



October 27, 2015

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*An Employee-Owned  
Company*

Ms. Biling (Nelly) Yang  
Chief Business Officer  
Evergreen School District  
3188 Quimby Road  
San Jose, CA 95148-3022

Dear Ms. Yang:

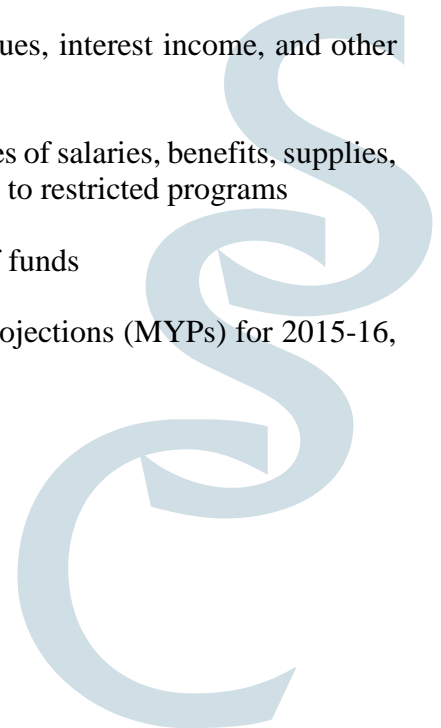
Thank you for allowing School Services of California, Inc., (SSC) to assist the Evergreen School District (District) in a Budget Review.

### Scope and Methodology

The District requested SSC to perform a Budget Review, which involved analyzing each major revenue and expenditure category in the General Fund and ancillary funds (to the extent those funds have a fiscal impact on the General Fund).

The review of revenues and expenditures included:

- An examination of projected enrollment and average daily attendance (ADA)
- A review of budget assumptions for state revenues from the Local Control Funding Formula (LCFF)
- Verification of State Budget assumptions for one-time sources and categorical funds
- A review of budget assumptions for federal revenues, interest income, and other local sources
- A review of budget assumptions for the expenditures of salaries, benefits, supplies, operational items, capital outlay, and contributions to restricted programs
- A review of fund balances and potential sources of funds
- A review of the District's budget and multiyear projections (MYPs) for 2015-16, 2016-17, and 2017-18
- A review of the latest audit reports
- Inquiries of District office staff



The Budget Review involved a detailed examination of the Unaudited Actuals report for 2014-15 and the Adopted Budget report for 2015-16. We also performed a detailed analysis of the District’s calculations and budget line items related to the continued implementation of the LCFF. For the purpose of reviewing the LCFF entitlement, our analysis was focused on the LCFF entitlement calculation dated July 22, 2015, and included in the version of the 2015-16 Budget included with the 2014-15 Unaudited Actuals report. For the purpose of reviewing the MYP, our analysis was focused on the projection included with the 2015-16 Adopted Budget. The analysis was performed by reviewing detailed data from other District documents as well.

In addition, we analyzed the District’s projections in previous fiscal years (2013-14 and 2014-15) as compared to the Unaudited Actuals in each of those years. Our main focus was on the unrestricted side of the General Fund as an indicator of fiscal solvency and the availability of discretionary resources that can be used by the Board of Education for any educational purpose.

**Historical Information**

One way to inform the District’s future fiscal decisions is to look at the District’s past fiscal practices as compared with that of other districts. We selected a group of elementary school districts in the geographical area in order to prepare comparisons of financial, staffing, and employee compensation information. The latest certified statewide data available for the comparisons is from the 2013-14 fiscal year from these sources:

- Standardized Account Code Structure (SACS) financial reports
- California Basic Educational Data System (CBEDS) student and staffing data
- California Longitudinal Pupil Achievement Data System (CALPADS) student and staffing data
- J-90 Teacher Salaries and Benefits Report—salaries at various steps and columns on the salary schedule, health benefit contributions, and staffing levels

The selected elementary school districts from the geographical area included in this comparison are:

Average Daily Attendance of Comparative Districts	
District	2013-14 Total ADA
Alum Rock Union ESD	11,362.73
Berryessa Union ESD	7,743.27
Cambrian ESD	3,270.99
Campbell Union ESD	7,415.84
Cupertino Union ESD	18,882.56

Average Daily Attendance of Comparative Districts	
District	2013-14 Total ADA
<b>Evergreen ESD</b>	<b>12,850.91</b>
Franklin-McKinley ESD	9,041.54
Lakeside Joint ESD	83.38
Loma Prieta Joint Union ESD	478.49
Los Altos ESD	4,463.85
Los Gatos Union ESD	3,168.73
Luther Burbank ESD	539.77
Moreland ESD	4,537.59
Mountain View Whisman ESD	4,868.96
Mt. Pleasant ESD	2,435.15
Oak Grove ESD	10,824.31
Orchard ESD	860.76
Saratoga Union ESD	2,080.38
Sunnyvale ESD	6,650.09
Union ESD	5,292.68

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 1 illustrates that the District’s lowest scheduled salary on the teachers’ salary schedule ranks 5<sup>th</sup> out of the 19 districts in the comparative group, and ranks 4<sup>th</sup> on a per-diem basis.

Figure 1: Lowest Scheduled Salary and Per Diem Amounts					
District	Rank	Lowest Scheduled Salary	Number of Service Days	Per Diem Rank	Per Diem Amount
Cambrian Elementary School District (ESD)	1	\$53,552	185	1	\$289.47
Cupertino Union ESD	2	\$53,224	187	2	\$284.62
Los Gatos Union ESD	3	\$51,392	184	3	\$279.30
Saratoga Union ESD	4	\$51,125	186	5	\$274.87
<b>Evergreen ESD</b>	<b>5</b>	<b>\$50,883</b>	<b>184</b>	<b>4</b>	<b>\$276.54</b>
Moreland ESD	6	\$50,580	185	6	\$273.41
Sunnyvale ESD	7	\$50,239	187	8	\$268.66
Campbell Union ESD	8	\$49,784	185	7	\$269.10
Mt. Pleasant ESD	9	\$49,097	185	9	\$265.39
<b>Comparative Group Average</b>	<b>10</b>	<b>\$48,702</b>	<b>185</b>	<b>11</b>	<b>\$263.33</b>
Berryessa Union ESD	11	\$48,341	183	10	\$264.16
Mountain View Whisman	12	\$47,808	187	13	\$255.66
Alum Rock Union ESD	13	\$47,266	182	12	\$259.70
<b>Region 5 Elementary Average</b>	<b>14</b>	<b>\$46,715</b>	<b>184</b>	<b>14</b>	<b>\$253.33</b>
Luther Burbank ESD	15	\$46,101	182	15	\$253.30
Los Altos ESD	16	\$46,042	186	16	\$247.54
Oak Grove ESD	17	\$45,457	186	18	\$244.39

Figure 1: Lowest Scheduled Salary and Per Diem Amounts					
District	Rank	Lowest Scheduled Salary	Number of Service Days	Per Diem Rank	Per Diem Amount
Franklin-McKinley ESD	18	\$45,202	184	17	\$245.66
Loma Prieta Joint ESD	19	\$45,093	185	19	\$243.75
Orchard ESD	20	\$43,551	185	20	\$235.41
Union ESD	21	\$43,334	185	21	\$234.24
<b>Statewide Elementary Average</b>	<b>22</b>	<b>\$42,940</b>	<b>184</b>	<b>22</b>	<b>\$233.67</b>

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
 Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 2 illustrates that the District’s salary at BA + 30, Step 1, on the teachers’ salary schedule ranks 4<sup>th</sup> out of the 19 districts on both an annual and per-diem basis.

Figure 2: Salary Paid for BA+30, Step 1, With Per Diem Amounts and Placement Statistics					
District	Rank	Salary Paid at BA+30, Step 1	Number of Service Days	Per Diem Rank	Per Diem Amount
Los Gatos Union ESD	1	\$54,845	184	1	\$298.07
Cupertino Union ESD	2	\$53,988	187	3	\$288.71
Cambrian ESD	3	\$53,552	185	2	\$289.47
<b>Evergreen ESD</b>	<b>4</b>	<b>\$52,188</b>	<b>184</b>	<b>4</b>	<b>\$283.63</b>
Franklin-McKinley ESD	5	\$51,229	184	5	\$278.42
Saratoga Union ESD	6	\$51,125	186	6	\$274.87
Campbell Union ESD	7	\$50,800	185	7	\$274.59
Moreland ESD	8	\$50,580	185	8	\$273.41
Sunnyvale ESD	9	\$50,239	187	11	\$268.66
<b>Comparative Group Average</b>	<b>10</b>	<b>\$50,028</b>	<b>185</b>	<b>9</b>	<b>\$270.50</b>
Union ESD	11	\$49,935	185	10	\$269.92
Mt. Pleasant ESD	12	\$49,097	185	12	\$265.39
Berryessa Union ESD	13	\$48,341	183	13	\$264.16
<b>Region 5 Elementary Average</b>	<b>14</b>	<b>\$48,236</b>	<b>184</b>	<b>15</b>	<b>\$261.57</b>
Mountain View Whisman ESD	15	\$47,808	187	17	\$255.66
Luther Burbank ESD	16	\$47,709	182	14	\$262.14
Alum Rock Union ESD	17	\$47,266	182	16	\$259.70
Oak Grove ESD	18	\$47,067	186	18	\$253.05
Los Altos ESD	19	\$46,042	186	19	\$247.54
<b>Statewide Elementary Average</b>	<b>20</b>	<b>\$45,328</b>	<b>184</b>	<b>20</b>	<b>\$246.66</b>
Loma Prieta Joint ESD	21	\$45,094	185	21	\$243.75
Orchard ESD	22	\$43,551	185	22	\$235.41

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
 Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 3 illustrates that the District’s salary at BA + 60, Step 10, on the teachers’ salary schedule is the highest of the group on both an annual and per-diem basis.

Figure 3: Salary Paid for BA+60, Step 10, With Per Diem Amounts and Placement Statistics					
District	Rank	Salary Paid at BA+60, Step 10	Percent FTE Receiving Higher	Per Diem Rank	Per Diem Amounts
<b>Evergreen ESD</b>	<b>1</b>	<b>\$82,337</b>	<b>60.35%</b>	<b>1</b>	<b>\$447.48</b>
Cupertino Union ESD	2	\$78,235	46.91%	5	\$418.37
Los Gatos Union ESD	3	\$78,209	66.25%	2	\$425.05
Saratoga Union ESD	4	\$78,159	76.34%	4	\$420.21
Franklin-McKinley ESD	5	478,141	63.54%	3	\$424.68
Luther Burbank ESD	6	\$75,198	52.00%	6	\$413.18
Cambrian ESD	7	\$75,058	61.52%	7	\$405.72
Campbell Union ESD	8	\$74,529	49.34%	9	\$402.86
Orchard ESD	9	\$74,294	31.75%	10	\$401.59
<b>Comparative Group Average</b>	<b>10</b>	<b>\$73,912</b>	<b>52.73%</b>	<b>11</b>	<b>\$399.64</b>
Alum Rock Union ESD	11	\$73,584	50.26%	8	\$404.31
Sunnyvale ESD	12	\$72,782	51.01%	12	\$389.21
<b>Region 5 Elementary Average</b>	<b>13</b>	<b>\$71,563</b>	<b>54.63%</b>	<b>13</b>	<b>\$388.07</b>
Oak Grove ESD	14	\$71,147	54.06%	16	\$382.51
Moreland ESD	15	\$71,125	50.30%	15	\$384.46
Los Altos ESD	16	\$71,108	59.94%	17	\$382.30
Berryessa Union ESD	17	\$70,784	51.63%	14	\$386.80
Mountain View Whisman ESD	18	\$70,540	45.13%	19	\$377.22
Union ESD	19	\$70,022	53.30%	18	\$378.50
<b>Statewide Elementary Average</b>	<b>20</b>	<b>\$68,431</b>	<b>61.54%</b>	<b>20</b>	<b>\$372.38</b>
Mt. Pleasant ESD	21	\$67,939	41.08%	21	\$367.24
Loma Prieta Joint ESD	22	\$62,191	59.09%	22	\$336.17

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
 Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 4 illustrates that the District’s maximum salary on the teachers’ salary schedule ranks 4<sup>th</sup> out of the 19 districts on both an annual and per-diem basis.

Figure 4: Maximum Scheduled Salary, With Per Diem Amounts and Placement Statistics					
District	Rank	Maximum Scheduled Salary	Step Requirements	Per Diem Rank	Per Diem Amount
Cupertino Union ESD	1	\$100,925	27	1	\$539.71
Saratoga Union ESD	2	\$99,087	25	3	\$532.73
Los Gatos Union ESD	3	\$98,446	17	2	\$535.03
<b>Evergreen ESD</b>	<b>4</b>	<b>\$95,645</b>	<b>16</b>	<b>4</b>	<b>\$519.81</b>
Mt. Pleasant ESD	5	\$95,084	30	5	\$513.97
Moreland ESD	6	\$94,455	30	6	\$510.57
Sunnyvale ESD	7	\$94,375	30	8	\$504.68

Figure 4: Maximum Scheduled Salary, With Per Diem Amounts and Placement Statistics					
District	Rank	Maximum Scheduled Salary	Step Requirements	Per Diem Rank	Per Diem Amount
Cambrian ESD	8	\$93,845	36	7	\$507.27
<b>Comparative Group Average</b>	<b>9</b>	<b>\$92,085</b>	<b>27</b>	<b>9</b>	<b>\$497.90</b>
Franklin-McKinley ESD	10	\$91,228	16	10	\$495.80
<b>Region 5 Elementary Average</b>	<b>11</b>	<b>\$90,175</b>	<b>27</b>	<b>13</b>	<b>\$489.01</b>
Berryessa Union ESD	12	\$89,796	33	12	\$490.69
Luther Burbank ESD	13	\$89,701	20	11	\$492.86
Campbell Union ESD	14	\$89,529	36	14	\$483.94
Los Altos ESD	15	\$89,102	15	15	\$479.04
Union ESD	16	\$88,575	27	16	\$478.78
Mountain View Whisman ESD	17	\$88,218	19	20	\$471.75
Orchard ESD	18	\$88,193	31	17	\$476.72
Oak Grove ESD	19	\$87,287	40	21	\$469.28
<b>Statewide Elementary Average</b>	<b>20</b>	<b>\$87,032</b>	<b>27</b>	<b>18</b>	<b>\$473.60</b>
Alum Rock Union ESD	21	\$85,887	25	19	\$471.91
Loma Prieta Joint ESD	22	\$84,528	22	22	\$456.91

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
 Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 5 illustrates that the average salary the District is paying per teacher ranks 2<sup>nd</sup> out of the 19 in the comparative group on both an annual and per-diem basis.

Figure 5: Computed Average Salary Amount with Per Diem Amount with Placement Statistics at Step 10 and Above				
District	Rank	Computed Average Salary	Per Diem Rank	Per Diem Amount
Saratoga Union ESD	1	\$84,470	1	\$454.14
<b>Evergreen ESD</b>	<b>2</b>	<b>\$82,899</b>	<b>2</b>	<b>\$450.54</b>
Los Gatos Union ESD	3	\$82,359	3	\$447.60
Franklin-McKinley ESD	4	\$77,848	4	\$423.09
Cambrian ESD	5	\$77,669	5	\$419.83
Cupertino Union ESD	6	\$76,035	6	\$406.61
Los Altos ESD	7	\$73,795	7	\$396.75
<b>Comparative Group Average</b>	<b>8</b>	<b>\$73,320</b>	<b>8</b>	<b>\$396.44</b>
Moreland ESD	9	\$73,062	10	\$394.93
Luther Burbank ESD	10	\$72,027	9	\$395.75
Campbell Union ESD	11	\$71,973	13	\$389.04
<b>Region 5 Elementary Average</b>	<b>12</b>	<b>\$71,793</b>	<b>12</b>	<b>\$389.32</b>
Alum Rock Union ESD	13	\$71,708	11	\$394.00
Sunnyvale ESD	14	\$71,220	17	\$380.86
Oak Grove ESD	15	\$71,179	16	\$382.68
<b>Statewide Elementary Average</b>	<b>16</b>	<b>\$71,081</b>	<b>14</b>	<b>\$386.80</b>
Union ESD	17	\$70,912	15	\$383.31

Figure 5: Computed Average Salary Amount with Per Diem Amount with Placement Statistics at Step 10 and Above				
District	Rank	Computed Average Salary	Per Diem Rank	Per Diem Amount
Berryessa Union ESD	18	\$69,584	18	\$380.24
Mountain View Whisman ESD	19	\$68,388	20	\$365.71
Orchard ESD	20	\$67,724	19	\$366.08
Mt. Pleasant ESD	21	\$66,803	21	\$361.10
Loma Prieta Joint ESD	22	\$64,562	22	\$348.98

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 6 illustrates that in terms of total compensation, which is the salary plus the average contribution for health and welfare benefits, at the lowest scheduled salary the District ranks 2<sup>nd</sup> out of the 19 districts.

Figure 6: Total Compensation: Lowest Scheduled Salary Plus Average District Contribution for Health and Welfare Benefits		
District	Rank	Total Compensation
Saratoga Union ESD	1	\$69,898
<b>Evergreen ESD</b>	<b>2</b>	<b>\$68,436</b>
Cambrian ESD	3	\$66,414
Cupertino Union ESD	4	\$65,010
Moreland ESD	5	\$64,815
Sunnyvale ESD	6	\$63,397
Mountain View Whisman ESD	7	\$63,082
Berryessa Union ESD	8	\$62,308
Oak Grove ESD	9	\$62,045
<b>Comparative Group Average</b>	<b>10</b>	<b>\$61,560</b>
Alum Rock Union ESD	11	\$61,526
<b>Region 5 Elementary Average</b>	<b>12</b>	<b>\$60,718</b>
Los Gatos Union ESD	13	\$60,540
Los Altos ESD	14	\$60,481
Mt. Pleasant ESD	15	\$59,195
Campbell Union ESD	16	\$59,059
Luther Burbank ESD	17	\$56,541
Franklin-McKinley ESD	18	\$55,960
<b>Statewide Elementary Average</b>	<b>19</b>	<b>\$54,854</b>
Union ESD	20	\$53,939
Orchard ESD	21	\$53,635
Loma Prieta Joint ESD	22	\$50,098

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 7 illustrates that, for total compensation at the BA + 30, Step 1 salary, the District again ranks 2<sup>nd</sup> out of the 19 districts.

Figure 7: Total Compensation: Salary Paid for BA+30, Step 1 Plus Average District Contribution for Health and Welfare Benefits		
District	Rank	Total Compensation
Saratoga Union ESD	1	\$69,898
<b>Evergreen ESD</b>	<b>2</b>	<b>\$69,741</b>
Cambrian ESD	3	\$66,414
Cupertino Union ESD	4	\$65,774
Moreland ESD	5	\$64,815
Los Gatos Union ESD	6	\$63,993
Oak Grove ESD	7	\$63,655
Sunnyvale ESD	8	\$63,397
Mountain View Whisman ESD	9	\$63,082
<b>Comparative Group Average</b>	<b>10</b>	<b>\$62,886</b>
Berryessa Union ESD	11	\$62,308
<b>Region 5 Elementary Average</b>	<b>12</b>	<b>\$62,239</b>
Franklin-McKinley ESD	13	\$61,987
Alum Rock Union ESD	14	\$61,526
Union ESD	15	\$60,540
Los Altos ESD	16	\$60,481
Campbell Union ESD	17	\$60,075
Mt. Pleasant ESD	18	\$59,195
Luther Burbank ESD	19	\$58,149
<b>Statewide Elementary Average</b>	<b>20</b>	<b>\$57,242</b>
Orchard ESD	21	\$53,635
Loma Prieta Joint ESD	22	\$50,099

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 8 illustrates that, for total compensation at the BA + 60, Step 10 salary, the District has the highest compensation out of the 19 districts.

Figure 8: Total Compensation: Salary Paid for BA+60, Step 10 Plus Average District Contribution for Health and Welfare Benefits		
District	Rank	Total Compensation
<b>Evergreen ESD</b>	<b>1</b>	<b>\$99,890</b>
Saratoga Union ESD	2	\$96,932
Cupertino Union ESD	3	\$90,021
Franklin-McKinley ESD	4	\$88,899
Cambrian ESD	5	\$87,920
Alum Rock Union ESD	6	\$87,844
Oak Grove ESD	7	\$87,735
Los Gatos Union ESD	8	\$87,357



Figure 8: Total Compensation: Salary Paid for BA+60, Step 10 Plus Average District Contribution for Health and Welfare Benefits		
District	Rank	Total Compensation
<b>Comparative Group Average</b>	<b>9</b>	<b>\$86,770</b>
Sunnyvale ESD	10	\$85,940
Mountain View Whisman ESD	11	\$85,814
Luther Burbank ESD	12	\$85,638
<b>Region 5 Elementary Average</b>	<b>13</b>	<b>\$85,566</b>
Los Altos ESD	14	\$85,547
Moreland ESD	15	\$85,360
Berryessa Union ESD	16	\$84,751
Orchard ESD	17	\$84,378
Campbell Union ESD	18	\$83,804
Union ESD	19	\$80,627
<b>Statewide Elementary Average</b>	<b>20</b>	<b>\$80,345</b>
Mt. Pleasant ESD	21	\$78,037
Loma Prieta Joint ESD	22	\$67,196

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 9 illustrates that, for total compensation at the maximum salary, the District ranks 2<sup>nd</sup> out of the 19 districts.

Figure 9: Total Compensation: Maximum Scheduled Salary Plus Average District Contribution for Health and Welfare Benefits		
District	Rank	Total Compensation
Saratoga Union ESD	1	\$117,860
<b>Evergreen ESD</b>	<b>2</b>	<b>\$113,198</b>
Cupertino Union ESD	3	\$112,711
Moreland ESD	4	\$108,690
Los Gatos Union ESD	5	\$107,594
Sunnyvale ESD	6	\$107,533
Cambrian ESD	7	\$106,707
Mt. Pleasant ESD	8	\$105,182
<b>Comparative Group Average</b>	<b>9</b>	<b>\$104,943</b>
<b>Region 5 Elementary Average</b>	<b>10</b>	<b>\$104,178</b>
Oak Grove ESD	11	\$103,875
Berryessa Union ESD	12	\$103,763
Los Altos ESD	13	\$103,541
Mountain View Whisman ESD	14	\$103,492
Franklin-McKinley ESD	15	\$101,986
Alum Rock Union ESD	16	\$100,147
Luther Burbank ESD	17	\$100,141
Union ESD	18	\$99,180

Figure 9: Total Compensation: Maximum Scheduled Salary Plus Average District Contribution for Health and Welfare Benefits		
District	Rank	Total Compensation
<b>Statewide Elementary Average</b>	<b>19</b>	<b>\$98,946</b>
Campbell Union ESD	20	\$98,804
Orchard ESD	21	\$98,277
Loma Prieta Joint ESD	22	\$89,533

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 10 illustrates that, for total compensation at the computed average salary level, the District again ranks 2<sup>nd</sup> out of the 19 districts.

Figure 10: Total Compensation: Computed Average Salary Plus Average District Contribution for Health and Welfare Benefits		
District	Rank	Total Compensation
Saratoga Union ESD	1	\$103,243
<b>Evergreen ESD</b>	<b>2</b>	<b>\$100,452</b>
Los Gatos Union ESD	3	\$91,507
Cambrian ESD	4	\$90,531
Franklin-McKinley ESD	5	\$88,606
Los Altos ESD	6	\$88,234
Cupertino Union ESD	7	\$87,821
Oak Grove ESD	8	\$87,767
Moreland ESD	9	\$87,297
<b>Comparative Group Average</b>	<b>10</b>	<b>\$86,178</b>
Alum Rock Union ESD	11	\$85,968
<b>Region 5 Elementary Average</b>	<b>12</b>	<b>\$85,796</b>
Sunnyvale ESD	13	\$84,378
Mountain View Whisman ESD	14	\$83,662
Berryessa Union ESD	15	\$83,551
<b>Statewide Elementary Average</b>	<b>16</b>	<b>\$82,995</b>
Luther Burbank ESD	17	\$82,467
Union ESD	18	\$81,517
Campbell Union ESD	19	\$81,248
Orchard ESD	20	\$77,808
Mt. Pleasant ESD	21	\$76,901
Loma Prieta Joint ESD	22	\$69,567

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 11 illustrates that the District contributes the 3<sup>rd</sup> highest amount out of the 19 districts for the average contribution to health benefits for retirees under the age of 65.

Figure 11: Retirees Under Age 65		
District	Rank	Average District Total Contribution Per Full-Time Equivalent (FTE)
Saratoga Union ESD	1	\$17,220
Los Gatos Union ESD	2	\$15,355
<b>Evergreen ESD</b>	<b>3</b>	<b>\$14,158</b>
Berryessa Union ESD	4	\$14,122
Mountain View Whisman ESD	5	\$13,465
<b>Comparative Group Average</b>	<b>6</b>	<b>\$11,484</b>
<b>Region 5 Elementary Average</b>	<b>7</b>	<b>\$11,082</b>
Orchard ESD	8	\$9,921
Sunnyvale ESD	9	\$9,839
Mt. Pleasant ESD	10	\$9,685
<b>Statewide Elementary Average</b>	<b>11</b>	<b>\$9,096</b>
Los Altos ESD	12	\$8,803
Oak Grove ESD	13	\$8,402
Campbell Union ESD	14	\$3,250
Union ESD	15	\$2,745
Alum Rock Union ESD	16	\$0
Cambrian ESD	17	\$0
Cupertino Union ESD	18	\$0
Franklin-McKinley ESD	19	\$0
Loma Prieta Joint ESD	20	\$0
Luther Burbank ESD	21	\$0
Moreland ESD	22	\$0

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS  
 Region 5: Monterey, San Benito, Santa Clara, and Santa Cruz Counties

Figure 12 illustrates that the District has a significant percentage of its employees at the highest range of the chart—approximately 10 times higher than that of the average for the comparative group.

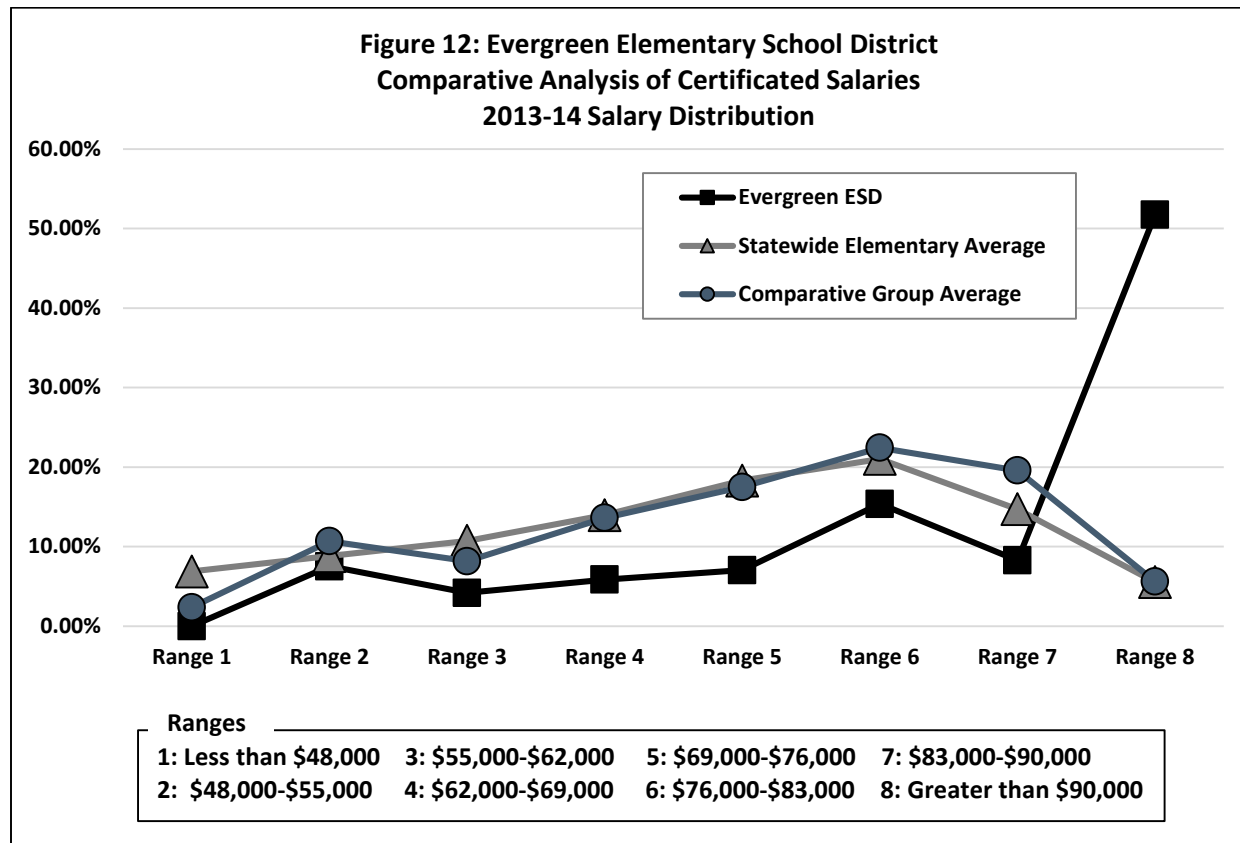


Figure 13 illustrates that the District’s salary schedule for teachers provides a 10-year earnings total that ranks 5<sup>th</sup> out of the 19 districts in the comparative group.

**Figure 13: Ten-Year Earnings Calculation  
Ranked by Ten-Year Total**

District	Rank	Ten-Year Total Earnings
Los Gatos Union ESD	1	\$648,703
Franklin-McKinley ESD	2	\$647,400
Saratoga Union ESD	3	\$647,062
Cupertino Union ESD	4	\$637,909
<b>Evergreen ESD</b>	<b>5</b>	<b>\$637,655</b>
Luther Burbank ESD	6	\$624,277
Cambrian ESD	7	\$623,637
Campbell Union ESD	8	\$611,553
Alum Rock Union ESD	9	\$608,020
Sunnyvale ESD	10	\$604,173
Moreland ESD	11	\$603,430

Figure 13: Ten-Year Earnings Calculation Ranked by Ten-Year Total		
District	Rank	Ten-Year Total Earnings
Orchard ESD	12	\$601,954
Mt. Pleasant ESD	13	\$591,677
Oak Grove ESD	14	\$586,175
Berryessa Union ESD	15	\$582,427
Mountain View Whisman ESD	16	\$579,665
Union ESD	17	\$578,799
Los Altos ESD	18	\$572,330
Loma Prieta Joint ESD	19	\$532,150

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 14 illustrates that the District’s salary schedule for teachers provides a 20-year earnings total that ranks 2<sup>nd</sup> out of the 19 districts in the comparative group.

Figure 14: Twenty-Year Earnings Calculation Ranked by Twenty-Year Total		
District	Rank	20-Year Total Earnings
Los Gatos Union ESD	1	\$1,603,292
<b>Evergreen ESD</b>	<b>2</b>	<b>\$1,583,126</b>
Saratoga Union ESD	3	\$1,551,204
Franklin-McKinley ESD	4	\$1,542,274
Cupertino Union ESD	5	\$1,502,091
Luther Burbank ESD	6	\$1,497,754
Moreland ESD	7	\$1,452,184
Cambrian ESD	8	\$1,450,852
Campbell Union ESD	9	\$1,447,594
Sunnyvale ESD	10	\$1,441,387
Orchard ESD	11	\$1,417,489
Alum Rock Union ESD	12	\$1,411,778
Los Altos ESD	13	\$1,410,112
Union ESD	14	\$1,397,855
Mt. Pleasant ESD	15	\$1,395,129
Berryessa Union ESD	16	\$1,393,539
Oak Grove ESD	17	\$1,378,838
Mountain View Whisman ESD	18	\$1,369,474
Loma Prieta Joint ESD	19	\$1,290,822

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 15 illustrates that the District’s salary schedule for teachers provides a 25-year earnings total that again ranks 2<sup>nd</sup> out of the 19 districts in the comparative group.

Figure 15: Twenty Five-Year Earnings Calculation Ranked by Twenty Five-Year Total		
District	Rank	25-Year Total Earnings
Los Gatos Union ESD	1	\$2,105,522
<b>Evergreen ESD</b>	<b>2</b>	<b>\$2,066,351</b>
Saratoga Union ESD	3	\$2,037,317
Franklin-McKinley ESD	4	\$2,003,414
Cupertino Union ESD	5	\$1,960,274
Luther Burbank ESD	6	\$1,955,009
Moreland ESD	7	\$1,918,569
Cambrian ESD	8	\$1,904,380
Sunnyvale ESD	9	\$1,893,062
Campbell Union ESD	10	\$1,890,239
Los Altos ESD	11	\$1,863,122
Orchard ESD	12	\$1,842,724
Mt. Pleasant ESD	13	\$1,839,661
Union ESD	14	\$1,834,415
Alum Rock Union ESD	15	\$1,832,169
Berryessa Union ESD	16	\$1,826,766
Oak Grove ESD	17	\$1,811,493
Mountain View Whisman ESD	18	\$1,810,564
Loma Prieta Joint ESD	19	\$1,722,768

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 16 illustrates that the District’s ratio of ADA to FTE teachers ranks 13<sup>th</sup> out of the 19 districts in the group.

Figure 16: Comparative Analysis of ADA/FTE Ratio From 2011-12 to 2013-14				
District	Rank	Ratio (ADA/FTE)		
		2011-12	2012-13	2013-14
Saratoga Union ESD	1	18.03	18.56	17.47
Mt. Pleasant ESD	2	18.74	17.85	18.19
Alum Rock Union ESD	3	18.18	18.02	18.40
Los Altos ESD	4	19.34	18.64	18.40
Campbell Union ESD	5	18.75	18.58	18.55
Franklin-McKinley ESD	6	20.28	19.60	18.87
Mountain View Whisman ESD	7	21.16	20.06	19.64
Los Gatos Union ESD	8	19.63	19.97	20.60
Berryessa Union ESD	9	21.33	22.43	20.68
Moreland ESD	10	20.44	20.47	20.70

Figure 16: Comparative Analysis of ADA/FTE Ratio From 2011-12 to 2013-14				
District	Rank	Ratio (ADA/FTE)		
		2011-12	2012-13	2013-14
Union ESD	11	20.96	21.20	20.84
Sunnyvale ESD	12	19.80	20.25	20.98
<b>Evergreen ESD</b>	<b>13</b>	<b>22.50</b>	<b>22.36</b>	<b>21.49</b>
Luther Burbank ESD	14	-	-	21.59
Loma Prieta Joint ESD	15	20.24	21.61	21.75
Cupertino Union ESD	16	22.17	22.48	22.00
Cambrian ESD	17	20.48	22.53	22.24
Orchard ESD	18	23.43	23.39	22.77
Oak Grove ESD	19	22.18	22.50	22.82

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 17 illustrates that the District’s unrestricted General Fund revenue per ADA for 2013-14 was the third lowest of the 20 districts in the comparative group.

Figure 17: Unrestricted General Fund Revenues for 2013-14	
District	Revenue (Excluding Other Sources) Per ADA
Lakeside Joint ESD	\$18,458.46
Saratoga Union ESD	\$10,832.17
Los Altos ESD	\$10,305.11
Loma Prieta Joint Union ESD	\$8,565.15
Mountain View Whisman ESD	\$8,447.42
Sunnyvale ESD	\$8,405.41
Los Gatos Union ESD	\$8,260.05
Alum Rock Union ESD	\$8,137.22
Campbell Union ESD	\$8,101.81
Moreland ESD	\$7,965.05
Mt. Pleasant ESD	\$7,709.90
<b>Comparative Group</b>	<b>\$7,653.85</b>
Franklin-McKinley ESD	\$7,395.38
Orchard ESD	\$7,266.54
<b>All Elementary Districts</b>	<b>\$7,210.85</b>
Oak Grove ESD	\$7,157.34
Cambrian ESD	\$7,145.92
Luther Burbank ESD	\$7,038.97
Berryessa Union ESD	\$6,934.30
<b>Evergreen ESD</b>	<b>\$6,687.93</b>
Cupertino Union ESD	\$6,665.68
Union ESD	\$6,395.43

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 18 illustrates that the District’s unrestricted General Fund expenditures per ADA for certificated non-management salaries ranked 6<sup>th</sup> out of the 20 districts.

Figure 18: Unrestricted Certificated Non-Management Personnel Salary Expense for 2013-14	
District	Certificated Non-Management Salaries Per ADA
Lakeside Joint ESD	\$4,897.56
Saratoga Union ESD	\$4,232.83
Los Gatos Union ESD	\$3,878.17
Los Altos ESD	\$3,844.87
Campbell Union ESD	\$3,571.87
<b>Evergreen ESD</b>	<b>\$3,458.48</b>
Alum Rock Union ESD	\$3,323.43
Moreland ESD	\$3,294.46
Cambrian ESD	\$3,291.14
Cupertino Union ESD	\$3,269.88
Franklin-McKinley ESD	\$3,265.91
<b>Comparative Group</b>	<b>\$3,254.83</b>
Sunnyvale ESD	\$3,168.91
Union ESD	\$3,149.34
Luther Burbank ESD	\$3,144.38
Mountain View Whisman ESD	\$3,054.22
<b>All Elementary School</b>	<b>\$3,040.80</b>
Berryessa Union ESD	\$2,986.14
Mt. Pleasant ESD	\$2,947.47
Oak Grove ESD	\$2,813.86
Orchard ESD	\$2,805.56
Loma Prieta Joint Union ESD	\$2,336.15

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 19 illustrates that the District’s unrestricted General Fund expenditures per ADA for site and district administrator salaries ranked last in the comparative group of 20 districts.

Figure 19: Unrestricted Site and District Administrator Salary Expense for 2013-14	
District	Administrator Salary Per ADA
Lakeside Joint ESD	\$1,506.92
Loma Prieta Joint Union ESD	\$846.59
Saratoga Union ESD	\$773.31
Luther Burbank ESD	\$735.28
Mt. Pleasant ESD	\$685.67
Moreland ESD	\$658.91
Campbell Union ESD	\$583.54



Figure 19: Unrestricted Site and District Administrator Salary Expense for 2013-14	
District	Administrator Salary Per ADA
Cambrian ESD	\$553.88
Los Gatos Union ESD	\$538.71
Orchard ESD	\$533.71
Mountain View Whisman ESD	\$533.41
Los Altos ESD	\$517.39
<b>Comparative Group</b>	<b>\$506.39</b>
Sunnyvale ESD	\$491.55
Berryessa Union ESD	\$472.10
Alum Rock Union ESD	\$471.31
Cupertino Union ESD	\$457.71
Union ESD	\$453.28
Oak Grove ESD	\$451.33
Franklin-McKinley ESD	\$447.93
<b>All Elementary School</b>	<b>\$445.49</b>
<b>Evergreen ESD</b>	<b>\$358.43</b>

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 20 illustrates that the District’s unrestricted General Fund expenditures per ADA for classified salaries ranked last in the comparative group of 20 districts.

Figure 20: Unrestricted Classified Salaries for 2013-14		
District	Classified Salaries Per ADA	Classified Salaries Dollars
Lakeside Joint ESD	\$2,475.74	\$206,426.96
Loma Prieta Joint Union ESD	\$1,475.26	\$705,897.51
Moreland ESD	\$989.19	\$4,488,522.35
Oak Grove ESD	\$972.94	\$10,531,422.63
Cupertino Union ESD	\$901.84	\$17,029,043.91
Los Altos ESD	\$892.64	\$3,984,631.49
Saratoga Union ESD	\$867.99	\$1,805,739.40
Alum Rock Union ESD	\$866.87	\$9,849,982.32
Mt. Pleasant ESD	\$839.16	\$2,043,471.11
<b>Comparative Group</b>	<b>\$829.32</b>	<b>\$86,249,812.86</b>
<b>All Elementary School</b>	<b>\$815.47</b>	<b>\$891,857,546.14</b>
Mountain View Whisman ESD	\$811.43	\$3,950,820.21
Los Gatos Union ESD	\$797.21	\$2,526,131.86
Sunnyvale ESD	\$771.57	\$5,130,997.49
Cambrian ESD	\$739.53	\$2,418,998.00
Franklin-McKinley ESD	\$733.59	\$6,632,775.30
Campbell Union ESD	\$725.88	\$5,383,023.88
Union ESD	\$709.42	\$3,754,758.13

Figure 20: Unrestricted Classified Salaries for 2013-14		
District	Classified Salaries Per ADA	Classified Salaries Dollars
Orchard ESD	\$707.30	\$608,814.60
Luther Burbank ESD	\$640.18	\$345,550.25
Berryessa Union ESD	\$626.71	\$4,852,805.46
<b>Evergreen ESD</b>	<b>\$495.34</b>	<b>\$6,365,513.72</b>

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 21 illustrates that the District’s unrestricted General Fund expenditures per ADA for health and welfare benefit expense ranked 2<sup>nd</sup> out of the 20 districts.

Figure 21: Unrestricted Health and Welfare Benefit Expense for 2013-14	
District	Health and Welfare Per ADA
Saratoga Union ESD	\$1,081.01
<b>Evergreen ESD</b>	<b>\$963.40</b>
Alum Rock Union ESD	\$808.42
Los Altos ESD	\$792.87
Mountain View Whisman ESD	\$768.24
Moreland ESD	\$750.68
Sunnyvale ESD	\$713.39
Oak Grove ESD	\$680.12
Berryessa Union ESD	\$654.61
<b>All Elementary School Comparative Group</b>	<b>\$650.94</b>
<b>Comparative Group</b>	<b>\$642.46</b>
Orchard ESD	\$607.65
Cambrian ESD	\$594.73
Franklin-McKinley ESD	\$571.40
Campbell Union ESD	\$570.25
Lakeside Joint ESD	\$562.72
Los Gatos Union ESD	\$558.95
Mt. Pleasant ESD	\$527.66
Union ESD	\$511.63
Cupertino Union ESD	\$499.53
Luther Burbank ESD	\$498.19
Loma Prieta Joint Union ESD	\$301.89

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 22 illustrates that the District had the highest percentage, out of the 20 comparative districts, of its total expenditures dedicated to unrestricted General Fund expenditures for personnel salaries and benefits.

Figure 22: Unrestricted Personnel Salary and Benefit Expense for 2013-14		
District	% of Total Expense	Personnel Salary and Benefits Per ADA
<b>Evergreen ESD</b>	<b>94.66%</b>	<b>\$5,845.98</b>
Cupertino Union ESD	93.49%	\$5,601.34
Oak Grove ESD	92.70%	\$5,440.21
Berryessa Union ESD	90.06%	\$5,300.70
Franklin-McKinley ESD	89.89%	\$5,618.11
Los Gatos Union ESD	89.76%	\$6,375.59
Alum Rock Union ESD	89.25%	\$6,003.21
Mountain View Whisman ESD	89.24%	\$5,655.38
<b>Comparative Group</b>	<b>89.09%</b>	<b>\$5,759.63</b>
Saratoga Union ESD	88.79%	\$7,558.16
Luther Burbank ESD	88.43%	\$5,375.80
Moreland ESD	87.99%	\$6,224.59
<b>All Elementary School</b>	<b>87.33%</b>	<b>\$5,497.45</b>
Campbell Union ESD	87.14%	\$5,999.84
Sunnyvale ESD	86.59%	\$5,604.17
Cambrian ESD	86.26%	\$5,590.71
Union ESD	84.75%	\$5,273.70
Mt. Pleasant ESD	83.41%	\$5,663.96
Los Altos ESD	83.34%	\$6,748.91
Orchard ESD	82.78%	\$5,116.59
Loma Prieta Joint Union ESD	80.94%	\$5,282.31
Lakeside Joint ESD	62.58%	\$10,544.09

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 23 illustrates that the District’s unrestricted General Fund expenditures per ADA for books and supplies expense ranked the third lowest out of the 20 districts.

Figure 23: Unrestricted Books and Supplies Expense for 2013-14	
District	Books and Supplies Per ADA
Lakeside Joint ESD	\$536.90
Mt. Pleasant ESD	\$412.16
Los Altos ESD	\$387.39
Union ESD	\$319.49
Saratoga Union ESD	\$294.37
Loma Prieta Joint Union ESD	\$287.07
Cambrian ESD	\$254.07
Campbell Union ESD	\$252.91

Figure 23: Unrestricted Books and Supplies Expense for 2013-14	
District	Books and Supplies Per ADA
Orchard ESD	\$249.11
<b>All Elementary School</b>	<b>\$216.49</b>
Moreland ESD	\$213.28
<b>Comparative Group</b>	<b>\$203.21</b>
Sunnyvale ESD	\$199.28
Alum Rock Union ESD	\$193.23
Mountain View Whisman ESD	\$190.45
Oak Grove ESD	\$172.52
Cupertino Union ESD	\$165.00
Luther Burbank ESD	\$155.92
Los Gatos Union ESD	\$154.03
<b>Evergreen ESD</b>	<b>\$136.75</b>
Franklin-McKinley ESD	\$128.40
Berryessa Union ESD	\$111.38

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 24 illustrates that the District’s unrestricted General Fund expenditures per ADA for services and other operating expense ranked the lowest out of the 20 districts.

Figure 24: Unrestricted Services and Other Operating Expense for 2013-14	
District	Services and Other Operating Per ADA
Lakeside Joint ESD	\$2,261.29
Loma Prieta Joint Union ESD	\$882.13
Mt. Pleasant ESD	\$864.06
Los Altos ESD	\$859.37
Orchard ESD	\$809.09
Luther Burbank ESD	\$664.34
Saratoga Union ESD	\$659.63
Alum Rock Union ESD	\$654.69
Campbell Union ESD	\$642.74
Cambrian ESD	\$636.46
Moreland ESD	\$614.19
Sunnyvale ESD	\$608.61
Union ESD	\$593.14
Los Gatos Union ESD	\$556.90
<b>All Elementary School</b>	<b>\$551.53</b>
Mountain View Whisman ESD	\$550.18
<b>Comparative Group</b>	<b>\$519.70</b>
Franklin-McKinley ESD	\$505.46
Berryessa Union ESD	\$470.59

Figure 24: Unrestricted Services and Other Operating Expense for 2013-14	
District	Services and Other Operating Per ADA
Oak Grove ESD	\$369.12
Cupertino Union ESD	\$220.14
<b>Evergreen ESD</b>	<b>\$186.02</b>

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 25 illustrates that the District’s unrestricted General Fund expenditures per ADA for capital outlay expense ranked 11<sup>th</sup> out of the 20 districts.

Figure 25: Unrestricted Capital Outlay Expense for 2013-14	
District	Capital Outlay Per ADA
<b>All Elementary School</b>	<b>\$45.21</b>
Union ESD	\$40.53
Loma Prieta Joint Union ESD	\$35.37
Campbell Union ESD	\$32.92
Sunnyvale ESD	\$28.17
Cupertino Union ESD	\$21.46
Los Altos ESD	\$20.03
Franklin-McKinley ESD	\$18.30
Moreland ESD	\$18.16
<b>Comparative Group</b>	<b>\$15.38</b>
Alum Rock Union ESD	\$11.28
Mt. Pleasant ESD	\$11.02
<b>Evergreen ESD</b>	<b>\$7.67</b>
Oak Grove ESD	\$3.61
Mountain View Whisman ESD	\$0.00
Luther Burbank ESD	\$0.00
Lakeside Joint ESD	\$0.00
Orchard ESD	\$0.00
Saratoga Union ESD	\$0.00
Cambrian ESD	\$0.00
Berryessa Union ESD	\$0.00
Los Gatos Union ESD	\$0.00

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 26 illustrates that the District’s unrestricted General Fund net ending balance per ADA ranked 14<sup>th</sup> out of the 20 districts.

Figure 26: Unrestricted Net Ending Balance for 2013-14	
District	Net Ending Balance Per ADA
Lakeside Joint ESD	\$6,269.39
Luther Burbank ESD	\$4,670.45
Mountain View Whisman ESD	\$3,202.43
Orchard ESD	\$3,086.94
Loma Prieta Joint Union ESD	\$2,928.27
Campbell Union ESD	\$1,855.34
Cambrian ESD	\$1,727.28
<b>All Elementary School</b>	<b>\$1,679.51</b>
Los Gatos Union ESD	\$1,632.37
Berryessa Union ESD	\$1,408.66
Los Altos ESD	\$1,396.89
Cupertino Union ESD	\$1,243.58
<b>Comparative Group</b>	<b>\$1,238.00</b>
Oak Grove ESD	\$1,054.46
Alum Rock Union ESD	\$1,010.59
<b>Evergreen ESD</b>	<b>\$929.60</b>
Franklin-McKinley ESD	\$771.00
Saratoga Union ESD	\$692.27
Sunnyvale ESD	\$608.01
Union ESD	\$477.32
Moreland ESD	\$438.58
Mt. Pleasant ESD	\$404.55

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 27 illustrates that the District’s unrestricted General Fund ending balance per ADA for 2013-14 decreased significantly and ranks 4<sup>th</sup> highest in the comparative group for a reduction in fund balance on a per-ADA basis.

Figure 27: Unrestricted Ending Fund Balance for 2013-14		
District	Change in Ending Balance Per ADA	Change in Ending Balance Dollars
Campbell Union ESD	-1,222.51	-9,065,938.96
Los Gatos Union ESD	-876.45	-2,777,218.98
Cambrian ESD	-798.09	-2,610,556.03
<b>Evergreen ESD</b>	<b>-304.56</b>	<b>-3,913,909.68</b>
Mt. Pleasant ESD	-294.12	-716,230.73
Los Altos ESD	-289.81	-1,293,649.92
Moreland ESD	-165.04	-748,888.36
<b>Comparative Group</b>	<b>-161.59</b>	<b>-16,805,459.14</b>

Figure 27: Unrestricted Ending Fund Balance for 2013-14		
District	Change in Ending Balance Per ADA	Change in Ending Balance Dollars
Cupertino Union ESD	-128.88	-2,433,538.37
Orchard ESD	-72.68	-62,561.39
Union ESD	-72.55	-383,985.35
Franklin-McKinley ESD	-70.17	-634,428.80
Oak Grove ESD	-61.87	-669,729.75
Berryessa Union ESD	-45.85	-355,009.65
<b>All Elementary School</b>	<b>-45.02</b>	<b>-49,237,188.38</b>
Lakeside Joint ESD	-5.79	-482.63
Alum Rock Union ESD	58.93	669,588.84
Sunnyvale ESD	169.05	1,124,183.15
Luther Burbank ESD	292.03	157,628.05
Saratoga Union ESD	306.36	637,350.14
Mountain View Whisman ESD	439.65	2,140,632.38
Loma Prieta Joint Union ESD	454.30	217,377.22

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 28 illustrates that the District’s ratio of student enrollment per certificated employee ranks second lowest of the 20 districts in the group, which means that the District has the second highest number of students per certificated employee.

Figure 28: Student Enrollment Per All Certificated Employees					
District	2009	2010	2011	2012	2013
Lakeside Joint ESD	14.00	13.82	11.00	15.21	13.92
Saratoga Union ESD	16.37	16.00	14.65	17.06	16.22
Los Altos ESD	17.87	18.20	15.16	18.19	17.24
Alum Rock Union ESD	17.55	18.88	15.61	17.27	17.89
Campbell Union ESD	18.02	18.57	17.78	18.18	17.90
Mt. Pleasant ESD	18.75	20.40	17.90	17.89	18.01
Mountain View Whisman ESD	18.18	21.68	17.75	18.64	18.22
Moreland ESD	17.96	19.87	17.97	19.18	18.85
Los Gatos Union ESD	18.90	20.15	16.01	19.63	19.23
Sunnyvale ESD	17.91	18.17	18.18	19.72	19.42
<b>Comparative Group</b>	<b>18.53</b>	<b>19.97</b>	<b>18.26</b>	<b>19.65</b>	<b>19.54</b>
<b>All Elementary School</b>	<b>18.54</b>	<b>20.45</b>	<b>17.70</b>	<b>20.11</b>	<b>19.77</b>
Loma Prieta Joint Union ESD	17.23	18.93	16.48	19.28	19.80
Union ESD	19.97	20.08	19.57	21.24	20.21
Berryessa Union ESD	18.93	21.66	20.27	20.70	20.47
Franklin-McKinley ESD	18.91	21.00	19.74	20.47	20.48
Orchard ESD	18.58	25.45	21.57	22.51	21.05
Oak Grove ESD	18.40	20.76	20.31	20.98	21.08
Cupertino Union ESD	19.73	20.33	19.61	21.05	21.22

Figure 28: Student Enrollment Per All Certificated Employees					
District	2009	2010	2011	2012	2013
Cambrian ESD	18.49	22.07	19.10	21.76	21.29
<b>Evergreen ESD</b>	<b>19.61</b>	<b>22.57</b>	<b>19.01</b>	<b>22.31</b>	<b>21.68</b>
Luther Burbank ESD	22.76	25.41	17.97	21.58	21.77

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 29 illustrates that the District’s ratio of student enrollment per classified employee ranks last out of the 20 districts in the group, which means that the District has the highest number of students per classified employee.

Figure 29: Student Enrollment Per All Classified Employees					
District	2009	2010	2011	2012	2013
Lakeside Joint ESD	32.31	17.00	16.30	20.00	18.91
Loma Prieta Joint Union ESD	27.19	19.26	20.05	19.36	24.65
Campbell Union ESD	44.34	32.91	35.02	34.60	29.03
Saratoga Union ESD	57.26	32.83	32.35	34.36	34.27
<b>All Elementary School</b>	<b>40.55</b>	<b>34.06</b>	<b>34.03</b>	<b>34.79</b>	<b>34.36</b>
Sunnyvale ESD	45.95	38.48	37.75	38.18	35.23
Mountain View Whisman ESD	50.30	35.63	38.16	33.94	36.72
Berryessa Union ESD	49.10	47.59	40.61	39.62	37.54
Oak Grove ESD	53.50	40.42	39.12	46.57	38.79
Orchard ESD	38.35	44.00	41.56	60.97	39.06
Cupertino Union ESD	51.32	40.39	41.13	42.76	39.36
<b>Comparative Group</b>	<b>52.07</b>	<b>41.12</b>	<b>41.02</b>	<b>41.51</b>	<b>39.72</b>
Mt. Pleasant ESD	68.35	36.22	42.84	42.33	40.37
Franklin-McKinley ESD	54.37	54.24	40.54	36.88	41.68
Los Altos ESD	62.18	38.81	44.15	39.87	41.90
Alum Rock Union ESD	54.34	40.74	45.15	41.40	42.35
Moreland ESD	51.40	44.54	45.85	47.73	43.64
Luther Burbank ESD	43.37	31.28	42.85	47.54	45.65
Cambrian ESD	73.40	46.05	43.97	51.11	52.49
Union ESD	57.85	49.06	51.74	63.68	58.53
Los Gatos Union ESD	47.29	50.18	54.30	59.92	60.61
<b>Evergreen ESD</b>	<b>84.56</b>	<b>71.59</b>	<b>78.05</b>	<b>71.99</b>	<b>74.11</b>

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS



Figure 30 illustrates that the longevity of the District’s certificated staff is the highest among the 20 districts in the comparative group.

Figure 30: Average Years of District Services for Certificated Personnel				
District	Teachers	Nonadministrators	Administrators	All Certificated
Luther Burbank ESD	5.27	5.20	8.50	5.58
Mt. Pleasant ESD	5.68	5.58	16.22	6.36
Sunnyvale ESD	6.56	6.48	7.45	6.53
Los Gatos Union ESD	7.05	7.29	6.05	7.19
Orchard ESD	7.72	7.51	4.00	7.25
Mountain View Whisman ESD	8.11	8.36	10.44	8.49
Franklin-McKinley ESD	8.32	8.41	6.73	8.28
Lakeside Joint ESD	8.64	8.64	1.00	7.42
<b>Comparative Group</b>	<b>8.83</b>	<b>8.74</b>	<b>8.30</b>	<b>8.68</b>
Union ESD	8.86	8.65	7.19	8.57
Loma Prieta Joint Union ESD	9.02	8.92	2.00	8.36
Cambrian ESD	9.24	9.01	3.75	8.61
Cupertino Union ESD	9.41	9.31	10.34	9.36
Los Altos ESD	9.47	9.24	8.41	9.20
Campbell Union ESD	10.04	9.76	7.37	9.59
Moreland ESD	10.20	10.00	13.37	10.28
Alum Rock Union ESD	10.30	10.29	12.87	10.48
<b>All Elementary School</b>	<b>10.35</b>	<b>10.28</b>	<b>8.85</b>	<b>10.21</b>
Berryessa Union ESD	10.80	10.75	10.09	10.71
Oak Grove ESD	10.81	10.95	13.56	11.14
Saratoga Union ESD	12.24	11.76	8.44	11.53
<b>Evergreen ESD</b>	<b>13.43</b>	<b>13.43</b>	<b>20.59</b>	<b>13.92</b>

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Figure 31 illustrates that the District commits the highest percentage of expenditures, out of the 20 comparative districts, to classroom salaries and benefits.

Figure 31: Classroom Salary and Benefit Expense As Percent of Current Expense for 2013-14				
District	Classroom Expense % of Current Expense	Classroom Teacher Salary %	Classroom Aide Salary %	Teacher and Aide Health and Welfare %
<b>Evergreen ESD</b>	<b>71.88%</b>	<b>51.47%</b>	<b>2.14%</b>	<b>11.92%</b>
Oak Grove ESD	65.01%	46.03%	3.50%	9.39%
Cupertino Union ESD	64.13%	46.40%	5.84%	5.53%
Cambrian ESD	63.94%	47.70%	4.00%	6.56%
Alum Rock Union ESD	63.72%	47.09%	2.10%	8.44%
Franklin-McKinley ESD	63.61%	47.92%	3.02%	6.09%

Figure 31: Classroom Salary and Benefit Expense As Percent of Current Expense for 2013-14				
District	Classroom Expense % of Current Expense	Classroom Teacher Salary %	Classroom Aide Salary %	Teacher and Aide Health and Welfare %
Luther Burbank ESD	63.56%	48.05%	3.76%	6.15%
Los Gatos Union ESD	63.30%	49.13%	2.39%	5.64%
Moreland ESD	63.26%	44.87%	4.22%	8.21%
Berryessa Union ESD	62.81%	45.46%	3.35%	8.22%
<b>All Elementary Districts</b>	<b>62.80%</b>	<b>45.20%</b>	<b>4.12%</b>	<b>7.29%</b>
<b>Comparative Group</b>	<b>62.69%</b>	<b>45.44%</b>	<b>4.22%</b>	<b>7.13%</b>
Saratoga Union ESD	62.57%	41.83%	6.06%	8.80%
Mt. Pleasant ESD	61.13%	44.42%	6.08%	6.35%
Campbell Union ESD	60.81%	44.86%	4.13%	6.08%
Sunnyvale ESD	60.78%	42.91%	4.95%	7.91%
Los Altos ESD	60.77%	41.42%	5.88%	7.72%
Orchard ESD	60.76%	43.17%	4.88%	7.24%
Union ESD	60.18%	45.80%	3.52%	5.19%
Mountain View Whisman ESD	60.00%	41.87%	4.98%	8.10%
Loma Prieta Joint Union ESD	54.34%	37.14%	7.63%	3.51%
Lakeside Joint ESD	48.80%	35.91%	6.29%	2.04%

Source: 2013-14 State-Certified Reports J-90, CBEDS, SACS

Based upon these historical comparisons, the District, even with very low unrestricted revenues on a per-student basis, has prioritized attracting and retaining staff by offering a higher compensation package, as opposed to hiring more staff to lower student-to-staff ratios or dedicating unrestricted resources for other purposes. This level of commitment is the main reason behind the District’s ongoing structural deficit, as discussed later in this report, which will need to be revisited in the near future to ensure that the District remains fiscally solvent.

### Budget Monitoring

A budget is not a static document. Changes to revenues and expenditures occur throughout the budget cycle due to state-influenced factors—both positive and negative—and local factors based on Board priorities, staffing needs, program changes, unforeseen circumstances, and more. In addition to the state-required Adopted Budget, the District prepares interim reports in December, the First Interim report; and in March, the Second Interim report. The First and Second Interim reports reflect changes in revenues and expenditures as the fiscal year progresses.

The District monitors and updates revenues and expenditures throughout the fiscal year and every reporting period in 2013-14 and 2014-15 reflects changes to revenue and expenditure line items in the District’s budget.

## Enrollment and ADA

Enrollment projections form the basis for most school district revenues and expenditures—enrollment drives ADA, unduplicated counts, and staffing. The District has experienced flat or declining enrollment and ADA for the last decade, with the most significant declines following the 2012-13 fiscal year. During the last two years, the District experienced almost a 4% decline in ADA, as follows:

	2012-13	2013-14	2014-15
Actual ADA	13,003	12,851	12,496
Change in ADA from Prior Year		-152	-355

The District has projected a continued decrease in enrollment and ADA for the foreseeable future. Estimated ADA for the 2015-16 Adopted Budget and MYP are as follows:

	2015-16	2016-17	2017-18
Estimated ADA	12,218	11,881	11,598
Change in ADA from Prior Year	-278	-337	-283

The figures above are actual and estimated ADA for each year. For the purpose of calculating the District's LCFF entitlement, the higher of current-year or prior-year ADA is used because the District's ADA is declining. Declining or even flat enrollment places pressure on the District to reduce expenditures each year. Typically, a district with declining enrollment is unable to reduce expenditures quickly enough to keep pace with the drop in revenues based on enrollment and ADA. This is why districts have the choice of using current-year or prior-year ADA for the bulk of their state funding, which in essence provides an additional year for a district declining in enrollment (and ADA) to adjust expenditures downward. Even with this one-year abeyance of the revenue reduction, it is still very challenging for districts in a declining or flat enrollment situation to ratchet down expenditures. This is because reducing staff and other costs directly related to the loss in students is not enough to keep up with the loss of revenues—other staff and programs have to be cut.

Based on student counts at the start of the 2015-16 school year, it appears that the District's enrollment is declining more than anticipated. The District should closely monitor enrollment and class sizes and make adjustments to staffing where possible, as the District needs to actively manage its systemic deficit spending (discussed later in this report).

## Revenues

The District's LCFF revenue estimate, prepared using the Fiscal Crisis & Management Assistance Team (FCMAT) LCFF calculator, appears to take into account the changes that influence the LCFF calculation for the District, and we believe it is reasonable. For 2015-16, the State Budget

appropriation of additional funding for the LCFF is estimated to close the gap to target by 51.52%. Based upon this gap funding level, a summary of the District’s LCFF entitlement for 2015-16 is as follows:

<b>2015-16 LCFF Target</b>	\$103,749,963
<b>2015-16 Funding Base (floor)</b>	\$(85,713,307)
<b>2015-16 Total Gap to Target</b>	\$18,036,656
<b>2015-16 Gap Funding Level</b>	51.52%
<b>2015-16 Gap Funding Provided</b>	\$9,292,485

Total estimated LCFF revenues for the District in 2015-16 are \$95,005,792, a \$7,157,934 (8.15%) increase above 2014-15 funding of \$87,847,858. While the increase appears to be substantial, some of the change in revenues does not actually increase resources available to the District. This is because of several revenue and expense issues that must be considered in budgeting for the current and future fiscal years:

- Because the District is a declining-enrollment school district, the LCFF revenue increase to the District is based upon prior-year ADA, so the decline in students will reduce LCFF revenues available next year. This declining enrollment trend is expected to continue into the future.
- Because charter schools in the area may exacerbate declining enrollment and further impact revenues losses, the District will need to continue to estimate ADA conservatively.
- Grades K-3 class-size reduction funding is implicitly included in school district LCFF targets through a \$737 per-ADA grade K-3 adjustment. The current value of this grade span adjustment for the District, if it were fully funded today, is estimated to be approximately \$3.7 million. However, in the current year, the District receives approximately \$1.9 million. In order to retain these funds, all districts must be moving their K-3 average class size by school site to the 24:1 target at the same pace as receiving gap funding under the LCFF. Most districts used the flexibility available under the former K-3 Class-Size Reduction program during the Great Recession to continue receiving the funding under that program (which was later subsumed into the LCFF) but increased class sizes to the statutory limits allowed without the program. Therefore, most districts are using the incremental funding provided through the grade K-3 adjustment in the LCFF to reduce class sizes again, commensurately back down to 24:1. The District, however, is already at the 24:1 target. This means that most other districts are able to have higher class sizes, and therefore lower costs, than the District until the LCFF is fully implemented.

Our review finds the District has considered and accounted for these issues in their LCFF estimates, and the District’s estimates are reasonable and consistent with known statutory interpretations of the LCFF requirements.

There are new requirements under the LCFF that the District must also plan to meet when budgeting expenditures. The LCFF provides additional resources to both restore base funding lost during the Great Recession and to increase or improve services for those students that are eligible to generate supplemental and concentration grant funding. Supplemental and concentration grant funding is based on the percentage of students enrolled that are English learners, foster youth, or eligible for the free and reduced-price meals program. That percentage for the District is estimated at 44%. Since this is lower than the 55% threshold for receiving concentration grant funds, the District receives supplemental grant funds for these students but not concentration grant funds.

State statutes and regulations now require that the proportion of increased funding the school district receives as a result of the percentage of eligible students enrolled is accounted for in the district's Local Control and Accountability Plan (LCAP). Therefore, the District must recognize that a proportional share of any additional revenues received through the LCFF must be used to provide increased or improved services targeted to meet the needs of eligible students, and this should be taken into account during budget preparation and planning whenever the District is considering its future expenditure commitments.

At the bargaining table, we recommend that the District consider only the base grant as potentially available for funding across-the-board proposals, after all other claims on the base grant have been funded—including step and column movement, fuel cost increases, utility cost increases, and increases required for pension contributions. Supplemental grant funds should be discussed at the bargaining table only as a source to further the goals specified in the LCAP—any improvement in compensation to bargaining unit members out of these sources should have a nexus to improved or increased services to targeted students. Based upon the LCFF entitlement calculations, the District is receiving an additional \$1.3 million in 2015-16 for supplemental grant funds, \$7.1 million in total.

The State Budget Act for 2015-16 includes \$530 per ADA in one-time discretionary funds that are applied to outstanding prior-year state mandated cost claims. At the time the District adopted its 2015-16 budget, the latest information was based upon the Governor's May Revision estimate of \$601 per ADA, which the District included in its budget. Once the State Budget Act was enacted, the District made the appropriate reduction to its revenue estimate to the \$530 per ADA in the 2015-16 budget approved by the Board with the 2014-15 Unaudited Actuals. These revenues should only be applied to one-time uses such as increasing the District's reserves, funding the retiree benefits liability (discussed later in this report), and/or purchasing instructional materials, textbooks, technology, etc.

In addition, the State Budget includes a one-time appropriation estimated to be \$1,466 per 2014-15 certificated full-time employee that is restricted for educator effectiveness and professional development. Now that the apportionment amount has been made available, the District should include this new program in its next budget revision. Although this is a restricted

source of one-time funds, it may relieve some amount of expenditures that were planned for this purpose out of unrestricted funds.

Upon our review of the 2013-14 and 2014-15 budgets, there are no significant adjustments to unrestricted General Fund revenues made throughout the year. There were also no adjustments made by the District’s external audit firm. This means that the District’s original estimates were based upon the most current information and only minor adjustments were needed as the District revised its budget throughout these two years.

Overall, we believe the District’s assumptions for revenues in its 2015-16 budget as revised with the 2014-15 Unaudited Actuals appear reasonable.

### Expenditures

In the review of unrestricted salary and benefit expenses as compared to unrestricted total expenditures in the 2015-16 budget (as of the 2014-15 Unaudited Actuals), the District projects to spend 93% of all expenditures on salary and benefits. This leaves only 7% for all other expenditures. Salaries and benefits will continue to grow, even with reductions in staff due to declining enrollment, because of step and column movement, increasing health benefit costs for active and retired employees, unfunded special education costs, and the increases in the employer contribution rates for the California State Teachers’ Retirement System and the California Public Employees’ Retirement System.

During 2014, the District negotiated with its bargaining units a soft cap on the District’s contribution to health benefits. This arrangement reflects what most other school districts have in place—either a hard cap or a soft cap on the District’s contribution—in order to better manage the cost of these benefits. Employees working at least 50% but less than 100% of a full-time schedule receive a prorated District contribution.

Eligible retirees also receive a District contribution toward health benefits, in an amount that ranges from \$300 per month to the full premium cost based upon employee group, until reaching age 65. The District’s unfunded liability for its retiree health benefits, according to the draft audit report as of June 30, 2015, is increasing significantly as a percentage of covered payroll:

Actuarial Valuation Date	Unfunded Liability	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
July 1, 2010	\$31,312,829	\$62,937,126	50%
July 1, 2012	\$38,240,571	\$63,140,005	61%
July 1, 2014	\$40,133,096	\$63,359,043	63%

The District has set aside approximately \$1.7 million to fund this growing liability, but has not made contributions for this purpose in the prior two years and is not projecting a contribution in the current or two subsequent years of the MYP. The District should develop a plan to resume

funding this growing liability, especially as significant one-time resources are available that can be used for any purpose. The District should consider investing the funds in its Special Reserve Fund for Postemployment Benefits in an irrevocable trust, which could increase the investment earnings, ensure that the funds are available in the future to pay the cost of retiree benefits, and allow the District to count these funds against the liability on its financial statements. The District should also consider allocating the cost of retiree health benefits to all of its restricted programs and funds with eligible salaries in order to reduce the burden on the unrestricted General Fund.

During the 2013-14 and 2014-15 fiscal years, we noted significant changes to certain areas of the expenditure budget from the Adopted Budget to the Unaudited Actuals each year: Books and Supplies, Services and Other Operating Expenditures, and Other Outgo. This correspondingly caused fluctuations in the estimated ending balance for each year. It is typical that school districts have significant unspent appropriations in certain line items as the books are closed. We recommend that the District conduct an analysis to determine the reasons for these variances and consider adjustments to its expenditure budget during the year to improve the estimates for these categories of expenditure.

It should be noted that the salaries and benefits line items that comprise most of the District's expenditure budget—approximately 93%—are not the areas of expenditure where significant variances have occurred. It appears that the District has a well-functioning position control system and procedures in place in order to manage this part of the budget.

The District, based upon its size, is required to be compliant with the provisions of the Affordable Care Act (ACA) starting in 2015. The rules for determining eligibility are very complex, but if the District is not compliant the penalties are extreme. We understand that the District is currently performing a risk analysis of its compliance with the ACA in order to determine the potential impact on its expenditure budget.

We believe that the rest of the District's assumptions for expenditures appear reasonable.

### Contributions

District contributions from the unrestricted General Fund to the restricted General Fund are projected to increase in 2015-16. This is mainly due to increasing special education program costs associated with increased expenditures and due to, as of the May Revision, a requirement to increase the contribution to the Routine Restricted Maintenance Account (RRMA) to 3% of expenditures.

After the District adopted its 2015-16 budget, the 2015-16 State Budget was enacted and contains some changes to the RRMA contribution requirements. For 2015-16 and 2016-17, the minimum contribution is the lesser of 3% or the amount contributed for 2014-15. For 2017-18 through 2019-20, the minimum contribution is the greater of (1) the lesser of 3% or the amount contributed



for 2014-15, or (2) 2%. The District has reduced its RRMA contribution in the 2015-16 budget (as revised and approved by the Board with the 2014-15 Unaudited Actuals) according to these new provisions that have been enacted.

The District is also making a contribution to its Home-to-School Transportation program, although it is no longer separately identified in the state-required budget reports because this program is now on the unrestricted side of the General Fund budget.

While most districts in California must make contributions to all of the programs discussed in this section, most of the expenditures in these programs are driven by staffing decisions and position control, which can be actively managed. The District should closely manage the expenditures of these programs on an ongoing basis and implement strategies to curtail the increasing trend in the unrestricted contributions required.

### Other Funds

The Cafeteria Fund (Fund 13) reflects significant deficit spending in 2014-15 and 2015-16, with an erosion of the fund balance by 65% over these two years—from \$374,346 to \$129,294. This estimated ending balance for 2015-16 is only 3% of total expenditures. Technically a contribution has not yet been required to be made from the General Fund for this program, but the District did not charge indirect costs during 2014-15. If it had, the ending balance for 2015-16 would be approximately \$25,000. School districts with higher numbers of students that qualify for free or reduced-price meals are generally more able to run the child nutrition program on a self-sufficient basis. The District has taken action to increase meal prices and to secure contracts to provide services to other agencies in order to avoid further impact on the General Fund.

We noted that the Deferred Maintenance Fund (Fund 14) is currently inactive. This is not unusual, given that state funding is no longer being provided specifically for this program. However, deferred maintenance needs are ongoing. This means that the District should consider setting aside a certain amount of its LCFF revenues every year specifically for deferred maintenance projects.

The District does not anticipate that any of its other funds will require a contribution from the General Fund in order to remain solvent. It is important to continue to monitor all of the other funds of the District to ensure that they continue to be self-supporting.

### Multiyear Projections

We reviewed the District's MYP as of the 2015-16 Adopted Budget. The projections for LCFF funding in the out years are based upon the Department of Finance's (DOF) projections for gap funding. There is uncertainty surrounding the out-year estimates provided by the DOF, as they are not set in statute. Prudent budgeting practice would dictate a conservative approach given the



potential for significantly different funding outcomes. This is discussed further in the next section of this report.

Enrollment projections form the basis for most school district revenues and expenditures—enrollment drives ADA, unduplicated counts, and staffing, primarily. According to the District’s budget and MYPs, the District continues to decline in enrollment and is projected to do so in the future. As discussed earlier in this report, balancing the budget with declining enrollment is extremely difficult, as it puts pressure on the District to reduce programs and expenditures beyond those directly related to the enrollment decline.

Certificated salaries and classified salaries are projected to increase in the out years by amounts that are lower than the cost of step and column movement. The District has indicated that this is due to the expected reductions in staffing related to declining student enrollment. These are actions that the District has not yet taken, so the District must take steps to ensure that these expected savings materialize for each year as actual student enrollment is known.

The District has appropriately anticipated increasing costs in its MYP to reflect the increasing contributions to employee pension systems, health benefits, and programs that require a contribution such as special education and transportation.

The two out years of the MYP reflect deficit spending, which is masked in 2015-16 by one-time revenues provided from the state of approximately \$7.3 million. The District needs to develop a plan and take steps to address this systemic deficit spending pattern. While the District might be able to increase its ongoing revenues through increasing enrollment and ADA, the District has the most control over its expenditures, so ongoing expenditure reductions should be identified. The District has formed a Budget Advisory Committee consisting of representative stakeholders to make recommendations to the Superintendent on budget saving options.

We believe the District’s overall assumptions for revenues and expenditures in its 2015-16 budget and MYP appear reasonable.

### **Ending Fund Balance**

In its projected fund balance for all three years of the MYP, the District commits \$3 million for instructional materials, sets aside a 3% Reserve for Economic Uncertainties (which is the minimum standard set by the state), and leaves the balance as Unassigned. The Reserve for Economic Uncertainties and Unassigned amounts for each year are as follows:

Ending Balance Component	2015-16	2016-17	2017-18
Reserve for Economic Uncertainties	\$3,225,367	\$3,281,390	\$3,355,961
Unassigned	\$9,304,611	\$8,395,426	\$5,572,923
Combined Reserve and Unassigned	\$12,529,978	\$11,676,816	\$8,928,884
Total General Fund Expenditures	\$107,512,217	\$109,379,662	\$111,865,377
% of Total Expenditures	12%	11%	8%

As can be seen above, due to the District’s systemic deficit spending, available reserves decline by one-third during the two out years of the MYP. If this trend is not addressed, the District’s reserves will continue to decline and more drastic action will need to be taken to keep the District fiscally solvent.

Adequate reserve levels become increasingly important given the uncertainties that still surround the LCFF projections provided by the DOF for the out years. To ameliorate this, we recommend that school districts set aside one year’s LCFF growth in reserves, in addition to the state-required reserve level. One year’s LCFF growth for the District would be approximately \$1.7 million. Given the proportionality discussion above, we recommend that the amount of additional funds expected from the supplemental grant in the out years be set aside in a separate reserve unless and until the District’s LCAP determines how those targeted funds will be spent on the students that generated them.

We also recommend that the District consider adopting a Board policy for a much higher reserve level than required by the state for many reasons, including the volatility of revenues from the LCFF, the cyclical state economy and state funding to schools, declining enrollment, and other local needs.

**Conclusions**

Overall, we believe that the District makes reasonable budget projections for both revenue and expenditures. Budget monitoring is done throughout the year and fund balance reserves, even with declining enrollment, remain prudent at this point in time but are rapidly declining in the out years of the MYP.

The District should exercise caution at the bargaining table, continue to closely monitor its student enrollment, revenues, and expenditures, and work with its Budget Advisory Committee to make recommendations for the Superintendent to consider, in order to ensure that the District can

continue to maintain adequate reserves and support its student educational programs in the current environment.

Sincerely,



SHEILA G. VICKERS

Vice President