

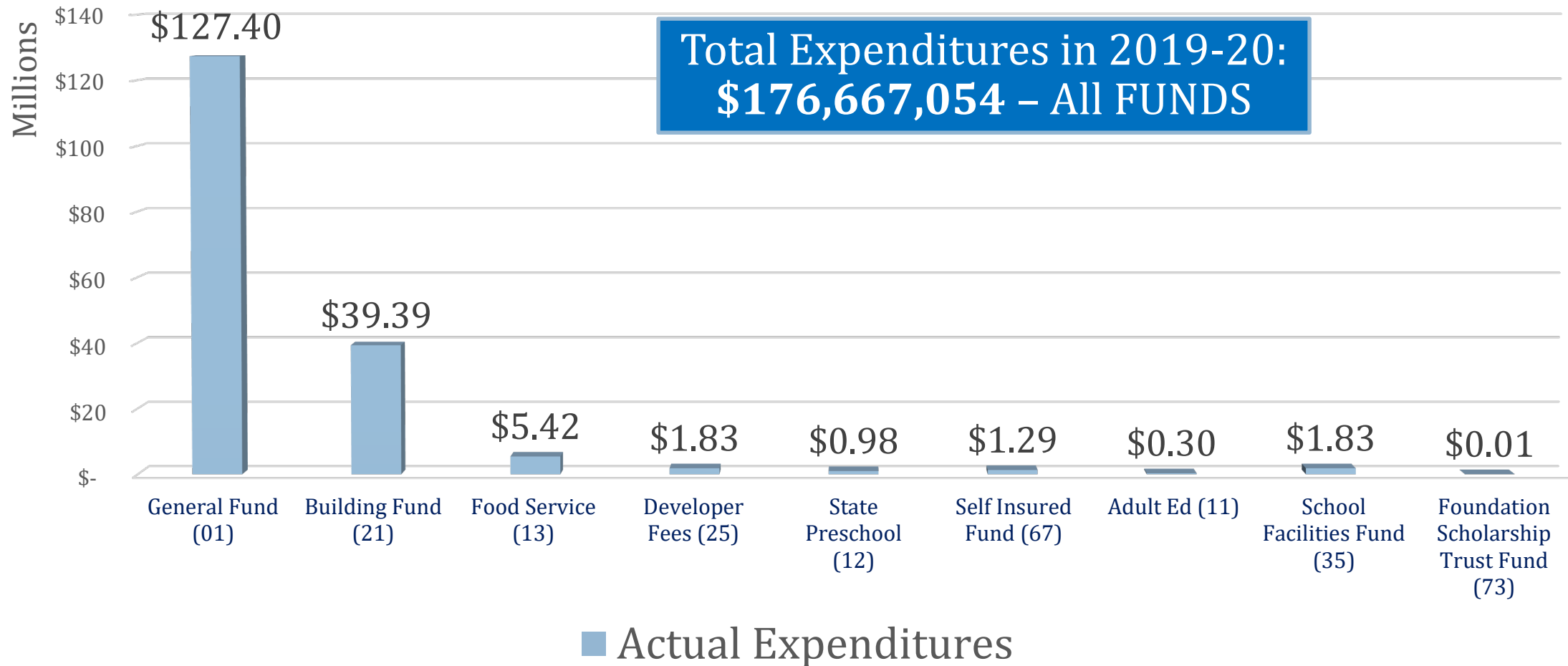


2019-20 Unaudited Actuals & Revised 2020-21 Budget

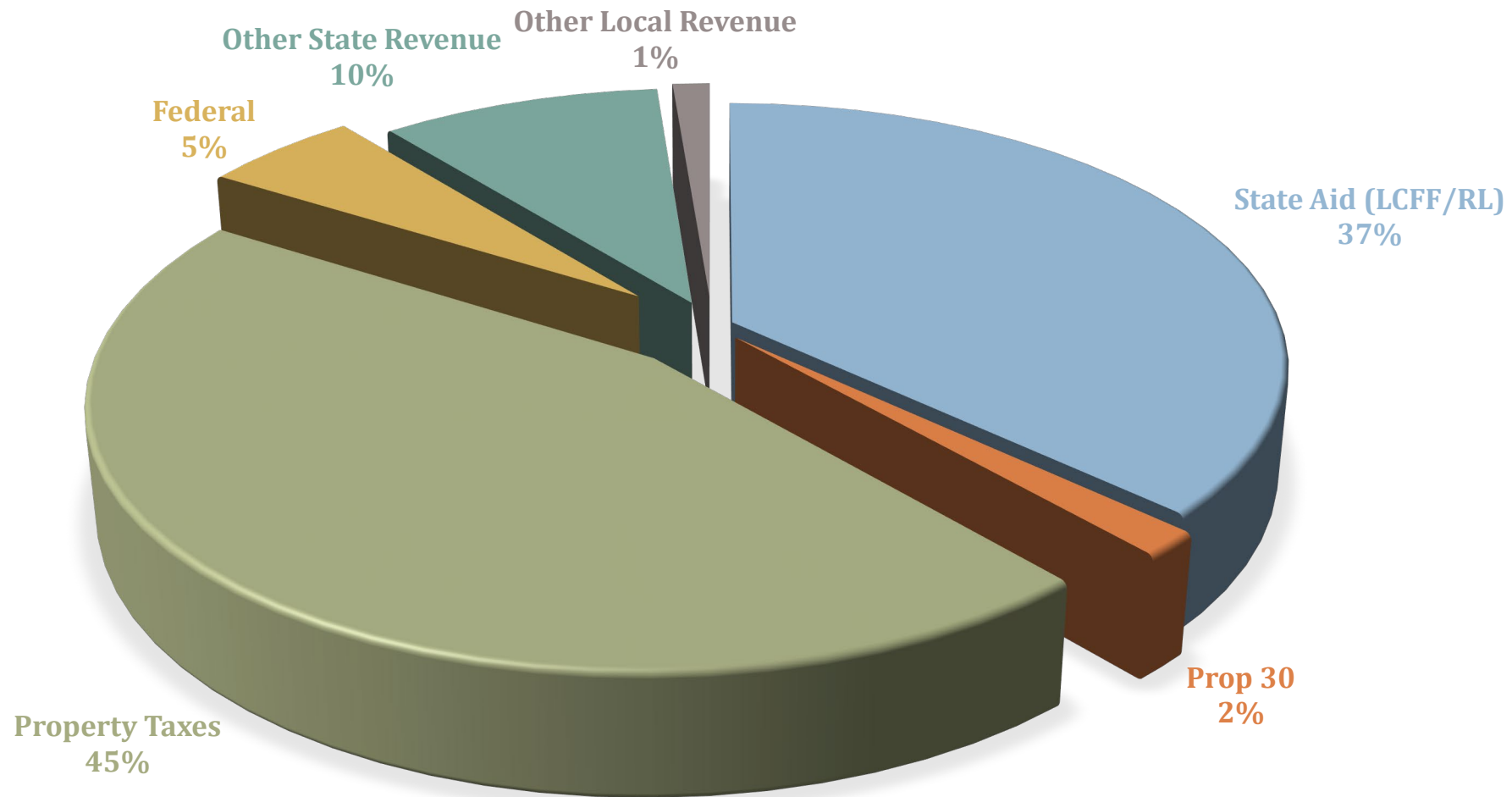
Presented to the Governing Board on September 17, 2020

- Review Year End (Unaudited Actuals for 2019-20)
 - Estimated Fund balance vs. Actual Ending Balance
 - Impact of Coronavirus shutdown on reserves
- Key Budgetary Pressures for California & GUSD
 - Managing cash flow in a crisis
 - Enrollment trends in CA and GUSD
- Multi-Year Projection
- Board Action to Certify the 2019-20 Unaudited Actuals and approval of the 2020-21 Revised Budget
- Next Steps

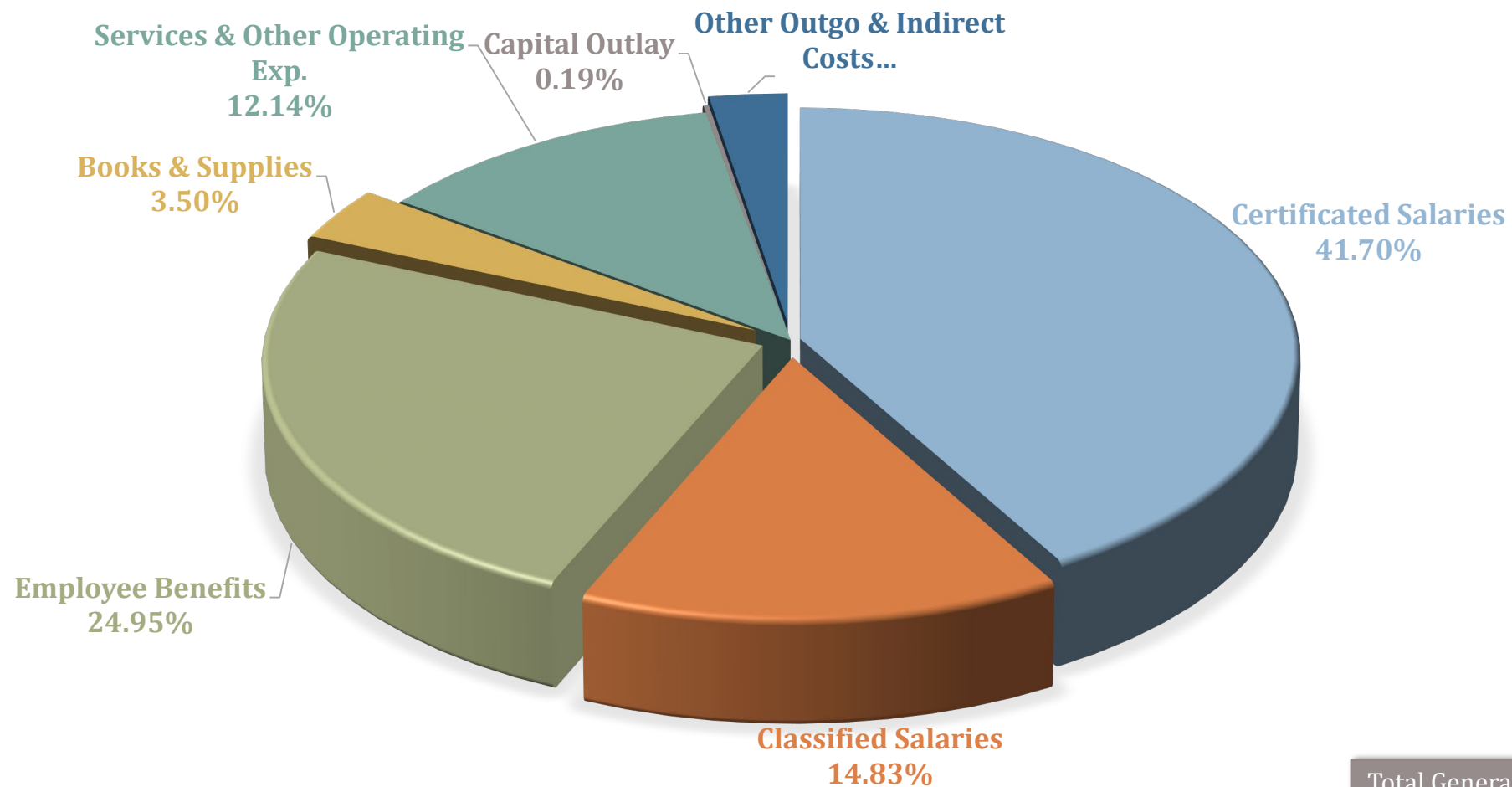




\$136,835,963



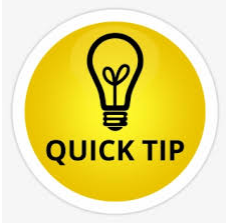
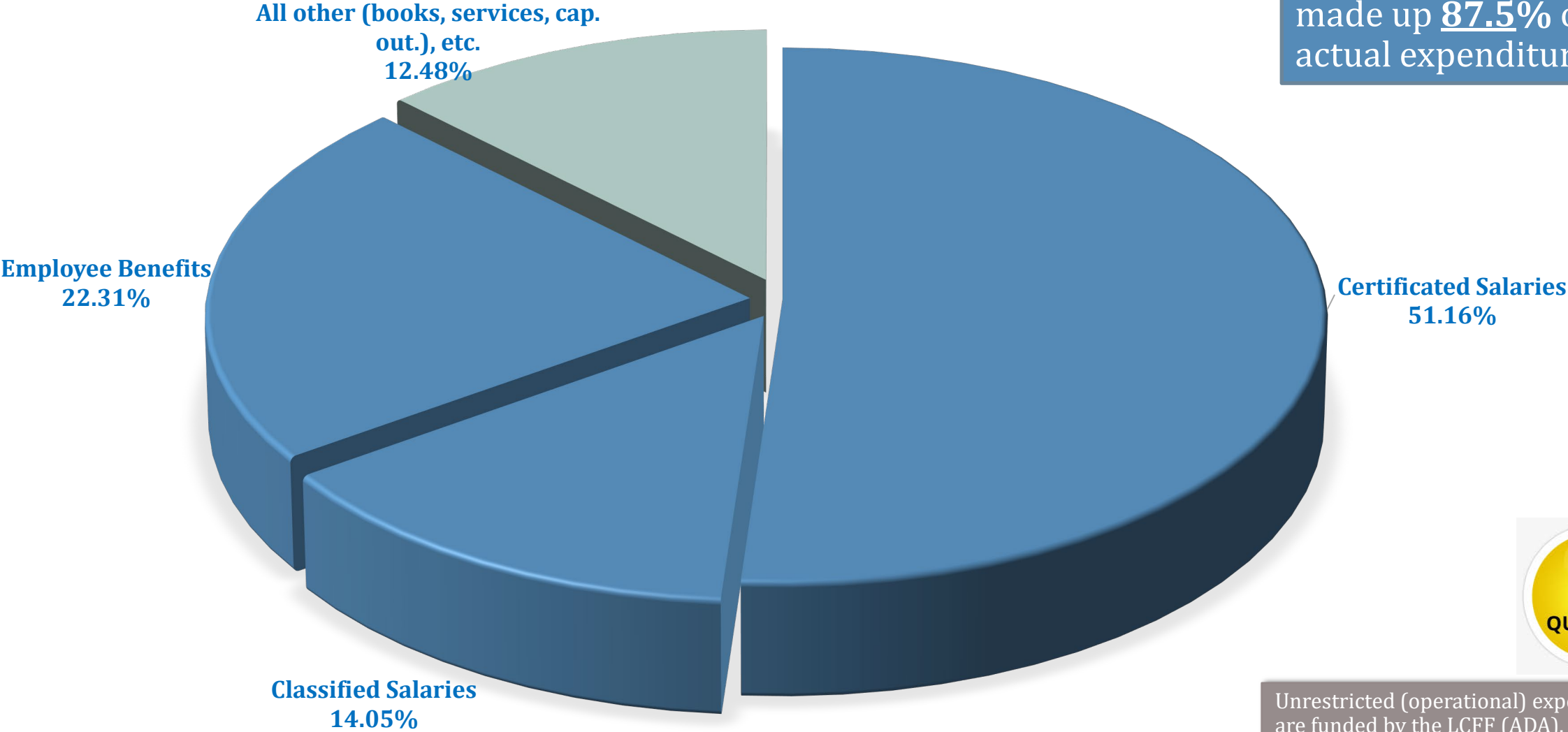
\$127,439,612



Total General Fund expenditures include grants, entitlements, donations, which have spending restrictions.

\$85,604,860

Salary & Benefits made up 87.5% of actual expenditures



Unrestricted (operational) expenditures are funded by the LCFF (ADA).

Historic shutdown yielded one-time savings

- The Coronavirus Pandemic resulted in schools in Santa Clara County to shut down since March 16, 2020.
- At minimum, school operational costs were reduced during an entire quarter; 25% of the year (April, May, June).
- **One time savings related to the shutdown; utility savings, savings from not having substitutes, etc.**

2019-20 Estimated Actuals vs. Actuals

Unrestricted Expenditures	2019-20 Actuals	2019-20 Estimated	Difference
Revenue	\$ 112,842,867	\$ 110,251,086	\$ 2,591,781
Expenditures	\$ 85,604,860	\$ 94,714,418	\$ (9,109,558)
Excess/(Deficiency)	\$ 27,238,007	\$ 15,536,668	\$ 11,701,339
Other Financing & Contribution	\$ (17,609,707)	\$ (19,236,935)	\$ 1,627,228
Net Inc/Decr to Fund Balance	\$ 9,628,300	\$ (3,700,267)	\$ 13,328,567
Beg Fund Balance	\$ 22,402,124	\$ 22,402,124	\$ (0)
Ending Fund Balance	\$ 32,030,424	\$ 18,701,857	\$ 13,328,567
7% Min. Unrestricted Reserve	\$ 8,920,773	\$ 10,017,549	\$ (1,096,776)
% Unrestricted Reserve	19.50%	13.03%	6.47%
* Carryover Funds from one time sources account for over \$7.1 million of the variance.			

Carryover funds from one time sources account for over \$7 million of the variance.

Summary of One-Time Savings (Unrestricted Expenditures)

Category	Estimated Actuals	Actuals	Difference
Certificated Salaries	\$44,783,781	\$43,793,785	\$ 989,996
Classified Salaries	\$12,902,919	\$12,027,074	\$ 875,845
Employee Benefits	\$20,329,875	\$19,102,632	\$ 1,227,243
Books & Supplies	\$ 6,061,728	\$ 2,872,570	\$ 3,189,158
Services/Oper. Expenditures (inc. utilities)	\$10,496,781	\$ 8,073,544	\$ 2,423,237
Capital Outlay	\$ 775,268	\$ 176,873	\$ 598,395
Other Outgo	\$ 224,255	\$ 400,810	\$ (176,555)
Indirect Costs	\$ (860,189)	\$ (842,428)	\$ (17,761)
Total Expenditures	\$94,714,418	\$85,604,860	\$ 9,109,558

Significant part of the variance attributed to Covid-19 shut-down for more than 25% of the Year.

2019-20 Carryover Designations

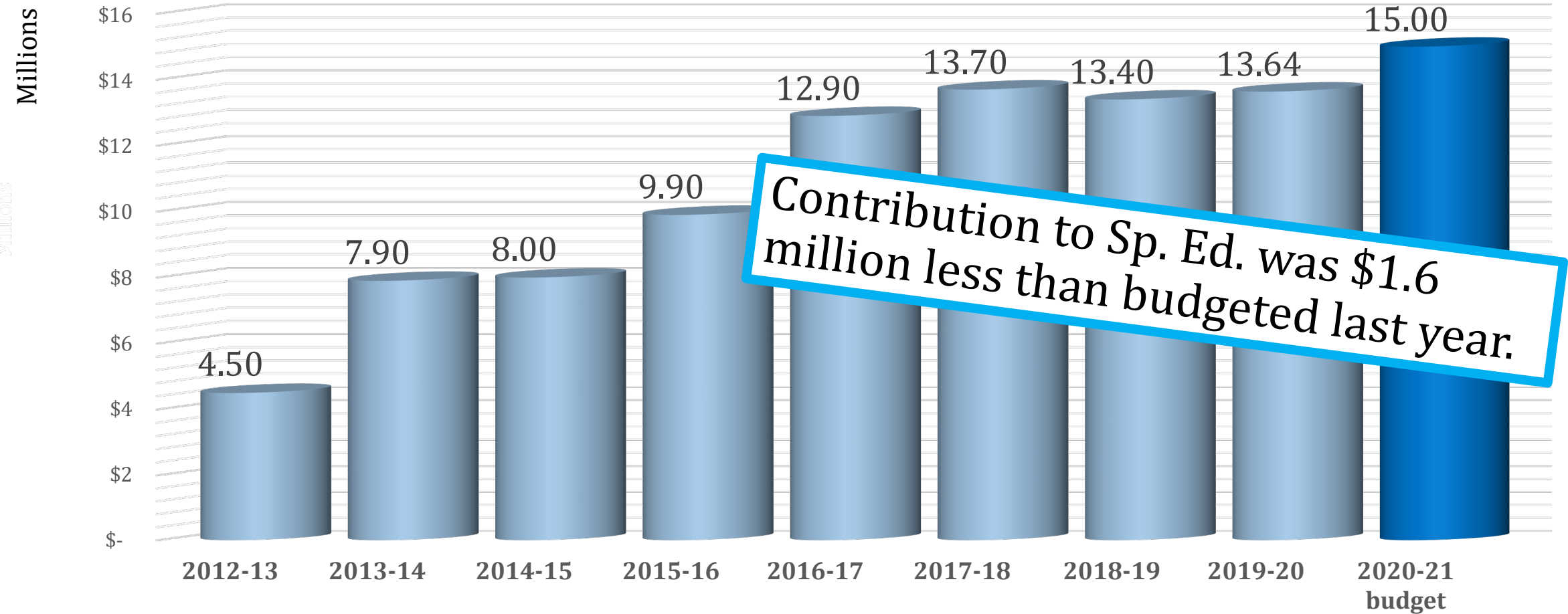
2019-20 Carryover Funds

Summary of one-time funds	Carryover Amount
Home to School Transportation	\$ 350,000
Deferred Maintenance C/O	1,850,869
Textbook Adoptions	2,267,368
LCAP C/O - Centralized	886,330
LCAP C/O - Schools	576,553
Equipment replacement	950,000
Center of Teacher Innovation	250,000
Total Carryover	\$ 7,131,121

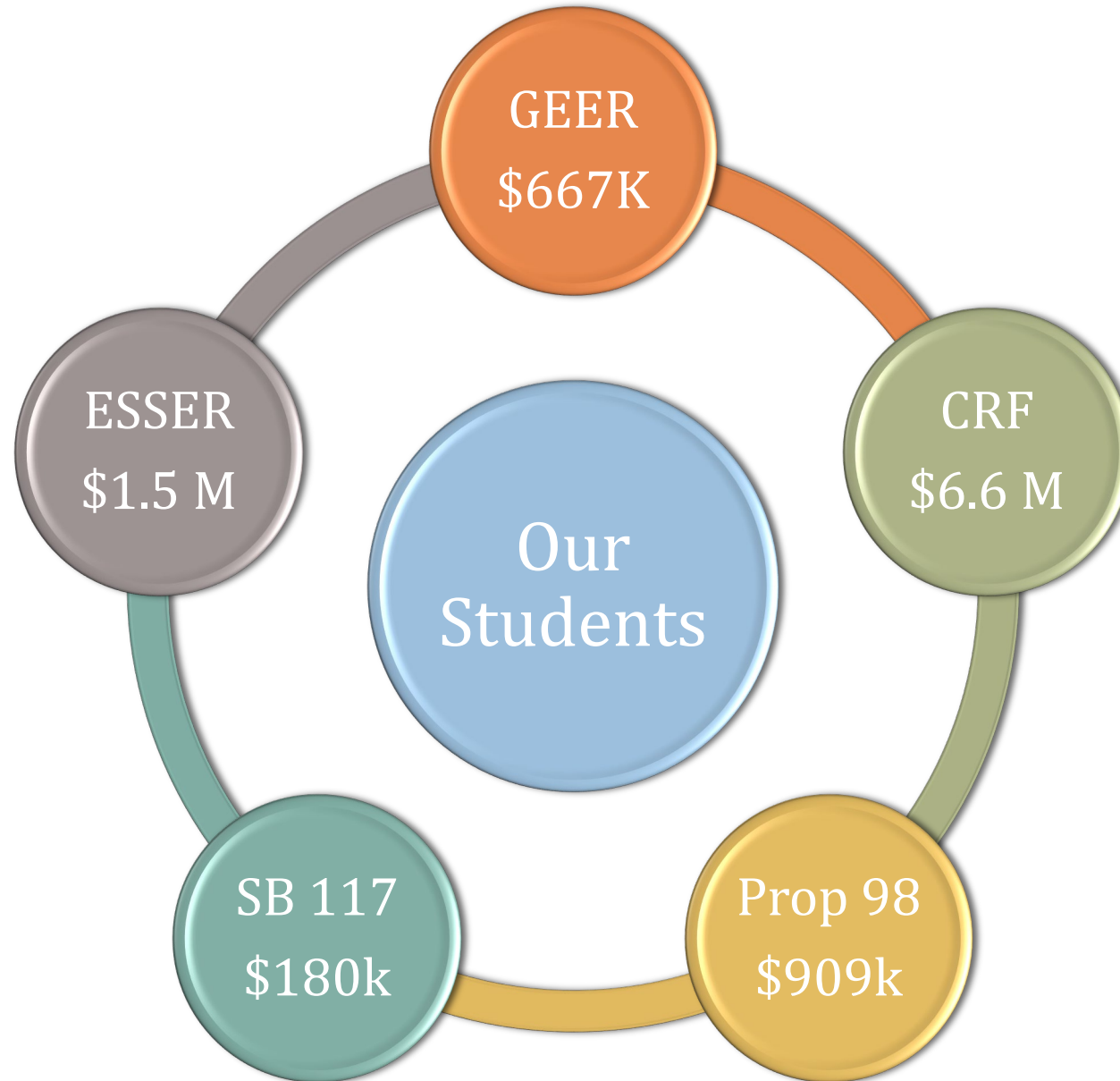
Textbook adoption needs
require carryover savings!

Special Ed Underfunding – Contributions

Special Ed is an underfunded mandate.



Learning Loss Mitigation Funds & Other One-time Funds



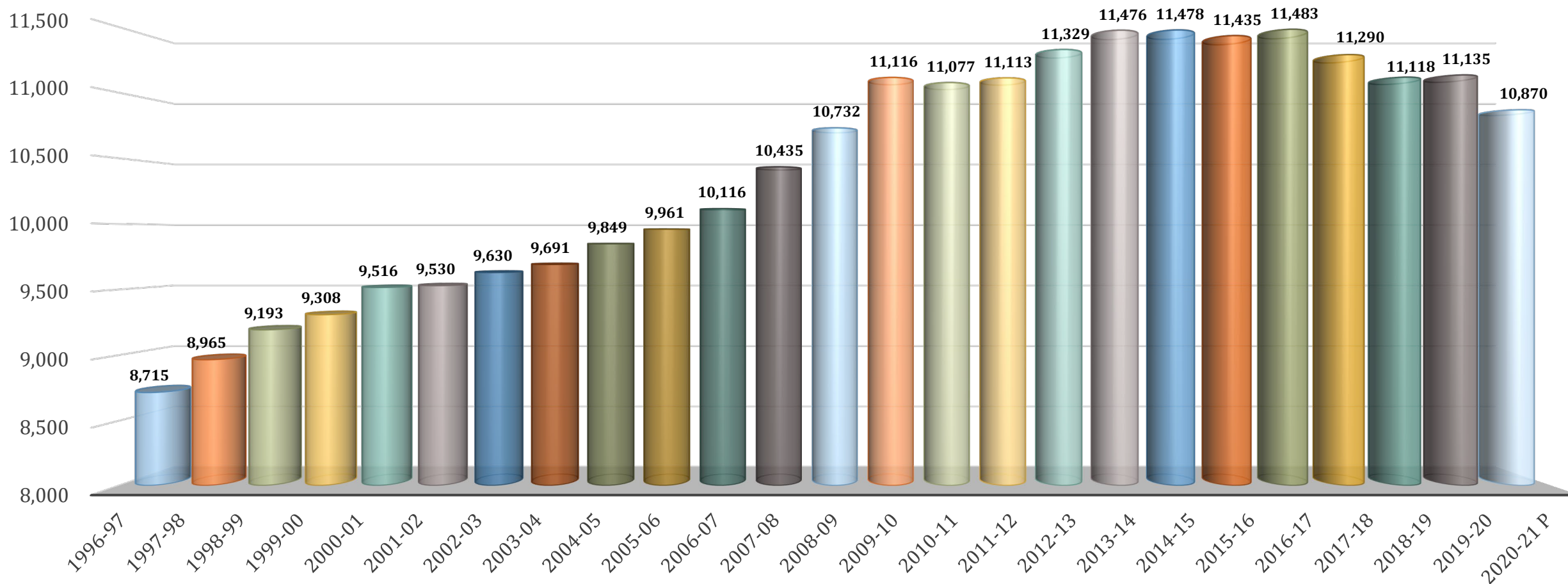
To support students during distance learning, mitigate learning loss, meet social emotional needs, ensure students have access to technology, and access to meals, and purchase PPE.

GEER – Governor’s Emergency Education Relief
 CRF – Coronavirus Relief Fund
 SB 117 – Maintain nutrition services
 ESSER – Elementary and Secondary School Emergency Relief

Key Budgetary Pressures

- Declining Enrollment (means loss of funding)
- No COLAS (eroding purchasing power)
- Cash Deferrals at an all time high

Declining Enrollment (Excludes Navigator Charter School)



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

GUSD Enrollment History

	2016-17	2017-18	2018-19	2019-20	2020-21					Diff: Latest Actual Enroll - vs. Last Year
	CBEDS	CBEDS	CBEDS	CBEDS	Day No.1	Day No.5	Day No.10	Day No. 15	Day No. 19	
	Oct. Enroll	Oct. Enroll	Oct. Enroll	Oct. Enroll	8/12/2020	8/18/2020	8/25/2020	9/1/2020	9/8/2020	
ADB	520	483	453	447						-447
ELIOT	493	464	439	487	481	470	472	474	472	-15
EL ROBLE	677	638	631	601	555	566	583	583	582	-19
GLEN VIEW	600	546	517	493	453	460	460	466	465	-28
LAS ANIMAS	749	763	742	735	733	733	728	728	723	-12
RUCKER	585	576	577	564	593	594	610	607	604	40
LUIGI APREA	696	674	628	584	664	689	679	683	691	107
ROD KELLY	752	760	756	763	704	712	714	716	718	-45
VLA Elementary					201	196	183	175	166	166
Elementary Total	5,072	4,904	4,743	4,674	4,384	4,420	4,429	4,432	4,421	-253
South Valley	861	877	898	889	828	836	836	836	836	-53
Brownell	845	810	782	837	736	738	732	735	731	-106
Solorsano	851	863	875	916	824	830	825	825	823	-93
Middle School Total	2,557	2,550	2,555	2,642	2,388	2,404	2,393	2,396	2,390	-252
Gilroy HS & Envision Academy	1,601	1,654	1,674	1,727	1,730	1,734	1,732	1,735	1,729	2
Mt. Madonna	205	203	201	169	191	192	188	190	197	28
GECA	273	288	305	304	300	299	299	299	299	-5
CHS	1,761	1,678	1,629	1,607	1,655	1,680	1,681	1,684	1,681	74
VLA Secondary					180	162	158	153	153	153
High School Total	3,840	3,823	3,809	3,807	4,056	4,067	4,058	4,061	4,059	252
Grand Total	11,469	11,277	11,107	11,123	10,828	10,891	10,880	10,889	10,870	-253

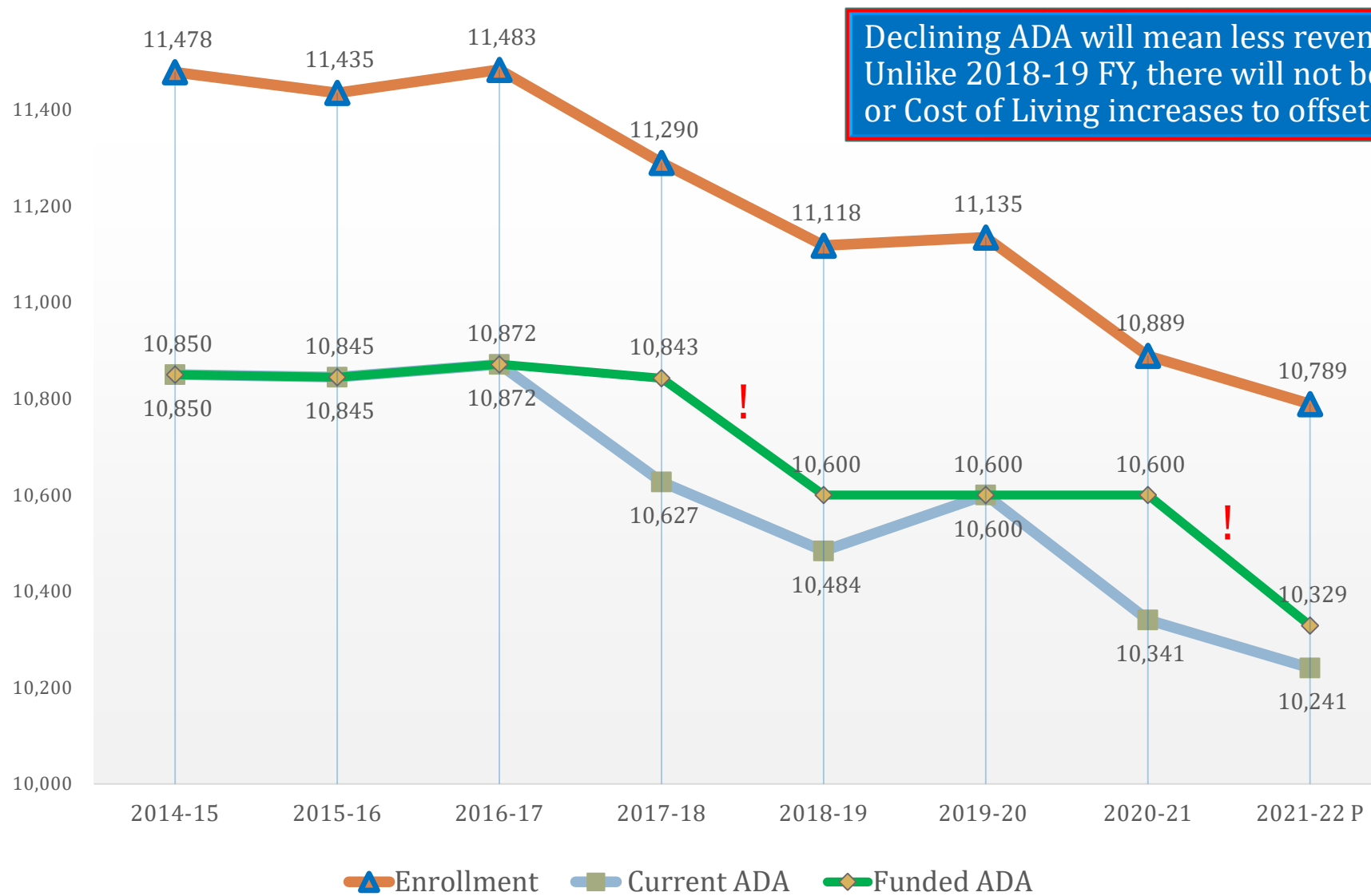
Funding is based on ADA, which is historically about 95% of enrollment.

Projected decline higher than anticipated (impact of Covid 19).

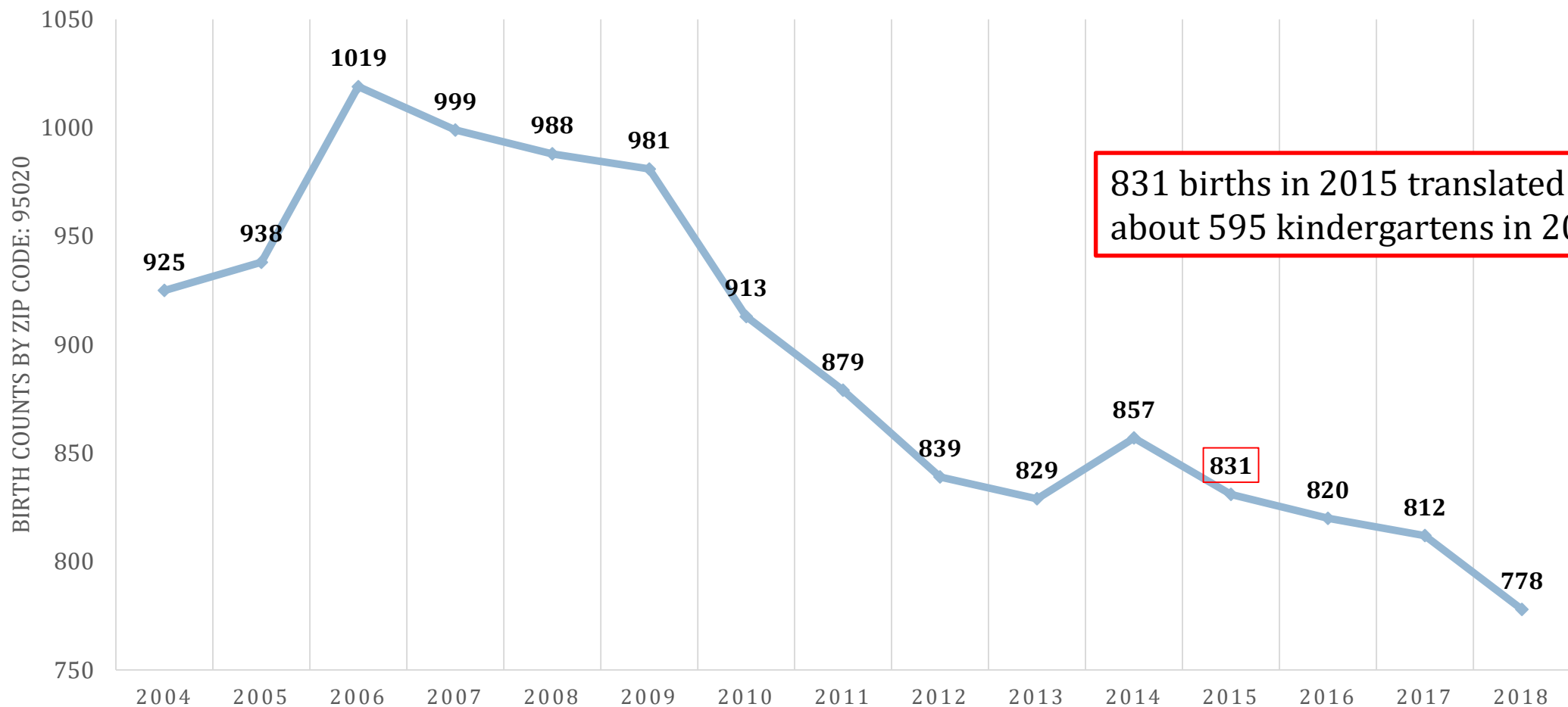
Projected Enrollment	10,985
Latest Actual Enrollment	10,870
ifference from projections	-115

*Excludes NPS enrollment (range from 11 to 14 annually)

Declining ADA (declining revenues)

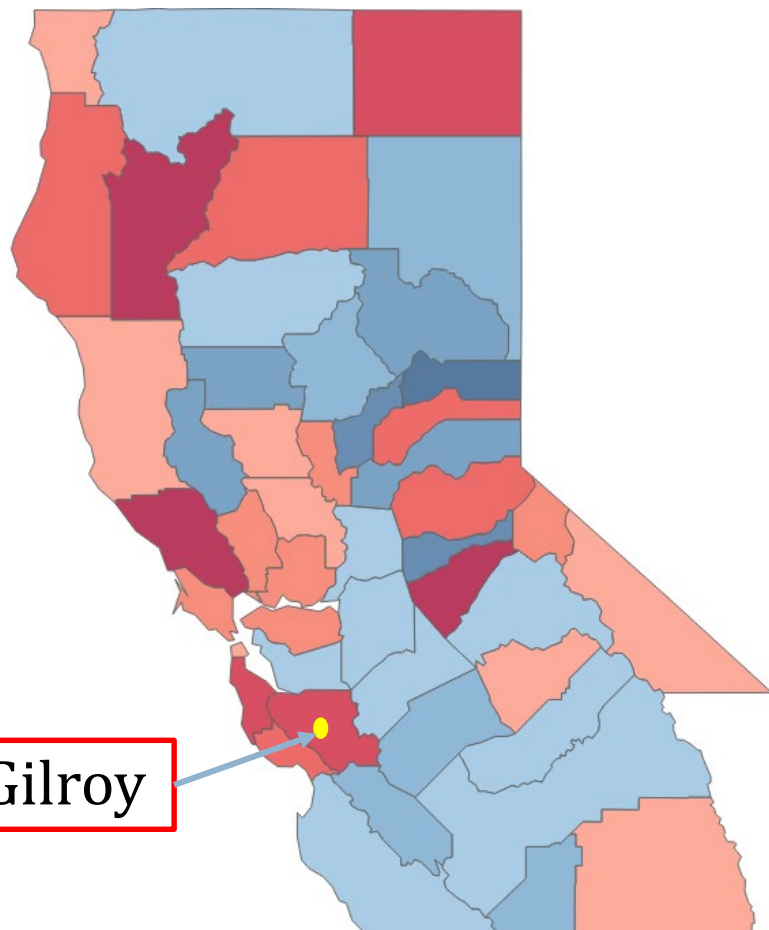


HISTORICAL BIRTH COUNTS

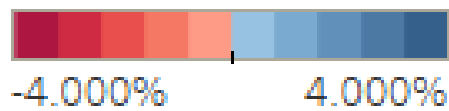
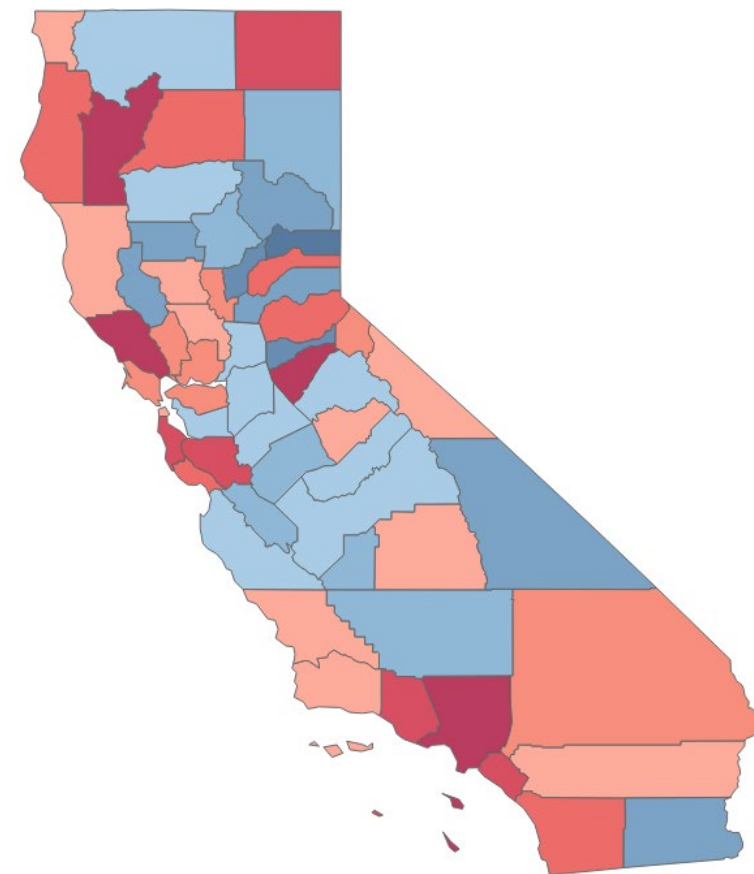
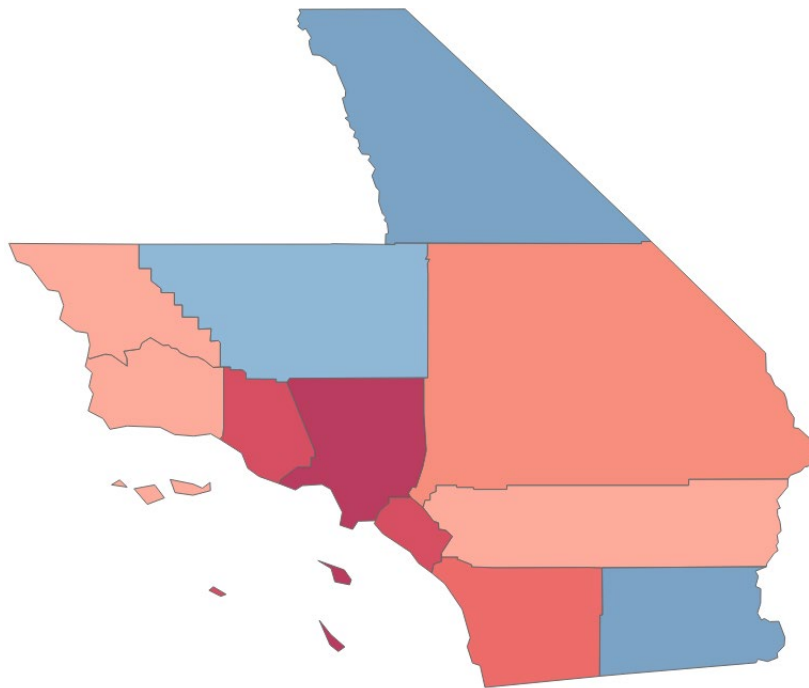


Declining Enrollment by County

Northern California

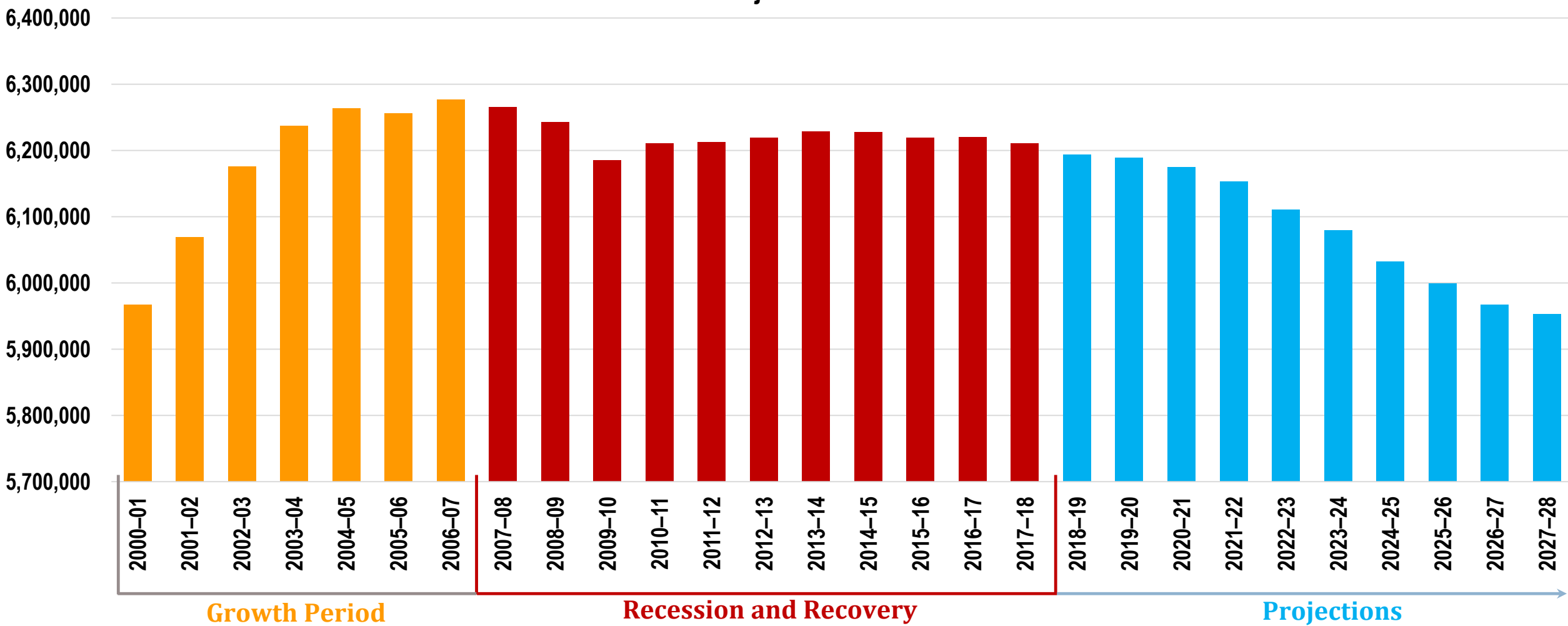


Southern California



California Public K-12 Enrollment

Historic and Projected K-12 Enrollment



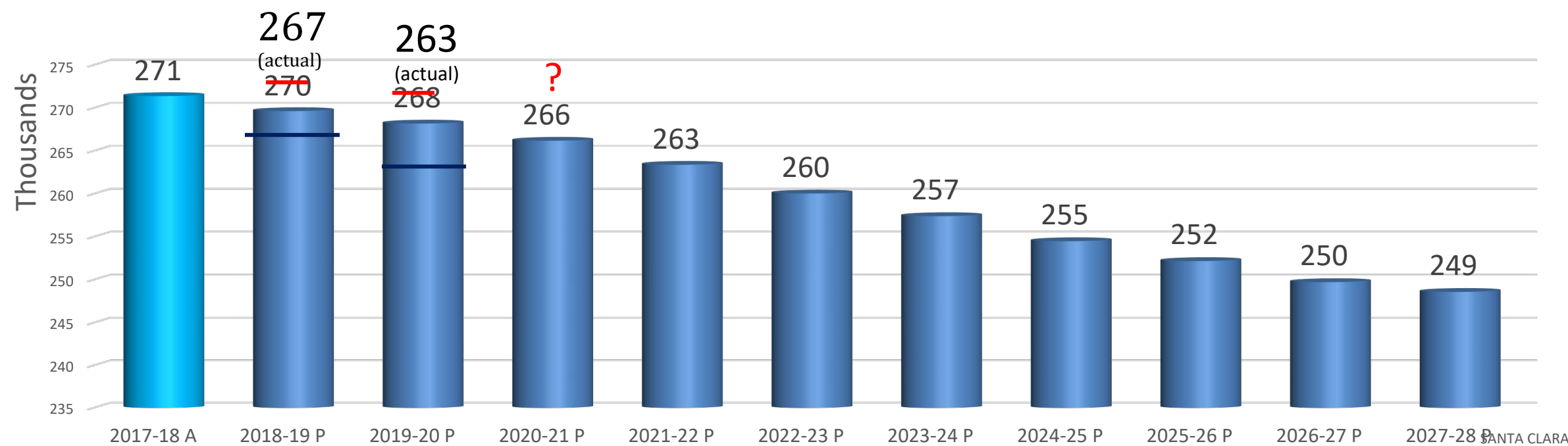
Growth Period

Recession and Recovery

Projections

Source: Department of Finance Demographic Research Unit, January 2019
Actual enrollment data through 2017-18

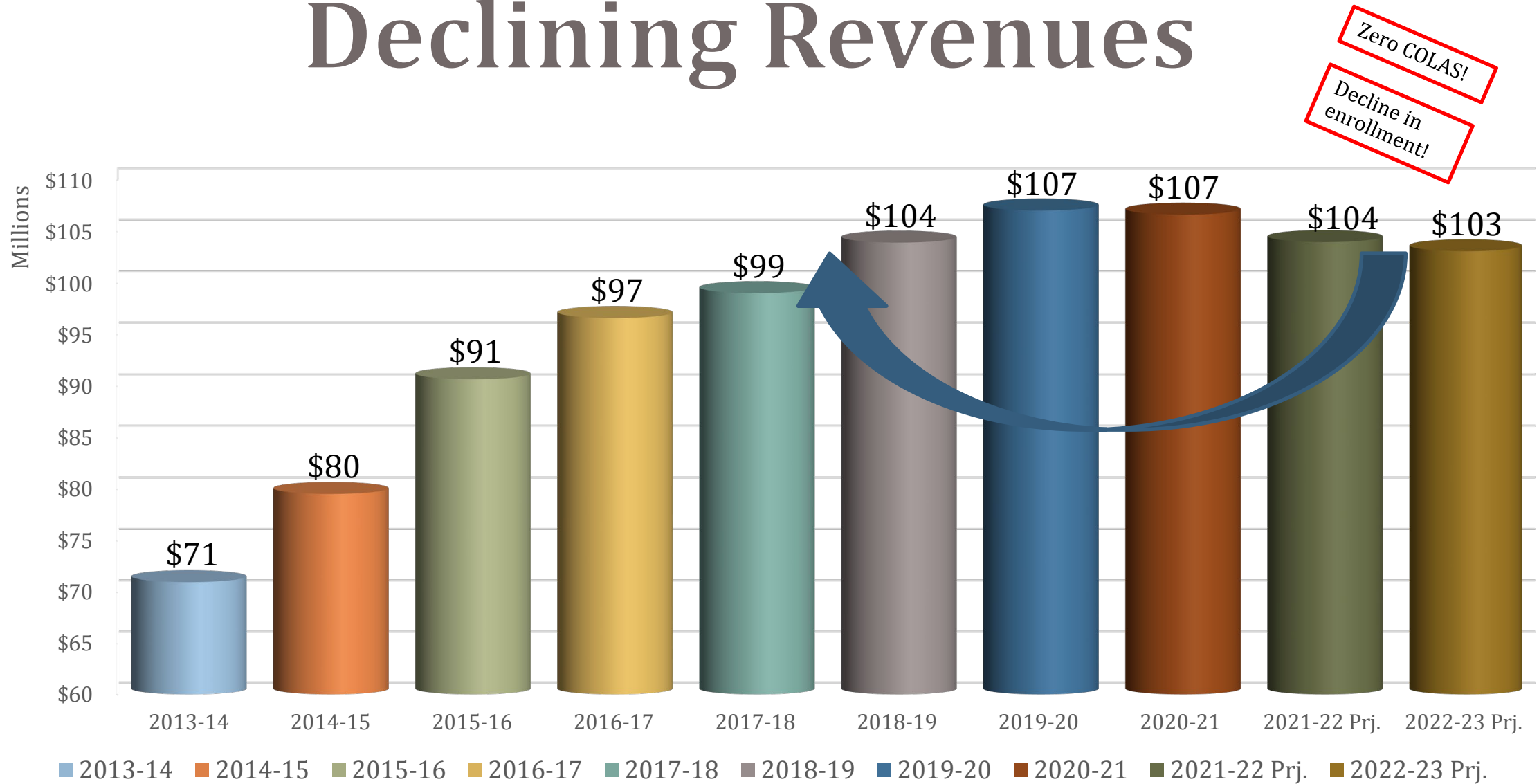
Actual & Projected Enrollment



Source: CA Department of Finance

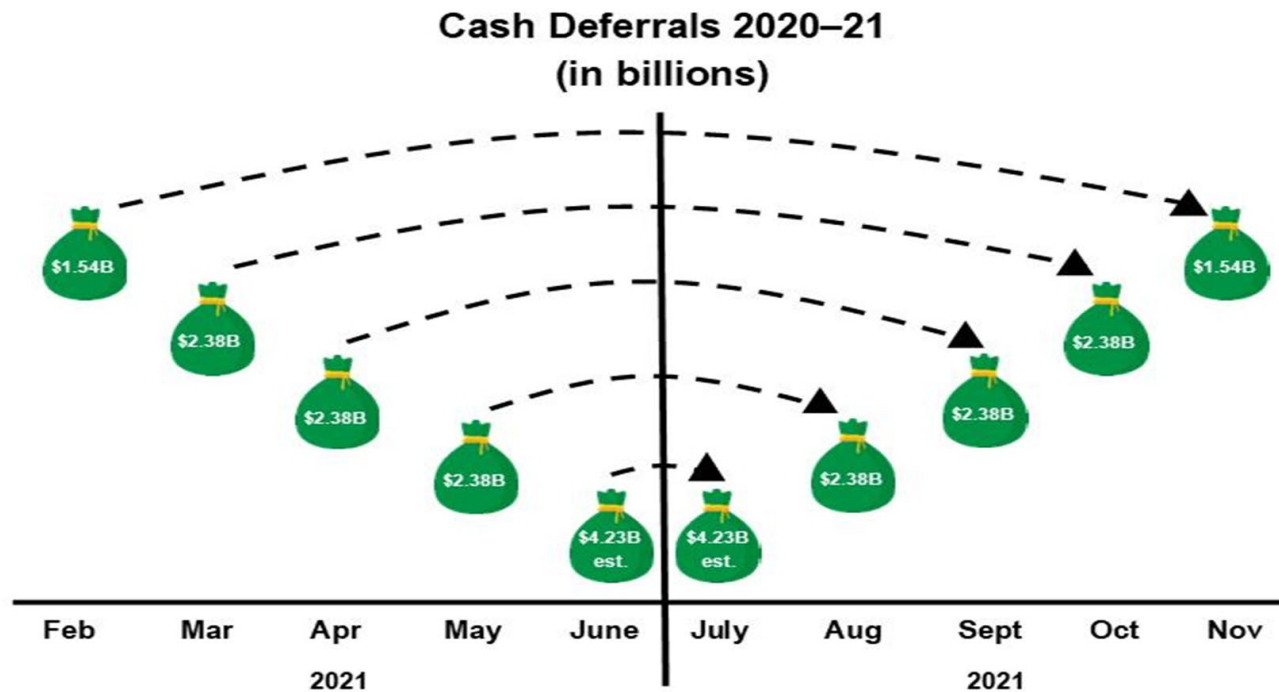
Outlook on LCFF Revenues (COLA & ADA)

Declining Revenues



The Squeeze: Declining Revenues Coupled with Deferrals

- Our bills need to be paid monthly
- Cash deferrals (IOUs) mean we operate with about **68%** of state apportionment during the entire 2020-21 fiscal year.



Up to \$5.7 billion of deferral eliminated if \$14 billion in federal relief is received by Oct 15, 2020



Reserves and use of TRNs are critical in meeting cash flow needs.

Multi-Year Projection

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

Highlight Revisions to Revenue Assumptions

Description of Estimated Variables	2020-21	2021-22	2022-23
Cost of Living Adjustment (COLA)	\$0	\$0	\$0
Current Average Daily Attendance (ADA)	10,341	10,241	10,141
Funded ADA	10,600 *	10,341	10,241
New Revenue = net of COLA increase – Declining Enrollment	*Funding based on Prior Year	-\$2.6 mill	-\$ 1 mill
Total Supplemental & Concentration Funds per LCFF	\$12.4 mill	\$12 mill	\$11.7 mill
Lease Revenue from School Closure	\$120K	\$160k	\$200k
Percentage of English Language Learners & Low Income Students District wide	58.52%	58%	58%

Highlight of Expenditure Assumptions

Description of Estimated Variables	2020-21	2021-22	2022-23
Lease Revenue from ADB	\$120K	\$160K	\$200K
Savings from Closure of ADB	-\$750,000	On-going	
Placeholder budget cut for loss of enrollment/ADA		- \$1 mill	On-going
Placeholder budget cut for loss of enrollment/ADA			- \$1 mill On-going
Certificated & Classified Step & Column Adjustments	1.5%	1.5%	1.5%
Health & Welfare	Based on current negotiated caps	Based on current negotiated caps	Based on current negotiated caps
On-going Equipment Replacement Budget	\$950K	On-going	
Replacement of 6,000 Chromebooks/Other (one-time)	Estimate \$2 million Funded by LLMF	-	-
Deferred Maintenance (LCAP) – on-going	\$712K	On-going	
General Fund Contributions	-\$19.2 mill	-\$19.4 mill	-\$19.8 mill
STRS Employer Contribution	16.15%	16.02%	18.1%
PERS Employer Contribution	20.7%	22.84%	24.6%
Routine Restricted Maintenance (RRM)*	3% of total GF expend.	3% of total GF expend.	3% of total GF expend.

Economic Risks intensify during a pandemic

Statewide	GUSD
Covid-19 and its impact on the economic recovery (not stock market!)	Declining Enrollment – elementary grades. Bubble will move will cohort through secondary.
Will California receive the \$14 billion in additional aid? Absent another round of stimulus, state will implement the additional cash deferrals, and further cuts to state budget.	Must manage declining revenues and strategically spend one time funds.
Increased natural disasters (fires, etc.)	Costs associated with Covid-19 (distance learning, hybrid, brick & mortar instruction)
Unemployment Levels – tax payers turned into tax recipients for the state.	Employer paid share of pensions: CalSTRS & CalPERS - a recession could trigger either higher rates, or further pension reform
It's an Election Year!	Outcome of negotiations with Employee Bargaining Units: GTA, CSEA, and Paraeducators.

	2019-20 Unaudited Actuals			2020-21 Projection BASED ON STATE BUDGET			2021-22 Projection			2022-23 Projection		
REVENUES	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
LCFF	108,795,482	5,944,408	114,739,890	106,645,606	5,166,802	111,812,408	103,985,511	5,944,408	109,929,919	103,096,332	5,166,802	108,263,134
New LCFF Ongoing Revenues	-	-	-	-	-	-	-	-	-	-	-	-
One Time Revenues (Sp Ed)	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from ADB	-	-	-	120,000	-	120,000	160,000	-	160,000	200,000	-	200,000
Federal Revenues	102,276	7,200,843	7,303,120	114,581	16,718,800	16,833,380	114,581	8,257,127	8,371,707	114,581	8,257,127	8,371,707
Other State Revenues	3,036,849	10,023,419	13,060,269	2,026,318	11,160,451	13,186,769	2,026,318	8,196,346	10,222,664	2,026,318	8,418,467	10,444,785
Other Local Revenues	908,259	824,425	1,732,684	994,500	2,779,027	3,773,527	994,500	1,987,397	2,981,897	994,500	1,987,397	2,981,897
TOTAL, REVENUES	112,842,867	23,993,095	136,835,963	109,901,005	35,825,080	145,726,084	107,280,910	24,385,277	131,666,187	106,431,731	23,829,792	130,261,523
EXPENDITURES												
Placeholder cuts (21-22) Declining Enroll.			-			-	(1,000,000)		(1,000,000)	(1,000,000)	-	(1,000,000)
Placeholder cuts (22-23) Declining Enroll.			-	-		-			-	(1,000,000)	-	(1,000,000)
Certificated	43,793,785	9,351,172	53,144,957	45,039,720	10,150,280	55,190,000	45,715,315	10,302,534	56,017,850	46,401,045	10,457,073	56,858,118
Classified	12,027,074	6,868,606	18,895,680	12,796,907	7,434,621	20,231,528	12,988,861	7,546,140	20,535,001	13,183,694	7,659,332	20,843,026
Employee Benefits	19,102,632	12,691,834	31,794,467	18,564,452	12,295,072	30,859,524	18,404,073	12,861,990	31,266,063	19,851,073	13,122,249	32,973,322
Books & Supplies	2,872,570	1,583,642	4,456,211	7,030,539	12,064,284	19,094,824	3,549,394	3,850,247	7,399,641	3,949,394	2,912,877	6,862,271
Services & Operating Expenses	8,073,544	7,399,011	15,472,555	11,271,022	11,333,528	22,604,550	8,195,506	4,672,682	12,868,188	8,195,506	4,818,699	13,014,205
Capital Outlay	176,873	61,464	238,337	809,290	300,000	1,109,290	252,325	87,183	339,508	252,325	87,183	339,508
Other Outgo	400,810	3,363,218	3,764,028	429,729	3,998,946	4,428,675	436,175	3,763,985	4,200,160	442,717	3,763,985	4,206,702
Transfers of Indirect Costs	(842,428)	515,805	(326,623)	(973,481)	746,217	(227,264)	(778,300)	775,258	(3,042)	(778,300)	775,258	(3,042)
TOTAL, EXPENDITURES	85,604,860	41,834,752	127,439,612	94,968,177	58,322,948	153,291,126	87,763,349	43,860,019	131,623,368	89,497,454	43,596,655	133,094,110
Contributions	(17,609,707)	17,609,707	-	(19,186,938)	19,186,938	-	(19,474,742)	19,474,742	-	(19,766,863)	19,766,863	-
TOTAL, OTHER SOURCES/USES	(17,609,707)	17,609,707	-	(19,186,938)	19,186,938	-	(19,474,742)	19,474,742	-	(19,766,863)	19,766,863	-
NET INCREASE (DECREASE)	9,628,300	(231,949)	9,396,351	(4,254,111)	(3,310,930)	(7,565,041)	42,819	0	42,819	(2,832,587)	0	(2,832,587)
Beginning Fund Balance	22,402,124	3,542,880	25,945,004	32,030,424	3,310,930	35,341,355	27,776,313	-	27,776,313	27,819,132	-	27,819,132
Proj. Ending Fund Balance	32,030,424	3,310,930	35,341,355	27,776,313	0	27,776,313	27,819,132	0	27,819,132	24,986,545	0	24,986,545
Nonspendable Revolving Cash	50,000		50,000	50,000		50,000	50,000		50,000	50,000		50,000
Equipment Replacement	950,000											
Deferred Maint. Carryover	1,850,869											
Textbook Adoptions	2,267,368											
Home to School Transportation	350,000											
LCAP Carryover - School sites	576,553											
LCAP Carryover - Centralized	886,330											
Center of Teacher Innovation	250,000											
Minimum RESERVE	\$ 8,920,773			\$ 10,730,379			\$ 9,213,636			\$ 9,316,588		
UNRESTRICTED RESERVE	19.50%			18.09%			21.10%			18.74%		
Unassigned/Unappropriated	15,928,531			16,995,935			18,555,496			15,619,958		

	2019-20 Unaudited Actuals	2020-21 Projection	2021-22 Projection	2022-23 Projection
REVENUES	Unrestricted	Unrestricted	Unrestricted	Unrestricted
LCFF	108,795,482	106,645,606	103,985,511	103,096,332
New LCFF Ongoing Revenues	-	-	-	-
One Time Revenues (Sp Ed)	-	-	-	-
Revenue from ADB	-	120,000	160,000	200,000
Federal Revenues	102,276	114,581	114,581	114,581
Other State Revenues	3,036,849	2,026,318	2,026,318	2,026,318
Other Local Revenues	908,259	994,500	994,500	994,500
TOTAL, REVENUES	112,842,867	109,901,005	107,280,910	106,431,731
EXPENDITURES				
Placeholder cuts (21-22) Declining Enroll.			(1,000,000)	(1,000,000)
Placeholder cuts (22-23) Declining Enroll.		-		(1,000,000)
Certificated	43,793,785	45,039,720	45,715,315	46,401,045
Classified	12,027,074	12,796,907	12,988,861	13,183,694
Employee Benefits	19,102,632	18,564,452	18,404,073	19,851,073
Books & Supplies	2,872,570	7,030,539	3,549,394	3,949,394
Services & Operating Expenses	8,073,544	11,271,022	8,195,506	8,195,506
Capital Outlay	176,873	809,290	252,325	252,325
Other Outgo	400,810	429,729	436,175	442,717
Transfers of Indirect Costs	(842,428)	(973,481)	(778,300)	(778,300)
TOTAL, EXPENDITURES	85,604,860	94,968,177	87,763,349	89,497,454
Contributions	(17,609,707)	(19,186,938)	(19,474,742)	(19,766,863)
TOTAL, OTHER SOURCES/USES	(17,609,707)	(19,186,938)	(19,474,742)	(19,766,863)
NET INCREASE (DECREASE)	9,628,300	(4,254,111)	42,819	(2,832,587)
Beginning Fund Balance	22,402,124	32,030,424	27,776,313	27,819,132
Proj. Ending Fund Balance	32,030,424	27,776,313	27,819,132	24,986,545
Nonspendable Revolving Cash	50,000	50,000	50,000	50,000
Equipment Replacement	950,000			
Deferred Maint. Carryover	1,850,869			
Textbook Adoptions	2,267,368			
Home to School Transportation	350,000			
LCAP Carryover - School sites	576,553			
LCAP Carryover - Centralized	886,330			
Center of Teacher Innovation	250,000			
Mimumum RESERVE	\$ 8,920,773	\$ 10,730,379	\$ 9,213,636	\$ 9,316,588
UNRESTRICTED RESERVE	19.50%	18.09%	21.10%	18.74%
Unassigned/Unappropriated	15,928,531	16,995,935	18,555,496	15,619,958

Unrestricted GF Expenditures

Declining enrollment means loss of on-going revenue

One-time savings can not be spent on on-going obligations

Budget cuts must take place to keep up with triple digit enrollment loss

All Other Funds – 2018-19 Actuals

Fund	Description	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance
11	Adult Education	\$ 49,430	\$ 307,635	\$ 296,588	\$ 60,476
12	Child Development	\$ 166,640	\$ 983,692	\$ 981,046	\$ 169,285
13	Cafeteria Fund	\$ 97,886	\$ 5,423,954	\$ 5,423,954	\$ 97,886
21	Building fund	\$ 86,087,563	\$ 1,465,525	\$ 39,392,936	\$ 48,160,152
25	Capital Facilities/Developer Fees	\$ 3,252,088	\$ 998,713	\$ 1,829,345	\$ 2,421,457
35	County School Facilities	\$ 2,399,993	\$ 47,368	\$ 10,457	\$ 2,436,903
67	Self Insurance	\$ 2,038,660	\$ 1,554,298	\$ 1,287,116	\$ 2,305,841
73	Foundation Trust	\$ 798,887	\$ 27,740	\$ 6,000	\$ 820,627

Next Steps

- 1st Interim Financial Report in December 2020
- Audit Report to Governing Board in December or January 2021
- Outcome of negotiations with Employee bargaining units (GTA, CSEA, GFP)
- Revise Multi-Year forecast as needed

**Certify the 2019-20 Unaudited Actuals
and approve the 2020-21 Revise Budget**