

Item 9-A: Business Services Report: Current Year Budget Updates (24/25)

AASD Board of Education

Mon, Feb 24, 2025 6:00PM

Kay Eggert (Board President) 29:26

Moving on to reports. First, business services report, Holly Burr with current year budget update.

Holly Burr (AASD Executive Director Of Finance) 29:40

There we go. Good evening, and, as I think you all got this PowerPoint before, but Kayla will pull it up for us.

Holly Burr (AASD Executive Director Of Finance) 29:55

So tonight, we want to just take a few minutes for a mid-year budget update for the '24 - '25 year. We will be looking at financials through the end of December.

Holly Burr (AASD Executive Director Of Finance) 30:18

I included in your packet—the next several slides that we're going to look at first are actually from the budget presentation in October. So, if they look familiar, you have a pretty good memory. These are—I included them just as a reminder of what we had discussed and what was approved in October. I'm going to touch on these first three or four just very briefly, but I included them for your reference in case you want to go back. Just thought this would be an easier way to do it.

Holly Burr (AASD Executive Director Of Finance) 30:53

This first one here is just a reminder that the total overall budget for all funds, including the capital construction, was projected at \$336 million this year. That included about \$65 million in our construction projects.

Holly Burr (AASD Executive Director Of Finance) 31:14

This next slide is just a summary of the aid—the projected aid, the revenue limit, tax levy. So, kind of on the revenue side, including the debt repayment, and a reminder that the mill rate of six—\$6.10 is the lowest we've seen in 40 years.

Approved 2024-2025 Budget

\$336 million



Federal



Non-Revenue Limit State Aid
Revenue Limit State Aid



Local Property Taxes

2024-2025 Aid & Tax Levy

- **Revenue Limit increases to \$11,729.33 per member**
 - \$325 from State budget and
 - additional from the Operational Referendum in 2022
- **State Equalization Aid increased**
 - by \$10,325,878 (9.9%) to \$114,883,926.
- **Private school vouchers increased**
 - by \$843,286 to a total of \$8,304,393
- **Tax Levy decrease by \$2,335,239 to \$75,849,170**
- **Levy for Debt repayment = \$14,848,891**
- **Mill rate of \$6.10 is the lowest tax rate in 40 years**

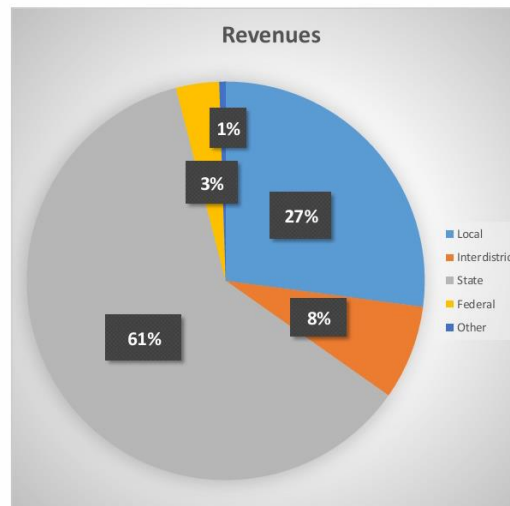
Holly Burr (AASD Executive Director Of Finance) 31:51

Thank you. So just following through, then again on the revenue side, our total budget that we approved for the '24-'25 year was \$214.3 million, and we included just a little bit in statistics there for state aids and federal grants.

2024-2025 Revenues

General Fund Revenues

- Total Increase of \$5,027,588 over 2023-24
- Total \$214,361,506
- State Aids and grants up \$10.5 million
- Local revenues down \$6.3 million
- Interdistrict (OE) is up \$1.6 million
- Federal grants down \$1.86 million

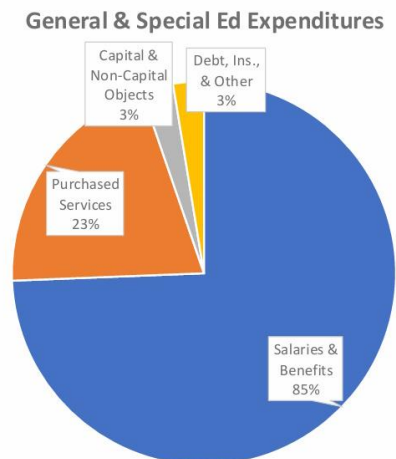


Holly Burr (AASD Executive Director Of Finance) 32:13

And then on the expense side of things, our total budget that was approved for the year \$225.3 million. And again, the largest increases of course were in staffing benefits and then in purchase services. Now some of those—the staffing increases were largely due to the referendum approved positions so STEM, administration for Sandy Slope, and maintenance at the middle schools that had just been completed, and then purchase services, increased cost, transportation, utilities, insurance, and some contracting that we're doing at special—for special education positions that we're not able to hire in house.

2024-2025 Expenses

- Staffing and Compensation increases \$5.4 million
- Benefit increases \$5.6 million
- Purchased Services increases \$2.2 million
- Total \$225,298,636



Holly Burr (AASD Executive Director Of Finance) 33:06

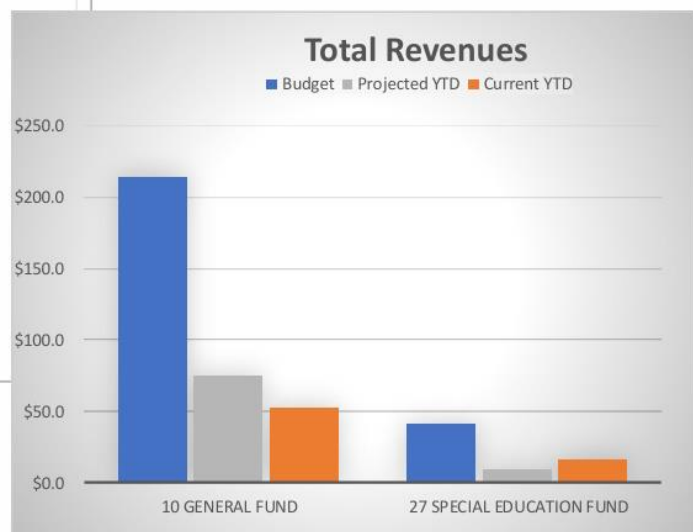
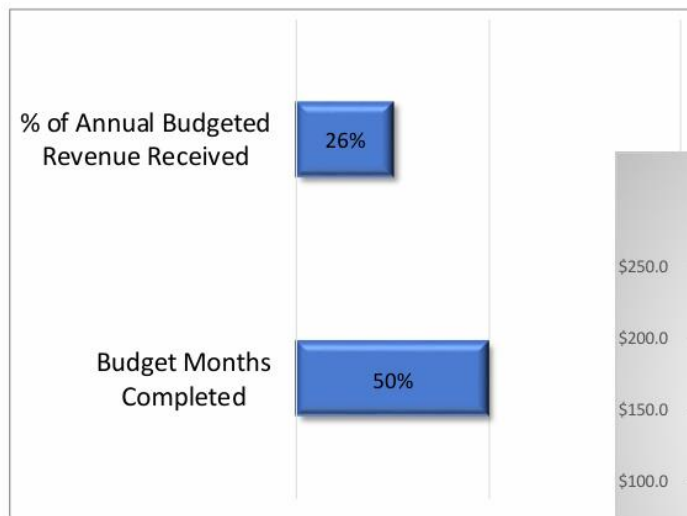
Moving on to the update then, kind of where are we at? So again, we are looking at totals through the end of December. So, we are technically halfway through, or 50%, the bottom number, up there of our fiscal year. We only—we have only received about 25-26% of our revenues, which is about \$55.6 million of our \$214 million. That is fairly normal. Um.

Holly Burr (AASD Executive Director Of Finance) 33:45

This next chart, then is basically just a snapshot of progress as we go. So, the blue line is the total for the year. So that should look, you know, a lot bigger than the rest for right now. The projected is based on a formula, and which is the gray line and then the orange is actual year to date.

Percentage of Annual Revenue Received

Revenue received through December totals \$55,596,500 of the annual budgeted total of \$214,361,500. The amount of budgeted revenue remaining is \$158,765,000.



Holly Burr (AASD Executive Director Of Finance) 34:16

I use a budgeting software to try and predict where we will end the year. It's based on historical trends as well as the current approved budget. Its name used to be Forecast Five, and it's a, basically a forecasting software. I like to chuckle a little bit, which I think that's fits, because it's about as accurate as a weather forecast. I jest a little bit. You know it's coming, but you don't know exactly if you're going to get five inches of snow or six inches of snow, but you know when the snow is coming, right? Um. So, with this software, I do use it, though, to just monitor if something looks really out of line, and then kind of do a little research as to why.

Holly Burr (AASD Executive Director Of Finance) 35:16

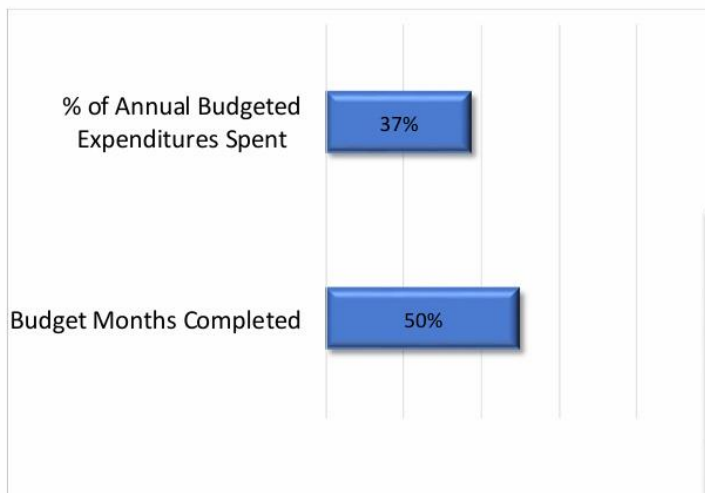
So, with that said, we'll move on to the expenses side. Again, we are halfway through the year, and we have about 37-38% of our expenses have been incurred to date. There is a lag in the expenses. Teachers and school year staff payrolls don't start until September. So as of December 31, we are actually only 1/3 through their payrolls. And then there's also a lag in billing. So, we don't get December billing until January. So that's where it's kind of accounting. The 12-month employees, of course, start in July. So that's where we're at, the 37 versus the 33, of a third of the way. Again, this is very normal. We are well within our normal range, the 38 to 39% is right on target.

Holly Burr (AASD Executive Director Of Finance) 36:23

This second chart I just pulled up, again, just for reference and to kind of show you what the software does that I that I utilize. This is a year over year comparison. So, comparing '23-'24 to now our year '25, and this is looking at the salaries expended July through December of each of those three years. So, it is acting exactly as how I would expect it. It increased as we had increased compensation each of those three years. So, this is one that I, you know, I'd look at it and go, "Yep, it's exactly where I expect it to be."

Percentage of Annual Budget Expended

Expenditures through December total \$82,299,744 of the annual budgeted total of \$225,298,636. The amount of budgeted expenditures remaining is \$142,998,892.



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Holly Burr (AASD Executive Director Of Finance) 37:11

Talking a little bit, we talk a lot about the fund balance and the fact that we like to keep that between 20 and 25% of our expenditures. So, for the end of '23-'24, so the end of June last year, we ended the year at 49.8 in our Fund 10. Our current year projected deficit, if you recall, is about \$10.9 million, and that will leave us at about

38.8. For reference then, that is about that would put us at about 17.2% of our fund balance, so a little lower than we like to be, and we will have to have some discussions in the near future about how to level that back out.

Holly Burr (AASD Executive Director Of Finance) 38:14

So, the expense projections then for the for the current year are currently running a little high. The current model is putting us at a higher deficit than what was budgeted. This is due mainly to the health plan for the last six months of 2024 calendar year, as we did not change the rates until January 1. So, we had anticipated that we might run a little hot for those first six months. I am hoping that it levels out in the in this year, in the next six months, but we will continue to monitor this.

Holly Burr (AASD Executive Director Of Finance) 38:55

We're also right now getting some final numbers on some grants and the end of the year health plan costs. So, for the '24 calendar year, we won't get the those end of year costs till March, April—right around March, April—then we'll know where we actually ended our '24 calendar health plan month—er year. Sorry. So, with that said, our current model is putting us a little higher than we had anticipated with revenues—our expenses coming in higher than revenues at about \$12.5 million. Again, I will keep an eye on that and let you know where that's coming at, you know, after the next quarter is finished, hoping that that comes back down to what we had anticipated.

2024-2025 Budget

Fund Balance (General Fund 10)

• Ending Balance for 2023-2024	\$49,805,516
• 2024-25 Revenues – Expenses	<u>- 10,937,130</u>
• Projected 2024-25 Ending Balance	= \$38,868,386

Current model projections:

2024-25 Revenues – Expenses - 12,504,255

Holly Burr (AASD Executive Director Of Finance) 39:48

And then kind of just, again, a reminder of all the other funds. This is again, just the summary of the approved budget. All of these funds except Fund 39 are balanced budgets, meaning revenues equal expenses. And right

now, they are all running very close to their projections at this time. So, all of those charts would be rather boring if I put them out there for you, so. Fund 39 revenues are \$14.8 million. So, we levied in our tax levy \$14.8. We have a payments this current year of \$12.8 and then a \$2 million for future debt payments. So, we are going to talk in the not-too-distant future about our final debt issue for the construction projects, and that \$2 million will likely factor into that. Questions.

2024-2025 Other Funds

Other Funds Expenditure Budgets:

- **Funds 21 & 29**
 Other Special Projects **\$ 3,337,850**
- **Fund 39 Referendum Debt** **\$12,848,891**
- **Fund 41 & 49 Capital Projects** **\$65,575,000**
- **Fund 50 Food Service** **\$9,015,160**
- **Fund 80 Community Services** **\$2,851,508**

Ed Ruffolo (Board Member) 41:07

So, if I'm recalling the tax base that we're currently have for taxing, our shortfall of \$12,504,000 represents about \$1 in the mill rate. We're at \$6.10 now. \$7.10 would balance the budget? Does that sound right?

Holly Burr (AASD Executive Director Of Finance) 41:28

Say that again.

Ed Ruffolo (Board Member) 41:30

So, the \$12 million that you're projecting over our \$12 million a tax base would be—we were—we'd have to raise the mill rate a dollar—\$1 per 1000 to cover that.

Holly Burr (AASD Executive Director Of Finance) 41:43

To balance it.

Ed Ruffolo (Board Member) 41:44

So, on a \$250,000 home, that would be \$250 a year.

Holly Burr (AASD Executive Director Of Finance) 41:48

Yes.

Ed Ruffolo (Board Member) 41:49

Okay, thank you.

Holly Burr (AASD Executive Director Of Finance) 41:50

If only we are allowed. We, of course, are not allowed.

Kris Sauter (Board Member) 41:54

[...] sorry, sorry. I've had more conversations with community members who are either more aware or have more of an interest in the voucher impact, and I'm wondering if you have any statistics with you now about the increase over the past few years? And if you don't, that's fine. And I'm assuming that the increase that you noted in this report was over—last year it was \$843,286?

Holly Burr (AASD Executive Director Of Finance) 42:40

Yes. I would have to go back, and I can pull that for you and get that for you, but that is just from the prior year. So, from '23-'24 to '24-'25.

Kris Sauter (Board Member) 42:54

And that's fine. I just think that there has been more interest in the community because of either publicity about it, but I guess it's just something that I've been thinking about a lot more, too, and it has been quite an increase. So, I appreciate that if you can do that anytime that works out for you. Thank you.

Ed Ruffolo (Board Member) 43:16

One follow up [...] What is our current projected shortfall in special education funding for this year? I think so. I'll repeat the question. What is our approximate projected shortfall in special education funding?

Holly Burr (AASD Executive Director Of Finance) 43:37

The budget is—we would need to transfer, I want to say \$23 million.

Ed Ruffolo (Board Member) 43:45

So that represents almost double our current deficit.

Ed Ruffolo (Board Member) 43:50

Yes.

Holly Burr (AASD Executive Director Of Finance) 43:51

Thank you.

Greg Hartjes (Superintendent - AASD) 43:56

So, we wanted to provide this mid-year update on our budget, and so as Holly said, for the most part, we're tracking where we had anticipated, but appreciate that you did mention the fact that this is a structural deficit budget. We know that we have to pull ourselves out of this deficit over the next two years, and so at our next meeting on the 10th of March, we'll start to talk about that. We'll share a document that we previously shared with you that showed this year, next year, and two years out, where we think we need to go. Now there's a lot of factors that play into that. Most importantly is the state budget. And so, the state budget, it'll go from July of 2025 through the end of June of '27. That will be very important to us, because we need to see revenue increases there, obviously, that outpace our increases in expenses, and then we'll have to make up the difference somewhere else. And so, we've talked about some of the big things that districts are doing. Really,

they're looking at closing schools, cutting staff, or going to operational referendum, and so we'll start to have those discussions, and we'll do that already on the 10th of March at our next meeting.

Kay Eggert (Board President) 45:14
Okay, thank you, Holly.