



# USD 497 Finance

**Futures Committee - Finance**

**September 21, 2022**

# Fund Accounting

Kansas municipalities use fund accounting. USD 497 currently has 26 funds that are used for different purposes.

- General fund and Local Option Budget for general operating costs
- 18 Special Purpose Funds include At-Risk K-12, Food Service, Capital Outlay and Special Education
- Bond and Interest fund to pay principal and interest
- Reserve funds for workers comp and health care premiums
- Capital projects paid from bond proceeds
- Donation fund

Fiscal year is July 1 - June 30.



# Funding Sources

**State Aid** is received in General Fund, Local Option Budget and select Special Purpose funds.

We no longer receive state aid in Capital Outlay and Bond & Interest.

## State Aid Amounts

The state followed the provisions of the Gannon court case for the last 5 years. 2022/23 is the last year under this formula. Beginning in 2023/24 the funding formula is suppose to starting using an average of the Consumer Price Index for the Midwest Region. This will be determined by legislature in the spring.



# Other Funding Sources

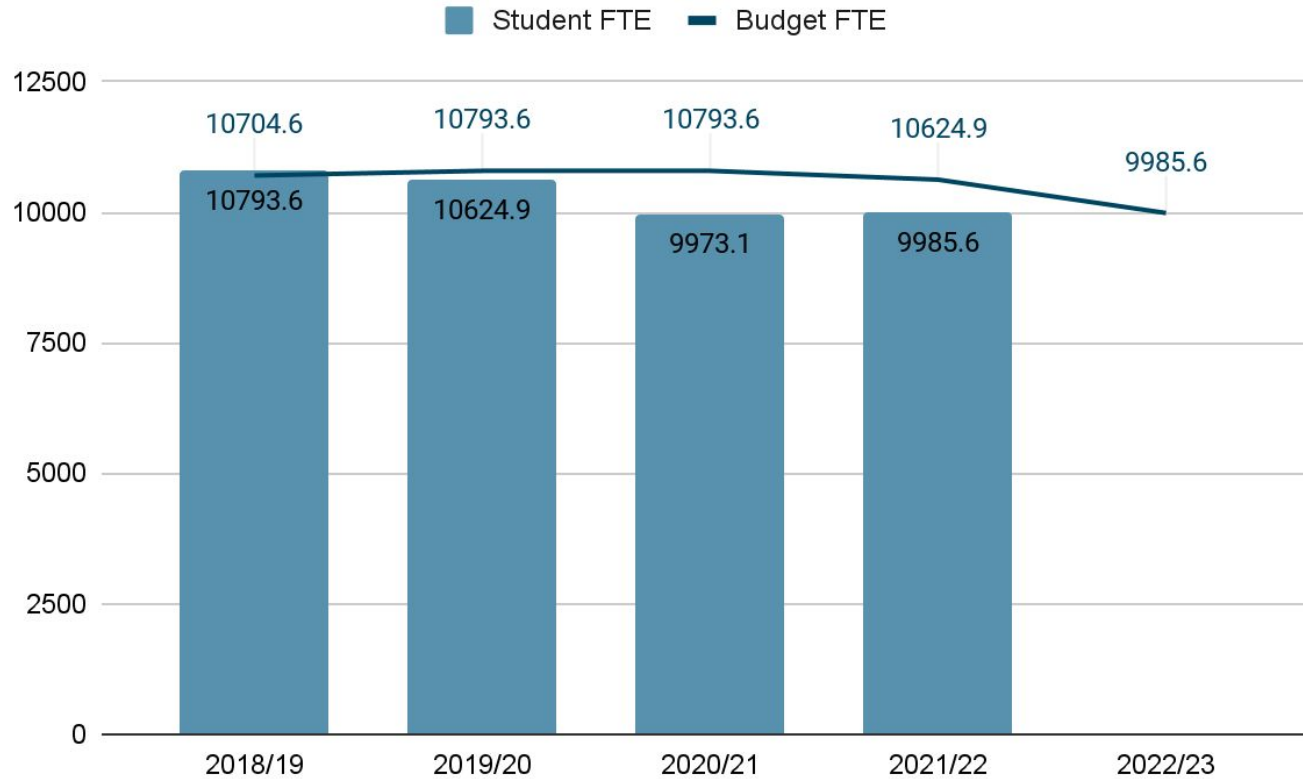
**Federal Aid** is received in Food Service, Title funds, ESSER. ESSER funds are to be used for COVID related expenses such as learning loss and social emotional concerns.

**Taxes** are levied in General fund, Local Option Budget, Adult Ed, Capital Outlay, Cost of Living and Bond & Interest.

**Fees** are assessed to students that do not qualify for free or reduced meals. Fees range from Instructional Resource fees that pay for curriculum to activity fees for sports that help offset coaching salaries.



# Student Count FTE



# General Fund Budget Formula

Larger of past two years September 20th K-12 enrollment FTE

- + Current year Preschool Aged At-Risk (3 & 4 year olds) x .5 FTE
- + Current year Weightings on September 20th (finalized via KSDE audit)
- + Current year Special Education (finalized in June)
- X Base Aid for Student Excellence (BASE) of \$4,846 for 2022/23
- + Virtual state aid uses different funding formula
- = General Fund Budget



# Weightings

**Low & high enrollment weighting** based on the size of the district - large district receive least amount of weighting

**Bilingual weighting** based on students attend bilingual education - higher of hours or headcount

**Career Tech Ed weighting** based on contact hours of students attend approved career tech courses

**At-Risk weighting** determined by number of students qualifying for free meals

**High density At-Risk** based on individual school At-Risk percentages

**Transportation weighting** for students residing 2.5 miles or more from attendance center

**Cost of living weighting** can be utilized for districts using 31% LOB or more

**Fort Hays State Math & Science Academy** if we have student(s) attending



# Virtual enrollment

Virtual enrollment is funded at a different rate than on-site student enrollment.

Virtual enrollment is paid as follows:

Full time Virtual enrollment = \$5,600 per FTE

Part time Virtual enrollment = \$2,800 per FTE

Virtual credits for students age 19 or under that dropped out, and students 20 or older, are funded at \$709 per credit hour.





# Local Option Budget (LOB)

The Local Option Budget is based on a percentage of the General fund.

Maximum authorized is 33% originally passed in 2015 election

LOB budget calculation:

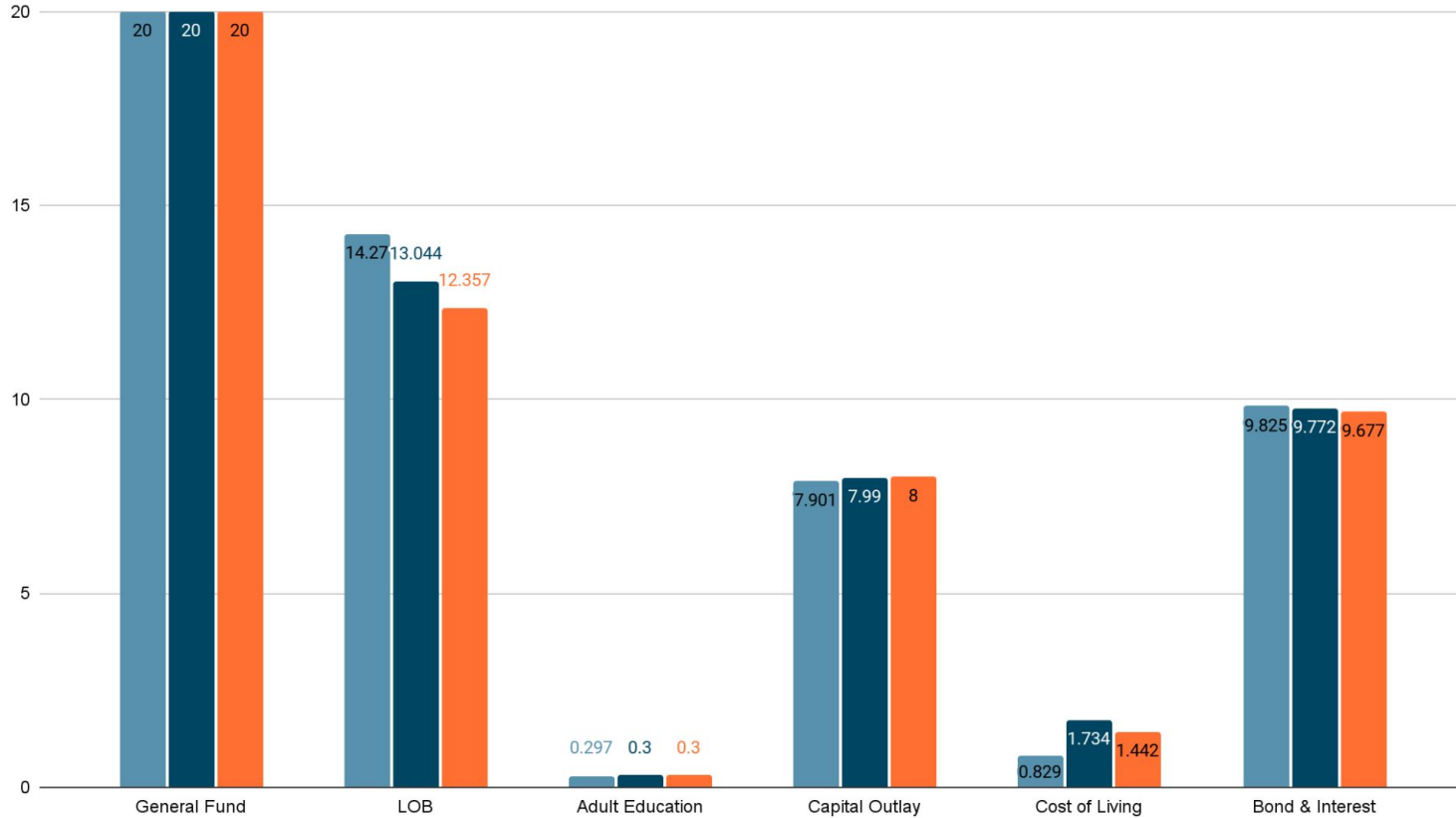
Excludes Virtual enrollment & Fort Hays State Math & Science Academy weighting

Includes Special Education weighting, the higher of 2008/09 or current year.

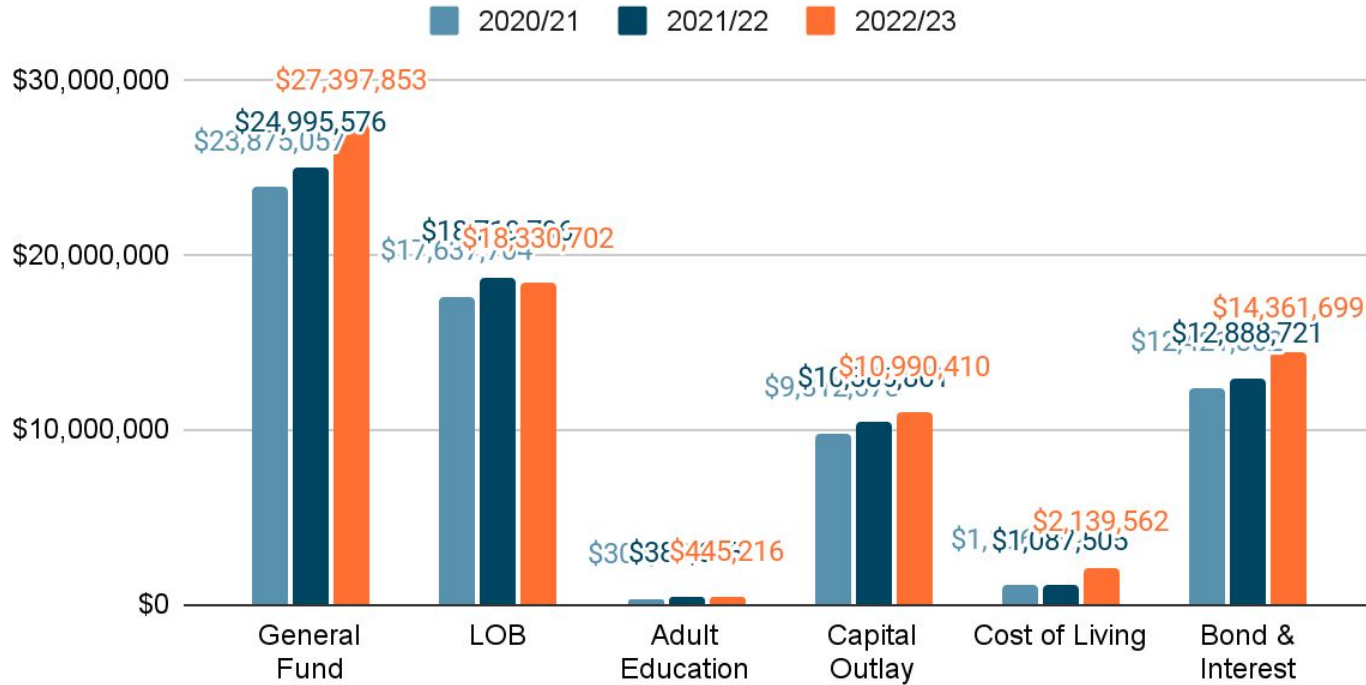


# Mill Levies

2020/21 2021/22 2022/23



# Taxes Levied



# Bond and Interest

Principal balance due	\$165,505,000
Interest balance due	<u>\$55,471,406</u>
Total Principal and Interest due is	<u>\$207,502,063</u>

To be paid through September 1, 2037.

Maximum authority of 14 % of assessed valuation is \$207.7M can be exceeded through proper procedure. Currently utilizing 11% of assessed valuation with 42.2M available.

State of Kansas is limiting new bond issues for school districts so they don't exceed the amount of GO Bonds retired in the prior year.



# State of the Budget

In preparation of the 2022/23 budget USD 497 realized an enrollment loss of 640 students and declining weightings due to the enrollment loss.

Budget Reductions of \$6,413,503

Covered projected shortfall of \$4,270,000

Transferred \$200,000 to Contingency fund per Board

Provided \$ 1,724,849 to the salary pool

Covered increased insurance benefits of \$218,654



# Cash Balance Reserves

	June 30, 2022	LT Goal	Amount to Fund	
Health Care and Work Comp Rsrv	\$1,505,731	\$2,297,142	\$791,411	Minimum 1 month Medical /Dental/Vision premium and minimum for WC
Special Educ	\$2,700,000	\$3,970,624	\$1,270,624	*Minimum of 15% Special Education expenditures
Contingency	\$1,117,347	\$4,803,775	\$3,686,428	*Minimum of 6% General Fund
At-Risk K-12	\$0	\$100,000	\$100,000	
Bilingual Educ	\$0	\$100,000	\$100,000	
Vocational Educ	\$0	\$100,000	\$100,000	
Virtual Education	\$0	\$100,000	\$100,000	
	<b>\$5,323,078</b>	<b>\$11,471,541</b>	<b>\$6,148,463</b>	* As recommended by Moody's



# Cash Balance Reserves Cont.

Moody's Investors Service downgraded USD 497 in 2020 to an Aa3 rating. Concerns noted were consecutive years of operating deficits and decreasing cash reserves.

In the spring of 2022 we had another Moody's review during which cash balances were reviewed again. Moody's focuses on Contingency Reserve, Special Education, Capital Outlay and Bond & Interest. Moody's recommended minimum balance for Capital Outlay of \$8M.



# Questions

