

SOLANCO SCHOOL DISTRICT 2020-2021 PROPOSED PRELIMINARY BUDGET

December 2, 2019

2020-21 Budget Process

- **4 separate votes** required - unless school district adopts an 'opt out' resolution
- December/January/February
 1. Adopt Proposed Preliminary Budget (Target December 16, 2019)
 2. Adopt Preliminary Budget (Target January 20, 2020)
- May/June
 3. Adopt Proposed Final Budget – complete 30 days prior to step 4 (Target April 20, 2020)
 4. Adopt Final Budget (Target June 1, 2020)

Act 1 Timeline for 2020-2021 Budget Process

- **January 9, 2020 – preliminary budget public display or opt out**
 - **School district *deadline* to either:**
 - (1) make 2020-2021 Proposed Preliminary Budget on form PDE-2028 available for public inspection (public display) pursuant to resolution; or
 - (2) adopt opt out resolution pursuant to Section 311(d)(1) stating district will not raise the rate of any tax by more than index
 - *(110 days prior to primary election – and for public display 20 days prior to preliminary budget adoption)*

Act 1 Timeline for 2020-2021 Budget Process

- **January 19, 2020 – School District** deadline to publish notice of intent to adopt 2020-21 Preliminary Budget.
- **January 29, 2020 – Preliminary Budget**
 - School district ***deadline*** to adopt Preliminary Budget on form PDE-2028 unless opt out resolution adopted
 - ***Recommend January 20, 2020***
- **February 3, 2020 – School District** deadline to submit PDE-2028 to Department of Education.
- **February 6, 2020 – School District** deadline to publish notice of intent to apply for referendum exception.

Act 1 Timeline for 2020-2021 Budget Process

- **February 13, 2020 – File referendum exception request**
 - **School district** deadline to request approval from Department of Education for referendum exceptions (**Referendum Exception Application**)
- **March 4, 2020**
 - **Department of Education** deadline to rule on school district request for referendum exception.
- **April 15, 2020**
 - **Secretary of Budget** certifies total amount of slot money revenue in Property Tax Relief Fund and Property Tax Relief Reserve Fund and total amount available for distribution.

Act 1 Timeline for 2020-2021 Budget Process

- **April 20, 2020 – Propose Final Budget**
 - **School district to adopt resolution to display and advertise Proposed Final Budget on form PDE-2028**
 - **Must be completed 30 days prior to budget adoption.**
- **May 1, 2020**
 - **Slot money notice**
 - **Department of Education** notifies school districts of slot money allocation amount. This amount is used in calculating the homestead exclusion amount for tax bills.
 - **County homestead report**
 - **County assessment office** provides each school district a **certified** report of homestead and farmstead properties

Act 1 Timeline for 2020-2021 Budget Process

- **May 18, 2020 - School District** adopt resolution to appoint tax collector for direct collection of real estate taxes as required by School Code (Business Manager).
- **May 31, 2020**
 - **School district *deadline*** to adopt resolution declining slot money and allowing voter decision.
 - **School district *deadline*** to report to, and file certified copy with, the Department of Community and Economic Development of tax rate changes

Act 1 Timeline for 2020-2021 Budget Process

- **June 20, 2020** – Deadline to publish notice of intent to adopt final budget
- **June 30, 2020 – Final Budget**
 - **School district** deadline to adopt **Final Budget** on form PDE-2028 (*Resolution for Final Budget for General Fund*).
 - *Recommending June 1*
 - **School district** deadline to adopt resolution implementing homestead/farmstead exclusion
 - **School district** deadline to adopt *Annual Tax Levy Resolution*

Act 1 Timeline for 2020-2021 Budget Process

- July 1, 2020 – Issue tax bills
- July 15, 2020
 - School District deadline to submit Final budget to Department of Education
OR ***No later than 15 days after adoption of the budget***
 - *(Adoption on June 1st - plus 15 day)*
 - Show compliance with 8% Fund balance Cap
 - If referendum exceptions are used, file Certification of Utilization
- August 27, 2020
 - **Department of Education** pays school district 50% of slot money allocation
- October 22, 2020
 - **Department of Education** pays school district 50% of slot money allocation.

Recommended Solanco 2020-2021 Budget Calendar – With Budget Updates as needed

1. December 16, 2020 - Advertise and Adopt Resolution for 2021-21 Preliminary Budget
2. January 20, 2020 - Adopt Preliminary Budget
 - Consider Filing for Exceptions to Provide Options for June Budget Decision
3. April 20, 2020 – Resolution to Adopt 2020-21 Preliminary Final Budget
4. June 1, 2020 – Resolutions to adopt the 2020-21 budget, utilize some, all or no exceptions, and set final millage.

2020-2021 Revenue Budget Highlights

- Reduced Act 1 Timeline for 2020-21 Budget
- Millage Rate – 2.6% Base Index/Solanco Adjusted Index – **3.1%**
 - Property Assessment Growth – less than 1%, County Update Delayed
 - Tax Increase of \$33.56 per \$100,000 Assessed Value
 - Referendum Exception Option Available
- Earned Income Tax – Less than 1% Growth
- Investment Earnings – Declining Rates
- State Subsidies to be Disclosed mid-February
- Total Revenue Growth Budgeted at 2%

2020-2021 Expenditure Budget Highlights

- Year 1 of Collective Bargaining Agreement
- Special Education - Costs for Services
- Transportation – Eschbach Agreement Renewal and Homeless Contractors
- Pension Rate – 34.77% for 2020-21
 - 1.4% Increase from 2019-20 Rate
 - Gradual Increases through 2022-23 (35.82%)
- 2020-21 Estimated Annual Healthcare Cost Increase of 10%
- Construction Costs
 - Increased Maintenance, Utility and Custodial
- Debt Service - \$8 million of \$10 million Loan Borrowed to Date

Construction Project Updates

- Smith Middle School - Punch List
- Swift / Clermont Schools – Construction in Progress
 - Clermont Gymnasium
 - Swift Middle School Auditorium
 - Anticipated Construction Completion – February 2020
- High School Activity Building Construction
 - Punch List

BUDGET SUMMARY

SOLANCO SCHOOL DISTRICT								
2020-2021 Proposed Preliminary Budget								
	ACTUAL	ACTUAL	ACTUAL	Budget	Estimated	PROPOSED	BUDGET TO	PERCENT
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2019-20</u>	<u>2020-21</u>	<u>BUDGET</u>	<u>CHANGE</u>
REVENUES	53,841,698	55,066,282	57,138,831	59,162,726	58,650,594	60,433,752	1,271,025	2.15%
EXPENDITURES	53,345,365	55,064,784	57,068,052	61,194,943	60,027,258	62,896,167	1,701,224	2.78%
VARIANCE / Fund Balance	496,333	1,498	70,779	(2,032,217)	(1,376,664)	(2,462,415)		

Next Step and Questions

- December 16, 2020 - Preliminary Budget Authorization Resolution and Advertisement
 - Must advertise at least ten days in advance
 - Budget must be available for at least 20 days in advance
- Adoption of preliminary budget at January 20, 2020 board meeting

QUESTIONS?