

# First Interim

## 2016-17



**COVINA-VALLEY**  
UNIFIED SCHOOL DISTRICT

*"Success For All!"*

# FIRST INTERIM REPORT and CERTIFICATION

- Districts are required to submit two interim budget reports to determine whether they could 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, 2016

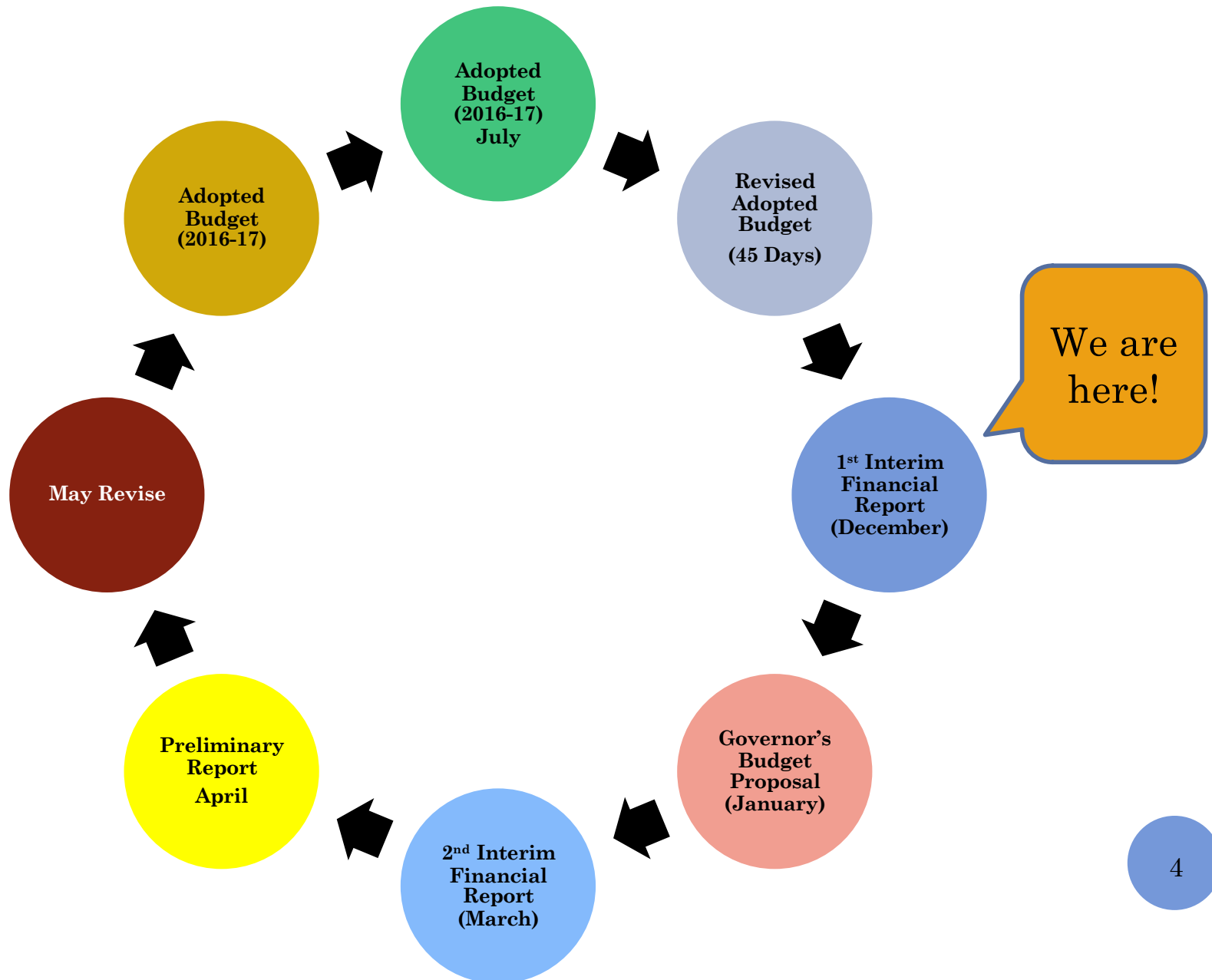
# CERTIFICATION DEFINITION

**POSITIVE** = The district, based on current projections, **will be able** to meet its financial obligations for the current and subsequent two fiscal years

**QUALIFIED** = The district, based on current projections, **may not be able** to meet its financial obligations for the current and subsequent two fiscal years

**NEGATIVE** = The district, based on current projections, **will be unable** to meet its financial obligations for the current and subsequent two fiscal years

# Annual Budget Cycle



# MAJOR CHANGES SINCE BUDGET ADOPTION (IN MILLIONS)

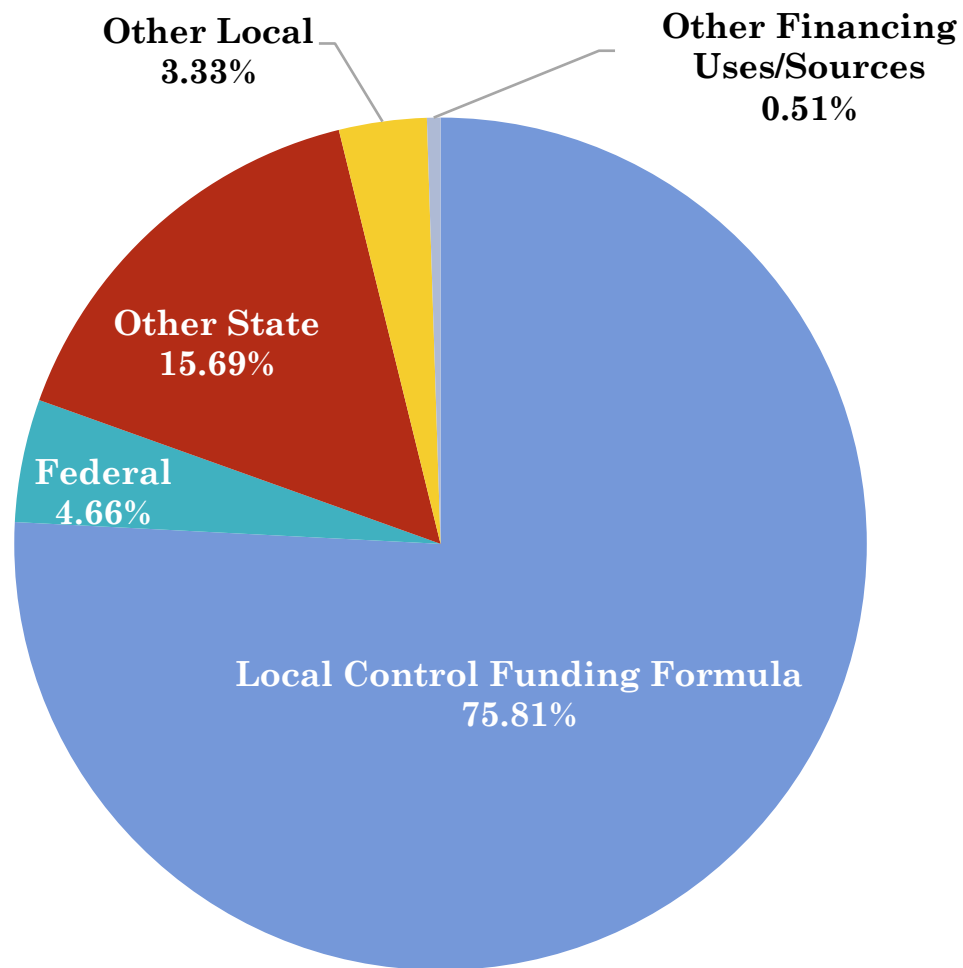
	2016-17	2017-18	2018-19	Cumulative
<b>Revenue</b>				
<b>LCFF Revenue</b>	<b>↑ 0.4 M</b>	<b>↑ 2.9 M</b>	<b>↑ 5.8 M</b>	<b>↑ 9.1 M</b>
<b>GAP %</b>	<b>↓ 0.66%</b>	<b>↓ 0.97%</b>	<b>↓ 0.86%</b>	
<b>Unduplicated %</b>	<b>↑ 1.15%</b>	<b>↑ 1.15%</b>	<b>↑ 1.15%</b>	

# MAJOR CHANGES SINCE BUDGET ADOPTION

## (IN MILLIONS)

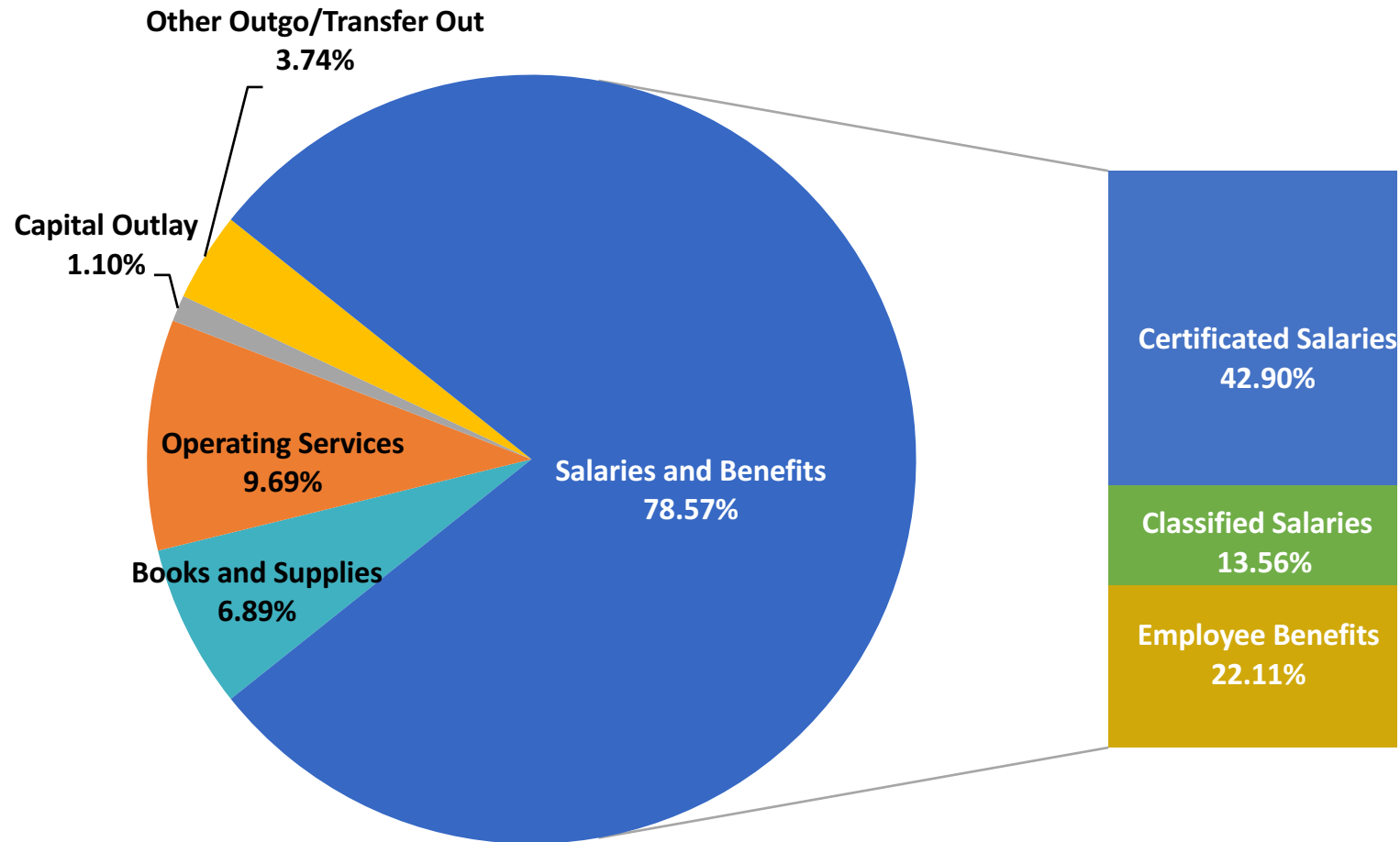
	2016-17	2017-18	2018-19	Cumulative
<b>Expense</b>				
Add 11.63 FTE Inst. Aides – Special Ed.	\$0.45	\$0.45	\$0.45	\$ 1.35
Sub Rate Increase	\$0.23	\$0.23	\$0.23	\$ 0.69
14.4 FTE Certificated Staff – 2016-17 (Due to Enrollment Increase)	\$1.22	\$1.22	\$1.22	\$ 3.66
Supplemental & Concentration Carryover	\$3.32	\$0.00	\$0.00	\$ 3.32
Inactivated 18.0 FTE Certificated Staff – 2017-18	\$0.00	\$1.75	\$1.75	\$ 3.50
Inactivated 11.4 FTE Certificated Staff – 2018-19	\$0.00	\$0	\$1.00	\$ 1.00
Total	\$5.22	\$3.65	\$4.65	\$13.52

# 2016-17 FIRST INTERIM GENERAL FUND REVENUES



**Total Revenues = \$145,900,090**

# 2016-17 FIRST INTERIM GENERAL FUND EXPENDITURES



**Total Expenditures = \$150,369,431**



# MULTI-YEAR GENERAL FUND BUDGET PROJECTIONS

	Adopted Budget	Projected Totals	Projected Totals
	2016-17	2017-18	2018-19
Beginning Fund Balance	\$22,473,545	\$18,004,204	\$10,676,030
Audit Adjustment/Restatement	-	-	-
Revised Fund Balance	\$22,473,545	\$18,004,204	\$10,676,030
Annual Revenues (includes other financing sources)	\$145,900,090	\$143,601,790	\$144,612,642
Annual Expenditures (includes other financing sources)	\$150,369,431	\$150,929,964	\$154,079,646
Changes in Fund Balance	(\$4,469,341)	(\$7,328,174)	(\$9,467,004)
Projected Ending Fund Balance	\$18,004,204	\$10,676,030	\$1,209,026
I. Unavailable Reserves:	\$6,281,866	\$4,639,458	\$3,320,269
1.) Nonspendable:			
a. Revolving Cash	\$35,000	\$35,000	\$35,000
b. Inventory	\$75,000	\$75,000	\$75,000
2.) Restricted Program Balances	\$6,171,866	\$4,529,458	\$3,210,269
3.) Assigned	\$478,343	\$478,343	\$478,343
II. Total Unrestricted Fund Balance	\$11,243,995	\$5,558,229	(\$2,589,586)
1.) Reserve for Economic Uncertainty (3%)	\$4,511,083	\$4,527,899	\$4,622,390
2.) Available Reserves	\$6,732,912	\$1,030,330	(\$7,211,976)
III. Available Reserves (Unrestricted Fund)	7.49%	3.68%	-4.68%

# RESERVE FOR ECONOMIC UNCERTAINTY

	2016-17	2017-18	2018-19
Assigned Fund Balance	478,343	478,343	478,343
Unassigned Fund Balance	11,243,995	5,558,229	(2,589,586)
Minimum Reserve	4,511,083	4,527,899	4,622,390
Reserve Exceeding Minimum Reserve	6,732,912	1,030,330	(7,211,976)

# CERTIFICATION

- Unrestricted General Fund Unassigned Balance will be Negative in 2018-19 for \$7.2 million.
- The District will be unable to meet its financial obligations in year 3, if NOT rectified.

# CHALLENGES

- Structural Deficit – Working Toward Resolution
- Projected Negative Unrestricted General Fund Balances in 2018-19
- Future Funding – Enrollment and Unstable GAP %
- Special Education – Program Needs Increasing
- No revenue source for increasing PERS and STRS increases (need help advocating at the Capitol)

## NEXT STEPS - FIRST INTERIM REPORT

- Board needs to take formal action on adopting First Interim Report
- Recommend approving the report as submitted with a Qualified Certification
- Submit report to LACOE
- Follow plan for Board input / direction to resolve deficit

# Comments or Questions...

