Introduction

- Review of the Financial Status of the District
- Sources of Revenue
- Expenditures
- Fund Balance
- Future Budget Challenges
- Future Solutions
- Review of Details
Financial Status as of January 2014

- Limited and inefficient use of financial management system
- Undefined and inadequate financial procedures
- Uncertainty about the fund balance
- Incomplete and unaudited 2012-13 revenues and expenses
- Unreliable 2013-14 budget
- Unrecorded 2013-14 revenues and expenses
- Improper recording of 2013-14 revenues and expenses
Financial Status as of January 2014

- Uncompleted Act 80 EIT verification
- Uncompleted Annual 2012-13 Annual Financial Report
- Uncompleted PSERS reports
- Uncompleted 2012-13 and 2013-14 salary adjustments
Financial Status as of January 2014

Financial Status of the school district: UNKNOWN
Our Task:
Having to build a jigsaw puzzle without having the picture.
Financial Status as of January 2014

- Notified the Secretary of Education that we may not be able to produce a 2014-2015 Preliminary Budget and a Final Budget on time as per the school code.

- “It would be a miracle to have a budget by May.”
  
  Dr. John J. George
Financial Status as of May 2014

- Use of financial management system
- Improved financial procedures
- Accurate fund balance
- Complete and audited 2012-13 revenues and expenses
- Closed-out 2012-13 budget
- Up to date recording of 2013-14 revenues and expenses
- Properly recorded 2013-14 revenues and expenses
Financial Status as of May 2014

- Completed Act 80 EIT verification
- Completed Annual 2012-13 Annual Financial Report
- Completed PSERS reports
- Completed 2011-12 and 2012-13 salary adjustments
2014-15 Preliminary Budget

REVENUES: $228,540,601

EXPENDITURES: $228,540,601
Highlights of 2014-15 Budget

- No staff furloughs
- Provides additional funds for improvements to instruction and curriculum
  - Curriculum development
  - New textbooks
  - Professional development
  - Intervention and remediation programs
Highlights of 2014-15 Budget

- Provides additional funds for closing the achievement gap:
  - Alternative Education
  - Special Education
  - English as a Second Language

- Provides additional funds for technology improvements

- Provides funding for the development of a cyber education program.
Highlights of 2014-15 Budget

- Provides funding for wage adjustments
- Provides funding for proper staffing:
  - Finance Office
  - Human Resources Office
  - Academic Office
Projected Fund Balance

- As of June 30, 2013: $10,828,770
- 2013-14 Unexpended Revenues: 6,539,353
- PROJECTED FUND BALANCE: $17,368,123
# Projected Fund Balance

- **PROJECTED FUND BALANCE:** $17,368,123 (7.6%)

**Recommend:**
- General Fund Balance: $10,368,123
- Capital Reserve: $5,000,000
- Medical Reserve: $2,000,000

- Establishment of a Capital Reserve enables District to utilize the remaining $7,000,000 in bond revenue to renovate selected elementary schools.
Actions Taken

- Efficient use of Title I funding
- Refinancing bonds
- Adjusted allocation of Food Services revenue
- Fixed rates on utilities
<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$88,375,224</td>
<td>38.7%</td>
</tr>
<tr>
<td>Benefits</td>
<td>57,456,129</td>
<td>25.1%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>16,993,753</td>
<td>7.4%</td>
</tr>
<tr>
<td>Property Services</td>
<td>4,866,492</td>
<td>2.1%</td>
</tr>
<tr>
<td>Other Services</td>
<td>29,904,118</td>
<td>13.1%</td>
</tr>
<tr>
<td>Supplies</td>
<td>5,930,274</td>
<td>2.6%</td>
</tr>
<tr>
<td>Equipment</td>
<td>718,154</td>
<td>0.3%</td>
</tr>
<tr>
<td>Principal &amp; Interest</td>
<td>24,296,457</td>
<td>10.6%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$228,540,601</strong></td>
<td></td>
</tr>
</tbody>
</table>
Expenditure Chart

 Millions

 Salaries: 90.0
 Benefits: 60.0
 Professional Services: 10.0
 Property Services: 20.0
 Other Services: 30.0
 Supplies: 10.0
 Equipment: 5.0
 Principal & Interest: 15.0
## 2014-15 Revenue Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Revenues</td>
<td>$36,764,838</td>
<td>16.09%</td>
</tr>
<tr>
<td>State Revenue</td>
<td>$164,210,251</td>
<td>71.85%</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>$20,851,868</td>
<td>9.12%</td>
</tr>
<tr>
<td>Other Sources</td>
<td>5,085,000</td>
<td>2.22%</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>1,628,644</td>
<td>0.71%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$228,540,601</strong></td>
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</table>
Revenue Chart

Federal Revenue
Other Sources
Local Taxes
Fund Balance
State Revenue
# Assumptions/Decisions

## EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>$860,185</td>
<td>1.0%</td>
</tr>
<tr>
<td>Medical Expenses</td>
<td>$2,494,914</td>
<td>7.45%</td>
</tr>
<tr>
<td>Charter Schools</td>
<td>$140,262</td>
<td>1.47%</td>
</tr>
<tr>
<td>Alternative Education</td>
<td>$500,000</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

18.5% increase over budget
## Assumptions/Decisions

### Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor’s Budget</td>
<td>$5,383,400</td>
</tr>
<tr>
<td>Represents 85%, or $1,000,000 less than proposed</td>
<td></td>
</tr>
<tr>
<td>Property Tax Increase – 2.89%</td>
<td>$606,219</td>
</tr>
<tr>
<td>Assumes 88% collection rate</td>
<td></td>
</tr>
<tr>
<td>Retiree Medical – 25%</td>
<td>$1,858,527</td>
</tr>
<tr>
<td>Bond Refinancing</td>
<td>$518,000</td>
</tr>
</tbody>
</table>
Assumptions/Decisions

ACCOUNTING ADJUSTMENTS

Reallocation of Food Service $295,000
Federal Programs Indirect Cost (2%) $400,000
Title I $846,526
# Title I Available Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>New Personnel</td>
<td>$0</td>
<td>*$1,500,000</td>
</tr>
<tr>
<td>Curriculum</td>
<td>$3,100,000</td>
<td>$900,000</td>
</tr>
<tr>
<td>Technology</td>
<td>$1,092,026</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$4,192,026</strong></td>
<td><strong>$2,900,000</strong></td>
</tr>
</tbody>
</table>

*personnel equals 75% of total allocation*
Title I 2014-15 Allocation

<table>
<thead>
<tr>
<th>Personnel Type</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Current Personnel</td>
<td>$8,858,808</td>
</tr>
<tr>
<td>New Personnel</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Total Personnel</td>
<td>$10,358,808</td>
</tr>
</tbody>
</table>

PERSONNEL PERCENTAGE 75%
## Tax Impact of 2.89% Increase

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Assessment (Median)</td>
<td>$40,800</td>
</tr>
<tr>
<td>Estimated 2014 Homestead Credit</td>
<td>$355.16</td>
</tr>
<tr>
<td>2013-14 Tax Bill</td>
<td>$345.17</td>
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<tr>
<td>2014-15 Tax Bill</td>
<td>$355.16</td>
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<tr>
<td>Annual Increase</td>
<td>$9.99</td>
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</table>
Looking Forward: Timelines

- Adopt Preliminary Budget
- 10 day public inspection
- Final Budget Approval - June 25, 2014
- 3 year Budget Forecast – Fall, 2014
- Analysis by Program (e.g., Special Education, Maintenance, English as a Second Language)
Looking Forward: Challenges

- 2015-16 Revenue Shortfall
  - Loss of $4,000,000 debt payment
  - $1,600,000 of fund balance for 2014-15
  - PSERS, Medical, and Inflationary increases
Looking Forward: Solutions

- Improve curriculum, instruction, and behavior management, which will reduce the number of students needing special education and alternative education
- Develop in-house cyber education program
- Improve safety and security measures in all schools
- Reduce overtime expenses
- More efficient scheduling of the school day
- Improved efficiency in service delivery of each program
- Negotiate cost effective labor contracts
Looking Forward: Solutions

- Urge the General Assembly to pass the special education funding bill that corrects the special education funding formula for students enrolled in charter schools.

- Urge the General Assembly to fix the broken Basic Education Funding formula so that state allocations are based on student demographics and wealth of the community.

- Urge the Governor to reduce the reliance on property tax by increasing the state share of the burden.
Comments/Questions
Thank you