



# 2023-2024 BUDGET UPDATE

---

NORTHWESTERN LEHIGH SCHOOL DISTRICT

BOARD WORKSHOP

MARCH 1, 2023

# Agenda

---

- ❑ 2023-2024 Budget Summary
- ❑ Millage Options
- ❑ Fund Balance
- ❑ Per Student Spending in the County
- ❑ Two Mandate Costs vs Millage Increases
- ❑ Budgeting Strategy
  - ❑ OPEB
  - ❑ EBP
  - ❑ PSERS
  - ❑ Heating/Diesel Fuel
  - ❑ Fleet Replacement
  - ❑ Budgetary Reserve
- ❑ Budget Uncertainty
- ❑ Next Steps

# 2023-24 Budget Summary

	Final Budget 2022-2023	Early Look 2023-2024	March 2023-2024	Change from Early Look	% Change
Building & Departments	\$3,015,656	\$2,921,120	\$3,139,069	\$217,949	7.5%
Salaries	20,706,479	21,366,358	21,180,026	(186,331)	-0.9%
Benefits	12,280,392	12,994,397	12,937,246	(57,151)	-0.4%
District Wide	<u>14,181,471</u>	<u>13,894,126</u>	<u>13,806,225</u>	<u>(87,901)</u>	-0.6%
Total Expenditures	50,183,998	51,176,000	51,062,566	(113,434)	-0.2%
Total Revenues	<u>48,335,296</u>	<u>47,236,466</u>	<u>47,725,522</u>	489,056	1.0%
Surplus/(Shortfall) before FB	(1,848,702)	(3,939,534)	(3,337,044)		
Proposed Millage increase 4.1%		1,260,762	1,263,074		
Use of Fund Balance		1,600,000	1,600,000		
Revised Shortfall		(1,078,772)	(473,970)		

Additional reduction to shortfall before a millage increase \$602,490.00

# Millage Options:

<b>Current Millage Rate: 18.3390</b>	<b>2.0%</b>	<b>4.1% (Act 1 Index)</b>
Proposed Millage Rate	18.7058	19.0908
Estimated Tax Revenue	\$616,134	\$1,263,074
Average Assessed Value	\$220,000	\$220,000
Average Increase to Taxpayer	\$80.70	\$165.40

# Lehigh County School Millage Rates

District	2018-2019 Millage	2019-2020 Millage	2020-2021 Millage	2021-2022 Millage	2022-2023 Millage
Northern Lehigh	21.9612	22.5139	23.0944	23.5637	24.0684
Allentown	19.7291	20.0744	20.8773	21.5036	22.6432
Salisbury Township	18.8955	19.4712	20.5106	21.1259	21.8441
Catasauqua	18.9656	19.5127	19.8727	19.8727	20.8241
Whitehall Coplay	17.2108	18.2794	18.8809	19.5417	20.1709
East Penn	18.3808	18.3808	18.6013	19.1035	19.6766
Northwestern Lehigh	16.2403	16.6138	17.2195	17.7360	18.3390
Southern Lehigh	15.8200	16.0200	16.6437	16.9295	17.2595
Parkland	15.5200	15.8100	15.8100	15.8100	15.9000

# Fund Balance

Fund Balance Categories	Balance June 30, 2022
Non-spendable	\$690,862
Restricted	\$183,897
Committed	\$9,037,190
Assigned	\$6,495,968
Unassigned	<u>\$1,482,409</u>
Total	\$17,890,326

**Non-spendable**-amounts that cannot be spent because they are in a non-spendable form or legally required to be maintained in tact (inventory/prepaid)

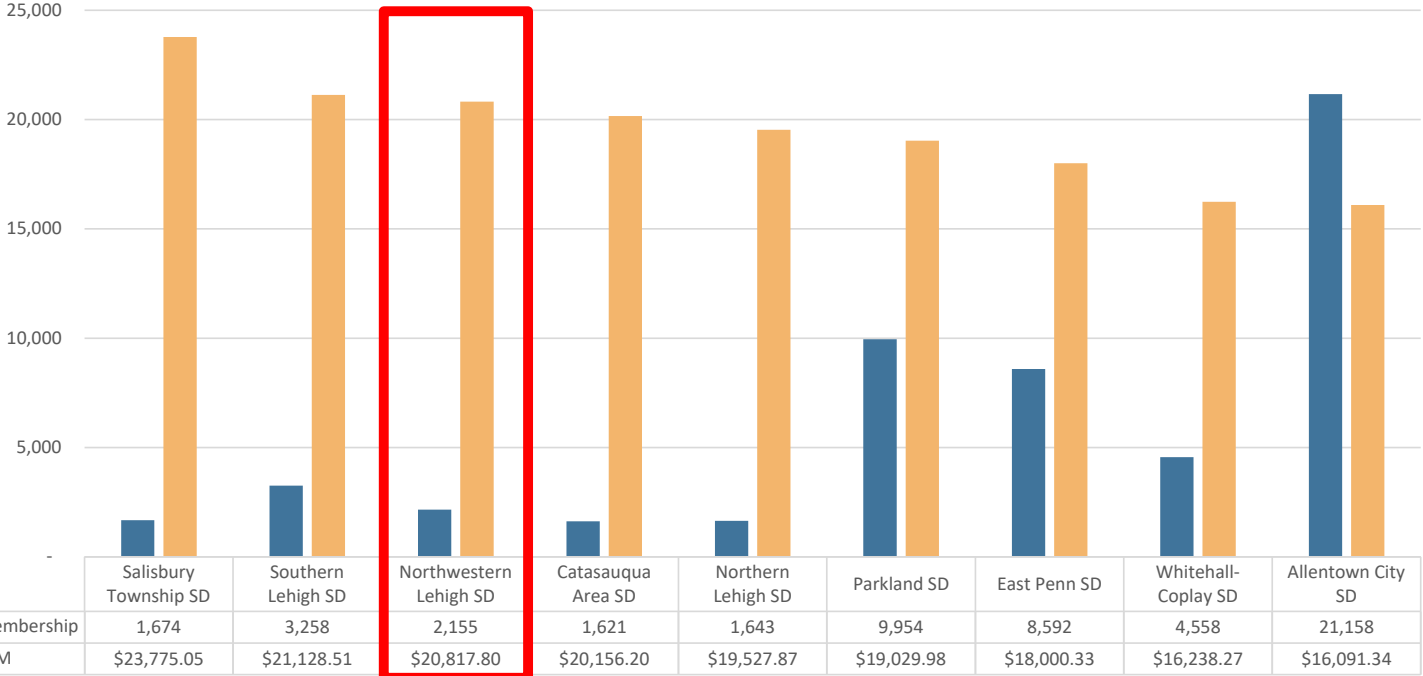
**Restricted**-amounts constrained to be used for a specific purpose as per external parties/law(Foundation and Scholarships)

**Committed**-amounts constrained to be used for a specific purpose as per the Board

**Assigned**-amounts constrained to be used for a specific purpose as per the Superintendent and Business Administrator

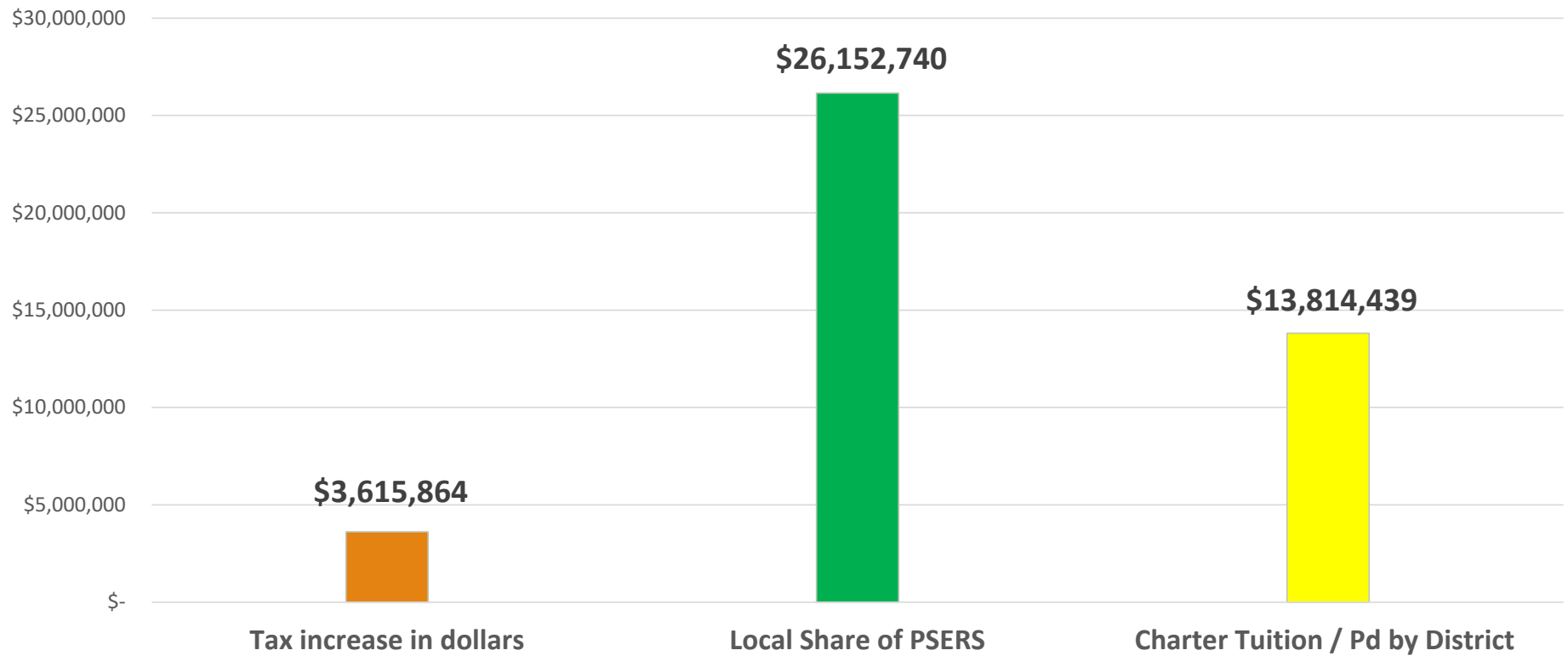
**Unassigned**-amounts available for any use

2020-2021 Total ADMs & Per Student Spending



■ Average Daily Membership  
 ■ Total Exp per ADM

**2010-11 to 2021-22: Twelve year change: Total School District Property tax increase less two mandate: (Net) PSERS and charter tuition increase for the same period**





# Other Post Employment Benefits (OPEB)

---

- ❑ GASB 45 is the accounting pronouncement for accounting and reporting by employers for post employment benefits other than pension
  - ❑ Includes post retirement healthcare benefits
  - ❑ Requires reporting in the financial statement
  - ❑ Requires a bi-annual actuarial report
  
- ❑ Funding Strategy-Utilize use of fund balance to current year costs for retiree healthcare coverage estimated to be approximately \$50,000

**RECOMMENDATION:** Continue to budget the actual cost of the retiree healthcare benefits through use of Fund Balance.

# Emmaus Bond Pool (EBP) Rate Stabilization

---

- ❑ Two variable interest rate borrowings
- ❑ Historically there is a 3-4% interest budgeted based on the recommendation of PFM and transfer the excess budget funds to fund balance
- ❑ Current rates (January) 2.24% and 2.28%

**RECOMMENDATION:** Continue to budget 3% funding 1.5% with millage and 1.5% with fund balance.

# PSERS

School Year	Employer Rate	Payroll	Actual Employer Cost	Budget	Planned Use of Fund Balance	Remaining Fund Balance
20/21	34.51	\$19,243,380	\$6,480,943	\$6,847,080	-	\$2,254,000
21/22	34.94	20,048,141	6,821,836	6,919,744	-	3,118,626
22/23	35.26	20,706,479	7,301,104	6,940,078	(365,000)	2,753,626
23/24	34.00	21,180,026	7,201,209	7,201,209	-	2,753,626
24/25*	34.73	21,868,377	7,594,887	7,325,906	(268,981)	2,484,645
25/26*	35.49	22,579,099	8,013,322	7,676,894	(336,429)	2,148,216
26/27*	36.15	23,312,920	8,427,621	8,042,957	(384,663)	1,763,553
27/28*	36.67	24,070,590	8,826,685	8,424,706	(401,979)	1,361,574
28/29*	37.21	24,852,884	9,247,758	8,822,774	(424,984)	936,590
29/30*	37.77	25,660,603	9,692,010	9,237,817	(454,193)	482,397
30/31*	38.25	26,494,572	10,134,174	9,670,519	(463,655)	18,742

\* Payroll costs are based on 3.25% annual increases for all years

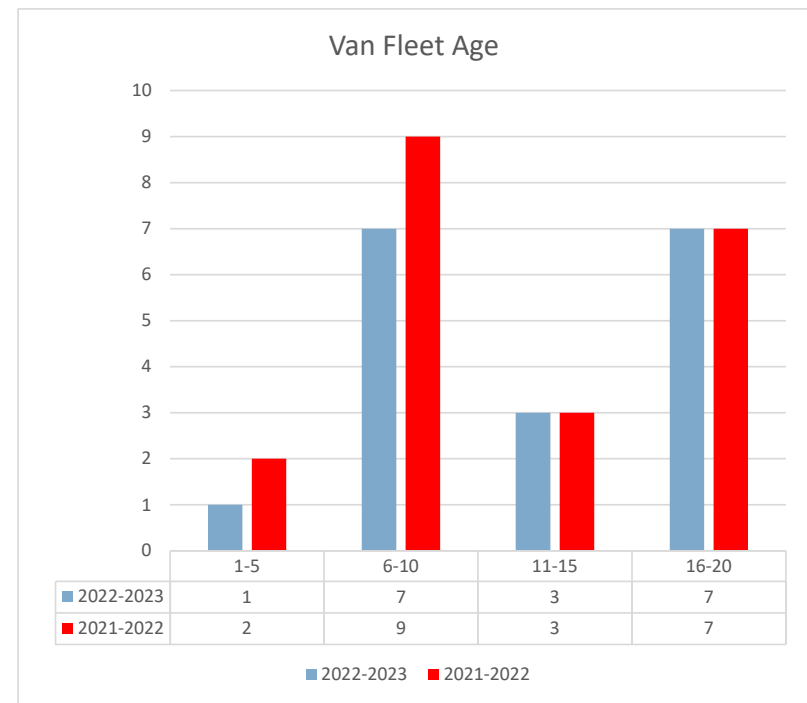
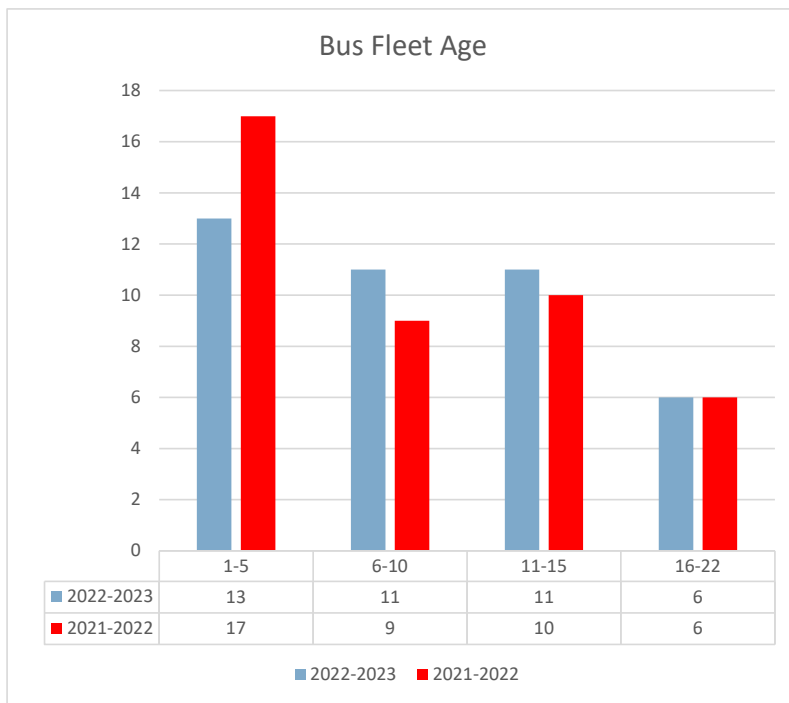
**RECOMMENDATION:** Pause current funding strategy due to the decrease in employer rate.

# Heating/Diesel Fuel

- ❑ In years that the district selects fluctuating pricing on heating oil and diesel fuel bids, an additional amount per gallon has been budgeted with the energy stabilization fund balance to mitigate the risk of price spikes during the year.
- ❑ Heating Oil budgeted rate per gallon \$3.50 with \$3.00 per gallon funded through millage and \$0.50 per gallon funded through fund balance with the projection that the actual rate per gallon will be around \$3.00.
- ❑ Diesel Fuel budgeted rate per gallon \$4.50 with \$4.00 per gallon funded through millage and \$0.50 per gallon funded through fund balance with the projections that the actual rate per gallon will be around \$4.00.

Funding Plan	Price per Gallon	Diesel 52,500 gallons	Heating Oil 105,000 gallons
Millage	\$4.00 and \$3.00/Gallon	\$210,000	\$315,000
Use of Fund Balance	\$0.50/gallon	<u>\$26,250</u>	<u>\$52,500</u>
Total Budget	\$4.50 and \$3.50/gallon	\$236,250	\$367,500

# Transportation Fleet Age February 2023



# 2023-2024 Fleet Replacements

---

- ❑ Replacements have been historically been budgeted at \$230,000 anticipating 2 buses and 1 van
- ❑ Estimated need for 23-24:
  - ❑ 3 buses at an estimated cost of \$120,000 per bus (total \$360,000)
  - ❑ 2 vans at an estimated cost of \$52,000 per van (total \$112,000)

**RECOMMENDATION: Utilize current budget funds and increase the budget through use of fund balance to cover the additional funding needed for the replacements.**

# Budgetary Reserve


---

- ❑ Purpose: To cover expenditures that are not planned or additional costs compared to the estimates we received.
- ❑ Historically the budgetary reserve has been funded through millage or a combination of millage and fund balance.

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

# Budget Uncertainty

---

- Local Revenue
  - State and Federal Funding/Grants
  - Fuel/Electricity Pricing
  - Insurance Pricing
  - Updates in Student Need and Enrollment
  - Updates in Staffing
- 



# Next Steps:

---

Meeting	Discussion/Action Item
April-May	Finalize staffing plans and make necessary adjustments
May 3 <sup>rd</sup> Workshop	Present Proposed Final Budget
May 10 <sup>th</sup> Board*	Adopt Proposed Final Budget
June 7 <sup>th</sup> Workshop	Present Final Budget
June 21 <sup>st</sup> Board*	Adopt Final Budget

\*Requires formal Board Adoption of Budget

