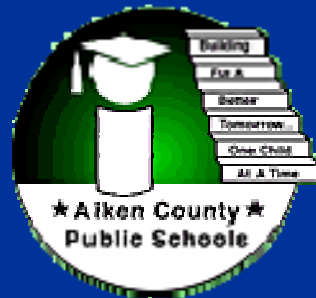


# AIKEN COUNTY PUBLIC SCHOOLS



Budget 101 Work Study  
November 29, 2011

# WE WILL DISCUSS...

- Budget calendar
- General information
- Funds
- Budget types
- Revenue and expenditures
- In\$ite
- Fund balance
- Tax anticipation notes
- Student projections

# WE WILL DISCUSS...

- Staffing ratios
- Budget transfers
- Budget recap
- Flexibility
- Fund 1
- 8% debt limit
- 2012-13 budget
- District website
- Comprehensive annual financial report
- Questions and comments

# BUDGET CALENDAR

- November 29<sup>th</sup> Budget 101
- December Student projections
- January-March Receive and evaluate budget input from Board, departments, schools, etc.
- March 13<sup>th</sup> Budget workshop
- April 10<sup>th</sup> 2<sup>nd</sup> budget workshop, if necessary
- April 17<sup>th</sup> Preliminary budget

# BUDGET CALENDAR

- May 8<sup>th</sup> Tentative budget
- By May 28<sup>th</sup> Budget advertisement
- June 5<sup>th</sup> Special called meeting for public input
- June 12<sup>th</sup> Public hearing for budget
- June 12<sup>th</sup> Public hearing for millage
- June 26<sup>th</sup> Adoption of 2012-13 budget
- By November Budget narrative posted online

# GENERAL INFORMATION

- District spans 1,178 square miles
- Approximately the same size as State of Rhode Island
- 6<sup>th</sup> largest district in the State in terms of average daily membership for grades K5-12
- 7<sup>th</sup> largest district in the State in terms of weighted pupil units (WPU) for grades K5-12
- Approximately 3,200 employees
- 2<sup>nd</sup> largest employer in Aiken County

# GENERAL INFORMATION

- District operates
  - 18 elementary schools
  - 2 elementary/middle schools
  - 9 middle schools
  - 7 high schools
  - Career and technology center
  - 2 learning centers
  - Parenting center
- District sponsors three charter schools

# GENERAL INFORMATION

- Schools are segregated by level for administrative purposes
  - Elementary
  - Middle
  - High
- Elementary schools assigned to one of 2 academic officers
- Middle schools and high schools each assigned to an academic officer



# GENERAL INFORMATION

- Student enrollment by level 2010-11 135<sup>th</sup> day (grades K5-12)

|              |        |
|--------------|--------|
| ■ Elementary | 11,130 |
| ■ Middle     | 5,480  |
| ■ High       | 7,021  |
| ■ Total      | 23,630 |
- Approximately 740 students in 4K program and in excess of 100 pre-k special education students

# GENERAL INFORMATION

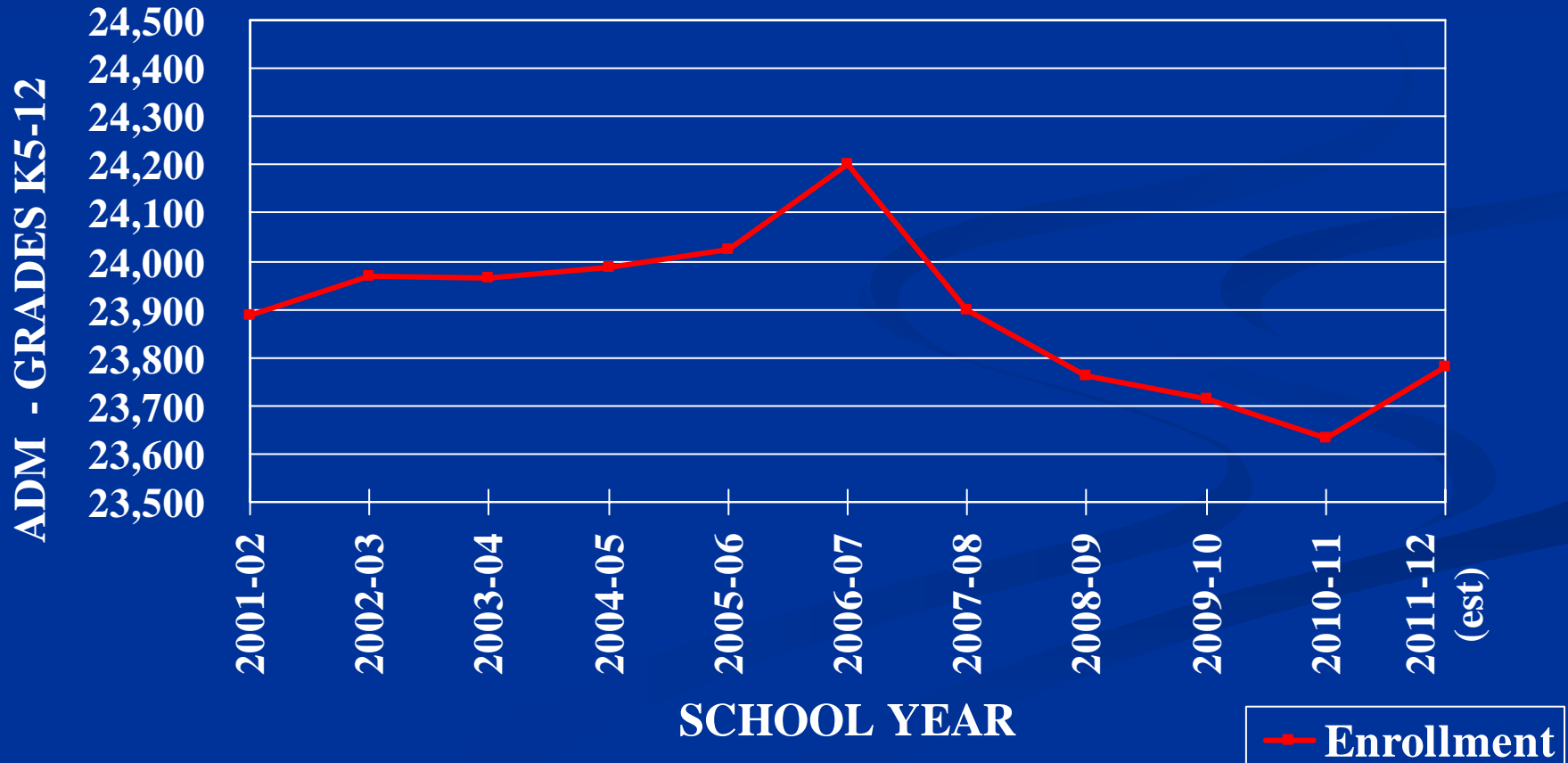
- Schools often referred to by geographic area
  - Area 1            Aiken area
  - Area 2            North Augusta area
  - Area 3            Graniteville, Warrentonville, Clearwater, Gloverville areas
  - Area 4            Wagener, Salley, Ridge Spring, Monetta areas
  - Area 5            New Ellenton, Jackson, Beech Island areas

# GENERAL INFORMATION

- Student enrollment by area 2010-11 135<sup>th</sup> day (grades K5-12)
  - Area 1 9,266
  - Area 2 5,391
  - Area 3 4,428
  - Area 4 1,880
  - Area 5 2,392
  - Charter Schools 273

# GENERAL INFORMATION

- Enrollment – last 10 years at 135<sup>th</sup> day and projected current



# FUNDS

- What is a fund?
  - A separate set of accounting records
  - Transactions categorized based on the intended purpose or use of resources
  - Governmental accounting
- District uses variety of funds
- SDE Funding Manual serves as guide
- New funds may be added, old funds maybe removed

# FUNDS

- General – “Fund 1”
  - Largest of all funds
  - Day to day operations
  - Activity not recorded in another fund is here
  - Revenues – operating property taxes, Education Finance Act (EFA) allocation, etc.
  - Expenditures – salaries, payroll taxes, supplies, etc.
  - No subfunds

# FUNDS

- Special Revenue (Funds 2, 8 and 9)
  - Used to account for federal, state (non-EIA), and local resources designated for special purposes
  - Examples of subfunds
    - Title I
    - IDEA
    - Lottery
    - Local donations

# FUNDS

- Education Improvement Act (Fund 3)
  - Also a special revenue-type fund
  - Programs funded with statewide 1% sales tax
  - Examples of subfunds
    - At-risk student learning
    - Academically/artistically advanced
    - Teacher supply checks
    - Aid to districts
    - 4K program



# FUNDS

- Debt Service (Fund 4)
  - Used to account for repayment of bond principal and collection of property taxes used to repay that debt
- School Building (Fund 5)
  - Used to account for projects approved as part of the Five Year Facilities Plans
  - Subfunds for various projects

# FUNDS

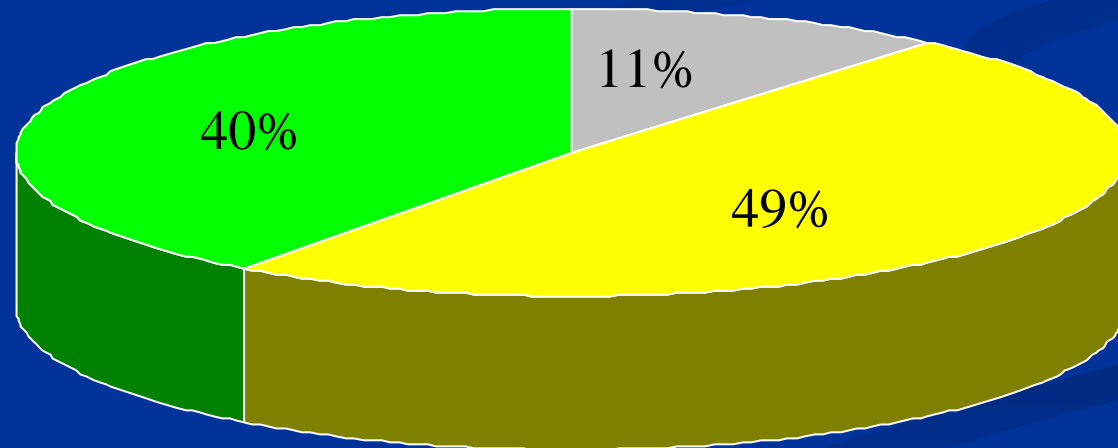
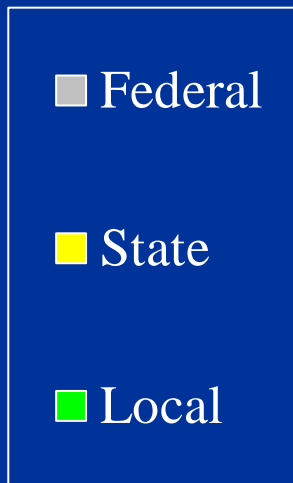
- School Food Service (Fund 6)
  - Used to account for SFS operations
  - Partially self-supporting through meals fees
- Pupil Activity (Fund 7)
  - Used to account for school-generated revenue
  - Transactions at school level, not District level
  - Not included in approved budget

# BUDGET TYPES

- Classified as operating or non-operating
- Operating budgets account for day-to-day operations
  - General, Special Revenue, EIA, School Food Service
- Non-operating budgets are associated with activities that are long-term in scope
  - Debt Service, School Building

# REVENUES AND EXPENDITURES

- Three sources for revenue

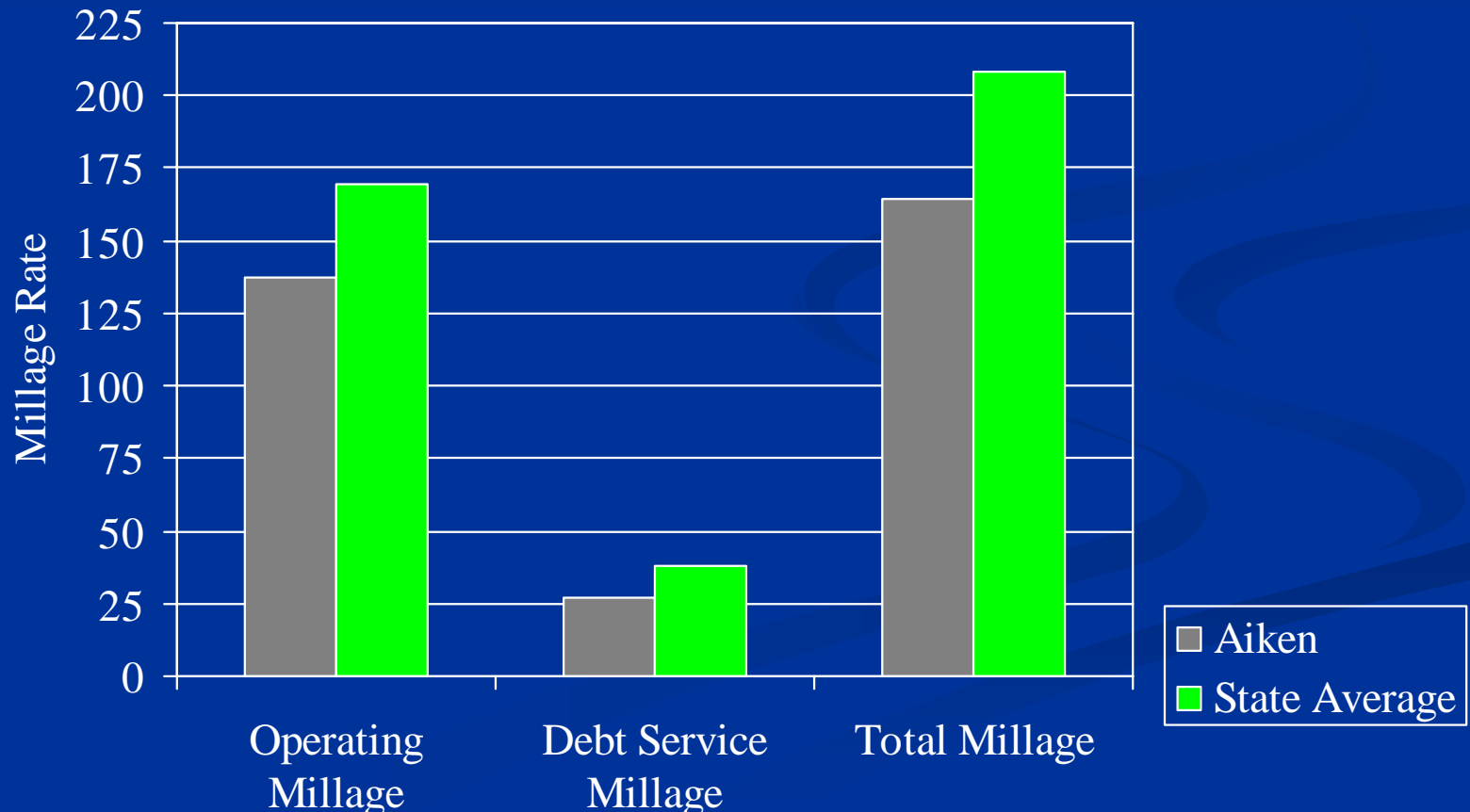


# REVENUES AND EXPENDITURES

- Examples of revenue by source
  - Local – property taxes, bond proceeds, interest earnings, donations
  - State – EFA allocation, EIA allocations, lottery funds, student health & fitness allocations
  - Federal – IDEA, Title I, Impact Aid
- Federal revenue is lower in percentage and amount compared to previous two years (loss of Stimulus)

# REVENUES AND EXPENDITURES

- Tax rates – Aiken vs. State average (2010 data)



# REVENUES AND EXPENDITURES

- 2009-10 tax rates as most recent posted by SDE
  - 85 school districts
  - 65 school districts had higher operating millage than Aiken
  - 68 school districts had higher debt service millage than Aiken
- Aiken was likely even lower in the order in 2010-11
- While the value of a mill varies by district, the per-mill cost to the taxpayer is the same.

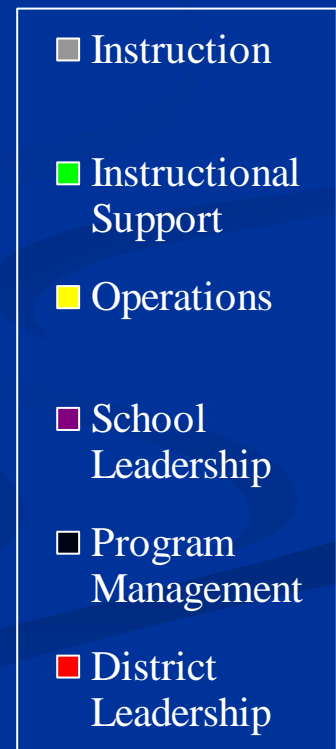
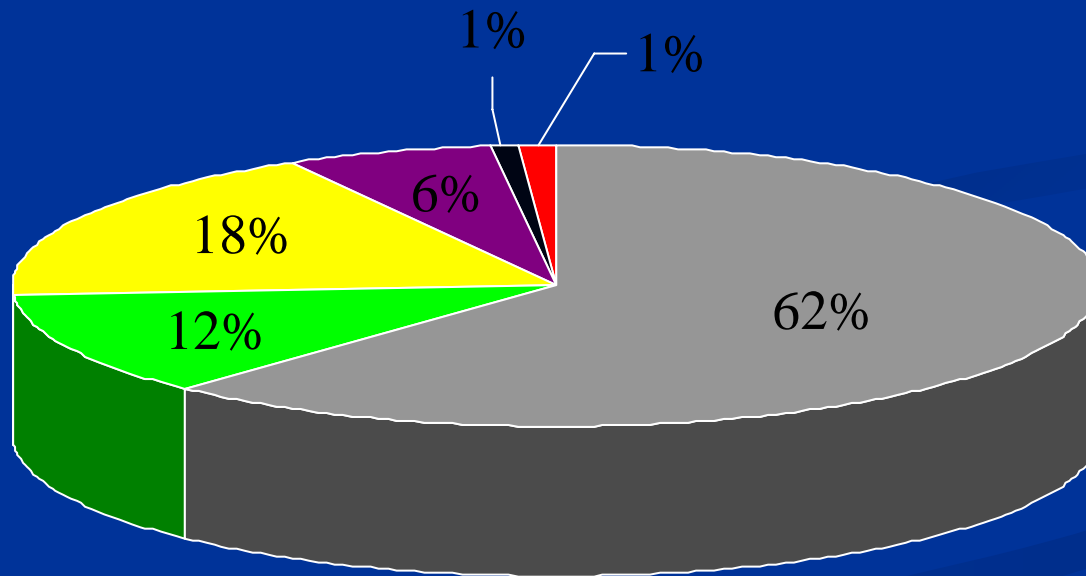
# REVENUES AND EXPENDITURES

- Expenditures often categorized as follows
  - By function
    - The purpose of the expenditures
    - Broad categories
  - By object
    - Specific service or good obtained
  - Function/object for operating expenditures – In\$ite categories
  - Function/object for total expenditures



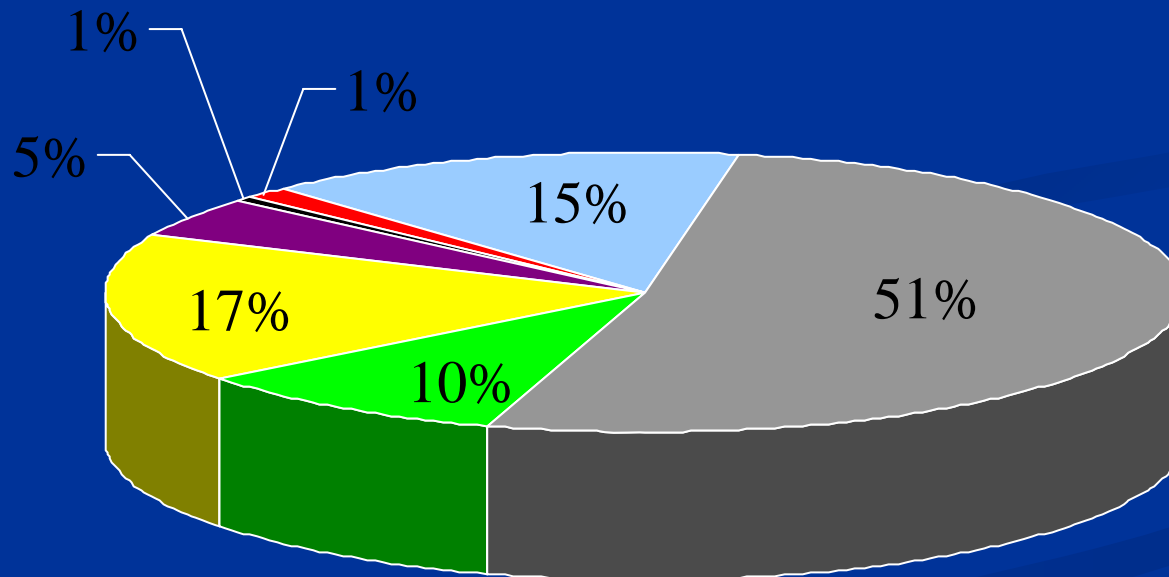
# REVENUES AND EXPENDITURES

## ■ Operating expenditures by function



# REVENUES AND EXPENDITURES

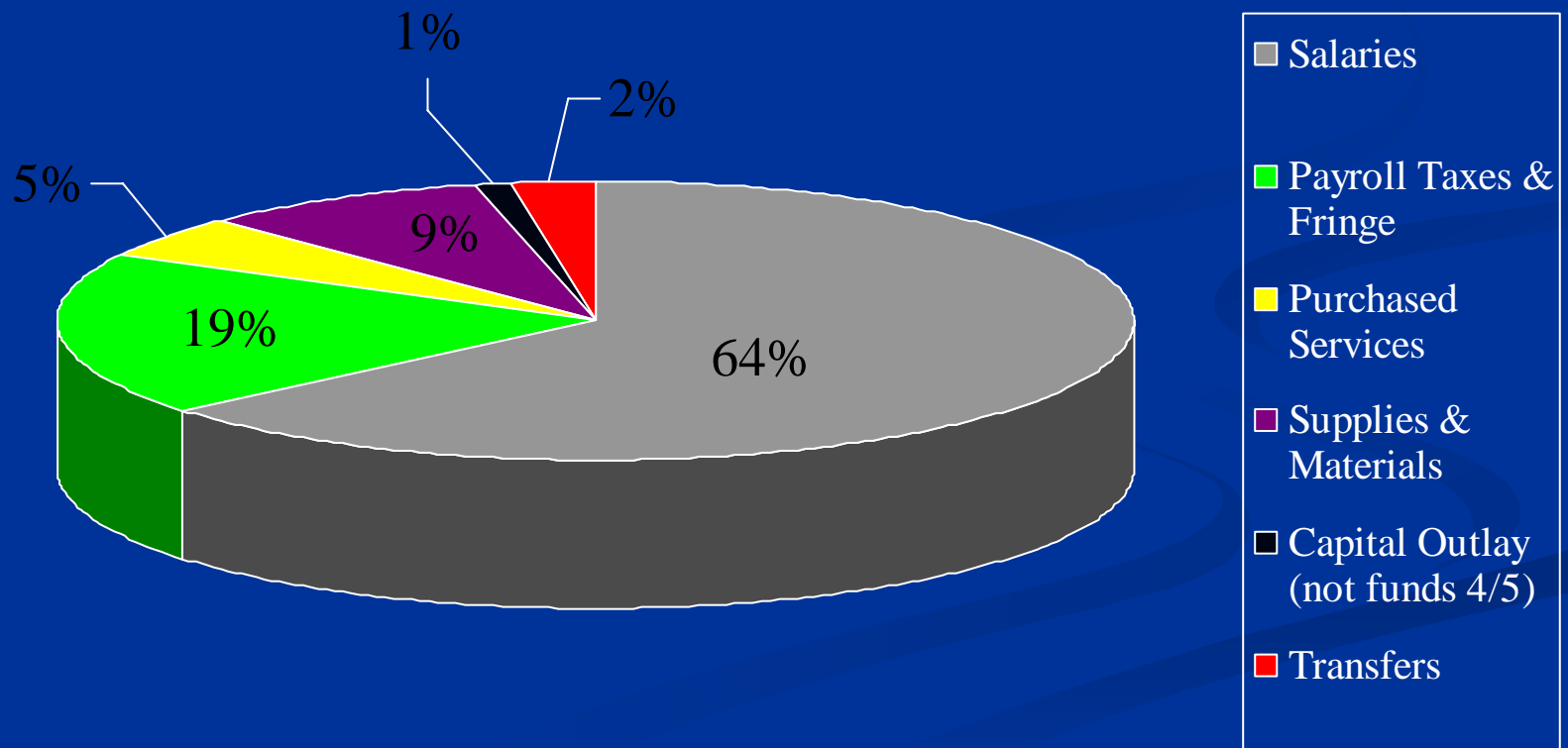
## ■ Total expenditures by function



- Instruction
- Instructional Support
- Operations
- School Leadership
- Program Management
- District Leadership
- Debt Service / Capital Outlay

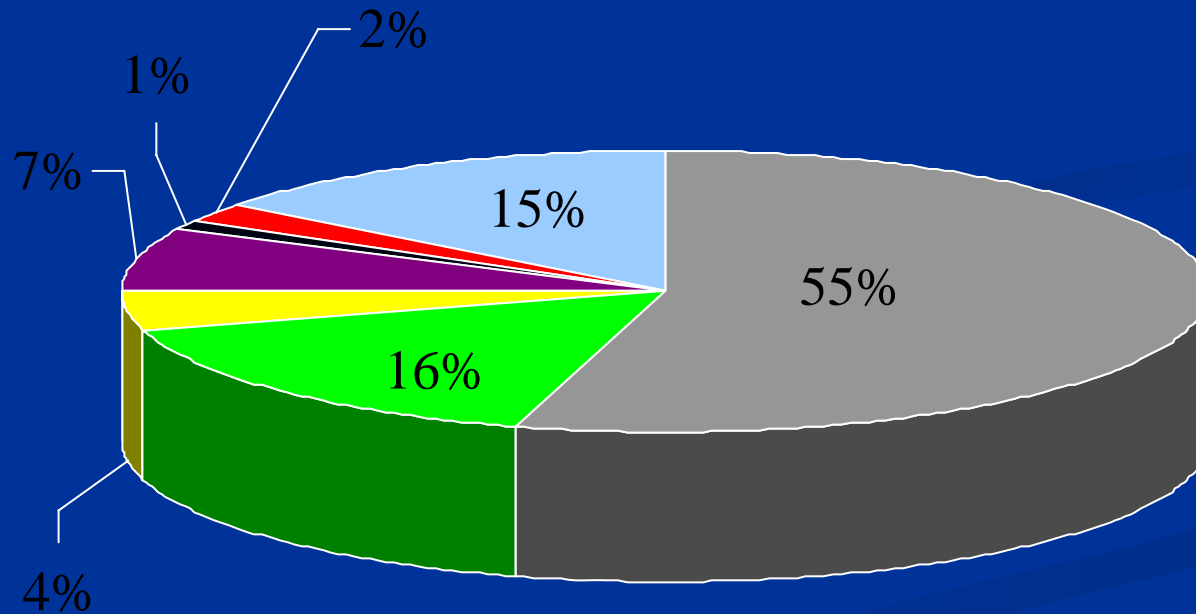
# REVENUES AND EXPENDITURES

## ■ Operating expenditures by object



# REVENUES AND EXPENDITURES

## ■ Total expenditures by object



# IN\$ITE

- In\$ite is used by the SDE
- Provides a district's breakdown of expenditures and allows for apples to apples comparison to other districts
- Categories include sub-categories
  - Instruction
  - Instructional support
  - Operations
  - Other commitments
  - Leadership

# IN\$ITE

- Based on most recent information

| Per Pupil Spending | Aiken    | State Average | Like Districts' Average |
|--------------------|----------|---------------|-------------------------|
| Operating only     | \$ 7,537 | \$ 9,010      | \$ 8,783                |
| All                | 8,678    | 11,940        | 11,729                  |

- “Operating only” does not include debt service/capital outlay
- Operating expenditures would have been \$31 million higher for per pupil spending equal to \$8,783

# IN\$ITE

- Operating per pupil spending – approximately \$1,826 of \$7,537 is local taxpayer funded (property taxes)
- Total per pupil spending – approximately \$2,400 of \$8,678 is local taxpayer funded
- Instruction and instructional support comparison
  - Aiken 74.01%
  - State average 70.92%
  - Like districts' average 71.08%
- Only four of 85 districts with higher percentages

# FUND BALANCE

- What is fund balance?
  - Assets minus liabilities
  - Net inflows less net outflows over time
  - Not equal to cash on hand
  - In excess of \$24 million at June 30, 2011
- Why it is important –
  - “Rainy day” or emergency funds
  - Demonstrates financial stability
  - Can reduce or eliminate short-term borrowings (TANs)

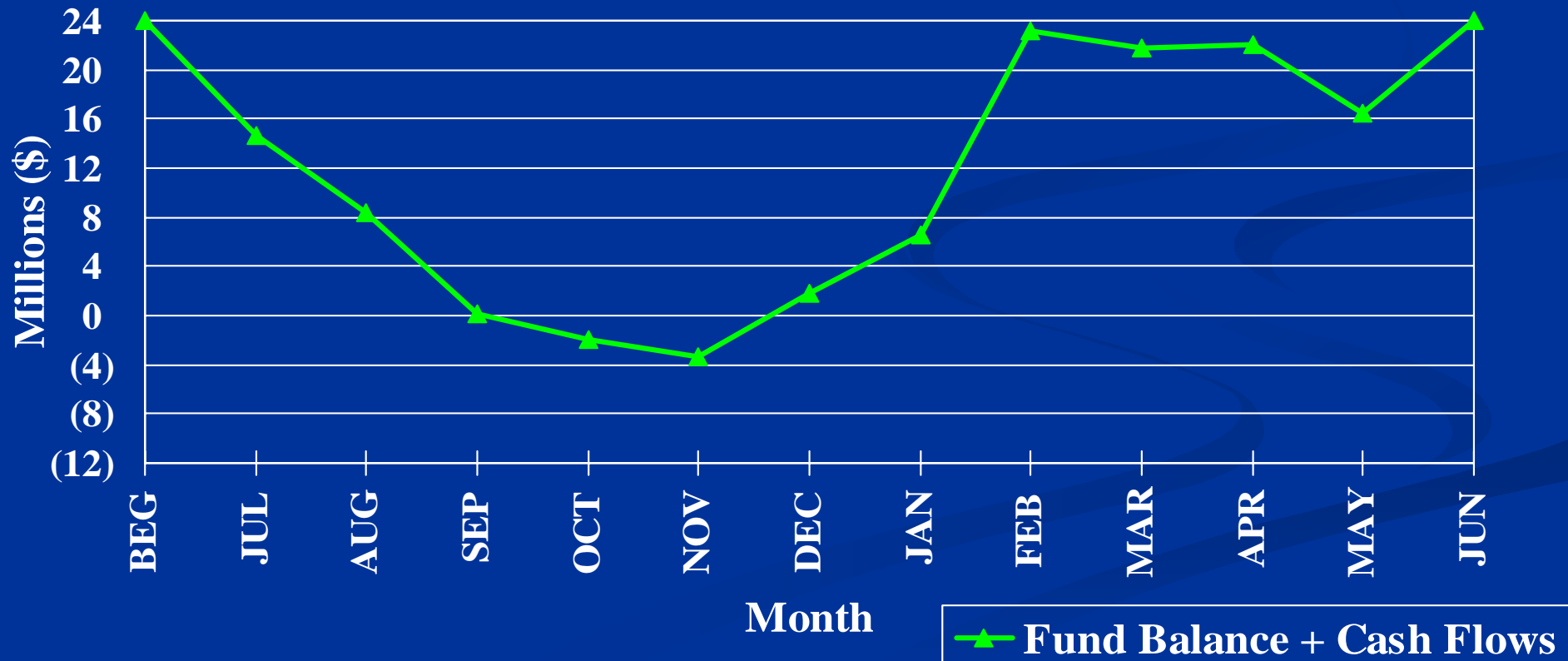


# TAX ANTICIPATION NOTES

- What are TANs?
  - Short term financing
  - Repaid with interest before year end
- Why issue TANs?
  - Outflows consistent throughout the year, inflows are not
  - Most property tax revenue received mid-year
  - Cannot operate on cash basis at current fund balance level

# TAX ANTICIPATION NOTES

- Why does Aiken County Schools issue TANs?



# STUDENT PROJECTIONS

- One of first tasks on budget calendar
- Largely the foundation for the budget
- Will be used to determine teacher allocations and school staffing ratios
- Used to estimate EFA allocation
- Preliminary figures based on 45<sup>th</sup> day counts
- Use historical data and birth rates
- Consider significant spikes and dips
- Kindergarten and 1<sup>st</sup> grade generally most difficult

# STUDENT PROJECTIONS

- Feeder school splits sometimes difficult
- Important to be conservative
- Review for reasonableness
- Receive feedback from principals and school officials
- Unfortunately, not an exact science
- Review class-by-class counts at days 3 and days 11
  - Shift staff within a school or between schools
  - Additional hires, if necessary

# STUDENT PROJECTIONS

| <u>Example Calculation</u>        |              |          |          |          |              |
|-----------------------------------|--------------|----------|----------|----------|--------------|
|                                   | <u>Grade</u> |          |          |          |              |
| <u>Fiscal Year</u>                | <u>5</u>     | <u>6</u> | <u>7</u> | <u>8</u> | <u>Total</u> |
| FY 11/12                          |              | 195      | 203      | 184      | 582          |
| <u>Actual 45-day ADM</u>          |              |          |          |          |              |
| FY 10/11                          | 207.42       | 201.24   | 194.18   | 199.36   | 594.78       |
| FY 09/10                          | 202.46       | 200.80   | 198.98   | 196.58   | 596.36       |
| FY 08/09                          | 214.21       | 205.73   | 223.76   | 183.44   | 612.93       |
| FY 07/08                          | 219.23       | 215.20   | 213.13   | 198.96   | 627.29       |
| FY 06/07                          | 239.71       | 201.31   | 190.51   | 245.73   | 637.55       |
| <u>Student Advancement Ratios</u> |              |          |          |          |              |
| FY 10/11                          |              | 0.99     | 0.97     | 1.00     |              |
| FY 09/10                          |              | 0.94     | 0.97     | 0.88     |              |
| FY 08/09                          |              | 0.94     | 1.04     | 0.86     |              |
| FY 07/08                          |              | 0.90     | 1.06     | 1.04     |              |
| FY 06/07                          |              | 0.96     | 0.97     | 0.96     |              |
| Five Year Avg                     |              | 0.94     | 1.01     | 0.95     |              |

# STAFFING RATIOS

- Enrollment projections used to allocate most school staff
  - Assistant principals
  - Clerical
  - Guidance
  - Media specialists and aides
- Exceptions
  - Each school has a principal and one clerical staff member regardless of size
  - Custodial allocation based on square footage

# STAFFING RATIOS

| Grade      | Enrollment |           |           |
|------------|------------|-----------|-----------|
|            | > 400      | < 400     |           |
| K          | 25 to 1    | 25 to 1   |           |
| 1st        | 16 to 1    | 16 to 1   |           |
| 2nd - 3rd  | 23 to 1    | 21 to 1   |           |
| 4th - 5th  | 25.5 to 1  | 25.5 to 1 |           |
|            |            |           |           |
|            | > 500      | 300 - 500 | < 300     |
| 6th        | 28.5 to 1  | 27.5 to 1 | 24.5 to 1 |
| 7th        | 27.5 to 1  | 26.5 to 1 | 23.5 to 1 |
| 8th        | 29.5 to 1  | 28.5 to 1 | 24.5 to 1 |
|            |            |           |           |
|            | > 800      | 600 - 800 | < 600     |
| 9th - 12th | 31.5 to 1  | 30 to 1   | 28.5 to 1 |

# BUDGET TRANSFERS

- Schools/departments are provided some budget discretion by Board policy
- Principals/department heads can transfer up to \$1,500
- School transfers between \$1,500 and \$3,000 also require approval of Academic Officer
- Budget transfer between \$3,000 and \$5,000 require Superintendent approval
- The above must have no net budget effect and cannot affect salaries, fringe, or utilities.
- Transfers in excess of \$5,000 require Board approval



# BUDGET RECAP

- 2008-09
  - No step increase for non-teachers
  - Eliminated two coordinator positions at Brookhaven
  - Phased out CAI lab aide positions
  - No longer contributed to Camp Long project
  - Fund 1 no longer allocated to parenting program
  - Reduced vehicle replacement budget
  - Cut supplies and travel mid-year
  - Avoided furloughs

# BUDGET RECAP

- 2009-10
  - No step or cost of living increase for non-teachers
  - Increased pupil-teacher ratios
  - Eliminated signing bonuses for new teachers
  - Eliminated playoff supplements
  - Eliminated 17 positions at Brookhaven
  - Reduced Fund 1 travel by 50%
  - Reduced band matching fees by 50%
  - Phase out of International Baccalaureate commenced

# BUDGET RECAP

- 2009-10 Continued
  - Reduced drivers education to one period
  - Modified alternative education program
  - Eliminated intramural supplement
  - Funded part-time instead of full-time nurses at middle and high schools
  - Reduced budgets for technology and maintenance
  - Furloughed employees
  - Increased taxes by 4.3 mills net

# BUDGET RECAP

- 2010-11
  - No step or cost of living increase for any employees
  - No furloughs
  - Suspended drivers education program
  - Increased 1<sup>st</sup> grade PTR while decreasing 4<sup>th</sup> and 5<sup>th</sup>
  - Funded full-time registrars at each high school
  - No longer paying half of PSAT
  - Last full year of Federal stimulus dollars
  - Decreased taxes by 3.5 mills net

# BUDGET RECAP

- 2011-12
  - Step increase for teachers, 1% cost of living for other employees
  - Continued funding of reading interventionists
  - Closed area offices
  - Eliminated one administrator and one clerical position
  - Fund 1 travel budgets restored
  - Increased janitorial allocation
  - Increased Fund 1 technology budget

# BUDGET RECAP

- 2011-12 Continued
  - Funding 9<sup>th</sup> grade academies at three high schools
  - Funding in-school suspension supervisors at middle schools
  - Absorbed reductions in certain State allocations
  - Increased taxes by 2.1 mills net
  - Tax increase enabled to restructure debt service payments and issue additional \$2 million for capital projects

# BUDGET RECAP

- 2011-12 Continued
  - Approved additional mid-year expenditures resulting from growth in fund balance and need at schools
  - \$500,000 for furniture replacement
  - \$400,000 for instructional supplies
  - \$50,000 for custodial supplies
  - \$25,000 for athletics
  - \$25,000 for band
  - All are non-recurring

# FLEXIBILITY

- Legislation to cope with budget reductions
- Can transfer many State allocations to other funds as needed
- Can suspend professional staffing ratios
- Can uniformly negotiate salaries with retirees
- Can furlough employees
- Districts allowed to withhold teacher supply checks
- Districts allowed to freeze teacher step
- 70% rule must be met



# FUND 1

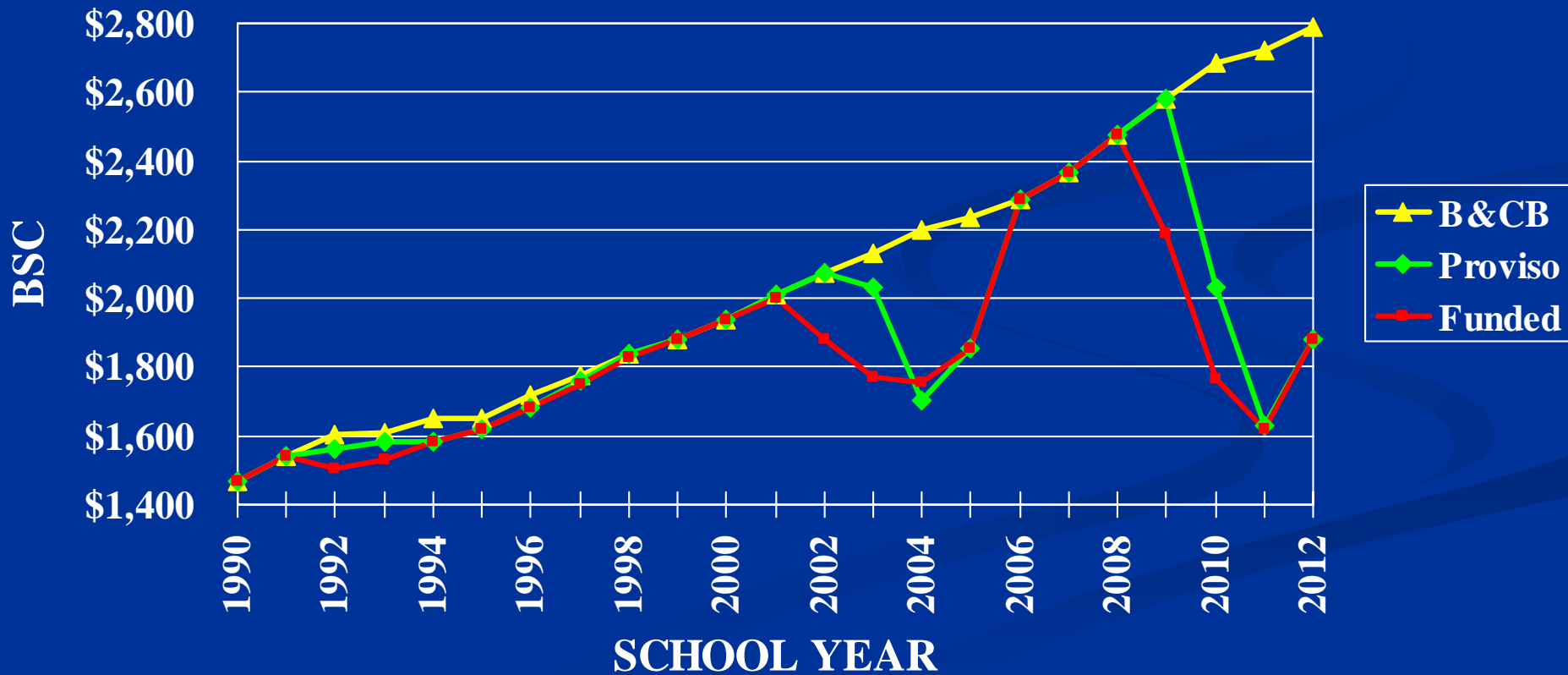
- Largest fund
- \$153.4 million original budget
- Two-thirds of total District expenditures
- Most local funding reflects property tax revenue
- Most funding from State
- State allocations rose for 2011-12 after three years of decline
  - State revenue \$103 million in 2007-08
  - Projected State revenue \$92 million in 2011-12

# FUND 1

- Property taxes
  - Operating millage increase is capped
  - Caps vary by district
  - Change in consumer price index + population
  - Three year “look back”
- Fees in lieu of tax are negotiated by County
- Education Finance Act (EFA) is largest State allocation
  - Formula uses base student cost (BSC), weighted pupil units (WPU), and index for taxpayer ability (ITA)

# FUND 1

## BSC - IDEAL VS. PROVISIO VS. FUNDED



# FUND 1

| <b>Revenue</b>                  | <b>Source</b> | <b>2011-12 Budget</b> |
|---------------------------------|---------------|-----------------------|
| Property taxes                  | Local         | \$ 44,006,607         |
| Delinquent taxes                | Local         | 2,400,000             |
| Fees in lieu of tax             | Local         | 5,500,000             |
| Other local revenue             | Local         | 120,000               |
| Education Finance Act           | State         | 42,238,991            |
| Education Foundation Supplement | State         | 1,613,259             |
| Fringe benefits                 | State         | 21,034,333            |
| Property tax relief             | State         | 26,496,380            |
| School bus drivers              | State         | 1,124,843             |
| Other state revenue             | State         | 47,000                |

# FUND 1

| <b>Revenue</b>   | <b>Source</b>  | <b>2011-12 Budget</b> |
|--|----------------|-----------------------|
| Impact Aid   | Federal        | 90,000                |
| Transfer from EIA – Teacher Salary Supplement and TSI Fringe     | State/Transfer | 2,750,223             |
| Transfer from EIA and Special Revenue – Prior Year Carryover     | State/Transfer | 2,162,936             |
| Transfer from EIA and Special Revenue – Current Year Allocations | State/Transfer | 3,233,709             |
| Indirect Costs   | Transfer       | 600,000               |
| Total  |                | \$ 153,418,281        |

# FUND 1

| Expenditure                       | 2011-12 Budget |
|-----------------------------------|----------------|
| Salaries                          | \$ 104,671,473 |
| Payroll taxes and fringe benefits | 33,339,184     |
| Purchased services                | 5,194,037      |
| Supplies and materials            | 7,540,398      |
| Capital outlay                    | 639,209        |
| Payments to charter schools       | 1,700,000      |
| Other                             | 333,980        |
| Total                             | \$ 153,418,281 |

# 8% LIMIT

- General obligation debt limited to 8% of tax base
- General obligation debt currently used to finance projects in the Five Year Facilities Plan
- Bond capacity (i.e., the amount of general obligation debt that can be issued within the 8% limit) can increase
  - Growth in tax base
  - Pay off debt quicker
- To exceed the 8% limit would require a successful bond referendum

# 8% LIMIT

|                            |                |
|----------------------------|----------------|
| Assessed value of property | \$ 562,500,000 |
| 8% of above                | 45,000,000     |
| Less 2007 bonds - unpaid   | 3,000,000      |
| Less 2008 bonds - unpaid   | 6,000,000      |
| Less 2009 bonds - unpaid   | 9,000,000      |
| Less 2010 bonds - unpaid   | 12,000,000     |
|                            |                |
| Bond capacity              | \$ 15,000,000  |

- This example shows that \$15 million in general obligation debt could be issued within the debt limit.



# 2012-13 BUDGET

- Still early, many unknowns
  - BSC for 2012-13?
    - State's tax collection higher than anticipated
  - Availability of Education Foundation Supplement?
  - Changes/consolidations of State allocations?
  - Changes in flexibility?
  - Cap on operating millage?
  - Education finance reform?
  - Changes in federal guidelines? Allocations?

# 2012-13 BUDGET

- Still early, many unknowns
  - Required to give a step and/or cost of living increase to teachers?
  - Changes in teacher salary schedule...merit based?
  - Changes in health insurance premiums?
  - Changes in retirement contribution rates?
  - Changes in charter school funding?
  - Changes for school choice?
  - IDEA reduction for State's failure to meet MOE?

# 2012-13 BUDGET

## ■ Considerations

- Addressing technology needs – equipment and staff
- Examining curriculum/instructional needs (*workshop*)
- Replenishing teacher step – frozen in 2010-11
- Absorbing costs if no longer covered by Titles I & II
- Absorbing costs if loss of IDEA funding
- Providing cost of living and/or step to employees
- Allocating funds for continuation of pilot programs
- Increasing CATE classes in general and small schools

# 2012-13 BUDGET

## ■ Considerations

- Reducing class sizes
- Reinstating the IB program
- Funding full-time nurses at all schools
- Increasing salaries for assistant principals
- Reinstating athletic playoff supplements
- Reinstating athletic matching supplements
- Increasing athletic and extracurricular supplements
- Reinstating signing bonuses for new teachers

# 2012-13 BUDGET

- Considerations
  - Restoring band matching funds
  - Establishing a furniture replacement account for each school
  - Allocating additional dollars for custodial supplies
  - Allocating additional dollars for instructional supplies
  - Allocating dollars for cyclic maintenance
  - Others

# DISTRICT WEBSITE

- Financial information at [www.aiken.k12.sc.us](http://www.aiken.k12.sc.us) under administration/division of fiscal services/financial information
- Monthly transparency reports
- Audited financial statements
- Approved budget and budget presentations
- Budget Q & A
- Quarterly financial reports with supporting detail
- Five Year Facilities Plan

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

- CAFR for short
- Exceeds the minimum financial reporting requirements
- Goal – transparency and to receive GFOA Certificate of Achievement for Excellence in Financial Reporting
- What is different?
  - Transmittal letter
    - Formally presents the CAFR to users
    - Gives profile of the District and other info
    - Lists awards and acknowledgements

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

- Organizational chart
- Listing board members and administration
- Statistical data
  - Summarized financial statements
  - Tax information
  - Debt information
  - Demographics
  - Facilities
- CAFR due to GFOA by December 31



# QUESTIONS AND COMMENTS

- Board
- Public