



# HINCKLEY-BIG ROCK CUSD #429

Cultivating our future

## EXECUTIVE MEMO

**TO:** The Board of Education  
**FROM:** Dr. Jessica Sonntag, Superintendent  
**RE:** 3rd Qtr Financial Update/Projected Amended Budget  
**DATE:** April 16, 2025

This memorandum outlines the forecasted variances in our Fiscal Year 2025 (FY25) budget and the resulting need for an amended budget. Affected budget lines will be adjusted accordingly. The amended budget will be on public display at the District Office and online from May 19, 2025, through June 18, 2025. A public hearing will be held on June 18, 2025, immediately before the regular Board of Education meeting.

### Education Fund (Fund 10) Variance

We anticipate a variance in the Education Fund due to two key factors:

#### 1. Shift in Teacher Payroll Timing

In the past, teacher salaries were paid over 24 pay periods, with 20 in the current fiscal year and 4 in the next. Due to updated TRS reporting requirements, teacher pay must now align with the months worked. Therefore, starting in FY25, all payroll will fall between August 25 and June 30.

To accommodate this transition, teachers will receive 28 paychecks during this school year: the final 4 from the 2023–24 school year and the full 24 for the 2024–25 school year. This adjustment shifts approximately \$800,000 in salary and benefit costs into the current school year—costs that would have traditionally fallen into the next fiscal year.

***It's important to note that this is not an increase in compensation or unplanned spending but simply a one-time change in the timing of payments.***

#### 2. Increased Special Education Costs

Due to a rise in students with significant needs, special education costs have exceeded projections by approximately \$300,000. We've hired five additional paraprofessionals, and the number of students placed in therapeutic day schools has increased from six to thirteen. Of the seven new placements, three were new to the district with existing outplacement IEPs, and four required higher levels of support than we could provide in-district. Partial reimbursement for these placements will be received in FY26.



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### **O&M Fund (Fund 20) and Capital Projects Fund (Fund 60) Variance**

A variance is expected in both the Operations & Maintenance (O&M) Fund and the Capital Projects Fund due to the land purchase and the continuation of capital projects initiated in FY24 with the bond proceeds acquired. The projected variance is \$800,000, representing the interfund transfer from the O&M Fund to the Capital Projects Fund to support these expenditures.

***It's important to note that this variance will appear in both funds: first as an expense from the O&M Fund (the transfer), and again in the Capital Projects Fund as both a revenue and an expense.***

### **Summary**

We concluded FY24 (ending June 30, 2024) with a surplus of \$3,210,967. The amended FY25 budget projects a deficit of \$3,415,831. As previously discussed, much of the FY24 surplus is attributable to the timing of expenditures—many of which will be paid in FY25—while the corresponding revenues were received in FY24. As a result, the surplus from FY24 is being used to support capital improvement projects, a land acquisition, and adjustments related to the payroll timing shift.

Because the district operates under a cash-basis accounting system, revenues and expenditures are recorded when funds are actually received or disbursed. This differs from accrual accounting, where transactions are recorded in the fiscal year they pertain to. Therefore, the deficit reflected in the FY25 amended budget is primarily the result of accounting methodology and timing, rather than an indication of financial instability.

**Despite these timing-related shifts, the district's financial position remains strong. This is reflected in the projected fund balances:**

- Beginning Fund Balance (July 1, 2023): \$11,144,696
- Projected Fund Balance (July 1, 2025): \$10,939,832

**These figures demonstrate the district's continued fiscal health and its ability to responsibly manage long-term financial commitments.**