

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 2016- 2017 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 2016- 2017 fiscal year.
2. The Act 1 index applicable to the School District as calculated by the Pennsylvania Department of Education is 2.4%. 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.

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(s). 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.

_____, Secretary

Preliminary Budget Adoption

January 26, 2016

2015-16 Major State Revenue Estimates as of **November 18, 2015**

2015-16 Revenues

	2015-16 CBSD Revenue Budget	Estimated Revenues 11/12/2015	Variance
Basic Instructional Subsidy	\$17,781,941	\$17,840,341	\$58,400
Special Education Subsidy	\$7,762,441	\$7,154,814	-\$607,627
Ready to Learn Block Grant	\$0	\$771,334	\$771,334
	\$25,544,382	\$25,766,489	\$222,107

2015-16 Major State Revenue Estimates as of **December 11, 2015**

2015-16 Revenues

	2015-16		
State Subsidies to CBSD	CBSD Revenue Budget	Estimated Revenues 12/11/2015	Variance
Basic Instructional Subsidy	\$17,781,941	\$17,507,761	-\$274,180
Special Education Subsidy	\$7,762,441	\$7,142,874	-\$619,567
Ready to Learn Block Grant	\$0	\$771,334	\$771,334
	\$25,544,382	\$25,421,969	-\$122,413

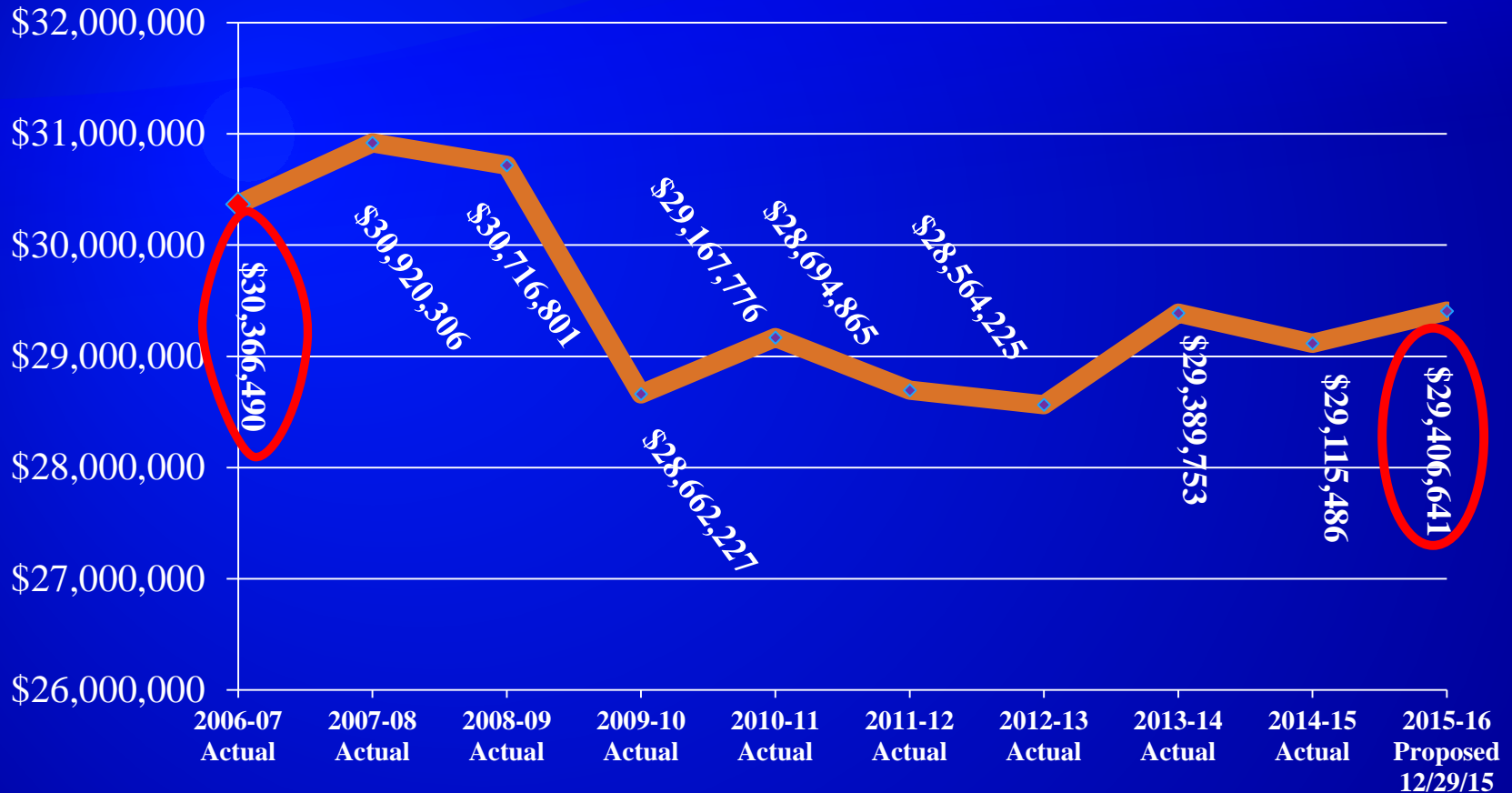
2015-16 Major State Revenue Estimates as of **January 20, 2016**

2015-16 Revenues

State Subsidies to CBSD	2015-16		Variance
	CBSD Revenue Budget	Estimated Revenues 12/29/2015	
Basic Instructional Subsidy	\$17,781,941	\$16,345,166	-\$1,436,775
Special Education Subsidy	\$7,762,441	\$7,061,965	-\$700,476
Ready to Learn Block Grant	\$0	\$819,808	\$819,808
<hr/>			
<div data-bbox="255 1110 917 1320" style="border: 1px solid black; padding: 5px;"> \$24,226,939 is 1% more than the district received in 2014-15. </div>	\$25,544,382	\$24,226,939	-\$1,317,443

Historical State Revenue for CBSD *

Total State Subsidies *

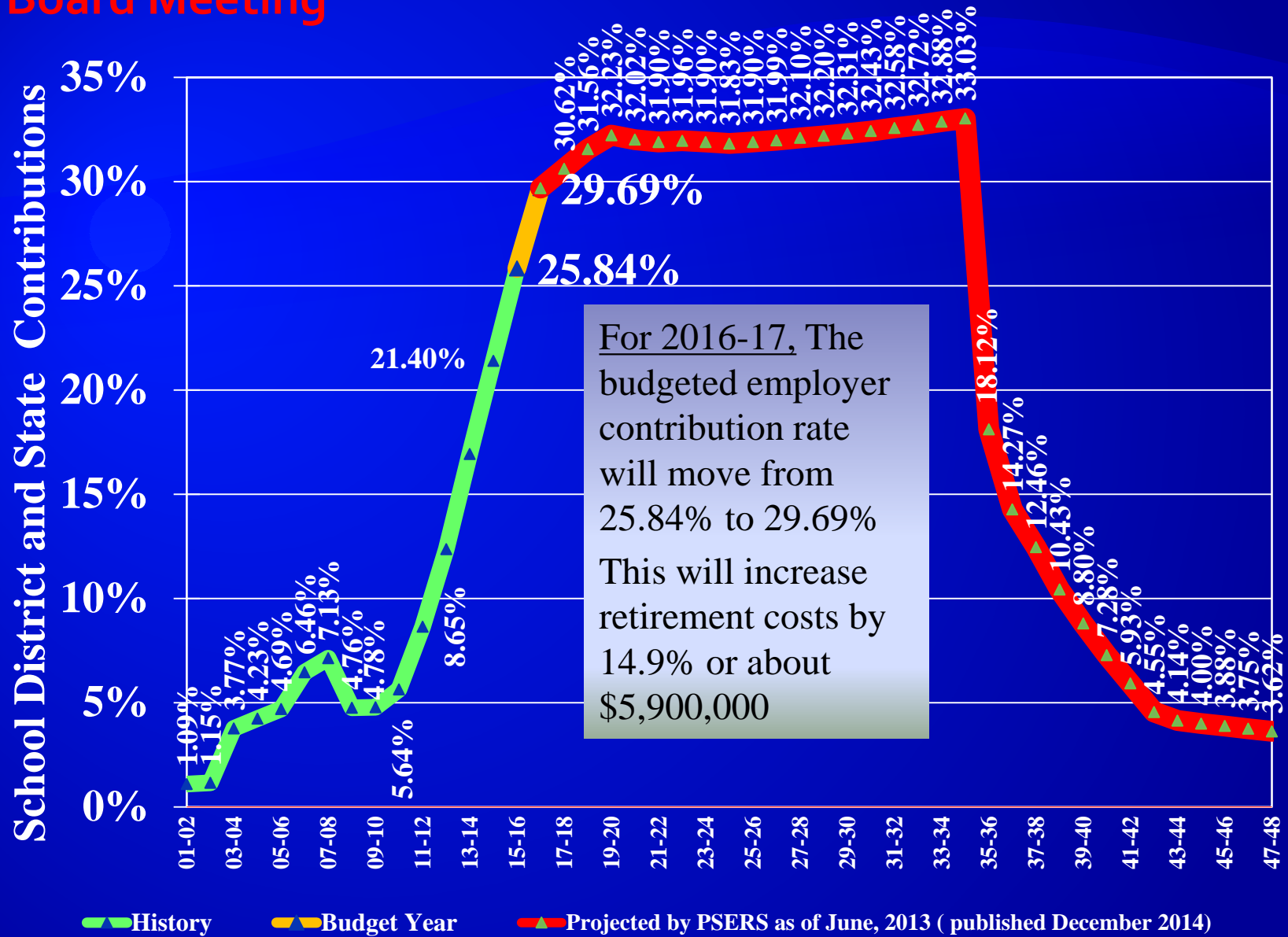


* All state revenues except: retirement, FICA, gambling, and one-time debt reimbursement

2016-17 Retirement Expenses

December 1st
Board Meeting

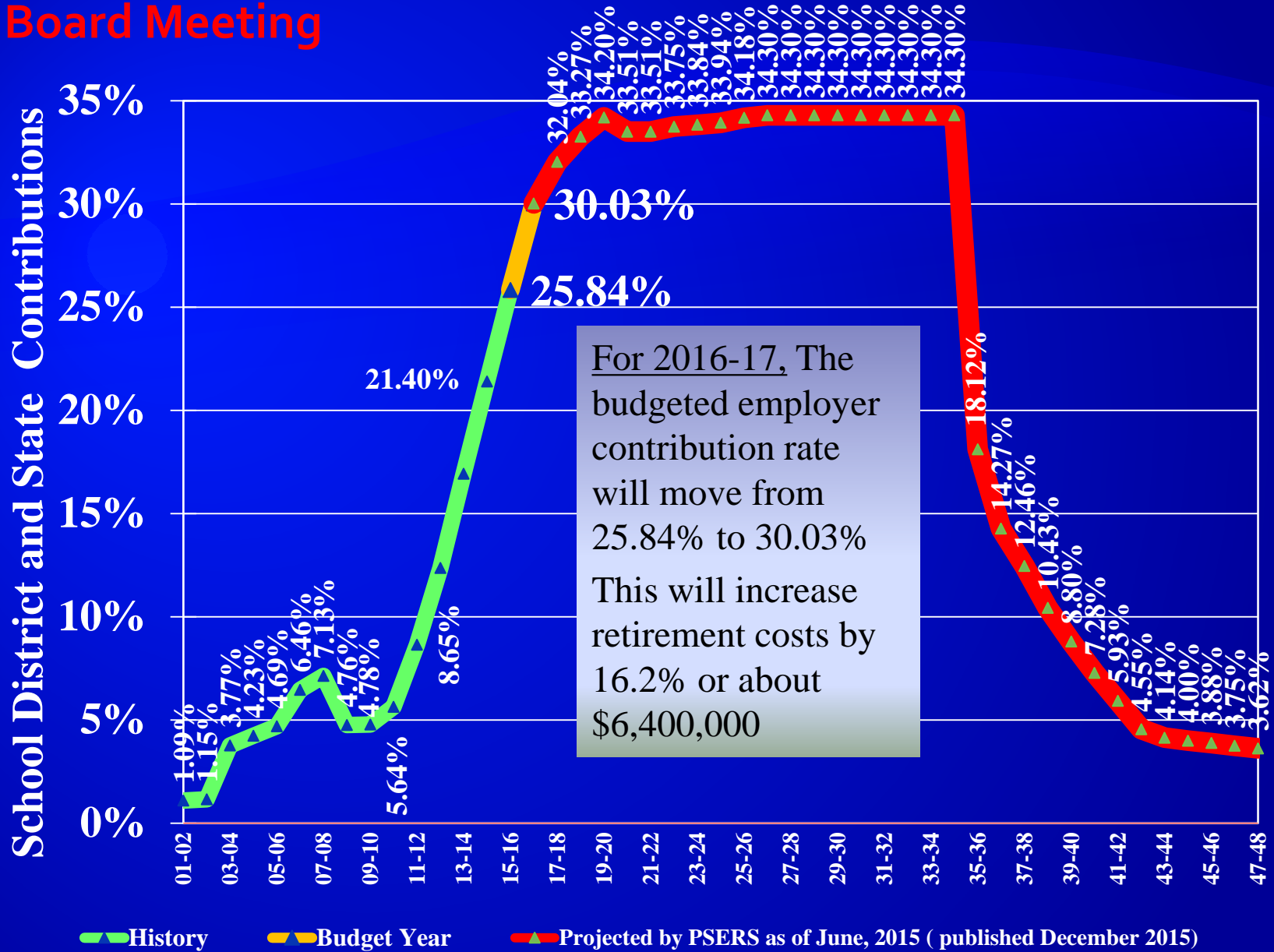
PSERS Retirement



2016-17 Retirement Expenses

January 26th
Board Meeting

PSERS Retirement



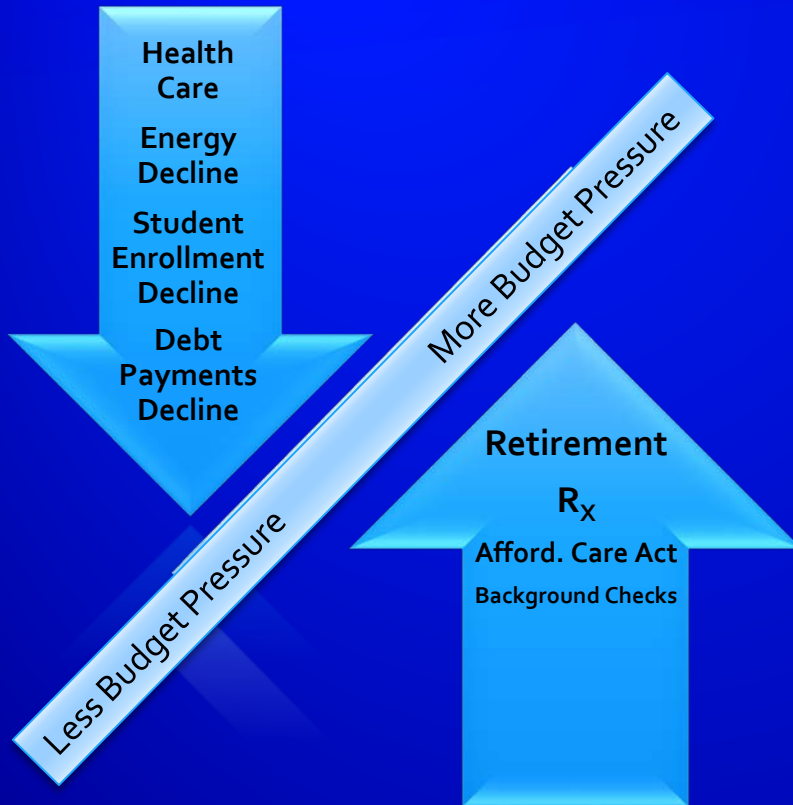
What Are We Doing To Address The Retirement Rate Increases?

- ◆ We have been saving for years in anticipation of higher PSERS rates just like preparing for college tuition.
- ◆ We are using our savings to pay off debt ahead of schedule and permanently eliminate some of our future principal and interest payments. (pre-paid \$153M in principal over the past 5 years).
- ◆ As debt principal and interest payments go down, we are better able to afford retirement system increases without major tax increases.
- ◆ To help afford future retirement expenses and employment contracts, it is recommended to explore a debt prepayment of \$30M in June 2017.

2016-17 Budget Pressure Points

Expenses

- ◆ Retirement System + 16.2%
- ◆ R_x prescription + 10.5%

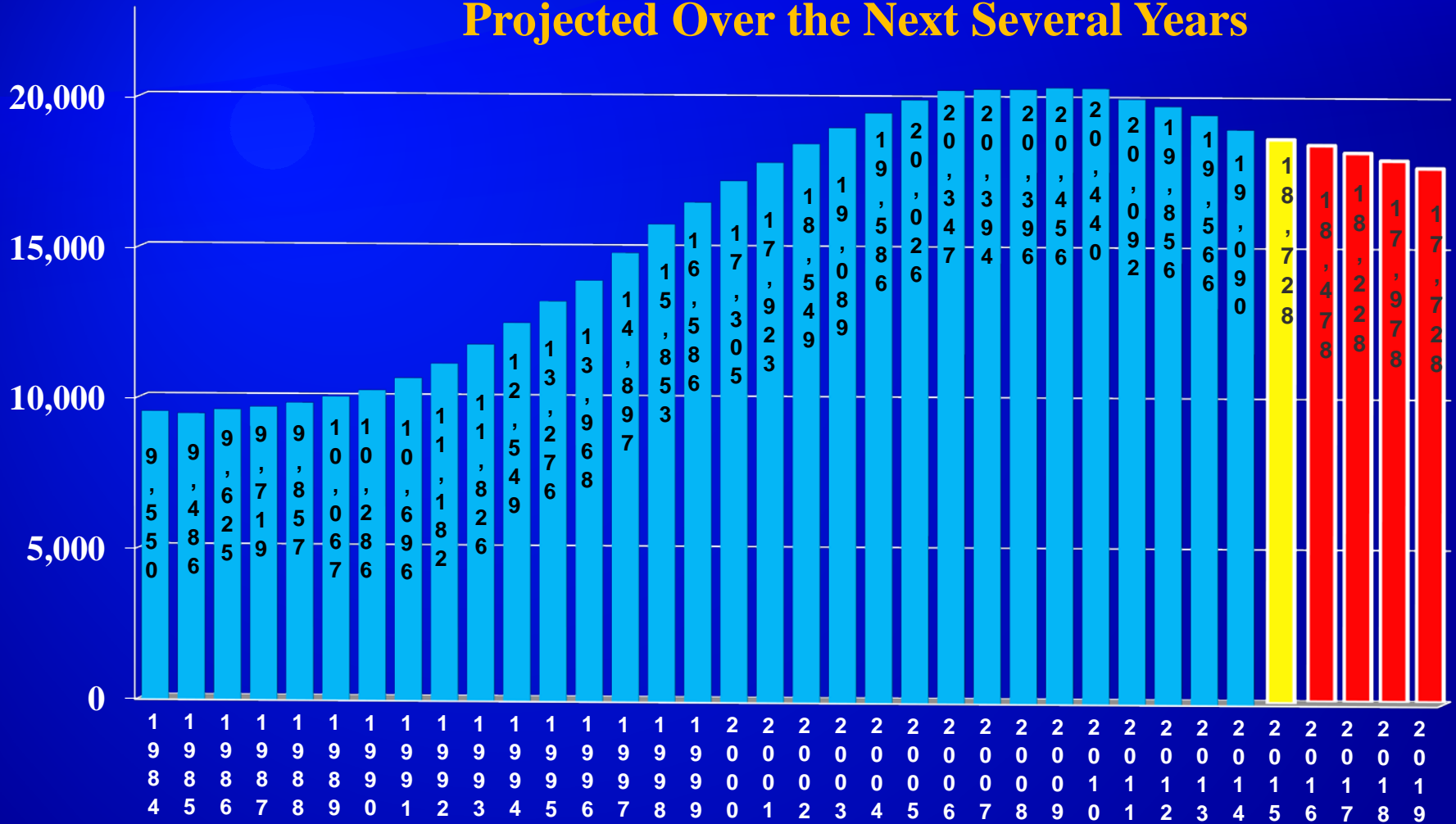


Revenues

- ◆ Act 1 Basic Growth Index at 2.4% for 2016-17
- ◆ Projected Growth in State and Federal Funding (*less than original*)
 - ◆ Basic Education Funding
 - ◆ Special Education Funding
 - ◆ Accountability Block Grant

CBSD Enrollment

Continued Enrollment Decline is Projected Over the Next Several Years



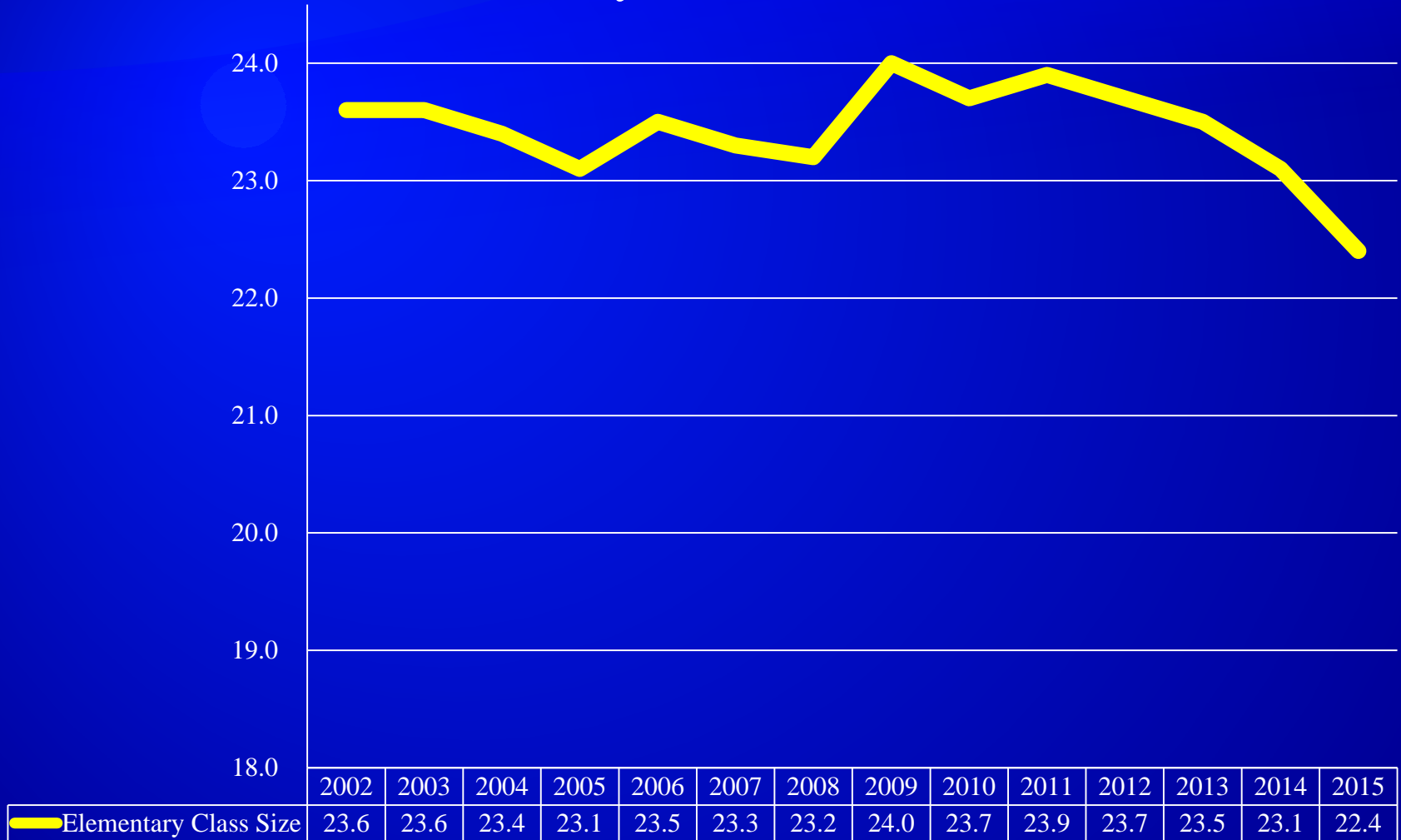
■ CBSD enrollment October, 1st each year

■ Current Year

■ Penna. Economy League Projections

Historical Elementary Class Size

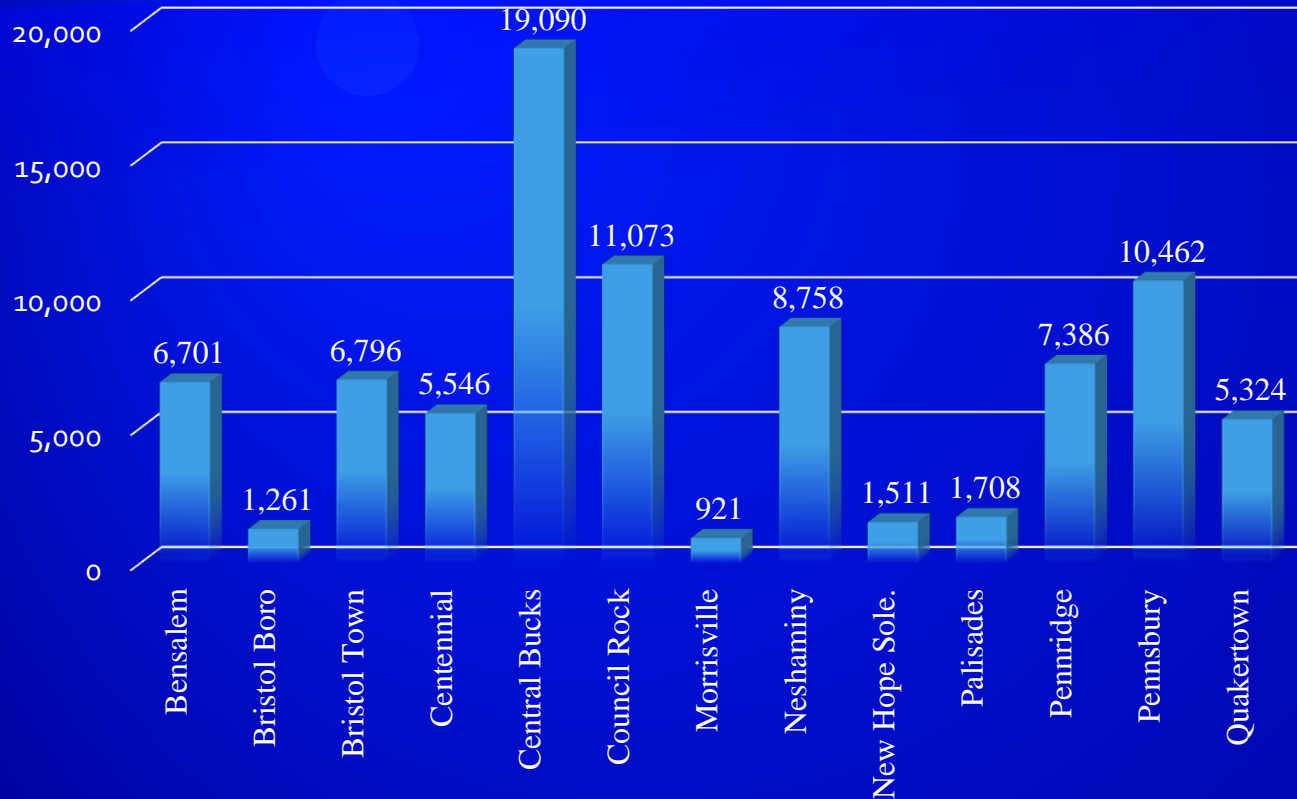
Elementary Class Size October of Each Year



County Enrollment and Changes

2014-15 SCHOOL YEAR ENROLLMENT

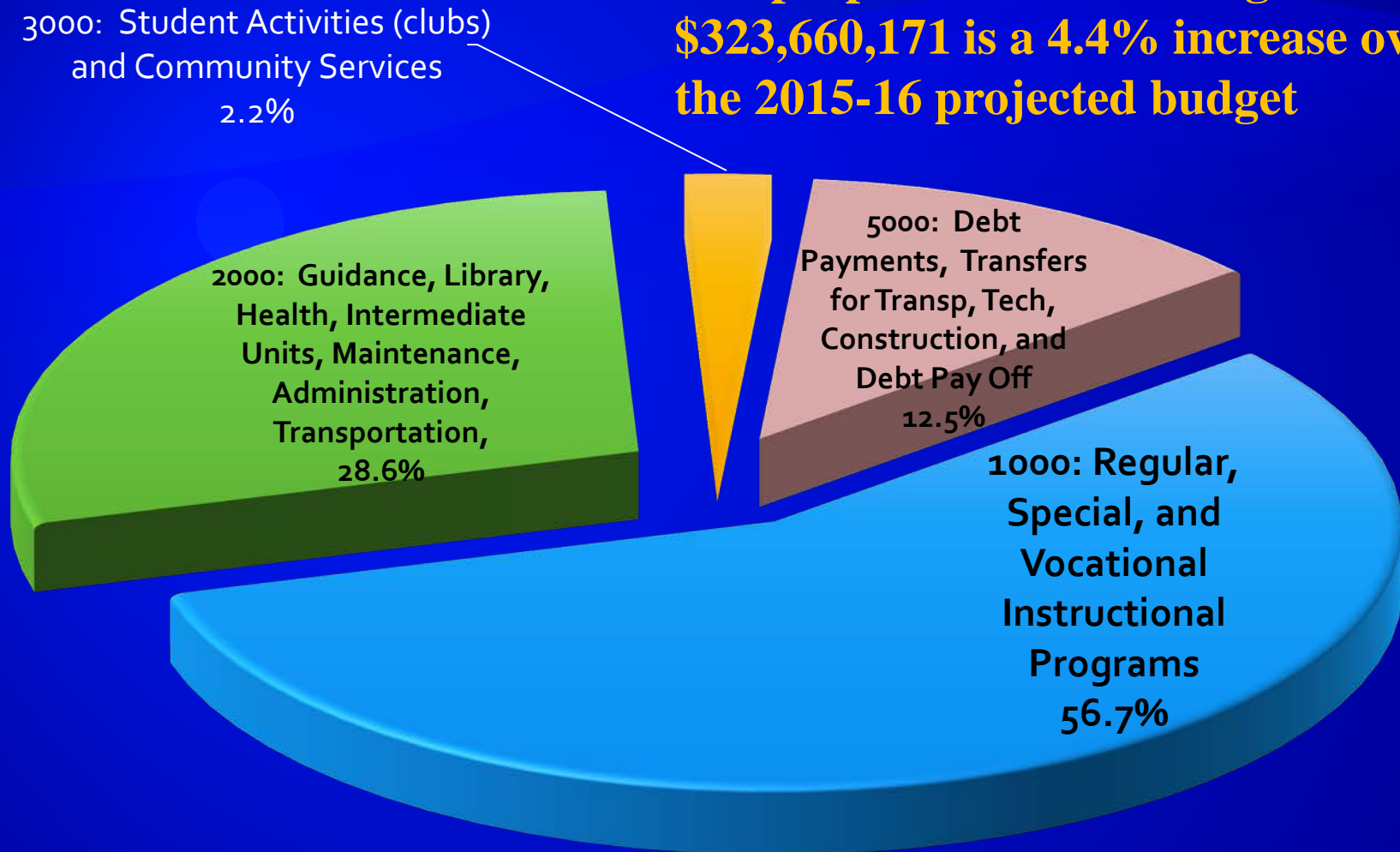
Source: BCIU #22 Enrollment Report
2014-15 Vs 2013-14



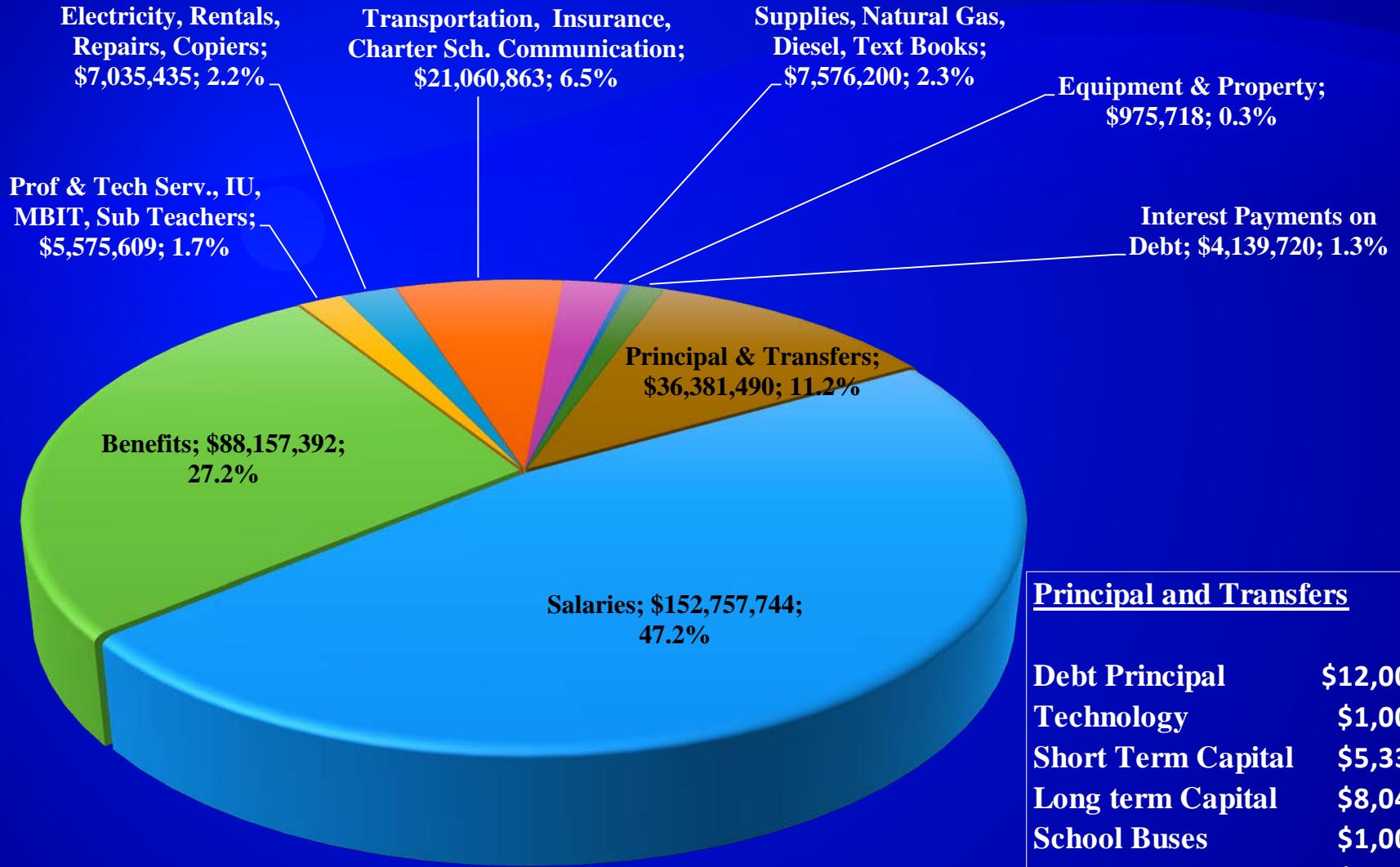
School District	Increase / (Decrease) Over the Prior Year
Bensalem	51
Bristol Boro	(9)
Bristol Town.	53
Centennial	(119)
Central Bucks	(476)
Council Rock	(172)
Morrisville	(2)
Neshaminy	(36)
New Hope Sole.	(38)
Palisades	(85)
Pennridge	45
Pennsbury	(64)
Quakertown	(5)
Total	(857)

CBSD Expenditures By Major Functional Area

The proposed 2016-17 budget of \$323,660,171 is a 4.4% increase over the 2015-16 projected budget



CBSD Expenditures by Major Categories



<u>Principal and Transfers</u>	
Debt Principal	\$12,005,000
Technology	\$1,000,000
Short Term Capital	\$5,330,000
Long term Capital	\$8,046,490
School Buses	\$1,000,000
Prepay Debt	\$9,000,000
O.P.E.B	\$0
Total	\$36,381,490

CBSD Expense Budget

Category	2016-17	2015-16 (Projected Actual)	% Change
Salaries	152,757,744	146,392,764	4.35%
Employee Benefits	88,157,392	76,654,931	15.01%
Prof. Services, Special Ed., EIT Tax Fees, Legal	5,575,609	5,327,545	4.66%
Electricity, Rentals, Repairs, Copiers	7,035,435	6,570,185	7.08%
Contracted Services, Transp., MBIT, IU, Charter Sch	21,060,863	20,123,528	4.66%
Supplies, Natural Gas, Diesel, Heating Oil	7,576,200	7,267,128	4.25%
Equipment	975,718	947,778	2.95%
Interest Payments on Bonds	4,139,720	4,766,679	-13.15%
Principal, Buses, Tech., Renovations & Debt Pay Off	36,381,490	41,961,623	-13.30%
Total Budget	\$323,660,171	\$310,012,161	4.40%

Revenues

- ◆ In general our local revenues have been improving the past three years.
- ◆ So far during 2015-16 our revenues are trending about \$4.3M above the budgeted amount.
- ◆ We will provide a complete run down on projected revenues once we see what the Governor proposes for school districts during his budget address in February.

Estimated Act 1 Exception for Retirement

[does not include special education exceptions]

Act 25 of 2011 Caps the Salary Base at 2011-12 Levels \$133,209,000		Actual Dollar Value of Estimated Payments for 2015-2016	Actual Dollar Value of Estimated Payments for 2016-2017
(a)	Salary Base - Total	\$140,866,873	\$149,300,000
(a)	2011-12 PSERS Salary Base	\$133,209,851	\$133,209,851
(b)	PSERS Employer Contribution Rate	25.84%	30.03%
(c)	Gross PSERS Amount	\$34,421,425	\$40,002,918
(d)	Revenue 7820	\$17,210,713	\$20,001,459
(e)	Percent Share	50.00%	50.00%
(f)	Expenditure Object 230 - Local	\$17,210,713	\$20,001,459
(g)	Salary Base - Federal	\$1,983,111	\$1,983,111
(h)	Expenditure Object 230 - Federal (g x b)	\$512,436	\$595,528
(i)	State & Fed Share for Fed Programs (h x e)	\$256,218	\$297,764
(j)	PSERS Retirement - Preliminary Local Share (f - i)	\$16,954,495	\$19,703,695
	School District's Base Act 1 Index for 2016-2017		2.4%
(k)	Base Index multiplied by 2015-2016 budgeted school district share of payments to PSERS: k		\$406,908
(l)	2016-2017 minus 2015-2016 Preliminary Local Share: (2016j - 2015j)		\$2,749,200
	Allowable Retirement Exception (l - k):		\$2,342,292
	Estimated millage increase due to Act 1 Exception	1.38	mills or 1.12%
	Allowable Act 1 Base Index Increase in Mills	2.98	mills or 2.40%
	Estimated Maximum Millage Increase Allowed by Act 1	4.36	mills or 3.52%

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

Act 1 Tax Index + Exceptions

	Estimated Act 1 Index with Allowable Exceptions in Mills	Actual CBSD Millage Increase	Status
2007-08	5.9	3.8	Actual
2008-09	5.6	4.6	Actual
2009-10	5.4	4.3	Actual
2010-11	4.7	4.4	Actual
2011-12	3.2	1.6	Actual
2012-13	3.6	2.0	Actual
2013-14	3.4	0.0	Actual
2014-15	4.9	1.3	Actual
2015-16	3.7	0.0	Actual
2016-17	4.3	?	Estimated
Total Mills	44.8	22.0	

Major Goals for the 2016-17 Budget

- ◆ Keep tax increases at an absolute minimum or zero mills if possible
- ◆ Prepare for the large retirement rate increases over the next two years
- ◆ Continue to find ways to minimize the growth in health care costs
- ◆ Plan for future debt reduction
 - ◆ No future borrowing, pay cash for Technology, Buses, and Renovations
- ◆ Continue to fund and assess district initiatives for 2016-17
 - ◆ Finalize elementary wireless network access
 - ◆ Expand Extra Duty Responsibilities (EDR's)
 - ◆ Establish iPad carts for grades 3 through 6 classroom use
 - ◆ Maintain our class size
 - ◆ Add 4 teachers to the Q.U.E.S.T. program (expense offset by enrollment decline)
 - ◆ Update materials for elementary math

Next Steps...

- ◆ Board of School Directors
 - ◆ Consideration of the 2016-17 Preliminary Expenditure Budget Adoption of \$323,660,171
 - ◆ Expenditure Increase of 4.4% or \$13,648,010 over projected actual
 - ◆ **Retirement expense \$6,400,000 is about half of the increase**
 - ◆ Final Budget Adoption is Scheduled for June 14th
- ◆ Superintendent and Cabinet
 - ◆ Refine Staffing Needs
 - ◆ Refine Health Care Numbers
 - ◆ Analyze Revenue Projections
 - ◆ Refine Expenditure Projections
 - ◆ Analyze the Governor's proposed 2016-17 Budget - when available

Preliminary Budget Resolution

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5. School District officials shall take all action necessary or appropriate to carry out the intent of this resolution.

- The Act 1 Base index is 2.4%.
- The district will apply for an Act 1 exception for retirement expenses.
- In May/June the final budget will be available for a 20 day public inspection.
- Advertise the intent to adopt a final budget 10 days prior to the meeting.

Act 1 Exception Notice

CENTRAL BUCKS SCHOOL DISTRICT **Act 1 Referendum Exception Notice**

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