

**BOARD AGENDA ITEM**

**May 22, 2018**

***SUBJECT:***

2018 – 2019 Budget – Second/Final Reading

***BACKGROUND INFORMATION:***

In its 2018 – 2019 budget calendar, the Board scheduled presentations of the first reading of the budget for April 17, 2018 and the second & final reading for May 22, 2018.

***ADMINISTRATIVE CONSIDERATION:***

The second reading of the Superintendent's proposed budget version is presented for Board discussion and final approval. Because the State's 2018 – 2019 general appropriations bill had not been finalized as of this writing, many estimates reflect those from the Senate version of the budget.

The General Fund budget totals \$196.1 million. The proposed budget includes:

- a step increase for all eligible employees;
- a 2% cost of living adjustment for all employees (including supplements);
- funding to contract with a substitute teacher service;
- the splits of RSM Middle/High and Busbee-Corbett Elementary/Middle into separate grade spans;
- funding for Aiken Scholars Academy;
- implementation of phase III service credit;
- funding to establish a minimum 1.0 FTE guidance counselor at each elementary school;
- funding for four new ESOL teachers;
- funding for high school fine arts;
- staffing of a safety monitor at each middle school;
- funding for six additional custodian FTE for coverage at Aiken High and North Augusta High;
- creation of a technology curriculum specialist position;
- balancing of coordinator contracts (previously a mix of 12-month and less-than-12-month contracts; all would become 12 months);
- increased retirement contributions resulting from the 1% increase in employer contributions to the State retirement system;
- increased employer insurance costs due to an anticipated 7.3% increase in January 2019;
- increased charter school allocations as required that the State Department of Education formula; and
- various less-significant changes.

This proposed version of the budget reflects only minimal changes from the first reading, presented on April 17, 2018. Salaries and fringe amounts were updated for available new hire information. Workers compensation and property/liability insurance premiums were updated based upon May correspondence from SCSBIT.

Operating millage remains unchanged compared to 2017 – 2018. Debt service millage will increase by 5 mills for 2018 – 2019 as result of the recently passed bond referendum.

Budgets for the Special Revenue Fund, EIA Fund, Debt Service Fund, Capital Projects Fund, and School Food Service Fund are also presented for Board review.

The Administration will present revenue budget amendments after the State has concluded its budget process and the South Carolina Department of Education has posted projected allocations for the District.

***RECOMMENDATION:***

Approve the second reading of the 2018 -- 2019 budget with any changes resulting from Board discussion.

***ATTACHMENTS:***

1. 2018 – 2019 Budget – Second Reading (summary)
2. 2018 – 2019 General Fund Expenditures Budget – Second Reading by object (summary)
3. 2018 – 2019 General Fund Expenditures Budget – Second Reading by location (summary by object)
4. Staffing formulas
5. 2018 – 2019 Salary Schedule (reflecting 2% COLA)

***PREPARED BY:***

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**AIKEN COUNTY**  
PUBLIC SCHOOLS

**2018 – 2019 BUDGET**

**TUESDAY, MAY 22, 2018**  
***SECOND READING***

**FUND #1 - GENERAL FUND  
FOR THE 2018 - 2019 SCHOOL YEAR  
REVENUE BUDGET  
SECOND READING - MAY 22, 2018**

	<u>2017 - 2018 Budget</u>	<u>2018 - 2019 Budget Second Reading</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
<b>Local:</b>				
Levies For Current Operations (no tax increase)	\$ 55,144,780	\$ 56,519,751	\$ 1,374,971	2.49%
Delinquent Taxes - Operations	2,300,000	2,350,000	50,000	2.17%
Payment In Lieu Of Taxes	6,200,000	6,300,000	100,000	1.61%
Tuition - Out of District/Out of State/Age Requirements	15,000	15,000	-	0.00%
Interest On Investments	100,000	250,000	150,000	150.00%
Other Local	50,000	50,000	-	0.00%
<b>Total Local Revenue</b>	<u>63,809,780</u>	<u>65,484,751</u>	<u>1,674,971</u>	2.62%
<b>State:</b>				
Education Finance Act (EFA)	59,488,829	58,398,444	(1,090,385)	-1.83%
EFA Hold Harmless (Proviso 1.94)	257,316	-	(257,316)	-100.00%
Fringe Benefits	30,426,541	30,572,139	145,598	0.48%
Retirement Credit*	1,292,296	1,293,418	1,122	0.09%
Tier 1 - Property Tax Relief	8,147,500	8,147,500	-	0.00%
Tier 2 - Homestead Exemption	2,659,778	2,659,778	-	0.00%
Tier 3A - Act 388	19,314,767	20,124,023	809,256	4.19%
Tier 3B - Saluda	90,000	90,000	-	0.00%
School Bus Drivers	1,597,061	1,776,207	179,146	11.22%
<b>Total State Revenue</b>	<u>123,274,088</u>	<u>123,061,509</u>	<u>(212,579)</u>	-0.17%
<b>Transfers and Non-Revenue Items:</b>				
Transfer From Fund #3 - TSS + TSS Fringe	5,217,889	6,592,709	1,374,820	26.35%
Transfer from Funds #3 and Fund #9 - Flex Available Prior Year Carryover Allocations	-	257,346	257,346	100.00%
Indirect Costs - Fund #2 and Fund #6	700,000	700,000	-	0.00%
<b>Total Transfers and Non-Revenue Items</b>	<u>5,917,889</u>	<u>7,550,055</u>	<u>1,632,166</u>	27.58%
<b>Total - General Fund Revenue*</b>	<u>\$ 193,001,757</u>	<u>\$ 196,096,315</u>	<u>\$ 3,094,558</u>	1.60%

*\*The approved 2017 - 2018 budget reflected the retirement credit as a credit to the General Fund expenditures budget. This resulted in net expenditures and revenue budgets of \$191,706,461. Subsequent guidance by the SCDE indicated that the amount should be shown as a revenue line item. The credit has been moved to the revenue side for consistency with this 2018 - 2019 budget version.*

**FUND #1 - GENERAL FUND  
FOR THE 2018 - 2019 SCHOOL YEAR  
EXPENDITURES BUDGET  
SECOND READING - MAY 22, 2018**

	2017 - 2018 Budget	2018 - 2019 Budget Second Reading	Increase/ (Decrease)	Percent Change
Regular Salaries	\$ 120,932,894	\$ 121,746,602	\$ 813,708 <sup>(1)</sup>	0.67%
Temporary Salaries	1,070,868	-	(1,070,868) <sup>(2)</sup>	-100.00%
Overtime/Extra Duty Salaries	1,044,892	837,000	(207,892) <sup>(3)</sup>	-19.90%
Fringe Benefits and Payroll Taxes	47,111,814	49,296,135	2,184,321 <sup>(4)</sup>	4.64%
Unemployment Compensation	65,000	41,000	(24,000)	-36.92%
Workers Compensation Insurance	1,152,307	1,336,287	183,980 <sup>(5)</sup>	15.97%
Purchased Services - Instructional	284,099	1,938,599	1,654,500 <sup>(6)</sup>	582.37%
Purchased Services - Security	447,522	447,522	-	0.00%
Management Services	28,000	28,000	-	0.00%
Data Processing Services	217,629	217,629	-	0.00%
Audit Fees	64,000	70,000	6,000	9.38%
Legal Fees	147,953	204,000	56,047 <sup>(7)</sup>	37.88%
Water, Sewer And Garbage	784,272	784,272	-	0.00%
Maintenance Services	796,675	796,675	-	0.00%
Property/Liability Insurance	1,031,930	1,108,224	76,294 <sup>(5)</sup>	7.39%
Rentals	30,012	59,050	29,038 <sup>(8)</sup>	96.75%
Equipment Repairs	310,736	317,994	7,258	2.34%
Other Property Services	2,475	2,475	-	0.00%
Student Transportation	75,000	75,000	-	0.00%
Travel	311,135	330,114	18,979	6.10%
Athletics Transportation	56,709	56,897	188	0.33%
Telephone	331,549	331,549	-	0.00%
Purchased Services - Technology	1,043,386	1,132,553	89,167 <sup>(9)</sup>	8.55%
Advertising	15,472	15,472	-	0.00%
Printing and Binding	38,265	46,265	8,000	20.91%
Purchased Services - Other	251,163	243,163	(8,000)	-3.19%
Supplies - General	268,650	272,165	3,515	1.31%
Supplies - Instructional	601,160	761,459	160,299 <sup>(10)</sup>	26.66%
Supplies - Vocational	47,901	47,901	-	0.00%
Supplies - Robotics	9,000	9,000	-	0.00%
Supplies - STEM/STEAM Instructional Materials	5,000	5,000	-	100.00%
Supplies - Office and Postage	156,410	156,571	161	0.10%
Supplies - Janitorial	389,519	389,519	-	0.00%
Supplies - Maintenance	2,438	22,438	20,000	100.00%
Supplies - Maintenance Repairs	613,518	613,518	-	0.00%
Supplies - Tools	24,143	24,143	-	0.00%
Supplies - Gasoline/Lubricants	100,024	100,024	-	0.00%
Supplies - Vehicle Repairs	60,000	60,000	-	0.00%
Supplies - Electronic Repairs	45,000	45,000	-	0.00%
Supplies - Landscaping	100,000	100,000	-	100.00%
Supplies - Uniforms	60,000	60,000	-	100.00%
Supplies - Health	22,371	22,188	(183)	-0.82%
Supplies - Library	224,081	215,304	(8,777)	-3.92%
Supplies - Technology	789,796	789,796	-	0.00%
Energy	5,800,000	5,600,000	(200,000) <sup>(11)</sup>	-3.45%
Equipment	18,900	18,900	-	0.00%
Technology and Software	47,700	47,700	-	0.00%
Technology - One-Time	1,373,697	-	(1,373,697) <sup>(12)</sup>	100.00%
Dues and Fees	88,660	88,660	-	0.00%
Transfer to Other Funds - Activity Funds	115,000	115,000	-	0.00%
Transfer to Other Governments	86,000	86,000	-	0.00%
Payments to Charter Schools	4,307,032	4,983,552	676,520 <sup>(13)</sup>	15.71%
<b>Total - General Fund</b>	<b>\$ 193,001,757</b>	<b>\$ 196,096,315</b>	<b>\$ 3,094,558</b>	<b>1.60%</b>

**FUND #1 - GENERAL FUND  
FOR THE 2018 - 2019 SCHOOL YEAR  
EXPENDITURES BUDGET  
SECOND READING - MAY 22, 2018**

Footnotes (contributors to budget changes):

- (1) - reflects step increase and 2% COLA; phase III service credit implementation
- (2) - contracting substitute services in 2018-19; this line item no longer applies (see footnote 6)
- (3) - largely reflects continued impact of homebound restructuring/re-organization
- (4) - employer retirement increase and likely 7.3% health increase taking effect January 1
- (5) - pending official notice from SCSBIT in May
- (6) - largely reflects budget for contracted sub services
- (7) - reflects closure of in-house legal department and contracting for external legal services
- (8) - reflects rental and related costs for Aiken Scholars Academy at USCA
- (9) - increase in Instruction Services budget for Edmentum installment
- (10) - funding for high school fine arts
- (11) - reduction based on trend and cost avoidance resulting from energy conservation measures
- (12) - funds budgeted as one-time for 2017-18 only
- (13) - based on SCDE charter school formula

**FUNDS #2, #8 AND #9 - SPECIAL REVENUE  
FOR THE 2018 - 2019 SCHOOL YEAR  
REVENUE AND EXPENDITURES BUDGET  
SECOND READING - MAY 22, 2018**

	<u>2017 - 2018 Budget*</u>	<u>2018 - 2019 Budget Second Reading*</u>	<u>Increase/ (Decrease)</u>
<b>Federal Funds:</b>			
Title I	\$ 7,693,115	\$ 7,693,115	\$ -
Individuals with Disabilities Act (IDEA)	4,746,419	4,746,419	-
Preschool Handicapped	184,958	184,958	-
Vocational Education/Perkins	408,304	408,304	-
Neglected and Delinquent	21,111	21,111	-
Title I - Focus Schools	260,000	-	(260,000)
Adult Education - Federal	233,661	233,661	-
Title III - Language Instruction	117,858	117,858	-
Title II - Improving Teacher Quality	865,563	865,563	-
<b>Total Federal Funds</b>	<u>14,530,989</u>	<u>14,270,989</u>	<u>(260,000)</u>
<b>Other/Local Funds:</b>			
NJROTC	388,284	388,284	-
Twelve Month Agriculture	24,788	24,788	-
Medicaid Program	500,000	500,000	-
<b>Total Local Funds</b>	<u>913,072</u>	<u>913,072</u>	<u>-</u>
<b>State Funds:</b>			
Child Development Education Program (CDEP)	2,001,793	1,981,793	(20,000)
EEDA Career Specialists	943,060	943,060	-
Reading Coaches	1,233,137	1,185,932	(47,205)
Student Health and Fitness - Nurses	569,408	569,408	-
Student Health and Fitness - Physical Education	233,948	230,747	(3,201)
<b>Total State Funds</b>	<u>4,981,346</u>	<u>4,910,940</u>	<u>(70,406)</u>
<b>Total Special Revenue Funds</b>	<u>\$ 20,425,407</u>	<u>\$ 20,095,001</u>	<u>\$ (330,406)</u>

\*Reflects current allocations only; no carryovers

**FUND #3 - EDUCATION IMPROVEMENT ACT  
FOR THE 2018 - 2019 SCHOOL YEAR  
REVENUE AND EXPENDITURES BUDGET  
SECOND READING - MAY 22, 2018**

	<u>2017 - 2018 Budget*</u>	<u>2018 - 2019 Budget Second Reading*</u>	<u>Increase/ (Decrease)</u>
ADEPT	\$ 25,342	\$ 25,342	\$ -
Aid to Districts - Technology	314,142	334,833	20,691
Arts in Education	40,800	57,000	16,200
Professional Development	217,456	-	(217,456)
Refurbishment of Science Kits	80,300	80,300	-
Industry Certificates	29,495	55,094	25,599
Career and Technology Education	522,256	522,256	-
National Board Certified Teachers (Pass Through)	598,388	598,388	-
District Teacher of the Year Award (Pass Through)	1,076	1,076	-
At Risk Student Learning	2,755,679	2,620,621	(135,058)
Teacher Salary Supplement (TSS)	4,527,050	5,502,395	975,345
TSS Fringe	690,839	1,090,314	399,475
Adult Education	439,946	439,946	-
Summer Reading	185,832	185,832	-
Reading	105,694	-	(105,694)
Palmetto Priority Schools	201,520	140,000	(61,520)
Teacher Supplies (Pass Through)	463,375 (2)	463,375	-
EEDA Supplemental	150,000	150,000	-
EEDA Supplies & Materials	48,062	48,062	-
Aid to Districts	225,705	766,715 (1)	541,010
<b>Total Education Improvement Act Fund</b>	<b>\$ 11,622,957</b>	<b>\$ 13,081,549</b>	<b>\$ 1,458,592</b>

*\*Reflects current allocations only; no carryovers*



**FUND #4 - DEBT SERVICE  
FOR THE 2018 - 2019 SCHOOL YEAR  
REVENUE AND EXPENDITURES BUDGET  
SECOND READING - MAY 22, 2018**

	<b>2018 - 2019 Budget Second Reading</b>		
	<b>8% G.O. Bond Issuances</b>	<b>Sales Tax-Related G.O. Bond Issuance</b>	<b>Total</b>
<b>Revenue:</b>			
Levies for debt service	\$ 19,500,000	\$ -	\$ 19,500,000
Sales tax collections utilized for debt service	1,796,570 *	8,057,500	9,854,070
Debt service reserve balance	2,523,280	-	2,523,280
	<u>\$ 23,819,850</u>	<u>\$ 8,057,500</u>	<u>\$ 31,877,350</u>
<b>Expenditures:</b>			
<b>Principal payments</b>			
Series 2014	\$ 4,330,000	\$ -	\$ 4,330,000
Series 2015	2,715,000	-	2,715,000
Series 2016A	-	5,015,000	5,015,000
Series 2016B	3,495,000	-	3,495,000
Series 2017A	6,245,000	-	6,245,000
Series 2018 (8%) Estimated	5,000,000	-	5,000,000
<b>Interest Payments</b>			
Series 2014	129,900	-	129,900
Series 2015	317,000	-	317,000
Series 2016A	-	3,042,500	3,042,500
Series 2016B	551,500	-	551,500
Series 2017A	536,450	-	536,450
Series 2018 (8%) Estimated	375,000	-	375,000
Issuance Costs and Other Fees	125,000	-	125,000
	<u>\$ 23,819,850</u>	<u>\$ 8,057,500</u>	<u>\$ 31,877,350</u>

**Note:**

The 8% general obligation bonds are paid-off over five years. The Series 2016A general obligation bonds are to be serviced entirely by sales tax collections over ten years.

The above does not reflect debt service related to the \$90 million bond issuance approved by voters in the May 1 referendum. Once the bonds are sold, a budget amendment will be presented to the Board.

*\*10% of sales tax collection*

**FUND #5 - SCHOOL BUILDING  
FOR THE 2018 - 2019 SCHOOL YEAR  
REVENUE AND EXPENDITURES BUDGET  
SECOND READING - MAY 22, 2018**

**2018 - 2019  
Budget  
Second Reading**

Revenue:	
General Obligation Bonds, Series 2018A (8% bonds)	\$ 18,500,000
Bond premium amount (estimated)	1,000,000
Interest on Investments (8%)	100,000
Sales Tax Proceeds*	16,169,134
General Obligation Bonds - Referendum	<u>90,000,000</u>
 Total Revenue and Other Financing Sources	 \$ <u><u>125,769,134</u></u>
 Expenditures:	
Projects approved in the Five Year Facilities Plan and the Athletics Facilities Funding Plan (excludes sales tax related projects)	\$ 19,600,000
Projects - sales tax funded	16,169,134
Projects - referendum (multi-year)	<u>90,000,000</u>
 Total Expenditures	 \$ <u><u>125,769,134</u></u>

*\*reflects 90% of estimated 2018 - 2019 sales tax collection (10% earmarked for property tax relief)*

**Note:**

Based upon the Board's decision at its March 31, 2015 special called meeting, bond premiums have been earmarked to address identified athletics facilities needs.

**FUND #6 - SCHOOL FOOD SERVICE  
FOR THE 2018 - 2019 SCHOOL YEAR  
REVENUE AND EXPENDITURES BUDGET  
SECOND READING - MAY 22, 2018**

	<u>2017-18 Budget</u>	<u>2018 - 2019 Budget Second Reading</u>	<u>Increase/ (Decrease)</u>
<b>Revenue:</b>			
Lunch - Students	\$ 599,037	\$ 611,018	\$ 11,981
Special Sales - Students	115,000	117,300	2,300
Breakfast - Students	43,000	45,000	2,000
Lunch - Adults	75,000	75,000	-
Special Sales - Adults	17,115	17,115	-
Breakfast - Adults	1,000	1,000	-
USDA Reimbursement - Lunch/After School	5,618,669	5,704,172	85,503
USDA Reimbursement - Breakfast	1,675,743	1,816,536	140,793
Other Income	25,000	25,000	-
Use of carryover	504,752	251,747	(253,005)
<b>Total Revenue</b>	<u>\$ 8,674,316</u>	<u>\$ 8,663,888</u>	<u>\$ (10,428)</u>
<b>Expenses:</b>			
Regular Salaries	\$ 3,024,816	\$ 3,194,388	\$ 169,572
Temporary Salaries	80,000	80,000	-
Fringe Benefits	350,000	350,000	-
Maintenance Repairs	10,000	10,000	-
Travel	19,000	19,000	-
Printing and Binding	15,000	15,000	-
Purchased Services	22,500	22,500	-
Supplies	450,000	450,000	-
Food	4,351,500	4,351,500	-
Expendable Equipment	-	-	-
Non-Expendable Equipment	10,000	10,000	-
Dues/Fees	4,000	4,000	-
Sales Taxes	7,500	7,500	-
Indirect Costs	330,000	150,000	(180,000)
Other Expenses	-	-	-
<b>Total Expenses</b>	<u>\$ 8,674,316</u>	<u>\$ 8,663,888</u>	<u>\$ (10,428)</u>