

**Cozad Community Schools
Board of Education Work Session
Thursday, April 13, 2023 7:00 PM
Office of the Superintendent**

Mission: Cozad Community Schools, in partnership with family and community, prepares students to be successful lifelong learners through quality education.

Vision: Cozad Creates Success

Values - Guiding Principles

Respect - Trust, appreciate, celebrate, value, act with urgency

Integrity - Do the right thing, deliver highest quality instruction and practice full accountability

Teamwork - Teamwork at all levels districtwide, recognize and celebrate, have fun and enjoy

Innovation - Positive attitude, open to new ideas,

Courage - Embrace change and take calculated risk, encourage others, communicate directly with respect

1. BOARD OF EDUCATION BUDGET WORKSHOP 7:00 P.M.

1.1. Call to Order, Roll Call

1.2. Nebraska Open Meeting Law, Publication of Meeting

This meeting has been preceded by advance notice and is hereby declared to be in open session. A current copy of the Nebraska Open Meetings Act is posted on the West wall of the meeting room.

Notice of this meeting was given in advance by publication in the Cozad Local and posted on the Cozad Community Schools website and at the District Office, Cozad Post Office and Wilson Public Library. Notice of this meeting was also given in advance to all members of the Board of Education. The order of agenda items may be changed when deemed necessary.

The board may choose to enter closed (executive) session to discuss any matter for which closed (executive) session is lawful and appropriate.

1.3. Excused/Unexcused Board Member Absence

2. BUDGET WORKSHOP WITH CARL DIETZ



First National
Capital Markets

Public Finance

Cozad Community Schools Home of the Haymakers

Budget and Finance

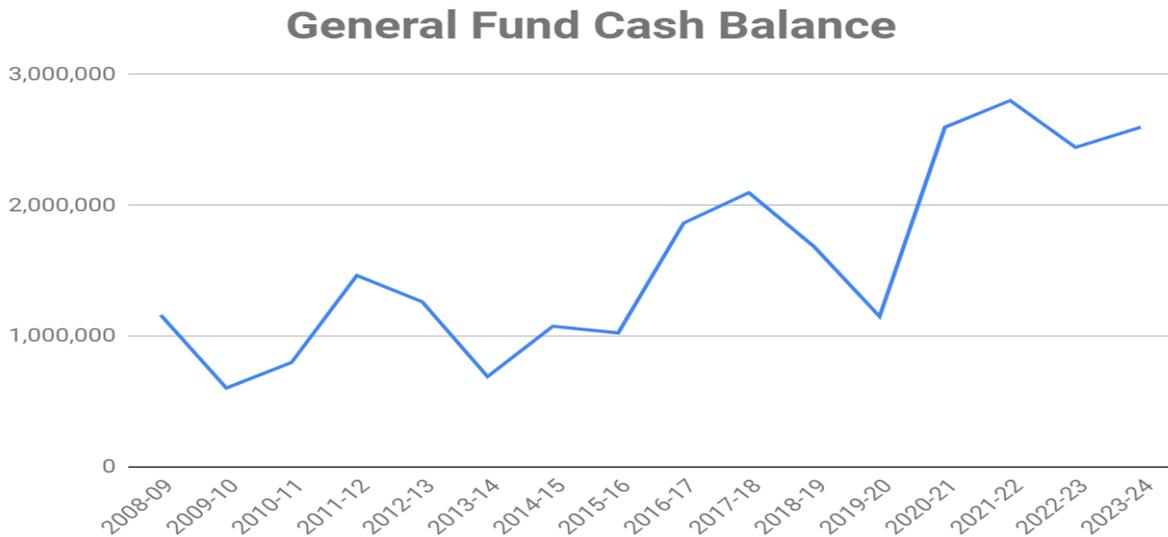
April 13, 2023

PREPARED BY: Carl Dietz
First National Capital Markets,
Public Finance

Workshop Overview

- A. Historical Information of the three major funds and cash balances
- B. Levy and tax request for each fund.
- C. Projected general fund receipts, including a breakdown of the state aid components
- D. General fund expenses
- E. AFR comparability of total expenses and payroll
- F. Receipt and expense projections

General Fund-As shown by the line chart below the cash balance has been a little erratic over the past 15 years. We recommend a minimum of three months of operating expenditures to be carried as a cash balance on August 31 of the fiscal year. Your bills average over \$1.0M monthly, so a cash balance of at least \$3.0M is recommended. The district carried about \$2.4M at the start of the current year.



Depreciation Fund

- ❖ The Depreciation Fund is not specifically provided for in law; therefore, this fund shall be considered a component of the General Fund.
- ❖ Used to spread replacement costs over a period of years in order to avoid a disproportionate tax effort in a single year

This fund is restricted by statute as part of the Allowable Reserve limitation. The district has transferred more money into the Depreciation Fund over the past few years.

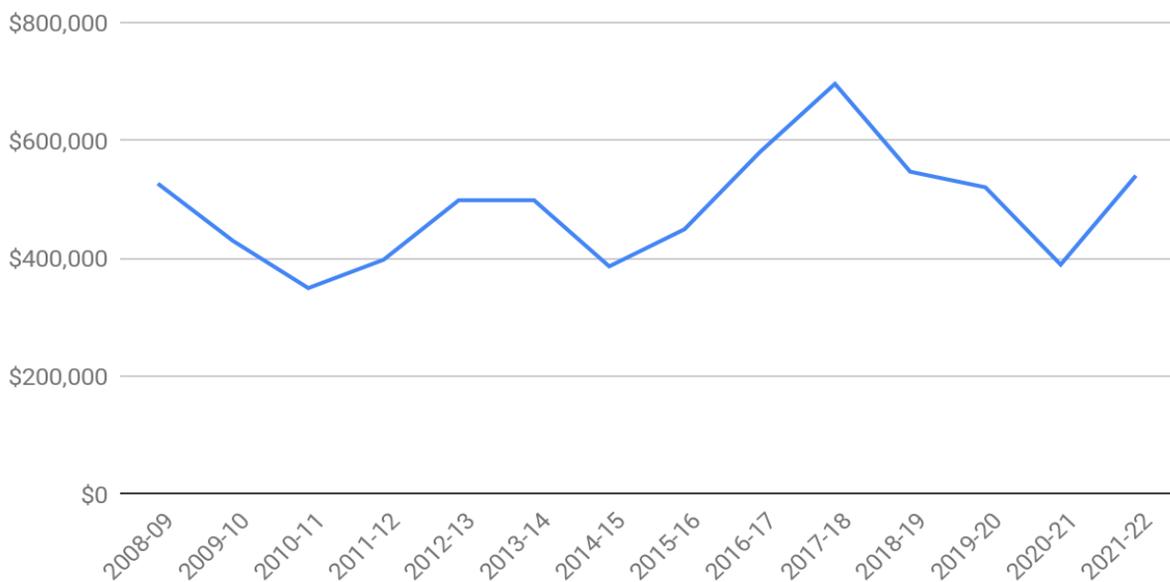
Depreciation Fund Cash Balance



Special Building Fund

- ❖ A Special Building Fund shall be established when a school board decides to acquire or improve sites and/or to erect, alter or improve buildings.
- ❖ The sale of bonds, the sale of property, or tax receipts will be the primary sources of revenue for the Special Building Fund.
- ❖ The tax levy for this fund is restricted to 14¢ with local board approval or 17.5¢ following a vote of the people for a term not to exceed ten years.

Building Fund Cash Balance



Qualified Capital Purpose Undertaking Fund

- ❖ A Qualified Capital Purpose Undertaking Fund (QCPUF) may be established for:
 - removal of environmental hazards
 - elimination of accessibility barriers in school buildings
 - repayment of a qualified zone academy bonds
 - modifications for life safety code violations
 - mold abatement and prevention projects
- ❖ Effective April 22, 2016, the tax levy for this fund is restricted to 3¢ and cannot exceed ten years for each project.
- ❖ A majority vote of the board of education is required to issue bonds to be supported by a tax levy for each qualified capital purpose.

District Valuation and Levy The chart below shows valuation, including the bond valuation, and the levy for each fund dating back to 2009-2010. Valuations increased 97.4% from 2010-2017, and from 2018 to 2023 they dropped 1.65%. Valuations still have not reached the high experienced in 2018.

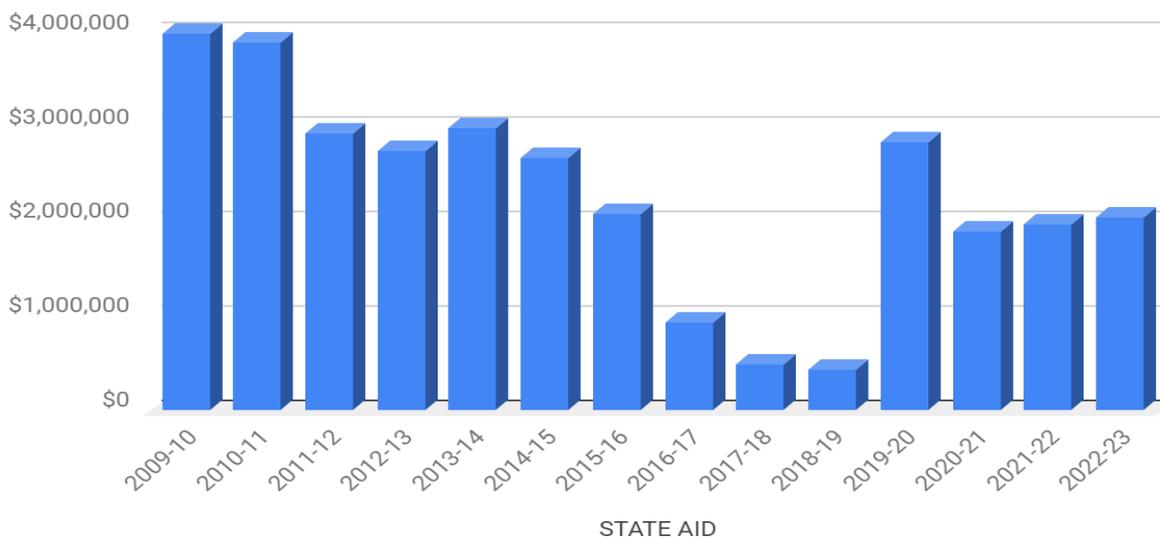
Year	Valuations	Total Levy				Total
		General	Bond Valuation	Bond Levy	Building	
2009-2010	\$425,090,910	0.9791	\$187,800,000	0.325	0.01	1.3141
2010-2011	\$454,294,150	1.00	\$187,500,000	0.2128	0.01	1.22
2011-2012	\$489,662,099	0.9563	\$194,000,000	0.2128	0.0099	1.179
2012-2013	\$512,381,933	0.9565	\$192,920,365	0.2271	0.0099	1.1935
2013-2014	\$590,978,746	0.9566	\$199,593,194	0.2984	0.0099	1.2649
2014-2015	\$713,201,677	0.9562	\$209,951,181	0.2883	0.0099	1.2544
2015-2016	\$796,440,220	0.979	\$218,371,228	0.269	0.0199	1.2679
2016-2017	\$840,899,011	1.00	\$223,189,289	0.2691	0.02	1.29
2017-2018	\$844,899,606	1.0136	\$224,484,786	0.25	0.02	1.2836
2018-2019	\$829,101,595	\$1.030	\$229,111,230	0.25	0.02	\$1.300
2019-2020	\$839,380,326	\$1.026	\$231,270,352	0.2472	0.0241	\$1.297
2020-2021	\$803,195,080	1.003706	\$234,566,731	0.219619	0.046253	1.269578
2021-2022	\$812,086,343	1.0077	\$234,566,731	0.206328	0.0412	1.255228
2022-2023	\$830,954,025	1.010886	\$234,566,731	0.227062	0.039112	1.27706

Total Tax Request-The General Fund Tax Request increased an average of 7.9% annually from 2010-2020, and closer to 2.4% the past three years. Valuation and total tax request projections are highlighted in yellow. The General Fund levy is at \$1.01 and the Building Fund is at .04 for the purpose of this chart.

Tax Request				
% Inc	Year	General Fund	Bond Fund	Building Fund
	2009-2010	\$4,162,065	\$610,350	\$42,509
9.15%	2010-2011	\$4,542,942	\$399,000	\$45,429
3.08%	2011-2012	\$4,682,639	\$412,832	\$48,477
4.66%	2012-2013	\$4,900,933	\$438,122	\$50,726
15.35%	2013-2014	\$5,653,303	\$595,586	\$58,507
20.63%	2014-2015	\$6,819,634	\$605,289	\$70,607
14.33%	2015-2016	\$7,797,150	\$587,419	\$158,492
7.85%	2016-2017	\$8,408,990	\$600,602	\$168,180
1.84%	2017-2018	\$8,563,902	\$561,212	\$168,980
-0.28%	2018-2019	\$8,539,746	\$572,778	\$165,820
0.80%	2019-2020	\$8,607,845	\$571,700	\$202,291
-6.34%	2020-2021	\$8,061,717	\$515,153	\$371,502
1.51%	2021-2022	\$8,183,394	\$483,977	\$334,580
2.65%	2022-2023	\$8,399,998	\$532,612	\$325,003
10.00%	2023-2024	\$9,239,998	\$601,943	\$182,810
5.00%	2024-2025	\$9,701,998	\$412,693	\$191,950
5.00%	2025-2026	\$10,187,097	\$433,328	\$201,548
5.00%	2026-2027	\$10,696,452	\$454,994	\$211,625
5.00%	2027-2028	\$11,231,275	\$477,744	\$222,207
5.00%	2028-2029	\$11,792,839	\$501,631	\$233,317

State aid increased \$2.4 million from 2019 to 2020 (\$423,705-\$2,852,846). Under the current formula state aid could be \$2.8 million for 2024. If LB 583 passes, Cozad will not receive any additional equalization aid, but the district could receive an additional \$500K in SPED funding for the next two years.

STATE AID



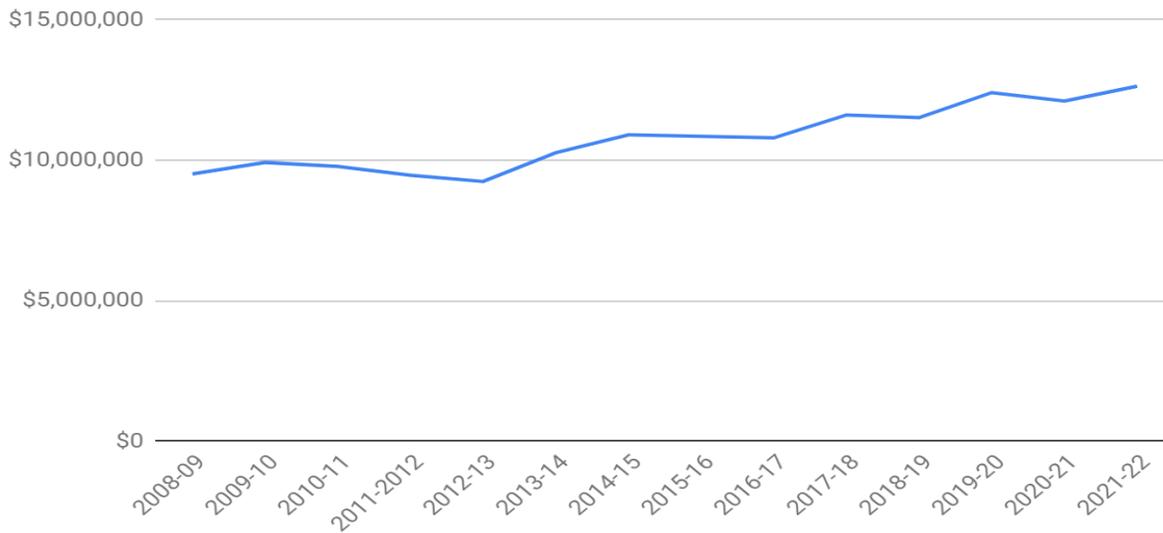
The following chart shows all the state aid components for the past two years, and the 2023-2024 projections. According to the current format for next year, formula needs will increase about \$900K and formula resources will increase less than \$200K

	2022	2023	2024
SYSTEM NEEDS			
Basic Funding	\$10,133,806	\$10,610,081	\$11,279,535
Poverty Allowance	\$377,400		\$391,000
LEP allowance	\$78,625		\$85,000
Special Rec Allow	\$647,226	\$661,740	\$627,459
Transportation Allow	\$72,712	\$82,909	\$95,960
Dist. Ed. allow	\$46,262	\$23,149	\$22,186
Summer School			\$3,650
Student Growth Ad.			\$6,221
LEP Correction			
Tot. Calc. Needs	\$11,356,031	\$11,377,879	\$12,511,011
Needs Stabilization	\$261,622	\$239,774	
TOTAL SYSTEM NEEDS	\$11,617,653	\$11,617,653	\$12,511,011
SYSTEM RESOURCES			
Local Effort Rate	\$8,184,134	\$8,123,697	\$8,311,849
Option Funding			\$33,197
Income Tax Funds	\$100,090	\$97,778	\$111,984
Other Rec	\$1,453,624	\$1,452,241	\$1,346,970
TOTAL FORMULA RESOURCES	\$9,737,848	\$9,673,716	\$9,804,000
Equalization Aid	\$1,879,805	\$1,943,937	\$2,707,011
Option Funding			\$33,197
Income Tax Funds	\$100,090	\$97,778	\$111,984
State Aid Calculated	\$1,979,895	\$2,041,715	\$2,852,192
Prior year deficiencies			
Prior year Correction	-\$3,213	\$5,622	\$3,844
Total State Aid	\$1,976,682	\$2,047,337	\$2,856,036

This chart shows the annual receipts, expenses, the percent change, and then the difference between receipts and expenses by year. From 2009 to 2022 general fund expenses increased about 2.4% annually. The large expense increase during 2022 was partly due to ESSER expenditures. Expenses are expected to increase more than 2.5% over the next several years.

	2008-09	2009-10	2010-11	2011-2012	2012-13	2013-14	2014-15
Expenses	\$9,511,575	\$9,921,036	\$9,779,161	\$9,467,338	\$9,247,206	\$10,265,556	\$10,904,095
		4.30%	-1.43%	-3.19%	-2.33%	11.01%	6.22%
Receipts	\$8,983,128	\$10,308,808	\$10,571,506	\$9,235,050	\$9,487,404	\$10,819,771	\$11,115,662
		14.76%	2.55%	-12.64%	2.73%	14.04%	2.73%
Difference	-\$528,447	\$387,772	\$792,345	-\$232,288	\$240,198	\$554,215	\$211,567
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Expenses	\$10,849,084	\$10,794,948	\$11,612,912	\$11,515,438	\$12,407,670	\$12,111,666	\$12,827,642
	0.50%	-0.50%	7.58%	-0.84%	7.75%	-2.39%	5.91%
Receipts	\$12,025,854	\$11,291,203	\$11,096,996	\$10,975,811	\$13,940,008	\$12,274,478	\$12,307,653
	8.19%	-6.11%	-1.72%	-1.09%	27.01%	-11.95%	0.27%
Difference	\$1,176,770	\$496,255	-\$515,916	-\$539,627	\$1,532,338	\$162,812	-\$519,989

Historical General Fund Expenses



AFR-The following AFR data is based on spending during the 2021-2022 fiscal year and includes; Gothenburg, Wayne, Ogallala, Ashland, Faribury, Auburn and Lakeview. The first chart is total spending broken down by program Function. During 2021-2022 Cozad spent approximately \$58K less than this group average.

Code	Program	Cozad	Group Avg	Difference
1100	All Instruction	\$6,844,159.00	\$7,488,457.43	-\$644,298.43
1200	SPED Only	\$1,216,468.00	\$1,444,445.00	-\$227,977.00
2100	Guidance/OT/PT	\$827,417.00	\$686,311.14	\$141,105.86
2200	Libr/Tech	\$151,821.00	\$383,945.00	-\$232,124.00
2300	Exec Admin	\$367,381.00	\$349,832.86	\$17,548.14
2400	Principal	\$813,909.00	\$631,823.57	\$182,085.43
2500	Cent Services	\$502,308.00	\$223,623.71	\$278,684.29
2600	Maintenance	\$1,166,450.00	\$1,372,750.86	-\$206,300.86
2700	Transportation	\$307,412.00	\$397,864.14	-\$90,452.14
3000	Non Inst-Grants	\$231,632.00	\$150,449.14	\$81,182.86
4000	Facility Acqui	\$4,345.00	\$0.00	\$4,345.00
6000	Federal Prog	\$1,376,137.00	\$975,253.86	\$400,883.14
8000	Transfers	\$41,500.00	\$22,142.86	\$19,357.14
9000	Non Program	\$0.00	\$0.00	\$0.00
	Total Disb	\$12,634,471.00	\$12,692,969.00	-\$58,498.00

The next chart compares total payroll with the same group of schools. During the 2021-2022 fiscal year Cozad spent \$340,817 more on payroll than the group average. 81% of total expenses are for payroll compared to the group average of 78%.

	Local	Group Average	Difference
Regular Ed	\$5,433,406	\$5,598,406	-\$165,000
SPED	\$1,203,804	\$1,303,254	-\$99,450
Guidance/	\$638,880	\$524,634	\$114,246
Library/Tech	\$135,610	\$304,239	-\$168,629
Exec Admin	\$247,388	\$254,691	-\$7,303
Principal	\$809,723	\$607,626	\$202,097
Cent Serv	\$231,073	\$131,264	\$99,809
Facilities	\$353,337	\$503,120	-\$149,783
Transp	\$193,814	\$128,984	\$64,830
Comm Hal	\$221,221	\$82,601	\$138,620
Other	\$0	\$16,128	-\$16,128
Federal	\$738,096	\$410,588	\$327,508
Tot. Payroll	\$10,206,352	\$9,865,535	\$340,817
Tot Expenses	\$12,634,471	\$12,692,969	-\$58,498
% Payroll	81%	78%	

PROJECTING FUTURE RECEIPTS, EXPENSES AND CASH BALANCE

The first chart below shows total receipts by program over the past five years. State aid increased over 2.4 million in 2019-2020 which is reflected in the increase in total state receipts.

Highlighted in yellow is a projection for general fund receipts based on valuations increasing 5% annually, a 1.01 levy, a 94% tax collection rate, and state and federal receipts remaining the same.

	2017-18	2018-19	2019-20	2020-21	2021-22
Taxes	\$7,765,498	\$7,801,316	\$7,920,686	\$7,481,305	\$7,353,402
Total Local	\$8,326,191	\$8,344,585	\$8,512,565	\$8,145,560	\$7,963,234
State	\$1,964,465	\$1,843,174	\$4,457,648	\$3,398,747	\$3,482,158
Federal	\$604,095	\$639,955	\$703,883	\$592,772	\$544,220
Other	\$202,245	\$148,097	\$265,912	\$137,399	\$74,922
TOTAL	\$11,096,996	\$10,975,811	\$13,940,008	\$12,274,478	\$12,064,534
	2022-23	2023-24	2024-25	2025-26	2026-27
Taxes	\$7,895,998	\$8,685,598	\$9,119,878	\$9,575,872	\$10,054,665
Total Local	\$8,395,998	\$9,185,598	\$9,619,878	\$10,075,872	\$10,554,665
State	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000
Federal	\$2,000,000	\$700,000	\$700,000	\$700,000	\$700,000
Other	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
TOTAL	\$13,945,998	\$13,435,598	\$13,869,878	\$14,325,872	\$14,804,665

Future Expenses are figured at a 4% increase in payroll and 3% increase in other bills. The greater increase in payroll for 2023 is due to the additional staff. Total bills increased in 2023 due to ESSER expenses.

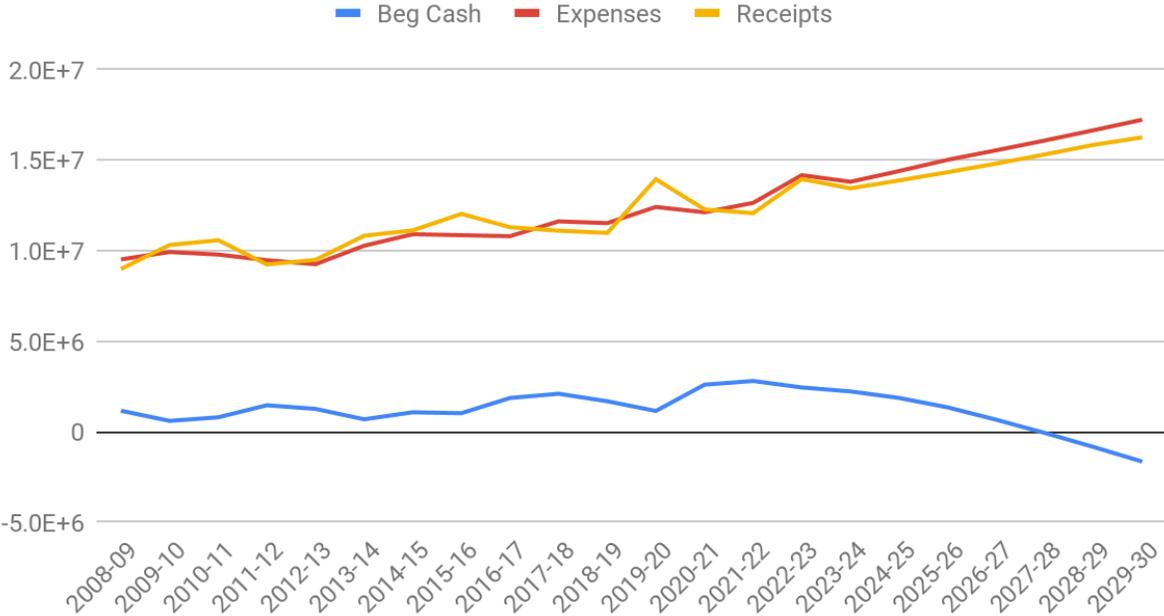
Year	Payroll	FICA	Retirement	Insurance	Tot Payroll	Bills	Total Expenses
2026	\$8,443,624	\$645,937	\$842,402	\$2,490,512	\$12,422,475	\$2,587,290	\$15,009,764
2025	\$8,118,869	\$621,093	\$810,002	\$2,327,582	\$11,877,546	\$2,511,932	\$14,389,477
2024	\$7,806,605	\$597,205	\$778,848	\$2,175,310	\$11,357,968	\$2,438,769	\$13,796,736
2023	\$7,506,351	\$574,236	\$748,892	\$2,033,000	\$10,862,478	\$3,300,000	\$14,162,478
2022	\$7,147,719	\$546,801	\$672,203	\$1,900,000	\$10,266,723	\$2,367,736	\$12,634,459
2021	\$6,896,632	\$527,592	\$650,248	\$1,800,000	\$9,874,472	\$2,237,194	\$12,111,666
2020	\$6,677,104	\$510,798	\$615,153	\$1,700,000	\$9,503,055	\$2,904,615	\$12,407,670
2019	\$6,779,036	\$518,596	\$632,898	\$1,600,000	\$9,530,530	\$1,984,908	\$11,515,438
2018	\$6,677,145	\$510,802	\$623,256	\$1,500,000	\$9,311,203	\$2,301,709	\$11,612,912
2017	\$6,560,017	\$501,841	\$612,542	\$1,400,000	\$9,074,400	\$1,720,548	\$10,794,948

This chart shows a comparison of receipts and expenses through 2029.

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Beg Cash	\$2,443,572	\$2,270,595	\$1,954,700	\$1,482,154	\$847,196	\$167,403	-\$551,613
Expenses	\$14,118,975	\$13,751,493	\$14,342,424	\$14,960,829	\$15,484,458	\$16,026,414	\$16,587,339
Receipts	\$13,945,998	\$13,435,598	\$13,869,878	\$14,325,872	\$14,804,665	\$15,307,398	\$15,835,268
End Cash	\$2,270,595	\$1,954,700	\$1,482,154	\$847,196	\$167,403	-\$551,613	-\$1,303,683

The line graph below reflects the two charts above. Expenses could increase about 4.3% annually and receipts will increase about 3.4% annually. If no other factors change, either the valuations or levy will need to increase approximately 7% annually to match the \$600K increase in expenses. The August 31, 2023 cash balance will be slightly higher once the ESSER money is received.

Expenses, Receipts and Cash Balance



**Thank you for allowing us to be a part of this
important process!**

**Tobin Buchanan and Carl Dietz
First National Capital Markets**

**FNCM is not acting as a MA or underwriter. Member
FINRA, SIPC and MSRB**

**Data sources:
education.ne.gov/fos
nep.education.ne.gov
auditors.nebraska.gov**

3. **AGENDA SETTING AND FUTURE MEETINGS**

- April 17th, 2023 Board of Education Regular Meeting, 7pm

4. **ADJOURNMENT**

* **Closed Session:** If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the board will conduct a closed meeting in accordance with the Nebraska Open Meetings Law.

****Sequence of Agenda:** The sequence of agenda topics is subject to change at the discretion of the board. Please arrive at the beginning of the meeting.

*****Action Item:** The board reserves the right to take action on any item on the board agenda.