

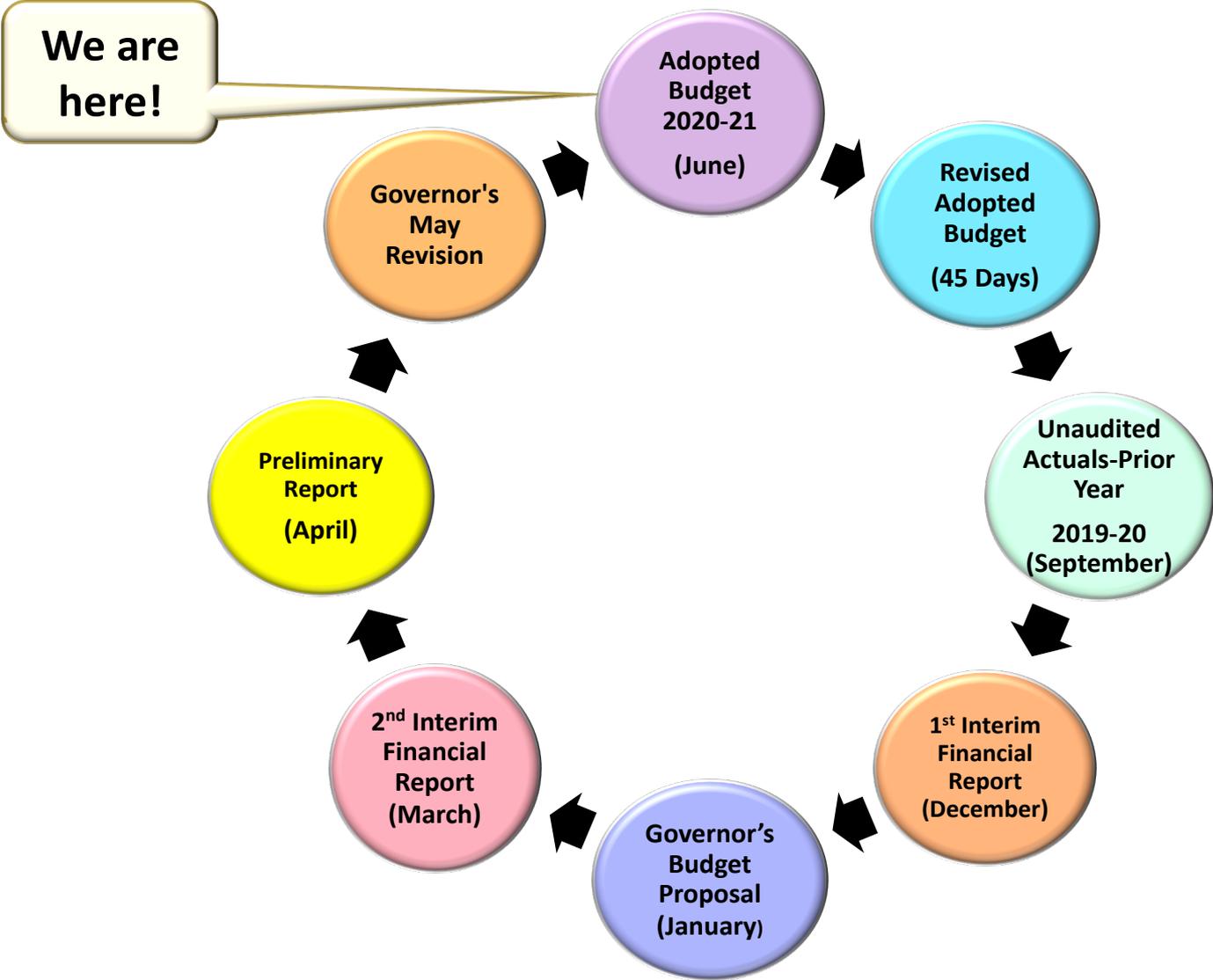


**COVINA-VALLEY**  
UNIFIED SCHOOL DISTRICT

# **2020-21 Adopted Budget**

*Presented by Eva Lueck, Interim Chief Business Officer  
Presented on June 15, 2020*

# Annual Budget Cycle



# Legal Requirements

- Board action is required for Budget Adoption in accordance with Education Code 42127
- Board Members must authorize an Operating Budget by June 30<sup>th</sup> of each year
- No later than five days after adoption or by July 1<sup>st</sup>, whichever occurs first, the Operating Budget must be filed with the County Superintendent of Schools

# Budgeting Challenges

**In a Normal Year** - June Budget is a “placeholder” budget. It is based on multiple estimates:

- Prior Year Revenues and Expenditures NOT Finalized
  - Comparison Data for Trend Analysis
  - Ending Fund Balance is Estimated (Currently 2019-20 Ending Balance is a \$5.1 million Increase over Second Interim Projection)
  
- State Budget is NOT Finalized - May Revise used as Estimate
  
- Enrollment will NOT be known until the Fall
  - Impacts Staffing and Revenue Projections
  
- Health Insurance Renewal Impacts are NOT Finalized

# Budgeting Challenges

**2019-20 and 2020-21 are NOT Normal Budget Years**

## **COVID-19**

- 2019-20 Comparison Data is flawed due to School Closure, Distance Learning, Safety Measures Taken
- State Economy is severely impacted (\$54 billion), and the Governor and Legislature are NOT in agreement on State Budget
  - Governor's May Revision Proposal – Severe cuts to education  
10% LCFF reduction and other cuts in 2020-21 through 2022-23
  - Legislature – Hold Education Harmless
- The Reopening of Schools – Format and related costs are NOT finalized
  - Enrollment and staffing impacts unknown

# May Revise 2020-21

## 10% Reduction

- LCFF (all three years)
- Targeted Instructional Improvement Grants \$86,071
- Home-to-School Transportation \$93,327

## 50% Reduction

- Adult Education Block Grant \$1,572,440
- Career Technical Education Incentive Grants \$250,000
- After School Education & Safety Grant \$199,754
- K-12 Strong Workforce Program \$130,519

## No COLA

- Special Education: No COLA but 15% Increase - \$645 per ADA
- Preschool
- Child Nutrition
- Foster Youth
- Mandated Block Grant

**Federal CARES Revenue \$1.9 million**

**Cash Deferrals on State Revenues**

**Reduction to CalSTRS and CalPERS Rates**

# Multi-Year Unrestricted General Fund IF May Revise - Utilized

## Multi-Year Projections Unrestricted General Fund

	Estimated Actuals/Budget 2019-20	Projected Budget 2020-21	Projected Budget 2021-22	Projected Budget 2022-23
<b>Beginning Fund Balance</b>	<b>\$22.80</b>	<b>\$22.46</b>	<b>\$10.40</b>	<b>(\$7.54)</b>
Revenues (includes other financing sources)	\$107.72	\$97.29	\$93.23	\$91.29
Expenditures (includes other financing uses)	\$108.06	\$109.35	\$111.17	\$115.35
Changes in Fund Balance	(\$0.34)	(\$12.06)	(\$17.94)	(\$24.06)
<b>Projected Ending Fund Balance</b>	<b>\$22.46</b>	<b>\$10.40</b>	<b>(\$7.54)</b>	<b>(\$31.60)</b>
Unavailable Reserves:	\$2.33	\$1.35	\$1.15	\$0.98
Revolving Cash, Inventory, Prepaid Expenditure, Assigned				
Reserve for Economic Uncertainty (3%)	\$4.70	\$4.72	\$4.79	\$4.94
<b>Available Reserves</b>	<b>\$15.43</b>	<b>\$4.33</b>	<b>(\$13.49)</b>	<b>(\$37.52)</b>
Available Reserves (Unrestricted Fund)	12.86%	5.76%	-5.45%	-19.78%

# 2020-21 June Budget Adoption Assumptions

## LCFF

- **10% Deficit Factor Eliminated**
- 2020-21: 2.31% COLA
- 2021-22 and 2022-23: Zero COLA

## 10% Reduction

- Targeted Instructional Improvement Grants \$86,071
- Home-to-School Transportation \$93,327

## 50% Reduction

- Adult Education Block Grant \$1,572,440
- Career Technical Education Incentive Grants \$250,000
- After School Education & Safety Grant \$199,754
- K-12 Strong Workforce Program \$130,519

## NO COLA

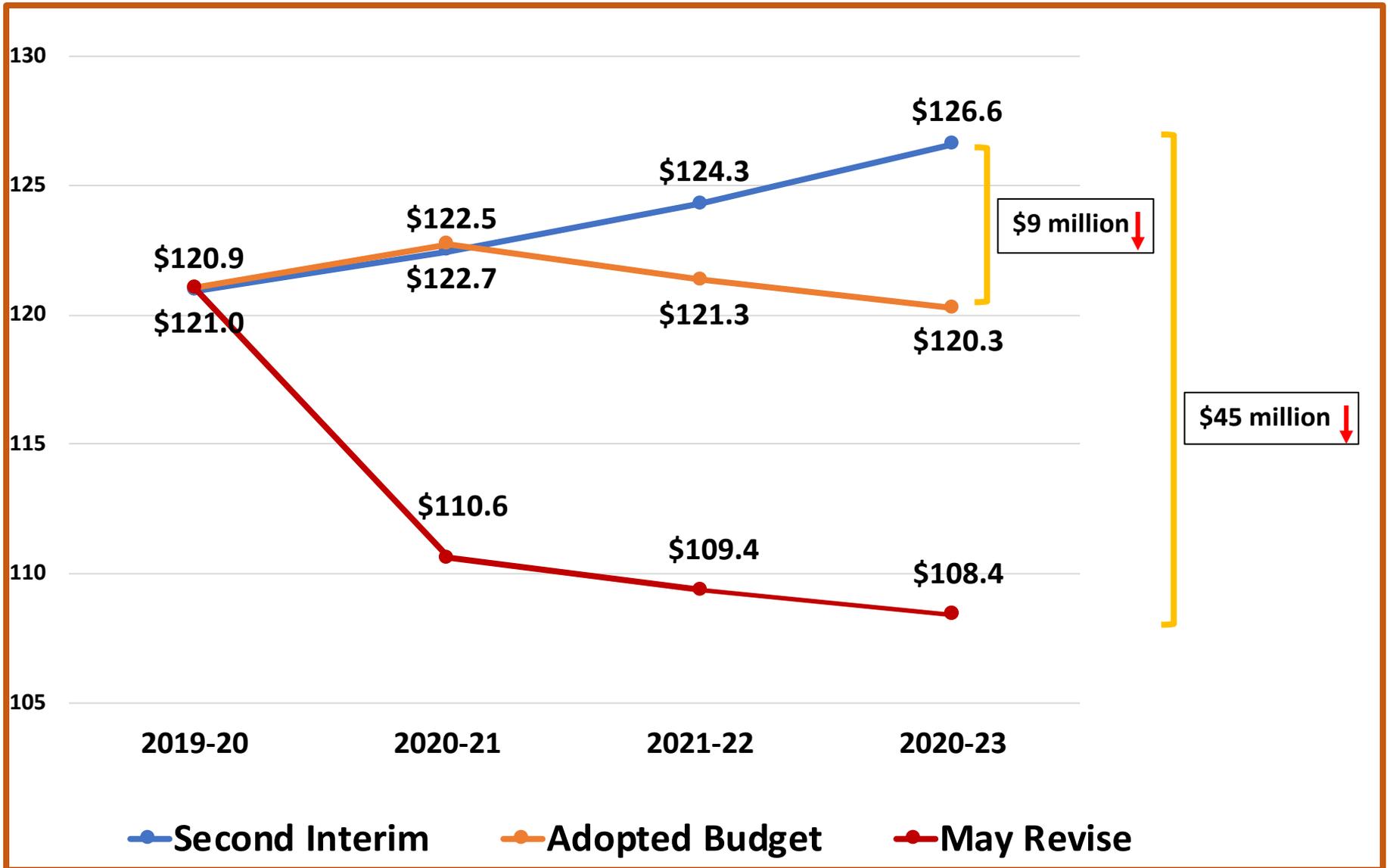
- Special Education: No COLA but 15% Increase - \$645 per ADA
- Preschool
- Child Nutrition
- Foster Youth
- Mandated Block Grant

**Federal CARES Revenue \$1.9 million**

**Cash Deferrals on State Revenues**

**Reduction to CalSTRS and CalPERS Rates**

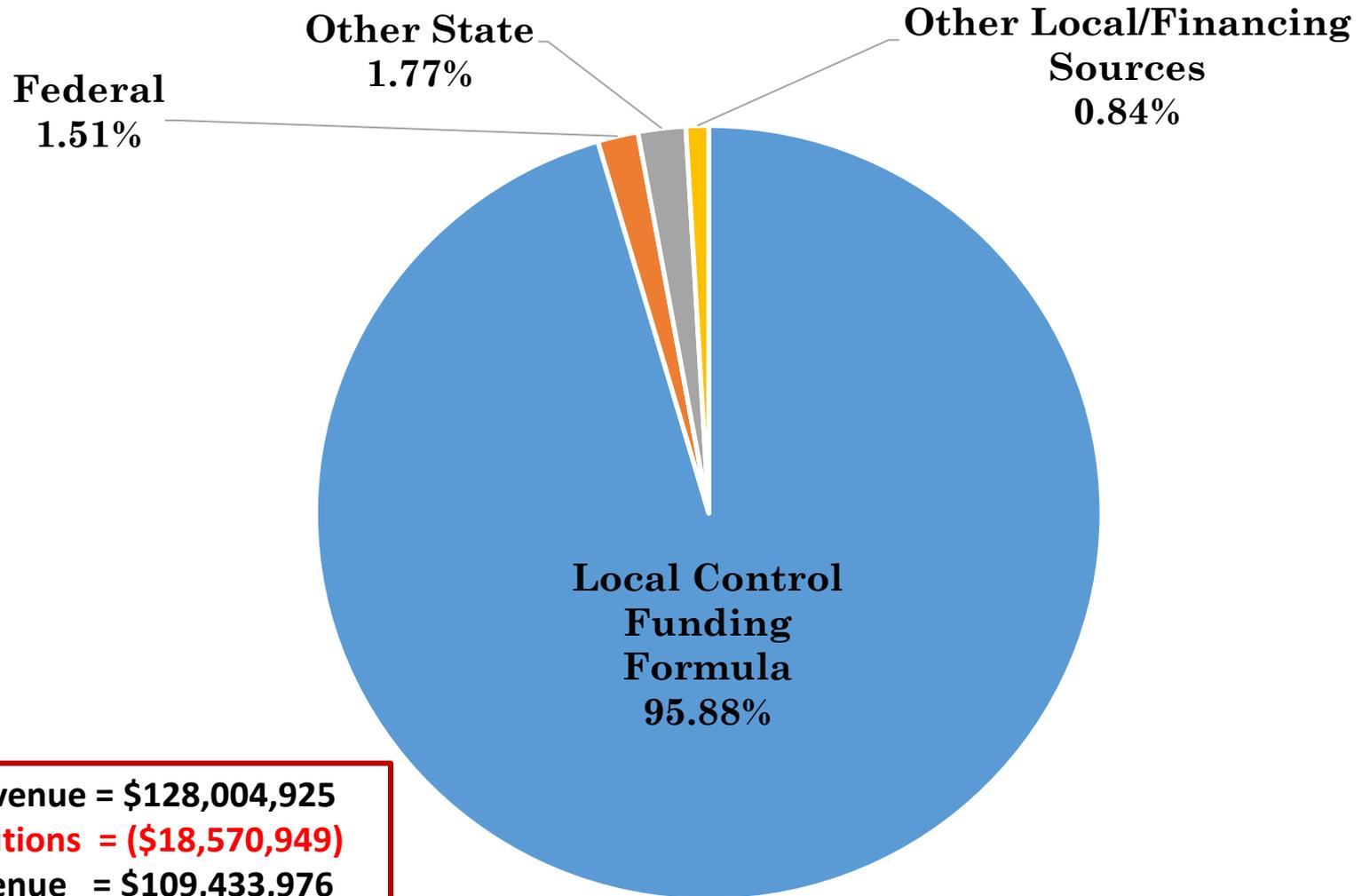
# LCFF Revenue (in millions)



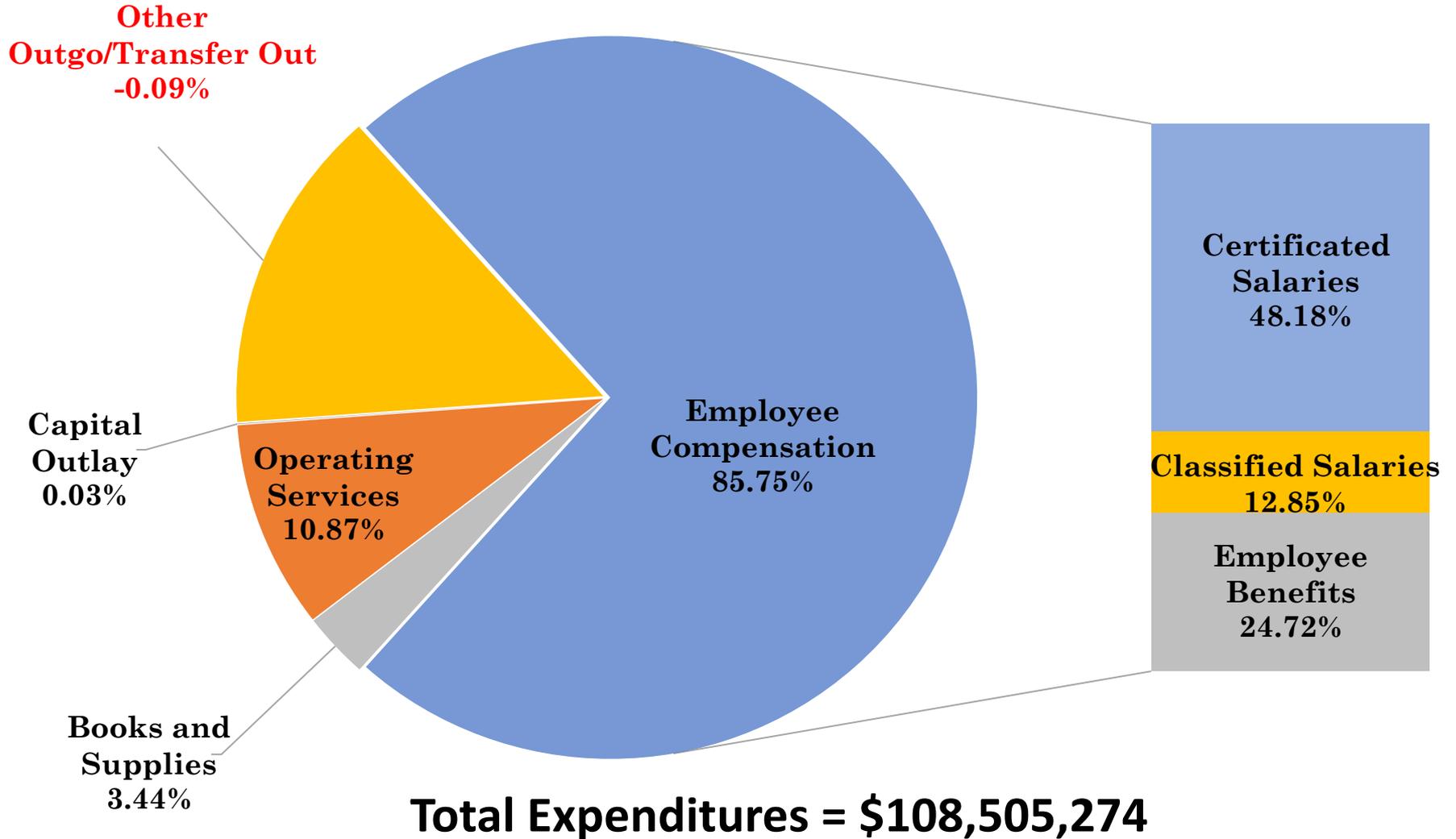
# Multi-Year Unrestricted General Fund Budget Projections (in millions)

	Estimated Actuals/Budget 2019-20	Projected Budget 2020-21	Projected Budget 2021-22	Projected Budget 2022-23
<b>Beginning Fund Balance</b>	<b>\$22.80</b>	<b>\$22.46</b>	<b>\$23.38</b>	<b>\$18.30</b>
Revenues (includes other financing sources)	\$107.72	\$109.43	\$105.23	\$103.19
Expenditures (includes other financing uses)	\$108.06	\$108.51	\$110.31	\$114.46
Changes in Fund Balance	(\$0.34)	\$0.92	(\$5.08)	(\$11.27)
<b>Projected Ending Fund Balance</b>	<b>\$22.46</b>	<b>\$23.38</b>	<b>\$18.30</b>	<b>\$7.03</b>
Unavailable Reserves:	\$2.33	\$1.35	\$1.15	\$0.98
Revolving Cash, Inventory, Prepaid Expenditure, Assigned				
Reserve for Economic Uncertainty (3%)	\$4.70	\$4.69	\$4.76	\$4.91
<b>Available Reserves</b>	<b>\$15.43</b>	<b>\$17.34</b>	<b>\$12.38</b>	<b>\$1.14</b>
Available Reserves (Unrestricted Fund)	12.86%	14.08%	10.80%	3.70%

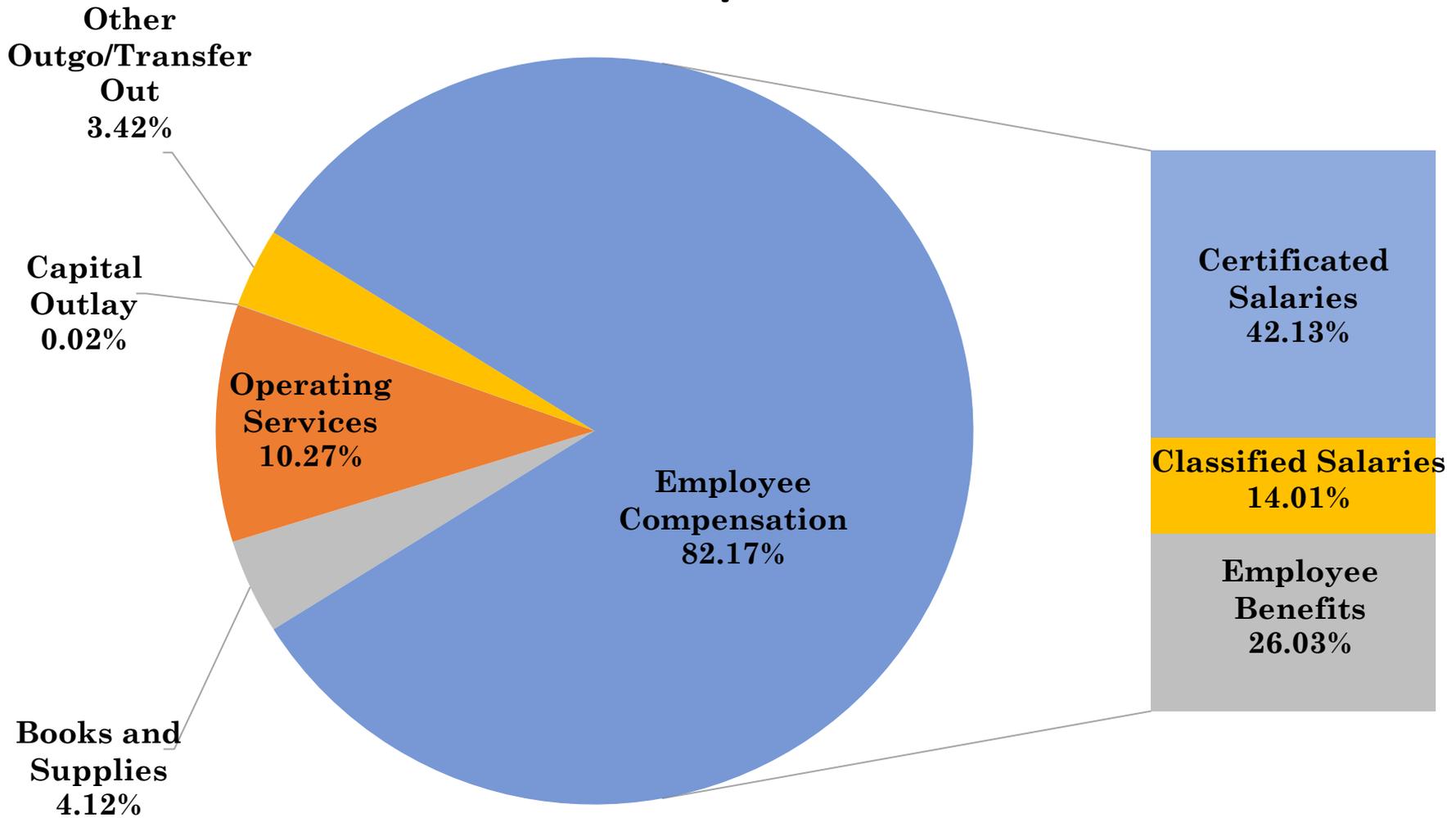
# 2020-21 Adopted Budget Unrestricted General Fund Revenues (in million)



# 2020-21 Adopted Budget Unrestricted General Fund Expenditures (in million)



# 2020-21 Adopted Budget Combined General Fund Expenditures (in million)



**Total Expenditures = \$156,445,365**

# Other Funds – Projected Totals 2020-21

(in millions)

	Fund 10 Special Education Pass- Through	Fund 11 Adult Education	Fund 12 Child Development	Fund 13 Cafeteria	Fund 21 Building (Bond)	Fund 25 Capital Facilities (Developer Fee)	Fund 40 Special Reserve for Capital Outlay	Fund 67 Self Insurance
Beginning Fund Balance	\$0.00	\$3.63	\$0.96	\$4.98	\$11.55	\$1.28	\$2.24	\$2.19
Revenue	\$59.07	\$2.74	\$3.45	\$5.87	\$0.39	\$0.18	\$0.03	\$20.29
Expenditure	\$59.06	\$4.46	\$3.32	\$6.79	\$9.21	\$1.20	\$1.10	\$20.26
Other Financing Sources/Uses	\$0.00	\$0.00	(\$0.30)	\$0.10	\$0.00	\$0.00	\$1.01	\$0.00
Ending Fund Balance	\$0.01	\$1.91	\$0.79	\$4.17	\$2.74	\$0.26	\$2.19	\$2.22

# Next Steps

- Revise budget to reflect final 2020-21 State Budget
- Monitor COVID-19 impact and restructure Fee Base Programs to ensure their continuance Nutrition Services, Child Care, and Adult Education
- Evaluate COVID-19 impacts related to reopening of schools
- Closely monitor enrollment and adjust staffing when schools reopen
- Develop a Reduction Plan to ensure fiscal stability
- Monitor cash flow and implement borrowing strategy as needed in response to State revenue deferrals
- Monitor and incorporate additional Federal Funds if allocated

# Comments or Questions...

