

East Penn School District
Budget Outlook
May 14, 2012

2012-13 Proposed Budget

- In January, we adopted a preliminary budget with a 3.2% real estate tax rate increase
- Tonight's agenda includes a revised budget with a 1.89% real estate tax rate increase
- Final adoption of the budget will occur on June 25, 2012

Preliminary Budget

- Input from January
 - File for Exceptions
 - Bring in Lowest Possible Budget
 - Do not Cut Programs
 - Increase Budgetary Reserve to 5% per Board Policy
 - People move to East Penn for its excellent program (academic and co-curricular)

Preliminary Budget

- Events & Activities Since the Approval of the Preliminary Budget
 - Kept the Board informed of Adjustments
 - Governor's Budget
 - Internal Reviews of Department budgets, Programs and Operations
 - Review of Local Revenue Trends
 - Budget Freeze
 - Presentation on Capital Projects
 - Communication with Local State Legislators
 - Conversations with Colleagues

2012-13 Proposed Final Budget

		<u>Millage</u>	<u>% Increase</u>
Current Millage		46.15	
Act 1 Index		0.7845	1.70%
<u>Referendum Exceptions</u>			
		<u>Millage</u>	<u>% Increase</u>
Special Education	\$60,887		
Retirement Contributions	<u>\$872,811</u>		
Total Exceptions	\$933,698	0.5608	1.21%
Increase Allowed		1.3453	2.91%
'12-'13 Proposed Final Budget		0.87	1.89%

History of East Penn Millage Increases vs. Act 1 Index

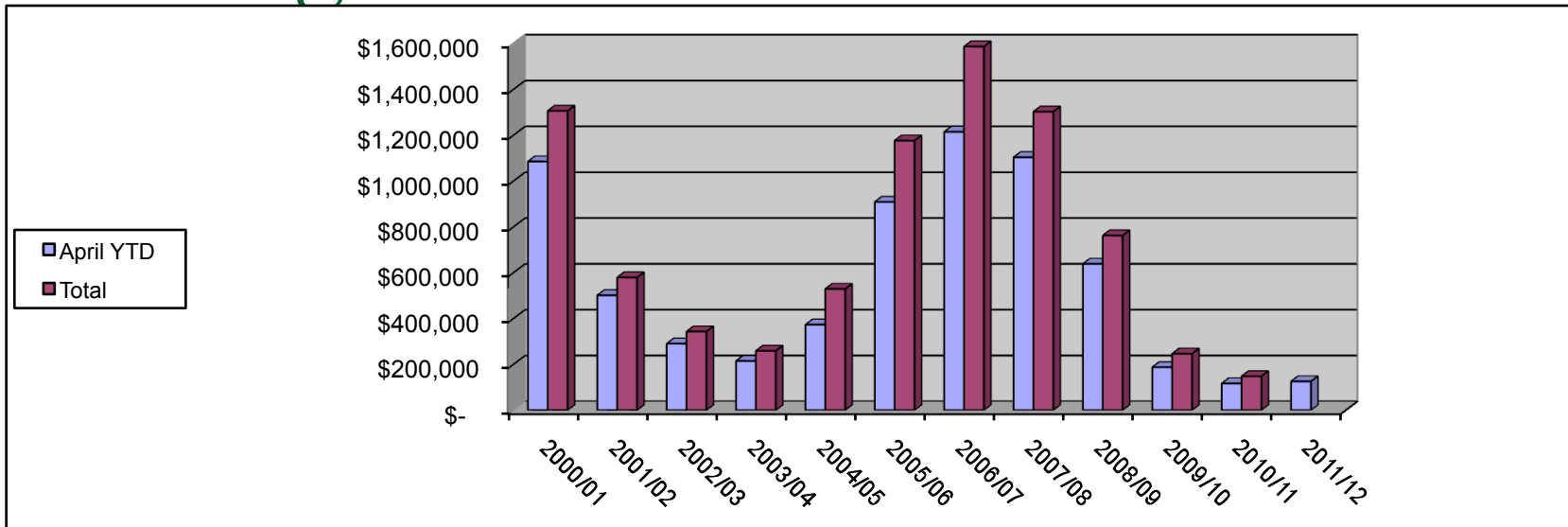
<u>Year</u>	<u>Allowed</u>	<u>East Penn</u>
2007-08	3.40%	3.40%
2008-09	4.40%	4.40%
2009-10	4.10%	3.24%
2010-11	5.02%	3.85%
2011-12	4.79%	1.83%
2012-13 Proposed	2.91%	1.89%

For 2009-10, we had estimated that we would qualify for .87 mills or 2% in exceptions that we did not apply for. Without approved exceptions, the Act 1 Index for 2010-11 was 2.9% and 1.4% for 2011-12.

The Budget Process

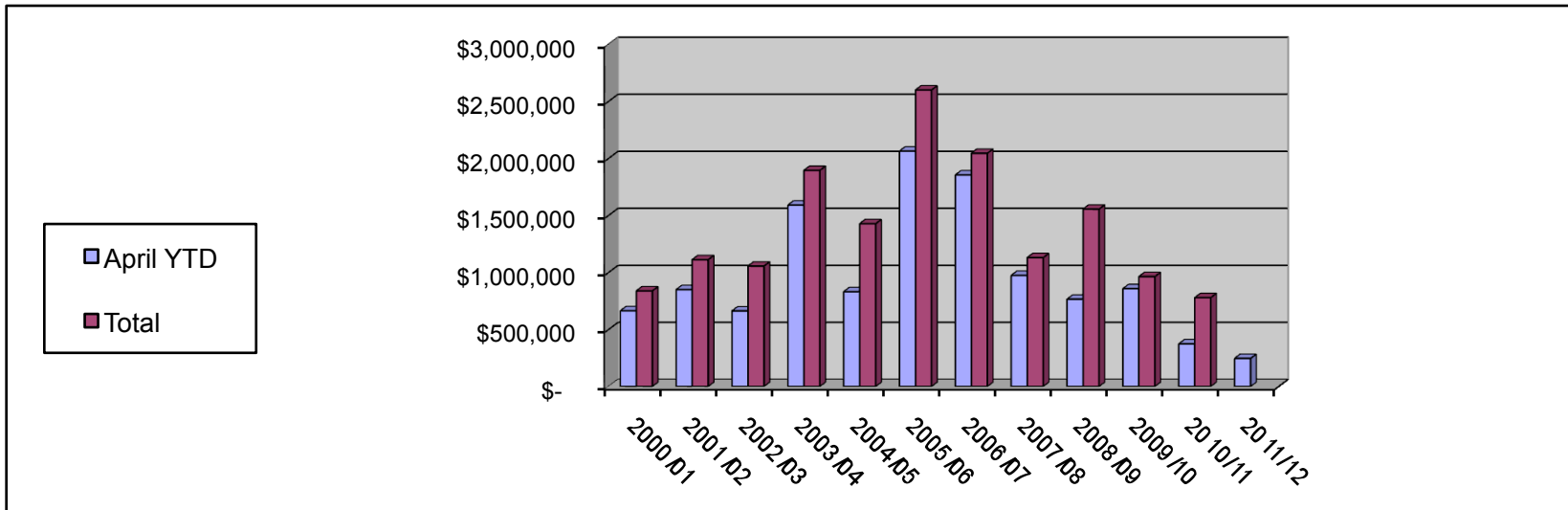
2012-13	Preliminary	Proposed	
	<u>Budget</u>	<u>Final Budget</u>	<u>Change</u>
Total Appropriations (w/out Budgetary Reserve)	\$120,475,388	\$119,233,360	- \$1,242,028
Budgetary Reserve	<u>\$3,955,030</u>	<u>\$5,961,668</u>	<u>\$2,006,638</u>
Total Exp. & Other Financing Uses	\$124,430,418	\$125,195,028	\$764,610
Local Revenue (Mostly lower real estate tax)	\$92,280,892	\$89,920,839	- \$2,360,053
State Property Tax Reduction Allocation	\$0	\$1,795,989	\$1,795,989
Other State Revenue	\$22,268,723	\$22,373,858	\$105,135
Total Revenue & Other Financing Resources	\$115,403,127	\$115,173,526	- \$229,601
Millage	47.62	47.02	- 0.60

Earnings on Investments



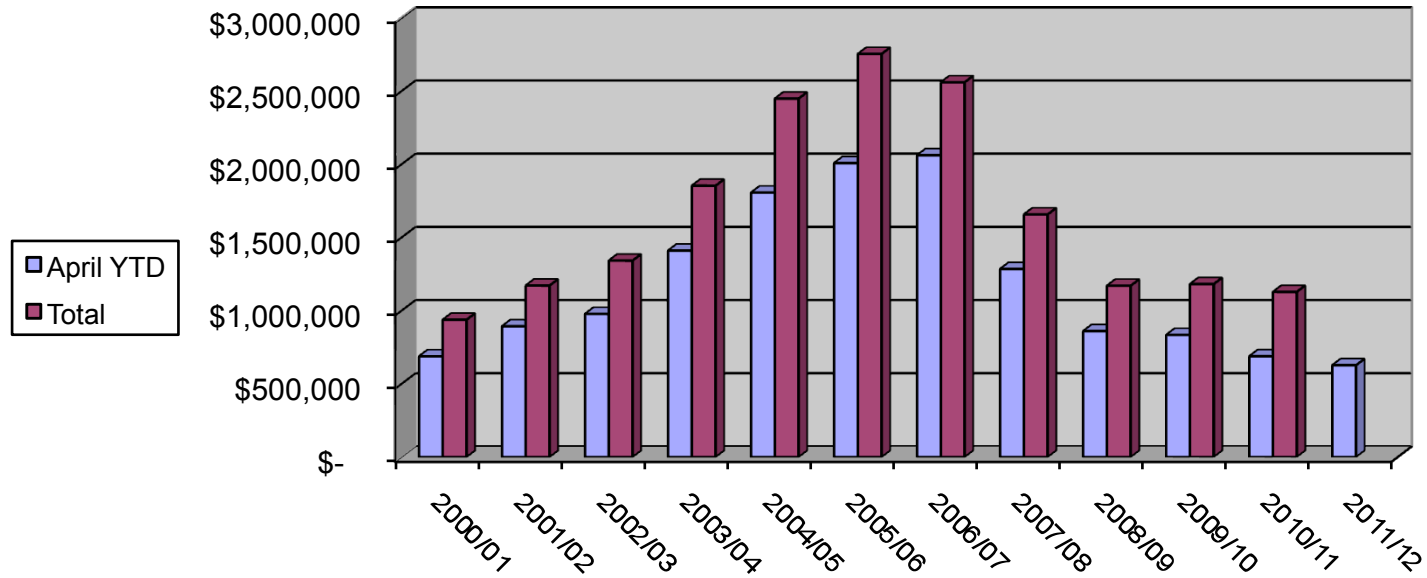
FISCAL YEAR	APRIL YTD EARNINGS ON INVESTMENTS	TOTAL EARNINGS ON INVESTMENTS
2000/01	\$ 1,086,150	\$ 1,307,062
2001/02	\$ 502,113	\$ 579,866
2002/03	\$ 290,939	\$ 343,932
2003/04	\$ 215,590	\$ 259,701
2004/05	\$ 373,906	\$ 529,969
2005/06	\$ 909,936	\$ 1,177,333
2006/07	\$ 1,215,419	\$ 1,587,647
2007/08	\$ 1,104,443	\$ 1,303,496
2008/09	\$ 639,182	\$ 763,188
2009/10	\$ 188,325	\$ 247,233
2010/11	\$ 117,311	\$ 148,506
2011-12	\$ 126,381	

Interim Real Estate Tax Collections



FISCAL YEAR	APRIL YTD INTERIMS	TOTAL INTERIM TAX COLLECTIONS
2000/01	\$ 664,421	\$ 838,940
2001/02	\$ 850,045	\$ 1,112,750
2002/03	\$ 663,691	\$ 1,056,548
2003/04	\$ 1,590,931	\$ 1,895,413
2004/05	\$ 831,807	\$ 1,428,431
2005/06	\$ 2,065,352	\$ 2,600,342
2006/07	\$ 1,855,782	\$ 2,045,437
2007/08	\$ 974,864	\$ 1,130,808
2008/09	\$ 766,307	\$ 1,555,790
2009/10	\$ 858,535	\$ 964,623
2010/11	\$ 374,233	\$ 779,619
2011/12	\$ 247,030	

Real Estate Transfer Tax Revenue



FISCAL YEAR	APRIL YTD TRANSFER TAX REVENUES	TOTAL R.E. TRANSFER TAX REVENUES
2000/01	\$ 688,760	\$ 938,838
2001/02	\$ 894,366	\$ 1,172,454
2002/03	\$ 978,666	\$ 1,342,767
2003/04	\$ 1,411,176	\$ 1,854,302
2004/05	\$ 1,807,532	\$ 2,449,409
2005/06	\$ 2,008,805	\$ 2,754,663
2006/07	\$ 2,062,629	\$ 2,560,813
2007/08	\$ 1,285,734	\$ 1,658,166
2008/09	\$ 861,131	\$ 1,171,121
2009/10	\$ 835,164	\$ 1,182,383
2010/11	\$ 689,082	\$ 1,129,003
2011/12	\$ 627,954	

Cuts Proposed by Administration after Preliminary Budget Adoption

- ❑ Phones & Calling Systems Reduced
- ❑ Reductions in Central Office Department Budgets
- ❑ Decreased Projected Charter School Costs
- ❑ Cut 1 Remedial Assistant Position through Attrition
- ❑ Cut 2 Teaching Positions through Attrition
- ❑ Reduced Extra Duty Compensation
- ❑ Reduced Tuition Reimbursement
- ❑ Reduced Health Insurance after evaluating the 0% rate increase
- ❑ Increased budget for ACCESS funds to cover an Autistic program
- ❑ Reduced Utilities
- ❑ Eliminated Transportation for Willow Lane possible walkers
- ❑ Reduced Athletic Budget

Budget to Budget Big Increases

- Benefits \$2,236,170 (primarily PSERS)
- Salaries \$1,049,588 (2% based mainly on renegotiated contracts approved last year)
- Charter Schools \$529,148
- Student Transportation \$247,983 (includes \$142,922 from Gov. budget change)
- Other Schools \$234,000 (includes new program started this year for Autistic students)

Tax Impact

- Median Homestead Assessment = \$66,800
- Tax Increase at Proposed 2012-13 Rate Prior to Act 1 Homestead Reduction = \$58.12 for the year, which equals 16 cents per day
- Last year, EPSD gave 400 people senior citizen tax rebates for a total of \$171,447.66, which was an average rebate of \$428.62

Summary

- Several local revenues are still down, but there are some positive signs
 - Discussions with realtors and township officials indicate that home and property sales are picking up
 - A study of Lehigh Valley businesses indicated that they are planning to spend more and hire more employees in the next six months

Possible Budget Adjustments

- State revenues may change, but we might not know the amount before final adoption
 - Possible Restoration of ABG funds = \$214,817
 - That increase would allow us to bring in a final budget at the index of a 1.7% tax increase if they do not reduce other revenues

Summary

- Budget is still Evolving
 - Retirements
 - Staff Reallocation
- Will continue to examine line items and revenues and make adjustments that will be reflected in the June 25th final budget to try to keep taxes as low as possible without cutting programs

EPSD

- We thank our staff for taking a pay freeze this year and making concessions for next year.
- We have worked through this process without acrimony and we thank all of those who have been understanding, patient, and professional.