



2013-2014 BUDGET



**Consideration to Adopt
the Final Budget
May 28, 2013**



Budget Components

- ⦿ Revenue Review
- ⦿ Expenditure Review
- ⦿ Millage Impact
- ⦿ Summary

Revenues

Revenue Adjustments

	Budget Savings
Increase in Basic Instructional Subsidies per governor's budget	\$453,141
Increase Real Estate Transfer Tax, Interim Real Estate Tax, and Real Estate revenue estimates due to improving real estate market	\$523,998
Increased Earned Income Taxes due to improving wage growth.	\$275,000
Increased Delinquent Real Estate Tax	\$475,000
Reduce state Special Education subsidies per Governor	(\$113,774)
Reduce federal program subsidies due to sequestration	(\$23,438)
Reduce federal medical assistance reimbursement - sequestration	(\$164,610)
Reduce usage of fund balance savings to support revenues	(495,000)

2013-14 Projected Fund Balance Usage

	2013-14
Original Budget for Fund Balance Usage	\$985,000
Reduction due to improving local revenues	(\$495,000)
<hr/>	
Less reliance on fund balance - positive trend	\$490,000

Expenses

Reducing Expenditures

	Budget Savings
With declining enrollment, we will need to make staff reductions through attrition (approximately five elementary and five secondary teachers) and eliminate some portable classrooms.	\$1,130,000
We are in the process of revising the Prescription (R _x) plan with our current provider that will yield savings in 2013-14.	\$300,000
The School Board has been implementing a long range capital plan to minimize future borrowing and debt payments, while still keeping the 27 facilities in our school district up to date. The proposed increase in this plan can be delayed which will result in savings for 2013-14.	\$2,800,000
We made some contractual changes to our self-funded health care insurance stop loss premiums that will provide budgetary savings in 2013-14.	\$563,000
Reduce school building budgets as a result of lower copying costs	\$72,455
Budget adjustments to payroll, auto property and casualty insurance, and electric utilities.	\$172,400
Reduce two school bus mechanics due to the transfer of 44 buses to First Student for operation (this has already happened through attrition)	\$130,000

Total Revenue Enhancements and Expenditure reductions

◎ \$6,090,000

Millage Impact

Millage Calculation

- The millage increase as of tonight is 0.0%
- The Act 1 base index = 1.7%
- The 2013-14 proposed millage is 122.8 mills + 0 mills = 122.8 mills = 0.00% increase
- Typical homeowner assessed @ 40,000 = \$0
 - This is the lowest tax increase since the early 1990's when it was \$0
 - 2011-12 \$65
 - 2012-13 \$80
 - 2013-14 \$ 0

Other Budget Related Work

- The district has been working with its financial Advisor, PFM, to look for ways to reduce the cost of debt.
- Preliminary estimates show that the district can restructure its \$250M in outstanding principal.
- Savings on interest payments are estimated to be \$24M over a 16 year period.
- The interest savings will provide yearly budgetary relief of approximately \$1.5M per year.
- The savings will help offset future cost increases associated with the state retirement system.

Summary

- The Proposed Final Budget for 2013-14 is \$290,683,982
- \$3,445,132 Increase over 2012-13
- Zero Increase in Real Estate Taxes

Next Steps...

- ◎ Board of School Directors
 - Consideration to adopt the 2013-14 Final Budget in the amount of \$290,683,982
 - Consideration to adopt the resolution for the 2013-14 Homestead and Farmstead real estate tax discount of \$189.70
 - Consideration to adopt the taxing resolution for real estate, earned income, and electric utilities

