Albemarle County
Public Schools

School Board
Budget Work Session

October 22, 2009

Albemarle County

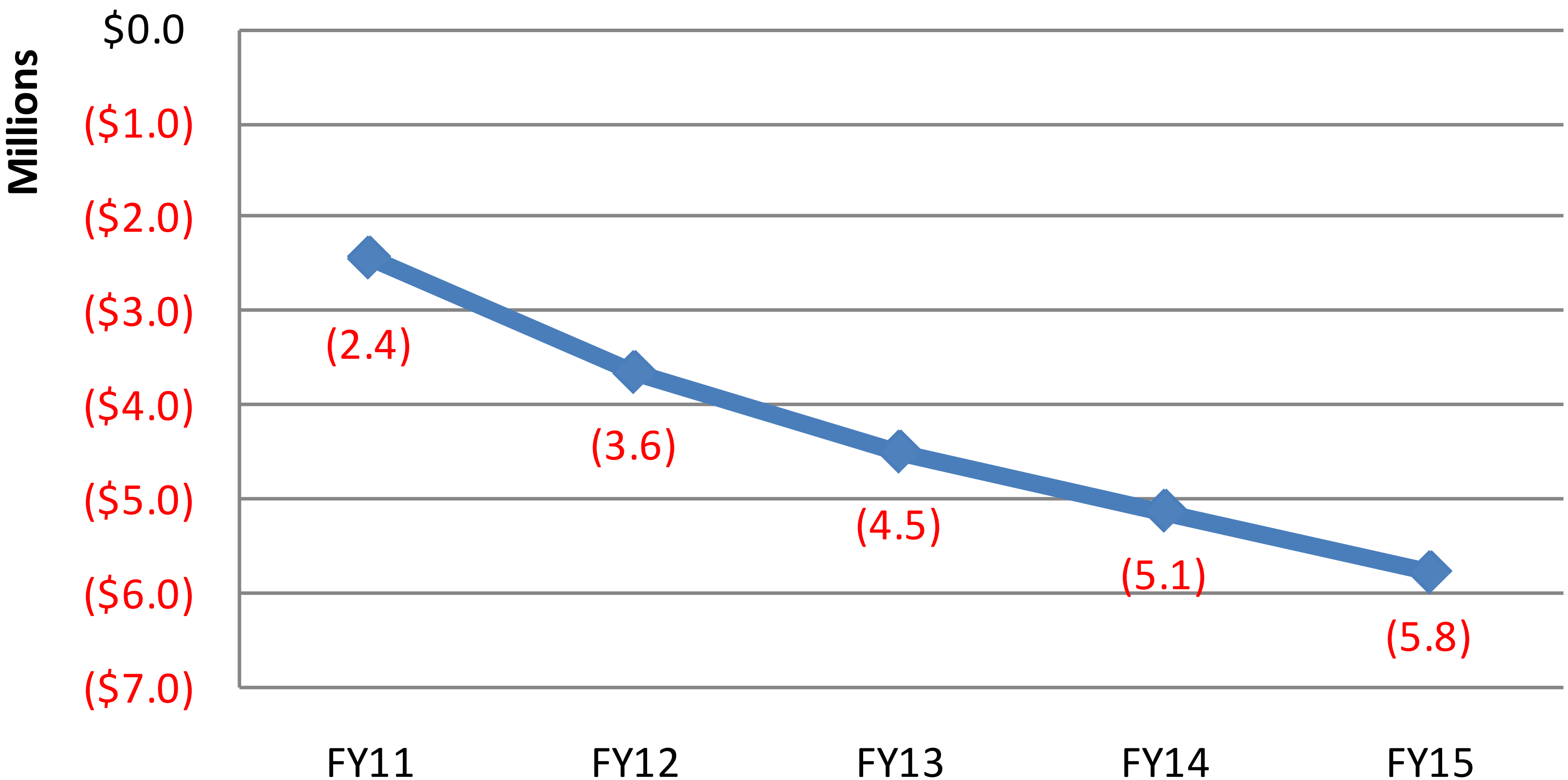
Repositioning the Organization (FY 07/08 – FY 09/10)

October 16, 2009

Revenue Assumptions

	FY11	FY12	FY13	FY14	FY15
Real Estate Tax Rate	74.2	74.2	74.2	74.2	74.2
Reassessment Rates	(3.75%)	(0.50%)	1.50%	2.25%	3.00%
New Construction	1.00%	1.00%	1.50%	2.00%	2.50%
Sales Tax	(2.00%)	1.50%	2.75%	2.75%	2.75%
State Revenue Reduction	($150,000)	($150,000)	($150,000)	($150,000)	($150,000)
EMS Revenue Recovery	$400,000	$400,000	$400,000	$400,000	$400,000

Local Government Shortfall



Revenue Assumptions: LC Recommendations

	FY11	FY12	FY13	FY14	FY15
Real Estate Tax Rate	77.2	77.2	77.2	77.2	77.2
Reassessment Rates	(3.75%)	(0.50%)	1.50%	2.25%	3.00%
New Construction	1.00%	1.00%	1.50%	2.00%	2.50%
Sales Tax	(2.00%)	1.50%	2.75%	2.75%	2.75%
State Revenue Reduction	($150,000)	($150,000)	($150,000)	($150,000)	($150,000)
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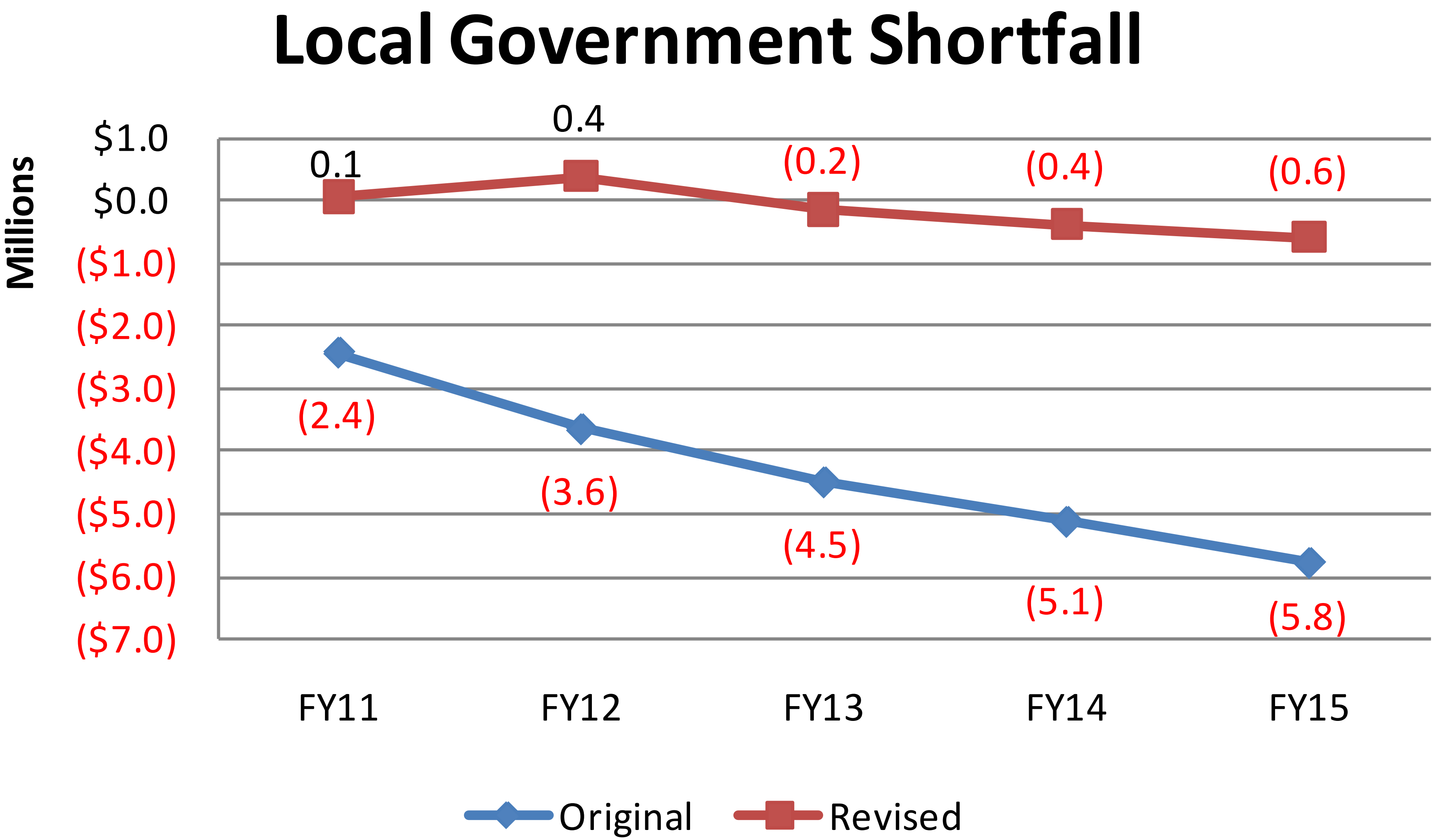

Local Government Shortfall
Millions
$1.0
$0.0
($1.0)
($2.0)
($3.0)
($4.0)
($5.0)
($6.0)
($7.0)
0.1
0.4
(0.2)
(0.4)
(0.6)
(2.4)
(3.6)
(4.5)
(5.1)
(5.8)
FY11
FY12
FY13
FY14
FY15
Original
Revised

School/Local Government Split of Revenue

Shared local tax revenues are split 60/40 after several items are taken off the top:

- City Revenue Sharing
- Transfer to Capital/Debt Service for schools and local government
- Tax Relief for the Elderly & Disabled
- Tax Refunds
- $1.0 million for local government operations
- $2.1 million to local govern operations (proposed)

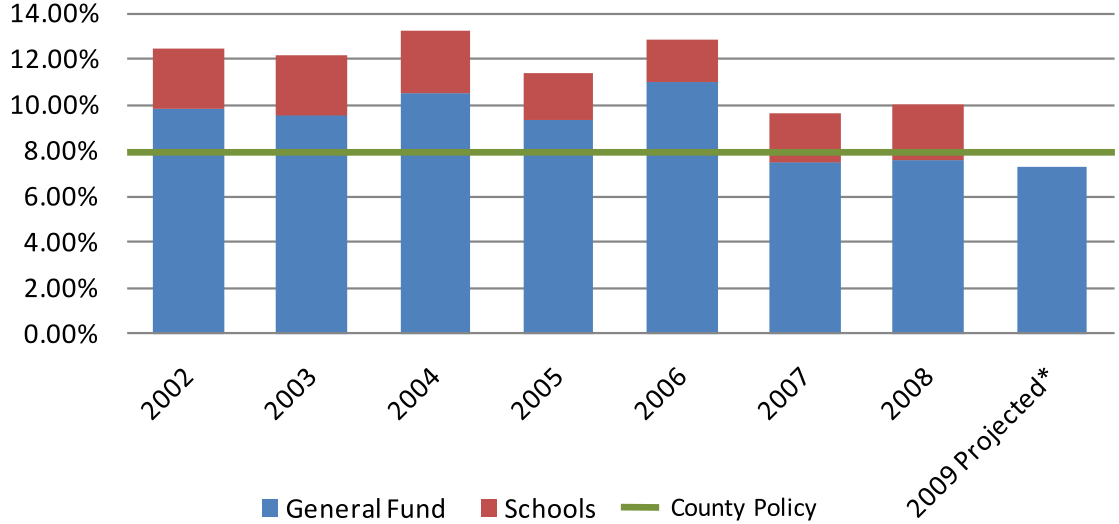
Current Financial Policies - County Undesignated GF Balance

- The County does not intend, as a common practice, to use General Fund equity (undesignated fund balance) to finance current operations. The fund balance is built over years from saving to provide the County with working capital to enable it to finance unforeseen emergencies without borrowing.
- The County will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the possibility of short-term tax anticipation borrowing.
- The undesignated fund balance, plus the designation for fiscal cash liquidity purposes, at the close of each fiscal year should be equal to no less than 8% of the County's total operating budget, which includes the General Fund plus the School Fund

Fund Balance Policy

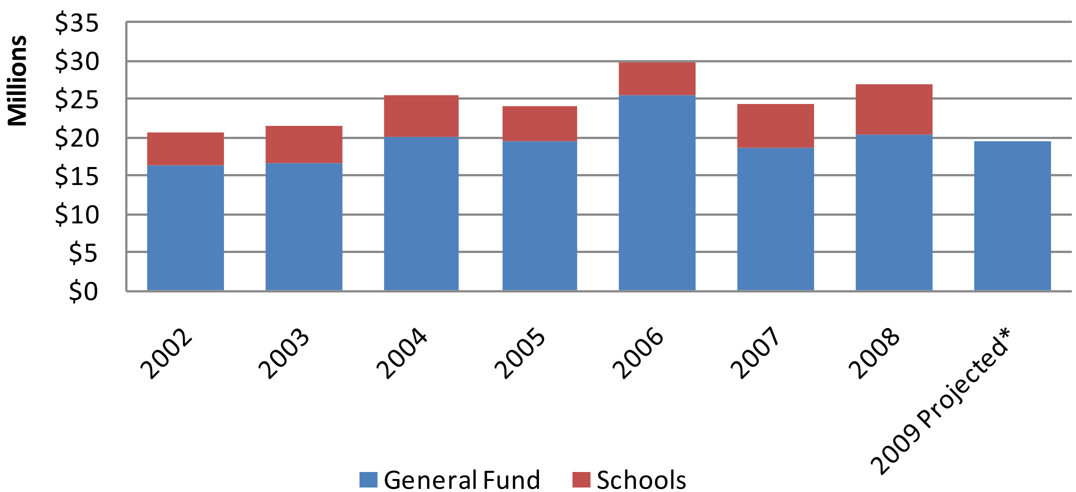
- Fund balance is an important measure of financial strength for all types of communities
- A strong fund balance provides an added layer of protection that is critical to achieving higher bond ratings
- A strong fund balance can be used to prefund capital projects until such time as long term financing can be secured
- Higher reserves also function as a year-to-year cash flow bridge, allowing the government to react quickly to a downturn in revenues , State budget cuts, etc.

Undesignated Fund Balance v. General Fund & School Revenues



*Includes General Fund balance only, Schools balance currently under review

Undesignated Fund Balance ($)



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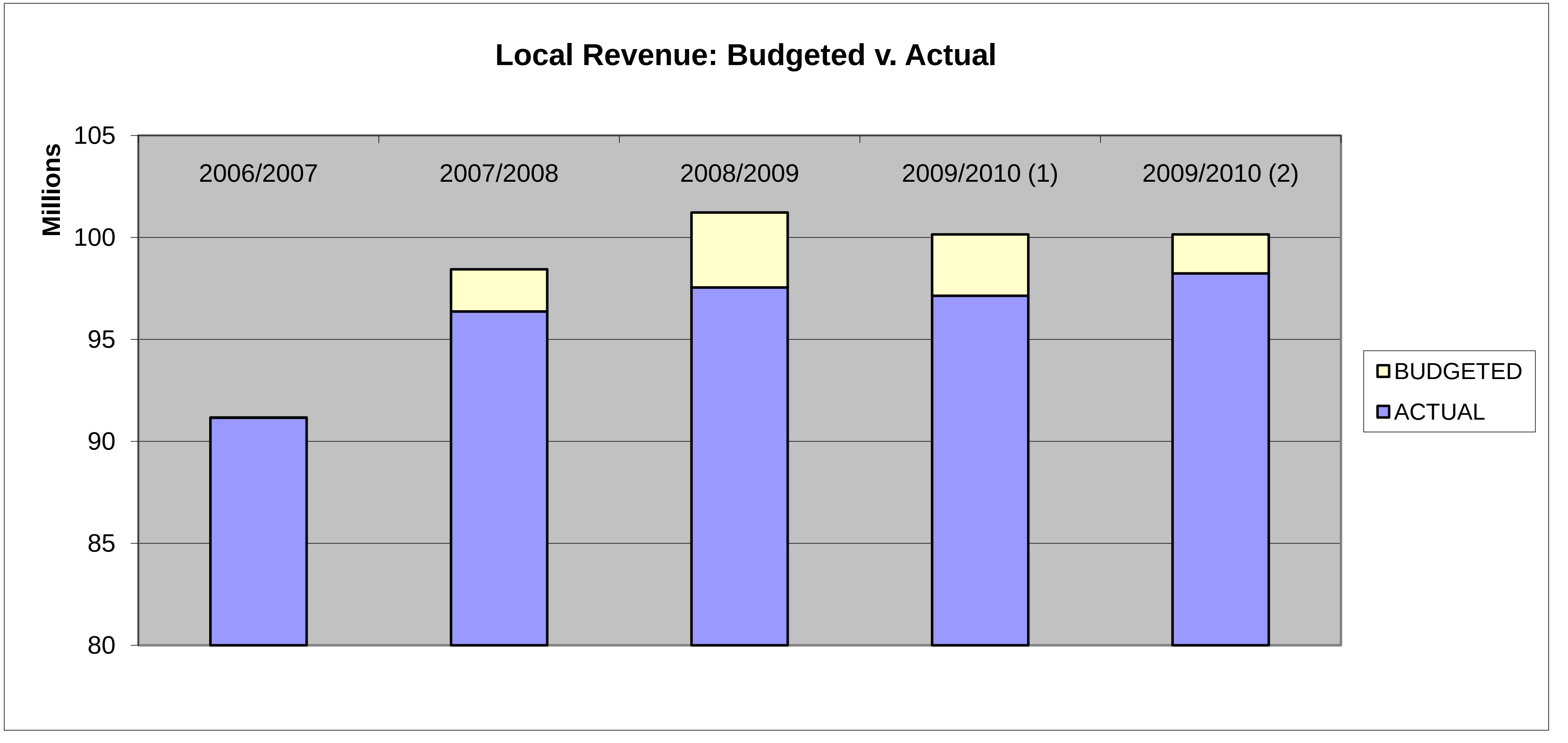
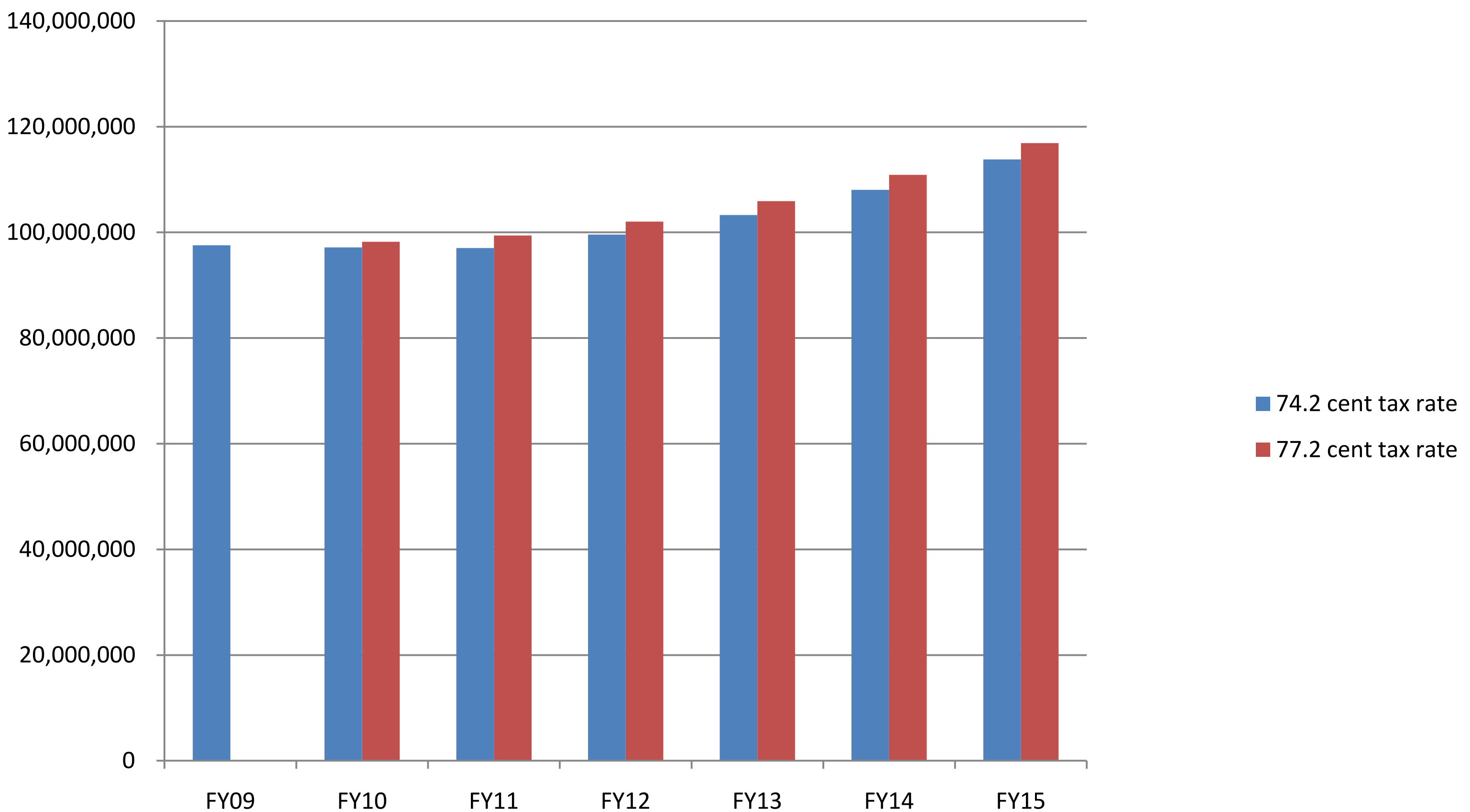
ACPS Local Revenue



1 – 74.2 cent tax rate
2 – 77.2 cent tax rate

ACPS – Projected Local Revenue



ACPS Funding Gap Strategy

School Fund Balance (Unaudited 6.30.09)	$6,448,790
Budgeted Use of Fund Balance for FY 09/10	($1,800,000)
Reappropriated Fund Balance for Bus GPS	($212,809)
Projected Local Shortfall for FY09/10	($3,000,000)
Projected State Shortfall for FY09/10	($1,500,000)
10% Operational Holdback	$900,000
Hiring 'Chill' Estimate	$500,000
Potential Savings from Retirees	$900,000
Capital Purchases Delay (Buses, Technology, Learning Resources)	$500,000
Fund Balance for Use in FY10/11	($1,800,000)
Projected Available Fund Balance for Contingency FY10/11	$935,981

Budget Calendar

<u>October</u>

- Wednesday, Oct. 7 *Joint Compensation meeting with BOS*
- *Joint Board Meeting*
- Thursday, Oct. 8 Regular School Board Meeting
- TBD Tele-Town Hall Meeting
- Thursday, Oct. 22 Regular School Board Worksession

<u>November</u>

- Wednesday, Nov. 4 *Preliminary Local Revenue Projections*
- Thursday, Nov. 12 Budget Update/Enrollment Projections to School Board
  Regular School Board Meeting

<u>December</u>

- Wednesday, Dec. 2 Joint Meeting with BOS Regarding CIP
- Thursday, Dec. 10 Regular School Board Meeting
- Wednesday, Dec. 16 Special School Board Meeting -Superintendent's Budget Presentation
- TBD State Revenue Projections Received

Unknowns and Considerations

- Health Care Increases
- Future State/Local Reductions in FY09/10 and FY10/11
- Possible VRS Pass-on Costs in FY10/11
- Compensation Direction
- Areas to Consider for Re-direction of Existing Resources