

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

SELINGSGROVE 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)	<b>\$ (743,328)</b>	<b>\$ 123,212</b>	<b>\$ 866,540</b>
Additional Transfers To Cap Reserve and Debt Service Fund			
<b>Ending Balance</b>	<b>\$ 8,217,277</b>	<b>\$ 9,529,936</b>	<b>\$ 1,312,659</b>

# 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	<b>\$ 9,529,936 (22.2% of budget)</b>
DEBT SERVICE FUND RESERVES	<b>\$ 1,505,834</b>
CAPITAL RESERVE FUND RESERVES	<b><u>\$ 607,783</u></b>
TOTAL ALL GOV'T FUNDS RESERVES	<b>\$ 11,643,553</b>
Bond Proceeds – Capital Projects	<b>\$ 4,823,843</b>

# 2019-20 BUDGET SUMMARY

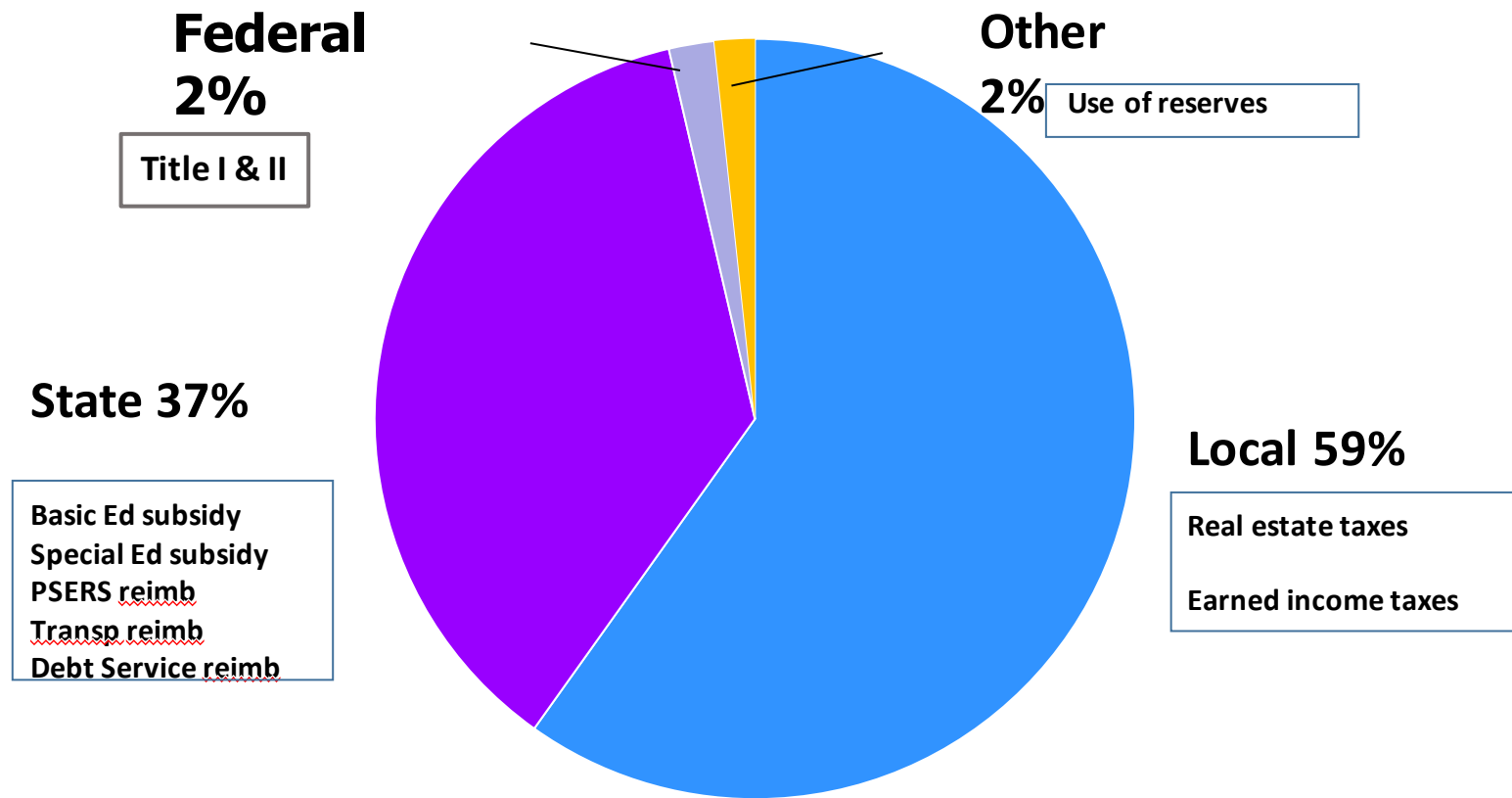
## FLOW OF FUNDS – GENERAL FUND

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

# 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**

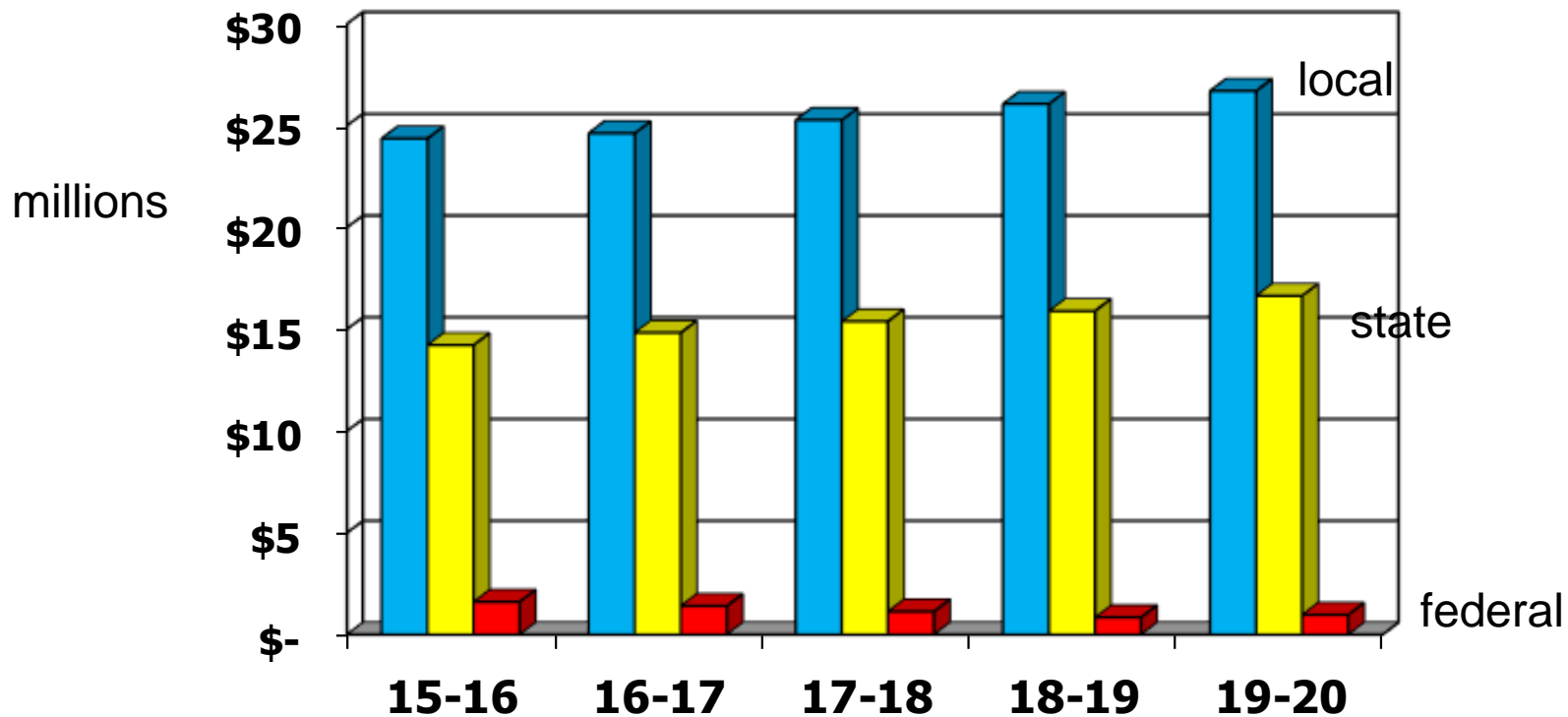
# 2019-20 REVENUE BY SOURCE



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

# HISTORICAL REVENUES BY SOURCE

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# EXPENDITURE HIGHLIGHTS

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- ▶ **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%**
- ▶ **PSERS rate increase from 33.43% to 34.29% of payroll**
- ▶ **Personnel costs increasing 3.2% from current budget**



# EXPENDITURE HIGHLIGHTS

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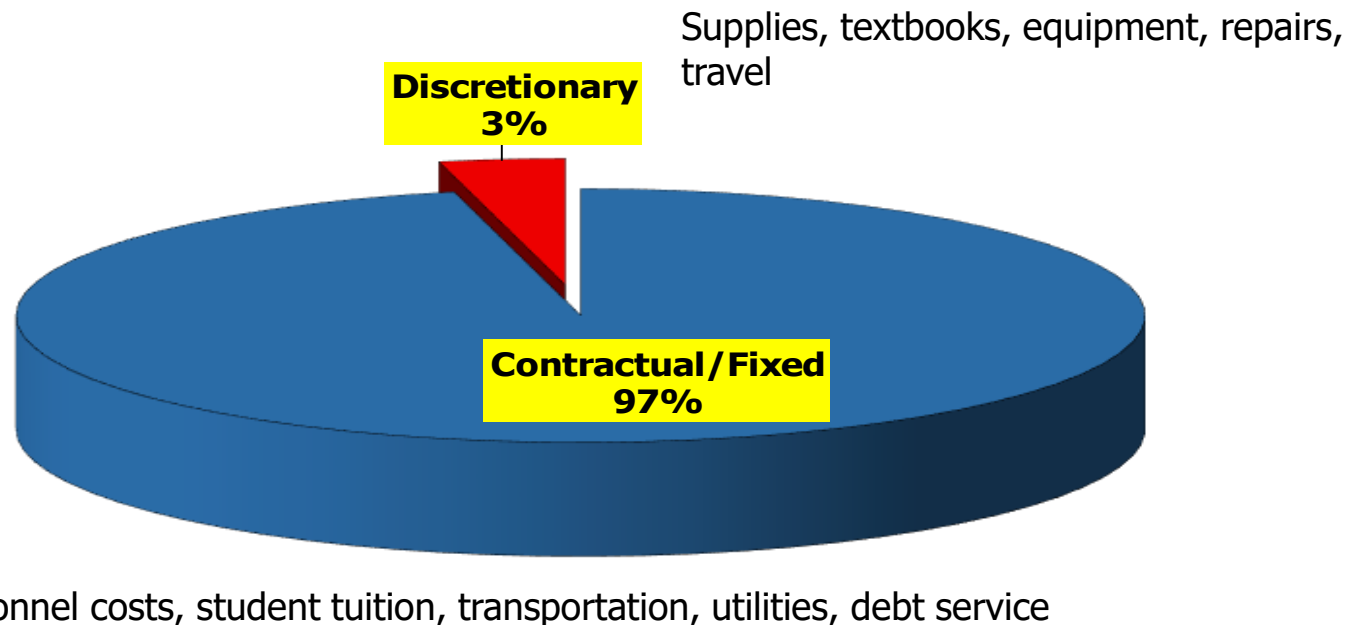
- ▶ **Contribution to SUN Tech increased by \$82,300**
- ▶ **Cyber charter school tuition expense budgeted at \$900,000**
- ▶ **Transfer out to debt service increased by \$290,600 reflecting increase in bond payments (this is offset by increase in state reimbursement)**
- ▶ **New after school tutoring 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

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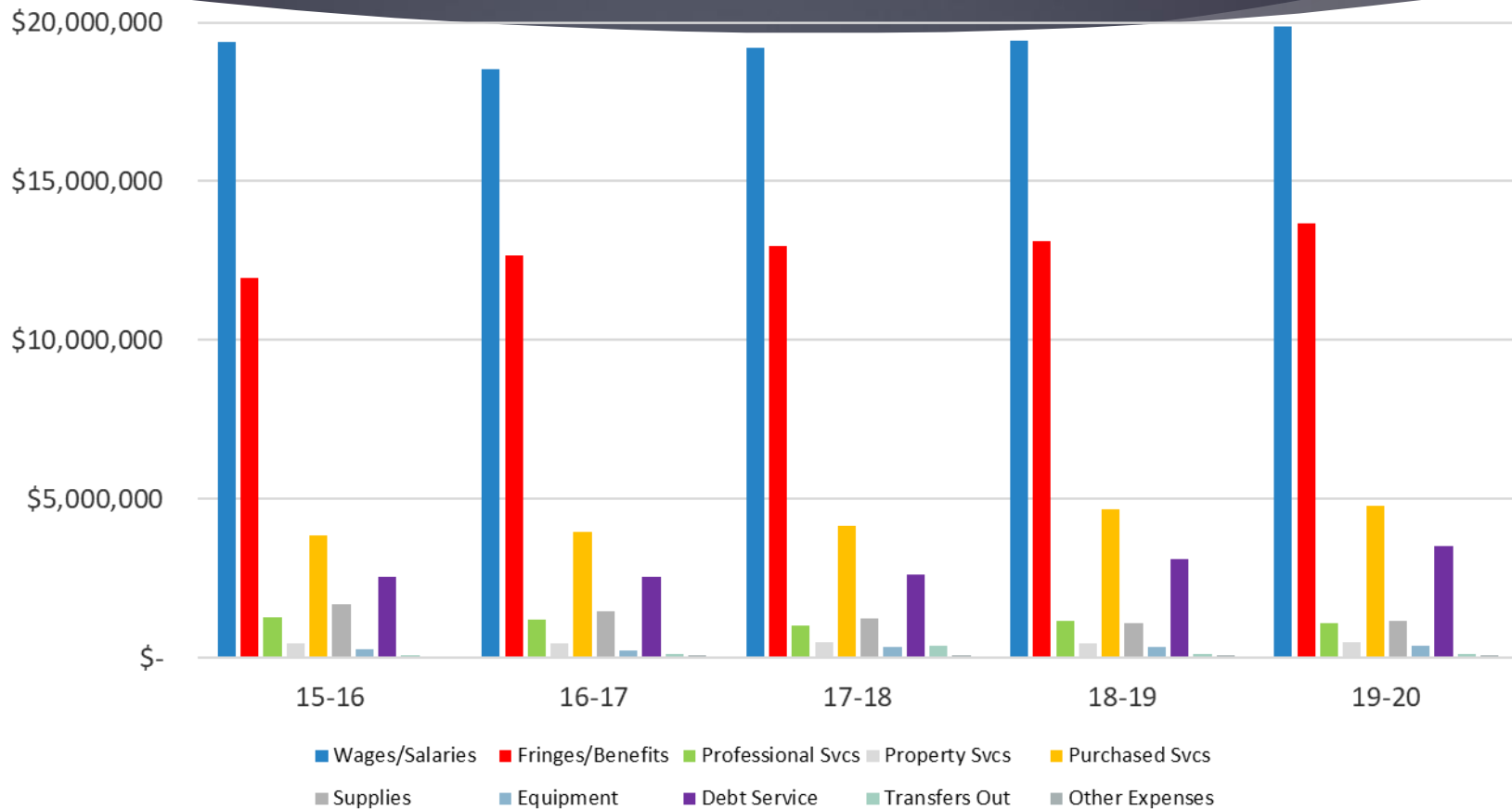
## Budget Increases:

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

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**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**

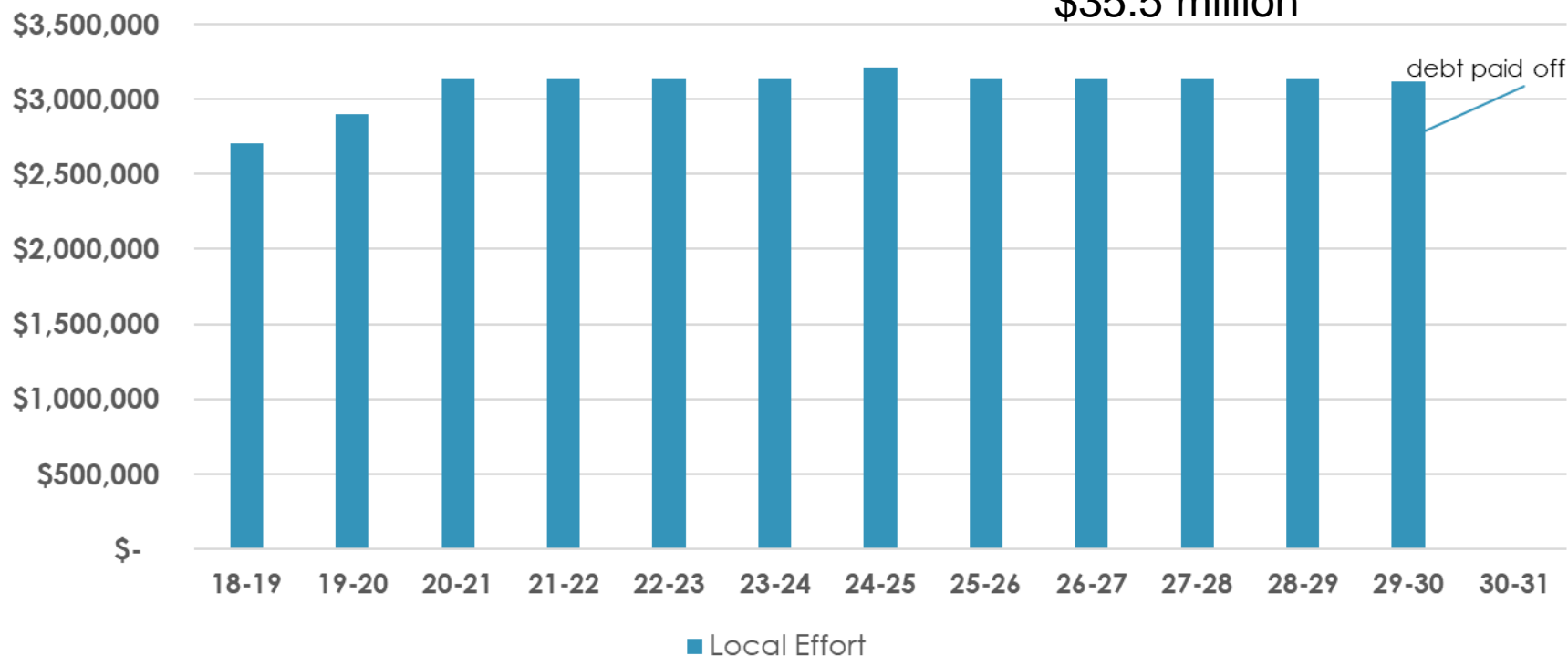
**TOTAL COST OF PHASE II \$1.1 MILLION**

# LOCAL SHARE OF DEBT SERVICE

Local effort equates to 12.3  
Mills of tax

Local Effort

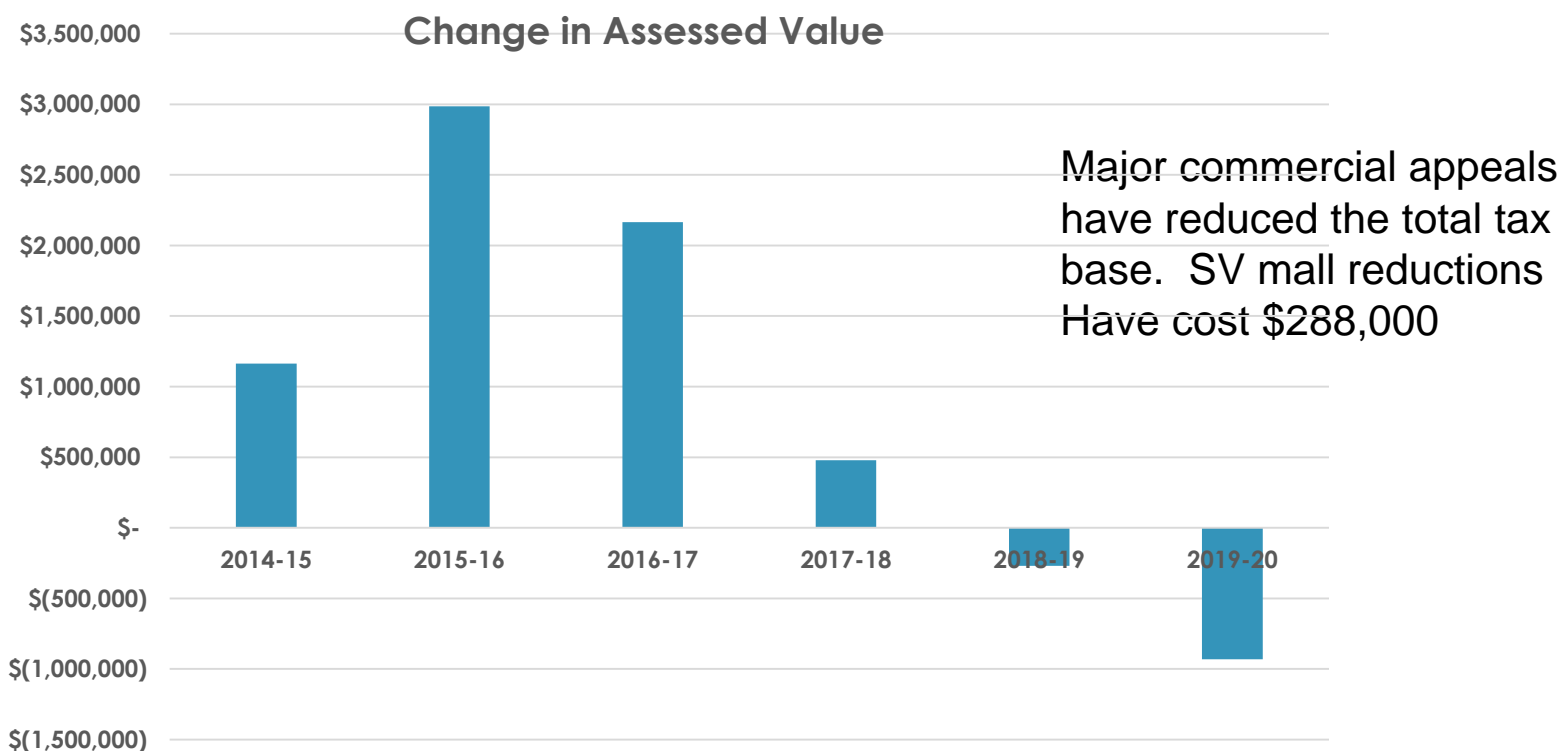
Total Bonds outstanding  
\$35.5 million



# 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

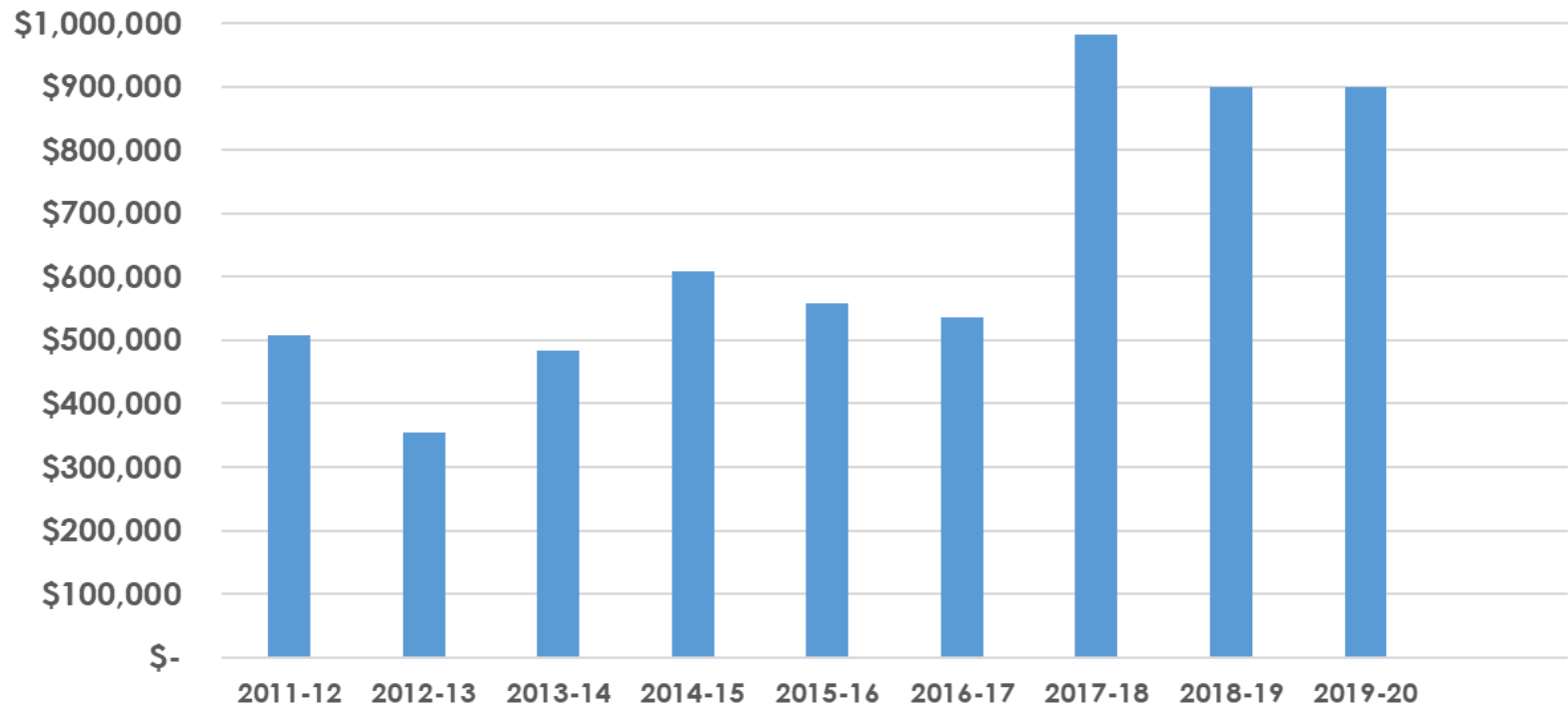


Increase of \$1 million in assessed value = \$69,000 in revenue (at 69.0 mills)



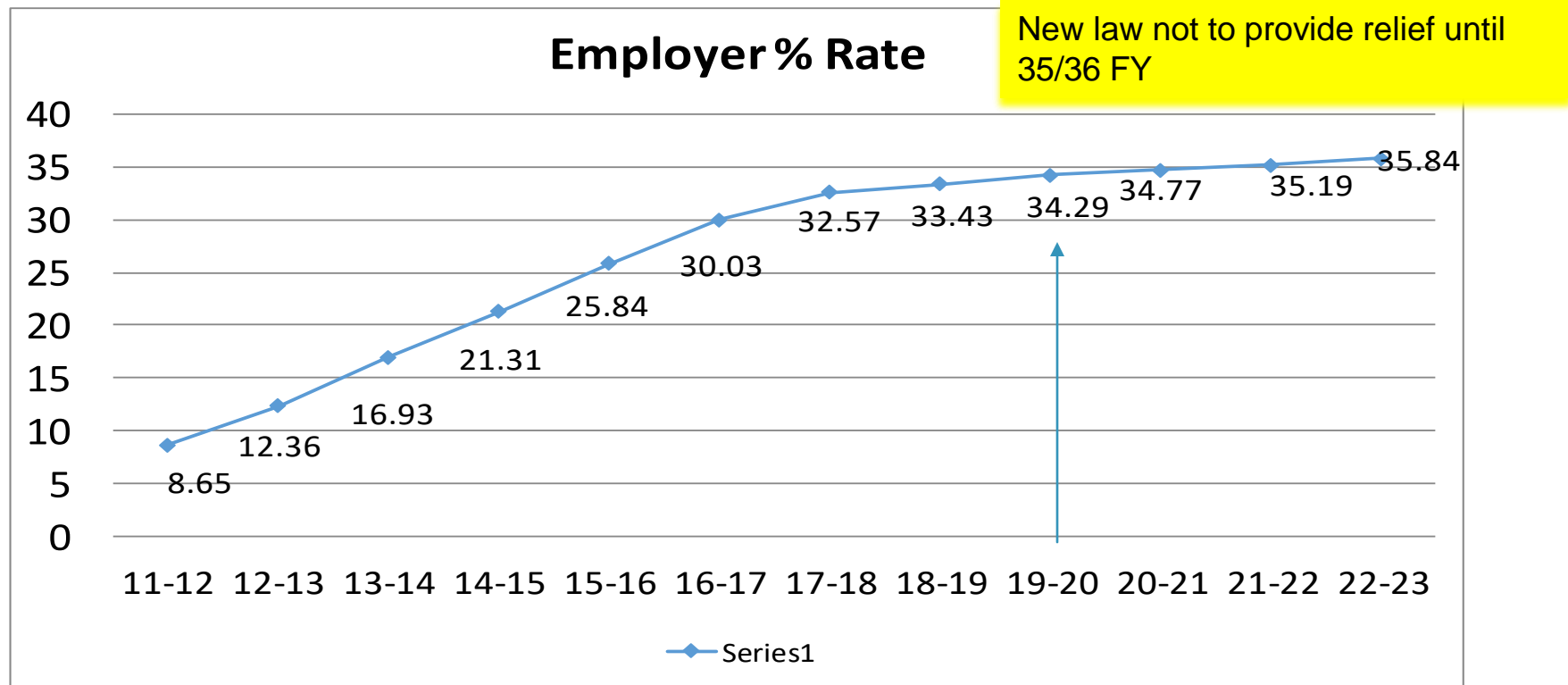
# CYBER CHARTER SCHOOL TUITION EXPENSES

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# PROJECTED PSERS RATE

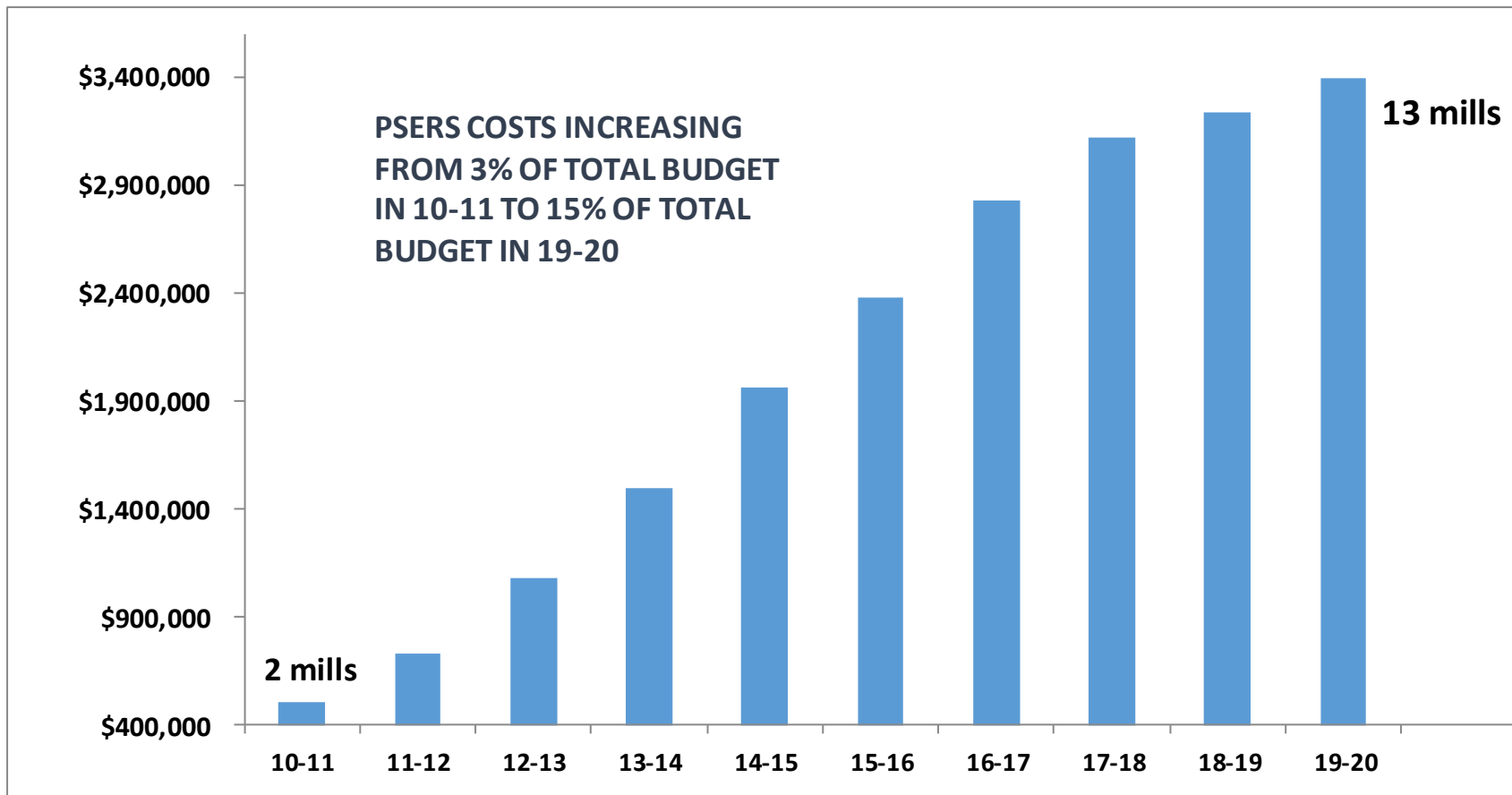
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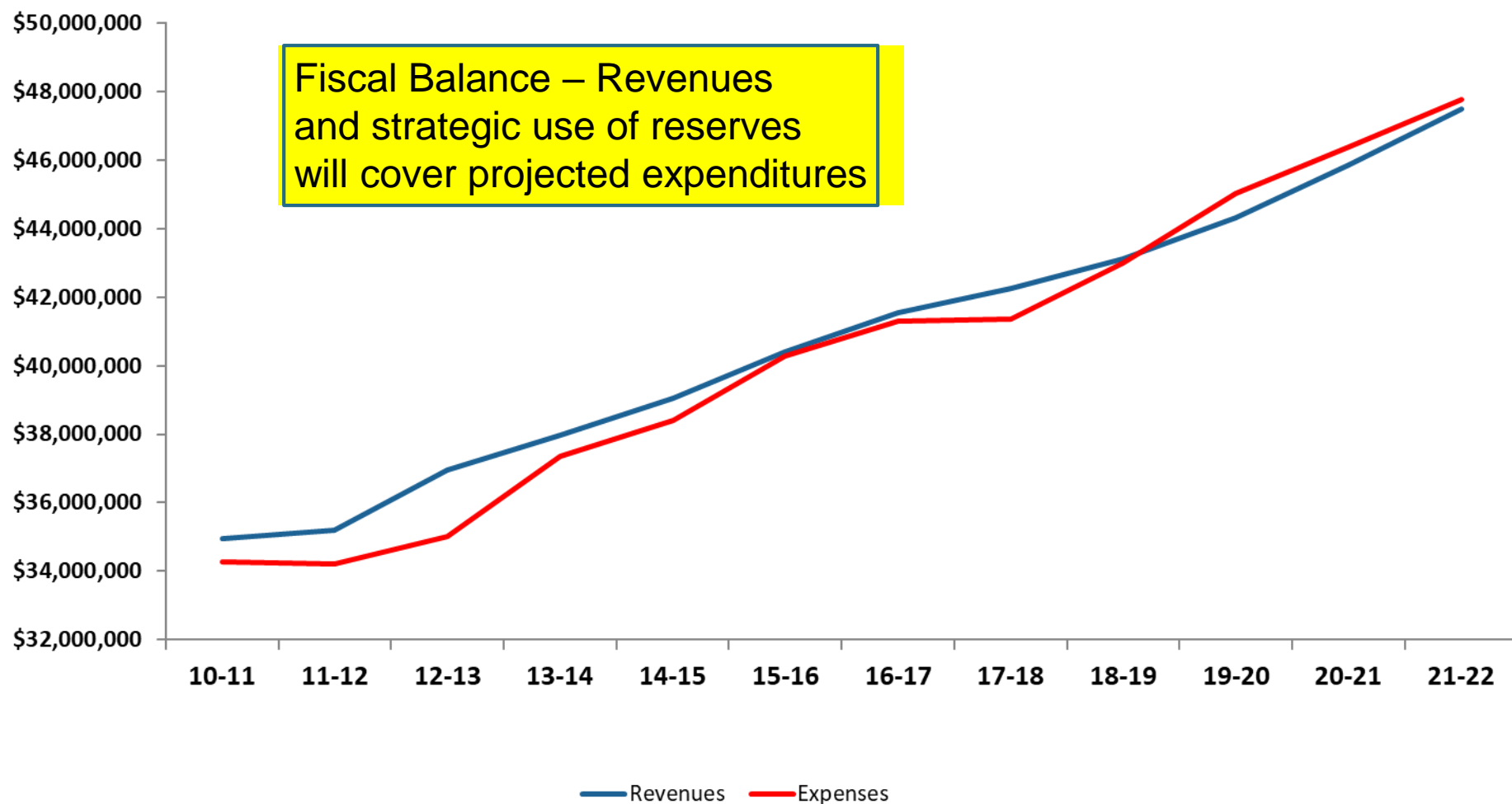
PSERS funding: 65% investment earnings, 19% employer, 16% members

# NET PSERS COST TO DISTRICT 10 Year Analysis

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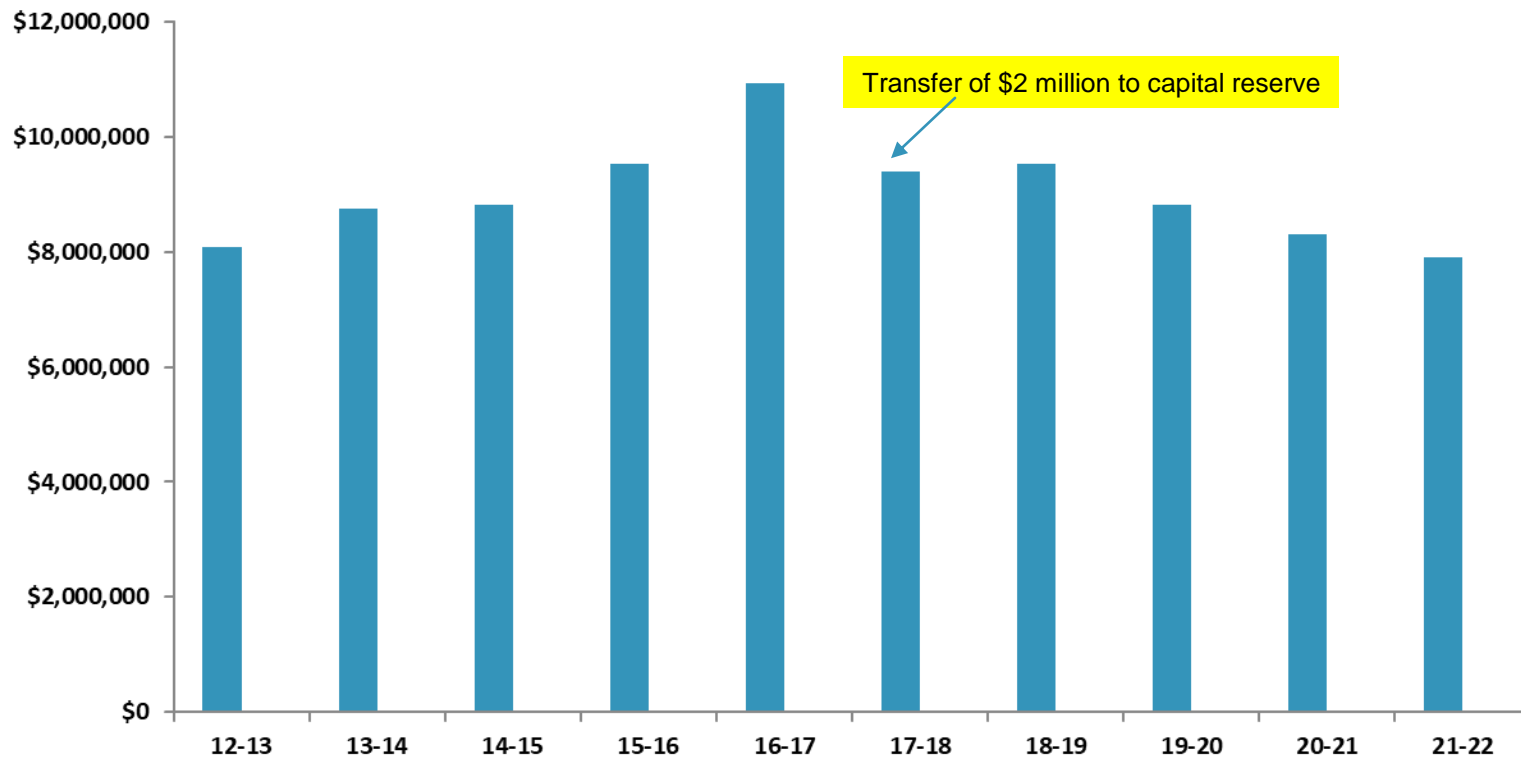


# FUTURE BUDGET PROJECTIONS



# GENERAL FUND PROJECTED ENDING FUND BALANCE

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# PROPOSED FINAL BUDGET SUMMARY

## “THE BOTTOM LINE”

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REVENUES (includes 1.51 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
PSERS RESERVE \$313,472 RETIREE HEALTHCARE RESERVE \$300,000 UNASSIGNED RESERVE \$100,000 TOTAL USE OF RESERVES \$713,472	
1.51 mills = \$40.77 increase to avg taxpayer	

# PRESENTATION SUMMARY

## (POINTS TO REMEMBER)

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- ▶ 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