



Business Office
131 West Nittany Avenue
State College, PA 16801
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To: Robert J. O'Donnell

From: Randy L. Brown and Donna Watson

RE: 2015-2016 Proposed Final Budget

Date: April 30, 2015

The 2015-16 Proposed Final Budget is presented for adoption by the Board of Directors. This proposed budget includes an increase in the real estate tax rate of 5.49%, of which 3.59% is attributed to the resources dedicated to pay the first year debt service for the State High Project.

The 2015-16 proposed final budget includes:

Revenue	\$136,135,989
Expense	\$137,336,551
Expenses in excess of Revenue	\$ (1,200,562)
Use of Assigned Fund Balance	\$ 1,791,053
Change in Unassigned Fund Balance	\$ 590,491

Fund Balance

The districts fund balance is projected to be \$49 million at the end of 2014-15 and \$53 million at the end of 2015-16 under the proposed budget scenario. General Fund Balance is predicted to be \$21 million and \$20 million in 2014-15 and 2015-16, respectively. The decrease in the general fund balance results from the usage of assigned fund balance to offset district PSERS and legal expenses. At the end of both years, the unassigned fund balance, at approximately \$10 million, will remain just under the maximum level allowable by PDE of 8%, at 7.9% of expenses.

The Capital Fund Balance is projected to increase from \$28 million in 2014-15 to almost \$33 million in 2015-16. This growth in the capital fund balance is planned to provide further reserves for future capital projects.

Budgeted Revenue and Expense

The 2015-16 proposed final budget includes \$136,135,989 in revenue, up by \$6,911,897 from the 2014-15 projected ending total of \$129,224,093. A significant portion of this increase relates to the tax increase of \$3,183,420 for the purpose of paying the debt service for the high school project, with the remaining \$3,728,477 in local and state sources to fund increases in district costs of operation. The majority of this revenue increase is in the local revenue category in an amount of \$2,734,160. The remainder of the revenue increase lies in the state revenue category at \$1,004,317, primarily due to PSERS employer contribution reimbursement. The district's state budget allocation does not include the Governor's budget proposal due to extreme uncertainty regarding the form and amount which the district could receive these dollars in the proposal.

In expenses, the proposed budget includes an increase of \$7,478,490. The largest portion of this increase is the debt service for the high school project at \$3,384,493. The remaining \$4,093,997 being primarily in salaries, health insurance, PSERS employer contribution and reduction in transfer to capital reserve. Salaries account for 43%, while salaries and benefits account for 68% of all expenses.

The budget includes new initiatives related to curriculum updates, additional screenings and evaluation of the strategic plan. Salary and benefits related to positions reviewed at the last board meeting have also been incorporated in this budget. Another item new to this year's budget projection is the inclusion of a contingency for increased operational expenses revolving around the high school project for items such as increased security, custodial and maintenance, or other supplies and personnel during construction and transition times. This contingency is only through the construction period in the multi-year projections discussed below. The transfer to athletics was increased slightly as a result of increased costs in those operations which have been taken into consideration in recent years, as well as a first ever budgeted transfer to food service. All other expense categories have modest increases, but none of extraordinary measures. The health insurance increase is significantly lower in the proposed final budget than in the preliminary budget following the successful request for proposal process the district entertained this spring where Highmark Blue Shield provided a rate with increases significantly lower than our current carrier.

Multi-year Projections

The projections for 2016-17 include an increase of 1.81% for the State High project. The tax related to this referendum debt is projected to continue until the debt is fully paid. After this increase in 2016-17, the real estate tax rate should not change unless the debt is refinanced or when the debt is fully paid, in 2040. The increase in tax rate for operations of the district is projected at the current Act 1 Index of 1.9%. The 2016-17 budget development will begin in the early fall of 2015.

The multi-year budget projections are based upon assumptions derived in part by historical records and future expectations. The revenue assumptions assume a real estate tax increase at

a rate equal to the 2015-16 Act 1 Index of 1.9%. The 2016-17 Act 1 Index will be released in September of 2016. With the exception of real estate taxes, all other revenues, whether from a local, state or federal source, are projected at a conservative level given the information currently in our possession. As we move to another budget year and new information becomes available, we will modify our assumptions.

The expense projections include a historical projection for salary increases while taking into account attritional savings from retirements and resignations. Health Insurance assumes at least a 10% increase during the projection period, as has been experienced by the district over the previous decade. The latest rates released by PSERS for employer contribution are used to calculate these costs. The majority of other benefits, services and supplies/equipment are projected at only a modest increase if any. Debt service, including that for the high school project, has been budgeted at actual levels according to the repayment schedules. The capital reserve transfer generally maintains a level which, when added to debt service (outside of referendum), equals between \$8 and 10 million throughout the period. Budgeted use of assigned fund balance for PSERS and legal liabilities are projected throughout the period as well, to offset these costs.

The administration requests the board approve the 2015-16 budget proposal as presented. The 2015-16 proposed final budget will be presented on PDE Form 2028 for your approval, as required by Act 1 of 2006, as soon as the Homestead/Farmstead allocation is released. This is scheduled to be available on Friday, May 1st. This form will be available for review on the District website and in the District's Business Office during regular business hours, 8:00 a.m. through 4:30 p.m. The board is welcomed to discuss and amend, change or modify the final budget until approving prior to June 30. A budget hearing will be held on June 1, 2015 at 7:00 p.m. The final budget will be recommended for approval on June 8, 2015. This timeline meets the requirements of Act 1 and also allows the District to prepare real estate tax bills for mailing by July 1, 2015. Should the state budget provide additional resources after the district has approved a final budget, the district would have the opportunity to reopen the 2015-16 Budget.

State College Area School District
2015-16 Budget Development – updated March 20, 2015

Key dates in the budget process based on PDE published filing requirements.

January 12

- Discussion of State High financing plan including the debt service for the first borrowing to be included in the 2015-2016 budget.
- Budget discussion as needed including any revision to the average taxpayer impact based on the financing plan.

January 19

- Special meeting of the board review, discuss and approve the proposed preliminary budget. Public display of preliminary budget to be recommended for board approval at the February 9 board meeting.

January 26

- Opportunity for further discussion of the preliminary budget including financing options.

February 9

- Presentation of preliminary budget for board approval (PDE deadline February 18).
- Presentation of referendum exception calculation for board discussion.

February 23

- Presentation of referendum exceptions for board approval (PDE deadline March 5).

March 2

- Governor's state budget proposal released.

March 23

- Further budget development discussion following release of governor's proposed budget.

March 25

- PDE deadline to rule on school district request for referendum exception.

March 30 - cancelled

- Board Work Session to discuss 2015-2016 budget.

Key dates in the budget process based on PDE published filing requirements.

April 13

- Discussion of 2015-2016 budget.

April 27

- Presentation of district proposed final budget for 2015-2016.

May 4

- Presentation of district proposed final budget for 2015-2016 for board approval (deadline May 29).

May 18

- Public display of final budget to be recommended for board approval at the June 8 board meeting.

June 1

- Public hearing for district final budget for 2015-2016.

June 8

- Presentation of district final budget for 2015-2016 (deadline June 30).
 - General Fund Approval Resolution
 - Homestead and Farmstead Exclusion Resolution
 - Annual Tax Levy Resolution

Attachment A

2015-16 Proposed Final Budget

State College Area School District
Fund Balance Summary
4/29/2015

	Projected 2014-2015	Proposed Budget 2015- 2016
Nonspendable Fund Balance	\$ 1,701,632	\$ 1,701,632
General Unassigned	10,259,279	10,849,770
General Assigned PSERS	7,973,576	6,732,523
General Assigned Legal Liability	1,650,000	1,100,000
Total General Fund	21,584,487	20,383,925
Capital Reserve Fund	28,055,138	32,757,738
Capital Projects Fund	35,146	35,146
Total Capital Funds	28,090,284	32,792,884
Total Fund Balance	<u>\$ 49,674,771</u>	<u>\$ 53,176,809</u>

State College Area School District
General Fund Balance
4/29/2015

	<u>Projected 2014-2015</u>	<u>Proposed Final 2015-2016</u>
<u>General Fund - Unassigned</u>		
Beginning Balance	\$9,744,824	\$10,259,279
Revenue less Expense	514,456	590,491
General Fund - Unassigned	<u>\$10,259,279</u>	<u>10,849,770</u>
% of Expense	7.90%	7.90%
 <u>General Fund - Assigned</u>		
PSERS		
Beginning Balance	8,572,000	7,973,576
Additions		
Uses	(598,424)	(1,241,053)
Ending Fund Balance	<u>7,973,576</u>	<u>6,732,523</u>
 Legal Liability		
Beginning Balance	2,200,000	1,650,000
Additions		
Uses	(550,000)	(550,000)
Ending Fund Balance	<u>1,650,000</u>	<u>1,100,000</u>
 Total General Fund - Assigned	<u>\$9,623,576</u>	<u>\$7,832,523</u>

**State College Area School District
Capital Reserve Fund
4/29/2015**

	<u>Projected 2014-2015</u>	<u>Proposed Final 2015-2016</u>
Beginning Balance	\$19,296,359	\$28,055,138
Additions:		
Transfer	8,758,779	5,792,600
Donation	-	-
Total Additions	<u>8,758,779</u>	<u>5,792,600</u>
Uses:		
High School (1)	-	(1,090,000)
Total Uses	<u>-</u>	<u>(1,090,000)</u>
Net Change	<u>8,758,779</u>	<u>4,702,600</u>
Ending Fund Balance	<u>\$28,055,138</u>	<u>\$32,757,738</u>

(1) Reflects amount designated to pay the debt service on the high school project which is not part of the referendum financing. This projection shows a possible decrease in the capital reserve fund should this financing take place in the 2015-16 year. If the financing is completed in 2015-16, the transfer to capital reserve would be reduced and debt service expense would be recorded.

**State College Area School District
Capital Projects Fund
Ending Fund Balance**

	<u>Projected 2014-2015</u>	<u>Projected 2015-2016</u>
Beginning Balance	3,135,146	35,146
Additions:		
Transfer	2,055,717	2,096,831
Total Additions	<u>2,055,717</u>	<u>2,096,831</u>
Uses:		
Minor Projects	(2,055,717)	(2,096,831)
Panarama Renovations	(3,100,000)	-
Total Uses	<u>(5,155,717)</u>	<u>(2,096,831)</u>
Net Change	<u>(3,100,000)</u>	<u>-</u>
Ending Fund Balance	<u>\$35,146</u>	<u>\$35,146</u>

Note: The Capital Projects fund includes transfer from the general fund to fund minor capital projects.

State College Area School District
General Fund Activity
4/29/2015

Assumptions:		
Earned Income Tax Growth	1.80%	1.80%
Assessed Value Growth	2.30%	1.20%
Exceptions	0.00%	3.59%
Act 1 Index	2.10%	1.90%
Actual/Proposed Total Tax Increase	1.95%	5.49%

	Projected 2014-2015	Proposed Budget 2015- 2016	Change
Revenue	\$129,224,093	\$136,135,989	\$6,911,897
Local	106,228,144	112,145,724	5,917,580
State	21,640,949	22,645,265	1,004,317
Federal	1,355,000	1,345,000	-10,000
Expenses and Fund Balance Use	128,709,637	135,545,498	6,835,861
Change in Unassigned General Fund Bal	\$514,456	\$590,491	\$76,035
Use of Fund Balance (PSERS/legal)	-\$1,148,424	-\$1,791,053	-\$642,629

State College Area School District
General Fund Projected 2014-15 and Budget 2015-16 - Revenue
4/29/2015

Assumptions:		
Earned Income Tax Growth	1.80%	1.80%
Assessed Value Growth	2.30%	1.20%
Exceptions	0.00%	3.59%
Act 1 Index	2.10%	1.90%
Actual/Projected Total Tax Increase	1.95%	5.49%

	Projected 2014- 2015	Proposed Budget 2015- 2016	Change
LOCAL SERVICES TAX			
CURRENT REAL ESTATE TAX	\$83,696,808	\$86,303,898	\$2,607,090
REAL ESTATE TAX - REFERENDUM DEBT (1)	-	3,183,420	3,183,420
EARNED INCOME TAX	15,980,000	16,270,000	290,000
REALTY TRANSFER TAX	1,575,000	1,500,000	(75,000)
DELINQUENT REAL ESTATE TAX	1,400,000	1,100,000	(300,000)
INTERIM REAL ESTATE TAX (2)	500,000	300,000	(200,000)
IDEA-B	750,000	750,000	-
PAYMENTS IN LIEU OF TAX	514,670	514,670	-
LOCAL SERVICES TAX	366,000	370,000	4,000
TUITION	837,940	1,196,010	358,070
MISC LOCAL REVENUE/TUITION	384,918	384,918	-
PUBLIC UTILITY REALTY TAX	122,808	122,808	-
INTEREST ON INVESTMENTS	100,000	150,000	50,000
TOTAL LOCAL	106,228,144	112,145,724	5,917,580
STATE			
BASIC ED INSTR SUBSIDY	6,440,460	6,440,460	-
SPECIAL ED REVENUE	3,221,640	3,221,640	-
REV. FOR RETIREMENT	6,101,703	7,582,929	1,481,226
REV. FOR SOCIAL SECURITY	2,181,216	2,244,570	63,354
PROPERTY TAX REDUCTION	1,432,690	1,432,690	-
TRANSPORTATION REVENUE	750,000	750,000	-
BOND REIMBURSEMENTS (3)	940,122	517,497	(422,625)
HEALTH SERVICES REVENUE	140,000	140,000	-
READY TO LEARN GRANT	246,078	128,440	(117,638)
VOCATIONAL EDUCATION	107,040	107,040	-
TUITION - 1305/1306	80,000	80,000	-
TOTAL STATE	21,640,949	22,645,265	1,004,316
FEDERAL			
TITLE I REVENUE	700,000	700,000	-
TITLE II REVENUE	200,000	200,000	-
ACCESS FUNDS	350,000	350,000	-
OTHER FEDERAL REVENUE	70,000	60,000	(10,000)
TITLE III REVENUE	35,000	35,000	-
TOTAL FEDERAL	1,355,000	1,345,000	(10,000)
TOTAL REVENUE	\$129,224,093	\$136,135,989	\$6,911,896

(1) Reflects debt service on high school referendum debt, less estimated Plancon reimbursement
This reimbursement will not be received until after project completion, however the budget reflects
a reduction in this tax in anticipation of receipt in future years.

(2) Reflects potential tax rebate program.

(3) Projected 2014-15 includes \$631,000 related to Plancon approvals received September 2014
for prior financings. 2015-16 includes \$201,073 for estimated reimbursement related to referendum
financing.

State College Area School District

General Fund Projected 2014-15 and Budget 2015-16 - Expense

4/29/2015

	Projected 2014-2015	Proposed Budget 2015- 2016	Change
Salaries	\$58,189,036	\$59,879,158	\$1,690,122
Health Insurance	11,954,434	12,416,714	462,280
PSERS	12,203,405	15,165,856	2,962,451
Other Benefits	6,045,705	6,207,681	161,976
Professional Services	4,072,412	4,336,979	264,567
Purchased Property Services	2,050,035	2,090,571	40,536
Other Purchased Services	10,689,208	10,885,651	196,443
Supplies/Equipment	5,851,699	6,252,598	400,899
Minor Capital Projects	2,055,717	2,096,831	41,114
Athletics/Food Service/transfers/contingencies	2,898,332	3,662,310	763,978
Debt Service	5,089,299	5,165,109	75,810
Debt Service - Referendum Debt (1)	-	3,384,493	3,384,493
Transfer to Capital Reserve (2)	8,758,779	5,792,600	(2,966,179)
Fund Balance (FB) Use (PSERS/Legal)	(1,148,424)	(1,791,053)	(642,629)
Total Expenses and FB Transfers	\$128,709,637	\$135,545,498	\$6,835,861
Total Expenses excluding FB Transfers	\$129,858,061	\$137,336,551	\$7,478,490
Total Salary and Benefits	\$88,392,580	\$93,669,409	\$5,276,829
Use of PSERS FB	(598,424)	(1,241,053)	(642,629)
Total Salary and Benefits, including FB Transfers	\$87,794,156	\$92,428,356	\$4,634,200
% of Total Expense and FB Transfers	68.2%	68.2%	0.0%

(1) Reflects actual debt service based on referendum bond issuance.

(2) Projected 2014-15 includes transfers in excess of the original budget primarily due to retroactive reimbursement related to Plancon approval of prior financings, higher than average increase in real estate taxes and earned income tax.

Proposed 2015-16 transfer maintains a relatively level budget vs. the 2014-15 budget.

Attachment B

Multi-year Projection

State College Area School District
General Fund Activity
4/24/2015

Assumptions:											
Earned Income Tax Growth	2.00%	1.80%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.30%	2.30%
Assessed Value Growth	1.50%	2.30%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.70%	1.70%
Exceptions	0.00%	0.00%	3.59%	1.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Act 1 Index	2.10%	2.10%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
Actual/Projected Total Tax Increase	1.95%	1.95%	5.49%	3.71%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%

	Budget 2014-2015	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024
Revenue	\$125,926,243	\$129,224,093	\$136,135,989	\$142,059,265	\$145,870,792	\$149,907,408	\$154,120,848	\$158,319,272	\$162,711,331	\$167,211,087	\$171,899,927
Local	104,376,200	106,228,144	112,145,724	116,936,405	120,211,769	123,702,383	127,420,616	131,424,146	135,517,675	139,750,970	144,123,794
State	20,505,043	21,640,949	22,645,265	23,977,859	24,514,023	25,060,025	25,555,232	25,750,126	26,048,655	26,315,117	26,631,133
Federal	1,045,000	1,355,000	1,345,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000
Expenses and Fund Balance Use	<u>125,643,240</u>	<u>128,709,637</u>	<u>135,545,498</u>	<u>141,709,732</u>	<u>145,761,358</u>	<u>149,805,382</u>	<u>153,994,345</u>	<u>158,099,632</u>	<u>162,458,311</u>	<u>166,898,161</u>	<u>171,584,505</u>
Change in Unassigned General Fund Bal	<u>\$283,003</u>	<u>\$514,456</u>	<u>\$590,491</u>	<u>\$349,532</u>	<u>\$109,434</u>	<u>\$102,026</u>	<u>\$126,503</u>	<u>\$219,640</u>	<u>\$253,020</u>	<u>\$312,926</u>	<u>\$315,422</u>

State College Area School District
General Fund Revenue
4/24/2015

Assumptions:											
Earned Income Tax Growth (1)	2.00%	1.80%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.30%	2.30%
Assessed Value Growth (2)	1.50%	2.30%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.70%	1.70%
Exceptions (3)	0.00%	0.00%	3.589%	1.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Act 1 Index	2.10%	2.10%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
Actual/Projected Total Tax Increase	1.95%	1.95%	5.489%	3.71%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%

	Budget 2014-2015	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024
LOCAL SERVICES TAX											
CURRENT REAL ESTATE TAX	\$82,900,000	\$83,696,808	\$86,303,898	\$89,070,000	\$92,010,000	\$95,140,000	\$98,470,000	\$102,010,000	\$105,680,000	\$109,480,000	\$113,420,000
REAL ESTATE TAX-REFERENDUM DEBT (3)	-	-	3,183,420	4,943,999	4,945,363	4,941,977	4,946,210	4,945,740	4,945,269	4,944,564	4,943,388
EARNED INCOME TAX	15,560,000	\$15,980,000	16,270,000	16,580,000	16,910,000	17,270,000	17,650,000	18,060,000	18,480,000	18,910,000	19,340,000
REALTY TRANSFER TAX	1,500,000	1,575,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
DELINQUENT REAL ESTATE TAX	1,100,000	1,400,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
INTERIM REAL ESTATE TAX (4)	500,000	500,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
IDEA-B	600,000	750,000	750,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
PAYMENTS IN LIEU OF TAX	450,000	514,670	514,670	514,670	514,670	514,670	514,670	514,670	514,670	514,670	514,670
LOCAL SERVICES TAX	379,000	366,000	370,000	374,000	378,000	382,000	386,000	390,000	394,000	398,000	402,000
TUITION	782,282	837,940	1,196,010	1,196,010	1,196,010	1,196,010	1,196,010	1,196,010	1,196,010	1,196,010	1,196,010
MISC LOCAL REVENUE	384,918	384,918	384,918	384,918	384,918	384,918	384,918	384,918	384,918	384,918	384,918
PUBLIC UTILITY REALTY TAX	120,000	122,808	122,808	122,808	122,808	122,808	122,808	122,808	122,808	122,808	122,808
INTEREST ON INVESTMENTS	<u>100,000</u>	<u>100,000</u>	<u>150,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
TOTAL LOCAL	104,376,200	106,228,144	112,145,724	116,936,405	120,211,769	123,702,383	127,420,616	131,424,146	135,517,675	139,750,970	144,123,794
STATE											
BASIC ED INSTR SUBSIDY	6,440,619	6,440,460	6,440,460	6,440,460	6,440,460	6,440,460	6,440,460	6,440,460	6,440,460	6,440,460	6,440,460
SPECIAL ED REVENUE-REGULR	3,220,000	3,221,640	3,221,640	3,221,640	3,221,640	3,221,640	3,221,640	3,221,640	3,221,640	3,221,640	3,221,640
REV. FOR RETIREMENT	6,114,895	6,101,703	7,582,928	8,750,000	9,250,000	9,750,000	10,200,000	10,350,000	10,600,000	10,850,000	11,100,000
REV. FOR SOCIAL SECURITY	2,171,532	2,181,216	2,244,570	2,289,462	2,335,251	2,381,956	2,429,595	2,478,187	2,527,751	2,578,306	2,629,872
PROPERTY TAX REDUCTION	1,422,517	1,432,690	1,432,690	1,432,690	1,432,690	1,432,690	1,432,690	1,432,690	1,432,690	1,432,690	1,432,690
TRANSPORTATION REVENUE	600,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
BOND REIMBURSEMENTS (5)	80,000	940,122	517,497	638,128	628,502	627,799	625,367	621,669	620,635	586,541	600,991
HEALTH SERVICES REVENUE	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
READY TO LEARN GRANT (6)	128,440	246,078	128,440	128,440	128,440	128,440	128,440	128,440	128,440	128,440	128,440
VOCATIONAL EDUCATION	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040
OTHER STATE REVENUE	0	0	0	0	0	0	0	0	0	0	0
TUITION - 1305/1306	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
TOTAL STATE	20,505,043	21,640,949	22,645,265	23,977,859	24,514,023	25,060,025	25,555,232	25,750,126	26,048,655	26,315,117	26,631,133
FEDERAL											
TITLE I REVENUE	700,000	700,000	700,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
TITLE II REVENUE	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
ACCESS FUNDS	50,000	350,000	350,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
OTHER FEDERAL REVENUE	60,000	70,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
TITLE III REVENUE	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
TOTAL FEDERAL	1,045,000	1,355,000	1,345,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000
TOTAL REVENUE	125,926,243	129,224,093	136,135,989	142,059,265	145,870,792	149,907,408	154,120,848	158,319,272	162,711,331	167,211,087	171,899,927

(1) Assumes gradual growth toward five-year average from 2008-09 to 2013-14 of 2.62%.

(2) 2014-15 reflects major building projects not fully reflected in 2013-2014 assessed value. 2015-16 forward assumes gradual growth toward historical averages. (10-yr average 1.7%)

(3) Assumes additional tax equal to the debt service on referendum borrowing.

(4) Reflects reduction of \$200,000 beginning in 2015-16 related to potential property tax rebate program.

(5) Reflects projected annual reimbursement. Retroactive reimbursement of \$631,000 to be received in January 2015 has been included in projected 2014-15. 2015-16 forward includes estimated \$200,000 to \$300,000 reimbursement related to High School referendum borrowing.

(6) Previously referred to as the Accountability Block Grant. Future projected years do not include the additional amount added in 2014-15 due to uncertainty related to future year allocations.

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State College Area School District
General Fund Expenses and Fund Balance Transfers
4/24/2015

	2013-2014 Actual	2014-2015 Budget	2014-2015 Projected	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected	2021-2022 Projected	2022-2023 Projected	2023-2024 Projected
Salaries	\$56,677,873	\$57,930,679	\$58,189,036	59,879,158	61,076,741	62,298,276	63,544,242	64,815,126	66,111,429	67,433,657	68,782,331	70,157,977
Health Insurance	10,630,073	12,109,179	11,954,434	12,416,714	13,930,887	15,223,976	16,646,373	18,211,010	19,932,111	21,825,323	23,907,855	26,198,640
PSERS	9,470,346	12,229,790	12,203,405	15,165,856	17,500,000	18,500,000	19,500,000	20,400,000	20,700,000	21,200,000	21,700,000	22,200,000
Other Benefits	5,676,740	5,979,296	6,045,705	6,207,681	6,300,000	6,400,000	6,500,000	6,600,000	6,700,000	6,800,000	6,900,000	7,000,000
Professional Services	2,965,891	4,202,699	4,072,412	4,336,979	4,410,000	4,480,000	4,560,000	4,640,000	4,720,000	4,800,000	4,880,000	4,960,000
Purchased Property Services	1,885,056	2,050,035	2,050,035	2,090,571	2,130,000	2,170,000	2,210,000	2,250,000	2,290,000	2,330,000	2,370,000	2,410,000
Other Purchased Services	10,145,511	10,374,623	10,689,208	10,885,651	11,070,000	11,260,000	11,450,000	11,640,000	11,840,000	12,040,000	12,240,000	12,450,000
Supplies/Equipment	5,574,454	5,881,705	5,851,699	6,252,598	6,100,000	6,190,000	6,280,000	6,370,000	6,470,000	6,570,000	6,670,000	6,770,000
Minor Capital Projects	2,015,409	2,055,717	2,055,717	2,096,831	2,138,768	2,181,543	2,225,174	2,269,678	2,315,071	2,361,373	2,408,600	2,456,772
Athletics/transfers/contingencies (1)	2,819,490	3,207,334	2,898,332	3,662,310	3,887,956	3,994,715	3,252,610	3,311,662	3,371,895	3,433,333	3,496,000	3,559,920
Debt Service (2)	6,327,453	5,348,828	5,089,299	5,165,109	5,250,813	5,021,218	5,011,078	4,924,865	4,967,087	4,943,036	4,862,877	4,875,757
Debt Service - Referendum Debt (3)	0	0	0	3,384,493	5,256,275	5,257,725	5,254,125	5,258,625	5,258,125	5,257,625	5,256,875	5,255,625
Transfer to Capital Reserve (2)	10,500,000	5,421,779	8,758,779	5,792,600	4,894,187	4,751,783	4,556,922	4,144,135	3,923,913	4,013,965	3,923,624	3,378,244
Fund Balance Use (PSERS/Legal)	(743,818)	(1,148,424)	(1,148,424)	(1,791,053)	(2,235,895)	(1,967,878)	(1,185,141)	(840,756)	(500,000)	(550,000)	(500,000)	(88,430)
Total Expenses and Fund Balance Transfers	\$123,944,479	\$125,643,240	\$128,709,637	\$135,545,498	\$141,709,732	\$145,761,358	\$149,805,382	\$153,994,345	\$158,099,632	\$162,458,311	\$166,898,161	\$171,584,505

(1) Includes legal liability payments and food service transfer of \$130,000 in 2015-16 growing to \$300,000 in 2017-18.

(2) Transfer from 2015-16 forward has been adjusted to no less than the transfer in the preliminary budget.

(3) Reflects actual debt service for referendum borrowing.

State College Area School District
Fund Balance Summary
4/24/2015

	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024
Nonspendable Fund Balance	\$ 1,701,632	\$ 1,701,632	\$ 1,701,632	\$ 1,701,632	\$ 1,701,632	\$ 1,701,632	\$ 1,701,632	\$ 1,701,632	\$ 1,701,632	\$ 1,701,632
General Unassigned	10,259,279	10,849,770	11,199,302	11,308,737	11,410,762	11,537,265	11,756,905	12,009,925	12,322,851	12,638,273
General Assigned PSERS	7,973,576	6,732,523	5,046,628	3,628,750	2,443,609	1,602,853	1,102,853	602,853	102,853	14,423
General Assigned Legal Liability	1,650,000	1,100,000	550,000	-	-	-	-	-	-	-
Total General Fund	21,584,487	20,383,925	18,497,562	16,639,119	15,556,003	14,841,750	14,561,390	14,314,410	14,127,336	14,354,328
Capital Reserve Fund	28,055,138	32,757,738	36,561,925	28,223,708	29,690,630	30,744,765	31,578,678	30,502,643	27,336,267	23,624,511
Capital Projects Fund	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146
Total Capital Funds	28,090,284	32,792,884	36,597,071	28,258,854	29,725,776	30,779,911	31,613,824	30,537,789	27,371,413	23,659,657
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	<u>\$ 49,674,771</u>	<u>\$ 53,176,809</u>	<u>\$ 55,094,633</u>	<u>\$ 44,897,972</u>	<u>\$ 45,281,779</u>	<u>\$ 45,621,661</u>	<u>\$ 46,175,214</u>	<u>\$ 44,852,198</u>	<u>\$ 41,498,748</u>	<u>\$ 38,013,985</u>

State College Area School District
General Fund Balance
4/24/2015

	<u>Projected 2014-2015</u>	<u>Projected 2015-2016</u>	<u>Projected 2016-2017</u>	<u>Projected 2017-2018</u>	<u>Projected 2018-2019</u>	<u>Projected 2019-2020</u>	<u>Projected 2020-2021</u>	<u>Projected 2021-2022</u>	<u>Projected 2022-2023</u>	<u>Projected 2023-2024</u>
<u>General Fund - Unassigned</u>										
Beginning Balance	\$9,744,824	\$10,259,279	\$10,849,770	\$11,199,302	\$11,308,737	\$11,410,762	\$11,537,265	\$11,756,905	\$12,009,925	\$12,322,851
Revenue less Expense	514,456	590,491	349,532	109,434	102,026	126,503	219,640	253,020	312,926	315,422
General Fund - Unassigned	\$10,259,279	10,849,770	11,199,302	11,308,737	11,410,762	11,537,265	11,756,905	12,009,925	12,322,851	12,638,273
% of Expense	7.90%	7.90%	7.78%	7.66%	7.56%	7.45%	7.41%	7.37%	7.36%	7.36%
<u>General Fund - Assigned</u>										
PSERS										
Beginning Balance	8,572,000	7,973,576	6,732,523	5,046,628	3,628,750	2,443,609	1,602,853	1,102,853	602,853	102,853
Additions Uses	(598,424)	(1,241,053)	(1,685,895)	(1,417,878)	(1,185,141)	(840,756)	(500,000)	(500,000)	(500,000)	(88,430)
Ending Fund Balance	7,973,576	6,732,523	5,046,628	3,628,750	2,443,609	1,602,853	1,102,853	602,853	102,853	14,423
Legal Liability										
Beginning Balance	2,200,000	1,650,000	1,100,000	550,000	-	-	-	-	-	-
Additions Uses	(550,000)	(550,000)	(550,000)	(550,000)	-	-	-	-	-	-
Ending Fund Balance	1,650,000	1,100,000	550,000	-	-	-	-	-	-	-
Total General Fund - Assigned	\$9,623,576	\$7,832,523	\$5,596,628	\$3,628,750	\$2,443,609	\$1,602,853	\$1,102,853	\$602,853	\$102,853	\$14,423

State College Area School District
Capital Reserve Fund
4/24/2015

	<u>Projected 2014-2015</u>	<u>Projected 2015-2016</u>	<u>Projected 2016-2017</u>	<u>Projected 2017-2018</u>	<u>Projected 2018-2019</u>	<u>Projected 2019-2020</u>	<u>Projected 2020-2021</u>	<u>Projected 2021-2022</u>	<u>Projected 2022-2023</u>	<u>Projected 2023-2024</u>
Beginning Balance	\$19,296,359	\$28,055,138	\$32,757,738	\$36,561,925	\$28,223,708	\$29,690,630	\$30,744,765	\$31,578,678	\$30,502,643	\$27,336,267
Additions:										
Transfer	8,758,779	5,792,600	4,894,187	4,751,783	4,556,922	4,144,135	3,923,913	4,013,965	3,923,624	3,378,244
Donation										
Total Additions	8,758,779	5,792,600	4,894,187	4,751,783	4,556,922	4,144,135	3,923,913	4,013,965	3,923,624	3,378,244
Uses:										
High School (1)	-	(1,090,000)	(1,090,000)	(11,090,000)	(1,090,000)	(1,090,000)	(1,090,000)	(1,090,000)	(1,090,000)	(1,090,000)
Other Facilities (2)	-	-	-	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Other Facilities (2)	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)	(2,000,000)
Other Facilities (2)	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Total Uses	-	(1,090,000)	(1,090,000)	(13,090,000)	(3,090,000)	(3,090,000)	(3,090,000)	(5,090,000)	(7,090,000)	(7,090,000)
Net Change	8,758,779	4,702,600	3,804,187	(8,338,217)	1,466,922	1,054,135	833,913	(1,076,035)	(3,166,376)	(3,711,756)
Ending Fund Balance	<u>\$28,055,138</u>	<u>\$32,757,738</u>	<u>\$36,561,925</u>	<u>\$28,223,708</u>	<u>\$29,690,630</u>	<u>\$30,744,765</u>	<u>\$31,578,678</u>	<u>\$30,502,643</u>	<u>\$27,336,267</u>	<u>\$23,624,511</u>

(1) Reflects amount designated to pay a portion of the State High project cost. Assumes financing of \$20 million District borrowing in 2015-16 and \$10 million funding from capital reserve in 2017-18.

(2) Renovation projects. Actual timing of projects may differ from this presentation.

**State College Area School District
Capital Projects Fund
Ending Fund Balance**

	<u>Projected 2014-2015</u>	<u>Projected 2015-2016</u>	<u>Projected 2016-2017</u>	<u>Projected 2017-2018</u>	<u>Projected 2018-2019</u>	<u>Projected 2019-2020</u>	<u>Projected 2020-2021</u>	<u>Projected 2021-2022</u>	<u>Projected 2022-2023</u>	<u>Projected 2023-2024</u>
Beginning Balance	3,135,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146
Additions: Transfer	2,055,717	2,096,831	2,138,768	2,181,543	2,225,174	2,269,678	2,315,071	2,361,373	2,408,600	2,456,772
Total Additions	2,055,717	2,096,831	2,138,768	2,181,543	2,225,174	2,269,678	2,315,071	2,361,373	2,408,600	2,456,772
Uses: Minor Projects	(2,055,717)	(2,096,831)	(2,138,768)	(2,181,543)	(2,225,174)	(2,269,678)	(2,315,071)	(2,361,373)	(2,408,600)	(2,456,772)
Panarama Renovations	(3,100,000)									
Total Uses	(5,155,717)	(2,096,831)	(2,138,768)	(2,181,543)	(2,225,174)	(2,269,678)	(2,315,071)	(2,361,373)	(2,408,600)	(2,456,772)
Net Change	(3,100,000)	-	-	-	-	-	-	-	-	-
Ending Fund Balance	\$35,146	\$35,146	\$35,146	\$35,146	\$35,146	\$35,146	\$35,146	\$35,146	\$35,146	\$35,146

Note: The Capital Projects fund includes transfer from the general fund to fund minor capital projects.