

School Board Meeting:

April 27, 2015

Subject:

2014-15 Budget Amendments

Presenter:

Gary Kawlewski

SUGGESTED SCHOOL BOARD ACTION:

Recommend board approval.

DESCRIPTION:

FUND 01 REVENUE – General Fund

The General Fund revenue adjustments consist of multiple adjustments to property taxes, federal programs such as Title I and Special Education, local revenues that change over the course of the year, and state aid entitlement changes. The state aid entitlement adjustments result from revised enrollment estimates, new state revenue reports, revised expenditures, and proration on state aids.

Originally the pupil units (WADM's) were estimated to be 6,311 for the 2014-15 school year. We revised the number to 6,337 for the mid-year forecast. As the monthly enrollment reports have been coming in, the estimated pupil units have been adjusted down to 6,312. This affected the General Education state aid and the Operating Capital state aid. We did receive higher than projected general education aid for 13-14 than what was shown for the audit. Special education aid has gone up due to clean up from the prior year, significant increases in special needs transportation for 14-15, adjustments to MDE funding estimates, and a lower projection for aid proration.

One major adjustment down was made to property tax revenue for \$518,184. A similar adjustment in the opposite direction was made to state aid to reflect the State's property tax shift. Overall, the two adjustments were revenue neutral to the budget.

Federal revenue entitlements were updated with prior year carryover amounts from MDE and updated amounts for the current year.

Other budget adjustments were made for additional interest earnings, a reduction in third party billing revenue, reimbursement for fees paid for the Affordable Care Act, and reductions in retiree insurance contributions.

2014-15 Budget Amendments

FUND 01 EXPENDITURES – General Fund

The General Fund expenditure amendments consist of two salary projection updates: January 5th and April 27th. All employee groups are settled at this time. Most of the contingency positions are allocated. Salaries and benefits for federal programs were down as part of federal revenue reductions. Some of the positions shifted to state revenue sources while other resources were used to hire contract services. In the regular programs, there were a number of new hires due to retirements and resignations that will result in savings. In addition, the estimates for benefit costs were reduced based on better estimates of final costs. We are shifting some salary costs to the bond issue for project supervision. We increased our substitute staff costs based on our projections for final costs.

The professional services budget is seeing significant increases as a result of increases in special needs transportation. As a result of the bond issue passing, we have shifted dollars into maintenance services budgets to some degree from the budget that was slated to complete the roof replacement at the high school. We added funds during the year to provide staff training. We are also seeing increases in tuition in this category.

The supplies budget is seeing an increase for curriculum purchases that is negated to some degree by reduced bussing fuel costs due to the fuel savings clause in the transportation contract.

The capital budget is seeing significant changes due to the shift of technology and the high school roofing projects to the building construction fund.

We are projecting that our unassigned/unrestricted fund balance will end the year at about 14.8%.

FUND 2 – Food Service fund

We have seen a decrease in meals served as a result of recent changes at the federal level. Since this fund is an enterprise fund, less meals do equate into lower costs as well. The food service staff members have worked hard to find cost reductions to try to keep the fund balanced. They have also worked hard to implement menu changes that meet the federal guidelines but have worked to increase participation. We are

hopeful that the final projection of an increase to the fund balance will hold through the end of the year.

FUND 7 and 47 – Debt Service funds

The revenue budget for the Debt Service fund remains basically the same with a slight adjustment up for interest revenue and a small amount of bond proceeds due to the premium bid that was received on the bond issue. On the expenditure side, we adjusted the paying agent fees to reflect actual totals.

FUND 6 – Building Construction fund

All of the activity for the bond issue passed in November of 2014 will be reflected in this fund. The revenues reflect the final numbers for the bond sale and an estimate of reinvestment interest projected through June 30, 2015. The expenditures reflect projected projects that will be completed to some degree by the end of June 2015.

FUND 18 – HRA Trust fund

Although these funds are actually expenditures of the general fund budget, they are held in a trust fund for future benefit of active employees. These benefits were negotiated in lieu of other post-employment benefits that were in several employee contracts. These funds have a vesting schedule and revert back to district control in the event the employee does not work in the district long enough to meet the vesting schedule.

FUND 45 – OPEB Trust fund

The revenue for the OPEB Trust fund is increased to more accurately reflect the net appreciation expected in our OPEB Trust portfolio. The budget for expenditures was adjusted down to reflect the changes in projected post-retirement benefit expenditures.

Attachments:

ISD 877 BHM Final Budget 2014-15

2014-15 Final Revised General Fund Balances 4.22.15