



2018-2019 PROPOSED FINAL BUDGET

Northwestern Lehigh School District
Board Workshop Meeting
May 2, 2018

Agenda

- Budget Goals
- 2018-19 Budget Process Recap
- Proposed Final Budget Presentation

2018-19 Budget Goals



- Implement strategic planning mission, vision & 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
- Continue to commit to long range technology planning
- Continue to support the Facilities Master Plan to address ongoing facility needs
- 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

2018-19 Budget Recap

JANUARY

- High level budget presented to provide board information to adopt the resolution to stay within the Act 1 Index.
- Adoption of resolution to stay within the Act 1 Index

FEBRUARY

- Budgeting Strategies

APRIL

- Updated Budget Assumptions

2018-19 Act 1 Budget Timeline

| Date/Deadline | NWL Action Date | Description |
|-------------------|--|--|
| December 31, 2017 | Lehigh County sends letters on district's behalf | Homestead Notice sent to eligible property owners |
| January 26, 2018 | January 17, 2018 | Submit to PDE Opt-out Resolution |
| | February-April Board Workshops | Budget discussions/presentations |
| May 1, 2018 | | PDE notifies district of gaming revenue allocation |
| | May 2, 2018 | Presentation of Proposed Final Budget |
| May 31, 2018 | May 16, 2018 | Proposed Final Budget Adoption & public display prior to Final Budget Adoption |
| May 31, 2018 | | Deadline to report tax rates to DCED |
| | June 6, 2018 | Presentation of Final Budget |
| June 30, 2018 | June 20, 2018 | Final Budget Adoption |
| July 1, 2018 | June 21, 2018 | Tax bills are released to printer and mailed to taxpayers July 1st |



2018-19 Budget Summary- May 2nd

| | Final Budget 2017-18 | January 17th Budget 2018-19 | April 4th Budget 2018-19 | May 2nd Budget 2018-19 | Change from April | Change from 2017-18 |
|--|----------------------------|-----------------------------------|--------------------------------|------------------------------|----------------------|------------------------|
| Total Building & Departments | 3,019,991 | 3,148,460 | 3,187,487 | 3,126,837 | (60,650) | 106,846 |
| District Wide: | | | | | | |
| Total Salaries | 18,573,329 | 19,242,353 | 19,503,155 | 19,457,962 | (45,193) | 884,633 |
| Total Benefits-All Staff | 10,958,607 | 11,517,342 | 11,607,217 | 11,519,160 | (88,057) | 560,553 |
| District Wide & Grants | 10,738,947 | 15,398,283 | 13,529,656 | 13,254,786 | (274,870) | 2,515,839 |
| Total Expenditures | 43,290,874 | 49,306,438 | 47,827,515 | 47,358,745 | (468,770) | 4,067,871 |
| Total Revenue | 41,732,818 | 42,487,512 | 42,831,504 | 42,958,177 | 126,673 | 1,225,359 |
| Surplus/(Shortfall) before FB | (1,558,056) | (6,818,926) | (4,996,011) | (4,400,568) | 595,443 | (2,842,512) |
| FB Use for Stadium | | 4,000,000 | 2,500,000 | 2,500,000 | - | 2,500,000 |
| General Fund Operating Shortfall | | (2,818,926) | (2,496,011) | (1,900,568) | 595,443 | (1,900,568) |
| Proposed Millage Increase 0.3079 mills | | 620,990 | 310,495 | 503,500 | 193,005 | |
| Revised Shortfall | | (2,197,936) | (2,185,516) | (1,397,068) | 788,448 | |

**\$788,000 decrease to shortfall
from April 4th which includes a
\$503,500 millage increase**

Changes from April 4th

| REVENUES | Change from April 4 th |
|--------------------------------------|-----------------------------------|
| Increase to Assessed Value | (+) 57,000 |
| Increase to Real Estate Transfer Tax | (+) 50,000 |
| Increase to Title IV | <u>(+) 20,000</u> |
| NET CHANGE | (+) 127,000 |

| EXPENDITURES | Change from April 4 th |
|----------------------|-----------------------------------|
| Buildings/Dept | (-) 61,000 |
| Salaries | (-) 45,000 |
| Benefits | (-) 88,000 |
| District Wide/Grants | <u>(-) 275,000</u> |
| NET CHANGE | (-) 469,000 |

Net \$596,000 reduction to shortfall before any millage increase

Revenues

| | Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase/ (Decrease) over Prior Year |
|--------------|-------------------|-------------------------|-------------------------------------|---|
| Local | \$27,934,521 | \$28,518,184 | \$29,765,288 | \$1,247,104 |
| State | \$12,746,699 | \$13,021,145 | \$13,486,400 | \$465,255 |
| Federal | <u>\$214,173</u> | <u>\$193,489</u> | <u>\$209,989</u> | <u>\$ 16,500</u> |
| Total | \$40,895,393 | \$41,732,818 | \$43,461,677 | \$1,728,859 |

* Proposed Final Budget includes a millage increase of \$503,500

Revenues-Local Variances

| Category | Increase /(Decrease) over Prior Year |
|------------------------------|---|
| Real Estate Taxes | \$522,000 |
| Earned Income Tax | 100,000 |
| Real Estate Transfer Tax | 50,000 |
| Delinquent Real Estate Taxes | 25,000 |
| All other Local Sources | <u>47,000</u> |
| Total Variance | \$744,000 |
| Millage Increase | <u>\$503,500</u> |
| Net Increase | <u>\$1,247,500</u> |

Proposed Millage Increase

| Category | |
|---|------------------|
| Increased Security Expenditures | \$193,000 |
| | |
| | |
| Proposed Millage Increase (0.1910 mills) -April 4th | \$310,495 |
| Proposed Additional Millage Increase (0.1180 mills) | <u>\$193,005</u> |
| Revised Proposed Millage Increase (0.3079 mills) May 16th | \$503,495 |

Proposed Millage Increase



| | MAX .3831 mills (2.4%) | .1910 mills (1.2%) | PROPOSED .3079 mills (1.9%) |
|---|------------------------------|-----------------------|-----------------------------------|
| Total Tax Revenue Generated | \$620,990 | \$310,495 | \$503,500 |
| Average Assessed Value (Residential) | \$216,000 | \$216,000 | \$216,000 |
| Dollar (\$) Increase to Avg Taxpayer | \$82.75 | \$41.26 | \$66.51 |
| Assessed Value | \$100,000 | \$100,000 | \$100,000 |
| Dollar (\$) Increase to Taxpayer | \$38.31 | \$19.16 | \$30.79 |
| Assessed Value | \$400,000 | \$400,000 | \$400,000 |
| Dollar (\$) Increase to Taxpayer | \$153.24 | \$76.62 | \$123.16 |

Revenues-State Variances

| Category | Increase /(Decrease) over Prior Year |
|---------------------------------|---|
| Basic Education Funding | \$17,000 |
| Tuition for Section 1305 & 1306 | 20,000 |
| Special Education Funding | 9,000 |
| Transportation | 85,000 |
| Social Security Reimbursement | 38,000 |
| Retirement Reimbursement | <u>296,000</u> |
| Total Variance | \$ 465,000 |

Revenues-Federal Variances

| Category | Increase /(Decrease) over Prior Year |
|-----------------------|---|
| Title IV | \$20,000 |
| Access | <u>(\$ 3,500)</u> |
| Total Variance | \$16,500 |

Millage Rate History

| Year | Millage | Increase in Mills | % Increase | Estimated Value of 1 Mill |
|---------------------------|---------|-------------------|------------|---------------------------|
| 2018-19 | 16.2710 | 0.3079 | 1.93% | \$1,635,127 |
| 2017-18 | 15.9631 | 0.00 | 0.00% | \$1,543,819 |
| 2016-17 | 15.9631 | 0.00 | 0.00% | \$1,503,317 |
| 2015-16 | 15.9631 | 0.00 | 0.00% | \$1,498,438 |
| 2014-15 | 15.9631 | 0.00 | 0.00% | \$1,453,559 |
| 2013-14 * reassessment | 15.9631 | 0.00 | 0.00% | \$1,385,373 |

Lehigh County Millage Rates

| | District | 2016-17 Millage | 2017-18 Millage | Change | % Change |
|---|---------------------|--------------------|--------------------|---------------|--------------|
| 1 | Northern Lehigh | 21.2688 | 21.3422 | 0.0734 | 0.34% |
| 2 | Allentown | 18.3287 | 19.0252 | 0.6965 | 3.80% |
| 3 | Salisbury Township | 18.0596 | 18.4527 | 0.3931 | 2.18% |
| 4 | East Penn | 17.6970 | 18.0850 | 0.3880 | 2.19% |
| 5 | Catasauqua | 16.8676 | 17.4009 | 0.5333 | 3.16% |
| 6 | Whitehall Coplay | 16.1719 | 16.5927 | 0.4208 | 2.6% |
| 7 | Northwestern Lehigh | 15.9631 | 15.9631 | 0.0000 | 0.00% |
| 8 | Southern Lehigh | 15.6200 | 15.8200 | 0.2000 | 1.28% |
| 9 | Parkland | 14.8500 | 15.1300 | 0.2800 | 1.89% |
| | | | | | |
| | Average | 17.2030 | 17.5346 | 0.3316 | 1.93% |

Data obtained from Lehigh County Office of Assessment

https://www.lehighcounty.org/Portals/0/PDF/Assessment/School_Millage_07_06_17.pdf?ver=2017-07-06-145812-937

Expenditure Changes from 2017-18

| Category | Change from 2017-18 |
|------------------------------------|---------------------|
| Salaries (100) | (+) 883,000 |
| Benefits (200) | (+) 562,000 |
| Professional & Tech Services (300) | (-) 233,000 |
| Property Services (400) | (+) 115,000 |

| Category | Change from 2017-18 |
|--------------------------------|----------------------|
| Other Services (500) | (+) 118,000 |
| Supplies (600) | (-) 70,000 |
| Property (700) | (+) 120,000 |
| Other Financing Uses (800/900) | <u>(+) 2,573,000</u> |
| NET CHANGE | (+) 4,068,000 |
| | |
| | |

Enrollment History & Projections

| | Kdg | 1st | 2nd | 3rd | 4th | 5th | Total Elem | 6th | 7th | 8th | Total MS | Total K-8 |
|-----------|------------|------------|------------|------------|------------|------------|-----------------------|------------|------------|------------|---------------------|----------------------|
| 2011-2012 | 157 | 161 | 174 | 156 | 169 | 172 | 989 | 195 | 178 | 187 | 560 | 1549 |
| 2012-2013 | 158 | 162 | 162 | 181 | 163 | 168 | 994 | 180 | 197 | 181 | 558 | 1552 |
| 2013-2014 | 135 | 157 | 153 | 164 | 178 | 162 | 949 | 171 | 188 | 190 | 549 | 1498 |
| 2014-2015 | 142 | 146 | 160 | 153 | 167 | 183 | 951 | 168 | 175 | 185 | 528 | 1479 |
| 2015-2016 | 116 | 153 | 153 | 165 | 158 | 166 | 911 | 189 | 173 | 176 | 538 | 1449 |
| 2016-2017 | 121 | 115 | 146 | 152 | 166 | 160 | 860 | 170 | 190 | 179 | 539 | 1399 |
| 2017-2018 | 116 | 136 | 117 | 148 | 161 | 165 | 843 | 168 | 178 | 194 | 540 | 1383 |
| 2018-2019 | 130 | 116 | 136 | 117 | 148 | 161 | 808 | 167 | 160 | 170 | 497 | 1305 |
| 2019-2020 | 109 | 130 | 116 | 136 | 117 | 148 | 756 | 161 | 165 | 168 | 494 | 1250 |
| 2020-2021 | 107 | 109 | 130 | 116 | 136 | 117 | 715 | 148 | 161 | 165 | 474 | 1189 |
| 2021-2022 | 104 | 107 | 109 | 130 | 116 | 136 | 702 | 117 | 148 | 161 | 426 | 1128 |
| 2022-2023 | 104 | 104 | 107 | 109 | 130 | 116 | 670 | 136 | 117 | 148 | 401 | 1071 |
| 2023-2024 | 104 | 104 | 104 | 107 | 109 | 130 | 658 | 116 | 136 | 117 | 369 | 1027 |

Enrollment as of April 1, 2018

Elementary Staffing for 2018 - 2019

| | NORTHWESTERN ELEM | | | | WEISENBERG ELEM | | | |
|--------------|-------------------|------------|--|--------------------|-----------------|------------|--|--------------------|
| GRADE | SECT | STUD | CLASS SIZE (# SECTIONS-# STUDENTS) | CHANGE IN STAFF | SECT | STUD | CLASS SIZE (# SECTIONS-# STUDENTS) | CHANGE IN STAFF |
| K (17-22) | 3 | 65 | 1-21 2-22 | +1.5 FDK | 3 | 65 | 1-21 2-22 | +1.5 FDK |
| 1 (17-22) | 3 | 61 | 2-20 1-21 | -1 | 3 | 55 | 2-18 1-19 | NO CHANGE |
| 2 (18-24) | 4 | 70 | 2-17 2-18 | +1 | 3 | 66 | 3-22 | NO CHANGE |
| 3 (18-24) | 3 | 54 | 3-18 | +1 | 3 | 63 | 3-21 | -1 |
| 4 (18-25) | 3 | 70 | 2-23 1-24 | -1 | 4 | 78 | 2-19 2-20 | NO CHANGE |
| 5 (18-25) | 4 | 83 | 1-20 3-21 | NO CHANGE | 4 | 78 | 2-19 2-20 | NO CHANGE |
| TOTAL | | 403 | | -0.5 | | 405 | | +0.5 |

Middle School Staffing for 2018 - 2019

| GRADE | SECTIONS | STUDENTS | CLASS SIZE (# SECTIONS-# STUDENTS) | CHANGE IN STAFF |
|--------------|----------|------------|--|--------------------|
| 6 (20-26) | 7 | 165 | 3-23 4-24 | NO CHANGE |
| 7 (20-26) | 7 | 168 | 7-24 | -1 |
| 8 (20-26) | 8 | 178 | 3-22 2-23 | NO CHANGE |
| TOTAL | | 511 | | -1 |

Summary of Professional Staffing Recommendations for 2018-2019

- 2 Elementary Retirements
 - *Move (1) 7th grade teacher to NWE*
 - *Take one 75% Elementary teacher to 100% at WEIS*
- Combine MS/HS Gifted into one position (.43 + .40) to 100% position
- 40% Gifted Teacher at Elementary
- Reduce Middle School Physical Education / Health from 3 to 2 teachers
 - *(1 furlough of Elementary PE Teacher)*

100-Salaries

| Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase |
|-------------------|-------------------------|-------------------------------------|-----------|
| \$18,134,900 | \$18,764,129 | \$19,646,962 | \$882,833 |

- Collective Bargaining Agreement Salaries + 3.9%, Administrators 3.0%, Support Staff +3.0%
- Projections based on current and proposed staffing needs which include five retirements and one furlough, and six sabbaticals/leaves,
- Additional positions budgeted for custodians and transportation due to reduction of contracted services
- Additional positions for in house security
- Changes to budgeted hours based on historical trend and anticipated needs

200-Benefits

| Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase |
|-------------------|-------------------------|-------------------------------------|-----------|
| \$10,012,196 | \$10,767,807 | \$11,330,160 | \$562,353 |

- +3.1% increase to premiums for medical & +7.53% increase for prescription, rate hold to dental premiums
- Prior year open enrollment/opt-out changes
- Increased PSERS employee contribution rate to 33.43%
- Increase for additional positions
- Increases to other benefits (FICA, Life, LTD, W/C) based on projected staffing

300-Contracted Professional Services

| Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase |
|-------------------|-------------------------|-------------------------------------|-------------|
| \$1,979,003 | \$1,931,340 | \$1,698,360 | (\$232,980) |

- Decrease to anticipated special education services
- Decrease to Other Professional Services due to elimination of Custodial Contracted Services
- Decrease to Contracted security services

400- Purchased Professional Services

| Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase |
|-------------------|-------------------------|-------------------------------------|-----------|
| \$617,340 | \$523,130 | \$638,600 | \$115,470 |

- Increase for sewage based on historical trend
- Increase for repairs & maintenance in Buildings & Grounds and Transportation

500-Other Purchased Services

| Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase |
|-------------------|-------------------------|-------------------------------------|-----------|
| \$3,029,704 | \$3,225,506 | \$3,343,065 | \$117,559 |

- Decrease to contracted transportation services based on utilization
- Decrease for IU Transportation subsidy based on prior year utilization
- Increase to cyber/charter tuition payments based on projected enrollment & change to tuition rate calculation

600-Supplies

| Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase |
|-------------------|-------------------------|-------------------------------------|------------|
| \$2,039,096 | \$2,597,302 | \$2,527,165 | (\$70,137) |

- Decrease to electricity based on estimated usage and reduced kWh rate
- Increase for heating oil & diesel based on estimated bid pricing
- Decrease for instructional and technology supplies based on anticipated needs

700-Property

| Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase |
|-------------------|-------------------------|-------------------------------------|-----------|
| \$401,880 | \$427,000 | \$546,713 | \$119,713 |

- Increase for technology purchases
- Decrease for replacement equipment

800/900-Other

| Actual 2016-17 | Final Budget 2017-18 | Proposed Final Budget 2018-19 | Increase |
|-------------------|-------------------------|-------------------------------------|-------------|
| \$4,016,792 | \$5,054,660 | \$7,627,720 | \$2,573,060 |

- Increase to debt service payments based on payment schedule & issuance of new debt
- Decrease to planned transfers based on curriculum needs, transfers of refinancing savings back into debt service, and strategic planning needs
- Increase to planned Capital Reserve Transfer for stadium project \$2,500,000

Estimated Use of Fund Balance

| Estimated Shortfall – May 16 th | Including Tax Increase (\$503,500) (\$1,397,068) | Without Tax Increase (\$1,900,568) |
|--|---|---------------------------------------|
| COMMITTED | | |
| Emmaus Bond Pool Stabilization | \$(195,000) | \$(195,000) |
| OPEB | (75,000) | (75,000) |
| PSERS Stabilization | (470,000) | (470,000) |
| Energy Stabilization | (90,000) | (90,000) |
| Millage Stabilization | (35,000) | (35,000) |
| ASSIGNED | | |
| Buses | (82,068) | (82,068) |
| UNASSIGNED | | |
| Unassigned (Lacrosse) | (50,000) | (50,000) |
| Unassigned- Addtl Shortfall | - | <u>(503,500)</u> |
| Budgetary Reserve | <u>(400,000)</u> | <u>(400,000)</u> |
| | | |
| GRAND TOTAL | (\$1,397,068) | (\$1,900,568) |

2017-18 Estimated Budget Variances

| | 1718 Budget | 1718 Actual | Budget Variance Over/(Under) | |
|---------------------|------------------|------------------|---------------------------------|---------------|
| Revenues | | | | |
| Local | \$28,518,184 | \$28,227,577 | \$(290,607) | |
| State | 13,021,145 | 12,915,759 | (105,386) | |
| Federal | <u>193,489</u> | <u>218,564</u> | <u>25,075</u> | |
| | \$41,732,818 | \$41,361,900 | \$(370,918) | -0.89% |
| | | | | |
| Expenditures | | | | |
| 100 | \$18,764,129 | \$18,618,458 | \$(145,671) | |
| 200 | 10,767,807 | 10,838,761 | 70,954 | |
| 300 | 1,931,340 | 1,676,000 | (255,340) | |
| 400 | 523,130 | 493,400 | (29,730) | |
| 500 | 3,225,506 | 3,121,362 | (104,144) | |
| 600 | 2,597,302 | 2,487,500 | (109,802) | |
| 700 | 427,000 | 469,400 | 42,400 | |
| 800/900 | <u>5,054,660</u> | <u>4,432,000</u> | <u>(622,660)</u> | |
| | \$43,290,874 | \$42,136,881 | \$(1,153,993) | -2.67% |
| | | | | |
| Net Variance | | | \$(783,075) | -1.81% |

2018-19 Proposed Final Budget

| | 2018-2019 |
|------------------------------|---------------------|
| Total Revenues | \$42,958,177 |
| Total Expenditures | <u>\$47,358,745</u> |
| Shortfall | (\$4,400,568) |
| Fund Balance Use for Stadium | <u>\$2,500,000</u> |
| Revised Shortfall | (\$1,900,568) |
| Tax Increase | <u>\$503,500</u> |
| Final Operating Shortfall | (\$1,397,068) |

This budget includes a **0.3079 TAX MILLAGE INCREASE**, and includes fund balance use of **\$1,397,068 FOR OPERATING EXPENDITURES AND \$2,500,000 FOR THE STADIUM PROJECT**.

Additional updates will occur as the budget is refined for Final Budget Adoption in June.