



Southern Lehigh School District

LEARNING • SERVING • LEADING

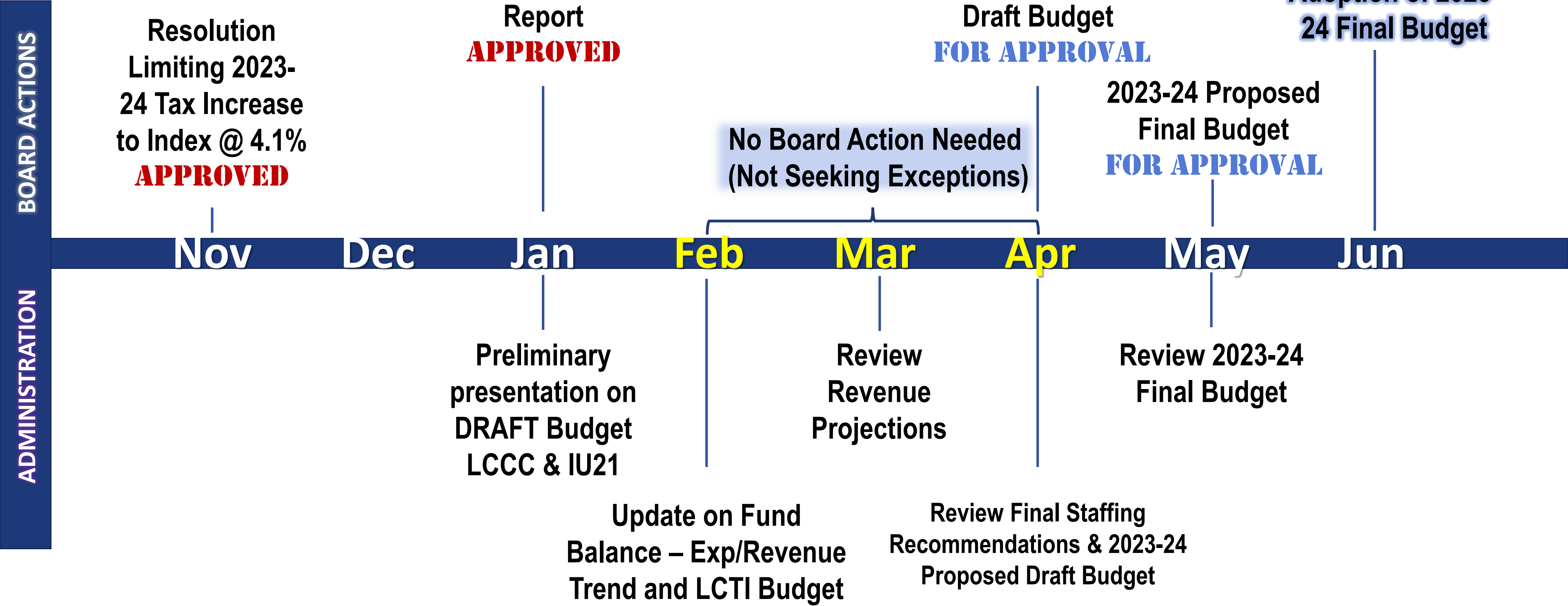
One Interaction at a Time

DRAFT Annual School Budget 2023-2024

Update – April 24th

Louis J. Pepe, MBA, PCSBA, SFO Director of Business Services

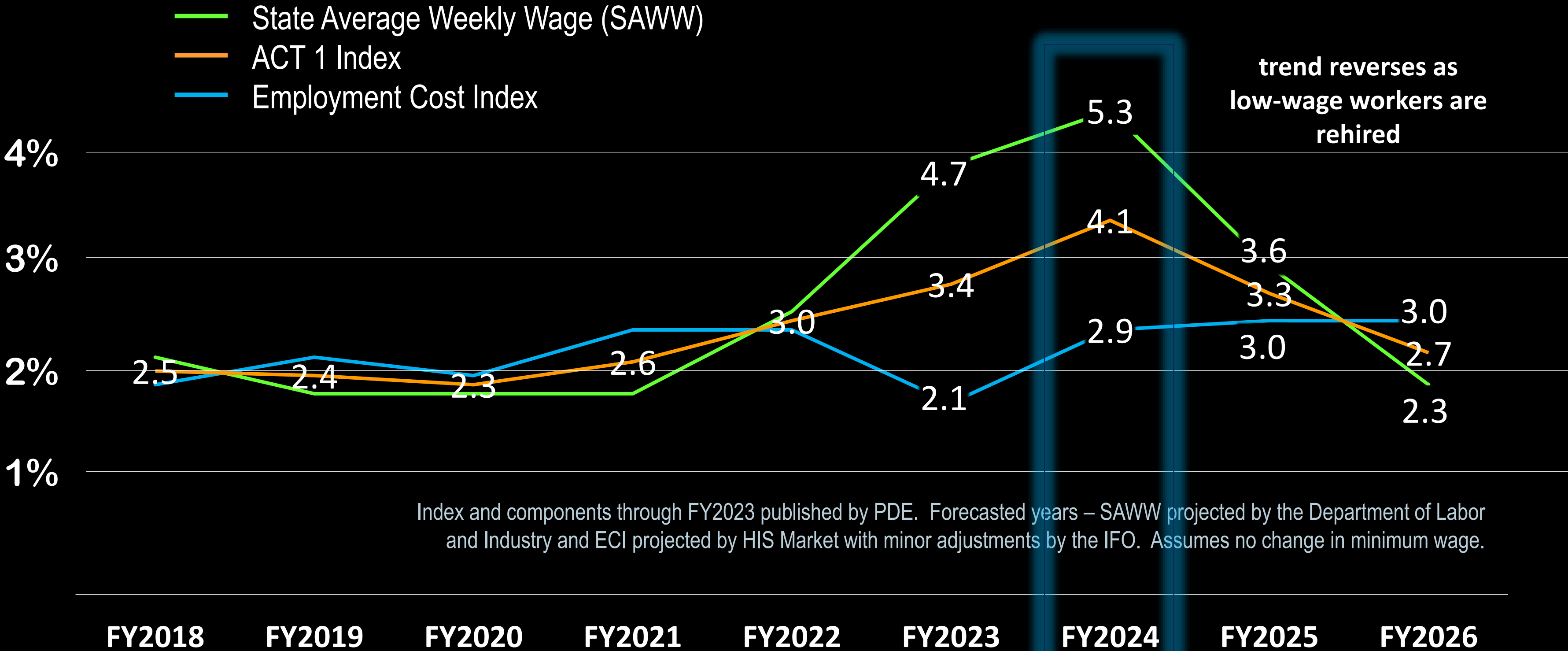
2023-2024 Proposed Budget Timeline



ACT 1 Index Components

Actual and Forecasted

Note: The significant increase in the SAWW for FY 2023 & 2024 is largely driven by job losses for low-wage workers in CY 2020 due to the COVID-19 pandemic and related mitigation efforts.



Our Budget Focus



remains on:

- ✓ Getting our expenditures in-line with our revenues
- ✓ Budgeting off of actuals vs. budget-to-budget comparisons
- ✓ Zero-Based Budgeting – Justification along with line item analysis



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One Interaction at a Time



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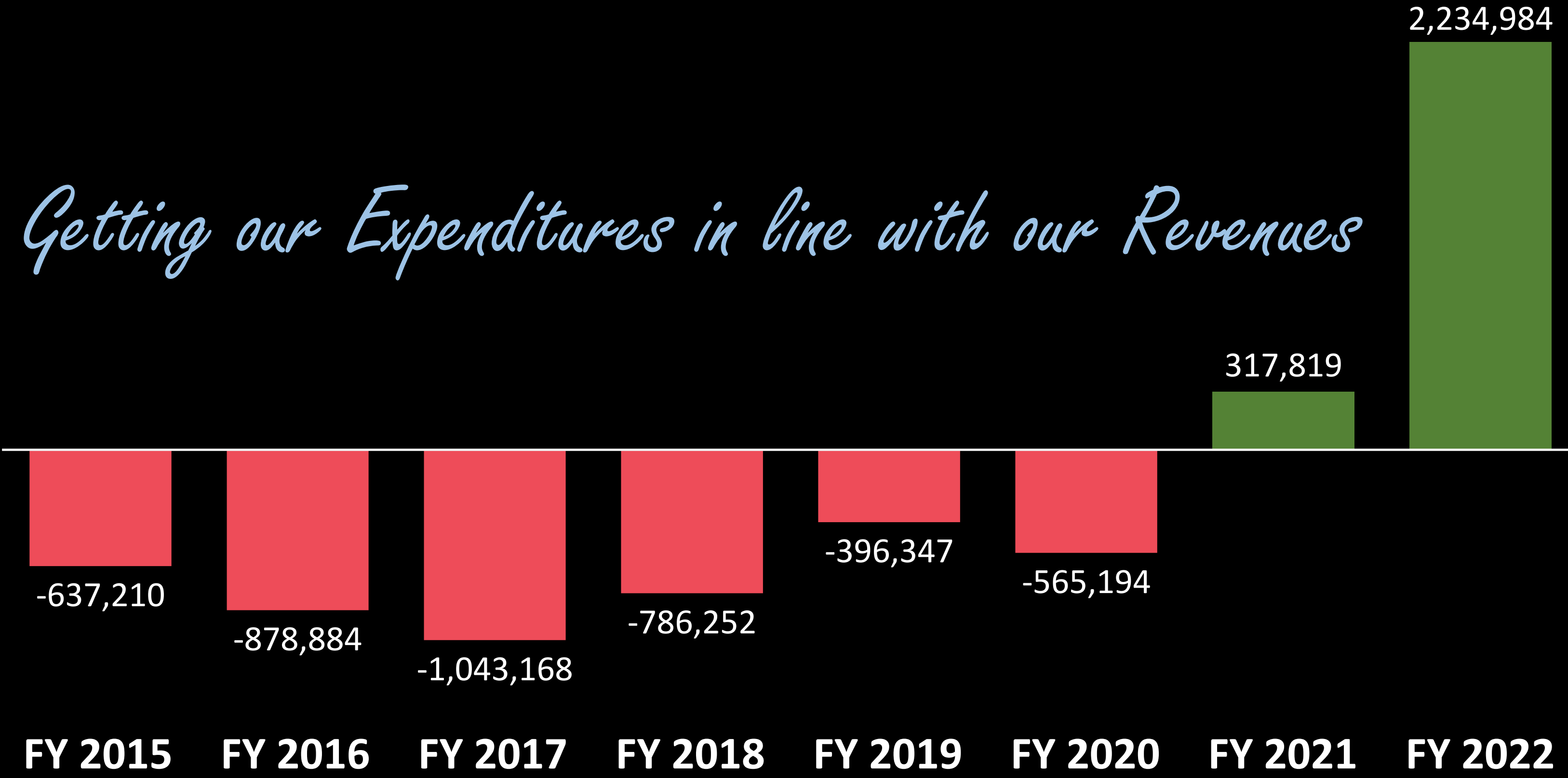
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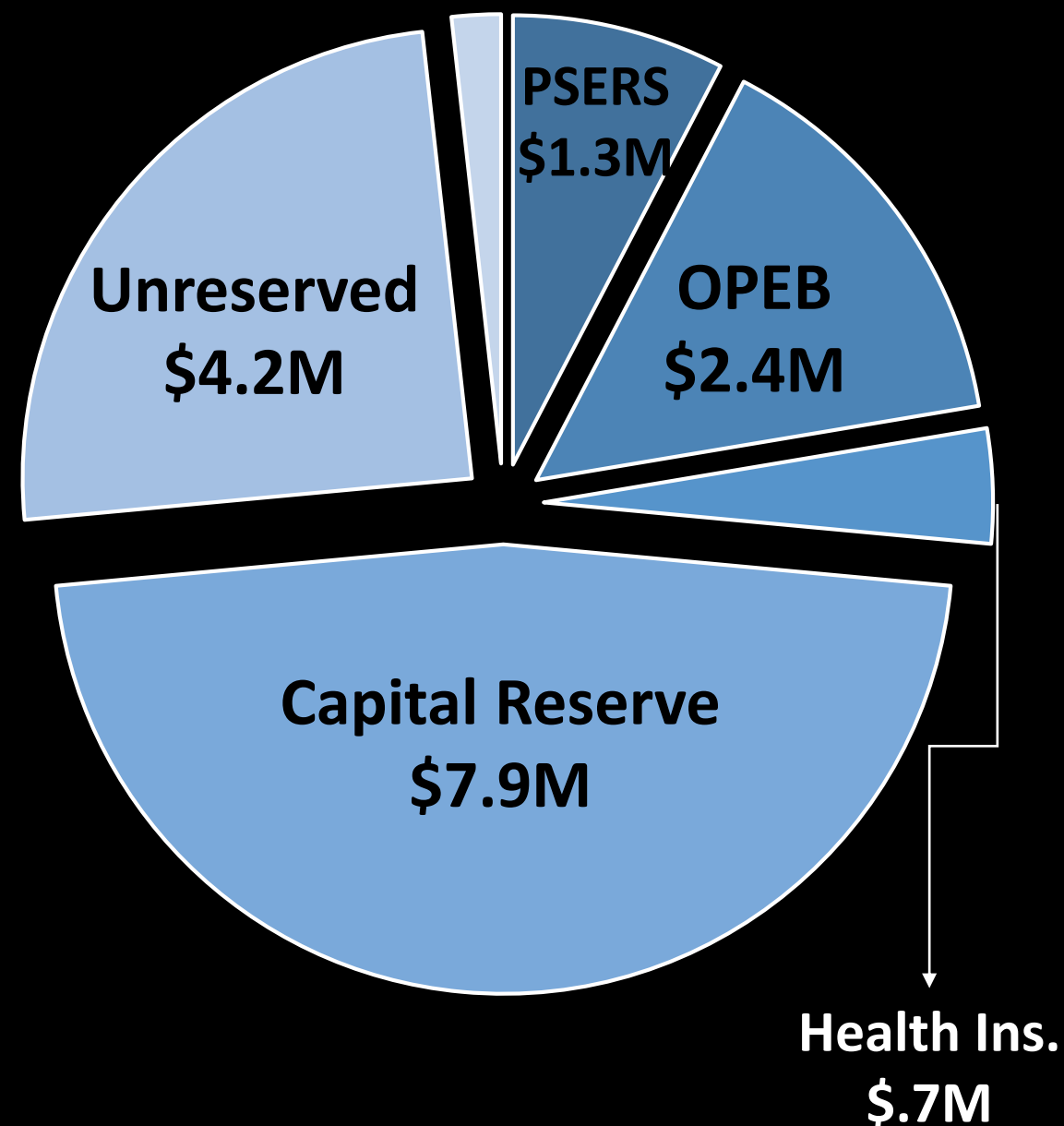
Fiscal Position at Year End – Past 8 Years

Getting our Expenditures in line with our Revenues



Effect on Fund Balance —→ Plus \$2,234,984

\$17M Fund Balance



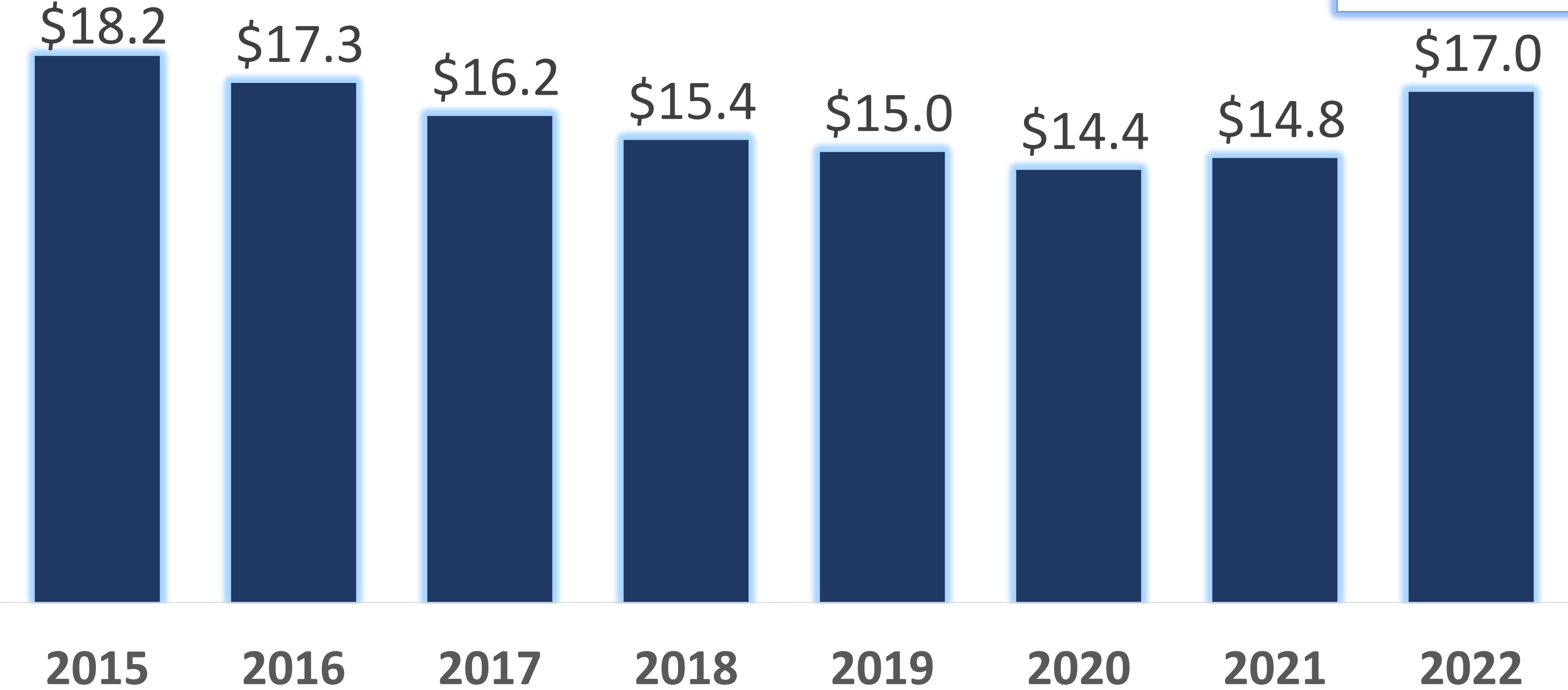
Allows us to re-establish a healthier total fund balance - \$17,048,936

Re-align existing reserves to better meet current and future Capital construction needs - \$7,986,521

Maintain \$4,200,000 in our Unreserved/Undesignated Fund Balance
Permitted Amount \$5.5M ACT 48 of 2003.

Change in Total Fund Balance Past 8 Years

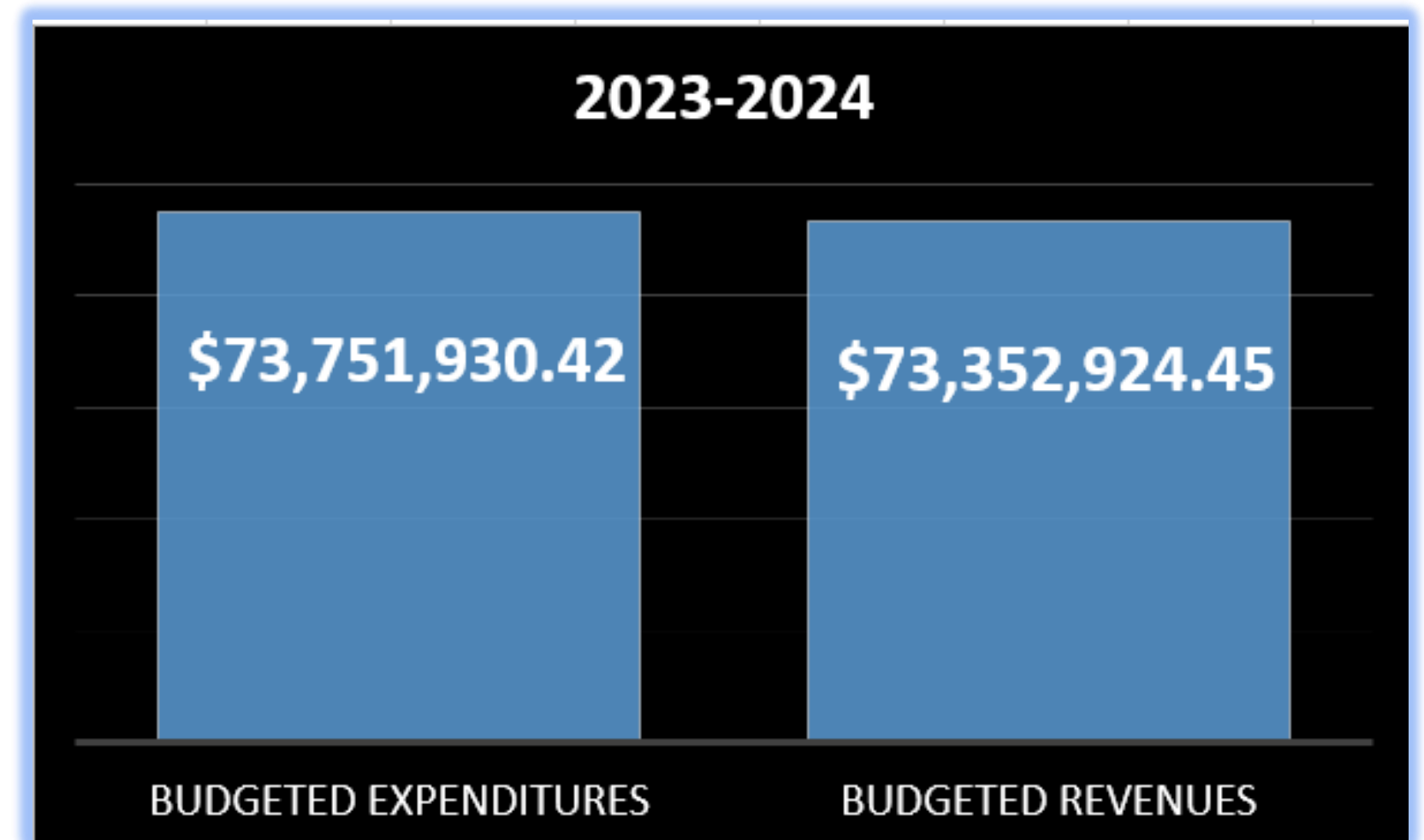
In \$ Millions



Source: France, Anderson, Basile and Company Annual Financial Statements as of June 30th respectively.

Moving towards a more balanced budget

- We are now able to forecast with more reliability on our Revenue support
- This protects against larger variances against our Expenditures
- And ultimately allows us to bring our *expenditures* in line with available *revenues* (forecasted)



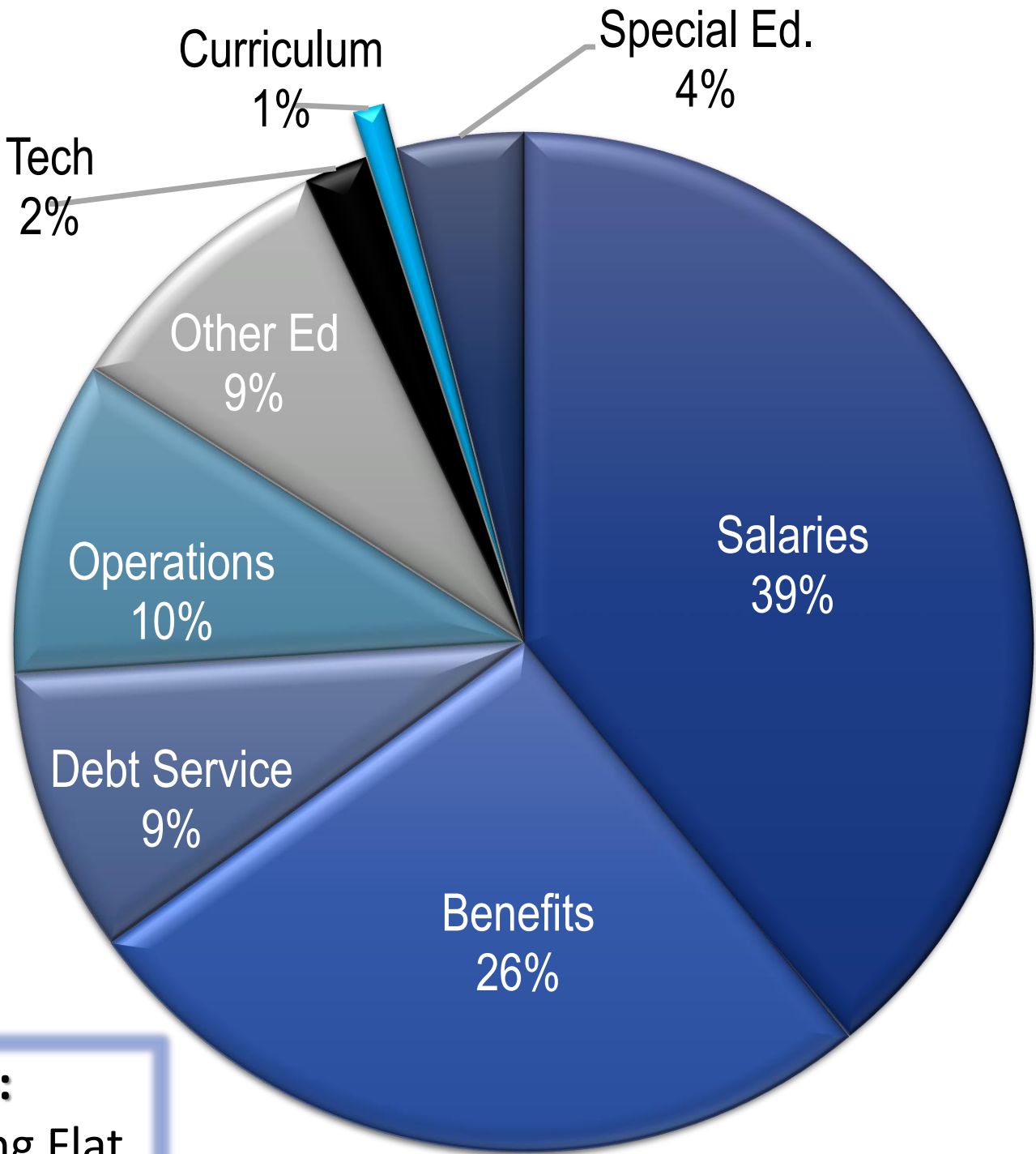
Projected Deficit - \$(399,005.97)

2023-2024 Budget Breakdown

Categories	Totals in \$ Millions
Local Revenue	57.7
State Revenue	15.3
Federal Revenue	.3
TOTAL REVENUES	73.3
Salaries	29.0
Benefits	19.5
Debt Service	6.4
Operations	7.3
Other Ed	6.9
Technology	1.2
Curriculum	.4
Special Education	3.0
TOTAL EXPENDITURES	73.7
Net Income/(DEFICIT)	-.4

Revenue Assumptions:

- State/Federal Funding Flat



Expenditure Assumptions:

- Healthcare Costs Increase 11%
- PSERS Rate 34.0% (from 35.26 %)

Current Tax Base “positive trend” continues to hold

Up 1.84% from last year \$2.86B
Addition of 128 parcels

RUN DATE 02/06/2023

SCHOOL DISTRICTS MONTHLY TAX TOTALS

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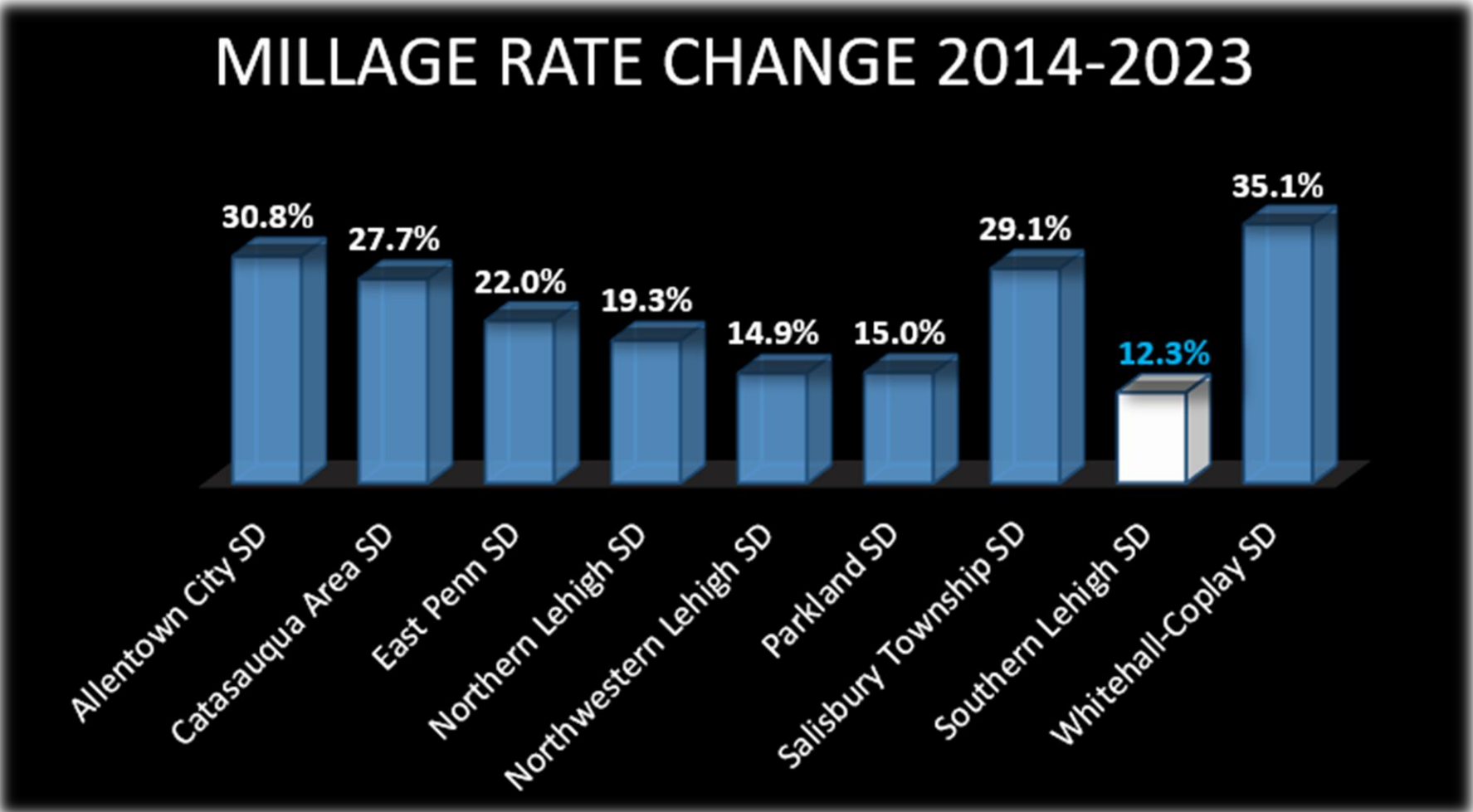
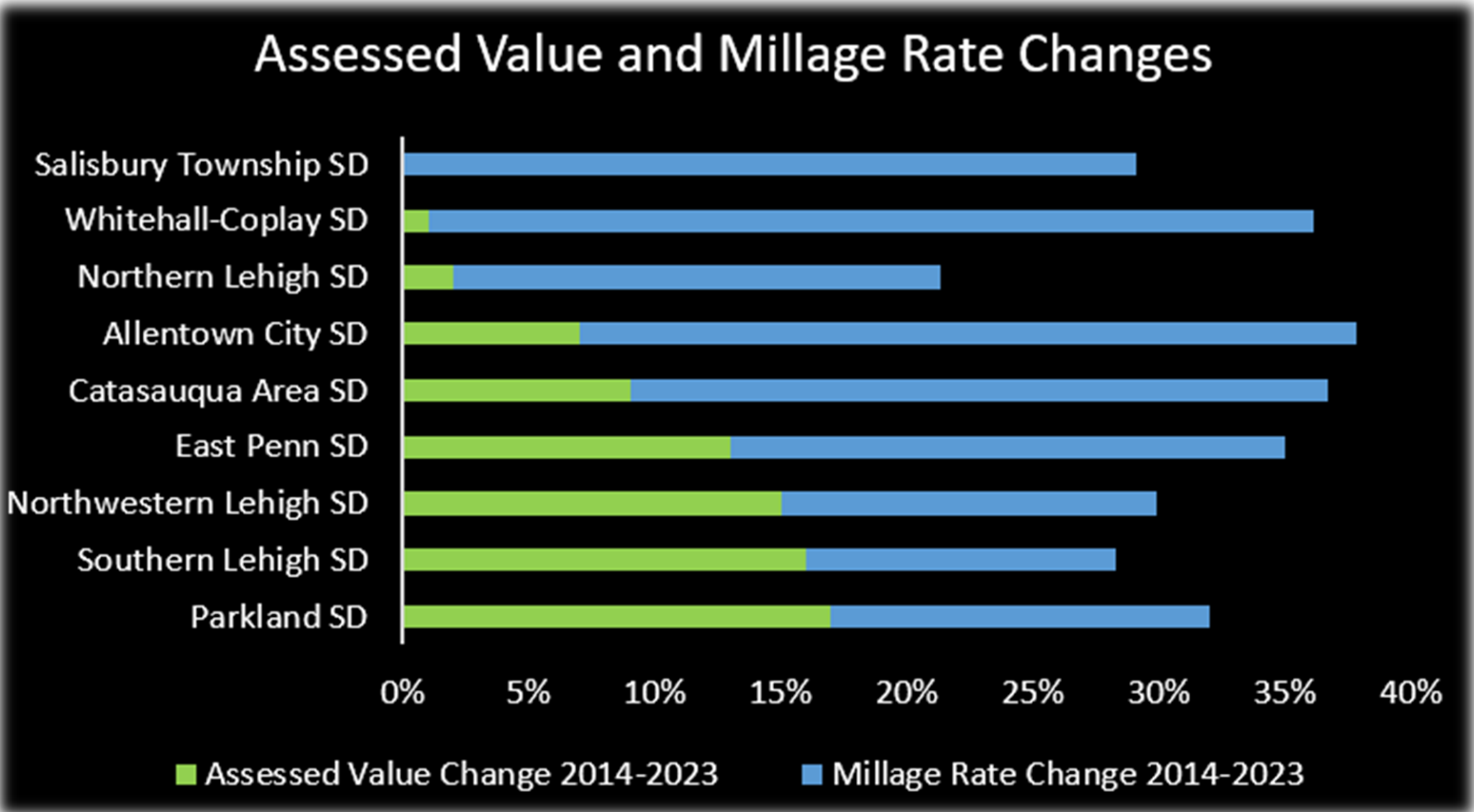
SCHOOL DISTRICT	TAXABLE PARCELS	TAXABLE ASSESSED	EXEMPT PARCELS	EXEMPT ASSESSED	PREFERENTIAL ASSESSED	ABATED ASSESSED	TOTAL PARCELS	TOTAL ASSESSED
ALLENTOWN	32,594	5,160,821,500	1,314	1,617,728,500	19,900		33,908	6,778,569,900
BETHLEHEM	7,767	1,680,640,000	236	529,556,700			8,003	2,210,196,700
CATASAUQUA	2,865	906,163,600	224	257,265,400	1,480,200		3,089	1,164,909,200
EAST PENN	22,562	5,831,143,500	684	433,985,800	79,571,800		23,246	6,344,701,100
NORTHERN-LEHIGH	4,936	663,096,200	235	101,082,600	55,026,100		5,171	819,204,900
NORTHWESTERN	7,762	1,680,583,100	197	139,978,600	393,897,100		7,959	2,214,458,800
PARKLAND	25,385	8,991,504,400	722	748,347,900	166,277,800		26,107	9,906,130,100
SALISBURY	5,678	1,323,136,400	182	450,355,700	8,277,800		5,860	1,781,769,900
SOUTHERN LEHIGH	9,628	2,912,992,400	311	290,917,800	109,576,600		9,939	3,313,486,800
WHITEHALL-COPLAY	10,668	2,481,827,400	366	222,827,400	7,822,600		11,034	2,712,477,400
COUNTY TOTALS	129,845	31,631,908,500	4,471	4,792,046,400	821,949,900		134,316	37,245,904,800

How do we stack up among peer districts?

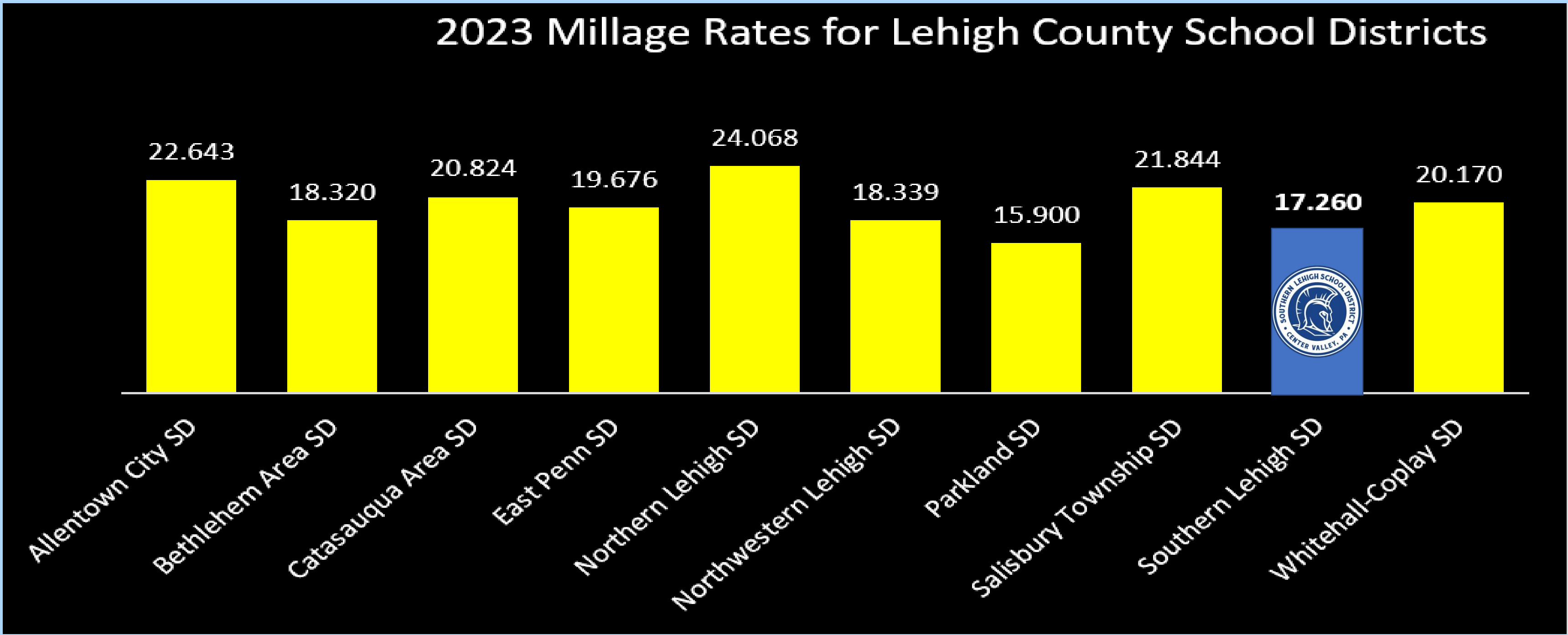
District	Assessed Value Change 2014-2023	Millage Rate Change 2014-2023
Allentown City SD	7%	30.8%
Bethlehem Area SD	3%	18.9%
Catasauqua Area SD	9%	27.7%
East Penn SD	13%	22.0%
Northern Lehigh SD	2%	19.3%
Northwestern Lehigh SD	15%	14.9%
Parkland SD	17%	15.0%
Salisbury Township SD	0%	29.1%
Southern Lehigh SD	16%	12.3%
Whitehall-Coplay SD	1%	35.1%



Source: Lehigh County Assessment Records – MOVEitTransfer System



How do we stack up among peer districts?



Source: Lehigh County Assessment Records – MOVEitTransfer System

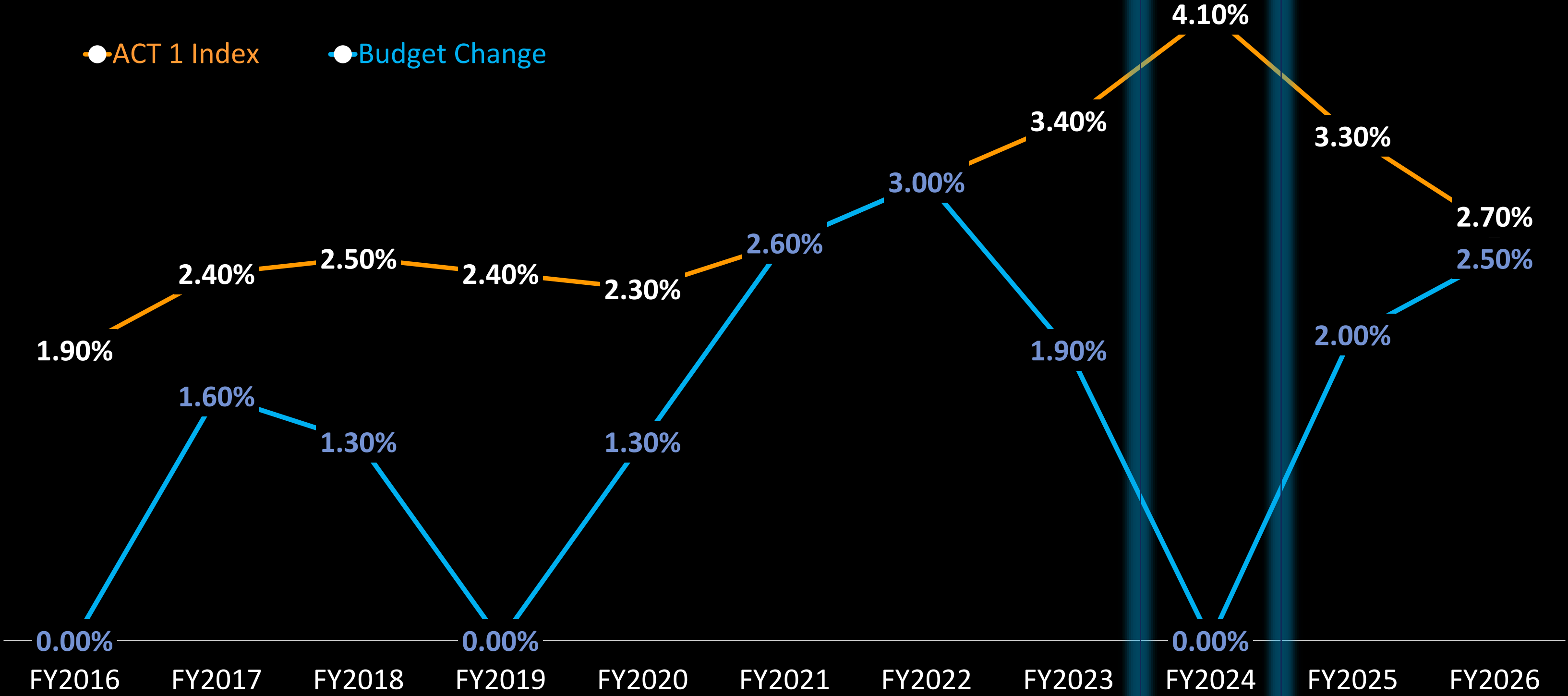
What is the recommendation for the 2023-2024 school budget?

**\$0 Increase in
Millage Rate**

Hold at 0.0172595

Retain Tax Levy Stability

Final Budget Against ACT1 Index



PRELIMINARY DRAFT BUDGET – 2022-2023

RETURN		APPROVED BUDGET	PROJECTED	PROJECTED	PROJECTED	PROJECTED
		2022-2023	2023-2024	2024-25	2025-26	2026-27
Projected Deficit		1,622,549	399,006	1,293,857	1,766,265	2,529,079
TOTAL EXPENSES		73,589,726	73,751,930	75,720,670	77,272,016	79,102,445
REVENUE @ Current 17.2595 mills		71,967,177	73,352,924	74,426,812	75,505,751	76,573,365
Tax Increase 2021-22	0.49					
Tax Increase 2022-23	0.33					
Tax Increase 2023-24	0.00					
Tax Increase 2024-25	0.40			\$ 1,185,108		
Tax Increase 2025-26	0.30				\$ 902,164	
Tax Increase 2026-27	0.30					\$ 915,696
TOTAL REVENUE COLLECTED		71,967,177	73,352,924	75,611,921	76,407,915	77,489,061
% Increase in Revenues		0.328%	1.926%	3.080%	1.053%	1.415%
Fund Balance Req. To Balance Budget		1,622,549	399,006	108,749	864,101	1,613,383
Ending Fund Balance		\$17,048,936	\$16,649,930	\$16,541,181	\$15,677,080	\$14,063,696
Ending Fund Balance as % of Expend.		23.2%	22.6%	21.8%	20.3%	17.8%

Significant Budget Challenges Remain

affecting these 5 categories **or 75% of the Budget**

\$38.7M - Salaries & Pension

Concern remains in out years with major Pension increases

Salary increases of 3% were offset by reductions in positions and Pension obligations were reduced this year by 3.6%

\$ 7.1M - Health, Life, LTD Benefits

Concern remains in out years based on Trend and Rx Costs Are Rising

Baseline increase of \$781k or 11% offset in part by change in census and negotiated employee contributions

\$ 858k - Energy (Electric, Gas/Diesel)

Concern remains based on Market Conditions

Up 25.7% (PY) - Rebid of Electric Feb 2023 – Provident Energy and Extension of Petroleum Traders Bid
County of Lehigh ENERGY CONSORTIUM

\$ 5.1M - Transportation Costs

Concern remains regarding labor shortages and gas/diesel costs

3% Route increase on Base Routes Brandywine + Mid-Day Run add on \$178k (Year 2 Contract for new baseline)

\$ 2.9M - Charter School Funding

Concern remains with rate of growth since COVID19 Pandemic

Based on Curent year est. \$2,858,688 plus 3% - -

Remaining Technology and Facility Needs - \$4M

THESE ITEMS ARE NOT IN THE BUDGET, but on our RADAR

- Access Control and Security Upgrades \$85k (entry & alarm)
- Technology Security Upgrades – \$255k – Firewall \$100k, MFA (authentication) \$85k, New CLEP testing computers \$50k, UPS backups \$20k
- Copier Leases \$400k to replace aged and End of life equipment
- Liberty Bell Roof Replacement - \$1.2 – 1.7M
- Liberty Bell Chiller Plant Replacement - \$1.6M
- Fleet Maintenance Replacement \$125k – F250 with plow package \$70-80k, Front end loader tractor (salt, materials) \$30k, Gator \$15k





Questions

Act 1 index – How it works:

- The maximum percentage increase in the school district millage rate is equal to the base index or an adjusted index, depending upon the district's aid ratio.
- The base index is calculated by averaging the percentage increase in the Pennsylvania statewide average weekly wage (SAWW) and the employment cost index (ECI) for elementary/secondary schools.
- School districts with an aid ratio less than 0.4000 utilize the base index. All other districts utilize an adjusted index that is computed by multiplying the base index by the sum of 0.75 and the district's aid ratio.