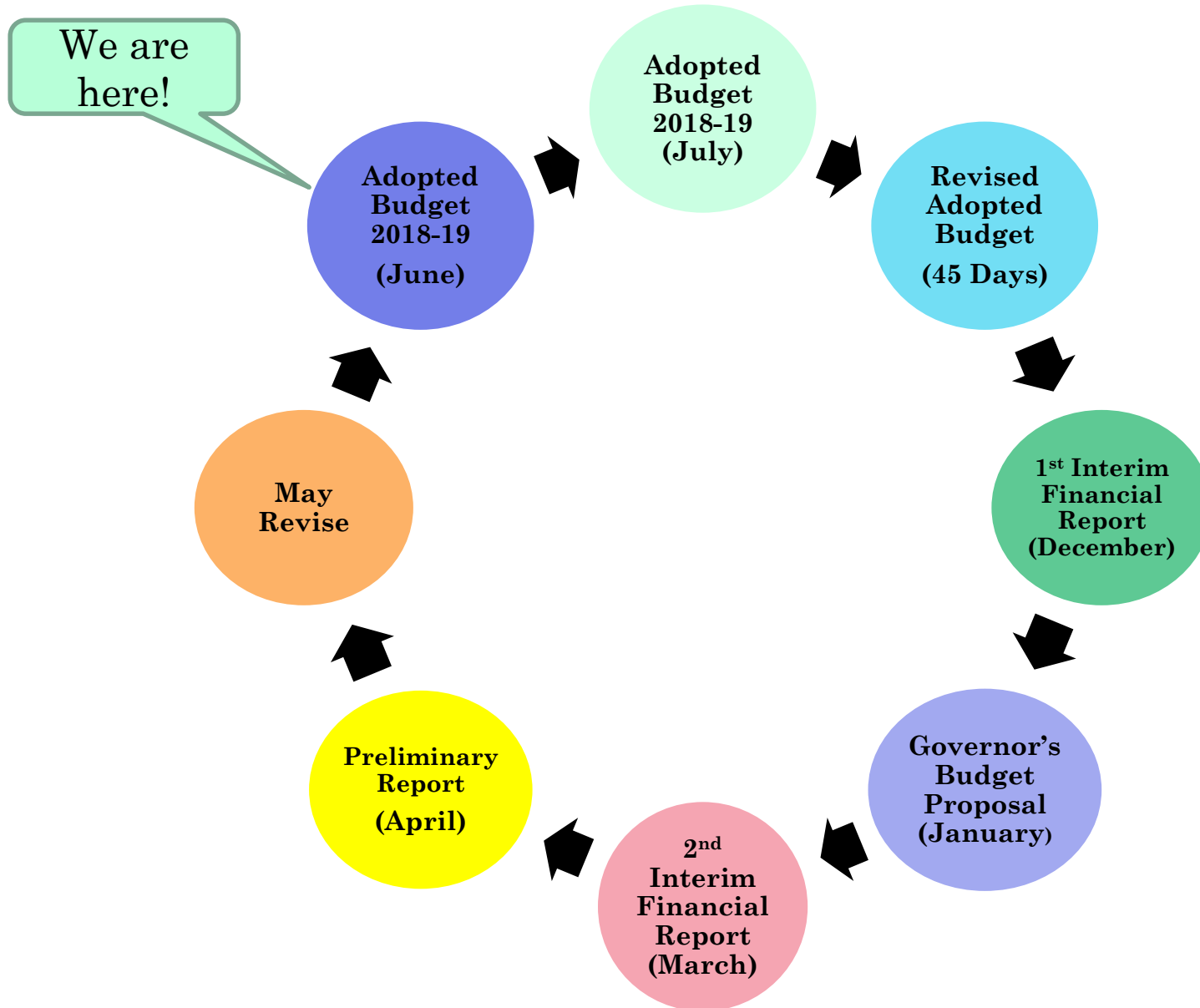


Covina-Valley Unified School District



2018-19 ADOPTED BUDGET

Annual Budget Cycle



LEGAL REQUIREMENTS

- Board action is required for Budget Adoption in accordance with Education Code 42127
- Board Members must authorize an Operating Budget by June 30th of each year
- No later than five days after Adoption or by July 1st, whichever occurs first, the Operating Budget must be filed with the County Superintendent of Schools

2018-19 LOCAL CONTROL FUNDING FORMULA

- The January Budget proposed \$2.9 billion for continued implementation of the LCFF- GAP funding
- May Revision proposes more than \$3.2 billion for continued implementation of the LCFF- GAP funding, \$300 million above the January level
- New funding is estimated to reach full implementation in 2018-19, two years earlier than planned

PROPOSITION 98 STILL GOVERNS THE LEVEL OF FUNDING

- ❑ Recent years have started with low revenue forecasts that got better
 - Over the last five years, multi-billion dollar increases in the Proposition 98 minimum guarantee were common at the May Revision due to the Department of Finance's (DOF) conservative forecasts
 - While tax collections are exceeding the January forecast, analysts believe that the growth in General Fund revenues is due in part to taxpayers shifting income from 2017 to 2018 to take advantage of the new lower federal tax rates
 - In addition, the Governor is still planning for a recession and focused on building reserves and limiting new ongoing obligations
 - Therefore, while the May Revision shows increased General Fund revenues, the growth to Proposition 98 is minimal

JANUARY BUDGET VS. MAY REVISION

Item	January Budget	May Revision
LCFF Gap Funding	100.00%	100.00%
Proposition 98 Minimum Funding Guarantee		
2016-17	\$71.4 billion	\$71.6 billion
2017-18	\$75.2 billion	\$75.6 billion
2018-19	\$78.3 billion	\$78.4 billion
2018-19 COLA	2.51%	2.71%
One Time Discretionary Funds for 2018-19	\$1.8 billion \$295 per ADA	\$2.02 billion \$344 per ADA

COVINA-VALLEY USD

2018-19 GENERAL FUND BUDGET ASSUMPTIONS

- Local Control Funding Formula
 - › LCFF at full implementation
 - › COLA updated to 3.00%
 - › Unduplicated pupil count at 69.60%

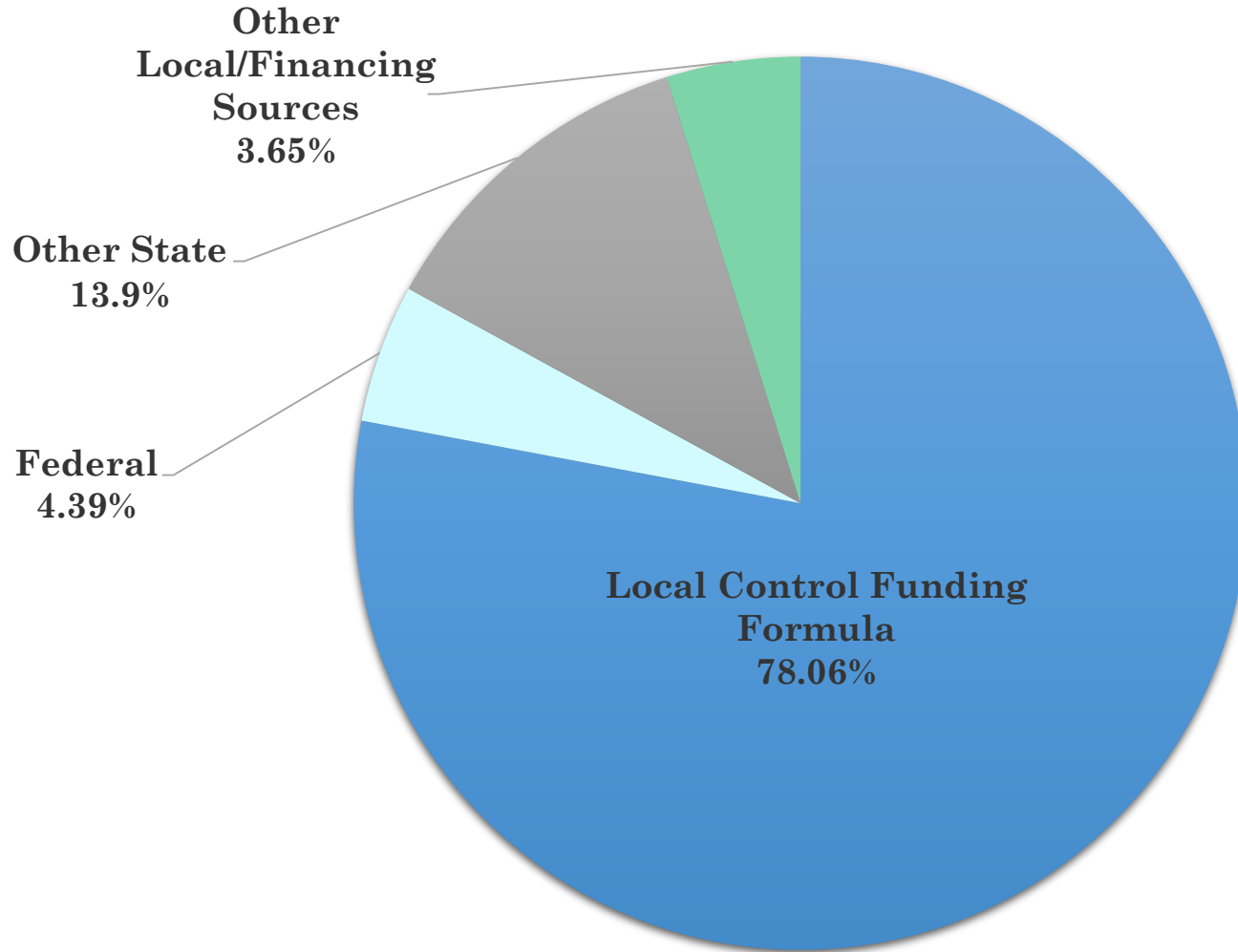
- Projected enrollment decline
 - › 300 - 2018/19 through 2020/21 (100 each year)

- Federal, State, and Local
 - › Contracted salary agreement not settled
 - › Health and Welfare 6.5% increase
 - › STRS and PERS Increases
 - › 3% RRM contribution implemented 2020-21
 - › Potential budget revisions

MAJOR CHANGES SINCE THE SECOND INTERIM (IN MILLIONS)

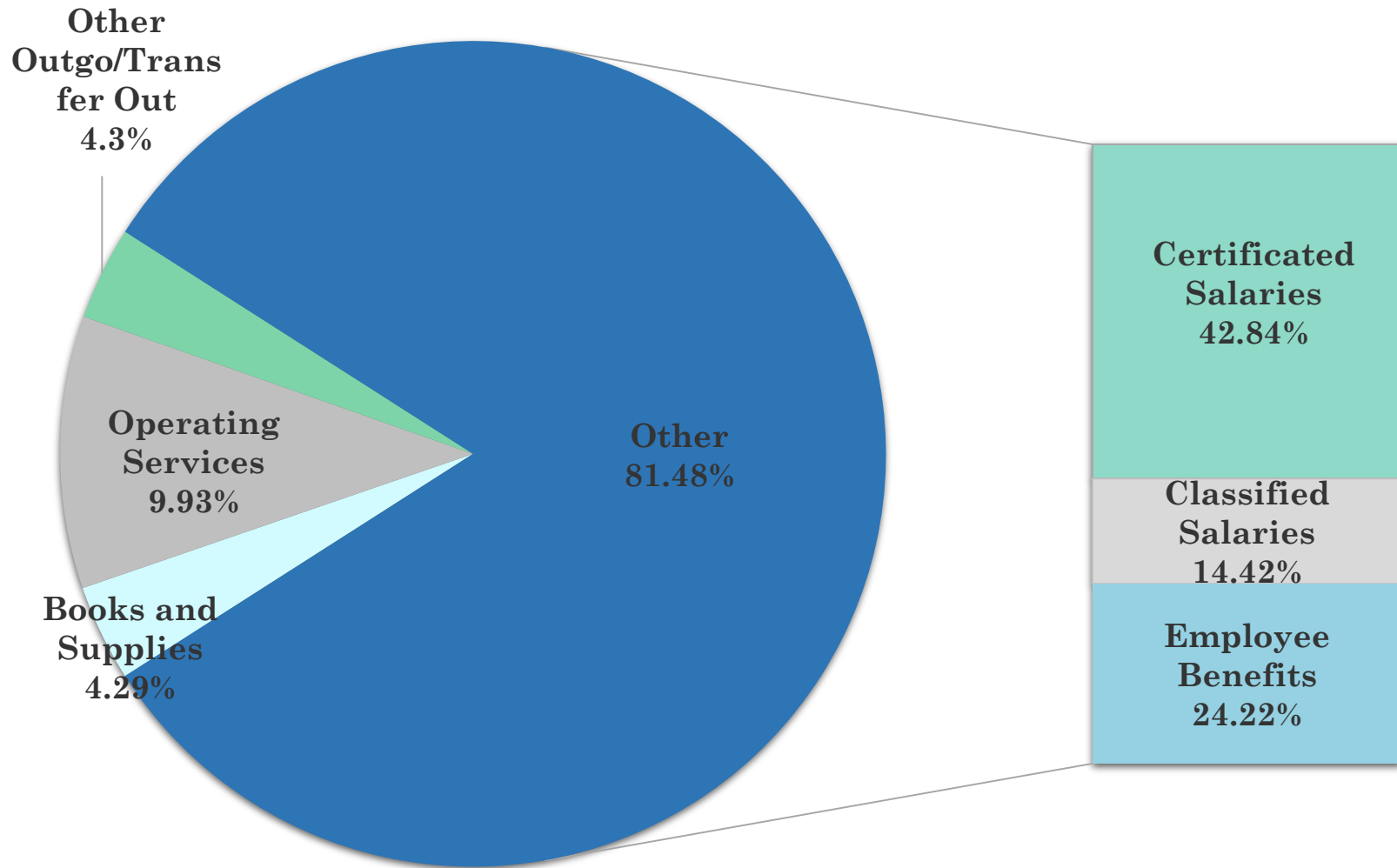
(Cost Increase)/Savings	2018-19	2019-20	2020-21	Cumulative
LCFF Funding Variables	(\$0.06)	\$0.76	\$0.63	\$1.33
Increase in lease revenue - Goals	\$0.07	\$0.07	\$0.07	\$0.20
Increase for Child Nutrition negative balances transfer	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.18)
Decrease in OFL revenue	(\$0.91)	(\$0.91)	(\$0.91)	(\$2.73)
Increase in Special Ed contribution	(\$0.38)	(\$0.38)	(\$0.38)	(\$1.14)
18-19 One-Time Funding	\$0.54	\$0.00	\$0.00	\$0.54
Lowered H&W from 9.5% to 6.5%	\$0.00	\$0.36	\$0.78	\$1.14

2018-19 ADOPTED BUDGET GENERAL FUND REVENUES



Total Revenue = \$150,778,069

2018-19 ADOPTED BUDGET GENERAL FUND EXPENDITURES

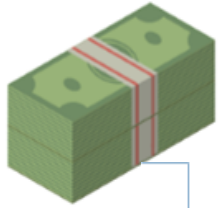


Total Expenditures = \$152,196,223

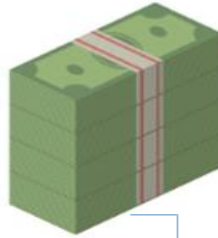
MULTI-YEAR GENERAL FUND BUDGET PROJECTIONS

	Adopted Budget 2018-19	Projected Budget 2019-20	Projected Budget 2020-21
Beginning Fund Balance	\$28,350,153	\$26,931,999	\$20,491,704
Audit Adjustment/Restatement	-	-	-
Revised Fund Balance	\$28,350,153	\$26,931,999	\$20,491,704
Annual Revenues (includes other financing sources)	\$150,778,069	\$149,364,239	\$151,466,371
Annual Expenditures (include other financing uses)	\$152,196,223	\$155,804,534	\$159,482,569
Changes in Fund Balance	(\$1,418,154)	(\$6,440,295)	(\$8,016,198)
Projected Ending Fund Balance	\$26,931,999	\$20,491,704	\$12,475,506
I. Unavailable Reserves:	\$6,062,512	\$5,541,430	\$7,019,109
1.) Nonspendable:			
a. Revolving Cash	\$35,000	\$35,000	\$35,000
b. Inventory	\$24,000	\$24,000	\$24,000
c. Prepaid Expenditures	\$1,142,940	\$498,572	-
2.) Restricted Program Balances	\$4,860,572	\$4,983,858	\$6,960,109
3.) Assigned	\$827,574	\$664,642	\$664,642
II. Total Unrestricted Fund Balance	\$20,041,913	\$14,285,632	\$4,791,755
1.) Reserve for Economic Uncertainty (3%)	\$4,565,887	\$4,674,137	\$4,784,478
2.) Available Reserves	\$15,476,026	\$9,611,495	\$7,277
III. Available Reserves (Unrestricted Fund)	13.17%	9.17%	3.00%

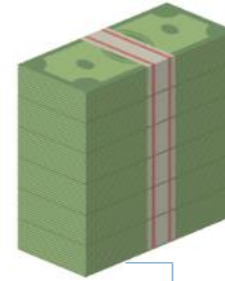
STRS/PERS COSTS THROUGH 2023-24



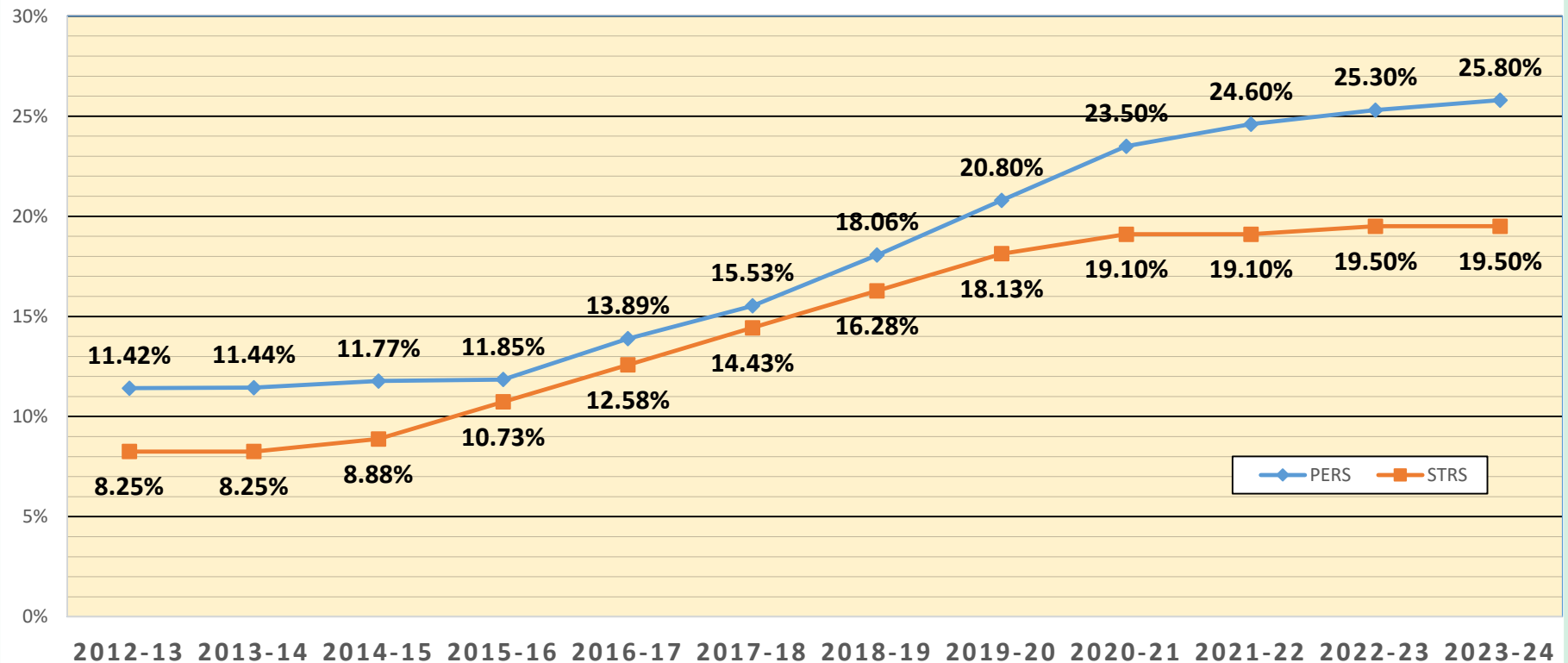
2013-14 \$6.7 Million
\$525 per student



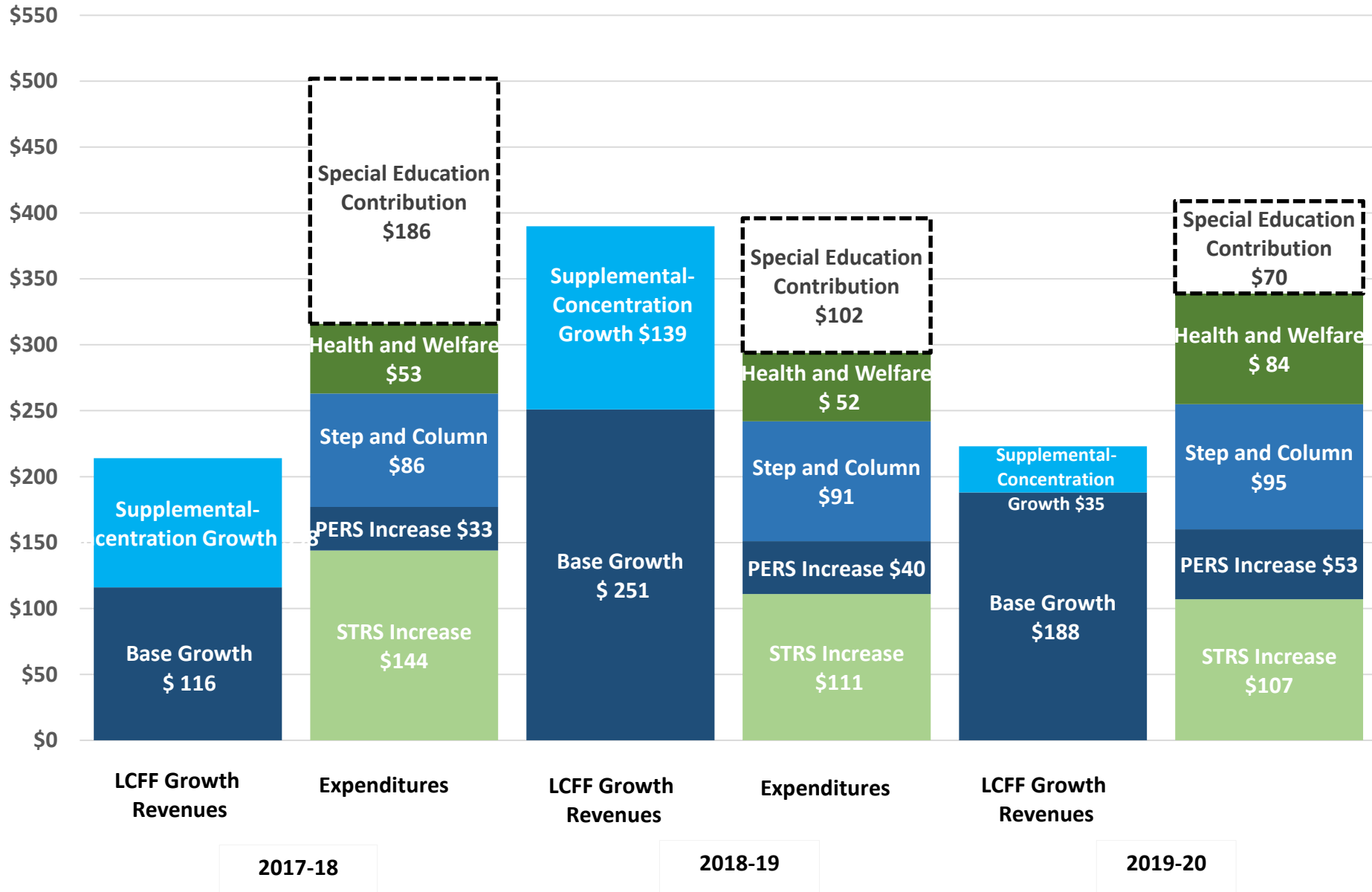
2017-18 \$12.5 Million
\$1,072 per student



2023-24 \$17.5 Million
\$1,605 per student



PER-ADA REVENUE VS. EXPENSES



CHALLENGES

- Structural Deficit - Working Toward Resolution. There is no such thing as a good budget without an adequate reserve
- Projected **slight positive** General Fund Balance in 2020-21 with additional planned expenditure reductions
- Future Funding – Enrollment and limited to COLA
- Special Education Program - Continual increases
- Routing Restricted Maintenance Reserve - 3% (2020-21) \$1.6 million increase
- No Revenue source for STRS and PERS increases
- Health and welfare ongoing increases

OTHER FUNDS – PROJECTED TOTALS 2018-19

(IN MILLIONS)

	Fund 10 Special Education Pass- Through	Fund 11 Adult Education	Fund 12 Child Development □	Fund 13 Cafeteria	Fund 21 Building	Fund 25 Capital Facilities	Fund 40 Special Reserve for Capital Outlay	Fund 67 Self Insurance
Beginning Fund Balance	\$0.01	\$2.41	\$0.27	\$4.91	\$15.19	\$0.98	\$1.49	\$0.98
Revenue	\$60.10	\$4.77	\$2.73	\$5.99	\$12.15	\$0.10	\$0.00	\$17.94
Expenditure	\$60.09	\$3.87	\$2.64	\$7.55	\$24.57	\$0.40	\$0.00	\$17.94
Other Financing Sources/Uses	\$0.00	\$0.00	(\$0.10)	\$0.11	\$0.00	\$0.00	\$0.70	\$0.00
Ending Fund Balance	\$0.02	\$3.31	\$0.26	\$3.46	\$2.77	\$0.68	\$2.19	\$0.98

Comments or Questions...

