FINAL

Big Spring School District

2012 – 2013 Budget

Board Approved

June 11, 2012

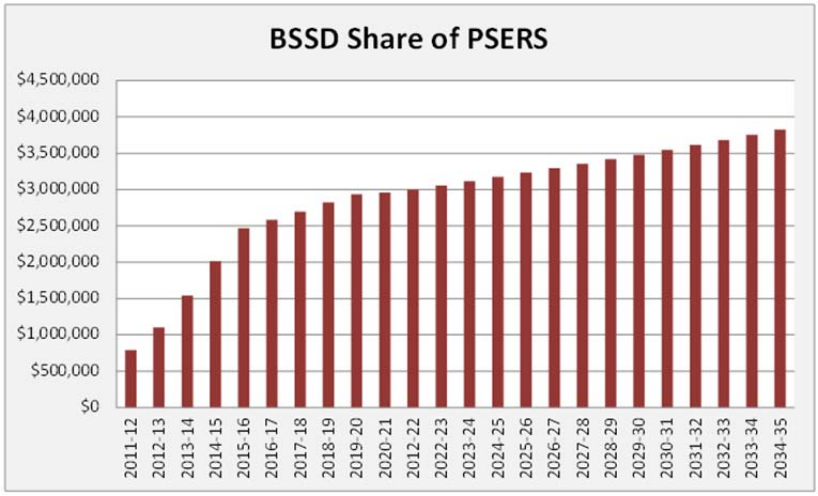
1. The 2012-2013 Budget

The 2012/13 budget is challenging for the Big Spring community and the Board of School Directors. As the budget is today, the loss of revenue requires both budget cuts and tax increases. Lower revenues are due to:

- The loss of federal American Recover and Reinvestment Act (ARRA) funding,
- A decrease from the Commonwealth in usable subsidy
- Loss of assessed property value due to appeals of the 2010 reassessment
- Increase in Clean & Green value
- Continued low interest rates prevent any significant investment income
- Earned income taxes remain down due to struggling local economy

On the expense side, the furlough of 10.5 teachers along with cutting 8 classified workdays from the year and reducing selected secretary hours during the summer were not able to overcome all of the increased expenses due to the rise in benefit costs. Significant increases on the expense side are:

- Medical/Rx: +6.37%
- Dental: +15.76%
- PSERS: +42%
- Charter School: $1.18M
- Special Education: +8.1%



Of special note, the District must deal with large year-to-year increases in retirement contributions through 2016 (shown later in document). In addition to continued trimming of departmental budgets and related goods and services, the Board has under taken some long term strategies to help constrain tax increases.

The Board is investigating the consolidation of bond and Energy Service Provider Company (ESCO) lease debt through a refinancing and restructuring plan that could save the District approximately $400,000 in annual debt service payments through 2023 at which point all current debt will be paid off.

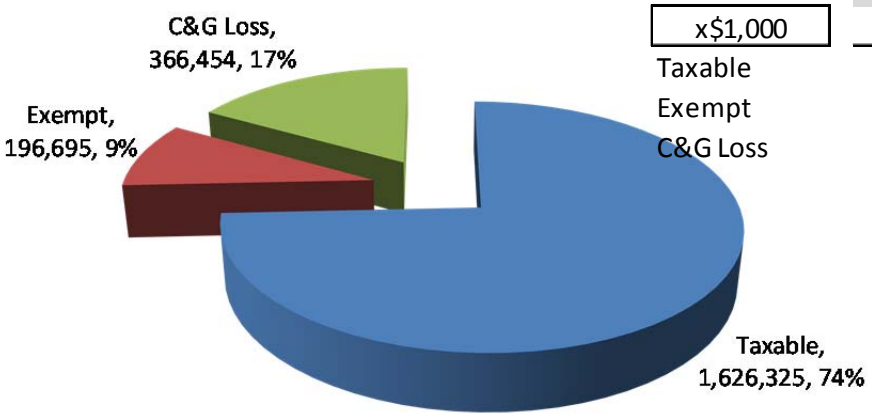
For many years the only warehouse site, consisting of three “pad” areas, has been largely vacant with only ½ of one site occupied by Office Depot. After several near misses on occupants, the District and Penn Township agreed to a Local Economic Revitalization Tax Assistance (LERTA) to attract an occupant. Construction is ongoing and when finished will bring over 200 jobs to the District and $128,000+ of additional revenue each year starting in 2013-14.

With the loss of Commonwealth support and the federal infusion of ARRA past, the District struggles to meet its obligation directed by the General Assembly for retirement contributions. The rate is increasing at 3+% per year through 2016 and eventually reaches a total of 27% of payroll through 2035. To manage the budget, there are 10.5 teacher s, 1 administrator and several support staff position cuts; additionally department budgets were reduced between 3-5% and more reductions are expected next year. Although this budget is a proposed final, at this time the Commonwealth has not passed a budget and is not expected to do so until the end of June.

A. Revenues

- This budget includes a tax increase equal to the index of 2.2% (or .2662 mills or $405,021); it does not include any exceptions. See Annex B for tax rate comparison.
- This is also the second budget since the 2010 reassessment (base mill rate reduced from 16.072 down to 11.6556). Successful taxpayer appeals to the reassessment continue to depress the District's overall assessed value.

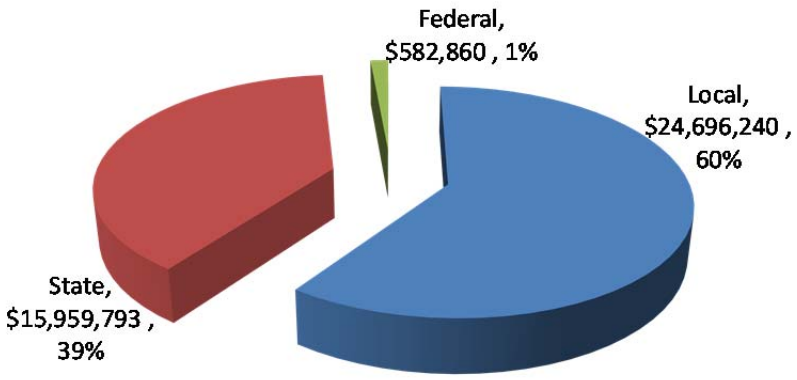
2012/13 Assessed Value (x $1,000)



BSSD MV Assessment at 30 April

x$1,000	2011-12	2012-13	▲	as %
Taxable	$1,628,187	1,626,325	-$1,862	-0.1%
Exempt	$194,713	196,695	$1,982	1.0%
C&G Loss	$357,169	366,454	$9,285	2.6%

FY 2012-13 Budget Revenue $41,238,893

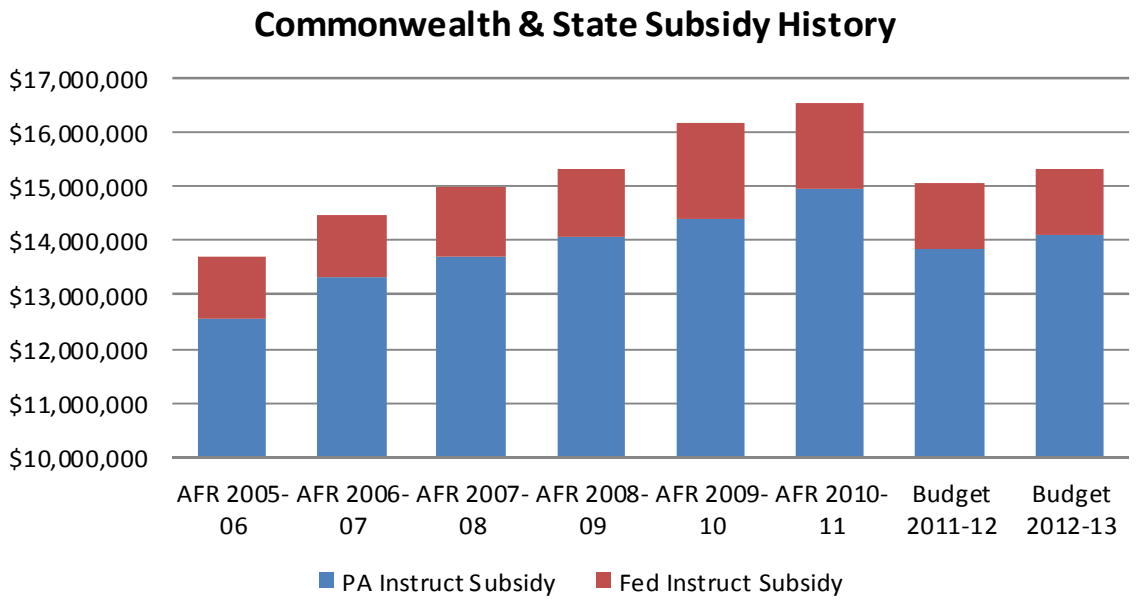


- This budget assumes the new SAEBG :

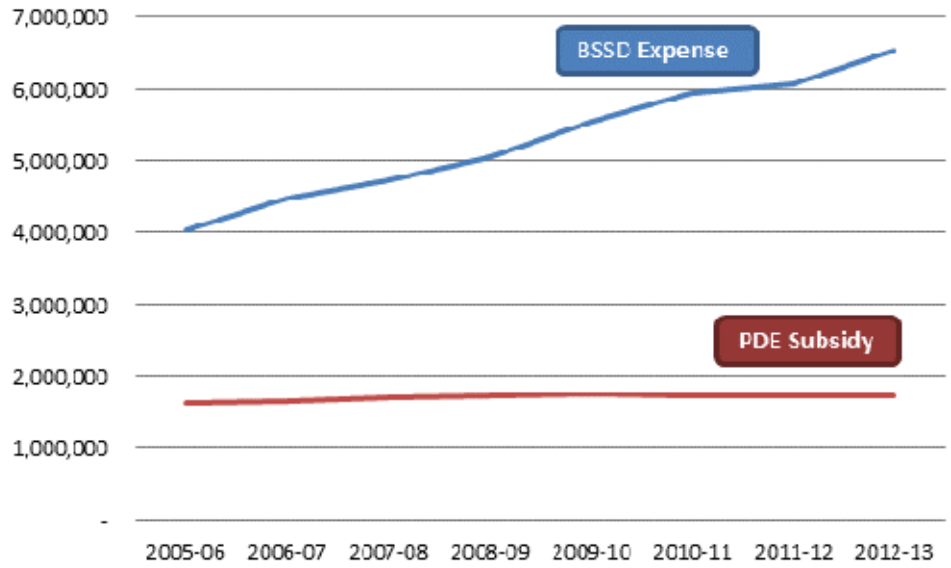
Big Spring SD	Total	BEF	Soc Sec	Pupil Trans	State Share of IU Trans	Nonpublic & CS Pupil Trans
2011/12 Budget (est.)	$11,187,937	8,780,125	731,882	1,655,911		20,020
	$11,226,439				38,501	

	SAEBG	Com A	Comp B	Comp C		Comp D
2012/13 Corbett Proposal	$11,321,767	8,780,125	801,450	1,719,786		20,406
	$11,283,266				-38,501	
▲	**$56,827**					

- A historical look at state and local funding:



- Special education support continues flat despite increasing state and federal mandates:



B. Expenditures

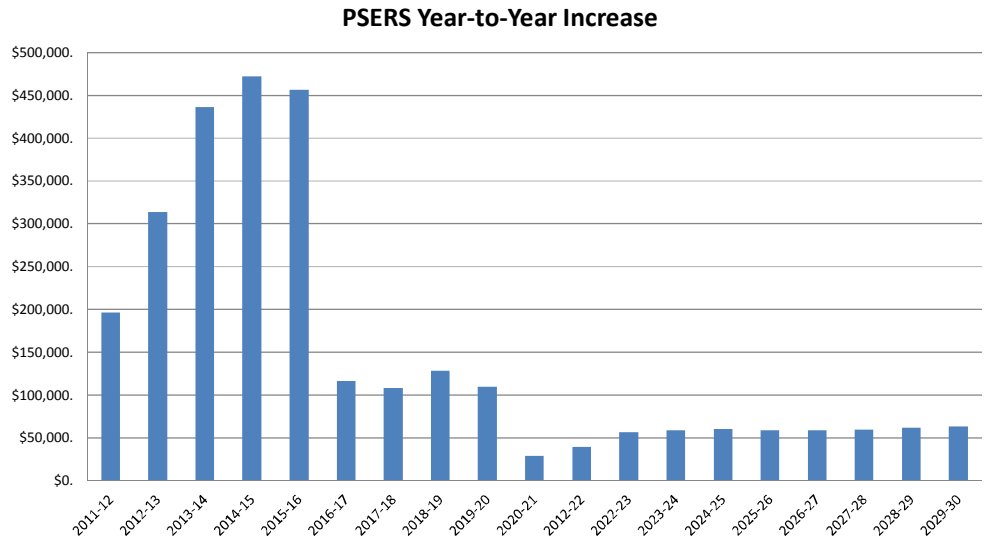
- This Budget of $41,238,893 is $950,189 more than the approved budget for 2011-12 of $40,288,704.
- Budget assumes 3 % wage increase for professional staff collective bargaining agreement, 2% for classified staff, and 0% for administrative staff.
- Healthcare includes a 6.37% increase for medical/Rx, 15.76% for dental and 8.37% for vision based experience and maintenance of South Central Trust reserves.
- This assumes the reduction of 10.5 teaching positions and 9 classified positions along with associated federal taxes, PSERS and associated medical coverage from last year's budget.
- Debt Service is up due to a refinance during 2011/12. Although this budget does not reflect any savings from refinancing, the board is considering a refinancing along with a debt restructuring plan.
- Budget transfers included are:

  $ 20,000 to cafeteria for transition of legacy benefits

  $480,000 for capital projects
- The budget reserve for emergencies is $200,000; if not used this would be available for transfer or retained in fund balances.

C. PA School Employees Retirement System

- The projected increase in District contributions has a severe impact on both the District and Commonwealth budgets in order to restore solvency to the plan
- The year-to-year increases in the chart below represent new expense added to the budget each year. This year the total contributions from the District go from 8.65% last year to 12.36% this year – a total of 42% increase in contributions.

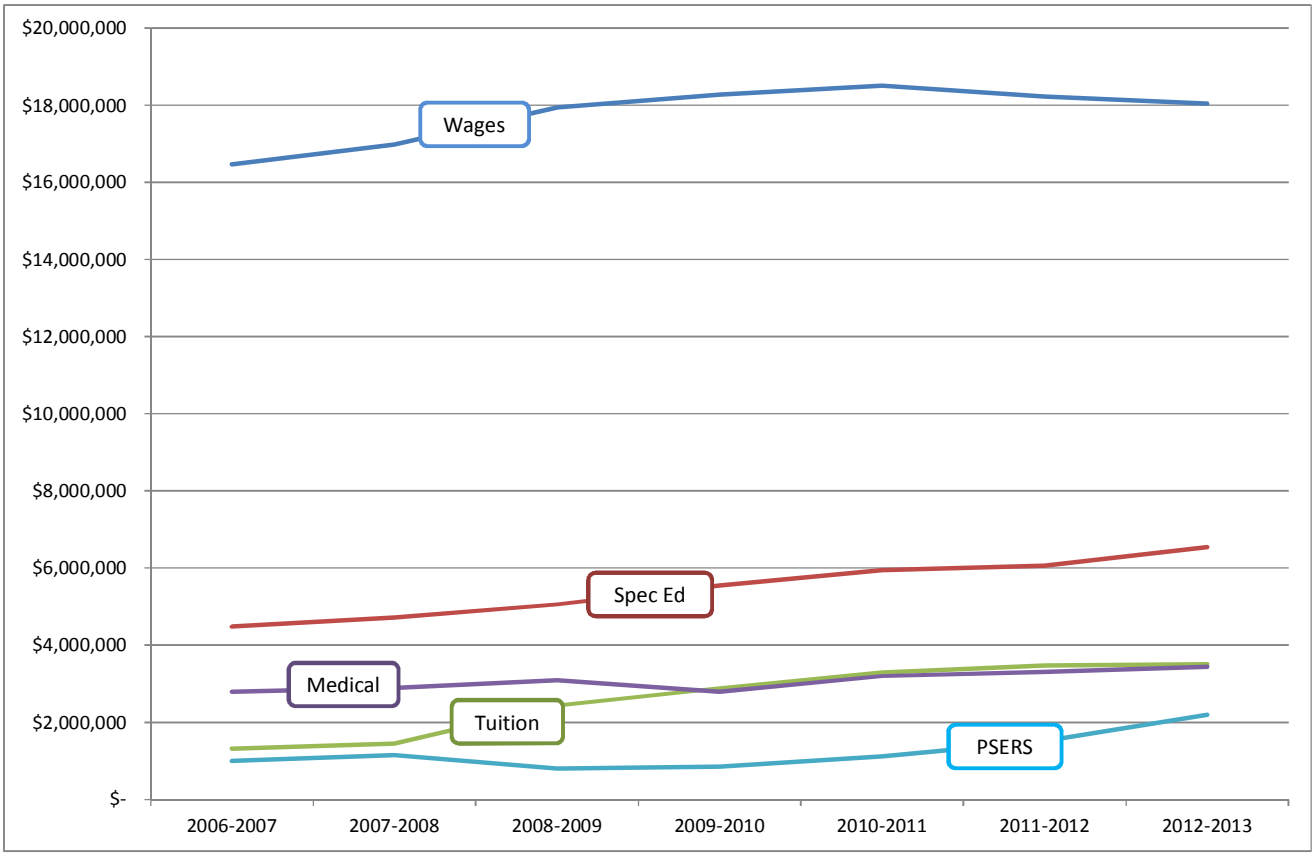


D. Debt Service

Big Spring Debt Service 2013

Type	2012/13 DebtSvc	Outstanding Principal As of 6/30/13	Outstanding Interest As of 6/30/13
1996 PLGIT-v	405,300	1,785,000	236,715
2003 GO	1,617,978	10,210,000	2,072,218
2010 GO	725,344	7,900,000	1,423,093
2011 GO	1,264,723	8,800,000	1,304,443
ESCO	403,383	1,785,000	
Gross Debt =	4,416,728	30,480,000	5,036,469

E. Selected Expenditures Trends



Annex:

A – PDE 2028 Data (not in 2028 format)
B – Real Estate Tax Change Summary
C – 2012 Budget by Function & Object History
D – Homestead/Farmstead Calculation
E – Cafeteria Budget

Budget 2013	100 Salary	200 Benefits	300 Pro Svcs	400 Prop Svcs	500 Oth Svcs	600 Supplies	700 Property	800 Fee/Int	900 Debt/Xfer	Total
1100 Reg Instruction	9,859,857	4,404,833	52,000	69,900	1,108,211	313,480	70,325	6,910		**15,885,517**
1200 Spec Instruction	2,878,382	1,273,466	485,519	5,000	1,780,759	84,665	32,000	450		**6,540,241**
1300 Vocational Instruction					699,457					**699,457**
1400 Alternative Instruction	28,500	5,645	0	250	600	200				**35,195**
1700 Higher Ed Instruction					5,130					**5,130**
2100 Student Supt Svcs	643,212	244,954		700	1,500	5,800		2,900		**899,066**
2200 Curriculum & Staff Supt	855,154	311,364	80,019	3,000	35,365	73,573	14,932	2,860		**1,376,267**
2300 Admin Svcs	1,370,943	548,215	117,750		56,050	31,151	15,150	33,950		**2,173,209**
2400 Pupil Health	290,858	117,453	8,430	1,500	150	7,300	500	400		**426,591**
2500 Business Svcs	199,275	65,303	48,900	0	29,300	16,350	7,500	2,300		**368,928**
2600 Operations & Maint	1,289,170	611,121	87,258	1,281,518	117,675	676,877	55,000	10,720		**4,129,339**
2700 Student Transport Svcs	56,835	29,783	1,100		2,384,266	4,000		500		**2,476,484**
2800 Central Supt Svcs	33,500	24,601	40,000	77,962		4,500	2,760			**183,323**
2900 Other Supt					35,000					**35,000**
3200 Athletics / Activities	505,654	142,399	76,429		90,500	26,804	4,671	21,800		**868,257**
3300 Community Svcs	25,300	5,063		4,800		0	5,000			**40,163**
4000 Facility Repair										**0**
5100 Debt Svc								1,186,727	3,230,000	**4,416,727**
5200 Fund Transfers									480,000	**480,000**
5900 Financing									200,000	**200,000**
Total =	**18,036,640**	**7,784,200**	**997,404**	**1,444,630**	**6,343,964**	**1,244,700**	**207,838**	**1,269,517**	**3,910,000**	**41,238,893**

2012 Real Estate Tax Summary

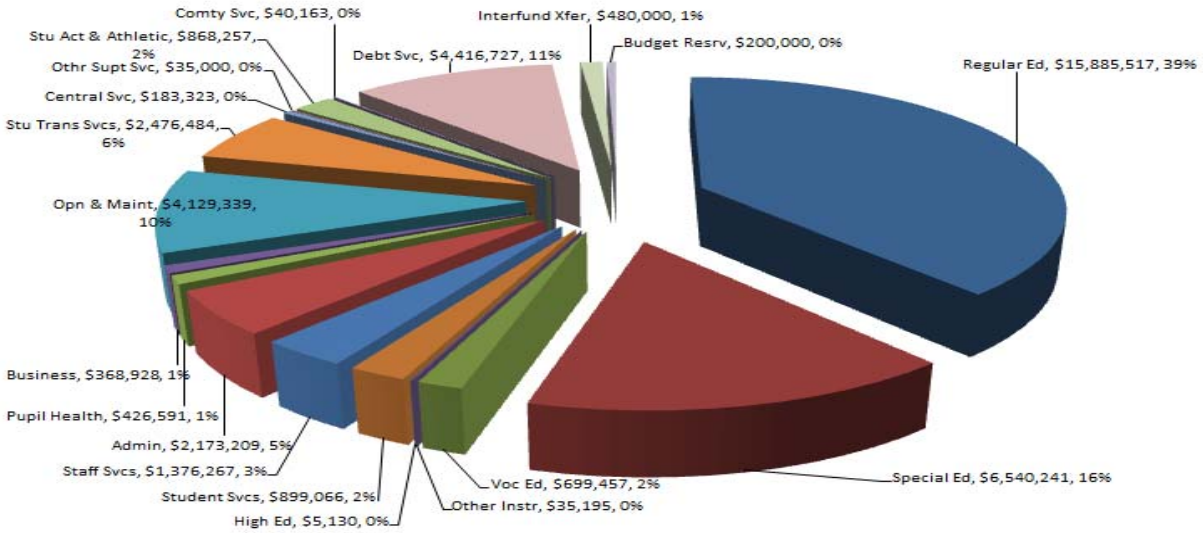
Allowable Increase Under Index (3.8%)	0.442913	
Maximum Allowable tax Increase	12.0985	
Proposed Tax Increase	12.0980	
Proposed 2011-12 RE Tax at $100,0000		$1,210
Tax Increase Per $100,000 Value		$44

2013 Real Estate Tax Summary

Allowable Increase Under Index (2.2%)	0.2662	
Maximum Allowable tax Increase	12.3642	
Proposed Tax Increase	12.3640	
Proposed 2011-12 RE Tax at $100,0000		$1,236
Tax Increase Per $100,000 Value		$27

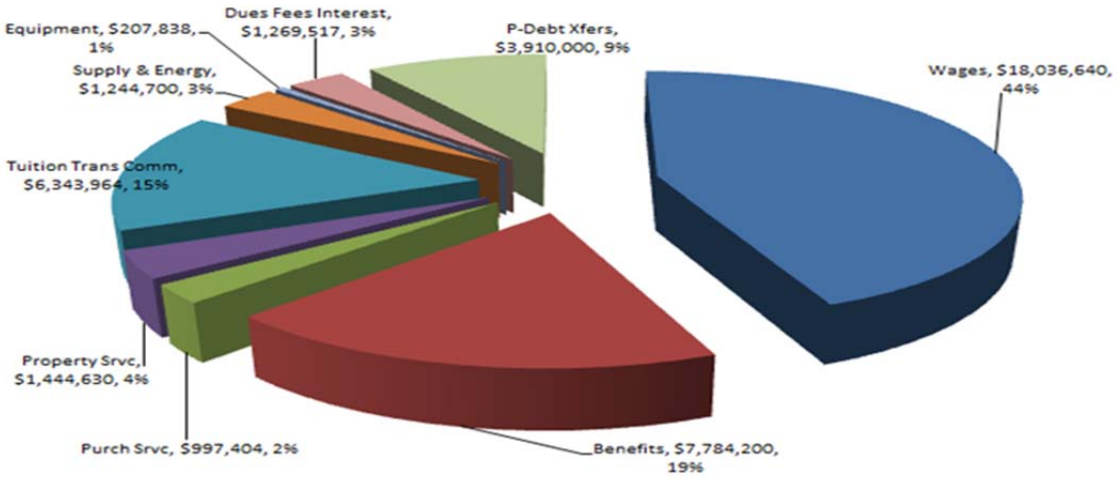
Other Information:

Collected Value of 1 Mill	$	1,527,615.64
Homestead (HS) Count		5,760
Farmstead (FS) Count		200
HS / FS Tax Reduction	$	130.66
HS Average Assessed Value	$	184,915
Increase on Average HS Property	$	49



Spending by Program (Function)

Budget by Function		AFR	AFR	AFR	Budget	Proposed		
Function	Description	2008/09	2009/10	2010/11	2011/12	2012/13	▲	as %
1100	Regular Ed	15,372,418	14,964,337	15,848,231	15,497,008	$15,885,517	$388,509	2.5%
1200	Special Ed	5,058,663	5,545,712	5,935,689	6,052,939	$6,540,241	$487,301	8.1%
1300	Voc Ed	545,187	578,023	679,144	706,817	$699,457	-$7,360	-1.0%
1400	Other Instr	243,096	103,635	135,872	131,728	$35,195	-$96,533	-73.3%
1700	High Ed	0	550	5,815		$5,130	$5,130	
2100	Student Svcs	944,234	872,447	873,210	820,329	$899,066	$78,737	9.6%
2200	Staff Svcs	1,305,916	1,406,464	1,326,359	1,221,743	$1,376,267	$154,524	12.6%
2300	Admin	2,002,042	2,285,608	2,280,672	1,986,390	$2,173,209	$186,819	9.4%
2400	Pupil Health	424,537	417,044	421,711	426,546	$426,591	$45	0.0%
2500	Business	501,960	473,871	432,041	449,736	$368,928	-$80,808	-18.0%
2600	Opn & Maint	4,314,712	3,597,030	3,906,139	4,077,266	$4,129,339	$52,072	1.3%
2700	Stu Trans Svcs	2,315,425	2,292,507	2,360,513	2,419,452	$2,476,484	$57,032	2.4%
2800	Central Svc	6,291	70,580	46,530	123,200	$183,323	$60,123	48.8%
2900	Othr Supt Svc	25,097	26,981	28,217	30,000	$35,000	$5,000	16.7%
3200	Stu Act & Athletic	467,478	604,254	778,613	826,105	$868,257	$42,152	5.1%
3300	Comty Svc	20,669	27,166	19,137	32,000	$40,163	$8,163	25.5%
4200	Site Imprv		-776,872				$0	
4400	Architect Svc		668,481				$0	
4500	Bldg Improvmnt		108,392				$0	
5100	Debt Svc	4,663,951	4,079,945	4,120,844	4,640,800	$4,416,727	-$224,073	-4.8%
5200	Interfund Xfer	126,540	2,783,962	1,347,775	646,643	$480,000	-$166,643	-25.8%
5900	Budget Resrv			0	200,000	$200,000	$0	0.0%
		38,338,219	40,130,115	40,546,512	40,288,703	**$41,238,893**	$950,190	2.4%



Spending by Type (Object)

Budget By Object		AFR	AFR	AFR	Budget	**Proposed**		
Object	**Description**	2008/09	2009/10	2010/11	2011/12	**2012/13**	▲	**as %**
100	Wages	17,948,083	18,275,207	18,497,955	18,228,157	$18,036,640	-$191,517	-1.1%
200	Benefits	5,584,060	5,587,769	6,343,965	6,920,583	$7,784,200	$863,616	12.5%
300	Purch Srvc	1,014,998	218,702	1,074,658	850,471	$997,404	$146,933	17.3%
400	Property Srvc	1,364,959	1,261,996	1,361,261	1,441,426	$1,444,630	$3,204	0.2%
500	Tuition Trans Comm	5,142,358	5,601,283	5,986,445	5,936,554	$6,343,964	$407,410	6.9%
600	Supply & Energy	2,127,053	1,402,839	1,439,584	1,183,296	$1,244,700	$61,404	5.2%
700	Equipment	344,398	943,354	303,513	164,289	$207,838	$43,549	26.5%
800	Dues Fees Interest	1,683,542	1,484,070	1,478,637	1,791,743	$1,269,517	-$522,226	-29.1%
900	P-Debt Xfers	3,128,769	5,354,895	4,060,495	3,772,183	$3,910,000	$137,817	3.7%
		38,338,219	40,130,115	40,546,512	40,288,703	**41,238,893**	$950,191	2.4%

Annex D – 2012/13 Homestead/Farmstead Calculation

Big Spring School District 2012-13 HS/FS Calculation

Normal

	Description	Calc:	Cd	1 Total	2 BSSD
Data=					
	EIT / PIT Act 1 Tax Revenue, if Any				
	Slot Machine Tax Revenue Share of Distribution			$770,036	
	Property Tax Rates (mills)				12.364
	Homestead Count				5,760
	Farmstead Count				200
	Properties with Unused Exclusion Allowance - Count				141
	Properties with Unused Exclusion Allowance - Value	$720,395.00			$720,395.00
1	Revenues Applied to Tax Relief				
	EIT / PIT Act 1 Tax Revenue, if Any		a	$0	
	Slot Machine Tax Revenue Share of Distribution		b	$770,036	
	Total Revenue to be Applied To Homestead / Farmstead Tax Relief	a +b	c	$770,036	$770,036
2	County and State Assessment & Market Value Data				
	Predetermined Rato (County)		d		na
	CLR		e		na
	County 2 as Percent of County 1		f		na
3	Property Tax Rates (mills)		g		12.364
4	Qualifying Property Counts				
	Homesteads		h	5,760	5,760
	Farmsteads		i	200	200
	Total property count	h + i	j	5,960	5,960
5	Calculated Tax Relief Per Homestead				
	Tax Relief Per Homestead	c / j	k	$129.20	$129.20
	Proof	k x j	l	$770,036	770,036
	As Adjusted to Set Tax Relief per Homestead Equal	l / c =			
	to Revenue Available	na	m	$770,036	770,036
	Revenue Allocation Percentages		n	100.00%	100.0000%
6	Calculated Tax Relief Per Homestead	m / j	o		$129.20
	Memo Proof (/ CLR) - Tax Relief is Equivalent After Applying CLR		p		na
7	Homestead Exclusion Amount	o / g	q		$10,450
	Divide Tax Relief Per Homestead by Tax Rate to Calc Excl Amt				
8	Re-allocation of Unused Exclusion Amounts Arising From				
	Total Original Property Counts	j	r	5,960	5,960
	Less: Number of Properties Having Unused Exclusion Amounts		s	141	141
	Number of Properties Participating in Re-allocation of Unused Exclusion Amou	r - s	t	6,101	6,101
	Homesteads With Assessed Values Less than the Homestead Exclusion Amou	Material =			
	Total Value of Unused Exclusion Amount From All Properties Below Threshold	$720,395	u	$720,395.00	$720,395.00
	Total Value of Tax Relief From Unused Exclusion Amount	u x g	v	$8,906.96	$8,906.96
	Additional Tax Relief Per Homestead				
	If this amount is immaterial (tax relief <$0.50) do not re-allocate				$1.46
	Re-allocation of Remaining Unused Tax Relief	v	w	$8,906.96	$8,906.96
	Total Equivalent Homestead Exclusion Amount to be Re-allocated	u	x		$720,395.00
	Total Equivalent Homestead Exclusion Amount to be Re-allocated -				
	Per Remaining Homesteads	x / t	y		$118.08
	Per Remaining Homesteads Rounded	y	z		$118.00
	Total Original Homestead Exclusion Amounts	q	aa		$10,450.00
	Exclusion Amounts After Re-Allocation	z + aa	ab		$10,568.00
	Change in Tax Relief:				
	Total Original Homestead Exclusion Amounts as Taxed				$129.20
	Exclusion Amounts After Re-Allocation as Taxed				$130.66
	Change				$1.46
	Summary of Total Tax Relief Distributed:				
	Homesteads & Farmsteads			6,101	6,101
	Exclusion Amount Adjusted for Unused Exclusions from Homesteads Below Exclusion Threshold				$10,568.00
	Proposed Tax Rate				0.012364
	Subtotal Tax Relief Distributed to Fully Participating Homesteads and Farmsteads			$797,173.45	$797,173.45
	Add: Partially Participating Homesteads: Amount of Tax Relief Used				
	Number of Homes Below Threshold				-141
	Initial Exclusion Amount Per Homestead				$10,450.00
	Total Initial Exclusion Amount for Homesteads Below Threshold				-$1,473,450.00
	Less: Unused Amount of Exclusion Allowance				-$720,395.00
	Amount of Exclusion Allowance Used by Homesteads Below Exclusion Allowance Threshold				-$2,193,845.00
	Tax Relief Provided to Partially Participating Homesteads			-$27,125.00	-$27,125.00
	Total Tax Relief			$770,048.45	$770,048.45
	Undistributed Amount of Slot Revenue			$12.17	$12.17

Notation: In accordance with the limits established on the exclusion for Homestead property in Article VIII of the Constitution of Pennsylvania, no governing body of a political subdivision (school district) shall authorize an exclusion for homestead property in excess of 50% of the Median assessed value of Homestead property in the political subdivision (school district).

Annex E – Cafeteria Budget

Cafeteria Budget 2012-2013

	Budget 2012-2013
REVENUES	
Student Breakfast	$3,024.00
Adult Breakfast	$0.00
Reduced Breakfast	$806.40
A la Carte Breakfast (Adult & Student)	$67.20
Elementary Paid Student Lunch	$175,122.00
Middle Paid Student Lunch	$128,794.05
Secondary Paid Lunch	$123,590.25
Reduced/Free	$11,304.00
Adult	$12,775.35
A la carte	$325,148.54
Vending	$2,040.00
Special Events	$4,000.00
Total Sales	$786,671.79
Federal Reimbursements	$390,900.72
State Reimbursements	$37,822.56
Total Reimbursement	$428,723.28
TOTAL REVENUES	**$1,215,395.07**
FSMC EXPENSES	
Food	$533,655.00
Labor & Benefits	$442,580.00
Other Direct Costs	$112,127.00
Administrative Fees	$70,000.00
FSMC Management Fee	$28,299.00
Director Dinig Services	$63,324.00
FSMC Clerk	$15,100.00
Less Rebates Discounts & Credits	($72,604.00)
Less Commodities	($65,641.95)
Total FSMC	$1,126,839.05
BSSD EXPENSES	
Pay Out For Sick Days/Years Service	$15,000.00
Supplies (Office & Miscellaneous)	$1,000.00
Equipment Replacement/Repairs BSSD	$20,000.00
Depreciation BSSD	$87,302.00
Miscellaneous (dues, fees) BSSD	$1,000.00
Travel BSSD	$1,000.00
Utilities & Fuel BSSD	$69,000.00
Total BSSD	$194,302.00
TOTAL EXPENSES	**$1,321,141.05**
PROFIT/LOSS	-$105,745.98