

2018-2019 BUDGET OVERVIEW

BOYERTOWN AREA SCHOOL DISTRICT

May 1, 2018

2018-2019 Budget Timeline

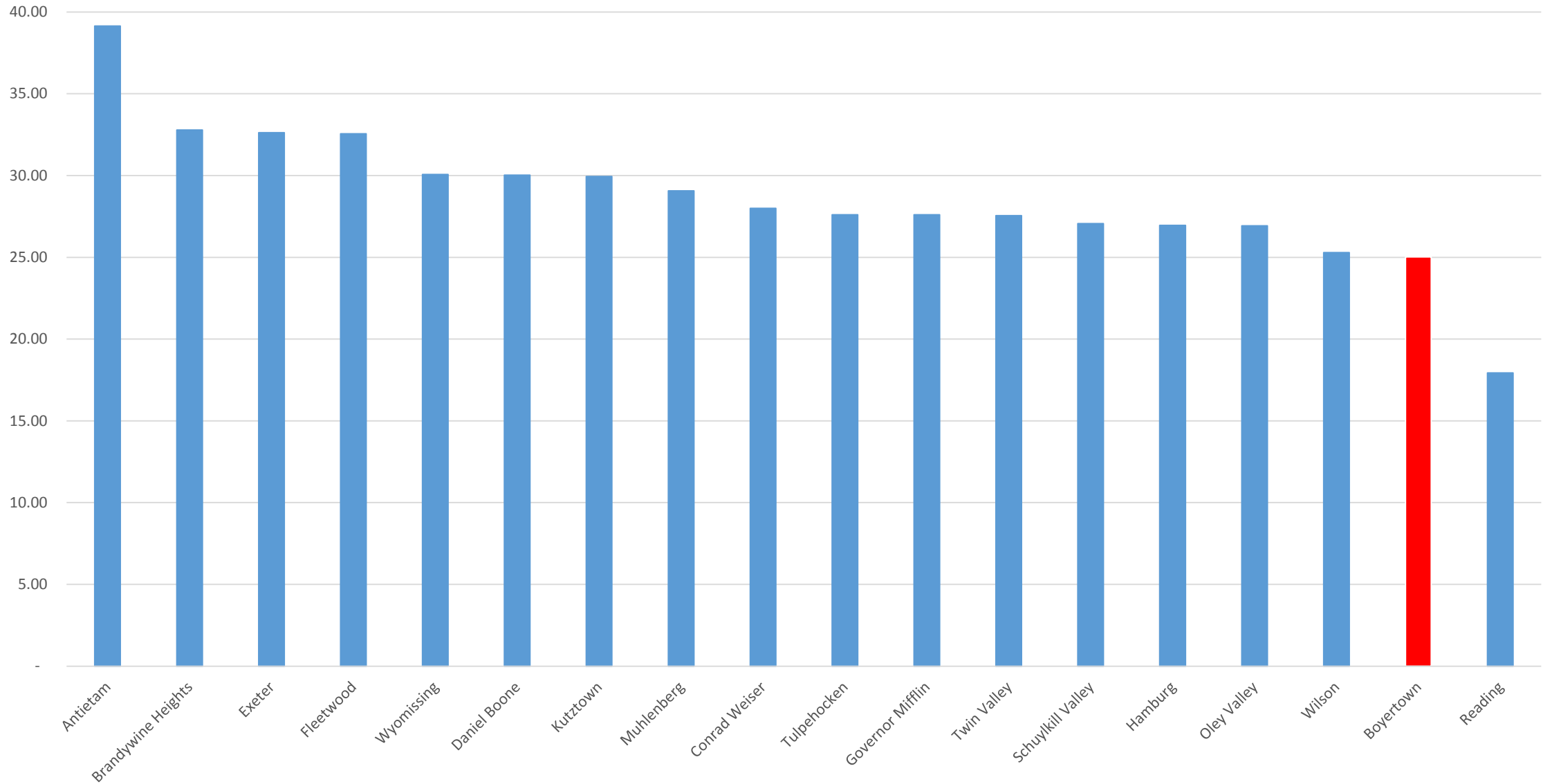
- 11/21/17 – Initial Budget Presentation
- 1/16/18 – Curriculum & Technology
- 1/30/18 – Special Education & Personnel Budget Reviews
- 2/6/18 – Preliminary Budget Review
- 2/13/18 – Adoption of Preliminary Budget
- February 2018 - Governor Wolfe State Budget
- **April to June 2018 – Budget Work Sessions**
- 6/12/18 – Final Budget Adoption

Act 1 Index

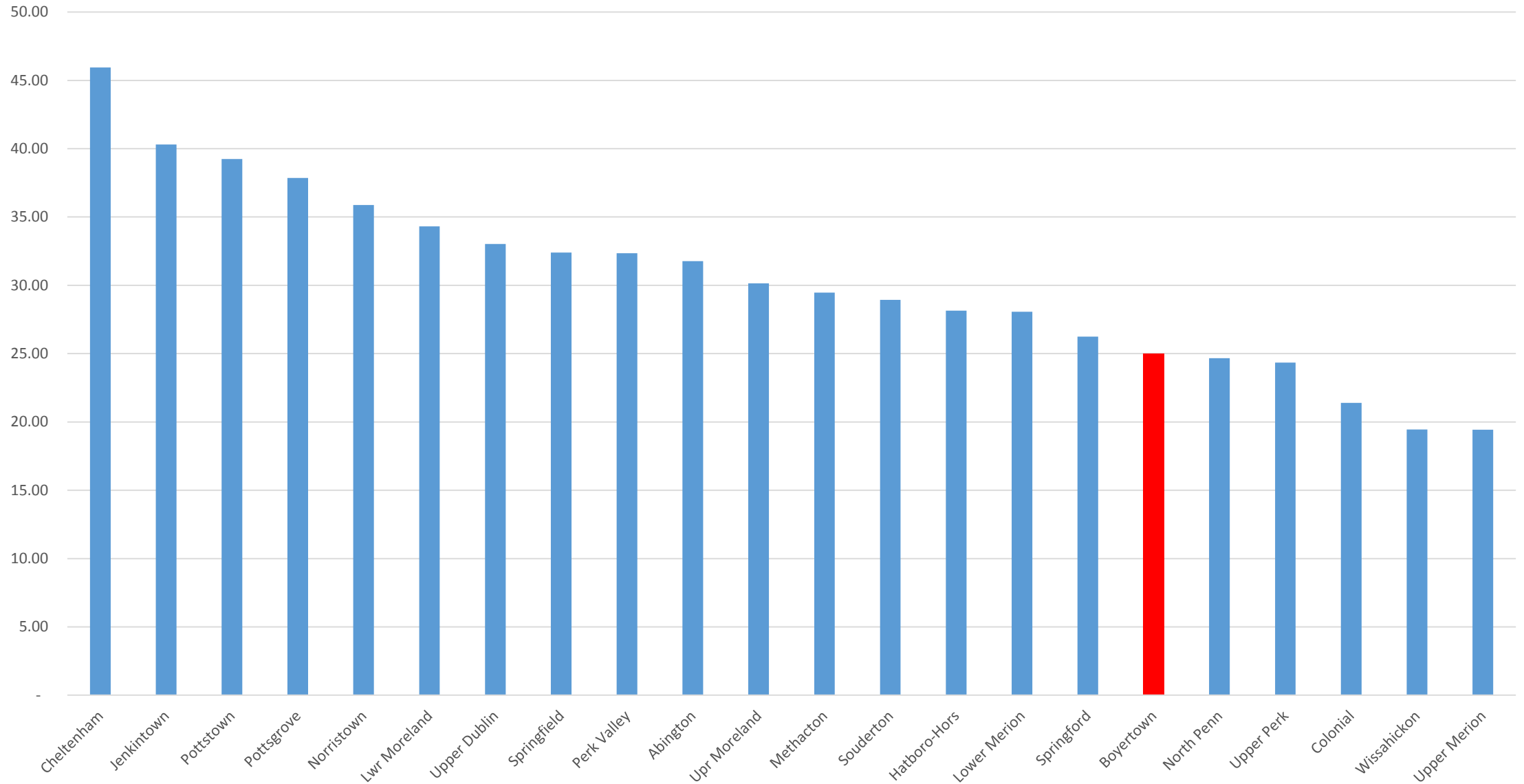
- Allowable percentage increase in millage before exceptions or voter referendum
 - Measured by the Commonwealth of PA and is justified by wage inflation calculations (average of the percentage changes in wages statewide and changes in school employee compensation costs nationwide)
- The Department of Education provides each school district with its index annually by September 30 – BASD index for 18/19 is 2.9%
- A school district may qualify for one or more referendum exceptions that allow the school district to raise tax rate beyond its index for specific purposes without voter approval

How is Millage Calculated			
Berks County Taxable Assessed Value		\$ 1,137,734,700	
Montgomery County Taxable Assessed Value		\$ 1,527,366,244	
Total Boyertown Taxable Assessed Value		\$ 2,665,100,944	
1 Mill = 1/1000 or .001 X 25.02mills =		0.02502	
		\$ 66,680,826	
Collection Rate = 96.5%			
Taxes Collected at anticipated Collection Rate		\$ 64,346,997	
Less: Homestead/Farmstead Tax Relief		\$ (1,721,619)	
Net Real Estate Taxes		\$ 62,625,378	
<u>Impact on Average Household Assessed at:</u>		<u>\$100,000</u>	<u>\$124,600</u>
			<u>\$200,000</u>
2.9% Increase per Act 1 Index = .73 Mills		\$73.00	\$90.96
Increase in Millage from Exceptions = .63 Mills		\$63.00	\$78.50
Annual Impact of Tax Increase		\$136.00	\$169.46
2.9% Increase per Act 1 Index = .73 Mills		\$6.08	\$7.58
Increase in Millage from Exceptions = .63 Mills		\$5.25	\$6.54
Total Increase per Month		\$11.33	\$14.12

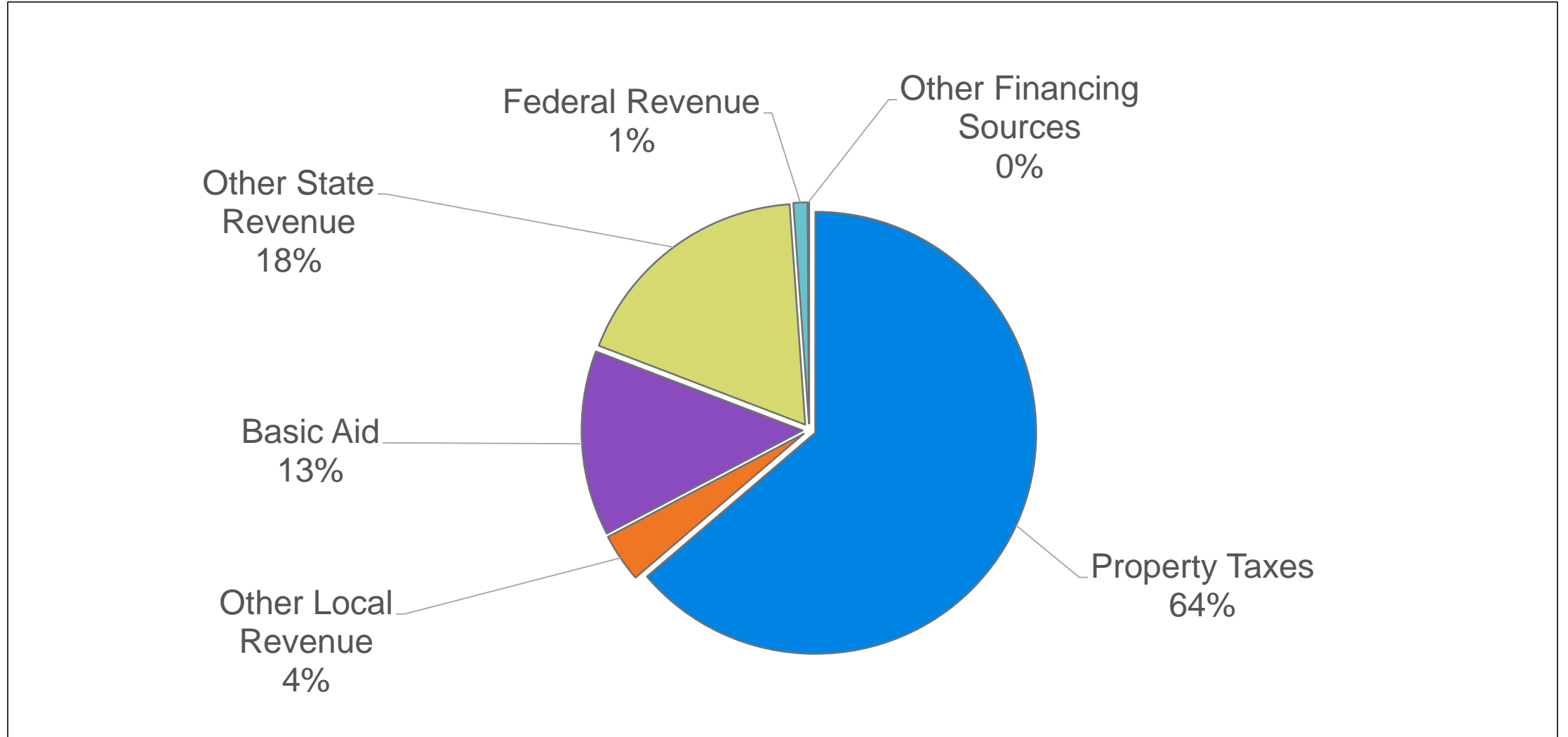
Berks County 2017 Tax Rates



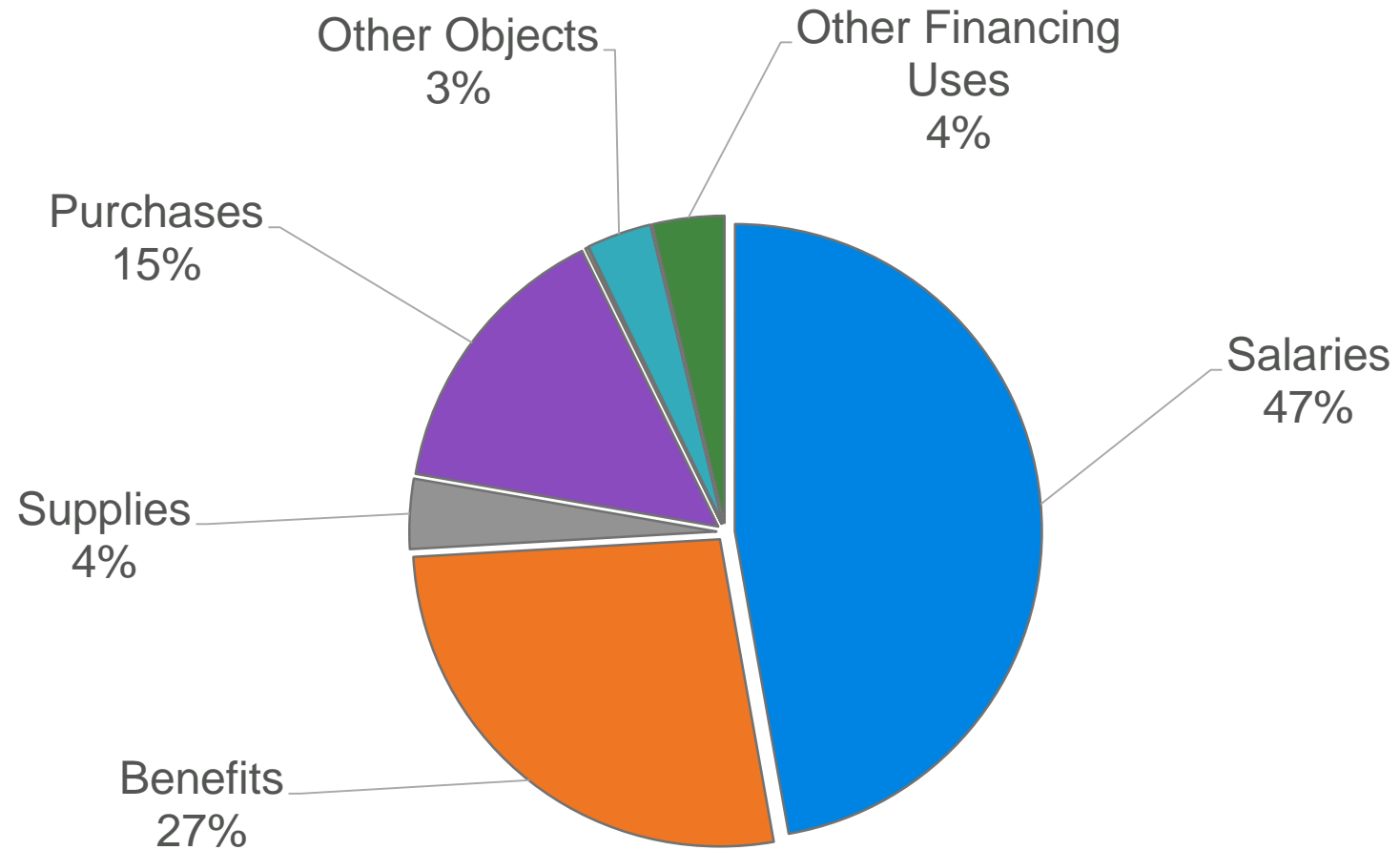
Montgomery County 2017 Tax Rates



Budgeted Revenues



Budgeted Expenditures



2018-2019 Budget Factors - Expenditures

- Boyertown Area Education Association (BAEA) Negotiations
 - Contract expires 6/30/18
- Salaries and benefits represent approximately 75% of budget
 - Includes PSERS contribution that is not under district's control
- Special education population and needs continue to increase
- Charter school tuition

2018-2019 Budget Summary

	With	Without
	<u>Exceptions</u>	<u>Exceptions</u>
Revenue	\$ 118,074,185	\$ 116,468,339
Expenditures	<u>(120,236,188)</u>	<u>(120,236,188)</u>
Deficit	(2,162,003)	(3,767,849)
Additional savings:		
Retirements	490,284	490,284
Bond refunding	197,715	197,715
Internal Svc Fund holiday	<u>435,662</u>	<u>435,662</u>
	1,123,661	1,123,661
Deficit needing covered	(1,038,342)	(2,644,188)
Planned spending of PSERS committed fund balance	1,110,405	1,110,405

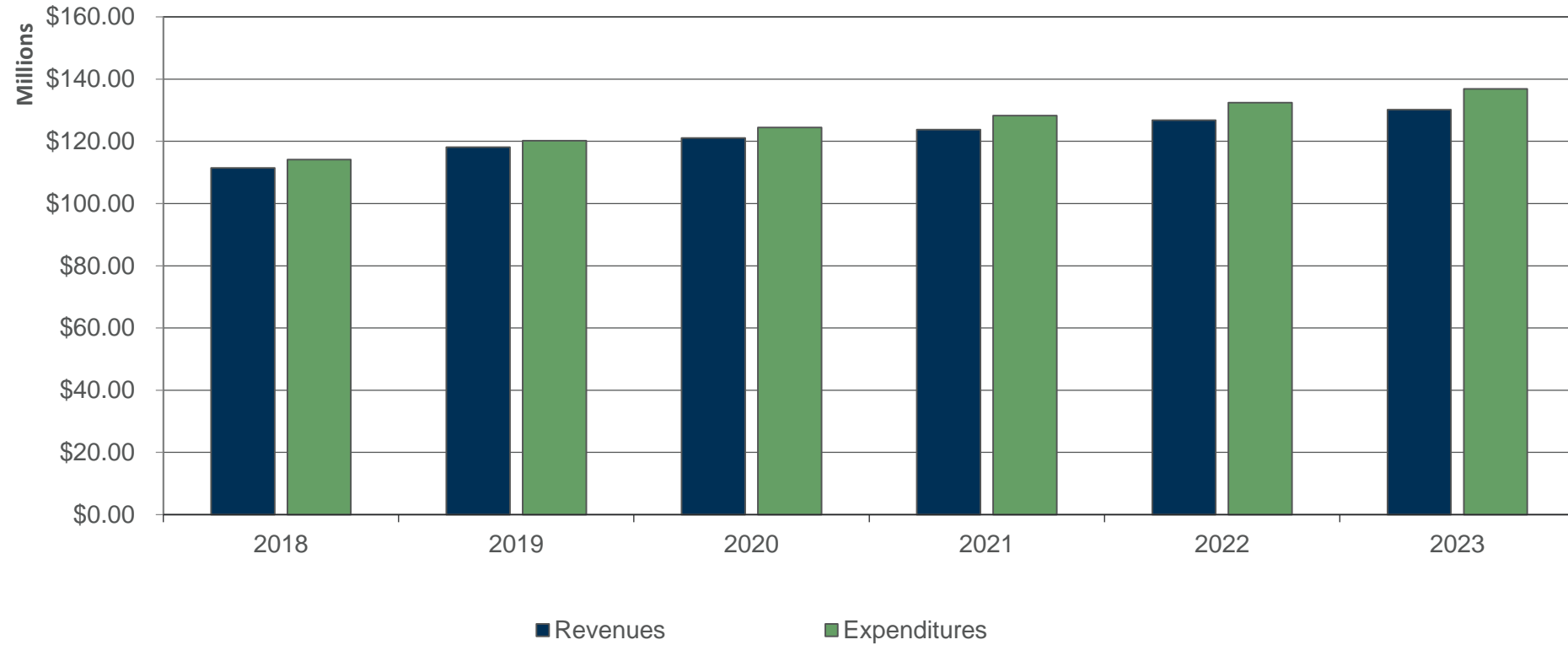
2018-2019 and 5 year projections

	BUDGET			REVENUE / EXPENDITURE PROJECTIONS							
	2018	2019	%Δ	2020	%Δ	2021	%Δ	2022	%Δ	2023	%Δ
REVENUE											
Local	\$74,950,307	\$79,076,543	5.51%	\$81,039,007	2.48%	\$83,099,207	2.54%	\$85,572,015	2.98%	\$88,196,757	3.07%
State	\$35,196,162	\$37,556,848	6.71%	\$38,594,597	2.76%	\$39,183,665	1.53%	\$39,808,652	1.60%	\$40,526,188	1.80%
Federal	\$1,151,931	\$1,333,294	15.74%	\$1,333,294	0.00%	\$1,333,294	0.00%	\$1,333,294	0.00%	\$1,333,294	0.00%
Transfers In	\$107,500	\$107,500	0.00%	\$107,500	0.00%	\$107,500	0.00%	\$107,500	0.00%	\$107,500	0.00%
TOTAL REVENUE	\$111,405,900	\$118,074,185	5.99%	\$121,074,398	2.54%	\$123,723,666	2.19%	\$126,821,461	2.50%	\$130,163,739	2.64%
EXPENDITURES											
Salary and Benefit Costs	\$84,630,984	\$89,004,314	5.17%	\$92,523,050	3.95%	\$95,684,301	3.42%	\$99,122,547	3.59%	\$102,821,409	3.73%
Other	\$29,501,553	\$31,231,874	5.87%	\$31,893,704	2.12%	\$32,590,269	2.18%	\$33,311,352	2.21%	\$34,061,112	2.25%
TOTAL EXPENDITURES	\$114,132,537	\$120,236,188	5.35%	\$124,416,754	3.48%	\$128,274,570	3.10%	\$132,433,899	3.24%	\$136,882,521	3.36%
SURPLUS / DEFICIT	(\$2,726,637)	(\$2,162,003)		(\$3,342,356)		(\$4,550,904)		(\$5,612,438)		(\$6,718,782)	

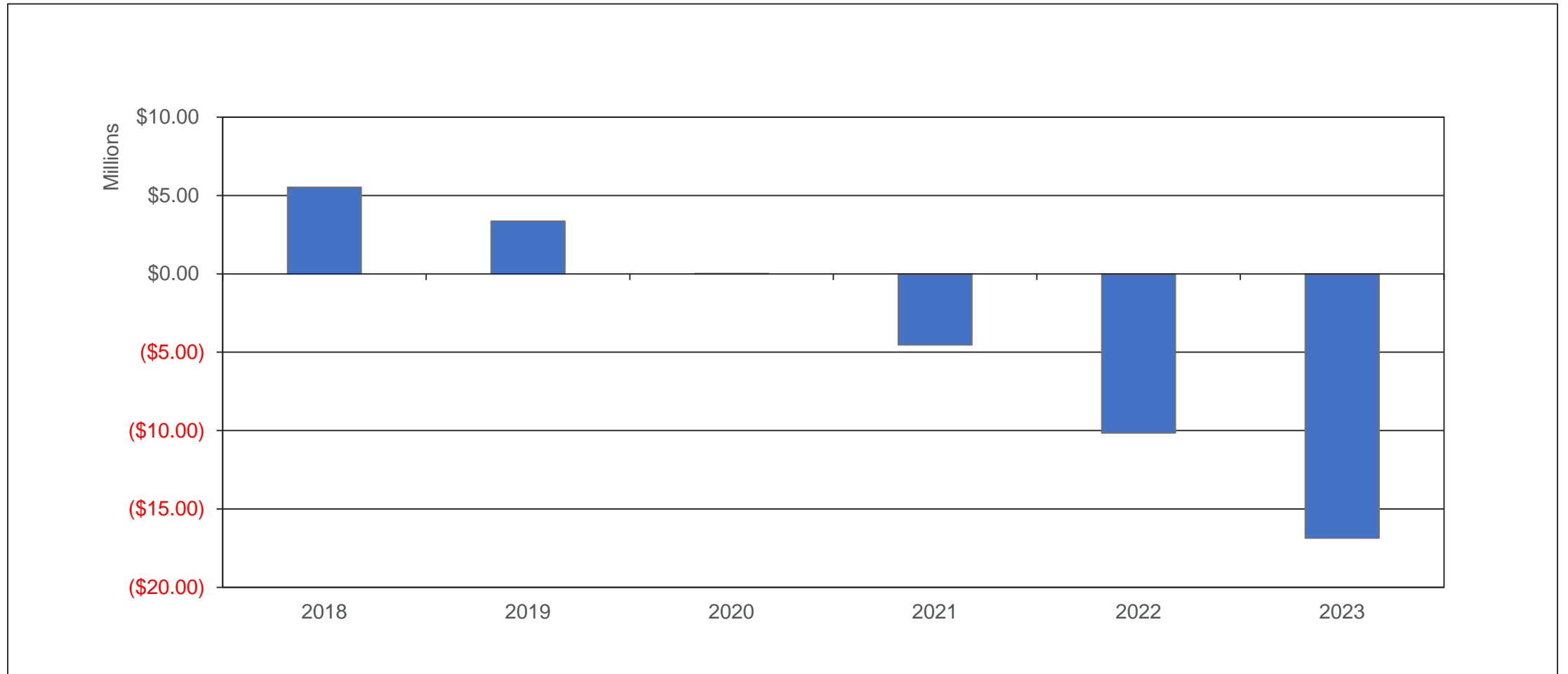
Assumptions:

- Tax revenue - Using Act 1 index and exceptions in 18/19, using only the Act 1 index in 2020-2023
- Salary increases based on district proposal for 18/19, 19/20 & 20/21, 3% thereafter
- Health insurance increase of 2% in 18/19, increase of 5% thereafter

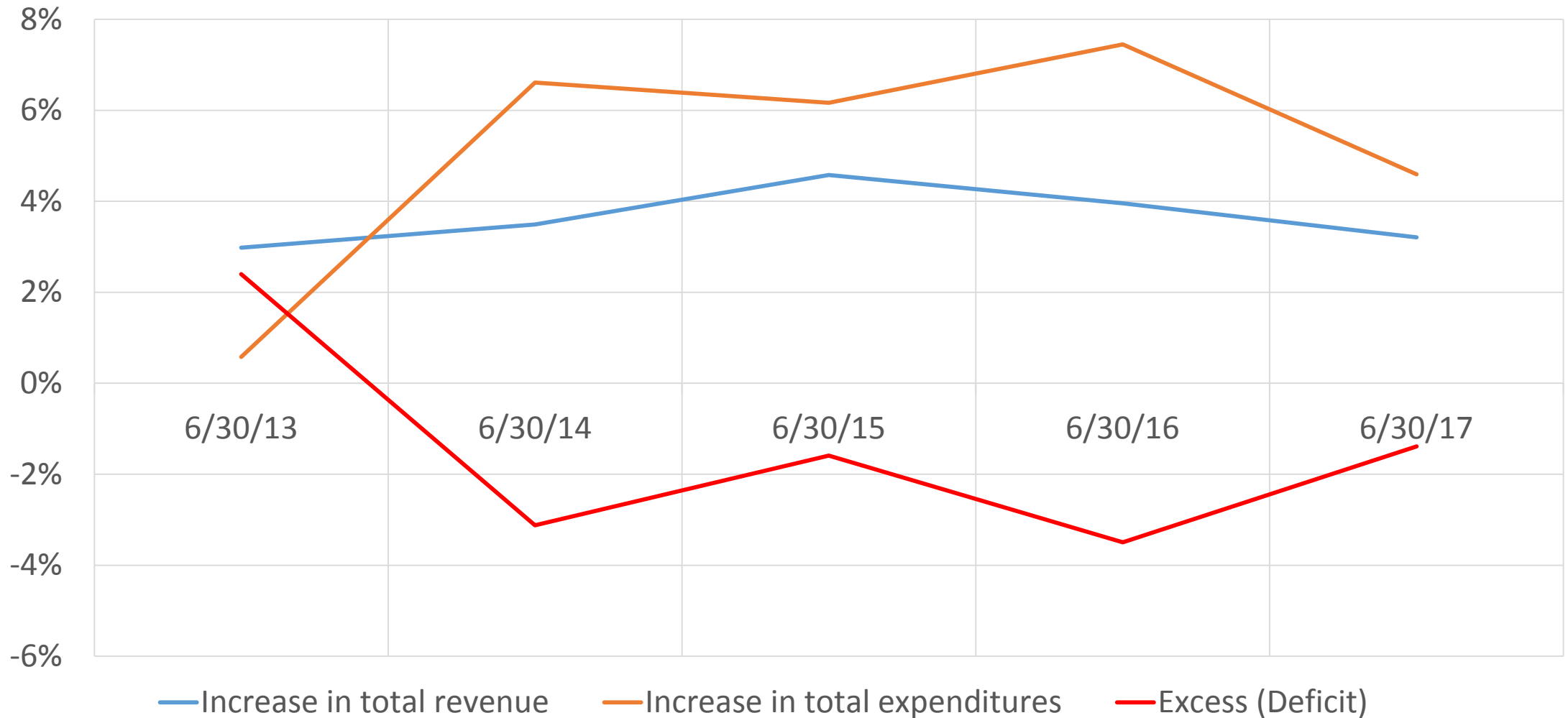
2018-2023 – Projected Revenues vs Expenditures



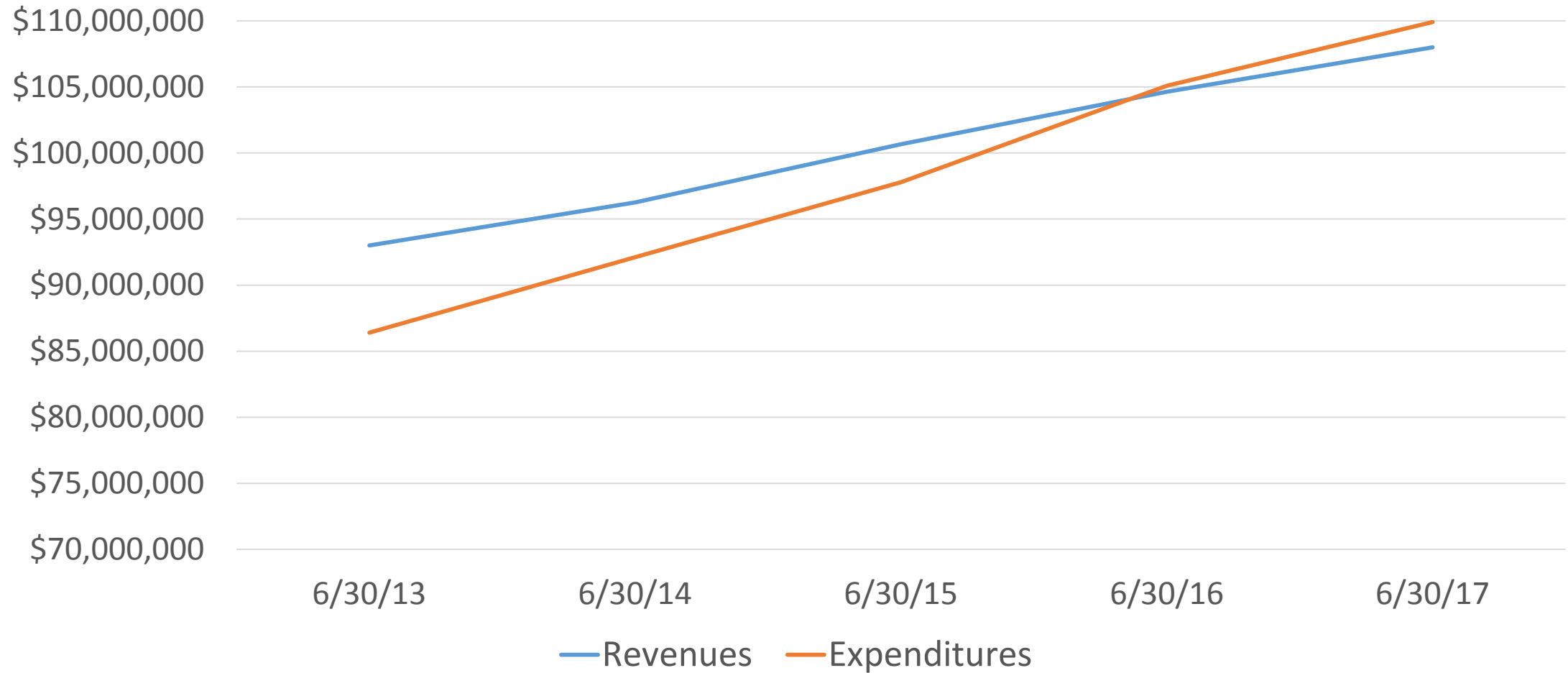
2018-2023 – Projected Year End Balances



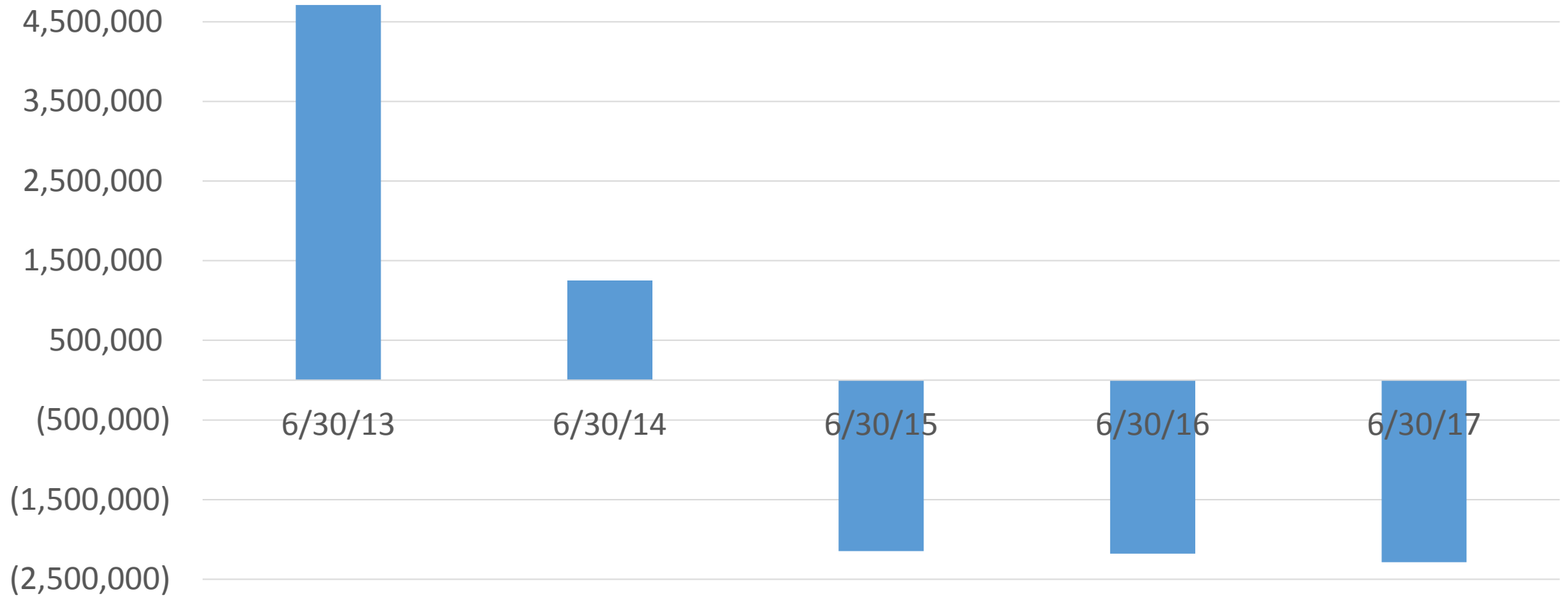
Past 5 years – Change in Revenue vs Expenditures



Past 5 years - Revenue vs Expenses (\$ amts)



Past 5 years – Excess/Deficit



Average dollar tax increase over past 10 years

	Berks/Mont average millage change	Annual \$ impact per \$100k	Annual \$ impact per \$200k
2009	0.51	\$ 50.50	\$ 101.00
2010	0.00	0.50	1.00
2011	0.73	72.50	145.00
2012	1.13	112.50	225.00
2013	0.49	49.50	99.00
2014	0.56	56.00	112.00
2015	0.59	58.50	117.00
2016	0.58	58.00	116.00
2017	0.36	36.00	72.00
2018	0.75	<u>75.00</u>	<u>150.00</u>
		<u>\$ 569.00</u>	<u>\$ 1,138.00</u>

Fund Balance

- Types of Fund Balances:
 - Nonspendable – inventory and prepaid expenditures
 - Committed – formally designated by the school board for a specific purpose
 - Assigned – intended for a specific purpose by a committee of the school board or an individual authorized by the school board
 - Unassigned – available for any purpose
- Pennsylvania School Code limits the unassigned fund balance to 8% of expenditures (approximately one month of expenditures for BASD)

Prudent Fiscal Management

- Use of unassigned fund balance – things to consider
 - Effect on bond rating – have been notified that if the projections to use the entire committed PSERS portion of general fund balance come true, the district's rating will most likely be lowered
- Capital Projects Fund
 - Goal should be to transfer funds each year to plan for capital budget needs
 - 2017-2018 budgeted transfer was zero
 - Prior year transfers: 15-16 – zero, 16-17 - \$250,000

CHOICES

Act 1 Exceptions:

- Flexibility to reduce the budget without impacting programs
- Future impacts to the budget are real
- 5 Year Projections continue to exceed the Act 1 Index
- Need to use the Act 1 exception
- Time to balance the budget at a level the community can live with

CHOICES

To stay at the Act 1 Index

- Cut from existing operations?
- Consider closing a building?
- Redistricting?
- Consider reducing/eliminating non-mandated programs?

NON-MANDATED PROGRAM COSTS

Kindergarten	\$1,179,000
Music	\$1,807,800
Fine Arts	\$1,518,100
Health, Safety & Phys. Ed.	\$2,493,700
Library	\$1,536,100
Athletics	\$1,286,300

Cost Saving Suggestions to Consider:

- Reduce the need for substitute teachers
- Reduce busses for high school runs – many students drive
- Generate revenue by renting under utilized capacity (preschool . . .)
- Audit business, educational and operational processes for streamlining and efficiencies
- VOIP phone system
- Solar panels for electricity
- Teacher surplus page for no longer needed/used supplies
- Advertising revenue in athletic facilities, school monitors, websites
- Review the most outsourced placements for Spec. Ed. and explore our ability to improve services offered in-house