

The FISCAL YEAR 2021-2022 PROPOSED BUDGET

Frequently Asked Questions (part 1)

Please visit the website for our budget, budget report and presentation. This document is best used when supplementing the budget report.

[https://go.boarddocs.com/ri/soki/Board.nsf/files/BXYJRL4E72DB/\\$file/SKSD_Budget_Report_FY22_Version2_6Feb2021.pdf](https://go.boarddocs.com/ri/soki/Board.nsf/files/BXYJRL4E72DB/$file/SKSD_Budget_Report_FY22_Version2_6Feb2021.pdf)

1. What is the requested 1.89% additional increase in local Town appropriation for education comprised of?

Town Appropriation for Education makes up **90.5%** of budgeted revenue within the FY 2021/22 General Operational Fund of the school district. Employee Compensation (Salaries and Benefits) make up **78.8%** of budgeted expenditures with the FY 2021/22 General Operational Fund of the school district.

The proposed increase in Town appropriation for education funds a portion of the increases in employee contractual agreements (salary and steps) and estimated increase in employee benefits (General Operational Fund only). See the summary below-

General Operational Fund Only	FY 2020/21	FY 2021/22	+/-
Actual/Proposed Revenue			
Town Appropriation for Education	\$55,994,773	\$57,053,074	\$1,058,301
Actual/Proposed Expenditures			
Employee Compensation Salaries			
Employee Salaries (Salary/Class/Step)	\$32,927,593	\$33,633,151	\$705,558
Employee Compensation Benefits			
Health/Dental/Life Insurance	\$6,079,393	\$6,381,464	\$302,071
Cert/Non Cert Pension/FICA	\$7,398,103	\$7,678,444	\$280,341
Total Employee Salaries/Benefits	\$46,405,089	\$47,693,059	\$1,287,970

2. Can you explain the per pupil expenditure reporting? South Kingstown’s per pupil is very high, why?

Per Pupil Reporting is based on the data that is reported to Rhode Island Department of Education (RIDE) when school districts upload their annual Uniform Chart of Account (UCOA) file. Revenue and Expenditure data that is reported through the upload is then divided by Average Daily Membership. RIDE provides the annual calculation for

- Total Expenditures From All Sources (Expenditures that are Reported Within UCOA by District)
- Equalized Net Per Pupil (Does not include Debt Service and Capital Projects)

- Special Education Per Pupil (Expenditures that are coded Special Education)

Please see the notation below from Rhode Island Department of Education regarding Per Pupil Calculation Reports.. <https://www.ride.ri.gov/FundingFinance/SchoolDistrictFinancialData/UniformChartofAccounts.aspx>

“These reports are designed to give just one perspective on spending decisions made by districts on behalf of their students. Although there are no established standards or ideal level of expenditures for any of the categories, the comparative view provides an analytical basis to study variances from averages and other trends.”

There are many differences in what is reported within the UCOA files for each district-some districts expenditures are reported within City/Town accounting of expenditures (examples are rubbish, snow removal, street lights), some City/Town charge a percentage of the townwide expenditures to the school district (examples financial system, audit, administration), and other expenditures may be accounted for by Parent Teacher Groups or Foundations. As listed above by RIDE, per pupil expenditure reports provide districts a way to compare their expenditures to surrounding districts.

We have analyzed the FY 2019 Per Pupil Report (most recent full UCOA reporting data for all districts). Without any feedback from the districts we included on how/what was reported in the FY19 UCOA file, we did notice the following-

South Kingstown Public Schools had the highest expenditures of comparable districts in the following categories

- Expenditures for Transportation of Students
- Out of District Costs for Public, Private, Specialized, Charter School Expenditures
- Other Post Employment Benefits (OPEB)/ Retiree Benefits
- Indirect Expenditures and Other Program Costs
- Expenditures Related to Bilingual/ESL Education

3. Why does capital expenditures look different this year compared to last year ? Why is it now budgeted in a separate fund? How are you funding these capital expenditures?

The School District is aligning with the Town of South Kingstown which has an established Capital Project Fund that accounts for financial resources to be used for “the acquisition, construction or renovation of capital facilities, or other equipment, that ultimately becomes Town fixed assets” The District is also isolating these capital costs within a separate Capital Improvement fund under UCOA guidelines which aligns with other school districts in Rhode Island (as shown on the annual per pupil reports listed on Rhode Island Department of Education website [Uniform Chart of Accounts \(UCOA\) – Funding & Finance Wise Investments - Rhode Island Department of Education \(ri.gov\)](https://www.ride.ri.gov/FundingFinance/SchoolDistrictFinancialData/UniformChartofAccounts.aspx)).

For Fiscal Year 2021/22, the proposed funding is School Department Fund Balance. The capital improvement projects and purchases are one time repairs/purchases and technology purchases to get the district to a 1 to 1 technology plan. The proposed fund balance is a result of the unanticipated FY 20 year end balance. Future funding of “pay go” capital expenditures will be part of ongoing discussion with the Town of South Kingstown. Below is a summary of the proposed capital expenditures-

- Office Computer Equipment \$40,000
- Computer Equity/Replacement \$95,213
- Student Computer Initiative (1:1 Ratio) \$160,000
- Wireless Controllers \$25,000
- Network Hardware \$50,000

● HVAC Rooftop Units	\$25,000
● District Security Camera Upgrades	\$60,000
● HVAC Controls	\$52,000
● Video/UPS Intercom System	<u>\$30,000</u>
	\$537,213

4. Why can't you use your fund balance to offset the cost of additional expenditures? You are still over the recommended percentage for a reserve emergency fund?

All Municipalities and School Districts must adhere to local policies and RIGL when adopting and monitoring annual budgets. We have provided requirements from the Office of the Auditor General, RIGL regarding monitoring budgets, and Town of South Kingstown's Fund Balance Policy as it relates to budgeting/expending fund balance. The South Kingstown School District is developing a fund balance policy but that will include a percentage (possible 2% of Operational and/or Total Adopted Budget) that will be assigned for emergencies.

For the Fiscal Year 2021 we are proposing the following as a Budgeted Use of Fund Balance

South Kingstown Public Schools-School General Fund/Fund Balance and Proposed Use of Fund Balance

July 1, 2019 Fund Balance	\$2,560,861
Fiscal Year 2019/20 Change in Fund Balance	<u>\$1,673,022</u>
June 30, 2020 Fund Balance	\$4,233,883
Fund Balance Transfer Returned to Town	(\$1,000,000)
Budgeted Use of Fund Balance FY 2020/21 Budget	<u>(\$450,000)</u>
July 1, 2020 Fund Balance	\$2,783,883
Proposed Use of Fund Balance/Capital Expenditures	(\$537,213)
Proposed Use of Fund Balance/One Time Exp. FY 2021/22 Bud.	<u>(\$493,202)</u>
Estimated Fund Balance After Proposed Use FY 2021/22	\$1,753,468

Proposed Use of Remaining Fund Balance

- Assigned Amount Equal to Medicaid Reimbursement for Future Unbudgeted Special Education Expenditures
- Assigned Amount Equal to 2% of Operating General Fund Budget-Emergency Reserve
- Assigned Amount for FY 2021/22 Budget Reductions/One Time Necessary Expenditures
- Assigned Amount for FY 2022/23 Capital-Emergency Repairs

This proposed use of fund balance is assigned to capital expenditures and to one time expenditures or expenditures that will not be budgeted in future years. These expenditures include legal expenses for an existing case, tuition cost for students who are aging or transitioning out of district. The combination of use of fund balance for capital expenditures and general fund expenditures total

We intend to be fiscally responsible with use of fund balance and the remaining fund balance above the recommended reserves will be assigned to any future one time expenditures that could occur within the fiscal year such as cost for unbudgeted cost for special education students and/or emergency repairs.

RHODE ISLAND SCHOOL DISTRICTS (AUDITOR GENERAL OF RHODE ISLAND)

<http://www.oag.ri.gov/municipalities.html>

Local School District Deficits

Rhode Island General Laws Section 16-2-9 requires that:

- The school committee of each school district shall be responsible for maintaining a school budget that does not result in a debt. (16-2-9(d))

- In the event that any obligation, encumbrance, or expenditure by a superintendent of schools or a school committee is in excess of the amount budgeted, or that any revenue is less than the amount budgeted, the school committee shall prepare and submit a corrective action plan as follows: (16-2-9(f))
- Within five (5) working days of its discovery of potential or actual over expenditure or revenue deficiency,
- submit to the town council president and such other person who by local charter or statute serves as the city or town's executive officer;
- a written statement of the amount of and cause for the over obligation or over expenditure or revenue deficiency, and
- a written statement of the school committee's plan for corrective actions necessary to maintain a school budget that does not result in a debt.
- Request approval of the plan from the Auditor General.

Please refer to the additional requirements of Rhode Island General Laws Section [45-12-22.1](#) through [45-12-22.7](#) which describe procedures to be followed by municipalities and local and regional school districts in monitoring their financial operations, reporting projected deficits, and developing corrective action plans.

Town of South Kingstown Fund Balance Policy

The Town of South Kingstown has a Fund Balance Policy which a recommended fund balance of If, after the annual audit the unassigned fund balance is greater than 16.67% of the general fund budget, the excess may be used in one or a combination of the following ways:

1. Left in the general fund to earn interest and roll forward into the subsequent year's unassigned fund balance;
2. *Appropriated by resolution of Town Council for a one-time expenditure opportunity that does not increase recurring operating costs;*
3. Committed to establish or increase a reserve (including but not limited to contingency reserves or a transfer to a reserve fund as authorized by the Town Council).

5. What areas within the General Fund saw the largest increases?

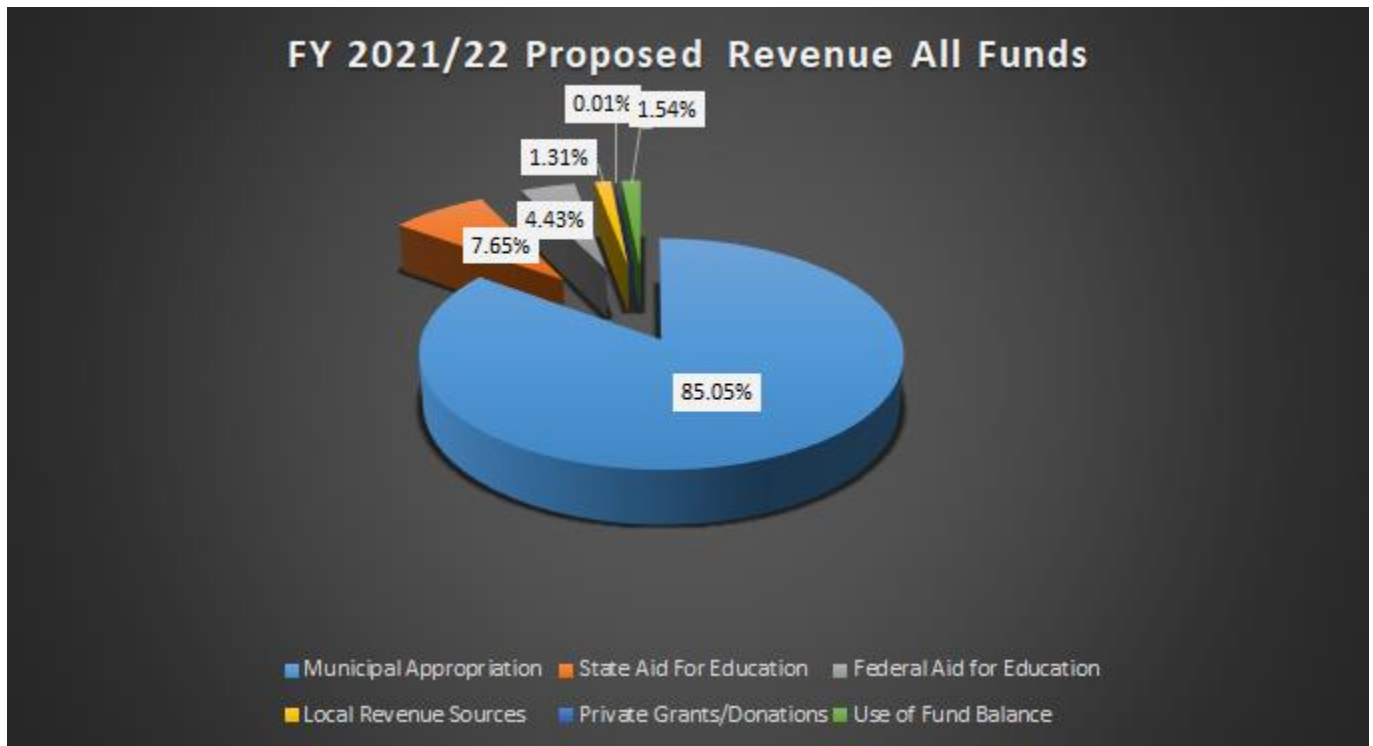
As we had mentioned in an above FAQ, the largest increases are in our Employee Compensation which includes contractual salary and step increases, increases in health and dental premiums, and increases in retirement and pension costs. The proposed increase in town appropriation for education will be used to offset these contractual increases that are accounted for within the District's General Operational Fund.

General Operational Fund Only	FY 2020/21	FY 2021/22	+/-
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Total Employee Salaries/Benefits	\$46,405,089	\$47,693,059	\$1,287,970

The District was also able to shift the funding for 2 instructional staff positions and a percentage of 3 program coordinator positions to funding from an IDEA Special Education Grant. The District was able to do so under the current restricted grant guidelines which reduced the expenditure within the General Operational Fund.

6. What are the high cost expenses within all the budgeted funds and how are they funded ?

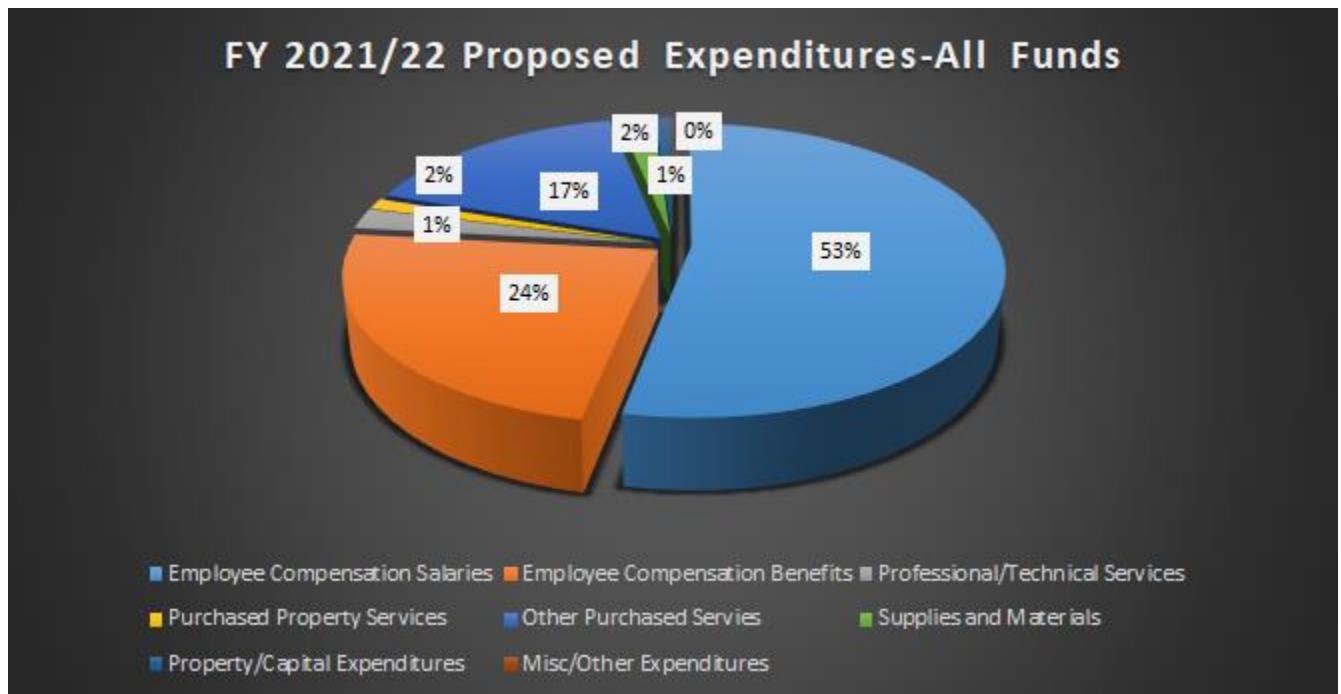
The total Fiscal Year 2021/22 Proposed Budget includes expenditures that include funding from municipal appropriation, federal and state aid, local private grants/donations/other revenue, and from use of fund balance. Below is a breakdown



SOUTH KINGSTOWN PUBLIC SCHOOLS FISCAL YEAR 2021-22 PROPOSED BUDGET SUMMARY BY FUND

	General Fund	Capital Funds	Restricted Grant	Enterprise Funds	Private Donations	Total
Projected Revenue						
Municipal Appropriation	\$57,053,074	\$0	\$0	\$0	\$0	\$57,053,074
State Aid For Education	\$4,822,582	\$0	\$301,525	\$10,262	\$0	\$5,134,369
Federal Aid for Education	\$408,726	\$0	\$2,243,177	\$322,122	\$0	\$2,974,025
Local Revenue Sources	\$248,887	\$0	\$0	\$629,636	\$0	\$878,523
Private Grants/Donations	\$0	\$0	\$0	\$0	\$9,274	\$9,274
Use of Fund Balance	\$493,202	\$537,213	\$0	\$0	\$0	\$1,030,415
	\$63,026,471	\$537,213	\$2,544,701	\$962,020	\$9,274	\$67,079,680

The Fiscal Year 2021/22 Proposed Expenditures



SOUTH KINGSTOWN PUBLIC SCHOOLS FISCAL YEAR 2021-22 PROPOSED BUDGET SUMMARY BY FUND

	General Fund	Capital Funds	Restricted Grant	Enterprise Funds	Private Donations	Total
Projected Expenditures						
Employee Compensation Salaries	\$34,363,622	\$0	\$1,296,360	\$0	\$0	\$35,659,982
Employee Compensation Benefits	\$15,300,816	\$0	\$503,317	\$0	\$0	\$15,804,133
Professional/Technical Services	\$1,158,631	\$0	\$357,363	\$0	\$0	\$1,515,994
Purchased Property Services	\$725,320	\$90,213	\$0	\$6,250	\$0	\$821,783
Other Purchased Services	\$10,077,059	\$0	\$81,500	\$948,520	\$0	\$11,107,079
Supplies and Materials	\$1,219,977	\$0	\$221,858	\$0	\$9,274	\$1,451,109
Property/Capital Expenditures	\$122,142	\$447,000	\$84,144	\$7,250	\$0	\$660,536
Misc/Other Expenditures	\$58,905	\$0	\$160	\$0	\$0	\$59,065
	\$63,026,471	\$537,213	\$2,544,701	\$962,020	\$9,274	\$67,079,680