



COVINA VALLEY
UNIFIED SCHOOL DISTRICT

Second Interim



2017-2018



SECOND INTERIM REPORT AND CERTIFICATION

- Districts are required to submit two interim budget reports to determine whether they can meet their financial obligations in the current and the two subsequent fiscal years.
- The District must certify each report as “Positive” “Qualified” or “Negative” based on the ability of the district to meet its financial obligations.
- The second interim report represents the actual and projected financial position of the General Fund as of January, 2018.

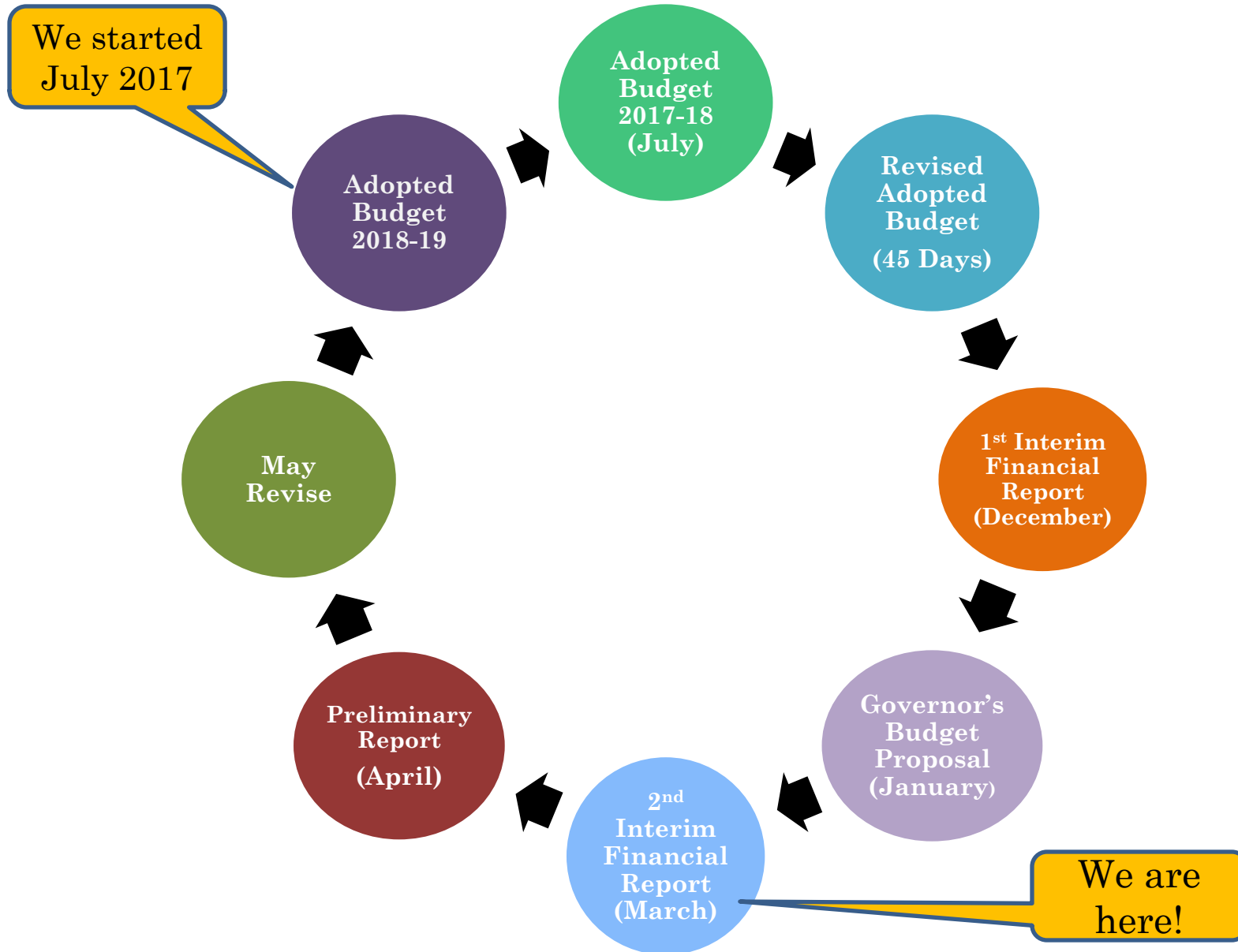
CERTIFICATION DEFINITIONS

POSITIVE = The district, based on current projections, **will be able** to meet its financial obligations for the current and subsequent two fiscal years

QUALIFIED = The district, based on current projections, **may not be able** to meet its financial obligations for the current and subsequent two fiscal years

NEGATIVE = The district, based on current projections, **will be unable** to meet its financial obligations for the current and subsequent two fiscal years

Annual Budget Cycle



2017-18 GENERAL FUND

BUDGET ASSUMPTIONS (SINCE FIRST INTERIM)

■ Local Control Funding Formula

- › COLA updated to 1.56%
- › Updated GAP funding to 44.97% - \$ 2.7million
- › Unduplicated pupil count at 69.59%
- › LCFF as a percentage of Target - approximately 97%

■ Projected Enrollment Decline

- › 200 - 2018/19 through 2019/20

■ Increased Expenses

- › Contracted Services
- › Special Education Program Cost
- › Routine Restricted Maintenance Contribution

■ Increased Revenues

- › LCFF Fully Funded - 2018-19
- › One-Time Monies - 2018-19

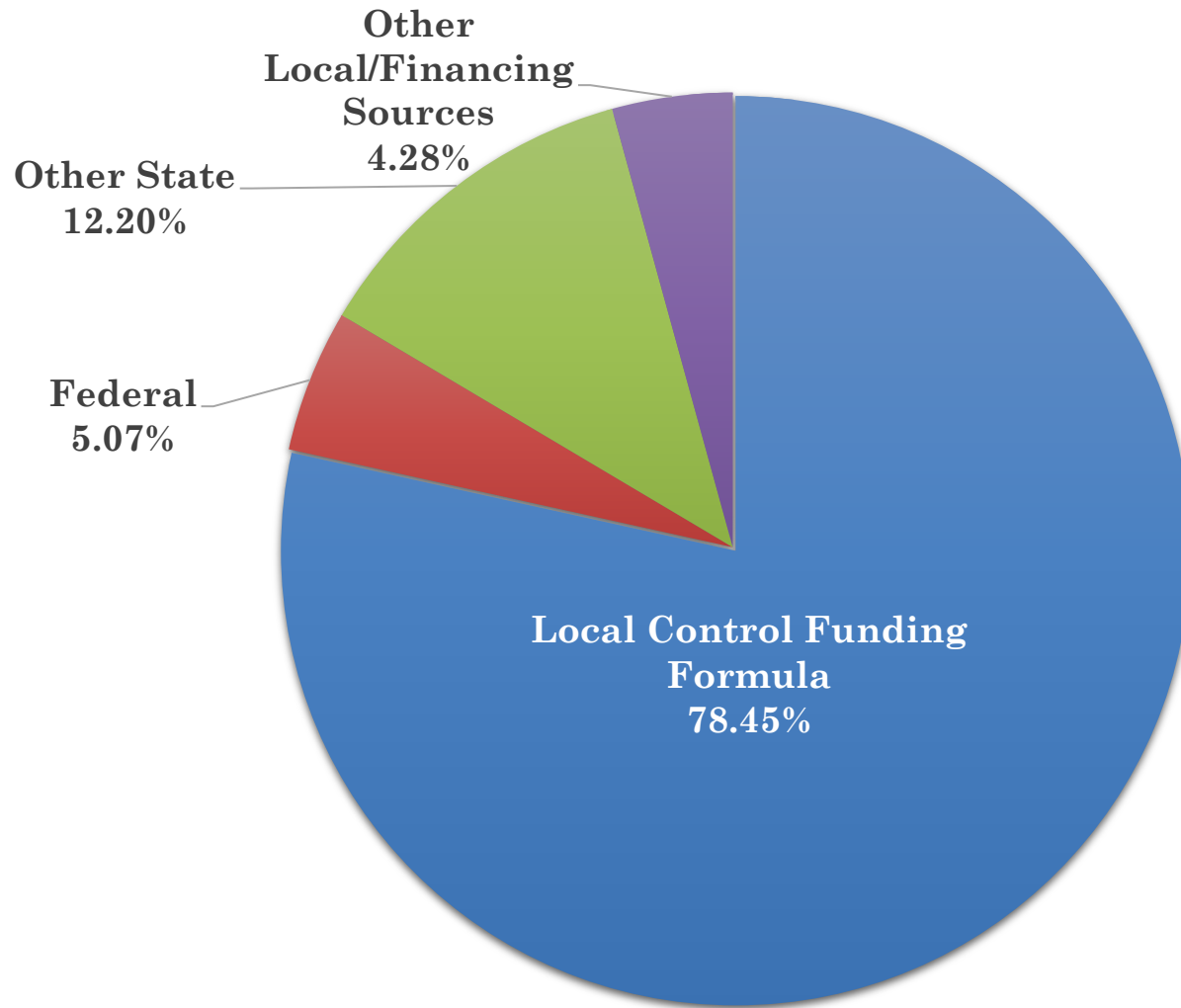
MAJOR CHANGES SINCE FIRST INTERIM (IN MILLIONS)

	2017-18	2018-19	2019-20	Cumulative
Revenue				
LCFF Revenue	↑ 0.08 M	↑ 2.16M	↑ 1.80M	↑ 4.04M
GAP %	↑ 1.78%	↑ 33.88%	↑ 35.08%	
Unduplicated %	↓ 0.09%	↓ 0.19%	↓ 0.28%	

MAJOR CHANGES SINCE FIRST INTERIM (IN MILLIONS)

	2017-18	2018-19	2019-20	Cumulative
LCFF Revenue Increase	0.08	2.16	1.80	4.04
S/C Allocation Increase	(0.02)	(0.50)	(0.19)	(0.71)
RRM Increase	-	-	(1.60)	(1.60)
One Time Funding	-	3.37	-	3.37
PERS rate reduction savings	-	0.05	0.05	0.10
Contracted Services Cost Increase	(0.17)	(0.02)	(0.02)	(0.21)
Special Ed Program Cost Increase	(0.33)	-	-	(0.33)
Total	(0.44)	1.69	3.41	4.66

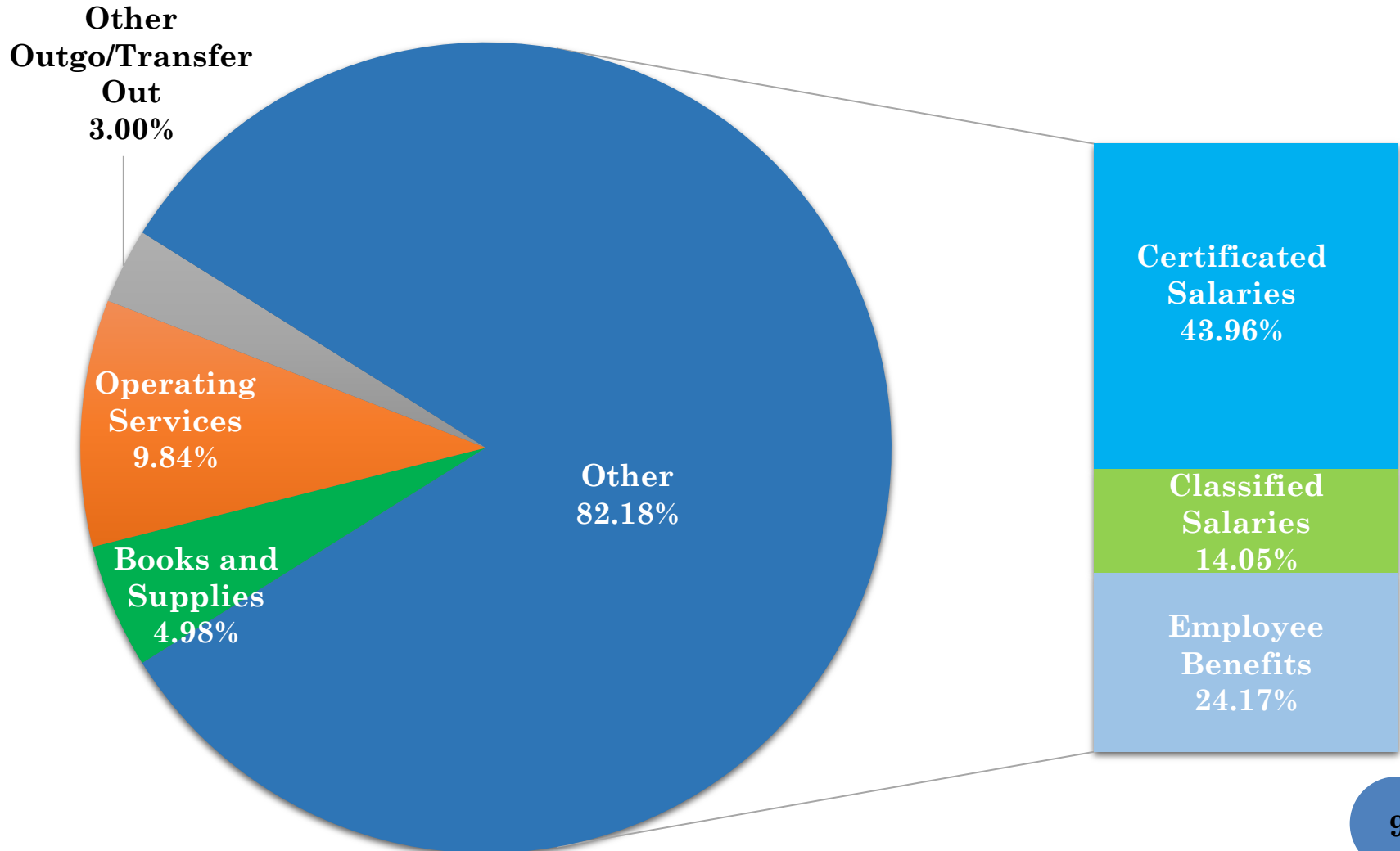
2017-18 SECOND INTERIM GENERAL FUND REVENUES (EXCLUDES SELPA)



Total Revenue = \$144,239,143

2017-18 SECOND INTERIM

GENERAL FUND EXPENDITURES (EXCLUDES SELPA)

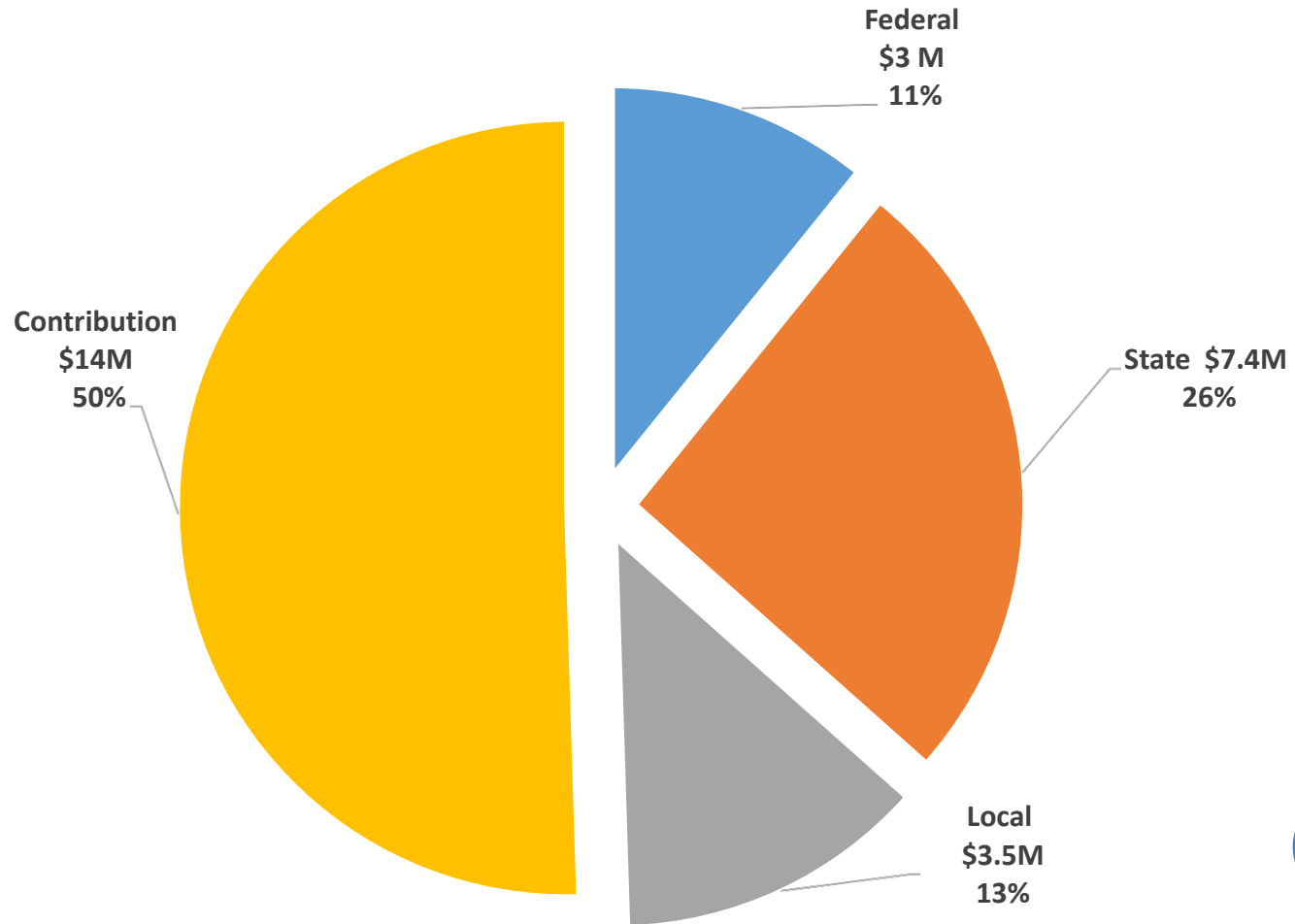


Total Expenditures = \$145,842,583

CONTRIBUTIONS TO RESTRICTED PROGRAMS

Restricted programs are like mini-funds and should be self sustaining - expenditures should match revenues. When expenditures exceed revenues, a **contribution from the Unrestricted General Fund** is made to the restricted program.

**Special Education –
Expenditures \$27.9M
Excluded SELPA**

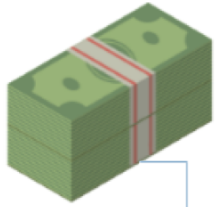


MULTI-YEAR GENERAL FUND

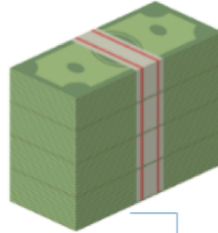
BUDGET PROJECTIONS

	Adopted Budget 2017-18	Projected Budget 2018-19	Projected Budget 2019-20
Beginning Fund Balance	\$27,370,281	\$25,936,040	\$24,385,464
Audit Adjustment/Restatement	-	-	-
Revised Fund Balance	\$27,370,281	\$25,936,040	\$24,385,464
Annual Revenues (includes other financing sources)	\$145,712,839	\$151,890,055	\$150,212,678
Annual Expenditures (includes other financing uses)	\$147,147,080	\$153,440,631	\$158,711,764
Changes in Fund Balance	(\$1,434,241)	(\$1,550,576)	(\$8,499,086)
Projected Ending Fund Balance	\$25,936,040	\$24,385,464	\$15,886,378
I. Unavailable Reserves:	\$5,910,503	\$5,222,403	\$4,636,092
1.) Nonspendable:			
a. Revolving Cash	\$35,000	\$35,000	\$35,000
b. Inventory	\$24,000	\$24,000	\$24,000
c. Prepaid Expenditures	\$1,787,307	\$1,142,939	\$498,572
2.) Restricted Program Balances	\$4,064,196	\$4,020,464	\$4,078,520
3.) Assigned	\$582,727	\$3,957,132	\$3,957,132
II. Total Unrestricted Fund Balance	\$19,442,810	\$15,205,929	\$7,293,154
1.) Reserve for Economic Uncertainty (3%)	\$4,414,413	\$4,603,219	\$4,761,353
2.) Available Reserves	\$15,028,397	\$10,602,710	\$2,531,801
III. Available Reserves (Unrestricted Fund)	13.21%	9.91%	4.60%

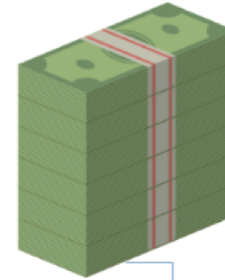
STRS/PERS COSTS THROUGH 2023-24



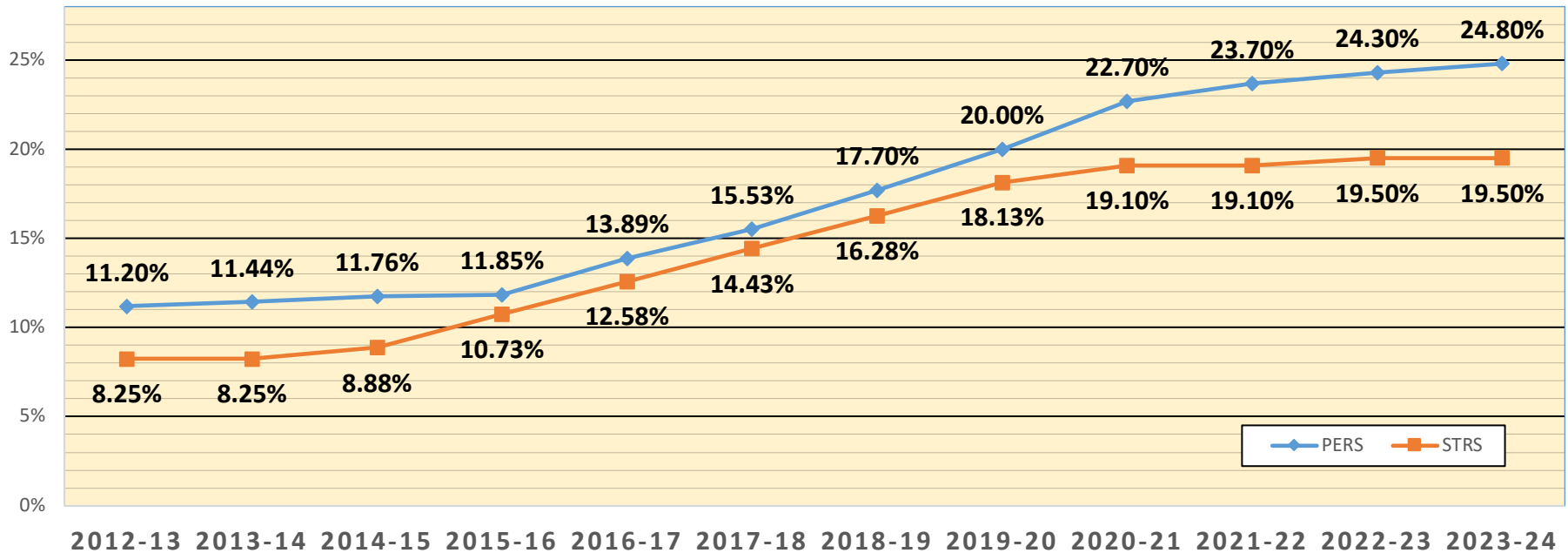
2013-14 \$6.7 Million
\$525 per student



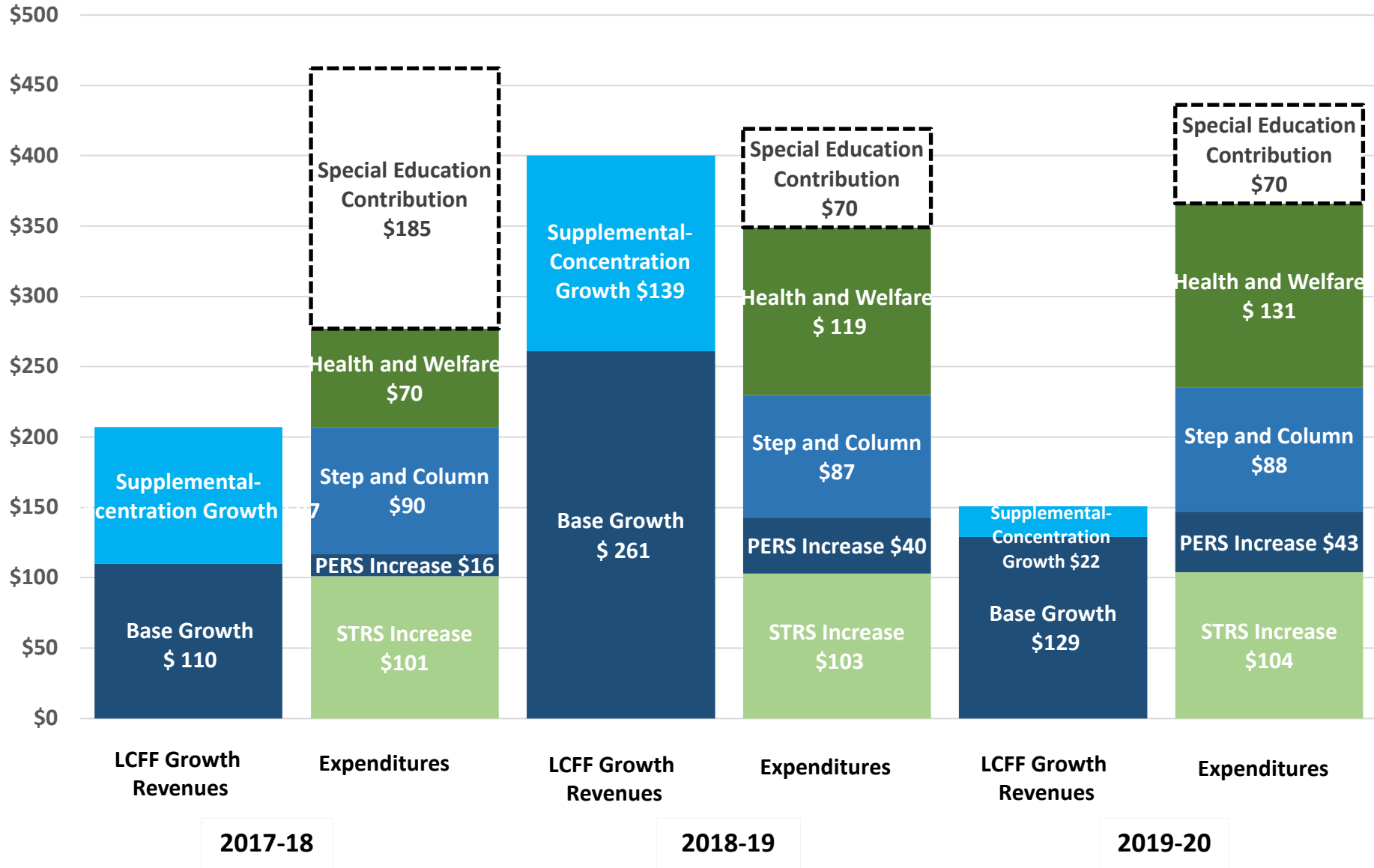
2017-18 \$12.4 Million
\$1,061 per student



2023-24 \$17.2 Million
\$1,567 per student



PER-ADA REVENUE VS. EXPENSES



CHALLENGES

- Structural Deficit - Working Toward Resolution. There is no such thing as a good budget without an adequate reserve.
 - Consider Balanced Budget Resolution
- Projected positive General Fund Balance in 2019-20. However, larger **structural deficit** in 2020-21.
- Future Funding - Enrollment, increases limited to COLA, and possible New Funding Model?
- Special Education Program - Expected increases
- Routing Restricted Maintenance Reserve - 3% (2019-20) \$1.6 million increase from 2% as recommended by the County.
- No revenue source for STRS and PERS increases
- Health and welfare ongoing increases

Comments or Questions...

