

SPRING-FORD

AREA SCHOOL DISTRICT

Proposed Preliminary Budget 2018 / 2019



November 20, 2017



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

AGENDA

- ❖ **Preliminary Budget Timeline – ACT 1**
- ❖ **Challenges in preparing the Preliminary Budget**
- ❖ **Financial forecast overview**
- ❖ **2018/2019 Preliminary Budget Highlights**
- ❖ **Closing comments**



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Act 1 – Preliminary Budget Timeline

- ❖ **Available for Public Inspection**
Due by 1/26/2018
- ❖ **Public Notice to Adopt Preliminary Budget**
Due by 2/5/2018
- ❖ **Adoption of Preliminary Budget**
Due by 2/14/2018
- ❖ **Notice of Intent to File for Referendum Exceptions**
Due by 2/23/2018
- ❖ **File with PDE for Referendum Exceptions**
Due by 3/1/2018



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

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 2018/2019 year:
 - Education Subsidy
 - Transportation Subsidy
 - Special Education Subsidy
 - Any further property tax reforms
 - General uncertainties based 17/18 state revenue/expense plan



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Financial Forecast Model

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



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

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<u>Salaries & Wages (100)</u>							
Professional Staff	49,623,954	52,170,903	53,783,126	56,048,561	57,856,997	59,599,393	61,174,776
Extra-Curricular	1,077,381	1,077,381	1,077,381	1,077,381	1,077,381	1,077,381	1,077,381
Department Heads	63,558	66,736	66,736	66,736	66,736	66,736	66,736
Administrators	4,388,235	4,483,000	4,572,660	4,664,113	4,757,395	4,852,543	4,949,594
Administrative Support	1,402,786	1,627,035	1,773,069	1,808,530	1,844,701	1,881,595	1,919,226
Custodians	1,210,680	1,234,894	1,259,591	1,284,783	1,310,479	1,336,689	1,363,422
Maintenance	1,216,744	1,253,246	1,290,844	1,329,569	1,369,456	1,410,540	1,452,856
Nurses (non-professional)	317,889	327,426	337,248	347,366	357,787	368,520	379,576
Secretaries	2,302,366	2,388,413	2,436,182	2,484,905	2,534,603	2,585,295	2,637,001
Instructional Assistants	3,257,414	3,401,336	3,572,677	3,749,157	3,930,932	4,048,859	4,170,325
Homebound; Summer Guid; ESY; Mentors;	231,540	231,540	231,540	231,540	231,540	231,540	231,540
Substitutes/OT	196,000	196,000	196,000	196,000	196,000	196,000	196,000
Other Items	97,000	97,000	97,000	97,000	97,000	97,000	97,000
Subtotal	65,385,547	68,554,909	70,694,053	73,385,641	75,631,007	77,752,091	79,715,434
Benefits Waivers	273,000	273,000	273,000	273,000	273,000	273,000	273,000
Total Salaries & Wages	65,658,547	68,827,909	70,967,053	73,658,641	75,904,007	78,025,091	79,988,434
<u>Taxes & Benefits (200)</u>							
FICA - Social Security	4,035,232	4,231,732	4,381,285	4,548,164	4,687,376	4,818,884	4,940,611
FICA - Medicare	948,090	994,046	1,029,022	1,068,050	1,100,608	1,131,364	1,159,832
Workers Compensation	480,584	503,879	519,601	539,384	555,888	571,478	585,908
Unemployment Comp & Life Insurance	178,361	178,361	178,361	178,361	178,361	178,361	178,361
Tuition Reimbursement	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Retirement	21,279,788	23,414,978	25,099,832	26,364,163	27,511,486	27,195,732	27,882,902
Medical/Rx/Dental/Vision	13,788,295	14,742,938	15,505,166	16,415,099	17,253,797	18,090,661	18,916,793
Total Taxes & Benefits	40,865,350	44,220,934	46,868,268	49,268,222	51,442,517	52,141,480	53,819,408
Total Personnel Costs	106,523,897	113,048,844	117,835,321	122,926,863	127,346,524	130,166,571	133,807,843



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Financial Forecast Model

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



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

	Total Debt Service		
	Principal	Interest	Total
2017-18	10,192,783	4,018,925	14,211,708
2018-19	10,562,871	3,638,634	14,201,505
2019-20	10,993,290	3,221,630	14,214,920
2020-21	11,443,200	2,776,443	14,219,643
2021-22	11,948,110	2,273,360	14,221,470
2022-23	12,432,511	1,808,070	14,240,581
2023-24	6,904,158	1,219,653	8,123,811
2024-25	7,248,050	888,148	8,136,198
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
Total o/s 6/30/15	120,626,143	29,103,672	149,729,815
Total o/s 6/30/16	110,423,068	25,665,496	136,088,564
Total o/s 6/30/17	100,888,068	22,225,562	123,113,630
Total o/s 6/30/18	90,695,285	18,206,636	108,901,921
Total o/s 6/30/19	80,132,414	14,568,002	94,700,416



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Financial Forecast Model

- ✓ **Revenue**
 - **Trends**
 - ❖ **Analyze trends**
 - ❖ **Apply and roll trends 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 2018/2019 Proposed Preliminary Budget

SFASD

Five Year Forecast - 2017/18 - 2023/24

Revenue Trends - Major Categories

Five Year Forecast Model

Real Estate Tax

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Assessments	3,945,950,552	4,005,139,811	4,065,216,908	4,126,195,162	4,188,088,089	4,250,909,410	4,314,673,051
Trend	2.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Collection statistics							
Collection % of face	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%
Lein %	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Homestead/Farmstead relief	2,447,409	2,466,988	2,486,724	2,506,618	2,526,671	2,546,884	2,567,259
Trend	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
Millage (Prior year ending)	26.2442	26.2442	27.2036	28.0069	28.8657	29.6010	30.2763
% tax change (needed to balance)	0.00%	3.66%	2.95%	3.07%	2.55%	2.28%	0.00%
Face value of duplicate	103,558,315	105,111,691	110,588,528	115,562,088	120,892,295	125,830,981	130,632,329
Face value net of HS/FS relief	101,110,907	102,644,702	108,101,804	113,055,470	118,365,624	123,284,097	128,065,069
Estimated collection amount	99,088,688	100,591,808	105,939,768	110,794,360	115,998,311	120,818,415	125,503,768
Estimated lien amount	2,022,218	2,052,894	2,162,036	2,261,109	2,367,312	2,465,682	2,561,301

Delinquent Tax Collections

Inventory	3,020,953	2,655,813	2,795,631	3,003,846	3,209,123	3,413,695	3,607,684
Collection amount (2 yr lag)	2,888,732	2,418,035	2,022,218	2,052,894	2,162,036	2,261,109	2,367,312

Earned Income Tax

Collection amount	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Trend	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Basic Education Subsidy

Collection amount	9,280,105	9,419,307	9,560,596	9,704,005	9,849,565	9,997,309	10,147,269
Trend	2.10%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Special Education

Collection amount	2,677,433	2,733,444	2,790,627	2,849,006	2,908,607	2,969,454	3,031,575
Trend	2.09%	2.09%	2.09%	2.09%	2.09%	2.09%	2.09%

Transportation

Collection amount	2,150,000	2,200,000	2,240,000	2,290,000	2,330,000	2,380,000	2,420,000
Trend (30% of expense)							



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

SFASD

Five Year Forecast - 2017/18 - 2023/24

Revenue Summary

Local Sources

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Real Estate Taxes	99,088,688	100,591,808	105,939,768	110,794,360	115,998,311	120,818,415	125,503,768
Delinquent Taxes	2,888,732	2,418,035	2,022,218	2,052,894	2,162,036	2,261,109	2,367,312
Earned Income Taxes	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
R/E Transfer Taxes	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Interim Taxes	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Payments in addition to tax agreements	1,665,000	1,665,000	1,665,000	1,665,000	1,665,000	1,665,000	1,665,000
All other local revenues	2,996,739	2,996,739	2,996,739	2,996,739	2,996,739	2,996,739	2,996,739
Total Local Revenues	119,239,160	120,271,582	125,223,725	130,108,993	135,422,086	140,341,263	145,132,819

State Sources

Basic Ed Funding	9,280,105	9,419,307	9,560,596	9,704,005	9,849,565	9,997,309	10,147,269
Special Ed Funding	2,677,433	2,733,444	2,790,627	2,849,006	2,908,607	2,969,454	3,031,575
R/E Tax Relief Funds	2,447,409	2,466,988	2,486,724	2,506,618	2,526,671	2,546,884	2,567,259
Transportation	2,150,000	2,200,000	2,240,000	2,290,000	2,330,000	2,380,000	2,420,000
RTL Grant	442,498	442,498	442,498	442,498	442,498	442,498	442,498
FICA Reimbursement	2,491,661	2,612,889	2,705,154	2,808,107	2,893,992	2,975,124	3,050,222
PSERS Reimbursement	10,639,894	11,707,489	12,549,916	13,182,081	13,755,743	13,597,866	13,941,451
All Other State Sources	1,256,109	1,256,109	1,256,109	1,256,109	1,256,109	1,256,109	806,109
Total State Sources	31,385,109	32,838,724	34,031,624	35,038,425	35,963,186	36,165,244	36,406,382

Federal Sources

Title I	262,816	262,816	262,816	262,816	262,816	262,816	262,816
Title II	105,622	105,622	105,622	105,622	105,622	105,622	105,622
Medical Access	348,954	348,954	348,954	348,954	348,954	348,954	348,954
Total Federal Sources	717,392	717,392	717,392	717,392	717,392	717,392	717,392

Total Revenue

151,341,660	153,827,698	159,972,741	165,864,811	172,102,664	177,223,899	182,256,594
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Five Year Forecast Model



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Spring-Ford Area School District

Forecast - SUMMARY

Fiscal Years:

Revenues

Local Sources

State Sources

Federal Sources

Other Funding Sources

Total Revenues & Other Funding Sources

Year/year revenue growth budgeted

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

Year/year expense growth budgeted

Difference in Revenues and Expenses

Fund Balance Appropriation

Transfer from Committed Fund Balance

Annual Forecasted Gap

Tax Rate Impact

Financial Forecast Model

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Local Sources	119,239,160	120,271,582	125,223,725	130,108,993	135,422,086	140,341,263	145,132,819
State Sources	31,385,109	32,838,724	34,031,624	35,038,425	35,963,186	36,165,244	36,406,382
Federal Sources	717,392	717,392	717,392	717,392	717,392	717,392	717,392
Other Funding Sources	1,586,000	2,862,000	2,962,000	3,212,000	2,462,000	1,584,258	-
Total Revenues & Other Funding Sources	152,927,660	156,689,698	162,934,741	169,076,811	174,564,664	178,808,157	182,256,594
Year/year revenue growth budgeted	4.65%	1.64%	3.99%	3.68%	3.76%	2.98%	2.84%
Personnel Services - Salaries	65,658,547	68,827,909	70,967,053	73,658,641	75,904,007	78,025,091	79,988,434
Personnel Services - Benefits	40,865,350	44,220,934	46,868,268	49,268,222	51,442,517	52,141,480	53,819,408
Purchased Professional & Technical Svcs	7,126,268	7,376,793	7,483,529	7,633,200	7,785,864	7,941,581	8,100,413
Purchased Property Services	7,157,861	7,355,114	7,555,209	7,758,201	7,964,149	8,117,912	8,274,750
Other Purchased Services	15,706,871	15,949,609	16,268,601	16,593,973	16,925,852	17,264,369	17,609,657
Supplies	4,702,824	4,799,880	4,895,878	4,993,796	5,093,671	5,195,545	5,299,456
Property	76,900	78,455	79,690	81,256	83,153	84,782	86,444
Other Objects & Debt Interest	4,869,567	4,872,470	4,875,430	4,878,450	4,881,531	4,884,672	2,163,620
Budgetary Reserves/Debt Principle	11,623,473	11,599,207	11,691,515	11,783,822	11,876,130	11,966,130	9,697,213
Total Operating Expenses	157,787,661	165,080,372	170,685,172	176,649,559	181,956,873	185,621,562	185,039,394
Year/year expense growth budgeted	4.34%	4.62%	3.40%	3.49%	3.00%	2.01%	-0.31%
Difference in Revenues and Expenses	(4,860,000)	(8,390,674)	(7,750,431)	(7,572,749)	(7,392,209)	(6,813,404)	(2,782,800)
Fund Balance Appropriation	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Transfer from Committed Fund Balance	860,000	625,000	550,000	100,000	374,676	-	-
Annual Forecasted Gap	(0)	(3,765,674)	(3,200,431)	(3,472,749)	(3,017,533)	(2,813,404)	1,217,200
Tax Rate Impact	0.00%	3.66%	2.95%	3.07%	2.55%	2.28%	0.00%



Spring-Ford Area School District 2018/2019 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 5% (34.18% of total payroll).
 - Medical, Rx, Dental, Vision expressed as 21.5% of payroll consistent with trends.
3. Debt Service –
 - Actual debt and interest payment schedule used.



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Expenditures

Highlights

Object	Budget 2018/2019	Budget 2017/2018	\$ Change	% Change
Salaries	\$ 68,827,909	\$ 65,658,547	\$ 3,169,362	4.82%
Benefits	44,220,934	40,865,350	3,355,584	8.21%
Professional Services	7,376,793	7,126,268	250,525	3.50%
Property Services	7,355,114	7,157,861	197,253	2.75%
Other Services	15,949,609	15,706,871	242,738	1.55%
Supplies	4,799,880	4,702,824	97,056	2.06%
Property & Equipment	78,455	76,900	1,555	2.02%
Other Objects & Functions	16,171,677	16,193,040	-21,363	-0.01%
Budgetary Reserves	300,000	300,000	0	0.0%
TOTAL	\$ 165,080,371	\$ 157,787,661	\$ 7,292,710	4.62%



Spring-Ford Area School District 2018/2019 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 1.5% (↑ \$140k)
- Increased PSERS contribution (↑ \$1.1MM)

❖ Federal:

- Based on current year expected income



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Highlights

Revenues:

Source	Budget 2018/2019	Budget 2017/2018	\$ Change	% Change
Local	\$ 120,271,582	\$ 119,239,160	\$ 1,032,422	0.87%
State	32,838,724	31,385,108	1,453,616	4.63%
Federal	717,392	717,392	0	0.00%
Total Revenues	\$ 153,827,698	\$ 151,341,660	\$ 2,486,038	1.64%
Other Sources	2,862,000	1,586,000	1,276,000	
TOTAL	\$ 156,689,698	\$ 152,927,660	\$ 3,762,038	2.46%



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Highlights

Preliminary Budget Gap:

Source	Prelim Budget
Total Revenues & Other Funding Sources	\$ 156,689,698
Total Expenses	(165,080,371)
Fund Balance Appropriation	4,000,000
Transfer from Committed Funds (retirement)	625,000
Net (Shortfall)/Surplus	\$ (3,765,673)



Spring-Ford Area School District 2018/2019 Proposed Preliminary Budget

Closing Comments

❖ **2018/2019 Act 1 Index = 2.4%**

❖ **Referendum Exceptions Estimate**

➤ Special Education	\$1.13 MM
➤ Retirement Contributions	<u>.36 MM</u>
➤ Total Estimated Exceptions	\$1.49 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 2018/2019 Proposed Preliminary Budget

