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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 12th 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

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

| | Budget 2014-2015 | Projected 2014-2015 | Preliminary Budget 2015- 2016 | Proj vs. Budget 2014-2015 | Proj 2014-15 vs. 2015-16 |
|-----------------------------------|-----------------------------|--------------------------------|--|--|-------------------------------------|
| LOCAL SERVICES TAX | | | | | |
| 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> |
| TOTAL LOCAL | 104,376,200 | 105,689,858 | 112,132,028 | 1,313,658 | 6,442,170 |
| STATE | | | | | |
| 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> |
| TOTAL STATE | 20,505,043 | 20,940,333 | 22,301,596 | 435,290 | 1,361,263 |
| FEDERAL | | | | | |
| 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> |
| TOTAL FEDERAL | 1,045,000 | 1,345,000 | 1,345,000 | 300,000 | 0 |
| TOTAL REVENUE | <u>125,926,243</u> | <u>127,975,191</u> | <u>135,778,624</u> | <u>2,048,948</u> | <u>7,803,433</u> |

(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% |
| Total Expenses and Fund Balance Transfers | \$125,879,240 | \$127,554,982 | \$135,333,379 | \$1,675,743 | \$7,778,397 | |

(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

| | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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% | 3.60% | 0.00% | 1.90% | 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% | 5.50% | 1.90% | 3.80% | 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 | \$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

| 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% | 3.60% | 0.00% | 1.90% | 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% | 5.50% | 1.90% | 3.80% | 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 | \$83,540,000 | \$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> |
| TOTAL 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 | | | | | | | | | | | |
| 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> |
| TOTAL 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 | | | | | | | | | | | |
| 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> |
| TOTAL 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 |
| TOTAL 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 |

(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) |
| Total Expenses and Fund Balance Transfe | \$125,879,240 | \$127,554,982 | 135,133,379 | 139,454,122 | 144,885,843 | 149,060,412 | 153,174,224 | 157,424,954 | 161,725,748 | 166,224,913 | 170,884,459 |

- (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> |
|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| General Fund - Unassigned | | | | | | | | | | | |
| 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 |
| General Fund - 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 |
| % of Expense | 7.89% | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% |
| General Fund - Assigned | | | | | | | | | | | |
| PSERS | | | | | | | | | | | |
| 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 |
| Legal Liability | | | | | | | | | | | |
| 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 | - | - | - | - | - | - | - |
| Total General Fund - Assigned | \$9,623,801 | \$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
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) |
| Ending Fund Balance | \$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 |

(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

