

THIS IS A DECISION PAPER:

DATE: September 18, 2008

TO: Members of the Hardin County Board Of Education

FROM: Nannette Johnston

SUBJECT: Approval of Working Budget

ISSUE: The Board needs to approve the 2008-09 Working Budget.

FACTS:

Revenue

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.

Local property assessments have increased and the revenue generated will help to pay for the mandated one percent state salary increase. Currently, the SEEK calculations are based on a projected end of year Average Daily Attendance (ADA) of 12,500. SEEK allocations are adjusted throughout the year with the final adjustment made in April. The Average Daily Attendance (ADA) figure may be higher or lower for the current school year. We should never budget expenditures from inflated revenue numbers. This type of budgeting procedure would result in a lower ending balance with greater expenditures than revenues received.

Key Budget Points Expenses

- On the expenditure side, the per pupil amount has increased by state requirement from \$134.00 per pupil prior year to \$135.31 per pupil current year.
- The Transportation Budget has been increased to cover the rising cost of fuel and insurance.
- There is \$65,343 in the 2008-09 roof budget for next year. We have had to cut back for the last two years. Hopefully we can catch-up in the near future.
- No money has been budgeted for the paving budget
- The maintenance budget was reduced by approximately \$50,000.
- Most department and program budgets have been reduced this year in areas outside of salaries by as much as 10%. This amounts to approximately 20% reduction over the past 3 years.
- Utilities are expected to rise by approximately 12% 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 salaries and classified salaries; in addition, our schedule also adds 2% to employees under 21 years experience. The total increase in payroll is approximately \$2.1 million dollars from the previous year.
- Fund 2 Grants were supplemented for FY09 by \$150,000.

Fund 2, Grants and Entitlements, the budget is as close as the information allows at this time. We have received letters on most of the grant allocations from KDE at this time. Final numbers should be available before October 1.

Funds 310 and 320, Capital Projects funds, some Capital Outlay and FSPK, will be directed to debt service. With North Hardin Renovation, Ring Road Elementary and North Middle School bond sales, most of the funds will be for all our bond principal and interest payments. You will have approximately \$1,200,000 that will be available for roofing projects or other maintenance costs in Capital Outlay.

Fund 360, the Construction Fund, will have a zero balance this year. The budget for the Rineyville, Ring Road Elementary and Middle Schools, and North Hardin projects were noted in prior year budgets. The receipts from these sales will be expended over the next two or three years.

Fund 51, Food Service, operational expenses will increase. The most significant cost expense will be from salary increases and the cost of food products.

Fund 52, 55, and 7000, Day Care, TVP, and Scholarship Fund, are continuing the same as the 2007-08 year with no significant changes.

Contingency is currently at 2.9%. If there is a negative adjustment made in SEEK funds after March, 2009 due to a shortfall in state revenue and/or ADA changes, the Board may have to utilize some contingency money to balance the budget.

These are cautionary financial times. The Board has adjusted approximately \$5,000,000 in prior year expenses in order to balance the budget this year due to a lack of sufficient funding by the state. There is strong possibility that there may be an increase in fuel costs and utility cost throughout the year. Additional staffing costs may also occur as a result of increased enrollment due to BRAC.

RECOMMENDATION: I recommend that the Board approve the 2008-09 Working Budget.

RECOMMENDED MOTION: I move that the Hardin County Board of Education approve the 2008-09 Working 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
Calculated Base Funding	5,404.63	67,557,915
Less 30 Cent Local Effort	1,285	16,058,631
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
Total State SEEK *	4,449.71	55,621,438
Prior Year Adjustment	0.00	0
Total State Funds	4,449.71	55,621,438
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
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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.**

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2008 - 2009 School Year

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District: 231 Hardin County

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