



Evergreen School District

From strong roots grow bright futures

DATE: December 14, 2017

TO: Katherine Gomez, Superintendent and
The Board of Trustees

FROM: Nelly Yang – Chief Business Officer 

SUBJECT: Approval of First Interim Report – Fiscal Year 2017-18

The First Interim Report reflects a “Qualified Certification.” Based on current projections, Evergreen School District will be able to meet its financial obligations for the current fiscal year and 2018-19 fiscal year, but will not be able to meet its financial obligation in 2019-20 fiscal year.

The District started the 2017-18 school year with an available unrestricted reserve of \$13.1 million. Based on the current projections, which included October Board approved Fiscal Stabilization Options, the District will use \$3.54 million in current year, \$5.16 million in 2018-19 and \$11.87 million in 2019-20. In order to meet the minimum 3% reserve requirement, the reserve shortage in 2019-20 will be \$3.94 million. The major difference since October is the inclusion of the additional special education excess cost of \$1.42 million in 2017-18 and status quo for the future two years.

The major assumptions of this report are:

Revenue Assumptions

- Declining enrollment projection: 2017-18 reduce 420 students, 2018-19 reduce 439 students, 2019-20 reduce 430 students
- LCFF revenue projection based on Department of Finance enacted state budget revenue projected funding GAP:
 - 2017-18 at 43.19%
 - 2018-19 at 66.12%
 - 2019-20 at 64.92%
- 2017-18 one time discretionary funds \$147 per ADA; \$1.68 million

- Parcel Tax ends on 6-30-2019
- Revenue contribution to Routine Restricted Maintenance Account (RRMA) at 2014-15 contribution level (\$2.66M), 2018-19 & 2019-20 at 2.45% of general fund expenditures (\$2.9M)
- Federal, State and Local carryovers are included

Expenditure Assumptions

- Reduction of students
 - 2017-18 reduce 420 students; reduce 10 FTE teachers
 - 2018-19 reduce 439 students; reduce 14 FTE teachers
 - 2019-20 reduce 430 students; reduce 14 FTE teachers
- \$678,231 step/column salary increases for all groups
- Salary increase status quo (subject to negotiation)
- Health benefits 5% increase in each future year
- Proportionality requirement met, spend supplemental grant for students in need
- Special education excess cost: 2017-18 actual rate as 11-15-17; future rate status quo (subject to countywide re-benching process)
- Increase retirement contributions for STRS and PERS
 - 2017-18 STRS @ 14.43%; PERS @ 15.531%
 - 2018-19 STRS @ 16.28%; PERS @ 18.10%
 - 2019-20 STRS @ 18.13%; PERS @ 20.8%

Since the District will not be able to meet the minimum reserve requirement of 3% in 2019-20. We will need to address projected \$3.94 million reserve shortage in a timely manner

RECOMMENDATION:

It is recommended that the Board of Trustees approve the First Interim Report.

Attachment

A	B October Budget (Board approved Fiscal Stabilization Options included)			C 1st Interim Budget			D VARIANCE				
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Note	Restricted	Note	Total Variance
							Variance		Variance		
1 Revenue Detail											
2 LCFF	94,394,222	-	94,394,222	94,394,222	-	94,394,222	-		-		-
3 Federal Revenue	-	4,004,786	4,004,786	-	4,039,544	4,039,544	-		34,758	1	34,758
4 Other State Revenue	3,769,072	6,118,468	9,887,540	3,769,072	6,160,420	9,929,492	-		41,952	1	41,952
5 Other Local Revenue	3,427,745	2,229,973	5,657,718	3,427,745	2,229,973	5,657,718	-		-		-
6 Total Revenue	101,591,039	12,353,227	113,944,266	101,591,039	12,429,937	114,020,976	-		76,710		76,710
7 Expenditure Detail											
8 Certificated	50,294,999	6,135,895	56,430,894	50,131,827	6,226,589	56,358,416	(163,172)	2	90,694	2	(72,478)
9 Classified	8,126,738	3,148,223	11,274,961	8,099,734	3,141,799	11,241,533	(27,004)	3	(6,424)	3	(33,428)
10 Employee Benefits	24,334,167	8,506,991	32,841,158	24,298,860	8,610,889	32,909,749	(35,307)	3	103,898	3	68,591
11 Books & Supplies	2,376,955	2,535,006	4,911,961	2,538,696	2,553,924	5,092,620	161,741	3	18,918	3	180,659
12 Services, Other Operating	4,091,153	4,371,884	8,463,037	4,014,916	4,456,335	8,471,251	(76,237)	3	84,451	3	8,214
13 Capital Outlay	-	-	-	9,800	-	9,800	9,800		-		9,800
14 Other Outgo	784,600	1,557,369	2,341,969	784,600	2,977,319	3,761,919	-		1,419,950	4	1,419,950
15 Direct Support/Indirect	(255,770)	151,613	(104,157)	(249,737)	145,580	(104,157)	6,033		(6,033)		-
16 Total Expenditures	89,752,842	26,406,981	116,159,823	89,628,697	28,112,435	117,741,132	(124,146)		1,705,454		1,581,308
17 Excess(Deficiency)	11,838,197	(14,053,754)	(2,215,557)	11,962,342	(15,682,498)	(3,720,156)	124,146		(1,628,744)		(1,504,598)
18 Other Financing Sources/Uses											
19 Transfers In	-	-	-	-	-	-	-		-		-
20 Transfers Out	-	-	-	-	-	-	-		-		-
21 Other Sources	-	-	-	-	-	-	-		-		-
22 Other Uses	-	-	-	-	-	-	-		-		-
23 Contributions	(14,087,014)	14,087,014	-	(15,506,964)	15,506,964	-	(1,419,950)	4	1,419,950	4	-
24 Total Other Sources/Uses	(14,087,014)	14,087,014	-	(15,506,964)	15,506,964	-	(1,419,950)		1,419,950		-
25 Net Inc/Dec to Fund Balance	(2,248,817)	33,260	(2,215,557)	(3,544,622)	(175,534)	(3,720,156)	(1,295,804)		(208,794)		(1,504,598)
26 Beginning Balance	21,736,909	2,778,106	24,515,015	21,736,909	2,778,106	24,515,015	-		-		-
27 Ending Balance	19,488,091	2,811,366	22,299,457	18,192,287	2,602,572	20,794,859	(1,295,804)		(208,794)		(1,504,598)
28 Components of Ending Fund Balance											
29 Revolving Cash	15,000	-	15,000	15,000	-	15,000	-		-		-
30 Stores	39,664	-	39,664	39,664	-	39,664	-		-		-
31 Prepaid Expenditures	1,236,417	-	1,236,417	1,236,417	-	1,236,417	-		-		-
32 Restricted	-	2,811,366	2,811,366	-	2,602,572	2,602,572	-		(208,794)		(208,794)
33 Committed	3,000,000	-	3,000,000	3,000,000	-	3,000,000	-		-		-
34 Other Assigned	-	-	-	-	-	-	-		-		-
35 Reserve for Economic Uncertainty	3,465,843	-	3,465,843	3,532,234	-	3,532,234	66,391		-		66,391
36 Undesignated	11,731,167	-	11,731,167	10,368,972	-	10,368,972	(1,362,195)		-		(1,362,195)
37 Total	19,488,091	2,811,366	22,299,457	18,192,287	2,602,572	20,794,859	(1,295,804)		(208,794)		(1,504,598)
38 Percentage	13.08%			11.81%							

Note : Changes to 1st Interim Projection Report

1. Update Carryover revenues
2. Staff funding change to Restricted Mental Health program
3. Update School sites budget details provided by all sites
4. Update special education excess cost, increase unrestricted contribution

Restricted Fund Balance Detail:

Medi-cal	309,649
California Clean Energy Job Act	361,853
Lottery: Instructional Materials	43,165
Special Ed: Mental Health Serves	1,735,571
RMA Maintenance Account	52,335
Local Donations	100,000
Total	\$2,602,573