

MENLO PARK CITY SCHOOL DISTRICT

2015/16 Budget



May 12, 2015 – Public Hearing
June 9, 2015 – Adoption



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: 6/5/2015
Re: 2015/16 Budget

Overview & Reserve Levels

The 2015/16 Budget is submitted for your approval. The budget is not changed since the public hearing on May 12, 2015. Since the District's public hearing, the governor released the May Revision of the proposed 2015/16 State Budget on May 14th. A significant change in the May Revision is the increase in one-time funding to settle outstanding mandate debt from \$171 per Average Daily Attendance (ADA), as proposed in January, to approximately \$600 per ADA. This change is not included in the District's 2015/16 Budget in order to preserve the integrity and transparency of its original public hearing. This, and other changes, will be included in the District's First Interim Budget Report. Staff will bring recommendations to the Board for use of these one-time funds prior to the budget revision.

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. The 2015/16 Budget, as based on the governor's January budget proposal, projects a reserve of 16.2% for the budget year, 13.4% for the first subsequent year (2016/17), and 10.0% for the second subsequent year (2017/18). The second subsequent year, 2017/18, includes renewal of the Measure C parcel tax which sunsets June 30, 2017. 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 Budget includes Estimated Actuals for the 2014/15 fiscal year. The net effect of the 2014/15 Estimated Actuals are reflected in the beginning fund balance for the 2015/16 Budget. Changes since the 2014/15 Second Interim Report include a 3% salary increase for all units and the transfer of excess Routine Restricted Maintenance contributions over the last 7 years to Fund 40, Special Reserve Fund for Capital Outlay Projects. (See General Fund Variance Summary for full report of changes.) The 2014/15 Second Interim Report reflected an ongoing, operating deficit of \$285,000 (rounded) after adjusting for one-time sources/uses, and before transfers in from Fund 17, Special Reserve. The effect of the salary increase grows the ongoing, operating deficit to approximately \$1M for 2014/15.

The San Mateo County Assessor's Office currently projects an increase in assessed property values of 8.8% for 2014. Although assessed value does not exactly correlate to tax amounts received, the 2015/16 Budget includes an increase of 8.5% in secured property tax (approximately \$1.2M). Once the tax roll is closed June 30, the San Mateo County Controller's Office will extend the roll and allocate taxes to local agencies. Our first estimate from the Controller's Office of the actual property tax revenue for 2015/16 will be received in October. Changes will be reflected in the First Interim Budget Report.

Staffing changes for 2015/16 include an increase of approximately 10 FTE, after adjusting 2014/15 staffing levels down for vacant and unfilled positions. This is an increase of 4.4 FTE for 2015/16 since the multi-year projection included in the 2014/15 Second Interim Report. The difference is primarily due to increases in Special Education, adding an Assistant Superintendent, and 1.5 FTE Instructional Technology Coaches (paid from unrestricted assigned balances, for 2015/16 only). See the chart below for details.

2015/16 Staffing Changes	General Education	Special Education	Central Office/ Maintenance
Certificated:			
Teachers	0.90	1.10	
Instructional Technology Coaches	1.50		
Psychologist		0.50	
Classified:			
Maintenance (Routine Restricted)			1.00
Paraeducators		2.34	
LVN Health Assistants		1.63	
Management:			
Assistant Superintendent			1.00
Total Staffing Changes	2.40	5.57	2.00

The Governor's January budget proposal for 2015/16 included a second round of one-time, unrestricted funding of \$171 per Average Daily Attendance (ADA) to settle outstanding mandate debt, which he encourages districts to spend on Common Core State Standards implementation. The District's budget includes \$495,000 of this one-time funding. Over half of it will be set aside for future book adoptions, \$150,000 will be set aside for technology expenditures for the new school slated to open in 2016/17, and \$80,000 is allocated to the sites as one-time funds for 2015/16. The Governor's May Revise, which was released after the District's public hearing of its 2015/16 Budget, increased this one-time funding to approximately \$600 per ADA. That change will be reflected in the District's First Interim Budget Report.

After adjusting for one-time funding for the mandate settlement and Proposition 39, Clean Energy Act, the District's operating deficit will be approximately \$1.4M for 2015/16, and is projected to grow to over \$2.6M by 2017/18, assuming renewal of the Measure C parcel tax. Without the renewal of Measure C, the deficit would be almost \$4.3M. This does not include salary increases other than the 3% recently approved for 2014/15, future step and column increases, and a projected 7% increase in health benefits each year.

Much of the deficit has been planned to spend down prior parcel tax balances in the Special Reserve Fund, Fund 17. The projected balance in Fund 17 for 2017/18 is \$1M, much of which is set aside for Curriculum Coordinators (previously Learning Leaders). The fund will not sustain the operating deficit after 2017/18. To maintain a minimum reserve level of 10%, 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 61% of total 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 8.5% 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 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 \$1.6 million. The loss of this funding would reduce projected reserves in that year from 10% to 6.3%.
- The contribution to the Deferred Maintenance Fund, Fund 14, is reduced to \$500,000 beginning 2015/16 and is maintained at that level in the multi-year projection.
- Lease income from the O'Connor site of approximately \$300,000 is removed from the 2015/16 Budget in preparation for opening a new school in the fall of 2016.
- 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.
- A \$150,000 World Language program is added at the elementary schools with the 2015/16 Budget (\$50,000 per school) and is assumed to be ongoing, although the program will be reassessed after the first year.
- Instructional Technology Coaches (1.5 FTE) are not included in subsequent years. These positions are funded from Foundation Fellowship/Teacher Excellence assigned fund balances for 2015/16. This source of funding would only partially support the costs of an additional year in 2016/17.

- 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 \$1.62 million.
- Preliminary estimates of approximately \$575,000 in ongoing expenditures for the opening of a new elementary school are included in the District's multi-year projection for 2016/17. This increases the operating deficit that year.
- Finally, note there are no adjustments in the multi-year projection for opening a charter school in the District's boundaries. In September, 2014, the District received a charter petition from Menlo Mandarin Immersion Charter School. After extensive review, the District denied the petition in December. The petition was appealed to the County Office of Education and again denied in February. The charter school elected not to appeal to the State Board of Education for fiscal year 2015/16. However, their future intentions do not appear clear.

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 is projected to increase about 60 students next year, for a total enrollment of approximately 2,960. Enrollment is expected to exceed 3,000 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.

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

- Summary of All Funds
- 2015/16 Personnel Allocation
- 2015/16 General Fund Projected Year Totals
- 2014/15 General Fund Variance Summary
- Multi-Year Projection
- Budget Assumptions
- SACS Financial Report

MENLO PARK CITY SCHOOL DISTRICT
ALL FUNDS
2015/16 Adopted 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	\$ 8,965,946	\$ 65,106	\$ 2,730,518	\$ 5,007,293	\$ -	\$ 24,181,877	\$ 995,168	\$ 2,583	\$ 1,858,364
REVENUES:									
LCFF/Property Taxes	\$ 28,035,283	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	610,726	114,000	-	-	-	-	-	-	-
Other State	1,159,100	6,100	-	-	-	-	-	-	-
Other Local	10,947,948	5,400	10,000	30,000	-	100,000	353,000	-	10,000
Total Revenues	\$ 40,753,057	\$ 125,500	\$ 510,000	\$ 30,000	\$ -	\$ 100,000	\$ 353,000	\$ -	\$ 10,000
EXPENDITURES:									
Certificated Salaries	\$ 23,523,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Classified Salaries	5,707,334	-	-	-	-	87,958	-	-	-
Employee Benefits	7,252,578	-	-	-	-	23,639	-	-	-
Books and Supplies	1,917,067	109,000	-	-	-	-	5,000	-	-
Services & Other Expenses	3,029,477	-	-	-	-	-	18,000	-	-
Capital Outlay & Other Outgo	265,000	-	1,606,500	-	-	17,971,892	350,000	-	50,000
Total Expenditures	\$ 41,695,205	\$ 109,000	\$ 1,606,500	\$ -	\$ -	\$ 18,083,489	\$ 373,000	\$ -	\$ 50,000
OTHER FINANCING SOURCES:									
Interfund Transfers In	\$ 1,340,781	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Transfers Out	-	20,000	-	1,320,781	-	-	-	-	-
TOTAL OTHER SOURCES	\$ 1,340,781	\$ (20,000)	\$ -	\$ (1,320,781)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Incr/(Decr) to Fund Balance	\$ 398,633	\$ (3,500)	\$ (1,096,500)	\$ (1,290,781)	\$ -	\$ (17,983,489)	\$ (20,000)	\$ -	\$ (40,000)
NET ENDING BALANCE:	\$ 9,364,579	\$ 61,606	\$ 1,634,018	\$ 3,716,512	\$ -	\$ 6,198,388	\$ 975,168	\$ 2,583	\$ 1,818,364

MENLO PARK CITY SCHOOL DISTRICT
2015/16 ADOPTED BUDGET
PERSONNEL ALLOCATION

CERTIFICATED EMPLOYEES, GENERAL FUND

SUPERINTENDENT & ASSISTANT SUPERINTENDENT	2.00 FTE
DIRECTORS	3.00 FTE
PROGRAM SPECIALIST	1.00 FTE
PRINCIPALS & ASSISTANT PRINCIPALS	9.00 FTE
TEACHERS - GENERAL EDUCATION	162.14 FTE
TEACHERS - SPECIAL EDUCATION	17.30 FTE
TEACHERS - SPECIAL ASSIGNMENT / WELLNESS COORDINATOR	2.00 FTE
NURSES	1.40 FTE
LIBRARIANS	4.00 FTE
PSYCHOLOGISTS	4.40 FTE
COUNSELORS	5.00 FTE

TOTAL CERTIFICATED EMPLOYEES, GENERAL FUND	211.24 FTE
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CLASSIFIED EMPLOYEES, GENERAL FUND

CHIEF BUSINESS & OPERATIONS OFFICER	0.70 FTE
DIRECTORS	2.00 FTE
MANAGER / SUPERVISOR	2.00 FTE
PARA EDUCATORS - SPECIAL EDUCATION	31.22 FTE
HEALTH SERVICE ASSISTANTS & LVN'S	3.31 FTE
OTHER AIDES - GENERAL EDUCATION	11.81 FTE
OCCUPATIONAL THERAPISTS	2.00 FTE
PLAYGROUND SUPERVISORS	4.53 FTE
CLERICAL	17.38 FTE
TECHNOLOGY SUPPORT	5.00 FTE
MAINTENANCE & GROUNDS	4.00 FTE
CUSTODIANS	12.00 FTE
TRANSPORTATION	2.00 FTE

TOTAL CLASSIFIED EMPLOYEES, GENERAL FUND	97.95 FTE
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CLASSIFIED EMPLOYEES, BOND FUND

CHIEF BUSINESS & OPERATIONS OFFICER	0.30 FTE
CLERICAL	0.50 FTE

TOTAL CLASSIFIED EMPLOYEES, BOND FUND	0.80 FTE
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TOTAL FULL TIME EQUIVALENCIES (FTE)	309.99 FTE
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**MENLO PARK CITY SCHOOL DISTRICT
GENERAL FUND PROJECTED YEAR TOTALS
2015/16 Adopted Budget**

	Adopted Budget Summary Report	One-Time Sources/Uses	Adjusted Budget for Ongoing Operations
Beginning Fund Balance	\$ 8,965,946	\$ -	\$ 8,965,946
REVENUES:			
Local Control Funding Formula Sources			
Total Local Property Tax	\$ 25,482,600	\$ -	\$ 25,482,600
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	1,335,656		1,335,656
Deferred Maintenance Transfer	<u>(500,000) ¹</u>	<u>-</u>	<u>(500,000)</u>
Sub-Total Local Control Funding Formula Sources	\$ 28,035,283	\$ -	\$ 28,035,283
Federal Revenue	610,726		610,726
Other State Revenue (Mandated Costs, Lottery, Other One-Time)	1,159,100	(595,000) ²	564,100
Local Revenue - Parcel Taxes	6,700,983 ³		6,700,983
Local Revenue - Menlo Park Atherton Education Foundation	3,600,000		3,600,000
Local Revenue - Other (Local Grants, Interest, PTO, Transportation, Etc.)	<u>646,965</u>	<u>-</u>	<u>646,965</u>
Total Revenue	<u>\$ 40,753,057</u>	<u>\$ (595,000)</u>	<u>\$ 40,158,057</u>
EXPENDITURES:			
Salaries & Benefits			
Certificated Salaries	\$ 23,523,749	\$ -	\$ 23,523,749
Classified Salaries	5,707,334		5,707,334
Employee Benefits	<u>7,252,578</u>	<u>-</u>	<u>7,252,578</u>
Sub-Total Salaries & Benefits	\$ 36,483,661 ⁴	\$ -	\$ 36,483,661
Books & Supplies	1,917,067	(40,000) ⁵	1,877,067
Services & Operating Expenditures	3,029,477	(140,000) ⁶	2,889,477
Capital Outlay	-		-
Other Outgo - OPEB Contribution	150,000		150,000
Other Outgo - Special Ed Tuition to Other Public Agencies	<u>115,000</u>	<u>-</u>	<u>115,000</u>
Total Expenditures	<u>\$ 41,695,205</u>	<u>\$ (180,000)</u>	<u>\$ 41,515,205</u>
NET OPERATING SURPLUS/(DEFICIT) - Revenue Less Expenditures	\$ (942,148)	\$ (415,000)	\$ (1,357,148)
Transfers In	\$ 1,340,781	\$ -	\$ 1,340,781
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase(Decrease) in Fund Balance	<u>\$ 398,633</u>	<u>\$ (415,000)</u>	<u>\$ (16,367)</u>
Projected & Adjusted Ending Fund Balance	\$ 9,364,579		\$ 8,949,579

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 Mandate funding (\$495,000) & Prop. 39, Clean Energy, grant (\$100,000)

³ Prior to the 2014/15 First Interim Budget Report, Parcel Tax revenue was reported in Fund 17.

⁴ Salaries & benefits reflect a 3% compensation increase for 2014/15. No additional increases are included other than step & column.

⁵ One-time Mandate funding allocated to sites (\$40,000)

⁶ One-time Mandate funding allocated to sites (\$40,000); Prop. 39, Clean Energy, grant (\$100,000)

**MENLO PARK CITY SCHOOL DISTRICT
GENERAL FUND VARIANCE SUMMARY
2014/15 Estimated Actuals**

	2014-15 Adopted	2014-15 First Interim	2014-15 Second Interim	2014-15 Est. Actuals	Increase/(Decrease) Est. Actuals
Beginning Fund Balance	\$ 9,537,044	\$ 10,380,100	\$ 10,380,100	\$ 10,380,100	
REVENUES:					
LCFF Sources (Property Tax & State Aid)	\$ 26,224,779	\$ 25,713,844	\$ 25,715,529	\$ 25,784,973	\$ 69,444 ¹
Federal Revenue	599,707	602,549	651,732	651,732	-
Other State Revenue	532,466	848,194	847,516	878,865	31,349 ²
Menlo Park Atherton Education Foundation	3,600,000	3,600,000	3,600,000	3,600,000	-
Parcel Tax Revenue	-	6,537,544	6,537,544	6,537,544	-
Other Local Revenue	808,435	947,684	1,093,524	1,139,110	45,586 ³
Transfers In	7,326,810	820,962	809,962	1,128,175	318,213 ⁴
Total Revenue	\$ 39,092,197	\$ 39,070,777	\$ 39,255,807	\$ 39,720,399	\$ 464,592
EXPENDITURES:					
Certificated Salaries	\$ 22,112,699	\$ 21,894,518	\$ 21,849,562	\$ 22,483,434	\$ 633,872 ⁵
Classified Salaries	5,220,368	5,181,937	5,249,176	5,395,856	146,680 ⁶
Employee Benefits	6,735,318	6,231,413	6,247,045	6,367,859	120,814 ⁷
Books and Supplies	1,804,235	2,288,164	2,220,354	2,437,580	217,226 ⁸
Services and Operating Expenditures	2,643,184	2,986,054	3,187,922	3,333,807	145,885 ⁹
Capital Outlay	-	-	24,125	24,125	-
Other Outgo	212,442	212,442	227,442	406,892	179,450 ¹⁰
Transfers Out	914,435	-	-	685,000	685,000 ¹¹
Total Expenditures	\$ 39,642,681	\$ 38,794,528	\$ 39,005,626	\$ 41,134,553	\$ 2,128,927
Increase/(Decrease) Fund Balance	\$ (550,484)	\$ 276,249	\$ 250,181	\$ (1,414,154)	\$ (1,664,335)
Projected Ending Fund Balance	\$ 8,986,560	\$ 10,656,349	\$ 10,630,281	\$ 8,965,946	

Estimated Actuals Footnotes:

- ¹ Update Property Tax \$50,310 and Prop. 30, Education Protection Account, funding \$19,134
- ² Increase Special Education Mental Health Services revenue \$31,349
- ³ Update Interest Income (\$10,000) and Site Deposits/Donations/PTO Reimbursements \$55,586
- ⁴ Increase Transfers In from Fund 17, Parcel Taxes, for 3% salary increase, all units \$148,263 and from Fund 20, Special Reserve for OPEB, to increase CERBT payment \$169,950
- ⁵ Salary increase of 3%, all units, \$625,281. Update salaries and allocate budget to cover negative balances.
- ⁶ Salary increase of 3%, all units, \$148,698. Update salaries and allocate budget to cover negative balances.
- ⁷ Statury benefits for 3% salary increase, all units, \$103,671. Update salaries and allocate budget to cover negative balances.
- ⁸ Cover negative balances, release \$200,000 assignment for books in unrestricted ending fund balance and \$109,392 restricted ending balance.
- ⁹ Increase Special Education expenses \$31,349 and Site Deposits/Donations/PTO Reimbursements \$55,586. Cover negative balances.
- ¹⁰ Increase CERBT payment to clear Fund 20, Special Reserve for OPEB, \$169,950. Cover negative balance.
- ¹¹ Transfer excess Routine Restricted Maintenance contributions from 2008-09 through 2014-15 to Fund 40, Special Reserve for Capital Outlays.

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

	2014/15			2015/16			2016/17			2017/18		
REVENUES:	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest
LCOFF(Property Tax)	\$ 24,395,653	\$ 1,389,320	\$ 25,784,973	\$ 26,699,627	\$ 1,335,656	\$ 28,035,283	\$ 27,926,430	\$ 1,355,316	\$ 29,281,746	\$ 28,677,266	\$ 1,375,271	\$ 30,052,537
Federal Revenue	-	651,732	651,732	-	610,726	610,726	-	620,726	620,726	-	630,726	630,726
Other State Revenue	638,732	240,133	878,865	938,600	220,500	1,159,100	443,600	220,500	664,100	443,600	220,500	664,100
Other Local Revenue	<u>4,369,885</u>	<u>6,906,769</u>	<u>11,276,654</u>	<u>4,008,965</u>	<u>6,938,983</u>	<u>10,947,948</u>	<u>4,008,965</u>	<u>7,106,508</u>	<u>11,115,473</u>	4,008,965	7,278,222	11,287,187
Total Revenues	\$ 29,404,270	\$ 9,187,954	\$ 38,592,224	\$ 31,647,192	\$ 9,105,865	\$ 40,753,057	\$ 32,378,995	\$ 9,303,050	\$ 41,682,045	\$ 33,129,831	\$ 9,504,719	\$ 42,634,550
EXPENDITURES:												
Certificated Salaries	\$ 14,667,964	\$ 7,815,470	\$ 22,483,434	\$ 15,427,470	\$ 8,096,279	\$ 23,523,749	\$ 15,788,985	\$ 8,280,082	\$ 24,069,067	\$ 16,177,485	\$ 8,372,908	\$ 24,550,393
Classified Salaries	2,924,431	2,471,425	5,395,856	2,968,463	2,738,871	5,707,334	3,266,465	2,782,879	6,049,344	3,346,662	2,820,509	6,167,171
Employee Benefits	4,065,195	2,302,664	6,367,859	4,585,701	2,666,877	7,252,578	5,206,918	2,964,618	8,171,536	5,778,635	3,254,598	9,033,233
Books & Supplies	1,326,915	1,110,665	2,437,580	1,015,707	901,360	1,917,067	1,187,707	911,360	2,099,067	1,037,707	921,360	1,959,067
Operating Expenses	1,844,718	1,489,089	3,333,807	1,701,049	1,328,428	3,029,477	1,600,449	1,493,528	3,093,977	1,638,449	1,634,528	3,272,977
Cap Outlay & Other Outgo	<u>316,017</u>	<u>115,000</u>	<u>431,017</u>	<u>150,000</u>	<u>115,000</u>	<u>265,000</u>	<u>270,000</u>	<u>115,000</u>	<u>385,000</u>	150,000	115,000	265,000
Total Expenditures	\$ 25,145,240	\$ 15,304,313	\$ 40,449,553	\$ 25,848,390	\$ 15,846,815	\$ 41,695,205	\$ 27,320,524	\$ 16,547,467	\$ 43,867,991	\$ 28,128,938	\$ 17,118,903	\$ 45,247,841
NET OPERATING SURPLUS/(DEFICIT)	\$ 4,259,030	\$ (6,116,359)	\$ (1,857,329)	\$ 5,798,802	\$ (6,740,950)	\$ (942,148)	\$ 5,058,471	\$ (7,244,417)	\$ (2,185,946)	\$ 5,000,893	\$ (7,614,184)	\$ (2,613,291)
TRANSFERS & CONTRIBUTIONS:												
Transfers In	\$ 413,997	\$ 714,178	\$ 1,128,175	\$ 262,353	\$ 1,078,428	\$ 1,340,781	\$ 267,994	\$ 1,094,228	\$ 1,362,222	\$ 273,817	\$ 1,126,351	\$ 1,400,168
Transfers Out	(685,000)	-	(685,000)	-	-	-	-	-	-	-	-	-
Contributions to Restricted	<u>(4,459,013)</u>	<u>4,459,013</u>	<u>-</u>	<u>(5,762,522)</u>	<u>5,762,522</u>	<u>-</u>	<u>(6,250,189)</u>	<u>6,250,189</u>	<u>-</u>	(6,587,833)	6,587,833	-
Net Transfers & Contributions	\$ (4,730,016)	\$ 5,173,191	\$ 443,175	\$ (5,500,169)	\$ 6,840,950	\$ 1,340,781	\$ (5,982,195)	\$ 7,344,417	\$ 1,362,222	\$ (6,314,016)	\$ 7,714,184	\$ 1,400,168
Increase/(Decrease) Fund Balance	\$ (470,986)	\$ (943,168)	\$ (1,414,154)	\$ 298,633	\$ 100,000	\$ 398,633	\$ (923,724)	\$ 100,000	\$ (823,724)	\$ (1,313,123)	\$ 100,000	\$ (1,213,123)
Beginning Fund Balance	<u>8,480,712</u>	<u>1,899,388</u>	<u>10,380,100</u>	<u>8,009,726</u>	<u>956,220</u>	<u>8,965,946</u>	<u>8,308,359</u>	<u>1,056,220</u>	<u>9,364,579</u>	7,384,635	1,156,220	8,540,854
Ending Fund Balance	\$ 8,009,726	\$ 956,220	\$ 8,965,946	\$ 8,308,359	\$ 1,056,220	\$ 9,364,579	\$ 7,384,635	\$ 1,156,220	\$ 8,540,854	\$ 6,071,512	\$ 1,256,219	\$ 7,327,731
Assigned Balances (from Unrestricted):												
1.5% Prop Tax & Genentech Reserve	\$ 480,000			\$ 468,000			\$ 442,000			\$ 411,000		
Instr Materials & Unrestr Lottery	494,204			759,204			859,204			959,204		
Foundation & Site Grants	372,204			186,024			186,024			186,024		
Tech Reserve for New School	<u>-</u>			<u>150,000</u>			<u>-</u>			<u>-</u>		
Total Assigned Balances	\$ 1,346,409			\$ 1,563,229			\$ 1,487,229			\$ 1,556,229		
Reserve for Economic Uncertainty	16.2% \$ 6,663,317			16.2% \$ 6,745,130			13.4% \$ 5,897,406			10.0% \$ 4,515,283		

Fund 17, Special Reserve

Interest Income	\$ 40,000	\$ 30,000	\$ 20,000	\$ 10,000
Less Transfers Out, to General Fund	<u>938,225</u>	<u>1,320,781</u>	<u>1,342,222</u>	1,380,168
Increase/(Decrease) Fund Balance	\$ (898,225)	\$ (1,290,781)	\$ (1,322,222)	\$ (1,370,168)
Beginning Fund Balance	<u>\$ 5,905,518</u>	<u>\$ 5,007,293</u>	<u>\$ 3,716,512</u>	<u>\$ 2,394,290</u>
Fund 17, Special Reserve, Ending Balance	\$ 5,007,293	\$ 3,716,512	\$ 2,394,290	\$ 1,024,122
<i>(Assigned Ending Fund Balance)</i>				

Menlo Park City School District

Budget Assumptions

2015-16

- Revenue
 - LCFF/Property Tax Sources
 - 8.5% Property tax growth on secured taxes
 - Reduce Deferred Maintenance transfer to \$500K
 - Does not include one-time monies from Special Ed/SELPA
 - Federal & Other State
 - \$495,000 one-time Mandate reimbursement/Common Core funds
 - \$100,000 one-time Prop. 39, Clean Energy Act, funding (3rd of 5 years)
 - Does not include one-time monies from carryover
 - Other Local
 - 2.5% CPI on Parcel Taxes
 - \$3.6M contribution from Menlo Park Atherton Education Foundation
 - Does not include O'Connor Lease
 - Site deposits/donations budgeted as received

- Expenditure
 - Salaries & Benefits
 - 3% salary increase, all units, as part of 2014/15 negotiations
 - No other salary increases except step & column
 - Approx. 10 FTE increase in staffing
 - 4.0 FTE Certificated (2.4 FTE General Ed, 1.6 FTE Special Ed)
 - 4.97 FTE Classified (1.0 FTE Maintenance, 3.97 FTE Special Ed)
 - 1.0 FTE Management (Assistant Superintendent)
 - \$171,180 reduction in Foundation assignment in unrestricted ending fund balance for 1.5 FTE included above for one-time instructional technology support (2015/16 only)
 - 7% health care increase effective January 1, 2016
 - 1.85% increase in STRS employer rate (from 8.88% to 10.73%), approx. increase of \$437,000 over prior year (~\$579,000 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 (~\$19,300 cumulative since 2013-14)
 - Other
 - Carryover not included in Adopted Budget
 - \$150,000 for World Language (\$50K per elementary school)
 - \$80,000 one-time funds allocated to sites (\$20K per school)
 - \$265,000 increase in assignments for future book adoptions
 - \$150,000 increase in assignments for technology for new school
 - 3% increase in utilities/services
 - \$94,000 reduction in Special Education contracted services (rounded)
 - Routine Restricted Maintenance budgeted at 3% of total expenditures
 - Increase OPEB contribution \$28K (\$150K total, plus expenditures)

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
 - Maintain Deferred Maintenance transfer at \$500K
 - 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
 - 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
 - 8.675 FTE increase in staffing
 - 2.0 FTE Certificated Growth
 - 5.675 FTE New School
 - 1.8 FTE Certificated/Management
 - 1.875 FTE Classified Support
 - 2.0 FTE Custodial
 - 1.0 FTE Bus driver (Tinsley Students)
 - 7% health care increase
 - 1.85% increase in STRS employer rate (from 10.73% to 12.58%), approx. increase of \$440,000 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 \$64,000 over prior year (~\$83,000 cumulative since 2013-14)
 - Other
 - \$10,000 increase in Technology budget
 - \$50,000 for supplies for New School
 - \$50,000 for utility cost associated with New School
 - \$150,000 one-time technology costs for New School – reduce assignment in unrestricted ending fund balance
 - \$165,000 reduction in Sequoia Union High School busing contract
 - \$120,000 one-time purchase of new bus (for Tinsley students)
 - \$12,000 increase in fuel for the new bus
 - \$18,000 increase in maintenance for the new bus
 - 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
 - Maintain Deferred Maintenance transfer at \$500K
 - 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
 - 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 \$445,000 over prior year (~\$1.46M cumulative since 2013-14)
 - 1.33% increase in PERS employer rate (from 13.05% to 14.38%), approx. increase of \$72,000 over prior year (~\$155,000 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