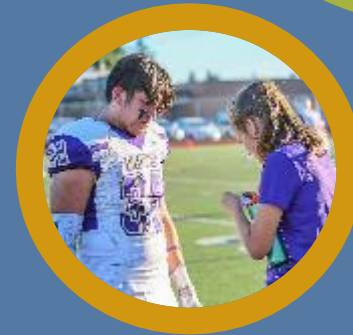


# Budget Adoption

## August 2021



*August 26, 2021*

# Agenda

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- Budget development assumptions
- Summaries of budget by fund
- Revenues and expenditures
- Fund balance projections

# Budget Development Assumptions and Notes

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- State revenues provided with OSPI budgetary program applications
- Federal revenue projections— various OSPI and federal sources
- Additional ESSER funding used to add supplemental positions to support recovery from COVID. Secondary Librarians, Tech TOSA, AVID TOSA, Secondary Intervention, Summer School. Net neutral to the overall budget. ESSER funding is one time and these positions will need to be re-evaluated.

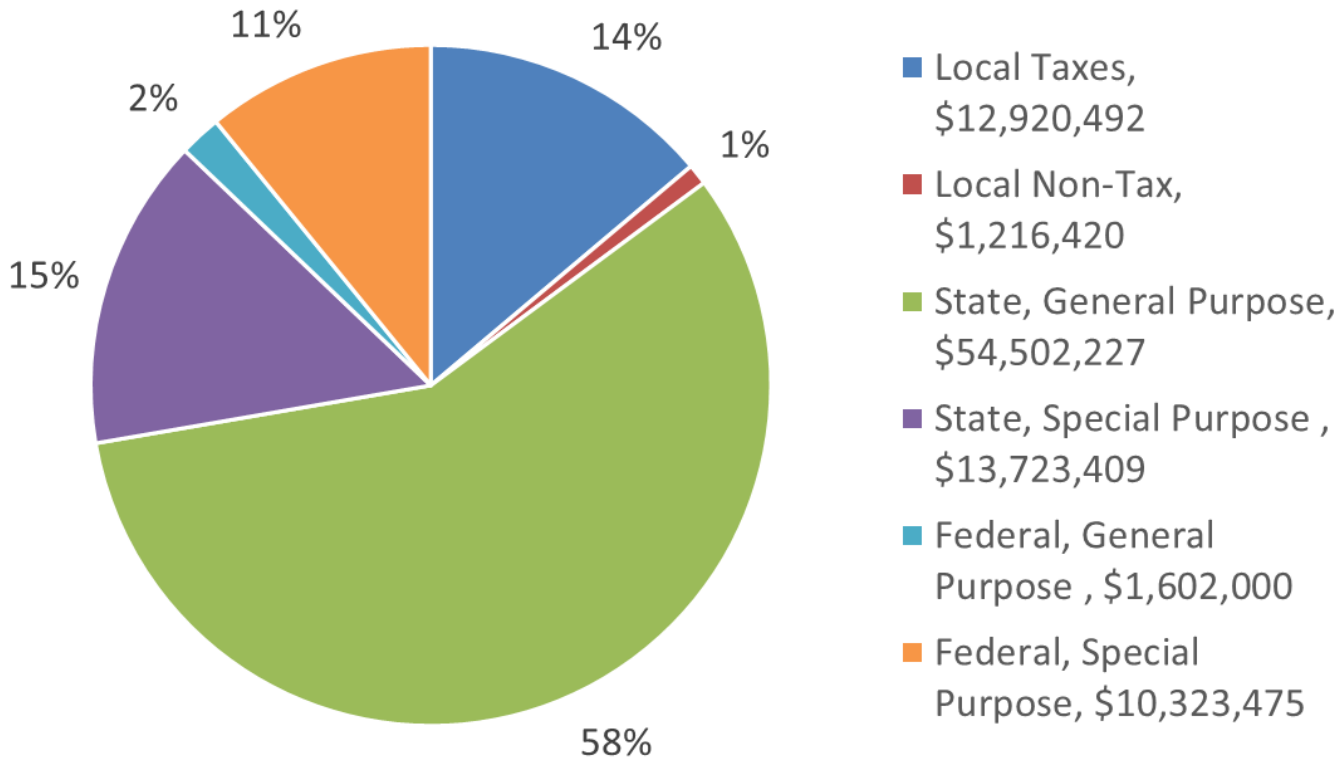
# Budget Development Assumptions and Notes

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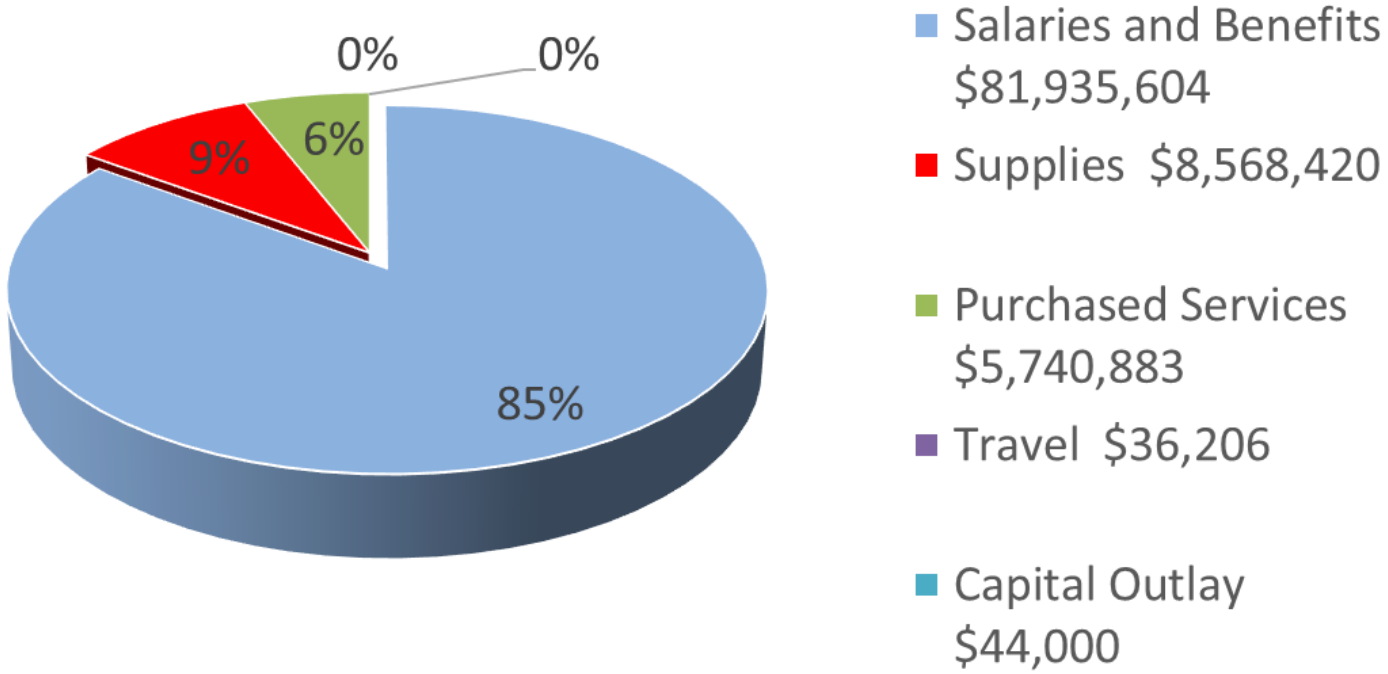
- Developed budget with inflationary assumptions for employee groups that are not yet settled for labor negotiations
- Enrollment forecasts from last January were conservative. At this point enrollment is near the forecast in total number
  - Distribution by grade different (more high school, less elementary)
  - Still potential to see movement back and forth to online academy
- Budget still in draft, known adjustments expected to be minor
- Prepared the budget for next year assuming school as normal

# General Fund Revenues

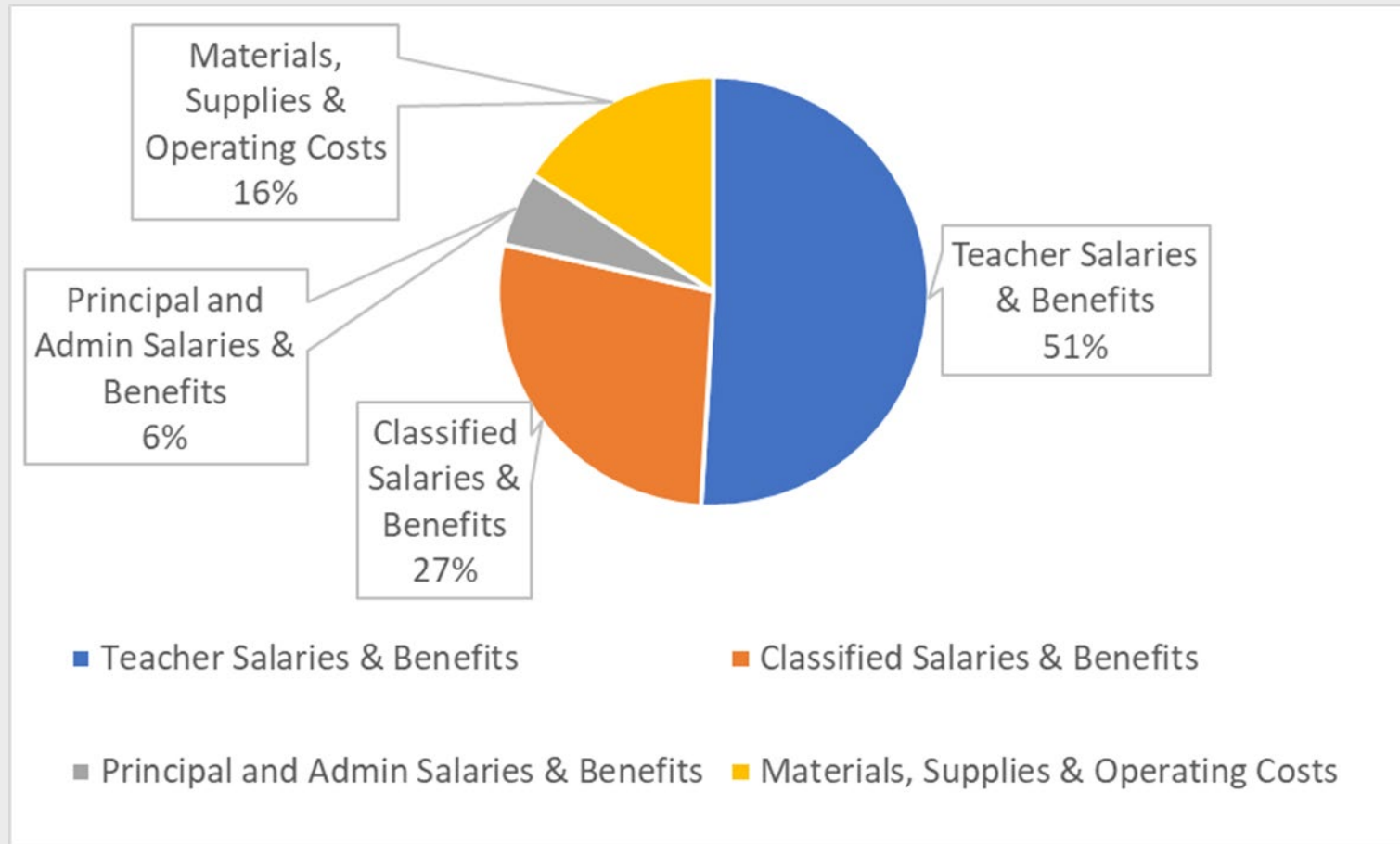
21-22 General Fund Budgeted Revenue



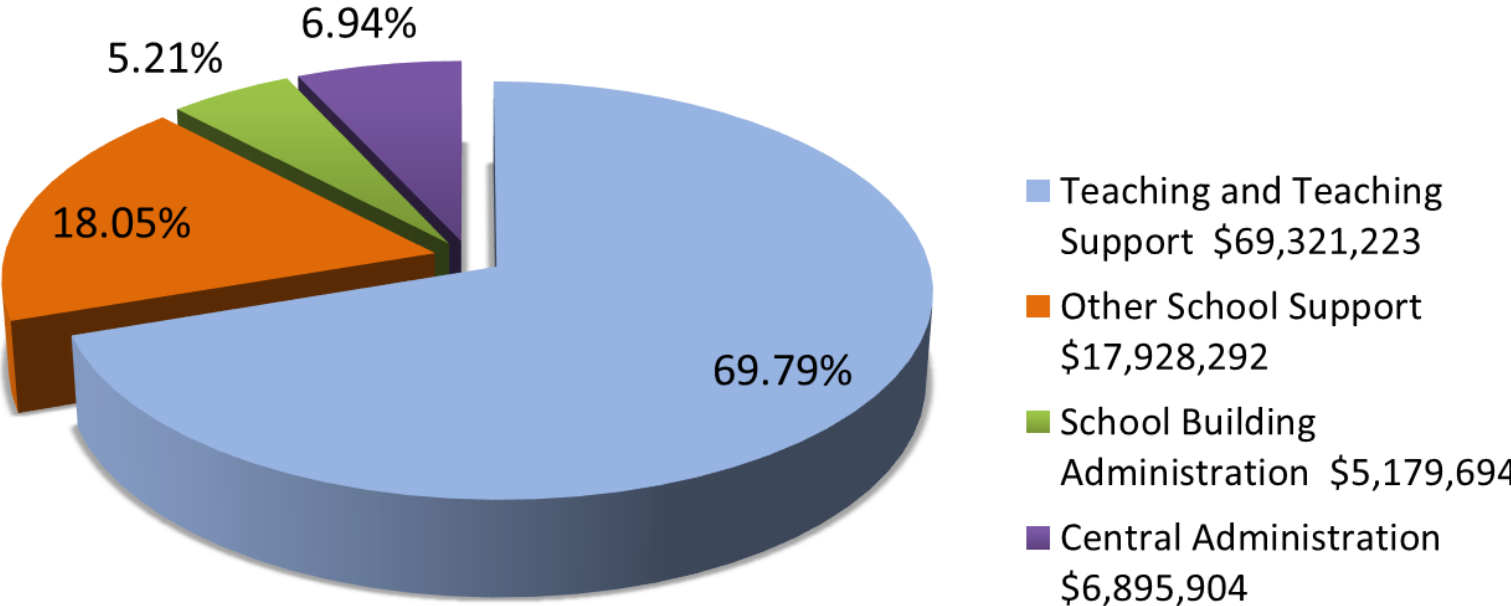
# General Fund Expenditures by Object



# Objects by Grouping



# General Fund Expenditures by Activity





# Budget Summary by Fund



## North Kitsap School District SUMMARY OF 2021-2022 BUDGETS

| FUND                     | YEAR           | BEGINNING BALANCE | REVENUES          | EXPENDITURES      | OPERATING TRANSFERS | ENDING BALANCE    |
|--------------------------|----------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| <b>GENERAL:</b>          | <b>2021-22</b> | <b>16,500,000</b> | <b>94,638,023</b> | <b>99,325,113</b> | <b>0</b>            | <b>11,812,910</b> |
|                          | 2020-21        | 13,810,730        | 86,098,077        | 96,293,638        | -90,730             | 3,524,439         |
| <b>CAPITAL PROJECTS:</b> | <b>2021-22</b> | <b>4,884,000</b>  | <b>15,638,110</b> | <b>17,192,142</b> | <b>-350,000</b>     | <b>2,979,968</b>  |
|                          | 2020-21        | 2,579,500         | 5,329,356         | 5,070,006         | -350,000            | 2,625,342         |
| <b>DEBT SERVICE:</b>     | <b>2021-22</b> | <b>25,660</b>     | <b>100</b>        | <b>0</b>          | <b>0</b>            | <b>25,760</b>     |
|                          | 2020-21        | 275,000           | 902,700           | 3,922,453         | 90,730              | 279,930           |
| <b>ASB:</b>              | <b>2021-22</b> | <b>485,916</b>    | <b>875,909</b>    | <b>1,013,835</b>  | <b>0</b>            | <b>347,990</b>    |
|                          | 2020-21        | 467,137           | 923,709           | 1,055,888         | 0                   | 334,958           |
| <b>TRANSP VEHICLE:</b>   | <b>2021-22</b> | <b>1,957,000</b>  | <b>463,000</b>    | <b>368,000</b>    | <b>0</b>            | <b>2,052,000</b>  |
|                          | 2020-21        | 1,400,000         | 613,804           | 590,966           | 0                   | 1,330,000         |

# Causes of deficit spending?

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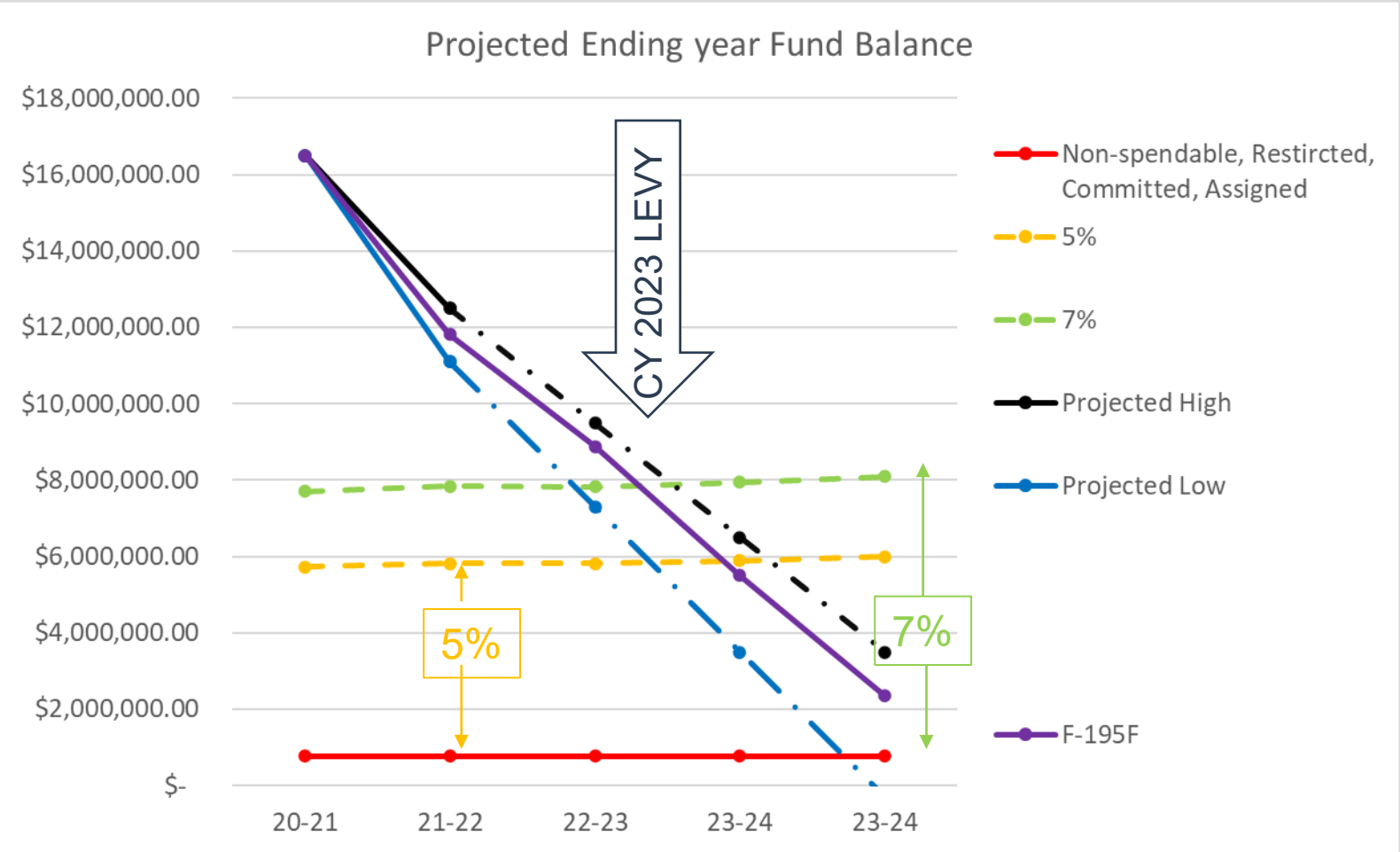
- State funding for education does not cover all employees salaries and benefits
  - Allocation model woefully inadequate in classified support positions (0.9 School nurses for 5600 students, etc)
  - Funding model only partially funds positions, but benefits (SEBB) required for all eligible employees (Food Service and other non-funded classified)
  - Funding models underfund the actual costs of teachers, principals, etc
- Deficit spend primarily due to salaries, benefits (SEBB), operating costs rising faster than state inflationary increase
- Transportation allocation model inadequate to cover necessary costs
- SPED funding model inadequate to cover necessary costs
- Classroom staffing ratios lowered slightly to assist in COVID recovery in 21-22 school year

# Deficit spend and projections

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- OSPI Revenue models
  - *No foreseeable meaningful changes expected.*
- NKSD will be deficit spending for the foreseeable future
- For 2023-2024 school year NKSD will need take action to ensure expenses match anticipated revenues
- Board minimum fund balance policy 6022
  - Currently 5-7%
  - 7% is approximately 1 month Salary & Benefits costs
- Election in Feb 2022 for tax collection year 2023
- *Prior decisions regarding previously board Committed Fund Balance may need to be reconsidered in light of recent events*

# Fund balance projection



# Summary...

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- Deficit spend for immediate and foreseeable future
  - Expect to reach board minimum fund balance policy limits in the 23-24 school year
  - For 2023-2024 school year NKSD will need take action to ensure expenses match anticipated revenues
- Budget adoption for 21-22 school year due by August 31

# Questions

