

September 10, 2019

TO: John A Bowes, Ed.D., Superintendent
Davis Joint Unified School District

FROM: Garth Lewis, Yolo County Superintendent of Schools
Crissy Huey, Associate Superintendent, Administrative Services
Yolo County Office of Education

SUBJECT: REVIEW OF 2019/20 ADOPTED BUDGET AND LOCAL CONTROL AND ACCOUNTABILITY PLAN

In accordance with the provisions of Education Code 42127 and 52070, the Yolo County Office Education's (YCOE) staff has reviewed the Local Control and Accountability Plan (LCAP) and Adopted Budget of the Davis Joint Unified School District for fiscal year 2019/20.

The District's 2019/20 Adopted Budget was developed using the best fiscal information available as of May of this year, and the District's budget and LCAP have been approved with the following comments:

SALARY AND BENEFIT NEGOTIATIONS

According to the information provided in the 2019/20 Adopted Budget, salary and benefit negotiations for all bargaining units have not been settled. In addition, it was noted the District does not have any dollars set aside for future salary considerations beyond the cost of step and column increases already on the salary schedule. The lack of reserves for funding negotiated settlements would require the use of unappropriated ending fund balance, additional reductions in spending, commitment of new revenues in future fiscal years, or any combination of the aforementioned if any on-schedule settlements are reached. It should be noted that YCOE has since received public disclosure documents detailing negotiated settlements with all bargaining units.

MULTI-YEAR COMMITMENTS

It should be noted that the District has multi-year commitments funded by sources other than the General Fund. If revenues and/or sources of revenues designated for these multi-year commitments were to dry up, they would become the responsibility of the General Fund.

LOCAL CONTROL AND ACCOUNTABILITY PLAN SPENDING

The District has a commitment to fund the actions and services described in the LCAP and to comply with the minimum proportionality percentage (MPP) pursuant to Education Code section 42238.07. Additionally, per Education Code 52065, the District is required to prominently post the approved LCAP and LCFF Budget Overview for Parents on the homepage of their website.

ENROLLMENT

The Adopted Budget assumes increasing enrollment for the current fiscal year and gradual decreases in enrollment at average daily attendance (ADA) in 2020/21 and 2021/22. We strongly encourage the District to continue close monitoring of ADA projections throughout the year, making adjustments as necessary and implementing contingency plans should the ADA projections not materialize.

MULTI-YEAR PROJECTIONS

The multi-year projection was based upon information that was available as of May 2019. The District is projecting it will be able to meet its financial obligations through fiscal year 2021/22.

With the Local Control Funding Formula (LCFF), year-to-year funding changes are a result of changes in ADA, unduplicated English Learners, Free and Reduced and Foster Youth counts, and projected state cost-of-living-adjustments (COLA). We strongly encourage the District to monitor student unduplicated counts, and to perform a risk analysis of the ability to absorb changes in out-year funding estimates.

For COLA and other state revenue projections, YCOE recommends using the Common Message provided by CCSESA's Business and Administration Steering Committee (BASC) or School Services of California's (SSC's) Dartboard. The LCFF calculator, maintained by the Fiscal Crisis and Management Assistance Team (FCMAT), is recommended for use in budget development and multi-year projections.

DESIGNATION FOR ECONOMIC UNCERTAINTIES

The Designation for Economic Uncertainties is an amount that is set aside from unrestricted resources and is expressly for major unforeseen events that would otherwise jeopardize the budget plan. Such a designation is not for expenditures that are known or can be anticipated. We believe the minimum reserve percentages are the bare minimum.

Currently, \$3,177,399 is designated for economic uncertainties, which complies with the requirement for a district of Davis' size.

ENACTED STATE BUDGET 2019/20

The enacted state budget maintains full funding in LCFF, which means that this is the first year without an increase due to "Gap" funding. One-time payments to both CalSTRS and CalPERS were included to partially mitigate employer rate increases. Additionally, the enacted budget included increases to ensure all SELPA's are, at a minimum, funded at the statewide target rate and to provide funding to all LEAs serving preschool age students with individualized education plans (IEPs).

Districts are advised to maintain expenditure flexibility, practice prudent long-term planning, and transparency to stakeholders allowing for changing priorities with the expectations for the LCAP and legislative mandates.

In addition to the notes included in this letter, the technical review questions and comments exchanged with District staff are an integral part of this approval. In closing, we appreciate the cooperation and positive working relationship with your District staff. If you have any questions about this review, please contact Crissy Huey at (530) 668-3722 (crissy.huey@ycoe.org) or Veronica Moreno at (530) 668-3719 (veronica.moreno@ycoe.org).

- c: Bob Poppenga, President, Board of Trustees, Davis JUSD
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