
MEMORANDUM

TO: Charles Glaes, Superintendent
Members of the Board of Education

FROM: Stephen Goss, Assistant Superintendent

DATE: June 9, 2014

RE: 2013-2014 June Amended Budget
2014-2015 Proposed Budget

Attached for your review is the June amendment to the 2013-2014 budgets along with the preliminary 2014-2015 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 2013-2014 General Fund Budget:

Total General Fund revenues are projected to increase by approximately \$585,000, or about 2.5%, to \$23.51 million. However, approximately \$373,000 of the increase is related to a change in how the KRESA enhancement millage will be presented in the District's financial statements, and will be offset by an equal increase in transfers out of the general fund. Part of that reporting change will also be to reclassify the enhancement millage to other revenues from local revenues, which accounts for the majority of the change in those lines. Therefore, the net increase in revenues is approximately \$211,000; or approximately 0.92%.

The remaining \$.21 million increase to projected revenues is the result of adjustments to various items of state and local revenues, including routine prior year state aid adjustments; certain grants from the VCSF, Vicksburg Foundation, and others; and routine revisions based on expected actual results.

Revised total General Fund expenditures are in line with the adopted budget. Net of the various revisions throughout the chart of accounts, total expenditures are now projected at \$23,347,622 compared to \$23,420,667 in the adopted budget. As noted above, there are transfers out of the General Fund to other funds totaling \$373,331. Those transfers represent use of enhancement millage proceeds toward principal and interest payments on the 2005 and 2007 bond issues.

Based on these revisions, we are now projecting a budget shortfall for the current year of approximately \$231,000; an improvement over the \$425,000 shortfall originally budgeted. Fund balance would total \$2.25 million, or about 9.4% of next year's expenditure budget, which is below the generally recommended level of 15%-20% and also the 12% minimum specified by board policy.

Proposed 2014-2015 Preliminary General Fund Budget:

The 2014-2015 preliminary General Fund budget is based on the following significant assumptions:

- Total per pupil funding of \$7,296; resulting in additional revenue of approximately \$290,000; consisting of the following components:

	2014-2015	2013-2014	Change
Minimum foundation	\$7,188	\$7,076	+112
One-time supplemental	16	-	+16
Sec. 147a MPSERS Offset	-	63	-63
Best Practices incentive	52	52	-
Sec. 22i Performance funding	40	-	+40
Total	\$7,296	\$7,187	+109

- Enrollment: We are projecting a slight increase to the blended pupil count from 2,667 to 2,673. This amount assumes flat K-12 enrollment and an increase of 6 WAY students.
- MPSERS:
 - Employer contribution rate: The employer contribution rate was scheduled to increase from 24.79% to 25.78% for next year. Current information suggests that the rate will be rolled back to 24.58%. This is often portrayed as a cost savings to districts of 1.2% of payroll. However, the rollback in the rate is achieved by eliminating the Section 147a MPSERS Cost Offset categorical. On a year over year basis, the District's contribution rate would decrease by 0.21% of payroll, or about \$25,000. That savings will be more than offset by the loss of \$170,000 of Sec. 147a funding, for a net loss of approximately \$145,000.
 - Sec. 147c MPSERS Rate Stabilization: Current information suggests Sec. 147c funding will nearly double, from roughly \$625,000 in the current year, to approximately \$1.2 million in 2014-2015. There is no impact to the District's finances however, as those funds are passed through directly to MPSERS.
- Compensation: Contractually obligated compensation adjustments are reflected in the proposed budget, including: VEA steps and lane changes, VPA steps, as well as a 2.5% increase in health insurance premiums for all employee groups. Please note that the District is currently in the process of negotiating with all three bargaining groups. No potential adjustments that may result from bargaining are reflected in the proposed budget.

The following is a summary of the budget based on the above assumptions:

Total revenues	\$24,193,529
Total expenditures	(23,902,925)
Inter-fund transfers, net	<u>(293,657)</u>
Deficiency of revenues over expenditures	(3,053)
Beginning fund balance	<u>2,250,777</u>
Ending fund balance	<u><u>\$2,247,724</u></u>

I look forward to discussing the proposed 2014-2015 budget in more detail at the Board Meeting. In the meantime, please do not hesitate to contact me with questions.

VICKSBURG COMMUNITY SCHOOLS

General Fund

2013-2014 Amended Budget
2014-2015 Preliminary Budget
Presented June 9, 2014

	2012-2013 Actual	2013-2014 June Adopted	2013-2014 June Amendment	2014-2015 June Proposed
Revenue				
Local	2,599,934	2,530,500	2,167,860	2,171,500
State	18,250,327	18,985,100	19,123,982	19,994,029
Federal	539,817	529,065	520,371	438,000
Other	894,735	878,339	1,695,345	1,590,000
Total Revenue	22,284,813	22,923,004	23,507,558	24,193,529
Expenditures				
Instruction:				
Basic Programs	11,582,713	12,018,381	12,175,639	12,463,090
Added Needs	2,136,393	2,336,519	2,158,577	2,292,810
Adult & Continuing Education	118,126	142,606	116,415	119,653
Total instruction	13,837,232	14,497,506	14,450,631	14,875,553
Supporting Services:				
Pupil Services	1,116,274	1,190,035	1,188,748	1,203,048
Instructional Staff	601,659	630,513	620,365	663,771
General Administration	456,912	480,771	452,435	468,679
School Administration	1,343,112	1,356,405	1,354,480	1,389,311
Business	442,603	389,567	416,678	427,713
Operations & Maintenance	2,010,286	1,911,064	1,936,438	1,907,892
Transportation	1,380,254	1,314,977	1,286,409	1,299,935
Central Services	568,002	554,325	597,082	542,352
Athletics	493,112	507,598	540,146	537,515
Total supporting services	8,412,214	8,335,255	8,392,781	8,440,216
Community Services	255,176	258,631	263,269	257,880
Payments to other governmental units	71,453	73,000	74,666	73,000
Debt retirement	798	256,275	256,275	256,276
Total expenditures	22,576,873	23,420,667	23,437,622	23,902,925
Excess (deficiency) of revenues over expenditures	(292,060)	(497,663)	69,936	290,604
Other Financing Sources (Uses)				
Transfers from other funds	75,547	72,500	72,500	75,000
Transfers to other funds	-	-	(373,331)	(368,657)
Total other financing sources (uses)	75,547	72,500	(300,831)	(293,657)
Change in fund balance	(216,513)	(425,163)	(230,895)	(3,053)
Fund balance - beginning	2,698,185	2,481,672	2,481,672	2,250,777
Fund balance - ending	2,481,672	2,056,509	2,250,777	2,247,724

VICKSBURG COMMUNITY SCHOOLS

School Service Fund

2013-2014 Amended Budget

2014-2015 Preliminary Budget

Proposed June 9, 2014

	Food Service			
	2012-2013	2013-2014	2013-2014	2014-2015
	Actual	Adopted	June Amend	Proposed
Revenue				
Local	551,024	523,000	523,300	500,000
State	44,467	40,000	40,000	40,000
Federal	520,319	500,000	517,850	515,000
Total Revenue	1,115,810	1,063,000	1,081,150	1,055,000
Expenditures - Food service activities	1,018,370	996,650	981,900	982,500
Excess of revenue over expenditures	97,440	66,350	99,250	72,500
Other Financing Sources (Uses)				
Transfer to General Fund (indirect costs)	(75,547)	(72,500)	(72,500)	(75,000)
Change in fund balance	21,893	(6,150)	26,750	(2,500)
Fund balance - beginning	354,474	376,367	376,367	403,117
Fund balance - ending	376,367	370,217	403,117	400,617

VICKSBURG COMMUNITY SCHOOLS

Debt Retirement Funds 2013-2014 Amended Budget 2014-2015 Preliminary Budget Proposed June 9, 2014

	1991 Debt Service				2005 Debt Service Fund				2007 Debt Service Fund				2014 DSF
	2012-2013	2013-2014	2013-2014	2014-2015	2012-2013	2013-2014	2013-2014	2014-2015	2012-2013	2013-2014	2013-2014	2014-2015	2014-2015
	Actual	Adopted	June Amend	Proposed	Actual	Adopted	June Amend	Proposed	Actual	Adopted	June Amend	Proposed	Proposed
Revenue													
Property taxes	2,632,725	2,635,000	2,640,000	2,720,000	225,000	200,000	-	-	164,427	171,108	-	-	760,000
Other revenue	29,003	-	7,100	1,000	87	200	-	-	-	-	-	-	500
Total Revenue	2,661,728	2,635,000	2,647,100	2,721,000	225,087	200,200	-	-	164,427	171,108	-	-	760,500
Expenditures													
Principal	1,533,429	1,429,750	1,429,750	1,358,864	180,000	185,000	185,000	190,000	80,000	90,000	90,000	100,000	510,000
Interest	1,047,634	1,142,208	1,142,208	1,294,474	73,972	67,223	67,223	60,285	84,427	81,108	81,108	77,372	208,789
Bond issuance costs	64,654	-	-	-	-	-	-	-	-	-	-	-	-
Other	3,383	2,500	30,250	27,000	200	-	1,075	1,000	-	-	-	-	1,000
Total expenditures	2,649,100	2,574,458	2,602,208	2,680,338	254,172	252,223	253,298	251,285	164,427	171,108	171,108	177,372	719,789
Excess (deficiency) of revenue over expenditures	12,628	60,542	44,892	40,662	(29,085)	(52,023)	(253,298)	(251,285)	-	-	(171,108)	(177,372)	40,711
Other Financing Sources (Uses)													
Transfers from other funds	-	-	-	-	-	-	202,223	191,285	-	-	171,108	177,372	-
Bonds issued	4,770,000	-	-	-	-	-	-	-	-	-	-	-	-
Bond premium	92,642	-	-	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	(4,795,000)	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	67,642	-	-	-	-	-	202,223	191,285	-	-	171,108	177,372	-
Change in fund balance	80,270	60,542	44,892	40,662	(29,085)	(52,023)	(51,075)	(60,000)	-	-	-	-	40,711
Fund balance - beginning	205,004	285,274	285,274	330,166	505,104	476,019	476,019	424,944	-	-	-	-	-
Fund balance - ending	285,274	345,816	330,166	370,828	476,019	423,996	424,944	364,944	-	-	-	-	40,711

VICKSBURG COMMUNITY SCHOOLS

Building Site Funds

2013-2014 Amended Operating Budget

2014-2015 Preliminary Operating Budget

Proposed June 9, 2014

	Building & Site Fund				2014 Bond Fund	
	2012-2013 Actual	2013-2014 Adopted	2013-2014 June Amend	2014-2015 Proposed	2013-2014 June Amend	2014-2015 Proposed
Revenue						
Other revenue	22,382	500	50	-	-	20,000
Expenditures - Capital outlay	66,062	921,000	950,000	100,000	-	3,000,000
Excess (deficiency) of revenue over expenditures	(43,680)	(920,500)	(949,950)	(100,000)	-	(2,980,000)
Other Financing Sources (Uses)						
Proceeds from IPA	750,000	-	-	-	-	-
Issuance of bonds	-	-	-	-	6,535,000	-
Bond issuance costs	-	-	-	-	(120,498)	-
Total other financing sources	750,000	-	-	-	6,414,502	-
Change in fund balance	706,320	(920,500)	(949,950)	(100,000)	6,414,502	(2,980,000)
Fund balance - beginning	448,654	1,154,974	1,154,974	205,024	-	6,414,502
Fund balance - ending	1,154,974	234,474	205,024	105,024	6,414,502	3,434,502