TOLEDO PUBLIC SCHOOLS
LUCAS COUNTY, OHIO
FISCAL YEAR 2014 BUDGET
PERIOD BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014

Dr. Romulus Durant
Interim Superintendent

Mr. Matthew J. Cleland
Treasurer

BOARD OF EDUCATION
Brenda Hill, President
Dr. Cecelia Adams, Vice President
Lisa Sobecki
Larry Sykes
Robert Vasquez
Overview

- Budget Philosophy
- Budget Processes
- Revenues
- Expenditures
- Uncertainties
Budget Philosophy

• The purpose of the annual budget is to identify adequate resources for the district to maintain a quality educational platform and to provide basis for accountability in fiscal management.

• As permitted by law, no later than July 1, the Board of Education passed a temporary appropriation measure that provided the district the permission to expend until such time as the Board approves the annual appropriation measure and resolution for the year, presented not later than October 1.
Budget Processes

• General Fund
  • Salaries
    • Salaries are originally built based on a weighted average salary. They are then rebuilt half way through the year based on projections from actuals in the first half of the year.
  • Pay Fringes
    • Each pay fringe has a coinciding percentage. The pay fringes include pension, severance, workers compensation, and Medicare. They are built based on a percentage of salary.
  • Health Fringes
    • Health fringes are built on a weighted average of single & family insurance rates.
  • Discretionary Accounts (objects 400:999)
    • These accounts are built in collaboration with the budget directors based on the programs to be maintained and/or implemented in the current fiscal year.
  • Discretionary Accounts for School Buildings
    • These accounts are built based on contractual wording and October enrollment numbers.
Budget Processes

- **Grant Funds**
  - Federal, State, and miscellaneous grant funds are based on the amount of revenue received or to be received.

- **Student Activities Funds**
  - Student activity fund are build based on the amount of cash received or to be received. Funds cannot be spent until they are accounted for.
  - Student activity accounts are limited by both budget appropriations and cash balance of those accounts.
Revenues

Three sources of income: Local, State and Federal

FY13 Revenue by Source

- Local: 68%
- State: 31%
- Federal: 1%
TPS Real Estate

TPS Real Estate Valuation 2006 - 2012

TPS Real Estate Tax Collections (FY14 Projected)
Summary of State Revenues

State Support (FY13 - FY17 estimated)
### Expenditures

#### Salaries & Fringes

<table>
<thead>
<tr>
<th></th>
<th>Actual FY11</th>
<th>Actual FY12</th>
<th>Actual FY13</th>
<th>FY13-FY14 Increase (Decrease)</th>
<th>Budget FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries</strong></td>
<td>149,285,482</td>
<td>132,190,441</td>
<td>131,121,575</td>
<td>4,389,331</td>
<td>135,510,906</td>
</tr>
<tr>
<td><strong>Fringe Benefits</strong></td>
<td>82,670,275</td>
<td>69,565,099</td>
<td>57,685,648</td>
<td>(2,878,722)</td>
<td>54,806,926</td>
</tr>
</tbody>
</table>

In FY12 and FY13 there were wage concessions and position reductions as a result of contract negotiations, resulting in a decrease in salary expenditures. The FY14 increase is due to several factors including: decreases in the prior two fiscal years, comparing FY14 budget to actuals (FY14 budget numbers include unfilled positions, rollover encumbrances from the prior year and budgets that will not be spent), legislation resulting in increased gifted expenditures, and an increase in the number of Special Ed students requiring additional teaching aides in classrooms.

Substantial decreases in fringes are a result of a reduced number of retirements since FY11, resulting in less severance pay expense. Also, negotiated changes with the bargaining units resulted in savings with changes in the health insurance plan. The decrease in FY14 is mainly attributed to adjustments in all fund contributions to the self-insurance fund that will result in a $9 million reduction in the self-insurance fund balance.
### Expenditures

**Purchased Services & Supplies/Textbooks**

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchased Service</strong></td>
<td>16,333,542</td>
<td>13,187,067</td>
<td>13,488,635</td>
<td>5,987,757</td>
<td>19,476,392</td>
</tr>
</tbody>
</table>

This large FY14 increase is mainly due to the actuals being compared to the budget. The FY14 budget includes end of the year encumbrances where FY13 actual expenditures do not. In addition, TPS has included in the budget Sungard Human Resources & Payroll implementation as well as ODE’s Online student testing requirements.

| **Utilities**             | 7,383,098   | 6,996,411   | 7,273,384   | 1,404,963                    | 8,678,347   |

Projections completed by our consultant, Palmer Energy. They take into account any school openings/closings and inflation.

| **TARTA**                 | 737,929     | 887,816     | 642,166     | 187,400                      | 829,566     |

Increase in TARTA contract due to increased services provided. In addition, the payment in lieu of transportation increased (amount from ODE increased for students deemed impractical to transport).

| **Supplies and Textbooks**| 5,085,832   | 7,396,330   | 8,442,319   | 2,478,081                    | 10,920,400  |

This large FY14 increase is mainly due to the actuals being compared to the budget. The FY14 budget includes end of the year encumbrances where FY13 actual expenditures do not. In FY13, Textbooks appropriations were encumbered for purchases to accommodate the Common Core standards.
## Expenditures
### Charter Schools & EdChoice

<table>
<thead>
<tr>
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<th>Actual FY11</th>
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<th>Budget FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ed-Choice (Vouchers)</strong></td>
<td>8,348,964</td>
<td>7,978,118</td>
<td>9,319,805</td>
<td>2,718,221</td>
<td>12,038,026</td>
</tr>
<tr>
<td><strong>Charter School Tuition</strong></td>
<td>56,760,449</td>
<td>65,611,599</td>
<td>71,042,445</td>
<td>5,946,800</td>
<td>76,989,245</td>
</tr>
</tbody>
</table>

Budget estimates for FY14 projected based upon previous years' expenditures for Ed-Choice.

Budget estimates for FY14 projected based upon previous years' expenditures for Charter Schools.
# Expenditures

Other Purchases, etc.

<table>
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<th>Actual FY11</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Expenses</strong></td>
<td>3,534,673</td>
<td>3,262,941</td>
<td>3,284,720</td>
<td>537,320</td>
<td>3,822,040</td>
</tr>
<tr>
<td>Performance audit, Auditor of State payment increase, and rollover encumbrances.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Cafeteria Subsidy</strong></td>
<td>1,438,168</td>
<td>696,384</td>
<td>454,347</td>
<td>145,653</td>
<td>600,000</td>
</tr>
<tr>
<td>The amount of the subsidy has declined over the year due to the increase in reimbursement rates and the installation of the breakfast program.</td>
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</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>836,010</td>
<td>327,617</td>
<td>315,381</td>
<td>246,579</td>
<td>561,960</td>
</tr>
<tr>
<td>Transfers have decreased over the years partially due to Adult Education no longer needing subsidizing.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Advance of Funds</strong></td>
<td>1,434,615</td>
<td>2,051,064</td>
<td>1,189,437</td>
<td>910,563</td>
<td>2,100,000</td>
</tr>
<tr>
<td>Advances have decreased over the years due to being more proactive in the submission of project cash requests.</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Repayment of Notes</strong></td>
<td>15,000,000</td>
<td>20,166,085</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For years FY11 and FY12 the district borrowed $15 million and $20 million respectively for cash flow purposes. The purpose of the funds was to compensate for uneven cash flows that would have otherwise resulted in negative balances at various points during the year. (These funds were borrowed in July of each year and then repaid in June of the same fiscal year).</td>
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</tr>
</tbody>
</table>
Expenditures

The portion of the expenses tied to Salary and Fringe Benefits is less than the historical percentage which is caused by a greater percent being transferred to district Charter Schools/Ed Choice Vouchers.

Expenditure Estimates
Where the Money Goes

- Other Expenditures
  - $113 million
  - 37.5%

- Salaries & Fringe Benefits
  - $189 million
  - 62.5%
Expenditures

TPS Charter & Choice Expense

Year:
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013

Expense:
- $40,000,000.00
- $45,000,000.00
- $50,000,000.00
- $55,000,000.00
- $60,000,000.00
- $65,000,000.00
- $70,000,000.00
- $75,000,000.00
- $80,000,000.00
- $85,000,000.00
Uncertainties

• School district’s enrollment
  • Community Schools, Edchoice, and open enrollment.
• Recovery of the local, state and national economy.
• Local property tax collection rates, property valuations and further tax abatements.
• Expansion of Scholarship/voucher programs as proposed in current legislation.
• Funding level provided to Community Schools as enacted in HB 59.
• The impact of the reforms passed by State Teacher’s Retirement System may result in increased teacher retirements due to increased employee contributions and reduction in future benefits.
• Sustainability of programs currently funded through Race to the Top and School Improvement Grants which expire at the end of FY-2014.
• Future legislation and litigation as it relates to school funding, school choice and schools in general.
Thank you for your time and stay TPS PROUD!