

Board of Education Budget Hearing
Monday, September 19, 2016 4:45 PM
Shelby-Rising City School Band Room
650 N. Walnut
Shelby, NE 68662-0218

1. Call to Order
2. Announce Open Meeting Act Posting and Location
3. Discussion Items
 - 3.1. 2016-2017 Budget
4. Adjournment

Shelby-Rising City Schools
2016-2017 Budget Hearing



September 19, 2016
Board and Public Information

Prepared by Chip Kay, Supt.

Executive Summary

This document is to assist the School Board and Stakeholders in assessing the financial condition and needs to the Shelby-Rising City School District.



The District utilizes the following funds and an explanation of each is included:

GENERAL FUND – Is the account used for the annual operations of the school district. This fund receives revenue from property tax (levy), various county taxes, state reimbursements, net-option funding, and federal program support. The expenditure limit for this account is called budget authority and set through the TEEOSA formula established by the Nebraska Legislature and managed by the Nebraska Department of Education. The General Fund has a levy limit of \$1.05.

SPECIAL BUILDING FUND – is the account used for new construction or building improvements. This account generates revenue from property tax (separate levy) and/or bond funds. Expenditures should not include unplanned repairs; it is designed for specific improvement projects. The Building Fund has a levy limit of \$0.14.

DEPRECIATION FUND – is the account established in order to facilitate the eventual purchase of costly capital outlay by reserving such monies by transferring unused funds from the General Fund. The purpose of this fund is to spread replacement costs (by accumulation of funds over time) in order to avoid a disproportionate tax effort in a single year to meet such an expense. Typical expenditures include buses, vans, technology, track/field surfacing, HVAC equipment, and IT equipment.

BOND FUND – is the account that is used to accumulate property tax funds that are levied in order to pay back general obligations bonds that are taken out by the school district to make improvements to a building(s) or certain infrastructure needs. There is no limit on the amount that can be levied, as long as it does not substantially exceed the annual bond obligation payments.

SCHOOL NUTRITION FUND – This was formerly called the Lunch Fund. The fund is designed to take receipts and make payments for the operation of the school nutrition program. Any deficit that would occur becomes the responsibility of the General Fund.

ACTIVITIES FUND – is required to account for the fiscal operations of student organizations, inter-school athletics, and other self-supporting or partially self-supporting school activities. This account does not count toward the annual expenditure limits established in the Budget Authority.

EMPLOYEE BENEFIT FUND – An employee benefit fund may be established in order to specifically reserve General Fund money for the benefit of school district employees. This is typically used to manage a 125 plan, unemployment compensation, early retirement, or HSA contributions.

CONTINGENCY FUND – A contingency fund is authorized by statute and may be used to fund uninsured losses and legal fees incurred by the district for the defense against public losses. This fund may not exceed 5% of the total budgeted general fund expenditures.

QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND (QCPUF) – This fund may be established for the removal of environmental hazards and the reduction or elimination of accessibility barriers to schools. The tax levy for and duration of this fund is restricted to \$0.03 over five years.

COOPERATIVE FUND – The Cooperative Fund may be used by the school district acting as the fiscal agent for any cooperative activity between two or more political subdivisions. All school districts, including the school district acting as fiscal agent, shall show the payment for services to the cooperative in their General Fund.

STUDENT FEES FUND – as authorized by statute, is a separate fund not supported by tax revenue. Includes all moneys collected from students pursuant to the Public Elementary and Secondary Student Fee Authorization Act. Included are the fees for Extracurricular Activities, Postsecondary Education, and Summer/Night School.

When taxing, the District uses the certified valuations of all property established by the Assessors Office(s) in both Polk County and Butler County. Shelby-Rising City Schools does not have influence or input on the decisions regarding property valuation. The tax asking for each fund is determined by the valuation multiplied by the levy, with \$0.01 of levy accounting for \$10 per \$100,000 of property valuation.

Consolidated District Valuation History

Year	Butler County	Change	Polk County	Change	Total Valuation	Change
11-12	\$173,143,924		\$236,543,539		\$409,687,463.00	
12-13	\$190,671,982	10.12%	\$263,580,881	11.43%	\$454,252,863.00	10.88%
13-14	\$227,587,958	19.36%	\$316,255,272	19.98%	\$543,843,230.00	19.72%
14-15	\$255,188,613	12.13%	\$375,838,839	18.84%	\$631,027,452.00	16.03%
15-16	\$279,799,429	9.64%	\$446,078,466	18.69%	\$725,877,895.00	15.03%
16-17	\$316,414,611	13.09%	\$467,830,337	4.88%	\$784,244,948.00	8.04%

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District Revenue

Shelby-Rising City Schools has not received state equalization aid from the State of Nebraska since the merger. For the first two years, incentive aid is given to assist districts in managing the reduction of staff after the merger. State Aid for the purposes of this chart includes revenue received for teacher allocation aid, state income tax, and net-option funding.



A historical chart for State Aid Revenue

Year	State Aid	% Change
11-12	\$376,580.50	
12-13	\$241,903.85	(35.76%)
13-14	\$328,699.94	35.88%
14-15	\$113,624.81	(65.43%)
15-16	\$275,653.52	142.60%
16-17	\$396,850.00	43.97%

Additional revenue for the General Fund comes in the form of State or Federal Program Grants (qualifications and limitations apply), county taxes, and local property Tax. All other funds receive their revenue from direct property tax or general fund transfers. The exception is our building fund, which received revenue from the Bond Issue passed in 2015.

A historical chart for Property Tax Asking to support the General Fund

Year	GF Levy	GF Tax Asking	% Change
11-12	\$1.00	\$4,196,130.14	
12-13	\$1.00	\$4,542,528.63	8.26%
13-14	\$0.894	\$4,861,958.48	7.03%
14-15	\$0.605	\$3,822,341.52	(21.38%)
15-16	\$0.600	\$4,355,267.37	13.94%
16-17	\$0.600	\$4,705,469.69	8.04%

Factors that impact Tax Asking include State Aid, State/Federal Program Grants, and SPED Reimbursements. The tax asking is the difference between that total and the total anticipated expenditures from the General Fund. In 2013-2014 the district had Cash Reserve that was calculated into the formula for necessary revenue. The District carries enough Cash Reserve to operate for three months to offset the delayed timeline for receipts from Property Tax and the State of Nebraska.

General Fund

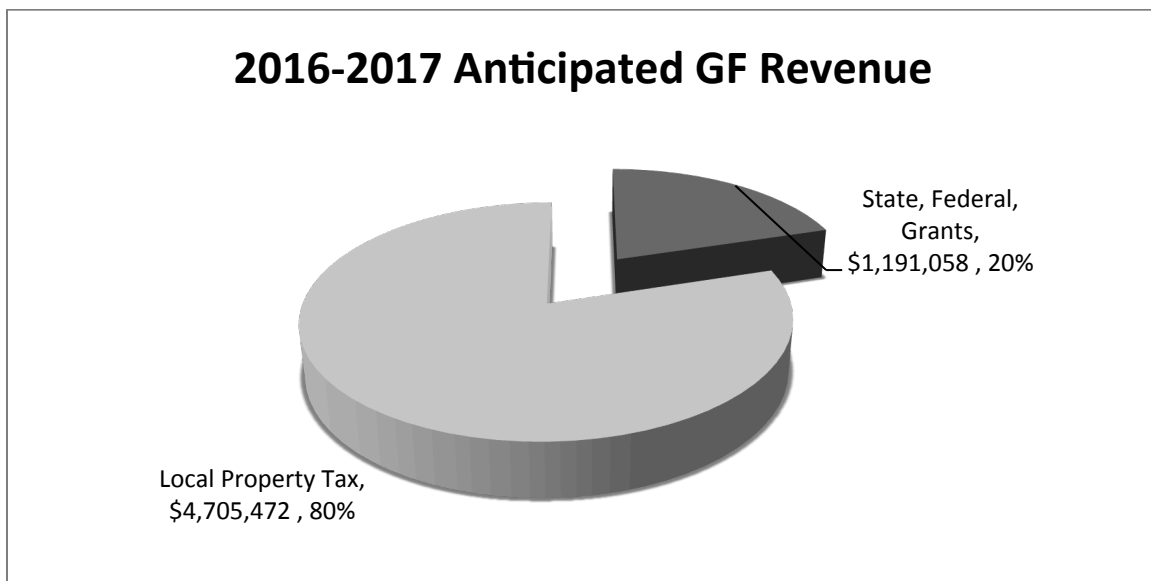
The General Fund cash balance on August 31, 2016 was \$1,080,143.12 compared to \$1,034,182.48 at the end of the 2014-2015 fiscal period. This is considered required cash reserve and is not factored into the revenue for the 2016-2017 fiscal period.

Below is a comparison of annual budgeted expenditures by year and actual expenditures by year. The percentage change will show the budget expenditure (planned and actual) increase or decrease by year.

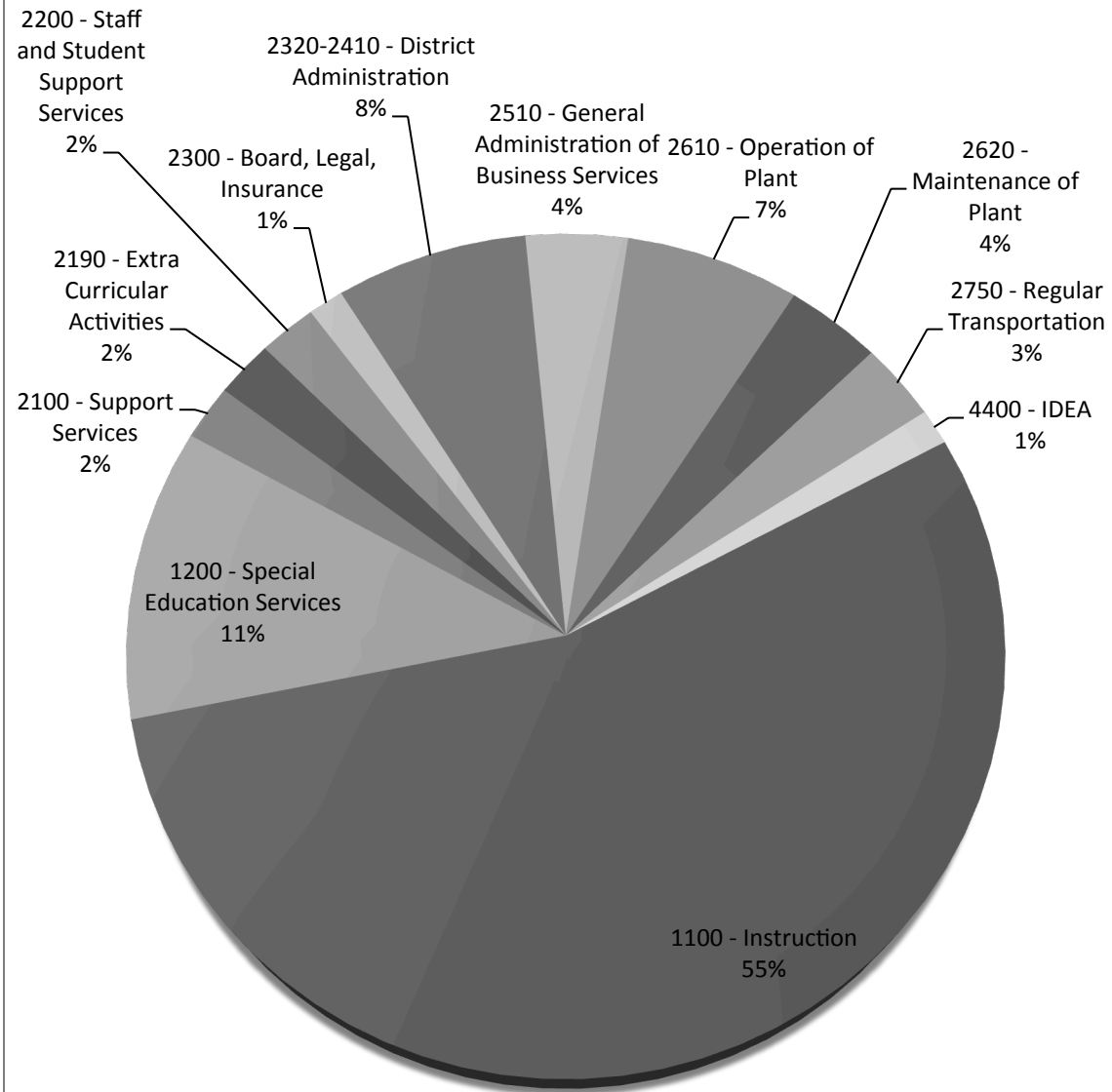
Year	GF Planned Budget	% Change	GF Actual Expenditures	% Change
11-12	\$6,426,863.00		\$5,258,235.16	
12-13	\$5,863,612.00	-8.76%	\$5,715,864.43	+8.70%
13-14	\$5,706,379.88	-2.68%	\$5,524,244.39	-3.35%
14-15	\$5,797,247.90	+1.59%	\$5,509,323.39	-0.27%
15-16	\$5,729,655.00	-1.17%	\$5,690,555.06*	+3.29%
16-17	\$5,860,343.32	+2.28%		

* - Includes \$182,000 of building expenditures from asbestos abatement and renovation expenses not covered in the scope of the 2015 bond issue.

This chart shows the percentage of revenue split and categorical expenditures for the 2016-2017 Planned General Fund Budget. The 2016-2017 planned budget is an increase of 2.28% over last year.



2016-2017 Planned Expenditure by Category



The District employs 67 full-time and 8 part-time personnel. That total includes 42 certified teachers and three administrators.

Special Building Fund

The District will not levy for the Special Building Fund for the 2016-2017 fiscal period. The current balance of the building fund is \$5,366,285.89 as of August 31, 2016. It is anticipated that the remaining balance of the account will be used to complete the renovation and expansion project.

In prior years, tax asking for the Special Building Fund was used for land acquisition, land development, excavation/demolition, and large construction/repair projects. Below is a historical chart of tax asking by year for the Special Building Fund.

Special Building Fund

Year	Tax Asking	Levy
11-12	\$122,906.24	\$0.030
12-13	\$136,275.86	\$0.030
13-14	\$250,167.89	\$0.046
14-15	\$599,476.08	\$0.095
15-16	\$290,351.16	\$0.040
16-17	\$0	\$0.00

In 2014-2015 the District had anticipated the need to address building issues and the anticipation of land acquisition if the spring of 2015 Bond Issue passed. That led to a higher than average tax asking in the Special Building Fund. At the end of the 2013-2014 fiscal year the balance of the Special Building Fund was \$333,162.

Depreciation Fund

The balance at the end of the 2015-2016 fiscal year is \$521,415.36, which includes a cash balance of \$349,415.36 and a certificate of deposit with Pinnacle Bank of \$172,000. Annually the increase in the account comes from the sale of surplus equipment that is depreciated out, interest, and General Fund transfers.

No transfer from the General Fund was made for the 2016-2017 fiscal year. No expenditures are anticipated for the 2016-2017 fiscal period. The goal of the account balance is to address any two items (if needed) from the anticipated expenditure item list below.

 <p>Technology</p> <ul style="list-style-type: none"> • Laptops \$150,000 • Infrastructure \$25,000 • Printer/Copier \$25,000 	 <p>Resurfacing</p> <ul style="list-style-type: none"> • Track \$35,000 • Football \$250,000 • Parking Lot \$80,000 	 <p>Transportation</p> <ul style="list-style-type: none"> • Bus \$85,000 • Van \$30,000 	 <p>Equipment</p> <ul style="list-style-type: none"> • Maintenance \$25,000 • Industrial Tech \$50,000 • Scoreboards \$30,000 • Field Lights \$125,000
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Bond Fund

The District passed a \$14.9 million bond issue in March of 2015. The first payment occurred in December of 2015 and will occur annually at the full amount starting with this fiscal period (2016-2017). The annual bond coupon equals \$1,275,000.00.

The current balance of the Bond Fund (August 30, 2016) is \$373,258.66

Bond Taxation by Year

2015-2016	\$0.109895	\$797,703.51
2016-2017	\$0.162583	\$1,275,052.04

School Nutrition Fund

The District's Food Program received approximately \$80,000 in federal funds to reimburse free and reduced lunch qualified students. The program is self-sufficient with all expenditures including staffing, benefits, supplies, and equipment being paid from program receipts. Meal prices are set by formula from the Federal Program based on student meal participation.

Activities Fund

Annually the District transfers funds from the General Fund to balance out expenses from school activities that do not generate revenue. For the 2016-2017 school year the General Fund transferred \$20,884 to balance out expenses from the prior fiscal period. The end of fiscal period balance (August 30, 2016) for the Activity Fund was as follows:

Cash Balance	\$ 39,157.03
Pinnacle Bank CD	\$ 38,000.00
Cornerstone CD	\$100,000.00
Total	\$177,157.03

The CD's are in place to assist the district in maintaining current activity offerings and offset years when the general fund is unable to supplement the non-revenue activities.

Employee Benefit Fund

The District uses this fund to manage the 125-plan for certificated employees. Funds are withheld from monthly paychecks and deposited here. The expenditures equal claims made by participating employees. The fund should not have a carry over balance. Currently the balance is \$11,273.54.

Contingency Fund

Is not used by the District.

Qualified Capital Purpose Undertaking Fund (QCPUF)

Is not used by the District.

Cooperative Fund

Is not used by the District. It does have a balance of \$0.10.

Student Fee Fund

Has a balance of \$5,000 that is annually collected and distributed back into the Activities Fund if no expenditures are required.

Total Levy of District Historical

The total levy is the combined tax asking for all above funds. For the 2016-2017 school year the total tax levy will be approximately \$0.762583.

Year	Valuation	Total Levy	Total Tax Asking	% Change
11-12	\$409,687,463	\$1.03	\$4,219,780.87	
12-13	\$454,252,863	\$1.03	\$4,678,804.49	+ 10.88%
13-14	\$543,843,230	\$0.95	\$5,166,510.69	+ 10.42%
14-15	\$631,027,452	\$0.700451	\$4,420,038.10	- 14.45%
15-16	\$725,877,895	\$0.749895	\$5,443,322.04	+ 23.15%
16-17	\$784,244,948	\$0.762583	\$5,980,518.65	+ 9.87%

You will notice that the large increase in 2015-2016 was a result of a lower than average tax asking in 2014-2015. The low tax asking was a result of using cash reserve. The District has been able to maintain a consistent General Fund tax asking with the addition of Golf (B & G), Softball, Wrestling, Agriculture, Dual Credit Math, additional transportation miles/services, increased SPED & ELL services, and 1:1 Laptop Technology compared to 2011-2012. The large increase over the last two fiscal years has been a direct result of the tax asking for the Bond Issue.

Inter-Fund Loans

The District has utilized this option twice, both during the 2015-2016 school year. The following is a summary of accounts that require being paid back. A budget authority exemption has been granted for the General Fund to pay \$200,000 back to the Special Building Fund in 16-17.

Bond Fund borrowed \$125,000 from Special Building Fund in December of 2015. \$125,000 due.

General Fund borrowed \$400,000 from Special Building Fund in January of 2016. \$400,000 due.

NOTICE OF BUDGET HEARING AND BUDGET SUMMARY

State of Nebraska
Budget Form - NBH-School District
 Statement of Publication

Shelby-Rising City Public Schools (72-0032-000) in Polk County, Nebraska

PUBLIC NOTICE is hereby given, in compliance with the provisions of State Statute Sections 13-501 to 13-513, that the governing body will meet on the 19 day of September, 2016 at 4:45 o'clock, PM, at High School Band Room for the purpose of hearing support, opposition, criticism, suggestions or observations of taxpayers relating to the following proposed budget and to consider amendments relative thereto. The budget detail is available at the office of the Clerk/Secretary during regular business hours.

 Geoff Ruth

Clerk/Secretary

FUNDS	Actual Disbursements & Transfers	Actual/Estimated Disbursements & Transfers	Budgeted Disbursements & Transfers	Necessary Cash Reserve	Total Available Resources Before Property Taxes	Fee and Delinquent Tax Allowance	Total Personal and Real Property Tax Requirement
	2014-2015	2015-2016	2016-2017				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
General	\$ 5,597,382.16	\$ 5,537,625.08	\$ 6,964,464.00	\$ 399,440.11	\$ 2,795,935.14	\$ 137,500.43	\$ 4,705,469.40
Depreciation	\$ 240,451.79	\$ 93,860.00	\$ 521,415.36	-	\$ 521,415.36	-	-
Employee Benefit	\$ 51,555.06	\$ 49,937.47	\$ 75,000.00	-	\$ 75,000.00	-	-
Contingency	-	-	-	-	-	-	-
Activities	\$ 130,997.99	\$ 168,119.54	\$ 320,000.00	-	\$ 320,000.00	-	-
School Lunch	\$ 176,969.49	\$ 178,457.67	\$ 225,000.00	-	\$ 225,000.00	-	-
Bond	-	\$ 192,001.85	\$ 1,835,908.10	-	\$ 598,114.87	\$ 37,258.81	\$ 1,275,052.04
Special Building	\$ 1,223,416.69	\$ 9,294,058.24	\$ 5,373,343.47	-	\$ 5,373,343.47	-	-
Qualified Capital Purpose Undertaking	-	-	-	-	-	-	-
Cooperative	-	-	\$ 0.10	-	\$ 0.10	-	-
Student Fee	-	-	\$ 5,000.00	-	\$ 5,000.00	-	-
	-	-	-	-	-	-	-
TOTALS	\$ 7,420,773.18	\$ 15,514,059.85	\$ 15,320,131.03	\$ 399,440.11	\$ 9,913,808.94	\$ 174,759.24	\$ 5,980,521.44

Total Personal and Real Property Tax Requirement For Bonds

\$ 1,275,052.04

Total Personal and Real Property Tax Requirement for ALL Other

\$ 4,705,469.40

FOR DISCUSSION PURPOSES ONLY