



Covina-Valley Unified School District

First Interim Report

Board Meeting:
Dec 19, 2011



Presenters

Dr. Catherine Nichols,
Superintendent

David A. Rivera,
Chief Business Officer





Report Content

Sections

- ☐ Budget Assumptions Summary
- ☐ Revenues
- ☐ Expenditures
- ☐ Financial Analysis

Sections

- ☐ District Reserves
- ☐ Multi-year Projections
- ☐ Budget Reports
- ☐ State Forms



First Interim Report

- Reporting Requirements
 - State Mandate to file a certification of financial solvency twice a year
 - Ed Code Sections 35035 (g), 42130, and 42131
 - AB 1200 and AB 1708
 - Projections must include current year and subsequent two years (2012/13 to 2013/14)
 - Timelines
 - First Interim is through Oct 31st and must be authorized by Dec 15
 - Second Interim is through Jan 31st and must be authorized by Mar 15

Noteworthy changes since Adopted Budget



First Interim Report

- Reporting Requirements (Continued)
 - Certifications
 - **Positive** – the District will meet its obligations
 - **Qualified** – the District may not meet its financial obligations
 - **Negative** – the District will be unable to meet its financial obligations
 - Certification is for the current fiscal year and subsequent fiscal years



Budget Assumptions Summary

Outlined on Page 1.1 or 1.2





Revenue Considerations: Base Revenue Limit

Factors	2010-2011	2011-2012
2010-11 BRL/ADA	\$6,392.18	\$6,367.18
RL COLA	-.39% or (\$25)	2.24% or \$143
Additional ADA Adjustment	\$8.30/ADA	\$8.49/ADA
Subtotal (Before Deficit)	\$6,375.48	\$6,518.67
Deficit Factor	-17.963% or (\$1,145.23)	-19.754% or (\$1,287.97)
Net Base Revenue Limit	\$5,230.25	\$5,230.70
Change in per-pupil-funding		\$.45/ADA

Projections: \$68.98 million, a decrease of
\$1.965 million over prior year



Section II

Revenue Considerations: TIER III - Flexibility Transfers

Resource	Program	Funding	Transfers
6258	Physical Education Grant	\$88,053	\$88,053
6350	ROP Program (pass through to ROP)	\$800,000	\$ -
6405	School Safety (campus supervisors)	\$112,103	\$ -
7055	CAHSEE	\$144,046	\$144,046
7080	School Counseling (counselors)	\$453,197	\$ -
7140	GATE	\$94,821	\$74,821
7156	Instructional Materials Fund	\$810,244	\$500,000
7271	PAR	\$53,198	\$20,751
7294	Math and Reading	\$103,214	\$103,214
7390	Pupil Retention	\$41,518	\$41,518
7392	Teacher Credentialing	\$23,945	\$ -
7393	Professional Development Block Grant	\$548,904	\$500,000
7394	Targeted Instructional Improvement	\$860,713	\$480,713
7395	School and Library Improvement Grant	\$737,046	\$657,099
6760	Arts and Music Block Grant	\$195,875	\$150,875
7325	Administrator Training Program	\$14,000	\$ -
6285	Community-Based English Tutoring (CBET)	\$51,101	\$ -
	Other Funds		
	Adult Education (Transfer)	\$ -	\$2,000,000
6092	Cal-Safe	\$165,280	\$ -
	Deferred Maintenance (Transfer)	\$ -	\$500,000
	Subtotals	\$5,297,258	\$5,261,090



Expenditure Considerations

- Negotiated Agreements
- Nominal changes in operating costs
- Contributions from General Fund
 - \$6.18 million to Special Ed
 - \$1.30 million for Pupil Transportation
 - Special Ed \$711 thousand
 - Regular Ed \$593 thousand

Projections:

Interim Report was finalized prior to Governor Brown announcing 50% mid-year cuts to transportation funding (\$266 thousand)

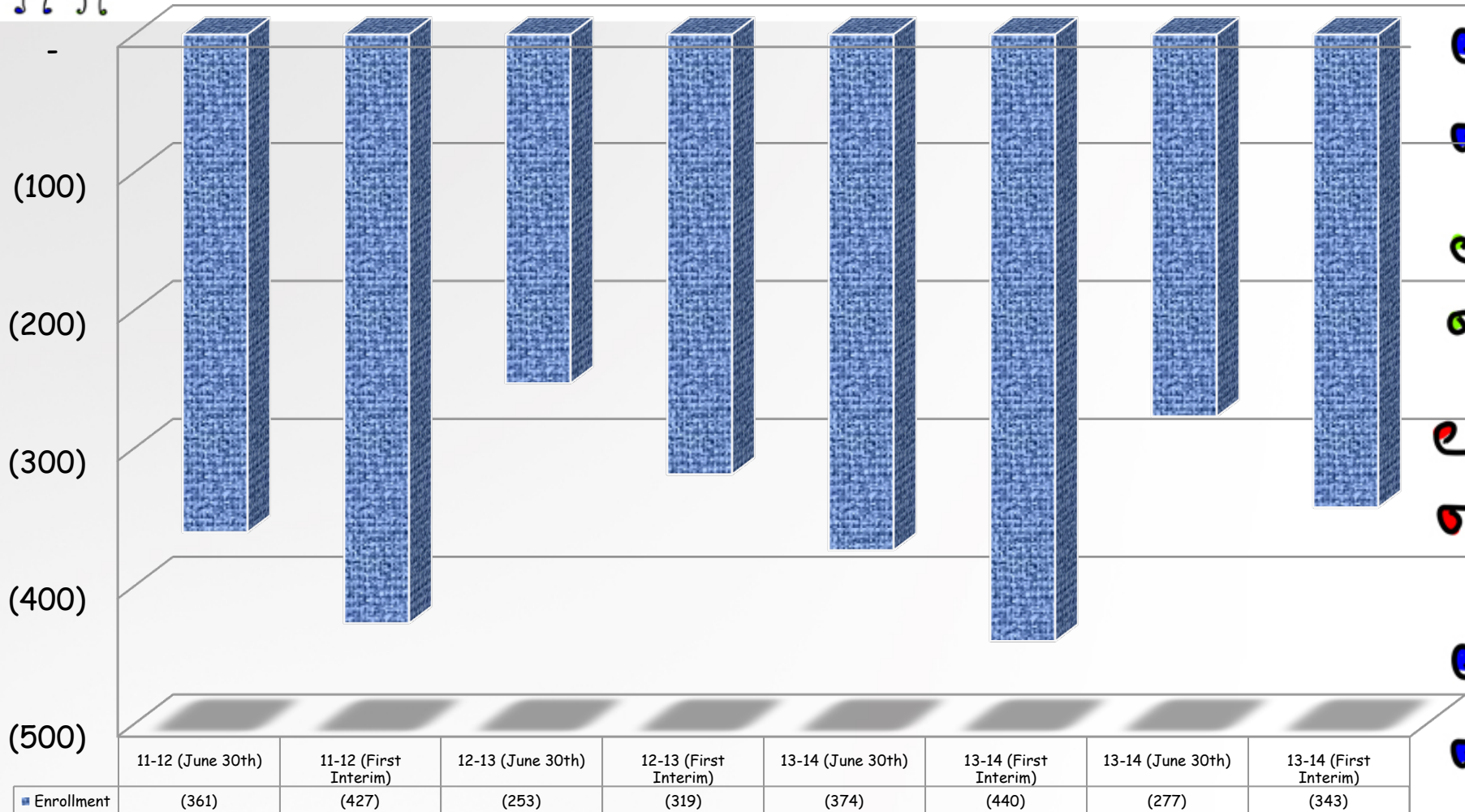
Financial Analysis

- Noteworthy Trends for the District
 - Student Enrollment
 - Changes in Average Daily Attendance
 - Projections for the Base Revenue Limit



Financial Analysis: Student Enrollment Trends (Sept 2011)

Section IV

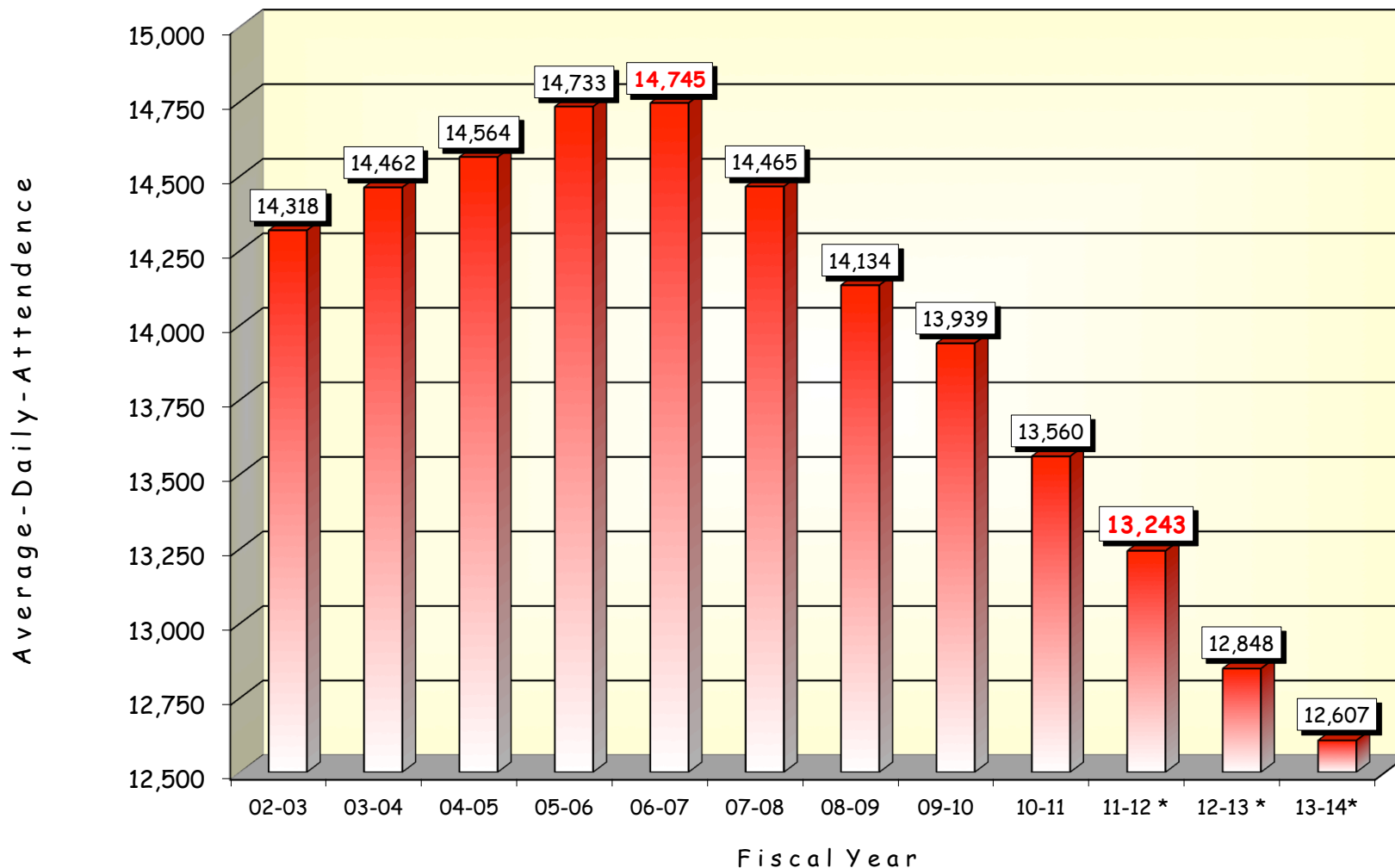


Student enrollment is declining at an increasing rate, thus resulting in approximately \$984 thousand less in revenues by 2014-15



Historical ADA Trends

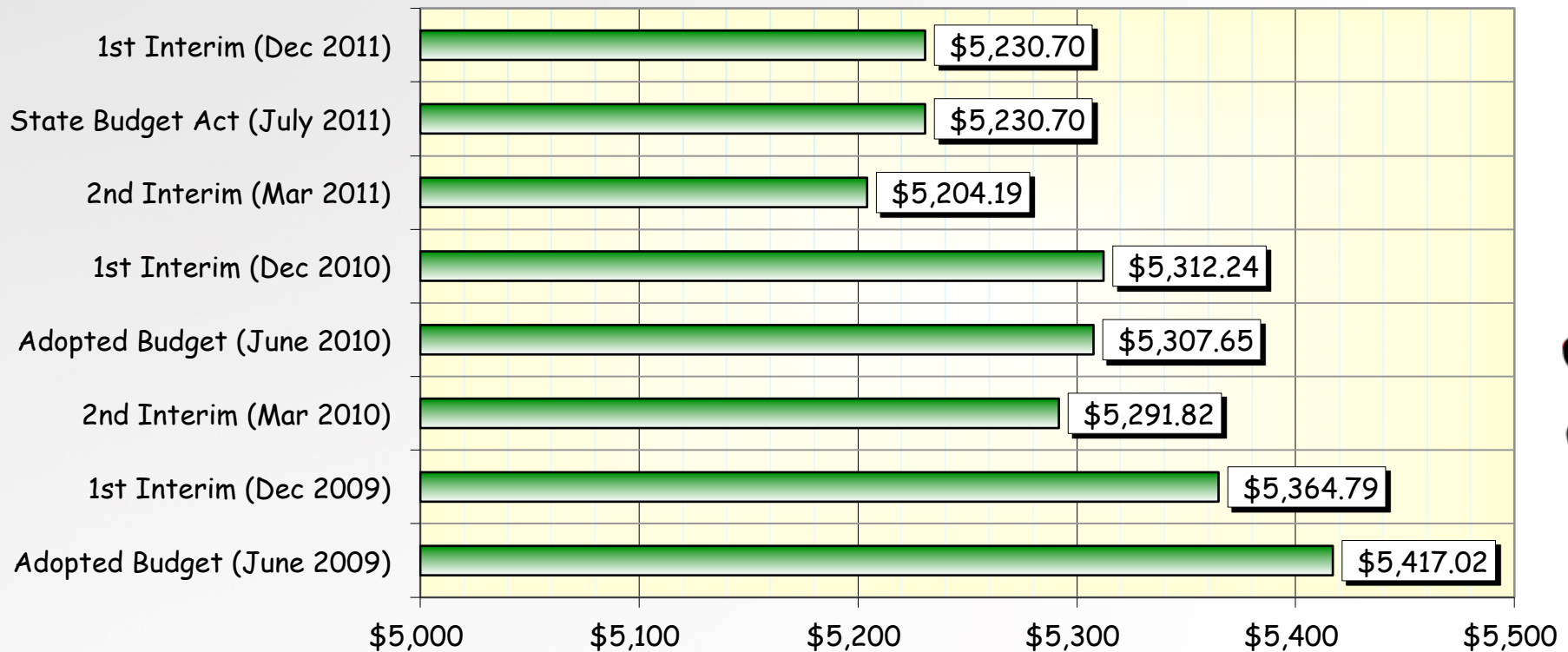
Section IV



Student enrollment decline (over 1,500/ADA) × \$5,231/ADA = \$7.89 million
Totals above do no reflect mid-year cuts enacted Dec 13th



Financial Analysis: Base Revenue Limit Trends for 11-12



\$186.32 drop in per-student-funding for 11-12 = \$2.5 million
Totals above do not reflect mid-year cuts enacted Dec 13th

District Reserves

- Unrestricted
 - Beg Balance
\$15.97 million
 - Projected Ending Balance
\$16.17million
- Restricted
 - Beg Balance
\$1.95 million
 - Projected Ending Balance \$1.725 million

Reserve Requirements:

3% = \$3.28 million

\$91 thousand for Revolving Cash/Inventory

\$3.7 million for Restoring Bargaining Agreements

Uncommitted Funds \$9.1 million

Totals do not include enacted mid-year cuts



Multi-Year Projections 2012-2013

Section VI

Same as 2011-12, except for following revisions

- Revenues

- BRL Funded @ .80 cents on the dollar
- 395 Decline in Student Enrollment
- COLA
 - 3.1% or \$203/ADA
- One-time Funding
 - Ed Jobs Fund
 - Mandated Costs

- Expenditures

- Reduce Certificated Staffing by 8
- Restore Employee Concessions
- Additional Program Encroachments
- Add'l Operating Costs



Multi-Year Projections 2013-2014

Section VI

Same as 2012-13, except for following revisions

- **Revenues**

- BRL Funded @ .80 cents on the dollar
- 241 Decline in Student Enrollment
- COLA Funding
 - 2.8% or \$189/ADA
- Update Lottery and CSR Funding for enrollment decline

- **Expenditures**

- Reduce Certificated Staffing by 12
- Additional Program Encroachments
- Regular Operating Costs

Multi-Year Budget Projections

Totals below do not include mid-year cuts
Governor Brown enacted on Dec 13th



	First Interim 2011-2012	Projected 2012-2013	Projected 2013-2014
Beginning Fund Balance	\$ 17,920,915	\$ 17,893,316	\$ 10,484,693
Audit Adjustment/Restatement	\$ -	\$ -	\$ -
Revised Fund Balance	\$ 17,920,915	\$ 17,893,316	\$ 10,484,693
Annual Revenues	\$ 109,214,253	\$ 106,669,598	\$ 107,243,393
Annual Expenditures (rounded to nearest dollar)	\$ 109,241,854	\$ 114,078,221	\$ 113,703,148
Changes in Fund Balance	\$ (27,599)	\$ (7,408,623)	\$ (6,459,755)
I. Projected Ending Fund Balance	\$ 17,893,316	\$ 10,484,693	\$ 4,024,938
II. Unavailable Reserves:	\$ 1,816,622	\$ 2,087,785	\$ 2,358,948
1. Cash Accounts and Inventory	\$ 91,737	\$ 91,737	\$ 91,737
2. Restricted Program Balances	\$ 1,724,885	\$ 1,996,048	\$ 2,267,211
III. Committed Funds (Negotiations)	\$ 3,700,000	Budgeted	Budgeted
IV. Total Unrestricted Fund Balance	\$ 12,376,694	\$ 8,396,908	\$ 1,665,990
V. Reserve for Economic Uncertainty (3%)	\$ 3,277,260	\$ 3,422,347	\$ 3,411,094
VI. Total Unrestricted/Undesignated Reserves	\$ 9,099,434	\$ 4,974,561	\$ (1,745,104)
VII. Unrestricted Fund Balance Percentage	11.33%	7.36%	1.47%



State's Cash Payment Schedule for 2011-12

Months	Education Code (Theory)			State Budget Act (Actual)	
	Payments	YTD		Payments	YTD
July 2011	5.00%	5.00%		0.00%	0.00%
August 2011	5.00%	10.00%		0.00%	0.00%
September 2011	9.00%	19.00%		11.70%	11.70%
October 2011	9.00%	28.00%		0.00%	11.70%
November 2011	9.00%	37.00%		9.00%	20.70%
December 2011	9.00%	46.00%		9.00%	29.70%
January 2012	9.00%	55.00%		25.30%	55.00%
February 2012	9.00%	64.00%		0.50%	55.50%
March 2012	9.00%	73.00%		0.00%	55.50%
April 2012	9.00%	82.00%		4.60%	60.10%
May 2012	9.00%	91.00%		1.50%	61.60%
June 2012	9.00%	100.00%		0.00%	61.60%
July 2012				22.60%	84.20%
August 2012				15.80%	100.00%
	100.00%			100.00%	



Cash Deferrals

- State has deferred State Aid (ADA) payments to school district into the new year
 - Average District will not receive 38.4% of entitled funds this year
 - Amounts vary due to collections for property tax payments
- Deferred payments to Covina-Valley USD total over \$24 million for 2011-12
 - Equal to approximately 3 Months of Payroll
 - Projected ending cash balance by June 30th is (\$2 million)
 - District will have to participate in inter-fund and TRANS borrowing to maintain cash liquidity
- By law, LACOE/County Treasury can not issue payments for the District if cash funds are not available



Sections VII and VIII

- Budget Reports
 - Detailed List of Revenues & Expenditures
- State Forms
 - SACS Reports



Potential Factors Impacting Budget Projections

- State of World Economy
 - Status of Financial Markets
- Stability of Federal and State's Government
- Upcoming Presidential Election
- Changes in Unemployment Rate and Housing Market
- Consumer Confidence
- More Reductions in State Funding
 - 2012-13 COLA = \$2 million
 - Higher level of enrollment decline
 - Tier III Flexibility Transfers Sunsetting
 - Higher Cost of Doing Business
 - General Fund Contributions
 - Unemployment Insurance
 - Health Benefits
 - Utilities



Next Steps...First Interim Report

- District needs to take formal action on adopting First Interim Report
- Recommend approving the report as submitted with a Positive Certification
- Finalize Budget Stabilization Plan that ensures maintaining a 3% Reserve Requirement
 - Current projections show 2013-14 @ 1.5%
- Submit reports to LACOE



Board Member comments and questions...





Happy Holiday's

