


EVERGREEN SCHOOL DISTRICT

DATE: May 9, 2013

TO: Katherine Gomez, Superintendent and
The Board of Trustees

FROM: Nelly Yang – Chief Financial Officer 

SUBJECT: Approval of End of Year Projection Report Fiscal Year 2012-13

Enclosure No. 15
Agenda Item 10.6
Date 5/9/13

Evergreen School District presented a "Qualified Certification" in its Second Interim Report meaning the District may not meet its financial obligations for the two subsequent fiscal years. Per Ed Code 42131 (e), the District is required to submit an End of Year Projection Report by June 1, 2013 to the County Office of Education. Per a letter dated April 15, 2013 from the Santa Clara County Office of Education, the District must provide a "Fiscal Solvency Plan" addressing the fiscal conditions that resulted in the determination that the District may not be able to meet its financial obligations. This plan is required to be submitted with the District's proposed budget for FY 2013-14.

Based on current projections, the District may not meet its financial obligation for FY 2014-15. There is a deficit of \$1.42 million to meet the minimum required 3% reserve in FY 2014-15

Revenue Assumptions

- Net Revenue Limit Change: 1.08% in FY 2012-13; 1.65% in FY 2013-14; and 2.2% in FY 2014-15
- Mandated Block Grant of \$28 per ADA in FY 2012-13 increasing to \$47 per ADA in FY 2013-14 and FY 2014-15
- Five-year Parcel Tax (Measure T) expires on June 30, 2014
- Continued utilization of State Tier III flexibility
- Federal, State and Local estimated carryover included in FY 2012-13 fund balance
- Federal sequestration cut not included

Expenditure Assumptions

- Enrollment based on a November 2012 demographer's report indicating a reduction of 42 students in FY 2013-2014 resulting in a reduction of 2 teachers

and a reduction of 254 students in FY 2014-15 resulting in a reduction of 10 teachers

- \$1.15 million for Step/Column salary increases in all groups
- Savings from fifteen teacher retirements in FY 2013-14 and five teacher retirements in FY 2014-15
- Savings from leaves/resignations
- No salary increase for all groups
- Health benefits cost increase of 3% in FY 2013-14 and an estimated 5.47% in FY 2014-15
- K-3 class size ratio maintained at 1:24
- Home to School transportation maintained at FY 2012-13 level
- Library service maintained at FY 2012-13 level
- Assistant principals maintained at FY 2012-13 level

The District utilized all available one-time revenues in FY 2011-12. The FY 2012-13 beginning balance had an available unrestricted reserve of \$19.13 million. Based on the current projections, the District will use \$5.2 million in FY 2012-13 and \$5.51 million in FY 2013-14. With the additional projected deficit spending of \$7.60 million in FY 2014-15, the District will not have enough reserves to meet the minimum required 3% reserve in FY 2014-15.

RECOMMENDATION:

It is recommended that the Board of Trustee approve the FY 2012-13 End of Year Projection Report.

Attachments

1	Evergreen School District						as of 4-30-2013					
2	FY 2012-2013											
3	A	B	C	D	E	F	G	H	I	J	K	L
4		FEBRUARY BUDGET UPDATE			APRIL BUDGET UPDATE			VARIANCE				
5		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted Variance B - E	Note	Restricted Variance C - F	Note	Total Variance
6	Revenue Detail											
7	Revenue Limit	65,066,320	844,878	65,911,198	65,066,559	844,878	65,911,437	239		-		239
8	Federal Revenue	-	4,771,966	4,771,966	-	4,759,678	4,759,678	-		(12,288)	1	(12,288)
9	Other State Revenue	11,410,263	3,726,214	15,136,477	11,314,678	3,726,214	15,040,892	(95,585)	2	-		(95,585)
10	Other Local Revenue	2,772,090	3,300,097	6,072,187	2,772,090	3,139,097	5,911,187	-		(161,000)	3	(161,000)
11	Total Revenue	79,248,673	12,643,155	91,891,828	79,153,327	12,469,867	91,623,194	(95,346)		(173,288)		(268,634)
12												
13	Expenditure Detail											
14	Certificated	47,535,411	6,273,869	53,809,280	47,540,754	5,717,944	53,258,698	5,343		(555,925)	4	(550,582)
15	Classified	5,292,367	3,788,998	9,081,365	5,221,427	3,611,742	8,833,169	(70,940)	5	(177,256)	4	(248,196)
16	Employee Benefits	19,803,314	3,851,260	23,654,574	19,739,115	3,830,303	23,569,418	(64,199)	6	(20,957)	4	(85,156)
17	Books & Supplies	1,652,861	2,714,820	4,367,681	1,291,108	2,282,306	3,573,414	(361,753)	7	(432,514)	4	(794,267)
18	Services, Other Operating	2,283,697	4,118,981	6,402,678	2,053,591	4,701,714	6,755,305	(230,106)	8	582,733	4	352,627
19	Capital Outlay	5,000	8,000	13,000	8,500	13,631	22,131	3,500		5,631		9,131
20	Other Outgo	20,467	366,193	386,660	20,467	366,193	386,660	-		-		-
21	Direct Support/Indirect	(307,184)	202,504	(104,680)	(307,154)	202,504	(104,650)	30		-		30
22	Total Expenditures	76,285,933	21,324,625	97,610,558	75,567,808	20,726,337	96,294,145	(718,125)		(598,288)		(1,316,413)
23												
24	Excess/(Deficiency)	2,962,740	(8,681,470)	(5,718,730)	3,585,519	(8,256,470)	(4,670,951)	622,779		425,000		1,047,779
25												
26	Other Financing Sources/Uses											
27	Transfers In											
28	Transfers Out											
29	Other Sources											
30	Other Uses											
31	Contributions	(8,420,959)	8,420,959	-	(8,788,959)	8,788,959	-	(368,000)	9	368,000	9	-
32	Total Other Sources/Uses	(8,420,959)	8,420,959	-	(8,788,959)	8,788,959	-	(368,000)		368,000		-
33												
34	Net Inc/Dec to Fund Balance	(5,458,219)	(260,511)	(5,718,730)	(5,203,440)	532,489	(4,670,951)	254,779		793,000		1,047,779
35												
36	Beginning Balance	21,000,374	2,292,134	23,292,508	21,000,374	2,292,134	23,292,508	-		-		-
37	Ending Balance	15,542,155	2,031,623	17,573,778	15,796,934	2,824,623	18,621,557	254,779		793,000		1,047,779
38												
39	Components of Ending Fund Balance											
40	Revolving Cash	15,000		15,000	15,000		15,000	-		-		-
41	Stores	70,160		70,160	70,160		70,160	(0)		-		(0)
42	Prepaid Expenditures	1,110,290		1,110,290	1,110,290		1,110,290	(0)		-		(0)
43	Restricted		2,031,623	2,031,623		2,824,623	2,824,623	-		793,000	10	793,000
44	Other Assigned	-		-	300,000		300,000	300,000	7	-		300,000
45	Reserve for Economic Uncertainty	2,954,320		2,954,320	2,888,824		2,888,824	(65,496)		-		(65,496)
46	Undesignated	11,392,385		11,392,385	11,412,660		11,412,660	20,275		-		20,275
47	Total	15,542,155	2,031,623	17,573,778	15,796,934	2,824,623	18,621,557	254,779		793,000		1,047,779
48	Percentage	14.70%			14.85%							

Note : Changes to April End of Year Projection Report

- Title I revenue reduced by \$12,288
- K-3 Class Size Reduction Program revenue reduced by \$95,585
- Special Ed revenue from JPA reduced by \$161,000
- Categorical Budget allocations based on school plans
- Reduced substitute costs from custodial services and school administration services
- Reduced retiree and vacant positions' health benefit costs
- Reduced SIP budget by \$300,000 to reflect estimated school site carryover
- Reduced Gas & Electric costs; E-rate cost savings on phone bills
- Increased Maintenance contribution for site fence project per school safety plans
- Increased Special Ed contribution due to reduction of Special ED JPA revenue allocation
- Estimated Economic Impact Aid (EIA) carryover \$863,000

Restricted Fund Balance Detail:

Medi-cal	\$111,665
Lottery: Instructional Materials	645,088
Special Ed: Mental Health Serves	988,400
Economic Impact Aid (EIA)	863,000
Maintenance Account	116,470
Local Donations	100,000
Total	\$2,824,623