

Gateway School District General Fund Budget

Preliminary Budget Information for the
2017-2018 Fiscal Year

As of March 13, 2017



State Budget Update for 17-18

- State Budget Hearings have concluded.
- The State House returned to session today (March 13, 2017).
- The State Senate will return to session on March 20, 2017.
- Now the State Budget negotiation fun begins!

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 25% 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 25% or \$50,735 of the above increases (100% = \$202,940) in the 17-18 Budget.
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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	(\$ 286,208)
➤ 3. Decrease in Delinquent Real Estate Taxes	(\$ 449,877)
➤ 4. 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. Other Revenues Greater than Budget	<u>\$ To Be Determined</u>
➤ Net Projected Decrease for 2016-2017 Fiscal Year	(\$ <u>153,897</u>)
➤ <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>BY THE BOARD</u>	<u>DESCRIPTION OF DESIGNATION</u>	<u>COMMITTED</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 Reserve Fund for Capital Projects.	<u>(\$ 3,819,000)</u>
➤ Projected Total Fund Balance as of 6/30/18	<u>\$ 8,833,583</u>

Budget Process for 2017-2018

- A not to exceed Index (**2.9%**) resolution was previously adopted by the 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 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.
- Thus, the Pre-Act 1 budget timeline will continue to be followed by the District through final Budget adoption by the Board scheduled on June 20, 2017.

Future Budget Meetings

- 1. Monday, April 10, 2017 – Part III of Expenditures.
 - 2. Monday, May 8, 2017 – Staffing & Personnel Exps.
 - 3. Monday, June 5, 2017 – Final Public Hearing.
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- All of the above Budget & Finance Committee Meetings will begin at 7:00 p.m. in the GHS LGI.