

Truth-in-Taxation Hearing  
Truth-in-Budgeting Hearing



June 22, 2015

# Truth - in – Taxation Hearing

# PROPERTY TAX 101: “MILLAGE RATE”

- **Mill = \$1 per thousand of “taxable value”**
- **Example: A house has....**
  - **“Market value” of \$200,000**
  - **“State equalized value” of \$100,000**
  - **“Taxable value” of \$80,000**
  - **1 mill = \$80/year**

# Grand Ledge Public Schools Tax Collection Schedule

| <b>Tax Levy</b>  | <b>Delta Twp &amp;<br/>City of Grand<br/>Ledge</b> | <b>All<br/>Others</b> |
|--|--|-----------------------|
| <b>General Fund (Non-Principal<br/>Residence only)</b> | <b>Summer</b>                                      | <b>Winter</b>         |
| <b>Debt &amp; Sinking Fund<br/>(all property)</b>      | <b>50%/50%</b>                                     | <b>Winter</b>         |

# Fund Accounting Rules

**General (Operating) Fund**  
Day-to-day operations

## **Debt Fund**

Bond proceeds used for building, land, buses, technology. Taxes used to make principal and interest payments on voted debt. Cannot be used for day-to-day operations (Section 1351a).

## **Capital Improvement (Sinking) Fund**

Building renovation and land acquisition. Cannot be used for buses, technology, or day-to-day operations.

Grand Ledge Public Schools  
2014-15

# General Fund Millage Rates

- Non-Homestead Tax Rate = 18 mills
- Industrial Personal Property = 0 mills
- Commercial Personal Property = 6 mills
- State Education Tax = 6 mills (redirected to state)

**The millage rate is constant, but the revenue is variable!**

# DEBT MILLAGE RATE

- Total outstanding debt: \$51.2 million
- Total “taxable value” of \$1.25 billion
- Principal and interest payments of \$6.06 million
- Millage rate needed to make bond payments: 4.68 mills

**The millage rate is variable but the revenue is fixed!**

# CAPITAL IMPROVEMENT (SINKING) FUND MILLAGE RATE

- Voters approved 0.8 mill for 10 years
- Expires 2021

*The millage rate is constant and the revenue is variable!*



## Grand Ledge Public Schools

# Changes in Property Tax Rates

- Non Homestead (Operating) – No Change
- Debt Service – Down 0.32 mill (6.4%)
- Capital Improvement – No Change

# Truth - in - Budgeting Hearing

# FUNDS

- General fund (includes athletics)
- Food service
- Community education
- Sinking fund
- Debt fund
- School Store

# GENERAL FUND



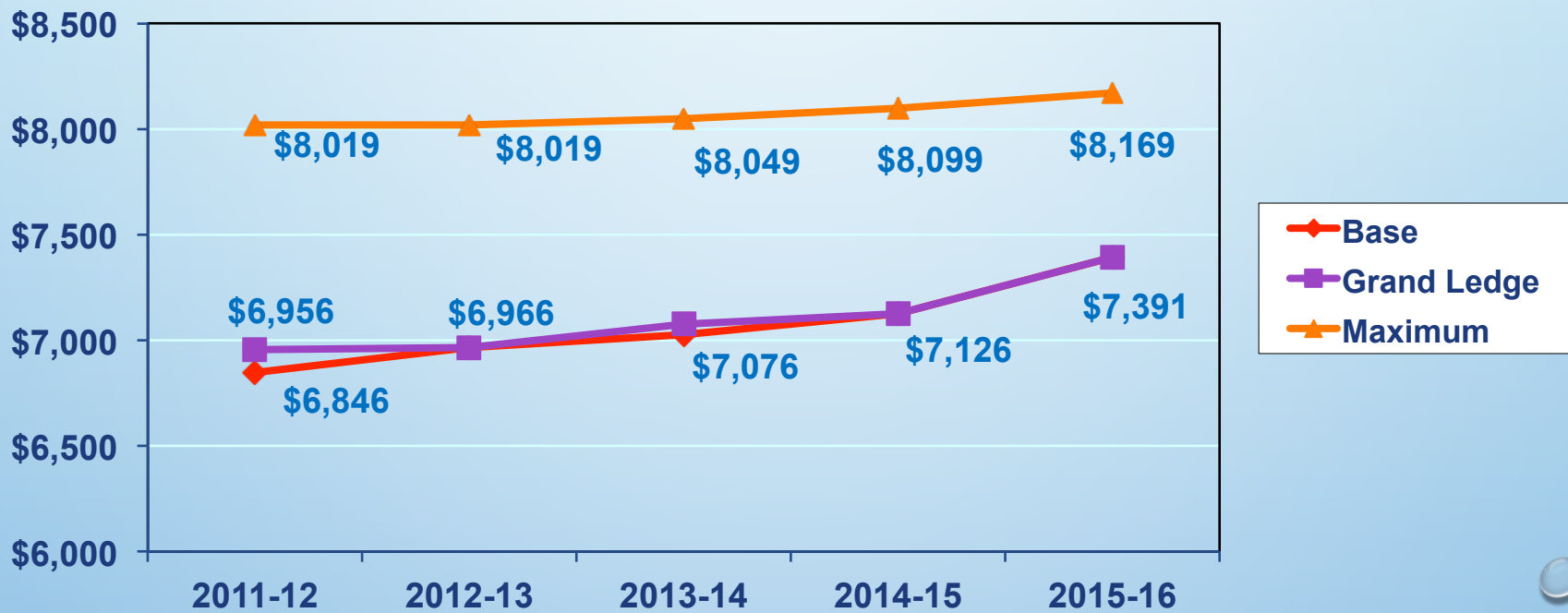
# 2014-15 FINAL REVISION

|                                    |                     |
|------------------------------------|---------------------|
| Estimated final revenues           | \$45,888,960        |
| Estimated final expenditures       | <u>(47,290,526)</u> |
| Operating Deficit                  | (1,401,566)         |
| Ending fund balance, June 30       | \$2,516,417         |
| Fund balance, as % of Expenditures | 5.3%                |

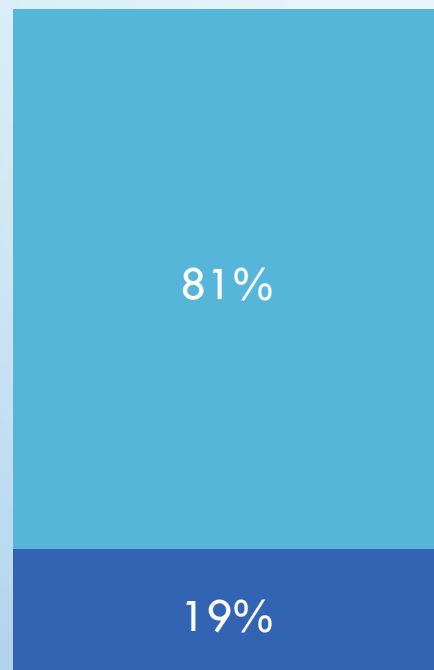
# • “Truth-in-Budgeting” Factoids

- The FY 2009 Per Pupil Foundation Grant was \$7,426
- The FY 2016 Foundation Grant is \$7,391

# PER PUPIL FOUNDATION GRANT



# What makes up the state foundation allowance?



**\$7391**  
**Total Foundation Allowance**

- Local Property Taxes
- State Aid

\*The State assumes GLPS collects 18 mills on Non-Principal Residences, and pays the district the rest in Oct-Aug.



# STATE PER PUPIL REVENUES

## Foundation Allowance

- 2014-15: \$7126 + \$125 Equity Payment = \$7251
- 2015-15: \$7391 (Increase of \$140)

## Categoricals

- Elimination of Best Practices & Performance funding (Decrease of \$120)
- Additional At-Risk funding (Increase of \$25)

**Net increase of \$45/pupil**

# OTHER REVENUES

- Federal Title funding: -\$123,000 (~\$24/pupil)
- IDEA special ed funding: +\$60,000
- New revenue-Transportation shared services with Eaton Rapids and Charlotte school districts: +\$100,000
- 147c MPERS rate stabilization (In-and Out!): +\$671.000
  - Not available for operational use

# ENROLLMENT

- 2014-15
  - Stanfred predicted flat enrollment
  - We are estimated to be down 25 students
  - Actual enrollment was down 4
- 2015-16
  - Stanfred predicts loss of 25-58 students
  - We expect to be down 53 (45 GLPS + 8 Adult Ed)

2015-16: Blend calculation changes back to 90% of current fall and 10% of prior spring counts

# REVENUES – BOTTOM LINE

**UP**

**\$410,918**

# EXPENDITURES

- NO increase in retirement rate
- 147c rate stabilization: In-and-Out revenue/expense + \$671,000
  - 15-16 Total for 147C is approx. \$2.78 million
  - Revenue=Expense!!
- Transportation Shared Services added costs: +\$70,000
- No bus purchases this year: -\$378,400

# EXPENDITURES

- Salary Increases: +\$150,000
- Savings through Attrition: -\$700,000
- Departmental planned cuts: -\$400,000
- Place-holder cuts
  - \$100,000 in Operations/Maintenance
  - \$100,000 in Transportation
  - \$60,000 in Athletics

# EXPENDITURES – BOTTOM LINE

*DOWN*

*\$991,646*

# 2015-16 PROPOSED BUDGET

|                                    |                     |
|------------------------------------|---------------------|
| Estimated revenues                 | \$46,299,878        |
| Estimated expenditures             | <u>(46,298,880)</u> |
| Net Performance                    | 998                 |
| Ending fund balance, June 30       | \$2,517,415         |
| Fund balance, as % of Expenditures | 5.4%                |

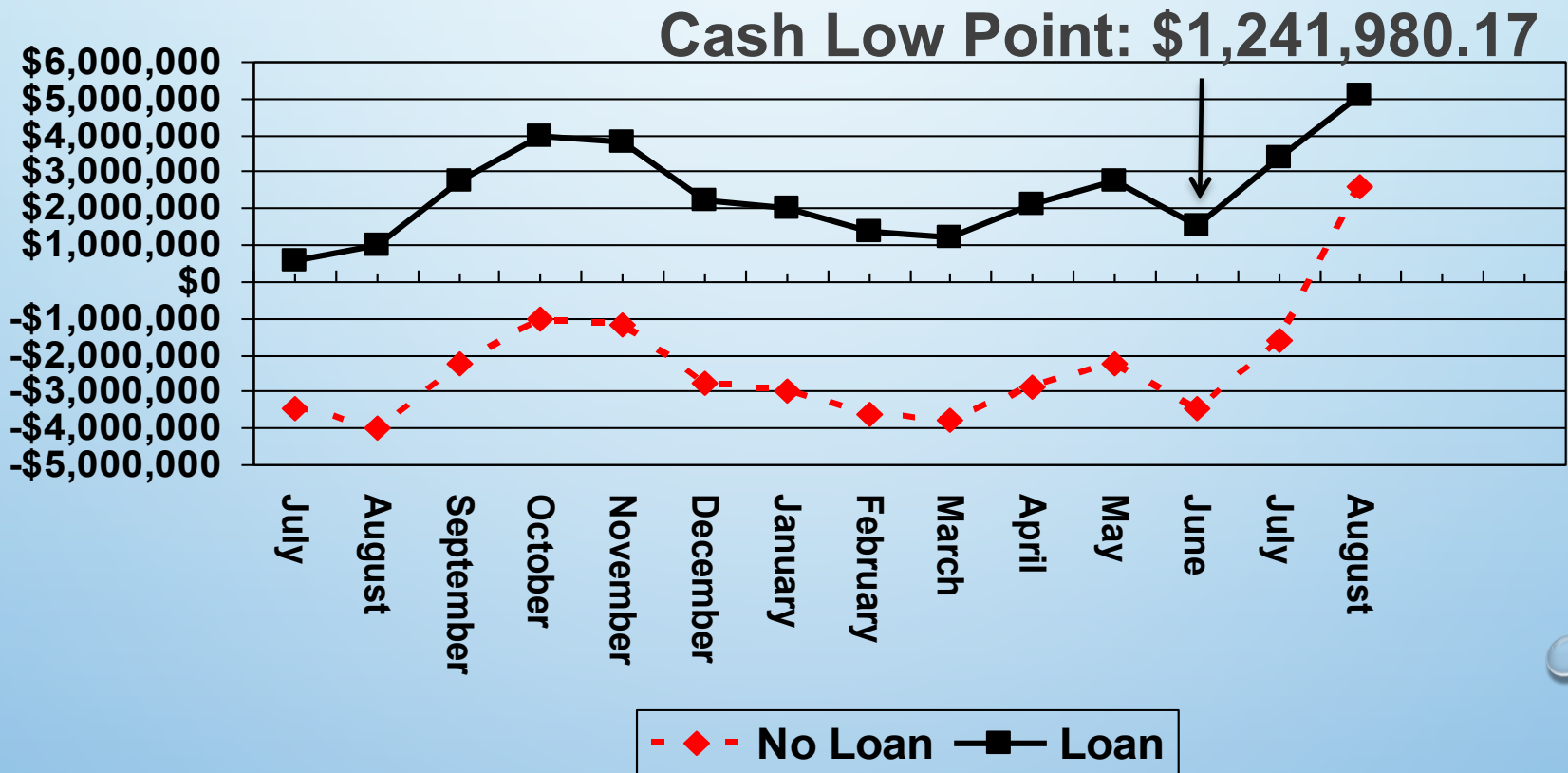


# WHAT DOES 5.4% FUND BALANCE GET US?

- Days of Instruction (out of 181) 10
- Days of Operation (out of 260) 14
- Fund Balance per Student \$500
- # of Payroll cycles 1.7

# CASH FLOW PROJECTION

## JULY 2015-AUGUST 2016



**Loan Amount: \$5,000,000**

# WHAT'S NEXT?

- Significant cuts needed to meet Board policy of 8% fund balance
- GASB 68 – Net Pension Liability must be recorded on our statements (Net Position will be negative!)
- Early Warning Legislation will require more of GLPS due to our low fund balance

# EARLY WARNING LEGISLATION

- If Fund Balance < 5% for any of the last 2 years, mandatory reporting of budget assumptions
- Treasury decides if there is a potential for fiscal stress
  - district must contract with an ISD for a full administrative review; ISD makes recommendations
  - Continued reporting for district and ISD until fiscal stress is eliminated

# EARLY WARNING LEGISLATION

- MDE no longer oversees deficit elimination plans
- 10% of State Aid withheld if a budget is deficit
- New reports on online learning costs due 11/1



# QUESTIONS / COMMENTS

