Proposed 2013-14 Budget for Adoption



Covina-Valley Unified School District

"Creating Extraordinary Futures"

June 26, 2013 Board Meeting

Presenters

Dr. Catherine Nichols, Superintendent

David A. Rivera, Chief Business Officer

Mary Perea, Director of Fiscal

Manuel Correa,
Assistant Director of Fiscal



Table of Contents for Budget Report

- Legal requirements for Budget Adoption
- Requirements to disclose financial information
- Budget assumptions

Legal Requirements

- Board members must authorize an operating budget by June 30th of each year
- Los Angeles County Office of Education
 - CDE designee to approve the District Budget

Disclosure Requirements

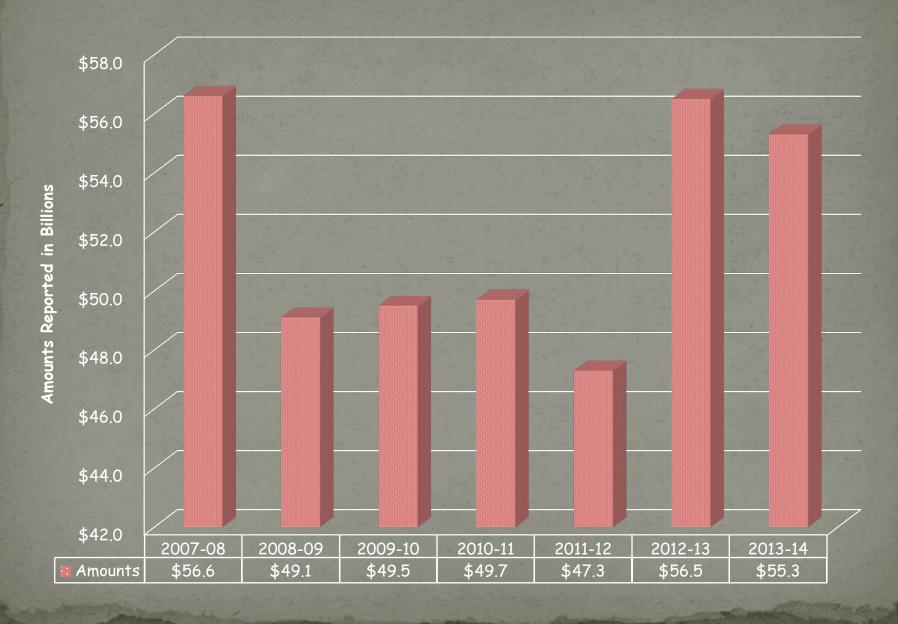
- Provide narrative disclosures of budget assumptions utilized in projections (Section I)
 - Follow the guidelines provided by LACOE and School Services of California
- Prepare supplemental documents outlining budget details (Sections II through V)
- Provide multi-year projection (Section VI)
 - Covering periods 2014-15 and 2015-16
- Budget reports (Section VII)
- State forms (SACS) (Section VIII)

Financial Trends and Analysis

Governor's May Revise Update

- Reflects California's most stable footing in a decade
- State has experienced multi-billion dollar increase in current-year cash receipts over the past four months
- For 2013-14, Prop. 98 guarantee is projected to increase by \$2.9 billion
 - A portion is believed to be one-time and not sustainable
- For 2013-14, Prop. 98 guarantee is projected to decrease by \$1 billion

K-14 Proposition 98 Minimum Funding Guarantee



State Revenue Forecast for 2013-14

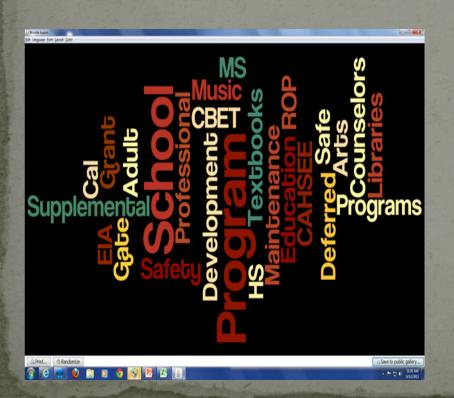
(Amounts Reported in Billions)



Education Funding Reform

Existing Model

- ADA x Base Revenue Limit
- Flexibility on use of 20 Program Funds



New Model "LCFF"

- Consolidates and simplifies education funding
- Governor intends priorities to be set at local level
- Promise to restore funding to 2007-08 level over 8 Years

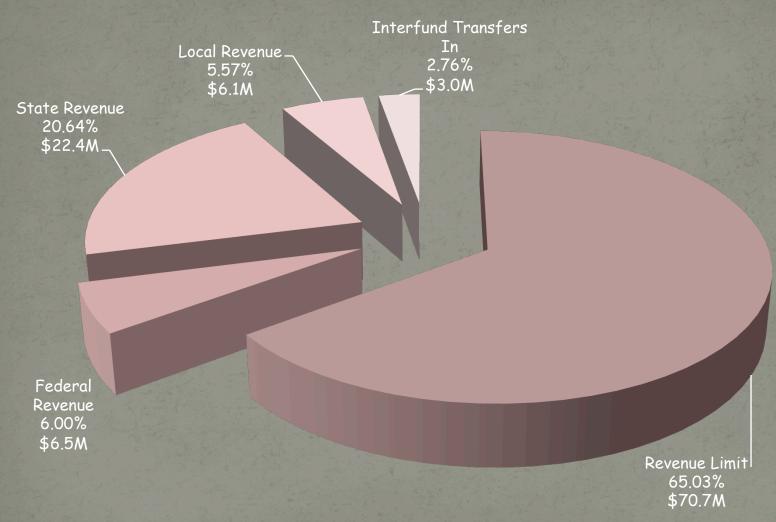


Developing District Budget

Los Angeles County Office of Education Guidance

- Use Old Method in calculating revenues for Adopted Budget
- Projections exclude anticipated revenues for the Local Control Funding Formula, Prop 39 and Common Core Program
- Funding Reform Promises to increase per-student funding base by several thousands of dollars
 - Full implementation planned over 8 years
 - Aggressive COLA's to meet funding targets

Revenue Projections: \$108,723,795



Expenditure Projections: \$111,201,905



Fiscal Year: 2013-14 Working Assumptions

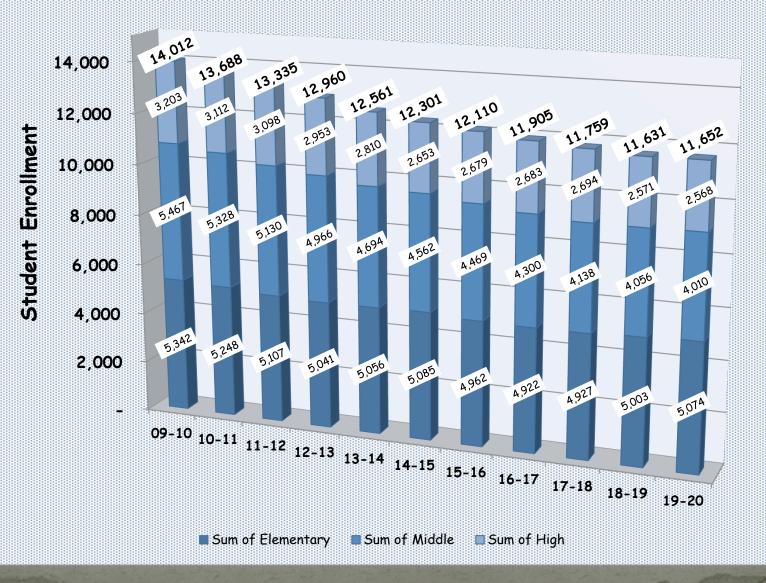
Revenues

- 1.565% COLA or \$106/ADA
- Deficit factor of 18.997%
 Reduced from 22.272% in 2012-13
- Net per student funding
 \$5,538
 Per ADA increase of \$306
- Enrollment decline of 399 students
- Updated Lottery and CSR for enrollment decline
- Increase of Mandated Block Grant funding

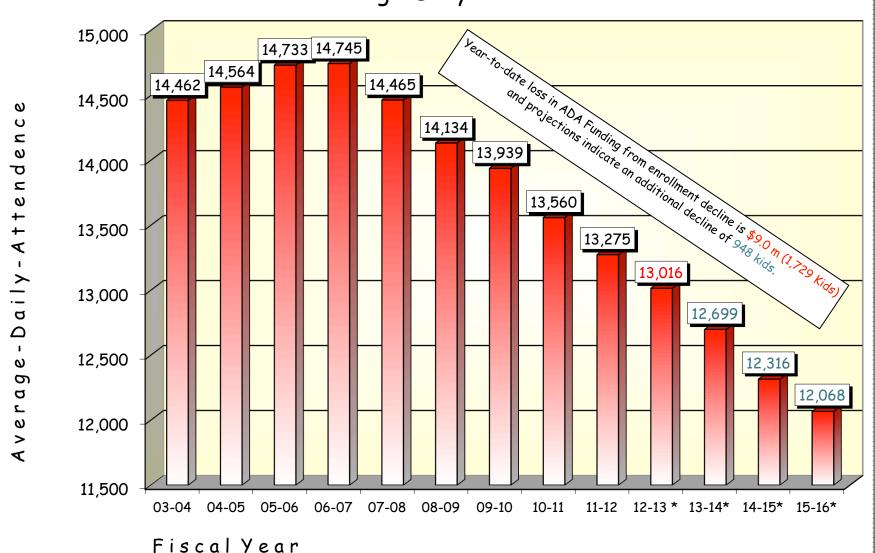
Expenditures

- Reduction in staffing for enrollment decline
- Step, Column and Longevity
- Health and Welfare Costs
 Same as 2012-13 but excludes one-time adjustments for Holiday Credit and use of Health and Welfare Fund Balance
 - Contributions for 2013-14 are subject to negotiations
- Retired in 2012-13 early retirement incentive from 2007-08
- Increase of utilities cost
- Continue with flexibility transfers

Covina-Valley Unified School District Enrollment Data for Grades K-12







Budget Assumptions for Next Two Years

Fiscal Year: 2014-15 Working Assumptions

Revenues

- COLA 1.80% or \$123/ADA
- Deficit factor of 18.997%
- Net per student funding \$5,638
 - Per ADA increase of \$100
- Enrollment decline of 260
- Updated Lottery and CSR for enrollment decline

Expenditures

- Reduction in staffing for enrollment decline
- Step, column and longevity
- Recognized savings from attrition (Retirements)
- Health and Welfare Benefits
 Contributions are subject to negotiations
- Increase of utilities cost
- Reduction of prior year board election costs
- Reduction of SELPA charges
- Additional General Fund Contributions

Fiscal Year: 2015-16 Working Assumptions

Revenues

- COLA 2.2% or \$153/ADA
- Deficit factor of 18.997%
- Net per student funding
 \$5,762
 Per ADA increase of \$124
- Enrollment decline of 191
- Updated Lottery and CSR for enrollment decline

<u>Expenditures</u>

- Increase in Special Ed staffing
- Step, Column and Longevity
- Health and Welfare Benefits
 Contributions are subject to negotiations
- Increase of utilities cost
- Board election costs
- Additional General Fund Contributions

Multi-Year Budget Projections

	Adopted Budget		Projected		Projected	
	2013-14		2014-15		2015-16	
Beginning Fund Balance	\$	16,953,698	\$	14,475,588	\$	10,613,152
Audit Adjustment/Restatement	\$	-	\$	-	\$	-
Revised Fund Balance	\$	16,953,698	\$	14,475,588	\$	10,613,152
Annual Revenues (includes other financing sources)	\$	108,723,795	\$	107,813,911	\$	107,905,510
Annual Expenditures (includes other financing sources)	\$	111,201,905	\$	111,676,347	\$	113,143,125
Changes in Fund Balance	\$	(2,478,110)	\$	(3,862,436)	\$	(5,237,615)
	_	14 475 500		10 110 150		
Projected Ending Fund Balance	\$	14,475,588	\$	10,613,152	\$	5,375,537
I. Unavailable Reserves:	<u> \$ </u>	3,730,321	_\$_	4,231,777	_\$_	4,725 <u>,</u> 374
1.) Nonspendable:						
1. Revolving Cash	\$	35,000	\$	35,000	\$	35,000
2. Inventory	\$	56,737	\$	56,737	\$	56,737
2.) Restricted Program Balances	\$	3,078,584	\$	3,330,040	\$	3,573,637
3.) Assigned	\$	560,000	\$	810,000	\$	1,060,000
II. Total Unrestricted Fund Balance	\$	10,745,268	\$	6,381,375	\$	650,164
1.) Reserve for Economic Uncertainty (3%)	\$	3,376,246	\$	3,390,480	\$	650,164
2.) Available Reserves (Unrestricted)	\$	7,369,021	\$	2,990,895	\$	(2,782,435)
III. Available Reserves (Unrestricted Fund)	-	6.67%	_	2.89%		(2.2%)

SELPA Administrative Unit (Fund 01.1)

State Forms Consolidated General						
Fund (01.0) and SELPA Funds (01.1)	Adopted Budget		Projected		Projected	
	2013-14		2014-15		2015-16	
Beginning Fund Balance	\$	2,591,050	\$	2,721,417	\$	2,851,784
Audit Adjustment/Restatement	\$	-	\$	-	\$	-
Revised Fund Balance	\$	2,591,050	\$	2,721,417	\$	2,851,784
Annual Revenues (includes other financing sources)	\$	1,469,763	\$	1,469,763	\$	1,469,763
Annual Expenditures (includes other financing sources)	\$	1,339,396	\$	1,339,396	\$	1,339,396
Changes in Fund Balance	\$	130,367	\$	130,367	\$	130,367
Projected Ending Fund Balance	\$	2,721,417	\$	2,851,784	\$	2,982,151
Restricted Fund Balance	\$	2,721,417	\$	2,851,784	\$	2,982,151

Challenges for the District



Cash Flow Projections

- 2012-13
 - External borrowing through TRAN's
 - Mid-Year \$13.9 million
 To be repaid July and August of 2013
- 2013-14
 - External borrowing through TRAN's
 - \$6.05 million

To be drawn down July 2013 and repaid January 2014

Interim Solutions to Offset Budget Reductions

(Tier Flexibility)

Interim Solutions to Offset Budget Reductions

			Program
Program	G	rant Amount	Closed
06258 Physical Education Grant	\$	88,053	No
06350 ROP Program	\$	898,586	No
06405 School Safety	\$	215,248	No
07055 CAHSEE	\$	144,046	No
07080 School Counseling	\$	453,197	No
07140 GATE	\$	94,821	No
07156 Instructional Materials Fund	\$	809,148	No
07271 PAR	\$	53,198	No
07294 Math and Reading	\$	103,214	No
07390 Pupil Retention	\$	41,518	No
07392 Teacher Credentialing	\$	30,395	No
07393 Professional Development Block Grant	\$	548,904	No
07394 Targeted Instructional Improvement	\$	860,713	No
07395 School and Library Improvement Grant	\$	737,046	No
06760 Arts and Music Block Grant	\$	195,889	No
07325 Administrator Training Program	\$	16,972	No
11.0 Adult Education	\$	5,230,530	No
06285 Community-Based English Tutoring	\$	51,085	No
06092 Cal-Safe	\$	165,230	No
14.0 Deferred Maintenance	\$	611,617	No



Next Steps.... Adopted Budget

 Recommend Board authorization of Proposed Budget for 2013-14

Submit reports to LACOE by June 30th

Board of Education Comments and Questions...