

# BRANDYWINE HEIGHTS

AREA SCHOOL DISTRICT

## Budget Presentation

General Overview

Expenditures/Revenues, Taxes & Options

January 29<sup>th</sup>, 2018

6:00 P.M.



# Meeting Agenda

- 2017-18 Current Year Projections
- 2018-19 Budget Summary
- Revenue Detail
- Expenditure Detail
- Upcoming Budget Meeting Schedule

# 2017-18 Projections

	2017-18 Budget	2017-18 Projection	Difference
Revenues	31,323,875	31,382,539	58,664
Expenditures	33,175,040	32,676,007	499,033
Revenues over Expenditures	(1,851,165)	(1,293,468)	557,697
Beginning Fund Balance	9,426,019	9,426,019	
Ending Fund Balance	7,574,854	8,132,551	

# 2018-19 Budget Summary (0% increase)

	2018-19 Budget	% Change from 17-18 Budget
Revenues	31,431,372	.3%
Expenditures	32,630,988	-1.6% (3% increase without ESCO)
Revenues over Expenditures	(1,199,616)	
Beginning Fund Balance (Projected)	8,132,551	
Ending Fund Balance	6,932,935	

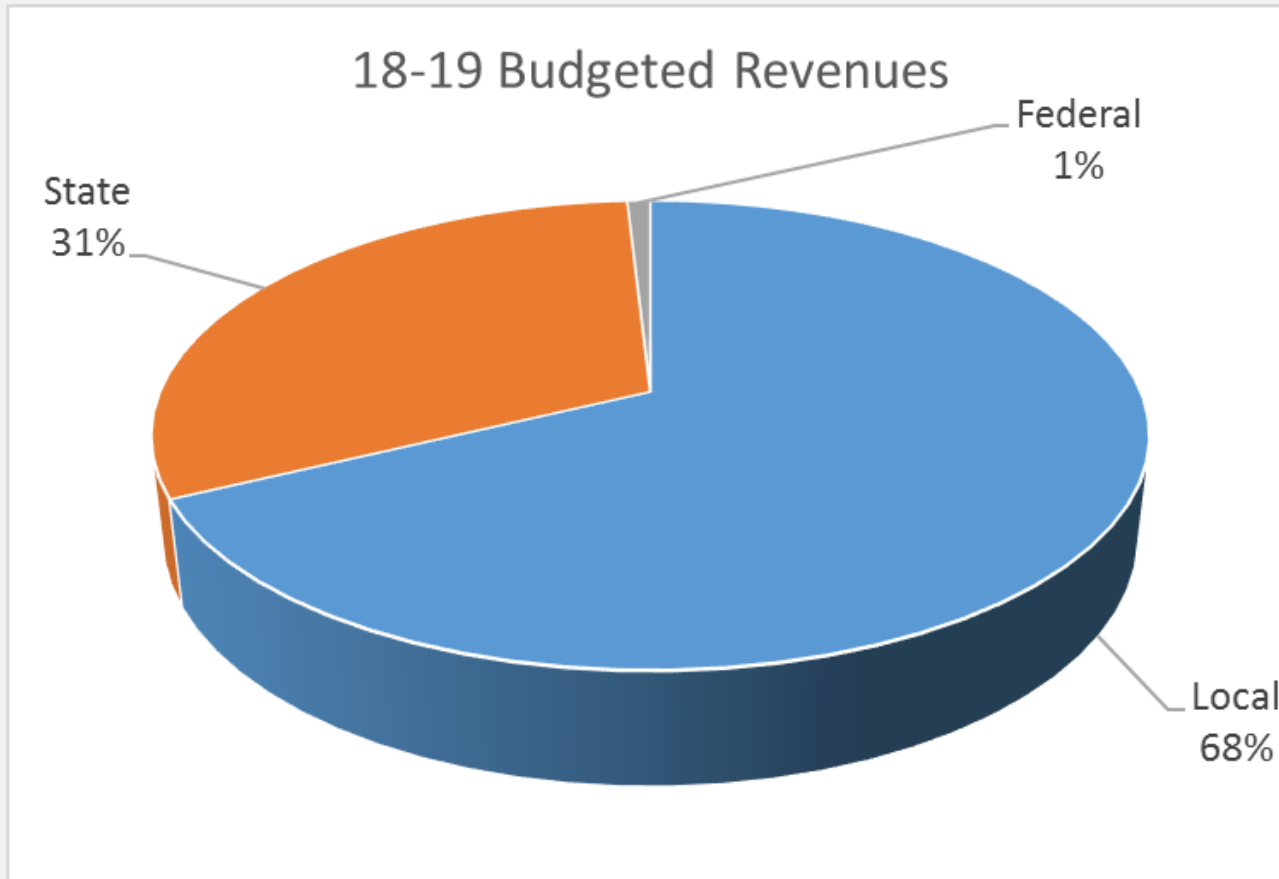
# 2018-19 Budget Summary

- Summary
  - Includes 0% millage rate increase
  - Contractual and support staff salary increases, increases to medical benefits, and PSERS rate of 33.43%
  - \$200,000 budgetary reserve
  - Other expenditure items:
    - Read 180 upgrade - \$51,217
    - HS BBN studio - \$50,000
    - New technology lease cycle

# 2018-19 Revenue Summary

- Local Revenue - \$21,312,396
  - Includes 0% millage rate increase
  - Minor adjustments to other revenue sources such as interim, per capita, delinquent, and earned income taxes based on prior receipts
- State Revenue - \$9,836,976
  - Slight increases to 17-18 allocated amounts for regular and spec. ed. subsidies
  - Increase in social security and PSERS reimbursements based on salaries
- Federal Revenue - \$280,000
  - Budgeted decreases based on federal budget outlook
  - No money budgeted for Medical Access
- Other Revenue - \$2,000

# Revenue Sources



- Largest % of revenue from local sources:
  - Current real estate tax – 85%
  - Earned income tax – 8%
  - Delinquent real estate tax – 3%
- State sources
  - Basic education subsidy – 42%
  - Special education subsidy – 11%
  - State share of retirement – 21%

# Real Estate Tax Data – November Abstract

	Assessed Value			Number of Parcels		
	Residential/ Farms/Other	Commercial	% Commercial	Residential/ Farms/Other	Commercial	Total
District	72,281,800	2,145,000	2.97%	689	13	702
Longswamp	209,806,600	36,022,700	17.17%	2,395	89	2,484
Rockland	195,170,800	2,893,500	1.48%	1,649	24	1,673
Topton	63,453,600	15,113,700	23.82%	678	80	758
	540,712,800	56,174,900	10.4%	5,411	206	5,617
Total Assessed Value		596,887,700		Average Assessed Value		106,265



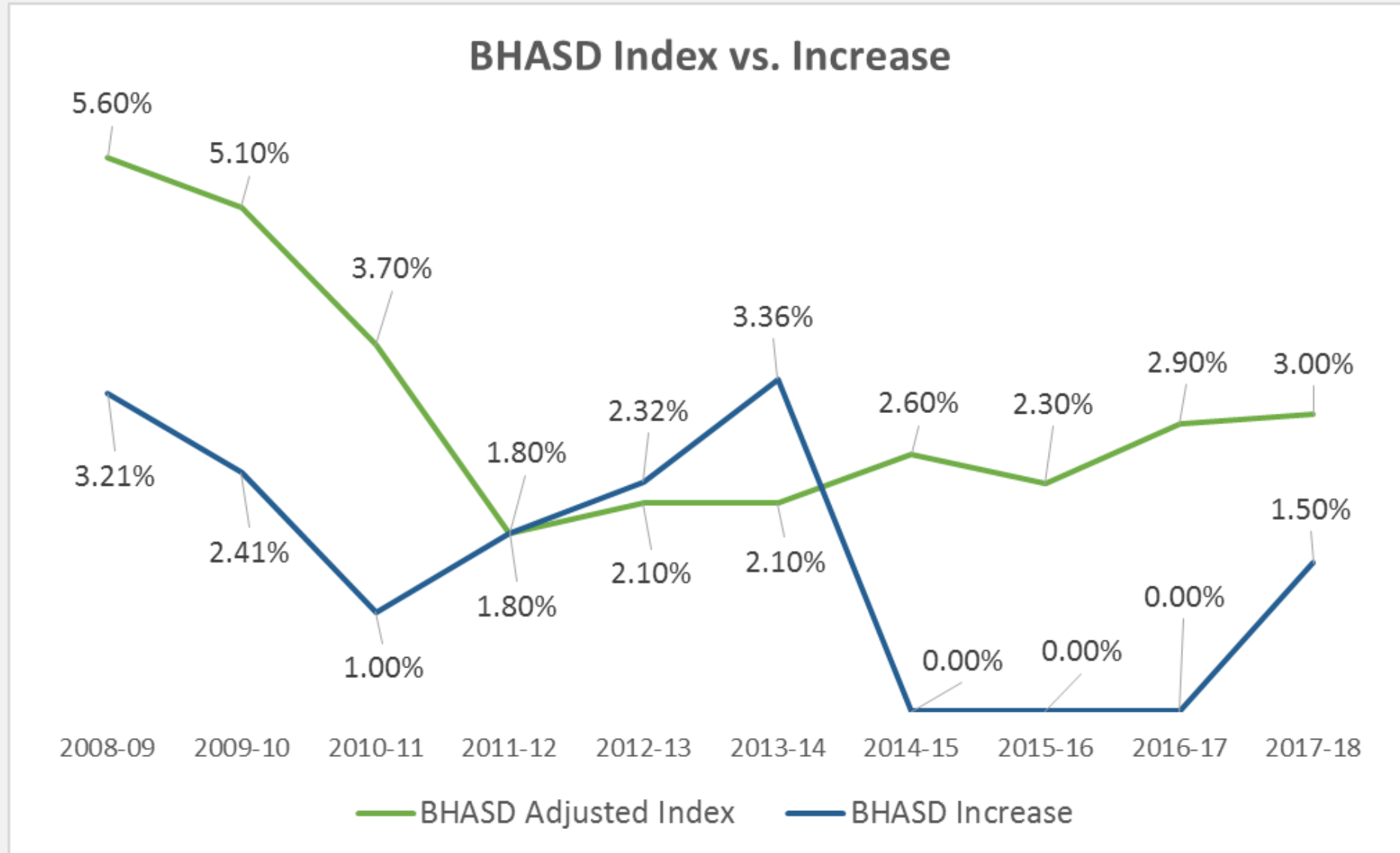
# Millage Increase Effect

	New Millage Rate	Revenue Generated	Operating Budget Deficit	Increase to Average Property Owner
0% increase	32.7845	\$1,052	(\$1,199,616)	\$0
1% increase	33.1123	\$188,961	(\$1,010,655)	\$35
1.4% increase	33.2435	\$264,124	(\$935,492)	\$49
2% increase	33.4402	\$376,869	(\$822,747)	\$70
2.8% increase	33.7025	\$527,195	(\$672,421)	\$98

# Millage Comparison

DISTRICT	2016-17 MILLAGE	2017-18 MILLAGE	CHANGE	% CHANGE
Antietam	37.790	39.150	1.360	3.60%
<b>Brandywine Hts. Area</b>	<b>32.300</b>	<b>32.785</b>	<b>0.485</b>	<b>1.50%</b>
Exeter Twp.	32.219	32.630	0.411	1.28%
Fleetwood Area	31.810	32.560	0.750	2.36%
Daniel Boone Area	29.700	30.200	0.500	1.68%
Wyomissing Area	30.067	30.067	0.000	0.00%
Kutztown Area	29.954	29.954	0.000	0.00%
Muhlenberg	28.560	29.060	0.500	1.75%
Conrad Weiser Area	27.135	28.000	0.865	3.19%
Governor Mifflin	27.100	27.600	0.500	1.85%
Tulpehocken Area	27.700	27.600	-0.100	-0.36%
Twin Valley	26.770	27.546	0.776	2.90%
Schuylkill Valley	27.070	27.070	0.000	0.00%
Hamburg Area	26.710	26.960	0.250	0.94%
Oley Valley	26.328	26.919	0.590	2.24%
Wilson	24.950	25.290	0.340	1.36%
Boyertown Area	24.270	25.020	0.750	3.09%
Reading	17.930	17.930	0.000	0.00%

# Tax Increase History



# State Revenue for 18-19

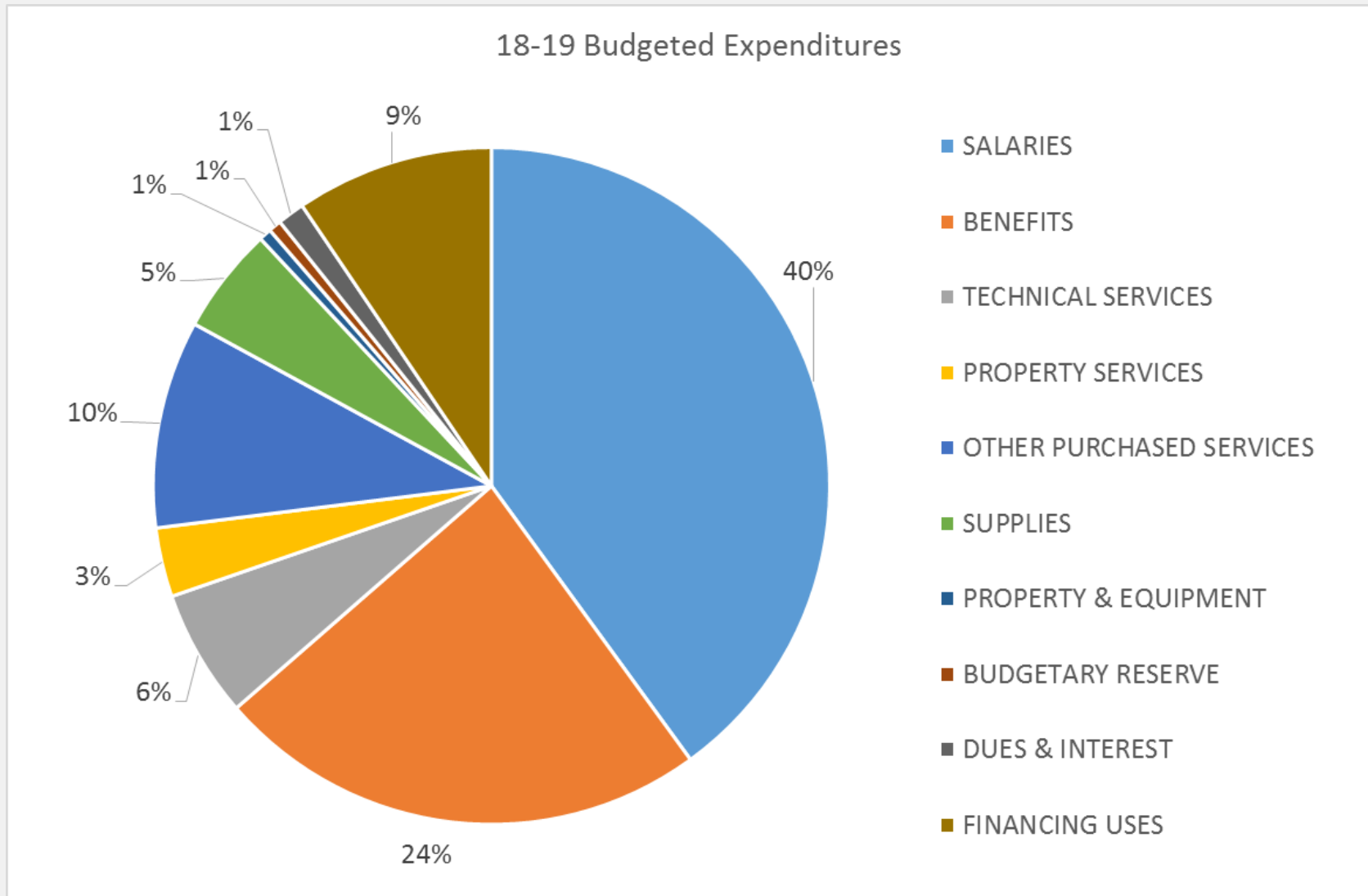
- Governor Wolf budget address on Feb 6<sup>th</sup>.
- Has made prior emphasis on increasing education funding
- Impact of \$100mm extra in basic ed. funding for BHASD - \$29,322
- Budgeted slight increases to BEF and SEF based on the governors past education priorities



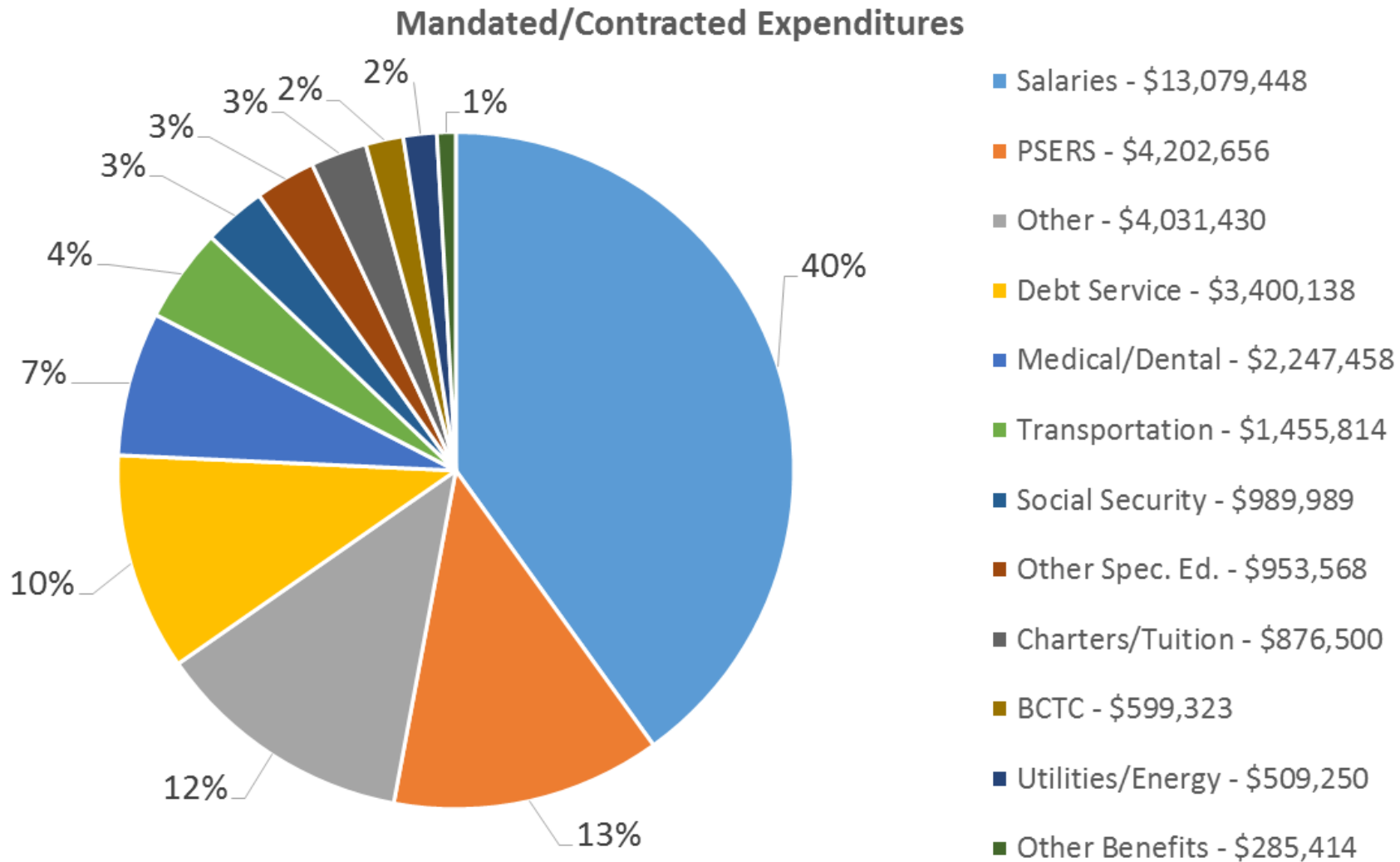
# 2018-19 Expenditure Summary

- Increase in salaries and benefits – 2.8%
  - Total dollar increase - \$571,106
  - Contractual professional staff increases and support/managers group increase
  - Increase in medical rates and other benefits
  - PSERS increase - \$132,311 (full cost, not net of subsidy revenue)
    - .86% increase vs. 2.54% increase previous year
    - \$4.2 mm expense line item
- HS BBN studio upgrade - \$50,000
- Read 180 upgrade - \$51,217
- Curriculum cycle – Sec. Lang. Arts, Library, ESL, HS World Language
- New technology lease cycle

# 2018-19 Expenditure Summary



# 2018-19 Mandated Expenditures



# Historical Expenditure Reductions

- 2009-10
  - Closing of Rockland Elementary
- 2011-12
  - 7 retirements with incentive
  - 4 teacher furloughs
  - 14 support staff reduced
  - MOU with custodial staff for salary reductions
  - Eliminate transportation run
  - Activity fee initiated
  - Closing of Longswamp Elementary
  - Revise curriculum cycle from 5 to 6 year



# Historical Expenditure Reductions

- 2012-13
  - Salary freeze for professional and administrative staff
  - MOU with secretarial staff for salary reductions
  - Outsourcing of technology
- 2013-14
  - Outsourcing of para-professionals
- 2014-15
  - 5 retirements with incentive
- 2015-16
  - 3 positions eliminated, 2 not filled from retirement
- 2016-17
  - 3 retirements with incentive

# Fund Balance as of 7/1/17

Committed - PSERS	1,624,000
Assigned	
Technology Plan	228,000
Deferred maintenance projects	500,000
Potential Litigation/Arbitration	60,000
Early Education Start-up	225,000
Innovative Programs Initiative	75,000
State Budget Delay Reserve	1,500,000
Amount Needed to Balance Budget	1,851,165
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	4,439,165
Unassigned	3,362,854
10.1% of total 17-18 budgeted expenditures	
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Total Fund Balance	<u>9,426,019</u>

# Multi-Year Projection

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Beginning Fund Balance</b>	9,426,020	8,132,552	6,932,936	4,943,749	3,433,667	1,804,578	2,075,897
<b>Revenues</b>	31,382,539	31,431,372	32,064,022	32,646,253	33,000,397	33,618,321	34,080,660
<b>Expenditures</b>	32,676,007	32,630,988	34,053,209	34,156,334	34,629,486	33,347,002	33,841,122
<b>Ending Fund Balance</b>	8,132,552	6,932,936	4,943,749	3,433,667	1,804,578	2,075,897	2,315,435

- 2% local revenue increase (0% tax increase in 18-19 numbers)
- 1.8% average salary increase, 4.5% average benefit increase
- 1.5 % increase in other expenditures
- \$2.7mm debt reduction in 2022-23 (includes \$600,000 expense for ES entrance in 19-20)

# 2018-19 Budget Use of Fund Balance

	Increase/Decrease
Deficit with 0% tax increase	(\$1,199,616)
Revenue from 1.4% tax increase	264,124
Use of PSERS Committed Fund Balance - \$400k over 4 years	400,000
Budgetary Reserve	200,000
HS BBN Studio and Read 180	101,217
Remaining deficit	(234,275)

# Debt Service

## BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT

### Gross Debt Outstanding

As of July 1, 2017

As of Fiscal Year Ending June 30	(1) 2002 Del Val Fixed (1.52%)	(2) 2002 Del Val Fixed (3.86%)	(3) 2014 G.O. Notes	(4) 2014 G.O. Notes (COI)	(5) 2016 G.O. Notes	Total
2018	903,443	1,841,113	105,204	6,188	490,800	3,346,748
2019	235,065	477,504	105,204	41,056	2,544,310	3,403,139
2020			270,204		3,232,500	3,502,704
2021			285,848		3,224,410	3,510,258
2022			3,270,964			3,270,964
2023			472,144			472,144
<b>Total</b>	1,138,508	2,318,618	4,509,568	47,244	9,492,020	17,505,957

(1) Series 2002 DelVal Note, fixed rate portion at 1.519%

(2) Series 2002 DelVal Note, fixed rate portion at 3.856%

(3) Series 2014 Notes, Average Coupon 2.64%, callable anytime

(4) Series 2014 Notes (Cost of Issuance), Average Coupon 2.64%, callable anytime

(5) Series 2016 Notes, Average Coupon 2.20%, callable anytime

# Next Steps

- Continue to review budget for expenditure and revenue adjustments
  - Departmental budget reviews
  - Summary of changes presented at upcoming meetings
- Monitor status of state and federal budget
- Upcoming budget meetings
  - February 19, 2018 – Curriculum/Instruction, Special Education, Technology, Other Instruction
  - February 26, 2018 – Maintenance, Transportation, Business/Board, Athletics
  - March 26, 2018 – Salary & Benefits
  - April 2, 2018 – Final Review (regular board meeting)

# Questions?