

# HARPURSVILLE CENTRAL SCHOOL



Budget Workshop  
for  
2016-2017  
March 7, 2016

# Tonight's Format

- Review of information from prior budget presentations
- Discussion within the Board
- Comments/questions from audience

# Budget Topics

- Anticipated 15-16 Performance
- Status of Fund Balance & Reserves
- Budget Goals
- Projected Revenues
- State Aid
- Projected Expenditures
- Budget Gap
- Next Steps

# 2015-16 Original Budget

Original  
Revenue

\$17,495,330

Original  
Expenditures

\$18,298,945

Structural  
Deficit

(\$803,615)

# 2015-16 Projected Actual Performance

Projected  
Revenue

\$18,265,758

Projected  
Expenditures

\$19,945,695

Structural  
Deficit

(\$1,679,938)

# 2015-16 Budget Gap

	Proposed Budget	Carryover Encumbrances	Adjusted Original Budget	Budget Gap	Final Budget
2015-2016	\$18,298,945	\$ -0-	\$18,298,945	\$1,646,750	\$19,945,695

This is based on current projection and will change (up or down) between now and year end.

# 2015-16 Fund Balance

	Actual 7/1/2015	Projected 7/1/2016
Non-Frozen Reserves	\$1,819,113	\$1,602,113
Frozen Reserves - EBALR	\$1,417,113	\$1,397,035
Assigned Appropriated Fund Balance	\$ 803,615	\$ 700,000
Unassigned Fund Balance	\$1,982,553	\$643,308
<b>TOTAL FUND BALANCE</b>	<b>\$6,022,394</b>	<b>\$4,342,456</b>

The unassigned fund balance is projected to be LESS THAN 4% of 2016-17 proposed budget!

# 2015-16 Reserves

	Actual 7/1/2015	Projected 7/1/2016	Funding/ (Use) in 2015-2016
Unemployment Insurance Reserve	\$250,000	\$243,000	(\$7,000)
Insurance Reserve	\$50,000	\$50,000	\$0
Retirement Contribution Reserve	\$819,317	\$609,317	(\$210,000)
Tax Certiorari Reserve	\$66	\$66	\$0
Repair Reserve	\$200,000	\$200,000	\$0
Capital Reserve	\$499,730	\$499,730	\$0
Employee Benefit Accrued Liability Reserve	\$1,417,113	\$1,397,035	(\$20,078)
<b>TOTAL RESERVES</b>	<b>\$3,236,226</b>	<b>\$2,999,148</b>	<b>(\$237,078)</b>



# 2015-16 Reserves

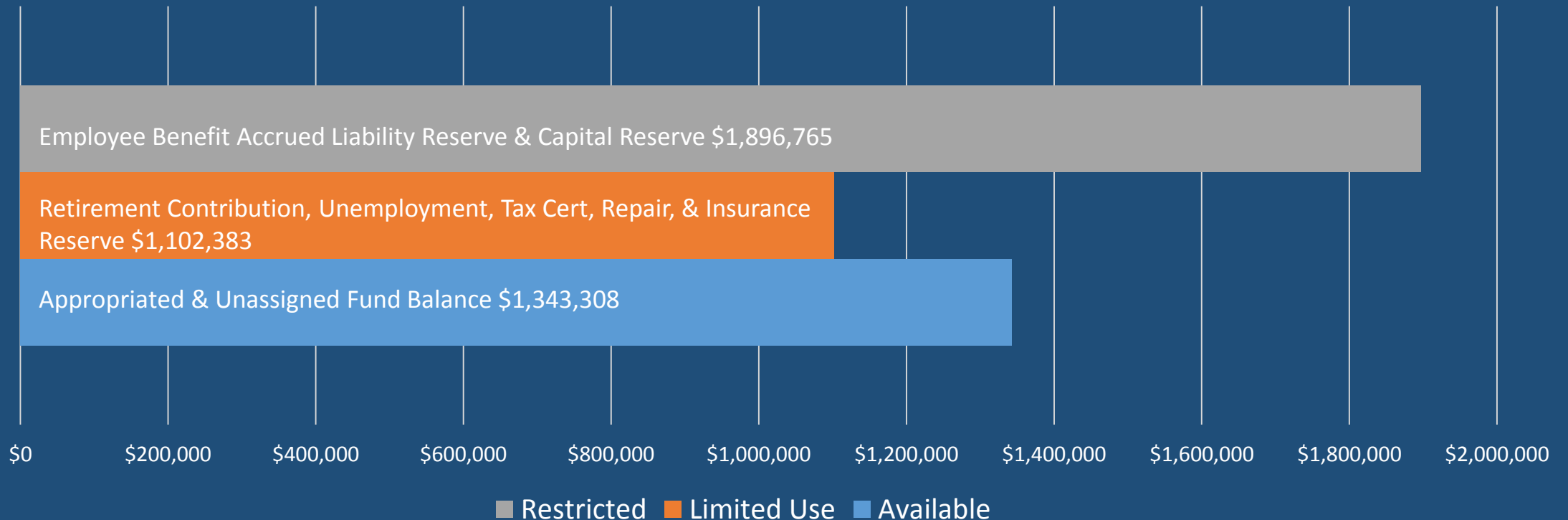
- Unemployment Insurance Reserve (\$243,000): to pay the cost of unemployment payable to the State Unemployment Insurance Fund
- Insurance Reserve (\$50,000): To pay for liability, casualty, or other losses not covered by insurances.
  - This reserve may be terminated and the funds transferred to another reserve.
- Retirement Contribution Reserve (\$609,317): to pay for the cost of the annual payment to the Employee Retirement System (ERS)

# 2015-16 Reserves

- Tax Certiorari Reserve (\$66): to pay judgements and claims in tax certiorari proceedings
- Repair Reserve (\$200,000): to pay for repairs to capital equipment or improvements not reoccurring annually.
- Capital Reserve (\$499,730): to pay for the cost of any object or purpose for which bonds may be issued; used to offset future capital project costs.
- Employee Benefit Accrued Liability Reserve (\$1,397,035): to pay for time earned upon separation of duty

# How much of the Total Fund Balance can be used?

Breakdown of Projected Fund Balance 7/1/16



While the total projected ending fund balance (the District's savings) is projected to be \$4.3M, there are legal limitations on how these funds can be used. Not all of the fund are available for the direct support of the daily operations of the District.

# 2016-2017 Budget Development

# BUDGET GOALS

- Provide an instructional program that meets the educational needs of all students and ensures all students are prepared for their future.
- To eliminate the structural deficit in the budget.
- Develop a budget that puts the district on a path to fiscal health and stability while maintaining our responsibility to the district residents and providing our students with a sound education.

# PROJECTED REVENUES

- Projected Revenues were developed using
  - Tax Levy Limit Calculation
  - Analysis of Executive Proposal of State Aid
  - Historical trends for Other Revenues

# PROJECTED REVENUES

REVENUE	2015-2016 ORIGINAL BUDGET	2016-2017 DRAFT BUDGET	% INCREASE BUDGET TO BUDGET	\$ INCREASE BUDGET TO BUDGET
TAX LEVY	3,744,285	3,857,206	3.02%	112,921
OTHER REVENUE	736,000	1,225,909	66.56%	489,909
STATE AID	13,015,045	14,179,822	8.95%	1,164,777
APPROPRIATED RESERVES	-	247,000	0.00%	247,000
APPROPRIATED FUND BALANCE	803,615	700,000	-12.89%	(103,615)
<b>TOTAL REVENUE BUDGET</b>	<b>18,298,945</b>	<b>20,209,937</b>	<b>10.44%</b>	<b>1,910,992</b>

1% change to the tax levy = \$37,443

# What is the “cost” of a 3.02% increase on the tax levy?

	True Value Tax Rate	Yearly Difference
2016-17	\$14.7933	\$ 0.43
2015-16	\$14.3602	\$0.37
2014-15	\$13.9901	\$0.33 *
2013-14	\$13.6590	\$0.29 *
2012-13	\$13.3681	\$0.59 ^
2011-12	\$12.7743	\$(0.08)
2010-11	\$12.8546	\$0.28
2009-10	\$12.5779	\$(1.51)
2008-09	\$14.0870	\$(0.46)

On a \$50,000 home, the increase in cost given the proposed tax levy is about \$21.65. *(estimated using last year's figures – equalization rates, assessed values, etc.)*

The 2012-13 school year was the first year of the tax cap. The district had a 2% increase on the levy that year which was greater than the allowable limit. The increase in the levy was less than the allowable limit in both the 2013-14 and 2014-15 school years. The levy was at the allowable limit in 2015-16.



# PROJECTED REVENUES

- Appropriated Reserves is the planned use of the:
  - Retirement Contribution Reserve
  - Unemployment Insurance Reserve
- Appropriated Fund Balance
  - Long term goal is to reduce the use of fund balance to support the budget – eliminate structural imbalance

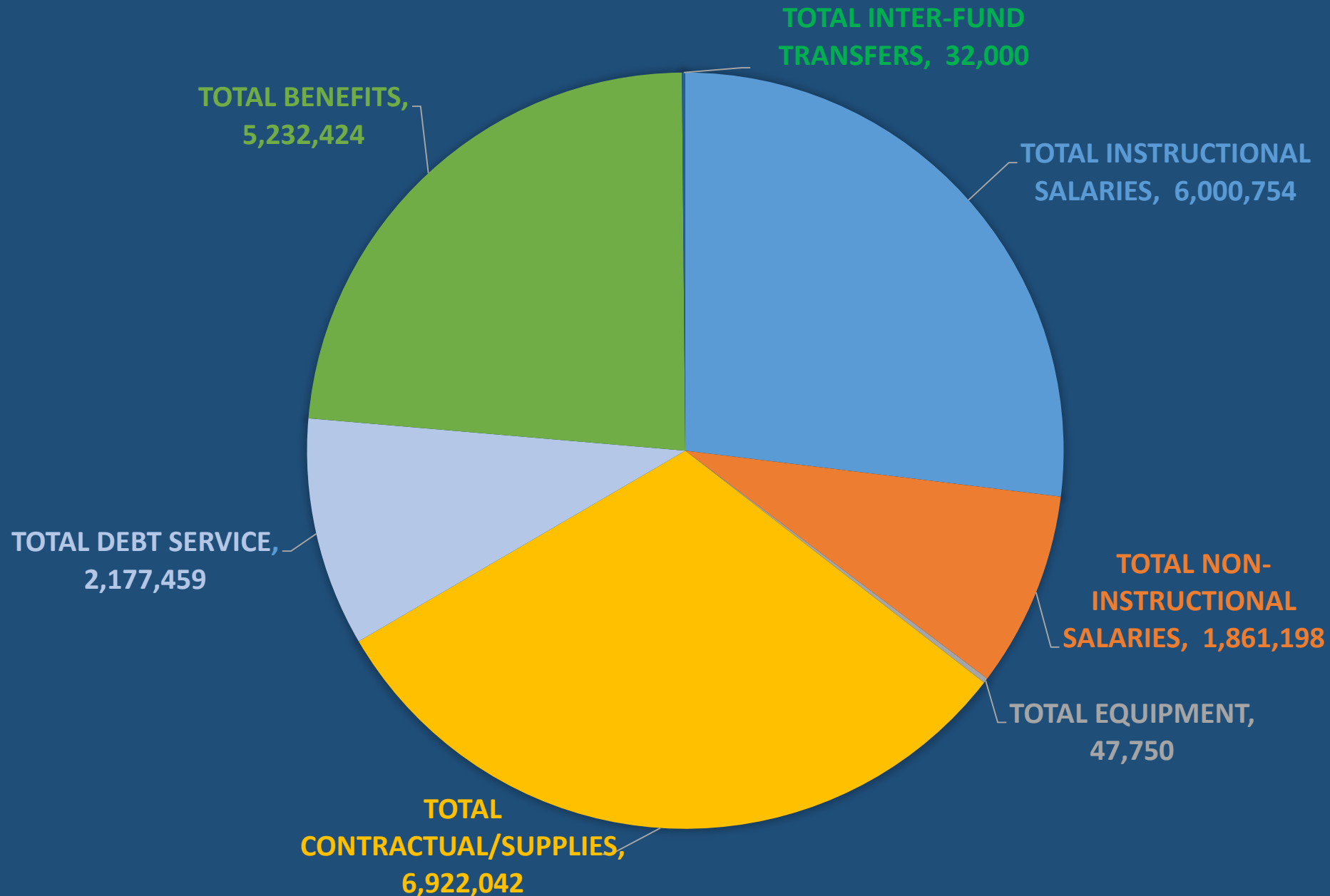
# PROJECTED EXPENDITURES

- Projected Expenditures were developed using
  - Current staff of record
  - Historical and market trends
  - Known benefit rate changes
  - Known contractual costs
  - Known debt service payments
  - Estimated BOCES services based on 2015-16 projected expenditures

# PROJECTED EXPENDITURES

EXPENDITURES	2015-2016 ORIGINAL BUDGET	2016-2017 DRAFT BUDGET	% INCREASE BUDGET TO BUDGET	\$ INCREASE BUDGET TO BUDGET
INSTRUCTIONAL SALARIES	5,773,173	<b>6,000,754</b>	3.94%	227,582
NON-INSTRUCTIONAL SALARIES	1,566,047	<b>1,861,198</b>	18.85%	295,151
EQUIPMENT	76,563	<b>47,750</b>	-37.63%	(28,813)
CONTRACTUAL EXPENSES	1,150,288	<b>1,528,583</b>	32.89%	378,295
MATERIALS AND SUPPLIES	492,085	<b>504,557</b>	2.53%	12,472
BOCES	3,187,437	<b>4,888,902</b>	53.38%	1,701,465
DEBT SERVICE	1,183,791	<b>2,177,459</b>	83.94%	993,668
BENEFITS	4,869,562	<b>5,232,424</b>	7.45%	362,862
TRANSFERS	-	<b>32,000</b>	100.00%	32,000
<b>TOTAL</b>	<b>18,298,945</b>	<b>22,273,627</b>	<b>21.72%</b>	<b>3,974,682</b>

# PROJECTED EXPENDITURES



# *Summary...*

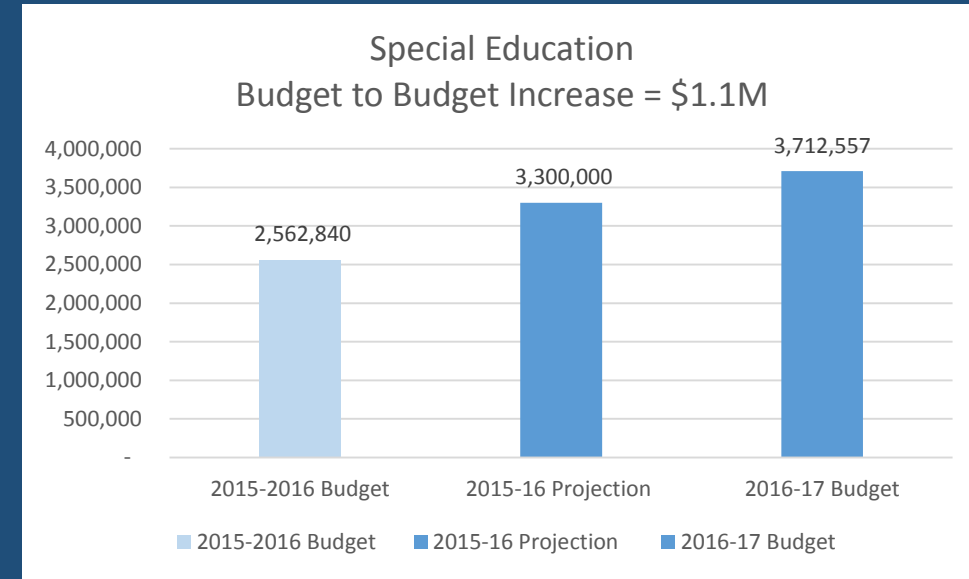
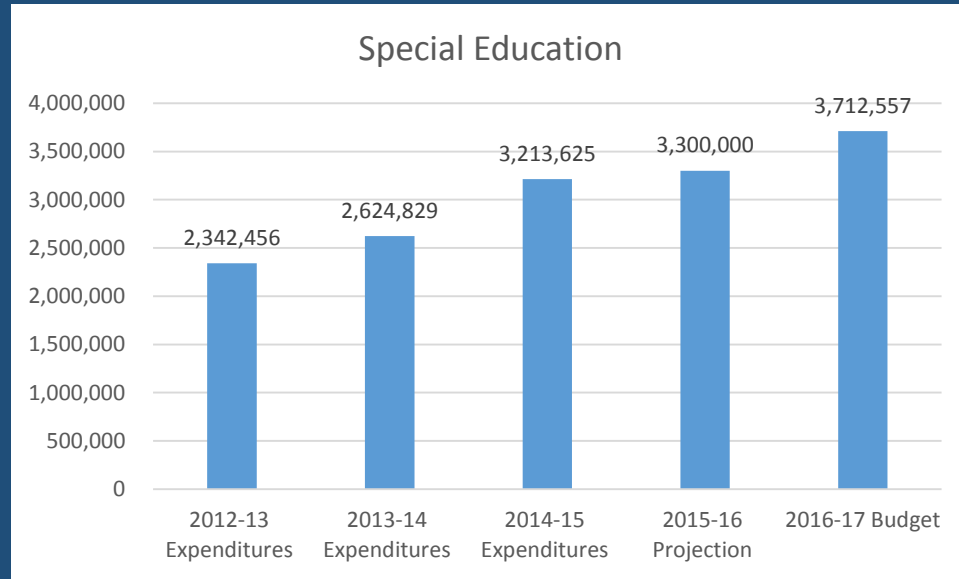
<b>Revenues</b>	<b>Expenditures</b>	<b>Budget Gap</b>
\$20,209,937	\$22,273,627	\$2,063,690

# SIGNIFICANT BUDGET DRIVERS

The budget to budget increase in expenditures is \$3,974,682.

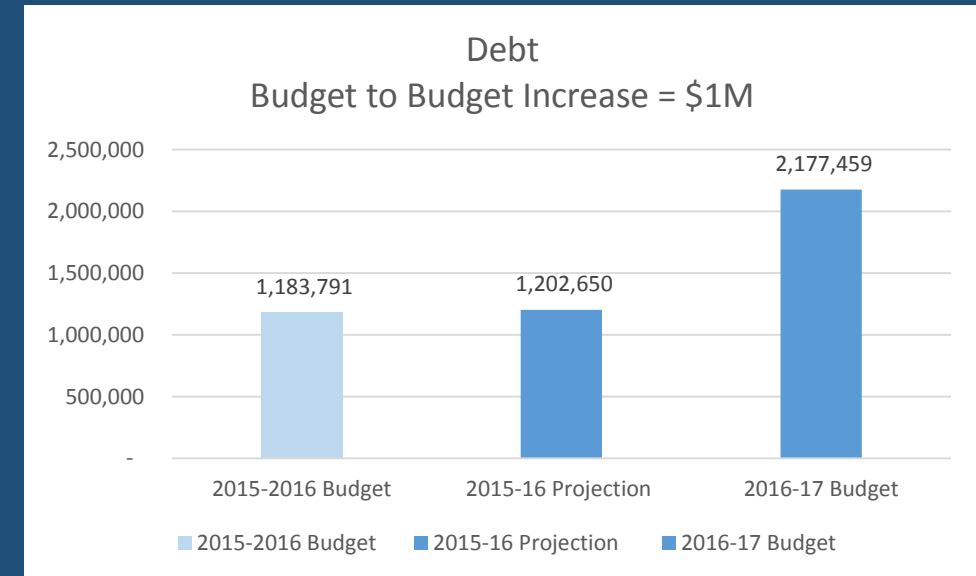
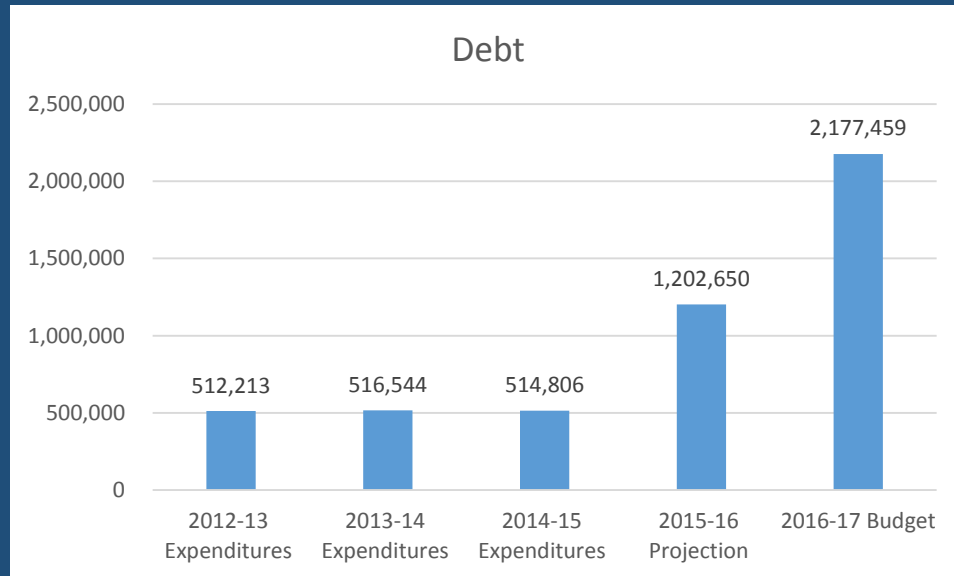
Over 50% of this increase is related to special education and debt service.

# SIGNIFICANT BUDGET DRIVERS: SPECIAL EDUCATION



Special Education costs are projected to slightly increase in 15-16 and increase again in 16-17; however the current budget is inadequate to meet the needs of the actual expenses creating a greater budget to budget increase for 16-17.

# SIGNIFICANT BUDGET DRIVERS: DEBT SERVICE



Debt Service increased in 15-16 and will increase again in 16-17 related to the 2012 project. There is a related increase in revenues (building aid & an inter-fund transfer from debt service).



# POTENTIAL BUDGET REDUCTIONS IN 2016-2017

- Retiree health insurance costs
  - Approx. \$281,673 reduction in cost (expenditure)
  - This will have an impact on the revenue side too (\$75,000 – Medicare Part D)
  - Net impact of about \$206,673 in reduced costs
- Positions we know we are not filling for next year
  - HS ELA (\$80,299)
  - Technology Ed. (\$50,781)
  - Retirement Incentive – impact TBD by April 1
- Anticipated BOCES costs have decreased (\$28,278)

# REMAINING BUDGET GAP

As of February 22, 2016

<b>Revenues</b>	<b>Expenditures</b>	<b>Budget Gap</b>
\$20,209,937	\$22,273,627	\$2,063,690

As of March 7, 2016

<b>Revenues</b>	<b>Expenditures</b>	<b>Budget Gap</b>
\$20,134,937	\$21,832,596	\$1,697,659

# Next Steps

- Continue to fine-tune the BOCES budget
- Identify other areas of potential reductions
  - Enrollment Trends/Staffing Patterns
    - Consider “non-teaching” staff – those not in classrooms (directors, maintenance/custodial, admin)
  - No field trips for next year/Limiting field trips (approx. \$22,500)
  - Capping UPK at 18 students per section, 2 sections (allows for 1 teacher and 1 aide in each classroom to be fully covered by the grant)
  - Changing elementary schedule in morning (strong start to the day for students with no need for student workers – approx. \$38,300)
  - After-school & summer enrichment programs (both buildings) – providing programs while reducing cost (\$100,000)
  - Athletics – consider a reduction in offerings/levels?
  - Working with elected politicians to try to get some of our restricted reserves (EBALR) freed up!

# Next Steps

March 21<sup>st</sup> – Revised budget presentation

April 11<sup>th</sup> - Budget Workshop



*Questions from the Board?*

THANK YOU!