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# M E M O R A N D U M

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**TO:** Keevin O'Neill, Superintendent  
Members of the Board of Education

**FROM:** Stephen Goss, Assistant Superintendent

**DATE:** June 13, 2022

**RE:** 2021-2022 June Amended Budget  
2022-2023 Preliminary Budget

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Attached for your review is the proposed amendment to the 2021-2022 budgets along with the preliminary budgets for 2022-2023.

As you may recall, the 2021-2022 fiscal year again started with significant uncertainty regarding per-pupil funding levels, enrollment, and the timing and availability of significant amounts of COVID-19 related federal aid. The proposed amendment includes significant revisions to both revenues and expenditures, the net effect of which results in an improvement to the projected final budget, as explained below.

## **June Amendment to the 2021-2022 General Fund Budget:**

The General Fund is projected to end the year with a surplus of approximately \$400,000, an increase of approximately \$600,000 compared to the initially budgeted shortfall of approximately \$200,000. Total projected general fund revenues and other financing sources, and total expenditures and other financing uses, are projected to increase by approximately \$3.2 million and \$2.6 million respectively. The major components of the revised revenues and expenditures are summarized in the following tables:

### Changes to revenue assumptions (2021-2022):

Description	Increase (decrease)
Increased enrollment (10 students)	\$ 82,000
Increased per-pupil foundation allowance (\$8,700 vs \$8,211)	1,286,000
Increased MPSERS-related funding (Sec. 147/UAA)	302,000
Other state categorical revenue, net	165,000
Increase in federal funding ESSER II, ARP ESSER III, Child Care)	1,600,000
Increased consortium revenue (Spec. Ed., CTE, Enhance. millage)	250,000
Other increases, net	50,000
Issuance of bus installment purchase agreement - canceled	(533,000)
Net increase in revenues and other financing sources	\$ 3,202,000

## Changes to expenditure assumptions (2021-2022):

Description	Increase (decrease)
Employee Compensation:	
Hazard pay stipends paid to staff, inc. FICA and MPSERS	\$ 680,000
Other salary increases/hires, inc. FICA and MPSERS	279,000
Increase in effective MPSERS rate	275,000
Health insurance, due to increased participation	123,000
Other employee benefit increases, net	120,000
Purchased services:	
Related to instruction and instructional support services	290,000
Central office, building administration	21,000
Related to facilities and operations	300,000
Related to athletics and community services	65,000
Supplies	
Instructional/instructional support supplies	130,000
Facilities, transportation	218,000
Other supplies	55,000
Increase in capital outlay	180,000
Net reduction in other expenditures	<u>(139,000)</u>
Net increase in expenditures and other financing uses	<u>\$ 2,597,000</u>

Cost increases resulted from a variety of factors, including rising inflation, “catch-up” on purchases that had been deferred due to general economic uncertainty from earlier in the pandemic as well as the overall slowdown in operations during the last two years. In addition, certain purchases of curriculum materials and software, which are often paid over several years were accelerated in order to take advantage of cash discounts.

**Proposed 2021-2022 Preliminary General Fund Budget:**

The preliminary 2022-2023 General Fund budget is based on the following key assumptions:

- **Enrollment:** Total enrollment is projected to
- decline by 20 students, with an estimated blended pupil count of 2,610.
- **Foundation Allowance:** The preliminary budget is based on the Governor’s proposal, which would increase the per-pupil foundation allowance by \$435, or 5.0%, from \$8,700 to \$9,135. Based on the results of May’s Consensus Revenue Estimating Conference, and the fact that this is an election year, this assumption should be considered somewhat conservative.
- **Federal Funding:** The preliminary budget assumes approximately \$1.35 million in federal funding, primarily related to ongoing pandemic-related funding. While this amount is approximately \$0.58 million lower than the current year, the reduction is offset by hazard pay, which was paid in 2021-2022, but which is not included in the proposed budget.

- **Total Revenues:** Based on the above, total revenues are projected to increase by approximately \$0.42 million, to \$33.34 million.
- **Total Expenditures:** Compared to 2021-2022, total expenditures are anticipated to remain nearly flat, with just a 0.2% increase, from \$32.52 million to \$32.6 million.
- Total employee salaries and benefits are projected to increase by approximately 2.5%, from \$26.13 million to \$26.78 million, which reflects contractually obligated pay increases, increased benefit costs, and anticipated hiring, net of the elimination of hazard payments.
- Combined supplies and purchased services are projected to increase by approximately 6.7%, from \$5.00 million to \$5.34 million. The majority of this increase is related to the current high inflation environment, especially in energy costs.
- Capital outlay is anticipated to decrease by approximately \$0.45 million, primarily due to the large bus purchase in 2021-2022, which will not recur in 2022-2023.
- Other expenditures are projected to decrease by approximately \$0.47 million, reflecting last month's final repayment of the 2016 refunding bonds, which were an obligation of the general fund.
- **Fund Equity:** Based on the above assumptions, total fund equity is projected to end the 2022-2023 fiscal year at a healthy \$6.09 million, or approximately 18.7% of the annual budget. This is a healthy, but by no means an excessive amount of fund balance.

Please remember that this preliminary budget is based on significant assumptions that will take time to become more clear. As always, significant amendments are likely as the final outcome of key assumptions become more clear.

While it should be celebrated that the district has significantly improved its financial position since the beginning of the pandemic, it will be crucial for the School Board and Administration to remain extremely vigilant. Significant risks lie ahead, including the end of pandemic-related federal funding, very high inflation, and the increasing likelihood of an economic recession which, if not properly managed, could result in a very rapid decline in the district's economic position. At the levels projected, the district's fund balance offers the flexibility to manage and adapt to changing economic conditions thoughtfully and strategically, to hopefully lessen future impacts to our entire school community.

I look forward to discussing the budget in more detail Monday evening. In the meantime, please feel free to contact me over the weekend or on Monday with any questions.

Vicksburg Community Schools  
General Fund  
2021-2022 Amended Budget  
2022-2023 Preliminary Budget  
Presented June 13, 2022

	2020-2021 Actual	2021-2022 Preliminary	Increase (decrease)	2021-2022 June amendment	2022-2023 Proposed
<b>Revenue &amp; other financing sources</b>					
Local	2,264,950	2,544,450	36,174	2,580,624	2,668,050
State	24,755,648	23,855,406	1,836,774	25,692,180	26,546,725
Federal	1,807,730	320,300	1,611,114	1,931,414	1,352,160
Other	2,466,535	2,465,000	251,442	2,716,442	2,777,788
<b>Total Revenue</b>	<b>31,294,863</b>	<b>29,185,156</b>	<b>3,735,504</b>	<b>32,920,660</b>	<b>33,344,723</b>
Proceeds from issuance of notes	-	533,478	(533,478)	-	-
<b>Total revenues and other financing sources</b>	<b>31,294,863</b>	<b>29,718,634</b>	<b>3,202,026</b>	<b>32,920,660</b>	<b>33,344,723</b>
<b>Expenditures</b>					
Instruction:					
Basic Programs	14,506,988	14,751,569	940,508	15,692,077	<b>16,221,839</b>
Added Needs	3,160,930	3,262,246	236,938	3,499,184	<b>3,577,773</b>
<b>Total instruction</b>	<b>17,667,918</b>	<b>18,013,815</b>	<b>1,177,446</b>	<b>19,191,261</b>	<b>19,799,612</b>
Support Services:					
Pupil Services	1,415,827	1,582,234	48,832	1,631,066	1,654,184
Instructional Staff	1,154,955	1,228,223	107,934	1,336,157	1,357,311
General Administration	554,201	542,381	25,623	568,004	570,406
School Administration	1,816,711	1,840,533	141,022	1,981,555	1,955,816
Business	516,648	483,776	49,470	533,246	543,012
Operations & Maintenance	2,961,737	2,126,198	498,072	2,624,270	2,891,214
Transportation	1,182,754	1,778,535	352,699	2,131,234	1,726,860
Central Services	1,024,779	789,419	211,875	1,001,294	1,036,437
<b>Total support services</b>	<b>10,627,612</b>	<b>10,371,299</b>	<b>1,435,527</b>	<b>11,806,826</b>	<b>11,735,240</b>
Athletics	539,406	544,136	97,165	641,301	636,878
Community Services	403,757	410,850	72,452	483,302	500,390
Other financing uses - net					
Debt service	-	185,825	(185,825)	-	-
Interfund transfers, net out (in)	389,840	396,045	(133)	395,912	(75,000)
<b>Total expenditures and other financing use:</b>	<b>29,628,533</b>	<b>29,921,970</b>	<b>2,596,632</b>	<b>32,518,602</b>	<b>32,597,120</b>
Change in fund balance	1,666,330	(203,336)	605,394	402,058	747,603
Fund balance - beginning	3,276,029	4,942,359		4,942,359	5,344,417
Fund balance - ending	4,942,359	4,739,023		5,344,417	6,092,020

# VICKSBURG COMMUNITY SCHOOLS

## Special Revenue Funds

2021-2022 Amended Budget

2022-2023 Preliminary Budget

Presented June 13, 2022

	Food Service				Student Activities			
	2020-2021	2021-2022	2021-2022	2022-2023	2020-2021	2021-2022	2021-2022	2022-2023
	Actual	Adopted	June Amendment	June Proposed	Actual	Adopted	June Amendment	June Proposed
<b>Revenue</b>								
Local	54,394	45,950	83,000	426,625	339,235	750,000	600,000	625,000
State	62,130	50,000	56,000	55,000	-	-	-	-
Federal	1,359,400	1,101,500	1,770,000	625,000	-	-	-	-
<b>Total Revenue</b>	<b>1,475,924</b>	<b>1,197,450</b>	<b>1,909,000</b>	<b>1,106,625</b>	<b>339,235</b>	<b>750,000</b>	<b>600,000</b>	<b>625,000</b>
<b>Expenditures</b>								
Food services	1,189,531	1,115,170	1,394,783	1,479,200	-	-	-	-
Student activities	-	-	-	-	326,455	750,000	600,000	625,000
<b>Total expenditures</b>	<b>1,189,531</b>	<b>1,115,170</b>	<b>1,394,783</b>	<b>1,479,200</b>	<b>326,455</b>	<b>750,000</b>	<b>600,000</b>	<b>625,000</b>
Excess(deficiency) of revenue over expenditures	286,393	82,280	514,217	(372,575)	12,780	-	-	-
<b>Other Financing Sources (Uses)</b>								
Transfer to General Fund (indirect costs)	(82,107)	(75,000)	(75,000)	(75,000)	-	-	-	-
Change in fund balance	204,286	7,280	439,217	(447,575)	12,780	-	-	-
Fund balance - beginning	606,355	810,641	810,641	1,249,858	523,764	536,544	536,544	536,544
Fund balance - ending	810,641	817,921	1,249,858	802,283	536,544	536,544	536,544	536,544

**VICKSBURG COMMUNITY SCHOOLS**  
**Debt Service Funds**  
**2021-2022 Amended Budget**  
**2022-2023 Preliminary Budget**  
**Presented June 13, 2022**

	<b>2016 Refunding Bonds</b>			<b>2014, 2016, 2018 Building and Site Bonds</b>				<b>2020 and 2022 Building and Site Bonds</b>			
	2020-2021 Actual	2021-2022 June Adopted	2021-2022 June June Amended	2020-2021 Actual	2021-2022 June Adopted	2021-2022 June June Amended	2022-2023 Proposed	2020-2021 Actual	2021-2022 June Adopted	2021-2022 June June Amended	2022-2023 Proposed
<b>Revenue</b>											
Local sources	-	-	-	1,873,872	2,502,500	2,539,735	2,521,300	2,324,947	1,802,500	1,867,773	2,016,818
<b>Expenditures</b>											
Principal	460,000	465,000	465,000	2,275,000	2,270,000	2,270,000	2,100,000	1,570,000	1,255,000	1,255,000	1,160,000
Interest	11,947	6,045	5,912	265,860	223,395	223,395	173,600	496,303	533,700	533,700	1,020,554
Other	-	-	-	15,388	10,000	10,000	10,000	13,847	10,000	10,000	10,000
Total expenditures	471,947	471,045	470,912	2,556,248	2,503,395	2,503,395	2,283,600	2,080,150	1,798,700	1,798,700	2,190,554
Excess (deficiency) of revenue over expenditures	(471,947)	(471,045)	(470,912)	(682,376)	(895)	36,340	237,700	244,797	3,800	69,073	(173,736)
<b>Other Financing Sources (Uses)</b>											
Transfers from other funds	471,947	471,045	470,912	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	471,947	471,045	470,912	-	-	-	-	-	-	-	-
Change in fund balance	-	-	-	(682,376)	(895)	36,340	237,700	244,797	3,800	69,073	(173,736)
Fund balance - beginning	-	-	-	899,322	216,946	216,946	253,286	-	244,797	244,797	313,870
Fund balance - ending	-	-	-	216,946	216,051	253,286	490,986	244,797	248,597	313,870	140,134

# VICKSBURG COMMUNITY SCHOOLS

## Building and Site Fund 2021-2022 Amended Budget 2022-2023 Preliminary Budget Presented June 13, 2022

	2020 Bond Fund			
	2020-2021	2021-2022	2021-2022	2022-2023
	Actual	June Adopted	June amendment	Proposed
<b>Revenue</b>				
Other revenue	20,591	5,000	10,000	250,000
<b>Expenditures - Capital outlay &amp; other</b>	<b>4,906,409</b>	<b>12,000,000</b>	<b>6,750,000</b>	<b>8,500,000</b>
Excess (deficiency) of revenue over expenditures	(4,885,818)	(11,995,000)	(6,740,000)	(8,250,000)
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	13,975,000	-
Bond premium	-	-	731,776	-
Bond discount	-	-	(207,270)	-
Bond issuance costs	-	-	(98,945)	-
Total other financing sources	-	-	14,400,561	-
Change in fund balance	(4,885,818)	(11,995,000)	7,660,561	(8,250,000)
Fund balance - beginning	17,226,296	12,340,478	12,340,478	20,001,039
Fund balance - ending	12,340,478	345,478	20,001,039	11,751,039