

Proposed Budget
2012-13



"Creating Extraordinary Futures!"
Covina-Valley Unified School District

June 27, 2012 Board Meeting

Presenters

Dr. Catherine Nichols,
Superintendent

David A. Rivera,
Chief Business Officer

Mary Perea,
Director of Fiscal



Covina-Valley Unified School District

- Legal Requirements for Budget Adoption
- Requirements to disclose financial information
- Budget Assumptions

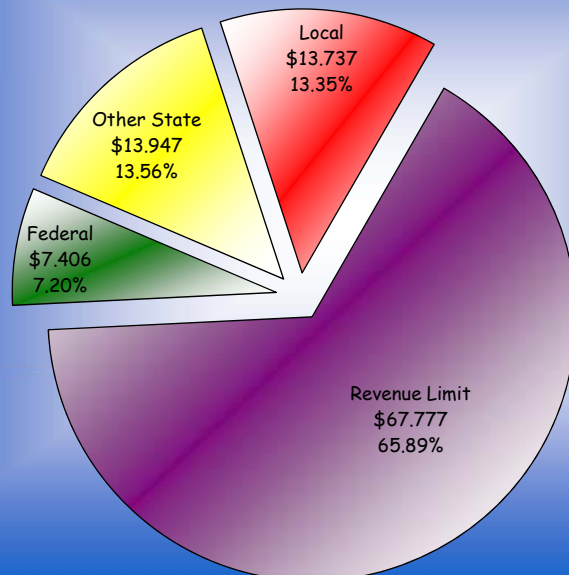
Legal Requirements

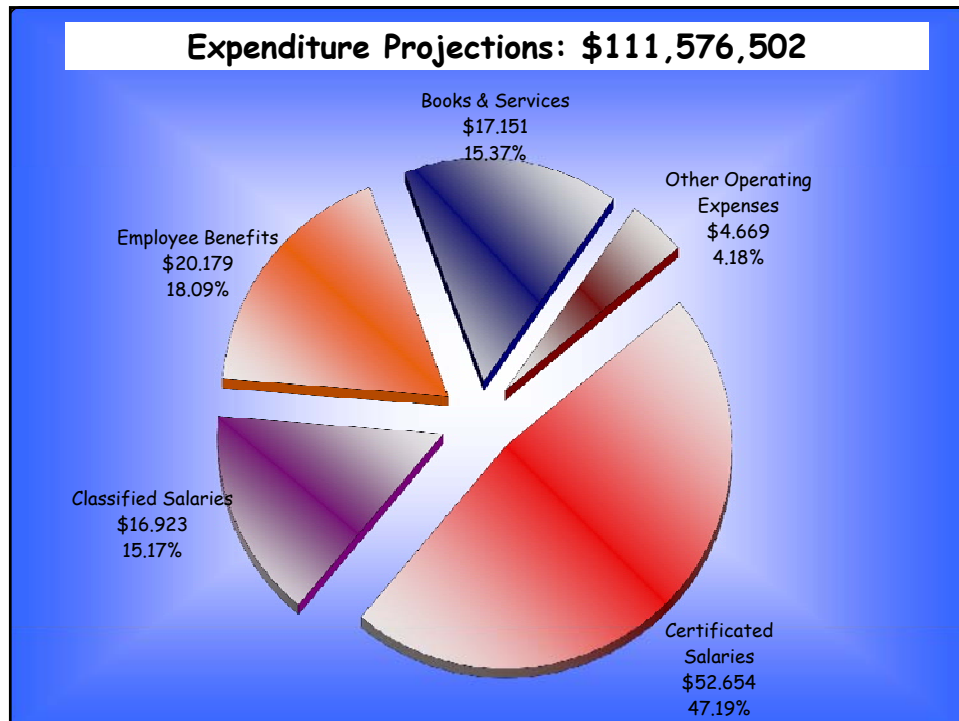
- Board members must authorize an operating budget by June 30th of each year
- Los Angeles County Office of Education
 - CDE designee to approve the District Budget

Table of Contents for Budget Report

- Disclosure Requirements
 - Provide narrative disclosures of budget assumptions utilized in projections (Section I)
 - Follow the guidelines provided by LACOE and School Services of California
 - Prepare supplemental documents outlining budget details (Sections II through V)
 - Provide multi-year projection (Section VI)
 - Covering periods 2013-14 and 2014-15
- Budget Reports (Section VII)
- State Forms (SACS) - (Section VIII)

Revenue Projections: \$102,869,379





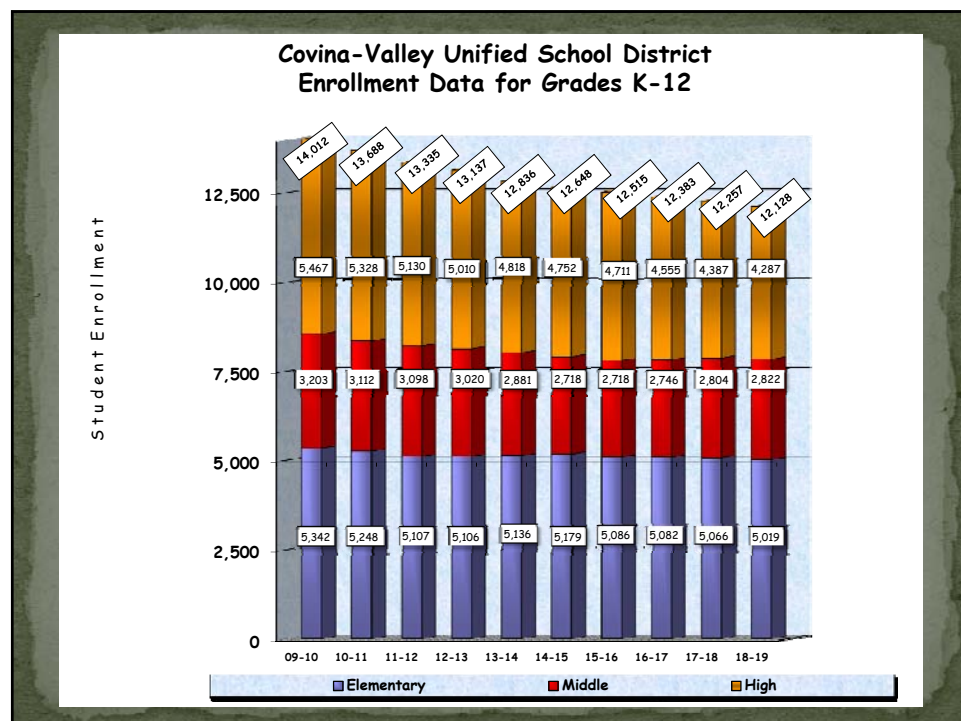
**Fiscal Year: 2012-13
Working Assumptions**

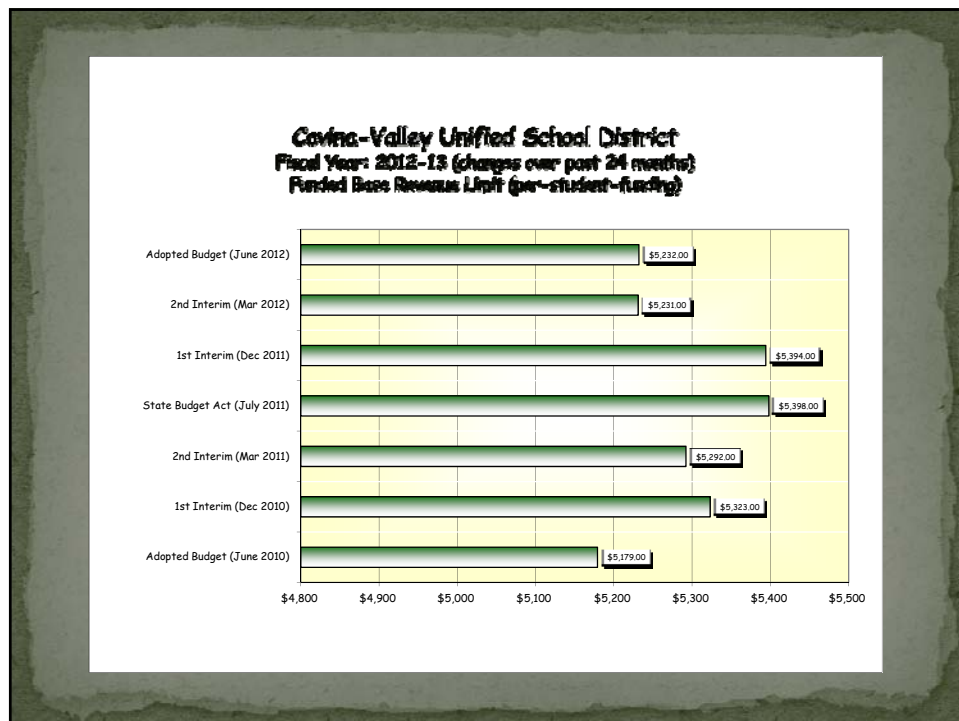
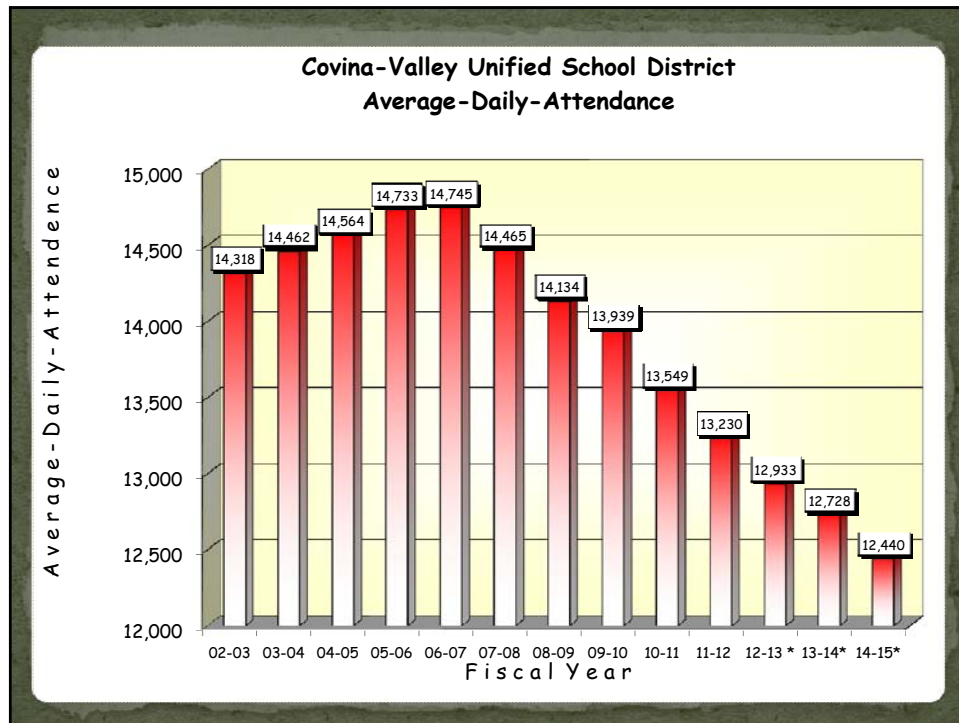
<p><u>Revenues</u></p> <ul style="list-style-type: none"> • Plus 3.24% COLA or \$212/ADA • Net Per Student Funding \$5,231.83 <ul style="list-style-type: none"> • An increase of \$56.14/ADA • Enrollment Decline of 298 students • Deficit Factor 22.272% Changed from 20.602% in 2011-12 • Less one-time funds 	<p><u>Expenditures</u></p> <ul style="list-style-type: none"> • Implementation of Budget Stabilization Plan • Step, column and longevity increases • Reduction in staffing for enrollment decline • Added cost for restoring Furlough Days • Additional Contributions for Health and Welfare Benefits • Continue with flexibility transfers
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Governor's Tax Initiative

- Not included in projections
- Potential Mid-Year Reduction = \$441/ADA or \$5.7 million

Financial Trends and Analysis





Budget Assumptions for next two years

Fiscal Year: 2013-14 Working Assumptions

Revenues

- Same as 2012-13 Assumptions
- Plus COLA 2.5% or \$169/ADA
- Net Per Student Funding
\$5,363.36
 - An increase of \$131.53/ADA
- Enrollment Decline of 205 students
- Applied Deficit Factor of 22.272%

Expenditures

- Same as 2012-13 Assumptions
 - Continuance of Budget Stabilization Plan
- Reduction in staffing for enrollment decline
- Annual step, column and longevity increases
- Reduction of annual Early Incentive Retirement payments
- Additional Contributions

Fiscal Year: 2014-15 Working Assumptions

Revenues

- Same as 2013-14 Assumptions
- Plus COLA 2.7% or \$187/ADA
- Net Per Student Funding \$5,508.89
 - An increase of \$145.53/ADA
- Enrollment Decline of 288 students
- Deficit Factor 22.272%

Expenditures

- Same as 2013-14 Assumptions
 - Continuance of Budget Stabilization Plan
- Reduction in staffing for enrollment decline
- Annual step, column and longevity increases
- Additional Contributions

General Fund Summary

	Adopted Budget <u>2012-13</u>	Projected <u>2013-14</u>	Projected <u>2014-15</u>
Beginning Fund Balance	\$ 19,214,866	\$ 13,206,657	\$ 9,248,565
Audit Adjustment/Restatement	\$ -	\$ -	\$ -
Revised Fund Balance	\$ 19,214,866	\$ 13,206,657	\$ 9,248,565
Annual Revenues	\$ 106,232,503	\$ 107,004,802	\$ 107,101,321
Annual Expenditures (rounded to nearest dollar)	\$ 112,240,712	\$ 110,962,894	\$ 111,883,084
Changes in Fund Balance	\$ (6,008,209)	\$ (3,958,092)	\$ (4,681,763)
I. Projected Ending Fund Balance	\$ 13,206,657	\$ 9,248,565	\$ 4,566,802
II. Unavailable Reserves:	\$ 1,198,689	\$ 1,198,719	\$ 1,198,719
1. Cash Accounts and Inventory	\$ 91,737	\$ 91,737	\$ 91,737
2. Restricted Program Balances	\$ 1,106,952	\$ 1,106,982	\$ 1,106,982
III. Total Unrestricted Fund Balance	\$ 12,007,968	\$ 8,049,846	\$ 3,368,083
IV. Reserve for Economic Uncertainty (3%)	\$ 3,367,230	\$ 3,328,891	\$ 3,356,799
V. Available Reserves (Unrestricted)	\$ 8,640,738	\$ 4,720,955	\$ 11,284
VI. Available Reserves (Unrestricted Fund)	7.70%	4.25%	0.00%

Challenges for the District



Cash Flow Projections

- 2011-12
 - External borrowing through TRANS \$6 million
 - Level of borrowing approximately 5% of Total Budget
- 2012-13
 - External borrowing through TRANS estimated at \$15 million
 - Level of borrowing 15% of Total Budget

Interim Solutions to Offset Budget Reductions (Tier Flexibility)

Interim Solutions to Offset Budget Reductions

Resource	Program	Funding	Transfers
06258	Physical Education Grant	\$ 88,053	\$ 88,053
06350	ROP Program	\$ 885,771	\$ -
06405	School Safety	\$ 215,247	\$ 103,144
07055	CAHSEE	\$ 144,046	\$ 144,046
07080	School Counseling	\$ 453,197	\$ -
07140	GATE	\$ 94,821	\$ 74,821
07156	Instructional Materials Fund	\$ 810,244	\$ -
07271	PAR	\$ 53,198	\$ 20,751
07294	Math and Reading	\$ 103,214	\$ 103,214
07390	Pupil Retention	\$ 41,518	\$ 41,518
07392	Teacher Credentialing	\$ 23,945	\$ -
07393	Professional Development Block Grant	\$ 548,904	\$ 500,000
07394	Targeted Instructional Improvement	\$ 961,485	\$ 581,485
07395	School and Library Improvement Grant	\$ 737,046	\$ 657,099
06760	Arts and Music Block Grant	\$ 195,875	\$ 150,875
07325	Administrator Training Program	\$ 14,000	\$ -
06285	Community-Based English Tutoring (CBET)	\$ 51,086	\$ -
	Subtotal	\$ 5,421,650	\$ 2,465,006
	Other Funds		
	Adult Education (Transfer)	\$ -	\$ 2,000,000
06092	Cal-Safe	\$ 165,230	\$ -
	Deferred Maintenance (Transfer)	\$ -	\$ 750,000
	Total	\$ 5,586,880	\$ 5,215,006

Governor's Tax Initiative

- November Election
- 55% Favorable Polling
- Passage will...
 - Generate \$6.9 billion annually
 - Covering 2013 through 2016
 - Not provide additional funding to education, but will offset State budget cuts
 - Helps reduce cash deferrals

Governor's Tax Initiative

- In competition with Molly-Munger tax initiative
- Non passage would represent \$441 per ADA reduction to the 2012-13 revenue limit
 - Loss of \$5.7 million to Covina-Valley USD

Weighted Student Formula

- Governor's 2012 May Revise modified formula
- Remains top priority to remedy school finance issues
- Provides greater flexibility in use of funds
- New accountability requirements will be implemented
- Phase in over seven-year period
 - On hold until further information becomes available



Next Steps.... Adopted Budget

- Recommend Board authorization of Proposed Budget for 2012-13
- Submit reports to LACOE by June 30th

Board of Education
comments and questions...