

# District Budget Update

Coatesville Area School District

February 13, 2018

# Revised Preliminary Budget

- The prior version of the budget presumed the District would make no changes to current operations and financing options to demonstrate the need to do so
- Administration is recommending moving \$2 million of debt service to Capital Funds

# Revised Preliminary Budget

- The Governor gave his budget address and proposed small increases to Basic Education Funding and Special Education Funding
- Combined that is an increase of \$376,000
- Those funds are included in the Preliminary Budget
- Will review this assumption prior to Final Budget Adoption in May

# Revised Preliminary Budget

- Medical Access funds have been tracking higher both in completed 16-17 fiscal year and the current 17-18 fiscal year which is related to increased special education costs
- \$300,000 increase in revenue for that line item is included in the revised budget
- Closure of Friendship Elementary School should save \$1 million in operational and staffing costs

# Revised Preliminary Budget

- No change to the Charter School Tuition line, but to be clear on the calculation it uses an estimate of final 18-19 charter tuition coupled multiplied by the number of currently enrolled charter students
- Does not provide for growth
- An increase of \$400,000 for Occupational Education
- Budgetary Reserve of \$2.3 million is in budget to deal with that and other uncertainties
- When Final Budget is adopted those items will be revisited

# Revised Preliminary Budget

- Prior version of budget showed what would be necessary to close the gap with no changes and had a more than 20% tax increase needed to demonstrate the work that needs to be done
- Estimated exceptions allow for an approximate 8.4% increase in the real estate tax rate
- An 8.4 % increase is included in the preliminary budget, but does not bind us to increase to that level at Final Budget adoption

# Revised Preliminary Budget

- Total Revenues with the listed changes are now \$173,754,399
- Total Expenses are now \$180,998,561 (inclusive of \$2.3 million of Budgetary Reserve)
- A gap of just over \$7 million remains

# Revised Preliminary Budget

- There will likely be attritional savings due to resignations/retirements
- Not currently estimated, will revisit as time goes on
- There may be the need for furloughs
- Other cost savings ideas will also be discussed



# Next Steps

- Approve the Preliminary Budget via Committee
- Approve the Preliminary Budget at the Special Board Meeting that immediately follows
- Advertise and apply for exceptions
- Spend the next few months examining expenses in detail and making cuts where possible
- Approve a final budget in May which uses only as many exceptions as are necessary to keep the District financially stable

# Financing Transaction

- District has begun to form an Authority to perform a sales/leaseback transaction
- This will provide needed funds to avoid issuing annual Tax Revenue Anticipation Notes
- It will also prevent the Fund Balance from becoming negative
- Will need 5 appointees to the Authority
- Recommended to be 2 School Board members and 3 others

# Financing Transaction

- Recommend a similar process to the recent Board appointment
- Receive applications from interested parties
- Must be a taxpayer and resident of the District
- Accept applications through early March
- Recommend appointments at the Finance Committee meeting in March
- Appoint formally at the Board meeting in March

# Wrap-up

- Discussion and Questions