

USD 289
OFFICE OF THE SUPERINTENDENT
NOTICE OF BUDGET HEARING

DATE: 08/10/09

TO: BOARD MEMBERS AND PUBLIC REQUESTERS

FROM: DENISE O'DEA

RE: 2009-10 BUDGET HEARING -- TUESDAY, AUGUST 18, 2009 at 7:00 pm.
THE HEARING WILL BE HELD IN THE BOE MEETING ROOM

Factors utilized in determining the revenue budget for USD 289 are: low enrollment (a "weight" factor set by the state is utilized by schools with an enrollment below 1750); vocational education (USD 289 students attending an approved vocational education school or enrolled in vocational classes in USD 289 are assigned a "weight" factor by the state); transportation (reimbursement for each student transported that lives 2.5 miles or more from school); at-risk students (the district receives funds determined by the number of free lunch applications that meet qualifying standards); and the increase or decrease in enrollment from the previous year.

The FTE enrollment for 03/04 was	778.0
The FTE enrollment for 04-05 was	785.0
The FTE enrollment for 05-06 was	785.0
The FTE enrollment for 06-07 was	790.0
The FTE enrollment for 07-08 was	825.0
The FTE enrollment for 08-09 was	835.0
The ESTIMATED FTE enrollment for 09-10 is	845.0

Last September 20, our audited enrollment was at 836 FTE students. Being conservative, but also wanting to get the maximum from our LOB authority, I have added 9 FTE students to the 836 audited figure from last year. If the FTE enrollment is less than 845, the district will lose funding of \$4218 for each student below this number. If the enrollment is more than the estimate, the budget will need to be republished in order for the district to receive the additional budget authority. The estimate is the "best guess" that the administration could make because enrollment has not been finalized for the 2009-10 school year and will not be finalized until September 20, which is the Enrollment Count Day.

Our district has the authority to levy up to 30.00% of the General Fund for the Local Option Budget in the 09-10 school year without voter protest, because 30.00% is the statewide average for 3A school districts. In addition, our district has the authority to levy up to 8 mills for Capital Outlay purposes.

By law, the MAXIMUM amount Local Option Budget money our district could receive is \$1,891,480. (See line 08). This amount of LOB money translates to 20.072 mills. In comparison, last year's LOB was 20.647 mills, which was the maximum amount allowed by law. This is a decrease of .575 mills (less than one mill). While the amount of GENERAL FUND money we are receiving will DECREASE because we have been reduced on the BSAPP (from \$4433 to 4218), the amount of our LOB will still get to be figured on the \$4433 BSAPP from the previous school year. The district receives 50% state aid on LOB. LOB is treated like General Fund money and is used to pay for salaries, benefits, goods and services. To be able operate with the reduced BSAPP that will result in a lower General Fund Budget, we need all of our LOB budget authority for 09-10.

By law, the MAXIMUM amount of Capital Outlay mill levy we can budget is 8.0 mills (see Line 16). In September of 2008, the BOE made a resolution to set our Capital Outlay mill levy at 8 mills for the next five years. I have included several budget scenarios that have the mill levy fluctuating from 6.5 to 8.0 mills. By placing the maximum mill levy in Capital Outlay, we will be able to use this money for maintenance purposes, technology purchases, and salaries of maintenance personnel, if needed. The district no longer receives state aid reimbursement on capital outlay.

Review of Budget Forms:

Form Code No. 99--Notice of Hearing 2009-10 Budget.

Line 06--General--Notice the mill levy in Column 2, 4 and 7.

This mill levy is set by the state legislature at 20 mills. The General Fund revenue has gone down because of the reduction in BSAPP from \$4433 to \$4218. Our district enrollment continues to increase, so this helps soften

the effect of a reduced BSAPP.

Line 08--Supplemental General (Local Option Budget)--Notice the mill levy in Column 2, 4 and 7.

The decrease, 20.072 mills in 09-10 from 20.647 mills in 08-09, is due to increased enrollment. The proposed expenditure in Column 5 of \$1,891,480 is the maximum amount a district our size can levy, due to state averaging. For our district, \$1,891,480 equals 20.072 mills in the 09-10 school year. For our district, 20.072 mills is 30% LOB. **The state provides 50% of this funding.** This is a decrease of .575 mills from last year.

Line 16--Capital Outlay--Notice the mill levy in Column 2, 4 and 7.

The mill levy is at 8.0 mills. The projected budget will allow for maintenance salaries (if needed), technology purchases, and other long-term maintenance projects. Capital Outlay funds can also be utilized for the purchase of school buses, if necessary. The state provides none of this funding.

Line 62--Bond and Interest #1--Notice the mill levy in Column 2, 4 and 7.

B & I #1 is 10.372 mills, is based on this year's district valuation; and **receives 30% reimbursement from the state.** This mill levy of 10.372 mills is .875 mills lower than in 08-09. This mill levy cannot be reduced any more as we need to keep enough of a balance in this account to make our payments.

****Line 100--Total USD Expenditures--Notice the mill levy in Column 2, 4 and 7:**

The increase in the mill levy, 58.444 for the 09-10 budget from 56.887 in the 08-09 school year is an overall increase of 1.557 mills. This budget has 8.0 mills in Capital Outlay and the maximum amount of mills in LOB. This is only the third time in (8) years, that the mill levy has increased. This year's mill levy increase is still a lower mill levy than in the 2005-06 school year, which was 59.023 mills.