

**THIS IS A DECISION PAPER**

**TO:           HARDIN COUNTY BOARD OF EDUCATION**

**FROM:       MRS. NANNETTE JOHNSTON**

**DATE:       MAY 15, 2008**

**SUBJECT:   2008-09 TENTATIVE BUDGET**

**ISSUE**

The Board needs to adopt the 2008-09 Tentative Budget by May 30, 2008.

**FACTS**

Each year the budget cycle requires the adoption of the Draft Budget for the next fiscal year in January. This is primarily a look at potential revenues and new expenditures. The next step is to adopt the Tentative Budget in May. This budget will be based on the best available information at that time.

In the General Fund, Fund 1, the Kentucky Department of Education has forwarded a forecast of state SEEK funds for Hardin County. It is based on the projected increase as provided by the General Assembly and the increase (decrease) in local revenues based on change in property assessments. The state SEEK calculations are attached for your review. Local property assessments will not be fully known until the Revenue Cabinet in July/August certifies them. Currently the SEEK calculations are based on a projected end of year Average Daily Attendance of 12,500. It appears the Average Daily Attendance for the school system for the 2008-09 year will be similar to the ending ADA for 07-08; hence the SEEK calculation was based on 12,500 which is an estimate until the exact ADA is known.

The budget is based on an minimal increase in local property tax revenues and in gross utility receipts taxes. This minimal increase is due to the overall economy and problems within the housing industry. If the county continues to grow in population, that will increase the utility tax amounts. The motor vehicle amount is projected to remain the same. As interest rates decrease or remain flat, we earn some additional money on our cash in the bank; however rates are expected to level off or decline for the next year. Interest earned revenue in the budget is predicted to remain the same as 07-08 at \$1M dollars.

On the expenditure side, the per-pupil amount will be increased by state requirement to \$135.31 per pupil. With a very few exceptions, department and program budgets have been reduced this year. The Transportation Budget has been increased to cover the rising cost of fuel and insurance. There will be no Section 7 money due to budget constraints.

There is \$68,000 in the 08-09 roof budget for next year. We have had to cut back for the last three years. Hopefully we can catch-up in the near future. The other preventative maintenance projects were reduced only slightly. Other savings include the continued reduced cost of insurance, due mainly to the efforts of the District Safety Committee working with our insurance representative

Utilities are expected to rise by approximately 12 - 14% over the next year. We increased utilities overall by \$375,000. Payroll, of course, is the largest addition to the 08-09 budget. The state requires a 1% increase to certified and classified salaries; in addition, our schedule also adds 2% to employees under 21 years experience. This increase is included in the budget. We should have more accurate figures at the Working Budget stage after 1<sup>st</sup> month payroll. The total increase in the General Fund payroll is about \$2.1M. The increase in state SEEK funds is about \$378,813. That leaves over \$1.7M to come from the increase in local tax revenue and other sources.

In Fund 2, Grants and Entitlements, the budget is as close as the information allows at this time. Several of the grants have only preliminary allocations from KDE at this time. Final numbers will be available later in the summer from State and Federal level.

Funds 310 and 320, Capital Projects funds, Capital Outlay and FSPK, will be directed to debt service. With North Hardin Renovation and Middle School bond sales, most of the funds will be for all our bond principal and interest payments as they could increase by as much as \$1.8 million dollars for 08-09.

Fund 360, the Construction Fund, will have a large balance next year due to the Middle School and North Hardin bond sales. The receipts from these sales will be expended over the next year.

Fund 51, Food Service, operational expenses will increase some. The most significant cost expenses will be from salary increases, food, Food Service Director and the breakfast program.

Fund 52, 55, and 7000, Day Care, TVP, and Scholarship Fund, are continuing the same as the current year with no significant changes.

There is included for your review a copy of the Tentative Budget required by KDE. The next step in the Budget cycle will be the Working Budget in September. By that time we will have better information on how many students we will have, how much

funding from the state, how much local funding from new tax rates and assessments, and how much payroll from actual employees in position. The approved Tentative Budget must be sent to KDE by the end of May but any changes or adjustments that the Board wishes to make can be included in the Working Budget, which is the operating budget for the year.

**RECOMMENDATION**

**APPROVE THE 2008-09 TENTATIVE BUDGET.**

**RECOMMENDED MOTION**

**I MOVE THAT THE HARDIN COUNTY BOARD OF EDUCATION  
APPROVE THE 2008-09 TENTATIVE BUDGET.**

**Support Education Excellence in Kentucky  
2008-2009 Revised Forecast LRC 3866 Calculations**

**2008 - 2009 School Year**

**4/17/2008 3:41:35PM**

**District: 231 Hardin County**

2008-2009 Revised Forecast LRC 3866.xls-Budget Base 3866	2007 - 2008 End of Year AADA	12,500.0
	Growth	0.0
	2007 - 2008 AADA Plus Growth	12,500.0

Assessment	\$5,352,876,876	Levied Equivalent Rate	59.7
Per Pupil Assessment	\$428,230	Maximum Tier I Rate	46.6
91-92 State Per Pupil Funding	\$2,566.86		

**SEEK CALCULATION:**

	<u>Per Pupil</u>	<u>Total</u>
Guaranteed Base *	3,866.00	48,325,000
At Risk	235.53	2,944,152
Home & Hospital	21.75	271,905
Exceptional Child	808.05	10,100,582
Transportation	467.36	5,842,049
LEP	5.94	74,227
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Calculated Base Funding	5,404.63	67,557,915
Less 30 Cent Local Effort	1,285	16,058,631
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Calculated STATE Portion	4,119.94	51,499,284
State Tier I	329.77	4,122,154
Hold Harmless	0.00	0
Adjustment to Appropriation	0.00	0
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Total State SEEK *	4,449.71	55,621,438
Prior Year Adjustment	0.00	0
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Total State Funds	4,449.71	55,621,438
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Less Capital Outlay		1,250,000
Net General Fund SEEK		54,371,438
 FSPK		
Local		2,676,438
State		1,779,813
Original Growth Nickel		
Local		2,676,438
State		0
Equalized Growth Nickel		
Local		0
Recallable Nickel		
Local		0
State		0
Equalized Facility Funding Nickel		
Local		0
State		0

**\* CAPITAL OUTLAY in the amount of \$ 1,250,000 is included in the total guaranteed base.**

Support Education Excellence in Kentucky  
2008-2009 Revised Forecast LRC 3866 Calculations

2008 - 2009 School Year

4/17/2008 3:41:35PM

District: 231 Hardin County
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Base Year Levied Equivalent Rate :	59.70
Current Year Levied Equivalent Rate :	59.70
Assessment :	\$5,352,876,876
Prior Year End of Year Adjusted ADA :	12,500.0
Prior Year 8 Month Average Free Lunch :	5,077.0
Prior Year December 1 Child Count :	
Low Incidence (Severe : Weight 2.35)	336.00
Moderate Incidence (Moderate : Weight 1.17)	1,479.00
High Incidence (Speech : Weight 0.24)	386.00
Prior Year Home & Hospital :	72.2
Base Year Debt Service :	\$3,787,806
Current Year Second Month Growth Factor Percentage :	0.0
LEP :	200
Transportation (Unprorated) :	\$7,090,473