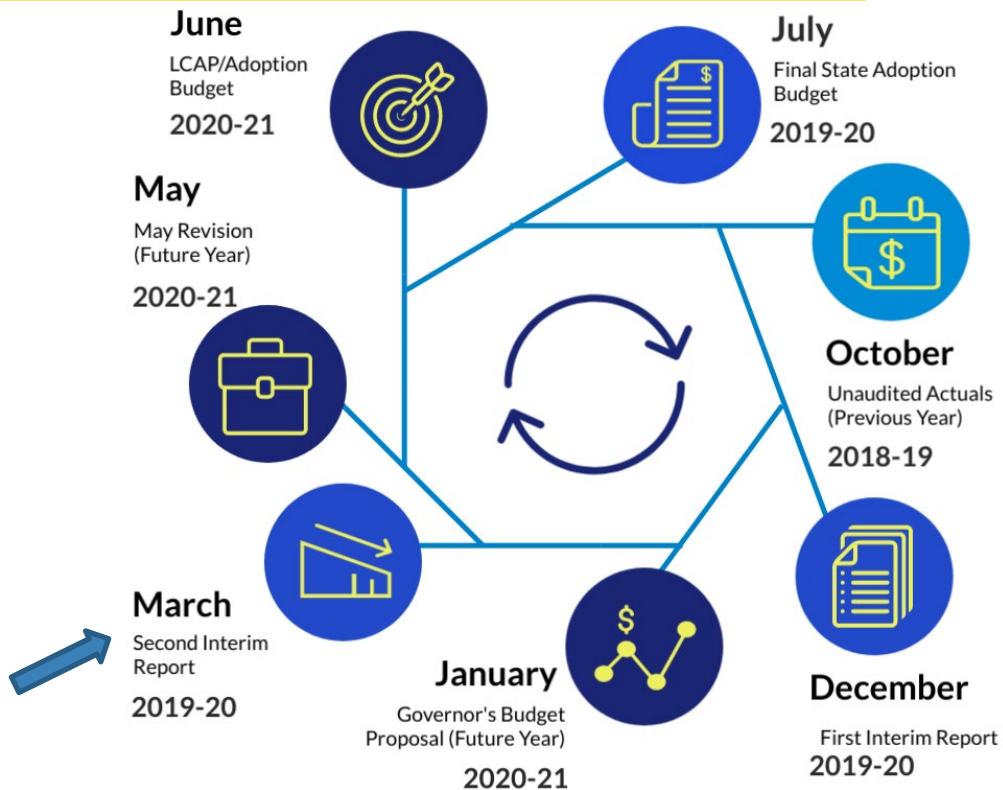


Second Interim Budget Report Fiscal Year 2019-2020

March 19, 2020

Budget 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

Second Interim General Fund Summary

- The District's State funding is based upon January Budget and projections from the Department of Finance.
 - Funding LCFF for 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

Second Interim Overview

- Comparisons to First Interim Report (December)
- 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

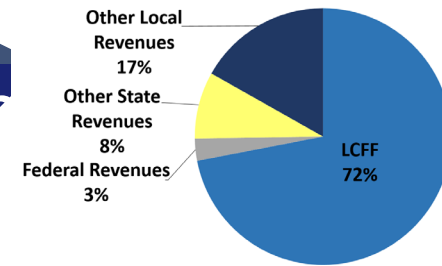
**DAVIS JOINT UNIFIED SCHOOL DISTRICT
SECOND INTERIM GENERAL FUND SUMMARY**

Description	<----- 2019-20 BUDGET----->		
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES	\$83,482,253	\$13,862,972	\$97,345,225
EXPENDITURES	\$66,819,069	\$35,256,437	\$102,075,506
OTHER FINANCING SOURCES/USES	(\$18,261,587)	\$17,888,581	(\$373,006)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,598,403)	(\$3,504,884)	(\$5,103,287)
BEGINNING FUND BALANCE JULY 1ST	\$5,756,339	\$4,767,633	\$10,523,972
ENDING FUND BALANCE JUNE 30TH <i>RESERVE %</i>	\$4,157,936 <i>4.1%</i>	\$1,262,749	\$5,420,685
<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores	\$67,500		\$67,500
Legally Restricted Balances	\$0	\$1,262,749	\$1,262,749
Designated for Economic Uncertainties	\$3,076,196		\$3,076,196
<i>Designated for Economic Uncertainties %</i>	<i>3.0%</i>		
<u>Other Assignments:</u>			
State Funding Contingency	\$800,000		\$800,000
Deficit Spending Reserves	\$214,240		\$214,240
<i>Total Other Assignments %</i>	<i>1.0%</i>		
Unassigned/Unappropriated Amount	\$0	\$0	\$0
<i>Total Unassigned %</i>	<i>0.0%</i>		



Second Interim Compared to First Interim

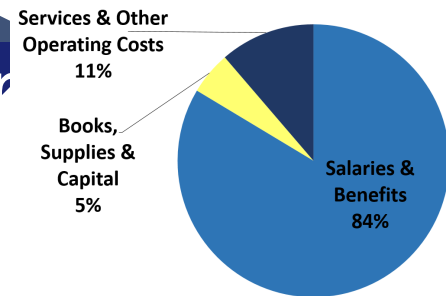
Total Revenues (Unrestricted and Restricted)



(In Thousands)	Unrestricted Variance FY2019-20	Restricted Variance 2019-20	Total Variance	Reason(s)
LCFF	\$1	-	\$1	
Federal Revenues	-	\$17	\$17	Title I Funding
Other State Revenues	\$375	-\$3,413	-\$3,038	Grants: Classified Employee to Teacher, Classified Professional Development
Other Local Revenues	-\$8	\$573	\$566	Local Solutions grant, local site & program donations
Total Revenues	\$369	-\$2,822	-\$2,454	

Second Interim Compared to First Interim

Total Expenditures (Unrestricted and Restricted)



(In Thousands)	Unrestricted Variance FY2019-20	Restricted Variance 2019-20	Total Variance	Reason(s)
Salaries and Benefits	-\$290	\$3,647	\$3,357	Pensions on behalf expenditures offset by final payroll reconciliation
Books, Supplies and Capital	\$2	-\$268	-\$267	Restricted Local Grants and Donations
Services, Other Operating and Other Outgo	-\$225	-\$722	-\$947	Restricted Local Grants and Donations, Maintenance
Total Expenditures	-\$513	\$2,657	\$2,144	

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

Description	<----- 2019-20 BUDGET----->		
	BOARD APPROVED BUDGET	SECOND INTERIM BUDGET	DIFFERENCE
REVENUES	\$83,113,681	\$83,482,253	\$368,572
EXPENDITURES	\$66,305,954	\$66,819,069	(\$513,115)
OTHER FINANCING SOURCES/USES	(\$17,930,360)	(\$18,261,587)	(\$331,227)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,122,633)	(\$1,598,403)	(\$475,770)
BEGINNING FUND BALANCE JULY 1ST	\$5,756,339	\$5,756,339	\$0
ENDING FUND BALANCE JUNE 30TH	\$4,633,706	\$4,157,936	(\$475,770)
RESERVE %	4.4%	4.1%	-0.4%
COMPONENTS OF ENDING BALANCE			
Revolving Cash/Stores	\$67,500	\$67,500	\$0
Designated for Economic Uncertainties	\$3,390,740	\$3,076,196	(\$314,545)
Designated for Economic Uncertainties %	3.2%	3.0%	-0.2%
Other Assignments:			
State Funding Contingency	\$1,175,466	\$800,000	(\$375,466)
Deficit Spending Reserves	\$0	\$214,240	\$214,240
Total Other Assignments %	1.1%	1.0%	-0.1%
Unassigned/Unappropriated Amount	\$0	\$0	\$0
Total Unassigned %	0.0%	0.0%	0.0%
Operating Deficit - / Surplus +	(\$1,400,000)	(\$1,600,000)	(\$200,000)

Unrestricted Differences

+Favorable/-Unfavorable

Revenue +\$368,572

- LCFF Revenue +\$1k
- Other State Revenues +\$375k
 - *Trueup of one time revenues (Teacher Credentialing)*
- Other Local Revenues -\$8k

Unrestricted Differences

+Favorable/- Unfavorable

Expenditures

-\$513,115

- **Salaries & Benefits**

-\$290k

- Position control true up and reconciliation

- **Supplies, Services and Capital**

-\$203k

- One time restricted credentialing and ~~type~~ of commitments

- **Other outgo/Indirect Costs**

-\$20k

Other Financing

-\$331,227

- **Contributions & Transfers Out**

-\$331k

- SNS program transfer, ~~time~~ federal program adjustment, required maint. transfer

Net Incr. + / Decr. In Fund Balance

-\$475,770

Unrestricted Risk and Opportunities

- **Risks**
 - Attendance rate (decreased ADA)
 - Special Education costs
- **Opportunities**
 - Under spending
 - Increased revenues

DAVIS JOINT UNIFIED SCHOOL DISTRICT

SECOND INTERIM GENERAL FUND RESTRICTED SUMMARY

Description	<----- 2019-20 BUDGET----->		
	BOARD APPROVED BUDGET	SECOND INTERIM BUDGET	DIFFERENCE
REVENUES	\$16,685,258	\$13,862,972	(\$2,822,286)
EXPENDITURES	\$37,913,205	\$35,256,437	\$2,656,768
OTHER FINANCING SOURCES/USES	\$17,667,880	\$17,888,581	\$220,701
NET INCR. (DECR.) IN FUND BALANCE	(\$3,560,067)	(\$3,504,884)	\$55,183
BEGINNING FUND BALANCE JULY 1ST	\$4,767,633	\$4,767,633	\$0
ENDING FUND BALANCE JUNE 30TH	\$1,207,566	\$1,262,749	\$55,183
COMPONENTS OF ENDING BALANCE			
Legally Restricted Balances	\$1,207,566	\$1,262,749	\$55,183
Unassigned/Unappropriated Amount	\$0	\$0	\$0
RESTRICTED BALANCE DETAIL			
<i>Lottery Instructional Materials</i>	\$794,705	\$794,705	\$0
<i>Low Performing Student Block Grant</i>	\$0	\$13,256	\$13,256
<i>Donations and Grants</i>	\$412,861	\$454,788	\$41,927
TOTAL LEGALLY RESTRICTED BALANCES	\$1,207,566	\$1,262,749	\$55,183

Restricted Differences

+Favorable/-Unfavorable

Revenue ~~-\$2,822,286~~

- Federal Revenues **+\$17k**
 - Title III Immigrant Funding (did not qualify)
- Other State Revenues **+\$3,413k**
 - State Pension Accounting STRS/PERS ~~Benefit~~
- Other Local Revenues **+\$573k**
 - Local grants and donations

Restricted Differences

+Favorable/-Unfavorable

Expenditures

+\$2,656,768

- **Salaries & Benefits**

+\$3,647k

- State Pension Accounting STRS/DBS half

- **Supplies, Services and Capital**

-\$1,006k

- Teacher Credentialing and Other Local Grants and Donations

- **Otheroutgo/Indirect Costs**

+\$16k

OtherFinancing

+\$220,701

- **Contributions & Transfer Out**

+\$221k

- onetimefederal program adjustment, required maint. transfer

Net Incr. + / Decr. In Fund Balance

+\$55,183

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 Second 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

MYP Assumptions Changes since Dec

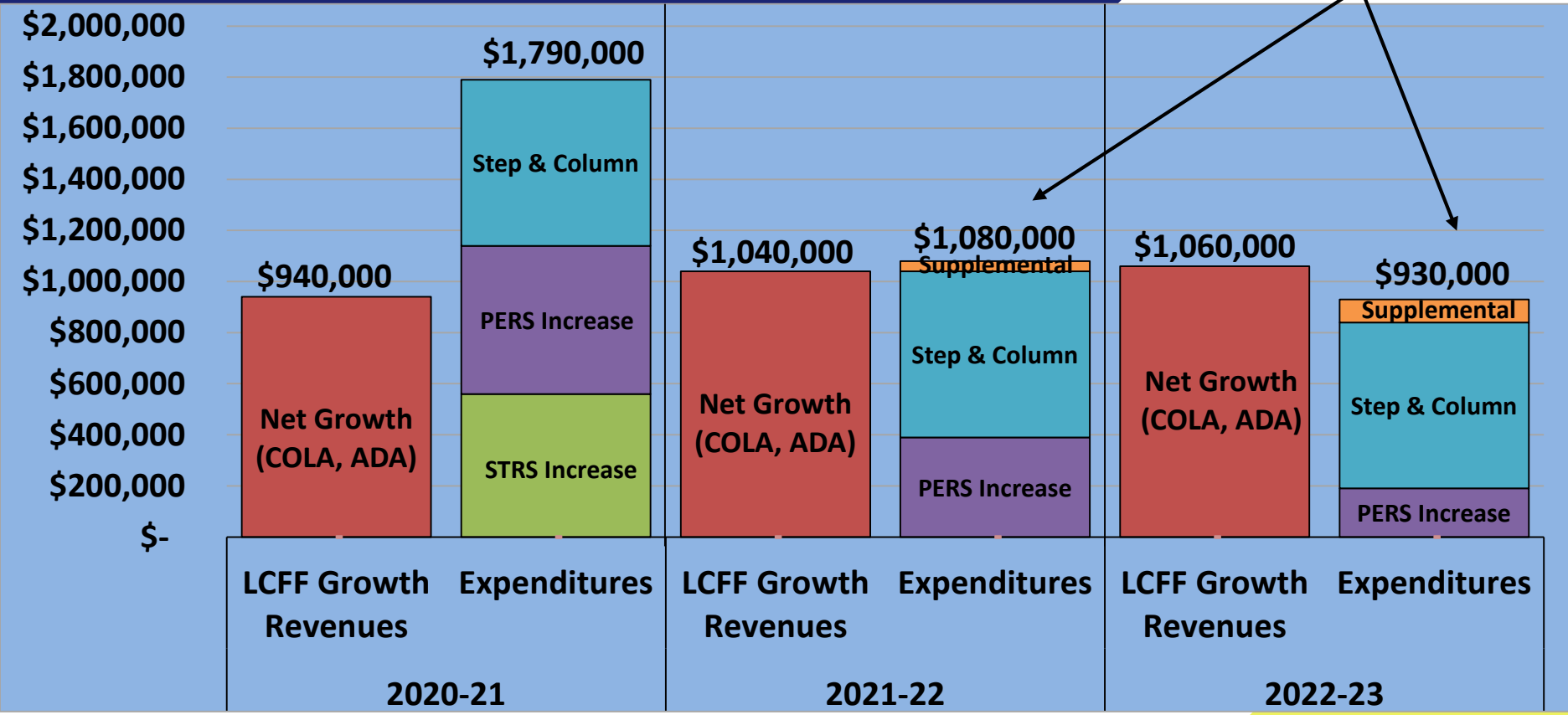
- Decreased Enrollment of 175 Students (2019-2022) (-\$800 K-\$1.6 Million ongoing)
- Decrease in Projected COLA(-\$400 K ongoing)
- Special Education Funding (+\$800 K on-going; held in reserve until approved)

Multi-Year Projections – General Fund

Key Assumptions	2019-20	2020-21	2021-22
DJUSD Enrollment (Non-Charter - excludes DVCA)	7,964	7,864	7,764
<i>Change in Enrollment</i>	(35)	(100)	(100)
Average Daily Attendance (ADA)	7,654	7,587	7,493
<i>Change in ADA</i>	(49)	(67)	(94)
Total LCFF Funding per ADA (RATE)	\$9,142	\$9,347	\$9,603
PROJECTED COLA %	3.26%	2.29%	2.71%
PROJECTED LCFF GROWTH % (RATE)	3.19%	2.24%	2.75%
TOTAL LCFF REVENUE	\$69,974,104	\$70,913,241	\$71,957,256
LCFF FUNDING CHANGE	\$1,729,341	\$939,137	\$1,044,015
PARCEL TAX REVENUE	\$10,238,536	\$10,501,140	\$10,731,140
Projected Step & Column Increases		\$1,133,000	\$1,133,000
Pension Contribution Increase STRS	\$360,000	\$560,000	\$0
Pension Contribution Increase PERS	\$310,000	\$580,000	\$390,000
TOTAL UNRESTRICTED RESERVE %	4.1%	3.9%	3.9%
RESERVE FOR ECONOMIC UNCERTAINTIES %	3.0%	3.0%	3.0%
Budget Reductions - Staffing			\$437,000
Budget Reductions - Operating Expenditures			\$50,000

Projected LCFF Growth & Expenditures with enrollment decline

STRS increases could happen in future years



Second Interim Multi-Year Projection (Unrestricted)

Description	2019-20	2020-21	2021-22
REVENUES	\$83,482,253	\$83,595,487	\$84,869,502
EXPENDITURES	\$66,819,069	\$66,848,070	\$67,810,476
OTHER FINANCING SOURCES/USES	(\$18,261,587)	(\$17,066,700)	(\$17,006,148)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,598,403)	(\$319,283)	\$52,878
BEGINNING FUND BALANCE JULY 1ST	\$5,756,339	\$4,157,936	\$3,838,653
ENDING FUND BALANCE JUNE 30TH RESERVE %	\$4,157,936 4.1%	\$3,838,653 3.9%	\$3,891,531 3.9%
COMPONENTS OF ENDING BALANCE			
Revolving Cash/Stores/Prepaid	\$67,500	\$67,500	\$67,500
Designated for Economic Uncertainties \$	\$3,076,196	\$2,971,153	\$3,024,031
<i>Designated for Economic Uncertainties %</i>	3.0%	3.0%	3.0%
Other Assignments			
State Funding Contingency	\$800,000	\$800,000	\$800,000
Deficit Spending Reserves	\$214,240	\$0	\$0
<i>Total Other Assignments %</i>	1.0%	0.8%	0.8%
Unassigned Amount	\$0	\$0	\$0
<i>Unassigned/Unappropriated %</i>	0.0%	0.0%	0.0%
Operating Deficit - / Surplus +	(\$1,600,000)	(\$300,000)	\$100,000

Considerations and Fiscal Sustainability Indicators

- Lower LCFF Inflation growth (COLA) projections
- State not prioritizing local district allocations for existing programs
- Recognize Year-to-Year Trends Including Declining Resident Enrollment and Deficit Spending
- Reserve Levels
- General Fund Contributions

Multi-Year Planning Considerations

LCFF Funding

- Funded at COLA (Inflation)
- January Budget COLA adjusted down from First Interim Budget Projections
- No planned State increases for aspirational targets

	2019-20	2020-21	2021-22	2022-23
January Budget	3.26%	2.29%	2.71%	2.82%
First Interim Budget	3.26%	3.00%	2.80%	3.16%
<i>Change</i>		-0.71%	-0.09%	-0.34%

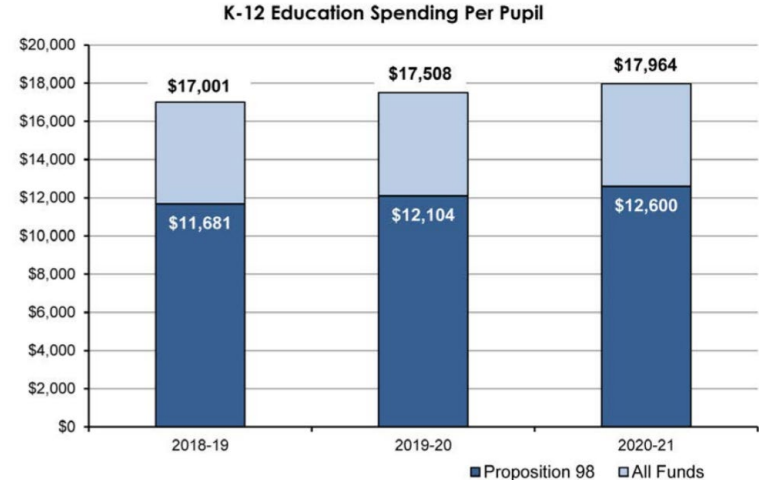
State not prioritizing local district allocations for existing on-going programs

GOVERNOR'S BUDGET SUMMARY — 2020-21

INVESTING IN EDUCATION

The Proposition 98 funding for K-12 schools and community colleges for 2020-21 is \$84 billion—an all-time high. When combined with more than \$819 million in settle-up payments for prior fiscal years, the Budget proposes an increased investment of \$3.8 billion in schools and community colleges.

Reflecting the changes to Proposition 98 funding levels noted above, total K-12 per-pupil expenditures from all sources are projected to be \$17,508 in 2019-20 and \$17,964 in 2020-21—the highest level ever. Ongoing K-12 per-pupil expenditures of Proposition 98 funds are \$12,600 in 2020-21, an increase of \$496 per pupil over the level provided in 2019-20—and \$5,600 higher than its low point in 2011-12.



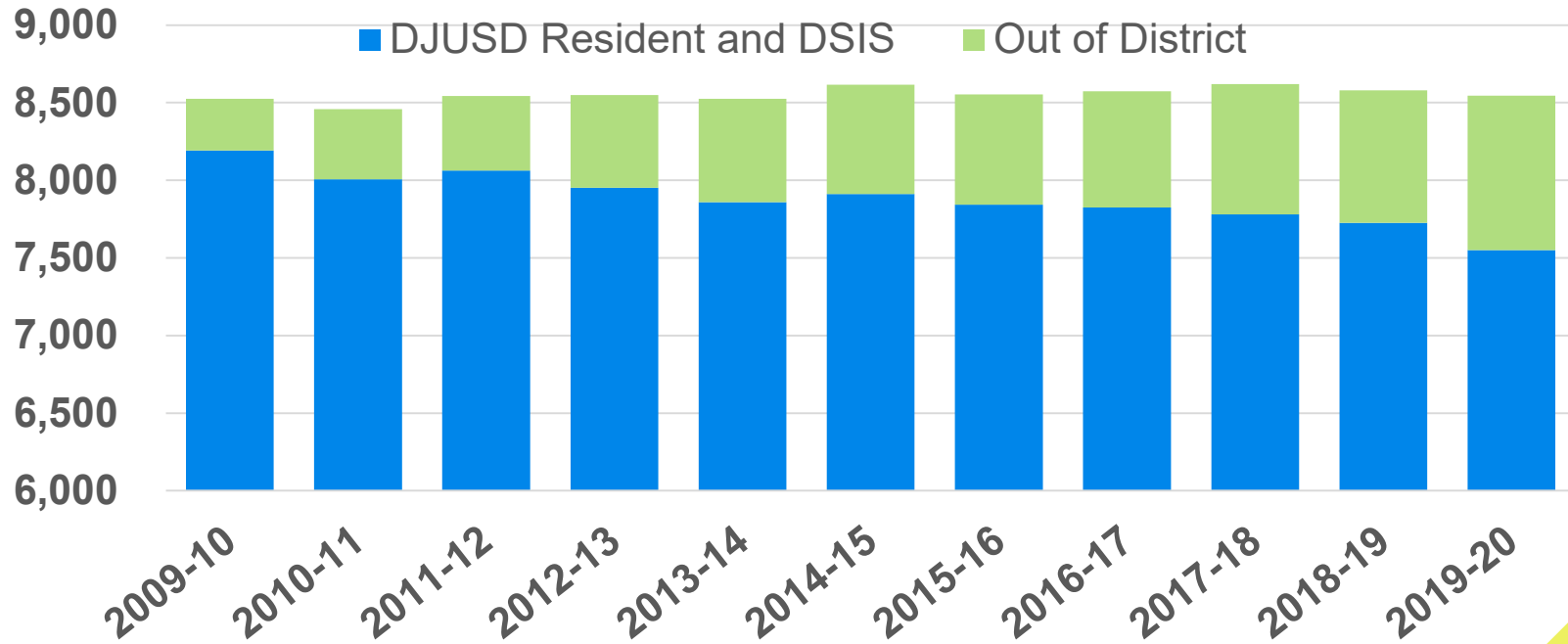
State not prioritizing local district allocations for existing on-going programs

“investment of \$3.8 billion in schools and community colleges”

*K-12 : \$3.4 billion (\$496 per student)
Community Colleges: \$0.4 Billion*

Proposition 98 K-12 Spending On-Going Programs:	\$'s In Millions	%
K-12 COLA (LCFF and Categoricals)	\$1,328	39%
Special Education Formula Reform (AB602)	\$645	19%
Special Education Pre-School Grant (one-time purpose)	\$250	7%
Nutrition Reimbursement Rate Increase	\$60	2%
Other	\$9	0%
Total K-12 On-Going Spending	\$2,292	67%
Proposition 98 K-12 Spending One-Time Programs:		
Teacher Initiatives	\$768	22%
Community School Grants	\$300	9%
Classified Teacher Credential Program	\$20	1%
Computer Science Credential	\$15	0%
Other	\$33	1%
Total K-12 One-Time Spending from On-Going Resources	\$1,136	33%
Total Proposition 98 K-12 Increases	\$3,428	100%

DJUSD Enrollment History



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



- 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 Second 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?