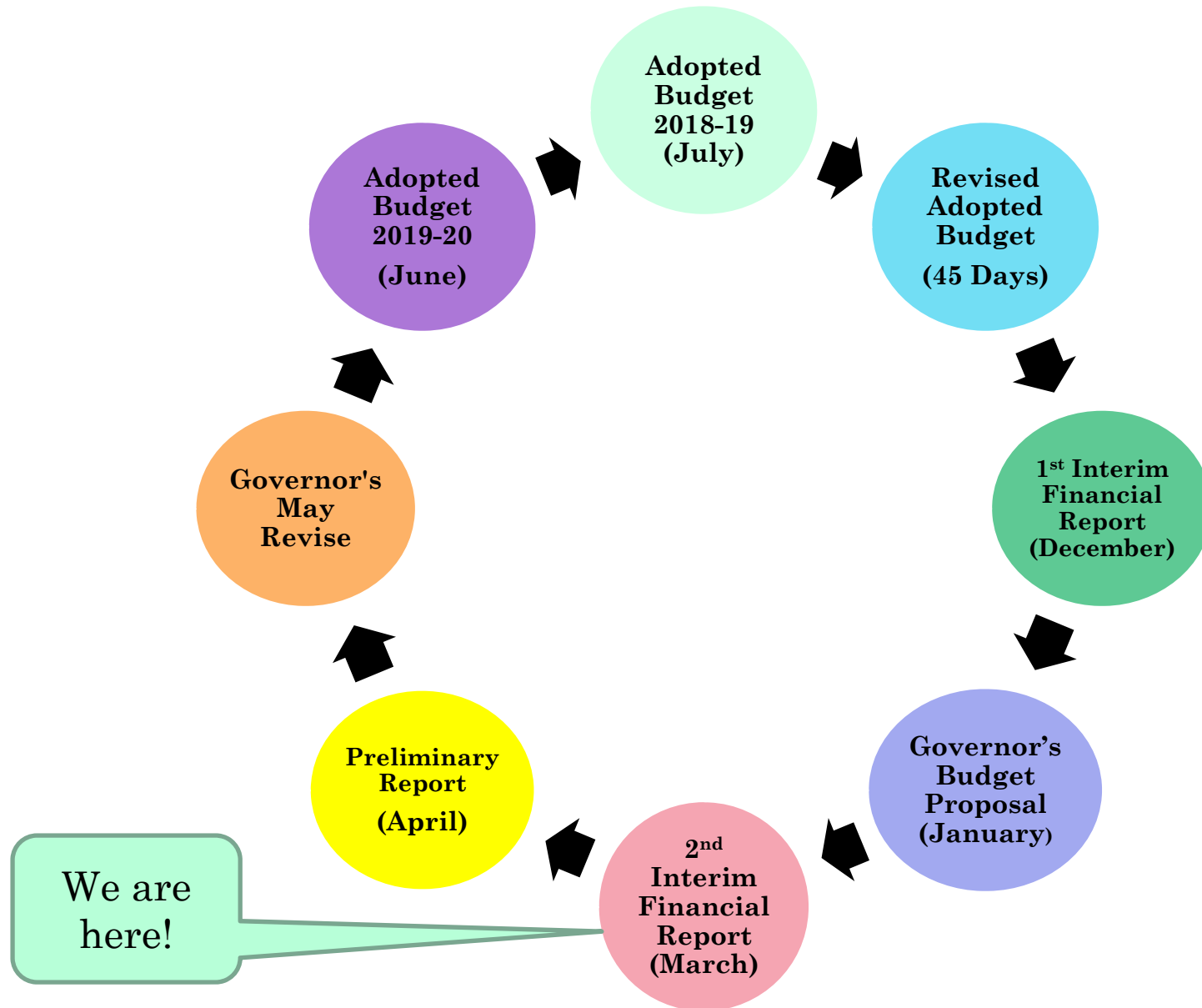


*Covina-Valley Unified School District*



**2018-19 SECOND INTERIM**

# Annual Budget Cycle



# LEGAL REQUIREMENTS

- 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 31, 2019.

# 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

# COVINA-VALLEY USD

## 2018-19 GENERAL FUND BUDGET ASSUMPTIONS

- Local Control Funding Formula
  - › LCFF at full implementation
  - › COLA updated to 3.70%
  - › Unduplicated pupil count at 69.90%
  
- Projected enrollment decline
  - › 2018/19 - 199 (certified CALPADS)
  - › 200 - 2019/20 through 2020/21 (100 each year)
  
- Other Assumptions
  - › Bargaining with all associations are settled
  - › **STRS approved rates/not proposed rates[\$1.3M]**  
(\$1.1M Unrestricted/\$0.2M Restricted)
  - › 3% RRM contribution implemented 2019-20
  - › Potential budget revisions
  - › Stabilization Plan
  - › Removal of MAA Reserve

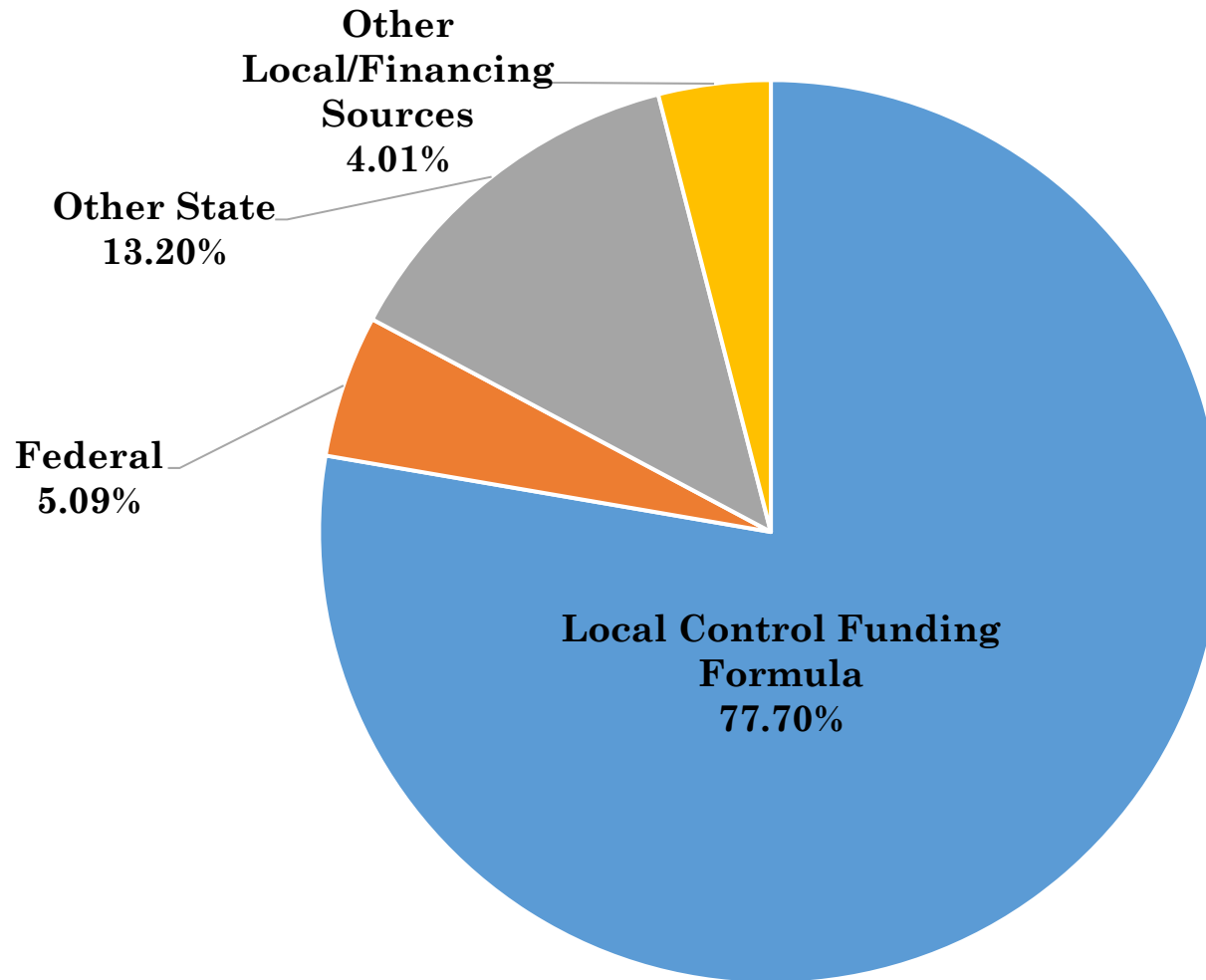
# 2018-19 DISTRICT STABILIZATION PLAN

			Implement Year As Of				
BY YEAREND (2018-19)	FTE	Implement Year	2nd Interim	2018-19	2019-20	2020-21	2021-22
CTEIG	-	2018-19	By Yearend	465,000	-	-	-
ROP	-	2018-19	By Yearend	550,000	550,000	550,000	550,000
YCC	-	2018-19	By Yearend	200,000	-	-	-
School Resource Officer Moved to Title IV	-	2018-19	By Yearend	148,416	-	-	-
<b>YEAR TOTAL</b>				<b>1,363,416</b>	<b>550,000</b>	<b>550,000</b>	<b>550,000</b>
			Implement Year As Of				
NEXT YEAR (2019-20)	FTE	Implement Year	2nd Interim	2018-19	2019-20	2020-21	2021-22
Elementary Assistant Principal	1.00	2019-20	Next Year	-	155,152	155,152	155,152
Assistant Principal Technology	-	2018-19	Next Year	-	145,979	145,979	145,979
LCAP Resource 04412.0 - Secondary Sections	9.00	2019-20	Next Year	-	1,140,000	1,140,000	1,140,000
Focus Schools	-	2019-20	Next Year	-	50,000	50,000	50,000
Focus Schools - Substitutes	-	2019-20	Next Year	-	24,800	24,800	24,800
Certificated Reductions	8.40	2019-20	Next Year	-	991,817	991,817	991,817
Staffing Ratio Revision	14.00	2019-20	Next Year	-	1,383,374	1,383,374	1,383,374
<b>Planned Staffing Changes - Certificated</b>	<b>32.40</b>				<b>3,891,122</b>	<b>3,891,122</b>	<b>3,891,122</b>
LCAP 2212 (Classified Professional Development)	-	2018-19	Next Year	-	101,250	101,250	101,250
Classified Reductions	2.00	2019-20	Next Year	-	175,520	175,520	175,520
Instructional Aides - Kinder Academy	0.47	2018-19	Next Year	-	13,656	13,656	13,656
<b>Planned Staffing Changes - Classified</b>	<b>2.47</b>				<b>290,426</b>	<b>290,426</b>	<b>290,426</b>
Routine Restricted Maintenance Realignment	-	2019-20	Next Year	-	635,000	635,000	635,000
<b>Routine Restricted Maintenance Realignment</b>	<b>-</b>				<b>635,000</b>	<b>635,000</b>	<b>635,000</b>
LCAP 2206 (student tech)	-	2019-20	Next Year	-	521,505	521,505	521,505
<b>Reduction of Operating Services</b>	<b>-</b>				<b>521,505</b>	<b>521,505</b>	<b>521,505</b>
<b>YEAR TOTAL</b>	<b>34.87</b>				<b>5,338,053</b>	<b>5,338,053</b>	<b>5,338,053</b>
			Implement Year As Of				
FOLLOWING YEAR (2020-21)	FTE	Implement Year	2nd Interim	2018-19	2019-20	2020-21	2021-22
Assistant Principal on Special Assignment	1.00	2020-21	2020-21	-	-	156,066	156,066
Planned Staffing Changes - Certificated	1.00			-	-	156,066	156,066
<b>YEAR TOTAL</b>	<b>1.00</b>					<b>156,066</b>	<b>156,066</b>
<b>GRAND TOTAL</b>	<b>35.87</b>			<b>1,363,416</b>	<b>5,888,053</b>	<b>6,044,119</b>	<b>6,044,119</b>

# MAJOR CHANGES SINCE THE FIRST INTERIM (IN MILLIONS)

(Cost Increase)/Savings	2018-19	2019-20	2020-21	Cumulative
LCFF funding variables	\$0.00	\$1.03	\$1.29	\$2.32
S/C allocation	\$0.00	(\$0.19)	(\$0.24)	(\$0.10)
LCFF-Decrease in Enrollment	(\$0.03)	(\$0.48)	(\$0.53)	(\$1.04)
Reversal of 1st Interim Planned Staffing Changes	(\$0.28)	(\$0.24)	(\$0.24)	(\$0.76)
Special Ed 3% net of contribution reduction	\$0.27	\$0.02	\$0.02	\$0.31
Salary 3% Increase	(\$1.95)	(\$2.10)	(\$2.15)	(\$6.20)
Transportation (Special Ed) Increase	(\$0.16)	(\$0.17)	(\$0.17)	(\$0.49)

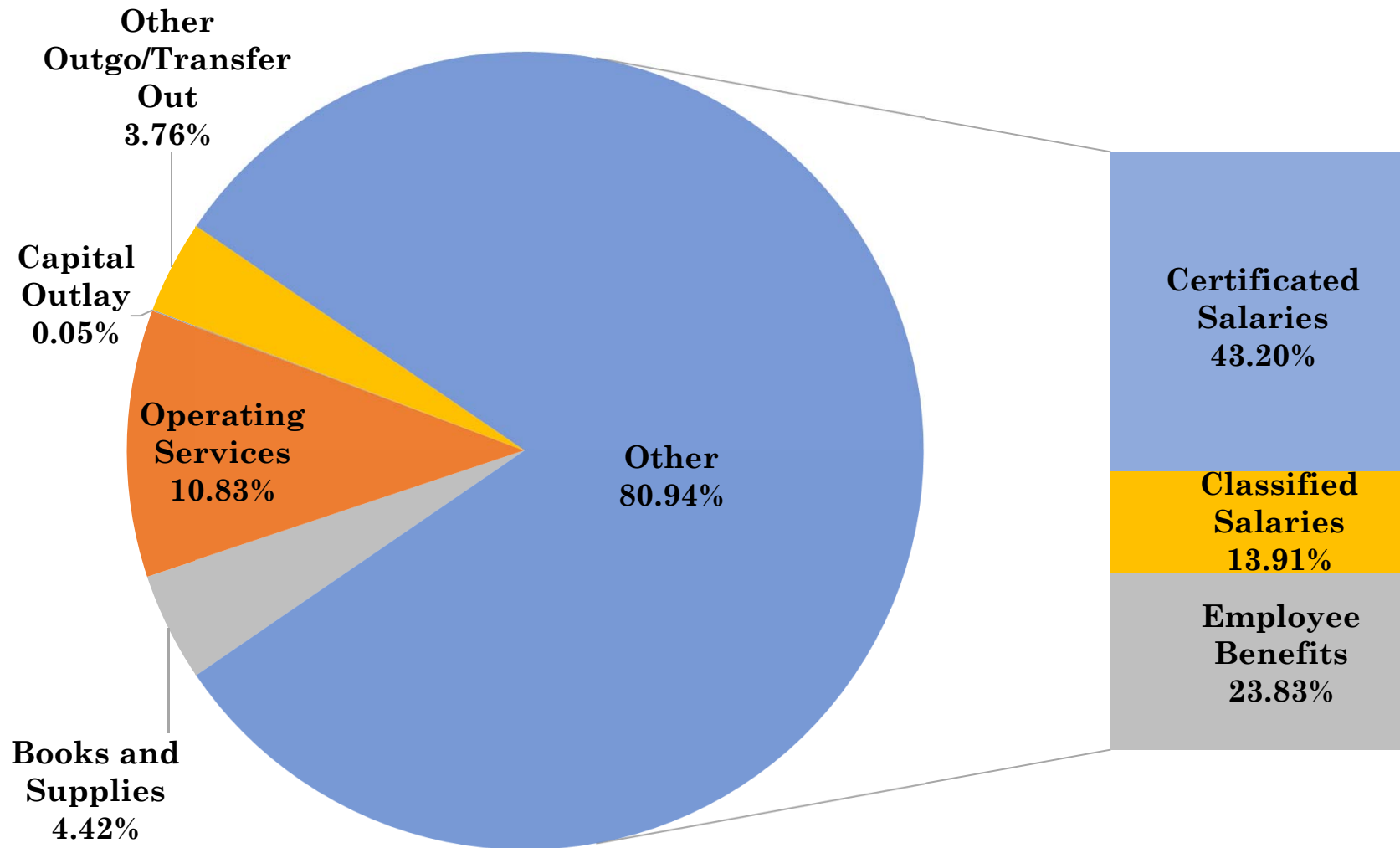
# 2018-19 SECOND INTERIM GENERAL FUND REVENUES



**Total Revenue = \$153,162,165**



# 2018-19 SECOND INTERIM GENERAL FUND EXPENDITURES

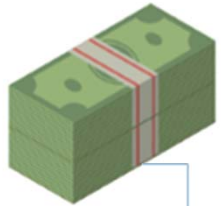


**Total Expenditures = \$157,661,327**

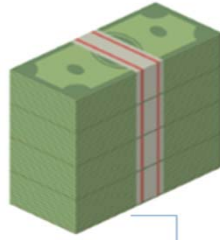
# MULTI-YEAR GENERAL FUND BUDGET PROJECTIONS

	Projected Budget 2018-19	Projected Budget 2019-20	Projected Budget 2020-21
Beginning Fund Balance	\$28,117,126	\$23,617,964	\$17,599,971
Audit Adjustment/Restatement	-	-	-
Revised Fund Balance	\$28,117,126	\$23,617,964	\$17,599,971
Annual Revenues (includes other financing sources)	\$153,162,165	\$151,216,044	\$153,770,044
Annual Expenditures (include other financing uses)	\$157,661,327	\$157,234,037	\$161,480,381
<b>Changes in Fund Balance (Structural Deficit)</b>	<b>(\$4,499,162)</b>	<b>(\$6,017,993)</b>	<b>(\$7,710,337)</b>
Projected Ending Fund Balance	\$23,617,964	\$17,599,971	\$9,889,634
I. Unavailable Reserves:	\$6,109,562	\$5,132,447	\$4,562,035
1.) Nonspendable:			
a. Revolving Cash	\$35,000	\$35,000	\$35,000
b. Inventory	\$50,000	\$50,000	\$50,000
c. Prepaid Expenditures	\$1,142,940	\$498,572	-
2.) Restricted Program Balances	\$4,881,622	\$4,548,875	\$4,477,035
3.) Assigned	\$400,000	\$400,000	\$400,000
II. Total Unrestricted Fund Balance	\$17,108,402	\$12,067,524	\$4,927,599
1.) Reserve for Economic Uncertainty (3%)	\$4,729,840	\$4,717,022	\$4,844,412
2.) Available Reserves	\$12,378,562	\$7,350,502	\$83,187
III. Available Reserves (Unrestricted Fund)	10.85%	7.67%	3.05%

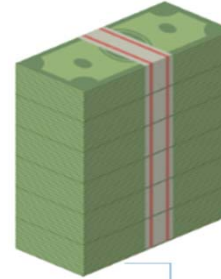
# STRS/PERS COSTS THROUGH 2023-24



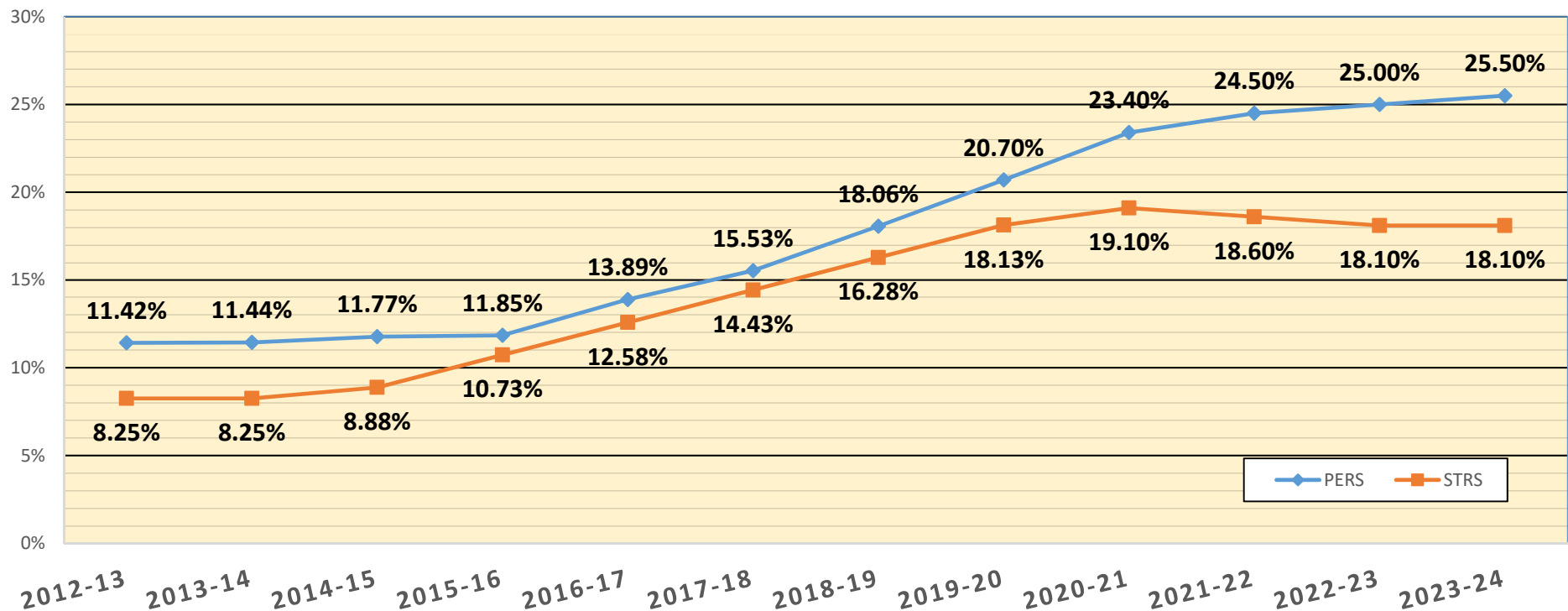
2013-14 \$6.7 Million  
\$525 per student



2017-18 \$12.3 Million  
\$1,055 per student



2023-24 \$18.0 Million  
\$1,649 per student



# CHALLENGES

- Structural Deficit - Working Toward Resolution. There is no such thing as a good budget without an adequate reserve
- Future funding – declining enrollment and limited to COLA increase
- Routing Restricted Maintenance Reserve - 3% (2019-20) \$1.56 million increase
- No revenue source for STRS and PERS increases
- Health and welfare ongoing increases
- Stated preference for a balance budget by major stakeholder group / fair share

# OTHER FUNDS – PROJECTED TOTALS 2018-19

## (IN MILLIONS)

	Fund 10 Special Education Pass- Through	Fund 11 Adult Education	Fund 12 Child Development	Fund 13 Cafeteria	Fund 21 Building	Fund 25 Capital Facilities	Fund 40 Special Reserve for Capital Outlay	Fund 67 Self Insurance
Beginning Fund Balance	\$0.00	\$2.23	\$0.66	\$6.30	\$16.90	\$1.14	\$1.55	\$1.41
Revenue	\$58.40	\$4.50	\$3.17	\$6.18	\$14.26	\$0.28	\$0.03	\$17.75
Expenditure	\$58.39	\$5.38	\$3.14	\$7.90	\$24.50	\$1.00	\$0.00	\$17.34
Other Financing Sources/Uses	\$0.00	\$0.00	(\$0.20)	\$0.11	\$0.00	\$0.00	\$0.70	\$0.00
Ending Fund Balance	\$0.01	\$1.35	\$0.49	\$4.69	\$6.66	\$0.42	\$2.28	\$1.82

# Comments or Questions...

