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To: Robert J. O'Donnell  
From: Randy L. Brown and Donna Watson  
Date: January 8, 2015  
Subject: 2015-2016 Budget

VI-B3

The December 15, 2014 budget presentation did not include a proposed referendum borrowing. The attached schedules present projected 2014-15 and proposed preliminary budget 2015-16 revenues and expenses as presented at the December 15, 2015 board meeting and include the projected revenue and expense impact of a proposed \$85 million, 30 year term referendum borrowing. The multi-year projection is also attached and has been updated to include the referendum borrowing.

The proposed preliminary budget includes \$480,000 to support four strategic initiatives outlined in the budget memo attached to the December 15, 2014 budget presentation. Major revenue assumptions are shown on the top of page A-1. Also included on page A-1 are explanations of other projected changes in revenue for the budget year.

Attachment A provides a comparison of the projected 2014-2015 revenues and expenses compared to the proposed preliminary 2015-2016 budget outlining major assumptions and variance explanations.

Attachment B includes budget projections through 2023-2024, including fund balance. The referendum borrowing is included as a separate tax revenue and debt service expense. The non-referendum borrowing is assumed to occur in 2015-2016, however the exact impact on debt service is not yet known. An increase in debt services upon completion of the non-referendum borrowing is assumed to decrease the transfer to the capital reserve fund.

#### Tax Increase

Administration recommends a tax increase equal to the Act 1 index of 1.9% plus an increase of 3.6% related to the referendum debt, for a total tax increase of 5.5%. The tax millage would increase from 39.5056 in 2014-2015 to a total of 41.6738 in 2015-2016.

The tax increase, excluding the referendum impact, would be the second lowest tax increase since the 1997-1998 school year.

An average taxpayer with an assessed value of \$71,686 would experience a tax increase prior to the impact of the referendum borrowing of \$53.81. The referendum borrowing is estimated to increase taxes \$101.62 in the 2015-16 year. Attachment C details the millage increase and the average taxpayer impact.

#### Capital Reserve Fund

The capital reserve fund analysis has not been updated since the last presentation. The district-wide facilities master plan update scheduled for later in 2015 will provide direction for changes to this analysis. In the meantime, the administration would like to collaborate with the board subcommittee on facilities in order to respond to comments raised during the last board discussion.

#### Budget Timeline

Attached is a timeline for budget preparation including board discussion and action items.

A schedule including key dates related to the referendum borrowing will be presented at the January 12<sup>th</sup> board meeting.

State College Area School District  
2015-16 Budget Development

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*

- A special meeting of the board may be scheduled to review and discuss the proposed preliminary budget if there are open items requiring further discussion at the January 12 meeting. Public display of preliminary budget to be recommended for board approval at the February 9 board meeting.
- Board may take action to formally approve the proposed preliminary budget as the preliminary budget is to be approved on February 9.

*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 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.

*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 - Revenue and Expense**

State College Area School District  
 General Fund Projected 2014-15 and Preliminary Budget 2015-16 - Revenue  
 1/8/2015

<b>Assumptions:</b>					
<b>Earned Income Tax Growth</b>	<b>2.00%</b>	<b>1.80%</b>	<b>1.80%</b>	<b>-0.20%</b>	<b>0.00%</b>
<b>Assessed Value Growth</b>	<b>1.50%</b>	<b>2.30%</b>	<b>1.20%</b>	<b>0.80%</b>	<b>-1.10%</b>
<b>Exceptions (4)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>3.60%</b>	<b>0.00%</b>	<b>3.60%</b>
<b>Act 1 Index</b>	<b>2.10%</b>	<b>2.10%</b>	<b>1.90%</b>	<b>0.00%</b>	<b>-0.20%</b>
<b>Actual/Projected Total Tax Increase</b>	<b>1.95%</b>	<b>1.95%</b>	<b>5.50%</b>	<b>0.00%</b>	<b>3.55%</b>

	<b>Budget 2014-2015</b>	<b>Projected 2014-2015</b>	<b>Preliminary Budget 2015- 2016</b>	<b>Proj vs. Budget 2014-2015</b>	<b>Proj 2014-15 vs. 2015-16</b>
<b>LOCAL SERVICES TAX</b>					
CURRENT REAL ESTATE TAX	\$82,900,000	\$83,540,000	\$86,130,000	\$640,000 (1)	\$2,590,000
REAL ESTATE TAX - REFERENDUM DEBT	-	-	3,181,100	0	3,181,100 (4)
EARNED INCOME TAX	15,560,000	\$15,980,000	16,270,000	420,000 (2)	290,000
REALTY TRANSFER TAX	1,500,000	1,500,000	1,500,000	0	0
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,100,000	0	0
INTERIM REAL ESTATE TAX	500,000	500,000	500,000	0	0
IDEA-B	600,000	750,000	750,000	150,000 (3)	0
PAYMENTS IN LIEU OF TAX	450,000	481,000	480,000	31,000 (3)	-1,000
LOCAL SERVICES TAX	379,000	366,000	370,000	-13,000	4,000
TUITION	782,282	837,940	1,196,010	55,658 (2)	358,070 (5)
MISC LOCAL REVENUE/TUITION	384,918	384,918	384,918	0	0
PUBLIC UTILITY REALTY TAX	120,000	120,000	120,000	0	0
INTEREST ON INVESTMENTS	<u>100,000</u>	<u>130,000</u>	<u>150,000</u>	<u>30,000 (3)</u>	<u>20,000</u>
<b>TOTAL LOCAL</b>	<b>104,376,200</b>	<b>105,689,858</b>	<b>112,132,028</b>	<b>1,313,658</b>	<b>6,442,170</b>
<b>STATE</b>					
BASIC ED INSTR SUBSIDY	6,440,619	6,440,460	6,440,460	-159	0
SPECIAL ED REVENUE-REGULR	3,220,000	3,221,640	3,221,640	1,640	0
REV. FOR RETIREMENT	6,114,895	6,117,022	7,518,062	2,127	1,401,040 (6)
REV. FOR SOCIAL SECURITY	2,171,532	2,186,692	2,225,742	15,161	39,049
PROPERTY TAX REDUCTION	1,422,517	1,432,690	1,432,690	10,173	0
TRANSPORTATION REVENUE	600,000	750,000	750,000	150,000 (2)	0
BOND REIMBURSEMENTS	80,000	218,711	257,523	138,711 (3)	38,812
HEALTH SERVICES REVENUE	140,000	140,000	140,000	0	0
READY TO LEARN GRANT	128,440	246,078	128,440	117,638 (3)	-117,638 (7)
VOCATIONAL EDUCATION	107,040	107,040	107,040	0	0
OTHER STATE REVENUE	0	0	0	0	0
TUITION - 1305/1306	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>0</u>	<u>0</u>
<b>TOTAL STATE</b>	<b>20,505,043</b>	<b>20,940,333</b>	<b>22,301,596</b>	<b>435,290</b>	<b>1,361,263</b>
<b>FEDERAL</b>					
TITLE I REVENUE	700,000	700,000	700,000	0	0
TITLE II REVENUE	200,000	200,000	200,000	0	0
ACCESS FUNDS	50,000	350,000	350,000	300,000 (3)	0
OTHER FEDERAL REVENUE	60,000	60,000	60,000	0	0
TITLE III REVENUE	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>	<u>0</u>
<b>TOTAL FEDERAL</b>	<b>1,045,000</b>	<b>1,345,000</b>	<b>1,345,000</b>	<b>300,000</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b><u>125,926,243</u></b>	<b><u>127,975,191</u></b>	<b><u>135,778,624</u></b>	<b><u>2,048,948</u></b>	<b><u>7,803,433</u></b>

(1) Related to assessed value for major building projects not fully reflected in budgeted 2013-14 assessed value.

(2) Increase based on actual 2013-14

(3) Based on most recent available information in 2014-15.

(4) Assumes \$85 million, 30 year term referendum borrowing in March 2015.

(5) Assumes growth due to expansion of after school programs.

(6) Increase related to increased salaries and increase in PSERS rate from 21.14% to 25.84%.

(7) Previously referred to as the Accountability Block Grant. Decreased to 2013-14 level due to uncertainty related to future allocations.

State College Area School District

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

1/8/2015

	2014-2015 Budget	2014-2015 Projected	Preliminary Budget 2015- 2016	Proj vs. Budget 2014-2015	Proj 2014-15 vs. 2015-16	% Variance
Salaries	\$57,930,679	\$58,335,134	\$59,376,867	\$404,455 (1)	\$1,041,733	1.8%
Health Insurance	12,109,179	12,109,179	13,511,718	0	1,402,539	11.6%
PSERS	12,229,790	12,234,044	15,036,123	4,254	2,802,079	22.9%
Other Benefits	5,979,296	5,901,177	6,025,853	-78,119	124,676	2.1%
Professional Services	4,202,699	4,030,537	4,336,785	-172,162 (2)	306,248	7.6%
Purchased Property Services	2,050,035	2,050,035	2,074,334	0	24,299	1.2%
Other Purchased Services	10,374,623	10,561,474	10,763,696	186,851 (3)	202,222	1.9%
Supplies/Equipment	5,881,705	5,851,699	6,273,250	-30,006	421,551	7.2%
Minor Capital Projects	2,055,717	2,055,717	2,096,831	0	41,114	2.0%
Athletics/transfers/contingencies	3,207,334	2,898,332	3,558,766	-309,002 (4)	660,434	22.8% (7)
Debt Service	5,348,828	5,089,299	5,165,109	-259,529 (5)	75,810	1.5%
Debt Service - Referendum Debt	0	0	3,181,100	0	3,181,100	100.0% (8)
Transfer to Capital Reserve	5,657,779	7,586,779	5,724,000	1,929,000 (6)	-1,862,779	-24.6% (9)(10)
Fund Balance Use (PSERS/Legal)	(1,148,424)	(1,148,424)	(1,791,053)	0	-642,629	56.0%
<b>Total Expenses and Fund Balance Transfers</b>	<b>\$125,879,240</b>	<b>\$127,554,982</b>	<b>\$135,333,379</b>	<b>\$1,675,743</b>	<b>\$7,778,397</b>	

(1) Includes enrollment based hirings, increased extended school year students, and budget transfer from professional services.

(2) Budget transfer to salaries

(3) Charter school enrollments are equal to 2013-14; expense per student approximately 3% higher.

(4) Reduction in contingency

(5) Reflects savings related to refinancing

(6) Net change in revenues and expense transferred to capital reserve fund.

(7) Includes increase in contingency and estimated transfer of \$100,000 to food services.

(8) Assumes \$85 million, 30 year term referendum borrowing in March 2015.

(9) Debt service in 2015-16 may be higher than the amount reflected above. Assuming issuance of the \$20 million non-referendum borrowing in 2015-16, there would be a partial year payment due in the budget year. This would be offset by any savings from refinancing currently outstanding debt. Any increase in the debt service is assumed to decrease the transfer to capital reserve.

(10) The 2014-15 transfer to capital reserve is higher primarily related to a higher than average increase in real estate taxes.

The 2015-16 transfer maintains the level budgeted in the 2014-15 budget.

## **Attachment B - Multiyear Projection**

State College Area School District  
 General Fund Activity  
 1/7/2015

<b>Assumptions:</b>											
<b>Earned Income Tax Growth</b>	2.00%	1.80%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.30%	2.30%
<b>Assessed Value Growth</b>	1.50%	2.30%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.70%	1.70%
<b>Exceptions</b>	0.00%	0.00%	3.60%	0.00%	1.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Act 1 Index</b>	2.10%	2.10%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
<b>Actual/Projected Total Tax Increase</b>		1.95%	5.50%	1.90%	3.80%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%

	<b>Budget 2014-2015</b>	<b>Projected 2014-2015</b>	<b>Projected 2015-2016</b>	<b>Projected 2016-2017</b>	<b>Projected 2017-2018</b>	<b>Projected 2018-2019</b>	<b>Projected 2019-2020</b>	<b>Projected 2020-2021</b>	<b>Projected 2021-2022</b>	<b>Projected 2022-2023</b>	<b>Projected 2023-2024</b>
Revenue	\$125,926,243	\$127,975,191	\$135,778,624	\$139,835,753	\$145,298,096	\$149,321,653	\$153,469,887	\$157,740,556	\$162,069,937	\$166,579,309	\$171,214,006
Local	104,376,200	105,689,858	112,132,028	115,156,028	120,135,028	123,614,728	127,321,378	131,326,328	135,409,728	139,642,328	144,006,928
State	20,505,043	20,940,333	22,301,596	23,534,725	24,018,068	24,561,925	25,003,509	25,269,228	25,515,209	25,791,981	26,062,078
Federal	1,045,000	1,345,000	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>125,879,240</u>	<u>127,554,982</u>	<u>135,133,379</u>	<u>139,454,122</u>	<u>144,885,843</u>	<u>149,060,412</u>	<u>153,174,224</u>	<u>157,424,954</u>	<u>161,725,748</u>	<u>166,224,913</u>	<u>170,884,459</u>
Change in Unassigned General Fund Bal	\$47,003	\$420,209	\$645,245	\$381,631	\$412,253	\$261,241	\$295,663	\$315,603	\$344,188	\$354,396	\$329,548

State College Area School District  
 General Fund Revenue  
 1/7/2015

<b>Assumptions:</b>											
<b>Earned Income Tax Growth (1)</b>	<b>2.00%</b>	<b>1.80%</b>	<b>1.80%</b>	<b>1.90%</b>	<b>2.00%</b>	<b>2.10%</b>	<b>2.20%</b>	<b>2.30%</b>	<b>2.30%</b>	<b>2.30%</b>	<b>2.30%</b>
<b>Assessed Value Growth (2)</b>	<b>1.50%</b>	<b>2.30%</b>	<b>1.20%</b>	<b>1.30%</b>	<b>1.40%</b>	<b>1.50%</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>
<b>Exceptions (3)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>3.60%</b>	<b>0.00%</b>	<b>1.90%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Act 1 Index</b>	<b>2.10%</b>	<b>2.10%</b>	<b>1.90%</b>								
<b>Actual/Projected Total Tax Increase</b>	<b>1.95%</b>	<b>1.95%</b>	<b>5.50%</b>	<b>1.90%</b>	<b>3.80%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>
	<b>Budget 2014-2015</b>	<b>Projected 2014-2015</b>	<b>Projected 2015-2016</b>	<b>Projected 2016-2017</b>	<b>Projected 2017-2018</b>	<b>Projected 2018-2019</b>	<b>Projected 2019-2020</b>	<b>Projected 2020-2021</b>	<b>Projected 2021-2022</b>	<b>Projected 2022-2023</b>	<b>Projected 2023-2024</b>
<b>LOCAL SERVICES TAX</b>											
CURRENT REAL ESTATE TAX	\$82,900,000	\$83,540,000	\$86,130,000	\$88,890,000	\$91,820,000	\$94,940,000	\$98,260,000	\$101,800,000	\$105,460,000	\$109,260,000	\$113,190,000
REAL ESTATE TAX-REFERENDUM DEBT (3)			3,181,100	3,181,100	4,896,100	4,891,800	4,894,450	4,895,400	4,894,800	4,893,400	4,894,000
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	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
DELINQUENT REAL ESTATE TAX	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	1,100,000	1,100,000
INTERIM REAL ESTATE TAX	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
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	481,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000
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/TUITION	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	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
INTEREST ON INVESTMENTS	<u>100,000</u>	<u>130,000</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>
<b>TOTAL LOCAL</b>	<b>104,376,200</b>	<b>105,689,858</b>	<b>112,132,028</b>	<b>115,156,028</b>	<b>120,135,028</b>	<b>123,614,728</b>	<b>127,321,378</b>	<b>131,326,328</b>	<b>135,409,728</b>	<b>139,642,328</b>	<b>144,006,928</b>
<b>STATE</b>											
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	6,117,022	7,518,062	8,700,000	9,150,000	9,650,000	10,050,000	10,250,000	10,450,000	10,700,000	10,900,000
REV. FOR SOCIAL SECURITY	2,171,532	2,186,692	2,225,742	2,268,031	2,311,124	2,355,035	2,399,781	2,445,376	2,491,839	2,539,183	2,587,428
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 (4)	80,000	218,711	257,523	266,424	256,674	256,620	253,459	273,582	273,100	252,528	274,380
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 (5)	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>
<b>TOTAL STATE</b>	<b>20,505,043</b>	<b>20,940,333</b>	<b>22,301,596</b>	<b>23,534,725</b>	<b>24,018,068</b>	<b>24,561,925</b>	<b>25,003,509</b>	<b>25,269,228</b>	<b>25,515,209</b>	<b>25,791,981</b>	<b>26,062,078</b>
<b>FEDERAL</b>											
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	60,000	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>
<b>TOTAL FEDERAL</b>	<b>1,045,000</b>	<b>1,345,000</b>	<b>1,345,000</b>	<b>1,145,000</b>							
<b>TOTAL REVENUE</b>	<b>125,926,243</b>	<b>127,975,191</b>	<b>135,778,624</b>	<b>139,835,753</b>	<b>145,298,096</b>	<b>149,321,653</b>	<b>153,469,887</b>	<b>157,740,556</b>	<b>162,069,937</b>	<b>166,579,309</b>	<b>171,214,006</b>

(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 due on referendum borrowing. Borrowing assumed in March 2015 - \$85 million, 30 year term.

Debt service is level in first two years, with maximum debt service in 2017-18.

(4) Reflects projected annual reimbursement for all debt with Plancon approval. Retroactive reimbursement estimated at \$624,000 for recent Plancon approvals has not been included pending receipt of payment from PDE. Reimbursement related to High School borrowing is also excluded. B-2

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

State College Area School District  
 General Fund Revenue  
 1/7/2015

	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	\$57,930,679	\$58,335,134	59,376,867	60,505,027	61,654,623	62,826,061	64,019,756	65,236,131	66,475,618	67,738,655	69,025,689
Health Insurance	12,109,179	12,109,179	13,511,718	14,762,890	16,139,179	17,653,097	19,318,406	21,150,247	23,165,272	25,381,799	27,819,979
PERS	12,229,790	12,234,044	15,036,123	17,400,000	18,300,000	19,300,000	20,100,000	20,500,000	20,900,000	21,400,000	21,800,000
Other Benefits	5,979,296	5,901,177	6,025,853	6,100,000	6,200,000	6,300,000	6,400,000	6,500,000	6,600,000	6,700,000	6,800,000
Professional Services	4,202,699	4,030,537	4,336,785	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	2,050,035	2,050,035	2,074,334	2,110,000	2,150,000	2,190,000	2,230,000	2,270,000	2,310,000	2,350,000	2,390,000
Other Purchased Services	10,374,623	10,561,474	10,763,696	10,950,000	11,140,000	11,330,000	11,520,000	11,720,000	11,920,000	12,120,000	12,330,000
Supplies/Equipment	5,881,705	5,851,699	6,273,250	6,120,000	6,210,000	6,300,000	6,390,000	6,490,000	6,590,000	6,690,000	6,790,000
Minor Capital Projects	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)	3,207,334	2,898,332	3,558,766	3,802,232	3,907,276	3,163,422	3,220,690	3,279,104	3,338,686	3,399,460	3,461,449
Debt Service (2)	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	3,181,100	3,181,100	4,896,100	4,891,800	4,894,450	4,895,400	4,894,800	4,893,400	4,894,000
Transfer to Capital Reserve (2)	5,657,779	7,586,779	5,524,000	4,959,187	4,573,783	4,494,922	4,087,135	3,881,913	3,976,965	3,900,124	3,369,244
Fund Balance Use (PERS/Legal)	(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)
<b>Total Expenses and Fund Balance Transfe</b>	<b>\$125,879,240</b>	<b>\$127,554,982</b>	<b>135,133,379</b>	<b>139,454,122</b>	<b>144,885,843</b>	<b>149,060,412</b>	<b>153,174,224</b>	<b>157,424,954</b>	<b>161,725,748</b>	<b>166,224,913</b>	<b>170,884,459</b>

- (1) Includes legal liability payments and food service transfer of \$100,000 in 2015-16 growing to \$300,000 in 2017-18.
- (2) Maintains at least \$9 million in budget between current debt service and transfer to Capital Reserve thru 2021-22, and at least \$8 million in future years.
- (3) Assumes \$85 million, 30 year term referendum borrowing in March 2015.

State College Area School District  
Fund Balance Summary  
1/7/2015

	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
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	\$ 1,701,632
General Unassigned	10,018,307	10,165,033	10,810,277	11,191,909	11,604,161	11,865,402	12,161,065	12,476,668	12,820,856	13,175,252	13,504,800
General Assigned PSERS	7,973,801	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	1,650,000	1,100,000	550,000	-	-	-	-	-	-	-
Total General Fund	21,343,740	21,490,241	20,344,432	18,490,169	16,934,543	16,010,643	15,465,550	15,281,153	15,125,341	14,979,737	15,220,855
Capital Reserve Fund	12,104,402	26,883,138	31,317,138	35,186,325	26,670,108	28,075,030	29,072,164	29,864,077	28,751,042	25,561,165	21,840,409
Capital Projects Fund	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146	35,146
Total Capital Funds	12,139,548	26,918,284	31,352,284	35,221,471	26,705,253	28,110,175	29,107,310	29,899,223	28,786,187	25,596,311	21,875,554
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	\$ 33,483,287	\$ 48,408,524	\$ 51,696,716	\$ 53,711,639	\$ 43,639,797	\$ 44,120,818	\$ 44,572,860	\$ 45,180,376	\$ 43,911,529	\$ 40,576,048	\$ 37,096,409

State College Area School District  
 General Fund Balance  
 1/7/2015

	<u>Budget</u> <u>2014-2015</u>	<u>Projected</u> <u>2014-2015</u>	<u>Projected</u> <u>2015-2016</u>	<u>Projected</u> <u>2016-2017</u>	<u>Projected</u> <u>2017-2018</u>	<u>Projected</u> <u>2018-2019</u>	<u>Projected</u> <u>2019-2020</u>	<u>Projected</u> <u>2020-2021</u>	<u>Projected</u> <u>2021-2022</u>	<u>Projected</u> <u>2022-2023</u>	<u>Projected</u> <u>2023-2024</u>
<b>General Fund - Unassigned</b>											
Beginning Balance	\$9,971,303	\$9,744,824	\$10,165,033	\$10,810,277	\$11,191,909	\$11,604,161	\$11,865,402	\$12,161,065	\$12,476,668	\$12,820,856	\$13,175,252
Revenue less Expense	47,003	420,209	645,245	381,631	412,253	261,241	295,663	315,603	344,188	354,396	329,548
<b>General Fund - Unassigned</b>	<b>\$10,018,307</b>	<b>\$10,165,033</b>	<b>10,810,277</b>	<b>11,191,909</b>	<b>11,604,161</b>	<b>11,865,402</b>	<b>12,161,065</b>	<b>12,476,668</b>	<b>12,820,856</b>	<b>13,175,252</b>	<b>13,504,800</b>
% of Expense	7.89%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%
<b>General Fund - Assigned</b>											
<b>PSERS</b>											
Beginning Balance	\$8,572,225	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)	(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	7,973,801	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
<b>Legal Liability</b>											
Beginning Balance	2,200,000	2,200,000	1,650,000	1,100,000	550,000	-	-	-	-	-	-
Additions											
Uses	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)						
Ending Fund Balance	1,650,000	1,650,000	1,100,000	550,000	-	-	-	-	-	-	-
<b>Total General Fund - Assigned</b>	<b>\$9,623,801</b>	<b>\$9,623,576</b>	<b>\$7,832,523</b>	<b>\$5,596,628</b>	<b>\$3,628,750</b>	<b>\$2,443,609</b>	<b>\$1,602,853</b>	<b>\$1,102,853</b>	<b>\$602,853</b>	<b>\$102,853</b>	<b>\$14,423</b>

**State College Area School District  
Capital Reserve Fund  
1/7/2015**

	<u>Budget 2014-2015</u>	<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	\$16,446,623	\$19,296,359	\$26,883,138	\$31,317,138	\$35,186,325	\$26,670,108	\$28,075,030	\$29,072,164	\$29,864,077	\$28,751,042	\$25,561,165
Additions:											
Transfer Donation	5,657,779	7,586,779	5,524,000	4,959,187	4,573,783	4,494,922	4,087,135	3,881,913	3,976,965	3,900,124	3,369,244
Total Additions	5,657,779	7,586,779	5,524,000	4,959,187	4,573,783	4,494,922	4,087,135	3,881,913	3,976,965	3,900,124	3,369,244
Uses:											
High School (1)	(10,000,000)		(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)	(2,000,000)
Other Facilities (2)										(2,000,000)	(2,000,000)
Memorial Field (3)											
Total Uses	(10,000,000)	-	(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	(4,342,221)	7,586,779	4,434,000	3,869,187	(8,516,218)	1,404,922	997,135	791,913	(1,113,036)	(3,189,877)	(3,720,757)
<b>Ending Fund Balance</b>	<b>\$12,104,402</b>	<b>\$26,883,138</b>	<b>31,317,138</b>	<b>35,186,325</b>	<b>26,670,108</b>	<b>28,075,030</b>	<b>29,072,164</b>	<b>29,864,077</b>	<b>28,751,042</b>	<b>25,561,165</b>	<b>21,840,409</b>

(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.

(3) Reflects timing of actual cash outlay for Memorial Field renovations paid from capital reserve.

## **Attachment C - Average Taxpayer Impact**

