

Preliminary Budget Adoption

January 22, 2013

2013-14 Budget Pressure Points

Expenses

- ◆ Health Care
- ◆ Retirement System
- ◆ Long Term Capital

Some positives ...

- ◆ Teacher Contract
- ◆ Support Contract
- ◆ Energy Efficiency
- ◆ Food Service Contract
- ◆ Copier Contract
- ◆ Walking to School

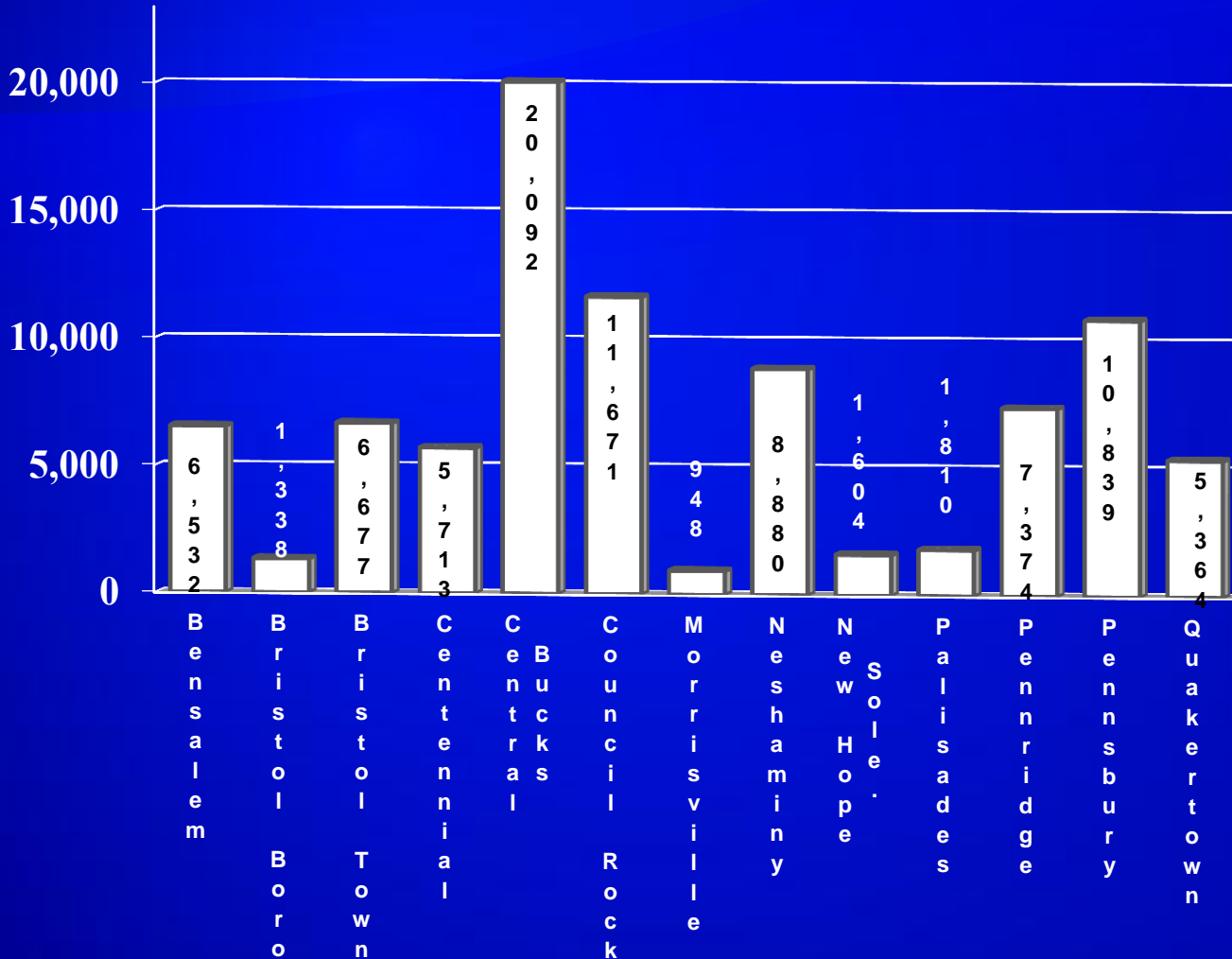
Revenues

- ◆ Decline in Local Revenues
 - ◆ Real Estate Assessment Appeals
 - ◆ Real Estate Transfers
 - ◆ Interest Earnings
 - ◆ Earned Income Tax – slight increase
- ◆ Stagnant / Declining State Funding
 - ◆ Basic Education Funding
 - ◆ Accountability Block Grant
 - ◆ Transportation Funding
 - ◆ Special Education Funding

County Enrollment and Changes

2011-12 School year Enrollment

Source: BCIU #22 Budget Analysis
2010-11 Vs 2011-12



School District	Increase / (Decrease) Over the Prior Year
Bensalem	162
Bristol Boro	(5)
Bristol Town	(43)
Centennial	(98)
Central Bucks	(348)
Council Rock	(236)
Morrisville	22
Neshaminy	(108)
New Hope Sole.	17
Palisades	(63)
Penridge	42
Pennsbury	(273)
Quakertown	43
Total	(888)

CBSD Enrollment

1984 – 2010: Enrollment Increased by 114%

Enrollment is Expected to Decline Slightly Over the Next Several Years



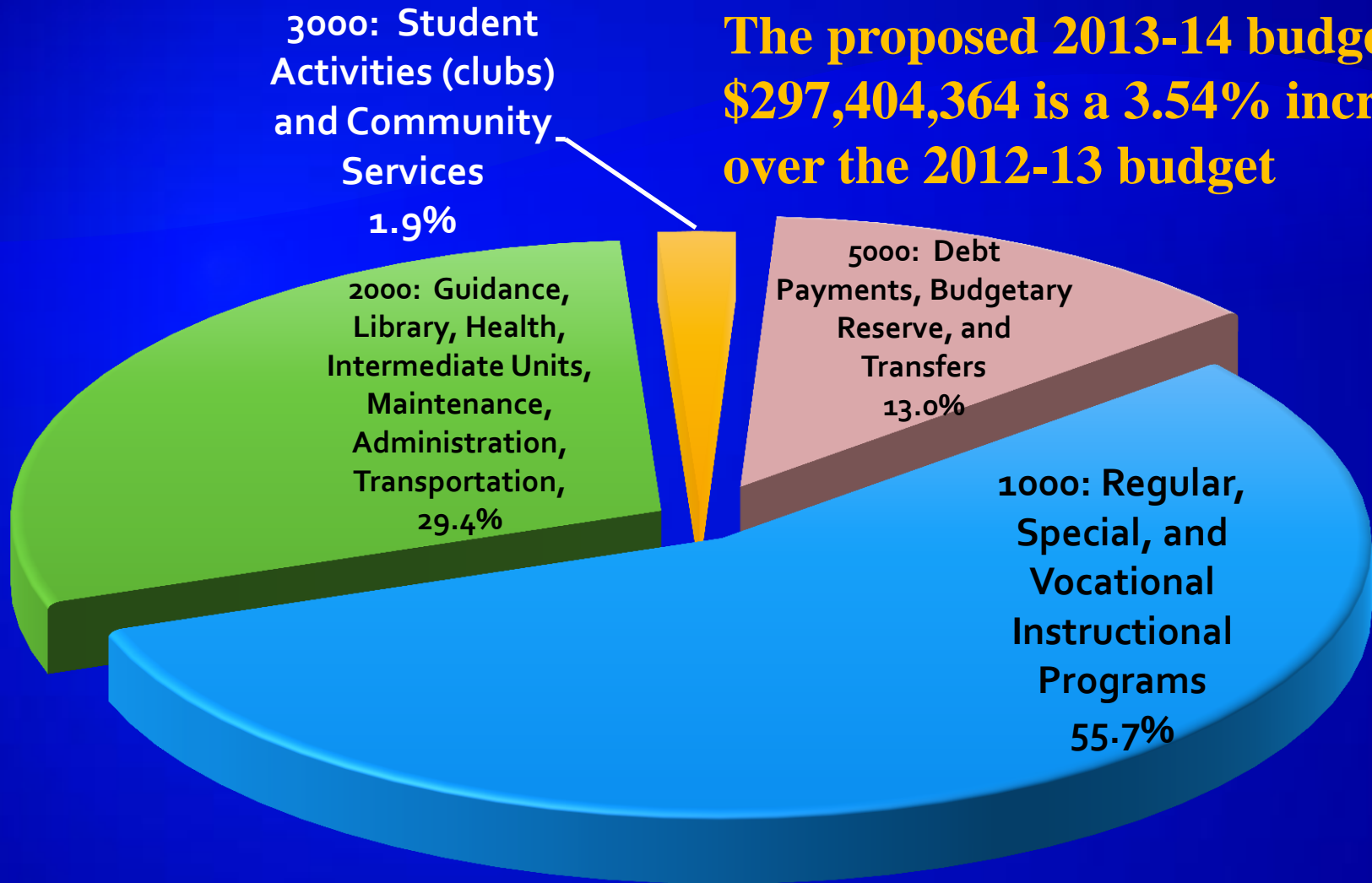
■ CBSD enrollment October, 1st each year

■ Current Year

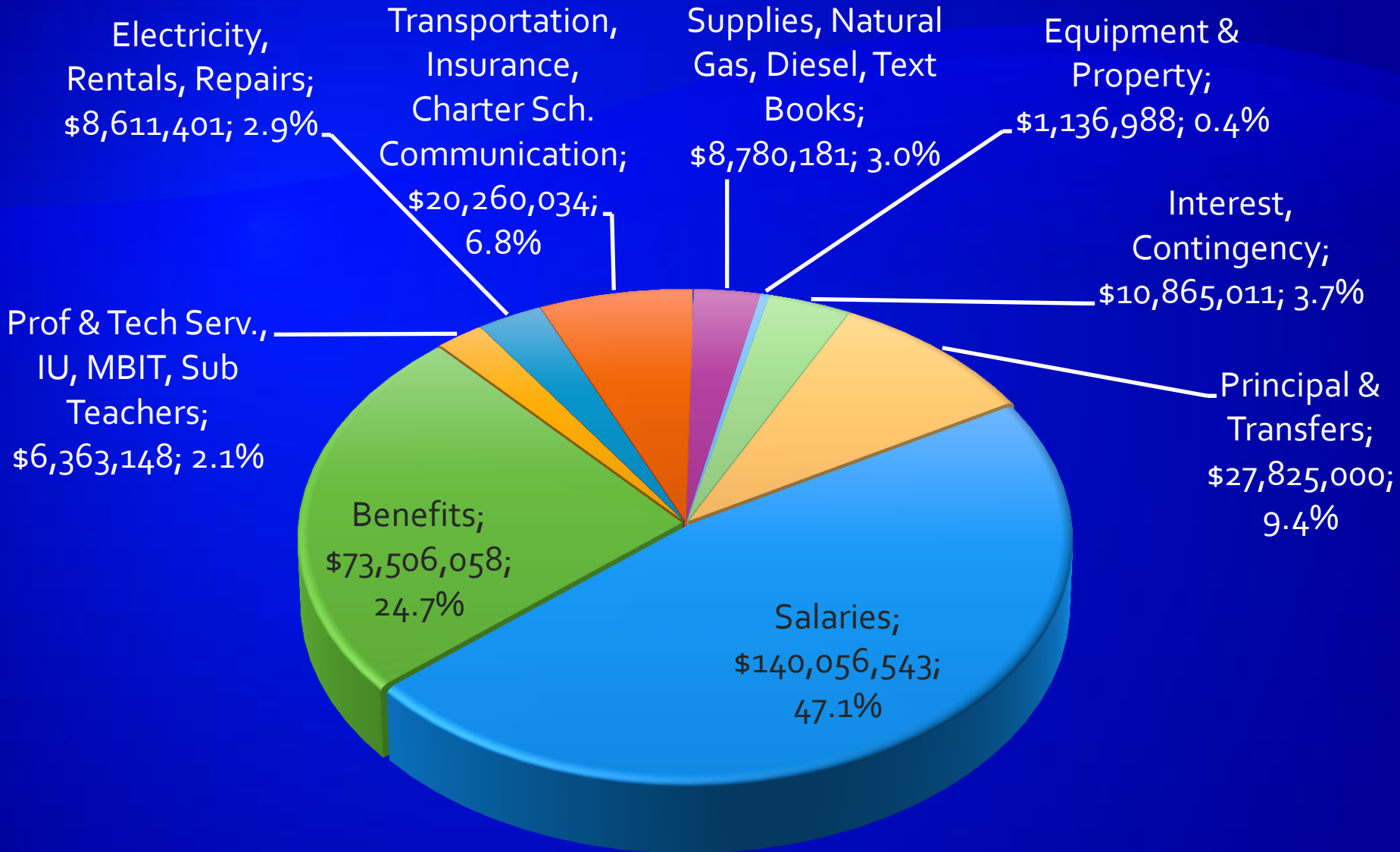
■ CB Projections

Expenditures By Major Functional Area









The proposed 2013-14 budget of \$297,404,364 is a 3.54% increase over the 2012-13 budget



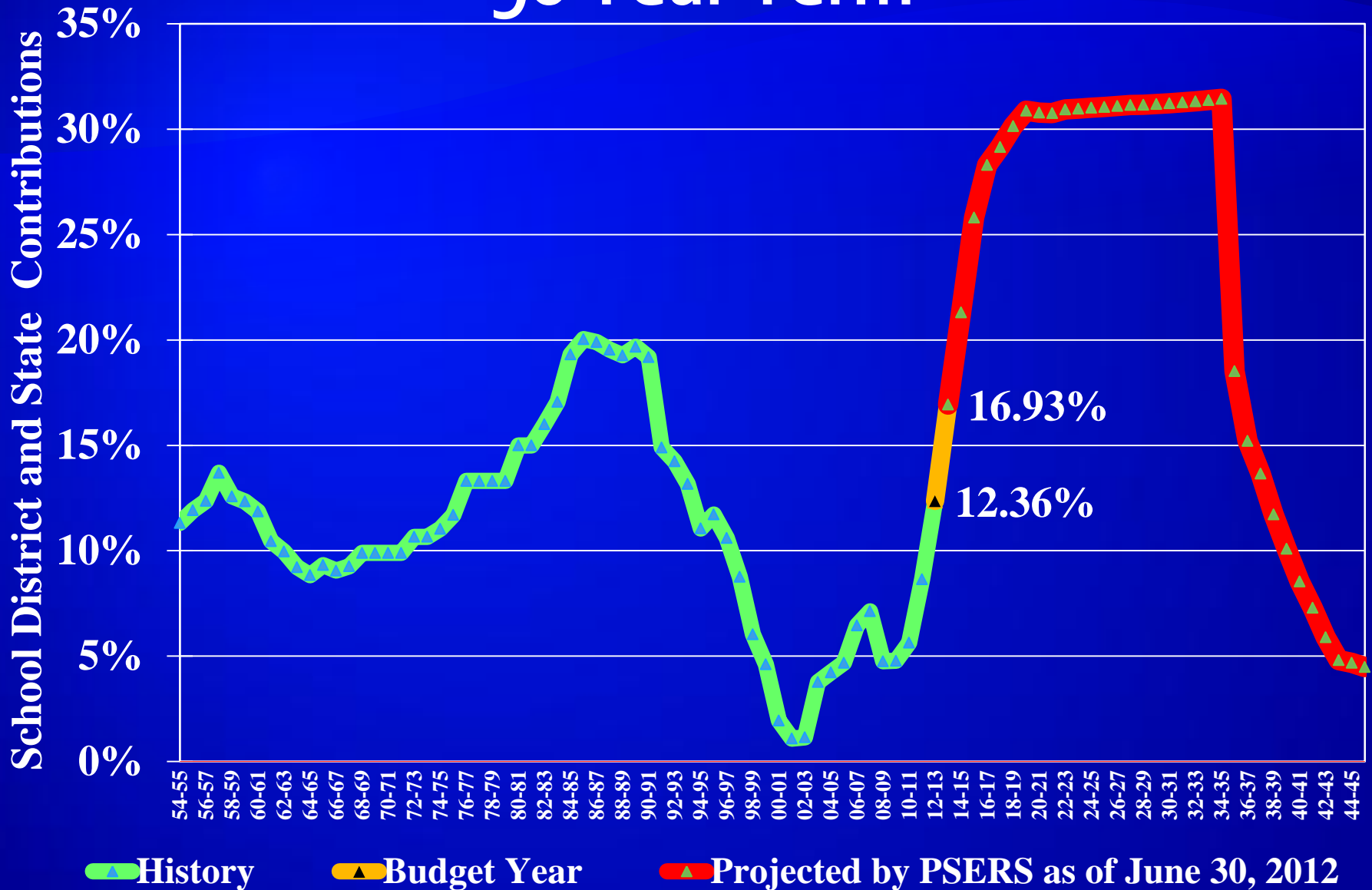
Expenditures by Major Categories



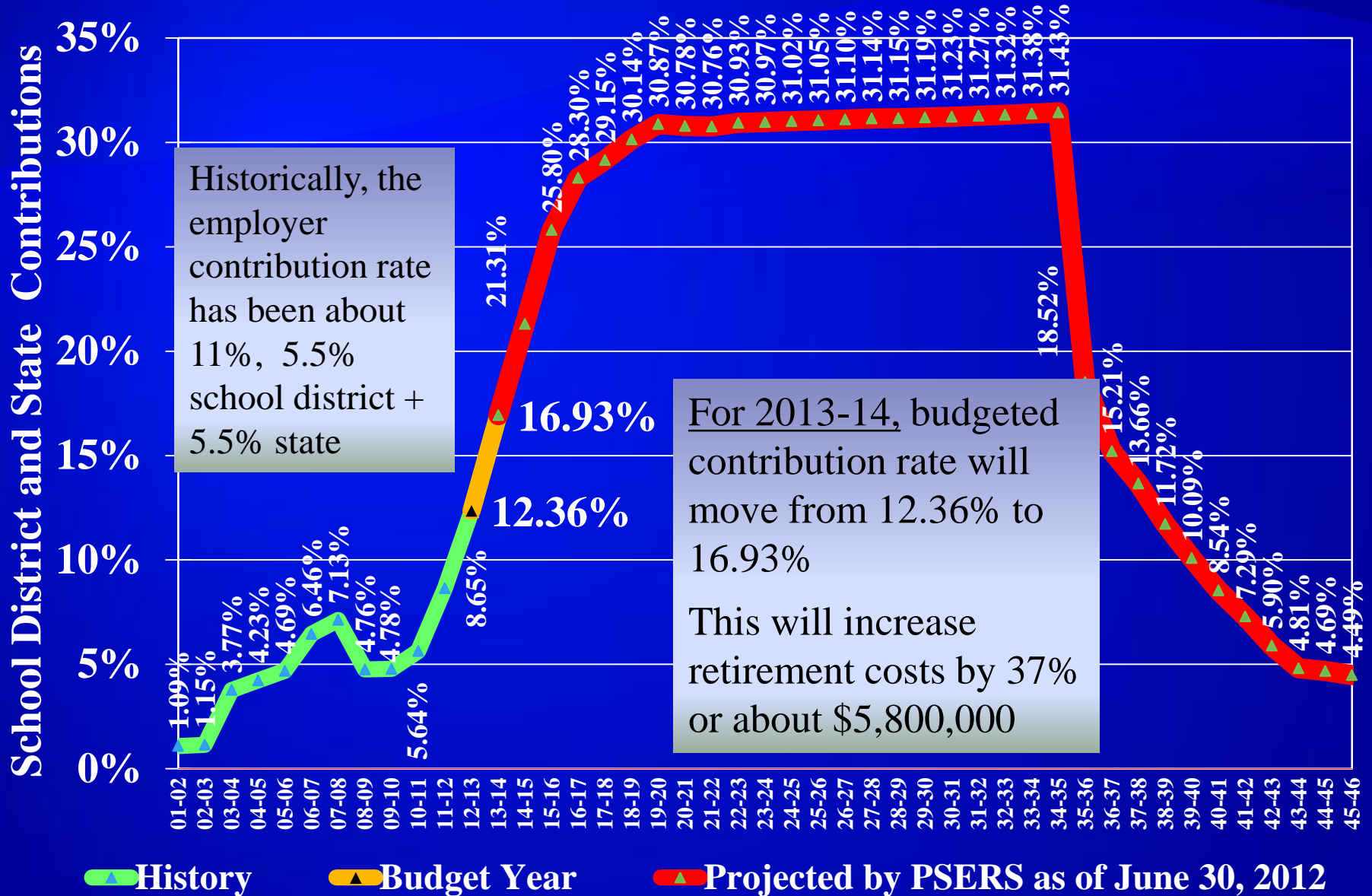
Major Goals for the 2013-14 Budget

- ◆ Keep tax increases at or below legislative limits 
- ◆ Provide recurring funding for technology, transportation, small and **large** capital projects 
- ◆ Prepare for the retirement rate impact 
- ◆ Look for ways to reduce health care costs
 - ◆ Employees are contributing more towards the monthly premium 
 - ◆ Employees pay more for Doctor office co-payments 
 - ◆ Joined the Bucks-Montgomery County Health Care Consortium 
- ◆ Explore and plan for future debt reduction 
- ◆ Retain a quality education. 

PSEERS Employer Retirement Contributions 90 Year Term



PSERS Employer Retirement Contributions



Real Estate Assessment Appeals

Due to Real Estate Assessment Appeals the District is Losing Over \$6.3M per Year in Revenue

- ◆ CBSD has 22% of Bucks County students
- ◆ CBSD had 46% of the real estate assessment appeals in the county
 - ◆ Council Rock - 16%
 - ◆ Neshaminy - 9.3%
 - ◆ Pennridge - 8.7%
 - ◆ Pennsbury - 6.3%
- ◆ The assessment appeal trend will continue in 2013-14.

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Category	2013-14	2012-13	% Change
Salaries	140,056,543	138,947,101	0.80%
Employee Benefits	73,506,058	66,303,567	10.86%
Prof. Services, Special Ed., EIT Tax, Legal	6,363,148	6,300,965	0.99%
Electricity, Rentals, Repairs	8,611,401	8,642,798	-0.36%
Contracted Services, Transp., MBIT, IU, Charter Sch	20,260,034	18,113,643	11.85%
Supplies, Natural Gas, Diesel, Heating Oil	8,780,181	8,972,773	-2.15%
Equipment	1,136,988	1,141,179	-0.37%
Interest Payments on Bonds	10,865,011	11,031,824	-1.51%
Debt Payments, Capital Transfers	27,825,000	27,785,000	0.14%
Total budget	\$297,404,364	\$287,238,850	3.54%

Use of Rainy Day Savings to Balance the Budget

	Needed to Supplement Revenues
◆ For 2009-10	\$2,900,000
◆ For 2010-11	\$3,800,000
◆ For 2011-12	\$3,019,991
◆ For 2012-13	\$1,180,000
◆ For 2013-14	\$ 985,000

External Factors Impacting the Budget

- ◆ How long will the economic downturn impact our budgets?
 - We think through long as 2009 recession
- ◆ What will be the increase in health care?
 - Experts say 10% or more budgeting about 20%
- ◆ What will investment interest rates be in 12 months?
 - Currently they are really low and budgeting 1%
- ◆ Will home sales, still be sluggish 12 months from now?
 - This impacts transfer taxes, income taxes, and assessment system
- ◆ What will our state revenues be ?????

Estimated Act 1 Exception for Retirement

Act 25 of 2011 Caps the Salary Base at 2011-12 Levels \$133,209,000		Actual Dollar Value of Estimated Payments for 2012-2013	Actual Dollar Value of Estimated Payments for 2013-2014
(a)	2011-12 PSERS Salary Base	\$133,209,000	\$133,209,000
(b)	PSERS Employer Contribution Rate	12.36%	16.93%
(c)	Gross PSERS Amount for Reimbursement (a x b)	\$16,464,632	\$22,552,284
(d)	Revenue 7820	\$8,232,000	\$11,277,000
(e)	Percent Share	50.00%	50.00%
(f)	Local & Fed. Share(c x e)	\$8,232,632	\$11,275,284
(f)	Salary Base - Federal		
(g)	Salary Base - Federal	\$1,994,000	\$1,994,000
(h)	Expenditure Object 230 - Federal (g x b)	\$246,458	\$337,584
(i)	State & Fed Share for Fed Programs	\$123,224	\$168,805
(j)	PSERS Retirement - Preliminary Local Share (f - i)	\$8,109,408	\$11,106,479
	School District's Base Act 1 Index for 2013-2014		1.7%
(k)	Base Index multiplied by 2012-2013 budgeted school district share of payments to PSERS:		\$137,860
(l)	2013-2014 minus 2012-2013 Preliminary Local Share: (13 j - 12 j)		\$2,997,071
	Allowable Retirement Exception (l - k):		\$2,859,211
	Estimated millage increase due to Act 1 Exception	1.7 mills or	1.41%
	Act 1 Base Index	2.12 mills or	<u>1.70%</u>
	Maximum Millage Increase Allowed by Act 1	3.82 mills or	3.11%

Reminder: Applying for an Act 1 exception does not mean the district will use the exception to increase taxes.

Next Steps...

- ◆ Board of School Directors
 - ◆ Consideration of the 2013-14 Preliminary Expenditure Budget Adoption of \$297,404,364
 - ◆ Expenditure Increase of 3.54% or \$10,165,776
 - ◆ Retirement = \$5,820,000 Long Term Capital = \$2,300,000
 - ◆ All other budget items = \$2,045,776 or .7%
 - ◆ Final Budget Adoption is Scheduled for May 28th

- ◆ Superintendent and Cabinet
 - ◆ Refine Staffing Needs
 - ◆ Refine Health Care Numbers
 - ◆ Analyze Revenue Projections
 - ◆ Analyze Expenditure Projections
 - ◆ Analyze the Governor's proposed Budget
 - ◆ (The Governor's budget address is scheduled for February 5th)

Preliminary Budget Resolution

CENTRAL BUCKS SCHOOL DISTRICT

Resolution Approving Preliminary Budget and Authorizing Referendum Exception and Final Budget Notice

RESOLVED, by the Board of School Directors of Central Bucks School District, as follows:

1. The Proposed Preliminary Budget of the School District for the 2013- 2014 fiscal year on form PDE 2028 as presented to the School Board is adopted as a Preliminary Budget Proposal for the School District General Fund. The Administration and School Board will continue review of budget components, and the Preliminary Budget may be revised prior to adoption of a Final Budget for the 2013- 2014 fiscal year.
2. The Act 1 index applicable to the School District as calculated by the Pennsylvania Department of Education is 1.7%. The Preliminary Budget Proposal assumes that the School District will receive approval for use of one or more Act 1 real estate tax referendum exceptions. The School District shall take all steps required to obtain approval for the referendum exceptions contemplated in the Preliminary Budget Proposal, including advertising once in a newspaper of general circulation and placing on the School District internet website Act 1 Referendum Exception Notice in substantially the form as presented to the School Board.
3. The School District shall continue to make the Preliminary Budget Proposal available for public inspection, and shall make the Proposed Final Budget in its then current form available for public inspection at least 20 days before the date scheduled for adoption of the Final Budget.
4. At least 10 days before the date scheduled for adoption of the Final Budget, the Secretary shall advertise Final Budget Notice in substantially the form as presented to the School Board. The notice shall be advertised once in a newspaper of general circulation and shall be posted conspicuously at the School District offices.
5. School District officials shall take all action necessary or appropriate to carry out the intent of this resolution.


Act 1 Exception Notice

CENTRAL BUCKS SCHOOL DISTRICT

Act 1 Referendum Exception Notice

Pursuant to Act 1, the Pennsylvania Department of Education publishes an index % applicable to the School District. The school district real estate tax increase for the next fiscal year is limited to the index % unless the proposed tax rate is approved by voters pursuant to a referendum or the School District qualifies for an Act 1 exception. As a result of special circumstances covered by an Act 1 referendum exception, a tax rate % increase above the index might be required to balance the School District budget for the next fiscal year. The tax to be levied is required to provide a quality education program as reflected in the School District Preliminary Budget.

The School District intends to seek approval from the Pennsylvania Department of Education as required by Act 1 for an exception allowing increase of the real estate tax as reflected in the School District Preliminary Budget. The Preliminary Budget is available for public inspection at WWW.CBSD.Org and at the School District offices, 20 Welden Drive, Doylestown, Pennsylvania.

 Sharon L. Reimer, Secretary

