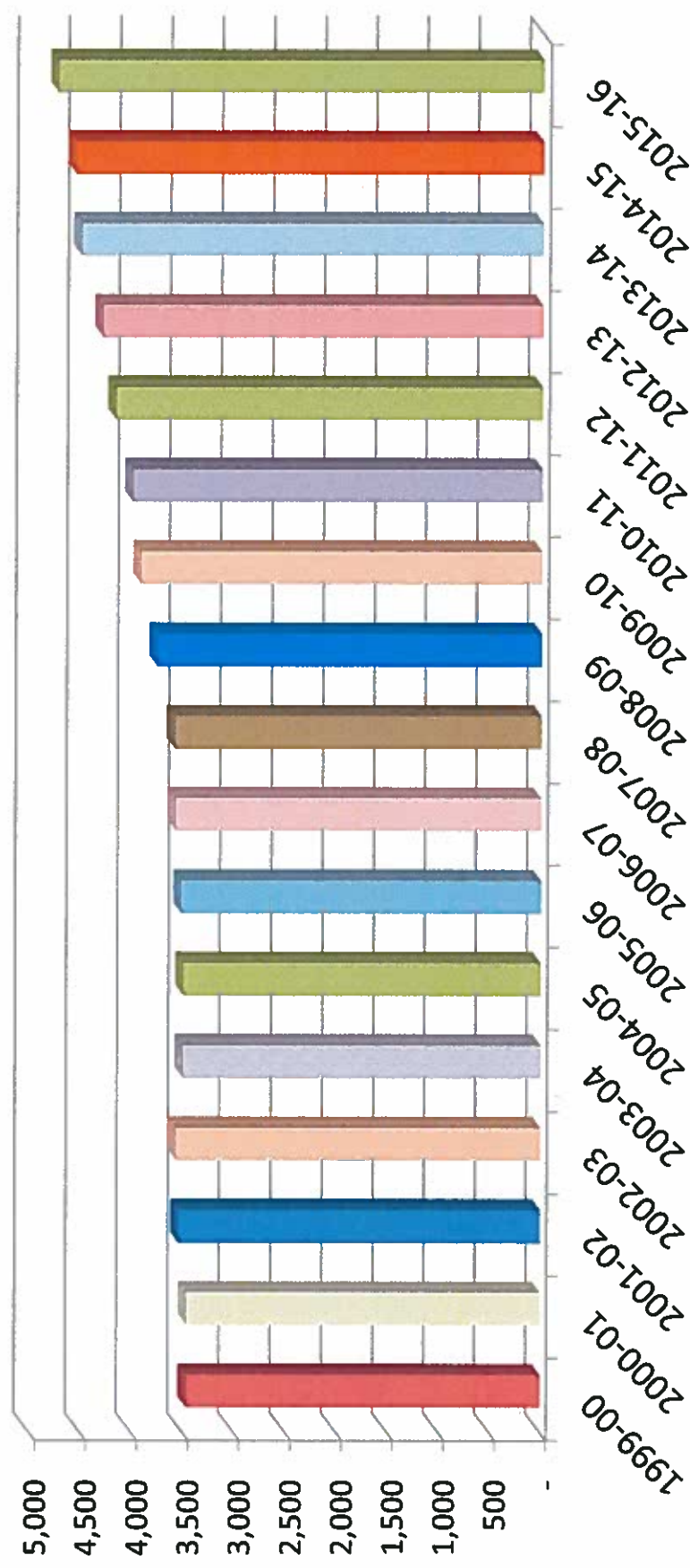


San Rafael Elementary School District Enrollment History and Projections for 2015-16

For many years the San Rafael Elementary School District had very stable enrollment. Fluctuations from year to year were relatively minor. Over the past nine years, however, the district has been experiencing sustained enrollment growth of over 130 students on average per year. As a state funded district, this has been a financial benefit but has also created challenges in ensuring there are adequate facilities to house all students.

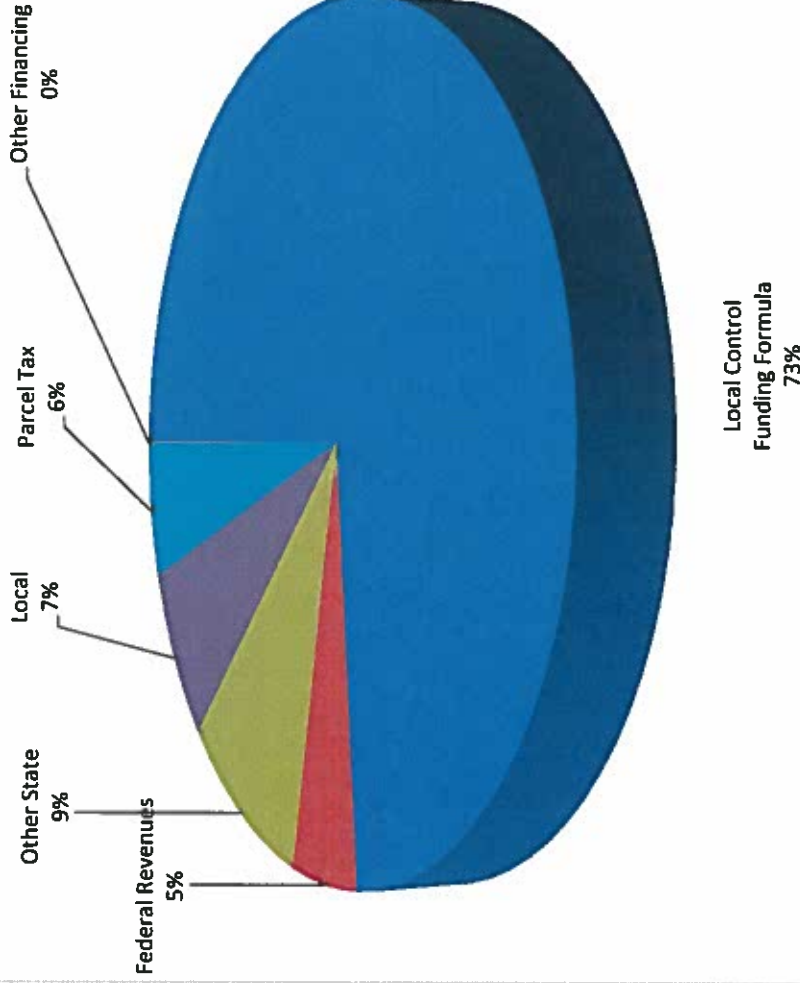
Enrollment History and Projections



San Rafael Elementary School District

General Fund Revenues, 2015-16

General Fund Revenues, 2015-16



Public education, unlike any other public agency, receives most of its revenue based on the population it serves; this was historically accomplished through revenue limit calculations. Two years ago the State of California implemented sweeping changes to K-12 funding: Revenue Limit calculations have been eliminated along with the majority of State categorical programs including Economic Impact aid and K-3 Class Size Reduction, and have been replaced by Local Control Funding Formula (LCFF).

The second largest source of revenue is typically state categorical income, which must be spent for selected state-determined programs. The majority of these funds, however, have been reduced or eliminated under the LCFF. The largest categorical program continues to be Special Education Services which is funded by a combination of state, federal, and local contributions from the General Fund.

Federal income is a small portion of the entire district income picture and this piece of the "pie" is primarily for special education (IDEA), Title I, Title II, and Title III. This year it also includes \$500,000 in Math and Science Partnership funding. Most of the federal income is restricted because it must be expended for purposes that are determined by the grantor rather than the local Board of Education.

| General Fund Sources (in millions) | |
|------------------------------------|---------------------|
| LCFF | \$37,828,916.0 |
| Federal Revenues | \$2,540,773.0 |
| Other State | \$4,801,416.0 |
| Local | \$3,630,708.0 |
| Parcel Tax | \$2,800,000.0 |
| Other Financing | \$20,000.00 |
| Total Revenues | \$51,621,813 |

San Rafael Elementary School District

General Fund Expenditures

It takes people to teach students and 71% of the District's total expenditures are committed to the employees of the District

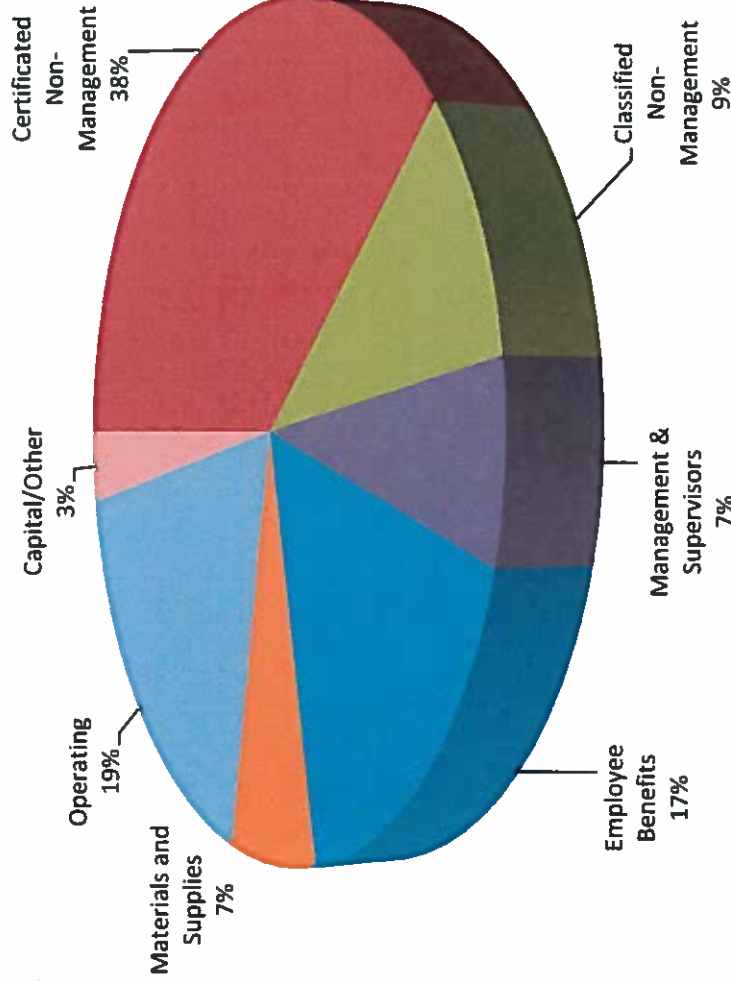
Most of the District's expenditures are committed to salaries and benefits for employees of the District. It takes people to teach our students and in San Rafael City Elementary School District over 71% of the District's budgeted expenditures are for the services of District employees.

Employee salaries are divided into three separate line items: certificated, management, and classified employees. Certificated employees include teachers, counselors, nurses, librarians, psychologists, and others who provide services that require credentials from the State of California. Management employees include principals, vice principals, instructional leaders, classified management personnel and District superintendents.

Classified employees, the District's support personnel, include secretaries, accountants, technicians, community liaisons, maintenance workers, and custodial staff.

Health and welfare benefits represent an additional 17% of the District's payroll for expenses in areas such as medical, dental, and life insurance plans, retirement, and workers' compensation expenses.

General Fund Expenditures, 2015-16



| General Fund Expenditures (in millions) | |
|---|---------------|
| Certificated Non-Management | \$18.7 |
| Classified Non-Management | \$4.7 |
| Management & Supervisors | \$3.4 |
| Employee Benefits | \$8.3 |
| Materials and Supplies | \$3.3 |
| Operating | \$9.4 |
| Capital/Other | \$1.5 |
| Total Expenditures | \$49.2 |
| Ending Balance | \$9.4 |
| Total General Fund | \$58.7 |

San Rafael Elementary School District

Reserves and Net Ending Balances, 2004-05 to 2015-16

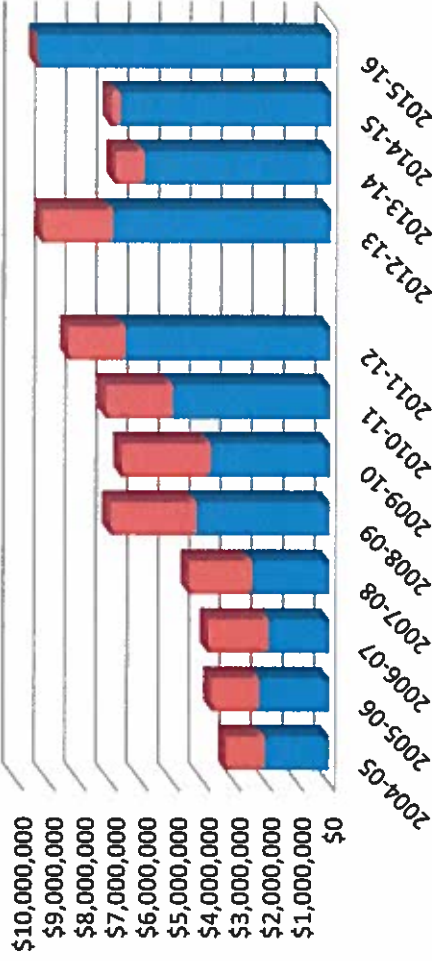
A school district's Net Ending Balance is a reserve account to fund unforeseen expenses or for one-time expenditures such as the costs for implementing Common Core State Standards

Revenues that have not been expended during a budget year are carried over into the subsequent year and identified as the District's **Net Ending Balance**. Usually this is the only reserve account that a school district has for general operating costs. The *Net Ending Balance* of one year becomes the *Net Beginning Balance* of the subsequent year.

The Reserve for Economic Uncertainty (REU) is the amount that the State of California requires to be retained to cover unforeseen shortfalls in revenues or higher-than-expected expenditures. The State's minimum REU for San Rafael City Elementary School District is 3% of the total General Fund expenditures. However due to the extent of unknowns related to programs such as Special Education, whose expenditures can fluctuate significantly throughout the year, and the greater cash flow flexibility needed to meet payroll and other obligations, the District maintains a total REU of 5%.

Also included in the Net Ending Balance are restricted carryover balances that originated from sources that can only be used for selected purposes determined by the grantor, and the balances in these accounts carry the same restrictions as the originating income. Thus a Net Ending Balance is composed of two types of accounts: those that are "unrestricted", which can be expended by local agency determination, and "restricted" which can only be used for selected purposes.

District Reserves and Net Ending Balance



■ District Reserves and Net Ending Fund Balance Restricted
■ District Reserves and Net Ending Fund Balance Unrestricted

| Net Ending Fund Balance Components | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|
| | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Revolving Cash | \$2,500 | \$2,500 | \$3,000 | \$2,500 |
| Stores | - | - | - | \$0 |
| Prepaid Expense | - | - | - | \$0 |
| Restricted Program | | | | |
| Balances | \$1,832,790 | \$2,285,793 | \$910,001 | \$291,133 |
| Reserve for Economic | | | | |
| Uncertainty | \$1,793,427 | \$1,869,051 | \$2,182,661 | \$2,371,437 |
| Reserves Restricted by | | | | |
| the Governing Board | \$3,235,537 | \$2,741,503 | \$2,400,000 | \$2,400,000 |
| Unallocated Balance | \$1,524,771 | \$2,344,356 | \$1,387,015 | \$1,972,114 |
| | | | | \$4,554,765 |

2015-16
(Proj.)

\$2,500

\$0

\$0

\$1

\$2,461,987

\$2,400,000

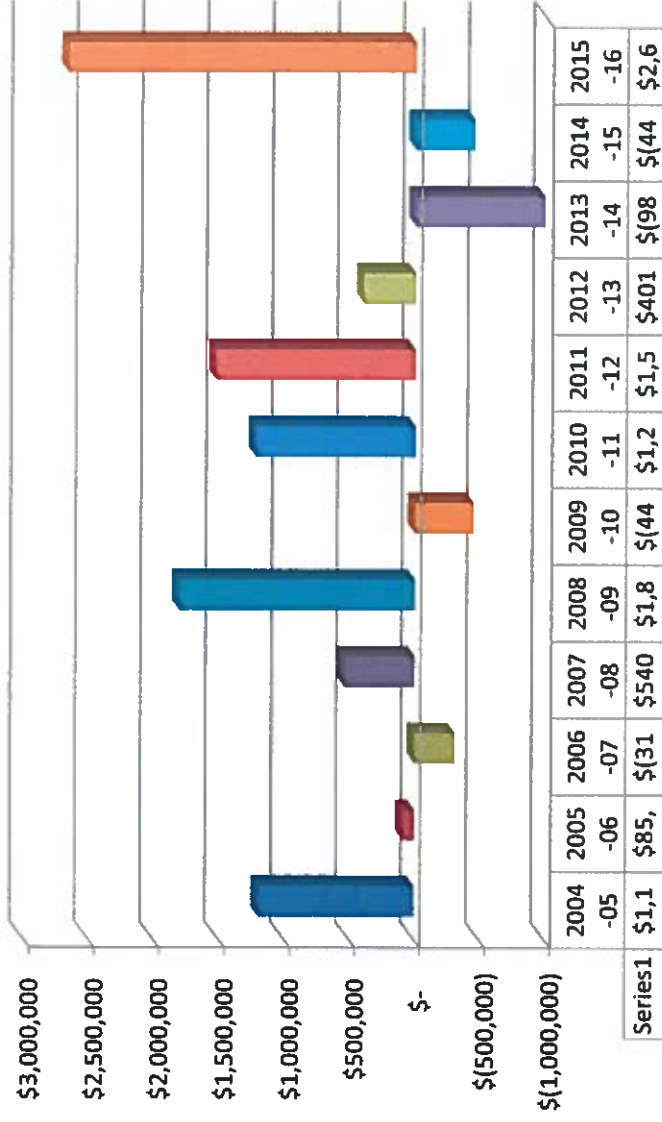
\$4,554,765

San Rafael Elementary School District

Net Change in Unrestricted Ending Balance, 2004-05 to 2015-16

Net Change in the unrestricted balance over the course of years provides a picture of District fiscal strengths/weaknesses

Net Change Unrestricted Balance



Examining a school district's unrestricted Net Ending Balance over a series of years provides an overview of its fiscal health and stability. While examining the current year's unrestricted balance is an essential part of good fiscal management, examining the balance over the course of several years offers a broader evaluation of fiscal strengths and weaknesses.

The Unrestricted Net Ending Balance – the year-end balance reflecting funds that can be spent as the local agency determines – is the single-most watched characteristic of a district's fiscal health. Districts are required to have minimum balances available to meet potential emergency needs, so ensuring adequate balances are available at the end of the year is an essential aspect of district fiscal management.

This chart reflects the District's net change in the Unrestricted Net Ending Balance. A positive number (above the centerline in the graph) reflects that the District had more unrestricted expenditures than income in that particular fiscal year.

A change in the Net Ending Fund Balance, either positive or negative, is of concern if it continues over a number of years. A consistent, consciously applied deficit in a budget may be appropriate to reduce district reserves. On the other hand, multi-year positive or negative numbers need to be examined to ensure that the district is on a prudent fiscal path, conscientiously addressing fiscal issues.

In 2015-16 the May Revise of the State's budget committed over \$2.6 million dollars in one-time funds to the District; the initial impact on the unrestricted budget, as reflected in the chart, is to significantly increase the Ending Fund Balance. This imbalance of revenue over expenses will be addressed over the next few months as the District evaluates and prioritizes allocation of these one-time funds to best serve the needs of students.