

Davis Joint Unified School District
First Interim Budget
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

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

Our Budget Focus

- Revenue Projections
- Position Control
- Budget Carryover
- Focus on General Operating Fund

Budget Revision Assumptions

General Fund

2015-2016

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- 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 SUMMARY

Description	<----- 2015-16 BUDGET ----->		
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES	\$74,455,849	\$10,734,232	\$85,190,081
EXPENDITURES	\$58,544,598	\$25,606,729	\$84,151,327
OTHER FINANCING SOURCES/USES	(\$14,748,226)	\$14,441,507	(\$306,719)
NET INCR. (DECR.) IN FUND BALANCE	\$1,163,025	(\$430,990)	\$732,035
BEGINNING FUND BALANCE JULY 1ST	\$6,776,850	\$966,365	\$7,743,215
ENDING FUND BALANCE JUNE 30TH	\$7,939,875	\$535,375	\$8,475,250
<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores	\$47,500		\$47,500
Legally Restricted Balances	\$0	\$535,375	\$535,375
Designated for Economic Uncertainties	\$2,533,742		\$2,533,742
<u>Other Assignments:</u>			
Contingency Reserve (1.5% Guideline)	\$1,266,871		\$1,266,871
Deficit Spending Flexibility Reserves	\$2,468,268		\$2,468,268
Mandated Costs Reserve	\$1,623,494		\$1,623,494
Unassigned/Unappropriated Amount	\$0	\$0	\$0

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

Description	<----- 2015-16 BUDGET----->		
	BOARD APPROVED BUDGET	FIRST INTERIM 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)
NET INCR. (DECR.) IN FUND BALANCE	\$3,473,317	\$1,163,025	(\$2,310,292)
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)
<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores	\$47,500	\$47,500	\$0
Designated for Economic Uncertainties	\$2,356,659	\$2,533,742	\$177,083
<u>Other Assignments:</u>			
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, Instructional Materials, Tech)	\$1,700,000	\$1,623,494	(\$76,506)
Unassigned/Unappropriated Amount	\$0	\$0	\$0

Unrestricted Differences

+Favorable / - Unfavorable

➤ Revenue -\$614,950

- LCFF Revenue +\$109k
 - State funding decrease and higher ADA
- Federal Revenue - \$1k
- Other State Revenues -\$360k
 - Mandated Costs payment reduction
 - Lottery funds increase
- Other Local Revenues -\$363k
 - Transfer of BTSA to restricted

Unrestricted Differences

+Favorable / - Unfavorable

➤ Expenditures -\$538,714

- Salaries & Benefits -\$277k
 - Position control true-up
- Supplies, Services and Capital -\$349k
 - Carryover
- Other outgo/Indirect Costs +\$87k

➤ Other Financing -\$1,156,628

- Transfers out to other funds +\$5k
- Special Education Contribution -\$599k
- BTSA Transfer to restricted -\$386k
- Routine Restricted Maintenance -\$177k

Unrestricted Risks and Opportunities

➤ Risks

- Attendance rate (decreased ADA)
- Special education costs
- Technology Infrastructure failures

➤ Opportunities

- Under spending
- Increased revenues

DAVIS JOINT UNIFIED SCHOOL DISTRICT GENERAL FUND RESTRICTED SUMMARY

Description	<----- 2015-16 BUDGET----->		
	BOARD APPROVED BUDGET	FIRST INTERIM 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
NET INCR. (DECR.) IN FUND BALANCE	\$70,418	(\$430,990)	(\$501,408)
BEGINNING FUND BALANCE JULY 1ST	\$966,365	\$966,365	\$0
ENDING FUND BALANCE JUNE 30TH	\$1,036,783	\$535,375	(\$501,408)
<u>COMPONENTS OF ENDING BALANCE</u>			
Legally Restricted Balances	\$1,036,783	\$535,375	(\$501,408)
Unassigned/Unappropriated Amount	\$0	\$0	\$0
<u>RESTRICTED BALANCE DETAIL</u>			
<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)
TOTAL LEGALLY RESTRICTED BALANCES	\$1,036,783	\$535,375	(\$501,408)

Restricted Differences

+Favorable / - Unfavorable

➤ Revenue +\$3,706,002

- Federal Revenue +\$75k
- Other State Revenue +\$3,060k
 - GASB 68 Pension accounting
 - Educator Effectiveness Program
 - Clean Energy Program (Prop 39)
- Other Local +\$571k
 - BTSA transfer from unrestricted (+)
 - Local Grants & Donations increase (+)
 - SELPA Revenue reduction (-)

Restricted Differences

+Favorable / - Unfavorable

➤ Expenditures -\$5,368,505

- Salaries & Benefits - \$3,107k
 - GASB 68 Pension accounting
 - Educator Effectiveness Program
 - Position control true-up
- Supplies, Services and Capital - \$2,215k
 - Clean Energy Projects
 - Instructional Materials
 - Carryover spending from local donations
- Indirect Costs and Other Outgo - \$46k

➤ Other Financing +\$1,161,095

- Special Education Contribution (+)
- BTSA Transfer to restricted (+)
- Routine Restricted Maintenance (+)

Restricted Risks and Opportunities

➤ Risks

- Special Education revenue & expense
 - Increased students and service levels

➤ Opportunities

- Staffing and service levels
- Under spending of expenditures
- Revenue increases

Multiyear Projections

General Fund

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Key Assumptions	2015-16	2016-17	2017-18
Enrollment (Non-Charter)	7,983	8,035	8,154
<i>Change in Enrollment</i>	<i>51</i>	<i>52</i>	<i>119</i>
Average Daily Attendance (ADA)	7,657	7,706	7,805
<i>Change in ADA</i>	<i>(39)</i>	<i>49</i>	<i>99</i>
Total LCFF Funding per ADA (RATE)	\$7,693	\$7,980	\$8,230
PROJECTED COLA %	1.02%	1.60%	2.48%
PROJECTED LCFF GAP FUNDING %	51.52%	35.55%	35.11%
PROJECTED LCFF GROWTH % (RATE)	10.69%	3.72%	3.13%
TOTAL LCFF REVENUE	\$58,907,645	\$61,491,934	\$64,232,260
<i>LCFF FUNDING CHANGE</i>	<i>\$5,416,424</i>	<i>\$2,584,289</i>	<i>\$2,740,326</i>
Projected Step & Column Increases		\$825,000	\$825,000
Pension Contribution Increase STRS	\$730,000	\$740,000	\$630,000
Pension Contribution Increase PERS	\$10,000	\$190,000	\$550,000

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

+ LCFF Revenue:	\$2,500,000
Less expenditures increases:	
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
Total Projected Increases	\$2,700,000

Multiyear Projections

General Fund - Unrestricted

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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)
NET INCR. (DECR.) IN FUND BALANCE	\$1,163,025	(\$2,039,223)	(\$2,640,380)
BEGINNING FUND BALANCE JULY 1ST	\$6,776,850	\$7,939,875	\$5,900,652
ENDING FUND BALANCE JUNE 30TH	\$7,939,875	\$5,900,652	\$3,260,272
<i>RESERVE %</i>	<i>9.4%</i>	<i>6.8%</i>	<i>4.1%</i>
<hr/>			
<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores/Prepaid	\$47,500	\$47,500	\$47,500
Reserve for Economic Uncertainties (3%)	\$2,533,742	\$2,584,480	\$2,401,592
<u>Other Assignments:</u>			
Contingency Reserve (1.5% Guideline)	\$1,266,871	\$1,292,240	\$558,194
LCFF Supplemental Grant Funding	\$0	\$144,442	\$252,986
Deficit Spending Reserves	\$2,468,268	\$879,496	\$0
State One-Time Discretionary	\$1,623,494	\$952,494	\$0
Unassigned/Unappropriated Amount	\$0	\$0	\$0
Operating Deficit - / Surplus +	(\$900,000)	(\$900,000)	(\$1,200,000)

Reserves Analysis

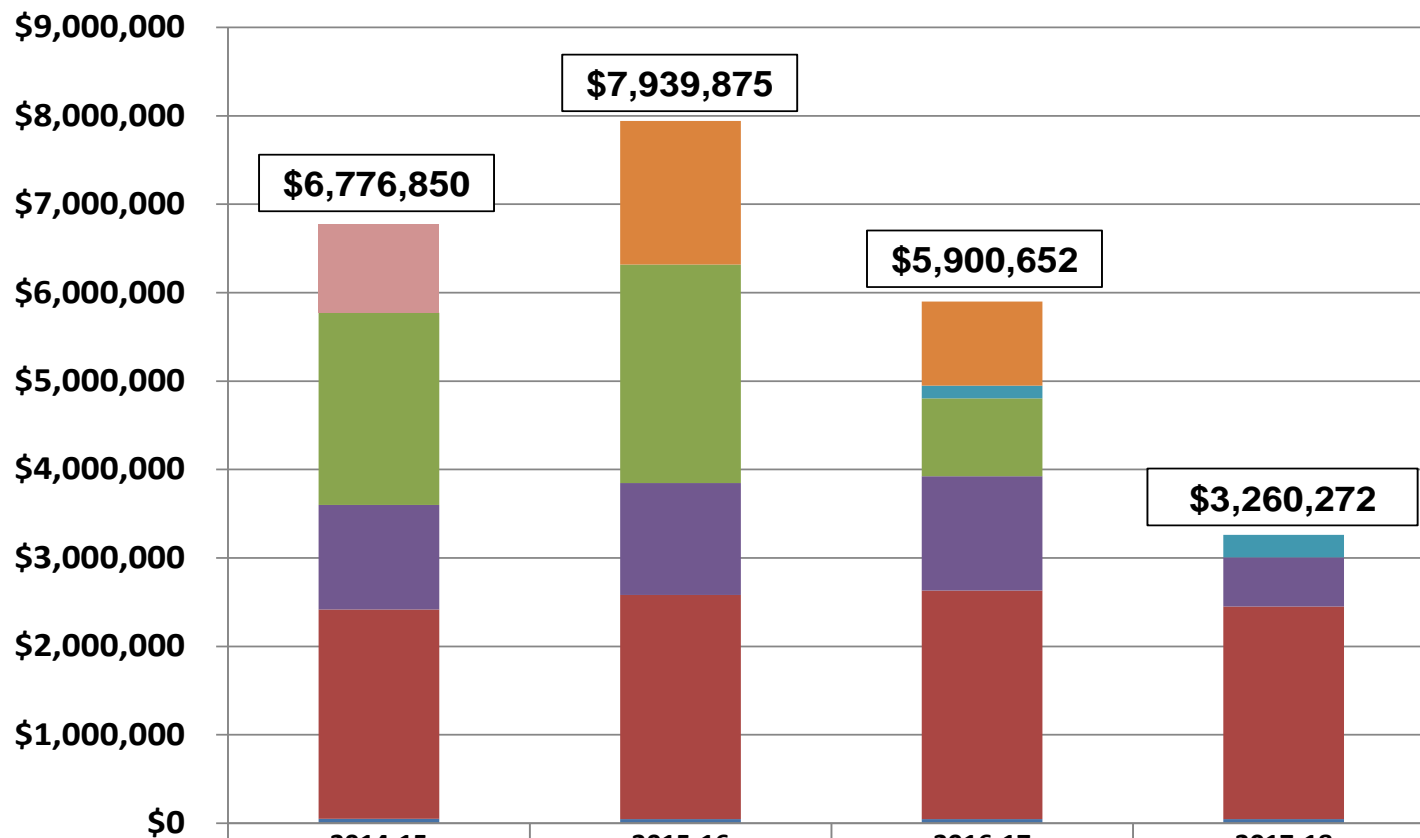


Reserve Components

- State required minimum reserve for Economic Uncertainties - 3%
 - Not for use as a spending reserve, supposed to support an adequate reserve level for unknown events
 - Not considered adequate for the defined purpose by FCMAT (Fiscal Crisis Mgmt. Assistance Team)
 - Use of this reserve puts district into fiscal oversight by County Office of Education
- Non-Spendable
 - Revolving Cash, Inventory, Pre-paid expenditures
- Restricted
 - Restricted use by funding source (Not included in reserve calculation %)
- Committed
 - Committed for a specific purpose by board vote
- Assigned
 - Assigned for a specific purpose as part of the budgeting process
 - Uses include setting aside for future year expenditures/liabilities;
 - Contingencies above the 3% minimum;
 - Risk from future revenue sources
- Unassigned/Unappropriated

First Interim Unrestricted Reserves

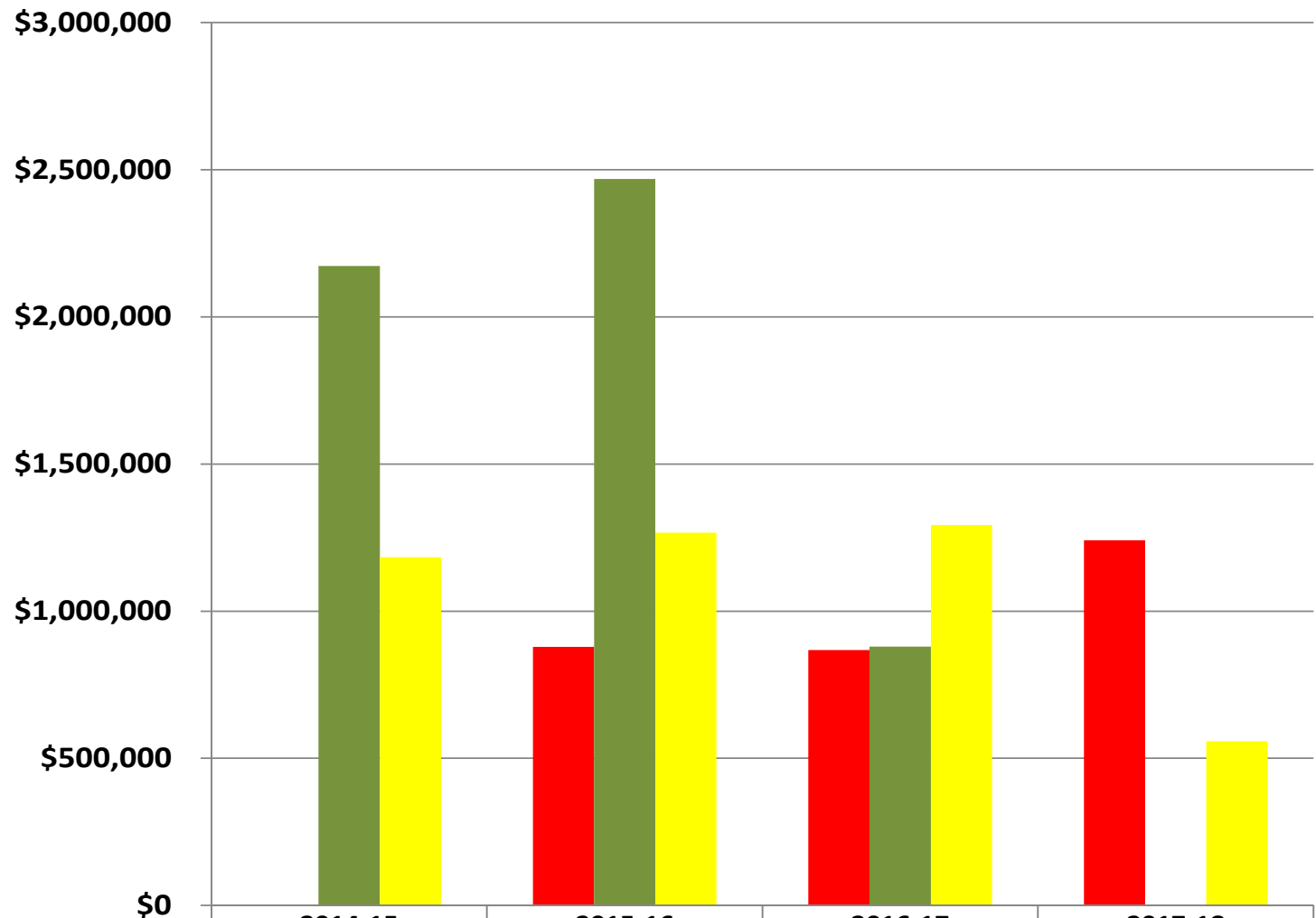
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	2014-15	2015-16	2016-17	2017-18
Unassigned/Unappropriated Amount	\$0	\$0	\$0	\$0
Carryover/Commitments	\$1,005,773	\$0	\$0	\$0
State One-Time Discretionary	\$0	\$1,623,494	\$952,494	\$0
LCFF Supplemental Grant Funding	\$0	\$0	\$144,442	\$252,986
Deficit 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

Deficit Spending Reserves

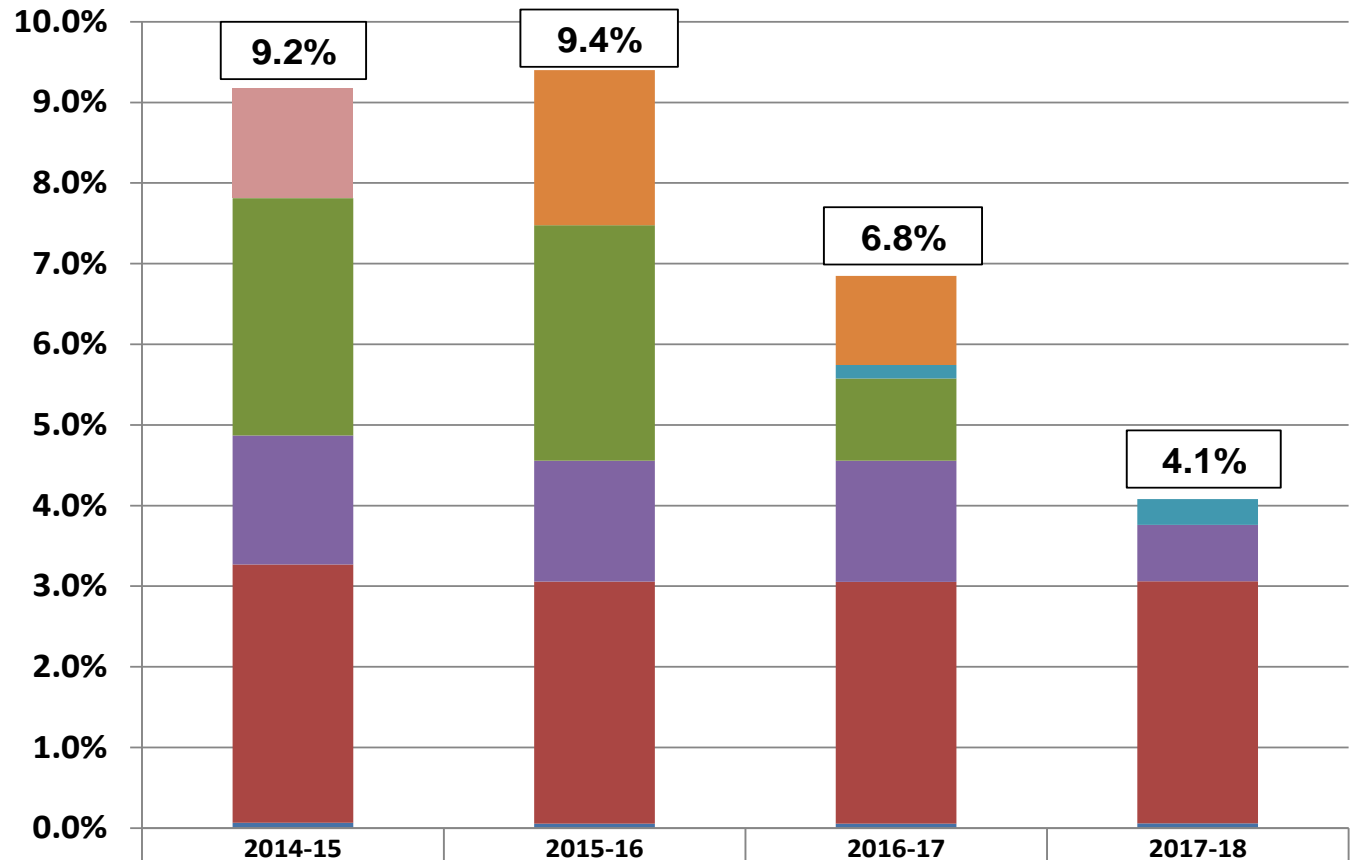
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■ Deficit Spending Level	\$0	\$878,975	\$868,223	\$1,240,380
■ Deficit Spending Reserves	\$2,172,404	\$2,468,268	\$879,496	\$0
■ Contingency Reserve (1.5% Guideline)	\$1,183,000	\$1,266,871	\$1,292,240	\$558,194

First Interim Unrestricted Reserves

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	2014-15	2015-16	2016-17	2017-18
Unassigned/Unappropriated Amount	0.0%	0.0%	0.0%	0.0%
Carryover/Commitments	1.4%	0.0%	0.0%	0.0%
State One-Time Discretionary	0.0%	1.9%	1.1%	0.0%
LCFF Supplemental Grant Funding	0.0%	0.0%	0.2%	0.3%
Deficit Spending Reserves	2.9%	2.9%	1.0%	0.0%
Contingency Reserve (1.5% Guideline)	1.6%	1.5%	1.5%	0.7%
Reserve for Economic Uncertainties (3%)	3.2%	3.0%	3.0%	3.0%
Revolving Cash/Stores/Prepaid	0.1%	0.1%	0.1%	0.1%

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***

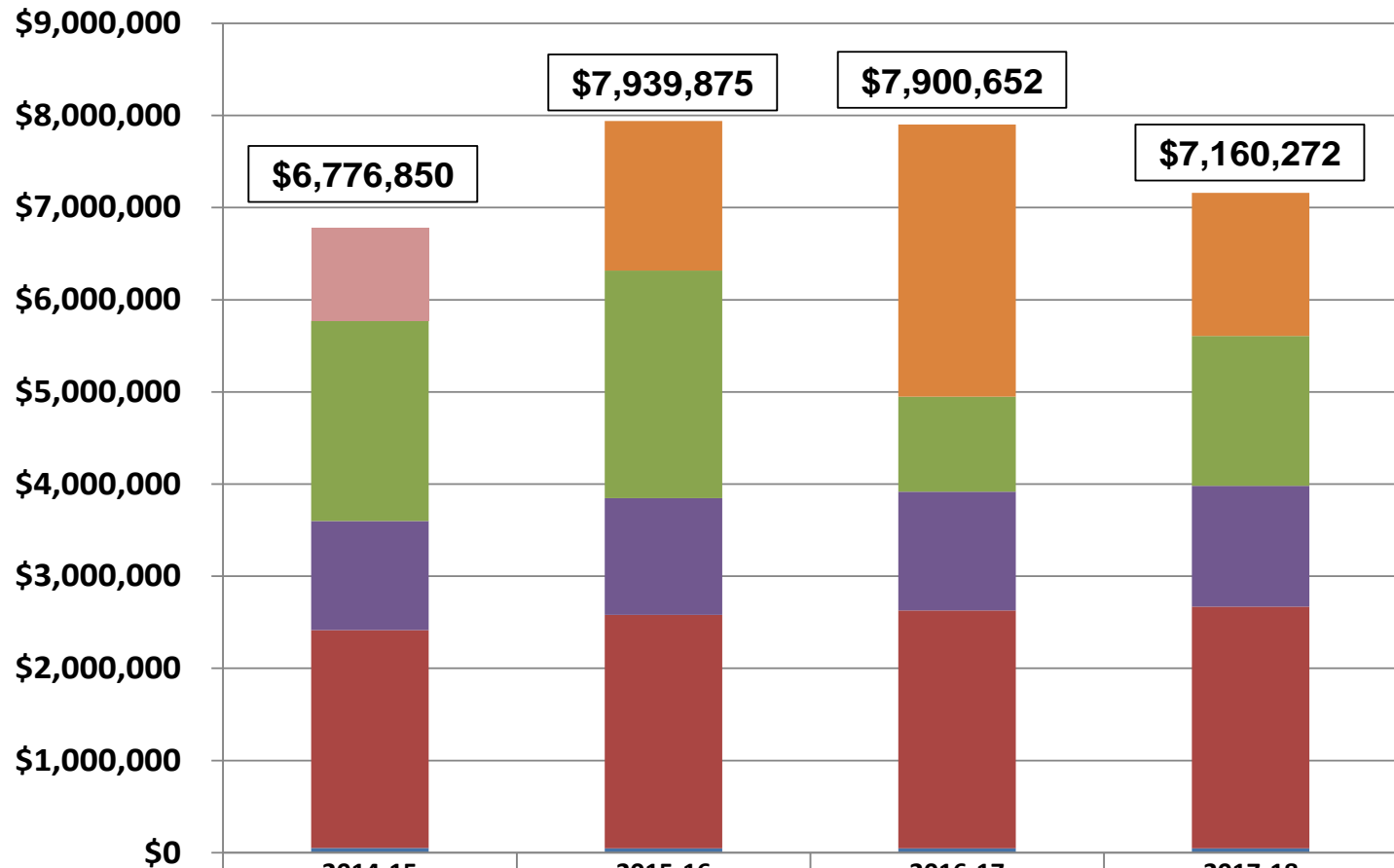
What-If Reserves Revenue is Better General Fund - Unrestricted

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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%
COMPONENTS OF ENDING BALANCE			
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

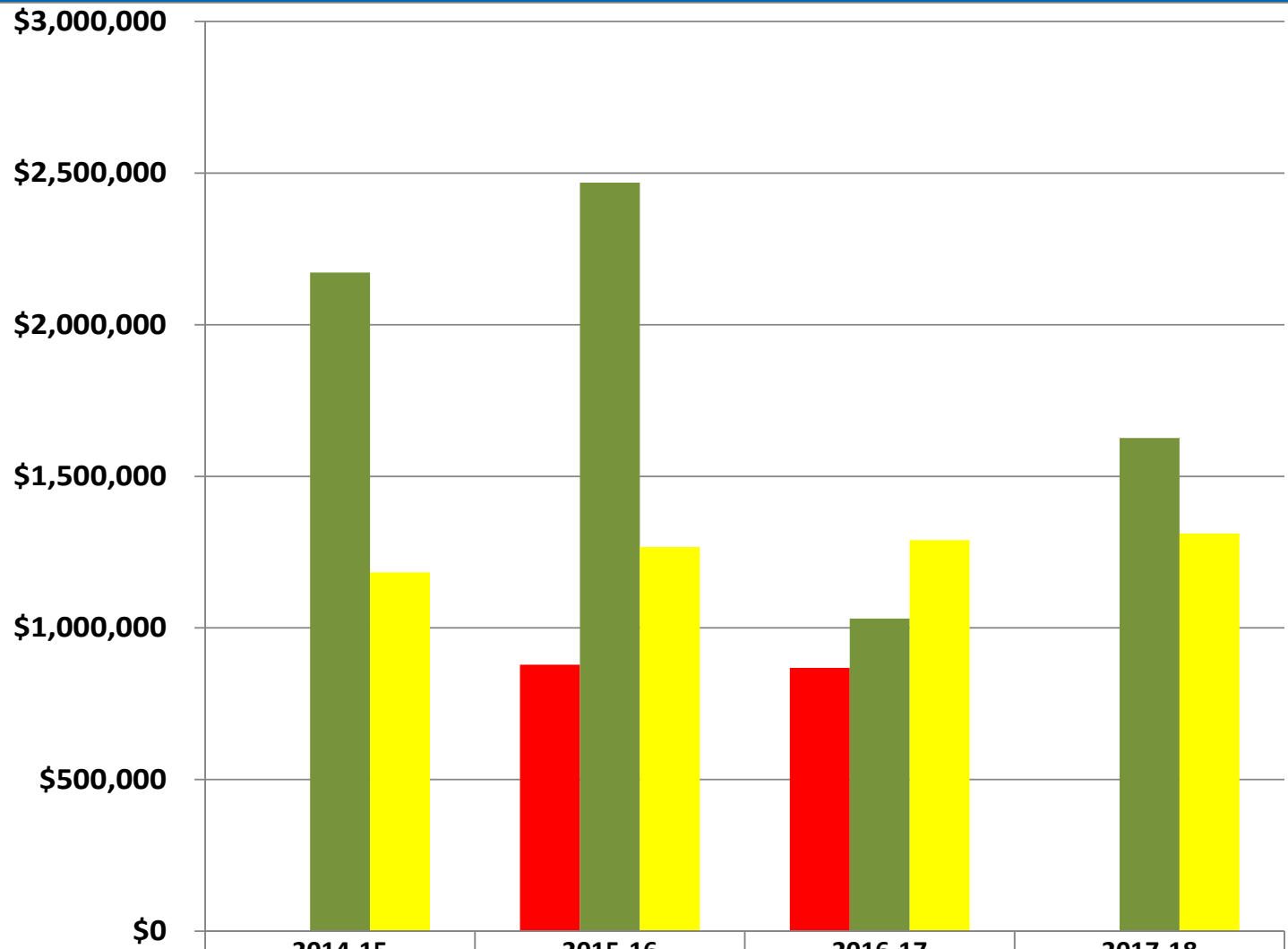
What If Reserves Revenue is Better

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	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

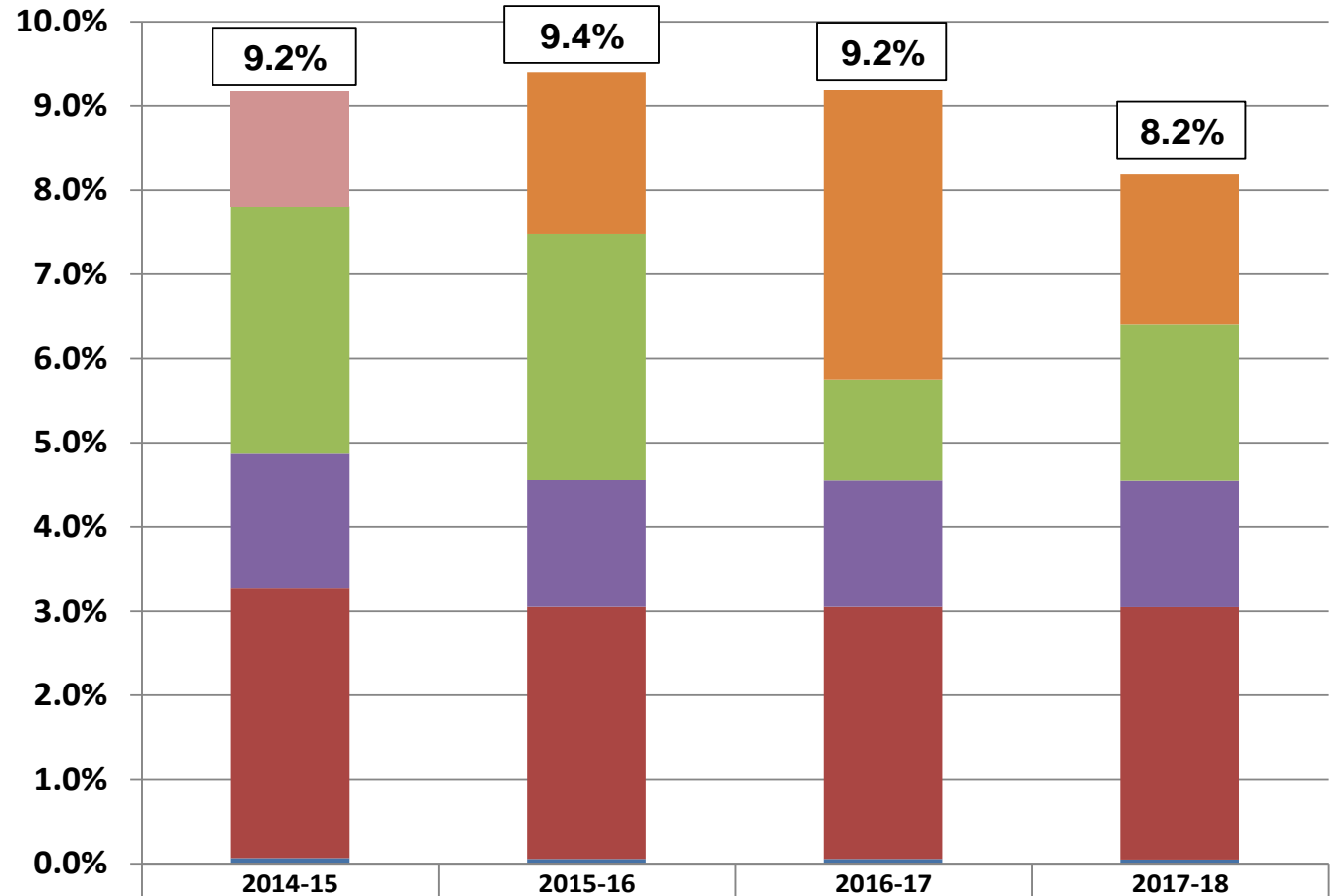
What If Revenue is Better



■ Deficit Spending Level	2014-15	2015-16	2016-17	2017-18
	\$0	\$878,975	\$868,223	\$0
■ 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

What If Revenue is Better

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	2014-15	2015-16	2016-17	2017-18
Unassigned/Unappropriated Amount	0.0%	0.0%	0.0%	0.0%
State One-Time Discretionary	0.0%	1.9%	3.4%	1.8%
Carryover/Commitments	1.4%	0.0%	0.0%	0.0%
Deficit Spending Reserves	2.9%	2.9%	1.2%	1.9%
Contingency Reserve (1.5% Guideline)	1.6%	1.5%	1.5%	1.5%
Reserve for Economic Uncertainties (3%)	3.2%	3.0%	3.0%	3.0%
Revolving Cash/Stores/Prepaid	0.1%	0.1%	0.1%	0.1%

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 15th
 - January revise assumptions
 - Staffing and Enrollment projections
 - Budget allocations
- Governor's May Revise and Approved State Budget
- District Budget Adoption

Other Funds

- Updated program budgets for updated revenue and expense assumptions
- Monitor cash levels

Questions

