



GETTYSBURG AREA SCHOOL DISTRICT

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TO: Board of School Directors
FROM: Jason Perrin
RE: Preliminary Budget Information and Recommendation
DATE: January 16, 2018

Please find the following documents specific to the Preliminary 2018-2019 Budget. This memorandum/recommendation, will refer to these documents.

Document A: Summary of Major Budget Categories

Document B: Unassigned Fund Balance Worksheet

Document C: Revenue Budget Worksheet

Rationale:

This information is being presented to assist the Board in determining whether or not the 2018-2019 Budget can achieve balance, without applying for exceptions to the Act 1 index, which is set at 2.4% (2018-2019) by the state. The Board therefore has two options with the preliminary budget; 1) Adopt a resolution that the 2018-2019 Budget will not exceed the Act 1 index for any reason (which is the motion before the board this evening), or 2) Authorize the administration to make public a draft preliminary budget 2018-2019, which could lead to the application for exceptions to go above the Act 1 index.

Review of Key Fiscal Variables:

Revenues: Referring to Document A, we are projecting total revenues for 18-19 to increase by approximately 2.8%. The most significant increase in revenue is projected from local sources (6000) to be approximately 3.0%. This assumes and shows an increase based on the 2.4% Act 1 index, and also based on a local tax collection rate of 94.9%. Revenue increases by source (Document C), have been projected using historical trends, along with information our team is aware of at this date.

Expenditures: Also listed on Document A, we are projecting total expenditures for 18-19 to increase by approximately 2.1%. This projects some benefit (200) savings through the recent change of health care plan, an increase in salaries and wages (100) based on existing contracts and agreements, and also allows for approximately \$560,000 to address Special Budget Requests (SBR's) that the administration is currently discussing. We are currently prioritizing these items to present to the board as recommendations in future budget discussions. A final expenditure impact may be realized as budget heads continue to build their 18-19 budgets using 16-17 budget "actuals". This will also be incorporated into future recommendations as we move through the budget process.

Unassigned Fund Balance (UFB): Referring to Document B, the Unassigned Fund Balance from the recent audit was listed as \$13,161,864. Of that value, the district committed approximately \$4.1 million, in order to balance the 17-18 Final Budget. This leaves a UFB of around \$9 million. Board policy sets a minimum and maximum UFB to range between 6-8% of the districts total expenses. Therefore, the UFB cannot be above 8% (\$5,283,730) of the 18/19 projected expenditures (\$66,046,629). We are therefore projecting a use of \$3,778,666 of UFB in order to balance the preliminary 18-19 budget. This projection would reduce our UFB to \$5,279,073, just less than 8%. We are not projecting a use of more UFB in the preliminary budget, as there still exists a structural deficit of approximately 3.7 million dollars.

Recommendation:

Given the information presented above based on our projections, I do not believe exceptions will be needed in order to balance the final 18-19 budget, and therefore believe that we will meet projected expenditure obligations within the Act 1 index of 2.4%.