

**COVINA-VALLEY**  
UNIFIED SCHOOL DISTRICT



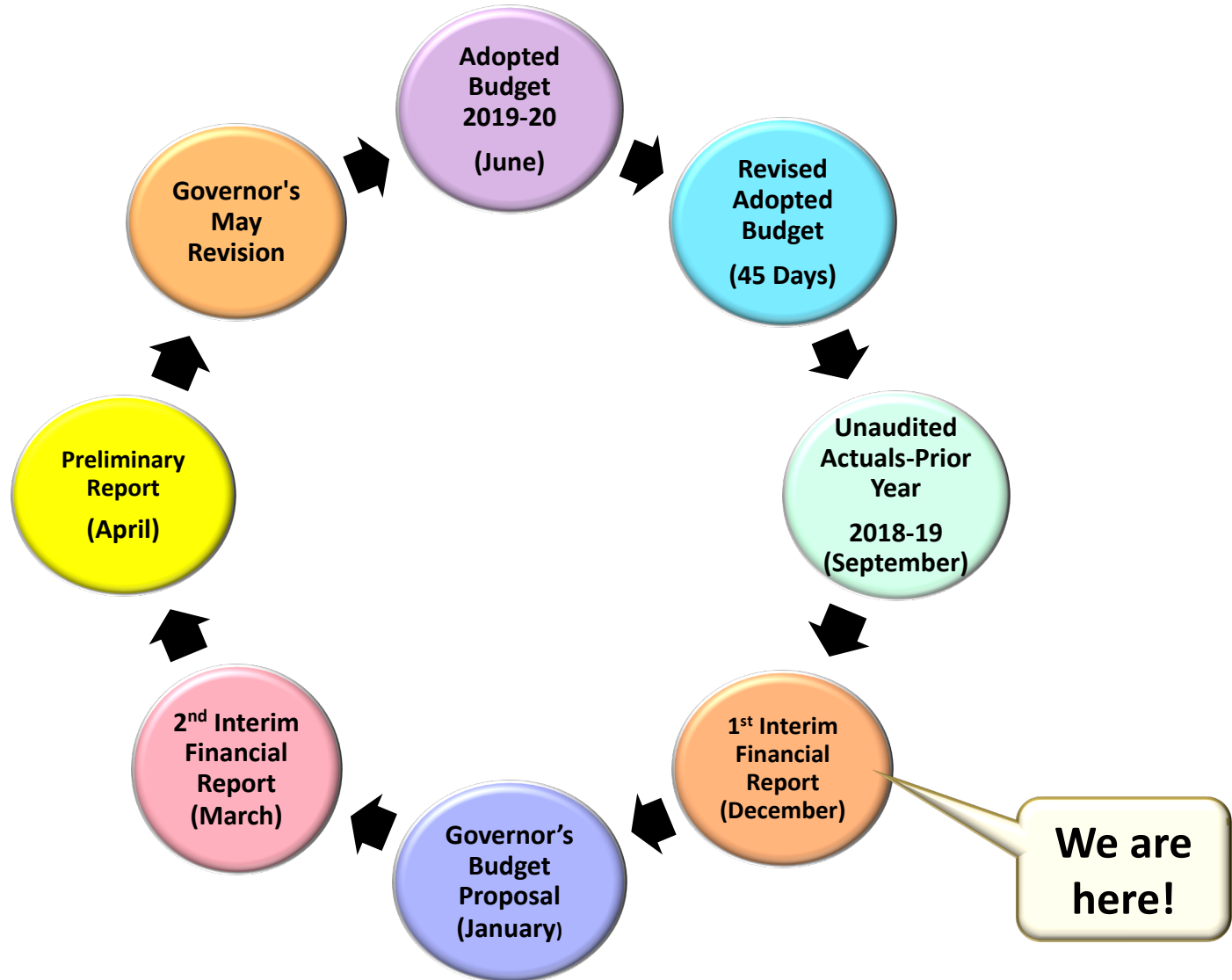
# FIRST INTERIM 2019-20



Presented on: December 16, 2019

Presented by: Eva Rae Lueck, Interim Chief Business Official

# 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 First Interim report represents the actual and projected financial position of the General Fund as of October 31, 2019.

# 2019-20 Budget Discussions

## October 21<sup>st</sup> Board of Education Update

- Finalized 2018-19 Ending Balance: \$851,323 increase
- Updated 2019-20 State Budget Impacts
- Reversed \$2.5 million “Unidentified Reductions” in Adopted Budget

**Projected 2021-22 Ending Balance Shortfall: \$11.1 Million**

# 2019-20 Budget Discussions

## **October 21<sup>st</sup> Board of Education Update (cont'd)**

### **➤ Impacts Under Review Were Listed (not finalized)**

- Salary & Benefit Accounts Adjust to Payroll
- Increase OPEB Rate
- Decrease Workers Compensation Rate
- 2018-19 ESGVROP JPA Revenue **\$747,964**
- Sale of Technology, Firewall, Ed File Scanning
- Evaluating Adult Education & Child Development

**Preliminary 2021-22 Ending Balance Shortfall: \$6.8 Million**

# 2019-20 First Interim Budget Adjustments

## Attachment B

- Budget Revisions
  - Finalized Salary & Benefit Calculations
  - Added: Adjustments for Property/Liability Insurance and Special Education
- Budget Shifts – Expenditures Moved to:
  - Supplemental Concentration Budget, Grants, Categorical Programs
  - Restricted Maintenance Account
  - Adult Education Fund
  - Child Development Fund Contribution Increase

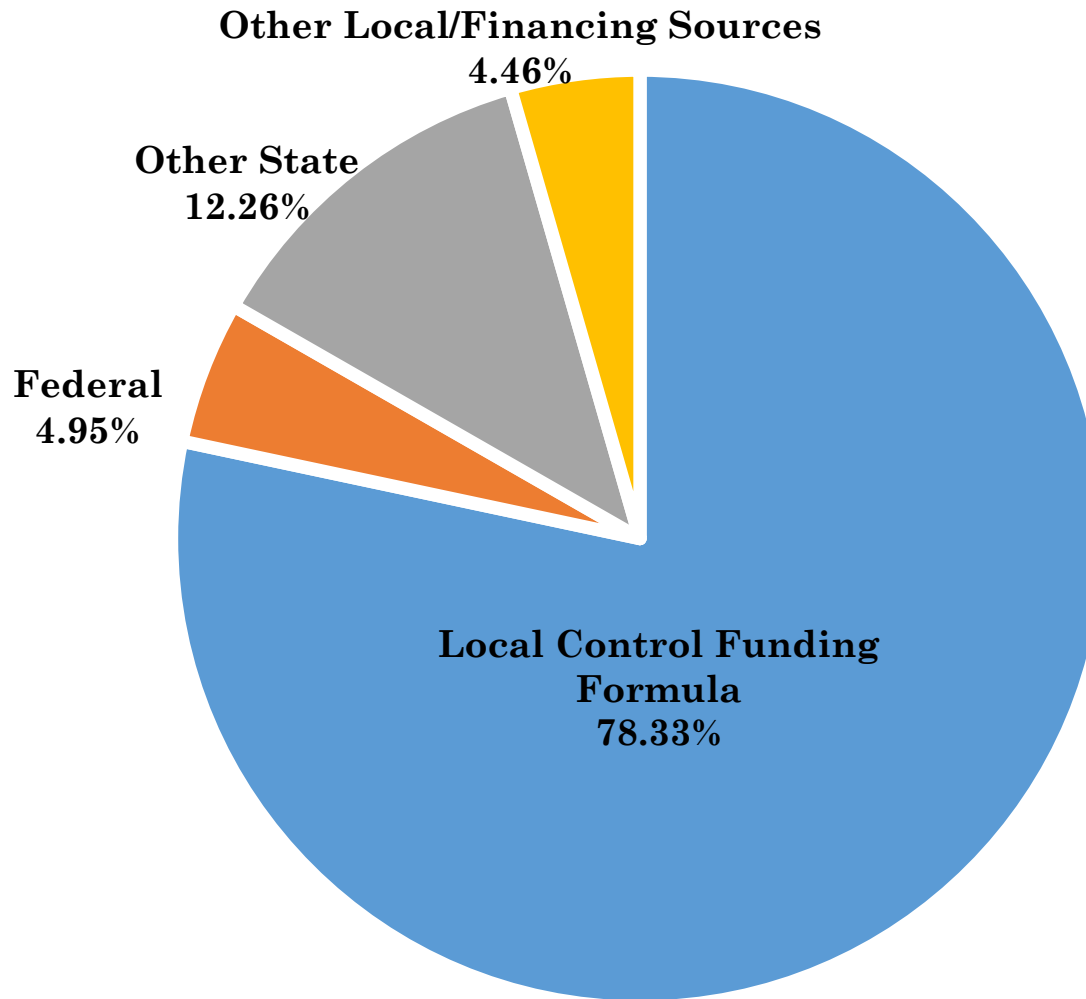
# 2019-20 First Interim Budget Adjustments

## Attachment B

- Budget Items Added
  - Firewall, Ed Files Scanning, Athletic Field Mower, HS Counselor, Instructional Aide, and .75 fte Licensed Vocational Nurse
- Revenue
  - LCFF, Supplemental Concentration Shift to Base, 2018-19 ESGVROP **\$541,608**, Sale of Technology
- Prior Year
  - Budgeted Carryover for Saturday Incentive

**Projected 2021-22 Ending Balance Shortfall    \$4.5 Million**

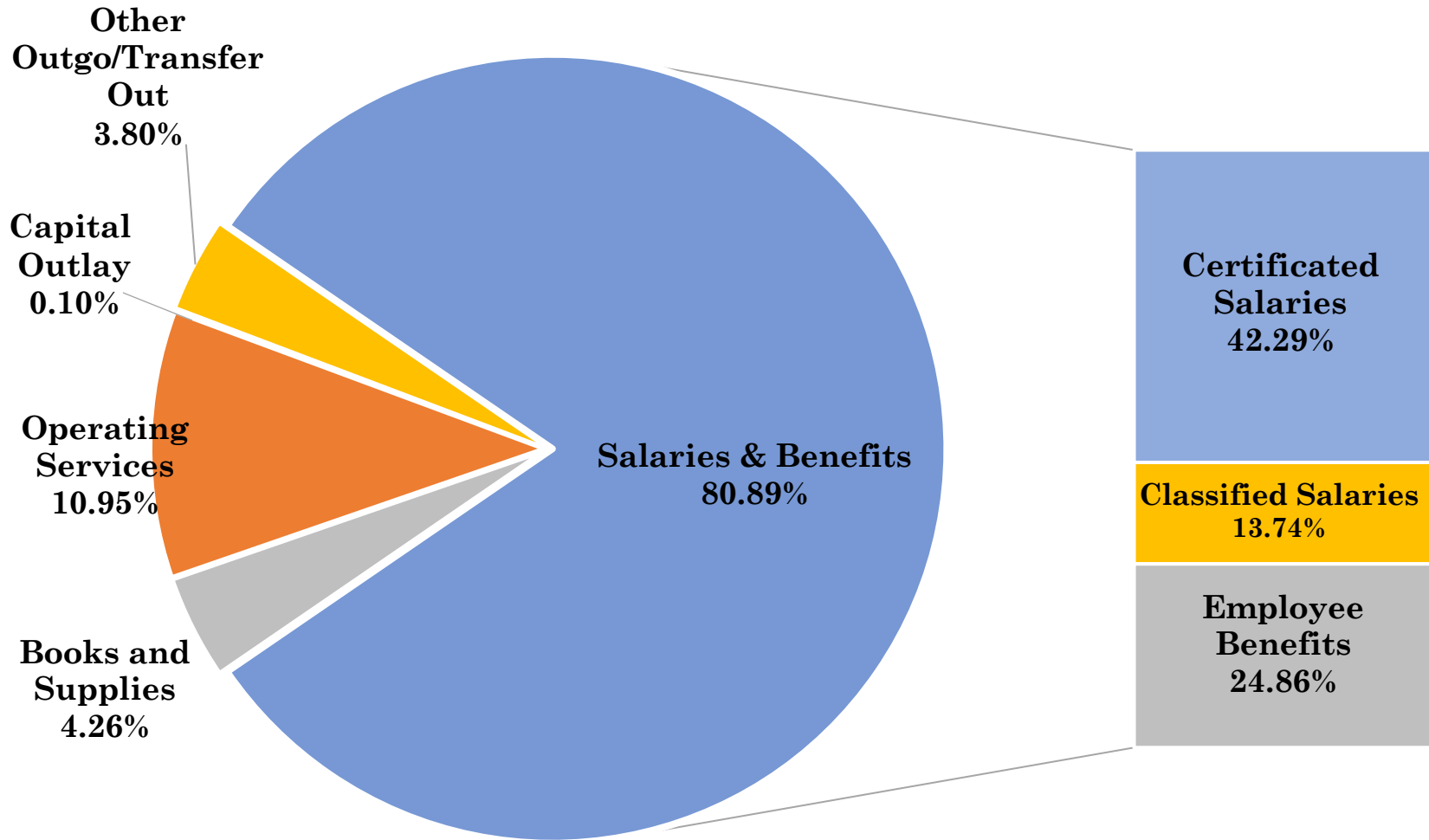
# 2019-20 First Interim Combined General Fund Revenues



Total Revenue = \$154,512,186



# 2019-20 First Interim Combined General Fund Expenditures



Total Expenditures = \$160,138,616

# Multi-Year Unrestricted General Fund Budget Projections

	Projected Budget 2019-20	Projected Budget 2020-21	Projected Budget 2021-22
Beginning Fund Balance	\$23,057,794	\$17,692,899	\$9,554,269
Audit Adjustment/Restatement	-	-	-
Revised Fund Balance	\$23,057,794	\$17,692,899	\$9,554,269
Annual Revenues (includes other financing sources)	\$107,036,954	\$107,425,658	\$108,532,861
Annual Expenditures (includes other financing uses)	\$112,401,849	\$115,564,288	\$117,523,157
Changes in Fund Balance	(\$5,364,895)	(\$8,138,630)	(\$8,990,296)
Projected Ending Fund Balance	\$17,692,899	\$9,554,269	\$563,973
I. Unavailable Reserves:	\$1,019,158	\$502,793	\$85,000
1.) Nonspendable:			
a. Revolving Cash	\$35,000	\$35,000	\$35,000
b. Inventory	\$50,000	\$50,000	\$50,000
c. Prepaid Expenditures	\$534,158	\$17,793	\$0
3.) Assigned	\$400,000	\$400,000	\$0
II. Total Unrestricted Fund Balance	\$16,673,741	\$9,051,476	\$478,973
1.) Reserve for Economic Uncertainty (3%)	\$4,804,159	\$4,921,936	\$4,995,458
2.) Available Reserves	\$11,869,582	\$4,129,540	-\$4,516,485
III. Available Reserves (Unrestricted Fund)	10.41%	5.52%	-2.71%

# General Fund Challenges & Next Steps

- Structural Deficit – Approx. \$8 Million
  - Immediate Target 2021-22 \$4.5 Million
    - ✓ Board Approved Reduction Plan Needed
  
- Outstanding Items that Impact Reduction Target
  - January – Governor's 2020-21 Proposed Budget
  - January – Finalized Employee Enrollment H&W
  - April – P2 Attendance Finalized
  - ESGVROP Prior Years and Future Costs

# First Interim Report Certification Recommendation

Due to the Projected Ending Fund Balance in  
2021-22 ... Administration Recommends a  
**“Qualified Certification”**

# Other Funds – Projected Totals 2019-20 (in millions)

	<b>Fund 10 Special Education Pass- Through</b>	<b>Fund 11 Adult Education</b>	<b>Fund 12 Child Development</b>	<b>Fund 13 Cafeteria</b>	<b>Fund 21 Building (Bond)</b>	<b>Fund 25 Capital Facilities (Developer Fee)</b>	<b>Fund 40 Special Reserve for Capital Outlay</b>	<b>Fund 67 Self Insurance</b>
Beginning Fund Balance	\$0.00	\$3.09	\$1.04	\$6.23	\$18.61	\$1.66	\$1.56	\$2.10
Revenue	\$60.03	\$4.57	\$3.43	\$6.01	\$0.39	\$0.17	\$0.03	\$18.94
Expenditure	\$60.03	\$6.05	\$3.24	\$6.95	\$5.42	\$0.60	\$0.19	\$18.78
Other Financing Sources/Uses	\$0.00	\$0.00	(\$0.20)	\$0.03	\$0.00	\$0.00	\$0.70	\$0.00
Ending Fund Balance	\$0.00	\$1.61	\$1.03	\$5.32	\$13.58	\$1.23	\$2.10	\$2.26

# Comments or Questions...

