

Davis Joint Unified School District

First Interim Budget

Fiscal Year 2016-2017



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

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- The District's funding is on a projected upward trend.
- The District's current "positive" budget certification is based upon:
 - Projected growth in LCFF revenue
 - Maintaining our existing level of programming 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

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

2016-2017

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- Final State Budget Act Assumptions
 - Local Control Funding Formula
 - Mandated Costs payment
- Projected Paid ADA of 7,679 based upon current year Projected P2
 - Actual DJUSD Enrollment of 7,986
 - Estimated funded ADA up 7 from 2016 Actuals
- Position Control – Stipends, Classroom FTE, Benefits

DAVIS JOINT UNIFIED SCHOOL DISTRICT GENERAL FUND SUMMARY

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Description	<----- 2016-17 BUDGET----->		
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES	\$75,268,960	\$10,512,330	\$85,781,290
EXPENDITURES	\$61,873,660	\$26,394,893	\$88,268,553
OTHER FINANCING SOURCES/USES	(\$14,666,000)	\$14,533,482	(\$132,518)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,270,700)	(\$1,349,081)	(\$2,619,781)
BEGINNING FUND BALANCE JULY 1ST	\$9,196,477	\$2,060,941	\$11,257,418
ENDING FUND BALANCE JUNE 30TH	\$7,925,777	\$711,860	\$8,637,637
<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores	\$47,500		\$47,500
Legally Restricted Balances	\$0	\$711,860	\$711,860
Designated for Economic Uncertainties	\$7,073,414		\$7,073,414
<u>Other Assignments:</u>			
One-Time Discretionary (PD, Instructional Materials, Tech)	\$804,863		\$804,863
Unassigned/Unappropriated Amount	\$0	\$0	\$0

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

Description	<----- 2016-17 BUDGET----->		
	BOARD APPROVED BUDGET	FIRST INTERIM BUDGET	DIFFERENCE
REVENUES	\$75,107,872	\$75,268,960	\$161,088
EXPENDITURES	\$60,464,520	\$61,873,660	(\$1,409,140)
OTHER FINANCING SOURCES/USES	(\$14,765,774)	(\$14,666,000)	\$99,774
NET INCR. (DECR.) IN FUND BALANCE	(\$122,422)	(\$1,270,700)	(\$1,148,278)
BEGINNING FUND BALANCE JULY 1ST	\$9,196,477	\$9,196,477	\$0
ENDING FUND BALANCE JUNE 30TH	\$9,074,055	\$7,925,777	(\$1,148,278)
<u>COMPONENTS OF ENDING BALANCE</u>			
Revolving Cash/Stores	\$47,500	\$47,500	\$0
Designated for Economic Uncertainties	\$6,770,095	\$7,073,414	\$303,319
<u>Other Assignments:</u>			
Carryover/Commitments	\$301,330	\$0	(\$301,330)
One-Time Discretionary (PD, Instructional Materials, Tech)	\$1,955,130	\$804,863	(\$1,150,267)
Unassigned/Unappropriated Amount	\$0	\$0	\$0

Unrestricted Differences +Favorable / - Unfavorable

➤ Revenue +\$161,088

- LCFF Revenue +\$123k
 - Higher ADA
- Other State Revenues -\$134k
 - Mandated Costs payment reduction
- Other Local Revenues +\$172k
 - Other Lease and Interest

Unrestricted Differences

+Favorable / - Unfavorable

➤ Expenditures -\$1,409,140

- Salaries & Benefits -\$461k
 - Position control true-up
- Supplies, Services and Capital -\$704k
 - Program Carryover & Utilities
- Other outgo/Indirect Costs -\$244k

➤ Other Financing +\$99,774

- Transfers out to other funds -\$17k
- Special Education Contribution +\$137k
- Athletics Transfer to restricted -\$20k

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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

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Description	<----- 2016-17 BUDGET----->		
	BOARD APPROVED BUDGET	FIRST INTERIM BUDGET	DIFFERENCE
REVENUES	\$8,498,620	\$10,512,330	\$2,013,710
EXPENDITURES	\$24,029,785	\$26,394,893	(\$2,365,108)
OTHER FINANCING SOURCES/USES	\$14,633,900	\$14,533,482	(\$100,418)
NET INCR. (DECR.) IN FUND BALANCE	(\$897,265)	(\$1,349,081)	(\$451,816)
BEGINNING FUND BALANCE JULY 1ST	\$2,060,941	\$2,060,941	\$0
ENDING FUND BALANCE JUNE 30TH	\$1,163,676	\$711,860	(\$451,816)
<u>COMPONENTS OF ENDING BALANCE</u>			
Legally Restricted Balances	\$1,490,321	\$711,860	(\$778,461)
Unassigned/Unappropriated Amount	(\$326,645)	\$0	\$326,645
<u>RESTRICTED BALANCE DETAIL</u>			
<i>Lottery Instructional Materials</i>	\$94,181	\$0	(\$94,181)
<i>Educator Effectiveness</i>	\$193,644	\$0	(\$193,644)
<i>Donations and Grants</i>	\$1,202,496	\$711,860	(\$490,636)
TOTAL LEGALLY RESTRICTED BALANCES	\$1,490,321	\$711,860	(\$778,461)

Restricted Differences

+Favorable / - Unfavorable

➤ Revenue +\$2,013,710

- Federal Revenue +\$92k
- Other State Revenue +\$745k
 - State One-Time Categorical Grants
- Other Local +\$1,177k
 - Local Grants & Donations increase (+)
 - CTE, Teacher Development, Site Donations, Athletics

Restricted Differences

+Favorable / - Unfavorable

➤ Expenditures -\$2,365,108

- Salaries & Benefits -\$592k
 - Educator Effectiveness Program
 - Position control true-up
 - Teacher Development
- Supplies, Services and Capital -\$1,947k
 - Clean Energy Projects
 - Instructional Materials
 - CTE Grant
 - Carryover spending from local donations
- Indirect Costs and Other Outgo +\$174k

➤ Other Financing -\$100,418

- Special Education Contribution (+)
- Athletics Program transfer (-)

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	2016-17	2017-18	2018-19
Enrollment (Non-Charter)	7,986	8,030	8,078
<i>Change in Enrollment</i>	7	44	48
Average Daily Attendance (ADA)	7,679	7,721	7,767
<i>Change in ADA</i>	3	42	46
Total LCFF Funding per ADA (RATE)	\$8,079	\$8,371	\$8,495
PROJECTED COLA %	0.00%	1.11%	2.42%
PROJECTED LCFF GAP FUNDING %	54.18%	72.99%	40.36%
PROJECTED LCFF GROWTH % (RATE)	4.81%	3.62%	1.49%
TOTAL LCFF REVENUE	\$62,037,250	\$64,632,659	\$65,984,472
LCFF FUNDING CHANGE	\$2,866,098	\$2,595,409	\$1,351,813
PARCEL TAX REVENUE	\$9,580,000	\$9,580,000	\$9,580,000
Projected Step & Column Increases		\$822,000	\$822,000
Pension Contribution Increase STRS	\$750,000	\$750,000	\$750,000
Pension Contribution Increase PERS	\$330,000	\$260,000	\$260,000
RESERVE FOR ECONOMIC UNCERTAINTIES %	8.0%	8.0%	8.0%
TOTAL UNRESTRICTED RESERVE %	9.0%	9.1%	8.8%

District First Interim December

- Key Assumptions (Next Year 2016-17)
 - LCFF Revenue, +\$2,600,000
 - Cost increases
 - Increased pension costs
 - Net Step and Column
 - Inflation and program costs
 - LCFF/LCAP Supplemental program spending requirements

District 2016-17 Projected LCFF Growth

+ 2016-17 LCFF Revenue Increase:	\$2,600,000
Less expenditures increases:	
Increased pension costs:	\$1,010,000
Net step and column:	\$450,000
LCAP Supplemental Services:	\$300,000
Teacher staffing for class loading:	TBD
Deficit spending reduction:	\$840,000
Collective Bargaining:	TBD
Other program increases:	TBD
Total Projected Increases	\$2,600,000

Multiyear Projections

General Fund - Unrestricted

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Description	2016-17	2017-18	2018-19
REVENUES	\$75,268,960	\$76,321,369	\$77,673,182
EXPENDITURES	\$61,873,660	\$61,524,330	\$62,827,966
OTHER FINANCING SOURCES/USES	(\$14,666,000)	(\$14,850,181)	(\$15,034,362)
NET INCR. (DECR.) IN FUND BALANCE	(\$1,270,700)	(\$53,142)	(\$189,146)
BEGINNING FUND BALANCE JULY 1ST	\$9,196,477	\$7,925,777	\$7,872,635
ENDING FUND BALANCE JUNE 30TH	\$7,925,777	\$7,872,635	\$7,683,489
<i>RESERVE %</i>	<i>9.0%</i>	<i>9.1%</i>	<i>8.8%</i>
COMPONENTS OF ENDING BALANCE			
Revolving Cash/Stores/Prepaid	\$47,500	\$47,500	\$47,500
Reserve for Economic Uncertainties	\$7,073,414	\$6,920,138	\$7,016,274
<i>Designated for Economic Uncertainties %</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>
Other Assignments:			
LCFF Supplemental Grant Funding	\$0	\$203,829	\$289,206
One-Time (PD, Instructional Materials, Tech)	\$804,863	\$701,168	\$330,509
Unassigned/Unappropriated Amount	\$0	\$0	\$0
Operating Deficit - / Surplus +	(\$900,000)	(\$100,000)	(\$200,000)

Reserves Analysis

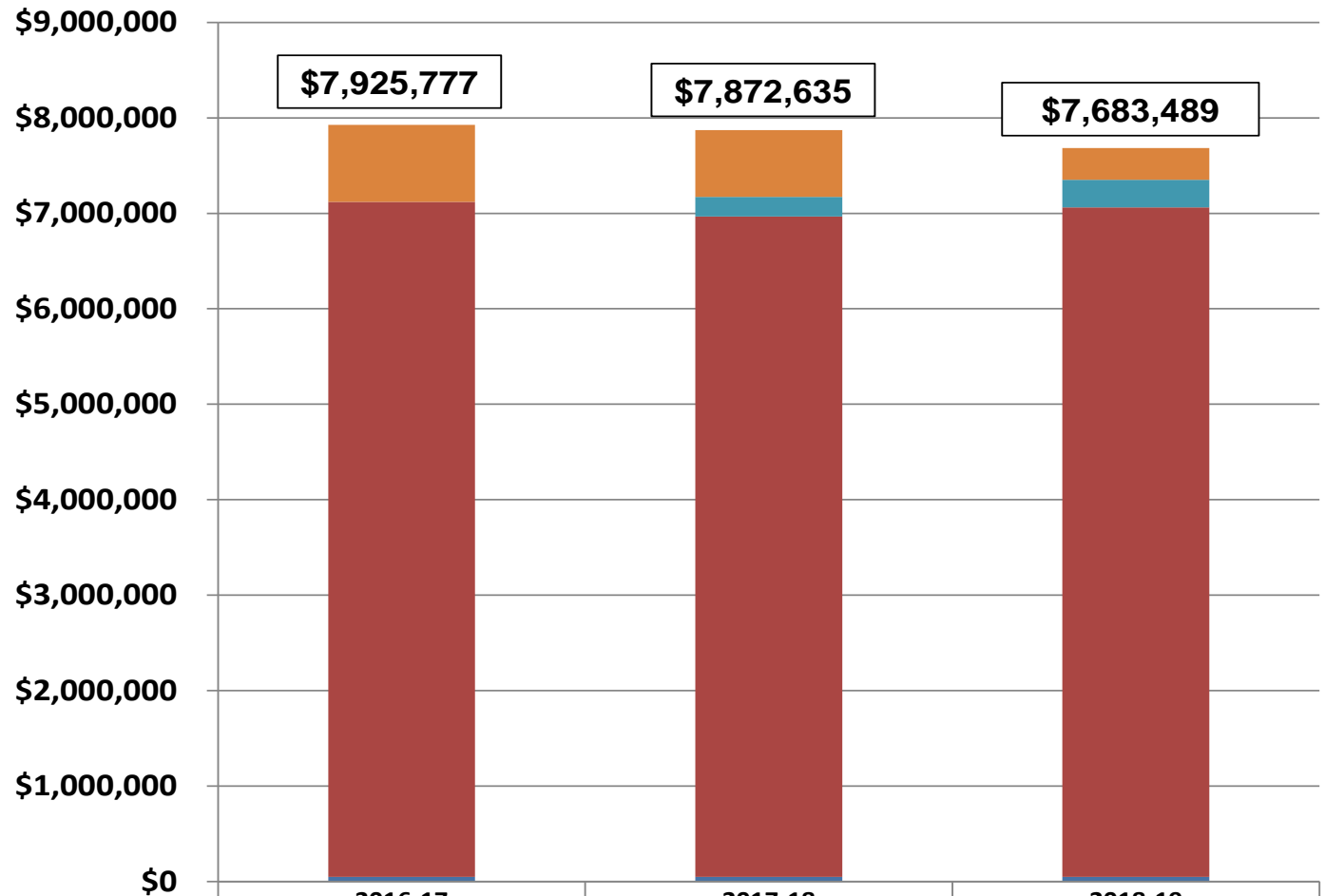


Reserve Components

- 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

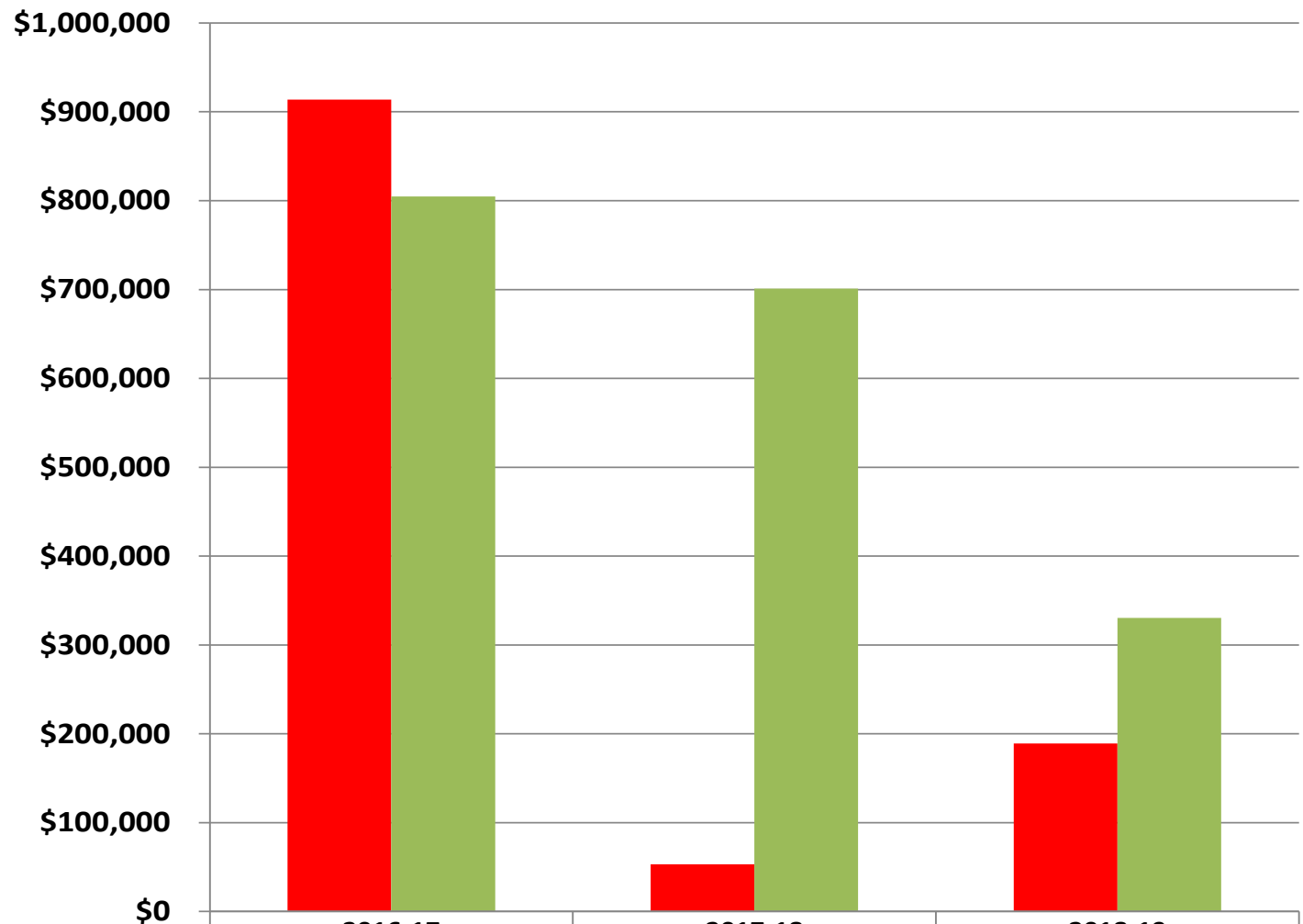
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Unassigned/Unappropriated Amount	2016-17	2017-18	2018-19
One-Time (PD, Instructional Materials, Tech)	\$0	\$0	\$0
LCFF Supplemental Grant Funding	\$804,863	\$701,168	\$330,509
Reserve for Economic Uncertainties	\$0	\$203,829	\$289,206
Revolving Cash/Stores/Prepaid	\$7,073,414	\$6,920,138	\$7,016,274
	\$47,500	\$47,500	\$47,500

Deficit Spending Reserves

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■ Deficit Spending Level

■ One-Time (PD, Instructional Materials, Tech)

2016-17

\$913,700

2017-18

\$53,142

2018-19

\$189,146

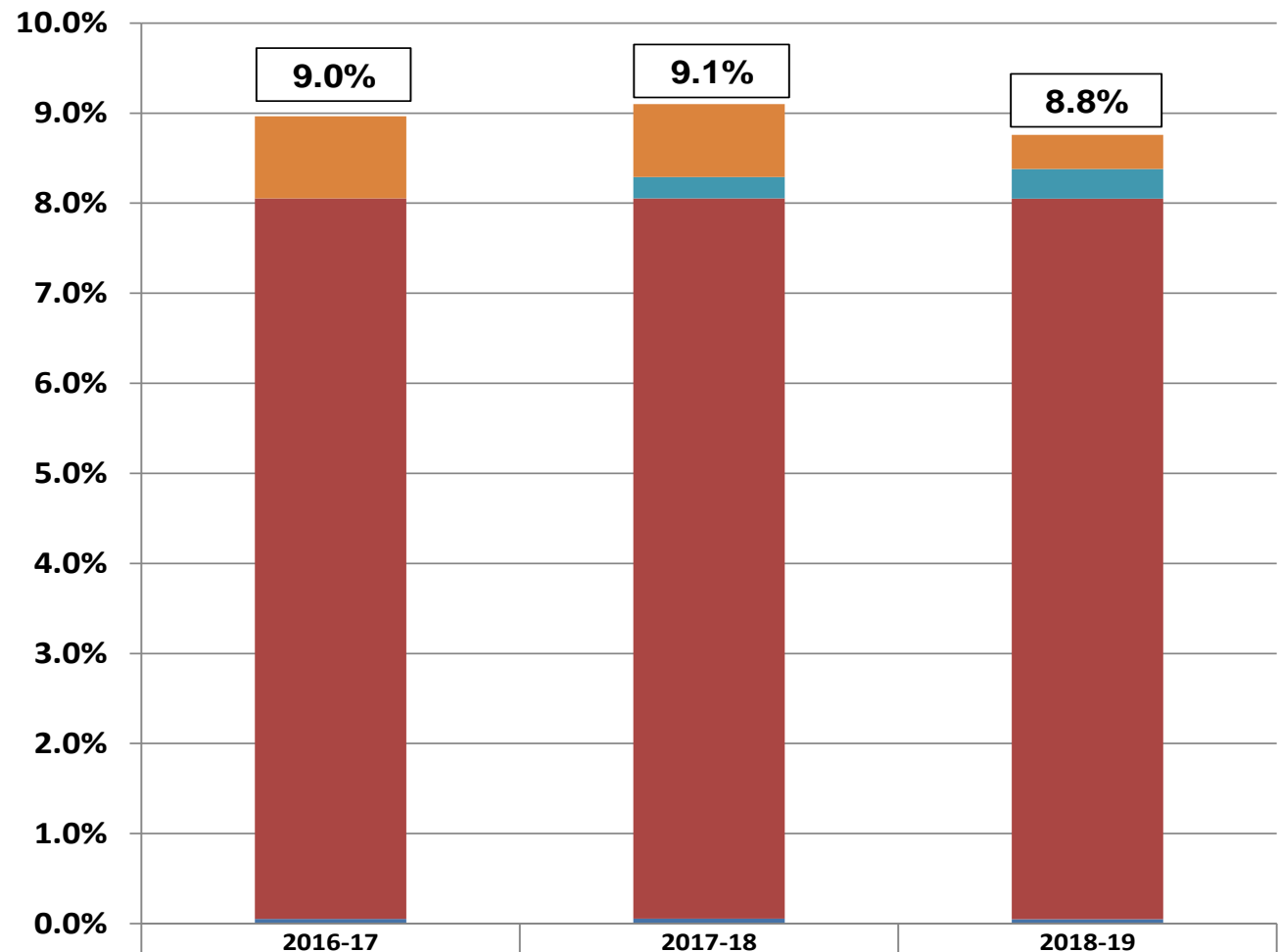
\$804,863

\$701,168

\$330,509

First Interim Unrestricted Reserves

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One-Time (PD, Instructional Materials, Tech)	0.9%	0.8%	0.4%
LCFF Supplemental Grant Funding	0.0%	0.2%	0.3%
Reserve for Economic Uncertainties	8.0%	8.0%	8.0%
Revolving Cash/Stores/Prepaid	0.1%	0.1%	0.1%

Summary Analysis



- DJUSD is highly dependent upon increases in State Funding
- 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

