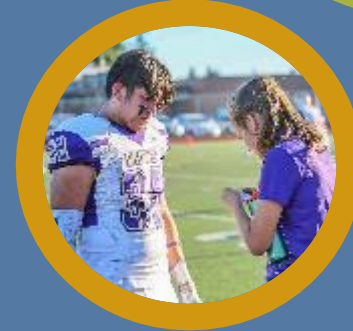


Budget Forum: Board Update July 2021



July 22, 2021

Agenda

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

Budget Development Assumptions and Notes

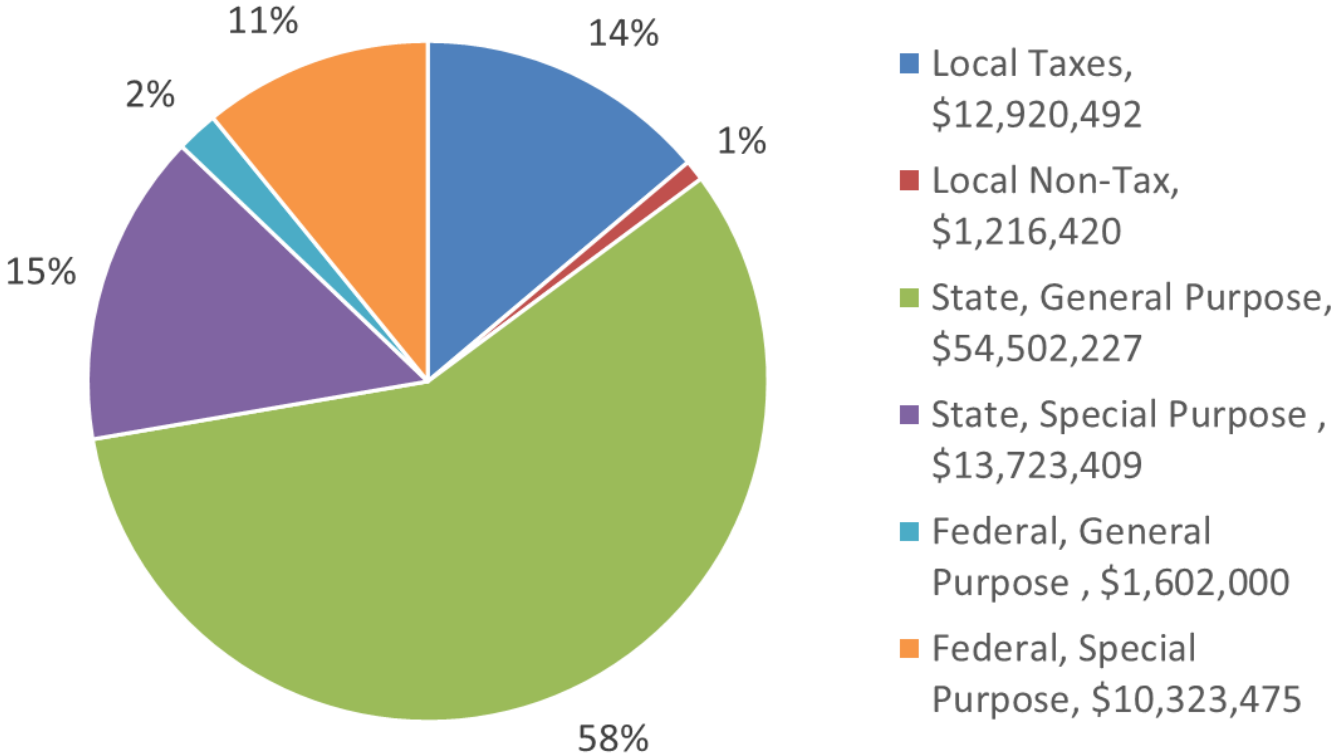
- State revenues provided with OSPI budgetary program applications
- Federal revenue projections— various OSPI and federal sources
- Additional ESSER funding used to add supplemental positions to support recovery from COVID. Secondary Librarians, Tech TOSA, AVID TOSA, Secondary Intervention, Summer School. 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

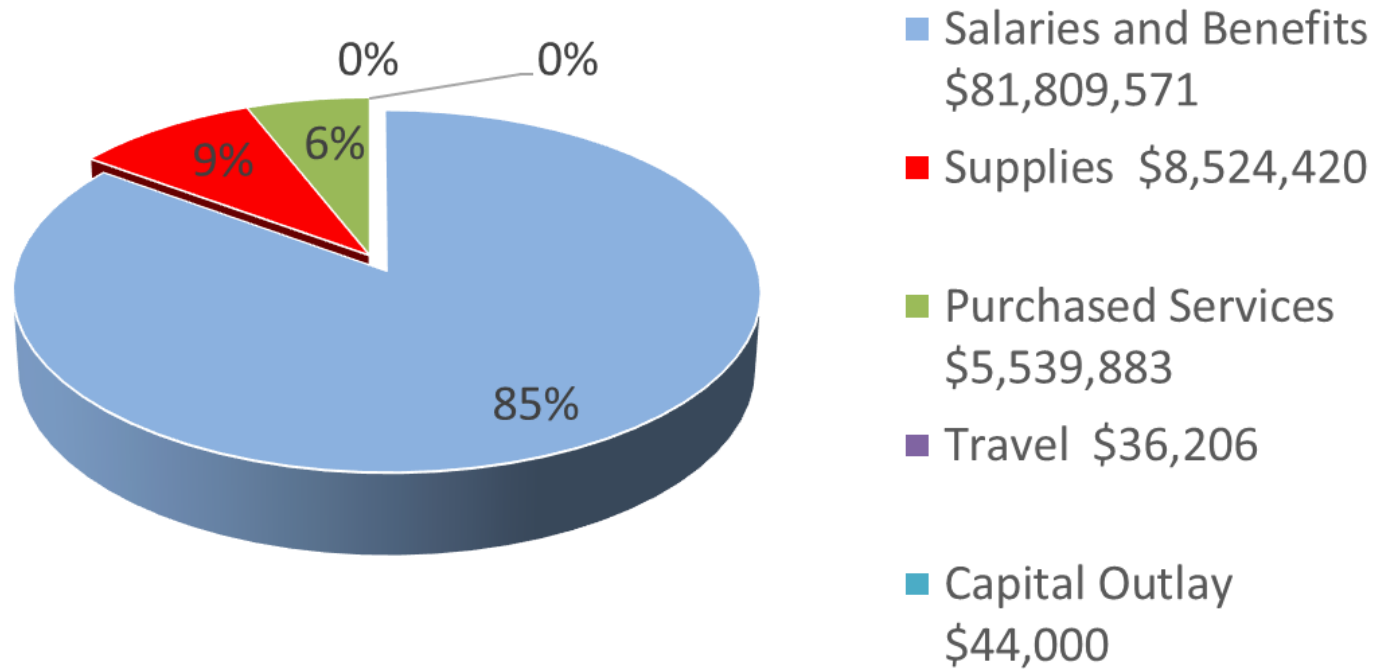
- Developed budget with inflationary assumptions for employee groups that are not yet settled for labor negotiations
- Enrollment forecasts from last January were conservative. At this point enrollment is still significantly under the forecast
- Budget still in draft, known adjustments expected to be minor
- Prepared the budget for next year assuming school as normal

General Fund Revenues

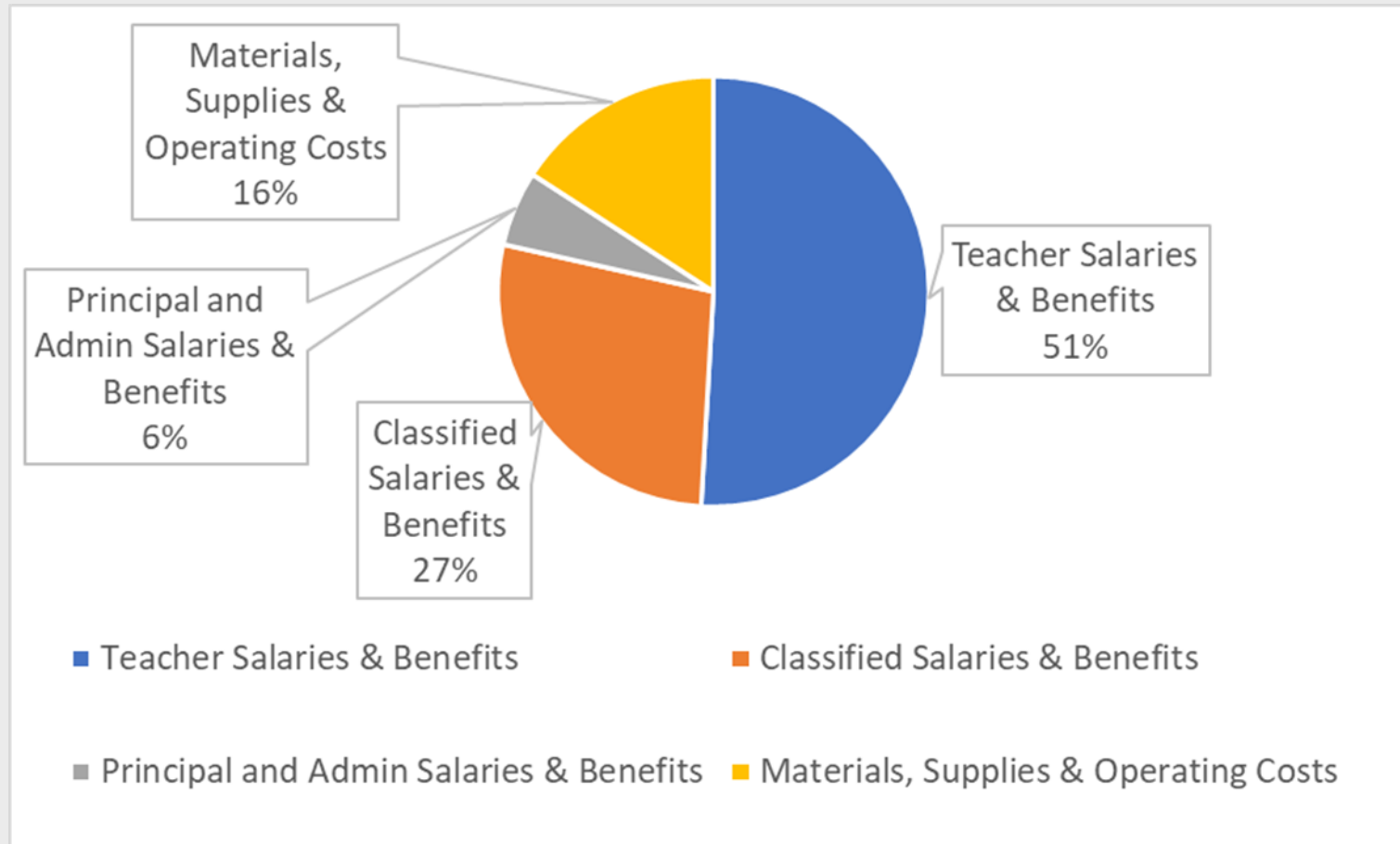
21-22 General Fund Budgeted Revenue



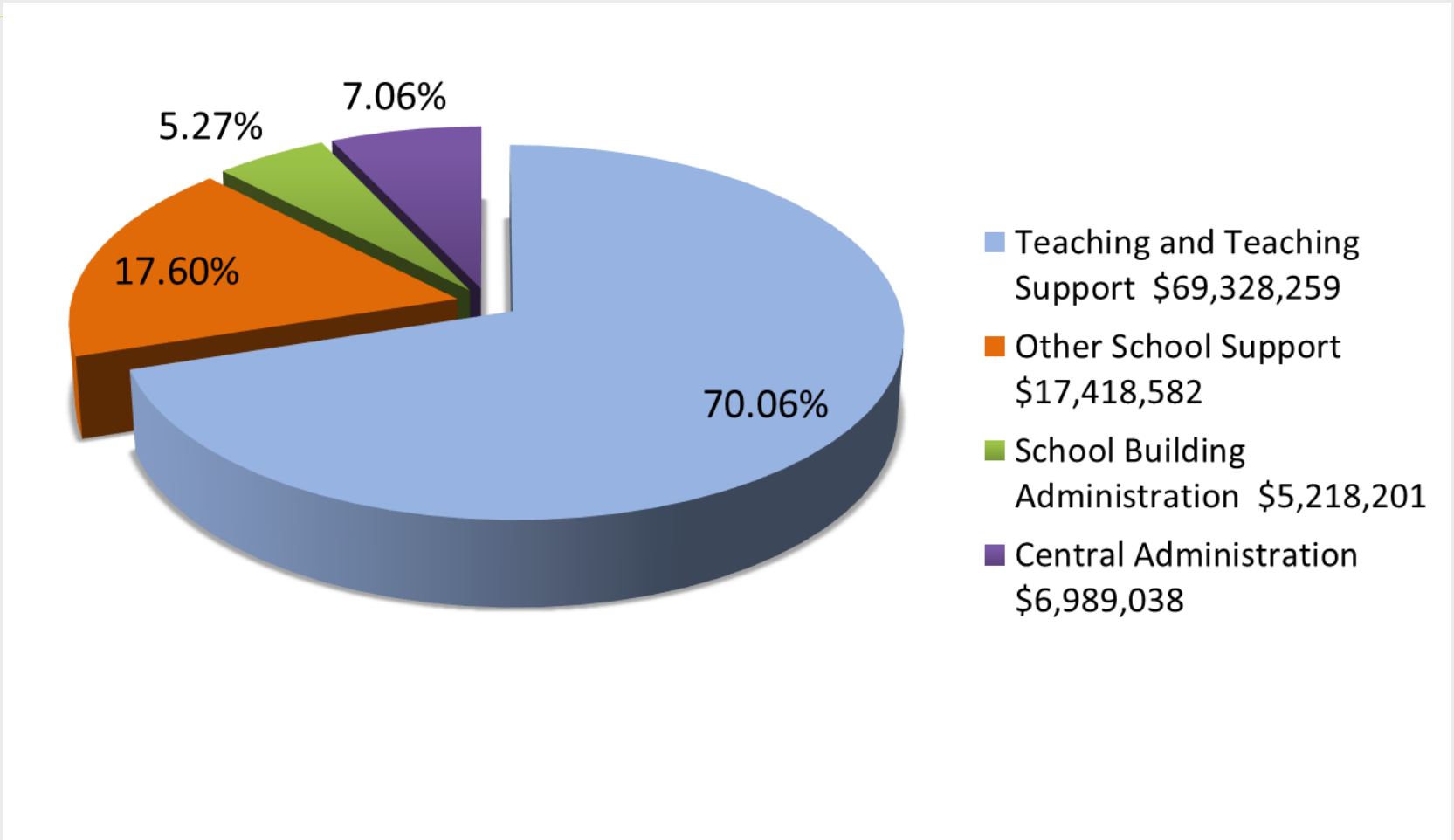
General Fund Expenditures by Object



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
GENERAL:	2021-22	18,000,000	94,638,023	98,954,080	0	13,683,943
	2020-21	13,810,730	86,098,077	96,293,638	-90,730	3,524,439
CAPITAL PROJECTS:	2021-22	4,884,000	15,638,110	17,192,142	-350,000	2,979,968
	2020-21	2,579,500	5,329,356	5,070,006	-350,000	2,625,342
DEBT SERVICE:	2021-22	25,660	100	0	0	25,760
	2020-21	275,000	902,700	3,922,453	90,730	279,930
ASB:	2021-22	485,916	875,909	1,013,835	0	347,990
	2020-21	467,137	923,709	1,055,888	0	334,958
TRANSP VEHICLE:	2021-22	1,957,000	463,000	368,000	0	2,052,000
	2020-21	1,400,000	613,804	590,966	0	1,330,000

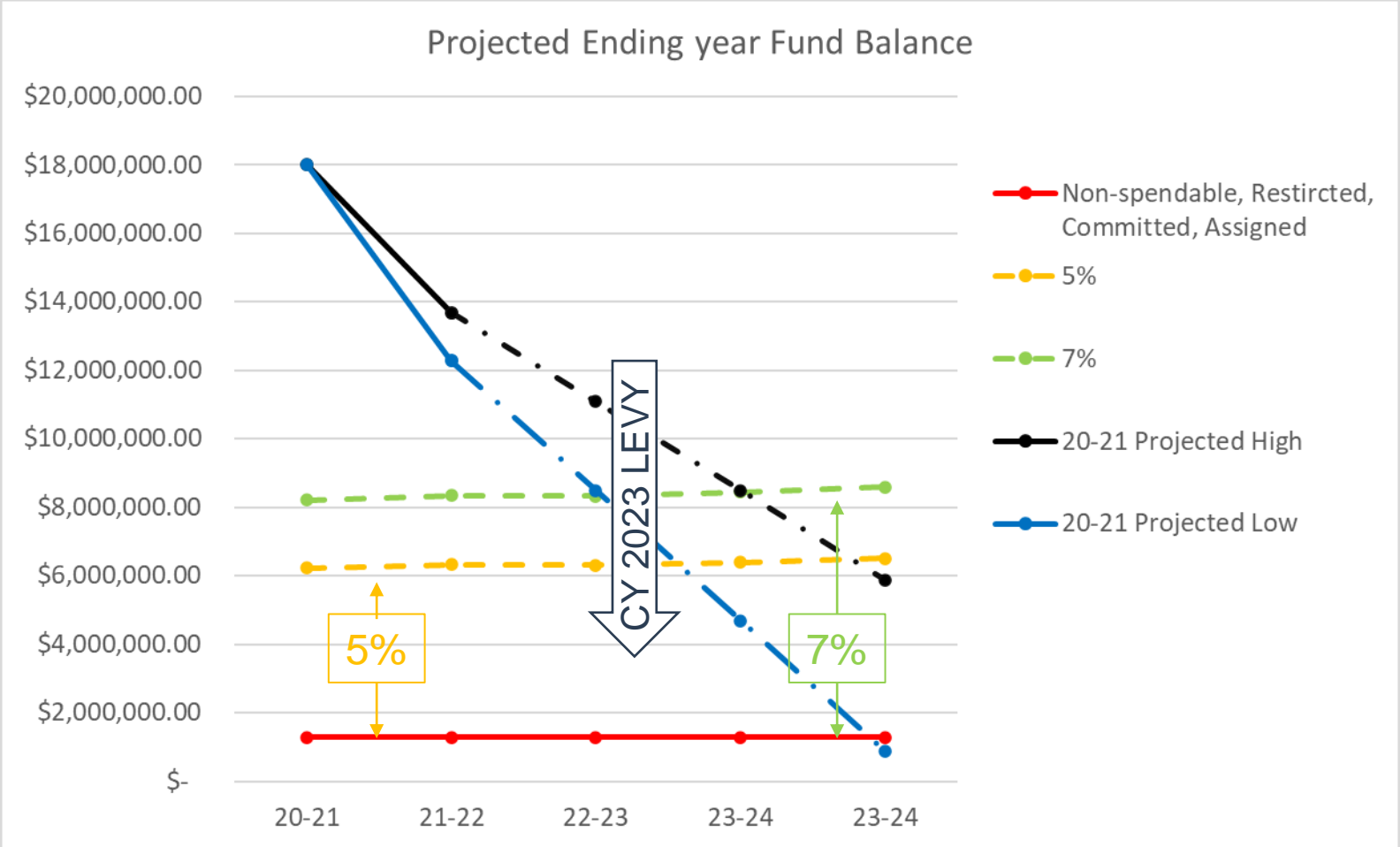
Causes of deficit spending?

- 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

- 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...

- 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
 - Budget hearing scheduled for August 26

Questions

