

# Finance Committee Meeting

March 11, 2021



**COUNCIL ROCK**  
SCHOOL DISTRICT

# Agenda

- Board Agenda Items
  - Approve Funding Resolution for MBIT Capital Projects
- Discussion Items
  - 2021-2022 Budget Update: First Draft



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# MBIT Capital Funding Agreement

- Total = ~~\$8,533,372~~ **\$8,927,557**  
(NTE)
  - *Increase due to construction inflation (one-year delay) and CM*
- Five-year funding
  - Fixed percentage for CR = ~~32.33%~~ **32.2307% (updated STEB value)**
  - Offset by \$809,758 from bond refinancing
- Annual reconciliation
- Return of unspent funds at conclusion
- Funding Source: Capital Reserve Funds **and Bond Funds**

CRSD TOTAL CONTRIBUTION  
**\$2,616,423**

	July 1, 2020	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Council Rock	\$444,491 \$0	\$582,316 \$196,375	\$641,918 \$868,356	\$594,898 \$747,120	\$501,613 \$514,042	<b>\$290,531</b>

# 2021-2022 Budget Update

First Draft of 2021-2022 Budget



# 2021-2022 First Draft Budget: Executive Summary

- Pandemic recovery and return to normalcy
  - Combating learning loss
  - Salary concessions expire in 2021-22
- Establish long-term financial discipline to prepare for educational and capital flexibility
  - Budgeted transfers for future expenditures
  - Re-implementation of budgetary reserve on a “pooled” basis

# 2021-2022 First Draft Budget Summary

	2019-20 Actual	2020-21 Budget	2021-22 Budget	\$ Inc/(Dec)	% Change
Local Revenue	\$185,731,962	\$186,999,430	\$192,605,962	\$5,606,532	3.0%
State Revenue	54,156,430	53,291,346	53,257,687	-33,659	-0.1%
Federal Revenue	<u>2,107,111</u>	<u>2,817,183</u>	<u>1,721,087</u>	<u>-1,096,096</u>	-38.9%
<b>TOTAL REVENUE</b>	<b>\$241,995,503</b>	<b>\$243,107,959</b>	<b>\$247,584,736</b>	<b>\$4,476,777</b>	<b>1.8%</b>
Salaries & Benefits	\$186,126,862	\$187,783,675	\$189,881,411	\$2,097,736	1.1%
300-900 Objects	<u>55,134,453</u>	<u>58,326,960</u>	<u>65,845,387</u>	<u>7,518,427</u>	<u>12.9%</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$241,261,315</u></b>	<b><u>\$246,110,635</u></b>	<b><u>\$255,726,798</u></b>	<b><u>\$9,616,163</u></b>	<b><u>3.9%</u></b>
<b>SURPLUS/ (DEFICIT)</b>	<b><u>\$734,188</u></b>	<b><u>(\$3,002,676)</u></b>	<b><u>(\$8,142,062)</u></b>		

# Impact of Max Tax Increase

	Amount
Revenue Before Tax Increase	\$242,657,448
Less: Expenditures	<u>255,726,798</u>
(Deficit)/Surplus	(\$13,069,350)
<b>Add: 3.0% Tax Increase</b>	<u><b>4,927,288</b></u>
Remaining (Deficit)/Surplus	(\$8,142,062)

# 2021-2022 Budget-Revenue Update

- Real estate taxes
  - Assumes 3.0% increase in real estate tax millage rate (Act 1 index)
  - It's official – CRSD does NOT qualify for exceptions
- FICA and PSERS reimbursements reduced
- No revenue assumption changes discussed last month
- No federal ESSER funds included (yet)

	2019-20 Actual	2020-21 Budget	2021-22 Budget	\$ Inc/(Dec)	% Change
Local Revenue	\$185,731,962	\$186,999,430	\$192,605,962	\$5,606,532	3.0%
State Revenue	54,156,430	53,291,346	53,257,687	-33,659	-0.1%
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<b>TOTAL REVENUE</b>	<b>\$241,995,503</b>	<b>\$243,107,959</b>	<b>\$247,584,736</b>	<b>\$4,476,777</b>	<b>1.8%</b>





# 2021-2022 Salary & Benefit Increases

- Contractual Salary Increases

- Administrative = \$172,516
- Professional = \$891,384
- Support = \$313,289

**Total Increase in  
Salaries & Benefits =  
\$2.1 million**

- PSERS Rate: 34.51% to 34.94% (+\$0.96 million)
- Healthcare: +1% rate increase, higher EE share (-\$0.43 million)



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# Contractual Salary Increases

**Professional Staff = \$891,384**  
**+0.75% on scale, 2 steps on 13<sup>th</sup> pay \***

CREA	Amount
2020-21 Budget	\$86,077,736
Attrition	(2,199,689)
Cost of Contract	416,117
Cost of Steps	2,674,956
<b>2021-22 Budget</b>	<b>\$86,969,120</b>

**Support Staff = \$313,289**  
**+1.5% on scale, 2 steps**

CRESPA	Amount
2020-21 Budget	\$16,951,885
Attrition/New Positions	(248,183)
Cost of Contract	240,327
Cost of Steps	321,145
<b>2021-22 Budget</b>	<b>\$17,265,174</b>

\* Employees hired before June 30, 2020 are granted two steps on the 13<sup>th</sup> pay.  
 (This is the majority of professional staff members). Employees hired after July  
 1, 2020 are granted one step.

# 2021-2022 300 to 900 Object Increases

Object	2021-22 Budget	2020-21 Budget	\$ Change	% Change
413-Custodial Services	\$2,936,387	\$2,587,764	\$348,623	13.5%
440-Rentals	858,525	1,194,403	-335,878	-28.1%
562-Charter School Tuition	2,556,475	800,000	1,756,475	219.6%
640-Books and Periodicals	873,785	573,312	300,473	52.4%
650-Software	2,761,312	2,064,949	696,362	33.7%
750-New Equipment	508,921	937,174	-428,253	-45.7%
766-Replacement Equipment	2,423,010	450,000	1,973,010	438.4%
932-Transfers to Capital Reserve	3,500,000	0	3,500,000	n/a
All Other Objects	49,426,972	49,719,358	-292,386	-0.6%
<b>TOTAL 300 TO 900 OBJECTS</b>	<b>\$65,845,387</b>	<b>\$58,326,960</b>	<b>\$7,518,427</b>	<b>12.9%</b>

## Budgetary Reserve

\$250,000 for Staffing

\$1,096,096 for Pooled Contingency

# 2021-2022 Budget Next Steps

- Administrative review of 300-900 objects for reductions
- Refinement of budget assumptions
  - Local revenue trends
  - Variable expenditure categories
- CREA retirements?
- Continued review of staffing (April Finance Committee)

# 2021-2022 Budget Timeline

Date	Description	Liaison
3/11/2021	Finance Committee Meeting <ul style="list-style-type: none"><li>• First Draft of Revenue &amp; Expenditures</li><li>• State Budget Update</li></ul>	B. Stone
4/15/2021	Finance Committee Meeting <ul style="list-style-type: none"><li>• First Draft Budget Staffing</li><li>• Present Proposed Final Budget</li></ul>	C. Taylor B. Stone
4/22/2021	Special Board Meeting <ul style="list-style-type: none"><li>• Approve Proposed Final Budget</li></ul>	B. Stone
5/13/2021	Finance Committee Meeting <ul style="list-style-type: none"><li>• Present Final Budget</li></ul>	B. Stone
6/3/2021	Board Meeting <ul style="list-style-type: none"><li>• Approve Final Budget</li></ul>	B. Stone

# 2021-22: Projection vs. First Draft

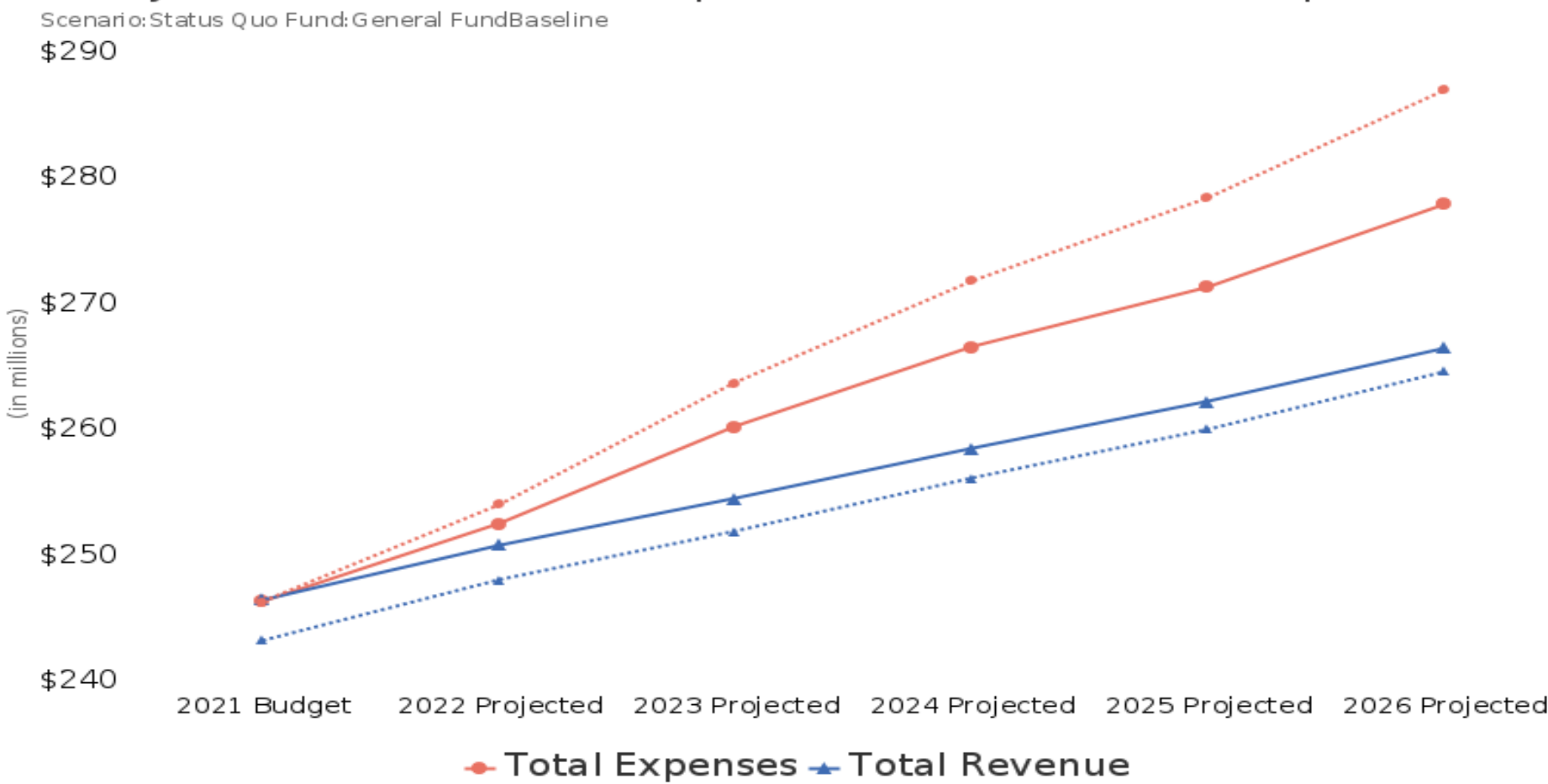
	Projection Nov. 2020	First Draft Mar. 2021	\$ Difference	% Difference
Total Revenue	\$247.84 million	\$247.58 million	-\$0.26 million	-0.1%
Total Expenditures	\$257.27 million	\$255.73 million	-\$1.51 million	-0.6%
(Deficit)/Surplus	-\$9.43 million	-\$8.15 million	\$1.28 million	13.6%



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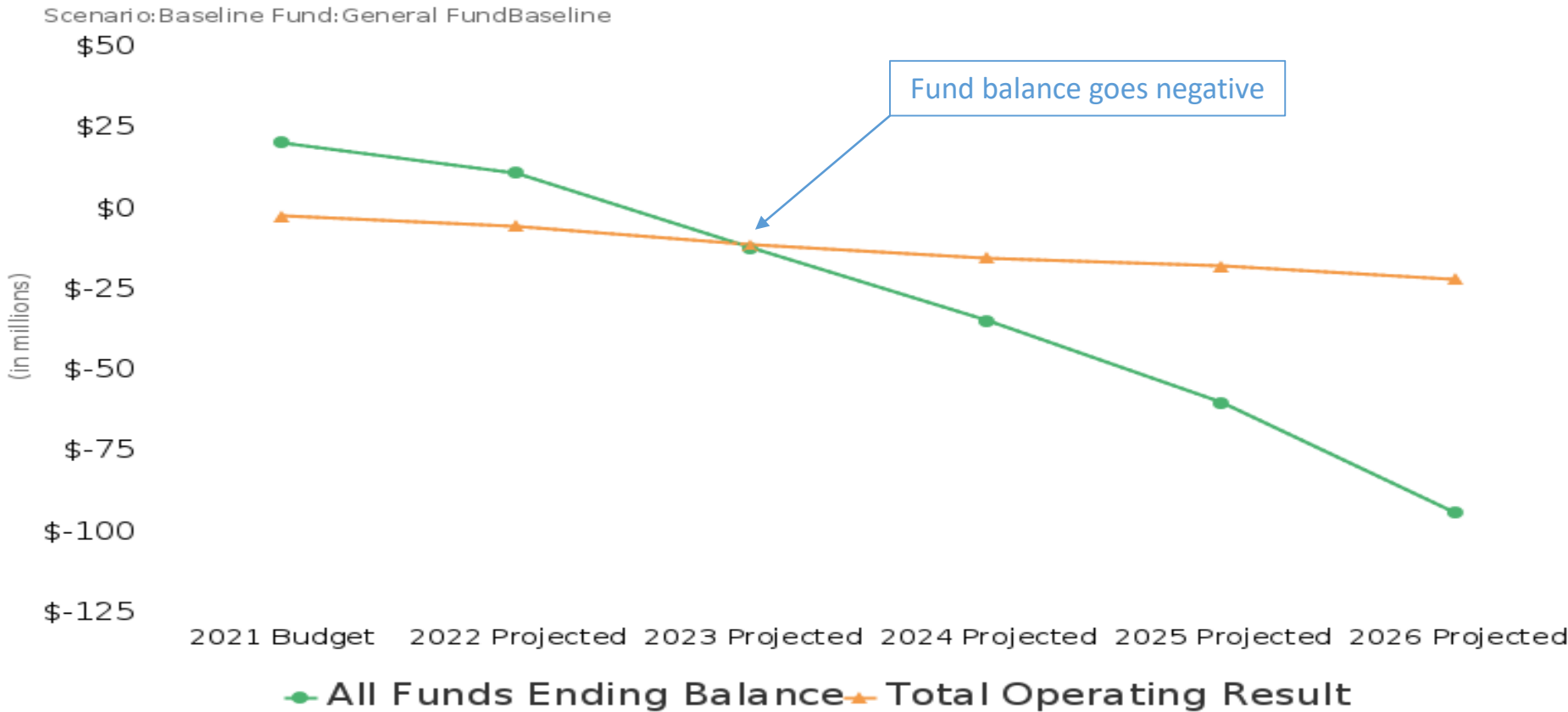
# Future Focus

## Projected Revenues vs. Expenditures (Scenario Comparison)



# Future Focus

## Projected Net Operating Result & Fund Balance (Scenario Comparison)





# Future Focus

## Fund Report - By Scenario & Fund

	2021 Budget	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
<b>Total Revenues</b>						
Total Revenues	\$243,107,959	\$247,849,531	\$251,738,990	\$255,927,499	\$259,885,910	\$264,455,633
<b>Total Expenditures</b>						
Total Expenditures	227,344,237	235,049,087	244,578,987	252,623,251	260,548,391	269,146,128
Debt Service	18,766,401	18,857,809	18,962,163	19,059,358	17,744,870	17,696,623
Total Expenditures	246,110,638	253,906,896	263,541,150	271,682,609	278,293,261	286,842,751
<b>Operating Results</b>						
Net Operating Result	(3,002,679)	(6,057,365)	(11,802,160)	(15,755,110)	(18,407,351)	(22,387,118)
Capital Inflows	0	0	0	0	0	0
Capital Outflows	0	3,360,720	11,461,210	6,863,413	6,817,386	11,656,098
<b>Fund Balance</b>						
Starting Fund Balance	22,967,522	19,964,843	10,546,758	(12,716,612)	(35,335,135)	(60,559,872)
Surplus/Deficit	(3,002,679)	(9,418,085)	(23,263,370)	(22,618,523)	(25,224,737)	(34,043,216)
Ending Fund Balance	19,964,843	10,546,758	(12,716,612)	(35,335,135)	(60,559,872)	(94,603,088)
<b>Transfers &amp; Adjustments</b>						
Transfers In	0	0	0	0	0	0
Transfers Out	150,000	150,000	150,000	150,000	150,000	150,000
Beginning Balance/Adjustments	0	0	0	0	0	0

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# IFO Perspective on Act 1 Index

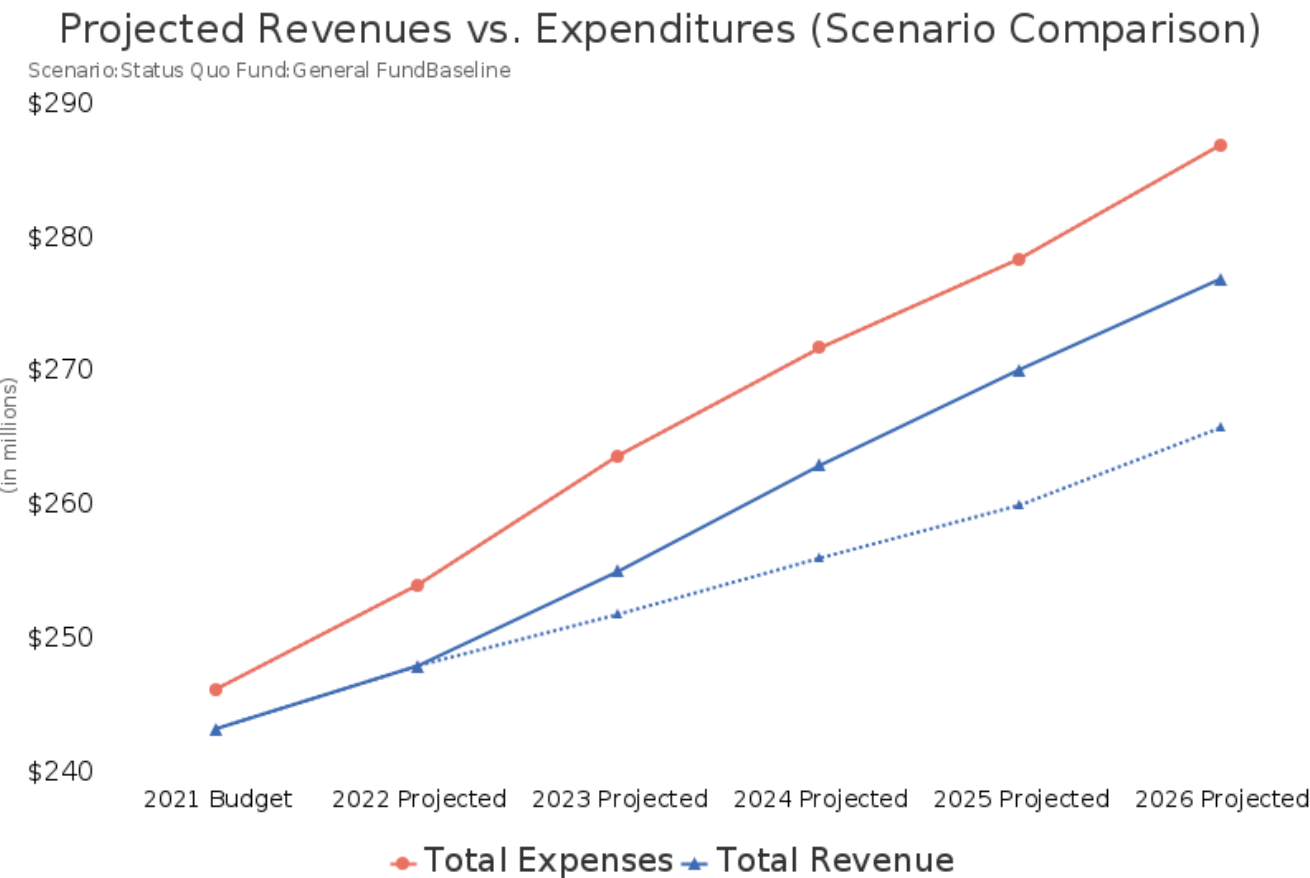
- Economic impacts of pandemic very different from last recession
  - Job losses were dramatic and sudden
  - More impactful in lower wage sectors
- SAWW changes – all about the denominator
  - Not seeing pay freezes, losses at highest earning tiers
  - Low wage job losses reduce average employment
- Act 1 Index will **increase** in future years

$$\text{SAWW} = \frac{\text{Average Wages}}{\text{Average Employment}}$$



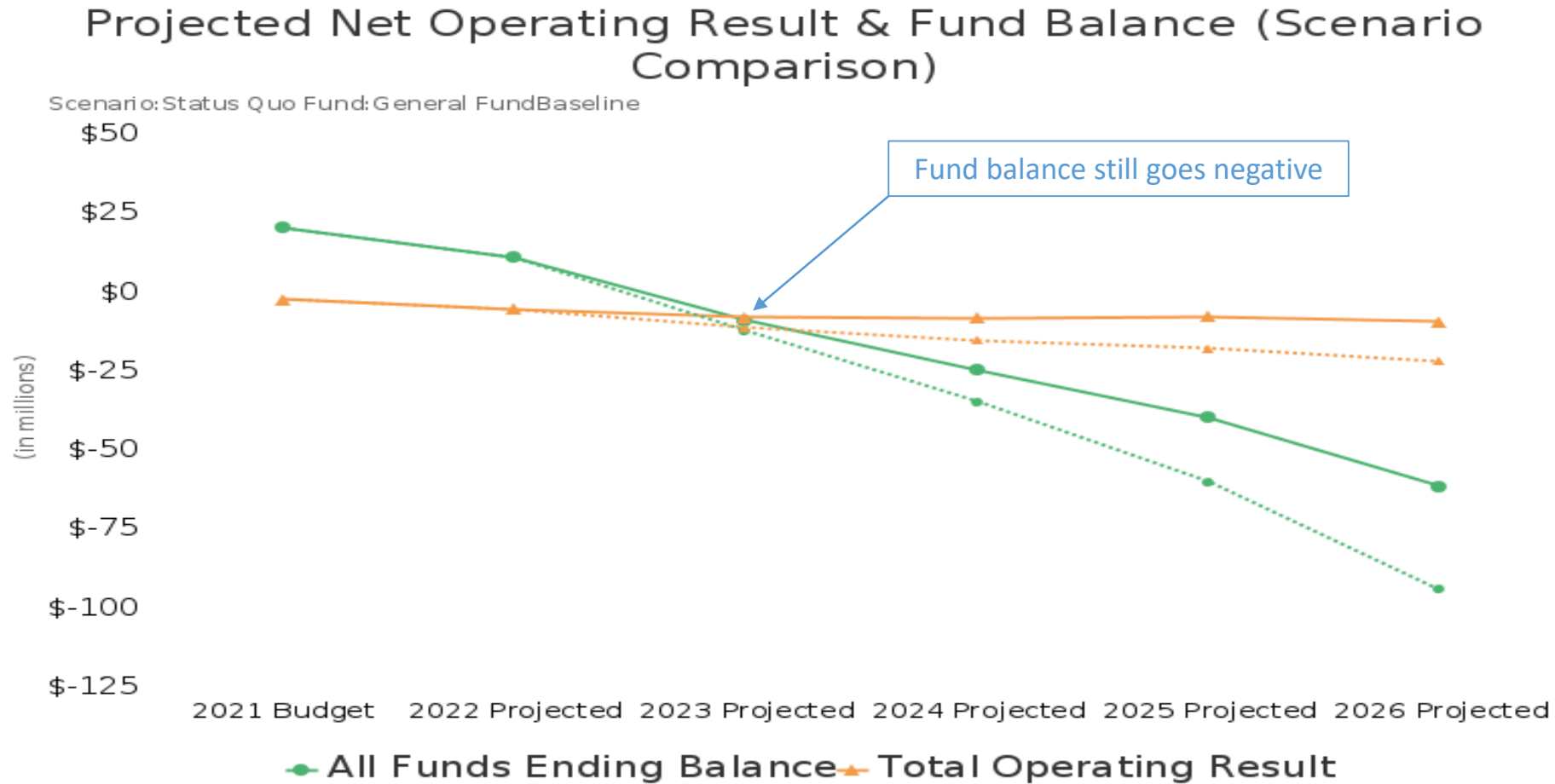
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# Impact of Updated IFO Projections



Fiscal Year	CRSD Baseline Plan	Updated IFO Projections
2021-22	3.0%	3.0%
2022-23	1.6%	3.5%
2023-24	1.6%	3.7%
2024-25	1.6%	3.3%
2025-26	2.3%	2.7%

# Impact of Updated IFO Projections



# Impact of Updated IFO Projections

## Fund Report - By Scenario & Fund

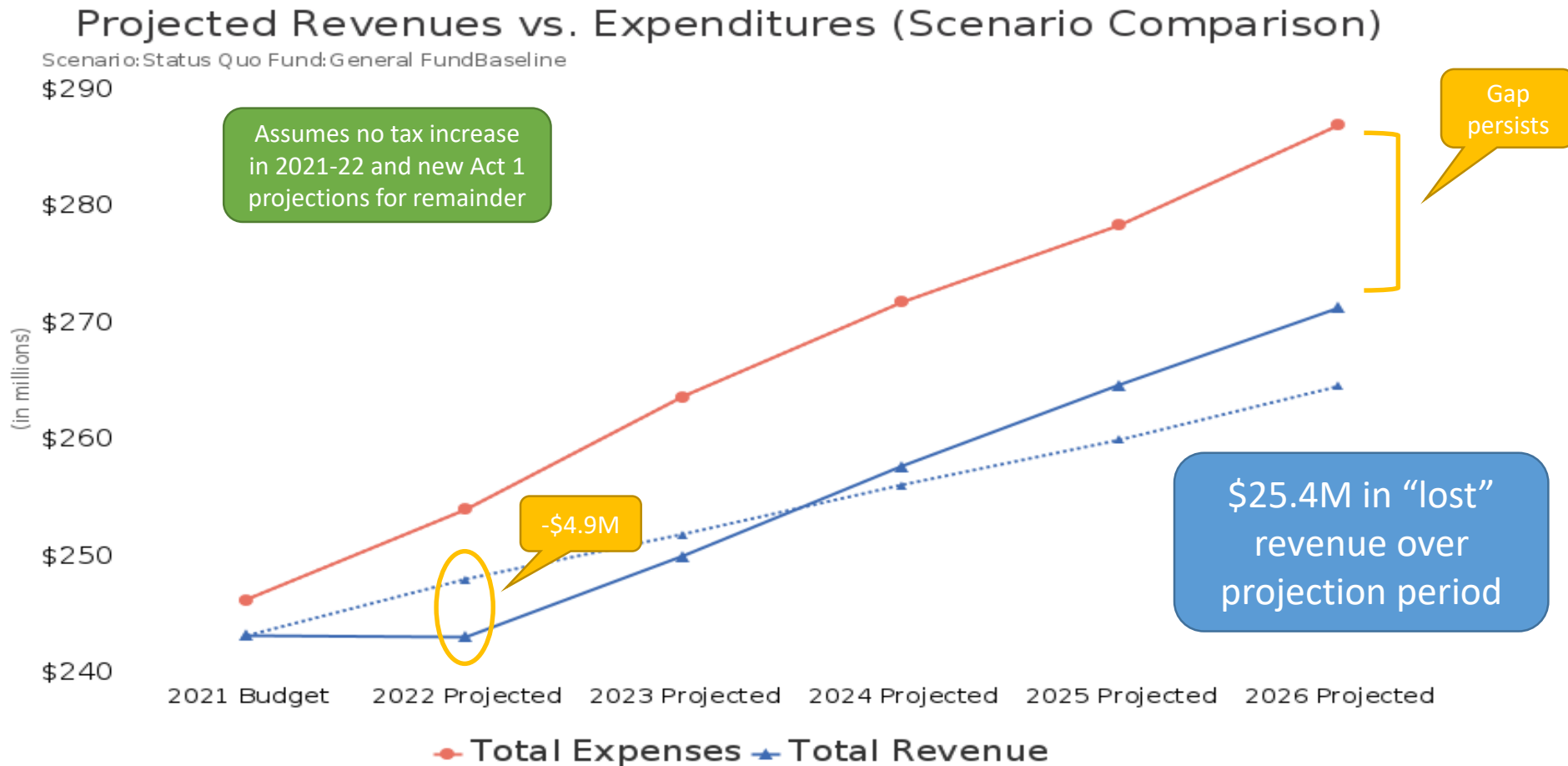
	2021 Budget	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
<b>Total Revenues</b>						
Total Revenues	\$243,107,959	\$247,849,531	\$254,946,426	\$262,855,391	\$270,004,802	\$276,795,238
<b>Total Expenditures</b>						
Total Expenditures	227,344,237	235,049,087	244,578,987	252,623,251	260,548,391	269,146,128
Debt Service	18,766,401	18,857,809	18,962,163	19,059,358	17,744,870	17,696,623
Total Expenditures	246,110,638	253,906,896	263,541,150	271,682,609	278,293,261	286,842,751
<b>Operating Results</b>						
Net Operating Result	(3,002,679)	(6,057,365)	(8,594,724)	(8,827,218)	(8,288,459)	(10,047,513)
Capital Inflows	0	0	0	0	0	0
Capital Outflows	0	3,360,720	11,461,210	6,863,413	6,817,386	11,656,098
<b>Fund Balance</b>						
Starting Fund Balance	22,967,522	19,964,843	10,546,758	(9,509,176)	(25,199,807)	(40,305,652)
Surplus/Deficit	(3,002,679)	(9,418,085)	(20,055,934)	(15,690,631)	(15,105,845)	(21,703,611)
Ending Fund Balance	19,964,843	10,546,758	(9,509,176)	(25,199,807)	(40,305,652)	(62,009,263)
<b>Transfers &amp; Adjustments</b>						
Transfers In	0	0	0	0	0	0
Transfers Out	150,000	150,000	150,000	150,000	150,000	150,000
Beginning Balance/Adjustments	0	0	0	0	0	0

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# Case for Tax Increases (updated)



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