



**Randy L. Brown, Business Administrator**  
**131 West Nittany Avenue**  
**State College, PA 16801**  
**814-231-1021**  
**rlb21@scasd.org**

To: Robert J. O'Donnell  
From: Randy L. Brown and Donna Watson  
Date: November 6, 2014  
Subject: 2015-2016 Budget Development

VI-C2

As we begin the budget development for the 2015-2016 fiscal year, we will look at several components to this process.

- Act 1 Index for 2015-2016 calculation
- Act 1 (Base) Index
- Act 1 Timeline for 2015-2016 Budget Process – prepared by PASBO
- SCASD Budget Development Timeline
- Multi-Year Budget Projections

The Act 1 (Base) Index for 2015-2016 is 1.9%. The district has been historically subject to the base Act 1 Index. Districts with a market value/income aid ratio of greater than .4000 are subject to an adjusted Act 1 Index. For example, the adjusted Act 1 Index applies to the other school districts in the county. Since the indexes inception in 2006-2007, the index has been as high as 4.4% and as low as 1.4%. The 2015-2016 index of 1.9% is only slightly lower than the index for the current year. Based upon the indexes used in the calculation, the index is not expected to increase significantly in the near future.

The Act 1 Timeline for 2015-2016 Budget Process prepared by PA School Business Officials (PASBO) is provided for reference. The deadlines included in this timeline will be used for the SCASD Budget Development Timeline. Since the district will be applying for exceptions related to the referendum for the State High Project, the district will have until January 29, 2015 to pass a Proposed Preliminary Budget, while February 18, 2015 is the deadline to adopt a Preliminary Budget. An additional date important is March 5, 2015, the deadline to request approval for referendum exceptions. These deadlines are considered in the SCASD budget timeline also attached for your review.

The Multi-Year Budget Projection documents include fund balance, revenue and expense for both the General and Capital Reserve Funds. Beginning with the projections for the current year, 2014-2015, there have been modifications in the assumptions in revenue and expense in response to the most recently completed fiscal year. Discussion regarding the assumptions and the resulting

impacts will be presented at the board meeting. Overall, the impact does not result in significant changes compared to the most recent budget projections. The financial outlook for the district remains strong, as evidenced in the latest bond rating from S&P received just days ago. The rating moving from AA- to AA signifies confidence in our strong financial picture. Strong financial management of the organization must continue in order for this picture to remain consistent.

The projections do not recognize tax revenue and the corresponding expenses related to the referendum exception. The allocation of fund balance from the capital reserve fund and the current tax revenue to be dedicated to the high school project (\$20 million debt) are reflected in these projections. Additional elementary projects, yet to be identified, are funded in these projections beginning in 2017-2018 and 2021-2022 through the use of capital reserve funds. Further financing projections for the high school project are expected for the November 24 meeting. Included in those projections will be a discussion regarding funding options for the Delta middle level portion of the project.

There are significant projections and analysis to be completed in relationship to the finances of the general and capital budgets for the district. A large amount of work has been completed, with more yet to come. That being said, this is an exciting time for the district.



# NOTICES

## DEPARTMENT OF EDUCATION

### Index Calculation Required by the Taxpayer Relief Act

[44 Pa.B. 5883]  
[Saturday, September 13, 2014]

Under section 333(l) of the Taxpayer Relief Act (53 P. S. § 6926.333(l)), the Department of Education (Department) has calculated the index for Fiscal Year (FY) 2015-2016.

The index is the average of the percentage increase in the Statewide average weekly wage and the Employment Cost Index. For FY 2015-2016, the base index is 1.9%.

For school districts with a market value/income aid ratio greater than 0.4000, an adjusted index will be posted on the Department's web site at [www.education.state.pa.us](http://www.education.state.pa.us) by September 30, 2014.

CAROLYN C. DUMARESQ, Ed.D.,  
Acting Secretary

[Pa.B. Doc. No. 14-1912. Filed for public inspection September 12, 2014, 9:00 a.m.]

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[webmaster@PaBulletin.com](mailto:webmaster@PaBulletin.com)

## The Index

### Special Session Act 1 of 2006

For use in school year:	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
				Recalculated SAWW Sept 2012						
Statewide Average Weekly Wage	\$919.40	\$897.74	\$874.59	\$857.65	\$854.55	\$846.71	\$824.79	\$788.47	\$756.18	\$735.29
Employment Cost Index	120.9	119.2	117.3	115.7	114.2	112.1	108.8	105.0	100.5	96.6
Percent (%) Increase - SAWW	2.4%	2.6%	2.0%	2.1%	0.9%	2.7%	4.6%	4.3%	2.8%	4.2%
Percent (%) Increase - ECI	1.4%	1.6%	1.4%	1.3%	1.9%	3.0%	3.6%	4.5%	4.0%	3.5%
<b>Base Index:</b>	<b>1.9%</b>	<b>2.1%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.4%</b>	<b>2.9%</b>	<b>4.1%</b>	<b>4.4%</b>	<b>3.4%</b>	<b>3.9%</b>

#### Definitions:

##### **Statewide Average Weekly Wage**

That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the act of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

##### **Employment Cost Index**

The most recent official figures, for the previous 12-month period beginning July 1 and ending June 30 for the Employment Cost Index Series for Elementary and Secondary Schools, reported by the Bureau of Labor Statistics of the Federal Department of Labor (Table 4).

##### **Index**

- (1) Except as set forth in paragraph (2), the average of the percentage increase in the Statewide average weekly wage and the employment cost index.
- (2) For a school district with a market value/income aid ratio greater than 0.4000 for the school year prior to the school year for which the index is calculated, the value under paragraph (1) multiplied by the sum of:
  - (i) 0.75; and
  - (ii) the school district's market value/income aid ratio for the school year prior to the school year for which the index is calculated.

\* ECI data rebased in July 2006: base year changed to Dec. 2005; also, new industry classification system used

\*\* SAWW calculation changed by Act 6 of 2011 to a 36-month from 12-month

## Aid Ratio Calculation Methodology

*Market Value Aid Ratio (MV AR):*

$$1 - \left( \frac{\text{School District Market Value} / \text{SD WADM}}{\text{State Total Market Value} / \text{State Total WADM}} * 0.5 \right)$$

*Personal Income Aid Ratio (PI AR):*

$$1 - \left( \frac{\text{School District Personal Income} / \text{SD WADM}}{\text{State Total Personal Income} / \text{State Total WADM}} * 0.5 \right)$$

*Market Value/Personal Income Aid Ratio (MV/PI AR):*

$$(0.6 * \text{MV AR}) + (0.4 * \text{PI AR})$$

- a. MV/WADM and PI/WADM calculations are truncated to nearest dollar
- b. District divided by State calculations are truncated at four decimals
- c. When multiplying by 0.5, truncate at four decimals
- d. For MV/PI AR, when multiplying by 0.6 or 0.4, truncate at four decimals

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*Market Value (MV):* Sales value of taxable real estate as certified by the State Tax Equalization Board. The 2012 market value is used in the calculation of the market value aid ratio for payable year 2014-2015. Note: 'State Total' market value includes Clean & Green.

*Personal Income (PI):* Personal income, excluding out-of-state income, reported on PA-40 income tax form. Data is certified by the Department of Revenue. The 2012 personal income is used in the calculation of the personal income aid ratio for payable year 2014-2015. Note: 'State Total' personal income includes out-of-state income.

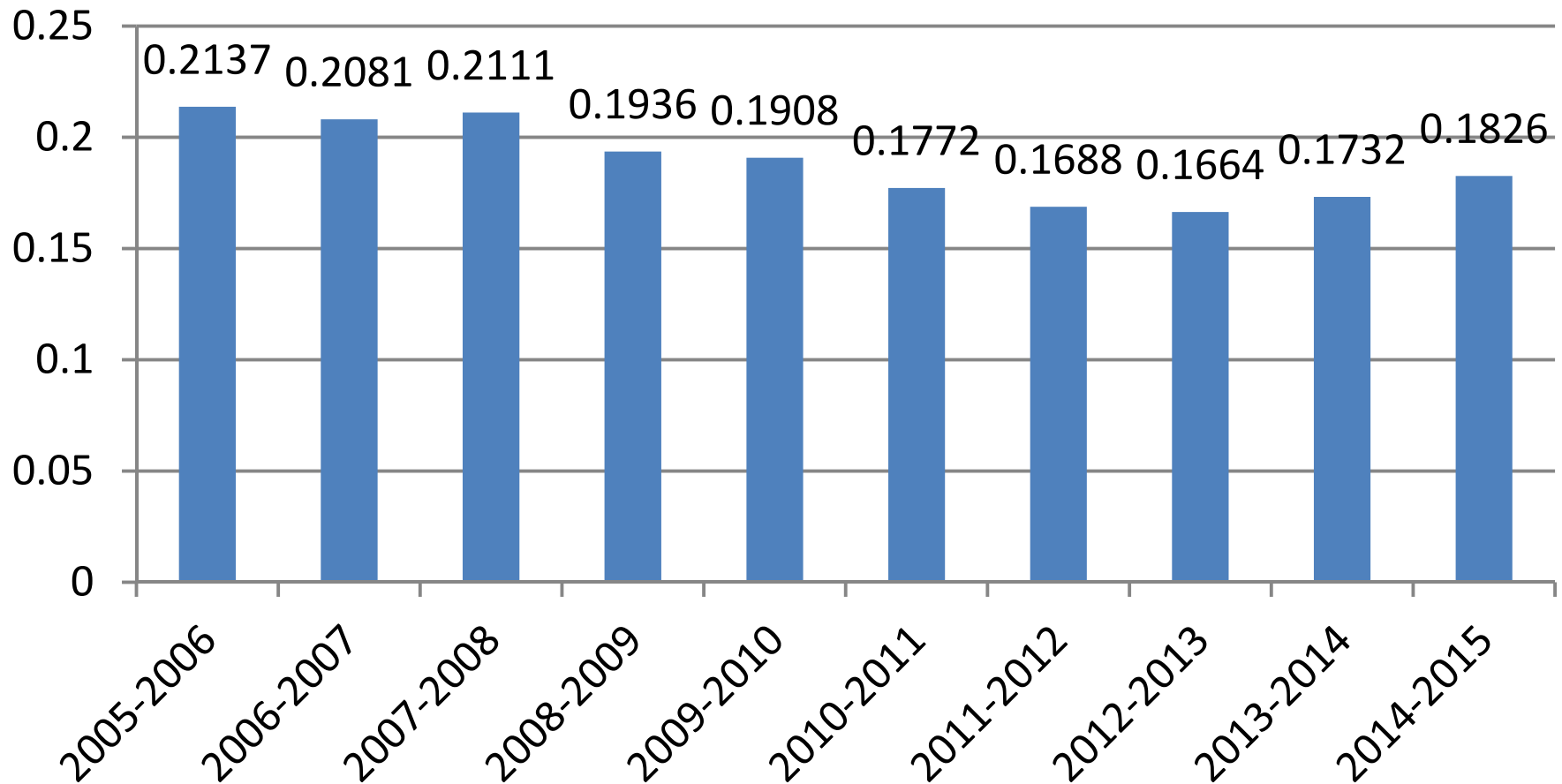
*Weighted Average Daily Membership (WADM):* Calculated by weighting half-time kindergarten ADM at 0.5, full-time kindergarten and elementary ADM at 1.0, and secondary ADM at 1.36. The 2012-2013 WADM is used in the calculation of the aid ratios for payable year 2014-2015.

## Historical Data for State MV & PI per WADM

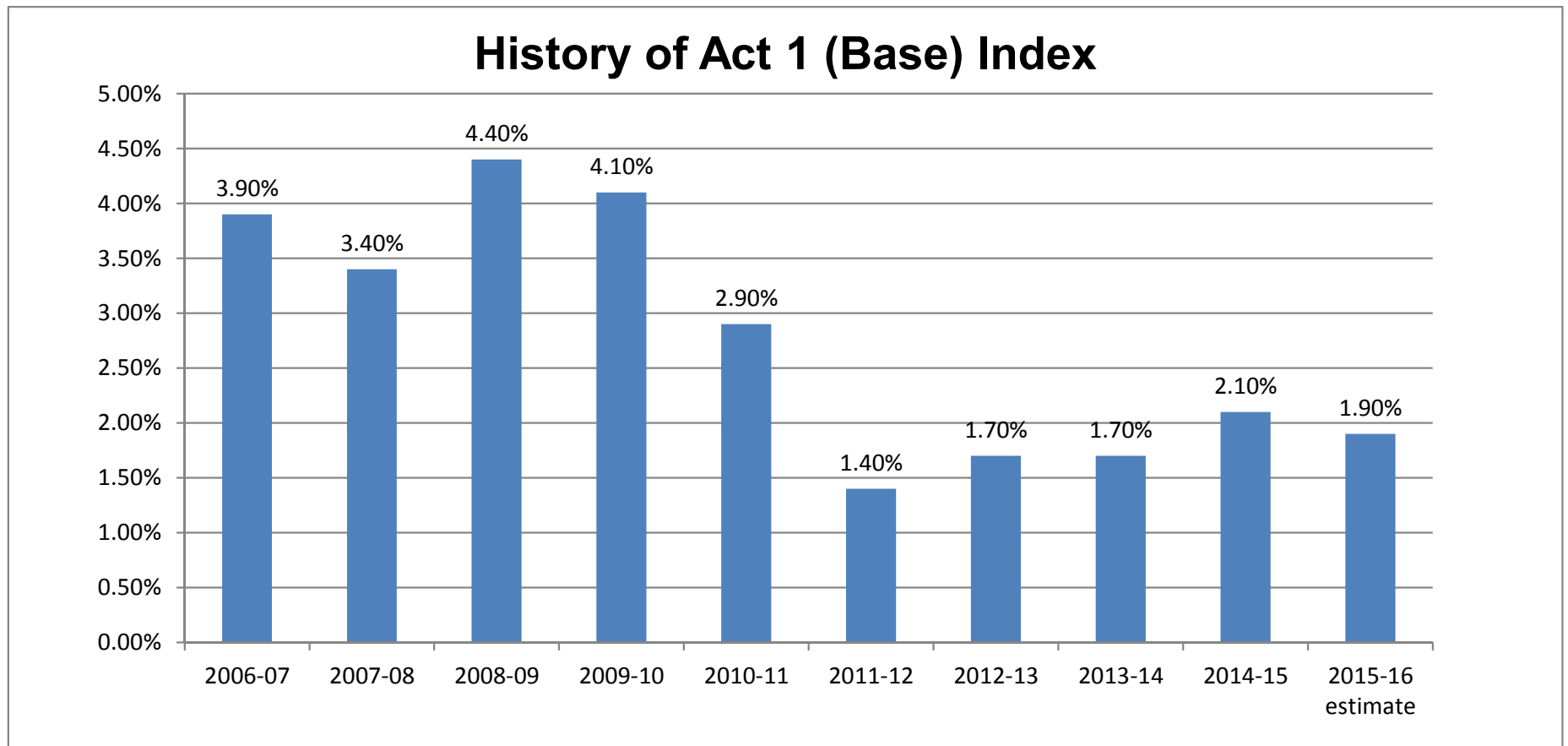
	<u>State MV/WADM</u>	<u>State PI/WADM</u>
2014-2015	\$393,646	\$159,270
2013-2014	\$380,733	\$149,890
2012-2013	\$375,949	\$142,970
2011-2012	\$347,646	\$134,551
2010-2011	\$340,994	\$141,097
2009-2010	\$302,578	\$136,666
2008-2009	\$294,776	\$120,899
2007-2008	\$259,355	\$114,585
2006-2007	\$255,072	\$112,245
2005-2006	\$232,861	\$105,125
2004-2005	\$228,736	\$103,281
2003-2004	\$212,149	\$103,788
2002-2003	\$208,019	\$104,417

## ***State College Area School District***

### **Market Value/Income Aid Ratio**



# ***State College Area School District 2015-2016 Budget Development***



## Act 1 Timeline for 2015-2016 Budget Process – KKAL Version

Preliminary Notes: (1) This document is a work in progress based on the PDE Timeline format – with appropriate dates and other changes, additions, and explanations from KKAL. (2) Timeline dates apply to all school districts except Philadelphia, Pittsburgh, and Scranton. (3) Concerning the various forms referred to in this Timeline, forms listed with the **title typed in bold are PDE forms**; forms listed with the **title typed in bold italics are KKAL forms**.

Act 25 Exceptions Change Note: ***On June 30, 2011, Act 25 was adopted and signed into law. Act 25 eliminates all referendum exceptions other than: (1) grandfathered debt; (2) debt approved by voter referendum; (3) special education costs, net of state reimbursement, in excess of the index (measured by look back – compare 2 prior years); (4) PSERS cost in excess of the index. For PSERS cost, the exception freezes the wage base at 2011-12 levels, such that the exception cannot be used to cover increased costs applicable to wage base increases, even if the district hires new employees or total salary costs otherwise exceed the 2011-12 wage base. The exception applies based on the increase between the current year and estimated payments for the next year, as determined by PDE. PDE provides guidance on how to calculate estimated payments in the PDE annual publication entitled "Referendum Exceptions Submitted to PDE Guidelines" and also in the "Retirement Contributions Referendum Exception Worksheet."***

Date/Deadline	Description	Law Section
Now	<b>School district</b> begin development of 2015-2016 Proposed Preliminary Budget. As part of this process, the business office should prepare a specific timeline for its school district to take each applicable step set forth in this Act 1 Timeline.	Unless otherwise stated, Law Section references are to Act 1, 53 P.S. § 6926.101 <i>et seq.</i>
September 1, 2014 (annual deadline)	<b>Department of Education</b> deadline to publish in Pennsylvania Bulletin 2015-2016 permitted tax increase base index.	Section 333(l)
September 30, 2014 (annual deadline)	<b>Department of Education</b> deadline to notify school districts of applicable base index or adjusted index; and of next year budget process timeline.	Section 313(1)
<b>December 15, 2014 – tax certification deadline</b> (annual deadline)	<b>School district</b> (that imposed earned income tax in 2013 and had residents paying tax on compensation imposed by Philadelphia under Sterling Act) deadline to certify to the Department of Education the total amount of 2013 tax credits claimed by school district residents based on the school district tax rate. Certification is accomplished by filing Sterling Act Tax Credit Data – <b>Document #2</b> .	Sections 503(b)(2); 324(2)
December 31, 2014 – <b>homestead notice</b> (annual deadline – 60 days prior to March 1 homestead application deadline)	<b>School district</b> deadline to notify by first class mail owner of each parcel of residential property – which can be limited to owners not currently approved or whose approval is due to expire – stating that the owner must submit a completed application to county assessment office to qualify for homestead exclusion. Mailing must include application, instructions, and deadline. (See also March 1 concerning application deadline.)	Section 341(b)

December 2014/January 2015 (If school district will adopt <b>Accelerated Budget Opt Out Resolution</b> , this step does not apply)	<b>School district</b> adopt <b>Resolution Authorizing Proposed Preliminary Budget Display and Advertising</b> – Documents #4, #5, and #5A. (Note: Unless school district intends to adopt an opt out resolution, must display and advertise. Although KKAL believes this resolution authorizing public display and advertising is optional, PDE recommends this step. School districts should follow the PDE recommended process unless there is a compelling reason to do otherwise. See discussion at end of timeline on <b>Required Budget Votes and Related Steps</b> .)	
December 2014/January 2015	<b>School districts</b> should meet with the county assessment office to engage in dialogue concerning Act 1 homestead/farmstead approval and property transfer rules, and procedures to be followed for May 1 certification of approved properties. This step is optional, but should help avoid later problems with the county homestead and farmstead list.	
December 30, 2014 (30 days prior to preliminary budget display deadline)	<b>Department of Education</b> deadline to notify school districts of school year AFR data to be used when calculating referendum exception under Section 333(f)(2)(v).	Section 333(j)(4)
<b>January 29, 2015 – preliminary budget public display or opt out</b> (110 days prior to primary election – or 20 days prior to preliminary budget adoption)	<b>School district</b> deadline to either: (1) make 2015-2016 <b>Proposed Preliminary Budget</b> on form PDE-2028 available for public inspection (public display) pursuant to resolution; <b>or</b> (2) adopt opt out resolution pursuant to Section 311(d)(1) stating district will not raise the rate of any tax by more than index ( <b>Accelerated Budget Opt Out Resolution</b> – Document #6).	Sections 311(c); 311(d)(1)
February 3, 2015 (or 5 days after opt out resolution adoption)	<b>School district</b> deadline to submit to Department of Education copy of opt out resolution and related proposed tax rate increases ( <b>Real Estate Tax Rate Report</b> – Document #10).	Section 311(d)(2)(iii)
If school district adopts <b>Accelerated Budget Opt Out Resolution</b> , skip to Feb. 13, March 1, Apr. 15, and after	If school district adopts <b>Accelerated Budget Opt Out Resolution</b> , the accelerated budget and Act 1 exception and primary election steps that follow do not apply – skip Timeline items other than Feb. 13, March 1, Apr. 15, and after.	Section 311(d)(2)
February 6, 2015 (or 10 days prior to preliminary budget adoption; 10 days prior to Feb. 18 would be Feb. 8; since this is a Sunday, Fri. Feb. 6 becomes the deadline) (n/a if opt out)	<b>School district</b> deadline to publish notice of intent to adopt 2015-2016 Preliminary Budget ( <b>Preliminary Budget Notice</b> – Document #5 or #5A – must advertise at least 10 days before preliminary budget adoption – unless opt out resolution was adopted).	Section 311(c)
February 13, 2015 (or 10 days after PDE receipt of opt out resolution)	<b>Department of Education</b> deadline to notify school districts that adopted opt out resolution whether the proposed tax rates are equal to or less than index.	Section 311(d)(4)

February 15, 2017 – <b>tax collector compensation</b> (deadline is Feb. 15 of municipal election year – every 4 years – the next applicable year is 2017)	<b>School districts</b> that collect real estate taxes directly, and also those with elected tax collectors, should complete data collection and analysis to establish official elected tax collector compensation rate. February 15, 2017 is deadline for school board action to establish or change the compensation rate applicable to anyone who runs for office, is elected, and serves over the years starting 2018.	Section 36a (Local Tax Collection Law)
<b>February 18, 2015 – Preliminary Budget</b> (90 days prior to primary election) (n/a if opt out)	<b>School district</b> deadline to adopt <b>Preliminary Budget</b> on form PDE-2028 unless opt out resolution was adopted ( <b>Resolution Approving Preliminary Budget [and Authorizing Referendum Exception and Final Budget Notice]</b> – Documents #7, #8, and #9). If school district does not intend adoption of a Proposed Final Budget, school board president sign and send to PDE <b>Certification of Use of PDE-2028</b> – Document #14. (See also May 29, and discussion at end of timeline on <b>Required Budget Votes and Related Steps.</b> )	Section 311(a)
February 23, 2015 (85 days prior to primary election) (n/a if opt out)	<b>School district</b> deadline to submit to Department of Education Preliminary Budget and related proposed tax rate increases ( <b>PDE-2028</b> , including <b>Real Estate Tax Rate Report</b> – Document #10).	Section 333(e)
February 26, 2015 (or 1 week prior to filing referendum exception request) (n/a if opt out)	<b>School district</b> deadline to publish notice of intent to apply to Department of Education for referendum exceptions ( <b>Act 1 Referendum Exception Notice</b> – Document #5A or #8).	Section 333(j)(2)
<b>March 1, 2015 – Homestead Application</b> (annual deadline)	<b>Homeowner</b> deadline to file homestead application (and, if applicable, farmstead application) with county assessment office. (See also Dec. 31, 2014.)	Sections 341(c), (e), (i)
March 5, 2015 (75 days prior to primary election) (n/a if opt out)	<b>Department of Education</b> deadline to notify school districts (that did not adopt an opt out resolution and therefore submitted a Preliminary Budget to PDE) whether the proposed tax rates are equal to or less than index.	Section 333(e)
<b>March 5, 2015 – file referendum exception request</b> (75 days prior to primary election) (n/a if opt out)	<b>School district</b> deadline to request approval from Department of Education for referendum exceptions ( <b>Referendum Exception Application</b> – Document #11).	Section 333(j)
March 20, 2015 (60 days prior to primary election) (n/a if opt out)	<b>School district</b> deadline to submit primary election referendum question seeking voter approval of tax rate increase in excess of index to county election officials (for each county in which the school district is located), unless referendum exception request has been submitted to Department of Education. If the school district proposed tax rate increase would exceed the index even if all referendum exception requests were approved, and if it intends to submit a referendum question for that part of the tax rate increase, it must do so by this date. (See March 30 if referendum exception request submitted.)	Section 333(c)(3)

March 25, 2015 (55 days prior to primary election) (n/a if opt out)	<b>Department of Education</b> deadline to rule on school district request for referendum exception.	Section 333(j)(5)(i)
March 30, 2015 (50 days prior to primary election) (n/a if opt out)	<b>School district</b> deadline, if Department of Education denies all or a part of referendum exception request, to submit to county election officials primary election referendum question seeking voter approval of tax rate increase in excess of index for denied portion of the referendum exception request.	Section 333(j)(5)(iii)
April 15, 2015 (annual deadline)	<b>Secretary of Budget</b> certifies total amount of slot money revenue in Property Tax Relief Fund and Property Tax Relief Reserve Fund and total amount available for distribution.	Sections 503(a)(1), (e)
April 20, 2015 (annual deadline)	<b>Secretary of Budget</b> notifies Department of Education whether it is authorized to provide school districts with slot money allocations.	Section 503(d)
May/June of 2015	<b>School district</b> consider final and future budget and long term financial planning steps, including: (1) fund transfer to capital reserve fund or other budget category transfers, and (2) general fund balance designation for particular future needs. Factors to consider include future capital needs and School Code § 688 general fund balance limits. (Note: As to timing for budgetary transfers, the School Accounting Manual, under Budgetary Transfers, states that: "Transfers may not be made after the end of the budgeted fiscal year." However, relying on Municipal Code legal authority, many school districts make transfers to the capital reserve fund as part of finalizing the audit after the end of the fiscal year. As to timing for fund balance designation, this may occur at any time, but is often done before the end of the fiscal year in connection with budget adoption, or after the end of the fiscal year in connection with financial statement preparation and audit.)	Section 687 (School Code); Section 1432 (Municipal Code)
<b>May 1, 2015 – slot money notice</b> (annual deadline)	<b>Department of Education</b> notifies school districts of slot money allocation amount. This amount is used in calculating the homestead exclusion amount for tax bills.	Section 505(a)(4)
<b>May 1, 2015 – county homestead report</b> (annual deadline)	<b>County assessment office</b> provides each school district a <b>certified</b> report of homestead and farmstead properties per 53 Pa.C.S.A. § 8584(i).	Section 341(g)(3)
<b>May regular school board meeting</b>	<b>School district</b> appoint tax collector for direct collection of real estate taxes as required by School Code § 683 ( <b>Direct Tax Collection Tax Collector Appointment Resolution</b> and <b>Direct Tax Collection Acceptance of Appointment as Tax Collector</b> – Documents #12 and #12A) – if school district collects directly rather than through elected tax collector. <b>School district</b> approve any tax collection procedure changes. <b>School district</b> adopt any changes to existing LTEA taxes. (See also May 29 concerning other required LTEA steps. If LTEA taxes changed and advertising required, deliver advertisement to newspaper of general circulation/Law Review for publication once a week for 3 weeks as required by LTEA § 306. Also, consider preliminary action at prior school board meeting.)	Section 683 (School Code)

<p><b>May 19, 2015 – primary election</b> <i>(fourth Tuesday in April for Presidential election year; otherwise, third Tuesday in May) (n/a if opt out)</i></p>	<p><b>Primary election.</b> If school district budget requires tax rate increase in excess of index and approved exceptions, county election officials place referendum question on the ballot pursuant to school district request. In addition, county election officials, in conjunction with school board, draft nonlegal interpretative statement to accompany referendum question. (See also March 20 and March 30)</p>	<p>Section 333(c)(4)</p>
<p>May 29, 2015 <i>(annual deadline – Act 1 § 351(f)(1) and LTEA § 511 state a June 1 deadline to report tax information; however, LTEA § 312 states a May 31 deadline. LTEA § 310 also requires filing a certified copy within 15 days after effective date. May 31 is a Sunday, so Fri. May 29 becomes the deadline)</i></p>	<p><b>School district</b> deadline to report to, and file certified copy with, the Department of Community and Economic Development, new LTEA tax enactments and repeals and changes of LTEA taxes or tax collector (to require employer withholding of a new tax, withholding at a new rate, or to suspend withholding of a tax effective July 1, and otherwise to comply with filing requirements). (Note: DCED encourages e-filing using form CLGS-501. Certified copies of tax enactments may be filed by pdf email attachment.)</p>	<p>Section 351(f)(1); LTEA Sections 310, 312, 511; 71 P.S. § 965</p>
<p>May 29, 2015 <i>(or 30 days prior to final budget adoption – see discussion in middle column and at end of timeline on Required Budget Votes and Related Steps) (30 days prior to June 30 would be May 31; since this is a Sunday, Fri. May 29 becomes the deadline)</i></p>	<p><b>School district</b> deadline to adopt <b>Proposed Final Budget (Resolution Authorizing Proposed Final Budget Display and Advertising – Documents #13 and #9)</b> – and for school board president to sign and send to PDE <b>Certification of Use of PDE-2028 – Document #14</b>. (Note: PDE believes this action should occur in all cases, even if the school district adopted a Preliminary Budget. KKAL believes this action approving the specific Proposed Final Budget before adoption is mandatory if the school board previously adopted an opt out resolution and therefore did not previously adopt a Preliminary Budget. KKAL believes this step is optional if the school board previously adopted a Preliminary Budget. However, KKAL recommends following the PDE recommended process unless there is a compelling reason to do otherwise. See discussion at end of timeline on <b>Required Budget Votes and Related Steps</b>.)</p>	<p>Section 687(a)(1) (School Code)</p>
<p>May 29, 2015 <i>(annual deadline/optional action) (adoption must occur within 30 days of receipt of PDE notice of slot money; see note above)</i></p>	<p><b>School district</b> deadline to adopt resolution declining slot money and allowing voter decision. (See also June 3 and Aug. 2)</p>	<p>Section 903(a)</p>
<p>June 3, 2015 <i>(or 5 days after slot money rejection resolution adoption)</i></p>	<p><b>School district</b> deadline to submit copy of resolution declining slot money to Department of Education. (See also May 29 and Aug. 2)</p>	<p>Section 903(b)</p>
<p>June 10, 2015 – <b>budget public display</b> <i>(20 days prior to final budget adoption)</i></p>	<p><b>School district</b> deadline to make <b>Proposed Final Budget</b> on form PDE-2028 available for public inspection (public display).</p>	<p>Section 312(c); School Code Section 687(a)(2)(i)</p>
<p>June 19, 2015 <i>(or 10 days prior to final budget adoption; 10 days prior to June 30 would be June 20; since this is a Saturday, Fri. June 19 becomes the deadline)</i></p>	<p><b>School district</b> deadline to publish notice of intent to adopt Final Budget (<b>Final Budget Notice – Document #9</b>).</p>	<p>Section 312(c)</p>

<b>June 30, 2015 – Final Budget</b> (annual deadline) (the final budget must be adopted no later than the last day of the 2014-2015 fiscal year)	<b>School district</b> deadline to adopt <b>Final Budget</b> on form PDE-2028 ( <b>Final Budget for General Fund Approval Resolution</b> – <b>Document #15</b> ).	Section 312(a)
<b>June 30, 2015 – homestead exclusion</b> (annual deadline)	<b>School district</b> deadline to adopt resolution implementing homestead/farmstead exclusion ( <b>Homestead and Farmstead Exclusion Resolution</b> – <b>Document #16</b> ).	Sections 321(d), 342, 505(a)(4)
<b>June 30, 2015 – tax levy</b> (annual deadline)	<b>School district</b> deadline to adopt <b>Annual Tax Levy Resolution</b> – <b>Document #17</b> (real estate tax levy, School Code per capita tax levy (if any), and summary of LTEA taxes not requiring annual levy). (Note: In school districts where a county-wide reassessment is applicable for the first time this year, calculating the permissible real estate tax rate requires two steps – an initial step of calculating a lower, revenue neutral tax rate, and a second step of calculating the permissible tax rate – using the Act 1 index for the <b>preceding year</b> (not the current year). Act 91 previously required a two-vote procedure, with initial adoption of <b>Reassessment Year – Preliminary Resolution Establishing Revenue Neutral Tax Rate</b> , followed by <b>Reassessment Year – Final Resolution Levying Taxes and Establishing Final Tax Rate</b> . The two-vote procedure is now optional for school districts.)	Section 687 (School Code)  53 Pa.C.S.A. § 8823  53 P.S. § 6926.327
<b>July 1, 2015 – tax bills</b> (annual deadline)	<b>School district</b> deadline to furnish tax collector with tax duplicate/ <b>Tax Bills</b> – <b>Document #18</b> . (Note: Tax bills should be dated July 1 and mailed on or before July 1.)	
<b>July 15, 2015</b> (annual deadline)	<b>School district</b> deadline to submit copy of <b>Annual Tax Levy Resolution</b> to Department of Community and Economic Development. (Copy may be filed by pdf email attachment.)	71 P.S. § 965
<b>July 15, 2015</b> (annual deadline – within 15 days after final budget adoption)	<b>School district</b> deadline to submit Final Budget to Department of Education on form PDE-2028. In order to show compliance with School Code § 688 8% general fund balance limit, also file <b>Certification of Estimated Ending Fund Balance from 2014-2015 General Fund Budget</b> . In addition, if referendum exceptions were approved, must file <b>Certification of Utilization of Referendum Exceptions</b> – <b>Document #19</b> .	Sections 687(b), 688 (School Code)
<b>August 2, 2015</b> (or 60 days after deadline for school district to notify PDE of slot money rejection resolution adoption)	<b>Department of Education</b> deadline to notify election officials of applicable county of school districts that have taken action to decline slot money and allow voter decision. (See also May 29 and June 3)	Section 904(b)
<b>August 27, 2015</b> (fourth Thursday in August)	<b>Department of Education</b> pays school district 50% of slot money allocation.	Section 505(b)
<b>October 22, 2015</b> (fourth Thursday in October)	<b>Department of Education</b> pays school district 50% of slot money allocation.	Section 505(b)

November 1, 2015	Date on which unpaid school district real estate tax becomes delinquent. <b>School district</b> or <b>tax collector</b> send delinquent tax notice to taxpayers who have not paid real estate tax or real estate tax installment due on or before October 31. Notice should include reference to applicable penalty and December 31 turnover to County Tax Claim Bureau or delinquent tax collector.	Section 10 (Local Tax Collection Law)
November 3, 2015	<b>General election.</b> For school districts that rejected slot money allocation, county election officials place referendum question on the ballot for voters to determine if the school district will be eligible to receive slot money allocation in 2016-2017. In addition, county election officials, in conjunction with school board, draft nonlegal interpretative statement to accompany referendum question. (See also May 29, June 3, and Aug. 2)	Sections 904(c), (d)
December 1, 2015 (annual deadline – Act 1 § 351(f)(2) and LTEA § 511 state a December 1 deadline)	<b>School district</b> deadline to report to, and file certified copy with, the Department of Community and Economic Development, new LTEA tax enactments and repeals and changes of LTEA taxes or tax collector (to require employer withholding of a new tax, withholding at a new rate, or to suspend withholding of a tax effective January 1, and otherwise to comply with filing requirements). (Note: DCED encourages e-filing using form CLGS-501. Certified copies of tax enactments may be filed by pdf email attachment.)	Section 351(f)(2); 71 P.S. § 965.

**Meaning of deadlines:** Various deadlines require the school district to “submit” various items or to “seek approval” by specified dates. Act 1 does not expressly state whether this requires receipt by the other party by the specified date, or merely requires mailing by the specified date. In order to avoid any question, the school district should assume that the item must be received by the other party by the specified date.

**Deadlines that fall on Saturday or Sunday:** The Pennsylvania Statutory Construction Act, 1 Pa. C.S.A. § 1908, provides as follows: “When any period of time is referred to in any statute, such period in all cases ... shall be so computed as to exclude the first and include the last day of such period. Whenever the last day of any such period shall fall on Saturday or Sunday, or on any day made a legal holiday by the laws of this Commonwealth or of the United States, such day shall be omitted from the computation.” However, for statutes that require action on a specified annual date, such as December 15, February 15, March 1, or May 1, the law is unclear as to what deadline applies when the specified date falls on a Saturday or Sunday. To avoid issues, school districts should assume the deadlines are not extended.

**Required Budget Votes and Related Steps:**

1. Act 1 of 2006 §§ 311 and 312 enacted new provisions governing the budget process. When these provisions were written, the drafters failed to consider the pre-existing School Code § 687 provisions on the budget process. The end result is inconsistency and uncertainty on how to reconcile the Act 1 and School Code § 687 budget process provisions.
2. School Code § 687 provisions that predated Act 1 include the following:
  - Section 687 refers to a **Proposed Budget**. (Before Act 1, the Proposed Budget was often referred to as the Preliminary Budget. However, there was no reference in § 687 or any other statute to a Preliminary Budget, Preliminary Budget Proposal, or Proposed Final Budget. Under § 687, the only document expressly required to be approved before the Final Budget was the Proposed Budget.)
  - Section 687 mandates that the school board adopt the Proposed Budget at least 30 days before adoption of the **Final Budget**.
  - Section 687 mandates public display of the Proposed Budget at least 20 days before adoption of the Final Budget, and mandates publishing notice of the Proposed Budget at least 10 days before adoption of the Final Budget.
  - Section 687 mandates that, on the date of school board adoption of the Proposed Budget, the school board president certify to PDE that the Proposed Budget was prepared, presented, and will be made available for public inspection using PDE form 2028. For this purpose, PDE has directed use of the PDE form **Certification of Use of PDE-2028 – Document #14**.
  - School Code §§ 671 and 672 mandate adoption by June 30 of the Final Budget.

3. Act 1 provisions include the following:

- Unless an opt out resolution is adopted, § 311 mandates that the school board adopt a **Preliminary Budget Proposal** at least 90 days before the primary election.
- Act 1 mandates 20-day public display and 10-day published notice of intent to adopt before adoption of the Preliminary Budget Proposal (but does not state any requirement for a school board vote prior to adoption of the Preliminary Budget Proposal 90 days before the primary election).
- Act 1 next repeats the School Code requirements for adoption of the Final Budget by June 30, and for 20-day public display and 10-day published notice of intent to adopt before adoption of the Final Budget. (Once again, other than the requirement for adoption of the Preliminary Budget Proposal 90 days before the primary election, Act 1 does not state any requirement for the school board to vote on the Final Budget before its adoption by June 30.)

4. Act 1 does not address whether the Act 1 **Preliminary Budget Proposal** is the same as or something different from the School Code § 687 **Proposed Budget**. KKAL believes these two terms should be interpreted as meaning the same thing, and that adoption of the Preliminary Budget Proposal early in the year satisfies the School Code § 687 requirement for adopting a proposed budget 30 days before adoption of the Final Budget. However, PDE takes a different view. PDE interprets the Act 1 Preliminary Budget Proposal as something different from the § 687 Proposed Budget, and therefore believes school districts that have not adopted an opt out resolution are required to adopt both a Preliminary Budget Proposal and also another version labeled Proposed Final Budget at least 30 days in advance of adopting the Final Budget. In fact, PDE also believes school districts that do not intend to adopt an opt out resolution should also adopt a Proposed Preliminary Budget before adopting the Preliminary Budget Proposal.

5. PDE's interpretation is that *4 separate votes* are required as follows if the school district has not adopted an opt out resolution:

December/January/February

1. Adopt Proposed Preliminary Budget
2. Adopt Preliminary Budget

May/June

3. Adopt Proposed Final Budget (at least 30 days before step 4)
4. Adopt Final Budget

6. Although KKAL believes that steps 1 and 3 are optional if the school district has not adopted an opt out resolution, we suggest following PDE's interpretation in order to avoid unnecessary questions.

**Tax and Fund Balance Limits (other than Act 1):**

1. LTEA limits the amount of taxes that may be imposed under LTEA. Under LTEA § 320, the aggregate amount of all taxes imposed under LTEA during one fiscal year may not exceed the amount that is equal to the market value of all real estate in the district times 12 mills. In calculating whether a district has exceeded the limit, realty transfer taxes are not included for any year in which 100 or more new homes or major improvements were constructed.
2. The School Code also limits the amount of real estate taxes that may be levied. Under School Code § 672, school districts are limited to a tax rate of 25 mills. There is an exception to the 25 mill tax limit. Taxes may be levied in an unlimited amount to pay salaries and debt service. If a school district tax levy will exceed 25 mills, additional language should be added to the Resolution Levying Taxes.
3. School Code § 688 imposes limits on school district unreserved fund balances. A school district is prohibited from increasing real estate taxes unless its general fund budget has an estimated ending unreserved undesignated fund balance less than the percentage provided below.

<u>School district budget size</u>	<u>Fund balance limit</u>
≤ \$11,999,999	12.0%
\$12,000,000 - \$12,999,000	11.5%
\$13,000,000 - \$13,999,000	11.0%
\$14,000,000 - \$14,999,000	10.5%
\$15,000,000 - \$15,999,000	10.0%
\$16,000,000 - \$16,999,000	9.5%
\$17,000,000 - \$17,999,000	9.0%
\$18,000,000 - \$18,999,000	8.5%
≥ \$19,000,000	8.0%

**Delayed Budget Adoption:** School Code § 671(b) permits schools districts to delay adoption of the annual budget beyond June 30 when state legislation providing the appropriation for basic education has not been enacted by June 15. In such event, a district must adopt its budget no later than 15 days after the state enacts the basic education funding provisions, and must provide the public with 10 days notice prior to final action. School Code § 672 allows delay of the annual tax levy beyond June 30 to a date no later than 20 days after enactment of the basic education funding provisions.

# **State College Area School District**

## **Budget Development Timeline**

### **FY 2015-2016**

#### **November 2014**

- Preliminary Budget discussion with Board including Multi-Year Budget Projections

#### **December 2014**

- Act 1 Exception calculation information available from PDE
- Budget development discussion with Board including updates from current year projections

#### **January 2015**

- January 12 – Discuss Proposed Preliminary Budget
- January 26 – Discuss Proposed Preliminary Budget

#### **February 2015**

- February 9 – Approve Proposed Preliminary Budget
  - Deadline February 18, 2015
- February 23 – Approve Referendum Exception calculation

#### **March 2015**

- Further budget development discussion following governor's budget release

#### **April 2015**

- Further budget development discussion following governor's budget release
- April 27 – Review Proposed Final Budget

#### **May 2015**

- May 4 – Approve Proposed Final Budget

#### **June 2015**

- June 1 – Budget Hearing
- June 8 – Approve Final Budget
  - Deadline June 30

**State College Area School District**  
**Fund Balance Summary**  
**10/15/2014**

	<b>Actual</b>	<b>Actual</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
General Unassigned	\$9,099,545	\$9,744,825	\$10,109,553	\$10,444,884	\$10,854,385	\$11,150,971	\$11,417,170	\$11,723,903	\$12,030,789	\$12,374,342	\$12,724,465	\$12,634,499
General Assigned PSERS	8,515,818	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	14,423
General Assigned Legal Liability	3,000,000	2,200,000	1,650,000	1,100,000	550,000	-	-	-	-	-	-	-
Total General Fund	20,615,363	20,516,825	19,733,129	18,277,407	16,451,013	14,779,721	13,860,779	13,326,756	13,133,642	12,977,195	12,827,318	12,648,922
Capital Fund	10,257,791	19,296,359	25,028,138	21,849,638	26,007,838	28,101,163	29,805,978	31,178,098	32,386,808	31,666,188	30,807,548	29,824,328
Total Fund Balance	\$30,873,154	\$39,813,184	\$44,761,267	\$40,127,045	\$42,458,851	\$42,880,884	\$43,666,756	\$44,504,854	\$45,520,450	\$44,643,382	\$43,634,866	\$42,473,249

State College Area School District  
General Fund Activity  
10/15/2014

<b>Assumptions:</b>												
<b>Earned Income Tax Growth</b>	<b>10.99%</b>	<b>1.78%</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</b>	<b>0.82%</b>	<b>0.81%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.60%</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>
<b>Exceptions</b>	<b>0.70%</b>	<b>1.00%</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>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Act 1 Index</b>	<b>1.70%</b>	<b>1.70%</b>	<b>2.10%</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>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>
<b>Actual/Projected RE Tax Increase</b>	<b>2.40%</b>	<b>2.70%</b>	<b>1.95%</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>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>

	<b>Actual 2012-2013</b>	<b>Actual 2013-2014</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	118,950,222	\$124,589,755	\$127,154,712	131,123,469	135,598,790	139,498,656	143,616,314	147,865,308	152,108,440	156,448,601	160,925,730	165,574,472
Local	99,704,828	103,349,154	105,132,935	108,115,935	111,389,935	114,823,935	118,397,935	122,201,935	126,205,935	130,299,935	134,533,935	138,907,935
State	18,033,935	19,850,154	20,776,777	22,012,534	23,213,855	23,679,721	24,223,378	24,668,373	24,907,505	25,153,666	25,396,795	25,671,537
Federal	1,211,459	1,390,447	1,245,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000
Expenses and Fund Balance Use	<u>120,295,567</u>	<u>123,944,476</u>	<u>126,789,984</u>	<u>130,788,138</u>	<u>135,189,289</u>	<u>139,202,069</u>	<u>143,350,115</u>	<u>147,558,575</u>	<u>151,801,554</u>	<u>156,105,048</u>	<u>160,575,607</u>	<u>165,664,438</u>
Change in Fund Balance	-1,345,345	\$645,280	\$364,729	335,331	409,500	296,587	266,198	306,733	306,886	343,553	350,123	-89,966
Use of Fund Balance (PSERS/legal)	515,818	-\$743,818	-\$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

State College Area School District  
General Fund Expense  
10/15/2014

<b>Assumptions:</b>												
<b>Earned Income Tax Growth (1)</b>	<b>10.99%</b>	<b>1.78%</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>0.82%</b>	<b>0.81%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.60%</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>
<b>Exceptions</b>	<b>0.70%</b>	<b>1.00%</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>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Act 1 Index</b>	<b>1.70%</b>	<b>1.70%</b>	<b>2.10%</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>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>
<b>Actual/Projected RE Tax Increase</b>	<b>2.40%</b>	<b>2.70%</b>	<b>1.95%</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>1.90%</b>	<b>1.90%</b>	<b>1.90%</b>
	<b>Actual 2012-2013</b>	<b>Actual 2013-2014</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	77,275,529	\$80,135,092	\$82,900,000	\$85,720,000	\$88,630,000	\$91,730,000	\$94,940,000	\$98,360,000	\$101,900,000	\$105,570,000	\$109,370,000	\$113,310,000
REAL ESTATE TAX - HS DEBT												
EARNED INCOME TAX	15,420,269	15,694,478	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	1,637,407	1,956,425	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	1,804,760	1,311,783	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	477,534	1,187,707	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
IDEA-B	843,509	731,835	750,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
PAYMENTS IN LIEU OF TAX	456,418	489,649	481,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000
LOCAL SERVICES TAX	389,813	362,221	366,000	370,000	374,000	378,000	382,000	386,000	390,000	394,000	398,000	402,000
MISC LOCAL REVENUE/TUITION	1,152,491	1,231,235	1,310,935	1,310,935	1,310,935	1,310,935	1,310,935	1,310,935	1,310,935	1,310,935	1,310,935	1,310,935
PUBLIC UTILITY REALTY TAX	121,626	116,739	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
INTEREST ON INVESTMENTS	<u>125,472</u>	<u>131,990</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>99,704,828</b>	<b>103,349,154</b>	<b>105,132,935</b>	<b>108,115,935</b>	<b>111,389,935</b>	<b>114,823,935</b>	<b>118,397,935</b>	<b>122,201,935</b>	<b>126,205,935</b>	<b>130,299,935</b>	<b>134,533,935</b>	<b>138,907,935</b>
<b>STATE</b>												
BASIC ED INSTR SUBSIDY	6,307,823	6,440,459	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	3,221,641	3,221,641	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	3,592,029	4,826,410	6,118,513	7,450,000	8,600,000	9,050,000	9,550,000	9,950,000	10,150,000	10,350,000	10,600,000	10,800,000
REV. FOR SOCIAL SECURITY	2,096,277	2,248,122	2,174,066	2,205,294	2,247,194	2,289,891	2,333,399	2,377,733	2,422,910	2,468,946	2,515,856	2,563,657
PROPERTY TAX REDUCTION	1,419,456	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	1,432,690
TRANSPORTATION REVENUE	796,138	809,494	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
BOND REIMBURSEMENTS	71,507	303,751	216,290	206,970	216,390	189,560	189,710	190,370	184,325	184,450	130,670	157,610
HEALTH SERVICES REVENUE	138,654	141,089	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
PA ACCOUNTABILITY GRANT	128,440	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	111,867	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040
OTHER STATE REVENUE	5,717	33,185	0	0	0	0	0	0	0	0	0	0
TUITION - 1305/1306	<u>149,213</u>	<u>153,006</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>18,033,935</b>	<b>19,850,154</b>	<b>20,776,777</b>	<b>22,012,534</b>	<b>23,213,855</b>	<b>23,679,721</b>	<b>24,223,378</b>	<b>24,668,373</b>	<b>24,907,505</b>	<b>25,153,666</b>	<b>25,396,795</b>	<b>25,671,537</b>
<b>FEDERAL</b>												
TITLE I REVENUE	690,429	697,061	700,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
TITLE II REVENUE	215,675	193,935	200,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
ACCESS FUNDS	48,752	397,159	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
OTHER FEDERAL REVENUE	193,566	65,128	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
TITLE III REVENUE	<u>63,037</u>	<u>37,164</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>1,211,459</b>	<b>1,390,447</b>	<b>1,245,000</b>	<b>995,000</b>	<b>995,000</b>	<b>995,000</b>	<b>995,000</b>	<b>995,000</b>	<b>995,000</b>	<b>995,000</b>	<b>995,000</b>	<b>995,000</b>
<b>TOTAL REVENUE</b>	<b>118,950,222</b>	<b>124,589,755</b>	<b>127,154,712</b>	<b>131,123,469</b>	<b>135,598,790</b>	<b>139,498,656</b>	<b>143,616,314</b>	<b>147,865,308</b>	<b>152,108,440</b>	<b>156,448,601</b>	<b>160,925,730</b>	<b>165,574,472</b>

(1) Assumes gradual growth toward historical five-year average of 2.62%.

(2) 2014-15 reflects major building projects not fully reflected in 2013-2014. 2016-17 forward assumes gradual growth toward historical averages. (nine-yr average 1.63%; Pre 2008-2009 five-year average 3.15%)

State College Area School District  
General Fund Expense  
10/15/2014

	2012-2013 Actual	2013-2014 Actual	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	57,878,650	\$56,677,873	\$57,998,305	58,831,362	59,949,158	61,088,192	62,248,867	63,431,596	64,636,796	65,864,895	67,116,328	68,391,539
Health Insurance	10,768,522	10,630,073	12,109,179	13,510,317	14,761,348	16,137,483	17,651,232	19,316,355	21,147,990	23,162,789	25,379,068	27,816,975
PSERS	6,998,597	9,470,346	12,237,026	14,900,000	17,200,000	18,100,000	19,100,000	19,900,000	20,300,000	20,700,000	21,200,000	21,600,000
Other Benefits	5,827,603	5,676,740	5,790,759	5,900,000	6,000,000	6,100,000	6,200,000	6,300,000	6,400,000	6,500,000	6,600,000	6,700,000
Professional Services	2,651,916	2,965,891	4,189,700	4,216,000	4,290,000	4,360,000	4,430,000	4,510,000	4,590,000	4,670,000	4,750,000	4,830,000
Purchased Property Services	2,024,560	1,885,056	2,050,035	2,076,000	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	9,558,592	10,145,511	10,324,000	10,530,000	10,740,000	10,950,000	11,170,000	11,390,000	11,620,000	11,850,000	12,090,000	12,330,000
Supplies/Equipment	5,418,452	5,574,454	5,881,705	5,970,000	6,060,000	6,150,000	6,240,000	6,330,000	6,420,000	6,520,000	6,620,000	6,720,000
Minor Capital Projects	1,893,550	2,015,409	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/Fees/Other (1)	7,970,470	2,819,487	3,207,334	3,471,481	3,590,910	3,662,729	3,185,983	3,249,703	3,314,697	3,380,991	3,448,611	3,517,583
Debt Service (2)	6,132,255	6,327,453	5,362,870	5,255,700	5,336,800	5,106,675	5,099,185	5,009,880	4,988,290	4,965,620	4,881,640	4,893,220
Transfer to Capital Reserve (2)	2,656,582	10,500,000	6,731,779	5,821,500	5,248,200	5,183,325	4,794,815	4,462,120	4,298,710	4,369,380	4,231,360	4,106,780
Fund Balance Use (PSERS/Legal)	515,818	(743,818)	(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 Use</b>	<b>120,295,567</b>	<b>\$123,944,476</b>	<b>\$126,789,984</b>	<b>130,788,138</b>	<b>135,189,289</b>	<b>139,202,069</b>	<b>143,350,115</b>	<b>147,558,575</b>	<b>151,801,554</b>	<b>156,105,048</b>	<b>160,575,607</b>	<b>165,664,438</b>

- (1) Includes legal liability payments. Projected FY2014-15 includes budgeted a \$480,000 contingency.  
(2) Maintains at least \$9 million in budget between current debt service and transfer to Capital Reserve.

State College Area School District  
General Fund Balance  
10/15/2014

	<u>Actual 2012-2013</u>	<u>Actual 2013-2014</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>
<b>General Fund - Unassigned</b>												
Beginning Balance	10,444,890	\$9,099,545	\$9,744,825	10,109,553	10,444,884	10,854,385	11,150,971	11,417,170	11,723,903	12,030,789	12,374,342	12,724,465
Revenue less Expense	(1,345,345)	645,280	364,729	335,331	409,500	296,587	266,198	306,733	306,886	343,553	350,123	(89,966)
<b>General Fund - Unassigned</b>	<b>9,099,545</b>	<b>\$9,744,825</b>	<b>\$10,109,553</b>	<b>10,444,884</b>	<b>10,854,385</b>	<b>11,150,971</b>	<b>11,417,170</b>	<b>11,723,903</b>	<b>12,030,789</b>	<b>12,374,342</b>	<b>12,724,465</b>	<b>12,634,499</b>
% of Expense	7.60%	7.82%	7.90%	7.88%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%	7.62%
<b>General Fund - Assigned</b>												
<b>PSERS</b>												
Beginning Balance	11,000,000	\$8,515,818	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	515,818	56,182										
Uses	(3,000,000)		(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	8,515,818	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	14,423
<b>Legal Liability</b>												
Beginning Balance	-	3,000,000	2,200,000	1,650,000	1,100,000	550,000	-	-	-	-	-	-
Additions	3,000,000											
Uses	-	(800,000)	(550,000)	(550,000)	(550,000)	(550,000)						
Ending Fund Balance	3,000,000	2,200,000	1,650,000	1,100,000	550,000	-	-	-	-	-	-	-
<b>Total General Fund - Assigned</b>	<b>11,515,818</b>	<b>\$10,772,000</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>
Note: Fund balance has been updated to include the Athletics fund.												

**State College Area School District  
Capital Reserve Fund  
10/15/2014**

	<u>Actual 2012-2013</u>	<u>Actual 2013-2014</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	8,932,619	\$10,257,791	19,296,359	25,028,138	21,849,638	26,007,838	28,101,163	29,805,978	31,178,098	32,386,808	31,666,188	30,807,548
Additions:												
Transfer	2,669,803	10,500,000	6,731,779	5,821,500	5,248,200	5,183,325	4,794,815	4,462,120	4,298,710	4,369,380	4,231,360	4,106,780
Donation		65,207										
Total Additions	2,669,803	10,565,207	6,731,779	5,821,500	5,248,200	5,183,325	4,794,815	4,462,120	4,298,710	4,369,380	4,231,360	4,106,780
Uses:												
High School (1)			(1,000,000)	(9,000,000)	(1,090,000)	(1,090,000)	(1,090,000)	(1,090,000)	(1,090,000)	(1,090,000)	(1,090,000)	(1,090,000)
Other Facilities Round 1						(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Other Facilities Round 2										(2,000,000)	(2,000,000)	(2,000,000)
Memorial Field (2)	(1,344,631)	(1,526,639)										
Total Uses	(1,344,631)	(1,526,639)	(1,000,000)	(9,000,000)	(1,090,000)	(3,090,000)	(3,090,000)	(3,090,000)	(3,090,000)	(5,090,000)	(5,090,000)	(5,090,000)
Net Change	1,325,172	9,038,568	5,731,779	(3,178,500)	4,158,200	2,093,325	1,704,815	1,372,120	1,208,710	(720,620)	(858,640)	(983,220)
<b>Ending Fund Balance</b>	<b>10,257,791</b>	<b>\$19,296,359</b>	<b>\$25,028,138</b>	<b>21,849,638</b>	<b>26,007,838</b>	<b>28,101,163</b>	<b>29,805,978</b>	<b>31,178,098</b>	<b>32,386,808</b>	<b>31,666,188</b>	<b>30,807,548</b>	<b>29,824,328</b>

(1) Reflects amount designated to pay a portion of the State High project cost. \$10 million of payment from fund balance will be funded between 2014-15 and 2016-17.

(2) Reflects timing of actual cash outlay for Memorial Field renovation