

2019-20 Proposed Final Budget Presentation (May 13, 2019)

SELINGROVE AREA SCHOOL DISTRICT

GENERAL FUND FINANCIAL STATEMENT

(Current financial position)

	2018-19 Budget	2018-19 Projected	2018-19 Variance
Beginning Balance	\$ 8,960,605	\$ 9,406,724	\$ 446,119
Revenues	\$ 42,802,976	\$ 43,134,047	\$ 331,071
Expenditures	\$ 40,603,904	\$ 40,068,435	\$ (535,469)
Interfund transfers	\$ <u>2,942,400</u>	\$ <u>2,942,400</u>	\$ <u>0</u>
Total Outlays	\$ 43,546,304	\$ 43,010,835	\$ (535,469)
Surplus/(Deficit)	\$ (743,328)	\$ 123,212	\$ 866,540
Additional Transfers To Cap Reserve and Debt Service Fund			
Ending Balance	\$ 8,217,277	\$ 9,529,936	\$ 1,312,659

TOTAL FUND BALANCES AT 6-30-19

Designations ("buckets")	Balance
Assigned	\$ 66,741
Restricted - Special Ed ACCESS	\$ 443,809
Nonspendable – Prepaid/Inventory	\$ 21,148
Committed – Real estate appeals	\$ 200,000
Committed – Retiree Healthcare	\$ 2,318,334
Committed - Future PSERS Expenses	\$ 3,214,716
Committed – Educational Resources	\$ 306,389
<u>Unassigned Balance</u>	<u>\$ 2,958,799 (6.9% of budget)</u>
TOTAL GENERAL FUND RESERVES	\$ 9,529,936 (22.2% of budget)
DEBT SERVICE FUND RESERVES	\$ 1,505,834
CAPITAL RESERVE FUND RESERVES	\$ 607,783
TOTAL ALL GOV'T FUNDS RESERVES	\$ 11,643,553
Bond Proceeds – Capital Projects	\$ 4,823,843

2019-20 BUDGET SUMMARY

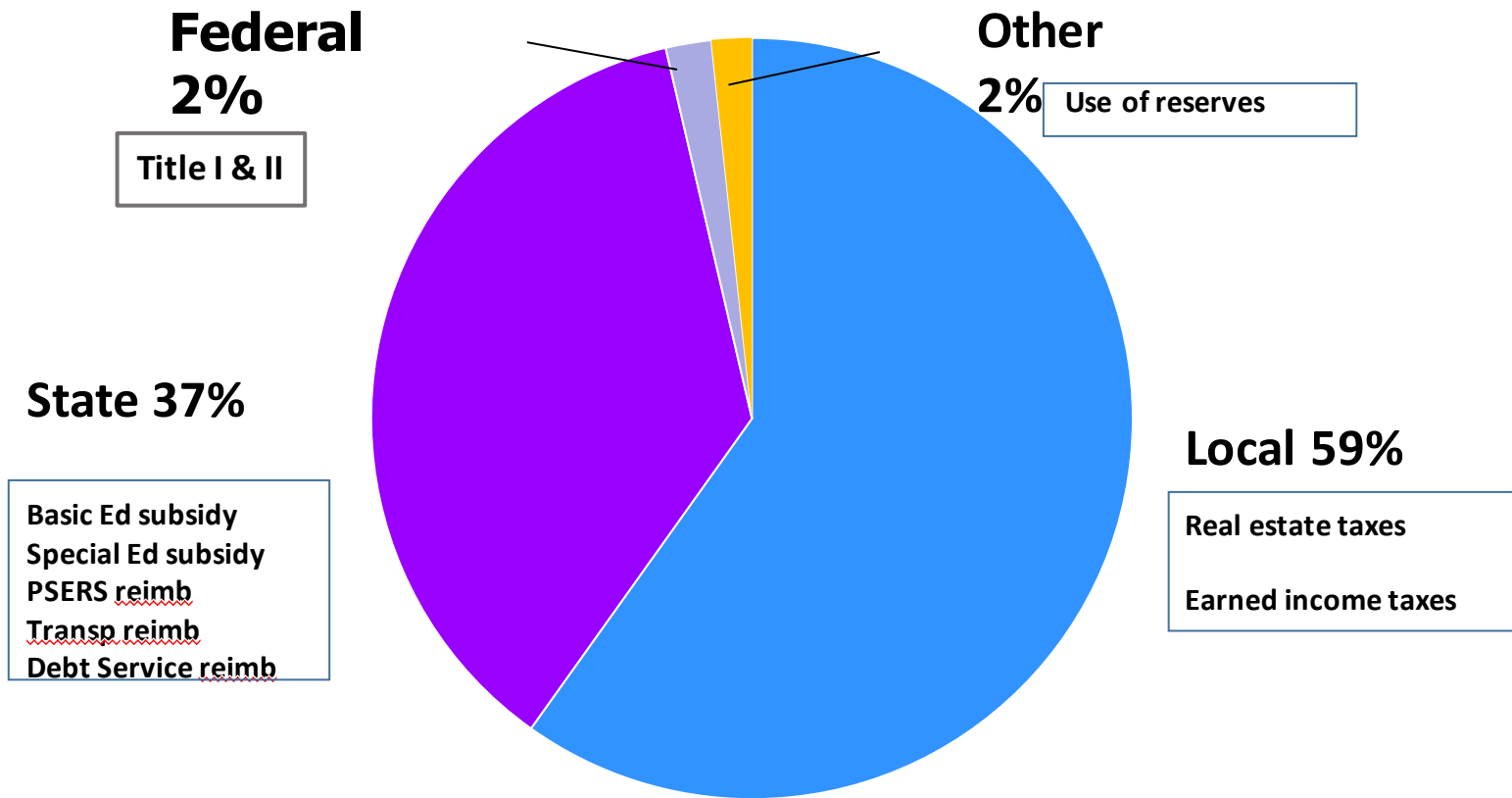
FLOW OF FUNDS – GENERAL FUND

Beginning Fund Balance		9,529,936
Revenues (with 1.51-mill increase) (.7 mill for debt svc, .81 for operations)	\$44,323,515	(Act 1 allows a 1.96 increase)
Expenditures	\$45,036,987	
Deficit		(\$713,472)
Transfer in from Retiree Healthcare Reserve	\$2.3 million	\$ 300,000
Transfer in from PSERS Reserve	\$3.2 million	\$ 313,472
Transfer in from Unassigned Fund balance		\$100,000
Budget Balance		\$ 0
Ending Fund Balance		\$ 8,816,464

REVENUE HIGHLIGHTS

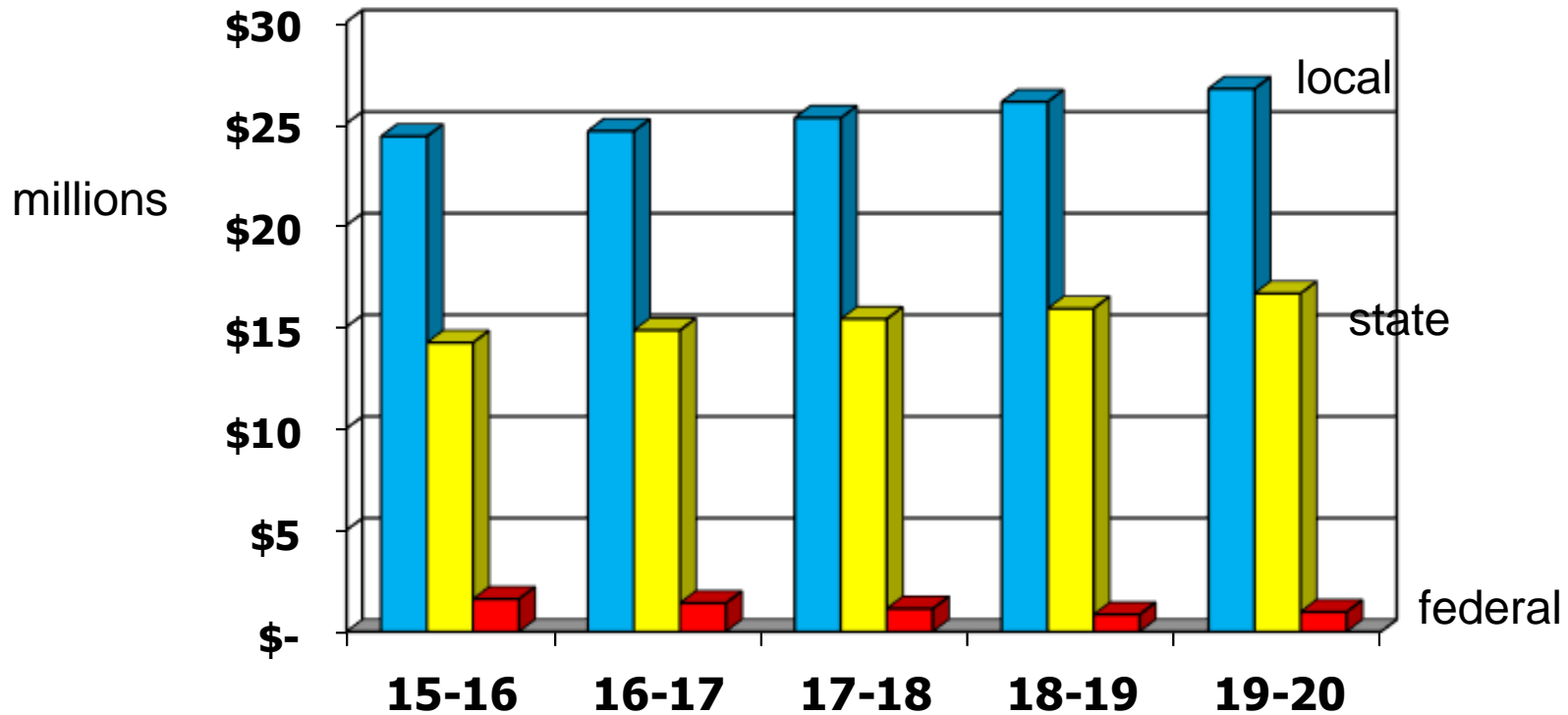
- ▶ **Decrease in real estate tax base (assessment appeals)**
- ▶ **1.51 mill real estate tax increase (millage rate of 69.00)**
- ▶ **Earned Income Tax collections budgeted with a 2.5% increase from projected 18-19 collections**
- ▶ **Basic education subsidy increase of 1.4% (\$106,000)**
- ▶ **Federal revenue (Title I & II) budgeted at 18-19 amounts**
- ▶ **Total Revenue increase of 3.6% from 18-19 budget**

2019-20 REVENUE BY SOURCE



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

HISTORICAL REVENUES BY SOURCE



EXPENDITURE HIGHLIGHTS

- ▶ **Teacher salary increase based on contractual step movement (average increase of 2.2%)**
- ▶ **No new positions are in the budget**
- ▶ **Administrative and support staff salary increase up to 3% based on evaluation**
- ▶ **Medical insurance premium increase of 7% offset by employee share (teachers) moving to 10%**
- ▶ **PERS rate increase from 33.43% to 34.29% of payroll**
- ▶ **Personnel costs increasing 3.2% from current budget**

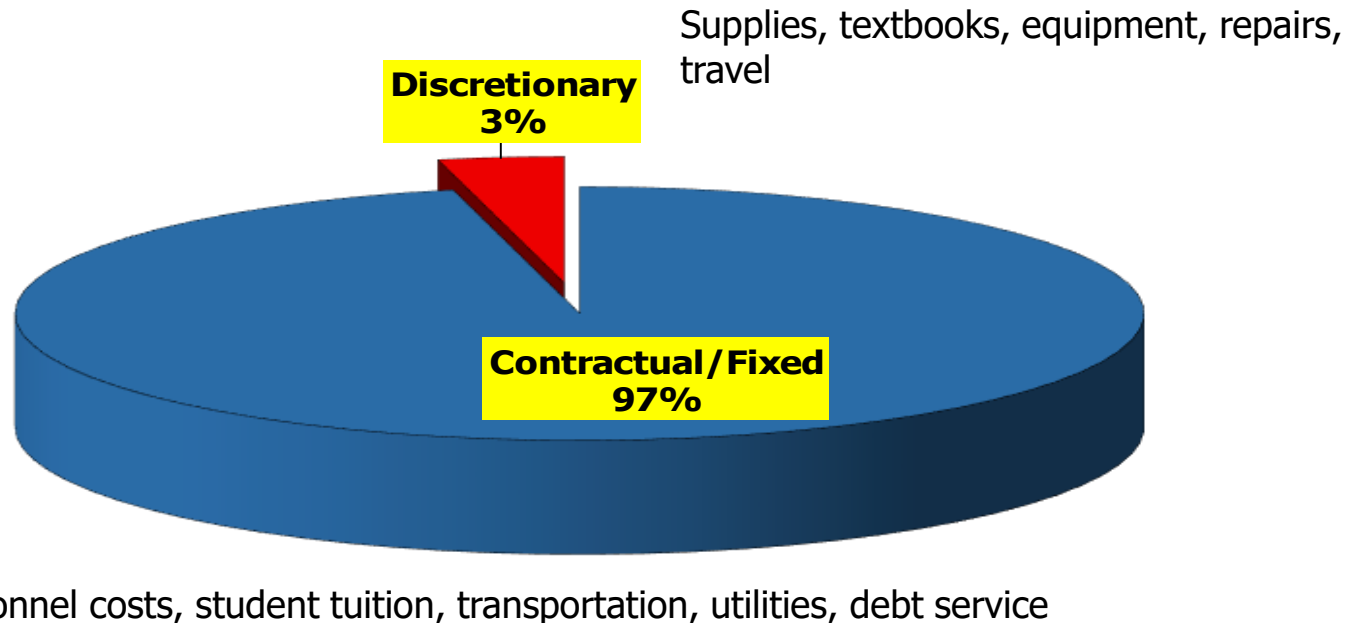
EXPENDITURE HIGHLIGHTS

- ▶ **Contribution to SUN Tech increased by \$82,300**
- ▶ **Cyber charter school tuition expense budgeted at \$900,000**
- ▶ **Transfer out to debt service increased by \$290,600 reflecting increase in bond payments (this is offset by increase in state reimbursement)**
- ▶ **New after school tutoring program included in budget at a cost of \$66,000**
- ▶ **Total budget of \$45 million– overall increase of \$1.5 million or 3.4% from 18/19 budget**

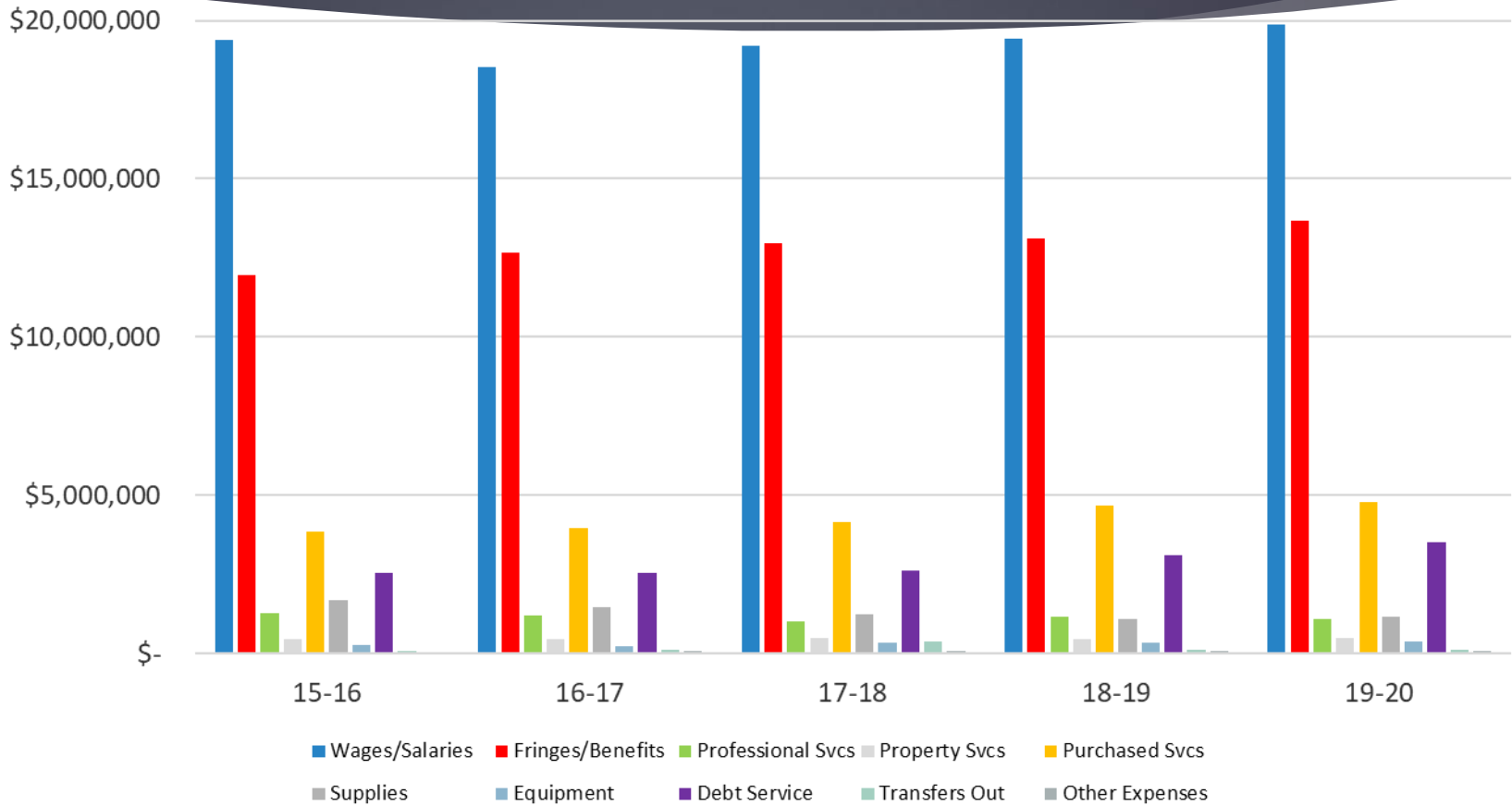
2019-20 EXPENDITURE ANALYSIS

Budget Increases:

Salaries/Wages	\$ 452,600	2%
PSERS retirement	\$ 331,300	5%
Transfer to debt service	\$ 290,600	10%
Medical insurance	\$ 195,400	4%



HISTORICAL USE OF FUNDS



Personnel costs make up 75% of total budget

CAPITAL IMPROVEMENT PLAN – SECOND ROUND OF PROJECTS

► **Projects for summer of 2019 (Phase I)**

- * **Renovation and expansion to the high school kitchen**
- * **Renovation to the high school locker rooms**
- * **Repair of the high school cupola**
- * **Renovation to the high school and middle school science labs**
- * **Renovation to the middle school locker rooms**
- * **Repair middle school auditorium sewer pipe**

TOTAL COST OF PHASE I \$3.7 MILLION

CAPITAL IMPROVEMENT PLAN – SECOND ROUND OF PROJECTS

- ▶ **Projects for summer of 2019 (Phase II)**
 - * **Additional parking at middle school (circle)**
 - * **Additional parking off of Magnolia Avenue behind left field of the baseball field)**
 - * **Additional parking in front of high school (circle)**
 - * **Relocation of tennis courts to off of Magnolia Avenue behind the middle school**

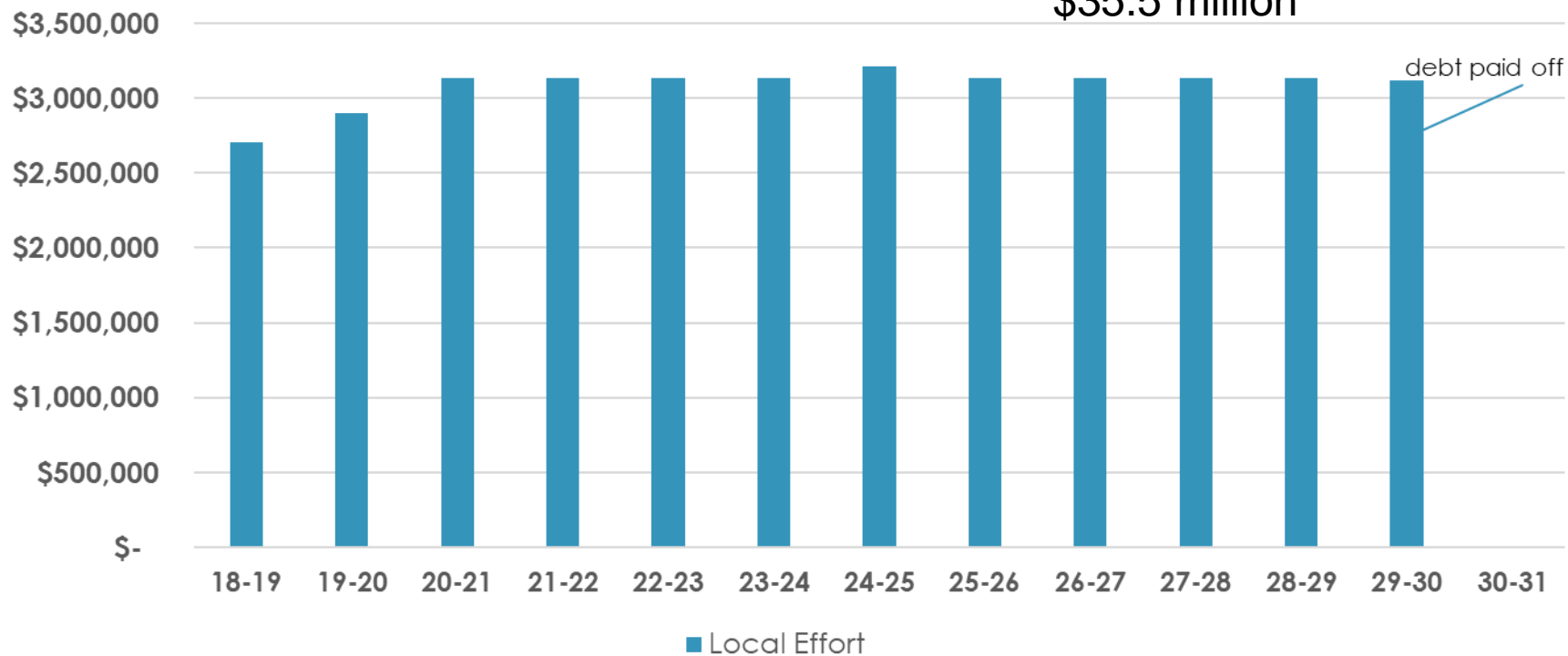
TOTAL COST OF PHASE II \$1.1 MILLION

LOCAL SHARE OF DEBT SERVICE

Local effort equates to 12.3
Mills of tax

Local Effort

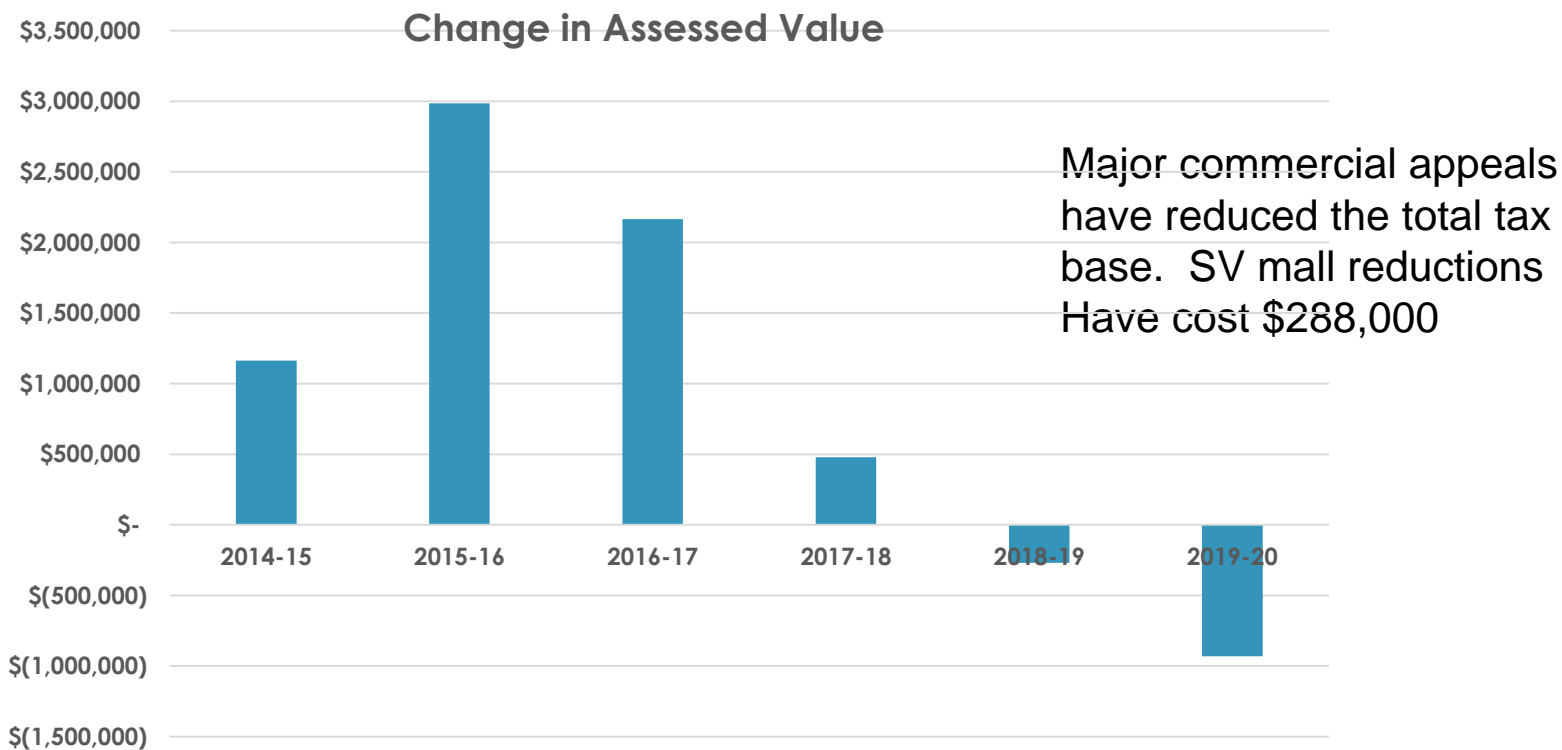
Total Bonds outstanding
\$35.5 million



FUTURE BUDGET CONCERNS

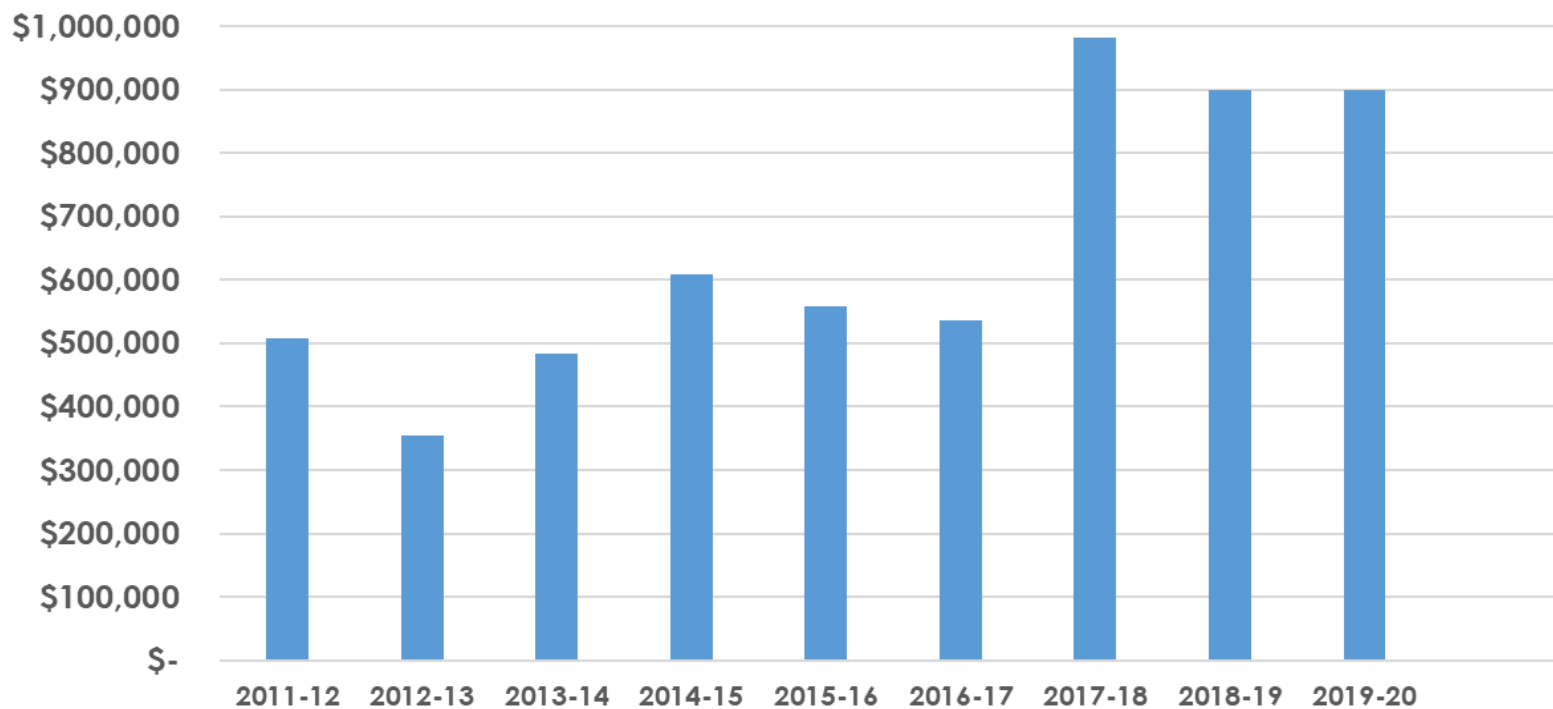
- ▶ Real estate assessment appeals (actual decrease in the tax base) Future of SV Mall ???
- ▶ Continued small increases in basic ed funding from the state (1% - 2%)
- ▶ Cyber charter school tuition expenses
- ▶ Property tax reform (loss of local control)
 - ▶ Residential property tax revenue \$7.4 B statewide
- ▶ Unfunded Pension system - PSERS rate increases to reach 36% of payroll by 23/24 FY
- ▶ Demographic trends in PA (state population getting older & decrease in working age population)

CHANGES TO REAL ESTATE TAX BASE

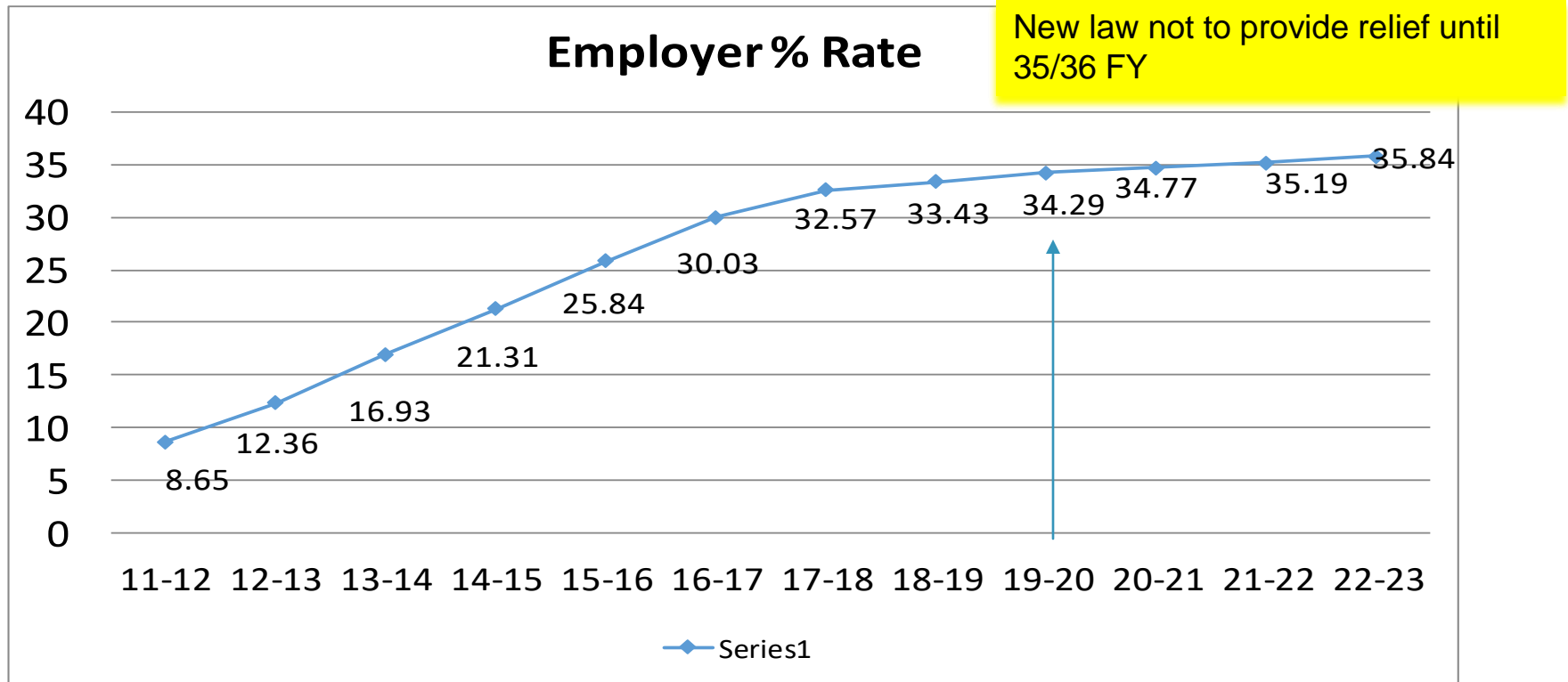


Increase of \$1 million in assessed value = \$69,000 in revenue (at 69.0 mills)

CYBER CHARTER SCHOOL TUITION EXPENSES

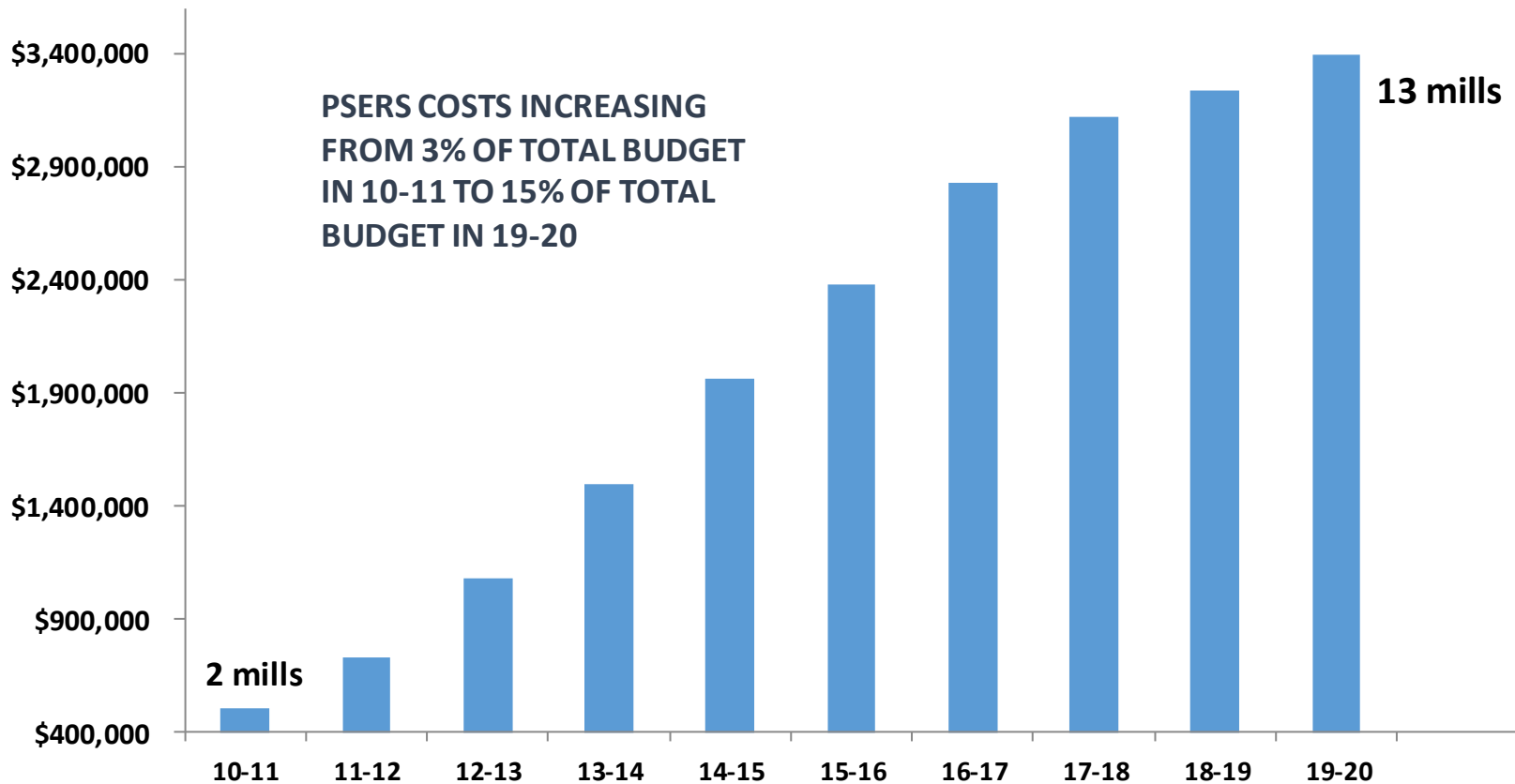


PROJECTED PSERS RATE

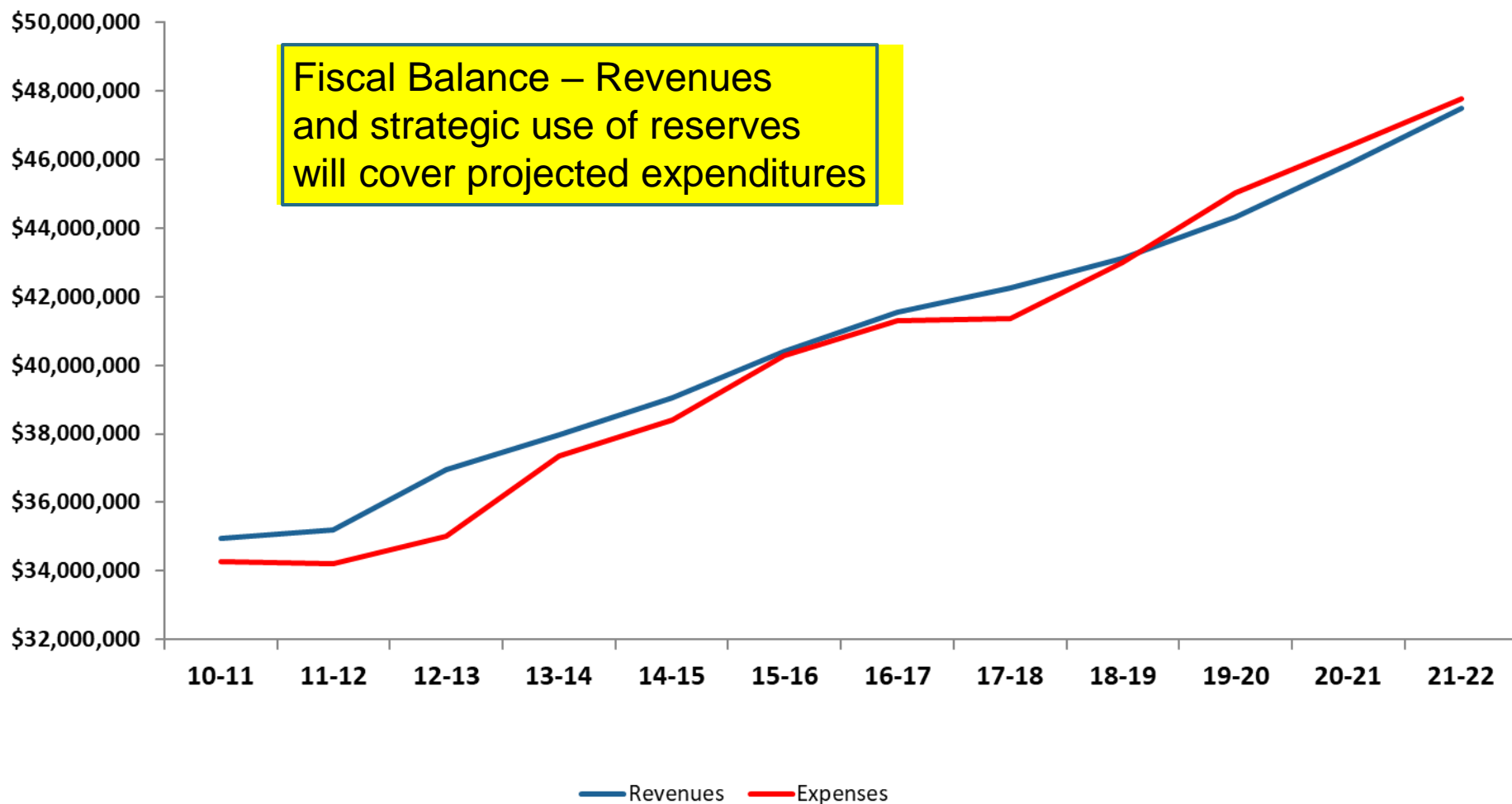


PSERS funding: 65% investment earnings, 19% employer, 16% members

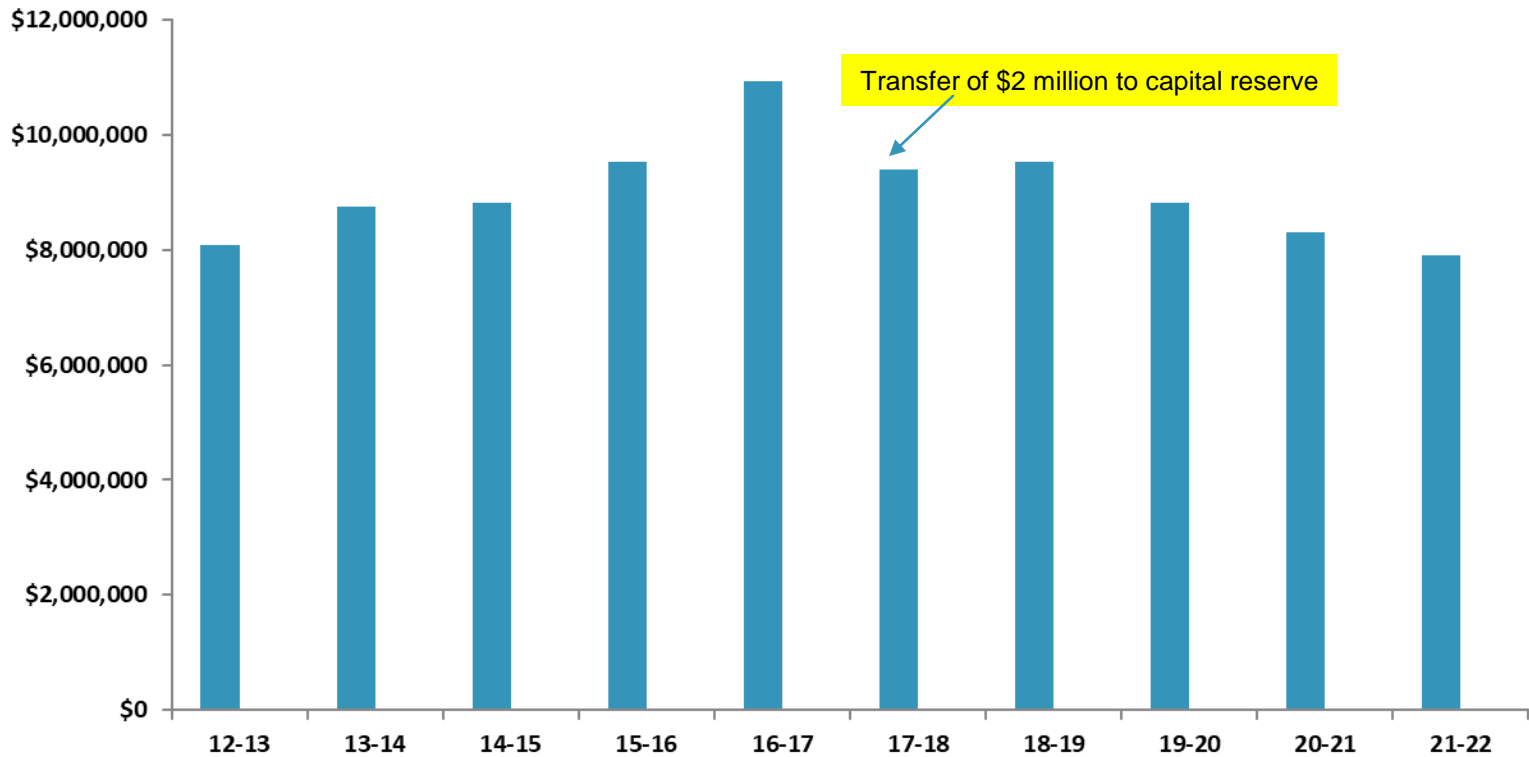
NET PSERS COST TO DISTRICT 10 Year Analysis



FUTURE BUDGET PROJECTIONS



GENERAL FUND PROJECTED ENDING FUND BALANCE



PROPOSED FINAL BUDGET SUMMARY

“THE BOTTOM LINE”

REVENUES (includes 1.51 mill increase) (.81 mill for operations & 0.7 mill for debt service)	\$ 44,323,515								
EXPENSES	\$ 45,036,987								
USE OF FUND BALANCE	\$ 713,472								
<table> <tr> <td>PSERS RESERVE</td> <td>\$313,472</td> </tr> <tr> <td>RETIREE HEALTHCARE RESERVE</td> <td>\$300,000</td> </tr> <tr> <td>UNASSIGNED RESERVE</td> <td><u>\$100,000</u></td> </tr> <tr> <td>TOTAL USE OF RESERVES</td> <td><u>\$713,472</u></td> </tr> </table>	PSERS RESERVE	\$313,472	RETIREE HEALTHCARE RESERVE	\$300,000	UNASSIGNED RESERVE	<u>\$100,000</u>	TOTAL USE OF RESERVES	<u>\$713,472</u>	
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TOTAL USE OF RESERVES	<u>\$713,472</u>								
<i>1.51 mills = \$40.77 increase to avg taxpayer</i>									

PRESENTATION SUMMARY

(POINTS TO REMEMBER)

23

- ▶ **Continued strength in overall financial position (strong fund balance reserves)**
- ▶ **Total budget of \$45 million is 3.4% higher**
- ▶ **1.51 mill tax increase (2.2%) – .81 mill for operations and 0.7 mill for debt service**
- ▶ **Budget challenges remain for the future – commercial reassessments, minimum basic ed increases, cyber charter tuition expenses**
- ▶ **Importance of prudent financial planning and conservative budgeting practices**