San Rafael City Elementary School District
1st Interim Narrative and Budget Assumptions
2015-16 Fiscal Year

California school district revenues and expenditures are subject to constant change. School district budgets are not static documents, but instead are constantly being revised to respond to decisions at the state and federal level, as well as to the expenditure needs of the local school district.

Acceptance of the constant revision in district numbers is one of the biggest challenges in understanding a school district budget. Yesterday's numbers are not today's numbers, and it almost seems as if someone is making up the statistics. But, while there is a base cost of service, school districts operate on such a narrow margin of income that even a small swing in revenues or unanticipated costs can have a major impact on a district's ending balance and on the decisions that a district makes.

The State and the District are in the second year of implementation of the Local Control Accountability Plan (LCAP) and District staff and school site administrators have worked hard over the past several months to monitor the implementation and actions and services related to all 5 District goals.

Essentially, the LCAP is a three-year plan with 3 sections; Section 1, which describes the process of stake holder engagement; Section 2, which identifies the District Goals and Progress Indicators that include identified student needs and the metrics to measure progress toward addressing these needs. Section 2 also describes the actions, services and expenditures ($$) for all three years to address the District-defined goals as well as meeting all Eight State Priorities. This year, Section II adds a new element identified as the "Annual Update" for Year 0 in which the District provides information on what was actually accomplished and expended in 2014-15 in support of the Goals from the prior year LCAP - Year 1.

Section 3 specifically articulates how the needs of the target population (English Learners, Foster Youth, and Low Income Students) are met by providing increased or improved services over the base level of service for all students. It also includes information on proportionality, in which the District <u>must</u> demonstrate that the funds included in the LCFF specifically generated by the Supplemental and Concentration grants are proportionate to the level of increased or improved services for EL/Low Income & Foster youth students. The funds generated by the supplemental and concentration grants (estimated at $4,584,234) cannot be used for base services including increases in salary and benefits. They must be used to increase or improve services for our target population of students whose ADA provides these supplemental funds through the LCFF.

It is important to remember that this plan must be affordable and developed in compliance with the State regulations, which require the use of the template. In Section 2 of the LCAP, all of the Year 1 actions that are defined and that have a cost or specific expenditure associated with them, must be included in the District's budget.

On June 16, the Governor signed the final State Budget Bill into law and in this final budget, the State legislature and State budget committees made modifications to the budget the Governor proposed in his May Revise. These included reductions in the GAP funding from 53.08% to 51.5% and reduced the one-time discretionary funds from the State for the mandate backlog from $601 to $523 per ADA. These two changes result in a significant reduction of funds that have been included in the budget revision that is being brought for approval along with the 1st Interim Report. Other changes include one-time funding for Professional Development targeted at educator effectiveness, which has also been included in this budget revision.

On September 10, 2014, The Governor signed AB 1522 that effective July 1, 2015, provides up to 24 hours (3 days) of paid sick leave for previously ineligible employees who work 30 days or more in a calendar year. When you consider that each school district may employ a myriad of certificated and classified substitutes as well as hourly employees funded by PTAs and Boosters and/or Foundations, the fiscal implications and work load implications may be significant.

Although the State revenue under the LCFF is welcome news, and the State's economy is on the road to recovery, as well as the local housing market, cash continues to be a concern. To protect the district's fiscal solvency, staff recommends continuing to maintain the elementary district one-time contingency fund of $1.1 million which helps to ensure the District can meet its cash obligations without the need to issue a Tax Revenue Anticipation Note (TRAN), which have become very costly given current interest rates. In addition, staff is recommending maintaining the one-time contingency of $1.3 million that was set aside for the implementation of CCSS knowing that the new onetime CCSS grant is inadequate to fully fund all of the cost associated with this new program. These actions will enable the district to continue to meet their cash flow needs, and accommodate further fluctuations in revenue or unanticipated expenditures such as those costs which the district may have to absorb associated with the Special Education mandates.

These actions will enable the high school district to accommodate further fluctuations in revenue or unanticipated increases in expenditures such as ones that could be associated with the changes in the CalSTRS rates.

In addition, implementation of the Affordable Care Act may have implications for each District that are still uncertain or difficult to determine at this time.

The 1st Interim Report is the first of two interim reports the district is required to prepare and is intended to present information on the financial position of the District as of October 31, 2015. Therefore, the information and details included in the current Budget Revision #1 and the 1st Interim Report are based on information included in the State budget as well as any other information from Federal, State and local agencies.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
BUDGET ASSUPTIONS

For the 1st Interim Report and Budget Revision #1, the following are the major assumptions used to support the numbers for both revenues and expenses:

2015-16 Budget Assumptions (Budget Revision #1)

Local Control Funding Formula:

- ***Average Daily Attendance (ADA):*** Estimated P-2 ADA @ **4,557.42**
  - Total ADA 4,367.98 (Minimal change) Estimated MCOE ADA @ **13.3**
  - Current enrollment at 4,744 + 18 NPS
- Percentage of Students who qualify for Free and Reduced Meal **65.29%**
- LCFF - GAP funding at 51.52%
- Cost of Living Adjustment (COLA) ~ 2.02%
- Education Protection Act Funds $4,850,677 Estimate
- The budget has been revised for current tax estimates based on information provided in the J-29B from the MCOE AND the Marin County Auditor-Controller's Office.

Other Revenues:

- Lottery Funding
  - Unrestricted (Non-Prop 20) **$128** per annual ADA
  - Restricted (Prop 20) **$34** per annual ADA
- Revenues for Mandated Cost Reimbursements Block Grant included
  - One-time funds to pay down prior year mandated claims $123,041
- Reduce **One-time** State Funding on backlog of Mandates owed by the State $523 per ADA ($2.4) reduced by $316,093
- Other State revenue was adjusted based on current estimates
  - Add Educator Effectiveness Grant (one-time) $370,943 (Restricted)
  - Insignificant PY State revenue adjustments
- Other Local Revenues were increased for local site donations
  - Increase bus pass revenues due to growth in enrollment/ridership
  - Other locally restricted revenues were adjusted:
    - PTA donations that support programs at the schools
    - Various local grants
- The contribution to Restricted Programs:
  - Special Education was increased based on current estimates for NPS/NPA, SRTA 5% salary increases and other expenditures.
- The budgets for Federal and State restricted revenues have been adjusted for 2014-15 deferred revenue/carryover
  - The current year revenues for programs included in the Consolidated Application (Part II) have not been adjusted as information is being released in January. These budgets and associated allocations will be adjusted upon confirmation of these grants and entitlements and will be included in the next budget revision.

Expenditures & Restricted Programs:

- During the past few months, the budget for salaries and benefits have been revised to reflect staffing changes and Step & Column movement for both certificated, classified, and management. In addition, it includes changes requested by the school sites and departments for carryover balances. The modifications include budgeting certificated and classified hourly amounts for extra duty, overtime, and/or certificated stipends for additional work such as curriculum committees.
  - This year, it also includes budgeting $1 million for the SRTA contract revisions that include 5% on the salary schedule, H&W increased to medical/dental Caps
  - It also includes several positions supported by the MCF grants for PESSA as well as other salaries supported by carryover from various State, Federal and local grants
  - It includes elimination of the 50% of the Deputy Superintendent position
  - Adjustments in the area of Employee Benefits for changes in salaries as well as the change in the STRS rate from 8.88% to 10.73% in the final budget.

- The budget for Materials & Supplies and Other Operating Expenditures have been reviewed and updated for current information, as well as site requests for budget transfers. Initially, the 2014-15 carryover is posted to a 4330 object, and then the site/departments request transfers to more appropriate expenditure accounts based on the needs of the site and/or school site plans. Many of these adjustments include the addition of temporary staff to support the programs using carryover dollars and will continue throughout the year.
  - This year, the budget revision in the unrestricted area includes an additional amount of funds for non-capital equipment for chromebooks (K-8) in support of the State's priority of ***CCS Based Instruction, Pupil Achievement, Pupil Engagement and Basic Services*** and a significant amount of funds for new furniture and equipment primarily for school site students and staff based on growth and in support of the State's priority of ***Basic Services.***

- In the area of Other Operating Expenditures, the most significant adjustments are related to final costs for P&L insurance, reductions in utilities based on prior year trends, a contract for 10,000 Degrees, increases in contracts related to special education specifically in the areas of NPS and NPA ***(Pupil Achievement and Basic Services)***, as well as contract services related to Routine Restricted Maintenance (tree removal, fire alarm repairs, vehicle repairs, etc.). In addition, there are very minor adjustments updated for current information, as well as site requests for budget transfers. Other revisions include:
  - Outdoor Education Contracts
  - Field Trips and field trip transportation
  - Professional Development contracts
  - ASES transporation

- Capital Outlay budgets were adjusted for replacement of copiers throughout the District, adding a copier for DMS due to growth, replacement of trash compactors at 2 school sites, LCD projectors at Short for the two new portable classrooms, and a replacement forklift in M&O to replace one that is no longer working or serviceable.

- In the area of Indirect/Direct Costs, the budgets for Indirect on prior year carryover were increased. In addition, with authorization from the Board, staff requested that the County establish Fund 20 (Special Reserve for Post-employment Benefits) and a contribution from the General Fund to Fund 20 was budgeted for the Annual Required Contribution (ARC) under GASB 45 with the intent of increasing over the next year based on a new actuarial report that will be completed in the Spring.

    - $180,000 replacing the transfer to the Deferred Maintenance fund and now being transferred to the Special Reserve for Capital Improvements - Fund 40

Reserves & Ending Fund Balance:

- Reserve for Economic Uncertainty
    - Currently, the SRESD maintains the State required minimum reserve of 3% and has set aside an additional 2% reserve in order to be better prepared to respond to the potentially significant fluctuations in funding based on the State and National Budget Crisis over the next few years.
- Board Designated
    - The District has set aside in a Board Designated/Assigned account for an amount equivalent to the amount of one-time flexibility transfers of revenue for Tier III programs currently $1.1 million (6/30/08) for ***Cash Flow Contingencies***
    - In addition, $1.3 million has been set aside in a Board Designated/Assigned account to enable the District to continue to fund the costs associated with the implementation of CCSS as they are known and identified

All Other Funds:

- Estimated to have a positive ending fund balance
- Fund 20 established (Special Reserve for Post-employment Benefits)
- Revenue projections for both the Cafeteria Fund and the Capital Facilities fund will be further evaluated and adjusted at 2nd Interim
    - The cafeteria fund is currently serving significantly more free & reduced lunches as applications have increased, so revenue projections are estimated to be higher at 2nd Interim

Multi-year Projections:

Revenues:

- Estimated increase in ADA of 84 and 46 in both 2016-17 and 2017-18
- Local Control Funding Formula
    - Assume GAP Funding on LCFF at Department of Finance estimated levels
        - 35.55% 2016-17
        - 35.11% 2017-18
    - Assume ongoing 65% FRM counts
- Assume COLA/growth on Federal and State Categorical programs at 2%
    - Assume reductions of one-time State funds $2.4 million (unrestricted)
    - Assume reduction of Federal PY Carryover/Deferred Revenue $520,000

- Assume no change in Interest Earnings (2015-16 & 2016-17)
- Assume ongoing revenues for Mandated Block Grant at same level with growth (2016-17 & 2017-18)
- Assume no change in rates for Lottery funds (Non-Prop 20 & Prop 20) (2016-17 & 2017-18) with growth
- Assume increase in contribution to Special Education of approximately $150,000/$150,000 (2016-17 & 2017-18)
- Assume Increase in RRM in 2016-17 of $150,000
- Assume 5% increase in Parcel Tax Revenues (2016-17 & 2017-18)
  - Approximately $140,000/$147,000 per year
  - Parcel Tax renewed for eight years through 2021-22
- Assume changes in Special Education revenues
  - Growth $30,000/$45,000
- Other Local Revenues (not including Parcel Tax)
  - Assume no change in local revenues - unrestricted
  - Assume no change in restricted local grants at this time. If funding changes, or is reduced/eliminated, expenditures will be adjusted accordingly

Expenditures:

- Assume step & column for both certificated and classified personnel at approximately 1% (2016-17 & 2017-18)
- Assume additional 3.6 & 2.0 certificated FTE for growth of approximately 100 students per year K-8 (2016-17 & 2017-18)
- Assume no change in rates for driven costs at this time except STRS
  - Assume increases of $340,000 each per year due to rate changes (unrestricted/restricted)
    - 12.58% 2015-16
    - 14.43% 2016-17
- Assume increase in employee benefits due to step & column & additional FTE and fluctuations in H&W benefits
- Assume significant decrease in one-time Materials & Supplies expenditures supported by site carryover, Federal & State deferred revenue and Parcel Tax budgets ($1.5 million)
  - One-time costs for Chromebooks ($400,000) unrestricted
    - Add 2% CPI (2016-17 & 2017-18)
  - Reduce restricted Materials & Supplies budget $1.7 million (2016-17 only) for py carryover for numerous categorical programs including parcel tax.
  - Assume increase in ongoing materials & supplies at approximately 2.% CPI/growth (2016-17 & 2017-18)
- Reduce services & other operating expenditures supported by carryover, Federal & State deferred revenue and Parcel Tax budgets ($150,000)
  - Assume increases of 2.% CPI (2016-17 & 2017-18)
- Assume ongoing capital outlay expense
  - Reductions in unrestricted for one-time vehicle and trash compactor costs
- Reduce Indirect costs due to reduction of carryover 14-15 funds budgeted in 2015-16 (2016-17 only)

- Assume increasing GASB 45 by $75,000 & ongoing Deferred Maintenance transfers to other Funds (unrestricted)
- Assume no change in indirect cost rate (2016-17 & 2017-18)
- Assume increases of approximately 10% in Excess Cost Bill-back from MCOE (2016-17 & 2017-18).
- Assume ongoing contributions to Deferred Maintenance Fund 14 with slight increases

Ending Fund Balance & Reserves:

- Assume no change in Revolving Fund account (2016-17 & 2017-18)
- Assume ongoing 5% reserve for economic uncertainty (2016-17 & 2017-18)
- Board Assigned:
    - Continued, contingency @ $1.1 million Cash Flow
    - Continued, contingency @ $1.3 million CCSS/Smarter Balanced Assessment
- Assume continued positive ending fund balance in General Fund

San Rafael City Elementary School District
1st Interim Narrative and Budget Assumptions
2015-16 Fiscal Year

California school district revenues and expenditures are subject to constant change. School district budgets are not static documents, but instead are constantly being revised to respond to decisions at the state and federal level, as well as to the expenditure needs of the local school district.

Acceptance of the constant revision in district numbers is one of the biggest challenges in understanding a school district budget. Yesterday's numbers are not today's numbers, and it almost seems as if someone is making up the statistics. But, while there is a base cost of service, school districts operate on such a narrow margin of income that even a small swing in revenues or unanticipated costs can have a major impact on a district's ending balance and on the decisions that a district makes.

The State and the District are in the second year of implementation of the Local Control Accountability Plan (LCAP) and District staff and school site administrators have worked hard over the past several months to monitor the implementation and actions and services related to all 5 District goals.

Essentially, the LCAP is a three-year plan with 3 sections; Section 1, which describes the process of stake holder engagement; Section 2, which identifies the District Goals and Progress Indicators that include identified student needs and the metrics to measure progress toward addressing these needs. Section 2 also describes the actions, services and expenditures ($$) for all three years to address the District-defined goals as well as meeting all Eight State Priorities. This year, Section II adds a new element identified as the "Annual Update" for Year 0 in which the District provides information on what was actually accomplished and expended in 2014-15 in support of the Goals from the prior year LCAP - Year 1.

Section 3 specifically articulates how the needs of the target population (English Learners, Foster Youth, and Low Income Students) are met by providing increased or improved services over the base level of service for all students. It also includes information on proportionality, in which the District <u>must</u> demonstrate that the funds included in the LCFF specifically generated by the Supplemental and Concentration grants are proportionate to the level of increased or improved services for EL/Low Income & Foster youth students. The funds generated by the supplemental and concentration grants (estimated at $4,584,234) cannot be used for base services including increases in salary and benefits. They must be used to increase or improve services for our target population of students whose ADA provides these supplemental funds through the LCFF.

It is important to remember that this plan must be affordable and developed in compliance with the State regulations, which require the use of the template. In Section 2 of the LCAP, all of the Year 1 actions that are defined and that have a cost or specific expenditure associated with them, must be included in the District's budget.

On June 16, the Governor signed the final State Budget Bill into law and in this final budget, the State legislature and State budget committees made modifications to the budget the Governor proposed in his May Revise. These included reductions in the GAP funding from 53.08% to 51.5% and reduced the one-time discretionary funds from the State for the mandate backlog from $601 to $523 per ADA. These two changes result in a significant reduction of funds that have been included in the budget revision that is being brought for approval along with the 1st Interim Report. Other changes include one-time funding for Professional Development targeted at educator effectiveness, which has also been included in this budget revision.

On September 10, 2014, The Governor signed AB 1522 that effective July 1, 2015, provides up to 24 hours (3 days) of paid sick leave for previously ineligible employees who work 30 days or more in a calendar year. When you consider that each school district may employ a myriad of certificated and classified substitutes as well as hourly employees funded by PTAs and Boosters and/or Foundations, the fiscal implications and work load implications may be significant.

Although the State revenue under the LCFF is welcome news, and the State's economy is on the road to recovery, as well as the local housing market, cash continues to be a concern. To protect the district's fiscal solvency, staff recommends continuing to maintain the elementary district one-time contingency fund of $1.1 million which helps to ensure the District can meet its cash obligations without the need to issue a Tax Revenue Anticipation Note (TRAN), which have become very costly given current interest rates. In addition, staff is recommending maintaining the one-time contingency of $1.3 million that was set aside for the implementation of CCSS knowing that the new onetime CCSS grant is inadequate to fully fund all of the cost associated with this new program. These actions will enable the district to continue to meet their cash flow needs, and accommodate further fluctuations in revenue or unanticipated expenditures such as those costs which the district may have to absorb associated with the Special Education mandates.

These actions will enable the high school district to accommodate further fluctuations in revenue or unanticipated increases in expenditures such as ones that could be associated with the changes in the CalSTRS rates.

In addition, implementation of the Affordable Care Act may have implications for each District that are still uncertain or difficult to determine at this time.

The 1st Interim Report is the first of two interim reports the district is required to prepare and is intended to present information on the financial position of the District as of October 31, 2015. Therefore, the information and details included in the current Budget Revision #1 and the 1st Interim Report are based on information included in the State budget as well as any other information from Federal, State and local agencies.

SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT
BUDGET ASSUPTIONS

For the 1st Interim Report and Budget Revision #1, the following are the major assumptions used to support the numbers for both revenues and expenses:

2015-16 Budget Assumptions (Budget Revision #1)

Local Control Funding Formula:

- **Average Daily Attendance (ADA):** Estimated P-2 ADA @ **4,557.42**
  - Total ADA 4,367.98 (Minimal change) Estimated MCOE ADA @ **13.3**
  - Current enrollment at 4,744 + 18 NPS
- Percentage of Students who qualify for Free and Reduced Meal **65.29%**
- LCFF - GAP funding at 51.52%
- Cost of Living Adjustment (COLA) ~ 2.02%
- Education Protection Act Funds $4,850,677 Estimate
- The budget has been revised for current tax estimates based on information provided in the J-29B from the MCOE AND the Marin County Auditor-Controller's Office.

Other Revenues:

- Lottery Funding
  - Unrestricted (Non-Prop 20) **$128** per annual ADA
  - Restricted (Prop 20) **$34** per annual ADA
- Revenues for Mandated Cost Reimbursements Block Grant included
  - One-time funds to pay down prior year mandated claims $123,041
- Reduce <u>One-time</u> State Funding on backlog of Mandates owed by the State $523 per ADA ($2.4) reduced by $316,093
- Other State revenue was adjusted based on current estimates
  - Add Educator Effectiveness Grant (one-time) $370,943 (Restricted)
  - Insignificant PY State revenue adjustments
- Other Local Revenues were increased for local site donations
  - Increase bus pass revenues due to growth in enrollment/ridership
  - Other locally restricted revenues were adjusted:
    - PTA donations that support programs at the schools
    - Various local grants
- The contribution to Restricted Programs:
  - Special Education was increased based on current estimates for NPS/NPA, SRTA 5% salary increases and other expenditures.
- The budgets for Federal and State restricted revenues have been adjusted for 2014-15 deferred revenue/carryover
  - The current year revenues for programs included in the Consolidated Application (Part II) have not been adjusted as information is being released in January. These budgets and associated allocations will be adjusted upon confirmation of these grants and entitlements and will be included in the next budget revision.

Expenditures & Restricted Programs:

- During the past few months, the budget for salaries and benefits have been revised to reflect staffing changes and Step & Column movement for both certificated, classified, and management. In addition, it includes changes requested by the school sites and departments for carryover balances. The modifications include budgeting certificated and classified hourly amounts for extra duty, overtime, and/or certificated stipends for additional work such as curriculum committees.
    - This year, it also includes budgeting $1 million for the SRTA contract revisions that include 5% on the salary schedule, H&W increased to medical/dental Caps
    - It also includes several positions supported by the MCF grants for PESSA as well as other salaries supported by carryover from various State, Federal and local grants
    - It includes elimination of the 50% of the Deputy Superintendent position
    - Adjustments in the area of Employee Benefits for changes in salaries as well as the change in the STRS rate from 8.88% to 10.73% in the final budget.

- The budget for Materials & Supplies and Other Operating Expenditures have been reviewed and updated for current information, as well as site requests for budget transfers. Initially, the 2014-15 carryover is posted to a 4330 object, and then the site/departments request transfers to more appropriate expenditure accounts based on the needs of the site and/or school site plans. Many of these adjustments include the addition of temporary staff to support the programs using carryover dollars and will continue throughout the year.
    - This year, the budget revision in the unrestricted area includes an additional amount of funds for non-capital equipment for chromebooks (K-8) in support of the State's priority of ***CCS Based Instruction, Pupil Achievement, Pupil Engagement and Basic Services*** and a significant amount of funds for new furniture and equipment primarily for school site students and staff based on growth and in support of the State's priority of ***Basic Services.***

- In the area of Other Operating Expenditures, the most significant adjustments are related to final costs for P&L insurance, reductions in utilities based on prior year trends, a contract for 10,000 Degrees, increases in contracts related to special education specifically in the areas of NPS and NPA ***(Pupil Achievement and Basic Services)***, as well as contract services related to Routine Restricted Maintenance (tree removal, fire alarm repairs, vehicle repairs, etc.). In addition, there are very minor adjustments updated for current information, as well as site requests for budget transfers. Other revisions include:
    - Outdoor Education Contracts
    - Field Trips and field trip transportation
    - Professional Development contracts
    - ASES transporation

- Capital Outlay budgets were adjusted for replacement of copiers throughout the District, adding a copier for DMS due to growth, replacement of trash compactors at 2 school sites, LCD projectors at Short for the two new portable classrooms, and a replacement forklift in M&O to replace one that is no longer working or serviceable.

- In the area of Indirect/Direct Costs, the budgets for Indirect on prior year carryover were increased. In addition, with authorization from the Board, staff requested that the County establish Fund 20 (Special Reserve for Post-employment Benefits) and a contribution from the General Fund to Fund 20 was budgeted for the Annual Required Contribution (ARC) under GASB 45 with the intent of increasing over the next year based on a new actuarial report that will be completed in the Spring.
    - $180,000 replacing the transfer to the Deferred Maintenance fund and now being transferred to the Special Reserve for Capital Improvements - Fund 40

Reserves & Ending Fund Balance:

- Reserve for Economic Uncertainty
    - Currently, the SRESD maintains the State required minimum reserve of 3% and has set aside an additional 2% reserve in order to be better prepared to respond to the potentially significant fluctuations in funding based on the State and National Budget Crisis over the next few years.
- Board Designated
    - The District has set aside in a Board Designated/Assigned account for an amount equivalent to the amount of one-time flexibility transfers of revenue for Tier III programs currently $1.1 million (6/30/08) for ***Cash Flow Contingencies***
    - In addition, $1.3 million has been set aside in a Board Designated/Assigned account to enable the District to continue to fund the costs associated with the implementation of CCSS as they are known and identified

All Other Funds:

- Estimated to have a positive ending fund balance
- Fund 20 established (Special Reserve for Post-employment Benefits)
- Revenue projections for both the Cafeteria Fund and the Capital Facilities fund will be further evaluated and adjusted at 2nd Interim
    - The cafeteria fund is currently serving significantly more free & reduced lunches as applications have increased, so revenue projections are estimated to be higher at 2nd Interim

Multi-year Projections:

Revenues:

- Estimated increase in ADA of 84 and 46 in both 2016-17 and 2017-18
- Local Control Funding Formula
    - Assume GAP Funding on LCFF at Department of Finance estimated levels
        - 35.55% 2016-17
        - 35.11% 2017-18
    - Assume ongoing 65% FRM counts
- Assume COLA/growth on Federal and State Categorical programs at 2%
    - Assume reductions of one-time State funds $2.4 million (unrestricted)
    - Assume reduction of Federal PY Carryover/Deferred Revenue $520,000

- Assume no change in Interest Earnings (2015-16 & 2016-17)
- Assume ongoing revenues for Mandated Block Grant at same level with growth (2016-17 & 2017-18)
- Assume no change in rates for Lottery funds (Non-Prop 20 & Prop 20) (2016-17 & 2017-18) with growth
- Assume increase in contribution to Special Education of approximately $150,000/$150,000 (2016-17 & 2017-18)
- Assume Increase in RRM in 2016-17 of $150,000
- Assume 5% increase in Parcel Tax Revenues (2016-17 & 2017-18)
  - Approximately $140,000/$147,000 per year
  - Parcel Tax renewed for eight years through 2021-22
- Assume changes in Special Education revenues
  - Growth $30,000/$45,000
- Other Local Revenues (not including Parcel Tax)
  - Assume no change in local revenues - unrestricted
  - Assume no change in restricted local grants at this time. If funding changes, or is reduced/eliminated, expenditures will be adjusted accordingly

Expenditures:

- Assume step & column for both certificated and classified personnel at approximately 1% (2016-17 & 2017-18)
- Assume additional 3.6 & 2.0 certificated FTE for growth of approximately 100 students per year K-8 (2016-17 & 2017-18)
- Assume no change in rates for driven costs at this time except STRS
  - Assume increases of $340,000 each per year due to rate changes (unrestricted/restricted)
    - 12.58% 2015-16
    - 14.43% 2016-17
- Assume increase in employee benefits due to step & column & additional FTE and fluctuations in H&W benefits
- Assume significant decrease in one-time Materials & Supplies expenditures supported by site carryover, Federal & State deferred revenue and Parcel Tax budgets ($1.5 million)
  - One-time costs for Chromebooks ($400,000) unrestricted
    - Add 2% CPI (2016-17 & 2017-18)
  - Reduce restricted Materials & Supplies budget $1.7 million (2016-17 only) for py carryover for numerous categorical programs including parcel tax.
  - Assume increase in ongoing materials & supplies at approximately 2.% CPI/growth (2016-17 & 2017-18)
- Reduce services & other operating expenditures supported by carryover, Federal & State deferred revenue and Parcel Tax budgets ($150,000)
  - Assume increases of 2.% CPI (2016-17 & 2017-18)
- Assume ongoing capital outlay expense
  - Reductions in unrestricted for one-time vehicle and trash compactor costs
- Reduce Indirect costs due to reduction of carryover 14-15 funds budgeted in 2015-16 (2016-17 only)

- Assume increasing GASB 45 by $75,000 & ongoing Deferred Maintenance transfers to other Funds (unrestricted)
- Assume no change in indirect cost rate (2016-17 & 2017-18)
- Assume increases of approximately 10% in Excess Cost Bill-back from MCOE (2016-17 & 2017-18).
- Assume ongoing contributions to Deferred Maintenance Fund 14 with slight increases

Ending Fund Balance & Reserves:

- Assume no change in Revolving Fund account (2016-17 & 2017-18)
- Assume ongoing 5% reserve for economic uncertainty (2016-17 & 2017-18)
- Board Assigned:
    - Continued, contingency @ $1.1 million Cash Flow
    - Continued, contingency @ $1.3 million CCSS/Smarter Balanced Assessment
- Assume continued positive ending fund balance in General Fund