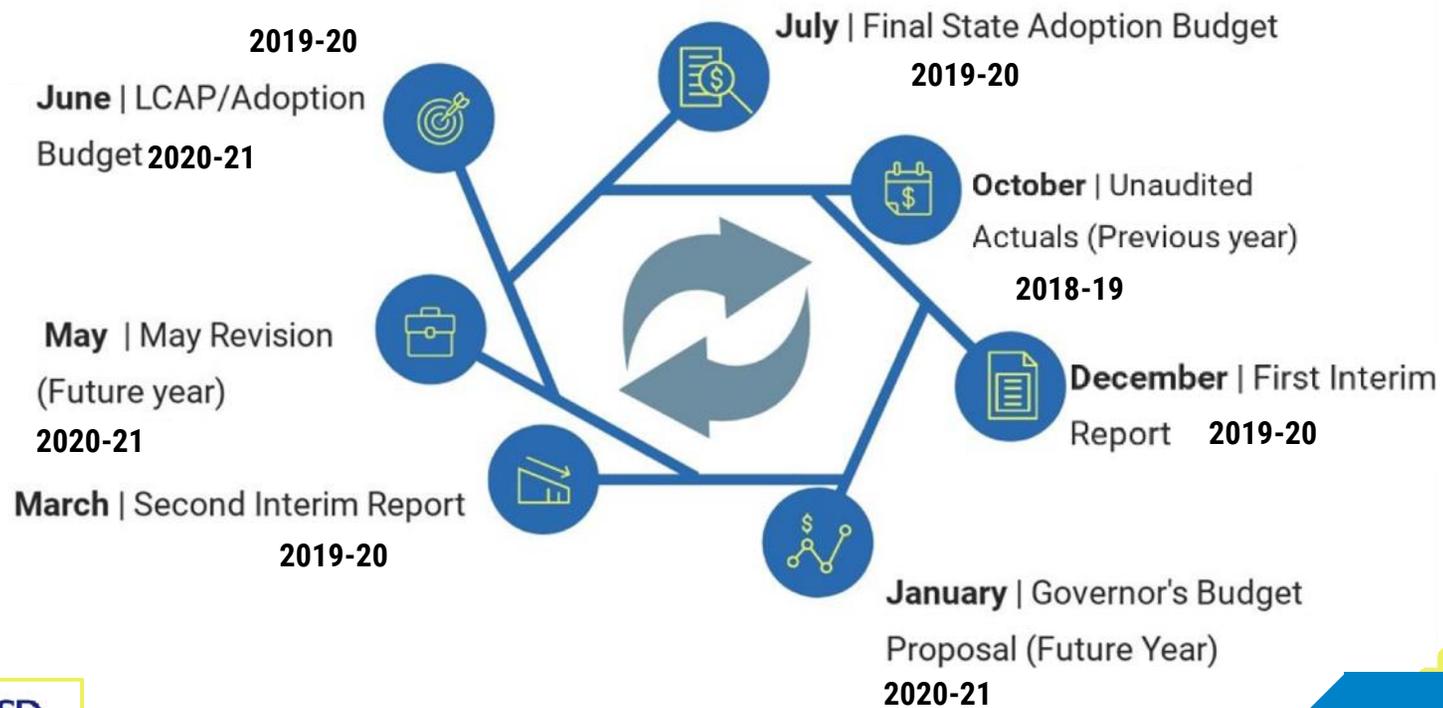


First Interim Budget Report Fiscal Year 2019-2020

December 19, 2019



Reporting Cycle



Budget Considerations

DJUSD has a strong tradition of academic excellence and fiscal responsibility.

While State funding has increased, it's not enough to pay for all the services we'd like to have for our students and families at this time.

The Board and administration are committed to invest returning dollars strategically and wisely towards the future of our district.



Interim Reporting Overview

School districts are required to file two interim reports during each fiscal year on the status of the District's financial health. These reports must include a certification of whether or not the District is able to meet its financial obligations.

- Has sufficient cash to pay District payroll and vendors for supplies and services

A positive certification is assigned when the District can meet its financial obligations for the current and two subsequent fiscal years.

- Has sufficient cash to pay District payroll and vendors for supplies and services for a 3-year period



First Interim General Fund Summary

The District's State funding is based upon the Final State Budget and projections from the Department of Finance.

- Fully funding LCFF in 2019-20 and inflation (COLA) only funding going forward

The District's current "positive" budget certification is based upon:

- Projected growth in LCFF revenue from the Department of Finance assumptions
- Decrease staffing ratios including the use of attrition reductions to generate budget savings
- The District will need to plan the use of projected increases in State LCFF revenue and future budget reduction actions to address structural deficit spending and to meet the future needs of the district for student programs, employee compensation and other operating expenditures



First Interim Overview

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



Budget Revision Assumptions General Fund 2019-2020

Final State Budget Assumptions

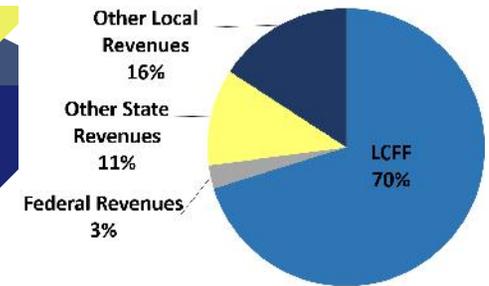
- Pension Costs, Special Education Funding (One-Time)
Projected Paid ADA of 7,654
- Actual DJUSD Non-Charter Enrollment of 7,964
- Position Control – Classroom FTE, Stipends, Benefits
- Program costs
- Utilities and Operating costs

**DAVIS JOINT UNIFIED SCHOOL DISTRICT
FIRST INTERIM GENERAL FUND SUMMARY**

Description	<----- 2019-20 BUDGET ----->		
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES	\$83,113,681	\$16,685,258	\$99,798,939
EXPENDITURES	\$66,305,954	\$37,913,205	\$104,219,159
OTHER FINANCING SOURCES/USES	(\$17,930,360)	\$17,667,880	(\$262,480)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,122,633)	(\$3,560,067)	(\$4,682,700)
BEGINNING FUND BALANCE JULY 1ST	\$5,756,339	\$4,767,633	\$10,523,972
ENDING FUND BALANCE JUNE 30TH <i>RESERVE %</i>	\$4,633,706 <i>4.4%</i>	\$1,207,566	\$5,841,272
COMPONENTS OF ENDING BALANCE			
Revolving Cash/Stores	\$67,500		\$67,500
Legally Restricted Balances	\$0	\$1,207,566	\$1,207,566
Designated for Economic Uncertainties	\$3,390,740		\$3,390,740
<i>Designated for Economic Uncertainties %</i>	<i>3.2%</i>		
Other Assignments:			
State Funding Contingency (LCFF/One-Time)	\$1,175,466		\$1,175,466
<i>Total Other Assignments %</i>	<i>1.1%</i>		
Unassigned/Unappropriated Amount	\$0	\$0	\$0
<i>Total Unassigned %</i>	<i>0.0%</i>		



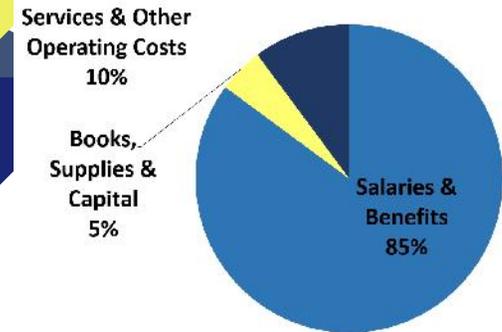
First Interim Compared to Approved Total Revenues (Unrestricted and Restricted)



(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)	

**DAVIS JOINT UNIFIED SCHOOL DISTRICT
FIRST INTERIM GENERAL FUND UNRESTRICTED SUMMARY**

Description	<----- 2019-20 BUDGET ----->		
	BOARD APPROVED BUDGET	FIRST INTERIM BUDGET	DIFFERENCE
REVENUES	\$83,493,149	\$83,113,681	(\$379,468)
EXPENDITURES	\$65,557,844	\$66,305,954	(\$748,110)
OTHER FINANCING SOURCES/USES	(\$18,452,596)	(\$17,930,360)	\$522,236
NET INCR. (DECR.) IN FUND BALANCE	(\$517,291)	(\$1,122,633)	(\$605,342)
BEGINNING FUND BALANCE JULY 1ST	\$5,756,339	\$5,756,339	\$0
ENDING FUND BALANCE JUNE 30TH	\$5,239,048	\$4,633,706	(\$605,342)
<i>RESERVE %</i>	5.3%	4.4%	-0.9%
COMPONENTS OF ENDING BALANCE			
Revolving Cash/Stores	\$67,500	\$67,500	\$0
Designated for Economic Uncertainties	\$3,094,304	\$3,390,740	\$296,436
<i>Designated for Economic Uncertainties %</i>	3.2%	3.2%	0.1%
Other Assignments:			
Carryover/Commitments	\$200,000	\$0	(\$200,000)
State Funding Contingency (LCFF/One-Time)	\$0	\$1,175,466	\$1,175,466
Collective Bargaining Cost	\$1,027,631	\$0	(\$1,027,631)
<i>Total Other Assignments %</i>	1.3%	1.1%	-0.1%
Unassigned/Unappropriated Amount	\$849,613	\$0	(\$849,613)
<i>Total Unassigned %</i>	0.9%	0.0%	-0.9%
Operating Deficit - / Surplus +	(\$500,000)	(\$1,400,000)	(\$900,000)



Unrestricted Differences

+Favorable / - Unfavorable

Revenue	<u>-\$379,468</u>
LCFF Revenue	-\$443k
- <i>Lower enrollment (49)</i>	
Other State Revenues	-\$116k
- <i>True-up of one-time revenues (Special Education and Teacher Credentialing)</i>	
Other Local Revenues	+\$180k
- <i>Interest and Parcel Tax</i>	





Unrestricted Differences

+Favorable / - Unfavorable

Expenditures	<u>-\$748,110</u>
Salaries & Benefits	-\$833k
- Collective Bargaining and Position control true-up	
Supplies, Services and Capital	+\$81k
Other outgo/Indirect Costs	+\$4k
Other Financing	<u>+\$522,236</u>
Lease accounting	+\$71k
Contributions & Transfer Out	+\$451k
- One-time program funds transfer in June Actuals versus July	
Net Incr. + / Decr. – In Fund Balance	<u>-\$605,342</u>

Unrestricted Risk and Opportunities

Risks

- Attendance rate (decreased ADA)
- Special Education costs

Opportunities

- Under spending
- Increased revenues

**DAVIS JOINT UNIFIED SCHOOL DISTRICT
FIRST INTERIM GENERAL FUND RESTRICTED SUMMARY**

Description	<----- 2019-20 BUDGET ----->		
	BOARD APPROVED BUDGET	FIRST INTERIM BUDGET	DIFFERENCE
REVENUES	\$12,394,886	\$16,685,258	\$4,290,372
EXPENDITURES	\$32,081,712	\$37,913,205	(\$5,831,493)
OTHER FINANCING SOURCES/USES	\$18,118,892	\$17,667,880	(\$451,012)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,567,934)	(\$3,560,067)	(\$1,992,133)
BEGINNING FUND BALANCE JULY 1ST	\$4,767,633	\$4,767,633	\$0
ENDING FUND BALANCE JUNE 30TH	\$3,199,699	\$1,207,566	(\$1,992,133)
COMPONENTS OF ENDING BALANCE			
Legally Restricted Balances	\$3,199,699	\$1,207,566	(\$1,992,133)
Unassigned/Unappropriated Amount	\$0	\$0	\$0
RESTRICTED BALANCE DETAIL			
<i>Lottery Instructional Materials</i>	\$976,871	\$794,705	(\$182,166)
<i>Low Performing Student Block Grant</i>	\$42,589	\$0	(\$42,589)
<i>Donations and Grants</i>	\$2,180,239	\$412,861	(\$1,767,378)
TOTAL LEGALLY RESTRICTED BALANCES	\$3,199,699	\$1,207,566	(\$1,992,133)



Restricted Differences

+Favorable / - Unfavorable

Revenue	-\$4,290,372
LCFF Revenue	-\$4k
Federal Revenues	-\$34k
- <i>Title III Immigrant Funding (did not qualify)</i>	
Other State Revenues	+\$3,831k
- <i>State Pension Accounting STRS/PERS On-Behalf</i>	
Other Local Revenues	+\$497k
- <i>Local grants and donations</i>	



Restricted Differences

+Favorable / - Unfavorable

Expenditures	<u>-\$5,831,493</u>
Salaries & Benefits	-\$4,193k
- <i>State Pension Accounting STRS/PERS On-Behalf and Collective Bargaining</i>	
Supplies, Services and Capital	-\$1,593k
- <i>Clean Energy Grants, Teacher Credentialing and Other Local Grants and Donations</i>	
Other outgo/Indirect Costs	-\$45k
Other Financing	<u>-\$451,012</u>
Contributions & Transfer Out	-\$451k
- <i>One-time program funds transfer in June Actuals versus July</i>	
Net Incr. + / Decr. – In Fund Balance	<u>-\$1,992,133</u>

Restricted Risk and Opportunities

Risks

- Special Education revenue & expense

Opportunities

- Staffing and service levels
- Under spending of expenditures
- Revenue increases
 - SELPA funding
 - Local donations

Multi-Year Projections



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)

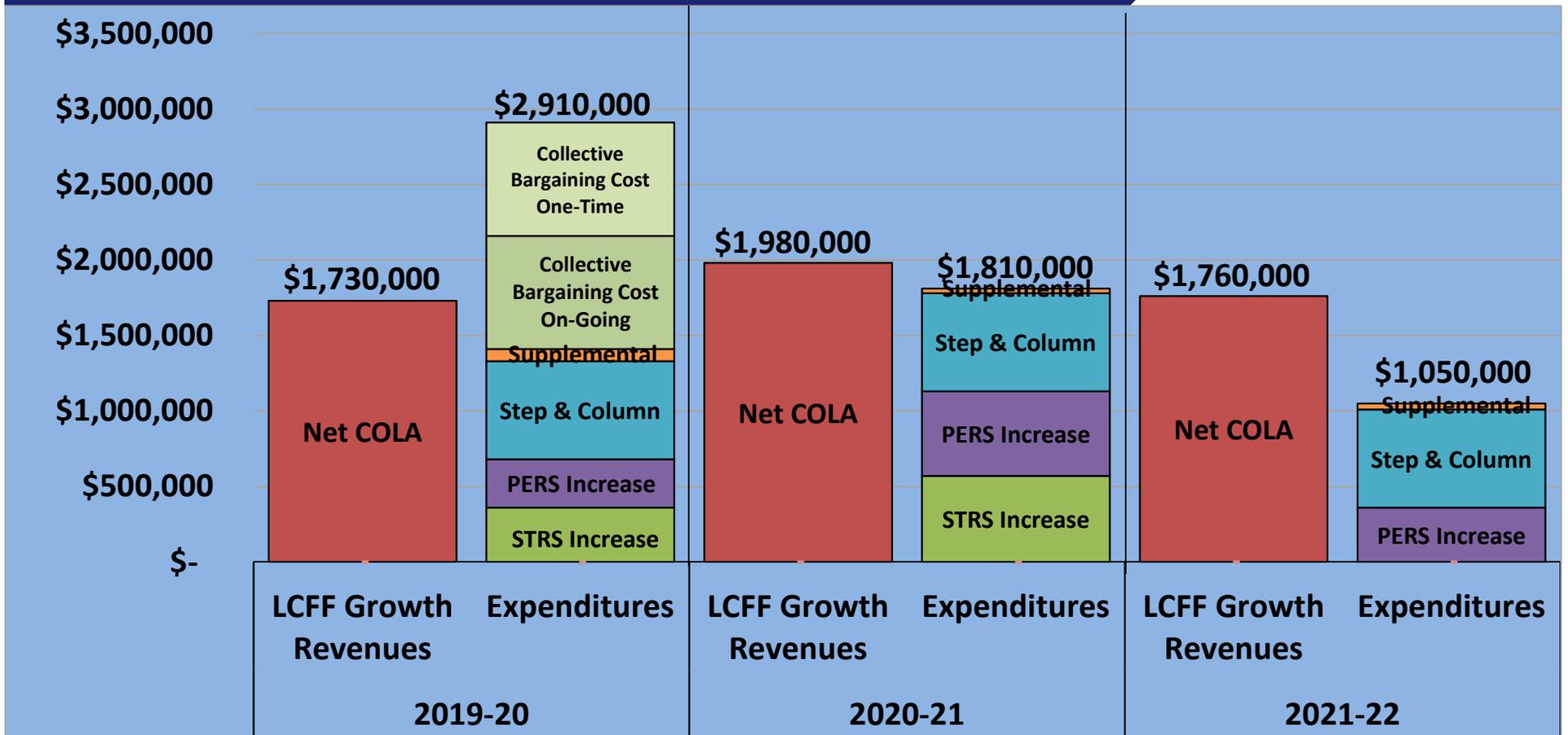
Decreased Enrollment of 49 Students (2019-2022) (-\$440K ongoing)
Collective Bargaining Agreements (\$750K ongoing, \$750 one-time)
Lower Cost Increase for Insurance (-\$200K ongoing)



Multi-Year Projections – General Fund

Key Assumptions	2019-20	2020-21	2021-22
DJUSD Enrollment (Non-Charter - excludes DVCA)	7,964	7,955	7,939
<i>Change in Enrollment</i>	(35)	(9)	(16)
Average Daily Attendance (ADA)	7,654	7,645	7,630
<i>Change in ADA</i>	(49)	(9)	(15)
Total LCFF Funding per ADA (RATE)	\$9,142	\$9,412	\$9,661
PROJECTED COLA %	3.26%	3.00%	2.80%
PROJECTED LCFF GROWTH % (RATE)	3.19%	2.96%	2.64%
TOTAL LCFF REVENUE	\$69,972,786	\$71,956,601	\$73,714,798
LCFF FUNDING CHANGE	\$1,728,023	\$1,983,815	\$1,758,197
PARCEL TAX REVENUE	\$10,238,536	\$10,502,536	\$10,732,536
Projected Step & Column Increases		\$1,118,000	\$1,118,000
Pension Contribution Increase STRS	\$360,000	\$570,000	(\$130,000)
Pension Contribution Increase PERS	\$320,000	\$560,000	\$360,000
TOTAL UNRESTRICTED RESERVE %	4.4%	3.6%	3.7%
RESERVE FOR ECONOMIC UNCERTAINTIES %	3.2%	3.2%	3.2%
Budget Reductions - Staffing		\$365,000	
Budget Reductions - Operating Expenditures		\$40,000	

Projected LCFF Growth & Expenditures



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)

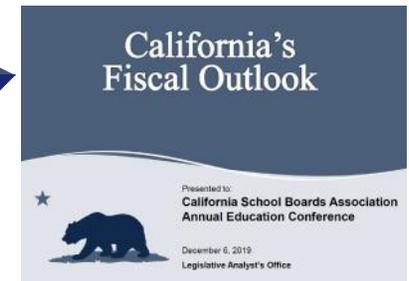
Description	2019-20	2020-21	2021-22
REVENUES	\$83,113,681	\$84,646,703	\$86,634,900
EXPENDITURES	\$66,305,954	\$67,767,118	\$68,651,308
OTHER FINANCING SOURCES/USES	(\$17,930,360)	(\$17,807,417)	(\$17,878,362)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,122,633)	(\$927,832)	\$105,230
BEGINNING FUND BALANCE JULY 1ST	\$5,756,339	\$4,633,706	\$3,705,874
ENDING FUND BALANCE JUNE 30TH	\$4,633,706	\$3,705,874	\$3,811,104
<i>RESERVE %</i>	<i>4.4%</i>	<i>3.6%</i>	<i>3.7%</i>
COMPONENTS OF ENDING BALANCE			
Revolving Cash/Stores/Prepaid	\$67,500	\$67,500	\$67,500
Designated for Economic Uncertainties \$	\$3,390,740	\$3,332,141	\$3,356,973
<i>Designated for Economic Uncertainties %</i>	<i>3.2%</i>	<i>3.2%</i>	<i>3.2%</i>
Other Assignments			
State Funding Contingency (LCFF/One-Time)	\$1,175,466	\$306,233	\$386,631
<i>Total Other Assignments %</i>	<i>1.1%</i>	<i>0.3%</i>	<i>0.4%</i>
Unassigned Amount	\$0	\$0	\$0
<i>Unassigned/Unappropriated %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Operating Deficit - / Surplus +	(\$1,400,000)	(\$900,000)	\$100,000

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

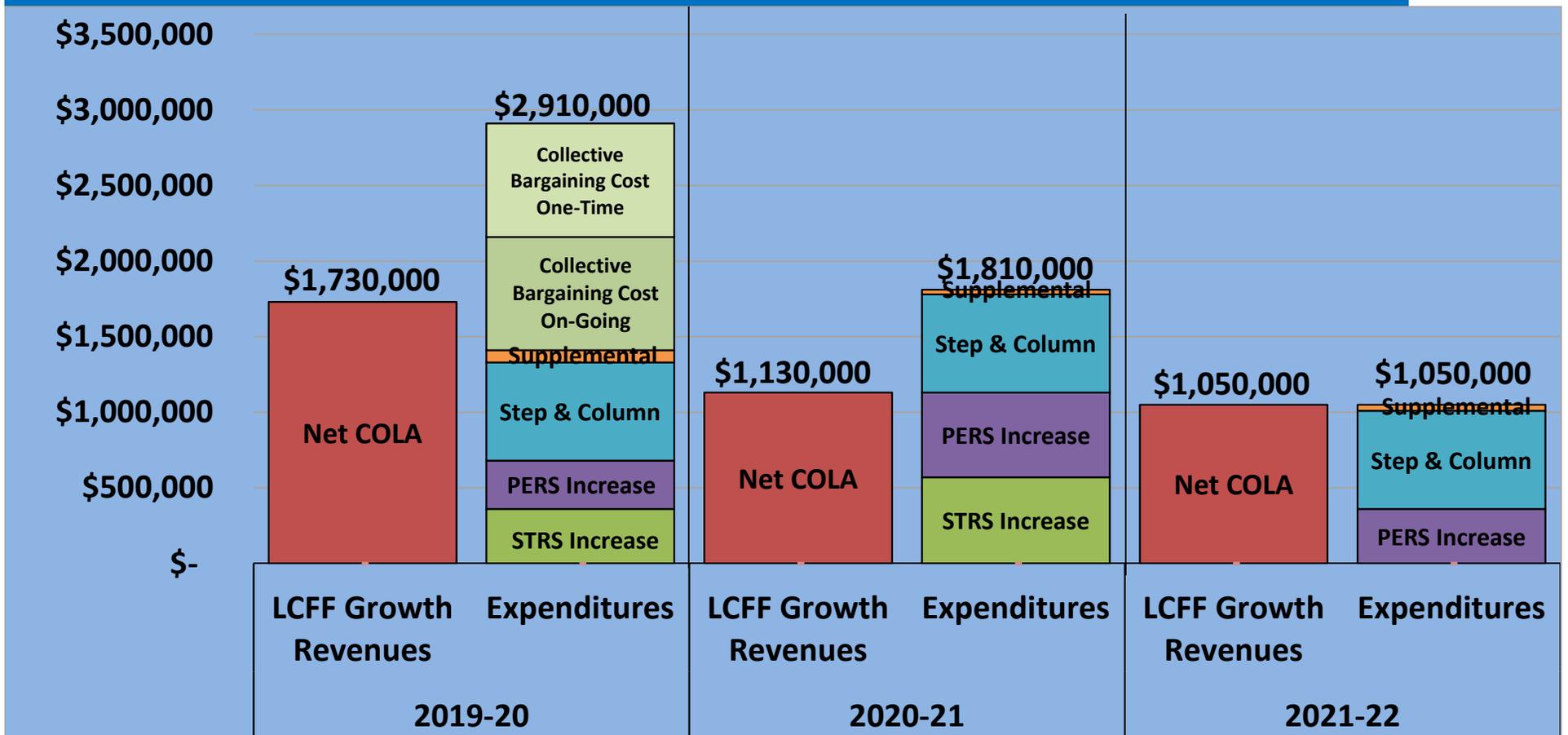
- Projected at 1.79% down from 3.0%
- Projected at 2% or lower over the planning period

Other State Funding Changes

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



Projected LCFF Growth (LAO COLA) & Expenditures



What If Projection – LAO Lower COLA (Unrestricted)

Description	2019-20	2020-21	2021-22
REVENUES	\$83,113,681	\$83,796,703	\$85,074,900
EXPENDITURES	\$66,305,954	\$67,767,118	\$68,651,308
OTHER FINANCING SOURCES/USES	(\$17,930,360)	(\$17,807,417)	(\$17,878,362)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,122,633)	(\$1,777,832)	(\$1,454,770)
BEGINNING FUND BALANCE JULY 1ST	\$5,756,339	\$4,633,706	\$2,855,874
ENDING FUND BALANCE JUNE 30TH	\$4,633,706	\$2,855,874	\$1,401,104
RESERVE %	4.4%	2.8%	1.4%
COMPONENTS OF ENDING BALANCE			
Revolving Cash/Stores/Prepaid	\$67,500	\$67,500	\$67,500
Designated for Economic Uncertainties \$	\$3,390,740	\$2,788,374	\$1,933,604
Designated for Economic Uncertainties %	3.2%	2.7%	1.3%
Other Assignments			
State Funding Contingency (LCFF/One-Time)	\$1,175,466	\$0	\$0
Total Other Assignments %	1.1%	0.0%	0.0%
Unassigned Amount	\$0	\$0	\$0
Unassigned/Unappropriated %	0.0%	0.0%	0.0%
Operating Deficit - / Surplus +	(\$1,400,000)	(\$1,800,000)	(\$1,500,000)

What If Projection – LAO Lower COLA and Increased State Funding

Description	2019-20	2020-21	2021-22
REVENUES	\$83,113,681	\$84,496,703	\$85,574,900
EXPENDITURES	\$66,305,954	\$67,767,118	\$68,651,308
OTHER FINANCING SOURCES/USES	(\$17,930,360)	(\$17,707,417)	(\$17,778,362)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,122,633)	(\$977,832)	(\$854,770)
BEGINNING FUND BALANCE JULY 1ST	\$5,756,339	\$4,633,706	\$3,655,874
ENDING FUND BALANCE JUNE 30TH	\$4,633,706	\$3,655,874	\$2,801,104
<i>RESERVE %</i>	<i>4.4%</i>	<i>3.6%</i>	<i>2.7%</i>
COMPONENTS OF ENDING BALANCE			
Revolving Cash/Stores/Prepaid	\$67,500	\$67,500	\$67,500
Designated for Economic Uncertainties \$	\$3,390,740	\$3,082,973	\$2,533,604
<i>Designated for Economic Uncertainties %</i>	<i>3.2%</i>	<i>3.0%</i>	<i>2.4%</i>
Other Assignments			
State Funding Contingency (LCFF/One-Time)	\$1,175,466	\$305,401	\$0
<i>Total Other Assignments %</i>	<i>1.1%</i>	<i>0.5%</i>	<i>0.2%</i>
Unassigned Amount	\$0	\$0	\$0
<i>Unassigned/Unappropriated %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Operating Deficit - / Surplus +	(\$1,400,000)	(\$1,200,000)	(\$900,000)

Fiscal Health



Fiscal Health Analysis



- **Davis Joint USD | BP 3100 Business and Non-instructional Operations Budget**

The Board of Education recognizes its critical responsibility for adopting a sound budget for each fiscal year which is aligned with the district's vision, goals, and priorities. The district budget shall guide administrative decisions and actions throughout the year and **shall serve as a tool for monitoring the fiscal health of the district.**

The Board shall establish and maintain a general fund reserve for economic uncertainty that **meets or exceeds** the requirements of law. (Education Code 33128.3; 5 CCR 15450)

- **Board direction given in 2007 to follow FCMAT recommendations for fiscal health following the 2006 FCMAT Fiscal Review**
 - Review indicators to measure fiscal health on an annual basis

Fiscal Health Indicators

34



- Most Important Fiscal Indicators
 - Recognize year-to-year trends, e.g., declining enrollment or **deficit spending****
 - **Maintain reserves****
 - **Control escalating contributions** from general fund **

** Represents the conditions that have been found most frequently to indicate fiscal distress

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?