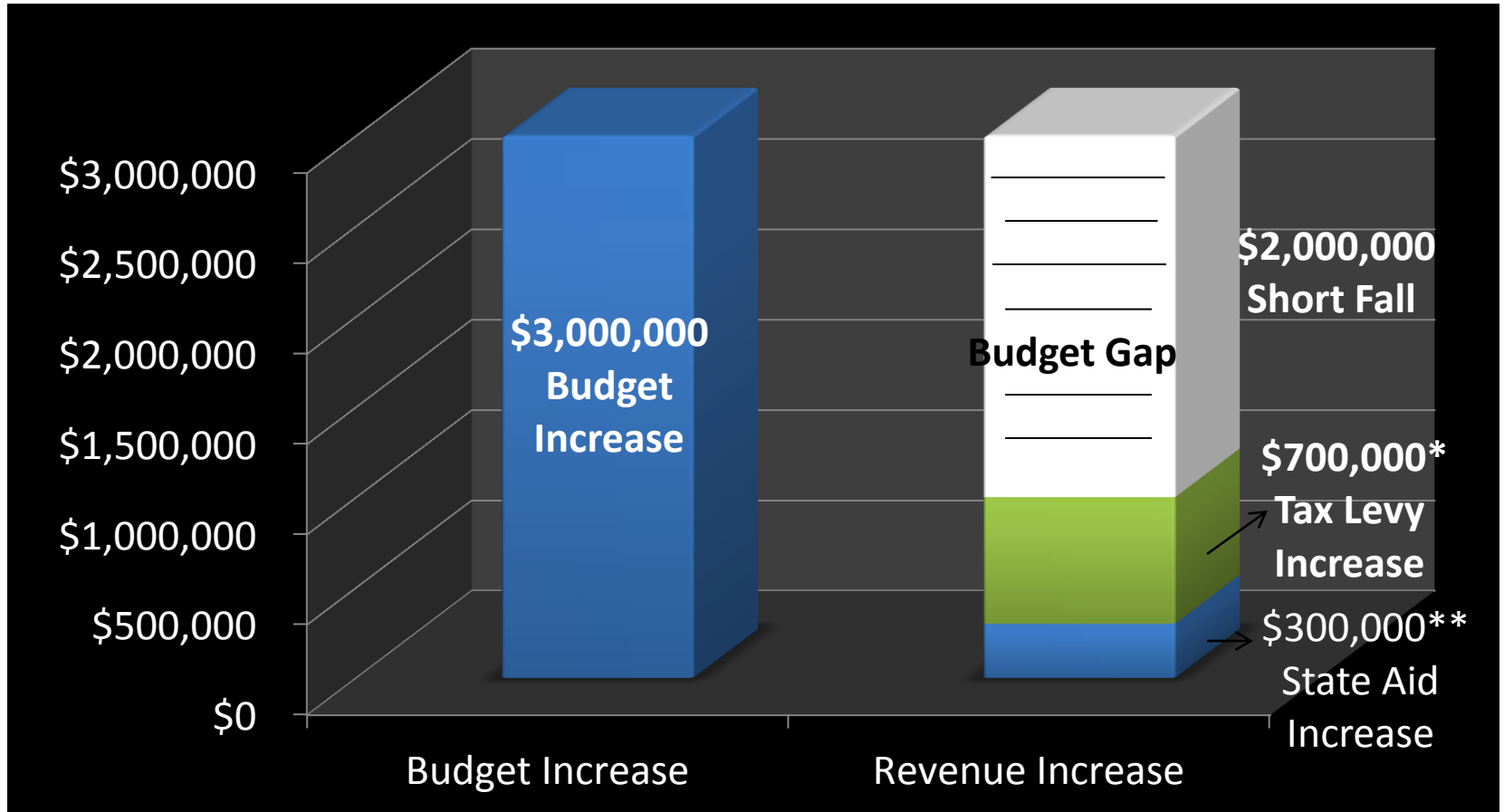


Impact of Tax Levy Cap and Reduction in State Aid

Expenditure Increase vs. Revenue Increase



* Approximate increase within the tax levy limit

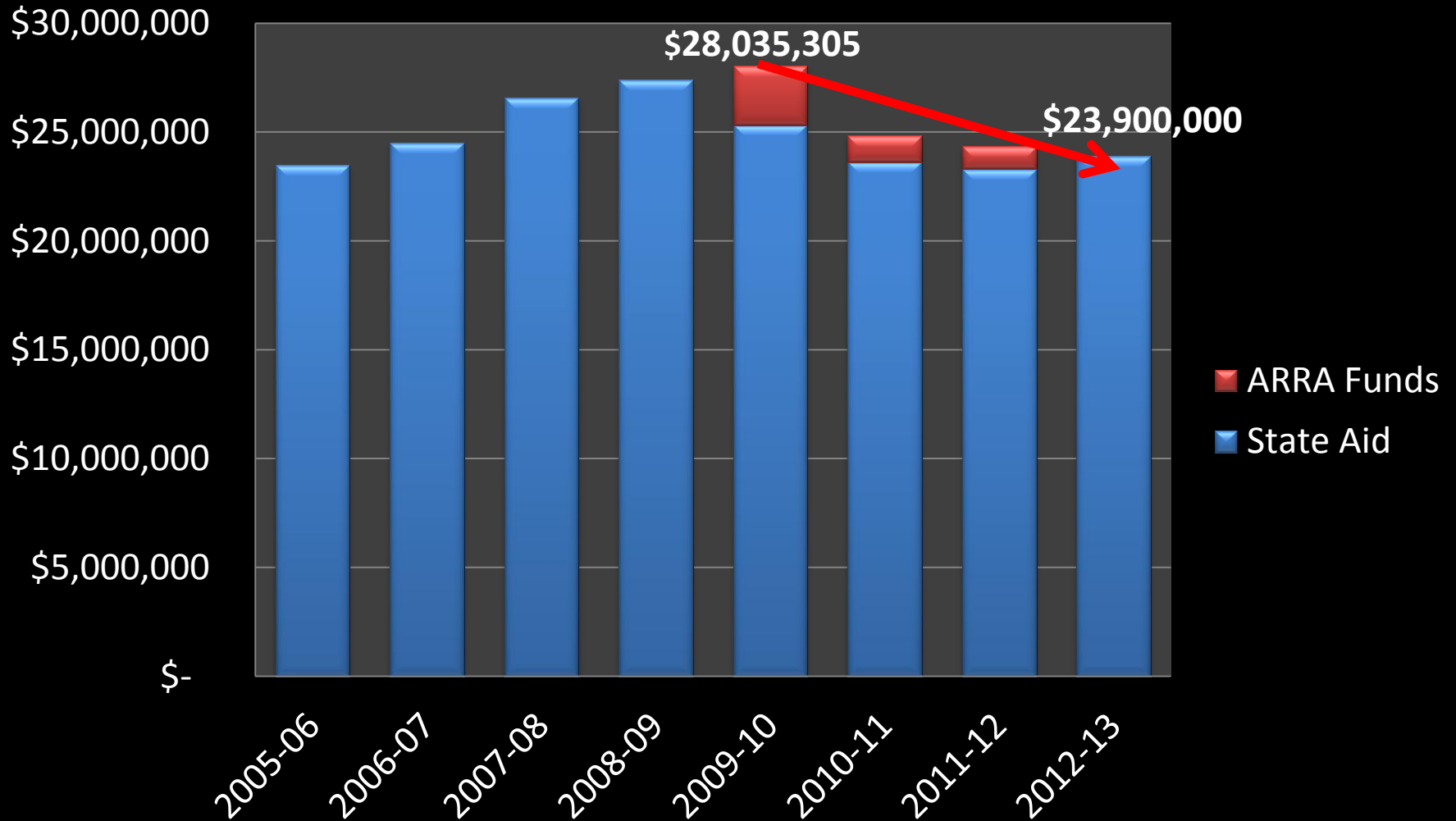
** Approximate Increase

How Does The Gap Get Filled?

1. Additional State Aid
and/or;
2. Additional Allocation
of Reserves and Fund
Balance (\$4,100,000
is currently allocated)
and/or;
3. Exceed the Tax Levy
Limit

Challenge #1: Filling The Gap With An Increase In State Aid

State Aid 2005-2013



Challenges to Filling The Gap

Challenge #2:

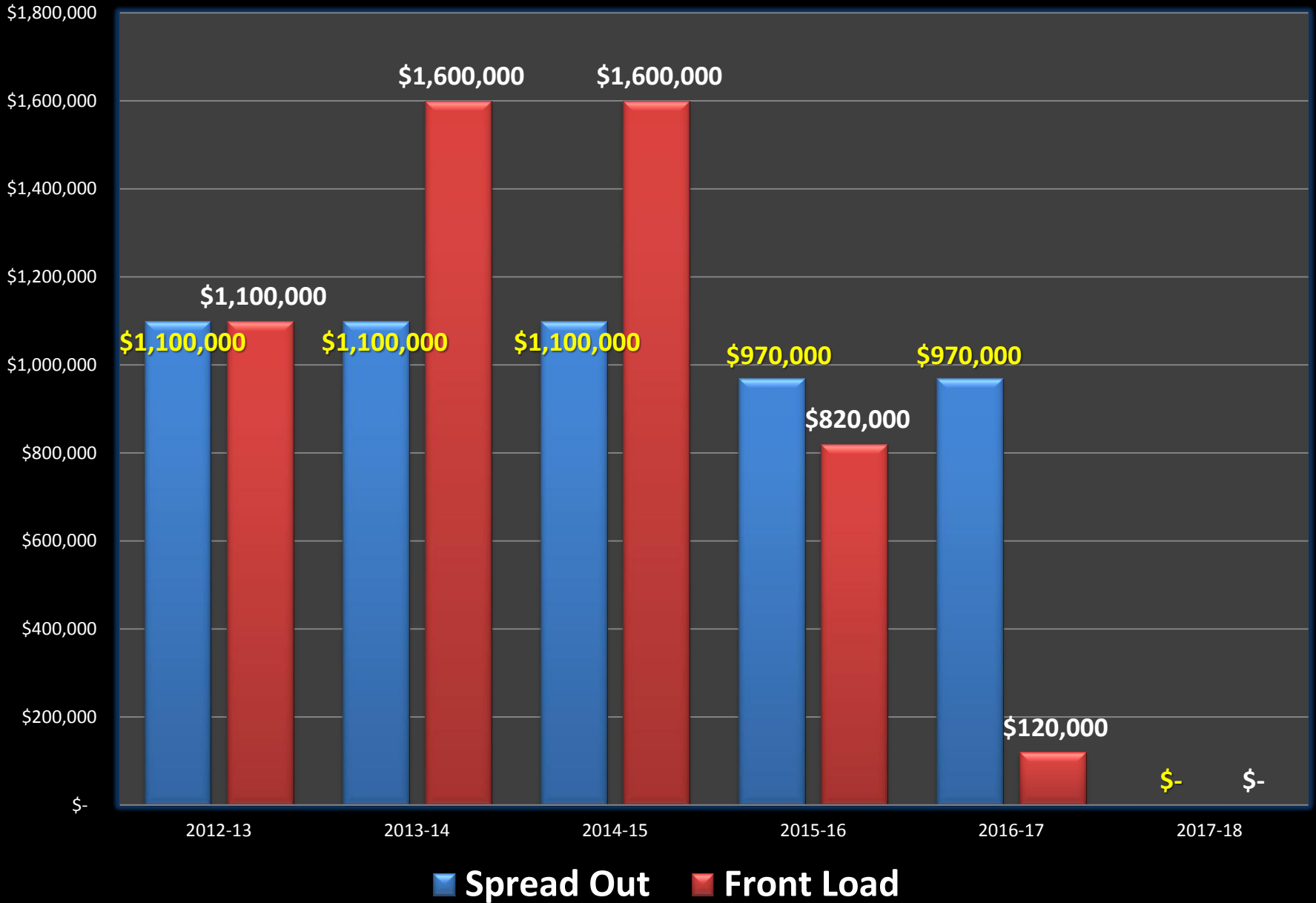
Additional Allocation of Reserves and Fund Balance

The District allocated a total of \$4,100,000 of reserves and fund balance to balance the 2012-13 budget. The District's current four year financial plan has \$4,100,000 of reserves and fund balance to be allocated in 2013-14 and 2014-15 and \$3,900,000 in 2015-16 and 2016-17. The reserves are projected to be depleted in 2017-18.

CHALLENGE:

If reserves and fund balance are front loaded to fill the current gap, the funding cliff will be sooner (approx. 2015-16) compared to allocating over a four year period (2017-18).

Use of Reserves



Challenges to Filling The Gap

Challenge #3:

Exceeding the Tax Levy Limit

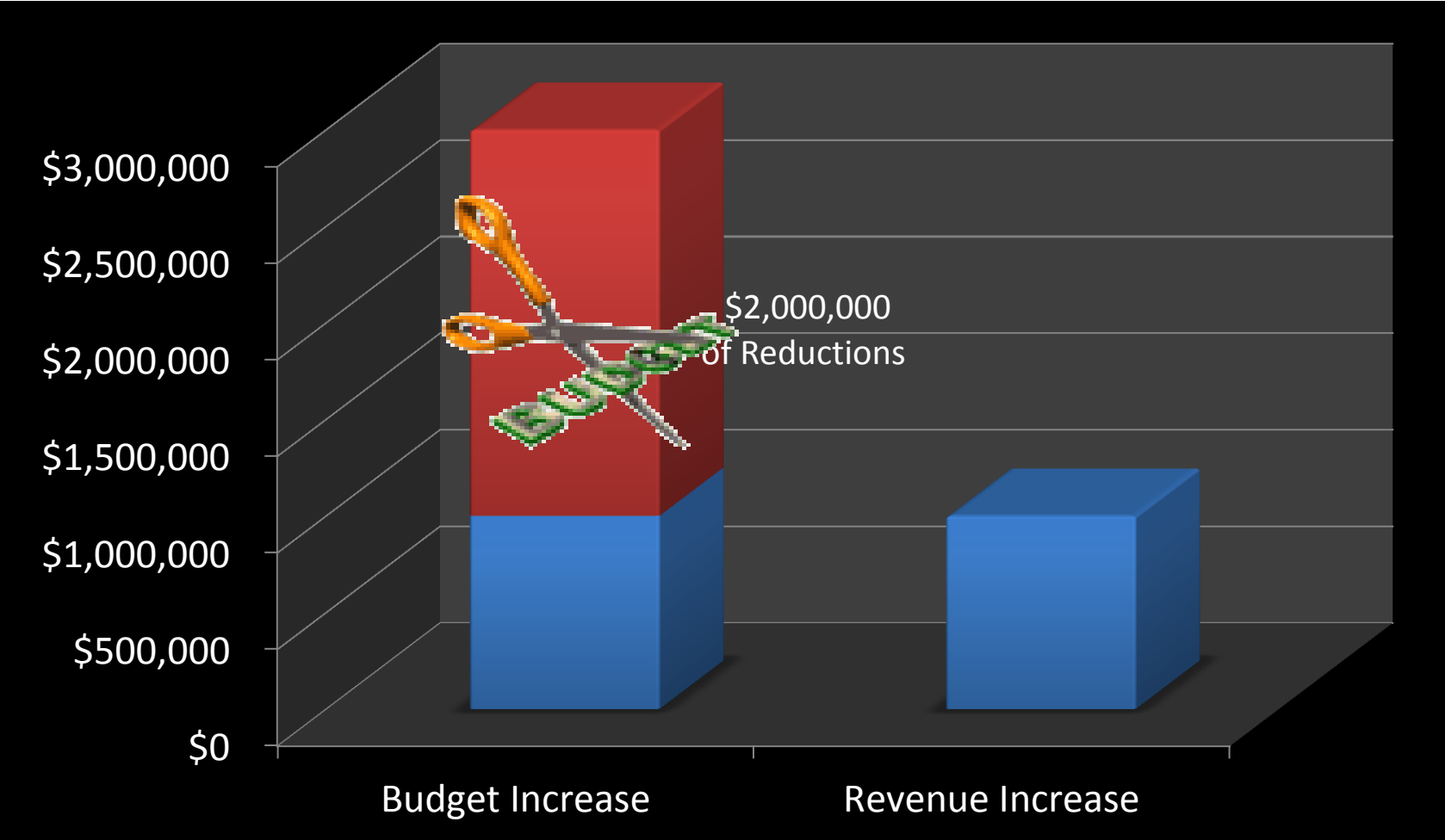
For the 2012-13 school year, the District proposed a Budget where the Levy was within the limit. As expenses continue to grow and with minimal increases in State Aid, it will become very difficult to remain within the limit year after year.

CHALLENGE:

In order to have a successful budget where the tax levy is exceeds the limit, a super majority of voters is required (60% yes vote).

What Is The Solution If
The Gap Is Not Filled
With Additional
Revenue?

Budget Cuts



Budget Cuts

Challenge:

Since 2009-10 the following reductions have been made to offset the decline in State Aid and to stay within the tax levy limit (2012-13):

1. Twenty-one (21) teaching positions
2. Sixteen (16) Non-Teaching Positions
3. Eliminated Middle and Elementary Summer School
4. Reduced Field Trips
5. Reduced Supply and Textbook monies
6. Reduced Professional Development money
7. Eliminated the 5:30 after school bus run

Additional Challenge

Per Pupil Cost Analysis* of 61 Districts in the Region** (61 represents the lowest per pupil cost)

- **Total General Support – 54 out of 61 districts**
- **Total Instructional Costs – 57 out of 61 districts**
- **Total Transportation Costs – 30 out of 61 districts**
- **Total Employee Benefits – 53 out of 61 districts**
- **Total Operation of Plant – 59 out of 61 districts**
- **Total General Fund Expenditures – 56 out of 61 districts**
(Total Budget)

* Mid Hudson Study Council Most Recent Finance Study

** Dutchess, Orange, Ulster, Rockland, Sullivan

What May Be The Next Step?

1. Additional Budget Cuts:
 - Extra-curricular activities such as sports and clubs
 - Reduce the number of electives offered at the High School such as Advanced Placement courses
 - Reconfigure the Special Education Program at the Elementary Level