

San Rafael Elementary School District
2017-18 Second Interim Report and Multiyear Fiscal Projection
As of January 31, 2018
Presented March 12, 2018

Interim budget reports provide a picture of a district's financial condition during the fiscal year. The Governing Board of a school district certifies the district's financial condition to the county office of education through these reports. The Second Interim Report is from July 1st through January 31st, and projects financial activity through June 30th. Illustrated below is a summary of the State budget and budget guidelines as provided by the county office of education, as well as the financial condition of the San Rafael Elementary School District (SRESA) as of the second reporting period. In addition, the Second Interim Report contains detailed budget, multi-year projections, and estimated cash flow reports.

Governor's Proposed Budget for 2018-19

The release of the Governor's budget begins the six-month process of enacting a new state spending plan. Aside from a larger-than-anticipated increase in state revenue projections and a resulting sizable increase in K-14 (Proposition 98) spending levels, the Governor's proposals contain few surprises. As he has done in recent years, the Governor warned that California is now experiencing its longest economic recovery since World War II and that a recession is inevitable.

In his final budget, the Governor announced that he would be able to fully fund his signature school funding reform, the Local Control Funding Formula (LCFF), and the Rainy Day Budget Reserve. Nevertheless, the Governor maintains his commitment to fiscally conservative revenue projections and demonstrates a continuing resistance to creating new programs.

- The Governor's budget contains over \$2 billion in one-time education spending.
- While underscoring his continuing concern over the condition of PERS and STRS pension funds, the Governor proposes no additional increases to employer (or employee) contributions beyond those already scheduled.
- Fiscal prudence is in order as there is much to be clarified over the next five months:
 - The proposed \$1.757 billion in one-time discretionary funding will be the budget balancer used to address legislative priorities and any revenue shortfalls in the state budget through budget adoption in June. Districts that budget these funds in their 2018-19 multiyear projections need to ensure that the spending plan is flexible, scalable and adjustable. It is not advised to balance the 2018-19 budget based on one-time funds.
 - The possible negative impacts of the federal budget on California's budget are uncertain, as the economic and revenue forecasts used to build the Governor's budget do not consider the federal tax changes enacted last December.
 - Beginning in 2019-20, LCFF growth estimates will be limited to calculated COLA adjustments.

LCFF Gap Funding and Cost-of-Living-Adjustment (COLA): Funding for the Local Control Funding Formula (LCFF) increased by \$2 billion and is expected to bring the formula to 100% of full implementation in 2018-19. Illustrated below is a comparison of the gap funding percentages and COLA percentages from last year's May Revise through the current Governor's proposal:

Description	2016-17	2017-18	2018-19	2019-20
LCFF Gap Funding % – Proposed (May 2017)	55.03%	43.97%	71.53%	73.51%
LCFF Gap Funding % – Enacted (June 2017)	56.08%	43.19%	66.12%	64.92%
LCFF Gap Funding % – Revised (January 2018)	56.08%	44.97%	100% (Target)	N/A (Target)
Annual COLA – Proposed (May 2017)	0.00%	1.56%	2.15%	2.35%
Annual COLA – Enacted (June 2017)	0.00%	1.56%	2.15%	2.35%
Annual COLA – Revised (January 2018)	0.00%	1.56%	2.51%	2.41%

One-Time Discretionary Funding. The Governor proposes \$1.757 billion (\$295 per ADA est.) in one-time Proposition 98 funding for school districts, charter schools and county offices of education. The funds are intended to offset any mandate reimbursement claims.

While one-time discretionary funding has been a consistent part of recent education budgets, the concept of reducing the one-time funding for some LEAs as a result of liabilities is new. The Health Care Services and K-12 education budgets include estimated repayments of \$221.8 million to the federal government related to overpayments of claims in the Medi-Cal Administrative Activities (MAA) and LEA Billing programs. To reimburse the state for the payments made on behalf of the LEAs, the administration proposes withholding the amounts owed from the one-time discretionary allocations. Accordingly, the budget proposes, to the extent an LEA has an outstanding balance associated with these overpayments, the one-time discretionary funding appropriated to that LEA in the 2018-19 fiscal year would be applied to repay the state General Fund. The SRESA does not have outstanding MAA overpayments.

In terms of the Mandate Block Grant, the Enacted State Budget includes the California Assessment of Student Performance and Progress (CAASPP) mandate as proposed in the May Revision. It also includes mandated reporter training with an additional \$7.9 million to cover the inclusion of the mandate. Lastly, the Enacted State Budget provides an additional \$3.5 million relating to a COLA for the program. The sum of the additions amounts to an increase of approximately \$2 per ADA.

Program Reforms and New Expenditure Proposals. The Governor also proposes fiscal and policy reforms in the Statewide System of Support and Accountability, Career Technical Education, Special Education and Early Child Care, Teacher Recruitment/Retention, and School Facilities.

California’s System of Support and New Accountability System. In conjunction with the implementation of the California School Dashboard, the Governor proposes ongoing funding for a statewide system of support designed to provide progressive tiers of targeted assistance to eligible districts and added transparency requirements for LEAs.

The Governor’s budget also contains two proposals to “improve fiscal transparency and complement the new accountability system.”

- Require LEAs to show how their budget expenditures align with the strategies detailed in their LCAPs for serving students generating supplemental grants.
- Calculate and report on a single website the total amount of supplemental and concentration funding provided to each LEA under the LCFF.

The budget summary and administration briefings emphasized that county offices of education will serve as the first line of assistance within this emerging structure. However, it was also stressed that the California Collaborative for Educational Excellence (CCEE) and the CDE are integral components of the statewide system of support and will be expected to provide technical assistance and, in extraordinary circumstances, intervention for school districts, county offices of education, and charter schools identified as needing differentiated support.

Career Technical Education Funding. The Governor proposes to expand the Strong Workforce Program that was created in 2016 and funded at \$248 million in 2017 through community colleges. Specifically, the budget proposes an ongoing increase of \$200 million in Prop. 98 funding to be awarded through competitive grants to LEAs that establish and support K-12 CTE programs that are aligned with needed industry skills. These grants will strengthen collaboration through the existing Strong Workforce Program. In addition, an ongoing increase of \$12 million in Prop. 98 funding is provided to fund local industry experts, workforce pathway coordinators, who will provide technical support to LEAs operating CTE programs.

Special Education. The Governor's budget makes note of data from the California School Dashboard that two-thirds of school districts identified for differentiated assistance are based on the performance of students with disabilities. In addition, the administration has considered recent reports and recommendations from the California Statewide Special Education Task Force and the Public Policy Institute of California and makes the following proposals:

- Require Special Education Local Plan Areas (SELPA) to complete a SELPA local plan template and summary document that aligns the services noted in their local plans with the goals identified in their member districts' LCAPs.
- Require SELPAs to summarize how their annual budget plan links to the services and activities in their local plan for the ensuing fiscal year to improve special education budgeting transparency and accountability.
- Provide \$10 million in ongoing Proposition 98 funding through competitive grants for SELPAs to work with county offices of education to provide LEAs with technical assistance to improve student outcomes as part of the statewide system of support.
- Provide \$100 million in one-time Proposition 98 funding to increase and retain special education teachers with the Teacher Residency Grant Program and Local Solutions Grant Program.

Special Education and Early Education (Inclusive Early Education Expansion Program). The budget proposes an additional \$167 million in funding (\$125 million one-time Proposition 98 and \$42.2 million one-time federal TANF) to increase the availability of inclusive early education

and care for children ages 0 to 5 years old, including those with exceptional needs. Funds are for training, equipment, and facilities renovation, and priority will be for providers that expand availability of care for children in low-income, high-need areas of the state.

K-12 Facilities & School Bond. Approximately \$653 million in bond authority for 2018-19 is proposed to fund new construction, modernization, career technical education, and charter facility projects. Department of Finance staff report that it is the Governor's intention for these funds to be distributed to LEAs following two bond sales (fall and spring). The distribution will be based on the Office of Public School Construction's processing of project applications, and on the State Allocation Board's approval of these projects.

Reserves

County offices continue to reinforce the need for reserves in excess of the minimum reserve for economic uncertainty. The required reserve for economic uncertainty represents only a few weeks of payroll for most districts. The Government Finance Officers Association recommends reserves, at minimum, equal to two months of average general fund operating expenditures, or about 17%. In determining an appropriate level of reserves, districts should consider multiple external and local factors including but not limited to:

- State and federal economic forecasts and volatility
- Unknown impacts of federal tax reform on state revenue
- Forecasted revenue changes versus projected expenditure increases in budget and multiyear projection years
- Ending balance impact of various district enrollment scenarios
- Cash flow requirements and the relationship between budgeted reserves and actual cash on hand
- Savings for future one-time planned expenditures
- Protection against unanticipated/unbudgeted expenditures
- Credit ratings and long-term borrowing costs

A prudent reserve affords districts and their governing boards time to thoughtfully identify and implement budget adjustments over time. Inadequate reserves force districts to react quickly, often causing significant disruption, sometimes unnecessarily, to student programs and employees.

The Governor's January budget proposal assumes continued economic expansion, yet the Governor continues to stress that fiscal restraint has never been more important. By the end of 2018-19, the expansion will have matched the longest since World War II. To buffer the state against uncertainty and future budget cuts, the Governor proposes to fund the Rainy Day Fund in 2018-19 at 100% of its constitutional target (10% of expenditures), bringing total state reserves to approximately \$15.7 billion. It's important for districts to recognize the Rainy Day Fund is designed to protect the non-Proposition 98 side of the state budget and, when fully funded, will delay possible cuts for districts that might otherwise be necessary during an economic downturn. According to the Governor, even a mild recession could result in lost revenue of \$20 billion annually, and recovery takes years.

The district reserve cap is not operable in the current year or in 2018-19 and is not expected to be operable in 2019-20. SB 751 modified Education Code 42127.01 (the district reserve cap), and these changes became effective January 1, 2018. The Public School System Stabilization Account (PSSSA) must now contain a balance of 3% or greater of the Proposition 98 amount in that year to trigger the reserve cap in the following year. Reserves would be capped at 10% (including designated and undesignated reserves in the General Fund (Fund 01) and Special Reserve Fund (Fund 17)) as long as the amount in the PSSSA remained at 3% or greater of the Prop. 98 amount in each preceding year. Basic aid and small school districts (those with fewer than 2,501 ADA) are exempt from the reserve cap. The four conditions that must be met to enable a transfer to the PSSSA are:

1. Proposition 98 is funded based on Test 1
2. Proposition maintenance factor is fully repaid
3. Proposition is sufficient for enrollment growth and statutory COLA
4. At least 8% of state general fund revenues must come from capital gains.

The likelihood of the reserve cap becoming operable in future years remains low but if this does come to pass, districts have the option to request a waiver from the county superintendent of schools for up to two consecutive years in a three-year period. Districts are advised to manage and maintain prudent reserves without consideration of the reserve cap language included in Education Code 42127.01.

Proposition 39 – Clean Energy Job Act

The 2017-18 Adopted Budget allocated \$376.2 million in funding for the 2017-18 fiscal year, bringing the five-year total to \$1.75 billion. In addition, newly adopted SB 110 states any funds remaining after 2017-18 continue to be available for future years for grants and loans to school districts and county offices. One significant use of the funds will be for school bus retrofit or replacement. Priority will be to school districts and county offices operating the oldest school buses or school buses operating in disadvantaged communities.

Most recent important updates:

- Current law requires LEAs to encumber Proposition 39 K-12 program allocations by the statutory deadline of **June 30, 2019**.
- Energy Expenditure Plan due date is February 26, 2018.
- February 26, 2018, is the final opportunity to request Proposition 39 funding. If an LEA has award allocation remaining, **now is the time to apply** by submitting an energy expenditure plan to the Energy Commission.
- All amendments requesting additional Proposition 39 K-12 grant funding are also due by February 26, 2018.
- After February 26, 2018, the Energy Expenditure Plan (EEP) online system will not accept new energy expenditure plans or amendments requesting additional Prop. 39 funding. However, amendments for adjustments to approved EEPs that do not request additional funding will continue to be accepted after February 26, 2018. Rules regarding amendments that document significant EEP changes are outlined in the program guidelines.

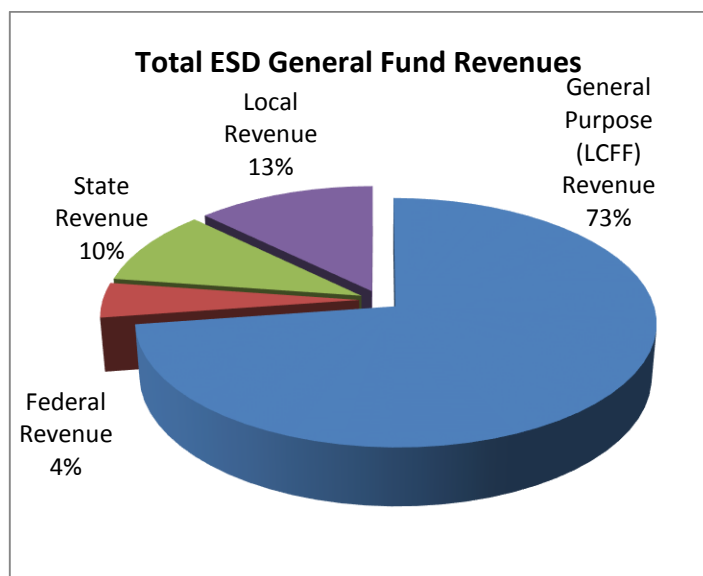
2017-18 San Rafael Elementary School District Primary Budget Components

- ❖ Average Daily Attendance (ADA) is estimated at 4,602 (includes COE ADA of 20).
 - Prior year ADA was 4,629
- ❖ The District's unduplicated pupil percentage for supplemental/ concentration funding is 68%.
- ❖ Lottery revenue is estimated to be \$146 per ADA for unrestricted purposes and \$48 per ADA for restricted purposes.
- ❖ Mandated Cost Block Grant is \$30 for K-8 ADA and \$58 for 9-12 ADA.
- ❖ One-Time Mandate Funds are estimated at \$295 for K-12 ADA. MCOE is requesting these funds not to be budgeted until legislatively adopted. If approved, these funds should only be used for flexible, scalable and adjustable expenditures.
- ❖ Except as illustrated under Contributions to Restricted Programs, all federal and state restricted categorical programs are self-funded.

General Fund Revenue Components

The District receives funding for its general operations from various sources. A summary of the major funding sources is illustrated below:

ESD DESCRIPTION	AMOUNT
General Purpose (LCFF) Revenue	\$41,666,208
Federal Revenue	\$2,630,771
State Revenue	\$5,694,389
Local Revenue	\$7,317,385
TOTAL	\$57,308,753



Education Protection Account

As approved by the voters on November 6, 2012, The Schools and Local Public Safety Protection Act of 2012 (Proposition 30) temporarily increased the State's sales tax rate and the personal income tax rates for taxpayers in high tax brackets.

The creation of Proposition 30 provides that a portion of K-14 general purpose funds must be utilized for instructional purposes. Revenues generated from Proposition 30 are deposited into an account called the Education Protection Account (EPA). The District will receive funds from the EPA based on its proportionate share of statewide general purpose funds. A corresponding reduction is made to its state aid funds.

K-14 local agencies have the sole authority to determine how the funds received from the EPA are spent, but with these provisions:

- The spending plan must be approved by the governing board during a public meeting
- EPA funds cannot be used for the salaries or benefits of administrators or any other administrative costs (as determined through the account code structure)
- Each year, the local agency must publish on its website an accounting of how much money was received from the EPA and how the funds were expended

Further, the annual financial audit includes verification that the EPA funds were used as specified by Proposition 30. If EPA funds are not expended in accordance with the requirements of Proposition 30, civil or criminal penalties could be incurred.

Illustrated below is how the District's EPA funds are appropriated for 2017-18. The amounts will be revised throughout the year based on information received from the State.

Education Protection Account (EPA)	
First Interim	
Fiscal Year Ending June 30, 2018	
EPA Revenues:	
Estimated EPA Funds	\$ 4,870,986
EPA Expenditures:	
Certificated Instructional Salaries	\$ 4,870,986
Total	\$ 4,870,986

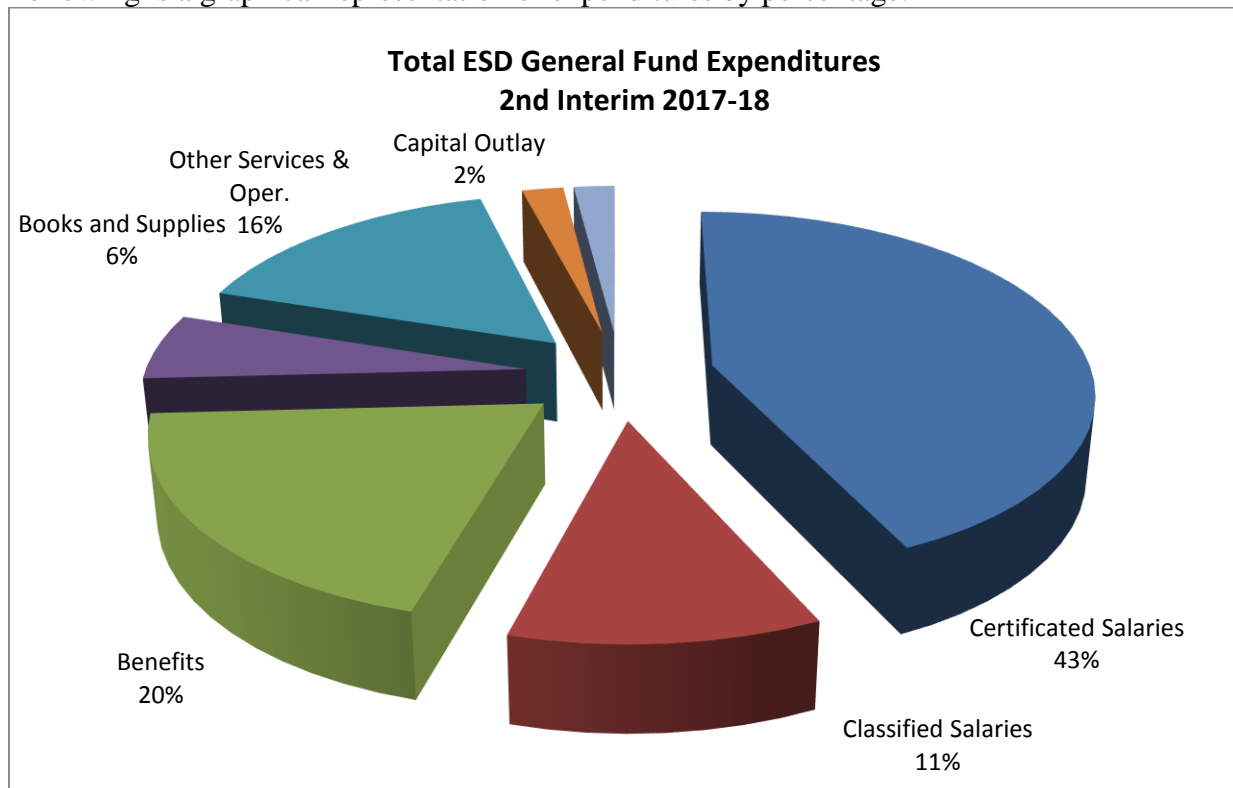
Subsequently, on November 8, 2016, the voters approved the California Children's Education and Health Care Protection Act (Proposition 55) that maintains increased personal income tax rates for taxpayers in high tax brackets through 2030. Proposition 55 did not extend the sales tax increase; therefore, the temporary sales tax increase expired at the end of calendar year 2016.

Operating Expenditure Components

The General Fund is used for the majority of the functions within the District. As illustrated below, salaries and benefits comprise of approximately 83% of the District's unrestricted budget, and approximately 74% of the total General Fund budget.

ESD DESCRIPTION	UNRESTRICTED	COMBINED
Certificated Salaries	19,202,726	\$25,244,431
Classified Salaries	4,414,913	\$6,516,436
Benefits	7,574,805	\$11,647,186
Books and Supplies	1,788,082	\$3,416,978
Other Services & Oper.	4,524,174	\$9,311,565
Capital Outlay	96,658	\$1,198,978
Other Outgo/Transfer	(131,974)	\$1,181,074
TOTAL	37,469,384	\$58,516,648

Following is a graphical representation of expenditures by percentage:



General Fund Contributions to Restricted Programs

The following contributions and transfers of unrestricted resources to restricted programs are necessary to cover restricted program expenditures in excess of revenue:

ESD Contributions to Restricted	Amount
Special Ed IDEA	4,237,373
Special Ed	730,877
Special Capital Projects	185,000
Routine Maintenance	1,575,000
Total Contributions	6,728,250

General Fund Summary

The District's 2017-18 Unrestricted General Fund projects a total operating deficit of \$1,086,784 resulting in an estimated ending fund balance of \$12.5 million. In accordance with SB 858, the assigned and unassigned components of the District's fund balance are as follows: restricted programs fund balance - \$1,258,707; unrestricted revolving cash & other nonspendables - \$2,500; 7% Board designated reserve - \$4,059,460; 3% required reserve for economic uncertainty - \$1,786,800; and unappropriated fund balance - \$ 6,660,847.

Cash Flow

The District is anticipating having positive monthly cash balances during the 2017-18 school year.

Fund Summaries

Illustrated below is a summary of each Fund's fund balance and corresponding change. Activity for the Capital Project Funds will be budgeted during 2017-18 once project scopes are known. Debt Service activity will be budgeted based on information provided by the County.

All Funds of the Elementary School District				
Fund Number and Description		Fund Balance July 1, 2017	Current Year Activity	Fund Balance June 30, 2018
01	General Fund	\$15,998,393	(\$1,189,908)	\$14,808,485
12	Child Development	\$4,015	\$0	\$4,015
13	Cafeteria	\$82,716	\$0	\$82,716
14	Deferred Maintenance Fund *	\$816,217	\$30,207	\$846,424
20	Special Reserve for OPEB	\$2,508,127	\$765,295	\$3,273,422
21	Building Funds	\$23,016,400	(\$14,740,965)	\$8,275,435
25	Capital Facilities Fund	\$106,952	\$9,465	\$116,417
40	Special Reserve for Capital Outlay	\$1,453,567	\$163,858	\$1,617,425
51	Bond Interest Redemption	\$9,217,909	\$0	\$9,217,909
* District is assumed to continue funding Deferred Maintenance at the current				

Multiyear Projection

General Planning Factors:

Illustrated below are the latest factors released by the Department of Finance (DOF) that districts are expected to utilize as planning factors:

<i>Description</i>	<i>Fiscal Year</i>			
<i>Planning Factor</i>	2016-17	2017-18	2018-19	2019-20
COLA (DOF)	0.00%	1.56%	2.51%	2.41%
LCFF Gap Funding Percentage (DOF)	56.08%	44.97%	100%/Target	N/A - Target
STRS Employer Rates	12.58%	14.43%	16.28%	18.13%
PERS Employer Rates (PERS Board / Actuary)	13.888%	15.531%	17.70%	20.00%
Lottery – Unrestricted per ADA	\$144	\$146	\$146	\$146
Lottery – Prop. 20 per ADA	\$45	\$48	\$48	\$48
Mandated Cost per ADA / One Time Allocations (DOF)	\$214	\$147	\$295	\$0
Mandate Block Grant for Districts: K-8 per ADA	\$28	\$30.34	\$31.10	\$31.10
Mandate Block Grant for Districts: 9-12 per ADA	\$56	\$58.25	\$59.71	\$59.71
Mandate Block Grant for Charters: K-8 per ADA	\$14	\$15.90	\$16.30	\$16.30
Mandate Block Grant for Charters: 9-12 per ADA	\$42	\$44.04	\$45.15	\$45.15
Routine Restricted Maintenance Account <i>* Percentage of total General Fund expenditures and financing uses</i> <i>(Note: All LEAs that received ANY School Facility Program funding are required to deposit 3%* into their RRMA in the year in which the local control funding formula is fully implemented.)</i>	Lesser of: 3%* or 2014-15 Amount	Greater of: Lesser of 3%* / 2014-15 Amount or 2%*	Greater of: Lesser of 3%* / 2014-15 Amount or 2%*	Equal to or greater than 3% of total General Fund expenditures & financing uses
Routine Restricted Maintenance Account (Prop 51) <i>(Note: LEAs receiving School Facility Program (SFP) Prop. 51 funding, the RRMA requirement reverts to 3% of total General Fund expenditures and financing uses after the receipt of the SFP funds.)</i>	N/A	Equal to or greater than 3% of total General Fund expenditures & financing uses	Equal to or greater than 3% of total General Fund expenditures & financing uses	Equal to or greater than 3% of total General Fund expenditures & financing uses

Various aspects of the planning factors illustrated above will be further discussed below with the District's specific revenue and expenditure assumptions.

Revenue Assumptions:

Per enrollment data and trends at the elementary schools, the District anticipates enrollment to decrease by approximately 30 to 35 students over the next three years. The Local Control Funding Formula is estimated to be adjusted per Department of Finance's estimates of COLA and funding percentages towards the District's LCFF Target. Federal revenue is expected to remain relatively constant for subsequent years. State revenue is expected to remain constant for subsequent years. One-time Prop. 98 projected funding of \$295 per ADA that may be received in 2018-19 has not been budgeted due to its uncertainty. Local revenue is expected to remain constant.

Expenditure Assumptions:

Certificated and Classified step and column costs are expected to increase by 1.5% each year. Unrestricted certificated full time equivalent (FTE) teaching positions is anticipated to remain relatively flat in 2018-19.

On December 21, 2016, the California Public Employees' Retirement System (CalPERS) Board took action to approve lowering what is known as the "discount rate" from 7.5% to 7.0% over three years beginning in 2018-19. This action effectively lowers what CalPERS projects will be the annual rate of return on its entire investment portfolio (i.e. investment return percentage). Illustrated below are the actual rates through 2017-18 and projected rates through 2023-24.

CalPERS Rate Comparison								
Description	2016-17 Actual	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected
Employer Rates	13.888%	15.531%	17.70%	20.00%	22.70%	23.70%	TBD	TBD
Member (Pre-PEPRA)	7%	7%	7%	7%	7%	7%	7%	7%
Member (Post-PEPRA)	6%	6%	6%	6%	6%	6%	6%	6%

Assembly Bill 1469 (CalSTRS full-funding plan) increased the contribution rates that employers, employees and the State pay to support the California State Teachers' Retirement System (CalSTRS). Similar to CalPERS, the CalSTRS Board lowered its assumed rate of return on its investment portfolio from 7.5% to 7.0% and adopted new demographic assumptions. Under Assembly Bill 1469 both State and employer contribution rates may be increased by the CalSTRS Board in order to maintain the goal of reaching full funding of the retirement system by 2046.

Current law increases STRS contribution rates to 19.1% beginning July 1, 2020. Further, under Education Code Section 22950.5, CalSTRs will have the authority to increase or decrease the employer and state contribution rates. However, the rates may not be increased by more than one percent in a year and cannot exceed 12% overall until the remaining unfunded actuarial obligation is eliminated. In addition, new CalSTRS members (hired after January 1, 2013) are required to pay at least half of the normal cost of the DB program; thus, these members' contributions will increase by 0.5% effective July 1, 2017.

Illustrated below are the statutory rates through 2020-21 and maximum rates from 2021-22 through 2023-24:

CalSTRS Rates per Education Code Sections 22901.7 and 22950.5								
Description	2016-17 Actual	2017-18 Actual	2018-19 Approved	2019-20 Approved	2020-21 Approved	2021-22 Projected	2022-23 Projected	2023-24 Projected
Employer Rates	12.58%	14.43%	16.28%	18.13%	19.10%	19.10%	21.10% (Max.)	22.10% (Max.)
Member (2% at 60)	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%

Member (2% at 62)	9.205%	9.205%	9.205%	9.205%	9.205%	9.205%	9.205%	9.205%
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Adjustments to benefits reflect the effects of salary changes noted above, and expected increases to employer pension costs.

Supplies and services are expected to remain relatively constant for subsequent years with slight adjustments based on the CPI, restricted funding projections and one-time purchases in the current year. Textbook adoptions and technology upgrades in subsequent years have not been budgeted. Increase of contributions to restricted programs is primarily due to budgeting for restricted step increases, as well as for expected pension increases.

Estimated Ending Fund Balances:

During 2018-19, the District estimates that the unrestricted General Fund is projected to deficit spend by \$227,088 resulting in an unrestricted ending General Fund balance of approximately \$12.28 million.

During 2019-20, the District estimates that the unrestricted General Fund is projected to deficit spend by \$497,014 resulting in an unrestricted ending General Fund balance of approximately \$11.78 million.

In accordance with the disclosure requirements of Senate Bill 858, amounts over the State mandated reserve of three percent of total general fund outgo are reserved for the following activities:

Beginning Balance	15,998,393	13,768,313	12,902,465
Ending Balance	13,768,313	12,902,465	11,785,505
Revolving/Stores/Prepays	2,500	2,500	2,500
Reserve for Econ Uncertainty (3%)	1,786,800	1,739,800	1,774,200
7% Board Designated Reserve	4,059,460	4,059,460	4,059,460
Assigned for future compensation adj	0	0	0
Restricted Programs	0	619,947	0
Unappropriated Fund Balance	7,919,553	6,480,759	5,949,345

Conclusion:

The multi-year projection supports that the District will be able to meet its financial obligations for the current and subsequent year. Therefore, the San Rafael Elementary School District certifies that its financial condition is **positive**.