



PEOTONE CUSD 207U

2019-2020 SCHOOL DISTRICT BUDGET



SEPTEMBER 16, 2019



BASIC BUDGETING CONCEPTS



WHAT IS A SCHOOL DISTRICT BUDGET?

“The budget is much more than a collection of numbers; it is an important tool for school administrators to understand and use in achieving their basic mission—educating children in the most effective and cost-efficient manner”¹

GOALS FOR THIS BUDGET AND FUTURE YEARS

- Integrating long term-planning with the budget.
- Establishing measures and ongoing monitoring of performance.
- Obtaining citizen and other stakeholder involvement early in the budget process.
- Effectively communicating goals, assumptions, and tradeoffs to citizens and other stakeholders.
- Providing incentive and a sense of empowerment to managers to implement effective practices and achieve goals.
- Incorporating realistic revenue and expenditure forecasts.

BARRIERS TO ACHIEVING THESE GOALS

- Integrating long term-planning with the budget.
 - Annual operating deficits and unreliable revenue sources makes multi-year planning difficult.
- Establishing measures and ongoing monitoring of performance.
 - Improving account level budgeting and expense progress is an ongoing priority.
- Obtaining citizen and other stakeholder involvement early in the budget process.
 - There were so many changes this past year, the budgeting process did not start until July.
- Effectively communicating goals, assumptions, and tradeoffs to citizens and other stakeholders.
 - More active and productive community involvement at public meetings will be required.
- Providing incentive and a sense of empowerment to managers to implement effective practices and achieve goals.
 - Principals and Directors have not had enough involvement in the budgeting process.
- Incorporating realistic revenue and expenditure forecasts.
 - New account codes to categorize expenses means less accurate historical data.

IDEAL STRUCTURE OF A DISTRICT BUDGET

Educational
Programs

Revenues

Expenditures

DISASTROUS BUDGET SITUATION

Revenues

Educational
Programs

Expenditures

PEOTONE CUSD 207U'S BUDGET SITUATION

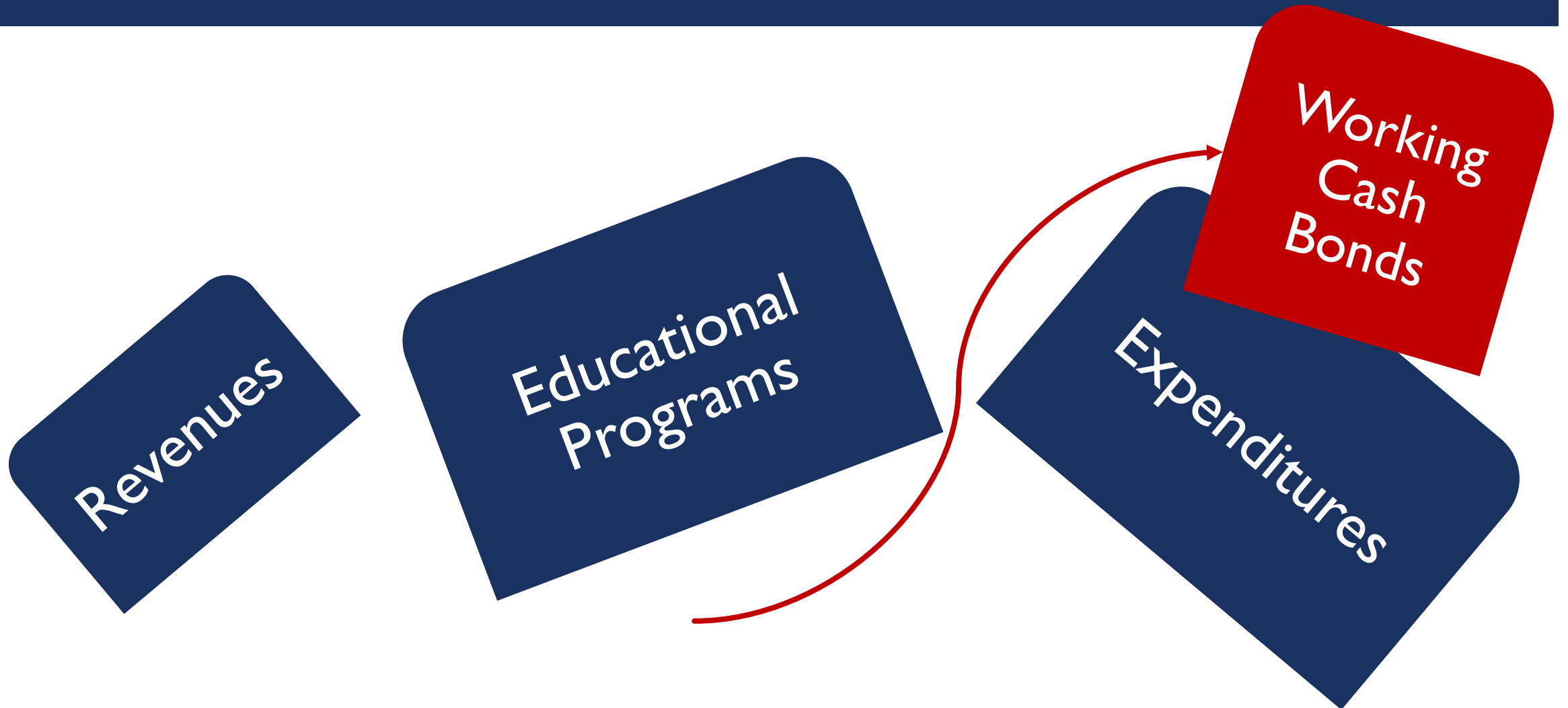
Educational
Programs

Revenues

Working
Cash
Bonds

Expenditures

PEOTONE'S BUDGET SITUATION WITHOUT WORKING CASH

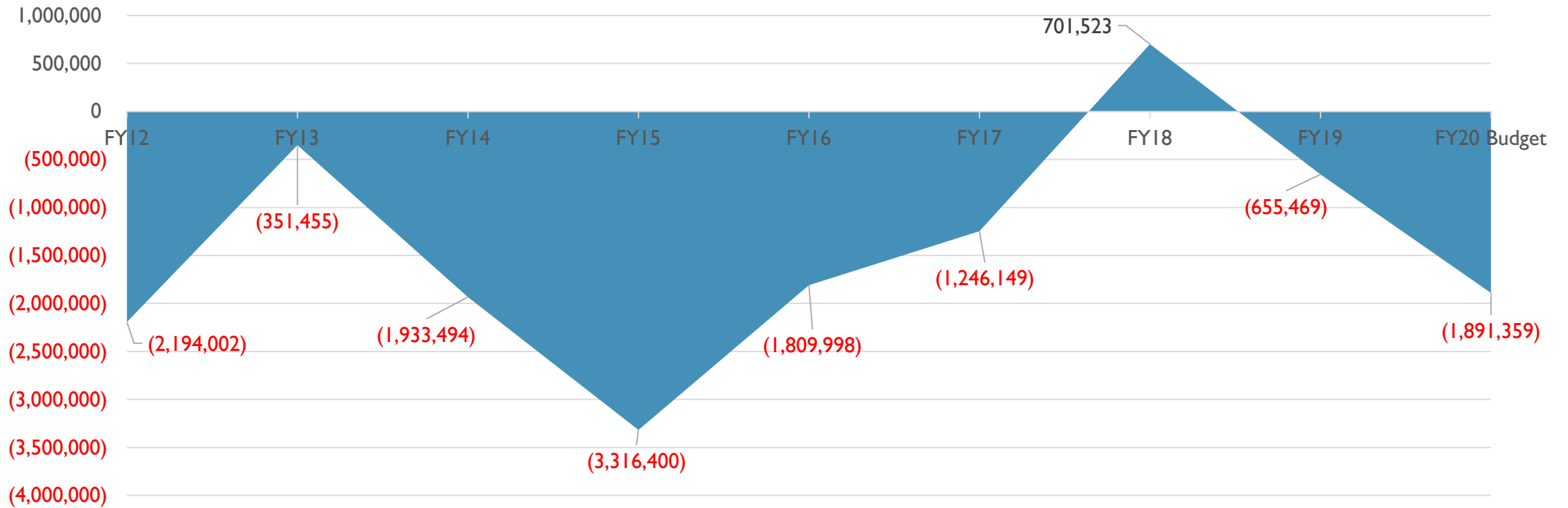




CURRENT FINANCIAL SITUATION



HISTORICAL OPERATING SURPLUS OR (DEFICIT)



Note: Operating deficit only includes funds 10, 20, and 40

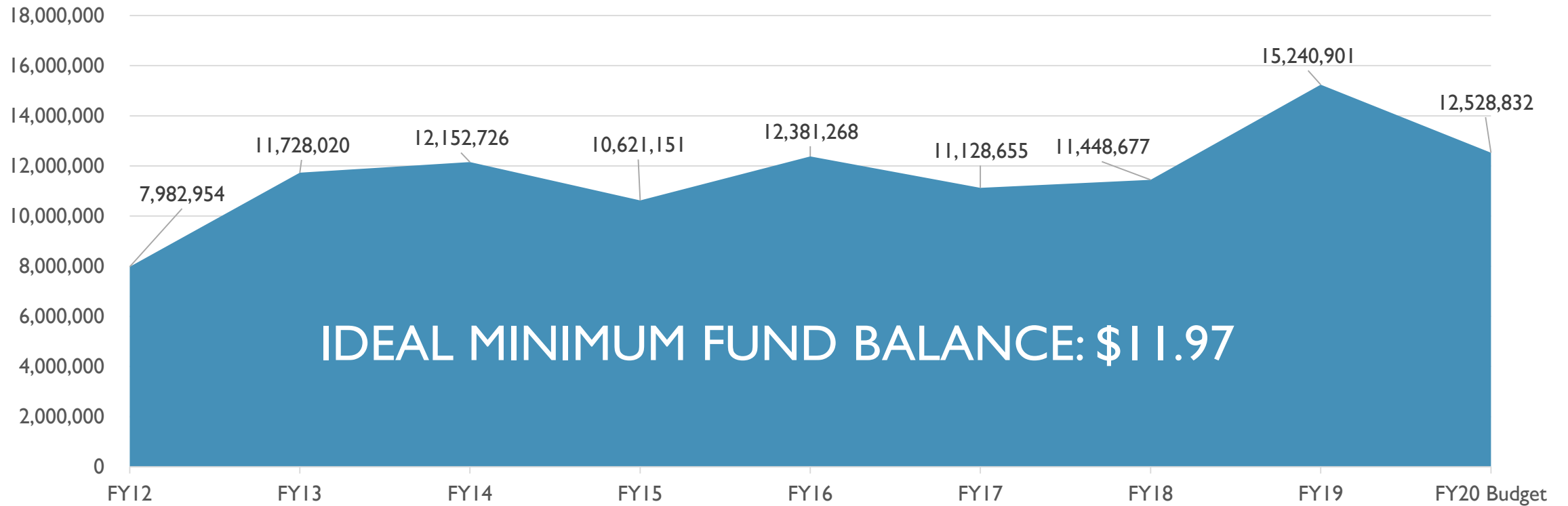
KEY FACTORS CONTRIBUTING TO BUDGET DEFICIT

- Estimated that local revenues will increase by CPI with will be 1.9% (plus new property)
 - This is considerably less than employment costs generally increase
- State funding only increased by \$40,396
- Continuation of attending to our facility needs
 - Still focusing on immediate needs that could close school or cause further facility damage
 - This budget includes ~\$310,600 for the PJHS drainage project
- Salaries are estimated to increase 3%-6% due to new collective bargaining agreement and minimum wage laws
- We entered into a new 5-year bus lease with considerably higher costs than 5 years ago
- Several new curriculum resources slipped from FY19 into FY20

REVENUES COMPARED TO ADEQUACY

- Estimated total revenues (without debt service) is \$16.57 million
- Current adequacy target is \$17.8 million
- Even with a projected deficit, our revenues do not match what students require for an adequate education
- It is not expected that there will be a significant increase in State funding in future years
 - Currently sit at 99% adequacy (Tier 3)
 - Once we hit 100% of adequacy (which is likely to be next year), additional State funding is minimal

FUND BALANCE HISTORY (AS OF JULY 1)



OTHER KEY BUDGET NUANCES

- Looking at July 1 fund balance is often deceiving when evaluating the overall financial health
 - First half of property taxes are received in June, just before the end of the fiscal year
 - Lowest balance is usually in April
 - Traditionally has been between \$1.5 million and \$3 million at its lowest point
- There are many expenses listed that have offsetting revenues with use restrictions (there is a narrative needed to truly understand the complex budget)
 - For instance, PHS Agriculture teacher was awarded a grant for professional development by a private company
 - These travel expenses and conference registration costs look large, but they wouldn't exist without revenues that are included in the "Private Donations" revenue line
 - Grants are another example of this



BUDGET DETAILS



REVENUE DETAILS

2018-2019 Amended Budget

- **Total Revenue: \$21,720,193**
- Local Revenue: \$18,032,978 (83.0%)
- State Revenue: \$3,107,817 (14.3%)
- Federal Revenue: \$579,393 (2.7%)

2019-2020 Budget

- **Total Revenue: \$21,232,475**
- Local Revenue: \$17,809,503 (83.9%)
- State Revenue: \$2,879,159 (13.6%)
- Federal Revenue: \$543,813 (2.6%)

EXPENSE DETAILS

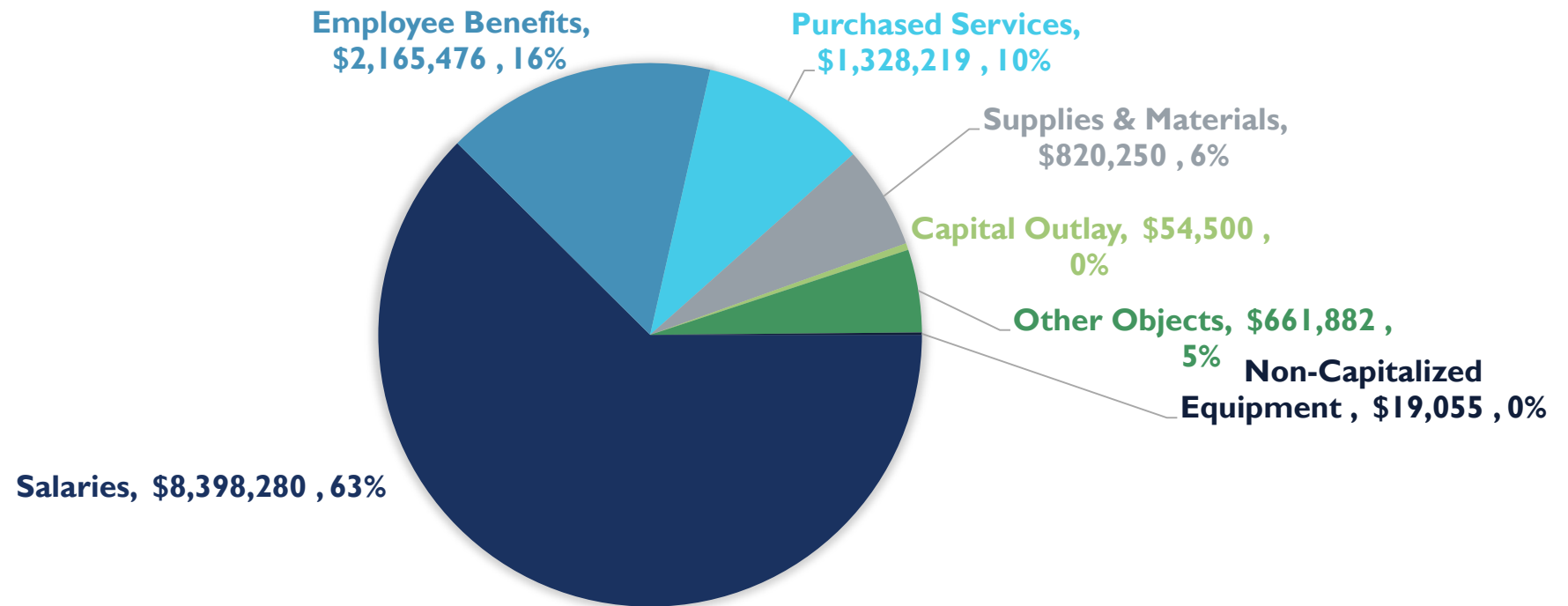
2018-2019 Amended Budget

Object	Amount	Percentage
Salaries	\$ 9,596,024.00	41.9%
Employee Benefits	\$ 2,888,304.00	12.6%
Purchased Services	\$ 3,324,461.00	14.5%
Supplies & Materials	\$ 1,224,584.00	5.4%
Capital Outlay	\$ 91,464.00	0.4%
Other Objects	\$ 5,757,734.00	25.2%
Non-Capitalized Equipment	\$ 0.00	0.0%
Total	\$ 22,882,571.00	

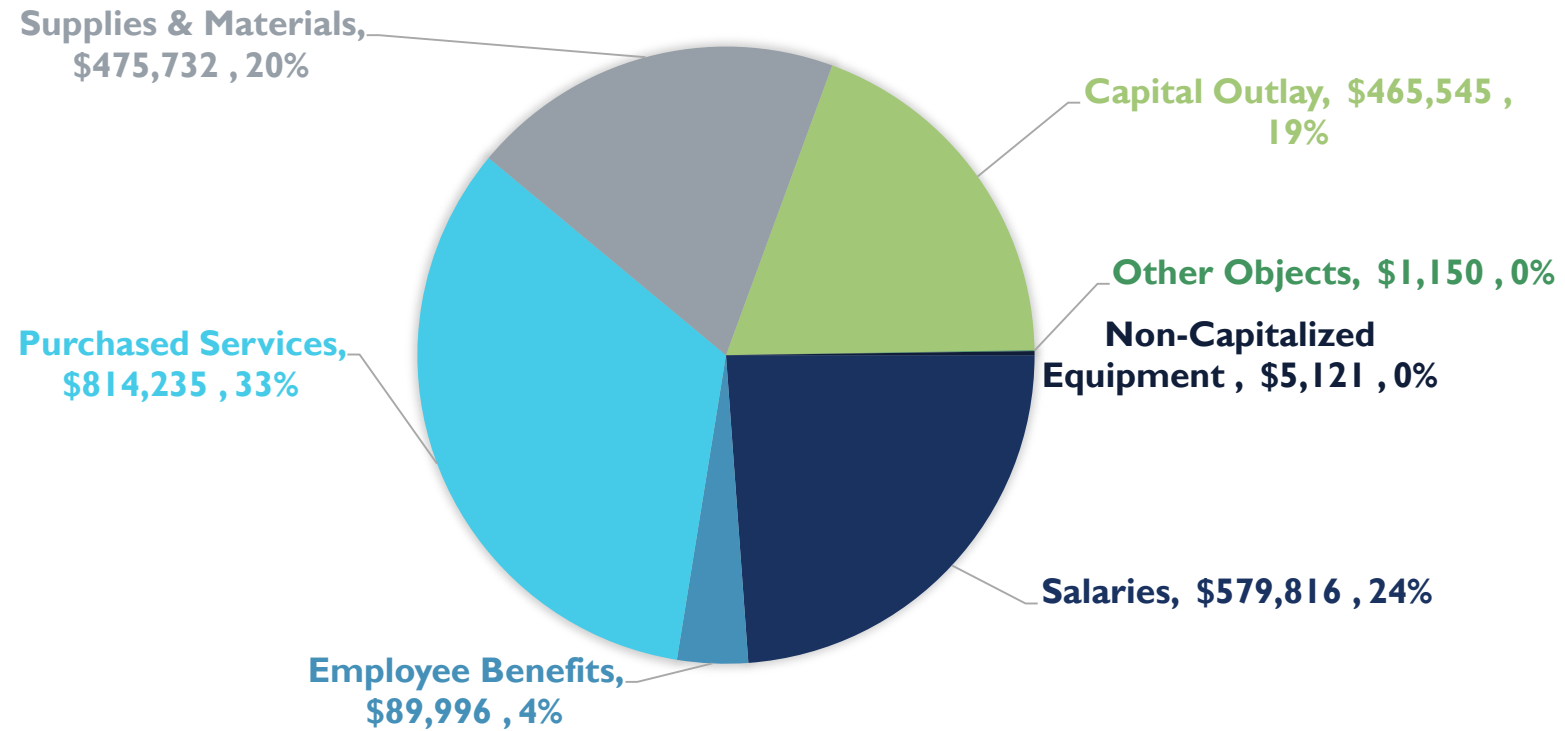
2019-2020 Budget

Object	Amount	Percentage
Salaries	\$ 9,879,349.00	41.3%
Employee Benefits	\$ 2,896,247.00	12.1%
Purchased Services	\$ 2,906,910.00	12.1%
Supplies & Materials	\$ 1,562,608.00	6.5%
Capital Outlay	\$ 580,045.00	2.4%
Other Objects	\$ 6,095,208.00	25.5%
Non-Capitalized Equipment	\$ 24,176.00	0.1%
Total	\$ 23,944,543.00	

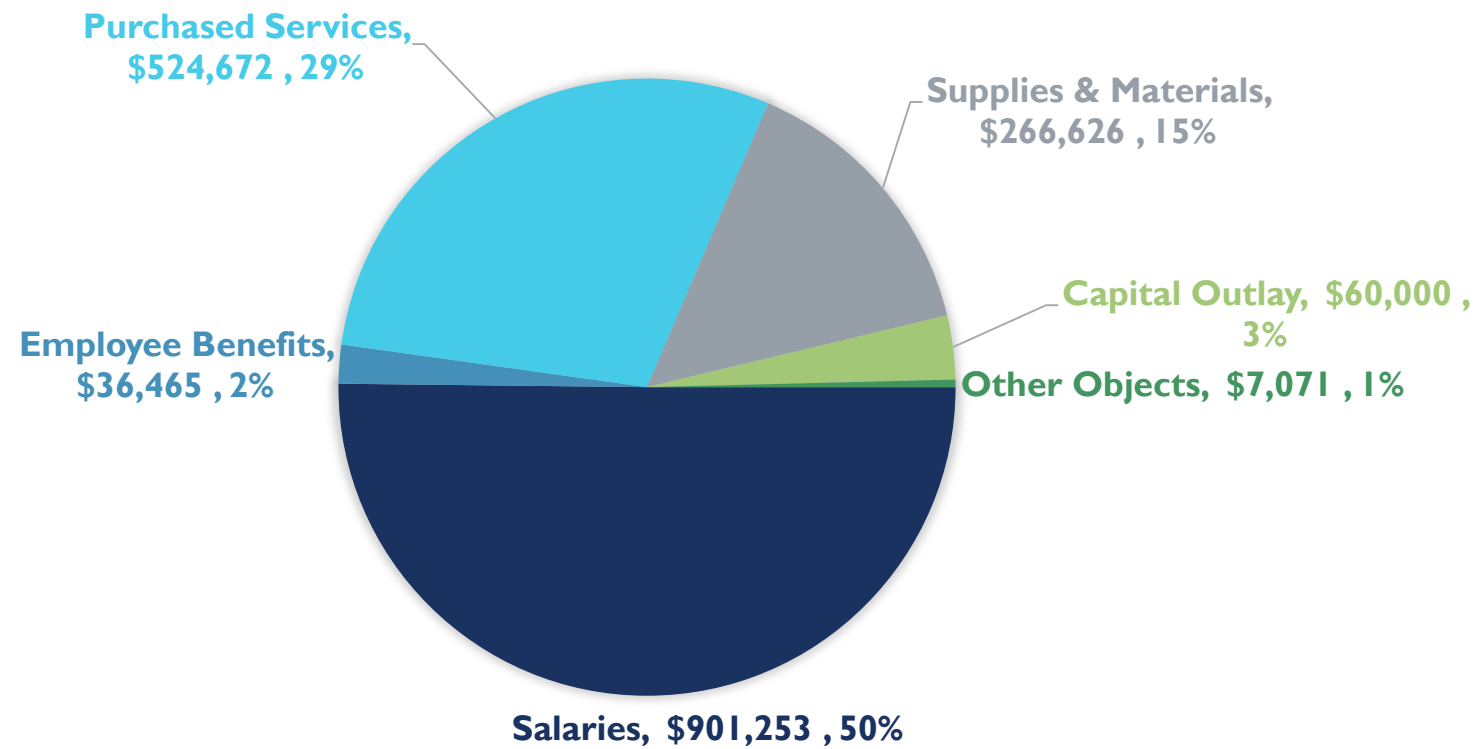
EDUCATION FUND EXPENDITURES



OPERATIONS AND MAINTENANCE FUND EXPENDITURES



TRANSPORTATION FUND EXPENDITURES





FUTURE BUDGETS



POSSIBLE SCENARIOS

Successful Referendum

- Local revenues match current needs
- Total revenue gets to \$17.8 million adequacy target
- Produce the first truly balanced budget in many years
 - Have Board and community work together to target additional investments
 - Either spend some revenue each year on district needs or build up fund balances to do more comprehensive improvements at one time

Unsuccessful Referendum

- Local revenues continue to be short of current needs
- Total revenue fails to help the District reach 100% adequacy
- Continue to produce unbalanced budgets supplemented by working cash borrowing
 - Will be doing everything possible that the available resources allow
 - Will not be able to have as much collaboration on financial investments

QUESTIONS AND ANSWERS

THANK YOU FOR YOUR TIME AND PARTICIPATION

TREVOR J. MOORE
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