

Gettysburg Area School District

2016-2017 Budget Work Session

Monday, May 2, 2016

6:00PM- 7:00PM

I. Draft 2016-2017 Budget

- a. Special Requests Updates
- b. Follow-up – Unassigned Fund Balance Forecast
- c. Background – PSERS Committed Fund Balance
- d. Background – FIP Previous Projects Funded & Savings
- e. Administrative Budget Recommendations
- f. Board Decision Points

II. Next Steps – May 16 Public Hearing & Proposed Budget Approval

Gettysburg Area School District
2016-2017 Public Budget Workshop
May 2, 2016

Special Budget Requests
Impacts of Funding Decisions
Fund Balance Management

Gettysburg Area School District
 Special Budget Requests
 Updated April 27, 2016

Job Class	Description		General Fund Amount	Capital Projects Fund Amount
090 Technology	Update Read 180 and System 44		\$54,564	
101 Superintendent	Board meeting set-up and security		2,200	
101 Superintendent	HS renovations for integrated learning	(1)		\$75,000
101 Superintendent	Staffing help for GAEF		25,000	
101 Superintendent	AppliTrack License	(7)	5,875 *	
120/130/150 Elem Schools	Music program support		3,753	
200 Middle School	Baby grand piano replace/shared (\$30K for new)	(2)		6,800
300 High School	Art department shelving		3,000	
300 High School	Phys Ed weight program		5,448	
300 High School	Scholarships - College in High School, HACC	(8)	10,000 *	
380 Tech Prep	New network comm. program - room renovations		20,000	
380 Tech Prep	New network comm. program - T/P program costs	(3)	82,423 *	

400 Athletics	Director contract	(4)	12,000	
500 Curriculum & Instruction	Teacher effectiveness and accountability system upgrade		8,010	
500 Curriculum & Instruction	Hybrid Learning - Additional Implementation Services		40,000	
500 Curriculum & Instruction	Additional ESL teacher - elementary (net)	(5)	78,223	
700 Special Ed.	Move life skills program from CVSD		5,500	
700 Special Ed.	Life skills staffing - move instructor		N/A	
700 Special Ed.	Life skills staffing - add paraprofessional (net)		40,116	
900 Buildings & Grounds	Capital needs - from Capital Projects Fund	(6)		
900 Buildings & Grounds	Additional contracted security		6,001	
			<u>6,001</u>	<u> </u>
	Total		<u>\$402,113</u>	<u>\$81,800</u>

(1) Moved \$75,000 to Capital Items per Board discussion 3/21/16

(2) Moved \$6,800 to Capital Items per Board discussion 3/21/16

(3) In Tech Prep Consortium budget requests - funded by Perkins and member school districts

(4) Moved to regular budget in Job Class 400 per Board Action 3/21/16

(5) Added per Board discussion 3/21/16

(6) Refer to Capital Items list dated 2/26/16

(7) Added per request at 3/29/16 Budget Workshop

(8) Added per request at 4/18/16 Budget Workshop

* Indicates amount change from prior schedule of 3/28/16

Gettysburg Area School District
 Summary of Major Budget Categories
 2016-2017 Draft Budget
 May 2, 2016

2016-17 real estate tax increase remains at Act 1 Index.

7/1/16 unassigned fund balance reflects transfer of \$250,000 to the PSERS fund and \$300,000 to capital projects for HVAC/roofs

No other changes to revenues or expenses

Budgets perform \$1,000,000 better than expected overall

Forecast A

Category	Description	04/18/16 Draft Budget 2016-17	Draft Budget 2017-18	Draft Budget 2018-19	Draft Budget 2019-20	Draft Budget 2020-21	Draft Budget 2021-22	Draft Budget 2022-23	Draft Budget 2040-41	Draft Budget 2041-42	Draft Budget 2042-43	Draft Budget 2043-44
Beginning Unassigned Fund Balance		\$8,717,561	\$8,376,311	\$8,035,061	\$7,693,811	\$7,352,561	\$7,011,311	\$6,670,061	\$527,561	\$186,311	(\$154,939)	(\$496,189)
Revenues		58,145,957	58,145,957	58,145,957	58,145,957	58,145,957	58,145,957	58,145,957	58,145,957	58,145,957	58,145,957	58,145,957
	0830 Use of Committed Fund Balance	837,242	837,242	837,242	837,242	837,242	837,242	837,242	837,242	837,242	837,242	837,242
		58,983,199	58,983,199	58,983,199	58,983,199	58,983,199	58,983,199	58,983,199	58,983,199	58,983,199	58,983,199	58,983,199
Total Available Resources		67,700,760	67,359,510	67,018,260	66,677,010	66,335,760	65,994,510	65,653,260	59,510,760	59,169,510	58,828,260	58,487,010
Expenses		60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449
	Budget Performance Factor	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Change in Unassigned Fund Balance		(\$341,250)	(\$341,250)	(\$341,250)	(\$341,250)	(\$341,250)	(\$341,250)	(\$341,250)	(\$341,250)	(\$341,250)	(\$341,250)	(\$341,250)
Ending Unassigned Fund Balance		\$8,376,311	\$8,035,061	\$7,693,811	\$7,352,561	\$7,011,311	\$6,670,061	\$6,328,811	\$186,311	(\$154,939)	(\$496,189)	(\$837,439)

Gettysburg Area School District
 Summary of Major Budget Categories
 2016-2017 Draft Budget
 May 2, 2016

16/17 real estate tax increase = 0

7/1/16 unassigned fund balance reflects transfer of \$250,000 to the PSERS fund and \$300,000 to capital projects for HVAC/roofs

No other changes to revenues or expenses

Budgets perform \$1,000,000 better than expected overall

Forecast B

Category	Description	04/18/16									
		Draft Budget 2016-17	Draft Budget 2017-18	Draft Budget 2018-19	Draft Budget 2019-20	Draft Budget 2020-21	Draft Budget 2021-22	Draft Budget 2022-23	Draft Budget 2023-24	Draft Budget 2024-25	Draft Budget 2025-26
Beginning Unassigned Fund Balance		\$8,717,561	\$7,686,011	\$6,654,461	\$5,622,911	\$4,591,361	\$3,559,811	\$2,528,261	\$1,496,711	\$465,161	(\$566,389)
Revenues		57,455,657	57,455,657	57,455,657	57,455,657	57,455,657	57,455,657	57,455,657	57,455,657	57,455,657	57,455,657
	0830 Use of Committed Fund Balance	837,242	837,242	837,242	837,242	837,242	837,242	837,242	837,242	837,242	837,242
		58,292,899	58,292,899	58,292,899	58,292,899	58,292,899	58,292,899	58,292,899	58,292,899	58,292,899	58,292,899
Total Available Resources		67,010,460	65,978,910	64,947,360	63,915,810	62,884,260	61,852,710	60,821,160	59,789,610	58,758,060	57,726,510
Expenses		60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449	60,324,449
	Budget Performance Factor	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Change in Unassigned Fund Balance		(\$1,031,550)	(\$1,031,550)	(\$1,031,550)	(\$1,031,550)	(\$1,031,550)	(\$1,031,550)	(\$1,031,550)	(\$1,031,550)	(\$1,031,550)	(\$1,031,550)
Ending Unassigned Fund Balance		\$7,686,011	\$6,654,461	\$5,622,911	\$4,591,361	\$3,559,811	\$2,528,261	\$1,496,711	\$465,161	(\$566,389)	(\$1,597,939)

Gettysburg Area School District
 Summary of Major Budget Categories
 2016-2017 Draft Budget
 May 2, 2016

16/17 real estate tax increase = 0
 7/1/16 unassigned fund balance reflects transfer of \$250,000 to the PSERS fund and \$300,000 to capital projects for HVAC/roofs
 Replace \$350,000 budget reserve with \$583,750 annual capital spending
 Add \$300,000 annual transfer toward HVAC/Roofing/Other projects
 No other changes to revenues or expenses
 Budgets perform \$650,000 better than expected overall (\$1,000,000 - 350,000) (2015-16 remains at \$1,000,000)

Forecast C

Category	Description	04/18/16 Draft Budget 2016-17	Draft Budget 2017-18	Draft Budget 2018-19	Draft Budget 2019-20	Draft Budget 2020-21	Draft Budget 2021-22	Draft Budget 2022-23	Draft Budget 2023-24
<u>Beginning Unassigned Fund Balance</u>		\$8,717,561	\$6,802,261	\$4,886,961	\$2,971,661	\$1,056,361	(\$858,939)	(\$2,774,239)	(\$4,689,539)
<u>Revenues</u>		57,455,657	57,455,657	57,455,657	57,455,657	57,455,657	57,455,657	57,455,657	57,455,657
	0830 Use of Committed Fund Balance	837,242	837,242	837,242	837,242	837,242	837,242	837,242	837,242
		58,292,899	58,292,899	58,292,899	58,292,899	58,292,899	58,292,899	58,292,899	58,292,899
<u>Total Available Resources</u>		67,010,460	65,095,160	63,179,860	61,264,560	59,349,260	57,433,960	55,518,660	53,603,360
<u>Expenses</u>		60,858,199	60,858,199	60,858,199	60,858,199	60,858,199	60,858,199	60,858,199	60,858,199
	Budget Performance Factor	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
<u>Change in Unassigned Fund Balance</u>		(\$1,915,300)	(\$1,915,300)	(\$1,915,300)	(\$1,915,300)	(\$1,915,300)	(\$1,915,300)	(\$1,915,300)	(\$1,915,300)
<u>Ending Unassigned Fund Balance</u>		\$6,802,261	\$4,886,961	\$2,971,661	\$1,056,361	(\$858,939)	(\$2,774,239)	(\$4,689,539)	(\$6,604,839)

Gettysburg Area School District
 Summary of Major Budget Categories
 2016-2017 Draft Budget
 May 2, 2016

16/17 real estate tax increase = 0
 7/1/16 unassigned fund balance reflects transfer of \$250,000 to the PSERS fund and \$300,000 to capital projects for HVAC/roofs
 Replace \$350,000 budget reserve with \$583,750 annual capital spending
 Add \$300,000 annual transfer toward HVAC/Roofing/Other projects
 Adjust for inflation/trends - +2% annually for revenues, +3% annually for expenses
 No other changes to revenues or expenses
 Budgets perform \$650,000 better than expected overall (\$1,000,000 - 350,000) (2015-16 remains at \$1,000,000)

Forecast D

Category	Description	04/18/16 Draft Budget 2016-17	Draft Budget 2017-18	Draft Budget 2018-19	Draft Budget 2019-20	Draft Budget 2020-21	Draft Budget 2021-22	Draft Budget 2022-23	Draft Budget 2023-24
Beginning Unassigned Fund Balance		\$8,717,561	\$6,802,261	\$4,227,074	\$960,543	(\$3,029,964)	(\$7,778,295)	(\$13,319,557)	(\$19,690,158)
Revenues		57,455,657	58,604,770	59,776,865	60,972,403	62,191,851	63,435,687	64,704,401	65,998,489
	0830 Use of Committed Fund Balance	837,242	853,987	871,067	888,488	906,258	924,383	942,871	961,728
		58,292,899	59,458,757	60,647,932	61,860,891	63,098,109	64,360,070	65,647,272	66,960,217
Total Available Resources		67,010,460	66,261,018	64,875,006	62,821,434	60,068,145	56,581,775	52,327,715	47,270,059
Expenses		60,858,199	62,683,944	64,564,463	66,501,398	68,496,440	70,551,332	72,667,873	74,847,910
	Budget Performance Factor	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Change in Unassigned Fund Balance		(\$1,915,300)	(\$2,575,187)	(\$3,266,531)	(\$3,990,507)	(\$4,748,331)	(\$5,541,262)	(\$6,370,601)	(\$7,237,693)
Ending Unassigned Fund Balance		\$6,802,261	\$4,227,074	\$960,543	(\$3,029,964)	(\$7,778,295)	(\$13,319,557)	(\$19,690,158)	(\$26,927,851)

PSERS Committed Fund Balance

- Began funding in 2003/2004
- Amount contributed to date: \$6,158,777
 - Pre-planned in budgets: \$1,569,873
 - Committed from fund balance: \$4,588,904
- Amount scheduled to be used to date: \$1,322,702
- Projected balance 6/30/16 \$4,836,075

Gettysburg Area School District						
Facility Improvement Projects Summary						
Updated 9/24/12						
Project Costs to be Funded						
		Preliminary		Current		Current
		Estimates		Estimates		Estimates
	<u>Funded From</u>	<u>8/1/2011</u>	<u>Changes</u>	<u>8/11/2012</u>	<u>Changes</u>	<u>8/11/2012</u>
Adams County Tech Prep	Capital Projects	\$4,200,000	\$3,875	\$4,203,875		\$4,203,875
Lincoln Elem Playground	Capital Projects	375,000	12,264	387,264		387,264
Lincoln Elem Add/Renovations	Capital Projects	1,500,000	(1,475,000)	25,000		25,000
Franklin Twp Elem Add & Renovations	Bond Fund	4,200,000	1,927,228	6,127,228	(1,237,427)	4,889,801
James Gettys Elem Renovations	Capital Projects	1,900,000	(456,398)	1,443,602		1,443,602
Keefauver Elem Demolition	Capital Projects	350,000	(155,000)	195,000		195,000
New Middle School	Bond Fund	35,000,000	3,040,007	38,040,007		38,040,007
Future Projects	Both	3,000,000	(1,485,826)	1,514,174	1,237,427	2,751,601
	Total	\$50,525,000	\$1,411,150	\$51,936,150	\$0	\$51,936,150

Gettysburg Area School District					
Facility Improvement Time Line					
2009-2015					
03-04		Transfer \$1,250,000 from Gen Fund			
04-05	Add .25 mills				
05-06	Add .50 mills				
06-07	Add .50 mills				
07-08	Add .50 mills	Transfer \$2,750,000 from Gen Fund			
08-09	Add .50 mills				
09-10	Add .50 mills				
10-11	Add .50 mills	Transfer \$700,000 from Gen Fund			
11-12		Borrow \$41,500,000 Transfer \$900,000 from Gen Fund	Open new Tech Prep Building		
12-13			Renovate James Gettys Elem.		
13-14			Renovate/Add to Franklin Twp Elem		
14-15			Open new Middle School		

Savings !

- Accumulated funds:
 - Total \$10,000,000 set aside
 - Earned \$265,000 interest
 - Allowed timing issue to marked – saved \$670,000
 - Reduced bond closing costs by \$70,000
 - Reduced future interest costs by \$5,700,000
 - Shortened term of borrowing to 15 years
 - Saved \$9,000,000 in debt payments

Final Notes

- Since 1993:
 - 7 new money issues - \$93,210,000
 - 13 refinancing issues - \$83,392,000
 - \$3,256,256 saved through refinancing
 - \$15,000,000 completed without borrowing
 - \$55,000,000 debt remaining outstanding
 - Final payoff is 13.5 years away

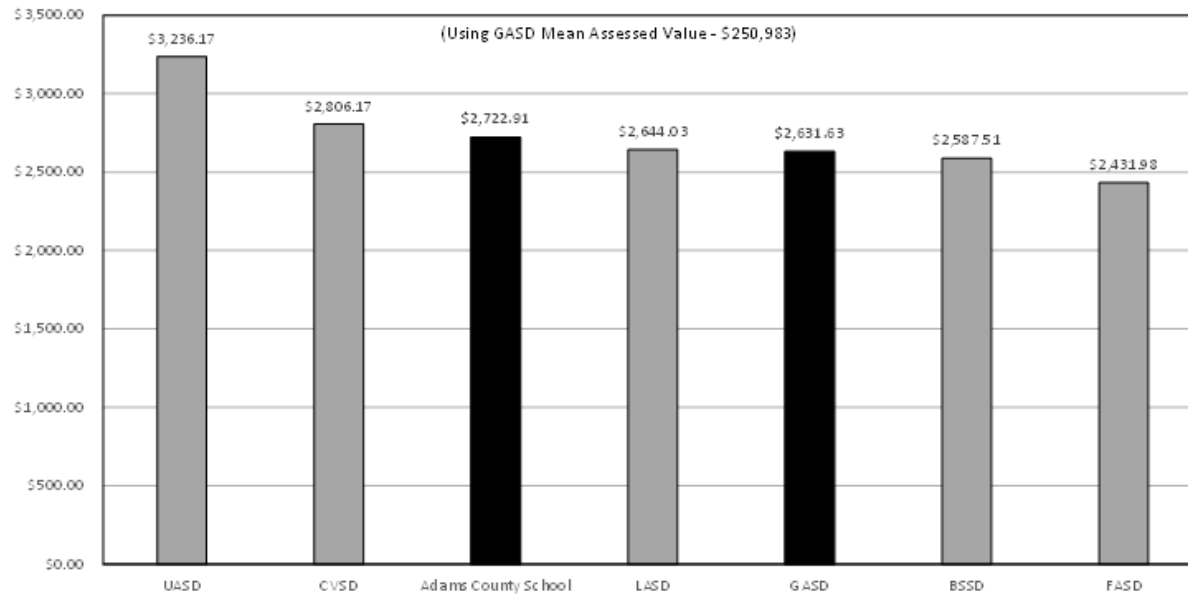
FACT – Of the 6 Adams County School Districts, GASD has the lowest cumulative tax rate increase over the past 3 years – less than half the county average

Per PDE School District Data and Statistics Reports				
May 11, 2015				
<u>Change</u>	<u>12/13</u>	<u>13/14</u>	<u>14/15</u>	Cum Change B
BSSD	2.30%	1.15%	2.00%	8.29%
CVSD	2.20%	4.92%	4.37%	16.37%
FASD	2.10%	2.10%	0.00%	4.24%
GASD	1.20%	0.00%	1.73%	3.90%
LASD	2.20%	2.20%	2.70%	9.95%
UASD	2.27%	2.30%	3.70%	11.31%
Average	2.05%	2.11%	2.42%	9.01%

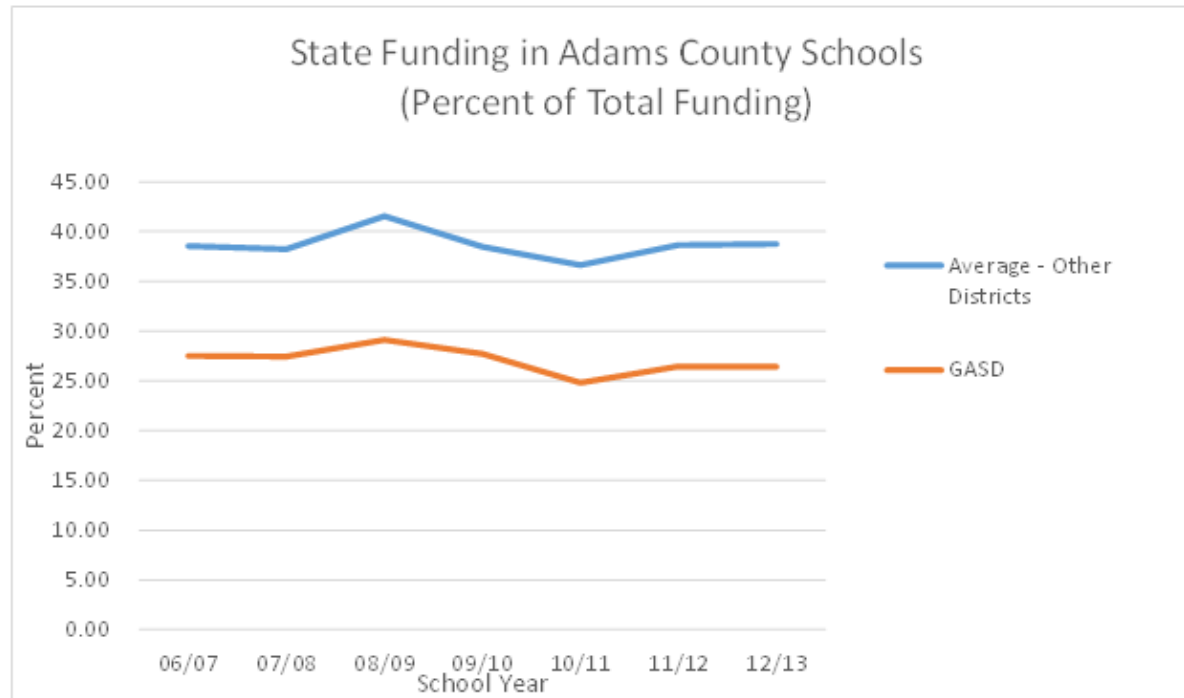


FACT – Of the 6 Adams County School Districts, GASD 2014-15 tax bills were 3rd lowest.

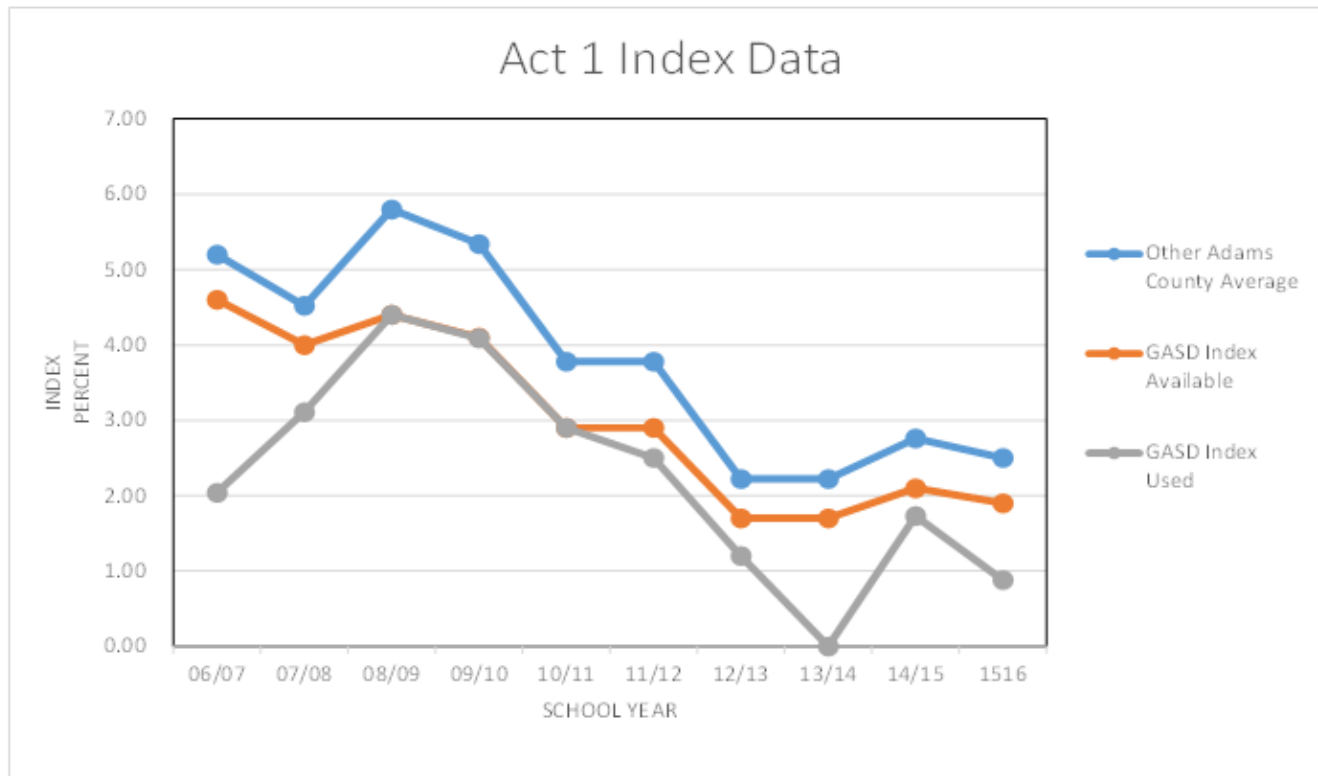
2014-15 Adams County School Districts' Tax Bill Comparison



FACT – GASD receives a lower percentage of funding from the Commonwealth, based on its measure of the District taxpayers' ability to pay. GASD's funding from the Commonwealth is 30% below the average of the other Adams County school districts.



FACT – EVEN WITH LESS STATE SUPPORT, GASD has used less than its available Act 1 Index in 8 of the 10 years Act 1 has been in place.



Administrative Budget Recommendations

- Maintain Unassigned Fund Balance near 8%
 - See Board Policy 603 and Policy 622
- Establish budget line within general fund to provide for annual mid-range capital needs
 - Establish annual capital needs budget within Capital Projects Fund
 - Integrate budget development with General Fund Budget Calendar
 - Fund annual needs through General Fund line item
- Initialize graduated funding plan for future FIP
 - Begin with use of existing Unassigned Fund Balance \$800,000
 - Annual funding increases of \$300,000 per year
- Reduce budget reserve line item gradually over time

Gettysburg Area School District
 Summary of Major Budget Categories
 2016-2017 Draft Budget
 May 2, 2016

2016-17 Value Per Mill: \$2,642,644

Category	Description	Actual 2014-15	Final Budget 2015-16	05/02/16 Draft Budget 2016-17	Change From 2015-16 Budget		% of Total Budget
					\$	%	
Revenues							
6000	Local Sources	\$39,253,638 ⁽¹⁾	\$38,008,014 ⁽¹⁾	\$39,826,395 ⁽¹⁾	\$1,818,381	4.8%	67.52%
7000	State Sources	15,878,811 ⁽¹⁾	16,435,647 ⁽¹⁾	17,247,146 ⁽¹⁾	811,499	4.9%	29.24%
8000	Federal Sources	1,166,242	1,082,643	1,070,416	(12,227)	-1.1%	1.81%
9000	Other Sources	5,360	2,000	2,000	0	0.0%	0.00%
SUB-TOTAL REVENUES		56,304,051	55,528,304	58,145,957	2,617,653	4.7%	98.58%
0830	Use of Committed Fund Balance	349,398	667,219	837,242	170,023	25.5%	1.42%
TOTAL REVENUES		\$56,653,449	\$56,195,523	\$58,983,199	\$2,787,676	5.0%	100.00%

Expenses							
100	Salaries and Wages	\$21,618,280	\$22,316,597	\$22,124,037	(\$192,560)	-0.9%	36.20%
200	Employee Benefits	12,151,501	13,867,744	15,034,962	1,167,218	8.4%	24.60%
Sub-Total 100 to 200 Objects		33,769,781	36,184,341	37,158,999	974,658	2.7%	60.81%
300	Purchased Professional Services	4,120,326	4,093,419	5,468,814	1,375,395	33.6%	8.95%
400	Purchased Property Services	1,220,643	1,466,120	1,480,310	14,190	1.0%	2.42%
500	Other Purchased Services	6,385,327	6,836,409	7,345,106	508,697	7.4%	12.02%
600	Supplies	2,304,763	2,110,275	2,084,615	(25,660)	-1.2%	3.41%
700	Property and Equipment	312,895	151,476	119,645	(31,831)	-21.0%	0.20%
800	Other Objects	2,411,073	2,519,366	2,483,392	(35,974)	-1.4%	4.06%
900	Other Financing Uses	4,579,136	3,956,845	4,967,318	1,010,473	25.5%	8.13%
Sub-Total 300 to 900 Objects		21,334,163	21,133,910	23,949,200	2,815,290	13.3%	39.19%
TOTAL EXPENSES		\$55,103,944	\$57,318,251	\$61,108,199	\$3,799,948	6.6%	100.00%

Increase/(Decrease) in Unassigned Fund Balance			2016-2017 Value in Mills:
General Fund - Actual	1,549,505		0.8041
General Fund - Per Budget		(1,122,728)	
Tech Prep - Per Budget			
Unreconciled Difference	\$0	\$0	0.0000

(Rev. - Exp. - Inc./(Dec.) in Fund Balance

Real Estate Tax Millage Analysis:				Act 1 Index Increase:
	2015/16	Change	2016/17	2.400% = .2516 mills
General Use	10.4853	0.2516	10.7369	
Other	0.0000		0.0000	Actual Increase:
Total	10.4853	0.2516	10.7369	2.400%

⁽¹⁾ - 6111-Local Real Estate Tax is reduced by \$1,116,264 which is budgeted under 7340-State Property Tax Reduction Allocatic

Gettysburg Area School District
 Unassigned Fund Balance Worksheet
 May 2, 2016

May 2, 2016

Unassigned Fund Balance (Balance)		
-Per June 30, 2015 Audit Report		\$9,390,289
2015/16 Budget Impact on Balance		
Revenue Budget		\$55,528,304
Use of PSERS Committed Fund Balance		667,219
Expense Budget		<u>(57,318,251)</u>
Shortfall/Use of Balance		<u>(1,122,728)</u>
		8,267,561

Resolution Recommended for Consideration:

Lincoln Tennis Courts	(a)		0
HS Caulking and Sealants	(b)		0
HS Through-wall Flashing	(c)		0
Add to PSERS Fund	(d)		(500,000)
Fund 16/17 Capital Needs	(e)		0
Designate for Future FIP	(f, g)		(800,000)
Other Capital Needs	(g)		<u>0 (1,300,000)</u>

Projected/Estimated Balance at 6/30/16		6,967,561
Amount Needed to Balance 2016/17 Budget		<u>(2,125,000)</u>
Projected Balance 6/30/17		<u>\$4,842,561</u>
7.92% of 16/17 budget		

Limit on Projected Balance at 6/30/17		
Projected 2016/17 Expense Budget	\$61,108,199	
8% Limit		4,888,655
Projected Balance Above/(Below) Projected Limit		<u>(\$46,094)</u>

16/17 Prelim Budget Rev	58,145,957
16/17 Use of PSERS fund	837,242
16/17 Prelim Budget Exp	<u>(61,108,199)</u>
Difference	<u>(2,125,000)</u>

- (a) Now to be paid from Capital Projects Fund per 3/7/16 Board Action (\$300,000)
- (b) Now to be paid from Capital Projects Fund per 3/7/16 Board Action (\$204,000)
- (c) Now to be paid from Capital Projects Fund per 3/21/16 Board Action (\$138,500)
- (d) Increased from \$250,000
- (e) Now \$583,750 in annual General Fund budget - transfer to Capital Project Fund for average annual needs
- (f) Now \$300,000 in annual General Fund budget - commit for future FIP needs
- (g) Decreased transfers for capital needs by \$700,000

Decision Points

- What should the Unassigned Fund Balance Target Be?
 - See Board Policy 603 and Policy 622
- How should the District provide for capital needs?
 - Small items (190 funding source list)
 - Mid-range items (Capital needs list - \$583,750 average)
 - Future FIP items (HVAC, roofs, turf replacement, etc.)
- What is the best use of surplus Unassigned Fund Balance?
 - To balance the annual budget
 - To provide for capital needs
 - To leverage against PSERS rate increases
 - Other

Gettysburg Area School District
Projections of Fund Balance Using Various Assumptions
May 2, 2016

At the Public Budget Workshop of April 18, 2016, the Administration was asked to prepare information to show the impact on the Unassigned Fund Balance, given certain assumptions. We have attempted to do that in a manner that removes as many variables as possible; so that the impact of changing the assumptions is all that occurs in the model.

The attached models are in sequential order – the changes are cumulative in a manner that allows clear views of the various impacts. The assumptions for each model are listed at the top, with the new items being highlighted on that page.

- A. We start with the budget for 2016-17 as it was brought to you April 18. The Beginning Unassigned Fund Balance amount comes from the Unassigned Fund Balance worksheet that evening as well, assuming \$250,000 is transferred to the PSERS reserve fund and \$300,000 is transferred to Capital Projects funds for future HVAC/Roofing/Other projects, and assuming that the 2015-16 budget performs \$1,000,000 better than expected.

For each subsequent year, we assume absolutely no changes to the revenue and expense budgets, and that each year's actual results are \$1,000,000 better than expected.

This model results in the Unassigned Fund Balance being eliminated in the 2041-42 fiscal year.

- B. Next, we eliminate the tax increase (Act 1 Index = \$690,300) for 2016-17. That's it.

This results in the Unassigned Fund Balance being eliminated in 2024-25 – a full 17 years earlier than the model including the Act 1 index.

- C. The next step is to show the impact of including capital items in the general fund and eliminating the budget reserve, as suggested. Removing the \$350,000 budget reserve, since our hope and expectation for it was not to use it, also impacts the actual budget performance, and now instead of the budget performing \$1,000,000 to the good, it would be only \$650,000 each year.

For the capital needs, we eliminated the roofing and HVAC renovations from the multi-year projections and calculated an average annual need for the remaining items of \$583,750.

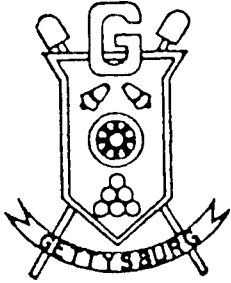
We also added a \$300,000 annual transfer toward the HVAC, roofing and other needs enumerated on Mr. Crosby's schedule.

The result is that the Unassigned Fund Balance now runs out in the 2020-21 fiscal year and the District ends the year over \$850,000 in the red.

- D. Finally, we attempt to show the impacts of normal trends and inflation, reflecting normal growth in revenues, estimated at 2%, and normal inflation for expenses of 3%. If both revenues and expenses trended similarly there wouldn't be any need for tax increases, and history clearly shows that does not occur.

With this single change, the Unassigned Fund Balance would be depleted in the 2019-20 year. To balance the next year would take an infusion of \$7,778,295. Even with this year's maximum index and both currently available exceptions, the District could only raise \$1,288,525, leaving the District in a \$6,489,770 hole that year alone. The shortfall grows rapidly after that.

Please review these models and let us know if you have any questions.



BOARD POLICY

Section FINANCES

Title BUDGET PREPARATION

Date Adopted APRIL 6, 1981

Date Last Revised _____

Old Classification _____

Guide	603. BUDGET PREPARATION	Reference
1. Purpose	<p>The Board considers the preparation of an annual budget to be one of its most important responsibilities because the budget is the financial reflection of the education plan for the district. The budget shall be designed to carry out that plan in a thorough and efficient manner and to maintain the facilities and honor the obligations of the district.</p>	§433
2. Authority	<p>The Board recognizes its obligation to the taxpayers of this community to approve only those expenses reasonably required to provide an educational program suitable to the needs and desires of this district, and the requirement that any surplus funds from the prior year's budget shall be applied against taxes to be raised locally for the subsequent budget year.</p>	§687(c)
3. Delegation of Responsibility	<p>In order to ensure adequate time for the preparation and review of the proposed budget, the Board requests that the Director of Business Services present to the Board all available information associated with the budget no later than 90 days prior to the end of the fiscal year. It shall be the goal of the administration to present a draft budget for planning purposes by the official January Board meeting.</p> <p>The budget should evolve primarily from the district educational program as expressed by the Superintendent and central administration and should be compatible with district goals.</p> <p>In preparing the budget, the responsible administrator shall set general priorities for expenditures for:</p>	§433

603. BUDGET PREPARATION

- ¶ staff for the maintenance of current programs.
- ¶ equipment and supplies for the maintenance of current programs.
- ¶ maintenance of existing facilities and equipment.
- ¶ new staff for the improvement or expansion of current programs.
- ¶ new equipment and supplies for the improvement or expansion of current programs.
- ¶ suggestions for supplies and staff for additional programs.



SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: June 20, 2011

REVISED:

	<p style="text-align: center;">622. FUND BALANCE</p> <p>1. Purpose The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school district and is fiscally advantageous for both the district and the taxpayer. This policy establishes goals and provides guidance concerning the desired level of year-end fund balance to be maintained by the district.</p> <p>2. Definitions Fund balance is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in each fund.</p> <p>GASB Statement 54 classifies fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts shall be reported in the following classifications:</p> <p>Nonspendable - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).</p> <p>Restricted - amounts limited by external parties, or legislation (e.g., debt covenants, grants or donations).</p> <p>Committed - amounts limited by Board policy (e.g., future anticipated costs). Action must be taken by the Board to commit fund balance for the designated purpose.</p> <p>Assigned - amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future.</p> <p>Unassigned - amounts available for consumption or not restricted in any manner.</p>
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<p>3. Guidelines</p>	<p>The school district will strive to maintain an unassigned general fund balance of not less than</p> <p style="padding-left: 40px;">six percent (6%)</p> <p>and not more than</p> <p style="padding-left: 40px;">eight percent (8%)</p> <p>of the budgeted expenditures for that fiscal year.</p> <p>The total fund balance, consisting of several portions including committed, assigned and unassigned, may exceed eight percent (8%).</p> <p>If the unassigned portion of the fund balance falls below the threshold of</p> <p style="padding-left: 40px;">six percent (6%),</p> <p>the Board will pursue variations of increasing revenues and decreasing expenditures, or a combination of both until</p> <p style="padding-left: 40px;">six percent (6%)</p> <p>is attained. If the assigned and unassigned portions of the fund balance exceeds</p> <p style="padding-left: 40px;">eight percent (8%)</p> <p>of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for expenditures. The goal is to use any excess fund balance for nonrecurring expenditures and not for normal operating costs.</p> <p>The order of spending of the remaining fund balances shall be: unassigned first, assigned second, and committed third unless otherwise directed by the Board.</p>
<p>4. Delegation of Responsibility</p>	<p>The Superintendent and Business Manager or related designees may assign fund balance for items deemed appropriate at any time prior to the issuance of the audited financial statements for a given year.</p> <p>The Business Manager or designee shall be responsible for the enforcement of this policy.</p> <p>References:</p> <p>School Code – 24 P.S. Sec. 218, 688</p>