

SOUTHERN YORK COUNTY SCHOOL DISTRICT

THE 2009-2010 PROPOSED FINAL GENERAL FUND BUDGET

A BUDGET OF FISCAL RESPONSIBILITY AND COMMON SENSE

The proposed final budget strategically balances the educational program needs of our children while carefully managing the School District's resources in order to minimize taxpayer burden. We take seriously the financial contribution that each member of our community makes to ensure our students have an excellent education. We stand dedicated to managing each and every dollar carefully. As stewards of our citizens' tax dollars, the Board of Education and the Administrative Team of the Southern York County School District embrace the importance of open, thorough, and regular communication with our citizens. This budget summary is intended to provide you with the information needed to understand the Proposed 2009-2010 Final General Fund Budget.

The 2009-2010 budget is unique. It is indeed a recessionary budget with less money to spend than the year before. During these continued tough economic times, it has been a challenge to develop a fair budget – one that recognizes the realities faced by our families, yet continues a compassionate commitment to our children. This is a budget of fiscal discipline.

In addition to this budget summary, the School District's business office is happy to meet with you individually or in groups to present and discuss budget and financial information related to the School District.

It is our desire that the budget process and financial affairs of the School District are open and understood by the citizens of our community. This is our pledge to you.

Detailed budget information is available at all District offices and on the District website at: www.syc.k12.pa.us

“This budget reflects a choice – not an easy choice, but the right choice. The choice of fiscal responsibility and common sense, yet making sure our students come first.”

*Dr. Thomas Hensley,
Superintendent of Schools*

This is a budget where every line item was carefully analyzed. Revenue from all sources is projected to decrease 1.48%. Total expenditures are limited to 0.63%. The budget is tight, and that is exactly where we want it to be and where our community needs it to be.

The harsh reality is that we have to balance the budget. As the budget now stands, it will require a real estate tax increase of .47 mills (2.98%) to balance – due almost entirely to the decline in revenues. This increase equates to \$79 for the average residential property, which is assessed at \$169,000.

York County Real Estate Millage Rates

2008 – 2009 Fiscal Year	
York City	29.94
Northeastern	21.74
Dallastown	20.84
Red Lion	20.44
South Eastern	18.87
Dover	18.83
Hanover	18.47
York Suburban	18.49
Eastern York	18.34
West York	18.34
Spring Grove	18.26
Central York	16.81
Southern York (2008-09)	15.75
Southern York (proposed 2009-10)	16.22
South Western	15.02

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Budget Overview

The Southern York County School District budget for 2008-09 is \$44,074,558. The proposed final budget for 2009-10 is \$44,352,905. The proposed final budget includes a 2.98% real estate tax increase (.47 mills) over the current budget. The proposed increase is 2.02% below the Pennsylvania Department of Education (PDE) index. The current PDE index for 2009-10 is 5.0%. The index is the amount determined by PDE as the permissible tax increase for the Southern York County School District.

What is a Mill?

A mill is a unit of currency that is equivalent to 1/1000 of a United States dollar (1/10 of one cent or \$.001). A mill levy is the number of dollars a taxpayer must pay for every \$1,000 of assessed value. For example, the current 2008-09 real estate tax rate of 15.75 mills means a tax bill of \$1,575 for a home assessed at \$100,000. With the proposed 2009-10 real estate tax rate of 16.22 mills, the same taxpayer would pay \$1,622 annual real estate taxes - \$47.00 more than last year.

Revenue

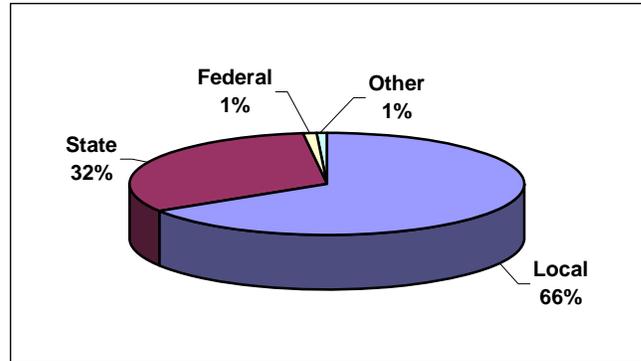
Like all school districts in Pennsylvania, the Southern York County School District receives revenue from three primary sources: local, state and federal sources. The individual revenue breakdown is as follows:

- Local: 66%
- State: 32%
- Federal: 1%
- Other: 1%

Total revenue for 2009-10 from all sources is budgeted to decrease 1.48%. This includes a budget-to-budget decrease in local revenue of 1.52%, a decrease in state revenue of 3.35%, and a decrease in federal revenue of 3.29%.

The 2009-10 proposed budget includes a projected basic education subsidy increase of 4.09% (including federal stimulus money), however provides no increase in special education subsidy (-1.28%), and a substantial decrease in transportation subsidy (-13.45%).

Revenue summary

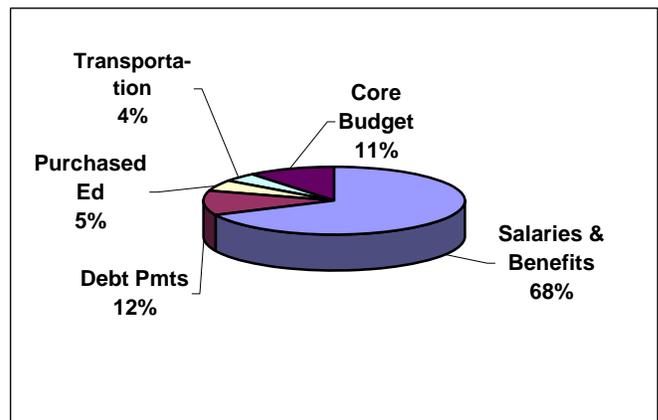


Expenditures

Total expenditures are projected to increase 0.63%. Major budget-to-budget comparisons include:

- Salaries and benefits: + 1.63%
- Building educational supplies: + 1.23%
- Athletic subsidy: - 8.89%
- Utilities: - 0.25%
- Contracted maintenance: - 0.34%
- Student transportation: - 3.72%

Expenditures summary



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Cost Control

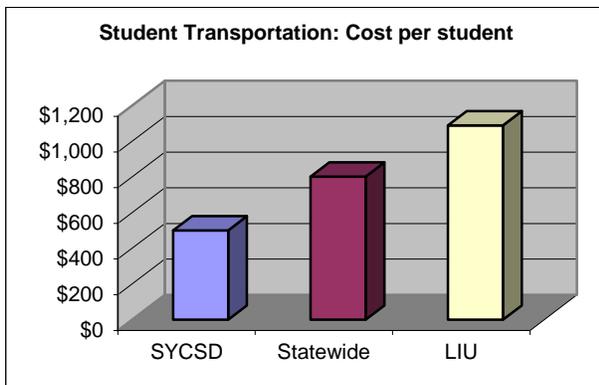
The 2009-10 budget includes the following cost control measures:

- Elimination of one central office administrator - the second central office administrative position eliminated in the past two years.
- The reduction of two high school teachers – positions not filled due to a shift in enrollment.
- Just one new position, which is an elementary teacher to be hired only if needed due to an anticipated enrollment increase at the elementary level.

Best Practices

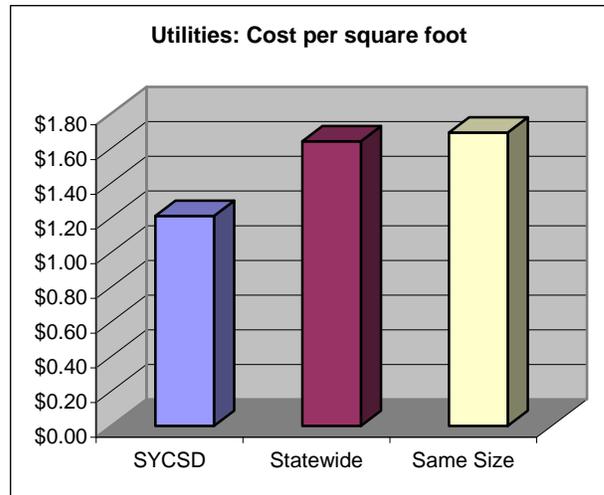
Well-managed school districts are able to control expenditures through efficient operations. In all areas of our operations, we have been able to control costs through sound and conservative management. At Southern, we devote maximum effort to delivering planned and necessary services at the lowest possible costs.

An example of an outstanding management practice is our student transportation services. We are able to provide outstanding service at a cost per student of nearly half that of other local school districts. Based on cost per student, Southern York County School District operates our student transportation system with \$975,000 less than the state average and \$1,900,000 less than school districts in the Lincoln Intermediate Unit area.



Another example of an outstanding management practice is with utilities. A recent benchmarking study conducted by the Pennsylvania Association of School Business Officials on utility usage showed that Southern spends \$0.43 per square foot of building space less than other school districts in Pennsylvania and \$0.48 per square foot of building space less than other school districts in Pennsylvania of similar size. The cost savings is approximately \$300,000 per year.

Finally, total operations and maintenance cost savings are \$713,800 less than other schools district in the state and \$975,800 less than school districts of similar size in the state.



Pennsylvania’s Costing Out Study of 2008

According to Pennsylvania’s Costing Out study, Southern York County School District needs to spend \$10,898 per student in order to meet state education standards. We are spending \$2,356 per student less than recommended; and yet, we are one of only four school districts in York County whose PSSA performance scores are above the statewide average in both reading and math. The return on your investment is excellent student performance for less money.

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Strategic Planning

The 2009-10 budget represents the district’s purpose, mission, and commitments, as well as short and long-term goals. The School District’s entire staff takes seriously its primary mission of providing a quality learning experience. This budget maintains the current educational program – we believe the best in York County.

On the other hand, we recognize that we are in the midst of difficult and challenging financial times.

The District’s basic education funding is projected to increase in modest amounts the next two years: 2.87% in 2010-11 and 1.79% in 2011-12. At the same time, the District’s contribution to the Pennsylvania State Retirement System is expected to balloon from the current rate of slightly less than 5% to more than 20% in the next few years. Because of these known conditions, many local school districts plan to raise taxes to their PDE index.

Southern’s 2009-10 budget is 2.02% below the PDE index given to our district. The budget balances long-term thinking necessary to maintain our outstanding educational program and strong financial condition with the current economic climate. Provisions have been made in the budget to handle future large increases in utilities, health care and retirement. Small increases in these areas are designed to help ward off a potential large tax increase in the future. For example, it would be reckless not to fund small increases in health care and retirement.

Major Budget Points

- Preserves current outstanding educational program
- Minimal expenditure increase of 0.63%
- Real estate tax increase of 2.98%, which is 2.02% below the PDE index of 5.0%

Financial Condition of the School District

Mandated internal expenditure control, which began in October 2008, is expected to produce a surplus of \$547,000 for the current year. \$300,000 of this surplus is planned to reduce the tax increase needed to balance the budget. Additional use of this surplus would jeopardize the District’s financial stability because any use of this surplus must be made up at some later point. The remaining \$247,000 will be used for capital projects in 2010-2011.

Indicators of Excellent Financial Condition

- The general fund unreserved fund balance makes the target of 5% of budget.
- Physical plant is in excellent condition due to ongoing capital program.
- Budget stabilization efforts have worked in the areas of health care, retirement costs, utilities and debt service.

Taxpayer Relief

The 2006 Taxpayer Relief Act created the State Property Tax Relief Fund as a way to use State gaming revenue to reduce property taxes. Last year, the relief fund reduced the average residential property taxes by \$185.02. According to information received from the Governor’s office, broad-based property tax relief will again be provided from the State’s Property Tax Relief Fund – an amount to be determined in May 2009.

Approved homeowners will see the property tax reduction itemized on their real estate tax bill, which will be issued July 1, 2009. The amount will be based upon State funds divided by the number of District properties approved. According to State law, all approved homestead properties in the school district will see the same reduction on their real estate tax bill, regardless of the property assessment.

