

Budget Meeting Agenda

April 19, 2023

1) **Public Budget Meeting Timeline Going Forward**

- a. Wednesday, May 17, 2023 (Public) – Revenues, Expenses & Property Taxes
- b. Wednesday, June 14, 2023 (Public) – Final Budget Review

2) **Proposed Basic Education Funding**

<u>BUDGETED (JUNE 2022)</u> 2022-2023	<u>PROJECTED</u> 2023-2024	<u>ANTICIPATED INCREASE</u>
\$51,018,604	\$64,156,332	\$13,137,728

<u>ACTUAL (MARCH 2023)</u> 2022-2023	<u>PROJECTED</u> 2023-2024	<u>ACTUAL INCREASE</u>
\$56,067,583	\$64,156,332	\$ 8,088,749

NOTE (1): The increase in Basic Education Funding for 2022-2023 was due to a level up supplement in the amount of \$4,525,893 & \$523,086 increased share of overall increase

NOTE (2): The HASD approved its 2022-2023 budget with a deficit of **(\$4,236,253)** using fund balance to balance this budget

3) **Proposed Special Education Funding**

<u>BUDGETED (JUNE 2022)</u> 2022-2023	<u>PROJECTED</u> 2023-2024	<u>ANTICIPATED INCREASE</u>
\$ 5,665,763	\$ 6,612,347	\$ 946,584

<u>ACTUAL (MARCH 2023)</u> 2022-2023	<u>PROJECTED</u> 2023-2024	<u>ACTUAL INCREASE</u>
\$ 5,984,314	\$ 6,612,347	\$ 628,033

4) **New Expenditures for 2023-2024**

- a. Hazleton Area Arts & Humanities Academy
 - i. New Teacher Hirings
 - ii. Administration
 - iii. Guidance
 - iv. School Nurse
 - v. Support Services (Security, Custodial, Secretarial, Paraprofessionals, etc.)
 - vi. Books & Equipment
 - vii. Utilities, Insurance, Repairs
- b. Hazleton Area Academy
 - i. School Nurse / Nursing Assistant
 - ii. Support Services (Security, Custodial, etc.)
 - iii. Utilities, Insurance, Repairs
- c. Hazleton Area Cyber Academy
 - i. New Teacher Hirings
 - ii. Administration
 - iii. Support Services (Security, Custodial, etc.)
 - iv. Utilities, Insurance, Repairs
- d. Newcomer Center (Hazle Township Early Learning Center)
 - i. New Teacher Hirings
 - ii. Bilingual Administration
 - iii. Bilingual Paraprofessionals
 - iv. Translators
- e. New Textbook Curriculum for 2023-2024
 - i. K-6 Math (Estimated \$1,000,000)

5) **Union Contracts**

All union contracts are set for the 2023-2024 Budget

- Administrator's Compensation Plan Contract - ACT 93 (7/1/2021 - 6/30/2026)
- Hazleton Area Education Support Professional Association (HAESPA) Contract (7/1/2022 - 6/30/2027)
- Hazleton Area Education Association (HAEA) Contract (9/1/2021 - 8/31/2026)
- International Union, Security, Police & Fire Professionals of America (SPFPA) & Its Amalgamated Local 506 Contract (7/1/2020 - 6/30/2025)
- Teamsters Local Union No. 401 Contract (7/1/2022 - 6/30/2027)
- H.A.S.D. Police Officer's Employee Group Agreement (7/1/2022 - 6/30/2027)

6) **New Borrowings & Debt Service**

- As we are all aware our district continues to increase in enrollment. There is a need for an additional city school. The grade configuration of this school will be discussed once the Feasibility Study is completed by the Schrader Group. Estimated cost of building a new school housing 1,000+ students is about \$65 million as of today.
- At our last Public Budget Meeting various capital projects have been identified by our Maintenance Department. Some of these projects will be done in-house in the current budget and some will be completed in next year’s budget. Some of these projects can be completed through the GESA (ESCO) route. The estimated amount to complete the projects using the GESA (ESCO) route are in the range of \$15 million - \$18 million.

AMOUNT WE CAN BORROW

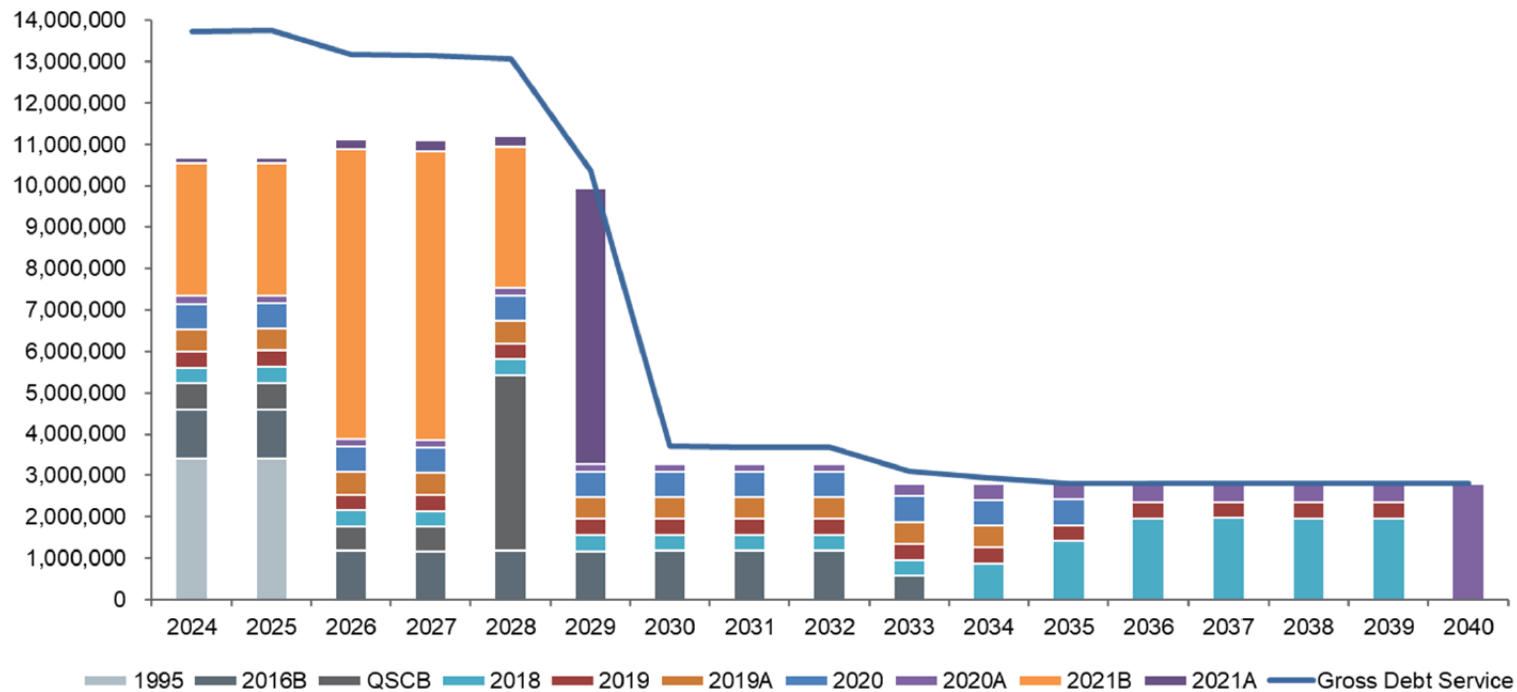
Hazleton Area School District Borrowing Base

	2019-20	2020-21	2021-22
Total Govt Fund Revenues	\$ 161,195,746	\$ 170,714,557	\$ 194,515,447
Less: Required Deductions			
Rental & Sinking Fund Reimbursement	3,036,699	2,930,770	3,190,547
Revenues for Self-Liquidating Debt			
Interest Eamed on Sinking Funds			
Grant & Gifts for Cap Projects			
Sale of Equipment	143,098	-	-
Total Deductions	3,179,798	2,930,770	3,190,547
Total Revenues	\$ 158,015,948	\$ 167,783,787	\$ 191,324,900
Total Net Revenues for Three Years			\$ 517,124,635
Borrowing Base - Average Net Revenues			\$ 172,374,878
Calculation of Borrowing Capacity			
A. Non-Electoral Debt			
Computation of Non-Electoral Debt			
Outstanding Principal (Including Proposed Bonds)			\$ 87,203,682
Less: Subsidized Debt			-
Net Non-Electoral			\$ 87,203,682
B. Lease Rental Debt			
Computation of Borrowing Capacity			
Debt Limitation - 225% of Borrowing Base			\$ 387,843,476
Less: Net Non-Electoral and Lease Rental Debt			87,203,682
Current Non-Electoral and Lease Rental Borrowing Capacity			\$ 300,639,794

Hazleton Area School District Debt Portfolio

Hazleton Area School District												
Series	Delivery Date	Type	Tax Status	Original Par Amount	Current Par Amount	Outstanding Coupon	Call Date	Call Price	Final Maturity	Avg. Int. Rate	Avg. Life	Purpose
2021A	02/19/2021	Fixed	Tax-Exempt	\$ 6,940,000	\$ 6,940,000	1.000-2.000%	03/01/2026	100%	03/01/2029	1.83%	5.9	Current Refunding
2021B	02/19/2021	Fixed	Taxable	29,250,000	27,735,000	0.665-1.630%	N/C	100%	03/01/2028	1.38%	3.2	Advance Refunding
2020A	11/24/2020	Fixed	Tax-Exempt	4,590,000	4,580,000	1.000-4.000%	03/01/2028	100%	03/01/2040	4.00%	15.5	New Money
2020	06/11/2020	Fixed	Tax-Exempt	7,335,000	6,415,000	0.700-3.000%	09/01/2025	100%	03/01/2035	2.12%	6.8	Current Refunding
2019A	08/26/2019	Fixed	Tax-Exempt	7,535,000	6,425,000	2.000-4.000%	09/01/2027	100%	03/01/2034	2.52%	6.3	Current Refunding
2019	04/25/2019	Fixed	Tax-Exempt	5,630,000	4,695,000	2.000-4.000%	09/01/2024	100%	03/01/2039	3.59%	9.1	New Money
2018	12/28/2018	Fixed	Tax-Exempt	8,680,000	8,665,000	2.250-4.500%	03/01/2024	100%	03/01/2039	4.36%	14.0	New Money
2016B	08/17/2016	Fixed	Tax-Exempt	17,100,000	11,740,000	2.000-5.000%	09/01/2024	100%	03/01/2033	3.17%	5.5	Advance Refunding
2010A	10/06/2010	Fixed	Taxable (QSCB)	10,370,000	8,360,000	0.17%	N/C	N/A	09/01/2027	0.17%	3.5	New Money
1995B	03/22/1995	Fixed	Tax-Exempt	9,438,039	1,648,682	6.400%	N/C	N/A	03/01/2025	6.40%	1.0	Advance Refunding
Total				\$106,868,039	\$87,203,682					2.33%	6.2	

Aggregate Net Debt Service by Series compared to Aggregate Gross Debt Service



<u>BORROWING AMOUNT</u>	<u>*ANNUAL DEBT SERVICE PAYMENT OF NEW BORROWING</u>
\$10,000,000	\$402,000
\$20,000,000	\$797,600
\$30,000,000	\$1,198,000
\$40,000,000	\$1,588,800
\$50,000,000	\$1,978,000
\$60,000,000	\$2,367,000

**Amounts above are as of 4/18/2023 Market Conditions*

7) Health Insurance Update

<u>BUDGET 2022-2023</u>	<u>ACTUAL HEALTH CLAIMS PAID TO DATE 2022-2023</u>	<u>PROJECTED HEALTH CLAIMS ANNUALIZED 2022-2023</u>	<u>DIFFERENCE (DEFICIT)</u>
#\$18,313,014	#\$13,694,415	#\$17,557,168	#\$ 755,846

#This is for all funds (General, Athletic, Food Service)

8) Fund Balance Update

Hazleton Area School District
Fund Balance Analysis

Yearend	Total	Reserved	Unreserved,		Nonspendable,		Restricted	Committed	Assigned	Unassigned
			Undesignated	Prepaid	Inventory/					
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	\$ 19,164,000			\$ 81,442	\$ -	\$ 11,396,448	\$ 2,000,549	\$ 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	\$ 10,807,912			\$ 415,890	\$ -	\$ 2,326,448	\$ 500,000	\$ 7,565,574		
2018	\$ 6,788,428			\$ 238,826	\$ -	\$ 1,345,942	\$ 500,000	\$ 4,703,660		
2019	\$ 11,073,136			\$ 345,211	\$ -	\$ 1,345,942	\$ 500,000	\$ 8,881,983		
2020	\$ 14,802,653			\$ 176,962	\$ -	\$ 1,345,942	\$ 500,000	\$ 12,779,749		
2021	\$ 22,272,421			\$ 82,090	\$ -	\$ 8,595,942	\$ 500,000	\$ 13,094,389		
2022	\$ 28,166,728			\$ 646,806	\$ -	\$ 12,095,942	\$ 500,000	\$ 14,923,980		
2023	\$ 23,930,477			\$ 646,806	\$ -	\$ 12,095,942	\$ 500,000	\$ 10,687,729		

9) **2023-2024 Budget Highlights**

- a. HASD has not received FINAL updated assessments from Luzerne, Schuylkill or Carbon Counties
- b. New Positions
- c. Replacement Positions
- d. Capital Projects identified by Maintenance Department to be paid out of the General Fund
 - i. Heights-Terrace Elementary / Middle School Parking Lot (Already Committed to) – Consider using monies remaining in Series 2020A New Money Borrowing
 - ii. Valley Elementary / Middle School Parking Lot (Already Committed to) – Consider using monies remaining in Series 2020A New Money Borrowing
 - iii. Various additional projects (Estimates to be obtained by Maintenance Department, Architect & Engineer)
- e. No new borrowings (currently) in the budget
- f. No budgetary reserve in the budget
- g. Student enrollment has increased by 201 students since the start of the school year
- h. Inflation has led to larger than usual expenses in many areas of the budget.

10) **Update on Current 2023-2024 Budget Process**

- a. Please note that the General Fund Budget is a work-in-progress document that is changing daily.
- b. Any retirements that the district receives from now until the end of June will be evaluated by the Administration to determine if replacement is needed.
- c. All department and school budgets are in the process of being reviewed with each of the respective department heads and/or principals. We continue to work in these budget files looking for additional cuts.
- d. Salary & benefit budgeting is being evaluated by central administration. Each building principal and department supervisor will be confirming the accuracy of his/her staff within the 2023-2024 budget over the course of the next 6 weeks.
- e. All State and Federal programs (including Special Education funding) are still in the process of being reconciled matching the expenses with the projected anticipated revenues. This will be completely reconciled once all new positions have been discussed and adequately budgeted for and final amounts have been provided by the State and Federal Governments.
- f. The Business Office has not applied for the 2023-2024 Referendum Exceptions since the Board decided to limit any tax increase to the index and approved the Accelerated Budget Opt Out Resolution.
- g. Final county property assessments (Carbon, Luzerne & Schuylkill) will be made available to us in early June.
- h. Final Basic Education Funding and Special Education Funding should be made available in June.
- i. General Fund Budget TOTALS (Revenues & Expenses) will continue to be updated and presented at the next Public Budget Meeting scheduled for Wednesday, May 17, 2023 at 5:00 P.M.
- j. Executive session budget meetings will be held to discuss personnel and specific positions in May and June.

- k. *Proposed* Final General Fund Budget is scheduled to be Board approved on Thursday, May 18, 2023 at the Regular Monthly School Board Meeting.
- l. **Final** General Fund Budget is scheduled to be Board approved on Friday, June 22, 2023 at the Regular Monthly School Board Meeting.

11) **Questions / Comments**