

2015-16 Proposed Budget

Board of Education Meeting

June 16, 2015

Budget Principles

- Use the district's mission, vision, values and accountability plan as a guide
- Maintain fiscal integrity by budgeting conservatively
- Multi-year budget planning assists in making sound fiscal decisions
- Avoid deficit spending over the long-term
- Maintain fund balance parameters over time
- Follow staffing models consistently

Budget Principles

- Protect positions closest to students
- Continue professional development and support of staff
- Maintain a transparent budget process
- Decisions about reduction of personnel must be sustainable over time
- Maintain systematic budget reduction decisions
- Preference will be to eliminate positions through employee attrition when possible

Budget Process Review

- The budget is based on estimates
- Estimates and projections are based on the best information that we have at this time
- Estimates will vary from the actual amounts reflected in the reports to the state and the audited financial statements

Budget Process Review

- Monitor and adjust throughout the year
- Budget usually revised around October, February and June
- Budget revisions include actual revenue, salaries, benefits and grant allocations compared to projected amounts

Budget Methodology

- Revenue estimates are low
- Expenditure estimates are high
- State statute requires that the total amount spent in each fund cannot exceed the budgeted amount

2015-16 Proposed Budget

OPERATING FUNDS ONLY

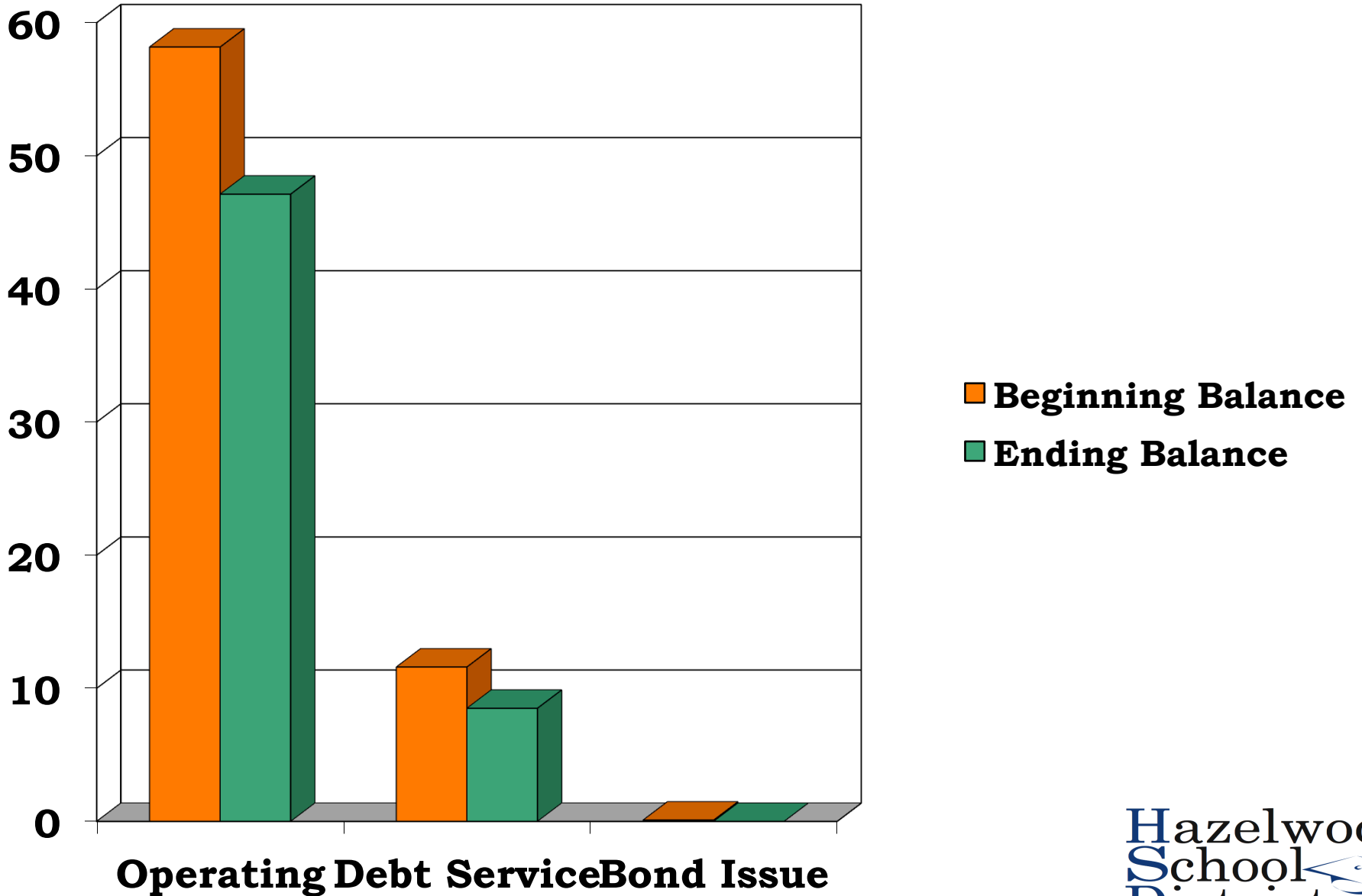
Beginning Balance	\$ 58.2 million
Revenue	194.2 million
Expenditures	<u>(205.3) million</u>
Ending Balance	\$ 47.1 million

2015-16 Proposed Budget

OPERATING FUNDS ONLY

Revenue	\$ 194.2 million
Expenditures	<u>(205.3) million</u>
Operating shortfall	\$ (11.1) million

Balance Comparisons - In Millions



2015-16 Proposed Budget

Major operating changes since April financial projections (millions)

Increase in state formula revenue	+	\$.5
Increase in other revenue	+	\$.1
Increase in substitute salaries	-	\$.8
Increase in other expenditures	-	\$.2
Difference between grant revenue/costs	-	<u>\$1.0</u>
Total increase in operating shortfall	-	\$1.4

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Proposed Budget

OPERATING FUNDS ONLY

- Ending balance as a percentage of spending: 22.96%
- Approximately less than 3 months of operations

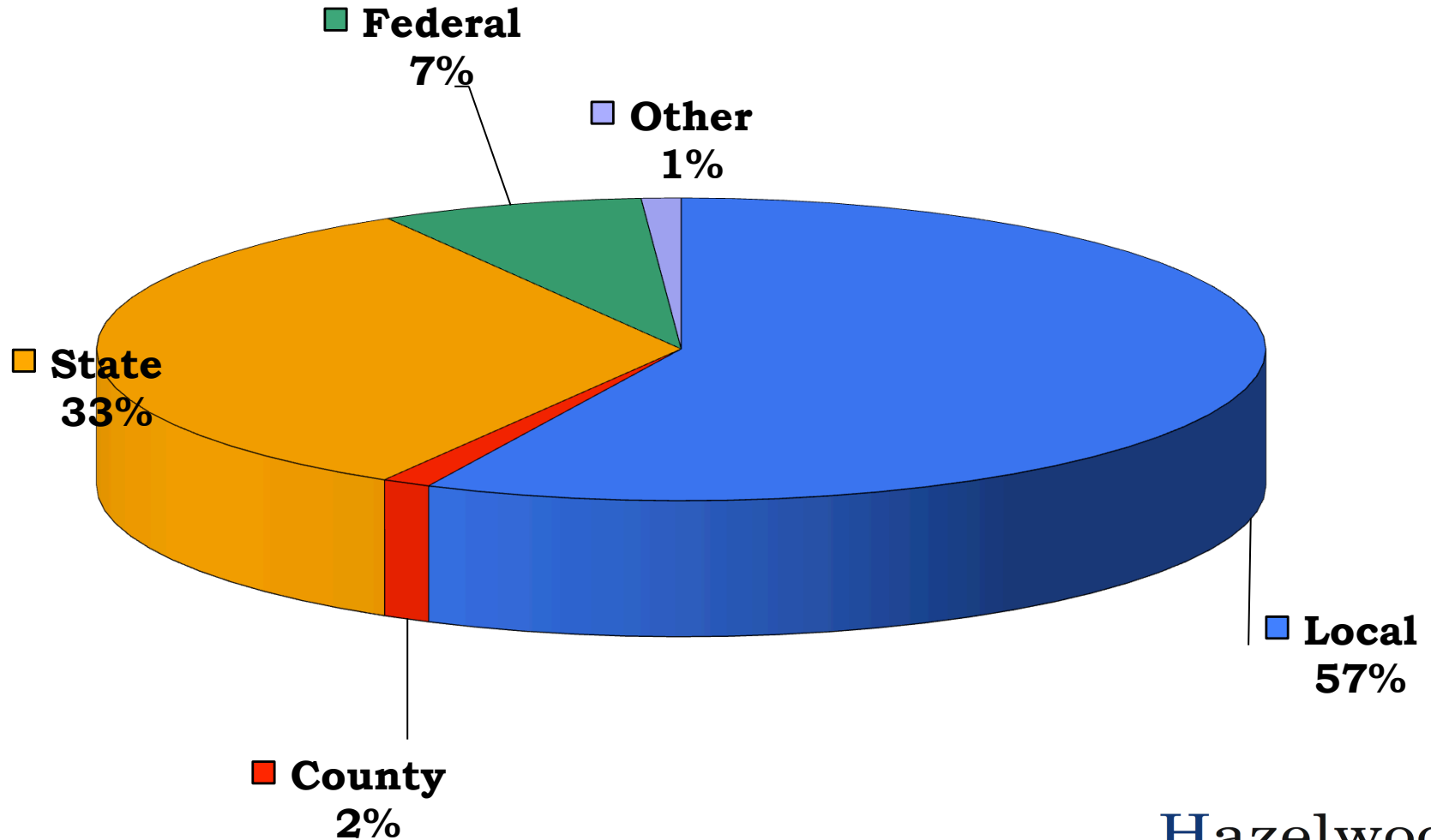
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Proposed Budget

Operating balances are important and necessary to:

- Have sufficient cash available to cover payrolls until January when we start receiving property tax revenue
 - Instead of borrowing from the bank
- Have funds available to cover emergency repairs or replacement of equipment
- Protect our instructional programs in times of operating shortfalls

2015-16 Summary of Revenue Operating Funds Only



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Operating Revenue Summary

Revenue Source	2014-15 Budget	2015-16 Budget	Increase (Decrease)	Percent Change
Local	\$112,771,164	\$114,485,167	\$1,714,003	1.5%
County	2,728,635	2,746,016	17,381	0.6%
State	62,809,955	64,256,105	1,446,150	2.3%
Federal	12,631,724	11,256,330	(1,375,394)	-10.9%
Other	<u>1,538,500</u>	<u>1,461,000</u>	<u>(77,500)</u>	<u>-5.0%</u>
Total	\$192,479,978	\$194,204,618	\$1,724,640	0.9%

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Operating Expenditure Summary

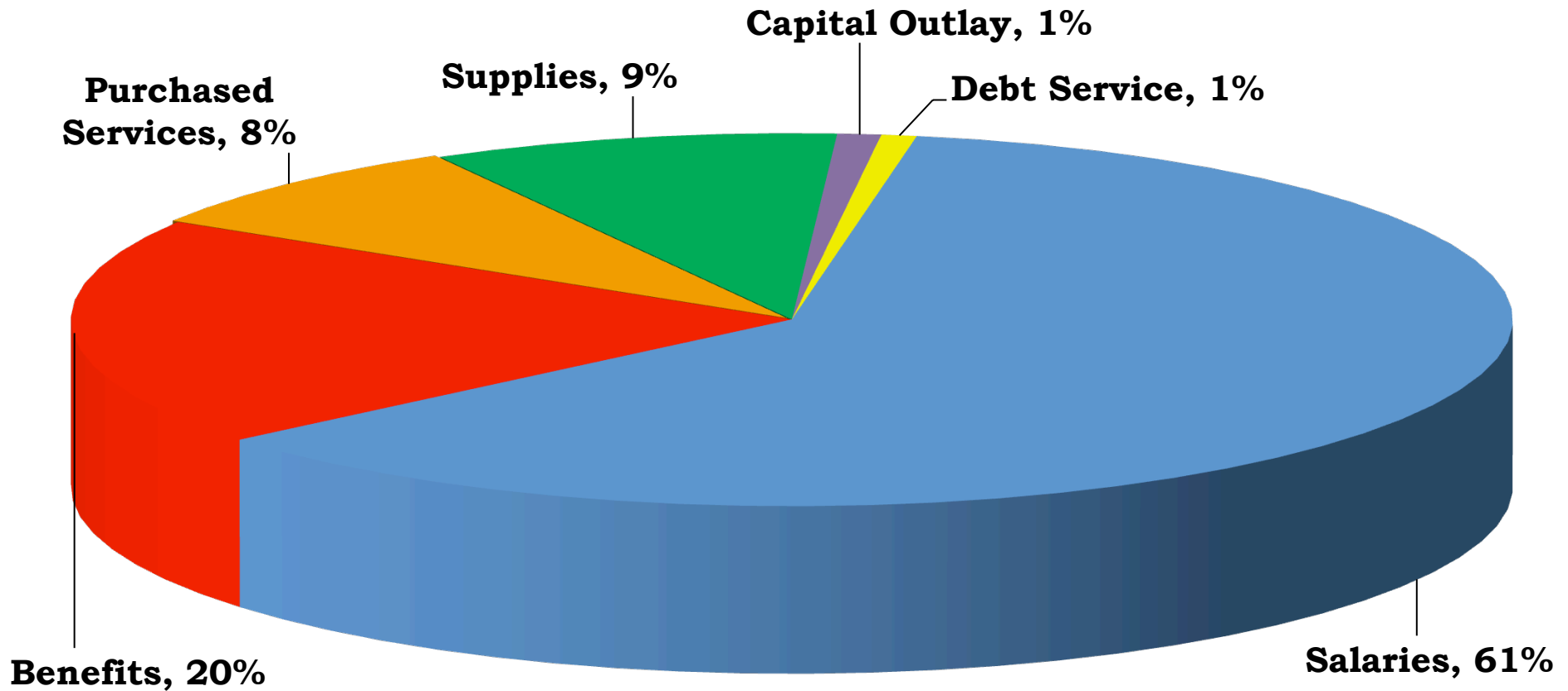
Expenditure Category	2014-15 Budget	2015-16 Budget	Increase (Decrease)	Percent Change
Salaries	\$121,799,825	\$124,946,453	\$3,146,628	2.6%
Benefits	40,691,267	41,391,247	699,980	1.7%
Services	16,442,484	16,605,558	163,074	1.0%
Supplies	20,338,197	18,681,567	(1,656,630)	-8.1%
Capital Outlay	1,556,238	2,006,139	449,901	28.9%
Other	<u>1,621,345</u>	<u>1,622,727</u>	<u>1,382</u>	<u>0.1%</u>
Total	\$202,449,356	\$205,253,691	\$2,804,335	1.4%

2015-16 Proposed Budget

- \$11.1 million budget shortfall for operating funds
- HSD has been planning for reduced revenue for years, which resulted in higher operating balances
- Using some of those balances now to protect our current instructional programs

Summary of 2015-16

Expenditures by Object Operating Funds

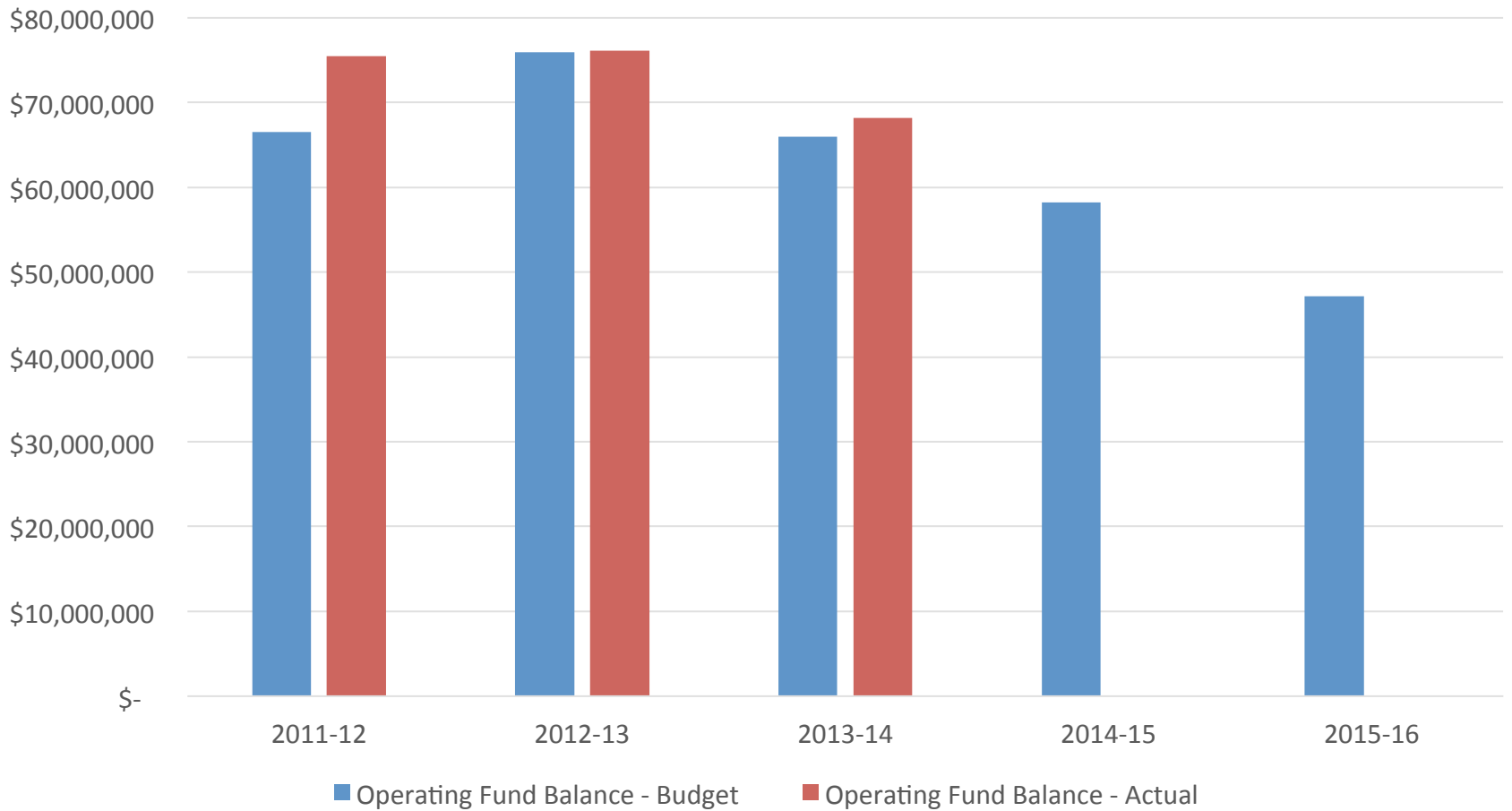


Points of Emphasis

1. The current year budget sets the direction for several years.
2. It is possible to cover operating shortfalls for the next 1-2 years with our balances. This is not sustainable over time.
3. We want to balance the budget and maintain our instructional programs.
4. Hazelwood School District remains fully accredited.

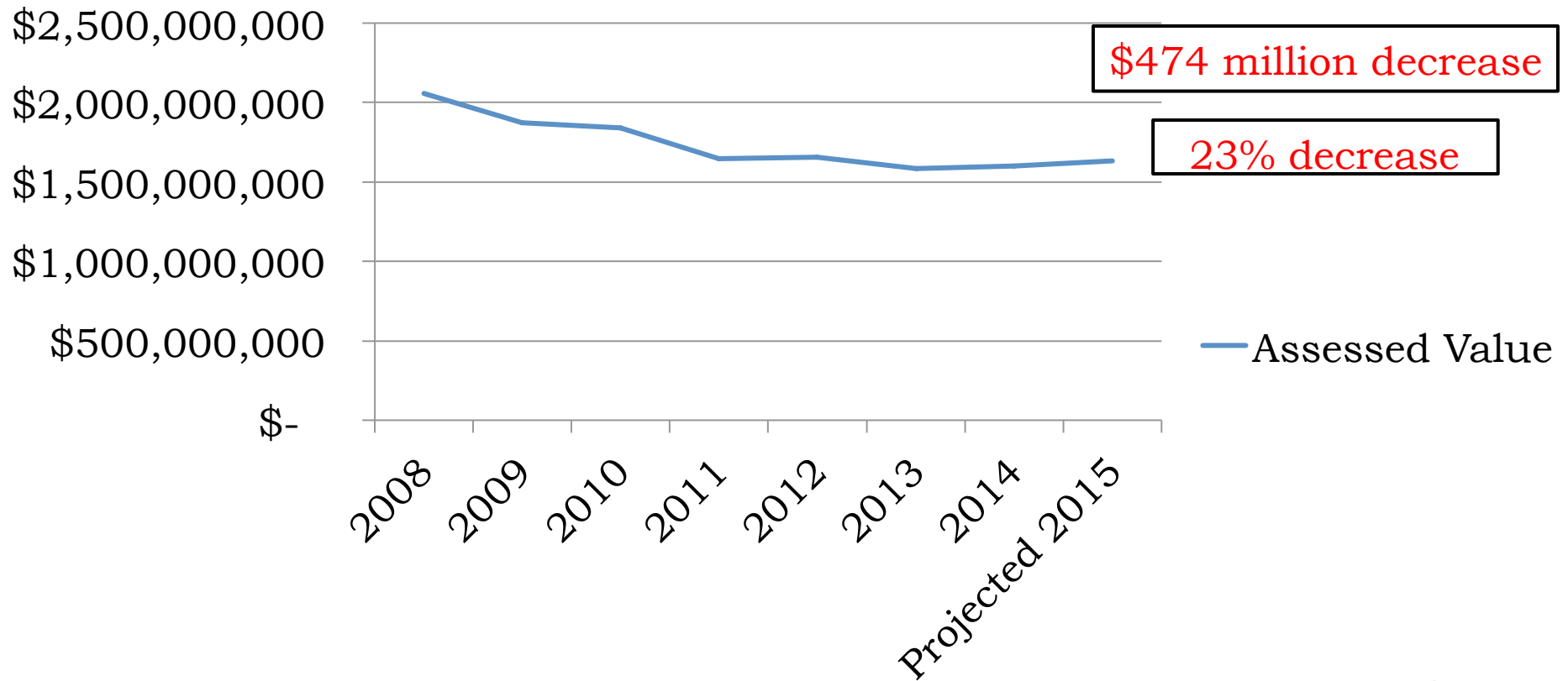
2015-16 Trends

Operating Fund Balance



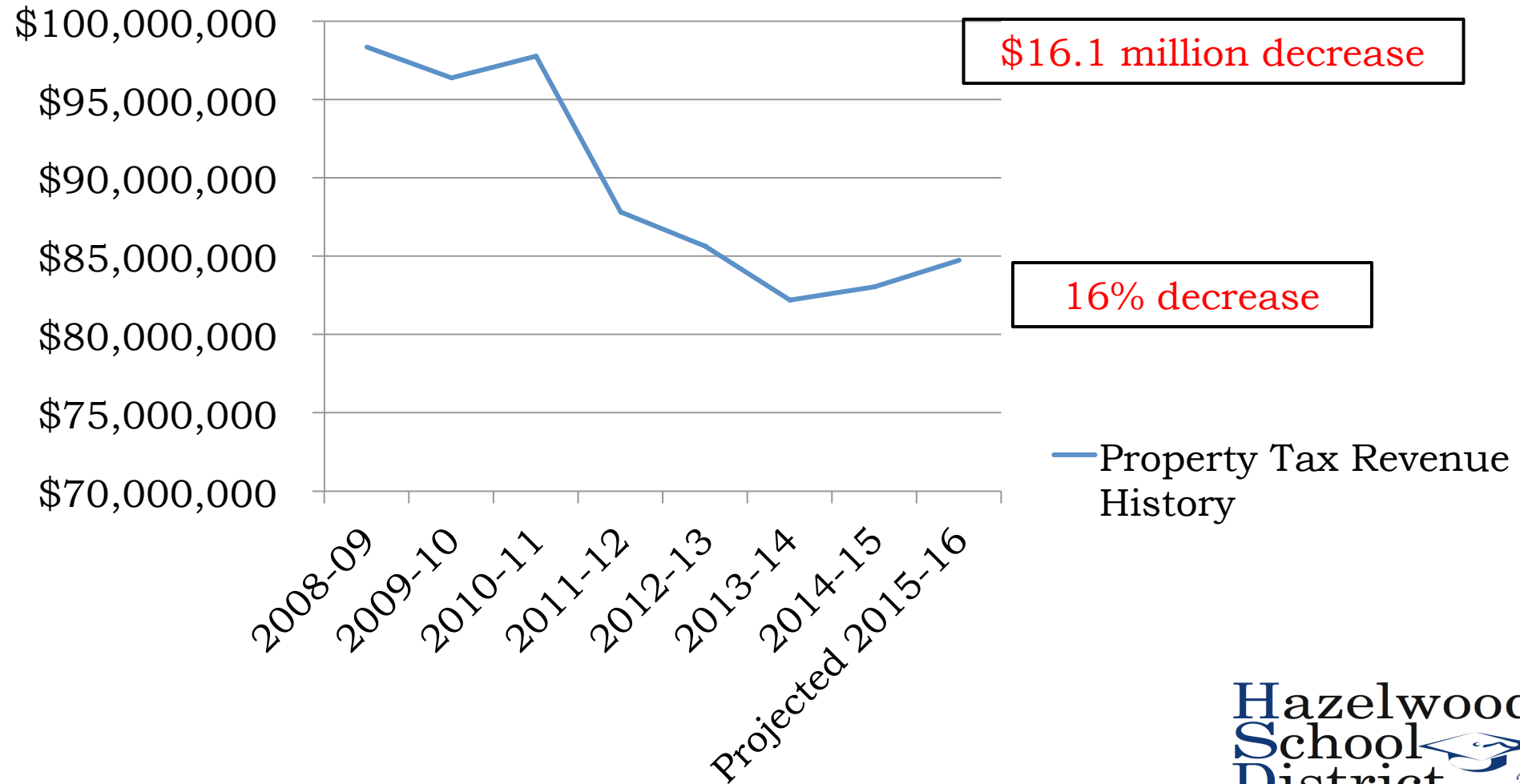
Total Assessed Value

Assessed Value History



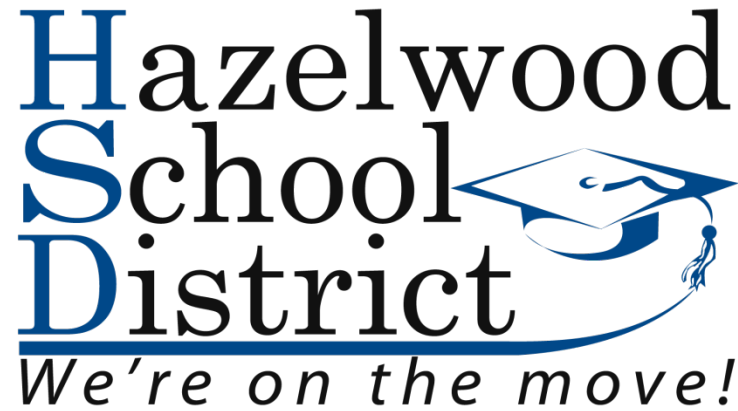
Total Property Tax Revenue

Property Tax Revenue History



The Financial Plan for the Future

- Implemented an Early Separation Incentive Plan for 2015-16
- Continue to review every vacancy for reduction through attrition (all levels)
- Continue to review department budgets (all levels)
- Continue to review class-sizes
- Review and consider everything in the budget



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