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TO: Board of Trustees

FROM: Yancy Hawkins, Assistant Superintendent - Business & Operations  
Nancy Walker, Director of Fiscal Services

DATE: June 13, 2017

RE: Staff Report: 2017-2018 Preliminary General Fund Budget

**Board Priority/Goal**

Student Success

**Objective**

Present the 2017-2018 Preliminary General Fund Budget to the Board of Trustees.

**Background**

Staff will review the 2017-2018 Proposed Budget, including recommendations from the Governor's May Revision budget, School Services of California (SSC), Marin County Office of Education (MCOE), as well as the Common Message released by the California County Superintendents Education Services Association (CCSESA).

Attached please find the following components of the 2017-2018 Preliminary Budget:

1. 2017-2018 Budget Assumptions
2. Comparison of 2016-2017 Estimated Actuals & 2017-2018 Proposed Budget
3. 2017-2018 Budgetary Changes
4. Components of Projected Ending General Fund Balance
5. Budget Assumptions for 2018-2019 & 2019-2020
6. Multi-Year Projections
7. Other Funds
8. SACS Report 2017-2018
9. Marin Common Message (CCSESA)

**2017-2018 Preliminary General Fund Budget**

Starting with the 2013-2014 California State Budget, the fundamental distribution of state funds to California school districts changed with the elimination of the Revenue Limit and the introduction of the Local Control Funding Formula (LCFF).

The LCFF provides base funding per student depending on grade span. A supplemental grant, equal to 20% of the base funding, is provided for each unduplicated student that is an English Learner, Low-Income or a Foster Youth Student. California school districts that have a student population of more than 55% of these identified groups receive a concentration grant equal to 50% of the base

grant. Thirty-six percent (36%), or approximately 1-in-3, of NUSD's students are English Learners, Low- Income, or Foster Youth; NUSD does not qualify for the State concentration grant under LCFF.

Beginning with the 2014-2015 budget, all District budgets must include an accountability plan. The plan, referred to as the Local Control Accountability Plan, or LCAP, requires school districts to establish goals addressing three state priorities, including eight essential state elements. NUSD's LCAP meets these requirements. The District Advisory Committee (DAC) met multiple times during the year and provided guidance toward the development of the District's LCAP Plan. The Preliminary General Fund for 2017-2018 is based on activities identified in the LCAP.

Per the Governor's May Revision, NUSD is expected to receive "restored" state funding in the amount of \$63,014,537 under the LCFF. This is a net year-over-year increase in LCFF funding of \$737,210. As NUSD is experiencing declining enrollment, funding for 2017-2018 is based on 2016-2017 ADA. The increase of \$737,210 is net of the loss of funding from the decline of 95.99 ADA translating into a loss of \$821,674 in funding.

Beginning in 2014-2015, a trend of declining enrollment began in the District. ADA declined from 2014-2015 to 2015-2016 by 49.64 and 95.99 from 2015-2016 to 2016-2017. Based on available birth rates and current enrollment registration, ADA is estimated to decline 61.83 in 2017-2018 and 107.93 in 2018-2019. Accordingly, the District's LCFF revenue will decrease by \$821,674 in 2017-2018, \$457,872 in 2018-2019, and \$984,432 in 2019-2020. LCFF State funding is based on the higher ADA of the current or prior year.

Starting with the adopted 2014-2015 State budget, rate increases to CalSTRS and CalPERS contributions, by both employees and employer, were implemented. CalSTRS rate increases continue until 2020-2021 when the rate will be 19.1% (10.85% higher than in 2013-2014). At this time, all increases are funded from the LCFF base grant. Fund 17 has been established to provide a reserve for the increase in STRS/PERS. \$1 Million dollars was transferred from the General Fund in 2015-2016 and an additional \$1 million was transferred from the General Fund in 2016-2017.

<b>YEAR</b>	<b>CalSTRS Rate</b>	<b>Annual Increase*</b>	<b>CalPERS Rate **</b>	<b>Annual Increase*</b>	<b>TOTAL Cost of Increase</b>
<b>2013-2014</b>	8.25%	\$0	11.44%	\$0	\$0
<b>2014-2015</b>	8.88%	\$246,727	11.77%	\$41,269	\$287,996
<b>2015-2016</b>	10.73%	\$724,514	11.90%	\$15,805	\$740,320
<b>2016-2017</b>	12.58%	\$724,514	13.89%	\$249,997	\$974,512
<b>2017-2018</b>	14.43%	\$724,514	15.53%	\$205,843	\$930,358
<b>2018-2019</b>	16.28%	\$724,514	18.10%	\$322,249	\$1,046,764
<b>2019-2020</b>	18.13%	\$724,514	20.80%	\$338,682	\$1,063,196
<b>2020-2021</b>	19.10%	\$379,881	23.80%	\$376,313	\$756,194
<b>Cost Over 7 Years</b>		<b>\$4,249,180</b>		<b>\$1,550,159</b>	<b>\$5,799,339</b>

\*Based Upon 2017-18 Proposed Budget Certificated and Classified Salary Projections

\*\*Projected

## **Multi-Year Projection (MYP)**

The Multi-Year Projection (MYP) demonstrates that the District will be able to meet its financial obligations for the two years subsequent to 2017-2018. However, it is important to note that these multi-year financial projections are built using a complex set of financial assumptions that are constantly changing. The MYP is an important tool to utilize in multi-year planning and decision-making.

## **Budget Assumptions: 2018-2019 and 2019-2020**

The MYP reflects the Governor's May Revision budget proposal. The LCFF funding model, which began in 2013-2014 with the goal of full funding in 2019-2020, is close to reaching this target funding prior to 2019-2020. It is projected that the funding level in 2017-2018 will be 97% of the target funding. As districts have welcomed the restored funding, it should be noted that the increase in LCFF funding is only bringing current funding to 2007-2008 levels with adjustments for COLA and deficit reductions. Starting with the 2017-2018 year, increased funding will include COLA and limited growth in overall LCFF. Per the Department of Finance, the estimated COLA for 2017-2018, 2018-2019, and 2019-2020 are 1.56%, 2.15%, and 2.35%, respectively.

The Governor's proposal provides that 43.97% of the total remaining cost of implementation will be funded in 2017-2018. Funding the implementation in years 2018-2019 and 2019-2020, years 2 and 3, respectively, is shown at 71.53% and 73.51%, respectively. Otherwise stated, NUSD will be 99% funded at the target level in 2019-2020. These funding levels would provide for an estimated LCFF State funding net increase (after loss of funding due to decline in ADA) of \$1,961,074 (3.11%) in 2018-2019, and \$913,659 (1.41%) in 2019-2020.

All positions and allocations from the 2016-2017 budget are rolled forward and adjusted for the projected decline in student enrollment (as noted above). Current staffing ratios, removal of one-time revenues and expenditures, and estimated increases for step and/or column movement, as well as associated payroll related taxes, including the increase in STRS and PERS rate and CPI (Consumer Price Index), are included in the preliminary 2017-2018 budget and subsequent years.

## **Budget Advisory Committee**

Based upon the 2017-2018 Preliminary Budget and the budget assumptions the District is confronting significant operating deficits. In the fall of 2017, a Budget Advisory Committee will be convened to determine recommendations for budget solutions (cuts and revenue opportunities). The level of the solutions required are projected to be in excess of \$1 million annually.

## 2017-2018 Budget Assumptions

COLA (Department of Finance)	1.56%
LCFF GAP Funding Percentage (Department of Finance)	43.97%
Enrollment (NUSD) Budget Year	7,535
Prior Year CBEDs Enrollment	7,599
Change in Enrollment (NUSD)	(64)
Enrollment (Students Served by MCOE)	63
2017-18 Projected P2 ADA (NUSD/MCOE)	7,310.11
2016-17 P2 ADA (NUSD/MCOE)	7,371.94
Change from Prior Year	(61.83)
2017-18 Funded ADA (NUSD/MCOE)	7,361.29
2016-17 Funded ADA (NUSD/MCOE)	7,457.28
Change from Prior Year	(95.99)
2017-18 LCFF Entitlement Per ADA	\$8,560
2016-17 LCFF Entitlement Per ADA	\$8,351
Increase in LCFF Entitlement Per ADA from 2016-17	\$209
Increase in LCFF Entitlement per ADA from 2016-17	2.50%
2017-18 Net Increase in LCFF Funding-due to decline in ADA	1.18%
State, Federal and Other Local	Removed One-Time & Deferred Revenues
State Revenues	Zero COLA
Lottery Funding (Unrestricted)	\$144/ADA
Lottery Funding (Restricted/Prop 20)	\$45/ADA
Mandate Block Grant	\$28.42/K-8 ADA
One-time Mandate	\$56/9-12 ADA
	\$0/ADA
Changes in Teacher Staffing due to Declining Enrollment	
Elementary	(7 FTE)
Middle	(1.4 FTE)
High	1.6 FTE
Certificated Step/Column Increase	1.50%
Classified Step Increase	2%
Payroll Related Taxes, Insurance & Benefits	
STRS Rates	14.43%
PERS Rates	15.531%
Health/Welfare	2016-2017 Rates
Workers Compensation	Employer Cap
	2.202%
Books and Supplies and Operating Expenditures	Removed carryover and one-time costs
Capital Outlay	Removed one-time costs
Indirect Costs	6.54%
Reserve Level	11.3%
•Reserve for Economic Uncertainty – 3%	
•Locally Agreed Upon Reserve Level – 12%	

Novato Unified School District  
2017-2018 Proposed  
Unrestricted General Fund Budget

	<b>2016-2017 Estimated Actuals</b>	<b>2017-2018 Proposed Budget</b>	<b>Change</b>
LCFF Sources	\$62,014,843	\$62,752,053	\$737,210
Federal Revenue	\$30,469	\$24,000	(\$6,469)
State Revenue	\$3,022,418	\$1,386,926	(\$1,635,492)
Local Revenue	\$790,053	\$822,480	\$32,427
<b>Total Revenues</b>	<b>\$65,857,783</b>	<b>\$64,985,459</b>	<b>(\$872,324)</b>
Certificated	\$31,650,781	\$31,588,391	(\$62,390)
Classified	\$9,176,190	\$8,995,017	(\$181,173)
Benefits	\$11,799,115	\$12,660,018	\$860,903
Supplies	\$1,607,796	\$899,020	(\$708,776)
Operating Expenditures	\$5,475,260	\$4,876,177	(\$599,083)
Equipment	\$177,149	\$1,000	(\$176,149)
Transfer Services	\$9,857	\$0	(\$9,857)
Indirect Costs	(\$486,928)	(\$486,978)	(\$50)
<b>Total Expenditures</b>	<b>\$59,409,219</b>	<b>\$58,532,645</b>	<b>(\$876,574)</b>
<b>Excess of Revenues over Expenses</b>	<b>\$6,448,564</b>	<b>\$6,452,814</b>	<b>\$4,250</b>
Transfers Out	\$1,135,000	\$40,000	(\$1,095,000)
Contributions	(\$8,429,212)	(\$9,038,952)	(\$609,740)
<b>Total Sources/Uses</b>	<b>(\$9,564,212)</b>	<b>(\$9,078,952)</b>	<b>\$485,260</b>
<b>Net Increase/Decrease Fund Balance</b>	<b>(\$3,115,648)</b>	<b>(\$2,626,138)</b>	<b>\$489,510</b>
Beginning Fund Balance	\$12,756,393	\$9,640,745	\$0
<b>Ending Fund Balance</b>	<b>\$9,640,745</b>	<b>\$7,014,607</b>	<b>(\$2,626,138)</b>

Novato Unified School District  
2017-2018 Proposed  
Restricted General Fund Budget

	<b>2016-2017 Estimated Actuals</b>	<b>2017-2018 Proposed Budget</b>	<b>Change</b>
LCFF Sources	\$0	\$0	\$0
Federal Revenue	\$3,246,467	\$2,824,814	(\$421,653)
State Revenue	\$4,222,575	\$3,521,044	(\$701,531)
Local Revenue	\$11,277,379	\$9,398,144	(\$1,879,235)
<b>Total Revenues</b>	<b>\$18,746,421</b>	<b>\$15,744,002</b>	<b>(\$3,002,419)</b>
Certificated	\$7,518,236	\$7,574,554	\$56,318
Classified	\$3,581,796	\$3,548,754	(\$33,042)
Benefits	\$6,283,617	\$6,568,059	\$284,442
Supplies	\$2,183,870	\$705,947	(\$1,477,924)
Operating Expenditures	\$6,303,173	\$4,500,180	(\$1,802,993)
Equipment	\$742,732	\$13,300	(\$729,432)
Transfer Services	\$1,476,893	\$1,699,186	\$222,293
Indirect Costs	\$486,928	\$486,978	\$50
<b>Total Expenditures</b>	<b>\$28,577,245</b>	<b>\$25,096,957</b>	<b>(\$3,480,288)</b>
<b>Excess of Revenues over Expenditures</b>	<b>(\$9,830,824)</b>	<b>(\$9,352,955)</b>	<b>\$477,869</b>
Transfers Out	\$0	\$0	\$0
Contributions	\$8,429,212	\$9,038,952	\$609,740
<b>Total Sources/Uses</b>	<b>\$8,429,212</b>	<b>\$9,038,952</b>	<b>\$609,740</b>
<b>Net Increase/Decrease in Fund Balance</b>	<b>(\$1,401,612)</b>	<b>(\$314,003)</b>	<b>\$1,087,609</b>
Beginning Fund Balance	\$4,153,084	\$2,751,472	\$0
<b>Ending Fund Balance</b>	<b>\$2,751,472</b>	<b>\$2,437,469</b>	<b>(\$314,003)</b>

Novato Unified School District  
2017-2018 Proposed  
Combined General Fund Budget

	<b>2016-2017 Estimated Actuals</b>	<b>2017-2018 Proposed Budget</b>	<b>Change</b>
LCFF Sources	\$62,014,843	\$62,752,053	\$737,210
Federal Revenue	\$3,276,936	\$2,848,814	(\$428,122)
State Revenue	\$7,244,993	\$4,907,970	(\$2,337,023)
Local Revenue	\$12,067,432	\$10,220,624	(\$1,846,808)
<b>Total Revenues</b>	<b>\$84,604,204</b>	<b>\$80,729,461</b>	<b>(\$3,874,743)</b>
Certificated	\$39,169,017	\$39,162,945	(\$6,072)
Classified	\$12,757,986	\$12,543,771	(\$214,215)
Benefits	\$18,082,732	\$19,228,077	\$1,145,345
Supplies	\$3,791,666	\$1,604,967	(\$2,186,700)
Operating Expenditures	\$11,778,433	\$9,376,357	(\$2,402,076)
Equipment	\$919,881	\$14,300	(\$905,581)
Transfer Services	\$1,486,750	\$1,699,186	\$212,436
Indirect Costs	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$87,986,464</b>	<b>\$83,629,602</b>	<b>(\$4,356,862)</b>
<b>Excess of Revenues over Expenditures</b>	<b>(\$3,382,260)</b>	<b>(\$2,900,141)</b>	<b>\$482,119</b>
Transfers Out	\$1,135,000	\$40,000	(\$1,095,000)
Contributions	\$0	\$0	\$0
<b>Total Sources/Uses</b>	<b>(\$1,135,000)</b>	<b>(\$40,000)</b>	<b>(\$1,095,000)</b>
<b>Net Increase/Decrease in Fund Balance</b>	<b>(\$4,517,260)</b>	<b>(\$2,940,141)</b>	<b>\$1,577,119</b>
Beginning Fund Balance	\$16,909,477	\$12,392,217	\$0
<b>Ending Fund Balance</b>	<b>\$12,392,217</b>	<b>\$9,452,075</b>	<b>(\$2,940,141)</b>

# Budgetary Changes

## 2016-2017 Estimated Actuals and 2017-2018 Proposed Budget

### **COMBINED GENERAL FUND (Form 01I)**

#### **REVENUES**

Overall revenues are projected to decrease by \$3.9 million from 2016-2017. This includes \$1.8 million in local donations/grants that are budgeted as received. The most significant decrease in operating revenue is due to the loss of \$1.6 million in State revenue one-time funding received in the current year. The Governor has proposed \$170 per ADA in one-time funds in the 2017-2018 budget, but he has made those revenues contingent upon certain revenue targets that won't be known until April of 2019 and thus cannot be relied on.

Local Control Funding Formula (LCFF) revenue is projected to increase by \$737K, The Governor's Budget at the May Revise includes the following:

- 1.56% COLA
- GAP funding rate of 43.97%
- Per pupil funding increase of 2.50%
- Net increase in funding due to declining ADA of (95.99 ADA) is 1.18%

Federal revenues are projected to decrease by \$428K; significant changes include:

- The 2016-2017 budget included \$160K in deferred revenues from 2015-16 (Title I/Title II)
- Potential reduction of \$186K (up to 22%) in Title I and Title II funding (Common Message Guidance)
- Potential decrease of \$57K in funding provided by the MAA/MEDI-CAL reimbursement programs; reimbursements are typically recognized as received

State revenues are projected to decrease by \$2.3 million as a result of the following changes:

- Removal of \$1.6 million one-time Mandate funding
- Removal of \$100K one-time College Readiness Grant
- Removal of \$400K CTE Grant

Other/Local revenues show a decrease by \$1.8 million. Approximately 15% of local revenues are from local donations and/or one-time sources. Local revenues and related expenditures are added to the budget as it is received.

- \$100K in new revenues from the lease agreement with the Marin SELPA



## Budgetary Changes

### 2016-2017 Estimated Actuals and 2017-2018 Proposed Budget

#### EXPENDITURES

Certificated salaries decreased by ~~an~~ \$6K as a result of the following changes:

- Net decrease of 6.8 FTE (-7 Elementary and +.20 FTE Secondary) certificated teacher positions
- 2 FTE for New Social Cognition Program (SMHS)
- 3 FTE Staffing Reserve for enrollment
- Retirement savings, step increases and estimated column movement
- Removal of \$100K final year of Retirement Incentive

Classified salaries and Restricted salaries decreased by \$214K as a result of the following changes:

- Removal of one-time off schedule stipend payment CSEA Unit members \$244,000
- Adjusted for step increases
- Reduced budgets for costs related to school site funding sources, including PTA and school site donations, and/or carryover or other one-time monies

Employee Benefits increased by \$1.1 million due to the following changes:

- Net Increase of \$724K due to STRS (State Teachers' Retirement System) rate increase from 12.53% to 14.43%
- Net Increase of \$205K due to PERS (Public Employees Retirement System) rate increase from 13.888% to 15.531%
- Increase of \$40K for Workers Compensation costs; the rate increased from 2.095% to 2.202%
- Health & Welfare is budgeted at the 2016-2017 employer CAP level. This budget will be updated after open enrollment and reflected in the First Interim budget.

The budget for Books, Materials and Supplies and for instructional technology decreased by \$2.2 million due to the following:

- Removal of one-time purchases for textbooks, supplies and non-capitalized equipment
  - \$150K Teacher Devices
  - \$200K Ed Tech Grant
- Removal of prior year site/department carryover \$1.2 million
- Removal and/or funded through local donations, PTA and local grants
  - *\$480K Local Donations*
- The Estimated Actuals includes approximately \$700K in school site/department budgets that likely will not be fully expended

## Budgetary Changes

### 2016-2017 Estimated Actuals and 2017-2018 Proposed Budget

The budget for Services and Other Operating Expenditures decreased by \$2.4 million as a result of the following significant changes:

- Decrease of \$100K in contracted transportation services (budget moved to salaries)
- Projected savings from Solar Energy Power Purchase Agreement \$160K
- Removal of Election Costs \$38K
- Removal of expenditures Measure G \$90K
- Reduced Special Education NPA costs \$266K (budget moved to salaries)
- Removal of Settlement Costs \$218K
- Reduced legal fees \$83K
- Final year of Energy Savings Contract \$71K
- Decreased budget for Travel & Conferences \$238K
- Decreased budget for Services \$100K
- Removal of one-time expenditures of \$942K funded through local donations, grants and one-time revenue sources

The budget for Capital Outlay decreased by \$905K due to the removal of one-time purchases and project costs:

- Passenger Vans \$163K
  - Special Ed. Transportation (1) \$31K
  - NHS (1) and SMHS (1) Athletics Program \$62K
  - Hamilton Elementary (2) \$70K (school site donations)
- Replacement Vehicles \$78K
  - Grounds Truck (1) \$21K
  - Warehouse/Delivery (1) 33K
  - Maintenance (1) \$24K
- Signage at Sinaloa and Pleasant Valley \$14K (school site donations)
- CTE Grant \$155K (CTE Grant)
- IT Infrastructure/Hardware Project \$500K (E-Rate)

The projected Contribution to Restricted Programs increased by \$600K. The budget is projected to be \$9 million in 2017-2018 and supports the following programs:

- \$5.5 million to the Special Education Program
- \$1.3 million to the Special Education/Mental Health Program
- \$1.7 to the Special Education for Excess Costs & MCOE Operated Programs
- \$100K to the Retiree Benefit program
- \$1.67 million to the Restricted Routine Maintenance (RRM) program
- \$70K to the ROP Program
- \$1.3 from the Parcel Tax to the Unrestricted General Fund (Offset to Contribution)

## **OTHER FUNDS**

Budgets for all other funds of the District have been presented. All funds are fiscally solvent and maintain appropriate reserves.

### ***Adult Education Fund (Form 11I):***

This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs. The fund is projected to have an ending fund balance of \$167,074.

### ***Cafeteria Fund (Form 13I):***

This fund is used to account separately for federal, state, and local resources to operate the food service program. Staff continues to monitor revenues and participation. The ending fund balance is projected to be \$135,174.

### ***Deferred Maintenance Fund (Form 14I):***

This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes. The District makes an LCFF contribution of \$262,484 annually to support the program. The fund has a projected ending balance of \$1.5 million.

### ***Special Reserve Fund for Other than Capital Outlay Projects (Form 17I):***

On June 14, 2016, the Board approved Resolution 18-2015/2016 establishing Fund 17 – Special Reserve Fund, for the specified purpose of setting aside general fund dollars to reserve against future increases to STRS and PERS district paid employer contributions. The Board approved for that purpose a transfer of \$1,000,000 in 2016 and \$1,000,000 in 2017 into Fund 17 from the ending fund balance.

### ***Building Fund (Form 21I Includes):***

This fund includes the District's two building funds, Fund 21 and Fund 22 (Measure G). For State reporting (SACS) purposes Funds 21 and 22 roll up into Fund 21. Fund 22 is used for all proceeds of Measure G, passed in November 2016. The District issued the first \$51 million (of the \$222 million in total bonding authority) in March 2017. Fund 21 is the District's building fund, and also funds projects outside the scope of Measure G. The fund is expected to have an ending balance of \$662,680.

### ***Capital Facilities Fund (Form 25I):***

This fund is used to account for Developer Fees collected and expended for school facilities. The fund is expected to have an ending balance of \$180,691.

### ***Special Reserve Fund for Capital Outlay Projects (Form 40I):***

This fund accounts for the revenue realized from the sale of the San Carlos site and for a gift from the George Roth Foundation. The board has designated most of these funds for the modernization of Hamilton Elementary and the Hamilton triangle. The fund is expected to have an ending balance of \$1.04 million.

***Bond Interest and Redemption Fund (Form 511):***

This fund is used to collect the property taxes that will be utilized to redeem the general obligation bonds that were issued to modernize NUSD school sites (see Fund 21).

***Self-Insurance Fund (Form 671):***

The ending reserve is projected to be \$190,831. Since the District carries a policy with a \$25,000 deductible for most losses, it is imperative that the District maintain an adequate reserve in this fund.

## **2017-2018 Components of the Projected Ending General Fund Balance**

### **FUND BALANCE RESERVES**

The Reserve for Economic Uncertainties is now \$2,510,088, or 3% of total General Fund expenditures.

#### **To summarize the numbers:**

Revenues	\$ 80,729,461
Expenditures	\$ 83,629,602
Other Sources and Uses	<u>\$ (40,000)</u>
Operating <b>Deficit</b>	\$ (2,940,141)
Beginning Balance	<u>\$ 12,392,217</u>
<b>Ending Balance</b>	<b>\$ 9,452,075</b>

#### **Components of the Ending Balance are as follows:**

Legally Restricted General Fund	\$ 2,437,469
Revolving Cash	\$ 1,400
Stores	\$ 66,286
Prepaid Expenditures	\$ 88,280
Economic Uncertainties – 3%	\$ 2,510,088
Designations:	
LCFF GAP Funding Uncertainty	\$ 2,698,284
Declining Enrollment	\$ 1,520,268
Laptop Refresh	\$ 130,000
Total Designations	\$ 4,348,552
Undesignated	\$ 0
<b>Total Fund Balance</b>	<b>\$ 9,452,075</b>

Fund Balance as a percent of 2017-2018 General Fund Expenditures & Uses is 11.30%

# Budgets Assumptions for 2018-2019 and 2019-2020

Budget Assumptions	2018-2019	2019-2020
COLA (Department of Finance)	2.15%	2.35%
LCFF GAP Funding Percentage (Department of Finance)	71.53%	73.51%
Enrollment (NUSD) Budget Year	7,423	7,423
Prior Year CBEDs Enrollment	7,535	7,423
Change in Enrollment (NUSD)	(112)	0
Enrollment (Students Served by MCOE)	63	63
Budget Year Projected P2 ADA (NUSD/MCOE)	7,202.18	7,202.18
Prior Year Projected P2 ADA (NUSD/MCOE)	7,310.11	7,202.18
Change from Prior Year	(107.93)	0.00
Budget Year Funded ADA (NUSD/MCOE)	7,309.78	7,202.18
Prior Year Funded ADA (NUSD/MCOE)	7,361.29	7,309.78
Change from Prior Year	(51.51)	(107.60)
Budget Year LCFF Entitlement Per ADA	\$8,889	\$9,149
Prior Year LCFF Entitlement Per ADA	\$8,560	\$8,889
Increase in LCFF Entitlement Per ADA from Prior Year	\$329	\$260
Increase in LCFF Entitlement per ADA from Prior Year	3.84%	2.92%
Net Increase in LCFF Funding-due to decline in ADA	3.11%	1.41%
State, Federal and Other Local	Removed One-Time & Deferred Revenues	
State Revenues	Zero COLA	Zero COLA
Lottery Funding (Unrestricted)	\$144/ADA	\$144/ADA
Lottery Funding (Restricted/Prop 20)	\$45/ADA	\$45/ADA
Mandate Block Grant	\$28.42/K-8 ADA	\$28.42/K-8 ADA
	\$56/9-12 ADA	\$56/9-12 ADA
One-time Mandate	\$0	\$0
Changes in Teacher Staffing due to Declining Enrollment	(3 FTE)	(0 FTE)
Certificated Step/Column Increase	1.50%	1.50%
Classified Step Increase	2%	2%
Payroll Related Taxes, Insurance & Benefits	16.28%	18.13%
PERS Rates (Projected)	18.10%	20.80%
Health/Welfare	2016-2017 Rates/Employer Cap	
Workers Compensation	1.800%	1.800%
Books and Supplies and Operating Expenditures	Removed carryover and one-time costs	
Capital Outlay	Removed carryover and one-time costs	
Indirect Costs	6.54%	6.54%
Contribution to Restricted Programs	6.00%	6.00%
Routine Repair Maintenance Account	2.50%	3.00%
Reserve Level	7.7%	5%
•Reserve for Economic Uncertainty – 3%		
•Locally Agreed Upon Reserve Level – 12%		

Novato Unified School District  
2017-2018 Proposed Unrestricted General Fund Budget  
and Multi-Year Projection

	2017-2018 Proposed Budget	2018-2019 MYP	2019-2020 MYP
LCFF Sources	\$62,752,053	\$64,713,127	\$65,626,786
Federal Revenue	\$24,000	\$24,000	\$24,000
State Revenue	\$1,386,926	\$1,386,926	\$1,386,926
Local Revenue	\$822,480	\$822,480	\$822,480
<b>Total Revenues</b>	<b>\$64,985,459</b>	<b>\$66,946,533</b>	<b>\$67,860,192</b>
Certificated	\$31,588,391	\$31,837,217	\$32,314,775
Classified	\$8,995,017	\$9,174,917	\$9,358,415
Benefits	\$12,660,018	\$13,517,392	\$14,528,358
Supplies	\$899,020	\$912,505	\$926,193
Operating Expenditures	\$4,876,177	\$4,876,177	\$4,876,177
Equipment	\$1,000	\$0	\$0
Transfer Services	\$0	\$0	\$0
Indirect Costs	(\$486,978)	(\$486,978)	(\$486,978)
<b>Total Expenditures</b>	<b>\$58,532,645</b>	<b>\$59,831,230</b>	<b>\$61,516,940</b>
<b>Excess of Revenues over Expenses</b>	<b>\$6,452,814</b>	<b>\$7,115,303</b>	<b>\$6,343,252</b>
Transfers In/Out	\$40,000	\$40,000	(\$1,960,000)
Contributions	(\$9,038,952)	(\$9,581,289)	(\$10,156,166)
<b>Total Sources/Uses</b>	<b>(\$9,078,952)</b>	<b>(\$9,621,289)</b>	<b>(\$8,196,166)</b>
<b>Net Increase/Decrease Fund Balance</b>	<b>(\$2,626,138)</b>	<b>(\$2,505,986)</b>	<b>(\$1,852,914)</b>
Beginning Fund Balance	\$9,640,745	\$7,014,607	\$4,508,621
<b>Ending Fund Balance</b>	<b>\$7,014,607</b>	<b>\$4,508,621</b>	<b>\$2,655,706</b>

Novato Unified School District  
2017-2018 Proposed Restricted General Fund Budget  
and Multi-Year Projection

	2017-2018 Proposed Budget	2018-2019 MYP	2019-2020 MYP
LCFF Sources	\$0	\$0	\$0
Federal Revenue	\$2,824,814	\$2,824,814	\$2,824,814
State Revenue	\$3,521,044	\$3,521,044	\$3,521,044
Local Revenue	\$9,398,144	\$9,398,144	\$9,398,144
<b>Total Revenues</b>	<b>\$15,744,002</b>	<b>\$15,744,002</b>	<b>\$15,744,002</b>
Certificated	\$7,574,554	\$7,688,173	\$7,803,496
Classified	\$3,548,754	\$3,619,729	\$3,692,124
Benefits	\$6,568,059	\$6,878,179	\$7,164,793
Supplies	\$705,947	\$716,536	\$727,284
Operating Expenditures	\$4,500,180	\$4,500,180	\$4,500,180
Equipment	\$13,300	\$0	\$0
Transfer Services	\$1,699,186	\$1,784,145	\$1,873,353
Indirect Costs	\$486,978	\$486,978	\$486,978
<b>Total Expenditures</b>	<b>\$25,096,957</b>	<b>\$25,673,920</b>	<b>\$26,248,208</b>
<b>Excess of Revenues over Expenditures</b>	<b>(\$9,352,955)</b>	<b>(\$9,929,918)</b>	<b>(\$10,504,206)</b>
Transfers Out	\$0	\$0	\$0
Contributions	\$9,038,952	\$9,581,289	\$10,156,166
<b>Total Sources/Uses</b>	<b>\$9,038,952</b>	<b>\$9,581,289</b>	<b>\$10,156,166</b>
<b>Net Increase/Decrease in Fund Balance</b>	<b>(\$314,003)</b>	<b>(\$348,629)</b>	<b>(\$348,040)</b>
Beginning Fund Balance	\$2,751,472	\$2,437,469	\$2,088,840
<b>Ending Fund Balance</b>	<b>\$2,437,469</b>	<b>\$2,088,840</b>	<b>\$1,740,800</b>



Novato Unified School District  
2017-2018 Proposed Combined General Fund Budget  
and Multi-Year Projection

	2017-2018 Proposed Budget	2018-2019 MYP	2019-2020 MYP
LCFF Sources	\$62,752,053	\$64,713,127	\$65,626,786
Federal Revenue	\$2,848,814	\$2,848,814	\$2,848,814
State Revenue	\$4,907,970	\$4,907,970	\$4,907,970
Local Revenue	\$10,220,624	\$10,220,624	\$10,220,624
<b>Total Revenues</b>	<b>\$80,729,461</b>	<b>\$82,690,535</b>	<b>\$83,604,194</b>
Certificated	\$39,162,945	\$39,525,390	\$40,118,271
Classified	\$12,543,771	\$12,794,646	\$13,050,539
Benefits	\$19,228,077	\$20,395,571	\$21,693,151
Supplies	\$1,604,967	\$1,629,041	\$1,653,477
Operating Expenditures	\$9,376,357	\$9,376,357	\$9,376,357
Equipment	\$14,300	\$0	\$0
Transfer Services	\$1,699,186	\$1,784,145	\$1,873,353
Indirect Costs	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$83,629,602</b>	<b>\$85,505,150</b>	<b>\$87,765,148</b>
<b>Excess of Revenues over Expenditures</b>	<b>(\$2,900,141)</b>	<b>(\$2,814,615)</b>	<b>(\$4,160,954)</b>
Transfers Out	\$40,000	\$40,000	(\$1,960,000)
Contributions	\$0	\$0	\$0
<b>Total Sources/Uses</b>	<b>(\$40,000)</b>	<b>(\$40,000)</b>	<b>\$1,960,000</b>
<b>Net Increase/Decrease in Fund Balance</b>	<b>(\$2,940,141)</b>	<b>(\$2,854,615)</b>	<b>(\$2,200,954)</b>
Beginning Fund Balance	\$12,392,217	\$9,452,075	\$6,597,460
<b>Ending Fund Balance</b>	<b>\$9,452,075</b>	<b>\$6,597,460</b>	<b>\$4,396,506</b>