

FY 21 Budget Highlights

September 28, 2020 BOE Meeting

At the September BOE meeting, I will be asking the board to approve the FY21 budget following a public hearing. We are expecting to have an overall deficit of **\$562,248**. In addition, we will need to address a shortfall in the Education Fund. We will need to tap into our reserves in the Working Cash sometime in the spring. Detailed explanations for the Funds are explained below.

One thing for board members to keep in mind is when we build the budget; we try to allow room for any reasonable unexpected expenses. This way, it gives us some flexibility should anything unexpected occur. A good example is a high-cost special education student. A high-cost student could move into the district at any time. We try to put ourselves in a better position to accommodate this by building in these contingencies. Also, this year is unlike any other due to the pandemic.

The expected result of operations for our district in FY21 is as follows:

2020-21 Budget

	Revenues	Expenses	Surplus/Deficit
Education	\$4,864,522	\$5,447,509	(\$582,987)
Building	\$806,005	\$806,590	(\$585)
Bond & Interest	\$388,198	\$384,598	\$3,600
Transportation	\$413,370	\$368,326	\$45,044
IMRF	\$252,686	\$310,469	(\$57,783)
Working Cash	\$93,816	\$0	\$93,816
Tort	\$1,436,881	\$1,436,881	\$0
Life/Safety	\$87,816	\$151,169	(\$63,353)
Totals	\$8,343,294	\$8,905,542	(\$562,248)

Some specifics on the FY21 Education Fund budget:

- Total Education Fund revenues are expected to decrease by about \$17,158. Specifically, local revenue is expected to increase by \$80,854 and state money is expected to increase by \$7,000. But, federal dollars are expected to decrease by \$105,000. This is mainly due to the projected decrease in lunch and breakfast reimbursements. However, this may be offset by the extension of the meal waiver by the USDA. This offset is difficult to project because it depends solely on participation.
- Total Education Fund budgeted expenditures are expected to increase by \$160,578, or 3.3%. Some specifics on this increase are salaries are expected to increase by \$186,133, benefits will decrease by \$37,846, purchased services will decrease by \$3,000, supplies increase by \$25,245, and capital outlay and other objects will decrease by \$10,054. The reason for the uptick in budgeted salaries is the employment of a Licensed Practical Nurse, Interventionist (who became a 5th-grade teacher), an increase of a part-time Speech teacher to full-time, and the increase in teacher retirement incentives of \$67,000 this year over last year as we have four certified staff members retiring at the end of this year.
- The Education Fund ended fiscal year 2020 with just over \$373,000 in cash. With the \$582,987 projected shortfall, we will not have enough cash to get us through this year. We will need to entertain the option of tapping into our Working Cash reserves to get us through the rest of the year.

Some notes on the other Funds:

1. The Building Fund is expected to end with a small deficit of \$585. It is hoped this deficit will turn into a surplus provided no major building issues arise.
2. The Transportation Fund is expected to end with a surplus of \$45,044. The Transportation Fund continues to perform very well. We ended last year with a small surplus even while buying a new \$82,000 bus. The new administrative structure with Fritz, Patty, and Bob has worked out really well.
3. The Bond & Interest Fund is expected to end with a small surplus. The IMRF Fund is expected to end with a deficit of \$57,783. This was deliberate as to spend down some of the fund balance and keep that tax rate low.
4. The Working Cash is expected to end the year with \$1,121,843 (pending a transfer to the Education Fund). A large majority of this balance (\$919,000) is earning interest in a CD at Citizens Bank. This CD matures this month. I am recommending we reinvest for six-months. We will then most likely need to pull some out to replenish the Education Fund. We will discuss specifics in March.
5. The Tort Fund is projected to breakeven. Expenses paid from the Tort Fund include legal bills, property insurance premiums, bus inspections, and portions of salaries for those staff limiting the district's exposure to liability. This Fund's levy has been built up over time to offset Education Fund expenses in accordance with our Risk Management Policy. We also have to have funds available to pay the legal bills associated with the ongoing Joe Doe lawsuits and Declaratory Judgment actions.
6. The only expense in the Health/Life Safety is the remaining portion of the payment to replace the roof and HVAC units above the Kindergarten section in the Primary Center. That bill will be presented this month for the Board's approval. The next major project for this Fund is the replacement of the roof and HVAC units in the 1st and 2nd-grade section at the Primary Center within the next two years or so.

7. Overall, across all funds, total expenses are expected to increase by only \$30,780 or 0.37%. This small of an increase during these uncertain times, again speaks to the diligence of the Board and administration of containing costs.

Final Fund Balances as of June 30, 2021, is expected to be:

Education	\$294,877 (assumes \$500,000 transfer from Working Cash)
Building	\$ 680,916
Bond & Interest	\$154,974
Transportation	\$ 741,627
IMRF	\$ 183,446
Working Cash	\$621,843 (assumes \$500,000 transfer to Education Fund)
Tort	\$7267
Life/Safety	\$ 201,717

Total	\$2,886,667
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