

FY 2019 Budget

Budget for Adoption

April 3, 2018

Nicholas Lenhardt, Controller



Think. Learn. **Grow.**

www.dmschools.org

FY 2019 Budget Timeline

Item	Date
RELEASE – FY 2019 Proposed Budget	March 20
Board Work Session – Budget Discussion	March 20
Budget Published in <i>DM Register</i> (Statutory requirement: published 10-25 days before the Public Hearing)	March 23
Public Forum – Public comment on proposed budget (North HS)	3/27
Public Forum – Public comment on proposed budget (East HS)	3/28
Public Forum – Public comment on proposed budget (Roosevelt HS)	3/29
Public Forum – Public comment on proposed budget (Lincoln HS)	3/31
Public Hearing – Adoption & Certification of FY 2019 Budget (School Board Meeting)	April 3
Special Board meeting, if necessary, Adoption & Certification of FY 2019 Budget	April 10
Statutory deadline to submit FY 2019 budget to the Polk County Auditor for certification	April 16
Fiscal Year 2019 begins	July 1

Budget Parameters

Management Limitation 2.6 – Financial Planning/Budgeting

Financial planning for any fiscal year or the remaining part of any fiscal year may not deviate materially from the Board's Student Expectations Policy or risk financial jeopardy.

Accordingly, the Superintendent shall not present a budget that:

- Falls below a 15% solvency ratio for the General Fund.
- Falls below a 15% unspent spending ratio for the General Fund.
- Creates a situation or condition described as unacceptable in the “Financial Conditions and Activities.”
- Omits credible projections of revenues and expenses and disclosure of planning assumptions.
- Plans the expenditure of more funds than are projected to be received in any fiscal year.

Assumptions for FY 2019

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	1.00%
Certified Enrollment	33,057; 78 more students from 2016-17
Cost per Student	\$6,799 – a 1.00% increase over the prior year and fully funded.
Property valuations	Estimates indicate general taxable property valuations will increase 7.5% and total valuations will increase 7.7%; final valuations not available until June 2018.
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 2%.
State Aid - Certified Budget	Based on receipt of full funding of each student at a district cost per student of \$6,799, a 1.00% 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 negotiated with DMEA teachers (the largest group) for an increase in steps and lanes only. The final package increase for FY 2019 for this group is 3.28%. Settlements with the majority of employee groups have been reached for an estimated district-wide average of 3.39%. Health insurance premiums will increase 8.36%. Compensation—salaries and benefits—in the General Fund represents 81.79% 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.

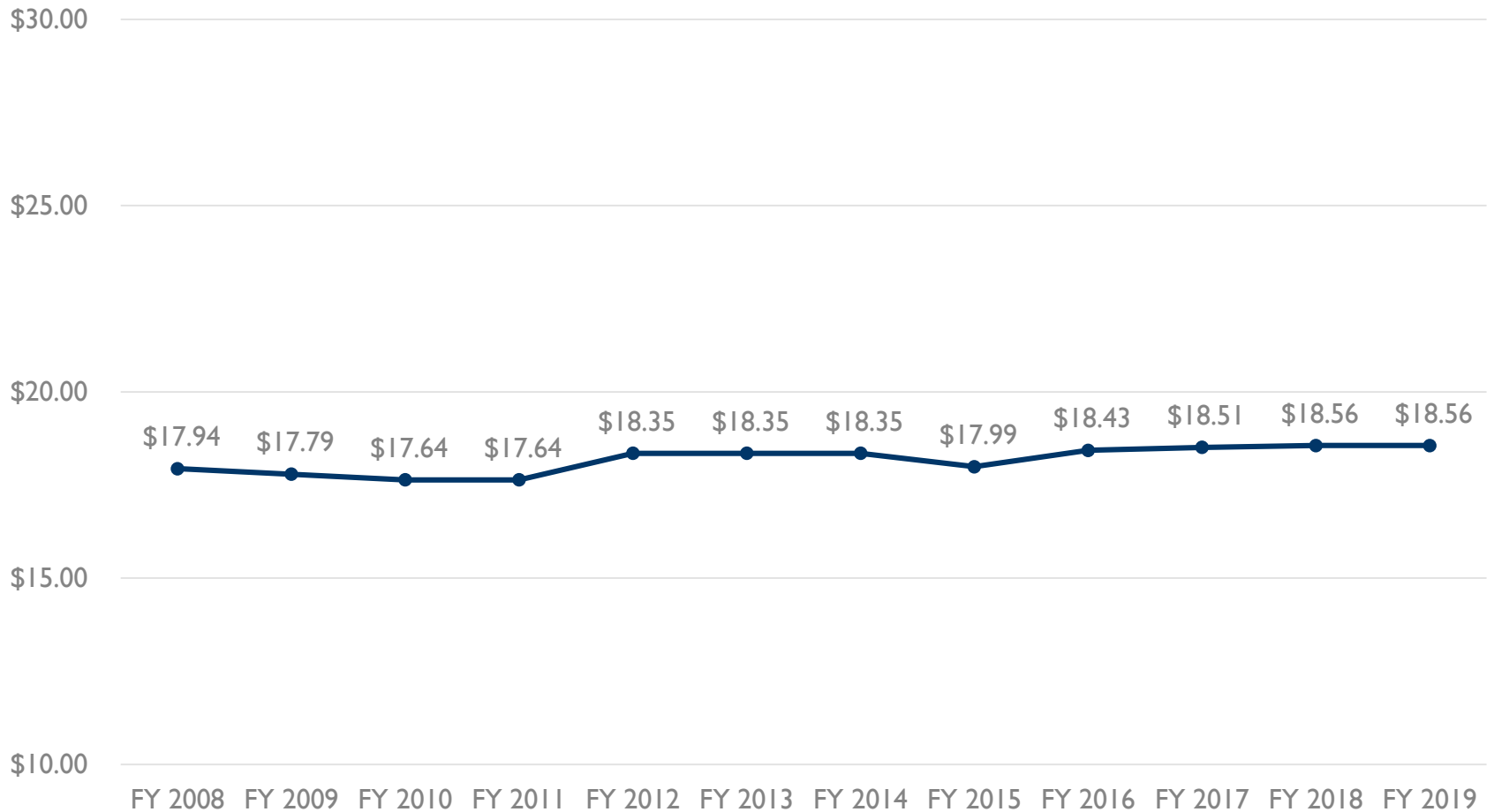
Balanced Budget

Calculation/ Component	Description	1.00% SSA
District Cost Per Student	Amount set by the state sets the cost per student at prior year + allowable growth	\$6,799
x Enrollment	District enrollment on October 1, 2017	33,057.40
= FY 2019 District Regular Program Cost	Equal to cost per student x enrollment	224,757,263
- FY 2018 District Regular Program Cost	Prior year's cost per student x prior year enrollment	-222,015,974
= Increase in District Combined Cost	Assumes full funding of the proposed allowable growth.	2,741,289
- Funds for Special Programs	Some state educational programs require state funding be matched with state foundation aid – ex. SPED; ELL; Gifted and Talented.	-55,274
= Increase (Decrease) in Regular Program funding	Also commonly referred to as “New Money” or (Reduction in New Money)	2,686,015
+ 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	4,527,027
- Built in Expenditure changes	Compensation increases, inflation for utilities, supplies, equipment, etc.	-1,453,520
= Revenues in excess of Expenditures	Expenditures do not exceed revenues	5,759,522

Proposed for Adoption

Budget for Certification	
<u>Revenue</u>	
Total Revenue	\$ 557,128,199
Beginning Balance	\$ 196,840,243
Total Resources	\$ 753,968,442
<u>Expenditures</u>	
Instruction	\$ 287,435,942
Total Support Services	\$ 155,420,357
Non Instructional Programs	\$ 30,850,550
Total Other Expenditures	\$ 84,749,038
Transfers Out	\$ 22,825,404
Total Expenditures & Other Uses	\$ 581,281,291
Ending Fund Balance	\$ 172,687,151
Total Requirements	\$ 753,968,442
Proposed Tax Rate:	18.56343

Proposed Property Tax: Flat









Property Tax Components

	Authority	FY 2018	FY 2019	Max	Expire
GENERAL					
Regular	Code	9.37504	9.21683	NA	NA
Instructional Support	Vote OR Board	1.75723	1.66135	10% of cost	2021
Dropout Prevention	Board	1.59226	1.50161	5% of cost	Annual
Cash Reserve Levy	Board	3.44396	3.48864	20%	Annual
MANAGEMENT	Board	1.30000	1.60000	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>18.56349</u>	<u>18.56343</u>		
Change From Prior Year			(\$0.00006)		

Key Financial Measures & Objectives

FY 2018 & FY 2019

Key Measure	Objective	Status	Status
Certified Enrollment	Stable or growing	33,057 (10/2017)	
Unspent Authorized Budget (Long-term)	Maintain or build	\$10.1M (FY 2018 est.) \$2.2M (FY 2019 est.*) <i>*1% SSA, \$14M operating cuts</i>	
Unspent Spending Authority (Current year)	15%, not to exceed 25%	2.2% (FY 2018 est.) 0.5%(FY 2019 est.*) <i>*1% SSA, \$14M operating cuts</i>	
Solvency Ratio (General Fund)	15%, not to exceed 25%	13.0% (FY 2017) 13.0% (FY 2018 est.) 14.8% (FY 2019 est.)	
Salaries & Benefits	75% by 2023	81.79% (FY 2019)	
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"> FY 19 New Money: 1.00% SSA FY 19 DMEA Settlement: 3.28% Difference: +2.28% 	



Think. Learn. **Grow.**

www.dmschools.org