



School Board Meeting Agenda Item

Topic: Approve FY 2024-25 Preliminary Budget as the FY2024-25 Adopted Budget
 Presenter(s): Lisa Rider, Director of Finance & Operations

Nature of Action Requested

Board Action
 Board Information or Report

Background Information

Below is a summary of the 2024-2025 Preliminary Budget for your review.

Funds:	FY25 Preliminary Revenue Budget	FY25 Preliminary Expenditure Budget	Projected Change in Fund Balance
General	39,289,023	39,414,023	(125,000)
Food Services	1,826,750	1,962,505	(135,755)
Community Education	2,710,839	3,038,012	(327,173)
Debt Service	1,790,098	1,806,669	(16,571)
Custodial Funds	471,750	471,750	-
Internal Services	455,506	460,506	(5,000)
OPEB Trust	600,000	823,705	(223,705)
Total All Funds	\$ 47,143,966	\$ 47,977,170	\$ (833,204)

The 2024-2025 Preliminary Budget was prepared in accordance with the following Board of Education guidance. The parameters used to develop the budget are detailed in the presentation materials and are essentially as follows:

1. General education funding, on a per pupil basis, was increased \$7,281 per adjusted pupil unit.
2. Elementary K-4 class sizes district wide averaging 25.6:1 (resulting from a range of class sizes of 23-28 depending upon grade level) and middle school class sizes averaging between 29 and 30 students per teacher general allocation with these numbers decreasing when staff for special education, english learners, compensatory and base positions such as counselors, deans, nurses and social workers are included.

3. Enrollment is estimated to decline about 90 ADMs (Average Daily Memberships) from FY24 to FY25. Enrollment in total has been adjusted for anticipated students serves through 5RO or other tuition programs before determining allocation of staffing for sites.
4. There is a 10% increase in the 2024-2025 health insurance district premium costs employee health benefits, and a 1.4% increase in 2024-2025 dental insurance premium costs.
5. The projected Unassigned Fund Balance for the General Fund is 12.02% and excludes restricted and committed fund balances in the areas of: Area Learning Center, Student Activities, Capital program carryover, and Facilities Rental. This projected Unassigned Fund Balance is above the defined minimum unassigned general fund balance of 5% of general fund expenditures as outlined in board policy 714. The FY25 projected Unassigned Fund Balance reflects a reduction in fund balance due to expenditures exceeding revenues by \$125,000. It is anticipated a portion of the FY24 Audited Fund Balance will be Assigned to assist in the coverage of this anticipated use of fund balance.

Once this preliminary budget is adopted, it is expected the adopted budget will be revised later in the 2024-2025 year to adjust for actual data relating to Federal Relief Funds for FY24 and FY25 impacts as known, federal updates, enrollment, staffing, audited fund balances, etc.

GENERAL FUND

Overview

This budget reflects budget adjustments just over \$2.1 million dollars with the expectation of utilizing fund balance \$125,000.

Following is a list of the most significant assumptions used in developing the revenue budget:

Basic Allowance

The basic funding allowance is \$7,281 per pupil unit.

Federal Relief Funds

This General Fund budget reflects the including of ESSER III funds in the amount of \$110,400 for American Indian Education Director and BARR expenditures anticipated to be incurred prior to September 30, 2024. Adjustment to the amount of federal funds to be used in FY25 will be made in revisions to the budget planned for January 2025.

Special Education

Special education categorical aid has been adjusted considering the special education funding and will continue to be monitored for needed adjustments at budget revision. This is an area of particular concern as there continues to be the cross-subsidy need for special education services.

Referendum

The district's referendum authority of 2024-2025 is combined \$1,650 per adjusted pupil unit prior to local optional allowance of \$724 reflecting the equivalent amounts approved by the voters in November 2022. Total referendum revenue adjusts each year in direct proportion to adjusted pupil units served. Estimated referendum revenue, including the local optional revenue, for the 2024-2025 year is approximately \$6.15 million, or roughly 15.68% of the total General Fund revenues.

Compensatory and English Learners

Compensatory and English Learner revenue of \$1,676,447 is included in the FY25 preliminary budget. A priority is placed on covering costs of English Learner staff at all buildings. The degree of services needed by English Learners vary and our assessment of students and the responding services will fluctuate. The remainder of this funding continues to be dedicated to providing educational programs for at risk students through various district initiatives. This area continues to require cross subsidy to fully meet the needs of our English Learners.

Enrollment

Enrollment is a crucial factor in determining a school district's revenue because most funding formulas are student based. The 2024-2025 adopted budget assumes a decline in estimated EC-12 enrollment from an estimated 2,457 students (Average Daily Membership) in 2023-2024 to 2,367 in 2024-2025. Enrollment uncertainty creates the potential for significant increases or decreases in student-based revenue. This assumption will need to be re-evaluated When the October 1, 2024, enrollment is known and the retention factor for 2024-2025 is determined. With each student generating approximately \$12,024 in revenue per adjusted average daily membership, a small deviation in enrollment can produce a significant change in revenue.

Revenue Restrictions

Restrictions on the use of general education revenue are offset with dedicated revenue. The following are restrictions imposed on general education revenue in 2024-2025:

Basic Skills (Compensatory, English Learners)	Operating Capital
Learning & Development	Area Learning Center
Gifted & Talented	Staff Development
Long-Term Facility Maintenance	All Federal Relief Funds

Operating Capital Expenditures

Operating Capital expenditures are budgeted in the General Fund but are supported by revenue that is dedicated to this purpose. Operating Capital expenditures include in this budget amount to approximately \$488,500. Every effort will be made to maximize the use of the capital funds over general funds where possible.

Long-Term Facilities Maintenance Revenue

Long-Term Facilities Maintenance Revenue of \$852,913 that rolls together the health and safety and deferred maintenance projects is utilized within the general fund. Both revenue and expenditures for projects must be recorded in the general fund for any projects funded by the Long-Term Facilities Maintenance Revenue.

Student Transportation

The student transportation budget is based on anticipated normal services levels and reflects the most recent contract entered into with First Student, including 16.5% rate increase in 2024-2025 per the contract. No changes to the bus zones or walking distances are assumed in this budget.

FOOD SERVICE

The Food Service Fund budget shows a decrease to fund balance estimated at (\$135,755) for the 2024-2025 year. Meals will be served to students at no charge to families as per state and federal funding. The basic breakfast or lunch is provided free of charge for an eligible National School Lunch Program Meals however, prices are set for purchases of milk separate from a meal, additional second meals, and for adult meals. Milk purchase will be at \$0.60 for school year 2024-25.

It is extremely important for our families to apply for the Education Application Benefits to ensure their eligibility is considered for school district funding and eligibility for waivers of fees in other programs. Each families' completion of the Application for Educational Benefits goes toward the calculation of funding for school programs.

COMMUNITY EDUCATION

The Community Education Fund shows a decrease to the fund balance of (\$327,173). Community Education has been designing programs and offerings around a population that has fewer discretionary dollars to spend and yet require greater services.

Pre-Kindergarten is an example of an opportunity that puts students in classrooms for a quality learning experience and is funded through Community Education in conjunction with available special education funding as appropriate. Adult and youth programming made available to our community members are aimed at providing access while acknowledging the need to ensure that the revenue stream can support the department as a whole and still provide high quality opportunities for our entire community.

DEBT REDEMPTION

The Debt Redemption Fund is used to record revenues and expenses relating to principal and interest on bonded debt. These funds are dedicated to debt redemption and cannot be used for any other purpose.

SUMMARY

Our reality is that there are constant changes to staffing assignments as we adjust our staffing to best serve our student's needs. Therefore, much of the staffing details will change but overall the number of positions approved by the board to fulfill its' mission will

remain within the guidelines of the proposed budget. The proposed preliminary budget aligns with earlier projections.