



**STATE COLLEGE AREA SCHOOL DISTRICT  
ADMINISTRATIVE OFFICES**

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To: Robert J. O'Donnell  
From: Randy L. Brown and Donna Watson  
Date: April 21, 2017  
Subject: 2017-2018 Budget Development

The 2017-2018 proposed budget total equals \$150 million including a 1.55% rate of real estate tax increase. This budget total has remained stable since the proposed preliminary budget was introduced in December 2016. This update prepares for the release of the Proposed Final Budget on May 1 with approval scheduled for May 8.

- Section A compares the 2016-17 projections with the Budget for 2017-18.
- Section B details the 2016-17 Projection and 2017-18 Budget from preliminary to current.
- Section C provides assumptions and reconciliations in the 2017-18 Budget proposal.
- Section D includes the general fund multi-year projections through 2025-26, in addition to the capital reserve fund.
- Section E summarizes projected capital reserve activity comparing the debt repayment schedule for the high school at level versus wrapped.
- Section F includes the following:
  - Estimated Impact of Governor's 2017-18 Budget
  - Historical Change in Real Estate Tax Rate
  - Historical Change in Real Estate Tax for Average Taxpayer
  - Cumulative Impact of Real Estate Tax Increase - 2017-18
  - Historical Assessed Value Growth
  - Historical Interim Real Estate Tax

The proposed budget includes a tax increase of 1.55%, which is significantly lower than the tax increase from the past two years. This budget assumes assessed value growth of

1% and an increase in interim real estate tax revenue, both reflective of the new properties added during the current year and those expected to be added in the next year.

State revenue is budgeted equal to the amount to be received in 2016-17. We expect to use this amount until a state budget is approved.

The CAC for Finance and Finance Committee reviewed this updated information. Comments from those groups have been reflected in this update.

Updates include:

- A review of Assessed Value from the county tax roll, including reductions due to recent tax appeals.
- An update to interim tax revenue based upon construction projects expected to be added to the tax roll.
- The removal of budgeted costs for instructional program changes due to the phasing in 2018-19, including possible transportation costs.
- The allocation of new state aid received in 2016-17 to the capital reserve fund for 2017-18, which will be earmarked for future instructional programming costs.

### **New Programming**

The proposed budget focuses on maintaining the district's current programming including the additions of resources for:

- Psychologist
- Elementary Principal
- Development of the International Baccalaureate Programme
- IT Systems Programmer
- Development of curriculum in a hybrid and/or online format in response to changes in instructional program

### **Costs**

Costs for these new initiatives amounted to \$583,798. An increase in the budget totaling \$3,117,634 represents net increased costs to maintain current programming and operations throughout the district in the new year. The new initiatives result from vetting numerous program requests. Because of the desire to restrain increases in the tax rate, many new initiatives are not funded with new resources during this budget cycle. As occurs every year, new initiatives may be established with funding redirected from other budget appropriations.

Analysis and review of our current programming and operations continues on a regular basis in order to match community needs and desires along with fiscal responsibility for

the district taxpayers. Collectively we seek to maintain our high standards in order to provide high quality educational opportunities for the district's students.

Previous budget presentations included estimated costs for potential instructional program additions. Since those program changes are being delayed until the 2018-19 school year, the proposed budget has been adjusted appropriately.

### **Rate of Tax Increase**

The proposed budget includes a real estate tax rate increase in the amount of 1.55%. This amount has remained consistent since the initial proposed preliminary budget was released in December 2016. This increase represents a significantly lower increase than experienced during the previous two years, which include the addition of referendum debt service for the high school project.

The Act 1 Index for 2017-18 is 2.5%. This is the maximum rate the Board may increase taxes without exception or voter referendum. Additional revenue in the amount of \$917,729 would be generated in the 2017-18 budget year at the 2.5% rate of increase, accumulating to a total of \$9,395,633 through 2025-26.

In the event the additional 2016-17 state revenue earmarked for costs for instructional is not added to the capital reserve transfer in 2017-18, the rate of tax increase would then be .7%, generating \$822,179 less revenue in the budget year than at the 1.55% increase. The district's extensive capital project needs justifies this one-time appropriation of this revenue.

### **Taxpayer Impact**

Chart A shows the tax liability for the taxpayer with an assessed value of \$72,239 at the various rates of tax increase.

**Chart A**

Proposed Increase	.70%	1.55%	2.50%
Tax Increase	\$22	\$49	\$79
Total Tax Due	\$3,162	\$3,189	\$3,219

Chart B shows the total tax liability and increase for the average taxpayer in each of the last two fiscal years.

**Chart B**

Year	2015-16	2016-17
Tax Increase	\$157	\$130
Total Tax Due	\$3,010	\$3,140
Rate of Increase	5.49%	4.32%

### **Capital Financing**

The impact of this budget on the multi-year projections and ability to appropriate funds for capital financing is displayed in Section E. The multi-year projections maintain staffing and programs at current levels with the exception of additional salary, benefit and purchased services added in 2018-19 related to elementary school programs. The projections maintain a strong commitment to capital.

Debt financings are expected to occur within the next 12 months to fund the remaining needs for the high school project and the elementary projects, each approximately in the amount of \$45 million. The finance team continues to analyze the timing and repayment schedule for these debt issuances.

Until now, the new debt for the high school has been scheduled in a wrapped structure where principal repayment increases as district total debt service decreases. This type of structure is beneficial from a cash management viewpoint, however does include increased financing costs. A projected wrap repayment schedule has been provided in Section E. The total cost of the wrap schedule is more than \$7 million higher than the level debt schedule. The level debt service decreases the capital reserve fund at a faster rate, however the projected balance available in the capital reserve fund will support the level schedule, allowing for overall lower financing costs.

Decisions regarding future borrowings will include a decision of level or wrapped schedules based upon the capital reserve fund balance and interest rate environment. Unless directed otherwise, the administration will continue to pursue the next financing using a level schedule under advisement of the financial advisor for debt issuance in the coming months. Market rate conditions may also influence the timing of borrowings for the elementary projects, which are currently scheduled for early 2018.

## **Next Steps**

The budget development process continues with the following schedule:

May 1	Budget Work Session - present Proposed Final Budget
May 8	Approve Proposed Final Budget
May 18	Finance and Audit Committee
June 5	Budget Hearing
June 12	Approve Final Budget

The 2017-18 Proposed Final Budget will be presented at the May 1 Budget Hearing. The proposed budget presentation will include analysis of composition and additional comparison materials previously requested.

The administration will move forward with the budget proposal based upon direction from the Board.

## **Section A**

# **2017-18 Budget vs. 2016-17 Projection**

**State College Area School District  
General Fund Activity  
Projected 2016-17 vs. Proposed Budget 2017-18**

	<b>Projected 2016-2017</b>	<b>Budget 2017- 2018</b>	<b>Variance</b>
<b>Beginning Fund Balance</b>	\$11,114,602	\$11,750,831	\$636,228
<b>Revenue</b>	146,678,042	150,229,777	3,551,735
Local	118,963,934	121,656,782	2,692,848
State	26,469,109	27,427,994	958,885
Federal	1,245,000	1,145,000	(100,000)
<b>Expense</b>	148,420,817	152,122,249	3,701,432
<b>Revenue less expense</b>	(1,742,775)	(1,892,472)	(149,698)
<b>Use of Assigned Fund Balance</b>	2,379,004	2,186,728	(192,276)
<b>Change in Unassigned General Fund Balance</b>	636,229	294,257	(341,973)
<b>Ending Unassigned Fund Balance</b>	11,750,831	\$12,045,087	\$294,257

**State College Area School District  
General Fund Revenue  
Projected 2016-17 vs. Proposed Budget 2017-18**

**Assumptions:**

<b>Earned Income Tax Growth</b>	<b>1.50%</b>	<b>2.00%</b>
<b>Assessed Value Growth</b>	<b>1.14%</b>	<b>1.00%</b>
<b>Exceptions</b>	<b>1.92%</b>	<b>0.00%</b>
<b>Act 1 Index</b>	<b>2.40%</b>	<b>2.50%</b>
<b>Actual/Projected Total Tax Increase</b>	<b>4.32%</b>	<b>1.55%</b>

	<b>Projected 2016-2017</b>	<b>Budget 2017- 2018</b>	<b>Variance</b>
<b>LOCAL SERVICES TAX</b>			
CURRENT REAL ESTATE TAX	\$89,367,388	\$91,772,469	\$2,405,081
REAL ESTATE TAX-REFERENDUM DEBT	4,943,999	4,945,363	1,364
EARNED INCOME TAX	17,010,000	17,350,000	340,000
REALTY TRANSFER TAX	2,202,000	2,082,000	(120,000)
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	0
INTERIM REAL ESTATE TAX	480,000	600,000	120,000
IDEA-B	747,597	740,000	(7,597)
PAYMENTS IN LIEU OF TAX	620,356	620,356	0
LOCAL SERVICES TAX	381,000	385,000	4,000
TUITION	1,150,304	1,150,304	0
MISC LOCAL REVENUE	644,100	644,100	0
PUBLIC UTILITY REALTY TAX	117,190	117,190	0
INTEREST ON INVESTMENTS	200,000	150,000	(50,000)
<b>TOTAL LOCAL</b>	<b>118,963,934</b>	<b>121,656,782</b>	<b>2,692,848</b>
<b>STATE</b>			
BASIC ED INSTR SUBSIDY	7,543,140	7,543,140	0
SPECIAL ED REVENUE-REGULR	3,268,768	3,268,768	0
REV. FOR RETIREMENT	9,458,014	10,596,050	1,138,036
REV. FOR SOCIAL SECURITY	2,408,678	2,492,079	83,401
PROPERTY TAX REDUCTION	1,424,101	1,424,101	0
TRANSPORTATION REVENUE	800,000	800,000	0
BOND REIMBURSEMENTS	895,503	632,953	(262,550)
HEALTH SERVICES REVENUE	140,000	140,000	0
READY TO LEARN GRANT	310,013	310,013	0
VOCATIONAL EDUCATION	90,891	90,891	0
TUITION - 1305/1306	130,000	130,000	0
<b>TOTAL STATE</b>	<b>26,469,109</b>	<b>27,427,994</b>	<b>958,887</b>
<b>FEDERAL</b>			
TITLE I REVENUE	700,000	600,000	(100,000)
TITLE II REVENUE	200,000	200,000	-
ACCESS FUNDS	250,000	250,000	-
OTHER FEDERAL REVENUE	60,000	60,000	0
TITLE III REVENUE	35,000	35,000	0
<b>TOTAL FEDERAL</b>	<b>1,245,000</b>	<b>1,145,000</b>	<b>(100,000)</b>
<b>TOTAL REVENUE</b>	<b>\$146,678,042</b>	<b>\$150,229,777</b>	<b>\$3,551,735</b>

Note: Athletics revenue is included in all periods based on PDE reporting requirements. Athletics expense, net of related revenues, was previously presented as a transfer.



**State College Area School District  
General Fund Expenses and Fund Balance Transfers  
Projected 2016-17 vs. Proposed Budget 2017-18**

	<b>Projected 2016-2017</b>	<b>Budget 2017- 2018</b>	<b>Variance</b>
Salaries	\$64,257,118	66,482,030	\$2,224,912
Health Insurance	12,604,189	13,114,783	510,594
PSERS	18,916,029	21,192,019	2,275,990
Other Benefits	6,502,488	6,655,842	153,354
Professional Services	3,346,857	3,555,248	208,391
Purchased Property Services	1,279,397	1,245,492	(33,905)
Other Purchased Services	11,682,621	12,104,457	421,836
Supplies/Equipment	7,164,082	6,785,674	(378,408)
Minor Capital Projects	2,482,768	2,138,768	(344,000)
Transfers/contingencies	1,656,557	2,310,830	654,273
Debt Service	4,904,285	5,014,259	109,974
Debt Service - Referendum Debt	5,256,275	5,257,725	1,450
Transfer to Capital Reserve	8,368,152	6,265,122	(2,103,030)
Fund Balance Use (PSERS/Legal)	(2,379,004)	(2,186,728)	192,276
<b>Total Expenses and Fund Balance Transfers</b>	<b>\$146,041,813</b>	<b>\$149,935,521</b>	<b>\$3,893,708</b>

Note: Athletics expenses are included in each expense line based on PDE reporting requirements. Athletics expense, net of related revenue, was previously reported in the transfer/contingencies line.

## **Section B**

### **2016-1 Projections and 2017-18 Budget**

**Versions from Preliminary to Current**

**State College Area School District  
General Fund Activity  
Budget 2017-18**

	<b>Proposed Prelim Budget 12/5/16</b>	<b>Proposed Prelim Budget - 12/19/16</b>	<b>12/19 vs. 12/5</b>	<b>Board Presentation 2/27/17</b>	<b>2/27/17 vs. 12/19/16</b>	<b>Board Presentation 4/3/17</b>	<b>4/3/17 vs. 2/27/17</b>	<b>Board Presentation 4/24/17</b>	<b>4/24/17 vs. 4/3/17</b>
<b>Beginning Fund Balance</b>	\$11,684,977	\$11,684,977	\$0	\$11,622,831	(\$62,146)	\$11,622,831	(\$62,146)	\$11,750,831	\$128,000
<b>Revenue</b>	149,806,706	149,978,094	171,388	149,828,658	(149,436)	149,946,972	118,315	150,229,777	282,805
Local	121,488,565	121,488,565	0	121,262,526	(226,039)	121,262,526	0	121,656,782	394,256
State	27,173,141	27,344,529	171,388	27,421,131	76,602	27,539,446	118,315	27,427,995	(111,451)
Federal	1,145,000	1,145,000	0	1,145,000	0	1,145,000	0	1,145,000	0
<b>Expense</b>	151,989,206	152,331,982	342,776	151,854,207	(477,775)	152,669,704	815,497	152,122,249	(547,455)
<b>Revenue less expense</b>	(2,182,500)	(2,353,888)	(171,388)	(2,025,549)	328,339	(2,722,732)	(697,183)	(1,892,471)	830,261
<b>Use of Assigned Fund Balance</b>	2,186,728	2,186,728	0	2,186,728	0	2,186,728	0	2,186,728	0
<b>Change in Unassigned General Fund Balance</b>	4,228	(167,160)	(171,388)	161,179	328,339	(536,004)	(697,183)	294,257	830,261
<b>Ending Unassigned Fund Balance</b>	<u>\$11,689,205</u>	<u>\$11,517,817</u>	<u>(\$171,388)</u>	<u>\$11,784,010</u>	<u>\$266,193</u>	<u>\$11,086,827</u>	<u>(\$697,182)</u>	<u>\$12,045,088</u>	<u>\$958,260</u>

**12/19 & 1/30 vs. 12/5** - Reflects change in PSERS contribution rate published 12/7/16.

**2/27/17 vs. 12/19/16 & 1/30**- Reflects reductions in revenue, primarily related to a change in the assessed value projection, offset by reduced expense, primarily health insurance.

**4/3/17 vs 2/27/17** - Reflects increased expense, offset by related PSERS and Social Security revenue.

**4/24/17 vs 4/3/17** - Reflects increase in revenue, primarily related to an increase in assumed assessed value growth and interim real estate tax, decrease in expense related to removing elementary programs and increase related to positions for development of online instruction. Transfer to capital reserve was adjusted by 2016-17 state revenue increases, plus \$119,000 to stay within unassigned fund balance 8% limit.

**State College Area School District  
General Fund Revenue  
Budget 2017-18**

	Proposed Prelim Budget 12/5/16	Proposed Prelim Budget 12/19/16 & 1/30/17 (1)	12/19 vs. 12/5	Board Presentation 2/27/17	2/27/17 vs. 12/19/16	Board Presentation 4/3/17	4/3/17 vs. 2/27/17	Board Presentation 4/24/17	4/24/17 vs. 4/3/17
<b>LOCAL SERVICES TAX</b>									
CURRENT REAL ESTATE TAX	\$91,869,597	\$91,869,597	\$0	\$91,578,213	(\$291,384)	\$91,578,213	\$0	\$91,772,469	\$194,256
REAL ESTATE TAX-REFERENDUM DEBT	4,945,363	4,945,363	0	4,945,363	0	4,945,363	0	4,945,363	0
EARNED INCOME TAX	17,350,000	17,350,000	0	17,350,000	0	17,350,000	0	17,350,000	0
REALTY TRANSFER TAX	2,082,000	2,082,000	0	2,082,000	0	2,082,000	0	2,082,000	0
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0
INTERIM REAL ESTATE TAX	400,000	400,000	0	400,000	0	400,000	0	600,000	200,000
IDEA-B	740,000	740,000	0	740,000	0	740,000	0	740,000	0
PAYMENTS IN LIEU OF TAX	555,011	555,011	0	620,356	65,345	620,356	0	620,356	0
LOCAL SERVICES TAX	385,000	385,000	0	385,000	0	385,000	0	385,000	0
TUITION	1,150,304	1,150,304	0	1,150,304	0	1,150,304	0	1,150,304	0
MISC LOCAL REVENUE	644,100	644,100	0	644,100	0	644,100	0	644,100	0
PUBLIC UTILITY REALTY TAX	117,190	117,190	0	117,190	0	117,190	0	117,190	0
INTEREST ON INVESTMENTS	150,000	150,000	0	150,000	0	150,000	0	150,000	0
<b>TOTAL LOCAL</b>	<b>121,488,565</b>	<b>121,488,565</b>	<b>0</b>	<b>121,262,526</b>	<b>(226,039)</b>	<b>121,262,526</b>	<b>0</b>	<b>121,656,782</b>	<b>394,256</b>
<b>STATE</b>									
BASIC ED INSTR SUBSIDY	7,543,140	7,543,140	0	7,543,140	0	7,543,140	0	7,543,140	0
SPECIAL ED REVENUE-REGULAR	3,268,768	3,268,768	0	3,268,768	0	3,268,768	0	3,268,768	0
REV. FOR RETIREMENT	10,360,888	10,532,276	171,388	10,601,908	69,632	10,689,511	87,603	10,596,050	(93,461)
REV. FOR SOCIAL SECURITY	2,472,387	2,472,387	0	2,479,357	6,970	2,510,069	30,712	2,492,079	(17,990)
PROPERTY TAX REDUCTION	1,424,101	1,424,101	0	1,424,101	0	1,424,101	0	1,424,101	0
TRANSPORTATION REVENUE	800,000	800,000	0	800,000	0	800,000	0	800,000	0
BOND REIMBURSEMENTS	632,953	632,953	0	632,953	0	632,953	0	632,953	0
HEALTH SERVICES REVENUE	140,000	140,000	0	140,000	0	140,000	0	140,000	0
READY TO LEARN GRANT	310,013	310,013	0	310,013	0	310,013	0	310,013	0
VOCATIONAL EDUCATION	90,891	90,891	0	90,891	0	90,891	0	90,891	0
TUITION - 1305/1306	130,000	130,000	0	130,000	0	130,000	0	130,000	0
<b>TOTAL STATE</b>	<b>27,173,141</b>	<b>27,344,529</b>	<b>171,388</b>	<b>27,421,132</b>	<b>76,603</b>	<b>27,539,446</b>	<b>118,314</b>	<b>27,427,995</b>	<b>(111,451)</b>
<b>FEDERAL</b>									
TITLE I REVENUE	600,000	600,000	0	600,000	0	600,000	0	600,000	0
TITLE II REVENUE	200,000	200,000	0	200,000	0	200,000	0	200,000	0
ACCESS FUNDS	250,000	250,000	0	250,000	0	250,000	0	250,000	0
OTHER FEDERAL REVENUE	60,000	60,000	0	60,000	0	60,000	0	60,000	0
TITLE III REVENUE	35,000	35,000	0	35,000	0	35,000	0	35,000	0
<b>TOTAL FEDERAL</b>	<b>1,145,000</b>	<b>1,145,000</b>	<b>0</b>	<b>1,145,000</b>	<b>0</b>	<b>1,145,000</b>	<b>0</b>	<b>1,145,000</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>\$149,806,706</b>	<b>\$149,978,094</b>	<b>\$171,388</b>	<b>\$149,828,658</b>	<b>(\$149,436)</b>	<b>\$149,946,972</b>	<b>\$118,314</b>	<b>\$150,229,777</b>	<b>\$282,805</b>

12/19 and 1/30 vs. 12/5- Reflects change in PSERS contribution rate published 12/7/16.

2/27/17 vs. 12/19/16 & 1/30 - Real estate taxes reflect revised assumption for growth in assessed value to .8% vs. 1.1% in preliminary budget. Payment in lieu is based on updated information, and retirement and social security increase reflect a change in projected expense.

4/3/17 vs. 2/27/17 - Retirement and social security increase reflects a change in projected benefit expense.

4/24/17 vs. 4/3/17 - Real Estate Tax reflects increase in assumed assessed value growth to 1%, based on updated growth to date. Interim Real Estate Tax was increased to reflect historical average, less assumed Supplemental Tax Rebate. Retirement and social security decrease reflects a change in projected benefit expense.

(1) Board presentation on January 30, 2017 reflected a shift of revenue from local to state under potential property tax reform, however the total revenue projection equaled the December 19, 2016 presentation.

Note: Athletics revenue is included in all periods based on PDE reporting requirements. Athletics expense, net of related revenues, was previously presented as a transfer.

**State College Area School District  
General Fund Expenses and Fund Balance Transfers  
Budget 2017-18**

	<b>Proposed Prelim Budget 12/5/16</b>	<b>Proposed Prelim Budget 12/19/16 &amp; 1/30/17</b>	<b>12/19 vs. 12/5</b>	<b>Board Presentation 2/27/17</b>	<b>2/27/17 vs. 12/19/16</b>	<b>Board Presentation 4/3/17</b>	<b>4/3/17 vs. 2/27/17</b>	<b>Board Presentation 4/24/17</b>	<b>4/24/17 vs. 4/3/17</b>
Salaries	\$65,956,706	\$65,956,706	\$0	\$66,142,649	\$185,943	\$66,961,954	\$819,305	\$66,482,030	(\$479,924)
Health Insurance	14,111,448	14,111,448	0	13,223,031	(888,417)	13,245,999	22,968	13,114,783	(131,216)
PSERS	20,721,776	21,064,552	342,776	21,203,817	139,265	21,379,021	175,204	21,192,019	(187,002)
Other Benefits	6,624,604	6,624,604	0	6,665,039	40,435	6,668,278	3,239	6,655,842	(12,436)
Professional Services	3,703,357	3,703,357	0	3,703,357	0	3,705,248	1,891	3,555,248	(150,000)
Purchased Property Services	2,049,797	2,049,797	0	2,049,797	0	1,245,492	(804,305) (1)	1,245,492	0
Other Purchased Services	12,495,121	12,495,121	0	12,540,121	45,000	12,604,457	64,336	12,104,457	(500,000)
Supplies/Equipment	6,073,682	6,073,682	0	6,073,682	0	6,635,674	561,992 (1)	6,785,674	150,000
Minor Capital Projects	2,138,768	2,138,768	0	2,138,768	0	2,138,768	0	2,138,768	0
Transfers/contingencies	2,339,964	2,339,964	0	2,339,964	0	2,310,830	(29,134)	2,310,830	0
Debt Service	5,014,258	5,014,258	0	5,014,258	0	5,014,258	0	5,014,258	0
Debt Service - Referendum Debt	5,257,725	5,257,725	0	5,257,725	0	5,257,725	0	5,257,725	0
Transfer to Capital Reserve	5,502,000	5,502,000	0	5,502,000	0	5,502,000	0	6,265,122	763,122
Fund Balance Use (PSERS/Legal)	(2,186,728)	(2,186,728)	0	(2,186,728)	0	(2,186,728)	0	(2,186,728)	0
<b>Total Expenses and Fund Balance Transfers</b>	<b>\$149,802,478</b>	<b>\$150,145,254</b>	<b>\$342,776</b>	<b>\$149,667,479</b>	<b>(\$477,775)</b>	<b>\$150,482,976</b>	<b>\$815,497</b>	<b>\$149,935,521</b>	<b>(\$547,455)</b>

12/19 vs. 12/5 - Reflects change in PSERS contribution rate published 12/7/16.

2/27/17 vs. 12/19/16 & 1/30- Salaries, PSERS and other benefits reflect updated projections and the addition of an administrative position. Health insurance reflects January 2017 enrollment and updated insurance rates. Other purchased services reflect a revised estimate of IU provided transportation expense.

4/3/17 vs. 2/27/17 - Salary and benefit related increases include the proposed addition of a Psychologist, increase in salaries to adjust for lower than projected number of retirees, addition of CEEL positions omitted in error, and a correction to the teacher scale used in prior budget calculations. Purchased property services decreased and supplies increased to reflect required PDE expense classification changes. Other shifts in line items reflect changes from work with departments.

4/24/17 vs. 4/3/17 - Removed elementary school programs included in prior budget versions. Added position for development of online instruction. Also corrected classification between professional services and supply expense, and increased transfer to capital reserve by the 2016-17 state budget revenue increase, plus approximately \$119,000 to bring unassigned fund balance within 8% of expense limitation.

(1) PDE account code changes released since the start of the fiscal year caused shifting in line item classifications. The most significant reclassification was the movement of utility expense from Purchased Property Services to Supplies.

Note: Athletics expenses are included in each expense line based on PDE reporting requirements. Athletics expense, net of related revenue, was previously reported in the transfer/contingencies line.

**State College Area School District  
General Fund Activity  
Projection 2016-17**

	<b>2016-17 Budget</b>	<b>Projected Board Presentation 12/5/16</b>	<b>Projection 12/5/16 vs. Budget</b>	<b>Projected Board Presentation 2/27/17</b>	<b>2/27/17 vs. 12/5/16</b>	<b>Board Presentation 4/3/17</b>	<b>4/3/17 vs. 2/27/17</b>	<b>Board Presentation 4/24/17</b>	<b>4/24/17 vs. 4/3/17</b>
<b>Beginning Fund Balance</b>	\$11,012,785	\$11,114,602	\$101,818	\$11,114,602	\$0	\$11,114,602	\$0	\$11,114,602	\$0
<b>Revenue</b>	144,701,795	146,309,789	1,607,994	146,538,890	229,101	146,598,042	59,152	146,678,042	80,000
Local	118,106,343	118,600,914	494,571	118,763,934	163,020	118,883,934	120,000	118,963,934	80,000
State	25,300,452	26,413,875	1,113,424	26,479,956	66,081	26,469,109	(10,848)	26,469,109	0
Federal	1,295,000	1,295,000	0	1,295,000	0	1,245,000	(50,000)	1,245,000	0
<b>Expense</b>	147,075,665	148,118,419	1,042,754	148,409,665	291,246	148,468,817	59,152	148,420,817	(48,000)
<b>Revenue less expense</b>	(2,373,870)	(1,808,630)	565,240	(1,870,775)	(62,145)	(1,870,775)	(0)	(1,742,775)	128,000
<b>Use of Assigned Fund Balance</b>	2,379,004	2,379,004	0	2,379,004	0	2,379,004	0	2,379,004	0
<b>Change in Unassigned General Fund Balance</b>	5,134	570,374	565,240	508,229	(62,145)	508,229	(0)	636,229	128,000
<b>Ending Unassigned Fund Balance</b>	<u>\$11,017,919</u>	<u>\$11,684,977</u>	<u>\$667,058</u>	<u>\$11,622,831</u>	<u>(\$62,145)</u>	<u>\$11,622,831</u>	<u>\$0</u>	<u>\$11,750,831</u>	<u>\$128,000</u>

**Budget vs. 12/5** - Reflects increased revenue, primarily related to the final state budget, offset by expense increases, including an estimated increase in transfer to capital reserve as a result of the increased revenue.

**2/27/17 vs. 12/5/16** - Revenues and expenses were updated based on actual results to date, plus updated estimates. Expenses, excluding transfer to capital reserve, are equal to budgeted expense.

**4/3/17 vs. 2/27/17**- Reflects increased revenue, decrease in charter school expense and increase in transfer to capital reserve for the net impact.

**4/24/17 vs 4/3/17** - Reflects increase in revenue, decrease in expense related to Earned Income Tax collection, and adjustment to transfer to capital reserve to stay within 8% unassigned fund balance limit.

**State College Area School District  
General Fund Revenue  
Projected 2016-17**

	<b>2016-17 Budget</b>	<b>Board Presentation 12/5/16</b>	<b>Projection 12/5/16 vs. Budget</b>	<b>Board Presentation 2/27/17</b>	<b>2/27/17 vs. 12/5/16</b>	<b>Board Presentation 4/3/17</b>	<b>4/3/17 vs. 2/27/17</b>	<b>Board Presentation 4/24/17</b>	<b>4/24/17 vs. 4/3/17</b>
<b>LOCAL SERVICES TAX</b>									
CURRENT REAL ESTATE TAX	\$89,471,686	\$89,319,713	(\$151,973)	\$89,367,388	\$47,675	\$89,367,388	\$0	\$89,367,388	\$0
REAL ESTATE TAX-REFERENDUM DEBT	4,943,999	4,943,999	0	4,943,999	0	4,943,999	0	4,943,999	0
EARNED INCOME TAX	16,750,000	17,010,000	260,000	17,010,000	0	17,010,000	0	17,010,000	0
REALTY TRANSFER TAX	1,800,000	2,082,000	282,000	2,082,000	0	2,202,000	120,000	2,202,000	0
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0
INTERIM REAL ESTATE TAX	400,000	400,000	0	400,000	0	400,000	0	480,000	80,000
IDEA-B	700,000	747,597	47,597	747,597	0	747,597	0	747,597	0
PAYMENTS IN LIEU OF TAX	555,011	555,011	0	620,356	65,345	620,356	0	620,356	0
LOCAL SERVICES TAX	374,000	381,000	7,000	381,000	0	381,000	0	381,000	0
TUITION	1,150,304	1,150,304	0	1,150,304	0	1,150,304	0	1,150,304	0
MISC LOCAL REVENUE	588,535	644,100	55,565	644,100	0	644,100	0	644,100	0
PUBLIC UTILITY REALTY TAX	122,808	117,190	(5,618)	117,190	0	117,190	0	117,190	0
INTEREST ON INVESTMENTS	150,000	150,000	0	200,000	50,000	200,000	0	200,000	0
<b>TOTAL LOCAL</b>	<b>118,106,343</b>	<b>118,600,914</b>	<b>494,571</b>	<b>118,763,934</b>	<b>163,020</b>	<b>118,883,934</b>	<b>120,000</b>	<b>118,963,934</b>	<b>80,000</b>
<b>STATE</b>									
BASIC ED INSTR SUBSIDY	6,912,348	7,543,140	630,792	7,543,140	0	7,543,140	0	7,543,140	0
SPECIAL ED REVENUE-REGULAR	3,255,571	3,268,768	13,197	3,268,768	0	3,268,768	0	3,268,768	0
REV. FOR RETIREMENT	9,284,320	9,414,122	129,802	9,466,695	52,573	9,458,014	(8,681)	9,458,014	0
REV. FOR SOCIAL SECURITY	2,365,057	2,397,337	32,280	2,410,845	13,508	2,408,678	(2,167)	2,408,678	0
PROPERTY TAX REDUCTION	1,424,101	1,424,101	0	1,424,101	0	1,424,101	0	1,424,101	0
TRANSPORTATION REVENUE	750,000	800,000	50,000	800,000	0	800,000	0	800,000	0
BOND REIMBURSEMENTS	622,001	895,503	273,502	895,503	0	895,503	0	895,503	0
HEALTH SERVICES REVENUE	140,000	140,000	0	140,000	0	140,000	0	140,000	0
READY TO LEARN GRANT	310,013	310,013	0	310,013	0	310,013	0	310,013	0
VOCATIONAL EDUCATION	107,040	90,891	(16,149)	90,891	0	90,891	0	90,891	0
TUITION - 1305/1306	130,000	130,000	0	130,000	0	130,000	0	130,000	0
<b>TOTAL STATE</b>	<b>25,300,452</b>	<b>26,413,875</b>	<b>1,113,424</b>	<b>26,479,956</b>	<b>66,081</b>	<b>26,469,109</b>	<b>(10,848)</b>	<b>26,469,109</b>	<b>0</b>
<b>FEDERAL</b>									
TITLE I REVENUE	700,000	700,000	0	700,000	0	700,000	0	700,000	0
TITLE II REVENUE	200,000	200,000	0	200,000	0	200,000	0	200,000	0
ACCESS FUNDS	300,000	300,000	0	300,000	0	250,000	(50,000)	250,000	0
OTHER FEDERAL REVENUE	60,000	60,000	0	60,000	0	60,000	0	60,000	0
TITLE III REVENUE	35,000	35,000	0	35,000	0	35,000	0	35,000	0
<b>TOTAL FEDERAL</b>	<b>1,295,000</b>	<b>1,295,000</b>	<b>0</b>	<b>1,295,000</b>	<b>0</b>	<b>1,245,000</b>	<b>(50,000)</b>	<b>1,245,000</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b><u>\$144,701,795</u></b>	<b><u>\$146,309,789</u></b>	<b><u>\$1,607,994</u></b>	<b><u>\$146,538,890</u></b>	<b><u>\$229,101</u></b>	<b><u>\$146,598,042</u></b>	<b><u>\$59,152</u></b>	<b><u>\$146,678,042</u></b>	<b><u>\$80,000</u></b>

**Budget vs. 12/5/16** - Real estate revenue was reduced to reflect assessed value growth less than budgeted. Earned income tax reflects higher than projected 2015-16 receipts. Transfer tax reflects a three year average, adjusting large claims to \$300k per year. State revenue reflects the final state budget, plus PSERS and Social Security reflect changes in projected expense. PlanCon reimbursement projected receipt of 2015-16 delayed state reimbursement.

**2/27/2017 vs. 12/5/16** - Real estate revenue reflects a higher than budgeted collection percentage (\$241k), offset by the impact of assessment appeals (\$193k). Other local revenue is updated based on actual collections to date. PSERS and Social Security reflect a change in projected expense.

**4/3/17 vs. 2/27/17** - Reflects increase in projection of transfer tax revenue and a decrease in projected ACCESS revenue based on receipts to date .

**4/24/17 vs. 4/3/17** - Interim Real Estate Tax was increased to reflect updated projection based on final interim tax billing, less projected Supplemental Tax Rebate payments.

Note: Athletics revenue is included in all periods based on PDE reporting requirements. Athletics expense, net of related revenues, was previously presented as a transfer.

2017-18 Budget Development 4.24.17

**State College Area School District  
General Fund Expenses and Fund Balance Transfers  
Projection 2016-17**

	2016-17 Budget	Projected Board Presentation 12/5/16	Projection 12/5/16 vs. Budget	Projected Board Presentation 2/27/17	2/27/17 vs. 12/5/16	Board Presentation 4/3/17	4/3/17 vs. 2/27/17	Board Presentation 4/24/17	4/24/17 vs. 4/3/17
Salaries	\$64,027,362	\$63,954,558	(\$72,804)	\$64,257,118	\$302,560	\$64,257,118	\$0	\$64,257,118	\$0
Health Insurance	12,816,662	12,833,017	16,355	12,604,189	(228,828)	12,604,189	0	12,604,189	0
PSERS	18,850,105	18,828,245	(21,860)	18,916,029	87,784	18,916,029	0	18,916,029	0
Other Benefits	6,477,986	6,480,050	2,064	6,502,488	22,438	6,502,488	0	6,502,488	0
Professional Services	3,433,154	3,494,857	61,703	3,494,857	0	3,494,857	(0)	3,346,857	(148,000)
Purchased Property Services	2,144,793	2,049,797	(94,996)	2,049,797	0	1,279,397	(770,400) (1)	1,279,397	0
Other Purchased Services	11,837,624	11,837,621	(3)	11,882,621	45,000	11,682,621	(200,000)	11,682,621	0
Supplies/Equipment	6,213,687	6,273,682	59,995	6,393,682	120,000	7,164,082	770,400 (1)	7,164,082	0
Minor Capital Projects	2,138,768	2,438,768	300,000	2,482,768	44,000	2,482,768	0	2,482,768	0
Transfers/contingencies	2,299,965	1,758,264	(541,701)	1,656,557	(101,707)	1,656,557	0	1,656,557	0
Debt Service	4,904,284	4,904,285	1	4,904,285	0	4,904,285	0	4,904,285	0
Debt Service - Referendum Debt	5,256,275	5,256,275	0	5,256,275	0	5,256,275	0	5,256,275	0
Transfer to Capital Reserve	6,675,000	8,009,000	1,334,000	8,009,000	0	8,268,152	259,152	8,368,152	100,000
Fund Balance Use (PSERS/Legal)	(2,379,004)	(2,379,004)	0	(2,379,004)	0	(2,379,004)	0	(2,379,004)	0
<b>Total Expenses and Fund Balance Transfers</b>	<b>\$144,696,661</b>	<b>\$145,739,415</b>	<b>\$1,042,754</b>	<b>\$146,030,661</b>	<b>\$291,246</b>	<b>\$146,089,813</b>	<b>\$59,152</b>	<b>\$146,041,813</b>	<b>(\$48,000)</b>

**Budget vs. 12/5** - Salary and benefits reflect partial year expense of a proposed accountant and physical plant/construction manager. Professional services reflect estimated International Baccalaureate (IB) program professional development. Decrease in purchased property services reflects anticipated electric savings based on new rate contract. Supplies include proposed data warehouse software license (\$200k), offset by other reductions. Minor capital projects reflects the projected cost of high school trailers. Transfer/contingency reflects contingency use for trailers, IB program professional development and data warehouse software. Increased transfer to capital reserve is primarily related to projected revenue increase based on the final state budget.

**2/27 vs. 12/5** - Salaries reflects updated projections and an increase related to substitutes for higher than projected use. Health insurance decreased based on actual enrollment for January. PSERS and other benefits changed based on salaries. Purchased service reflects an updated projection of IU provided transportation costs. Supplies reflect higher than expected equipment purchases, and minor capital reflects an adjustment to the high school trailer cost. Transfer/contingencies includes assessment appeal payments for taxes assessed in prior years, offset by a use of projected contingency dollars.

**4/3/17 vs. 2/27/17** - Reflects decrease in projected charter school expense, PDE reclassification of expense and assumed increase in transfer to capital reserve for the net increase in projected revenue and decrease in expense.

**4/24/17 vs. 4/3/17** - Reflects anticipated rebate of Earned Income Tax collection fees, and increase in transfer to capital reserve to stay within 8% unassigned fund balance limit.

(1) PDE account code changes released since the start of the fiscal year caused shifting in line item classifications. The most significant reclassification was the movement of utility expense from Purchased Property Services to Supplies.

Note: Athletics expenses are included in each expense line based on PDE reporting requirements. Athletics expense, net of related revenue, was previously reported in the transfer/contingencies line.



# **Section C**

## **2017-18 Budget**

### **Assumptions and Reconciliations**

**State College Area School District  
Proposed Budget  
Revenue Assumptions/Reconciliations  
Projected 2016-17 vs. Proposed Budget 2017-18**

Note: The following revenue assumptions and reconciliations include revenue line items >\$400,000.

**Local Revenue**

**Current Real Estate Tax**

Projected 2016-17 Revenue		\$89,367,388
Assumed assessed value growth of 1%	907,387	
YTD growth as of March 6, 2017 is approximately .7%, due in part to recent reassessments.		

5 yr average assessed value growth = 1.21%  
2016-17 growth = 1.14%  
2015-16 growth = 1.02%

Proposed Tax Increase of 1.55%		1,497,694
Act 1 Index - 2.5%		

Total increase in Real Estate Tax		<u>2,405,081</u>
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Proposed Budgeted Revenue 2017-18		<u><u>91,772,469</u></u>
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<b>Real Estate Tax - Referendum Debt</b>		<u><u>4,945,363</u></u>
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Revenue equals total principal and interest due on referendum debt, less anticipated future PlanCon reimbursement.

**Earned Income Tax**

Projected 2016-17 Revenue		17,010,000
Assumed growth - 2%		340,000

5 yr average, excluding 2012-13 anomaly (change in tax collector) = 2.71%  
2014-15 growth = 3.25%  
2015-16 growth = 3.41%

		<u><u>17,350,000</u></u>
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**Realty Transfer Tax**

3-yr average, excluding large transactions (defined as >\$2.8 MM transfer)		1,782,000
Estimated large transactions based on 2013-14 and 2014-15 avg	300,000	
Proposed Budgeted Revenue 2017-18		<u><u>2,082,000</u></u>

<b>Delinquent Real Estate Tax</b>		<u><u>1,100,000</u></u>
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The uncollected balance over the past four years has declined, and therefore the revenue is budgeted more conservatively. Transfers to the county for each year's uncollected real estate tax has remained relatively consistent.

2015-16 revenue	1,257,787
2014-15 revenue	1,174,635

**Interim Real Estate Tax**

Properties that are not on the tax rolls prior to the July duplicate billing, are billed in interim billings. Interim tax revenue has ranged from \$378,000 to \$1.2 million. Budget reflect the 5 and 10 year average of approximately \$700,000, less \$100,000 for supplemental tax rebate.

Estimated interim tax revenue		700,000
Less: Assumed supplemental tax rebate program payments		(100,000)
<hr/>		
Total tax rebates payments in 2015-16	76,590	
YTD March 2017 rebates	65,079	
YTD March 2016 rebates	65,578	

Proposed Budgeted Revenue 2017-18 600,000

**IDEA (Individuals with Disabilities Education Act)**

Budgeted based on prior year allotments

740,000

IDEA funds allotted to the district:	
2016-17 allotment	747,597
2015-16 allotment	738,020

**Payments in Lieu of Tax**

Assumes revenue at 2016-17 level

620,356

**Local Service Tax**

Assumes 1% increase over estimated 2016-17

385,000

**Tuition**

Assumes Tuition will approximate 2016-17.

1,150,304

**Misc. Local Revenue**

Includes athletics ticket sales, donations, rental income, Purchasing card rebates, and other miscellaneous receipts.  
Budget assumes 2015-16 level, excluding revenue from sale of property.

644,100

**State Revenue**

**Basic Education Subsidy**

State Basic Education Subsidy above the 2014-15 allotment is allocated based on the new basic education formula. The primary driver of this allocation is each district's average daily membership (ADM) from the prior year as a percentage of all districts. There are many other factors in the formula, however changes in a district's ADM is a key driver. The District's preliminary ADM for 2015-16 is .42% higher than 2014-15, therefore we assume revenue equal to 2016-17. This assumes no change in overall state basic education funding.

Basic education guaranteed at 2014-15 level	6,440,591
Student-weighted distribution allocation for 2016-17	1,102,549
Proposed Preliminary Budget 2017-18	<u><u>7,543,140</u></u>

### Special Education Subsidy

State Special Education Subsidy above the guaranteed 2013-14 base year allotment is allocated based on a new formula. However, only \$47,127 in 2016-17 is based on the new formula. The key driver in this new formula is weighted special education student counts. The preliminary report of counts to be used in the 2017-18 allocation is very close (2% lower) than 2016-17, therefore we assumed revenue equal to 2016-17. This assumes no change in overall state special education funding.

Special education guaranteed at 2013-14 level	3,221,641	
Special Education student-weighted distribution allocation for 2016-17	47,127	
Proposed Budgeted Revenue 2017-18		<u><u>3,268,768</u></u>

### Revenue for Retirement

Projected 2016-17 9,458,014  
Assume revenue equal to 50% of PSERS expense.

Increase in PSERS percentage from 30.03% to 32.57%	782,742	
Impact of salary increase	355,294	
		<u>1,138,036</u>

Note: Budgeted PSERS contribution percentage is based on rate published in December 2016.

Proposed Budget 2017-18 10,596,050

### Revenue for Social Security

Projected 2016-17 2,408,678  
Assume revenue equal to 50% of Social Security expense.

Impact of salary increase	83,401	
Proposed Budgeted Revenue 2017-18		<u><u>2,492,079</u></u>

### Property Tax Reduction

Assumes no change in tax reduction allocation amount used for Homestead/Farmstead exemption. Revenue has remained consistent each year.

Transportation Revenue 800,000

Transportation revenue is currently determined based on a complex calculation that includes several factors including district transportation cost, number of students transported, efficiency of bus transports, market value aid ratio, and other calculation factors. Revenue is conservatively estimated at slightly less than 2015-16, as the preliminary revenue allocation is not known until later in the year.

### Bond Reimbursement

Projected 2016-17 895,503  
Revenue for 2015-16 debt service received in 2016-17 (273,502)  
(The state delayed payment of 2015-16 until 2016-17)  
Revenue based on 2016-17 debt service (622,001)  
Revenue based on 2017-18 debt service 632,953

Total decrease in bond reimbursement (262,550)  
Proposed Budgeted Revenue 2017-18 632,953

Note: Bond Reimbursement includes estimated reimb for referendum debt.

**Federal**

**Title I Revenue**

**600,000**

Title I revenue is estimated at a slightly lower amount than the projected year due to uncertainty in federal revenue.

**State College Area School District  
Proposed Budget  
Expense Assumptions/Reconciliations  
Projected 2016-17 vs. Proposed Budget 2017-18**

**Salaries**

Projected 2016-17			\$64,257,118
Salaries increase, net of estimated attrition; turnover impact; full yr of new positions	1,911,587	3.0%	
Development of IB program	40,000		
Proposed Positions:			
Psychologist	80,000		
Position for development of online instruction	53,325		
Administrative position	90,000		
IT System Programmer	<u>50,000</u>		
Total increase in salaries			<u>2,224,912</u>
Proposed Budgeted 2017-18			<u><u><b>66,482,030</b></u></u>

**Health Insurance**

Projected 2016-17			12,604,189
Estimated impact of premium increase, change in H.S.A. employer contributions and employment contracts	445,190	3.5%	
Estimated proposed positions	<u>65,404</u>		
Total increase in health insurance			<u>510,594</u>
Proposed Budgeted 2017-18			<u><u><b>13,114,783</b></u></u>

**PSERS**

Projected 2016-17			18,916,029
Increase in PSERS employer contribution rate percentage from 30.03% to 32.57%	1,582,027		
Salary increases	591,913		
Proposed positions	<u>102,050</u>		
Total increase in PSERS			<u>2,275,990</u>
Proposed Budgeted 2017-18			<u><u><b>21,192,019</b></u></u>

**Other Benefits**

Projected 2016-17			6,502,488
Salary increases	124,785		
Proposed positions	<u>28,569</u>		
Total increase in other benefits			<u>153,354</u>
Proposed Budgeted 2017-18			<u><u><b>6,655,842</b></u></u>

**Professional Services**

Projected 2016-17		3,346,857
Estimated International Baccalaureate Program professional development costs	74,450	
Rebate of EIT collection fees in 2016-17 \$148k (less \$30k included in 2017-18 budget)	118,000	
Other net increases and decreases	15,941	
	<hr/>	
Total increase in Professional Services		<u>208,391</u>
Proposed Budgeted 2017-18		<u><u>3,555,248</u></u>

**Purchased Property Services**

Projected 2016-17		1,279,397
Purchased Property Services includes repairs, rentals, disposal and laundry service and water/sewer. Proposed budget assumes a decrease in repair/maintenance expense.		<u>(33,905)</u>
Proposed Budgeted 2017-18		<u><u>1,245,492</u></u>

**Other Purchased Services**

Projected 2016-17		11,682,621
Charter school estimated increase (5.9%)	357,500	
Other tuition estimated increases	64,336	
	<hr/>	
Total increase in other purchased services		<u>421,836</u>
Proposed Budgeted 2017-18		<u><u>12,104,457</u></u>

**Supplies/Equipment**

Projected 2016-17		7,164,082
Data warehouse software license purchase included in 2016-17	(175,000)	
Furniture purchased for administrative offices in 2016-17	(120,000)	
Other changes	(83,408)	
	<hr/>	
Note: Actual 2015-16 supplies/equipment, adjusted to add Electric previously in purchased service, was \$24,700 less than the proposed budget for 2017-18. Land purchase of \$240k was included in 2015-16.		(378,408)
Proposed Budgeted 2017-18		<u><u>6,785,674</u></u>

**Minor Capital Equipment**

Projected 2016-17		2,482,768
High School trailers for high school project in 2016-17		(344,000)
Proposed Budgeted 2017-18		<u><u>2,138,768</u></u>

**Transfers/Contingencies**

Projected 2016-17		1,656,557
Contingencies at 2016-17 Budget level	803,750	
Decrease in Refund of Prior Year Receipts related to prop tax reassessments in 2016-17	(140,342)	
Other	<u>(9,135)</u>	
Total increase in transfers/contingencies		<u>654,273</u>
Proposed Budgeted 2017-18		<u><u>2,310,830</u></u>

**Debt Service**

Projected 2016-17		4,904,285
Increase in debt service for 2012 bonds (advanced refunding of 2011A bonds)	424,525	
Increase in debt service for 2015B bonds (refunding of 2010 A & B bonds and 2011B bonds)	360,000	
2008 Note - final payment in 2016-17	(680,551)	
Other minor changes in debt service for other bonds	<u>6,000</u>	
Total increase in debt service		<u>109,974</u>
Proposed Budgeted 2017-18		<u><u>5,014,259</u></u>

**Debt Service Referendum Debt**

Projected 2016-17		5,256,275
2016-17 was the first year of principal payment on the referendum bond. Future debt service through maturity (2039-40) will be relatively level.		<u>1,450</u>
Proposed Budgeted 2017-18		<u><u>5,257,725</u></u>

**Transfer to Capital Reserve**

Projected 2016-17		8,368,152
Increase in projected 2016-17 transfer above budget based on retroactive PlanCon reimb (\$273k), and increase in EIT and Transfer tax revenue primarily based upon higher than anticipated 2015-16 results (\$662k), offset by other offsetting projected variances.	(930,030)	
Previously forecasted reduction vs. 2016-17 transfer	<u>(1,173,000)</u>	
Total decrease in transfer to capital reserve		<u>(2,103,030)</u>
Proposed Budgeted 2017-18		<u><u>6,265,122</u></u>

**Fund Balance Use (PSERS/Legal)**

Projected 2016-17		(2,379,004)
Change in use of PSERS assigned fund balance per pay forward projection		192,276
Proposed Budgeted 2017-18		<u><u>(2,186,728)</u></u>



## **Section D**

# **Multi-year Projections**

State College Area School District  
 General Fund Balance  
 4/21/2017

	Actual 2015-2016	Budget 2016-2017	Projected 2016-2017	Proposed Budget 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026
<b>General Fund - Unassigned</b>												
Beginning Balance	\$10,278,914	\$11,012,785	\$11,114,602	\$11,750,831	\$12,045,087	\$12,120,945	\$11,663,404	\$10,341,146	\$9,137,341	\$8,845,252	\$8,877,025	\$9,110,362
Revenue less Expense	835,688	5,134	636,229	294,256	75,858	(457,542)	(1,322,257)	(1,203,806)	(292,088)	31,773	233,337	220,257
<b>General Fund - Unassigned</b>	<b>\$11,114,602</b>	<b>11,017,919</b>	<b>11,750,831</b>	<b>12,045,087</b>	<b>12,120,945</b>	<b>11,663,404</b>	<b>10,341,146</b>	<b>9,137,341</b>	<b>8,845,252</b>	<b>8,877,025</b>	<b>9,110,362</b>	<b>9,330,619</b>
% of Expense	7.90%	7.49%	7.92%	7.92%	7.77%	7.26%	6.25%	5.38%	5.10%	5.00%	5.00%	5.00%
<b>General Fund - Assigned</b>												
<b>PSERS</b>												
Beginning Balance	8,572,000	7,313,719	7,313,719	5,484,715	3,847,987	2,640,414	1,980,794	1,584,635	1,188,476	792,317	396,158	0
Additions												
Uses	(1,258,281)	(1,829,004)	(1,829,004)	(1,636,728)	(1,207,573)	(659,620)	(396,159)	(396,159)	(396,159)	(396,159)	(396,158)	-
Ending Fund Balance	7,313,719	5,484,715	5,484,715	3,847,987	2,640,414	1,980,794	1,584,635	1,188,476	792,317	396,158	-	-
<b>Legal Liability</b>												
Beginning Balance	1,650,000	1,100,000	1,100,000	550,000	-	-	-	-	-	-	-	-
Additions												
Uses	(550,000)	(550,000)	(550,000)	(550,000)	-	-	-	-	-	-	-	-
Ending Fund Balance	1,100,000	550,000	550,000	-	-	-	-	-	-	-	-	-
<b>Total General Fund - Assigned</b>	<b>\$8,413,719</b>	<b>\$6,034,715</b>	<b>\$6,034,715</b>	<b>\$3,847,987</b>	<b>\$2,640,414</b>	<b>\$1,980,794</b>	<b>\$1,584,635</b>	<b>\$1,188,476</b>	<b>\$792,317</b>	<b>\$396,158</b>	<b>\$0</b>	<b>\$0</b>
<b>Total General Fund</b>	<b>19,528,321</b>	<b>17,052,634</b>	<b>17,785,546</b>	<b>15,893,074</b>	<b>14,761,359</b>	<b>13,644,198</b>	<b>11,925,781</b>	<b>10,325,817</b>	<b>9,637,569</b>	<b>9,273,183</b>	<b>9,110,362</b>	<b>9,330,619</b>

**State College Area School District  
Capital Reserve Fund  
4/21/2017**

	<u>Actual 2015-2016</u>	<u>Budget 2016-2017</u>	<u>Projected 2016-2017</u>	<u>Proposed Budget 2017-2018</u>	<u>Projected 2018-2019</u>	<u>Projected 2019-2020</u>	<u>Projected 2020-2021</u>	<u>Projected 2021-2022</u>	<u>Projected 2022-2023</u>	<u>Projected 2023-2024</u>	<u>Projected 2024-2025</u>	<u>Projected 2025-2026</u>
Beginning Balance	\$31,557,038	\$40,266,638	\$43,391,547	\$52,041,744	\$55,830,111	\$54,442,180	\$42,926,611	\$40,940,169	\$39,081,401	\$36,739,670	\$34,331,159	\$31,937,011
Additions:												
Transfer	11,770,000	6,675,000	8,368,152	6,265,122	3,927,000	3,804,200	4,722,000	4,862,700	4,387,100	4,332,000	4,362,000	4,092,044
Donation/Investment Earnings	64,509		282,045	416,334	441,069	434,831	347,558	336,532	326,569	312,689	300,052	284,450
<b>Total Additions</b>	<b>11,834,509</b>	<b>6,675,000</b>	<b>8,650,197</b>	<b>6,681,456</b>	<b>4,368,069</b>	<b>4,239,031</b>	<b>5,069,558</b>	<b>5,199,232</b>	<b>4,713,669</b>	<b>4,644,689</b>	<b>4,662,052</b>	<b>4,376,494</b>
Uses:												
High School (1a)		(828,425)		(1,594,422)	(2,928,000)	(2,924,000)	(2,923,400)	(2,926,000)	(2,926,600)	(2,925,200)	(2,926,800)	(2,926,200)
High School (1b)						(10,000,000)						
Other Facilities (2)	-	(728,025)		(1,298,667)	(2,828,000)	(2,830,600)	(2,831,400)	(2,830,400)	(2,827,600)	(2,828,000)	(2,831,400)	(2,827,600)
Other Facilities (3)	-	-	-	-	-	-	-	-	-	-	-	-
Other Facilities (4)	-	-	-	-	-	-	-	-	-	-	-	(2,405,000)
Athletic Fields (5)							(650,600)	(650,800)	(650,600)	(650,000)	(649,000)	(647,600)
Nittany Ave/Fairmount/Memorial Field (6)							(650,600)	(650,800)	(650,600)	(650,000)	(649,000)	(647,600)
<b>Total Uses</b>	<b>-</b>	<b>(1,556,450)</b>	<b>-</b>	<b>(2,893,089)</b>	<b>(5,756,000)</b>	<b>(15,754,600)</b>	<b>(7,056,000)</b>	<b>(7,058,000)</b>	<b>(7,055,400)</b>	<b>(7,053,200)</b>	<b>(7,056,200)</b>	<b>(9,454,000)</b>
<b>Net Change</b>	<b>11,834,509</b>	<b>5,118,550</b>	<b>8,650,197</b>	<b>3,788,367</b>	<b>(1,387,931)</b>	<b>(11,515,569)</b>	<b>(1,986,442)</b>	<b>(1,858,768)</b>	<b>(2,341,731)</b>	<b>(2,408,511)</b>	<b>(2,394,148)</b>	<b>(5,077,506)</b>
<b>Ending Fund Balance</b>	<b>\$43,391,547</b>	<b>\$45,385,188</b>	<b>\$52,041,744</b>	<b>\$55,830,111</b>	<b>\$54,442,180</b>	<b>\$42,926,611</b>	<b>\$40,940,169</b>	<b>\$39,081,401</b>	<b>\$36,739,670</b>	<b>\$34,331,159</b>	<b>\$31,937,011</b>	<b>\$26,859,505</b>

(1a) High School Funding: Includes Debt service estimate \$46 MM (NW 11.17.2016); delayed start to 2017-18, 4% Rate.

(1b) High School Funding: Includes \$10 MM from reserves originally projected for 2014-15 moved to 2019-20

(2) Other Facilities: debt service for 25 years to fund \$45 MM @ 4.0%

(3) Other Facilities: Combined with #2.

(4) Other Facilities: Wrapped debt service for 25 years to fund \$60 MM @ 4%.

(5) (6) Other Facilities /Reserves used to fund renovations. Borrowings at 4% 2019-2020.

Assumptions:

Debt service calculation from NW Financial.

Borrowing potential may change as a result of interest rate movement.

Debt service based upon level repayment with the exception of (4).

State College Area School District  
 General Fund Activity  
 4/21/2017

Assumptions:

<b>Earned Income Tax Growth</b>	<b>3.41%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>2.00%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>
<b>Assessed Value Growth</b>	<b>1.02%</b>	<b>1.30%</b>	<b>1.14%</b>	<b>1.00%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>
<b>Exceptions</b>	<b>3.60%</b>	<b>1.92%</b>	<b>1.92%</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>1.90%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.50%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>Actual/Projected Total Tax Increase</b>	<b>5.50%</b>	<b>4.32%</b>	<b>4.32%</b>	<b>1.55%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>

	Actual 2015-2016	Budget 2016-2017	Projected 2016-2017	Proposed Budget 2017- 2018	Projected 2018-2019 (1)	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026
<b>Beginning Fund Balance</b>	\$10,278,914	\$11,295,140	\$11,114,602	\$11,750,831	\$12,045,087	\$12,120,945	\$11,663,404	\$10,341,146	\$9,137,341	\$8,845,252	\$8,877,025	\$9,110,362
<b>Revenue</b>	139,762,229	144,701,795	146,678,042	150,229,777	154,808,148	159,498,962	163,746,457	168,242,280	172,637,751	177,245,164	181,932,356	186,804,628
Local	115,076,626	118,106,343	118,963,934	121,656,782	125,186,637	128,952,738	132,817,586	136,810,236	140,925,650	145,176,572	149,555,802	154,068,641
State	23,174,708	25,300,452	26,469,109	27,427,995	28,476,511	29,401,225	29,783,871	30,287,044	30,567,101	30,923,592	31,231,554	31,590,987
Federal	1,510,894	1,295,000	1,245,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000
<b>Expense</b>	140,734,821	147,075,665	148,420,817	152,122,250	155,939,863	160,616,124	165,464,873	169,842,245	173,325,998	177,609,551	182,095,178	186,584,371
<b>Revenue less expense</b>	(972,593)	(2,373,870)	(1,742,775)	(1,892,472)	(1,131,715)	(1,117,162)	(1,718,416)	(1,599,965)	(688,247)	(364,386)	(162,822)	220,257
<b>Use of Assigned Fund Balance</b>	1,808,281	2,379,004	2,379,004	2,186,728	1,207,573	659,620	396,159	396,159	396,159	396,159	396,159	-
<b>Change in Unassigned General Fund Bal</b>	835,688	5,134	636,229	294,256	75,858	(457,542)	(1,322,257)	(1,203,806)	(292,088)	31,773	233,337	220,257
<b>Ending Unassigned Fund Balance</b>	<u>\$11,114,602</u>	<u>\$11,300,274</u>	<u>\$11,750,831</u>	<u>\$12,045,087</u>	<u>\$12,120,945</u>	<u>\$11,663,404</u>	<u>\$10,341,146</u>	<u>\$9,137,341</u>	<u>\$8,845,252</u>	<u>\$8,877,025</u>	<u>\$9,110,362</u>	<u>\$9,330,619</u>

(1) Expenses in 2018-19 include the estimated cost of anticipated additional elementary school programs.

State College Area School District  
 General Fund Revenue  
 4/21/2017

<b>Assumptions:</b>												
<b>Earned Income Tax Growth</b>	<b>3.41%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>2.00%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>2.70%</b>
<b>Assessed Value Growth</b>	<b>1.02%</b>	<b>1.30%</b>	<b>1.14%</b>	<b>1.00%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>
<b>Exceptions</b>	<b>3.60%</b>	<b>1.92%</b>	<b>1.92%</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>1.90%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.50%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>Actual/Projected Base RE Tax Increase</b>	<b>1.90%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>1.55%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>Actual/Projected Total Tax Increase</b>	<b>5.50%</b>	<b>4.32%</b>	<b>4.32%</b>	<b>1.55%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Proposed</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>2015-2016</b>	<b>2016-2017</b>	<b>2016-2017</b>	<b>Budget</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>	<b>2024-2025</b>	<b>2025-2026</b>
<b>LOCAL SERVICES TAX</b>												
CURRENT REAL ESTATE TAX	\$86,100,645	\$89,471,686	\$89,367,388	\$91,772,469	\$94,938,710	\$98,200,078	\$101,571,397	\$105,050,517	\$108,642,637	\$112,350,735	\$116,173,143	\$120,125,038
REAL ESTATE TAX-REFERENDUM DEBT	3,183,420	4,943,999	4,943,999	4,945,363	4,941,977	4,946,210	4,945,740	4,945,269	4,944,564	4,943,388	4,946,210	4,943,153
EARNED INCOME TAX	16,756,613	16,750,000	17,010,000	17,350,000	17,820,000	18,300,000	18,790,000	19,300,000	19,820,000	20,360,000	20,910,000	21,470,000
REALTY TRANSFER TAX	2,923,942	1,800,000	2,202,000	2,082,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
DELINQUENT REAL ESTATE TAX	1,257,788	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	617,178	400,000	480,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
IDEA-B	738,020	700,000	747,597	740,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
PAYMENTS IN LIEU OF TAX	555,011	555,011	620,356	620,356	620,356	620,356	620,356	620,356	620,356	620,356	620,356	620,356
LOCAL SERVICES TAX	377,122	374,000	381,000	385,000	389,000	393,000	397,000	401,000	405,000	409,000	413,000	417,000
TUITION	1,229,523	1,150,304	1,150,304	1,150,304	1,150,304	1,150,304	1,150,304	1,150,304	1,150,304	1,150,304	1,150,304	1,150,304
MISC LOCAL REVENUE	1,086,930	588,535	644,100	644,100	644,100	644,100	644,100	644,100	644,100	644,100	644,100	644,100
PUBLIC UTILITY REALTY TAX	116,691	122,808	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190
INTEREST ON INVESTMENTS	<u>133,743</u>	<u>150,000</u>	<u>200,000</u>	<u>150,000</u>	<u>165,000</u>	<u>181,500</u>	<u>181,500</u>	<u>181,500</u>	<u>181,500</u>	<u>181,500</u>	<u>181,500</u>	<u>181,500</u>
<b>TOTAL LOCAL</b>	<b>115,076,626</b>	<b>118,106,343</b>	<b>118,963,934</b>	<b>121,656,782</b>	<b>125,186,637</b>	<b>128,952,738</b>	<b>132,817,586</b>	<b>136,810,236</b>	<b>140,925,650</b>	<b>145,176,572</b>	<b>149,555,802</b>	<b>154,068,641</b>
<b>STATE</b>												
SPECIAL ED INSTR SUBSIDY	6,903,016	6,912,348	7,543,140	7,543,140	7,543,140	7,543,140	7,543,140	7,543,140	7,543,140	7,543,140	7,543,140	7,543,140
SPECIAL ED REVENUE	3,255,597	3,255,571	3,268,768	3,268,768	3,268,768	3,268,768	3,268,768	3,268,768	3,268,768	3,268,768	3,268,768	3,268,768
REV. FOR RETIREMENT	7,777,494	9,284,320	9,458,014	10,596,050	11,550,000	12,400,000	12,750,000	13,200,000	13,450,000	13,750,000	14,000,000	14,300,000
REV. FOR SOCIAL SECURITY	2,077,074	2,365,057	2,408,678	2,492,079	2,587,430	2,665,053	2,718,354	2,772,721	2,828,175	2,884,739	2,942,434	3,001,282
PROPERTY TAX REDUCTION	1,422,441	1,424,101	1,424,101	1,424,101	1,424,101	1,424,101	1,424,101	1,424,101	1,424,101	1,424,101	1,424,101	1,424,101
TRANSPORTATION REVENUE	884,352	750,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
BOND REIMBURSEMENTS	120,931	622,001	895,503	632,953	632,168	629,259	608,604	607,410	582,013	581,940	582,207	582,792
HEALTH SERVICES REVENUE	150,906	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	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013
VOCATIONAL EDUCATION	90,891	107,040	90,891	90,891	90,891	90,891	90,891	90,891	90,891	90,891	90,891	90,891
OTHER STATE REVENUE	12,064	0	0	0	0	0	0	0	0	0	0	0
TUITION - 1305/1306	<u>169,929</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>
<b>TOTAL STATE</b>	<b>23,174,708</b>	<b>25,300,452</b>	<b>26,469,109</b>	<b>27,427,995</b>	<b>28,476,511</b>	<b>29,401,225</b>	<b>29,783,871</b>	<b>30,287,044</b>	<b>30,567,101</b>	<b>30,923,592</b>	<b>31,231,554</b>	<b>31,590,987</b>
<b>FEDERAL</b>												
TITLE I REVENUE	807,776	700,000	700,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
TITLE II REVENUE	175,465	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
ACCESS FUNDS	390,000	300,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
OTHER FEDERAL REVENUE	78,498	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>59,156</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>	<u>35,000</u>
<b>TOTAL FEDERAL</b>	<b>1,510,894</b>	<b>1,295,000</b>	<b>1,245,000</b>	<b>1,145,000</b>	<b>1,145,000</b>	<b>1,145,000</b>	<b>1,145,000</b>	<b>1,145,000</b>	<b>1,145,000</b>	<b>1,145,000</b>	<b>1,145,000</b>	<b>1,145,000</b>
<b>TOTAL REVENUE</b>	<b><u>139,762,229</u></b>	<b><u>144,701,795</u></b>	<b><u>146,678,042</u></b>	<b><u>150,229,777</u></b>	<b><u>154,808,148</u></b>	<b><u>159,498,962</u></b>	<b><u>163,746,457</u></b>	<b><u>168,242,280</u></b>	<b><u>172,637,751</u></b>	<b><u>177,245,164</u></b>	<b><u>181,932,356</u></b>	<b><u>186,804,628</u></b>

Note: Athletics revenue is included in all periods based on PDE reporting requirements. Athletics expense, net of related revenues, was previously presented as a transfer.

State College Area School District  
 General Fund Expenses and Fund Balance Transfers  
 4/21/2017

	Actual 2015-2016	Budget 2016-2017	Projected 2016-2017	Proposed Budget 2017-2018	Projected 2018-2019 (1)	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026
Salaries	61,499,733	64,027,362	64,257,118	66,482,030	69,025,738	71,096,511	72,518,441	73,968,810	75,448,186	76,957,149	78,496,292	80,066,218
Health Insurance	12,212,329	12,816,662	12,604,189	13,114,783	14,374,783	15,562,261	16,868,487	18,305,336	19,885,869	21,624,456	23,536,902	25,640,592
PSERS	15,560,866	18,850,105	18,916,029	21,192,019	23,100,000	24,800,000	25,500,000	26,400,000	26,900,000	27,500,000	28,000,000	28,600,000
Other Benefits	6,085,400	6,477,986	6,502,488	6,655,842	6,801,445	6,900,000	7,000,000	7,100,000	7,200,000	7,300,000	7,400,000	7,500,000
Professional Services	3,247,956	3,433,154	3,346,857	3,555,248	3,620,000	3,680,000	3,740,000	3,800,000	3,860,000	3,930,000	4,000,000	4,070,000
Purchased Property Services	1,979,848	2,144,793	1,279,397	1,245,492	1,270,000	1,290,000	1,310,000	1,330,000	1,350,000	1,370,000	1,390,000	1,410,000
Other Purchased Services	11,619,286	11,837,624	11,682,621	12,104,457	12,810,000	13,030,000	13,250,000	13,480,000	13,710,000	13,940,000	14,180,000	14,420,000
Supplies/Equipment	6,008,126	6,213,687	7,164,082	6,785,674	6,790,000	6,790,000	6,790,000	6,790,000	6,790,000	6,790,000	6,790,000	6,790,000
Minor Capital Projects	2,096,831	2,138,768	2,482,768	2,138,768	2,181,543	2,225,174	2,269,678	2,315,071	2,361,373	2,408,600	2,456,772	2,505,908
Transfers/contingencies	951,059	2,299,965	1,656,557	2,310,830	1,781,495	1,259,625	1,278,118	1,296,980	1,316,220	1,335,844	1,355,861	1,376,278
Debt Service	4,318,895	4,904,284	4,904,285	5,014,259	5,003,733	4,919,728	4,960,025	4,935,723	4,860,376	4,865,876	4,868,726	4,857,956
Debt Service - Referendum Debt	3,384,493	5,256,275	5,256,275	5,257,725	5,254,125	5,258,625	5,258,125	5,257,625	5,256,875	5,255,625	5,258,625	5,255,375
Transfer to Capital Reserve	11,770,000	6,675,000	8,368,152	6,265,122	3,927,000	3,804,200	4,722,000	4,862,700	4,387,100	4,332,000	4,362,000	4,092,044
Fund Balance Use (PSERS/Legal)	(1,808,281)	(2,379,004)	(2,379,004)	(2,186,728)	(1,207,573)	(659,620)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	-
<b>Total Expenses and Fund Balance Transfers</b>	<b>\$138,926,540</b>	<b>\$144,696,661</b>	<b>\$146,041,813</b>	<b>\$149,935,522</b>	<b>\$154,732,290</b>	<b>\$159,956,504</b>	<b>\$165,068,714</b>	<b>\$169,446,086</b>	<b>\$172,929,839</b>	<b>\$177,213,392</b>	<b>\$181,699,019</b>	<b>\$186,584,371</b>

(1) Salaries, Health Insurance, Other Benefits and Other Purchased Service include the estimated cost of additional elementary school programs.

Note: Athletics expenses included in each expense line items based on PDE reporting requirements. Previously reported in transfer/contingencies line.

## **Section E**

### **Projected Capital Reserve**

**Includes High School Borrowing at  
Level vs. Wrap**

## Capital Reserve projection\_\_level HS.xlsx

### State College Area School District - Projected Capital Reserve

Year	Beginning Fund		Remaining Outflows	Contributions/ Earnings	Ending Fund Balance	Debt Service HS Wrap	Change in Debt Service - HS Level vs. Wrap
	Balance	Debt Service					
2012-13	\$8,932,619	\$0	(\$1,344,631)	\$2,669,803	\$10,257,791	\$0	
2013-14	\$10,257,791	\$0	(\$1,526,639)	\$10,565,207	\$19,296,359	\$0	
2014-15	\$19,296,359	\$0		\$12,260,679	\$31,557,038	\$0	
2015-16	\$31,557,038	\$0		\$11,834,509	\$43,391,547	\$0	
2016-17	\$43,391,547	\$0		\$8,650,197	\$52,041,744	\$0	
2017-18	\$52,041,744	(\$2,893,089)		\$6,681,456	\$55,830,111	(\$2,893,089)	\$0
2018-19	\$55,830,111	(\$5,756,000)		\$4,368,069	\$54,442,180	(\$4,656,000)	(\$1,100,000)
2019-20	\$54,442,180	(\$5,754,600)	(\$10,000,000)	\$4,239,031	\$42,926,611	(\$4,658,600)	(\$1,096,000)
2020-21	\$42,926,611	(\$7,056,000)		\$5,069,558	\$40,940,169	(\$5,960,600)	(\$1,095,400)
2021-22	\$40,940,169	(\$7,058,000)		\$5,199,232	\$39,081,401	(\$5,960,000)	(\$1,098,000)
2022-23	\$39,081,401	(\$7,055,400)		\$4,713,669	\$36,739,670	(\$5,956,800)	(\$1,098,600)
2023-24	\$36,739,670	(\$7,053,200)		\$4,644,689	\$34,331,159	(\$5,956,000)	(\$1,097,200)
2024-25	\$34,331,159	(\$7,056,200)		\$4,662,052	\$31,937,011	(\$5,957,400)	(\$1,098,800)
2025-26	\$31,937,011	(\$9,454,000)		\$4,376,494	\$26,859,505	(\$8,355,800)	(\$1,098,200)
2026-27	\$26,859,505	(\$9,461,600)		\$5,980,870	\$23,378,775	(\$8,366,200)	(\$1,095,400)
2027-28	\$23,378,775	(\$9,453,400)		\$5,950,186	\$19,875,561	(\$8,358,000)	(\$1,095,400)
2028-29	\$19,875,561	(\$9,459,800)		\$8,483,904	\$18,899,666	(\$9,586,800)	\$127,000
2029-30	\$18,899,666	(\$9,455,000)		\$8,474,234	\$17,918,900	(\$9,578,000)	\$123,000
2030-31	\$17,918,900	(\$9,704,200)		\$9,743,351	\$17,958,051	(\$11,109,000)	\$1,404,800
2031-32	\$17,958,051	(\$9,702,000)		\$9,743,664	\$17,999,716	(\$11,103,000)	\$1,401,000
2032-33	\$17,999,716	(\$9,702,800)		\$9,743,998	\$18,040,914	(\$11,103,800)	\$1,401,000
2033-34	\$18,040,914	(\$9,701,200)		\$9,744,327	\$18,084,041	(\$11,105,800)	\$1,404,600
2034-35	\$18,084,041	(\$9,702,000)		\$9,744,672	\$18,126,713	(\$11,103,600)	\$1,401,600
2035-36	\$18,126,713	(\$9,699,800)		\$9,745,014	\$18,171,927	(\$11,097,000)	\$1,397,200
2036-37	\$18,171,927	(\$9,704,400)		\$9,745,375	\$18,212,902	(\$11,105,800)	\$1,401,400
2037-38	\$18,212,902	(\$9,700,200)		\$9,745,703	\$18,258,406	(\$11,104,000)	\$1,403,800
2038-39	\$18,258,406	(\$9,702,200)		\$9,746,067	\$18,302,273	(\$11,101,600)	\$1,399,400
2039-40	\$18,302,273	(\$9,699,800)		\$9,746,418	\$18,348,891	(\$11,103,200)	\$1,403,400
2040-41	\$18,348,891	(\$9,702,800)		\$9,746,791	\$18,392,882	(\$11,103,200)	\$1,400,400
2041-42	\$18,392,882	(\$9,700,600)		\$9,747,143	\$18,439,425	(\$11,101,200)	\$1,400,600
2042-43	\$18,439,425	(\$9,703,000)		\$9,747,515	\$18,483,941	(\$11,101,800)	\$1,398,800
2043-44	\$18,483,941	(\$9,704,400)		\$9,747,872	\$18,527,412	(\$9,704,400)	\$0
2044-45	\$18,527,412	(\$9,699,400)		\$9,748,219	\$18,576,231	(\$9,699,400)	\$0
2045-46	\$18,576,231	(\$9,702,800)		\$9,748,610	\$18,622,041	(\$9,702,800)	\$0
2046-47	\$18,622,041	(\$9,703,800)		\$9,748,976	\$18,667,218	(\$9,703,800)	\$0
2047-48	\$18,667,218	(\$9,702,000)		\$9,600,000	\$18,565,218	(\$9,702,000)	\$0
2048-49	\$18,565,218	(\$9,702,000)		\$9,600,000	\$18,463,218	(\$9,702,000)	\$0
2049-50	\$18,463,218	(\$9,703,200)		\$9,600,000	\$18,360,018	(\$9,703,200)	\$0
		(\$291,008,889)	(\$12,871,270)	\$313,307,557		(\$298,503,889)	\$7,495,000

#### Conclusion

Using Level structure results in lower interest costs by estimated \$7.5 million.

Leaves wrap structure available for future debt in the event interest rates rise, adding flexibility.

#### Debt Assumptions:

4% interest rate for all issuances

Assues high school, elementary, middle and Memorial Field all separate.

Could be cost savings if combined debt issues.

Suggest high school separate at this time, but will consider elementary being combined.



## Capital Reserve projection\_wrap HS\_rate at 4%\_4.20.17.xlsx

### State College Area School District - Projected Capital Reserve

Year	Beginning Fund		Remaining Outflows	Contributions/ Earnings	Ending Fund Balance
	Balance	Debt Service			
2012-13	\$8,932,619	\$0	(\$1,344,631)	\$2,669,803	\$10,257,791
2013-14	\$10,257,791	\$0	(\$1,526,639)	\$10,565,207	\$19,296,359
2014-15	\$19,296,359	\$0		\$12,260,679	\$31,557,038
2015-16	\$31,557,038	\$0		\$11,834,509	\$43,391,547
2016-17	\$43,391,547	\$0		\$8,650,197	\$52,041,744
2017-18	\$52,041,744	(\$2,893,089)		\$6,681,456	\$55,830,111
2018-19	\$55,830,111	(\$4,656,000)		\$4,368,069	\$55,542,180
2019-20	\$55,542,180	(\$4,658,600)	(\$10,000,000)	\$4,239,031	\$45,122,611
2020-21	\$45,122,611	(\$5,960,600)		\$5,069,558	\$44,231,569
2021-22	\$44,231,569	(\$5,960,000)		\$5,199,232	\$43,470,801
2022-23	\$43,470,801	(\$5,956,800)		\$4,713,669	\$42,227,670
2023-24	\$42,227,670	(\$5,956,000)		\$4,644,689	\$40,916,359
2024-25	\$40,916,359	(\$5,957,400)		\$4,662,052	\$39,621,011
2025-26	\$39,621,011	(\$8,355,800)		\$4,376,494	\$35,641,705
2026-27	\$35,641,705	(\$8,366,200)		\$6,051,128	\$33,326,633
2027-28	\$33,326,633	(\$8,358,000)		\$6,029,769	\$30,998,402
2028-29	\$30,998,402	(\$9,586,800)		\$8,572,887	\$29,984,489
2029-30	\$29,984,489	(\$9,578,000)		\$8,562,913	\$28,969,402
2030-31	\$28,969,402	(\$11,109,000)		\$9,831,755	\$27,692,157
2031-32	\$27,692,157	(\$11,103,000)		\$9,821,537	\$26,410,695
2032-33	\$26,410,695	(\$11,103,800)		\$9,811,286	\$25,118,180
2033-34	\$25,118,180	(\$11,105,800)		\$9,800,945	\$23,813,326
2034-35	\$23,813,326	(\$11,103,600)		\$9,790,507	\$22,500,232
2035-36	\$22,500,232	(\$11,097,000)		\$9,780,002	\$21,183,234
2036-37	\$21,183,234	(\$11,105,800)		\$9,769,466	\$19,846,900
2037-38	\$19,846,900	(\$11,104,000)		\$9,758,775	\$18,501,675
2038-39	\$18,501,675	(\$11,101,600)		\$9,748,013	\$17,148,088
2039-40	\$17,148,088	(\$11,103,200)		\$9,737,185	\$15,782,073
2040-41	\$15,782,073	(\$11,103,200)		\$9,726,257	\$14,405,130
2041-42	\$14,405,130	(\$11,101,200)		\$9,715,241	\$13,019,171
2042-43	\$13,019,171	(\$11,101,800)		\$9,704,153	\$11,621,524
2043-44	\$11,621,524	(\$9,704,400)		\$9,692,972	\$11,610,096
2044-45	\$11,610,096	(\$9,699,400)		\$9,692,881	\$11,603,577
2045-46	\$11,603,577	(\$9,702,800)		\$9,692,829	\$11,593,606
2046-47	\$11,593,606	(\$9,703,800)		\$9,692,749	\$11,582,555
2047-48	\$11,582,555	(\$9,702,000)		\$9,600,000	\$11,480,555
2048-49	\$11,480,555	(\$9,702,000)		\$9,600,000	\$11,378,555
2049-50	\$11,378,555	(\$9,703,200)		\$9,600,000	\$11,275,355
		(\$298,503,889)	(\$12,871,270)	\$313,717,894	

# **Section F**

## **Schedules and Graphs**

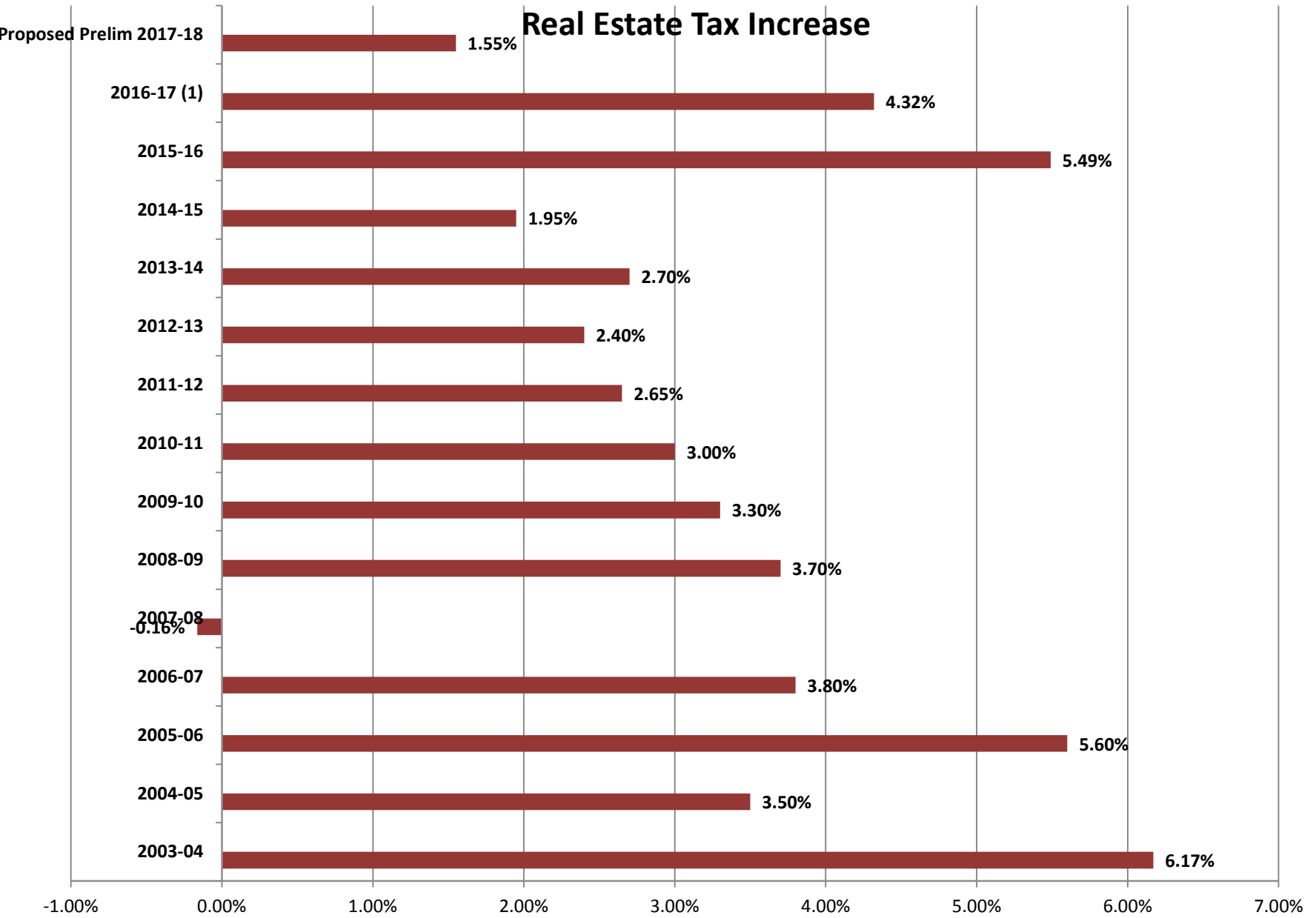
**State College Area School District  
Estimated Impact of Governor's 2017-18 Budget**

	2014-15 Actual (1)	2015-16 Actual (1)	2016-17				2017-18	
			Budget	Projected (based on final State Budget)	Estimate Provided with 2017-18 Governor's Budget		Proposed Budget	Estimated Based on Proposed Governor's Budget
Basic Education	\$6,440,591	\$6,912,348	\$6,912,348	\$7,543,140	\$7,439,371	PDE 2/17 updated Estimate	\$7,543,140	\$7,722,745
Special Education	3,236,908	3,255,571	3,255,571	3,268,768	3,268,390	PDE 2/17 updated Estimate	3,268,768	3,285,086
Ready to Learn	246,078	310,013	310,013	310,013	310,013	Final	310,013	310,013
Transportation (2)	835,406	884,352	750,000	800,000	800,000	District Estimate	800,000	800,000
Vocational Education (CTC)	74,107	90,891	107,040	90,891	88,334	Final	90,891	88,334
	\$10,833,090	\$11,453,175	\$11,334,972	\$12,012,812	\$11,906,108		\$12,012,812	\$12,206,178

(1) Basic Ed reflects state budget allocation before ADM adjustment. This adjustment was \$7,150 in 2014-15 and \$9,332 in 2015-16.

(2) The current formula for transportation revenue includes several factors including district transportation cost, number of students transported, efficiency of bus transports, etc. Proposed method of distribution for 2017-18 is not yet available.

# Real Estate Tax Increase

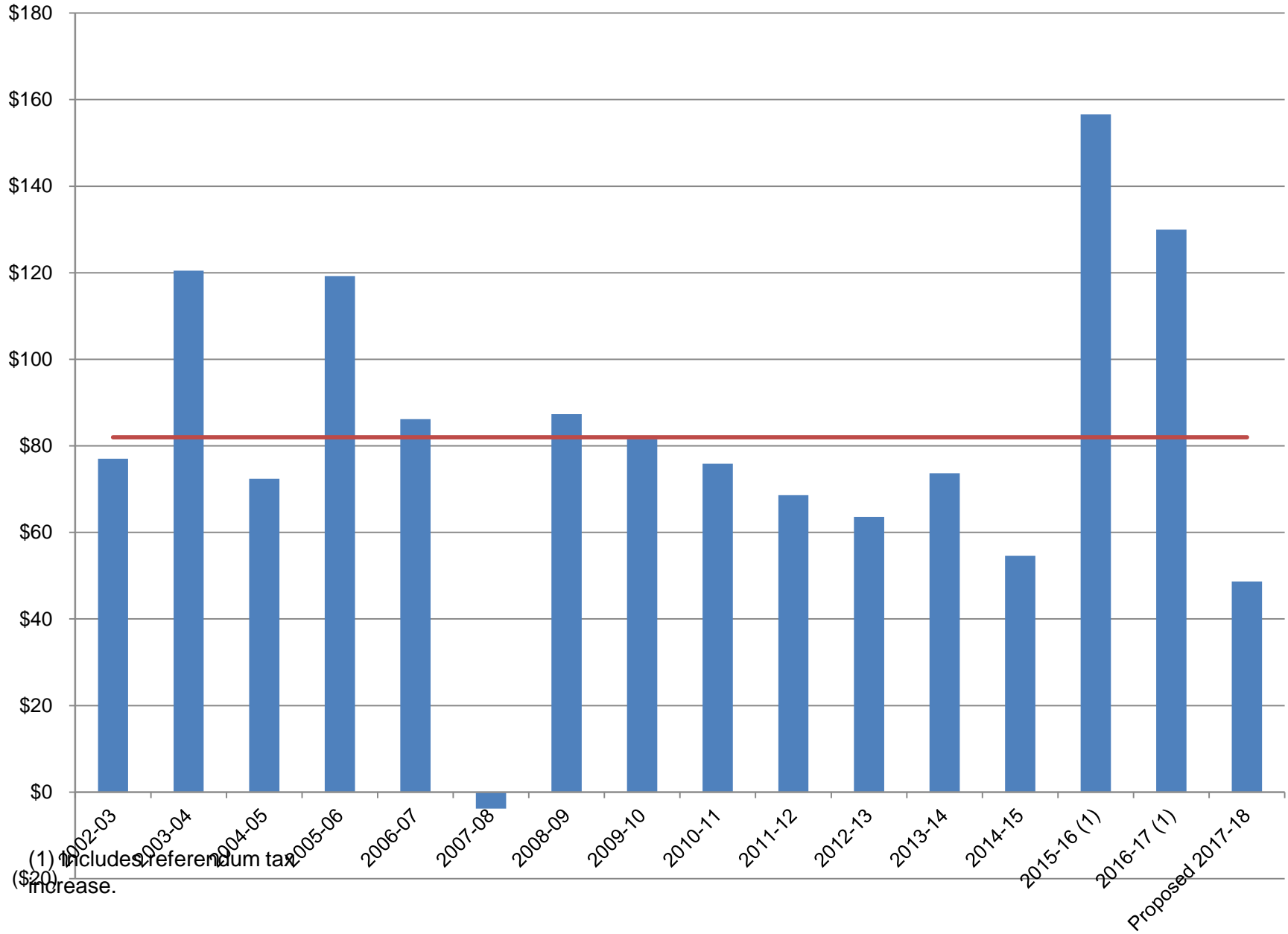


(1) Act 1 Index 2.4%, exceptions 1.92%

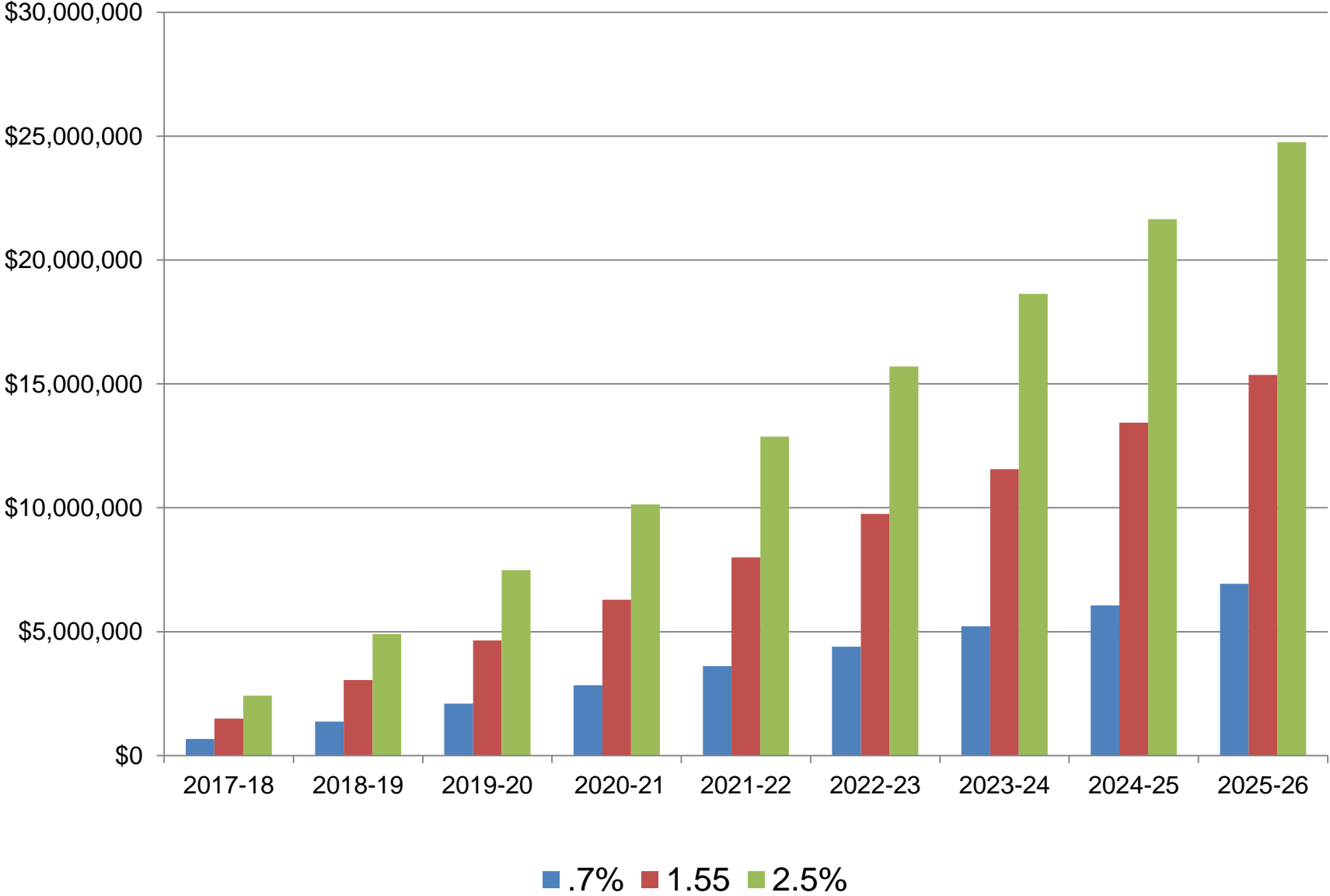
Average since 2006-2007 - 2.98%

5-Year Average excluding exceptions- 1.93%

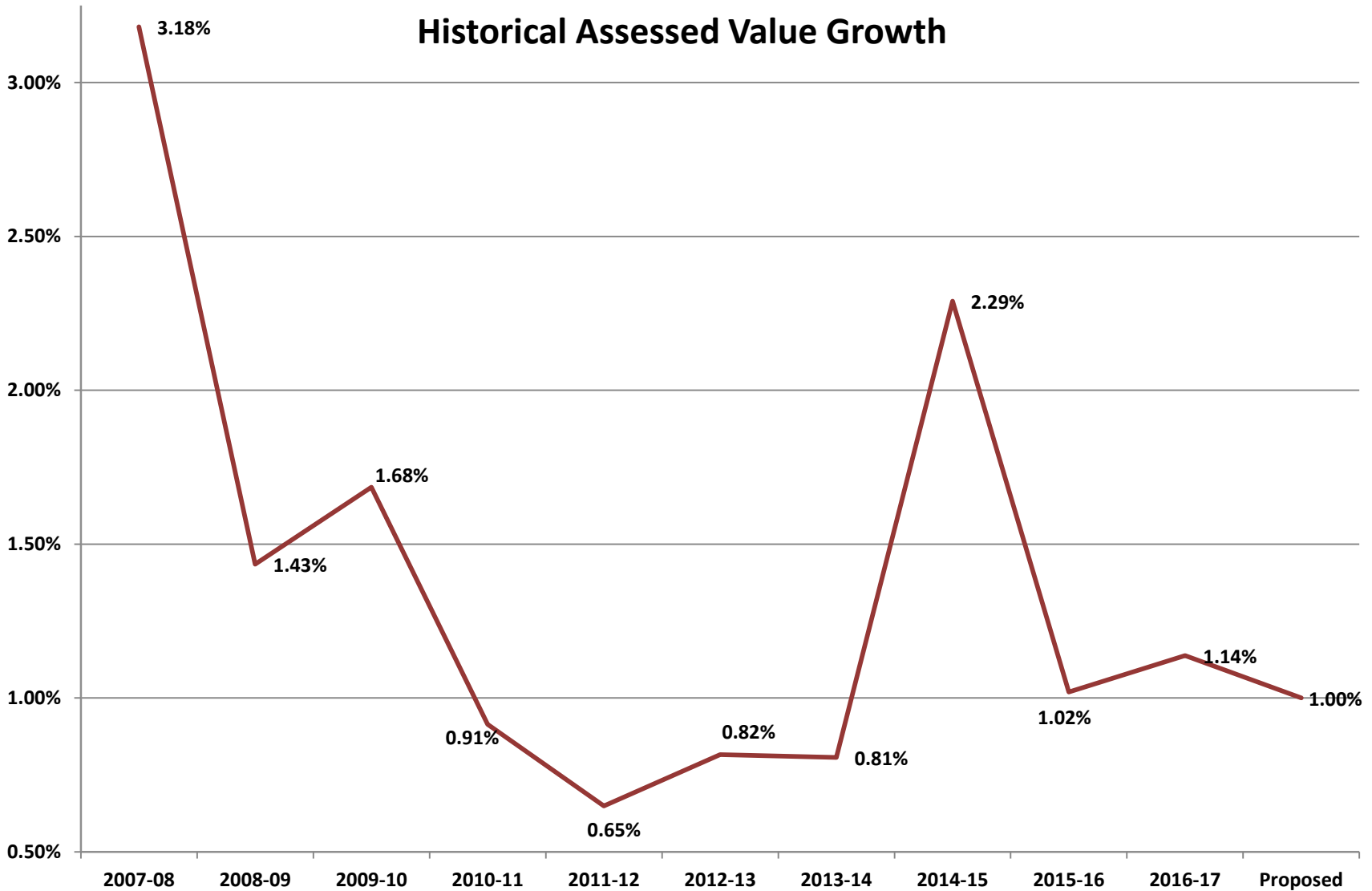
# Average Taxpayer Real Estate Tax Increase



# Cumulative Impact of Real Estate Tax Increase



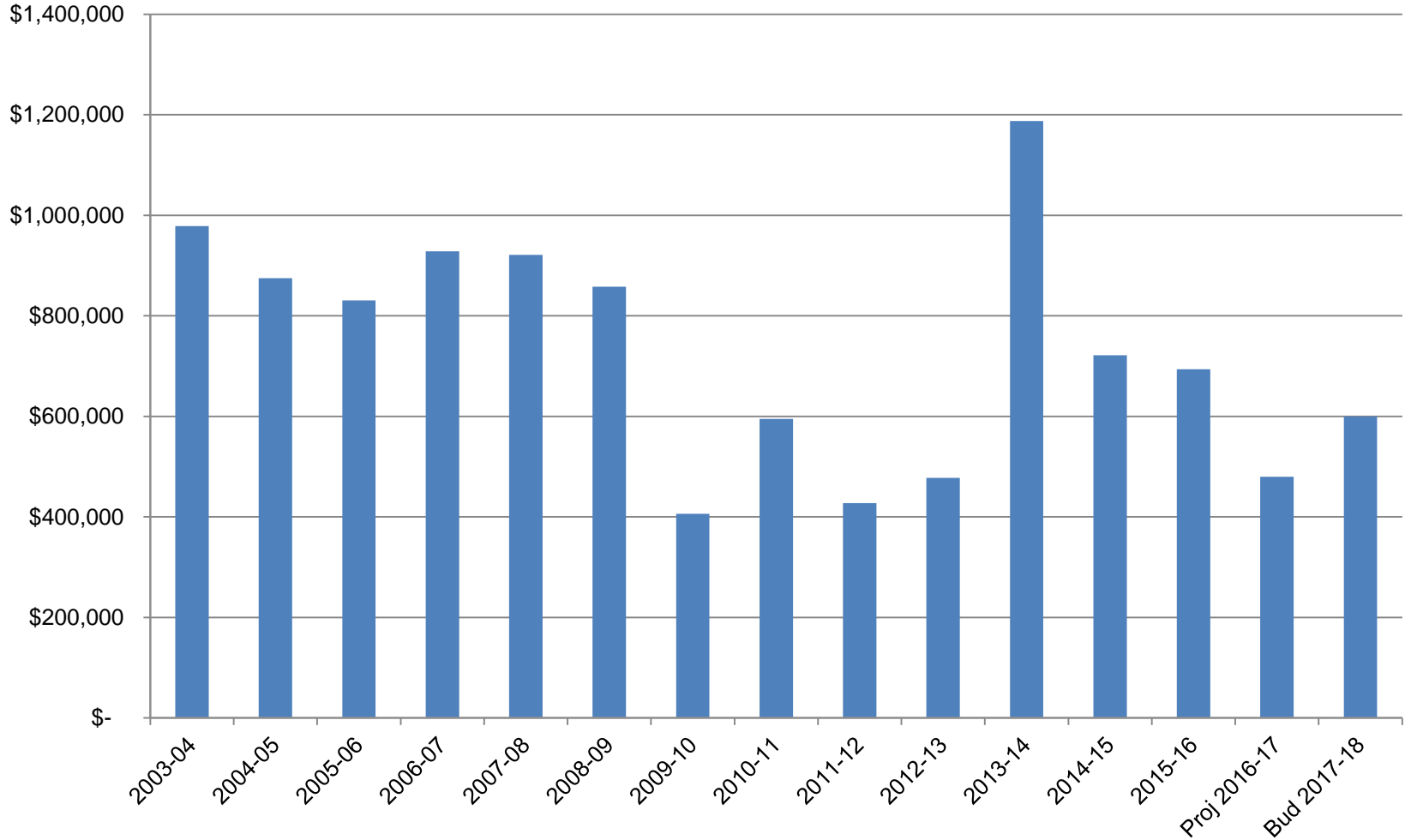
# Historical Assessed Value Growth



**5- year average**  
**1.21%**  
**10-year average**

**Note:** The proposed growth in 2017-18 has been adjusted based on an updated report of assessed value dated March 6, 2017.

# Historical Interim Real Estate Tax



**Note: Revenue for 2015-16, projected 2016-17, and budget 2017-18 are net of supplemental tax rebates of \$76,590, \$80,000 and \$100,000, respectively.**