

# Norwin School District 2012-13 Projected Budget As of March 12, 2012



THE AMOUNTS INCLUDED IN THIS PRESENTATION ARE BASED ON PROJECTIONS OF 2011-12 YEAR TO DATE REVENUES AND EXPENDITURES, ALONG WITH INFORMATION CURRENTLY AVAILABLE FOR THE 2012-13 YEAR. THIS DOCUMENT IS NOT INTENDED TO BE A PRELIMINARY OR TENTATIVE BUDGET

JOHN H. WILSON  
DIRECTOR OF BUSINESS AFFAIRS

# 2012-13 Projected Budget Overview



- Revenues of \$57.9M, an increase of \$1.2M over 2011-12 (2.1%), including use of \$481,000 of fund balance in 2011-12 budget
- Expenditures of \$60.2M, an increase of \$3.5 M over 2011-12 (6.1%)
- Current shortfall of \$2.25M

# 2011-12 vs. 2012-13 Budget Comparisons

## Revenues



- **Local Revenues**
  - **Real Estate Taxes**
    - ✦ \$200,000 from assessment increases (.8%)
    - ✦ No millage increase included (Index maximum is 1.45 mills)
    - ✦ Value of 1 mill of tax is approximately \$365,000
    - ✦ 1.45 mill increase would generate \$530,000
  - **Earned Income Taxes**
    - ✦ \$400,000 increase
    - ✦ Accelerated collections from Act 32 implementation
  - **Tax Commissions**
    - ✦ Removed as a result of Act 32 (\$130,000)

# 2011-12 vs. 2012-13 Budget Comparisons

## Revenues



- State and Federal Revenue Impact
  - Governor proposed new subsidy
    - ✦ Combines transportation and social security subsidies with the basic education subsidy.
    - ✦ All subsidy amounts were frozen at 2011-12 levels
    - ✦ PROBLEM – These subsidies historically have been formula driven (generating cost of living type increases) Now they will be frozen unless specific action is taken to increase them
    - ✦ Accountability grant was eliminated (\$225,000)
    - ✦ In 2011-12, the charter school subsidy was eliminated (\$170,000) and the accountability grant was reduced (\$340,000)
    - ✦ Retirement subsidy increased by \$615,000 (1/2 of retirement cost increase)

# 2011-12 vs. 2012-13 Budget Comparisons

## Revenues



- **State and Federal Revenue Impact (continued)**
  - Debt service subsidy will increase as the District's bond payments increase when the reductions from last year's refunding are phased back in. This will occur for 2 years
  - Federal funding (Title 1, Title 2, IDEA) continues to decline
  - Title 2 carryover funds are available for 2012-13
  - Currently in the process of finalizing annual revenue for Medical Access funding

# 2011-12 vs. 2012-13 Budget Comparisons

## Expenditures



- Salaries are increasing at normal cost of living levels
- Salary and benefit savings of \$345,000 due to retirements are factored into the projected budget
- Salaries increase by 1%, while benefits increase by 14.9%, mainly caused by retirement (43%) and health care (10%) cost increases
- Debt service payments increase by \$1.2M as a result of the 2011 refunding
- Tuition payments and tax collector commissions are causing professional service costs to increase

# 2011-12 vs. 2012-13 Budget Comparisons

## Expenditures



- Other Services are decreasing because of savings in the District's transportation costs
- Supplies have increased because of the need for new textbooks throughout the secondary level
- Ongoing cost savings initiatives
  - Energy Education
  - Electrical contract bid
  - ISP and WAN bid
  - Demand Response program
  - Software Support

# Future Projections



- State funding will remain flat with the exception of the retirement subsidy, which potentially could be rolled into the new block grant, resulting in no increased funding
- Federal revenues will continue to decline slightly
- Retirement costs will continue to increase from 12.36% in 2012-13 to 25.56% by 2015-16 (a net increase of \$1.85M over 3 years)
- Debt service payments will increase by \$515,000 in 2013-14 and then remain stable



# Future Projections



- Real estate assessment increases will rebound to their historical average of 1.25% to 1.5%
- Earned income tax collections will continue to increase in 2013-14 and 2014-15 because of the “run out” of delinquent taxes from 2009 through 2011 and then drop in 2015-16
- The index, which sets the maximum millage increase allowed without using exceptions, will grow slowly
- The dollar amount of exceptions which exceed the index will drop as restrictions will reduce eligible expenditures

# Fund Balance Analysis



- Current projections suggest the District will break-even for 2011-12 (No use of fund balance)
- Components of the Fund Balance
  - Uncommitted - \$4.25M
  - Committed - \$750,000 for retirement
- Impact of Using Fund Balance
  - Compounding effect when using fund balance for recurring expenditures
  - Use \$500,000 in 2012-13 to balance the budget
  - Expenditures exceed revenues by \$1M in 2013-14 budget. Requires use of \$1.5M in fund balance (\$.5M budgeted in 2012-13)
  - 2014-15 budget starts with \$1.5M deficit

# Areas Under Review



- Staffing
- Health insurance
- Tuition costs
- Transportation
- Extra-curricular programs
- Revenue Enhancements
- Walmart Property
- Millage Increase
- Use of Fund Balance