DATE: June 12, 2014

TO: Katherine Gomez, Superintendent and
The Board of Trustees

FROM: Nelly Yang – Chief Financial Officer

SUBJECT: Approval of the 2014-15 Budget

The FY 2014-15 Budget is being presented with the Governor’s May revision proposal for the 2014-15 State Budget for California schools and with the passage of the local parcel tax (Measure H) on June 3, 2014.

Major assumptions included in the Budget are as follows:

Revenue Assumptions
- The Local Control Funding Formula is based on the Fiscal Crisis and Management Assistance Team’s (FCMAT) LCFF calculator and with the Department of Finance’s projected funding GAP:
  - 2014-15 at 28.06%
  - 2015-16 at 30.39%
  - 2016-17 at 19.50%
- LCFF per ADA for Evergreen School District:
  - 2014-15 at $6,725
  - 2015-16 at $7,217
  - 2016-17 at $7,476
  - Estimated target for LCFF per ADA in 2020-21 at $8,130
- Five-year Parcel Tax (Measure H) with annual revenue of $2.4 million included in the budget
- Transfer GASB 45 Fund, $1.69 million to General Fund starting 2015-16
- Federal, State, and Local estimated carryovers are not included in future years

Expenditure Assumptions
- Reduction of Students:
  - 2014-15 reduce 254 students; reduce 13 teachers
  - 2015-16 reduce 249 students; reduce 10 teachers
  - 2016-17 reduce 228 students; reduce 10 teachers
- $1.08 million for step and column salary increase for all groups
• Savings from 12 teacher retirements in 2014-15 and 5 teacher retirements annually in future years
• $211,008 savings from leaves and resignations
• No salary increase in future years
• Health benefits at 5.14% increase in future years
• K-3 class size maintained at 1:24
• Home to school transportation at 2013-14 level
• Library at five days service level
• Assistant principals maintained at 2013-14 level
• Music program is status quo
• 3% required contribution for Maintenance program starting 2015-16
• Addition of staff for Information Services and Human Resources
• STRS rate increase proposed in Governor’s May revision, 8.25% in 2013-14
  • 2014-15 at 9.5%
  • 2015-16 at 11.1%
  • 2016-17 at 12.7%
• PERS rate increase in future years, 11.442% in 2013-14
  • 2014-15 at 11.7%
  • 2015-16 at 12.6%
  • 2016-17 at 15%
• Proportionality requirement met, spend supplemental grant for students in need
  • 2014-15 at $5,606,897
  • 2015-16 at $6,390,019
  • 2016-17 at $6,798,385

The FY 2013-14 beginning balance had an available unrestricted reserve of $15.86 million. Currently, based on the Local Control Funding Formula for future years' revenue projections, the District will use $3.92 million in FY 2013-14; $3.45 million in FY 2014-15; $1.39 million in FY 2015-16; and $2.34 million in FY 2016-17. Despite revenue increases, the District will still be on a deficit spending and will continue to work closely with all stakeholders to address the issue.

**Recommendation:**
It is recommended that the Board of Trustees approve the 2014-15 Budget.