



COVINA-VALLEY

UNIFIED SCHOOL DISTRICT

"Creating Extraordinary Futures!"

Adopted Budget

2015-16



Contributors

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Superintendent
- Jennifer Root,
Chief Business Officer
- Jimmy Escobar,
Director of Fiscal Services
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Covina-Valley Unified School District
"Creating Extraordinary Futures"

Legal Requirements

Reporting Requirements

- Board members must authorize an operating budget by June 30th of each year
- Local Control Accountability Plan must be approved in advance of the annual budget
- Los Angeles County Office of Education
 - CDE designee to approve the District Budget

Legal Requirements

Reporting Requirements (continued)

- Certifications
 - Positive - the District will meet its financial obligations
 - Qualified - the District may not meet its financial obligations
 - Negative - the District will be unable to meet its financial obligations

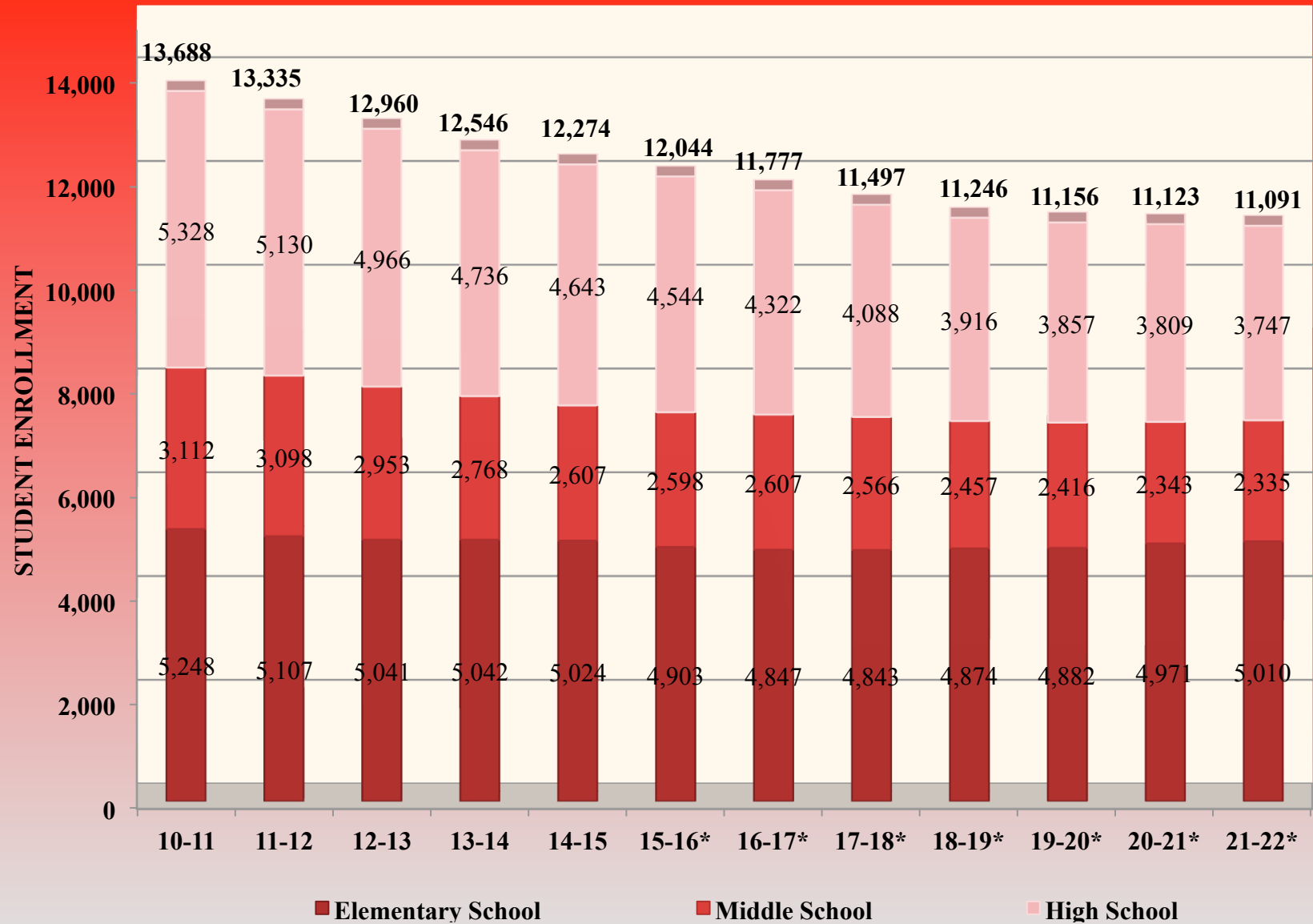
Certification is for the current fiscal year and subsequent two fiscal years.

Disclosure Requirements

- Provide narrative disclosures of budget assumptions utilized in projections (Section I)
- Prepare supplemental documents outlining budget details (Sections II through VI)
- Provide multi-year projections (Section VII)
 - Covering periods 2015-16 through 2017-18
- Budget reports (Section VIII)
- State forms (Standardized Accounting Code Structure - SACS) (Section IX)

Financial Trends and Analysis

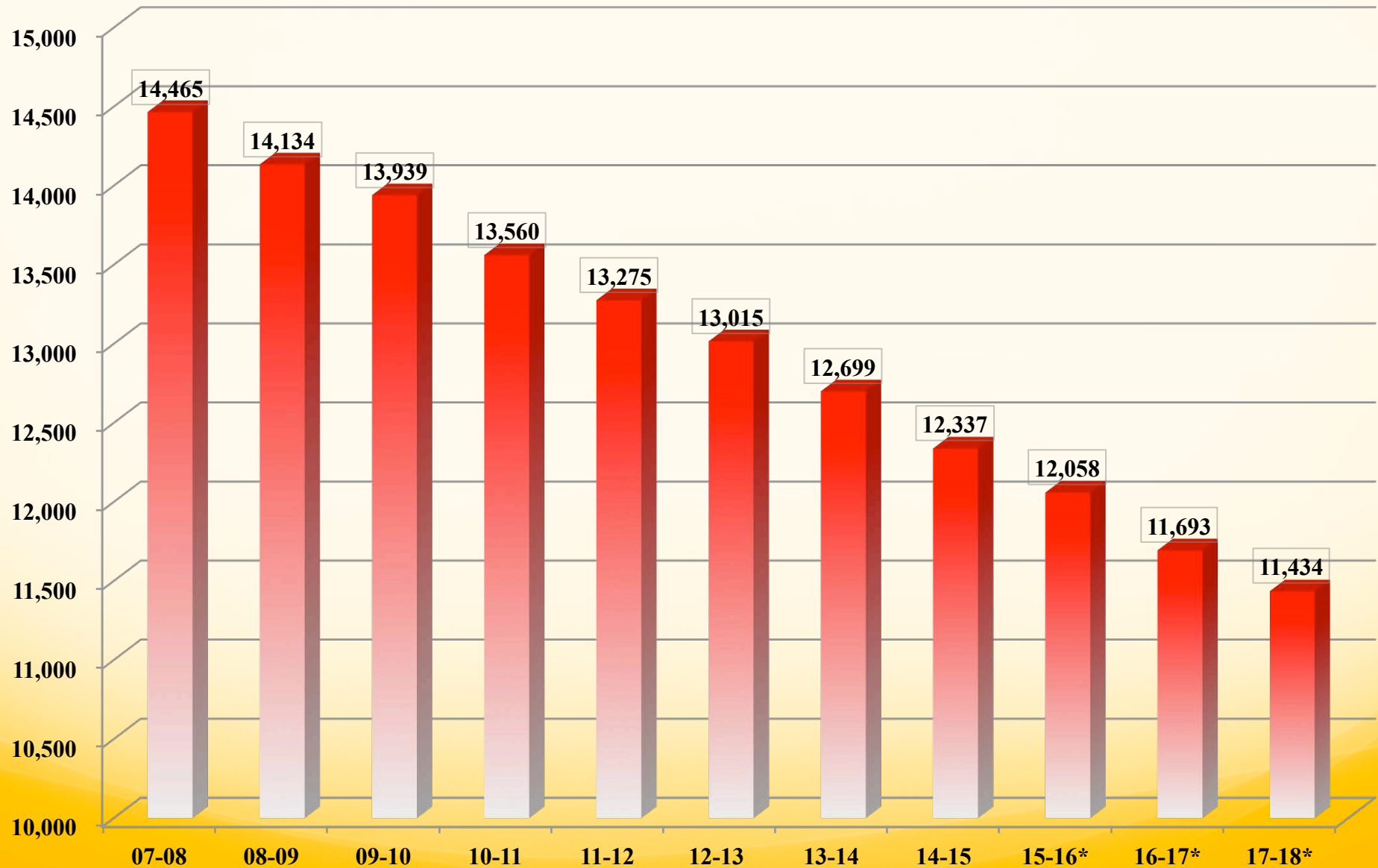
Enrollment Data Projections for GRADES K-12



Footnote:

*Enrollment projections provided by Davis Demographics & Planning, Inc.

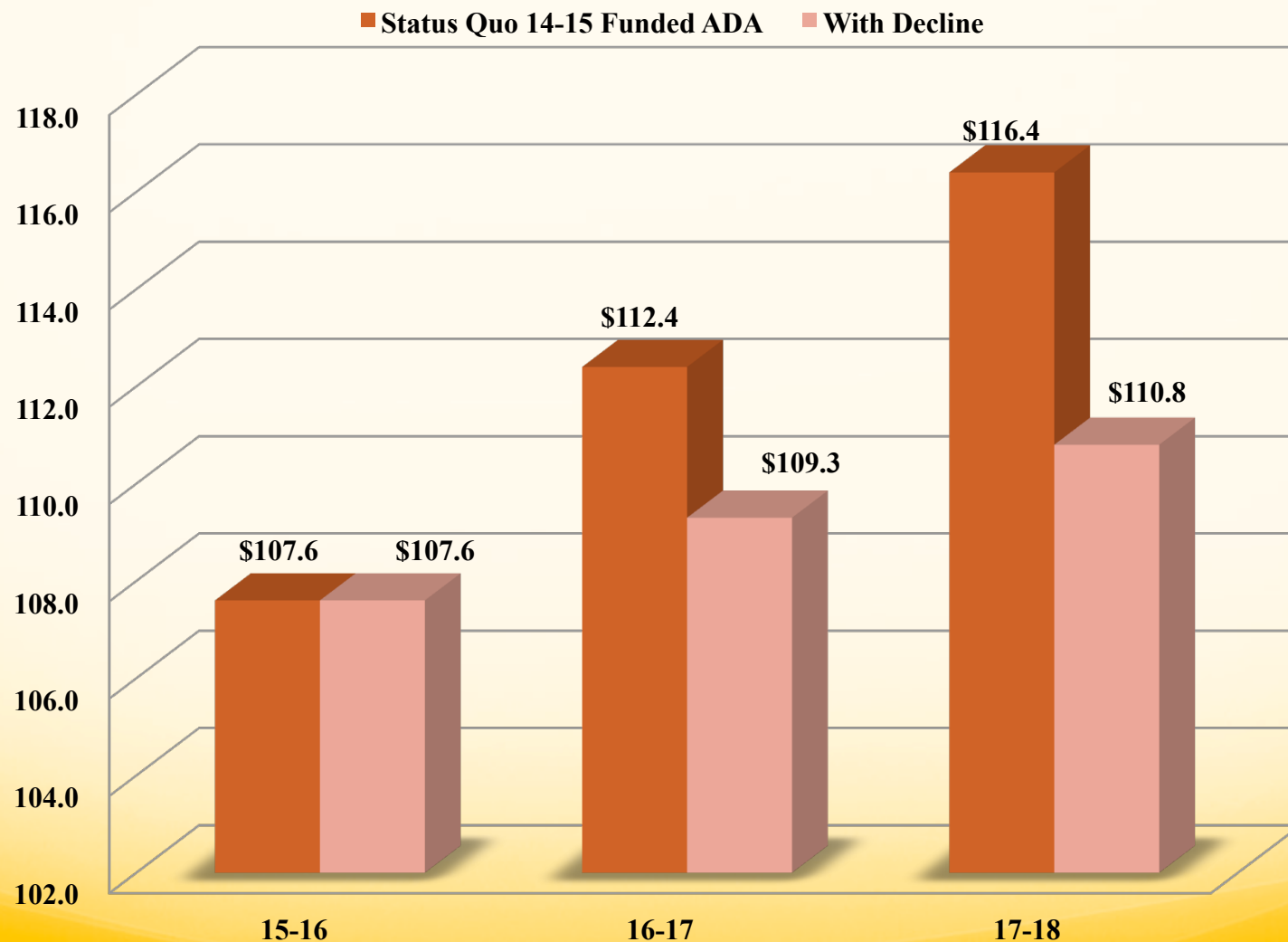
Covina-Valley Unified School District Average-Daily-Attendance (ADA)



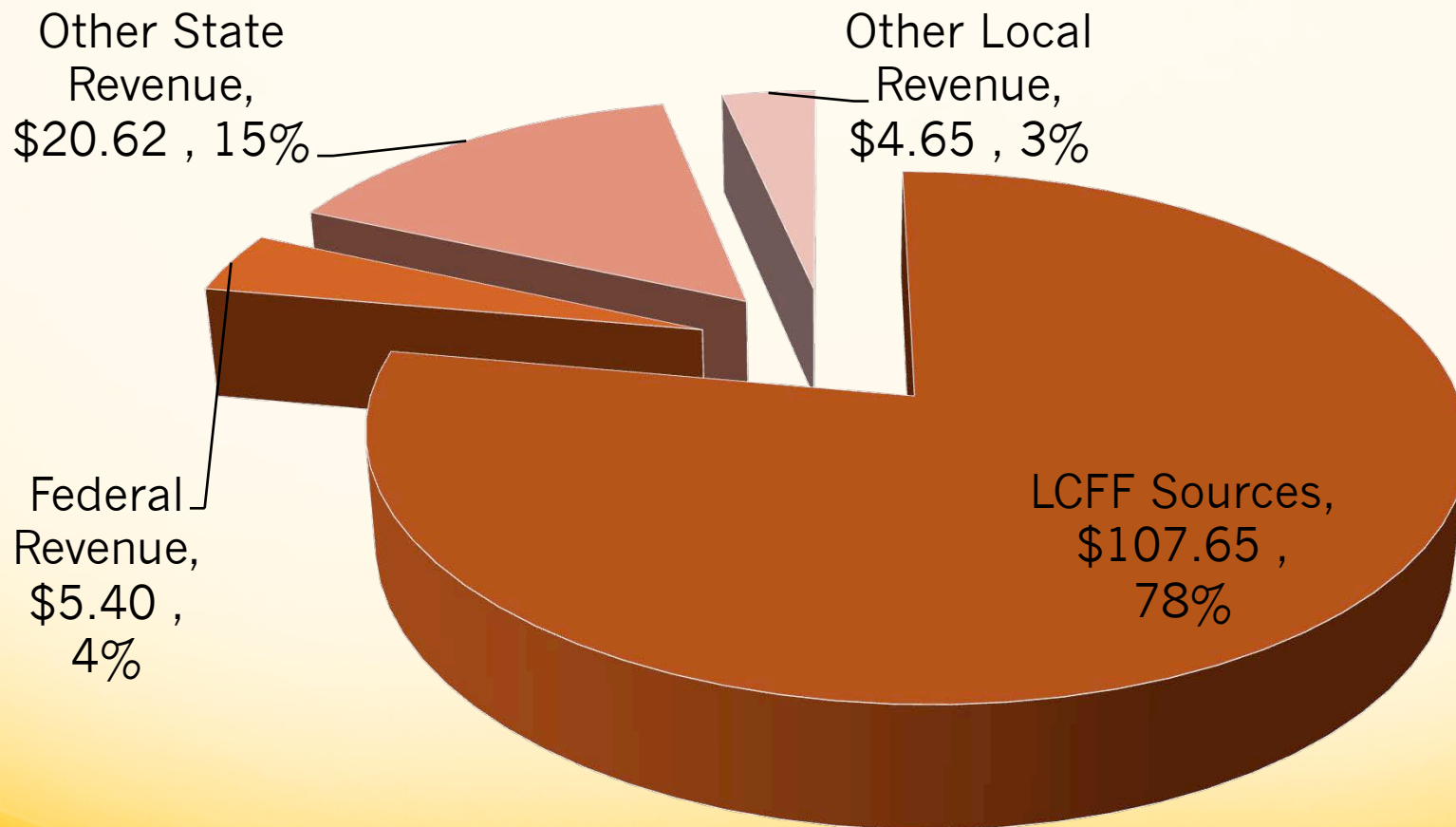
Footnote:

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

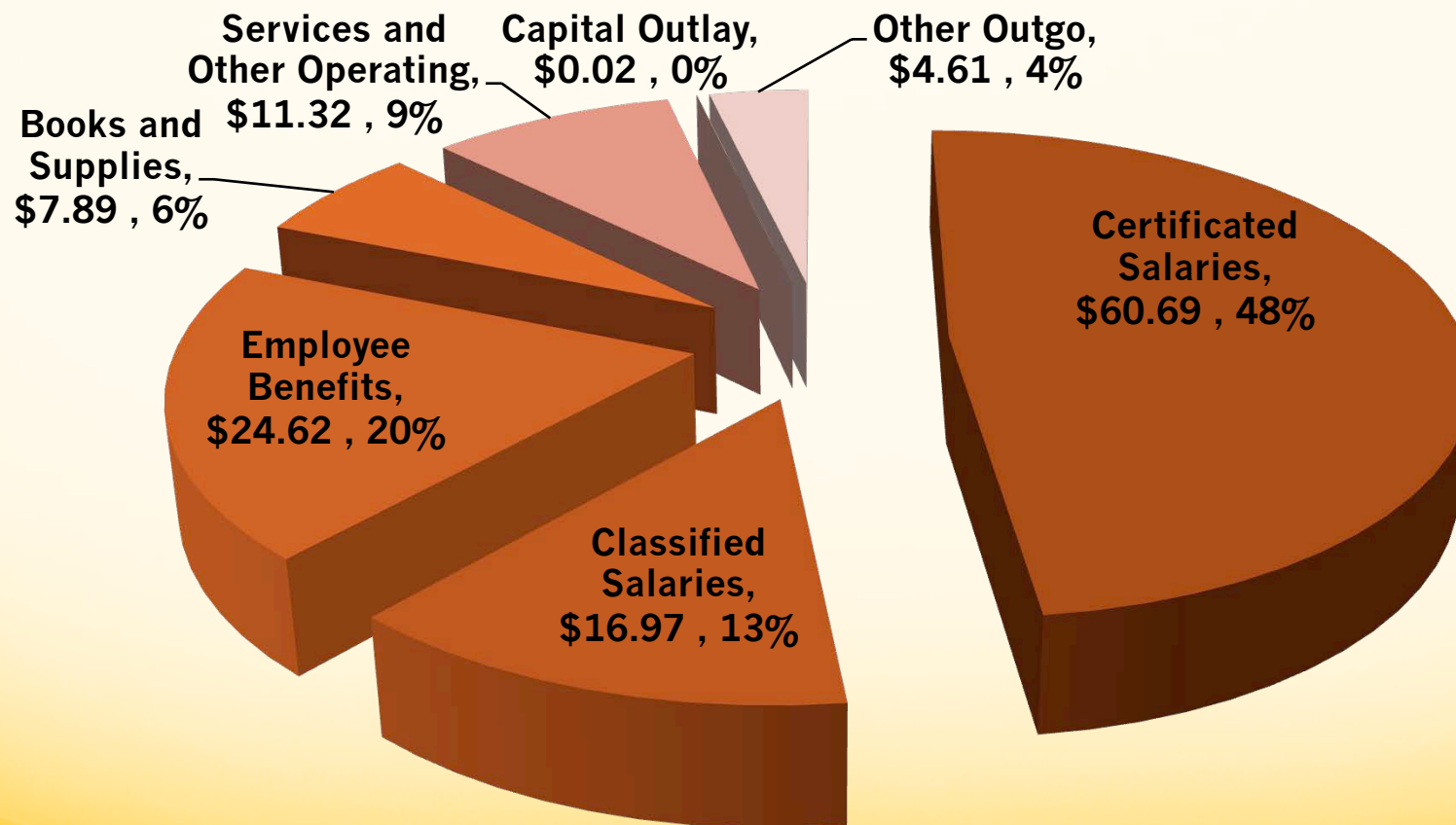
The bar graph shown below illustrates the loss of District Base Funding (LCFF) to be estimated at \$8.7 million over a three-year period.



General Fund (2015-16)
Unrestricted & Restricted Revenues: \$138,314,980
(Amounts shown in millions)



General Fund (2015-16)
Unrestricted & Restricted Expenditures: \$126,112,732
(Amounts shown in millions)



2015-16 State Budget Updates

- California unemployment rate has declined to 6.3% as of April 2015.
- State of California, expected to spend \$50.45 billion in 2015-16 on K-12 education, \$4.99 billion over last fiscal year.

State Revenues

July - April 2015

(in millions)

Revenue Source	Actual Revenues	Budget Act	Budget Act Over (Under)
Corp Tax	7,375.20	7,128.24	246.95
Personal Inc. Tax	61,851.77	59,173.99	2,677.78
Retail Sales & Use Tax	17,768.87	17,353.32	415.55
Other Revenues	3,161.45	3,113.61	47.84
<u>Non-Revenue</u>	<u>1,833.98</u>	<u>1,869.04</u>	<u>(35.06)</u>
Total Receipts	91,991.27	88,638.20	3,353.07

State Disbursements

July - April 2015

(in millions)

Program	Actual Disbursements	Budget Act	Budget Act Over (Under)
Local Assistance	72,921.99	71,711.29	1,210.70
State Operations	26,689.39	26,828.33	(138.94)
Other	2,190.76	2,153.30	37.46
Total	101,802.14	100,692.92	1,109.22

Fiscal Year: 2015-16

Working Assumptions

Revenues

- COLA 1.02%
- Decline in funded ADA of 279
- LCFF Gap Funding is budgeted at 53.08%
- Updated Lottery for K-12 enrollment decline and loss of ROP/Adult funded ADA

Expenditures

- Reduction in staffing for enrollment decline
- Step, column, and longevity
- Health and Welfare Benefits
- Additional General Fund Contributions

Budget Assumptions for the Next Two Years

Fiscal Year: 2016-17

Working Assumptions

Revenues

- COLA 1.60%
- Decline in funded ADA of 425
- LCFF Gap Funding is budgeted at 37.40%

Expenditures

- Reduction in staffing for enrollment decline
- Step, column, and longevity
- Health and Welfare Benefits
- Additional General Fund Contributions

Fiscal Year: 2017-18

Working Assumptions

Revenues

- COLA 2.48%
- Decline in funded ADA of 258
- LCFF Gap Funding is budgeted at 36.40%

Expenditures

- Reduction in staffing for enrollment decline
- Step, column, and longevity
- Health and Welfare Benefits
- Additional General Fund Contributions

Reserve for Economic Uncertainty

	2015-16	2016-17	2017-18
Minimum Reserve:	\$ 3,783,382	\$ 3,846,243	\$ 3,945,303
Assigned Fund Balance:	10,439,574	15,226,549	21,311,797
Unassigned Fund Balance:	5,279,606	4,889,840	1,901,905

- The additional amount in the District's reserve is consistent with the reserve that Covina-Valley has typically held. This reserve is included to protect the integrity of the budget due to any changes in the corresponding data which would impact the amount of revenue the District receives. This could include variations in ADA or unduplicated percentages which are both factors in the calculation of revenue.

Multi-Year Budget Projections

	Proposed Budget 2015-16	Projected 2016-17	Projected 2017-18
Beginning Fund Balance	\$14,776,207	\$26,978,455	\$31,324,339
Audit Adjustment/Restatement			
Revised Fund Balance	\$14,776,207	\$26,978,455	\$31,324,339
Annual Revenues (includes other financing sources)	\$138,314,980	\$132,553,967	\$134,065,847
Annual Expenditures (includes other financing sources)	\$126,112,732	\$128,208,083	\$131,510,164
Changes in Fund Balance	\$12,202,248	\$4,345,884	\$2,555,683
Projected Ending Fund Balance	\$26,978,455	\$31,324,339	\$33,880,022
I. Unavailable Reserves:	\$7,475,893	\$7,361,707	\$6,721,096
1.) Nonspendable:			
1. Revolving Cash	\$35,000	\$35,000	\$35,000
2. Inventory	\$56,737	\$56,737	\$56,737
2.) Restricted Program Balances	\$7,384,156	\$7,269,970	\$6,629,359
3.) Assigned	\$10,439,574	\$15,226,549	\$21,311,797
II. Total Unrestricted Fund Balance	\$9,062,988	\$8,736,083	\$5,847,129
1.) Reserve for Economic Uncertainty (3%)	\$3,783,382	\$3,846,243	\$3,945,303
2.) Available Reserves (See Footnote)	\$5,279,606	\$4,889,840	\$1,901,826
III. Available Reserves (Unrestricted Fund)	7.19%	6.81%	4.45%

Challenges for the District

Budget Constraints and Challenges

- Full implementation of LCFF Funding Model
 - 15-16 53.08%
 - 16-17 37.40%
 - 17-18 36.74%
- Student Enrollment Decline
- Competing demands for funding
- Unfunded OPEB Liability
 - \$8.4 Million
 - STRS/PERS significantly increasing over the next several years
 - Add'l Contributions
- Affordable Care Act/Sick Leave for All Act
- Sun-setting of Prop. 30
 - Sales Tax 2016
 - Income Tax 2018

STRS and PERS Rates Increase and Projected Additional Expenditures

STRS	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>TOTAL</u>
Old Rate	8.25%	8.25%	8.25%	
New Rate	10.73%	12.58%	14.43%	
Rate Difference	2.48%	4.33%	6.18%	
Add'l Expenditures	<u>\$1,505,083</u>	<u>\$2,636,360</u>	<u>\$3,727,461</u>	<u>\$7,868,904</u>

PERS	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	
Old Rate	11.442%	11.442%	11.442%	
New Rate	11.847%	13.050%	16.000%	
Rate Difference	0.4050%	1.608%	4.558%	
Add'l Expenditures	<u>\$68,726</u>	<u>\$274,916</u>	<u>\$785,114</u>	<u>\$1,128,756</u>

Total Expenditures:	\$8,997,661
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Sections VIII and IX

- Budget Reports
 - Detailed List of Revenues & Expenditures
- State Forms
 - Standardized Accounting Code Structure

Next Steps - Adopted Budget

- Recommend Board approval of Proposed Budget for 2015-16 at the June 22nd Board Meeting.
- Submit reports to LACOE by June 30th

Thank you!
Comments and Questions...