

**MULLEN BOARD OF EDUCATION**  
**August 26, 2019**  
**Budget Workshop Meeting Agenda**  
**7:30 PM**

1. Call to order, roll call, and excuse board member absences.

**Speaker(s):** Vice President Jason Coble

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2. Discuss proposed Budget for the 2019-2020 fiscal year.

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3. Next Meeting - September 9, 2019 Budget Hearing and Regular Meeting

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4. Adjournment

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

**Mullen Public Schools**  
**Board of Education**  
**Budget Workshop**  
**August 26, 2019**

## Valuation

The 19-20 certified taxable value for the Mullen Public Schools will be approximately an increase of about \$8,171,441 or about 1.51%.

County	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Thomas</b>	\$24,073,319	\$26,979,260	\$28,452,197	\$29,580,144	\$30,471,420
<b>Cherry</b>	\$141,441,188	\$174,687,174	\$197,608,385	\$197,702,417	\$199,253,849
<b>Hooker</b>	\$235,532,705	\$269,533,553	\$304,696,612	\$311,372,307	\$317,101,040
<b>Total</b>	\$401,047,212	\$471,199,987	\$530,757,194	\$538,654,868	\$546,826,309
<b>% increase</b>	17.2%	17.49%	12.64%	1.49%	1.51%

### \*\*\*\*\*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 2% rise in budget authority for the 2019-2020 budget year. It is highly recommended to take budget authority as it could be capped by legislation. This is not what we will spend but only a total amount that we could spend if we spent the entire budget.

Budget	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Authority</b>	\$4,106,105	\$4,232,962	\$4,321,408	\$4,527,452	\$4,614,836
<b>Reserve</b>	\$650,000	\$681,000	\$681,000	\$707,949	\$700,000
<b>Total</b>	\$4,756,105	\$4,913,962	\$5,002,408	\$5,235,401	\$5,314,836
<b>Increase</b>	(4%)	(4%)	(2%)	(5%)	(2%)

**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, and pro-rate motor vehicle taxes. Federal receipts come from ESSA Title 1, IDEA, and Medicaid.

Receipts	2015-2016	2016-2017	2017-2018	2018-2019 <i>Est./Actual</i>	2019-2020 <i>Estimated</i>
<b>Local</b>	\$2,466,745	\$2,524,950	\$2,497,097	\$2,609,860	\$2,884,434
<b>State</b>	\$556,100	\$555,260	\$664,060	\$740,374	\$733,809
<b>Federal</b>	\$88,222	\$70,882	\$107,048	\$111,205	\$49,850
<b>Total</b>	\$3,111,066	\$3,151,092	\$3,268,205	\$3,461,439	\$3,668,193

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

Budgeted Expenditures	2015-2016	2016-2017	2017-2018	2018-2019 <i>Est./Actual</i>	2019-2020 <i>Estimated</i>
<b>Total SPED</b>	\$177,280	\$225,152	\$402,958	\$399,001	\$400,000
<b>Total NON SPED</b>	\$2,878,734	\$3,082,896	\$3,140,753	\$3,324,035	\$3,200,000
<b>Total</b>	\$3,056,014	\$3,308,048	\$3,543,712	\$3,723,036	\$3,600,000

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

Summary	2015-2016	2016-2017	2017-2018	2018-2019 <i>Est./Actual</i>	2019-2020 <i>Estimated</i>
Teachers/Admin	\$1,854,078	\$1,942,570	\$2,015,737	\$2,114,384	\$2,068,000
Classified Staff/Subs	\$443,738	\$440,327	\$596,451	\$633,343	\$657,000
Total	\$2,297,816	\$2,382,897	\$2,612,188	\$2,747,727	\$2,725,000
Increase/Decrease	\$128,168	\$88,492	\$73,167	\$98,647	- \$22,727

**Large expenditures from 2018-2019** –These are expenditures that were costly that we are not anticipating during the 2019-2020 school year.

Area	Amount
Curriculum	<b>\$28,245</b>
Technology	<b>\$50,195</b>
Door Lock System	<b>\$44,289</b>
Kitchen Electrical/Boiler Clean Up	<b>\$8,309</b>
Total	<b>\$105,638</b>

**General Fund Summary-** This is a summary of the last 5 years of expenses versus receipts. As you can see, our expenditures have outweighed our cash receipts which has caused a dip in our cash balance. For the 2019-2020 school year, we will need to be frugal with our spending and wise on our expenditures in order to grow our cash reserve back to a more comfortable level. It is recommended to keep three months of expenses in you cash reserve just in case a depression or recession hits. For Mullen Public Schools, my recommendation would be to grow the cash reserve to \$900,000 and maintain it at that level. 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.

Summary	2015-2016	2016-2017	2017-2018	2018-2019 <i>Est./Actual</i>	2019-2020 <i>Estimated</i>
Beginning Cash	\$1,236,500	\$1,281,416	\$1,001,838	\$906,735	<b>\$645,138</b>
Payroll	\$2,297,816	\$2,382,897	\$2,612,188	\$2,747,727	\$2,725,000
Bills	\$ 568,451	\$704,317	\$620,085	\$813,309	\$675,000
Transfers	\$200,000	\$243,000	\$257,000	\$162,000	\$200,000
Total Expenditures	<b>\$3,066,267</b>	<b>\$3,330,214</b>	<b>\$3,489,273</b>	<b>\$3,723,036</b>	<b>\$3,600,000</b>
Total Receipts	<b>\$3,111,186</b>	<b>\$3,050,636</b>	<b>\$3,394,170</b>	<b>\$3,461,439</b>	<b>\$3,668,193</b>
Cash Reserve	<b>\$1,281,416</b>	<b>\$1,001,838</b>	<b>\$906,735</b>	<b>\$645,138</b>	<b>\$713,331</b>

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

For 2019-2020, I am recommending a General Fund levy of .579715 so we can maintain the budget so we have more receipts that expenditures. This will allow us to begin to build our cash reserve/beginning cash balance up to three months of expenditures.

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Levy	.634187	.559286	.526787	.523861	.579715
Asking	\$2,543,388	\$2,635,354	\$2,795,960	\$2,821,802	\$3,070,034

**BUDGET WORK SESSION SUMMARY**

August 26, 2019

**\*\*\* 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.

	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019 <i>Est./Actual</i></b>	<b>2019-2020 <i>Estimated</i></b>
Beginning Balance	\$324,643	\$411,427	\$468,252	\$285,833	\$198,333
Interest	\$1,212	\$1,315	\$1612	\$1500	\$1200
Transfer from General	\$150,000	\$207,000	\$207,000	\$107,000	\$145,000
Disbursements	\$64,428	\$151,490	\$391,030	\$196,000	\$107,000
Total Resources Available	\$411,427	\$468,252	\$285,833	\$198,333	\$237,533

**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.

	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019 <i>Est./Actual</i></b>	<b>2019-2020 <i>Estimated</i></b>
Beginning Balance	\$71,026	\$70,970	\$71,255	\$71,556	\$71,939
Interest	\$285	\$285	\$301	\$383	\$361
Disbursements	\$341	\$0	\$0	\$0	\$0
Total Resources	\$70,970	\$71,255	\$71,556	\$71,939	\$72,300

**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.

	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019 <i>Est./Actual</i></b>	<b>2019-2020 <i>Estimated</i></b>
Beginning Balance	\$100,057	\$124,620	\$176,828	\$182,672	\$241,326
Activity Receipts	\$167,219	\$169,849	\$131,731	\$226,427	\$130,000
Transfer from General	\$20,000	\$25,000	\$25,000	\$25,000	\$ 30,000
Disbursements	\$162,656	\$142,641	\$151,592	\$194,000	\$160,000
Total Resources	\$124,620	\$176,828	\$182,672	\$241,326	\$241,326

BUDGET WORK SESSION SUMMARY

August 26, 2019

**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.

<b>Receipts</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019 Est./Actual</b>	<b>2019-2020 Estimated</b>
Beginning Balance	\$33,853	\$37,666	\$38,037	\$41,524	\$14,755
Sale of Lunches / Milk	\$36,006	\$38,384	\$39,248	\$31,877	\$30,000
State Reimbursement	\$397	\$383	\$367	\$322	\$300
Interest	\$67	\$85	\$95	\$185	\$100
Federal Reimbursement	\$27,719	\$27,625	\$30,355	\$33,232	\$30,000
Transfers from General	\$25,000	\$25,000	\$25,000	\$30,000	\$25,000
<b>Total Receipts</b>	<b>\$123,042</b>	<b>\$129,142</b>	<b>\$132,070</b>	<b>\$136,955</b>	<b>\$100,155</b>
<b>Expenditures</b>					
Salaries and Benefits	\$40,986	\$42,509	\$45,240	\$43,600	\$44,000
Cost of Food	\$41,901	\$39,407	\$41,590	\$38,600	\$38,000
Supplies / Equipment	\$2,490	\$9,190	\$3,706	\$40,000	\$1,000
<b>Total Expenditures</b>	<b>\$85,376</b>	<b>\$91,106</b>	<b>\$90,547</b>	<b>\$122,200</b>	<b>\$83,000</b>

In preparations for the start of the 2019-2020 school year, I have had several talks with Barb McIntosh about where I would like to see the organization of the lunch fund. We have decided on a monthly budget for food and wages. I would like her to stay within \$75,000 for the year. I have budgeted \$82,000 to be safe. We have also spoke about making sure we do not carry so much inventory throughout the summer months. These are steps that she is willing to take in order to make the school lunch run more efficiently. She is going to do her best to keep to her budget. I explained to her that I would like the lunch fund to run off of a lesser transfer. Instead of \$25,000, I would like it to be around \$10,000 to \$15,000 on the high end.

**BUDGET WORK SESSION SUMMARY**

August 26, 2019

**\*\*\*\*\*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. *For the 2019-2020 school year, I recommend not levying any funds until we have a direct plan of action for what we are going to build with this funding.*

	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019 <i>Est./Actual</i></b>	<b>2019-2020 <i>Estimated</i></b>
Balance	\$191,137	\$121,692	\$351,751	\$421,237	\$463,385
Property Taxes	\$79,130	\$220,731	\$95,756	\$88,920	\$0
Disbursements	\$156,777	\$31,086	\$40,849	\$65,739	\$65,000
Local/State Sources	<b>\$8,202</b>	<b>\$40,414</b>	<b>\$14,578</b>	<b>\$18,967</b>	<b>\$14,000</b>
Total Available	<b>\$121,692</b>	<b>\$351,751</b>	<b>\$421,237</b>	<b>\$463,385</b>	<b>\$412,385</b>

**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. The repayment of bonds is set on a payment schedule through the bonding agent. Mullen Public Schools will need to levy .01958 for the 2019-2020 Budget Cycle.

	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019 <i>Est./Actual</i></b>	<b>2019-2020 <i>Estimated</i></b>
Receipts before Taxes	\$310,754	\$320,323	\$324,107	\$338,646	\$322,927
Property Taxes	\$96,219	\$92,567	\$86,275	\$89,456	\$35,000
Other Resources	\$10,021	\$11,920	\$13,311	\$12,883	\$11,000
Payments	\$96,671	\$100,703	\$99,690	\$103,415	\$96,915
Total Available	<b>\$320,323</b>	<b>\$324,107</b>	<b>\$324,003</b>	<b>\$322,927</b>	<b>\$272,012</b>
<b>OUTSTANDING</b>	<b>BOND</b>	<b>DEBT</b>	<b>PAYMENTS</b>		
Bond	2020-2021	2021-22	2022-23	Total	
2012 Refunded	\$100,201	\$98,254	\$96,117	\$294,572	

As shown in the chart, at the end of 2019-2020 it is estimated that we will have \$272, 012 which could be higher. That would leave us with \$22,560 to pay off the bond. With interest and other resources, this could be the last year we will have to substantially levy for the bond fund. With your permission, I will look into seeing if we can pay it off sooner but it could come with a penalty if we decide to pay off early.

BUDGET WORK SESSION SUMMARY

August 26, 2019

**QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND** - School districts have a maximum of 3¢ for projects initiated after April 19, 2016. Projects in place prior to that date can have a levy up to 5.2¢. This levy is part of the \$1.05 statutory maximum levy, unless the 3¢ is levied to retire bond principal and interest. This is the payment for the construction of the Hilltop Gymnasium. Mullen Public Schools will need to levy .007389 for the 2019-2020 budget cycle.

	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b> <i>Est./Actual</i>	<b>2019-2020</b> <i>Estimated</i>
Resources	\$151,751	\$252,989	\$325,142	\$389,674	\$454,735
Property Taxes	\$92,712	\$65,693	\$56,788	\$56,788	\$40,000
Other Resources	\$29,564	\$27,498	\$28,780	\$29,311	\$29,311
Payments	\$21,038	\$21,038	\$21,038	\$21,038	\$21,038
Total Resources	<b>\$252,989</b>	<b>\$325,142</b>	<b>\$389,674</b>	<b>\$454,735</b>	<b>\$503,008</b>
OUTSTANDING	BOND	DEBT	PAYMENTS		
	2019-20	2020-2021	2021-22	2022-23	Total
<i>Series 2011, Construction</i>	\$21,038	\$21,038	\$21,038	\$516,038	\$522,038

As shown in the chart, at the end of 2019-2020 it is estimated that we will have \$503,008 which could be higher based on interest and other resources. That would leave us with \$16,645 to pay off the bond. With interest being around \$2,000 per year and other resources, this could be the last year we will have to substantially levy for the bond fund. The way our payments work is that we make a payment of \$21,038 each year and we receive \$19,733 of that back as a receipt which is around 93%. We can also use general fund money to pay off the rest of the balance. Once we are paid off, if there are any funds left over, we will be able to transfer the funding into the general fund. My recommendation would be to levy this year and see where we are at this time next year. We could budget within the general over the next couple of years for the rest of the payoff amount in 2022-23. With this type of loan, I am unsure if they will allow a payoff but I can look into it if you would like.

BUDGET WORK SESSION SUMMARY  
2019

**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	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
General Fund	.634187	.559286	.526787	.523861	.579715
Building Fund	.022373	.053084	.0202	.018752	.000000
Bond Fund	.026044	.021651	.019184	.019580	.006465
Qualified Capital Purpose Fund (QCPUF)	.025675	.015231	.013522	.012189	.007389
<b>Total Levy</b>	<b>.708278</b>	<b>.649252</b>	<b>.579692</b>	<b>.574382</b>	<b>.593569</b>
<b>Increase/Decrease</b>	<b>-4%</b>	<b>-8%</b>	<b>-10%</b>	<b>0%</b>	<b>3%</b>

Tax Request	2015-16	2016-17	2017-18	Est/Act 2018-19	Est. 2019-20
General Fund	\$2,543,388	\$2,635,354	\$2,795,960	\$2,821,802	\$3,170,034
Received	\$2,526,266	\$2,591,675	\$2,656,521	\$2,806,329	\$3,008,633
Building Fund	\$89,725	\$250,132	\$107,212	\$101,010	0
Received	\$ 86,065	\$ 241,864	\$107,087	\$100,106	0
Bond Fund	\$104,451	\$102,020	\$101,818	\$105,469	\$35,354
Received	\$103,946	\$ 100,942	\$ 96,964	\$106,254	\$35,000
QCPUF	\$102,967	\$71,768	\$66,667	\$65,657	\$40,404
Received	\$100,804	\$71,589	\$63,608	\$66,357	\$40,000
<b>Total Budget Request</b>	<b>\$2,840,531</b>	<b>\$3,059,274</b>	<b>\$3,071,657</b>	<b>\$3,093,938</b>	<b>\$3,245,792</b>
<b>Total Received</b>	<b>\$2,817,081</b>	<b>\$3,006,070</b>	<b>\$2,924,180</b>	<b>\$3,079,046</b>	
Cty Treasurer 1%	<b>\$28,405</b>	<b>\$30,593</b>	<b>\$30,717</b>	<b>\$30,939</b>	<b>\$32,458</b>
Back Taxes Not Received	<b>\$0</b>	<b>\$22,611</b>	<b>\$116,760</b>	<b>+\$16,047</b>	
<b>Increase in Tax Ask</b>	<b>\$311,551</b>	<b>\$218,743</b>	<b>\$12,383</b>	<b>\$22,281</b>	<b>\$151,854</b>
<b>% Increase</b>	<b>12%</b>	<b>7%</b>	<b>.004%</b>	<b>.007%</b>	<b>3%</b>

Decision Time- What would you like to levy for the 2019-2020 school year? My suggestion is highlighted in Yellow. The Orange is where we are currently at for a levy.

	2018-2019	2%	3%	4%	5%
General Fund	.523861	.579715	.579715	.579715	.579715
Building Fund	.018752	.000000	.000000	.004618	.0085115
				(\$25,253)	(\$50,505)
Bond Fund	.019580	.003694	.006465	.006465	.006465
		(\$20,002)	(\$35,354)		
Qualified Capital Purpose Fund (QCPUF)	.012189	.003694	.007389	.007389	.007389
		(\$20,002)	(\$40,404)		
<b>Total Levy</b>	<b>.574382</b>	<b>.587103</b>	<b>.593569</b>	<b>.598187</b>	<b>.6020805</b>
<b>Change in Levy</b>	<b>-.00531</b>	<b>.012721</b>	<b>.019187</b>	<b>.023805</b>	<b>.0323165</b>
			(.006466)	(.004618)	(.0085115)
<b>Tax Asking</b>	<b>\$3,093,938</b>	<b>\$3,210,438</b>	<b>\$3,245,792</b>	<b>\$3,271,045</b>	<b>\$3,296,297</b>
<b>Change in Asking</b>	<b>\$17,180</b>	<b>\$116,500</b>	<b>\$151,854</b>	<b>\$177,107</b>	<b>\$202,359</b>
			(\$35,354)	(\$25,253)	(\$25,252)

BUDGET WORK SESSION SUMMARY  
August 26, 2019