



2020-2021 Proposed Final Budget Presentation

NORTHWESTERN LEHIGH SCHOOL DISTRICT
BOARD WORKSHOP
MAY 6, 2020

2020-2021 BUDGET GOALS

1. Implement strategic planning mission, vision & goals
2. Provide instructional programs to meet Chapter 4 requirements in core content areas and in the related arts
3. Provide staffing to meet instructional & operational needs
4. Continue to commit to long range technology planning
5. Continue to support the Facilities Master Plan to address ongoing facility needs
6. Develop a budget with a long- term and short-term focus
7. Continue to identify areas to maximize efficiencies and reduce costs without negatively impacting programs
8. Provide a fund plan to meet the district's needs while minimizing any potential tax increase to taxpayers

2020-21 Budget Recap

- **NOVEMBER**

- Initial presentation of 2020-21 Budget and recommendation to apply for Act 1 Exceptions

- **JANUARY**

- Adoption of Preliminary Budget and approval to apply for Act 1 Exceptions

- **FEBRUARY**

- Budgeting Strategies

- **APRIL**

- Updated Budget Assumptions
- COVID-19 Impact

2020-21 Budget Summary

	Final Budget 2019-20	January Budget 2020-21	April Budget 2020-21	May Budget 2020-21	Change from April	Change from 2019-20
Building & Departments	3,145,053	3,148,386	3,148,386	3,148,386	-	3,333
Salaries	19,914,923	20,624,928	20,624,928	20,283,230	(341,697)	368,307
Benefits	11,579,623	12,139,631	11,996,978	11,938,348	(58,630)	358,725
District Wide & Grants	12,018,353	12,555,104	12,373,842	12,136,342	(237,500)	117,989
Total Expenditures	46,657,952	48,468,049	48,144,134	47,506,305	(637,829)	848,353
Total Revenue	44,993,971	44,972,905	45,002,873	43,783,358	(1,219,515)	(1,210,613)
Surplus/(Shortfall) before FB	(1,663,981)	(3,495,144)	(3,141,261)	(3,722,947)	(581,686)	(2,058,966)
Proposed Millage Increase 3.65%		1,000,000	1,000,000	1,000,000		
Revised Shortfall		(2,495,144)	(2,141,261)	(2,722,947)		

NOTE: April revisions do not include any staffing changes.

Changes from April 1st

REVENUES	Change from April
NET CHANGE	(-) 1,220,000

EXPENDITURES	Change from April
Salaries	(-) 342,000
Benefits	(-) 59,000
District Wide/Grants	<u>(-) 238,000</u>
NET CHANGE	(-) 639,000

	Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease) over Prior Year
Local	\$30,080,143	\$30,834,892	\$30,643,562	(\$191,330)
State	\$13,470,635	\$13,939,079	\$13,909,796	(\$29,283)
Federal	<u>\$231,792</u>	<u>\$220,000</u>	<u>\$230,000</u>	<u>\$10,000</u>
Total	\$43,782,571	\$44,993,971	\$44,783,358	(\$210,613)

* Proposed Final Budget includes a millage increase of \$1,000,000

Revenues-Local Variances

Category	Increase /(Decrease) over Prior Year
Real Estate Taxes	(\$462,000)
Interim Real Estate Taxes	(175,000)
Earned Income Tax	(365,000)
Delinquent Real Estate Taxes	(100,000)
Earnings on Investments	(167,000)
Contributions	(50,000)
All other Local Sources	<u>128,000</u>
Total Variance	(1,191,000)
Millage Increase	<u>\$1,000,000</u>
Net Decrease	<u>(\$191,000)</u>

2020-21 Millage Recommendation

Millage Increase- Current 1920 Millage 16.6138 mills	0.6057 mills (3.65%) * 17.2195
2020-21 Proposed Millage Rate	17.2195
Total Tax Revenue Generated	\$1,000,000
Average Assessed Value (Residential)	\$220,000
Dollar (\$) Increase to Avg Taxpayer	\$133.36

Revenues-State Variances

Category	Increase /(Decrease) over Prior Year
Safe Schools Grant	(\$96,000)
Retirement Reimbursement	46,000
Net Other Variances	<u>21,000</u>
Total Variance	(\$29,000)

Revenues-Federal Variances

Category	Increase /(Decrease) over Prior Year
Total Variance	\$10,000

Millage Rate History

Year	Millage	Increase in Mills	% Increase	Estimated Value of 1 Mill
2020-21	17.2195	.6057	3.65%	\$ 1,613,191
2019-20	16.6138	0.3735	2.30%	\$1,610,986
2018-19	16.2403	0.2772	1.74%	\$1,594,088
2017-18	15.9631	0.00	0.00%	\$1,555,490
2016-17	15.9631	0.00	0.00%	\$1,503,317
2015-16	15.9631	0.00	0.00%	\$1,498,438
2014-15	15.9631	0.00	0.00%	\$1,453,559
2013-14 * reassessment	15.9631	0.00	0.00%	\$1,385,373

Expenditure Changes from 2019-2020

Category	Change from 2019-2020
Salaries (100)	(+) 377,000
Benefits (200)	(+) 350,000
Professional & Tech Services (300)	(+) 104,000
Property Services (400)	(-) 1,000

Category	Change from 2019-2020
Other Services (500)	(+) 104,000
Supplies (600)	(-) 21,000
Property (700)	(-) 106,000
Other Financing Uses (800/900)	<u>(+) 43,000</u>
NET CHANGE	(+) 850,000

100-Salaries

Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease)
\$19,344,473	\$20,107,523	\$20,484,830	\$377,307

- Annual salary increases
- Projections for professional staff
- Additional positions budgeted for Special Education Teacher and Instructional Aides
- Changes to budgeted hours based on historical trend and anticipated needs
- Additional staffing changes to be included in June Final Budget Adoption

200-Benefits

Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease)
\$10,818,179	\$11,387,023	\$11,736,747	\$349,724

- +3.58% increase to premiums for medical & prescription premiums
- Prior year open enrollment/opt-out changes
- Increased PSERS employee contribution rate to 34.51%
- Increases to other benefits (FICA, Life, LTD, W/C) based on projected staffing

300-Contracted Professional Services

Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease)
\$1,849,083	\$1,631,957	\$1,735,457	\$103,500

- Increases to special education services

400- Purchased Professional Services

Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease)
\$805,749	\$666,050	\$664,880	(\$1,170)

- Minimal changes to all 4XX accounts

500-Other Purchased Services

Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease)
\$3,657,115	\$4,058,183	\$4,161,629	\$103,446

- Increase to cyber/charter tuition payments based on projected enrollment
- Increase for LCTI contribution
- Minimal other changes to 5XX accounts

600-Supplies

Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease)
\$2,850,713	\$2,744,073	\$2,723,534	(\$20,539)

- Minimal increase to general supplies based on needs
- Increase for heating oil & diesel based on estimated bid pricing & usage (anticipated reduction for June Final Budget Adoption)
- Reduction of technology supplies due to removal of one time PCCD grant funds

700-Property

Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease)
\$678,637	\$485,117	\$378,676	(\$106,441)

- Reduction of budget funds for fleet replacements

800/900-Other

Actual 2018-19	Final Budget 2019-20	Proposed Final Budget 2020-21	Increase/ (Decrease)
\$7,263,712	\$5,578,026	\$5,620,553	\$42,527

- Reduction to debt service payments based on new payment schedules
- Increase to Capital Reserve Transfer based on Refinancing Savings reallocated from debt service

Estimated Use of Fund Balance

Estimated Shortfall – May 13th	(\$3,722,948)		
RESTRICTED		ASSIGNED	
Scholarships	\$15,000	Curriculum/Strategic Plan	\$15,000
COMMITTED		Technology	135,000
Emmaus Bond Pool Stabilization	200,000	Athletic Clubs	5,000
OPEB	30,000	UNASSIGNED	
PSERS Stabilization	509,000	Unassigned Use	100,000
Energy Stabilization-heating oil & diesel	171,000	Budgetary Reserve	400,000
Millage Stabilization-Senior Tax Rebate	325,000		
		REMAINING SHORTFALL TO BE FUNDED	(\$1,817,948)
		PROPOSED TAX INCREASE	<u>\$1,000,000</u>
		UNFUNDED SHORTFALL	(\$817,948)

Additional reductions and/or use of fund balance needed to balance budget for June. For Proposed Final Budget, additional reduction will be taken from unassigned fund balance



2019-2020 Estimated Budget Variances

	1920 Budget	1920 Estimated Actual	Budget Variance Over/(Under)	
Revenues				
Local	\$30,834,892	\$30,378,379	(\$465,513)	
State	13,939,079	13,568,019	(371,060)	
Federal	220,000	225,974	5,974	
Other	<u>0</u>	<u>2,200</u>	<u>2,000</u>	
	\$44,993,971	\$44,174,572	(\$819,399)	-1.82%
Expenditures				
100	\$20,107,523	\$19,754,425	(\$353,098)	
200	11,387,023	11,308,977	(78,046)	
300	1,631,957	1,594,345	(37,612)	
400	666,050	577,000	(89,050)	
500	4,058,183	3,902,356	(155,827)	
600	2,744,073	2,460,842	(283,231)	
700	485,117	470,790	(14,327)	
800/900	<u>5,578,026</u>	<u>5,129,000</u>	<u>(449,026)</u>	
	\$46,657,952	\$45,197,735	(\$1,460,217)	-3.13%
Net Variance			(640,818)	-1.37%

2020-2021 Proposed Final Budget

	2020-2021
Total Revenues	\$43,783,358
Total Expenditures	<u>\$47,506,306</u>
Shortfall	(\$3,722,948)
Proposed Tax Increase	<u>\$1,000,000</u>
Proposed Final Shortfall	(\$2,722,948)

This budget includes a **0.6057 TAX MILLAGE INCREASE,**

and includes fund balance use of **\$2,722,948.**

Additional reductions to be included in Final Budget Adoption to reduce use of Fund Balance to an estimated \$1,950,000.