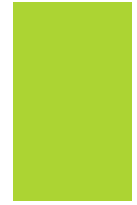




SOUTH KITSAP
SCHOOL DISTRICT



2019-2020 Year End Fiscal Report

FOR THE PERIOD SEPTEMBER 1, 2019 THROUGH AUGUST 31, 2020

Tonight's presentation:

- ▶ This is the annual year end summary for the fiscal year ended August 31, 2020
- ▶ The process to close the books and complete reporting to OSPI is conducted from September through early November. Our F-196 final document is currently pending final approval from OSPI
- ▶ This information is a high-level summary of our financial position
- ▶ Tonight we will also show the tight connection between our budget and the District Priority Plan

General Fund Summary of Revenues to Expenditures

	2018-2019	2019-2020
Revenues:	\$146,706,559	\$153,536,735
Expenditures:	\$144,810,980	\$152,400,605
Revenues Over or (Under) Expenditures:	\$1,895,579	\$1,136,130

- ▶ 15% of our revenue is local levy
- ▶ Approximately 85% of our expenditures are staff salaries and mandatory benefits

General Fund Revenue, Budget vs. Actual

	Budget	Actual
Beginning Total Fund Balance 9/2019:	\$13,749,475	\$17,573,938
Total Revenues and Other Financing Sources:	\$151,698,341	\$153,536,735
Total Resources Available:	\$165,447,816	\$171,110,673

- ▶ Revenues by source:
 - ▶ Local: \$22,505,734
 - ▶ State: \$123,856,427
 - ▶ Federal \$7,174,574

Some Revenues are provided for restricted purposes, such as special education, transportation, LAP, CTE. This amount of revenue was: \$33,664,830

General Fund Expenditures Budget vs. Actual

- ▶ The budget is a plan
- ▶ The budget is limited in ability to react mid-stream
- ▶ We focus on being reasonable about potential unforeseen costs
- ▶ The COVID-19 pandemic resulted in several temporary cost savings:
 - ▶ Less substitute pay/overtime
 - ▶ Less hiring
 - ▶ Less discretionary dollar spending

	Budget	Actual
Total Expenditures and other Financing Uses:	\$156,678,535	\$152,271,648
Excess of Revenues Over or (Under) Expenditures:	-\$5,115,194	\$1,136,130

General Fund Expenditures Support Academics

- ▶ The State allocates a certain number of staff to the District in apportionment, but this amount is supported by local levy in our budget to provide for:
 - ▶ Lower class sizes
 - ▶ More paraeducator support
 - ▶ Psychologists, counselors, school and support office staff



ACADEMICS

South Kitsap School District students and staff will be problem solvers, critical thinkers, innovators, and effective communicators.

General Fund Expenditures Support Wellness

- ▶ The State allocates a certain number of staff to the District in apportionment, but this amount is supported by local levy in our budget to provide for:
 - ▶ Nurses
 - ▶ Safe, warm, dry facilities
 - ▶ Equity
 - ▶ Social, Emotional, and Behavioral Support
 - ▶ Special services for students with special needs



WELLNESS

We believe students and staff must be safe and feel a sense of belonging if they are to succeed. It is our responsibility to create safe, inclusive learning communities in every school across the district.

General Fund Expenditures Support Safety

- ▶ The State allocates a certain number of staff to the District in apportionment, but this amount is supported by our local levy in our budget to provide for:
 - ▶ Safe school culture
 - ▶ Threat assessment
 - ▶ Security
 - ▶ Support for safety infrastructure – secured access points, security cameras, etc.
 - ▶ Emergency Response/Preparedness
 - ▶ COVID-19 Response



SAFETY

South Kitsap School District will create and maintain safe learning and working environments that promote academic excellence, wellness, and efficient use of resources.

General Fund Expenditures Support Community

- ▶ The State allocates a certain number of staff to the District in apportionment, but this amount is supported by local levy in our budget to provide for:
 - ▶ Extra-curricular clubs, athletics, activities
 - ▶ Communications
 - ▶ Partnerships
 - ▶ Family and community connections



COMMUNITY

South Kitsap School District will partner with the community to ensure student success. Strong communities build strong schools, and strong schools build strong communities.

General Fund Balance Summary

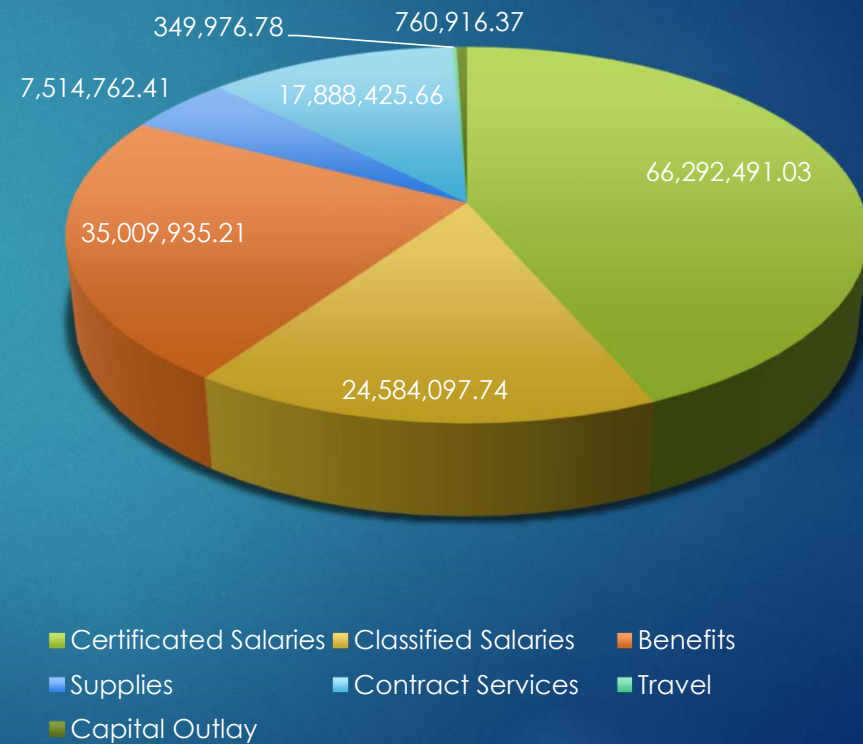
	Budget	Actual
Beginning Total Fund Balance 9/1/2019:	\$13,749,475	\$17,573,938
Excess of Revenues Over or (Under) Expenditures:	-\$5,115,194	\$1,136,130
Ending Total Fund Balance as of 8/31/2020:	\$8,634,281	\$18,710,068

The difference between budget and actual ending fund balance of \$10,075,787 represents 5.89% of total district resources.

General Fund Expenditures by Object Code

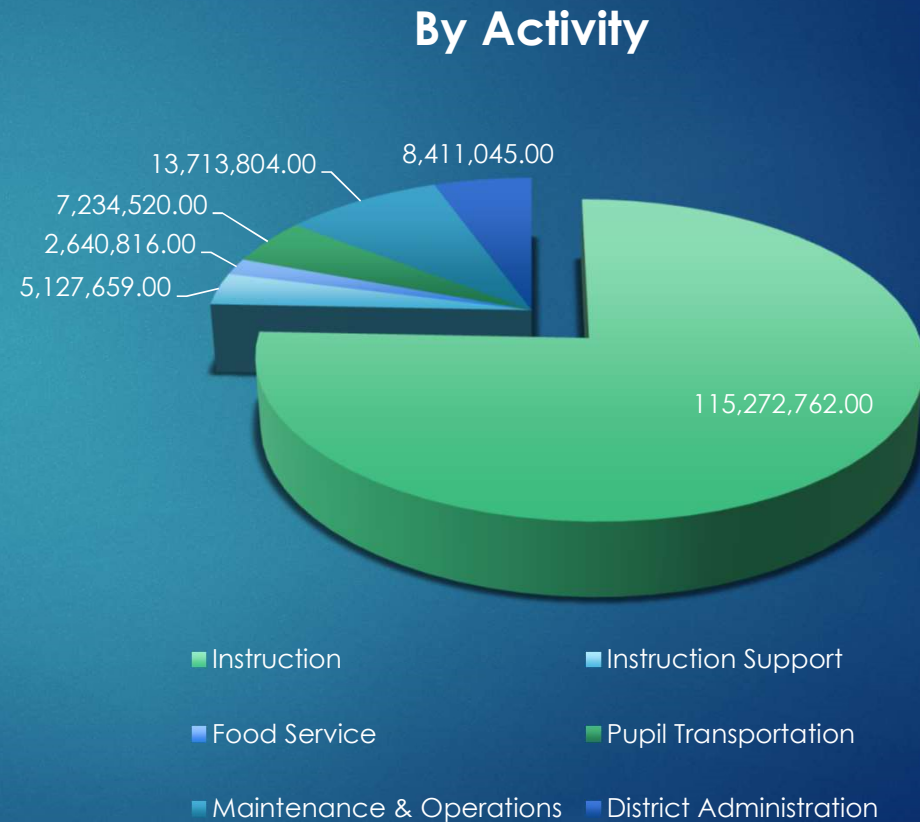
Object	YTD	% of Total
Certificated Salaries	66,292,491.03	43.50%
Classified Salaries	24,584,097.74	16.13%
Benefits	35,009,935.21	22.97%
Supplies	7,514,762.41	4.93%
Contract Services	17,888,425.66	11.74%
Travel	349,976.78	0.23%
Capital Outlay	760,916.37	0.50%
Total	152,400,605.20	100%

Expenditures



General Fund Expenditure by Activity

Activity	Amount	% of Total
Instruction	115,272,762	76%
Instruction Support	5,127,659	3%
Food Service	2,640,816	2%
Pupil Transportation	7,234,520	5%
Maintenance & Operations	13,713,804	9%
District Administration	8,411,045	6%
Total	152,400,605	100%

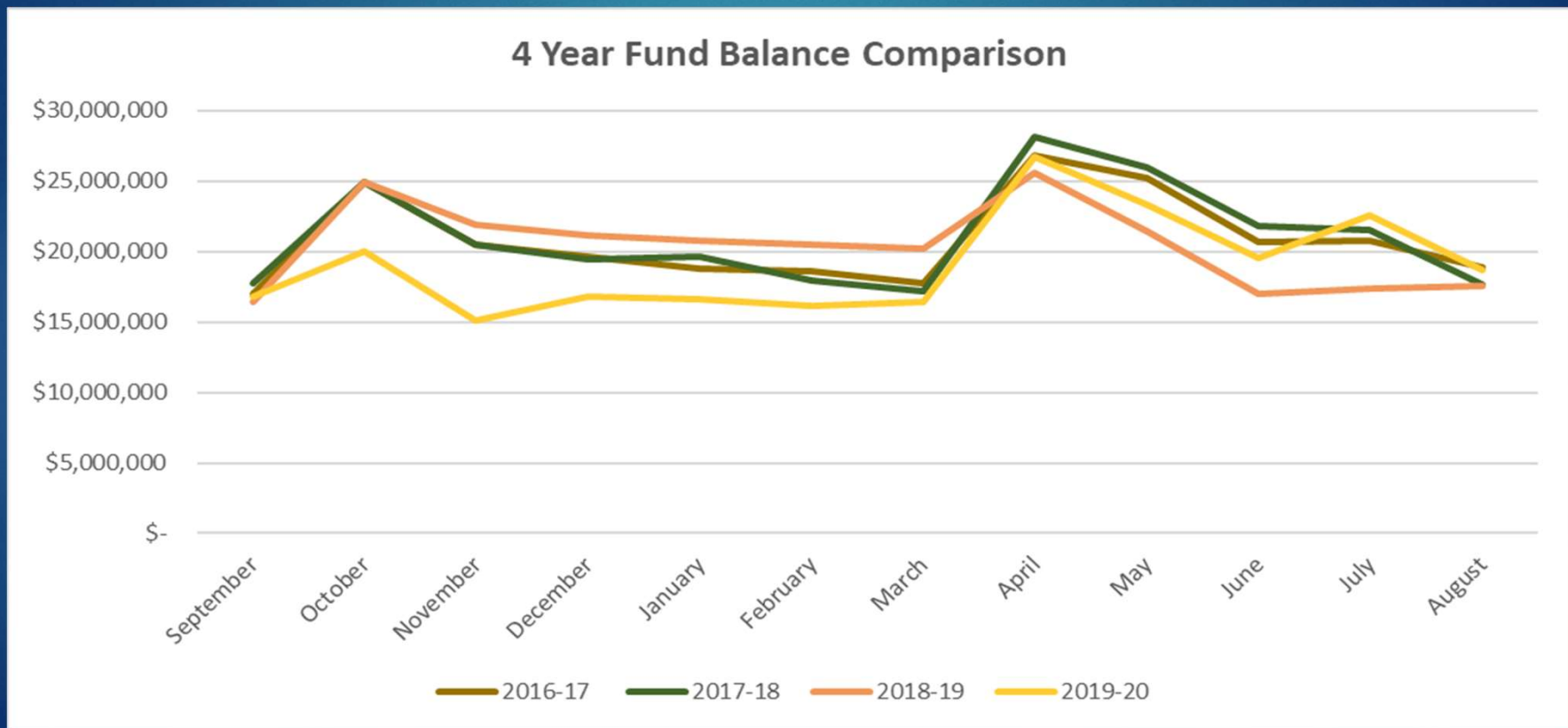


Instruction: Teachers, paras, supervision, library, etc.
 Instruction Support: Curriculum, professional development, etc.
 Maintenance & Operations: Facilities staff, grounds, utilities, repairs, etc.
 District Administration: Board, Supt, Business, HR, IT, etc.

What is Fund Balance?

- ▶ Fund Balance includes:
 - ▶ Board minimum as established by policy
 - ▶ Reserves for inventory or other assets
 - ▶ Restricted funds carryover (cannot be spent outside of their program)
 - ▶ Revenues exceeding expenditures

Fund Balance Historical Comparison



Year End Fund Balance 2019-20

Type	Amount
Unassigned, Assigned, and Restricted Fund Balances <i>Includes contingencies, program carryover, levy funds:</i>	\$9,789,812
Board Policy Minimum 5% Fund Balance:	\$7,584,917
Restricted Fund Balance – GL 821 <i>Amounts restricted by law:</i>	\$367,637
Non-Spendable – GL 840 <i>Inventories, assets such as foodservices stores and warehoused items:</i>	\$967,702
Grand Total:	\$18,710,068

Fund Balance Outlook 2020-21

Fund Balance as of August 31, 2020:	\$18,710,068
Minus amounts restricted by law:	\$991,988
Minus amounts in assets/inventory:	\$967,702
Minus estimated impact for enrollment loss:	\$7,000,000
Minus Board minimum 5%:	\$8,271,612
Plus anticipated insurance reimbursement MWMS:	\$1,156,981
<i>Current estimated liquid fund balance:</i>	<i>\$2,635,747</i>

Associated Student Body Fund

These funds are for the extracurricular benefit of the students and disbursal must be student approved.

Beginning Fund Balance:	\$748,616
Total Revenues:	\$504,463
Total Expenditures:	\$472,461
Excess Revenues Over or (Under) Expenditures:	\$32,002
Total Ending Fund Balance:	\$780,618

While our ASB's continued operations in a remote model last Spring, the COVID-19 pandemic significantly impacted the ASB fund in revenues and expenditures. Spring events such as athletic competitions, prom, etc., did not occur.

Capital Projects Fund

Only to be used for capital projects

Beginning Fund Balance:	\$1,712,497
Total Revenues and Other Financing Sources:	\$7,192,158
Total Expenditures:	\$5,624,698
Excess Revenues Over or (Under) Expenditures:	\$1,567,461
Total Ending Fund Balance:	\$3,279,958

Despite the COVID-19 pandemic, we were able to complete all projects anticipated for the current year. Fund balance in Capital has been growing to plan for the year we complete the SK Community Pool project as that project cost will exceed available revenues in the same year.

Transportation Fund

May only be used for the purchase of school buses

Beginning Fund Balance:	\$622,069
Total Revenues and Other Financing <i>Includes state depreciation as well as grant funds (if any) and transfers from general fund (if any):</i>	\$578,956
Total Expenditures:	\$1,132,209
Excess Revenues Over or (Under) Expenditures:	\$553,253
Total Ending Fund Balance:	\$68,817

Three new buses were ordered and received in the 2019-2020 budget year, to replace aging equipment. There is no connection between TVF fund balance and a reduction in fuel consumption due to the COVID-19 pandemic.

Effects of COVID-19 and Timing of Finance Matters During 2019-20:

- Reduced need for substitutes (less substitute pay)
- Reduced co-curricular in Spring/Summer (less levy dollars spent on co-curricular and activities)
- Reduced transportation (less gas, maintenance)
- Reduced travel, professional development
- July/August apportionment is higher % (change in apportionment schedule)
- Unpredictability of safety net funding – final notice occurs in August
- We restricted expenses and delayed hiring due to the uncertainty of COVID-19, the state economy, etc.
- Connections Academy billed in one lump sum at end of year
- Marcus Whitman Fire

Year End Summary



- ▶ Our budget is about our stewardship to the community
 - ▶ Open, transparent
 - ▶ Compliant with state laws and accounting standards for schools
 - ▶ Aligns resources to support the changing needs of the organization
 - ▶ Clean audits by the Office of the State Auditor



STEWARDSHIP

Our district will be fiscally responsible and use resources effectively and equitably. We will maintain fiscal stability, maximize efficiency of district operations, and align resources to support dynamic teaching and learning.



DESTINATION
TOP 5
South Kitsap School District
Priority Plan 2020-2025



Our resources are aligned behind our Priority Plan to support, improve, and enhance the education of South Kitsap students.