
MEMORANDUM

TO: Charles Glaes, Superintendent
Members of the Board of Education

FROM: Stephen Goss, Assistant Superintendent

DATE: June 11, 2012

RE: 2011-2012 June Amended Budget
2012-2013 Proposed Budget

Attached you will find the 2011-2012 amended and 2012-2013 preliminary budgets. The following is a summary of the revisions to the current year budget and the primary assumptions used in developing the initial 2012-2013 budget:

June Amendment to 2011-2012 General Fund Budget:

General Fund revenues are projected to total \$20.88 million, which is a slight decrease from the February amended budget of \$20.93 million. The 0.2% adjustment is the net result of various revisions after comparing actual revenue collections to amounts estimated earlier in the fiscal year.

Compared to the January amendment, general fund expenditures are projected to decrease by approximately \$140,000, from \$21.34 million to \$21.20 million, a change of 0.7%. As with revenues, the adjustment is the net result of numerous revisions throughout the budget.

The net effect of the June amendment is to reduce the projected budget shortfall from \$405,000 to \$313,000, which will result in fund balance of \$2.47 million as of June 30, 2012. That level of fund balance equals 11.2% of the next year's projected expenditures, which is below the generally recommended level of 15%-20% and the 12% minimum specified by board policy.

Had the District not lost nearly \$1.5 million as a result of the \$340 per pupil funding cut, the 3.85% increase to the MPSERS contribution rate, and the 70 student enrollment decline, we would have ended the year with a surplus in the general fund, and preserved KRESA enhancement tax revenue previously earmarked for capital needs.

Proposed 2012-2013 Preliminary General Fund Budget:

The 2012-2013 preliminary General Fund budget is based on the following major assumptions:

- Total per pupil funding of \$7,110, including one-time "best practices" of \$52/pupil and "MPSERS buy down" of \$92/pupil. Compared to 2011-2012, this represents a net increase of \$72/pupil. 2012-2013 funding will still be \$280/pupil lower than in 2010-2011. Had funding remained constant at 2010-2011 levels, the additional revenue would have totaled approximately \$700,000 in the current year.
- Enrollment: 18 FTE reduction, excluding students enrolled in the WAY program, resulting in a blended count of 2,495.
- MPSERS rate: 24.46% in anticipation of successful reform efforts by the Michigan legislature. If the rate increases to 27.36% as officially scheduled, our expenditures will increase by approximately \$350,000.

- Net of savings from retirements and unfilled vacancies, compensation costs are projected to increase by approximately \$650,000, or 3.7% compared to 2011-2012. This significant increase is primarily the result of the following factors:
 - Expiration of negotiated VEA salary concessions
 - Payment of VEA step increases
 - Addition of 6 FTE teaching staff as a result of full day kindergarten
- The WAY program is assumed to break even, adding approximately \$430,000 to both revenues and expenditures.

The following is a summary of the budget based on the above assumptions:

Total revenues	\$21,251,118
Total expenditures	<u>21,959,345</u>
Deficiency of revenues over expenditures	(708,227)
Beginning fund balance	<u>2,470,283</u>
Ending fund balance	<u><u>\$1,762,056</u></u>

Despite the continuing funding crisis, there are still good things happening that move us forward as a district, including implementation of full day kindergarten and the WAY program. While recognizing some of the challenges and differing opinions about full day kindergarten, we are confident that this move ultimately will have a long term positive effect on our students' academic achievement. The WAY program offers a new approach to helping students that have been unsuccessful in traditional classroom settings that reflects this district's innovative spirit. We strongly believe that both of these initiatives will strengthen Vicksburg Community Schools and the community we serve.

As we look ahead to the upcoming year, we will be focused on dealing with the structural budget deficit and financing the District's most urgent capital needs. We will need to be strategic in our thinking and make decisions, some difficult, that will position the District favorably in light of limited resources and an increasingly competitive environment.

I look forward to presenting the budget in more detail at the board meeting. In the meantime, please do not hesitate to contact me if you have any questions.

VICKSBURG COMMUNITY SCHOOLS

General Fund

**2011-2012 Amended Budget
2012-2013 Preliminary Budget
Presented June 11, 2012**

	2010-2011 Actual	2011-2012 June Adopted	2011-2012 February Amendment	2011-2012 June Amendment	2012-2013 June Proposed
Revenue					
Local	2,269,548	2,640,976	2,612,710	2,607,847	2,667,615
State	17,068,126	16,951,030	16,797,863	16,789,935	17,279,510
Federal	1,487,532	425,822	455,534	530,958	442,507
Other	941,203	648,550	1,000,624	889,397	796,486
Total Revenue	21,766,409	20,666,378	20,866,731	20,818,137	21,186,118
Transfers from other funds	69,077	65,000	65,000	65,000	65,000
Total revenue and other sources	21,835,486	20,731,378	20,931,731	20,883,137	21,251,118
Expenditures					
Instruction:					
Basic Programs	9,919,220	9,915,413	10,022,010	9,959,356	10,629,266
Added Needs	2,128,689	2,104,048	2,262,750	2,227,053	2,092,081
Adult & Continuing Education	83,384	85,000	76,893	94,096	517,002
Total instruction	12,131,293	12,104,461	12,361,653	12,280,505	13,238,349
Supporting Services:					
Pupil Services	1,061,073	1,098,572	1,119,850	1,115,935	1,146,670
Instructional Staff	900,331	802,933	769,243	700,477	585,882
General Administration	485,490	502,269	494,928	515,757	473,986
School Administration	1,267,069	1,302,203	1,297,988	1,304,860	1,304,379
Business	395,348	412,440	415,158	452,103	430,528
Operations & Maintenance	2,069,241	2,145,565	2,093,329	1,996,652	1,915,175
Transportation	1,548,740	1,479,331	1,435,216	1,466,773	1,480,283
Central Services	424,485	449,700	441,611	463,778	500,484
Athletics	534,571	506,500	519,668	524,594	495,962
Total supporting services	8,686,348	8,699,513	8,586,991	8,540,929	8,333,349
Community Services	278,249	292,205	283,771	275,239	286,204
Payments to other governmental units	-	91,510	69,000	70,029	71,100
Debt retirement	39,190	45,000	35,293	29,916	30,343
Total expenditures	21,135,080	21,232,689	21,336,708	21,196,618	21,959,345
Excess (deficiency) of revenues over expenditures	700,406	(501,311)	(404,977)	(313,481)	(708,227)
Fund balance - beginning	2,083,358	2,783,764	2,783,764	2,783,764	2,470,283
Fund balance - ending	2,783,764	2,282,453	2,378,787	2,470,283	1,762,056

VICKSBURG COMMUNITY SCHOOLS

School Service Fund 2011-2012 Amended Budget 2012-2013 Preliminary Budget Proposed June 11, 2012

	Food Service			
	2010-2011 Actual	2011-2012 Adopted	2011-2012 June Amendment	2012-2013 Proposed
Revenue				
Local	492,923	494,000	523,400	520,000
State	38,825	36,725	40,000	40,000
Federal	446,571	406,000	439,000	435,000
Total Revenue	978,319	936,725	1,002,400	995,000
Expenditures - Food service activities	905,336	898,700	909,650	907,650
Transfers out - Indirect cost reimb.	69,077	65,000	65,000	65,000
Total expenditures and transfers	974,413	963,700	974,650	972,650
Excess (deficiency) of revenue over expenditures	3,906	(26,975)	27,750	22,350
Fund balance - beginning	319,924	323,830	323,830	351,580
Fund balance - ending	323,830	296,855	351,580	373,930

VICKSBURG COMMUNITY SCHOOLS

**Debt Retirement Funds
2011-2012 Amended Budget
2012-2013 Preliminary Budget
Proposed June 11, 2012**

	1991 Debt Service				2000 Debt Service				2005 Debt Service Fund				2007 Debt Service Fund			
	2010-2011 Actual	2011-2012 Adopted	2011-2012 June Amend	2012-2013 Proposed	2010- 2011 Actual	2011- 2012 Adopted	2011- 2012 June Amend	2012- 2013 Proposed	2010- 2011 Actual	2011- 2012 Adopted	2011- 2012 June Amend	2012- 2013 Proposed	2010- 2011 Actual	2011- 2012 Adopted	2011- 2012 June Amend	2012- 2013 Proposed
Revenue																
Property taxes	2,259,001	2,230,000	2,240,000	2,628,000	-	-	-	-	165,000	165,000	165,000	175,000	128,163	136,502	136,502	164,427
Other revenue	28,819	26,278	30,000	30,000	685	1,000	-	-	1,492	1,000	300	200	-	-	-	-
Total Revenue	2,287,820	2,256,278	2,270,000	2,658,000	685	1,000	-	-	166,492	166,000	165,300	175,200	128,163	136,502	136,502	164,427
Transfers in (out)	-	-	26,769	-	-	-	(26,769)	-	-	-	-	-	-	-	-	-
Total revenue & transfers	2,287,820	2,256,278	2,296,769	2,658,000	685	1,000	(26,769)	-	166,492	166,000	165,300	175,200	128,163	136,502	136,502	164,427
Expenditures																
Principal	1,394,979	1,428,860	1,428,860	1,533,429	160,000	125,000	125,000	-	165,000	170,000	170,000	180,000	40,000	50,000	50,000	80,000
Interest	867,936	947,204	947,204	1,047,634	14,250	6,250	6,250	-	86,535	80,348	80,348	73,973	88,163	86,502	86,502	84,427
Other	3,722	2,000	2,000	2,000	841	2,000	-	-	200	200	200	200	-	-	-	-
Total expenditures	2,266,637	2,378,064	2,378,064	2,583,063	175,091	133,250	131,250	-	251,735	250,548	250,548	254,173	128,163	136,502	136,502	164,427
Excess (deficiency) of revenue over expenditures	21,183	(121,786)	(81,295)	74,937	(174,406)	(132,250)	(158,019)	-	(85,243)	(84,548)	(85,248)	(78,973)	-	-	-	-
Fund balance - beginning	251,237	272,420	272,420	191,125	332,425	158,019	158,019	-	590,455	505,212	505,212	419,964	-	-	-	-
Fund balance - ending	272,420	150,634	191,125	266,062	158,019	25,769	-	-	505,212	420,664	419,964	340,991	-	-	-	-

VICKSBURG COMMUNITY SCHOOLS

Building Site Fund

2011-2012 Amended Operating Budget
2012-2013 Preliminary Operating Budget
Proposed June 11, 2012

	Building & Site Fund			
	2010-2011	2011-2012	2011-2012	2012-2013
	Actual	Adopted	June	Proposed
			Amendment	
Revenue				
Other income	2,064	1,500	99,531	500
Property taxes	627,958	-	-	-
Total revenue	630,022	1,500	99,531	500
Other Financing Sources				
Incoming transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Total other financing sources	-	-	-	-
Total revenue and other financing sources	630,022	1,500	99,531	500
Expenditures - Capital outlay	1,028,812	480,975	500,000	200,000
Excess (deficiency) of revenue over expenditures	(398,790)	(479,475)	(400,469)	(199,500)
Fund balance - beginning	1,064,711	665,921	665,921	265,452
Fund balance - ending	665,921	186,446	265,452	65,952