
M E M O R A N D U M

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

FROM: Stephen Goss, Assistant Superintendent

DATE: June 10, 2019

RE: 2018-2019 June Amended Budget
2019-2020 Preliminary Budget

Attached for your review is the June amendment to the 2018-2019 budgets along with the preliminary 2019-2020 budgets. The following is an overview of the revisions to the current year budget as well as the most significant assumptions used in developing the preliminary budgets for next year:

June Amendment to 2018-2019 General Fund Budget:

Compared to the original adopted budget, total General Fund revenues are projected to increase by approximately \$600,000, or about 2.2%, to \$27.98 million. The increase is the result of several factors, including better than projected enrollment; prior year state aid adjustments, and higher special education and MPSERS Sec. 147C funding. Total General Fund expenditures, including net inter-fund transfers, have been revised upward by approximately \$530,000, or 1.9%, to \$27.97 million.

The revised budget anticipates fund balance will increase by approximately \$15,000 compared to the \$56,000 reduction included in the adopted budget. This would result in a total fund balance of approximately \$2.59 million, or about 9.1% of next year's projected expenditures. Please note that there is still significant work ahead in closing out the 2018-2019 fiscal year, and year-end actuals will vary from budgeted figures.

Proposed 2019-2020 Preliminary General Fund Budget:

The 2019-2020 preliminary General Fund budget includes the following key assumptions:

- **Enrollment:** Total enrollment is projected to be flat, at 2,648. Enrollment projections suggest flat to slightly declining enrollment, however Kindergarten enrollments to date support the assumption of flat enrollment.
- **Foundation Allowance:** Per-pupil foundation allowance is estimated at \$8,051; representing an increase of \$180 per pupil, or 2.28% above the current year. This assumption is based on the House's proposal, released on June 6th. This is lower than both the Governor's and the Senate's proposals, both of which were released prior to the May Consensus Revenue Estimating Conference (CREC). While final funding levels are likely to change from this estimate, the House proposal appears to be more realistic given the downward revisions in the May CREC. Assuming flat enrollment, this foundation allowance would generate approximately \$475,000 of additional revenue. All other sources of general fund revenues are expected to

increase slightly overall, by approximately \$42,000. While we assume the foundation allowance will increase by 2.28%, please note that the overall increase in projected revenues is 1.85%.

- **Compensation:** The preliminary budget assumes total compensation costs will increase by approximately 2.1%, or \$481,000, to \$23.44 Million. This assumption includes estimates related to known and anticipated staffing changes as well as broad assumptions regarding salary and benefit costs.

Importantly, compensation levels for VEA employees will be determined through labor negotiations currently in progress. Compensation levels for all other employees will be determined after the state budget is finalized. Known increases in certain employee benefit costs will limit funds available for salary increases. Specifically, health insurance premiums are increasing by 2.9%, and employer-paid retirement costs are increasing for most employees. For example, the contribution rate for a very common plan option, "MIP Fixed with Health Premium Subsidy" will increase by 1.32%, from 26.18% to 27.50%, and this represents a 5.0% cost increase.

Finalization of the state budget, additional staffing changes, and collective bargaining will all have a significant impact on actual compensation costs for next year.

- **Non-Compensation:** Despite the inclusion of inflationary increases in many supply and contracted service budgets, the preliminary budget reflects a net reduction of approximately \$60,000; primarily the result of several non-recurring expenditures in the current year.

The debt retirement line item is zero for next year, as the District will fully repay the 2016 school bus note this month. The transportation line item includes the recently approved purchase of two school buses, totaling approximately \$200,000.

Summary:

- Based on the assumptions described above, general fund revenues and expenditures are projected to total \$28.50 million and \$28.45 million, respectively. This results in an increase to fund balance of approximately \$0.05 million to \$2.63 million at June 30, 2020, or 9.2% of projected 2019-2020 expenditures.
- As always, the preliminary budget is based on significant assumptions and is highly sensitive to changes in those assumptions. Ongoing labor negotiations and the lack of solid funding information from the State of Michigan create a particularly high level of uncertainty for the 2019-2020 budget. We will continue to assess the budgetary impact of new information as it becomes available, and will make adjustments as necessary.

I look forward to discussing the budget in more detail Monday night. In the meantime, please feel free to contact me with questions.

Vicksburg Community Schools

General Fund

2018-2019 Amended Budget
 2019-2020 Preliminary Budget
 Adopted June 10, 2019

	2017-2018 Actual	2018-2019 Adopted	2018-2019 June Amendment	2019-2020 Adopted
Revenue & other financing sources				
Local	2,478,431	2,447,000	2,451,388	2,500,500
State	22,285,308	22,354,123	22,924,106	23,324,650
Federal	348,190	330,821	377,189	314,407
Other	2,115,709	2,249,579	2,229,475	2,359,522
Total Revenue	27,227,638	27,381,523	27,982,158	28,499,079
Expenditures				
Instruction:				
Basic Programs	13,247,423	13,508,192	13,435,624	13,875,619
Added Needs	2,776,886	2,964,759	2,997,282	3,010,399
Total instruction	16,024,309	16,472,951	16,432,906	16,886,018
Support Services:				
Pupil Services	1,345,149	1,413,006	1,410,772	1,445,983
Instructional Staff	1,212,745	1,199,839	1,259,661	1,296,137
General Administration	626,676	501,104	527,128	540,538
School Administration	1,643,457	1,638,299	1,728,989	1,772,583
Business	438,129	448,685	470,552	482,627
Operations & Maintenance	2,093,157	1,909,132	2,160,974	2,187,896
Transportation	1,404,253	1,435,677	1,412,412	1,607,423
Central Services	747,955	693,442	843,493	739,139
Total support services	9,511,521	9,239,184	9,813,981	10,072,326
Athletics	571,558	586,912	592,783	592,679
Community Services	492,501	502,678	491,990	503,514
Other financing uses				
Debt retirement	270,017	265,484	265,484	-
Interfund transfers - net	358,160	370,050	370,050	395,764
Total expenditures and other financing uses	27,228,066	27,437,259	27,967,194	28,450,301
Change in fund balance	(428)	(55,736)	14,964	48,778
Fund balance - beginning	2,573,551	2,573,123	2,573,551	2,588,515
Fund balance - ending	2,573,123	2,517,387	2,588,515	2,637,293

VICKSBURG COMMUNITY SCHOOLS

School Service Fund 2018-2019 Amended Budget 2019-2020 Preliminary Budget Adopted June 10, 2019

	Food Service			
	2017-2018 Actual	2018-2019 Adopted	2018-2019 June Amendment	2019-2020 June Adopted
Revenue				
Local	484,809	480,200	475,000	488,250
State	47,561	45,000	47,200	45,000
Federal	636,298	615,500	602,000	602,000
Total Revenue	1,168,668	1,140,700	1,124,200	1,135,250
Expenditures - Food service activities	1,090,134	1,067,300	1,131,000	1,060,250
Excess of revenue over expenditures	78,534	73,400	(6,800)	75,000
Other Financing Sources (Uses)				
Transfer to General Fund (indirect costs)	(62,120)	(75,000)	(75,000)	(75,000)
Change in fund balance	16,414	(1,600)	(81,800)	-
Fund balance - beginning	365,232	381,646	381,646	299,846
Fund balance - ending	381,646	380,046	299,846	299,846

VICKSBURG COMMUNITY SCHOOLS

**Debt Retirement Funds
2018-2019 Amended Budget
2019-2020 Preliminary Budget
Adopted June 10, 2019**

	1991 Debt Service				2015 Debt Service Fund				2007 Debt Service Fund				2014 DSF			
	2017-2018 Actual	2018-2019 Adopted	2018-2019 June Amendment	2019-2020 June Adopted	2017-2018 Actual	2018-2019 Adopted	2018-2019 June Amendment	2019-2020 June Adopted	2017-2018 Actual	2018-2019 Adopted	2018-2019 June Amendment	2019-2020 June Adopted	2017-2018 Actual	2018-2019 Adopted	2018-2019 June Amendment	2019-2020 June Adopted
Revenue																
Property taxes	2,997,284	2,895,000	2,961,160	3,055,000	-	-	-	-	-	-	-	-	833,975	1,025,000	1,026,052	1,025,000
Other revenue	-	15,000	24,611	30,000	212	-	310	-	-	-	-	-	-	3,000	1,750	2,000
Total Revenue	2,997,284	2,910,000	2,985,771	3,085,000	212	-	310	-	-	-	-	-	833,975	1,028,000	1,027,802	1,027,000
Expenditures																
Principal	1,082,923	995,000	995,000	903,925	235,000	240,000	240,000	240,000	210,000	210,000	210,000	215,000	625,000	685,000	685,000	570,000
Interest	1,811,753	1,989,700	1,989,700	2,172,550	10,259	7,440	7,440	4,080	20,280	17,550	17,550	14,820	171,892	284,899	284,899	284,560
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	25,360	15,000	15,875	16,000	500	500	500	500	-	-	-	-	3,690	5,000	8,000	10,000
Total expenditures	2,920,036	2,999,700	3,000,575	3,092,475	245,759	247,940	247,940	244,580	230,280	227,550	227,550	229,820	800,582	974,899	977,899	864,560
Excess (deficiency) of revenue over expenditures	77,248	(89,700)	(14,804)	(7,475)	(245,547)	(247,940)	(247,630)	(244,580)	(230,280)	(227,550)	(227,550)	(229,820)	33,393	53,101	49,903	162,440
Other Financing Sources (Uses)																
Transfers from other funds	-	-	-	(452,217)	190,000	217,500	217,500	240,944	230,280	227,550	227,550	229,820	-	-	-	452,217
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	(452,217)	190,000	217,500	217,500	240,944	230,280	227,550	227,550	229,820	-	-	-	452,217
Change in fund balance	77,248	(89,700)	(14,804)	(459,692)	(55,547)	(30,440)	(30,130)	(3,636)	-	-	-	-	33,393	53,101	49,903	614,657
Fund balance - beginning	397,248	474,496	474,496	459,692	89,313	33,766	33,766	3,636	-	-	-	-	95,459	128,852	128,852	178,755
Fund balance - ending	474,496	384,796	459,692	-	33,766	3,326	3,636	-	-	-	-	-	128,852	181,953	178,755	793,412

VICKSBURG COMMUNITY SCHOOLS

Building and Site Funds

2018-2019 Amended Operating Budget

2019-2020 Preliminary Operating Budget

Presented June 10, 2019

	Building & Site Fund				2014 Bond Fund			
	2017-2018	2018-2019	2018-2019	2019-2020	2017-2018	2018-2019	2018-2019	2019-2020
	Actual	Adopted	June Amendment	June Adopted	Actual	Adopted	June Amendment	June Adopted
Revenue								
Other revenue	1,722	-	-	-	7,639	15,000	28,500	15,000
Expenditures - Capital outlay	71,308	-	15,928	-	1,900,340	3,150,000	2,300,000	1,034,806
Excess (deficiency) of revenue over expenditures	(69,586)	-	(15,928)	-	(1,892,701)	(3,135,000)	(2,271,500)	(1,019,806)
Other Financing Sources (Uses)								
Transfers from other funds	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	4,311,445	-	-	-
Total other financing sources	-	-	-	-	4,311,445	-	-	-
Change in fund balance	(69,586)	-	(15,928)	-	2,418,744	(3,135,000)	(2,271,500)	(1,019,806)
Fund balance - beginning	85,514	15,928	15,928	-	872,562	3,291,306	3,291,306	1,019,806
Fund balance - ending	15,928	15,928	-	-	3,291,306	156,306	1,019,806	-