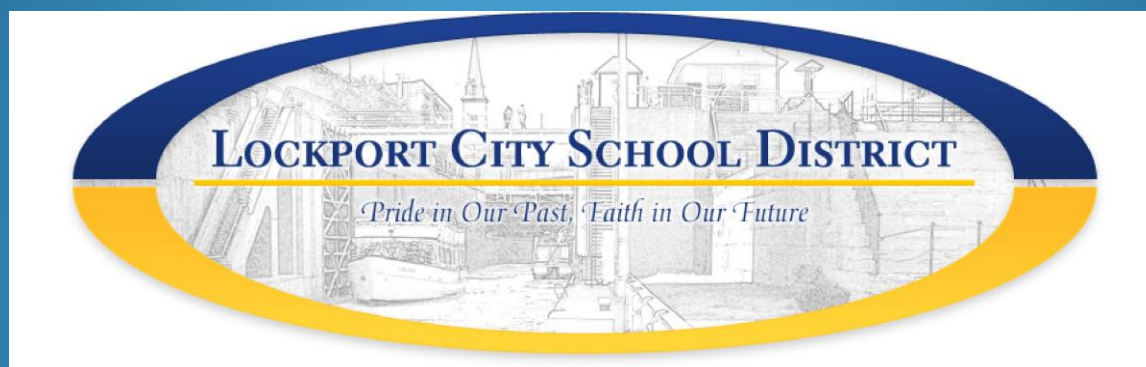


LOCKPORT CITY SCHOOL DISTRICT



2014-15 Budget Overview

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Services

January 22, 2014

Expenditure Budget Base

- As of January 21, 2014 – The “Roll-Over” Budget was:
- \$87,599,293, which was an increase of \$4,535,496 or a 5.46% budget to budget increase
- This “roll-over” budget figure also included estimates for vendor increases, anticipated contractual obligations, pension increases and building/department level budget requests

Components of the 2014-15 Budget as of January 21, 2014

KNOWN	UNKNOWN
<p>Revenue Side:</p> <ol style="list-style-type: none"> 1) State Aid increase is \$1,362,481 2) Reserves to be used (Debt Service, Workers' Comp, Tax Certiorari, Employee Retirement (ERS) & Employee Benefit) Decreased \$162,684 over 2013-14 use 	<ul style="list-style-type: none"> •Retirements •Students with Disabilities transfers into the district •Building/Facilities emergencies
<p>Expenditure Side:</p> <ol style="list-style-type: none"> 1) Health Insurance and Pension Obligations Increased \$1,704,109 over 2013-14 2) Contractual Increased \$382,752 over 2013-14 3) Debt Service Increased \$266,427 over 2013-14 4) BOCES Services Increased \$934,164 over 2013-14 	<ul style="list-style-type: none"> •Additional transportation expenses for change in student IEPs •Impact of additional federal sequestration •Any other unknowns

Major Factors causing the Increase are:

- Employee Benefits such as Pension and Health
- Contractual Obligations for Salaries
- BOCES Services
- Contractual Obligations for Service Agreements

Why Pension Cost Increases?

- TRS (Teachers Retirement System) increased \$669,266 from last year or 13.1%. The rate for 2014-2015 has been established at 17.75% of the 2014-2015 payroll. The increase is substantially less than the previous year's increase of over \$1 million.
- ERS (Employee Retirement System) decreased by \$64,262 due to a decrease in the contribution rate from 20.9% to 20.1%.
- Total budgeted TRS costs in the 2014-2015 budget is \$5,777,598
- Total budgeted ERS costs in the 2014-2015 budget is \$1,155,593
- Total for both is \$6,933,191

Self-Funded Health Insurance Entries

- On July 1, 2013 the district entered into to a self-funded model for health insurance expenses. With only five months of data it is too early to identify actual expenses for the 2014-15 budget.
- Projected revenue totaling \$1,497,000 from employee contributions, retiree payments and any federal grant share is reflected on the revenue side of the budget.
- Premier Consulting has recommended we increase the budget 9.26%.
- Net cost for self-funded health expense is \$10,667,331.*

*Medical and prescription budget is \$12,164,331. Remainder of health insurance budget line (\$631,839) accounts for dental, 105h benefit, flex plan administration, etc.

Why Salary Increases?

- Salary increases are in alignment with negotiated agreements among the collective bargaining units in the district.
- Additionally, salary codes represent substitute personnel as well as supplemental salary items such as longevity, attendance bonus and health insurance opt-out.
- Total Amount Budgeted in 2014-15 Salary Codes: \$38,352,574

Why BOCES Services Increases?

- The increased need for special education services as well as anticipated rate increases for all BOCES services account for the \$934,164 increase.

Why Contractual Cost Increases?

- Transportation increases are \$154,708. Most of this is attributable to price increases, which will be based on the lower of 3.25% or CPI.
- Student services increases, which include special education services, are \$142,941.
- A+ Educator's services account for a \$82,050 budget increase which will be offset by building aid.

Re-Cap of Major Expenses

- Employee Benefits \$1,887,360
- Salaries \$ 966,400
- BOCES \$ 934,164
- Contractual \$ 382,752
 - Increase Total \$ 4,170,676
- Expenditure Budget Increase \$4,535,496 or 5.46%
- The budget increase is MORE THAN the increase for the four major components above by \$364,820. Why?
- Debt Service Increase \$ 266,427
(will be offset by building aid revenue)
- Supplies, Equip., Books, Etc. \$ 85,093
(most of increase for software)
- Tuition (to agencies) \$ 13,300

Revenue Budget Overview

• State Aid	\$40,846,868
• Other Revenue	\$ 3,398,131
• Reserves	\$ 2,478,435
• App Fund Balance	\$ 2,010,000
• Total Revenues	\$48,733,434

State Aid

REVENUE BUDGET 2014-15 - as of January 21st - Compared to BUDGETED STATE AID for 2013-2014

Revenue Code	DESCRIPTION	2013-14 Budgeted	2014-15 Gov. Budget	Change	
3101	State Aid: Foundation	\$31,240,237	\$31,240,237	\$0	
3101	State Aid: Transportation Aid	\$3,768,157	\$4,209,077	\$440,920	
3101	State Aid: Building Aid	\$3,806,660	\$4,169,735	\$363,075	
3101	Public Excess Cost Aid (SWD)	\$729,872	\$726,355	-\$3,517	
3101	Private Excess Cost Aid (SWD)	\$1,352,676	\$1,482,718	\$130,042	
3103	BOCES Aid	\$2,435,912	\$2,735,676	\$299,764	
3260	Textbook Aid	\$432,256	\$431,122	-\$1,134	
3262	Computer Software Aid	\$103,977	\$102,866	-\$1,111	
	GEA Reduction (Gap Elimination Adjustment)	(\$4,785,360)	(\$4,250,918)	\$534,442	
3101	State Aid: UPK (Must transfer to UPK Grant Sub-Fund)	\$0	\$0	\$0	
	2014-2015 PROPOSED STATE AID TOTAL	\$39,084,387	\$40,846,868	\$1,762,481	4.51%
3101	State Aid: UPK (Transfer to UPK Grant)	\$589,353	\$593,047	\$3,694	
3289	Grant In Aid - Requested	\$400,000	\$0	-\$400,000	
	Federal Edu Jobs Grant	\$0	\$0	\$0	
	2014-2015 REVENUE BUDGET IMPACT	\$40,073,740	\$41,439,915	\$1,366,175	3.41%

Other Revenue

REVENUE BUDGET 2014-15 - as of January 21st				
Revenue Code	DESCRIPTION	2013-14 BUDGET	2014-15 BUDGET	CHANGE
1081	Payment In Lieu Of Taxes	\$293,837	\$303,131	\$9,294
1090	Interest/Penalties on Taxes	\$100,000	\$120,000	\$20,000
1335	Other Student Fees	\$400	\$1,700	\$1,300
1410	Admissions	\$4,800	\$4,800	\$0
1489	Other Charges for Services	\$4,000	\$3,000	-\$1,000
2230	Tuition-Day-Other Districts (foster students)	\$180,000	\$185,000	\$5,000
2235	Services for BOCES (10% share for two nurses)	\$10,000	\$19,000	\$9,000
2280	Health Services: Other Districts (who attend DeSales)	\$50,000	\$58,500	\$8,500
2401	Interest and Earnings (rate drop)	\$85,000	\$50,000	-\$35,000
2410	Real Property Rental: Individuals (Auditorium usage)	\$42,000	\$40,000	-\$2,000
2413	Real Property Rental: BOCES (HS Room Rental)	\$44,000	\$44,000	\$0
2655	Minor Sales (scrap metal, storage center auction)	\$5,000	\$8,000	\$3,000
2680	Insurance Recoveries (only if we have a claim over \$5,000)	\$5,000	\$5,000	\$0
2701	Refunds of BOCES Services	\$200,000	\$170,000	-\$30,000
2703	Refund of Prior Year Expenditures (CPSE Admin Fees & Wkrs Comp)	\$141,000	\$150,000	\$9,000
2705	Gifts & Donations	\$5,000	\$7,000	\$2,000
2770.1	Unclassified - E-Rate (only if e-rate project funding is received)	\$60,000	\$45,000	-\$15,000
2770.2	Unclassified - Retiree Self-Pay Hlth Ins Premiums	\$1,171,900	\$950,000	-\$221,900
2770.3	Unclassified - Employee Health Contributions	\$228,736	\$232,000	\$3,264
2801	Interfund Revenues (indirect costs for café and federal grants)	\$170,000	\$187,000	-\$5,000
2801.1	Interfund Revenues (hlth ins costs from federal grants)	\$630,427	\$315,000	-\$130,427
4601	Medicaid Assistance	\$250,000	\$500,000	\$250,000

Summary
Other Revenue

change
\$3,681,100 \$3,398,131 -\$282,969

Reserves

	<u>used</u>	<u>used</u>	<u>used</u>	<u>used</u>	<u>6/29/14 bal</u>	<u>Projected fund balance available</u>				
	Budget	Budget	Budget	Budget	Reserve	Developing				Reserve
<u>Reserves:</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>Balances</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>Balance</u>
Emp Benefits	\$563,796	\$493,251	\$435,372	\$831,670	\$4,181,138	\$831,670	\$831,670	\$831,670	\$831,670	\$854,458
Debt Service	\$568,050	\$875,550	\$473,130	\$83,880	\$103,012	\$103,012	\$0	\$0	\$0	\$0
Wkrs Comp	\$259,401	\$260,996	\$297,128	\$263,490	\$263,580	\$263,580	\$0	\$0	\$0	\$0
Unemployment	\$123,900	\$154,598	\$418,421	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Certiorari Insurance Reserve	\$0	\$1,070,085	\$473,611	\$222,729	\$685	\$685	\$0	\$0	\$0	\$0
	\$0	\$0	\$74,229	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ERS Reserve	<u>\$0</u>	<u>\$264,469</u>	<u>\$1,018,064</u>	<u>\$1,239,350</u>	<u>\$3,718,050</u>	<u>\$1,279,488</u>	<u>\$1,044,731</u>	<u>\$1,044,731</u>	<u>\$349,100</u>	<u>\$0</u>
	\$1,515,147	\$3,118,949	\$3,189,955	\$2,641,119	\$8,266,465	\$2,478,435	\$1,876,401	\$1,876,401	\$1,180,770	
Appropriated Fund Balance Used	\$2,461,000	\$1,450,000	\$1,874,021	\$2,010,000						
Appropriated FB Projected Usage						\$2,010,000	\$2,010,000	\$2,010,000	\$2,010,000	

2014-2015 Tax Levy Impact

• Current Expenditure Budget	\$87,599,293
• Current Revenue Budget	\$48,733,434
• 2014-2015 Tax Levy Needed	\$38,865,859
• 2013-2014 Current Tax Levy	\$35,247,191
• Tax Levy Increase	\$ 3,618,668

Lockport Tax Levy Limit Calculation

	Actual 2013-14	Preliminary 2014-15
Determine the total amount of taxes levied in the prior fiscal year	\$34,554,670	\$35,247,191
Multiply total amount of taxes levied for prior year by the growth factor	X 1.0003	X 1.0011
	\$34,565,036	\$32,285,963
Add any PILOTS receivable in the base year	+\$297,860	+\$296,302
	\$34,862,896	\$35,582,265
Subtract the tax levy necessary to support exclusions	-\$0	-\$0
Adjusted Prior Year Levy	\$34,862,896	\$35,582,265
Multiply the adjusted levy by the allowable levy growth factor (1.00 plus the lesser of CPI or 2%)	X 1.02	X 1.014648
	\$35,560,154	\$36,103,474
Subtract any PILOTS receivable in the coming year	-\$298,408	-\$303,131
	=\$35,261,746	=\$35,800,343
Add any available carryover from the prior fiscal year	+ \$231,494	+ \$246,049
TAX LEVY LIMIT (voter authorization)	=\$35,493,240	=\$36,046,392
Add Coming School Year Exclusions	\$804,795	+ \$0
MAXIMUM ALLOWABLE LEVY (tax bill)	\$36,298,035	\$36,046,392

ADJUSTMENTS

ALLOWABLE LEVY

ADJUSTMENTS

ADJUSTMENT

2014-2015 Tax Levy Limit Calculation

- Simple Majority Limit is 2.26741735675660% or \$36,046,392
- Current Tax Levy Amount is \$38,865,859
- This budget is **OVER** the Tax Levy Limit by \$2,819,467

I. Tax Relief

- a. Two-year property tax freeze for homeowners in jurisdictions abiding by the property tax cap
 1. In the first year, eligible homeowners would be issued a tax rebate equal to any increase in their tax bills
 2. In the second year, such rebate would only be available to homeowners in jurisdictions that abide by the tax cap *and* take meaningful, concrete steps toward long-term structural changes through shared services or consolidation
- b. Property tax “circuit breaker”
 1. Offers homeowners a refundable tax credit against their personal income taxes

Income (AGI)	Burden Threshold	Excess Credit %	Maximum Credit
\$120,000 or less	3%	20%	\$1,000
Between \$120,000 and \$150,000	4%	15%	\$1,000
Between \$150,000 and \$200,000	5%	10%	\$1,000

2. Applies only where the taxing jurisdiction is adhering to the property tax cap

Upcoming Presentations

- February 5th – Revenue Budget
- February 10th – Expenditure Budget
- March 5th – Contingent Budget Overview

Budget Discussion Opportunity