

COVINA-VALLEY
UNIFIED SCHOOL DISTRICT



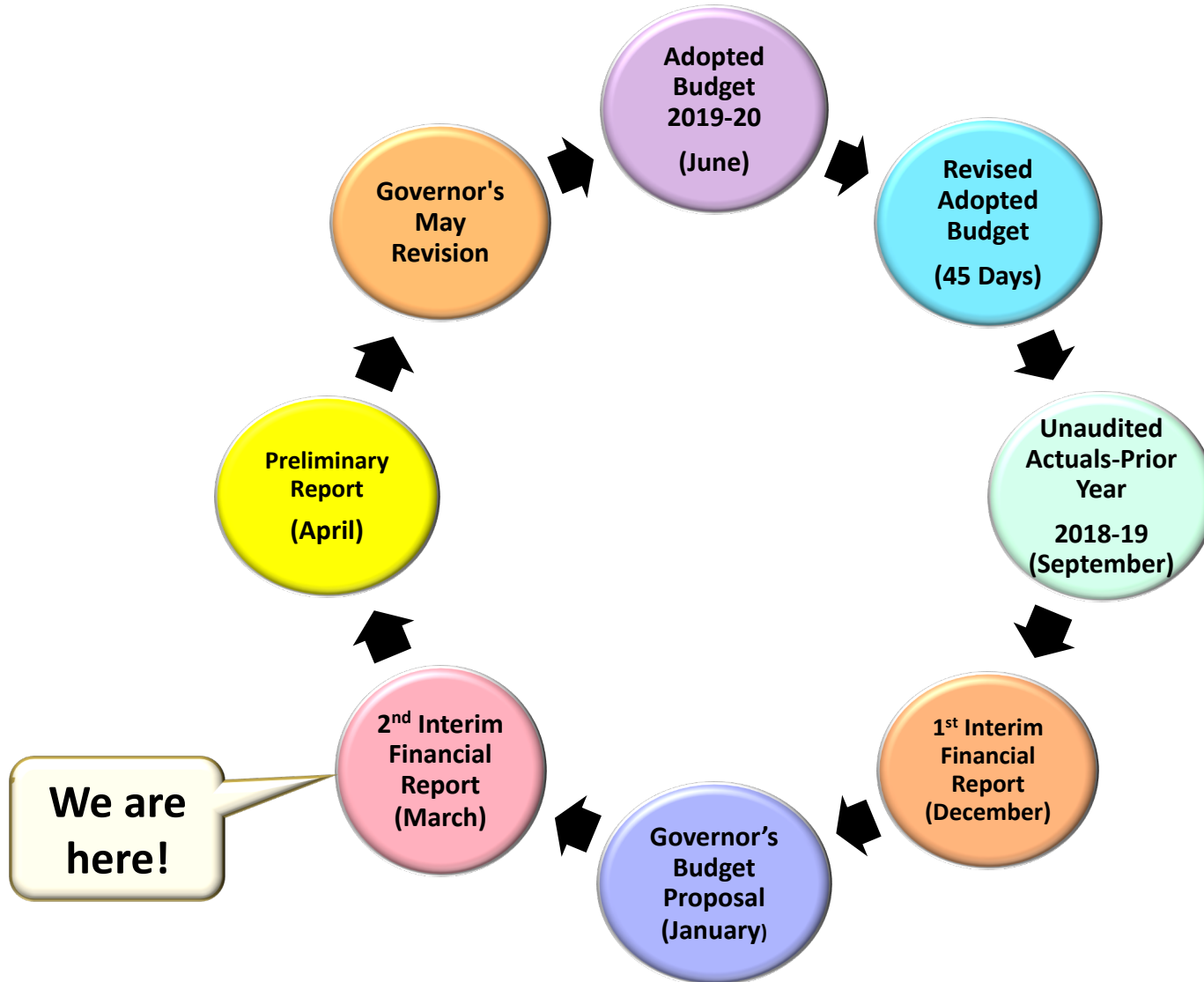
Second Interim 2019-20



Presented on: March 16, 2020

Presented by: Eva Lueck, Interim Chief Business Officer

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, 2020.

Review of Budget Discussions

- First Interim - October
 - Structural Deficit Approximately \$8 million
 - Immediate Reduction Target \$4.5 million
- January 21st Budget Update
 - Impacts of Governor's Proposed 2020-21 Budget
 - Revised ADA Projection to P1 Report
 - Updated Supplemental/Concentration Calculation
 - Impact of Health Insurance Open Enrollment

**As of January 21st : Projected 2021-22 Ending Balance
Shortfall \$7.25 Million**

Review of Budget Discussions

- January 27, 2020 Board Meeting
 - Revisited the \$7.25 million Reduction Target for 2021-22
 - Potential \$1.1 million in new 2020-21 Special Education Funding on-going (\$2.2 million impact)
 - If true, new Reduction Target \$5.05 million
 - Board approved a \$3.7 million Fiscal Stabilization Plan
 - Two-year impact \$7.4 million

After January 27th Actions: Projected 2021-22 Ending Balance \$2.35 million OVER 3% Requirement

Second Interim Changes

➤ Major Revisions Included in Second Interim

- 2020-21 Special Education Funding Proposal - \$1,151,680 (previously projected at \$1.1 million)
- Fiscal Stabilization Plan - \$3,707,254 in reductions
- Withdrawal from ESGVROP - \$439,733 savings over two years. Additionally, revenue of \$541,608 remains in the budget (not finalized)
- Reduce 1 School Site Administrator FTE - shift staffing to Grant/Adult Ed
- Increased Payment for Child Nutrition Meal Debt - \$70,676

**As of 2nd Interim: Projected 2021-22 Ending Balance
\$3.06 million OVER 3% Requirement**

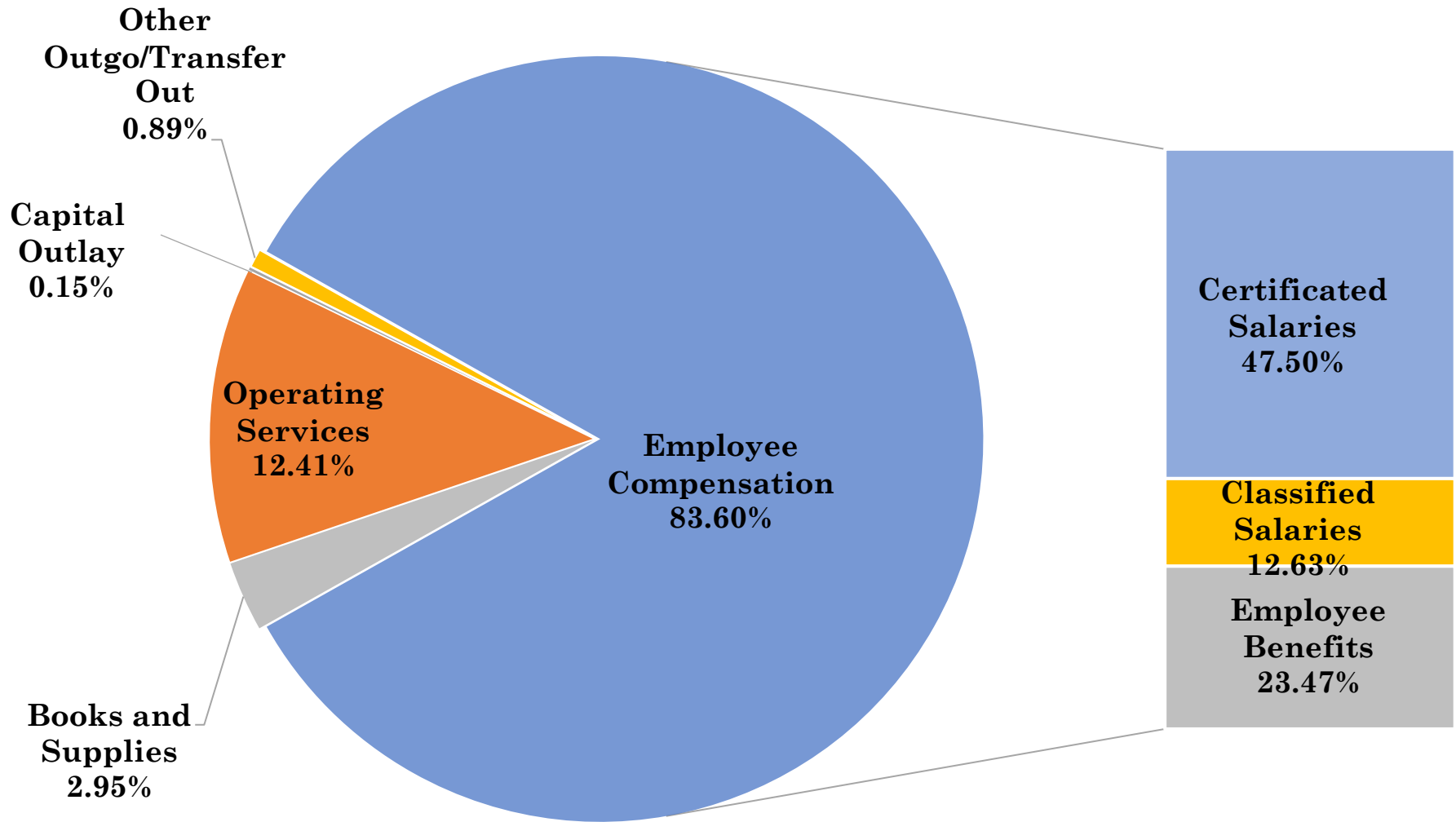
2019-20 Second Interim Budget Adjustments

Attachment B

	2019-20	2020-21	2021-22	
Ending Fund Balance: January 27, 2020 Board Meeting	17,764,989	8,291,090	(2,172,287)	7,246,193
Revenue				
Lottery/Mandated Block Grant -2019-20 - 2021-22	(152)	(17,079)	(35,322)	
Special Education AB602-Governor's Proposal \$640 Per ADA	-	1,151,680	2,303,360	
Expenditures				
Stabilization Budget Plan - Board Approved 1-27-20	-	3,707,254	7,414,508	
District Withdrawal From East San Gabriel Valley ROP	-	136,900	302,833	
Shifting To New Funding - Assistant Principal	-	170,000	340,000	
Elementary School Monitors - Salary Rate Increase	(20,288)	(40,576)	(60,864)	
Increase of Estimated Lease Costs - Printshop	(20,561)	(41,122)	(61,683)	
Decrease of Estimated Indirect Charges	(7,791)	(15,582)	(23,373)	
PERS Rate Increase From 22.70% to 22.80% -2020-21	-	14,876	29,752	
PERS Rate Increase From 24.60% to 24.90% -2021-22	-	-	29,476	
Payroll Savings	53,674	107,348	161,022	
Increase In Estimated Child Nutrition Meal Debt Contribution	(70,676)	(141,352)	(212,028)	
Routine Restricted Maintenance Contribution (3%)	(63,521)	32,697	128,672	
Increase in Estimated Special Education Contribution	(31,322)	(62,644)	(93,966)	
Miscellaneous	3,227	17,207	(6,051)	
MYP Ending Balance Projection	17,607,579	13,310,697	8,044,049	

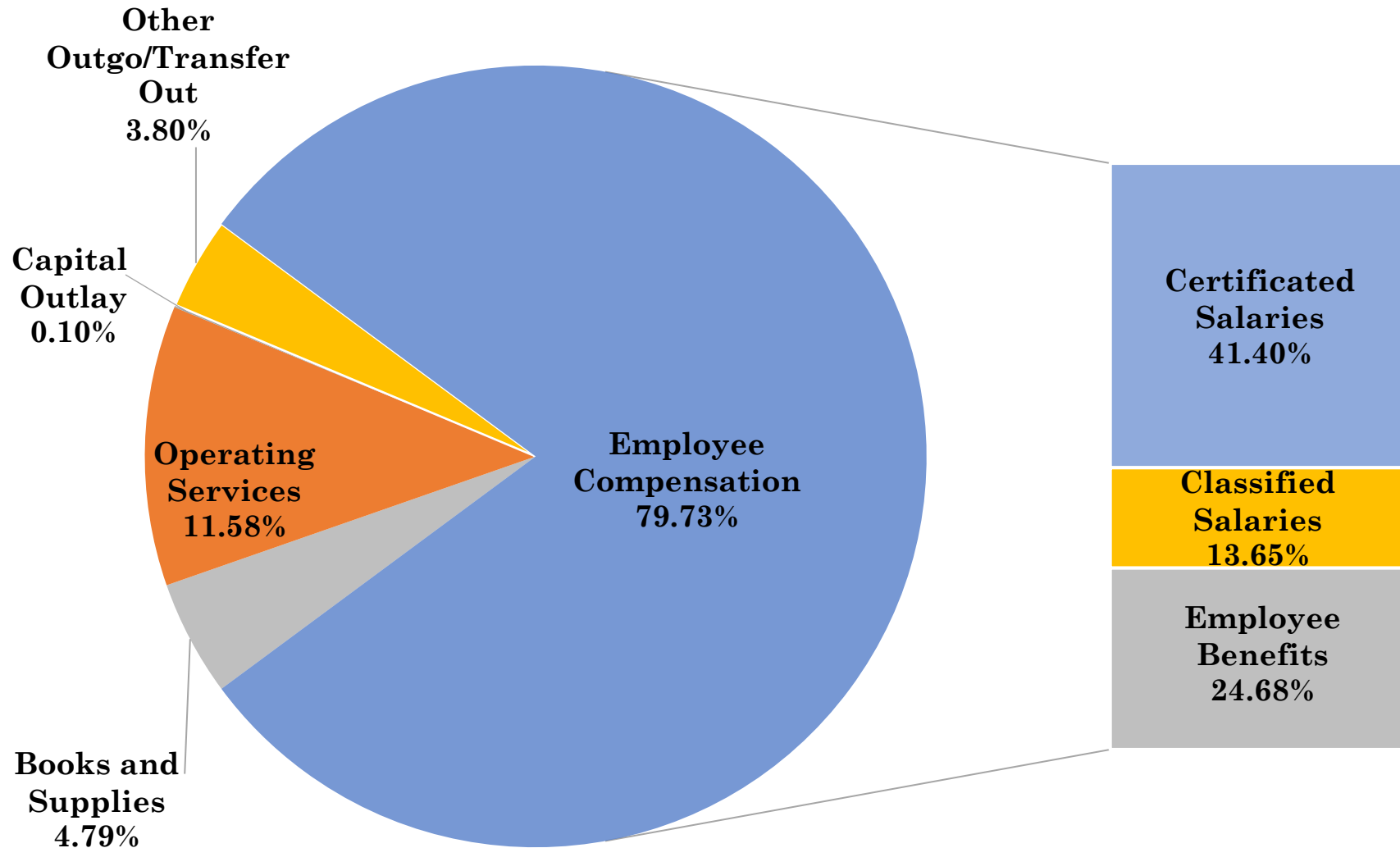
Projected 2021-22 Ending Balance \$3.06 million OVER 3% Requirement

2019-20 Second Interim Unrestricted General Fund Expenditures



Total Expenditures = \$112,312,329

2019-20 Second Interim Combined General Fund Expenditures



Total Expenditures = \$162,096,366

Multi-Year Unrestricted General Fund Budget Projections (in millions)

Category	Second Interim 2019-20	Projected Budget 2020-21	Projected Budget 2021-22	Projected Budget 2022-23
Beginning Fund Balance	\$23.1	\$17.6	\$13.3	\$8.0
Revenues (includes other financing sources)	106.9	106.8	107.7	109.1
Expenditures (includes other financing uses)	112.3	111.1	113.0	116.2
Changes in Fund Balance	-\$5.5	-\$4.3	-\$5.3	-\$7.2
Projected Ending Fund Balance	\$17.6	\$13.3	\$8.0	\$0.9
Unavailable Reserves: Revolving Cash, Inventory, Prepaid Expenditure, Assigned	1.0	0.5	0.1	0.1
Reserve for Economic Uncertainty (3%)	\$4.9	\$4.8	\$4.9	\$5.0
Available Reserves	\$11.7	\$8.0	\$3.1	-\$4.2
Available Reserves (Unrestricted Fund)	10.23%	7.97%	4.88%	-2.52%

Structural Deficit – On-Going Challenge It is anticipated that
2022-23 Ending Fund Balance will not meet the 3% Reserve
Requirement

2020-21 Structural Deficit – Progress Made

First Interim

\$8.14M

Decreased

Second Interim

\$4.30M

\$3.84M↓

The diagram illustrates the reduction in the structural deficit over two interim periods. A vertical bracket on the right side of the box groups the two deficit amounts, with a horizontal line extending from the bracket to the value \$3.84M, which is followed by a downward arrow indicating the decrease.

2019-20 Second Interim Budget

Outstanding Items

- P2 ADA (April and Finalized June)
- May Revise & Final State Budget
- Impact of ESGVROP's Final Calculation
- Year-End Close Out – Ending Fund Balance Increase

Second Interim Report Certification Recommendation

Due to the Projected Ending Fund Balance in 2019-20
through 2021-22 exceeding the 3% minimum:

Administration Recommends a
“Positive Certification”

Other Funds – Projected Totals 2019-20

(in millions)

	Fund 10 Special Education Pass- Through	Fund 11 Adult Education	Fund 12 Child Development	Fund 13 Cafeteria	Fund 21 Building (Bond)	Fund 25 Capital Facilities (Developer Fee)	Fund 40 Special Reserve for Capital Outlay	Fund 67 Self Insurance
Beginning Fund Balance	\$0.00	\$3.09	\$1.04	\$6.23	\$18.61	\$1.66	\$1.56	\$2.10
Revenue	\$60.03	\$4.61	\$3.53	\$6.01	\$0.39	\$0.17	\$0.03	\$19.10
Expenditure	\$60.03	\$6.05	\$3.34	\$6.93	\$8.57	\$0.75	\$1.23	\$18.99
Other Financing Sources/Uses	\$0.00	\$0.00	(\$0.20)	\$0.10	\$0.00	\$0.00	\$0.70	\$0.00
Ending Fund Balance	\$0.00	\$1.65	\$1.03	\$5.41	\$10.43	\$1.08	\$1.06	\$2.21

Comments or Questions...

