2013-14 Second Interim Report



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

March 17, 2014 Board Meeting

Presenters

Dr. Catherine Nichols, Superintendent

David A. Rivera, Chief Business Officer

James Pham, Director of Fiscal

Manuel Correa, Assistant Director of Fiscal



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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 (2014-15 & 2015-16)

Reporting Schedule

Interim is through October 31st and must be authorized by December 15 Second Interim is through January 31st and must be authorized by March 15

Second Interim Report

Reporting Requirements (Continued)
Certifications:

Positive – the District <u>will</u> meet its obligations

Qualified – the District <u>may not</u> meet its financial obligations

Negative – the District <u>will be unable</u> to meet its financial obligations

Certification is for the <u>current fiscal year and</u> <u>subsequent two fiscal years</u>

Budget Assumptions Summary Outlined on Page 1.1 and 1.2

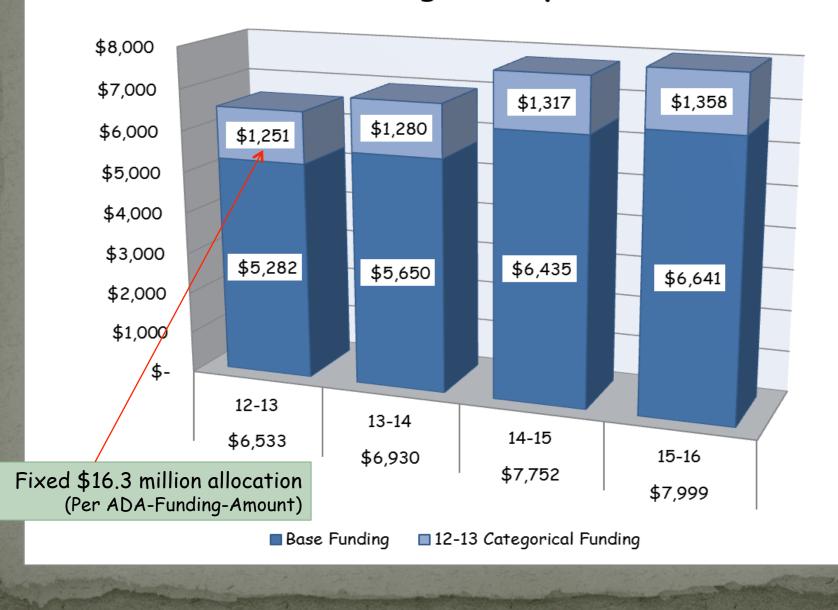
How much additional funding is Covina-Valley USD going to receive, as a result of implementation of LCFF, in the current year?

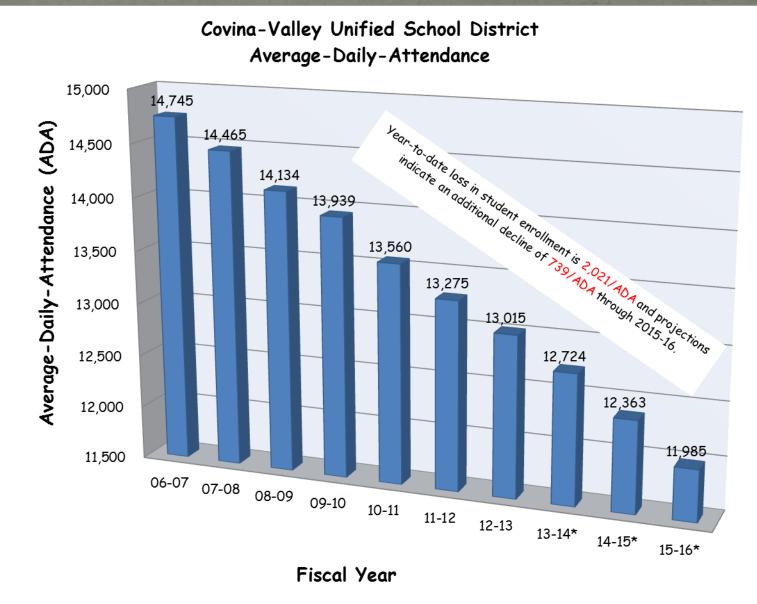
Additional LCFF Funds

- Net Increase in Revenues by \$3.2 million
- Revenues related to Supplemental and Concentration Grants allocations is projected at \$2.6 million or 81% of overall increase
 - Funds are to be dedicated (unduplicated pupil counts) to English Language Learners, students eligible for Free and Reduced Meal Program, and Foster Youth

Financial Analysis Noteworthy Trends for the District Revenue Analysis and Trends Changes in Average-Daily-Attendance Changes in Student Enrollment Health and Welfare Contributions

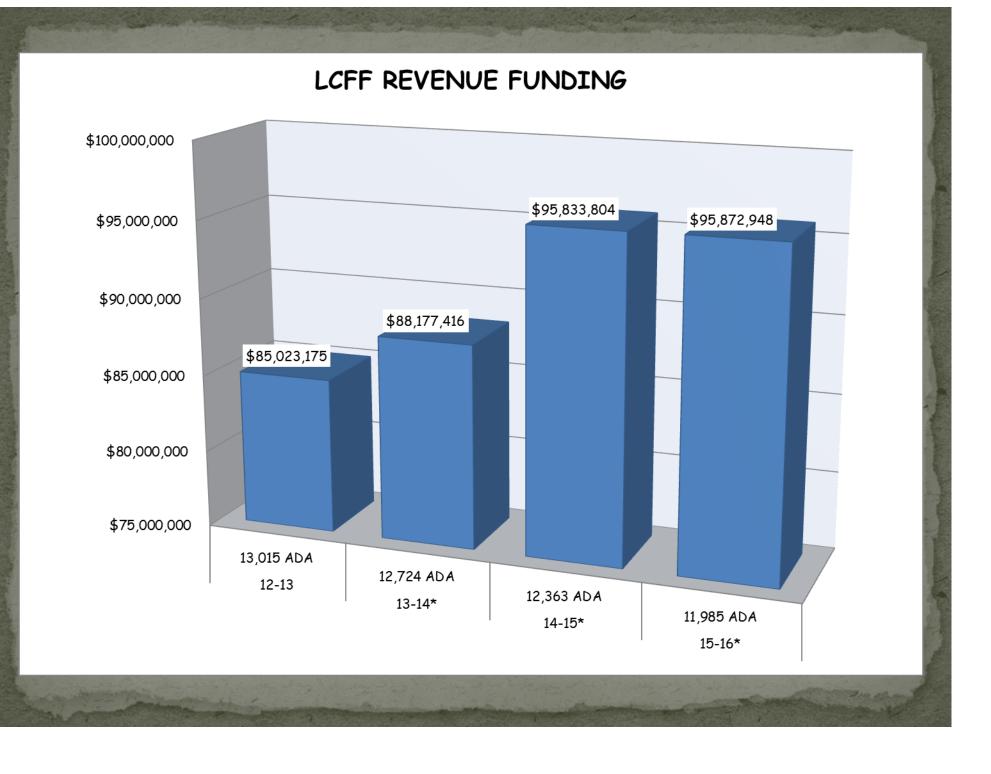
Funding Per Pupil

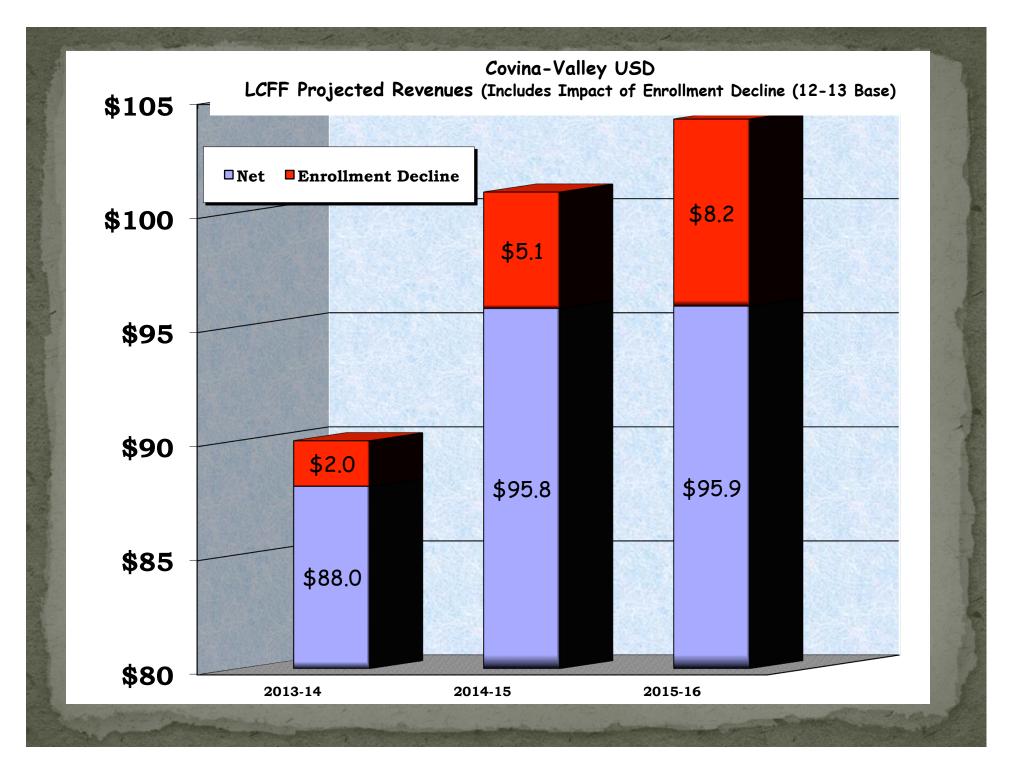




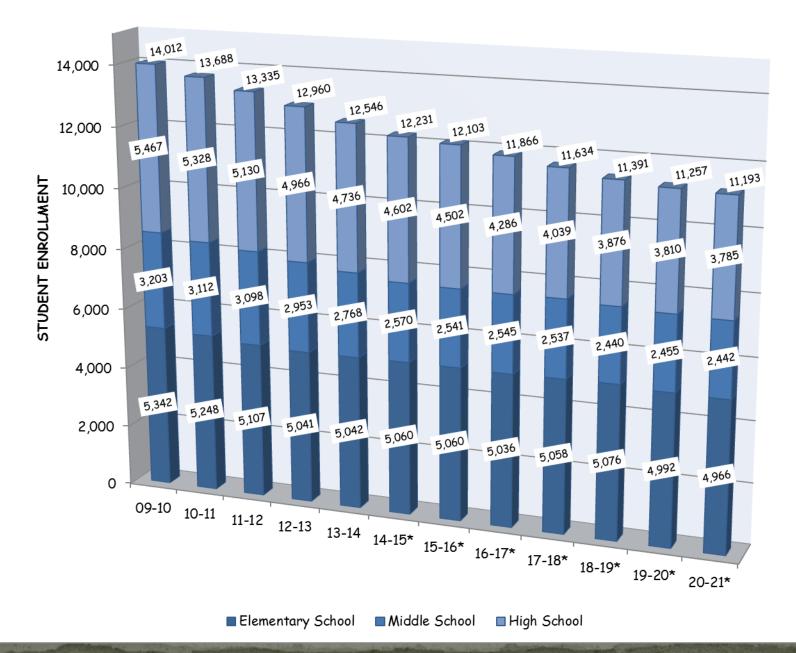
Footnote:

*ADA projections were calculated using enrollment projections provided by Davis Demographics & Planning, Inc.





ENROLLMENT DATA FOR GRADES K-12



PLAN YEAR 2014 HEALTH AND WELFARE CONTRIBUTIONS

	District	Employee	Combined
Blue Cross (HMO)	Contribution	Contribution	Total
Employee Only	5,105	-	5,105
Employee plus Child(ren)	8,583	350	8,933
Employee plus Spouse	11,701	550	12,251
Family	14,869	700	15,569
	District	Employee	Combined
Blue Cross (PPO)	Contribution	Contribution	Total
Employee Only	6,020	-	6,020
Employee plus Child(ren)	9,835	700	10,535
Employee plus Spouse	13,448	1,000	14,448
Family	16,961	1,400	18,361
	District	Employee	Combined
Kaiser	Contribution	Contribution	Total
Employee Only	5,662	-	5,662
Employee plus Child(ren)	9,558	350	9,908
Employee plus Spouse	13,038	550	13,588
Family	16,568	700	17,268
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2013-14 District Reserves (Exclusive of Fund 01.1)

- Unrestricted General Fund
 - Beginning Balance
 \$16.8 million

Projected Ending Balance \$14.4 million

Deficit Spending of \$2.4 million Restricted General Fund
Beginning Balance \$3.6 million

> Projected Ending Balance \$2.4 million

2013-14 District Reserves Continued...

• Reserve Requirements for 2013-14:

- \$92 thousand for Revolving Cash/Inventory (Non-Spendable
 - Assignments (set aside reserves): \$1.8 million for Fairvalley Vocational Center project \$2.0 million for proposed 2.5% Salary Improvements \$960 thousand for proposed 1.2% Longevity Increase
 - State Mandatory 3% Economic Uncertainty, Earmarked at \$3.5 million.
 - Unassigned/unappropriated is budgeted at \$6.0 million

Budget Assumptions for Next Two Fiscal Years 2014-15 & 2015-16

2014-15 Working Assumptions

<u>Revenues</u>

- Decline in student enrollment by 361/ADA
- LCFF Gap Funding 28.05%
- Net Increase of 11.86% in per-student-funding
- Updated Lottery funding for enrollment decline

Expenditures

- Reduction of 4 FTE in Certificated Staffing for enrollment decline
- Cost Increases for Operations:
 Utilities cost
 Step, Column, and Longevity
- Increase in General Fund Contributions
 Special Education
 Pupil Transportation

2015-16 Working Assumptions

<u>Revenues</u>

- Decline in student enrollment by 378/ADA
- Net Increase of 3.19% in per-student-funding
- Updated Lottery funding for enrollment decline

Expenditures

- Reduction of 4 FTE in Certificated Staffing for enrollment decline
- Cost Increases for Operations:
 Step/Scale/Longevity
 Board Election Costs
 Utilities
- Increase in General Fund Contributions
 Special Education
 Pupil Transportation

Multi-Year Budget Projections

	2013-14	2014-15	2015-16
Beginning Fund Balance	\$23,100,347	\$19,546,526	\$23,015,189
Audit Adjustment/Restatement	\$-	\$ -	\$-
Revised Fund Balance	\$23,100,347	\$19,546,526	\$23,015,189
Annual Revenues (includes other financing sources) Annual Expenditures (includes other financing	\$114,607,360	\$119,300,340	\$119,152,600
sources)	\$118,161,181	\$115,831,677	\$117,013,753
Changes in Fund Balance	(\$3,553,821)	\$3,468,663	\$2,138,847
Projected Ending Fund Balance	\$19,546,526	\$23,015,189	\$25,154,036
Unavailable Reserves:		\$14,259,924	
I.) Non-spendable:			
1. Revolving Cash	\$35,000	\$35,000	\$35,00
2. Inventory II.) Restricted Program Balances	\$56,737	\$56,737	\$56,73
III.) Assignments:	\$5,091,670	\$4,402,454	\$4,048,20
1.) Assigned -Employee Compensation	\$2,960,000	\$7,960,000	\$12,960,00
2.) Assigned -Fairvalley & Potential COLAs	\$1,805,733	\$1,805,733	\$1,805,73
IV.) Total Unrestricted Fund Balance:	\$9,597,386	\$8,755,265	\$6,248,36
1.) Reserve for Economic Uncertainty (3%)	\$3,544,836	\$3,474,951	\$3,510,41
2.) Available Reserves (Unrestricted)	\$6,052,550	\$5,280,314	\$2,737,95
V.) Available Reserves (Unrestricted Fund)	5.12%	4.56%	2.34%

SELPA Administrative Unit (Fund 01.1)

	Second Interim Budget	Projected	Projected
	2013-14	2014-15	2015-16
Beginning Fund Balance	\$2,667,058	\$2,720,765	\$2,774,472
Audit Adjustment/Restatement	\$-	\$-	\$
Revised Fund Balance	\$2,667,058	\$2,720,765	\$2,774,472
Annual Revenues (includes other financing sources)	\$1,418,563	\$1,418,563	\$1,418,563
Annual Expenditures (includes other financing sources)	\$1,364,856	\$1,364,856	\$1,364,856
Changes in Fund Balance	\$53,707	\$53,707	\$53,707
Projected Ending Fund Balance	\$2,720,765	\$2,774,472	\$2,828,179
Restricted Fund Balance	\$2,720,765	\$2,774,472	\$2,828,179

Cash Flow Projections

 2013-14
 External borrowing through TRAN's Beginning of Year \$6.05 million Mid-Year an additional \$12.0 million

Sections VII and VIII Budget Reports Detailed List of Revenues & Expenditures

State Forms
SACS Reports

Next Steps.... Second Interim Report

 District needs to take formal action on adopting the Second Interim Report

 Recommend approving the report as submitted with a <u>Positive Certification</u>

Submit reports to LACOE

Board of Education Comments and Questions...