

Memorandum



To: Board of Trustees,
Superintendent Steve Cook
From: Katie Ebner, Director of Finance
Date: June 2, 2021
Re: Budget changes to be made prior to budget hearing

While compiling the detailed budget document, an error in the previously reported calculation became apparent. This error will significantly change the total deficit that was presented in the budget subcommittee meetings and at the budget workshop. The error overstated the budget deficit by \$1.2M.

Details of Error:

The method we use to summarize the budget takes a focus on changes to the adopted budget from one year to the next. This is a clear way to compare budgets that are balanced, however because the official budget in FY21 included a surplus which was later used to fund the first FY21 negotiations settlement, this method needed to take that prior year budgeted surplus into consideration.

The full cost of the FY21 negotiations settlement was included in the budget change document because it was not agreed upon before FY21 budget deadlines. The budget changes calculation did not include the surplus we had built into the prior year budget to fund that settlement. Recall the initial settlement was a half step increase on the salary schedule for certified staff and funding a portion of the health insurance premium increase. In other words, although the cost of the FY21 negotiations settlement was determined after the budget was set, and needed to be included as a change to the budget going from FY21 to FY22, there was a surplus of roughly the same amount built into the official FY21 budget that was not taken into consideration in the budget change calculation. So, by omitting the budgeted surplus from prior year, it overstated the current year deficit by roughly \$1.2M.

Additional Change:

Due to the K-12 Magnet School pause, there will be roughly \$500k in savings for FY22. These savings were realized by placing school overhead staff in vacant positions. Only two staff members were placed in positions that are new to the budget.

The effect of these two events is a decrease of the deficit from \$6M to \$4.3M. The district budget documents will reflect ESSER funds offsetting this revised deficit.

| | FY21 | First Negotiations | Other On-going Changes | Pause K12 | Total Net Changes |
|-------------------|------|--------------------|------------------------|-----------|-------------------|
| Revenues | 81.5 | | -2.1 | | 79.4 |
| Expense | 80.3 | 1.2 | 2.7 | -0.5 | 83.7 |
| Surplus (Deficit) | 1.2 | -1.2 | -4.8 | 0.5 | -4.3 |

-1.2 -4.8 -4.3

↙ ↘

-\$6M

Deficit when you total and include the budgeted surplus from prior year.

The total of the changes, leaving the PY surplus, out was a deficit of \$6M.