

Gateway School District General Fund Budget

Preliminary Budget Information for the
2017-2018 Fiscal Year

As of April 25, 2017



Summary of Preliminary Total Expenditures for 2017-2018

- Preliminary Total Expenditures for the 2017-2018 fiscal year of \$75,980,000.
- Increase of \$4,825,000 or 6.78% over the 2016-2017 fiscal year budgeted Total Expenditures. (\$3,819,000 + \$1,006,000)
- **Adjustments will continue prior to formal adoption by the School Board.**

Summary of Preliminary Total Revenues for 2017-2018

- Preliminary Total Revenues for the 2017-2018 fiscal year of \$75,445,000.
- ***Preliminary Total Revenues currently DO NOT include a real estate tax increase (\$0) for the 2017-2018 fiscal year.***
- Increase of \$4,290,000 or 6.03% over the 2016-2017 fiscal year budgeted Total Revenues. (\$3,819,000 + \$471,000 + \$535,000)

Net Preliminary Budgetary Shortfall or Deficit for 2017-2018

- Increase in Revenues of \$4,290,000 +
- Increase in Expenditures of \$4,825,000 =

- NET Preliminary Total REMAINING Budget Shortfall or Deficit for 17-18 of (\$535,000) WITHOUT a .5604 mill (Index) or a .0000 mill real estate tax increase.

- **Adjustments will continue prior to formal adoption by the School Board.**

Loss of R/E Tax Revenue for 17-18

- Delinquent Real Estate Taxes (\$492,000)
- Current Real Estate Taxes (\$192,000)

- **Total Loss of R/E Taxes (\$684,000)**

- **** The above revenue line items represent the two LARGEST decreases of revenue projected for the 17-18 fiscal year, and the above total amount for both line items would have been sufficient to balance the Budget and eliminate the projected deficit if each line item merely remained level funded and not decreased for the 17-18 fiscal year.****

State Budget Update for 17-18

- \$3 Billion State Budget deficit.
- Expand liquor privatization - ?
- Gaming expansion - ?
- New policies being considered to generate savings and create efficiencies - ?

State Subsidies Proposed for 17-18

- BEF = Basic Education Funding.
- RTLBG = Ready To Learn Block Grant.
- SEF = Special Education Funding.

- BEF proposed to increase by \$100 million .
- RTLBG proposed to be level funded or no change.
- SEF proposed to increase by \$50 million .

- Transportation subsidy proposed to decrease by (\$50 million) through some type of an unknown change (?) in the State subsidy reimbursement formula.

Inclusion of 100% of Proposed State Budget Increases for 2017-2018

- Proposed Total Increase of \$160,961 in Basic Education Subsidy. (25% = \$40,240)
- Proposed Total Increase of \$41,979 in Special Education Subsidy. (25% = \$10,495)
- District will include 100% = \$202,940 of the above increases in the 17-18 Budget. (25% or \$50,735)
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- ***If the increases are not received from the State, the amounts will be taken from the Fund Balance.***

PA Pension Reform Changes for 2017-2018

- No direct relief projected for school districts and no specific changes have been proposed (as of yet).
- Governor is again proposing to reduce investment management service fees for both State pension systems (PSERS & SERS).
- NO expected reduction in the projected 2017-2018 fiscal year employer contribution rate of 32.57%.
- Increase of 2.54% (from 30.03% to 32.57%) in required employer retirement benefit expenditures to PSERS prior to the 50% State reimbursement.

Projection of Ending Total Fund Balance at 6/30/17 for 2016-2017

➤ Beginning Fund Balance as of 7/1/16	<u>\$12,806,480</u>
➤ Less: 1. Loss of Debt Service Subsidy Reimbursement	(\$ 52,168)
➤ 2. C/Y Real Estate Tax Refunds	(\$ 296,711)
➤ 3. Decrease in Delinquent Real Estate Taxes	(\$ 449,877)
➤ 4. Decrease in Title I & Title II Federal Subsidies	(\$ 2,324)
➤ 5. Other Expenditures Greater than Budget	(\$To Be Determined)
➤ Add: 1. Increase in Basic Education Funding	\$ 257,278
➤ 2. Increase in Special Education Funding	\$ 16,331
➤ 3. Reduction in Debt Service Payments	\$ 360,747
➤ 4. IRS Fuel Credit for 2016 Propane Utilization	\$ 95,045
➤ 5. Other Revenues Greater than Budget	<u>\$ To Be Determined</u>
➤ Net Projected Decrease for 2016-2017 Fiscal Year	(\$ 71,679)
➤ <u>(Note: It is very possible this # will actually be greater or less!)</u>	
➤ Projected Ending Fund Balance at 6/30/17	<u>\$12,652,583</u>

Composition of Projected Ending Fund Balance at 6/30/17 for 2016-2017

- Unassigned Fund Balance \$6,405,173
- Nonspendable Fund Balance \$ 579,896
- Committed Fund Balance \$5,667,514

- Projected Total Fund Balance \$12,652,583

Components of Fund Balance

- **Unassigned Fund Balance**: Portion that **is immediately available** to be utilized for identified purposes such as balancing the Budget & making transfers to other funds.
- **Nonspendable Fund Balance**: Portion that offsets the amount of Prepaid Expenditures on the District's balance sheet & **is not available** for expenditure.
- **Committed Fund Balance**: Portion that **is not immediately available** due to official designation by the Board for specific purposes through a formal Board resolution. Can be designated by the Board for different purposes or classified back to Unassigned Fund Balance through an additional formal Board resolution. **Designations Currently Include**: 1. Future employer health insurance increases; 2. Future employer pension cost increases; & 3. Future capital repair project expenditures for District school buildings.

Composition of Committed Fund Balance Projected at 6/30/17

<u>DATE DESIGNATED</u>		<u>COMMITTED</u>
<u>BY THE BOARD</u>	<u>DESCRIPTION OF DESIGNATION</u>	<u>AMOUNTS</u>
12/13/2006	FUTURE HEALTH CARE COST INCREASES	\$ 891,597.00
3/26/2008	FUTURE HEALTH CARE COST INCREASES	\$ 1,327,578.00
3/26/2008	FUTURE PENSION COST INCREASES	\$ 1,327,579.00
3/25/2009	CSE CONSTRUCTION PROJECT	\$ 120,760.12
2/19/2014	GHS ROOF REPAIRS	\$ 1,000,000.00
2/19/2014	FUTURE PENSION COST INCREASES	\$ 1,000,000.00
	TOTAL BALANCE PROJECTED AT 6/30/17	\$ 5,667,514.12

Projection of Total Fund Balance at 6/30/17 for 2017-2018

- Projected Total Fund Balance as of 7/1/17 \$12,652,583
- Less: 1. Transfer of Fund Balance to Capital (\$ 3,819,000)
- Reserve Fund for Capital Projects.
- **Projected Total Fund Balance as of 6/30/18 \$ 8,833,583**
- The Projected Total Fund Balance at 6/30/18 Represents 11.63% (\$8,833,583/\$75,980,000) of the Preliminary 2017-2018 fiscal year Budget.

Budget Process for 2017-2018

- A not to exceed Index (2.9%) resolution was previously adopted by the School Board on January 17, 2017 for the 2017-2018 fiscal year.
- Thus, referendum exceptions have not been requested and will not be utilized by the District for the 2017-2018 fiscal year to further increase the millage rate above the 2.9% Index rate. 2.9% Index = Maximum .5604 mills increase.
- The Proposed Final 2017-2018 General Fund Budget will be adopted by the School Board on May 16, 2017. The Budget will be displayed via the PDE-2028 form on the District's website at www.gatewayk12.org
- Various summary and detailed Excel spread sheets will also be displayed on the District's website at www.gatewayk12.org in .pdf files as they are updated and available.
- Thus, the Pre-Act 1 budget timeline will continue to be followed by the District through final Budget adoption by the School Board scheduled on June 20, 2017.

Future Budget Meetings

- 1. Thursday, May 18, 2017 – Special Education, Additional Capital Projects, & Applicable Updates.
- 2. Tuesday, June 6, 2017 – Final Public Hearing.
- NOTE: All of the above Budget & Finance Committee Meetings will begin at 6:00 p.m. in the GHS LGI.