

School Finance at a Glance

Cary School District 26

Finance Committee

July 13, 2009



What is a school district budget?

- The budget represents a plan for receiving and expending funds.
- It identifies how much the school district can spend during the year and for what purposes.
- The budget consist of 7 funds rolled into one budget.

7 Major Funds

Operating Funds

Education Fund

Operations and Maintenance Fund

Transportation Fund

Working Cash Fund

Pension Fund

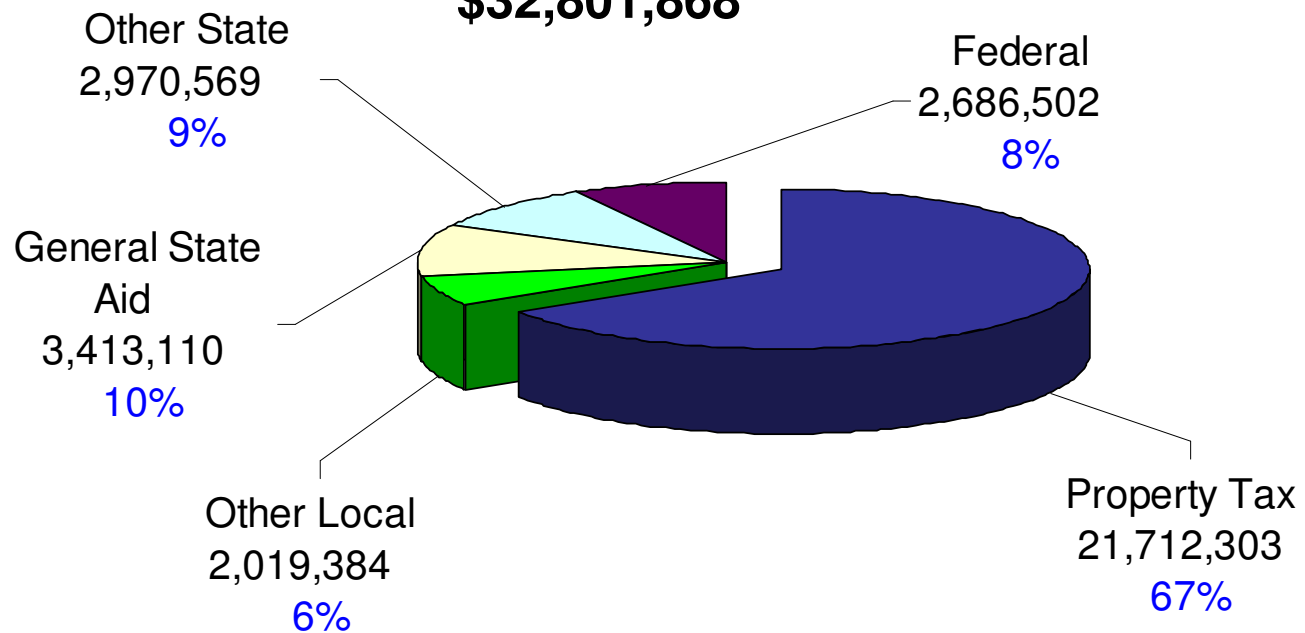
Capital Funds

Debt Service Fund

Capital Projects Fund

Where does the District's revenue come from?

FY 2010 Revenue by Source
July 1, 2009-June 30, 2010
\$32,801,868

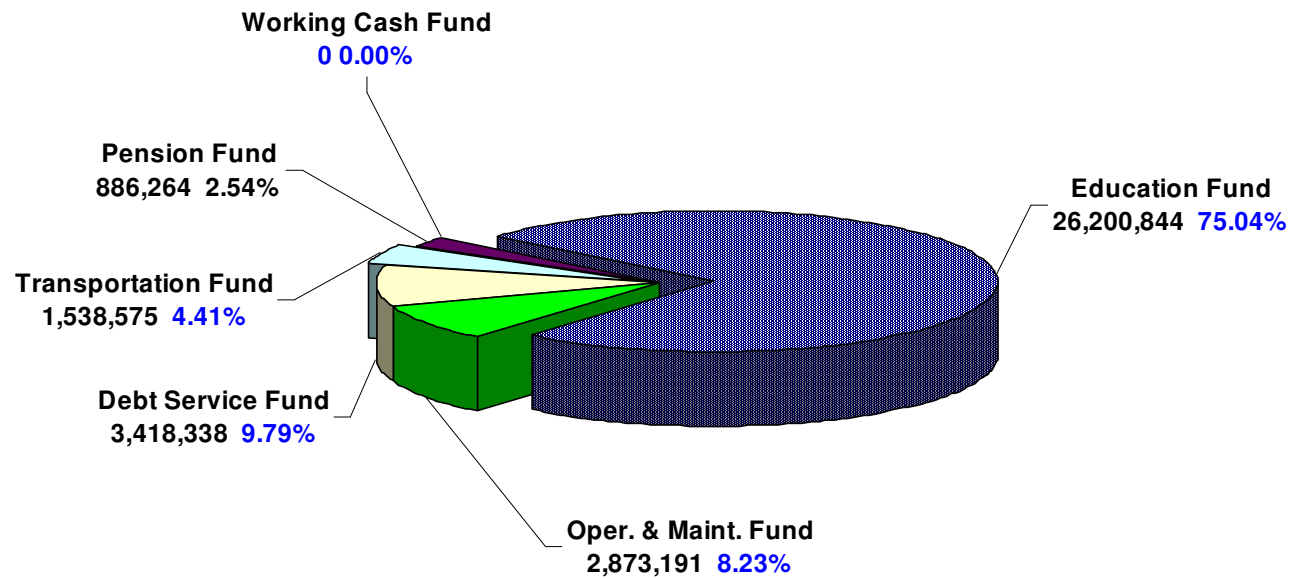


How is school revenue determined?

- **Property Values** –Set by marketplace and assessor.
- **Tax Rates** –Set by the State and can be raised above the maximum only with voter approval.
- **State & Federal Aid** – Determined by the governments ability to pay and district's need for funds.
- **Pupil Enrollment** – Multiplier in determining General State Aid.

What is the District's revenue spent on?

FY 2010 Expenditures by Fund
\$34,917,211



School Finance Challenges

- Inflation – everything costs more each year
- Tax Cap – cap on the amount a district can increase tax extension each year
- State Funding – under funds school districts, placing burden on local tax payers
- Mandated Programs/Services – Many government mandated programs/services are under funded.

School Finance Goal

Goal

A Balanced Budget

Revenue = Expenses

Options

- Increase Revenue
- Reduce Expenses
- Combination of Both



Cary 26

Financial Overview

Finance Committee
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District Goals

- Increase student achievement levels
- Retain highly qualified teachers and support staff
- Provide a safe, clean, and secure learning environment
- Encourage parent and community participation
- Live within the means of available resources

Financial Target

Balanced Budget for Fiscal Year 2011(2010-2011)

- Projected 2.1 million dollar budget deficit ending FY 2010 (2009-2010)

Options

- Increase Revenue
- Decrease Expenses
- Do Both

Revenue

Revenue not keeping pace with expenses

- Cost of education increases each year
- Unfunded government mandates
- Tax Cap on yearly tax extension
- State not paying its fair share
- No new development

Increase Revenue

Referendum History

- 1985 - Last education rate referendum- Passed
- 1992 – Building Referendum, TOS - Passed
- 1997 – Building Referendum, DPS - Passed
- 2000 – Building Referendum, CJH - Passed
- 2004 – Education Rate Increase – Failed
- 2009 – Working Cash Bond – Failed

February 2, 2010 Next Primary Election

Other Revenue Action

- Registration fees increased
- Evaluating building rental fees
- Currently manage \$1.3 million in grants
- 6 new grants received for 2008-2009

Expense Reductions

- Closed and leased Oak Knoll School
- Sold Administrative Center & moved Central Office into CJH
- Eliminated costly service contracts
- Review utility costs annually for savings
- New copier contract for savings
- Established self-funded lunch program
- Established self-funded elective programs
- Reduced overtime
- Returned Special Education programs to the district to save tuition cost
- Reduced capital expenses

Current Expense Reductions

FY 2010

- Salary freeze for all Administrators & elimination of performance incentive pay
- Eliminate/reduce the use of teachers for lunch room supervision
- Limitation of out-of-district fieldtrips to one per classroom
- Transportation cost savings (review tonight)

Cost Savings = \$224,000

Declining Enrollment

Enrollment History

2005	3649
2006	3632
2007	3546
2008	3465
2009	3365
2010	3216

2005-2010 (- 433)

Current Grade Level Counts

K = 293
1 = 271
2 = 319
3 = 351
4 = 324
5 = 367
6 = 395
7 = 361
8 = 389

Expense Reductions

Decreased Enrollment Savings FY 2010

- Non-renewal of 8.6 teachers
- Elimination of 1 administrator
- Reduction of Special Education positions

Cost Savings = \$857,500

FY 2011 (2010-2011) Reduction Considerations

- Closing small elementary building
- Return 5-6 to K-4 buildings
- Consolidate students in grade level centers
- Outsourcing custodial services
- Evaluate allocation of Spec. Ed. Aides
- Sharing of administrative resources
- Analyze overtime expenses for reduction
- Evaluate professional organizational memberships
- Evaluate use of State waivers to reduce expenses
- Evaluate utility costs for savings

Immediate Budget Impact

- Borrowing 8-9 million dollars each year to meet operational needs, paying \$130,000 in interest to banks
- Reduced State Aid \$231 to \$130
- Significantly low CPI 4.1% to 0.1%
- Revenue \$700,000 to \$18,000
- IMRF shortfalls resulted in higher rates
- Federal stimulus funds being used for State budget shortfalls rather than new revenue for local school districts

Summary

Goal: Balanced Budget for 2010-2011

- Projecting a \$2.1 million deficit for 2009-2010
- No new revenue is available to the district at this time
- District has reduced its expenses this year by a little over \$1 million
- Significant cost saving measures need to occur for 2010-2011 to balance the budget

Goal Remains the Same



To provide a safe and caring educational environment for all students with high expectations for learning while remaining within the limits of available resources