

# Novato Unified, Financially Speaking

Presentation to the Parcel Tax Blue Ribbon Committee

April 13, 2022

Presented by:

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# Agenda

General School Finance Terms  
Funding Sources  
State Funding Sources-LCFF  
Local Funding Sources-Parcel Tax  
Challenges to a Balanced Budget

# School Budget Concepts

1. Budget vs. Actual
2. Unrestricted vs. Restricted Funds
3. One-Time vs. Ongoing Funding
4. Certificated vs. Classified
5. Average Daily Attendance
6. Accounting
7. STRS/PERS
8. Fund

## Word of the Week



# JARGON

noun

definition: technical terminology  
characteristic of a particular  
subject

# Where Does Our Funding Come From?

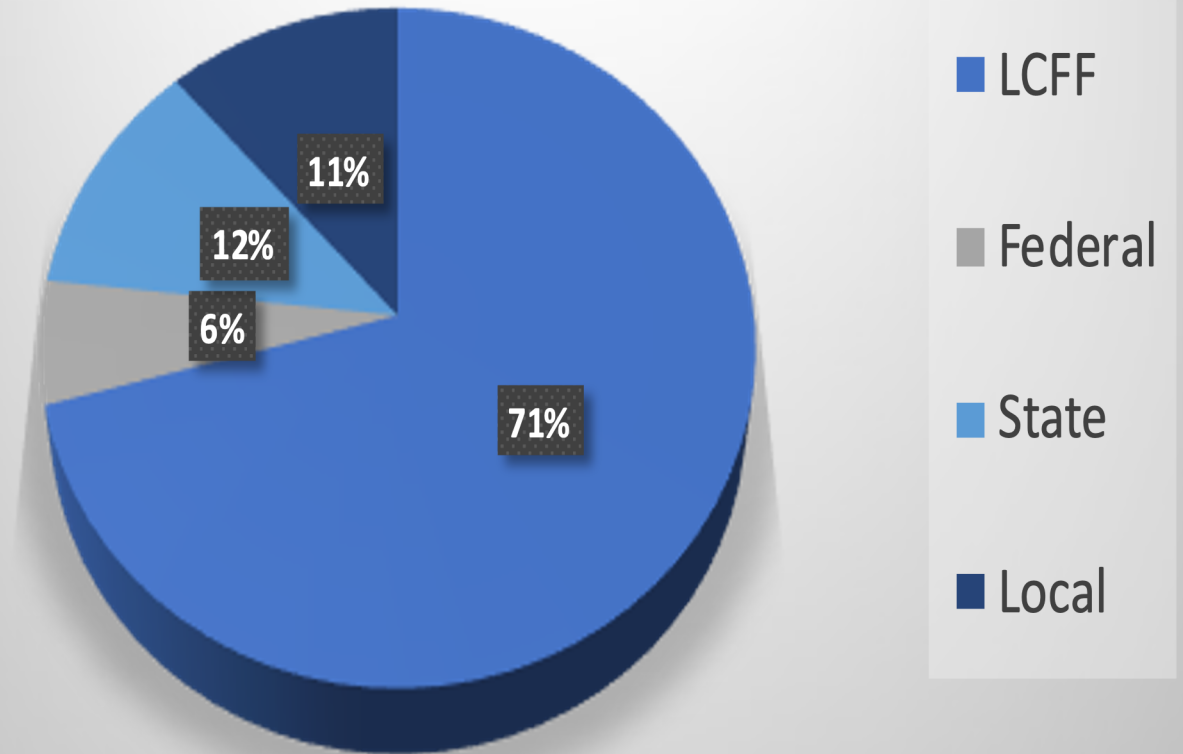
**Local Control Funding Formula (LCFF)-  
Based on student attendance**

**Federal Funding - Special Purpose  
Funding**

**State Funding other than LCFF -  
Special Purpose funding**

**Local Funding - Parcel Tax, Grants,  
Donations**

## Funding Sources for Novato Unified



### Local Control Funding Formula

- 1. Based on Attendance
- 2. Subject to annual COLA
- 3. Subject to volatility of State economy

### Federal Funding

- 1. Restricted Dollars
- 2. Ongoing and One-Time

### Other State Funding

- 1. Restricted and Unrestricted
- 2. Ongoing and One-time
- 3. Specific programs required by State

### Local Funding

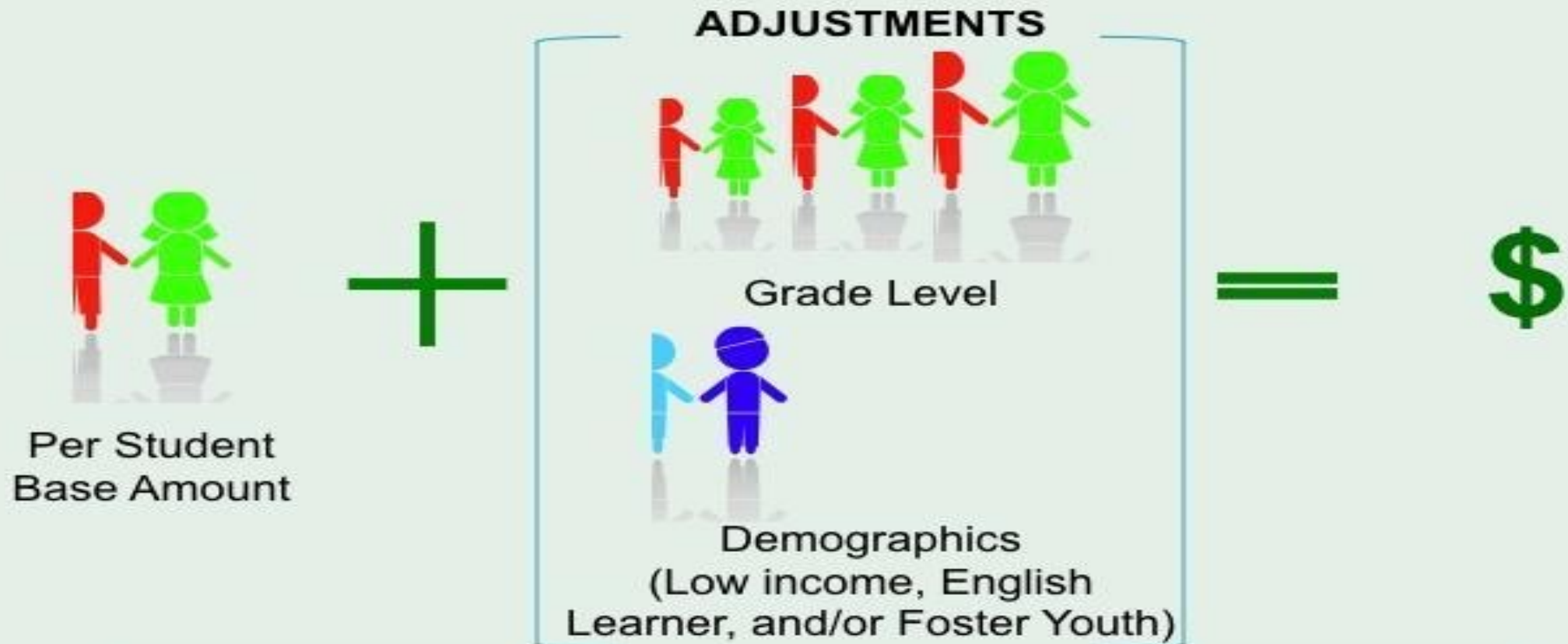
- 1. Parcel Tax
- 2. Donations
- 3. Rentals
- 4. Interest

### Other Funds

- 1. Bond
- 2. Food Service
- 3. Child Development
- 4. Adult Education
- 5. Self-Insurance
- 6. Deferred Maintenance

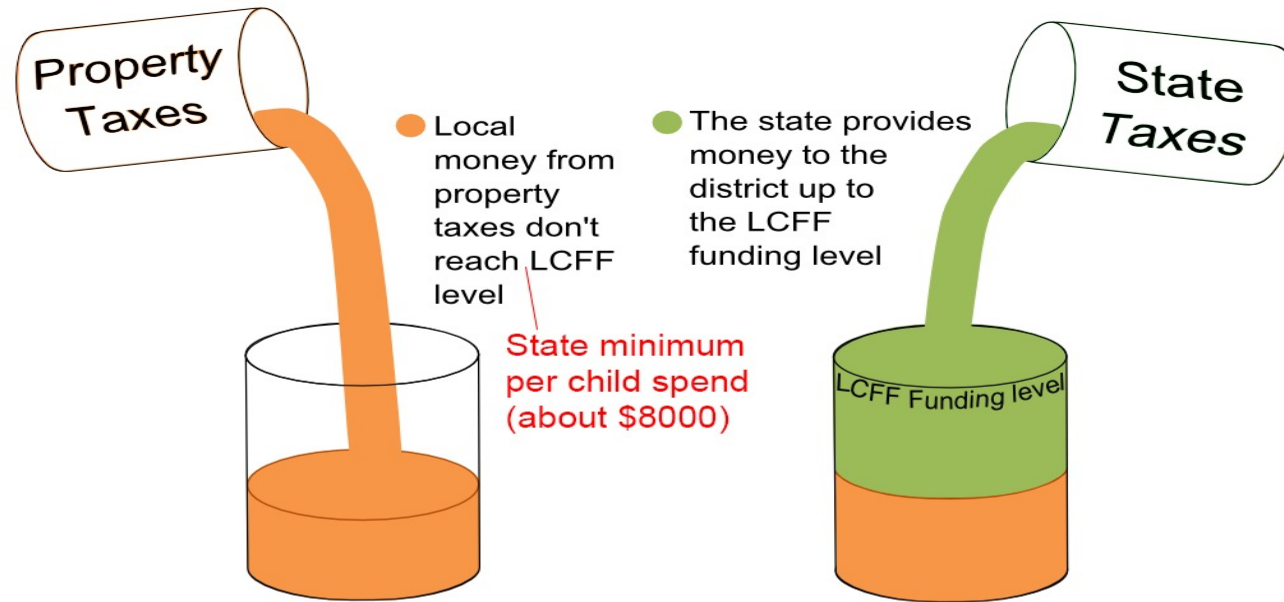
# Funding Sources for Novato Unified

# Revisiting the Local Control Funding Formula (LCFF)

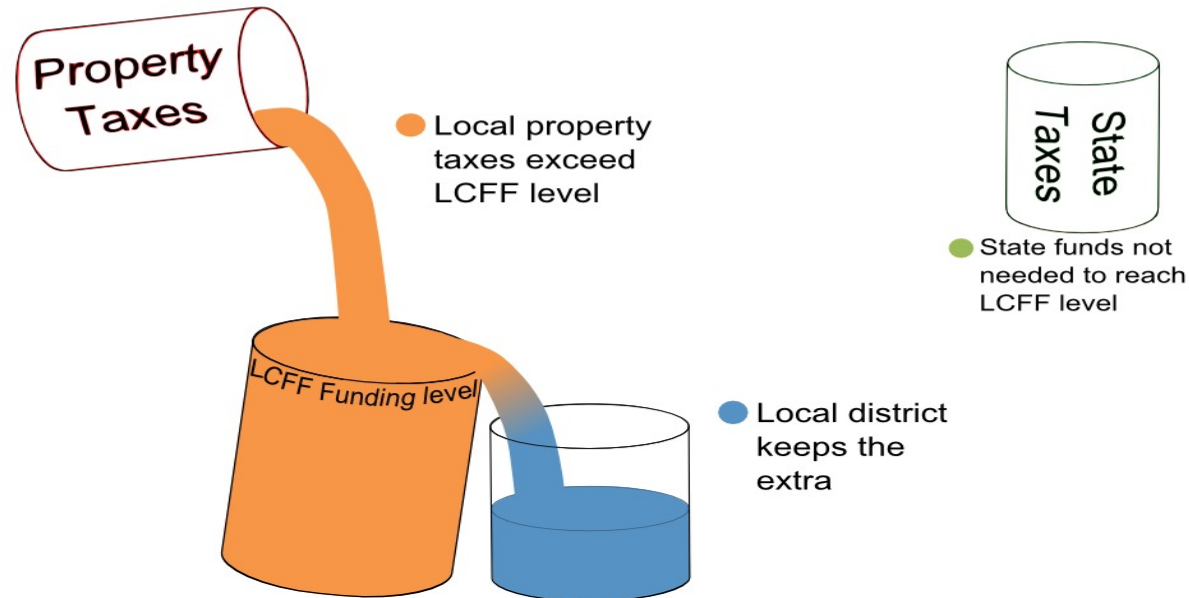


This slide shows images that illustrate how the Local Control Funding Formula works. LCFF provides the same amount of funding per student with two adjustments (1) grade level and (2) demographics.

## District Funding Under LCFF =



## "Basic Aid" District Funding



# EXPENDITURES 2021-2022 BUDGET

	Unrestricted	Restricted	Percentage
Certificated Salaries	32,255,965	8,919,998	42.3%
Classified Salaries	9,389,237	4,966,225	14.8%
Benefits	14,887,095	9,684,190	25.2%
Supplies, Services & Capital Outlay	5,437,180	9,176,962	15%
Other	(385,378)	3,039,238	2.7%
Total	61,584,099	35,786,613	100%



# Multi-Year Projection-Unrestricted

	2021-2022 2nd Interim	2022-2023 MYP	2023-2024 MYP
LCFF Sources	\$73,234,476	\$72,275,525	\$73,859,032
Federal, State and Local Revenues	\$2,015,674	\$1,873,858	\$1,844,069
Other Financing Sources- Contributions from General Fund to Restricted Resources	\$(12,729,856)	\$(13,408,349)	\$(17,703,667)
<b>Total Revenues</b>	<b>\$62,520,294</b>	<b>\$60,741,034</b>	<b>\$57,999,434</b>
Salaries & Benefits	\$54,275,735	\$52,890,827	\$53,646,823
All Other Expenditures	\$7,598,224	\$5,957,704	\$6,103,012
<b>Total Expenditures</b>	<b>\$61,873,959</b>	<b>\$58,848,531</b>	<b>\$59,749,835</b>
<b>Net Increase/Decrease in Fund Balance</b>	<b>\$646,335</b>	<b>\$1,892,505</b>	<b>(\$1,750,401)</b>
Beginning Fund Balance	\$14,534,661	\$15,180,996	\$17,073,499
<b>Ending Fund Balance</b>	<b>\$15,180,996</b>	<b>\$17,073,499</b>	<b>\$15,323,098</b>

# What does Novato's Parcel Tax currently pay for?

## **Parcel Tax Proceeds --\$4,010,623**

Library Personnel - \$524,000

Counselors - \$802,000

Teachers - \$1,367,623

Music - \$539,000

Athletics - \$778,000





# Challenges Facing Novato Unified

Declining Enrollment

Increasing Pension Costs

Potential Loss of Parcel Tax

Impact of Special Education Costs

Finding Ways to Reduce Costs/Increase  
Revenue

School	Enrollment 2015-2016	Enrollment 2021-2022	Percent Change
Hamilton	661	518	-22%
Loma Verde	390	394	1%
Lu Sutton	362	341	-6%
Lynwood	327	257	-21%
Marin Oaks	72	55	-24%
NOVA	53	170	221%
Novato High	1296	1448	12%
Non Public Schools	47	39	-17%
Olive	342	327	-4%
Pleasant Valley	499	389	-22%
Rancho	440	352	-20%
San Jose	794	555	-30%
San Marin	1076	1132	5%
San Ramon	493	412	-16%
Sinaloa	849	775	-9%
<b>Total</b>	<b>7701</b>	<b>7164</b>	<b>-7%</b>

## Impact of STRS and PERS Increases

	<b>2013-14 Rate</b>	<b>2023-24 Rate</b>	<b>Percent Increase</b>	<b>Cost to District</b>
STRS	8.25%	19.10%	131.52%	\$29,575,288
PERS	11.442%	27.100%	128.11%	\$9,390,942
Total Accumulated Cost				\$38,966,230

# CONTRIBUTIONS 2021-2022 SECOND INTERIM

From General Fund	To Other Funds or Resources
Special Education	\$10,982,363
Routine Restricted Maintenance	\$2,812,507
Athletic Trainers	\$76,411
From Parcel Tax to General Fund	(1,101,425)
Total	\$12,769,856

# RECENT HISTORY OF BUDGET REDUCTIONS



Fiscal Year	Amount
2018-2019	\$2,200,000
2019-2020	\$1,800,000
2020-2021	\$2,377,000**
2021-2022	\$4,142,700
	** many of these were one-time adjustments

# ARE THERE WAYS FOR THE DISTRICT TO INCREASE REVENUES/DECREASE COSTS?

- Average Daily Attendance fuels revenue
  1. Increase Attendance rate of enrolled students
  2. Increase number of enrolled students
- Maintain the parcel tax
- Offer specialty programs to attract out-of-district students
- Grants work well for specialized programs
- Continue the work of the Budget Advisory Committee – long-term solutions







Thank you

**Discussion Group Question:**

**What are the Key Drivers of Revenue and Expense that the District Can Control?**