Hockinson School District Budget Overview

Main sources of revenue for Public Schools

General Fund

1. State schools tax - Part 1 and 2
2. Local property tax levies
3. Federal funds
4. Local revenue

Funding Drivers

Enrollment drives most funding. There are 2 types of funding.

1. FTE – full time equivalent
2. Headcount

State Apportionment - Basic Ed, CTE, LEA Funding

Staffing: Funded by using a prototypical funding formula per FTE (see attached).

MSOC’s: Maintenance, supplies and operational costs is funded by using a state set amount per FTE.

LEA - Local Effort Assistance – If $1.50 levy does not bring in a minimum of $1,593 per FTE the state provides LEA for the difference.

State Special Purpose - Categorical Funding

Special education, Bilingual, Hi Cap, and Transportation is funded by headcount.
General Fund

Revenues – 19-20 Budget $26.43M

1. State Apportionment - Basic Ed, CTE, Running Start, Local Effort Assistance, State Forest $18.22M
2. State Special Purpose – Categorical Programs - Special Ed, Transportation, LAP, HiCap, Bilingual $4.14M (includes $500K contingency)
3. Local Levy – Enrichment – primarily for unfunded staffing salaries & benefits, special education excess cost including staffing salaries & benefits, and extracurricular $2.44M
4. Federal – Title, Special Ed, Food Service $700K
5. Local Non Tax – Community Ed, Food Service, Sports Fees etc. $860K
6. Transfer In from Capital Projects Fund – $70K
Expenses – 19-20 Budgeted $26.65M and HVAC loan payment $27K

1. Certificated salaries $11.11M
2. Classified salaries $3.52M
3. Benefits $6.06M
4. Supplies $1.02M
5. Purchased Services $4.39M
6. Travel $28K
7. Capital Outlay $525K (includes $500K contingency)

Purchase services includes running start, transportation contract, and food service contract, which have staffing not reflected in the graph. **Staffing and benefits is really closer to 85% of budget**
19-20 Budgeted expenditures are greater than Revenue

<table>
<thead>
<tr>
<th>Revenue</th>
<th>$26,433,267</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures</td>
<td>$26,682,084</td>
</tr>
<tr>
<td>Excess Expenditures (use fund balance)</td>
<td>$(248,817)</td>
</tr>
</tbody>
</table>

One time use of fund balance

Reserves – General Fund Balance

Fund Balance categories ending 18-19 school year

1. Restricted – must be spent on categorical programs
2. Non-Spendable
3. Assigned for 19-20 excess expenditures
4. Assigned for department carry forward
5. Assigned 3% per board policy
6. Un-Assigned Committed 5% per board policy

<table>
<thead>
<tr>
<th>Beginning Fund Balance, September 2018</th>
<th>$2,474,570</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$25,429,510</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$24,963,400</td>
</tr>
<tr>
<td>Transfer out - Debt Service Fund</td>
<td>$26,733</td>
</tr>
<tr>
<td>Ending Fund Balance, August 2019</td>
<td>$2,913,946</td>
</tr>
</tbody>
</table>

% of Expenditures: 11.7%
20-21 Budget Challenges

1. Not enough fund balance to absorb excess expenditures going forward
2. Maintaining current services with increasing costs
3. Flat $1.50 local levy tax rate on 2019 ballot and the state increased this to $2.50 in 2019 after it recognized $1.50 is not enough
4. Aging technology, curriculum needs, and capital repairs funding without a capital levy
5. Step increases for experience are no longer funded (state used to pay for certificated experience increases) 1-1.5% ($100K)
6. Future state forest fund revenue may not be available - $170K is budgeted for 19-20 – should be used for 1 time expenses
7. Teacher to student ratio overload in some grades
8. Cost of living increases are calculated based on funded units at average salary
   a. Special education not fully funded
   b. About 20 school year classified are not funded
9. Elementary school is nearing capacity and cannot add any more portables with growth