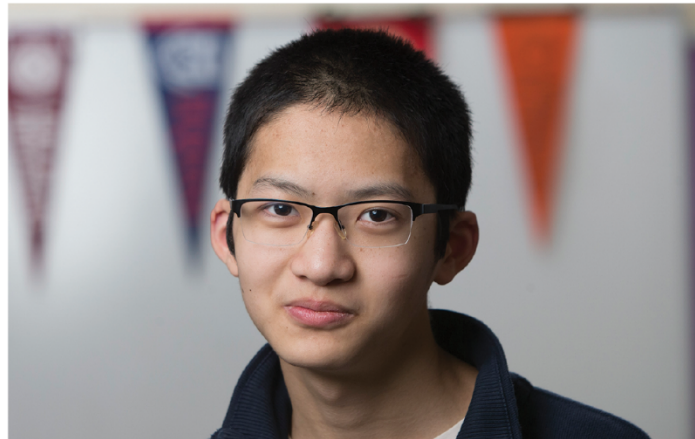


2017 Budget Update




Expect great things.



Adopted 2017 District General Fund Budget

- Expenditures for 2017 are budgeted at **\$594.77 million**:
 - Represents a **4.1% increase** from 2016 adopted budget
 - Includes an operating deficit of **\$15.8 million** in 2017
 - 2016 adopted budget had a deficit of **\$23.6 million**
- Adheres to Board's minimum **5 percent fund balance policy** for general fund through 2017 based on assumptions to date – required fund balance of \$29.7 million
- 2016 Final Expenditures were **\$567.2 million**, which was even with revenues
- The 2017 Budget did **NOT** include a tax increase.



Forecast at 2017 Budget Adoption

	Projected Year Ended 2016	Projected Year Ended 2017	Projected Year Ended 2018	Projected Year Ended 2019	Projected Year Ended 2020
Total Revenues	\$567,543,577	\$578,926,570	\$587,770,310	\$599,268,223	\$610,130,220
Total Expenditures	\$566,645,642	\$594,771,017	\$605,263,800	\$616,369,275	\$625,859,382
Beginning Balance	\$130,359,459	\$131,257,395	\$115,412,948	\$97,919,458	\$80,818,406
Operating Surplus/(Deficit)	\$897,936	(\$15,844,447)	(\$17,493,489)	(\$17,101,052)	(\$15,729,162)
Ending Fund Balance	\$131,257,395	\$115,412,948	\$97,919,458	\$80,818,406	\$65,089,244
Less Projected Reservations	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less Committed Fund Balance	(\$16,100,000)	(\$16,100,000)	(\$16,100,000)	(\$16,100,000)	(\$16,100,000)
Less Assigned Fund Balance	(\$15,844,447)	(\$17,493,489)	(\$17,101,052)	(\$15,729,162)	(21,389,559.25)
Unassigned Fund Balance	\$96,812,948	\$79,319,458	\$62,218,406	\$46,489,244	\$25,099,685
% Budgeted Expenditures	17.09%	13.34%	10.28%	7.54%	4.01%
Minimum Fund Balance per Board Policy #721	\$28,332,282	\$29,738,551	\$30,263,190	\$30,818,464	\$31,292,969
Compliance with Fund Balance Policy	Yes	Yes	Yes	Yes	No
Funds needed to comply with Fund Balance Policy					\$6,193,284



Expect great things.

The Forecast is Based on Eight Assumptions

Revenue

- Increase in Real Estate Revenue
- Increase in Earned Income Revenue
- Increase in Basic Education Funding
- Stable enrollment

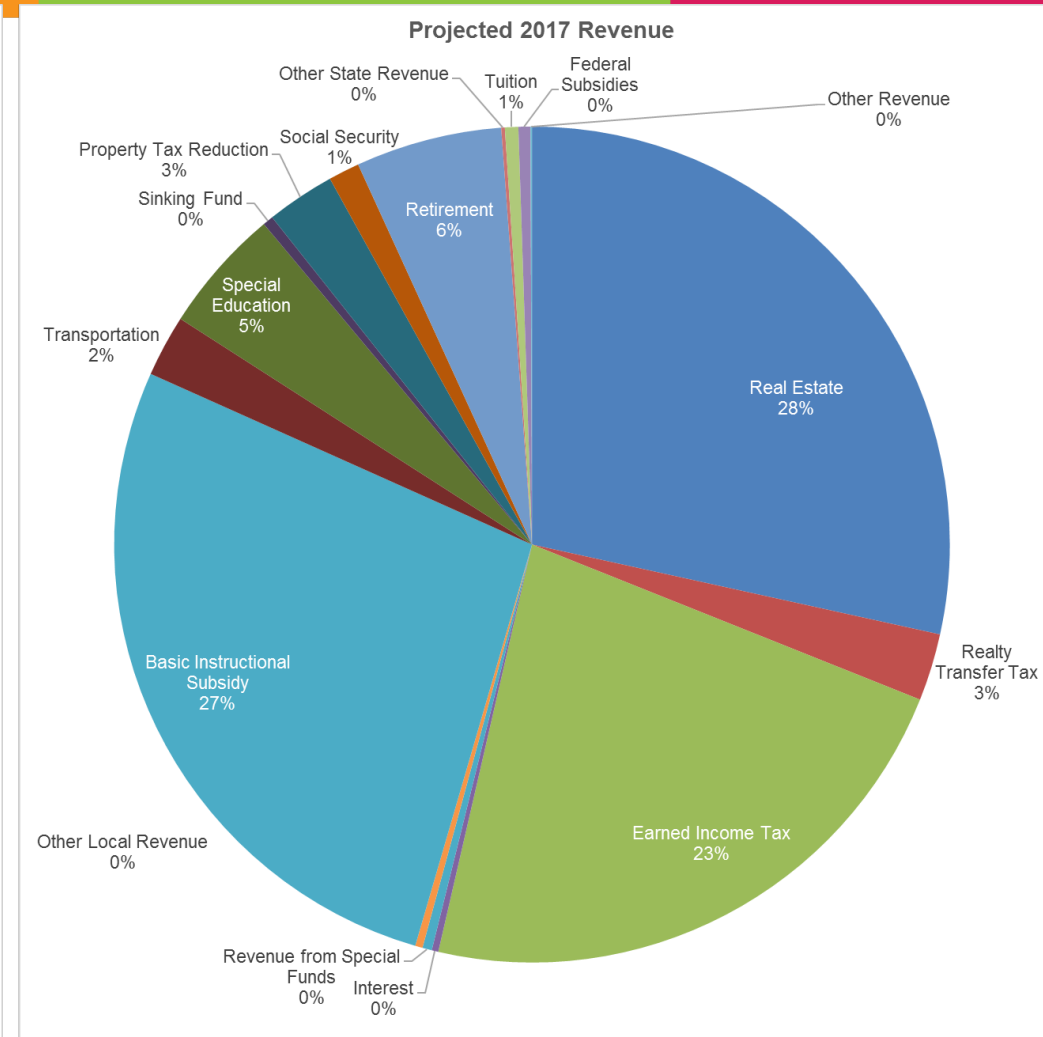
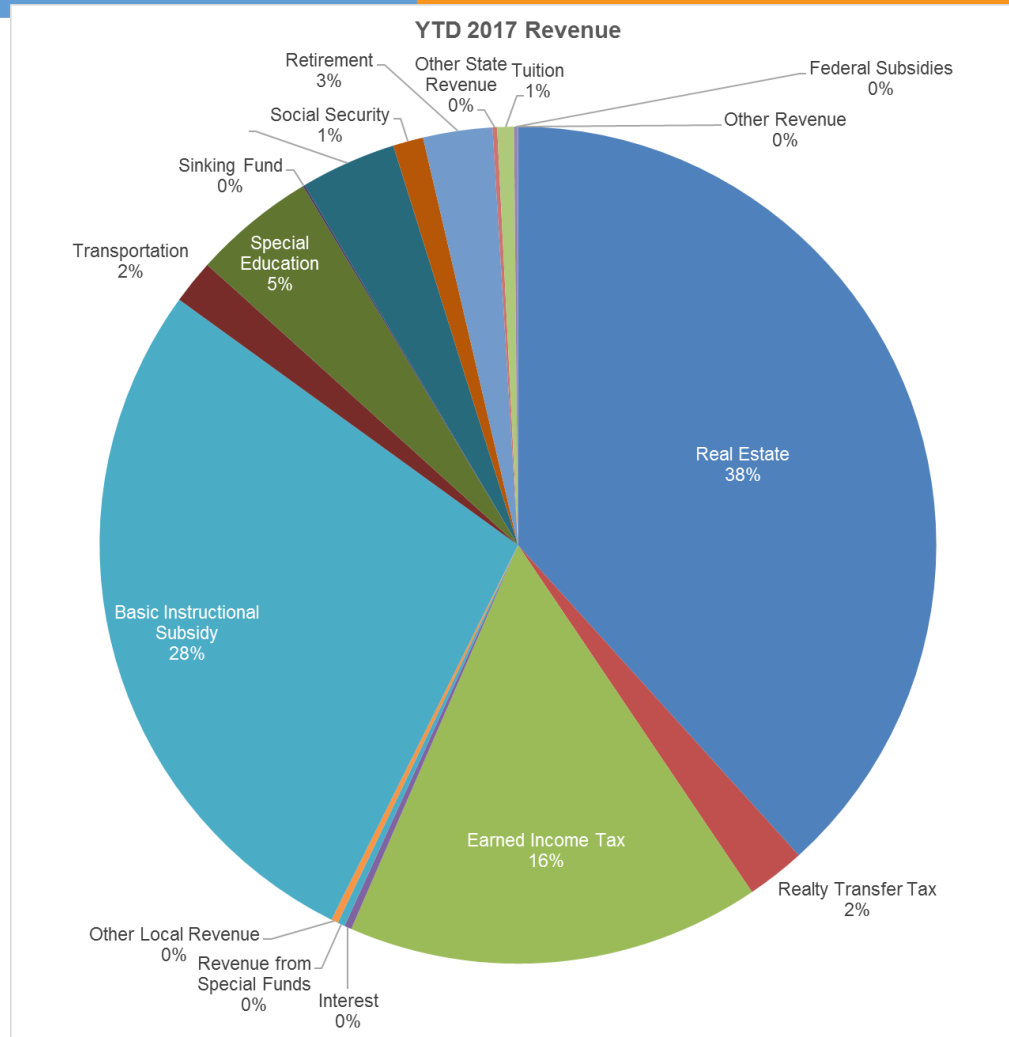
Expenditures

- Stable workforce beyond 2017 increases
- Retirement increases tied to rising PSERS rates
- Rising Healthcare costs around 7% annually
- Rising Charter School and Special Ed costs



Expect great things.

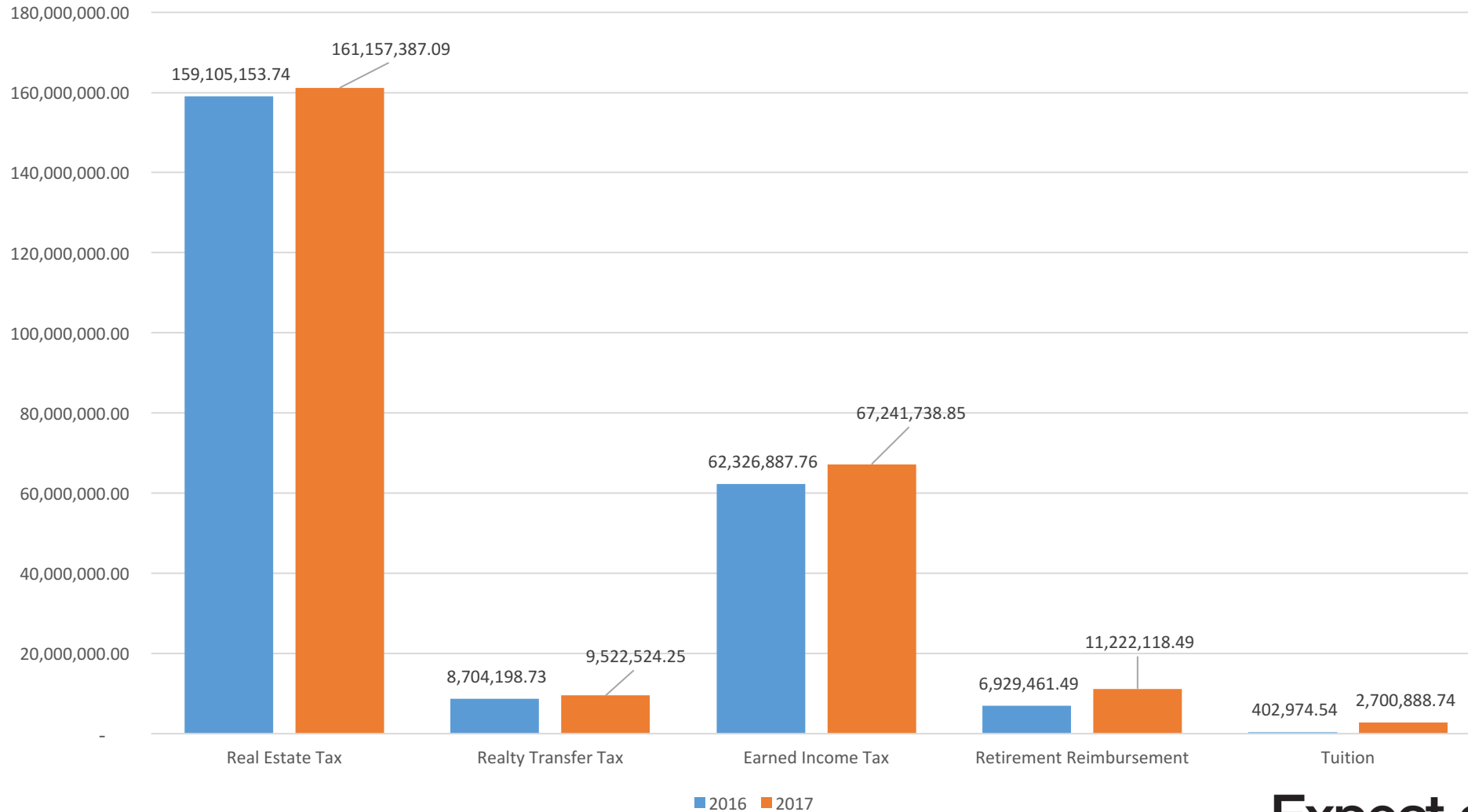
How are our revenue sources performing?



Expect great things.



Our revenues are higher as of August 31st



Expect great things.



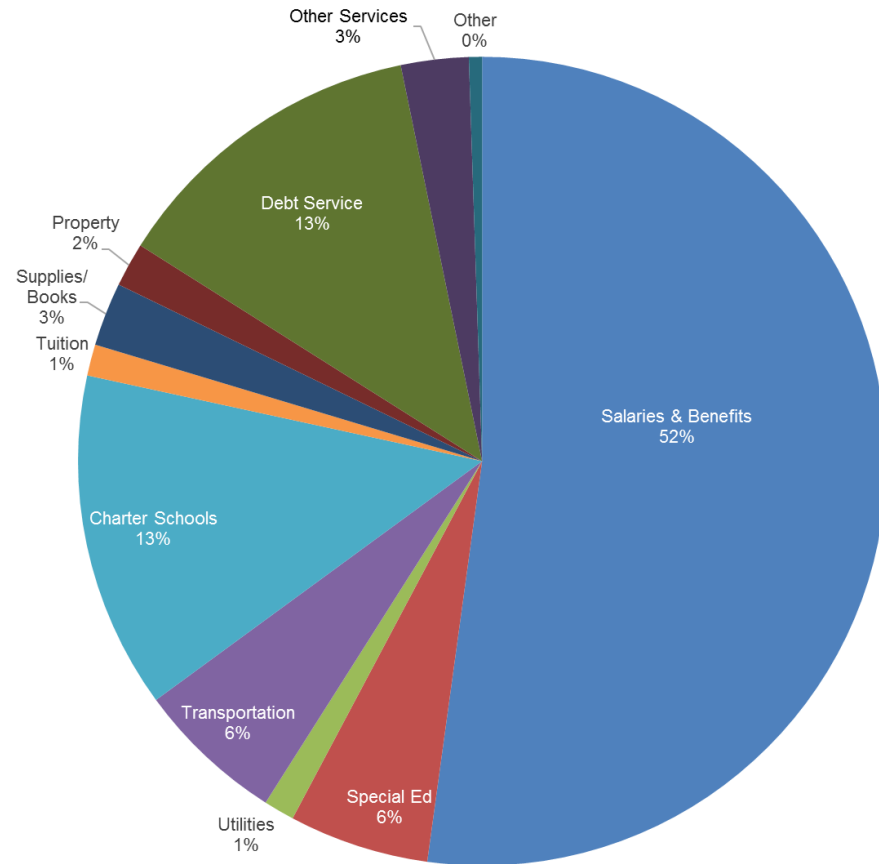
2017 Major Revenue Adjustments

- Revenue projections have risen by \$8.9 Million over the Adopted 2017 Budget

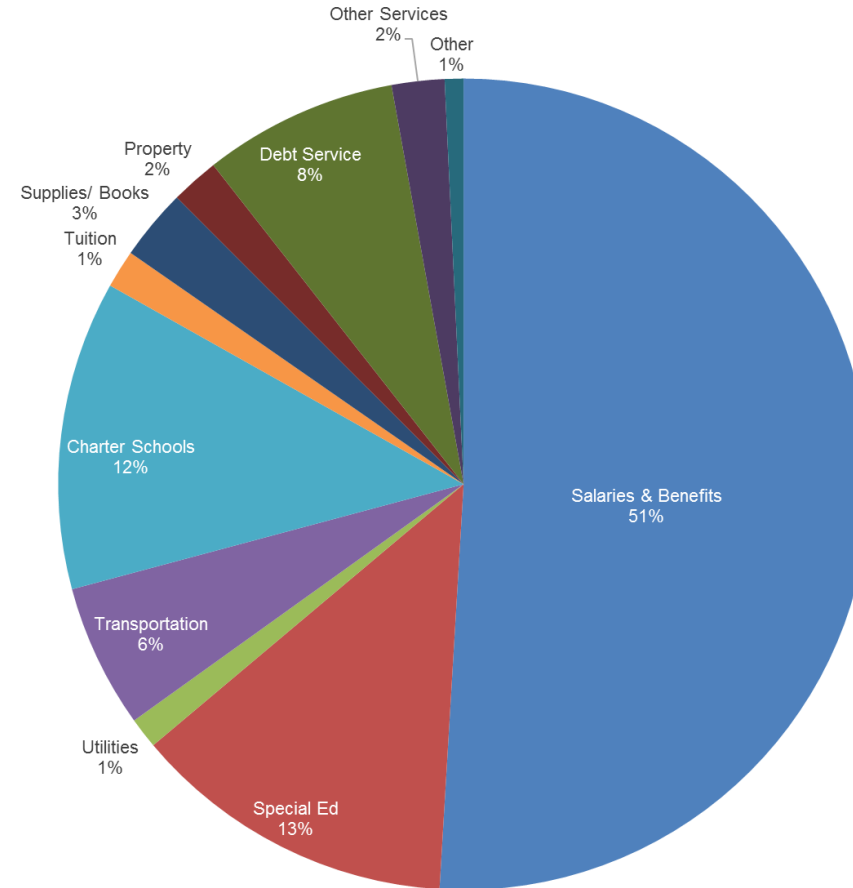
Category	2017 Budget Adoption	2017 Current Projection	% Increase/ Decrease
Real Estate Tax	\$ 172,311,621	\$ 167,243,811	-2.94%
Realty Transfer Tax	\$ 14,097,251	\$ 15,278,549	8.38%
Earned Income Tax	\$ 121,522,089	\$ 132,580,133	9.10%
Retirement Reimbursement	\$ 32,693,919	\$ 33,247,880	1.69%
Tuition	\$ 1,961,341	\$ 3,036,876	54.84%

How are our expenditures trending?

YTD 2017 Expenditures



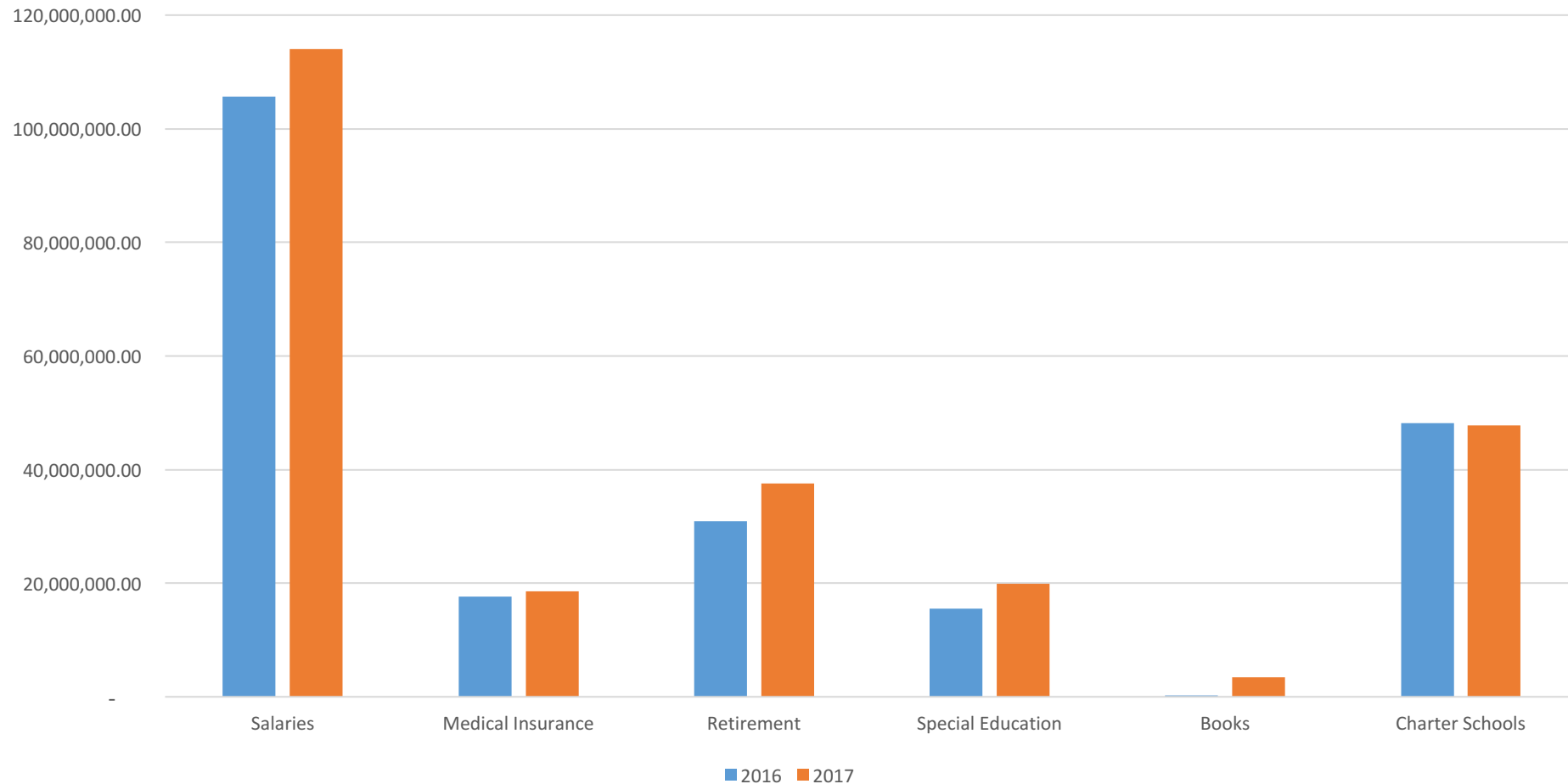
Projected 2017 Expenditures



Expect great things.



Our expenditures are higher as well



Expect great things.



2017 Major Expenditure Adjustments

- Expenditure have dropped by \$2.5 Million from the Adopted 2017 Budget

Category	2017 Budget Adoption	2017 Current Projection	% Increase/ Decrease
Salaries	\$ 181,422,205	\$ 185,263,403	2.12%
Medical Insurance	\$ 37,519,565	\$ 36,291,866	-3.27%
Retirement	\$ 60,856,088	\$ 62,068,565	1.99%
Special Education	\$ 79,963,522	\$ 76,563,120	-4.25%
Tax Refunds	\$ 4,000,000	\$ 2,414,953	-39.63%
Tuition	\$ 10,796,035	\$ 8,959,711	-17.01%
Books	\$ 10,943,563	\$ 7,243,563	-33.81%
Charter Schools	\$ 67,986,168	\$ 72,921,280	7.26%

2017 District Investments

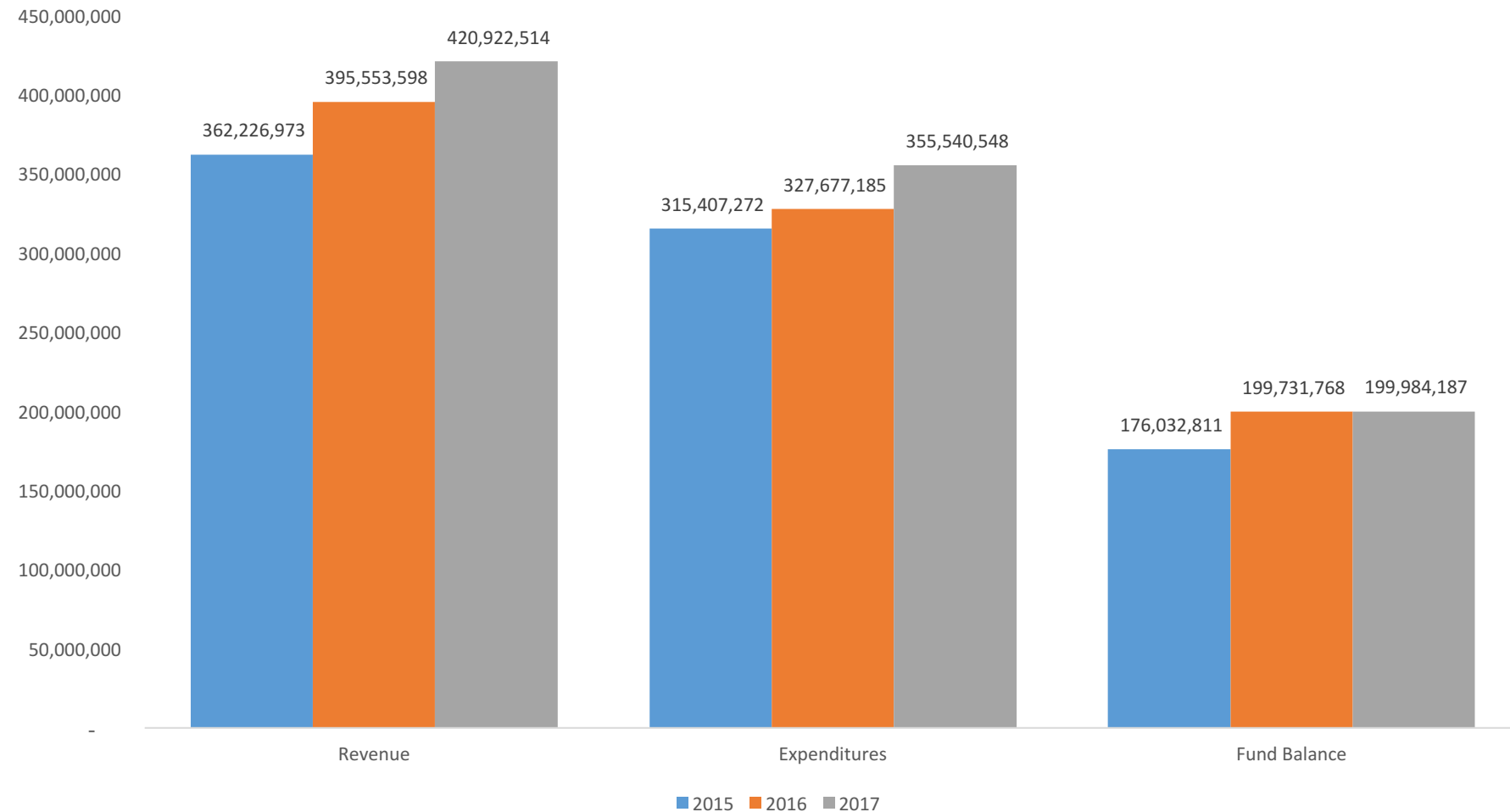
- Positions Additions

Position	FTE	2017 Cost	Projected Annual Cost
Academic Coaches	60.00	\$ 3,048,000	\$ 7,620,000
Nurses	17.00	\$ 812,403	\$ 2,031,007
Librarians	11.70	\$ 557,931	\$ 1,394,827
Assistant Principals	7.00	\$ 586,779	\$ 1,173,557

- Other Expenses

Category	2017 Cost	Description
Curriculum	\$ 2,729,447	Pearson Education ELA Textbooks
Curriculum	\$ 964,589	Houghton Mifflin Harcourt Pre-K Curriculum/ PD
Technology Fund	\$ 670,325	2,500 Computers for ELA

Key Financial Indicators through August 31st



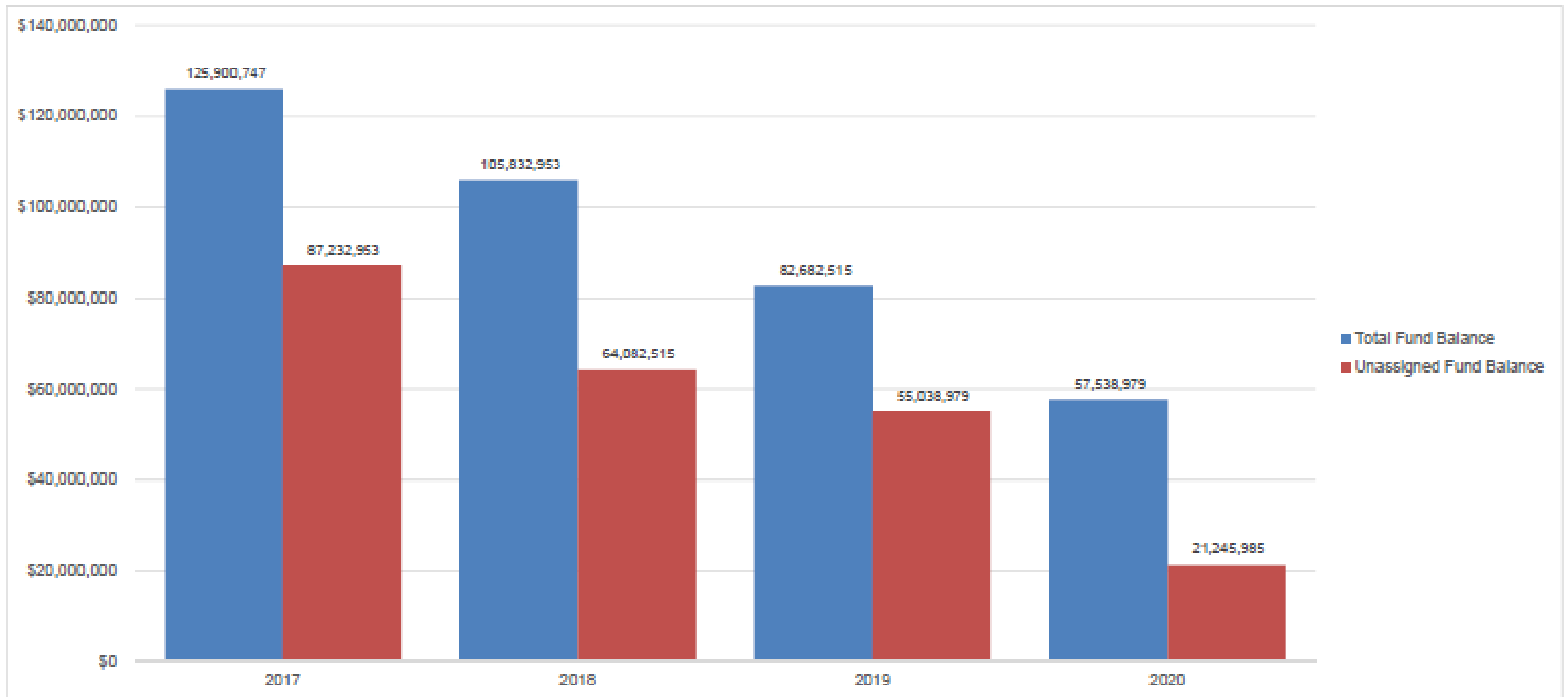
Our Current Forecast

	Actual Year Ended 2016	Projected Year Ended 2017	Projected Year Ended 2018	Projected Year Ended 2019	Projected Year Ended 2020
Total Revenues	\$567,208,353	\$587,831,619	\$597,608,416	\$609,407,168	\$621,447,329
Total Expenditures	\$567,208,353	\$592,290,331	\$617,676,210	\$632,557,606	\$646,590,864
Beginning Balance	\$130,359,459	\$130,359,458	\$125,900,747	\$105,832,953	\$82,682,515
Operating Surplus/(Deficit)	(\$1)	(\$4,458,712)	(\$20,067,794)	(\$23,150,438)	(\$25,143,535)
Ending Fund Balance	\$130,359,458	\$125,900,747	\$105,832,953	\$82,682,515	\$57,538,979
Less Projected Reservations	(\$4,029,034)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less Committed Fund Balance	(\$16,100,000)	(\$16,100,000)	(\$16,100,000)	\$0	\$0
Less Assigned Fund Balance	(\$4,458,712)	(\$20,067,794)	(\$23,150,438)	(\$25,143,535)	(\$33,792,994)
Unassigned Fund Balance	\$105,771,712	\$87,232,953	\$64,082,515	\$55,038,979	\$21,245,985
% Budgeted Expenditures	18.65%	14.73%	10.37%	8.70%	3.29%
Minimum Fund Balance per Board Policy #721	\$28,360,418	\$29,614,517	\$30,883,811	\$31,627,880	\$32,329,543
Compliance with Fund Balance Policy	Yes	Yes	Yes	Yes	No
Funds needed to comply with Fund Balance Policy					\$11,083,558



Expect great things.

Projected Year End Fund Balances



Expect great things.

Decreasing Supplemental Funding

- We have seen decreasing Title Funding in recent years, and there is long-term uncertainty over its availability

Program	2016-17 Allocation	2017-18 Allocation	Decrease
Title I	\$ 15,424,778	\$ 14,279,297	\$ (1,145,481)
Title II	\$ 3,341,385	\$ 1,690,641	\$ (1,650,744)
Title III	\$ 235,429	\$ 226,406	\$ (9,023)

Ongoing State Budget Debate

- The Governor's Budget has yet to be approved
- Proposed increases from the February proposal are in doubt

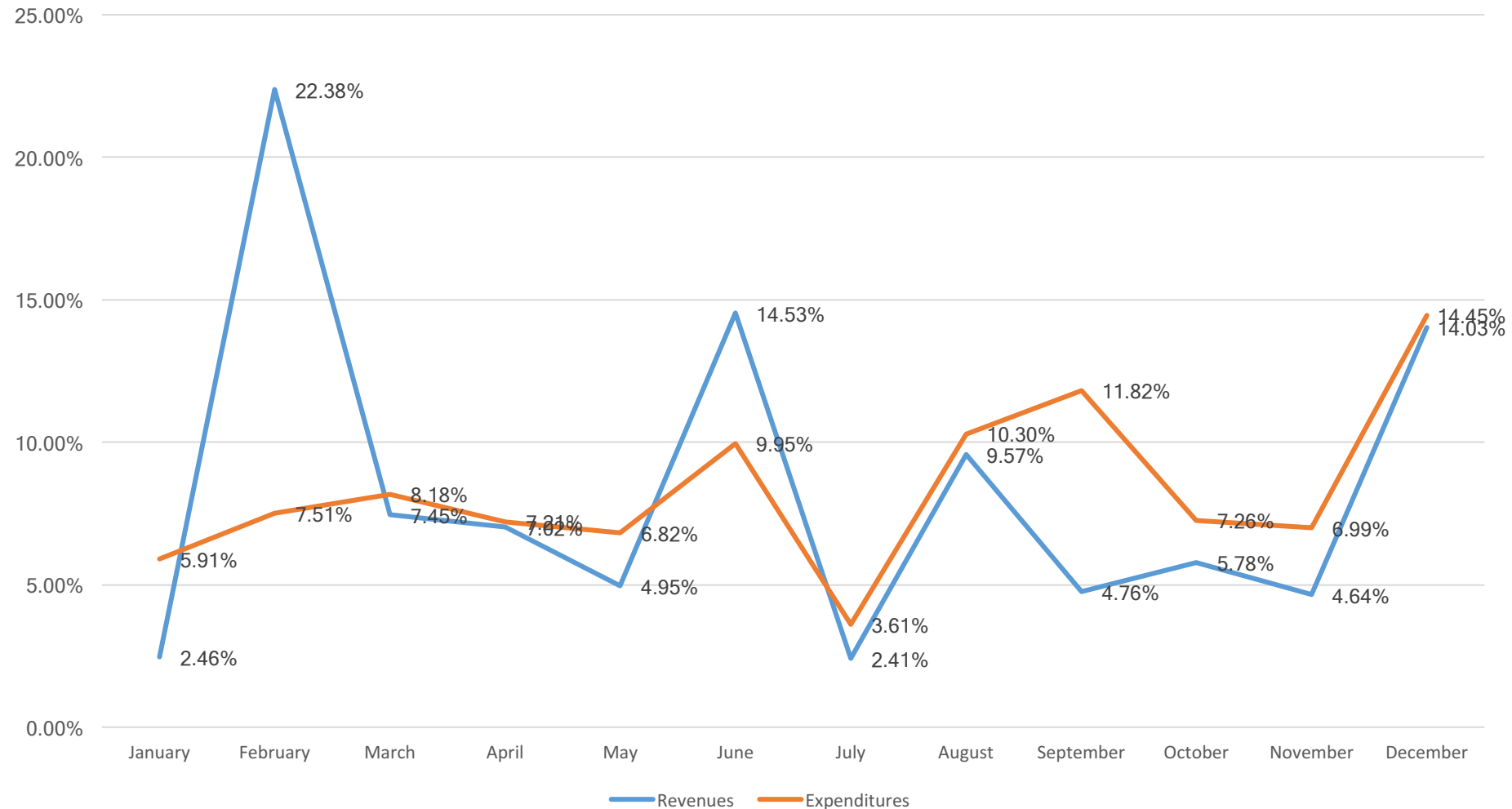
Governor's Proposed Budget – June 2017

	2016-17 ENACTED	2017-18 PROPOSED	VARIATION	% CHANGE
BASIC EDUCATION FUNDING BASE	\$153,804,126	\$153,804,126	\$0	0.00%
STUDENT WEIGHTED BEF INCREASE	\$5,371,566	\$7,010,947	\$1,524,023	28.37%
TOTAL BASIC EDUCATION FUNDING	\$159,175,692	\$160,815,073	\$1,639,381	1.03%
READY TO LEARN BLOCK GRANT	\$3,955,423	\$3,955,423	\$0	0.00%
SPECIAL EDUCATION	\$28,258,943	\$28,556,257	\$297,314	1.05%
TOTAL	\$191,390,058	\$193,326,753	\$1,936,695	1.01%

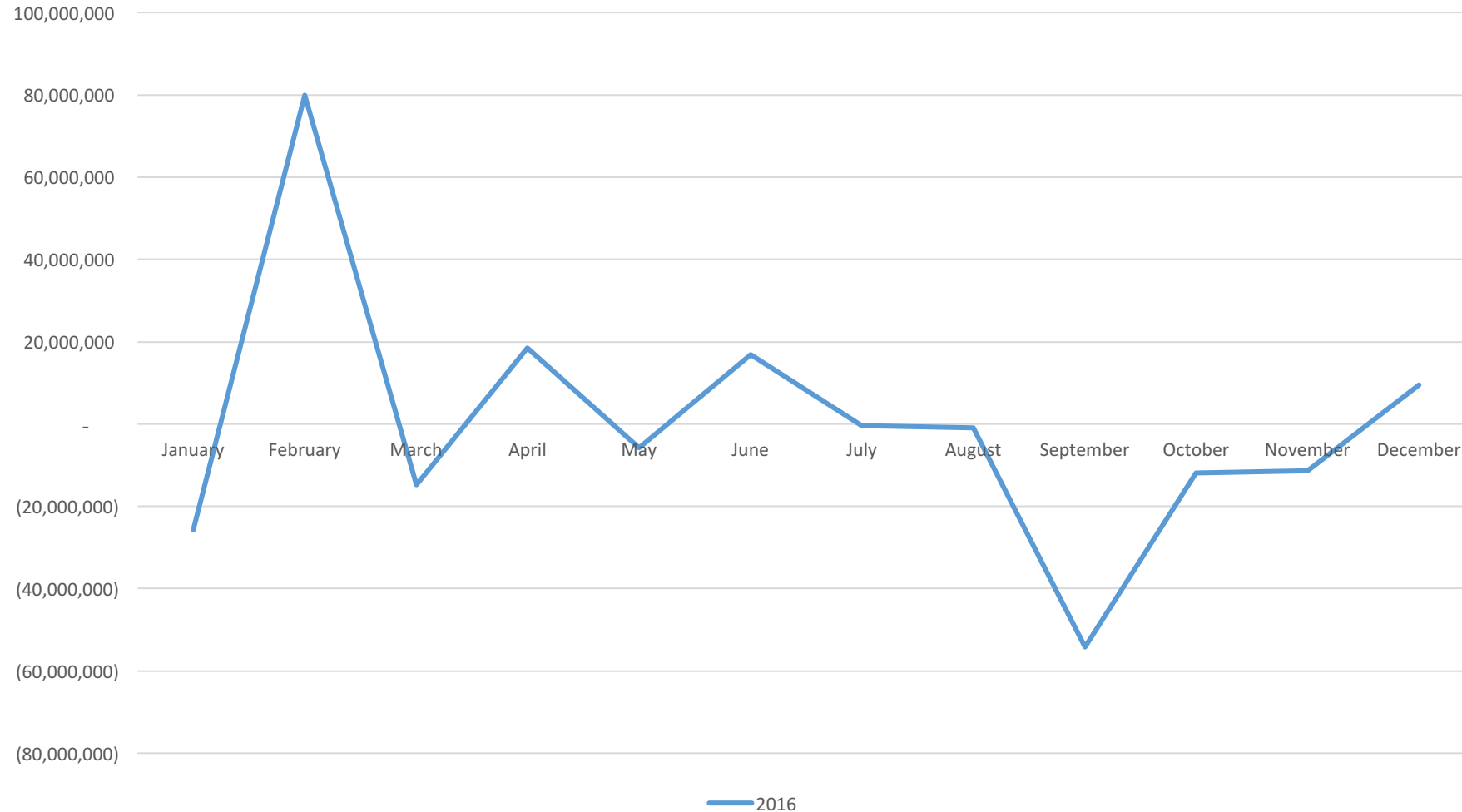
Ongoing State Budget Debate

- Lawmakers have yet to agree on revenue to fund the budget
- Without an approved budget, the Governor has signaled that cuts and frozen funding may be imminent
 - State credit rating already downgraded
 - Payments may be delayed

Monthly Flow of Expenditures and Revenues



2016 Cash Flow



Expect great things.



Cash Flow and Fund Balance



Expect great things.

Our financial forecast has improved in the short-term, but long-term issues remain

BUDGETED YEAR-END UNASSIGNED FUND BALANCE COMPARISON (in Millions)				
	2017	2018	2019	2020
Budget Adoption - Dec 2016	\$79.32	\$62.22	\$46.49	\$25.10
Current Projection	\$87.23	\$64.08	\$55.04	\$21.25

