Sullivan County School District

FY 2026 Preliminary Year-End Financials
FY 2028 Act 1 Index

Purpose

Update for the Sullivan County Board of School Directors and Community Stakeholders

Fiscal Year 2026 Preliminary Year-End Standings

Fiscal Year 2028 Act 1 Index

FY 2026 Preliminary Y/E Standing

Preliminary Financials (Undergoing FY26 Audit)

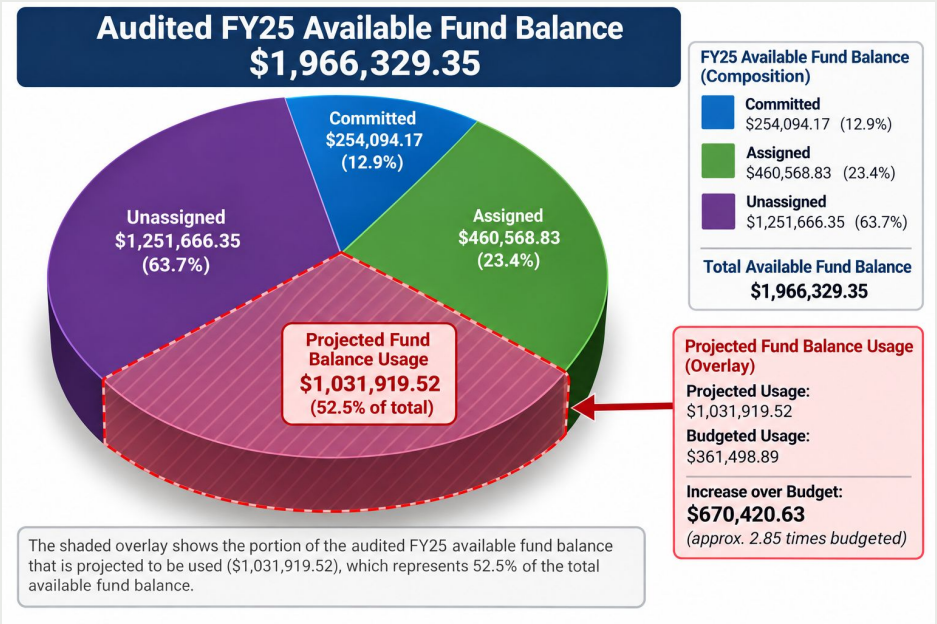
- Total Revenues : ($19,537,074.77)
- Total Expenditures : $20,568,994.29
- Deficit : $1,031,919.52

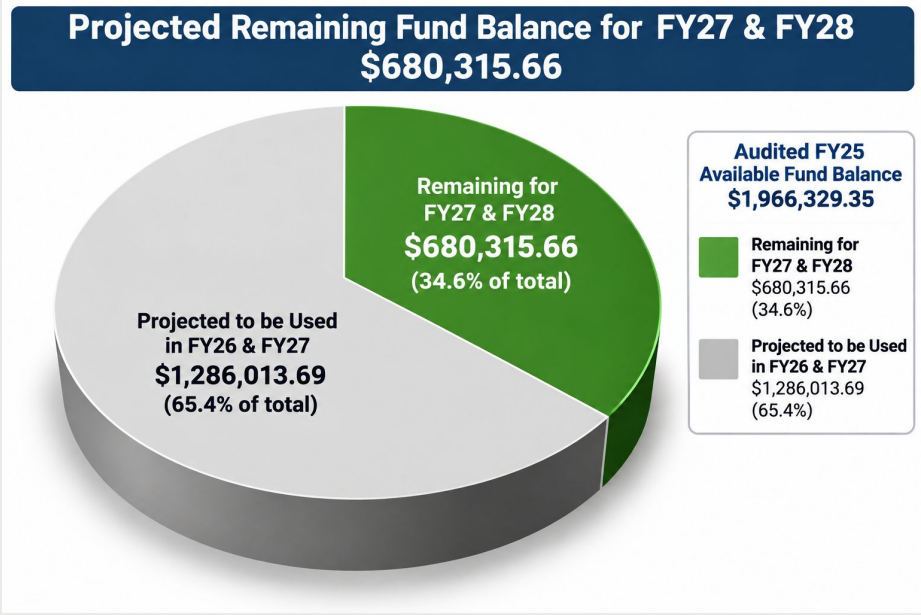
FY 2026 How the Figures Break Out

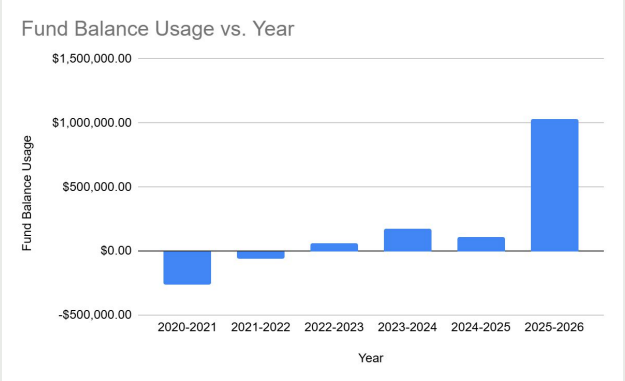
- **Expenditures - Budget vs. Actual**
  - Budget : $19,903,585.06
  - Preliminary Actual : $20,568,994.29
    - ($665,409.23)
- **Revenues - Budget vs. Actual**
  - Budget : ($19,542,086.17)
  - Preliminary Actual : ($19,537,074.77)
    - $5,011.40

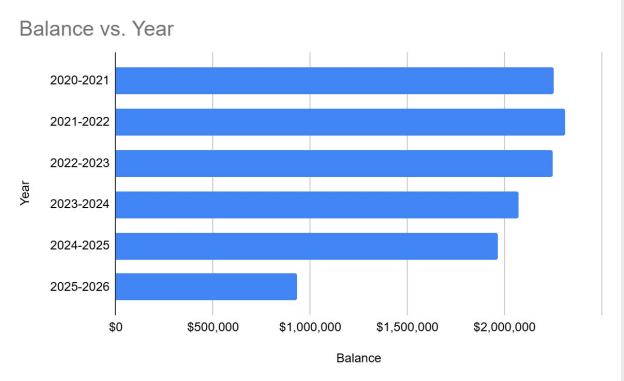
FY 2026 Overspend Breakout

- Deficit = $1,031,919
  - Budgeted fund balance usage : $361,498
  - Cyber Charter Overage : $539,370
  - Unrealized Revenues : $5,011
  - Special Education Costs : $126,040
- The Fund Balance will be responsible to offset this deficit




Projected Remaining Fund Balance for FY27 & FY28
$680,315.66
Remaining for FY27 & FY28
$680,315.66
(34.6% of total)
Projected to be Used in FY26 & FY27
$1,286,013.69
(65.4% of total)
Audited FY25 Available Fund Balance
$1,966,329.35
Remaining for FY27 & FY28
$680,315.66
(34.6%)
Projected to be Used in FY26 & FY27
$1,286,013.69
(65.4%)


Fund Balance Usage vs. Year
$1,500,000.00
$1,000,000.00
$500,000.00
$0.00
-$500,000.00
Fund Balance Usage
2020-2021
2021-2022
2022-2023
2023-2024
2024-2025
2025-2026
Year

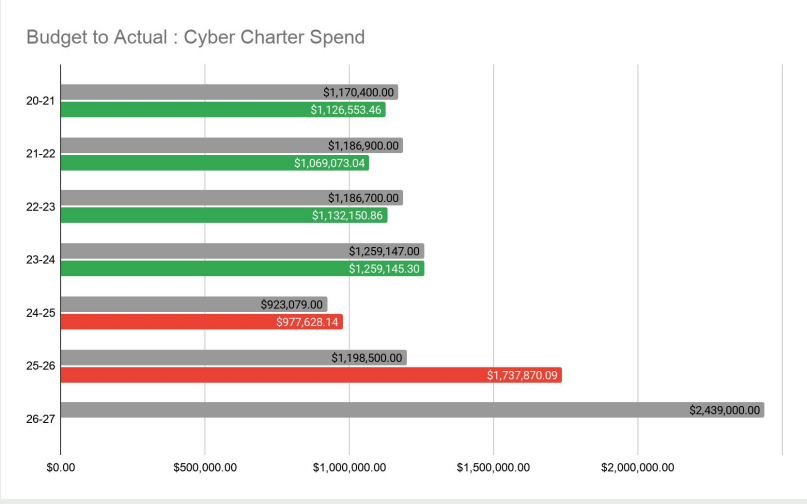

Balance vs. Year
2020-2021
2021-2022
2022-2023
2023-2024
2024-2025
2025-2026
Year
$0
$500,000
$1,000,000
$1,500,000
$2,000,000
Balance

FY 2026 Expenditures - Areas of Concern

- Cyber Charter
  - Budget: $1,198,500
  - Actual: $1,737,870
    - Exceeded 45%

- Special Education Programs
  - Budget: $2,911,585
  - Actual: $4,123,042
    - Exceeded 41%

Cyber Charter Costs



2025-26 PDE-363 Costs

Regular Education :
$1,696.37/month
$20,356.44/year

Special Education :
$3,206.14/month
$38,473.68/year

By law, the signed PDE-363 must be submitted to PDE no later than November 1st of each fiscal year.

Special Education Costs



From Financial Challenges to Revenue Options

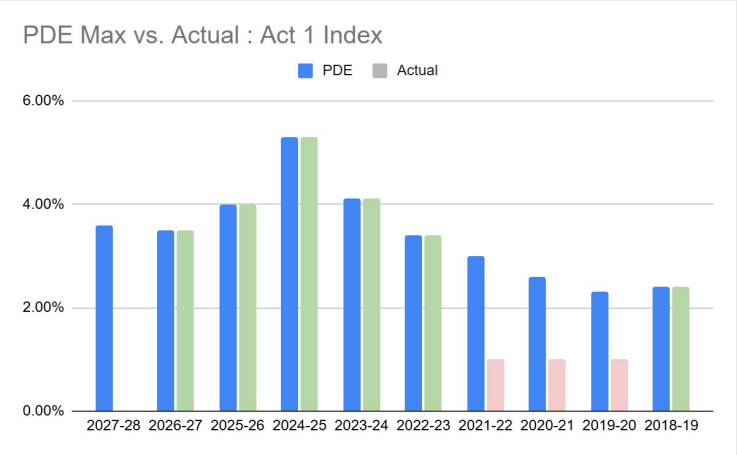
Act 1 Index

Act 1 Index

- The Act 1 Index sets the maximum annual property tax increase a school district can approve without PDE exceptions or voter approval. It is based on statewide wage and employment cost changes, with adjustments for certain districts based on local economic factors.

- PDE 2027-2028 Base Index : 3.6%
  - Sullivan County SD's Adjusted PDE 2027-28 Act 1 Index : 3.6%

Sullivan County SD Act 1 Index History



Three fiscal years where Act 1 index was raised by 1% vs. the allowable maximum

The Long-Term Impact of Tax Decisions

Sullivan County School District | FY 2019–20 through FY 2026–27

$818,151

Revenue Not Realized

Across three years when taxes increased by only 1%

8 Fiscal Years

Cumulative Impact

FY 2019–20 through FY 2026–27

TOTAL CUMULATIVE REVENUE IMPACT

$3,385,186

Why it matters: When tax increases fall below the allowable Act 1 Index, the impact carries forward because future tax revenue builds on the existing tax base. The result is a lasting reduction in the revenue available to support rising operational costs.

Act 1 Index 2027-28

- At a 3.6% Act 1 increase, Sullivan County SD would expect to see an additional $412,000 in revenues for the 2027-28 fiscal year.
- Question : Is that enough?
- What options are available to School Districts?
  - Act 1 Referendum Exception

Act 1 Referendum Exception

- **PDE Exception**
  - The District may apply for an exception to exceed the Act 1 Index for certain eligible expenses

OR

- **Voter Approval**
  - The District may ask voters to approve a tax increase above the Act 1 Index through a voter referendum

Act 1 Referendum Eligibility

- **PDE Exception**
  - Eligible expenses :
    - School Construction
    - Special Education Expenditures
    - Retirement Contributions

Act 1 Referendum Timeline

Date	Description	Section
December 29, 2026 *(30 days prior to preliminary budget public inspection deadline)*	***Department of Education*** deadline to notify school districts of school year of AFR data to be used when calculating referendum exception in Section 333(f)(2)(v).	Section 333(j)(4)
January 28, 2027 *(110 days prior to primary election)*	***School district*** deadline to make 2027-2028 proposed version of preliminary budget available for public inspection **or** adopt resolution pursuant to Section 311(d)(1) indicating that it will not raise the rate of any tax by more than its index.	Section 311(c); 311(d)(1)
February 7, 2027 *(10 days prior to preliminary budget adoption deadline)*	***School district*** deadline to give public notice of the intent to adopt the 2027-2028 preliminary budget unless resolution was adopted under Section 311(d)(1) indicating that it will not raise the rate of any tax by more than its index.	Section 311(c)
February 17, 2027 *(90 days prior to primary election)*	***School district*** deadline to adopt the 2027-2028 preliminary budget unless resolution adopted under Section 311(d)(1).	Section 311(a)
February 22, 2027 *(85 days prior to primary election)*	***School district*** deadline to submit 2027-2028 preliminary budget containing proposed tax rate increases to Department of Education in the CFRS application.	Section 333(e)
March 24, 2027 *(55 days prior to primary election)*	Deadline for ***Department of Education*** to issue ruling on school district's petition for referendum exception.	Sections 333(j)(5)

The Board's Decision Ahead

The Sullivan County School Board is responsible for determining the District's approach to the 2027–2028 Act 1 Index, including evaluating available options and their potential impact on taxpayers and the District's long-term financial sustainability.

Questions?