

SPRING-FORD

AREA SCHOOL DISTRICT



Proposed Preliminary Budget 2017 / 2018



EDUCATION

November 21, 2016



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

AGENDA

- ❖ **Preliminary Budget Timeline – ACT 1**
- ❖ **Challenges in preparing the Preliminary Budget**
- ❖ **5 year forecast overview**
- ❖ **2017/2018 Preliminary Budget Highlights**
- ❖ **Closing comments**



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Act 1 – Preliminary Budget Timeline

- ❖ **Available for Public Inspection**
Due by 1/26/2017
- ❖ **Public Notice to Adopt Preliminary Budget**
Due by 2/5/2017
- ❖ **Adoption of Preliminary Budget**
Due by 2/15/2017
- ❖ **Notice of Intent to File for Referendum Exceptions**
Due by 2/23/2017
- ❖ **File with PDE for Referendum Exceptions**
Due by 3/2/2017



Challenges in Budget Preparation:

❖ Timing

- ✓ Work-back schedule of Act-1 due dates shortens the calendar.
- ✓ Only 4 months into the current fiscal year.
- ✓ Only 2 months into the school year.
- ✓ Very little budget vs actual data to analyze.

❖ State Budget

- ✓ Unknowns for 2017/2018 year:
 - Education Subsidy
 - Transportation Subsidy
 - Special Education Subsidy
 - Any further property tax reforms
 - General uncertainties based on prior year budget stalemate



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Five Year Forecast Model

- **Goals – Be ready**
 - ❖ There should be no surprises
 - ❖ Smooth out the budget process
 - ❖ Long term finance (debt, contracts, etc.)
- **Similar approach to the annual budget- Bottoms-Up**
 - ❖ Individual Budgets @ Each Building Level
 - ❖ Identify & incorporate major components
 - ❖ Labor contracts and understandings
 - ❖ Debt service
 - ❖ Curriculum changes/updates
 - ❖ Facilities management and expansion(?)
 - ❖ FF&E and Technology plan
 - ❖ Assumptions around other expenditures
 - ❖ Forecast revenue on known factors
 - ❖ Construction, expansion & assessment growth trends
 - ❖ Economic growth.
 - ❖ Trends around local, state and federal revenues



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Five Year Forecast Model

- ✓ **Labor contract layout**
 - **Layout the terms of the current contract(s)**
 - **Make forward looking assumptions**
 - **Contract renewal term assumptions**
 - **Retirements & other attrition**
 - **Additions/reductions from feasibility study**
- ✓ **Layout other workforce wages**
- ✓ **Layout benefits including PSERS changes**



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2020/2021
<u>Salaries & Wages (100)</u>						
Professional Staff	46,884,430	48,938,130	50,909,000	53,015,640	55,029,160	56,704,560
Extra-Curricular	818,757	859,695	859,695	859,695	859,695	859,695
Department Heads	63,558	66,736	66,736	66,736	66,736	66,736
Administrators	4,383,378	4,593,046	4,684,906	4,778,605	4,874,177	4,971,660
Administrative Support	1,360,121	1,529,303	1,636,875	1,669,613	1,703,005	1,737,065
Custodians	1,173,406	1,196,874	1,220,812	1,245,228	1,270,132	1,295,535
Maintenance	1,130,718	1,153,332	1,176,399	1,199,927	1,223,926	1,248,404
Nurses (non-professional)	317,920	324,278	330,764	337,379	344,127	351,009
Secretaries	2,339,480	2,386,270	2,473,995	2,523,475	2,573,944	2,625,423
Instructional Assistants	3,132,079	3,194,721	3,258,615	3,323,787	3,390,263	3,458,068
Homebound; Summer Guid.	224,370	224,370	224,370	224,370	224,370	224,370
Substitutes/OT	196,000	196,000	196,000	196,000	196,000	196,000
Other Items	132,000	132,000	132,000	132,000	132,000	132,000
Subtotal	62,156,217	64,794,755	67,170,167	69,572,455	71,887,535	73,870,526
Benefits Waivers	252,000	252,000	252,000	252,000	252,000	252,000
Total Salaries & Wages	62,408,217	65,046,755	67,422,167	69,824,455	72,139,535	74,122,526
<u>Taxes & Benefits (200)</u>						
FICA - Social Security	3,843,193	4,006,783	4,154,058	4,303,000	4,446,535	4,569,480
FICA - Medicare	904,919	943,178	977,621	1,012,455	1,046,023	1,074,777
Workers Compensation	458,700	478,094	495,553	513,210	530,226	544,801
Unemployment Comp & Life Insurance	174,444	174,444	174,444	174,444	174,444	174,444
Tuition Reimbursement	155,000	155,000	155,000	155,000	155,000	155,000
Retirement	18,639,986	20,733,005	22,319,235	23,764,709	24,061,029	24,725,530
Medical/Rx/Dental/Vision	15,054,543	14,960,754	15,817,240	16,708,433	17,607,662	18,453,499
Total Taxes & Benefits	39,230,786	41,451,257	44,093,152	46,631,251	48,020,919	49,697,531
Total Personnel Costs	101,639,003	106,498,012	111,515,319	116,455,706	120,160,454	123,820,057



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Five Year Forecast Model

- ✓ **Debt Service Schedule**
 - **Layout the terms of the District's debt service**
 - **Make refinancing assumptions where necessary**
- ✓ **Layout long term departmental needs**
- ✓ **Layout facility additions, improvements, and maintenance**



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

	Total Debt Service		
	Principal	Interest	Total
2016-17	9,675,000	4,468,957	14,143,957
2017-18	10,602,783	4,171,638	14,774,421
2018-19	11,017,871	3,747,547	14,765,418
2019-20	11,493,290	3,281,593	14,774,883
2020-21	11,963,200	2,816,405	14,779,605
2021-22	12,493,110	2,292,523	14,785,633
2022-23	12,997,511	1,805,432	14,802,943
2023-24	6,929,158	1,199,190	8,128,348
2024-25	7,263,050	877,385	8,140,435
2025-26	2,761,223	557,434	3,318,657
2026-27	2,843,678	468,761	3,312,439
2027-28	2,910,624	396,774	3,307,398
2028-29	2,987,570	317,287	3,304,857
2029-30	1,830,000	249,638	2,079,638
2030-31	1,885,000	192,450	2,077,450
2031-32	1,940,000	131,188	2,071,188
2032-33	2,005,000	67,168	2,072,168



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Curriculum - Forecast

	Description	2016-17 Budget	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
Elem	Reading/ELA	400,000				125,000	250,000
Elem	Math		200,000	200,000	200,000		
Elem	Science			175,000	175,000		50,000
Elem	Social Studies		175,000	175,000		75,000	
Elem	Musical Instruments	10,500	9,900	9,600	8,200	8,500	8,500
Elem	Art/PE/Library/RQ					55,000	
Sec	ELA		88,000				100,000
Sec	Math	270,000		10,250	10,250	88,000	75,000
Sec	Sciences			65,000	125,000	65,000	75,000
Sec	Social Studies	55,000	161,000	70,000	75,000	125,000	
Sec	7-12 Musical Instruments	31,400	67,800	35,800	55,000	-	75,000
Sec	Art/PE/Library/WL/Tech/Biz/FCS	55,000	30,000	-		170,000	100,000
Sec	Marketing/Health/Electives	20,000	45,000		100,000	55,000	
	TOTAL	841,900	776,700	740,650	748,450	766,500	733,500



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Five Year Forecast Model

- ✓ **Revenue**
 - **Trends**
 - ❖ **Layout prior years and analyze trends**
 - ❖ **Apply trends and roll forward**

- ✓ **Summarize - Put it all together**
 - **Match expenses, revenues and other sources/uses**
 - **Identify shortfalls and surpluses**
 - **Make adjustments where needed and take good notes**



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Five Year Forecast Model

SFASD

Five Year Forecast - 2017/18 - 2021/22

Revenue Trends - Major Categories

	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Real Estate Tax									
Assessments	3,703,756,062	3,751,989,072	3,823,690,423	3,868,578,973	3,928,225,246	3,988,791,154	4,050,290,875	4,112,738,807	4,176,149,569
Trend	1.78%	1.30%	1.91%	1.17%	1.54%	1.54%	1.54%	1.54%	1.54%
Collection statistics									
Collection % of face	94.14%	95.82%	95.42%	95.49%	95.50%	95.50%	95.50%	95.50%	95.50%
Lein %	1.97%	2.64%	2.97%	2.44%	2.50%	2.50%	2.50%	2.50%	2.50%
Homestead/Farmstead relief	2,253,436	2,345,478	2,385,485	2,427,985	2,459,375	2,491,171	2,523,377	2,556,000	2,589,045
Trend	-2.40%	4.08%	1.71%	1.78%	1.29%	1.29%	1.29%	1.29%	1.29%
Millage	25.2540	25.7460	26.0610	26.2442	26.2442	26.2442	26.2442	26.2442	26.2442
% tax change	1.96%	1.95%	1.22%	0.70%	0.00%	0.00%	0.00%	0.00%	0.00%
Face value of duplicate	93,534,656	96,598,711	99,649,196	101,527,760	103,093,129	104,682,633	106,296,644	107,935,540	109,599,705
Face value net of HS/FS relief	91,281,220	94,253,233	97,263,711	99,099,775	100,633,754	102,191,462	103,773,267	105,379,539	107,010,659
Estimated collection amount	85,932,140	90,313,448	92,809,033	94,632,212	96,105,235	97,592,846	99,103,470	100,637,460	102,195,180
Estimated lien amount	1,798,240	2,488,285	2,888,732	2,418,035	2,515,844	2,554,787	2,594,332	2,634,488	2,675,266
Delinquent Tax Collections									
Inventory	2,858,594	2,717,102	3,969,433	3,887,468	3,514,579	3,651,331	3,729,819	3,809,521	3,890,456
Collection amount (2 yr lag)	1,653,832	3,352,262	2,449,459	2,500,000	2,888,732	2,418,035	2,515,844	2,554,787	2,594,332
Earned Income Tax									
Collection amount	9,119,067	9,921,164	9,822,594	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Trend	1.78%	8.80%	-0.99%	1.81%	0.00%	0.00%	0.00%	0.00%	0.00%
Basic Education Subsidy									
Collection amount	8,782,473	8,781,896	9,089,424	9,089,424	9,280,105	9,474,787	9,673,552	9,876,488	10,083,680
Trend	2.80%	-0.01%	3.50%	0.00%	2.10%	2.10%	2.10%	2.10%	2.10%
Special Education									
Collection amount	2,348,038	2,485,082	2,575,419	2,622,569	2,677,433	2,733,444	2,790,627	2,849,006	2,908,607
Trend	-3.20%	5.84%	3.64%	1.83%	2.09%	2.09%	2.09%	2.09%	2.09%
RTL Grant									
Collection amount	100,163	321,956	442,498	442,498	442,498	442,498	442,498	442,498	442,498
Trend		221.43%	37.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Social Security Reimbursement									
Collection amount	2,100,580	2,126,452	2,037,378	2,374,056	2,474,980	2,565,840	2,657,727	2,746,279	2,822,129
Trend	3.53%	1.23%	-4.19%	16.53%	4.25%	3.67%	3.58%	3.33%	2.76%
PSERS Reimbursement									
Collection amount	4,782,209	6,205,559	7,500,474	9,319,993	10,366,503	11,159,618	11,882,355	12,030,515	12,362,765
Trend	34.49%	29.76%	20.87%	24.26%	11.23%	7.65%	6.48%	1.25%	2.76%



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Five Year Forecast Model

SFASD

Five Year Forecast - 2017/18 - 2021/22

Revenue Summary

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Local Sources							
Real Estate Taxes	92,920,012	94,632,212	96,105,235	97,592,846	99,103,470	100,637,460	102,195,180
Delinquent Taxes	2,449,459	2,500,000	2,888,732	2,418,035	2,515,844	2,554,787	2,594,332
Earned Income Taxes	9,822,594	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
R/E Transfer Taxes	1,749,768	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Interim Taxes	1,034,695	900,000	900,000	900,000	900,000	900,000	900,000
Payments in addition to tax agreements	1,663,799	1,665,000	1,665,000	1,665,000	1,665,000	1,665,000	1,665,000
All other local revenues	3,624,437	3,096,739	3,096,739	3,096,739	3,096,739	3,096,739	3,096,739
Total Local Revenues	113,264,764	114,493,951	116,355,706	117,372,620	118,981,052	120,553,986	122,151,250
State Sources							
Basic Ed Funding	9,089,424	9,089,424	9,280,105	9,474,787	9,673,552	9,876,488	10,083,680
Special Ed Funding	2,575,419	2,622,569	2,677,433	2,733,444	2,790,627	2,849,006	2,908,607
R/E Tax Relief Funds	2,385,485	2,427,985	2,459,375	2,491,171	2,523,377	2,556,000	2,589,045
RTL Grant	442,498	442,498	442,498	442,498	442,498	442,498	442,498
FICA Reimbursement	2,037,378	2,374,056	2,474,980	2,565,840	2,657,727	2,746,279	2,822,129
PSERS Reimbursement	7,500,474	9,319,993	10,366,503	11,159,618	11,882,355	12,030,515	12,362,765
All Other State Sources	3,167,417	3,211,609	3,211,609	3,211,609	3,211,609	3,211,609	3,211,609
Total State Sources	27,198,095	29,488,134	30,912,503	32,078,966	33,181,746	33,712,395	34,420,333
Federal Sources							
Title I	262,816	233,616	262,816	262,816	262,816	262,816	262,816
Title II	105,622	105,674	105,622	105,622	105,622	105,622	105,622
Medical Access	348,954	300,000	348,954	348,954	348,954	348,954	348,954
Total Federal Sources	717,392	639,290	717,392	717,392	717,392	717,392	717,392
Total Revenue	141,180,251	144,621,375	147,985,601	150,168,978	152,880,190	154,983,773	157,288,975



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Five Year Forecast Model

Spring-Ford Area School District
Forecast - SUMMARY

Fiscal Years:

Revenues

Local Sources

State Sources

Federal Sources

Other Funding Sources

Total Revenues & Other Funding Sources

Operating Expenses

Personnel Services - Salaries

Personnel Services - Benefits

Purchased Professional & Technical Svcs

Purchased Property Services

Other Purchased Services

Supplies

Property

Other Objects & Debt Interest

Budgetary Reserves/Debt Principle

Total Operating Expenses

Difference in Revenues and Expenses

Fund Balance Appropriation

Transfer from Committed Fund Balance

Cumulative Forecasted Gap

Annual Forecasted Gap

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Revenues						
Local Sources	114,493,951	116,355,706	117,372,620	118,981,052	120,553,986	122,151,250
State Sources	29,488,134	30,912,503	32,078,966	33,181,746	33,712,395	34,420,333
Federal Sources	639,290	717,392	717,392	717,392	717,392	717,392
Other Funding Sources	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total Revenues & Other Funding Sources	145,721,375	149,085,601	151,268,978	153,980,190	156,083,773	158,388,975
Operating Expenses						
Personnel Services - Salaries	62,408,216	65,046,755	67,422,167	69,824,455	72,139,535	74,122,526
Personnel Services - Benefits	39,230,786	41,451,257	44,093,152	46,631,251	48,020,919	49,697,531
Purchased Professional & Technical Svcs	6,426,520	6,683,580	6,950,924	7,228,961	7,518,119	7,818,844
Purchased Property Services	7,278,381	7,569,516	7,872,297	8,187,189	8,514,676	8,855,263
Other Purchased Services	15,123,811	15,728,763	16,357,914	17,012,231	17,692,720	18,400,429
Supplies	4,283,439	4,454,777	4,632,968	4,818,286	5,011,018	5,211,458
Property	645,560	671,382	698,238	726,167	755,214	785,422
Other Objects & Debt Interest	4,924,110	4,468,390	4,096,454	3,689,494	3,286,434	2,825,273
Budgetary Reserves/Debt Principle	10,902,028	11,861,496	11,966,833	12,423,522	12,871,202	13,379,490
Total Operating Expenses	151,222,851	157,935,917	164,090,946	170,541,555	175,809,837	181,096,237
Difference in Revenues and Expenses	(5,501,477)	(8,850,316)	(12,821,969)	(16,561,365)	(19,726,064)	(22,707,262)
Fund Balance Appropriation	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Transfer from Committed Fund Balance	1,501,477	860,000	625,000	547,000	215,000	250,000
Cumulative Forecasted Gap	0	(3,990,316)	(8,196,969)	(12,014,365)	(15,511,064)	(18,457,262)
Annual Forecasted Gap		(3,990,316)	(4,206,653)	(3,817,396)	(3,496,698)	(2,946,198)



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Highlights

Expenditures - Major Items / Methodology

1. **Wages and benefits account for 70% of total budget.**

2. **Benefits and Related –**
 - **PSERS employer contribution mandated increase 7% (32.04% of payroll).**
 - **Medical, Rx, Dental, Vision expressed as 23% of payroll in accordance with trends.**

3. **Debt Service –**
 - **Actual debt and interest payment schedule used.**



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Expenditures

Highlights

Object	Budget 2017/2018	Budget 2016/2017	\$ Change	% Change
Salaries	\$ 65,046,755	\$ 62,408,216	\$ 2,638,539	4.23%
Benefits	41,451,257	39,230,786	2,220,471	5.66%
Professional Services	6,683,580	6,426,520	257,060	4.00%
Property Services	7,569,516	7,278,381	291,135	4.00%
Other Services	15,728,763	15,123,811	604,952	4.00%
Supplies	4,454,777	4,283,439	171,338	4.00%
Property & Equipment	671,382	645,560	25,822	4.00%
Other Objects & Functions	16,029,887	15,526,138	503,749	3.24%
Budgetary Reserves	300,000	300,000	0	0.0%
TOTAL	\$ 157,935,917	\$ 151,222,851	\$ 6,713,066	4.44%



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Highlights

Revenues - Major Items / Methodology

❖ Local:

- Generally not changed
- R/E Tax – applied current assessment value (↑ \$1.5MM)

❖ State:

- BEF year/year average increase 2% (↑ \$200k)
- Increased PSERS contribution (↑ \$1MM)

❖ Federal:

- Based on current year expected income



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Highlights

Revenues:

Source	Budget 2017/2018	Budget 2016/2017	\$ Change	% Change
Local	\$ 116,355,706	\$ 114,493,951	\$ 1,861,755	1.63%
State	30,912,503	29,488,134	1,424,369	4.83%
Federal	717,392	639,290	78,102	0.00%
Total Revenues	\$ 147,985,601	\$ 144,621,375	\$ 3,364,226	2.33%
Other Sources	1,100,000	1,100,000	0	0.00%
TOTAL	\$ 149,085,601	\$ 145,721,375	\$ 3,364,226	2.31%



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

Highlights

Preliminary Budget Gap:

Source	Prelim Budget
Total Revenues & Other Funding Sources	\$ 149,085,601
Total Expenses	(157,935,917)
Fund Balance Appropriation	4,000,000
Transfer from Committed Funds (retirement)	860,000
Net (Shortfall)/Surplus	\$ (3,990,316)



Closing Comments

❖ **2017/2018 Act 1 Index = 2.5%**

❖ **Referendum Exceptions Estimate**

➤ Special Education	\$1.35 MM
➤ Retirement Contributions	<u>.42 MM</u>
➤ Total Estimated Exceptions	\$1.77 MM

❖ **Next Steps**

- Deep-dive into expense lines
- Ground-up approach by department/building
- File for PDE exceptions
- Keep an eye on Harrisburg



Spring-Ford Area School District 2017/2018 Proposed Preliminary Budget

