

Davis Joint Unified School District
Second 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 is 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
 - ◆ Reducing the budget starting 2017-2018 based upon the outcome of the parcel tax measure election
- ◆ The District will need to continue the plan to use projected increases in State LCFF revenue to address deficit spending levels and to meet the future needs and costs of the District.
- ◆ 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 has associated reductions in staffing and program.

Second 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
 - ◆ State Budget proposal
 - ◆ Projected Enrollment
- ◆ Staffing & Position Control
- ◆ Focus on General Operating Fund expenditures

Acknowledgments

The 2015-2016 Second Interim Budget represents the time and effort of our Fiscal Services Team. These budget revisions include extra effort by the following individuals:

Omaira Reyna

Laura Lilley

Site Staff, Department Staff and Program Staff

Budget Revision Assumptions

General Fund

2015-2016

- ◆ January Revise Budget Assumptions
 - ◆ Local Control Funding Formula updates
- ◆ Projected Paid ADA of 7,657 based upon current year Projected P2
 - ◆ Actual DJUSD Enrollment of 7,983
- ◆ Position Control – Stipends, Classroom FTE, Benefits
- ◆ Utilities and Operating costs

DAVIS JOINT UNIFIED SCHOOL DISTRICT

GENERAL FUND SUMMARY

Description	<----- 2015-16 BUDGET----->		
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES	\$74,378,238	\$10,845,877	\$85,224,115
EXPENDITURES	\$58,731,077	\$26,027,784	\$84,758,861
OTHER FINANCING SOURCES/USES	(\$14,836,241)	\$14,596,704	(\$239,537)
NET INCR. (DECR.) IN FUND BALANCE	\$810,920	(\$585,203)	\$225,717
BEGINNING FUND BALANCE JULY 1ST	\$6,776,850	\$966,365	\$7,743,215
ENDING FUND BALANCE JUNE 30TH	\$7,587,770	\$381,162	\$7,968,932
<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores	\$47,500		\$47,500
Legally Restricted Balances	\$0	\$381,162	\$381,162
Designated for Economic Uncertainties	\$2,549,952		\$2,549,952
<u>Other Assignments:</u>			
Contingency Reserve (1.5% Guideline)	\$1,274,976		\$1,274,976
Deficit Spending Flexibility Reserves	\$2,071,342		\$2,071,342
Mandated Costs Reserve	\$1,644,000		\$1,644,000
Unassigned/Unappropriated Amount	\$0	\$0	\$0

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

Description	<----- 2015-16 BUDGET----->		
	BOARD APPROVED BUDGET	SECOND INTERIM BUDGET	DIFFERENCE
REVENUES	\$74,455,849	\$74,378,238	(\$77,611)
EXPENDITURES	\$58,544,598	\$58,731,077	(\$186,479)
OTHER FINANCING SOURCES/USES	(\$14,748,226)	(\$14,836,241)	(\$88,015)
NET INCR. (DECR.) IN FUND BALANCE	\$1,163,025	\$810,920	(\$352,105)
BEGINNING FUND BALANCE JULY 1ST	\$6,776,850	\$6,776,850	\$0
ENDING FUND BALANCE JUNE 30TH	\$7,939,875	\$7,587,770	(\$352,105)
<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores	\$47,500	\$47,500	\$0
Designated for Economic Uncertainties	\$2,533,742	\$2,549,952	\$16,210
<u>Other Assignments:</u>			
Contingency Reserve (1.5% Guideline)	\$1,266,871	\$1,274,976	\$8,105
Deficit Spending Flexibility Reserves	\$2,468,268	\$2,071,342	(\$396,926)
State One-Time Discretionary (PD, Instructional Materials, Tech)	\$1,623,494	\$1,644,000	\$20,506
Unassigned/Unappropriated Amount	\$0	\$0	\$0

Unrestricted Differences + Favorable / - Unfavorable

◆ Revenue - \$77,611

◆ LCFF Revenue +\$49k

◆ State funding update

◆ Other State Revenues -\$89k

◆ Lottery funds update

◆ Other Local Revenues -\$38k

Unrestricted Differences + Favorable / - Unfavorable

◆ Expenditures -\$186,479

◆ Salaries and Benefits +\$79k

◆ Position control true-up

◆ Supplies, Services and Capital -\$158k

◆ Other outgo/Indirect Costs -\$107k

◆ Other Financing -\$88,015

◆ Transfers out to other funds +\$67k

◆ Special Education Contribution -\$140k

◆ Routine Restricted Maintenance -\$15k

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	SECOND INTERIM BUDGET	DIFFERENCE
REVENUES	\$10,734,232	\$10,845,877	\$111,645
EXPENDITURES	\$25,606,729	\$26,027,784	(\$421,055)
OTHER FINANCING SOURCES/USES	\$14,441,507	\$14,596,704	\$155,197
NET INCR. (DECR.) IN FUND BALANCE	(\$430,990)	(\$585,203)	(\$154,213)
BEGINNING FUND BALANCE JULY 1ST	\$966,365	\$966,365	\$0
ENDING FUND BALANCE JUNE 30TH	\$535,375	\$381,162	(\$154,213)
<u>COMPONENTS OF ENDING BALANCE</u>			
Legally Restricted Balances	\$535,375	\$381,162	(\$154,213)
Unassigned/Unappropriated Amount	\$0	\$0	\$0
<u>RESTRICTED BALANCE DETAIL</u>			
<i>California Energy Jobs Act</i>	\$0	\$9,471	\$9,471
<i>Lottery Instructional Materials</i>	\$55,298	\$1	(\$55,297)
<i>Educator Effectiveness</i>	\$225,897	\$225,897	\$0
<i>Donations and Grants</i>	\$254,180	\$145,793	(\$108,387)
TOTAL LEGALLY RESTRICTED BALANCES	\$535,375	\$381,162	(\$154,213)

Restricted Differences + Favorable / - Unfavorable

◆ Revenue +\$111,645

◆ Federal Revenue +\$10k

◆ Other State Revenue +\$24k

◆ Other Local Revenue +\$77k

Restricted Differences + Favorable / - Unfavorable

- ◇ Expenditures -\$421,055
 - ◇ Salaries and Benefits -\$132k
 - ◇ Position control true-up
 - ◇ Supplies, Services and Capital -\$200k
 - ◇ Instructional Materials
 - ◇ Spending from local donations
 - ◇ Indirect Costs and Other Outgo -\$89k
- ◇ Other Financing +\$155,197
 - ◇ Special Education Contribution (+)
 - ◇ Routine Restricted Maintenance (+)

Restricted Risks and Opportunities

◆ Risks

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

◆ Opportunities

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

Multiyear Projections

General Fund

Key Assumptions	2015-16	2016-17	2017-18	2018-19
Enrollment (Non-Charter)	7,983	7,975	8,019	8,067
<i>Change in Enrollment</i>	51	(8)	44	48
Average Daily Attendance (ADA)	7,657	7,650	7,692	7,738
<i>Change in ADA</i>	(39)	(7)	42	46
Total LCFF Funding per ADA (RATE)	\$7,700	\$8,052	\$8,291	\$8,319
PROJECTED COLA %	1.02%	0.47%	2.13%	2.65%
PROJECTED LCFF GAP FUNDING %	51.97%	49.08%	45.34%	6.15%
PROJECTED LCFF GROWTH % (RATE)	10.78%	4.57%	2.97%	0.33%
TOTAL LCFF REVENUE	\$58,957,041	\$61,597,319	\$63,777,470	\$64,369,238
LCFF FUNDING CHANGE	\$5,465,820	\$2,640,278	\$2,180,151	\$591,768
Projected Step & Column Increases		\$825,000	\$825,000	\$825,000
Pension Contribution Increase STRS	\$720,000	\$730,000	\$610,000	\$610,000
Pension Contribution Increase PERS	\$10,000	\$190,000	\$560,000	\$250,000

District Second Interim March

- Key Assumptions (Next Year)
 - ◇ LCFF Revenue, +\$2,600,000
 - 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 Projections 2016-2017

Potential Funding Uses:	2016-17	
Projected Net Revenue Change	\$2,640,000	4.48%
Required (State/Local) Expenditures:		
Restricted maintenance contribution (State required)	\$80,000	0.1%
Increased pension costs (State required)	\$920,000	1.7%
Net step and column (Local required)	\$400,000	0.7%
LCAP Supplemental Services (State required)	\$170,000	0.3%
Teacher staffing including Class Size (State/Local required)	\$130,000	0.2%
Other Cost Increases	\$0	0.0%
Other Goals, Programs and Services:		
Deficit spending reduction (fiscal responsibility)	\$0	0.0%
Collective Bargaining	\$1,190,000	2.2%
All other services/goals	\$0	0.0%
Total Projected Expenditure Changes	\$2,890,000	5.4%
Revenue less expenditures	(\$250,000)	-0.5%

Multiyear Projections

General Fund - Unrestricted

Description	2015-16	2016-17	2017-18
REVENUES	\$74,378,238	\$74,556,516	\$65,636,667
EXPENDITURES	\$58,731,077	\$59,984,218	\$54,112,284
OTHER FINANCING SOURCES/USES	(\$14,836,241)	(\$14,994,618)	(\$15,010,483)
NET INCR. (DECR.) IN FUND BALANCE	\$810,920	(\$422,320)	(\$3,486,100)
BEGINNING FUND BALANCE JULY 1ST	\$6,776,850	\$7,587,770	\$7,165,450
ENDING FUND BALANCE JUNE 30TH	\$7,587,770	\$7,165,450	\$3,679,350
RESERVE %	8.9%	8.4%	4.6%
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<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores/Prepaid	\$47,500	\$47,500	\$47,500
Reserve for Economic Uncertainties (3%)	\$2,549,952	\$2,573,019	\$2,389,743
<u>Other Assignments:</u>			
Contingency Reserve (1.5% Guideline)	\$1,274,976	\$1,286,510	\$301,675
LCFF Supplemental Grant Funding	\$0	\$169,191	\$254,182
Deficit Spending Reserves	\$2,071,342	\$545,230	\$17,250
State One-Time Discretionary	\$1,644,000	\$2,544,000	\$669,000
Unassigned/Unappropriated Amount	\$0	\$0	\$0
Operating Deficit - / Surplus +	(\$1,000,000)	(\$1,200,000)	(\$1,600,000)

Reserves Analysis



Reserve Components

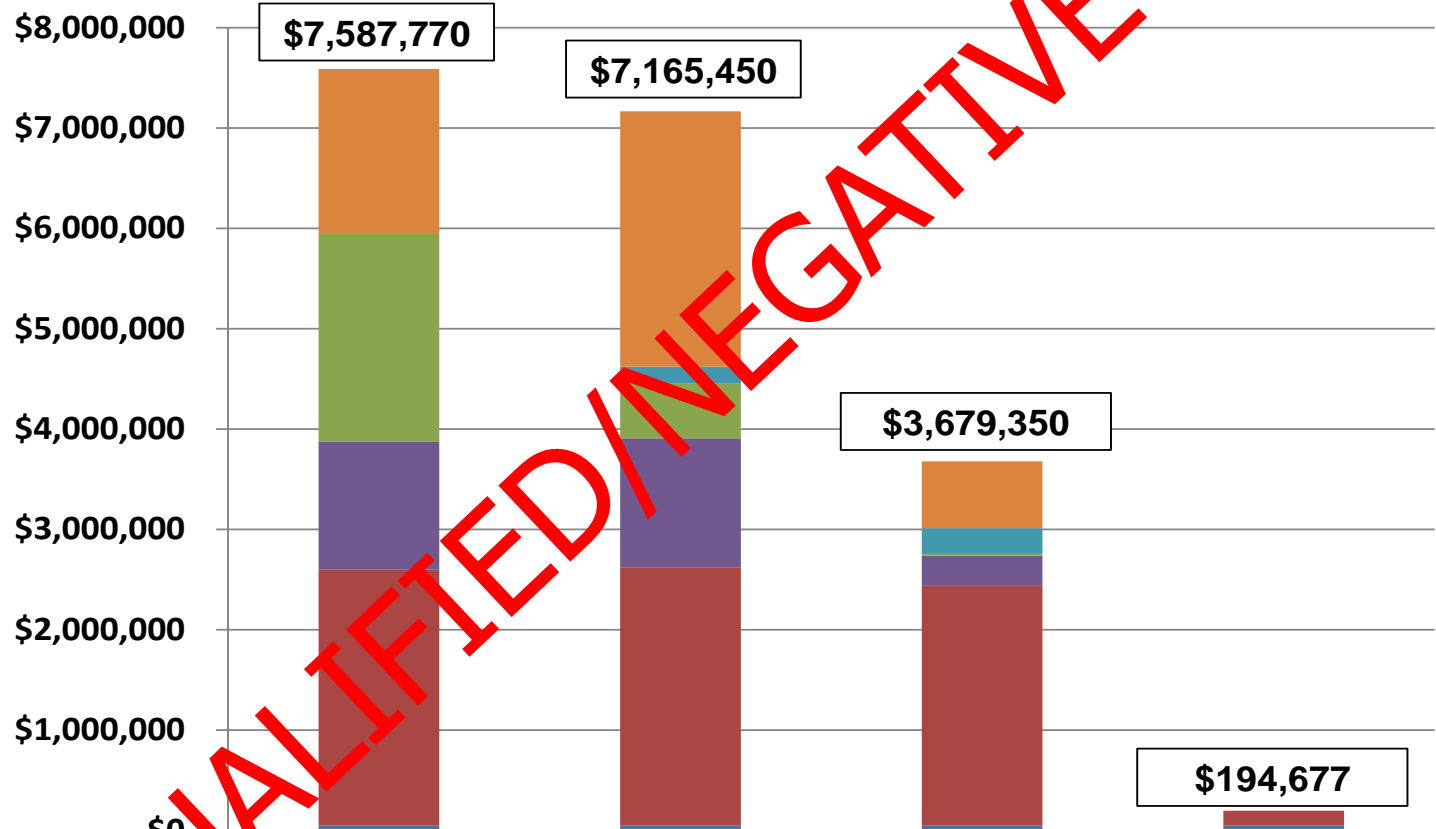
- ◇ State required minimum reserve for Economic Uncertainties - 3%
 - ◇ Not for use as a spending reserve; supposed to support an adequate reserve level for unknown events
 - ◇ Not considered adequate for the defined purpose by FCMAT (Fiscal Crisis Mgmt. Assistance Team)
 - ◇ Use of this reserve puts 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

WARNING

**THE RELATED CONTENT
MAY BE DISTURBING
TO SOME INDIVIDUALS**

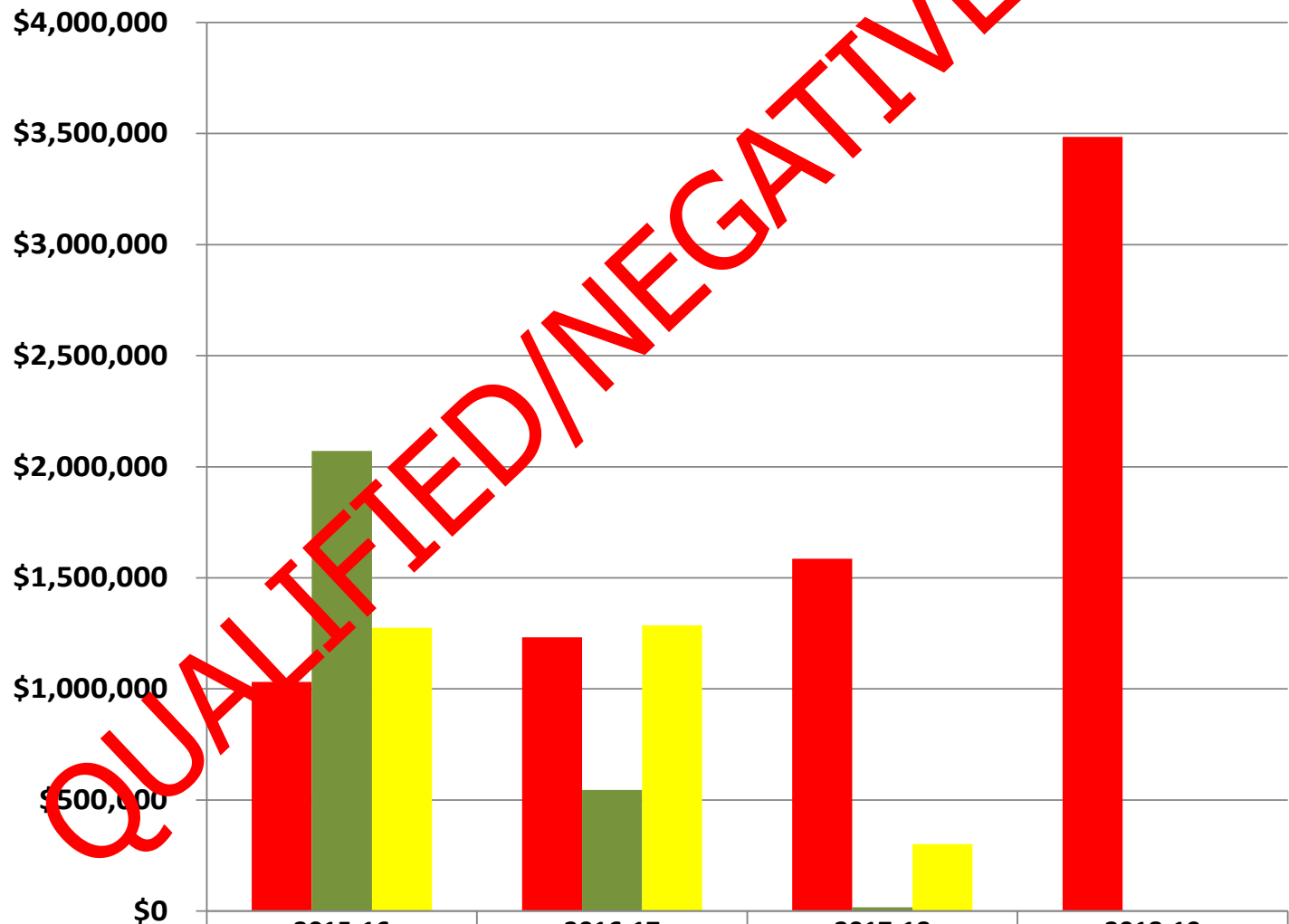
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D I S C R E T I O N
A D V I S E D**

Second Interim Unrestricted Reserves



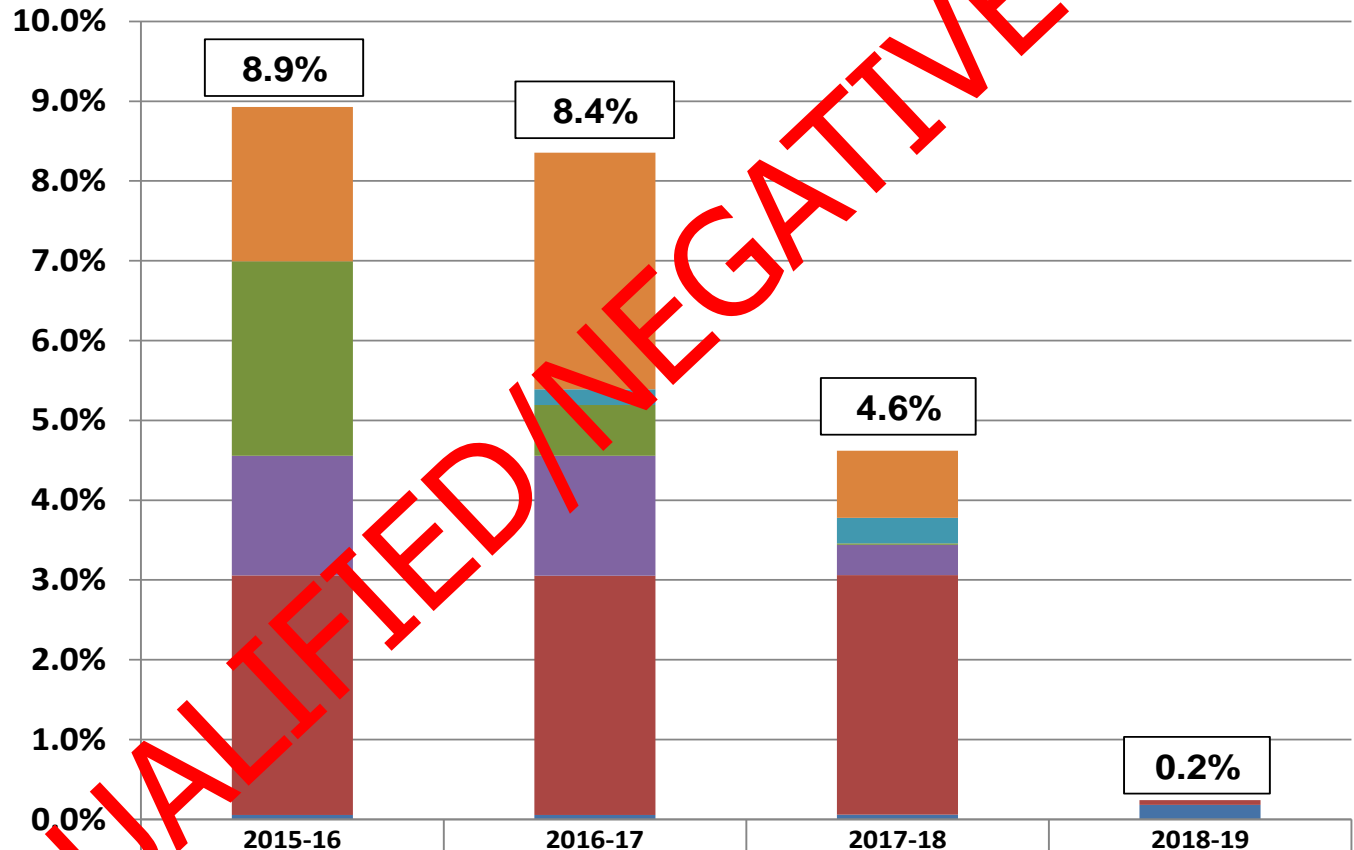
	2015-16	2016-17	2017-18	2018-19
Unassigned/Unappropriated Amount	\$0	\$0	\$0	\$0
Carryover/Commitments	\$0	\$0	\$0	\$0
State One-Time Discretionary	\$1,644,000	\$2,544,000	\$669,000	\$0
LCFF Supplemental Grant Funding	\$0	\$169,191	\$254,182	\$0
Deficit Spending Reserves	\$2,071,342	\$545,230	\$17,250	\$0
Contingency Reserve (1.5% Guideline)	\$1,274,976	\$1,286,510	\$301,675	\$0
Reserve for Economic Uncertainties (3%)	\$2,549,952	\$2,573,019	\$2,389,743	\$147,177
Revolving Cash/Stores/Prepaid	\$47,500	\$47,500	\$47,500	\$47,500

Deficit Spending Reserves



■ Deficit Spending Level	\$1,031,080	\$1,232,320	\$1,586,100	\$3,484,673
■ Deficit Spending Reserves	\$2,071,342	\$545,230	\$17,250	\$0
■ Contingency Reserve (1.5% Guideline)	\$1,274,976	\$1,286,510	\$301,675	\$0

Second Interim Unrestricted Reserves



	2015-16	2016-17	2017-18	2018-19
Unassigned/Unappropriated Amount	0.0%	0.0%	0.0%	0.0%
Carryover/Commitments	0.0%	0.0%	0.0%	0.0%
State One-Time Discretionary	1.9%	3.0%	0.8%	0.0%
LCFF Supplemental Grant Funding	0.0%	0.2%	0.3%	0.0%
Deficit Spending Reserves	2.4%	0.6%	0.0%	0.0%
Contingency Reserve (1.5% Guideline)	1.5%	1.5%	0.4%	0.0%
Reserve for Economic Uncertainties (3%)	3.0%	3.0%	3.0%	0.1%
Revolving Cash/Stores/Prepaid	0.1%	0.1%	0.1%	0.2%



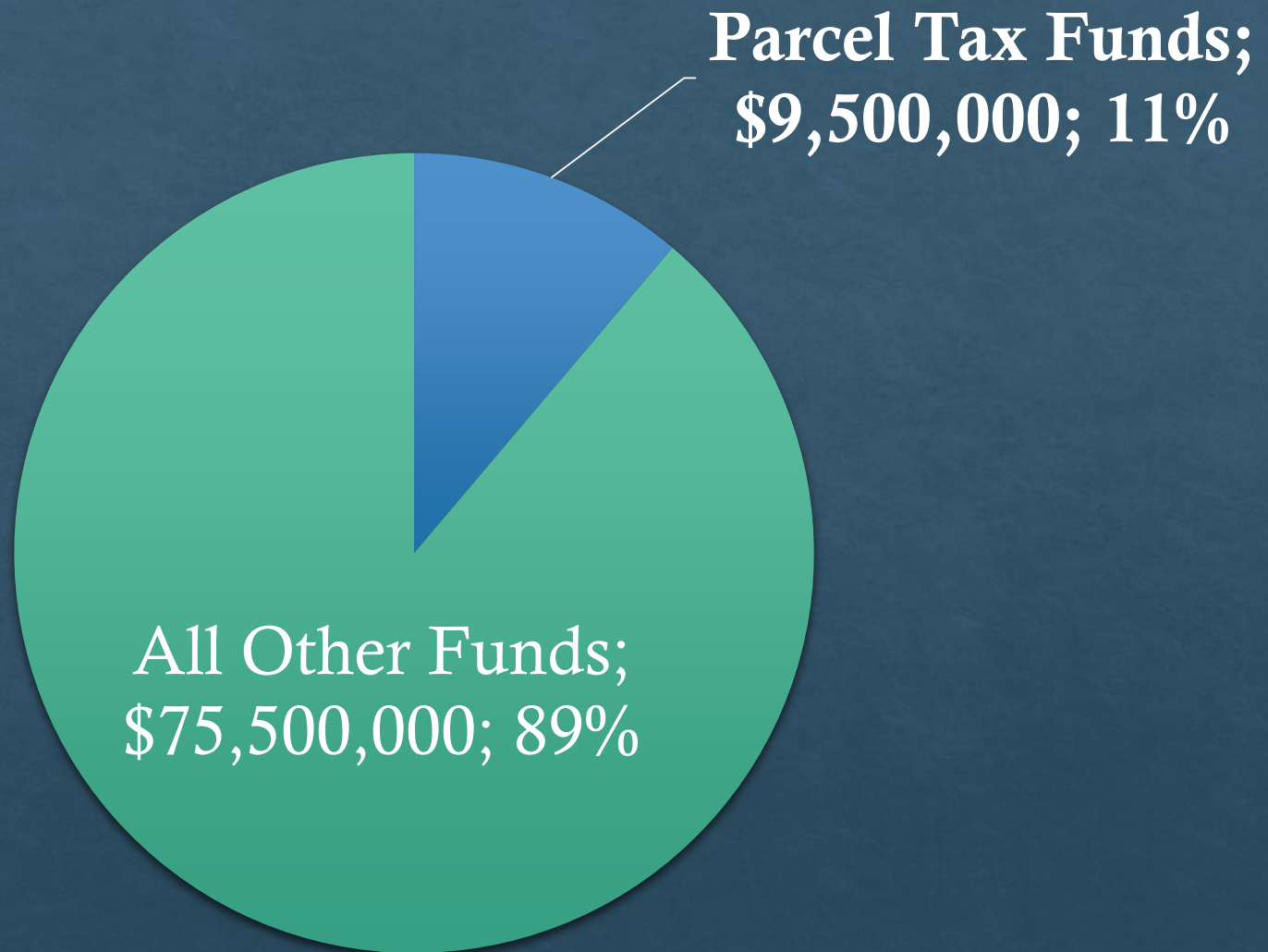
Our Story

In 1984, Davis became one of first CA cities to support schools through parcel tax.



- 1984
- 1987
- 1989
- 1991
- 1995
- 1997
- 1999
- 2000
- 2003
- 2007
- 2008
- 2011
- 2012/March
- 2012/Nov

Parcel Tax Revenue Continued



Total Budget Projection \$85 million

Parcel Tax Revenue Continued

General Fund - Unrestricted

Description	2015-16	2016-17	2017-18	2018-19
REVENUES	\$74,378,238	\$74,556,516	\$75,136,667	\$75,728,435
EXPENDITURES	\$58,731,077	\$60,153,218	\$61,724,284	\$62,224,760
OTHER FINANCING SOURCES/USES	(\$14,836,241)	(\$14,994,618)	(\$15,010,483)	(\$15,096,348)
NET INCR. (DECR.) IN FUND BALANCE	\$810,920	(\$591,320)	(\$1,598,100)	(\$1,592,673)
BEGINNING FUND BALANCE JULY 1ST	\$6,776,850	\$7,587,770	\$6,996,450	\$5,398,350
ENDING FUND BALANCE JUNE 30TH	\$7,587,770	\$6,996,450	\$5,398,350	\$3,805,677
RESERVE %	8.9%	8.1%	6.1%	4.3%
COMPONENTS OF ENDING BALANCE				
Revolving Cash/Stores/Prepaid	\$47,500	\$47,500	\$47,500	\$47,500
Designated for Economic Uncertainties (3%)	\$2,549,952	\$2,592,616	\$2,639,748	\$2,654,762
Other Designations:				
Contingency Reserve (1.5% Guideline)	\$1,274,976	\$1,296,308	\$1,319,874	\$1,103,415
Deficit Spending Reserves	\$2,071,342	\$516,026	\$722,228	\$0
State One-Time Discretionary	\$1,644,000	\$2,544,000	\$669,000	\$0
Undesignated Amount	\$0	\$0	\$0	\$0
Operating Deficit - / Surplus +	(\$1,000,000)	(\$1,400,000)	\$300,000	(\$900,000)

Summary Analysis



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

Going Forward

- ◆ Governor's May Revise
 - ◆ State budget priorities
- ◆ Budget process March-May
 - ◆ Local Control Accountability Plan (LCAP)
 - ◆ Enrollment and staffing assumptions
 - ◆ Budget planning
- ◆ District Budget Adoption
- ◆ Approved State Budget

Other Funds

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

Questions

