

Superintendent and Staff Report

Preliminary 2019-2020 District 161 Budget Presentation

A summary of the preliminary 2019-2020 budget is included in this board packet. There are no actual fiscal year 2018-2019 numbers presented in this document due to the timing of its preparation which was prior to the month of June closing and the year-end accruals being prepared.

This is a preliminary budget and is the first of three steps for Board review. The next review will take place when the tentative budget is presented at a Board meeting in August and the final review will occur when the final budget is voted on at the Board meeting in September.

Property tax revenue will increase slightly year over year due to the CPI staying relatively constant at 1.9% for the 2019 levy year.

The state's new Evidence Based Funding model is now in its third year. We have budgeted the amount of EBF that we received in fiscal 2019 as that becomes the new base funding minimum. We will receive additional funds when the tiered funding is calculated although we are not anticipating any significant revenue from this.

Categorical funding from the state appears to be slightly more reliable than in the past few years. During fiscal 2019 as the state managed to make three categorical payments prior to June 30.

Preliminary federal grant allocations have been released. Expenditures equal to the amount of the revenue anticipated have been included for the federal grants. What is not known is the amount of carryover grant funds that will be available. The amounts should be known or at least be able to be estimated for the tentative budget in August.

Education fund expenditures continue to increase. Salary increases were generally in the 3% range. Health insurance premiums increased around 2.0% from the prior year. Contractual services and supplies are anticipated to be comparable to the amounts in the fiscal 2019 budget. The Board also approved the addition of staff for expanded math support as well as two additional instructional coaches.

Operations & Maintenance fund expenditures are up again this year and the planned deficit spending in this fund continues. This is due to several planned, large projects that are ongoing as well as other work that we anticipate completing which will involve contracting with outside parties to complete. These include: HVAC project at Walker (\$155,585), roof replacement at Frankfort Square (\$271,960), roof recoating at Mary Drew (\$148,000), and a provision for starting summer 2020 work (\$200,000). HVAC maintenance needs also continue to be a large expenditure.

As a reminder, the target fund balance per Board policy 4:20 is 15-20% of annual expenditures meaning that the reserve should be in the \$650,000-\$800,000 range so the anticipated deficit

spending will not jeopardize this fund in a significant way. Spending down this reserve has also protected the District against tax rate objections for excess collections in this fund.

Transportation revenue from the state continues to be better than it was just a few years ago. The District received 82% of its full regular transportation claim during fiscal 2019 compared to only 70% in fiscal 2016. This has helped to put the Transportation fund reserve in a strong position. Transportation expenditures are anticipated to be virtually the same as the prior year.

During the remainder of July and until the tentative budget is presented in August, these budget numbers will continue to be adjusted as more information becomes available.