



2012-2013 Budget Discussion

Northwestern Lehigh School
District

March 15, 2012

[Discussion Items]

Goals

- Revenues
- Expenditures
 - OPEB
 - EBP Rate Stabilization
 - Bus/Van Replacements
- Projected Use of Fund Balance

Budget Goals

- Maintain instructional programs with modifications, as necessary
- Provide appropriate class sizes
- Align the budget with strategic planning mission, vision, & goals
- Develop a budget with a long-term & short-term focus
- Continue to identify areas to maximize efficiencies and reduce costs without negatively impacting programs

2012-2013

Budget Process

2012-2013 Budget Timeline	Dates	Estimated Revenue	Estimated Expenditures	Estimated Budget Shortfall w/ No Millage Increase	Estimated Budget Shortfall w/ 1.01 Millage Increase
Budget Overview	Dec 7, 2011	\$ 35,673,840	\$ 36,814,438	\$ (1,140,598)	\$ (702,631)
Budget Discussion *	March 15, 2012	\$ 35,945,144	\$ 36,947,684	\$ (1,002,540)	\$ (564,148)
Budget Discussion	April 11, 2012	TBD	TBD	TBD	TBD
Budget Discussion (if needed)	April 18, 2012	TBD	TBD	TBD	TBD
Proposed Final Budget Adoption	May 9, 2012	TBD	TBD	TBD	TBD
Final Budget Adoption	June 13, 2012	TBD	TBD	TBD	TBD

* No change to Salaries & Benefits from initial budget projections.

Revenues- \$35,945,144



Local	\$	25,386,538	70.6%
State		10,338,606	28.8%
Federal		220,000	0.6%
	\$	<u>35,945,144</u>	<u>100.0%</u>

NOTE: Graph represents revenue estimates based on March 2012 budget amounts.

Revenues- Comparison to December 7, 2011

- Local (+) \$121,469
 - Current Real Estate Taxes (+) \$21,000
 - PURTA (+) \$3,000
 - RE Transfer Taxes (+) \$50,000
 - Delinquent Real Estate Taxes (+) \$25,000
 - IDEA (+) \$22,000
- State (+) \$149,835
 - Student Achievement Education Block Grant

	December 7th	March 15th	Change
Local	\$ 25,265,069	\$ 25,386,538	\$ 121,469
State	10,188,771	10,338,606	149,835
Federal	220,000	220,000	-
	\$ 35,673,840	\$ 35,945,144	\$ 271,304

Revenues- Local

Description	10-11 Actual	11-12 Final	12-13 Budget	Increase/ (Decrease)
Current Real Estate Taxes	\$ 21,198,815	\$ 21,264,945	\$ 21,349,717	\$ 84,772
Interim Real Estate Taxes	95,382	200,000	125,000	(75,000)
Local Services Tax (LST)	44,762	40,000	45,000	5,000
Earned Income Taxes	2,029,293	2,000,000	2,000,000	-
Real Estate Transfer Taxes	277,584	200,000	250,000	50,000
Delinquent Real Estate Taxes	769,500	725,000	760,000	35,000
Earnings on Investments	197,393	200,000	200,000	-
Intermediate Sources-Federal (IDEA)	381,768	380,000	402,000	22,000
ARRA-IDEA, Part B	398,089	-	-	-
Other Revenue	216,077	161,507	254,821	93,314
REVENUE FROM LOCAL SOURCES	\$ 25,608,663	\$ 25,171,452	\$ 25,386,538	\$ 215,086

NOTE: Current Real Estate Taxes are calculated on 50.66 mills

Revenues- Local Real Estate Taxes

■ Assessed Value Growth

- July 2011 450,393,800
- Feb 2012 452,136,900
- INCREASE 1,743,100

- Using 50.66 millage rate (11-12) generates an additional **\$85,000** of real estate tax revenue

■ Assessed Value History

Feb 2012	452,136,900
11-12	450,393,800
10-11	450,926,550
09-10	446,075,975
08-09	434,234,800

- Average 4 year growth 5,000,000 which generates an additional \$243,000 revenue annually (using 50.66 mills)

Revenues-State Sources

Description	10-11 Actual	11-12 Final	12-13 Budget	Increase/ (Decrease)
Student Achievement Block Grant	\$ -	\$ -	\$ 6,924,497	\$ 6,924,497
Basic Education Funding	4,624,974	5,103,537	-	(5,103,537)
Charter/Cyber School Reimbursement	142,888	-	-	-
Tuition for Section 1305 & 1306	42,607	60,000	40,000	(20,000)
Special Education Of Exceptional Pupils	1,276,343	1,276,343	1,276,343	-
Transportation	997,493	1,040,000	-	(1,040,000)
Rental And Sinking Fund Payments	600,527	385,000	400,000	15,000
Health Services	43,428	43,000	43,000	-
State Property Tax Reduction Allocation	666,002	665,966	665,966	-
PA Accountability Grants	218,243	-	-	-
Dual Enrollment Program	11,375	-	-	-
Revenue For Social Security Payments	607,280	631,125	-	(631,125)
Revenue For Retirement Payments	439,542	692,000	988,800	296,800
REVENUE FROM STATE SOURCES	\$ 9,670,701	\$ 9,896,971	\$ 10,338,606	\$ 441,635

NOTE: Student Achievement Education Block Grant combines the Basic Education, Transportation and Social Security line items for 2012-13

Impact of Basic Education Funding

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Budget	2011-12 Est.Act	2012-13 Budget
Basic Education	5,317,738	4,826,848	4,627,974	5,103,537	5,317,738	5,317,738 *
ARRA-SFSF	-	648,767	649,229	-	-	
ARRA-EdJobs	-	-	379,017	-	-	
	5,317,738	5,475,615	5,656,220	5,103,537	5,317,738	5,317,738

* Component of Student Achievement Block Grant

2012-13 FUNDING FOR BASIC EDUCATION IS AT 2008-09 FUNDING LEVELS!

Student Achievement Education Block Grant

- Combines current line items into one block grant
 - Basic Education
 - Transportation/Non-Public Transportation
 - Social Security
- Estimated Increase \$78,715
 - 12-13 \$6,924,497
 - 11-12 \$6,845,782

[Revenues-Federal Sources]

Description	10-11 Actual	11-12 Final	12-13 Budget	Increase/ (Decrease)
Title I	\$ 176,931	\$ 174,448	\$ 175,000	\$ 552
Title II	55,377	38,694	40,000	1,306
ARRA- TITLE I	27,144	-	-	-
ARRA-State Fiscal Stabilization Fund	649,229	-	-	-
ARRA-EdJobs	379,017	-	-	-
ACCESS- Medical Assistance	2,411	-	5,000	5,000
REVENUE FROM FEDERAL SOURCES	\$ 1,290,624	\$ 213,142	\$ 220,000	\$ 6,858

NOTE: Federal Stimulus funds eliminated for 2011-12 and beyond.

[Expenditure Discussion Items]

- OPEB
- Debt
- Fleet Replacements

Our Current OPEB Funding Structure

(As of June 30, 2011)

- Committed Fund Balance \$2,446,403
- Funding annual obligation of \$354,216
- Also, funding actual costs for retiree benefits \$294,000 (11-12)
- Estimated use of Fund Balance (11-12) \$75,000
- Total amount allocated for OPEB in budget
 $\$354,216 + \$294,000 - \$75,000 = \$573,216$

[Decision Points]

■ Option A

- Continue funding method consistent with prior years
 - Fund Annual Required Contribution (ARC)
 - Budget for actual retiree medical premiums
 - Utilize Fund Balance Reserves to pay for retirees from 2010-11 to present

■ Option B

- Change strategy for funding
- Start utilizing Fund Balance for current retirees \$294,000 (1112) which frees up additional funds for other use

RECOMMENDATION: Continue funding the ARC and budgeting retiree medical premiums. Utilize OPEB fund balance to cover the costs of retirees from 2010-11 through present

[Debt]

- 7 Bond Issuances
 - 2 Variable Rate (Emmaus Bond Pools)
 - 5 Fixed Rate (GOB)
- Estimated Payments 12-13
 - \$3,811,851

[Debt]

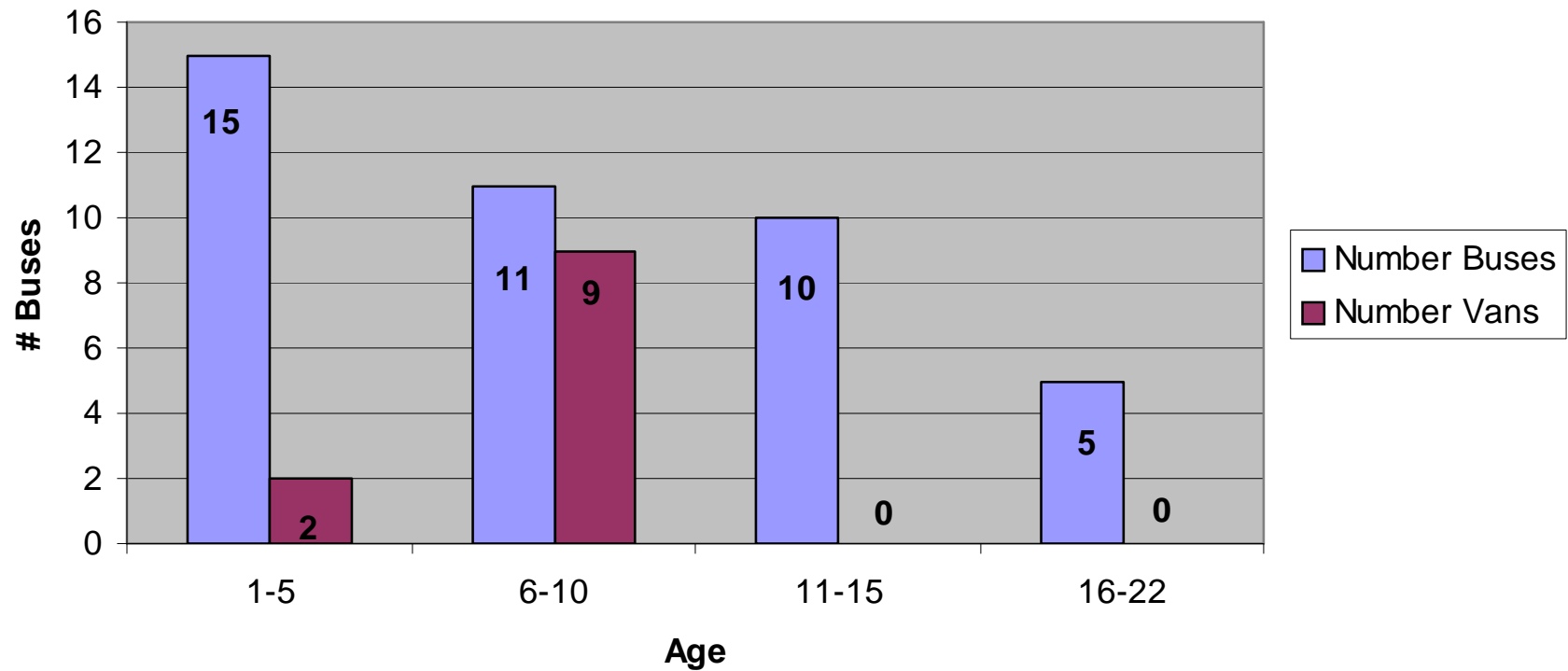
- Bond Refinance GOB Series 2007 A (Spring 2012)
 - Estimated savings \$140,000
 - Options:
 - Eliminate \$140,000 from budget
 - Reallocate a portion or all savings

- **RECOMMENDATION:** Utilize \$140,000 savings for one-time purchases

- Emmaus Bond Pool Rate Stabilization
 - Budget 4%-- Actual 1.10%-2.84%
 - Options:
 - Continue budgeting 4%, using 2% through Use of Fund Balance to mitigate risk without using millage
 - Reduce budget amount

- **RECOMMENDATION:** Budget EBP at 4% with Use of Fund Balance equivalent to 2%

[Fleet Age (as of January 1, 2012)]



Note: Currently there are 9 spare buses and 0 spare vans. NWLSD replacement plan has been determined using a 15 year age for daily use vehicles in conjunction with mechanic analysis of fleet. In 2011-12 two daily buses are 16 years old.

2012-13 Fleet Replacements

- Replacements needed based on mechanic review & replacement schedule

	Year	Miles	Status	Est. Cost
Bus # 1	1990	233,633	spare	\$ 90,000
Bus # 37	1992	193,705	spare	\$ 90,000
Van # 113	2003	186,864	active	\$ 25,500
Truck # 107	1988	91,445	active	\$ 37,000

Total \$ 242,500

Fleet replacements were reviewed by the Operations Committee in January 2012

[Bus/Van Replacement Funding]

- \$242,500 Estimated Total
 - \$180,000 Transportation Budget
 - \$ 50,000 Fund Transfers
 - **\$ 12,500** Additional Funding Needed
- Options:
 - Millage
 - Use of Fund Balance
 - Capital Reserve Fund
- **RECOMMENDATION:** Increase expenditures and fund the \$12,500 through Use of Fund Balance

Estimated Use of Fund Balance

- Based on tonight's discussion items, the following would be allocated to Use of Fund Balance in 2012-13:

OPEB	\$	100,000	*
EBP Rate Stabilization		254,800	
Fleet Replacement		12,500	
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	\$	367,300	

* Estimate until final analysis is completed on Salaries and Benefits