

SELINGROVE AREA SCHOOL DISTRICT

2018-19

PROPOSED FINAL BUDGET

EXECUTIVE SUMMARY

05/07/18

FUND BALANCES AT 6-30-18

05/07/18

| Consolidated Total Governmental Funds | | | | | | |
|---|----------------------|----------------------|----------------------|---|--------------------|---------------------------------------|
| Financial Statement | | | | | | |
| | | 2017-18 | projected | | | |
| 5/1/2018 | General Fund | | Debt Service | Capital | Total | |
| | Budget | Actual | Fund | Reserve | Governmental Funds | |
| Fund Balances - Beginning | \$ 9,795,191 | \$ 10,940,998 | \$ 1,596,454 | \$ 1,821,276 | \$ - | \$ 14,358,728 |
| Revenues | \$ 41,792,078 | \$ 42,124,704 | \$ 10,000 | \$ 15,000 | \$ - | \$ 42,149,704 |
| Interfund transfers in from General | | | \$ 2,483,000 | \$ 133,000 | \$ - | \$ 2,616,000 |
| Total Income | \$ 41,792,078 | \$ 42,124,704 | \$ 2,493,000 | \$ 148,000 | \$ - | \$ 44,765,704 |
| Expenditures | \$ 39,715,712 | \$ 38,889,097 | \$ 2,547,348 | \$ 1,410,518 | \$ - | \$ 42,846,963 |
| Interfund transfers out | \$ 2,616,000 | \$ 2,616,000 | \$ - | \$ - | \$ - | \$ 2,616,000 |
| Total Outlays | \$ 42,331,712 | \$ 41,505,097 | \$ 2,547,348 | \$ 1,410,518 | \$ - | \$ 45,462,963 |
| Surplus/(Deficit) | \$ (539,634) | \$ 619,607 | \$ (54,348) | \$ (1,262,518) | \$ - | \$ (697,259) **** |
| Escrow for tax appeals | | \$ (200,000) | | | | \$ (200,000) |
| Additional Transfer to Cap Reserve & Debt Service | | \$ (400,000) | \$ 100,000 | \$ 300,000 | \$ - | |
| Surplus after additional transfers | | \$ 19,607 | | | | |
| Fund Balances - Ending | \$ 9,255,557 | \$ 10,960,605 | \$ 1,642,106 | \$ 858,758 | \$ - | \$ 13,461,469 (total reserves) |
| Changes in Fund Balance Totals | | | | | | |
| Designation of Fund Balance: | Balance | 2017-18 | Balance | | | |
| General Fund | 6/30/2017 | Designation | 6/30/2018 | | | |
| Assigned | \$ 106,891 | \$ - | \$ 106,891 | | | |
| Restricted - Special Ed ACCESS Program | \$ 474,651 | \$ (100,000) | \$ 374,651 | | | |
| Nonspendable - Inventory of Supplies | \$ 16,770 | \$ - | \$ 16,770 | | | |
| Nonspendable - Prepaid Expenses | \$ 62,153 | \$ - | \$ 62,153 | | | |
| Nonspendable - Reserve for Encumbrances | \$ - | \$ - | \$ - | | | |
| Committed - Retiree Healthcare | \$ 2,318,334 | \$ - | \$ 2,318,334 | | | |
| Committed - MS project | \$ 2,000,000 | \$ - | \$ 2,000,000 | | | |
| Committed - PSERS | \$ 3,214,716 | \$ - | \$ 3,214,716 | | | |
| Committed - Educational Resources | \$ 306,389 | \$ - | \$ 306,389 | | | |
| Unassigned | \$ 2,441,094 | \$ 119,607 | \$ 2,560,701 | (6.2% of budget) | | |
| Total Fund Balances | \$ 10,940,998 | \$ 19,607 | \$ 10,960,605 | (26.4% of budget) | | |
| | | | \$ 8,960,605 | available for future general fund budget | | |
| | | | | (backs out MS project reserve)(21.6% of budget) | | |

2018-19 BUDGET SUMMARY

05/07/18

Major Revenue Assumptions

1. Real estate taxes - small decrease in overall tax base due to real estate appeals. Budget includes a 1.5 mill increase - 1.0 mill for operating purposes and 0.5 mill for debt service. Total millage would be 67.49. This represents 2.3% increase. Total increase would be \$40 to average homeowner with assessed value of \$27,000.
2. Earned income tax projected with 2.5% growth.
3. Basic Ed subsidy budgeted with no increase. Given the level of uncertainty in Harrisburg, level funding is included in the budget.
4. Federal revenue is budgeted at current year amounts.
5. Total revenue \$678,000 or 1.6% higher than projected 17/18 and \$1 million or 2.5% greater than budgeted 17/18.

Expenditure Assumptions

1. Teacher salaries based on contractual step movement. Avg. increase of 2.2%. Admin and classified staff projected off of max 3% increase based on evaluations. Total teaching staff positions are one less than current year. Addition of a middle school cyber school coordinator is offset by elimination of one special education position and a fifth grade teaching position. The athletic director position has been increased to full-time. A 32 hour per week school resource officer is budgeted under professional services.
2. Medical insurance premium increase of 9.5% offset by savings of a full year from moving staff to \$250 deductible plan.
3. PSERS rate increase from 32.57% to 33.43%.
4. Cyber charter school tuition increase of \$365,000 due to enrollment increases.
5. Special education cost increase of \$180,000 for out-placement student tuition and IU services.
6. Transfers out to debt service fund increased by \$326,400 to help with the phase in of the new debt.
5. Total expenditure increase of \$1.2 million or 2.9% from 17-18 budget.

Budget Summary

| | | | |
|--------------|----|-------------------|-------------------------|
| Revenue | \$ | 42,802,976 | (1.5 mill tax increase) |
| Expenditures | \$ | <u>43,546,304</u> | |
| Deficit | \$ | (743,328) | |

Deficit could be covered from Reserves:

| | | | |
|----------------------------------|----|----------------|---------------------|
| Transfer in from PSERS reserve | \$ | 385,735 | (8.5 year drawdown) |
| Transfer in from Retiree healthc | \$ | 257,593 | (9 year drawdown) |
| Transfer in from ACCESS | \$ | <u>100,000</u> | |

Budget Balance after transfers \$ -

Fund Balance Analysis

| | | |
|---------------------------------|--------------|-------------------|
| Total Beginning fund balance | \$ 8,960,605 | (20.6% of budget) |
| Use of Reserves to balance budg | \$ (743,328) | |
| Ending Total Fund Balance | \$ 8,217,277 | (18.9% of budget) |

(unassigned fund balance of \$2.56 million 5.9% of budget)

Real Estate Millage Analysis

- Act 1 allowable tax increase is 2 mills or 3.1%.
 There has been no tax increase the past two fiscal years for general operations.
 One mill was added in 17-18 for capital projects debt service.
Pending and potential real estate appeals could cost up to one mill in revenue (\$252,800) .
- Millage needed to pay for \$9.995 million bond for capital projects is 2.2 mills.
 An additional 1.2 mills is needed to fully fund debt service. Does not have to be done in one year.
 It can be phased in over a couple of years because of our debt service reserves.
- One mill increase raises \$252,800 in revenue. One mill to the average homeowner is \$27 (avg. assessed value of \$27,000).
 1.5 mill increase to the average homeowner costs \$40.50.

| Major Cost Increases: | \$ Increase | % Increase |
|----------------------------------|-------------|------------|
| Cyber charter school expenses | \$ 365,000 | 59.8% |
| Transfers to debt service fund | \$ 326,400 | 13.1% |
| Salaries and Wages | \$ 234,053 | 1.2% |
| Retirement Expense (PSERS) | \$ 222,254 | 3.6% |
| Special education tuition & serv | \$ 180,000 | 19.8% |

HOW THE 2018-19 BUDGET IS BALANCED

05/08/18

| | | | |
|---|--------------|-----------------|---|
| Revenues from Draft #1 | | \$ 42,451,407 | |
| Delinquent Real Estate Tax Revenue | \$ 25,000 | | |
| Delinquent Per Capita Tax Revenue | \$ 600 | | |
| Athletic Admissions | \$ 5,000 | | |
| Social Security/Retirement State Subsidies | \$ (58,231) | | |
| Total Changes to Revenue | | \$ (27,631) | |
| Total Adjusted Revenue | | \$ 42,423,776 | ← |
| Expenditures from Draft #1 | | \$ 43,901,897 | |
| Salary/Wages (removed additional social studies teacher not replace teacher retirement) | \$ (177,557) | | |
| Medical insurance | \$ (31,128) | | |
| Retiree Medical Insurance | \$ (24,500) | | |
| Dental Insurance | \$ (8,732) | | |
| Fringes (Social Security, Retirement) | \$ (73,953) | | |
| Employee Paid Tuition | \$ (10,000) | | |
| Special Education Purchased Services (CSIU) | \$ (70,000) | | |
| Facilities Budget (energy costs) | \$ (84,454) | | |
| Budgetary Reserve | \$ (1,669) | | |
| Total Changes to Expenditures | | \$ (481,993) | |
| Total Adjusted Expenditures | | \$ 43,419,904 | ← |
| Deficit from Draft #1 | | \$ (1,450,490) | |
| Adjusted Deficit | | \$ (996,128) | ← |
| 1 mill increase for operations | | \$ 252,800.00 | ← |
| Proposed Final Budget Deficit to be covered from Reserves | | \$ (743,328.00) | ← |

**2018-2019 PROPOSED FINAL
GENERAL FUND BUDGET SUMMARY**

05/07/18

| PROPOSED FINAL BUDGET (1.5 mill real estate tax increase) | Audited 2016-17 | % | Budgeted 2017-18 | % | Proj 2017-18 | % | Budgeted 2018-19 | % | Budget Variance | % Variance |
|--|----------------------------|-------------|-----------------------------|-------------|-------------------------|-------------|-----------------------------|-------------|----------------------------|-----------------------|
| Beginning Total Fund Balance | \$ 9,539,841 | | \$ 9,795,191 | | \$ 10,940,998 | | \$ 8,960,605 | | | |
| Real Estate Tax | \$ 15,839,415 | 37.7% | \$ 16,091,690 | 38.5% | \$ 16,162,042 | 38.4% | \$ 16,494,263 | 38.5% | \$ 402,573 | 2.5% |
| Earned Income Tax | \$ 6,945,090 | 16.5% | \$ 7,062,719 | 16.9% | \$ 7,118,717 | 16.9% | \$ 7,296,685 | 17.0% | \$ 233,966 | 3.3% |
| Other Taxes | \$ 576,029 | 1.4% | \$ 574,770 | 1.4% | \$ 569,928 | 1.4% | \$ 573,942 | 1.3% | \$ (828) | -0.1% |
| Delinquent Taxes | \$ 641,149 | 1.5% | \$ 585,000 | 1.4% | \$ 635,600 | 1.5% | \$ 635,600 | 1.5% | \$ 50,600 | 8.6% |
| Investment Earnings | \$ 91,965 | 0.2% | \$ 100,000 | 0.2% | \$ 225,000 | 0.5% | \$ 250,000 | 0.6% | \$ 150,000 | 150.0% |
| Other Local Revenue | \$ 913,317 | 2.2% | \$ 860,864 | 2.1% | \$ 806,498 | 1.9% | \$ 813,614 | 1.9% | \$ (47,250) | -5.5% |
| State Sources | \$ 15,293,963 | 36.4% | \$ 15,383,390 | 36.8% | \$ 15,402,820 | 36.6% | \$ 15,896,258 | 37.1% | \$ 512,868 | 3.3% |
| Federal Sources | \$ 1,746,525 | 4.2% | \$ 1,133,645 | 2.7% | \$ 1,204,099 | 2.9% | \$ 842,614 | 2.0% | \$ (291,031) | -25.7% |
| REVENUES | \$ 42,047,453 | 100% | \$ 41,792,078 | 100% | \$ 42,124,704 | 100% | \$ 42,802,976 | 100% | \$ 1,010,898 | 2.4% |
| Salaries | \$ 18,086,102 | 44.5% | \$ 19,195,424 | 45.3% | \$ 18,766,911 | 45.2% | \$ 19,429,477 | 44.6% | \$ 234,053 | 1.2% |
| Fringe Benefits/Insurances | \$ 11,151,871 | 27.4% | \$ 12,956,557 | 30.6% | \$ 12,329,230 | 29.7% | \$ 13,096,781 | 30.1% | \$ 140,224 | 1.1% |
| Contracted Services | \$ 1,105,226 | 2.7% | \$ 1,017,946 | 2.4% | \$ 1,117,946 | 2.7% | \$ 1,161,969 | 2.7% | \$ 144,023 | 14.1% |
| Repairs & Maintenance | \$ 159,916 | 0.4% | \$ 233,525 | 0.6% | \$ 250,525 | 0.6% | \$ 179,180 | 0.4% | \$ (54,345) | -23.3% |
| Transp, Student Tuitions, Other Svcs | \$ 3,922,541 | 9.7% | \$ 4,151,249 | 9.8% | \$ 4,541,249 | 10.9% | \$ 4,687,262 | 10.8% | \$ 536,013 | 12.9% |
| Supplies/Books/Software | \$ 1,397,404 | 3.4% | \$ 800,165 | 1.9% | \$ 800,165 | 1.9% | \$ 714,673 | 1.6% | \$ (85,492) | -10.7% |
| Utilities | \$ 509,672 | 1.3% | \$ 606,640 | 1.4% | \$ 540,486 | 1.3% | \$ 555,220 | 1.3% | \$ (51,420) | -8.5% |
| Equipment/Property | \$ 416,735 | 1.0% | \$ 353,721 | 0.8% | \$ 351,546 | 0.8% | \$ 360,024 | 0.8% | \$ 6,303 | 1.8% |
| Fees | \$ 74,182 | 0.2% | \$ 82,539 | 0.2% | \$ 82,539 | 0.2% | \$ 82,799 | 0.2% | \$ 260 | 0.3% |
| Other Expenses | \$ 93,679 | 0.2% | \$ 317,946 | 0.8% | \$ 108,500 | 0.3% | \$ 336,519 | 0.8% | \$ 18,573 | 5.8% |
| Transfers to Capital Reserve | \$ 1,273,968 | 3.1% | \$ 133,000 | 0.3% | \$ 133,000 | 0.3% | \$ 133,000 | 0.3% | \$ - | 0.0% |
| Transfers to Debt Service | \$ 2,455,000 | 6.0% | \$ 2,483,000 | 5.9% | \$ 2,483,000 | 6.0% | \$ 2,809,400 | 6.5% | \$ 326,400 | 13.1% |
| EXPENDITURES | \$ 40,646,296 | 100% | \$ 42,331,712 | 100% | \$ 41,505,097 | 100% | \$ 43,546,304 | 100% | \$ 1,214,592 | 2.9% |
| Surplus/(Deficit) | \$ 1,401,157 | | \$ (539,634) | | \$ 619,607 | | \$ (743,328) | | | |
| Additional Transfers to Capital Reserve | | | | | \$ (600,000) | | | | | |
| Debt Service and Tax Escrow | | | | | | | | | | |
| Ending Fund Balance | \$ 10,940,998 | | \$ 9,255,557 | | \$ 10,960,605 | | \$ 8,217,277 | | | |
| Transfer out Middle School Project committed balance to Capital Reserve | | | | | \$ (2,000,000) | | | | | |
| Adjusted Total Ending Fund Balance | | | | | \$ 8,960,605 | | \$ 8,217,277 | | | |

REVENUE BREAKDOWN BY MAJOR SOURCE

05/07/18

| Sources | 2015-16 Revenue | % of Total | 2016-17 Revenue | % of Total | 2017-18 Revenue | % of Total | 2018-19 Revenue | % of Total | Variance from Pr Yr | Current vs. Proposed |
|--|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|------------------------|-------------------------|
| | | | Projected | | | | | | | |
| Local | \$ 24,821,843 | 61.4% | \$ 24,897,505 | 59.9% | \$ 25,275,043 | 60.5% | \$ 26,064,104 | 60.9% | \$ 789,061 | 3.1% |
| State | \$ 14,166,171 | 35.1% | \$ 15,231,510 | 36.7% | \$ 15,383,390 | 36.8% | \$ 15,896,258 | 37.1% | \$ 512,868 | 3.3% |
| Federal | \$ 1,416,953 | 3.5% | \$ 1,415,088 | 3.4% | \$ 1,133,645 | 2.7% | \$ 842,614 | 2.0% | \$ (291,031) | -25.7% |
| Total | \$ 40,404,967 | 100.0% | \$ 41,544,103 | 100.0% | \$ 41,792,078 | 100.0% | \$ 42,802,976 | 100.0% | \$ 1,010,898 | 2.4% |
| Description of Major Revenue Sources: | | | | | | | | | | |
| Local Sources: Made up of mostly real estate taxes and earned income taxes. The district also collects per capita taxes, real estate transfer taxes, and delinquent taxes. Other local sources would be interest/investment earnings, athletic admissions, student activity fees, and other miscellaneous revenues. | | | | | | | | | | |
| State Sources: The largest item in this category is the basic education subsidy line item. Other sources would be the special education subsidy, transportation subsidy, reimbursement for debt service, accountability block grant, and property tax reduction allocation. The state also reimburses the district for 1/2 of our retirement and social security expenses. There are other smaller reimbursements. | | | | | | | | | | |
| Federal Sources: The main revenues in this category are the Title I and II funds. Other federal sources are ACCESS funds for special education and the Perkins grant for agricultural education. | | | | | | | | | | |

EXPENDITURE BUDGET BREAKDOWN BY MAJOR OBJECT

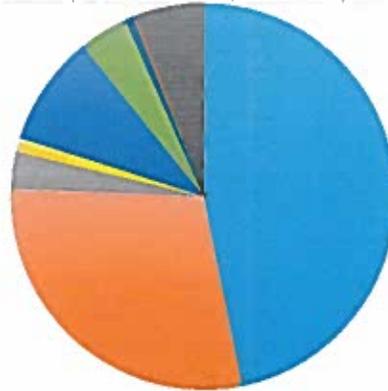
05/07/18

| Description | 2015-16 Budget | % of budget | 2016-17 Budget | % of Budget | 2017-18 Budget | % of Budget | 2018-19 Budget | % of Budget | Current vs. from Pr Yr | Proposed |
|----------------------------------|---|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|---------------------------|-------------|
| Personnel -salaries/wages | \$ 19,376,970 | 46.7% | \$ 18,833,453 | 45.4% | \$ 19,195,424 | 45.3% | \$ 19,429,477 | 44.6% | \$ 234,053 | 1.2% |
| Personnel -employee benefit | \$ 11,965,078 | 28.8% | \$ 12,666,341 | 30.6% | \$ 12,956,557 | 30.6% | \$ 13,096,781 | 30.1% | \$ 140,224 | 1.1% |
| Purchased Profession & tech Svcs | \$ 1,287,188 | 3.1% | \$ 1,217,482 | 2.9% | \$ 1,024,056 | 2.4% | \$ 1,161,969 | 2.7% | \$ 137,913 | 13.5% |
| Purchased Property Services | \$ 468,987 | 1.1% | \$ 460,350 | 1.1% | \$ 488,105 | 1.2% | \$ 470,100 | 1.1% | \$ (18,005) | -3.7% |
| Other Purchased Svcs | \$ 3,855,624 | 9.3% | \$ 3,969,006 | 9.6% | \$ 4,149,872 | 9.8% | \$ 4,687,262 | 10.8% | \$ 537,390 | 12.9% |
| Supplies | \$ 1,706,172 | 4.1% | \$ 1,485,937 | 3.6% | \$ 1,255,366 | 3.0% | \$ 1,099,473 | 2.5% | \$ (155,893) | -12.4% |
| Property | \$ 291,833 | 0.7% | \$ 257,889 | 0.6% | \$ 354,417 | 0.8% | \$ 360,024 | 0.8% | \$ 5,607 | 1.6% |
| Other Expenses | \$ 71,325 | 0.2% | \$ 76,942 | 0.2% | \$ 82,469 | 0.2% | \$ 82,799 | 0.2% | \$ 330 | 0.4% |
| Other Financing Uses | \$ 2,452,596 | 5.9% | \$ 2,489,087 | 6.0% | \$ 2,825,446 | 6.7% | \$ 3,158,419 | 7.3% | \$ 332,973 | 11.8% |
| Total Expenditures | \$ 41,475,773 | 100.0% | \$ 41,456,487 | 100.0% | \$ 42,331,712 | 100.0% | \$ 43,546,304 | 100.0% | \$ 1,214,592 | 2.9% |
| Description of Expenses | | | | | | | | | | |
| Personnel - Salaries and wages: | Salaries and wages for all district personnel - administrators, teachers,substitutes, and all support staff. | | | | | | | | | |
| Personnel - Employee benefits: | Benefits for all district personnel - includes fringes on salaries and wages such as social security, retirement, unemployment and workers compensation. This category also includes medical, dental, and life insurance. | | | | | | | | | |
| Purchased Professional Services: | This category includes all professional services that the district purchases. The largest expense would be special education services that are purchased through the CSIU. Other professional services would be tax collection expenses, legal and accounting services. Training expenses for the KTO grant are included here also. | | | | | | | | | |
| Purchased Property Services: | Repairs and maintenance expenses for the district's facilities and equipment. Most of the facility utility expenses are included here such as natural gas, water/sewer, disposal, and telephone. | | | | | | | | | |
| Other Purchased services: | Transportation expenses make up the largest portion of this category. Also, all student tuition expenses are accounted for here such as cyber charter tuition, vo-tech tuition, tuition for alternative education, and for special education outplacement students. | | | | | | | | | |
| Supplies: | Classroom supplies, textbooks, software, videos, and annual software license expenses. Also electricity is included in this category. | | | | | | | | | |
| Property: | Furniture and equipment that is depreciable. All computer hardware and networking equipment. Vehicles and other tangible property. | | | | | | | | | |
| Other Expenses: | Dues/fees and memberships in organizations such as PSBA and PASBO. Other miscellaneous expenses that don't fit in other categories. | | | | | | | | | |
| Other Financing Uses: | Transfers out to other funds such as the capital reserve and debt service fund. Also short-term debt service for computer leases. The budgetary reserve amount is also included in this category. | | | | | | | | | |

PROPOSED FINAL BUDGET BREAKDOWN

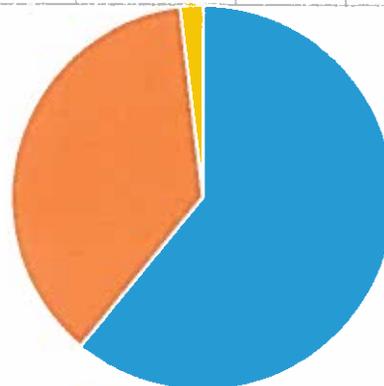
05/07/18

Expense Breakdown



- Personnel -salaries/wages
- Personnel -employee benefit
- Purchased Profession & tech Svcs
- Purchased Property Services
- Other Purchased Svcs
- Supplies
- Property
- Other Expenses
- Other Financing Uses

Revenue Breakdown



- Local
- State
- Federal