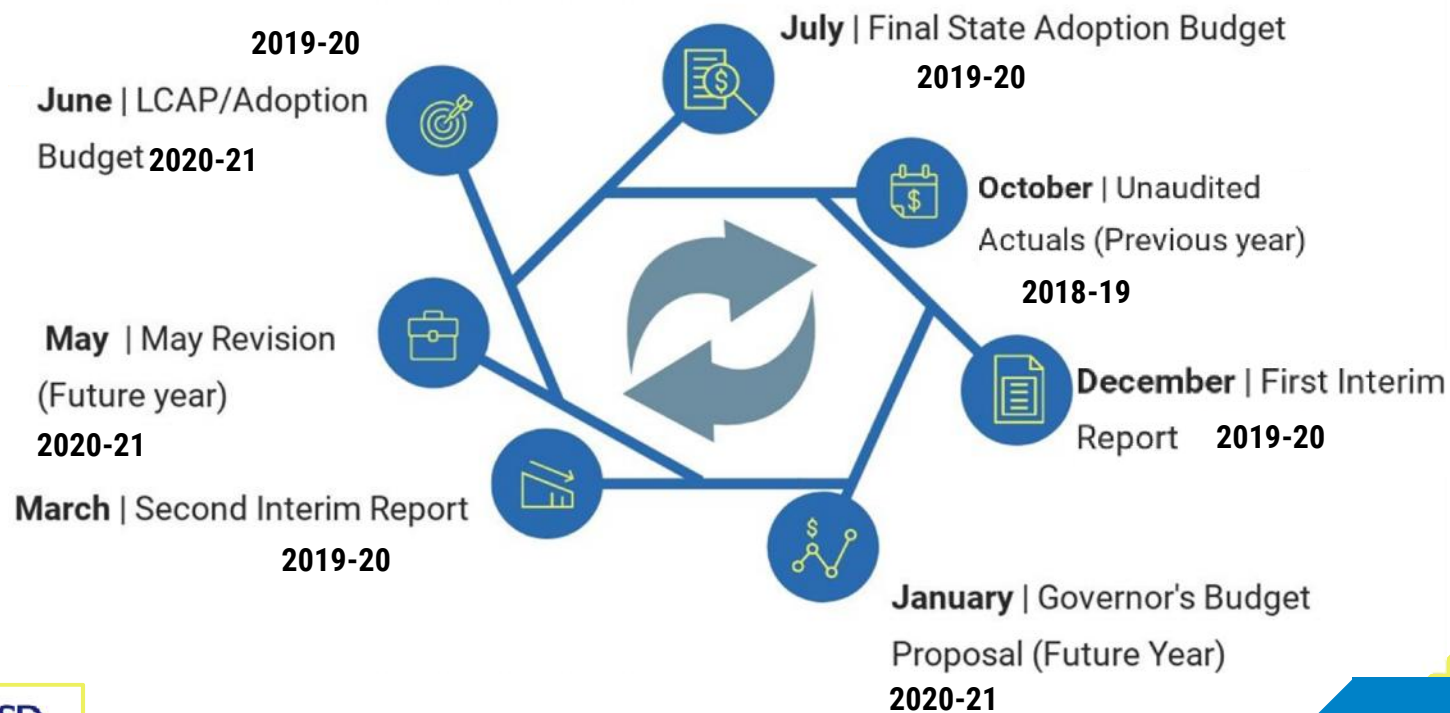


First Interim Budget Fiscal Year 2019-2020

December 19, 2019



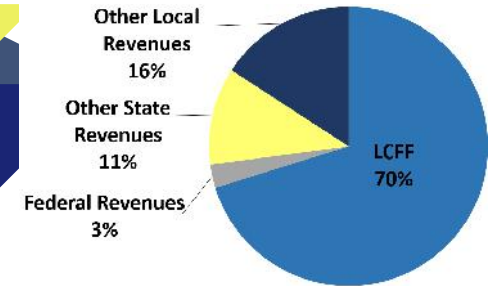
Reporting Cycle



First Interim Overview

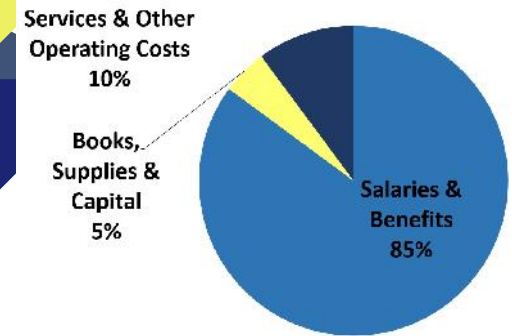
Comparisons to Approved Budget (June)
Multi-Year Projections
Considerations and Fiscal Sustainability

First Interim Compared to Approved Total Revenues (Unrestricted and Restricted)



| (In Thousands) | Unrestricted Variance 2019-20 | Restricted Variance 2019-20 | Total Variance | Reason(s) |
|-----------------------|-------------------------------------|-----------------------------------|-------------------|---|
| LCFF | (\$443) | (\$4) | (\$447) | Decline in enrollment |
| Federal Revenues | - | (\$34) | (\$34) | Title III Immigrant Funding (did not qualify) |
| Other State Revenues | (\$116) | \$3,831 | \$3,714 | State Pension accounting |
| Other Local Revenues | \$180 | \$497 | \$677 | Interest , local site & program donations |
| Total Revenues | (\$379) | \$4,290 | \$3,911 | |

First Interim Compared to Approved Total Expenditures (Unrestricted and Restricted)



| (In Thousands) | Unrestricted Variance 2019-20 | Restricted Variance 2019-20 | Total Variance | Reason(s) |
|---|-------------------------------------|-----------------------------------|-------------------|---|
| Salaries and Benefits | (\$833) | (\$4,193) | (\$5,026) | Collective bargaining and State Pension Accounting |
| Books, Supplies and Capital | (\$78) | (\$1,291) | (\$1,369) | Chromebook lease, Clean Energy Projects, Local Donations and Grants |
| Services, Other Operating and Other Outgo | \$163 | (\$348) | (\$185) | Insurance costs, Local Grants and Donations |
| Total Expenditures | (\$748) | (\$5,831) | (\$6,580) | |

Multi-Year Projection (MYP) Assumptions for First Interim (2019-2022)

Enrollment and Attendance Declining
LCFF = COLA Increase only (through 2022)*
Parcel Tax Rate will be Adjusted for Inflation
Continued Cost Increases (pensions, net step and column)
LCFF Supplemental Program Spending Requirements
Budget Reductions to Meet 3% Reserve

**** Rate expected to change in January from lower projected estimates***

MYP Assumptions Changes Since Approved (June)

Decreased Enrollment of 49 Students (2019-2022) (-\$440K ongoing)
Collective Bargaining Agreements (\$750K ongoing, \$750 one-time)
Lower Cost Increase for Insurance (-\$200K ongoing)

First Interim Multi-Year Projection (Unrestricted)

| (In Millions) | 2019-20 | 2020-21 | 2021-22 |
|-------------------------------------|----------------|----------------|--------------|
| Beginning Balance July 1 | \$5.8 | \$4.6 | \$3.7 |
| + Revenues | \$83.1 | \$84.6 | \$86.6 |
| - Expenditures | \$66.3 | \$67.8 | \$68.7 |
| + Other Financing Sources/Uses | (\$17.9) | (\$17.8) | (\$17.9) |
| = Surplus/(Deficit) Spending | (\$1.1) | (\$0.9) | \$0.1 |
| Ending Balance June 30 | \$4.6 | \$3.7 | \$3.8 |
| Ending Balance % | 4.4% | 3.6% | 3.7% |

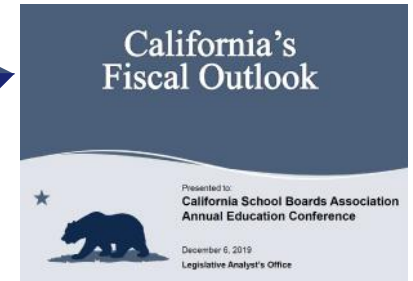
First Interim Multi-Year Projection (Restricted)

| (In Millions) | 2019-20 | 2020-21 | 2021-22 |
|-------------------------------------|----------------|----------------|----------------|
| Beginning Balance July 1 | \$4.8 | \$1.2 | \$0.4 |
| + Revenues | \$16.7 | \$16.4 | \$16.7 |
| - Expenditures | \$37.9 | \$34.6 | \$34.5 |
| + Other Financing Sources/Uses | \$17.7 | \$17.5 | \$17.5 |
| = Surplus/(Deficit) Spending | (\$3.6) | (\$0.8) | (\$0.3) |
| Ending Balance June 30 | \$1.2 | \$0.4 | \$0.1 |

Considerations and Fiscal Sustainability Indicators

Lower LCFF Inflation growth (COLA) from LAO Report
Anticipated Other State Funding Changes
Recognize Year-to-Year Trends Including Declining Resident Enrollment and Deficit Spending
Reserve Levels
General Fund Contributions

Mult-Year Planning Considerations Scenario Planning



Lower LCFF Inflation growth (COLA) from LAO Report

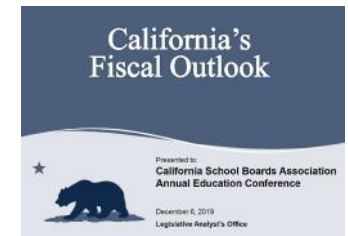
- Projected at 1.79% down from 3.0%
- Projected at 2% or lower over the planning period

Other State Funding Changes

- State One-time funds (Prop 98 true-up)
- On-going Special Education funding from 2019-20
 - Equalization and Pre-School



What If Projection – LAO Lower COLA (Unrestricted)



| (In Millions) | 2019-20 | 2020-21 | 2021-22 |
|-------------------------------------|----------------|----------------|----------------|
| Beginning Balance July 1 | \$5.8 | \$4.6 | \$2.9 |
| + Revenues | \$83.1 | \$83.8 | \$85.1 |
| - Expenditures | \$66.3 | \$67.8 | \$68.7 |
| + Other Financing Sources/Uses | (\$17.9) | (\$17.8) | (\$17.9) |
| = Surplus/(Deficit) Spending | (\$1.1) | (\$1.8) | (\$1.5) |
| Ending Balance June 30 | \$4.6 | \$2.9 | \$1.4 |
| Ending Balance % | 4.4% | 2.8% | 1.4% |

What If Projection – LAO Lower COLA and Increased State Funding (Unrestricted)



| (In Millions) | 2019-20 | 2020-21 | 2021-22 |
|-------------------------------------|----------------|----------------|----------------|
| Beginning Balance July 1 | \$5.8 | \$4.6 | \$2.9 |
| + Revenues | \$83.1 | \$84.5 | \$85.6 |
| - Expenditures | \$66.3 | \$67.8 | \$68.7 |
| + Other Financing Sources/Uses | (\$17.9) | (\$17.7) | (\$17.8) |
| = Surplus/(Deficit) Spending | (\$1.1) | (\$1.0) | (\$0.9) |
| Ending Balance June 30 | \$4.6 | \$3.7 | \$2.8 |
| Ending Balance % | 4.4% | 3.6% | 2.7% |

Important Reminders

DJUSD is highly dependent on increases in State funding
Reserve levels are low, slightly above the minimum
Fiscal distress is a common problem in districts with
declining enrollment and multiple years of deficit
spending

Acknowledgements

The 2019-20 First Interim Budget represents the time and effort of our District team. These budget revisions include extra efforts by school site staff, department staff and other program staff.

Questions?