



COVINA-VALLEY
UNIFIED SCHOOL DISTRICT

2020-21

First Interim Budget Report

Presented by Marc Bommarito, Chief Business Officer

Marc Chaldu, Director, Fiscal Services

Mariet Feredooni, Assistant Director, Fiscal Services

Presented on December 14, 2020

Annual Budget Cycle



Legal Requirements

- Board action is required to certify at least twice a year the district's ability to meet its financial obligations for the remainder of the fiscal year and two subsequent fiscal years in accordance with Education Code 42130 and 42131
- Board Members must approve the First Interim Budget by December 15, 2020, of each year
 - Certifications: Positive, Qualified, or Negative
- The First Interim Budget must be filed with the County Superintendent of Schools within five days of approval

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
- The Reopening of Schools – Format and related costs are NOT finalized
- \$12 million unfunded Other Post Employment Benefits (OPEB) liability
- STRS rates projected to increase to 18.1%
- PERS rates projected to increase to 27.3%
- Continued Declining Enrollment of 100 year
- Special Education Unfunded liability of \$15 million
- Increasing minimum wage
- Impact of Cash Deferrals
- Budgeting for a 0% COLA for the current and two following years

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

2020-21 First Interim Budget Report Assumptions

LCFF

- 2020-21: **2.31% COLA Eliminated changed to 0% COLA**
- 2021-22 and 2022-23: Zero COLA

10% Reduction - **Eliminated**

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

50% Reduction - **Eliminated**

- 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: Increase from \$557 to ~~\$645~~-\$625 per ADA
- Preschool
- Child Nutrition
- Foster Youth
- Mandated Block Grant

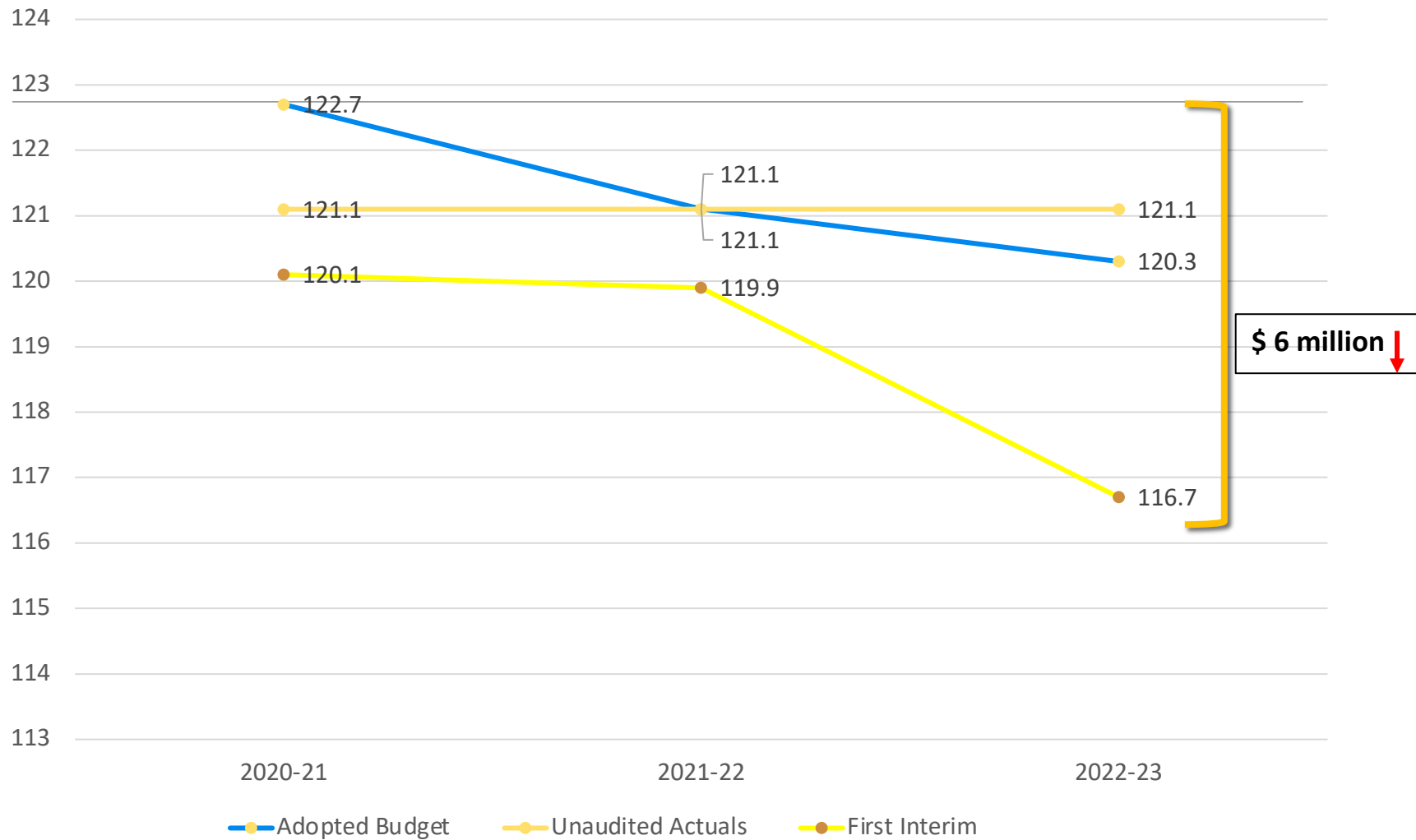
Federal CARES Revenue \$1,903,723 to \$12,049,072

State CARES Revenue \$0 to \$1,223,533

Cash Deferrals on State Revenues

Reduction to CalSTRS and CalPERS Rates

LCFF Revenue (in millions)

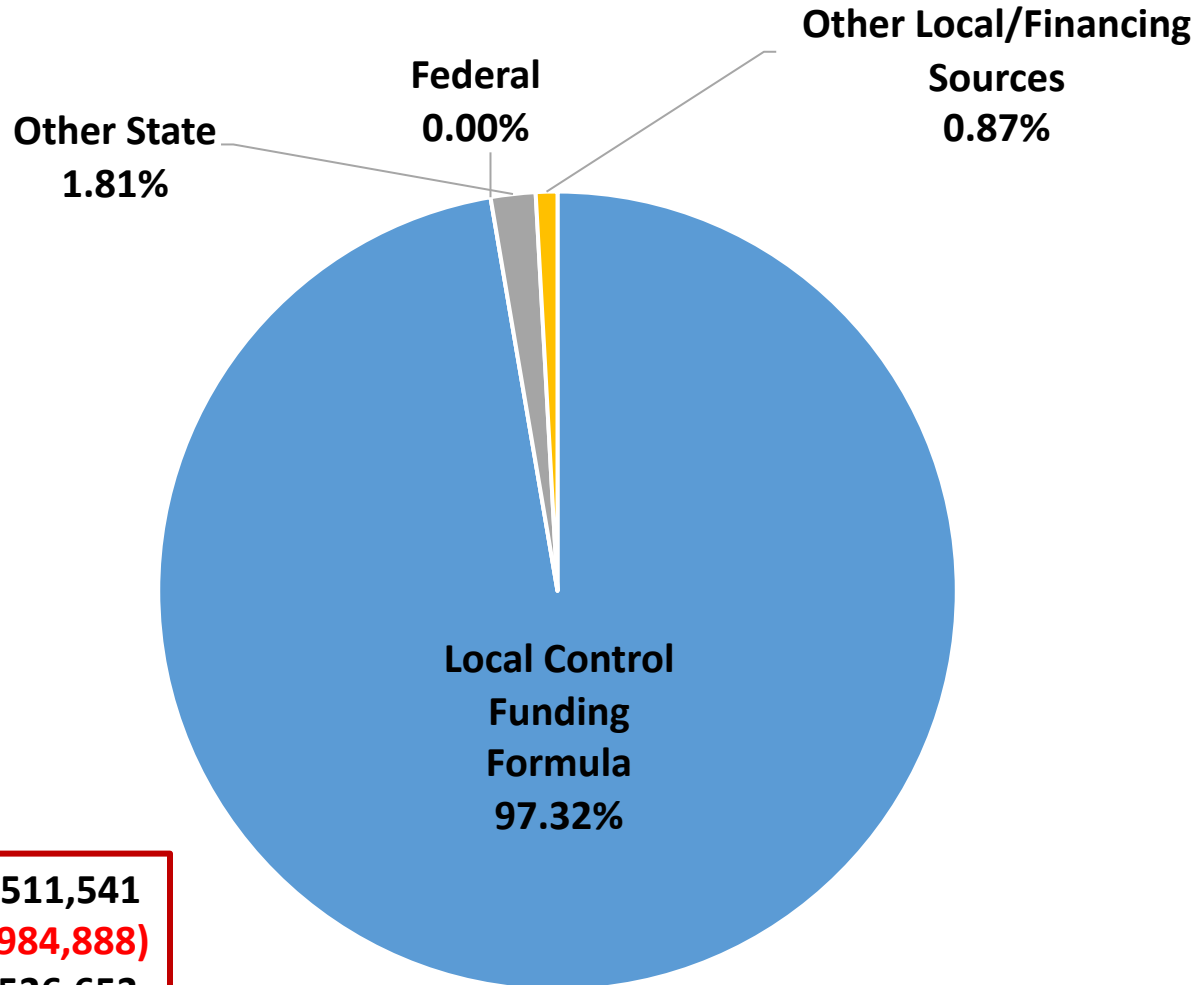


Multi-Year Unrestricted General Fund Budget Projections (in millions)

	Adopted Budget 2020-21	Unaudited Actuals 2019-20	First Interim 2020-21	Projected Budget 2021-22	Projected Budget 2022-23
Beginning Fund Balance	\$24.76	\$23.05	\$24.76	\$26.27	\$24.04
Audit Adjustment/Restatement	-	-	\$0.00	\$0.00	\$0.00
Revised Fund Balance	\$24.76	\$23.05	\$24.76	\$26.27	\$24.04
Annual Revenues (includes other financing sources)	\$128.00	\$125.56	\$123.51	\$123.20	\$121.09
Annual Expenditures (includes other financing uses)	\$127.08	\$123.85	\$122.00	\$125.43	\$130.21
Changes in Fund Balance	\$0.93	\$1.71	\$1.51	-\$2.24	-\$9.12
Projected Ending Fund Balance	\$25.69	\$24.76	\$26.27	\$24.04	\$14.92
I. Unavailable Reserves:	\$1.75	\$2.28	\$1.63	\$0.53	\$0.53
1.) Nonspendable:					
a. Revolving Cash	\$0.04	\$0.04	\$0.03	\$0.03	\$0.03
b. Inventory	\$0.05	\$0.04			
c. Prepaid Expenditures	\$0.73	\$1.43			
3.) Assigned	\$0.93	\$0.78	\$1.60	\$0.50	\$0.50
II. Total Unrestricted Fund Balance	\$23.94	\$22.48	\$24.65	\$23.51	\$14.39
1.) Reserve for Economic Uncertainty (3%)	\$4.69	\$4.63	\$4.90	\$4.72	\$4.86
2.) Available Reserves	\$19.24	\$17.85	\$19.74	\$18.79	\$9.53
III. Available Reserves (Unrestricted Fund)	15.14%	14.41%	16.18%	14.98%	7.32%

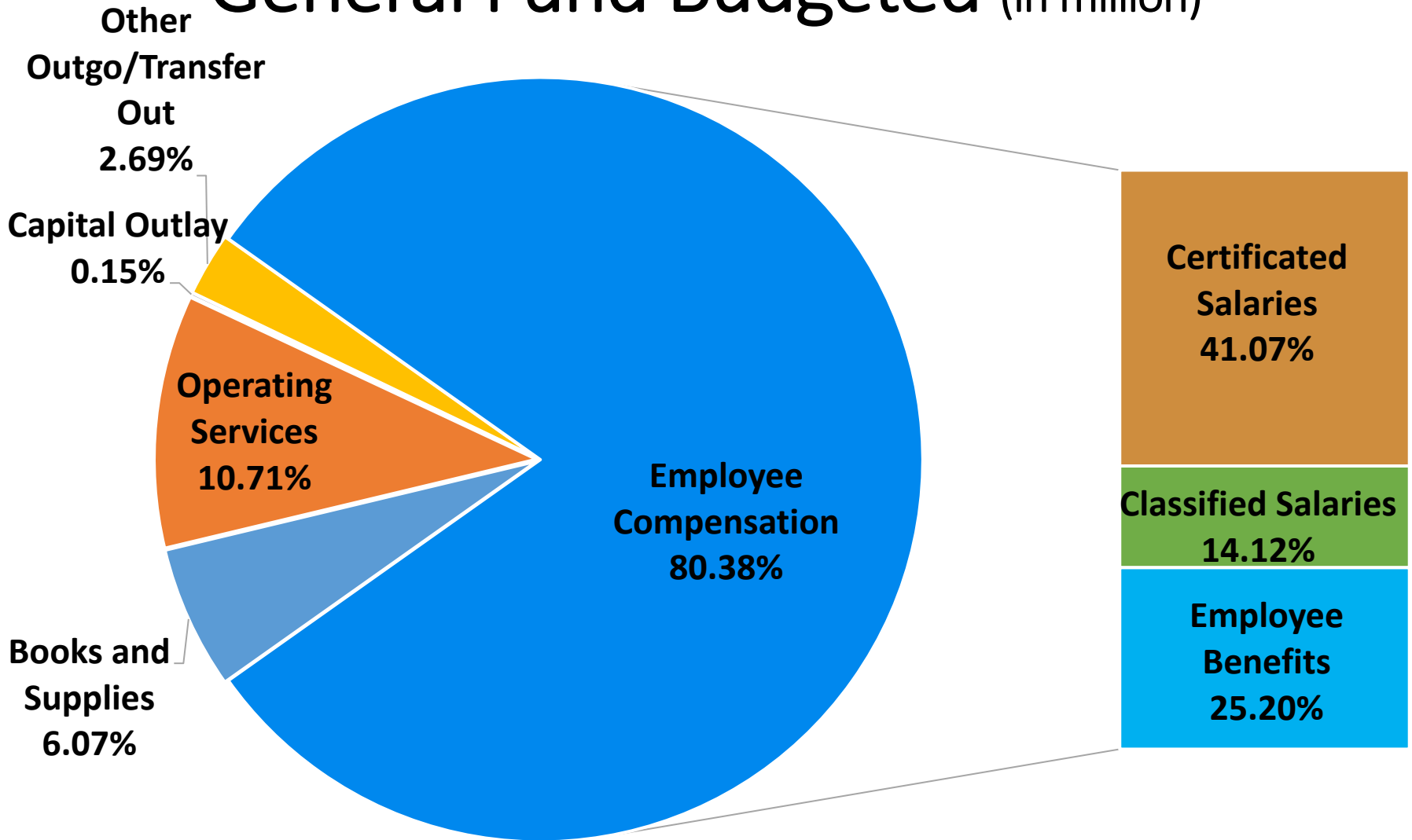
Potential 1.64% Reserve Balance in 2023-34

2020-21 First Interim Budget Unrestricted General Fund Revenues (in millions)



Total Revenue = \$123,511,541
Contributions = (\$17,984,888)
Net Revenue = \$105,526,653

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



Total Expenditures = \$159,401,011

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 17 Special Reserve for Other than Capital Outlay	Fund 21 Building (Bond)	Fund 25 Capital Facilities (Developer Fee)	Fund 40 Special Reserve for Capital Outlay
Beginning Fund Balance	\$0.00	\$3.71	\$1.04	\$5.56	\$3.07	\$13.87	\$1.35	\$2.66
Revenue	\$59.07	\$4.32	\$2.26	\$5.40	\$0.00	\$0.39	\$0.33	\$0.03
Expenditure	\$59.07	\$3.89	\$2.92	\$6.22	\$0.00	\$9.92	\$0.98	\$1.10
Other Financing Sources/Uses	\$0.00	\$0.00	\$0.30	\$0.00	\$0.00	\$0.00	\$0.00	\$1.01
Ending Fund Balance	\$0.00	\$4.14	\$0.08	\$4.74	\$3.07	\$4.33	\$0.70	\$2.60

Next Steps

- Aligning all position control systems to include appropriate checks and balances
- Reviewing all budgets mid-year to determine accuracy
- Revise budget to reflect 2020-21 State budget updates
- 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
- Analysis and unencumbering bond funds allocated for Covina HS Pool

Comments or Questions...

