

Evergreen School District

Budget Advisory Committee

October 16, 2014

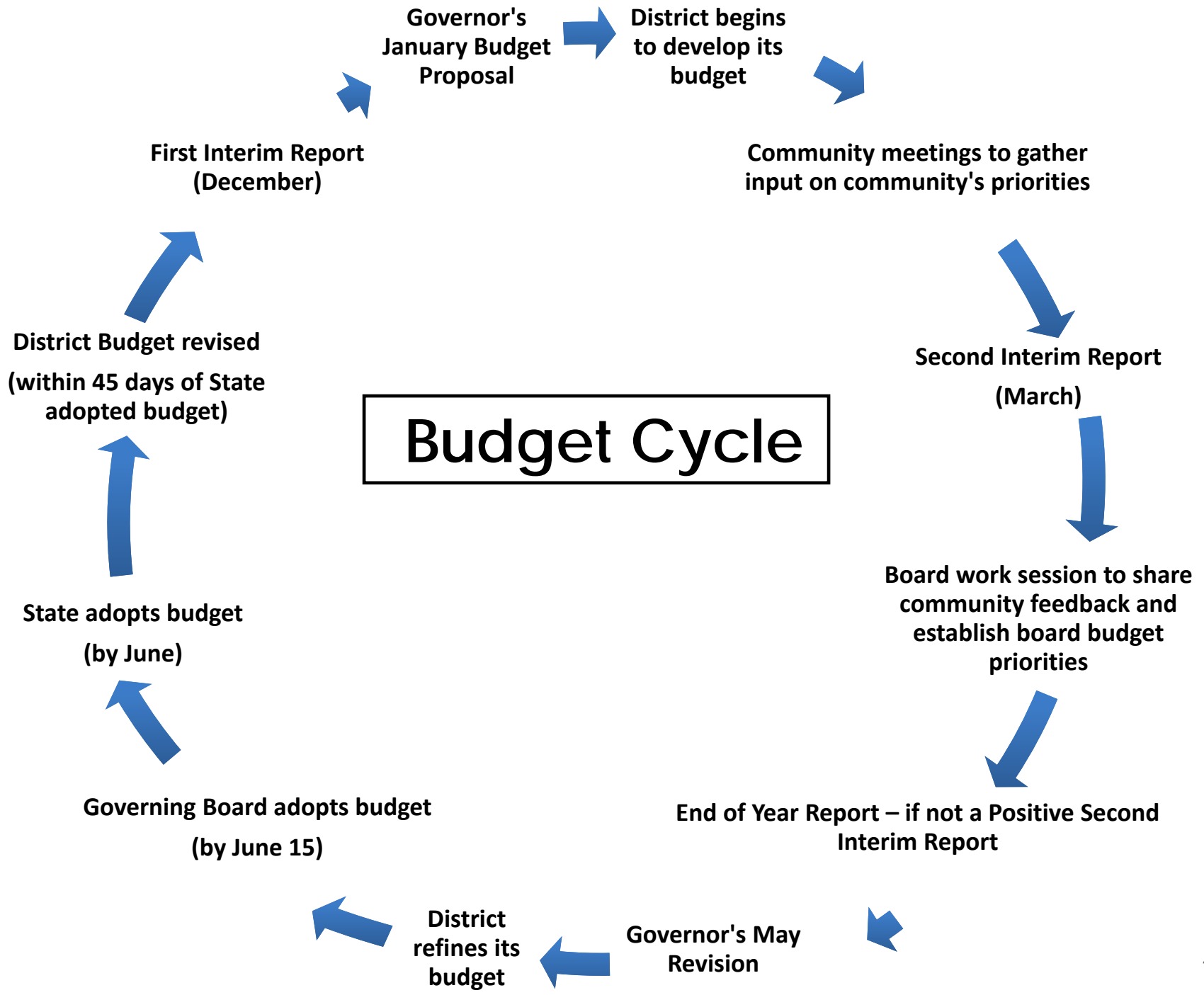
What We'll Cover

- The budget process and how the budget is developed
- General Fund Revenue Sources
- Where Evergreen dollars are spent
- How to read and understand the district budget and financial reports
- Web resources for additional information

School District Budget Basics

A school district's budget is driven by three basics...

- The Budget Cycle (State and Local)
- Budget Requirements
- Budget Assumptions



District Budget Requirements

- Budget updates occur regularly
- Districts must provide a balanced budget for current year and two subsequent years
- Interim reports approved by Board of Trustees twice a year and submitted to County Office of Education to prove District can meet current and subsequent fiscal obligations (December and March)

District Budget Requirements (cont.)

- **Positive Certification** – Meet its financial obligations for the current year and subsequent two fiscal years. 3% reserve for all three years.
- **Qualified Certification** – May not be able to meet its financial obligations for the current year or two subsequent years. Reserve is below 3% at any year. COE interventions are triggered.
- **Negative Certification** – Not able to meet its financial obligations for the current year or two subsequent years. COE enact significant interventions.

District Budget Requirements (cont.)

- Cash balance must be positive at all times
 - Cash borrowing between funds within the district
 - Tax and Revenue Anticipation Notes (TRANS)
 - Cash borrowing from COE or County Treasurer
- Loan from the state of California when the district unable to borrow locally
 - Board loses all its powers and becomes advisory only
 - State Administrator assigned to replace the district superintendent and also assumes the powers of the board
 - State Administrator report directly to the State not the community or the board

District Budget Assumptions

Revenue

- Assumptions for *revenue* provided by State budget – subject to change!
 - COLA is the statutory cost of living adjustment the State provides districts for Future Target Entitlement (2020-21)
 - GAP % for actual revenue receive from State. Adequate progress is impacted by the percentage of GAP the State can fund in any given year.

Expenditure

- Assumptions for *expenses* based on historical experience, contractual obligations, and inflationary factors
- District relies on advice from well-respected experts in the field such as Insurance Consultants, and Enrollment Projection Consultants

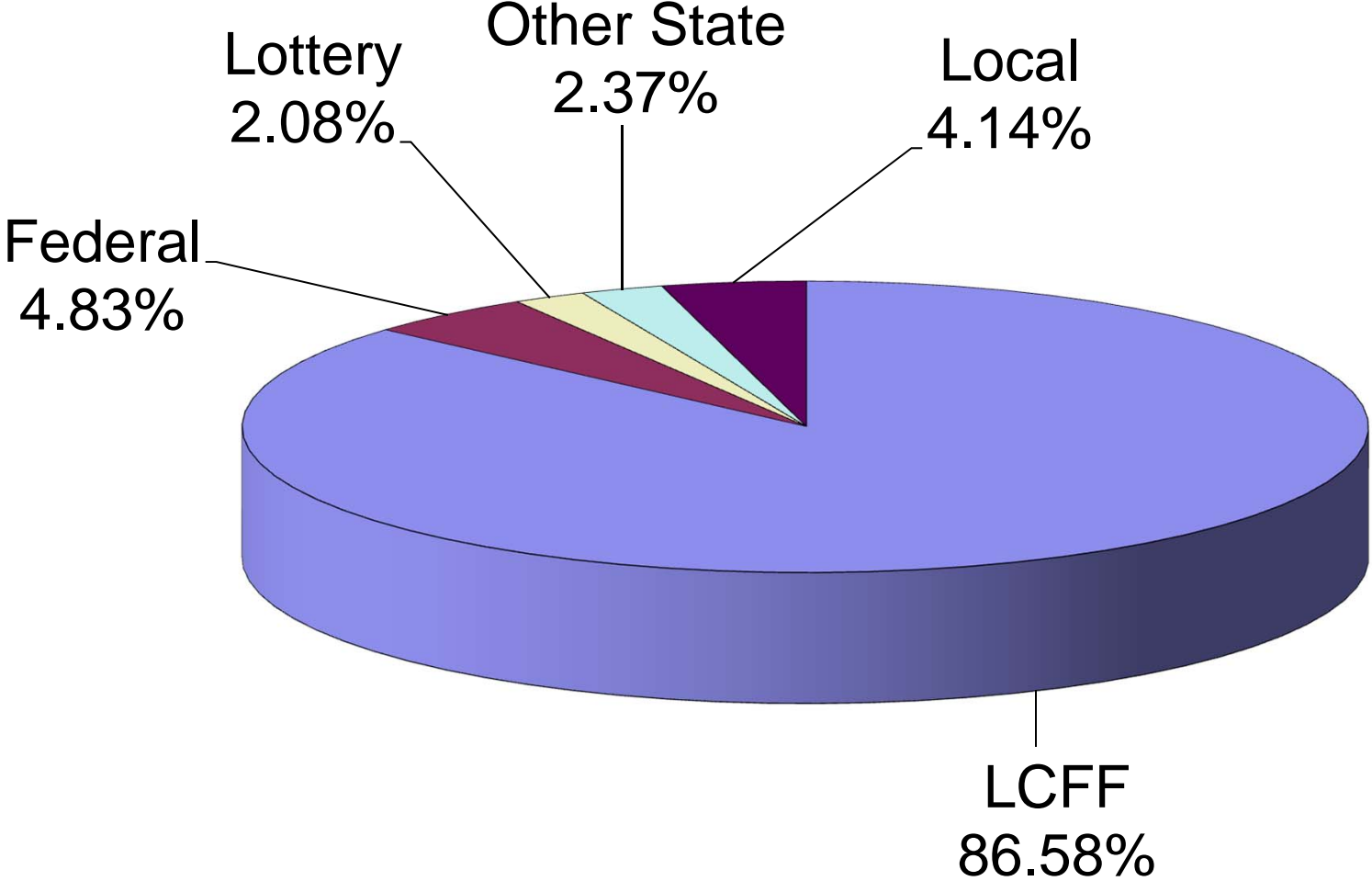
General Fund Revenue Sources

- Major revenue is from State Local Control Funding Formula (LCFF)
- Elements of the formula
 - Base grant by grade spans
 - Added funding for K-3 Class Size Reduction
 - Additional funding based on the demographics of the district's
 - English Learner population
 - Pupils eligible for free and reduced-price meals
 - Foster students
- Timeline: Phased in over eight years – completed in 2020-21

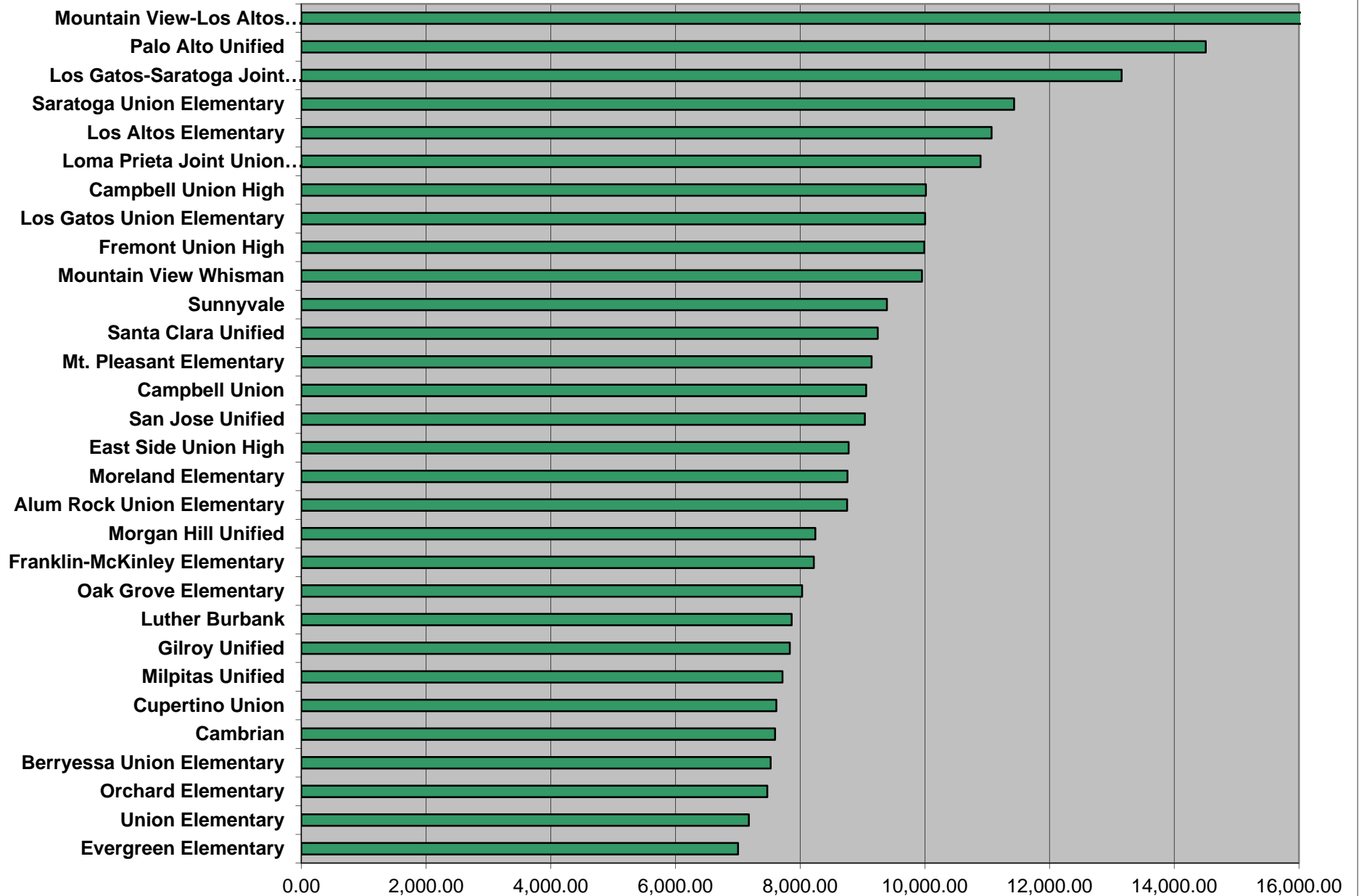
General Fund Revenue Sources (cont.)

- *Federal Revenue*
 - Categorical for Special Purpose (Title 1, Special Education)
 - Restricted Revenues
- *Local Revenue*
 - Parcel taxes: Restricted to ballot measures, ends 6/30/2014
 - Other Restricted: Local grants, donations, transportation fees
 - Unrestricted: Interest income, Facility lease income
- *Transfers*
 - Special Education Local Plan Area (SELPA) funds that are transferred to district. They are restricted to special education expenditures.
 - Transfer from Other Fund

General Fund Revenue Sources FY 14-15



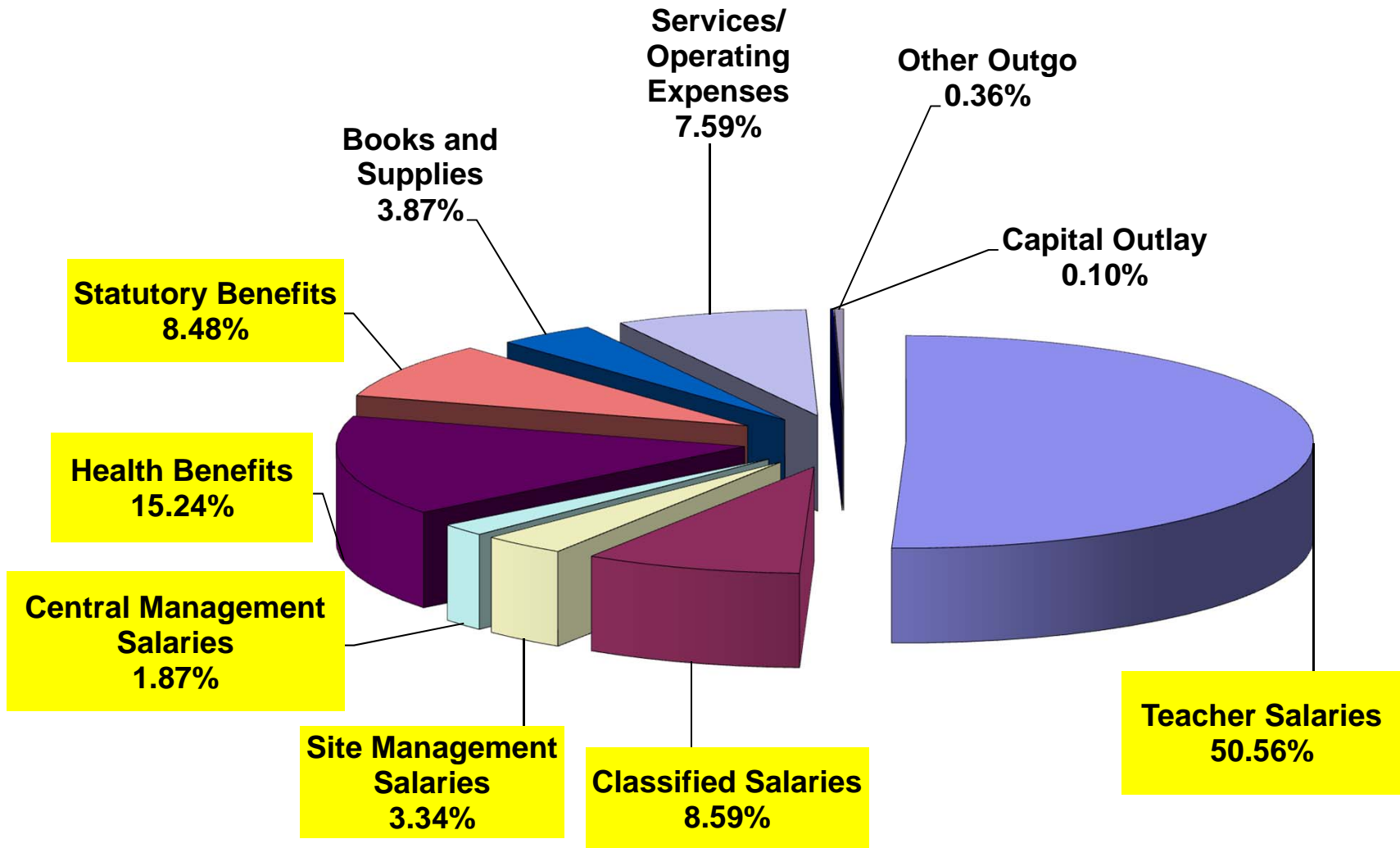
Total Revenue Per Student FY 2012-13



General Fund Expenditures

- **Salaries:**
 - Teacher Salaries
 - Classified Salaries
 - Site Management Salaries
 - Central Management Salaries
- **Benefits:**
 - Health & Welfare Benefits
 - STRS, PERS
 - Social security, Medicare, State Unemployment Insurance, Workers' Compensation Insurance
- **Books and Supplies**
- **Service and Operating Expenses:**
 - Utilities, contracted service
- **Other Outgo:**
 - Payment to JPA/ County/ State, indirect cost

General Fund Expenditures FY 2013-14



Salaries and benefits comprise 88.08% of expenditures

Table 9

ALL PERSONNEL SALARY AND BENEFIT EXPENSES FOR 2012-13

RANK	DISTRICT	% of Total Expense	% of Total Expense, Transfers and Other Uses	Personnel Salary & Benefits per ADA	Personnel Salary & Benefits Dollars
1	<i>Evergreen Elementary</i>	89.05%	89.05%	6,577.23	85,523,057.32
2	Cupertino Union Elementary	88.77%	88.50%	6,817.19	127,362,300.57
3	East Side Union High	88.59%	88.25%	7,669.89	172,683,791.73
4	Saratoga Union Elementary	88.39%	88.19%	9,795.60	20,224,002.67
5	Palo Alto Unified	85.81%	84.83%	12,797.91	145,145,754.51
6	Campbell Union Elementary	84.58%	78.19%	7,375.99	54,780,071.33
7	Berryessa Union Elementary	84.57%	83.96%	6,306.33	49,119,146.59
8	<i>COMPARATIVE GROUP</i>	84.42%	83.08%	7,455.74	1,517,089,744.89
9	Milpitas Unified	84.29%	84.11%	6,849.32	66,864,179.23
10	Santa Clara Unified	84.22%	81.43%	7,444.11	107,800,493.60
11	Cambrian Elementary	83.87%	83.54%	6,483.52	21,342,192.15
12	Gilroy Unified	83.75%	83.75%	6,408.64	69,056,968.34
13	<i>ALL UNIFIED DISTRICTS</i>	83.69%	82.53%	7,438.35	29,193,119,209.49
14	Alum Rock Union Elementary	83.39%	83.39%	7,465.07	86,723,181.73
15	<i>ALL ELEMENTARY SCHOOL DISTRICTS</i>	83.35%	82.24%	6,888.36	7,480,717,063.49
16	San Jose Unified	83.34%	82.21%	7,595.13	237,186,391.16
17	<i>ALL HIGH SCHOOL DISTRICTS</i>	83.14%	81.52%	7,852.21	3,885,060,157.21
18	Franklin-McKinley Elementary	83.14%	83.14%	6,784.35	62,139,578.94
19	Sunnyvale Elementary	82.82%	74.60%	7,479.20	49,564,412.80
20	Mountain View-Whisman Elementary	82.09%	80.27%	7,178.38	34,792,607.52
21	Oak Grove Elementary	81.58%	81.49%	6,726.47	73,891,139.29
22	Los Gatos Union Elementary	81.20%	73.37%	7,399.55	22,932,683.55
23	Moreland Elementary	80.70%	80.51%	7,907.51	34,086,899.14
24	Union Elementary	80.09%	79.26%	6,066.29	31,273,502.93
25	Morgan Hill Unified	79.74%	79.22%	6,023.61	50,120,447.11

General Fund Financial Report

Fund balances are classified as:

- ***Nonspendable***: Legally required to be maintained intact and cannot be spent. Revolving cash, Stores, Prepaid Expenditures
- ***Restricted***: Restricted programs
- ***Committed***: Specific purposes determined by a formal board action
- ***Assigned***: Specific purposes determined by the governing board, superintendent and chief financial officer. Site carryover for various programs
- ***Unassigned***: It is available reserve
 - Reserve for Economic Uncertainties: minimum 3% required
 - Unappropriated amount: spendable amounts

10/1/2014	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>
SUMMARY						
TOTAL REVENUES	\$94,303,833	\$91,135,796	\$96,293,209	\$101,145,460	\$101,887,700	\$105,127,707
TOTAL EXPENDITURES	94,223,585	96,040,889	99,061,983	103,032,107	104,371,221	107,404,753
SURPLUS/(DEFICIT)	\$80,248	(\$4,905,093)	(\$2,768,775)	(\$1,886,647)	(\$2,483,521)	(\$2,277,046)
BEGINNING BALANCE						
UNRESTRICTED	\$21,966,145	\$21,000,375	\$15,860,129	\$11,946,220	\$10,596,462	\$7,476,841
RESTRICTED	\$1,246,115	\$2,292,134	\$2,527,287	\$3,672,421	\$3,135,532	\$3,771,632
ENDING BALANCE	\$23,292,509	\$18,387,416	\$15,618,642	\$13,731,994	\$11,248,473	\$8,971,427
COMPONENTS OF ENDING BALANCE						
A)NONSPENDABLE						
1 REVOLVING CASH	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
2 STORES	70,160	57,888	46,767	46,767	46,767	46,767
3 PREPAID EXPENDITURES	1,110,290	1,191,521	1,192,232	1,192,232	1,192,232	1,192,232
B)RESTRICTED						
MAIN. RESERVES	303,546	58,121	58,121	58,121	266,474	505,609
RESTRICTED	1,988,588	2,469,166	3,614,301	3,077,412	3,505,159	3,924,461
C)COMMITTED						
STABILIZATION ARRANGEMENTS	0	0	0	0	0	0
OTHER COMMITMENTS	0	0	0	0	0	0
D)ASSIGNED						
OTHER ASSIGNMENTS	668,573	431,299	0	0	0	0
E)UNASSIGNED/UNAPPROPRIATED						
RESERVE FOR ECO. UNCERTAINTIES	2,826,708	2,881,226	2,971,860	3,090,963	3,131,137	3,222,143
UNASSIGNED/UNAPPROPRIATED	16,309,645	11,283,195	7,720,362	6,251,500	3,091,706	65,216
	\$23,292,509	\$18,387,416	\$15,618,641	\$13,731,994	\$11,248,473	\$8,971,427
UNRESTRICTED (DEFICIT)/SURPLUS	(\$965,771)	(\$5,140,245)	(\$3,913,909)	(\$1,349,758)	(\$3,119,621)	(\$2,935,484)
% of AVAILABLE RESERVE	20.31%	14.75%	10.79%	9.07%	5.96%	3.06%

District Financial Information

- District website www.eesd.org
 - District Budget Detail
- California Department of Education
www.cde.ca.gov
 - Financial & Grants Information – Awarded Amount and Expenditure Regulations.
 - Data and Statistics - Ed-Data an Outside Sources
 - Prior year District financial data
 - Create comparison reports with districts in California