

# NOVATO UNIFIED SCHOOL DISTRICT

## **2016-2017 Proposed General Fund Budget**

Presented June 14, 2016



# School Board Priorities & Goals

- Equity
- Student Success
- Staff Support
- Community Involvement & Engagement



# 2016-2017 Budget Assumptions

LCFF GAP Funding (Department of Finance)	54.84%
Projected 2016-2017 Enrollment (7,577 NUSD and 47 MCOE Served)	7,624
Change in Enrollment from 2015-2016 (NUSD/MCOE)	(127) Decrease
2016-2017 Projected P2 ADA (NUSD/MCOE Served)	7,343.21 ADA
2016-2017 Funded ADA (Prior Year ADA /2015-2016 P2 ADA)	7,466.56 ADA
2016-2017 LCFF Entitlement Per ADA	\$8,351
2015-2016 LCFF Entitlement Per ADA	\$7,950
Increase in LCFF Entitlement Per ADA from 2015-2016	5.04%
<b>2016-2017 Net Increase in LCFF Funding-due to decline in ADA</b>	<b>4.4%</b>
State, Federal and Local Revenues	Removal of one-time funding and Deferred Revenues

# 2016-2017 Budget Assumptions (Cont'd)

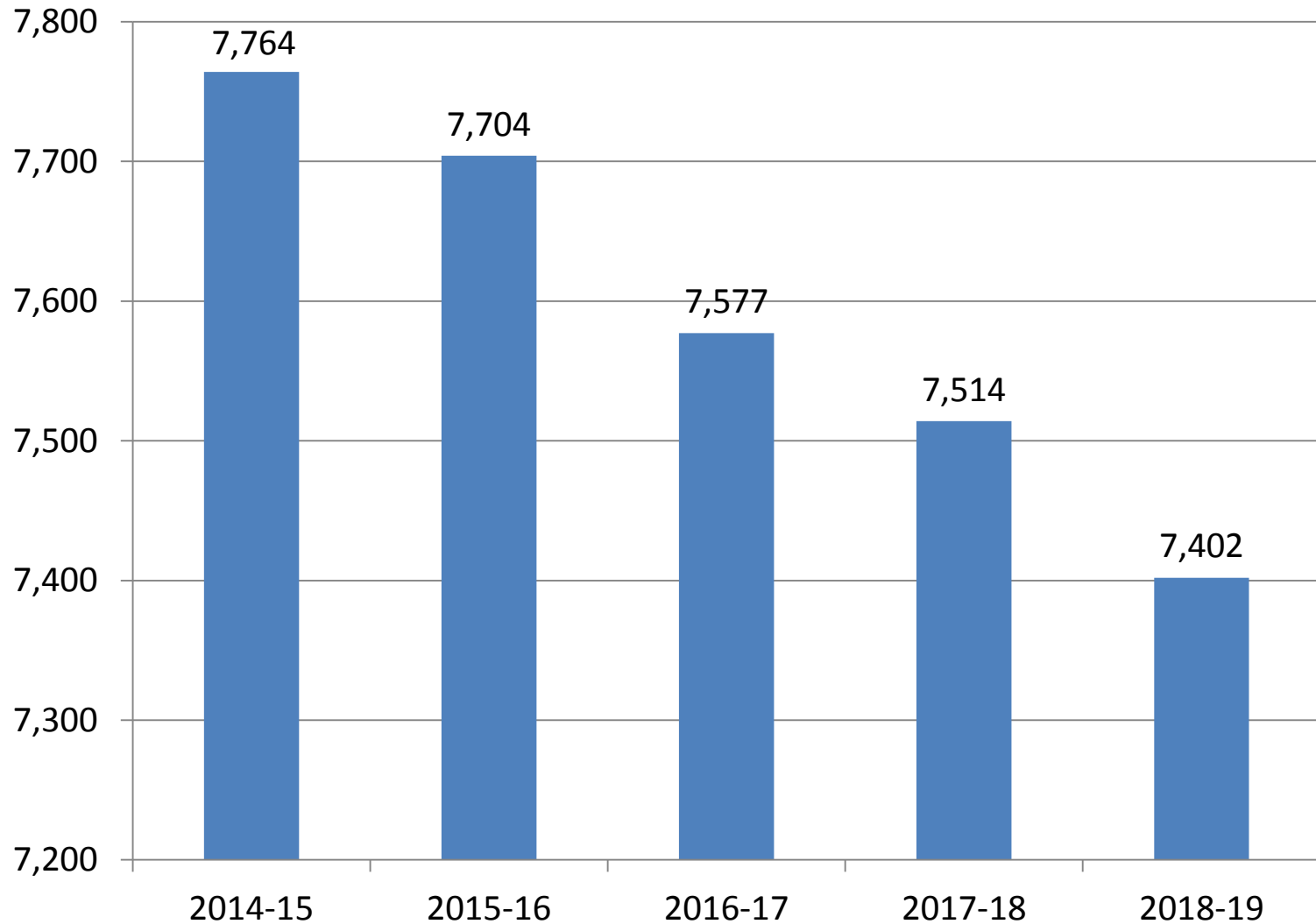
Changes in Teacher Staffing due to Enrollment	Reduction of (3 FTE) - Elementary Increase of 2.4 FTE - Secondary
Certificated Step/Column Increase	1.5%
Classified Step Increase	2%
STRS Rates	12.58%
PERS Rates	13.888%
Health/Welfare	2016-2017 Rates/Employer Cap
Books and Supplies and Operating Expenditures	Removed carryover and one-time costs
Capital Outlay	None budgeted
Contributions to Restricted Programs	5%
Indirect Costs	5%
Reserve Level	
• Reserve for Economic Uncertainty – 3%	15%
• Locally Agreed Upon Reserve Level – 12%	

# Comparison of the 2015-2016 Estimated Actuals and 2016-2017 Proposed Budget

	2015-2016 Estimated Actuals	2016-2017 Proposed Budget	Change
LCFF Sources	\$59,369,125	\$61,993,178	\$2,624,053
Federal Revenue	\$3,443,333	\$3,199,040	(\$244,293)
State Revenue	\$8,846,198	\$6,049,181	(\$2,797,017)
Local Revenue	\$11,191,536	\$9,927,804	(\$1,263,732)
<b>Total Revenues</b>	<b>\$82,850,192</b>	<b>\$81,169,203</b>	<b>(\$1,680,989)</b>
Certificated	\$36,593,443	\$36,838,593	\$245,150
Classified	\$11,616,074	\$11,879,246	\$263,172
Benefits	\$15,811,523	\$16,611,633	\$800,110
Supplies	\$3,914,908	\$1,947,529	(\$1,967,379)
Operating Expenditures	\$11,361,095	\$10,065,859	(\$1,295,236)
Equipment	\$1,992,782	\$235,400	(\$1,757,382)
Transfer Services	\$1,255,743	\$1,330,735	\$74,992
Indirect Costs	(\$95,000)	\$0	\$95,000
<b>Total Expenditures</b>	<b>\$82,450,568</b>	<b>* \$78,908,995</b>	<b>(\$3,541,573)</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$399,624</b>	<b>\$2,260,208</b>	<b>\$1,860,584</b>
Transfers Out	\$135,000	\$135,000	\$0
Contributions	\$0	\$0	\$0
<b>Total Sources/Uses</b>	<b>(\$135,000)</b>	<b>(\$135,000)</b>	<b>\$0</b>
<b>Net Increase/Decrease in Fund Balance</b>	<b>\$264,624</b>	<b>\$2,125,208</b>	<b>\$1,860,584</b>
Beginning Fund Balance	\$14,709,063	\$14,973,687	\$0
<b>Ending Fund Balance</b>	<b>\$14,973,687</b>	<b>\$17,098,894</b>	<b>\$2,125,208</b>

\* Does not include negotiated salary settlement for 2016-2017 estimated at \$2.4 Million

# Enrollment Actuals & Projected



# 2016-2017 Projected Enrollment by School and Grade Level (Used for Determining Certificated Teacher Staffing Allocations)

7

School	TK/K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total
Hamilton	82	70	59	95	81	83	63	57	63					653
Loma Verde	78	49	58	72	65	54								376
Lu Sutton	71	70	63	58	52	57								371
Lynwood	57	47	45	42	49	71								311
Olive	65	49	49	51	47	75								336
Pleasant Valley	70	62	91	82	82	90								477
Rancho	54	42	73	68	82	84								403
San Ramon	86	86	71	71	78	87								479
San Jose							248	255	272					775
Sinaloa							259	285	278					822
Nova								1		1	5	9	15	31
Nexus										4				4
Marin Oaks											8	20	18	46
Novato HS										380	361	327	282	1,350
San Marin HS										299	301	276	230	1,106
<b>Total NUSD</b>	<b>563</b>	<b>475</b>	<b>509</b>	<b>539</b>	<b>536</b>	<b>601</b>	<b>570</b>	<b>598</b>	<b>613</b>	<b>684</b>	<b>675</b>	<b>632</b>	<b>545</b>	<b>7,540</b>
NPS Total					1	2	2	6	4	4	6	6	6	37
<b>Total</b>	<b>563</b>	<b>475</b>	<b>509</b>	<b>539</b>	<b>537</b>	<b>603</b>	<b>572</b>	<b>604</b>	<b>617</b>	<b>688</b>	<b>681</b>	<b>638</b>	<b>551</b>	<b>7,577</b>

**NOTE:** Based on preliminary enrollment as of June 13, 2016, enrollment for elementary is 69 students higher than projected.

# Changes in Funding from Prior Year

Funding Source	2015-2016 Estimated Actuals	2016-2017 Proposed Budget	Change
<b>LCFF Funding*</b>	<b>\$59,369,125</b>	<b>\$61,993,178</b>	<b>\$2,624,053</b>
Federal	\$3,443,333	\$3,199,040	(\$244,293)
State	\$8,846,198	\$6,049,181	(\$2,797,017)
Local	\$11,191,536	\$9,927,804	(\$1,263,732)
<b>Total</b>	<b>\$82,850,192</b>	<b>\$81,169,203</b>	<b>(\$1,680,989)</b>

- LCFF Funding includes the Base Grant and LCAP Supplemental Grant dollars
- \* Net LCFF Funding: SACS accounting change new for 2016
- \* The transfer to the Deferred Maintenance& Adult Ed. Programs are done via LCFF Transfer. These transfers had been accounted for as an Interfund Transfer (object 7619)
- \* The transfer to Deferred Maint. Is \$262,484 and \$95,000 to Adult Ed (both years)
- State Revenue includes \$1,761,402 to record/recognize the required STRS on Behalf/Pension Liability (both years) and the offsetting entry is recorded as an expense to the STRS object code (3101)



# LCFF Funding = Base Grant + LCAP Supplemental Grant (Before LCFF Transfer to Adult Ed. & Deferred Maintenance)

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
<b>LCFF Revenue</b>	<b>\$59,726,806</b>	<b>\$62,350,662</b>	<b>\$63,676,998</b>

	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Base Grant	\$56,503,767	94.60%	\$58,535,645	93.88%	\$59,414,926	93.31%
LCAP Supplemental Grant	\$3,223,039	5.40%	\$3,815,017	6.12%	\$4,262,072	6.69%
Total LCFF	\$59,726,806	100.00%	\$62,350,662	100.00%	\$63,676,998	100.00%



# Projected 2016-2017 LCFF Funding

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
LCFF Target	\$65,218,563	\$64,775,176	\$64,463,801	\$65,606,500
Floor	\$53,784,549	\$59,406,457	\$61,442,283	\$63,191,237
Current Year Gap Funding	\$5,942,257	\$2,944,205	\$2,234,715	\$995,571
Total Phase In Entitlement (Funded LCFF)	<u>\$59,726,806</u>	<u>\$62,350,662</u>	<u>\$63,676,998</u>	<u>\$64,186,808</u>
Increase Over Prior Year	9.85%	4.4%	2.13%	.80%
Remaining Need after GAP (Informational Only)	\$5,491,757	\$2,424,514	\$786,803	\$1,419,692

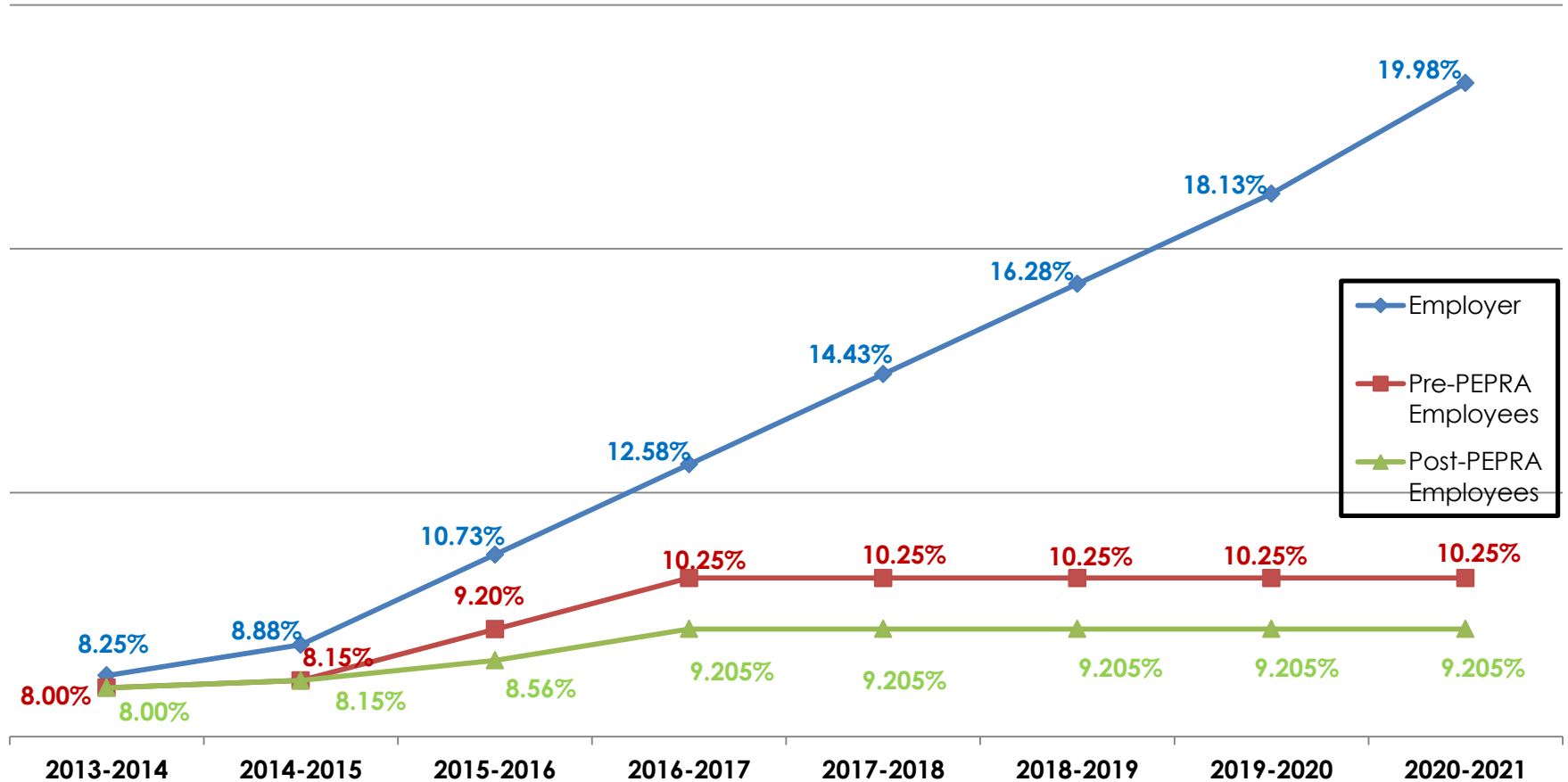
- Highest increases first three years of LCFF
- As we move closer to Target, GAP funding decreases
- By 2017-2018, the increase in funding may not be enough to cover increases for STRS and PERS, health plans and annual step/column movement costs
- **LCFF Funding includes the Base Grant and LCAP Supplemental Grant**

# Multi-Year Projection Combined General Fund

	2016-2017	2017-2018	2018-2019
LCFF Funding	\$61,993,178	\$63,319,514	\$63,829,324
All Other Revenues	19,176,025	17,017,260	17,017,260
Total Revenues	81,169,203	80,336,774	80,846,584
Expenditures/Outgo	(79,043,995)	(80,285,465)	(82,145,317)
Net Increase/Decrease Fund Balance	* \$2,125,208	* \$51,309	* (\$1,298,733)
Beginning Balance	14,973,687	17,098,894	17,150,203
Projected Ending Fund Balance	<b>\$17,098,894</b>	<b>\$17,150,203</b>	<b>\$15,851,470</b>
Restricted	2,034,016	1,685,633	1,262,258
Reserve for Economic Uncertainty	2,371,320	2,408,564	2,464,360
Designations	10,382,296	9,672,806	8,433,661
For Future Board Action	2,311,262	3,383,200	3,691,191
Total Fund Balance	<b>\$17,098,894</b>	<b>\$17,150,203</b>	<b>\$15,851,470</b>

\* Does not include negotiated salary settlement for 2016-2017 estimated at \$2.4 Million

# CalSTRS Rate Increases

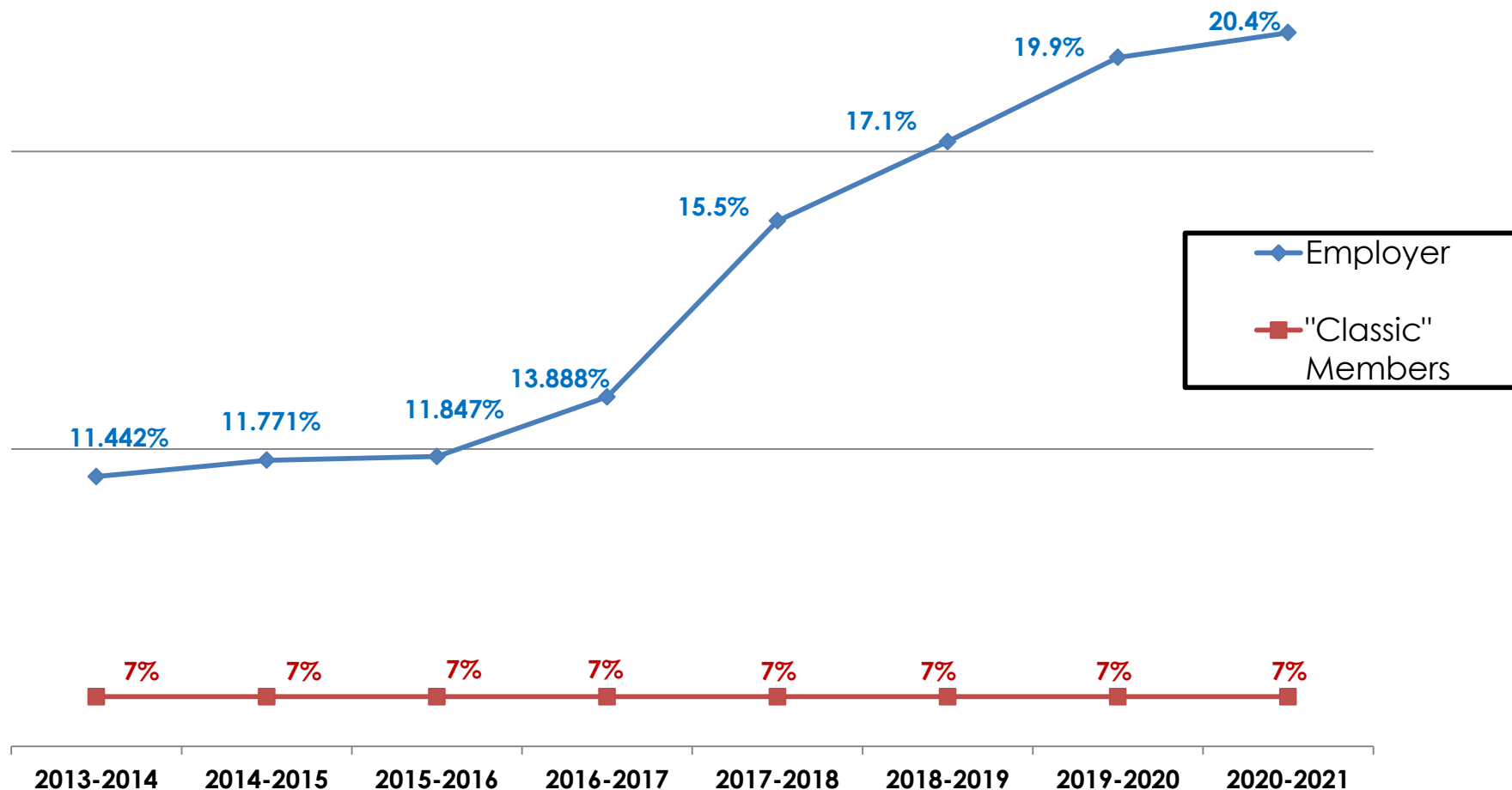


No specific funds are provided for this cost increase

Public Employees' Pension Reform Act (PEPRA)

Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate

# CalPERS Rate Increases



New members pay 6%, which may fluctuate from year to year based on the PEPRA requirement to pay half the normal rate

Public Employees' Pension Reform Act (PEPRA)

CalPERS estimates of 2014 and has not yet issued revised estimates for 2017-2018 through 2020-2021

# Projected Costs for STRS & PERS

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
<b>Rates</b>	<b>Rates</b>	<b>Rates Cost</b>
<b><u>Current Cost</u></b>	<b><u>Projected Cost</u></b>	<b><u>Projected Cost</u></b>
<b>STRS 10.73% %</b>	<b>STRS 12.58%</b>	<b>STRS 14.43%</b>
<b>PERS 11.847%</b>	<b>PERS 13.888%</b>	<b>PERS 15.5%</b>
<b>\$6,862,358</b>	<b>\$981,710</b>	<b>\$978,604</b>
	<b>\$7,844,068</b>	<b>\$8,822,672</b>

The strategy is to establish a special reserve fund for the purpose of funding the increase in STRS/PERS in future years. Projected State revenues are not expected to be sufficient to fund the increases. It is prudent for the District to explore strategies to meet this unfunded liability.

# Fund Balance: Reserves and Designations

## 2016-2017 Proposed Budget

### Components of Ending Fund Balance:

<b>Legally Restricted General Fund</b>	<b>\$ 2,034,016</b>
Economic Uncertainties – 3%	\$ 2,371,320
Revolving Cash	\$ 1,400
Stores	\$ 72,481
Prepaid Expenses	<u>\$ 76,050</u>
<b>Total Designations</b>	<b>\$ 2,521,251</b>
<u>Assigned:</u>	
LCFF GAP Funding Uncertainty & Declining Enrollment	\$ 4,572,365
Negotiations	\$ 3,210,000
Transfer to Fund 17/Future STRS/PERS Liability	\$ 2,000,000
Laptop/Refresh	\$ 150,000
Migration/HP3000 Financial System	\$ 200,000
Transportation Vehicles	<u>\$ 100,000</u>
<b>Total Assigned:</b>	<b>\$10,232,365</b>
<b>Undesignated</b>	<b>\$ 2,311,262</b>
<b>Total Fund Balance</b>	<b><u>\$17,098,894</u></b>

Fund Balance as a percent of 2016-2017 General Fund, Expenditures, and Uses is 18.05% including cost of negotiations.

# 2016-2017 Proposed Budget Includes

- Funding STRS/PERS Increases
- LCAP Recommendations
- Tech II Reorganization Plan
- EL Instructional Coach (2 FTE –Title III Funds)
- Maintaining Lower Class Size
- Full Time Athletic Director (each High School)
- Funding for a 5% salary increase for NFT and Unrepresented Groups (includes: Management, Supervisors and Confidential), has been set aside in the General Fund Balance – pending AB1200 approval
  - Negotiations with CSEA are scheduled for the end of June
- The General Fund Budget will be adjusted/updated and presented at the 45-Day revision





# QUESTIONS

