

ADM Community School Budget and Financial

- Presentation designed to give a overview of budgeting, finance process, and financial health
- Some items consolidated, rearranged, or eliminated to simplify
- Presentation covers major budgeting and finance components

ADM Community School Impacting Students

- School Board's Primary Impact on School
 - ✓ Policy Development
 - ✓ Budget
 - ✓ Vision and Direction
 - ✓ Accountability

ADM Community School School Funds

Funds

- ❖ State code allows expenditures and revenue generating methods of various "TYPES".
- ❖ These various "TYPES" are assigned to specific "funds" or accounts.

ADM Community School School Funds

- General - All school purposes, except "building walls"
- PPEL (Physical Plant and Equipment Levy) Capital expenditures- Board imposed
- Voted PPEL (Voter Approved portion of Physical Plant and Equipment Levy)

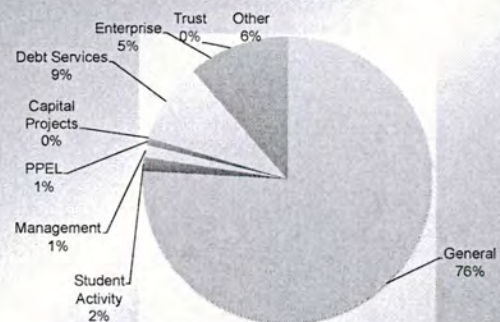
ADM Community School School Funds

- Management (Insurance, early retirement, unemployment and equipment ins.)
- Hot lunch (Lunch, breakfast, and snack program)
- Activity (Student centered activities outside the curriculum)
- Debt Service - Repayment of school bonds. (Any borrowing longer than one year)

ADM Community School Other School Funds

- Capital Projects Funds
- Child Care Fund
- Trust Funds
- Agency Funds

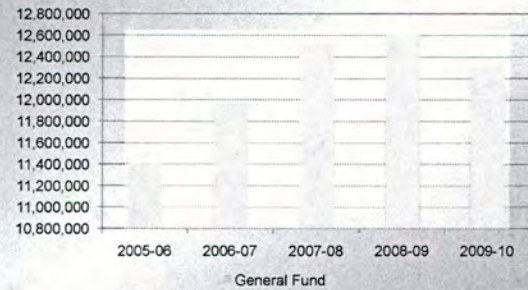
ADM Community School Fund Spending/2009-10



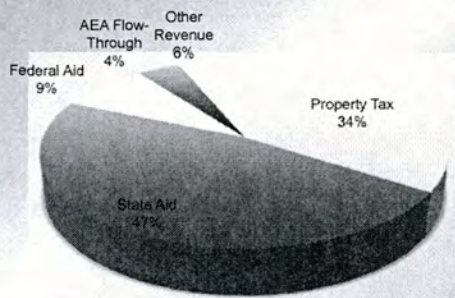
ADM Community School Fund Spending

- General fund
 - ✓ Major portion of budgeting
 - ✓ 65-80% of spending is general fund spending
 - ✓ 65-90% of property tax goes to the general fund
 - ✓ Presentation will focus on general fund

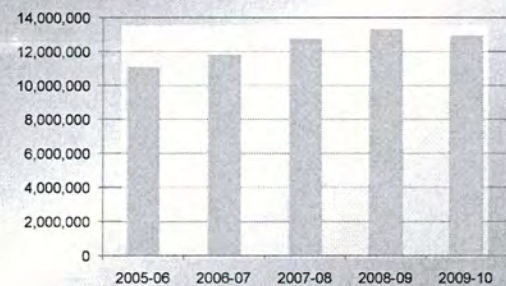
ADM Community School General Fund Spending

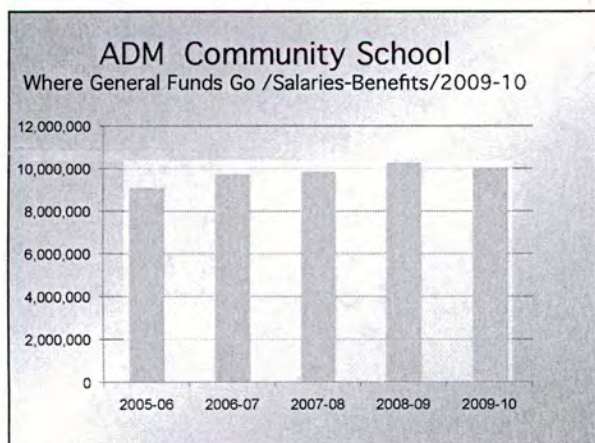
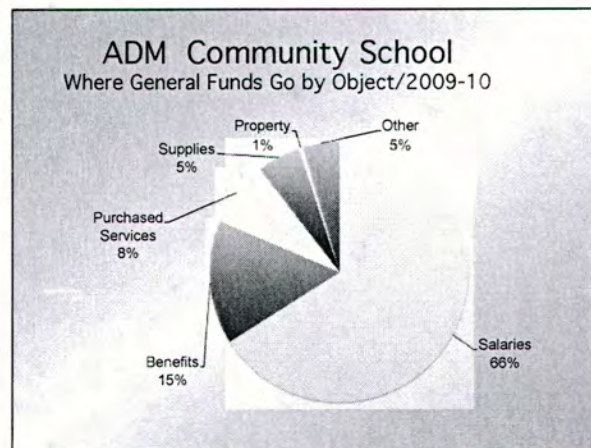
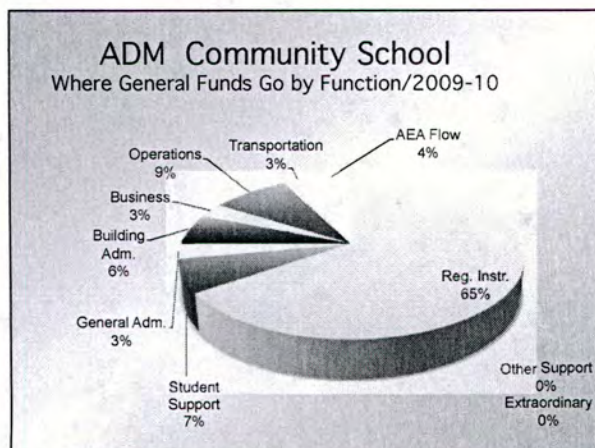


ADM Community School Where General Fund Comes From/2009-10



ADM Community School General Funds Revenue





ADM Community School

Budget Presentation Focus

Budget Review Includes

1. Spending AND Taxing Authority
2. Additional Spending Authority
3. Additional Taxing Authority

ADM Community School
Taxing and Spending Authority

Budget driven by

✓ Allowable growth

- The % spending is allowed to increase per student

✓ Student enrollment

- Count taken October each year. Certified enrollment used for following fiscal year.

School Year	Fiscal Year	Enrollment Count From October
2010-11	2011	2009
2011-12	2012	2010
2012-13	2013	2011
2013-14	2014	2012

ADM Community School
Budget Presentation

- ❖ School Budget (proposed 2011-12)
- ❖ Summary of Aid and Levy, with minor areas omitted!!!! (Homestead)
- ❖ Assumes 2% allowable growth for standard and categorical state growth
- ❖ Outline includes
 - Counting students
 - Spending/Taxing Authority (Combined Cost)
 - Uniform property tax
 - Foundation Cost
 - State aid
 - Additional property tax
 - Funding combined (controlled) cost

ADM Community School
Budget Presentation

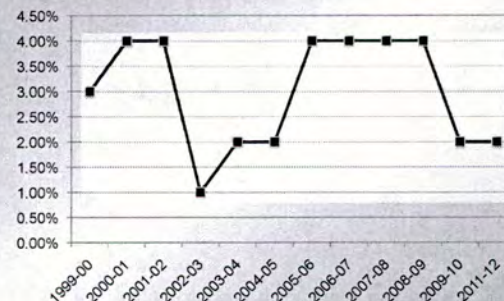
- ❖ Outline also includes
 - Instructional Support Levy
 - Total general fund property tax
 - State aid to district
 - Physical Plant and Equipment Levy (PPEL)
 - Management Fund
 - Debt Service Fund
 - Capital Projects Funds / Sales Tax Capital Project Fund
 - Total property tax levy
 - Total spending authority

ADM Community School Taxing and Spending Authority

Allowable Growth

- ✓ % set by state
- ✓ % spending AND taxing allowed to increase per student
- ✓ Set for two fiscal years ahead in first 30 days of legislative session (Jan. 2010 for fiscal year 2012)
- ✓ Unless the Legislature changes the rules!

ADM Community School Allowable Growth Percent

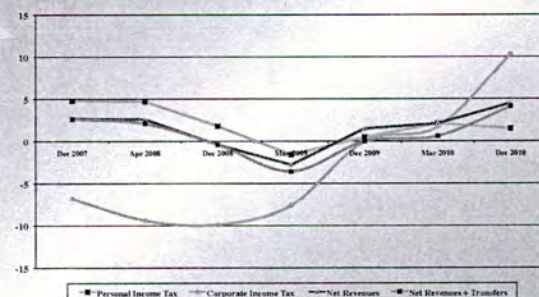


SAMPLE Community School Allowable Growth Percent Importance

Fiscal Year	Actual Allowable Growth				Allowable Growth if All Years 4%		
	# Students	Allowable Growth %	Cost Per Student	Regular Prog Cost Dollars	Allowable Growth %	Cost Per Student	Regular Prog Cost Dollars
2001-02	1,504	4%	4,512	6,786,048	4%	4,512	6,786,048
2002-03	1,527	1%	4,557	6,958,539	4%	4,692	7,165,417
2003-04	1,549	2%	4,648	7,199,969	4%	4,880	7,559,398
2004-05	1,560	2%	4,741	7,396,120	4%	5,075	7,917,603
2005-06	1,585	4%	4,931	7,864,541	4%	5,278	8,419,051
2006-07	1,612	4%	5,128	8,266,299	4%	5,490	8,846,135
2007-08	1,646	4%	5,333	8,778,276	4%	5,709	9,397,211
2008-09	1,775	4%	5,546	9,844,895	4%	5,937	10,539,034
2009-10	1,838	4%	5,768	10,602,092	4%	6,175	11,349,620
2010-11	1,891	2%	5,884	11,125,967	4%	6,422	12,143,970
Total				84,822,746			90,126,466
Cumulative Difference							5,303,740

Revenue Estimating Committee

% of change in types of tax collection estimates by REC over time



ADM Community School Counting Students

Enrollment

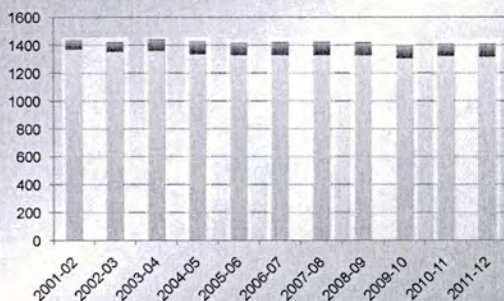
- ✓ Systematic approach to support PEACE
- ✓ Too important to make mistakes
- ✓ Database and physical count support

ADM Community School Counting Students

Fiscal Year	Resident St	Open Out	Tuition Out	Shared	PSEO	Comm Col
2001-02	1,370.0	58.0	5.0	0.0	0.0	2.0
2002-03	1,352.2	64.2	5.0	0.0	0.0	1.0
2003-04	1,358.2	77.4	7.0	0.0	0.0	1.0
2004-05	1,336.5	79.4	5.0	0.0	0.0	6.0
2005-06	1,328.6	77.1	4.0	0.0	0.0	5.0
2006-07	1,329.4	85.1	3.0	0.0	0.0	5.0
2007-08	1,329.4	85.1	3.0	0.0	0.0	8.0
2008-09	1,327.6	82.1	1.0	0.0	0.0	12.0
2009-10	1,303.6	81.0	7.0	0.0	0.0	3.0
2010-11	1,321.3	78.2	4.0	0.0	0.0	5.0
2011-12	1,315.7	82.6	6.0	0.0	0.0	4.0

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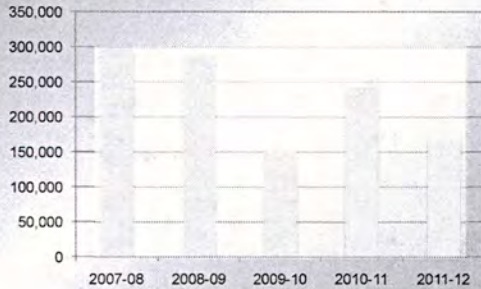
ADM Community School Counting Students



ADM Community School New Money

- ❖ Change in regular program cost
 - ✓ Current year certified enrollment times cost per student
 - ✓ Minus last year's certified enrollment times cost per student (or)
- ❖ Budget guarantee (Use of budget guarantee calculator)

ADM Community School New Money



ADM Community School Controlled (Combined) District Cost

Why controlled?

- ✓ Controls spending per student
- ✓ Controls special reasons for increased cost and spending
- ✓ Determines "new" taxing AND spending authority
- ✓ Controlled by allowable growth and spec. programs

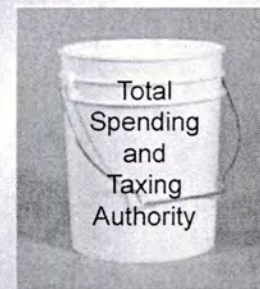
ADM Community School Taxing and Spending Authority

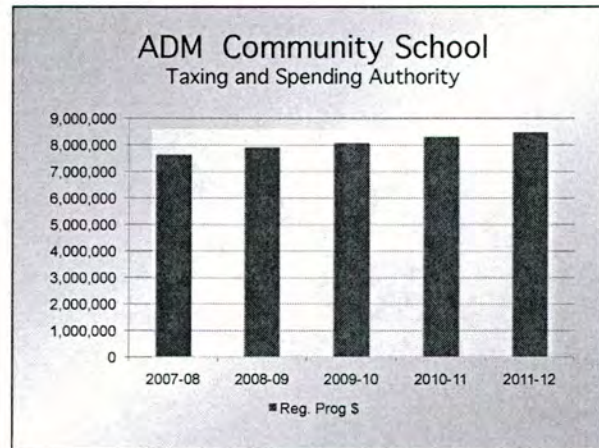
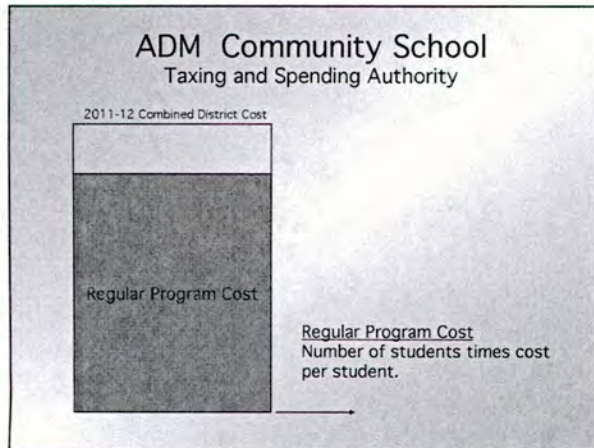
How many dollars can the district

- ✓ Generate in spending authority?
- ✓ Generate in taxes to support that spending? (Dollar for dollar)

ADM Community School Taxing and Spending Authority

- ❖ Controlled District Cost/1st Component
- ✓ Regular Program Cost
- ✓ Certified enrollment times cost per student or budget guarantee
- ✓ Somewhat like filling a bucket with spending and taxing authority!





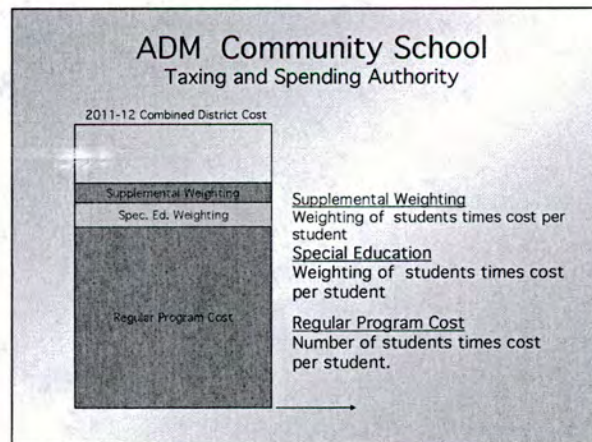
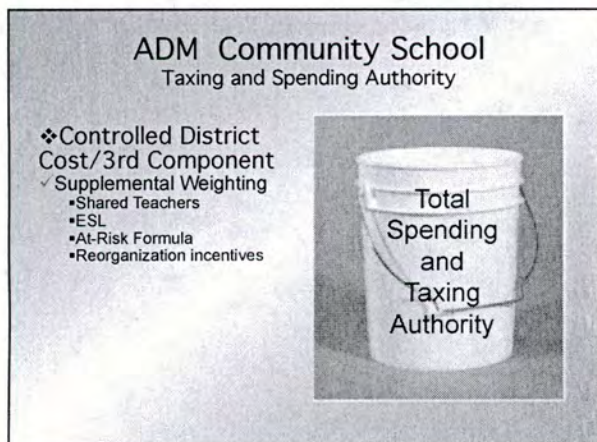
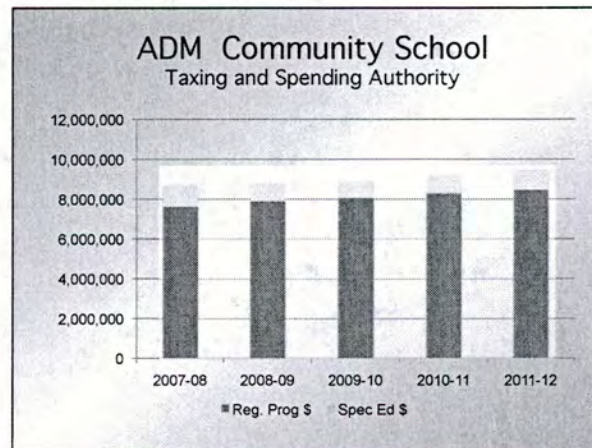
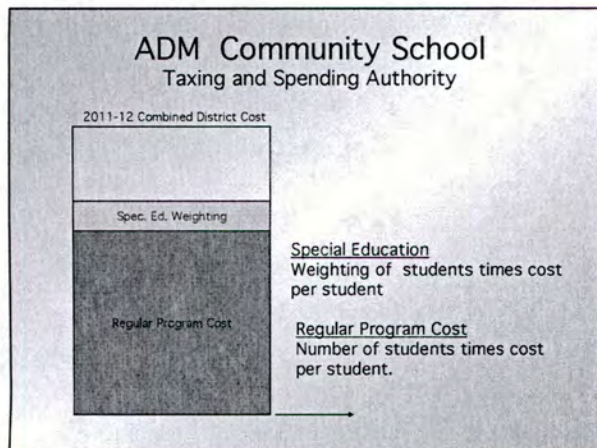
- ### ADM Community School Taxing and Spending Authority- Budget Guarantee
- ✓ Budget guarantee bill grants districts 100% budget guarantee for the 3 years (FY 2002-04), notify the Department of Management by passing a resolution by April 15 of first year.
 - ✓ May claim the greater of 101% of the previous year's regular program district cost or the phased-out annual 10% reduction of their adjusted budget guarantee compared to the base year.
 - ✓ After FY 2014, school districts retain the 101% budget guarantee determined by comparing the previous year's unadjusted regular program district cost.
 - ✓ Can utilize budget guarantee and have no increase in property taxes (authority v. expenditure) - use the authority or lose it forever.

ADM Community School Taxing and Spending Authority

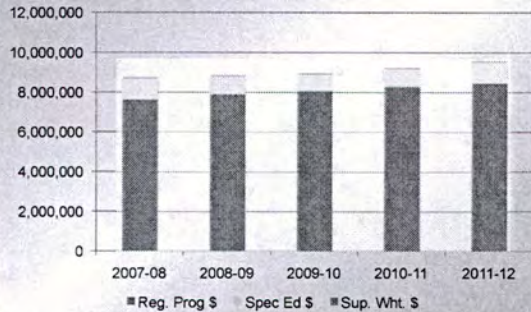
❖ **Controlled District Cost/2nd Component**

- ✓ Special education weighting
- ✓ Weighting - Since most funding is driven off student numbers, "extra" students or weighting is allowed.
- ✓ Special education students count 1.72, 2.21, or 3.74, depending on disability
- ✓ Several other "weightings" (Later)

Total
Spending
and
Taxing
Authority



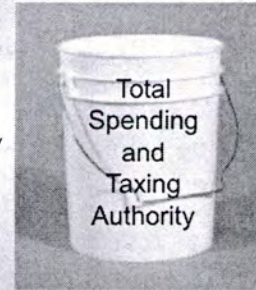
ADM Community School Taxing and Spending Authority



ADM Community School Taxing and Spending Authority

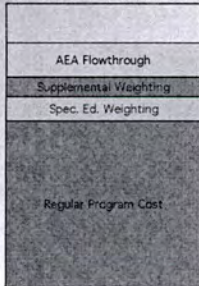
❖Controlled District Cost/4th Component

- ✓ AEA Flowthrough
- ✓ Flows through district since AEA can't levy property tax
- ✓ Decreases district state aid with offset of increased property tax



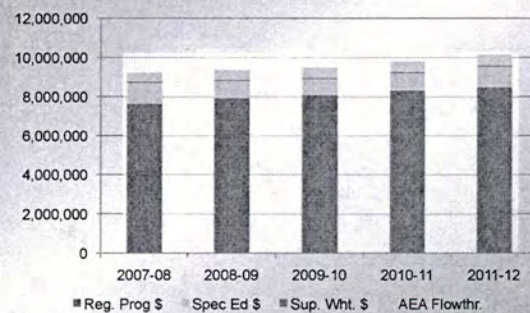
ADM Community School Taxing and Spending Authority

2011-12 Combined District Cost



AEA Flowthrough
Supplemental Weighting
 Weighting of students times cost per student
Special Education
 Weighting of students times cost per student
Regular Program Cost
 Number of students times cost per student.

ADM Community School Taxing and Spending Authority

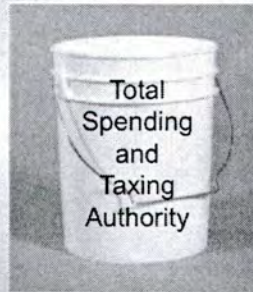


ADM Community School Taxing and Spending Authority

❖ Controlled District Cost/5th Component

✓ At-Risk Allowable Growth

- District applies by December 15th, approved in February SBRC meeting.
- Requirements for spending becoming much more difficult.
- Funding currently based on a percent of population, with at-risk students being identified.
- Likely change will be linking funding to students identified on BEDS.



ADM Community School Taxing and Spending Authority

2011-12 Combined District Cost

At-Risk Funding
AEA Flowthrough
Supplemental Weighting
Spec. Ed. Weighting
Regular Program Cost

Dropout Prevention/At Risk

AEA Flowthrough

Supplemental Weighting

Weighting of students times cost per student

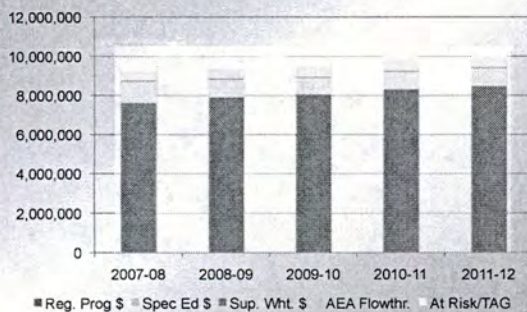
Special Education

Weighting of students times cost per student

Regular Program Cost

Number of students times cost per student.

ADM Community School Taxing and Spending Authority

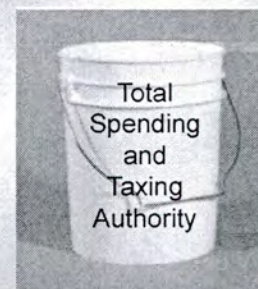


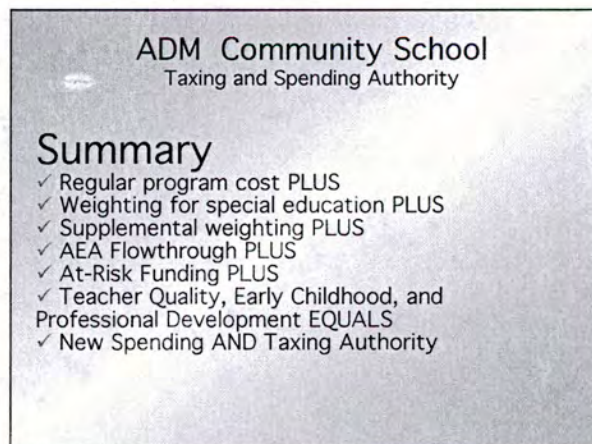
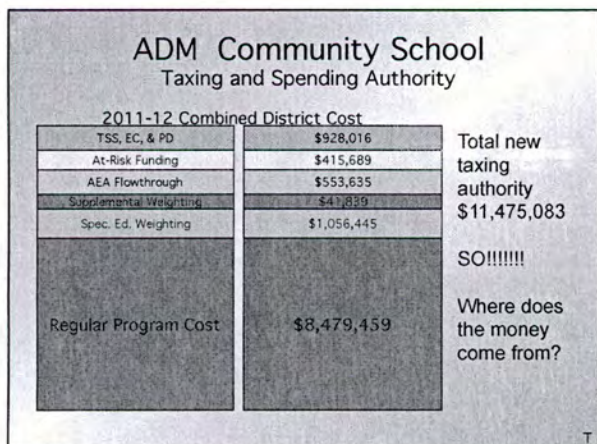
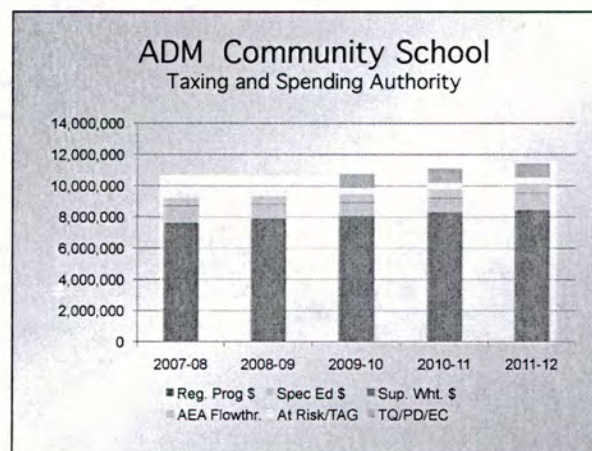
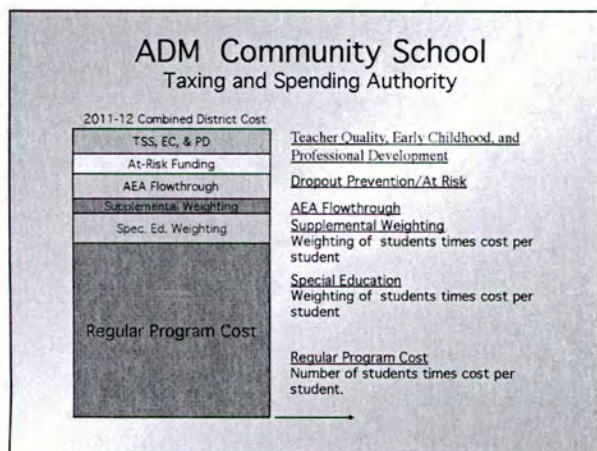
ADM Community School Taxing and Spending Authority

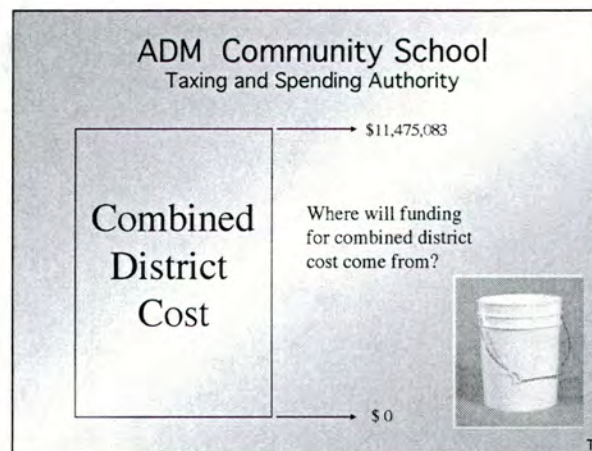
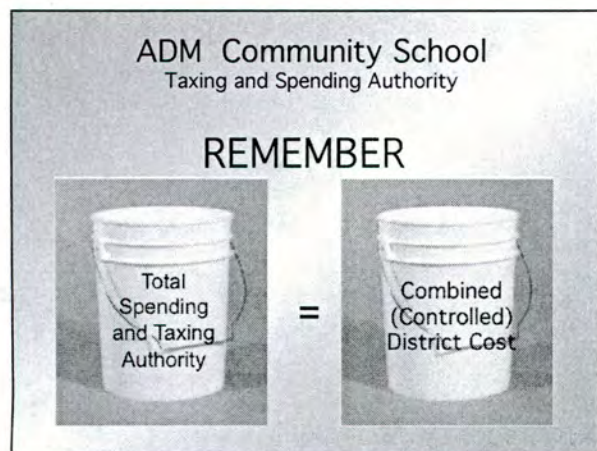
❖ Controlled District Cost/6th Component

✓ Teacher Quality, Early Childhood, and Professional Development

- Prior to 2009-10, funds were miscellaneous revenue
- 2009-10 Legislature incorporated into the Combined District Cost formula







ADM Community School
Foundation Aid

- ✓ State sets a minimum amount of support
- ✓ Currently at 87.5% of state cost per student
- ✓ Developed to balance property poor and property rich districts
 - This 87.5% is a "foundation" of cost per student spending that is derived from a combination of Foundation Property tax and Foundation State aid.
 - With the current foundation property tax level at \$5.40/1000 statewide, this allows foundation state aid to vary depending upon individual district's property valuation.
- ✓ \$6,001 times 87.5% equals \$5,251 (2011-12)

ADM Community School
Foundation Aid

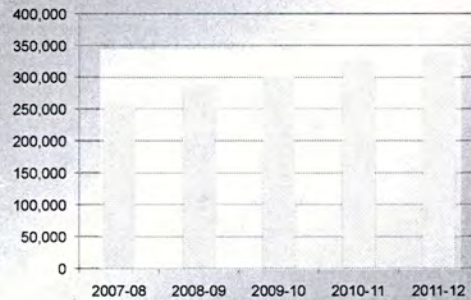
2011-12 Combined District Cost

- ✓ Foundation spending level per student that will come from:
 - Uniform (Foundation) Property Tax
 - State Aid (Foundation)
- ✓ Dollar amount of foundation cost not covered by uniform property will be paid in state aid!!!!

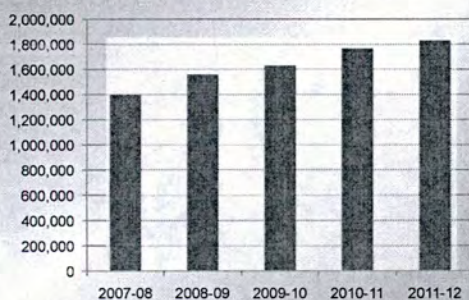
ADM Community School Uniform (Foundation) Property Tax

- ✓ Every district is the same
- ✓ \$5.40 per \$1,000 taxable valuation
- ✓ Uniform property tax
 - Covers district's portion of foundation cost

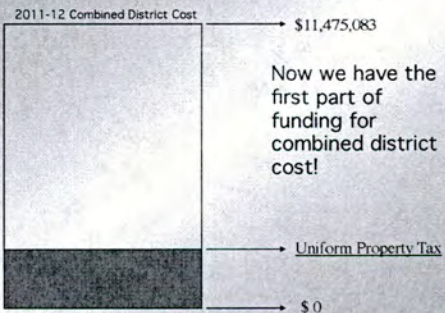
ADM Community School Property Tax Valuation Per \$1,000



ADM Community School Uniform Property Tax Dollars



ADM Community School Uniform Property Tax Dollars



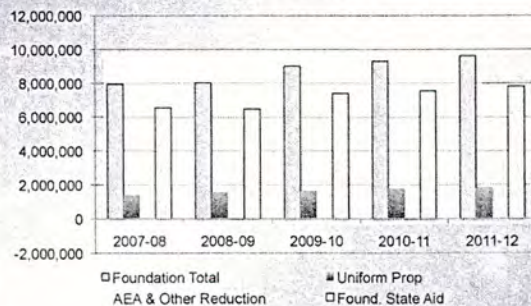
ADM Community School Foundation State Aid

- ✓ Dollar amount of foundation cost not covered by uniform property will be paid in state aid!!!!
- Funds from Uniform Property Tax or State Aid
- Whatever isn't covered by Foundation Property will be covered by Foundation State Aid

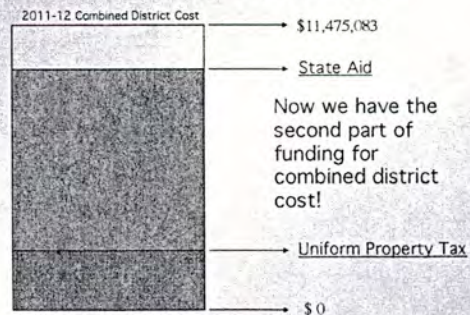
ADM Community School Foundation State Aid

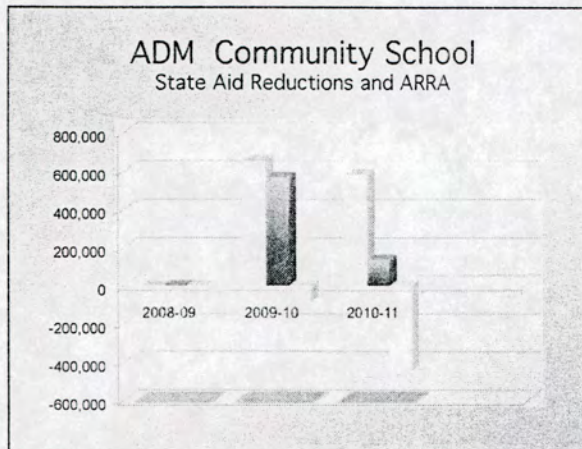
- ✓ Uniform property tax = \$5.40 per \$1,000 taxable valuation
- ✓ State aid
 - Foundation dollars per student times weighted enrollment
 - Plus foundation state aid for special education
 - Plus foundation state aid for AEA (Weighted to cover property tax)
 - Plus all of Teacher Quality, Early Childhood, and Professional Development
 - Minus uniform property tax

ADM Community School Foundation State Aid

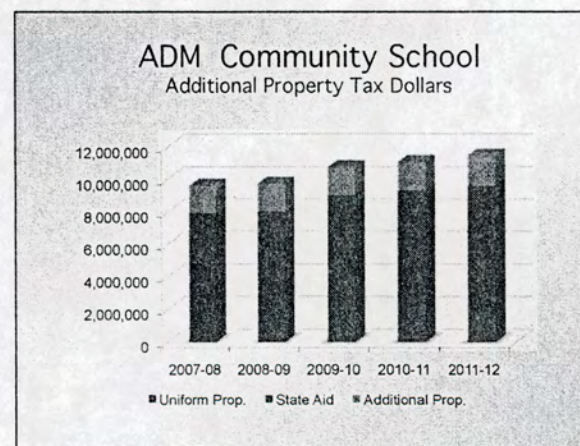
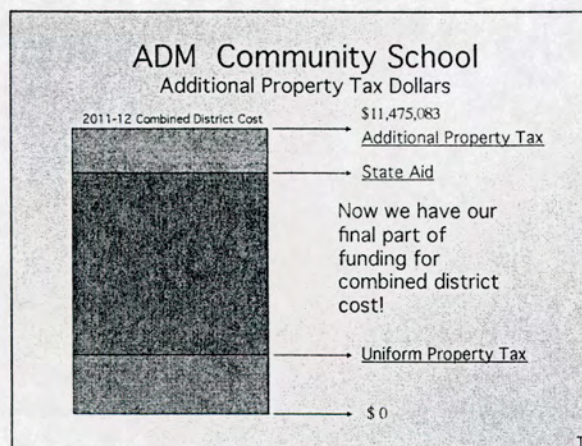


ADM Community School State Foundation Tax Dollars

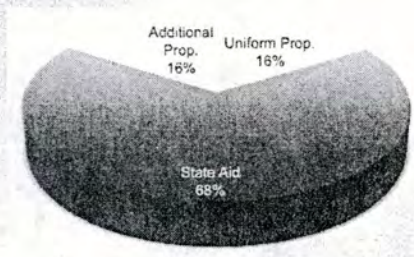




- ### ADM Community School Additional Property Tax
- ✓ Final component of funding combined district cost is:
 - Combined district cost
 - Minus uniform property tax
 - Minus state aid
 - Plus property tax adjustment (????)
 - Equals "Additional Property Tax"
 - ✓ Combined district cost that is not paid by uniform property tax or state aid is assessed to additional property tax



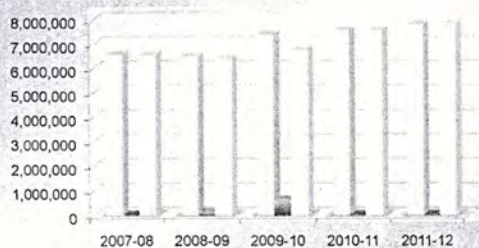
ADM Community School Funding Combined District Cost 2011-12



ADM Community School Real Funding?!?

- ✓ Projections do not include across-the-board cuts that have been implemented.
- ✓ Spending authority has been maintained, but funding has not.
- ✓ Cash reserve discussion and importance discussed later in the presentation.

ADM Community School Real Funding?!?



Projected State Foundation Aid = Across the Board Cuts
Net State Foundation Aid

ADM Community School Spending and Taxing Authority

But,
**COMBINED DISTRICT
COST** doesn't include
all spending AND
taxing authority!!!!

ADM Community School
Spending and Taxing Authority

✓ Additional spending and
taxing authority from:

- Instructional Levy
- Asbestos abatement (Voted/No longer available)
- Instructional levy and asbestos abatement add to spending and taxing authority

ADM Community School
Spending and Taxing Authority

✓ Instructional Levy

- District can add a special levy, instructional levy
- Passage can be for five years, if put on by the board only
- Passage can be for ten years if voted on by public

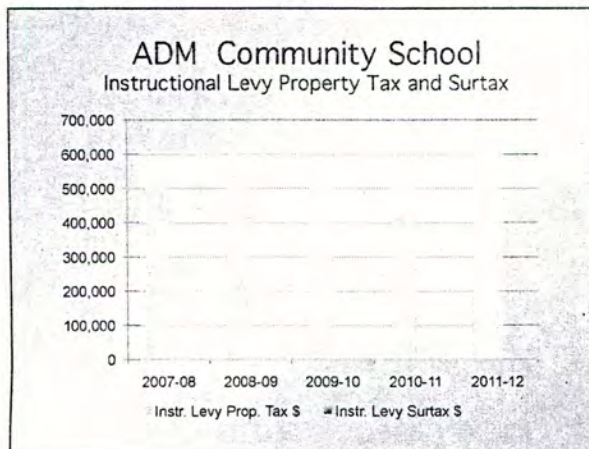
ADM Community School
Spending and Taxing Authority

✓ Instructional Levy

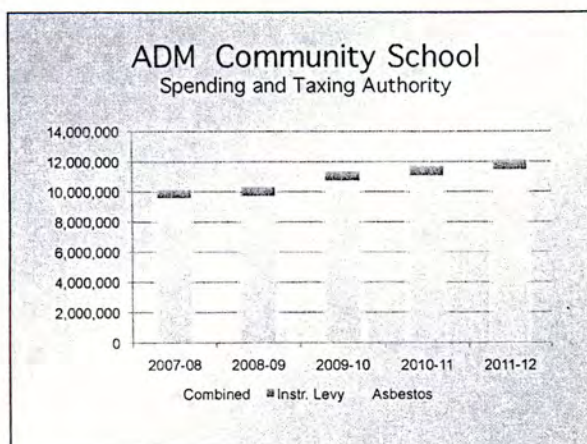
- Levy can be up to 10% of regular program cost
- Levy can be a combination property tax and income surtax
- Combination decided at board vote or public vote
- Some state aid (Size of SHARED pie hasn't increased!)

ADM Community School
Instructional Levy





- ### ADM Community School Spending and Taxing Authority
- ✓ Spending AND Taxing Authority
 - Combined District Cost
 - Instructional Levy
 - Asbestos



ADM Community School Taxing Authority

But, combined district cost, instructional levy, and asbestos levy aren't the only taxing authority!!!!

ADM Community School
Taxing Authority

✓ Cash Reserve Levy

- District can add additional taxes to property tax for the purpose of generating additional cash
 - Cash reserve levy goes entirely on property tax
 - Cash reserve levy increases cash collected, but not spending authority.

ADM Community School
Taxing Authority

✓ Cash Reserve Levy (Continued)

- Cash Reserve Levy can only be put on if the district has less than 25% of the previous year's expenditures in cash
- Levy can be the difference between the district's cash and the 25%

ADM Community School
Taxing Authority

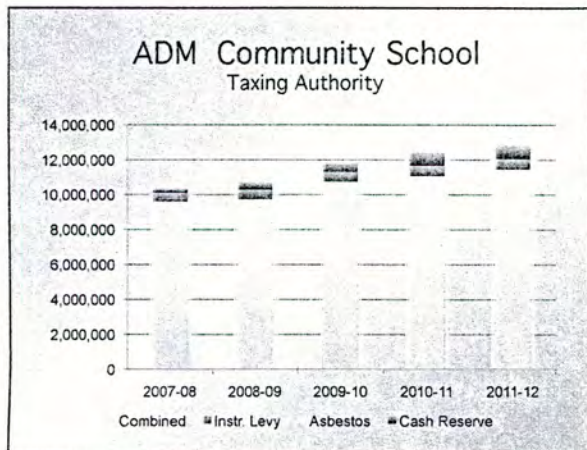
✓ Why add a cash reserve levy if it doesn't add to spending authority?

- Provides funds for SBRC projects/activities approved, but has no funding
- Provides funds for shortfalls in other revenues
- Source of revenue
- More later on items funded with cash reserve

ADM Community School
Taxing Authority

✓ Taxing Authority

- Controlled Budget
- Instructional Levy
- Asbestos
- Cash Reserve Levy



**ADM Community School
Spending Authority**

- ✓ Spending Authority
 - Already included
 - Combined District Cost
 - Instructional Levy
 - Asbestos

**ADM Community School
Spending Authority**

- ✓ Spending Authority
 - Is there more?
 - Miscellaneous Revenue (All income minus combined district cost, instructional levy, and cash reserve levy.)

**ADM Community School
Miscellaneous Revenue**

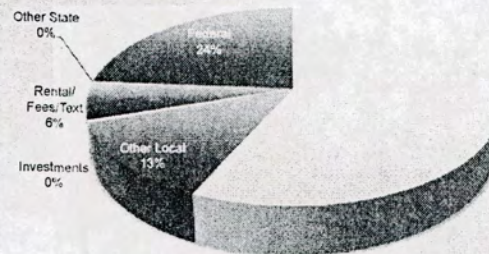
- ✓ Miscellaneous Revenue (Continued)
 - Adds to money district can spend, but the district does not tax to get funds!

ADM Community School Miscellaneous Revenue

✓ Miscellaneous Revenue

- Tuition (Open enroll , spec. ed. & other)
- Investments
- Shared teachers
- Phase 1, 2, (III), and 1 supp.
- Teachers' Compensation
- Teacher Quality
- Federal aid
- Other miscellaneous

ADM Community School Miscellaneous Revenue 2009-10

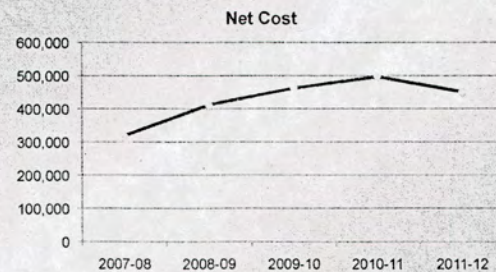


ADM Community School Open Enrollment

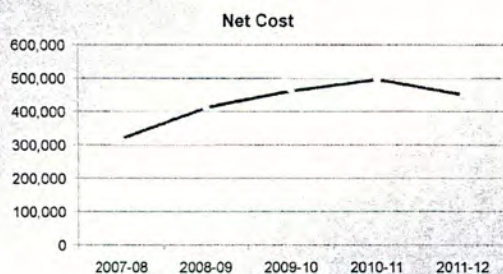
✓ Special Attention

- Monitor annually
- Don't commit all to reoccurring expenditures
- Keep out of negotiations, unless it helps and will help in the future
- Keep board, staff, and community aware of this issue
- Work to improve or at least not to harm
- Can make the difference

ADM Community School Open Enrollment



ADM Community School Open Enrollment



ADM Community School Spending Authority

✓ Spending Authority

■ Is there more?

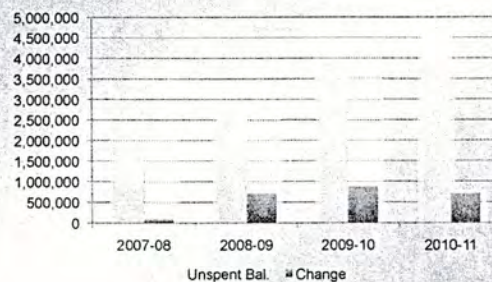
- Combined District Cost
- Instructional Levy
- Asbestos
- Miscellaneous Revenue
- Unspent Balance

ADM Community School Spending Authority

Unspent Balance

Each year a district's maximum spending is set. Unspent balance is the difference between what they spent and what they could have spent!

ADM Community School Spending Authority

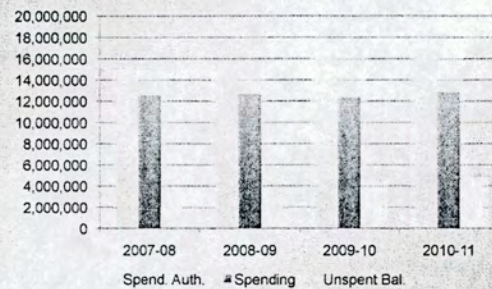


ADM Community School Spending Authority

✓ Relationship between spending authority and unspent balance is very direct!

- Total spending authority
- Minus actual spending
- Equals unspent balance

ADM Community School Spending Authority



ADM Community School Spending Authority

✓ To impact unspent balance you must impact the two areas that effect unspent balance.

- Spending authority increased through:
 - Increasing enrollment
 - Increasing special program budget (Special education, sharing teachers, At-Risk)
 - Increase Miscellaneous Revenue
 - Instructional Levy
 - Increasing SBRC approval of special items

ADM Community School Spending Authority

✓ Impacting unspent balance:
(Continued)

- Decrease spending through:
 - Spend less!
 - Spend different
 - Management
 - PP&L
 - Other fund uses

ADM Community School Spending Authority

- ✓ Other items in spending authority
 - SBRC (School Budget Review Committee) Application must be made to the SBRC

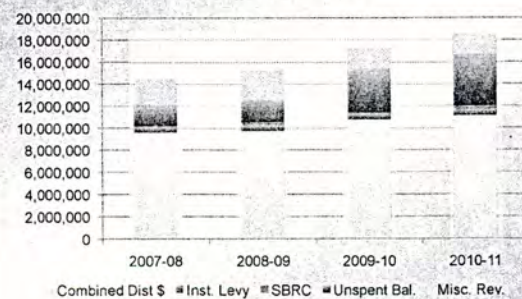
ADM Community School Spending Authority SBRC

- ✓ Special request
- ✓ Large projects (Boiler, roof, etc.)
- ✓ Overspending special education
- ✓ Increased enrollment in the fall, since budget is based on previous year's enrollment
- ✓ Other special reasons
- ✓ Adds to spending authority, not to taxing authority

ADM Community School Spending Authority

- ✓ Spending Authority
 - Controlled Budget
 - Instructional & Asbestos Levy
 - Miscellaneous Revenue
 - Unspent Balance
 - SBRC approval items

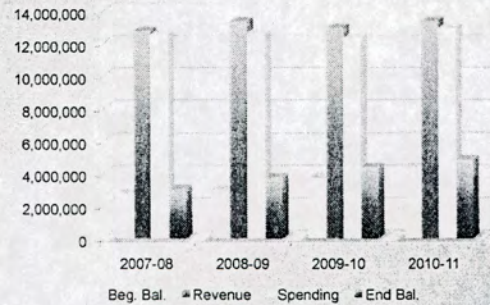
ADM Community School Spending Authority



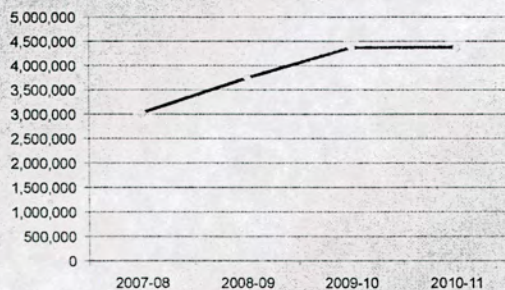
ADM Community School Cash Reserve and Cash

- ✓ The district's cash, or cash reserve, is the amount of cash that is held or invested at the end of the year.
- ✓ Cash reserve equals beginning cash, plus cash received, minus cash spent.

ADM Community School Cash Reserve and Cash



ADM Community School Cash Balance



ADM Community School Cash Reserve

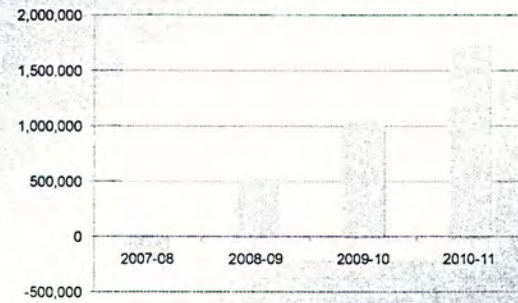
- ✓ Impacting cash reserve can be accomplished in several ways:
 - Increase controlled budget items, without dollar for dollar increases in spending
 - Increase miscellaneous revenue, without dollar for dollar increases in spending (Many areas and options to consider)
 - Include/Increase cash reserve levy

ADM Community School
Fund Equity/Uncommitted Funds

FUND EQUITY/UNCOMMITTED BALANCE

- ✓ AT THE END OF THE YEAR, WHEN ALL BILLS THAT ARE OWED ARE PAID AND ALL REVENUES DUE ARE RECEIVED, WHAT WOULD BE THE DISTRICT'S FUNDS/ASSETS NOT COMMITTED.
- ✓ IF THE SCHOOL CLOSED

ADM Community School
Fund Equity/Uncommitted Funds



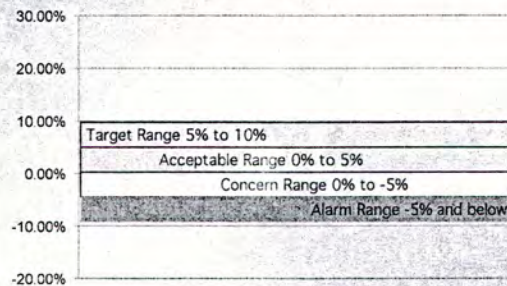
ADM Community School Solvency Ratio

Solvency Ratio

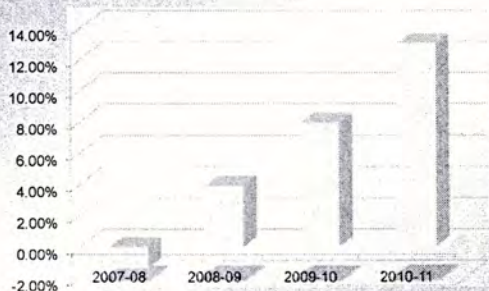
Relationship of fund equity/uncommitted fund balance to total revenue.

$$\frac{\text{Uncommitted Fund Balance (Fund Equity)}}{\text{Revenue Total for the Year}}$$

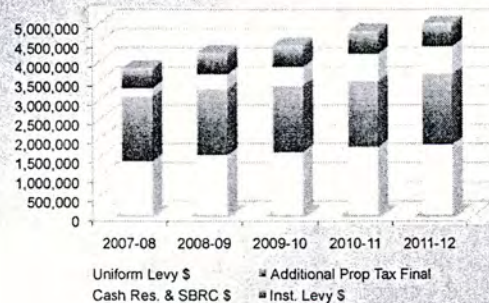
ADM Community School Solvency Ratio



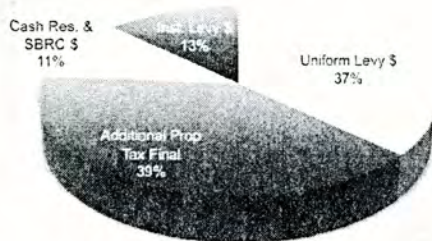
ADM Community School Solvency Ratio



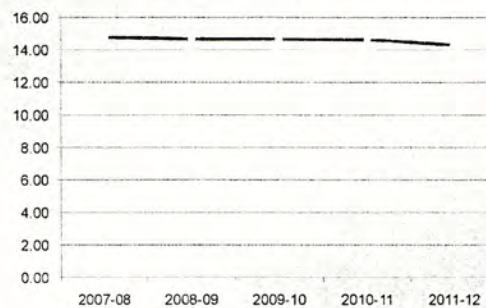
ADM Community School Determining General Fund Property Tax Dollars



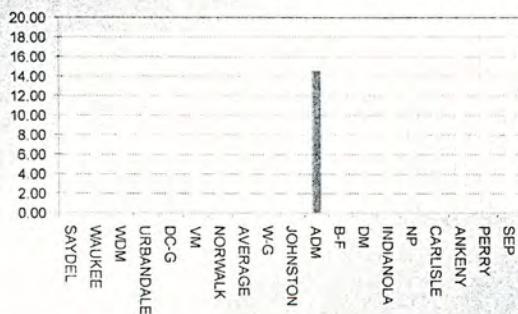
ADM Community School 2009-10 Property Tax Dollars



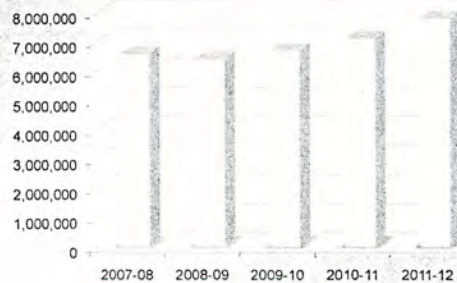
ADM Community School General Fund Tax Rate



ADM Community School Comparing 2010-11 General Fund Tax Rate

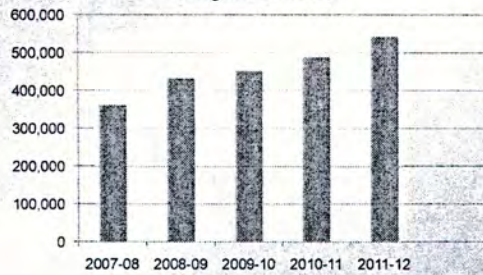


ADM Community School Actual State Aid to District (After A-T-B Cuts)



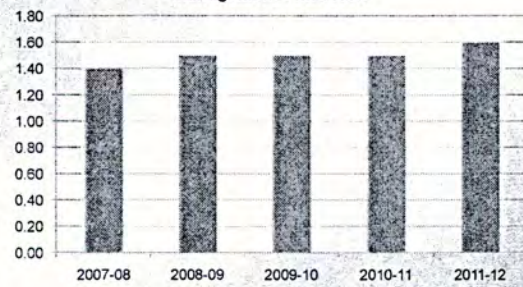
ADM Community School Other Property Taxes

Management Fund \$



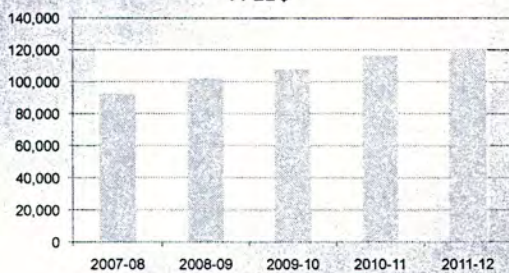
ADM Community School Other Property Taxes

Management Fund Rate



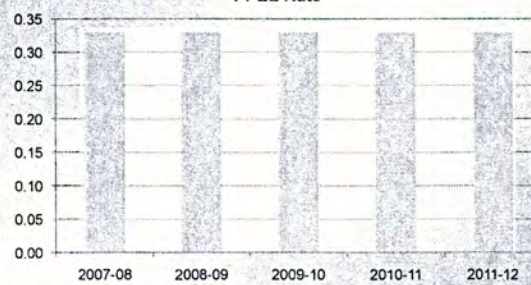
ADM Community School Other Property Taxes

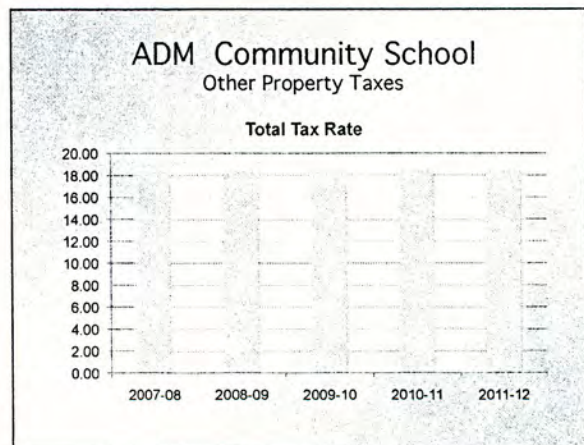
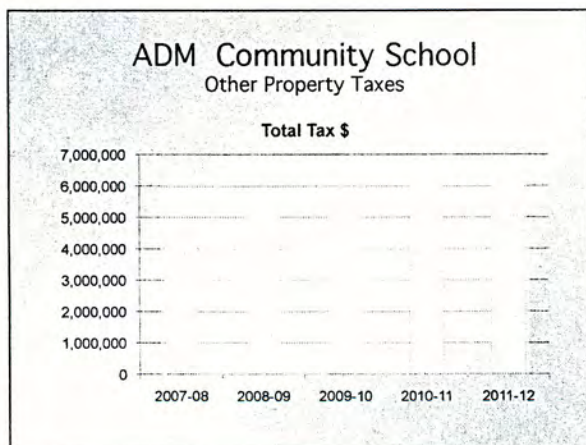
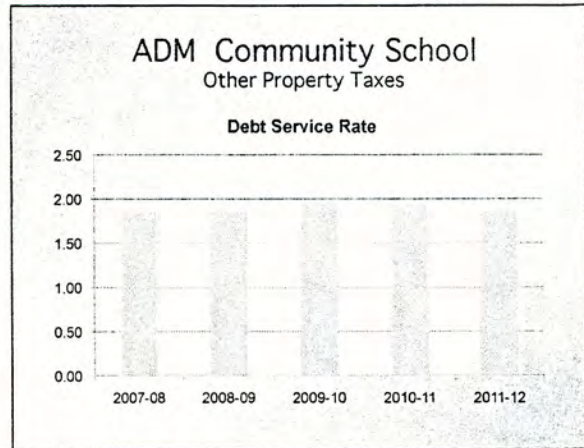
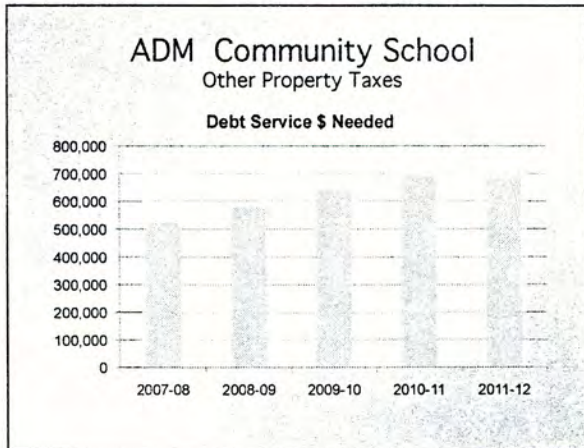
PPEL \$

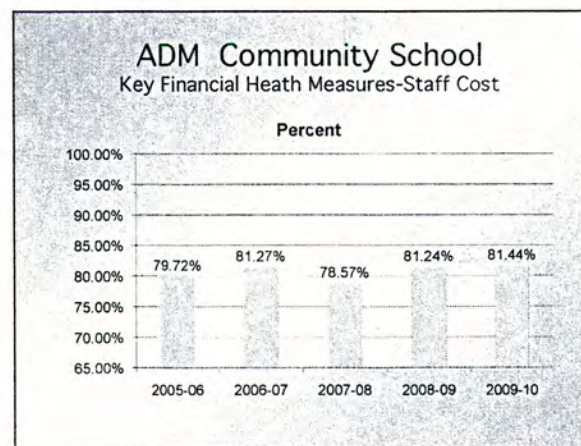
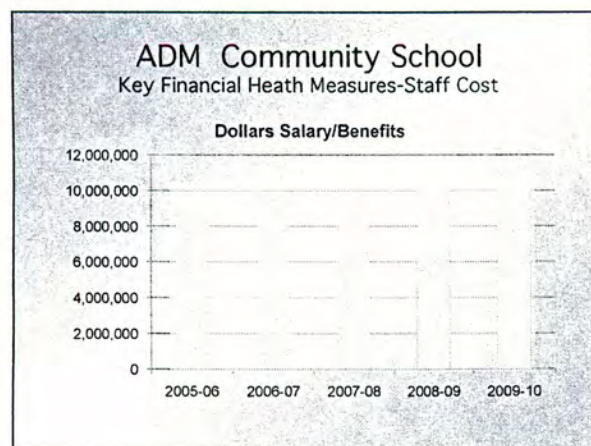
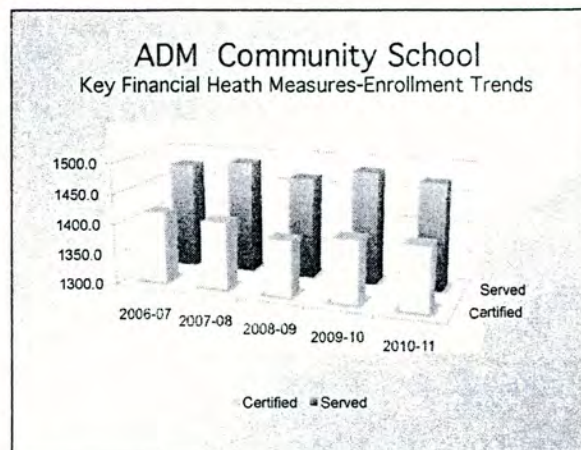
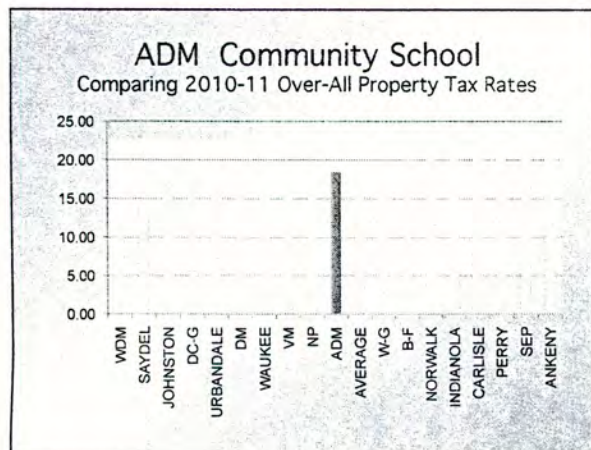


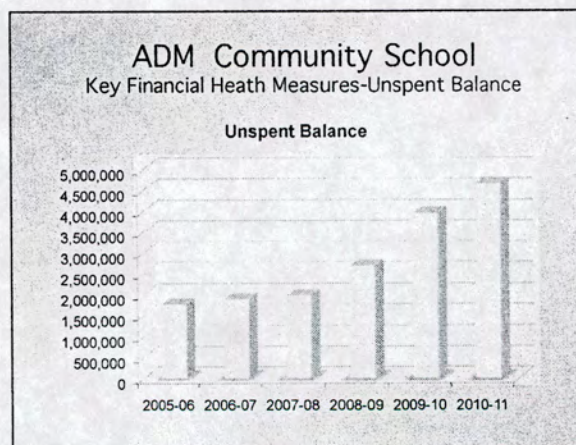
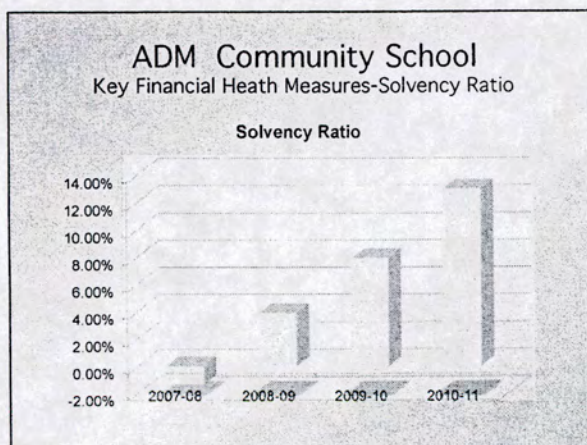
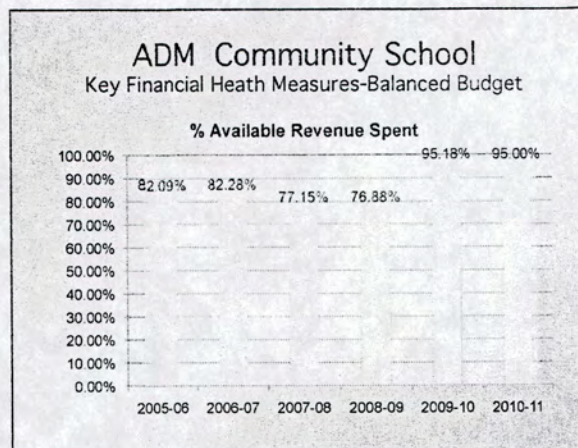
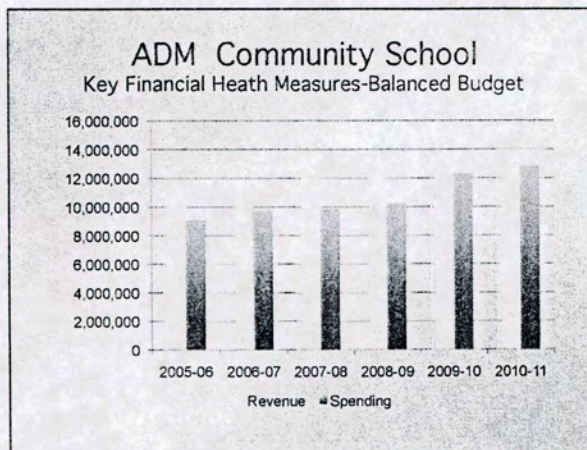
ADM Community School Other Property Taxes

PPEL Rate

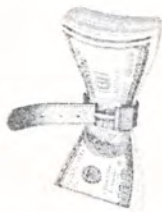








ADM Community School
2010-11 Budget Presentation



- ✓ This is the conclusion of the 2011-12 budget presentation.
- ✓ What other questions do you have or information do you need?