

FY 2018 Budget

Preliminary Budget

March 7, 2017

Thomas Harper, CFO



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Budget Timeline

Item	Date
RELEASE – FY 2018 Proposed Budget	March 7
Board Work Session – Budget Discussion	March 7
Budget Published in <i>DM Register</i> (Statutory requirement: published 10-25 days before the Public Hearing)	March 24
Public Forum – Public comment on proposed budget (Place TBD)	March 28
Public Forum – Public comment on proposed budget (Place TBD)	March 29
Public Forum – Public comment on proposed budget (Place TBD)	March 30
Public Forum – Public comment on proposed budget (Place TBD)	April 1
Public Hearing – Adoption & Certification of FY 2018 Budget (School Board Meeting)	April 4
Special Board meeting, if necessary, Adoption & Certification of FY 2018 Budget	April 5-13
Statutory deadline to submit FY 2018 budget to the Polk County Auditor for certification	April 14
Fiscal Year 2018 begins	July 1

Assumptions for FY 2018

Law; Policy governance; Board budget parameters	Will follow budget law, policy governance management limitations, and board budget parameters.
GAAP	Budget will be in accordance with Generally Accepted Accounting Principles.
State Supplemental Aid	1.10%
Certified Enrollment	32,979.20; 397.27 more students, which is a 1.2% increase over the prior year.
Cost per Student	\$6,732 – a 1.10% increase over the prior year and fully funded.
Property valuations	Estimates indicate general taxable property valuations will increase 4.5% and total valuations will increase 4.3%; final valuations not available until June 2016.
State property tax relief	Will continue to receive increased state aid to replace property taxes and thereby reduce property taxes applicable to the district, per state law.
Cash Reserve Levy	Recommend increasing the levy to the prior period amounts.
Statewide Penny	Will parallel modeling and Department of Revenue projections. The district is monitoring closely proposed changes to the law.
Short-term investment rates	Forecasted to be less than 1% in FY17.
State Aid - Certified Budget	Based on receipt of full funding of each student at a district cost per student of \$6,732 , a 1.10% increase.
Weighted funding	Funding is based on weighting factors as defined by law for Home School, ELL, SPED, At Risk programming, and Regional programming. It does not include Preschool.
Certain State grants	Funding for state grants is same as the current year.
Compensation	In 2017, the district had initial settlements with bargaining groups for two years (FY 2017 and FY 2018). Final settlement with DMEA teachers (the largest group) for FY 2018 was 3.35%. Other groups are being finalized. Settlement for non-bargaining groups is on-going. Compensation includes a conservative estimate of the possible results of all settlement. Health insurance premiums will increase 9.04%. Compensation—salaries and benefits—in the General Fund represents 82.77% of overall expenditures. Impact of transitional fees associated with ACA costs.
Utilities costs	Energy conservation efforts will continue to offset increased utility costs; however, cannot allow for unknown weather factors.
Balanced budget	Resources will cover expenditures, as required by law.

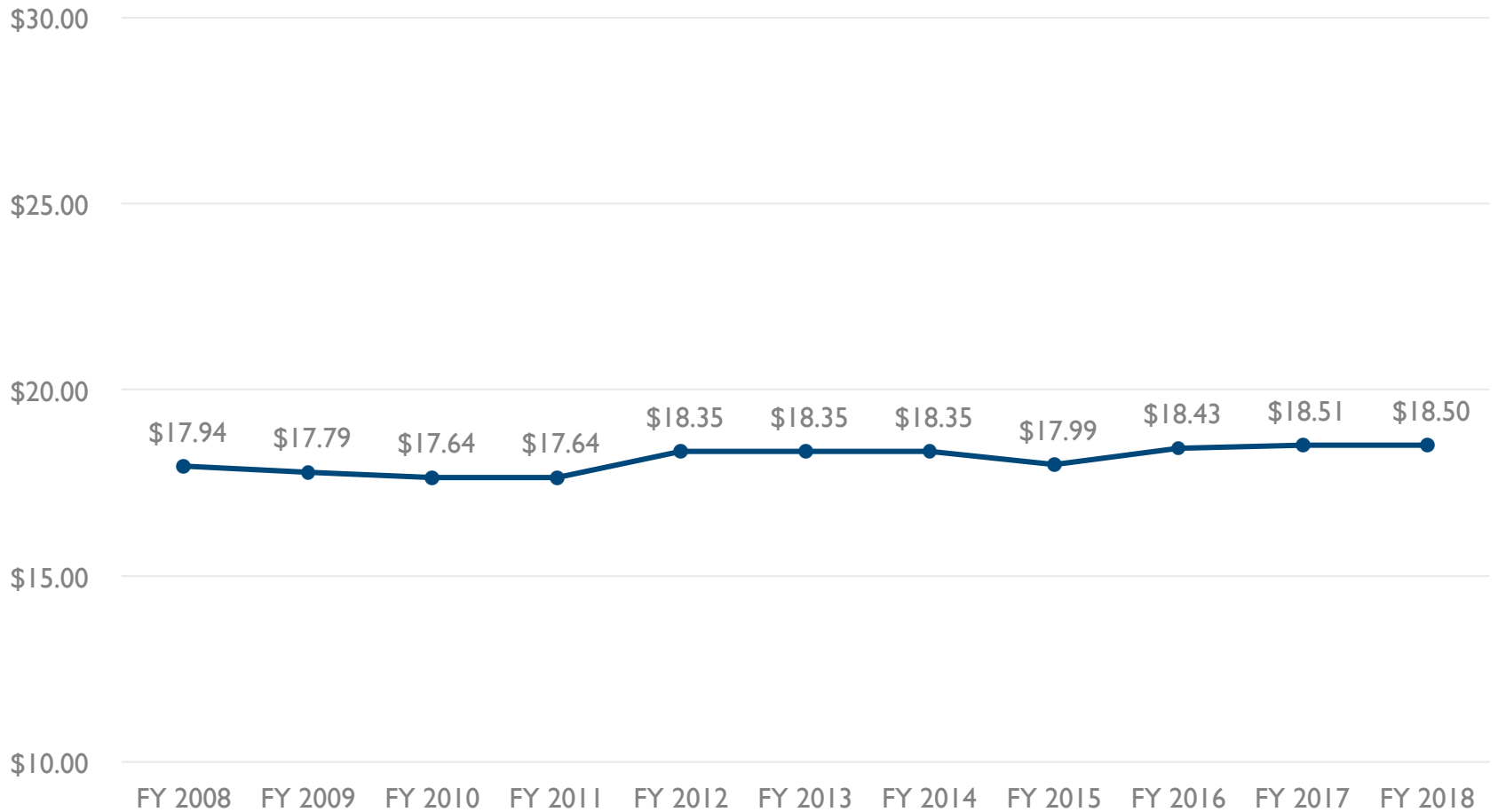
Balanced Budget

Calculation/ Component	Description	1.10% SSA
District Cost Per Student	Amount set by the state sets the cost per student at prior year + allowable growth	\$6,732
x Enrollment	District enrollment on October 1, 2016; 397.27 more students	32,979.20
= FY 2018 District Regular Program Cost	Equal to cost per student x enrollment	222,015,974
- FY 2017 District Regular Program Cost	Prior year's cost per student x prior year enrollment	-2,16,962,872
= Increase in District Combined Cost	Assumes full funding of the proposed allowable growth.	5,053,102
- Funds for Special Programs	Some state educational programs require state funding be matched with state foundation aid – ex. SPED; ELL; Gifted and Talented.	-48,564
= Increase (Decrease) in Regular Program funding	Also commonly referred to as “New Money” or (Reduction in New Money)	5,004,538
+ Built in Revenue changes	Increased tax revenue due to valuation changes; and adjustments to the cash reserve levy, adjusted for tax relief built into state foundation aid formula	4,962,906
- Built in Expenditure changes	Compensation increases, inflation for utilities, supplies, equipment, etc.	-9,469,771
= Revenues in excess of Expenditures	Expenditures do not exceed revenues	497,673

Proposed for Adoption

Proposed Budget for Certification	
<u>Revenue</u>	
Total Revenue	\$ 536,411,106
Beginning Balance	\$ 150,560,652
Total Resources	\$ 686,971,758
<u>Expenditures</u>	
Instruction	\$ 286,941,780
Total Support Services	\$ 150,002,928
Non Instructional Programs	\$ 63,255,391
Total Other Expenditures	\$ 20,340,475
Transfers Out	\$ 36,506,642
Total Expenditures & Other Uses	\$ 557,047,216
Ending Fund Balance	\$ 129,924,542
Total Requirements	\$ 686,971,758
<u>Proposed Tax Rate:</u> 18.49850	







Proposed Property Tax: Flat



Property Tax Components

	Authority	FY 2017	FY 2018	Max	Expire
GENERAL					
Regular	Code	9.55722	9.31266	NA	NA
Instructional Support	Vote OR Board	1.79171	1.75462	10% of cost	2021
Dropout Prevention	Board	1.56585	1.59226	5% of cost	Annual
Cash Reserve Levy	Board	3.24608	3.44396	20%	Annual
MANAGEMENT	Board	1.25000	1.30000	NA	Annual
PPEL					
Regular	Board	0.33000	0.33000	0.330	Annual
Voted	Vote	0.63000	0.63000	1.340	2021
PERL	Vote	0.13500	0.13500	0.135	NA
DEBT SERVICE	Vote	0.00000	0.00000	4.050	NA
TOTAL		<u>18.50586</u>	<u>18.49850</u>		
Change From Prior Year			(\$0.00736)		

Key Financial Measures & Objectives

Key Measure	Objective	Status	Status
Certified Enrollment	Stable or growing	32,979 (10/2016)	
Unspent Authorized Budget (Long-term)	Maintain or build	\$29.7M (FY 2017 est.) \$16.2M (FY 2018 est.)	
Unspent Spending Authority (Current year)	15%, not to exceed 25%	6.5% (FY 2017 est.) 3.6% (FY 2018 est.)	
Solvency Ratio (General Fund)	15%, not to exceed 25%	15.5% (FY 2017 est.) 15.4% (FY 2018 est.)	
Salaries & Benefits	75% by 2023	82.77% (FY 2018)	
New Money % vs. Settlement % vs. Difference	Less than or equal to District Allowable Growth and/or at state average	<ul style="list-style-type: none"> New Money: 1.10% SSA DMEA Settlement: 3.35% FY18 Difference: +2.25% 	



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