



Warwick School District

2018-19 Final Budget

June 5, 2018



2018-19 Budget History

Recent Budget History

2014-15 Budget Deficit	(\$3,255,979)	(average deficit for prior 7 years was also about ~\$3M)
2015-16 Budget Deficit	(\$2,892,729)	
2016-17 Budget Deficit	(\$1,487,734)	
2017-18 Balanced Budget	- \$0 -	@ \$70,508,932

(1st balanced budget in over 10 years)

December 2017 – Board voted to stay within Warwick’s 2.8% adjusted index

January 2018 snapshot of 2018-19 budget (still with many unknowns):

Revenue	\$71,971,508	
Expense	<u>\$73,251,444</u>	
Surplus/(Deficit)	(\$1,279,936)	Represents a tax increase at our 2.8% index

March 2018 snapshot of 2018-19 budget (progress, but still with many unknowns):

Revenue	\$72,105,479	(added \$133,971 in revenue)
Expense	<u>\$72,814,083</u>	(reduced \$437,361 in expense)
Surplus/(Deficit)	(\$ 708,604)	Represents a tax increase of 1.7%

May 2018 snapshot of 2018-19 budget (great progress, but still with some unknowns):

Revenue	\$72,986,376	(added \$880,897 in revenue)
Expense	<u>\$72,986,376</u>	(added \$172,293 in expense)
Surplus/(Deficit)	- 0 -	Balanced budget



2018-19 Proposed Final Budget

REVENUE		2017-18	2018-19	
		Budget	Proposed Final	Variance
6000	Local Revenues	48,428,475	51,263,781	2,835,306
7000	State Revenues	21,383,481	21,895,274	511,793
8000	Federal Revenues	598,976	556,476	(42,500)
9000	Other Revenues	98,000	98,000	-
		70,508,932	73,813,531	3,304,599
EXPENSE				
100	Salaries	29,103,390	30,353,014	1,249,624
200	Employee Benefits	19,081,648	20,230,147	1,148,499
300	Professional and Technical Services	4,335,508	3,459,249	(876,259)
400	Property Services	499,193	473,883	(25,310)
500	Other Purchased Services	4,513,056	4,757,220	244,164
600	Supplies	2,126,611	2,073,510	(53,101)
700	Property	1,120,178	1,134,738	14,560
800	Other Objects	407,715	358,635	(49,080)
900	Other Uses of Funds (transf/bond pmnts)	9,071,633	10,723,135	1,651,502
000	Unallocated	250,000	250,000	-
		70,508,932	73,813,531	3,304,599
Budget Deficit		-	-	

- Included 1.0% tax increase and incremental \$250K Pinnacle PILOT payment for dedicated transfer of \$629K to Capital Reserve Fund (majority of 900's increase is debt service)



Reassessment Process Review

- Assessed value should be pegged to market value (in theory)
- Should be kept up to date every 7 to 8 years (although last one was 2005-06)
- Preliminary notices were sent out in March 2017
- Final notices were sent out in June 2017
- Appeals were heard through September 2017 by Lancaster County Assessment office
- Legal appeals are still in play to this day
- **School District – can't collect one additional cent as part of process, only board action related to Act 1 index can raise tax revenue**
 - ❑ Required to reduce tax mills to revenue neutral rate
 - ❑ Based on all properties that were in 2017 tax duplicate
 - ✓ Have to account for new construction, exemptions/reductions, and appeals



Reassessment Year Comparison

	Original	Reassessment
	2017-18	2018-19
Assessment	\$ 2,012,620,000	\$ 2,614,645,559
Millage Rate	21.1623	16.2896
Slot Funding	\$ 929,034	\$ 929,034
Collection Rate	96.9%	96.9%
Revenue Yield	\$ 40,371,092	\$ 40,370,959

29.91% increase in assessment



Reassessment Impact Examples

		Home Assessment Increased 25%	
Current Millage	21.1623	2018-19 Value	\$ 187,500
Equalized Millage	16.2896	2018-19 Millage	16.2896
		2018-19 Tax	\$ 3,054

		Home Assessment Increased 29.91%	
2017-18 Value	\$ 150,000	2018-19 Value	\$ 194,865
2017-18 Millage	21.1623	2018-19 Millage	16.2896
2017-18 Tax	\$ 3,174	2018-19 Tax	\$ 3,174

		Home Assessment Increased 35%	
		2018-19 Value	\$ 202,500
		2018-19 Millage	16.2896
		2018-19 Tax	\$ 3,299



Real Estate Tax Growth Since Initial Reassessment

	<u>January</u>	<u>March</u>	<u>April</u>	<u>May</u>
# Taxable	2	16	7	49
Total Taxable \$	\$ 9,661,400	\$ 40,125,400	\$ 23,404,000	\$ 7,292,700
# Exempt	(1)	(1)	-	-
Total Exempt \$	\$ (408,400)	\$ 755,100	\$ 23,500	\$ 150,000
Total # Parcels	1	15	7	49
Total Assessment	\$ 9,253,000	\$ 40,880,500	\$ 23,427,500	\$ 7,442,700
Tax Revenue	\$ 157,380	\$ 653,627	\$ 381,242	\$ 118,795

Included in Proposed Final Budget

Incremental



Potential Tax Impact in 2018-19

Act 1 Index – 2.4%

Warwick's Adjusted Index – 2.8% (Board Voted to Stay Within for 5th Year in a Row)

Current 2018-19 Relevelled Millage Rate – 16.2896

Millage Increase %	Resulting Millage Rate	Budget Increase \$
0.25%	16.3303	\$ 105,615
0.50%	16.3710	\$ 211,230
0.75%	16.4118	\$ 316,918
1.00%	16.4525	\$ 422,460
1.25%	16.4932	\$ 528,076
1.50%	16.5339	\$ 633,691
1.75%	16.5747	\$ 739,306
2.00%	16.6154	\$ 844,921
2.25%	16.6561	\$ 950,536
2.50%	16.6968	\$ 1,056,151
2.75%	16.7376	\$ 1,161,766
2.80%	16.7457	\$ 1,182,889

Based on May 2018 Taxable Reassessed Values of \$2,733,143,300

Median Assessed Value: \$195,100

Increase at 2.80% Allowable Index: \$89.01

Approved Proposed Final Budget Increase at 1.00%: \$31.79

Current Final Budget Increase at 0.75%: \$23.85



Current 2018-19 Final Budget

REVENUE		2017-18 <u>Budget</u>	2018-19 <u>Final Budget</u>	<u>Variance</u>
6000	Local Revenues	48,428,475	51,331,486	2,903,011
7000	State Revenues	21,383,481	21,911,535	528,054
8000	Federal Revenues	598,976	556,476	(42,500)
9000	Other Revenues	98,000	-	(98,000)
		70,508,932	73,799,497	3,290,565
EXPENSE				
100	Salaries	29,103,390	30,340,108	1,236,718
200	Employee Benefits	19,081,648	20,154,019	1,072,371
300	Professional and Technical Services	4,335,508	3,459,249	(876,259)
400	Property Services	499,193	473,883	(25,310)
500	Other Purchased Services	4,513,056	4,767,220	254,164
600	Supplies	2,126,611	2,118,510	(8,101)
700	Property	1,120,178	1,154,738	34,560
800	Other Objects	407,715	358,635	(49,080)
900	Other Uses of Funds (transf/bond pmnts)	9,071,633	10,723,135	1,651,502
000	Unallocated	250,000	250,000	-
		70,508,932	73,799,497	3,290,565
		<i>Budget Deficit</i>	-	-

Decreases tax rate to 0.75% and still includes same \$629K transfer to Capital Reserve Fund



Revenue Budget Considerations

	<u>Budget</u> <u>2018-19</u>	<u>YTD</u> <u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>Actual</u> <u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
6112 Interim R/E Tax	\$ 235,000	\$ 675,393	\$ 234,642	\$ 368,883	\$ 147,031	\$ 81,807	\$ 99,190
6151 Earned Income Tax	\$ 5,475,000	\$ 3,224,406	\$ 5,476,832	\$ 5,374,131	\$ 5,076,150	\$ 5,016,688	\$ 5,000,603
6153 R/E Transfer Tax	\$ 675,000	\$ 787,687	\$ 770,024	\$ 655,994	\$ 709,498	\$ 485,709	\$ 494,166
		<i>(inc. UPMC \$183K)</i>					
Taxable Real Estate Growth %	Current Data	3.03%	0.90%	2.00%	0.90%	0.36%	0.44%
<i><u>Built Into 3 Year Forecast</u></i>							
		2019-20: 2.0%					
		2020-21: 1.5%					
		2021-22: 1.0%					
9359 Warwick Ware Transfer	\$0	(Budgeted \$98,000 in 2017-18 and 2016-17, but not transferred due to favorability)					
7110 Basic Ed Funding	\$ 9,946,426	\$ 9,883,845					
		\$ 9,292,268	If legislation requires all BEF to be distributed through new formula				
		\$ (591,577)	Variance				

State Proposed 2018-19 BEF = \$10,009,163 (50% hedge, \$62,737 difference)



Expense Budget Considerations

Insurances

Current Year Analysis		
2017-18 Med/Dent Budget		\$6,561,879
2017-18 April YTD Expense		\$4,059,730
	April % of	Forecasted
<u>Year</u>	<u>Full Year Exp</u>	<u>Year End Exp</u>
2010-11	70.30%	\$5,774,865
2011-12	63.40%	\$6,403,360
2012-13	64.30%	\$6,313,733
2013-14	75.20%	\$5,398,577
2014-15	78.60%	\$5,165,051
2015-16	76.30%	\$5,320,747
2016-17	75.30%	\$5,391,408

Highest Annual Expense
2015-16 - \$5,970,496

2018-19 Budget Analysis	
Aetna Medical Claim Only Cost Projection	\$6,531,314
Stoudt Medical Claim Only Cost Projection	\$7,228,352
<i>Add: HSA Funding, Admin/Pool Fees, Dental, LTD, etc.</i>	
<i>Subtract: Employee and Retiree Contributions</i>	
All-in with Aetna Claim Projection	\$7,094,779
All-in with Stoudt Claim Projection	\$7,791,816
Current 2018-19 Budget	\$6,925,620

**Based off 413 employees, but we did bring classes back which could equate to more covered lives/expense*

Salaries

- Current year salary savings from unpaid time is more than offsetting salary schedule moves, but that hasn't always been the case – lowered budget in 18-19
- One elementary position from retirement is still budgeted for that has not been backfilled yet as we continue to monitor class sizes and kindergarten enrollment



Fund Balance Analysis

Beginning 17-18 General Fund Balance	\$ 16,290,694
Transfer to Capital Reserve Fund	(3,842,864)
Current General Fund Balance	12,447,830
<i>Committed:</i>	
<i>PSERS/Healthcare Stabilization</i>	<i>2,943,982</i>
<i>Future Operating Deficit</i>	<i>2,255,979</i>
<i>Construction and Improvements</i>	<i>2,516,136</i>
<i>Capital Expenditures</i>	<i>1,000,000</i>
<i>Total Committed:</i>	<i>8,716,097</i>
Total Uncommitted	3,731,733
Proposed 18-19 Expenses Budget	\$ 73,799,497
Uncommitted % of 18-19 Expenses	5.1%
Total General Fund Balance % of 18-19 Expenses	16.9%

**Doesn't reflect any 17-18 impact. While we are anticipating favorability, we will review both general fund and capital reserve scenarios*



Looking Ahead – 3 Year Forecast

	Budget	Projections		
	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
		<i>(projections assume no tax increases or changes in programs/personnel)</i>		
<u>REVENUES</u>				
6000 LOCAL REVENUES	51,331,486	52,187,717	52,883,007	53,267,965
7000 STATE REVENUES	21,911,535	22,451,169	22,855,286	23,262,183
8000 FEDERAL REVENUES	556,476	556,475	556,475	556,475
9000 OTHER REVENUES	-	-	-	-
TOTAL REVENUES	73,799,497	75,195,361	76,294,768	77,086,623
<u>EXPENSES</u>				
100 SALARIES	30,340,108	31,098,611	31,876,076	32,672,978
200 BENEFITS	20,154,019	21,583,276	22,827,093	24,146,562
300 PROFESSIONAL/TECHNICAL SERVICES	3,459,249	3,534,269	3,611,253	3,690,255
400 PROPERTY SERVICES	473,883	478,622	483,408	488,242
500 OTHER PURCHASED SERVICES	4,767,220	4,886,401	5,008,561	5,133,775
600 SUPPLIES/TEXTBOOKS/UTILITIES	2,118,510	2,118,510	2,118,510	2,118,510
700 PROPERTY	1,154,738	1,166,285	1,177,948	1,189,728
800 OTHER OBJECTS	358,635	358,635	358,635	358,635
* 900 OTHER USES OF FUNDS (TRANSF/BOND)	10,723,135	10,199,077	10,172,463	10,046,628
000 UNALLOCATED	250,000	250,000	250,000	250,000
TOTAL EXPENSES	73,799,497	75,673,685	77,883,946	80,095,312
SURPLUS/(DEFICIT)	-	(478,324)	(1,589,178)	(3,008,689)

**Capital Reserve Fund Transfer In 2018-19 Budget is NOT included in future years*



Open Discussion and Questions?