

Budget Meeting Agenda

January 31, 2017

1) Budget cycle timeline

- a. Board approve a Preliminary General Fund Budget at their February 15, 2017 Regular Monthly School Board Meeting
- b. Adopt the Proposed Final General Fund Budget by May 31, 2017 (must be 30 days prior to the June adoption date) – May 25, 2017 Regular Monthly School Board Meeting
- c. Adopt Final General Fund Budget by June 30, 2017 (20 days of public display and 10 days advertising requirement apply) – June 29, 2017 Regular Monthly School Board Meeting

2) 5-Year History on past budgets - 16-17, 15-16, 14-15, 13-14, 12-13

- Total Budget Expenditures Amounts
- 3 Largest **Revenue** Sources
- 3 Largest **Expenditure** Sources

BUDGET	5 Year Increase	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Total Budget Expenses	\$22,058,693	\$141,738,393	\$140,799,246	\$133,211,052	\$123,497,375	\$119,679,700
Real Estate Taxes (Local – 6111)	\$3,031,604	\$38,556,375	\$39,281,890	\$38,309,552	\$36,191,341	\$35,524,771
Basic ED Funding (State – 7110)	\$5,345,727	\$37,623,792	\$36,769,475	\$34,020,301	\$32,928,622	\$32,278,065
Act 511 Taxes (Local – 6150)	\$2,650,000	\$8,750,000	\$8,750,000	\$8,500,000	\$6,200,000	\$6,100,000
Total Salaries (Object - 100's)	\$10,044,090	\$64,792,807	\$65,413,264	\$62,706,566	\$56,682,767	\$54,748,717
Total Benefits (Object - 200's)	\$13,486,229	\$40,926,889	\$37,303,224	\$33,650,484	\$30,189,215	\$27,440,660
Debt Service (Object – 832 & 912)	\$1,979,821	\$13,480,185	\$13,498,835	\$12,890,517	\$12,069,962	\$11,500,364

3) Distribution percentage on revenue

REVENUE	BUDGET 2016-2017	% of TOTAL REVENUE
LOCAL	\$58,059,206	41.41%
STATE	\$72,914,716	52.01%
FEDERAL	\$9,015,277	6.43%
OTHER FINANCING SERVICES	\$215,000	0.15%

4) Health Care Costs (General Fund ONLY)

a. History on Budget vs. Actual Costs

SCHOOL YEAR	ACTUAL	BUDGETED	(OVER) / UNDER BUDGET
2009-2010	\$11,612,749.97	\$12,980,852.05	\$1,368,102.08
2010-2011	\$13,736,171.00	\$13,043,326.74	(\$692,844.26)
2011-2012	\$12,782,036.12	\$13,860,815.84	\$1,078,779.72
2012-2013	\$11,795,662.08	\$14,102,803.50	\$2,307,141.42
2013-2014	\$12,541,988.72	\$15,165,201.00	\$2,623,212.28
2014-2015	\$14,274,294.14	\$12,772,547.00	(\$1,501,747.14)
2015-2016	\$14,421,946.39	\$13,033,686.00	(\$1,388,260.39)
2016-2017		\$13,108,344.00	

5) PSERS retirement rate increases

SCHOOL YEAR	PSERS RATE	HASD BUDGETED RATE	ACTUAL	BUDGETED
2010-2011	5.64%	10.00%	\$2,890,947	\$5,450,986
2011-2012	8.65%	10.00%	\$3,876,037	\$5,362,697
2012-2013	12.36%	12.36%	\$6,799,241	\$6,766,941
2013-2014	16.93%	16.93%	\$10,273,955	\$9,596,393
2014-2015	21.40%	21.40%	\$13,840,953	\$13,419,205

SCHOOL YEAR	PSERS RATE	HASD BUDGETED RATE	ACTUAL	BUDGETED
2015-2016	25.84%	25.84%	\$15,640,398	\$16,902,680
2016-2017	30.03%	30.03%		\$19,431,664
2017-2018	32.04%	32.04%		^^\$20,759,615
2018-2019	33.27%			^^\$21,556,567
2019-2020	34.20%			^^\$22,159,140

^^ *Estimated* based on Total Budgeted Salaries (2016-2017) of \$64,792,807

NOTE: Half of the annual increase will be made up by State Revenue.

6) Tuition Paid by HASD for Charter Schools vs. Charter School Revenue from PDE

SCHOOL YEAR	REGULAR EDUCATION TUITION	SPECIAL EDUCATION TUITION	TOTAL TUITION	CHARTER SCHOOL REIMBURSEMENT (PDE)
2009-2010	\$1,523,012	\$761,610	\$2,284,622	\$350,527
2010-2011	\$1,677,745	\$721,264	\$2,399,009	\$225,632
2011-2012	\$2,152,658	\$811,226	\$2,963,884	\$0
2012-2013	\$1,407,120	\$1,780,561	\$3,187,681	\$0
2013-2014	\$1,504,899	\$1,722,829	\$3,227,728	\$0
2014-2015	\$1,644,132	\$1,769,612	\$3,413,744	\$0
2015-2016	\$1,696,374	\$2,030,173	\$3,726,547	\$0

7) History on Tax Rates

- H.A.S.D. has the **lowest** millage rate in Luzerne County
- H.A.S.D. has the third to the lowest millage rate in Schuylkill County
- H.A.S.D. has the **lowest** millage rate in Carbon County

LUZERNE, SCHUYLKILL AND CARBON COUNTIES TAX MILLAGE RATES									
									1/31/2017
	08-09 MILLAGE	09-10 MILLAGE	10-11 MILLAGE	11-12 MILLAGE	12-13 MILLAGE	13-14 MILLAGE	14-15 MILLAGE	15-16 MILLAGE	16-17 MILLAGE
LUZERNE COUNTY									
HANOVER AREA 831-2314	295.000	15.5892	16.2283	16.4783	16.4783	16.8733	16.8733	17.2733	17.1733
WILKES-BARRE 826-7106	310.000	14.8319	15.0819	15.3684	15.5220	15.5220	15.8710	15.8710	16.8536
WYOMING VALLEY WEST 288-6551	296.000	12.4000	12.7000	13.5000	13.8200	14.1500	14.5600	14.9500	15.4500
WYOMING AREA 655-3733	275.670	11.8963	12.3741	13.0799	13.5408	13.8522	14.3018	14.6304	15.4127
PITTSSTON 654-2415	283.500	12.3212	12.7990	13.1228	13.4246	13.7333	14.1315	14.4989	14.9773
DALLAS 674-7231	262.000	10.6498	11.0118	11.5624	11.8052	12.0413	12.3423	12.6262	13.1381
GR. NANTICOKE AREA 735-7783	255.000	9.9800	9.9295	9.9295	10.1807	10.1777	10.4932	10.4932	11.0766
NORTHWEST 542-0126	220.500	8.8012	9.1986	9.1986	9.1986	9.4193	9.9871	10.2467	10.5848
LAKE LEHMAN 675-2165	254.850	7.8011	8.6906	8.8531	9.2700	9.6713	9.9656	9.9656	10.2806
CRESTWOOD 474-5411	197.300	8.5145	8.5145	9.1600	9.1600	9.1600	9.4089	9.6347	9.8481
HAZLETON AREA	187.392	8.6980	8.8627	9.0446	9.1956	9.1950	9.5420	9.5420	9.5420
		Reassessment							
SCHUYLKILL COUNTY									
SHENANDOAH VALLEY 462-1936	45.300	47.3000	49.3000	49.3000	53.3000	53.3000	53.3000	54.8900	56.9750
PANTHER VALLEY 645-3176	50.290	50.3100	49.1100	49.1100	52.2400	52.2600	51.9400	51.4100	51.4700
MAHANoy AREA 773-3443	43.000	43.0000	44.8000	44.8000	44.8000	44.8000	46.2000	46.2000	47.9000
SCHUYLKILL HAVEN AREA 385-6705	36.350	37.3500	37.8500	38.3500	39.2500	40.1920	40.1920	40.1920	40.1920
MINERSVILLE 544-4764	38.670	38.6700	38.6700	38.6700	38.6700	38.6700	38.6700	38.6700	40.0200
NORTH SCHUYLKILL 874-0466	33.860	33.8600	34.2600	36.0600	36.7900	37.6700	37.9600	37.9600	39.2600
PINE GROVE AREA 345-2731	37.900	37.9000	38.9000	38.9000	38.9000	38.9000	38.9000	38.9000	38.9000
BLUE MOUNTAIN 366-0515	32.700	34.0100	34.9000	34.9000	35.8800	36.2750	37.2544	37.2544	37.2544
SAINT CLAIR AREA 429-2716	26.050	27.5000	28.6000	29.1000	29.7900	30.4750	32.3500	34.5000	35.6700
TAMAQUA AREA 688-2570	32.110	32.1100	33.3600	33.3600	33.3600	33.3600	34.2900	34.2900	35.3800
POTTSVILLE AREA 621-2900	34.000	34.0000	34.0000	34.0000	34.0000	34.0000	34.0000	34.0000	35.1500
HAZLETON AREA	36.588	38.0040	39.6520	30.7130	29.9675	30.5730	30.1250	33.8290	34.7700
WILLIAMS VALLEY 717-647-2167	29.760	31.6400	32.9700	33.7100	33.7800	33.4700	32.9500	33.9800	34.6800
TRI VALLEY 682-9013	27.870	27.8700	27.8700	28.3990	29.0230	29.6890	30.4900	31.2520	32.2520
CARBON COUNTY									
PANTHER VALLEY 645-3176	53.710	55.6900	55.6900	55.6900	55.6900	55.6900	57.6900	57.6900	60.1900
PALMERTON AREA 610-826-7101	41.000	42.0000	43.6380	49.1440	51.4440	51.4400	52.4440	53.8075	55.5293
LEHIGHTON AREA 610-377-4490	44.030	45.5300	46.5700	47.3200	47.3200	47.3200	47.8800	47.8800	47.8800
JIM THORPE AREA 325-3691	38.850	39.8500	42.5200	44.5200	44.5200	45.5200	45.5200	45.5200	45.5200
WEATHERLY AREA 427-8681	39.960	39.9600	39.9600	40.4600	40.4600	40.4600	40.4600	40.4600	44.4600
HAZLETON AREA	29.562	30.1430	29.2753	29.3187	29.0010	27.7780	28.3370	28.0700	26.5090

8) Discussion on Property Taxes

a. STEB (State Tax Equalization Board) Formula

Same amount of revenue needed (Real Estate Tax – 6111) & same assessed values used for both years

FISCAL YEAR	LUZERNE COUNTY	SCHUYLKILL COUNTY	CARBON COUNTY
2016-2017	9.542 mills	34.770 mills	26.509 mills
STEB %	86.602%	11.630%	1.767%
2017-2018	9.528 mills	35.362 mills	26.421 mills
STEB %	86.473%	11.765%	1.761%

b. Growth in Assessment (Using November 2016 County Assessed Values)

Assessed values **may** change when the May 2017 amounts are available

FISCAL YEAR	EXPLANATION	INCREASE TAX REVENUE FROM BASE	LUZERNE COUNTY	SCHUYLKILL COUNTY	CARBON COUNTY
2016-2017 Current Tax Rates			9.542 mills	34.770 mills	26.509 mills
2017-2018 BASE	Generate the same tax revenue from 2016-2017	\$0	9.519 mills	33.316 mills	26.177 mills
2017-2018 OPTION #1	Raise Luzerne mills to 2016-2017	\$110,145	9.542 mills	33.397 mills	26.241 mills
2017-2018 OPTION #2	Raise Schuylkill mills to 2016-2017	\$1,978,645	9.935 mills	34.770 mills	27.320 mills

c. KOZ Properties Expiring 12/31/2017 = Invoiced half of year for 2017-2018 - **\$336,925**

9) History on Student Enrollment

SCHOOL YEAR	STUDENT ENROLLMENT
2000-2001	8,387
2001-2002	8,560
2002-2003	8,813
2003-2004	9,300
2004-2005	9,507
2005-2006	9,786
2006-2007	10,000
2007-2008	10,474
2008-2009	10,265
2009-2010	10,314

SCHOOL YEAR	STUDENT ENROLLMENT
2010-2011	10,301
2011-2012	10,337
2012-2013	10,429
2013-2014	10,560
2014-2015	10,871
2015-2016	10,986
2016-2017	11,366

10) Uncertainty in Salaries & Benefits for 2017-2018

- a. All employee labor agreements expire at the end of 2016-2017 (either 6/30/2017 or 8/31/2017)
- b. Healthcare Consultant (B.S.I. Corporate Benefits) recommending large increases to the Healthcare Spend

11) HASD Ranking on per pupil expenditures among 499 PA School Districts

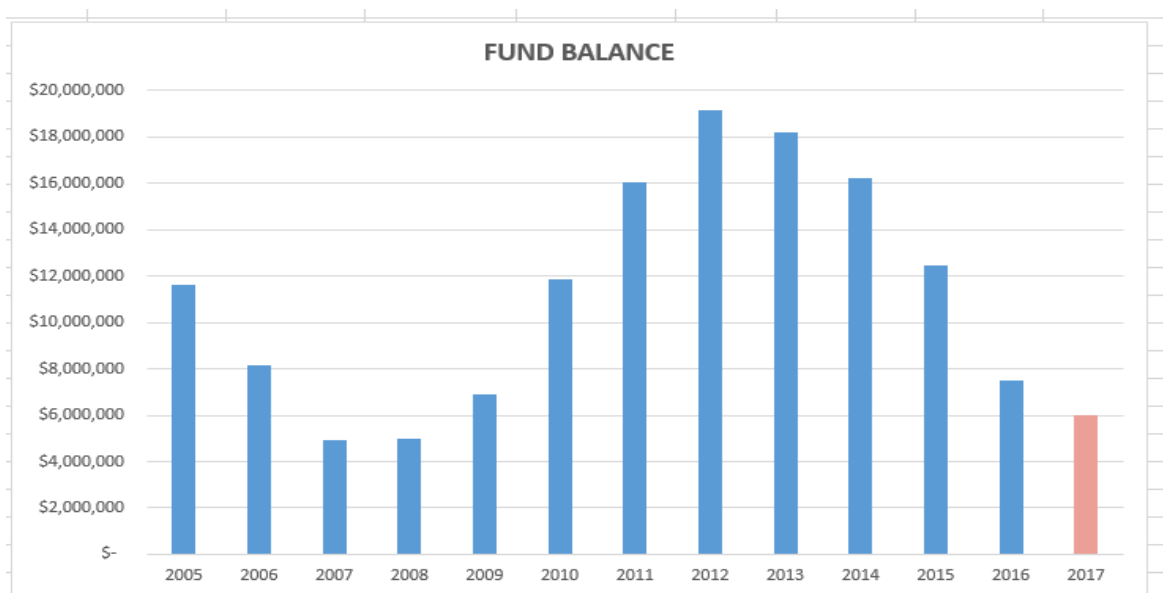
- H.A.S.D. is the 15th largest school district out of 499 in PA by student enrollment
- H.A.S.D. is the 483rd out of 499 PA school districts in regards to per pupil expenditures
- H.A.S.D. per pupil expenditure is \$12,404.00
- The average per pupil expenditure for all 499 PA school districts is \$16,927.00
- The average per pupil expenditure for the top 20 largest student enrollment PA school districts is \$17,107.00

12) Preliminary General Fund Budget Adoption – February 15, 2017

- a. Board vote to adopt Preliminary Budget (See attached)
- b. Tax rates increased in order to apply for exceptions (used Option #2 above for Preliminary General Fund Budget)
- c. Base budget deficit **(\$6,976,017)**
- d. Budget deficit with tax rates from Preliminary Budget **(\$4,997,372)**

13) Fund Balance Update

Hazleton Area School District								
Fund Balance Analysis								
Yearend	Total	Reserved	Nonspendable,			Committed	Assigned	Unassigned
			Unreserved, Undesignated	Inventory/ Prepaid	Restricted			
2005	\$ 11,617,874	\$ 7,565,329	\$ 3,723,477	\$ 329,068				
2006	\$ 8,130,827	\$ 5,438,601	\$ 2,297,057	\$ 395,169				
2007	\$ 4,910,533	\$ 3,053,751	\$ 1,468,865	\$ 387,917				
2008	\$ 4,995,251	\$ 3,000,549	\$ 1,698,292	\$ 296,410				
2009	\$ 6,891,506	\$ 3,146,464	\$ 3,711,489	\$ 33,553				
2010	\$ 11,834,254	\$ 5,152,969	\$ 6,618,556	\$ 62,729				
2011	\$ 16,042,169			\$ 104,764	\$ -	\$ 7,204,005	\$ 2,000,549	\$ 6,732,851
2012	\$ 19,163,451			\$ 81,442	\$ -	\$ 11,396,448	\$ 2,000,000	\$ 5,685,561
2013	\$ 18,192,406			\$ 49,292	\$ -	\$ 9,396,448	\$ 2,000,000	\$ 6,746,666
2014	\$ 16,240,632			\$ 44,380	\$ -	\$ 9,396,448	\$ 2,000,000	\$ 4,799,804
2015	\$ 12,475,053			\$ 386,421	\$ -	\$ 5,896,448	\$ 2,000,000	\$ 4,192,184
2016	\$ 7,512,765			\$ 505,251	\$ -	\$ 2,326,448	\$ 500,000	\$ 4,181,066
2017	\$ 5,978,569			\$ 505,251	\$ -	\$ 2,326,448	\$ 500,000	\$ 2,646,870



2017 Budget	
Revenue	140,204,198
Expense	141,738,394
Deficit	(1,534,196)

NOTE: School District policy is to maintain an unassigned general fund balance of not less than 3% and not more than 8% of the budgeted expenditures for that year.

14) Questions / Comments

15) Future Public Budget Meeting Schedule

- Wednesday, February 22, 2017 (Public) – 6:00 P.M.