



Financial Update

**Business/Finance Committee
Meeting
October 12, 2015**



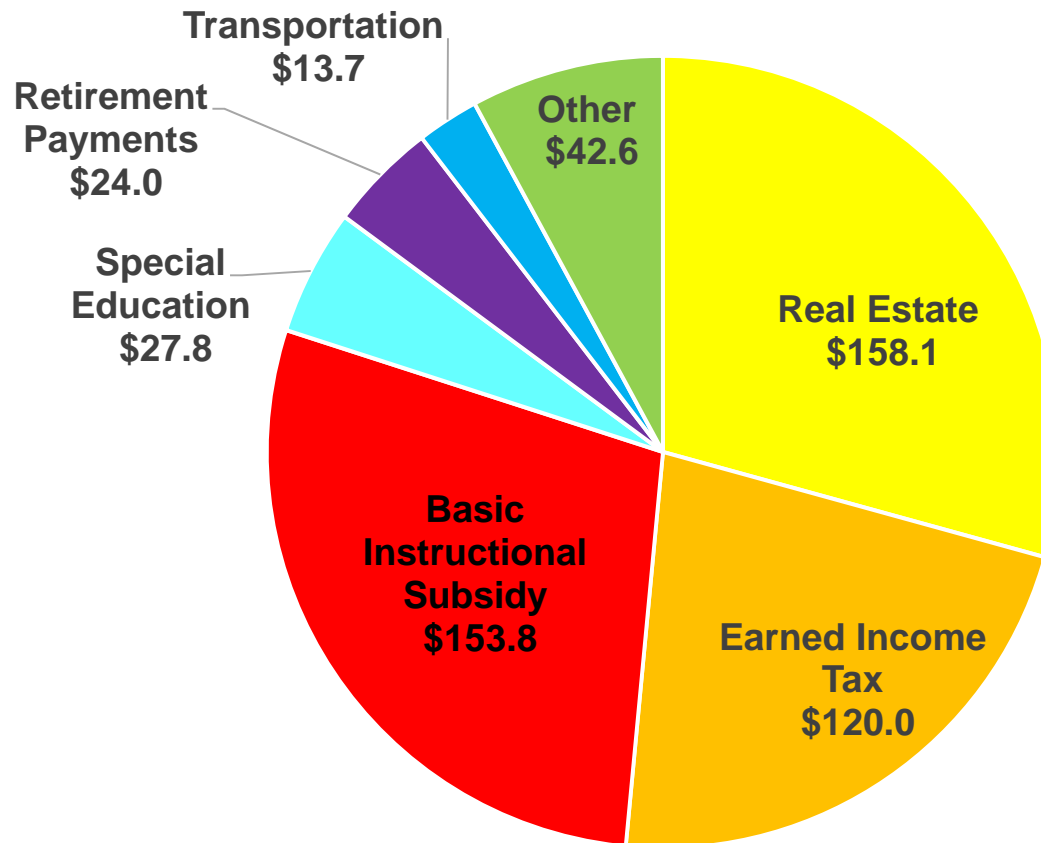


The District Budget is Similar to a Household Budget

Household Budget	District Budget \$539.9M
Income	Revenue State – 43.3%, Local 53.9%
Bills	Expenditures
Savings	Fund Balance

Major Sources of Revenue

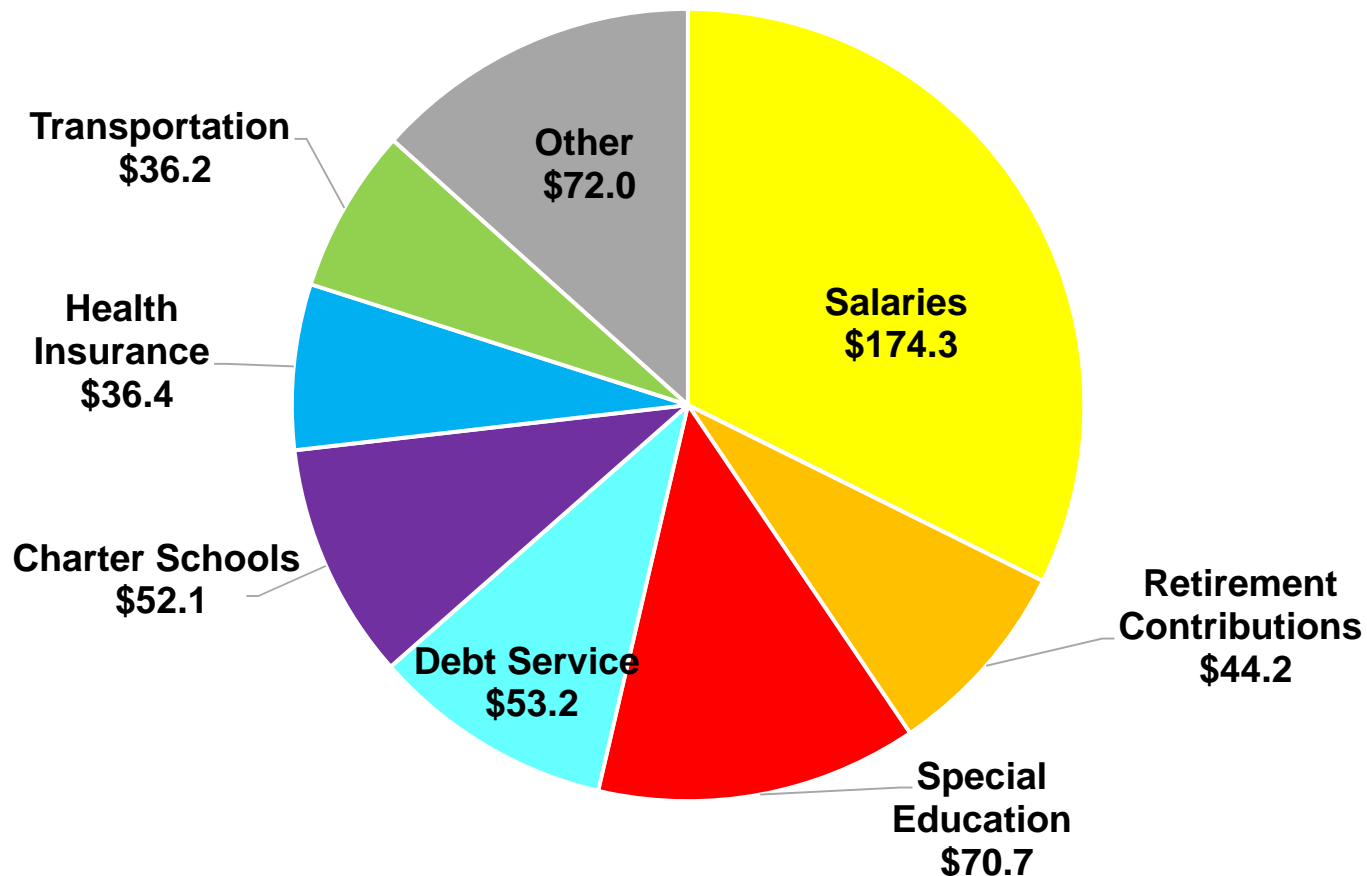
2015 Revenue in Millions



Total Projected Revenue: \$539.9 Million

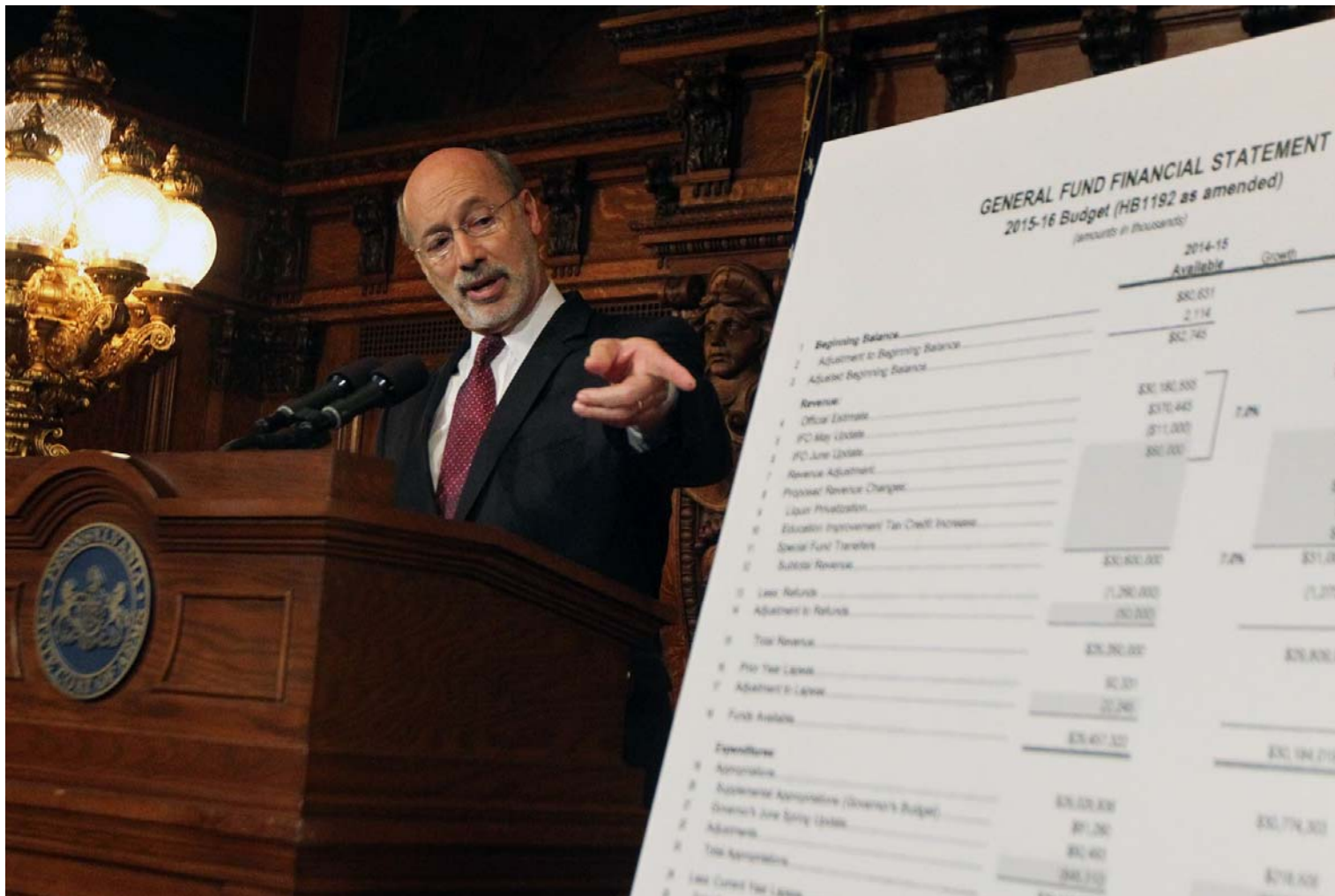
Major Sources of Expenditures

2015 Expenditures in Millions



Total Projected Expenditures: \$538.9 Million

A Continued Budget Impasse Would Exhaust Fund Balance by **January 2016**



GENERAL FUND FINANCIAL STATEMENT
2015-16 Budget (HB1192 as amended)
(amounts in thousands)

	2014-15 Available	Growth
1 Beginning Balance	\$80,631	
2 Adjustment to Beginning Balance	2,114	
3 Adjusted Beginning Balance	\$82,745	
Revenue	\$30,180,000	
1 Office Estimate	\$370,445	7.2%
2 FY0 May Update	\$711,000	
3 FY0 June Update	\$80,000	
4 Revenue Adjustment		
5 Proposal Revenue Changes		
6 Liquor Privatization		
7 Education Improvement Tax Credit Increase		
8 Special Fund Transfers		
9 Subtotal Revenue	\$30,691,000	7.2% \$31,094,000
10 Less Refunds	(1,290,000)	
11 Adjustment to Refunds	(50,000)	
12 Total Revenue	\$29,351,000	\$29,834,000
13 FY0 Tax Update	\$0,000	
14 Adjustment to Update	22,940	
15 Funds Available	\$29,373,940	\$29,194,710
Expenditure		
16 Appropriation		
17 Supplemental Appropriation (Governor's Budget)	\$29,028,000	
18 Governor's June Spring Update	\$71,200	\$29,774,000
19 Adjustment	\$90,400	
20 Total Appropriation	\$29,189,600	\$29,834,000
21 Less Current Tax Update	\$20,000	

Like Families, the District Forecasts Into Its' Financial Future Based on Assumptions About...

- **Expenditures**
- **Revenue**
- **Other Factors**





There are Several Assumptions that Make up the Forecast

Revenue

- Flat Real Estate Revenue
- Increase in Earned Income Revenue (1.7% Tied to Index)
- Flat Basic Education Funding
- Stable enrollment

Expenditures

- Stable workforce
- Retirement increases tied to rising PSERS rates
- Rising Healthcare costs around 6.5% in 2016
- Rising Transportation costs

Forecast at Budget Adoption

December 2014

	2014 est.	2015 est.	2016 est.	2017 est.	2018 est.
Revenue (Millions) (a) (b)	\$526.91	\$529.81	\$534.94	\$539.61	\$543.08
Operating Expenditures (c)	\$525.87	\$556.78	\$570.05	\$587.34	\$599.45
Operating Deficit	\$1.04	(\$26.97)	(\$35.11)	(\$47.73)	(\$56.37)
Beginning Fund Balance	\$110.47	\$111.51	\$84.54	\$49.44	\$1.71
Budgeted Year-end Fund Balance	\$111.51	\$84.54	\$49.44	\$1.71	(\$54.67)
Fund Balance Compliance	Yes	Yes	Yes	No	No
Minimum Fund Balance per Board Policy #721 (d)	\$26.29	\$27.84	\$28.50	\$29.37	\$29.97

Funds required to comply with Fund Balance Policy (e) - Overage/ (Shortage)	\$85.22	\$56.71	\$20.93	(\$27.66)	(\$84.64)
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Notes:

- (a) Revenues from Basic Education Subsidy and Real Estate are projected to be flat
- (b) Revenue increases can be attributed to Retirement reimbursement from the State
- (c) Increasing costs - retirement, health care, salaries
- (d) Requires 5% of current year's budgeted operating expenditures
- (e) Assumes previous year fund balance is not restored to 5%

Three Year Forecast Today

October 2015

	2015 est.	2016 est.	2017 est.	2018 est.	2019 est.
Revenue (Millions) (a) (b)	\$539.92	\$545.38	\$550.46	\$554.05	\$557.62
Operating Expenditures (c)	\$538.92	\$564.18	\$580.23	\$595.77	\$610.43
Operating Surplus/ (Deficit)	\$1.01	(\$18.80)	(\$29.77)	(\$41.72)	(\$52.82)
Beginning Fund Balance	\$126.39	\$127.40	\$108.60	\$78.83	\$37.11
Budgeted Year-end Fund Balance	\$127.40	\$108.60	\$78.83	\$37.11	(\$15.71)
Fund Balance Compliance	Yes	Yes	Yes	Yes	No
Minimum Fund Balance per Board Policy #721 (d)	\$26.95	\$28.21	\$29.01	\$29.79	\$30.52

Funds required to comply with Fund Balance Policy (e) - Overage/ (Shortage)	\$100.45	\$80.39	\$49.82	\$7.32	(\$46.23)
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Notes:

- (a) Revenues from Basic Education Subsidy and Real Estate are projected to be flat
- (b) Revenue increases can be attributed to Retirement reimbursement from the State and Earned Income Tax increases
- (c) Increasing costs - retirement, health care, salaries
- (d) Requires 5% of current year's budgeted operating expenditures
- (e) Assumes previous year fund balance is not restored to 5%



Major Revenue Changes Since Budget Adoption

	Adopted	Current	Difference
Earned Income Tax Revenue	\$111.9 M	\$120.0 M	\$8.1 M
Real Estate Transfer Tax	\$7.0 M	\$8.5 M	\$1.5 M
Real Estate Revenue	\$157.1 M	\$158.1 M	\$1 M



Major **Expenditure** Changes Since Budget Adoption

	Adopted	Current	Difference
Salaries	\$178.9 M	\$174.3 M	\$4.6 M
Healthcare	\$41.2 M	\$36.4 M	\$4.8 M
Tuition	\$10.7 M	\$9.0 M	\$1.7 M
Transportation	\$37.2 M	\$36.2 M	\$1 M



2016 General Fund Budget Adoption Timeline

November 2, 2015	Board Committee Meeting
November 10, 2015	Release of Preliminary
November 23, 2015	2016 Budget Public Hearing
December 7, 2015	Budget Public Hearing/Committee Meeting
December 9, 2015	Agenda Review
December 14, 2015	Public Hearing
December 16, 2015	Regular Legislative Meeting – 2015 Budget Adoption