

# North Penn School District

2019-2020 Draft Preliminary Budget  
Special Finance Committee Meeting  
February 4, 2019



# Budget Agenda

- Timeline
- 10,000 ft. summary overview
- Major drivers of budget
- Next steps

# Takeaways

- Very early
- Challenging budget
- Worst case scenario
- Tighter budget

# 3 Step Process

Preliminary

Proposed Final

Final

# Budget Timeline

2/4

First Draft of Preliminary Budget  
Special Finance Committee Meeting

2/12

Preliminary Budget Adoption  
Referendum Exceptions Consideration  
Board Worksession

5/16

Adoption of Proposed Final Budget  
Board Action Meeting

6/20

Adoption of Final Budget  
Board Action Meeting

# Balanced Budget

Revenues = Expenses

# Deficit Budget

Expenses > Revenues

# Surplus Budget

Revenues  $>$  Expenditures



0%

\$14.1 M

Deficit Budget

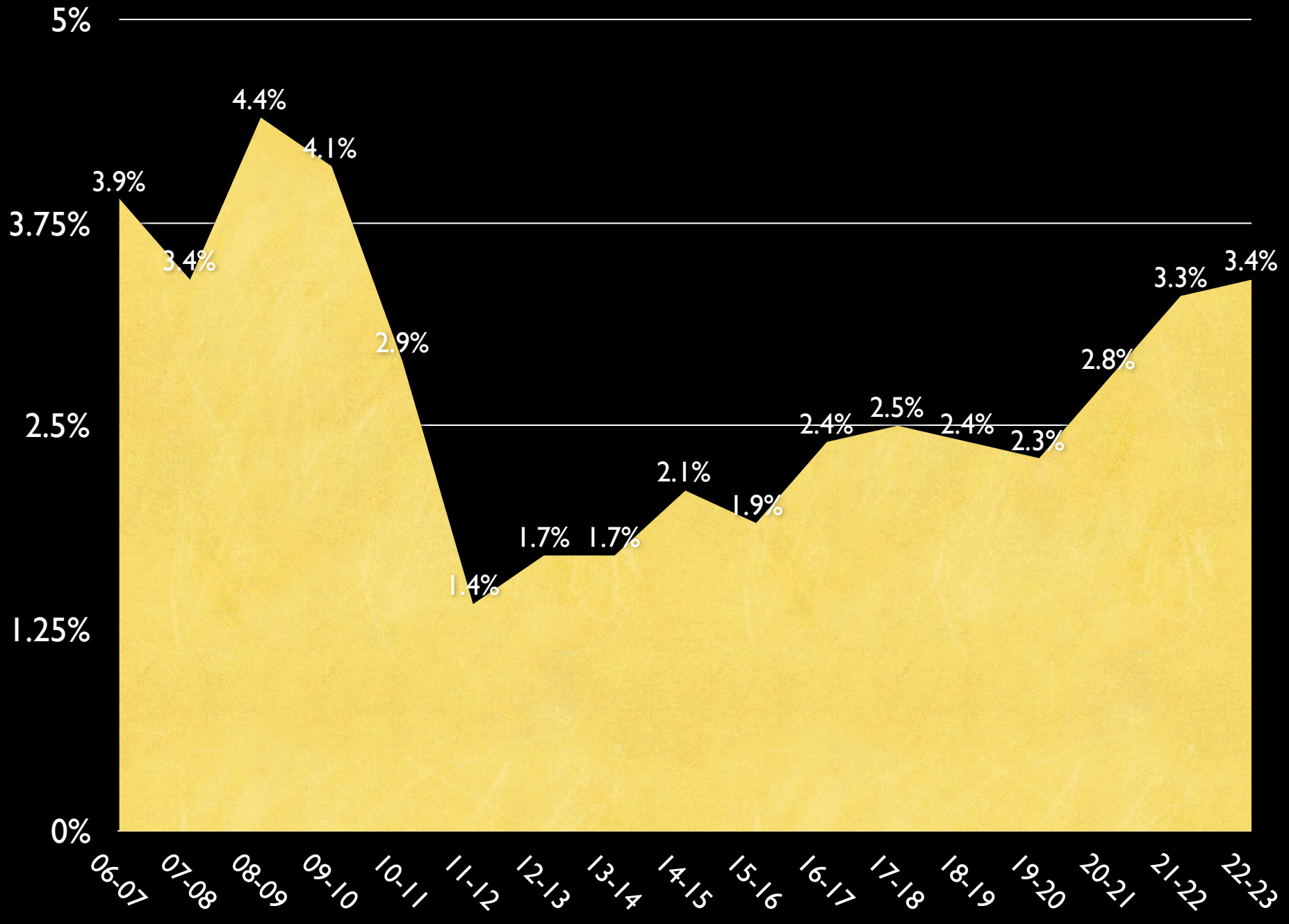
7.86%

To Balance

# Budget Comparison

<b>Fiscal Year Budget</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Surplus (Deficit)</b>
2019-2020	\$261,594,995	\$275,684,302	-\$14,089,307
2018-2019	\$257,503,013	\$260,247,826	-\$2,744,813
\$ Change	\$4,091,982	\$15,436,476	-\$11,344,493
% Change	1.59%	5.93%	

# Act I Index



Act I Exceptions

Special Education

\$1,553,866

# Act I Exceptions

## Retirement

\$48,056

Act I Exceptions

Special Education

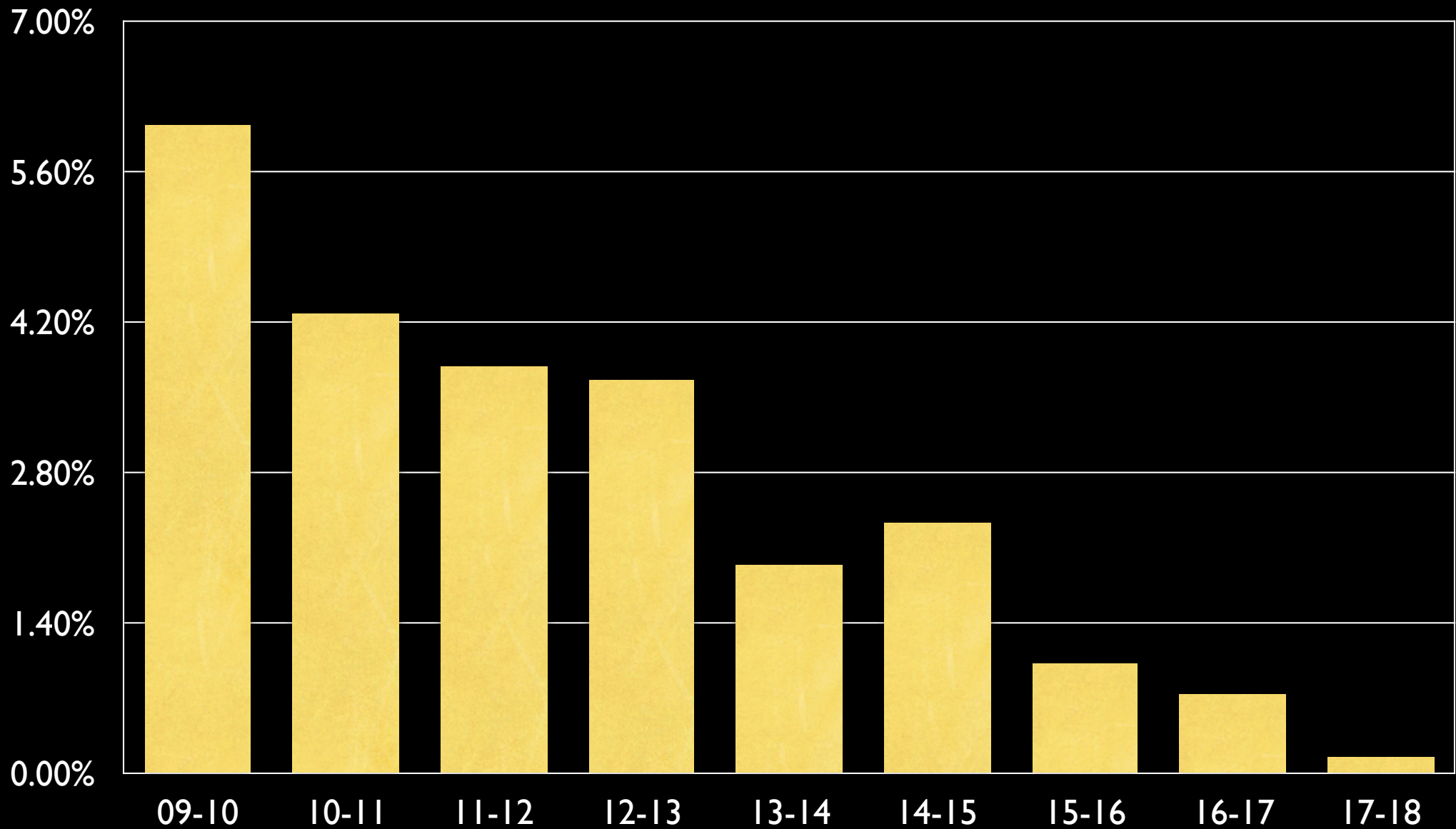
Retirement

+0.89%

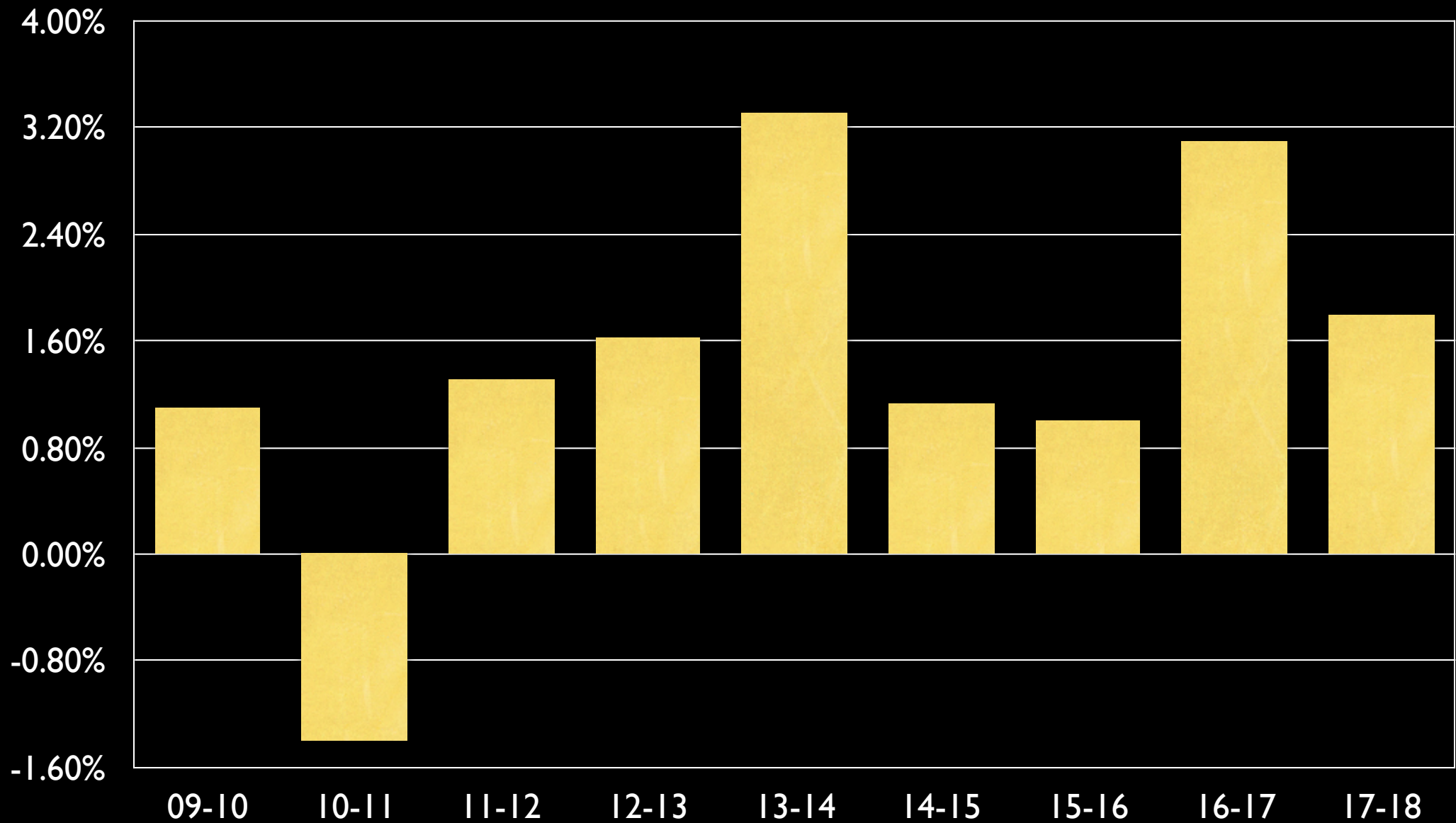
3.19%



# Expenditure Variances



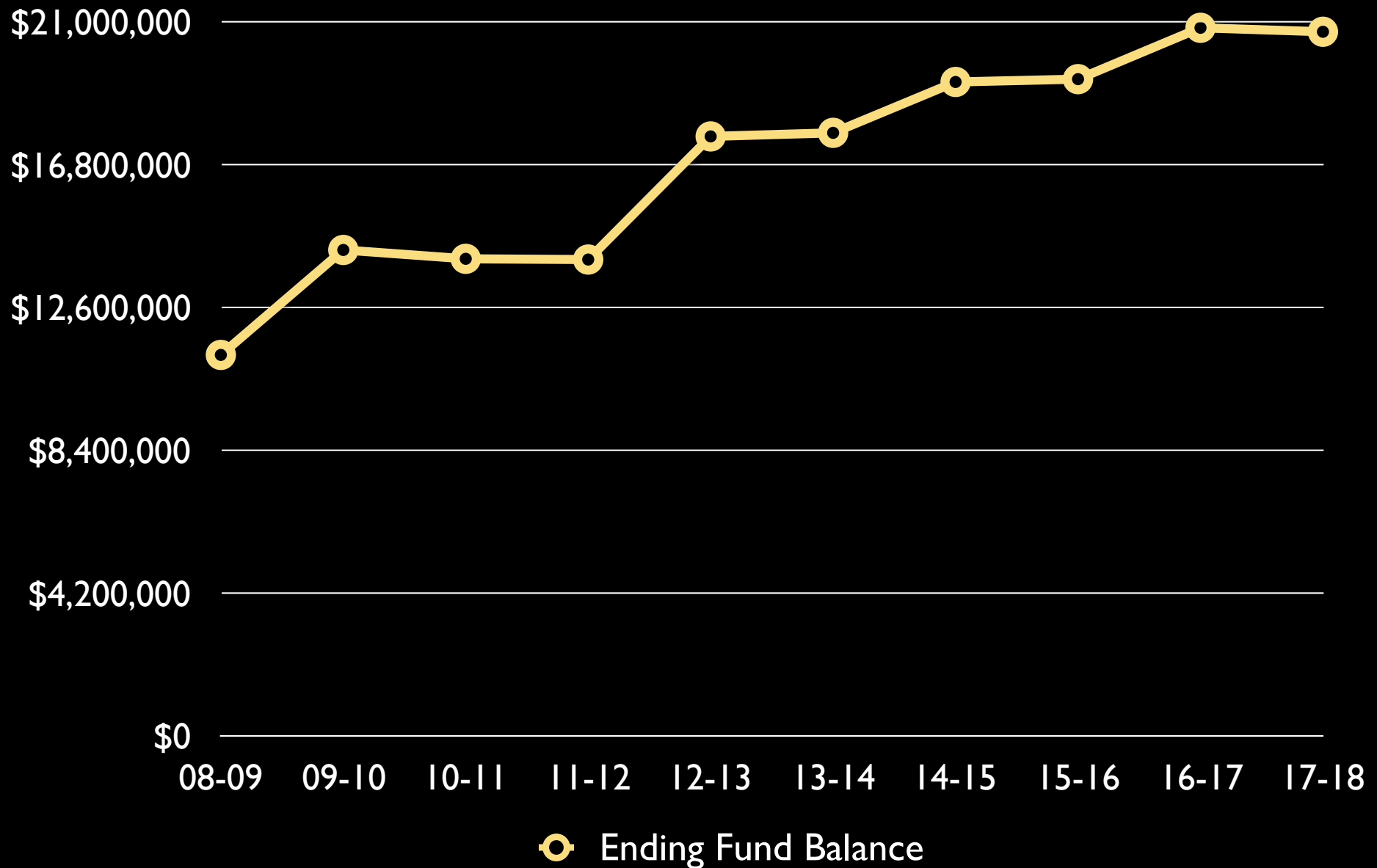
# Revenue Variances



# Fund Balance Breakdown 6/30/18

<b>Description</b>	<b>Amount</b>
Nonspendable (inventory & prepaid items)	\$683,858
Assigned for self-funded insurance	\$2,700,000
Committed to PSERS	\$16,806,523
Unassigned (7.96%)	\$20,727,432
<b>Total Fund Balances</b>	<b>\$40,917,813</b>

# Unassigned Fund Balance History



# The Good...

- Expiration of technology lease ~ \$1.4 M
- No retirements as of yet ~ \$1,000,000
- Retirement rate ~ 2.57% increase

# The Good...

- Health care 1st look rates ~ \$464,356
- Growth in EIT, transfer tax, investment income ~ \$1,350,000
- Additional propane bus grant ~ \$500,000

# The Unknowns...

- State funding ~ 2.0% budgeted
- Federal funding ~ 2.0% budgeted
- Retirements
- Staffing changes
- Worker's comp rates ~ 0% budgeted

# The Financial Challenges...

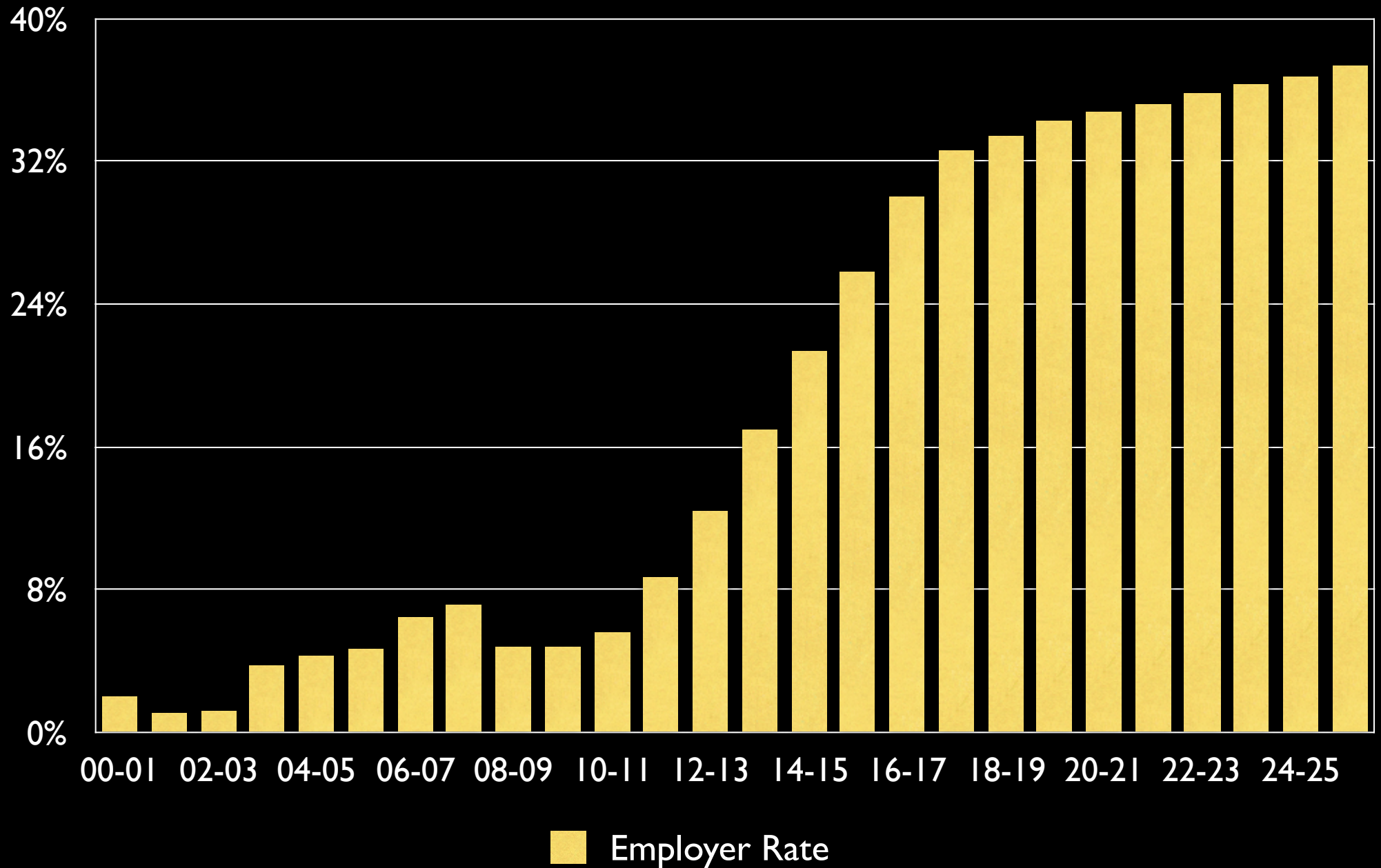
- Capital plan ~ \$500,000
- Retirement increase ~ \$3.3 M
- Tax base ~ 0.13% increase
- Tax base ~ \$242,254 new revenue



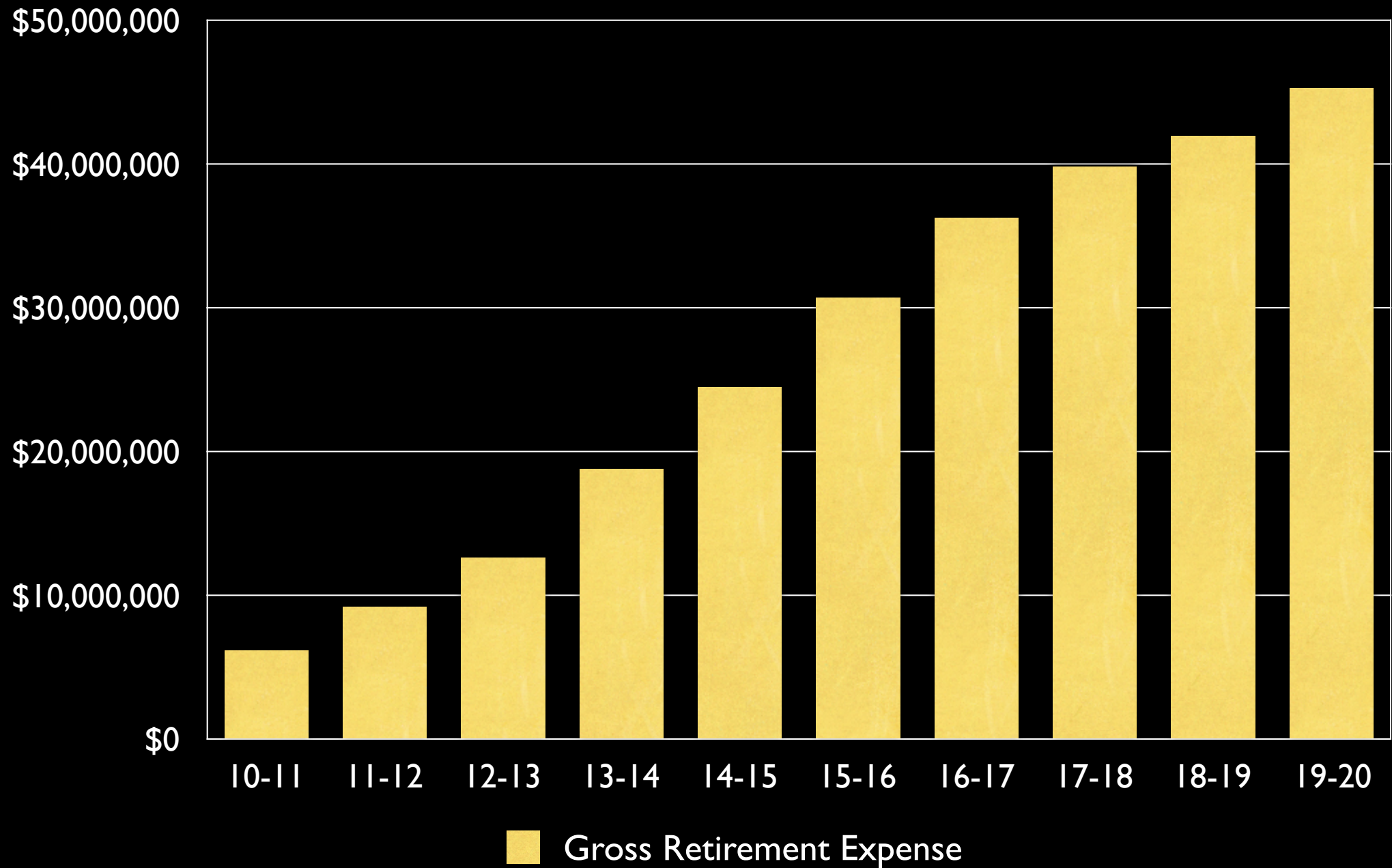
# The Financial Challenges...

- Salary increases ~ \$4.8 M
- Charter school tuition ~ \$500,000
- New debt ~ \$1.0 M

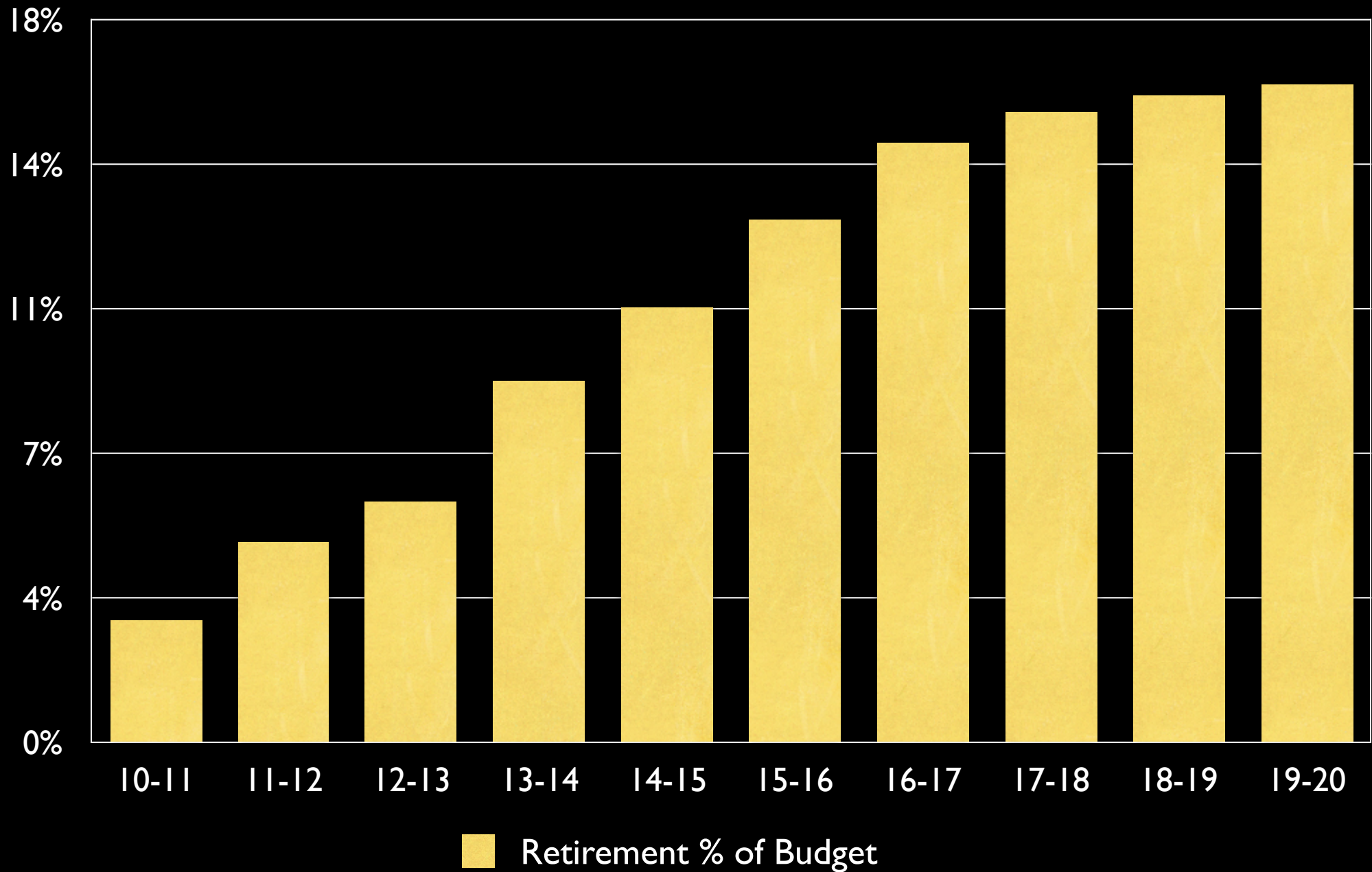
# Retirement Rate



# Retirement Expense



# Retirement as a % of Budget



# Budget Scenario

Current Budget Deficit	-\$14,089,307
Act I Increase - 2.30%	\$4,127,883
Anticipated Retirements	\$1,000,000
Budgetary Reserve	\$1,500,000
Potential Positive Variances (0.50%)	\$2,686,396
<b>Revised Deficit</b>	<b>-\$4,775,028</b>

# Tax Scenarios

<b>Tax Increase</b>	<b>Additional Revenue</b>	<b>Remaining Deficit</b>	<b>Average Homestead Increase</b>
0.00%	\$0.00	\$14,089,307	\$0
1.00%	\$1,786,171	\$12,303,136	\$38
1.50%	\$2,686,289	\$11,403,018	\$57
2.00%	\$3,586,406	\$10,502,901	\$75
2.30%	\$4,127,883	\$9,961,424	\$87
3.19%	\$5,731,218	\$8,358,089	\$121

# Next Steps

- Line item review of all revenues and expenses
- Governor's budget address
- PSERS rate stabilization fund utilization analysis
- Staffing recommendations
- 5-year projections
- Refine and update data based on new information

# Discussion

