

Shaler Area School District



Budget and Finance Committee
May 3, 2017

A Culture of Fiscal Responsibility and Operational Efficiency

- Budgeting has become a year-long process
- Administration, departments, school board, and staff have been involved in the process
- 2016-17 budget includes substantial reductions
- 2017-18 budget includes substantial reductions
- Work to establish a change in the culture continues



What is a Budget?

- Budgeted Funds not to be Used for Other Purposes or Exceeded
- No work shall be hired to be completed, materials purchased or contracts made by any board of school directors which will cause the sums appropriated to specific purposes in the budget to be exceeded.
- Core Budgeting principles:
 - Don't spend money you don't have
 - Plan ahead for all expected expenses
 - Build a cushion for the unexpected

Goals to Help with Our Current Financial Condition

- Help establish needs vs. wants
- Stay the course of cost savings throughout the year
- No spending above budgets
- No extras or additions after budget adopted
- Identify long-term opportunities for sustainable savings



How is the District Funded?

Local Funding-65.51%

Real Estate:
54.57%

EIT, Deed
Transfer,
Rentals, Idea
Funds, Misc:
10.94%

State Funding-32.97%

PSERS/Soc
Security
8.28%

Other-22.69%

Federal Funding& Other- 1.52%

Title I & II-.94%

ACCESS-.51%
Other-.07%



Where Does Our Money Go?

Wages &
Benefits
70.7%

Transportation
6.2%

Debt Service
8.4%

Tuition
5.4%

Professional
Fees
5%

Electric
Water
Gas
Diesel
1.9%

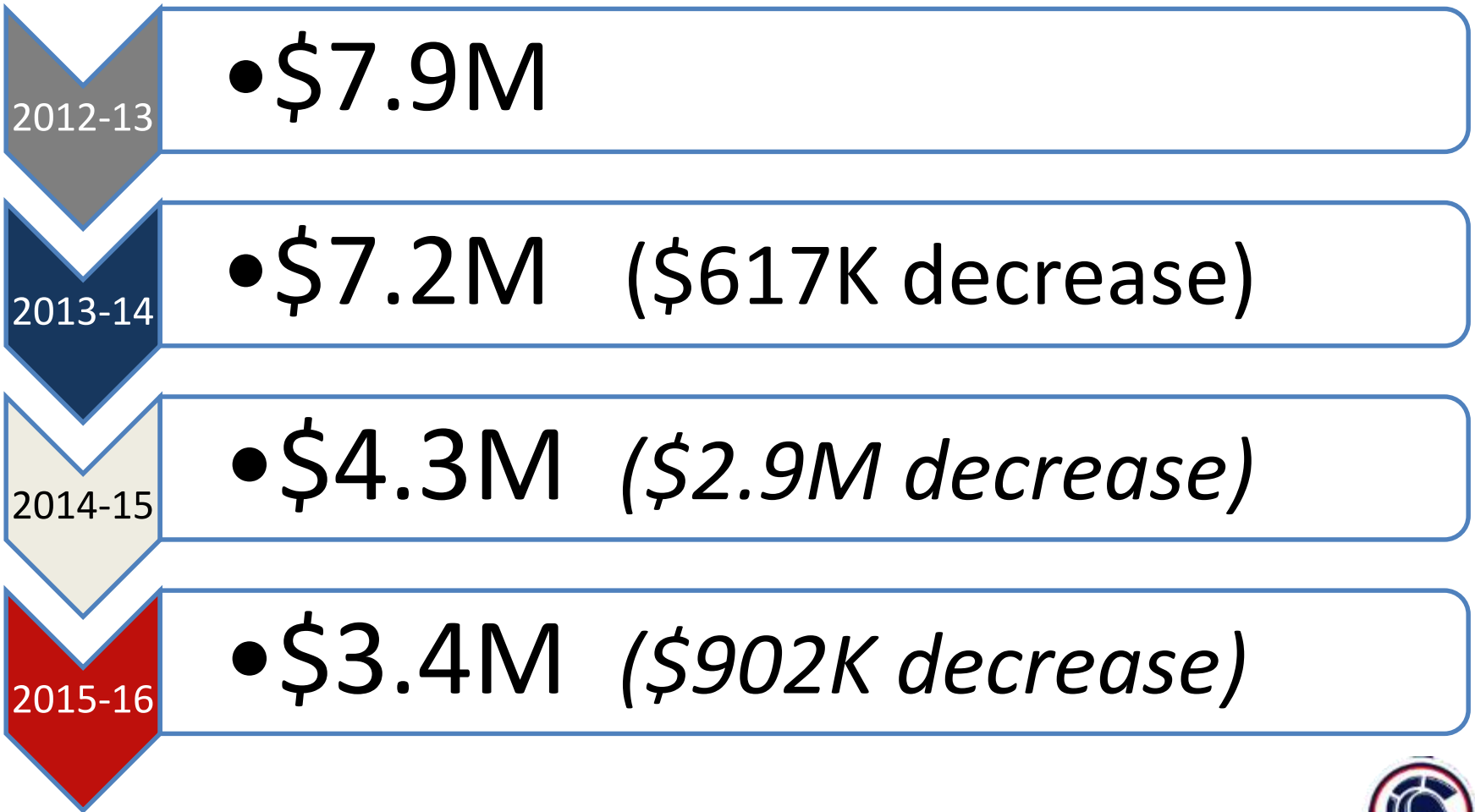
Equipment
.4%

Books
.7%

Other
1.3%



Fund Balance Depletion



Fund Balance Comparisons

State
• 21%

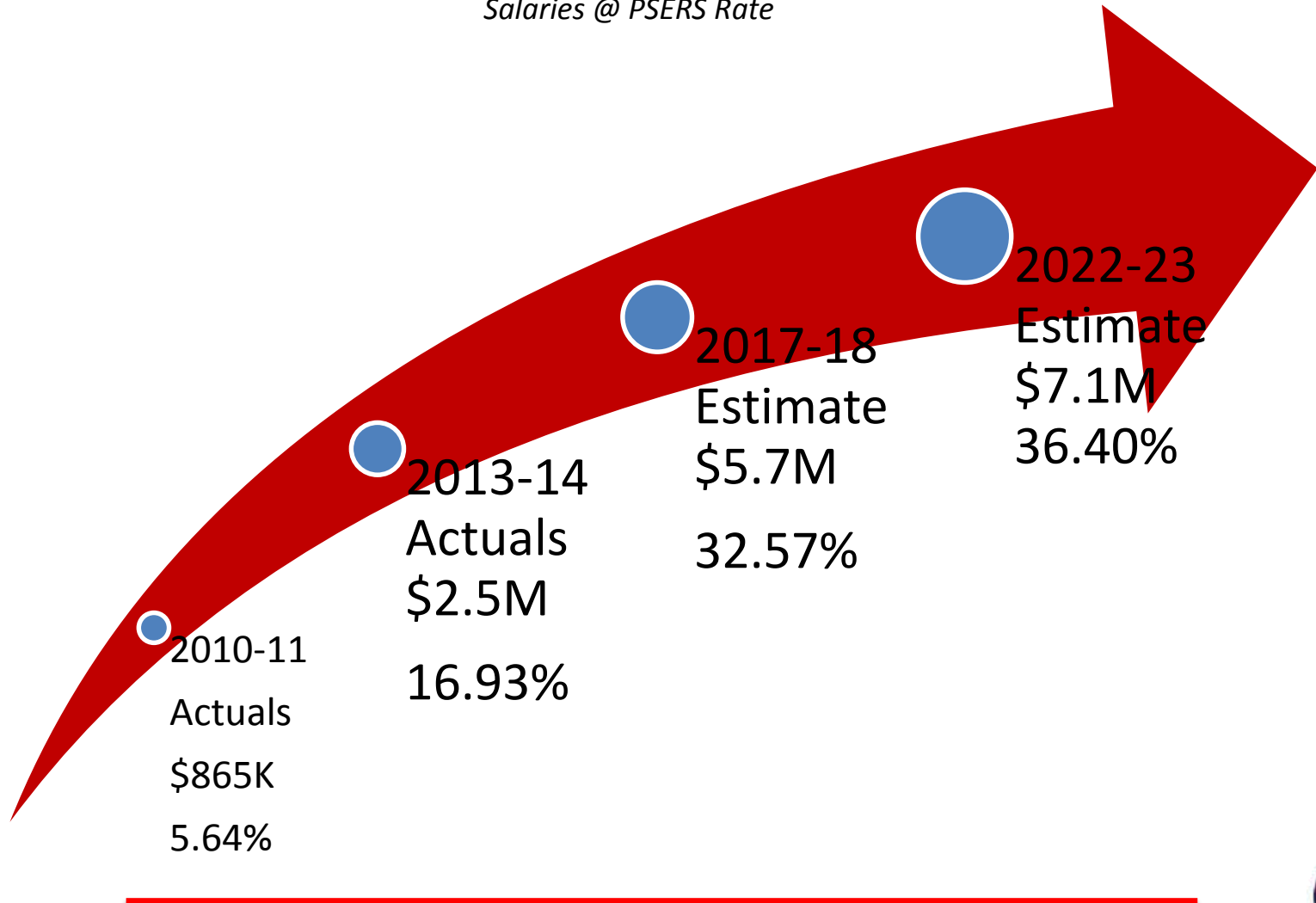
Allegheny County
• 15%

Shaler Area School District
• 4.3%

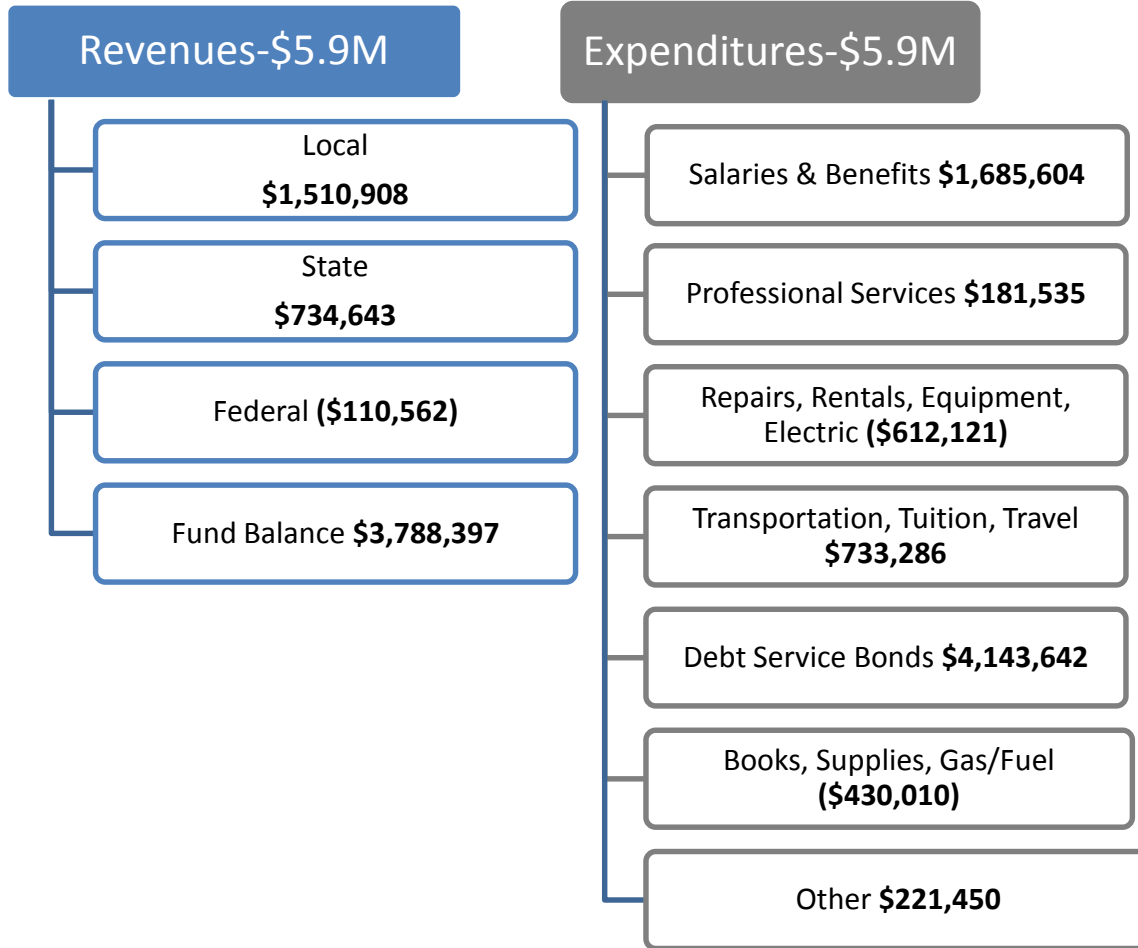


Rising Net PSERS Costs

Salaries @ PSERS Rate



2017-18 Budget from 2016-17 Changes



What are the Expenditure Significant Changes from 2016-17?

Bonds: \$4.1M

Salaries: \$931K

PSERS: \$970K

Tuition: \$490K

Transportation:
\$300K

Books, Supplies,
Gas/Fuel:
(\$430K)

Rentals,
Repairs,
Equipment:
(\$612K)



2016-17 Budget Favorable Indicators

Expenditures

Aggressive attrition model, strict spending guidelines, rebudgeting model, involving all stakeholders throughout the process

- Debt Service Bonds: \$1.3M
- Benefits: \$700K
- Property Insurance: \$130K
- Supplies, Books, Gas/Diesel: \$700K
- Equipment: \$100K



2016-17 Budget Favorable Indicators

Revenues

Updated information and collection trends, delinquent collections

- Current/Interim Real Estate Taxes: \$600K
- State Revenues: \$500K
- Delinquent Real Estate Taxes: \$400K
- Current Earned Income Taxes: \$150K
- Deed Transfer Taxes: \$150K
- Investment Earnings: \$90K



2017-18 Changes from Preliminary Estimates

Budget Line	2017-18 Preliminary	2017-18 Current Projected	Change
Local Revenue	50,760,687	52,082,629	1,321,942
State Revenue	27,057,283	27,057,283	-
Federal Revenue & Other	908,426	908,426	-
Fund Balance Allocation		3,788,397	3,788,397
Total	78,726,396	83,836,735	5,110,339
Budget Line	2017-18 Preliminary	2017-18 Current Projected	Change
Salaries	36,335,534	35,682,053	(653,481)
Benefits	23,539,061	23,090,772	(448,289)
Professional Services	2,114,795	2,179,745	64,950
Repairs, Electric, Water, Rentals	1,715,597	1,667,991	(47,606)
Transportation, Tuition, Insurance	10,957,373	10,705,267	(252,106)
Supplies, Gas, Fuel, Books	2,355,368	2,293,483	(61,885)
Equipment	916,911	633,891	(283,020)
Debt Interest, Prior Year Refunds, Fees	310,413	305,093	(5,320)
Debt Service Bonds	7,034,642	7,034,642	-
Debt Service Other	243,798	243,798	-
Total	85,523,492	83,836,735	(1,686,757)
Current Budget (Deficit)	(6,797,096)	-	6,797,096



What is missing?

- Facilities funding for projects
- Vehicle replacements
- Funds for emergency repairs
- Facilities Capital Improvements
- Athletic Capital Improvements
- Software upgrades – new purchases
- Reserves for supplies, travel etc.



Top Capital Needs

SAHS
Paving
\$877K +/-

SAHS
Site Lighting
\$300K +/-

SAHS
Cooling Tower
\$75K

SAHS
Main Service Breaker
\$50K

Emergency Repairs
Replacements

SAES
Scott Avenue Sidewalk
\$15K



What does the future look like?

<u>Year</u>	<u>Estimated Deficit with Millage Increase</u>	<u>Capital Improvements</u>	<u>Athletic Improvements</u>	<u>Potential Deficit</u>
2017-18 Projections	(3,100,000)	(800,000)	(200,000)	(4,100,000)
2018-19 Projections	(3,800,000)	(800,000)	(200,000)	(4,800,000)
2019-20 Projections	(3,900,000)	(800,000)	(200,000)	(4,900,000)
2020-21 Projections	(4,000,000)	(800,000)	(200,000)	(5,000,000)
2021-22 Projections	(3,700,000)	(800,000)	(200,000)	(4,700,000)
2022-23 Projections	(3,900,000)	(800,000)	(200,000)	(4,900,000)



Future Years-NO Millage Increase

<u>Year</u>	<u>Estimated Deficit NO Millage Increase</u>	<u>Capital Improve ments</u>	<u>Athletic Improve ments</u>	<u>Potential Deficit</u>
2017-18 Projections	(4,600,000)	(800,000)	(200,000)	(5,600,000)
2018-19 Projections	(6,800,000)	(800,000)	(200,000)	(7,800,000)
2019-20 Projections	(8,300,000)	(800,000)	(200,000)	(9,300,000)
2020-21 Projections	(9,900,000)	(800,000)	(200,000)	(10,900,000)
2021-22 Projections	(11,100,000)	(800,000)	(200,000)	(12,100,000)
2022-23 Projections	(12,700,000)	(800,000)	(200,000)	(13,700,000)



Next Steps?

- Update 2016-17 forecast
- Develop funding methodology
 - Future years deficits
 - Capital Funding Plan
- Continue to hold everyone accountable
- May 17th – Board Approval of the Proposed Final Budget
- May 30th – Budget made available to Public (Deadline: 20 days prior to Final budget adoption)
- June 5th – Advertise final budget adoption (Deadline: 10 days prior to Final budget adoption)
- June 21st – Board Approval of the Final Budget

