

# METHACTON SCHOOL DISTRICT

## PRELIMINARY BUDGET 2014-15

JANUARY 28, 2014



# •BUDGET TIMELINE:

JANUARY 28, 2014 – INITIAL BUDGET REVIEW WITH FULL BOARD  
ADMINISTRATION RECOMMENDS BOARD AUTHORIZE ADMINISTRATION  
TO ADVERTISE PRELIMINARY BUDGET AND SEEK ACT 1 EXCEPTIONS

FEB 11, 2014 – FINANCE COMMITTEE MEETING TO REVIEW BUDGET

FEBRUARY 18, 2014 – FINANCE COMMITTEE/FULL BOARD BUDGET  
REVIEW. ADMINISTRATION WILL RECOMMEND BOARD APPROVE  
PRELIMINARY BUDGET.

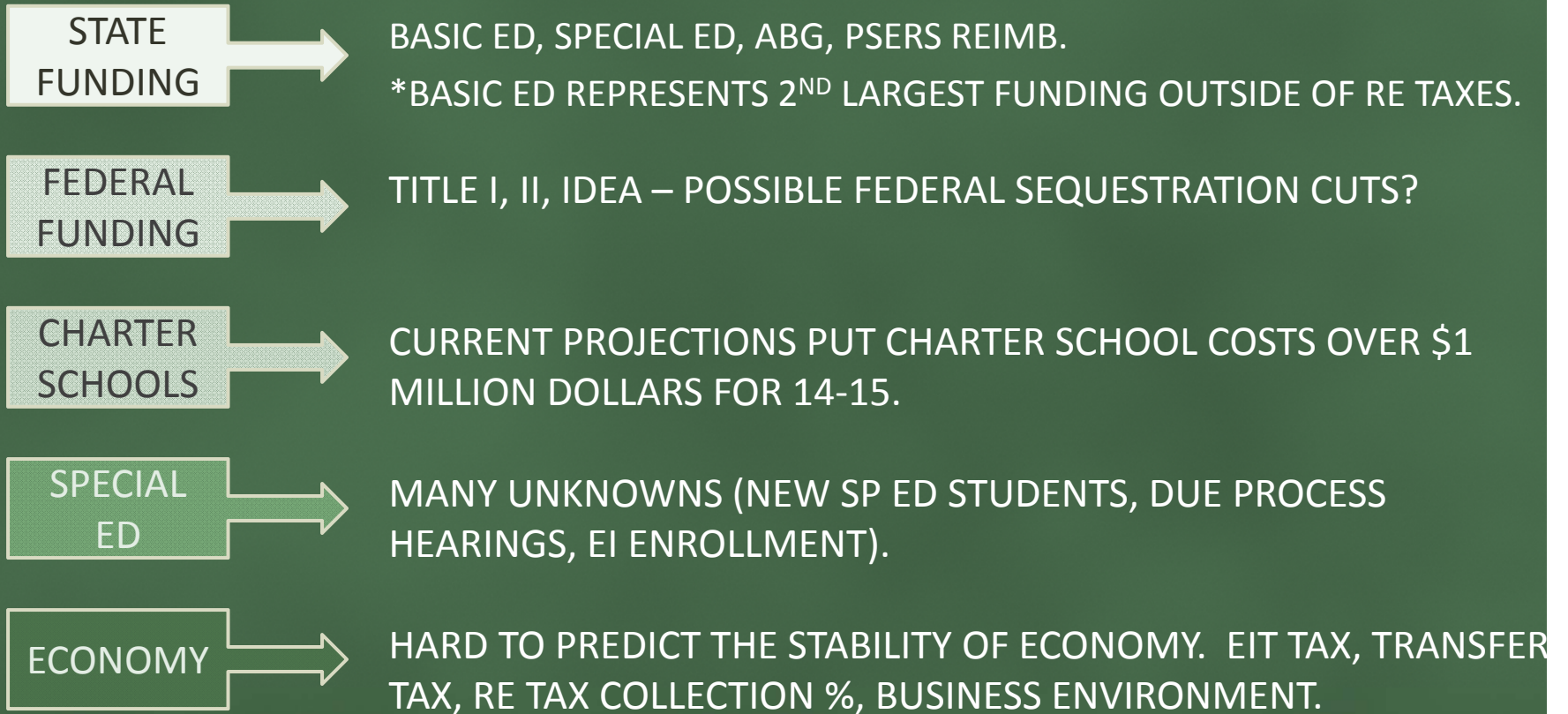
MARCH-APRIL, 2014 – REVIEW AND UPDATES ON BUDGET  
PROGRESS.

MAY 20, 2014 – FINANCE COMMITTEE AND FULL BOARD REVIEW.  
ADMINISTRATION WILL RECOMMEND BOARD VOTE ON PROPOSED  
FINAL BUDGET.

JUNE 17, 2014 – ADMINISTRATION RECOMMEND BOARD VOTE ON  
FINAL BUDGET.

# •BUDGET UNKNOWNNS:

EARLY BUDGET PROJECTIONS FACTOR IN THE FOLLOWING UNKNOWNNS



# •EMPLOYER PSERS COSTS

<u>FY</u>	<u>SALARIES*</u>	<u>PSERS</u>	<u>CONTRIBUTION</u>	<u>INCREASE</u>
2013-14	45,393,833.00	16.93%	7,685,175.93	
2014-15	46,697,880.00	21.40%	9,993,346.32	2,308,170.39
2015-16	48,565,795.20	25.80%	12,529,975.16	2,551,731.27
2016-17	50,508,427.01	28.30%	14,293,884.84	1,767,286.68
2017-18	52,528,764.09	29.15%	15,312,134.73	1,012,369.38
<u>2018-19</u>	<u>54,629,914.65</u>	<u>30.14%</u>	<u>16,465,456.28</u>	<u>1,146,409.13</u>
*4% YRLY ADJ				

*2001-2002 EMPLOYER PSERS RATE WAS 1.09%*

# •REVENUE/EXPENSE PROJECTIONS

2013-14 TO 2014-15

## REVENUES

2013-14 BUDGET = \$94,353,073  
USE OF FUND BAL = \$895,000\*  
TOTAL BUDGET = \$95,248,073

2014-15 PROJ = \$96,509,287  
USE OF FUND BAL = \$250,000\*  
TOTAL EST BUDGET = \$96,759,287

INCREASE = \$1,511,214

## EXPENSES

2013-14 BUDGET = \$95,248,073  
USE OF FUND BAL = \$895,000

2014-15 PROJ = \$99,852,325  
USE OF FUND BAL = \$250,000

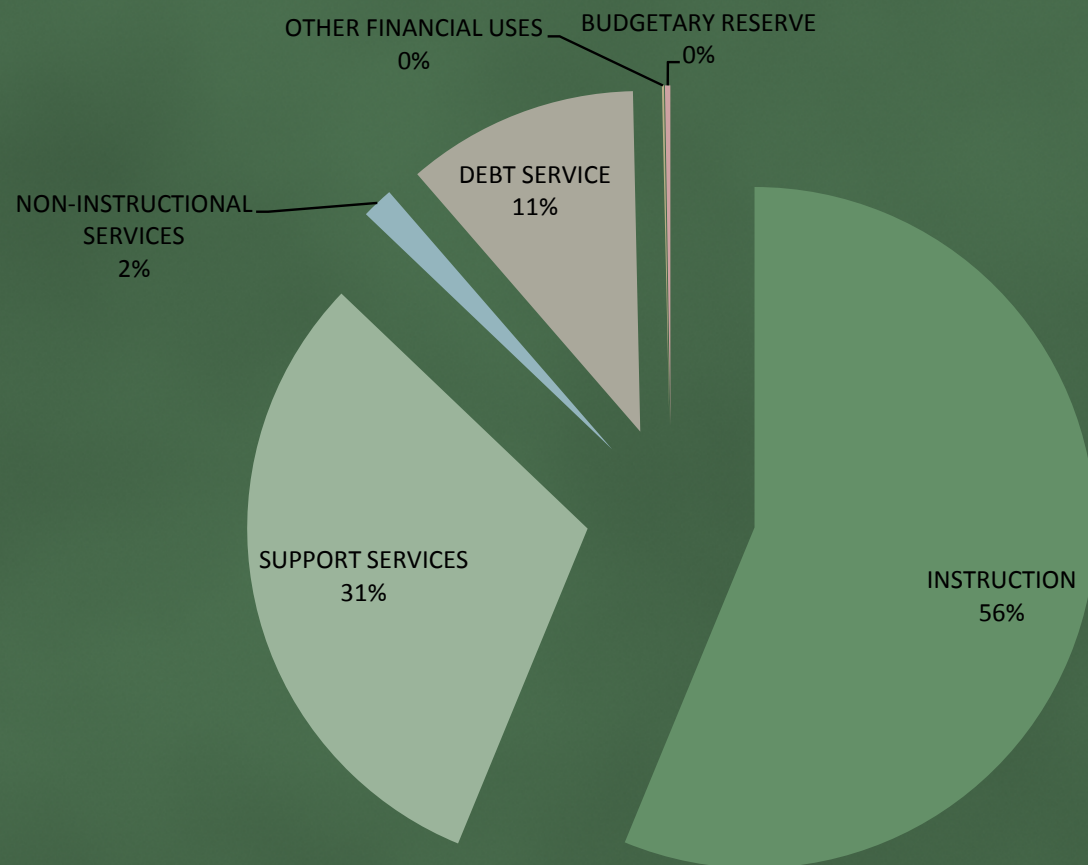
INCREASE = \$4,604,252

\*ADMINISTRATION IS LOOKING TO REDUCE RELIANCE ON FUND BALANCE. THIS IS DUE TO CREDIT RATING, LOW RESERVES, AND USE OF ONE-TIME REVENUE TO OFFSET ONGOING EXPENDITURES.

## •PRELIMINARY EXPENDITURES:

INSTRUCTION	\$56,137,667
SUPPORT SERVICES	\$30,862,164
NON-INSTRUCTIONAL SERVICES	\$1,502,494
DEBT SERVICE	\$11,000,000
CAPITAL PROJECTS	\$100,000
BUDGETARY RESERVE	<u>\$250,000</u>
TOTAL	\$99,852,325

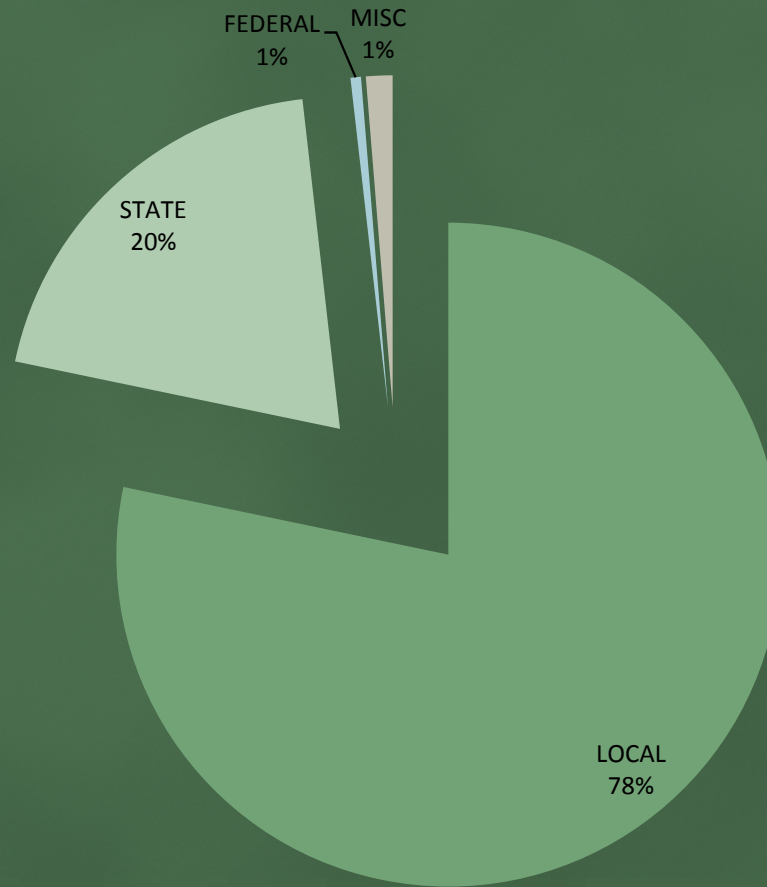
# •PRELIMINARY EXPENDITURES:



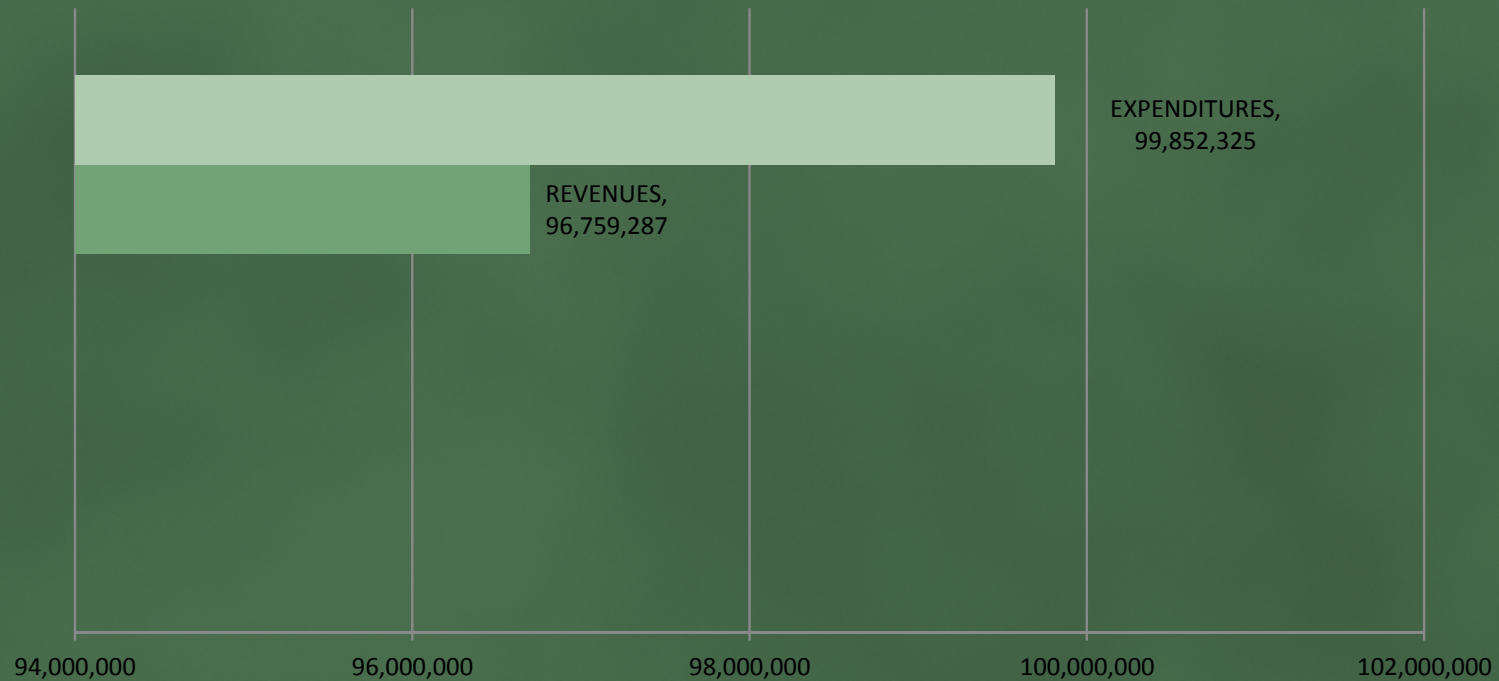
## •PRELIMINARY REVENUES:

LOCAL	\$75,724,917
STATE	\$19,286,433
FEDERAL	\$497,937
CAPITAL LEASE/BUDGETARY RES	<u>\$1,250,000</u>
TOTAL	\$96,759,287

# •PRELIMINARY REVENUES:



# REVENUE TO EXPENDITURE COMPARISON



EXPENDITURES:	99,852,325
REVENUES:	<u>96,759,287</u>
BUDGET DEFICIT:	(3,093,038)

# •SUMMARY OF RE REVENUES AND ACT 1

ACT 1 INDEX FOR 2014-15:

2.1% OR .57 MILLS – \$103.04 AVG INC

PSERS EXCEPTION:

1.32% OR .36 MILLS - \$65.08 AVG INC


SP ED EXCEPTION:

1.10% OR .30 MILLS – \$54.23 AVG INC

TOTAL POSS. INCREASE = 1.23 MILLS OR 4.57% - \$222.35 AVG INC

<u>TAX IMPACT</u>				
<u>HOME ASSESSMENT</u>	<u>INDEX</u>	<u>PSERS</u>	<u>SP ED</u>	<u>TOTAL</u>
100,000	57.00	36.00	30.00	123.00
200,000	114.00	72.00	60.00	246.00
300,000	171.00	108.00	90.00	369.00
400,000	228.00	144.00	120.00	492.00
500,000	285.00	180.00	150.00	615.00
AVG ASSESSMENT				
180,767	103.04	65.08	54.23	222.35

# •SUMMARY OF RE REVENUES AND ACT 1

REVENUES	DOLLAR AMOUNT
BASE RE TAXES	64,239,837
ACT I INDEX – 2.1%	1,388,429
PSERS EXCEPTION - 1.32%	880,998
SP ED EXCEPTION – 1.10%	735,857
TOTAL POSS. TAX INCREASE – 4.52%	3,005,284
CURRENT BUDGET DEFICIT	 (\$3,093,038)

# •FUTURE BUDGET PROJECTIONS

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
EXPENDITURES	99,852,325	104,220,420	108,758,428	113,539,172	118,577,703
REVENUES	<u>96,759,287</u>	<u>99,728,726</u>	<u>102,394,104</u>	<u>104,781,554</u>	<u>107,316,101</u>
<b><u>SURPLUS/(DEFICIT) - STATUS QUO</u></b>	<b><u>(3,093,038)</u></b>	<b><u>(4,491,694)</u></b>	<b><u>(6,364,324)</u></b>	<b><u>(8,757,618)</u></b>	<b><u>(11,261,602)</u></b>
EXPENDITURES	99,852,325	104,220,420	108,758,428	113,539,172	118,577,703
REVENUES	96,759,287	102,734,010	105,399,388	107,786,838	110,321,385
TAX INCREASE	3,005,284	-	-	-	-
TOTAL REVENUES	99,764,571	102,734,010	105,399,388	107,786,838	110,321,385
<b><u>SURPLUS/(DEFICIT) - TAX INC</u></b>	<b><u>(87,754)</u></b>	<b><u>(1,486,410)</u></b>	<b><u>(3,359,040)</u></b>	<b><u>(5,752,334)</u></b>	<b><u>(8,256,318)</u></b>
CAPITAL RESERVE	843,461	743,461	643,461	543,461	443,461
% OF BUDGET	0.84%	0.71%	0.59%	0.48%	0.37%
FUND BALANCE	4,922,256	4,922,256	4,922,256	4,922,256	4,922,256
% OF BUDGET	4.93%	4.72%	4.53%	4.34%	4.15%
RE TAX INC	4.52%	0.00%	0.00%	0.00%	0.00%

# •RISK OF USING FUND BALANCE/ACT 1

<u>FISCAL YEAR</u>	<u>EXPENSES</u>	<u>REVENUES</u>	<u>FUND BALANCE</u>	<u>FUND BAL USAGE</u>	<u>BALANCE</u>
2014-15	10	9	5	1	0
2015-16	11	9.5	4	1.5	0
2016-17	12	10	2.5	2	0
2017-18	13	10.5	0.5	0.5	-2
2018-19	14	11	0	0	-3

# CAPITAL PROJECTS:

2014-15 TO 2018-19 – OVER \$4 MILLION IN PROJECTS AND ONLY \$1 MILLION IN CAPITAL RESERVE.

RECOMMEND ALLOCATION OF \$100,000 TO 14/15 BUDGET AND INCREASING THAT AMOUNT EACH OF THE NEXT FIVE (5) BUDGETS TO AN AMOUNT OF \$500,000 IN GENERAL FUND DOLLARS.



# BUDGET SUMMARY

1. EARLY IN THE PROCESS, MANY UNKNOWNNS
2. CAPITAL NEEDS – CURRENT AND FUTURE
3. FUND BALANCE – NEED TO BUILD RESERVES
4. ACT 1 LIMITATIONS – UNKNOWN FUTURE CONSTRAINTS
5. LIMITED DISCRETIONARY EXPENSES IN BUDGET

# •NEXT 2 MONTHS... IMPORTANT DATES

JANUARY 28, 2014 – PUBLICLY ADVERTISE PRELIMINARY  
BUDGET AND SEEK ACT 1 EXCEPTIONS

FEBRUARY 11, 2014 - FINANCE COMMITTEE

FEBRUARY 18, 2014 – APPROVAL OF PRELIMINARY BUDGET

# •NEXT STEPS

- Conduct Building Budget Meetings
- Construct a Budget Booklet for Board members
- Review Enrollment and Capacity Data
- Conduct Program Evaluations
- Expenditure Review Process

QUESTIONS ?

THANK YOU.