



Evergreen School District

From strong roots grow bright futures

DATE: December 13, 2018

TO: Katherine Gomez, Superintendent and
The Board of Trustees

FROM: Mary T. Stark
Consultant

SUBJECT: **Approval of the FY 2018-19 First Interim Report**

The 2018-19 First Interim report of the budget reflects a Positive Certification. Based on current projections, the District will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.

Major assumptions included in the Report are:

General Fund Revenue Assumptions

Declining Enrollment is projected to continue. The revenue entitlement is based upon the prior year's average daily attendance in a "hold harmless" status.

- 2018-19: Local Control Funding Formula (LCFF) revenue is based on hold harmless prior year funded average daily attendance (ADA) of 11,025 due to the District's declining enrollment status;
- 2019-20: LCFF revenue is presented based on an ADA of 10,520 for a projected enrollment count of 10,882 in 2018-19 (the final count may be lower);
- 2020-21: LCFF revenue is presented based on an ADA of 10,155 with the conservative projected reduction of at least 71 ADA from 2019-20

Federal and state funding has been updated to include 2017-18 carryover balances where applicable and updated funding results available on the CA Department of Education (CDE) website or the School Services of California (SSC) dartboard.

The 45 Day revenue revisions previously presented to the Board are included.

Expenditure Assumptions

- The budget and multi-year projections have been updated for the costs of the Evergreen Teacher's Association (ETA) and represented employees collectively bargained agreement with the Board on October 18, 2018.
- Step and column costs have been assumed to be a net 1% for all employee groups.
- Reduction of 5 Certificated positions each year and Classified positions by 2 in 2019-20 and 4 in 2020-21 to reflect continued declining enrollment.

- Health benefits reflect the transition to Self Insured Schools of California (SISC) in 2018-19 and 5% increases in 2019-20 and 2020-21.
- State Teacher's Retirement System (STRS) rates at 16.28%, 18.13% and 19.10%; Public Employees Retirement System (PERS) rates at 18.062%, 20.8% and 23.5%.
- LCAP proportionality requirement per year is met with supplemental grant expenditures.

The 2018-19 beginning fund balance had an available/committed unrestricted reserve of \$21,154,374 including the minimum 3% reserve for economic uncertainty of \$3,457,054 and \$3,000,000 committed as a part of the Board's \$16M plan from April, 2018. The 1st Interim projected ending fund balance available unrestricted reserve is \$23,341,729 and includes an economic uncertainty reserve of \$3,677,721.

The budget and multi-year projections continue to assume the full implementation and resultant savings from the \$16M plan. All items are included.

The report will be submitted to the Santa Clara County Office of Education staff for their full review.

RECOMMENDATION: It is recommended that the Board of Trustees approve the 2018-19 First Interim report as submitted.