FIRST INTERIM FINANCIAL REPORT

Presented to the Governing Board on December 16, 2021

Topics

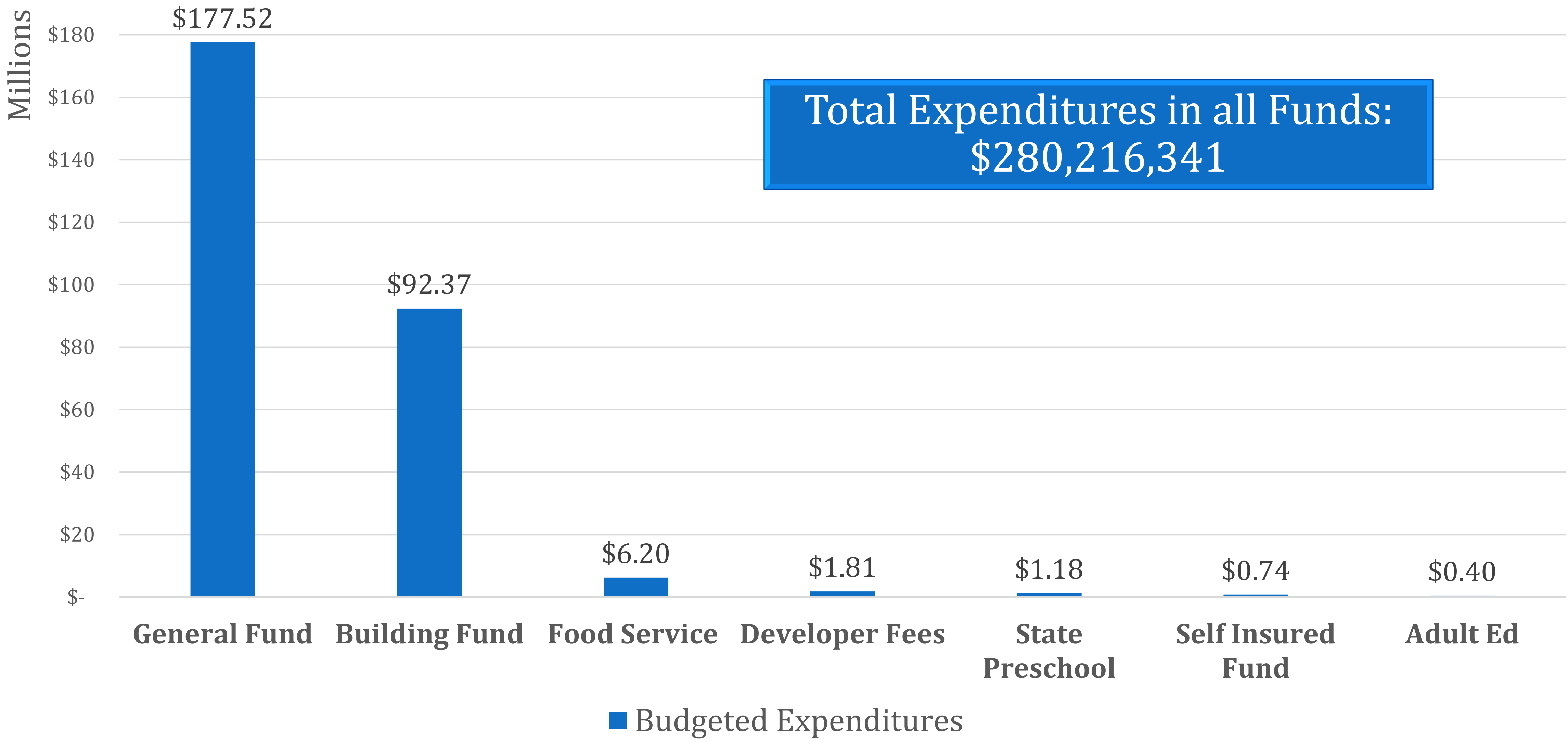
- Types of Interim Certifications
- Variance between First Interim and Second Interim
- Declining enrollment & expiration of hold harmless protection
- LAO's Outlook on the State January Budget Proposal
- Updated Multi-Year Projection
  - What's included?
  - What's not included
- Certify Interim Report

Interim Certification

- 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 First Interim is self-certified as "Positive"**

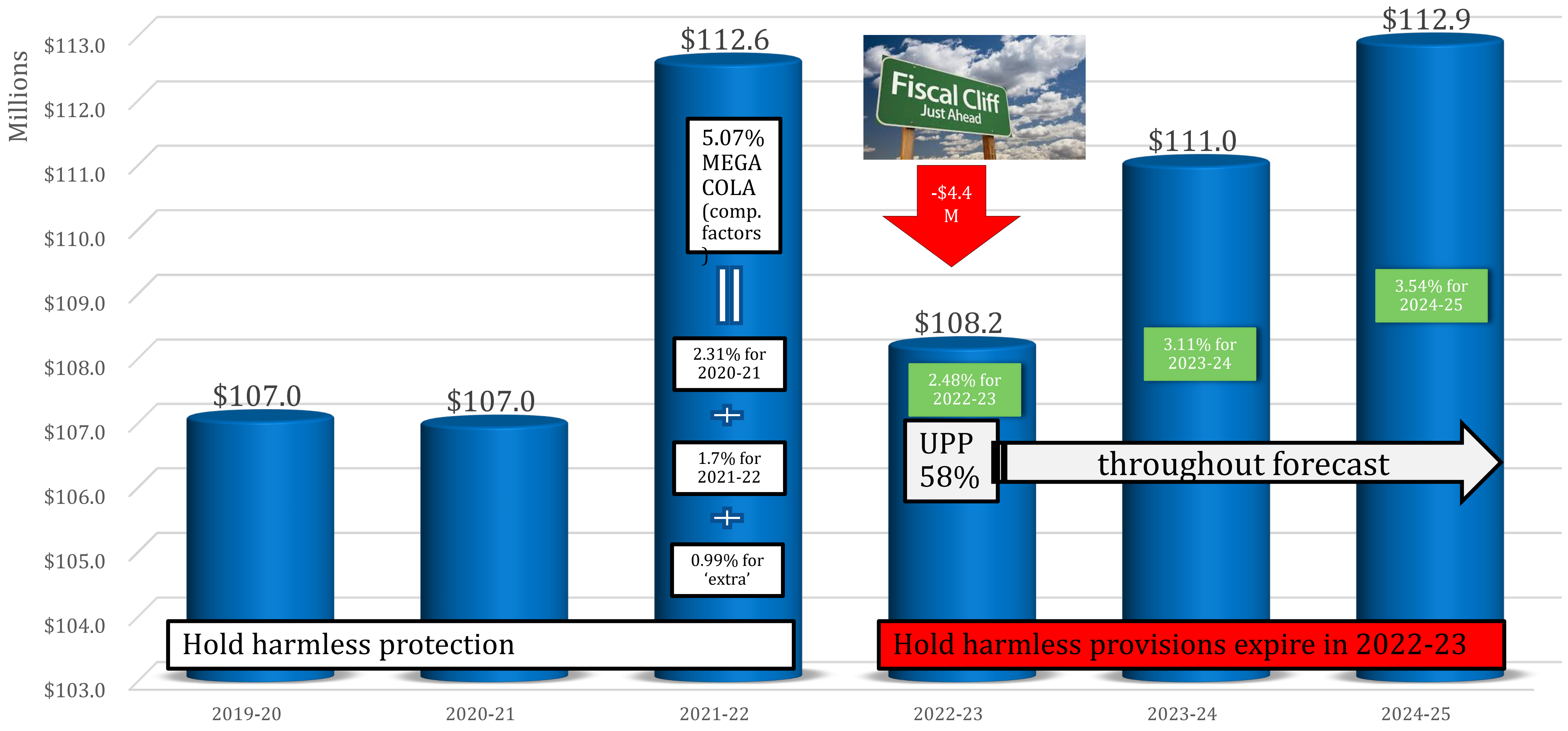
2021-22 First Interim Expenditures by Major Fund



GENERAL FUND: Variance between interim reports

Unrestricted Expenditures	Sept. Budget 2021-22	First Interim 2021-22	Difference
Revenue	$ 115,832,930	$ 115,824,707	$ (8,223)
Expenditures	$ 100,759,487	$ 100,880,052	$ 120,564
Excess/(Deficiency)	$ 15,073,443	$ 14,944,655	$ (128,787)
Other Financing & Contribution	$ (19,069,043)	$ (18,949,043)	$ 120,000
Net Inc/Decr to Fund Balance	$ (3,995,600)	$ (4,004,388)	$ (8,787)
Beg Fund Balance	$ 40,412,285	$ 40,412,285	$ -
Ending Fund Balance	$ 36,416,685	$ 36,407,897	$ (8,787)
7% Min. Unrestricted Reserve	$ 11,974,659	$ 12,426,490	$ 451,831
% Unrestricted Reserve	21.26%	20.48%	-0.78%

LCFF Revenues: Fiscal Cliff and Reserve Level Restriction in 2022-23



- GUSD declined by 314 students last year.
- Declined by 187 this year (prelim CBEDS)
- Projected to lose $5.2 million, ***after*** adding a projected **2.48%** COLA in 2022-23!

Hold harmless & Average daily attendance

- **Enrollment** – A snapshot of enrollment across the state on the First Wednesday of October.
- **Average Daily Attendance** – Funding in the state is based on actual daily attendance.
  - Historically, about 94%-95% of Enrollment for GUSD
  - Currently, GUSD's ADA is about 93% at best.

Impact of Hold Harmless

2019-20 Enrollment:	11,135
2019-20 Funded ADA:	**10,600**
2020-21 Enrollment:	10,821
2020-21 Funded ADA:	**10,600**
2021-22 Enrollment:	10,636
2021-22 Funded ADA:	**10,600**
2022-23 Enrollment:	10,466
2022-23 Funded ADA:	**9,890**

-$7,586,350 revenue loss!

Revenue loss is offset by positive COLA of 2.48% in

-710 ADA!

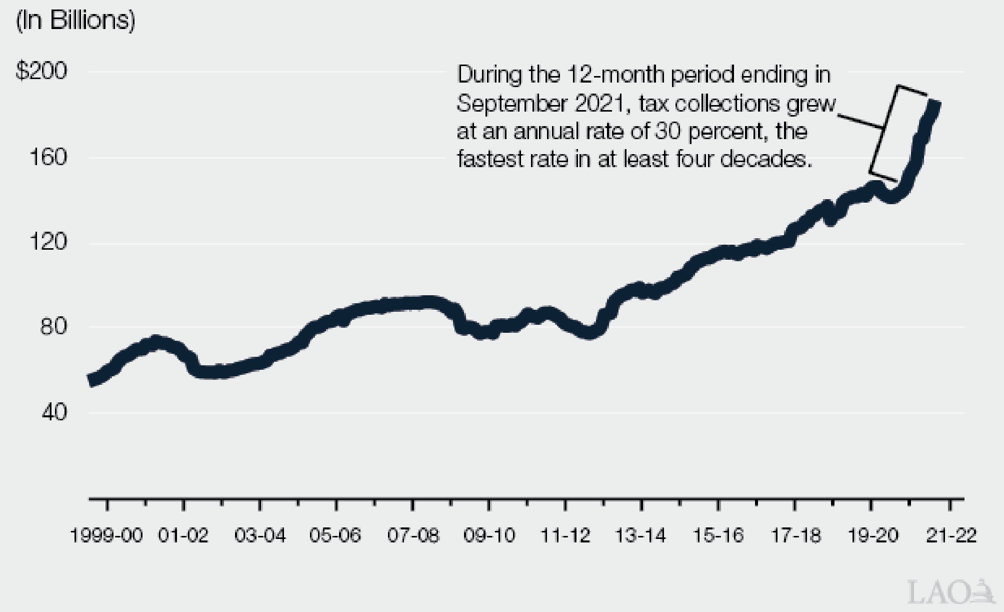
Legislative Analyst's Office (LAO) Fiscal Outlook for Schools in 2022-23

- Proposition 98 is estimated to be about $12 billion above 2021-22 budget level
- The "big three" taxes (personal income, sales, and corporate taxes) outperforming budget expectations.

Figure 2

Rapid Rise in Revenue Collections in Recent Months

Rolling 12-Month Total Collections From Income, Sales, and Corporation Taxes

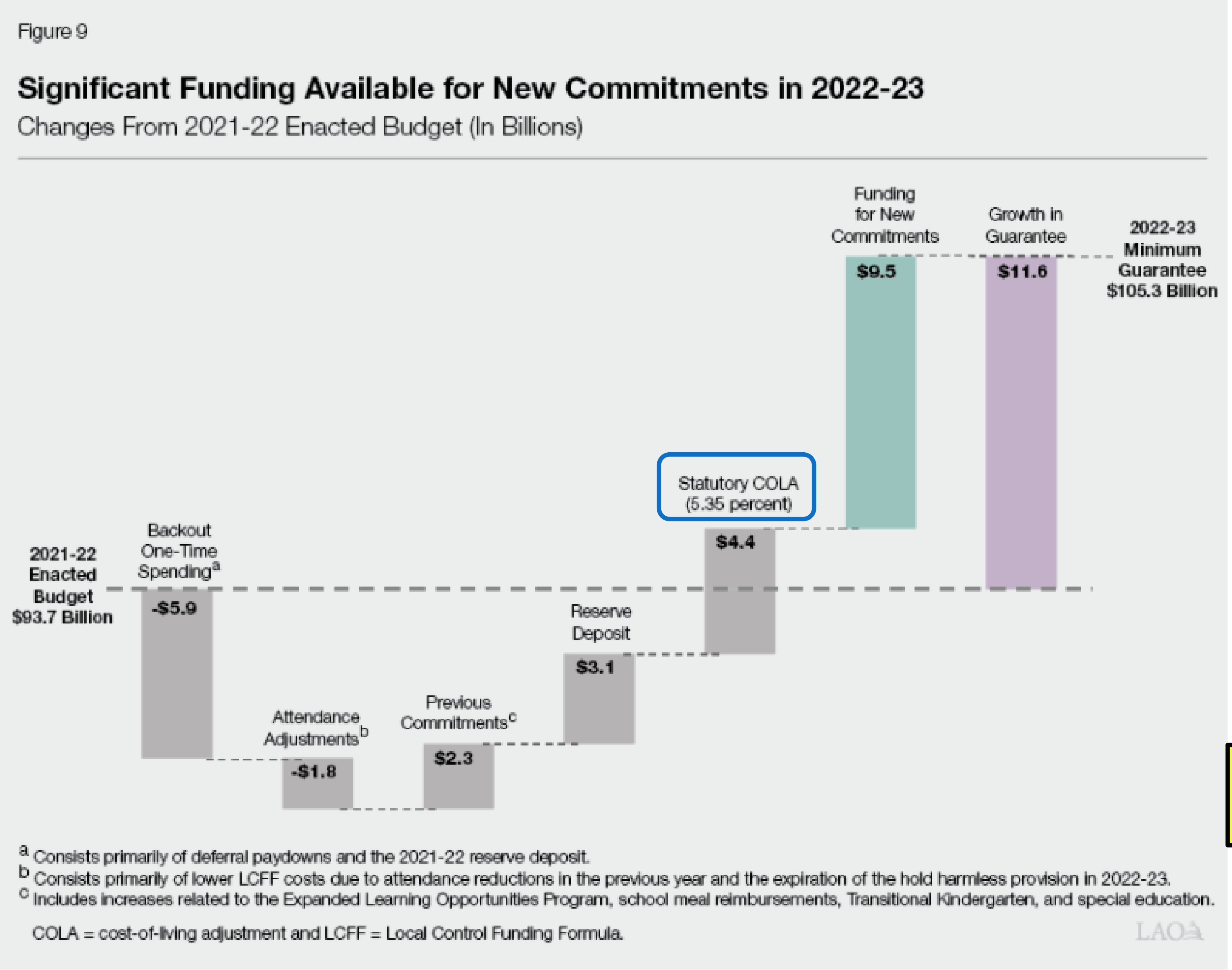


- ❑ Prop 98 Minimum Guarantee expected to grow by about $11.6 billion
- ❑ State required to provide $10 billion in one-time funding – state Legislature could look to allocate this "settle up" for schools or community college programs.

csba
California School Boards Association

2022–23 Fiscal Outlook estimates schools will see $20 billion for new commitments

Legislative Analyst's Office (LAO) Fiscal Outlook for Schools in 2022-23



Cost of Living Adjustment 5.35%

LAO estimates the state will have about $9.5 billion for "new commitments" after funding the COLA.

CAUTION

Higher COLA should soften the "Fiscal Cliff" – but GUSD has to address declining enrollment.

LAO Comments on State Surplus

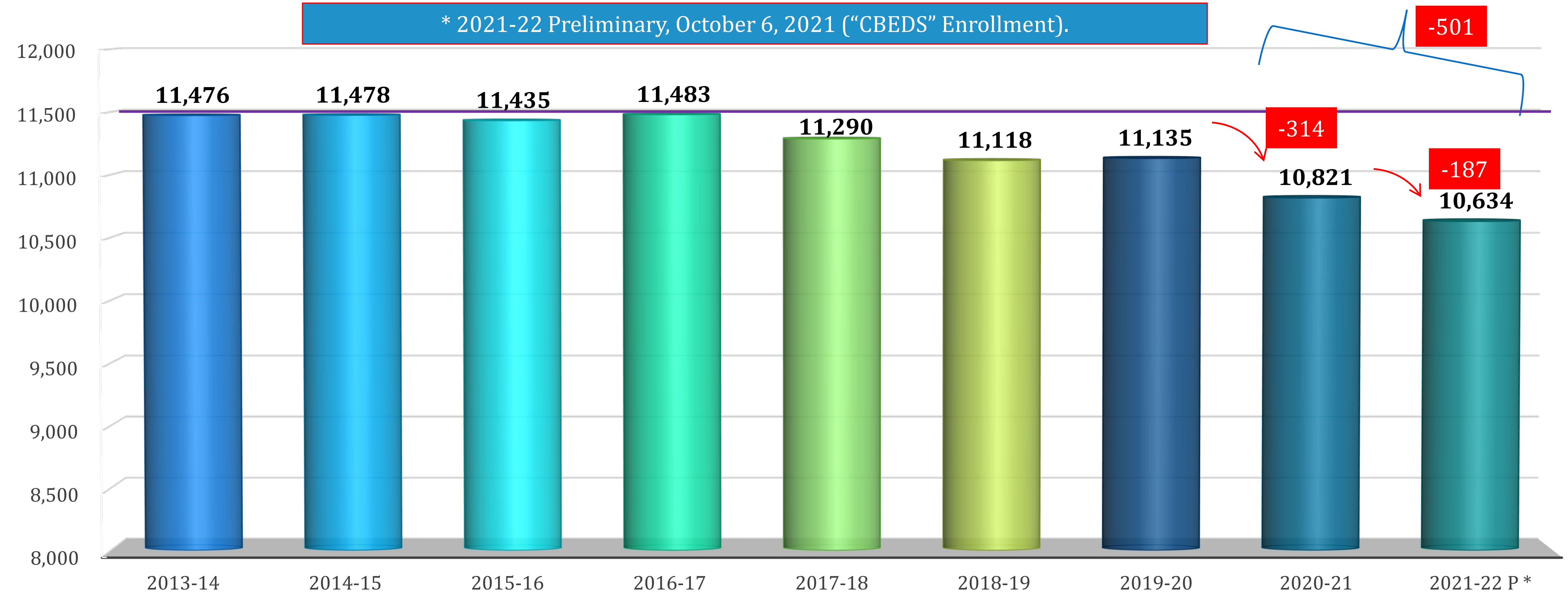
- Earmark $2.5 billion from the state surplus to mitigate impacts of a higher inflation scenario
- Options for allocating targeted funds for schools
- Accelerate Expanded Learning Opportunities Program (ELO-P).
- Equalize LCFF "add-ons" --- for example Transportation entitlement.

  -equalization would be based on a minimum funding per student and not based on a historical amount.
- Full implementation of Special Education Reforms
- Address pension obligations and costs
- Improve climate resiliency and emergency preparedness
- Make an optional Proposition 98 Reserve Deposit

Multi-Year Projection

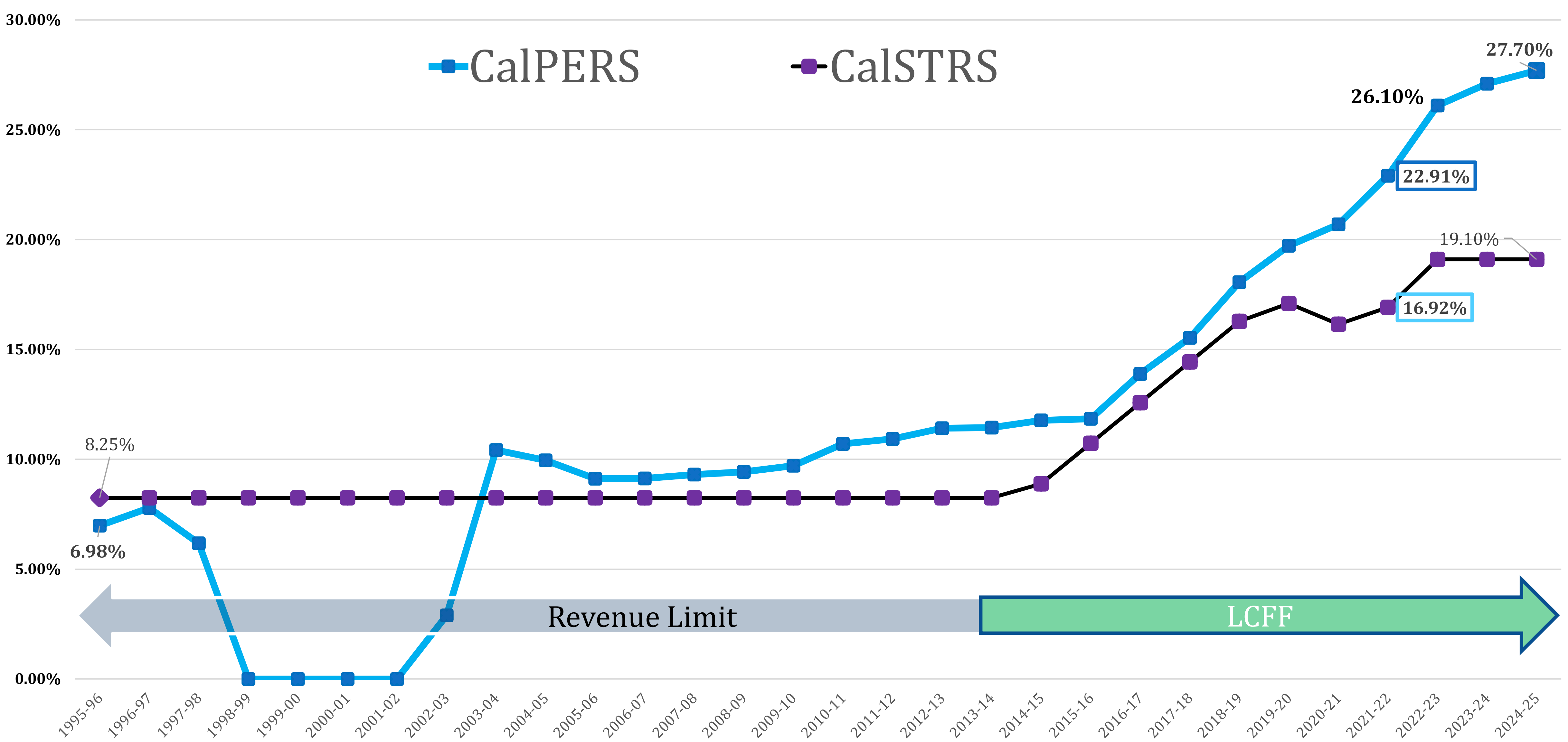
A projection is a forecast – not a *prediction*!

Declining Enrollment *(Excludes Navigator Charter School)*



Source: data from DataQuest; includes NPS, Excludes Navigator.

Mandated Employer Pension Costs from the State



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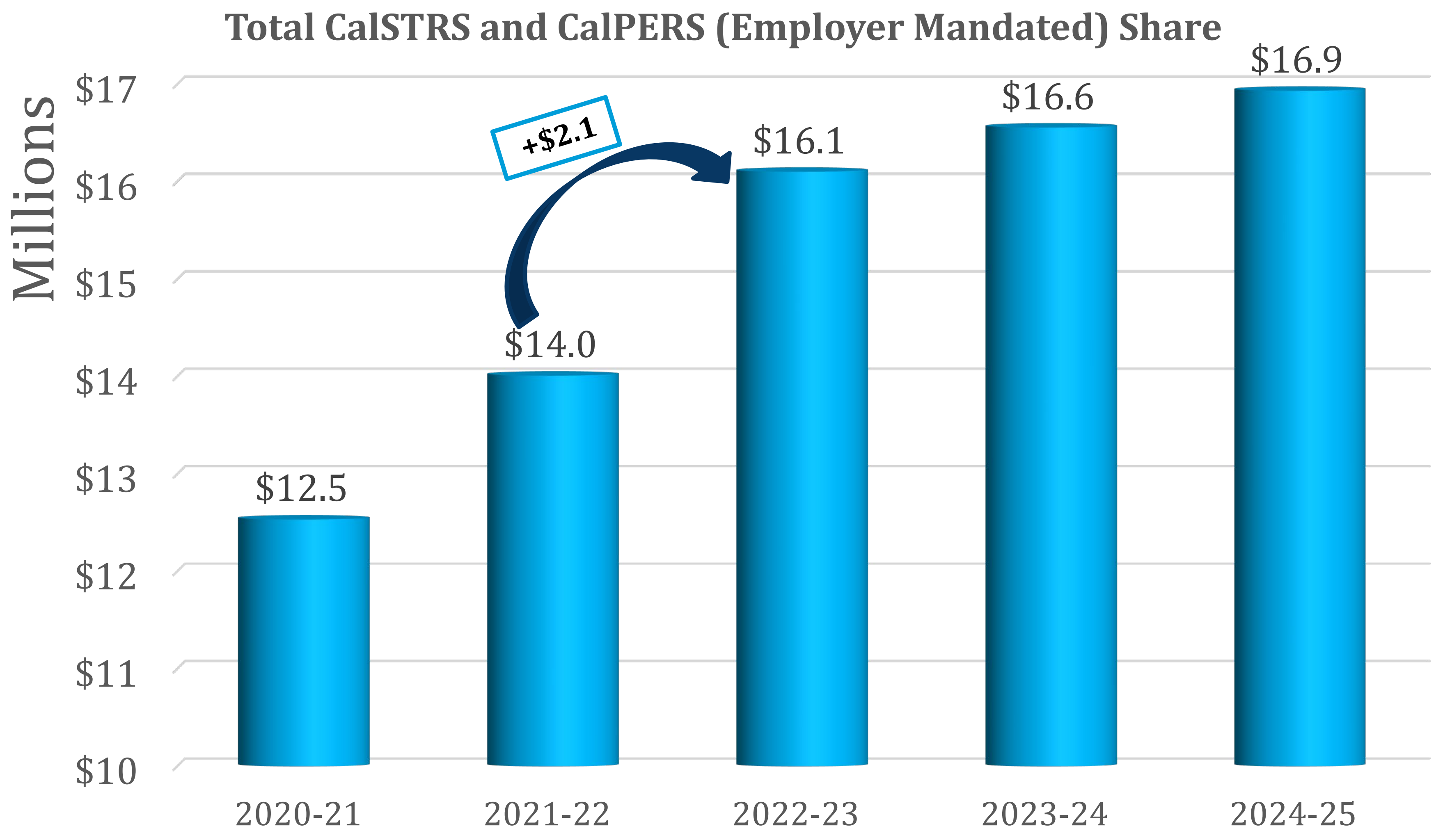

Excludes other employer mandated rates: unemployment insurance, workers compensation, etc.

What's included in the Multi-Year Projection

As of First Interim Financial Report (December 2020)

REVENUE ASSUMPTIONS

- Funded Cost of Living Adjustments (COLAs)
  - 5.07% for 2021-22 ("MEGA" COLA)
  - 2.48% for 2022-23
  - 3.11% for 2023-24
- Incorporates DecisionInsites' projected decline in enrollment as follows:
  - 179 decline in 2022-23
  - 187 decline in 2023-24.
- Educator Effectiveness Grant $2,280,296 (one-time)
- American Rescue Plan-Homeless Children & Youth: $41,397 (one-time)
- Special Ed Dispute Prevention: $151,404 (one-time)
- Special Ed Learning Recovery: $851,648 (one-time)
- Expanded Learning Opportunities Program: $2,099,245 ***(on-going*)***

EXPENDITURE ASSUMPTIONS

- Includes **$500k** million placeholder budget cuts to correspond to decline in enrollment.
- Includes changes in employer mandated CalSTRS and CalPERS rates
- Reduces the total contributions to Special Education by $120k for 2021-22.
- Adds the corresponding expenditures of the grants/entitlements

Not included in the Budget

- Cal. Prek Planning Implementation Grant
  - Preliminary estimate: $127,832
  - Must be spent by June 30, 2024
- A-G Completion Improvement Grant
  - Preliminary estimate: $874,766
  - Must be spent by June 30, 2026
  - Must have an approved plan by April 1, 2022.

Multi-Year Projection *(prior to any TA with Bargaining Units)*

GUSD
EXCELLENCE: IT TAKES EVERYONE!

	2021-22 1st INTERIM (93% ADA)			2022-23 Projection (94.5% thereafter)			2023-24 Projection			2024-25 Projection		
REVENUES	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
LCFF	112,042,154	5,301,227	117,343,381	107,678,906	5,301,227	112,980,133	110,543,443	5,301,227	115,844,670	112,432,029	5,301,227	117,733,256
Increase to Supp & Conc.	531,316		531,316	497,953		497,953	456,691		456,691	453,182	-	453,182
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	-	27,040,472	27,040,472	-	6,168,623	6,168,623	-	6,168,623	6,168,623	-	6,168,623	6,168,623
Other State Revenues	2,041,737	14,179,265	16,221,002	2,041,737	8,899,709	10,941,446	2,041,737	9,140,891	11,182,628	2,041,737	8,899,709	10,941,446
Other Local Revenues	1,049,500	3,566,510	4,616,010	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	**115,824,707**	**50,087,475**	**165,912,182**	**111,468,096**	**23,630,210**	**135,098,306**	**114,291,371**	**23,871,392**	**138,162,763**	**116,176,448**	**23,630,210**	**139,806,658**
EXPENDITURES												
Placeholder cuts (22-23) Declining Enroll.			-	(500,000)	-	(500,000)	(500,000)	-	(500,000)	(500,000)	-	(500,000)
Placeholder cuts (23-24) Declining Enroll.			-		-	-	(500,000)	-	(500,000)	(500,000)	-	(500,000)
Placeholder cuts (24-25) Declining Enroll.			-			-			-	(500,000)		(500,000)
Certificated	47,430,560	11,033,438	58,463,998	48,142,019	11,198,939	59,340,958	48,864,149	11,366,923	60,231,072	49,597,111	11,537,427	61,134,538
Classified	13,486,003	7,624,460	21,110,463	13,688,293	7,738,827	21,427,120	13,893,618	7,854,909	21,748,527	14,102,022	7,972,733	22,074,755
Employee Benefits	21,212,845	13,194,360	34,407,205	23,305,098	12,981,775	36,286,873	23,759,076	13,981,775	37,740,851	24,136,802	14,136,262	38,273,064
Books & Supplies	8,474,333	20,448,038	28,922,371	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	11,269,051	19,363,507	30,632,558	8,860,400	3,813,981	12,674,381	8,860,400	3,123,658	11,984,058	8,860,400	2,698,928	11,559,328
Capital Outlay	84,896	207,275	292,170	252,325	87,183	339,508	252,325	87,183	339,508	252,325	87,183	339,508
Other Outgo	420,910	3,534,592	3,955,502	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	(1,498,546)	1,235,568	(262,978)	(778,300)	775,258	(3,042)	(793,248)	775,258	(17,990)	(804,864)	775,258	(29,606)
TOTAL, EXPENDITURES	**100,880,052**	**76,641,239**	**177,521,290**	**97,361,946**	**42,863,489**	**140,225,435**	**98,235,072**	**43,393,169**	**141,628,241**	**99,042,548**	**43,444,814**	**142,487,362**
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)	**(4,004,388)**	**(7,604,721)**	(11,609,108)	**(5,127,129)**	**(0)**	(5,127,129)	**(3,465,478)**	**0**	(3,465,478)	**(2,680,705)**	**0**	(2,680,704)
FUND BALANCE												
Beginning Fund Balance	40,412,285	7,604,721	48,017,006	36,407,897	-	36,407,897	31,280,769	(0)	31,280,768	27,815,290	(0)	27,815,290
Proj. Ending Fund Balance	**36,407,897**	-	36,407,897	**31,280,769**	**(0)**	31,280,768	**27,815,290**	**(0)**	27,815,290	**25,134,586**	**0**	25,134,586
Miminum RESERVE	$ 12,426,490			$ 9,815,781			$ 9,913,977			$ 9,974,115		
UNRESTRICTED RESERVE	**20.48%**			**22.27%**			**19.60%**			**17.60%**		
Unassigned/Unappropriated	*23,931,407*			*21,414,388*			*17,851,313*			*15,110,470*		

Multi-Year Projection –*UNRESTRICTED GF ONLY*

UNRESTRICTED GENERAL FUND

GUSD
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	2021-22 1st INTERIM (93% ADA)	2022-23 Projection	2023-24 Projection	2024-25 Projection
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One Time Revenues (Sp Ed)	-	-	-	-
Revenue from ADB	160,000	200,000	200,000	200,000
Federal Revenues	-	-	-	-
Other State Revenues	2,041,737	2,041,737	2,041,737	2,041,737
Other Local Revenues	1,049,500	1,049,500	1,049,500	1,049,500
TOTAL, REVENUES	115,824,707	111,468,096	114,291,371	116,176,448
EXPENDITURES				
Placeholder cuts (22-23) Declining Enroll.		(500,000)	(500,000)	(500,000)
Placeholder cuts (23-24) Declining Enroll.			(500,000)	(500,000)
Placeholder cuts (24-25) Declining Enroll.				(500,000)
Certificated	47,430,560	48,142,019	48,864,149	49,597,111
Classified	13,486,003	13,688,293	13,893,618	14,102,022
Employee Benefits	21,212,845	23,305,098	23,759,076	24,136,802
Books & Supplies	8,474,333	3,949,394	3,949,394	3,949,394
Services & Operating Expenses	11,269,051	8,860,400	8,860,400	8,860,400
Capital Outlay	84,896	252,325	252,325	252,325
Other Outgo	420,910	442,717	449,358	449,358
Transfers of Indirect Costs	(1,498,546)	(778,300)	(793,248)	(804,864)
TOTAL, EXPENDITURES	100,880,052	97,361,946	98,235,072	99,042,548
Transfers Out	-	-	-	-
Contributions	(18,949,043)	(19,233,279)	(19,521,778)	(19,814,604)
TOTAL, OTHER SOURCES/USES	(18,949,043)	(19,233,279)	(19,521,778)	(19,814,604)
NET INCREASE (DECREASE)	(4,004,388)	(5,127,128)	(3,465,478)	(2,680,704)
FUND BALANCE				
Beginning Fund Balance	40,412,285	36,407,897	31,280,769	27,815,291
Proj. Ending Fund Balance	36,407,897	31,280,769	27,815,291	25,134,586
Miminum RESERVE	$ 12,426,490	$ 9,815,780	$ 9,913,977	$ 9,974,115
UNRESTRICTED RESERVE	20.48%	22.27%	19.60%	17.60%

Other Funds

Fund	Description	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance
11	Adult Education	$ 92,243	$ 309,211	$ 401,454	$ -
12	Child Development	$ 218,098	$ 1,140,980	$ 1,183,426	$ 175,652
13	Cafeteria Fund	$ 94,051	$ 6,357,000	$ 6,197,000	$ 254,051
21	Building fund	$ 110,496,944	$ 800,000	$ 92,367,114	$ 18,929,830
25	Capital Facilities/Developer Fees	$ 1,914,151	$ 720,000	$ 1,805,250	$ 828,901
35	County School Facilities	$ 2,461,782	$ 40,000	$ -	$ 2,501,782
67	Self Insurance	$ 2,456,419	$ 969,166	$ 740,806	$ 2,684,779
73	Foundation Trust	$ 834,317	$ 26,000	$ 17,250	$ 843,067

Recommended Board Action

- Approve the First Interim Report with a Positive Certification.