

Pennridge School District 2016-2017 Preliminary Budget First Look

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Preliminary Budget

- Act 1 Timeline
 - Preliminary Budget Adoption: January 25, 2016
 - Changes to the preliminary budget may be made up to the budget adoption date, June 20, 2016
 - Allows board to determine if they wish to apply for eligible referendum exceptions

2016-2017 Budget Timeline

Description	Due Date	Completed
Buildings and Department develop requests	October-November	
Personnel Budget Updated	December	
Building and Department budgets reviewed by Administration	November-December	
First Look of Budget presented to board	December 14	
Finance Meeting to review preliminary budget	January 11	
Public Display - PDE 2028 (20 days prior to adoption)	January 5	
Deadline to adopt Resolution not to exceed Act 1 Index	January 7	
12/17/2015		

2016-2017 Budget Timeline

Description	Due Date	Completed
Publish Notice of intent to adopt 2016-2017 Preliminary Budget (10 days prior to adoption)	January 15	
Finance Meeting	February 1	
Board Meeting to Adopt Preliminary Budget if resolution is not passed by January 7, 2016	January 25	
Deadline to publish notice in newspaper of intent to request approval from PDE for a referendum exception (1 week prior to filing)	February 4	
Budget Discussions	March -June	
Deadline to request approval from PDE of referendum exceptions (decision no later than January 25 Board meeting)	February 11	

2016-2017 Budget Timeline

Description	Due Date	Completed
Deadline for PDE to notify school districts that submitted 2016-17 preliminary budget whether the proposed tax rates are equal to or less than their index	February 11	
Deadline for school district to submit referendum question seeking voter approval of tax rate increase in excess of index to the county board of elections (optional if exceptions approved by PDE)	February 26	
Deadline for PDE to issue ruling on school district's petition for referendum exception	March 2	
Deadline for school district to submit referendum question to the county board of elections seeking voter approval if PDE denies all or a part of the district's request for referendum exception	March 7	
12/17/2015		

2016-2017 Budget Timeline

Description	Due Date	Completed
Finance Meeting/Budget Update	April 4	
Budget Secretary to certify total amount of revenue in the Property Tax Relief Fund	April 15	
PDE notifies school districts of the amount of their state allocation of property tax reduction funding	May 1	
Finance Meeting/Budget Update	May 2	
Proposed Final Budget Adoption Resolution to Reject 2016-17 Property Tax allocation	May 16	
Budget Update/Finance Meeting	June 6	
School district deadline to make 2016-17 proposed final budget available for public inspection on PDE 2028	June 1	
Advertise intent to adopt final budget (10 days prior to adoption)	June 10	

2016-2017 Budget Timeline

Description	Due Date	Completed
Final Budget Adopted Resolution implementing Homestead/Farmstead exclusion	June 20	

Local Revenue Major Assumptions

No. 1

- Local revenues comprise 78% of the total revenue budget
- Real Estate Tax rate to include 2.4% as allowed under Act 1
- Earned Income Tax will remain at FYE 2015 collected amount of \$14,795,000
- Interest Earnings will be based on recent average of \$160,000.

Local Revenue Major Assumptions

No. 2

Local Revenue	2015-2016 Budget	2016-2017 Budget	Variance
	\$ 94,956,978	\$100,633,552	\$5,676,153

Note: 2015-2016 Local Revenue is decreased due to \$2,364,724 Homestead/Farmstead monies received from the State. The amount of Homestead/Farmstead to be returned to the District for the 2016-2017 Fiscal Year will not be announced until May 2016. Local and State revenue will be updated at that time. Local Revenue variance includes an increase in the real estate tax rate by 2.4%, the maximum allowed under the Act 1 Index without seeking referendum exceptions.

State Revenue Major Assumptions

No. 1

- State revenue comprises 21% of the total revenue budget
- Basic Education Subsidy will remain at 14-15 amount
- Special Education Subsidy will remain at 14-15 amount
- Transportation Subsidy will remain at 14-15 amount
- Retirement reimbursement will increase due to retirement rate increase
- Social security reimbursement will increase slightly due to higher salaries from 2015-2016
 - Proposed Education Budget released in February 2016

State Revenue Major Assumptions

No. 3

State Revenue	2015-2016 Budget	2016-2017 Budget	Variance
	\$ 27,763,335	\$27,241,615	-\$521,720

Note: 2016-2017 State Revenue is decreased by \$2,364,724 by the Homestead/ Farmstead monies received from the State. The amount of Homestead/ Farmstead to be returned to the District for the 2016-2017 Fiscal Year will not be announced until May 1, 2016. Local and State revenue will be updated at that time. The variance shown above is also impacted by the increase in PSERS and Social Security reimbursement as well as a lack of 2015-2016 state funding.

Federal Revenue Major Assumptions

- Federal Revenue complete the revenue budget at 1% of all revenues
- Revenues are projected to decrease by 9.64%

Federal Revenue	2015-2016 Budget	2016-2017 Budget	Variance
	\$1,245,000	\$1,125,000	\$-120,000

*Note - Federal Revenue includes the assumption of \$650,000 will be received from the Access Program.

REVENUE SUMMARY

- Total Revenue budget projected to increase by 4.06%

Revenue	2015-2016 Budget	2016-2017 Budget	Variance
Local	\$ 94,956,978	\$100,633,131	\$5,676,153
State	27,763,335	27,241,615	-521,720
Federal	1,245,000	1,125,000	-120,000
Total Revenues	\$123,965,313	\$128,999,746	\$5,034,433

EXPENDITURE ASSUMPTIONS

Salary

- Includes all current employees
- No additional positions for 2016-2017 are included
- No savings from retirements

EXPENDITURE ASSUMPTIONS

Benefits

- PSERS Increase
 - 25.84% FYE 2016 to 30.03% FYE 2017
- Health Care - self funded
 - Medical developed premium increased 8%
 - Prescription Drug developed premium increased 8%
 - Rates may be adjusted during the budget process as impact of current year plan changes is determined.

SALARY AND BENEFIT SUMMARY

- Salaries and Benefits comprise 72% of the total expenditure budget

Revenue	2015-2016 Budget	2016-2017 Budget	Variance
Salary	\$59,658,667	\$58,599,505	\$-1,059,162
Benefits	30,295,086	37,433,839	\$7,138,753
Totals	\$89,953,753	\$96,033,344	\$6,079,591

Note: Benefits increase includes retirement in the amount of \$ 2,181,632

OPERATIONS SUMMARY

Expenditure	2015-2016 Budget	2016-2017 Budget	Variance
Purchased Professional Services	\$ 6,677,233	\$ 6,501,847	\$ -175,376
Purchased Property Services	2,827,143	3,328,998	501,855
Other Purchased Services	7,987,358	8,285,590	298,232
Supplies	4,494,153	4,353,937	-140,216
Equipment	1,233,600	1,014,497	-219103
Fees/Interest	4,443,169	4,331,712	-111457
Principal Payments	9,496,765	10,158,038	661,273
Capital Reserve	295,00	0	-295,000
Total Operations	\$37,454,411	\$37,974,619	\$520,208

OPERATIONS SUMMARY

- Non Salary and Benefit expenditures comprise 28% of the total expenditure budget

Expenditure	2015-2016 Budget	2016-2017 Budget	Variance
Operations	\$37,454,411	\$37,974,619	\$520,208

*Variance includes increase in principal payments that were anticipated. Requests for capital projects, transportation and technology infrastructure are not included. Each will be reviewed during individual cost center reviews and may be a reserve of fund balance as in 2015-2016.

REVENUE TO EXPENDITURE SUMMARY

Classification	2015-2016 Budget	2016-2017 Budget	Variance
Revenue	\$123,965,313	\$128,999,746	\$5,034,433
Expenditures	127,408,164	134,007,963	6,599,7995
Revenue over/ (under expenditures	(\$3,442,851)	(\$5,008,217)	

GENERAL FUND FUND BALANCE

Classification	FYE 2015	FYE 2016 Projected
COMMITTED:		
Financial Software	\$ 15,986	\$ 15,986
Transportation	295,000	0
Future retirement rate increase	8,609,632	6,041,781
Non routine maintenance	330,000	0
Technology initiatives	250,000	0
UNASSIGNED	7,261,334	7,261,334
TOTAL FUND BALANCES	\$16,761,952	\$13,319,101
Assumes fund balance used to cover 2015-2016 budget deficit		

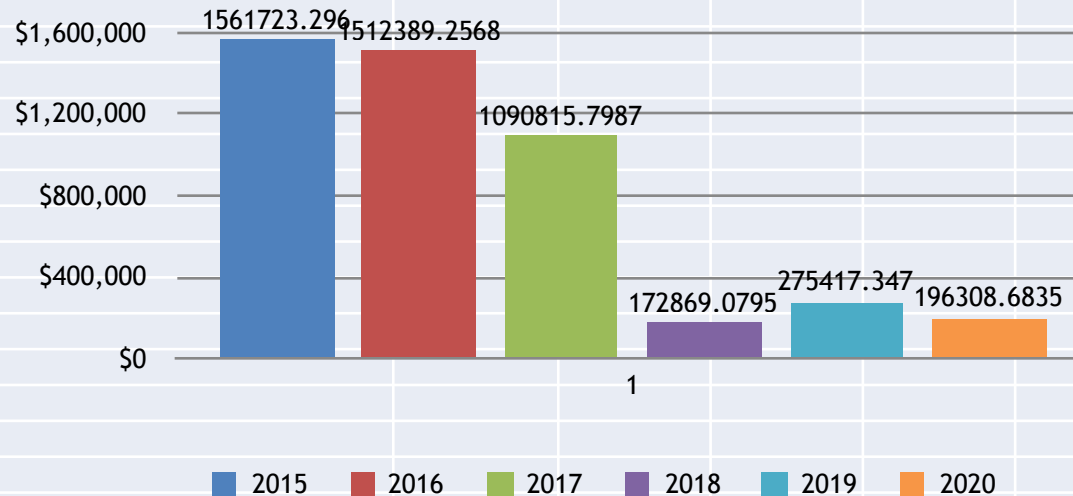
PSERS RATES

PSERS RATES			**	**	**	**
Year Ending	2015	2016	2017	2018	2019	2020
Rate	21.40%	25.84%	30.03%	30.62%	31.56%	32.23%
% Increase	26.40%	20.75%	16.22%	1.96%	3.07%	2.12%
Payroll (PSERS eligible)	\$57,901,964	\$59,658,667	\$58,599,505	\$58,599,505	\$58,599,505	\$58,599,505
Expense	\$12,391,020	\$15,415,800	\$17,597,431	\$17,943,168	\$18,494,004	\$18,886,620
Net Expense after State Reimbursement*	\$6,195,510	\$7,707,900	\$8,798,715	\$8,971,584	\$9,247,002	\$9,443,310
Net Increase to Budget	\$1,561,723	\$1,512,389	\$1,090,816	\$172,869	\$275,417	\$196,309

** Payroll based on 2016-2017 Budget

* Assumes 50% reimbursement

PSERS NET INCREASE TO BUDGET



TAX MILL HISTORY

Act 1 Index History/Revenue Impact						
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Act 1 Index	1.40%	1.70%	1.70%	2.1%+1.5%	1.90%	2.40%
Assessed Value	\$612,295,470	\$612,214,770	\$612,628,730	\$615,254,170	619,917,170	621,435,100
Maximum Allowed	124.7391	125.1081	125.1081	129.6227	132.0855	135.2556
Tax Rate Change	0.00%	0.00%	1.70%	3.61%	1.90%	2.40%
Tax Rate Approved/Assumed	123.0169	123.0169	125.1081	129.6227	132.0855	135.2556
Mill change from prior year	0.0000	0.0000	2.0912	4.5146	2.4628	3.1701
Gross Maximum Tax Revenue @ approved rate	\$75,322,691	\$75,312,763	\$76,644,816	\$79,750,907	\$81,882,069	\$84,052,577
Tax Increase @Median Assessed Value: \$35,000	0	0	\$73.30	\$158.01	\$86.20	\$110.95
Tax Rate at Allowable Maximum Act 1 Index						
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Act 1 Index	1.40%	1.70%	1.70%	2.10%	1.90%	2.40%
Maximum Allowed	124.7391	126.8596	129.0162	131.7255	134.2282	137.4497
Mills Allowable until Act 1	1.7222	2.1205	2.1566	2.7093	2.5027	3.2215
Median Assessed Value: \$35,000						
Tax Increase at Act 1 Index	\$60.28	\$74.22	\$75.48	\$94.83	\$87.59	\$112.75
NOTE: REVENUE IS SHOWN AS GROSS						

Future Considerations

- Very early projections
 - Capital Transfers
 - Technology - \$250,000 not included
 - Needs to be determined, communicated at future Technology meeting
 - Non-Routine Maintenance - \$650,000 not included
 - Needs to be determined, communicated at future Facilities meeting
 - Transportation - \$700,000 not included
 - Needs to be determined, communicated at future Facilities meeting