

MENLO PARK CITY SCHOOL DISTRICT

2015/16 First Interim Budget

December 8, 2015





Menlo Park City School District Business Office Memorandum

To: Board of Education
From: Ahmad Sheikholeslami, Chief Business and Operations Officer
Jill Frederiksen, Director of Fiscal Services
Date: 12/3/2015
Re: 2015/16 First Interim Budget

Overview & Reserve Levels

The Board is required to certify the financial condition of the District for the current and two subsequent fiscal years when the budget is adopted and at the two interim reporting periods during the school year. The minimum reserve for economic uncertainties required by the State for the three year period is 3% of total expenditures. This typically equates to less than 2 weeks of payroll. The MPCSD Board has adopted a policy to target a reserve for economic uncertainties that equates to not less than 2 months of payroll, or about 20% of total expenditures. Reserves for economic uncertainties do not include restricted or assigned fund balances in the General Fund, nor balances in Fund 17, Special Reserve (parcel taxes).

The 2015/16 First Interim Budget projects a reserve of 17.3% for the budget year, 14.7% for the first subsequent year (2016/17), and 10.4% for the second subsequent year (2017/18). This is an improvement since the Adopted Budget of 1.1% for the current year and an increase of 1.3% and 0.4% for the two subsequent years, respectively. The second subsequent year, 2017/18, includes renewal of the Measure C parcel tax at its current level plus CPI increases. This parcel tax sunsets June 30, 2017.

Changes in the Current Budget Year

The 2015/16 First Interim Budget reflects many changes since the Adopted Budget which was Board approved on June 9, 2015. These changes include:

- Enactment of the State budget with significant additional one-time funding,
- Finalized staffing plans and student enrollment, and
- The combined, net effect of the prior year close, which is encapsulated this year in revised beginning fund balances and increased allocations for carryover.
(Unaudited Actuals presented to the Board in September.)

A detailed listing of the variances can be found in the attached documentation. The major changes are described below.

Revenue increased approximately \$1.5 million since the Adopted Budget (not including deferred revenue, summer drama receipts, or site deposits/donations).

- The enacted State Budget included approximately \$1.04 million in additional one-time Mandate/discretionary funds (\$1.53 million total). About 60% of these total funds are set aside, or assigned, for future expenditures.
- Unrestricted LCFF Sources are increased \$142,662. The percentage increase in secured property tax grew from 8.5% to 9%. Total property taxes increased \$267,662. This is partially offset by an increase in the revenue transfer out of \$125,000 to restore the full contribution to Fund 14, Deferred Maintenance (\$625,000 total).
- Total Special Education funding increased \$146,365, primarily due to a change in the SELPA allocation formula.
- Other increases include an additional \$122,780 in local grants (Eustace-Kwan, Sequoia Healthcare District, San Mateo County Academic Centers).

Expenditures increased approximately \$574,000 since the Adopted Budget.

- The District realized net savings of \$143,533 in total Salaries and Benefits, despite an increase of 1.84 FTE (see chart below). Some of the unforeseen sources of these savings included a reorganization in District Office administration, several certificated unpaid leaves of absence, and a lower than anticipated increase in health premiums.
- Non-personnel expenditures increased \$717,503. Of this amount, approximately \$507,000 are additional one-time expenditures funded by the one-time Mandate/discretionary allocation described above. These expenditures include the purchase of a new bus, funding to update the phone system, parcel tax election costs, etc. (See attached Summary of One-Time Mandate/Discretionary Funds.)
- Other expenditure increases include \$175,314 in prior year carryover, some of which was budgeted in salaries and benefits but the majority (\$149,544) was included in non-personnel expenditures.

Staffing changes include an increase of 1.84 FTE since the Adopted Budget, as detailed below.

2015/16 Staffing Changes	General Education	Special Education
Certificated:		
Teachers	0.89	(0.40)
Teachers – World Language	1.20	
Psychologist		0.20
Classified:		
Instructional Aides/Playground Supervisors	1.01	
Other		(0.06)
Management:		
Program Specialist		(1.00)
Total Staffing Changes	3.10	(1.26)

Operating Deficit

After adjusting for one-time sources and uses, the District's operating deficit is approximately \$512,400 for 2015/16 and is projected to grow to over \$2.9M by 2017/18, assuming renewal of the Measure C parcel tax at its current level plus CPI increases. The deficit grows substantially after the current budget year as projected revenue remains conservative and does not keep pace with expenditures. Next year's projected costs include the addition of new staff and the opening of the new school in response to ongoing growth. Meanwhile, almost 1/3 of the total increase in expenditures from 2015/16 to 2017/18 is attributable to increases in STRS and PERS pension costs. These projections do not include salary increases other than step and column advancements and a projected 7% increase in health benefits each year beginning January, 2017.

The District has been operating with a planned deficit to spend down prior parcel tax balances in the Special Reserve Fund, Fund 17. Measure C parcel tax was passed in 2010 to address a projected increase in enrollment which was then anticipated to decline. It was a temporary measure to bridge the need until property tax revenues increased and State funding cuts restored as the economy improved, with the expectation that enrollment would begin to subside. However, State funding was not restored for basic aid districts and enrollment has continued to increase. Enrollment is now projected to exceed 3,000 students by 2017/18 (an increase of over 1,000 students since 2010).

Without the renewal of the Measure C parcel tax, the deficit would surge from a projected \$2.9M to \$4.6M in 2017/18, and reserves for economic uncertainty would drop from a projected 10.4% to 6.8%. The projected balance in Fund 17 for 2017/18 is approximately \$1.15M and will not sustain the operating deficit after 2017/18. To maintain a minimum reserve level of 10% in subsequent years of the multi-year projection, the District must consider increasing the Measure C parcel tax renewal and/or reducing expenditures.

Multi-Year Assumptions

A detailed listing of the multi-year budget assumptions can be found in the attached documentation. Listed below are some of the assumptions which should be noted.

- The District receives the majority of its revenue from local property taxes, which fund 62% of total, ongoing expenditures. Property tax growth from secured sources has varied over the last 10 years from 1.4% (2011/12) to 11.1% (2006/07). The District's multi-year projection includes an increase of 9.0% in secured property tax for 2015/16, 5% for 2016/17, and 3% for 2017/18. These projections will be adjusted as information is known.
- Other local funding from parcel taxes and the Menlo Park Atherton Education Foundation (MPAEF) supports an additional 25% of ongoing expenditures. Parcel tax revenues are increased by CPI each year and the MPAEF contribution remains unchanged in out years. Measure C parcel tax sunsets 2016/17. The District's multi-year projection includes its renewal in 2017/18 at approximately \$1.66 million. The loss of this funding would reduce projected reserves in that year by about 3.6%.

- The contribution to the Deferred Maintenance Fund, Fund 14, is restored to \$625,000 beginning 2015/16 with 3% increases per year in subsequent years. This is consistent with the District's practice prior to the 2015/16 Adopted Budget.
- The multi-year projection does not include loss of funding from Proposition 30 temporary increases in state taxes (Education Protection Account). The increase in state sales tax will expire in 2016, and the additional tax for upper-income taxpayers will expire 2018. For the 2015/16 Budget, this revenue is approximately \$570,000. There are various initiatives by the California Teachers Association (CTA) and the California Hospitals Association (CHA) that are looking at extending various parts of the tax extension. As details become available, staff will share them with the Board.
- One-time funds for the Educator Effectiveness Grant are not included in the budget. These are restricted funds to be spent within the next three years. Receipt of the funds is dependent on Board approval of a spending plan. The spending plan is scheduled for the January, 2016, Board meeting. The grant is expected to be included in the Second Interim Report.
- Additional revenue of \$100,000 per year from summer facility rentals has been included in the multi-year budget, beginning next year.
- The \$150,000 World Language program (new in 2015/16) is assumed to be ongoing in subsequent years, although the program will be reassessed after this first year.
- Instructional Technology Coaches (1.5 FTE) are extended for another year, through 2016/17. These positions are funded from Foundation Fellowship/Teacher Excellence assigned fund balances and augmented with 2015/16 one-time discretionary funds.
- Salary increases are not included in the multi-year projection. However, it does include mandatory increases in the employer contribution to the STRS and PERS retirement funds. The combined impact of this deferred employee compensation over the four year period since these increases were mandated (2014/15 through 2017/18) is approximately \$1.7 million.
- The upper Laurel campus is projected to open next year. The new school will address growth that the District has been experiencing by reducing enrollment at Encinal and Oak Knoll and providing the capacity to handle future growth.
- Included in the multi-year projection is the addition of 12.675 FTE next year. This includes:
 - 2.0 FTE teachers per year, ongoing for projected enrollment growth
 - 4.8 FTE certificated staff, one-time as a deferred response to past growth
 - 3.0 FTE elementary school coaching, admin, or equivalent support
 - 1.0 FTE Hillview counselor
 - 0.8 FTE (music, art, PE)
 - 2.875 FTE classified staff as a deferred response to past growth
 - 1.0 FTE day custodian
 - 0.75 FTE receptionist for new school
 - 1.125 FTE library and science aides
 - 1.0 FTE night custodian for the new school
 - 2.0 FTE additional transportation staff (bus driver and monitors)

- An additional \$100,000 is added next year for utilities and supplies associated with the new school.
- Special Education costs are increased \$100,000 per year.
- Contracted services are increased next year \$40,000 for communications support.

Conclusion

The District is challenged with maintaining a high standard of educational experience while sustaining ongoing enrollment growth and the opening of a new school in 2016/17. Enrollment for the current year is approximately 2,940 and is projected to grow more than 100 students by 2017/18. However, the District does not receive additional funding for enrollment growth.

The District relies on the community to help fund our outstanding school system. The Board will have to consider renewal of Measure C parcel tax and evaluate the level of renewal. Without a new parcel tax, the District must begin addressing the \$4+ million operating deficit forecast by fiscal year 2017/18 without the revenue generated from Measure C.

The Superintendent is working with the Long Range Planning Committee to look at options to mitigate the deficit in 2017/18. A presentation was made to the Board at the November 10, 2015, meeting regarding the long range financials. In the next several months, the Board will be evaluating options to renew Measure C.

Included in the 2015/16 First Interim Budget are the following reports:

- Summary of All Funds
- 2015/16 Personnel Allocation
- 2015/16 General Fund Projected Year Totals
- 2015/16 General Fund Variance Summary
- 2015/16 Summary of One-Time Mandate/Discretionary Funds
- Multi-Year Projection
- Budget Assumptions
- SACS Financial Report

MENLO PARK CITY SCHOOL DISTRICT
ALL FUNDS
2015/16 First Interim Budget

	General Fund 01	Cafeteria 13	Deferred Maintenance 14	Special Reserve Other 17	Special Reserve for OPEB 20	Building Fund 21	Capital Facilities (Dev Fees) 25	County School Facilities 35	Special Reserve Capital Outlay 40
Beginning Fund Balance	\$ 9,186,853	\$ 58,440	\$ 2,345,940	\$ 4,978,929	\$ 61	\$ 25,430,316	\$ 1,016,449	\$ 147	\$ 1,878,702
REVENUES:									
LCFF/Property Taxes	\$ 28,274,584	\$ -	\$ 625,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	698,184	114,000	-	-	-	-	-	-	-
Other State	2,283,335	6,100	-	-	-	-	-	-	-
Other Local	11,090,295	5,400	10,000	30,000	-	100,000	353,000	-	10,000
Total Revenues	\$ 42,346,398	\$ 125,500	\$ 635,000	\$ 30,000	\$ -	\$ 100,000	\$ 353,000	\$ -	\$ 10,000
EXPENDITURES:									
Certificated Salaries	\$ 23,306,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Classified Salaries	5,793,071	-	-	-	-	87,958	-	-	-
Employee Benefits	7,240,570	-	-	-	-	23,970	-	-	-
Books and Supplies	1,849,904	109,000	-	-	-	-	5,000	-	-
Services & Other Expenses	3,614,983	-	-	-	-	-	18,000	-	43,225
Capital Outlay & Other Outgo	464,160	-	1,191,500	-	-	17,971,892	1,000,000	-	2,050,000
Total Expenditures	\$ 42,269,175	\$ 109,000	\$ 1,191,500	\$ -	\$ -	\$ 18,083,820	\$ 1,023,000	\$ -	\$ 2,093,225
OTHER FINANCING SOURCES:									
Interfund Transfers In	\$ 1,215,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100,000
Interfund Transfers Out	-	20,000	1,100,000	1,195,723	-	-	-	-	-
TOTAL OTHER SOURCES	\$ 1,215,723	\$ (20,000)	\$ (1,100,000)	\$ (1,195,723)	\$ -	\$ -	\$ -	\$ -	\$ 1,100,000
Net Incr/(Decr) to Fund Balance	\$ 1,292,946	\$ (3,500)	\$ (1,656,500)	\$ (1,165,723)	\$ -	\$ (17,983,820)	\$ (670,000)	\$ -	\$ (983,225)
NET ENDING BALANCE:	\$ 10,479,799	\$ 54,940	\$ 689,440	\$ 3,813,206	\$ 61	\$ 7,446,496	\$ 346,449	\$ 147	\$ 895,477

MENLO PARK CITY SCHOOL DISTRICT
2015/16 FIRST INTERIM BUDGET
PERSONNEL ALLOCATION

	ADOPTED BUDGET	1ST INTRM BUDGET
CERTIFICATED EMPLOYEES, GENERAL FUND		
SUPERINTENDENT & ASSISTANT SUPERINTENDENT	2.00 FTE	2.00 FTE
DIRECTORS	3.00 FTE	2.00 FTE
COORDINATOR, DATA & ASSESSMENTS	- FTE	1.00 FTE
PROGRAM SPECIALIST, SPECIAL EDUCATION	1.00 FTE	- FTE
PRINCIPALS & ASSISTANT PRINCIPALS	9.00 FTE	9.00 FTE
TEACHERS - GENERAL EDUCATION	161.79 FTE	163.83 FTE
TEACHERS - SPECIAL EDUCATION	17.30 FTE	16.90 FTE
TEACHERS - SPECIAL ASSIGNMENT / WELLNESS COORDINATOR	2.35 FTE	2.40 FTE
NURSES	1.40 FTE	1.40 FTE
LIBRARIANS	4.00 FTE	4.00 FTE
PSYCHOLOGISTS	4.40 FTE	4.60 FTE
COUNSELORS	5.00 FTE	5.00 FTE
TOTAL CERTIFICATED EMPLOYEES, GENERAL FUND	211.24 FTE	212.13 FTE
CLASSIFIED EMPLOYEES, GENERAL FUND		
CHIEF BUSINESS & OPERATIONS OFFICER	0.70 FTE	0.70 FTE
DIRECTORS	2.00 FTE	2.00 FTE
MANAGER / SUPERVISOR	2.00 FTE	2.00 FTE
COORDINATOR, SPECIAL EDUCATION	- FTE	1.00 FTE
PARA EDUCATORS & ASSISTIVE TECH - SPECIAL EDUCATION	31.22 FTE	31.19 FTE
HEALTH SERVICE ASSISTANTS & LVN'S	3.31 FTE	3.28 FTE
INSTRUCTIONAL AIDES - GENERAL EDUCATION	11.81 FTE	12.38 FTE
OCCUPATIONAL THERAPISTS	2.00 FTE	2.00 FTE
PLAYGROUND SUPERVISORS	4.53 FTE	4.97 FTE
CLERICAL	17.38 FTE	16.38 FTE
TECHNOLOGY SUPPORT	5.00 FTE	5.00 FTE
MAINTENANCE & GROUNDS	4.00 FTE	4.00 FTE
CUSTODIANS	12.00 FTE	12.00 FTE
TRANSPORTATION	2.00 FTE	2.00 FTE
TOTAL CLASSIFIED EMPLOYEES, GENERAL FUND	97.95 FTE	98.90 FTE
CLASSIFIED EMPLOYEES, BOND FUND		
CHIEF BUSINESS & OPERATIONS OFFICER	0.30 FTE	0.30 FTE
CLERICAL	0.50 FTE	0.50 FTE
TOTAL CLASSIFIED EMPLOYEES, BOND FUND	0.80 FTE	0.80 FTE
TOTAL FULL TIME EQUIVALENCIES (FTE)	309.99 FTE	311.83 FTE

MENLO PARK CITY SCHOOL DISTRICT
GENERAL FUND PROJECTED YEAR TOTALS
2015/16 First Interim Budget

	1st Interim Budget Summary Report	One-Time Sources/Uses	Adjusted Budget for Ongoing Operations
Beginning Fund Balance	\$ 9,186,853	\$ -	\$ 9,186,853
REVENUES:			
Local Control Funding Formula Sources			
Total Local Property Tax	\$ 25,750,262	\$ -	\$ 25,750,262
State Aid (Minimum State Aid & Tinsley Revenue Transfer)	1,147,027		1,147,027
Education Protection Account (Prop. 30) - expires 2018/19	570,000		570,000
Special Education/SELPA Property Tax	1,432,295		1,432,295
Deferred Maintenance Transfer	<u>(625,000)</u> ¹	<u>-</u>	<u>(625,000)</u>
Sub-Total Local Control Funding Formula Sources	\$ 28,274,584	\$ -	\$ 28,274,584
Federal Revenue	698,184	(47,732) ²	650,452
Other State Revenue (Mandated Costs, Lottery, Other One-Time)	2,283,335	(1,636,200) ³	647,135
Local Revenue - Parcel Taxes	6,694,312 ⁴		6,694,312
Local Revenue - Menlo Park Atherton Education Foundation	3,600,000		3,600,000
Local Revenue - Other (Local Grants, Interest, PTO, Transportation, Etc.)	<u>795,983</u>	<u>(26,238)</u> ⁵	<u>769,745</u>
Total Revenue	\$ 42,346,398	\$ (1,710,170)	\$ 40,636,228
EXPENDITURES:			
Salaries & Benefits			
Certificated Salaries	\$ 23,306,487	\$ (191,494)	\$ 23,114,993
Classified Salaries	5,793,071		5,793,071
Employee Benefits	<u>7,240,570</u>	<u>(42,205)</u>	<u>7,198,365</u>
Sub-Total Salaries & Benefits	\$ 36,340,128	\$ (233,699) ⁶	\$ 36,106,429
Books & Supplies	1,849,904	(230,880) ⁷	1,619,024
Services & Operating Expenditures	3,614,983	(481,772) ⁸	3,133,211
Capital Outlay	174,160	(174,160) ⁹	-
Other Outgo - OPEB Contribution	150,000		150,000
Other Outgo - Special Ed Tuition to Other Public Agencies	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Total Expenditures	\$ 42,269,175	\$ (1,120,511)	\$ 41,148,664
NET OPERATING SURPLUS/(DEFICIT) - Revenue Less Expenditures	\$ 77,223	\$ (589,659)	\$ (512,436)
Transfers In	\$ 1,215,723	\$ -	\$ 1,215,723
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase(Decrease) in Fund Balance	\$ 1,292,946	\$ (589,659)	\$ 703,287
Projected & Adjusted Ending Fund Balance	\$ 10,479,799		\$ 9,890,140

One-Time Adjustments/Notes:

¹ Due to the classification of the Deferred Maintenance fund (Fund 14), the CDE recommends that the Deferred Maintenance transfer be reported as a reduction of LCFF revenue rather than an expenditure. This was implemented with the 2014/15 First Interim Budget Report.

² Deferred Revenue (carryover) from prior year

³ One-time Mandate/discretionary funding (\$1,531,700); Prop. 39, Clean Energy, grant (\$100,000); Deferred revenue from prior year (\$4,500)

⁴ Prior to the 2014/15 First Interim Budget Report, Parcel Tax revenue was reported in Fund 17.

⁵ Summer Drama (\$21,695) & Site Deposits/Donations (\$4,543)

⁶ Tech coaches (\$187,799), Summer Drama (\$20,130), Carryover (\$25,770)

⁷ One-time Mandate/discretionary funding (\$150,000), Carryover (\$74,772), Summer Drama & Site Deposits/Donations (\$6,108)

⁸ One-time Mandate/discretionary funding (\$267,000); Prop. 39, Clean Energy, grant (\$100,000); Carryover (\$74,772); One-time expense for seat belts and nursing services (\$40,000)

⁹ New bus, from one-time Mandate/discretionary funding

**MENLO PARK CITY SCHOOL DISTRICT
GENERAL FUND VARIANCE SUMMARY
2015/16 First Interim Budget**

	2015-16 Adopted	2015-16 First Interim	Increase/(Decrease) First Interim
Beginning Fund Balance	\$ 8,965,946	\$ 9,186,853	\$ 220,907 ¹
REVENUES:			
LCFF Sources (Property Tax & State Aid)	\$ 28,035,283	\$ 28,274,584	\$ 239,301 ²
Federal Revenue	610,726	698,184	87,458 ³
Other State Revenue	1,159,100	2,283,335	1,124,235 ⁴
Menlo Park Atherton Education Foundation	3,600,000	3,600,000	-
Parcel Tax Revenue	6,700,983	6,694,312	(6,671)
Other Local Revenue	646,965	795,983	149,018 ⁵
Total Revenue	\$ 40,753,057	\$ 42,346,398	\$ 1,593,341
EXPENDITURES:			
Certificated Salaries	\$ 23,523,749	\$ 23,306,487	\$ (217,262) ⁶
Classified Salaries	5,707,334	5,793,071	85,737 ⁶
Employee Benefits	7,252,578	7,240,570	(12,008) ⁶
Books and Supplies	1,917,067	1,849,904	(67,163) ⁷
Services and Operating Expenditures	3,029,477	3,614,983	585,506 ⁷
Capital Outlay	-	174,160	174,160 ⁸
Other Outgo	265,000	290,000	25,000 ⁹
Total Expenditures	\$ 41,695,205	\$ 42,269,175	\$ 573,970
OTHER FINANCING SOURCES/USES:			
Transfers In	1,340,781	1,215,723	(125,058) ¹⁰
Transfers Out	-	-	-
Increase/(Decrease) Fund Balance	\$ 398,633	\$ 1,292,946	\$ 894,313
Projected Ending Fund Balance	\$ 9,364,579	\$ 10,479,799	\$ 1,115,220

First Interim Footnotes:

¹ Increase in Beginning Fund Balance from the close of 2014/15 (Unaudited Actuals presented to the Board on September 1, 2015)

² Increase Property Tax \$267,662, Increase SELPA funding \$96,639, Increase Deferred Maintenance transfer (\$125,000)

³ Deferred Revenue/carryover \$47,732, Increase SELPA IDEA funding \$39,726

⁴ Increase one-time Mandate/discretionary funding \$1,036,700, Increase Lottery \$69,500, Increase SELPA Mental Health \$10,000

⁵ Increase Eustace-Kwan grant \$85,000, Summer Drama proceeds \$21,695, Add Foundation Summer School grant \$17,780, Increase Sequoia Healthcare District grant \$10,000, Add San Mateo County Academic Center grant \$10,000

⁶ Net savings in Salaries & Benefits of \$143,533: Savings from District Office reorganization (\$135.7K), unpaid leaves of absence (~\$175K), savings from actual staffing placements and partial vacancies (~\$170K), reduction of health & welfare assumption (\$37.6K), increase Workers Compensation \$107.1K, allocate 1.2 FTE World Language from Supplies \$143.8K, net overall add of approx. 0.6 FTE ~\$90K, increase Guest Teacher budget \$68.5K, plus other allocations between budget line items to cover negative balances

⁷ Net increase in Supplies & Services of \$518,343: One-time expenditures from Mandate/discretionary funds \$337K, Carryover \$149.5K, increase Special Education and General Administration expenditures \$82.5K, allocate World Language budget to salaries & benefits (\$143.8K), plus other allocations between budget line items to cover negative balances

⁸ One-time expenditure from Mandate/discretionary funds for purchase of new bus

⁹ Increase Special Education tuition costs to other public schools

¹⁰ Reduce Interfund Transfers In from Fund 17

SUMMARY OF ONE-TIME MANDATE / DISCRETIONARY FUNDS

The 2015/16 State budget included one-time discretionary funding of \$529 per Average Daily Attendance (ADA). These funds reduce the State's liability for mandated cost reimbursement claims and are unrestricted for use at the districts' discretion. This does not include the Educator Effectiveness Grant, which provides for an additional one-time funds of \$1,466 per certified teacher in the current budget year, to be spent within the next three years. This grant will be included in MPCSD's Second Interim Report in March, after the Board has approved the spending plan (scheduled for January).

Below is a summary of MPCSD's use of these funds. These expenditures have been allocated for essential needs of the District that might have otherwise gone unmet or would have been funded by the General Fund. They do not increase ongoing expenditures. Approximately 60% of the total funds are set aside, or assigned, for future year expenditures.

Total One-Time Mandate/Discretionary Funds*		<u>\$1,531,700</u>
Increased Expenditures:		
Site Allocations	\$80,000	
Bus Purchase	170,000	
Music Equipment (General)	25,000	
Parcel Tax Election Costs	80,000	
Start-Up Costs for New School, Library	25,000	
Start-Up Costs for New School, Music	25,000	
Start-Up Costs for New School, Planning	5,000	
Technology Prototypes, Applications and Hardware	30,000	
Update Phone System	100,000	
Web Migration Consultant	<u>47,000</u>	
Total Increase in Expenditures		\$587,000
Increased Assignments in Unrestricted Ending Fund Balance:		
Set-Aside for Future Book Adoptions	\$331,700	
Technology & Furniture for New School	300,000	
Extend Technology Coaches into 2016-17	115,000	
Strategic Directions Initiative (including PAC management)	<u>198,000</u>	
Total Increase in Unrestricted Assignments		<u>944,700</u>
Total Allocation of One-Time Mandate/Discretionary Funds		<u>\$1,531,700</u>

*Does not include Educator Effectiveness Grant of \$284,506 which will be included in the Second Interim Report in March.

MENLO PARK CITY SCHOOL DISTRICT
MULTI-YEAR PROJECTION
2015/16 First Interim Budget

	2015/16			2016/17			2017/18		
	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest
REVENUES:									
LCFF(Property Tax)	\$ 26,842,289	\$ 1,432,295	\$ 28,274,584	\$ 28,055,132	\$ 1,453,404	\$ 29,508,536	\$ 28,789,675	\$ 1,474,830	\$ 30,264,505
Federal Revenue	-	698,184	698,184	-	660,452	660,452	-	670,452	670,452
Other State Revenue	2,024,835	258,500	2,283,335	493,135	254,000	747,135	493,135	254,000	747,135
Other Local Revenue	<u>4,058,440</u>	<u>7,031,855</u>	<u>11,090,295</u>	<u>4,132,202</u>	<u>7,199,214</u>	<u>11,331,416</u>	<u>4,132,202</u>	<u>7,370,756</u>	<u>11,502,958</u>
Total Revenues	<u>\$ 32,925,564</u>	<u>\$ 9,420,834</u>	<u>\$ 42,346,398</u>	<u>\$ 32,680,469</u>	<u>\$ 9,567,070</u>	<u>\$ 42,247,539</u>	<u>\$ 33,415,012</u>	<u>\$ 9,770,038</u>	<u>\$ 43,185,050</u>
EXPENDITURES:									
Certificated Salaries	\$ 15,426,436	\$ 7,880,051	\$ 23,306,487	\$ 16,469,595	\$ 8,114,512	\$ 24,584,107	\$ 16,744,011	\$ 8,203,130	\$ 24,947,141
Classified Salaries	3,029,009	2,764,062	5,793,071	3,345,649	2,828,270	6,173,919	3,465,869	2,893,996	6,359,865
Employee Benefits	4,610,281	2,630,289	7,240,570	5,317,717	2,881,592	8,199,309	5,959,437	3,239,918	9,199,355
Books & Supplies	1,036,601	813,303	1,849,904	881,312	797,712	1,679,024	881,312	807,712	1,689,024
Operating Expenses	2,012,598	1,602,385	3,614,983	1,709,917	1,731,794	3,441,711	1,748,917	1,896,794	3,645,711
Cap Outlay & Other Outgo	<u>324,160</u>	<u>140,000</u>	<u>464,160</u>	<u>154,160</u>	<u>140,000</u>	<u>294,160</u>	<u>154,160</u>	<u>140,000</u>	<u>294,160</u>
Total Expenditures	<u>\$ 26,439,085</u>	<u>\$ 15,830,090</u>	<u>\$ 42,269,175</u>	<u>\$ 27,878,350</u>	<u>\$ 16,493,880</u>	<u>\$ 44,372,230</u>	<u>\$ 28,953,706</u>	<u>\$ 17,181,550</u>	<u>\$ 46,135,256</u>
NET OPERATING SURPLUS/(DEFICIT)	\$ 6,486,479	\$ (6,409,256)	\$ 77,223	\$ 4,802,119	\$ (6,926,810)	\$ (2,124,691)	\$ 4,461,306	\$ (7,411,512)	\$ (2,950,206)
TRANSFERS & CONTRIBUTIONS:									
Transfers In	\$ 263,144	\$ 952,579	\$ 1,215,723	\$ 268,924	\$ 1,082,752	\$ 1,351,676	\$ 275,704	\$ 1,103,811	\$ 1,379,515
Transfers Out	-	-	-	-	-	-	-	-	-
Contributions to Restricted	<u>(5,555,457)</u>	<u>5,555,457</u>	<u>-</u>	<u>(5,944,058)</u>	<u>5,944,058</u>	<u>-</u>	<u>(6,407,701)</u>	<u>6,407,701</u>	<u>-</u>
Net Transfers & Contributions	<u>\$ (5,292,313)</u>	<u>\$ 6,508,036</u>	<u>\$ 1,215,723</u>	<u>\$ (5,675,134)</u>	<u>\$ 7,026,810</u>	<u>\$ 1,351,676</u>	<u>\$ (6,131,997)</u>	<u>\$ 7,511,512</u>	<u>\$ 1,379,515</u>
Increase/(Decrease) Fund Balance	\$ 1,194,166	\$ 98,780	\$ 1,292,946	\$ (873,015)	\$ 100,000	\$ (773,015)	\$ (1,670,691)	\$ 100,000	\$ (1,570,691)
Beginning Fund Balance	<u>8,105,851</u>	<u>1,081,002</u>	<u>9,186,853</u>	<u>9,300,017</u>	<u>1,179,782</u>	<u>10,479,799</u>	<u>8,427,002</u>	<u>1,279,782</u>	<u>9,706,784</u>
Ending Fund Balance	<u>\$ 9,300,017</u>	<u>\$ 1,179,782</u>	<u>\$ 10,479,799</u>	<u>\$ 8,427,002</u>	<u>\$ 1,279,782</u>	<u>\$ 9,706,784</u>	<u>\$ 6,756,311</u>	<u>\$ 1,379,783</u>	<u>\$ 8,136,094</u>

Assigned Balances (from Unrestricted):

1.5% Prop Tax & Genentech Reserve	\$ 472,000	\$ 446,000	\$ 416,000
Instr Materials & Unrestr Lottery	821,045	921,045	1,021,045
Foundation & Site Grants	199,565	25,864	25,864
Tech Reserve for New School	300,000	300,000	300,000
Strategic Directions	<u>198,000</u>	<u>198,000</u>	<u>198,000</u>
Total Assigned Balances	<u>\$ 1,990,610</u>	<u>\$ 1,890,909</u>	<u>\$ 1,960,909</u>

Reserve for Economic Uncertainty 17.3% \$ 7,309,407 14.7% \$ 6,536,093 10.4% \$ 4,795,402

Fund 17, Special Reserve

Interest Income	\$ 30,000	\$ 20,000	\$ 10,000
Less Transfers Out, to General Fund	<u>1,195,723</u>	<u>1,331,676</u>	<u>1,359,515</u>
Increase/(Decrease) Fund Balance	\$ (1,165,723)	\$ (1,311,676)	\$ (1,349,515)
Beginning Fund Balance	<u>\$ 4,978,929</u>	<u>\$ 3,813,206</u>	<u>\$ 2,501,530</u>
Fund 17, Special Reserve, Ending Balance	\$ 3,813,206	\$ 2,501,530	\$ 1,152,015

(Assigned Ending Fund Balance)

Menlo Park City School District

First Interim Budget Assumptions

2015-16

- Revenue
 - LCFF/Property Tax Sources
 - 9.0% property tax growth on secured taxes
 - \$267,662 increase in total unrestricted property tax revenue (\$95,790 secured property taxes, plus \$171,872 other property taxes)
 - \$96,639 increase in restricted, Special Ed/SELPA property tax transfer; change in SELPA allocation formula to reduce High Cost Pool reimbursement pool held by the SELPA
 - \$125,000 increase in Deferred Maintenance transfer out (\$625,000 total)
 - Federal & Other State
 - \$1,036,700 increase in one-time Mandate reimbursement/discretionary funds (\$1,531,700 total one-time)
 - \$100,000 one-time Prop. 39, Clean Energy Act, funding (3rd of 5 years) – no change since Adopted
 - \$69,500 increase in Lottery revenue (\$525,000 total)
 - \$49,726 increase in ongoing Special Ed/SELPA IDEA and Mental Health
 - \$52,232 one-time deferred revenue/carryover (not included at Adopted)
 - Other Local
 - \$6.7M parcel tax revenue – CPI reduced from 2.5% to 2.4%, a reduction of \$6,671 since the Adopted Budget
 - \$3.6M contribution from Menlo Park Atherton Education Foundation – no change since Adopted
 - \$122,780 increase in local grants: \$85,000 Eustace-Kwan, \$17,780 Foundation/Eustace-Kwan summer school grant, \$10,000 Sequoia Healthcare District, and \$10,000 San Mateo County Academic Centers
 - \$26,238 one-time 2015 summer drama proceeds and other site deposits/donations (not included at Adopted)
- Expenditure
 - Salaries & Benefits
 - No salary increases other than step & column advancements
 - Approx. 1.84 FTE increase in staffing since the Adopted Budget
 - 1.20 FTE Certificated, World Language – included at Adopted as a placeholder under Supplies, not Salaries & Benefits
 - 0.69 FTE Other Certificated (0.89 FTE General Ed, less 0.20 FTE Special Ed)
 - 0.95 FTE Classified Instructional Aides/Playground Supervisors
 - Less 1.0 FTE Management (Special Ed Program Specialist)

- \$187,799 reduction in Foundation assignment in unrestricted ending fund balance for 1.5 FTE included above for first of two years of instructional technology support (2015/16 and 2016/17 only)
- 0.3% health care increase effective January 1, 2016 – a reduction from the projected 7% at Adopted, or approximately \$37,600, based on actual Kaiser premiums effective January 1, 2016
- 1.85% increase in STRS employer rate (from 8.88% to 10.73%), approx. increase of \$435,600 over prior year (~\$574,500 cumulative since 2013-14)
- 0.08% increase in PERS employer rate (from 11.77% to 11.85%), approx. increase of \$4,000 over prior year (~\$19,700 cumulative since 2013-14)
- 0.038% increase in Workers' Compensation employer costs, approx. increase of \$107,100 since the Adopted Budget
- \$68,454 increase in costs for guest teachers
- One-time savings of approximately \$200,000 due to unpaid leaves of absence and late-start positions
- Other
 - \$175,314 one-time expenditures for carryover – not included in the Adopted Budget
 - \$587,000 additional one-time funds allocated as follows below – an increase of \$507,000 since Adopted
 - \$80,000 allocated to sites (\$20K per school)
 - \$25,000 music equipment
 - \$30,000 technology prototypes, applications, and hardware
 - \$55,000 costs associated with start-up of the new school
 - \$47,000 website migration
 - \$80,000 parcel tax election costs
 - \$100,000 upgrade phone system
 - \$170,000 purchase of new bus
 - \$82,446 increase in District & Special Education expenditures
 - \$66,700 increase in assignments for future book adoptions from additional one-time funding (\$331,700 total set aside)
 - \$150,000 increase in assignments for technology and furniture for the new school from additional one-time funding (\$300,000 total set aside)
 - \$115,000 increase in assignments to extend technology coaches through 2016/17 from additional one-time funding – not included at Adopted
 - \$198,000 increase in assignments for Strategic Directions from additional one-time funding – not included at Adopted
 - Routine Restricted Maintenance budgeted at 3% of total expenditures
 - \$150,000 OPEB contribution – no change since Adopted

2016-17

- Revenue
 - LCFF/Property Tax Sources
 - 5% Property tax growth on secured taxes

- \$35,000 increase in Tinsley revenue transfer
 - 1.5% COLA increase on Spec Ed/SELPA property tax transfers
 - 3% increase in Deferred Maintenance transfer (\$643,750 total)
 - Federal & Other State
 - \$10,000 increase in Spec Ed Federal IDEA grants
 - \$100,000 one-time Prop. 39, Clean Energy Act, funding (4th of 5 years)
 - Other Local
 - \$100,000 increase in facilities rentals from summer camps
 - 2.5% CPI on Parcel Taxes
 - \$3.6M contribution from Menlo Park Atherton Education Foundation
- Expenditure
 - Salaries & Benefits
 - No salary increases other than step & column advancements
 - 12.675 FTE increase in staffing
 - 2.0 FTE Certificated – enrollment growth
 - 4.8 FTE Certificated – one-time addition as a deferred response to past growth
 - 3.0 FTE elementary school coaching, admin, or equivalent
 - 1.0 FTE middle school counselor
 - 0.8 FTE music, art, PE (new school)
 - 2.875 FTE Classified – one-time addition as a deferred response to past growth
 - 1.0 FTE day custodian
 - 0.75 FTE receptionist for new school
 - 1.125 FTE library and science aides
 - 1.0 FTE night custodian for new school
 - 2.0 FTE additional transportation staff (bus driver and monitors)
 - 7% health care increase effective January 1, 2017
 - 1.85% increase in STRS employer rate (from 10.73% to 12.58%), approx. increase of \$441,900 over prior year (~\$1.02M cumulative since 2013-14)
 - 1.20% increase in PERS employer rate (from 11.85% to 13.05%), approx. increase of \$64,600 over prior year (~\$84,300 cumulative since 2013-14)
 - \$46,448 increase in costs for guest teachers
 - Other
 - \$10,000 increase in Technology budget
 - \$50,000 for supplies for new school
 - \$50,000 for utility cost associated with new school
 - \$73,500 reduction in Sequoia Union High School busing contract
 - Approx. 1.6% increase in total Special Education budget for CPI/growth (\$100K)
 - 3% increase in utilities/services
 - Maintain RRM at 3% of total expenditures
 - \$100,000 increase in assignments for future book adoptions

2017-18

- Revenue
 - LCFF/Property Tax Sources
 - 3% Property tax growth on secured taxes
 - 1.5% COLA increase on Spec Ed/SELPA property tax transfers
 - 3% increase in Deferred Maintenance transfer (\$663,060 total)
 - Federal & Other State
 - \$10,000 increase in Spec Ed Federal IDEA grants
 - \$100,000 one-time Prop. 39, Clean Energy Act, funding (5th of 5 years)
 - Other Local
 - 2.5% CPI on Parcel Taxes
 - **Assume renewal of Measure C parcel tax (\$1.6M)**
 - \$3.6M contribution from Menlo Park Atherton Education Foundation

- Expenditure
 - Salaries & Benefits
 - No salary increases other than step & column advancements
 - 2.0 FTE Certificated Growth
 - 7% health care increase
 - 1.85% increase in STRS employer rate (from 12.58% to 14.43%), approx. increase of \$444,800 over prior year (~\$1.46M cumulative since 2013-14)
 - 3.55% increase in PERS employer rate (from 13.05% to 16.6%), approx. increase of \$196,600 over prior year (~\$281,000 cumulative since 2013-14)
 - Other
 - \$10,000 increase in Technology budget
 - Approx. 1.6% increase in total Special Education budget for CPI/growth (\$100K)
 - 3% increase in utilities/services
 - Maintain RRM at 3% of total expenditures
 - \$100,000 increase in assignments for future book adoptions