

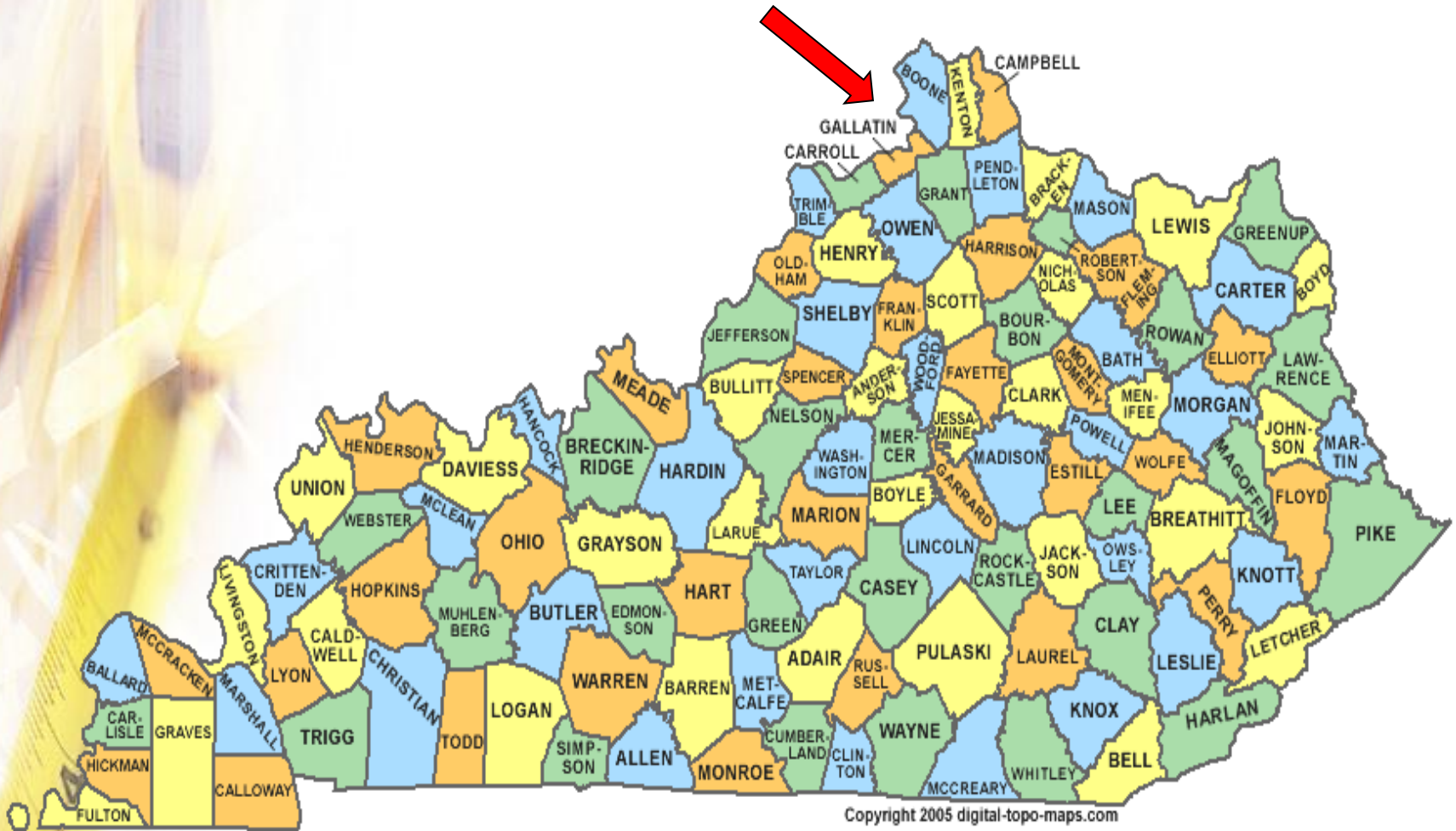
Budget Sub-committee Meeting

February 15, 2012

12:00 noon



Where is Gallatin County?



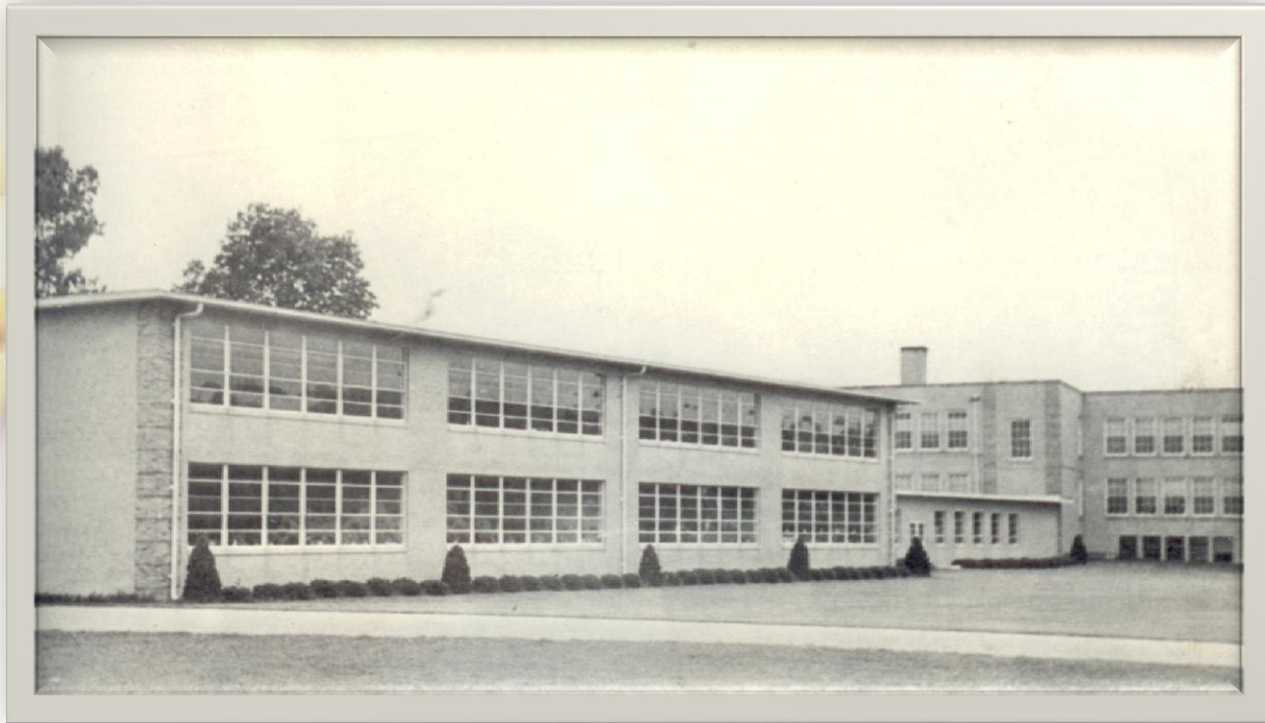
Gallatin County Schools

- **1,678 Students P-12**
- **Four Schools and Alternative School**
 - **Gallatin County Lower Elementary, P-2**
 - **Gallatin County Upper Elementary, 3-5**
 - **Gallatin County Middle School, 6-8**
 - **Gallatin County High School, 9-12**
 - **Alternative School, 12 Slots, Grades 6-12**

Gallatin County Schools

- **70% Free & Reduced Lunch**
- **Property Tax Rate 2011 = 66.6**
(Compensating Tax for 2011 = 66.6)
- **Equalized Original SFCC Nickel – 1990**
- **Growth Nickel – 2000**
- **Equalized Recallable Nickel – 2005**
- **Equalized Facility Funding Nickel - 2008**

The Past



The Present



KPR Academic Index Data

School	2000	2001	2002	2003	2004	2005	2006	2007	2008	*2009	*2010	*2011
Elementary	51.1	61.1	61.1	61.0	67.7	61.4	74.5	86.0	91.2	93	92	89
Middle School	52.8	58.5	56.7	62.3	60.3	62.8	66.8	77.9	77.8	80	80	83
High School	57.2	61.7	57.7	57.9	60.3	63.4	68.7	75.9	74.3	76	71	69

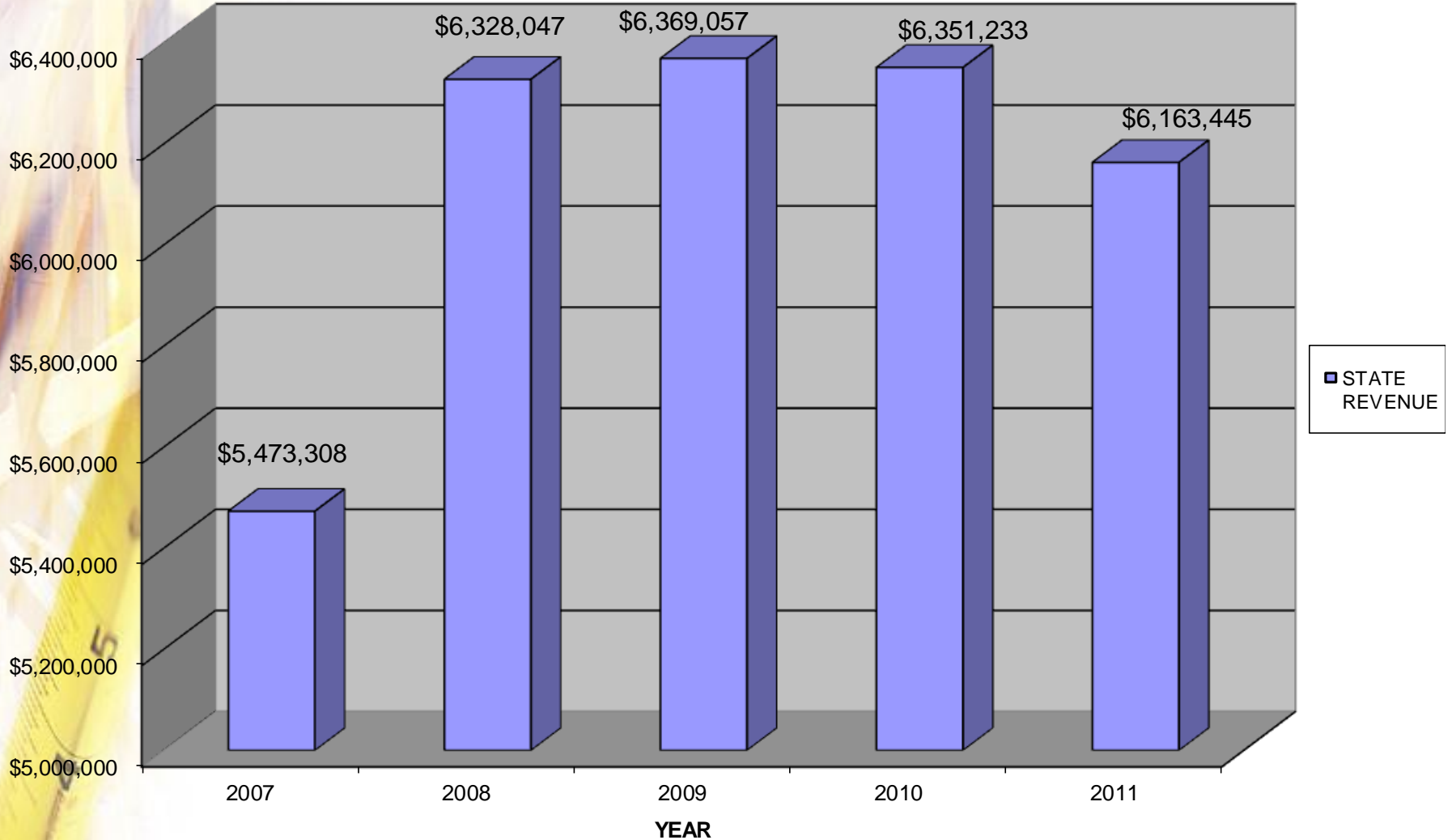
*Transition Index

ACT RESULTS

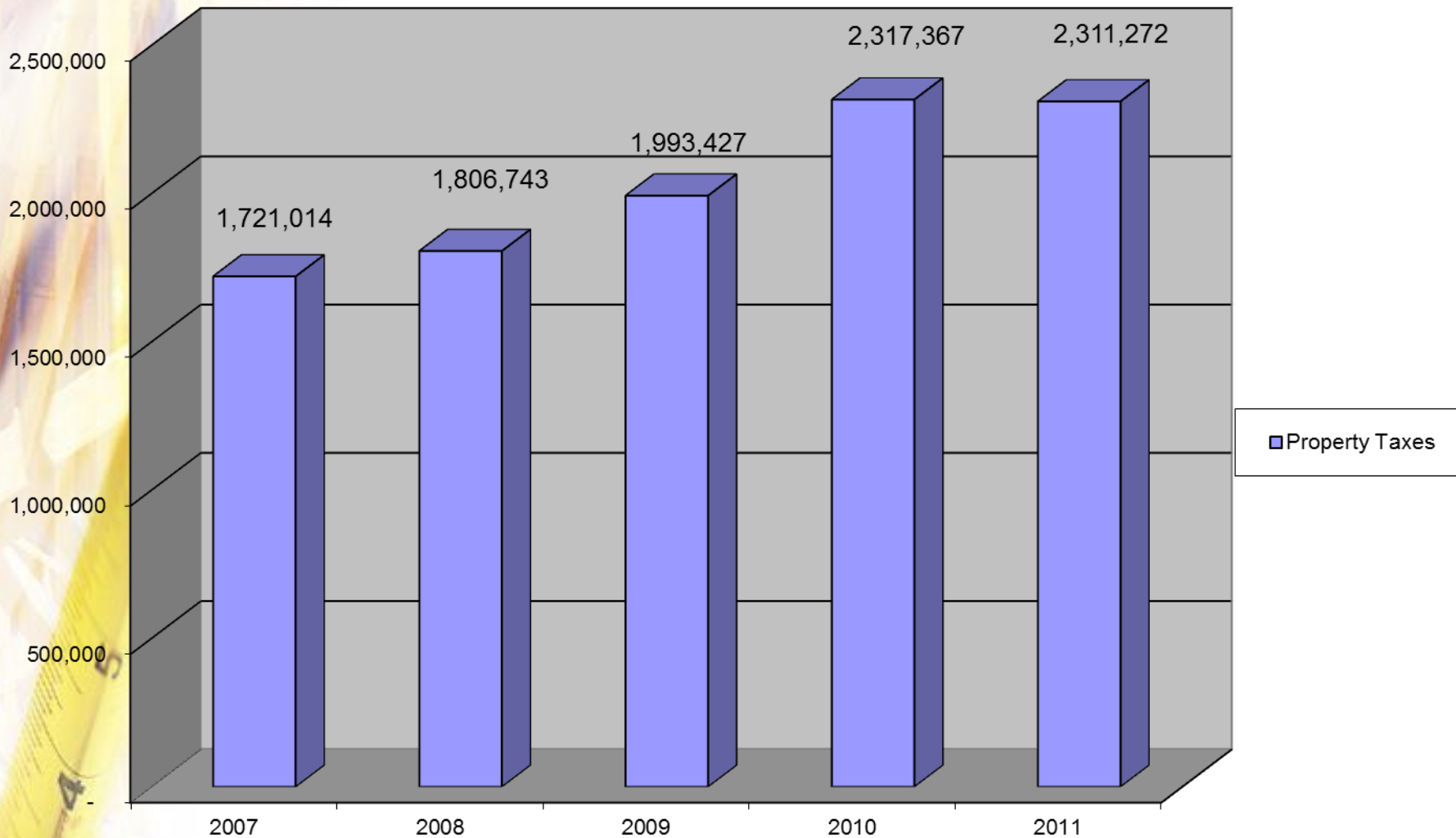
TOTAL TESTED			ENGLISH		MATHEMATICS		READING		SCIENCE		COMPOSITE	
GRAD YEAR	District	State	District	State	District	State	District	State	District	State	District	State
2007	37	30,929	17.8	20.3	19.2	20.0	19.9	21.2	19.6	20.6	19.3	20.7
2008	47	31,728	18.0	20.5	19.8	20.2	20.3	21.5	19.9	20.7	19.6	20.9
2009	95	45,419	15.0	18.8	17.6	19.0	17.7	19.8	18.4	19.7	17.4	19.4
2010	93	45,763	15.9	18.9	17.7	19.1	18.2	19.7	17.5	19.5	17.5	19.4
2011	100	46,428	17.0	19.2	18.2	19.1	18.1	20.0	18.1	19.6	18.0	19.6

Benchmarks	English 18	Math 22	Reading 21	Science 24	All Four
# of students meeting out of 104 In 2010	43	26	30	13	11
# of students meeting out of 104 In 2011	52	30	32	16	9

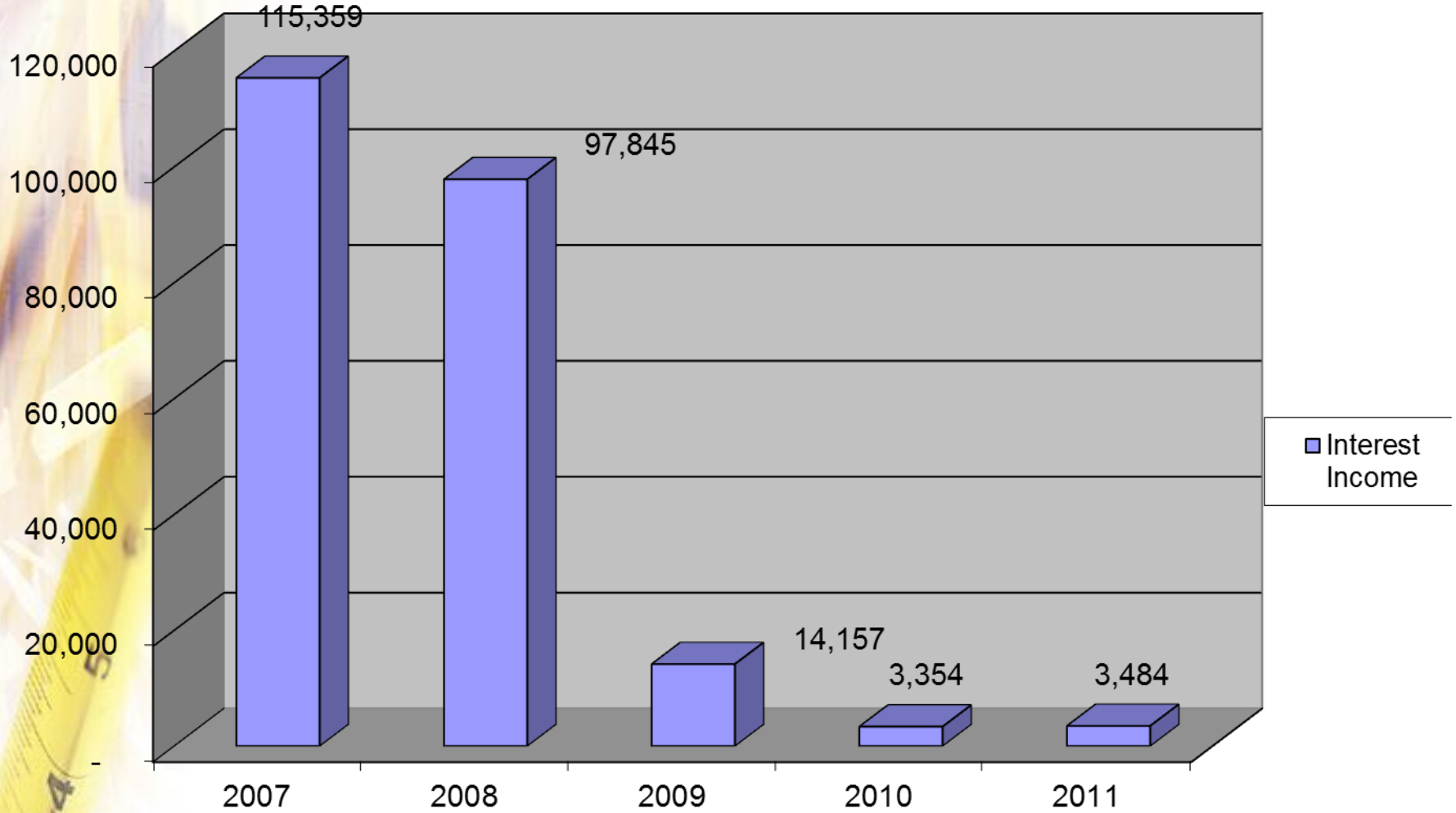
**GALLATIN COUNTY BOARD OF EDUCATION
COMPARISON OF STATE REVENUES
2007 THROUGH 2011**



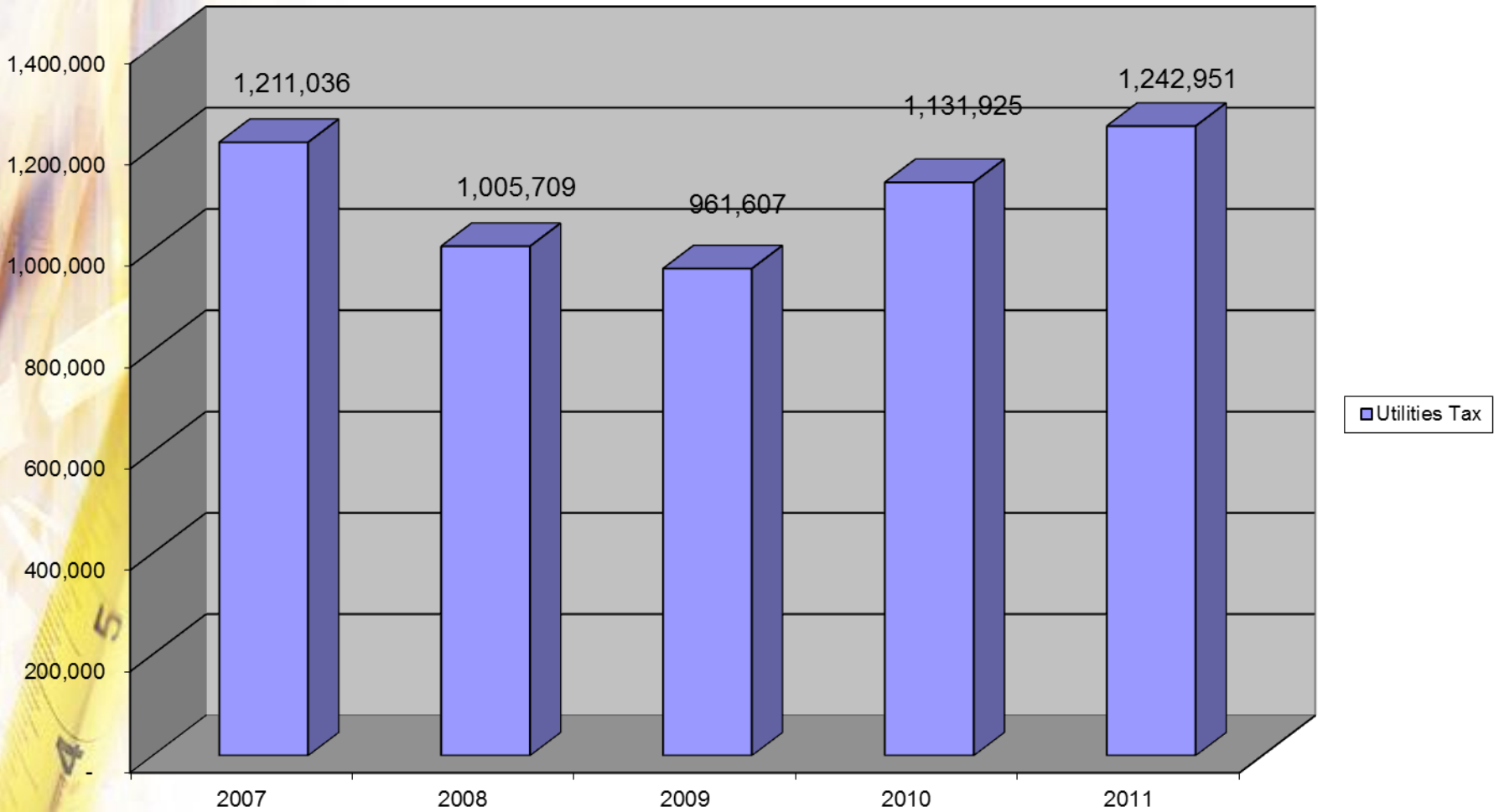
GALLATIN COUNTY BOARD OF EDUCATION
COMPARISON OF PROPERTY TAX REVENUE
2007 THROUGH 2011



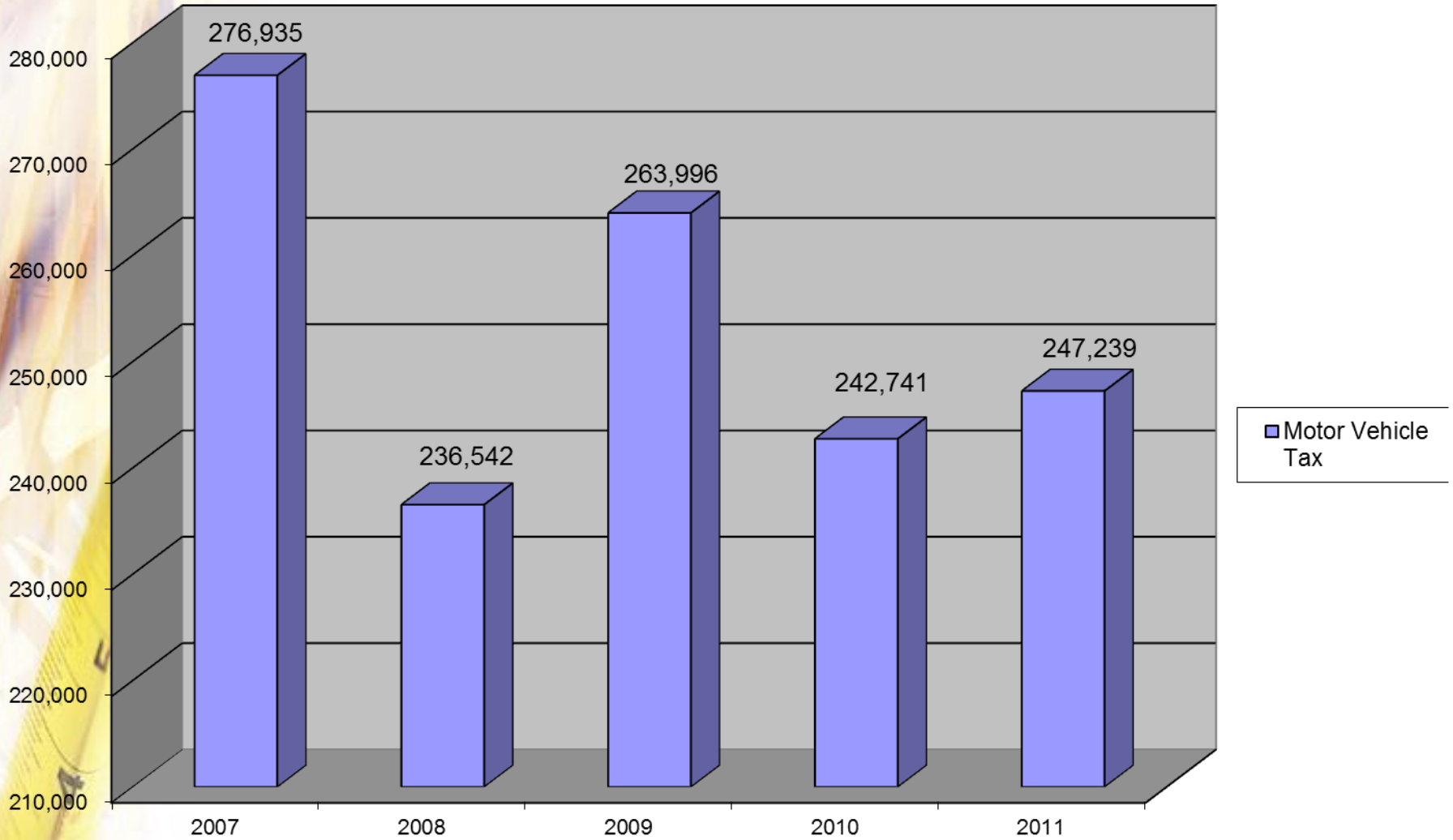
GALLATIN COUNTY BOARD OF EDUCATION
COMPARISON OF INTEREST INCOME
2007 THROUGH 2011



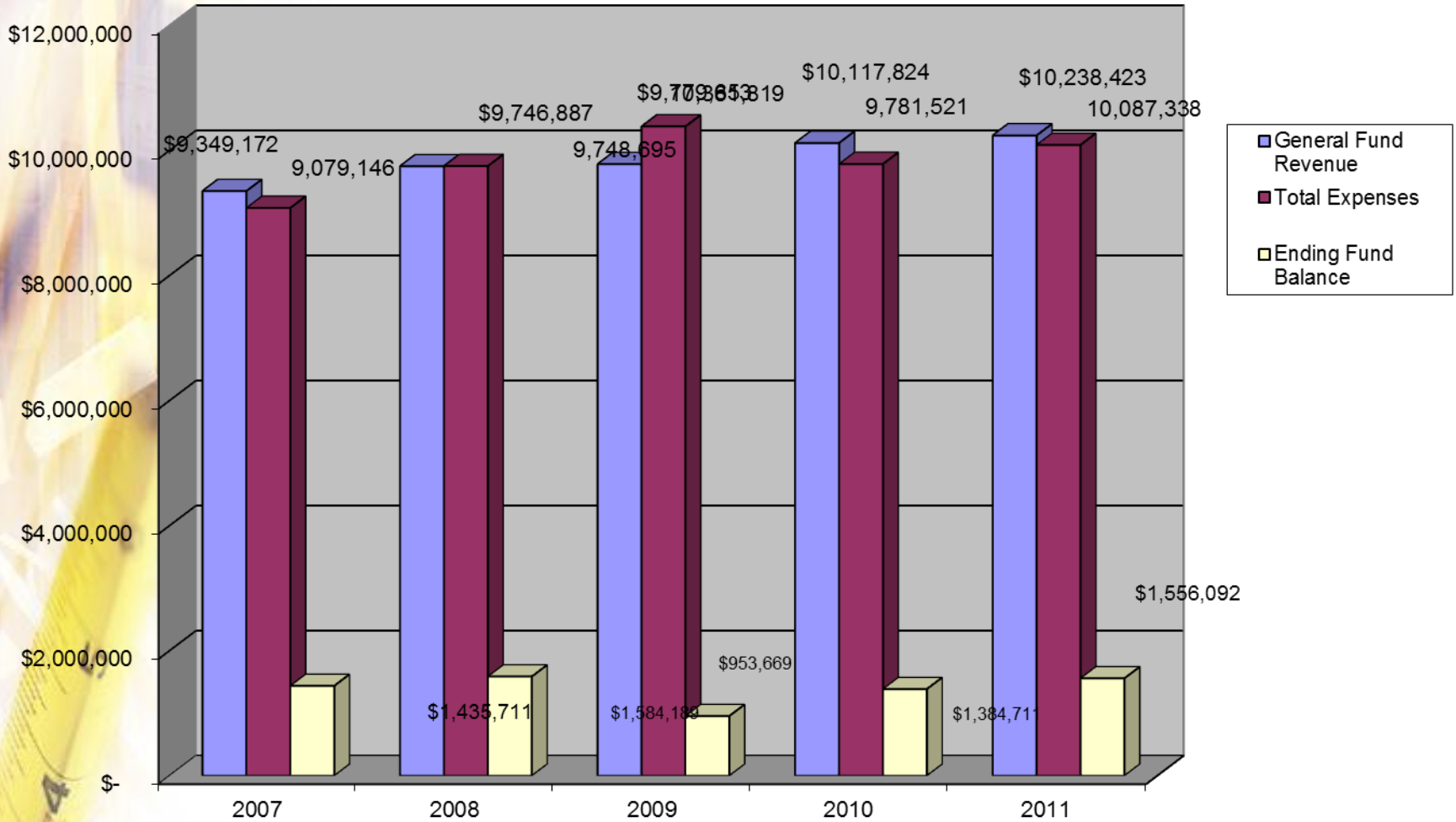
GALLATIN COUNTY BOARD OF EDUCATION
COMPARISON OF UTILITIES TAX REVENUE
2007 THROUGH 2011



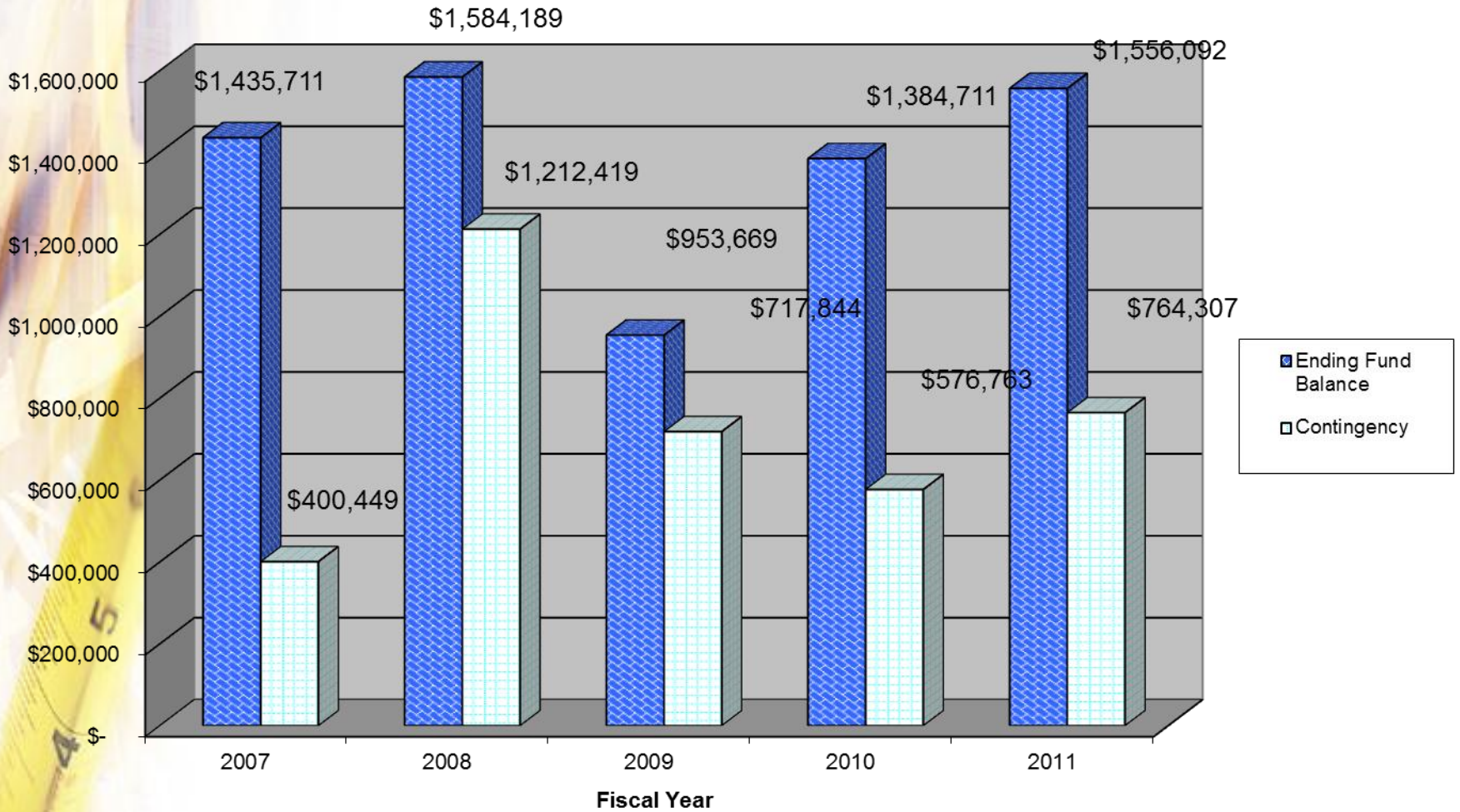
GALLATIN COUNTY BOARD OF EDUCATION
COMPARISON OF MOTOR VEHICLE TAX REVENUE
2007 THROUGH 2011



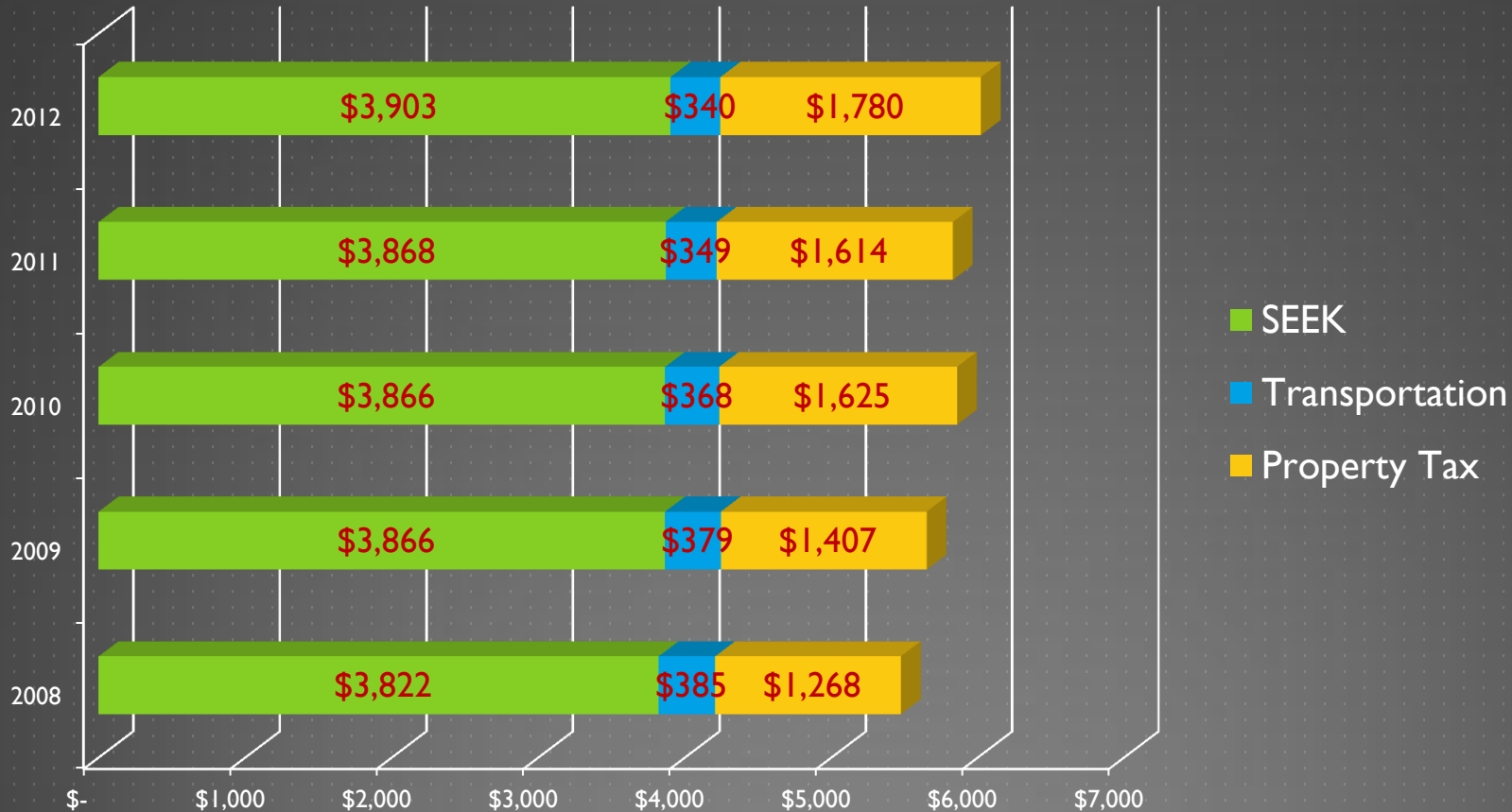
GALLATIN COUNTY BOARD OF EDUCATION COMPARISON OF REVENUE, EXPENSES, FUND BALANCE 2007 THROUGH 2011



**Gallatin County Board of Education
Comparison of Ending General Fund Balance and Contingency
Fiscal Years Ending June 30, 2007 through June 30, 2011**

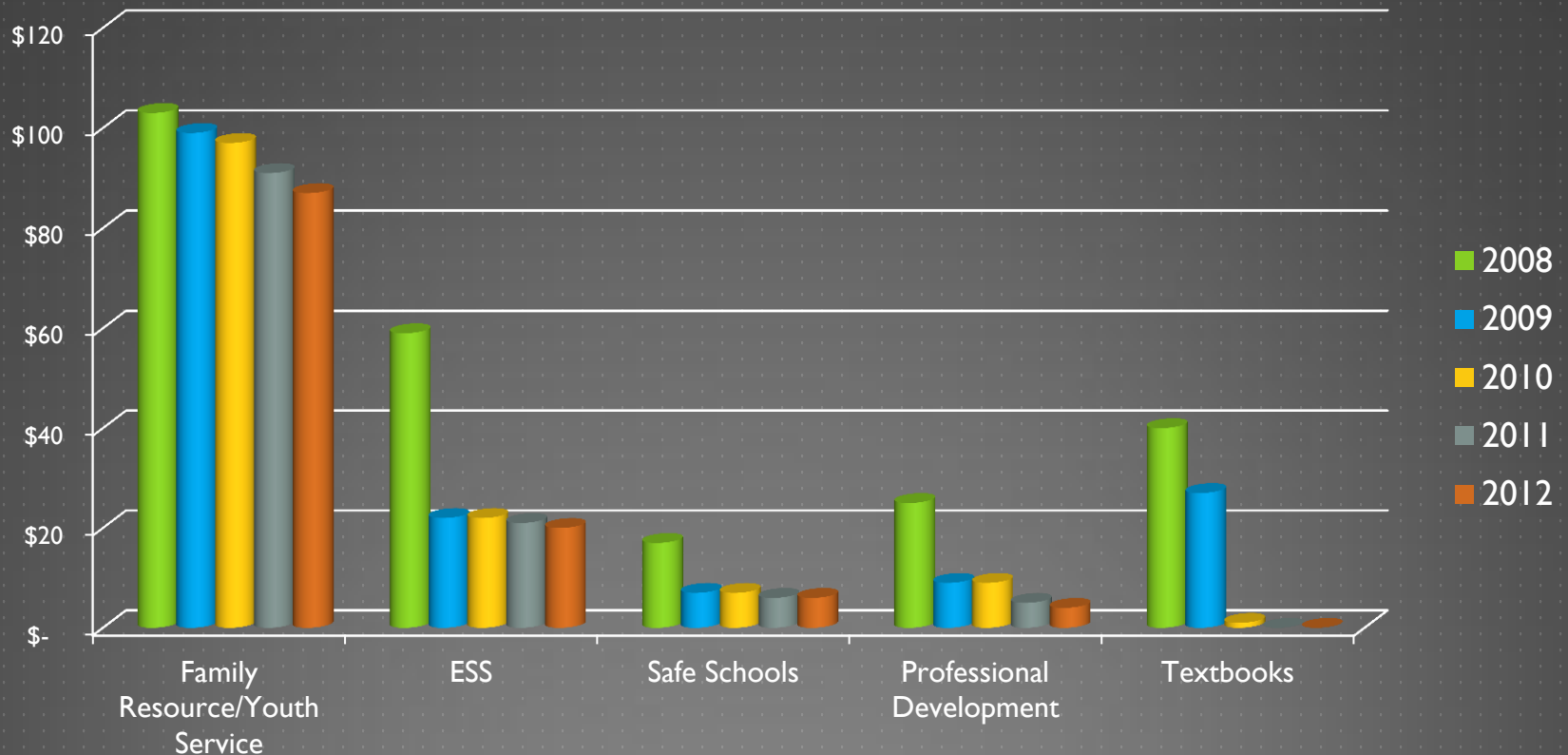


PER PUPIL FUNDING



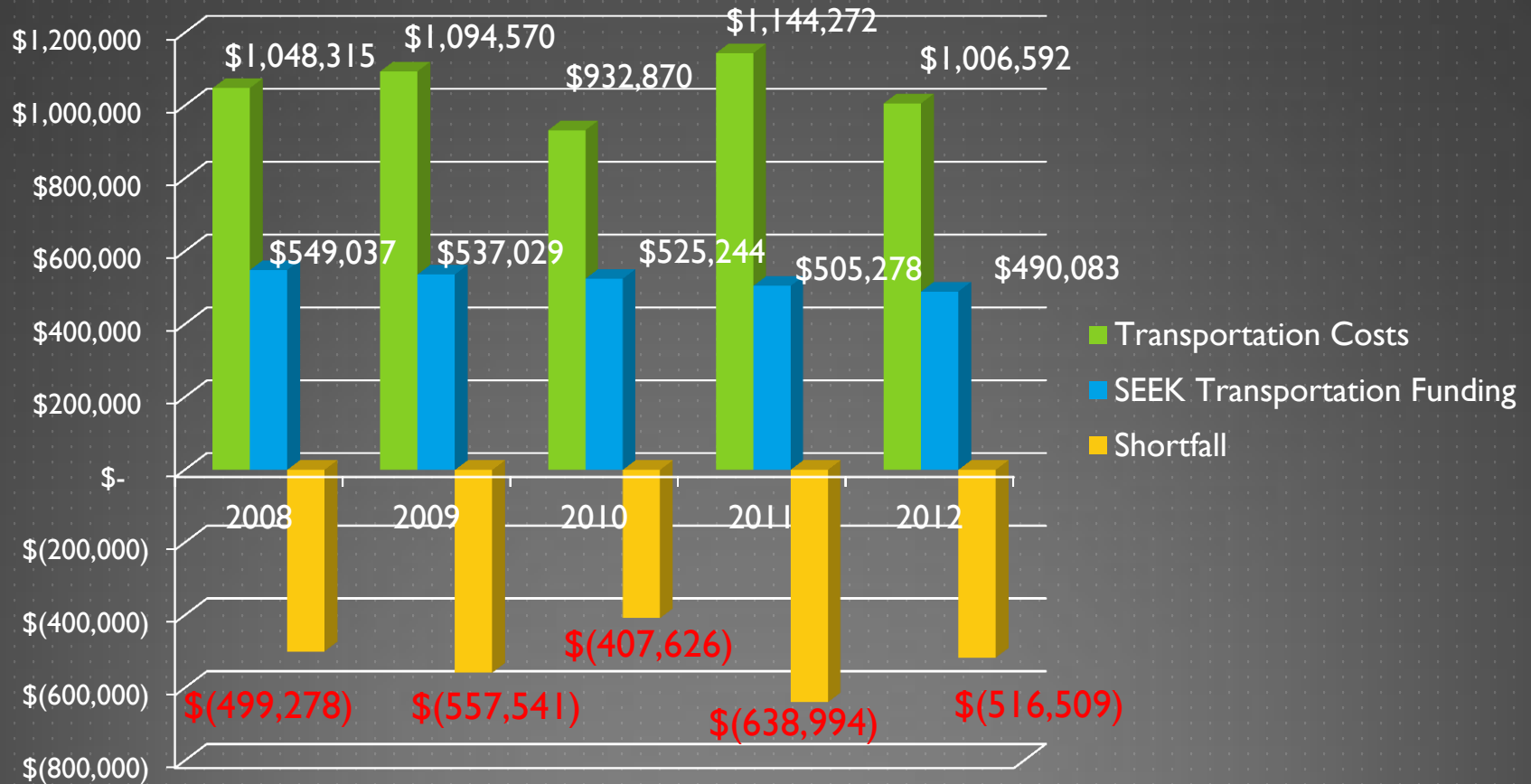
SEEK and Transportation funding has basically been flat or reduced over the past five years, putting an ever larger burden on the local community to fund the increasing costs mandated by the state.

PER PUPIL FUNDING – OTHER STATE SOURCES



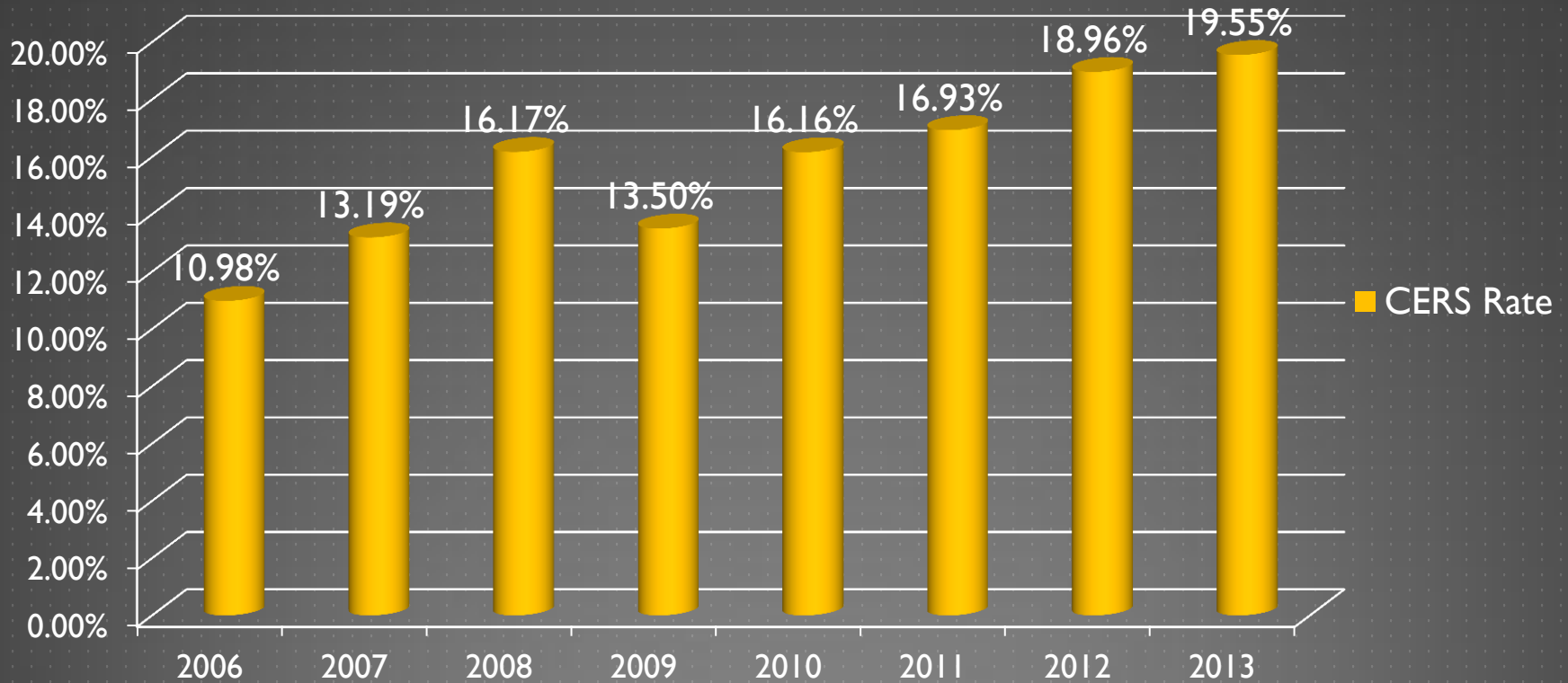
Other state funding has been drastically reduced for much needed services in our district, forcing the local school district to use other funds to be able to provide the same services. - source –KEAT.

TRANSPORTATION SHORTFALL



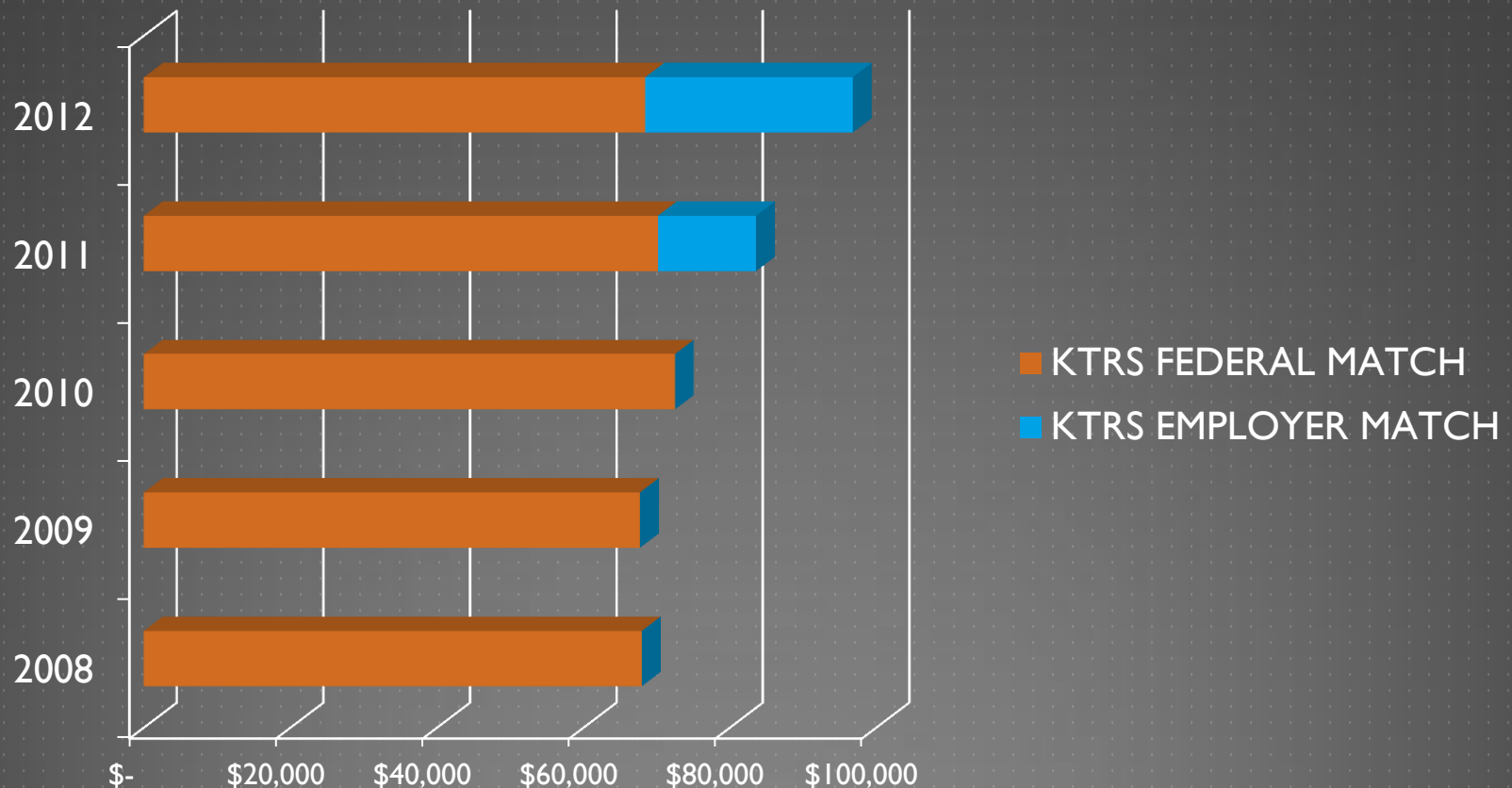
The state has not fully funded transportation costs since Fiscal Year 2003-2004. The above chart illustrates the amount of shortfall that has been borne by the school district in the general fund for the past five years.

CERS CONTRIBUTION RATES



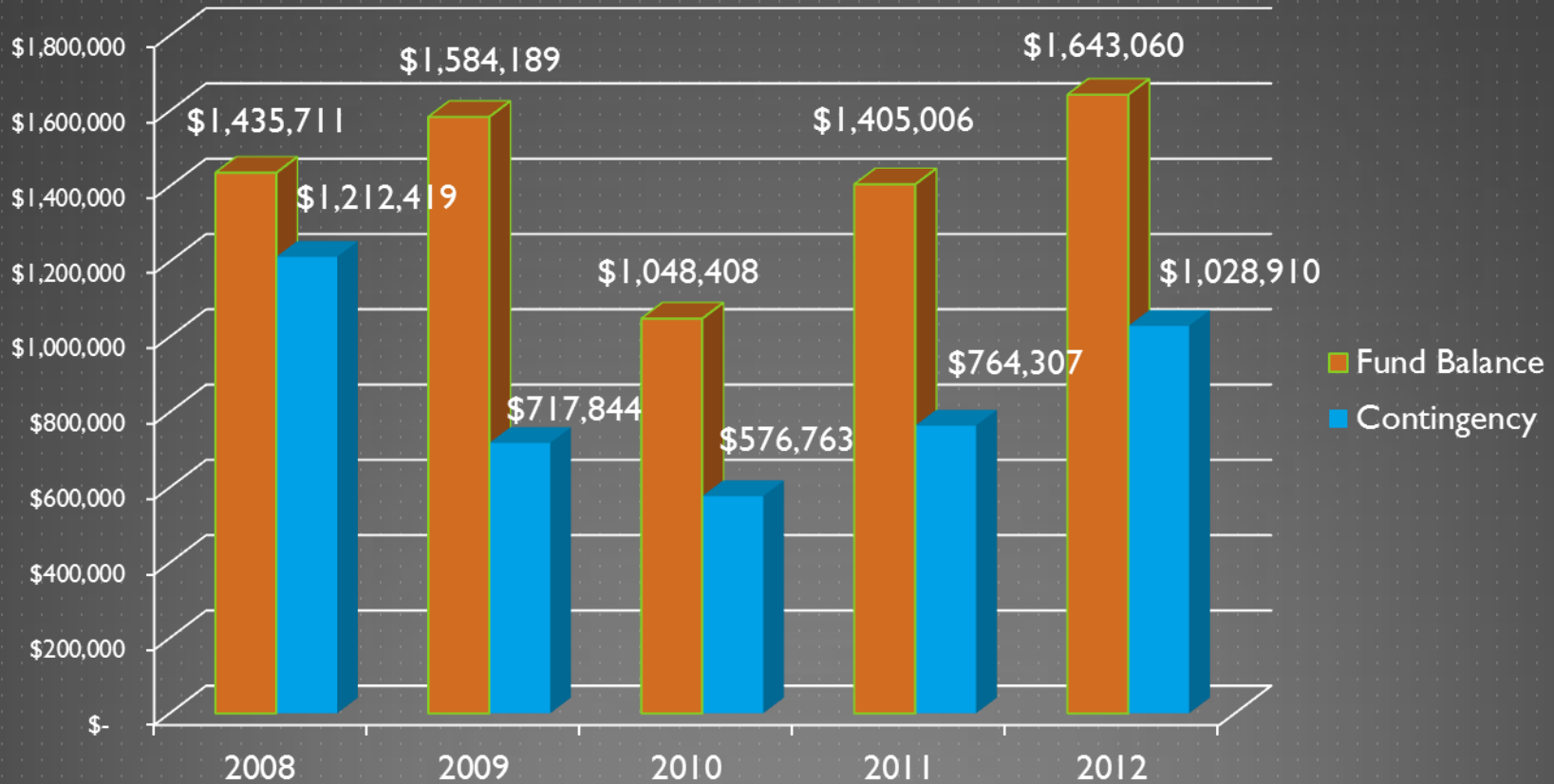
The CERS employer contribution rate has steadily increased over the past several years, from a low of 10.98% to 19.55% for next year. This is an average increase of about 10% per year. Based on our classified payroll, that translates to an increase of about \$30,500 per year.

KTRS MATCH



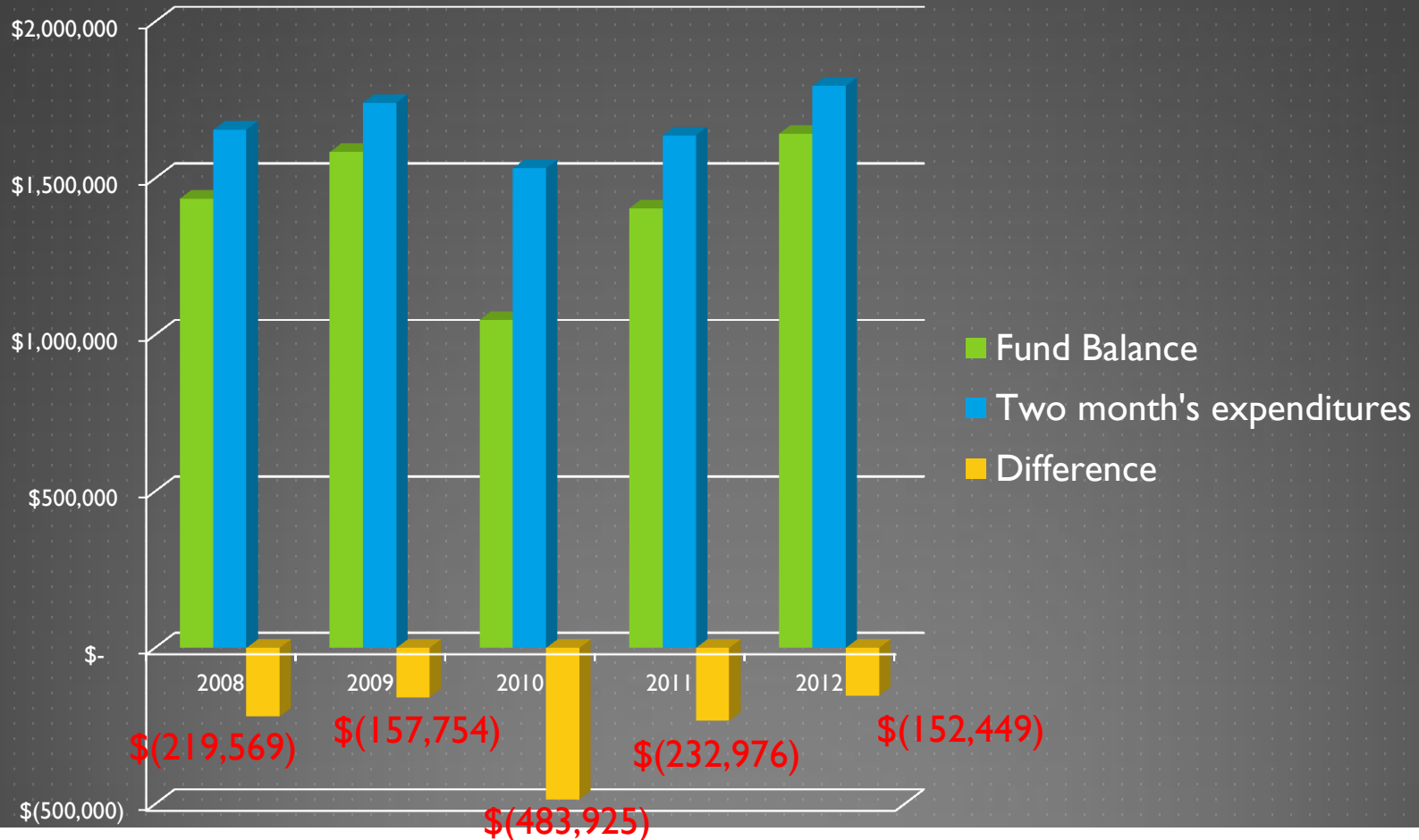
For years, the state of Kentucky has been requiring school districts to pay for the matching part of KTRS in federal programs, while the federal program dollars continue to be cut. This shift of dollars from the state budget to the local school district budget is ever increasing, and with the addition of the employee match for health insurance in 2011 the additions will cost our district nearly \$100,000.

FUND BALANCE VS. CONTINGENCY



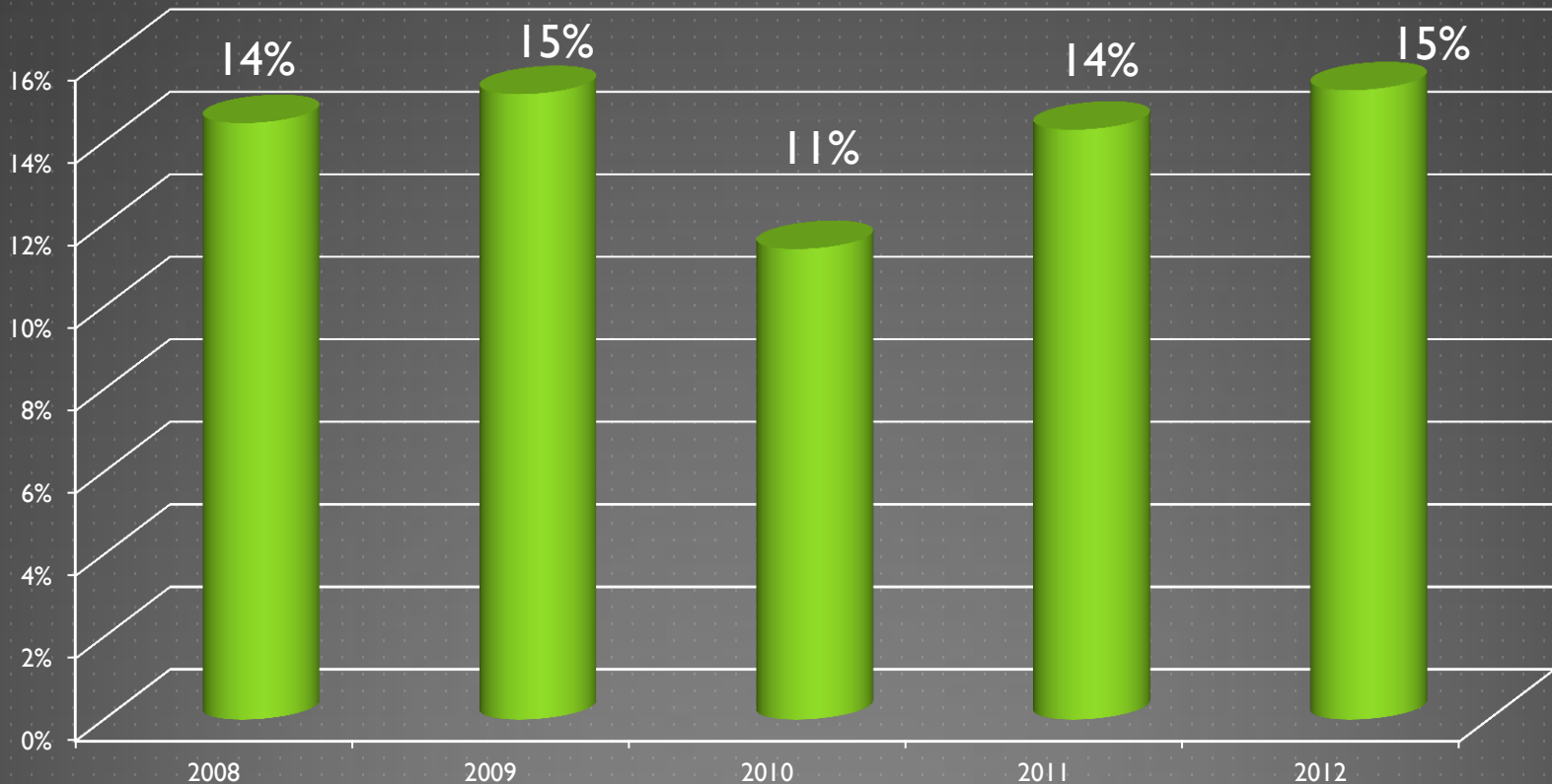
This chart illustrates the differences between the fund balance and contingency. The contingency only represents one line item in the budget and serves as a place from where funds can be transferred in the event of an expense overrun in another budget code. This item keeps the district from depleting its fund balance in case of unexpected or extraordinary expenditures.

Fund Balance Vs. Two Month's of Expenditures



The Government Finance Officers Association recommends as best practice that local school districts keep a fund balance of no less than two month's revenue or expenditures in reserve. As indicated, our fund balance has consistently fallen below that practice over the past five years.

FUND BALANCE AS % OF EXPENSES



According to bond rating agencies, a school district should have a fund balance of 20-25 %, but anything over 15 % is good. Our fund balance has consistently hovered around 15%, with the exception of 2010, where we had a low of 11%. This is barely at the minimum of what is considered acceptable for those rating agencies.

OTHER EXPENDITURES

- ▶ The state of Kentucky has required the school districts to fund other expenditures that were previously supported at the state or federal level. Some examples include:
 - ▶ Technology – Infinite Campus, MUNIS Cloud
 - ▶ Special Education Requirements have changed, leading to reduced identification of special education students and reduced funding, while remaining students often require higher levels of service.
 - ▶ Edujobs funding is supporting our district in the amount of around \$300,000 this year. There currently is no provision for this funding in the budget for 2012-2013, forcing our district to absorb these expenditures in the general fund for the coming fiscal year.

CONCLUSIONS

- ▶ In conclusion, state revenues to the school districts of Kentucky have continued to remain stagnant or fall over the past several years. Expenditures that have been traditionally borne by the state have been pushed down to the local level. As a result, more and more of the burden of funding our school district has fallen on the local citizens, who not only pay state taxes but are increasingly burdened by local taxes just to maintain the current level of services for the school children of Gallatin County. Fund balances of our school district continually fall below the recommended averages. Schools in Kentucky are in dire need of some financial reforms at the state level if any progress is to be made.