

Redbank Valley School District General Fund (5 Year Scenario)

Type	Object Category	Object Category Description	17-18		17-18	18-19	19-20		20-21		21-22		22-23	
			Actual	Budget	Estimated In December 2017	Budget	Prelim	Prelim	Prelim	Prelim	Prelim	Prelim	Prelim	Prelim
Revenue	0		17,000,295	16,845,191	17,330,000	17,531,742	17,783,756	17,962,957	18,143,810	18,341,053				
Revenue Total			17,000,295	16,845,191	17,330,000	17,531,742	17,783,756	17,962,957	18,143,810	18,341,053				
Expense	0		-171	0			0	0	0	0				0
	100	Personnel Services - Salaries	7,104,254	7,074,777	7,048,331	7,464,300	7,680,339	7,902,860	8,132,055	8,368,127				
	200	Personnel Services - Employee Benefits	4,815,566	5,093,080	5,137,036	5,517,348	5,908,057	6,195,521	6,493,045	6,823,470				
	300	Purchased Professional and Technical Services	1,334,635	1,008,622	1,245,706	1,469,132	1,502,827	1,531,442	1,560,662	1,590,498				
	400	Purchased Property Services	390,935	268,788	254,884	254,028	270,876	274,883	279,089	283,508				
	500	Other Purchased Services	2,494,826	2,508,382	2,558,549	2,586,031	2,640,487	2,696,152	2,753,052	2,811,216				
	600	Supplies	486,425	485,140	315,526	375,106	466,825	467,426	468,040	468,666				
	700	Equipment	357,454	270,992	382,248	379,180	379,180	379,180	379,180	379,180				
	800	Other Objects	244,717	13,568	179,497	176,839	167,889	157,719	146,637	135,258				
	900	Debt Service	850,000	1,081,238	875,000	535,000	535,000	550,000	565,000	570,000				
Expense Total			18,078,640	17,804,587	17,996,776	18,756,964	19,551,480	20,155,183	20,776,760	21,429,923				
DEFICIT			-1,078,345	-959,396	-666,776	-1,225,221	-1,767,724	-2,192,226	-2,632,950	-3,088,870				
		Beginning Fund Balance	\$ 8,021,885		\$ 6,943,540	\$ 6,276,764	\$ 5,051,543	\$ 3,283,819	\$ 1,091,593	\$ (1,541,357)				
		Change in Fund Balance	-1,078,345		-666,776	-1,225,221	-1,767,724	-2,192,226	-2,632,950	-3,088,870				
		Ending Fund Balance	\$ 6,943,540	\$ -	\$ 6,276,764	\$ 5,051,543	\$ 3,283,819	\$ 1,091,593	\$ (1,541,357)	\$ (4,630,227)				

Discussions on 5 Year Projection and Preliminary Budget for 2018-2019

- We pulled together a 5 year projection to present tonight.
- It begins with 2018-2019 and ends with 2022-2023.

- After our board meeting last month PSERS provided us with 5 year projections of the PSERS Employer's %. With this information we updated the preliminary budget for 2018-19.
- In order to file for exception to possibly raise taxes above the index, we had to show a tax increase above the index in our preliminary budget for 18-19. At this time we are showing a 10% increase in millage.
- We also obtained the Act 1 projection from the IU for 2018-19 and updated the special education charges accordingly.

- For purposes of the 5 year projections, we are not showing a real estate tax increase.
- We reviewed each line item when preparing the estimate of 2017-18, the preliminary budget of 2018-19 and the 5 year projection.
- We are making the following important assumptions for expenses...

- According to the contracts for salaries, we are seeing an average 3% increase with step and rate increases.
- We continued to use the 3% increases for salaries for each year.
- We are assuming there is no increase or decrease for overtime and subs.
- We were also given an Act 1 estimate for our health benefits which was an increase of 5.85%. We are using this estimated increase for the 5 year projections.
- FICA follows the same 3% increase as salaries
- The employer PSERS % as we stated earlier was given to us by PSERS

18-19	19-20	20-21	21-22	22-23
33.43%	34.79%	35.26%	35.68%	36.32%

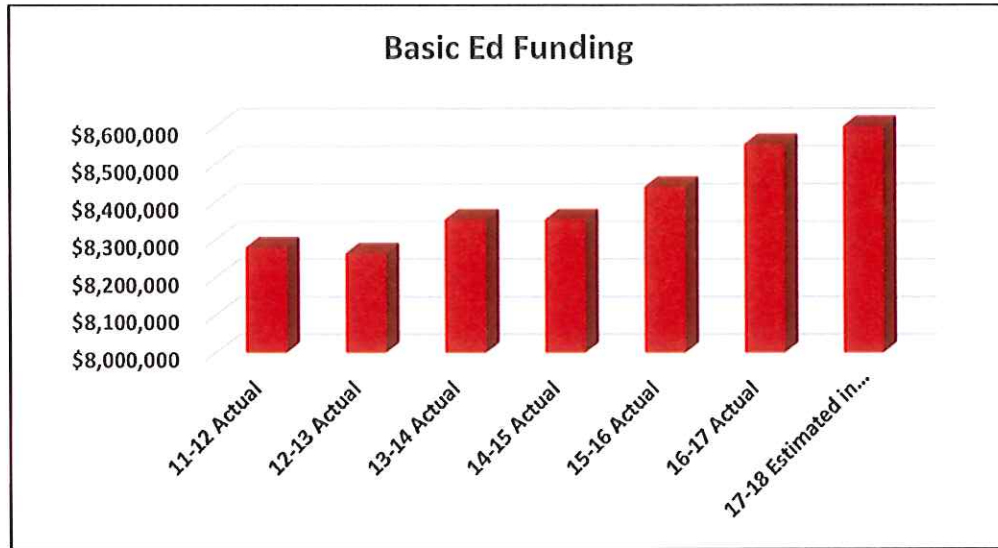
- We are using the Act 1 estimate for 2018-19 from the IU on special education services. For the remainder of the years we are using an inflation rate of 2.2%.
- At this time we are estimating a 1.5% increase for Business Office Services, Legal Expenses, and annual audit.
- We are also using the inflation rate of 2.2% for tuition of charter schools, private schools, and the Vo-tech. We are also using the assumption we will have the same number of students.
- Changes to the number of students in these categories will drastically increase or decrease the amounts.
- We also used the inflation rate for transportation expenses.
- Debt Services – we used the amortization schedules provided during the new bond process.

- We are making the following important assumptions for Revenue...
 - Local Revenue – At this time we did not estimate an increase for the 5 year projection.
 - Basic Ed Funding – We are estimating a .67% increase for the 5 year projection. This was the increase for 2017-18.
 - Special Education - We are using a 1.4% increase for the 5 year projection. This was the increase for 2017-18.
 - Transportation – We are using the inflation rate of 2.2% for the 5 year projection.
 - PSERS & FICA – We are using an average 66% for our FICA and retirement reimbursement.
 - We are not estimating a change in Federal or Other Revenue at this time for the 5 year projection.
-

- The expenses and revenue that were discussed are items that significantly affect our bottom line.
 - Real Estate Revenue
 - State Revenue increases or lack of
 - Salary increases
 - Benefit increases, especially Health and PSERS
 - Attendance in special need classes
 - Transportation for special needs
 - Attendance in Charter Schools and Private Schools
- I believe it is important to continually look at budgets and actuals to stay on top of the changes to make informed business decisions.
- At this time we are estimating a \$666k deficit for 2017-18.
- In addition to the deficit for 2017-2018, we are projecting an average increase in deficit each year of \$466k.
- Salary and Benefits increases are an average of \$552k per year.
- With the material increase of our Salary and Benefits with our spending and annual increases and with the minimal increases of Revenue from State and Federal government, we as the School District have to think of ways to increase revenue and decrease expenses to prevent a crisis situation in 4-5 years.
- This is possible, but we have to understand our financial data and start making some important decisions to continue to have a healthy fund balance.
- It is important to keep the communication lines open.

Redbank Valley School District
7110 Basic Education Funding

Year	Amount	\$ Variance	% Variance
11-12 Actual	\$ 8,279,124		
12-13 Actual	\$ 8,263,038	\$ (16,085)	-0.19%
13-14 Actual	\$ 8,352,855	\$ 89,816	1.09%
14-15 Actual	\$ 8,352,662	\$ (192)	0.00%
15-16 Actual	\$ 8,438,914	\$ 86,252	1.03%
16-17 Actual	\$ 8,551,964	\$ 113,050	1.34%
17-18 Estimated in December 2017	\$ 8,599,805	\$ 47,841	0.56%



Year	% Variance
12-13 Actual	-0.19%
13-14 Actual	1.09%
14-15 Actual	0.00%
15-16 Actual	1.03%
16-17 Actual	1.34%
17-18 Estimated in December 2017	0.56%

