

# Finance Update and 2023-24 Early Preliminary Budget Presentation

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JANUARY 4, 2023

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# Topics

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Fiscal 2021-22 Results

Fiscal 2022-23 Updates

Early 2023-24 Preliminary General Fund Budget

- Budget Timeline
  - Options: Early Budget vs Resolution
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# Fiscal 2021-22 Overview & Update

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	2021-22 Budget	2021-22 Actual
Revenues	50,001,280	52,506,098
Expenses	52,436,944	52,504,767
Surplus (Deficit)	(2,435,664)	(1,331)

# Fiscal 2021-22 Revenue Highlights

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## Budget vs Actual

- Actual Revenue collections were very strong compared to budget.
- *Revenue forecasts in June 2021 were impacted by pandemic and recessionary concerns. State Subsidies and Federal Grants awarded subsequent to AHSD Budget Passage date.*
  - Earned Income Tax - +737,217
  - Real Estate Tax Collections - +\$606,983
  - Real Estate Transfer Taxes - +\$274,711
  - Basic Education Subsidy - +\$185,339
  - Special Education - +\$68,679
  - IDEA Federal Grants - +\$59,557
  - Earnings on Investments - +\$47,657

# Fiscal 2021-22 Expenditure Highlights

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## Budget vs Actual

- Actual Total Expenditures exceeded Budgeted Expenditures
- *Excluding Budgetary Reserve and transfers out, actual expenditures exceeded overall budget*
- 100 Salaries - **\$77,096** Under Budget
- 200 Benefits - **\$430,710** Under Budget, HOWEVER **\$441,187** loss in Health Insurance Fund
- 300 Purchased Professional Services - **\$546,941** Under Budget
  - Professional Ed Services - \$321,779 Under Budget (Subcontracted Substitutes)
  - Professional Technical Services - \$95,366 Under Budget
  - Professional Services Other - \$83,582 Under Budget
  - Payments to IU - \$59,129 Under Budget
  - Legal Services - \$52,701 Under Budget
- 500 Other Purchased Services - **\$917,059** Over Budget
  - Tuition to Private Placements (Special Education) - **\$628,698** Over Budget
  - Charter/Cyber Charter - **\$280,471** Over budget
  - Transportation costs - **\$141,435** Over budget
- 600 Supplies - **\$293,551** Over Budget
- 900 – Debt Service and Transfers Out - \$500k Planned Transfer to Capital Reserve

# Fiscal 2022-23 Updates

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## Revenue

- State Basic Education Subsidy
  - \$602,077 more than prior year funding
  - \$466,703 more than budget
- State Special Education Subsidy
  - \$62,973 more than prior year funding
  - \$56,715 more than budget
- Earnings on Investments
  - Rising interest rates and the district's treasury purchase program are projected to earn approximately \$300,000 more than budget in fiscal 2022-23.
- Safety and Security Grant
  - District will receive a total of \$302,441 in *One Time* Safety and Security and Mental Health Grants in fiscal 2022-23

# Fiscal 2022-23 Updates

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## Expenses

- Charter School Costs – projected \$205,000 less than budget
- Settled contract with AHESPA Support Staff +\$163,000 in added salary and net fixed costs in fiscal 2022-23.
- Rising Fuel Costs – Potentially \$50k-\$100k in added costs depending on fuel prices

# Draft Preliminary Highlights

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## Revenue

- Real Estate Tax Rate TBD
  - Act 1 Index 4.8%
- State Budget
  - New Governor, New Legislature
- Federal Funding
  - Stimulus Funds Expiring
    - ESSER II Funding Expires 6/30/23 – (\$1,157,447 over 2 years = **\$580k annually**)
    - ARP/ESSER III Funding Expires 6/30/24 – (\$2,341,180 over 3 years = **\$780k annually**)



# Revenue 3 Year Comparison

	2021-22 Actual	2022-23 Budget	2023-24 Early Budget
Local	\$34,487,706	\$33,634,253	\$36,585,625*
State	15,713,729	15,978,306	15,585,731**
Federal	2,304,663	2,147,000	1,561,000
Total	50,001,280	51,759,559	53,703,356


\*Includes millage rate set to Early Preliminary Budget for possible submission to the state at 135.1082. Excludes state tax property reduction allocation.

\*\*Excludes state tax property reduction allocation and revenue is included in Local real estate taxes until PDE publishes allocation for 23-24.

# Draft Preliminary Highlights

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## Expenses

- Salary Increases
  - Health Insurance Costs (Specialty Drugs)
  - Pension Rate
  - Transportation Costs
  - Energy Costs
  - Supplies and Inflation
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# Expense 3 Year Comparison

	2021-22 Actual Results	2022-23 Final Budget	2023-24 Early Budget
Salaries	\$23,602,801	\$24,822,779	\$25,786,577
Benefits	15,545,680	16,639,524	16,878,833
Professional Services	1,738,730	1,606,374	1,691,345
Property Services	1,772,314	1,824,868	1,891,448
Other Services	5,820,135	5,179,669	5,448,338
Supplies	2,562,789	2,506,622	3,061,450
Property	33,727	90,000	100,000
Other	55,192	34,660	34,660
Debt Service & Reserve	1,373,399	1,506,044	1,391,044

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# Expense 3 Year Comparison (Continued)

Expense Category	2022-23 Final Budget	2023-24 Early Budget	2023-24 vs 2022-23 Variances	Notes on Variances
Salaries	\$24,822,779	\$25,786,577	\$963,798 / 3.9%	3% Contractual Increase, additional position
Benefits	16,639,524	16,878,833	239,309 / 1.4%	Increase in fixed costs related to higher salaries partially offset by slightly lower pension rate.
Professional Services	1,606,374	1,691,345	84,971 / 5.3%	Special Ed Services,
Property Services	1,824,868	1,891,448	66,580 / 3.6%	Cleaning services, cost of building maintenance.
Other Services	5,179,669	5,448,338	268,669 / 5.2%	Transportation cost increases, tuition to charter schools and special ed placements
Supplies	2,506,622	3,061,450	554,827 / 22.1%	New math series, inflationary increases in utilities
Property	90,000	100,000	10,000 / 11.1%	Inflationary increase
Other/Interest	34,660	34,660	0	
Debt Service & Reserve	1,506,044	1,391,044	(115,000) (7.6%)	Decrease in contingency

# Options and Deadlines

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## Option 1: Pass a resolution to Stay within the Act 1 Index

- *Millage Rate Increase options would range from **0% to 4.8%***
- **Deadline to Pass and Submit Resolution: Jan 31 (Target Board Mtg Date: Jan 18)**

## Option 2: Pass an Early Preliminary Budget and File for Exceptions

- *Millage Rate Increase options would range from **0% to 6.2%***
- Deadline to Make Prelim Budget Available to Public: Jan 26
- Deadline to Give Public Notice of Intent to Adopt Prelim Budget: Feb 5
- **Deadline to Adopt Preliminary Budget February 15. (Target Board Mtg Date: Jan 18)**
- Deadline to publish notice in Newspaper of intent to request exceptions Feb 23
- Deadline to Seek Approval for Exceptions March 2

# Act 1 Index

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PDE Established Act 1 Index = 4.8%

AH Median Tax Bill = \$2,542

4.8% Increase on Median Tax Bill = \$122

# Referendum Exceptions

Enter School District Name

THIS WORKSHEET IS FOR ESTIMATIONS ONLY AND MAY NOT BE USED FOR OFFICIAL SUBMISSION.

(a.1) Expenditure Function & Description for Special Education (General Fund Only)	Actual Amount for AFR Year 1	Actual Amount for AFR Year 2
1200 - Special Education Instruction	\$6,440,816.52	\$7,071,308.00
less: 1243 - Gifted Support	\$112,877.73	\$100,025.00
Special Education Instruction for Students with Disabilities	\$6,327,938.79	\$6,971,283.00
(a.2) 2120 - Guidance Services	\$250,800.70	\$282,634.03
2140 - Psychological Services	\$238,253.34	\$268,749.88
2150 - Speech Pathology and Audiology Services		
2160 - Social Work Services	\$42,673.86	\$42,922.50
2260 - Instruction and Curriculum Development Services	\$285,482.27	\$304,478.01
2350 - Legal Services	\$20,920.96	\$18,241.66
2420 - Medical Services	\$15,980.89	\$16,619.38
2440 - Nursing Services	\$88,678.06	\$83,436.25
2700 - Student Transportation Services	\$303,629.43	\$357,461.84
Special Education Services for Students with Disabilities	\$1,246,419.51	\$1,374,543.55
(a.3) Total Special Education Expenditures (a.1 + a.2)	\$7,574,358.30	\$8,345,826.55
(b) Revenue Function & Description for Special Education (General Fund Only)	Actual Amount for AFR Year 1	Actual Amount for AFR Year 2
7271 - Special Education Funding for School Aged Pupils	\$1,757,130.53	\$1,825,842.89
7272 - Early Intervention		
Total Special Education Revenues	\$1,757,130.53	\$1,825,842.89
Special Education Expenditures minus Revenues (a.3 - b)	\$5,817,228.00	\$6,519,984.00
(c) School District's Index for Next Budget Year		4.8%
(d) Index multiplied by AFR Year 1 Net Special Education Expenditures:		\$279,227.00
(e) AFR Year 2 Net Expenditures minus AFR Year 1 Net Expenditures:		\$702,756.00
Allowable Exception: Special Education Expenditures (e - d):		\$423,529

Increase in Special Education Expenditures from 2020-21 to 2021-22 = \$771,468

Median Taxpayer impact on full exception amount = \$37

Potential Special Education Referendum Exception Available - \$423,529

# Millage Rate Analysis

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Tax Rate Scenario	Millage Rate	Assessed Value*	RE Tax Revenue	Additional Revenue	Incremental % Tax Increase	Cumulative % Tax Increase
No Tax Increase	127.0889	\$ 235,637,499	\$ 28,030,308	\$ -	0.0%	0.0%
Raise to Index	133.1892	\$ 235,637,499	\$ 29,375,770	\$ 1,345,462	4.8%	4.8%
Raise to Exceptions	135.1082	\$ 235,637,499	\$ 29,799,019	\$ 423,248	1.4%	6.2%

\*Assessed value total decreased by \$2,595,500 to plan for 2 major pending real estate tax appeals.



# Budget Summary at Various Tax Rates

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<b>Tax Rate Scenario</b>	<b>Millage Rate</b>	<b>Total Budgeted Revenues</b>	<b>Total Budgeted Expenses</b>	<b>Early Preliminary Budget Deficit</b>
No Tax Increase	127.0889	51,957,128	56,283,698	(4,326,570)
Raise to Index	133.1892	53,284,770	56,283,698	(2,998,928)
Raise to Exceptions	135.1082	53,703,356	56,283,698	(2,580,342)

# Next Steps

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- Decide which option to pursue (Resolution or Exceptions)
  - Vote on either an Early Budget or Act 1 Index Resolution on January 18<sup>th</sup>.
  - Continue to present and discuss budget information and updates.
  - Changes can be made to budget until final passage in late June 2023.
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