Committee held a second vote upholding the transfer petition. The District opposed the proposal and has appealed the County Committee’s final decision to the State Board of Education. See “APPENDIX A - General District Information - Recent Enrollment Trends - Status of Proposed Territory Transfer.”

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2020-21.

**GLENDALE UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2020-21**

	2020-21 <u>Assessed Valuation (1)</u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential:				
Commercial/Office	\$7,785,500,781	19.98%	1,703	3.24%
Vacant Commercial	361,052,291	0.93	215	0.41
Industrial	1,192,309,371	3.06	503	0.96
Vacant Industrial	18,501,973	0.05	89	0.17
Recreational	95,284,302	0.24	70	0.13
Government/Social/Institutional	198,616,554	0.51	890	1.69
Miscellaneous	857,117	0.00	192	0.37
Subtotal Non-Residential	\$9,652,122,389	24.77%	3,662	6.97%
Residential:				
Single Family Residence	\$18,809,941,207	48.27%	31,869	60.63%
Condominium/Townhouse	3,495,213,715	8.97	9,696	18.45
2-4 Residential Units	2,323,369,748	5.96	3,601	6.85
5+ Residential Units/Apartments	4,611,411,948	11.83	3,015	5.74
Vacant Residential	75,290,667	0.19	722	1.37
Subtotal Residential	\$29,315,227,285	75.23%	48,903	93.03%
Total	\$38,967,349,674	100.00%	52,565	100.00%

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

[Remainder of page intentionally left blank.]

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District, for fiscal year 2020-21.

GLENDAL UNIFIED SCHOOL DISTRICT
Per Parcel 2020-21 Assessed Valuation of Single Family Homes

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	31,869	\$18,809,941,207	\$590,227	\$532,418

2020-21 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	339	1.064%	1.064%	\$ 12,035,115	0.064%	0.064%
\$50,000 - \$99,999	1,544	4.845	5.909	120,838,799	0.642	0.706
\$100,000 - \$149,999	1,683	5.281	11.190	209,130,135	1.112	1.818
\$150,000 - \$199,999	1,374	4.311	15.501	240,134,366	1.277	3.095
\$200,000 - \$249,999	1,383	4.340	19.841	312,296,741	1.660	4.755
\$250,000 - \$299,999	1,617	5.074	24.914	444,993,299	2.366	7.121
\$300,000 - \$349,999	1,709	5.363	30.277	555,760,621	2.955	10.075
\$350,000 - \$399,999	1,800	5.648	35.925	674,752,127	3.587	13.663
\$400,000 - \$449,999	1,724	5.410	41.335	732,193,849	3.893	17.555
\$450,000 - \$499,999	1,727	5.419	46.754	819,708,772	4.358	21.913
\$500,000 - \$549,999	1,572	4.933	51.687	825,371,127	4.388	26.301
\$550,000 - \$599,999	1,551	4.867	56.553	891,082,909	4.737	31.038
\$600,000 - \$649,999	1,486	4.663	61.216	928,184,159	4.935	35.973
\$650,000 - \$699,999	1,359	4.264	65.481	917,556,203	4.878	40.851
\$700,000 - \$749,999	1,408	4.418	69.899	1,021,011,743	5.428	46.279
\$750,000 - \$799,999	1,344	4.217	74.116	1,039,926,325	5.529	51.808
\$800,000 - \$849,999	1,271	3.988	78.104	1,047,037,243	5.566	57.374
\$850,000 - \$899,999	1,097	3.442	81.546	959,338,928	5.100	62.474
\$900,000 - \$949,999	1,049	3.292	84.838	970,281,417	5.158	67.633
\$950,000 - \$999,999	765	2.400	87.238	744,863,147	3.960	71.592
\$1,000,000 and greater	4,067	12.762	100.000	5,343,444,182	28.408	100.000
	31,869	100.000%		\$18,809,941,207	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics Inc.

[Remainder of page intentionally left blank.]

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 4045 (a typical tax rate area in the District) for fiscal years 2016-17 through 2020-21.

GLENDALE UNIFIED SCHOOL DISTRICT
Typical Tax Rates
(TRA 4045)⁽¹⁾
Dollars per \$100 of Assessed Valuation
Fiscal Years 2016-17 through 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21
General	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Glendale Unified School District	.057988	.052850	.050455	.048384	.043848
Glendale Community College District	.021189	.034887	.032453	.025811	.036227
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	\$1.081677	\$1.091237	\$1.086408	\$1.077695	\$1.083575

(1) 2020-21 assessed valuation of TRA 4045 is \$26,640,550,802.

Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

General. There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Tax Levies and Delinquencies

The following table shows tax charges, collections and delinquencies for secured property in the District. Because the County does not participate in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly known as the “**Teeter Plan**”), secured property taxes actually collected are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes were actually collected. However, the District participates in the California Statewide Tax Authority, a joint powers authority that purchases delinquent *ad valorem* property taxes from school agencies in Los Angeles County to receive additional unrestricted revenues through financing of property tax delinquencies.

The table below shows the secured tax charge and delinquency rate for fiscal years 2009-10 through 2019-20.

GLENDALE UNIFIED SCHOOL DISTRICT 2009-10 through 2019-20 Secured Tax Charges and Delinquency Rates

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent (June 30)	% Delinquent (June 30)
2009-10	\$47,004,082.49	\$1,619,872.13	3.45%
2010-11	47,821,221.20	1,152,625.60	2.41
2011-12	48,894,728.64	1,024,912.74	2.10
2012-13	49,649,899.42	896,379.18	1.81
2013-14	51,953,546.28	769,748.21	1.48
2014-15	54,782,093.64	792,874.99	1.45
2015-16	58,086,833.41	828,181.11	1.43
2016-17	61,174,671.16	730,342.41	1.19
2017-18	65,354,221.08	815,970.62	1.25
2018-19	68,550,484.10	940,938.70	1.37
2019-20	73,387,070.47	1,622,554.14	2.27

Fiscal Year	Secured Tax Charge ⁽²⁾	Amount Delinquent (June 30)	% Delinquent (June 30)
2009-10	\$11,275,482.56	\$316,214.93	2.80%
2010-11	8,677,762.65	204,195.16	2.35
2011-12	11,320,661.48	222,702.91	1.97
2012-13	11,406,140.31	399,849.27	3.51
2013-14	10,396,127.60	125,766.86	1.21
2014-15	16,723,607.17	182,282.26	1.09
2015-16	14,955,843.67	165,746.19	1.11
2016-17	17,842,898.42	173,440.95	0.97
2017-18	17,505,946.70	205,357.08	1.17
2018-19	17,691,892.94	190,532.76	1.08
2019-20	18,320,001.80	298,579.51	1.63

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects county wide delinquency rate.

(2) District's general obligation bond debt service levy only.

Source: California Municipal Statistics, Inc.

Largest Secured Property Taxpayers in District

The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2020-21 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater amount of tax collections are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

GLENDALE UNIFIED SCHOOL DISTRICT Largest Secured Taxpayers Fiscal Year 2020-21

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2020-21 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Walt Disney World Co.	Movie Studio	\$504,433,862	1.29%
2.	Americana at Brand LLC	Shopping Center	425,711,699	1.09
3.	Glendale I Mall Associates LP	Shopping Center	334,610,802	0.86
4.	Glendale II Mall Associates LP	Shopping Center	266,174,040	0.68
5.	CP IV Glendale LLC	Apartments	207,533,427	0.53
6.	La Hana Ow LLC, Lessor	Movie Studio	203,303,749	0.52
7.	GPI 500 Brand Ltd.	Office Building	193,040,267	0.50
8.	DWF V 655 North Central LLC	Office Building	189,956,232	0.49
9.	120 W. Wilson Ave. Apartments LP	Apartments	189,446,692	0.49
10.	Stanley A. Sirott	Apartments	167,554,447	0.43
11.	KW Fund V Brand LLC	Office Building	152,813,951	0.39
12.	BCSP 800 North Brand Property	Office Building	149,940,000	0.38
13.	Faruque and Maria S. Sikder Trustees	Apartments	144,162,466	0.37
14.	PPF AMLI 320 North Central	Apartments	141,130,284	0.36
15.	Camden USA Inc.	Commercial	138,220,692	0.35
16.	Dignity Health	Hospital	137,708,129	0.35
17.	BCAL 101 North Brand Property	Office Building	136,099,924	0.35
18.	GGIF Glendale LLC	Apartments	118,945,000	0.31
19.	201 Owner LLC	Apartments	117,789,215	0.30
20.	J.P. Allen Company LLC	Apartments	<u>102,118,464</u>	<u>0.26</u>
			<u>\$4,020,693,342</u>	<u>10.32%</u>

(1) 2020-21 local secured assessed valuation: \$38,967,349,674.

Source: California Municipal Statistics, Inc.

[Remainder of page intentionally left blank.]

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and dated September 1, 2020. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

GLENDALE UNIFIED SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt as of September 1, 2020

2020-21 Assessed Valuation: \$39,785,677,615

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 9/1/20</u>	
Metropolitan Water District	1.219%	\$ 392,884	
Glendale Community College District	100.000	149,502,299	
Glendale Unified School District	100.000	269,264,986	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$419,160,169	

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	2.328%	\$53,625,543
Los Angeles County Superintendent of Schools Certificates of Participation	2.328	106,282
Glendale Community College District Certificates of Participation	100.000	1,655,000
Glendale Unified School District Certificates of Participation	100.000	12,863,874
City of Glendale General Fund Obligations	99.776	23,043,267
City of La Canada Flintridge Certificates of Participation	8.334	14,585
DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$91,308,551

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$62,005,000

COMBINED TOTAL DEBT \$572,473,720 (2)

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$269,264,986)	0.68%
Total Direct and Overlapping Tax and Assessment Debt	1.05%
Combined Direct Debt (\$282,128,860)	0.71%
Combined Total Debt.....	1.44%

Ratio to Redevelopment Incremental Valuation (\$6,485,612,395):

Total Overlapping Tax Increment Debt..... 0.96%

(1) Excludes Series E Bonds to be issued and 2020 Refunding Bonds Series B to be issued on the same date.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Exemption

Federal Tax Status - Tax-Exempt Bonds. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Tax-Exempt Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Tax-Exempt Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Tax-Exempt Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Tax-Exempt Bonds who purchase the Tax-Exempt Bonds after the initial offering of a substantial amount of such maturity. Owners of such Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Tax-Exempt Bond (said term being the shorter of the Tax-Exempt Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Tax-Exempt Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Tax-Exempt Bond is amortized each year over the term to maturity of the Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Tax-Exempt Bond premium is not deductible for federal income tax purposes. Owners of

premium Tax-Exempt Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Tax-Exempt Bonds.

Federal Tax Status - Federally Taxable Bonds. Interest on the Federally Taxable Bonds, including accrued original issue discount, is includable in gross income for federal income purposes. Ownership of the Federally Taxable Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their tax advisors with respect to the inclusion of interest on the Federally Taxable Bonds in gross income for federal income tax purposes and any collateral tax consequences.

California Tax Status. In the further opinion of Bond Counsel, interest on the Series E Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Tax-Exempt Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Tax-Exempt Bonds, or as to the consequences of owning or receiving interest on the Tax-Exempt Bonds, as of any future date. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Series E Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series E Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series E Bonds, the ownership, sale or disposition of the Series E Bonds, or the amount, accrual or receipt of interest on the Series E Bonds.

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

Legality for Investment

Under provisions of the California Financial Code, the Series E Bonds are legal investments for commercial banks in California to the extent that the Series E Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under

provisions of the California Government Code, the Series E Bonds are eligible to secure deposits of public moneys in California.

Absence of Litigation

No litigation is pending or threatened concerning the validity of the Series E Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Series E Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Series E Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

The District is involved in litigation relating to a transfer of territory within the District to a neighboring school district, which could reduce enrollment and assessed valuation within the District. See "APPENDIX A - DISTRICT GENERAL AND FINANCIAL INFORMATION - General District Information - Recent Enrollment Trends - Status of Proposed Territory Transfer."

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Keygent LLC, as financial advisor to the District, and Stradling Yocca Carlson & Rauth, A Professional Corporation, as Underwriter's Counsel, is contingent upon issuance of the Series E Bonds.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Series E Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Series E Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an "**Annual Report**") not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2021 with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Series E Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the "**Rule**").

The District has made undertakings pursuant to the Rule in connection with the delivery of prior general obligation bonds, refunding general obligation bonds and certificates of participation. Specific instances of non-compliance with prior undertakings in the previous five years include (i) certain annual reports included more current information related to largest local secured property taxpayers than was required, which prior undertakings required the largest local secured taxpayers for the preceding fiscal year rather than the more current data, and (ii) secured tax charge and delinquency data was provided in certain annual reports for the preceding fiscal

year, rather than the fiscal year for which the annual report was filed, because such data was not available for the most recently completed fiscal year.

The inclusion of the above instances of non-compliance is not an acknowledgement that any such instance is material. The District is not aware of any other action (or inaction) which may have occurred in the previous five years which could be viewed as a material failure to comply with any previous undertaking with regard to the Rule.

The District has engaged Keygent LLC, to serve as its dissemination agent in connection with prior undertakings and the Series E Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

RATINGS

Moody's Investors Services ("**Moody's**") and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") have assigned ratings of "Aa1" and "AA," respectively, to the Series E Bonds. There is no assurance that any credit rating given to the Series E Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series E Bonds. Such rating reflects only the views of the rating agency and an explanation of the significance of such rating may be obtained from the rating agency.

UNDERWRITING

The Underwriter has agreed to purchase the Series E Bonds on the Closing Date, pursuant to the Purchase Contract, at a price of \$43,892,332.55 (which is equal to the aggregate principal amount of the Series E Bonds, plus net original issue premium of \$6,034,832.55 and less Underwriter's discount of \$142,500.00).

The Purchase Contract provides that the Underwriter will purchase all of the Series E Bonds (if any are purchased), and provide that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

The Underwriter made a voluntary contribution to the committee that was formed to support the election that authorized the issuance of the Series E Bonds that are being financed.

RBC Capital Markets, LLC has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary

course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

ADDITIONAL INFORMATION

The discussions herein about the Resolutions and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Series E Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District. The District may impose charges for copying, mailing and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series E Bonds.

The execution and delivery of this Official Statement have been duly authorized by the District.

GLENDALE UNIFIED SCHOOL DISTRICT

By: /s/ Dr. Vivian Ekchian
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series E Bonds is payable from the general fund of the District. The Series E Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE SERIES E BONDS" herein.

GENERAL DISTRICT INFORMATION

General Information

The District provides kindergarten through twelfth grade education services to residents of an area encompassing approximately 36 square miles including the City of Glendale and the community of La Crescenta, an additional portion of an unincorporated area of Los Angeles County in the northeast part of the District, and a very small portion of the City of La Canada-Flintridge.* See "PROPERTY TAXATION – Assessed Valuation - Assessed Valuation By Jurisdiction" in the body of this Official Statement. The District has operated as a unified school district under the laws of the State of California continuously since 1936, and currently has no charter schools operating within its boundaries.

Board of Education

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. In 2016, the District moved from an at-large method of electing board members to by-area elections.

Current members of the Board, together with their office and the date their term expires, are listed below:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dr. Armina Gharpetian	President	March 2022
Shant Sahakian	Vice President	March 2022
Nayiri Nahabedian	Clerk	March 2024
Gregory S. Krikorian	Trustee	March 2022
Jennifer Freemon	Trustee	March 2024

Administration. The Superintendent of the District is appointed by the Board and is responsible for management of the day-to-day operations of the District and supervises the work

* On May 3, 2017, the Los Angeles County Committee on School District Organization (the "County Committee") voted to preliminarily approve a petition to transfer the territory in the City of La Canada-Flintridge known as the Sagebrush territory, which contains approximately 250 District students, to the La Canada Unified School District. Following a CEQA review, the County Committee held a second vote to uphold the transfer petition. The District opposed the proposal and appealed the County Committee's final decision to the State Board of Education. See "– Recent Enrollment Trends - Status of Proposed Territory Transfer."

of other District administrators. To follow are brief biographies of the Superintendent and the Chief Business and Financial Officer.

Superintendent: Dr. Vivian Ekchian. Dr. Ekchian was named Superintendent of the District in July 2019. Prior to joining the District, Dr. Ekchian served Los Angeles Unified School District as Deputy Superintendent during fiscal year 2018-19 and Associate Superintendent, Support Services during fiscal year 2017-18. Dr. Ekchian has worked in education for over 30 years. She holds a doctorate in Education from the University of Southern California, a master's degree in Educational Administration from the University of California, Los Angeles and a bachelor's degree in Political Science and teaching credential from California State University, Northridge.

Chief Business and Financial Officer: Stephen Dickinson. Mr. Dickinson joined the District on April 1, 2017 as Chief Business and Financial Officer. Prior to joining the District, Mr. Dickinson served as Assistant Superintendent at Oxnard Union High School District from July 2012. Mr. Dickinson holds a Bachelor's degree in Finance and Economics from St. Cloud State University and a Certificate from the School of Business Management of the University of Southern California.

Recent Enrollment Trends

The following table shows enrollment and average daily attendance history for the District, with estimated actual figures for fiscal year 2019-20 and budgeted figures for fiscal year 2020-21.

GLENDALE UNIFIED SCHOOL DISTRICT ANNUAL ENROLLMENT and AVERAGE DAILY ATTENDANCE Fiscal Years 2006-07 through 2020-21

<u>School Year</u>	<u>Enrollment</u>	<u>% Change</u>	<u>ADA</u>	<u>% Change</u>
2006-07	27,420	--	26,394	--
2007-08	27,054	(1.3)%	26,033	(1.4)%
2008-09	26,744	(1.1)	25,765	(1.0)
2009-10	26,659	(1.3)	25,501	(1.)
2010-11	26,393	(1.0)	25,303	(0.8)
2011-12	26,250	(0.5)	25,371	0.3
2012-13	26,194	(0.2)	25,247	(0.5)
2013-14	26,084	(0.4)	25,278	(0.1)
2014-15	26,168	(1.6)	25,188	(0.4)
2015-16	26,115	(0.2)	25,184	0.0
2016-17	26,075	(0.2)	25,128	(0.2)
2017-18	26,071	0.0	25,134	0.0
2018-19	25,788	(1.1)	24,883	(1.0)
2019-20 ⁽¹⁾	25,528	(1.0)	24,900	0.0
2020-21 ⁽²⁾	25,282	(1.0)	24,710	(0.7)

(1) Unaudited Actual.

(2) Budgeted.

Source: State Department of Education and Glendale Unified School District.

Status of Proposed Territory Transfer. In June 2016, a group of residents known as UniteLCF submitted a petition for certification to the Los Angeles County Registrar-Recorder (the "County Registrar"), to transfer the territory in the City of La Canada-Flintridge known as the

Sagebrush territory, which contains approximately District 250 students, to the La Canada Unified School District. On July 26, 2016, the UniteLCF petition was certified by the County Registrar. On May 3, 2017, the Los Angeles County Committee on School District Organization (the “**County Committee**”) voted to preliminarily approve the UniteLCF petition and in October 2018 accepted the CEQA study. In October 2019, the County Committee voted 6-3 to accept the territory transfer petition, but a proposal to set boundaries for the voting area for a general election was defeated 8-1. In October 2019, the District formally filed a notice of appeal with the State Board of Education and a lawsuit in the superior court of Los Angeles challenging the results of a mitigated negative declaration conducted during the CEQA study. If the Sagebrush territory transfer is upheld, the District would lose approximately 1.8% of its current assessed valuation, or \$650,000,000. See “PROPERTY TAXATION – Assessed Valuations” in the front matter of the Official Statement. Additionally, the District expects that enrollment would decrease by approximately 250 students and reduce LCFF revenue by approximately \$2.5 million annually.

District’s Response to COVID-19 Emergency

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended through the end of the 2019-20 academic year. The District is formulating options for re-opening its facilities for students and employees in accordance with recommendations of State and local health authorities, and with the guidance of the County Office of Education. The District is preparing for multiple scenarios that may result from COVID-19 concerns in the 2020-21 academic year.

The District is expected to receive approximately \$21 million in funding under the CARES Act to address costs which may have resulted from the COVID-19 emergency. Additionally, the District received approximately \$430,000 in federal funds for funding of protective equipment, supplies and labor for cleaning school sites. The District also is pursuing funds from FEMA. Because the District is funded pursuant to the State’s education funding formula known as LCFF, the District’s main operating revenues will be impacted by the State’s financial position in the current and future fiscal years. As a result of the COVID-19 emergency, the State’s revenues declined sharply from the original budget for the 2019-20 fiscal year, and the 2020-21 State Budget includes a number of strategies to attempt to address a significant budget gap. The extent of the potential decline in education funding unknown, and whether additional federal funding will be available to school districts is not known at this time. See herein under the heading “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS” for information on the State’s current budget.

The District is incurring costs that were not anticipated at the time of the current year’s budget as a result of COVID-19, such as the costs of mitigation measures and of implementing distance learning. However, funding under the CARES Act and other cost-saving impacts of not operating site-based learning, such as reductions in transportation costs, fuel and electricity costs, largely offset those expenses. With respect to its pension costs, the District cannot currently predict if the COVID-19 emergency will have a material impact on its required employer contributions which could arise if the unfunded actuarial accrued liabilities of PERS and STRS materially increase. The District maintains reserves for economic uncertainties, which exceed the State’s required minimum reserve, and had a projected ending fund balance (combined restricted and unrestricted) for fiscal year 2019-20 of 3% of expenditures. See “DISTRICT FINANCIAL INFORMATION – District Budget and Interim Financial Reporting - District Reserves.”

The impacts of the COVID-19 emergency on global, State-wide and local economies, which could impact District operations and finances, and local property values are unknown and cannot be predicted by the District.

Employee Relations

For fiscal year 2019-20, the District employed 1,285 full time equivalent (“FTE”) Certificated, 972 FTE Classified and 198 FTE management employees. There are three formal bargaining units operating in the District which are described in the table below.

GLENDALE UNIFIED SCHOOL DISTRICT Labor Organizations

<u>Labor Organization</u>	<u>Contract Expiration Date⁽¹⁾</u>
Glendale Teachers Association	June 30, 2020
California School Employees Association	June 30, 2020
Glendale Schools Management Association	June 30, 2020

(1) The District and the bargaining units operate pursuant to the terms of expired agreements until new terms are settled.

Source: Glendale Unified School District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State’s general fund, and a locally funded portion, being the district’s share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district’s revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance (“**ADA**”) for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District’s revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District’s revenue limit and its local property tax revenues. Districts which had local property tax revenues which exceeded its revenue limit entitlement were deemed “Basic Aid Districts,” received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded their revenue limit funding entitlements.

The fiscal year 2013-14 State budget package replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the “**LCFF**”). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets

based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**"), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2019-20 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

**Fiscal Year 2019-20 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)**

Grade Span	2019-20 Base Grant Per ADA	2019-20 COLA (3.26%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2019-20 Base Grant/Adjusted Base Grant Per ADA
K-3	\$7,459	\$243	\$801	\$8,503
4-6	7,571	247	n/a	7,818
7-8	7,796	254	n/a	8,050
9-12	9,034	295	243	9,572

*Does not include supplemental and concentration grant funding entitlements.
Source: California Department of Education.

The new legislation included a “hold harmless” provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District’s fiscal year begins on July 1 and ends on June 30.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board (“**GASB**”) published its Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management’s Discussion and Analysis; (ii) financial statements prepared using the economic

measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2019 Audited Financial Statements were prepared by Clifton Larson Allen LLP, Glendora, California, and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent, Glendale Unified School District, 223 North Jackson Street, Glendale, California 91206; telephone (818) 241-3111. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

[Remainder of page intentionally left blank.]

General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District for the fiscal years 2014-15 through 2018-19.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2014-15 through 2018-19 (Audited)
Glendale Unified School District

	<u>Audited</u> <u>2014-15</u>	<u>Audited</u> <u>2015-16</u>	<u>Audited</u> <u>2016-17</u>	<u>Audited</u> <u>2017-18</u>	<u>Audited</u> <u>2018-19</u>
<u>Revenues</u>					
LCFF sources:					
State apportionments	\$126,261,651	\$139,696,728	\$142,970,092	\$142,042,293	\$152,475,083
Local sources	55,959,762	64,597,644	71,783,671	77,367,712	82,030,062
Total revenue limit	182,221,413	204,294,372	214,753,763	219,410,005	234,505,145
Federal revenues	15,203,951	15,195,306	15,907,519	15,294,394	15,307,432
Other state revenues	31,484,905	47,071,061	38,804,150	39,180,251	56,358,215
Other local revenues	12,811,477	14,242,960	14,842,337	16,666,746	17,339,765
Total Revenues	241,721,746	280,803,699	284,307,769	290,551,396	323,510,557
<u>Expenditures</u>					
Instruction	165,666,000	181,786,213	190,159,624	204,132,188	217,501,923
Instruction-related services	25,956,552	30,878,098	32,696,511	34,891,009	36,765,079
Pupil services	15,008,470	16,172,190	16,713,191	17,075,331	18,307,580
Ancillary services	1,505,005	1,648,523	1,734,446	1,710,499	1,858,938
Community services	452,939	509,999	497,348	503,042	564,157
General administration	10,104,683	10,497,882	11,631,077	13,640,702	11,154,244
Plant services	21,063,023	23,406,187	24,600,939	25,695,657	28,243,766
Enterprise activities	2,064	2,966	4,028	1,206	3,465
Other outgo	523,560	407,367	512,121	710,883	737,950
Debt service	--	285,000	177,000	196,000	216,000
Total Expenditures	240,282,296	265,594,425	278,726,285	298,556,517	315,353,102
Excess of Revenues					
Over/(Under) Expenditures	1,439,450	15,209,274	5,581,484	(8,005,121)	8,157,455
<u>Other Financing Sources</u>					
<u>(Uses)</u>					
Interfund transfers in	--	1,370,025	1,481,351	1,197,596	600,000
Interfund transfers out	(1,840,007)	(2,582,169)	(2,686,228)	(3,554,032)	(2,925,052)
Total Other Fin. Source (Uses)	(1,840,007)	(1,212,144)	(1,204,877)	(2,356,436)	(2,325,052)
Net change in fund balance	(400,557)	13,997,130	4,376,607	(10,361,557)	5,832,403
Fund Balance, July 1 (as restated)	45,008,508	44,607,951	58,605,081	62,981,688	52,620,131
Fund Balance, June 30	<u>\$44,607,951</u>	<u>\$58,605,081</u>	<u>\$62,981,688</u>	<u>\$52,620,131</u>	<u>\$58,452,534</u>

Source: Glendale Unified School District.

Budgeting – Education Code Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“**AB 1200**”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before September 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent’s recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent’s recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than November 8, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budgets have been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent’s recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district’s budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Certifications Regarding Ability to Meet Financial Obligations. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. During the past five fiscal years, the County Office of Education has certified each of the District's interim reports as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at Glendale Unified School District, 223 North Jackson Street, Glendale, California 91206, Phone: (818) 241-3111. The District may impose charges for copying, mailing and handling.

District's Fiscal Year 2019-20 Budget and Fiscal Year 2020-21. The following table shows the income and expense statements for the District for fiscal year 2019-20 (Adopted Budget and Unaudited Actuals) and fiscal year 2020-21 (Adopted Budget).

[Remainder of page intentionally left blank]

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ⁽¹⁾
Fiscal Year 2019-20 (Adopted Budget and Estimated Actuals)
and Fiscal Year 2020-21 (Adopted Budget)
Glendale Unified School District

	Adopted Budget Fiscal Year 2019-20	Unaudited Actuals FY 2019-20	Adopted Budget Fiscal Year 2020-21
<u>Revenues</u>			
LCFF	\$239,618,860	\$239,582,606	\$218,932,735
Federal Revenues	17,947,633	14,543,703	14,001,740
Other State Revenues	29,372,700	45,214,444	26,648,512
Other Local Revenues	17,943,272	20,165,562	16,933,365
Total Revenues	304,882,465	319,506,315	276,516,352
<u>Expenditures</u>			
Certificated Salaries	131,513,334	132,233,604	133,453,079
Classified Salaries	44,990,891	43,093,239	45,609,108
Employee Benefits	81,012,575	94,209,191	82,325,570
Books and Supplies	14,207,429	10,728,280	8,871,387
Contract Services & Operating Exp.	36,971,702	37,092,611	34,176,674
Capital Outlay	1,373,883	1,113,100	1,043,071
Other Outgo (excluding indirect costs)	987,000	1,153,918	1,008,000
Other Outgo – Transfers of Indirect Costs	(261,655)	(613,635)	(441,000)
Total Expenditures	310,795,159	319,010,308	306,045,889
Excess of Revenues Over/(Under) Expenditures	(5,912,694)	496,007	(29,529,537)
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	-	1,409,419	-
Operating transfers out	(3,842,773)	-	(3,842,773)
Other sources	-	-	13,046,400
Total Other Financing Sources/(Uses)	(3,842,773)	1,409,419	9,203,627
Net change in fund balance	(9,755,467)	1,905,426	(20,325,910)
Fund Balance, July 1	53,136,349	53,136,351	55,041,777
Fund Balance, June 30	\$43,380,882	\$55,041,777	\$34,715,867

(1) Totals may not foot due to rounding.
Source: Glendale Unified School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains, and expects to continue to maintain, an unrestricted reserve which meets the State's minimum requirements.

On October 11, 2017, the Governor signed legislation ("**SB 751**") amending Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established to no more than 10% of a school district's combined assigned or unassigned ending general fund balance and provides that the reserve cap will be triggered only if there is a minimum balance of 3% of the Proposition 98 reserve. Basic aid school districts and small districts with 2,500 or fewer ADA are exempt from the reserve cap.

Attendance - LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target, and may also be entitled to supplemental and concentration funding based on Targeted Student enrollment (unduplicated count) and funding based on an economic recovery target.

Recent Funding per ADA. The following table sets forth historical LCFF funding for the District for fiscal years 2013-14 through 2020-21 (Budgeted).

AVERAGE DAILY ATTENDANCE AND STATE FUNDING UNDER LCFF
Fiscal Years 2013-14 through 2019-20 (Audited)
and 2020-21 (Budgeted)
Glendale Unified School District

Fiscal Year	Funded ADA⁽¹⁾	LCFF Revenue	LCFF Entitlement Per ADA⁽²⁾
2013-14	25,278	\$165,117,512	\$6,526
2014-15	25,188	182,221,413	7,227
2015-16	25,184	204,294,372	8,109
2016-17	25,128	214,753,763	8,531
2017-18	25,134	219,410,005	8,793
2018-19	24,883	234,505,145	9,115
2019-20	24,898	239,596,396	9,622
2020-21	24,710	218,932,735	8,860

(1) P-2 for FY 2013-14 through 2019-20; budgeted for 2020-21.

(2) Represents average funding per ADA across grade spans.

Source: Glendale Unified School District.

The unduplicated count of the District's students which are low-income, English learners and/or foster youth 54.35% in fiscal year 2019-20 and is estimated at 54.8% for fiscal year 2020-21 for purposes of determining supplemental and concentration grant funding under LCFF.

Revenue Sources

The District categorizes its general fund revenues into four sources, being the LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, for non-Basic Aid school districts, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in fiscal year 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Section 42238.03(c) of the Education Code of the State itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding. Historically, the more local property taxes a district received, the less State aid it is entitled to.

For school districts which were Basic Aid districts prior to implementation of the LCFF, provided that the per pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues, such districts are entitled to retain their status as Basic Aid districts and keep their full local property tax revenue entitlement. The threshold for Basic Aid status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Basic Aid status as the result of the implementation of the LCFF. Accountability measures contained in the LCFF must be implemented by all districts, including Basic Aid districts.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Every Student Succeeds Act, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. Other State Revenues consist primarily of apportionments for mandated costs reimbursements, special education master plan, and State lottery apportionments.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

**STRS Contributions
Glendale Unified School District**

Fiscal Year	Amount
2013-14	\$8,562,322
2014-15	9,506,540
2015-16	12,648,966
2016-17	15,334,380
2017-18	18,333,339
2018-19	20,145,052
2019-20 ⁽¹⁾	21,960,396
2020-21 ⁽²⁾	21,260,594

(1) Increases attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.

(2) Budgeted.

Source: Glendale Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$102.6 billion as of June 30, 2019 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 ("**AB 1469**"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 were 10.73%, 12.58%, 14.43%, 16.28% and 18.13% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2020-21 through fiscal year 2022-23 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2020-21 through 2022-23**

Fiscal Year	Employer Contribution Rate ⁽¹⁾
2020-21 ⁽²⁾	16.15%
2021-22 ⁽²⁾	16.02
2022-23	18.10

(1) Expressed as a percentage of covered payroll. Projected rates may change.

(2) Reflects changes to such rates included in the State's 2020-21 Budget.

Source: AB 1469.

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the “Schools Pool.” Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District’s employer contributions to PERS for recent fiscal years are set forth in the following table.

**PERS Contributions
Glendale Unified School District**

Fiscal Year	Amount
2013-14	\$3,856,939
2014-15	4,061,068
2015-16	4,629,812
2016-17	5,509,217
2017-18	6,318,469
2018-19	7,331,305
2019-20 ⁽¹⁾	7,593,179
2020-21 ⁽²⁾	8,544,957

(1) Unaudited Actual.

(2) Budgeted.

Source: Glendale Unified School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately \$31.3 billion as of June 30, 2019 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over three years beginning in fiscal 2018-19 according to the following schedule.

**PERS Discount Rate
Fiscal Years 2018-19 through 2020-21**

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in

fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 were 11.847%, 13.888%, 15.531%, 18.062%, and 19.721% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2020-21 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2020-21 through 2022-23⁽¹⁾

Fiscal Year	Employer Contribution Rate⁽²⁾
2020-21	20.700%
2021-22	22.840
2022-23	25.300

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.

(2) Expressed as a percentage of covered payroll. Rates have been reduced following adoption of the fiscal year 2020-21 State Budget. See the following paragraph

Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the

nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Pension Liabilities. At June 30, 2019, the District's proportionate share of unfunded liability for STRS and PERS was \$207,709,820 and \$80,949,318, respectively.

Additional Information. Additional information regarding the District's retirement programs is available in Note 12 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Benefits

Plan Description. The District administers a single-employer defined benefit healthcare plan (the "**Retiree Health Plan**"). In addition, some qualified certificated employees are participants in the Medicare Premium Payment Program ("**MPPP**"), a cost-sharing defined benefit program administered through STRS.

As of June 30, 2019, the District's net liability for postemployment healthcare benefits consisted of net OPEB liability of \$84,836,448 for the Retiree HealthPlan and \$1,358,830 for the MPPP.

Retiree Health Plan. Teachers who retire from the District are eligible for postemployment medical, dental and vision coverage.

- Retirees aged 55 to 65 with at least 10 years of service, who were designated as Teachers at retirement, are offered a subsidy by the District for medical coverage for the retiree and his or her dependent(s). Dental and vision coverage is subsidized by the District for the retiree only.

Management employees who retire from the District are eligible for postemployment medical, dental and vision pursuant to the provisions below:

- Retirees aged 55 to 65 with at least 9 years of service, who were designated as Management at retirement, are offered a subsidy by the District for medical

coverage for the retiree and his or her dependent(s). Dental and vision coverage is subsidized by the District for the retiree only.

Classified employees who retire from the District are eligible for postemployment medical and dental pursuant to the provisions below:

- Retirees aged 55 to 65 with at least 9 years of service, who were designated as Classified at retirement, are offered a subsidy by the District for medical and dental coverage for the retiree only. The District offers a subsidy for dependents of retirees enrolled in a specific dental plan sponsored by the District.

Membership in the Retiree Health Plan consists of 168 retirees and beneficiaries currently received benefits and 2,036 active members, as of June 30, 2019.

Funding Policy. The District currently pays for post-employment health care benefits on a pay-as-you-go basis. For the year ending June 30, 2019, the District contributed \$3,682,923 to the Plan which includes an implicit rate subsidy.

Changes in the Total OPEB Liability. The following table shows the changes in total OPEB liability for the fiscal year ended June 30, 2019.

Balance at July 1, 2018	<u>\$74,970,772</u>
Changes for the year:	
Service cost	4,424,141
Interest cost	2,475,725
Differences between expected and actual experience	5,511,042
Changes in assumptions	1,137,691
Benefit payments	<u>(3,682,923)</u>
Net changes	<u>9,865,676</u>
Balance at June 30, 2019	<u>\$84,836,448</u>

For actuarial methods and assumptions with respect to the June 30, 2019 actuarial valuation, see "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019 – Note 13".

Medicare Premium Payment Program. The MPPP is a cost-sharing multiple-employer OPEB established through STRS. The MPPP pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible California full-time and part-time public schoolteachers from pre-kindergarten through community college who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

The MPPP is closed to new entrants, as members who retire after July 1, 2012 are not eligible for coverage. For the years ending June 30, 2018 and 2017, 5,984 and 6,271 retirees participated in the MPPP, respectively.

Funding Policy. The MPPP is funded on a pay-as-you-go basis from a portion of monthly employer contributions. Contributions that would otherwise be credited to the STRS defined benefit program (STRP) each month are instead credited to the MPPP to fund monthly program and administrative costs. These contributions are generally made at the same time and in the same amount as benefit payments and expenses coming due. Because amounts credited to the

MPPP are deducted from the employers' regular STRP contributions, there are no contribution rates specific to the MPPP.

Net OPEB Liability. As of June 30, 2019, the District reported a net OPEB liability for its proportionate share of the MPPP of \$1,358,830.

For actuarial methods and assumptions with respect to the actuarial valuation, see "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019 – Note 13".

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District established a Self-Insurance Fund to account for and finance certain employee benefits.

The District participates in two joint powers agreement ("JPA") entities, West San Gabriel Valley Liability and Property Joint Powers Authority ("WSGLPJPA") and Alliance of Schools for Cooperative Insurance Programs ("ASCIP"). WSGLPJPA provides the participating districts with liability and property damage insurance; and ASCIP handles insurance coverage for health benefits for District employees.

Short-Term Debt

The District expects to issue tax and revenue anticipation notes in Fiscal Year 2020-21 in order to alleviate cash flow concerns as a result of State cash deferrals. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS – 2020-21 State Budget – Closing the Budget Gap."

Long-Term Debt

A schedule of changes in the District's long-term debt for the year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due in One Year
General Obligation Bonds	\$343,625,548	\$38,000,000	\$12,355,000	\$369,270,548	\$10,675,000
Capital Appreciation Interest	28,731,973	6,881,937	-	35,613,910	-
Premium on Gen. Oblig. Bonds	15,059,258	2,359,541	1,535,267	15,883,532	-
Total Gen. Oblig. Bonds	387,416,779	47,241,478	18,890,267	420,767,990	10,675,000
Clean Renewable Energy Bonds	14,501,556	-	806,852	13,694,704	830,829
City of Glendale Loan	1,158,117	-	169,675	988,442	197,462
Net Pension Liability	286,947,908	1,711,230	-	288,659,138	-
Net OPEB Liability	75,938,400	10,256,878	-	86,195,278	2,800,000
Compensated Absences	3,391,897	375,654	-	3,767,551	-
Total	\$769,354,657	\$59,585,240	\$14,866,794	\$814,073,103	\$14,503,291

General Obligation Bonds. On June 3, 1997 the District received authorization to issue \$186,000,000 of general obligation bonds (the “**1997 Authorization**”). On April 5, 2011 the District received authorization to issue \$270,000,000 of general obligation bonds (the “**2011 Authorization**”). Certain general obligation bonds issued pursuant to the 1997 Authorization have been refunded by subsequent refunding general obligation bonds.

The District’s general obligation bonds listed below are outstanding as of October 26, 2020.

**GLENDALE UNIFIED SCHOOL DISTRICT
General Obligation Bonds Outstanding**

Issue Date		Amount of Original Principal	Outstanding October 26, 2020
07/28/2011	2011 General Obligation Refunding Bonds	\$21,555,000.00	\$1,840,000.00
08/16/2011	Tax-Exempt General Obligation Bonds, Election of 2011, Series A	46,879,985.60	508,601.30
08/16/2011	Taxable Direct-Pay New Clean Renewable Energy General Obligation Bonds, Election of 2011, Series A-1	4,300,000.00	4,300,000.00
03/14/2012	2012 General Obligation Refunding Bonds ⁽¹⁾	22,930,000.00	2,370,000.00
08/26/2014	General Obligation Bonds, Election of 2011, Series B ⁽¹⁾	70,000,000.00	250,000.00
10/14/2015	2015 General Obligation Refunding Bonds, Series B (2021 Crossover) ⁽²⁾	84,830,562.90	84,830,562.90
10/14/2015	2015 General Obligation Refunding Bonds, Series A	17,175,000.00	13,150,000.00
08/18/2016	General Obligation Bonds, Election of 2011, Series C	70,000,000.00	60,155,000.00
09/27/2018	General Obligation Bonds, Election of 2011, Series D	38,000,000.00	35,385,000.00
06/02/2020	2020 General Obligation Refunding Bonds	58,580,000.00	57,750,000.00
06/04/2020	2018 General Obligation Refunding Bonds (Forward Delivery)	12,885,000.00	12,710,000.00
10/26/2020	2020 General Obligation Refunding Bonds, Series B (Federally Taxable)	41,660,000	41,660,000.00

(1) Portion to be refunded from proceeds of the 2020 Refunding Bonds Series B to be issued on the same date as the Series E Bonds.

(2) Pursuant to Section 53560 of the Government Code of the State of California, the District’s outstanding 2015 General Obligation Refunding Bonds, Series B (2021 Crossover) constitute special obligations and while they are not included in any computation of general obligation indebtedness of the District until the crossover date, the above reflects the amounts that would be outstanding. The Tax-Exempt General Obligation Bonds, Election of 2011, Series A were refunded on a crossover basis and remain outstanding until the crossover date of September 1, 2021.

Debt service for the District’s outstanding general obligation bonds is shown in the front matter of the Official Statement under “DEBT SERVICE SCHEDULES – Combined Debt Service Schedule.”

New Clean Renewable Energy Bonds (“NCREBS”). On October 1, 2012, the District entered into a long-term lease agreement to provide for the financing of the acquisition, construction and installation of solar photovoltaic systems at several school sites. The agreement is between the District as the “lessee” and the Public Property Financing Corporation of California, as the “lessor”. The lessor’s funds for acquiring these items were generated by the issuance of \$5,380,000 of NCREBS. The lease was issued with an effective interest rate of 4.32%.

NCREBS are long-term debt instruments which provide federal tax credits in lieu of a portion of the traditional bond interest, resulting in a lower effective interest rate for the borrower.

On October 18, 2016, the District entered into a long-term lease agreement to provide for the financing of the acquisition, construction and installation of solar photovoltaic systems at several school sites. The agreement is between the District as the "lessee" and the Public Property Financing Corporation of California, as the "lessor". The lessor's funds for acquiring these items were generated by the issuance of \$10,925,000 of NCREBS. The lease was issued with a net effective interest rate (after federal subsidy) of 0.574%.

The current long-term debt at June 30, 2019 is:

**GLENDALE UNIFIED SCHOOL DISTRICT
Summary of 2012 Lease and 2016 Lease (NCREBS)**

Fiscal Year	Principal Component	Interest Component
2020	\$830,829	\$492,734
2021	855,856	461,256
2022	880,938	428,883
2023	906,072	395,612
2024	933,259	361,426
2025-2029	5,083,042	1,260,045
2030-2034	4,024,707	393,538
	\$13,694,704	\$3,793,494

City Loan. The District entered into a loan with the City of Glendale in 2006 to provide financing for the Glendale High School athletic field project. The loan of \$1,800,000 has a stated interest rate of 4.0%. The outstanding long-term debt at June 30, 2019 is:

**GLENDALE UNIFIED SCHOOL DISTRICT
Summary of 2006 City of Glendale Loan**

Fiscal Year	Principal Component	Interest Component
2020	\$197,462	\$39,538
2021	226,361	31,639
2022	256,415	22,585
2023	288,672	12,328
2024	19,532	782
	\$988,442	\$106,872

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see “– Education Funding Generally” above). State funds typically make up the majority of a district’s LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts

of funds available from the State for education funding. See “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS” below.

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State’s general fund, and (2) a locally funded portion, being the district’s share of the one percent general *ad valorem* tax levy authorized by the California Constitution (see “DISTRICT FINANCIAL INFORMATION – Education Funding Generally” above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55 percent of their operating revenues from various State sources.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

As described below in the summaries of State budgeting documents, the COVID-19 pandemic is expected to have a material impact on State revenues and appropriations.

The following information concerning the State’s budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the Underwriter nor the County is responsible for the information relating to the State’s budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer’s Office.

The Budget Process. The State’s fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the “**Governor’s Budget**”). Under State law, the annual proposed Governor’s Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor’s Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in

each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each House of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.
- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.
- The State Legislative Analyst's Office ("**LAO**") prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the headings "The Budget" and "State Budget Condition."

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 resulting in the State undertaking a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. As a result of the COVID-19 pandemic and subsequent economic recession, budget-cutting strategies such as those used in recent years are being used and may continue to be used in the future during a period of budgetary strain.

2013-14 State Budget: Significant Change in Education Funding. As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2020-21 State Budget

Introduction and Background. The Governor signed the fiscal year 2020-21 State Budget (the “**2020-21 State Budget**”) on June 29, 2020. The 2020-21 State Budget notes that the COVID-19 pandemic has impacted every sector of the State's economy and has caused record high unemployment, and further action from the federal government is needed as a result of the crisis. The Governor is pursuing \$1 trillion in flexible federal aid to state and local governments across the country, which support will be critical to mitigate the effects of the public health crisis, encourage recovery, and support persons in need.

At the time of the Governor's proposed 2020-21 State Budget in January, the State was projecting a surplus of \$5.6 billion. At the time of the May Revision with respect to the 2020-21 State Budget, the State had a budget deficit of \$54.3 billion. The 2020-21 State Budget includes measures to close the gap and bring the State's resources and spending into balance while preserving reserves for future years.

To reduce the structural deficit in the coming years, the 2020-21 State Budget sustains the January 1, 2022 suspension of several ongoing programmatic expansions that were made in the 2019 Budget Act. In addition, the 2020-21 State Budget accelerates the suspension of most Proposition 56 (2016 tobacco tax measure) tax rate increases to July 1, 2021. Despite these measures, the State forecasts an operating deficit of \$8.7 billion in 2021-22, after accounting for reserves.

Closing the Budget Gap. The 2020-21 State Budget uses the following strategies to close the budget gap:

- **Reserve Draw Down:** Draws down \$8.8 billion in reserves, including from the State's Rainy Day Fund (\$7.8 billion), the Safety Net Reserve (\$450 million), and all of the funds in the Public School System Stabilization Account.
- **Triggers:** Includes \$11.1 billion in funding reductions and deferrals that will be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives a lesser amount between \$2 billion and \$14 billion, the reductions and deferrals will be partially restored. The trigger includes \$6.6 billion in deferred funding for schools.
- **Federal Funds:** Relies on \$10.1 billion in federal funds that provide State general fund relief, including \$8.1 billion already received.
- **Revenues:** Temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate \$4.4 billion in new revenues in the 2020-21 fiscal year.
- **Borrowing/Transfers/Deferrals:** Relies on \$9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. Approximately \$900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.

- **Other Solutions:** Cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues above the May Revision forecast and lower health and human services caseload costs than the May Revision estimated.

General Budget Highlights. Certain highlights of the 2020-21 State Budget are:

Emergency Response: COVID-19 and other emergency response efforts included in the 2020-21 State Budget are:

- Responding to COVID-19: The State expects to receive over \$72 billion in federal assistance to State programs, of which unemployment insurance represents about \$52 billion of this total. Under the CARES Act, the State received \$9.5 billion for various uses including \$4.4 billion to mitigate K-14 learning loss. The amount of \$5.9 million of General Fund spending for 2020-21 and \$4.8 million ongoing is allocated to support the State Department of Health's response to COVID-19.
- Enhancements to Emergency Responses and Preparedness: \$117.6 million is allocated to the State Office of Emergency Services to enhance emergency preparedness and response capabilities, including with respect to power outages, earthquakes, wildfires and cybersecurity.
- Forestry and Fire Protection: \$90 million is allocated to enhance CAL FIRE's fire protection capabilities, including for wildfire prediction and modeling technology.

Revenue Solutions. Revenue measures which are expected to net \$4.3 billion in 2020-21, \$3.1 billion in 2021-22 and \$1.3 billion in 2022-23, include:

- Certain Tax Measure Extensions. Extending certain tax measures including certain sales tax exemptions through the end of 2022-23, extending the carryover period for film credits from 6 years to 9 years, and extending the current exemption from the minimum tax for first year corporations to first year limited liability corporations, partnerships, and limited liability partnerships.
- Expansion of Earned Income Tax. Expanding the Earned Income Tax Credit to certain taxpayers.
- Changes to Tax Laws and Sales Tax. Changes in tax law including suspending net operating losses for 2020, 2021, and 2022 for medium and large businesses, and limiting certain business incentive tax credits, and with respect to closing the sale tax loss gap, requiring used car dealers to remit sales tax to the Department of Motor Vehicles with registration fees.

Recovery for Small Businesses. The 2020-21 State Budget includes a waiver of the minimum franchise tax for the first year of operation, \$100 million budgeted for the State's small business loan program, \$25 million to provide capital to enable the origination of more loans in underbanked communities, and adding funding of \$758,000 ongoing for positions relating to small business support.

Housing. Up to \$500 million is allocated in State tax credits for low-income housing in 2021, under certain conditions. The 2020-21 State Budget provides \$331 million in National Mortgage Settlement funds to help prevent avoidable foreclosures and evictions, and \$8.3 billion across multiple departments and programs to address housing throughout the State.

K-12 Education Funding Summary. For K-12 education funding, the 2020-21 State Budget provides for funding under Proposition 98 of \$70.9 billion, which is more than \$10 billion below the minimum guarantee contained in the State's 2019-20 budget. For K-12 schools, this results in Proposition 98 per pupil spending of \$10,654 in 2020-21, which is a \$1,339 decrease over the 2019-20 per pupil spending levels. Additionally, in the same period, per pupil spending from all State, federal, and local sources decreased by approximately \$542 per pupil to \$16,881.

Efforts to mitigate the impact of the decline in K-12 funding in the 2020-21 State Budget include:

Deferrals: \$1.9 billion of LCFF apportionment deferrals in 2019-20, growing to \$11 billion LCFF apportionment deferrals in 2020-21. These deferrals will allow LCFF funding to remain at 2019-20 levels in both fiscal years. The statutory LCFF cost-of-living adjustment is suspended in 2020-21. Of the total deferrals, \$5.8 billion will be triggered off in 2020-21 if the federal funding becomes available.

Learning Loss Mitigation: A one-time investment of \$5.3 billion (\$4.4 billion federal Coronavirus Relief Fund, \$539.9 million Proposition 98 General Fund, and \$355.2 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to COVID-19 school closures. Funds will be allocated to local educational agencies on an equity basis, with an emphasis on ensuring the greatest resources are available to local educational agencies serving students with the greatest needs.

Supplemental Appropriations: In 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level by a total of approximately \$12.4 billion. To accelerate the recovery from this funding reduction, the 2020-21 State Budget provides supplemental appropriations above the constitutionally-required Proposition 98 funding level, beginning in 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5 percent of State general fund revenues per year, up to a cumulative total of \$12.4 billion.

Revised PERS and STRS Contributions. To provide local educational agencies with increased fiscal relief, the 2020-21 State Budget redirects \$2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded liabilities to reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will reduce the STRS employer rate from 18.41 percent to approximately 16.15 percent in 2020-21 and from 17.9 percent to 16.02 percent in 2021-22. The PERS Schools Pool employer contribution rate will be further reduced from 22.67 percent to 20.7 percent in 2020-21 and from 24.6 percent to 22.84 percent in 2021-22.

Federal Funds. The 2020-21 State Budget appropriates \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds that the State was recently awarded. Of this amount, 90 percent (\$1.5 billion) will be allocated to local educational agencies in proportion to the amount of Title I-A funding they receive to be used for

COVID-19 related costs. The remaining 10 percent (\$164.7 million) is available for certain COVID-19 related State-level activities, such as providing additional funding for student meals and social services.

Special Education. The 2020-21 State Budget increases special education base rates to \$625 per pupil pursuant to a new funding formula, apportioned using the existing hold harmless methodology, and provides \$100 million to increase funding for students with low-incidence disabilities. Additional federal funding received by the State is also allocated to various special education programs.

Average Daily Attendance. To ensure funding stability regardless of the instructional model undertaken in the 2020-21 academic year, the 2020-21 State Budget includes a hold harmless for the average daily attendance used to calculate school funding for all local educational agencies and includes requirements for distance learning to ensure that, when in-person instruction is not possible, students continue to receive access to a quality education via distance learning.

In addition, the 2020-21 State Budget includes certain employee protection terms to ensure the continuity of employment for essential school staff during the COVID-19 pandemic. As such, the 2020-21 State Budget includes the suspension of the August 15, 2020, layoff window for teachers and other non-administrative certificated staff, and the suspension of layoffs for classified staff working in transportation, nutrition, and custodial services from July 1, 2020 through June 30, 2021. The 2020-21 State Budget also includes the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in the 2020-21 fiscal year.

Disclaimer Regarding State Budgets

The execution of State budgets including the above may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The current and proposed State budgets are expected to be impacted by the COVID-19 emergency described herein. The District cannot predict the impact that the 2020-21 State Budget or subsequent State Budgets, will have on its own finances and operations.

The State has not entered into any contractual commitments with the District, the County, the Underwriter or the Owners of the Series E Bonds to provide State Budget information to the District or the owners of the Series E Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein.

Availability of State Budgets. The complete 2020-21 State Budget are available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these

references. The information referred to above should not be relied upon when making an investment decision with respect to the Series E Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Series E Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIII A, XIII B, XIII C, and XIII D of the State Constitution, Propositions 62, 98, 111, 187 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Series E Bonds. The tax levied by the County for payment of the Series E Bonds was approved by the District's voters in compliance with Article XIII A and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIII A to the State Constitution ("**Article XIII A**"). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or

community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The Series E Bonds described herein are issued pursuant to the authority described in the preceding clause (iii). Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situation." Any such allocation made to a local agency continues as part of its allocation in future years.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIII A, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIII B of the California Constitution

Article XIII B ("Article XIII B") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after

July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("**unitary property**"). Under the State Constitution, such property is assessed by the State Board of Equalization ("**SBE**") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIII C and XIII D

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, "**Article XIII C**" and "**Article XIII D**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available from *ad valorem* taxes to pay debt service on the Series E Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “**Accountability Act**”). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became

effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there

are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the “**first test**”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to *per capita* personal income) and enrollment (the “**second test**”). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “**Proposition 39**”) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond

funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as “**Proposition 30**”, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$340,000 but less than \$408,000 for head of household filers and over \$500,000 but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for head of household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head of household filers and over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “Proposition 98” and “Proposition 111” above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “**EPA**”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. Tax

revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provisions of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

California Senate Bill 222

Senate Bill 222 ("SB 222") was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California

Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Series E Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Split Roll Initiative

An initiative measure (the “Split Roll Initiative”) to amend Article XIII A has qualified for the State’s November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Such market values would be reassessed by the applicable county assessor’s office at least once every three years. The Split Roll Initiative includes exceptions for businesses with a total market value of less than \$2 million (adjusted for inflation), which would continue to be subject to property taxes based on purchase price, and exempts from property tax assessments up to \$500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. There can be no assurance that the Split Roll Initiative will be adopted. Moreover, if the Split Roll Initiative is adopted, the District is unable to predict how it would affect the level of commercial building activity within the District and the relationship of the assessed value between land use types (i.e. residential versus commercial) in the District, or what other impacts the Split Roll Initiative might have on the local economy or the District’s financial condition.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 22, 26, 30 and 39 were each adopted as measures that qualified for the ballot under the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

[Remainder of page intentionally left blank.]

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2019**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**GLENDALE UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2019**



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

GLENDAL UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

June 30, 2019

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS..... i

FINANCIAL SECTION.....1

Basic Financial Statements2

Government – Wide Financial Statements2

Statement of Net Position2

Statement of Activities.....3

Fund Financial Statements.....4

Balance Sheet – Governmental Funds4

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position5

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....6

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....7

Statement of Fund Net Position – Proprietary Fund8

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund9

Statement of Cash Flows – Proprietary Fund10

Statement of Fiduciary Net Position11

Statement of Changes in Fiduciary Net Position12

Notes to the Financial Statements.....13

REQUIRED SUPPLEMENTARY INFORMATION59

Schedule of Budgetary Comparison for the General Fund60

Schedule of the District's Proportionate Share of the Net Pension Liability61

Schedule of District Contributions.....62

Schedule of Changes in the Total OPEB Liability and Related Ratios – Retiree Health Plan.....63

Schedule of Changes in the Net OPEB Liability and Related Ratios – Medicare Premium Payment Plan.....64

Notes to the Required Supplementary Information65

SUPPLEMENTARY INFORMATION.....67

History and Organization.....68

GLENDALE UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

June 30, 2019

Schedule of Average Daily Attendance (ADA).....	69
Schedule of Instructional Time.....	70
Schedule of Expenditures of Federal Awards.....	71
Schedule of Financial Trends and Analysis.....	73
Schedule of Charter Schools.....	74
Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements	75
Notes to the Supplementary Information.....	76
OPTIONAL SUPPLEMENTARY INFORMATION	78
Combining Statements – Building Fund.....	79
Combining Balance Sheet.....	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	80
Combining Statements – Non-Major Governmental Funds	81
Combining Balance Sheet.....	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	82
Combining Statements – Proprietary Fund.....	83
Combining Statement of Net Position	83
Combining Statement of Revenues, Expenditures, and Changes in Net Position	84
Combining Statement/Schedule – Fiduciary Funds.....	85
Combining Statement of Fiduciary Net Position.....	85
Combining Schedule of Changes in Fiduciary Activity – Associated Student Body Funds.....	87
Notes to the Optional Supplementary Information.....	89
OTHER INDEPENDENT AUDITORS’ REPORTS.....	90
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	91
Independent Auditors’ Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance Required by the Uniform Guidance	93
Independent Auditors’ Report on State Compliance	96

GLENDALÉ UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

June 30, 2019

FINDINGS AND QUESTIONED COSTS	99
Schedule of Findings and Questioned Costs – Summary of Auditor Results.....	100
Schedule of Findings and Questioned Costs – Related to the Financial Statements	101
Schedule of Findings and Questioned Costs – Related to Federal Awards.....	102
Schedule of Findings and Questioned Costs – Related to State Awards.....	103
Status of Prior Year Findings and Questioned Costs.....	108
CONTINUING DISCLOSURE INFORMATION	109
Continuing Disclosure Information (Unaudited).....	110



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Education
Glendale Unified School District
Glendale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Glendale Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules, combining non-major fund financial statements, the continuing disclosure information, and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Average Daily Attendance (ADA), Schedule of Instructional Time, Schedule of Expenditures of Federal Awards, Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements, the Notes to the Supplementary Information, and the combining non-major fund financial statements are the responsibility of management and were

derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The History and Organization, Schedule of Financial Trends and Analysis, Schedule of Charter Schools, and continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP
Glendora, California
December 2, 2019

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Introduction

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB). Certain comparative information between the current and the prior year is required to be presented in the MD&A.

The following discussion and analysis provide an overview of the financial position and activities of the District for the fiscal year ending June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

Financial Highlights

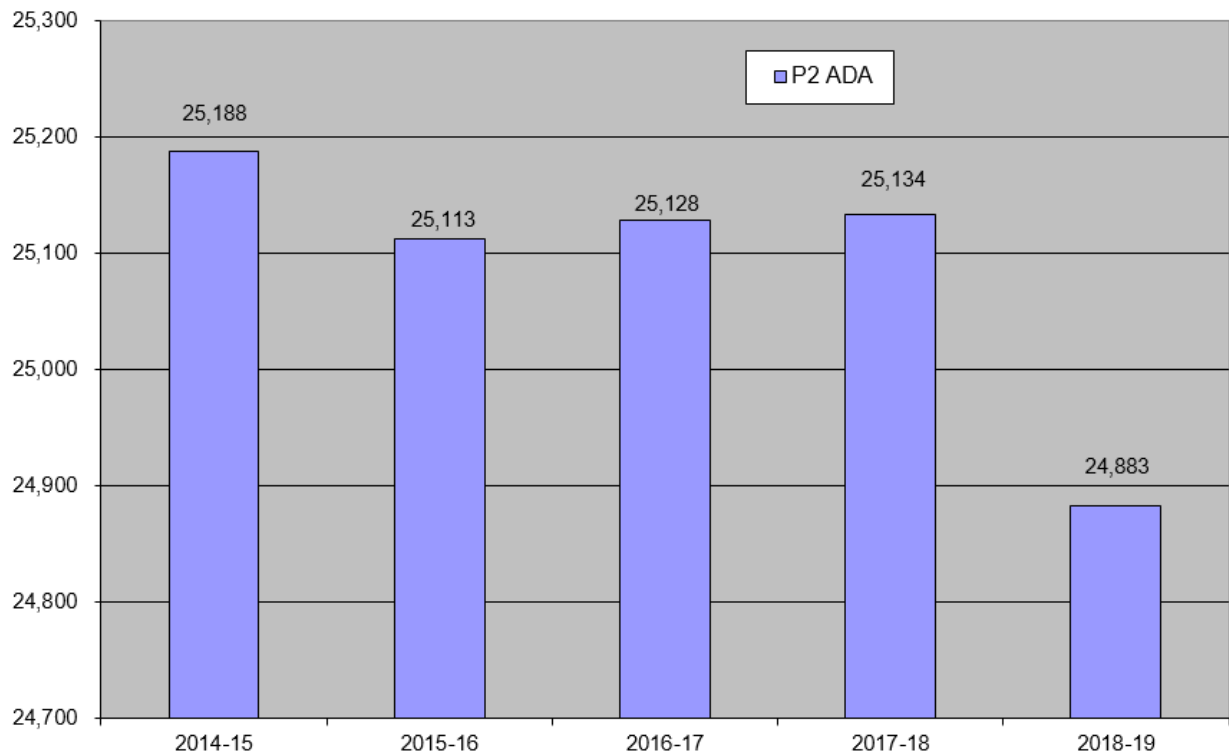
This section provides an overview of District financial activities.

- Combined Restricted and Unrestricted General Fund revenues were \$323,510,557 representing an increase of approximately 11.34% from the prior year. This increase is primarily due to Local Control Funding Formula (LCFF) revenue received in 2018-19. Starting 2019-20, the LCFF increases are COLA only increases. One of the monetary provisions of the LCFF that the State Board of Education (SBE) enacted in 2014-15, was requiring the County Office of Education (COEs) to review the Local Control Accountability Plan (LCAP), produced and adopted by school district which is concurrent and aligned with annual budget and spending plan. Funding allocated through the LCFF is largely unrestricted, but is subject to comprehensive accountability requirements established in LCAP.
- The District continues to maintain reserves sufficient to meet the state-required minimum Reserve for Economic Uncertainties of 3% of General Fund expenditures.
- Due to the state's fiscal issues and the subsequent impact on the District's fiscal health, the District has implemented changes to minimize the decrease in its fund balance to ensure solvency in future years. Some of these changes include implementing energy conservation strategies, consolidating facilities to eliminate rental fees, transferring of monies from other funds, as well as, the approval of the Fiscal Stabilization Plan to maximize income and lower expenditures.

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

- The District for the last several years has been experiencing declining enrollment. Between 2017-18 and 2018-19, there was a decrease in enrollment of 283 students. Since 2013-14, the enrollment has dropped 296 students. This has a very direct impact on the District's revenue since funding is based on student attendance (Average Daily Attendance - ADA). The chart below shows the District's ADA for a five year period:

Student Average Daily Attendance



Fund Financial Statements

More detailed information about the District's most significant funds are provided in the fund financial statements. Funds are accounting formats used to keep track of specific sources of funding and expenditures in particular programs. Some funds are required by bond covenants and by state law, and other funds are established by the District to manage a variety of activities for particular purposes (such as repaying its long-term debt). Other funds may also address specific accounting requirements for certain revenue and expenditure classifications (such as federal grants).

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

The District maintains three classes of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally categorize the revenues and expenditures for specific purposes and the balances left at year-end that are available for expenditure in subsequent years. The funds are as follows:

- Fund 01.0 - General Fund
- Fund 10.0 - Special Education Pass-Through Fund
- Fund 12.0 - Child Development Fund
- Fund 13.0 - Cafeteria Fund
- Fund 14.0 - Deferred Maintenance Fund*
- Fund 21.1 - Measure S Building Fund
- Fund 21.2 - Clean Renewable Energy Bond Fund
- Fund 25.0 - Capital Facilities Fund
- Fund 35.0 - County School Facilities Fund
- Fund 40.1 - Special Reserve Fund for Capital Outlay
- Fund 40.2 - Special Reserve Fund for Cafeteria Capital Outlay
- Fund 51.0 - Bond Interest and Redemption Fund
- Fund 56.0 - Debt Service Fund

*Due to GASB 54, this fund is reported in the General Fund.

A detailed short-term view is provided by the governmental fund statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided in the reconciliation provided after the governmental fund statements that explains the differences (or relationships).

Proprietary funds: The proprietary fund category includes Enterprise and Internal Service Funds. One type of proprietary fund, an internal service fund, is the same as the business-type activities, but provides more detail and additional information, such as cash flows. The Internal Service Fund reports activities that provide supplies and services for the other programs and activities of the District. Proprietary Funds are reported in the same way as the district-wide statements. Currently, the District has three internal service funds:

- Fund 67.0 - Medical Fund
- Fund 67.1 - Workers' Compensation Fund
- Fund 67.2 - Early Retirement Benefits Fund

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Fiduciary funds: The District has two fiduciary funds, Foundation Trust Fund 73.0 and the cumulative Associated Student Body funds at the school sites. The capitalization of Fund 73.0 was initially established from a request of a former teacher leaving a portion of her estate to Hoover High School. In 2015-16, the Doug Dall Scholarship was set up in honor of the services of Doug Dall, retired principal of Clark Magnet High School. This scholarship is presented to a Clark student who has displayed a continuous pattern of academic growth, completed the recommended 100 hours of community service and the course requirements of one of Clark's Career Technical Education Pathways, and demonstrated a financial need to complete post-secondary education goals. Additionally, in 2010-11, the Michael F. Escalante Senior Scholar Award was established commemorating the service of Superintendent Dr. Michael F. Escalante. This award is presented annually to an outstanding senior from each one of the Glendale Unified high schools. For assets that belong to others, such as the scholarship fund and/or student activities funds, the District acts as the trustee, or fiduciary, and is responsible for ensuring that the assets reported in these funds are only used for their intended purpose and by those to whom the assets belong. A separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position report the District's fiduciary activities. These activities are excluded from the district-wide financial statements, as the assets cannot be used to finance other District operations.

Statement of Net Position

The Statement of Net Position presents the assets and liabilities of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year asset data (current and non-current), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine the amount owed by the District to vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and the availability of those funds for expenditure. Net position is one indicator of the current financial condition of the District, and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation. The net position is presented in three major categories. The first category provides the information in regards to equity in property, plant, and equipment owned by the District. The second category provides information on funds that are restricted for specific purposes and programs based on laws and regulations. The third category provides information on unrestricted net position that are available for obligations as may be approved by the Board of Education.

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

The Statement of Net Position as of June 30, 2018, and 2019 is summarized below:

	<u>2018</u>	<u>2019</u>
Assets		
Cash	\$ 209,614,353	\$ 238,046,356
Cash with Fiscal Agent	799,304	625,000
Cash in Escrow Account	82,559,091	84,269,617
Accounts Receivable	12,884,661	15,228,496
Inventories	197,367	123,829
Prepaid Expenses	791,460	47,481
Capital Assets, Net	550,170,436	551,837,133
Total Assets	<u>857,016,672</u>	<u>890,177,912</u>
Deferred Outflows of Resources		
Deferred Charge on Refunding Bonds	4,731,299	4,119,470
Deferred Outflows - Pensions	85,449,888	77,563,032
Deferred Outflows - OPEB	729,295	6,457,566
Total Deferred Outflows of Resources	<u>90,910,482</u>	<u>88,140,068</u>
Liabilities		
Other Liabilities	55,037,761	50,090,350
Long-Term Liabilities	769,354,657	814,073,103
Total Liabilities	<u>824,392,418</u>	<u>864,163,453</u>
Deferred Inflows of Resources		
Deferred Inflows - Pensions	14,506,179	17,833,221
Total Deferred Inflows of Resources	<u>14,506,179</u>	<u>17,833,221</u>
Net Position		
Net Investment in Capital Assets	273,713,515	268,463,521
Restricted	46,505,878	48,249,084
Unrestricted	(211,190,836)	(220,391,299)
Total Net Position	<u>\$ 109,028,557</u>	<u>\$ 96,321,306</u>

- Cash with the District is also detailed in the notes to the financial statements and is invested with the Los Angeles County Treasury to comply with various code restrictions. The Unrestricted General Fund cash balance increased by \$6.8 million. This was primarily due to the increase of 5.95% in Unrestricted General Fund revenue. The net increase in cash for all the funds was approximately \$28.4 million or 13.6%.

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

- Accounts receivable are mainly accounts due from state and federal government sources for the general operating fund and categorical programs. The net increase for all funds was approximately \$2.3 million or 18.19%. This is primarily due to deferrals in federal and categorical state funding.

Statement of Activities

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Activities. The purpose of this statement is to present the revenues earned on all Governmental Funds, whether received or not, by the District, and the expenses incurred, whether paid or not, by the District. Thus, this statement presents the District's results of operations.

The Statement of Activities for the year ended June 30, 2018 and 2019 are summarized below:

Revenues	2018	2019
Program Revenues:		
Charges for Services	\$ 9,098,624	\$ 9,204,816
Operating Grants and Contributions	63,808,211	81,183,813
Capital Grants and Contributions	-	2,468,165
General Revenues:		
Property Taxes	99,029,154	103,747,737
Federal and State Aid not Restricted to Specific Purposes	151,818,603	164,377,848
Interest and Investment Earnings	2,839,282	7,191,946
Miscellaneous	<u>5,855,549</u>	<u>6,242,181</u>
Total Revenues	<u>332,449,423</u>	<u>374,416,506</u>
Expenses		
Instruction	218,048,798	235,036,672
Instruction - Related Services	37,107,483	39,315,386
Pupil Services	27,383,602	29,101,369
Ancillary Services	1,779,523	1,957,337
Community Services	513,044	589,331
Enterprise Activities	1,206	3,465
General Administration	14,970,954	12,431,754
Plant Services	29,483,614	30,089,251
Other Outgo	2,026,131	4,649,502
Debt Service - Interest	17,105,818	17,556,510
Depreciation (unallocated)	<u>8,705,995</u>	<u>16,393,180</u>
Total Expenses	<u>357,126,168</u>	<u>387,123,757</u>
Change in Net Position	<u>\$ (24,676,745)</u>	<u>\$ (12,707,251)</u>

GLENDAL UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

- The District's largest operating expenses are primarily for salaries and benefits. The District expended approximately 89% of its total Unrestricted General Fund budget in this area. Certificated and classified salaries are adjusted annually for step and column adjustments and corresponding savings due to attrition and retirements. For the current year, step increases were approximately 1.2% for certificated employees and classified employees.
- Health and Welfare benefits (medical, vision, dental and life) premium rates paid by the District increased approximately 4.9% for HMO and increased 14.7% for PPO in 2018-19 and are projected to have a net increase of 0% for HMO and a net increase of 0% for PPO in 2019-20, reflecting utilization shifts among the medical coverage groups.
- Interest income of \$3,852,914 is considered general revenue. Of this amount in interest income, \$1,111,215 is from the General Fund. Interest income is generated by the cash invested with the Los Angeles County Treasury. The average quarterly interest rate for fiscal year 2018-19 was 2.09%. Unrealized gains/losses reported in investment earnings is related to fair value adjustments on investments with the refunding escrow agent.
- The importance of the identification and planning for the costs associated with retiree medical benefits has been addressed by the Governmental Accounting Standards Board Statement No. 75.

Additionally, current state law (Chapter 650, Statutes of 1994) requires governing boards, on an annual basis, to certify to the county superintendent the estimated accrued but unfunded cost of health and welfare benefits provided to employees upon their retirement.

Every year an actuarial analysis is required. The last actuarial was re-calculated for July 1, 2018 - June 30, 2019 utilizing the then current staffing and insurance rate. This service was provided by Grant Thornton LLP. The report indicated that \$84.84 million represents the actuarial accrued liability associated with retiree benefits. This figure is \$9.87 million higher than the \$74.97 million figure estimated in the 2017-18 report. The 2017-18 report was based on the belief that the District's contribution to employee health insurance had a "cost" cap, meaning it would have an annual increase of 8.0% in future years. The 2018-19 report indicates that the current employee contracts will continue to have an 8.0% annual increase to the District's contribution for teachers and management. Approximately thirty percent (30%) of the 2018-19 cost estimate is related to current retirees and active employees who have met retiree medical eligibility requirements. The balance is for active employees who are not yet age fifty-five.

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Significant Changes in Other Fund Balances from June 30, 2018 to June 30, 2019

Fund	Fund Balance		
	June 30, 2018	June 30, 2019	Difference
Fund 13.0 Cafeteria Fund	\$ 3,964,118	\$ 3,590,684	\$ (373,434)
Fund 21.1 & 21.2 Building Funds	44,060,440	67,807,907	23,747,467
Fund 25.0 Capital Facilities Fund	9,925,419	10,867,407	941,988
Fund 40.1 Special Reserve Fund for Capital Outlay	24,088,144	28,538,547	4,450,403
Fund 67.0 Medical Fund	4,821,407	5,727,663	906,256
Fund 67.1 Workers' Compensation Fund	1,825,254	1,911,536	86,282
Fund 67.2 Early Retirement Benefits Fund	578,770	497,852	(80,918)

Fund 13.0 Cafeteria Fund

The Cafeteria Fund decrease of \$0.4 million was primarily due to increase in expenditure in the food category.

Fund 21.1 & 21.2 Building Funds

The Building Funds balance increase of \$23.7 million was primarily due to issuance of "Series D" bonds for \$38 million in 2018-19 allowing funds to be utilized for ongoing and future projects.

Fund 25.0 Capital Facilities Fund

The Capital Facilities Fund balance increase of \$0.9 million was primarily due to interfund transfers out of \$0.9 million, and offsetting revenue in developer fees of \$1.7 million.

Fund 40.1 Special Reserve Fund for Capital Outlay

The Special Reserve Fund balance increase of \$4.5 million was primarily due to net proceeds from Redevelopment Agency share for San Fernando Corridor and Central Interagency transfer from the General Fund (01.0).

GLENDAL Unified School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Fund 67.0 Medical Fund

The purpose of this fund is to account for the dental, vision, and pharmaceutical insurance plans that are self-funded by the District. This includes the Delta Dental coverage that is provided through a Joint Powers Authority (JPA). In 2018-19, the District maintained its dental program in Alameda County Schools Insurance Group (ACSIG) as a participating member of the Education Dental Group Enterprise (EDGE). Additionally, the pharmaceutical services have been administered by MedImpact effective October 1, 2017. Revenues and expenses are allocated the same way as vision and dental. The increase in the fund balance of \$0.9 million is primarily due to more in-district premium/contributions compared to expenditures.

Fund 67.1 Workers' Compensation Fund

The District's coverage is through ASCIP at a 2.232% rate of payroll. There was no utilization of fund reserves in 2018-19. The Workers' Compensation Fund balance increased by \$86 thousand due to the decrease in the Workers' Compensation rate of payroll of 0.17%.

Fund 67.2 Early Retirement Benefits Fund

Fund 67.2 is restricted to accounting for the health insurance premiums the District pays for retirees. This fund was established to set aside monies for the current and future liability resulting from the District providing medical insurance to retirees. The Early Retirement Benefits fund balance decrease of \$80 thousand is primarily due to the increase in utilization of in-district premium contributions in 2018-19 with the rate of 1.298% applied to payroll. Funds are used to pay premium payments for retirees.

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

General Fund Budget

During the fiscal year, the Board of Education authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A budgetary comparison schedule for the General Fund (including the Deferred Maintenance Fund as required by GASB 54) is presented on page 60.

Variations between final budget amounts and actual results were a result of actions taken by the Board of Education to reduce or defer expenditures and increase income during the fiscal year. The 2018-19 student average daily attendance (ADA) decreased by 251 ADA. Additionally, Outgoing Tuition of \$0.5 million consisted of Special Education excess costs to Burbank and La Canada Unified School Districts, and \$0.2 million for LACOE Specialized Schools. Approximately \$2.7 million of interfund transfers out were related to Redevelopment Agency Revenues (RDA).

Variations between the original and final budget amounts were created by carry-over of funds, new funding for categorical programs, and other unanticipated revenues. These amounts were unknown at the time the original budget was adopted.

General Fund Budgetary Highlights

One of the challenges that school districts face is how to maintain credibility in the budgeting process when districts are dependent on state funding and the state funding is unstable. Even when the economy is strong, the state funding is not finalized until after districts are required to adopt their budgets; and in recent years, state funding has shifted during the fiscal year.

The following table compares the District’s adopted budget for the General Fund not including the Deferred Maintenance Fund. The \$2.1 million change in the General Fund ending balance (Adopted Budget versus Actuals) is primarily related to the net increase of revenue over expenditures. Components of the variances include \$24.9 million of additional income in other State sources, a \$2.7 million increase in capital outlay, which is primarily due to increased equipment purchased by the CTE programs and construction for CTE programs, and \$18.2 million increase in employee benefits, primarily due to the STRS and PERS On Behalf Pension Program. There was also an increase of \$5.0 million in books and supplies, primarily due to purchase of textbooks and technology supplies. The increase of \$5.5 million in services and other operating expense was primarily due to the increase in personal services agreement costs.

GLENDALE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

	Original Budget	Actual	Original Budget to Actual Variance
Revenues			
Local control funding formula sources	\$ 235,751,710	\$ 234,505,145	\$ (1,246,565)
Federal sources	12,863,443	15,307,432	2,443,989
Other state sources	31,481,775	56,358,215	24,876,440
Other local sources	12,709,457	17,230,658	4,521,201
Total Revenues	<u>292,806,385</u>	<u>323,401,450</u>	<u>30,595,065</u>
Expenditures			
Certificated salaries	128,511,087	125,627,073	(2,884,014)
Classified salaries	42,259,159	41,768,553	(490,606)
Employee benefits	77,085,652	95,318,072	18,232,420
Books and supplies	7,928,807	12,918,734	4,989,927
Services and other operating expenditures	30,842,846	36,377,943	5,535,097
Capital outlay	151,558	2,898,451	2,746,893
Other outgo	750,000	737,950	(12,050)
Direct support - indirect costs	(401,000)	(509,674)	(108,674)
Debt service	216,000	216,000	-
Total Expenditures	<u>287,344,109</u>	<u>315,353,102</u>	<u>28,008,993</u>
Excess of revenues over expenditures	<u>5,462,276</u>	<u>8,048,348</u>	<u>2,586,072</u>
Other Financing Sources (Uses)			
Interfund transfers in	-	600,000	600,000
Interfund transfers out	(1,873,773)	(2,925,052)	(1,051,279)
Total Other Financing Sources (Uses)	<u>(1,873,773)</u>	<u>(2,325,052)</u>	<u>(451,279)</u>
Net change in fund balance	<u>\$ 3,588,503</u>	5,723,296	<u>\$ 2,134,793</u>
Fund Balance - Beginning of Year		<u>47,413,053</u>	
Fund Balance - End of Year		<u>\$ 53,136,349</u>	

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the District had \$268.5 million invested in net capital assets, net of associated debt, primarily related to school construction and other capital improvements.

Note 7 to the financial statements provides additional information on capital assets. A summary of capital assets is presented below:

	2018	2019
Land and Site Improvements	\$ 27,596,705	\$ 27,596,705
Buildings	655,967,343	694,486,105
Equipment and Vehicles	16,641,246	17,968,333
Work in Progress	38,518,762	16,678,050
Total	738,724,056	756,729,193
Less Accumulated Depreciation	(188,553,620)	(204,892,060)
Capital Assets, Net	<u>\$ 550,170,436</u>	<u>\$ 551,837,133</u>

Debt

Note 9 to the financial statements provides additional information on outstanding debt. A summary of the District's outstanding debt at year-end is presented below:

	2018	2019
General Obligation Bonds	\$ 387,416,779	\$ 420,767,990
Clean Renewable Energy Bonds	14,501,556	13,694,704
City of Glendale Loan	1,158,117	988,442
Net Pension Liability	286,947,908	288,659,138
Postemployment healthcare benefits (OPEB)	75,938,400	86,195,278
Compensated Absences	3,391,897	3,767,551
Total long term liabilities	<u>\$ 769,354,657</u>	<u>\$ 814,073,103</u>

GLENDAL UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Economic Factors that may affect the Future

PROJECTED STUDENT AVERAGE DAILY ATTENDANCE - In the multi-year adopted budget plan District ADA is projected to decrease in 2019-20 by 1.02% or 254 ADA. Student ADA is projected at 24,629 including 24,023 regular student ADA and 606 Special Education student ADA. In the most recent year, 2018-19, ADA decreased 1.0% or 251 ADA from 2017-18. Due to an unexpected drop in enrollment in 2018-19, the ADA is projected to drop compared to previously estimated multiyear budget plan. There will be budget adjustments made to the current and subsequent years. It should also be noted in this section that on October 2, 2019 the LACOE Committee on School District Organization approved a territory transfer from GUSD to the La Canada Unified School District. GUSD is appealing this decision and the process may take several years. The total number of territory students at the time of the petition in 2015 was approximately 360.

<u>Year</u>	<u>P2 ADA *</u>	<u>Percent Growth %</u>
2002-03 (actual)	28,788	-1.46%
2003-04 (actual)	28,361	-1.48%
2004-05 (actual)	27,656	-2.49%
2005-06 (actual)	26,821	-3.02%
2006-07 (actual)	26,394	-1.59%
2007-08 (actual)	26,033	-1.37%
2008-09 (actual)	25,765	-1.03%
2009-10 (actual)	25,501	-1.02%
2010-11 (actual)	25,303	-0.78%
2011-12 (actual)	25,371	+0.27%
2012-13 (actual)	25,247	-0.49%
2013-14 (actual)	25,178	-0.27%
2014-15 (actual)	25,188	+0.40%
2015-16 (actual)	25,113	-0.29%
2016-17 (actual)	25,128	+0.06%
2017-18 (actual)	25,134	+0.02%
2018-19 (actual)	24,883	-1.00%
2019-20 (est.)	24,629	-1.02%
2020-21 (est.)	24,629	-0%
2021-22 (est.)	24,629	-0%

* Excluding excused absences

Note: The above figures reflect total District P2 ADA, including Special Education.

LOTTERY - Actual unrestricted lottery income in 2018-19 was \$165 per ADA. Currently, lottery income for years 2019-20 through 2021-22 is based on estimates from the California Department of Education and the Los Angeles County Office of Education. Projected unrestricted lottery income is now estimated at \$153 per ADA for 2019-20 and future years.

GLENDAL UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

SPECIAL EDUCATION - The General Fund contribution in support of various Special Education programs in 2018-19 was approximately \$31.9 million. Additionally, the District contributed \$4.5 million to support Special Education Transportation.

ENDING FUND BALANCE PROJECTION - The District's 2019-20 ending fund balance is projected to meet the required 3% contingency reserve requirement.

LOCAL CONTROL FUNDING FORMULA - In 2013-14 the Governor and Legislature made a radical shift and replaced the old funding models with the new Local Control Funding Formula (LCFF). The Governor's goals by creating the LCFF are to increase transparency, reduce complexity, reduce administrative burden, improve funding equity across school districts, and improve local accountability.

A school district's LCFF entitlement will be based on three key elements as follows:

- A. Base funding
- B. Demographics of its student population
- C. State appropriation for LCFF

The funding basis under the LCFF shifts from a primarily Average Daily Attendance (ADA) model to one that places emphasis on the student population/demographics, in addition to, the District's ADA. LCFF was fully implemented in 2018-19 and starting 2019-20 the LCFF changes are COLA only changes.

In addition to adopting a new funding formula, the state establishes a set of new rules relating to "school district transparency and accountability". Under the new rules, districts are required to adopt Local Control and Accountability Plans (LCAP) that disclose how funds will be spent to provide high-quality educational programs.

Funding allocated through the LCFF is largely unrestricted, but it is subject to comprehensive accountability requirements which are established in the Local Control Accountability Plan (LCAP).

The 2017-18 average funding per ADA was \$8,729 compared to 2018-19 of \$9,319 for an increase of \$590. The projected funding for 2019-20 is \$9,623, an additional increase of \$304.

GLENDAL Unified School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

LCFF Factors
2018-19

Factors	K-3	4-6	7-8	9-12
Base grant per ADA	\$8,235.00	\$7,571.00	\$7,796.00	\$9,269.00
% Enrollment eligible	54.61%	54.61%	54.61%	54.61%
54.61% of Supplemental	\$899.43	\$826.90	\$851.48	\$1,012.36
.00% of Concentration (percentage above 55%)	\$0.00	\$0.00	\$0.00	\$0.00
Total 2018-19 LCFF Target Grant per ADA	\$9,134.43	\$8,397.90	\$8,647.48	\$10,281.36
ADA Grade Spans	7,934.07	5,704.28	3,825.46	7,696.13

LOCAL CONTROL AND ACCOUNTABILITY PLANS (LCAP) - In 2013-14, the state established a set of new rules relating to “school district transparency and accountability”. Under the new rules, districts are required to adopt Local Control and Accountability Plans (LCAP) that disclose how funds will be spent to provide high-quality educational programs. Districts that do not meet the goals stated in their plans and fail to improve educational outcomes receive assistance through support and intervention.

On or before July 1, 2014, and every year thereafter, districts must adopt a three year LCAP Plan using a template that was adopted by the State Board of Education. The state requires the LCAP to include the following items:

- A. Annual Goals - Based on state priorities for all students and numerically significant subgroups.
- B. Specific Actions - Steps the district will take to accomplish the annual goals, including districtwide actions and actions by the school site.

Description of Expenditures - For each fiscal year of the plan, list and describe expenditures implementing specific actions included in the LCAP. List and describe expenditures serving “unduplicated” students and students re-designated as fluent English proficient.

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

The eight areas of state priority that must be addressed in the LCAP include the following:

- A. Student Achievement
- B. Student Engagement
- C. School Climate
- D. Basic Services
- E. Implementation of Common Core State Standards
- F. Parental Involvement
- G. Course Access
- H. Other Student Outcomes

The District's LCAP Goals are located on the web page (gusd.net). The District's 2019-20 LCAP goals have also become the Board Priorities as listed below:

- 1. Maximize Student Achievement.
- 2. Create a culture of learning.
- 3. Increase engagement.
- 4. Maintain District Solvency & Financial Responsibility

COMMON CORE STATE STANDARDS (CCSS) - In 2013-14, the State Budget provided one-time funds for the implementation of Common Core State Standards (CCSS). This resulted in approximately \$5.26 million in funding for the District to be utilized over a two year period, 2013-14 and 2014-15, and develop a spending/implementation plan to spend the funds for the following purposes:

- A. Professional Development - For teachers, administrators and paraprofessional educators or classified employees involved in the direct instruction of pupils that is aligned to the CCSS academic content standards.
- B. Instructional materials and supplemental instructional materials aligned to CCSS academic content standards.
- C. For the integration of the content standards through technology-based instruction for the purposes of improving the academic performance of pupils including the administration of computer-based assessments and providing adequate internet connectivity to support the computer-based assessments.

The District continues to invest in the implementation of Common Core Standards through the Unrestricted General Fund, Teaching and Learning Program.

GLENDALÉ UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

UNRESTRICTED GENERAL FUND – FISCAL STABILIZATION PLAN – In the 2019-20 June Budget Adoption, there were expenditure reductions for the fiscal stabilization plan projected at \$5.0 million for 2019-20 to ensure that the District will be solvent in the next three years. There will be future budget adjustments in 2019-20 to the multiyear projected budget due to a higher ending balance in 2018-19 compared to the estimated actuals. 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.

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.

Contacting the District’s Financial Management

This financial report is designed to provide the community, investors, creditors, etc. with a general overview of the District’s financial condition and to show the District’s accountability for the funding it receives. If you have questions regarding this report or need additional financial information, please contact Stephen Dickinson, Chief Business and Financial Officer, Glendale Unified School District, 223 North Jackson St., Glendale, California 91206.

FINANCIAL SECTION

GLENDALE UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION June 30, 2019

	Governmental Activities
<u>Assets</u>	
Cash in county treasury	\$ 237,975,656
Cash and cash equivalents	70,700
Cash with fiscal agent	625,000
Investments with refunding escrow agent	84,269,617
Accounts receivable	15,228,496
Inventories	123,829
Prepaid expenses	47,481
Land	12,698,972
Construction in progress	16,678,050
Depreciable assets, net	522,460,111
Total Assets	890,177,912
<u>Deferred Outflows of Resources</u>	
Deferred charge on refunding	4,119,470
Deferred outflows - pensions	77,563,032
Deferred outflows - OPEB	6,457,566
Total Deferred Outflows of Resources	88,140,068
<u>Liabilities</u>	
Accounts payable and other current liabilities	37,106,903
Accrued interest	3,765,389
Unearned revenue	6,683,277
Estimated liability for open claims and incurred but not reported claims	2,534,781
Current portion of long-term liabilities	14,503,291
Non-current portion of long term liabilities	799,569,812
Total Liabilities	864,163,453
<u>Deferred Inflows of Resources</u>	
Deferred inflows - pensions	17,833,221
Total Deferred Inflows of Resources	17,833,221
<u>Net Position</u>	
Net investment in capital assets	268,463,521
Restricted for:	
Capital projects	12,090,387
Debt service	17,878,556
Educational programs	9,583,811
Other programs	8,696,330
Unrestricted	(220,391,299)
Total Net Position	\$ 96,321,306

See accompanying notes to the financial statements.

GLENDAL Unified School District

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019**

					Net (Expense)
					Revenue and
					Changes in
					Net Position

See accompanying notes to the financial statements.

GLENDALE UNIFIED SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2019

	General Fund	Building Fund (#21.1 & #21.2)	Debt Service Fund (#56)	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash in county treasury	\$ 86,202,874	\$ 68,672,923	\$ 11,263,905	\$ 60,668,966	\$ 226,808,668
Cash in revolving fund	70,000	-	-	700	70,700
Investments with refunding escrow agent	-	-	84,269,617	-	84,269,617
Accounts receivable	12,396,710	385,450	64,941	2,230,578	15,077,679
Inventories	39,272	-	-	84,557	123,829
Prepaid expenditures	17,501	-	-	-	17,501
Total Assets	\$ 98,726,357	\$ 69,058,373	\$ 95,598,463	\$ 62,984,801	\$ 326,367,994
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accounts payable	\$ 33,665,027	\$ 1,250,466	\$ -	\$ 890,457	\$ 35,805,950
Unearned revenue	6,608,796	-	-	74,481	6,683,277
Total Liabilities	40,273,823	1,250,466	-	964,938	42,489,227
<u>Fund Balances</u>					
Nonspendable	126,773	-	-	85,257	212,030
Restricted	9,301,507	67,807,907	84,269,617	30,456,445	191,835,476
Committed	5,316,185	-	-	-	5,316,185
Assigned	11,289,563	-	11,328,846	31,478,161	54,096,570
Unassigned	32,418,506	-	-	-	32,418,506
Total Fund Balances	58,452,534	67,807,907	95,598,463	62,019,863	283,878,767
Total Liabilities and Fund Balances	\$ 98,726,357	\$ 69,058,373	\$ 95,598,463	\$ 62,984,801	\$ 326,367,994

See accompanying notes to the financial statements.

GLENDALÉ UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2019

Total fund balances - governmental funds \$ 283,878,767

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resource and, therefore, are not reported as assets in governmental funds. These assets consist of:

Land	\$ 12,698,972	
Construction in progress	16,678,050	
Depreciable assets, net	<u>522,460,111</u>	551,837,133

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

General obligation bonds	(420,767,990)	
Clean renewable energy bonds (CREBs)	(13,694,704)	
City of Glendale loan	(988,442)	
Net pension liability	(288,659,138)	
Other postemployment benefits other than pensions (OPEB)	(86,195,278)	
Compensated absences	<u>(3,767,551)</u>	(814,073,103)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred charge on refunding	4,119,470	
Deferred outflows - pensions	77,563,032	
Deferred outflows - OPEB	6,457,566	
Deferred inflows - pensions	<u>(17,833,221)</u>	70,306,847

An internal service fund is used by the District to cover the cost of self-insured health programs, such as dental and vision benefits and workers' compensation. The assets and liabilities should be included with governmental activities. The fund consists of:

Assets	11,972,785	
Less: Liabilities	<u>(3,835,734)</u>	8,137,051

Interest expense related to general obligation bonds, CREBs, and the City of Glendale loan was incurred but not accrued through June 30, 2019. (3,765,389)

Total net position - governmental activities \$ 96,321,306

See accompanying notes to the financial statements.

GLENDALE UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS For the Fiscal Year Ended June 30, 2019

	General Fund	Building Fund (#21.1 & #21.2)	Debt Service Fund (#56)	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local control funding formula sources:					
State apportionments	\$ 152,475,083	\$ -	\$ -	\$ -	\$ 152,475,083
Local sources	82,030,062	-	-	-	82,030,062
Total local control funding formula sources	234,505,145	-	-	-	234,505,145
Federal sources	15,307,432	-	-	12,053,103	27,360,535
Other state sources	56,358,215	-	-	7,114,144	63,472,359
Other local sources	17,339,765	1,389,910	3,509,888	26,917,233	49,156,796
Total Revenues	<u>323,510,557</u>	<u>1,389,910</u>	<u>3,509,888</u>	<u>46,084,480</u>	<u>374,494,835</u>
Expenditures					
Instruction	217,501,923	-	-	4,147,869	221,649,792
Instruction - related services	36,765,079	-	-	674,179	37,439,258
Pupil services	18,307,580	-	-	9,903,530	28,211,110
Ancillary services	1,858,938	-	-	-	1,858,938
Community services	564,157	-	-	-	564,157
Enterprise activities	3,465	-	-	-	3,465
General administration	11,154,244	-	-	509,674	11,663,918
Plant services	28,243,766	18,001,984	-	2,108,614	48,354,364
Other outgo	737,950	-	-	3,911,552	4,649,502
Debt service	216,000	-	1,554,600	22,842,540	24,613,140
Total Expenditures	<u>315,353,102</u>	<u>18,001,984</u>	<u>1,554,600</u>	<u>44,097,958</u>	<u>379,007,644</u>
Excess (deficiency) of revenues over expenditures	<u>8,157,455</u>	<u>(16,612,074)</u>	<u>1,955,288</u>	<u>1,986,522</u>	<u>(4,512,809)</u>
Other Financing Sources (Uses)					
Interfund transfers in	600,000	-	-	6,243,217	6,843,217
Interfund transfers out	(2,925,052)	-	(600,000)	(3,318,165)	(6,843,217)
Proceeds from sales of bonds	-	40,359,541	-	-	40,359,541
Total Other Financing Sources (Uses)	<u>(2,325,052)</u>	<u>40,359,541</u>	<u>(600,000)</u>	<u>2,925,052</u>	<u>40,359,541</u>
Net changes in fund balance	5,832,403	23,747,467	1,355,288	4,911,574	35,846,732
Fund Balances at Beginning of Year	<u>52,620,131</u>	<u>44,060,440</u>	<u>94,243,175</u>	<u>57,108,289</u>	<u>248,032,035</u>
Fund Balances at End of Year	<u>\$ 58,452,534</u>	<u>\$ 67,807,907</u>	<u>\$ 95,598,463</u>	<u>\$ 62,019,863</u>	<u>\$ 283,878,767</u>

See accompanying notes to the financial statements.

GLENDAL Unified School District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Fiscal Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ 35,846,732

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	18,059,877	
Depreciation expense	<u>(16,393,180)</u>	
Excess of capital outlay over depreciation expense		1,666,697

Issuance of long-term debt is reported as proceeds in governmental funds but increases long-term liabilities in the statement of net position.

General obligation bonds, including premium		(40,359,541)
---	--	--------------

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bonds principal payments	12,355,000	
Clean renewable energy bonds principal payments	806,852	
City of Glendale loan principal payments	<u>169,675</u>	13,331,527

In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contribution was:

Net decrease in deferred outflows of resources - pensions	(7,886,856)	
Net increase in net pension liability	(1,711,230)	
Net increase in deferred inflows of resources - pensions	<u>(3,327,042)</u>	(12,925,128)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net increase in accrued interest	(316,398)	
Net increase in accreted interest	(6,881,937)	
Net increase in other postemployment benefits other than pensions (OPEB)	(10,256,878)	
Net increase in compensated absences	(375,654)	
Amortization of deferred charge on refunding bonds	(611,829)	
Amortization of premium on general obligation bonds	1,535,267	
Net increase in deferred outflows of resources - OPEB	<u>5,728,271</u>	(11,179,158)

An internal service fund is used by the District to charge the costs of self insured health programs, such as dental and vision. The net income of the internal service fund is reported with governmental activities.

911,620

Change in net position of governmental activities \$ (12,707,251)

See accompanying notes to the financial statements.

GLENDAL Unified School District

**STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
June 30, 2019**

	Governmental Activities
	Self-Insurance Fund
<u>Assets</u>	
Cash in county treasury	\$ 11,166,988
Cash with fiscal agent	625,000
Accounts receivable	150,817
Prepaid expenses	29,980
Total Assets	<u>11,972,785</u>
<u>Liabilities</u>	
Liabilities	
Accounts payable	1,300,953
Estimated liability for open claims and incurred but not reported claims	<u>2,534,781</u>
Total Liabilities	<u>3,835,734</u>
<u>Net Position</u>	
Restricted	<u>8,137,051</u>
Total Net Position	<u><u>\$ 8,137,051</u></u>

See accompanying notes to the financial statements.

GLENDAL Unified School District

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019**

	Governmental Activities
	Self-Insurance Fund
Operating Revenues	
Self-insurance premiums	\$ 16,155,795
Other local revenue	870,773
Total Operating Revenues	<u>17,026,568</u>
Operating Expenditures	
Services and other operating expenses	<u>16,267,196</u>
Total Operating Expenditures	<u>16,267,196</u>
Net operating income	<u>759,372</u>
Non-Operating Revenues	
Interest income	<u>152,248</u>
Total Non-Operating Revenues	<u>152,248</u>
Net income	911,620
Net Position at Beginning of Year	<u>7,225,431</u>
Net Position at End of Year	<u>\$ 8,137,051</u>

See accompanying notes to the financial statements.

GLENDALE UNIFIED SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019**

	Governmental Activities Self-Insurance Fund
Cash Flows from Operating Activities	
Cash received from premiums	\$ 16,105,606
Cash received from other revenues	1,145,012
Cash paid for claims and operating expenditures	(16,865,971)
Net cash provided by operating activities	<u>384,647</u>
Cash Flows from Investing Activities	
Interest income	<u>149,813</u>
Net cash provided by investing activities	<u>149,813</u>
Net increase in cash	534,460
Cash - July 1, 2018	<u>11,257,528</u>
Cash - June 30, 2019	<u><u>\$ 11,791,988</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	\$ 759,372
Changes in operating assets and liabilities:	
Accounts receivable	224,050
Accounts payable	(77,663)
Estimated liability for open claims incurred but not recorded	<u>(521,112)</u>
Net cash provided by operating activities	<u><u>\$ 384,647</u></u>
Cash balances at June 30, 2019 consisted of the following:	
Cash in county treasury	11,166,988
Cash with fiscal agent	<u>625,000</u>
Total cash	<u><u>\$ 11,791,988</u></u>

See accompanying notes to the financial statements.

GLENDALE UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Foundation Trust Funds	Associated Student Body Funds
<u>Assets</u>		
Cash in county treasury	\$ 337,615	\$ -
Cash and cash equivalents	-	2,101,647
Accounts receivable	1,868	22,350
Inventories	-	80,790
Total Assets	<u>339,483</u>	<u>2,204,787</u>
<u>Liabilities</u>		
Accounts payable	3,645	-
Funds held in trust		
Clubs and trusts	-	1,014,216
Associated student body	-	1,190,571
Total Liabilities	<u>3,645</u>	<u>\$ 2,204,787</u>
<u>Net Position</u>		
Restricted	332,767	
Unrestricted	3,071	
Total Net Position	<u>\$ 335,838</u>	

See accompanying notes to the financial statements.

GLENDALE UNIFIED SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2019**

	Foundation Trust Funds
Additions	
Revenue from local sources	\$ 8,943
Total Additions	<u>8,943</u>
Deductions	
Other expenses	<u>9,419</u>
Total Deductions	<u>9,419</u>
Changes in net position	(476)
Net Position - Beginning of Year	<u>336,314</u>
Net Position - End of Year	<u><u>\$ 335,838</u></u>

See accompanying notes to the financial statements.

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government, including governmental activities of proprietary funds. Fiduciary funds are excluded.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation and interest expense have not been allocated to specific functions.

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary and proprietary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction: includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services: includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services: includes home to school transportation, food services, and other pupil services.

Ancillary Services: includes activities that are generally designed to provide students with experiences outside the regular school day.

Community Services: includes activities that provide services to community participants other than students.

Enterprise Activities: includes activities that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs are financed or recovered primarily through user charges. This function is used with self-insurance funds and retiree benefit funds.

General Administration: includes data processing services and all other general administration services.

Plant Services: includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo: includes transfers to other agencies.

Debt Service: includes principal and interest payments for long term debt.

GLENDAL UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The proprietary and fiduciary fund expenditures are presented by natural classification.

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

The Statement of Revenues, Expenditures and Changes in Fund Balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: used to account for all financial resources except those required to be accounted for in another fund. The Deferred Maintenance Fund no longer meets the definition of a special revenue fund as it is no longer primarily composed of restricted or committed revenue sources. Therefore, all activities of this fund are reported in the General Fund.

Building Fund #21.1 and #21.2: used to account for the construction projects funded by the proceeds of voter approved bonds.

Debt Service Fund #56: used to account for the payment of principal and interest on the Certificates of Participation issued in 1996 and the activity maintained by the District and U.S. Trust. Used to account for the proceeds of the 2015 General Obligation Refunding Bonds, Series B (2021 Crossover) held in escrow by U.S. Bank National Association and the activity maintained by the escrow agent until the crossover date. (See Note 10).

Governmental Funds – Non-Major

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Special Education Pass-Through Fund #10: used by the Administrative Unit of the Foothill SELPA to account for Special Education revenue passed through to other member LEAs.

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Child Development Fund #12: used to account for resources committed to child development programs.

Cafeteria Fund #13: used to account for revenues received and expenditures made to operate the District's cafeterias.

Capital Projects Funds: used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental general fixed assets.

Capital Facilities Fund #25: used to account for resources received from residential and commercial developer impact fees.

County Schools Facilities Fund #35: used to account for the construction projects funded by School Facility Program grants award for modernization and new construction of various school sites.

Special Reserve Fund for Capital Outlay Projects #40.1 and #40.2: used to account for specific funds designated by the Board for capital outlay, major deferred maintenance, major equipment replacement needs and the modernization of cafeteria facilities.

Debt Service Funds: used to account for the financial resources that are restricted, committed or assigned and the accumulation of resources for, the payment of general long-term debt principal, interest, and related costs.

Bond Interest and Redemption Fund #51: used to account for the payment of principal and interest on general obligation bonds.

Proprietary Funds

Self-Insurance Fund

Internal Service Fund: used to account for services rendered on a cost-reimbursement basis within the District. The District operates one internal service fund with three sub-funds as follows:

Medical Fund #67.0: used to account for resources committed to the District's medical insurance program.

Workers' Compensation Fund #67.1: used to account for resources committed to the District's self-insurance program for workers' compensation.

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Early Retirement Benefits Fund #67.2: used to reserve for resources for the District's other postemployment benefits other than pensions (OPEB).

Fiduciary Funds

Foundation Trust Fund #73: used to account for income and restricted expenditures of trust monies donated for use by the Hoover High School Associated Student Body and the Michael F. Escalante Senior Scholarship Fund.

Associated Student Body Fund: used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The District operates ten organized Associated Student Body funds.

Agency Activities

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes, and other contributions. The District had a deficit cash balance in the County Treasury account amounting to (\$1,827,618) on June 30, 2019, due to prepayment of withholding payable.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value.

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and equivalents held with the refunding escrow agent have been classified as investments.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Inventories

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of expendable supplies and food held for consumption. At June 30, 2019, the inventory for supplies was \$39,272 and the inventory for food was \$84,557.

Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which goods or services are consumed.

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

GLENDAL E UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description	Estimated Lives
Buildings and improvements	20-50 years
Furniture and equipment	5-20 years
Vehicles	8 years

* The District has chosen not to begin depreciation on building improvements until the fiscal year after completion of the project

Depreciation expense has not been allocated to functions in the government-wide statement of activities.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. These amounts are reported in the government-wide statement of net position.

Deferred Charge on Refunding: The deferred charge on refunding resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows – OPEB: The deferred outflows of resources related to OPEB benefits results from changes in assumptions and the difference between expected and actual experience. The deferred outflows – OPEB will be deferred and amortized as detailed in Note 13 to the financial statements.

Deferred Outflows – Pensions: The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 14 to the financial statements.

Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash is received for fees not earned.

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

Postemployment Benefits Other Than Pensions (OPEB).

For purposes of measuring the District's OPEB liability related to the Medicare Premium Payment (MPP) Program, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

GLENDAL UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plan' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period.

Deferred Inflows – Pensions: The deferred inflows of resources related to pensions resulted from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 14 to the financial statements.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Education. These amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The District's Board of Education, through a formal action has given authority to the Superintendent to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Education has provided otherwise in its commitment or assignment functions.

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st. Unsecured property taxes are payable in one installment on or before August 31st.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state for local control funding formula purposes. Property taxes for debt service purposes have been accrued in the government-wide financial statements.

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. During the current fiscal year, the State of California made additional one-time contributions to the State Teachers' Retirement System (STRS) and to the California Public Employees' Retirement System (PERS). On-behalf payments of \$18,941,995 made to STRS and \$2,689,871 made to PERS have been recorded in the fund financial statements.

Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

Classification of Revenues – Proprietary Funds

Proprietary funds distinguish operating revenues from non-operating revenues. Operating

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

revenues include activities that have the characteristics of exchange transactions, such as food service sales, Federal and most state and local grants and contracts, and self-insurance premiums. Non-operating revenues include activities that have the characteristics of non-exchange transactions that are defined as non-operating revenues by GASB.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the District Board of Education.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

GLENDALE UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Based upon the application of the criteria listed above, the following potential component units have not been included in the District's reporting entity:

Los Angeles County Schools Regionalized Business Services Corporation: The corporation is a legally separate entity formed for the purpose of acquiring equipment and capital outlay and then leasing such items to the District and other participating districts. Only the activity related to the District has been included in these financial statements.

Glendale Educational Foundation: The foundation is a separate not-for profit corporation formed to enrich and enhance the programs and projects of the District. The foundation has been excluded as a component unit because the economic resources received and held by the foundation are not significant for financial reporting purposes to the District.

Various PTA, PTO and Booster Clubs: Each of these types of organizations at each of the school sites within the District were evaluated using the three criteria listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA, PTO and the Booster Club individually are not significant to the District.

NOTE 2: BUDGETS

By state law, the District's Governing Board must approve a budget no later than July 1st, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District's Board of Education during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

NOTE 3: DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Although the District does not have a deposit policy for custodial risk, the District has a practice to obtain collateralization letters from all depository institutions. As of

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS

June 30, 2019, \$3,946,768 of the District's bank balance of \$4,916,698 was exposed to credit risk as it was uninsured and collateral was held by the pledging bank's trust department, not in the District's name.

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2019 is measured at 99.9041% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

Investments with Refunding Escrow Agent

The District's investment activity managed by the debt refunding escrow agent are governed by the Escrow Deposit and Trust Agreement (the Agreement). The Agreement defines the types of securities authorized, including term to manage interest rate risk, and credit quality and concentration to manage credit risk. Investments are selected to provide adequate earnings to pay interest due on the refunding bonds through and including the redemption date.

GLENDALÉ UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs. There are no Level 3 investments held by the refunding escrow agent.

As of June 30, 2019, the District's had the following investments held by the refunding escrow agent:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Maturity</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents:				
Cash (Level 1)	n/a	n/a	\$ 34,488	\$ 34,488
Funding strips (Level 1)	n/a	2-3 years	43,752	44,053
Total cash and cash equivalents			<u>78,240</u>	<u>78,541</u>
Debt securities:				
U.S. Treasury bonds (Level 1)	n/a	3 years	1,888,022	2,030,835
Foreign bonds (Level 2)	AA+ / n/a	3 years	83,297,422	82,160,241
Total debt securities			<u>85,185,444</u>	<u>84,191,076</u>
Total investments			<u>\$ 85,263,684</u>	<u>\$ 84,269,617</u>

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019 consists of the following:

		Building Fund (#21.1 & #21.2)	Debt Service Fund (#56)	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total Governmental Activities
Accounts Receivable	General Fund						
Federal and state	\$ 11,170,425	\$ -	\$ -	\$ 1,128,767	\$ 12,299,192	\$ -	\$ 12,299,192
Miscellaneous	1,226,285	385,450	64,941	1,101,811	2,778,487	150,817	2,929,304
Total accounts receivable	<u>\$ 12,396,710</u>	<u>\$ 385,450</u>	<u>\$ 64,941</u>	<u>\$ 2,230,578</u>	<u>\$ 15,077,679</u>	<u>\$ 150,817</u>	<u>\$ 15,228,496</u>
						Fiduciary Fund Foundation	Associated Student Body Funds
Accounts Receivable						Trust	
Miscellaneous						\$ 1,868	\$ 22,350
Total accounts receivable						<u>\$ 1,868</u>	<u>\$ 22,350</u>

NOTE 5: INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the Government-wide statements. The following transactions are reported in the fund financial statements.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2018-2019 fiscal year are as follows:

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 5: INTERFUND TRANSACTIONS

Transfer from the General Fund to the Child Development Fund (12) to support the child development programs.	\$ 166,451
Transfer from the General Fund to the Cafeteria Fund (13) to support the Free and Reduced Lunch Program.	72,659
Transfer from the General Fund to the Capital Project and Improvement Fund (40.1) for San Fernando Corridor Redevelopment Agency.	1,592,050
Transfer from the General Fund to the Capital Project and Improvement Fund (40.1) for Central Redevelopment Agency.	1,093,892
Transfer from the Capital Facilities Fund (25) to the Capital Project and Improvement Fund (40.1) to support Cloud Preschool Portables Project.	850,000
Transfer from the County Schools Facilities Fund (35) to the Capital Project and Improvement Fund (40.1) represents a refund from State ORG funds for the Roosevelt ORG project	2,468,165
Transfer from the Debt Service Fund (56) to the General Fund to support a portion of the textbook purchases.	<u>600,000</u>
Total	<u><u>\$ 6,843,217</u></u>

GLENDALE UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 6: FUND BALANCES

The following amounts were nonspendable, restricted, committed, assigned or unassigned as shown below:

	General Fund	Building Fund (#21.1 & #21.2)	Debt Service Fund (#56)	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Cash in revolving fund	\$ 70,000	\$ -	\$ -	\$ 700	\$ 70,700
Inventories	39,272	-	-	84,557	123,829
Prepaid expenditures	17,501	-	-	-	17,501
Total nonspendable	<u>126,773</u>	<u>-</u>	<u>-</u>	<u>85,257</u>	<u>212,030</u>
Restricted:					
Legally restricted programs	9,301,507	-	-	841,583	10,143,090
Capital projects	-	67,807,907	-	12,090,387	79,898,294
Debt service	-	-	84,269,617	17,524,475	101,794,092
Total restricted	<u>9,301,507</u>	<u>67,807,907</u>	<u>84,269,617</u>	<u>30,456,445</u>	<u>191,835,476</u>
Committed:					
Deferred maintenance program	5,316,185	-	-	-	5,316,185
Total committed	<u>5,316,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,316,185</u>
Assigned:					
Future LACOE System Charges	840,000	-	-	-	840,000
Regular Carry-overs	3,087,902	-	-	-	3,087,902
MAA	3,494,274	-	-	-	3,494,274
LCAP Carry-over	2,000,000	-	-	-	2,000,000
One-Time 2017-18/Discretionary Funding	1,712,663	-	-	-	1,712,663
2018-19 FASO Wall Costs	154,724	-	-	-	154,724
Child development program	-	-	-	32,010	32,010
Cafeteria program	-	-	-	2,946,148	2,946,148
Capital projects	-	-	-	28,500,003	28,500,003
Debt service	-	-	11,328,846	-	11,328,846
Total assigned	<u>11,289,563</u>	<u>-</u>	<u>11,328,846</u>	<u>31,478,161</u>	<u>54,096,570</u>
Unassigned:					
Economic uncertainties	9,475,059	-	-	-	9,475,059
Unassigned	22,943,447	-	-	-	22,943,447
Total unassigned	<u>32,418,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,418,506</u>
Total fund balance	<u>\$ 58,452,534</u>	<u>\$ 67,807,907</u>	<u>\$ 95,598,463</u>	<u>\$ 62,019,863</u>	<u>\$ 283,878,767</u>

GLENDALE UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 7: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2019 is shown below.

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 12,698,972	\$ -	\$ -	\$ 12,698,972
Construction in progress	38,518,762	16,678,050	38,518,762	16,678,050
Total capital assets not being depreciated	51,217,734	16,678,050	38,518,762	29,377,022
Capital assets being depreciated:				
Site improvements	14,897,733	-	-	14,897,733
Buildings	655,967,343	38,518,762	-	694,486,105
Equipment	15,272,930	1,381,827	54,740	16,600,017
Vehicles	1,368,316	-	-	1,368,316
Total capital assets being depreciated	687,506,322	39,900,589	54,740	727,352,171
Less accumulated depreciation for:				
Site improvements	14,873,532	20,030	-	14,893,562
Buildings	160,198,633	15,839,940	-	176,038,573
Equipment and vehicles	13,481,455	533,210	54,740	13,959,925
Total accumulated depreciation	188,553,620	16,393,180	54,740	204,892,060
Depreciable assets, net	498,952,702	23,507,409	-	522,460,111
Governmental activities capital assets, net	\$ 550,170,436	\$ 40,185,459	\$ 38,518,762	\$ 551,837,133

NOTE 8: LEASE INCOME

The District entered into an agreement to lease the Field School site property to Glen Field Properties, Ltd. effective December 23, 1985. Effective July 12, 2001, the lease was reassigned to Archstone Communities Trust. The term of the lease is 65 years ending December 2050. The rental income received in the 2018-2019 fiscal year was \$1,251,056.

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9: LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2019 is presented herein.

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due in One Year
General obligation bonds	\$ 343,625,548	\$ 38,000,000	\$ 12,355,000	\$ 369,270,548	\$ 10,675,000
Capital appreciation interest	28,731,973	6,881,937	-	35,613,910	-
Premium on general obligation bonds	15,059,258	2,359,541	1,535,267	15,883,532	-
Total general obligation bonds	387,416,779	47,241,478	13,890,267	420,767,990	10,675,000
Clean renewable energy bonds	14,501,556	-	806,852	13,694,704	830,829
City of Glendale loan	1,158,117	-	169,675	988,442	197,462
Net pension liability	286,947,908	1,711,230	-	288,659,138	-
Net OPEB liability	75,938,400	10,256,878	-	86,195,278	2,800,000
Compensated absences	3,391,897	375,654	-	3,767,551	-
Total	<u>\$ 769,354,657</u>	<u>\$ 59,585,240</u>	<u>\$ 14,866,794</u>	<u>\$ 814,073,103</u>	<u>\$ 14,503,291</u>

The City of Glendale loan, net pension liability, and compensated absences are liquidated by the General Fund. The postemployment healthcare benefits are liquidated through the Self-Insurance Fund. The general obligation bonds are liquidated through property tax collections as administered by the County of Los Angeles. The clean renewable energy bonds are liquidated by the Special Reserve Fund for Capital Outlay Projects.

NOTE 10: GENERAL OBLIGATION BONDS

On June 3, 1997, the voters approved the issuance of bonds (Measure K), not to exceed \$186,000,000 for the construction, improvement, alteration and rebuilding of education facilities within the District.

Between 1997 and 2004, the District issued bonds, Series A through G, totaling \$186,000,000. In 2009-2010, the District issued two refunding bonds (Refunding Bonds 2009 and 2010) to current refund Series A, B and C and advance refund portions of Series D. In 2011-2012, the District issued two refunding bonds (Refunding Bonds 2011 and 2012) to advance refund portions of Series E, F and G.

On April 5, 2011, the voters approved the issuance of bonds (Measure S), not to exceed \$270,000,000 for the construction, improvement, alteration and rebuilding of education facilities within the District.

On August 4, 2011, the District issued Series A, A-1 and A-2, totaling \$53,999,985. Series A-1 was issued as “New Clean Renewable Energy Bonds” and intends they be “Specified Tax Credit Bonds” which makes the District eligible for a refundable credit from the United States Treasury. On August 26, 2014, the District issued Series B, totaling \$70,000,000.

GLENDALÉ UNIFIED SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: GENERAL OBLIGATION BONDS

On October 14, 2015, the District issued \$17,175,000 of 2015 Refunding Bonds, Series A. The proceeds were used to advance refund a portion of the District's outstanding 2009 Refunding Bonds through the deposit of the proceeds, including a premium of \$3,098,958 to an escrow fund. The principal balance of \$17,175,000 will be redeemed in full on September 1, 2019, by the refunding escrow agent.

On October 14, 2015, the District issued \$84,830,563 of 2015 Refunding Bonds, Series B (2021 Crossover). The District intends to apply the net proceeds of the sale of the bonds on the crossover date, 9/1/2021, at a redemption price equal to the outstanding principal thereof, plus accreted interest to the 2011 Bonds, Series A (2011 Refunding Bonds). Until the crossover date, the net proceeds of the 2021 Crossover Bonds will be held with a fiscal agent and invested in certain federal securities that will provide for the payment of interest on the bonds through the crossover date. On the crossover date, funds on deposit with the fiscal agent will be applied to the redemption of the 2011 Refunded Bonds.

On August 18, 2016, the District sold \$70 million of General Obligation Bonds (Measure S), Series C. The bonds were sold with an interest rate of 2.0% to 4.0% and have a final maturity of September 2039.

On September 27, 2018, the District sold \$38 million of General Obligation Bonds (Measure S), Series D. The bonds were sold with an interest rate of 3.375% to 4% and have a final maturity of September 2039. On September 27, 2018, the District also entered into a forward delivery purchase contract in the amount of \$12,885,000 of 2018 General Obligation Refunding Bonds. The bonds will be sold on or about June 4, 2020. The bonds will be sold with an interest rate of 5.0% and will mature beginning September 1, 2020 through September 1, 2026. The bonds will be sold to refund \$13,360,000 of the 2010 Refunding Bonds.

The balance of all of the bonds refunded was \$9,260,500 less than the amount paid into the escrow account. This amount is recorded as a deferred charge on the statement of net position and amortized to interest expense over the life of the new debt. Amortization of \$611,829 was recognized during 2018-2019.

GLENDAL UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 10: GENERAL OBLIGATION BONDS

The outstanding general obligation bonded debt of the District at June 30, 2019 is as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2019
Measure K:					
Refunding Bonds					
2009	12/1/2009	9/1/2019	3.00-5.00	\$ 46,750,000	\$ 3,785,000
2010	6/3/2010	9/1/2026	0.09-5.00	28,250,000	17,010,000
2011	7/28/2011	9/1/2027	2.00-5.00	21,555,000	13,970,000
2012	3/14/2012	9/1/2029	2.00-4.25	22,930,000	21,820,000
2015	10/14/2015	9/1/2024	4.00-5.00	17,175,000	17,020,000
Total Measure K				<u>136,660,000</u>	<u>73,605,000</u>
Measure S:					
Series A	8/4/2011	9/1/2041	4.45-7.00	46,879,985	46,534,985
Series A-1	8/4/2011	9/1/2027	4.70	4,300,000	4,300,000
Series B	8/26/2014	9/1/2039	2.00-5.00	70,000,000	61,595,000
Series C	8/18/2016	9/1/2039	2.00-3.00	70,000,000	60,405,000
Series D	9/27/2018	9/1/2039	3.375-4.00	38,000,000	38,000,000
Refunding Bonds					
2015 Series B	10/14/2015	9/1/2041	3.00-4.00	84,830,563	84,830,563
Total Measure S				<u>314,010,548</u>	<u>295,665,548</u>
Total				<u>\$ 450,670,548</u>	<u>\$ 369,270,548</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Accreted Interest	Interest Subsidy
2020	\$ 10,675,000	\$ 11,053,953	\$ -	\$ (142,674)
2021	10,505,000	10,628,963	-	(142,674)
2022	9,458,601	10,178,063	746,399	(142,674)
2023	10,305,157	9,725,138	644,843	(142,674)
2024	10,165,955	9,273,713	1,079,045	(142,674)
2025-2029	62,933,259	40,218,231	17,481,741	(499,359)
2030-2034	84,238,668	30,488,209	57,916,332	-
2035-2039	107,053,701	18,360,631	86,916,299	-
2040-2042	63,935,207	2,784,192	41,274,793	-
Total	<u>\$ 369,270,548</u>	<u>\$ 142,711,092</u>	<u>\$ 206,059,452</u>	<u>\$ (1,212,729)</u>

NOTE 11: CLEAN RENEWABLE ENERGY BONDS (CREBS)

On October 1, 2012 the District entered into a long-term lease agreement to provide for the financing of the acquisition, construction and installation of solar photovoltaic systems at several

GLENDALÉ UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 11: CLEAN RENEWABLE ENERGY BONDS (CREBS)

school sites. The agreement is between the District as the “lessee” and the Public Property Financing Corporation of California, as the “lessor”. The lessor’s funds for acquiring these items were generated by the issuance of \$5,380,000 of Clean Renewable Energy Bonds (CREBS). The lease was issued with an effective interest rate of 4.32%. CREBS are long-term debt instruments which provide federal tax credits in lieu of a portion of the traditional bond interest, resulting in a lower effective interest rate for the borrower.

On October 18, 2016, the District issued \$10,925,000 of Clean Renewable Energy Bonds (“CREBs”) to wholly finance the turn-key procurement of solar photovoltaic facilities to be constructed at nine District campuses, with an aggregate generation capacity of approximately 2.44 megawatts (the “2016 Solar Project”). The CREBs will be repaid over a term of 17.4 years at a net effective interest rate (after federal subsidy) of 0.574%. The District entered into contracts with SunPower Corporation for the design, permitting, construction, operation and maintenance of the 2016 Solar Project Phase 5, and the construction ended September 5, 2019.

The annual debt service requirements to maturity for CREBS are as follows:

Year Ending June 30,	Principal	Interest
2020	\$ 830,829	\$ 492,734
2021	855,857	461,256
2022	880,938	428,883
2023	906,072	395,612
2024	933,259	361,426
2025-2029	5,083,042	1,260,045
2030-2034	4,204,707	393,538
Total	<u>\$ 13,694,704</u>	<u>\$ 3,793,494</u>

NOTE 12: CITY OF GLENDALE LOAN

The District entered into a loan with the City of Glendale in 2006 to provide financing for the Glendale High School athletic field project. The loan of \$1,800,000 has a stated interest rate of 4.0%.

GLENDAL UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 12: CITY OF GLENDALE LOAN

The annual debt service requirements to maturity for the City of Glendale loan are as follows:

Year Ending June 30,	Principal	Interest
2020	\$ 197,462	\$ 39,538
2021	226,361	31,639
2022	256,415	22,585
2023	288,672	12,328
2024	19,532	782
Total	<u>\$ 988,442</u>	<u>\$ 106,872</u>

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

The District administers a single-employer, postemployment healthcare benefit plan for qualified employees. In addition, some qualified certificated employees are participants in the Medicare Premium Payment Program, a cost-sharing defined benefit program administered through the California State Teachers' Retirement System (CalSTRS).

As of June 30, 2019, the District's net liability for postemployment healthcare benefits consisted of the following:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
OPEB Plan				
Retiree Health Plan	\$ 84,836,448	\$ 6,457,566	\$ -	\$ 7,820,328
Medicare Premium Payment Program	1,358,830	-	-	394,801
Total OPEB Plans	<u>\$ 86,195,278</u>	<u>\$ 6,457,566</u>	<u>\$ -</u>	<u>\$ 8,215,129</u>

Retiree Health Plan

Plan Description and Eligibility

Teachers who retire from the District are eligible for postemployment medical, dental and vision pursuant to the provisions below:

- Retirees aged 55 to 65 with at least 10 years of service, who were designated as Teachers at retirement, are offered a subsidy by the District for medical coverage for the retiree and his or her dependent(s). Dental and vision coverage is subsidized by the District for the retiree only.

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

Management who retire from the District are eligible for postemployment medical, dental and vision pursuant to the provisions below:

- Retirees aged 55 to 65 with at least 9 years of service, who were designated as Management at retirement, are offered a subsidy by the District for medical coverage for the retiree and his or her dependent(s). Dental and vision coverage is subsidized by the District for the retiree only.
- As of the valuation date, one management retiree is receiving a lifetime subsidy equal to the actual cost of his healthcare benefits, per a contract agreement.

Classified staff who retire from the District are eligible for postemployment medical and dental pursuant to the provisions below:

- Retirees aged 55 to 65 with at least 9 years of service, who were designated as Classified at retirement, are offered a subsidy by the District for medical and dental coverage for the retiree only. The District offers a subsidy for dependents of retirees enrolled in a specific dental plan sponsored by the District.
- Part-time employee's subsidy is prorated based on a percent of scheduled hours worked, not less than 50% of a full-time equivalent.

Board Members elected prior to January 1, 1995, who retire from the District are eligible for postemployment medical and dental pursuant to the provisions below:

- Retirees aged 55 to 65 with at least 12 years of service, who were designated as Board Members at retirement, are offered a subsidy by the District for medical coverage for the retiree and his or her dependent(s). Dental coverage is subsidized by the District for the retiree only.

Membership in the Retiree Health Plan consists of 168 retirees and beneficiaries currently receiving benefits and 2,036 active members. The Retiree Health Plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. As of June 30, 2019, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors. The District contributes for retirees the costs of current year premiums up to the amount paid for active employees. For the year ended June 30, 2019, the

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

District contributed \$3,682,923 to the plan which includes an implicit rate subsidy.

Actuarial Methods and Assumptions

Actuarial Assumptions

The total OPEB liability was determined based on an actuarial valuation as of June 30, 2018. The following actuarial assumptions used in the June 30, 2018 valuation applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Salary Increases	3.00%
Healthcare Costs Trend Rate	5.00%

Mortality assumptions are based on the 2015 CalSTRS Retiree and Active Mortality tables for Certificated employee types as applicable and 2014 CalPERS Retiree and Active Mortality tables for Miscellaneous Employees, as applicable for Classified Employee types. CalSTRS and CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. These table incorporates mortality projection as deemed appropriate based on CalSTRS and CalPERS analysis.

Discount Rate

The discount rate used to measure the OPEB liability was 2.79%. The projection of cash flows used to determine the discount rate was based on the Bond Buyer 20 Bond Index. There are no plan assets.

GLENDALÉ UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

Changes in the Total OPEB Liability

Total OPEB Liability - Retiree Health Plan	2019
Beginning balance	\$ 74,970,772
Changes for the year	
Service cost	4,424,141
Interest cost	2,475,725
Differences between expected and actual experience	5,511,042
Changes in assumptions	1,137,691
Expected benefit payments	(3,682,923)
Net changes	9,865,676
Ending balance	\$ 84,836,448

Sensitivity

The following presents the District's OPEB liability calculated using the discount rate of 2.79%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.79%) or one percentage point higher (3.79%) than the current rate:

Discount rate	Total OPEB Liability
1% decrease	\$ 90,971,715
Current discount rate	84,836,448
1% increase	78,964,452

The following presents the District's OPEB liability calculated using the healthcare cost trend rate of 5.00%, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (4.00%) or one percentage point higher (6.00%) than the current rate:

Healthcare trend rate	Total OPEB Liability
1% decrease	\$ 75,594,334
Current healthcare trend rate	84,836,448
1% increase	95,634,326

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

Amortization of Deferred Outflows of Resources

The deferred outflows of resources related to OPEB resulted from changes in actuarial assumptions and difference between expected and actual experience. These amounts will be amortized over the expected average remaining service life (EARSLS) of the plan participants. The EARSLS for the plan from the June 30, 2019 measurement date is 7 years.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 1,626,900	\$ -
Differences between expected and actual experience	4,830,666	-
Total	<u>\$ 6,457,566</u>	<u>\$ -</u>

The first year of amortization is recognized in OPEB expense for the year the change occurs. The remaining amount will be recognized to OPEB expense as follows:

Fiscal Year Ending June 30,	Amortization
2020	\$ 920,462
2021	920,462
2022	920,462
2023	920,462
2024	920,462
Thereafter	1,855,256
Total	<u>\$ 6,457,566</u>

Medicare Premium Payment Program (MPP)

Plan Description and Eligibility

The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to California state statute. CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible California full-time and part-time public school teachers from pre-kindergarten through community college who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program. For the years ending June 30, 2018 and 2017, 5,984 and 6,271 retirees participated in the MPP Program, respectively. The number of retired

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

members who will participate in the program in the future is unknown because eligibility cannot be pre-determined.

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code, contributions that would otherwise be credited to the CalSTRS defined benefit pension program (STRP) each month are instead credited to the MPP Program to fund monthly program and administrative costs. These contributions are generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds remaining within the MPP Program as of June 30, 2018 were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total aggregate employer contributions of all participating employers to the MPP Program for fiscal year 2017-18 were \$28.2 million.

Because amounts credited to the MPP Program are deducted from the employer's regular STRP contributions, there are no contribution rates specific to the MPP Plan. Employer contributions to the STRP are calculated by CalSTRS based on creditable compensation for active members reported by employers. Employer contributions are accrued when required by statute, and the employer has made a formal commitment to provide the contributions. Cash remittances of contributions due are received from employers prior to their reports of creditable earnings by member. As a result, CalSTRS accrues employer contributions due monthly using current contribution rates and estimates based on historical creditable compensation. CalSTRS recognizes MPP Program expenses when due and payable.

Net OPEB Liability

As of June 30, 2019, the District reported a net OPEB liability for its proportionate share of the MPP total OPEB liability, fiduciary net position and net OPEB liability as follows:

	Balance June 30, 2019
Proportionate Share of OPEB Liability	
Total OPEB liability	\$ 1,353,361
Plan fiduciary net position	(5,469)
District's net OPEB liability	<u>\$ 1,358,830</u>

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

As the MPP Program is funded on a pay-as-you-go basis from redirected contributions from the STRP, the District has elected to calculate their proportionate share based on Schedule C of the audited proportionate share schedules of the MPP Program. This schedule presents the projection of the District's long-term share of contributions to the STRP relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.3550%.

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018 using the assumptions listed in the following table:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry age normal
Experience Study	July 1, 2010 through June 30, 2015
Investment Rate of Return	3.87%
Medicare Part A Premium Costs Trend Rate	3.70%
Medicare Part B Premium Costs Trend Rate	4.10%

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities and retirees eligible for the program).

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018 and 2017 was 3.87 percent and 3.58 percent, respectively. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent and 3.58 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018 and 2017, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

The following table presents the net OPEB liability of employers as of June 30, 2018, using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

Discount rate	Net OPEB Liability
1% decrease (2.87%)	\$ 1,502,935
Current discount rate (3.87%)	1,358,830
1% increase (4.87%)	1,228,715

Medicare Costs Trend Rate

The June 30, 2017, valuation uses the 2018 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year. The Part A trend is approximately equivalent to assuming a fixed 3.7 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 4.1 percent increase each year.

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

The following table presents as of June 30, 2018, the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are 1 percent lower and 1 percent higher than the current rate:

Healthcare trend rate	Net OPEB Liability
1% decrease (2.7% Part A, 3.1% Part B)	\$ 1,239,117
Current healthcare trend rate (3.7% Part A, 4.1% Part B)	1,358,830
1% increase (4.7% Part A, 5.1% Part B)	1,487,581

Amortization of Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are the consumption of net position by CalSTRS that is applicable to future reporting periods. As the MPP Program is a retiree only OPEB plan with no average remaining service life, other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense in the current period. The net deferred inflows and outflows relating to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. As of June 30, 2018, the deferred outflows of resources and deferred inflows of resources related to the MPP Program are not material and have not been recognized in these financial statements:

MPP Program Net OPEB Liability

Detailed information about the MPP Program net OPEB liability is available in a separate financial report available on the CalSTRS website. Copies of the CalSTRS annual financial report may also be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

NOTE 14: EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

As of June 30, 2019, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as follows:

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 14: EMPLOYEE RETIREMENT PLANS

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$ 207,709,820	\$ 56,178,588	\$ 16,267,287	\$ 24,354,541
CalPERS (Schools Pool Plan)	80,949,318	21,384,444	1,565,934	14,956,816
Total	<u>\$ 288,659,138</u>	<u>\$ 77,563,032</u>	<u>\$ 17,833,221</u>	<u>\$ 39,311,357</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 14: EMPLOYEE RETIREMENT PLANS

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

Provisions and Benefits	STRP Defined Benefit Program and Supplement Program	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2019 are presented above and the total District contributions were \$20,145,052.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

	Balance
Proportionate Share of Net Pension Liability	June 30, 2019
District proportionate share of net pension liability	\$ 207,709,820
State's proportionate share of the net pension liability associated with the District	118,924,169
Total	<u>\$ 326,633,989</u>

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2018, the District's proportion was 0.2260%.

GLENDALÉ UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 14: EMPLOYEE RETIREMENT PLANS

For the year ended June 30, 2019, the District recognized pension expense of \$24,354,541. In addition, the District recognized revenue and corresponding expense of \$13,970,908 for support provided by the state. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Pension Deferred Outflows and Inflows of Resources</u>		
Pension contributions subsequent to measurement date	\$ 20,145,052	\$ -
Differences between expected and actual experience	644,100	3,017,100
Changes of assumptions	32,268,280	-
Changes in proportion	3,121,156	5,252,047
Net differences between projected and actual earnings on pension plan investments	-	7,998,140
Total	<u>\$ 56,178,588</u>	<u>\$ 16,267,287</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2018 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed six years.

The remaining amount will be recognized to pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2020	\$ 7,427,179
2021	4,430,419
2022	(1,019,574)
2023	3,310,554
2024	6,100,075
2025	(482,404)
Total	<u>\$ 19,766,249</u>

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 14: EMPLOYEE RETIREMENT PLANS

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 14: EMPLOYEE RETIREMENT PLANS

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	6.30%
Private equity	13%	9.30%
Real estate	13%	5.20%
Fixed income	12%	0.30%
Risk mitigating strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.10%)	\$ 304,270,580
Current discount rate (7.10%)	207,709,820
1% increase (8.10%)	127,651,580

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

GLENDAL Unified School District
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 14: EMPLOYEE RETIREMENT PLANS

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

Provisions and Benefits	Schools Pool Plan (CalPERS)	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

GLENDAL Unified School District

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 14: EMPLOYEE RETIREMENT PLANS

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019 are as presented above and the total District contributions were \$7,331,305.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$80,949,318. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.3036%.

For the year ended June 30, 2019, the District recognized pension expense of \$14,956,816. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Deferred Outflows and Inflows of Resources		
Pension contributions subsequent to measurement date	\$ 7,331,305	\$ -
Differences between expected and actual experience	5,306,741	-
Changes of assumptions	8,082,432	-
Changes in proportion	-	1,565,934
Net differences between projected and actual earnings on pension plan investments	663,966	-
Total	<u>\$ 21,384,444</u>	<u>\$ 1,565,934</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is

GLENDAL Unified School District

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 14: EMPLOYEE RETIREMENT PLANS

recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2018 measurement date is 4.0 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.0 years.

The remaining amount will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2020	\$ 7,512,296
2021	5,906,742
2022	(454,035)
2023	(477,798)
Total	<u>\$ 12,487,205</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

<u>Actuarial Methods and Assumptions</u>	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 14: EMPLOYEE RETIREMENT PLANS

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90 percent of scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 14: EMPLOYEE RETIREMENT PLANS

	Net Pension
Discount rate	Liability
1% decrease (6.15%)	\$ 117,858,336
Current discount rate (7.15%)	80,949,318
1% increase (8.15%)	50,328,004

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2018, the CalPERS Board adopted new mortality assumptions for the plan. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 15: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established an Internal Service Fund to account for and finance certain employee benefits.

The following provides a brief description for each coverage provided through the Internal Service Fund. There were no claims settled in the past three fiscal years which exceeded excess insurance amounts carried on the self-insured risks.

Dental

Dental benefits are provided on a self-funded basis.

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 15: RISK MANAGEMENT

All eligible employees of the District participate in the program and the District makes payments to the fund based on a maximum annual benefit of \$1,500 per member. This amount is estimated to be sufficient to pay prior and current year claims and to establish a reserve for catastrophic losses.

Vision

Vision benefits are provided on a self-funded basis.

All eligible employees of the District participate in the program and make payments to the fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

Prescription

In 2017-18, the District "carved-out" the pharmaceutical services from the incumbent health care provider and is now self-funded, based on the decision and recommendation of the District's Benefits Committee. Pharmaceutical services were administered by MedImpact effective October 1, 2017. Expenses and revenues of this program are allocated the same way as the vision and dental.

Workers' Compensation

The Self-Insurance Fund provides coverage for up to a maximum of \$250,000 – \$750,000 dependent upon the original claim year prior to June 30, 2005. Beginning July 1, 2005 the District is fully insured for worker's compensation. The District purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Funding of the self-insured open claims is based upon a settlement from the Schools Linked for Insurance Management (SLIM) joint powers agreement when the District withdrew in 2008-2009. Additional funding for the Self-Insurance Fund is based on estimates of the amounts needed to pay current year premiums to ASCIP, a JPA.

Claims Liability

At June 30, 2019, the District accrued the claims liability in accordance with GAAP which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The amount of liability is estimated at \$2,534,781. Changes in the reported liability are as shown below:

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS **For the Fiscal Year Ended June 30, 2019**

NOTE 15: RISK MANAGEMENT

Reported Liability	Beginning Fiscal Year Liability	Current Year Claims and Changes in		Ending Fiscal Year Liability
		Estimates	Claim Payments	
Dental	\$ 269,745	\$ 2,472,653	\$ 2,484,910	\$ 257,488
VSP	28,260	336,759	336,754	28,265
Prescription	380,888	6,608,720	6,660,580	329,028
Workers' Compensation	2,377,000	(232,000)	225,000	1,920,000
	<u>\$ 3,055,893</u>	<u>\$ 9,186,132</u>	<u>\$ 9,707,244</u>	<u>\$ 2,534,781</u>

NOTE 16: JOINT POWERS AGREEMENTS

The District participates in two joint power agreement (JPA) entities, West San Gabriel Valley Liability and Property Joint Powers Authority (WSGLPJPA) and Alliance of Schools for Cooperative Insurance Programs (ASCIP). WSGLPJPA provides the participating districts with liability and property damage insurance; and ASCIP handles insurance coverage for health benefits for District employees

Each JPA is governed by a board consisting of a representative from certain member districts. Each governing board controls the operations of its JPA independent of any influence by the District beyond any representation the District may have on the governing boards.

Each JPA is independently accountable for its fiscal matters. Each JPA maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

The relationships between the District and the JPAs are such that none of the JPAs is a component unit of the District for financial reporting purposes.

Condensed financial information is as follows:

JPA Condensed Financial Information	WSGLPJPA (Audited)	ASCIP (Unaudited)
	June 30, 2019	June 30, 2019
Total assets and deferred outflows of resources	\$ 13,901,922	\$ 495,232,787
Total liabilities and deferred inflows of resources	2,544,485	293,871,340
Total net position	<u>\$ 11,357,437</u>	<u>\$ 201,361,447</u>
Total revenue	\$ 5,048,603	\$ 271,795,490
Total expenses	5,711,065	274,836,678
Change in net position	<u>\$ (662,462)</u>	<u>\$ (3,041,188)</u>

GLENDALÉ UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 17: COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

County School Facilities Funds

The District is currently involved in several modernization projects funded through the County School Facilities Fund. These projects are subject to future audits by the state, which may result in adjustments to the fund.

Construction Commitments

As of June 30, 2019, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$7 million. Projects will be funded through general obligation bond proceeds, CREBs funds, Capital Facilities funds, and Special Reserve Fund for Capital Outlay funds.

NOTE 18: SUBSEQUENT EVENTS

Real Property Exchange Agreement

The Board of Education, at its meeting on August 15, 2017, and as subsequently amended, approved an Exchange Agreement with Carmel Partners Realty Investors, LLC (Carmel Partners) providing for the exchange of District-owned property located at 223 N. Jackson Street and 316 W. Palmer Avenue in Glendale, California ("District Property") for property owned by Carmel Partners at 425 East Colorado Street, Glendale, California ("Carmel Property"). As of August 9, 2019, the land swap transaction was terminated.

GLENDAL Unified School District

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 19: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2019, that have effective dates that will impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 84 – *Fiduciary Activities*

Issued in January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activities and (2) the beneficiary with whom a fiduciary relationship exists. The statement is effective for the fiscal year 2019-20.

Statement No. 87 – *Leases*

This statement was issued in June 2017 and addresses accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The statement is effective for the fiscal year 2020-21.

Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100 percent equity interest is acquired in that component unit. The statement is effective for the fiscal year 2019-20.

Statement No. 91 – *Conduit Debt Obligations*

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement is effective for the fiscal year 2021-22.

REQUIRED SUPPLEMENTARY INFORMATION

GLENDALE UNIFIED SCHOOL DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND For the Fiscal Year Ended June 30, 2019

	Budgetary Amounts -		(a) Fund Basis		
	General Fund		Actual Amounts	to GAAP	Actual Amounts
	Original	Final	General Fund		GAAP Basis
Revenues					
Local control funding formula sources:					
State apportionments	\$ 170,311,359	\$ 168,953,776	\$ 152,475,083	\$ -	\$ 152,475,083
Local sources	65,440,351	65,440,351	82,030,062	-	82,030,062
Total local control funding formula sources:	235,751,710	234,394,127	234,505,145	-	234,505,145
Federal sources	12,863,443	17,087,605	15,307,432	-	15,307,432
Other state sources	31,481,775	32,098,305	56,358,215	-	56,358,215
Other local sources	12,709,457	18,892,883	17,230,658	109,107	17,339,765
Total Revenues	292,806,385	302,472,920	323,401,450	109,107	323,510,557
Expenditures					
Certificated salaries	128,511,087	127,429,769	125,627,073	-	125,627,073
Classified salaries	42,259,159	42,884,906	41,768,553	-	41,768,553
Employee benefits	77,085,652	75,552,075	95,318,072	-	95,318,072
Books and supplies	7,928,807	15,872,453	12,918,734	-	12,918,734
Services and other operating expenditures	30,842,846	35,968,101	36,377,943	-	36,377,943
Capital outlay	151,558	2,855,843	2,898,451	-	2,898,451
Other outgo	750,000	750,000	737,950	-	737,950
Direct support - indirect cost	(401,000)	(239,180)	(509,674)	-	(509,674)
Debt service	216,000	216,000	216,000	-	216,000
Total Expenditures	287,344,109	301,289,967	315,353,102	-	315,353,102
Excess of revenues over expenditures	5,462,276	1,182,953	8,048,348	109,107	8,157,455
Other Financing Sources (Uses)					
Interfund transfers in	-	-	600,000	-	600,000
Interfund transfers out	(1,873,773)	(3,842,773)	(2,925,052)	-	(2,925,052)
Total Other Financing Sources (Uses)	(1,873,773)	(3,842,773)	(2,325,052)	-	(2,325,052)
Net change in fund balances	\$ 3,588,503	\$ (2,659,820)	5,723,296	109,107	5,832,403
Fund Balance - Beginning of Year			47,413,053	5,207,078	52,620,131
Fund Balance - End of Year			\$ 53,136,349	\$ 5,316,185	\$ 58,452,534

(a) amounts presented are the result of the District including activity of the Deferred Maintenance Fund.

See the accompanying notes to the required supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Fiscal Year Ended June 30, 2019

State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.2260%	0.2360%	0.2300%	0.2300%	0.2260%
District's proportionate share of the net pension liability	\$ 132,067,620	\$ 158,884,640	\$ 186,026,300	\$ 212,704,000	\$ 207,709,820
State's proportionate share of the net pension liability associated with the District	79,748,932	84,032,234	105,917,046	125,834,915	118,924,169
Total	<u>\$ 211,816,552</u>	<u>\$ 242,916,874</u>	<u>\$ 291,943,346</u>	<u>\$ 338,538,915</u>	<u>\$ 326,633,989</u>
District's covered payroll	\$ 103,800,000	\$ 107,100,000	\$ 117,900,000	\$ 121,890,000	\$ 127,000,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	127%	148%	158%	175%	164%
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%	71%
California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.3157%	0.3252%	0.3107%	0.3110%	0.3036%
District's proportionate share of the net pension liability	\$ 35,839,637	\$ 47,934,801	\$ 61,363,442	\$ 61,363,442	\$ 80,949,318
District's covered payroll	\$ 33,700,000	\$ 33,300,000	\$ 37,400,000	\$ 38,600,000	\$ 40,700,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	106%	144%	164%	159%	199%
Plan fiduciary net position as a percentage of the total pension liability	83%	79%	74%	72%	71%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See the accompanying notes to the required supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

For the Fiscal Year Ended June 30, 2019

<u>State Teachers' Retirement System - State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 9,506,540	\$ 12,648,966	\$ 15,334,380	\$ 18,333,339	\$ 20,145,052
Contributions in relation to the contractually required contributions	<u>9,506,540</u>	<u>12,648,966</u>	<u>15,334,380</u>	<u>18,333,339</u>	<u>20,145,052</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 107,100,000	\$ 117,900,000	\$ 121,890,000	\$ 127,000,000	\$ 123,750,000
Contributions as a percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%
 <u>California Public Employees' Retirement System - Schools Pool Plan</u>	 <u>2015</u>	 <u>2016</u>	 <u>2017</u>	 <u>2018</u>	 <u>2019</u>
Contractually required contribution	\$ 3,915,049	\$ 4,440,809	\$ 5,361,874	\$ 6,318,469	\$ 7,331,305
Contributions in relation to the contractually required contributions	<u>3,915,049</u>	<u>4,440,809</u>	<u>5,361,874</u>	<u>6,318,469</u>	<u>7,331,305</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 33,300,000	\$ 37,400,000	\$ 38,600,000	\$ 40,700,000	\$ 40,600,000
Contributions as a percentage of its covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

GLENDAL Unified School District

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED
RATIOS – RETIREE HEALTH PLAN
For the Fiscal Year Ended June 30, 2019**

Total OPEB Liability - Retiree Health Plan	2018	2019
Beginning balance	<u>\$ 70,767,965</u>	<u>\$ 74,970,772</u>
Changes for the year		
Service cost	4,165,618	4,424,141
Interest cost	2,297,448	2,475,725
Differences between expected and actual experience	-	5,511,042
Changes in assumptions	828,925	1,137,691
Expected benefit payments	<u>(3,089,184)</u>	<u>(3,682,923)</u>
Net changes	<u>4,202,807</u>	<u>9,865,676</u>
Ending balance	<u><u>\$ 74,970,772</u></u>	<u><u>\$ 84,836,448</u></u>
Covered-employee payroll	137,489,158	131,723,517
Total OPEB liability as a percentage of covered-employee payroll	55%	64%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

GLENDALÉ UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
– MEDICARE PREMIUM PAYMENT PLAN
For the Fiscal Year Ended June 30, 2019**

Total OPEB Liability - Medicare Premium Payment Program	2018	2019
District's proportion of the net OPEB liability	0.230%	0.355%
District's proportionate share of the net OPEB liability	967,628	1,358,830
Covered-employee payroll	N/A	N/A
Net OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	-0.40%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

Plan participants are limited to retirees; therefore covered-employee payroll is not applicable.

GLENDALÉ UNIFIED SCHOOL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION For the Fiscal Year Ended June 30, 2019

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison For The General Fund

A budgetary comparison is presented for the general fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Changes in the Total OPEB Liability and Related Ratios – Retiree Health Plan

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the Retiree Health Plan.

Benefit Changes – None

Changes of Assumptions –

- The discount rate changed from 2.98% to 2.79% based on the change in 20 year municipal bond yields.

As of June 30, 2019, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

GLENDAL UNIFIED SCHOOL DISTRICT

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios – Medicare Premium Payment Plan

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the Medicare Premium Payment plan.

Benefit changes – None

Changes of Assumptions – As described in Note 13 to the financial statements.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations, by major object accounts, occurred in the General Fund as follows:

Employee benefits *	\$ 19,765,997
Services and other operating expenditures	409,842
Capital outlay	42,608

* The excess of expenditures over appropriations for employee benefits occurred primarily due to on-behalf payments made by the State of California to the State Teachers' Retirement System and the Public Employees' Retirement System that were not budgeted.

SUPPLEMENTARY INFORMATION

GLENDALE UNIFIED SCHOOL DISTRICT

HISTORY AND ORGANIZATION For the Fiscal Year Ended June 30, 2019

Public education in the Glendale area dates back to 1879 with the formation of the Sepulveda School District. During the next 20 years, three districts – Glendale, West Glendale and Crescenta were carved from the original Sepulveda boundaries. In 1901 a high school district was added, followed by a junior college district in 1927. All of these districts were consolidated to become the Glendale Unified School District on July 21, 1936. Eventually, Glendale Community College formed its own district in 1981.

The area of the Glendale Unified School District is approximately 35 square miles and has remained the same for at least the past 100 years. The District currently operates one preschool, 20 elementary schools, four middle schools, five senior highs including a continuation high school, a development center for multi-disabled students, one community day school and one site for multiple intervention programs.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2019 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Jennifer Freemon	President	April 2020
Dr. Armina Gharpetian	Vice President	April 2022
Mr. Shant Sahakian	Clerk	April 2022
Mr. Gregory Krikorian	Member	April 2022
Ms. Nayiri Nahabedian	Member	April 2020

ADMINISTRATORS

Dr. Vivian Ekchian	Superintendent
Mr. Stephen Dickinson	Chief Business and Financial Officer
Dr. Kelly King	Assistant Superintendent, Educational Services
Dr. Cynthia M. Foley	Assistant Superintendent, Human Resources
Dr. Deb Rinder	Executive Director, Special Education
Dr. Mary Mason	Executive Director, Elementary Education
Mr. Felix Melendez	Executive Director, Secondary Education
Ms. Karineh Savarani	Director of Financial Services

GLENDAL Unified School District

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA) For the Fiscal Year Ended June 30, 2019

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2019 are as follows:

	Revised Second Period	Annual
Grades Transitional Kindergarten through third:		
Regular ADA	7,909	7,915
Extended year special education	15	15
Special education - nonpublic, nonsectarian schools	1	1
Total grades transitional kindergarten through third ADA	7,925	7,931
Grades four through six:		
Regular ADA	5,652	5,643
Extended year special education	9	9
Special education - nonpublic, nonsectarian schools	3	4
Extended year special education - nonpublic, nonsectarian schools	-	-
Total grades four through six ADA	5,664	5,656
Grades seven and eight:		
Regular ADA	3,705	3,699
Extended year special education	1	-
Special education - nonpublic, nonsectarian schools	10	10
Extended year special education - nonpublic, nonsectarian schools	1	1
Community day school	1	1
Total grades seven and eight ADA	3,718	3,711
Grades nine through twelve:		
Regular ADA	7,507	7,508
Extended year special education	10	10
Special education - nonpublic, nonsectarian schools	47	47
Extended year special education - nonpublic, nonsectarian schools	6	5
Community day school	6	6
Total grades nine through twelve ADA	7,576	7,576
Total ADA	24,883	24,874

See the accompanying notes to the supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2019**

Grade Level	Minute Requirement	Actual Minutes	Number of Days	Status
			Traditional Calendar	
Kindergarten	36,000	36,480	180	In Compliance
Grade 1	50,400	50,495	180	In Compliance
Grade 2	50,400	50,495	180	In Compliance
Grade 3	50,400	50,495	180	In Compliance
Grade 4	54,000	54,070	180	In Compliance
Grade 5	54,000	54,070	180	In Compliance
Grade 6	54,000	54,070	180	In Compliance
Grade 7	54,000	61,340	180	In Compliance
Grade 8	54,000	61,340	180	In Compliance
Grade 9	64,800	64,959	180	In Compliance
Grade 10	64,800	64,959	180	In Compliance
Grade 11	64,800	64,959	180	In Compliance
Grade 12	64,800	64,959	180	In Compliance

See the accompanying notes to the supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Fiscal Year Ended June 30, 2019

		Pass-Through	
	Federal Catalog	Entity Identifying	Total Program
Program Name	Number	Number	Expenditures
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child Nutrition Cluster:			
Child Nutrition Program-Basic Breakfast	10.553	13525	\$ 150,647
Child Nutrition Program-Especially Needy Breakfast	10.553	13526	1,311,268
Child Nutrition Program-Lunch	10.555	13396	4,280,247
Child Nutrition Program-Commodities	10.555	13396	718,352
Child Nutrition Program-Meal Supplements	10.555	13396	180,964
Subtotal: Child Nutrition Cluster			6,641,478
Child Nutrition - Child Care Food Program (CCFP) Claims	10.558	13393	8,407
Child Nutrition - NSLP Equipment Assistance Grants	10.579	14906	84,115
Fresh Fruit and Vegetable Program	10.582	14968	34,450
Total: United States Department of Agriculture			6,768,450
United States Department of Education			
Creates Projects	84.351D	(1)	62,802
Subtotal: Direct Programs			62,802
Pass-Through Program From California Department of Education:			
Special Education Cluster:			
Grants to States (IDEA, Part B)	84.027	13379	8,053,227
Grants to States (IDEA, Part B) - Private Schools	84.027	10115	190,999
Federal Preschool Grant	84.173	13430	184,443
Preschool Local Entitlement	84.027A	13682	215,552
Preschool Staff Development	84.173A	13431	2,079
Alternate Dispute Resolution	84.173A	13007	25,955
Mental Health Services, Part B	84.027A	15197	519,199
Subtotal: Special Education Cluster			9,191,454
Every Student Succeeds Act:			
Title III - English Language Acquisition Grants:			
Immigrant Education Program	84.365	15146	41,768
Limited English Proficiency	84.365	14346	684,871
Subtotal: Title III - English Language Acquisition Grants			726,639
Title I, Part A - Low Income and Neglected	84.010	14329	6,205,641
Title II, Part A - Improving Teacher Quality	84.367	14341	575,568
Career and Technical Education - Secondary	84.048	14894	200,330
Early Intervention Grants	84.181	23761	167,474
Subtotal: Pass-Through Programs			17,067,106
Total: United States Department of Education			17,129,908

See the accompanying notes to the supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Fiscal Year Ended June 30, 2019

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Health and Human Services			
Pass-Through Program From California Department of Education:			
Child Development - Federal Child Care Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	813,375
Subtotal: Child Development - Federal Child Care Cluster			813,375
Medicaid Cluster			
Medi-Cal	93.778	10013	864,730
Subtotal: Medicaid Cluster			864,730
Refugee Children Supplemental Assistance	93.576	24791	88,162
Total: United States Department of Health and Human Services			1,766,267
United States Department of Defense			
Reserve Officer Training Corp (ROTC)	12.000	(1)	68,048
Total: United States Department of Defense			68,048
Total Federal Programs			<u>\$ 25,732,673</u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 25,732,673
Revenues in excess (deficiency) of expenditures related to Federal Entitlements:			
Medi-Cal			(144,968)
Medi-Cal Administrative Activities			1,213,104
Clean Renewable Energy Bonds			388,065
Federal Interest Subsidy			133,543
Child Nutrition - Child Care Food Program (CCFP) Claims			38,118
Total Federal Program Revenue			<u>\$ 27,360,535</u>

(1) Pass-Through Entity Identifying Number not readily available or not applicable

Of the federal expenditures presented in the schedule, the District provided federal awards to the subrecipients as follows:

Special Education - Grants to States (IDEA, Part B)	84.027	13379	\$ 3,290,751
Special Education - Grants to States (IDEA, Part B) - Private Schools	84.027	10115	110,139
Special Education - Federal Preschool Grant	84.173	13430	66,413
Special Education - Preschool Local Entitlement	84.027A	13682	215,552
Special Education - Preschool Staff Development	84.173A	13431	744
Special Education - Mental Health Services, Part B	84.027A	15197	227,953
Total Amount Provided to Subrecipients			<u>\$ 3,911,552</u>

The District is the recipient of a federal program that does not result in cash receipts or disbursements. The District was granted \$718,352 of commodities under the National School Lunch Program (CFDA 10.555).

See the accompanying notes to the supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS For the Fiscal Year Ended June 30,

	2020 (Budgeted)	2019	2018	2017
Revenue				
Local control funding formula sources	\$ 239,969,886	\$ 234,505,145	\$ 219,410,005	\$ 214,753,763
Federal sources	14,471,497	15,307,432	15,294,394	15,907,519
Other state sources	24,211,792	56,358,215	39,180,251	38,804,150
Other local sources	15,367,215	17,230,658	16,586,433	14,786,552
Interfund transfers in	-	600,000	1,197,596	1,481,351
Total revenue	<u>294,020,390</u>	<u>324,001,450</u>	<u>291,668,679</u>	<u>285,733,335</u>
Expenditures				
Certificated salaries	129,988,932	125,627,073	129,268,019	124,302,729
Classified salaries	44,508,689	41,768,553	40,048,452	38,385,261
Employee benefits	81,215,430	95,318,072	80,029,361	73,756,057
Books and supplies	8,315,705	12,918,734	14,589,530	9,655,153
Services and other operating expenses	33,384,191	36,377,943	33,521,587	32,105,283
Capital outlay	354,842	2,898,451	688,645	331,640
Other outgo	750,000	737,950	710,883	512,121
Debt Service	237,000	216,000	196,000	177,000
Direct support- indirect costs	(441,000)	(509,674)	(495,960)	(498,959)
Interfund transfers out	3,842,773	2,925,052	3,554,032	2,686,228
Total expenditures	<u>302,156,562</u>	<u>318,278,154</u>	<u>302,110,549</u>	<u>281,412,513</u>
Change in fund balance	<u>\$ (8,136,172)</u>	<u>\$ 5,723,296</u>	<u>\$ (10,441,870)</u>	<u>\$ 4,320,822</u>
Ending fund balance	<u>\$ 45,000,177</u>	<u>\$ 53,136,349</u>	<u>\$ 47,413,053</u>	<u>\$ 57,854,923</u>
Available reserve	<u>\$ 26,090,216</u>	<u>\$ 32,418,506</u>	<u>\$ 27,592,594</u>	<u>\$ 39,726,601</u>
Available reserve %	8.63%	10.19%	9.13%	14.12%
ADA	<u>24,629</u>	<u>24,883</u>	<u>25,134</u>	<u>25,128</u>
Total long term debt	<u>\$ 799,569,812</u>	<u>\$ 814,073,103</u>	<u>\$ 769,354,657</u>	<u>\$ 734,078,112</u>

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends a 3% reserve of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2019, the District has met this requirement.

The 2020 budget is the original budget adopted on June 18, 2019.

See the accompanying notes to the supplementary information.

GLENDALÉ UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2019**

The District is not the granting agency for any Charter Schools.

See the accompanying notes to the supplementary information.

GLENDALÉ UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

There were no differences between the fund balances reported on the June 30, 2019 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

GLENDALÉ UNIFIED SCHOOL DISTRICT

NOTES TO THE SUPPLEMENTARY INFORMATION For the Fiscal Year Ended June 30, 2019

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46207 through 46208.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District did not use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

GLENDAL Unified School District

**NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Financial Trends and Analysis

The *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

Schedule of Charter Schools

The *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

GLENDALE UNIFIED SCHOOL DISTRICT

**COMBINING BALANCE SHEET
BUILDING FUND
June 30, 2019**

	Building Fund Measure S (#21.1)	Building Fund CREBS (#21.2)	Total Building Fund
<u>Assets</u>			
Cash in county treasury	\$ 66,003,538	\$ 2,669,385	\$ 68,672,923
Accounts receivable	367,053	18,397	385,450
Total Assets	\$ 66,370,591	\$ 2,687,782	\$ 69,058,373
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts payable	\$ 771,465	\$ 479,001	\$ 1,250,466
Total Liabilities	771,465	479,001	1,250,466
<u>Fund Balances</u>			
Restricted	65,599,126	2,208,781	67,807,907
Total Fund Balances	65,599,126	2,208,781	67,807,907
Total Liabilities and Fund Balances	\$ 66,370,591	\$ 2,687,782	\$ 69,058,373

See the accompanying notes to the optional supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

BUILDING FUND

For the Fiscal Year Ended June 30, 2019

	Building Fund Measure S (#21.1)	Building Fund CREBS (#21.2)	Total Building Fund
Revenues			
Local sources	\$ 1,308,171	\$ 81,739	\$ 1,389,910
Total Revenues	<u>1,308,171</u>	<u>81,739</u>	<u>1,389,910</u>
Expenditures			
Plant services	<u>15,135,193</u>	<u>2,866,791</u>	<u>18,001,984</u>
Total Expenditures	<u>15,135,193</u>	<u>2,866,791</u>	<u>18,001,984</u>
Deficiency of revenues over expenditures	<u>(13,827,022)</u>	<u>(2,785,052)</u>	<u>(16,612,074)</u>
Other Financing Sources			
Proceeds from sales of bonds	<u>40,359,541</u>	<u>-</u>	<u>40,359,541</u>
Total Other Financing Sources	<u>40,359,541</u>	<u>-</u>	<u>40,359,541</u>
Net changes in fund balance	26,532,519	(2,785,052)	23,747,467
Fund Balances at Beginning of Year	<u>39,066,607</u>	<u>4,993,833</u>	<u>44,060,440</u>
Fund Balances at End of Year	<u><u>\$ 65,599,126</u></u>	<u><u>\$ 2,208,781</u></u>	<u><u>\$ 67,807,907</u></u>

See the accompanying notes to the optional supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2019

	Special Education Pass-Through Fund (#10)	Child Development Fund (#12)	Cafeteria Fund (#13)	Capital Facilities Fund (#25)	County Schools Facilities Fund (#35)	Special Reserve Fund for Capital Outlay (#40.1 & #40.2)	Bond Interest and Redemption Fund (#51)	Total Non-Major Governmental Funds
<u>Assets</u>								
Cash in county treasury	\$ -	\$ 563,765	2,752,735	\$ 9,961,517	\$ 5,063	\$ 29,861,411	\$ 17,524,475	\$ 60,668,966
Cash in revolving fund	-	-	700	-	-	-	-	700
Accounts receivable	-	56,049	1,096,804	922,810	27	154,888	-	2,230,578
Inventories	-	-	84,557	-	-	-	-	84,557
Total Assets	<u>\$ -</u>	<u>\$ 619,814</u>	<u>\$ 3,934,796</u>	<u>\$ 10,884,327</u>	<u>\$ 5,090</u>	<u>\$ 30,016,299</u>	<u>\$ 17,524,475</u>	<u>\$ 62,984,801</u>
<u>Liabilities and Fund Balances</u>								
<u>Liabilities</u>								
Accounts payable	\$ -	\$ 305,500	\$ 269,631	\$ 16,920	\$ -	\$ 298,406	\$ -	\$ 890,457
Unearned revenue	-	-	74,481	-	-	-	-	74,481
Total Liabilities	<u>-</u>	<u>305,500</u>	<u>344,112</u>	<u>16,920</u>	<u>-</u>	<u>298,406</u>	<u>-</u>	<u>964,938</u>
<u>Fund Balances</u>								
Nonspendable	-	-	85,257	-	-	-	-	85,257
Restricted	-	282,304	559,279	10,867,407	5,090	1,217,890	17,524,475	30,456,445
Assigned	-	32,010	2,946,148	-	-	28,500,003	-	31,478,161
Total Fund Balances	<u>-</u>	<u>314,314</u>	<u>3,590,684</u>	<u>10,867,407</u>	<u>5,090</u>	<u>29,717,893</u>	<u>17,524,475</u>	<u>62,019,863</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 619,814</u>	<u>\$ 3,934,796</u>	<u>\$ 10,884,327</u>	<u>\$ 5,090</u>	<u>\$ 30,016,299</u>	<u>\$ 17,524,475</u>	<u>\$ 62,984,801</u>

See the accompanying notes to the optional supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2019

	Special Education Pass-Through Fund (#10)	Child Development Fund (#12)	Cafeteria Fund (#13)	Capital Facilities Fund (#25)	County Schools Facilities Fund (#35)	Special Reserve Fund for Capital Outlay (#40.1 & #40.2)	Bond Interest and Redemption Fund (#51)	Total Non-Major Governmental Funds
Revenues								
Federal sources	\$ 3,911,552	\$ 813,375	\$ 6,806,568	\$ -	\$ -	\$ 388,065	\$ 133,543	\$ 12,053,103
State sources	-	3,845,145	718,074	-	2,468,165	-	82,760	7,114,144
Local sources	-	219,051	2,290,876	1,863,500	5,086	1,351,056	21,187,664	26,917,233
Total Revenues	<u>3,911,552</u>	<u>4,877,571</u>	<u>9,815,518</u>	<u>1,863,500</u>	<u>2,473,251</u>	<u>1,739,121</u>	<u>21,403,967</u>	<u>46,084,480</u>
Expenditures								
Instruction	-	4,147,869	-	-	-	-	-	4,147,869
Instruction - related services	-	674,179	-	-	-	-	-	674,179
Pupil services	-	-	9,903,530	-	-	-	-	9,903,530
General administration	-	166,124	343,550	-	-	-	-	509,674
Plant services	-	40,040	14,531	71,512	-	1,982,531	-	2,108,614
Other outgo	3,911,552	-	-	-	-	-	-	3,911,552
Debt service	-	-	-	-	-	1,330,198	21,512,342	22,842,540
Total Expenditures	<u>3,911,552</u>	<u>5,028,212</u>	<u>10,261,611</u>	<u>71,512</u>	<u>-</u>	<u>3,312,729</u>	<u>21,512,342</u>	<u>44,097,958</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(150,641)</u>	<u>(446,093)</u>	<u>1,791,988</u>	<u>2,473,251</u>	<u>(1,573,608)</u>	<u>(108,375)</u>	<u>1,986,522</u>
Other Financing Sources (Uses)								
Interfund transfers in	-	166,451	72,659	-	-	6,004,107	-	6,243,217
Interfund transfers out	-	-	-	(850,000)	(2,468,165)	-	-	(3,318,165)
Total Other Financing Sources (Uses)	<u>-</u>	<u>166,451</u>	<u>72,659</u>	<u>(850,000)</u>	<u>(2,468,165)</u>	<u>6,004,107</u>	<u>-</u>	<u>2,925,052</u>
Net changes in fund balance	-	15,810	(373,434)	941,988	5,086	4,430,499	(108,375)	4,911,574
Fund Balances at Beginning of Year	<u>-</u>	<u>298,504</u>	<u>3,964,118</u>	<u>9,925,419</u>	<u>4</u>	<u>25,287,394</u>	<u>17,632,850</u>	<u>57,108,289</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 314,314</u>	<u>\$ 3,590,684</u>	<u>\$ 10,867,407</u>	<u>\$ 5,090</u>	<u>\$ 29,717,893</u>	<u>\$ 17,524,475</u>	<u>\$ 62,019,863</u>

See the accompanying notes to the optional supplementary information.

GLENDAL Unified School District
COMBINING STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
June 30, 2019

	Medical Fund (#67.0)	Workers' Compensation Fund (#67.1)	Early Retirement Benefits Fund (#67.2)	Total Self-Insurance Fund
<u>Assets</u>				
Cash in county treasury	\$ 7,037,758	\$ 3,474,632	\$ 654,598	\$ 11,166,988
Cash with fiscal agent	375,000	250,000	-	625,000
Accounts receivable	27,312	121,969	1,536	150,817
Prepaid expenses	29,980	-	-	29,980
Total Assets	<u>7,470,050</u>	<u>3,846,601</u>	<u>656,134</u>	<u>11,972,785</u>
<u>Liabilities</u>				
Accounts payable	1,127,606	15,065	158,282	1,300,953
Estimated liability for open claims and incurred but not reported claims	614,781	1,920,000	-	2,534,781
Total Liabilities	<u>1,742,387</u>	<u>1,935,065</u>	<u>158,282</u>	<u>3,835,734</u>
<u>Net Position</u>				
Restricted	5,727,663	1,911,536	497,852	8,137,051
Total Net Position	<u>\$ 5,727,663</u>	<u>\$ 1,911,536</u>	<u>\$ 497,852</u>	<u>\$ 8,137,051</u>

See the accompanying notes to the optional supplementary information.

GLENDAL UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019**

	Medical Fund (#67.0)	Workers' Compensation Fund (#67.1)	Early Retirement Benefits Fund (#67.2)	Total Self-Insurance Fund
Operating Revenues				
Self-insurance premiums	\$ 10,001,495	\$ 3,891,015	\$ 2,263,285	\$ 16,155,795
Other local revenue	870,529		244	870,773
Total Operating Revenues	<u>10,872,024</u>	<u>3,891,015</u>	<u>2,263,529</u>	<u>17,026,568</u>
Operating Expenditures				
Services and other operating expenses	10,058,720	3,857,826	2,350,650	16,267,196
Total Operating Expenditures	<u>10,058,720</u>	<u>3,857,826</u>	<u>2,350,650</u>	<u>16,267,196</u>
Net operating income (loss)	<u>813,304</u>	<u>33,189</u>	<u>(87,121)</u>	<u>759,372</u>
Non-Operating Revenues				
Interest income	92,952	53,093	6,203	152,248
Total Non-Operating Revenues	<u>92,952</u>	<u>53,093</u>	<u>6,203</u>	<u>152,248</u>
Net income (loss)	906,256	86,282	(80,918)	911,620
Net Position at Beginning of Year	<u>4,821,407</u>	<u>1,825,254</u>	<u>578,770</u>	<u>7,225,431</u>
Net Position at End of Year	<u>\$ 5,727,663</u>	<u>\$ 1,911,536</u>	<u>\$ 497,852</u>	<u>\$ 8,137,051</u>

See the accompanying notes to the optional supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

June 30, 2019

	Elementary Schools	Woodrow Wilson Middle School	Theodore Roosevelt Middle School	Rosemont Middle School	Eleanor J. Toll Middle School
<u>Assets</u>					
Cash and cash equivalents	\$ 433,268	\$ 119,108	\$ 27,378	\$ 104,488	\$ 115,096
Accounts receivable	-	-	-	-	-
Inventories	-	11,501	15,342	6,646	4,943
Total Assets	<u><u>\$ 433,268</u></u>	<u><u>\$ 130,609</u></u>	<u><u>\$ 42,720</u></u>	<u><u>\$ 111,134</u></u>	<u><u>\$ 120,039</u></u>
<u>Liabilities</u>					
Funds held in trust					
Clubs and trusts	\$ -	\$ 45,338	\$ 15,030	\$ 34,994	\$ 32,068
Associated student body	433,268	85,271	27,690	76,140	87,971
Total Liabilities	<u><u>\$ 433,268</u></u>	<u><u>\$ 130,609</u></u>	<u><u>\$ 42,720</u></u>	<u><u>\$ 111,134</u></u>	<u><u>\$ 120,039</u></u>

See the accompanying notes to the optional supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS June 30, 2019

	Cresenta Valley High School	Glendale High School	Herbert Hoover High School	Clark Magnet High School	Daily High School	Total (Memorandum Only)
<u>Assets</u>						
Cash and cash equivalents	\$ 346,587	\$ 363,226	\$ 304,283	\$ 263,901	\$ 24,312	\$ 2,101,647
Accounts receivable	-	22,350	-	-	-	22,350
Inventories	1,129	1,965	39,264	-	-	80,790
Total Assets	<u>\$ 347,716</u>	<u>\$ 387,541</u>	<u>\$ 343,547</u>	<u>\$ 263,901</u>	<u>\$ 24,312</u>	<u>\$ 2,204,787</u>
<u>Liabilities</u>						
Funds held in trust						
Clubs and trusts	\$ 183,528	\$ 368,027	\$ 249,265	\$ 85,966	\$ -	\$ 1,014,216
Associated student body	164,188	19,514	94,282	177,935	24,312	1,190,571
Total Liabilities	<u>\$ 347,716</u>	<u>\$ 387,541</u>	<u>\$ 343,547</u>	<u>\$ 263,901</u>	<u>\$ 24,312</u>	<u>\$ 2,204,787</u>

See the accompanying notes to the optional supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ACTIVITY – ASSOCIATED STUDENT BODY FUNDS For the Fiscal Year Ended June 30, 2019

	Elementary Schools	Woodrow Wilson Middle School	Theodore Roosevelt Middle School	Rosemont Middle School	Eleanor J. Toll Middle School
Additions					
Revenue from local sources:					
Student store sales	\$ -	\$ 16,762	\$ 20,243	\$ 34,479	\$ 29,892
Yearbook	-	24,659	5,306	40,335	-
Student body cards	-	4,216	1,723	-	7,778
Athletics	-	-	294	-	-
Fundraising	-	6,429	13,590	17,685	1,844
Social activities	-	-	25,531	15,685	3,355
Special events	-	249	6,375	15,442	16,035
Other revenue	790,110	1,052	6,873	108,154	95,788
Total Additions	<u>790,110</u>	<u>53,367</u>	<u>79,935</u>	<u>231,780</u>	<u>154,692</u>
Deductions					
Services and other operating expenses:					
Student store sales	-	20,039	25,638	30,890	25,971
Yearbook	-	19,686	5,026	37,806	-
Athletics	-	-	294	-	-
Fundraising	-	-	9,057	1,303	1,844
Social activities	-	-	38,939	16,584	3,051
Special events	-	-	9,415	19,757	18,312
Other expenses	839,738	9,902	-	142,213	95,039
Total Deductions	<u>839,738</u>	<u>49,627</u>	<u>88,369</u>	<u>248,553</u>	<u>144,217</u>
Net changes	(49,628)	3,740	(8,434)	(16,773)	10,475
Fund Balance - Beginning of Year	<u>482,896</u>	<u>81,531</u>	<u>36,124</u>	<u>92,913</u>	<u>77,496</u>
Fund Balance - End of Year	<u>\$ 433,268</u>	<u>\$ 85,271</u>	<u>\$ 27,690</u>	<u>\$ 76,140</u>	<u>\$ 87,971</u>

See the accompanying notes to the optional supplementary information.

GLENDALE UNIFIED SCHOOL DISTRICT

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ACTIVITY – ASSOCIATED STUDENT BODY FUNDS For the Fiscal Year Ended June 30, 2019

	Cresenta Valley High School	Glendale High School	Herbert Hoover High School	Clark Magnet High School	Daily High School	Total (Memorandum Only)
Additions						
Revenue from local sources:						
Student store sales	\$ 20,370	\$ 60,999	\$ 32,819	\$ 11,800	\$ -	\$ 227,364
Yearbook	113,711	30,621	15,430	26,420	891	257,373
Student body cards	42,542	2,845	2,670	2,020	-	63,794
Athletics	56,850	20,506	39,098	-	-	116,748
Fundraising	-	8,321	-	578	1,828	50,275
Social activities	-	31,014	-	550	2,385	78,520
Special events	130,637	30,585	27,300	31,890	-	258,513
Other revenue	206,967	12,362	5,223	7,707	14,635	1,248,871
Total Additions	<u>571,077</u>	<u>197,253</u>	<u>122,540</u>	<u>80,965</u>	<u>19,739</u>	<u>2,301,458</u>
Deductions						
Services and other operating expenses:						
Student store sales	3,523	43,560	15,235	18,817	-	183,673
Yearbook	107,921	31,397	14,464	25,815	512	242,627
Athletics	96,175	58,793	44,782	-	-	200,044
Fundraising	-	7,436	-	922	2,879	23,441
Social activities	-	-	-	3,349	1,759	63,682
Special events	116,074	34,890	24,480	26,584	-	249,512
Other expenses	243,855	31,513	35,594	8,569	12,935	1,419,358
Total Deductions	<u>567,548</u>	<u>207,589</u>	<u>134,555</u>	<u>84,056</u>	<u>18,085</u>	<u>2,382,337</u>
Net changes	3,529	(10,336)	(12,015)	(3,091)	1,654	(80,879)
Fund Balance - Beginning of Year	<u>160,659</u>	<u>29,850</u>	<u>106,297</u>	<u>181,026</u>	<u>22,658</u>	<u>1,271,450</u>
Fund Balance - End of Year	<u>\$ 164,188</u>	<u>\$ 19,514</u>	<u>\$ 94,282</u>	<u>\$ 177,935</u>	<u>\$ 24,312</u>	<u>\$ 1,190,571</u>

See the accompanying notes to the optional supplementary information.

GLENDALÉ UNIFIED SCHOOL DISTRICT

**NOTES TO THE OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

NOTE 1: PURPOSE OF SCHEDULES

Combining and Individual Fund Financial Statements/Schedule

The combining fund balance sheets and statements of revenues, expenditures and changes in fund balance for the building fund and the non-major governmental funds, the combining statements of fund net position and changes in net position for the proprietary funds, the combining statement of fund net position, and the combining schedule of changes in activity for the fiduciary funds have been presented to provide additional information to the users of these financial statements. These statements/schedule have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Glendale Unified School District
Glendale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glendale Unified School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP
Glendora, California
December 2, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Board of Education
Glendale Unified School District
Glendale, California

Report on Compliance for Each Major Federal Program

We have audited Glendale Unified School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance such that there is a reasonable possibility, that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 2, 2019



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Glendale Unified School District
Glendale, California

We have audited the Glendale Unified School District's (the District) compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2019. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	No ¹
Mode of Instruction	No ¹
Nonclassroom Based Instruction/Independent Study	No ¹
Determination of Funding for Nonclassroom Based Instruction	No ¹
Annual Instructional Minutes – Classroom Based	No ¹
Charter School Facility Grant Program	No ¹

¹The District is not the granting agency for any Charter Schools.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Opinion on State Compliance

Basis for Qualified Opinion

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, regarding Unduplicated Local Control Funding Formula Pupil Counts and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Compliance with such requirement is necessary, in our opinion, for the District to comply with the requirements applicable to Unduplicated Local Control Funding Formula Pupil Counts.

Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the remaining compliance requirements of Unduplicated Local Control Funding Formula Pupil Counts for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other State Programs

In our opinion, the District complied with the laws and regulations of the other state programs referred to above in all material respects for the year ended June 30, 2019.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP
Glendora, California
December 2, 2019

FINDINGS AND QUESTIONED COSTS

GLENDAL Unified School District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

93.778	Medicaid Cluster (Medical Assistance Program)
--------	---

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

GLENDALÉ UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
June 30, 2019

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements for the year ended June 30, 2019.

GLENDALÉ UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2019

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

GLENDALE UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS

June 30, 2019

2019-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

Criteria: Education Code section 42238.02(b)(2) requires a school district or charter school to submit its enrolled free and reduced-price meal eligibility (FRPM), foster youth and English learner pupil level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS reports should accurately report the number of students in the categories as identified above.

Condition: Six students out of a sample of seventy-five were identified as included in the Unduplicated Pupil Count as FRPM Eligible in error. As a result of the error, all FRPM eligible students were evaluated for appropriate reporting.

Effect: The District was not in compliance with Education Code section 42238.02(b)(2). The 1.17 and 1.18 reports contained errors as follows:

School Name	Enrollment Count as Reported in the CalPADS System	Unduplicated FRPM Eligible	Unduplicated English Learner (EL) Eligible	Total Unduplicated Pupil Count
Abraham Lincoln Elementary				
As reported	490	135	60	166
Audit adjustments	-	(8)	-	(8)
Adjusted	490	127	60	158
Anderson W. Clark Magnet High				
As reported	1,111	627	66	633
Audit adjustments	-	(32)	-	(32)
Adjusted	1,111	595	66	601
Balboa Elementary				
As reported	850	538	327	612
Audit adjustments	-	(20)	-	(20)
Adjusted	850	518	327	592
Benjamin Franklin Elementary				
As reported	656	110	125	197
Audit adjustments	-	(3)	-	(3)
Adjusted	656	107	125	194
Cerritos Elementary				
As reported	452	376	209	408
Audit adjustments	-	(14)	-	(14)
Adjusted	452	362	209	394
College View				
As reported	107	49	23	58
Audit adjustments	-	(11)	-	(11)
Adjusted	107	38	23	47

GLENDALE UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS**

June 30, 2019

2019-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

<u>School Name</u>	<u>Enrollment Count as Reported in the CalPADS System</u>	<u>Unduplicated FRPM Eligible</u>	<u>Unduplicated English Learner (EL) Eligible</u>	<u>Total Unduplicated Pupil Count</u>
Columbus Elementary				
As reported	536	411	279	457
Audit adjustments	-	(12)	-	(12)
Adjusted	536	399	279	445
Crescenta Valley High				
As reported	2,608	685	104	732
Audit adjustments	-	(115)	-	(115)
Adjusted	2,608	570	104	617
Daily (Allan F.) High				
As reported	163	128	28	130
Audit adjustments	-	(17)	-	(17)
Adjusted	163	111	28	113
Dunsmore Elementary				
As reported	581	121	79	168
Audit adjustments	-	(4)	-	(4)
Adjusted	581	117	79	164
Eleanor J. Toll Middle				
As reported	1,169	716	217	753
Audit adjustments	-	(50)	-	(50)
Adjusted	1,169	666	217	703
Glendale High				
As reported	2,174	1,581	404	1,613
Audit adjustments	-	(120)	-	(120)
Adjusted	2,174	1,461	404	1,493
Glenoaks Elementary				
As reported	526	201	129	255
Audit adjustments	-	(8)	-	(8)
Adjusted	526	193	129	247
Herbert Hoover High				
As reported	1,605	1,080	234	1,101
Audit adjustments	-	(76)	-	(76)
Adjusted	1,605	1,004	234	1,025
Horace Mann Elementary				
As reported	643	593	365	603
Audit adjustments	-	(59)	-	(59)
Adjusted	643	534	365	544

GLENDAL UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS**

June 30, 2019

2019-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

<u>School Name</u>	<u>Enrollment Count as Reported in the CalPADS System</u>	<u>Unduplicated FRPM Eligible</u>	<u>Unduplicated English Learner (EL) Eligible</u>	<u>Total Unduplicated Pupil Count</u>
Jewel City Community Day				
As reported	9	7	-	7
Audit adjustments	-	(5)	-	(5)
Adjusted	9	2	-	2
John C. Fremont Elementary				
As reported	681	166	124	227
Audit adjustments	-	(11)	-	(11)
Adjusted	681	155	124	216
John Marshall Elementary				
As reported	500	426	270	454
Audit adjustments	-	(37)	-	(37)
Adjusted	500	389	270	417
John Muir Elementary				
As reported	870	646	417	696
Audit adjustments	-	(9)	-	(9)
Adjusted	870	637	417	687
La Crescenta Elementary				
As reported	498	189	86	223
Audit adjustments	-	(9)	-	(9)
Adjusted	498	180	86	214
Mark Keppel Elementary				
As reported	1,028	413	317	536
Audit adjustments	-	(12)	-	(12)
Adjusted	1,028	401	317	524
Monte Vista Elementary				
As reported	811	149	159	258
Audit adjustments	-	(18)	-	(18)
Adjusted	811	131	159	240
Mountain Avenue Elementary				
As reported	548	90	62	137
Audit adjustments	-	(3)	-	(3)
Adjusted	548	87	62	134
NPS School Group for Glendale				
As reported	55	9	6	13
Audit adjustments	-	-	-	-
Adjusted	55	9	6	13

GLENDAL Unified School District

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS**

June 30, 2019

2019-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

<u>School Name</u>	<u>Enrollment Count as Reported in the CalPADS System</u>	<u>Unduplicated FRPM Eligible</u>	<u>Unduplicated English Learner (EL) Eligible</u>	<u>Total Unduplicated Pupil Count</u>
R. D. White Elementary				
As reported	950	654	409	743
Audit adjustments	-	(23)	-	(23)
Adjusted	950	631	409	720
Rosemont Middle				
As reported	1,225	327	84	356
Audit adjustments	-	(33)	-	(33)
Adjusted	1,225	294	84	323
Theodore Roosevelt Middle				
As reported	756	649	207	658
Audit adjustments	-	(15)	-	(15)
Adjusted	756	634	207	643
Thomas Edison Elementary				
As reported	907	549	308	598
Audit adjustments	-	(14)	-	(14)
Adjusted	907	535	308	584
Thomas Jefferson Elementary				
As reported	676	514	338	572
Audit adjustments	-	(8)	-	(8)
Adjusted	676	506	338	564
Valley View Elementary				
As reported	450	72	46	105
Audit adjustments	-	(4)	-	(4)
Adjusted	450	68	46	101
Verdugo Academy				
As reported	122	56	10	60
Audit adjustments	-	(5)	-	(5)
Adjusted	122	51	10	55
Verdugo Woodlands Elementary				
As reported	788	256	207	359
Audit adjustments	-	(5)	-	(5)
Adjusted	788	251	207	354
Woodrow Wilson Middle				
As reported	1,243	786	243	816
Audit adjustments	-	(38)	-	(38)
Adjusted	1,243	748	243	778

GLENDAL Unified School District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS

June 30, 2019

2019-001 Unduplicated Local Control Funding Formula Pupil Counts 40000

School Name	Enrollment Count as Reported in the CalPADS System	Unduplicated FRPM Eligible	Unduplicated English Learner (EL) Eligible	Total Unduplicated Pupil Count
Total				
As reported	25,788	13,309	5,942	14,704
Audit adjustments	-	(798)	-	(798)
Adjusted	<u>25,788</u>	<u>12,511</u>	<u>5,942</u>	<u>13,906</u>

Cause: Due to timing differences in the systems, inaccurate FRPM eligibility data was reported in CalPADS. A reconciliation between data in the cafeteria system, e-Triton; the attendance system, Q; and the CalPADS database was not performed before certifying the 1.17 report.

Questioned Costs and Units: 798 out of a total unduplicated pupil count of 14,704 students were improperly reported, resulting in an estimated reduction in Local Control Formula Funding (LCFF) of \$1,092,476, as calculated through the California Department of Education's Audit Finding Calculator. The District corrected the unduplicated pupil count prior to year-end closing and has reflected the estimated reduction in the fiscal year 2019 LCFF revenue. However, the actual adjustment in State Aid may be different due to local revenue (school districts), in-lieu of property taxes (charter schools), and/or Minimum State Aid Guarantee.

Recommendation: We recommend the District implement additional review procedures to ensure that errors are prevented in future CalPADS reporting.

Corrective Action Plan: The district will be performing audits before submitting the unduplicated counts for the certified 1.17 report to ensure the accuracy of the data submitted.

1. Check data in e-Triton to be sure students have passed verification and all records are accurate.
2. Compare data in Q and e-Triton and reconcile as needed to ensure it matches.
3. Verify that data in CALPADS matches both e-Triton and Q before certifying the 1.17 report.

GLENDALÉ UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2019

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the prior year.

CONTINUING DISCLOSURE INFORMATION

GLENDAL Unified School District

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)

June 30, 2019

The following information is provided by the District to comply with covenants of its General Obligation Bonds. As noted in the opinion letter of this report, this continuing disclosure section has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements.

	Audit Report Pages
1. Outstanding indebtedness and lease obligations	2, 32-36
2. General fund budget and actual results	60
3. Attendance and local control funding formula information	6, 69
4. Facilities and personnel	110
5. Assessed valuations	110
6. Largest local secured taxpayers	111
7. Secured tax charges and delinquencies	112

Facilities and Personnel

The District's facilities currently include five senior high schools, including a continuation high school, four middle schools, twenty elementary schools, one preschool, one development center for multi-disabled students, a community day school, and a site devoted to multiple intervention and special education programs, a professional development center, maintenance and warehouse site, District administration offices, and an excess site that is leased.

Assessed Valuations

The District uses the facilities and services of the County for the assessment and collection of taxes. District taxes are collected at the same time and on the same tax rolls as are the County, City and Special District taxes. Assessed valuations are the same for both District and County taxing purposes. The following tabulation is the latest ten-year summary of the District's assessed valuation before deduction of the homeowners' and business inventory exemptions.

Fiscal Year	District Assessed Valuation
2009-10	\$ 25,253,710,452
2010-11	25,570,616,706
2011-12	26,025,237,749
2012-13	26,286,351,301
2013-14	27,413,098,346
2014-15	28,788,168,062
2015-16	30,400,786,637
2016-17	32,047,250,278
2017-18	33,980,452,905
2018-19	35,660,279,414

GLENDALE UNIFIED SCHOOL DISTRICT

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)

June 30, 2019

Assessed Valuations

The twenty largest locally secured taxpayers in the District are listed below.

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total (1)
1.	Walt Disney World Co.	Movie Studio	\$ 486,585,171	1.40%
2.	Americana at Brand LLC	Shopping Center	367,287,523	1.05%
3.	Glendale I Mall Associates LP	Shopping Center	321,617,460	0.92%
4.	Glendale II Mall Associates LLC	Shopping Center	224,272,927	0.64%
5.	CP IV Glendale LLC	Apartments	200,119,448	0.57%
6.	La Hana Ow LLC, Lessor	Movie Studio	195,409,222	0.56%
7.	GPI 500 Brand Ltd	Office Building	185,544,280	0.53%
8.	DFW V 655 North Central LLC	Office Building	182,580,000	0.52%
9.	Camden USA Inc.	Commercial	149,012,424	0.43%
10.	Wells REIT Glendale CA LLC	Office Building	148,800,000	0.43%
11.	KW Fund V Brand LLC	Office Building	135,096,431	0.39%
12.	PPF AMLI 320 North Central	Apartments	135,051,804	0.39%
13.	BCAL 101 North Brand Property	Office Building	130,815,000	0.38%
14.	Faruque and Maria S. Sikder, Trustees	Apartments	123,759,915	0.35%
15.	Stanley A. Sirott	Apartments	107,939,275	0.31%
16.	Dignity Health	Hospital	98,108,111	0.28%
17.	Sequoia Equities Glendale	Commercial	96,695,015	0.28%
18.	American Residential LLC	Shopping Center	96,187,768	0.28%
19.	505 North Brand LLC	Office Building	87,247,579	0.25%
20.	SPUS8 Glendale LP	Office Building	84,175,866	0.24%
			<u>\$ 3,556,305,219</u>	10.20%

(1) 2018-19 Local Secured Assessed Valuation: \$34,875,065,297

Tax Rate Area

There are a total of 76 tax rate areas within the District. The largest is Tax Rate Area 4045. A summary of the tax rates levied in Tax Rate Area 4045 during the period 2014-15 through 2018-19 appears in the following table.

GLENDAL Unified School District
CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
June 30, 2019

Tax Rate Area

	Percent of Assessed Value				
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Glendale Unified School District	0.059743%	0.050620%	0.056988%	0.052850%	0.048384%
Glendale Community College District	0.022198%	0.021235%	0.021189%	0.034887%	0.025811%
Metropolitan Water District	<u>0.003500%</u>	<u>0.003500%</u>	<u>0.003500%</u>	<u>0.003500%</u>	<u>0.003500%</u>
Total	<u>1.085441%</u>	<u>1.075355%</u>	<u>1.081677%</u>	<u>1.091237%</u>	<u>1.077695%</u>

Source: California Municipal Statistics, Inc.

Tax Levies and Collections

District taxes are collected on the same bill as County taxes. Secured taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are assessed on January 1.

The following tabulation shows the secured taxes levied by the District during the past five fiscal years, together with the total amounts and percentages of delinquencies as of June 30 of each fiscal year.

Secured Tax Charges and Delinquencies				
Fiscal Year	Secured Tax Charge (1)	Amount Delinquent (June 30)	% Delinquent (June 30)	
2013-14	\$ 51,953,546	\$ 769,748	1.48%	
2014-15	54,782,094	792,875	1.45%	
2015-16	58,086,833	828,181	1.43%	
2016-17	61,174,671	730,342	1.19%	
2017-18	65,354,221	815,971	1.25%	
Fiscal Year	Secured Tax Charge (2)	Amount Delinquent (June 30)	% Delinquent (June 30)	
2013-14	\$ 10,396,128	\$ 125,767	1.21%	
2014-15	16,723,607	182,282	1.09%	
2015-16	14,955,844	165,746	1.11%	
2016-17	17,842,898	173,441	0.97%	
2017-18	17,505,947	205,357	1.17%	

Source: California Municipal Statistics, Inc.

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects county wide delinquency rate.

(2) District's general obligation bond debt service levy only.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF GLENDALE AND LOS ANGELES COUNTY

The following information concerning the City of Glendale (the “City”) and the County of Los Angeles (the “County”) is included only for the purpose of supplying general information regarding the area of the District. The Series E Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and none of the City, the County, the State or any of its political subdivisions is liable therefor.

General

The City. The City of Glendale (the “City”) is located at the eastern end of the San Fernando Valley, the City is bisected by the Verdugo Mountains, and is a suburb in the Greater Los Angeles Area. The City was incorporated in 1906. Originally consisting of 1,486 acres, by 1920, the City had grown through nine annexations to over 7,000 acres. Currently the City consists of 30.5 square miles. The City is divided into 34 neighborhoods which are delineated by streets, washes, and mountain ridges. Each neighborhood has a unique history and character and as these neighborhoods developed, they combined to form the City as we know it today. In addition, the City is divided into Census Tracts. These are geographical areas for statistical purposes. Tract boundaries were established cooperatively by a local committee and the United States Bureau of the Census.

The County. Located along the southern coast of California, Los Angeles County (the “County”) covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The County includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties. Almost half of the county is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

Population

The following table shows population estimates for the City, the County and the State for the past five years as of January 1.

**CITY OF GLENDALE, LOS ANGELES COUNTY
AND STATE OF CALIFORNIA
2016 through 2020 Population Estimates**

Area	2016	2017	2018	2019	2020
City of Glendale	199,966	200,775	203,867	204,883	205,331
Los Angeles County	10,158,196	10,193,753	10,209,676	10,184,378	10,172,951
State of California	39,131,307	39,398,702	39,586,646	39,695,376	39,782,870

Source: State of California, Department of Finance.

Employment and Industry

The seasonally adjusted unemployment rate in the County decreased over the month to 16.1% in August 2020, from a revised 17.9% in July 2020, and was above the rate of 4.3% one year ago. Civilian employment increased by 85,000 to 4,134,000 in August 2020, while unemployment decreased by 87,000 to 795,000. The civilian labor force decreased by 2,000 over the month to 4,929,000 in August 2020. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 16.6% in August 2020.

The California seasonally adjusted unemployment rate was 11.4% in August 2020, 13.5% in July 2020, and 3.9% a year ago in August 2019. The comparable estimates for the nation were 8.4% in August 2020, 10.2% in July 2020, and 3.7% a year ago.

The table below lists employment by industry group for the County for the past five years for which data is available.

LOS ANGELES-LONG BEACH-GLENDALE MD (LOS ANGELES COUNTY) Annual Average Civilian Labor Force, Employment and Unemployment, Employment by Industry (March 2019 Benchmark)

	2015	2016	2017	2018	2019
Civilian Labor Force	4,989,800	5,041,400	5,096,500	5,136,300	5,121,600
Employment	4,659,700	4,776,700	4,853,800	4,896,500	4,894,300
Unemployment	330,100	264,800	242,700	239,800	227,300
Unemployment Rate	6.6%	5.3%	4.8%	4.7%	4.4%
<u>Wage and Salary Employment: ⁽¹⁾</u>					
Agriculture	5,000	5,300	5,700	4,800	4,500
Mining and Logging	2,900	2,400	2,000	1,900	1,900
Construction	126,100	133,900	138,400	146,000	149,300
Manufacturing	368,200	360,800	349,900	343,700	339,200
Wholesale Trade	222,400	222,100	221,500	222,800	220,500
Retail Trade	422,200	424,600	426,100	425,300	417,300
Trans., Warehousing, Utilities	177,600	188,900	198,200	202,800	213,800
Information	207,600	229,400	214,900	217,400	217,300
Financial and Insurance	135,600	138,100	137,500	137,100	135,500
Real Estate, Rental & Leasing	80,000	81,700	84,100	85,900	88,400
Professional and Business Services	591,000	600,100	608,800	620,000	642,800
Educational and Health Services	745,900	772,700	800,600	823,600	843,600
Leisure and Hospitality	486,600	510,000	524,600	534,300	544,700
Other Services	151,000	153,300	155,700	159,700	158,400
Federal Government	47,400	47,700	48,000	47,300	47,400
State Government	87,400	89,900	92,500	91,900	92,500
Local Government	433,700	439,100	445,600	450,400	454,300
Total All Industries ⁽²⁾	4,290,700	4,399,900	4,454,000	4,514,900	4,571,400

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) May not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

County. The table below lists the major employers in the County area. Major private employers in the Los Angeles area include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State and the County.

LOS ANGELES COUNTY Major Employers- Listed Alphabetically March 2020

Employer Name	Location	Industry
AHMC Healthcare Inc.	Alhambra	Health Care Management
All Nations Church	Sylmar	Churches
California State Univ. Northridge	Northridge	Schools-Universities & Colleges Academic
Cedars-Sinai Medical Ctr.	West Hollywood	Hospitals
Jet Propulsion Laboratory	Pasadena	Research Service
Kaiser Permanente Los Angeles	Los Angeles	Hospitals
LA County Office of Education	Downey	Educational Services-Business
LA County & USC Medical Ctr.	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	Government Offices-City, Village & Twp.
Longshore Dispatch	Wilmington	Nonclassified Establishments
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles Intl Airport-LAX	Los Angeles	Airports
Los Angeles Medical Ctr.	Los Angeles	Pathologists
Los Angeles Police Dept.	Los Angeles	Police Departments
National Institutes of Health	Pasadena	Physicians and Surgeons
Northrop Grumman	Whittier	Engineers
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags Magic Mountain	Valencia	Amusement and Theme Parks
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
Space Exploration Tech. Corp.	Hawthorne	Aerospace Industries (mfrs.)
UCLA Health System	Los Angeles	Physicians & Surgeons
University of Ca Los Angeles	Los Angeles	Schools-Universities & Colleges Academic
University of Southern California	Los Angeles	Schools-Universities & Colleges Academic
VXI Global Solutions	Los Angeles	Call Centers
Walt Disney Co.	Burbank	Motion Picture Producers & Studios

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2017 1st Edition

City of Glendale. Major employers located in the City of Glendale include Avery Dennison, CBRE, Disney Consumer Products, DreamWorks Studios, Glendale Adventist Medical Center, Glendale Unified School District, Glenair Inc., Glendale Community College, KABC-7, Nestle USA Inc., Public Storage Inc., LegalZoom, Univision Communications, Walt Disney Animation Studios and Whole Foods Market.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2015 through 2019.

CITY OF GLENDALE Total Building Permit Valuations (Valuations in Thousands)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$2,907.0	\$3,921.1	\$4,224.9	\$9,689.0	\$14,357.6
New Multi-family	68,948.6	130,137.2	34,076.3	15,820.0	27,669.3
Res. Alterations/Additions	<u>24,940.6</u>	<u>23,445.0</u>	<u>27,771.8</u>	<u>32,568.5</u>	<u>40,122.7</u>
Total Residential	\$96,796.2	\$157,503.3	\$66,073.0	\$58,077.5	\$82,149.6
New Commercial	\$25,529.0	\$15,616.2	\$32,762.7	\$17,557.6	\$26,915.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	42,742.2	9,510.0	10,961.4	7,596.0	26,804.1
Com. Alterations/Additions	<u>46,456.6</u>	<u>49,844.1</u>	<u>34,973.5</u>	<u>37,874.2</u>	<u>56,014.5</u>
Total Nonresidential	\$114,727.8	\$74,970.3	\$78,697.6	\$63,027.8	\$109,733.6
<u>New Dwelling Units</u>					
Single Family	9	12	10	39	78
Multiple Family	<u>525</u>	<u>1,102</u>	<u>213</u>	<u>126</u>	<u>136</u>
TOTAL	534	1,114	223	165	214

Source: Construction Industry Research Board, Building Permit Summary.

LOS ANGELES COUNTY Total Building Permit Valuations (Dollars in Thousands)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$1,897,829.7	\$2,162,018.2	\$2,352,614.8	\$2,277,101.5	\$1,967,219.3
New Multi-family	2,843,749.1	2,774,294.3	3,257,833.4	3,222,530.3	2,961,257.4
Res. Alterations/Additions	<u>1,641,457.3</u>	<u>1,639,295.0</u>	<u>1,757,904.0</u>	<u>1,941,369.5</u>	<u>1,625,839.3</u>
Total Residential	\$6,383,036.1	\$6,757,607.5	\$7,368,352.2	\$7,441,001.3	\$6,554,316.0
New Commercial	\$1,695,869.8	\$1,728,443.3	\$2,196,089.2	\$2,844,173.0	\$2,785,678.8
New Industrial	85,937.1	138,508.5	134,534.3	101,201.3	63,727.8
New Other	1,157,838.0	791,078.1	563,679.3	952,347.7	446,182.7
Com. Alterations/Additions	<u>2,705,727.4</u>	<u>2,880,916.6</u>	<u>3,143,200.2</u>	<u>2,796,375.3</u>	<u>3,404,012.4</u>
Total Nonresidential	\$5,645,372.3	\$5,538,946.5	\$6,037,503.0	\$6,694,097.3	\$6,699,601.7
<u>New Dwelling Units</u>					
Single Family	4,487	4,780	5,456	6,070	5,738
Multiple Family	<u>18,405</u>	<u>15,589</u>	<u>17,023</u>	<u>17,152</u>	<u>15,884</u>
TOTAL	22,892	20,369	22,479	23,222	21,622

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and non-tax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2016 through 2020.

**CITY OF GLENDALE, LOS ANGELES COUNTY, THE STATE OF CALIFORNIA
AND THE UNITED STATES
Effective Buying Income
2016 through 2020**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2016	City of Glendale	\$5,274,062	\$48,594
	Los Angeles County	231,719,110	48,950
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Glendale	\$5,808,372	\$53,324
	Los Angeles County	243,502,324	50,236
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Glendale	\$5,808,372	\$53,324
	Los Angeles County	261,119,300	54,720
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Glendale	\$6,135,411	\$56,232
	Los Angeles County	271,483,825	56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Glendale	\$6,319,729	\$58,532
	Los Angeles County	281,835,290	60,174
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Taxable Transactions

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during calendar year 2019 in the City were reported to be \$3,932,524,000, a 2.6% increase from the total taxable sales of \$3,833,251,000 reported during the first three quarters of calendar year 2018. Annual figures for 2019 are not yet available.

CITY OF GLENDALE
2015 through 2019 Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	3,928	\$3,583,109	6,277	\$4,221,235
2016	3,965	3,191,204	6,340	3,842,146
2017	4,014	3,124,805	6,377	3,755,410
2018	4,035	3,158,571	6,722	3,833,251
2019	4,115	3,199,823	6,915	3,932,524

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for years 2017-18 and 2018-19.

Total taxable sales during the calendar year 2019 in the County were reported to be \$179,776,327,000, a 8.3% increase over the total taxable sales of \$166,023,796,000 reported during calendar year 2018.

LOS ANGELES COUNTY
2015 through 2019 Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	112,657 ⁽¹⁾	\$108,147,021	310,063	\$151,033,781
2016	196,929	109,997,043	311,295	154,208,333
2017	197,452	113,280,347	313,226	159,259,356
2018	200,603	119,145,054	328,047	166,023,796
2019	206,732	122,137,664	342,359	179,776,327

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017-18 and 2018-19.

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

October 26, 2020

Board of Education
Glendale Unified School District
223 North Jackson Street
Glendale, California 91206

OPINION: \$38,000,000 Glendale Unified School District (Los Angeles County, California) General Obligation Bonds, Election of 2011, Series E

Members of the Board of Education:

We have acted as bond counsel to the Glendale Unified School District (the "District") in connection with the issuance by the District of \$38,000,000 principal amount of Glendale Unified School District (Los Angeles County, California) General Obligation Bonds, Election of 2011, Series E (the "Bonds") under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Education of the District (the "Board") on September 15, 2020 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.
2. The Bond Resolution has been duly adopted by the Board and constitutes the valid and binding obligation of the District enforceable against the District in accordance with its terms.
3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of the County of Los Angeles is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.
4. Interest on the Bonds maturing on and after September 1, 2022 (the "Tax-Exempt Bonds"), is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Tax-Exempt Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall
A Professional Law Corporation

APPENDIX E

\$38,000,000
GLENDAL Unified School District
(Los Angeles County, California)
General Obligation Bonds
Election of 2011, Series E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Glendale Unified School District (the "District") in connection with the issuance of \$38,000,000 aggregate principal amount of Glendale Unified School District School District (Los Angeles County, California) General Obligation Bonds, Election of 2011, Series E (the "Bonds"). The Bonds are being issued under a resolution adopted by the Board of Education of the District on September 15, 2020 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means Keygent LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" means RBC Capital Markets, LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2021 with the report for the 2019-20 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided that the first Annual Report shall consist solely of the Official Statement. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the District shall include in its Annual Report the following information:

- (i) total secured property tax levy and collections, showing current collections as a percent of the total levy, provided, however, if such information is not available for the most recently completed fiscal year, then the data to be filed with the Annual Report shall be with respect to the prior fiscal year;
- (ii) assessed valuation of taxable properties in the District; and
- (iii) in addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.

- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (13) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Keygent LLC. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles

on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: October 26, 2020

GLENDALE UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

**ACCEPTANCE OF DUTIES AS
DISSEMINATION AGENT**

KEYGENT LLC

By: _____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Glendale Unified School District

Name of Bond Issue: \$38,000,000 aggregate principal amount of Glendale Unified School District (Los Angeles County, California) General Obligation Bonds, Election of 2011, Series E

Date of Issuance: October 26, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the resolution adopted by the Board of Education of the District authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

GLENDALE UNIFIED SCHOOL DISTRICT

By: _____
Authorized Officer

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

LOS ANGELES COUNTY INVESTMENT POLICY AND MONTHLY INVESTMENT REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]



KEITH KNOX

TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437, Los Angeles, California 90012
Telephone: (213) 974-2101 Fax: (213) 626-1812
ttc.lacounty.gov and propertytax.lacounty.gov

Board of Supervisors

HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

39 March 31, 2020

CELIA ZAVALA
EXECUTIVE OFFICER

March 17, 2020

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

DELEGATION OF AUTHORITY TO INVEST AND ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR INVESTMENT POLICY (ALL DISTRICTS) (3-VOTES)

SUBJECT

Delegation of authority to invest and reinvest County funds and funds of other depositors in the County Treasury to the Treasurer, and adoption of the Treasurer and Tax Collector Investment Policy

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate the authority to the Treasurer to invest and reinvest County funds and funds of other depositors in the County Treasury.
2. Adopt the attached Treasurer and Tax Collector Investment Policy (Investment Policy).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The requested actions allow the Treasurer to continue to invest County funds and funds of other depositors in the County Treasury pursuant to the Investment Policy. On March 19, 2019, pursuant to Government Code (GC) Section 27000.1, and subject to GC Section 53607, your Board delegated to the Treasurer the annual authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury. GC Section 27000.1 states that subsequent to your Board's delegation, the County treasurer shall thereafter assume full responsibility for those transactions until your Board either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in GC Section 53607. This action requests renewal of the annual delegation.

GC Section 53646 permits your Board to annually approve the Investment Policy. The primary objectives of the Investment Policy, in priority order, are to maintain the safety of principal, to provide liquidity, and to achieve a return on funds invested. These objectives align with those in State law. Each year, my office reviews the Investment Policy to ensure that it aligns with any changes in the GC.

Based on our analysis, we do not recommend any changes to the body of the Investment Policy. However, we recommend an update to Attachment I-d, Minimum Credit Ratings – Commercial Paper. Pursuant to GC 53601(h), the Treasurer may only purchase commercial paper from issuers whose commercial paper has short-term credit ratings of at least “A-1” or its equivalent, and whose other debt instruments, if any, have long-term credit ratings of at least “A” or its equivalent, by a Nationally Recognized Statistical Rating Organization.

We recommend assigning the standing commercial paper maximum issuer limit of \$1.5 billion to all issuers who meet the minimum credit rating criteria set forth in the GC. The commercial paper maximum issuer limit remains at \$1.5 billion, which is well below the 10% portfolio limit established by GC 53601. This recommended change offers more flexibility in purchasing commercial paper while retaining the investment parameters set forth in the GC.

We have also provided the annual update to the limitation calculation for intermediate-term, medium-term, and long-term holdings in Attachment II.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

The investment of surplus County funds and funds of other depositors allows these funds to earn a return which is credited to the depositor, net of administrative expenses.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to GC Section 27000.1, your Board may delegate by ordinance the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury to the Treasurer. On January 23, 1996, your Board adopted Ordinance 96-0007 adding Los Angeles County Code Section 2.52.025, which delegated such authority to the Treasurer, subject to annual renewal pursuant to GC Section 53607. GC 53646 permits the Treasurer to render annually to your Board a statement of Investment Policy, to be reviewed and approved at a public meeting. This GC Section also requires that any change in the Investment Policy be submitted to your Board for review and approval at a public meeting.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services.

The Honorable Board of Supervisors

3/17/2020

Page 3

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K Knox', with a stylized, cursive script.

KEITH KNOX

Treasurer and Tax Collector

KK:NI:DJJ:JK:bp

Enclosures

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Los Angeles County Office of Education
Los Angeles Community College District

**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY**

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer the authority to invest and reinvest the funds of the County and the funds of other depositors in the County Treasury.

Fundamental Investment Policy

The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer is permitted to give written approval to operate outside the limitations set forth within this Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer SHALL establish and maintain a Pooled Surplus Investment (PSI) portfolio. The PSI portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County Treasury.

The investment policies of the PSI portfolio SHALL be directed by and based on three prioritized objectives. The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution

on the basis of one-twelfth of the budgeted costs and adjusted periodically to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed \$500 million without specific written approval of the Treasurer.

In the event that a decision is made to transfer a given security from one partition to another, it MAY be transferred at cost; however, the difference between the market value, exclusive of accrued interest, at the time of transfer and the purchase price, exclusive of accrued interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office of the Treasurer's Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, and III (all of which are attached hereto and incorporated by this reference.)

The weighted average maturity target of the PSI portfolio is a range between 1.0 and 2.0 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last 36 months' average total cash and investments, after adjustments, as indicated in Attachment II.

Business Continuity Plan

The Treasurer's Business Continuity Plan (BCP) serves to sustain the performance of mission-critical Treasury functions in the event of a local or widespread disaster. The BCP includes written guidelines to perform critical Treasury functions, contact information for key personnel, authorized bank representatives and broker/dealers. The plan provides for an offsite location in the event the Treasurer's offices are uninhabitable. The Treasurer's Office implemented its BCP in 2007.

The Treasurer's Office shall perform regularly scheduled BCP exercises at the offsite location. To prepare Treasury staff for emergency processing, staff shall participate in the BCP exercises on a rotating basis.

Liquidity of PSI Investments

Short-term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer-term commitments, within 90 days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next 90 days plus projected PSI deposits for 90 days, divided by the projected PSI withdrawals for 90 days plus discretionary PSI deposits, is equal to or greater than one.

The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one; however, investments SHALL be limited to a maximum maturity of 30 days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of any PSI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Specific Purpose Investment Portfolio

The Treasurer SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives of the SPI participants. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made. The Treasurer reserves the right to

establish and charge the requesting entity fees for maintaining the entity's SPI portfolio.

Investments SHALL be limited to the short-term category, as defined above in the previous section for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer, a longer term investment MAY be specifically made and held in the SPI portfolio.

The sale of any SPI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Execution, Delivery, and Monitoring of Investments

The Treasurer SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer or his authorized designees, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls Branch to assure compliance with this Investment Policy.

Reporting Requirements

The Treasurer SHALL provide the Board of Supervisors with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.
- A description of all investment exceptions, if any, to the Investment Policy.

- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

Discretionary Treasury Deposits and Withdrawal of Funds

At the sole discretion of the Treasurer, PSI deposits may be accepted from local agencies not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Such projections may be adjusted periodically as prescribed by the Treasurer but in no event less than semi-annually.

In accordance with Government Code Section 27136, all requests for withdrawal of such funds, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, the Treasurer may delay such withdrawals until the impact can be mitigated.

Broker/Dealers Section

Broker/Dealers SHALL be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting one of the following:

- A. Broker/Dealers with minimum capitalization of \$500 million and who meet all five of the below listed criteria:
 - 1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
 - 2. Be a member of the Financial Industry Regulatory Authority and;
 - 3. Be registered with the Securities and Exchange Commission and;
 - 4. Have been in operation for more than five years; and

5. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in United States (U.S.) Treasuries and Agencies.

B. Emerging firms that meet all of the following:

1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
2. Maintain office(s) in California and;
3. Maintain a minimum capitalization of \$250,000 and, at the time of application, have a maximum capitalization of no more than \$10 million.

Commercial Paper and Negotiable Certificates of Deposit may be purchased directly from issuers approved by the Treasurer.

An approved Treasurer Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to accurately and timely provide the following information:

- A. Confirmation of daily trade transactions and all open trades in effect at month-end.
- B. Response to auditor requests for confirmation of investment transactions.
- C. Response to the Internal Controls Branch requests for needed information.

Honoraria, Gifts, and Gratuities Limitations

The Treasurer, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the State's Political Reform Act, the Los Angeles County Code relating to Lobbyists, and the Los Angeles County Code relating to post government employment of County officials.

Investment Limitations

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL NOT invest in any security that could result in zero interest if held to maturity.

For investment transactions in the PSI portfolio, the Investment Office SHALL obtain approval of the Treasurer before recognizing any loss exceeding \$100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes. Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

Permitted Investments

Permitted Investments SHALL be limited to the following:

A. Obligations of the U.S. Government, its agencies and instrumentalities

1. Maximum maturity: None.
2. Maximum total par value: None.
3. Maximum par value per issuer: None.
4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment III)

1. Maximum maturity: As limited in Attachment III.
2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years.
2. Maximum total par value: 20% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
4. All Asset-Backed securities must be rated in a rating category of "AA" or its equivalent or better rating and the issuer's corporate debt rating must be in a rating category of "A" or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

D. Bankers' Acceptance Domestic and Foreign

1. Maximum maturity: 180 days and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. The aggregate total of Bankers' Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
 - a) The total shareholders' equity of depository bank.
 - b) The total net worth of depository bank.

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Must be issued by:
 - a) National or State-chartered bank, or
 - b) Savings association or Federal association, or
 - c) Federal or State credit union, or
 - d) Federally licensed or State-licensed branch of a foreign bank.
5. Euro CD's:
 - a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.
 - b) Maximum total par value: 10% of the PSI portfolio.
 - c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
 - d) Limited to London branch of National or State-chartered banks.
6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
 - a) The total shareholders' equity of depository bank.
 - b) The total net worth of the depository bank.

F. Corporate and Depository Notes

1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Notes MUST be issued by:
 - a) Corporations organized and operating within the U.S.
 - b) Depository institutions licensed by the U.S or any State and operating within the U.S.
5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 million par value may be greater than five years to maturity.
2. Maximum total par value: 10% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Benchmarks SHALL be limited to commercially available U.S. dollar denominated indexes.
5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:
 - a) Specific basis for the benchmark rate.
 - b) Specific computation for the benchmark rate.
 - c) Specific reset period.

d) Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer's current credit rating.
4. Credit: Issuing Corporation - Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):
 - a) The entity meets the following criteria:
 - 1) Is organized and operating in the U.S. as a general corporation.
 - 2) Has total assets in excess of \$500 million.
 - 3) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.
 - b) The entity meets the following criteria:
 - 1) Is organized in the U.S. as a Limited Liability Company or Special Purpose Corporation.
 - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - 3) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

1. Money Market Fund (MMF) - Shares of beneficial interest issued by

diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:

- a) Attained the highest possible rating by not less than two NRSROs.
- b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations authorized in Government Code Section 53601 and with assets under management in excess of five hundred million dollars (\$500,000,000).

Maximum total par value: 15% of the PSI portfolio. However, no more than 10% of the PSI may be invested in any one fund.

- 2. State of California's Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.
- 3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
 - a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - b) The adviser has not less than five years of experience investing in the securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.
 - c) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

J. Repurchase Agreement

- 1. Maximum maturity: 30 days.
- 2. Maximum total par value: \$1 billion.

3. Maximum par value per dealer: \$500 million.
4. Agreements must be in accordance with approved written master repurchase agreement.
5. Agreements must be fully secured by obligations of the U.S. Government, its agencies and instrumentalities. The market value of these obligations that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than monthly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. If a repurchase agreement matures the next business day after purchase, the repurchase agreement is not out of compliance with this collateralization requirement if the value of the collateral falls below the 102% requirement at the close of business on settlement date.

K. Reverse Repurchase Agreement

1. Maximum term: One year.
2. Maximum total par value: \$500 million. Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Maximum par value per broker: \$250 million.
4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
5. Agreements SHALL only be made for the purpose of enhancing investment revenue.
6. Agreements must be in accordance with approved written master repurchase agreement.
7. Securities eligible to be sold with a simultaneous agreement to repurchase

SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.

8. The security to be sold on a reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.
11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded on recognized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or recognized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.
2. Maximum aggregate par value: \$100 million.
3. Maximum par value per counterparty: \$50 million. Counterparties for Forward

and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated "A" or better from at least one nationally recognized rating agency.

4. The underlying securities SHALL be an obligation of the U.S. Government and its agencies and instrumentalities.
5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed \$100,000 for each occurrence or exceed a total of \$250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.
6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.
7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Branch.
8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Code Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating.

Further, the counterparty to such an agreement SHALL be rated "A" or better from at least one nationally recognized rating agency selected by the Treasurer, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated "A" or better from at least one nationally recognized rating agency acceptable to the Treasurer.

N. Securities Lending Agreement

Securities lending agreements are agreements under which the Treasurer agrees to transfer securities to a borrower who, in turn agrees to provide collateral to the Treasurer. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the Treasurer in return for the collateral.

1. Maximum term: 180 days.
2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
4. Agreements SHALL only be made for the purpose of enhancing investment revenue.
5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

O. Supranationals

Supranationals are multilateral lending institutions that provide development financing, advisory services and other financial services to their member countries to promote improved living standards through sustainable economic growth.

Supranational investments are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in Government Code Section 53601(q), with a maximum remaining maturity of five years or less, and which are eligible for purchase and sale within the United States. Supranational investments shall be rated in a rating category of "AA" or its equivalent or better by a NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: Five years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT I-a.

**MINIMUM CREDIT RATING
DOMESTIC ISSUERS**

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P	Moody's	Fitch	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM
		A-1/AA	P-1/Aa	F1/AA	\$600MM
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

- (1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's, and Fitch).
- (2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT I-b.

**MINIMUM CREDIT RATING
FOREIGN ISSUERS**

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P	Moody's	Fitch	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM
		A-1/AA	P-1/Aa	F1/AA	\$450MM
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days.
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

- (1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's, and Fitch).
- (2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT I-c.

**MINIMUM CREDIT RATING
SUPRANATIONAL ISSUERS**

Issuer Rating (1)			Investment Limit (2)
S&P	Moody's	Fitch	
AAA	Aaa	aaa	30% of PSI Portfolio, of which 20% of the PSI Portfolio may be between 2 and 5 years.
AA	Aa	aa	20% of PSI Portfolio, of which 10% of the PSI Portfolio may be between 2 and 5 years.

Notes:

- (1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's and Fitch).
- (2) Maximum combined par value for all issuers is limited to 30% of the PSI portfolio.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT I-d.

**MINIMUM CREDIT RATING
COMMERCIAL PAPER**

Maximum Maturity	Issuer Rating (1) (2)			Investment Limit (3)
	S&P	Moody's	Fitch	
270 days	A-1	P-1	F1	\$1.5 Billion

Notes:

- (1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's and Fitch).
- (2) If an issuer has a long-term rating, it must be rated in a rating category of "A" or its equivalent or higher.
- (3) Maximum combined par value for all issuers is limited to 40% of the PSI portfolio.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT II

**LIMITATION CALCULATION FOR
INTERMEDIATE-TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS
(Actual \$)**

Average Investment Balance and Available Cash (1)	\$30,486,126,816
Less:	
▪ 50% of Discretionary Deposits (1)	(\$1,231,644,816.98)
Average Available Balance	\$29,954,481,999
Multiplied by the Percent Available for Investment Over One Year	75%
Equals the Available Balance for Investment Over One Year	\$21,940,861,499
Intermediate-Term (From 1 to 3 Years) ▪ One-third of the Available Balance for Investment	\$7,313,620,500
Medium-Term and Long-Term (Greater Than 3 Years) ▪ Two-thirds of Available Balance for Investment (2)	\$14,627,241,000

(1) 36 Month Average from January 2017 to December 2019.

(2) Any unused portion of the Medium-Term and Long-Term available balance may be used for Intermediate-Term investments.

APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued or caused to be issued by the County of Los Angeles on its behalf or on behalf of other Los Angeles County affiliates. If on behalf of other Los Angeles County affiliates, the affiliate must have a minimum rating of "A3" (Moody's) or "A-" (S&P or Fitch). The maximum maturity is limited to 30 years.
2. Any short- or medium-term obligation issued by the State of California or a California local agency with a minimum Moody's rating of "MIG-1" or "A2" or a minimum S&P rating of "SP-1" or "A." Maximum maturity limited to five years.

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of July 31, 2020, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$12.848
Schools and Community Colleges	15.656
Discretionary Participants	<u>3.288</u>
Total	\$31.792

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	89.66%
Discretionary Participants:	
Independent Public Agencies	9.94%
County Bond Proceeds and Repayment Funds	<u>0.40%</u>
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 31, 2020, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to

the Investment Report dated August 31, 2020, the July 31, 2020, book value of the Treasury Pool was approximately \$31.792 billion, and the corresponding market value was approximately \$31.886 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of July 31, 2020:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	4.88
U.S. Government and Agency Obligations	70.40
Bankers Acceptances	0.00
Commercial Paper	24.31
Municipal Obligations	0.09
Corporate Notes & Deposit Notes	0.32
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	<u>0.00</u>
	100.00

The Treasury Pool is highly liquid. As of July 31, 2020, approximately 39% of the investments mature within 60 days, with an average of 614 days to maturity for the entire portfolio.

TreasPool Update
07/31/2020