

MULLEN BOARD OF EDUCATION
August 31, 2020
Budget Workshop Agenda
7:00 PM

1. Call to order, roll call, and excuse board member absences.
Speaker(s): President Bryan Starr
2. Approval of the Agenda.
3. Discuss, consider and take all necessary action to approve installation of new power poles, new brackets, and new lights at the Mullen Bronco football field.
4. Discuss the proposed 2020-2021 Mullen School Budget.
5. Next Meeting - September 14, 2020 at 7:30 pm
6. Adjournment

The Mullen Board of Education reserves the right to go into Closed Session for purposes in accordance with LB 84-1410(1)

Football Field Light Replacement Cost					
	Custer Power	Village of Mullen	Lights only	Future Poles	
Poles	\$8,070.00	\$10,128.00	0	\$8,070.00	
Freight	\$0.00	\$500	0	\$500.00	
Installation	\$0.00	\$6,800	\$0	\$6,800.00	
Frames	\$750.00	\$733.20	\$750.00		
Lights	\$21,131.68	\$21,131.68	\$21,131.68		
New Electric System	\$7,400.00	\$6,600.00		\$7,400.00	
<i>Smaller Wire</i>	<i>\$3,000.00</i>	<i>\$3,000.00</i>		<i>\$3,000.00</i>	
Electrician Costs	\$5,600.00	\$6,400.00	\$5,650.00	\$5,600.00	Total
Total	\$45,951.68	\$55,292.88	\$27,531.68	\$31,370.00	\$58,901.68
Total w/o Wire	\$42,951.68	\$52,292.88			
Consolidated will donate the labor and machinery to put all wiring underground if project is done in 2020-2021 school year.					
New wiring includes panels, terminal boxes, conduit and wire on poles up to new lights, conduit from underground duct to panels and boxes, proper adapters from UG duct to PVC conduit, bucket truck, and state inspection					
The village wire that they are donating is much bigger than we need, but it can be used but KC electric recommends going with a smaller wire for LED Lights					
KC Electric recommends new wiring as he said it needs some major attention and is afraid it may not pass an inspection.					

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Valuation

The 2020-2021 certified taxable value for the Mullen Public Schools will be approximately an increase of about \$6,761,545 or about 1.24%.

County	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Thomas	\$26,979,260	\$28,452,197	\$29,580,144	\$30,471,420	\$31,461,085
Cherry	\$174,687,174	\$197,608,385	\$197,702,417	\$199,253,849	\$198,255,871
Hooker	\$269,533,553	\$304,696,612	\$311,372,307	\$317,101,040	\$323,870,898
Total	\$471,199,987	\$530,757,194	\$538,654,868	\$546,826,309	\$553,587,854
% increase	17.49%	12.64%	1.49%	1.51%	1.24%

*******TAXING FUND*******

General Fund - The General Fund finances all facets of services rendered by the school district. General Fund receipts are analyzed according to source while its disbursements are coded according to specific functions. 80% of expenditures are in salaries and benefits. Between 10% and 15% are required expenditures. Essentially, you could run your entire school out of the general fund.

Budget Authority- This is the maximum amount that can be budgeted and spent out. The state of Nebraska gives all school districts a 4% rise in budget authority for the 2020-2021 budget year. We will NOT spend unused budget authority but it is highly recommended to take unused budget authority as it could be capped by legislation. The total is only a total amount that we would be allowed to spend this fiscal year.

Budget	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Authority	\$4,232,962	\$4,321,408	\$4,527,452	\$4,614,836	\$5,128,426
Unused	\$690,683	\$609,922	\$501,452	\$584,320	\$857,016
Actual	\$3,542,279	\$3,711,486	\$4,026,000	\$4,030,516	\$4,271,410
Reserve	\$681,000	\$681,000	\$707,949	\$700,000	\$925,000
Total	\$4,913,962	\$5,002,408	\$5,235,401	\$5,314,836	\$6,053,426
Increase	(4%)	(2%)	(5%)	(2%)	(8%)

General Fund Receipts- This is the amount of funding that the school district receives each year. This would be the school districts paycheck. Local receipts come from property taxes, carline/railroad taxes, personal property taxes, sale of excess materials, and motor vehicle taxes amongst other areas. State receipts come from state aid, SPED programs, homestead exemption, property tax credit, and pro-rate motor vehicle taxes. Federal receipts come from ESSA Title 1, IDEA, and Medicaid.

Receipts	2016-2017	2017-2018	2018-2019	2019-2020 <i>Estimated</i>	2020-2021 <i>Estimated</i>
Local	\$2,424,494	\$2,547,097	\$2,593,489	\$2,850,164	\$2,763,831
State	\$555,260	\$740,025	\$741,459	\$879,000	\$902,603
Federal	\$70,882	\$107,048	\$93,532	\$74,708	\$89,500
Total	\$3,151,092	\$3,268,205	\$3,458,351	\$3,736,973	\$3,755,934

General Fund Expenditures- The expenditures that are budgeted to run the school district. These are payroll, maintenance, utilities, supplies, technology, and a lot more.

Actual Expenditures	2016-2017	2017-2018	2018-2019	2019-2020 <i>Estimated</i>	2020-2021 <i>Estimated</i>
Total SPED	\$225,152	\$402,958	\$491,585	\$486,765	\$485,000
Total NON SPED	\$3,082,896	\$3,140,753	\$3,323,442	\$2,992,285	\$3,304,410
Total	\$3,308,048	\$3,543,712	\$3,715,027	\$3,479,050	\$3,789,410

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Staff Salary & Benefits- These are the expenditures that are within payroll.

Summary	2016-2017	2017-2018	2018-2019	2019-2020 <i>Estimated</i>	2020-2021 <i>Estimated</i>
Teachers	\$1,646,866	\$1,700,192	\$1,755,407	\$1,700,626	\$1,776,923
Increase/Decrease	\$22,736	\$53,326	\$55,215	- \$54,781	\$76,297

General Fund Summary- This is a summary of the last 5 years of expenses versus receipts. As you can see, our expenditures outweighed our cash receipts for three years which has caused a big dip in our cash balance. As all of you know, it is recommended to keep three months of expenses, which we now have, in your cash reserve just in case a depression or recession hits. The maximum cash reserve is set at 45% of your adopted budget. If a cash reserve is not maintained, there is a high chance that a school district would need to borrow money from a bank during March and April to make payroll and expenses. I would like to continue to add to this along with the depreciation fund.

Summary	2016-2017	2017-2018	2018-2019	2019-2020 <i>Estimated</i>	2020-2021 <i>Estimated</i>
Beginning Cash	\$1,281,416	\$1,001,838	\$906,735	\$612,180	\$936,992
Payroll	\$2,382,897	\$2,612,188	\$2,747,727	\$2,669,924	\$2,800,000
Bills	\$704,317	\$620,085	\$813,309	\$574,338	\$650,000
Transfers	\$243,000	\$257,000	\$162,000	\$240,000	\$240,000
Total Expenditures	\$3,330,214	\$3,489,273	\$3,723,036	\$3,484,262	\$3,690,000
Total Receipts	\$3,050,636	\$3,394,170	\$3,428,480	\$3,803,872	\$3,755,934
Cash Reserve	\$1,001,838	\$906,735	\$612,180	\$936,992	\$1,002,926

General Fund Levy- General Fund Levy & Tax Asking- 5 years

For 2020-2021, I am recommending a General Fund levy of .575006 so we can maintain the budget so we have more receipts than expenditures. This will allow us to continue to build our cash reserve/beginning cash balance up.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Levy	.559286	.526787	.523861	.579715	.575006
Asking	\$2,635,354	\$2,795,960	\$2,821,802	\$3,170,331	\$3,183,163

***** Non-taxing Funds *****

DEPRECIATION FUND - The purpose of the Depreciation fund is to spread replacement costs over a period of years in order to avoid a disproportionate tax effort in a single year to meet such an expense. You can think of this as a savings account for anything that depreciates value. This fund is restricted by statute as part of the 45% Allowable Reserve limitation. I would like to continue to use this for HVAC, a new bus, flooring, and the football field lights project.

	2016-2017	2017-2018	2018-2019	2019-2020 <i>Estimated</i>	2020-2021 <i>Estimated</i>
Beginning Balance	\$411,427	\$468,252	\$285,833	\$190,967	\$359,767
Interest	\$1,315	\$1612	\$1214	\$1120	\$1150
Transfer from General	\$207,000	\$207,000	\$107,000	\$200,000	\$200,000
Disbursements	\$151,490	\$391,030	\$196,000	\$32,319	\$215,000
Total Available	\$468,252	\$285,833	\$190,967	\$359,767	\$345,917

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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 (unemployment compensation, early retirement, buy-outs, etc.) The cash reserve of this fund is restricted by statute as part of the 45% Allowable Reserve limitation.

	2016-2017	2017-2018	2018-2019	2019-2020 Estimated	2020-2021 Estimated
Beginning Balance	\$70,970	\$71,255	\$71,556	\$72,032	\$72,456
Interest	\$285	\$301	\$476	\$424	\$400
Disbursements	\$0	\$0	\$0	\$0	\$0
Total Resources	\$71,255	\$71,556	\$72,032	\$72,456	\$72,856

ACTIVITY FUND - The financial operations of all school-connected activities are a legal responsibility of the board of education. If deficits in such activities are incurred, they shall be covered by funds transferred from the General Fund. Such revenue shall finance only those projects, which qualify for approval under policies established by the board of education for such activities.

	2016-2017	2017-2018	2018-2019	2019-2020 Estimated	2020-2021 Estimated
Beginning Balance	\$124,620	\$176,828	\$182,671	\$233,796	\$216,718
Activity Receipts	\$169,849	\$131,731	\$234,306	\$116,022	\$150,000
Transfer from General	\$25,000	\$25,000	\$25,000	\$ 25,000	\$ 25,000
Disbursements	\$142,641	\$151,592	\$208,181	\$158,100	\$180,000
Total Resources	\$176,828	\$182,671	\$233,796	\$216,718	\$211,718

SCHOOL LUNCH FUND - The School Lunch fund is required to accommodate the financial activities of all Nutrition Programs operated by the school district. The School Lunch Fund shall reflect a record of all revenues and expenditures incident to the operation of all Nutrition Programs. If a deficit is incurred in the operation, the deficiency shall be covered by funds transferred from the General Fund.

Receipts	2016-2017	2017-2018	2018-2019	2019-2020 Estimated	2020-2021 Estimated
Beginning Balance	\$37,666	\$38,037	\$41,524	\$20,362	\$26,752
Sale of Lunches / Milk	\$38,384	\$39,248	\$36,247	\$27,782	\$40,000
State Reimbursement	\$383	\$367	\$322	\$6356	\$300
Interest	\$85	\$95	\$224	\$86	\$100
Federal Reimbursement	\$27,625	\$30,355	\$33,232	\$28,632	\$34,000
Transfers	\$25,000	\$25,000	\$30,000	\$15,000	\$15,000
Total Receipts	\$129,142	\$132,070	\$141,548	\$98,602	\$100,155
Expenditures					
Salaries and Benefits	\$42,509	\$45,240	\$43,545	\$37,263	\$44,000
Cost of Food	\$39,407	\$41,590	\$32,688	\$30,949	\$38,000
Supplies / Equipment	\$9,190	\$3,706	\$44,953	\$3,638	\$1,000
Total Expenditures	\$91,106	\$90,547	\$122,200	\$71,850	\$83,000

In preparations for the start of the 2020-2021 school year, I have kept the budget close to the same as it was last school year. I am hoping a \$15,000 transfer will be enough to supplement the account. We will see what the year brings.

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*******TAXING FUNDS*******

SPECIAL BUILDING FUND - A Special Building Fund shall be established when a school board decides to acquire or improve sites and/or to alter or improve buildings with new construction only. Tax receipts are the primary source of revenue for this fund. Special Building Fund accounting provides a more effective means of identifying those expenditures associated with construction activities. See further below for recommendations

	2016-2017	2017-2018	2018-2019	2019-2020 Estimated	2020-2021 Estimated
Balance	\$121,692	\$351,751	\$421,237	\$457,571	\$469,701
Property Taxes	\$220,731	\$95,756	\$89,096	\$35,600	\$0
Disbursements	\$31,086	\$40,849	\$72,610	\$31,720	\$50,000
Local/State Sources	\$40,414	\$14,578	\$19,849	\$8,251	\$17,985
Total Available	\$351,751	\$421,237	\$457,571	\$469,701	\$437,686

BOND FUND - A Bond Fund shall be established in order to retire bonds and pay the interest of a capital improvement project. Tax receipts and interest are the primary sources of revenue for the Bond Fund.

	2016-2017	2017-2018	2018-2019	2019-2020 Est./Actual	2020-2021 Estimated
Receipts before Taxes	\$320,323	\$324,107	\$324,003	\$322,927	\$338,128
Property Taxes	\$92,567	\$86,275	\$92,313	\$55,802	\$0
Other Resources	\$11,920	\$13,311	\$12,883	\$14,125	\$2,500
Payments	\$100,703	\$99,690	\$103,415	\$96,915	\$100,201
Total Available	\$324,107	\$324,003	\$322,927	\$338,128	\$235,427
OUTSTANDING	BOND	DEBT	PAYMENTS		
Bond		2021-22	2022-23	Total	
2012 Refunded		\$98,254	\$96,117	\$194,371	

As shown in the chart, at the end of 2019-2020 the chart shows we have enough to make our bond payments. We do not need to levy for the Bond Fund.

QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND - School districts have a maximum of 5.2¢. for projects initiated prior to April 19, 2016. This is the payment for the construction of the Hilltop Gymnasium.

	2016-2017	2017-2018	2018-2019	2019-2020 Estimated	2020-2021 Estimated	2021-2022 Estimated
Resources	\$252,989	\$325,142	\$389,674	\$456,472	\$507,686	\$507,748
Property Taxes	\$65,693	\$56,788	\$57,700	\$44,436	\$0	\$0
Other Resources	\$27,498	\$28,780	\$30,136	\$27,815	\$22,000	\$22,000
Payments	\$21,038	\$21,038	\$21,038	\$21,038	\$21,038	\$21,038
Total Resources	\$325,142	\$389,674	\$456,472	\$507,686	\$507,748	\$507,810
OUTSTANDING	BOND	DEBT	PAYMENTS	2022-23	Total	
<i>Series 2011, Construction</i>				\$505,519	\$505,519	

As shown in the chart, at the end of 2021-2022, we will have enough to pay off the QCPUF bond without having to levy. If needed, we can also use general fund money to help pay off the rest of the balance. I do not recommend levying any money for this fund.

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ESTIMATED FINANCIAL POSITION

The largest single source of receipts for the district is property tax. The following table shows the property tax rates by fund.

LEVY	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
General Fund	.559286	.526787	.523861	.579715	.575006
Building Fund	.053084	.0202	.018752	.000000	.000000
Bond Fund	.021651	.019184	.019580	.006465	.000000
Qualified Capital Purpose Fund (QCPUF)	.015231	.013522	.012189	.007389	.000000
Total Levy	.649252	.579692	.574382	.593569	.575006
Increase/Decrease	-8%	-10%	0%	3%	-3%

Tax Request	2016-17	2017-18	2018-19	Est. 2019-20	Est. 2020-21
General Fund	\$2,635,354	\$2,795,960	\$2,821,802	\$3,170,034	\$3,183,163
Building Fund	\$250,132	\$107,212	\$101,010	0	0
Bond Fund	\$102,020	\$101,818	\$105,469	\$35,354	\$0
QCPUF	\$71,768	\$66,667	\$65,657	\$40,404	\$0
Total Budget Request	\$3,059,274	\$3,071,657	\$3,093,938	\$3,245,792	\$3,183,163
Increase in Tax Ask	\$218,743	\$12,383	\$22,281	\$151,854	\$-62,629
% Increase	7%	.004%	.007%	3%	-3%

Increases for 2020-2021 and lost revenue for 2020-2021

- **\$76, 297 increase in certified staff costs**
- **\$56, 406 lost in State Aid**
- **\$8, 968 lost in REAP funding**

Decision Time- What would you like to levy for the 2020-2021 school year? With us getting back to where we need to be in cash reserve along with the bonds about to be paid off, I was thinking we could put some more money away in the special building fund. My suggestion would be the white, unless you would like to go more.

	2019-2020	Zero	\$50K	\$75K	\$100K
General Fund	.579715	.575006	.575006	.575006	.575006
Building Fund	.000000	.000000	.009123	.013685	.018246
Bond Fund	.000000	.000000	.000000	.000000	.000000
QCPUF	.000000	.000000	.000000	.000000	.000000
Total Levy	.593569	.575006	.584129	.588691	.593252
Change in Levy	.019187	-.018563	-.00944	-.004878	-.000317
Tax Asking	\$3,245,792	\$3,183,163	\$3,233,668	\$3,258,921	\$3,284,173
Change in Asking	\$151,854	\$-62,629	\$-12,124	\$13,129	38,381

