

Budget Hearing

April 20, 2017

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Overview

❖ **Updates since Lump Sum**

- Additional City Revenues
- Additional Investments
- Revised Five-Year Plan

❖ **Next Steps**

Additional City Revenues

- The City informed the District of its commercial property reassessments on March 30, 2017 (subsequent to the SRC's adoption of the FY17-18 Lump Sum Statement on March 23, 2017)
- The District revised its Preliminary Five-Year Plan to reflect updated City revenue projections and additional investments
- The commercial property reassessments are projected to result in approximately \$65M of additional annual real estate tax revenues

Additional Investments

The following are the additional investments the District added since Lump Sum:

- Hold harmless at leveling for grades K-3
- Elimination of 1st and 2nd grade combined classes
- Reserve for projected federal grant cuts related to proposed elimination of Title II
- Additionally, increased District spend results in greater charter per pupil payments starting in FY19

Revised Five-Year Plan: Additional City Revenues

FY18-FY22 FINANCIAL PLAN Operating Funds

(in thousands)

| | FY17 Projected | FY18 Projected | FY19 Projected | FY20 Projected | FY21 Projected | FY22 Projected | CAGR FY17 to FY22 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| REVENUES & OTHER FINANCING SOURCES | | | | | | | |
| Local Tax Revenues | \$1,138,671 | \$1,238,349 | \$1,282,465 | \$1,299,642 | \$1,338,293 | \$1,367,854 | 3.7% |
| Local Non-Tax Revenues | \$131,725 | \$124,820 | \$123,315 | \$123,815 | \$124,308 | \$124,550 | -1.1% |
| State Revenues | \$1,533,550 | \$1,569,211 | \$1,553,051 | \$1,597,339 | \$1,634,591 | \$1,672,353 | 1.7% |
| Federal Revenues | \$13,054 | \$16,713 | \$16,615 | \$16,516 | \$16,400 | \$16,283 | 4.5% |
| Other Financing Sources (excluding Refunding) | \$1,309 | \$289 | \$789 | \$289 | \$789 | \$289 | -26.1% |
| TOTAL REVENUES & OTHER SOURCES (excl. Refunding) | \$2,818,309 | \$2,949,382 | \$2,976,235 | \$3,037,601 | \$3,114,381 | \$3,181,329 | 2.5% |
| EXPENDITURES | | | | | | | |
| District Operated Schools | \$1,475,928 | \$1,572,058 | \$1,614,947 | \$1,653,327 | \$1,669,786 | \$1,683,818 | 2.7% |
| Charter Schools (Incl. Transportation) | \$813,956 | \$896,385 | \$986,661 | \$1,068,022 | \$1,140,886 | \$1,201,420 | 8.1% |
| Other Non-District Operated Schools (Incl. Transportation) | \$109,779 | \$112,009 | \$112,924 | \$113,858 | \$114,812 | \$115,786 | 1.1% |
| Debt Service | \$269,265 | \$271,891 | \$291,955 | \$282,283 | \$286,309 | \$291,925 | 1.6% |
| Administrative Support Operations (Central Offices) | \$85,646 | \$91,886 | \$93,121 | \$94,407 | \$95,343 | \$96,389 | 2.4% |
| Undistributed Budgetary Adjustments | (\$11,713) | (\$5,268) | (\$5,252) | (\$5,235) | (\$5,217) | (\$5,199) | -15.0% |
| Other Financing Uses (excluding Refunding) | \$2,252 | \$2,252 | \$2,252 | \$2,252 | \$2,252 | \$2,252 | 0.0% |
| Reserve for Federal Cuts | \$0 | \$17,500 | \$17,500 | \$17,500 | \$17,500 | \$17,500 | N/A |
| TOTAL EXPENDITURES & OTHER USES (excl. Refunding) | \$2,745,113 | \$2,958,712 | \$3,114,109 | \$3,226,415 | \$3,321,672 | \$3,403,891 | 4.4% |
| Refunding Revenues and Sources | \$1,306,745 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Refunding Expenditures and Uses | \$1,315,876 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| OPERATING/FUND BALANCE | | | | | | | |
| Operating Surplus/(Deficit) | \$73,196 | (\$9,330) | (\$137,874) | (\$188,814) | (\$207,291) | (\$222,562) | |
| Net Impact of Refunding | (\$9,131) | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Transfers from Reserves | (\$9,702) | (\$14,702) | \$4,633 | (\$13,321) | (\$13,321) | (\$13,321) | |
| Fund Balance at Beginning of Year - July 1 | \$131,228 | \$101,848 | \$77,816 | (\$55,424) | (\$257,559) | (\$478,171) | |
| Adjustment of PY Funding Balance | (\$83,744) | | | | | | |
| Restated Fund Balance at Beginning of Year - July 1 | \$47,485 | \$101,848 | \$77,816 | (\$55,424) | (\$257,559) | (\$478,171) | |
| ENDING FUND BALANCE | | | | | | | |
| Fund Balance at End of Year - June 30 | \$101,848 | \$77,816 | (\$55,424) | (\$257,559) | (\$478,171) | (\$714,053) | |
| <i>Fund Balance as % of Total Revenues (excl. Refunding)</i> | 3.6% | 2.6% | -1.9% | -8.5% | -15.4% | -22.4% | |

Next Steps

- **May 10:** City Council Hearing
- **May 25:** SRC Budget Vote
- **June:** City Adoption of Tax Measures for School District
- **June:** State Budget Adoption