

To: Robert J. O'Donnell
From: Randy L. Brown and Donna Watson
Date: February 27, 2017
Subject: 2017-2018 Budget Development

The budget development process continues preparing for final budget approval before the end of June. Previous board action has included elected the Accelerated Opt Out process, which notifies the community and PDE that an increase, if any, in real estate taxes would be within the Act 1 Index of 2.5% for 2017-2018. The preliminary budget contains a proposed 1.55% increase in the real estate tax rate.

Previous budget development discussions included a review the charter school tuition and transportation expenses for the district. The Finance and Audit Committee recently reviewed the Community Education and Food Services departments. This update will include those findings and comments from the committee. In addition, the 2017-2018 Governor's Proposed Budget for the Commonwealth of PA and recent discussions regarding property tax elimination are included.

Community Education

The community education offerings of the district exists to provide lifelong learning opportunities for adults, teens, and youth that enhance the quality of life in our community.

Community Education Extended Learning (CEEL)

CEEL is a Before and After School Extended Learning Program with full-time and part-time options open to all elementary students. Programs operate at Easterly Parkway (also serving Corl Street), Ferguson Township, Gray's Woods, Mount Nittany (also serving Lemont and Houseville), Park Forest, and Radio Park Elementary Schools.

- **Enrichment Courses and Clubs**

Our schedule blends educational and recreational activities between the hours of 2:50 and 6:00 PM each school day. Students may participate in fee-based classes in the areas of art, physical activity, language & culture, and STEM. A variety of teachers and community partners bring quality programming, exciting curriculum and relevant experiences right to our CEEL students.

Additionally, beginning this school year, our site supervisors and support personnel offer student-interest based clubs such as music and movement, sign language, service projects, yoga, and chess.

- 2016-17 Average Daily Full-Time Attendance by Grade
 After reducing the full-time rate this year, we thought parents might register but not fully utilize the full-time option. While we don't have data on daily attendance from previous years, we were surprised to see most families are using the full-time offering approximately 90% of the time.

KD	92%
1 st	89%
2 nd	91%
3 rd	88%
4 th	89%
5 th	89%

Full-Time Enrollments by Grade

	2016-17	2015-16
KD	81	57
1st	92	62
2nd	78	40
3rd	67	35
4th	43	25
5th	31	19
Total Full-Time	392	238

Full-Time Enrollments by School

	2016-17	2015-16	2014-15	2013-14
EP	79	47	35	
FT	50	18		
GW	49	29		
MN	76	48		
PF	68	43	34	32
RP	70	53	35	38
Total Full-Time	392	238	104	70

Scholarships & Discounts

Interested families may complete a scholarship application for assistance with our program fees. Students who qualify for free/reduced lunch may receive a reduction in their monthly payment. In addition, this school year we began offering a scholarship of \$50/month to all incoming kindergarten students.

	# of Students	2016-17	2015-16
Scholarships	17	\$13,712	22 students @ \$21,576
Kindergarten Scholarships	70	\$63,000	

CEEL Rates (Fees listed are per month)

	Proposed 2017-18	2016-17	2015-16	2014-15	2013-14
Before School Program	\$40	\$75	\$75	\$75	\$75
Full-Time Afterschool	\$150	\$150	\$300	\$300	\$300
Part-Time Afterschool (per day)	\$40	\$40	\$65	\$60	\$55
In-service Days (a la carte)	\$50	\$50	\$50	\$45	\$45
Inservice Day Package (typically includes 13 days)	\$450	\$450	\$450	\$450	\$450

Area Afterschool Provider Fees (Fees listed are per month for the current school year.)

Schools Served	Before School	Afterschool	Before & After School	Notes
GW	(no separate fee)	\$225	\$300	
EP, FT	(no separate fee)	\$364		\$404 including in-service days
CS, EP, GW, LE, MN, PF, RP	(no separate fee)	(no separate fee)	\$490	
CS, EP, FT, PF, RP	\$201	\$302	\$371	\$40/in-service day

Additional Community Education Offerings**Volunteers in Public Schools (VIPS)**

VIPS provides volunteers to work with students in a variety of ways throughout the district. The majority of our volunteers are Penn State (PSU) students from the College of Education, Schreyer Honors College, and various PSU-affiliated clubs and organizations. We offer tutoring services in all levels of Mathematics, Social Studies, Science, ESL, and a variety of other subjects. The Tutoring Center, located in the High School North Building, is open most Wednesdays and Thursdays from 3:30 to 6:00 PM. Students in need of tutoring are matched with suitable volunteers.

Approximately 115 students received tutoring through this program during the 2015-16 school year. We did see a slight decline in the number of interested tutors last school year, possibly due to the new volunteer requirements put in place at the state level. While we do not have final numbers from the current school year, our fall 2016 numbers were higher than the past three years. Our desire is to grow this program in order to expand service to the student community.

Summer Programs

Summer 2016 enrollments in our largest camp, Shorts & Sports, grew 15% over the previous year. A continued partnership with game-based learning company Black Rocket allows us to offer coding classes in Minecraft, Legos, and Star Wars. This partnership helped us increase our enrollments among students in grades 4-6, an age group we had previously struggled to attract.

Additional summer offerings such as Title I Champs Camp, ESL, and Art in August saw slight increases in the number of enrolled students.

This year, we are hoping to offer additional offerings for middle and high school students, including additional Black Rocket offerings for this age group.

In-Car Driver Education

The In-Car Driver Education program has been under the Community Education umbrella since the summer of 2011. The program is available to high school students and adults. Each year, more than 200 students drive one-on-one with our certified instructors. One of the many advantages of this program is that we are able to test our high school students, providing them with a more comfortable environment than available at the state testing center. Many insurance companies offer discounts to students who complete the in-car program, which makes this program even more valuable to families.

Financial Analysis

	2014-15	2015-16	Projected 2016-17	Budget 2017-18
Revenue				
Community Ed Revenue	\$ 691,967	\$ 1,160,066	\$ 1,008,930	\$ 1,028,070
State PSERS and FICA Reimbursement	42,969	78,334	104,794	131,531
Total Revenue	734,936	1,238,399	1,113,724	1,159,601
Expense				
Operational Expense	456,217	831,880	983,632	1,107,158
Administrative Expense	128,676	138,437	156,102	155,057
Total Expense	584,893	970,317	1,139,734	1,262,215
	\$150,043	\$268,083	(\$26,010)	(\$102,613)
<p>Note: There are many variables impacting the revenue and expense of the Community Education program. We are still evaluating the rate and structure changes made in the current year, and are waiting for the results of our appeal with the state. We will continue to evaluate, and finalize the budget based on information available as of April.</p>				

Food Service Budget

Preliminary review of the food service operations predict a transfer from the general fund in the amount of approximately \$300,000, as budgeted at the beginning of the year. At this point, a slight increase in that transfer for the 2017-2018 fiscal year may be required due to the impact of construction interrupting in the cafeteria at the high school. The administration continues to monitor sales, opportunities, and the pending construction project in order to maintain operations and options for students, faculty and staff.

The food service annual report along with a price increase recommendation will be provided at the March 27 meeting.

	Budget 2018	Projected 2017	Budget 2017	Actual 2016
LUNCH SALES	\$ 1,432,000	\$ 1,398,500	\$ 1,442,000	\$ 1,378,706
MILK SALES	\$ 24,535	\$ 22,900	\$ 25,400	\$ 23,544
BREAKFAST SALES	\$ 89,220	\$ 85,800	\$ 68,000	\$ 73,473
ALA CARTE SALES	\$ 678,000	\$ 644,000	\$ 662,000	\$ 659,659
ADULT SALES	\$ 96,100	\$ 93,700	\$ 92,500	\$ 92,317
SPECIAL FUNCTIONS	\$ 86,200	\$ 93,000	\$ 87,000	\$ 85,158
CONTRACTED SALES	\$ 185,000	\$ 170,000	\$ 165,000	\$ 203,462
STATE SUBSIDY	\$ 90,500	\$ 88,400	\$ 92,000	\$ 88,782
FEDERAL SUBSIDY	\$ 817,000	\$ 787,500	\$ 821,600	\$ 791,179
SOCIAL SECURITY	\$ 50,850	\$ 49,400	\$ 48,050	\$ 49,460
RETIREMENT	\$ 231,150	\$ 197,000	\$ 200,700	\$ 164,740
INTEREST	\$ 50	\$ 1,750	\$ 50	\$ 47
TOTAL INCOME	\$ 3,780,605	\$ 3,631,950	\$ 3,704,300	\$ 3,610,527
LABOR	\$ 1,435,847	\$ 1,337,500	\$ 1,336,640	\$ 1,185,252
MEDICAL INSURANCE	\$ 417,300	\$ 426,900	\$ 491,500	\$ 498,325
SOCIAL SECURITY	\$ 101,700	\$ 98,800	\$ 95,700	\$ 88,286
RETIREMENT	\$ 462,300	\$ 395,800	\$ 401,400	\$ 305,622
OTHER BENEFITS	\$ 41,925	\$ 38,050	\$ 43,930	\$ 28,981
FOOD	\$ 1,218,000	\$ 1,208,000	\$ 1,228,000	\$ 1,220,368
MILK	\$ 185,000	\$ 180,700	\$ 181,500	\$ 175,440
EQUIPMENT	\$ 30,000	\$ 23,300	\$ 16,500	\$ 8,989
OTHER DIRECT EXPENSES	\$ 203,765	\$ 183,745	\$ 174,560	\$ 169,715
TOTAL EXPENSES	\$ 4,095,837	\$ 3,892,795	\$ 3,969,730	\$ 3,680,978
OPERATING P/L	\$ (315,232)	\$ (260,845)	\$ (265,430)	\$ (70,451)
DONATED COMMODITIES	\$ 250,000	\$ 200,000	\$ 180,000	\$ 218,265
GENERAL FUND TRANSFER (1)	\$ 335,000	\$ 323,430	\$ 303,430	\$ 127,655
DONATED COMMODITIES	\$ 250,000	\$ 200,000	\$ 180,000	\$ 218,265
DEPRECIATION	\$ 24,444	\$ 27,344	\$ 38,000	\$ 31,433
PROFIT/LOSS	\$ (4,676)	\$ 35,241	\$ -	\$ 25,771

Governor's Budget Proposal 2017-2018

The Governor's budget proposal includes the following items impacting education.

Basic Education - \$100 million increase, which would be distributed through the new funding formula established in 2015-16.

Special Education - \$25 million increase. Funding would be distributed using the new formula established in 2014-15.

Ready to Learn Block Grant - Level Funding (\$250 million)

Transportation - \$50 million (9%) reduction.

PlanCon - \$30 million funding to pay ongoing reimbursement. Debt service related to bonds issued in the fall will be paid from sales tax revenue.

CTC's - level funding. The budget proposal also carries forward the \$3 million CTC equipment grants.

Other Education Related Items:

Early Intervention - \$11.7 million increase.

Early Education - \$75 million increase (\$65 million for Pre-K Counts and \$10 million for HeadStart.).

School Breakfast Programs - \$2 million competitive grant program targeted to school districts with at least 60% free and reduced price lunch-eligible students and focusing on providing additional options to target breakfast to students.

The Governor's proposed budget is not reflected in our budget proposal. We will continue to monitor the budget negotiations in Harrisburg, being sure to share pertinent movement and discussions with the Board.

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	Projection @ 12.19.16	Estimate Provided with 2017-18 Budget		Preliminary 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	PDE Estimate
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	PDE Estimate
Ready to Learn	246,078	310,013	310,013	310,013	310,013	Final	310,013	310,013	Based on 2017-18 allocation
Transportation (2)	835,406	884,352	750,000	800,000	800,000	District Estimate	800,000	800,000	District Estimate
Vocational Education (CTC)	74,107	90,891	107,040	90,891	88,334	Final	90,891	88,334	District Estimate
	<u>\$10,833,090</u>	<u>\$11,453,175</u>	<u>\$11,334,972</u>	<u>\$12,012,812</u>	<u>\$11,906,108</u>		<u>\$12,012,812</u>	<u>\$12,206,178</u>	

(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.

Property Tax Elimination

House Bill 76 failed during the 2016 session of the General Assembly. The Senate has discussed introducing this bill, or one similar, during the current session. Although there are parts of the state where this is a significant issue, recent conversations with our local legislators centered around school districts and the local community maintaining control of funding school districts. This local control would be in the form selecting the source and the amount of revenue.

The administration and Board president shared concerns from the district viewpoint about such proposed legislation, in particularly related to pension, charter school and healthcare costs.

We continue to maintain strong communication with the legislators offices and the legislative branches of PSBA and PASBO in order to be aware of this issue.

Budget Projections and Proposal

An updated 2016-2017 budget projection and 2017-2018 budget proposal has been provided. The administration continues to review and analyze all aspects of the district's budget in order to accurately project current year revenue and expense. These projections are used to provide a basis for the budget proposal for 2017-2018.

The primary changes in the 2017-2018 budget proposal include the additional of an elementary principal and updated health care cost estimates based upon recent enrollment and rate information.

The attached financial schedules detail the changes from the previous set of documents. The March update to the Board is expected to provide an even clearer picture for the upcoming budget proposal for approval in May.

To: Robert O'Donnell
From: Vernon Bock
Re: Increase One Elementary Principal Full-Time Equivalency (FTE) in 2017-18 Budget
Date: February 13, 2017

This letter serves as my request to add one Elementary Principal FTE in next year's budget. The Board's recent decision to renovate Corl Street, Houserville, and Radio Park Elementaries is the primary reason for my request.

Rationale:

The Corl Street Elementary renovation will increase the school's capacity to three classrooms per grade level. This configuration is consistent with the majority of our elementary schools which all have full-time Principals. Additionally, over the next two years, Corl Street will undergo a comprehensive renovation that will require a full-time Principal to supervise the project and to ensure that the impact on student learning is minimized.

The increased student capacity at Corl Street will also allow for the relocation of the Hearts program from the Fairmount Building. With the Hearts program being located in Corl Street, the increase in student and staff will require a full-time Principal.

The renovation at Houserville Elementary School will allow for the elimination of Lemont Elementary School and will increase the school's capacity to three classrooms per grade level. Again, this configuration is consistent with several of our elementary schools that have a full-time Principal. The Principal will no longer be required to travel between schools and will be located at full-time Houserville.

This proposal allows for a full-time Principal at each elementary school.

**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
LOCAL SERVICES TAX					
CURRENT REAL ESTATE TAX	\$91,869,597	\$91,869,597	\$0	\$91,578,213	(\$291,384)
REAL ESTATE TAX-REFERENDUM DEBT	4,945,363	4,945,363	0	4,945,363	0
EARNED INCOME TAX	17,350,000	17,350,000	0	17,350,000	0
REALTY TRANSFER TAX	2,082,000	2,082,000	0	2,082,000	0
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	0	1,100,000	0
INTERIM REAL ESTATE TAX	400,000	400,000	0	400,000	0
IDEA-B	740,000	740,000	0	740,000	0
PAYMENTS IN LIEU OF TAX	555,011	555,011	0	620,356	65,345
LOCAL SERVICES TAX	385,000	385,000	0	385,000	0
TUITION	1,150,304	1,150,304	0	1,150,304	0
MISC LOCAL REVENUE	644,100	644,100	0	644,100	0
PUBLIC UTILITY REALTY TAX	117,190	117,190	0	117,190	0
INTEREST ON INVESTMENTS	150,000	150,000	0	150,000	0
TOTAL LOCAL	121,488,565	121,488,565	0	121,262,526	(226,039)
STATE					
BASIC ED INSTR SUBSIDY	7,543,140	7,543,140	0	7,543,140	0
SPECIAL ED REVENUE-REGULAR	3,268,768	3,268,768	0	3,268,768	0
REV. FOR RETIREMENT	10,360,888	10,532,276	171,388	10,601,908	69,632
REV. FOR SOCIAL SECURITY	2,472,387	2,472,387	0	2,479,357	6,970
PROPERTY TAX REDUCTION	1,424,101	1,424,101	0	1,424,101	0
TRANSPORTATION REVENUE	800,000	800,000	0	800,000	0
BOND REIMBURSEMENTS	632,953	632,953	0	632,953	0
HEALTH SERVICES REVENUE	140,000	140,000	0	140,000	0
READY TO LEARN GRANT	310,013	310,013	0	310,013	0
VOCATIONAL EDUCATION	90,891	90,891	0	90,891	0
TUITION - 1305/1306	130,000	130,000	0	130,000	0
TOTAL STATE	27,173,141	27,344,529	171,388	27,421,131	76,602
FEDERAL					
TITLE I REVENUE	600,000	600,000	0	600,000	0
TITLE II REVENUE	200,000	200,000	0	200,000	0
ACCESS FUNDS	250,000	250,000	0	250,000	0
OTHER FEDERAL REVENUE	60,000	60,000	0	60,000	0
TITLE III REVENUE	35,000	35,000	0	35,000	0
TOTAL FEDERAL	1,145,000	1,145,000	0	1,145,000	0
TOTAL REVENUE	\$149,806,706	\$149,978,094	\$171,388	\$149,828,658	(\$149,436)

12/5 vs. 12/19 and 1/30 - 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.

(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 equalled the December 19, 2016 presentation.

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

	Proposed Prelim Budget 12/5/16	Proposed Prelim Budget 12/19/16 & 1/30/17	12/19 vs. 12/5	Board Presentation 2/27/17	2/27/17 vs. 12/19/16
Salaries	\$65,956,706	\$65,956,706	\$0	\$66,142,649	\$185,943
Health Insurance	14,111,448	14,111,448	0	13,223,031	(888,417)
PSERS	20,721,776	21,064,552	342,776	21,203,817	139,265
Other Benefits	6,624,604	6,624,604	0	6,665,039	40,435
Professional Services	3,703,357	3,703,357	0	3,703,357	0
Purchased Property Services	2,049,797	2,049,797	0	2,049,797	0
Other Purchased Services	12,495,121	12,495,121	0	12,540,121	45,000
Supplies/Equipment	6,073,682	6,073,682	0	6,073,682	(0)
Minor Capital Projects	2,138,768	2,138,768	0	2,138,768	(0)
Transfers/contingencies	2,339,964	2,339,964	0	2,339,964	0
Debt Service	5,014,258	5,014,258	0	5,014,258	0
Debt Service - Referendum Debt	5,257,725	5,257,725	0	5,257,725	0
Transfer to Capital Reserve	5,502,000	5,502,000	0	5,502,000	0
Fund Balance Use (PSERS/Legal)	(2,186,728)	(2,186,728)	0	(2,186,728)	0
Total Expenses and Fund Balance Transfers	\$149,802,478	\$150,145,254	\$342,776	\$149,667,479	(\$477,775)

12/5 vs. 12/19 - 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.

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

	Proposed Prelim Budget 12/5/16	Proposed Prelim Budget - 12/19/16	12/19 vs. 12/5	Board Presentation 2/27/17	2/27/17 vs. 12/19/16
Beginning Fund Balance	\$11,684,977	\$11,684,977	\$0	\$11,622,831	(\$62,146)
Revenue	149,806,706	149,978,094	171,388	149,828,658	(149,436)
Local	121,488,565	121,488,565	0	121,262,526	(226,039)
State	27,173,141	27,344,529	171,388	27,421,131	76,602
Federal	1,145,000	1,145,000	0	1,145,000	0
Expense	151,989,206	152,331,982	342,776	151,854,207	(477,775)
Revenue less expense	<u>(2,182,500)</u>	<u>(2,353,888)</u>	<u>(171,388)</u>	<u>(2,025,549)</u>	<u>328,339</u>
Use of Assigned Fund Balance	<u>2,186,728</u>	<u>2,186,728</u>	<u>0</u>	<u>2,186,728</u>	<u>0</u>
Change in Unassigned General Fund Balance	4,228	(167,160)	171,388	161,179	328,339
Ending Unassigned Fund Balance	<u><u>\$11,689,205</u></u>	<u><u>\$11,517,817</u></u>	<u><u>\$171,388</u></u>	<u><u>\$11,784,010</u></u>	<u><u>\$266,193</u></u>

12/5 vs. 12/19 & 1/30 - 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, primary health insurance.

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

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

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.

12/5/16 vs. 2/27/2017 - 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.

**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
Salaries	\$64,027,362	\$63,954,558	(\$72,804)	\$64,257,118	\$302,560
Health Insurance	12,816,662	12,833,017	16,355	12,604,189	(228,828)
PSERS	18,850,105	18,828,245	(21,860)	18,916,029	87,784
Other Benefits	6,477,986	6,480,050	2,064	6,502,488	22,438
Professional Services	3,433,154	3,494,857	61,703	3,494,857	0
Purchased Property Services	2,144,793	2,049,797	(94,996)	2,049,797	0
Other Purchased Services	11,837,624	11,837,621	(3)	11,882,621	45,000
Supplies/Equipment	6,213,687	6,273,682	59,995	6,393,682	120,000
Minor Capital Projects	2,138,768	2,438,768	300,000	2,482,768	44,000
Transfers/contingencies	2,299,965	1,758,264	(541,701)	1,656,557	(101,707)
Debt Service	4,904,284	4,904,285	1	4,904,285	0
Debt Service - Referendum Debt	5,256,275	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
Fund Balance Use (PSERS/Legal)	(2,379,004)	(2,379,004)	0	(2,379,004)	0
Total Expenses and Fund Balance Transfers	\$144,696,661	\$145,739,415	\$1,042,754	\$146,030,661	\$291,246

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.

12/5 vs. 2/27 - 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.

**State College Area School District
General Fund Activity
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
Beginning Fund Balance	\$11,012,785	\$11,114,602	\$101,818	\$11,114,602	\$0
Revenue	144,701,795	146,309,789	1,607,994	146,538,890	229,101
Local	118,106,343	118,600,914	494,571	118,763,934	163,020
State	25,300,452	26,413,875	1,113,424	26,479,956	66,081
Federal	1,295,000	1,295,000	0	1,295,000	0
Expense	147,075,665	148,118,419	1,042,754	148,409,665	291,246
Revenue less expense	(2,373,870)	(1,808,630)	565,240	(1,870,775)	(62,146)
Use of Assigned Fund Balance	2,379,004	2,379,004	0	2,379,004	0
Change in Unassigned General Fund Balance	5,134	570,374	565,240	508,229	(62,146)
Ending Unassigned Fund Balance	<u>\$11,017,919</u>	<u>\$11,684,977</u>	<u>\$667,058</u>	<u>\$11,622,831</u>	<u>(\$62,146)</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.

12/5/16 vs. 2/27/2017 - 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.