

# Davis Joint Unified School District

## First Interim Budget Summary

### Fiscal Year 2015-2016



# 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.

# General Fund

## Budget Summary

- The District's funding is on an upward trend.
- The District's current "positive" budget certification is based upon:
  - Projected growth in LCFF revenue
  - Maintaining our existing level of programing and staff costs and spending down fund balance to cover budget deficits.
- The District will need to continue the plan to use projected increases in State LCFF revenue to address deficit spending levels & to meet the future needs and costs of the district for student programs including employee compensation
- Parcel tax revenues in the future
  - In order to continue the parcel tax funded programs, the school board will need to run an election prior to July 2017
  - Pending an election, the third year of the multi-year projection has no tax revenue and associated reductions staffing and program expenditures

# Budget Revision Assumptions

## General Fund

### 2015-2016

4

- Final State Budget Act Assumptions
  - Local Control Funding Formula
  - Mandated Costs payment
- Projected Paid ADA of 7,657 based upon current year Projected P2
  - Actual DJUSD Enrollment of 7,983
  - Estimated funded ADA down 39 from 2015 Actuals
- Position Control – Stipends, Classroom FTE, Benefits

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

| Description   | <----- 2015-16 BUDGET-----> |                            |                      |
|---|-----------------------------|----------------------------|----------------------|
|   | BOARD<br>APPROVED<br>BUDGET | FIRST<br>INTERIM<br>BUDGET | DIFFERENCE           |
| REVENUES  | \$75,070,799                | \$74,455,849               | (\$614,950)          |
| EXPENDITURES  | \$58,005,884                | \$58,544,598               | (\$538,714)          |
| OTHER FINANCING SOURCES/USES  | (\$13,591,598)              | (\$14,748,226)             | (\$1,156,628)        |
| <b>NET INCR. (DECR.) IN FUND BALANCE</b>                            | <b>\$3,473,317</b>          | <b>\$1,163,025</b>         | <b>(\$2,310,292)</b> |
| BEGINNING FUND BALANCE JULY 1ST                                     | \$6,776,850                 | \$6,776,850                | \$0                  |
| ENDING FUND BALANCE JUNE 30TH                                       | \$10,250,167                | \$7,939,875                | (\$2,310,292)        |
| <b><u>COMPONENTS OF ENDING BALANCE</u></b>                          |                             |                            |                      |
| Revolving Cash/Stores   | \$47,500                    | \$47,500                   | \$0                  |
| Designated for Economic Uncertainties                               | \$2,356,659                 | \$2,533,742                | \$177,083            |
| <b><u>Other Assignments:</u></b>                                    |                             |                            |                      |
| Carryover/Commitments   | \$620,000                   | \$0                        | (\$620,000)          |
| BTSA Consortium   | \$385,773                   | \$0                        | (\$385,773)          |
| Contingency Reserve (1.5% Guideline)                                | \$1,178,330                 | \$1,266,871                | \$88,541             |
| Deficit Spending Flexibility Reserves                               | \$3,961,905                 | \$2,468,268                | (\$1,493,637)        |
| State One-Time Discretionary (PD,<br>Instructional Materials, Tech) | \$1,700,000                 | \$1,623,494                | (\$76,506)           |
| Unassigned/Unappropriated Amount                                    | \$0                         | \$0                        | \$0                  |

# DAVIS JOINT UNIFIED SCHOOL DISTRICT GENERAL FUND RESTRICTED SUMMARY

| Description                                | <----- 2015-16 BUDGET-----> |                            |                    |
|--|-----------------------------|----------------------------|--------------------|
|  | BOARD<br>APPROVED<br>BUDGET | FIRST<br>INTERIM<br>BUDGET | DIFFERENCE         |
| REVENUES                                   | \$7,028,230                 | \$10,734,232               | \$3,706,002        |
| EXPENDITURES                               | \$20,238,224                | \$25,606,729               | (\$5,368,505)      |
| OTHER FINANCING SOURCES/USES               | \$13,280,412                | \$14,441,507               | \$1,161,095        |
| <b>NET INCR. (DECR.) IN FUND BALANCE</b>   | <b>\$70,418</b>             | <b>(\$430,990)</b>         | <b>(\$501,408)</b> |
| BEGINNING FUND BALANCE JULY 1ST            | \$966,365                   | \$966,365                  | \$0                |
| ENDING FUND BALANCE JUNE 30TH              | \$1,036,783                 | \$535,375                  | (\$501,408)        |
| <b><u>COMPONENTS OF ENDING BALANCE</u></b> |                             |                            |                    |
| Legally Restricted Balances                | \$1,036,783                 | \$535,375                  | (\$501,408)        |
| Unassigned/Unappropriated Amount           | \$0                         | \$0                        | \$0                |
| <b><u>RESTRICTED BALANCE DETAIL</u></b>    |                             |                            |                    |
| <i>California Energy Jobs Act</i>          | \$9,471                     | \$0                        | (\$9,471)          |
| <i>Lottery Instructional Materials</i>     | \$55,298                    | \$55,298                   | \$0                |
| <i>Educator Effectiveness</i>              | \$0                         | \$225,897                  | \$225,897          |
| <i>Donations and Grants</i>                | \$972,014                   | \$254,180                  | (\$717,834)        |
| <b>TOTAL LEGALLY RESTRICTED BALANCES</b>   | <b>\$1,036,783</b>          | <b>\$535,375</b>           | <b>(\$501,408)</b> |

# District First Interim December

- Key Assumptions (Next Year)
  - LCFF Revenue, +\$2,500,000
    - Reduction in Gap funding rate
  - Parcel tax rate (no rate change)
  - Cost increases
    - Increased pension costs
    - Net Step and Column
    - Collective Bargaining (2% Salary Schedule Increase)
    - Inflation and program costs
  - LCFF/LCAP Supplemental program spending requirements

# District First Interim 2015-16

|                                     |                    |
|-------------------------------------|--------------------|
| <b>+ LCFF Revenue:</b>              | <b>\$2,500,000</b> |
| <b>Less expenditures increases:</b> |                    |
| Increased pension costs:            | \$930,000          |
| Net step and column:                | \$450,000          |
| LCAP Supplemental Services:         | \$140,000          |
| Teacher staffing for class loading: | \$100,000          |
| Deficit spending reduction:         | N/A                |
| Collective Bargaining Agreements:   | \$1,080,000        |
| Other program increases:            | N/A                |
| <b>Total Projected Increases</b>    | <b>\$2,700,000</b> |



# Multiyear Projections

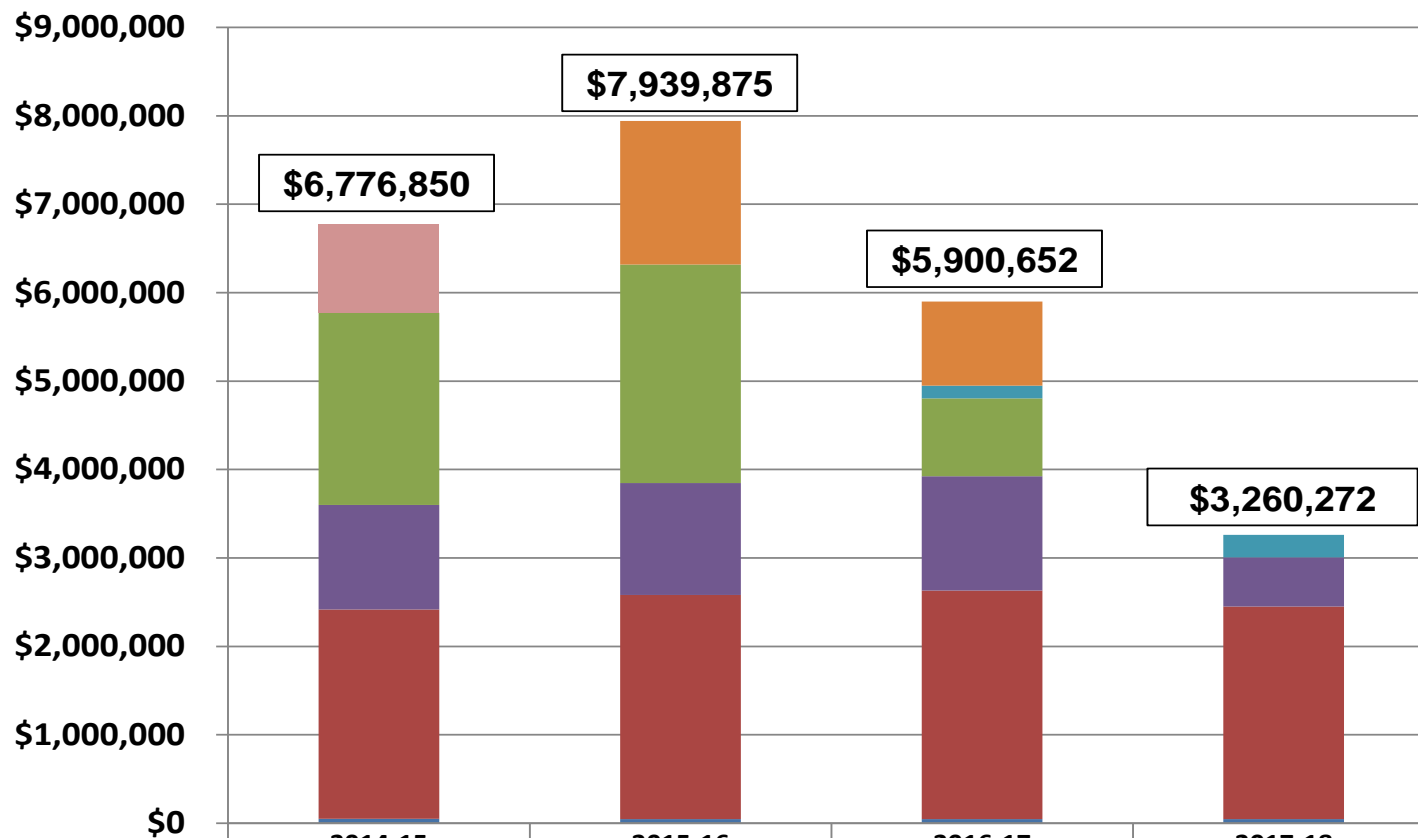
## General Fund - Unrestricted

9

| Description                                | 2015-16            | 2016-17              | 2017-18              |
|--|--------------------|----------------------|----------------------|
| REVENUES                                   | \$74,455,849       | \$73,089,378         | \$66,329,704         |
| EXPENDITURES                               | \$58,544,598       | \$60,082,355         | \$53,907,973         |
| OTHER FINANCING SOURCES/USES               | (\$14,748,226)     | (\$15,046,246)       | (\$15,062,111)       |
| <b>NET INCR. (DECR.) IN FUND BALANCE</b>   | <b>\$1,163,025</b> | <b>(\$2,039,223)</b> | <b>(\$2,640,380)</b> |
| BEGINNING FUND BALANCE JULY 1ST            | \$6,776,850        | \$7,939,875          | \$5,900,652          |
| <b>ENDING FUND BALANCE JUNE 30TH</b>       | <b>\$7,939,875</b> | <b>\$5,900,652</b>   | <b>\$3,260,272</b>   |
| <i>RESERVE %</i>                           | <i>9.4%</i>        | <i>6.8%</i>          | <i>4.1%</i>          |
| <hr/>                                      |                    |                      |                      |
| <b><u>COMPONENTS OF ENDING BALANCE</u></b> |                    |                      |                      |
| Revolving Cash/Stores/Prepaid              | \$47,500           | \$47,500             | \$47,500             |
| Reserve for Economic Uncertainties (3%)    | \$2,533,742        | \$2,584,480          | \$2,401,592          |
| <b><u>Other Assignments:</u></b>           |                    |                      |                      |
| Contingency Reserve (1.5% Guideline)       | \$1,266,871        | \$1,292,240          | \$558,194            |
| LCFF Supplemental Grant Funding            | \$0                | \$144,442            | \$252,986            |
| <b>Deficit Spending Reserves</b>           | <b>\$2,468,268</b> | <b>\$879,496</b>     | <b>\$0</b>           |
| <b>State One-Time Discretionary</b>        | <b>\$1,623,494</b> | <b>\$952,494</b>     | <b>\$0</b>           |
| Unassigned/Unappropriated Amount           | \$0                | \$0                  | \$0                  |
| <b>Operating Deficit - / Surplus +</b>     | <b>(\$900,000)</b> | <b>(\$900,000)</b>   | <b>(\$1,200,000)</b> |

# First Interim Unrestricted Reserves

10



|   | 2014-15     | 2015-16     | 2016-17     | 2017-18     |
|---|-------------|-------------|-------------|-------------|
| Unassigned/Unappropriated Amount        | \$0         | \$0         | \$0         | \$0         |
| Carryover/Commitments                   | \$1,005,773 | \$0         | \$0         | \$0         |
| State One-Time Discretionary            | \$0         | \$1,623,494 | \$952,494   | \$0         |
| LCFF Supplemental Grant Funding         | \$0         | \$0         | \$144,442   | \$252,986   |
| Deficit Spending Reserves               | \$2,172,404 | \$2,468,268 | \$879,496   | \$0         |
| Contingency Reserve (1.5% Guideline)    | \$1,183,000 | \$1,266,871 | \$1,292,240 | \$558,194   |
| Reserve for Economic Uncertainties (3%) | \$2,365,377 | \$2,533,742 | \$2,584,480 | \$2,401,592 |
| Revolving Cash/Stores/Prepaid           | \$50,296    | \$47,500    | \$47,500    | \$47,500    |

# What-If Revenue is Better

## ➤ 2016-17

- State Discretionary (One-Time) \$2,000,000
- State tax increases (Tax Proposition) ?

## ➤ 2017-18

- Parcel Tax Renewal at current revenue level \$9,500,000
- State tax increases (Tax Proposition) ?

***\*\*\* DOES NOT INCLUDE POSSIBLE COLLECTIVE  
BARGAINING INCREASES IN FUTURE YEARS***

# What-If Revenue is Better

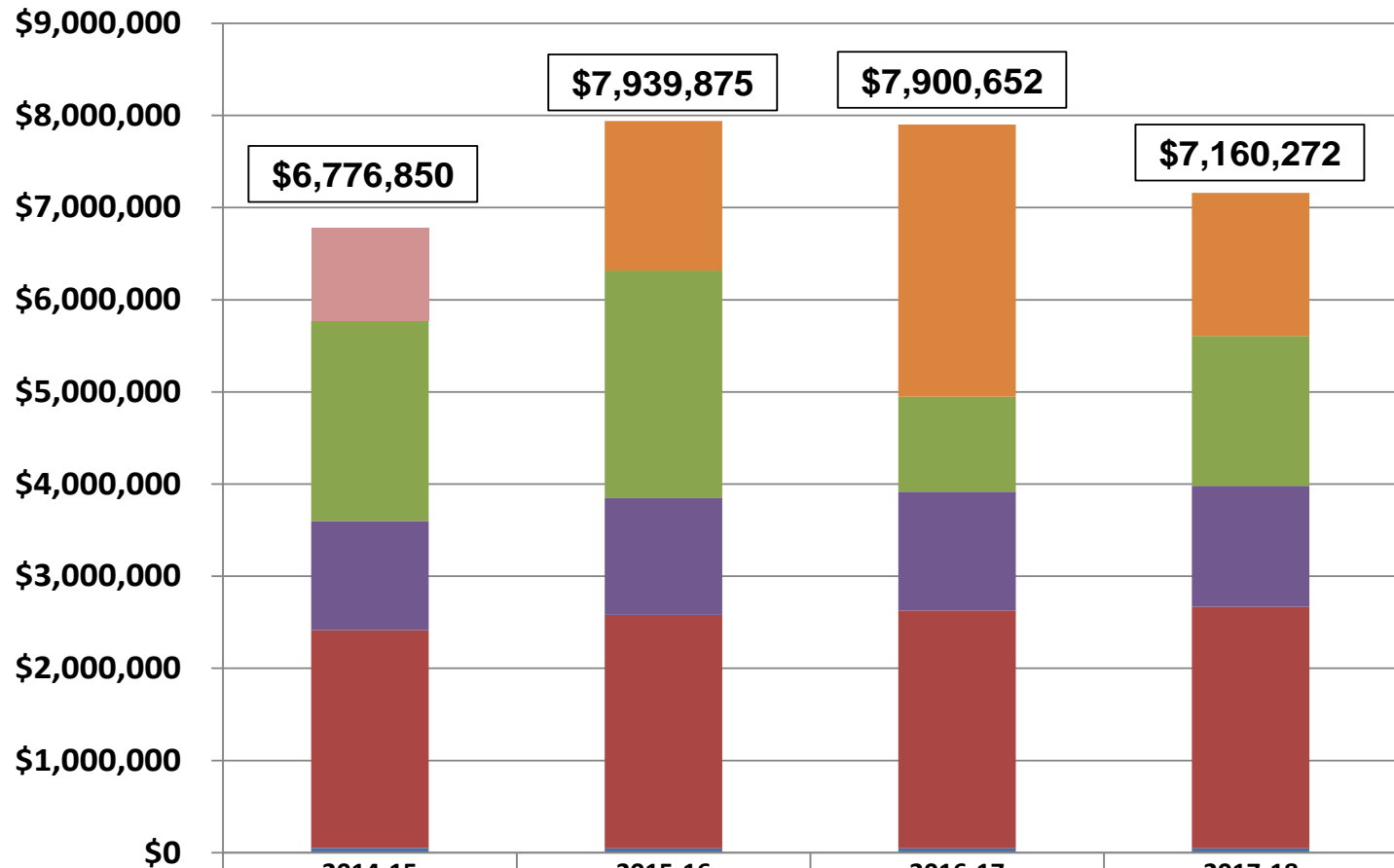
## General Fund - Unrestricted

12

| Description                                | 2015-16        | 2016-17        | 2017-18        |
|--|----------------|----------------|----------------|
| REVENUES                                   | \$74,455,849   | \$75,089,378   | \$75,829,704   |
| EXPENDITURES                               | \$58,544,598   | \$60,082,355   | \$61,507,973   |
| OTHER FINANCING SOURCES/USES               | (\$14,748,226) | (\$15,046,246) | (\$15,062,111) |
| NET INCR. (DECR.) IN FUND BALANCE          | \$1,163,025    | (\$39,223)     | (\$740,380)    |
| BEGINNING FUND BALANCE JULY 1ST            | \$6,776,850    | \$7,939,875    | \$7,900,652    |
| ENDING FUND BALANCE JUNE 30TH              | \$7,939,875    | \$7,900,652    | \$7,160,272    |
| RESERVE %                                  | 9.4%           | 9.2%           | 8.2%           |
| <b>COMPONENTS OF ENDING BALANCE</b>        |                |                |                |
| Revolving Cash/Stores/Prepaid              | \$47,500       | \$47,500       | \$47,500       |
| Designated for Economic Uncertainties (3%) | \$2,533,742    | \$2,579,875    | \$2,622,644    |
| Other Designations:                        |                |                |                |
| State Revenue Reserve (LCFF)               | \$0            |                |                |
| Carryover/Commitments                      | \$0            | \$0            | \$0            |
| BTSA Consortium                            | \$0            | \$0            | \$0            |
| Contingency Reserve (1.5% Guideline)       | \$1,266,871    | \$1,289,938    | \$1,311,322    |
| Deficit Spending Reserves                  | \$2,468,268    | \$1,030,845    | \$1,626,312    |
| State One-Time Discretionary               | \$1,623,494    | \$2,952,494    | \$1,552,494    |
| Undesignated Amount                        | \$0            | \$0            | \$0            |
| Operating Deficit - / Surplus +            | (\$878,975)    | (\$868,223)    | \$659,620      |

# What If Revenue is Better

13



|   | 2014-15     | 2015-16     | 2016-17     | 2017-18     |
|---|-------------|-------------|-------------|-------------|
| Unassigned/Unappropriated Amount        | \$0         | \$0         | \$0         | \$0         |
| Carryover/Commitments                   | \$1,005,773 | \$0         | \$0         | \$0         |
| State One-Time Discretionary            | \$0         | \$1,623,494 | \$2,952,494 | \$1,552,494 |
| Deficit Spending Reserves               | \$2,172,404 | \$2,468,268 | \$1,030,845 | \$1,626,312 |
| Contingency Reserve (1.5% Guideline)    | \$1,183,000 | \$1,266,871 | \$1,289,938 | \$1,311,322 |
| Reserve for Economic Uncertainties (3%) | \$2,365,377 | \$2,533,742 | \$2,579,875 | \$2,622,644 |
| Revolving Cash/Stores/Prepaid           | \$50,296    | \$47,500    | \$47,500    | \$47,500    |

# Summary Analysis



- DJUSD is highly dependent upon increases in State Funding and Parcel Tax revenues
- Reserves as reported at First Interim are adequate at this snapshot
- DJUSD must use caution in spending down one-time reserves for on-going activities

# Going Forward

- Governor's January Revise
  - State budget priorities
- Budget process Jan-May
  - Local Control Accountability Plan (LCAP)
  - Enrollment and staffing assumptions
  - Budget planning
- Second Interim update March 15<sup>th</sup>
  - January revise assumptions
  - Staffing and Enrollment projections
  - Budget allocations
- Governor's May Revise and Approved State Budget
- District Budget Adoption

# Questions

