



# 2015-16 Budget Discussion

Northwestern Lehigh School District  
Finance Committee Meeting  
February 4, 2015

# Discussion Items

- 2015-16 Budgeting Strategies

# 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

**2015-2016**

# Budgeting Strategies

- Other Post Employment Benefits (OPEB)
- Transportation Fleet Replacements
- Capital Reserve Transfer
- PSERS employer rate funding
- Emmaus Bond Pool (EBP) Rate Stabilization
- Technology Plan
- Curriculum Textbook/Materials
- Budgetary Reserve

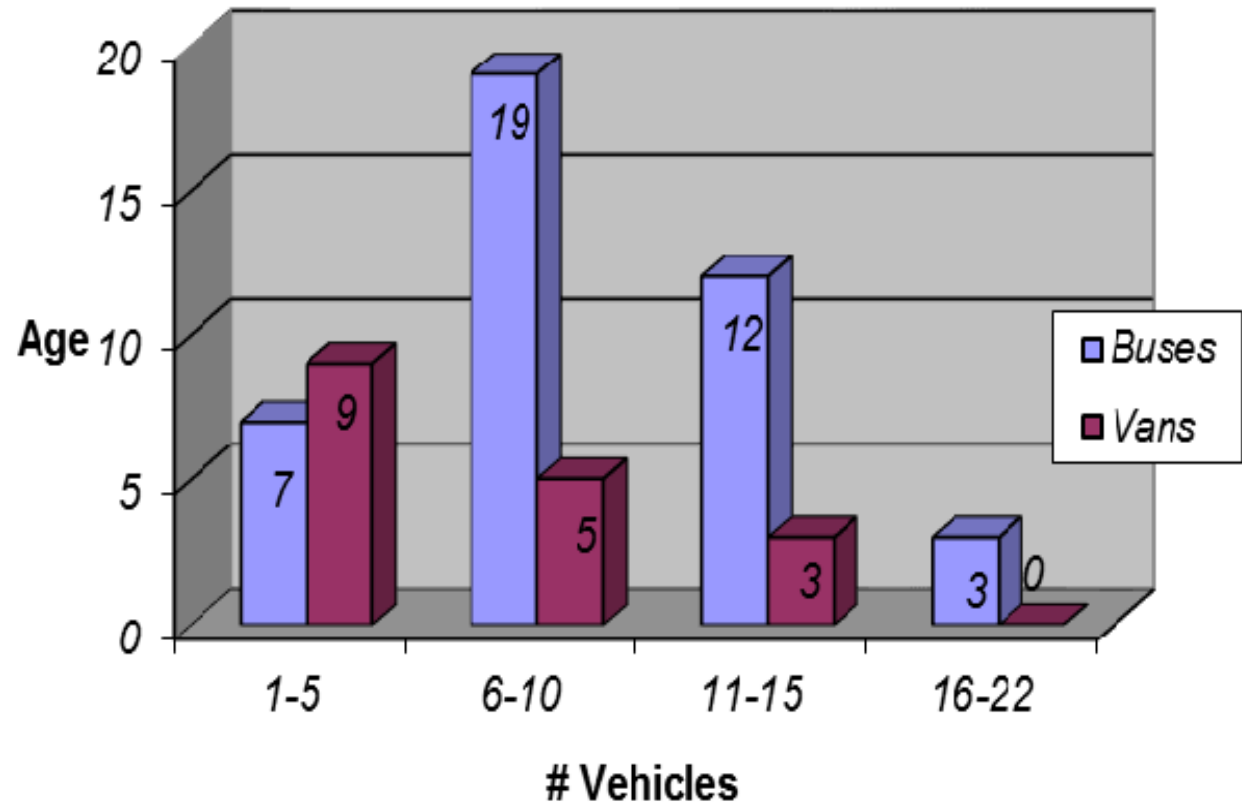
# Our Current OPEB Funding Structure

(As of June 30, 2014)

- Committed Fund Balance \$3,230,619
- Annual obligation of \$324,675
  - Funding portion of annual obligation in 14-15 = \$154,356
  - Estimated cost for current retirees in 14-15= \$189,000
  - Total amount allocated in budget 14-15= **\$343,356**

**RECOMMENDATION:** Review the GASB 45 report when it's completed and consider reducing the funding included in the budget. Further discussion required.

# Fleet Age (as of January 2015)



Note: Currently there are 8 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.

# 2015-16 Bus/Van Replacements

- Replacements have been budgeted at \$230,000 annually anticipating 2 buses and 2 vans
- Estimated cost per bus \$90,000 & per van \$25,000 (total \$230,000)

**RECOMMENDATION: Continue to budget \$230,000 for replacements, however evaluate the need in Fall 2015 and determine if replacements are necessary.**





# Capital Reserve Transfer

- Potential transfer of fund balance to Capital Reserve in anticipation of Capital Projects
- Potential transfers from the following fund balance categories

Unassigned	\$ 1,000,000
EBP Rate Stabilization	\$ 1,700,000
Energy Stabilization	\$ 1,200,000
Millage Rate Stabilization	\$ 1,500,000
	<hr/>
	\$ 5,400,000

**RECOMMENDATION:** Evaluate capital project options and based on funding needs assess amount needed from current fund balance. Further discussion needed.

# PSERS-Projected Rates

Estimated Rates				
	ER Rate	Projected Increase	Rate in Budget	Budget Increase
08-09	4.76%		7.13%	
09-10	4.78%	0.02%	7.13%	0.00%
10-11	5.64%	0.86%	8.22%	1.09%
11-12	8.65%	3.01%	9.50%	1.28%
12-13	12.36%	3.71%	11.50%	2.00%
13-14	16.93%	4.57%	15.00%	3.50%
14-15	21.40%	4.47%	18.50%	3.50%
15-16	25.84%	4.44%	22.25%	3.75%
16-17	29.27%	3.43%	26.25%	4.00%
17-18	30.25%	0.98%	30.25%	4.00%
18-19	31.28%	1.03%	31.28%	1.03%
19-20	32.08%	0.80%	32.08%	0.80%

Rates published by the Public School Employees' Retirement System (PSERS) as determined by an Actuarial Valuation. (as of June 30, 2014)

# PSERS- Budget Strategy using 22.25%

Estimated Total Costs					
	Payroll	Actual ER Cost	Budget	Planned Use of Fund Balance	Remaining Fund Balance
08-09	16,667,585	790,895	1,188,399		
09-10	16,631,746	813,618	1,185,843	-	1,330,000
10-11	16,154,164	910,243	1,327,872	-	1,830,000
11-12	16,207,232	1,416,217	1,539,687	-	2,135,343
12-13	16,737,537	2,043,690	1,924,817	-	1,969,835
13-14	16,445,726	2,803,900	2,466,859	-	1,982,000
14-15	16,980,417	3,633,809	3,141,377	(503,000)	1,490,736
15-16*	17,489,830	4,519,372	3,891,487	(627,885)	862,851
16-17*	18,014,524	5,272,851	4,728,813	(544,039)	318,812
17-18*	18,554,960	5,612,875	5,612,875	-	318,812
18-19*	19,111,609	5,978,111	5,978,111	-	318,812
19-20*	19,684,957	6,314,934	6,314,934	-	318,812

\* Payroll costs are based on 3% annual increases for all years

**RECOMMENDATION: Continue current funding strategy and utilize fund balance to levelize PSERS employer rate increases.**

# Emmaus Bond Pool (EBP) Rate Stabilization

- Variable Interest Rate Debt
- Historically budgeted 4% interest rate based on recommendations from PFM
- Reduce to 3% in 2014-15
  - 2% in millage
  - 1% through use of fund balance
- Average actual rates ranged 1.10%-2.84%

**RECOMMENDATION: Continue budgeting 3% funding 2% with millage, and 1% with fund balance.**

# Technology Plan

- Current technology funding in budget for replacements approx. \$200,000
- Estimated need \$600,000 to implement new plan

Additional Budget \$	100,000
Technology Assigned Fund Balance	300,000
	400,000
Current Budget \$	200,000
<b>Total Estimated Funding</b>	<b>600,000</b>

**RECOMMENDATION: Fund the Technology Plan as proposed through a combination of increased budget funds and use of fund balance.**

# Curriculum Textbook/Materials

- Historically budget level amount of \$230,000 for textbook/material needs, and use fund balance if additional funds are needed
- 2015-2016 Estimated funds needed for NEW curriculum textbook/materials \$370,000 based on curriculum cycles

Textbook/Materials included in Curriculum Budget	230,000
New Curriculum Textbook/Material Assigned Fund Balnace	140,000
<b>Total Estimated Funds</b>	<b>370,000</b>

**RECOMMENDATION: Continue level funding in Curriculum budget and budget use of fund balance for amounts estimated in excess of budget funds.**

# Budgetary Reserve \$400,000

- **Purpose:** Cover expenditures that are not planned or that resulted in additional costs compared to estimates
- Historically funded through millage or a combination of millage and fund balance

**RECOMMENDATION: Fund full amount of budgetary reserve through use of fund balance.**

# Open Budget Items

- Retirements
- Staffing/Enrollment Estimates
- Salaries & Benefits
- State Revenues
- Capital Projects/Capital Reserve Funding