



**2012-13**

**BUDGET DEVELOPMENT UPDATE**

February 14, 2012



# Current Finance Issues 2012-13 (Beyond?)

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1. Maximizing or Optimizing School district resources will not be enough in the current financial crisis
2. The current condition
  - The legislature is unsettled about mandate relief and aid distribution
  - Foundation Aid is frozen in the current school year
  - Foundation Aid will be frozen in 2012-13
  - Tax Cap will continue to be problematic
  - Schools are in or will soon be in crisis
  - State Aid to schools was cut (GEA) 2010-12
  - Current law and regulation prohibit school districts from unilaterally cutting to any significant degree
  - Based on some estimates Foundation Aid will be frozen in years thereafter due to:
    - State deficits
    - Federal Stimulus Money will not be available
    - The national and state recession and the long state revenue recovery time
    - Escalating fixed costs of government and school districts



# Discussion Items

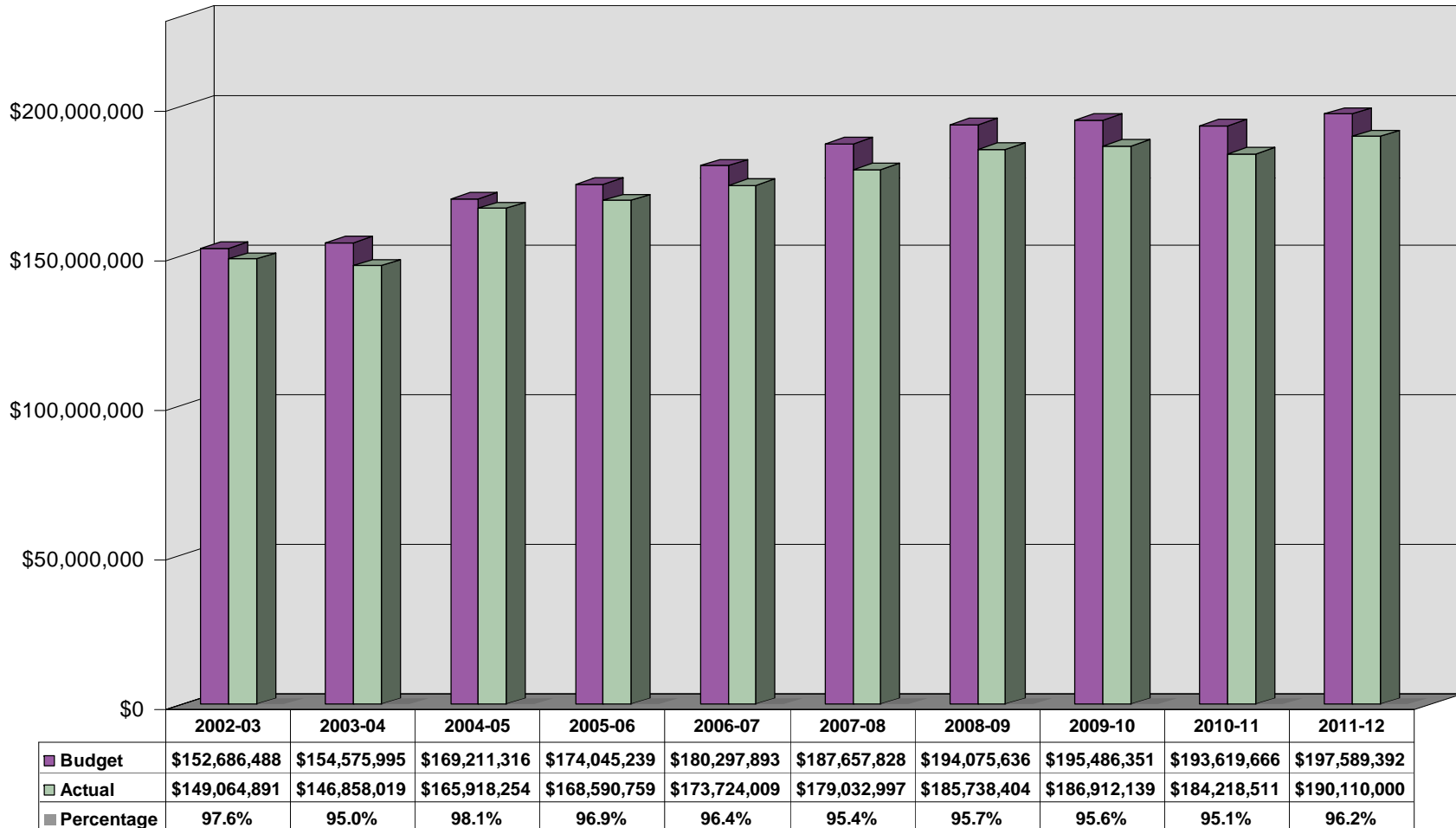
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- The Budget History
- Revenue & Expenditure Outlook
- Fund Balance Projections
  - Sources of fund balance
  - Overview of options and strategies



# Summary

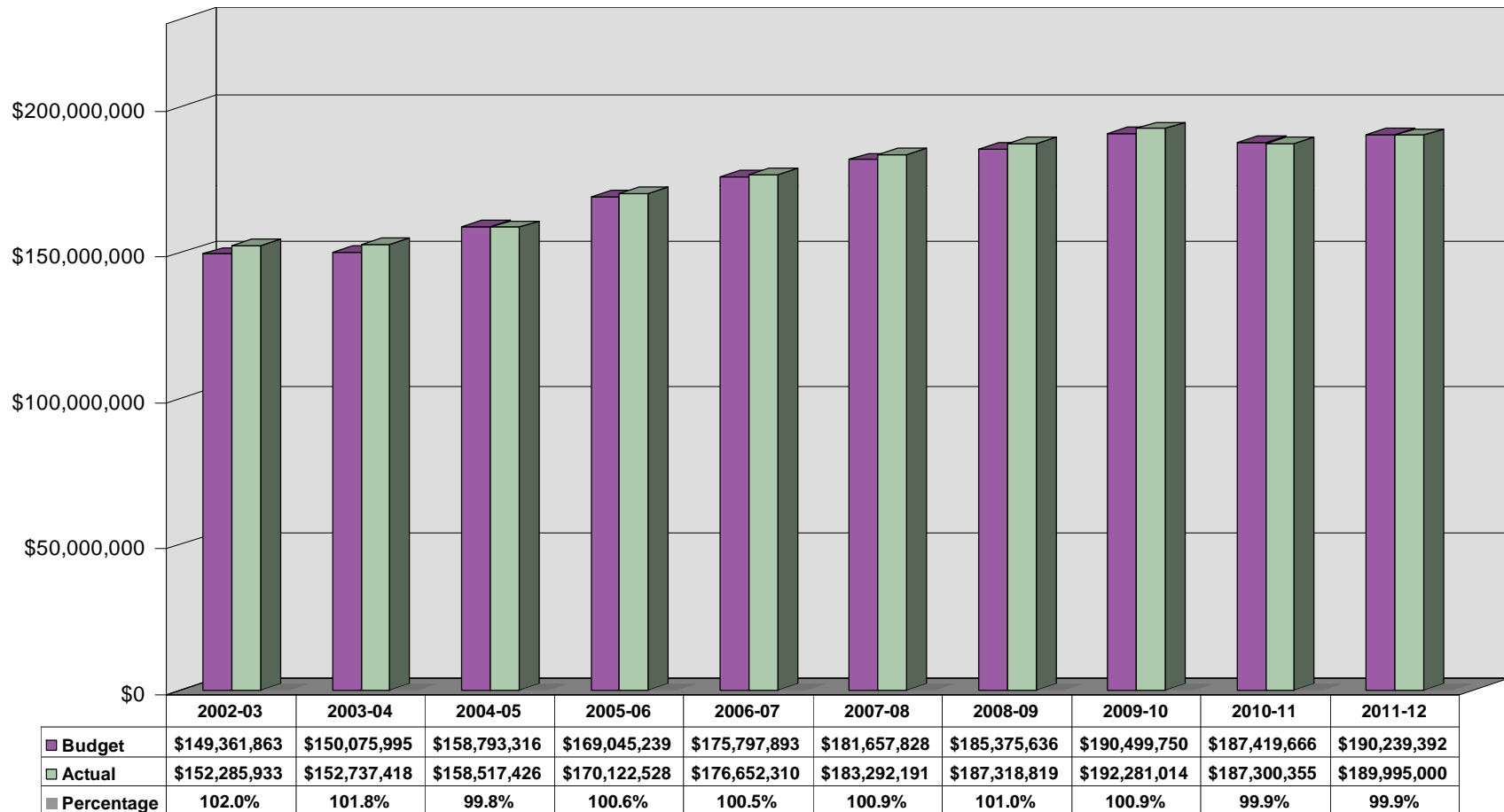
General Fund **Expenditures** Budget vs. Actual





# Summary

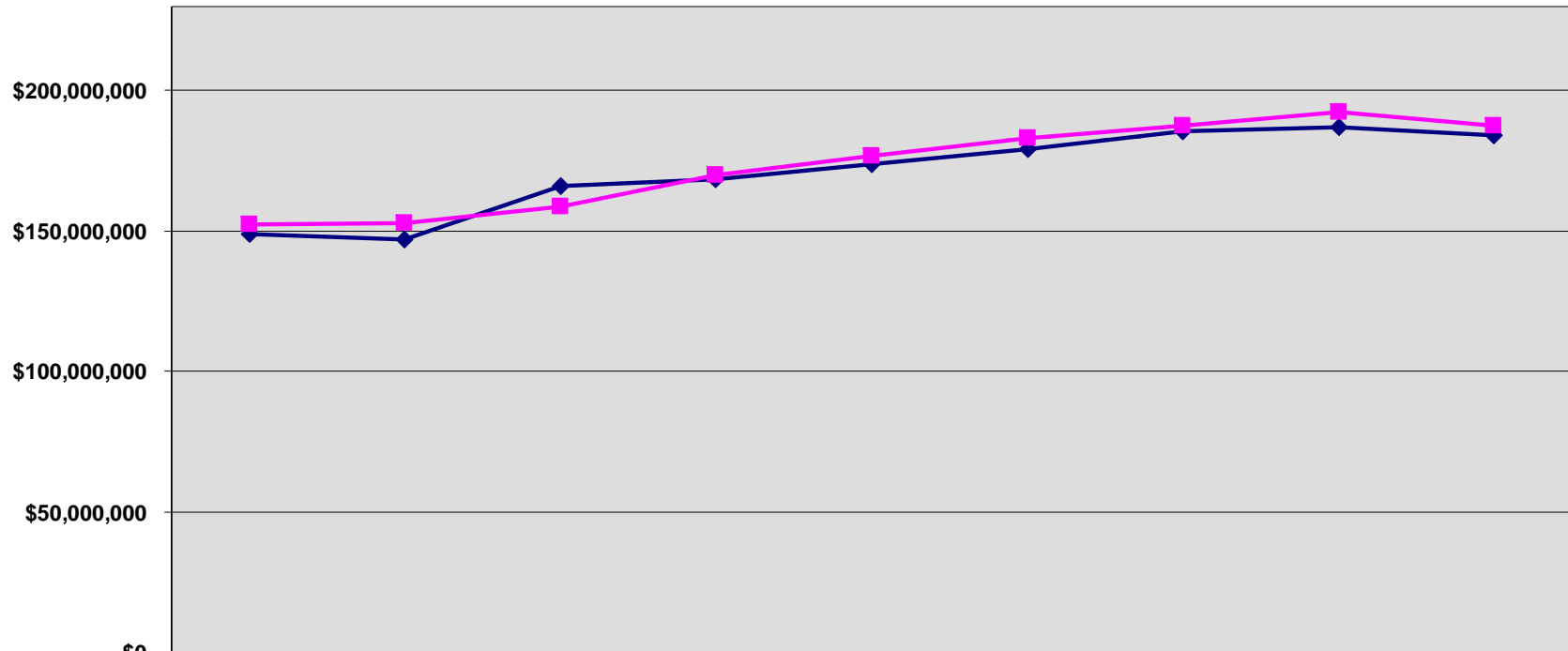
General Fund Revenues Budget vs. Actual





# Budget Comparison

Actual Expenditures vs. Actual Revenues

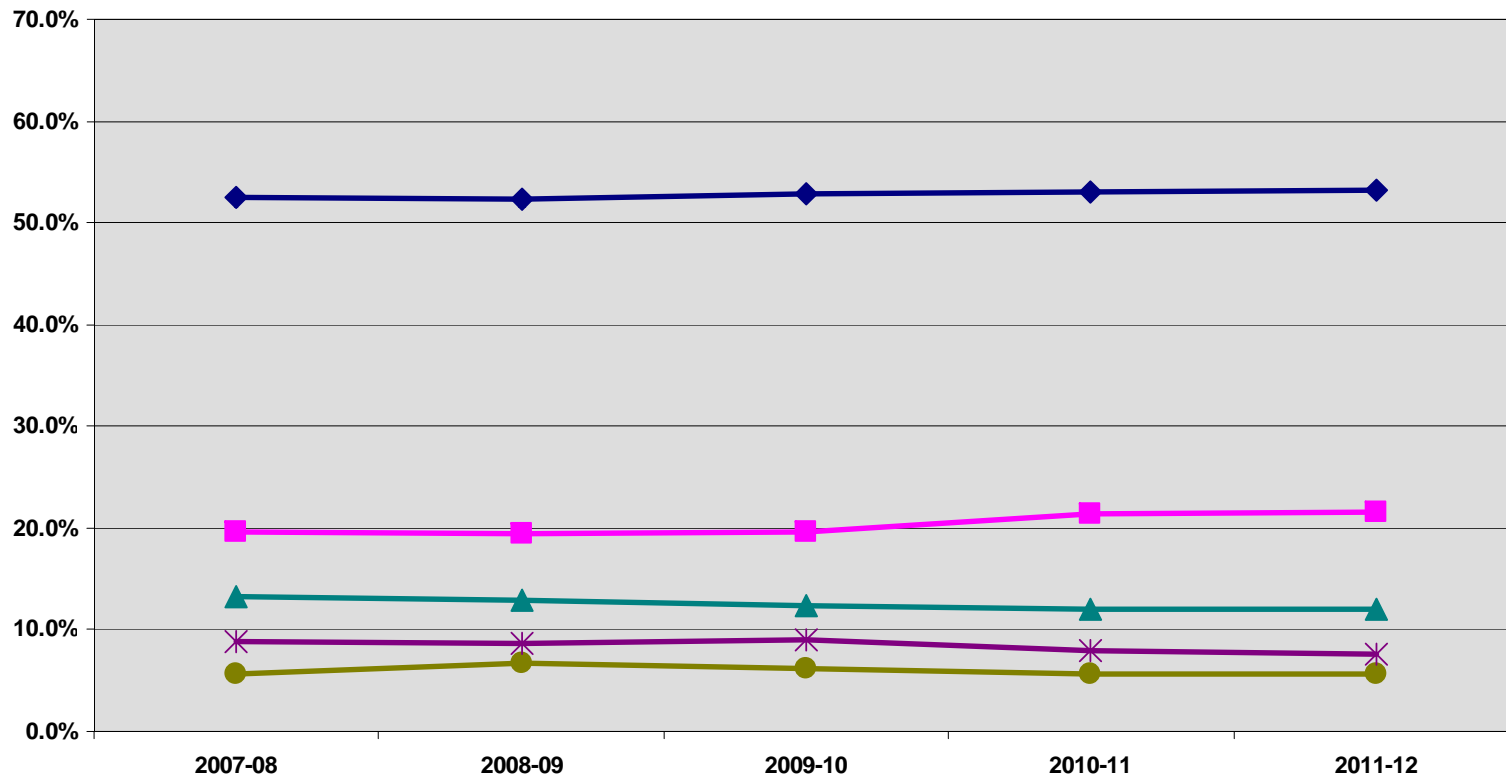


	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Actual Expenditures	\$149,064,891	\$146,858,019	\$165,918,254	\$168,590,759	\$173,724,009	\$179,032,997	\$185,738,404	\$186,912,139	\$184,218,511
Actual Revenues	\$152,285,933	\$152,737,418	\$158,517,426	\$170,122,528	\$176,652,310	\$183,292,191	\$187,318,819	\$192,281,014	\$187,300,355



# Categorical Budget

Major Categories as % of Budgets





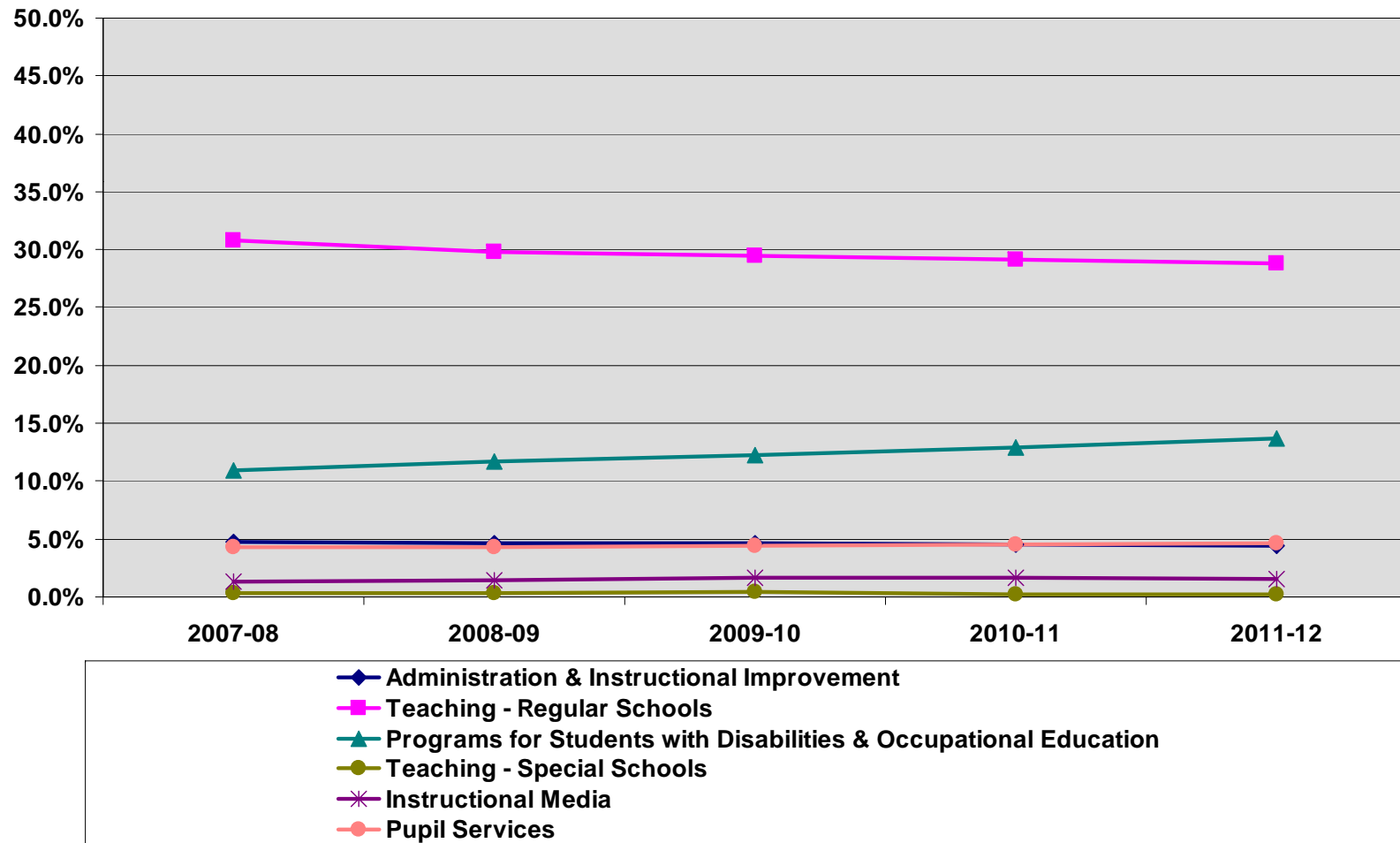
# Budget Detail

<b>SUMMARY OF APPROPRIATIONS</b>		<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>As Percent of Budget</b>						
10xx	Board of Education	0.07%	0.07%	0.08%	0.08%	0.08%
12xx	Central Administration	0.17%	0.17%	0.18%	0.16%	0.16%
13xx	Finance	0.79%	0.75%	0.77%	0.74%	0.70%
14xx	Staff	0.82%	0.77%	0.83%	0.78%	0.77%
16xx	Central Services	9.40%	9.18%	8.76%	8.57%	8.51%
19xx	Special Items	1.97%	1.94%	1.71%	1.72%	1.72%
<b>1xxx</b>	<b><u>TOTAL GENERAL SUPPORT</u></b>	<b><u>13.22%</u></b>	<b><u>12.88%</u></b>	<b><u>12.33%</u></b>	<b><u>12.05%</u></b>	<b><u>11.94%</u></b>
20xx	Administration & Instructional Improvement	4.77%	4.61%	4.66%	4.54%	4.42%
21xx	Teaching - Regular Schools	30.80%	29.81%	29.53%	29.14%	28.79%
	Programs for Students with Disabilities &					
22xx	Occupational Education	10.95%	11.71%	12.23%	12.86%	13.64%
23xx	Teaching - Special Schools	0.35%	0.38%	0.42%	0.21%	0.18%
26xx	Instructional Media	1.37%	1.47%	1.63%	1.65%	1.57%
28xx	Pupil Services	4.32%	4.30%	4.40%	4.55%	4.63%
<b>2xxx</b>	<b><u>TOTAL INSTRUCTION</u></b>	<b><u>52.56%</u></b>	<b><u>52.28%</u></b>	<b><u>52.87%</u></b>	<b><u>52.95%</u></b>	<b><u>53.23%</u></b>
<b>55xx</b>	<b><u>PUPIL TRANSPORTATION</u></b>	<b><u>5.61%</u></b>	<b><u>6.71%</u></b>	<b><u>6.21%</u></b>	<b><u>5.64%</u></b>	<b><u>5.62%</u></b>
<b>80xx</b>	<b><u>COMMUNITY SERVICES</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>
90xx	Employee Benefits	19.70%	19.47%	19.57%	21.41%	21.59%
9xxx	Debt Service and Interfund Transfer	8.91%	8.66%	9.02%	7.95%	7.62%
<b>9xxx</b>	<b><u>TOTAL UNDISTRIBUTED</u></b>	<b><u>28.61%</u></b>	<b><u>28.13%</u></b>	<b><u>28.59%</u></b>	<b><u>29.36%</u></b>	<b><u>29.21%</u></b>
	<b><u>TOTAL GENERAL FUND</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>



# Teaching Analysis

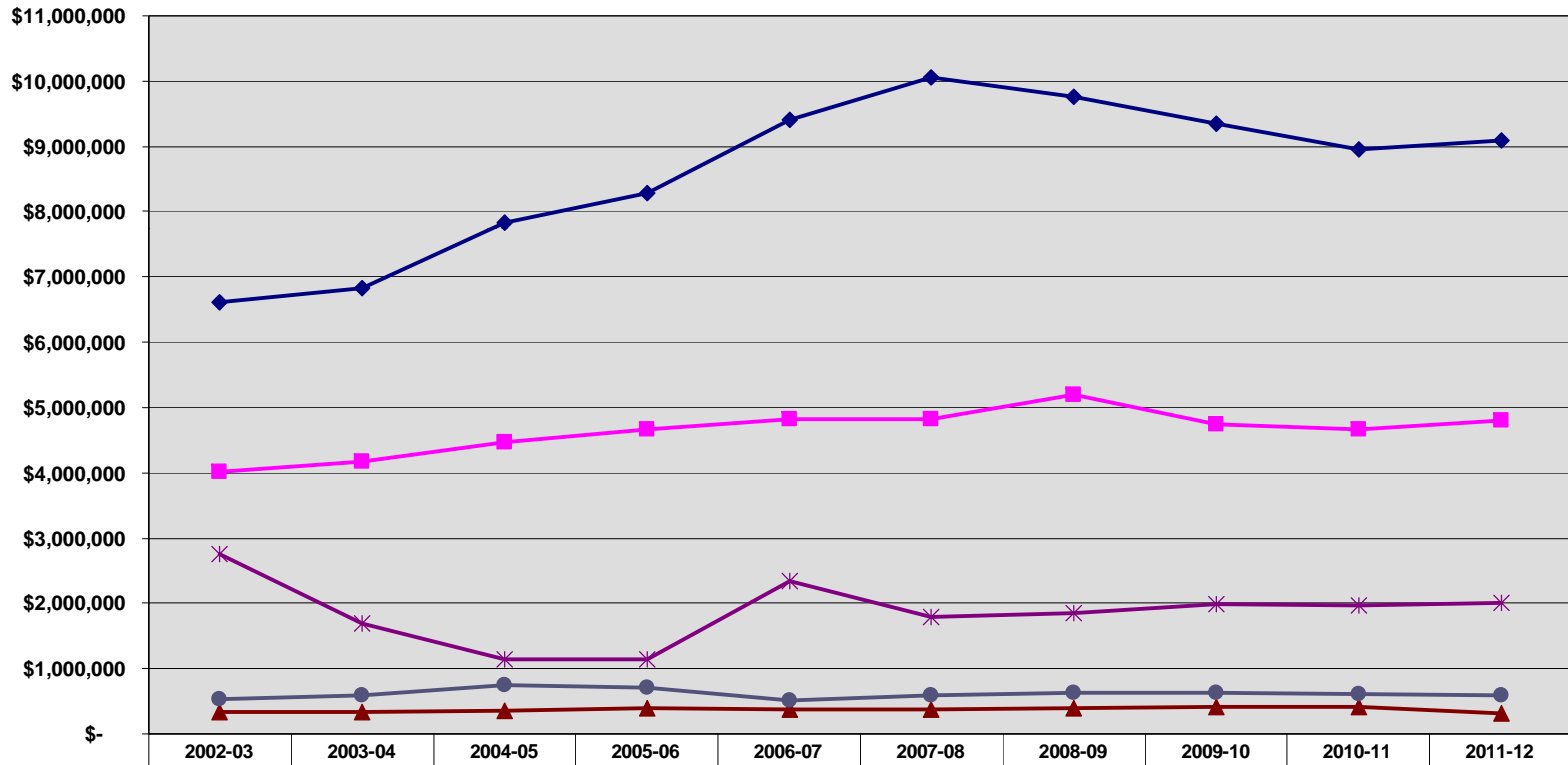
## Instruction as % of Budget





# Central Services

## Central Services Analysis



◆ Operation of Plant	\$6,605,754	\$6,825,190	\$7,832,590	\$8,291,474	\$9,410,670	\$10,061,933	\$9,752,807	\$9,353,992	\$8,956,663	\$9,097,335
■ Maintenance of Plant	\$4,009,066	\$4,171,854	\$4,474,301	\$4,669,405	\$4,827,674	\$4,818,144	\$5,190,333	\$4,746,595	\$4,668,115	\$4,793,466
▲ Central Storeroom	\$328,864	\$339,980	\$351,599	\$386,513	\$372,317	\$374,606	\$389,211	\$403,699	\$410,971	\$319,529
● Central Printing & Mailing	\$534,416	\$583,069	\$747,600	\$698,587	\$516,784	\$584,004	\$619,941	\$621,514	\$611,253	\$599,179
* Central Data Processing	\$2,754,500	\$1,697,250	\$1,133,209	\$1,132,209	\$2,349,715	\$1,794,664	\$1,858,593	\$1,997,012	\$1,969,256	\$2,005,042



# Instruction – Spec Ed

	<b>Programs for Students with Disabilities Funded by General Fund (Function 2250)</b>	<b>Programs for Students with Disabilities Funded by Federal Grants (Function 2250)</b>	<b>Total Expenditures</b>	<b>Increase</b>	<b>% Change</b>
<b>2002-03</b>	\$ 16,006,655	\$ 2,302,637	\$ 18,309,292		
<b>2003-04</b>	13,656,560	2,366,018	16,022,578	(2,286,714)	-12.49%
<b>2004-05</b>	13,133,433	2,812,158	15,945,591	(76,987)	-0.48%
<b>2005-06</b>	13,295,249	3,070,801	16,366,050	420,459	2.64%
<b>2006-07</b>	14,231,696	3,399,524	17,631,220	1,265,170	7.73%
<b>2007-08</b>	16,723,354	2,948,645	19,671,999	2,040,779	11.57%
<b>2008-09</b>	18,948,846	3,592,405	22,541,251	2,869,252	14.59%
<b>2009-10</b>	19,741,621	5,027,194 *	24,768,815	2,227,564	9.88%
<b>2010-11</b>	19,998,720	5,515,559 *	25,514,279	745,464	3.01%

\*Includes ARRA IDEA B Funding



# TRS Impact

<b>FY</b>	<b>Actual Rate</b>	<b>Rate Increase</b>	<b>Actual Salary Subject to TRS</b>	<b>Annual TRS Cost</b>	<b>Cost Increase</b>
2002-2003	0.36%		\$ 73,996,944	\$ 266,389	\$ -
2003-2004	2.52%	600%	72,943,571	1,838,178	1,571,789
2004-2005	5.63%	123%	70,165,737	3,950,331	2,112,153
2005-2006	7.97%	42%	65,706,826	5,236,834	1,286,503
2006-2007	8.60%	8%	74,809,081	6,433,581	1,196,747
2007-2008	8.73%	2%	81,985,899	7,157,369	723,788
2008-2009	7.63%	-13%	80,669,948	6,155,117	(1,002,252)
2009-2010	6.19%	-19%	82,251,842	5,091,389	(1,063,728)
2010-2011	8.62%	39%	81,399,965	7,016,677	1,925,288
2011-2012	11.11%	29%	79,751,544 *	8,860,397	1,843,720
2012-2013	11.84% ***	7%	81,241,606 **	9,619,006	758,609
				<u>61,625,268</u>	<u>9,352,617</u>

\* Estimate amount based on July-January actual expenditures

\*\*2011-12 Projection

\*\*\*Projected TRS rate for 2012-13 school year



# ERS Impact

<b>FY</b>	<b>Avg Actual Tier Rate</b>	<b>Rate Increase</b>	<b>Annual ERS Cost</b>	<b>Cost Increase</b>
2002-2003	0.90%		\$ 429,123	\$ -
2003-2004	4.90%	444%	1,248,940	819,817
2004-2005	11.50%	135%	1,572,977	324,037
2005-2006	10.30%	-10%	2,141,565	568,588
2006-2007	9.80%	-5%	2,275,971	134,406
2007-2008	8.90%	-9%	2,292,412	16,441
2008-2009	8.00%	-10%	2,065,926	(226,486)
2009-2010	6.90%	-14%	2,236,894	170,968
2010-2011	11.20%	62%	3,532,531	1,295,637
2011-2012	15.60%	39% *	4,016,414	483,883
2012-2013	18.90% ***	21% **	5,060,681	1,044,267
			<u>26,873,434</u>	<u>4,631,558</u>

\* Estimate amount based on July-January actual expenditures

\*\*2011-12 Salary + Projected Increase

\*\*\*Projected ERS rate for 2012-13 School Year



# Health Insurance

	<b>Total</b>		<b>Increase</b>	<b>% Change</b>
	<b>Expenditures</b>			
<b>2002-03</b>	\$ 9,286,227		\$ -	-
<b>2003-04</b>	9,846,930		560,703	6.04%
<b>2004-05</b>	10,194,411		347,481	3.53%
<b>2005-06</b>	11,931,345		1,736,934	17.04%
<b>2006-07</b>	12,786,355		855,010	7.17%
<b>2007-08</b>	14,294,650		1,508,295	11.80%
<b>2008-09</b>	15,498,896		1,204,246	8.42%
<b>2009-10</b>	16,696,664	*	1,197,768	7.73%
<b>2010-11</b>	17,754,844	*	1,058,180	6.34%
<b>2011-12***</b>	18,700,396	**	945,552	5.33%

\* Includes ARRA and Education Stabilization Fund

\*\* Includes Education Job Funding

\*\*\* Budgeted amounts



# Revenues

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## STATE AID

Basic  
Gap Elimination Adjustment  
Excess Cost Aid  
Lottery Aid  
Boards of Cooperative Educational Services  
Tuition & Trans. Aid for Students with Disabilities  
Textbooks  
Computer Software Aid  
Library A/V Loan Program  
Other State Aid (Hardware/Technology)

## FEDERAL AID

Medicaid/FEMA Reimbursement

## LOCAL SOURCES (Tax Levy)

Taxes  
Assessments  
Tax Rates



# Governor's Budget

	2011-12 Budget	EXECUTIVE PROPOSAL	2012-13 VARIANCE
<u>BASIC OPERATING AID</u>			
Foundation Aid	55,007,474	55,007,474	-
Federal Funds	3,764,027	-	(3,764,027)
Gap Elimination Adjustment	(17,307,238)	(14,380,146)	2,927,092
<b>SUBTOTAL BASIC OPERATING AID</b>	<b>41,464,263</b>	<b>40,627,328</b>	<b>(836,935)</b>
			-
<u>CATEGORICAL AIDS</u>			
<u>Building</u>	<u>13,182,271</u>	12,257,147	(925,124)
Transportation	11,065,187	10,270,291	(794,896)
Computer Hardware	239,569	220,101	(19,468)
<b>SUBTOTAL CATEGORICAL AIDS</b>	<b>24,487,027</b>	<b>22,747,539</b>	<b>(1,739,488)</b>
			-
<u>ADDITIONAL AIDS</u>			
Pre K - Grant	1,280,124	1,157,225	(122,899)
<b>SUBTOTAL ADDITIONAL AIDS</b>	<b>1,280,124</b>	<b>1,157,225</b>	<b>(122,899)</b>
			-
<b>TOTAL GENERAL AIDS *</b>	<b>67,231,414</b>	<b>64,532,092</b>	<b>(2,699,322)</b>
			-
<u>HANDICAPPED AIDS</u>			
Excess Cost Aid	2,474,490	2,612,332	137,842
			-
<u>INSTRUCTIONAL MATERIALS AID</u>			
Software, Library, Textbook	1,023,662	986,703	(36,959)
<b>TOTAL INSTRUCTIONAL MATERIALS AID</b>	<b>1,023,662</b>	<b>986,703</b>	<b>(36,959)</b>
			-
BOCES AID	5,438,676	4,945,955	(492,721)
			-
<b>TOTAL STATE AID</b>	<b>76,168,242</b>	<b>73,077,082</b>	<b>(3,091,160)</b>
\$ Change in State Aid		(3,091,160)	
% Change in State Aid		-4.1%	



# Historical

## GREECE CENTRAL SCHOOL DISTRICT HISTORICAL SCHOOL DISTRICT VALUATIONS

<b>Year</b>	<b>A Total Parcels</b>	<b>B School Tax Warrant</b>	<b>B Tax Levy (including STAR)</b>	<b>B Tax Rate per \$1000</b>
2003	27,248	\$3,520,335,194	\$79,261,531	\$22.52
2004	27,315	3,560,376,730	83,139,165	23.35
2005	27,788	3,612,440,095	89,046,829	24.65
2006	27,912	4,004,960,449	91,856,466	22.94
2007	28,018	4,025,294,923	93,372,145	23.20
2008	28,041	4,066,070,758	90,921,092	22.36
2009	28,088	4,187,825,440	90,875,140	21.70
2010	28,093	4,185,743,887	94,359,047	22.54
2011	28,150	4,219,129,787	96,116,640	22.78

**A** Info obtained from Town of Greece Tax Roll Assessment data within file for the year.

**B** Info obtained from Tax Warrant provided to the BOE for applicable year.



# Fund Balance Projections

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- Fund Balance Projections are critical in the development of the Budget
  - Enables district to evaluate current costs of programs and analyze trends for forecasting purposes.
  - Assesses the areas of risk and financial health of the district.



# Fund Balance Overview

	2011-12 Budget	Estimated 2011-12 Totals	Estimated Surplus (Deficit)
Est. Fund Balance from Expense	\$ 197.59	\$ 189.99	\$ 7.59
% Variance from Budget			3.8%
Est. Fund Balance from Revenue	\$ 197.58	\$ 197.46	\$ (0.12)
% Variance from Budget			-0.1%
<b>Total Estimated Fund Balance from Operations</b>			<b>\$ 7.47</b>

Note: Balances Reflected in Millions

\* Includes prior year tax settlement - Kodak



# Analysis of Fund Balances and Reserves

	2006	2007	2008	2009	2010	2011
<b>Reserved:</b>						
Capital Reserve - Buildings *	\$ -	\$ -	\$ 575,000	\$ 2,575,000	\$ 2,591,389	\$ 4,091,389
Capital Reserve - Bus Purchases	-	-	575,000	2,075,000	2,089,324	2,244,324
Insurance Reserve	-	-	-	500,000	750,000	750,000
Reserve for Liability	-	212,145	1,200,000	2,000,000	2,500,000	2,500,000
Reserved for Worker's Compensation	400,000	400,000	900,000	1,400,000	1,800,000	1,973,000
Reserved for Encumbrances	1,620,025	2,826,162	2,573,436	1,412,954	1,942,556	1,165,818
Tax Certiorari Reserve	3,085,725	2,940,845	1,649,680	1,860,894	1,508,468	1,695,468
Unemployment Insurance Reserve				500,000	2,000,000	2,000,000
<b>Total Reserved Fund Balance</b>	<b>\$ 5,105,750</b>	<b>\$ 6,379,152</b>	<b>\$ 7,473,116</b>	<b>\$ 12,323,848</b>	<b>\$ 15,181,737</b>	<b>\$ 16,419,999</b>
<b>Unreserved</b>						
Appropriated (Next Year's Budget)	\$ 4,500,000	\$ 6,000,000	\$ 8,700,000	\$ 5,000,000	\$ 6,200,000	\$ 7,465,000
Unappropriated	3,598,258	3,753,157	4,218,387	4,648,069	5,972,453	6,027,160
<b>Total Unreserved Fund Balance</b>	<b>\$ 8,098,258</b>	<b>\$ 9,753,157</b>	<b>\$ 12,918,387</b>	<b>\$ 9,648,069</b>	<b>\$ 12,172,453</b>	<b>\$ 13,492,160</b>
<b>Total Fund Balance</b>	<b>\$ 13,204,008</b>	<b>\$ 16,132,309</b>	<b>\$ 20,391,503</b>	<b>\$ 21,971,917</b>	<b>\$ 27,354,190</b>	<b>\$ 29,912,159</b>

\* Portion to be used for Excel II



# Options for Uses of Fund Balance

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## Options

- Appropriate and use as a financing source in 2012-13
- Transfer to reserves
- Unappropriated fund balance (up to 4% of budget)

## Considerations

- Impact of appropriated fund balance in 2013-14 given State Aid projections:
  - Federal Education Jobs Funds = \$3.8 million
  - Permanent Gap Elimination Assessment formula
- Tax cap
- Increasing capital demands



# Tax Cap

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- Real property tax levy cap – “2 percent tax cap”
- The cap would be set at the rate of inflation (based on Consumer Price Index calculated by the U.S. Department of Labor) or 2 percent, whichever is less.
- Tax Levy Limit- Instead of voting on a school budget, district residents will be asked to vote on a proposed school-district property-tax levy for the coming year. If the proposal calls for an increase above the cap, it will need approval by more than 60 percent of the voters to pass. If below the cap, the tax proposition will still require voter approval.
- Maximum allowable tax levy – maximum tax levy PLUS certain exclusions:
  - Voter-approved local capital expenditures
  - Increases in the state-mandated employer contribution rates (ERS / TRS)
  - Court orders/judgments
  - Local Capital cost
  - PILOT agreements
- If voters reject the proposed tax levy twice, there can be no further votes and the tax levy will revert to the prior year's level (0% tax levy).



# Tax Cap Calculation

Prior year tax levy 2011-12	\$96,116,640
Tax base growth factor x 1.0058*	\$96,674,117
Prior year PILOT	\$2,388,674
Prior year exemptions (court order/judgements)	\$0
Tax Levy to Pay for Local Capital Cost	\$1,528,648
<b>Adjusted Prior Year Levy</b>	<b>\$97,534,143</b>
Allowable Growth Factor (lesser of CPI or 2%) x 1.02	\$99,484,825
PILOTs for coming year	\$4,426,867
<b>TAX LEVY LIMIT =</b>	<b>\$95,057,958</b>
Tax Levy to Pay for Local Capital Cost	\$2,334,414
Tax Levy to Pay for Court Order/Judgements	\$0
<b>Available Carryover (1st Year)</b>	<b>\$0</b>
Coming School Year Exemptions (Pension Costs)	\$159,112
<b>Maximum Allowable Tax Levy = 1.49%</b>	<b>\$97,551,484</b>



# Strategic Fund Balance Questions

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- How much to appropriate for use in 2012-13 to offset spending growth/revenue short-falls?
- How will that amount be replenished in 2013-14....
  - Through 2012-13 operating results?
  - From reserves and fund balance?
  - Or, reduce reliance by reducing spending?
- How will that amount be replenished in 2014-15....
  - Speculation that State Aid will begin to grow?
  - Through 2013-14 operating results?
  - From reserves and fund balance?
  - Or, reduce reliance by reducing spending?



# Next Steps...

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- 1) Formulate short and long-term strategies to respond to reoccurring revenue short-falls and increased costs.
- 2) Prepare a recommendation on appropriate use of fund balance and reserves with the goal of stabilizing district finances and preserving our core educational programs.