

January 17, 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 2018/19 FIRST INTERIM REPORT

The Yolo County Office of Education's staff reviewed the District's 2018/19 First Interim Report in compliance with provisions of Education Code 42130. Also reviewed were the District's standards and criteria for fiscal stability under the provisions of Education Code 33127.

Based on the multi-year projections and assumptions provided by the District, it appears the District will be able to meet its financial obligations for the current and two subsequent fiscal years. The Yolo County Superintendent of Schools **approves** the District's positive certification of the First Interim Report with the following comments:

SALARY AND BENEFIT NEGOTIATIONS

According to the information provided in the 2018/19 First Interim Report, salary and benefit negotiations for all bargaining units have been settled.

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.

ENROLLMENT

The First Interim Report assumes an decrease in enrollment for the current fiscal year, flat enrollment for 2019/20 and an increase in 2020/21. We strongly encourage the District to closely monitor enrollment projections, making adjustments as necessary and implementing contingency plans should the enrollment projections not materialize.

MULTI-YEAR PROJECTIONS

The multi-year projection shows the District is able to meet its required reserves through fiscal year 2020/21. With the Local Control Funding Formula (LCFF), year-to-year funding changes are a result of changes in ADA, including shifting ADA between grade spans, unduplicated English Learners, Free and Reduced and Foster Youth counts and projected state cost-of-living-adjustments. 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.

Also, while prioritizing new expenditures, we encourage the District to be mindful of the need to keep budgets aligned with their Local Control and Accountability Plan (LCAP), while maintaining fiscal flexibility and solvency.

In addition to general fund deficit spending in 2018/19, 2019/20 and 2020/21, it is noted that other funds are currently projected to have deficit spending, along with current negative cash balances. We urge the District to closely monitor this spending and the potential impact it will have on the General Fund.

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 these percentages are the bare minimum.

Currently, \$3,672,608 is designated for economic uncertainties, which complies with the requirement for a district of your size.

The County, as in the past, reminds school districts of the requirement of AB1200 to maintain a positive certification by having adequate cash and district reserves to meet the financial obligations for the current and two subsequent fiscal years.

In closing, we appreciate the cooperation and positive working relationship with the Business Office staff. If you have any questions about the review of your First Interim Report, 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
- Bruce Colby, Associate Superintendent, Business Services, Davis JUSD
- Omaira Reyna, Director, Fiscal Services, Davis JUSD
- Veronica Moreno, Director, External Business Services, YCOE