

Budget Hearing
Wednesday, September 13, 2023 6:15 PM
East Butler School
212 South Madison Street
Brainard, NE 68626-0036

1. Call Meeting to Order
2. Roll Call
3. Flag Salute
4. Approve Agenda
5. Informational Items
 - 5.1. 2023-2024 Proposed Budget
6. Adjournment

East Butler Public Schools 2023-2024 Budget Hearing



September 13, 2023
Board and Public Information

Prepared by Michael Eldridge, Supt.

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Executive Summary

The purpose of this document is to assist the school board and the patrons of the East Butler school district in assessing the financial condition of the district. The district utilizes the following funds and an explanation of each is included.

GENERAL FUND - Is the account that is used for the regular operations of the school district. This fund receives revenue from property tax (levy), various county taxes, state reimbursements, net-option, 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 disproportionate tax effort in a single year to meet such an expense. Typical expenditures include buses, vans, technology, HVAC equipment, and IT equipment.

BOND FUND - Is the fund that is used to accumulate property tax funds that are levied in order to pay back general obligation 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 designated 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 activities. The fund 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.

Tax Valuation of District

When taxing, the District uses the certified valuations of all property established by the Assessors Office(s) in Butler County, Saunders County, and Seward County. East Butler Public 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.

District Valuation History

Year	Butler	Saunders	Seward	Total	% Change
11-12	\$281,689,813	\$159,978,419	\$36,233,045	\$477,901,277	13%
12-13	\$329,651,994	\$182,784,045	\$46,571,319	\$559,007,358	17%
13-14	\$399,816,601	\$244,248,865	\$55,536,649	\$699,602,115	25%
14-15	\$433,661,066	\$257,996,658	\$76,993,604	\$768,651,328	10%
15-16	\$484,915,362	\$286,902,585	\$80,684,984	\$852,502,931	11%

16-17	\$521,927,859	\$311,210,230	\$82,122,091	\$915,260,180	7.36%
17-18	\$522,290,268	\$314,981,408	\$82,935,418	\$920,207,094	0.54%
18-19	\$524,110,623	\$311,404,444	\$83,267,023	\$918,782,090	-0.15%
19-20	\$500,594,248	\$315,779,996	\$80,518,784	\$896,893,028	-2.4%
20-21	\$496,797,085	\$314,779,754	\$77,639,718	\$889,216,557	-1%
21-22	\$499,279,948	\$313,071,389	\$79,039,715	\$891,391,052	+1%
22-23	\$512,087,243	\$331,103,279	\$82,786,931	\$925,977,453	+3.88%
23-24	\$584,757,504	\$353,294,460	\$89,344,744	\$1,027,969,774	+10.95%

District Revenue

East Butler receives minimal state aid. 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
09-10	\$18,507.36	
10-11	\$49,524.11	167.59%
11-12	\$35,219.04	-28.8%
12-13	\$46,747	32.73%
13-14	\$112,169.17	139.95%
14-15	\$73,422	-34.54%
15-16	\$19,379	-73.60%
16-17	\$0.00	-100%
17-18	\$43,057	10,000%
18-19	\$42,012	2.43%
19-20	\$46,091	9.71%
20-21	\$50,068	8.63%

21-22	\$49,965	- 0.99%
22-23	\$53,932	7.93%
23-24	\$486,010	801%

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.

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

Year	GF Levy	GF Tax Asking	% Change
11-12	\$0.9649	\$4,611,576	
12-13	\$0.9500	\$5,310,568	15%
13-14	\$0.6274	\$4,389,589	-17%
14-15	\$0.5703	\$4,383,838	-.13%
15-16	\$0.5906	\$5,035,056	15%
16-17	\$0.5373	\$4,917,375	-2.33%
17-18	\$0.5604	\$5,157,129	4.87%
18-19	\$0.5684	\$5,222,459	1.26%
19-20	\$0.54052	\$4,847,906	-7%
20-21	\$0.615326	\$5,471,581	13%
21-22	\$0.649895	\$5,793,105	6%
22-23	\$0.670867	\$6,212,080	3%
23-24	\$0.623942	\$6,413,936	-7%

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 a Cash Reserve that was calculated into the formula for necessary revenue. The District

attempts to carry enough Cash Reserve to operate for three-four 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, 2023 was \$1,215,951 compared to \$1,446,525.17 at the end of the 2019 fiscal period. This is considered a required cash reserve and is not factored into the revenue for the 2023-2024 fiscal period.

Below is a comparison of annual budgeted expenditures by year and actual expenditures and transfers 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	\$5,107,668		\$4,833,645	
12-13	\$5,418,482	+6%	\$4,779,625	-1.11%
13-14	\$5,620,900	+3.73%	\$4,769,404	-0.21%
14-15	\$5,892,136	+5%	\$5,264,302	+10.38%
15-16	\$5,961,835	+1%	\$5,505,601	+4.58%
16-17	\$6,062,579	+1.68%	\$5,485,955	-0.36%
17-18	\$6,145,599	+1.36%	\$6,202,397	+13.05%
18-19	\$6,486,336	+5.54%	\$6,173,895	-0.46%
19-20	\$6,707,665	+3.41%	\$6,490,132	+8.41%
20-21	\$7,218,148	+7.61%	\$7,070,808	+6.41%
21-22	\$7,534,692	+4.38%	\$7,154,405	+1.18%
22-23	\$7,735,352	+2.66%	\$7,088,761 (estimate)	- 0.91%
23-24	\$7,988,118	+3.26%		

You will notice a larger than normal increase in the planned budget for the 2020-2021 School year. This larger increase is due to the \$595,909 hit that the general fund took in the 2019-2020 school year. To explain in greater detail, reference the information below:

2018-2019 School Year

Operating Budget \$6,486,335

Tax Asking \$5,222,495

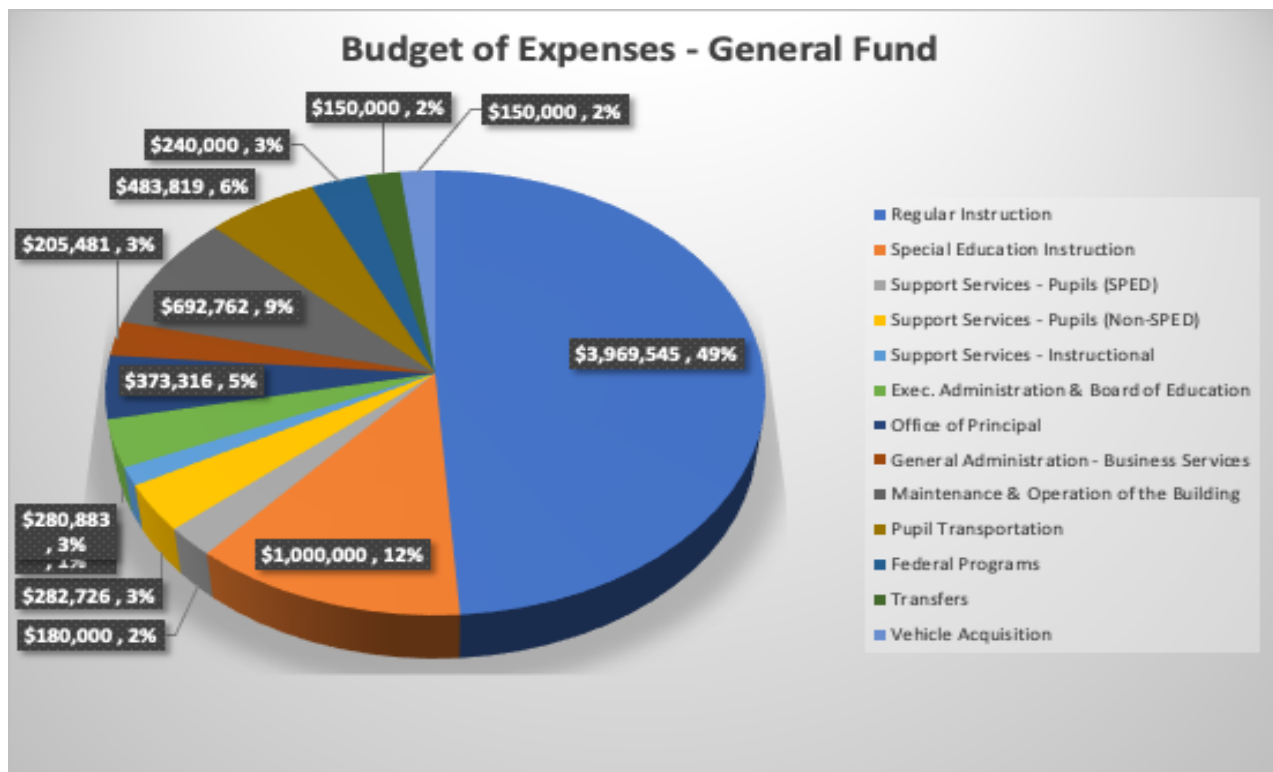
2019-2020 School Year

Operating Budget \$6,707,665

Tax Asking \$4,847,916

You will notice the increase in the operating budget from the 2018-2019 year to the 2019-2020 year (+\$221,330). Which is a fairly normal increase. Now reference the tax asking in 2018-2019, and then 2019-2020. The tax asking dropped \$374,579. So in essence the operating budget increased but the tax asking decreased by \$374,579. That is not normal. Those two amounts created a deficit of \$595,909 to our general fund, which in turn created a low cash balance to start that year. This drove the increase in our operating budget and tax asking for the general fund. In many ways, we are still in recovery mode from the loss during that year.

General Fund Expenses



The above chart shows you the breakdown of expenses in the East Butler Public Schools general fund on an annual basis. These are areas where the expenses from year to year continue to increase. You will notice that the expenses for regular and SPED instruction make

up 62% of the total general fund expenses. The remaining expenses consist of maintenance, transportation, support services, and administration.

Special Building Fund

The District will levy \$0.092419 for the Special Building Fund for the 2022-2023 fiscal period. The current balance of the building fund is \$391,386.51 as of August 16, 2022. The fund will be used to make the payments on the lease purchase of \$365,000 per year through 2026 (\$186,000 - December, and \$186,000 - June).

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	\$477,901.22	\$0.10
12-13	\$559,006.40	\$0.10
13-14	\$600,000	\$0.083692
14-15	\$303,030	\$0.038522
15-16	\$464,646.46	\$0.054504
16-17	\$129,494.95	\$0.014148
17-18	\$92,020	\$0.01
18-19	\$90,909	\$0.009895
19-20	\$454,545	\$0.050608
20-21	\$662,731	\$0.074353
21-22	\$824,488	\$0.092495
22-23	\$856,048	\$0.092419
23-24	\$875,240	\$0.085190

Depreciation Fund

The balance at the end of the 2022-2024 fiscal year was \$75,000. Annually the increase in the account comes from the sale of surplus equipment that is depreciated out, interest, and General Fund transfers.

Expenditures are anticipated for the 2023-2024 fiscal period. The goal of the account balance is to address any two items (if needed) from the anticipated expenditure item list below.

- Technology
 - Laptops \$150,000
 - Infrastructure \$25,000
- Transportation
 - Bus \$85,000
 - Van \$30,000
- Equipment
 - Maintenance \$25,000
 - Industrial Technology \$50,000
- Renovations
 - Restroom Renovations \$125,000

Bond Fund

The district currently does not have a bond fund.

School Nutrition Fund

The District's Food Program received approximately \$50,000 in federal funds to reimburse free and reduced lunch qualified students. In addition to this revenue, a transfer is made from the general fund to support the costs of the program. 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. At the end of the 2021-2022 school year the General Fund transferred \$20,000.00 to activities. The end of the fiscal period balance, (August 31, 2022) for the Activity Fund was as follows:

Cash Balance \$105,493.65

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.

Contingency Fund

Is not used by the District.

Cooperative Fund

Is not used by the District.

Qualified Capital Purpose Undertaking Fund (QCPUF)

Currently the district utilizes the QCPUF fund to pay the loan that was taken out for the HVAC, roof, and window renovations that took place in 2010. Currently, there is \$1,412,132 left on this debt. Annually the district pays Approximately \$188,000 towards principal and interest.

Student Fee Fund

Has a balance of \$20,000 that is collected and distributed back into the Activities Fund if no expenditures are required.

Inter-Fund Loans

Currently the District does not have any inter-fund loans outstanding.

Total Levy of District - Historical

The total levy is the combined tax asking for all the above funds. For the 2022-2023 school year the total tax levy will be approximately \$0.775417. This year's tax asking is due to a low cash balance in our general fund. The main reason for this is due to the substantial drop in the tax asking for the general fund in the 2019-2020 year. We are still recovering from that loss.

Year	Valuation	Total Levy	Total Tax Asking	% Change in Tax Rate
12-13	\$559,007,358	\$0.6861	\$5,498,388	-11%
13-14	\$699,602,115	\$0.6855	\$4,989,898	-9%
14-15	\$768,651,328	\$0.5739	\$5,699,290	+14%
15-16	\$852,502,931	\$0.5739	\$5,252,999	-7.83%
16-17	\$915,260,180	\$0.5912	\$5,441,068	+3.58%
17-18	\$920,207,094	\$0.599	\$5,503,756	+0.23%
18-19	\$918,782,090	\$0.612178	\$5,490,583	-0.24%
19-20	\$896,893,028	\$0.612178	\$5,490,583	-0.24%
20-21	\$889,216,557	\$0.701646	\$6,239,147	+15%
21-22	\$891,391,052	\$0.754151	\$6,722,428	+7.02%
22-23	\$925,971,453	\$0.775160	\$7,177,810	+3%
23-24	\$1,027,969,774	\$0.726913	\$7,472,439	+4%

The large increase in 2020-2021, and 2015-2016 was a result of a lower than average tax asking in the years preceding. Cash reserves were depleted over a period of several years 2012-2020. In order to build up the cash reserves, larger than normal tax request have had to be made. There is still much progress to be made in order for the district to be in a better financial position.