

Downingtown Area School District Budget Fiscal Year 2020-2021



540 Trestle Place
Downingtown, Pennsylvania 19335
Chester County

610-269-8460
www.dasd.org

**Downingtown Area School District
Budget 2020-2021**

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This Meritorious Budget Award is presented to

DOWNINGTOWN AREA SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2019–2020.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.





Claire Hertz, SFO
President



David J. Lewis
Executive Director

Downingtown Area School District

Executive Summary

Fiscal Year 2020-2021 Budget



Downingtown Area School District
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**Downingtown Area School District
Board of School Directors**

Jane Bertone.....	President
Rebecca Britton.....	Vice-President
Audrey Blust.....	Member
Caryn McCleary Ghrayeb.....	Member
Rachel Gibson.....	Member
Joyce Houghton	Member
David Kring.....	Member
Dr. Linda G. MacNeal.....	Member
Lee Wisdom	Member
Virginia Warihay (non-voting member).....	Secretary
David Matyas (non-voting member)	Treasurer



Downingtown Area School District
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**Downingtown Area School District
Administration Senior Leadership Team**

Dr. Emilie M. Lonardi.....Superintendent

Dr. Louis Chance Assistant Superintendent

Dr. Robert Reed Assistant Superintendent

David Matyas Business Manager

Meghan DennisDirector of Pupil Services

Dawna HankinsDirector of Human Resources

Dale Lauver.....Director of Facilities

Dr. Gary J. Mattei Director of Technology

Jennifer ShealyDirector of Communications

Downingtown Area School District
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**Downingtown Area School District
Buildings and Administrators**

Elementary Schools

Beaver Creek Elementary School
601 Pennsylvania Avenue
Downingtown, PA 19335
Principal: Dr. Dawn Lawless

Bradford Heights Elementary School
1330 Romig Road
Downingtown, PA 19335
Principal: Ilana Shipe

Brandywine-Wallace Elementary School
435 Dilworth Road
Downingtown, PA 19335
Principal: Dr. Shawn Wright

East Ward Elementary School
435 Washington Avenue
Downingtown, PA 19335
Principal: Dr. Nick Argonish

Lionville Elementary School
526 W. Uwchlan Avenue
Downingtown, PA 19335
Principal: Shelda Perry

Pickering Valley Elementary School
121 Byers Road
Chester Springs, PA 19425
Principal: Travis Orth

Shamona Creek Elementary School
501 Dorlans Mill Road
Downingtown, PA 19335
Principal: Dr. Melanie Susi

Uwchlan Hills Elementary School
50 Peck Road
Downingtown, PA 19335
Principal: Bob Giering

West Bradford Elementary School
1475 Broad Run Road
Downingtown, PA 19335
Principal: Deborah Kearney

Springton Manor Elementary School
400 Fairview Rd.
Glenmoore, PA 19343
Principal: Stephan Pron

Marsh Creek 6th Grade Center
489 Dorlans Mill Rd.
Downingtown, PA 19335
Principal: Tom Mulvey

Secondary Schools

Downingtown Middle School
115 Rock Raymond Road
Downingtown, PA 19335
Principal: Dr. Nick Indeglio

Lionville Middle School
550 W. Uwchlan Avenue
Downingtown, PA 19335
Principal: Dr. Jonathan Ross

Downingtown High School
West Campus
445 Manor Avenue
Downingtown, PA 19335
Principal: Dr. Kurt Barker

Downingtown High School
East Campus
50 Devon Drive
Exton, PA 19341
Principal: Paul E. Hurley, III

Downingtown STEM Academy
335 Manor Avenue
Downingtown, PA 19335
Headmaster: Art Campbell

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**Downingtown Area School District
Consultants and Advisors**

Independent Auditors

BBD, LLP
1835 Market Street
Philadelphia, PA 19103

Legal Counsel

Lamb McErlane P.C.
24 East Market Street, PO Box 565
West Chester, PA 19381
(General Counsel)

Financial Advisor

Public Financial Management
One Keystone Plaza, Suite 300
North Front & Market Streets
Harrisburg, PA 17101

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Budget 2020-2021



DOWNINGTOWN AREA SCHOOL DISTRICT

540 Trestle Place, Downingtown, PA 19335, phone 610.269.8460, fax 855.329.3273, www.dasd.org

EMILIE M. LONARDI, Ph.D. SUPERINTENDENT

Executive Summary of the 2020-2021 Budget

The following is an executive summary of the District's 2020-2021 budget. It is intended to provide a high level presentation and comprehensive summary of the information included throughout the full document.

Budget Presentation

The Downingtown Area School District strategically budgets an annual spending plan that provides quality educational programs for all students while carefully managing the District's resources. The development, review, and consideration of the 2020-2021 budget was completed with a detailed review of revenue and expenditure items to ensure the necessary resources are available and allocated to meet the needs of the District while minimizing tax increases for the District's taxpayers.

The information included in this document is structured to meet the requirements of the Meritorious Budget Award (MBA) of the Association of School Business Officials International (ASBO). The MBA is the highest form of recognition in budgeting for school entities. Its attainment represents a significant accomplishment by a school entity and its management. The District has received the award since 2005-2006, and we believe this 2020-2021 budget document also meets the requirements to receive the MBA. However, the most important focus in the presentation of the budget data is to communicate to the community and other stakeholders the District's financial plan to support its educational programs and services.

Impact of COVID-19, the Economy, and Government Funding on the 2020-2021 Budget

The development of the 2020-2021 budget took into consideration the anticipated effects of the COVID-19 pandemic on the economy. This resulted in overall real estate and earned income tax revenues to be budgeted lower than the prior year, as the pandemic is expected to have a negative impact on the economy. The District will not have a tax rate increase for 2020-2021. Most state funding is budgeted to remain about the same as prior year with the exception of the transportation subsidy, as that is based on reimbursement of the 2019-2020 transportation cost which was significantly reduced due to school being closed from mid-March to the end of the 2019-2020 school year due to the pandemic. An increase in state funding is seen in the subsidy for retirement

Downingtown Area School District
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contributions, which is a function of the increase in the salary budget due to normal wage increases and additional needed positions. The District has budgeted about \$1 million for grant funding it will receive from the Federal CARES Act to help fund pandemic related expenses. On the expense side of the budget, the District reduced department budgets by about \$4 million and moved that amount into a contingency account within the budget. The District will monitor actual revenue during the year and allow access to spend these contingency funds if sufficient revenue funding is available.

Mission Statement, Comprehensive Education Plan, Goals and Objectives

Mission Statement

Proud of our tradition of excellence, the mission of the Downingtown Area School District is to educate all students to meet the rigorous challenges of a global society.

Comprehensive Education Plan

The District's has two goals for its comprehensive education plan.

Goal #1: We will ensure a system is in place within the district that promotes, enhances, and sustains a shared vision of high expectations for all students through the easy access of assessment data to adjust and modify instruction to meet individual student needs.

Goal #2: We will implement a comprehensive district-wide-system that will create a positive school climate by ensuring students who are academically and/or socially/emotionally/behaviorally at risk are identified early and are supported by a process that provides interventions based upon student needs and includes procedures for monitoring effectiveness.

Board of Directors Goals for the District

The following are the Board of School Directors 2020-2021 goals for the District.

- Complete the Uwchlan Hills and STEM school construction projects on time.
- Analyze the latest student growth data and enrollment projections.
- Make long term facilities plans for student enrollment needs.

The Board has developed objectives and measures of success in achieving their goals. The budget represents how the financial and human resources are allocated to support educational programs and services defined by the District's mission, comprehensive education plan goals, and Board goals. Preparing the annual budget requires decisions that represent a delicate balance between the educational needs of students and the ability of the community to support the schools.

Budget Process and Allocation of Resources

The budget process is comprised of five phases – planning, preparation, adoption, implementation and evaluation. The process is driven by two objectives - to provide every child in the District with the best possible educational opportunities and to maximize the use of available resources. Within this framework, the Board attempts to balance the educational needs of students and the resources available to the District from local, state, and federal sources. The timeline for the beginning of the annual budget process starts in September so a preliminary budget can be adopted in February if necessary. This preliminary budget serves to identify any potential tax increase over a state mandated limit (2.6% for 2020-2021) that will need to be addressed through exceptions or voter approval before final adoption of the budget in June. If the Board of Directors adopts a resolution that it will not need to raise taxes above the state mandated limit, it can forgo the adoption of the preliminary budget in February.

Planning

For the fiscal year that begins July 1, the planning process for budgeting starts about ten months prior in September of the previous year when the Administration develops a budget timeline that includes all of the important activities in the budgeting process. The timeline represents the guidelines for the preparation and adoption of the School District's annual budget. Below is a summary of the timeline.

- September-December – Budget meetings held with each department head to review all budget line items; Revenue budget developed
- January-February – Preliminary budget adopted or resolution adopted
- March-May – Budget refined and proposed budget adopted
- June – Final budget adopted

Preparation

The preparation of the budget is the process of defining service levels. Primary inputs into this process are identifying course offerings in the educational program and projecting student enrollment. With service levels defined, the District allocates resources to meet these levels by developing staffing allocations; estimating expenditure needs to support programs and services; and projecting available revenues.

Adoption

For the 2020-2021 budget, the District adopted a resolution that it would not raise taxes above the state mandated limit (Act 1 index) of 2.6%. This resolution was adopted in December 2019 and eliminated the need to adopt the preliminary budget for purposes of determining a tax rate increase. The budget continued to be reviewed and adjusted through June, and was adopted at the June 2020 Board meeting.

Implementation

Implementation of the budget is accomplished through the budget administration and management process. This involves regulating expenditures during the fiscal year to ensure that they do not exceed authorized amounts and that they are used for intended,

Downingtown Area School District Budget 2020-2021

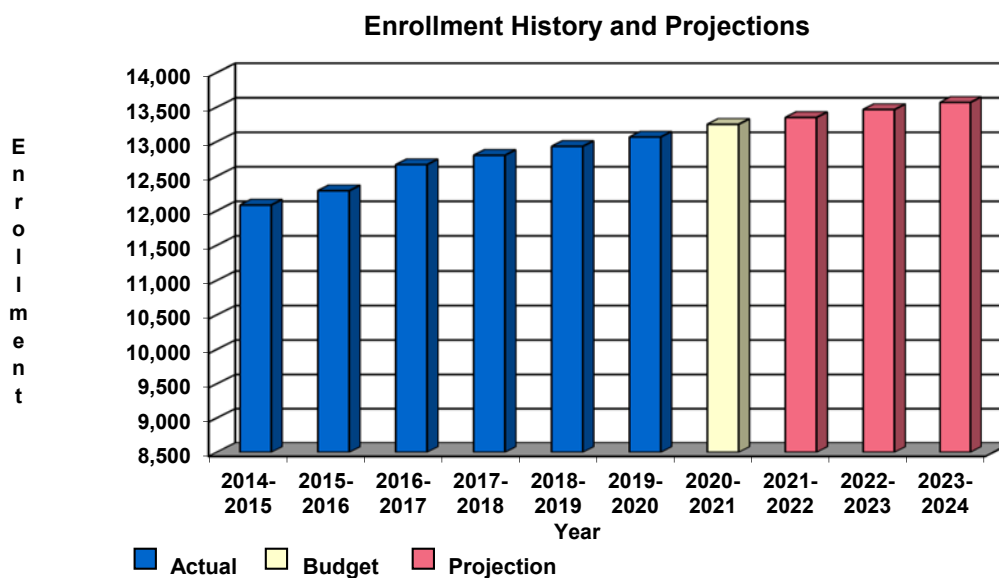
proper, and legal purposes. This is done by monitoring expenditure account balances, monitoring purchases through a purchase order approval system, tracking revenue receipts, making corrections in expenditure allocations to reflect changes in costs, service levels, or plans; and reporting to the Board and public on fiscal operations.

Evaluation

The District maintains a budgetary accounting and control software information system that provides reports to assist Board Members, the Business Office staff, and responsibility cost center managers in evaluating the implementation of the budget. The accounting information system also provides detail transactional information to allow for auditing of expenditure and revenue activity compared to the budget. Information is also produced that allows for evaluating the overall financial condition of the District.

Student Enrollment

A primary input into the budget process is the projecting of student enrollment. Below is a chart that shows the District's enrollment trend.



For the budget year 2020-2021 the student enrollment is 13,252. This is an increase of 184 students over the 2019-2020 enrollment. This continues the trend of increasing enrollment over the past several years. Future year enrollment is estimated to continue to grow as residential development continues in the District and families move into the District to be able to attend Downingtown schools. The District's special education student enrollment continues to grow due to the District's strong support of special education students and their needs. This has resulted in families of special education students moving into the District specifically for the District's special education programs.

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Personnel Resources

The 2020-2021 budget includes the addition of about 16 classroom teachers to manage enrollment growth and class size. Two psychologists were added at the high schools to address mental health issues for students. Support staff positions increased by about 33 full time equivalents due to increased need for classroom aides, clerical staff and additional computer technicians.

Summary of Budgets for All Funds

The following schedule presents a comparison of the total budget revenue and expenditures in the current and prior year for each of the District's funds. It represents the financial resources budgeted to be available from local, state, and federal sources, as well as fund balance, to support the District's programs and services. The General Fund, Capital Fund, and Debt Service Fund are Governmental Funds and the Proprietary Food Service Fund is a non-governmental fund.

	<u>Summary of Governmental Funds</u>	
	2020-2021 Budget	2019-2020 Budget
<u>Revenues:</u>		
General Fund	\$ 224,739,946	\$ 226,292,812
Capital Projects Fund	1,100,000	2,491,640
Debt Service Fund	250,000	523,332
Total Revenue	226,089,946	229,307,784
<u>Expenditures:</u>		
General Fund	230,812,460	224,792,812
Capital Projects Fund	20,293,671	40,218,067
Debt Service Fund	6,977,890	6,596,136
Total Expenditures	258,084,021	271,607,015
Other Financing Sources	100,000	64,404
Net Change in Fund Bal. -Orig. Budget	(31,894,075)	(42,234,827)
Net Change in Fund Bal.-Adj. for Est. Acti	11,571,139	10,470,536
Fund Balance July 1	164,462,088	196,226,379
Fund Balance June 30	\$ 144,139,152	\$ 164,462,088

	<u>Proprietary Fund - Food Service</u>	
	2020-2021 Budget	2019-2020 Budget
Revenues	\$ 3,705,000	\$ 3,399,052
Expenditures	3,725,059	3,384,243
Net Change in Fund Balance	(20,059)	14,809
Fund Balance July 1	1,950,403	1,935,594
Fund Balance June 30	\$ 1,930,344	\$ 1,950,403

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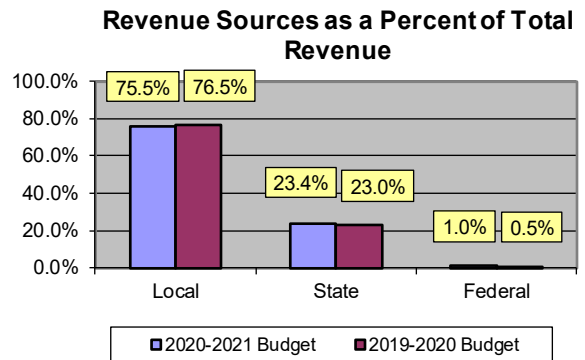
The summary information above is discussed below by analyzing the trends and details of revenues and expenditures for each fund separately.

General Fund Discussion and Analysis

General Fund Revenue

The General Fund budget of the School District is funded from local, state and federal sources of revenue. The primary funding source for District operated programs and services is local revenue, which accounts for 75.5% of the \$224,739,946 total budgeted General Fund revenue for the 2020-2021 fiscal year. Other revenue to fund operating expenditures is primarily derived from state subsidies. Federal sources are minimal and are derived primarily from federal grant money.

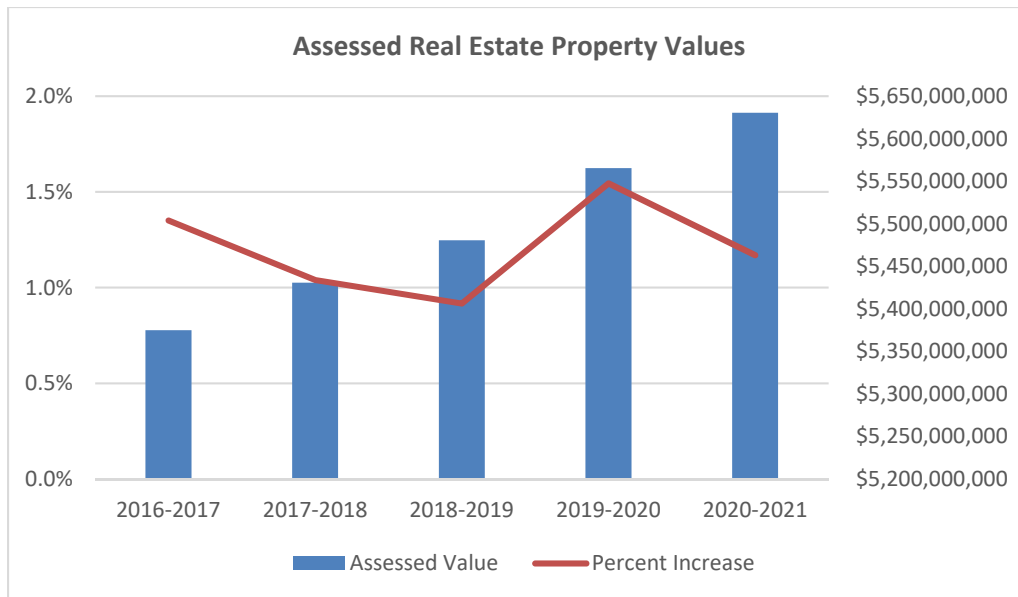
	Revenue Sources		
	2020-2021 Budget	2019-2020 Budget	% Change
Local	\$ 169,772,320	\$ 173,023,520	-1.9%
State	52,608,923	52,134,292	0.9%
Federal	2,358,703	1,135,000	107.8%
Total	<u>\$ 224,739,946</u>	<u>\$ 226,292,812</u>	<u>-0.7%</u>



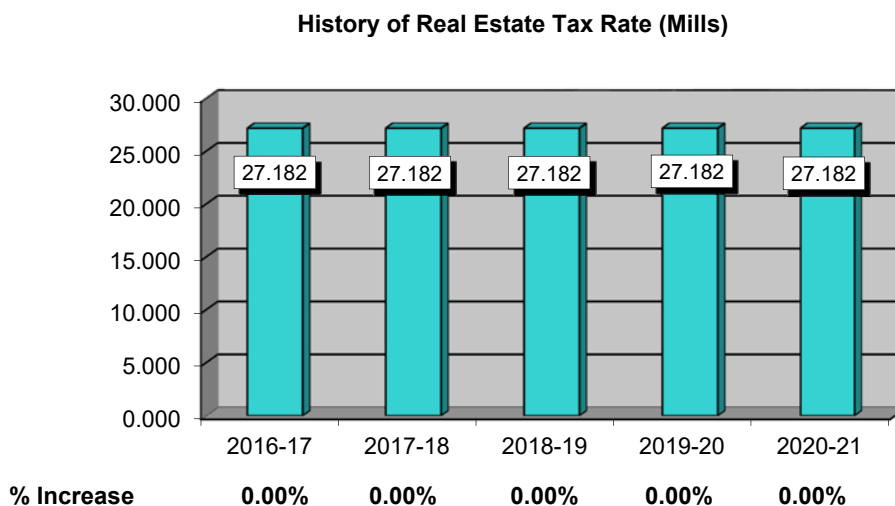
Local Sources

The largest portion of local revenue (83%) is derived from current taxes on real estate property. Current real estate tax revenue is budgeted to be about the same as the prior year. Despite an increase in the assessed taxable value of property, the District anticipates a lower collection rate due to the pandemic, that will offset the revenue from the assessment growth. For 2020-2021 the assessed real estate property value is \$5.63 billion, a \$65 million (1.2%) increase over the 2019-2020 assessed value. The assessed property value is the tax base on which the District levies a real estate tax. As shown in the chart below, growth in the tax base has been in the 0.9% to 1.5% range since 2016-2017. In the five years prior to 2016-2017, which includes economic recession years, the District averaged 0.8% assessment growth each year.

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Residential property accounts for about 80% of the total tax base with commercial, industrial, and agricultural property accounting for the remaining 20%. The real estate tax rate required to fund the District's programs and services in 2020-2021 is 27.182 mills which is unchanged from 2019-2020. The District is pleased to not have a tax increase for its taxpayers in 2020-2021, the eighth year in a row. The chart below shows a five-year history of the District's tax rate.



For 2020-2021, the property taxes due on the median assessed property value in the District is \$5,029. This reflects no increase from 2019-2020 based on a consistent average assessed property value of \$185,000. To help offset the property tax burden on taxpayers, the Pennsylvania Act 1 taxpayer relief law of 2006 provides qualified homesteads a tax credit that is funded by state gaming revenue. For 2020-2021 the estimated amount of tax credit is \$213 per homestead. The District is proud to continue to fund nationally recognized top performing schools without needing to raise taxes

Downingtown Area School District Budget 2020-2021

since 2012-2013. The District has been able to achieve this with prudent financial management, growth in other revenue sources, and controlling unnecessary spending.

Revenue from local sources other than current real estate taxes is primarily derived from earned income taxes, real estate transfer taxes, interim real estate taxes, delinquent real estate taxes, and interest income. The total of all other local sources of revenue are budgeted about \$3.2 million lower than the 2019-2020 budget due to the projected negative impact the pandemic will have on the economy and the related adverse effect on generating revenue from these sources.

State Sources

Pennsylvania school districts have experienced a substantial shift from the state level to the local level to provide funding for school district budgets. The percentage of state funding in relation to total revenue sources has declined significantly for decades. If the District received the same percentage of total revenue from the state in 2020-2021 as it did for example in 1995-1996 (27.2%), state sources of revenue would be about \$8.5 million higher in the 2020-2021 budget. This additional revenue could allow the District to expand programs and provide for additional resources that would help student achievement. The additional funding would also reduce the need to rely more heavily on taxpayers for funding.

The 0.9% increase in state revenue in the 2020-2021 budget compared to the 2019-2020 budget is primarily caused by the \$0.9 million increase in the contribution to the Public School Employees Retirement System (PSERS). This increase is due to the increase in the District's wage base and the contribution rate of which the state reimburses half. The 2020-2021 contribution rate is 34.51% of employee wages compared to 34.29% in 2019-2020. The rate is set by the state and contributions are required for all Pennsylvania school districts. Offsetting this increase is a decrease to the transportation subsidy, as that is based on reimbursement of the 2019-2020 transportation cost which was significantly reduced due to school being closed from mid-March to the end of the 2019-2020 school year due to the pandemic.

Federal Sources

Federal revenue in the 2020-2021 budget continues to be minimal. However, the District has budgeted an additional \$1 million for grant funding it will receive from the Federal CARES Act to help fund pandemic related expenses. Other federal funding includes Title I, II, and III grant funding, and funding for the Medical ACCESS program for special need students' expenditure reimbursements.



Downingtown Area School District
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General Fund Expenditures

For the 2020-2021 fiscal year, total expenditures in the General Fund are budgeted to increase from \$220,629,805 to \$226,292,812, an increase of \$5,663,007. The following table details this increase by object expenditure category.

General Fund				
Expenditures & Other Uses of Funds (object)	Budget 2020-2021	Budget 2019-2020	\$ Change	Percent Change
Salaries (100)	\$ 102,763,471	\$ 99,174,176	\$ 3,589,295	3.6%
Employee Benefits (200)	61,872,566	61,321,135	551,431	0.9%
Salary and Benefits	164,636,037	160,495,311	4,140,726	2.6%
Professional Services (300)	14,161,411	14,043,673	117,738	0.8%
Purchased Property Services(400)	3,620,974	3,616,164	4,810	0.1%
Other Purchased Services(500)	23,292,599	23,323,676	(31,077)	-0.1%
Purchased & Professional Svcs.	41,074,984	40,983,513	91,471	0.2%
Supplies (600)	7,316,121	7,551,503	(235,382)	-3.1%
Property (700)	167,803	116,100	51,703	44.5%
Other Objects & Contingency(800)	9,617,515	5,646,385	3,971,130	70.3%
Debt Service & Transfers (900)	8,000,000	11,500,000	(3,500,000)	-30.4%
Other Objects and Uses of Funds (800/900)	17,617,515	17,146,385	471,130	2.7%
Total	\$ 230,812,460	\$ 226,292,812	4,519,648	2.0%

Expenditure Analysis

Salaries increased from 2019-2020 to 2020-2021 due to employee wage increases and new staff. The small increase in employee benefit costs is primarily due to an increase in the PSERS pension employer contributions offset by a decrease in the budget for healthcare claims to reflect current projections.

Overall, Purchased and Professional Services expenditures are about the same from 2019-2020 to 2020-2021. Most of the increases in these accounts were moved to Contingency accounts in an effort to restrict spending in 2020-2021 due to the anticipated reduction in revenue caused by the pandemic.

The Supplies category includes all consumable material items that are expendable, and also includes software related expenses. The decrease in Supplies is also due to shifting expenditure increases in these accounts to Contingency accounts in an effort to restrict spending in 2020-2021 due to the anticipated reduction in revenue caused by the pandemic.

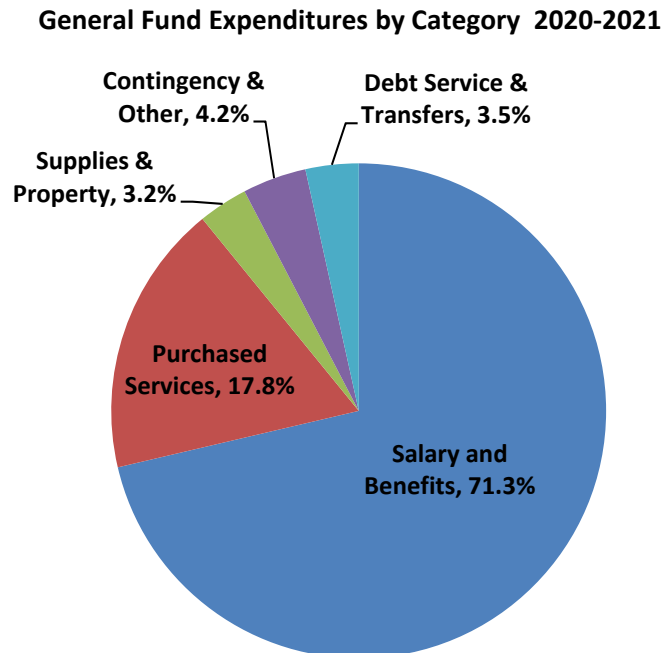
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Property includes equipment and capital assets with useful lives greater than one year. The increase is due to a new van for special needs students in the 2020-2021 budget. larger portion of equipment being budgeted for in the Capital Projects Fund.

The Other Objects and Contingency budget has increased significantly in the 2020-2021 budget. As discussed above, this is due to reducing the other categories of the budget by about \$4 million and moving the expenditures to contingency accounts in order to restrict spending amid lower anticipated revenue due to the pandemic's effect on the economy. The District will monitor actual revenue during the year and allow access to spend these contingency funds if sufficient revenue funding is available.

Debt Service and Transfers represents the repayment of principal and interest on debt incurred by the District from issuing bonds, and transfers of funds to the Capital Projects Fund. The decrease in debt service is due to \$8 million charged to the General Fund in 2020-2021 versus \$10 million in 2019-2020. The Debt Service Fund will fund about \$7 million of the \$15 million in total District debt service. There is no budgeted transfer to the Capital Projects fund in 2020-2021 versus a \$1.5 million transfer budgeted in 2019-2020.

The chart below displays the expenditure categories discussed above as a percentage of the total General Fund expenditures for the 2020-2021 budget.



Downingtown Area School District
Budget 2020-2021

General Fund Adjustment for Estimated Actual Results

The General Fund is budgeted to have a deficit of \$6.1 million which reflects the decrease in revenue from the effects of the pandemic on the economy. If revenues normalize during 2020-2021 and expenses are lower due school not opening at full capacity every day, it is estimated there would be a surplus of about \$5.5 million. The adjustment for estimated actual results would be an \$11.6 million increase to the budgeted deficit of \$6.1 million resulting in the \$5.5 million surplus in the General Fund. This amount is offset by about \$7 million of recurring capital expenditures in the Capital Projects Fund, for a net deficit of about \$2.5 million.

A portion of the estimated actual surplus (\$5.5 million) is transferred to the Capital Projects Fund to fund the \$7 million in capital expenditures. A portion of the surplus is not transferred and kept in the General Fund to maintain a fund balance of 8% of the next year's (2021-2022) total budgeted General Fund expenditures.

Capital Projects Fund Discussion and Analysis

Below is a summary of the Capital Projects Fund revenue and expenditures

Revenue	2020-2021 Budget	2019-2020 Budget
6000 Local Sources		
Interest on Investments	\$ 1,100,000	\$ 2,491,640
Total Revenue	1,100,000	2,491,640
Expenditures		
400 Purchased Property Services	15,103,833	31,204,672
700 Property	5,189,838	9,013,395
Total Expenditures	20,293,671	40,218,067

Capital Projects Fund Revenue

The \$1,100,000 budgeted revenue for 2020-2021 in the Capital Projects Fund represents interest earnings on the Capital Projects fund balance which is invested in certificates of deposit and money market accounts in accordance with the state investment laws for governmental entities. The decrease from 2019-2020 is due to projected lower interest rates and a lower fund balance due to the spending of bond proceeds.

Capital Projects Fund Expenditures

The District's Capital Projects Fund is used to account for construction and renovation of buildings, capital budget expenditures for facility improvements, technology improvements, and equipment. These include improvements to school roofs, windows, HVAC systems, computer equipment and network infrastructure. Total expenditures in

Downingtown Area School District
Budget 2020-2021

2020-2021 are significantly less than 2019-2020 due to the construction of the new Uwchlan Hills Elementary school and addition to the STEM Academy occurring mostly in 2019-2020.

The District estimates the fund balance in the Capital Projects Fund will be approximately \$107.7 million as of June 30, 2021 which includes an estimated transfer from the General Fund of \$4.6 million generated by the 2020-2021 operating surplus in the General Fund. The Capital Projects Fund fund balance consists of operating surpluses transferred from the General Fund in prior years, and any bond proceeds. Bond proceeds are expected to all be spent by June 30, 2021. The fund balance is used to fund the District's current and future capital expenditure plan.

Debt Service Fund

The Debt Service Fund funds a portion of the District's total debt service. \$7 million of debt service is charged to this fund to supplement the \$8 million budgeted in the General Fund, for a total combined debt service of about \$15 million in 2020-2021 through 2022-2023. This allows debt service in the General Fund to be level each year at \$8 million, and in 2023-2024 the District's total debt service will drop to \$8 million through 2032-2033. Beginning in 2023-2024 and beyond, the \$8 million of total debt service in the General Fund will not need to be increased each year, and will be sufficient to cover the District's total debt service. By June 30, 2023 most of the Debt Service Fund will be depleted.

Proprietary Fund – Food Service Fund

The Food Service Fund is self-supporting, receiving no aid from the General Fund in its operating budget. It is considered a Proprietary Fund, which is a non-governmental fund that is used to account for District activities that are similar to business operations in the private sector. All funding for the food service operation is through the sale of food and reimbursements from the state and federal government. The District contracts with a food service company to provide all of the breakfast and lunch meals for students. The majority of expenditures are for payments made directly to the contractor for managing and operating the food services. In 2020-2021, expenditures are expected to be slightly more than revenues, resulting in a deficit of about \$20,000. The pandemic may have a significant impact on the food service operation revenue if schools are not regularly open during 2020-2021. Federal funding is assumed to remain consistent with prior years, but may be more to help fund meals if schools are closed.

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Budget Forecast – Governmental Funds

<u>General Fund</u>	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Revenue			
Local Revenue	\$ 181,668,980	\$ 184,005,313	\$ 186,371,339
State Revenue	53,841,495	55,661,995	56,873,695
Federal Revenue	1,670,000	1,330,000	1,330,000
Total Revenue	237,180,475	240,997,308	244,575,034
Expenditures			
Salaries	109,142,525	113,781,082	118,616,778
Benefits	65,870,220	69,586,129	73,288,665
Other Expenditures	58,701,431	60,462,473	62,276,348
Debt Service	8,000,000	8,000,000	8,000,000
Total Expenditures	\$ 241,714,176	\$ 251,829,685	\$ 262,181,791
<u>Capital Projects Fund</u>			
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Capital Expenditure Budget	\$ 12,976,900	\$ 9,996,965	\$ 9,995,750
<u>Debt Service Fund</u>			
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Debt Service	\$ 6,970,982	\$ 6,975,845	\$ -

General Fund Forecast

The forecasted growth in General Fund local revenue is mainly due to real estate tax growth from projected assessment growth and earned income tax increases. This is a conservative forecast that assumes no real estate tax increase from millage rate increases and about a 1.2% assessment growth. The State source revenue forecasted increase reflects state subsidy increases that are expected to continue and 50% reimbursement of the PSERS contribution increase. Federal revenue is forecasted to remain minimal, with more in 2021-2022 from pandemic relief funds.

Total forecasted growth in General Fund expenditures is driven by the increase in salaries and benefits. The increase in salaries is due to projected wage increases and addition of new staff. Benefits increases are driven by healthcare costs and the increase in the District's required contribution to PSERS which is determined by the state. Other expenditures are forecasted to increase about 3% each year after 2021-2022. The District's debt service is forecasted at a flat \$8 million in the General Fund

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through 2023-2024. Total debt service over \$8 million will be funded by the Debt Service Fund.

The forecasted revenue and expenditures above are conservative and do not include a tax increase. The excess of expenditures over revenue could be minimized with a 3.0% annual tax increase in 2021-2022 through 2023-2024.

Capital Projects Fund Forecast

The expenditures shown in each forecast year represent the capital expenditures in the District's long-range capital improvement plan. These include facility improvements to schools such as window replacements, HVAC systems, and roofs. Also included are expenditures for technology devices for students, network infrastructure, and curriculum items.

Debt Service Fund Forecast

The forecast expenditures for the Debt Service Fund shows the portion of the District's total debt service over the amount budgeted in the General Fund. The total District debt service in 2021-2022 and 2022-2023 is forecast to be almost \$15 million which equals the General Fund debt service expenditures plus the Debt Service Fund expenditures. In 2023-2024 the District's total debt service is scheduled to drop to \$8 million and will be fully funded from the General Fund.

Budget Forecast – Proprietary Fund-Food Service

	2021-2022	2022-2023	2023-2024
<u>Proprietary Fund - Food Service</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Operating Revenue	\$ 2,994,250	\$ 3,039,164	\$ 3,084,751
Non-Operating Revenue	759,750	\$ 769,646	\$ 779,691
Total Revenue	3,754,000	3,808,810	3,864,442
Total Expenditures	\$ 3,792,541	\$ 3,861,507	\$ 3,931,997

The revenue growth in the Food Service Fund is primarily due to the anticipated increase in student meal sales due to enrollment growth and new menu items. The increase in expenditures is driven by the increase in revenue as payments to the District's food service company increase as sales increase.

Overview of Debt

The District has \$100,946,559 of issued and outstanding debt as of June 30, 2020. This amount is comprised of six bond issues that have been incurred to fund school building construction projects over the years with subsequent re-financings. One of the bond issues outstanding is funding construction of the new Uwchlan Hills Elementary School.

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The remaining proceeds from that issue will be spent in 2020-2021. The schedule below illustrates the change in outstanding bonds from June 30, 2020 to June 30, 2021.

	Bonds Outstanding
June 30, 2020	100,946,559
2020-2021 Principal Pmts.	<u>(11,559,632)</u>
June 30, 2021	<u>89,386,927</u>

Performance Measurement

The budget process is driven by the number of students enrolled, and yields an instructional expenditure per student amount of \$10,829 for 2020-2021. Capital Projects Fund spending, excluding new construction, adds another \$530 per student in 2020-2021. Capital spending supports the District's one to one laptop / iPad initiative that provides direct access to technology by providing each student with their own laptop or iPad. This level of per student expenditures has allowed the District to continue providing the quality of education necessary to achieve the strong student performance as shown in the chart below. The District's schools' performance and student achievement are among the highest in the state and have been nationally recognized. The District puts student achievement as a top priority, and based on strong performance data, the level of per student expenditures budgeted is appropriate.

The District also determines success of its mission and comprehensive education plan through the measurement of student performance and achievement. Performance data indicates that Downingtown Area School District students have performed considerably better in standardized evaluations of learning such as the Pennsylvania System of School Assessment (PSSA) and the Scholastic Aptitude Test (SAT), compared to other students on a state-wide basis as shown in the data below.



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PSSA State Performance Testing	District 2019	State 2019
Percent of Students Proficient or Advanced		
English Language Arts (ELA)	%	%
Grade 5 ELA	85	59
Grade 8 ELA	78	58
Grade 11 Literature (Keystone Exam)	93	72
Percent of Students Proficient or Advanced		
Mathematics	%	%
Grade 5 Math	77	43
Grade 8 Math	46	32
Grade 11 Math (Keystone Exam)	89	63
SAT College Entrance Exam (Mean Scores)	District 2020	State 2019
		2020 not avail
Reading and Writing	595	526
Math	597	515

Source: Pennsylvania Department of Education

The PSSA tests were not given in 2020 due to schools being shut down from March 2020 to the end of the school year due to the pandemic, therefore the most recent data is from 2019. The PSSA and SAT tests are key elements in the calculation of Pennsylvania's School Performance Profile (SPP) score which provides the public with a comprehensive overview of student academic performance in every Pennsylvania public school building. The score is based on a 100 point system with 100 being the highest. The District's three high schools had an average score of 95 in 2019. The District's two middle schools had an average score of 61 in 2019, and the ten elementary schools and sixth grade center had an average score of 81 in 2019.

Success in educating the District's students can also be seen in the percentage of students pursuing higher education (93% for the Class of 2020) which has been significantly higher than the historical state-wide percentage (about 69%). Graduating students also receive thousands of dollars in scholarships each year. In addition, the District offers advanced placement courses with about one-third of 11th and 12th graders taking them. Over the past few years, the District has had several students who were finalists, semi-finalists, and commended in the National Merit Scholars program. The District continues to be well respected by the community it serves and is seen as one of the top performing public school districts in the region, the state, and nationally. This is evidenced by a recent Washington Post ranking of high schools that ranked the STEM Academy as the number one high school in the state, with East high school number 21 and West high school number 31 in the state. The District as a whole was ranked 24th in the state out of 500 Districts by the Pittsburgh Business Times.

Acknowledgements

The District appreciates the support provided by the Downingtown Area School District Board of School Directors and the community for the development, implementation, and maintenance of an excellent educational program for the students of the District.

Downingtown Area School District

Organizational Section

Fiscal Year 2020-2021 Budget



Summary of the information in this section

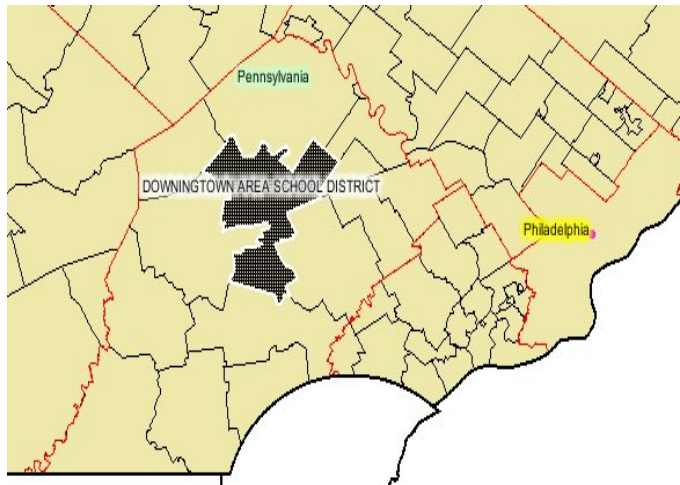
This section includes descriptive information on the educational structure, organization structure, accounting structure, mission, goals, policies, and processes of the District.



The School Entity

Geographic Location / Area

Downingtown Area School District is located in southeastern Pennsylvania, 30 miles west of Philadelphia in central Chester County. The District covers an area of 82 square miles that includes a mix of suburban and rural communities with a population of approximately 68,000. The local municipalities included within the District are the borough of Downingtown and the townships of East Brandywine, East Caln, Upper Uwchlan, Uwchlan, Wallace, West Bradford, and West Pikeland. The District has experienced steady population and economic growth over the last 10 years.



Legal Autonomy and Fiscal Independence

The District is a legally autonomous and fiscally independent entity under the laws of Pennsylvania. The laws of Pennsylvania give the District corporate powers that distinguish it as a legally separate entity from the Commonwealth of Pennsylvania and any of its political subdivisions. The District has the power to determine its budget; to approve and modify that budget; to levy taxes, set rates and establish charges; and to issue bonded debt. The powers may be exercised without substantive approval by another government.

The District is a political subdivision of the Commonwealth created to assist in the administration of the General Assembly's duties under the Constitution of Pennsylvania to "provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth."

The District is governed by a board of nine school directors, who are residents of the School District and who are elected every two years, on a staggered basis for a four-year term. Each director represents a region of the District. The Directors serve on the Board without compensation. The School Board has the power and duty to establish, equip, furnish and maintain a sufficient number of elementary, secondary and other schools necessary to educate every person residing in the District, between the ages of six and twenty-one years, who may attend.

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The current School Board members are Jane Bertone - President, Rebecca Britton – Vice President, Audrey Blust, Caryn McCleary Ghrayeb, Rachel Gibson, Joyce Houghton, David Kring, Dr. Linda G. MacNeal, and Lee Wisdom.

The Superintendent is Dr. Emilie M. Lonardi who is the chief administrative officer and chief instructional officer of the District and is responsible for the administration and operation of the public school system and oversees all matters pertaining to instruction.

Number of Schools

The District consists of ten elementary schools (grades K-5), a sixth grade center, two middle schools (grades 7-8), and three high schools (grades 9-12) that includes the STEM Academy. These schools educate a total of 13,252 students.

Education Overview

At Downingtown, we believe that the education of our students should encompass much more than reading, writing and arithmetic. Our goal is to give our students the tools that they need to collaborate with others, communicate openly and honestly, and make informed decisions based on civic responsibility. For this to occur, we not only educate our students academically, we also empower them to respect diversity, take part in community service and develop a high level of ethics and integrity.

Within our school district, students are provided with an environment to grow their intellect and their character. Located in Chester County – a former farming community that is now bustling with economic and residential growth – Downingtown offers students the best of both worlds. Because of the vital economy in our region, we have the resources to offer programs of a breadth and depth that many smaller districts cannot provide. Our region's residential growth has yielded a diverse student body and faculty, allowing students the opportunity to embrace a heightened sense of cultural awareness. At the same time, our attention to the individual and respect for family and community involvement in schools means we can maintain a small-town feel in our classrooms.

Downingtown students study abroad, challenging curriculum that is designed to inspire them and equip them for success outside the classroom. Students are offered a wide range of courses that are taught in creative and meaningful ways.

For example, at the elementary and secondary levels, major subject areas are often creatively linked together to make the curriculum more relevant for students. Students might find that a science lesson can extend over into a language arts activity, or vice versa. These thematic approaches help children develop a deeper understanding of the topics addressed.

To make sure that students are always receiving the most up-to-date, effective instruction, Downingtown administrators and teachers make it a practice to review

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curriculum so that it is aligned with federal and state standards, as well as with standards set by national organizations. In addition, teachers and administrators also use the curriculum review cycle to ensure that programs are being updated and monitored on a timely basis. Downingtown also remains at the forefront of educational practices because our teachers make a tremendous effort to stay current through professional development opportunities that are available inside and outside the district. Their commitment ensures that Downingtown students are on the receiving end of the most up-to-date, proven instructional practices in education today.

Elementary Education

Students begin their careers at Downingtown in integrated kindergarten classrooms, where students with varying levels of academic, social and emotional progress learn together. Half-day classes are offered in both the morning and afternoon.

Downingtown recognizes the value of practices such as flexible grouping, where students are encouraged to work cooperatively in pairs, groups of two or three, or as a whole class. Such strategies are regularly employed in elementary classrooms to help students learn how to work together. Instruction in all elementary schools is child-centered and appropriate to a child's developmental stage, ensuring that students receive the type of instruction that best suits their needs. For students with special needs, Instructional Support Teams are there to develop instructional plans that are appropriate to a student's abilities. These teams help identify a student's need for academic or behavioral support, determine strategies to assist the student, implement prevention strategies through a continuum of services, and monitor progress to ensure continued success.

Language arts instruction is literature-based and balanced, and the subjects of social studies, science and math are integrated into thematic units for depth and breadth of understanding. Technology is used on a consistent basis in all schools to support and deliver the instructional program.

Downingtown elementary school students have a variety of unique learning opportunities available to them. Students have access to television studios where they can write, perform and produce their own news show each morning. Students can also write, illustrate and bind their own books through the school's publishing center. In addition, students have exposure to STEM curriculum. Science fairs, community service events, athletic activities and music and art programs are also key elements of the elementary curriculum, ensuring that students receive a comprehensive academic foundation that will benefit them in higher grade levels.

Sixth Grade Center and Middle School Education

Grades 6th through 8th can be challenging for many students. Knowing that the transition to a new school can be daunting, the faculty and staff of our sixth grade center

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and two middle schools go to great lengths to create a personal environment for students.

One of the ways this is accomplished is by assigning students and teachers to teams within each school. In addition to fostering a sense of camaraderie, the use of teams allows for the overlap and integration of subject areas such as language arts, science, math and social studies between classrooms.

Technology skills are honed in these grades with computer classes, and the integration of technology into regular classroom activities. 6th graders have their own iPad used for instruction that they can take home with them, and they will keep that iPad through 8th grade. Art, music, physical education and health are also important parts of the 6th – 8th grade curriculum.

High School Education

The wide variety of course offerings and extra-curricular activities continues once Downingtown students reach high school. In three state-of-the-art facilities, students have the opportunity to grow academically and socially while also developing a feel for their future.

The emphasis on English, math, social studies and science continues at the high school level, with students exposed to a variety of learning experiences ranging from class discussions, experiments and special projects to reading assignments and homework. At the high school level, students can really begin to explore courses that will help them define their future. Many opportunities are available, including Advanced Placement courses in subjects such as, biology, calculus, English, government, U.S. history, physics and German, Spanish and French. Students are also offered business education, industrial arts technology and vocational-technical courses. In addition the use of technology is emphasized throughout the curriculum with the District implementing a one to one student to laptop initiative in 2016-2017 where each high school student will be issued a laptop for their individual use or they can opt to bring their own laptop.

In addition to the rigorous curriculum, students can discover career opportunities through programs like Pupils Reaching Out, which utilizes resources within the business community to help students develop their own individuality, a sense of responsibility and the skills necessary to succeed outside of school. Through the Career Experience



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program, highly motivated students can spend part of their school year working at a professional job. Other options for highly motivated students include Independent Study and Early College Acceptance.

In 2011-2012 the District's Science, Technology, Engineering and Math (STEM) academy opened as the District's third high school, and provides students an opportunity to spend their high school years at a school dedicated to preparing interested students to gain entrance into colleges and careers related to science, technology, engineering, and mathematics. There is an individualized learning plan for every student and the school is a state of the art facility providing students with access to cutting edge technology and resources for the 21st century.

The District also operates the Downingtown Cyber Academy which offers students online, self-paced courses from Kindergarten through 12th grade and includes honors, AP, and gifted courses. The cyber courses use interactive tools and resources that get students involved in learning. Tutorials, electronic textbook, and learning games combine graphics, video, and audio to bring ideas and concepts to life in an exciting and engaging way.

Academic Performance

Students in the Downingtown Area School District are among the top performers in the state when it comes to academics. Our highly educated and dedicated teaching staff provides students with a well-rounded and balanced curriculum that is aligned with state standards, ensuring our students are prepared for the rigors of standardized testing as well as the challenges of life after high school.



The desire to learn is instilled in Downingtown students at a young age, and is cultivated so that it continues to grow, long after graduation. Our students' commitment to learning is evidenced by the number of graduates who opt to continue their education. The majority of our graduates go on to further their educational interests, most of them at four-year colleges. Downingtown students have gone on to attend institutions such as Harvard University, Princeton, University, the University of Pennsylvania, Penn State University, Temple University, West Chester University, as well as area community colleges, trade schools, and the armed services.

When it comes to the standardized testing that is used to measure performance, Downingtown students' scores are among the highest in the state. The Pennsylvania System of School Assessment (PSSA) test and Keystone Exams are used, and Downingtown students consistently meet and exceed the requirements for achievement on these tests, and score significantly higher than the state average. These tests are key elements in the calculation of Pennsylvania's School Performance Profile score which provides the public with a comprehensive overview of student academic

performance in every Pennsylvania public school building. It is our aim to continue this trend, even as the expectations for student achievement are raised higher.

The PSSA is not the only test that we use to gauge our students' performance. The Scholastic Aptitude Test (SAT) is another important indicator of success. The majority of our high school students opt to take this test, and they score consistently above state averages.

These indicators, which are by no means the sole indicators of our district's worth, demonstrate that our staff is fully committed to helping our students to meet state and federal standards. The number of students who continue on to post-secondary education shows that our teachers have also inspired our students to commit to learning throughout their lives, not just in Downingtown classrooms.

Quality Teaching Staff

Downingtown Area School District teachers are superior professionals who are dedicated to drawing out students' strengths while helping them to overcome their weaknesses. Knowing that parental involvement is integral to a child's education, teachers work closely with families to ensure student success.

Our teachers are highly-qualified and experienced. About 70 percent have attained a master's degree or higher. Their extensive schooling means our students are receiving instruction from professionals who are well-versed in their subject areas.

Downingtown teachers are supportive both inside and outside the classroom. They regularly attend extra-curricular activities to support students and are heavily involved in advising and coaching students in these activities. Many of our retired teachers remain active and involved in our schools by volunteering regularly or serving as substitute teachers. This level of commitment means Downingtown students leave our schools feeling like they are part of a family.

Diversity

The diversity in Downingtown's classrooms is embraced and celebrated. Students and staff members learn to foster multicultural knowledge and respect differences.

In the classroom, children are taught to respect and work out differences through peer mediation programs. Class studies examine issues like the Holocaust and civil rights, and school district clubs – such as the United Nations Club and the International Club – embrace a multicultural view.



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The diversity of our district is also reflected in the staff and faculty of the Downingtown Area School District. Our employees come from a wide variety of experiences and backgrounds, providing our district with the valuable perspectives of people from all walks of life. The District also has a director of diversity to oversee diversity initiatives.

Extra-Curricular Activities

While our emphasis on academics is strong, we also realize that for our students to be well-rounded, they must have more in their life than their studies. That is why we provide many opportunities for involvement in extra-curricular activities.

Our commitment to the extra-curricular experience is demonstrated by the multitude of clubs and activities available to students at all levels. At the secondary level, students can participate in sports such as soccer, football, wrestling, field hockey and basketball. Clubs run the gamut, with everything from a Shakespeare Club to an Ecology Club to a Robotics Club. For the musically inclined, students can join the band, chorus or cast of the school musical. Whether your student is interested in playing sports, acting, singing, playing chess, writing, helping the community or saving the environment, Downingtown high schools have a club or team to match it.



Financial Structure and Reporting

Fund Structure and Accounting

The accounting system of the School District is organized on the basis of funds. Each fund is considered a separate accounting entity, with a set of self-balancing accounts that comprise its assets, liabilities and fund equity, revenues and expenditures or expenses, as appropriate. School District resources are allocated to and accounted for in each fund based upon the purpose for which they are to be spent. The fund classifications used by the School District have been defined by generally accepted accounting standards.

The District uses three funds which are considered governmental fund types by generally accepted accounting standards. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. The District's three types of Governmental Funds are:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial revenues and expenditures used in the operations of the District.

Capital Projects Fund

The Capital Projects Fund is used to account for capital expenditures incurred for the renovation and improvement of facilities, acquisition of capital equipment, and the acquisition or construction of facilities. Financing sources for these capital expenditures are accumulated in this fund.

Debt Service Fund

The Debt Service Fund accounts for resources accumulated to provide for payment of general long-term debt principal and interest.

The District also uses a **Proprietary Fund** for its food service operations. The Food Service Fund is a Proprietary Fund that is not a governmental fund like the funds described above. Proprietary funds like the District's Food Service Fund are used to account for District activities that are similar to business operations in the private sector.

Measurement Focus and Basis of Accounting for Revenue and Expenditures

Measurement Focus

Governmental fund accounting uses a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. Proprietary fund accounting uses the economic resources measurement

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focus where a set of financial statements reports all inflows, outflows, and balances affecting or reflecting an entity's net position.

Basis of Accounting

Basis of accounting refers to the timing of recognition of revenues and expenditures or expenses in the accounts and in the financial statements, regardless of the measurement focus.

Governmental fund accounting calls for the modified accrual basis of accounting to be used for each fund. Under this basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt which is recognized when due. Proprietary fund accounting uses the full accrual basis of accounting which recognizes all revenue when it is earned and all expenses when they are incurred.

Government Accounting Standards Board (GASB)

GASB Statement No. 34 established financial reporting requirements for state and local governments throughout the United States. It significantly changed the way school districts report and present financial information in conformity with Generally Accepted Accounting Principles (GAAP). The reporting model requires that a school district's basic financial statements include new government-wide statements. These government-wide statements display information about the school entity as a whole and recognize all assets, liabilities, revenues and expenses on the economic resources measurement focus and the full accrual basis of accounting.

In addition to the government-wide financial statements, the fund financial statements will continue to provide the same information for the individual funds as discussed above under the Measurement Focus and Basis of Accounting sections. The budget information presented in this document is consistent with fund financial statement reporting.

GASB Statement No. 54 effects the presentation of fund balance information on the financial statements. The fund balance classifications are non-spendable, restricted, committed, assigned, and unassigned. Each category has a different level of restrictions and a different level of authority to place those restrictions. The highest level of restrictions is on the non-spendable category with restrictions decreasing in each category from "restricted" to "unassigned". For purposes of this document, the fund balances shown in the financial information section are total fund balances and any classifications are noted.

Classification and Presentation of Revenue and Expenditures

The Pennsylvania Department of Education has adopted a system for the classification of revenue and expenditures based on generally accepted accounting standards for school entities. The system is used for budgeting, accounting, and financial reporting in compliance with Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB).

The classification and coding structure to record financial transactions under the accounting system provides for the identification of revenue and expenditure transactions. For each type of transaction, the specific account code is made up of a combination of dimensions. Revenue and expenditure codes used by the District are discussed below. These codes are used in presenting the detail financial information in the Financial section of this document.

Revenue

As required by the Pennsylvania Department of Education, the District classifies revenues by revenue source dimensions represented by four digit codes. Revenues are segregated into three sources: Local Sources, State Sources, and Federal Sources. Local sources include such receipts as property taxes and interest on investments. State sources consist of monies received by the District from the State of Pennsylvania among which are funds to support the basic instructional program, special education services, and the transportation of students. Federal sources are provided by the federal government to support specific programs as designated by the federal government. The following is a description of revenue source dimensions (codes) used by the District.

6000 Local Revenue Sources

Revenue produced within the boundaries of the District and available to the District for its use.

- **6111 Current Real Estate Tax**

Real Estate Tax is the main source of revenue for funding the operation of the Downingtown Area School District. It is based on the assessed valuation, as determined by the Chester County Board of Assessment, of all taxable property within the School District. The District levies a real estate tax on every \$1,000 of assessed property value based on a rate that is stated in mills. The number of mills levied by the District is multiplied by the assessed value divided by 1,000 to determine the real estate tax due.

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- **6112 Interim Real Estate Tax**

Interim taxes are levied under Act 544 of 1952 on the increase in assessed valuations of local property as a result of construction or improvements to that property during the school year.

- **6113 Public Utility Realty Tax**

Lands and structures owned by public utilities and used in providing their services are subject to state taxation under Act 66 of 1970. The state collects and then distributes a prescribed sum among local taxing authorities including school districts and that payment of state tax is in lieu of local taxes upon public utility realty.

- **6143 Local Services Tax**

Revenue received under Act 511 and Act 7 of 2007 for flat rate assessment of local services taxes. The local services tax is levied on resident and non-resident individuals employed within the taxing district for the privilege of engaging in an occupation.

- **6151 Earned Income Tax**

Earned income taxes are levied under Act 511 of 1965 (Local Tax Enabling Act) at the rate of one half of one percent (.5%) of wages, salaries, commissions, net profits or other compensation of those who earn income and reside within the School District.

- **6153 Real Estate Transfer Tax**

Transfer tax is levied under Act 511 at the rate of one half of one percent (.5%) of the value on the transferring of real estate or interest in real property situated within the boundaries of the School District.

- **6411 Delinquent Real Estate Taxes**

Revenue received from taxes assessed and levied upon real property which have become delinquent. Delinquent taxes are taxes that were not collected during the original year of issue.

- **6510 Interest on Investments**

Interest on investments is revenue received from the investing of School District money as it becomes available in investment vehicles as permitted by Pennsylvania law.

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- **6710 Admissions**

Revenue from patrons of a school-sponsored activity, such as a concert or athletic event.

- **6740 Activity Fees**

Revenue from fees for participation in school sponsored activities.

- **6831 Revenue From Intermediary Sources – Federal Funds**

Revenue received through an intermediate source as agent of the Federal Government. For the District this represents IDEA funds from the Federal Government received through the Chester County Intermediate Unit. IDEA funds support special education.

- **6910 Rent of Facilities**

Rent of Facilities is revenue received from various government bodies, organizations, and civic groups for the rental of the District's buildings and facilities.

- **6920 Contributions and Donations from Private Sources**

Revenues from philanthropic foundations, private individuals or private organizations for which no repayment or special service is expected.

- **6940 Tuition from Patrons**

Revenue received from patrons for education provided by the District.

- **6990 Miscellaneous Revenue**

Revenue from local sources not classified elsewhere.



7000 Revenue from State Sources

Revenue originating from Pennsylvania state appropriations and directly disbursed to school districts.

- **7110 Basic Education Subsidy**

Revenue received from the State designated for Basic Education.

- **7140 Charter Schools Subsidy**

Revenue received from the State to fund the Charter Schools initiative.

- **7160 Tuition for Orphans and Children Placed In Private Homes**

Revenue received from the State as tuition for children who are orphans and/or children who are placed in private homes by the court.

- **7230 Alternative Education**

Revenue received from the State as subsidy for alternative education. Alternative education is specialized educational instruction and support services to students that must be removed from regular classrooms because of disruptive behavior. These funds enable schools to provide students with a sound education course of study and counseling designed to modify disruptive behavior and return the students to a regular school curriculum.

- **7271 Special Education**

Revenue received from the State for expenditures incurred in instructing school age special education students.

- **7310 Transportation**

Revenue received from the State for pupil transportation expenditures and / or board and lodging in lieu of transportation. This account also includes transportation subsidies for nonpublic and charter school students.

- **7320 Rental and Sinking Fund Payments**

Revenue received from the State as a full or partial payment for approved lease rentals, sinking fund obligations, or any approved District debt obligations for which the State Department of Education has assigned a lease number.

- **7330 Health Services**

Revenue received from the State for expenditures for health services including medical, dental, and nurse services.

- **7501 Pennsylvania Accountability Grants**

Revenue received from the State to implement research-based programs to boost student achievement.

- **7810 Social Security and Medicare Taxes – State Share**

Revenue received from the State designated as the State's matching share of the employer's contribution of the Social Security and Medicare Taxes for covered employees who are not Federally funded.

- **7820 Retirement Contributions – State Share**

Revenue received from the State designated as the State's matching share of the employer's contribution of Retirement Contributions for active members of the Public School Employees Retirement System.

8000 Revenue from Federal Sources

Revenue originating from the Federal government.

- **8514 Title I – Improving the Academic Achievement of the Disadvantaged**

Revenue received for the education of disadvantaged children. Includes such programs as Comprehensive School Reform Program, Reading First, Even Start, and Improving Literacy Through Libraries.

- **8515 Title II – Preparing, Training and Recruiting High Quality Teachers And Principals**

Revenue received for the education of children under NCLB Title II. Improving Teacher Quality, and Eisenhower Professional Development are samples of funding.

- **8516 Title III – Language Instruction For Limited English Proficient And Immigrant Students**

Revenue received for the education of children under NCLB, Title III. Includes Grants for English Language Acquisition, and Technology Literacy Challenge.

- **8518 Title V – Promoting Informed Parental Choice And Innovative Programs**

Revenue received for the education of children under NCLB, Title V. Includes Innovative Programs, and Smaller Learning Communities.

- **8810 Medical Assistance Reimbursements (ACCESS)**

Reimbursements received from the Federal Government through the Commonwealth of PA for eligible related health services provided to special education students as part of their Individual Education Plan (IEP). Reimbursable services include, but are not limited to, occupational therapy, physical therapy and psychological counseling.

9000 Other Financing Sources

Other financing sources include governmental fund general long-term debt proceeds, fund transfers-in, proceeds from fixed asset dispositions, and other receipts. Such amounts are classified separately from revenues.



Expenditures

The Pennsylvania Department of Education also requires the District to classify expenditures by a combination of dimensions. The required expenditure dimensions for budget preparation are function and object. Function and object dimensions are used together to classify each expenditure. The function dimension (four digit code) is used to classify expenditures according to the principal purpose for which expenditures are made (e.g. Instruction and Support Services). The object dimension (three digit code) applies to the nature of the expenditure, item purchased, or service obtained (e.g. Salaries, Benefits, Supplies and Equipment). The following is a description of expenditure dimensions (codes) used by the District.

Functions

The District uses five major function codes (1000, 2000, 3000, 4000, 5000) to record and control financial transactions. However, expenditures are not charged directly to these major function categories described below but to sub-accounts or sub-functions that provide a more detailed classification of expenditures.

1000 Instruction

Activities dealing directly with the teaching of pupils, or the interaction between teacher and pupils and related costs, which can be directly attributed to a program of instruction. Teaching may be provided for pupils in a school classroom, in another location such as a home or a hospital, and in other learning situations. It may also be provided through some other approved medium. Included in this function are the salaries for teachers and assistants of any type that provide support for the instructional process. Also included in this function are equipment and supplies directly related to instruction and the instructional process.

- **1100 Regular Programs**

Elementary and Secondary programs include activities designed to provide students (grades K through 12) with the learning experiences to prepare them for activities as citizens, family members, and non-vocational workers as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps.

- **1200 Special Education Programs**

Activities designed primarily for students having special needs. These special programs include services for the gifted, learning disabled and physically handicapped students.

- **1300 Vocational Education Programs**

Pennsylvania Department of Education approved programs designed to prepare students to pursue occupational fields including agriculture, business, distribution, health, home economics and trade and industry.

- **1400 Other Instructional Programs**

Elementary and Secondary programs that provide students (grades K through 12) with learning experiences not included in the regular, special education or vocational education programs. This includes the Summer School Program, Homebound Instruction, Driver Education Classroom Instruction, and Federal Instructional Programs.

2000 Support Services

Services which provide administrative, technical, personal and logistical support to facilitate and enhance instruction. Support services exist to sustain and enhance instruction, rather than entities within themselves. They include such services as: pupil personnel, guidance, psychology, library, health, attendance, and transportation.

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- **2100 Pupil Services**

Activities designed to assess and improve the well-being of students, to supplement the teaching process, and meet the provisions of Article XIII of the Public School Code of 1949, as amended. This includes the Director of Pupil Services, guidance counselors and psychological services.

- **2200 Instructional Staff Services**

Those activities associated with assisting, supporting, advising and directing the instructional staff in improving the content and process of providing learning experiences for students. These activities include audio-visual/multi-media services, library operations, curriculum development and staff development.

- **2300 Administration**

Those activities concerned with recommending new policies, administering existing policies, and the developing and implementing of procedures in connection with the operation of the School District. It also includes the services of those professional, independent, and separate agencies or individuals that are elected, appointed, or retained to assist in the administration including attorneys, accounting services and tax collection services.

- **2400 Pupil Health Services Programs**

Activities that provide physical and mental health services which are not part of curriculum and instruction. Included are activities that provide students and staff with appropriate medical, dental, and nursing services as required by the State.

- **2500 Business Services**

Those activities concerned with the administering of the District's business functions, the accounting of the District's receipts and expenditures, and the purchasing, storage and maintenance of goods and services.

- **2600 Plant Operation and Maintenance**

Those activities concerned with keeping the physical plant open, comfortable, and safe. This includes keeping the grounds, buildings and equipment in effective working condition and maintaining safety on all school property.

- **2700 Transportation**

Those activities concerned with the conveyance of students to and from school, as provided by state law, including trips between home and school and trips to school activities.

- **2800 Central Support Services**

Activities, other than general administration, which support each of the other instruction and supporting services programs. These activities include planning, research, development, evaluation, information, staff and technical services.

- **2900 Other Support Services**

All other support services not classified elsewhere in the 2000 series. This includes amounts paid for services from the Chester County Intermediate Unit.

3000 Operation of Non-Instructional Services

Activities concerned with providing non-instructional services to students, staff or the community. Expenditures accounted for in this function include student activities and community services.

- **3100 Food Services**

Those activities concerned with providing food to students and staff. This service area includes the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities and the delivery of food.

- **3200 Student Activities**

School sponsored activities, under the guidance and supervision of the School District's staff, designed to provide students such experiences as motivation, enjoyment, and improvement of skills. Co-curricular activities normally supplement the regular instructional program and include such activities as band, chorus, speech and debate. Also, student activities includes the athletic program, which fields sports teams for interscholastic competition.

- **3300 Community Services**

Activities concerned with providing services for the community as a whole.



4000 Facilities Acquisition, Construction and Improvement Services

Represent capital outlay for the purchase of land, buildings, service systems and built-in equipment. Expenditures include the initial purchase of land and buildings, construction remodeling and additions and improvement to buildings, initial installation, replacement or extension of service systems and other built-in equipment, as well as improvement to sites, and activities related to all of the above.

- **4500 Building Acquisition and Construction Services**

Costs incurred to purchase or construct buildings, additions to buildings, and original or additional installation or extension of service systems and built-in equipment.

- **4600 Existing Building Improvement Services**

Capital expenditures incurred to renovate or improve existing buildings, service systems and other built-in equipment. Capital expenditures include non-routine and substantial costs incurred to maintain or improve buildings, service systems and other built-in equipment.

5000 Other Expenditures and Financing Uses

Other financing uses represent the disbursement of governmental funds not classified in other functional areas that require budgetary and accounting control. These include transfers of monies from one fund to another and contingency reserve.

- **5100 Debt Service**

This function is used to record and accumulate expenditures incurred to retire current year principal and interest payments on long-term debt.

- **5200 Fund Transfers**

This function provides for funds to be transferred from one fund to another fund without expectation of repayment. Transfers from the General Fund are budgeted to support the Athletic Fund and Capital Reserve Fund.

- **5900 Other Objects and Contingency**

Includes other financing uses such as refund of prior year receipts that are recorded to other objects. The District also maintains a contingency reserve account in order to provide for operating contingencies. Expenditures may not be made through the contingency reserve, but only against the line items which

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appear throughout the appropriations. An amount equal to the expenditure shall be transferred from the contingency reserve into the appropriate line item.

Objects

The District uses nine major object classifications to record and control financial transactions.

- **100 Personnel Services – Salaries**

Gross salaries paid to employees of the District. Salary costs are related to personnel positions, overtime, temporary employees and supplemental pay.

- **200 Personnel Services – Benefits**

Amounts paid on behalf of employees; these amounts are not included in gross salary, but are in addition to that amount. Such payments are fringe benefit payments; and, while not paid directly to employees, are part of the cost of personnel services. Fringe benefits include health insurance, retirement plans, social security, life insurance, unemployment compensation and workers' compensation.

- **300 Purchased Professional Services**

Services that by their nature require persons or firms with specialized skills and knowledge. Included in this classification are contracted services such as; legal and accounting services, tax collection and administrative services, curriculum improvement and instructional services, counseling and guidance services, computer services and medical and dental services. This classification also includes fees paid to the Chester County Intermediate Unit for special education services and alternative regular education services.

- **400 Purchased Property Services**

Services required to operate, repair, and maintain property used by the District. Also used for facility construction, renovation, and remodeling expenditures paid to contractors.

- **500 Other Purchased Services**

Amounts paid for services not provided by District personnel but rendered by organizations or personnel, other than Professional Services and Purchased Property Services. Such services include those for contractual agreements to transport students, printing and binding, travel, the cost of tuition at approved private schools for special education programs, costs incurred to educate adjudicated or court placed children, liability insurance, and telephone costs.

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This category also includes the District's share of costs for general and administrative services received from the Chester County Intermediate Unit.

- **600 Supplies**

Amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated in use. Such costs include textbooks and periodicals, instructional supplies and materials, general and office supplies, custodial supplies, medical supplies, maintenance and transportation materials, and energy costs for electricity and heating.

- **700 Property**

Expenditures for the acquisition of fixed / capital assets, including expenditures for land or existing buildings and improvements of grounds; initial equipment; additional equipment and replacement of equipment.

- **800 Other Objects**

Amounts paid for expenditures not otherwise classified in objects 100 through 700. Such expenditures include dues and fees, taxpayer refunds, and an amount for operating contingencies (contingency reserve).

- **900 Debt Service and Other Uses of Funds**

Outlays from current funds for debt service. Also used to record transfers to other funds.

Significant Laws Affecting Budget and Fiscal Administration

The Pennsylvania Public School Code of 1949, as amended, gives local Boards the authority to conduct the financial affairs of the District. The School Code contains provisions that require the Board to perform certain acts (mandatory), provisions that provide discretion to the Board to either act or refrain from acting (permissive), and provisions where the Board is prohibited from acting either in total or until certain conditions have been satisfied (prohibited). The School Code laws affect the budget and fiscal administration of the District as discussed below.

Act 1

The Pennsylvania state legislature passed Act 1 in June of 2006. Beginning in 2007-2008, the Act placed annual limits on the percentage increase in property taxes that the District can levy. This is a significant factor in the District's ability to fund its programs and services. The limit is equal to an inflationary index calculated each year by the State (2.6% for 2020-2021), and is imposed upon all school districts in Pennsylvania in

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order to provide tax relief to taxpayers. There are exceptions to the limit that the District can apply to the State for, which may allow the District to increase its millage (tax rate) above the limit. If the District needs to raise its millage above the limit including any approved exceptions, it must have the increase approved by voters using a ballot question at a primary election preceding the beginning of the fiscal year. If the increase is not approved the District must cut expenditures to stay within the limit.

Act 1 also allocates the state's gaming revenue to school districts for property tax relief. In 2020-2021 the District estimates it will receive \$3.9 million that would equate to a tax credit of about \$213 for each approved property.

Budget Statutes

The School Laws of Pennsylvania, as enacted by the State legislature, mandate that public school districts approve (adopt) an annual budget prior to the start of the fiscal year. The School Code requires that a proposed budget be prepared at least thirty days prior to adoption of the final budget for the following fiscal year. The School Code also mandates that the proposed budget be available for public inspection at least twenty days prior to the date set for adoption. Districts are also required to provide public notice of final budget adoption ten days prior to any final action on the budget. The School Code requires five affirmative votes of the Board of School Directors to adopt the annual budget. The total amount of the adopted annual budget expenditures may exceed annual budget revenues, however, the expenditures may not exceed the amount of funds available to the District. In addition to revenues, funds available to the District may include fund balance (surpluses from prior years), and other financing sources such as borrowings. The adopted budget must be filed with the Pennsylvania Department of Education.

The adopted budget becomes the approved spending plan of the District for the coming fiscal year, and the Board is prohibited from spending or obligating funds in excess of the amount of funds available. The Board is authorized to transfer funds within the budget from one category to another without changing the total budget.

Accounting System

The State has established a mandatory accounting system that must be used by every school entity that is based on Generally Accepted Accounting Principles (GAAP) for governmental units. The accounting system is discussed above in the Financial Structure and Reporting section.

Bidding and Purchasing Statutes

School Boards are required under Section 801 of the Public School Code to purchase and provide all furniture, equipment, textbooks, school supplies and other items for the use of the District to maintain the educational environment. Section 807.1 (as amended by Act 30 of 1990) sets forth the requirement for competitive bidding at \$21,000 or

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more, and any purchase of \$11,300 but less than \$21,000 requires three price quotations under Section 807.1 as of July 1, 2020. For District purchases that are subject to competitive bid, the Board must accept the lowest responsible bid (where kind, quality and material are equal). Boards may reject any and all bids or select a single item from any bid. Section 521 of the School Code permits purchases to be made through intergovernmental cooperative agreements (joint purchase agreements). School entities may also “piggy-back” on state or other government contracts following the appropriate legal requirements. Even though purchasing may require competitive bidding, Boards may establish reasonable criteria such as color, unit/size, or any other reasonable criteria specific to the District’s needs. The School Code also provides for the exemption of several items from competitive bids. The exceptions include but are not limited to: textbooks, educational videos, and teacher demonstration devices. Services are also excluded from the competitive bidding requirement but school districts may choose to bid service agreements and contracts.

Cash Management and Investments Statutes

Section 440.1 of the Public School Code permits the investment of funds in (a) United States Treasury bills; (b) short-term obligations of the United States Government or its agencies or instrumentalities; (c) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (d) obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth; (e) obligations of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; or (f) deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Payment of Financial Obligations

Section 439 and 607 of the Public School Code provide direction on the payment of financial obligations. Section 439 requires that all payments be approved by the Board of School Directors. Bills may be paid prior to Board approval for certain conditions that include the receipt of a discount, the avoidance of a late charge, or other advantages that may accrue to the District. Section 607 requires proper documentation to support each expenditure prior to payment, and that there be sufficient funds available.

Construction of Facilities

School Boards are charged with the requirement to provide the necessary grounds and suitable buildings to accommodate all school-age children in the district. This authority also includes the renovation and expansion of existing facilities. In most cases, school districts seeking state reimbursement are required to participate in PlanCon, an acronym for the Pennsylvania Department of Education’s Planning Construction

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Workbook. The process involves a number of phases, beginning with a definition of the project and justification of its need. Succeeding steps include: site approval; estimated project cost data; architectural reviews; cost data based on actual bids; and finally, approval of the bond issue or other funding mechanism. As of 2020-2021 there is a moratorium for state reimbursement of new projects through the PlanCon process. School buildings may be financed through a variety of ways that include: local authority financing, state authority financing, District general obligation bonds or local funds.

Audits of Financial Records

All school districts are required to have an annual audit of financial records. The audit must be completed by an independent certified public accountant. The audit report must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) to insure consistency. Completion of the audit and issuance of the audited financial statements marks the end of the budget cycle for a single year. In addition to the requirement of an annual audit by an independent certified public accountant, the state's auditor general's office performs regular audits of the District. The primary purpose of these audits is to verify that the monies received from the State were properly expended and that the District properly complied with all applicable laws and regulations. There have been no findings in any of the District's audits over the past several years.



Significant Policies and Procedures Affecting Budget and Fiscal Administration

The Board of Directors is an extension of the State Legislature with the responsibility to provide for a thorough and efficient education for the students of the District. To accomplish this responsibility, the Board of Directors is granted authority through the Public School Code and the Pennsylvania constitution to establish policies for the operation of the school system. Policies are plans and procedures that are developed to provide guidelines for desired actions. A number of these policies affect the budget and fiscal administration of the District as discussed below.

Operating Budget Policy

The operating budgets will be prepared within the context of the Board's intent to provide the best possible education for students while minimizing the impact on taxpayers who provide funding for District programs and services. The District will ensure that budgeted expenditures can be paid for with budgeted revenues and any necessary fund balance. The District will continue to maintain an interactive on-line budgetary accounting information system that is employed as a management control device to administer the budget. The data in the budgetary accounting information system will be utilized to prepare management reports for fiscal control and to prepare reports for the Board of Directors that compare actual revenues and expenditures to budget amounts.

The budget will be administered within applicable local, state, and federal laws. Accordingly, the District will not obligate funds in excess of the approved financial plan unless the Board amends the budget by making additional appropriations or increasing existing appropriations to meet emergencies. All expenditures will be made in accordance with approved disbursement practices and legal purchasing requirements.

The delegation of budget management will be based on a philosophy that is consistent with the site-based approach to decision-making through responsibility cost centers (sites or areas of responsibility). Decision making authority is delegated to budget managers of responsibility cost centers who are accountable for the effective and efficient utilization of resources appropriated by the Board.

Capital Improvement Budget Policy

The District will maintain a capital expenditure plan to provide for the improvement of District facilities and technology. Proposed projects will be prioritized based on: (1) the resolution of safety issues; (2) compliance with state and federal mandates; (3) improvement of facilities based on an assessment of needs by the Superintendent, Director of Facilities and Director of Technology; and (4) the improvement of existing buildings as recommended by the building principals. The District shall also plan any new or replacement construction of school buildings based on state guidelines for school building utilization. The decision to undertake any new or replacement construction shall be based on the needs of the educational program, the condition of existing facilities, and the projected capacity needs of the District. The District will identify the estimated costs and funding sources for its capital expenditure plan before it is submitted to the Board for approval.

Debt Policy

The District will confine long-term borrowing for capital improvements to existing facilities or for the construction of new facilities. Long-term borrowing may therefore be used for the renovation or expansion of current buildings based on the needs of the educational program, the condition of the buildings and the capacity needs of the

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District. When the District finances capital projects through the issuance of bonds, the payback period (term of the bond issue) will not exceed the expected useful life of the asset renovated or acquired. In no case will the District use long-term debt to fund current operations. However, the District may issue debt for the purpose of refunding certain bonds when there is a significant present value savings in the transaction.

The District will maintain communication with bond rating agencies about its financial condition. The District currently has a AAA rating with both Moody's and S&P rating agencies. The District will follow a policy of full disclosure in every financial report and official statement provided to bond rating agencies; to legal and professional service providers for bond issues; and to investors. The District will meet all debt service obligations when due and payable.

Revenue Estimation Policy

The Chief Financial Officer and his staff will estimate annual revenues by an objective, analytical process. Revenue estimates shall be based on objective data such as historical trend analysis and validated state estimates of sources and amounts of subsidy.

Contingency Reserve Policy

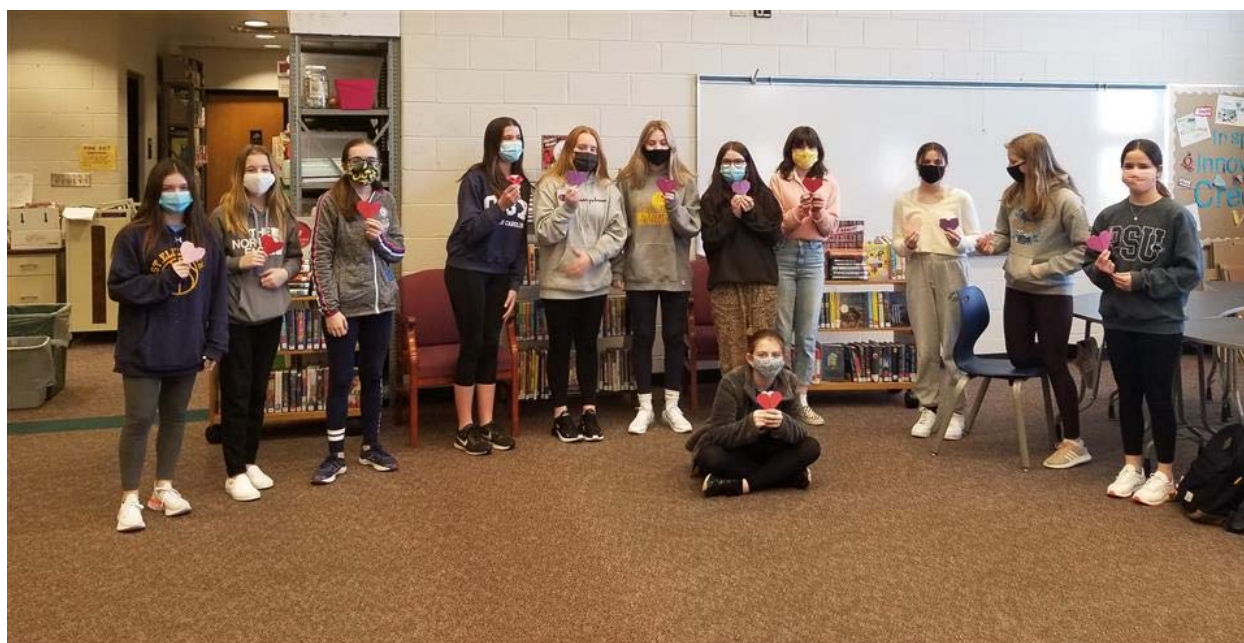
The District will maintain a contingency reserve in order to provide for operating contingencies. The maintenance of a contingency reserve is recognized by the Department of Education to be a sound management practice given that there are certain variables over which control is not possible regardless of the care with which the budget is prepared. These variables include unpredictable changes in the cost of goods and services as well as the occurrence of events that are unanticipated during the time of budget preparation and require expenditures by the District during the year for which the budget is prepared. The expenditures will not be made through the contingency reserve, but only against the line items which appear throughout the functional appropriations.

Fund Balance Policy

The District will maintain an unassigned General Fund balance not to exceed the amount permitted by the State of Pennsylvania, currently 8% of the expenditure budget. The District also keeps at least 12% of General Fund budget expenditures in the Capital Project Fund balance to help maintain its AAA credit ratings. The Board recognizes that the maintenance of a fund balance is essential to the preservation of the sound financial condition of the District, allows the District to contain or reduce costs through participation in self-insurance programs, and protects the bond rating of the District. In addition, the District's fund balance will be used to improve and renovate the District's facilities and technology, purchase capital equipment, and help fund debt service when necessary.

Accounting, Financial Reporting, and Auditing Policies

The accounting system will report financial information in accordance with the Pennsylvania Department of Education requirements and Generally Accepted Accounting Principles (GAAP). Management control and Board oversight will be maintained through the use of regular reports that present financial activity by fund, function, and object as well as by responsibility cost center. An independent public accounting firm will perform an annual audit of the financial records of the District. The audit report will provide an opinion on the financial controls and records of the District.



Organization Chart



Mission Statement

Proud of our tradition of excellence, the mission of the Downingtown Area School District is to educate all students to meet the rigorous challenges of a global society.

Comprehensive Education Plan

The District's has two goals for its comprehensive education plan.

Goal #1: We will ensure a system is in place within the district that promotes, enhances, and sustains a shared vision of high expectations for all students through the easy access of assessment data to adjust and modify instruction to meet individual student needs.

Goal #2: We will implement a comprehensive district-wide-system that will create a positive school climate by ensuring students who are academically and/or socially/emotionally/behaviorally at risk are identified early and are supported by a process that provides interventions based upon student needs and includes procedures for monitoring effectiveness.

Major Goals and Objectives

The following are the Board of School Directors 2020-2021 goals for the District.

- Complete the Uwchlan Hills and STEM school construction projects on time.
- Analyze the latest student growth data and enrollment projections.
- Make long term facilities plans for student enrollment needs.

The Board has developed objectives and measures of success in achieving their goals. The budget represents how the financial and human resources are allocated to support educational programs and services defined by the District's mission, comprehensive education plan goals, and Board goals. Preparing the annual budget requires decisions that represent a delicate balance between the educational needs of students and the ability of the community to support the schools.

Budget Goal and Cost of Goals

The cost of constructing the new Uwchlan Hills elementary school is budgeted at \$28.7 million and is on track to open in 2020-2021 on time and within budget. The renovation of the STEM Academy is budgeted at \$15.4 million and is also on track to open in 2020-2021 on time and within budget. The goal of analyzing the latest student growth data and enrollment projections is estimated to cost about \$30,000 to develop an enrollment and growth study. This study will be used as a key input into the third goal of making long term facilities plans for student enrollment needs which will involve potential costs

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in future years for land purchase and new school construction. All of the goals above involve fiscal responsibility, and each year it is always the District's goal to create an operating budget that provides the best possible education for students while minimizing the impact on taxpayers who provide funding for District programs and services. This goal ensures that budgeted expenditures can be paid for with budgeted revenues and any necessary fund balance.



Budget Development Process

The budget process is comprised of five phases – planning, preparation, adoption, implementation and evaluation. The process is driven by two objectives - to provide every child in the District with the best possible educational opportunities and to maximize the use of available resources. Within this framework, the Board attempts to balance the educational needs of students and the resources available to the District from local, state, and federal sources.

Factors Effecting the 2020-2021 Budget

The development of the 2020-2021 budget took into consideration the anticipated effects of the COVID-19 pandemic on the economy. This resulted in overall real estate and earned income tax revenues to be budgeted lower than the prior year, as the pandemic is expected to have a negative impact on the economy. The District will not have a tax rate increase for 2020-2021. Most state funding is budgeted to remain about the same as prior year with the exception of the transportation subsidy, as that is based on reimbursement of the 2019-2020 transportation cost which was significantly reduced due to school being closed from mid-March to the end of the 2019-2020 school year due to the pandemic. An increase in state funding is seen in the subsidy for retirement contributions, which is a function of the increase in the salary budget due to normal wage increases and additional needed positions. The District has budgeted about \$1 million for grant funding it will receive from the Federal CARES Act to help fund pandemic related expenses. On the expense side of the budget, the District reduced

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department budgets by about \$4 million and moved that amount into a contingency account within the budget. The District will monitor actual revenue during the year and allow access to spend these contingency funds if sufficient revenue funding is available.

Similar to prior years, salaries and benefits account for 71% of the 2020-2021 budget and therefore the increases in those costs have a significant effect on the budget. Salary increases for teachers and support staff are contractually driven, and administrator salary increases are based on current agreements. Healthcare benefit costs and PSERS contributions continue to be major factors in developing the budget. Other factors include the increasing costs for student transportation, technology, and facilities maintenance.

Act 1

Act 1 (discussed above under the Significant Laws Affecting Budget and Fiscal Administration section) imposes a budget timeline on School Districts in addition to tax increase limits. It requires the timeline for the beginning of the annual budget process to begin in September so a preliminary budget can be adopted in February at the latest. This preliminary budget serves to identify any potential tax increases over the index that will need to be addressed through exceptions or voter approval before final adoption of the budget in June.

Act 1 effects each step of the budget process, as the District needs to carefully plan and prepare the budget so that any tax increase will be within the limit imposed by Act 1. Adoption of the budget will be effected if the District needs to seek voter approval for a tax increase over the limit. Implementation and evaluation of the budget will be focused on identifying areas throughout the year that may save the District money in order to stay within future year tax increase limits.

Budget Planning

For the fiscal year that begins July 1, the planning process for budgeting starts about ten months prior in September of the previous year when the Administration finalizes the enrollment forecast and budget timeline that includes all of the important activities in the budgeting process. The timeline represents the guidelines for the preparation and adoption of the School District's annual budget.

Preparation of the Operating Budget (General Fund)

The preparation of the budget is the process of defining service levels such as the course offerings in the educational program; projecting student enrollment; developing staffing allocations; estimating expenditure needs to support programs and services; and projecting available revenues. The process begins with a forecast of elementary and secondary enrollment which establishes an important assumption for budget appropriations, instructional staffing allocations, and service levels such as the number of course sections and the number of transportation vehicles are based. The

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Administration establishes building and department budgets using a zero based methodology that identifies and accounts for necessary expenditures.

Since salaries and employee benefits constitute about seventy percent of budget expenditures, the Board gives careful consideration to staffing requirements for both instructional and non-instructional positions. The professional staffing needed to support the educational program is a function of the projected student enrollment, the course offerings, and class size guidelines. The District has a centralized approach to the development of the salary and benefit budget.

Preparation of the Capital Budgets

Each year the District updates its capital expenditure plan that provides for the improvement of District facilities and technology. Capital needs are identified by the Facilities, Technology and Curriculum departments as well as the building principals. Proposed capital improvement projects are specifically identified and prioritized based on resolution of safety matters, compliance with state and federal statutes, and the assessment of improvement needs. The Superintendent and senior leadership directors review the plan each year and determine what is included in the final budget. The capital expenditure plan is budgeted in the Capital Projects Fund and funded with existing fund balance.

New construction projects or major building renovations are planned based on the needs of the educational programs, capacity needs derived from enrollment forecasts, and the physical condition of the buildings. New construction projects are budgeted in the Capital Projects Fund and are funded with bond proceeds or existing fund balance. During 2020-2021, the District will be finalizing construction on a new Uwchlan Hills Elementary school to replace the existing school, and also finalizing constructing on an addition to the STEM Academy.

Budget Adoption

For 2020-2021 the preliminary budget was not required to be adopted because the Board instead adopted a resolution that it would not raise taxes more than the Act 1 index of 2.6%. A final budget was developed and adopted in June 2020.

Budget Timeline

September-October	<ul style="list-style-type: none">• Act 1 index published• Administration finalizes enrollment forecast
November-January	<ul style="list-style-type: none">• Budget meetings held with each department head to review all budget line items• Revenue budget developed

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January - February	<ul style="list-style-type: none">• Salary budget and new staff budgets developed• Benefit projections generated• Capital Expenditure Plan updated; new projects identified and evaluated• Preliminary Budget presented and adopted by the Board OR Resolution adopted to not increase taxes above Act 1 index.• Act 1 exceptions are applied for if necessary
March – May	<ul style="list-style-type: none">• General Fund budget is refined by Administration – salaries, benefits and revenues finalized• Proposed Final Budget Adopted by Board in May• New staff budget finalized• Capital Expenditure Plan reviewed with Board
June	<ul style="list-style-type: none">• Board adopts Final General Fund Budget and Capital Budget

Implementation - Budget Administration and Management Process

Budget administration and management is the process of regulating expenditures during the fiscal year to ensure that they do not exceed authorized amounts and that they are used for intended, proper, and legal purposes. The management of the budget is accomplished in a variety of ways: controlling expenditures; tracking revenue receipts; making corrections in expenditure allocations to reflect changes in costs, service levels, or plans; and reporting to the Board and public on fiscal operations.

The budget serves as the vehicle for planning and resource allocation decisions in the District. After the Board adopts the budget in June and the appropriations are made to the various accounts, the budget becomes the major fiscal management tool for administering and controlling expenditures. There are however other budget administration and management issues important to the budget process that are discussed below.

Organization for Budget Management

The overall revenue, expenditure and capital budgets are coordinated by the administrative budget team to keep the District's total expenditures within available revenues and other financing sources. This team includes the Superintendent, Business Manager and other Business Office staff. The budget team meets with individual department and building heads to review each line item in their budgets. Salary costs are primarily determined by contractual agreements and budgeted on a centralized basis.

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Expenditure Control and Approvals

All of the fund budgets of the District are controlled by a combination of District level oversight and building or department level management. The operating budget (General Fund) of the District is disaggregated into responsibility cost centers. A budget manager (an administrator or coordinator such as a building principal) is accountable for the management of the financial resources budgeted in their cost center. The Superintendent, Business Manager, Director of Facilities, Assistant Superintendent, and Director of Technology are the budget managers for the Capital Project Fund. Overall management and control of fund and responsibility cost center budgets resides at the District level with the Business Office. The Business Office monitors spending and manages expenditures within the context of the accounting structure, focusing on the appropriate function and object classification. Revenue is controlled and managed by the Business Office, ensuring that it is properly recognized and correctly classified by source.

Each of the budget managers is authorized to approve the expenditure of funds within their respective responsibility cost center appropriations, provided that funds are expended in accordance with District purchasing procedures and legal requirements. Administrative regulations require that all purchase orders be approved by the Business Office in addition to the appropriate responsibility cost center approval to verify availability of funds, proper account coding, and compliance with legal purchasing procedures. All bid awards and contracts must be approved by the Board of Directors. The Business Manager and Business Office staff also carefully monitor comparisons between budget and actual expenditures to maintain cost control and to ensure against overspending. The capital budget is monitored by the business office, facilities department, curriculum department, and technology department to ensure capital spending is within the budget.

Encumbrance Control

Another important component in the District's financial control and reporting system is the encumbrance of funds. Encumbrances are obligations in the form of purchase orders, contracts, or salary commitments chargeable to an appropriation and for which part of the appropriation is reserved and not yet spent. The purpose for the encumbrance of funds is to ensure that obligations are recognized as soon as financial commitments are made. Otherwise, the accounting system would only record actual amounts entered into the expenditure accounts, not those that are planned or anticipated. In short, the encumbrance of funds is an important control measure to prevent the inadvertent over-expenditure of budget appropriations due to the lack of information about future commitments. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are cancelled.

Transfers Between Budget Accounts

The budget is a spending plan based on a series of assumptions and estimates. Rarely, if ever, will all of the actual expenditures be equal to the detailed budget estimates. As actual expenditures are incurred, adjustments are required in the budget between accounts to cover higher than expected costs or to provide for an

unanticipated expense. Transfers between accounts can be requested by responsibility cost center managers, but are executed at a centralized level by Business Office staff. This allows for additional control over the appropriateness of the transfers. The Business Office staff also monitors budget accounts and initiates transfers when appropriate.

Evaluation - Management Information and Financial Reporting

The District maintains a budgetary accounting and control software information system that provides information and reports to assist Board Members, the Business Office staff, and responsibility cost center managers in administering, monitoring and evaluating the implementation of the operating and capital budget. The information from the accounting information system is important and relevant in evaluating the financial condition of the District and the fiscal performance of responsibility cost center managers. The reports produced from the information system are designed for specific District needs and to meet state and federal reporting requirements. They include management control reports that detail expenditure and budget status by responsibility cost center, and by function and object. Revenue reports are also prepared that track receipts against budget. The information system is interactive and provides users with the ability to review up to date accounting information on their computer.

The District produces annual financial statements that are audited by an independent public accounting firm. These financial statements reflect the actual financial activity for the fiscal year. The budget is evaluated against these financial statements which are then used as a tool to begin development of the next year's budget.

Factors effecting the District's Future

The level of state funding that the District receives in the future years is uncertain. A new basic education subsidy funding formula has provided additional state funding to the District, however it is uncertain if the additional education funding will be available in future state budgets. The political decisions influencing the state budgets are a key factor in determining the level of funding to the District. There has been discussion at the state level of eliminating the ability of Districts to increase property taxes unless it is approved by a voter referendum. This would have a serious effect on the District's ability to fund its programs and services in future years. The projected PSERS employer contribution rate for future years will continue to cause a significant burden to the District to meet this obligation. The District will continue to rely on local funding sources such as property taxes as its primary revenue source. The District estimates that its property tax assessment base will continue to experience some small growth. 2020-2021 will be the eighth year the District has not increased taxes. Over that period expenditures have grown at a greater rate than revenues, and the District will likely need to raise taxes in future years to enable revenues to equal expenditures. Student enrollment is projected to continue increasing over the next few years and will continue to drive increased expenditures.

Downingtown Area School District
Budget 2020-2021

The District's Capital spending plan will continue to emphasize technology purchases as the District continues its one to one student laptop program across its schools. Capital expenditures for improvements and replacement of systems and equipment at existing facilities will continue at a steady level as the District is committed to providing outstanding facilities. The District will continue to evaluate how to address future growth through possible land acquisition and the construction or renovation of schools.



Downingtown Area School District

Financial Section

Fiscal Year 2020-2021 Budget



Summary of the information in this section

This section includes the summary and detail financial information in the budget. It also includes prior year actual comparative results and forecast budgets for future years. This information is shown for each fund; the General Fund, the Capital Projects Fund, the Debt Service Fund and the Proprietary Fund – Food Service. Detail information on the capital expenditure plan and the District's outstanding debt obligations are also included in this section.



**Downingtown Area School District
Budget 2020-2021
Summary of Funds**

Source / Object	2020-2021 Total Governmental Funds Budget	2020-2021 Proprietary Fund - Food Service Budget	2020-2021 Total Combined Funds Budget	2019-2020 Total Combined Funds Budget	2018-2019 Total Combined Funds Actual	2017-2018 Total Combined Funds Actual	2016-2017 Total Combined Funds Actual
Revenue							
6000 Local Sources	\$ 171,122,320	\$ 2,980,000	\$ 174,102,320	\$ 178,694,450	\$ 179,284,506	\$ 175,179,535	\$ 173,548,363
7000 State Sources	52,608,923	75,000	52,683,923	52,204,529	50,367,066	50,300,289	50,491,587
8000 Federal Sources	2,358,703	650,000	3,008,703	1,807,857	3,589,876	3,524,494	3,592,040
Total Revenue	226,089,946	3,705,000	229,794,946	232,706,836	233,241,448	229,004,318	227,631,990
Expenditures							
100 Personnel Services - Salaries	102,763,471	121,059	102,884,530	99,291,709	95,434,727	91,602,296	88,331,945
200 Personnel Services - Employee Benefits	61,872,566	110,000	61,982,566	61,429,158	57,569,992	53,941,480	50,618,647
300 Purchased Professional Services	14,161,411	1,000	14,162,411	14,044,493	13,193,846	12,736,191	15,829,573
400 Purchased Property Services	18,724,807	90,000	18,814,807	34,904,979	15,536,513	9,192,399	6,814,792
500 Other Purchased Services	23,292,599	1,850,000	25,142,599	24,971,572	24,599,488	28,059,857	28,348,097
600 Supplies	7,316,121	1,350,000	8,666,121	8,787,327	7,102,276	8,362,801	8,689,759
700 Property	5,357,641	125,000	5,482,641	9,254,846	4,761,939	3,534,565	5,078,543
800 Other Objects & Contingency	9,617,515	78,000	9,695,515	5,711,038	915,226	1,376,186	708,641
900 Debt Service	14,977,890	-	14,977,890	16,596,136	14,697,753	13,623,805	13,572,328
Total Expenditures	258,084,021	3,725,059	261,809,080	274,991,258	233,811,760	222,429,580	217,992,325
Excess of Revenue Over (Under) Expenditures	(31,994,075)	(20,059)	(32,014,134)	(42,284,422)	(570,312)	6,574,738	9,639,665
Sale of Bonds	-				30,000,000		
Other Financing Sources / (Uses)	100,000	-	100,000	64,404	(3,432,611)	(6,842,587)	141,243
Net Change in Fund Balance	(31,894,075)	(20,059)	(31,914,134)	(42,220,018)	25,997,077	(267,849)	9,780,908
(1) Adjustment for Estimated Actual Net Change in Fund Balance	11,571,139	-	11,571,139	10,470,536	-	-	-
Fund Balance July 1	164,462,088	1,950,403	166,412,491	198,161,973	172,164,897	172,432,745	162,651,837
Fund Balance June 30	\$ 144,139,152	\$ 1,930,344	\$ 146,069,496	\$ 166,412,491	\$ 198,161,973	\$ 172,164,897	\$ 172,432,745

(1) Adjustment for Estimated Actual Net Change in Fund Balance

This amounts reflects the additional net change in fund balance from estimated actual results.
The District budgets conservatively and anticipates higher than budgeted revenue and lower than budgeted expenditures yielding this estimated additional increase to the Fund Balance.

**Downingtown Area School District
Budget 2020-2021
Summary of Funds - Forecast**

Source / Object	2020-2021 Total Governmental Funds Budget	2020-2021 Proprietary Fund - Food Service Budget	2020-2021 Total Combined Funds Budget	2021-2022 Total Combined Funds Forecast	2022-2023 Total Combined Funds Forecast	2023-2024 Total Combined Funds Forecast
Revenue						
6000 Local Sources	\$ 171,122,320	\$ 2,980,000	\$ 174,102,320	\$ 185,688,230	\$ 187,944,477	\$ 190,211,090
7000 State Sources	52,608,923	75,000	52,683,923	53,916,495	55,736,995	56,948,695
8000 Federal Sources	2,358,703	650,000	3,008,703	3,419,750	1,999,646	2,009,691
Total Revenue	226,089,946	3,705,000	229,794,946	243,024,475	245,681,118	249,169,476
Expenditures						
100 Personnel Services - Salaries	102,763,471	121,059	102,884,530	109,267,216	113,909,513	118,749,062
200 Personnel Services - Employee Benefits	61,872,566	110,000	61,982,566	65,985,720	69,707,404	73,416,004
300 Purchased Professional Services	14,161,411	1,000	14,162,411	15,495,324	15,960,154	16,438,928
400 Purchased Property Services	18,724,807	90,000	18,814,807	8,854,252	7,803,315	8,306,139
500 Other Purchased Services	23,292,599	1,850,000	25,142,599	27,833,757	28,640,603	29,471,233
600 Supplies	7,316,121	1,350,000	8,666,121	9,271,255	9,560,722	9,892,499
700 Property	5,357,641	125,000	5,482,641	8,528,093	6,728,444	6,357,673
800 Other Objects & Contingency	9,617,515	78,000	9,695,515	5,248,000	5,378,000	5,478,000
900 Debt Service	14,977,890		14,977,890	14,970,982	14,975,845	8,000,000
Total Expenditures	258,084,021	3,725,059	261,809,080	265,454,599	272,664,001	276,109,538
Excess of Revenue Over (Under) Expenditures	(31,994,075)	(20,059)	(32,014,134)	(22,430,124)	(26,982,883)	(26,940,062)
Other Financing Sources / (Uses)	100,000		100,000	9,500,000	150,000	150,000
Net Change in Fund Balance	(31,894,075)	(20,059)	(31,914,134)	(12,930,124)	(26,832,883)	(26,790,062)
(1) Adjustment for Estimated Actual Net Change	11,571,139		11,571,139	-	-	-
Fund Balance July 1	164,462,088	1,950,403	166,412,491	146,069,496	133,139,372	106,306,489
Fund Balance June 30	\$ 144,139,152	\$ 1,930,344	\$ 146,069,496	\$ 133,139,372	\$ 106,306,489	\$ 79,516,427

(1) Adjustment for Estimated Actual Net Change in Fund Balance

This amounts reflects the additional net change in fund balance from estimated actual results.
The District budgets conservatively and anticipates higher than budgeted revenue and lower than budgeted expenditures yielding this estimated additional increase to the Fund Balance.

**Downingtown Area School District
Budget 2020-2021
Summary of Governmental Funds**

	2020-2021 General Fund Budget	2020-2021 Capital Projects Fund Budget	2020-2021 Debt Service Fund Budget	2020-2021 Total Governmental Funds Budget	2019-2020 Total Governmental Funds Budget	2018-2019 Total Governmental Funds Actual	2017-2018 Total Governmental Funds Actual	2016-2017 Total Governmental Funds Actual
Source / Object								
Revenue								
6000 Local Sources	\$ 169,772,320	\$ 1,100,000	\$ 250,000	\$ 171,122,320	\$ 176,038,492	\$ 175,723,001	\$ 171,524,812	\$ 169,804,812
7000 State Sources	52,608,923	-	-	52,608,923	52,134,292	50,286,113	50,224,147	50,415,422
8000 Federal Sources	2,358,703	-	-	2,358,703	1,135,000	3,002,677	2,922,619	2,973,257
Total Revenue	224,739,946	1,100,000	250,000	226,089,946	229,307,784	229,011,791	224,671,578	223,193,491
Expenditures								
100 Personnel Services - Salaries	102,763,471			102,763,471	99,174,176	95,326,676	91,499,337	88,230,079
200 Personnel Services - Employee Benefits	61,872,566			61,872,566	61,321,135	57,457,489	53,839,391	50,530,717
300 Purchased Professional Services	14,161,411			14,161,411	14,043,673	13,186,148	12,721,283	15,829,573
400 Purchased Property Services	3,620,974	15,103,833		18,724,807	34,820,836	15,461,360	9,079,904	6,728,998
500 Other Purchased Services	23,292,599			23,292,599	23,323,676	22,325,458	25,845,662	26,070,730
600 Supplies	7,316,121			7,316,121	7,551,503	5,612,777	6,831,167	7,139,597
700 Property	167,803	5,189,838		5,357,641	9,129,495	4,637,088	3,424,717	4,970,506
800 Other Objects & Contingency	9,617,515			9,617,515	5,646,385	837,456	1,287,253	642,668
900 Debt Service	8,000,000		6,977,890	14,977,890	16,596,136	14,697,753	13,623,805	13,572,328
Total Expenditures	230,812,460	20,293,671	6,977,890	258,084,021	271,607,015	229,542,205	218,152,519	213,715,196
Excess of Revenue Over (Under) Expenditures	(6,072,514)	(19,193,671)	(6,727,890)	(31,994,075)	(42,299,231)	(530,414)	6,519,059	9,478,295
Sale of Bonds				-		30,000,000		
Other Financing Sources / (Uses)	-	100,000	-	100,000	64,404	(3,432,611)	(6,842,587)	141,243
Net Change in Fund Balance	(6,072,514)	(19,093,671)	(6,727,890)	(31,894,075)	(42,234,827)	26,036,975	(323,528)	9,619,538
(1) Adjustment for Estimated Actual Net Change	11,571,139			11,571,139	10,470,536	-	-	-
(2) Net Change in Fund Balance - Estimated Actual	5,498,625	(19,093,671)	(6,727,890)	(20,322,936)	(31,764,291)			
(3) Estimated Actual Transfer (To) / From Other Funds	(4,626,600)	4,626,600	-	-	-	-	-	-
Fund Balance July 1	18,465,108	122,175,348	23,821,632	164,462,088	196,226,379	170,189,404	170,512,932	160,893,394
Fund Balance June 30	\$ 19,337,133	\$ 107,708,277	\$ 17,093,742	\$ 144,139,152	\$ 164,462,088	\$ 196,226,379	\$ 170,189,404	\$ 170,512,932

(1) Adjustment for Estimated Actual Net Change

Represents the difference in the Budgeted Net Change in Fund Balance and the Estimated Actual Net Change in Fund Balance. This difference is due to the District's conservative budgeting and represents anticipated higher than budgeted revenue and lower than budgeted expenditures in the actual results for the year.

(2) Net Change in Fund Balance - Estimated Actual

These amounts reflect the estimated actual results for the budget years. They represent the estimated actual amount that revenues will exceed expenditures. If there is an excess of revenue over expenditures in the General Fund, the majority of the excess is transferred to the Capital Projects Fund to fund the District's capital spending plan. The overall decrease in fund balance in 2020-2021 is due to the remaining construction expenditures for the new Uwchlan Hills Elementary School and STEM Academy addition. Uwchlan Hills is being funded with bond proceeds that are included in the 6/30/20 Fund Balance. The District is also using fund balance to fund a portion of total debt service until 2023-2024 when total future annual debt service decreases to \$8 million which is already budgeted in the General Fund.

(3) Estimated Actual Transfer (To) / From Other Funds

This represents the amount of Estimated Actual Net Change in Fund Balance that is transferred to the Capital Projects Fund from the General Fund.

**Downingtown Area School District
Budget 2020-2021
Summary of Governmental Funds - Forecast**

Source / Object	2020-2021 General Fund Budget	2020-2021 Capital Projects Fund Budget	2020-2021 Debt Service Fund Budget	2020-2021 Total Governmental Funds Budget	2021-2022 Total Governmental Funds Forecast	2022-2023 Total Governmental Funds Forecast	2023-2024 Total Governmental Funds Forecast
Revenue							
6000 Local Sources	\$ 169,772,320	\$ 1,100,000	\$ 250,000	\$ 171,122,320	\$ 182,668,980	\$ 184,880,313	\$ 187,101,339
7000 State Sources	52,608,923	-	-	52,608,923	53,841,495	55,661,995	56,873,695
8000 Federal Sources	2,358,703	-	-	2,358,703	2,760,000	1,330,000	1,330,000
Total Revenue	224,739,946	1,100,000	250,000	226,089,946	239,270,475	241,872,308	245,305,034
Expenditures							
100 Personnel Services - Salaries	102,763,471			102,763,471	109,142,525	113,781,082	118,616,778
200 Personnel Services - Employee Benefits	61,872,566			61,872,566	65,870,220	69,586,129	73,288,665
300 Purchased Professional Services	14,161,411			14,161,411	15,494,324	15,959,154	16,437,928
400 Purchased Property Services	3,620,974	15,103,833		18,724,807	8,760,652	7,705,971	8,204,901
500 Other Purchased Services	23,292,599			23,292,599	25,956,007	26,734,687	27,536,728
600 Supplies	7,316,121			7,316,121	7,894,255	8,156,182	8,459,868
700 Property	167,803	5,189,838		5,357,641	8,403,093	6,603,444	6,232,673
800 Other Objects & Contingency	9,617,515			9,617,515	5,170,000	5,300,000	5,400,000
900 Debt Service	8,000,000		6,977,890	14,977,890	14,970,982	14,975,845	8,000,000
Total Expenditures	230,812,460	20,293,671	6,977,890	258,084,021	261,662,058	268,802,495	272,177,541
Excess of Revenue Over (Under) Expenditures	(6,072,514)	(19,193,671)	(6,727,890)	(31,994,075)	(22,391,583)	(26,930,187)	(26,872,507)
Other Financing Sources / (Uses)	-	100,000	-	100,000	9,500,000	150,000	150,000
Net Change in Fund Balance	(6,072,514)	(19,093,671)	(6,727,890)	(31,894,075)	(12,891,583)	(26,780,187)	(26,722,507)
(1) Adjustment for Estimated Actual Net Change	11,571,139			11,571,139	-	-	-
(2) Net Change in Fund Balance - Estimated Actual	5,498,625	(19,093,671)	(6,727,890)	(20,322,936)			
(3) Estimated Actual Transfer (To) / From Other Funds	(4,626,600)	4,626,600	-	-	-	-	-
Fund Balance July 1	18,465,108	122,175,348	23,821,632	164,462,088	144,139,152	131,247,569	104,467,382
Fund Balance June 30	\$ 19,337,133	\$ 107,708,277	\$ 17,093,742	\$ 144,139,152	\$ 131,247,569	\$ 104,467,382	\$ 77,744,875

The fund balance reduction in 2020-2021 includes the use of bond proceeds for the new Uwchlan Hills Elementary School and the use of fund balance for the STEM Academy addition. Future year decreases in fund balance represents the use of the Debt Service Fund balance to pay a portion of the District's debt service and the use of the Capital Projects Fund balance for capital expenditures. The General Fund forecast is conservative and does not include any tax millage increases. Tax millage increases would minimize fund balance reductions. Any future surplus from the General Fund would be

(1) Adjustment for Estimated Actual Net Change

Represents the difference in the Budgeted Net Change in Fund Balance and the Estimated Actual Net Change in Fund Balance. This difference is due to the District's conservative budgeting and represents anticipated higher than budgeted revenue and lower than budgeted expenditures in the actual results for the year.

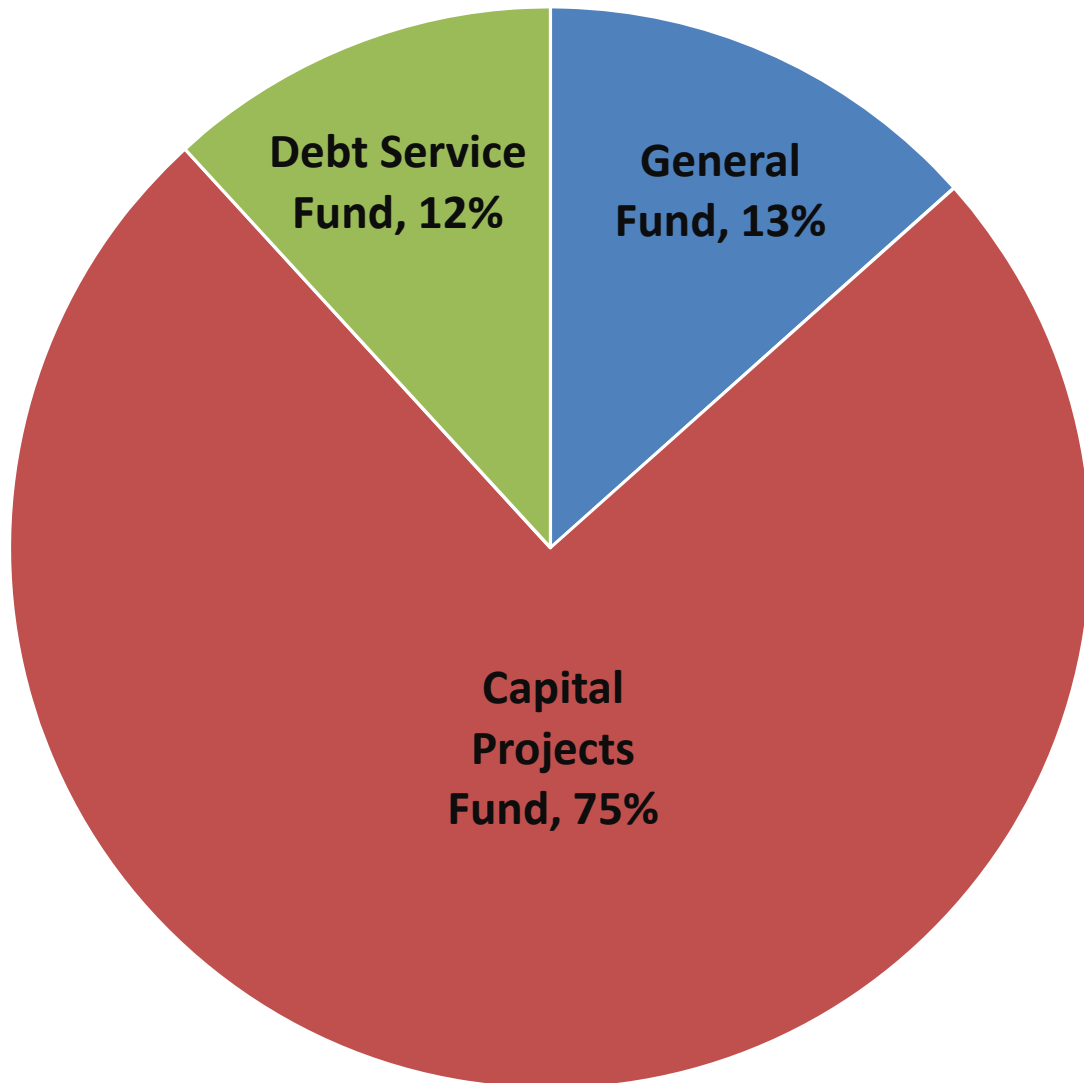
(2) Net Change in Fund Balance - Estimated Actual

These amounts reflect the estimated actual results for the budget years. They represent the estimated actual amount that revenues will exceed expenditures. If there is an excess of revenue over expenditures in the General Fund, the majority of the excess is transferred to the Capital Projects Fund to fund the District's capital spending plan. The overall decrease in fund balance in 2020-2021 is due to the remaining construction expenditures for the new Uwchlan Hills Elementary School and STEM Academy addition. Uwchlan Hills is being funded with bond proceeds that are included in the 6/30/20 Fund Balance. The District is also using fund balance to fund a portion of total debt service until 2023-2024 when total future annual debt service decreases to \$8 million which is already budgeted in the General Fund.

(3) Estimated Actual Transfer (To) / From Other Funds

This represents the amount of Estimated Actual Net Change in Fund Balance that is transferred to the Capital Projects Fund from the General Fund.

**Downingtown Area School District
Budget 2020-2021
Percentage of All Governmental Fund Balances as of June 30, 2021**



The chart above shows the projected amount of fund balance in each Governmental fund as a percent of all of the District's Governmental fund balances at the end of 2020-2021. 72% of all Governmental fund balance is in the Capital Projects Fund to fund the District's Capital Budget and construction projects. 16% is in the Debt service fund to supplement payment of the the District's debt service. 12% of all Governmental fund balance is in the General Fund and can be used to fund operations or one-time expenditures. The fund balance in the General Fund also represents about 8% of the 2021-2022 forecasted expenditures, which is in accordance with state limits.

Downingtown Area School District Budget 2020-2021

General Fund

The General Fund is the general operating fund of the District. The General Fund is the primary fund of the District, and is where the operating revenue and expenditures of the District are budgeted and recorded.



Downingtown Area School District
Budget 2020-2021
Summary of General Fund with Prior Years Comparison

Source / Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
Revenue					
6000 Local Sources	\$ 169,772,320	\$ 173,023,520	\$ 172,521,543	\$ 170,030,864	\$ 168,289,838
7000 State Sources	52,608,923	52,134,292	50,286,113	50,224,147	50,415,422
8000 Federal Sources	2,358,703	1,135,000	3,002,677	2,922,619	2,973,257
Total Revenue	224,739,946	226,292,812	225,810,333	223,177,630	221,678,517
Expenditures					
100 Personnel Services - Salaries	102,763,471	99,174,176	95,326,676	91,499,337	88,230,079
200 Personnel Services - Employee Benefits	61,872,566	61,321,135	57,457,489	53,839,391	50,530,717
300 Purchased Professional Services	14,161,411	14,043,673	13,186,148	12,721,283	15,829,573
400 Purchased Property Services	3,620,974	3,616,164	7,369,904	2,927,656	2,673,929
500 Other Purchased Services	23,292,599	23,323,676	22,325,458	25,845,662	26,070,730
600 Supplies	7,316,121	7,551,503	5,612,777	6,831,167	7,139,597
700 Property	167,803	116,100	147,098	213,954	239,161
800 Other Objects & Contingency	9,617,515	5,646,385	837,456	1,287,253	642,668
900 Debt Service	8,000,000	10,000,000	9,839,885	11,833,005	11,831,039
Total Expenditures	230,812,460	224,792,812	212,102,891	206,998,708	203,187,493
Excess of Revenue Over (Under) Expenditures	(6,072,514)	1,500,000	13,707,442	16,178,922	18,491,024
900 Other Financing Uses- Transfers to Other Funds	-	(1,500,000)	(13,208,160)	(15,826,069)	(25,760,784)
Net Change in Fund Balance	(6,072,514)	-	499,282	352,853	(7,269,760)
(1) Adjustment for Estimated Actual Net Change	11,571,139	11,970,536			
(2) Net Change in Fund Balance - Estimated Actual	5,498,625	11,970,536			
(3) Estimated Actual Transfer Out to Other Funds	(4,626,600)	(11,699,163)			
(a) Fund Balance July 1	18,465,108	18,193,735	17,694,453	17,341,600	24,611,360
(a) Fund Balance June 30	\$ 19,337,133	\$ 18,465,108	\$ 18,193,735	\$ 17,694,453	\$ 17,341,600

(a) Unassigned fund balance - The fund balance shown above is in the Unassigned category. There are no restrictions on how an Unassigned fund balance can be spent. The District strives to keep the unassigned fund balance at 8% of the next year's budgeted expenditures which is the maximum under Pennsylvania law.

Other Fund Balance Categories not Applicable

Nonspendable fund balance - This category would include funds that are legally or contractually required to be maintained intact.

Restricted - This category would include funds that are limited by external parties or legislation.

Committed - This category would include amounts limited by Board policy or Board action. Action must be taken by the Board to commit fund balance

Assigned Fund Balance - This category would include amounts intended to be spent for a particular purpose. Board action is not needed to designate amounts as assigned fund balance.

Post-employment healthcare liability

The District has a \$15.7 million actuarially determined liability for its post-employment (retirees) healthcare obligation in accordance with the GASB 75 accounting standard. This represents the estimated present value of all future healthcare benefits that will be paid in retirement to current active and retired employees. The District funds its healthcare claims on a pay as you go basis, and budgets an estimate of total claims expense for each year. It does not pre-fund the actuarial liability.

(1) Adjustment for Estimated Actual Net Change

Represents the difference in the Budgeted Net Change in Fund Balance and the Estimated Actual Net Change in Fund Balance. This difference is due to the District's conservative budgeting and represents anticipated higher than budgeted revenue and lower than budgeted expenditures in the actual results for the year.

(2) Net Change in Fund Balance - Estimated Actual

These amounts reflect the estimated actual results for the budget years. They represent the estimated actual amount that revenues will exceed expenditures. If there is an excess of revenue over expenditures, the majority of the excess is transferred to the Capital Projects Fund to fund the District's capital spending plan.

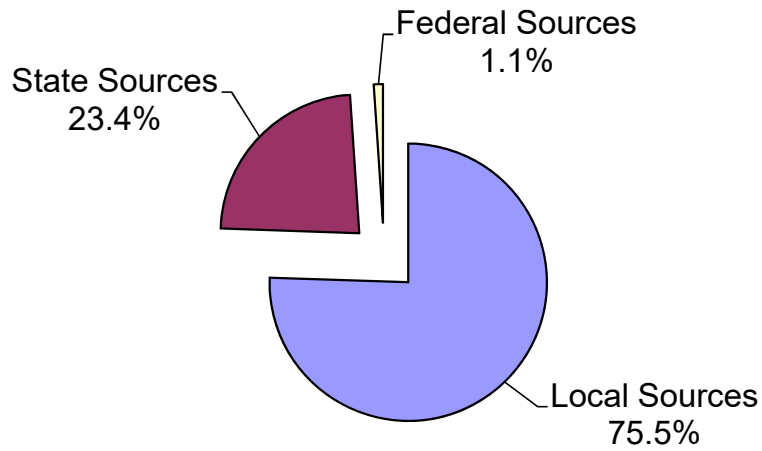
(3) Estimated Actual Transfer Out to Other Funds

This represents the amount of Estimated Actual Net Change in Fund Balance that is transferred to the Capital Projects Fund from the General Fund.

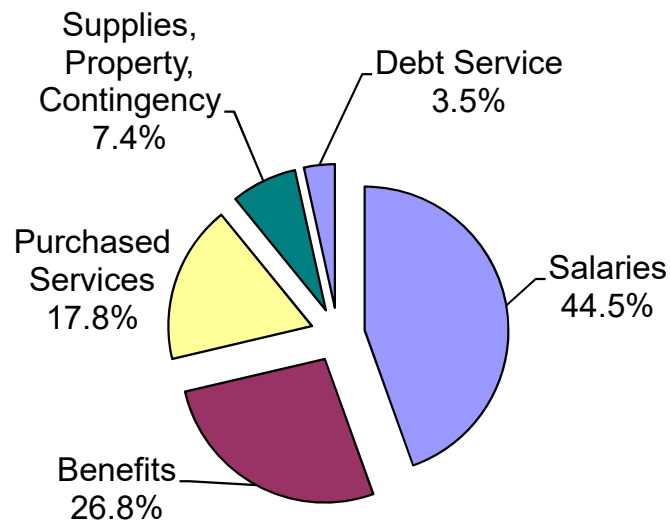
Downingtown Area School District
Budget 2020-2021

Summary of Revenue and Expenditures - General Fund
2020-2021

REVENUE



EXPENDITURES



Downingtown Area School District
Budget 2020-2021
General Fund Forecast

Source / Object	2020-2021 Budget	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Revenue				
6000 Local Sources	\$ 169,772,320	181,668,980	184,005,313	186,371,339
7000 State Sources	52,608,923	53,841,495	55,661,995	56,873,695
8000 Federal Sources	2,358,703	1,670,000	1,330,000	1,330,000
Total Revenue	224,739,946	237,180,475	240,997,308	244,575,034
Expenditures				
100 Personnel Services - Salaries	102,763,471	109,142,525	113,781,082	118,616,778
200 Personnel Services - Employee Benefits	61,872,566	65,870,220	69,586,129	73,288,665
300 Purchased Professional Services	14,161,411	15,494,324	15,959,154	16,437,928
400 Purchased Property Services	3,620,974	4,010,652	4,130,971	4,254,901
500 Other Purchased Services	23,292,599	25,956,007	26,734,687	27,536,728
600 Supplies	7,316,121	7,894,255	8,156,182	8,459,868
700 Property	167,803	176,193	181,479	186,923
800 Other Objects & Contingency	9,617,515	5,170,000	5,300,000	5,400,000
900 Debt Service	8,000,000	8,000,000	8,000,000	8,000,000
Total Expenditures	230,812,460	241,714,176	251,829,685	262,181,791
Excess of Revenue Over (Under) Expenditures	(6,072,514)	(4,533,701)	(10,832,377)	(17,606,757)
900 Transfers to Other Funds	-	-	-	-
Net Change in Fund Balance	(6,072,514)	(4,533,701)	(10,832,377)	(17,606,757)
(1) Adjustment for Estimated Actual Net Change	11,571,139	-	-	-
(2) Net Change in Fund Balance - Estimated Actual	5,498,625			
(3) Estimated Actual Transfer Out to Other Funds	(4,626,600)	-	-	-
Fund Balance July 1	18,465,108	19,337,133	14,803,432	3,971,056
Fund Balance June 30	\$ 19,337,133	\$ 14,803,432	\$ 3,971,056	\$ (13,635,702)

Discussion of Forecast Drivers and Assumptions

Revenue: The forecasted growth in General Fund local revenue is mainly due to real estate tax growth from projected assessment growth and earned income tax increases. The 2020-2021 local source revenue reflects significant cuts due to concerns over the impact of the COVID pandemic on revenue growth. As such, the 2021-2022 local revenue reflects a significant increase over 2020-2021 as revenue is projected to normalize in 2021-2022. The forecast also assumes no real estate tax increase from millage rate increases and about a 1.2% assessment growth. The State source revenue forecasted increase reflects state subsidy increases that are expected to continue and 50% reimbursement of the PSERS contribution increase. Federal revenue is forecasted to remain minimal, with 2020-2021 higher due to grants received related to the COVID pandemic relief.

Expenditures: The 2021-2022 and subsequent forecast years' salary increase reflects about a 3.5% wage increase for existing staff and additional increases for new staff additions which equate to a combined 4.25% increase each year for 2022-2023 and 2023-2024. 2021-2022 reflects a combined 6% increase due to a higher number of new staff anticipated. Forecasted benefit expenditures reflect a 5% projected health care claim increase and PSERS rate increases. The 2020-2021 budget expenditures other than salary and benefits reflect significant cuts in the 300 to 700 object lines due to concerns over the impact of the COVID pandemic on revenue and funding. The expenditures cut were shifted to the contingency line (800 object) to keep them in the budget in case there is sufficient revenue to fund them. As such, the 2021-2022 expenditure lines reflect significant increases over 2020-2021, and conversely the contingency line in 2021-2022 is lower. Overall, expenditure lines other than salary and benefits reflect a small increase from 2020-2021 to 2021-2022. Expenditures other than salary and benefits for 2022-2023 and 2023-2024 reflect about a annual 3% increase over the 2021-2022 forecast. The District will budget \$8 million in General Fund debt service in the forecast years with the Debt Service Fund funding an additional \$7 million of annual debt service through 2022-2023. Total District debt service will drop to a total of \$8 million starting in 2023-2024.

Decline in Fund Balance: 2020-2021 is the 8th straight year the District did not increase taxes. Over that time expenditures have grown at a greater rate than revenue growth. The forecast years shown also assume no increase in the real estate tax millage rate. As a result expenditures are projected to exceed revenues causing a decline in fund balance. The declining fund balance can be addressed with an increase in the District's real estate tax millage rate each forecast year which would help offset the negative change in fund balance.

See next page for description of notated line items

**Downingtown Area School District
Budget 2020-2021
General Fund Forecast**

continued from previous page

(1) Adjustment for Estimated Actual Net Change

Represents the difference in the Budgeted Net Change in Fund Balance and the Estimated Actual Net Change in Fund Balance. This difference is due to the District's conservative budgeting and represents anticipated higher than budgeted revenue and lower than budgeted expenditures in the actual results for the year.

(2) Net Change in Fund Balance - Estimated Actual

These amounts reflect the estimated actual results for the budget years. They represent the estimated actual amount that revenues will exceed expenditures. If there is an excess of revenue over expenditures, the majority of the excess is transferred to the Capital Projects Fund to fund the District's capital spending plan.

(3) Estimated Actual Transfer Out to Other Funds

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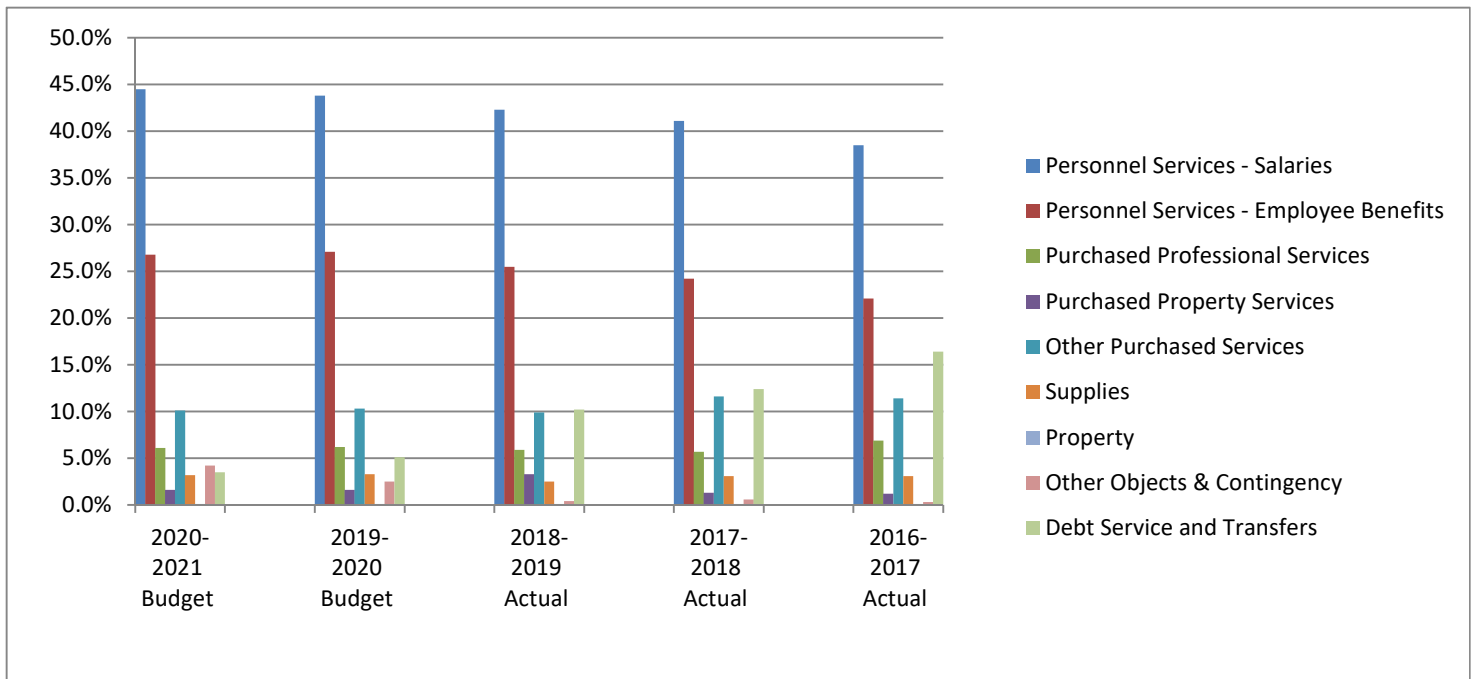
Downingtown Area School District
Budget 2020-2021
Detail of General Fund Revenue

REVENUE		2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
Source						
Code	<u>LOCAL SOURCES</u>					
6111 Current Real Estate Tax		\$ 141,381,320	\$ 141,383,350	\$ 139,238,919	\$ 137,897,085	\$ 136,816,786
6112 Interim Real Estate Tax		1,850,000	2,400,000	2,727,132	2,281,663	3,448,417
6113 Public Utility Taxes		150,000	166,470	166,470	166,089	176,715
6142 Act 511 - Local Services Tax		215,000	220,000	211,683	220,294	232,779
6151 Act 511 - Earned Income Tax		16,320,000	16,450,000	16,976,574	16,475,316	16,440,768
6153 Act 511 - Real Estate Transfer Tax		2,470,000	3,170,000	3,796,236	2,999,767	2,937,027
6411 Delinquent Real Estate Tax		2,475,000	3,000,000	2,246,920	3,520,845	2,964,014
6510 Interest on Investments		800,000	1,750,000	2,224,533	1,380,428	732,214
6700 Student Activities		1,656,000	1,611,000	2,079,732	1,930,289	1,707,287
6831 Intermediary Sources - IDEA		1,600,000	1,848,000	1,813,562	1,854,021	1,927,828
6910 Rentals		325,000	460,000	536,340	476,662	374,630
6940 Tuition from Patrons		150,000	210,000	132,874	255,867	154,829
6990 Miscellaneous Revenue		380,000	354,700	370,568	572,538	376,544
TOTAL LOCAL SOURCES		169,772,320	173,023,520	172,521,543	170,030,864	168,289,838
	<u>STATE SOURCES</u>					
7110 Basic Education Subsidy		\$ 15,213,532	15,186,095	14,785,800	14,607,845	14,346,522
7160 Tuition for Court Placed Students		100,000	135,000	79,034	137,120	157,552
7271 Special Education Subsidy		6,133,106	6,194,000	5,901,099	6,133,029	5,849,908
7310 Transportation Subsidy		3,305,000	3,900,000	3,746,544	3,894,611	3,838,040
7320 Rentals & Sinking Fund Payments		1,165,084	1,066,000	1,263,351	2,252,396	4,842,591
7330 Health Services Subsidy		305,654	330,000	329,923	285,534	288,748
7340 State Property Tax Reduction Allocation		3,983,275	3,954,207	3,875,394	3,939,786	3,906,948
7360 Safe Schools / Other grants		-	-	76,416	-	-
7501 PA Ready To Learn Grant		874,969	874,969	874,969	874,969	874,969
7810 Social Security Tax - State Share		3,825,228	3,660,643	3,588,740	3,332,110	3,218,331
7820 Retirement Contribution-State Share		17,703,075	16,833,379	15,764,843	14,766,747	13,091,813
TOTAL STATE SOURCES		52,608,923	52,134,292	50,286,113	50,224,147	50,415,422
	<u>FEDERAL SOURCES</u>					
8514 Title I - Grant - Low income		300,000	290,000	339,732	294,189	356,259
8515 Title II - Grant - Imprv Teach quality		200,000	200,000	173,142	233,281	147,573
8516 Title III - Grant - English Language		50,000	60,000	45,514	39,921	31,686
8732 American Recovery Stimulus - QSCB		-	-	1,839,885	1,833,005	1,831,039
8740 CARES Act Grants		1,028,703	-	-	-	-
8690 Other Grants		30,000	35,000	-	1,687	-
8810 Medical Assistance Reimbursement		750,000	550,000	604,404	520,536	606,700
TOTAL FEDERAL SOURCES		2,358,703	1,135,000	3,002,677	2,922,619	2,973,257
GRAND TOTAL REVENUE		<u>\$ 224,739,946</u>	<u>\$ 226,292,812</u>	<u>\$ 225,810,333</u>	<u>\$ 223,177,630</u>	<u>\$ 221,678,517</u>

**Downingtown Area School District
Budget 2020-2021
General Fund Expenditures by Object**

Expenditures by Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
100 Personnel Services - Salaries	\$ 102,763,471	\$ 99,174,176	\$ 95,326,676	\$ 91,499,336	\$ 88,230,079
200 Personnel Services - Employee Benefits	61,872,566	61,321,135	57,457,489	53,839,391	50,530,717
300 Purchased Professional Services	14,161,411	14,043,673	13,186,148	12,721,283	15,829,573
400 Purchased Property Services	3,620,974	3,616,164	7,369,904	2,927,656	2,673,929
500 Other Purchased Services	23,292,599	23,323,676	22,325,458	25,845,662	26,070,730
600 Supplies	7,316,121	7,551,503	5,612,777	6,831,167	7,139,597
700 Property	167,803	116,100	147,098	213,954	239,161
800 Other Objects & Contingency	9,617,515	5,646,385	837,456	1,287,253	642,668
900 Debt Service and Transfers	8,000,000	11,500,000	23,048,045	27,659,074	37,591,823
Total	\$ 230,812,460	\$ 226,292,812	\$ 225,311,051	\$ 222,824,776	\$ 228,948,277

Expenditures by Object as a Percent of Total	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
100 Personnel Services - Salaries	44.5%	43.8%	42.3%	41.1%	38.5%
200 Personnel Services - Employee Benefits	26.8%	27.1%	25.5%	24.2%	22.1%
300 Purchased Professional Services	6.1%	6.2%	5.9%	5.7%	6.9%
400 Purchased Property Services	1.6%	1.6%	3.3%	1.3%	1.2%
500 Other Purchased Services	10.1%	10.3%	9.9%	11.6%	11.4%
600 Supplies	3.2%	3.3%	2.5%	3.1%	3.1%
700 Property	0.1%	0.1%	0.1%	0.1%	0.1%
800 Other Objects & Contingency	4.2%	2.5%	0.4%	0.6%	0.3%
900 Debt Service and Transfers	3.5%	5.1%	10.2%	12.4%	16.4%
	100%	100%	100%	100%	100%



The chart reflects the data shown above and represents the percent of each expenditure category compared to the total budget.

Downingtown Area School District
Budget 2020-2021
General Fund Expenditures by Function and Object

Function Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
<u>1100 Regular Programs</u>					
100 Personnel Services - Salaries	\$ 58,294,586	\$ 56,211,585	\$ 54,086,784	\$ 52,722,353	\$ 50,452,658
200 Personnel Svcs. - Employee Benefits	35,357,057	35,051,488	32,853,658	30,684,131	28,754,142
300 Purchased Professional Services	1,982,400	1,730,401	1,838,359	1,676,700	1,711,749
400 Purchased Property Services	720,999	554,947	439,985	457,813	430,915
500 Other Purchased Services	3,219,670	3,211,684	5,511,201	6,161,205	6,249,508
600 Supplies	2,446,363	2,460,844	1,634,820	2,467,607	2,386,517
700 Property	-	-	6,386	118,573	145,718
800 Other Objects	213,261	207,785	188,315	199,226	168,319
Total Regular Programs	102,234,337	99,428,734	96,559,508	94,487,608	90,299,527
<u>1200 Special Programs</u>					
100 Personnel Services - Salaries	14,052,116	13,124,964	12,162,221	11,397,104	10,497,107
200 Personnel Svcs. - Employee Benefits	8,497,801	8,095,110	6,669,773	6,057,548	5,518,520
300 Purchased Professional Services	7,319,981	6,881,058	6,744,915	7,183,953	8,471,188
400 Purchased Property Services	-	-	-	-	-
500 Other Purchased Services	2,924,050	3,186,550	4,580,505	3,894,416	4,057,855
600 Supplies	320,372	309,611	219,562	249,412	352,022
700 Property	46,000	36,600	8,633	6,883	-
800 Other Objects	18,150	21,484	28,081	14,909	13,681
Total Special Programs	33,178,471	31,655,377	30,413,690	28,804,225	28,910,373
<u>1300 Vocational Education</u>					
100 Personnel Services - Salaries	2,221,940	2,106,501	2,024,066	1,864,615	1,751,779
200 Personnel Svcs. - Employee Benefits	1,336,064	1,283,181	1,179,184	1,071,388	997,439
300 Purchased Professional Services	-	-	-	-	-
400 Purchased Property Services	6,625	4,255	1,937	2,904	3,296
500 Other Purchased Services	2,760,000	2,607,202	2,524,421	2,642,768	2,731,670
600 Supplies	149,821	152,705	80,572	75,632	70,033
700 Property	-	-	-	-	-
800 Other Objects	815	755	-	369	-
Total Vocational Education	6,475,266	6,154,599	5,810,180	5,657,676	5,554,218
<u>1400 Other Instructional Programs</u>					
100 Personnel Services - Salaries	748,541	752,499	637,571	661,009	625,563
200 Personnel Svcs. - Employee Benefits	450,102	458,387	369,690	367,714	324,693
300 Purchased Professional Services	247,500	94,500	246,374	125,092	96,002
400 Purchased Property Services	-	-	-	-	-
500 Other Purchased Services	117,500	426,500	681,823	265,148	505,074
600 Supplies	12,600	12,600	6,662	3,326	6,515
700 Property	-	-	-	-	-
800 Other Objects	-	-	-	-	-
Total Other Instructional Programs	1,576,243	1,744,486	1,942,120	1,422,289	1,557,847
<u>1500 Non-Public Schools</u>					
300 Purchased Professional Services	36,700	38,500	41,208	36,077	17,529
Total Instruction	143,501,016	139,021,696	134,766,707	130,407,875	126,339,494

Downingtown Area School District
Budget 2020-2021
General Fund Expenditures by Function and Object

Function Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
<u>2100 Support Services - Pupil Personnel</u>					
100 Personnel Services - Salaries	5,291,795	4,924,921	4,630,904	4,455,939	4,365,942
200 Personnel Svcs. - Employee Benefits	3,053,133	3,000,030	3,043,298	2,962,171	2,714,480
300 Purchased Professional Services	93,000	93,000	70,934	45,066	47,460
400 Purchased Property Services	2,000	2,000	398	1,936	81
500 Other Purchased Services	36,050	34,500	30,573	27,815	19,619
600 Supplies	133,890	236,042	161,395	97,980	111,605
700 Property	-	-	-	-	-
800 Other Objects	248,722	227,602	210,604	204,748	188,525
Total Support Services - Pupil Personnel	8,858,591	8,518,095	8,148,107	7,795,655	7,447,713
<u>2200 Support Services - Instructional Staff</u>					
100 Personnel Services - Salaries	3,303,401	3,403,632	3,808,233	3,142,328	3,458,137
200 Personnel Svcs. - Employee Benefits	1,986,350	2,073,332	2,414,961	2,221,814	2,054,300
300 Purchased Professional Services	364,866	617,138	655,253	472,362	423,958
400 Purchased Property Services	12,500	40,500	15,055	12,248	3,774
500 Other Purchased Services	52,226	54,300	99,234	90,883	68,426
600 Supplies	135,648	147,283	100,337	287,478	248,500
700 Property	-	-	-	-	-
800 Other Objects	7,620	11,020	4,582	4,466	4,958
Total Support Services - Instructional Staff	5,862,611	6,347,205	7,097,655	6,231,579	6,262,051
<u>2300 Support Services - Administration</u>					
100 Personnel Services - Salaries	6,700,329	6,566,940	6,329,293	5,777,084	5,822,610
200 Personnel Svcs. - Employee Benefits	4,228,940	4,360,271	3,912,875	3,514,695	3,516,026
300 Purchased Professional Services	1,249,690	1,826,490	1,198,409	820,680	2,639,809
400 Purchased Property Services	29,150	36,550	21,659	25,917	22,435
500 Other Purchased Services	188,509	215,873	132,693	141,651	201,058
600 Supplies	242,995	200,970	136,025	192,224	194,174
700 Property	5,000	1,000	-	19,825	14,500
800 Other Objects	188,092	162,392	141,425	143,984	139,981
Total Support Services - Administration	12,832,705	13,370,486	11,872,379	10,636,060	12,550,594
<u>2400 Support Services - Pupil Health</u>					
100 Personnel Services - Salaries	1,242,704	1,142,616	1,067,282	1,070,283	1,082,111
200 Personnel Svcs. - Employee Benefits	747,248	696,028	678,480	692,072	655,552
300 Purchased Professional Services	1,118,600	1,149,400	1,045,037	1,039,857	1,038,738
400 Purchased Property Services	-	-	-	-	-
500 Other Purchased Services	250	125	98	246	96
600 Supplies	32,740	14,600	17,965	19,349	15,203
700 Property	-	10,500	-	3,770	-
800 Other Objects	-	-	-	-	-
Total Support Services - Pupil Health	3,141,542	3,013,269	2,808,862	2,825,577	2,791,701
<u>2500 Support Services - Business</u>					
100 Personnel Services - Salaries	1,203,527	1,349,898	1,437,854	1,255,313	1,111,511
200 Personnel Svcs. - Employee Benefits	723,686	822,294	684,437	687,023	614,317
300 Purchased Professional Services	123,200	100,000	134,693	45,763	103,447
400 Purchased Property Services	27,500	27,500	17,786	22,088	19,490
500 Other Purchased Services	3,650	11,400	3,802	8,086	2,579
600 Supplies	121,100	117,400	94,238	98,993	92,076
700 Property	-	-	-	-	-
800 Other Objects	43,665	43,500	32,717	42,346	37,873
Total Support Services - Business	2,246,328	2,471,992	2,405,528	2,159,612	1,981,294

Downingtown Area School District
Budget 2020-2021
General Fund Expenditures by Function and Object

Function Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
<u>2600 Operation & Maintenance of Plant Services</u>					
100 Personnel Services - Salaries	5,796,438	5,553,233	5,196,319	5,213,244	5,169,192
200 Personnel Svcs. - Employee Benefits	3,485,425	3,382,768	3,464,232	3,312,846	3,230,126
300 Purchased Professional Services	945,679	898,300	761,522	747,521	751,990
400 Purchased Property Services	2,128,000	2,350,500	1,786,683	1,805,592	1,614,116
500 Other Purchased Services	376,450	364,200	312,149	325,745	382,086
600 Supplies	2,543,200	2,719,600	2,505,498	2,546,712	2,914,216
700 Property	55,000	60,000	76,585	64,903	51,094
800 Other Objects	3,000	3,000	27,711	1,631	4,100
Total Operation & Maintenance of Plant Services	15,333,191	15,331,601	14,130,699	14,018,194	14,116,920
<u>2700 Support Services - Student Transportation</u>					
100 Personnel Services - Salaries	219,937	216,146	211,774	204,286	235,820
200 Personnel Svcs. - Employee Benefits	132,248	131,666	132,944	126,477	180,856
300 Purchased Professional Services	1,300	1,200	696	1,125	-
400 Purchased Property Services	37,000	26,000	25,063	1,754	917
500 Other Purchased Services	12,903,924	12,398,362	11,759,274	11,187,469	10,810,357
600 Supplies	41,100	27,261	27,013	21,618	30,190
700 Property	61,803	-	55,494	-	-
800 Other Objects	520	920	195	921	1,670
Total Support Services - Student Transportation	13,397,832	12,801,555	12,212,453	11,543,650	11,259,811
<u>2800 Support Services - Central</u>					
100 Personnel Services - Salaries	1,616,518	1,763,925	1,725,995	1,714,960	1,676,278
200 Personnel Svcs. - Employee Benefits	972,018	1,074,500	1,201,052	1,312,337	1,210,229
300 Purchased Professional Services	310,495	286,984	142,168	206,428	231,335
400 Purchased Property Services	324,950	246,462	198,756	265,840	228,995
500 Other Purchased Services	218,650	328,269	211,463	252,363	275,339
600 Supplies	910,937	953,842	677,299	584,464	555,535
700 Property	-	-	-	-	-
800 Other Objects	9,200	11,534	11,816	12,600	16,415
Total Support Services - Central	4,362,768	4,665,516	4,168,548	4,348,992	4,194,126
<u>2900 Other Support Services</u>					
100 Personnel Services - Salaries	-	-	-	-	-
200 Personnel Svcs. - Employee Benefits	-	-	-	-	-
300 Purchased Professional Services	-	-	-	-	-
400 Purchased Property Services	-	-	-	-	-
500 Other Purchased Services	94,000	94,000	93,968	93,344	92,219
600 Supplies	-	-	-	-	-
700 Property	-	-	-	-	-
800 Other Objects	-	-	135,621	621,406	-
Total Other Support Services	94,000	94,000	229,589	714,750	92,219
Total Support Services	66,129,568	66,613,719	63,073,822	60,274,069	60,696,429

Downingtown Area School District
Budget 2020-2021
General Fund Expenditures by Function and Object

Function Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
<u>3200 Student Activities</u>					
100 Personnel Services - Salaries	2,007,137	1,994,116	1,949,920	1,957,553	1,922,445
200 Personnel Svcs. - Employee Benefits	883,144	873,120	833,462	808,825	743,414
300 Purchased Professional Services	335,800	316,702	293,535	290,571	290,279
400 Purchased Property Services	82,250	27,450	16,120	30,395	22,980
500 Other Purchased Services	397,670	390,711	745,196	754,523	674,841
600 Supplies	224,655	198,745	170,952	186,372	163,011
700 Property	-	8,000	-	-	7,850
800 Other Objects	55,850	41,970	35,966	38,626	46,079
Total Student Activities	3,986,506	3,850,814	4,045,151	4,066,865	3,870,899
<u>3300 Community Services</u>					
100 Personnel Services - Salaries	64,500	63,200	58,460	63,265	58,923
200 Personnel Svcs. - Employee Benefits	19,350	18,960	19,441	20,350	16,624
300 Purchased Professional Services	2,200	-	-	-	-
400 Purchased Property Services	-	-	-	-	-
500 Other Purchased Services	-	-	-	-	-
600 Supplies	700	-	-	-	-
700 Property	-	-	-	-	-
800 Other Objects	2,500	2,500	2,044	2,021	2,130
Total Community Services	89,250	84,660	79,945	85,636	77,676
<u>4000 Building Improvement Services / Site Acquisition</u>					
300 Purchased Professional Services	30,000	10,000	13,044	30,088	6,088
400 Purchased Property Services	250,000	300,000	265,958	301,169	326,930
700 Property	-	-	-	-	20,000
Total Operation of Noninstructional Services	4,355,756	4,245,474	4,404,098	4,483,758	4,301,594
<u>5000 Other Financing Uses</u>					
5900 800 Other Objects & Contingency	8,826,120	4,911,923	18,379	-	18,937
5100 900 Debt Service	8,000,000	10,000,000	9,839,885	11,833,005	11,831,039
5200 900 Other Uses of Funds - Transfers	-	1,500,000	13,208,160	15,826,069	25,760,784
Total Other Financing Uses	16,826,120	16,411,923	23,066,424	27,659,074	37,610,760
Grand Total	<u>\$ 230,812,460</u>	<u>\$ 226,292,812</u>	<u>\$ 225,311,051</u>	<u>\$ 222,824,776</u>	<u>\$228,948,277</u>

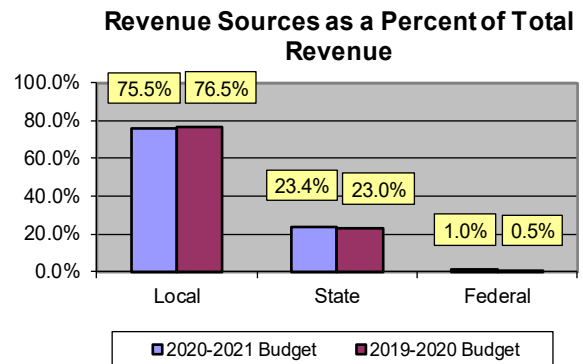
Downingtown Area School District Budget 2020-2021

General Fund – Significant Revenue and Expenditure Categories Discussion, Analysis, and Trends

General Fund Revenue

The General Fund budget of the School District is funded from local, state and federal sources of revenue. The primary funding source for District operated programs and services is local revenue, which accounts for 75.5% of the \$224,739,946 total budgeted General Fund revenue for the 2020-2021 fiscal year. Other revenue to fund operating expenditures is primarily derived from state subsidies. Federal sources are minimal and are derived primarily from federal grant money.

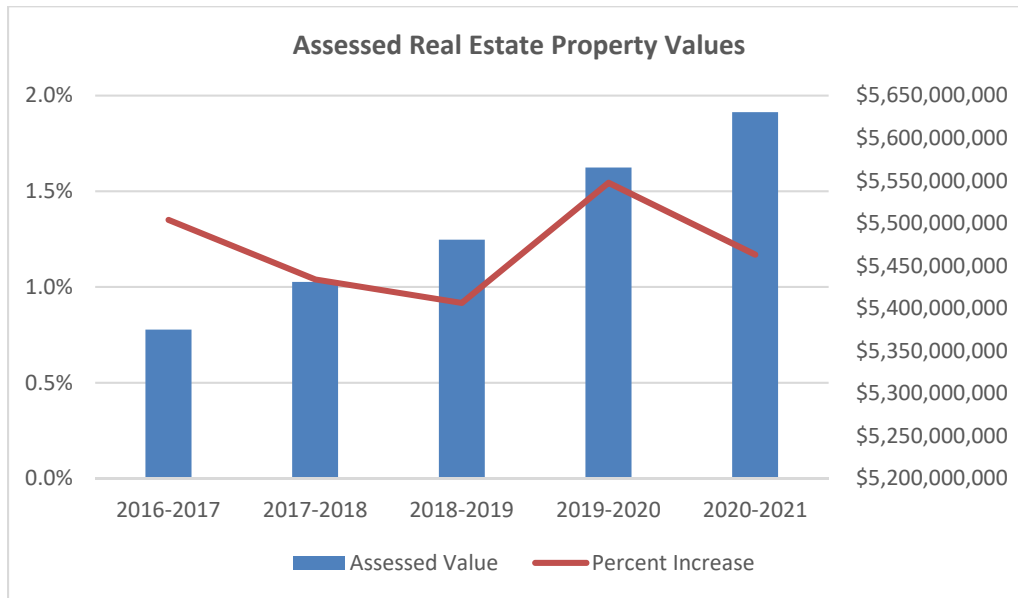
	Revenue Sources		
	2020-2021 Budget	2019-2020 Budget	% Change
Local	\$ 169,772,320	\$ 173,023,520	-1.9%
State	52,608,923	52,134,292	0.9%
Federal	2,358,703	1,135,000	107.8%
Total	<u>\$ 224,739,946</u>	<u>\$ 226,292,812</u>	<u>-0.7%</u>



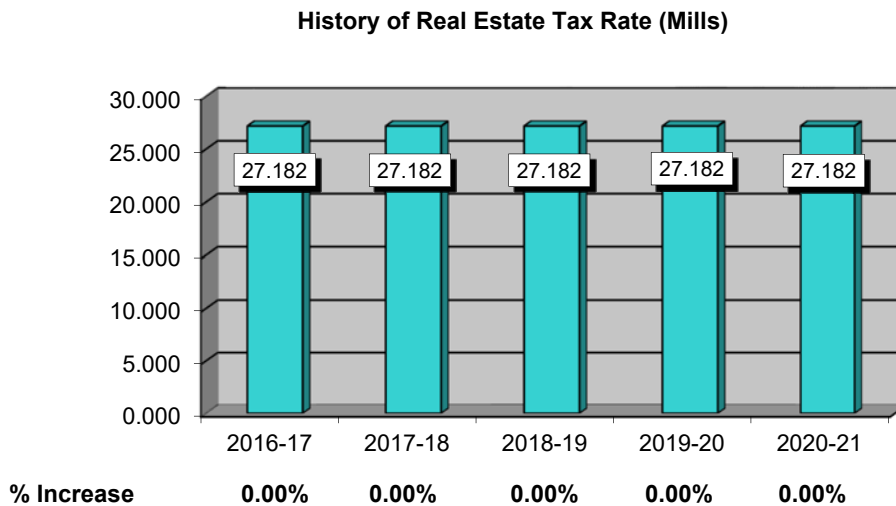
Local Sources

The largest portion of local revenue (83%) is derived from current taxes on real estate property. Current real estate tax revenue is budgeted to be about the same as the prior year. Despite an increase in the assessed taxable value of property, the District anticipates a lower collection rate due to the pandemic, that will offset the revenue from the assessment growth. For 2020-2021 the assessed real estate property value is \$5.63 billion, a \$65 million (1.2%) increase over the 2019-2020 assessed value. The assessed property value is the tax base on which the District levies a real estate tax. As shown in the chart below, growth in the tax base has been in the 0.9% to 1.5% range since 2016-2017. In the five years prior to 2016-2017, which includes economic recession years, the District averaged 0.8% assessment growth each year.

Downingtown Area School District Budget 2020-2021



Residential property accounts for about 80% of the total tax base with commercial, industrial, and agricultural property accounting for the remaining 20%. The real estate tax rate required to fund the District's programs and services in 2020-2021 is 27.182 mills which is unchanged from 2019-2020. The District is pleased to not have a tax increase for its taxpayers in 2020-2021, the eighth year in a row. The chart below shows a five-year history of the District's tax rate.



For 2020-2021, the property taxes due on the median assessed property value in the District is \$5,029. This reflects no increase from 2019-2020 based on a consistent average assessed property value of \$185,000. To help offset the property tax burden on taxpayers, the Pennsylvania Act 1 taxpayer relief law of 2006 provides qualified homesteads a tax credit that is funded by state gaming revenue. For 2020-2021 the estimated amount of tax credit is \$213 per homestead. The District is proud to continue to fund nationally recognized top performing schools without needing to raise taxes

Downingtown Area School District Budget 2020-2021

since 2012-2013. The District has been able to achieve this with prudent financial management, growth in other revenue sources, and controlling unnecessary spending.

Revenue from local sources other than current real estate taxes is primarily derived from earned income taxes, real estate transfer taxes, interim real estate taxes, delinquent real estate taxes, and interest income. The total of all other local sources of revenue are budgeted about \$3.2 million lower than the 2019-2020 budget due to the projected negative impact the pandemic will have on the economy and the related adverse effect on generating revenue from these sources.

State Sources

Pennsylvania school districts have experienced a substantial shift from the state level to the local level to provide funding for school district budgets. The percentage of state funding in relation to total revenue sources has declined significantly for decades. If the District received the same percentage of total revenue from the state in 2020-2021 as it did for example in 1995-1996 (27.2%), state sources of revenue would be about \$8.5 million higher in the 2020-2021 budget. This additional revenue could allow the District to expand programs and provide for additional resources that would help student achievement. The additional funding would also reduce the need to rely more heavily on taxpayers for funding.

The 0.9% increase in state revenue in the 2020-2021 budget compared to the 2019-2020 budget is primarily caused by the \$0.9 million increase in the contribution to the Public School Employees Retirement System (PSERS). This increase is due to the increase in the District's wage base and the contribution rate of which the state reimburses half. The 2020-2021 contribution rate is 34.51% of employee wages compared to 34.29% in 2019-2020. The rate is set by the state and contributions are required for all Pennsylvania school districts. Offsetting this increase is a decrease to the transportation subsidy, as that is based on reimbursement of the 2019-2020 transportation cost which was significantly reduced due to school being closed from mid-March to the end of the 2019-2020 school year due to the pandemic.

Federal Sources

Federal revenue in the 2020-2021 budget continues to be minimal. However, the District has budgeted an additional \$1 million for grant funding it will receive from the Federal CARES Act to help fund pandemic related expenses. Other federal funding includes Title I, II, and III grant funding, and funding for the Medical ACCESS program for special need students' expenditure reimbursements.



Downingtown Area School District Budget 2020-2021

General Fund Expenditures

For the 2020-2021 fiscal year, total expenditures in the General Fund are budgeted to increase from \$220,629,805 to \$226,292,812, an increase of \$5,663,007. The following table details this increase by object expenditure category.

General Fund				
Expenditures & Other Uses of Funds (object)	Budget 2020-2021	Budget 2019-2020	\$ Change	Percent Change
Salaries (100)	\$ 102,763,471	\$ 99,174,176	\$ 3,589,295	3.6%
Employee Benefits (200)	61,872,566	61,321,135	551,431	0.9%
Salary and Benefits	164,636,037	160,495,311	4,140,726	2.6%
Professional Services (300)	14,161,411	14,043,673	117,738	0.8%
Purchased Property Services(400)	3,620,974	3,616,164	4,810	0.1%
Other Purchased Services(500)	23,292,599	23,323,676	(31,077)	-0.1%
Purchased & Professional Svcs.	41,074,984	40,983,513	91,471	0.2%
Supplies (600)	7,316,121	7,551,503	(235,382)	-3.1%
Property (700)	167,803	116,100	51,703	44.5%
Other Objects & Contingency(800)	9,617,515	5,646,385	3,971,130	70.3%
Debt Service & Transfers (900)	8,000,000	11,500,000	(3,500,000)	-30.4%
Other Objects and Uses of Funds (800/900)	17,617,515	17,146,385	471,130	2.7%
Total	\$ 230,812,460	\$ 226,292,812	4,519,648	2.0%

Expenditure Analysis

Salaries increased from 2019-2020 to 2020-2021 due to employee wage increases and new staff. The small increase in employee benefit costs is primarily due to an increase in the PSERS pension employer contributions offset by a decrease in the budget for healthcare claims to reflect current projections.

Overall, Purchased and Professional Services expenditures are about the same from 2019-2020 to 2020-2021. Most of the increases in these accounts were moved to Contingency accounts in an effort to restrict spending in 2020-2021 due to the anticipated reduction in revenue caused by the pandemic.

The Supplies category includes all consumable material items that are expendable, and also includes software related expenses. The decrease in Supplies is also due to shifting expenditure increases in these accounts to Contingency accounts in an effort to restrict spending in 2020-2021 due to the anticipated reduction in revenue caused by the pandemic.

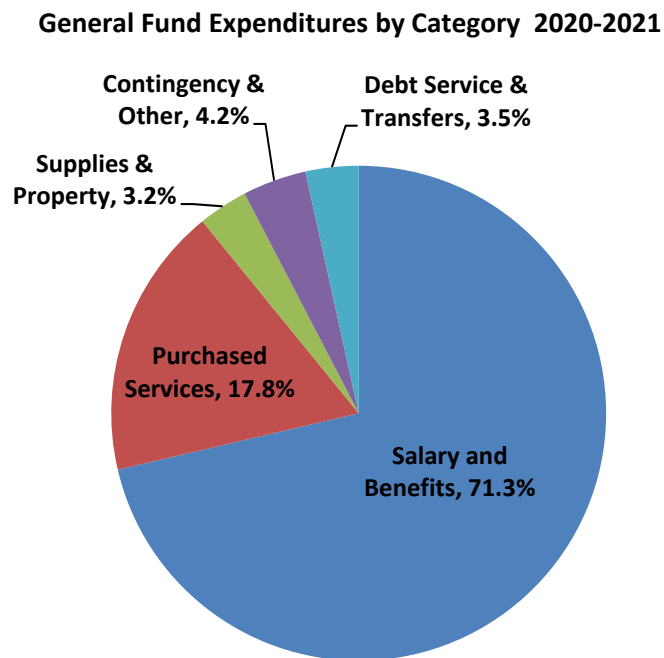
Downingtown Area School District Budget 2020-2021

Property includes equipment and capital assets with useful lives greater than one year. The increase is due to a new van for special needs students in the 2020-2021 budget. larger portion of equipment being budgeted for in the Capital Projects Fund.

The Other Objects and Contingency budget has increased significantly in the 2020-2021 budget. As discussed above, this is due to reducing the other categories of the budget by about \$4 million and moving the expenditures to contingency accounts in order to restrict spending amid lower anticipated revenue due to the pandemic's effect on the economy. The District will monitor actual revenue during the year and allow access to spend these contingency funds if sufficient revenue funding is available.

Debt Service and Transfers represents the repayment of principal and interest on debt incurred by the District from issuing bonds, and transfers of funds to the Capital Projects Fund. The decrease in debt service is due to \$8 million charged to the General Fund in 2020-2021 versus \$10 million in 2019-2020. The Debt Service Fund will fund about \$7 million of the \$15 million in total District debt service. There is no budgeted transfer to the Capital Projects fund in 2020-2021 versus a \$1.5 million transfer budgeted in 2019-2020.

The chart below displays the expenditure categories discussed above as a percentage of the total General Fund expenditures for the 2020-2021 budget.



Downingtown Area School District Budget 2020-2021

Capital Projects Fund

The Capital Projects Fund is used to account for capital expenditures incurred for the construction, renovation and improvement of facilities, and acquisition of capital equipment. It is the fund where the District budgets its capital budget. The 2020-2021 capital budget includes capital expenditures for the construction and renovation of schools, facility improvements, technology improvements, and equipment. Financing sources for these capital expenditures are accumulated in this fund.



**Downingtown Area School District
Budget 2020-2021
Capital Projects Fund with Prior Years Comparison**

Source Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
Revenue					
6000 Local Sources					
Interest on Investments	\$ 1,100,000	\$ 2,491,640	\$ 2,619,040	\$ 1,135,877	\$ 612,995
Total Revenue	1,100,000	2,491,640	2,619,040	1,135,877	612,995
Expenditures					
400 Purchased Property Services	15,103,833	31,204,672	8,091,456	6,152,248	4,055,069
700 Property	5,189,838	9,013,395	4,489,990	3,210,763	4,731,345
Total Expenditures	20,293,671	40,218,067	12,581,446	9,363,011	8,786,414
Excess of Revenue Under Expenditures	(19,193,671)	(37,726,427)	(9,962,406)	(8,227,134)	(8,173,419)
9000 Other Financing Sources /(Uses)					
Sale of Bonds			30,000,000		
Sale of Assets / Other	100,000	64,404	23,783	157,413	141,243
Interfund Transfers Out					(7,000,000)
Interfund Transfers In	-	1,500,000	13,203,510	9,826,069	25,760,784
Net Change in Fund Balance	(19,093,671)	(36,162,023)	33,264,887	1,756,348	10,728,608
(1) Estimated Actual Interfund Transfer In from General Fund	4,626,600	11,699,163			
Less: Amount Budgeted in Interfund Transfers In	-	(1,500,000)			
Fund Balance July 1	122,175,348	148,138,208	114,873,321	113,116,973	102,388,365
Fund Balance June 30	\$ 107,708,277	\$ 122,175,348	\$ 148,138,208	\$ 114,873,321	\$ 113,116,973
Bond Proceeds included in June 30 Fund Balance	-	8,275,205	26,453,368	-	-

Discussion of Capital Projects Fund Revenue and Expenditures

The \$1,100,000 budgeted revenue in the Capital Projects Fund represents interest earnings on the Capital Projects fund balance which is invested in certificates of deposit and money market accounts in accordance with the state investment laws for governmental entities.

The District's Capital Projects Fund is used to account for capital budget expenditures for facility construction and improvements, technology improvements, equipment, and curriculum resources. These include improvements to school roofs, windows, HVAC systems, technology equipment, network infrastructure, and textbooks.

In 2018-2019, the District borrowed \$30 million to fund the construction of the new Uwchlan Hills Elementary school. Construction will continue until the school opens during the 2020-2021 school year. The District is also constructing an addition to the STEM Academy that will be complete for the 2020-2021 school year. These expenditures account for the majority of the Purchased Property Services amount shown above for 2019-2020 and 2020-2021. The amount for Property expenditures shown above is primarily for technology and curriculum equipment.

The District has a budgeted fund balance in the Capital Projects Fund of approximately \$107.7 million as of 6/30/21 which will be used to fund the future capital expenditure plan. The fund balance will consist of operating surpluses transferred from the General Fund in prior years, and no remaining bond proceeds.

(1) The estimated General Fund surpluses for 2019-2020 and 2020-2021 are shown in the financial statement above in the line item labeled "Estimated Actual Interfund Transfer In from General Fund". It represents General Fund surplus that is estimated to be transferred to the Capital Projects Fund from the General Fund. For 2019-2020, the amount transferred in from the General Fund is reduced by the budget amount already included in Interfund Transfers In to avoid double counting.

The unused bond proceeds in the Capital Projects Fund fund balance at 6/30/19 and 6/30/20 are for remaining construction payments on the new Uwchlan Hills Elementary school.

**Downingtown Area School District
Budget 2020-2021
Capital Projects Fund with Prior Years Comparison**

(continued from the previous page)

Discussion of Capital Projects Fund Revenue and Expenditures

Other Financing Uses

The \$7 million Transfer out in 2016-2017 was to the Debt Service fund for debt retirement in 2017-2018. The Interfund Transfers In represent transfers from the General Fund to fund the District's capital expenditure plans.

**Downingtown Area School District
Budget 2020-2021
Capital Projects Fund Forecast**

Source Object	2020-2021 Budget	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Revenue				
6000 Local Sources				
Interest on Investments	\$ 1,100,000	\$ 850,000	\$ 800,000	\$ 700,000
8000 Federal Sources		1,090,000		
Total Revenue	1,100,000	1,940,000	800,000	700,000
Expenditures				
400 Purchased Property Services	15,103,833	4,750,000	3,575,000	3,950,000
700 Property	5,189,838	8,226,900	6,421,965	6,045,750
Total Expenditures	20,293,671	12,976,900	9,996,965	9,995,750
Excess of Revenue Under Expenditures	(19,193,671)	(11,036,900)	(9,196,965)	(9,295,750)
9000 Other Financing Sources / (Uses)				
Sale of Assets / Other	100,000	9,500,000	150,000	150,000
Interfund Transfers In	-	-	-	-
Net Change in Fund Balance	(19,093,671)	(1,536,900)	(9,046,965)	(9,145,750)
(1) Estimated Actual Interfund Transfer In from General Fund	4,626,600	-	-	-
Fund Balance July 1	122,175,348	107,708,277	106,171,377	97,124,412
Fund Balance June 30	\$ 107,708,277	\$ 106,171,377	\$ 97,124,412	\$ 87,978,662

The District's Capital Projects Fund is used to account for capital budget expenditures for facility improvements, technology improvements, equipment, and curriculum resources. The expenditures shown in each budget / forecast year represent the capital expenditures in the District's long-range capital improvement plan. These include improvements to school roofs, windows, HVAC systems, technology equipment, network infrastructure, and textbooks.

In 2020-2021 the District will be completing construction on a new Uwchlan Hills Elementary School and an addition to the STEM Academy which account for the higher expenditures in 2020-2021.

Further discussion and detail on these capital expenditures are on the following pages.

Capital Plan Funding Sources

The new Uwchlan Hills Elementary School is being funded with bond proceeds borrowed during 2018-2019. The STEM Academy addition is being funded with the Capital Projects Fund fund balance.

The District has a significant fund balance in the Capital Projects Fund which will be used to fund the other capital improvement plan expenditures over the next several years. The fund balance consists of operating surpluses transferred from the General Fund in prior years. The capital expenditure plan will be funded with this fund balance and any future surpluses in the General Fund that are transferred to the Capital Projects Fund Balance. The significant fund balance will be used more as the transfers from the General Fund decline.

The \$9.5 million for sale of assets in 2021-2022 is for the estimated proceeds from the sale of land.

(1) This represents General Fund surplus that is estimated to be transferred to the Capital Projects Fund from the General Fund.

**Downingtown Area School District
Budget 2020-2021
Capital Expenditure Budget**

	2020-2021 Budget	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
<u>Capital Expenditures:</u>				
New Uwchlan Hills Elementary School	\$ 8,275,205	\$ -	\$ -	\$ -
STEM Academy Addition	5,000,000	-	-	-
Facility Improvements	1,828,628	4,750,000	3,575,000	3,950,000
Technology Equipment and Improvements	4,139,525	5,679,900	4,634,165	4,625,250
Curriculum Resources and Equipment	580,621	2,307,000	1,298,800	933,000
Vehicles, Copiers, Other Equip.	219,692	240,000	239,000	237,500
General Contingency	250,000	-	250,000	250,000
Total Capital Expenditures	\$ 20,293,671	\$ 12,976,900	\$ 9,996,965	\$ 9,995,750

Funding Source:

Bond Proceeds	\$ 8,275,205	\$ -	\$ -	\$ -
Federal Grant		\$ 1,090,000		
Capital Projects Fund Balance and Transfers from General Fund	12,018,466	11,886,900	9,996,965	9,995,750
Total Funding Sources	\$ 20,293,671	\$ 11,886,900	\$ 9,996,965	\$ 9,995,750

Discussion of Capital Expenditure Budget and Improvement Plan

The District maintains a capital expenditure budget and improvement plan that allocates funds to the categories shown above. The plan is reviewed annually by the Administration and the Board. Additional information on these categories is described below:

New Uwchlan Hills Elementary School: The District is completing the construction of a new Uwchlan Hills Elementary school that will replace the existing Uwchlan Hills Elementary school. This amount represents the remaining expenditures.

STEM Academy Addition: The District is completing the construction of an addition to the STEM Academy that will create additional classroom space. This amount represents the remaining expenditures.

Facility Improvements: The list of facility improvement projects totaling each year's budget / forecast are on the following pages. Projects are prioritized based on: (1) the resolution of safety issues; (2) compliance with state and federal mandates; (3) improvements based on an assessment of needs by the District's Director of Facilities and the Board (4) the improvement of existing buildings as recommended by the building principals.

Technology Equipment and Improvements: The list of technology equipment and improvement expenditures totaling each year's budget / forecast are on the following pages. Equipment and projects to be funded are determined by the District's Technology Director and the Board based on technology initiatives and equipment replacement cycles.

Curriculum Resources and Equipment: Includes new curriculum textbook adoptions and large quantity replacement / update of textbooks scheduled by the Curriculum department based on the District's curriculum cycle. Also includes equipment needs directly related to the curriculum.

Vehicles, Copiers, Other Equip.: Vehicles are replaced at the end of a vehicle's life, and copiers are replaced based on an annual analysis of copier age and maintenance history in each building.

General Contingency: The District includes a contingency for the capital plan as a whole to cover unforeseen expenditures in each of the categories.

Downingtown Area School District
Budget 2020-2021
Capital Plan Detail

FISCAL YEAR	FACILITIES IMPROVEMENTS PROJECT DESCRIPTION	Budget
2020-2021	DMS Switchgear Replacement	\$ 365,000
2020-2021	DHSE Boilers Replacements	\$ 725,000
2020-2021	Windows - district-wide	\$ 570,000
2020-2021	District upgrade BAS controls	\$ 100,000
2020-2021	Furniture	\$ 68,628
TOTAL 2020-2021		\$ 1,828,628
2021-2022	DHSE Windows Replacements	\$ 375,000
2021-2022	DHSE & DHSW Chillers Replacements	\$ 1,300,000
2021-2022	LES Boilers, Switch, Expansion Tank, HWH	\$ 435,000
2021-2022	DMS & LMS Boilers, Switches, Expansion Tanks	\$ 1,300,000
2021-2022	STEM Roof Restoration/Coating	\$ 565,000
2021-2022	DHSW Walk-In Boxes	\$ 75,000
2021-2022	District BAS Controls	\$ 100,000
2021-2022	Asphalt Paving	\$ 100,000
2021-2022	Furniture	\$ 400,000
2021-2022	DHSW Kottmeyer Stadium Scoreboard Replacement	\$ 100,000
TOTAL 2021-2022		\$ 4,750,000
2022-2023	EWES Boilers, Pumps, Transfer Switch	\$ 400,000
2022-2023	DMS/LMS Cafeteria/Office Window Replacements	\$ 450,000
2022-2023	Trestle Place Roof, Efis, Gutters	\$ 1,300,000
2022-2023	WBES - HWH & Boiler Replacements, Transfer Switch, Nat'l Gas add	\$ 600,000
2022-2023	BHES Boiler & HWH Replacements	\$ 300,000
2022-2023	DHSE Hot Water Heaters Replacements	\$ 100,000
2022-2023	DMS Generator Replacement	\$ 225,000
2022-2023	Furniture	\$ 200,000
TOTAL 2022-2023		\$ 3,575,000
2022-2023	LES Windows & Efis	\$ 1,050,000
2022-2023	BHES Roof Restoration (Partial) & Efis	\$ 300,000
2022-2023	BHES Windows & Efis	\$ 1,050,000
2022-2023	DHSW Roof Restoration (Partial)	\$ 280,000
2022-2023	SCES Roof Restoration (Partial)	\$ 175,000
2022-2023	SCES Gym RTU	\$ 150,000
2022-2023	SCES Chiller Replacement	\$ 240,000
2022-2023	DHSW - Hot Water Heater Replacement	\$ 125,000
2022-2023	Districtwide BAS Controls	\$ 200,000
2022-2023	Asphalt Paving	\$ 100,000
2022-2023	Furniture	\$ 280,000
TOTAL 2023-2024		\$ 3,950,000

Downingtown Area School District
Budget 2020-2021
Capital Plan Detail

FISCAL YEAR	TECHNOLOGY EQUIPMENT AND IMPROVEMENTS PROJECT DESCRIPTION	Budget
2020-2021	Building: Elementary iPad 1:1 Device Replacement and Principal - Ai	\$ 39,600
2020-2021	Building: High School 1:1	\$ 1,128,100
2020-2021	Building: High School - Shared Laptop Carts	\$ 75,000
2020-2021	Building: Middle School 1:1	\$ 520,950
2020-2021	Staff Laptops - New Positions Approved	\$ 25,000
2020-2021	Staff Laptops - STEM & Mac Staff Replacement	\$ 60,000
2020-2021	Staff Laptops - Special Ed Aide Replacement	\$ 61,875
2020-2021	Elementary Schools: BH Gym/Auditorium Sound	\$ 9,000
2020-2021	Elementary Schools: SC Cafe/Auditorium Projector & Sound System	\$ 18,000
2020-2021	Elementary Schools: WB Multi-Purpose Room Projector	\$ 13,000
2020-2021	Administration - Large Format Projector for District Events	\$ 20,000
2020-2021	Administration - Staff A & B Upgrades	\$ 40,000
2020-2021	Building: Paging System Replacement	\$ 250,000
2020-2021	Building: Projectors/Smartboards/Interactive Needs: PV, BH, EW	\$ 236,000
2020-2021	Network Operations Center	\$ 90,000
2020-2021	Network Switches	\$ 390,000
2020-2021	Physical Servers	\$ 200,000
2020-2021	Telephone/VOIP	\$ 300,000
2020-2021	Upgrade School Internal Fiber to 10G	\$ 150,000
2020-2021	Wireless System	\$ 513,000
TOTAL 2020-2021		\$ 4,139,525
2021-2022	Administration: Building Secretary Laptops + Docking Stations	\$ 73,250
2021-2022	Administration: Psychologist iPads	\$ 11,700
2021-2022	Building: Elementary iPad 1:1 Device Replacement and Principal- 5th	\$ 360,000
2021-2022	Building: Elementary New 1:1 Device per Committee	\$ 625,000
2021-2022	Building: Elementary & Special Ed iPad 1:1 Device Replacement and	\$ 720,000
2021-2022	Building: Elementary Library Circulation Desk	\$ 8,000
2021-2022	Building: High School 1:1 Projected Costs Without Technology Fee	\$ 1,187,500
2021-2022	Building: High School Art Shared Laptop Cart	\$ 144,000
2021-2022	Building: High School PLTW/Technology Education	\$ 104,500
2021-2022	Building: High School TV Studio MacBooks	\$ 7,200
2021-2022	Building: Middle School 1:1 Projected Costs Without Technology Fee	\$ 552,000
2021-2022	Staff Laptops - New Positions Approved	\$ 25,000
2021-2022	Staff Laptops (STEM & Mac Staff Replacements)	\$ 60,000
2021-2022	Staff Laptops (Special Ed Aide Replacement)	\$ 63,750
2021-2022	Administration - Staff A & B Upgrades	\$ 45,000
2021-2022	High & Middle Schools: Lighting Consoles and Sound Consoles	\$ 50,000
2021-2022	High Schools: STEM Auditorium Projector	\$ 18,000
2021-2022	District: Broadcast Equipment	\$ 20,000
2021-2022	Building: Paging System Replacement	\$ 250,000
2021-2022	Building: Projectors/Smartboards/Interactive Needs: SM, WB, SC	\$ 270,000
2021-2022	Core Routers and Data Center Switches	\$ 375,000
2021-2022	Internet Content Filter	\$ 240,000
2021-2022	Network Switches	\$ 390,000
2021-2022	Physical Servers (Video Surveillance)	\$ 80,000
TOTAL 2021-2022		\$ 5,679,900

Downingtown Area School District
Budget 2020-2021
Capital Plan Detail

FISCAL YEAR	TECHNOLOGY EQUIPMENT AND IMPROVEMENTS PROJECT DESCRIPTION	Budget
2022-2023	Administration: Building & TP Desktops	\$ 36,000
2022-2023	Administration: Food Service	\$ 97,500
2022-2023	Building: Elementary iPad 1:1 Device Replacement and Principal- 5th	\$ 525,000
2022-2023	Building: Elementary New 1:1 Device per Committee	\$ 625,000
2022-2023	Building: Elementary Printers	\$ 15,000
2022-2023	Building: High School 1:1	\$ 1,188,000
2022-2023	Building: High School Art Staff Laptops	\$ 13,500
2022-2023	Building: High School Art Stationary Labs	\$ 65,000
2022-2023	Building: High School Graphic Design Lab	\$ 110,000
2022-2023	Building: High School Music	\$ 7,500
2022-2023	Building: High School Publications/Yearbook	\$ 98,000
2022-2023	Building: High School STEM Business Ed (Mac)	\$ 16,144
2022-2023	Building: High School TV Studio Lab	\$ 90,000
2022-2023	Building: Middle School Art Staff Laptops	\$ 13,000
2022-2023	Staff Laptops - New Positions Approved	\$ 25,000
2022-2023	High Schools: TV Studio Broadcast Equipment	\$ 45,000
2022-2023	Middle Schools: TV Studio Broadcast Equipment	\$ 30,000
2022-2023	STEM Auditorium Projector Control System & Sound Upgrades	\$ 50,000
2022-2023	Building: Paging System Replacement	\$ 145,000
2022-2023	Building: Projectors/Smartboards/Interactive Needs: BC, BW, MC	\$ 150,000
2022-2023	Network Switches	\$ 390,000
2022-2023	Physical Servers (Video Surveillance)	\$ 150,000
2022-2023	UPS - MDF/IDF Closets	\$ 300,000
2022-2023	Security Cameras	\$ 449,521
TOTAL 2022-2023		\$ 4,634,165
2023-2024	Administration: TP Laptop	\$ 163,900
2023-2024	Building: Elementary & Special Ed iPad 1:1 Device Replacement - 6th	\$ 625,000
2023-2024	Building: Elementary TV Studio iPads	\$ 4,370
2023-2024	Building: High School 1:1	\$ 1,188,000
2023-2024	Middle School: TV Studio iPads	\$ 1,311
2023-2024	Staff Laptops - New Positions Approved	\$ 25,000
2023-2024	Staff Laptops (Lenovo L380 Replacements)	\$ 1,250,000
2023-2024	Middle Schools: DMS Cafetorium Projector Control System & Sound	\$ 35,000
2023-2024	Middle Schools: LMS Cafetorium Projector Control System & Sound	\$ 35,000
2023-2024	Building: Paging System Replacement	\$ 200,000
2023-2024	Building: Projectors/Smartboards/Interactive Needs: DM, LM	\$ 250,000
2023-2024	Network Operations Center	\$ 90,000
2023-2024	Physical Servers (Virtualization)	\$ 250,000
2023-2024	Upgrade School Internal Fiber to 10G	\$ 50,000
2023-2024	Security Cameras	\$ 457,669
TOTAL 2023-2024		\$ 4,625,250

Downingtown Area School District Budget 2020-2021

Debt Service Fund

The District uses a Debt Service Fund to level the General Fund annual debt service budget at \$8 million in 2020-2021 through 2022-2023, and debt service requirements over the General Fund amount will be funded by the Debt Service Fund. The amount funded out of the Debt Service Fund will be about \$7 million in 2020-2021 through 2022-2023. Total debt service will drop to \$8 million in 2023-2024 and be fully funded out of the General Fund, and the balance in the Debt Service Fund will be mostly depleted.



**Downingtown Area School District
Budget 2020-2021
Debt Service Fund with Prior Years Comparison**

Source Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
Revenue					
6000 Local Sources					
Interest /Gain on Investments	\$ 250,000	\$ 523,332	\$ 582,418	\$ 358,071	\$ 901,979
Total Revenue	250,000	523,332	582,418	358,071	901,979
Expenditures					
900 Debt Service	6,977,890	6,596,136	4,857,868	1,790,800	1,741,289
Total Expenditures	6,977,890	6,596,136	4,857,868	1,790,800	1,741,289
Excess of Revenue Under Expenditures	(6,727,890)	(6,072,804)	(4,275,450)	(1,432,729)	(839,310)
9000 Other Financing Sources /(Uses)					
Debt Retirement			(3,451,744)	(7,000,000)	
Interfund Transfers In				6,000,000	7,000,000
Net Change in Fund Balance	(6,727,890)	(6,072,804)	(7,727,194)	(2,432,729)	6,160,690
Fund Balance July 1	23,821,632	29,894,436	37,621,630	40,054,359	33,893,669
Fund Balance June 30	\$ 17,093,742	\$ 23,821,632	\$ 29,894,436	\$ 37,621,630	\$ 40,054,359

The Debt service shown above is charged to the Debt Service fund and supplements the District's debt service that is budgeted in the General Fund. The approximately \$7 million charged here is in addition to the \$8 million charged to the General Fund for a total District debt service of about \$15 million for 2020-2021.

The \$7 million Interfund Transfer In in 2016-2017 is from the Capital Projects fund and was used to refund a portion of the debt retired in 2017-2018. The \$6 million Interfund Transfer In in 2017-2018 was from the General Fund to supplement the payment of future debt service out of the Debt Service Fund.

The Debt Retirement in 2018-2019 includes \$2.8 million for the termination of interest rate swaps and closing costs on refinanced debt.

**Downingtown Area School District
Budget 2020-2021
Debt Service Fund Forecast**

Source Object	2020-2021 Budget	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Revenue				
6000 Local Sources				
Interest on Investments	\$ 250,000	\$ 150,000	\$ 75,000	\$ 30,000
Total Revenue	250,000	150,000	75,000	30,000
Expenditures				
900 Debt Service	6,977,890	6,970,982	6,975,845	-
Total Expenditures	6,977,890	6,970,982	6,975,845	-
Excess of Revenue Under Expenditures	(6,727,890)	(6,820,982)	(6,900,845)	30,000
Net Change in Fund Balance	(6,727,890)	(6,820,982)	(6,900,845)	30,000
Fund Balance July 1	23,821,632	17,093,742	10,272,760	3,371,915
Fund Balance June 30	\$ 17,093,742	\$ 10,272,760	\$ 3,371,915	\$ 3,401,915

The forecast for the Debt Service Fund shows the portion of the District's debt service that will be funded from this fund. It is equal to the amount of total annual debt service over the \$8 million budgeted in the General Fund, for a total combined debt service of about \$15 million. This allows debt service in the General Fund to be level at \$8 million for 2020-2021 through 2022-2023. The fund balance in this fund will continue to supplement the debt service paid out of the General Fund until 2023-2024 when the District's total debt service is scheduled to drop to \$8 million each year through 2032-2033. Beginning in 2023-2024 and beyond, the \$8 million of total debt service each year will all be paid from the General Fund.

Downingtown Area School District Budget 2020-2021

Proprietary Fund – Food Service Fund

The District contracts with a food service company to provide breakfast and lunch for all students and staff who wish to participate. The current food service vendor is ARAMARK. The Food Service Fund is self-supporting, receiving no aid from the General Fund in its operating budget. The food service operation is able to offer expanded food choices at the high schools (grades 9-12) by not participating in the federal national school lunch program and its related restrictions. Elementary and middle schools continue to participate in the national school lunch program.

All funding for the food service operation is through the sale of food, and reimbursements from the state and federal government. The 2020-2021 reimbursement rates per meal for grades Kindergarten through 8th are:

	Federal Reimbursement	State Reimbursement
Breakfast		
Paid	\$0.31	\$0.10
Reduced price	\$1.54	\$0.10
Free	\$1.84	\$0.10
Lunch		
Paid	\$0.39	\$0.12
Reduced price	\$3.01	\$0.12
Free	\$3.41	\$0.12



Downingtown Area School District
Budget 2020-2021
Proprietary Fund - Food Service Fund with Prior Years Comparison

Summary Budget					
	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
Operating Revenue					
Local Sources	\$ 2,950,000	\$ 2,626,498	\$ 3,506,239	\$ 3,634,048	\$ 3,649,446
Operating Expenses					
Non-Instructional Operations	3,725,059	3,384,243	4,269,555	4,277,061	4,277,129
Operating Loss	(775,059)	(757,745)	(763,316)	(643,013)	(627,683)
Non-operating Revenue					
Non-Operating Revenue	755,000	772,554	723,418	698,692	789,053
Change in Net Assets	(20,059)	14,809	(39,898)	55,679	161,370
Total Net Assets July 1	1,950,403	1,935,594	1,975,492	1,919,813	1,758,443
Total Net Assets June 30	<u>\$ 1,930,344</u>	<u>\$ 1,950,403</u>	<u>\$ 1,935,594</u>	<u>\$ 1,975,492</u>	<u>\$ 1,919,813</u>

Detail Budget					
Source/Function Object	2020-2021 Budget	2019-2020 Budget	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
Operating Revenue					
Local Sources					
6600 Food Service	\$ 2,950,000	\$ 2,626,498	\$ 3,506,239	\$ 3,634,048	\$ 3,649,446
Operating Expenses					
3100 Food Services					
100 Personnel Svcs - Salaries	121,059	117,533	108,051	102,959	101,866
200 Personnel Svcs - Employee Benefits	110,000	108,023	112,503	102,089	87,930
300 Purchased Professional Services	1,000	820	7,698	14,908	
400 Purchased Property Services	90,000	84,143	75,153	112,495	85,794
500 Other Purchased Services	1,850,000	1,647,896	2,274,030	2,214,195	2,277,367
600 Supplies	1,350,000	1,235,824	1,489,499	1,531,634	1,550,162
700 Property / Depreciation	125,000	125,351	124,851	109,848	108,037
800 Other Objects	78,000	64,653	77,770	88,933	65,973
Total Operating Expenses	3,725,059	3,384,243	4,269,555	4,277,061	4,277,129
Operating Loss	(775,059)	(757,745)	(763,316)	(643,013)	(627,683)
Non-operating Revenue					
6510 Interest on Investments	25,000	28,115	35,190	20,675	7,513
6990 Miscellaneous revenue	5,000	1,345	20,076		86,592
7000 State Sources	75,000	70,237	80,953	76,142	76,165
8000 Federal Sources	650,000	672,857	587,199	601,875	618,783
Total Non-Operating Revenue	755,000	772,554	723,418	698,692	789,053
Change in Net Assets	(20,059)	14,809	(39,898)	55,679	161,370
Total Net Assets July 1	1,950,403	1,935,594	1,975,492	1,919,813	1,758,443
Total Net Assets June 30	<u>\$ 1,930,344</u>	<u>\$ 1,950,403</u>	<u>\$ 1,935,594</u>	<u>\$ 1,975,492</u>	<u>\$ 1,919,813</u>

Downingtown Area School District
Budget 2020-2021
Proprietary Fund - Food Service Fund Forecast

Source/Function Object	2020-2021 Budget	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Operating Revenue				
Local Sources				
6600 Food Service	\$2,950,000	\$2,994,250	\$3,039,164	\$3,084,751
Operating Expenses				
3100 Food Services				
100 Personnel Svcs - Salaries	121,059	124,691	128,431	132,284
200 Personnel Svcs - Employee Benefits	110,000	115,500	121,275	127,339
300 Purchased Professional Services	1,000	1,000	1,000	1,000
400 Purchased Property Services	90,000	93,600	97,344	101,238
500 Other Purchased Services	1,850,000	1,877,750	1,905,916	1,934,505
600 Supplies	1,350,000	1,377,000	1,404,540	1,432,631
700 Property / Depreciation	125,000	125,000	125,000	125,000
800 Other Objects	78,000	78,000	78,000	78,000
Total Operating Expenses	3,725,059	3,792,541	3,861,507	3,931,997
Operating Loss	(775,059)	(798,291)	(822,343)	(847,246)
Non-operating Revenue				
6510 Interest on Investments	25,000	20,000	20,000	20,000
6990 Miscellaneous revenue	5,000	5,000	5,000	5,000
7000 State Sources	75,000	75,000	75,000	75,000
8000 Federal Sources	650,000	659,750	669,646	679,691
Total Non-Operating Revenue	755,000	759,750	769,646	779,691
Change in Net Assets	(20,059)	(38,541)	(52,697)	(67,555)
Total Net Assets July 1	1,950,403	1,930,344	1,891,803	1,839,107
Total Net Assets June 30	<u>\$1,930,344</u>	<u>\$1,891,803</u>	<u>\$1,839,107</u>	<u>\$1,771,552</u>

**Downingtown Area School District
Budget 2020-2021
Legal Debt Limit and Borrowing Capacity**

The Local Government Unit Debt Act (Act 52 of 1978, re-enacting and amending Act 185 of 1972) imposes debt limits for all local government units in Pennsylvania. Act 50 of 1998 amended the Debt Act resulting in a debt limit of 225% of the District's borrowing base. The "Debt Act" is administered by the Pennsylvania Department of Community Affairs.

Below is the calculation prescribed by the Debt Act in determining the District's debt limit and remaining borrowing capacity. It uses the three most recent actual annual revenue amounts as the primary basis for the calculation. Therefore the results of this calculation will change each year.

	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual
Total General Fund Revenue	\$ 225,810,333	\$ 225,625,070	\$ 228,417,537
Less: Required Deductions if Included in Total Revenue			
- Rental and Sinking Fund reimbursement	<u>1,263,351</u>	<u>1,127,730</u>	<u>1,139,792</u>
Net Revenue	<u><u>224,546,982</u></u>	<u><u>224,497,340</u></u>	<u><u>227,277,745</u></u>
Total Net Revenue for Three Years			<u><u>676,322,067</u></u>
Borrowing Base - Average Net Revenue for Three Year Period			225,440,689
Multiplier			<u>225%</u>
Total Nonelectoral Debt Limit			507,241,550
Less Amount of Debt Issued and Outstanding (as of 6/30/20)			<u>100,946,559</u>
Total Debt Margin (Remaining Borrowing Capacity)			<u><u>\$ 406,294,991</u></u>
Total Debt Margin Percentage (Remaining Borrowing Capacity)			80.10%

**Downingtown Area School District
Budget 2020-2021
Schedule of Outstanding Debt**

As of June 30,	Series						Total Outstanding Debt
	2010 QSCB Bonds	2011 QSCB Bonds	2017 Bonds	2018 A Bonds	2018 B Bonds	2018 C Bonds	
2020	13,319,059	7,347,500	16,100,000	12,855,000	24,855,000	26,470,000	100,946,559
2021	11,654,177	6,612,750	15,995,000	12,005,000	16,845,000	26,275,000	89,386,927
2022	9,989,294	5,878,000	15,910,000	11,120,000	8,495,000	26,080,000	77,472,294
2023	8,324,412	5,143,250	15,850,000	9,955,000		25,865,000	65,137,662
2024	6,659,529	4,408,500	13,785,000	8,785,000		25,860,000	59,498,029
2025	4,994,647	3,673,750	11,675,000	7,550,000		25,855,000	53,748,397
2026	3,329,765	2,939,000	9,495,000	6,250,000		25,850,000	47,863,765
2027	1,664,882	2,204,250	7,230,000	4,865,000		25,845,000	41,809,132
2028		1,469,500	4,885,000	3,360,000		25,840,000	35,554,500
2029		734,750	2,475,000	1,720,000		24,125,000	29,054,750
2030						22,295,000	22,295,000
2031						15,230,000	15,230,000
2032						7,805,000	7,805,000
2033							

Description of the Projects Funded by Outstanding Bond Issues

The 2010 QSCB and 2011 QSCB Bonds funded the renovation of the STEM Academy and the construction of the 6th Grade Center Building. The 2017 Bonds were issued to take advantage of lower interest rates by refunding a portion of 2009 bonds used to renovate elementary schools. The 2018A and 2018B Bonds were issued to take advantage of lower interest rates by refunding 2006 and 2010 Bonds which were originally incurred to purchase land for possible future schools and to fund renovations to West Bradford Elementary, Shamona Creek Elementary and both Middle Schools. The 2018C Bonds were issued to fund the new Uwchlan Hills Elementary school which will replace the existing Uwchlan Hills Elementary School. The proceeds from the 2018C bonds will be spent by August 2020 when the Uwchlan Hills project is expected to be completed. All other Bond proceeds have been spent and all other projects funded with bond proceeds have been completed.

Bond Rating

The District's bond rating is AAA with Moody's and S&P rating services, which is their highest rating. This strong rating allows the District to minimize borrowing / interest costs when it needs to issue new bonds.

The schedule above shows the District's outstanding balance for each bond, and the amortization of the balance each year due to principal payments. The schedule below illustrates the change in outstanding bonds from June 30, 2020 to June 30, 2021

	Bonds Outstanding
June 30, 2020	100,946,559
2020-2021 Principal Pmts.	(11,559,632)
June 30, 2021	<u>89,386,927</u>

**Downingtown Area School District
Budget 2020-2021
Debt Amortization (Debt Service) Schedule**

Fiscal Year Ended 06/30	2010 Qualified School Construction (QSCB) Bonds Original Issue \$28,303,000			2011 Qualified School Construction (QSCB) Bonds Original Issue \$11,766,000			2017 General Obligation Bonds Original Issue \$16,910,000			2018 A General Obligation Bonds Original Issue \$14,635,000		
	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total
2021	48,115	1,664,882	1,712,997	0	734,750	734,750	626,505	105,000	731,505	572,700	850,000	1,422,700
2022	48,115	1,664,882	1,712,997	0	734,750	734,750	625,323	85,000	710,323	538,000	885,000	1,423,000
2023	48,115	1,664,882	1,712,997	0	734,750	734,750	624,335	60,000	684,335	497,000	1,165,000	1,662,000
2024	48,115	1,664,882	1,712,997	0	734,750	734,750	591,325	2,065,000	2,656,325	450,300	1,170,000	1,620,300
2025	48,115	1,664,882	1,712,997	0	734,750	734,750	529,100	2,110,000	2,639,100	402,200	1,235,000	1,637,200
2026	48,115	1,664,882	1,712,997	0	734,750	734,750	450,950	2,180,000	2,630,950	345,000	1,300,000	1,645,000
2027	48,115	1,664,882	1,712,997	0	734,750	734,750	345,825	2,265,000	2,610,825	277,875	1,385,000	1,662,875
2028	24,058	1,664,882	1,688,940	0	734,750	734,750	242,300	2,345,000	2,587,300	205,625	1,505,000	1,710,625
2029				0	734,750	734,750	147,200	2,410,000	2,557,200	127,000	1,640,000	1,767,000
2030				0	734,750	734,750	49,500	2,475,000	2,524,500	43,000	1,720,000	1,763,000
2031												
2032												
2033												
Totals	360,863	13,319,059	13,679,922	0	7,347,500	7,347,500	4,232,363	16,100,000	20,332,363	3,458,700	12,855,000	16,313,700

Effect of Debt Level on Current and Future Budgets

The District pays debt service (principal and interest) on outstanding debt out of its General Fund and its Debt Service Fund. The District has budgeted \$8 million in the General Fund for debt service in 2020-2021 and budgeted the additional \$6.98 million in its Debt Service Fund. The District established a Debt Service Fund in 2015-2016 that will allow the annual debt service in the General Fund to be stable. From 2020-2021 to 2022-2023, the District will be able to level the debt service in the General Fund at \$8 million per year with the amount over \$8 million being funded from the Debt Service Fund (see total debt service above). In 2023-2024 and beyond, total debt service drops to \$8 million which will all be funded from the General Fund. The Debt Service Fund fund balance will be down to about \$3.4 million by the end of 2022-2023. The District may issue new debt in the next five years if they build an additional school.

Note that the 2010 QSCB and 2011 QSCB bonds are Federally funded and interest reimbursable. The 2010 QSCB bonds carry a minimal interest cost and the 2011 QSCB bonds are fully reimbursed causing the interest on these bonds to be zero.

**Downingtown Area School District
Budget 2020-2021
Debt Amortization (Debt Service) Schedule**

<<< continued from previous page

Fiscal Year Ended 06/30	2018 B General Obligation Bonds Original Issue \$32,620,000			2018 C General Obligation Bonds Original Issue \$26,655,000			Grand Total		
	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total
2021	883,750	8,010,000	8,893,750	1,287,188	195,000	1,482,188	3,418,258	11,559,632	14,977,890
2022	562,600	8,350,000	8,912,600	1,282,313	195,000	1,477,313	3,056,350	11,914,632	14,970,982
2023	194,575	8,495,000	8,689,575	1,277,188	215,000	1,492,188	2,641,213	12,334,632	14,975,845
2024				1,274,438	5,000	1,279,438	2,364,178	5,639,632	8,003,810
2025				1,274,313	5,000	1,279,313	2,253,728	5,749,632	8,003,360
2026				1,274,175	5,000	1,279,175	2,118,240	5,884,632	8,002,872
2027				1,274,025	5,000	1,279,025	1,945,840	6,054,632	8,000,472
2028				1,273,825	5,000	1,278,825	1,745,808	6,254,632	8,000,440
2029				1,230,825	1,715,000	2,945,825	1,505,025	6,499,750	8,004,775
2030				1,151,350	1,830,000	2,981,350	1,243,850	6,759,750	8,003,600
2031				938,125	7,065,000	8,003,125	938,125	7,065,000	8,003,125
2032				575,875	7,425,000	8,000,875	575,875	7,425,000	8,000,875
2033				195,125	7,805,000	8,000,125	195,125	7,805,000	8,000,125
Totals	1,640,925	24,855,000	26,495,925	14,308,763	26,470,000	40,778,763	24,001,613	100,946,559	124,948,172

Downingtown Area School District

Informational Section

Fiscal Year 2020-2021 Budget



Summary of the information in this section

This section includes data on the District's taxes and assessments, student enrollment, outstanding bonds, student performance data and other District information.



**Downingtown Area School District
Budget 2020-2021
Assessed and Market Value of Taxable Property**

	District Fiscal Year	Total Assessed Value Billed (b)	% Increase in Assessed Value Billed	(a) STEB	
				Common Level Ratio (CLR) (b)	Total Market Value (b)
(1)	2023-24 Forecast	5,835,534,626	1.20%	0.470	12,416,031,118
(1)	2022-23 Forecast	5,766,338,563	1.20%	0.470	12,268,805,453
(1)	2021-22 Forecast	5,697,963,007	1.20%	0.470	12,123,325,546
(1)	2020-21 Forecast	5,630,398,228	1.17%	0.470	11,979,570,698
	2019-20	5,565,330,880	1.54%	0.493	11,288,703,611
	2018-19	5,480,678,574	0.92%	0.513	10,683,583,965
	2017-18	5,430,876,807	1.04%	0.530	10,246,937,372
	2016-17	5,374,998,255	1.35%	0.538	9,990,703,076
	2015-16	5,303,352,509	1.12%	0.554	9,572,838,464
	2014-15	5,244,804,987	1.53%	0.577	9,089,783,340
	2013-14	5,165,841,057	0.75%	0.602	8,581,131,324
	2012-13	5,127,224,052	0.33%	0.590	8,690,210,258
	2011-12	5,110,335,248	0.1%	0.560	9,125,598,657
	2010-11	5,106,774,914	-0.6%	0.554	9,218,005,260

(a) Source: Pennsylvania State Tax Equalization Board (STEB)

(b) The Common Level Ratio (CLR) is independently calculated by STEB each year and is used to calculate the assessed value of taxable property by multiplying the CLR by the current market value of taxable property.

The CLR represents an adjustment factor that restates the current market value of a property to its estimated market value in 1996 (the last time a full reassessment valuation of taxable property was done by the county). The estimated 1996 value then becomes the assessed value that is taxed.

The total assessed value billed shown above represents the total market value shown above times the CLR.

(1) The 2020-2021 and prior years Total Assessed Value Billed are the actual amounts billed. The forecast years assume the CLR remains the same.

**Downingtown Area School District
Budget 2020-2021
Real Estate Tax Rate and Collection Data**

Year	Assessed Value Billed	Tax Rate stated in Mills (a)	Tax Levy (b)	Tax Collection (c)	% of Levy Collected
2020-2021 (1)	5,630,398,228	27.182	\$ 149,062,210	\$ 142,000,000	95.26%
2019-2020 (1)	5,565,330,880	27.182	\$ 147,322,617	\$ 141,921,935	96.33%
2018-2019	5,480,678,574	27.182	\$ 145,100,411	\$ 139,238,919	95.96%
2017-2018	5,430,876,807	27.182	\$ 143,682,307	\$ 137,897,085	95.97%
2016-2017	5,374,998,255	27.182	\$ 142,196,255	\$ 136,816,786	96.22%
2015-2016	5,303,352,509	27.182	\$ 140,346,829	\$ 134,549,959	95.87%
2014-2015	5,244,804,987	27.182	\$ 138,682,352	\$ 132,009,040	95.19%
2013-2014	5,165,841,057	27.182	\$ 136,604,720	\$ 130,277,236	95.37%
2012-2013	5,127,224,052	27.182	\$ 135,539,807	\$ 129,407,143	95.48%
2011-2012	5,110,335,248	26.728	\$ 132,738,092	\$ 126,413,056	95.23%
2010-2011	5,106,774,914	26.213	\$ 129,959,908	\$ 123,849,460	95.30%

(a) One mill of tax is equal to \$1.00 for every \$1,000 of assessed valuation of real estate property.

(b) The Tax Levy reflects a reduction for the homestead credit that approved property owners receive. This homestead credit is reimbursed to the District from State gaming funds and is reflected in State Source revenue. The reimbursed amount has been about \$3.9 million each year since 2008-2009 when the homestead credits were implemented.

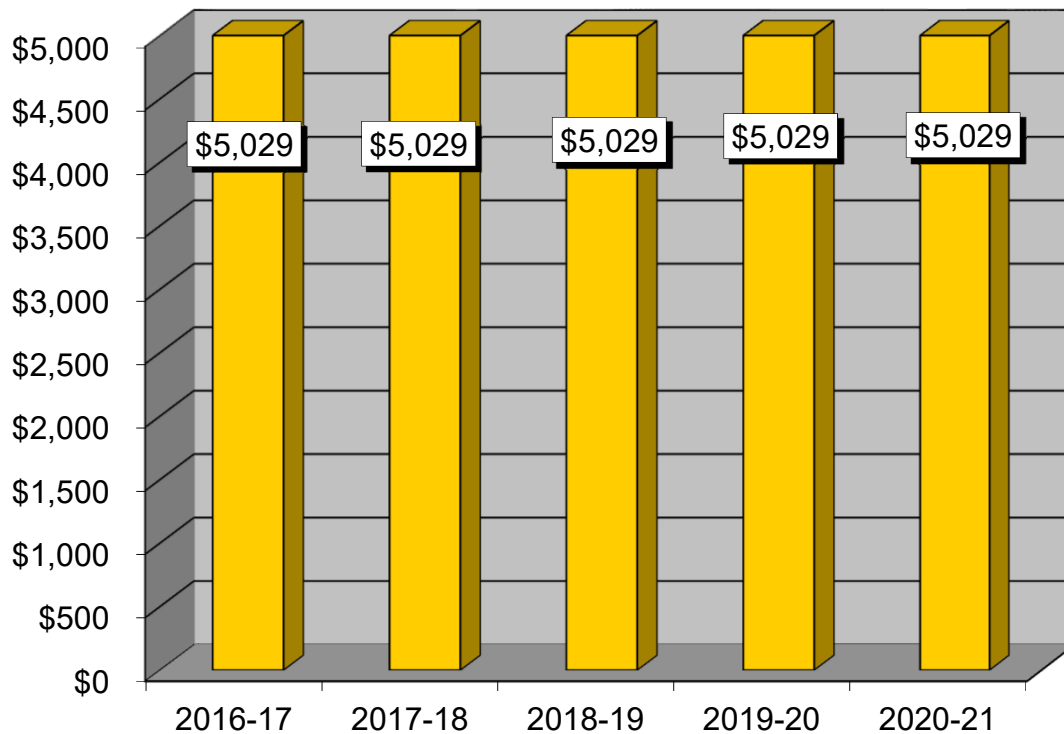
The Tax Levy does not include any adjustments for discounts, penalties or assessment changes

(c) Tax bills are mailed on July 1 and may be paid at a two percent discount during the months of July and August. After October 31, a ten percent penalty is added and all taxes not paid by December 31 are turned over to the Chester County Tax Claim Bureau for collection.

(1) 2020-2021 and 2019-2020 Assessed Value Billed represents Actual billings, not Budgeted billings. The 2020-2021 Tax Collection amount is the Estimated Actual amount

**Downingtown Area School District
Budget 2020-2021
Analysis of Property Tax Burden**

Property Tax on Median Assessed Property Value



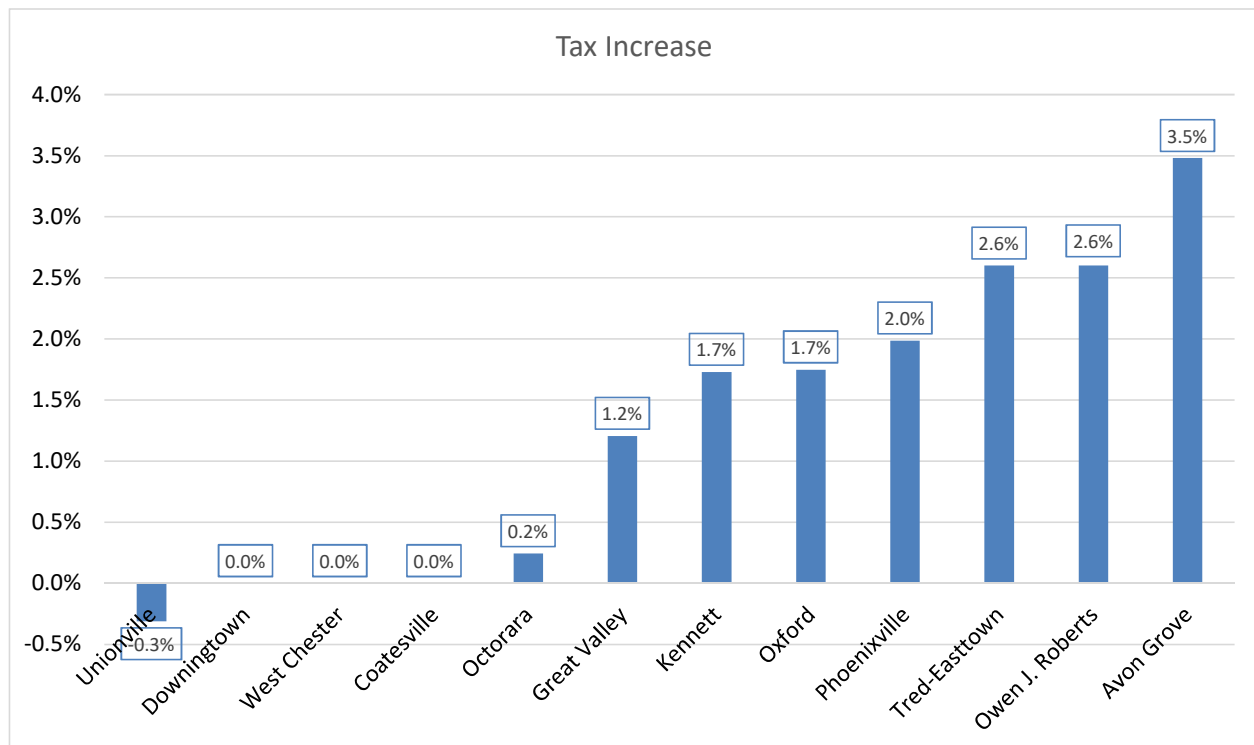
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Median Assessed Property Value	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000
Tax Rate (Mills)	27.182	27.182	27.182	27.182	27.182
Tax Rate % Increase	0.00%	0.00%	0.00%	0.00%	0.00%
Property Tax Due	\$5,029	\$5,029	\$5,029	\$5,029	\$5,029
Change in Median Property Tax	\$0	\$0	\$0	\$0	\$0

2020-2021 will be the 8th year in a row that the District has been able to fund its budget without an increase in property taxes. The District's assessment base and other revenue have continued to grow enough to fund operating cost increases over the past five years.

The Pennsylvania State legislature passed a law (Act 1) that places annual limits on the amount of tax rate % increases. The limit is equal to an inflationary index calculated each year by the State, and is imposed upon all school districts in Pennsylvania. For 2020-2021 the % increase limit index is 2.6%.

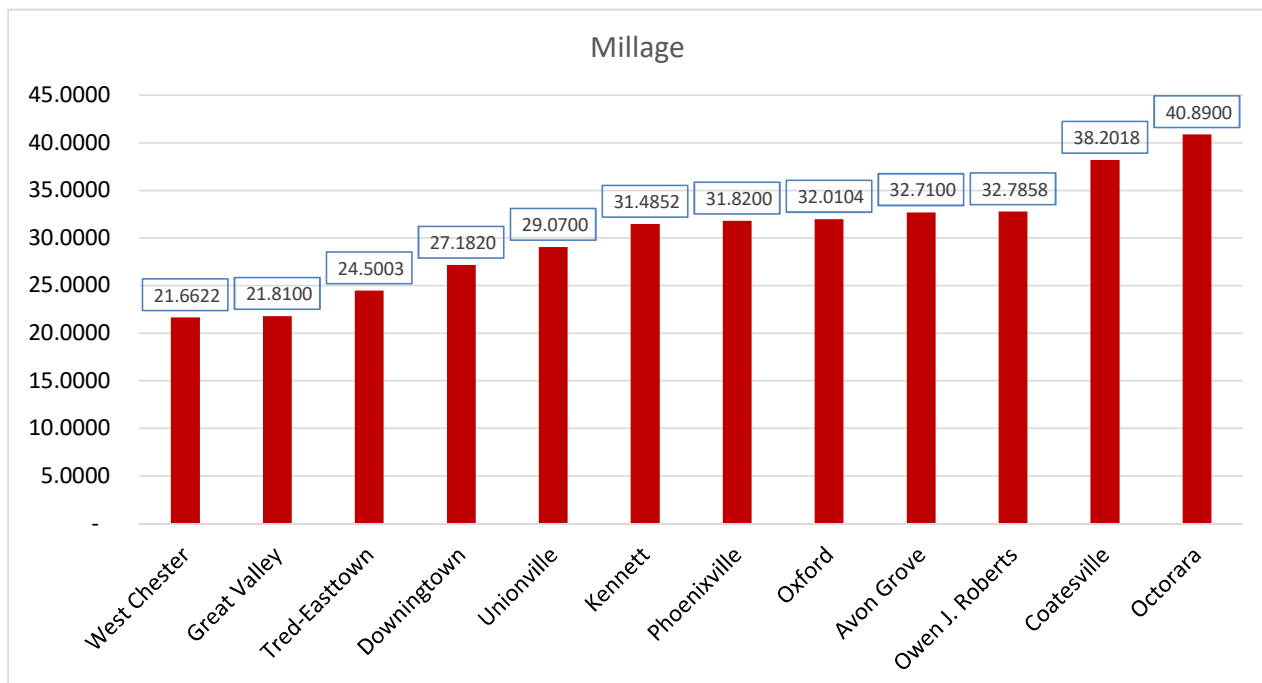
In 2020-2021 the state will be allocating about \$3.9 million of gaming revenue to the District to fund tax relief per Act 1. This amount will be equally allocated to approved residential property owners and will result in an estimated \$213 credit on their 2020-2021 tax bill.

**Downingtown Area School District
Budget 2020-2021
Chester County School District Property Tax Comparison**



Source: Chester County Assessment Office

The chart above shows the 2020-2021 percentage increase in property tax (millage) for each school district in Chester County. Downingtown is proud to have no tax increase for 2020-2021, the eighth year in a row.



Source: Chester County Assessment Office

The chart above shows the 2020-2021 millage rate for assessing property tax for each school district in Chester County. 1 mill = \$1 for every \$1000 of assessed valuation of real estate property.

**Downingtown Area School District
Budget 2020-2021
District's Ten Largest Real Estate Taxpayers**

Owner	Property	Assessed Property Value	Taxes Due
Brandywine Square LLC	Shopping Complex	\$ 62,316,000	\$ 1,693,874
BRE DDR IVA Ashbridge PA LLC	Shopping Complex	31,058,000	844,219
Marchwood Associates	Apartments	28,171,897	765,769
Claremont Apartments LP	Apartments	21,830,000	593,383
Cornerstone Terrace Venture LP	Apartments	19,842,452	539,358
Meridian at Eagleview LP	Apartments	14,900,180	405,017
West Pharmaceutical Services Inc.	Business	13,583,690	369,232
Kensey Nash Corp.	Business	12,706,500	345,388
Severgn Apartments	Apartments	12,161,150	330,564
790 Stockton Drive Associates LP	Office Complex	11,436,070	310,855
Total		<u>\$ 228,005,939</u>	<u>\$ 6,197,657</u>

Percent of Budgeted Current Real Estate Tax Revenue

4.4%

This table shows the ten largest taxpayers in the District who have the highest value of assessed property, which correlates to the amount of taxes paid. As shown above these ten taxpayers account for 4.4% of the 2020-2021 budgeted current real estate tax revenue.

The District has about 20% of its tax base come from commercial property. The District needs to generate 80% of its tax revenue from residential property owners, thus placing more tax burden on them.

**Downingtown Area School District
Budget 2020-2021
Detail of District Tax Revenue**

		2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
		Budget	Budget	Actual	Actual	Actual
Source	Tax Revenue					
Code						
6111	Current Real Estate Tax	\$141,381,320	\$ 141,383,350	\$ 139,238,919	\$ 137,897,085	\$ 136,816,786
6112	Interim Real Estate Tax	\$ 1,850,000	\$ 2,400,000	\$ 2,727,132	\$ 2,281,663	\$ 3,448,417
6113	Public Utility Taxes	\$ 150,000	\$ 166,470	\$ 166,470	\$ 166,089	\$ 176,715
6142	Act 511 - Local Services Tax	\$ 215,000	\$ 220,000	\$ 211,683	\$ 220,294	\$ 232,779
6151	Act 511 - Earned Income Tax	\$ 16,320,000	\$ 16,450,000	\$ 16,976,574	\$ 16,475,316	\$ 16,440,768
6153	Act 511 - Real Estate Transfer Tax	\$ 2,470,000	\$ 3,170,000	\$ 3,796,236	\$ 2,999,767	\$ 2,937,027
6411	Delinquent Real Estate Tax	\$ 2,475,000	\$ 3,000,000	\$ 2,246,920	\$ 3,520,845	\$ 2,964,014
Total Tax Revenue		<u>\$164,861,320</u>	<u>\$ 166,789,820</u>	<u>\$ 165,363,934</u>	<u>\$ 163,561,059</u>	<u>\$ 163,016,506</u>

The taxes listed above represent the revenue from all taxes levied and collected by the District.

The decrease from 2019-2020 to 2020-2021 is due to the anticipated effects of the COVID-19 pandemic on the economy that would cause tax revenue and collections to decline.

Downingtown Area School District Budget 2020-2021

Enrollment Forecasting Methodology and Techniques

The District uses an enrollment forecasting consultant to assist in forecasting student enrollment. Their primary methodology used is the cohort-survival method which is a common forecasting method used by many school districts. It has a good record of reliability, the calculations are straightforward, and the data requirements are reasonably fulfilled. Adjustments are made by the consultant based on discussions with the District regarding growth trend data, so the results are not reflective of a strict cohort-survival calculation as discussed below.

The Cohort-Survival Method

The basic assumption of the cohort-survival method for projecting school enrollments is that what has happened in the past will, to a large extent, continue to occur in the future; that is, given the number of births, the net effect of all other influences on enrollment will remain proportionately similar, and the percentage of students “surviving” to subsequent grades will be consistent with prior years.

The basic technique requires calculating the ratio of the number of children in one grade in one year, compared to the number of children who “survive” the year and enroll in the next grade, the following year. Fluctuations in such data from year to year create a pattern from which an average survival rate can be calculated to project an enrollment. Thus, if over a period of years, an average of 96 percent of the enrollment in Grade 3 goes on to Grade 4 and if 300 children are enrolled in Grade 3, then next year’s Grade 4 enrollment may be estimated at 96 percent of 300 or 288 students. Eleven average rates of survival are calculated for a system with twelve grades. These rates can then be applied to the present enrollment and used to project enrollments for each succeeding year. Thus if the average survival rate from Grade 4 , with 288 students, to Grade 5 is 1.10 or 110 percent, then for the second projected year the estimate for Grade 5 is 1.10 times 288 or 317 students.

Forecasts for successive years must take as their starting point an estimate of the number of children entering kindergarten or first grade. An average birth survival rate may be obtained by comparing known enrollments in kindergarten or first grade with birth data five or six years earlier. This rate may then be used to project enrollments for the initial school years from birth. Thus, if an average birth survival rate, births to Grade 1, was found to be 1.17 or 117 percent in recent years, reflecting a net influx of pre-school age children, the District could reasonably project future first grade enrollment from the number of recent births.

**Downingtown Area School District
Budget 2020-2021
Enrollment History and Projections**

		GRADE															
Year		K	1	2	3	4	5	6	7	8	9	10	11	12	Total	Change	% Change
Actual Enrollment	2009-2010	702	951	919	922	933	924	943	911	980	902	895	934	891	11,807	(46)	(0.39%)
	2010-2011	717	836	949	921	930	936	953	951	917	982	916	875	933	11,816	9	0.08%
	2011-2012	721	846	856	968	938	942	944	954	956	917	975	902	880	11,799	(17)	(0.14%)
	2012-2013	692	877	880	878	989	936	975	970	962	963	925	968	902	11,917	118	1.00%
	2013-2014	640	861	930	911	908	1,011	954	979	1,029	992	964	921	976	12,076	159	1.33%
	2014-2015	641	776	921	958	935	935	1,047	994	998	1,007	990	961	920	12,083	7	0.06%
	2015-2016	642	850	840	972	985	974	985	1,064	1,003	1,023	1,010	986	956	12,290	207	1.71%
	2016-2017	732	846	919	904	1,009	1,049	1,033	1,022	1,078	1,037	1,027	1,016	996	12,668	378	3.08%
	2017-2018	720	877	896	971	947	1,032	1,095	1,050	1,037	1,083	1,050	1,017	1,029	12,804	136	1.07%
	2018-2019	745	885	916	938	1,011	981	1,051	1,137	1,052	1,058	1,087	1,044	1,028	12,933	129	1.01%
	2019-2020	730	870	941	960	969	1,037	1,042	1,076	1,158	1,086	1,053	1,080	1,066	13,068	135	1.04%
Budget	2020-2021	715	892	932	1,011	1,004	1,010	1,092	1,089	1,094	1,182	1,089	1,048	1,094	13,252	184	1.41%
Projected	2021-2022	679	877	949	991	1,060	1,042	1,055	1,133	1,107	1,118	1,187	1,086	1,067	13,351	99	0.75%
	2022-2023	688	834	928	1,007	1,040	1,097	1,086	1,096	1,152	1,127	1,123	1,182	1,106	13,466	115	0.86%
	2023-2024	719	842	884	989	1,052	1,079	1,134	1,128	1,114	1,173	1,134	1,119	1,202	13,569	103	0.76%

5 Year Enrollment by School

	2020-21	2019-20	2018-19	2017-18	2016-17
Beaver Creek Elementary	495	486	447	471	451
Bradford Heights Elementary	580	573	597	540	516
Brandywine-Wallace Elementary	529	530	529	543	521
East Ward Elementary	542	538	544	538	571
Lionville Elementary	649	640	648	670	660
Pickering Valley Elementary	445	435	454	483	504
Shamona Creek Elementary	604	600	604	627	609
Springton Manor Elementary	594	598	566	499	500
Uwchlan Hills Elementary	493	477	477	483	521
West Bradford Elementary	633	630	610	589	606
Marsh Creek 6th Grade Center	1,092	1,042	1,051	1,094	1,033
Downingtown Middle School	1,118	1,127	1,119	1,096	1,038
Lionville Middle School	1,065	1,107	1,070	992	1,062
STEM Academy	855	825	819	818	793
Downingtown High School East	1,741	1,723	1,752	1,791	1,791
Downingtown High School West	1,817	1,737	1,646	1,570	1,492
	13,252	13,068	12,933	12,804	12,668

**Downingtown Area School District
Budget 2020-2021
School Building Information**

Building	Original Construction Date	Most Recent Renovation Date	Square Footage	Grades	Student Capacity
Beaver Creek Elementary School	1960	2004	57,794	K-5	525
Bradford Heights Elementary School	1990	N/A	65,566	K-5	550
Brandywine-Wallace Elementary School	1960	2008	45,905	K-5	600
East Ward Elementary School	1968	1997	74,300	K-5	650
Lionville Elementary School	1960	1997	84,405	K-5	600
Pickering Valley Elementary School	2006	N/A	86,926	K-5	650
Shamona Creek Elementary School	1990	2006	62,603	K-5	700
Springton Manor Elementary School	2008	N/A	86,926	K-5	650
Uwchlan Hills Elementary School	2020	N/A	81,969	K-5	600
West Bradford Elementary School	1966	2006	66,864	K-5	575
Marsh Creek 6th Grade Center	2014	N/A	149,288	6	1,250
Downingtown Middle School	1997	2006	158,861	7-8	1,350
Lionville Middle School	1997	2006	158,861	7-8	1,350
Downingtown High School-East Campus	1968	2000	253,000	9-12	1,700
Downingtown High School-West Campus	1959	2002	265,600	9-12	1,800
STEM Academy	1932	2020	152,500	9-12	1,100

**Downingtown Area School District
Budget 2020-2021
Personnel Resource Allocation**

Personnel Type	Full Time Equivalents (FTEs)				
	2020-2021 Budget FTEs	2019-2020 FTEs	2018-2019 FTEs	2017-2018 FTEs	2016-2017 FTEs
Teachers & Specialists	980.93	965.07	953.40	935.53	916.80
Administrators					
- Educational	64.00	64.00	64.00	62.00	62.00
- All Other	47.00	45.00	36.00	33.00	34.00
Total Administrators	111.00	109.00	100.00	95.00	96.00
Support Staff					
- Secretarial / Clerical	115.36	104.62	99.22	98.01	98.94
- Custodial	81.00	81.00	81.00	81.00	82.00
- Maintenance	18.00	18.00	18.00	18.00	19.00
- Computer Tech	24.00	19.00	14.00	14.00	13.00
- Aides	299.16	282.16	267.96	266.15	263.75
Total Support Staff	537.52	504.78	480.18	477.16	476.69
Total All Staff	1,629.45	1,578.85	1,533.58	1,507.69	1,489.49

Discussion of Increases in Staff

The increase in Teachers and Specialists in the 2020-2021 budget is primarily due to enrollment growth and managing class size.

The increase Administrators in the 2020-2021 budget is due to the addition of psychologists at the high schools.

The increase in Support Staff positions are for increased need for classroom aides, clerical staff and additional computer technicians.

**Downingtown Area School District
Budget 2020-2021
Schedule of Outstanding Debt**

As of June 30,	Series						Total Outstanding Debt
	2010 QSCB Bonds	2011 QSCB Bonds	2017 Bonds	2018 A Bonds	2018 B Bonds	2018 C Bonds	
2020	13,319,059	7,347,500	16,100,000	12,855,000	24,855,000	26,470,000	100,946,559
2021	11,654,177	6,612,750	15,995,000	12,005,000	16,845,000	26,275,000	89,386,927
2022	9,989,294	5,878,000	15,910,000	11,120,000	8,495,000	26,080,000	77,472,294
2023	8,324,412	5,143,250	15,850,000	9,955,000		25,865,000	65,137,662
2024	6,659,529	4,408,500	13,785,000	8,785,000		25,860,000	59,498,029
2025	4,994,647	3,673,750	11,675,000	7,550,000		25,855,000	53,748,397
2026	3,329,765	2,939,000	9,495,000	6,250,000		25,850,000	47,863,765
2027	1,664,882	2,204,250	7,230,000	4,865,000		25,845,000	41,809,132
2028		1,469,500	4,885,000	3,360,000		25,840,000	35,554,500
2029		734,750	2,475,000	1,720,000		24,125,000	29,054,750
2030						22,295,000	22,295,000
2031						15,230,000	15,230,000
2032						7,805,000	7,805,000
2033							

Description of the Projects Funded by Outstanding Bond Issues

The 2010 QSCB and 2011 QSCB Bonds funded the renovation of the STEM Academy and the construction of the 6th Grade Center Building. The 2017 Bonds were issued to take advantage of lower interest rates by refunding a portion of 2009 bonds used to renovate elementary schools. The 2018A and 2018B Bonds were issued to take advantage of lower interest rates by refunding 2006 and 2010 Bonds which were originally incurred to purchase land for possible future schools and to fund renovations to West Bradford Elementary, Shamona Creek Elementary and both Middle Schools. The 2018C Bonds were issued to fund the new Uwchlan Hills Elementary school which will replace the existing Uwchlan Hills Elementary School. The proceeds from the 2018C bonds will be spent by August 2020 when the Uwchlan Hills project is expected to be completed. All other Bond proceeds have been spent and all other projects funded with bond proceeds have been completed.

Bond Rating

The District's bond rating is AAA with Moody's and S&P rating services, which is their highest rating. This strong rating allows the District to minimize borrowing / interest costs when it needs to issue new bonds.

The schedule above shows the District's outstanding balance for each bond, and the amortization of the balance each year due to principal payments. The schedule below illustrates the change in outstanding bonds from June 30, 2020 to June 30, 2021

	Bonds Outstanding
June 30, 2020	100,946,559
2020-2021 Principal Pmts.	(11,559,632)
June 30, 2021	89,386,927

**Downingtown Area School District
Budget 2020-2021
Debt Amortization (Debt Service) Schedule**

Fiscal Year Ended 06/30	2010 Qualified School Construction (QSCB) Bonds Original Issue \$28,303,000			2011 Qualified School Construction (QSCB) Bonds Original Issue \$11,766,000			2017 General Obligation Bonds Original Issue \$16,910,000			2018 A General Obligation Bonds Original Issue \$14,635,000		
	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total
2021	48,115	1,664,882	1,712,997	0	734,750	734,750	626,505	105,000	731,505	572,700	850,000	1,422,700
2022	48,115	1,664,882	1,712,997	0	734,750	734,750	625,323	85,000	710,323	538,000	885,000	1,423,000
2023	48,115	1,664,882	1,712,997	0	734,750	734,750	624,335	60,000	684,335	497,000	1,165,000	1,662,000
2024	48,115	1,664,882	1,712,997	0	734,750	734,750	591,325	2,065,000	2,656,325	450,300	1,170,000	1,620,300
2025	48,115	1,664,882	1,712,997	0	734,750	734,750	529,100	2,110,000	2,639,100	402,200	1,235,000	1,637,200
2026	48,115	1,664,882	1,712,997	0	734,750	734,750	450,950	2,180,000	2,630,950	345,000	1,300,000	1,645,000
2027	48,115	1,664,882	1,712,997	0	734,750	734,750	345,825	2,265,000	2,610,825	277,875	1,385,000	1,662,875
2028	24,058	1,664,882	1,688,940	0	734,750	734,750	242,300	2,345,000	2,587,300	205,625	1,505,000	1,710,625
2029				0	734,750	734,750	147,200	2,410,000	2,557,200	127,000	1,640,000	1,767,000
2030				0	734,750	734,750	49,500	2,475,000	2,524,500	43,000	1,720,000	1,763,000
2031												
2032												
2033												
Totals	360,863	13,319,059	13,679,922	0	7,347,500	7,347,500	4,232,363	16,100,000	20,332,363	3,458,700	12,855,000	16,313,700

Effect of Debt Level on Current and Future Budgets

The District pays debt service (principal and interest) on outstanding debt out of its General Fund and its Debt Service Fund. The District has budgeted \$8 million in the General Fund for debt service in 2020-2021 and budgeted the additional \$6.98 million in its Debt Service Fund. The District established a Debt Service Fund in 2015-2016 that will allow the annual debt service in the General Fund to be stable. From 2020-2021 to 2022-2023, the District will be able to level the debt service in the General Fund at \$8 million per year with the amount over \$8 million being funded from the Debt Service Fund (see total debt service above). In 2023-2024 and beyond, total debt service drops to \$8 million which will all be funded from the General Fund. The Debt Service Fund fund balance will be down to about \$3.4 million by the end of 2022-2023. The District may issue new debt in the next five years if they build an additional school.

Note that the 2010 QSCB and 2011 QSCB bonds are Federally funded and interest reimbursable. The 2010 QSCB bonds carry a minimal interest cost and the 2011 QSCB bonds are fully reimbursed causing the interest on these bonds to be zero.

**Downingtown Area School District
Budget 2020-2021
Debt Amortization (Debt Service) Schedule**

<<< continued from previous page

Fiscal Year Ended 06/30	2018 B General Obligation Bonds Original Issue \$32,620,000			2018 C General Obligation Bonds Original Issue \$26,655,000			Grand Total		
	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total
2021	883,750	8,010,000	8,893,750	1,287,188	195,000	1,482,188	3,418,258	11,559,632	14,977,890
2022	562,600	8,350,000	8,912,600	1,282,313	195,000	1,477,313	3,056,350	11,914,632	14,970,982
2023	194,575	8,495,000	8,689,575	1,277,188	215,000	1,492,188	2,641,213	12,334,632	14,975,845
2024				1,274,438	5,000	1,279,438	2,364,178	5,639,632	8,003,810
2025				1,274,313	5,000	1,279,313	2,253,728	5,749,632	8,003,360
2026				1,274,175	5,000	1,279,175	2,118,240	5,884,632	8,002,872
2027				1,274,025	5,000	1,279,025	1,945,840	6,054,632	8,000,472
2028				1,273,825	5,000	1,278,825	1,745,808	6,254,632	8,000,440
2029				1,230,825	1,715,000	2,945,825	1,505,025	6,499,750	8,004,775
2030				1,151,350	1,830,000	2,981,350	1,243,850	6,759,750	8,003,600
2031				938,125	7,065,000	8,003,125	938,125	7,065,000	8,003,125
2032				575,875	7,425,000	8,000,875	575,875	7,425,000	8,000,875
2033				195,125	7,805,000	8,000,125	195,125	7,805,000	8,000,125
Totals	1,640,925	24,855,000	26,495,925	14,308,763	26,470,000	40,778,763	24,001,613	100,946,559	124,948,172

Downingtown Area School District Budget 2020-2021

Performance Measurements

The District determines success of its mission and comprehensive education plan through the measurement of student performance and achievement. The mission of the Downingtown Area School District, proud of our tradition of excellence, is to educate all students to meet the challenges of a global society.

In support of this mission, the District has developed a Comprehensive Education Plan with two goals.

Goal #1: We will ensure a system is in place within the district that promotes, enhances, and sustains a shared vision of high expectations for all students through the easy access of assessment data to adjust and modify instruction to meet individual student needs.

Goal #2: We will implement a comprehensive district-wide-system that will create a positive school climate by ensuring students who are academically and/or socially/emotionally/behaviorally at risk are identified early and are supported by a process that provides interventions based upon student needs and includes procedures for monitoring effectiveness.

The District believes its mission and comprehensive education plan have been successful based on student performance and achievement data. Performance data indicates that Downingtown Area School District students have performed considerably better in standardized evaluations of learning such as the Pennsylvania System of School Assessment (PSSA) and the Scholastic Aptitude Test (SAT), compared to other students on a state-wide basis. Success in educating the District's students can also be seen in the percentage of students pursuing higher education (93% for the Class of 2020) which has been significantly higher than the state-wide percentage (about 69%). These students have also received several thousands of dollars in scholarships. The District offers sixteen advanced placement courses with about one-third of 11th and 12th graders taking them. Over the past few years, the District has had several students who were finalists, semi-finalists, and commended in the National Merit Scholars program.

The budget process is driven by the number of students enrolled, and yields an instructional expenditure per student amount of \$10,829 for 2020-2021. Capital Projects Fund spending, excluding new construction, adds another \$530 per student in 2020-2021. Capital spending supports the District's one to one laptop / iPad initiative that provides direct access to technology by providing each student with their own laptop or iPad. This level of per student expenditures has allowed the District to continue providing the quality of education necessary to achieve the strong student performance as shown in the chart below. The District's schools' performance and student achievement are among the highest in the state and have been nationally

Downingtown Area School District Budget 2020-2021

recognized. The District puts student achievement as a top priority, and based on strong performance data, the level of per student expenditures budgeted is appropriate.

PSSA assessment

One of the main student performance measures for Pennsylvania school districts is the PSSA assessment. The annual Pennsylvania System of School Assessment (PSSA) is a standards based criterion-referenced assessment used to measure a student's attainment of the academic standards while also determining the degree to which school programs enable students to attain proficiency of the standards. Every Pennsylvania student in 3rd through 8th grade is assessed in reading and math. 11th graders take a similar test called the Keystone Exam. The PSSA tests were not given in 2020 due to schools being shut down from March 2020 to the end of the school year due to the pandemic, therefore the most recent data is from 2019.

There are four performance levels defined by the PSSA: Advanced, Proficient, Basic, and Below Basic. The District strives to enable its students to perform at the Advanced and Proficient levels. These higher levels are defined as follows:

Advanced - The Advanced Level reflects superior academic performance. Advanced work indicates an in-depth understanding and exemplary display of the skills included in the Pennsylvania Academic Content Standards.

Proficient - The Proficient Level reflects satisfactory academic performance. Proficient work indicates a solid understanding and adequate display of the skills included in the Pennsylvania Academic Content Standards.

The percent of District students achieving advanced and proficient scores on the PSSA tests are seen on the following pages and compared to state percentages.



SAT Test

Another performance measure that the District uses to determine the success of its mission and strategies is the SAT test. The SAT test is a measure of the critical

Downingtown Area School District Budget 2020-2021

thinking skills needed for academic success in college. The SAT assesses analysis and problem solving skills in mathematics, reading and writing. Each area is scored on a scale of 200—800. The test is typically taken by high school juniors and seniors. The average SAT test scores for the District's students is shown on a following page and compared to state average scores.

District Recognition and Communication

The PSSA and SAT tests are key elements in the calculation of Pennsylvania's School Performance Profile (SPP) score which provides the public with a comprehensive overview of student academic performance in every Pennsylvania public school building. The score is based on a 100 point system with 100 being the highest, with additional points awarded for certain advanced test score rankings. The District's three high schools had an average score of 95 in 2019. The District's two middle schools and sixth grade center had an average score of 61, and the ten elementary schools had an average score of 81 in 2019. 2020 SPP data was not calculated due to the pandemic.

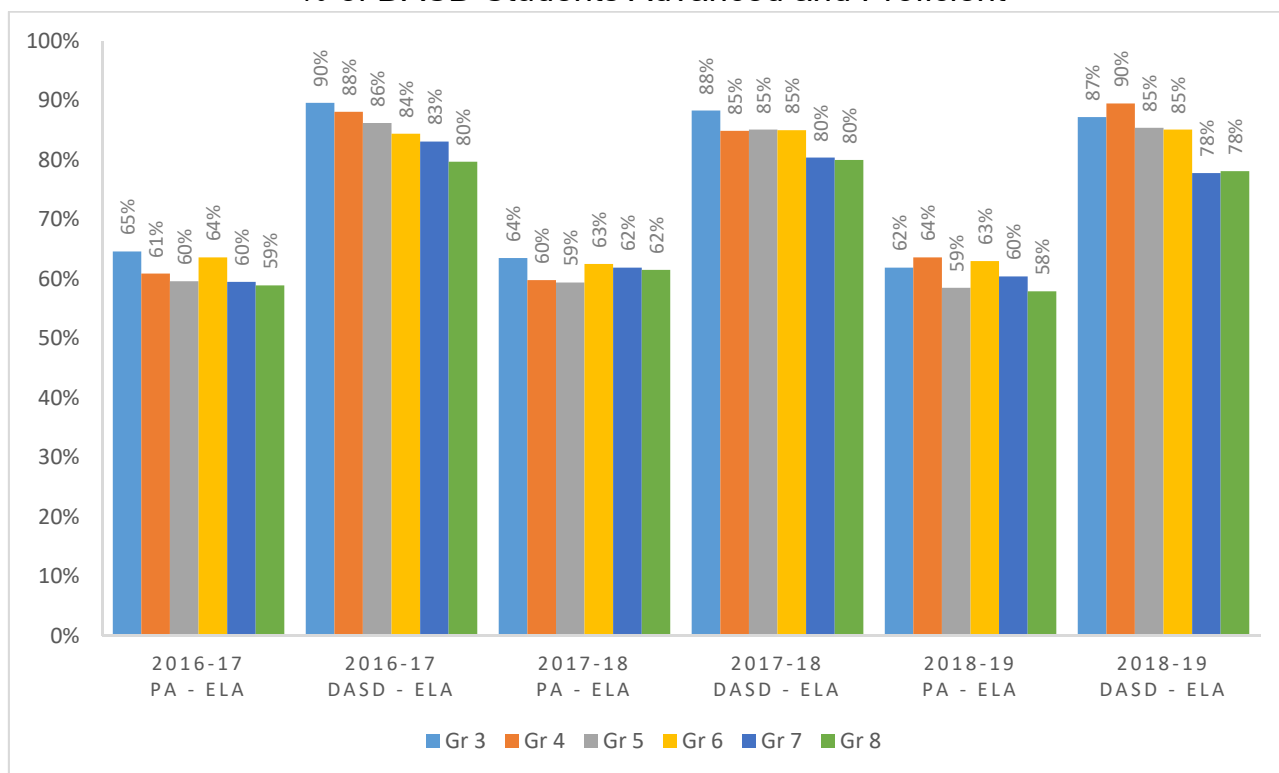
The District continues to be well respected by the community it serves and is seen as one of the top performing public school districts in the region and nationally. This is evidenced by a recent Washington Post ranking of high schools that ranked the STEM Academy as the number one high school in the state, with East high school number 21 and West high school number 31 in the state. The District as a whole was ranked 24th in the state out of 500 Districts by the Pittsburgh Business Times.

Our communication efforts have allowed us to keep in close contact with all of our stakeholders. Our efforts include direct e-mailing of regular newsletters and pertinent information throughout the year, Superintendent communication with the public, and extensive web-site communication including blogs and survey requests. This communication on various issues has yielded tremendous feedback from parents, students, and taxpayers that let the District know what these stakeholders are happy with, what they would like to see changed, and what recommendations they may have. This feedback has allowed the District to feel that its stakeholders are generally very positive about the District's performance. Perhaps the most important communication tool is the open culture in our schools among teachers, principals, students, and parents that promote effective communication to provide the best education possible.



**Downingtown Area School District
Budget 2020-2021
Performance Measurements**

**2016-17 through 2018-19 Grades 3-8 English Language Arts (ELA) PSSA Testing
% of DASD Students Advanced and Proficient**

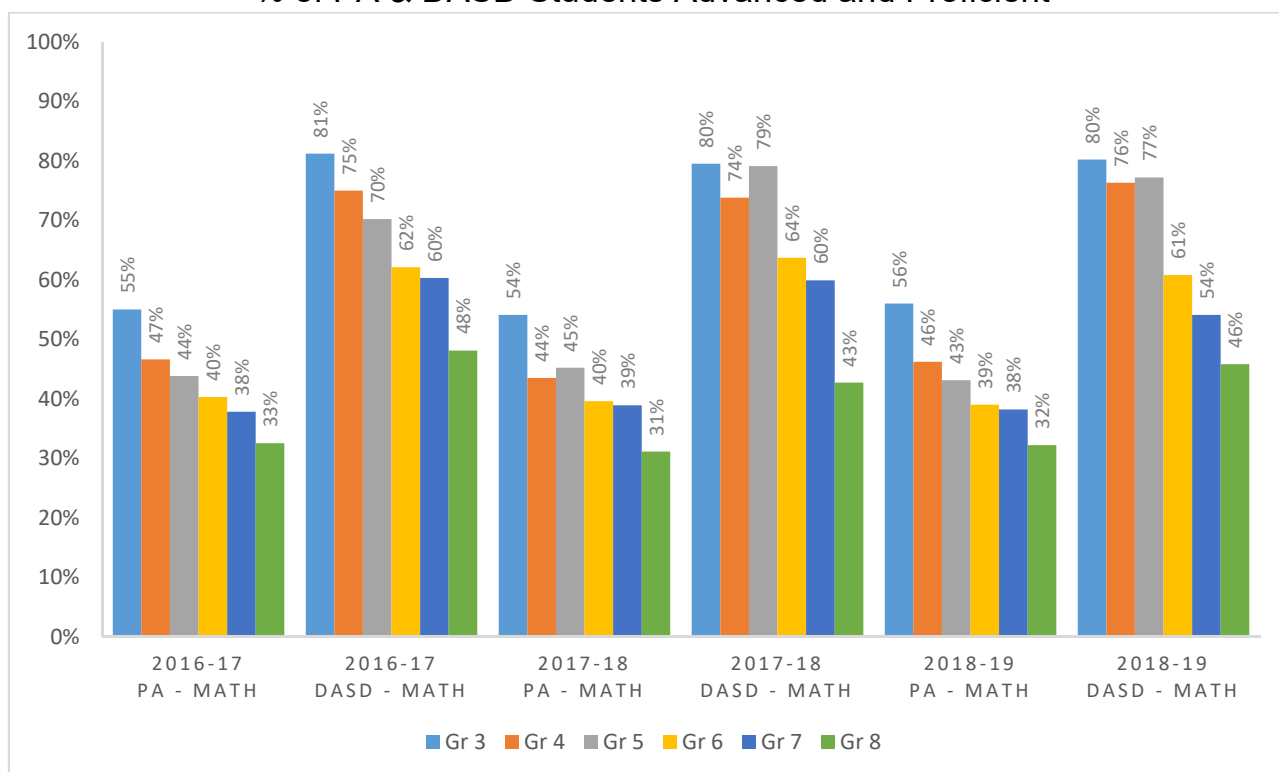


Source: Pennsylvania Department of Education

This shows the Pennsylvania System of School Assessment (PSSA) standardized test data that measures students' proficiency in English Language Arts. This is the primary test used to measure a District's learning proficiency in Pennsylvania for Grades 3-8. In the chart above, "PA" is the state data and "DASD" is the District data. Due to the COVID pandemic, no tests were given in 2019-2020, therefore 2018-2019 data is the most current available.

Downingtown Area School District **Budget 2020-2021** **Performance Measurements**

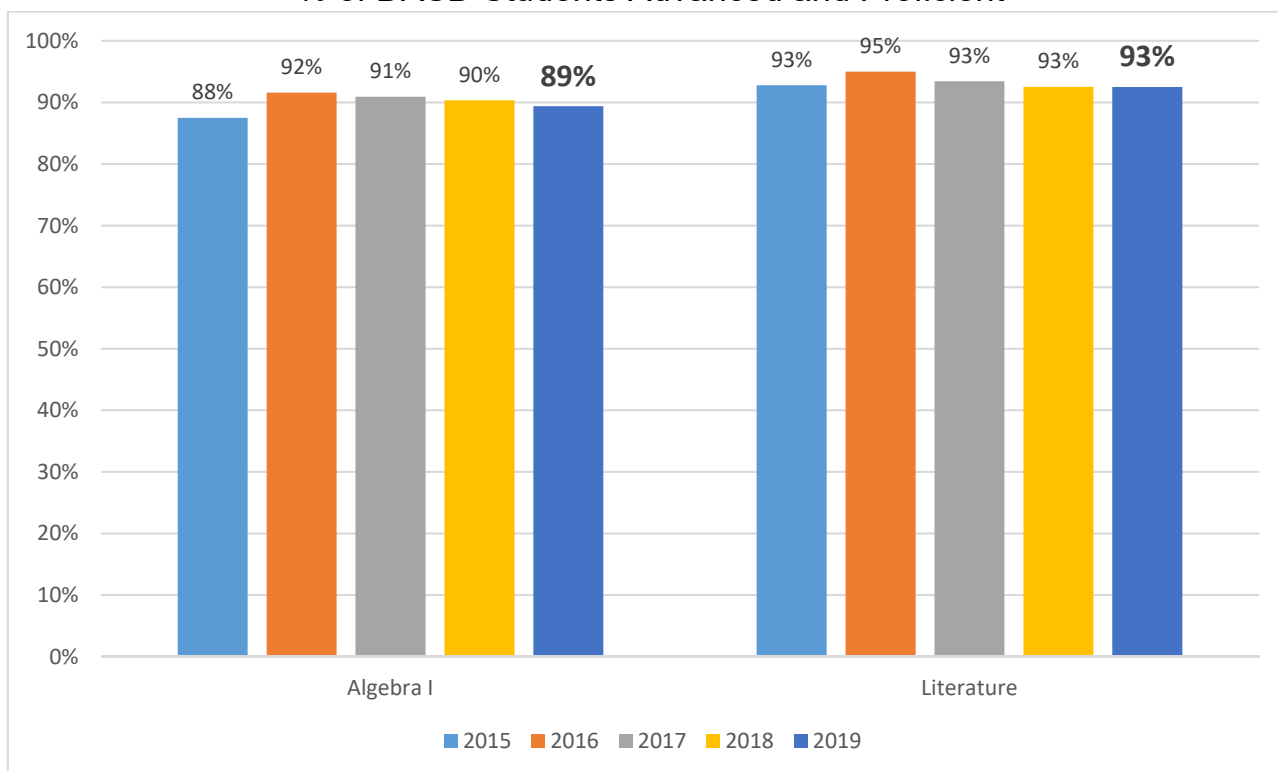
2016-17 through 2018-19 Grades 3-8 Mathematics PSSA Testing **% of PA & DASD Students Advanced and Proficient**



This shows the Pennsylvania System of School Assessment (PSSA) standardized test data that measures students' proficiency in Math. This is the primary test used to measure a District's learning proficiency in Pennsylvania for Grades 3-8. In the chart above, "PA" is the state data and "DASD" is the District data. Due to the COVID pandemic, no tests were given in 2019-2020, therefore 2018-2019 data is the most current available.

**Downingtown Area School District
Budget 2020-2021
Performance Measurements**

**Grade 11 Results
2014-15 through 2018-19 Keystone Exams
% of DASD Students Advanced and Proficient**



Comparative State Percentages

Keystone Algebra I

	2015	2016	2017	2018	2019
PA	65%	68%	66%	65%	63%
DASD	88%	92%	91%	90%	89%

Keystone Literature

	2015	2016	2017	2018	2019
PA	73%	77%	73%	73%	72%
DASD	93%	95%	93%	93%	93%

Source: Pennsylvania Department of Education

The Keystone Exam is the primary test used to measure a District's learning proficiency in Pennsylvania for Grade 11. Due to the COVID pandemic, no tests were given in 2020, therefore 2019 data is the most current available.

**Downingtown Area School District
Budget 2020-2021
Performance Measurements**

School Performance Profile (SPP) Building Level Academic Scores

	2015 SPP	2016 SPP	2017 SPP	2018 SPP	2019 SPP
Beaver Creek El	No SPP	69.8	69.8	65.0	82.9
Bradford Hgts El	due to	85.7	91.6	80.5	81.8
Brandywine-Wallace El	new	85.0	88.3	86.4	89.6
East Ward El	PSSAs	75.0	71.7	73.1	86.7
Lionville El		86.7	91.1	86.4	97.2
Pickering Valley El		74.5	90.4	79.2	91.6
Shamona Creek El		94.6	92.1	87.2	90.5
Springton Manor El		84.3	84.3	86.0	73.4
Uwchlan Hills El		81.8	87.4	72.4	84.7
West Bradford El		88.3	79.2	74.2	78.7
Marsh Creek		65.9	64.1	66.5	65.3
Downingtown MS		70.4	70.7	60.7	62.7
Lionville MS		66.3	62.3	61.0	59.3
Downingtown HS East	93.8	90.7	94.2	95.6	89.3
Downingtown HS West	87.8	95.6	90.2	88.4	90.1
Downingtown STEM	99.1	98.3	104.0	102.7	104.8

Source: Pennsylvania Department of Education

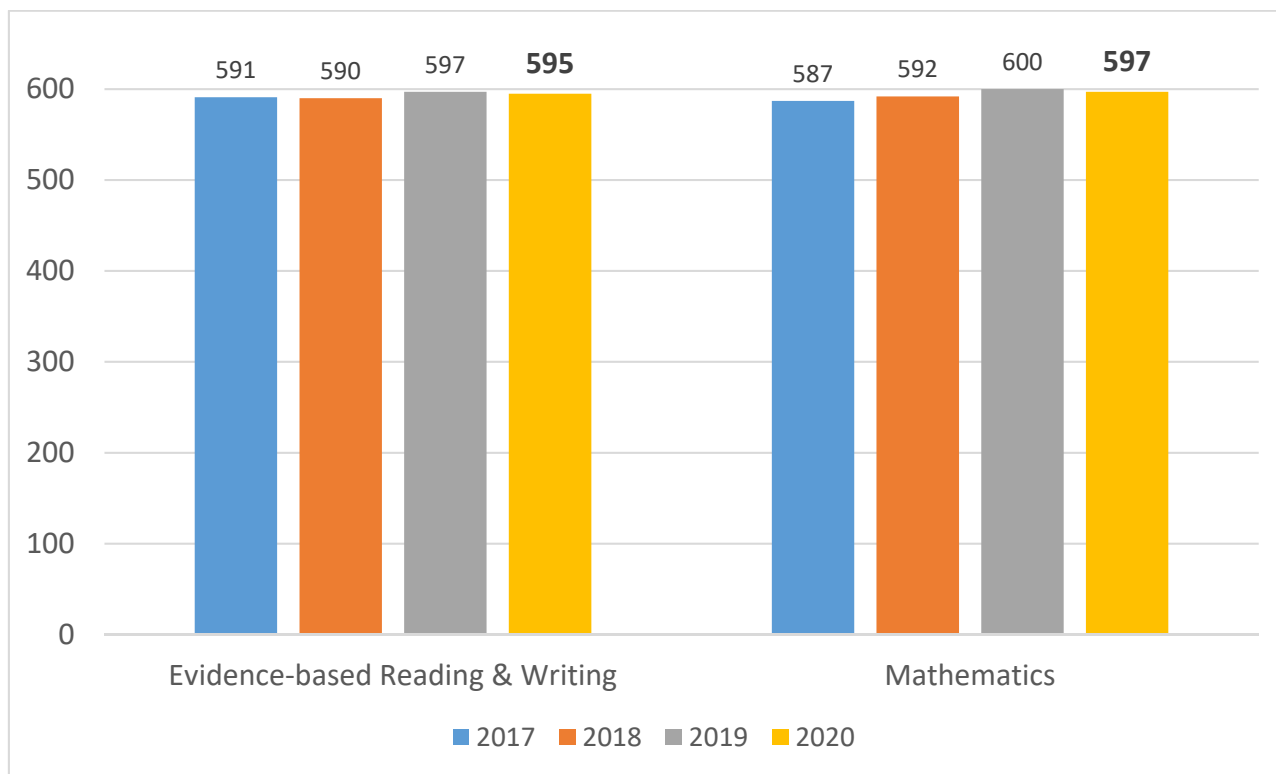
The SPP score is intended to provide a comprehensive overview of student academic performance in every Pennsylvania public school building. The score is out of 100 points, with additional points awarded for certain advanced test score rankings.

No SPP scores were given by the state in 2015 for grades 3-8 due to the underlying tests (PSSAs) contributing to the SPP being significantly changed by the state for those grades in 2015.

Due to the COVID pandemic, no tests were given in 2020, therefore 2019 data is the most current available.

**Downingtown Area School District
Budget 2020-2021
Performance Measurements**

DASD Mean SAT Scores



Comparative State Percentages

Evidence-based Reading & Writing

	2017	2018	2019	2020
DASD	591	590	597	595
PA	547	544	526	Not available

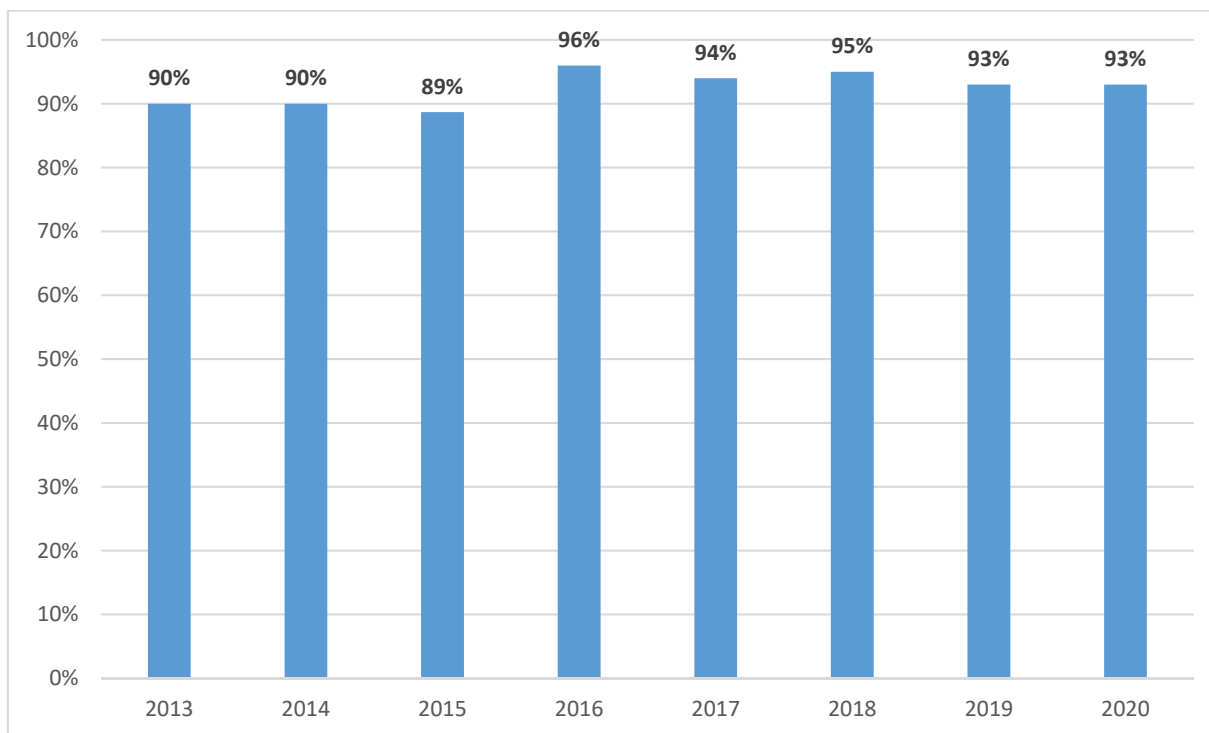
Mathematics

	2017	2018	2019	2020
DASD	587	592	600	597
PA	539	536	515	Not available

The Scholastic Aptitude Test (SAT) is a standard college-board examination taken by students interested in pursuing higher education.

**Downingtown Area School District
Budget 2020-2021
Performance Measurements**

% of DASD Graduates Pursuing Higher Education



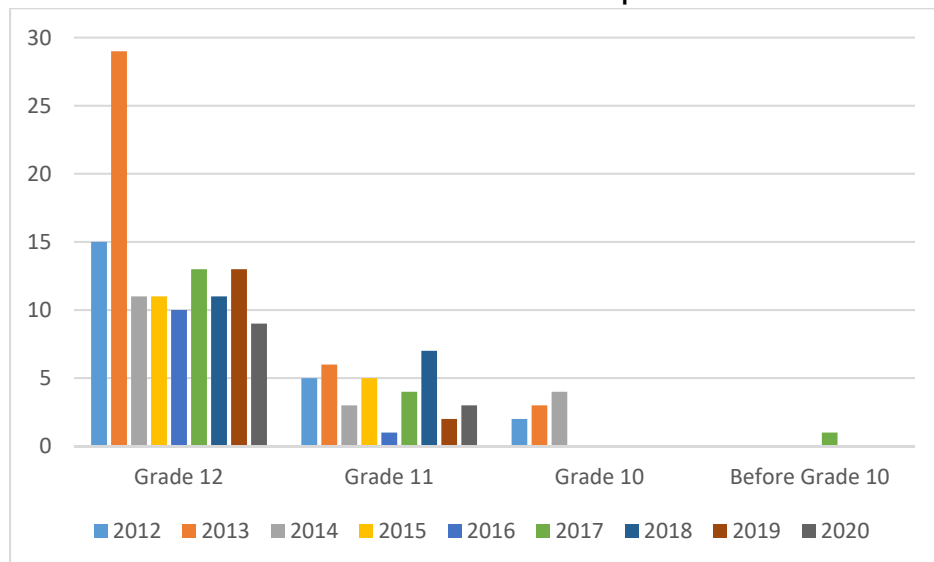
Comparative State Percentages

	2013	2014	2015	2016	2017	2018	2019	2020
DASD	90%	90%	89%	96%	94%	95%	93%	93%
PA	67%	70%	73%	67%	66%	70%	67%	Not available

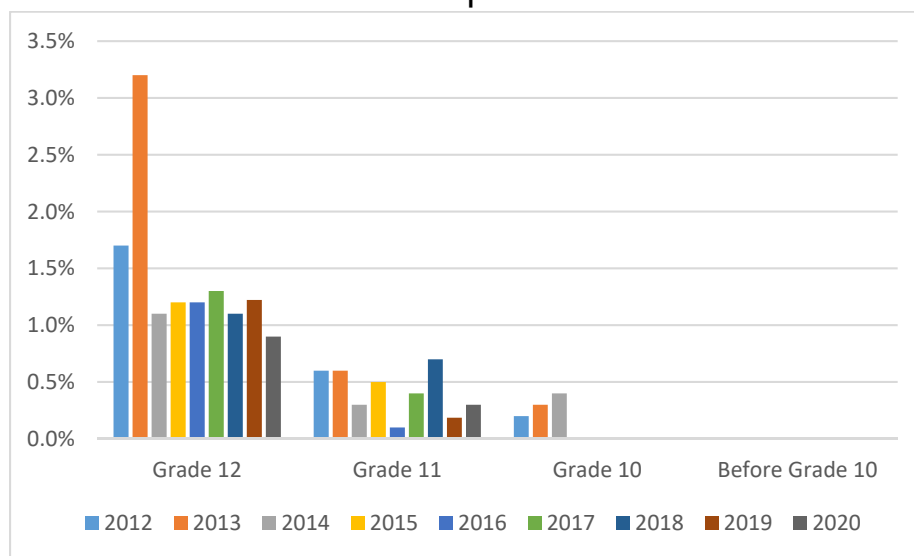
Source: Pennsylvania Department of Education

**Downingtown Area School District
Budget 2020-2021
Performance Measurements**

DASD Numbers of Dropouts



DASD Dropout Rates



Dropout Rate is calculated by dividing the number of dropouts per grade by the total enrollment for that grade.

Comparative State Dropout Rates (Before grade 10 through grade 12, average of all grades)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
DASD	0.5%	0.8%	0.4%	0.3%	0.2%	0.4%	0.3%	0.3%	0.2%
PA	1.9%	1.4%	1.6%	1.3%	1.7%	1.5%	1.8%	1.7%	No record

**Downingtown Area School District
Budget 2020-2021
Students Eligible for Free and Reduced Meals**

School	2020-2021 Total #			2019-2020 Total #			2018-2019 Total #			2017-2018 Total #			2016-2017 Total #		
	School Enrollment	Free & Reduced	% Free & Reduced	School Enrollment	Free & Reduced	% Free & Reduced	School Enrollment	Free & Reduced	% Free & Reduced	School Enrollment	Free & Reduced	% Free & Reduced	School Enrollment	Free & Reduced	% Free & Reduced
Beaver Creek Elementary	495	91	18.4%	486	89	18.3%	447	77	17.2%	471	85	18.0%	451	79	16.8%
Bradford Heights Elementary	580	86	14.8%	573	82	14.3%	597	91	15.2%	540	93	17.2%	516	80	14.8%
Brandywine Wallace Elementary	529	36	6.8%	530	35	6.6%	529	36	6.8%	543	34	6.3%	521	17	3.1%
East Ward Elementary	542	115	21.2%	538	113	21.0%	544	103	18.9%	538	114	21.2%	571	108	20.1%
Lionville Elementary	649	84	12.9%	640	83	13.0%	648	87	13.4%	670	81	12.1%	660	83	12.4%
Pickering Valley Elementary	445	18	4.0%	435	18	4.1%	454	15	3.3%	483	24	5.0%	504	19	3.9%
Shamona Creek Elementary	604	27	4.5%	600	26	4.3%	604	23	3.8%	627	18	2.9%	609	19	3.0%
Springton Manor Elementary	594	53	8.9%	598	51	8.5%	566	46	8.1%	499	31	6.2%	500	42	8.4%
Uwchlan Hills Elementary	493	39	7.9%	477	37	7.8%	477	37	7.8%	483	31	6.4%	521	33	6.8%
West Bradford Elementary	633	49	7.7%	630	49	7.8%	610	48	7.9%	589	42	7.1%	606	45	7.6%
Total Elementary	5,564	598	10.7%	5,507	583	10.6%	5,476	563	10.3%	5,443	553	10.2%	5,459	525	9.6%
Marsh Creek Sixth Grade Center	1,092	132	12.1%	1,042	125	12.0%	1,051	103	9.8%	1,094	112	10.2%	1,033	105	9.6%
Downingtown Middle School	1,118	130	11.6%	1,127	131	11.6%	1,119	118	10.5%	1,096	124	11.3%	1,038	105	9.6%
Lionville Middle School	1,065	119	11.2%	1,107	122	11.0%	1,070	112	10.5%	992	97	9.8%	1,062	110	11.1%
Total Middle Schools	3,275	381	11.6%	3,276	378	11.5%	3,240	333	10.3%	3,182	333	10.5%	3,133	320	10.1%
Downingtown East High School	1,741	219	12.6%	1,723	214	12.4%	819	204	24.9%	1,791	213	11.9%	1,791	223	12.5%
Downingtown West High School	1,817	274	15.1%	1,737	260	15.0%	1,752	227	13.0%	1,570	207	13.2%	1,492	213	13.6%
STEM Academy	855	35	4.1%	825	34	4.1%	1,646	26	1.6%	818	25	3.1%	793	25	3.1%
Total High Schools	4,413	528	12.0%	4,285	508	11.9%	4,217	457	10.8%	4,179	445	10.6%	4,076	461	11.0%
Total All District Schools	13,252	1,507	11.4%	13,068	1,469	11.2%	12,933	1,353	10.5%	12,804	1,331	10.4%	12,668	1,306	10.2%

**Downingtown Area School District
Budget 2020-2021
Glossary**

The District has tried to define or explain most terms in the document when they have been used. This glossary serves as a supplemental reference and contains definitions of certain terms used in the budget to provide a common understanding of financial accounting procedures for schools. The glossary is arranged alphabetically.

Accounting System - The total structure of records and procedures which discover, record, classify, and report information on the financial position and operations of a school district or any of its funds, accounts, and organizational components.

Act 1 - This Act places annual limits on the percentage increase in property taxes that the District can levy. The limit is equal to an inflationary index calculated each year by the State. When state gaming revenue is allocated to the District, it will also fund property tax reductions to homeowners.

Act 511 - The local tax enabling act of 1965 that allows public school districts to levy certain taxes in order to obtain funding from local sources. For the District, these taxes include Occupation Tax, Earned Income Tax, and Real Estate Transfer Tax.

Allocation – A method of distributing a fixed amount of funds equitably among the recipients of the funds.

Alternative Education – The delivery of education programs to students in private residential rehabilitative institutions, youth development centers, or detention homes.

Appropriation - An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.

Assessed Value - The value placed on property, both land and building, by the Chester County Board of Assessment Appeals. This is the value upon which the District levies a property tax.

Association of School Business Officials (ASBO) - ASBO is a professional association which provides programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of educational resources.

Basic Education Subsidy – An amount of money provided by the state to help fund basic education expenditures of the District. Amount is determined by an allocation formula done at the state.

Downingtown Area School District
Budget 2020-2021
Glossary

Board Of School Directors - The elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a given geographical area. The District is governed by a Board of School Directors.

Bond (or Note)- A written promise to pay specified amounts of money that have been borrowed. The repayment is at certain times in the future, and there is a principal and interest component to the amounts paid. The obligation to pay is backed by the taxing authority of the District. The proceeds (money borrowed) are primarily used to pay for capital projects and improvements.

Budget - A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

Budgetary Control - The control or management of the business affairs of the District in accordance with an approved budget with a responsibility to keep expenditures within the authorized amounts.

Budget Owner – Person responsible for managing an assigned number of budgetary accounts.

Capital Expenditures - Expenditures which result in the acquisition of, or addition to, fixed assets. Examples are expenditures for buildings, equipment, and substantial improvements to such assets.

Capital Projects Fund – accounts for financial resources that are restricted for capital expenditures

Charter School - An independent public school designed by local citizens, established and operated under a charter from the local board of school directors. A charter school must be organized as a public nonprofit corporation. Charter schools are exempt from most state mandates, except those ensuring the health, safety and civil rights of students.

CLR – Common Level Ratio. Is the ratio of assessed value to current market value used in the county as last determined by the State Tax Equalization Board (see STEB definition). The ratio converts a property's market value into an assessed value on which the property is taxed.

Community Services – Services provided by the District for the benefit of the community.

**Downingtown Area School District
Budget 2020-2021
Glossary**

Comprehensive Education Plan – A document filed with the state that details the District’s plan to comply with state and federal mandates on the delivery of education to its students

Contingency Reserve – An amount budgeted for unforeseen expenditures.

Contracted Services - Labor, material and other costs for services rendered by personnel who are not on the payroll of the District.

DASD – Acronym for Downingtown Area School District

Debt Limit - The maximum amount of debt that the District is legally permitted to have outstanding. Limit is imposed by Pennsylvania state law on all local government units in the state.

Debt Service - Repayment of all borrowings of the District (such as bonds) that includes both principal and interest.

Debt Service Fund – accounts for resources accumulated to provide for payment of general long-term debt principal and interest.

Delinquent Taxes - Revenue received from all levies that have become delinquent. Delinquent, for accounting purposes only, means taxes recognized as revenue in a fiscal year subsequent to the fiscal year of levy.

Dropout - A student who chooses to leave school before graduation without transferring to another school / institution.

Earned Income Tax - A proportional tax levied on the wages, salaries, commissions, net profits or other compensation of residents within the taxing district.

Encumbrances - Purchase orders, contracts, and/or other commitments, which are chargeable to an appropriation. Encumbrances are not liabilities and therefore are not recorded as expenditures until receipt of the goods or services. Encumbrances are used in the accounting records for budgetary control.

ELA – English Language Arts. The area of curriculum teaching reading and writing.

Elementary - As defined by state practice, expenditures of a school organization composed of the grades prekindergarten through grade six (6).

Expenditures - Charges incurred, whether paid or not paid, which benefit the current period.

**Downingtown Area School District
Budget 2020-2021
Glossary**

Fiscal Independence – The ability to fund expenditures by having the autonomy to set revenue rates such as real estate taxes

Fiscal Year - A twelve month period of time to which the annual budget applies, and at the end of which, the District determines its financial position and results of its operations.

Full-time Equivalent Positions (FTE) – Full-time equivalent positions are the total number of full-time employees plus the full-time equivalent of the part-time employees. The result may be the actual calculation determined by the number of hours worked by all part-time employees divided by the average number of hours worked by a full-time employee.

Function - An expenditure account dimension used to denote the expenditure activity or service aimed at accomplishing a certain purpose. Examples include Regular Instruction Programs, Plant Operation and Maintenance, and Instructional Staff Services.

Fund - A fiscal and accounting entity, with a self-balancing set of accounts recording cash and other financial resources. It also contains all related liabilities and residual equities or balances or changes therein.

Fund Balance - The excess of assets of a fund over its liabilities and reserves.

Fund Transfers - The transfer of funds from one fund to another.

GAAP – General Accepted Accounting Principles. These are accounting standards used to record and report financial information.

GASB – Government Accounting Standards Board. This organization develops accounting standards for governmental entities such as school Districts. GASB standards are part of GAAP.

General Fund – The operating fund of the District that is used to account for operating revenue and expenditures.

HVAC – Heating Ventilation and Air Conditioning

Levy - To impose taxes or special assessments.

Mill - Property tax rate per thousand dollars of assessed value. One mill is equal to \$1.00 per \$1,000 of assessed value.

Downingtown Area School District
Budget 2020-2021
Glossary

Non-electoral Debt limit - the bonds or notes the District issues directly, without voter approval is non-electoral debt. The state prescribes a limit on the amount of such debt at 225% of the average net revenue of the District for the past 3 years.

Object - An expenditure account dimension used to describe the service or commodity obtained as the result of a specific expenditure. Examples include Personnel Services, Professional Services, Supplies, and Property.

PDE – Pennsylvania Department of Education

PSERS – Acronym for Pennsylvania School Employees Retirement System. This is the pension plan for school employees that the District is required to contribute to.

PSSA – Pennsylvania System of School Assessment. Standardized test that measures students' proficiency in Math and English Language Arts.

QSCB – Qualified School Construction Bond. Federally subsidized bonds that reimburse the District for most or all of the interest paid on the bonds. The District has about \$30.3 million in QSCB bonds outstanding as of June 30, 2020.

Real Estate Taxes – Revenue received from taxes assessed and levied upon real property.

Resources – a supply of funds, materials, staff, and other assets that can be drawn on by the District in order to function effectively.

Revenue - Monies received from taxes, fees, state and federal subsidies, and other sources that are available to the District to fund expenditures.

Scholastic Aptitude Test (SAT) – The Scholastic Aptitude Test is a College Board examination administered annually by the District to students interested in pursuing higher education.

Secondary - As defined by state practice, expenditures of a school organization composed of the grades seven (7) through twelve (12).

Special Education – Instruction designed primarily for students with special needs such as mental, physical, emotional, or behavioral.

SPP - School Performance Profile score which provides the public with a comprehensive overview of student academic performance in every Pennsylvania public school building. The score is based on a 100 point system with 100 being the highest.

**Downingtown Area School District
Budget 2020-2021
Glossary**

STEB – State Tax Equalization Board. The state agency that calculates a common level ratio (see CLR definition) for each county that is used to reflect the level of assessment in a county at a particular time.

STEM – Science, Technology, Engineering, and Math. A curriculum that focuses on these areas.

Student Enrollment – The number of students the District is responsible for educating.

Taxes - Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

