



SECOND INTERIM FINANCIAL REPORT

Presented to the Governing
Board on March 10, 2022

TOPICS

- Types of Interim Certifications
- Review variance between First Interim and Second Interim
- Enrollment history & PowerSchool's projected 2022-23 Enrollment
- Updated Multi-Year Projection
- Law limiting District reserves for 2022-23
 - Options for compliance
- Recommended Board Action

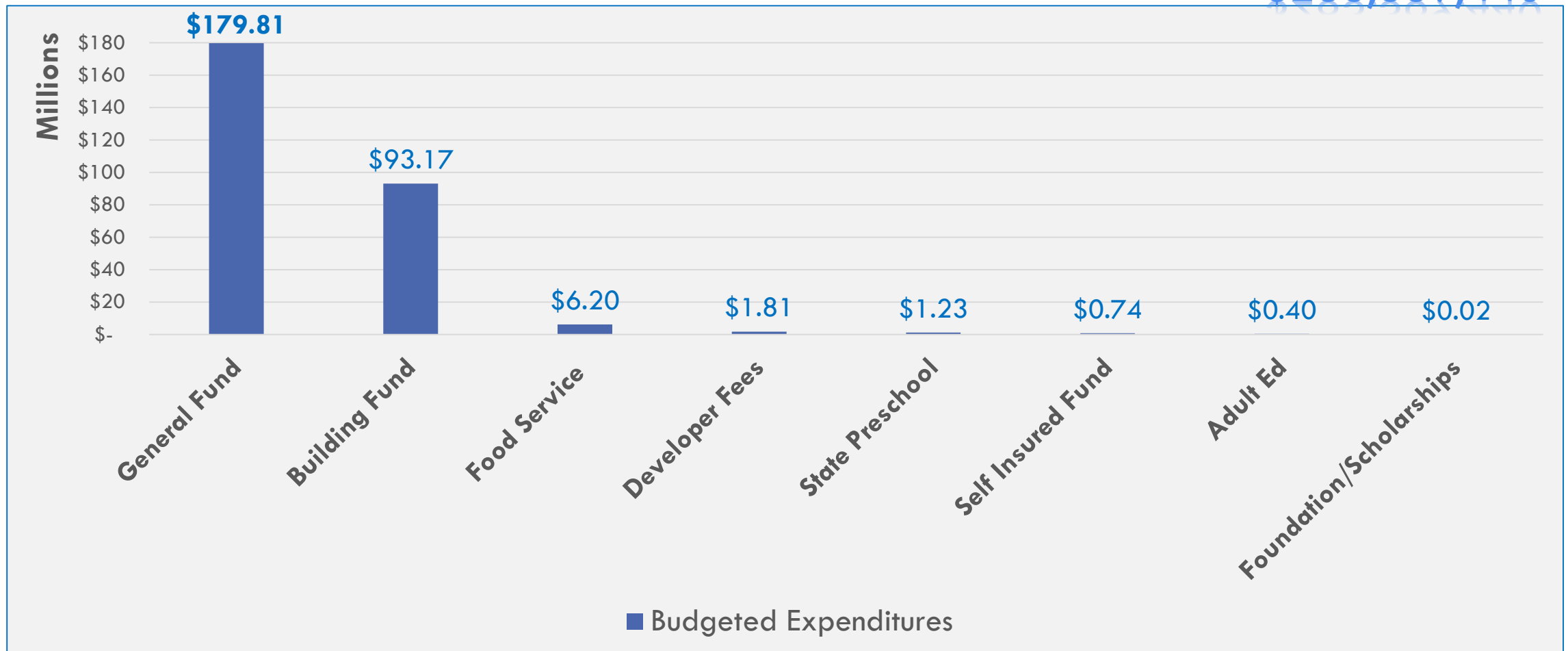
TYPES OF INTERIM CERTIFICATIONS

- Positive Certification – Certify that District ***will be able to meet its financial obligation for the current and subsequent two fiscal years.***
- Qualified – may not meet...
- Negative – will not be able to meet...

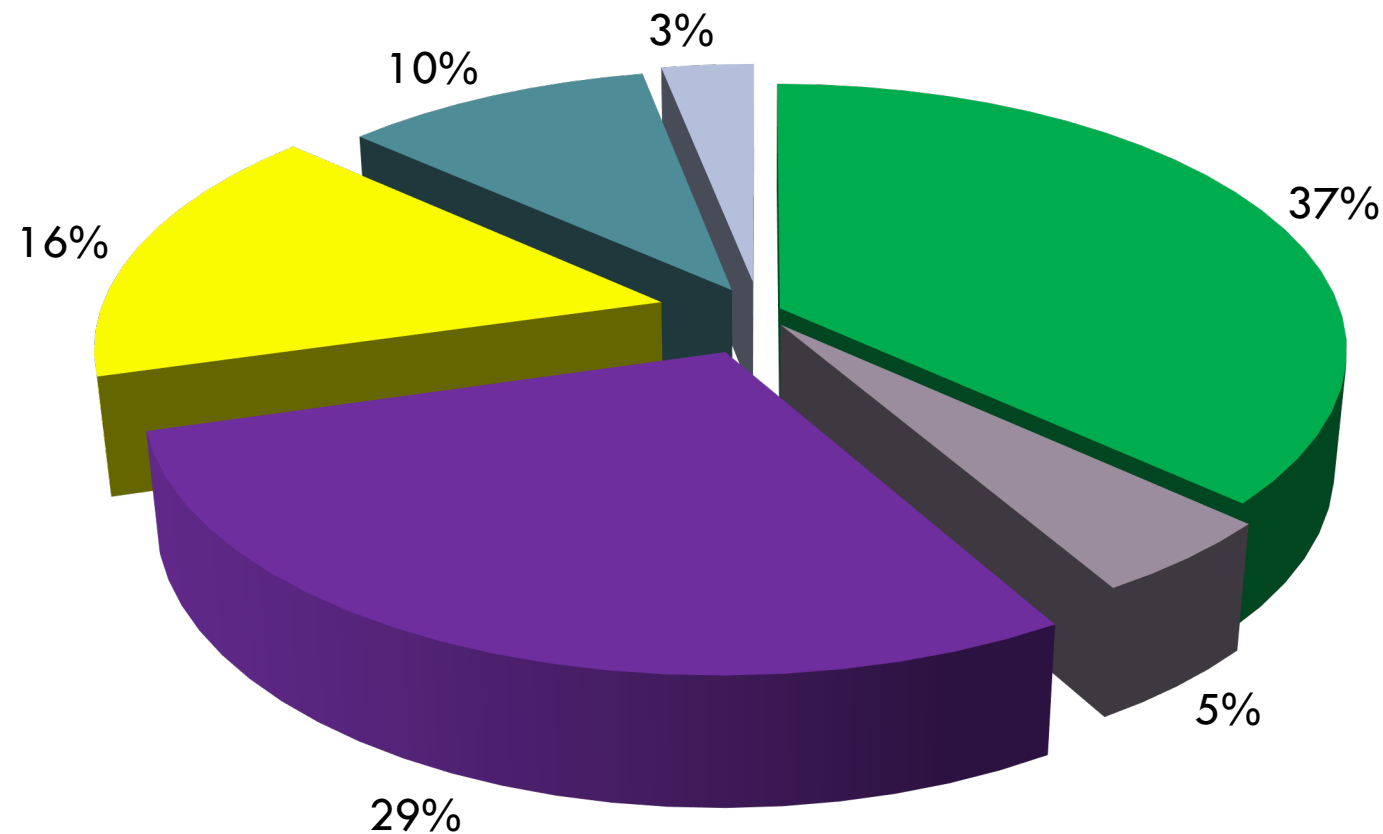
■ GUSD Second Interim is self-certified as “Positive”

EXPENDITURES BY MAJOR FUND

Total Expenditures:
\$283,369,440



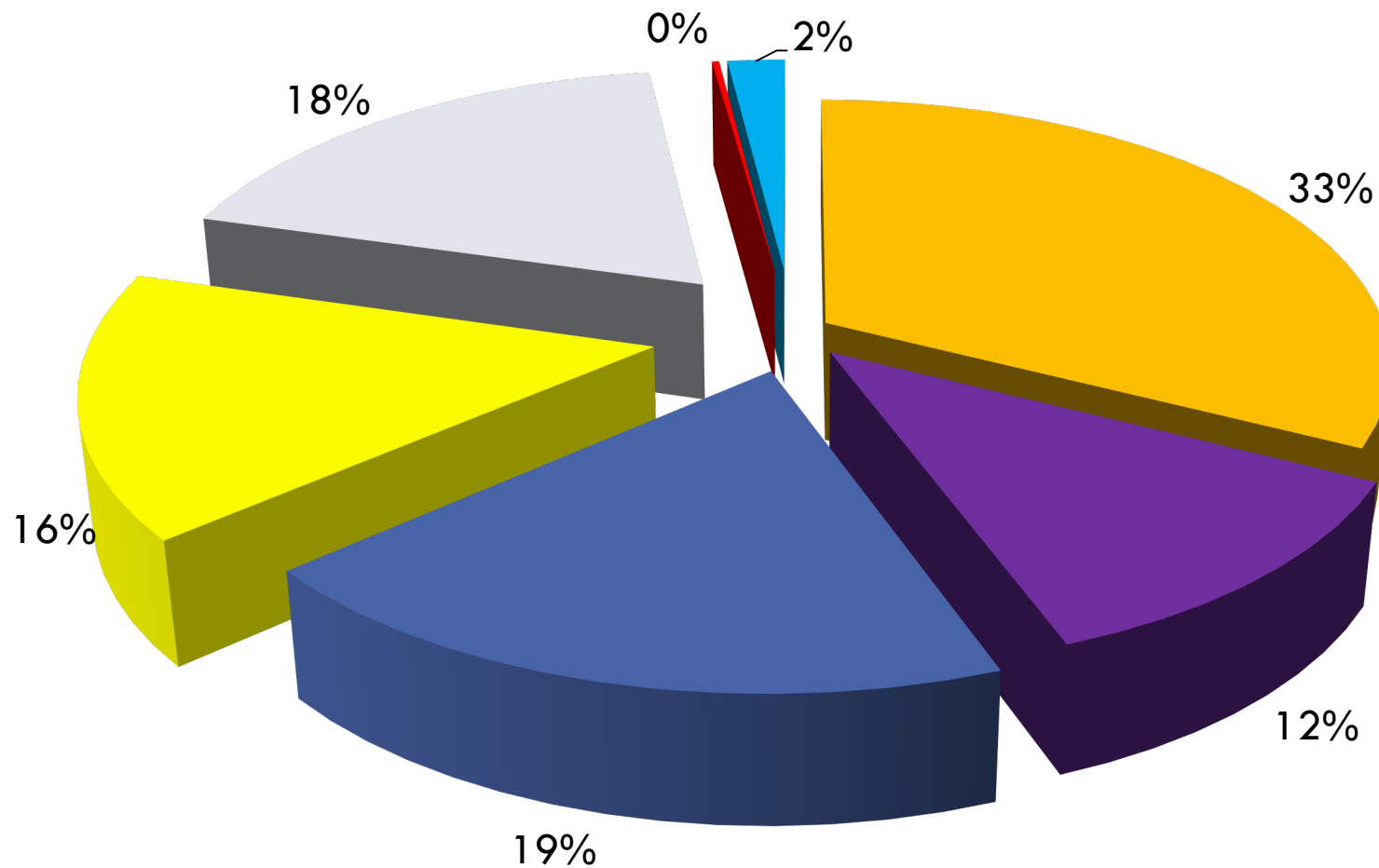
TOTAL GENERAL FUND REVENUES



\$168,045,223

- State Aid (LCFF/RL)
- Prop 55 (EPA)
- Property Taxes
- Federal
- Other State Revenue
- Other Local Revenue

TOTAL GENERAL FUND EXPENDITURES



\$179,808,539

- Certificated Salaries
- Classified Salaries
- Employee Benefits
- Books & Supplies
- Services & Other Operating Exp.
- Capital Outlay
- Other Outgo & Indirect Costs

GENERAL FUND: VARIANCE BETWEEN INTERIM REPORTS

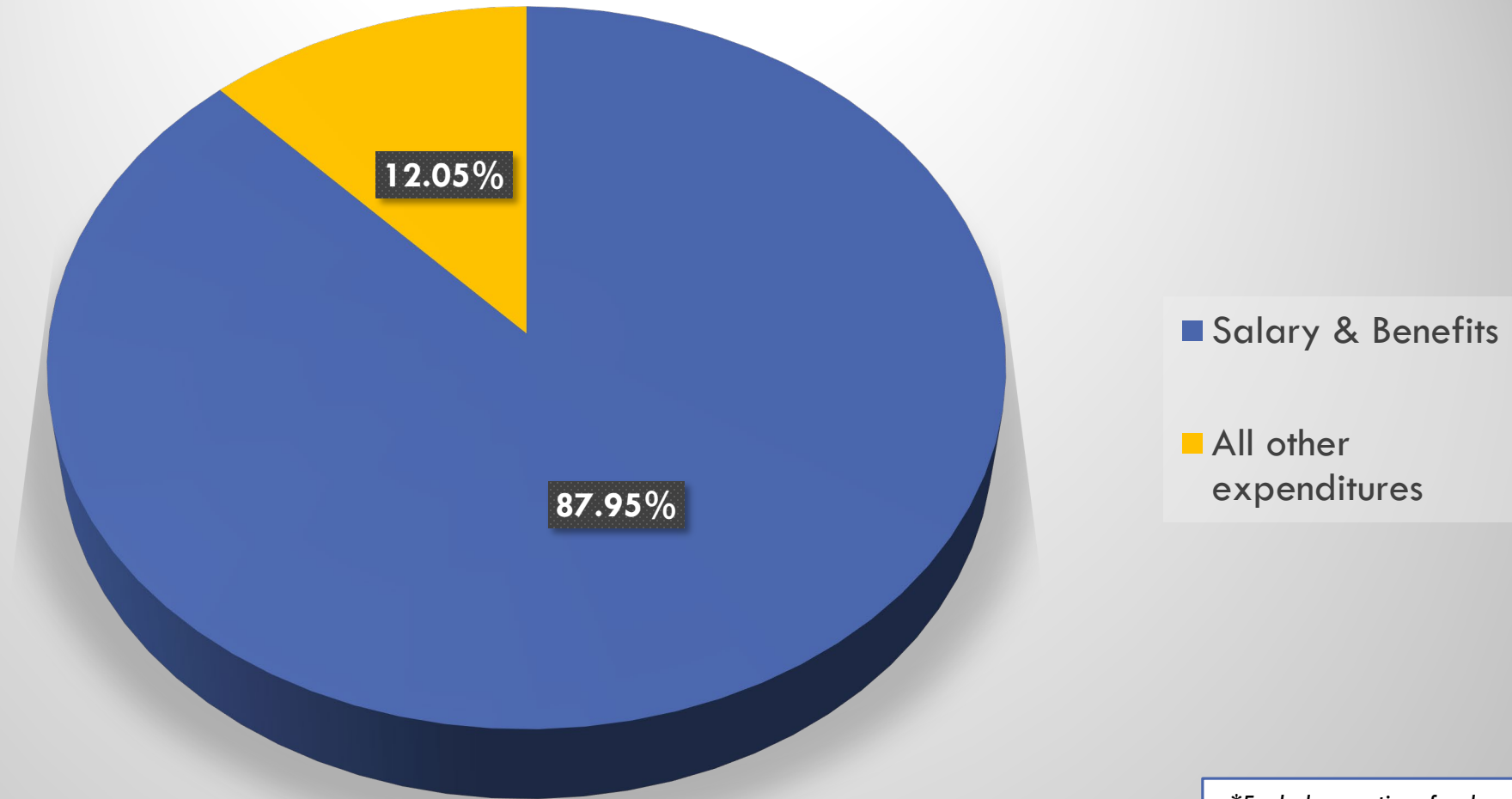
Total General Fund (Unrest. + Restricted)	First Interim 2021-22	Second Interim 2021-22	Difference
Revenue	\$ 165,912,182	\$ 168,045,223	\$ 2,133,041
Expenditures	\$ 177,521,290	\$ 179,808,539	\$ 2,287,249
Net Inc/Decr to Fund Balance	\$ (11,609,108)	\$ (11,763,316)	\$ (154,208)
Beg Fund Balance	\$ 48,017,006	\$ 48,017,006	\$ -
Ending Fund Balance	\$ 36,407,898	\$ 36,253,690	\$ (154,208)
7% Min. Unrestricted Reserve	\$ 12,426,490	\$ 12,586,598	\$ 160,108
% Unrestricted Reserve	20.48%	20.13%	-0.35%

BALANCES: ONE-TIME FUNDS IN 2021-22

RESOURCE CODE	PROGRAM NAME	ALLOCATION	BALANCE as of 2/24/2022
7412	A-G COMPLETION IMPROVEMENT GRANT-ACCESS/SUCCESS GRANT	\$ 569,176	\$ 569,176
7413	A-G COMPLETION IMPROVEMENT GRANT-LEARNING LOSS MITIGATION GRANT	\$ 227,411	\$ 227,411
6266	EDUCATOR EFFECTIVENESS BLOCK GRANT	\$ 2,280,296	\$ 2,253,937
3210	ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) I FUND	\$ 1,527,177	\$ 5,580
3212	ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) II FUND	\$ 4,901,235	\$ 3,083,210
3213	ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) III FUND	\$ 8,804,012	\$ 6,395,940
3214	ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) III FUND: LEARNING LOSS	\$ 2,201,003	\$ 613,607
3215	GOVERNOR'S EMERGENCY EDUCATION RELIEF (GEER) FUND: LEARNING LOSS MITIGATION	\$ 667,016	\$ 451
3216	EXPANDED LEARNING OPPORTUNITIES (ELO) GRANT (FEDERAL FUNDS)	\$ 1,118,160	\$ 1,067,124
3217	EXPANDED LEARNING OPPORTUNITIES (ELO) GRANT (FEDERAL FUNDS)	\$ 256,584	\$ 256,584
3218	EXPANDED LEARNING OPPORTUNITIES (ELO) GRANT (FEDERAL FUNDS)	\$ 728,732	\$ 728,732
3219	EXPANDED LEARNING OPPORTUNITIES (ELO) GRANT (FEDERAL FUNDS)	\$ 1,255,614	\$ 1,255,614
5634	AMERICAN RESCUE PLAN - HOMELESS CHILDREN AND YOUTH II (ARP HCY II)	\$ 41,397	\$ 41,397
7425	EXPANDED LEARNING OPPORTUNITIES (ELO) GRANT (STATE FUNDS)	\$ 3,496,250	\$ 200,001
7426	EXPANDED LEARNING OPPORTUNITIES (ELO) GRANT: PARAPROFESSIONAL STAFF	\$ 739,998	\$ 707,149
6053/6054	PREKINDERGARTEN PLANNING AND IMPLEMENTATION GRANT		
7700	PRESCHOOL, TRANSITIONAL KINDERGARTEN, AND FULL-DAY KINDERGARTEN FACILITIES GRANT		
3305	SPECIAL EDUCATION ARP IDEA PART B, SEC 611, LOCAL ASSIST ENTITLEMENT	\$ 416,123	\$ 416,123
3306	SPECIAL EDUCATION: ARP IDEA PART B, SEC 611, PRIVATE SCHOOLS	\$ 3,723	\$ 3,723
3308	SPECIAL EDUCATION ARP IDEA PART B, SEC 619, PRESCHOOL GRANTS	\$ 37,540	\$ 37,540
6536	SPECIAL EDUCATION DISPUTE RESOLUTION	\$ 151,404	\$ 151,404
6537	SPECIAL EDUCATION LEARNING RECOVERY SUPPORT	\$ 851,648	\$ 792,663
5058	DEVELOPMENT: CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS (CRRSA)	\$ 42,446	\$ 40,446
Total		\$ 30,316,945	\$ 18,847,813

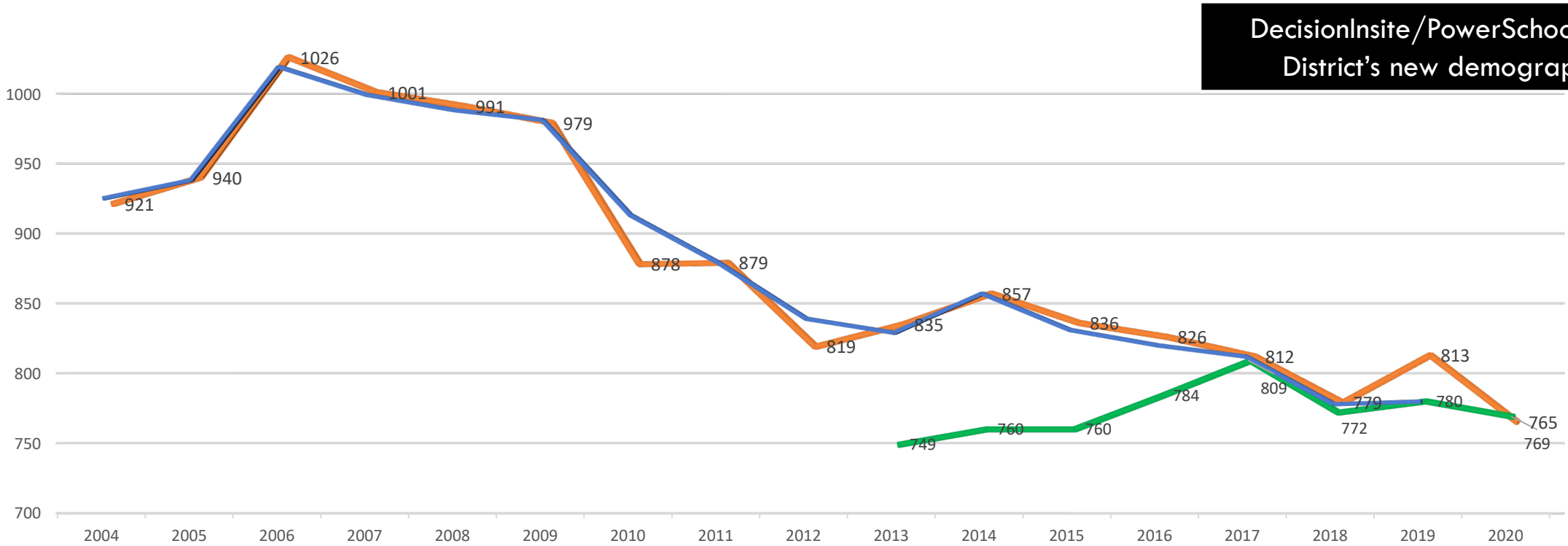
These are restricted funds.
Can NOT be used for
supplanting or supporting
on-going salary increases.

WHAT % DO WE SPEND ON UNRESTRICTED SALARY & BENEFITS?



**Exclude one-time funds,
and Carryover funds*

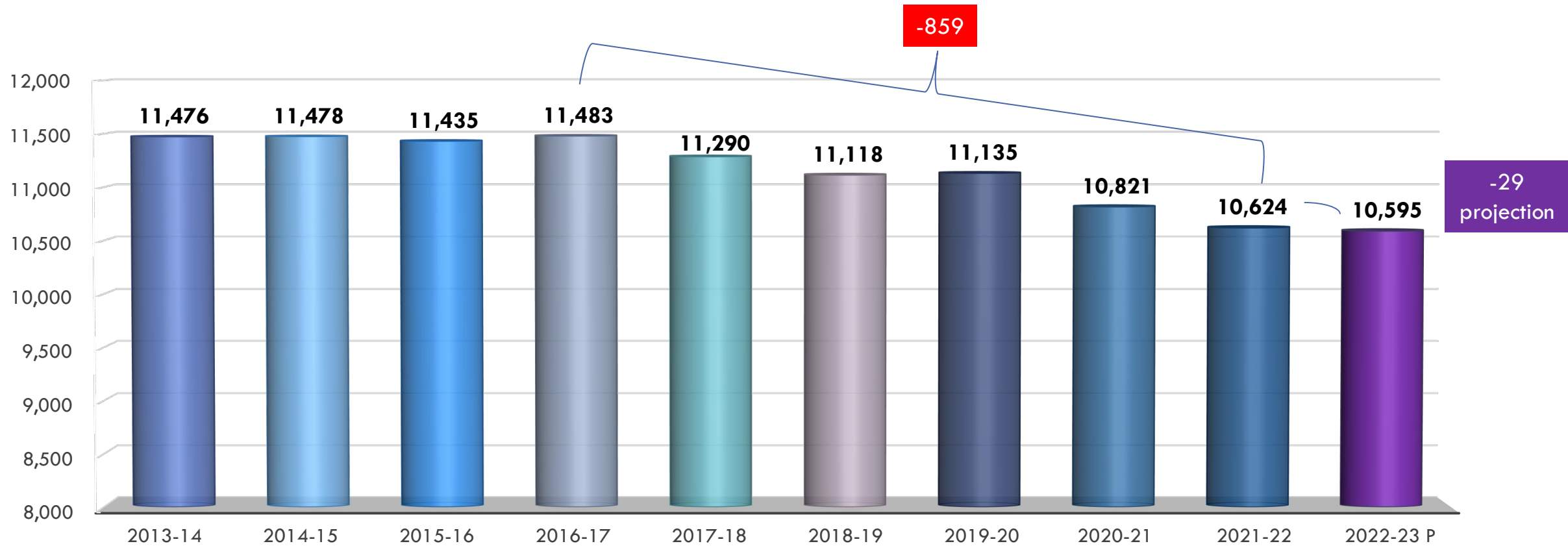
GILROY BIRTH DATA BY ZIP CODE



DecisionInsite/PowerSchool is the District's new demographer.

■ Original (former Demographer)
 ■ PowerSchool 2022 Report
 ■ CHHS Data

GUSD ENROLLMENT HISTORY AND PROJECTED ENROLLMENT FOR 2022-23



POWERSCHOOL ENROLLMENT PROJECTIONS

Projected Year: 2022																	2022-23
School	TK	K	1	2	3	4	5	6	7	8	9	10	11	12	SubTotal	SDC	Total
[Antonio Del Buono [closed June 2020]	0	0	0	0	0	0	0								0	0	0
El Roble School	75	70	70	79	78	87	84								543	27	570
Eliot School	78	73	76	77	81	77	86								548	0	548
Glen View School		74	81	73	86	67	77								458	10	468
Las Animas School	1	122	125	115	136	121	119								739	26	765
Luigi Aprea	0	105	116	104	91	122	118								656	36	692
Rod Kelley School		107	114	126	119	131	119								716	0	716
Rucker School		72	80	93	101	94	97								537	10	547
Virtual Learning Acad (Elem)	4	0	0	0	1	0	0								5	0	5
Brownell MS								260	246	237					743	30	773
Solorsano (Ascencion) MS								216	247	246					709	30	739
South Valley MS								248	237	240					725	33	758
Virtual Learning Acad (Middle)								0	0	2					2	0	2
Christopher HS											412	413	464	361	1650	43	1693
Christopher HS Independent Study											0	0	0	0	0	0	0
Dr. TJ Owens Gilroy Early College Academy											85	83	70	63	301	0	301
Gilroy HS											472	454	498	362	1786	40	1826
Gilroy HS Independent Study											0	0	0	0	0	0	0
Mt. Madonna HS											0	0	43	145	188	0	188
Mt. Madonna HS Independent Study											0	0	0	0	0	0	0
Virtual Learning Acad (High)											0	3	0	1	4	0	4
Totals:	158	623	662	667	693	699	700	724	730	725	969	953	1075	932	10310	285	10595

POWERSCHOOL ENROLLMENT PROJECTIONS

Projections (GlyrUnfd22Cnsv) (2022)

Rejections (City and State) (2012)

DECISIONINSITE

POWERED BY

hoonuit

Grade	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
TK	128	114	86	101	157	220	285	382	377	371	369	368	365	360
K	691	698	612	636	623	623	627	631	622	613	611	608	602	595
1	706	724	680	671	662	653	651	650	653	643	641	637	632	623
2	748	723	683	689	667	663	653	646	649	651	648	644	638	630
3	740	753	705	689	692	673	667	653	647	649	657	654	648	639
4	755	766	735	711	698	705	685	675	658	651	659	666	661	652
5	818	756	736	724	701	692	695	674	671	653	651	658	664	656
6	767	835	729	740	724	710	693	698	667	670	655	652	657	662
7	860	804	788	712	730	719	705	685	694	663	670	655	650	654
8	774	906	780	825	726	747	737	720	692	701	673	679	663	657
9	905	930	1033	939	970	876	903	883	866	834	846	812	819	795
10	954	927	909	1058	953	987	895	915	890	873	845	856	820	825
11	894	978	917	941	1075	971	1008	909	923	898	886	857	866	827
12	928	897	960	912	932	1066	962	997	905	918	894	883	852	860
Subtotals:	10668	10811	10353	10348	10310	10305	10166	10118	9914	9788	9705	9629	9537	9435
SDC:	422	332	365	285	285	284	278	275	270	266	264	263	261	258
Totals:	11090	11143	10718	10633	10595	10589	10444	10393	10184	10054	9969	9892	9798	9693

DECISION INSITE 
POWERED BY **hoonuit**

Incorporates universal
TK starting in 2022-23

MULTI-YEAR PROJECTION (MYP) ASSUMPTIONS

REVENUE ASSUMPTIONS

Funded Cost of Living Adjustments (COLAs)

- 5.07% for 2021-22 (“MEGA” COLA)
- 5.33% for 2022-23
- 3.61% for 2023-24
- 3.64% for 2024-25

Incorporates PowerSchool's projected in enrollment as follows:

- 29 decline in 2022-23
- 6 decline in 2023-24
- 145 decline in 2024-25

Marginal decline over subsequent two years,
prior to sustained decline in long term projection

- Does NOT include the Proposal of using prior 3-year average ADA.

EXPENDITURE ASSUMPTIONS

- Includes changes in employer mandated CalSTRS and CalPERS rates that cost \$2.1 million in 2022-23

	2021-22	2022-23
CalSTRS	16.92%	19.10%
CalPERS	22.91	26.10%

- Removes placeholder budget reductions in 2022-23 and in 2023-24 (formerly tied to enrollment decline)
- Maintains the \$500k reduction for enrollment decline in 2024-25
- Removes corresponding expenditures of the one-time grants/entitlements

MYP – AT SECOND INTERIM

	2021-22 SECOND INTERIM (92.5% ADA)			2022-23 Projection (94% thereafter)			2023-24 Projection			2024-25 Projection		
REVENUES	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
LCFF	112,292,812	5,638,776	117,931,588	111,627,137	5,301,227	116,928,364	115,313,799	5,301,227	120,615,026	119,014,444	5,301,227	124,315,671
Increase to Supp & Conc.	585,027	-	585,027	570,230	-	570,230	532,512	-	532,512	480,228	-	480,228
One Time Revenues (Sp Ed)	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from ADB	160,000	-	160,000	200,000	-	200,000	200,000	-	200,000	200,000	-	200,000
Federal Revenues	-	27,045,439	27,045,439	-	6,168,623	6,168,623	-	6,168,623	6,168,623	-	6,168,623	6,168,623
Other State Revenues	2,150,083	15,149,351	17,299,434	2,150,083	8,899,709	11,049,792	2,150,083	9,140,891	11,290,974	2,150,083	8,899,709	11,049,792
Other Local Revenues	1,049,500	3,974,234	5,023,734	1,049,500	3,260,651	4,310,151	1,049,500	3,260,651	4,310,151	1,049,500	3,260,651	4,310,151
TOTAL, REVENUES	116,237,422	51,807,801	168,045,223	115,596,950	23,630,210	139,227,160	119,245,894	23,871,392	143,117,286	122,894,255	23,630,210	146,524,465
EXPENDITURES	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Placeholder cuts (24-25) Declining Enroll.	-	-	-	-	-	-	-	-	-	(500,000)	-	(500,000)
Certificated	47,402,520	11,039,138	58,441,658	48,113,557	11,204,725	59,318,283	48,835,261	11,372,796	60,208,057	49,567,790	11,543,388	61,111,178
Classified	13,484,730	7,850,513	21,335,243	13,687,001	7,968,271	21,655,272	13,892,306	8,087,795	21,980,101	14,100,691	8,209,112	22,309,802
Employee Benefits	21,176,835	13,325,366	34,502,201	23,269,088	12,981,775	36,250,863	23,723,066	13,981,775	37,704,841	24,100,792	14,136,262	38,237,054
Books & Supplies	8,185,397	20,486,995	28,672,393	3,949,394	2,733,524	6,682,918	3,949,394	2,675,469	6,624,863	3,949,394	2,709,029	6,658,423
Services & Operating Expenses	12,082,807	20,820,749	32,903,556	8,860,400	3,578,751	12,439,150	8,860,400	2,884,900	11,745,300	8,860,400	2,456,589	11,316,989
Capital Outlay	204,896	232,275	437,170	252,325	87,183	339,508	252,325	87,183	339,508	252,325	87,183	339,508
Other Outgo	418,910	3,360,386	3,779,296	442,717	3,534,002	3,976,719	449,358	3,527,994	3,977,352	449,358	3,527,994	3,977,352
Transfers of Indirect Costs	(1,509,121)	1,246,143	(262,978)	(778,300)	775,258	(3,042)	(793,248)	775,258	(17,990)	(804,864)	775,258	(29,606)
TOTAL, EXPENDITURES	101,446,974	78,361,565	179,808,539	97,796,183	42,863,488	140,659,672	99,168,862	43,393,170	142,562,032	99,975,886	43,444,815	143,420,700
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	(18,949,043)	18,949,043	-	(19,233,279)	19,233,279	-	(19,521,778)	19,521,778	-	(19,814,604)	19,814,604	-
TOTAL, OTHER SOURCES/USES	(18,949,043)	18,949,043	-	(19,233,279)	19,233,279	-	(19,521,778)	19,521,778	-	(19,814,604)	19,814,604	-
NET INCREASE (DECREASE)	(4,158,595)	(7,604,721)	(11,763,316)	(1,432,512)	0	(1,432,512)	555,254	0	555,254	3,103,765	(0)	3,103,764
FUND BALANCE	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Beginning Fund Balance	40,412,285	7,604,721	48,017,006	36,253,690	-	36,253,690	34,821,178	0	34,821,178	35,376,432	0	35,376,432
Proj. Ending Fund Balance	36,253,690	-	36,253,690	34,821,178	0	34,821,178	35,376,432	0	35,376,432	38,480,196	\$ 0	38,480,197
Minimum RESERVE	\$ 12,586,598			\$ 9,846,177			\$ 9,979,342			\$ 10,039,449		
UNRESTRICTED RESERVE	20.13%			24.72%			24.78%			26.80%		
Unassigned/Unappropriated	23,617,032			24,925,001			25,347,090			28,390,747		

Prior to settlements with bargaining units

VARIABLES THAT WILL IMPACT OUR OUTLOOK

State level

- May Revision v. January Budget Proposal
- Inflation & Federal Reserve action on interest rates
- Covid-19 variants?
- Enacted Budget
 - Funded COLA
 - ELOP funding level
 - ADA Proposal (use of prior 3-year average) or others competing bills

Local level

- Settlements with bargaining units
- Actual occupancy of new residential dwellings
- Actual student generation rates of new units
- Actual Enrollment in fall of 2022

RESERVE CAP (PROP 2) IN 2022-23

■ Background

- Proposition 2 passed on November 4, 2014
- Senate Bill (SB) 751 (Chapter 674, Statutes of 2017) set the threshold for triggering the cap on district reserves
 - Exemptions for small districts, community colleges and basic aid districts
- Sets limits of how much school districts can maintain in their local reserves
- Would trigger 10% reserve cap for GUSD in 2022-23

California Proposition 2



Election date
November 4, 2014

Topic
State and local government budgets,
spending and finance

Status
✔ Approved

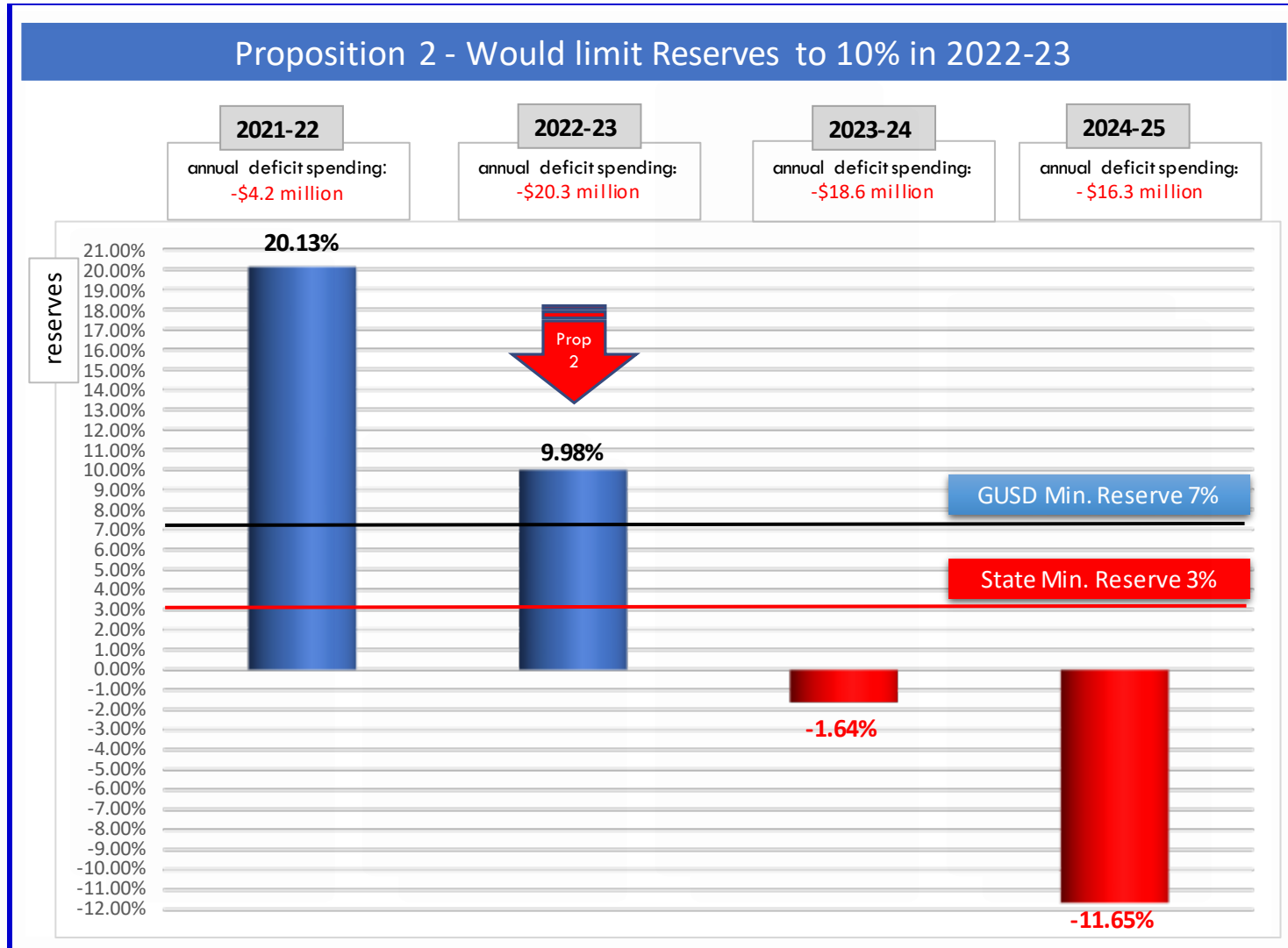
Type
Constitutional
amendment

Origin
State
legislature

California Proposition 2		
Result	Votes	Percentage
✔ Yes	4,831,045	69.12%
No	2,158,004	30.88%

What is the fiscal impact this law would have on GUSD's fiscal solvency?

RESERVE CAP (PROP 2) IN 2022-23

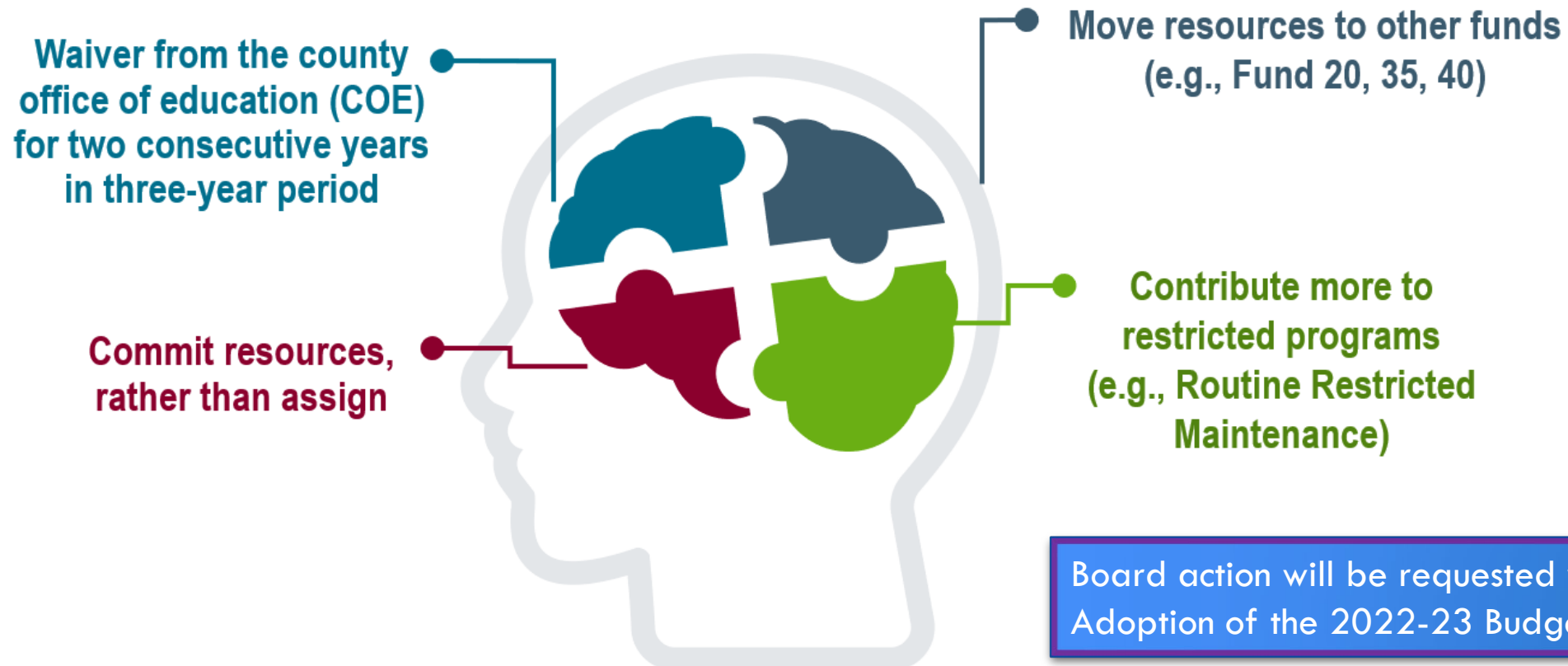


What is the fiscal impact this law would have on GUSD's fiscal solvency?

Proposition 2 leads to fiscal insolvency!

Negative Certification status in ONE YEAR!

RESERVE CAP COMPLIANCE



RECOMMENDED BOARD ACTION

- ☐ Approve the Second Interim Financial Report with a **Positive** Certification