

2015-16 Preliminary Budget Overview

Northwestern Lehigh School District
December 3, 2014



2015-16 Preliminary Budget Overview

- High Level budget overview
- Five Year Budget Projections
- 2015-16 Adjusted Index
 - 2.2%
 - 0.35 mills- approximately \$531,000
- **RECOMMENDATION:** January 21, 2015- Resolution to stay within the index



2015-16 Budget Goals

- Provide instructional programs to meet Chapter 4 requirements in core content areas and in the related arts
- Provide staffing to meet instructional and operational needs
- Commit to long range technology planning to support ongoing technology initiatives
- Implement a Facilities Master Plan to address ongoing facility needs
- Implement strategic planning mission, vision & goals
- Develop a budget with a long-term and short-term focus
- Continue to identify areas to maximize efficiencies and reduce costs without negatively impacting programs
- Provide a funding plan to meet the district's needs while minimizing any potential tax increase to taxpayers



15-16 Expenditure Assumptions

- Building/Department Budgets
 - Flat
- Salaries
 - 3% increase to Salary base to cover annual increases, replacements, new positions
- Benefits
 - Medical & RX 6% increase
 - Dental 2% increase
 - Life & LTD 3% increase
 - PSERS 25.84% vs 21.40% (1415)
- District Wide
 - Specific identification (debt, LCTI, LCCC, Cyber/Charter)
 - Strategic Planning Initiatives
 - Fleet Replacements

2015-16 Preliminary Budget

	Actual 2012-13	Actual 2013-14	Final 2014-15	Dec 3, 2014 Budget 2015-16	Change from 2014-15	% Change from 2014-15
Total Building & Departments	\$ 3,872,388	\$ 3,979,065	\$ 2,789,319	\$ 2,789,319	\$ -	0.00%
District Wide:						
Salaries:						
Professionals	10,994,578	11,089,391	11,431,688	11,774,639	342,951	
Support Staff	3,810,299	3,948,117	4,053,643	4,175,252	121,609	
Administration	1,495,210	1,374,166	1,471,533	1,515,679	44,146	
Tax Collectors	24,390	25,016	23,553	24,260	707	
Total Salaries	16,324,477	16,436,691	16,980,417	17,489,830	509,413	3.00%
Benefits-All Staff						
Medical	2,262,369	2,275,983	2,663,866	2,823,698	159,832	
Dental	150,035	140,266	155,874	158,991	3,117	
Life Insurance	31,765	30,881	34,038	35,059	1,021	
Long-Term Disability	22,727	22,665	37,511	38,636	1,125	
Vision	17,381	10,724	13,142	15,000	1,858	
Prescription	537,563	559,376	564,425	598,291	33,866	
Social Security	1,220,157	1,229,279	1,311,868	1,337,972	26,104	
PSERS	2,009,329	2,756,746	3,670,991	4,519,372	848,381	
Tuition	50,648	54,985	51,528	50,000	(1,528)	
Unemployment Compensation	11,433	12,168	24,618	25,000	382	
Workers' Compensation	141,099	197,741	211,796	254,155	42,359	
Other Benefits	58,333	70,113	66,290	67,616	1,326	
Total Benefits-All Staff	6,512,839	7,360,926	8,805,947	9,923,790	1,117,843	12.69%
District Wide (Non-Personnel Related)	7,471,180	7,968,706	10,316,863	10,313,883	(2,980)	-0.03%
Grant Expenditures	248,432	209,771	439,046	439,046	-	0.00%
Estimated Total Expenditures	34,429,316	35,955,158	39,331,592	40,955,868	1,624,276	4.13%
Estimated Total Revenue	36,093,822	37,137,190	38,153,393	39,137,190	983,797	2.58%
Estimated Surplus/(Shortfall) before FB			(1,178,199)	(1,818,678)		

THIS SCENARIO DOES NOT INCLUDE A TAX INCREASE (\$531,000 OR 0.35 MILLS)



Outstanding Revenue Items

- Final Assessment Values
- Potential new TIF revenue
- State Revenues
- Federal Revenues



Outstanding Expenditure Items

- Staffing
- Healthcare benefits
- Budgeting strategies:
 - Facilities Master Plan/Capital Reserve Transfer
 - Technology Plan
 - Heating Oil/Diesel
 - OPEB
 - PSERS
 - Emmaus Bond Pool Rate Stabilization
 - Fleet replacement cycle
 - Bond refinancing savings
 - Budgetary Reserve



15-16 Revenue Assumptions

■ LOCAL:

- Increase due to assessed value growth for **Current Real Estate Taxes**
- Increases to:
 - EIT
 - Delinquent RE Taxes
 - Admissions
- Decreases to:
 - Interim Real Estate Tax
 - Interest Earnings
- All other revenues minimal changes

■ STATE:

- Increases to:
 - PSERS reimbursement
- Decreases to:
 - Section 1305/1306 tuition
 - Rental/Sinking payments
- All other revenues flat

■ FEDERAL:

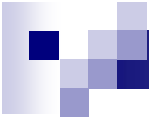
- flat

Five Year Budget Assumptions- NO TAX Increase

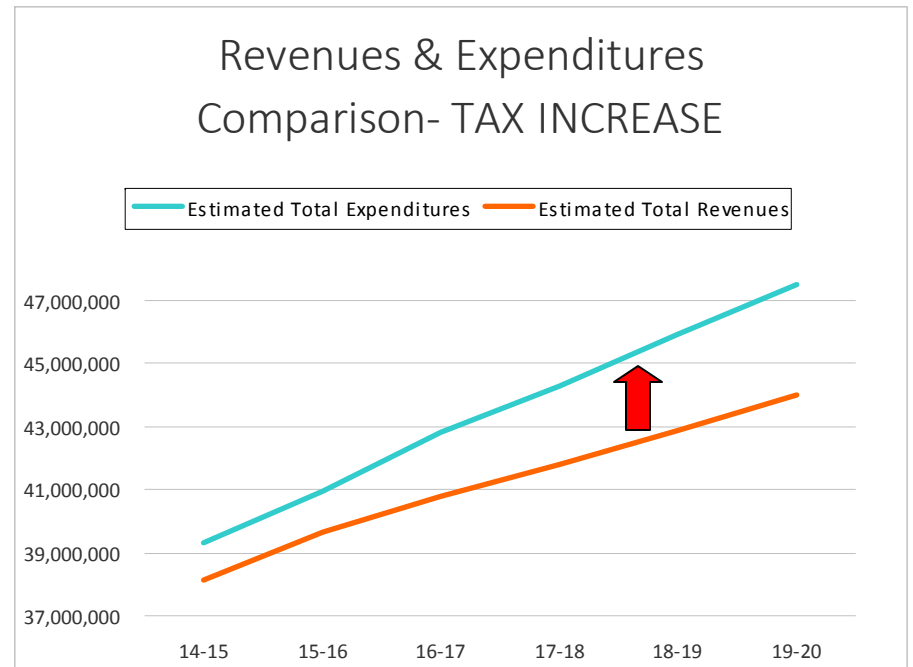
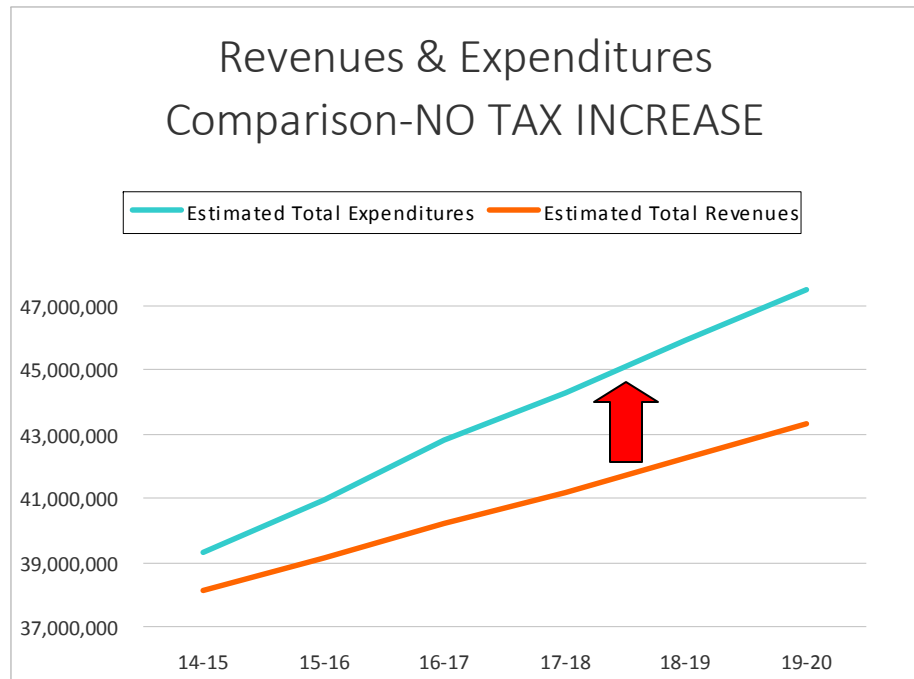
Description	Final Budget 14-15	Estimated Budget 15-16	Estimated Budget 16-17	Estimated Budget 17-18	Estimated Budget 18-19	Estimated Budget 19-20
Building & Department Budgets	2,789,319	2,789,319	2,789,319	2,789,319	2,789,319	2,789,319
Total Salaries	16,980,417	17,489,830	18,014,524	18,554,960	19,111,609	19,684,957
Total Benefits-All Staff						
Medical	2,663,866	2,823,698	3,106,068	3,416,675	3,758,342	4,134,176
Prescription	564,425	598,291	658,120	723,932	796,325	875,957
Dental	155,874	158,991	166,941	175,288	184,053	193,255
PSERS	3,670,991	4,519,372	5,272,851	5,612,875	5,978,111	6,314,934
Social Security	1,311,868	1,337,972	1,378,111	1,419,454	1,462,038	1,505,899
Other Benefits	438,923	485,466	509,739	535,226	561,987	590,087
Total Benefits	8,805,947	9,923,790	11,091,830	11,883,450	12,740,856	13,614,309
Total District Wide	10,316,863	10,313,883	10,473,338	10,636,794	10,804,392	10,976,283
Grant Expenditures	439,046	439,046	439,046	439,046	439,046	439,046
Estimated Total Expenditures	39,331,592	40,955,867	42,808,057	44,303,569	45,885,222	47,503,914
	9.39%	4.13%	4.52%	3.49%	3.57%	3.53%
Estimated Total Revenue	38,153,393	39,137,190	40,239,047	41,187,245	42,249,418	43,328,801
	2.18%	2.58%	2.82%	2.36%	2.58%	2.55%
Excess/(Shortfall)	(1,178,199)	(1,818,677)	(2,569,011)	(3,116,324)	(3,635,804)	(4,175,114)

Five Year Budget Assumptions- INCLUDES ANNUAL TAX INCREASE TO INDEX

Description	Final Budget 14-15	Estimated Budget 15-16	Estimated Budget 16-17	Estimated Budget 17-18	Estimated Budget 18-19	Estimated Budget 19-20
Building & Department Budgets	2,789,319	2,789,319	2,789,319	2,789,319	2,789,319	2,789,319
Total Salaries	16,980,417	17,489,830	18,014,524	18,554,960	19,111,609	19,684,957
Total Benefits-All Staff						
Medical	2,663,866	2,823,698	3,106,068	3,416,675	3,758,342	4,134,176
Prescription	564,425	598,291	658,120	723,932	796,325	875,957
Dental	155,874	158,991	166,941	175,288	184,053	193,255
PSERS	3,670,991	4,519,372	5,272,851	5,612,875	5,978,111	6,314,934
Social Security	1,311,868	1,337,972	1,378,111	1,419,454	1,462,038	1,505,899
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Total District Wide	10,316,863	10,313,883	10,473,338	10,636,794	10,804,392	10,976,283
Grant Expenditures	439,046	439,046	439,046	439,046	439,046	439,046
Estimated Total Expenditures	39,331,592	40,955,867	42,808,057	44,303,569	45,885,222	47,503,914
	9.39%	4.13%	4.52%	3.49%	3.57%	3.53%
Estimated Total Revenue	38,153,393	39,647,066	40,765,351	41,804,588	42,888,522	43,990,433
	2.18%	3.91%	2.82%	2.55%	2.59%	2.57%
Excess/(Shortfall)	(1,178,199)	(1,308,801)	(2,042,706)	(2,498,981)	(2,996,700)	(3,513,481)



Impact of Potential Tax Increase



Five Year Budget Assumptions-Expenditures

Description	Final Budget 2014-15	Estimated Budget 2015-16	Estimated Budget 2016-17	Estimated Budget 2017-18	Estimated Budget 2018-19	Estimated Budget 2019-20
Expenditure Assumptions:						
Building/Departments	-30.14% 1	0.00%	0.00%	0.00%	0.00%	0.00%
Salaries	4.29%					
Annual Increases		2.00%	2.00%	2.00%	2.00%	2.00%
Attritonal/Replacement Savings		-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
New Staffing		1.50%	1.50%	1.50%	1.50%	1.50%
Medical, including RX	13.86%	6.00%	10.00%	10.00%	10.00%	10.00%
Dental	11.13%	2.00%	5.00%	5.00%	5.00%	5.00%
PSERS	33.16% 2	25.84%	29.27%	30.25%	31.28%	32.08%
SS						
Other Benefits	21.00%	10.60%	5.00%	5.00%	5.00%	5.00%
District Wide						
Cyber/Charter School	1.38%	5.00%	5.00%	5.00%	5.00%	5.00%
Special Education (IU)	-9.74%	3.00%	3.00%	3.00%	3.00%	3.00%
LCTI	-1.33%	0.00%	1.00%	1.00%	1.00%	1.00%
LCCC	-7.65%	0.00%	1.00%	1.00%	1.00%	1.00%
Debt Service	8.25%	0.00%	1.00%	1.00%	1.00%	1.00%
Diesel/Heating Oil	5.45%	0.00%	1.00%	1.00%	1.00%	1.00%
Capital Reserve Transfer	202.94% 3	0.00%	2.00%	2.00%	2.00%	2.00%
Budgetary Reserve	0.00% 4	0.00%	0.00%	0.00%	0.00%	0.00%
Other District Wide	914.40% 1	-3.70%	1.00%	1.00%	1.00%	1.00%

Footnotes:

- 1- In 2014-15, Diesel/Oil/Electricity and Transportation contracted services reclassified to District wide budget
- 2- For actual increases, % represents increase year over year. For estimated budget years, the rate represents the estimated Employer Contribution rate
- 3- In these years, capital reserve transfer represented the bond refinancing savings
- 4- Budgetary reserve is zeroed out at year end
- 5- Assessed Value obtained from Lehigh County

Five Year Budget Assumptions-Revenues

Description	Final Budget 2014-15	Estimated Budget 2015-16	Estimated Budget 2016-17	Estimated Budget 2017-18	Estimated Budget 2018-19	Estimated Budget 2019-20
Revenue Assumptions:						
Act 1 Index (Adjusted)	2.40%	2.20%	2.20%	2.50%	2.50%	2.50%
Assessment	3.46%		1%	1%	1%	1%
Assessed Value	1,505,604,500 ⁵	1,512,354,000	1,527,477,540	1,542,752,315	1,558,179,839	1,573,761,637
Collection Rate	96%	96%	96%	96%	96%	96%
Earned Income Taxes	-7.95%	9%	1%	1%	1%	1%
Delinquent Real Estate Taxes	-18.10%	6.67%	0.00%	0.00%	0.00%	0.00%
Earnings on Investments	154.02%	-1.67%	1.00%	1.00%	1.00%	1.00%
IDEA	-4.41%	0.00%	-5.00%	0.00%	0.00%	0.00%
Other Local Revenues	-29.60%	2.00%	2.00%	2.00%	2.00%	2.00%
State:						
Basic Education Funding	0.14%	0.00%	-1.00%	-1.00%	-1.00%	-1.00%
Special Education	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transportation	-16.82%	0.00%	0.00%	0.00%	0.00%	0.00%
Rental/Sinking Payments	7.74%	0.00%	0.00%	0.00%	0.00%	0.00%
Gaming Revenues	0.84%	0.00%	0.00%	0.00%	0.00%	0.00%
Social Security Reimbursement						
PSERS Reimbursement						
Other State Revenues	147.76%	0.00%	0.00%	0.00%	0.00%	0.00%
Federal:						
Federal Revenues	1.92%	0.00%	-5.00%	0.00%	0.00%	0.00%
Tax Increase	NO	NO	NO	NO	NO	NO
Max Millage Increase in mills	0.0000	0.3512	0.3589	0.4168	0.4273	0.4379
New Millage Rate	15.9631	16.3143	16.6732	17.0900	17.5173	17.9552
Millage Increase Generated	-	531,121	548,234	643,066	665,734	689,201

Footnotes:

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- 3- In these years, capital reserve transfer represented the bond refinancing savings
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- 5- Assessed Value obtained from Lehigh County



Next Steps...

■ FINANCE COMMITTEE

February/March/April

- Budget discussions on budgeting strategies & updated assumptions

May

- Presentation of Proposed Final Budget

June

- Presentation of Final Budget

■ BOARD MEETING

January

- Resolution to stay within the index

May

- Approval of Proposed Final Budget

June

- Approval of Final Budget