

**Hockinson School District
2018-2019
Financial Statements
Sept 1, 2018 to August 31, 2019
End of Year Report**

November 25, 2019



Reminder!

Major changes in schools funding model

McCleary decision - state schools levy tax rate increases and local levy school tax rates decreases.

State pays greater share of salaries, benefits, maintenance, supplies and operating costs.

Local levy limited to \$1.50* tax rate (2019) and specifically earmarked for enrichment activities such as extracurricular, early learning, extended learning, and extra staff.

*In 2019 this was changed to \$2.50 (2020) although we continue to collect \$1.50.

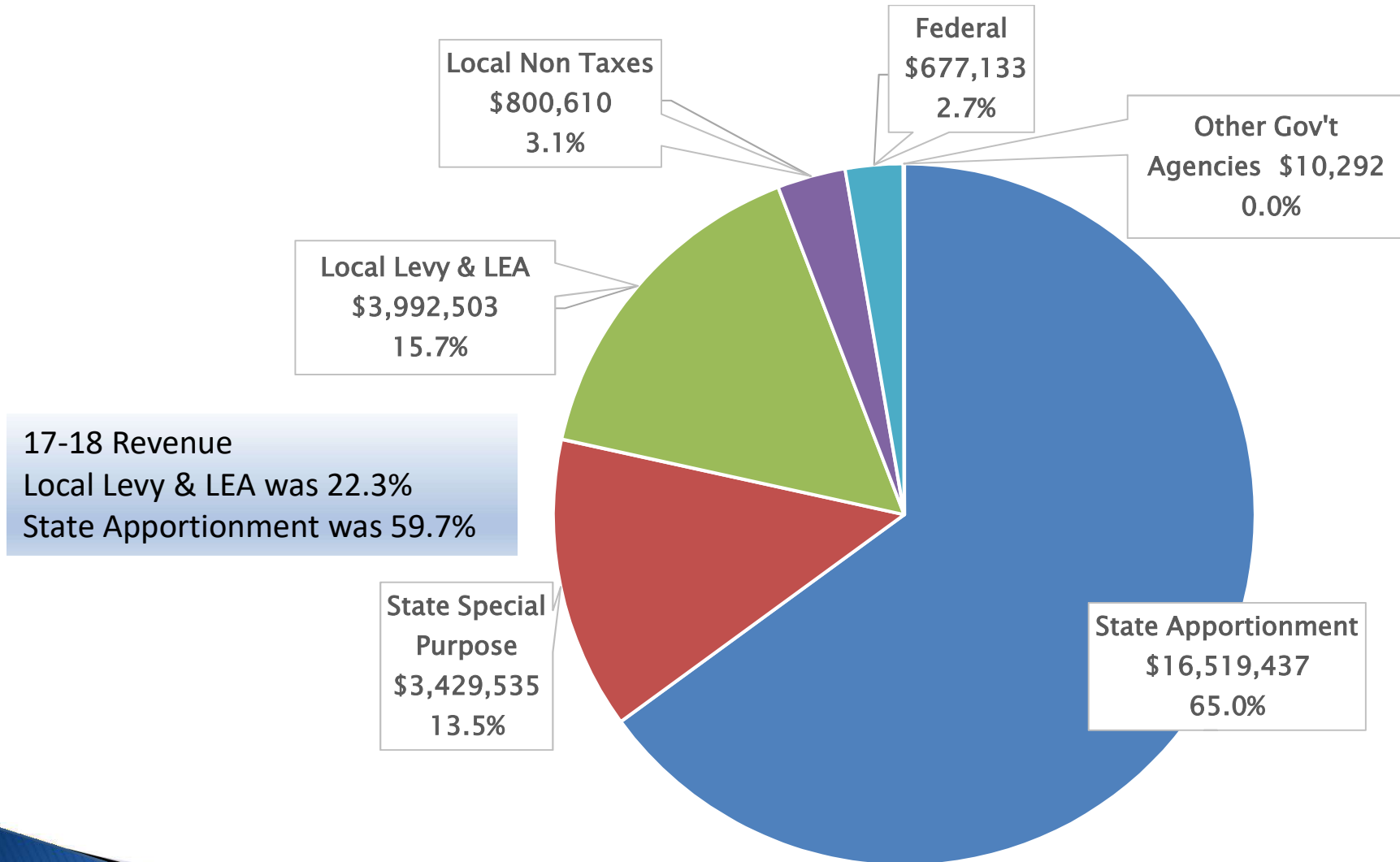


General Fund Revenue Main Components

- ▶ **State Apportionment**
 - Basic Ed – Staffing, maintenance supplies and operating costs, CTE and Running Start – funded based on enrollment / students served
- ▶ **State Special Purpose**
 - Special Education, Learning Assistance Program, Bilingual, Hi-Cap, Special grants, transportation – funded based on enrollment / students served
- ▶ **Levy & Local Effort Assistance (LEA)**
 - Enrichment – Staffing, extracurricular
- ▶ **Local Non-Tax**
 - Community Ed, food service, sports Fees, investment earnings, yearbooks, donations
- ▶ **Federal**
 - Title 1, Title 2, food service, special education – funded based on students served
- ▶ **Other Gov't Agencies**
 - Beginning Teacher Support Grant



General Fund Revenue \$25,429,510



General Fund Revenue – cont.

	17-18	18-19	Inc/Dec	% of Inc/Dec
State Apportionment	\$13,586,253	\$16,519,437	\$2,933,184	21.6%
State Special Purpose	\$ 2,723,463	\$3,429,535	\$706,072	25.9%
Local Levy/LEA	\$ 5,064,821	\$3,992,503	-\$1,072,318	-21.2%
Federal Funds	\$ 676,820	\$677,133	\$313	0.0%
Local Non-Tax	\$ 690,480	\$800,610	\$110,130	15.9%
Other Gov't Agencies	11,093	\$10,292	-\$801	-7.2%
Total	\$22,752,930	\$25,429,510	\$2,676,580	11.8%

18-19 Salaries and Benefits expenses increased \$2,216,534 or (83% of revenue increase). Some remaining funds are set aside for 19-20 to help offset the local levy decrease of an additional **\$959,007**



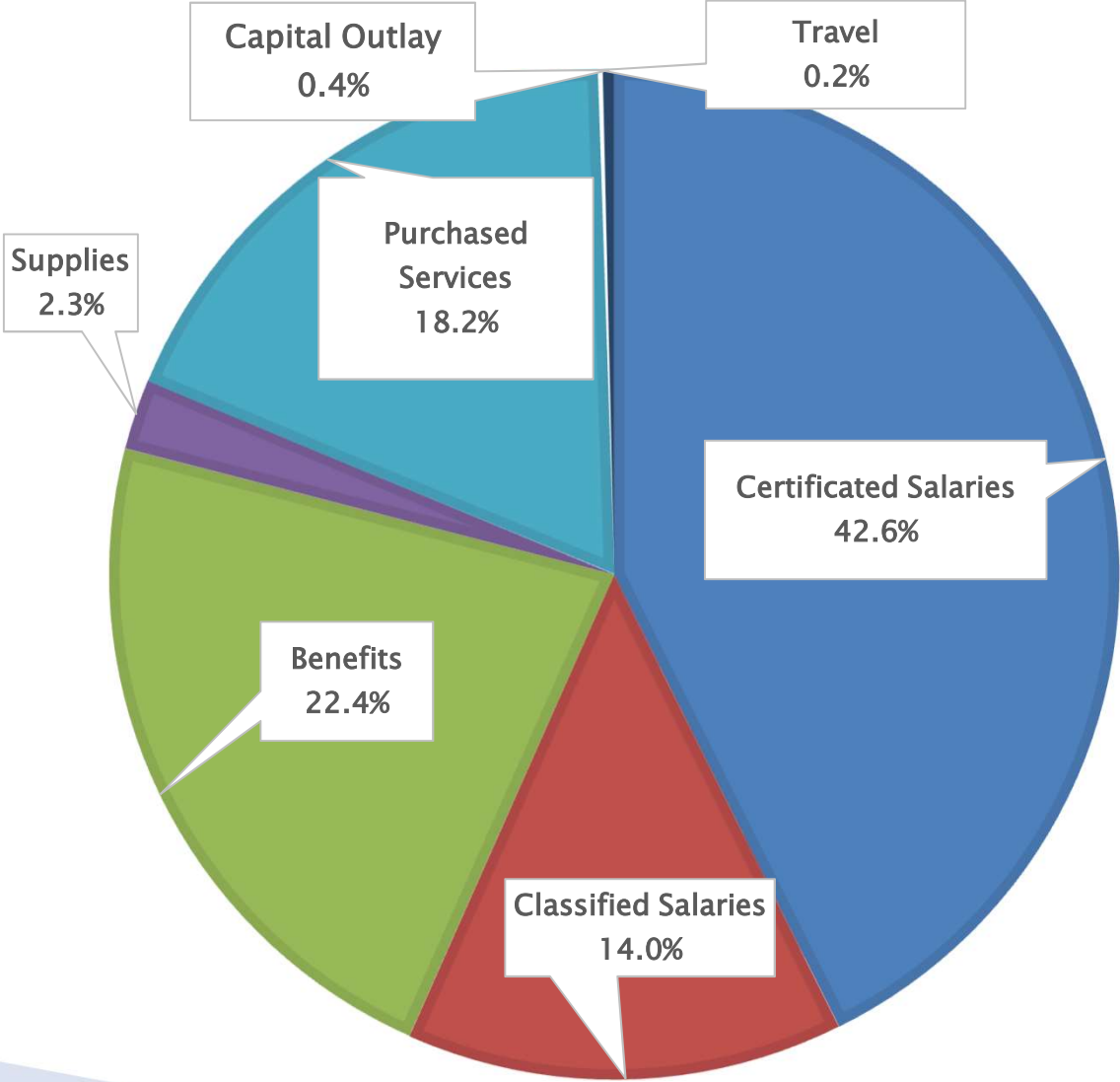
Revenue budget variances from original budget

- ▶ Enrollment over budget \$350,000
 - FTE 1,866 (Over 42)
- ▶ State Forest Funds over budget \$117,000
 - Fluctuates year to year – difficult to budget
- ▶ Transportation over budget \$143,500
 - Formula changes from “McCleary” funding – most district received extra



Expenditures by Object \$24,963,400

Salaries & Benefits 79%
(if contracted services for transportation & food service are removed it's really 85%)



Expenditures by Object cont.

Certificated Salaries	\$ 10,645,911	42.6%
Classified Salaries	\$ 3,495,218	14.0%
Benefits	\$ 5,581,720	22.4%
Supplies	\$ 567,718	2.3%
Purchased Services	\$ 4,541,308	18.2%
Travel	\$ 42,745	0.2%
Capital Outlay	\$ 88,779	0.4%
Total	\$ 24,963,400	100.0%

Purchased Services Include	
Special Education	\$323,901
Transportation	\$1,220,053
Running Start	\$650,789
Utilities/Insurance	\$618,111
Food Service	\$510,208
SRO&Nursing	\$212,798
Tech/Maint	\$363,914
Other	\$641,534
Total	\$4,541,308

Purchased services are also a pass thru of some salaries and benefits



Expenditures by Object cont.

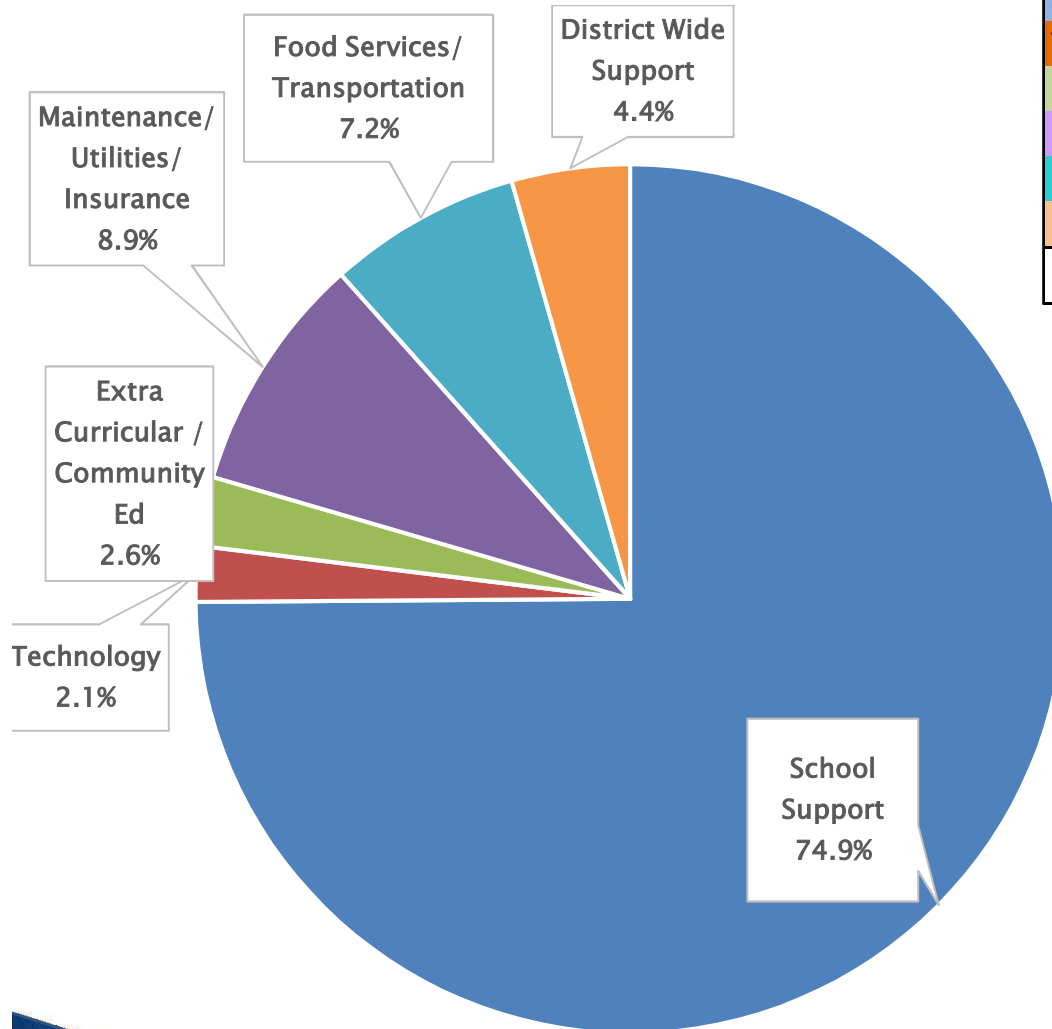
	17-18	18-19	Inc/Dec	% of Inc/Dec
Certificated Salaries	\$9,412,754	\$10,645,911	\$1,233,158	13.1%
Classified Salaries	\$3,051,699	\$3,495,218	\$443,519	14.5%
Benefits	\$5,041,863	\$5,581,720	\$539,858	10.7%
Supplies*	\$777,913	\$567,718	-\$210,195	-27.0%
Purchased Services**	\$4,184,878	\$4,541,308	\$356,430	8.5%
Travel	\$42,293	\$42,745	\$452	1.1%
Capital Outlay	\$219,186	\$88,779	-\$130,407	-59.5%
Total	\$22,730,586	\$24,963,400	\$2,232,814	9.8%

****17-18 Supplies included a curriculum adoption of 230,000**

****18-19 Purchased Service increases greater than State Apportionment increase of 3.1%**



Expenditures by Detailed Activity \$24,963,400



School Support	\$ 18,693,019	74.9%
Technology	\$ 517,730	2.1%
Extra Curricular / Community Ed	\$ 640,369	2.6%
Maintenance/ Utilities/ Insurance	\$ 2,218,492	8.9%
Food Services/ Transportation	\$ 1,795,254	7.2%
District Wide Support	\$ 1,098,536	4.4%
Total	\$ 24,963,400	100.0%

Expenditures by Detailed Activity		
Board of Directors	\$77,002	0.3%
District Wide Support	\$1,021,534	4.1%
Libraries	\$352,109	1.4%
School Offices	\$2,250,083	9.0%
Guidance Counseling	\$623,717	2.5%
Health/Student Safety	\$1,013,811	4.1%
Teaching	\$11,597,339	46.5%
Extra Curricular/ Comm Ed	\$640,369	2.6%
Special Education	\$2,855,962	11.4%
Food Service Operations	\$555,161	2.2%
Transportation Operations	\$1,240,093	5.0%
Maintenance	\$374,978	1.5%
Grounds	\$289,132	1.2%
Custodial	\$925,990	3.7%
Utilities	\$466,663	1.9%
Insurance/Building Security	\$161,729	0.6%
Technology	\$517,730	2.1%
Total	\$24,963,400	100.00%



Expenditure budget variances

- ▶ Special Education expenses – over budget \$55,625
- ▶ Transportation expenses – over budget \$40,140
 - Added another bus route
- ▶ Maintenance / Grounds expenses – over budget \$30,772
 - Challenged by demand and service costs



Why is revenue in excess of expenditures \$466,110?

1. We must reserve excess funds for final phase-in of local levy decrease in 2019-20

2018-19 Levy/LEA \$3,992,503 + McCleary \$'s



2019-20 Levy/LEA \$3,033,496 + McCleary \$'s

2020-21 Budget will present challenges to balance the budget since excess funds are budgeted to be fully expended in 2019-2020.

2. Unspent revenue received for categorical programs and unused programs budget is carried forward to 19-20



Revenue to Program Expenditure

PROGRAMS	PROGRAM EXPENDITURES	STATE REVENUE	FEDERAL REVENUE	LOCAL LEVY/LEA OTHER REVENUE		
BASIC EDUCATION PROGRAM						
01 Basic Education	\$15,346,108	\$13,210,923	\$5,888	\$2,129,298		
02 Open Doors Re-engagement	\$6,182	\$6,182				
31 High School Vocational	\$271,554	\$271,554				
34 Middle School Vocational	\$86,642	\$86,642				
97 District-Wide Support	\$3,834,758	\$3,301,207	\$1,471	\$532,079		
TOTAL BASIC EDUCATION	\$19,545,245	\$16,876,509	\$7,359	\$2,661,377		
OTHER INSTRUCTIONAL PROGRAMS						
21 Special Ed., Basic, State	\$2,509,531	\$1,903,579	\$435	\$605,517		
22 Special Ed., Infants & Toddlers	\$38,548	\$38,548				
24 Special Ed., Federal	\$307,883		\$307,883			
51 Title I Remediation, Federal	\$125,978		\$125,978			
52 Title II School Improvement, Federal	\$27,925		\$27,925			
55 Learning Assistance, State	\$180,651	\$180,651				
58 Board Certification/Misc Grants	\$127,344	\$127,344				
65 Transitional Bilingual, State	\$71,123	\$70,664		\$459		
74 Highly Capable	\$44,688	\$44,688				
TOTAL OTHER INSTRUCTION	\$3,433,671	\$2,365,474	\$462,220	\$605,976		
OTHER PROGRAMS						
89 Community Ed	\$175,610			\$175,610	User Fees	\$175,758
98 Food Services	\$549,169	\$4,251	\$207,554	\$337,363	User Fees	\$363,348
99 Pupil Transportation	\$1,259,705	\$1,259,705				
TOTAL OTHER PROGRAMS	\$1,984,484	\$1,263,957	\$207,554	\$512,973		
TOTAL ALL PROGRAMS	\$24,963,400	\$20,505,940	\$677,133	\$3,780,326		



General Fund Balance Categories

- ▶ **Restricted:** Funds we received that must be spent for a specific purpose. Transportation, LAP, CTE not spent.
- ▶ **Non Spendable:** When we pre-pay in current year for next years expense we are required to restrict those funds. Examples are risk insurance policy, assessment licenses and text books for the next year.
- ▶ **Assigned Building/Program Carry Forward:** Roll over of enhancement funds, building budgets, and other departments that have not spent allocations for year.
- ▶ **Assigned for 19–20 Expenditures in Excess of Revenues:** 19–20 Budgeted expenditures are greater than revenue.
- ▶ **Assigned to other Purpose Per Policy 3%:** Set aside for items such as future textbook adoptions, capital outlay of maintenance and technology as needed.
- ▶ **Minimum Fund Balance Per Policy 5%:** Operational cash flow for expenditure commitments and timing of levy revenues, and protection against unforeseen circumstances.



General Fund Balance

		% of Expenditures
Beginning Fund Balance, September 2018	\$ 2,474,570	
Revenues	\$25,429,510	
Expenditures	\$24,963,400	
Transfer out - Debt Service Fund	\$ 26,733	
Ending Fund Balance, August 2019	\$ 2,913,946	11.7%
		% of Expenditures
Restricted	\$ 103,228	0.4%
Nonspendable	\$ 221,142	0.9%
Assigned - Building/Program Carry forward	\$ 350,744	1.4%
Assigned - 19-20 Expenditures in Excess of Revenues	\$ 248,817	1.0%
Assigned - Board Policy 3%	\$ 741,844	3.0%
Unassigned Min Fund Balance - Board Policy 5%	\$ 1,248,170	5.0%
Ending Fund Balance, August 2019	\$ 2,913,946	11.7%



Capital Projects Revenue & Expenditures

Revenue	
Impact Fees	\$ 773,540
Interest income	\$ 32,119
AR collections of levy/timber excise tax	\$ 5,098
	\$ 810,757

Expenditures	
Portables	\$ 785,775
HS Improvements/New MS wrap up	\$ 76,455
Wetland Mitigation	\$ 16,708
Total	\$ 878,938



Capital Projects Fund

Beginning Fund Balance, September 2018	\$ 990,685
Revenues	\$ 810,758
Expenditures	\$ 878,938
Transfer in - State Forest Funds from Debt Service Fund	\$ 104,000
Ending Fund Balance, August 2019	\$ 1,026,504

Restricted - Levy Proceeds	\$ 4,808
Restricted - Impact Fees	\$ 933,296
Assigned - Fund Purpose	\$ 88,400
Assigned - Fund Purpose	\$ -
Total	\$ 1,026,504



Debt Service Fund

Beginning Fund Balance, September 2018	\$ 1,263,506
Revenues	\$ 3,222,471
Expenditures	\$ 3,063,883
Transfer Out - Capital Projects	\$ 104,000
Transfer in - General Fund	\$ 26,733
Ending Fund Balance, August 2019	\$ 1,344,827



ASB Fund

Beginning Fund Balance, September 2018	\$	115,134
Revenues	\$	300,130
Expenditures	\$	286,493
Ending Fund Balance, August 2019	\$	128,771

Restricted for Prepaid Expenses		850
High School ASB	\$	88,015
Middle School ASB	\$	39,906
Total	\$	128,771



Thank you for attending!

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