



# **Area School District**

## **2017 – 2018 Preliminary General Fund Budget**

*Dr. Cathy Taschner, Superintendent*  
*Ronald Kabonick, Business Administrator*  
*Presented: May 9, 2017*

# 2017 – 2018 Preliminary General Fund Budget

	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Increase</b>
<b>Summary</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>(Decrease)</b>
Total Revenue	\$159,477,192	\$153,187,522	\$168,790,501	\$15,602,979
Total Expenditures	\$158,683,545	\$153,187,522	\$168,790,501	
Budget Surplus (Deficit)	\$793,647	\$0	\$0	
Deficit With No Tax Increase			(\$7,910,118)	
Deficit With a Tax Increase at 3.2%			(\$4,943,200)	
Tax Increase Included to Balance the Budget			2.8546	

# Special Education Expenditures Compared to State Revenue

	<b>Actual</b>		<b>Actual</b>		
	<b>Special Education</b>	<b>% of</b>	<b>Special Education</b>	<b>% of</b>	<b>% of</b>
	<b>Expenditures</b>	<b>Change</b>	<b>Subsidy</b>	<b>Change</b>	<b>Expenditures</b>
2015-2016	\$33,125,906	12.12%	\$4,842,613.80	3.06%	14.62%
2014-2015	\$29,546,356	15.12%	\$4,698,833.77	2.77%	15.90%
2013-2014	\$25,666,328	5.56%	\$4,572,123.84	0.12%	17.81%
2012-2013	\$24,315,107	-3.87%	\$4,566,552.98	0.00%	18.78%
2011-2012	\$25,294,808	-2.70%	\$4,566,553.00	0.00%	18.05%
2010-2011	\$25,997,150	4.67%	\$4,566,563.00	-0.55%	17.57%
2009-2010	\$24,836,536	4.75%	\$4,591,878.00	1.11%	18.49%
2008-2009	\$23,711,401	-1.20%	\$4,541,436.36	1.42%	19.15%
2007-2008	\$23,998,264	14.37%	\$4,478,039.00	3.52%	18.66%
2006-2007	\$20,983,530		\$4,325,706.00		20.61%

## Special Education Expenditure Increases Compared to Approved Referendum Tax Revenue

	Actual Total 1200's	Increase	Approved Referendum Amount
2017-2018			\$2,813,818
2016-2017 *	\$36,000,000	\$2,874,094	\$3,277,418
2015-2016	\$33,125,906	\$3,579,550	\$951,436
2014-2015	\$29,546,356	\$3,880,028	\$901,796
2013-2014	\$25,666,328	\$1,351,221	
2012-2013	\$24,315,107		
Total		\$8,810,799	\$7,944,468
* Projected			
<b>\$33,125,906 - \$25,666,328 = \$7,459,578 = 2.692 Mills</b>			
<b>Special education students services increased in 2016-2017 by 24%.</b>			

# Updated 2016-2017 Charter School Tuition Rates

		<b>Regular</b>	<b>Special</b>	<b>Daily Rate</b>	<b>Daily Rate</b>
<b>Charter Schools Tuition Rates</b>		<b>Education</b>	<b>Education</b>	<b>Regular Educ.</b>	<b>Special Educ.</b>
<b>% of Increase</b>		9.82%	13.35%		
2016-2017 Revised Rate		\$11,166.22	\$33,508.57	\$62.03	\$186.16
2016-2017		\$10,167.77	\$29,562.12	\$56.49	\$164.23
2015-2016		\$10,167.77	\$29,562.12		

# Charter School Tuition Rate Update

	Student Enrollment as of March 31, 2017	Total CS Pupil Days as of March 31, 2017	Total Projected CS Pupil Days June 30, 2017
Regular Education	1,823	265,732	351,099
Special Education	419	61,197	80,849
Totals	2,242	326,929	431,948
Daily Rate Reg. Educ.		\$56.49	\$62.03
Daily Rate Spec. Educ.		\$164.23	\$186.16
Totals		\$25,061,193.97	\$36,831,016.95
Paid as of 03/24/17		\$25,061,750.42	
2017-2018 Budget			\$27,234,385.00
Over Budget Amount			<b>-\$9,596,631.95</b>

# Increased Actual Cost Compared To Actual Millage

	<b>Increased Special Education</b>	<b>Increased CS Tuition</b>	<b>Net Increased Retirement *</b>	<b>Total Annual Increase</b>	<b>Equalivent Millage</b>	<b>Actual Millage Increase</b>
2016-2017 Projected	\$2,874,094	\$10,537,495	\$999,500	\$14,411,090	5.4808	0.6882
2015-2016	\$3,579,550	\$4,979,095	\$1,049,786	\$9,608,432	3.6995	0.7680
2014-2015	\$3,880,028	\$3,347,914	\$1,070,189	\$8,298,131	3.2204	0.8810
Totals					12.4008	2.3372
* Net of State Reimbursement						

Can we continue to pay for special education and charter schools tuition without additional tax revenue?





# Reduction of Positions

	1	2	3	4	5	6
	Actual	Budget	Budget	Increase		
Summary	2015-2016	2016-2017	2017-2018	(Decrease)		
1 Total Revenue	\$159,477,192	\$153,187,522	\$168,790,501	\$15,602,979		
2 Total Expenditures	\$158,683,545	\$153,187,522	\$168,790,501			
3 Budget Surplus (Deficit)	\$793,647	\$0	\$0			
4					Tax	Proposed
5			Millage	Avg. Tax	Inc.	Budget
6	Amount	Deficit Amount	Increase	Increase	%	Amount
7 Deficit With No Tax Increase		(\$7,910,118)	2.8546	\$306.49	8.53%	\$168,790,501
8 Adjusted BEF & SEF Subsidies	\$540,848	(\$7,369,270)	2.6594	\$285.53	7.95%	\$168,249,653
9						
10 Reduction of Staff						
11 10 Positions	\$610,792	(\$6,758,478)	2.4390	\$261.87	7.29%	\$167,638,861
12 20 Positions	\$629,681	(\$6,128,797)	2.2118	\$237.47	6.61%	\$167,009,180
13 30 Positions	\$658,563	(\$5,470,234)	1.9741	\$211.95	5.90%	\$166,350,617
14 40 Positions	\$677,124	(\$4,793,110)	1.7297	\$185.71	5.17%	\$165,673,493
15 50 Positions	\$696,554	(\$4,096,556)	1.4784	\$158.73	4.42%	\$164,976,939
16 60 Positions	\$716,488	(\$3,380,068)	1.2198	\$130.96	3.65%	\$164,260,451
17 65 Positions	\$365,879	(\$3,014,190)	1.0878	\$116.79	3.25%	\$163,894,573
18 Other possible savings	\$1,000,000	(\$2,014,190)	0.7269	\$78.04	2.17%	\$162,894,573
19						
20 # of positions to eliminate with the referendum millage added.						# of positions to eliminate to get to the Act 1 index.

# Tax Increase Table

	Tax Increase 1.0878 Mills		Tax Increase 1.9741 Mills	
Assessed Value		Tax @ Face Value		Tax @ Face Value
\$1,000	\$1.09	\$34.53	\$1.97	\$36.31
\$40,000	\$43.51	\$1,381.22	\$78.96	\$1,452.58
\$80,000	\$87.02	\$2,762.44	\$157.93	\$2,905.15
\$107,366	\$116.79	\$3,707.40	\$211.95	\$3,898.93
\$120,000	\$130.54	\$4,143.66	\$236.89	\$4,357.73
\$140,000	\$152.29	\$4,834.27	\$276.37	\$5,084.02
\$160,000	\$174.05	\$5,524.88	\$315.86	\$5,810.30
\$200,000	\$217.56	\$6,906.10	\$394.82	\$7,262.88
Increase of 3.25%			Average Residential Assessed Value	
Increase of 5.9%				

# Future Financial Concerns

- Will expenditure increases be greater than reoccurring revenues.
- Passing on the approved special education referendum exception to support the increasing cost of the special education programs will increase the risk of having future annual deficits.
- Annual deficits funded with the fund balance may lower the district's bond rating or create a cash flow problem that will create a need to borrow money due to the lack of cash which will result having additional borrowing expenses.
- If the annual budget increases continue to be greater than the index a reduction of current programs will be necessary to balance the budget.
- Paying for increased expenditures with savings from staff reductions will result with a larger number of students in a classroom.

# 2017 – 2018 Preliminary General Fund Budget

- May 23, 2017 – Recommendation to adopt 2017-2018 proposed final budget
- May 31, 2017 – School District deadline to adopt 2017-2018 proposed final budget
- June 10, 2017 – School District deadline to make the 2017-2018 proposed final budget available for public inspection
- June 27, 2017 – Adopt the 2017-2018 General Fund Budget
- June 30, 2017 – School District deadline to adopt the 2017-2018 final budget

Questions or  
Concerns

