



# Manheim Township School District

2016-2017 Budget Update

May 7, 2016

# Review of Timeline

- **Fall 2015** – Began budget discussions
- **September 30** – Act 1 index notification - 2.4%
- **January** – Approved Preliminary Budget
- **February** – Submitted Referendum Exceptions
- **January-May** – Budget meetings/ discussions/ decisions/refine projections
- **May 12, 2016** – Approve proposed final budget  
(must be 30 days prior to final approval)
- **June 16, 2016** – Approve final budget

# Budget Considerations

- Accuracy of Projections – Continue to gather data/trends with changing circumstances
  - Review of prior years actuals/current year projections
  - Budget process for subsequent year begins while still closing out prior year operations and in midst of current year operations
  - Budget for subsequent year is approved before final results of current year operations are complete
- Evaluate program/district needs
- Balance between program needs and resources available

Expenses must = revenues so districts  
must make hard decisions  
(consider fund balances/future projections)

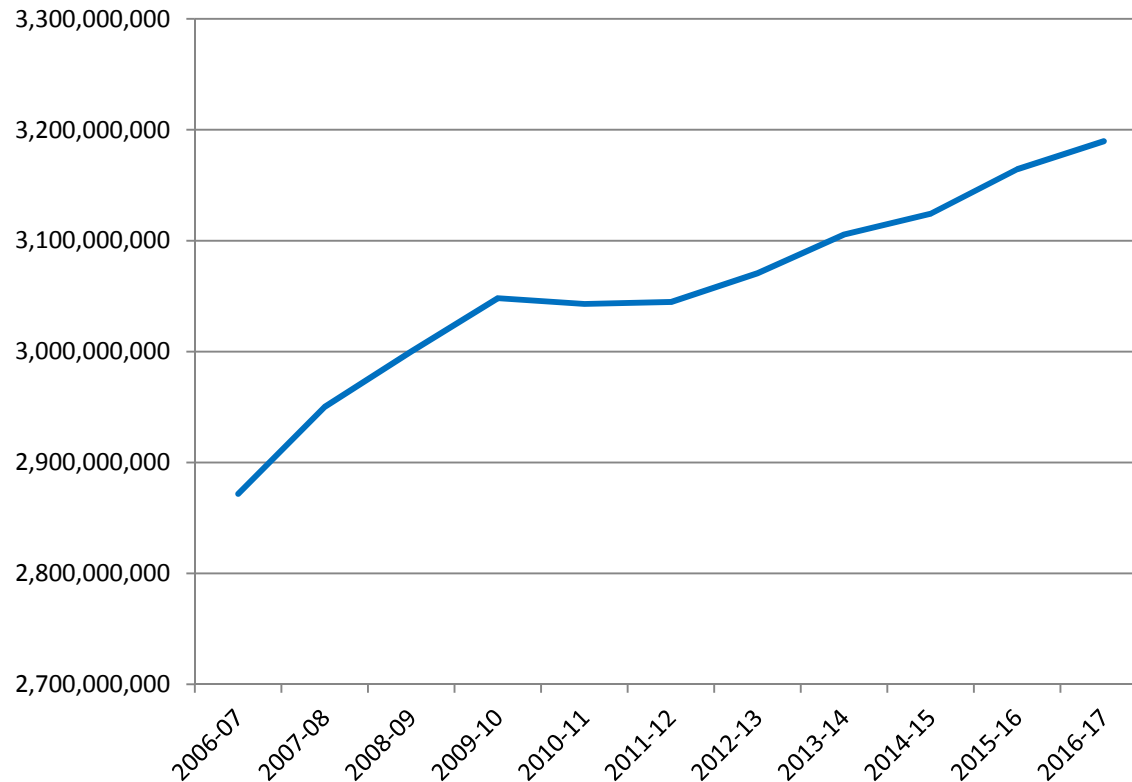


# Review of Revenue Streams

## - Local Sources -

- Current Real Estate Tax Revenue
  - Continued monitoring of taxable assessed values  
(most recent total assessment decreased/expected to increase)
  - Act 1 Index Limit for 2016-17 – 2.4%
  - Tax millage with 2.4% increase = 19.0883 mills
  - March 16 Board presentation prepared with 2.4% increase in millage
    - 2.4% generates \$1.4 million additional revenue
    - Tax increase on median assessed value of \$161,400 = \$72

# Changes in Total Taxable Assessment Values

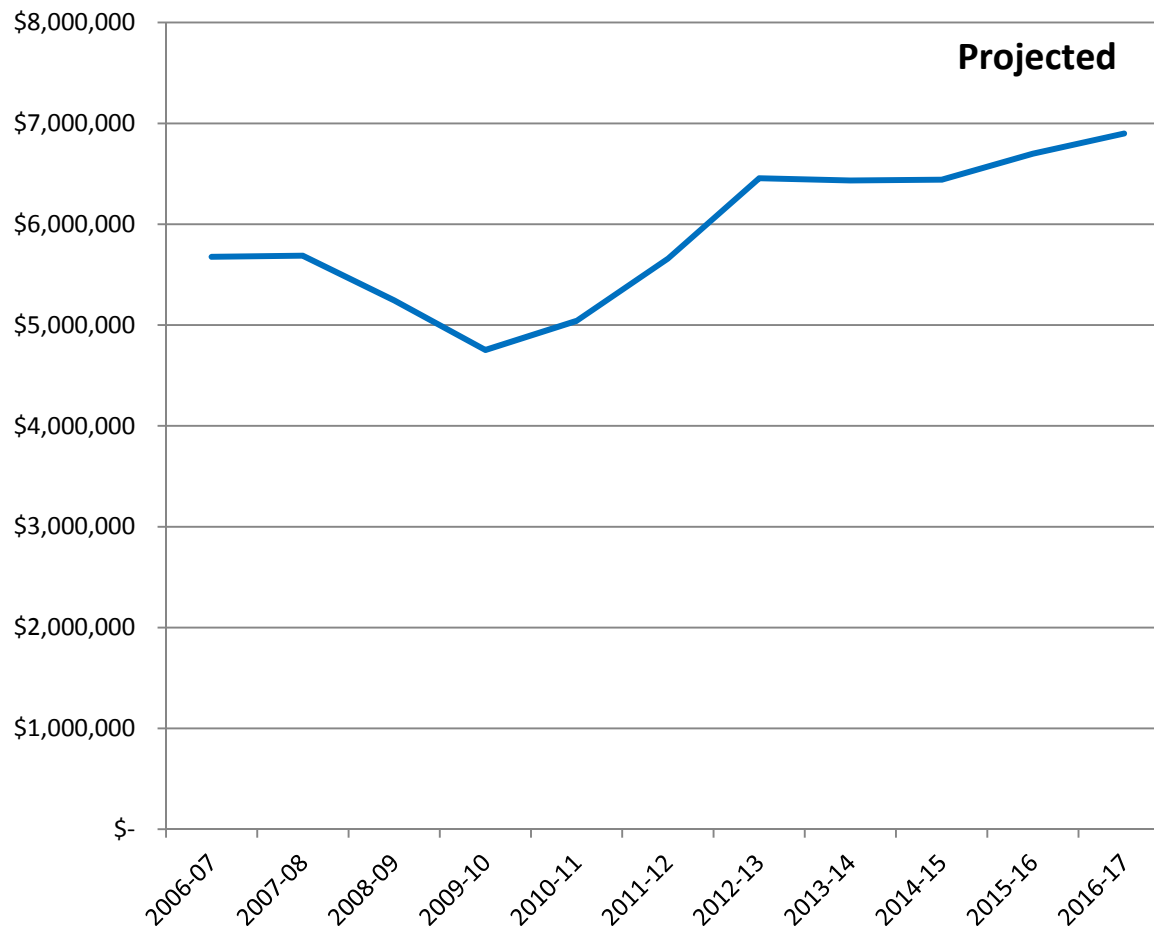


## Assessment Considerations:

- Residential and Commercial development
- Uncertainty with timing of future development both residential and commercial
- Commercial and residential tax appeals continue
- Large Alcoa tax appeal originally filed in 2005-06 settled in 2013-14, with additional reduction in 2014-15 as result of appraisal
- County wide reassessment postponed another year - may go into effect for 2018-2019 school year?

# Review of Revenue Streams

## - Local Sources – Current Earned Income Taxes



### Considerations:

- Receive ½ of 1% earned income tax
- Previous uncertainty with change in method of collection effective in 2012
- With increased collections, budget and projections have been increased
- Actual revenues have held steady at \$6.4 million over last three years
- **NOTE: 15-16 and 16-17 are projected amounts – continue to monitor**

# Review of Revenue Streams

## - Other Local Sources -

- Real Estate Transfer Taxes - \$1.2 million budgeted
  - Receive ½ of 1% transfer tax on sale of property
  - Cannot count on large transfers of property each year
- Other Local Tax Considerations
  - SDoL final payment/annexation of \$434,384 in 2017-18
  - Unknown timing of increased assessments for Interim Taxes
- Other Local Revenue
  - Federal IDEA Funds pass thru - decreasing
  - Additional rental income – Verizon Tower
  - Other Grants-Budgeted Revenue = Budgeted Expenditure

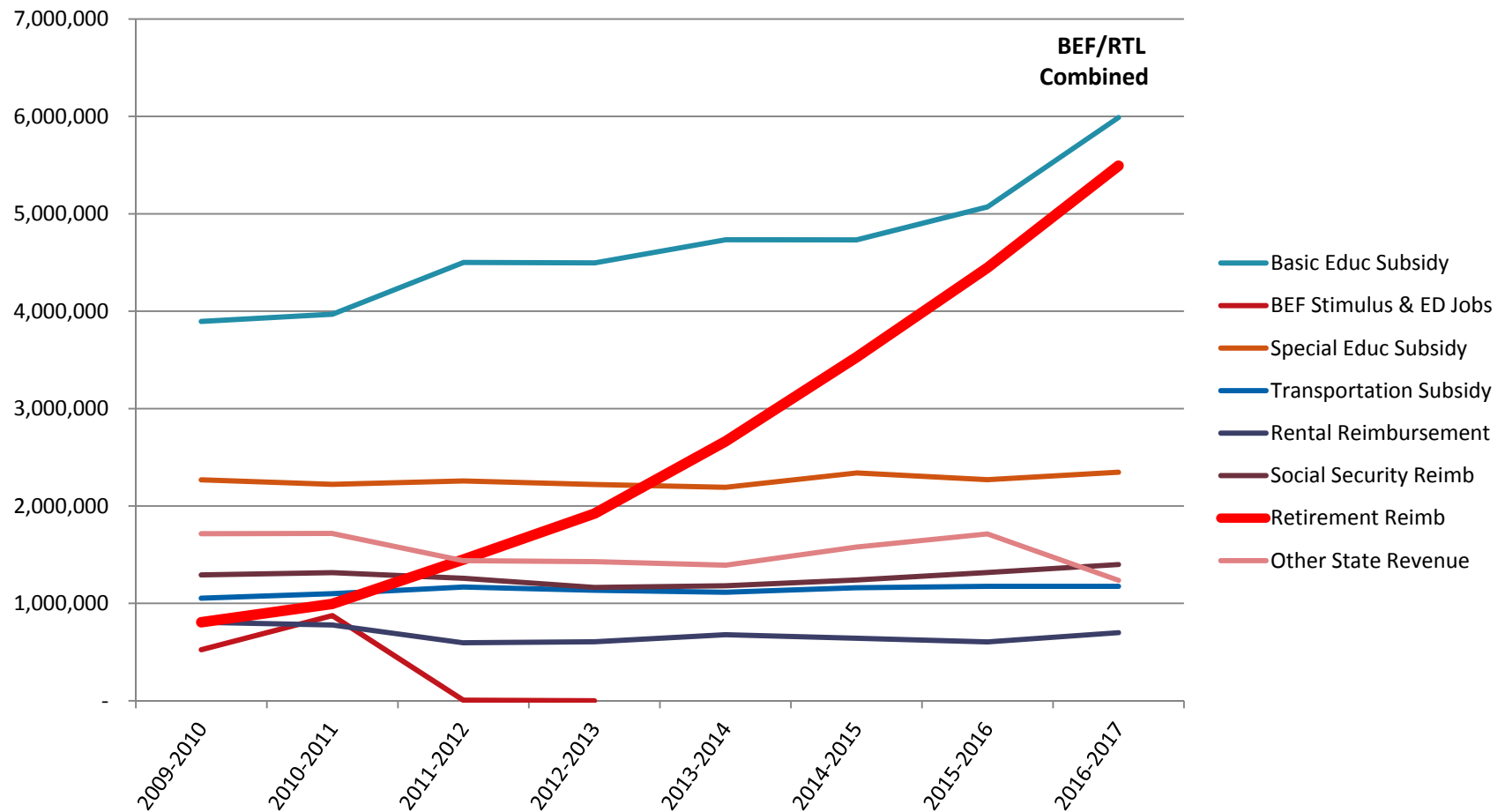


# Review of Revenue Streams

## State Sources

- **\*Updated Budget Outlook for proposed state funding:**
  - Basic Education Funding (BEF) - net increase of \$858,764 (former Ready to Learn Grant now included with BEF)
  - Special Education Subsidy - net increase of \$80,968
- Retirement (PSERS) Reimbursement - 50% of expense
- Uncertainty of Current PlanCon Funding – \$600,000 for 2015-16 / \$700,000 for 2016-17
- State Property Tax Relief - \$1,106,114
- Budget Outlook prepared with PDE 2016-17  
Proposed Funding released May 2, 2016  
(2016-2017 State Budget not yet approved)

# State Revenue - Actual/Projected

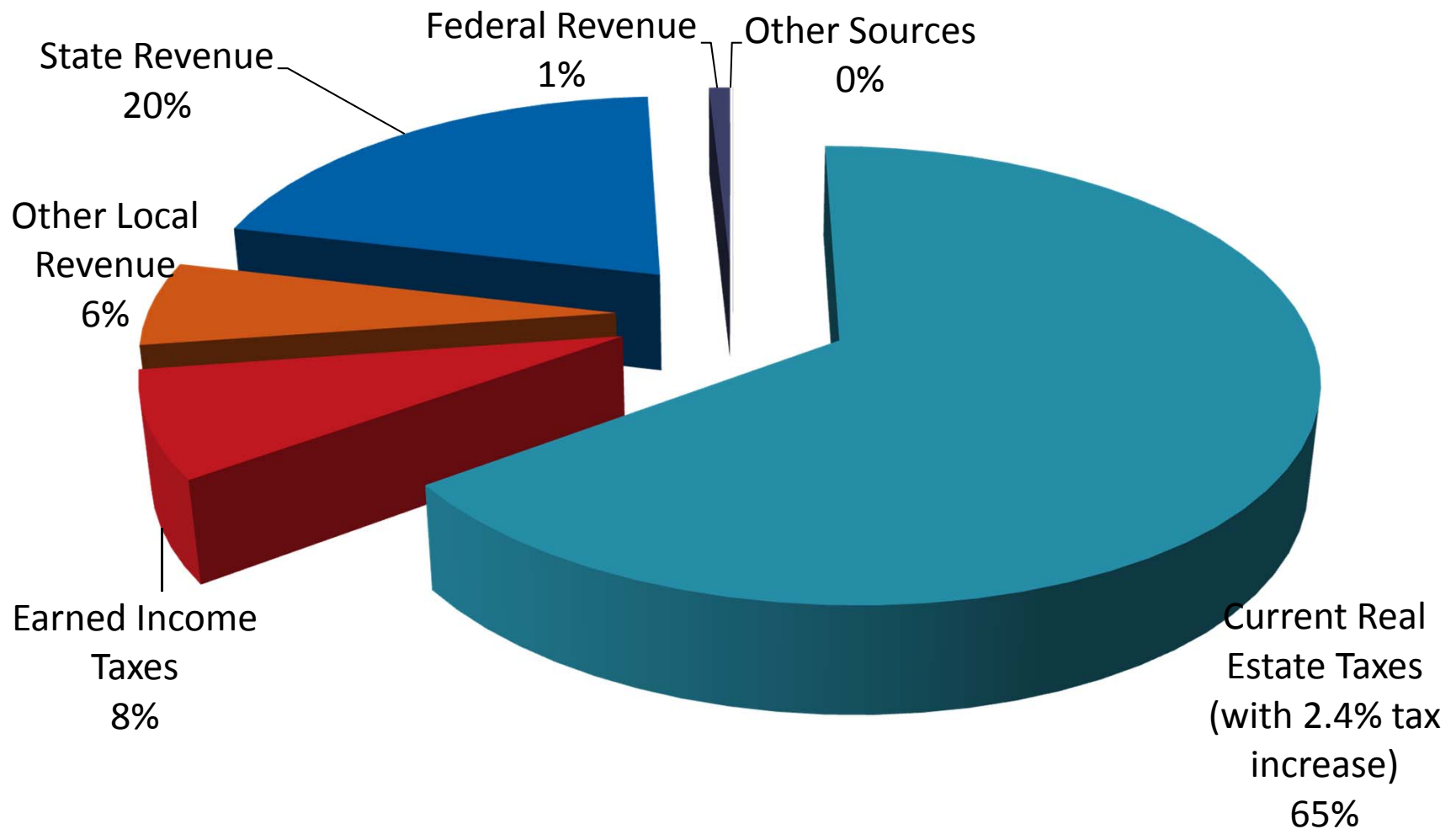


# Review of Revenue Streams

## Federal/Other Sources

- Federal Title I, II and III tentative no changes
  - Allocations May/June & Readjusted following Spring
- Access Funding – reduction in eligible services
- Federal Revenue – 1% of budget
- Other Sources - Sale of fixed assets/Insurance reimbursements (< 1%)

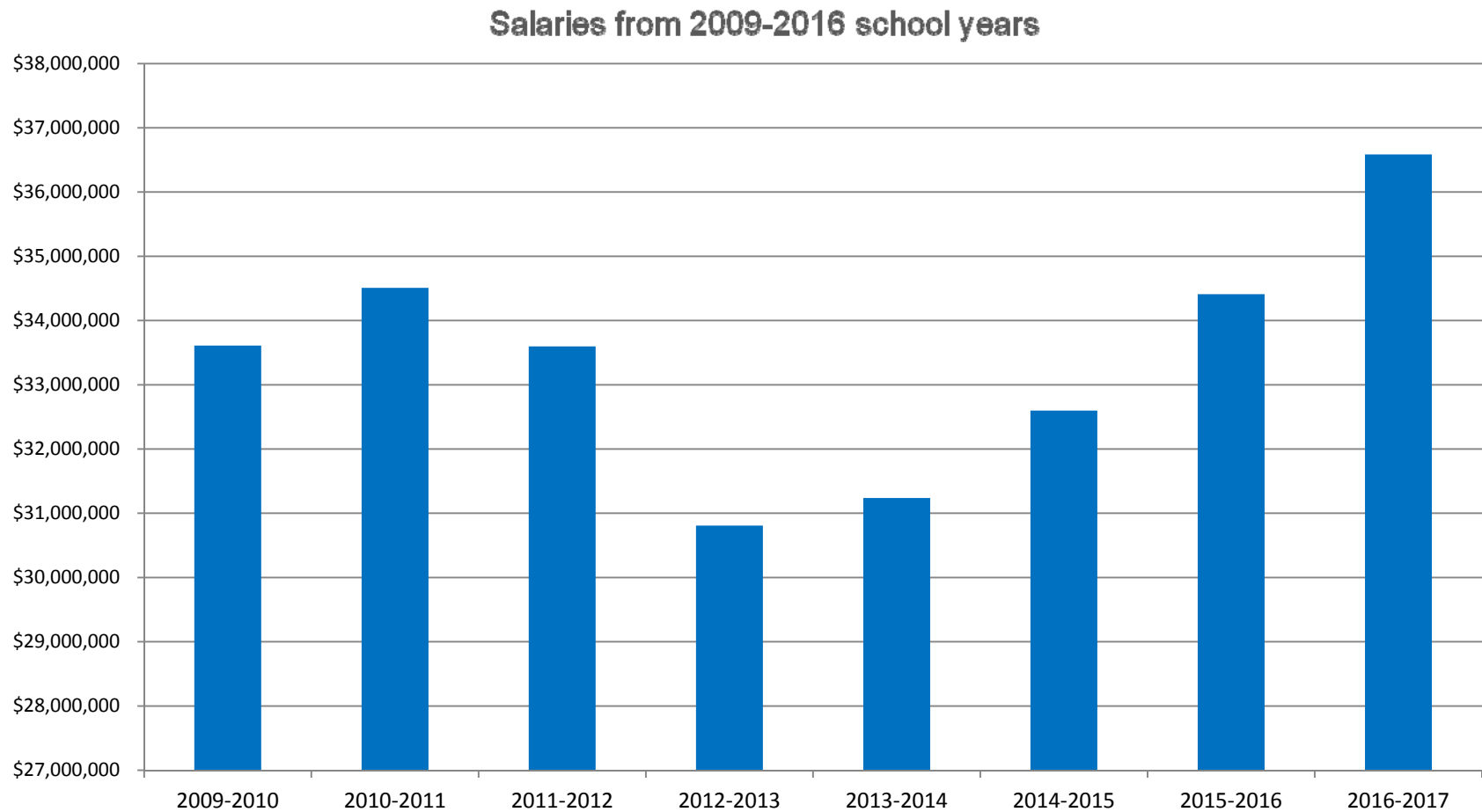
# 2016-2017 Budgeted Revenue



# 2016-2017 Budgeted Salaries/Benefits/STS/Temporary Svc

- Salaries, benefits, substitute teachers and other temporary services - 66% of total budget
- Included in Budgeted Salaries (increase \$2.1 mil):
  - Continuation of Instructional Coach Pilot Program and other special assignments
  - Additional positions added-4 FTE Elementary Music/Art, 2 FTE Special Needs programs, 6 full day kindergarten paraprofessionals, 1.5 guidance support
  - Increase for professional MBU salary/column movement
  - Additional for long term substitute coverage during staff extended absences

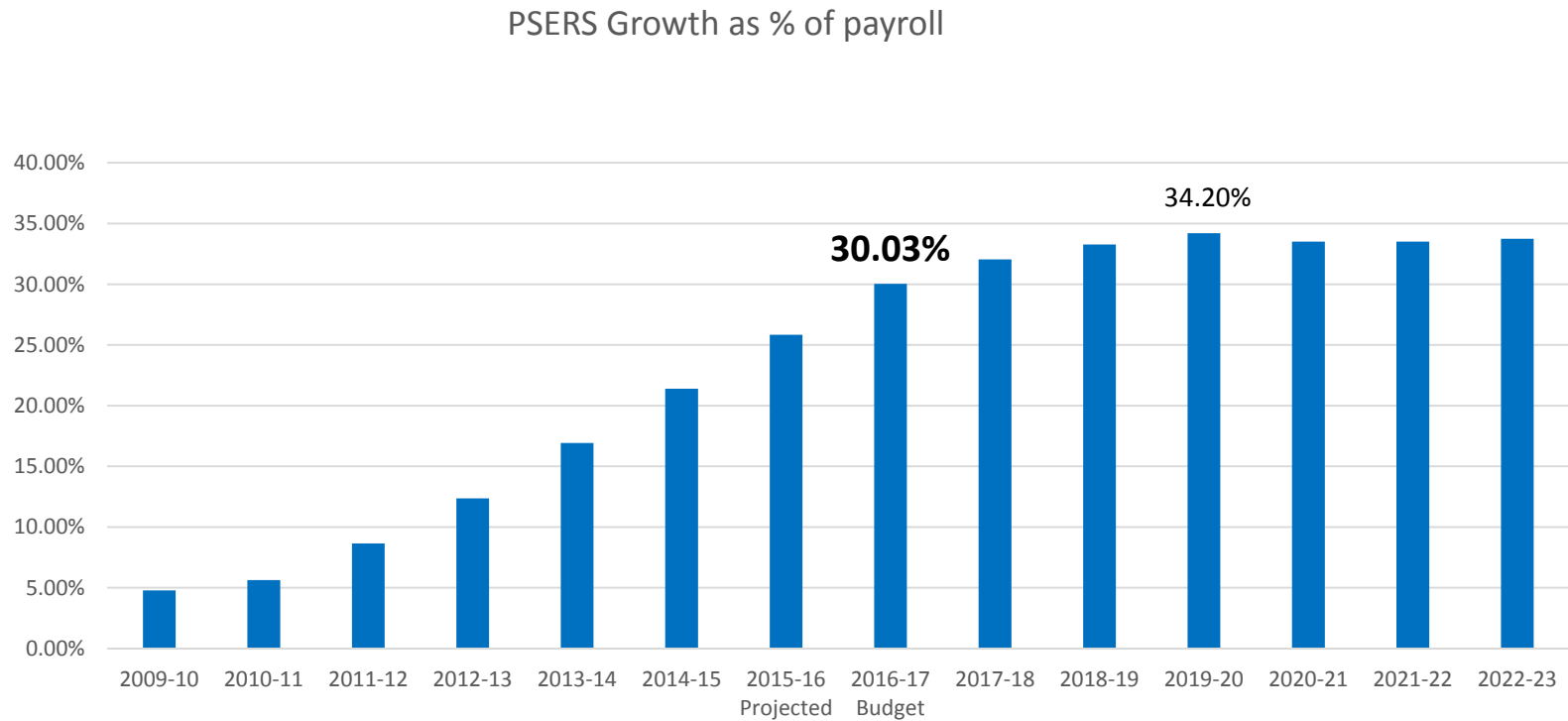
# Trends for salaries



# 2016-2017 Budgeted Fringe Benefits

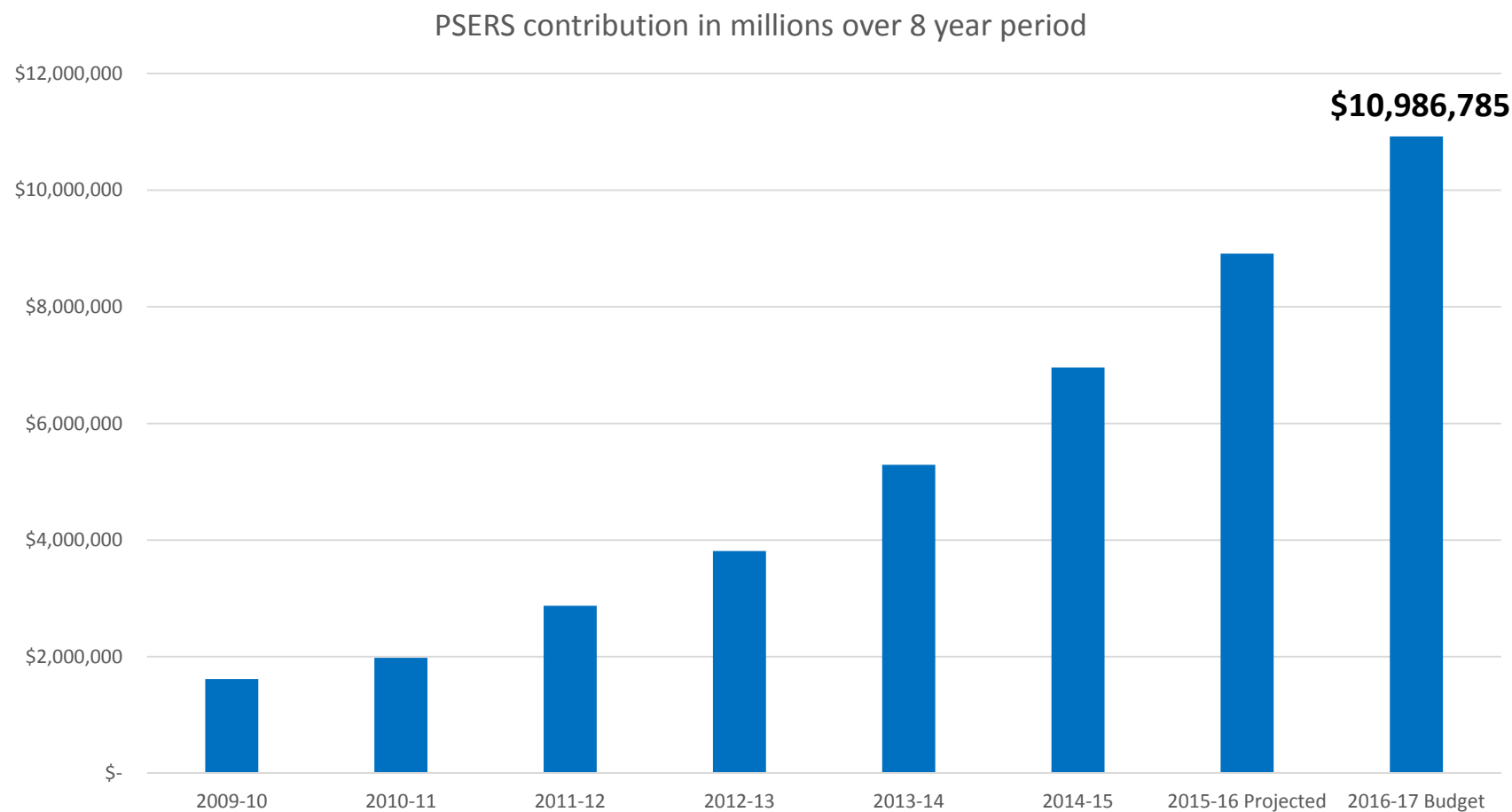
- Increase in PSERS Employer expense - \$2.1 million
  - Planned use of fund balance
- Increase in PSERS Rates:
  - 2015-2016 – 25.84%
  - 2016-2017 – 30.03%
  - 2017-2018 – 32.04%
  - 2018-2019 – 33.27%
  - 2019-2020 – 34.20%
  - 2020-2021 – 33.51%
  - 2021-2022 – 33.51%
- Self Insured - Medical/Dental
  - Continue to monitor history/claims
  - Projected moderate increase
  - Funds set aside for unexpected high claims
- Tuition reimbursement increase - add'l \$185,000

# MTSD PSERS Growth as Percent of Payroll





# MTSD PSERS Contributions Increase



# Expenditure Considerations

## Other Fixed Expenditures

- Contracted Transportation
  - Brightbill Transportation
    - Manheim Township Schools – transport to 9 schools
    - Non-Public Schools - transport to 32 schools
    - Special Needs - Vans/Aides
  - IU Transportation Costs to IU Programs
  - 2016-17 budget for CTC/College campus visits
- Charter School Tuition (currently 96 students)
  - 2015-16 Regular Tuition Rate (76) – \$9,351.05
  - 2015-16 Special Education Tuition Rate (20) - \$16,868.87

# Expenditure Considerations

## Other Fixed Expenditures

### Special Education Services for 2016-2017:

- Special MTSD Classes – small class sizes/staffing
  - 2 Autistic Support Classes
  - 5 Emotional Support Classes
  - 3 Multiple Disability Support Classes
  - 5 Life Skills Support Classes
- Contract with Lancaster-Lebanon IU #13
  - 24 - 30 students
- MTSD Students placed in Other Facilities
  - 13 students

**Manheim Township School District**  
**Gross Debt Service Outstanding**  
**As of July 1, 2015**

As of Fiscal Year Ending June 30	(1) Series A of 2009 G.O. Bonds	(2) Series of 2010 G.O. Bonds	(3) Series of 2012 G.O. Bonds	(4) Series of 2013 G.O. Bonds	(5) Series of 2014 G.O. Bonds	(6) Series of 2014A FRN	(7) 2011 Swap	(8) Series of 2015 G.O. Bonds	Total
2016	3,246,823	1,271,795	513,775	823,350	316,050	2,074,250	2,230,882	1,858,763	12,335,687
2017		1,086,245	515,885	817,650	316,013	5,641,838	2,169,478	2,310,125	12,857,233
2018		1,091,133	517,435	821,500	315,963	5,817,575	1,963,523	2,315,900	12,843,028
2019		1,130,883	516,973	819,600	335,893	5,906,700	1,748,910	2,308,638	12,767,595
2020		1,659,508	516,648	822,100	1,080,455	6,094,850	1,525,842	822,150	12,521,552
2021		1,687,978	515,348	818,850	1,329,285	7,071,275	1,293,714		12,716,449
2022		1,719,228	513,048		1,334,445	8,080,050	1,020,114		12,666,884
2023		1,758,303	515,093		1,325,690	8,365,875	702,423		12,667,383
2024		2,200,150	516,543		1,333,140	8,284,113	370,841		12,704,786
2025		10,121,150	517,280		1,331,578	1,007,500	40,265		13,017,773
2026		11,212,000	517,280		1,329,458				13,058,738
2027		5,969,600	516,620		1,329,425				7,815,645
2028			515,490		1,331,200				1,846,690
2029			513,665						513,665
2030			516,015						516,015
2031			516,910						516,910
2032			512,340						512,340
2033			516,500						516,500
<b>Total</b>	3,246,823	40,907,970	9,282,845	4,923,050	13,008,593	58,344,025	13,065,992	9,615,575	152,394,872

<b>CDU Deadline</b>	<b>27-Dec</b>	<b>27-Dec</b>	<b>27-Dec</b>	<b>27-Dec</b>	<b>27-Dec</b>	<b>25-Feb</b>	<b>n/a</b>	<b>25-Feb</b>
<b>CDU Requirements*</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A, B</b>	<b>n/a</b>	<b>A, B, OD</b>

(1) Callable 6/1/14, average coupon 3.06%

(2) Callable 8/1/18, average coupon 3.71%.

(3) Callable 8/1/17, average coupon 2.65%.

(4) Non-callable, average coupon 2.91%.

(5) Call date required 12/1/18, average coupon 3.24%.

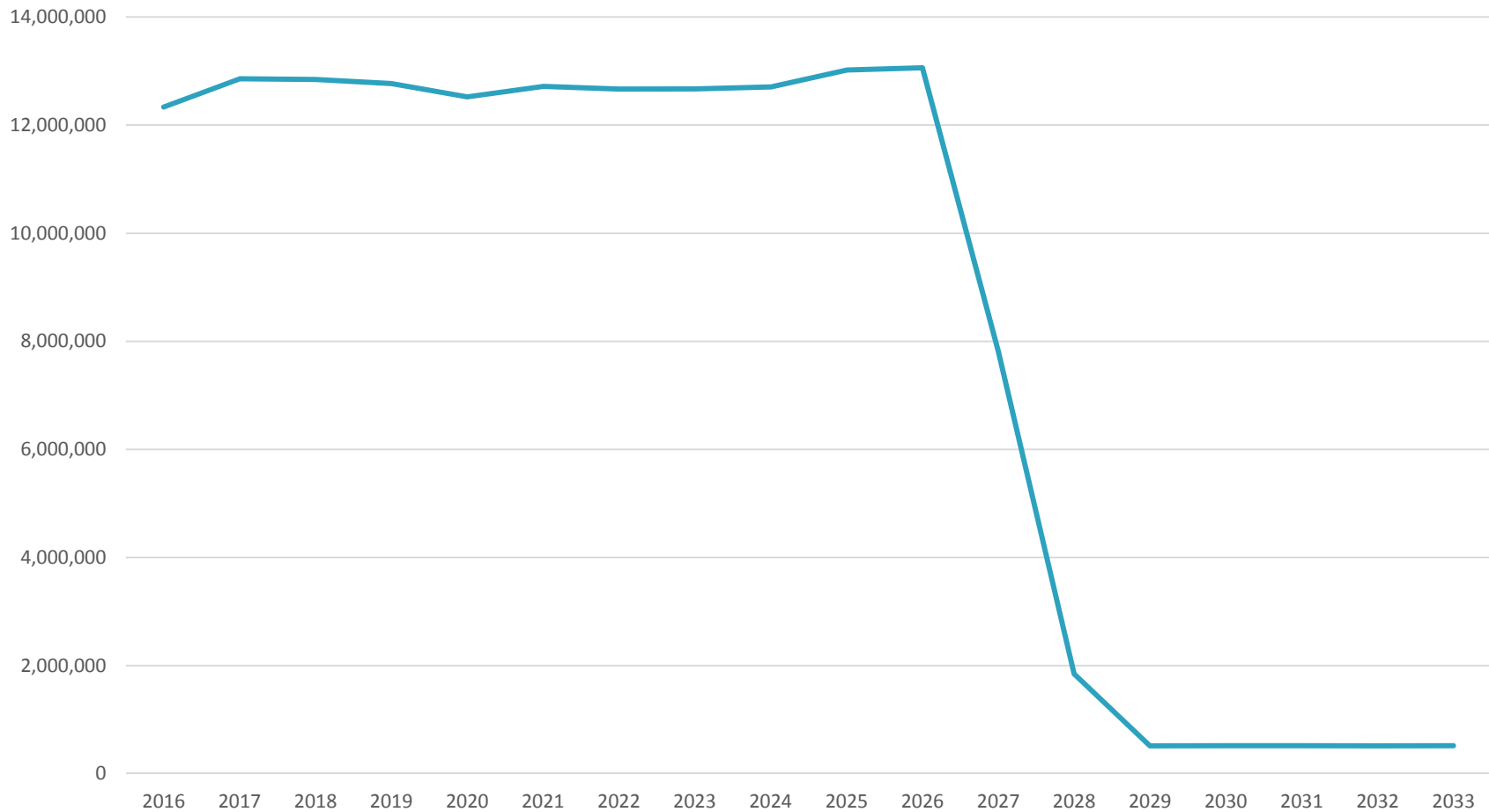
(6) 2014A FRN at budget rate of 0.75%

(7) Swap payments per new confirm.

(8) Non-callable, average coupon 2.83%.

\* A= Audit, B= Budget, OD= Operating Data

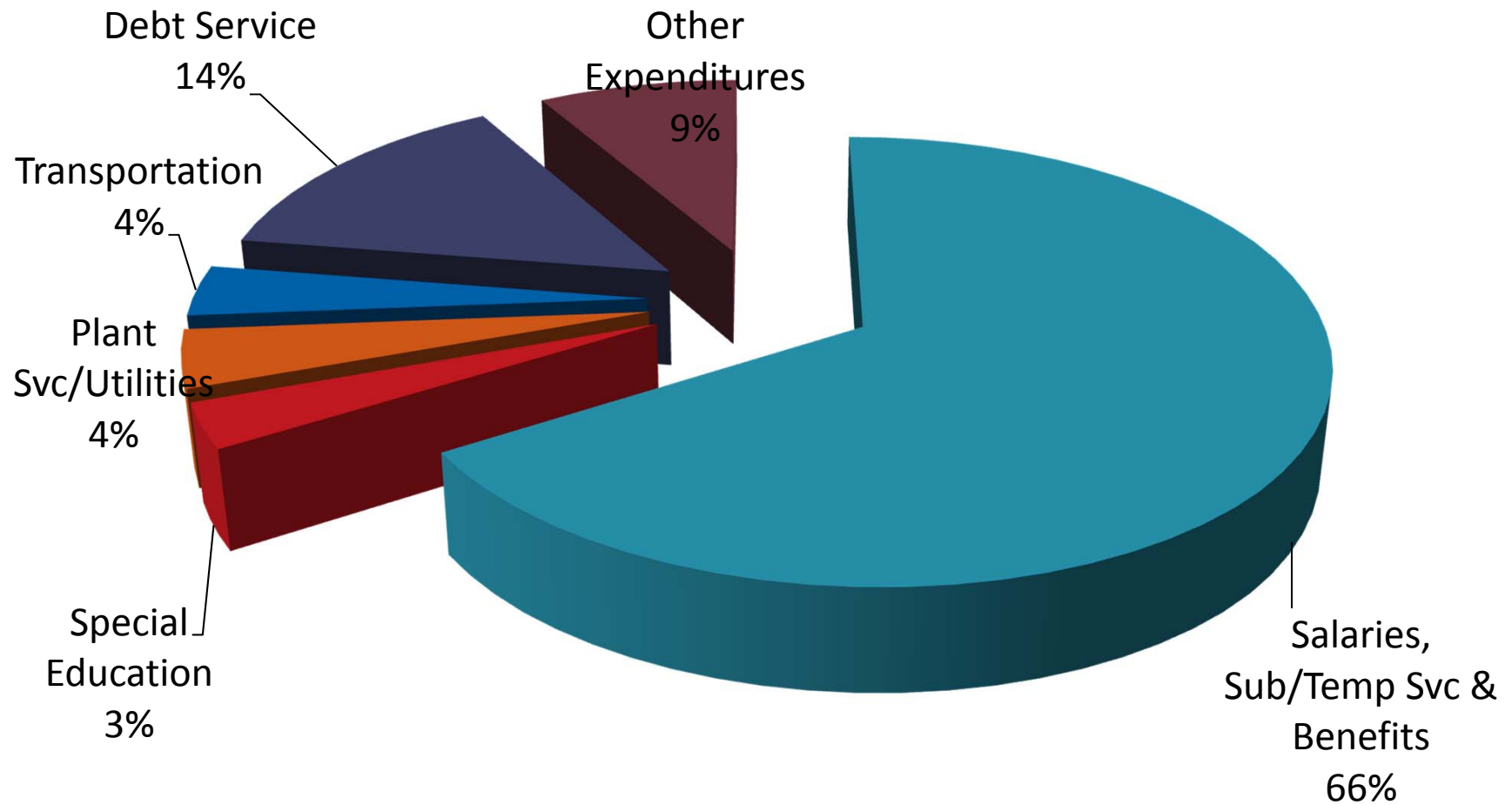
# MTSD Current Debt Service



# Other 2016-2017 Budgeted Expenditures

- HS Geothermal Wellfield Upgrades - \$150,000
- Masonry Repointing/Repairs - \$ 66,000
- Transportation Passenger Van Replacement - \$35,000
- Increases in other areas – Technology, Security equipment, Athletic Program uniforms/training, Transportation GPS for buses, Student Assistance Program (SAP)
- Budgetary Reserve - \$200,000
- Data Mining Software (\$40,000) removed

# 2016-2017 Budgeted Expenditures



# Fund Balances

- Committed/Assigned
- Capital Reserve Fund



Medical costs



PSERS

Debt service



Technology



Construction, renovation

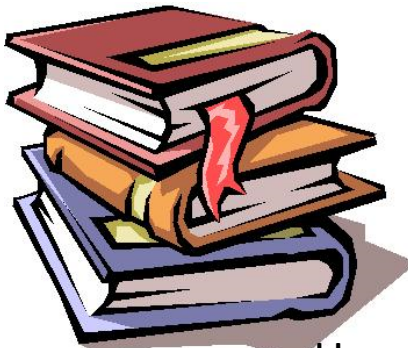
- Funds are committed in General Fund by board action
- Funds are assigned in General Fund by management (during year end closing)
- Committed/Assigned in General Fund at June 30, 2015 for:
  - PSERS/Medical \$6 million (planned use during 2016-2017 with a projected deficit)
  - Debt Svc \$3.8 million (possible increase with projected excess funds at 6/30/16)
  - Technology \$1.5 million
- Transfers to Capital Reserve Fund for planned capital improvements by Board Action
  - \$7.6 million at June 30, 2015, projected at \$6.4 upon completion of current projects



# Unassigned Fund Balance



Balance the budget

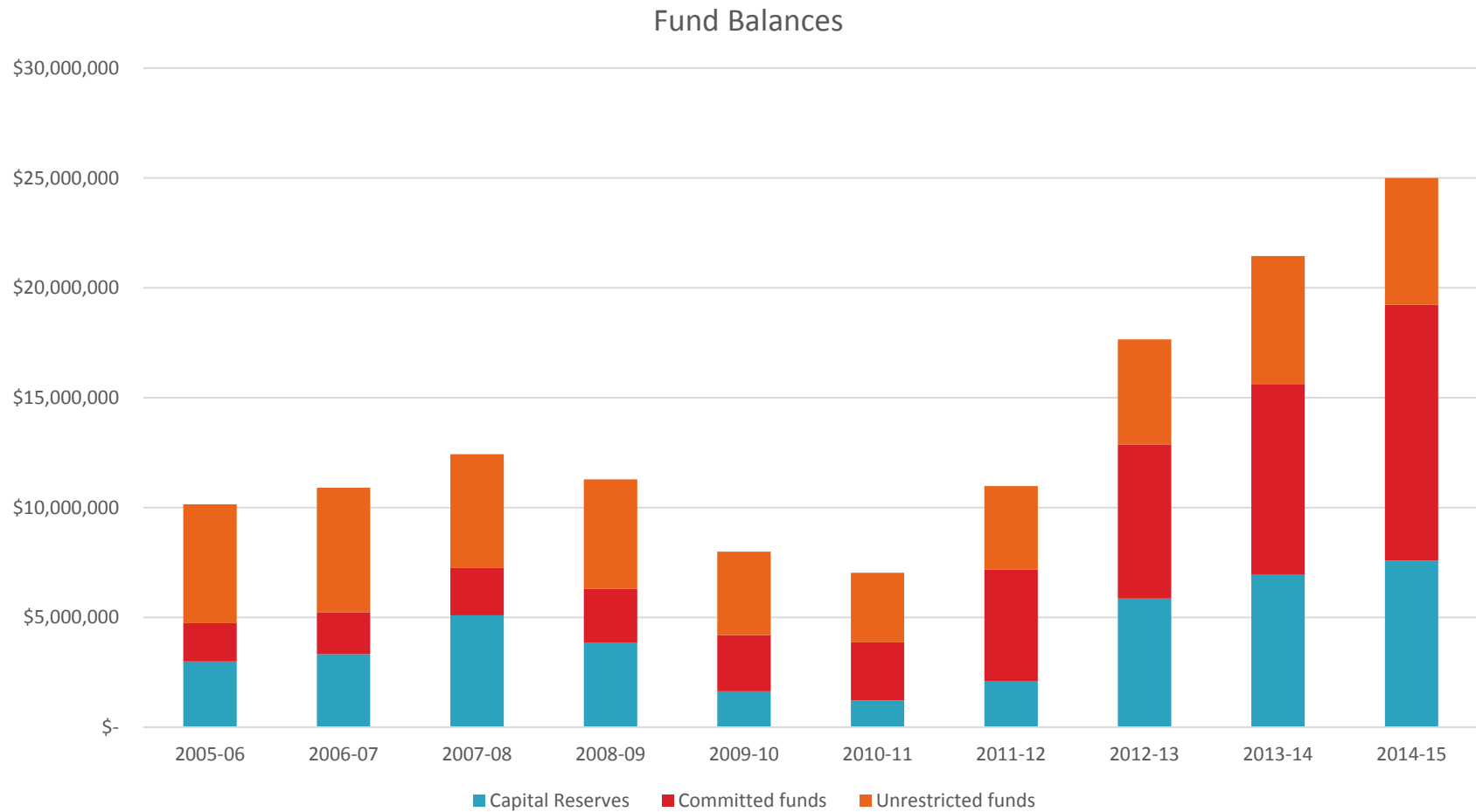


Unexpected  
curricular needs



- Can be used to:
  - Balance the budget
  - Pay for unexpected curricular needs
  - Cover emergency expenditures
- Strive to maintain between 4% and 8 %
- \$5.8 million at June 30, 2015 – 7.01%
- = approx. 1 month operating expenses (excluding debt svc)

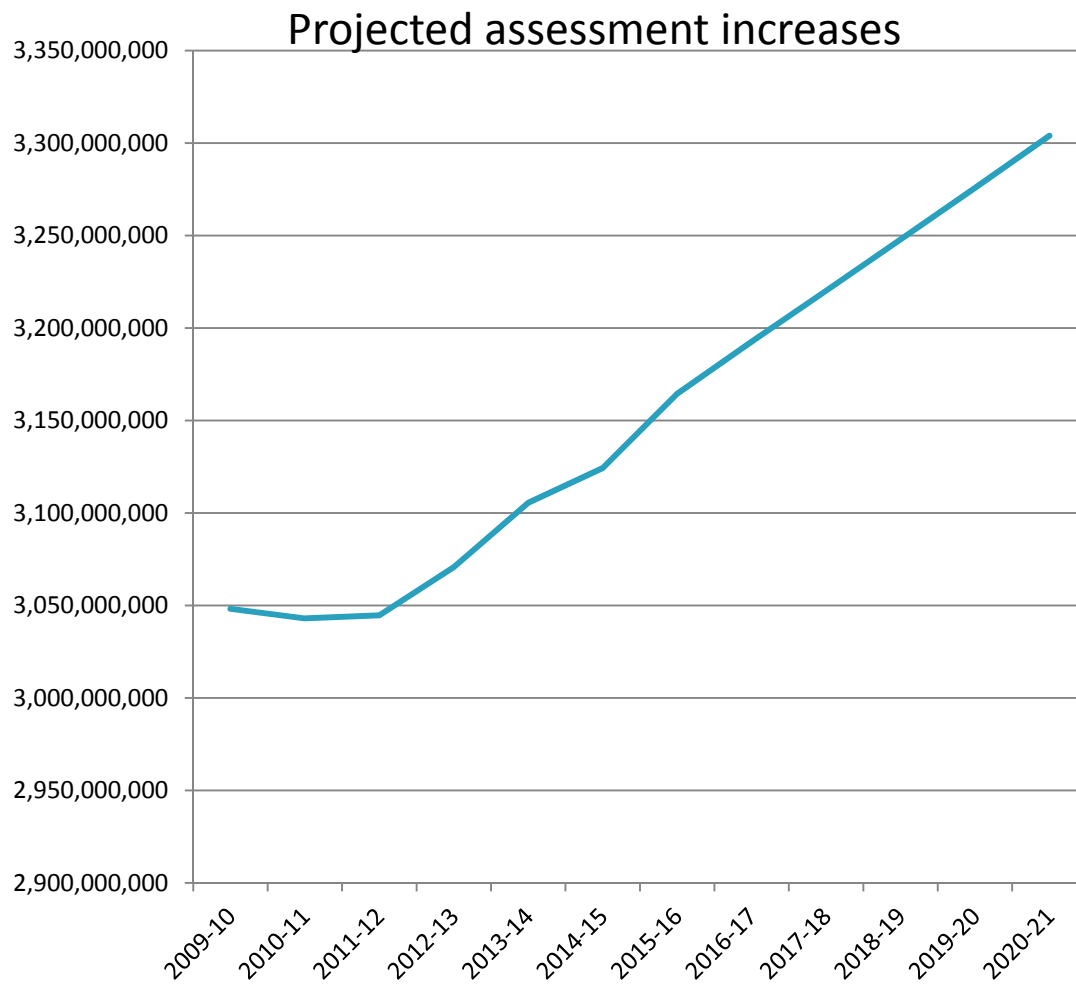
# MTSD Fund Balance History



# Next Steps

- Required Board approval of Proposed Final 2016-2017 General Fund Budget
  - PDE-2028 - required PDE Budget Form for General Fund budget
  - Must be approved 30 days prior to approval of Final Budget in June (June 16, 2016 Board Meeting)
  - Presentation of PDE-2028 for approval on May 12, 2016
  - Board President required to certify use of PDE-2028 for budget preparation, presentation and public inspection
- Determination of 2016-2017 millage – Adjust in consideration of additional state funding?
- 5 year projection of revenue/expenditures/fund balances

# 5 Year Projection of Revenue



- Consideration of future tax assessment increases
- Timing of increases?
- Future millage increases
- Other Local funding
- Future State funding

# 5 Year Projection of Expenditures

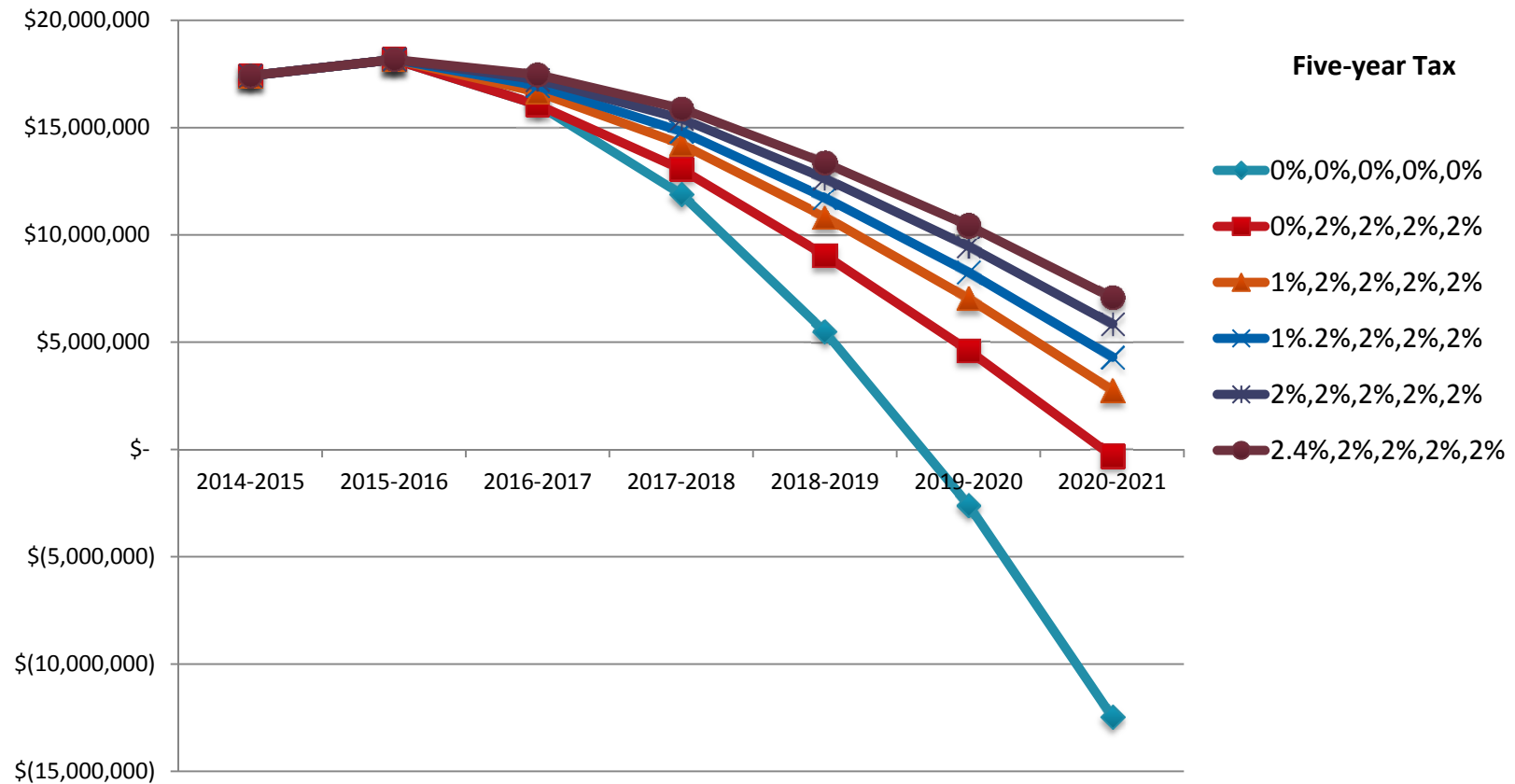
- Projected 3 % salary increases
- Assumption of staffing /programs – status quo
- Debt Service – based on current debt schedule

## Options:

- Projected deficit with 2.4% millage increase \$ (704,775)
- Projected deficit with 2% millage increase \$ (934,596)
- Planned use of Committed/Assigned PSERS Fund Balance to cover deficit

# MTSD Fund Balance Future

**Future Fund Balance Projections Relative to Tax Levies**  
(Not including Capital Res.)



# Future Considerations

(Not included in projections)

- Facilities study recommendations
- Debt service
- Enrollment changes/class sizes
- Programmatic needs/changes
- Technology integration/staff dev.
- ESSA implementation for 2017-18
- Staffing
- Professional Development

Questions?