

Gateway School District General Fund Budget

Proposed Final Budget Information for the
2017-2018 Fiscal Year

As of May 18, 2017



Summary of Proposed Final Total Expenditures for 2017-2018

- Proposed Final Total Expenditures for the 2017-2018 fiscal year of \$75,960,000.
- Increase of \$4,805,000 or 6.75% over the 2016-2017 fiscal year budgeted Total Expenditures. (\$3,819,000 + \$986,000)
- **Adjustments will continue prior to formal adoption by the School Board.**

Summary of Proposed Final Total Revenues for 2017-2018

- Proposed Final Total Revenues for the 2017-2018 fiscal year of \$75,437,000.
- ***Proposed Final Total Revenues currently DO NOT include a real estate tax increase (\$0) for the 2017-2018 fiscal year.***
- Increase of \$4,282,000 or 6.02% over the 2016-2017 fiscal year budgeted Total Revenues. (\$3,819,000 + \$463,000)

Net Proposed Final Budgetary Shortfall or Deficit for 2017-2018

- Increase in Revenues of \$4,282,000 +
- Increase in Expenditures of \$4,805,000 =
- NET Proposed Final Total REMAINING Budget Shortfall or Deficit for 17-18 of (\$523,000) WITHOUT a .5604 mill (Index) or any .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 ((\$191,000))
- **Total Loss of R/E Taxes** ((\$683,000))
- ** 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 - ?
- House Bill 1213: In current form, would eliminate taxing body appeals of property assessments at the benefit to commercial properties and at the expense of homeowners.

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	(\$ 295,860)
➤ 3. Decrease in Delinquent Real Estate Taxes	(\$ 449,877)
➤ 4. Decrease in Title I & Title II Federal Subsidies	(\$ 2,324)
➤ 5. Other Revenues Less than Budget	(\$To Be Determined)
➤ 6. 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. Decrease in Forbes Road Tuition Expenditures	\$ 154,636
➤ 6. Other Expenditures Less than Budget	\$To Be Determined
➤ 7. Other Revenues Greater than Budget	<u>\$To Be Determined</u>
➤ Net Projected Increase for 2016-2017 Fiscal Year	<u>\$ 83,808</u>
➤ <u>(Note: This # will actually be greater or less once all activity has been reconciled.)</u>	
➤ Projected Ending Fund Balance at 6/30/17	<u>\$12,890,288</u>

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

- Unassigned Fund Balance \$6,642,878
- Nonspendable Fund Balance \$ 579,896
- Committed Fund Balance \$5,667,514
- Projected Total Fund Balance \$12,890,288

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 (Capital Reserve Fund).
- **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 \$12,890,288
- 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 \$ 9,071,288**
- The Projected Total Fund Balance at 6/30/18 Represents **11.94%** (\$9,071,288/\$75,960,000) of the Proposed Final 2017-2018 fiscal year Budget.
- The Fund Balance is recommended to be **between 5% and 15%** of Budgeted Expenditures each fiscal year.

Homestead Exclusion for 2017-2018

- State determined on April 15, 2017 that gaming revenues will be available for distribution to the school districts during the 2017-2018 fiscal year.
- PDE certified and officially released the actual distribution amount to the District on May 1, 2017. The amount of \$1,460,130.33 will be received by the District for the 2017-2018 fiscal year.
- Allegheny County Office of Property Assessments sent the District a CD containing all of the applicable Homestead properties that qualify to receive the Homestead Exclusion from the District.
- The 2017-2018 fiscal year is the 10th year in a row for the District to receive and to distribute a State gaming revenue distribution.
- Impact of the distribution will be revenue neutral in the District's 2017-2018 fiscal year General Fund Budget.

Homestead Exclusion for 17-18

- Available ONLY to Allegheny County determined eligible homestead properties in both Monroeville & Pitcairn for 17-18.
- District has a total of 8,160 qualified homesteads eligible to receive the Homestead Exclusion.

	<u>Monroeville</u>	<u>Pitcairn</u>
Homesteads	7,613	547
Exclusion Amounts	<u>\$179.15</u>	<u>\$179.15</u>

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 23, 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 Meeting

- 1. Tuesday, June 6, 2017 – Final Public Hearing.
- NOTE: The above Budget & Finance Committee Meeting will begin at 6:00 p.m. in the GHS LGI and conclude prior to the scheduled Study Session Meeting to begin at 7:00 p.m. in the Board Room at the Administration Offices.