

# 2018-19 Proposed Final Budget Presentation (May 14, 2018)

SELINGSGROVE AREA SCHOOL DISTRICT

# GENERAL FUND FINANCIAL STATEMENT

## (Current financial position)

	2017-18 Budget	2017-18 Projected	2017-18 Variance
Beginning Balance	\$ 9,795,191	\$ 10,940,998	\$ 1,145,807
Revenues	\$ 41,792,078	\$ 42,124,704	\$ 332,626
Expenditures	\$ 39,715,712	\$ 38,889,097	\$ (826,615)
Interfund transfers	\$ <u>2,616,000</u>	\$ <u>2,616,000</u>	\$ <u>0</u>
Total Outlays	\$ 42,331,712	\$ 41,505,097	\$ ( 826,615)
Surplus/(Deficit)	<b>\$ (539,634)</b>	<b>\$ 619,607</b>	<b>\$ 1,159,241</b>
Additional Transfers		<b>\$ (600,000)</b>	
Transfer of MS project committed balance		<b>\$ (2,000,000)</b>	
<b>Ending Balance</b>	<b>\$ 9,255,557</b>	<b>\$ 8,960,605</b>	<b>\$ (294,952)</b>

# 2017-18 BUDGET HIGHLIGHTS

- ▶ Revenue slightly over budget by \$300,000 or 0.8%
- ▶ Expenditures under budget by \$800,000 or 2% budget

## Surplus of \$619,000

Escrow for real estate appeal refunds	\$ 200,000
Transfer to Capital Reserve	\$ 300,000
Transfer to Debt Service fund	\$ 100,000
Addition to Fund Balance	\$ 19,000

Fund balance transfer of committed fund for middle school project of \$2 million to Capital Reserve

# TOTAL FUND BALANCES AT 6-30-18

Designations ("buckets")	Balance
Assigned	\$ 106,891
Restricted - Special Ed ACCESS	\$ 374,651
Nonspendable – Prepaid/Inventory	\$ 78,923
Committed – Middle School Project	\$ 0 (transfer out to Capital)
Committed – Retiree Healthcare	\$ 2,318,334
Committed - Future PSERS Expenses	\$ 3,214,716
Committed – Educational Resources	\$ 306,389
<u>Unassigned Balance</u>	<u>\$ 2,560,701 (6.2% of budget)</u>
TOTAL GENERAL FUND RESERVES	<b>\$ 8,960,605 (21.6% of budget)</b>
DEBT SERVICE FUND RESERVES	<b>\$ 1,642,106</b>
CAPITAL RESERVE FUND RESERVES	<b><u>\$ 2,858,758</u></b>
TOTAL ALL GOV'T FUNDS RESERVES	<b>\$ 13,461,469</b>

# 2018-19 BUDGET SUMMARY

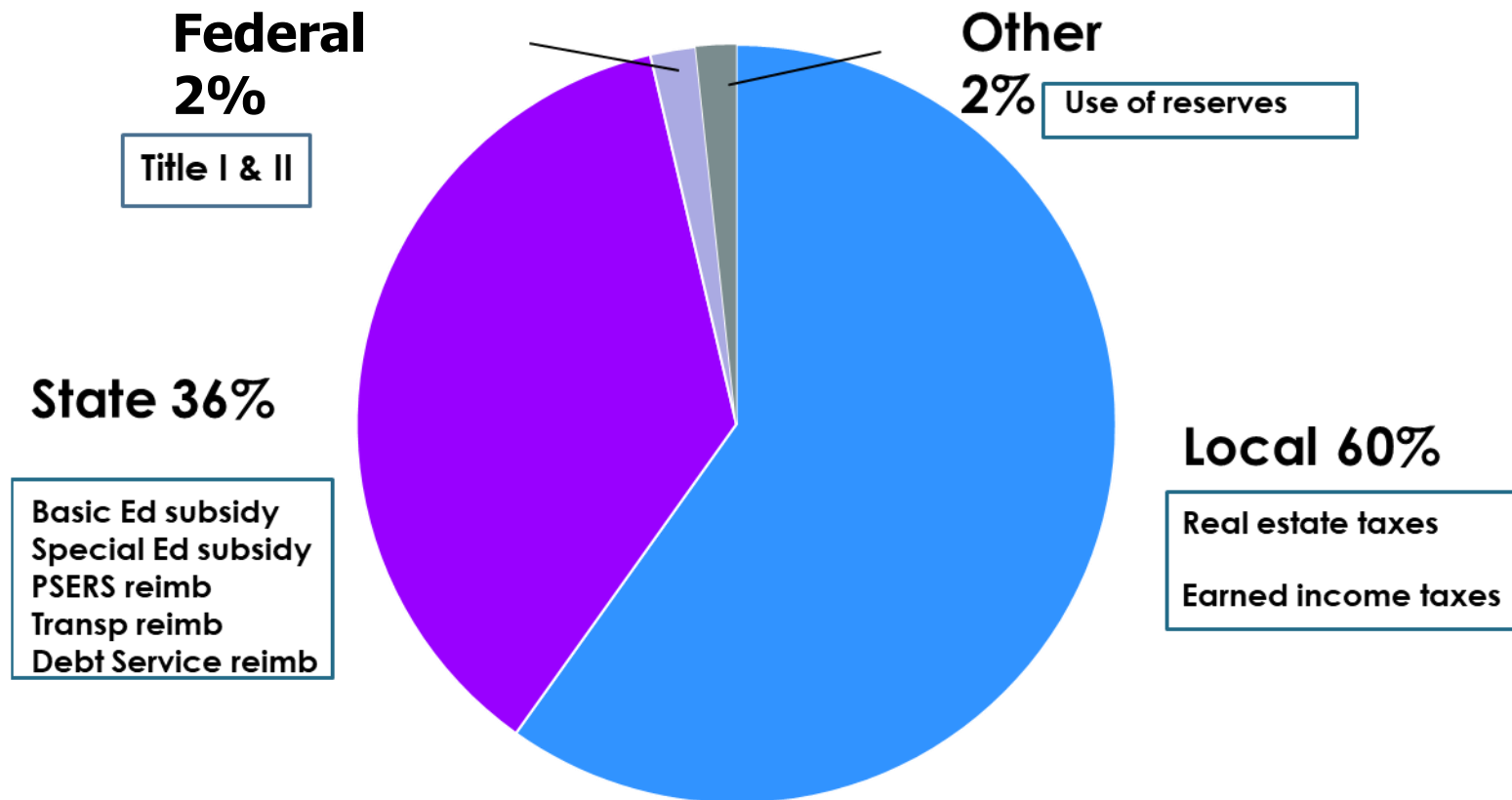
## FLOW OF FUNDS – GENERAL FUND

<b>Beginning Fund Balance</b>		<b>8,960,605</b>
Revenues (with 1.5-mill increase) <b>1 mill for operations 0.5 mill for debt</b>	<b>\$42,802,976</b>	(Act 1 allows a 2.04 increase)
Expenditures	<b>\$43,546,304</b>	
Deficit		<b>(\$743,328)</b>
Transfer in from Retiree Healthcare Reserve	\$2.3 million	<b>\$ 257,593</b>
Transfer in from PSERS Reserve	\$3.2 million	<b>\$ 385,735</b>
Transfer in from ACCESS Reserve		<b>\$100,000</b>
Budget Balance		<b>\$ 0</b>
Ending Fund Balance		<b>\$ 8,217,277</b>

# REVENUE HIGHLIGHTS

- ▶ **Decrease in real estate tax base (assessment appeals)**
- ▶ **1.5 mill real estate tax increase (millage rate of 67.49)**  
1 mill for operations and 0.5 mill for debt service
- ▶ **Earned Income Tax collections budgeted with a 2.5% increase from projected 17-18 collections**
- ▶ **Basic education subsidy level funding (state funding is uncertain at this point)**
- ▶ **Federal revenue (Title I & II) budgeted at 17-18 amounts**
- ▶ **Total Revenue increase of 2.4% from 17-18 budget**

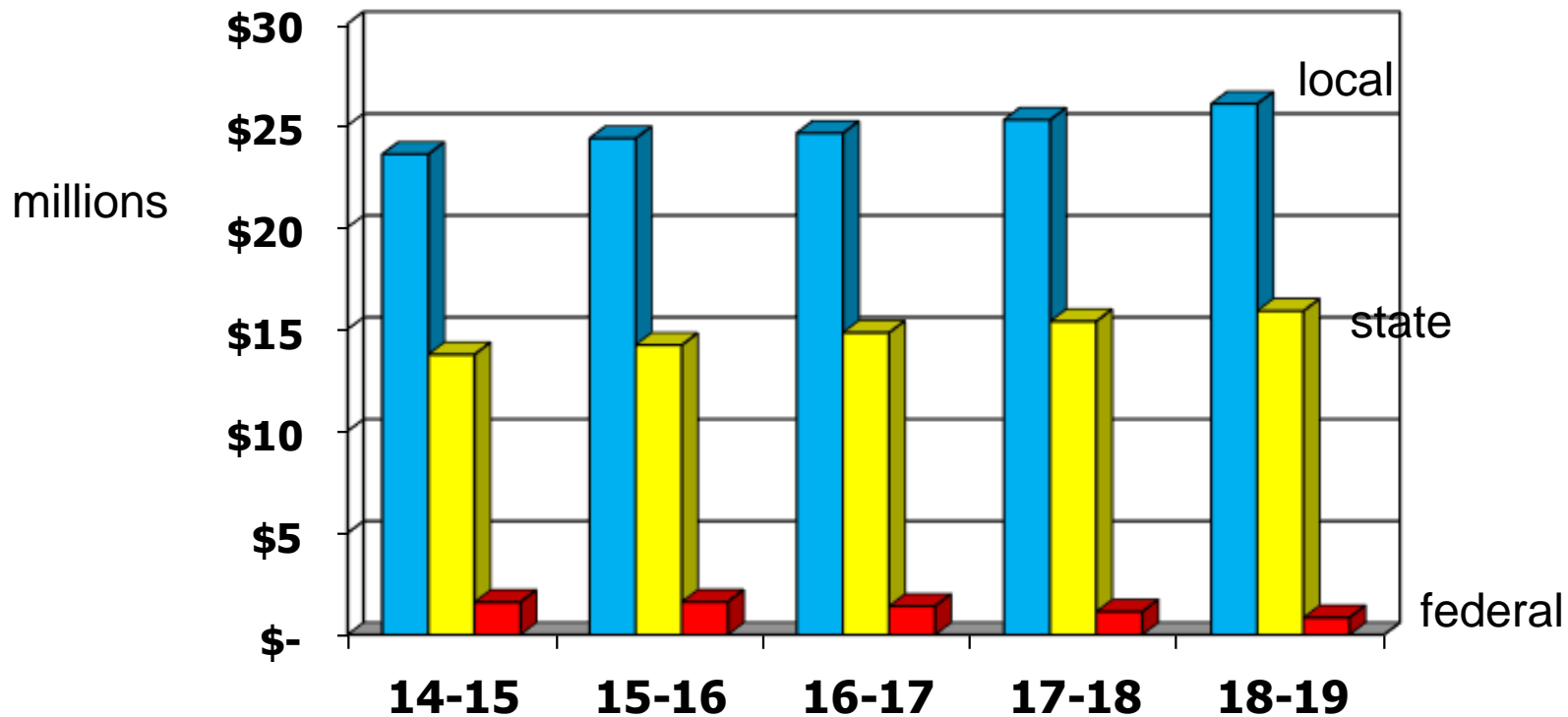
# 2018-19 REVENUE BY SOURCE



**State averages: Local 57%, State 37%, Federal 3%, Other 3%**

# HISTORICAL REVENUES BY SOURCE

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# EXPENDITURE HIGHLIGHTS

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- ▶ **Teacher salary increase based on contractual step movement (average increase of 2.2%)**
- ▶ **Administrative and support staff salary increase up to 3% based on evaluation**
- ▶ **Medical insurance premium increase of 9.5% offset by savings from moving to higher deductible plan**
- ▶ **PSERS rate increase from 32.57% to 33.43%**
- ▶ **Personnel costs only increasing 1.2% from current budget**
- ▶ **Charter school expense increase of \$365,000 or 60%**

# EXPENDITURE HIGHLIGHTS

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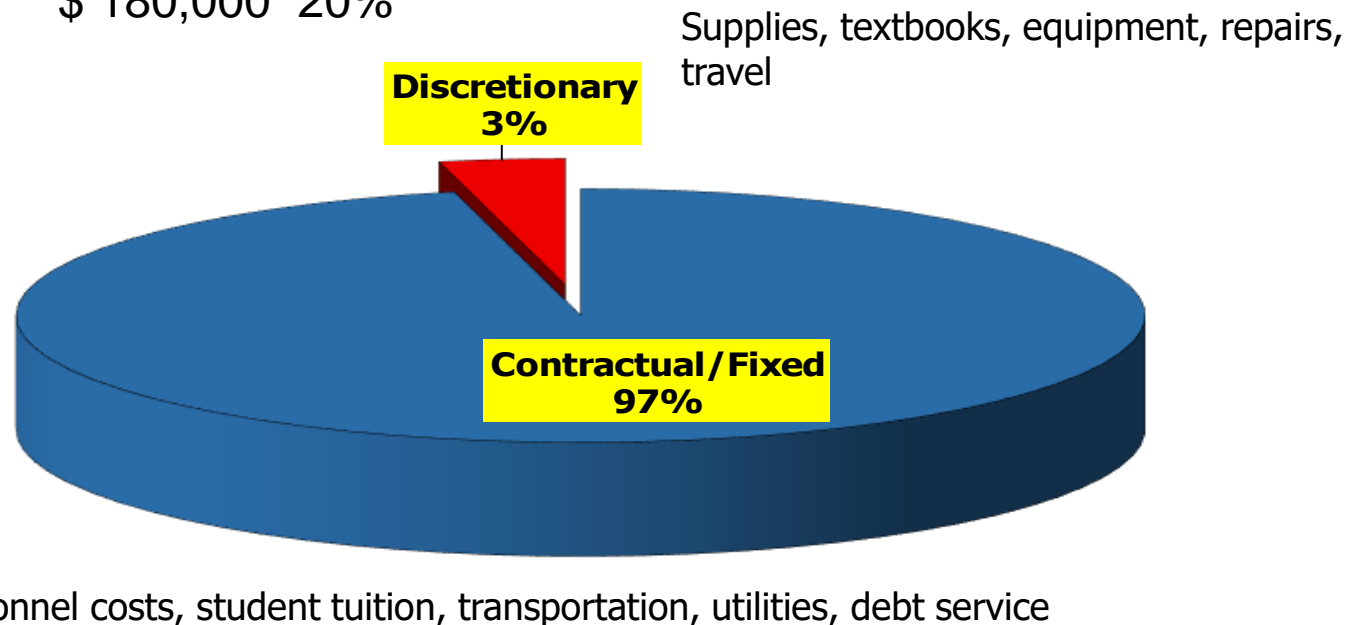
- ▶ **Technology budget increased by \$90,000 (KTO grant ended)**
- ▶ **Special ed costs for student tuition/services increased by \$180,000**
- ▶ **Transfer out to debt service includes the 0.5-mill increase of \$126,400 for the new debt service**
- ▶ **Capital reserve transfer of \$133,000 includes Jackson-Penn rental income**
- ▶ **Total budget of \$43.5 million– overall increase of \$1.2 million or 2.9% from 17/18 budget**

# 2018-19 EXPENDITURE ANALYSIS

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## Budget Increases:

Cyber charter tuition	\$ 365,000	60%
Transfer to debt service	\$ 326,400	13%
Salaries/Wages	\$ 234,000	1%
PSERS retirement	\$ 222,200	4%
Special ed tuition/svcs	\$ 180,000	20%



# HISTORICAL USE OF FUNDS

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**Personnel costs make up 75% of total budget**

# CAPITAL IMPROVEMENT PLAN

- ▶ Borrowed \$9.995 million through bond issue
- ▶ Additional \$2.5 million in capital reserve funds
- ▶ Projects for summer of 2018
  - ▶ Middle school & Jackson-Penn roof replacement
  - ▶ Middle school HVAC replacement & lighting upgrades
  - ▶ Intermediate school building controls replacement
  - ▶ High school lighting upgrades
  - ▶ Elementary gym floor refinish
  - ▶ Stadium renovations (turf replacement, track resurface, bathroom renovation, fence replacement)

# CAPITAL IMPROVEMENT PLAN

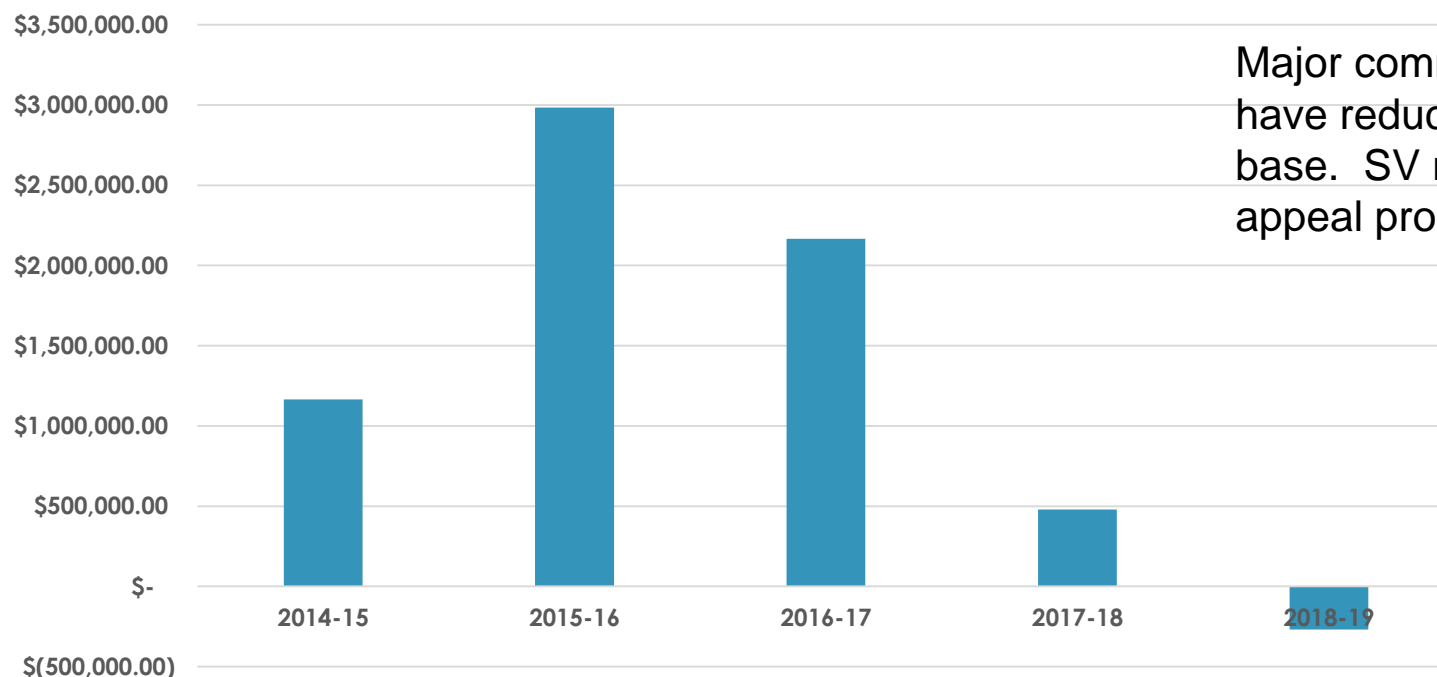
- ▶ **Potential Projects for summer of 2019 (Project II)**
  - ▶ Additional district parking
  - ▶ Relocate tennis courts
  - ▶ Middle school auditorium sound system
  - ▶ Middle & High school science labs renovation
  - ▶ High school cafeteria kitchen expansion/renovation
  - ▶ Middle & High school locker room renovation
  - ▶ Middle school gym curtain replacement
  - ▶ High school cupola refurbish/replacement

# FUTURE BUDGET CONCERNS

- ▶ Real estate assessment appeals (actual decrease in the tax base) SV Mall
- ▶ Uncertainty at the state level (economy improving, use of one time revenues to balance 17-18 budget)
- ▶ Property tax reform (loss of local control)
  - ▶ Residential property tax revenue \$7.4 B statewide
- ▶ **Unfunded Pension system - PSERS rate increases to reach 36% of payroll by 22/23 FY**
- ▶ Demographic trends in PA (state population getting older & decrease in working age population)

# CHANGES TO REAL ESTATE TAX BASE

Annual change in total assessed value

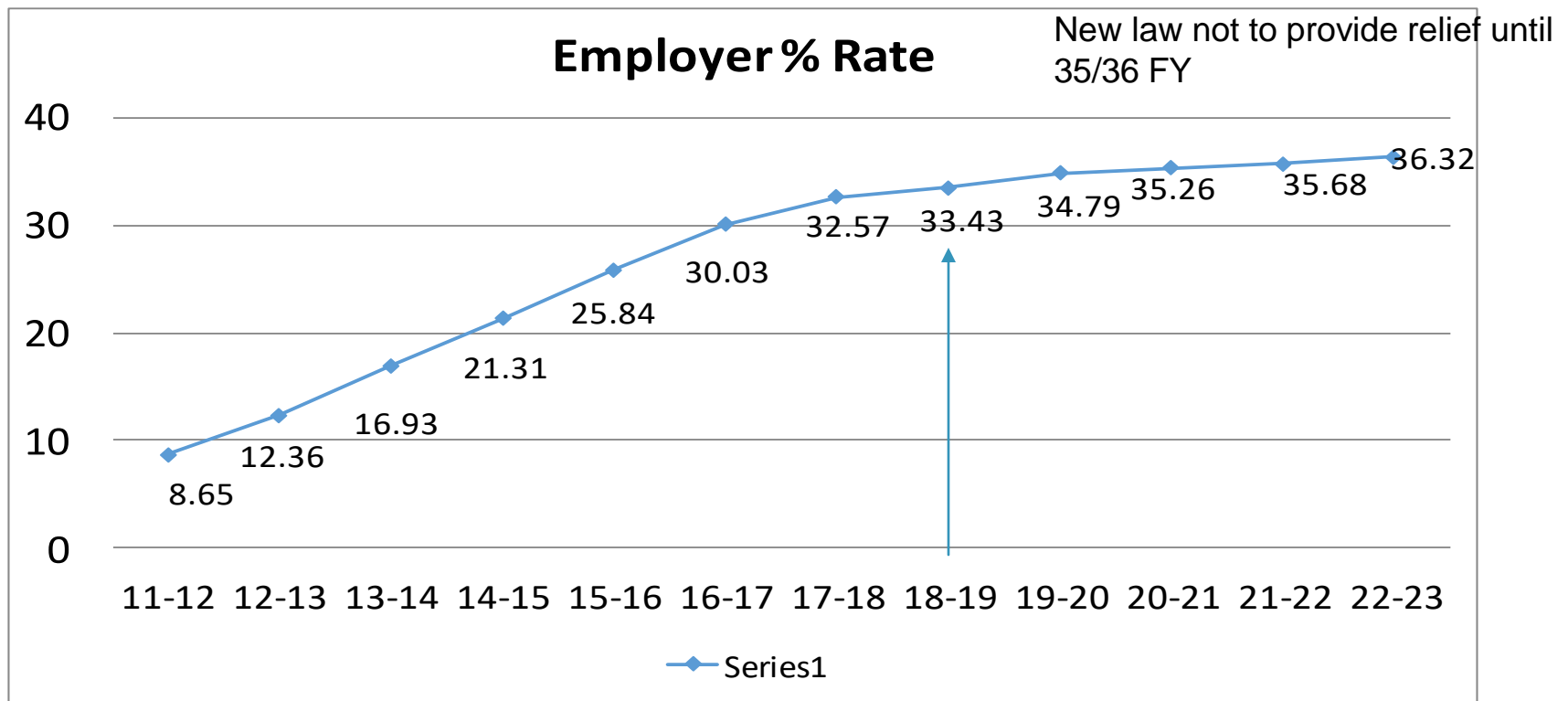


Increase of \$1 million in assessed value = \$63,000 in revenue (at 65.99 mills)



# PROJECTED PSERS RATE

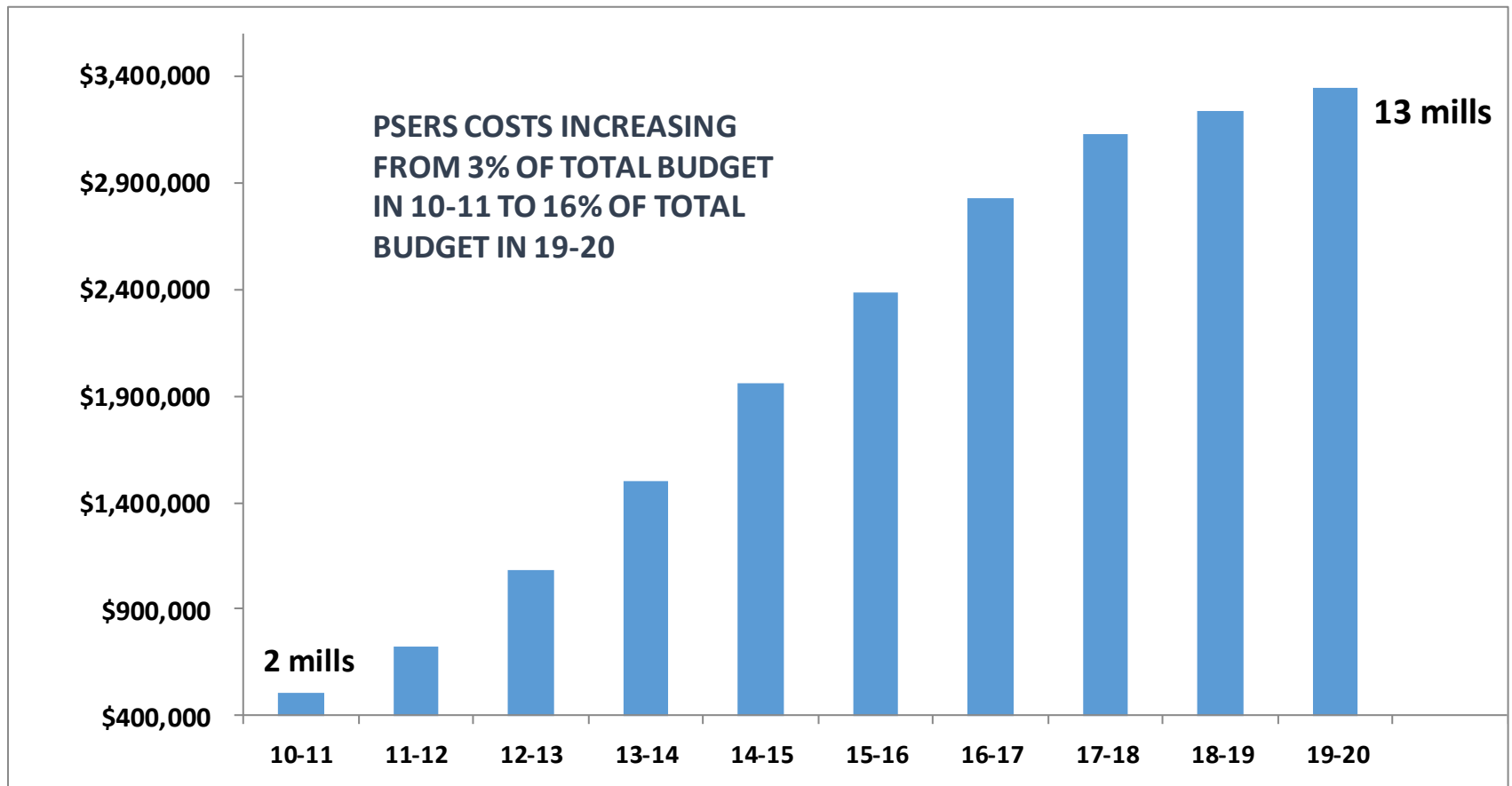
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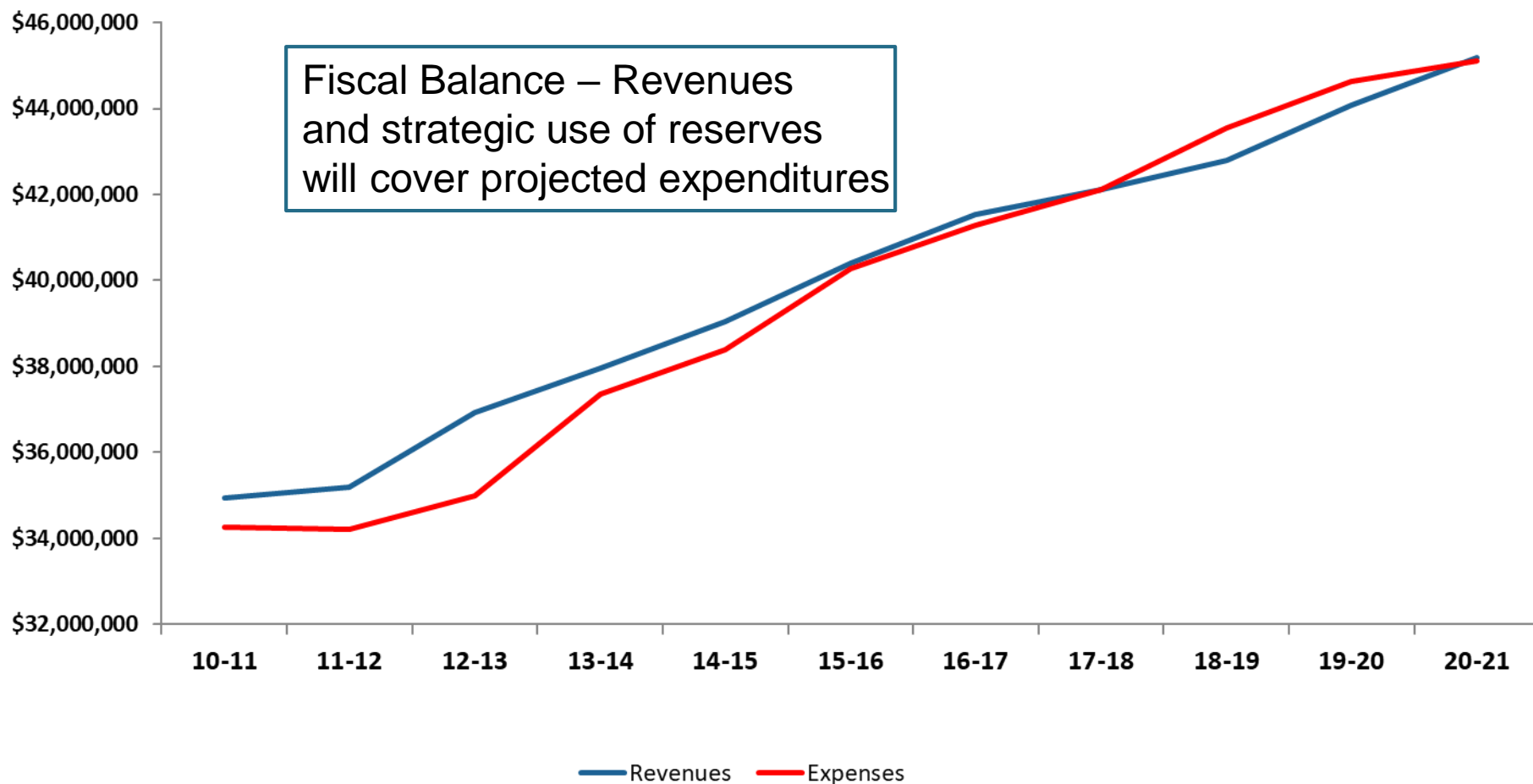
PSERS funding: 65% investment earnings, 19% employer, 16% members

# NET PSERS COST TO DISTRICT 10 Year Analysis

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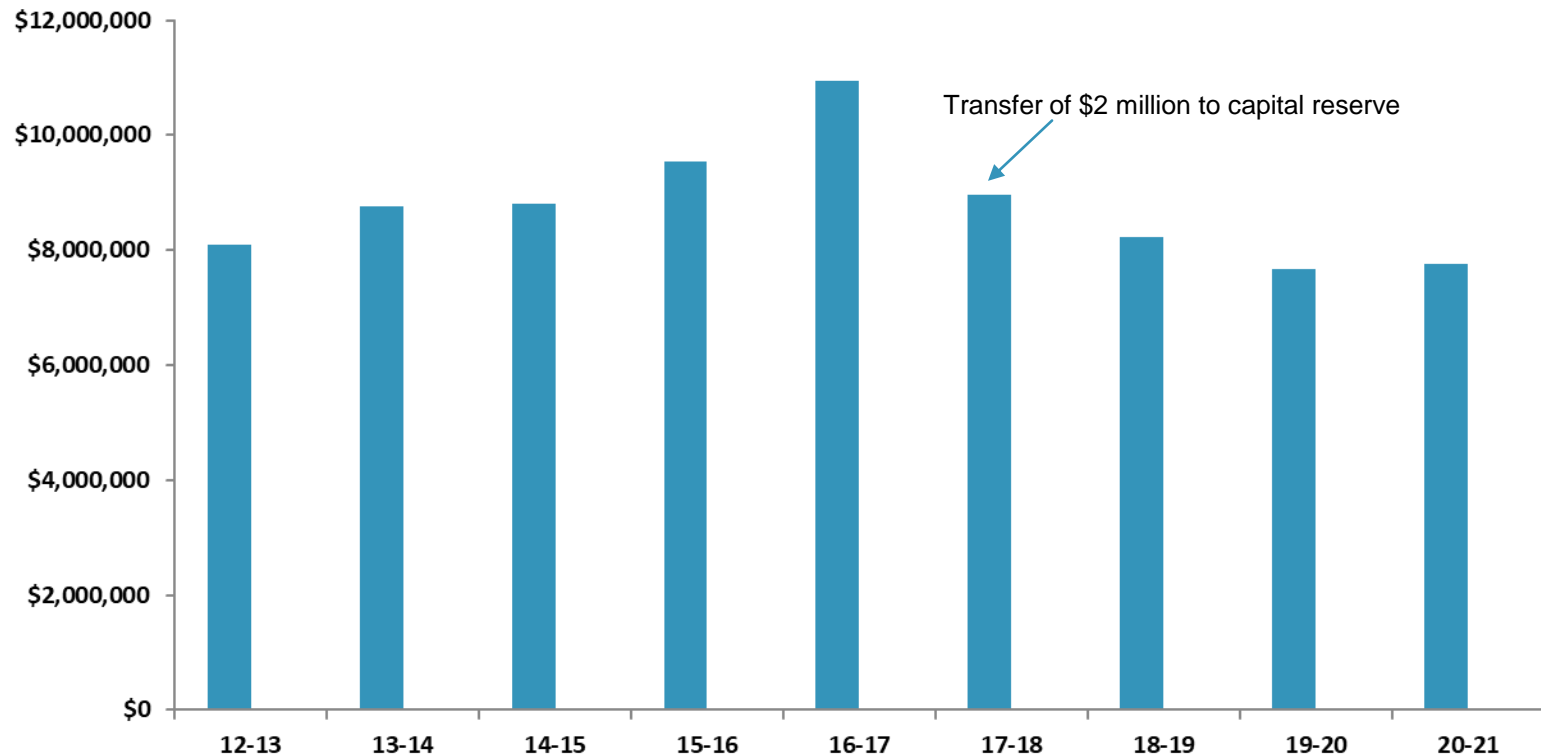


# FUTURE BUDGET PROJECTIONS



# GENERAL FUND PROJECTED ENDING FUND BALANCE

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# PROPOSED FINAL BUDGET SUMMARY

## "THE BOTTOM LINE"

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REVENUES (includes 1.5 mill increase) (1 mill for operations & 0.5 mill for debt service)		<b>\$ 42,802,976</b>
EXPENSES		<b>\$ 43,546,304</b>
USE OF FUND BALANCE		<b>\$ 743,328</b>
PSERS RESERVE	\$385,735	
RETIREE HEALTHCARE RESERVE	\$257,593	
SPECIAL ED ACCESS FUNDS	<u>\$100,000</u>	
<u>TOTAL USE OF RESERVES</u>	<u>\$743,328</u>	
<i>1.5 mills = \$40.50 increase to avg taxpayer</i>		

# PRESENTATION SUMMARY

## (POINTS TO REMEMBER)

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- ▶ Continued strength in overall financial position
- ▶ Funds in place to pay for Capital Improvement plan which is to be implemented over next couple of years
- ▶ 1.5 mill tax increase – 1 mill for operations and 0.5 mill for debt service (last tax increase for operations was for 2015-16 budget)
- ▶ Budget challenges remain for the future – commercial reassessments, uncertainty at state level
- ▶ Importance of prudent financial planning and conservative budgeting practices