



**State College Area School District  
Administrative Offices  
240 Villa Crest Drive  
State College, PA 16801  
814-231-1021**

To: Robert J. O'Donnell  
From: Randy L. Brown and Donna Watson  
Date: December 5, 2016  
Subject: 2017-2018 Budget Development – Proposed Preliminary Budget Process

From the September 26 Board meeting the timeline for the budget development process includes presentation of the Proposed Preliminary Budget for the 2017-2018 fiscal year. The decision point at this time focuses on the Board's intent to increase the real estate tax rate for 2017-2018 within or above the Act 1 Index. The Act 1 Index for 2017-2018 is 2.5%.

Act 1 of 2006 offers the Board:

1. Apply for available exceptions to increase the real estate tax rate above the Act 1 Index of 2.5%.
  - a. Required: Proposed Preliminary Budget Process including completion of Form PDE-2028 and Application for Act 1 Exceptions
2. Increase the real estate tax rate equal to or below the Act 1 Index of 2.5%.
  - a. Options:
    - i. Proposed Preliminary Budget Process including completion of Form PDE-2028
    - or**
    - ii. Adopt Accelerated Budget Opt Out Resolution

The goal at this time is not to set a budget or real estate tax rate for 2017-2018. The budget development timeline moving through June 2017 will include a process including further analysis of various components of the budget based upon current year results and future year expectations leading to a final budget and real estate tax rate.

The timeline available for the Board related to the options include:

- A. Proposed Preliminary Budget Process
  - a. December 19: Adopt a Resolution Authorizing Proposed Preliminary Budget for Display and Advertising.
  - b. January 23: Proposed preliminary Budget on Form PDE-2028 available for public inspection.
  - c. February 3: Publish notice of intent to adopt 2017-2018 Preliminary Budget
    - i. If applicable: Publish and post on district website notice of intent to apply to

PDE for referendum exceptions.

- d. February 13: Approve Preliminary Budget for 2017-2018.
- B. Accelerated Budget Opt Out Resolution
  - a. Prior to January 26: Adopt resolution stating district will not raise the tax rate by more than the Act 1 Index.

Based upon required action steps from the Act 1 of 2006, the administration requests the Board provide direction for the budget development process. Action should come in the form of a resolution authorizing the proposed preliminary budget for display and advertising be prepared for the December 19 meeting **or** the accelerated budget opt out resolution prior to January 26, 2017.

In order to aid the decision of option selection, a Proposed Preliminary Budget for 2017-2018 has been prepared. This budget has been compared to the projected financial results for 2016-2017, including explanations and justifications of the differences and similarities between each year's budget. Assumptions for the budget projections have been provided for additional understanding. Further detail and analysis of revenue and expenses will continue throughout the budget development process, regardless of the budget preparation option selection. The proposed preliminary budget has been prepared with the most available information focused on the largest budget drivers.

## **Revenue**

The district is primarily funded by local revenue at more than 80% of total revenue. Real estate tax revenue accounts for approximately 80% of local revenue. New real estate tax revenue is a function of the increase in the tax rate and the change in assessed value. Assessed value grew by 1.14% for the 2016 real estate tax roll. The 5- and 10-year historical average of assessed value growth has been 1.2% and 1.4%, respectively. Based upon recent trends, 1.1% assessed value growth is estimated for 2017-2018 budget, while the 5-year historical average of 1.2% is used in the projection years.

Earned income tax revenue is projected to increase 2.0% for the preliminary budget while estimated to increase by 1.5% in the 2016-2017 budget based upon current economic expectations. The rate of increase in the projection years is 2.7% equal to the 5-year historical average.

State revenue equals approximately 18% of total revenue. A significant portion of state revenue is provided by the basic education subsidy. This subsidy is budgeted equal to the 2016-2017 allocation received from the state at \$7.5 million for the preliminary budget and projection years. Aside from revenue from retirement contributions, all other state revenue categories remain consistent with the exception of bond reimbursements. The projection for 2016-2017 includes bond revenue from 2015-2016 received after July 1, 2016.

Federal revenue is projected at \$150,000 less than projected in 2016-2017; similar to the amount budgeted for that year.

## Expenses

With almost 70% of the total budgeted expenses related to salaries and benefits, this drives our focus. Teacher salaries comprise the vast majority of this expense category at more than 70%, thus directing our primary focus of analysis in this area. The budget includes 619.68 FTE's (full-time-equivalent) for 2017-2018 including an increase of 10 FTE's from the 609.68 employed in 2016-2017.

The 2017-2018 budget for expenses includes estimated salaries for all employment groups reflecting contractual increases. The budget also includes funding for staff to accommodate proposed programming at the elementary level. The administration expects to bring this proposal to the Board later this year.

In the benefit category, health insurance and PSERS retirement contribution remain a primary focus. Health insurance expenses are increased by the estimated premium rate change and offset by changes in employment contracts including employer contributions to health savings accounts. A more precise estimate for healthcare costs will be available upon the completion of the open enrollment period. Once enrollment changes are processed, the projected expense will be updated in the budget. The budget for PSERS retirement contributions reflects an increase in the employer rate and additional contributions required for proposed positions. The budget will be revised with an updated PSERS employer contribution rate expected to be released in December.

All other expense categories remain at the 2016-2017 level with the exception of:

- Professional Services
  - Proposed International Baccalaureate Program professional development
- Other Purchased Services
  - Estimated transportation costs resulting from the elementary level program.
  - Increase in rate of charter school tuition
- Transfers/Contingencies
  - Food service

The budget for debt service reflects the payment schedule for current debt. Changes in this schedule resulting from debt issuance will be included in future budget projections. The capital reserve transfer remains consistent with the amount included in the latest capital reserve fund analysis.

## Fund Balance

Fund Balance is projected to remain consistent during 2017-2018 while the undesignated fund balance will end at approximately 7.7% of budgeted expenses. The budget assumes use of designated fund balance for legal liability and PSERS of \$2.2 million, as previously projected.

## Conclusion

The administration has prepared projections for the 2017-2018 prior to this iteration assuming a rate of tax increase significantly less than the most recent two years. The tax increase in those years included tax millage for the debt service associated with the referendum debt for the High School Project. This Proposed Preliminary Budget for 2017-2018 reflects the analysis and calculation of estimates available at this time, focusing on the significant budget drivers discussed in this report. In order to present a balanced budget, given the estimates and program proposals included, a real estate tax increase of 1.55% will be necessary.

Additional revenue of \$918,638 would be generated if the tax rate were increased to 2.5%, the Act 1 Index for 2017-2018. Conversely, if the tax rate were held static with no increase, resources of \$1,499,181 would be required to fund the expenses included in this budget. These resources would be required from fund balance or a reduction in budget from current programming and operations. The multi-year impact over the projection period accumulates to the addition of \$9 million or the decrease of \$15 million in tax revenue.

The increase to the tax rate in future projection period has been estimated at 2%, which equates to our 5-year historical average tax increase, excluding the referendum debt taxation.

As previously stated, the purpose of this budget discussion is not to set a tax rate. The decision point for discussion, at this time in the Act 1 budget development process, relates to the Board's direction for completing the Preliminary Budget Process or adopting an Accelerated Budget Opt Out Resolution.

The administration presents this proposed preliminary budget with a recommendation to pursue the Accelerated Budget Opt Out Resolution. The justification for this recommendation derives from the district's ability, as illustrated in the budget presented, to fund current operations and proposed programming additions with a tax increase below the Act 1 Index of 2.5%. This recommendation does not infer that the administration is not prepared to complete a budget development process with Board and community input and review. In fact, significant analysis and preparation has already occurred in the administration and with the Finance and Audit Committee. This work is expected to continue to assist in presentation and discussion with the Board.

Should the Board desire to pursue the Accelerated Budget Opt Out Resolution, a draft of this document has been attached for your review. This Resolution would need to be approved no later than January 23, 2017, but could be approved as early as December 19.

In the event the Board wishes to follow the Proposed Preliminary Budget Process, a resolution directing the advertising and display of a preliminary budget would need to be approved on December 19.

We anticipate having additional presentation materials available for review on Monday evening at your Board meeting and will be prepared to answer your questions related to the proposed preliminary budget.

**2016-17 Projection vs. 2017-18  
Proposed Preliminary Budget**

**State College Area School District  
General Fund Revenue  
Projected 2016-17 vs. Proposed Preliminary 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>1.10%</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>Proposed Prelim Budget 2017-2018</b>	<b>Variance</b>
<b>LOCAL SERVICES TAX</b>			
CURRENT REAL ESTATE TAX	\$89,319,713	\$91,869,597	\$2,549,884
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	2,082,000	2,082,000	0
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	0
INTERIM REAL ESTATE TAX	400,000	400,000	0
IDEA-B	747,597	740,000	(7,597)
PAYMENTS IN LIEU OF TAX	555,011	555,011	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	150,000	150,000	0
<b>TOTAL LOCAL</b>	<b>118,600,914</b>	<b>121,488,565</b>	<b>2,887,651</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	9,414,122	10,360,888	946,766
REV. FOR SOCIAL SECURITY	2,397,337	2,472,387	75,050
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>26,413,875</b>	<b>27,173,141</b>	<b>759,266</b>
<b>FEDERAL</b>			
TITLE I REVENUE	700,000	600,000	(100,000)
TITLE II REVENUE	200,000	200,000	-
ACCESS FUNDS	300,000	250,000	(50,000)
OTHER FEDERAL REVENUE	60,000	60,000	0
TITLE III REVENUE	35,000	35,000	0
<b>TOTAL FEDERAL</b>	<b>1,295,000</b>	<b>1,145,000</b>	<b>(150,000)</b>
<b>TOTAL REVENUE</b>	<b>\$146,309,789</b>	<b>\$149,806,706</b>	<b>\$3,496,916</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 Preliminary Budget 2017-18**

	<b>2016-2017 Projected</b>	<b>Proposed Prelim Budget 2017- 2018</b>	<b>Variance</b>
Salaries	\$63,954,558	65,956,706	\$2,002,148
Health Insurance	12,833,017	14,111,448	1,278,431
PSERS	18,828,245	20,721,776	1,893,531
Other Benefits	6,480,050	6,624,604	144,554
Professional Services	3,494,857	3,703,357	208,500
Purchased Property Services	2,049,797	2,049,797	-
Other Purchased Services	11,837,621	12,495,121	657,500
Supplies/Equipment	6,273,682	6,073,682	(200,000)
Minor Capital Projects	2,438,768	2,138,768	(300,000)
Transfers/contingencies	1,758,264	2,339,964	581,700
Debt Service	4,904,285	5,014,258	109,973
Debt Service - Referendum Debt	5,256,275	5,257,725	1,450
Transfer to Capital Reserve	8,009,000	5,502,000	(2,507,000)
Fund Balance Use (PSERS/Legal)	(2,379,004)	(2,186,728)	192,276
<b>Total Expenses and Fund Balance Transfers</b>	<b>\$145,739,415</b>	<b>\$149,802,478</b>	<b>\$4,063,063</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.

**State College Area School District  
General Fund Activity  
Projected 2016-17 vs. Proposed Preliminary 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>1.10%</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>Proposed Prelim Budget 2017-2018</b>	<b>Variance</b>
<b>Beginning Fund Balance</b>	\$11,114,602	\$11,684,977	\$570,375
<b>Revenue</b>	146,309,789	149,806,706	3,496,917
Local	118,600,914	121,488,565	2,887,651
State	26,413,875	27,173,141	759,266
Federal	1,295,000	1,145,000	(150,000)
<b>Expense</b>	148,118,418	151,989,206	3,870,788
<b>Revenue less expense</b>	(1,808,629)	(2,182,500)	(373,871)
<b>Use of Assigned Fund Balance</b>	2,379,004	2,186,728	(192,276)
<b>Change in Unassigned General Fund Balance</b>	570,375	4,228	(566,147)
<b>Ending Unassigned Fund Balance</b>	<u>\$11,684,977</u>	<u>\$11,689,205</u>	<u>\$4,228</u>

**Impact of Change in Tax Rate Increase**

<b>Assumed Tax Increase:</b>	<b>Impact on 2017-18 Tax Year</b>	<b>Cummulative Impact thru 2025-26</b>
0%	(\$1,499,181)	(\$15,382,703)
2.5%	\$918,638	\$9,404,936



# **2017-18 Proposed Preliminary Budget**

## **Assumptions/Reconciliations**

**State College Area School District  
Proposed Preliminary Budget  
Revenue Assumptions/Reconciliations  
Projected 2016-17 vs. Proposed Preliminary 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		\$89,319,713
Assumed assessed value growth of 1.1%	1,058,442	
5 yr average assessed value growth = 1.21% 2014-15 growth = 1.14% 2015-16 growth = 1.02%		
Proposed Tax Increase of 1.55%	1,491,442	
Act 1 Index - 2.5%		
Total increase in Real Estate Tax		2,549,884
Proposed Preliminary Budgeted Revenue 2017-18		<b>91,869,597</b>

**Real Estate Tax - Referendum Debt**

Revenue equals total principal and interest due on referendum debt, less anticipated future PlanCon reimbursement.

**4,945,363**

**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%		
		<b>17,350,000</b>

**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 Preliminary Budgeted Revenue 2017-18		<b>2,082,000</b>

**Delinquent Real Estate Tax**

**1,100,000**

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, but is difficult to estimate until after the February bills are generated.

Estimated interim tax revenue		500,000
Less: Assumed supplemental tax rebate program payments		<u>(100,000)</u>
Total tax rebates payments in 2015-16	76,590	
YTD November 2016 applications	58,278	
YTD November 2015 applications	60,816	

Proposed Preliminary Budgeted Revenue 2017-18 400,000

**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 2015-16 level

555,011

**Local Service Tax**

Assumes 1% increase over estimated 2016-17

385,000

**Tuition**

Tuition has increased from \$757,431 in 2014-15 to \$1,229,523 in 2015-16. The 2016-17 revenue, impacted primarily by the CEEL program, will be analyzed in more detail in the coming months. Changes to the 2017-18 may be proposed at that time. Assumed revenue will approximate the 2016-17 budget for proposed preliminary budget. YTD revenue is slightly less than 2015-16.

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		<u>1,102,549</u>
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	<u>47,127</u>	
Proposed Preliminary Budget 2017-18		<u><b>3,268,768</b></u>

### Revenue for Retirement

Projected 2016-17 9,414,122  
Assume revenue equal to 50% of PSERS expense.

Increase in PSERS percentage from 30.03% to 32.04%	632,437	
Impact of salary increase	<u>314,329</u>	
		946,766

Note: Revised PSERS contribution percentage is anticipated to be published in December.

Proposed Preliminary Budget 2017-18 **10,360,888**

### Revenue for Social Security

Projected 2016-17 2,397,337  
Assume revenue equal to 50% of Social Security expense.

Impact of salary increase	75,050	
Proposed Preliminary Budget 2017-18	<u>2,472,387</u>	

### Property Tax Reduction

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

**1,424,101**

### Transportation Revenue

Transportation revenue is 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.

**800,000**

### Bond Reimbursement

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

Total decrease in bond reimbursement (262,550)  
Proposed Preliminary Budget 2017-18 **632,953**

**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 Preliminary Budget  
Expense Assumptions/Reconciliations  
Projected 2016-17 vs. Proposed Preliminary Budget 2017-18**

**Salaries**

Projected 2016-17			\$63,954,558
Salaries increase, net of estimated attrition; turnover impact; full yr of new positions	1,375,225	2.2%	
Proposed Positions - Elementary school day	550,000		
Proposed Positions - Technology staff	<u>76,923</u>		
Total increase in salaries			<u>2,002,148</u>
Proposed Preliminary Budgeted 2017-18			<u><u>65,956,706</u></u>

**Health Insurance**

Projected 2016-17			12,833,017
Estimated impact of premium increase, change in H.S.A. employer contributions and employment contracts	1,098,525	8.6%	
Estimated proposed positions	<u>179,906</u>		
Total increase in health insurance			<u>1,278,431</u>
Proposed Preliminary Budgeted 2017-18			<u><u>14,111,448</u></u>

**PSERS**

Projected 2016-17			18,828,245
Increase in PSERS employer contribution rate percentage from 30.03% to 32.04%	1,252,043		
Salary increases	440,622		
Proposed positions	<u>200,866</u>		
Total increase in PSERS			<u>1,893,531</u>
Proposed Preliminary Budgeted 2017-18			<u><u>20,721,776</u></u>

**Other Benefits**

Projected 2016-17			6,480,050
Salary increases	95,370		
Proposed positions	<u>49,184</u>		
Total increase in other benefits			<u>144,554</u>
Proposed Preliminary Budgeted 2017-18			<u><u>6,624,604</u></u>

**Professional Services**

Projected 2016-17			3,494,857
Estimated International Baccalaureate Program professional development costs			208,500
Proposed Preliminary Budgeted 2017-18			<u><u>3,703,357</u></u>

**Purchased Property Services**

			<u><u>2,049,797</u></u>
Purchased Property Services includes repairs, rentals, and some utilities.			
Proposed preliminary budget assumes no change in overall line.			

**Other Purchased Services**

Projected 2016-17		11,837,621
Contracted Carrier - Elementary school day estimated impact	500,000	
Charter school estimated 2.5% cost increase (level enrollment)	<u>157,500</u>	
Total increase in other purchased services		<u>657,500</u>
Proposed Preliminary Budgeted 2017-18		<u><u>12,495,121</u></u>

**Supplies/Equipment**

Projected 2016-17		6,273,682
Data warehouse software license purchase included in 2016-17		(200,000)
Proposed Preliminary Budgeted 2017-18		<u><u>6,073,682</u></u>

**Minor Capital Equipment**

Projected 2016-17		2,438,768
High School trailers for high school project in 2016-17		(300,000)
Proposed Preliminary Budgeted 2017-18		<u><u>2,138,768</u></u>

**Transfers/Contingencies**

Projected 2016-17		1,758,264
Contingencies at 2016-17 Budget level	561,700	
Increase in food service transfer	<u>20,000</u>	
Total increase in transfers/contingencies		<u>581,700</u>
Proposed Preliminary Budgeted 2017-18		<u><u>2,339,964</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>5,999</u>	
Total increase in debt service		<u>109,973</u>
Proposed Preliminary Budgeted 2017-18		<u><u>5,014,258</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.		1,450
Proposed Preliminary Budgeted 2017-18		<u><u>5,257,725</u></u>

**Transfer to Capital Reserve**

Projected 2016-17		8,009,000
Increase in projected 2016-17 reserve above budget - increase in projected 2016-17 is primarily related to increase in state basic and special Education subsidy (\$640k), retroactive PlanCon reimb (\$273k), and increase in EIT and Transfer tax revenue primarily based on 2015-16 results (\$542k), offset by other offsetting projected variances.	(1,334,000)	
Previously forecasted reduction vs. 2016-17 transfer, staying within the targeted \$9.5 MM total debt service plus transfer to capital reserve.	<u>(1,173,000)</u>	
Total decrease in transfer to capital reserve		<u>(2,507,000)</u>
Proposed Preliminary Budgeted 2017-18		<u><b>5,502,000</b></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 Preliminary Budgeted 2017-18		<u><b>(2,186,728)</b></u>



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

**State College Area School District  
General Fund Revenue  
Budget vs. Projection 2016-17**

**Assumptions:**

<b>Earned Income Tax Growth</b>	<b>1.50%</b>	<b>1.50%</b>
<b>Assessed Value Growth</b>	<b>1.30%</b>	<b>1.14%</b>
<b>Exceptions</b>	<b>1.92%</b>	<b>1.92%</b>
<b>Act 1 Index</b>	<b>2.40%</b>	<b>2.40%</b>
<b>Actual/Projected Total Tax Increase</b>	<b>4.32%</b>	<b>4.32%</b>

	<b>Budget 2016- 2017</b>	<b>Projected 2016-2017</b>	<b>Variance</b>
<b>LOCAL SERVICES TAX</b>			
CURRENT REAL ESTATE TAX	\$89,471,686	\$89,319,713	(\$151,973) (1)
REAL ESTATE TAX-REFERENDUM DEBT	4,943,999	4,943,999	-
EARNED INCOME TAX	16,750,000	17,010,000	260,000 (2)
REALTY TRANSFER TAX	1,800,000	2,082,000	282,000 (3)
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	-
INTERIM REAL ESTATE TAX	400,000	400,000	-
IDEA-B	700,000	747,597	47,597
PAYMENTS IN LIEU OF TAX	555,011	555,011	-
LOCAL SERVICES TAX	374,000	381,000	7,000
TUITION	1,150,304	1,150,304	-
MISC LOCAL REVENUE	588,535	644,100	55,565
PUBLIC UTILITY REALTY TAX	122,808	117,190	(5,618)
INTEREST ON INVESTMENTS	150,000	150,000	-
<b>TOTAL LOCAL</b>	<b>118,106,343</b>	<b>118,600,914</b>	<b>494,571</b>
<b>STATE</b>			
BASIC ED INSTR SUBSIDY	6,912,348	7,543,140	630,792 (4)
SPECIAL ED REVENUE-REGULR	3,255,571	3,268,768	13,197 (4)
REV. FOR RETIREMENT	9,284,320	9,414,122	129,802 (5)
REV. FOR SOCIAL SECURITY	2,365,057	2,397,337	32,280 (5)
PROPERTY TAX REDUCTION	1,424,101	1,424,101	-
TRANSPORTATION REVENUE	750,000	800,000	50,000
BOND REIMBURSEMENTS	622,001	895,503	273,502 (6)
HEALTH SERVICES REVENUE	140,000	140,000	-
READY TO LEARN GRANT	310,013	310,013	-
VOCATIONAL EDUCATION	107,040	90,891	(16,149)
TUITION - 1305/1306	130,000	130,000	-
<b>TOTAL STATE</b>	<b>25,300,452</b>	<b>26,413,875</b>	<b>1,113,424</b>
<b>FEDERAL</b>			
TITLE I REVENUE	700,000	700,000	-
TITLE II REVENUE	200,000	200,000	-
ACCESS FUNDS	300,000	300,000	-
OTHER FEDERAL REVENUE	60,000	60,000	-
TITLE III REVENUE	35,000	35,000	-
<b>TOTAL FEDERAL</b>	<b>1,295,000</b>	<b>1,295,000</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>\$144,701,795</b>	<b>\$146,309,789</b>	<b>\$1,607,994</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  
Budget vs. Projection 2016-17**

	<b>2016-2017 Approved Budget</b>	<b>2016-2017 Projected</b>	<b>Variance</b>
Salaries	\$64,027,362	\$63,954,558	(\$72,804) (1)
Health Insurance	12,816,662	12,833,017	16,355 (1)
PSERS	18,850,105	18,828,245	(21,860) (1)
Other Benefits	6,477,986	6,480,050	2,064 (1)
Professional Services	3,433,154	3,494,857	61,703 (2)
Purchased Property Services	2,144,793	2,049,797	(94,996) (3)
Other Purchased Services	11,837,624	11,837,621	(3)
Supplies/Equipment	6,213,687	6,273,682	59,995 (4)
Minor Capital Projects	2,138,768	2,438,768	300,000 (5)
Transfers/contingencies	2,299,965	1,758,264	(541,701) (6)
Debt Service	4,904,284	4,904,285	1
Debt Service - Referendum Debt	5,256,275	5,256,275	0
Transfer to Capital Reserve	6,675,000	8,009,000	1,334,000 (7)
Fund Balance Use (PSERS/Legal)	(2,379,004)	(2,379,004)	-
<b>Total Expenses and Fund Balance Transfers</b>	<b>\$144,696,661</b>	<b>\$145,739,415</b>	<b>\$1,042,754</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.

See footnotes on attached page.

**State College Area School District**  
**Footnotes**  
**Budget vs. Projection 2016-17**

**Revenue**

- (1) Assessed value growth less than budgeted.
- (2) 2015-16 revenue higher than projected, therefore increasing the projection of 2016-17.
- (3) Based on three years of increased transfer tax, the projection was adjusted to reflect the average of the last three years (excluding large transactions - > \$2.8 million), plus an estimated \$300,000 for large transactions (based on 2013-14 and 2014-15 large transactions).
- (4) Reflects final state budget.
- (5) Reflects change in projected salaries.
- (6) Includes 2015-16 delayed PlanCon reimbursement, received in 2016-17.

**Expense**

- (1) Reflects partial year of proposed accountant and physical plant/construction manager, offset by other estimated variances.
- (2) Estimated professional development for International Baccalaureate (IB) program.
- (3) Estimated savings from recent electricity contract rate change and additional estimated reduction based on 2015-16 expense.
- (4) Proposed data warehouse software license purchase (\$200k), offset by estimated reduction in other expense based on 2015-16 expense.
- (5) High school trailers for high school project.
- (6) Contingency reduction for high school trailers, IB professional development and data warehouse software.
- (7) Increase in capital reserve transfer primarily related to projected revenue increase based on state budget

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

**Assumptions:**

<b>Earned Income Tax Growth</b>	<b>1.50%</b>	<b>1.50%</b>
<b>Assessed Value Growth</b>	<b>1.30%</b>	<b>1.14%</b>
<b>Exceptions</b>	<b>1.92%</b>	<b>1.92%</b>
<b>Act 1 Index</b>	<b>2.40%</b>	<b>2.40%</b>
<b>Actual/Projected Total Tax Increase</b>	<b>4.32%</b>	<b>4.32%</b>

	<b>Budget 2016- 2017</b>	<b>Projected 2016-2017</b>	<b>Variance</b>
<b>Beginning Fund Balance</b>	\$11,295,140	\$11,114,602	(\$180,537)
<b>Revenue</b>	144,701,795	146,309,789	1,607,994
Local	118,106,343	118,600,914	494,570
State	25,300,452	26,413,875	1,113,424
Federal	1,295,000	1,295,000	0
<b>Expense</b>	147,075,665	148,118,418	1,042,753
<b>Revenue less expense</b>	(2,373,870)	(1,808,629)	565,241
<b>Use of Assigned Fund Balance</b>	2,379,004	2,379,004	0
<b>Change in Unassigned General Fund Balance</b>	5,134	570,375	565,241
<b>Ending Unassigned Fund Balance</b>	<u>\$11,300,274</u>	<u>\$11,684,977</u>	<u>\$384,704</u>

## **2017-18 Multiyear Projections**

State College Area School District  
 General Fund Activity  
 12/1/2016

Assumptions:

<b>Earned Income Tax Growth</b>	1.80%	3.41%	1.50%	1.50%	2.00%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Assessed Value Growth</b>	1.02%	1.02%	1.30%	1.14%	1.10%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
<b>Exceptions</b>	3.60%	3.60%	1.92%	1.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Act 1 Index</b>	1.90%	1.90%	2.40%	2.40%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Actual/Projected Total Tax Increase</b>	5.50%	5.50%	4.32%	4.32%	1.55%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

	Projected 2015-2016	Actual 2015-2016	Budget 2016-2017	Projected 2016-2017	Preliminary 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>Beginning Fund Balance</b>	10,278,914	\$10,278,914	\$11,295,140	\$11,114,602	\$11,684,977	\$11,689,205	\$11,707,206	\$11,769,869	\$11,668,017	\$11,557,842	\$11,392,853	\$11,142,377	\$10,707,934
<b>Revenue</b>	\$138,342,821	139,762,229	144,701,795	146,309,789	149,806,706	153,762,468	158,112,829	162,011,805	166,259,180	170,756,276	175,315,391	180,054,361	184,978,494
Local	113,347,349	115,076,626	118,106,343	118,600,914	121,488,565	124,806,551	128,559,385	132,427,571	136,423,665	140,542,635	144,797,228	149,180,245	153,696,993
State	23,562,252	23,174,708	25,300,452	26,413,875	27,173,141	27,810,916	28,408,444	28,439,234	28,690,515	29,068,641	29,373,163	29,729,116	30,136,501
Federal	1,433,220	1,510,894	1,295,000	1,295,000	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>	139,417,231	140,734,821	147,075,665	148,118,418	151,989,206	154,952,040	158,709,786	162,509,816	166,765,514	171,317,424	175,962,025	180,884,964	186,311,441
<b>Revenue less expense</b>	(1,074,410)	(972,593)	(2,373,870)	(1,808,629)	(2,182,500)	(1,189,572)	(596,957)	(498,011)	(506,334)	(561,148)	(646,634)	(830,603)	(1,332,947)
<b>Use of Assigned Fund Balance</b>	1,808,281	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>	733,871	835,688	5,134	570,375	4,228	18,001	62,663	(101,852)	(110,175)	(164,989)	(250,475)	(434,444)	(1,332,947)
<b>Ending Unassigned Fund Balance</b>	\$11,012,785	\$11,114,602	\$11,300,274	\$11,684,977	\$11,689,205	\$11,707,206	\$11,769,869	\$11,668,017	\$11,557,842	\$11,392,853	\$11,142,377	\$10,707,934	\$9,374,987

Impact of Change in Tax Rate Increase - Unassigned Fund Balance:

Assumed Tax Increase:													
0%	Annual			(1,499,181)	(1,548,686)	(1,599,162)	(1,650,627)	(1,703,096)	(1,758,948)	(1,815,896)	(1,873,957)	(1,933,150)	
	Cumulative			-	(3,047,867)	(4,647,029)	(6,297,655)	(8,000,752)	(9,759,700)	(11,575,596)	(13,449,553)	(15,382,703)	
2.5%	Annual			918,638	947,669	977,266	1,007,436	1,040,522	1,074,257	1,108,652	1,146,136	1,184,360	
	Cumulative			-	1,866,307	2,843,573	3,851,008	4,891,530	5,965,787	7,074,440	8,220,576	9,404,936	

State College Area School District  
 General Fund Revenue  
 12/1/2016

<b>Assumptions:</b>												
<b>Earned Income Tax Growth (1)</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 (2)</b>	<b>1.02%</b>	<b>1.30%</b>	<b>1.14%</b>	<b>1.10%</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 (3)</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 2015-2016</b>	<b>Budget 2016-2017</b>	<b>Projected 2016-2017</b>	<b>Preliminary Budget 2017-2018</b>	<b>Projected 2018-2019</b>	<b>Projected 2019-2020</b>	<b>Projected 2020-2021</b>	<b>Projected 2021-2022</b>	<b>Projected 2022-2023</b>	<b>Projected 2023-2024</b>	<b>Projected 2024-2025</b>	<b>Projected 2025-2026</b>
<b>LOCAL SERVICES TAX</b>												
CURRENT REAL ESTATE TAX	\$86,100,645	\$89,471,686	\$89,319,713	\$91,869,597	\$95,038,970	\$98,303,571	\$101,678,227	\$105,160,791	\$108,756,467	\$112,468,235	\$116,294,431	\$120,250,236
REAL ESTATE TAX-REFERENDUM DEBT (3)	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	2,082,000	2,082,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
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 (4)	617,178	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
IDEA-B	738,020	700,000	747,597	747,597	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	555,011	555,011	555,011	555,011	555,011	555,011	555,011	555,011	555,011	555,011
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	133,743	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
<b>TOTAL LOCAL</b>	<b>115,076,626</b>	<b>118,106,343</b>	<b>118,600,914</b>	<b>121,488,565</b>	<b>124,806,551</b>	<b>128,559,385</b>	<b>132,427,571</b>	<b>136,423,665</b>	<b>140,542,635</b>	<b>144,797,228</b>	<b>149,180,245</b>	<b>153,696,993</b>
<b>STATE</b>												
BASIC 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-REGULR	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	9,414,122	10,360,888	10,950,000	11,500,000	11,500,000	11,700,000	12,050,000	12,300,000	12,600,000	12,950,000
REV. FOR SOCIAL SECURITY	2,077,074	2,365,057	2,397,337	2,472,387	2,521,835	2,572,272	2,623,717	2,676,191	2,729,715	2,784,309	2,839,996	2,896,796
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 (5)	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 (6)	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	169,929	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
<b>TOTAL STATE</b>	<b>23,174,708</b>	<b>25,300,452</b>	<b>26,413,875</b>	<b>27,173,141</b>	<b>27,810,916</b>	<b>28,408,444</b>	<b>28,439,234</b>	<b>28,690,515</b>	<b>29,068,641</b>	<b>29,373,163</b>	<b>29,729,116</b>	<b>30,136,501</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	300,000	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	59,156	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
<b>TOTAL FEDERAL</b>	<b>1,510,894</b>	<b>1,295,000</b>	<b>1,295,000</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>139,762,229</b>	<b>144,701,795</b>	<b>146,309,789</b>	<b>149,806,706</b>	<b>153,762,468</b>	<b>158,112,829</b>	<b>162,011,805</b>	<b>166,259,180</b>	<b>170,756,276</b>	<b>175,315,391</b>	<b>180,054,361</b>	<b>184,978,494</b>



State College Area School District  
 General Fund Expenses and Fund Balance Transfers  
 12/1/2016

	Actual 2015-2016	Budget 2016-2017	Projected 2016-2017	Preliminary Projected 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
Salaries	61,499,733	64,027,362	63,954,558	65,956,706	67,275,840	68,621,357	69,993,784	71,393,660	72,821,533	74,277,964	75,763,523	77,278,794
Health Insurance	12,212,329	12,816,662	12,833,017	14,111,448	15,422,593	16,864,852	18,451,337	20,196,471	22,116,118	24,227,730	26,550,503	29,105,553
PSERS	15,560,866	18,850,105	18,828,245	20,721,776	21,900,000	23,000,000	23,000,000	23,400,000	24,100,000	24,600,000	25,200,000	25,900,000
Other Benefits	6,085,400	6,477,986	6,480,050	6,624,604	6,800,000	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	3,494,857	3,703,357	3,770,000	3,830,000	3,900,000	3,970,000	4,040,000	4,110,000	4,180,000	4,250,000
Purchased Property Services	1,979,848	2,144,793	2,049,797	2,049,797	2,080,000	2,120,000	2,160,000	2,200,000	2,240,000	2,280,000	2,320,000	2,360,000
Other Purchased Services	11,619,286	11,837,624	11,837,621	12,495,121	12,710,000	12,930,000	13,150,000	13,370,000	13,600,000	13,830,000	14,070,000	14,310,000
Supplies/Equipment	6,008,126	6,213,687	6,273,682	6,073,682	6,160,000	6,250,000	6,340,000	6,440,000	6,540,000	6,640,000	6,740,000	6,840,000
Minor Capital Projects	2,096,831	2,138,768	2,438,768	2,138,768	2,181,543	2,225,174	2,269,677	2,315,071	2,361,372	2,408,600	2,456,772	2,505,907
Transfers/contingencies (1)	951,059	2,299,965	1,758,264	2,339,964	1,267,206	1,285,850	1,304,867	1,324,264	1,344,049	1,364,230	1,384,815	1,405,811
Debt Service (2)	4,318,895	4,904,284	4,904,285	5,014,258	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)	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 (2)	11,770,000	6,675,000	8,009,000	5,502,000	5,127,000	4,504,200	4,722,000	4,862,700	4,837,100	4,802,000	4,692,000	4,742,044
Fund Balance Use (PSERS/Legal) (4)	(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>\$145,739,414</b>	<b>\$149,802,478</b>	<b>\$153,744,467</b>	<b>\$158,050,166</b>	<b>\$162,113,657</b>	<b>\$166,369,355</b>	<b>\$170,921,265</b>	<b>\$175,565,866</b>	<b>\$180,488,805</b>	<b>\$186,311,441</b>

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

State College Area School District  
General Fund Revenue and Expense Footnotes  
12/1/2016

General Fund Revenue

- (1) The 5-year historical growth through 2015-16 (excluding 2012-13) is 2.7%.
- (2) Projected 2016-17 reflects actual based on July 2016 billings. 2017-18 preliminary budget reflects prior 2-year average. Projected 2018 and forward assumes the 5 year average through 2015-16 of 1.2%.
- (3) Assumes additional tax equal to the debt service on referendum borrowing.
- (4) Reflects reduction for property tax rebate program. Actual 2015-16 includes a \$76,590 reduction. Projected 2016-17 forward assumes \$100,000 reduction.
- (5) Reflects projected annual reimbursements. The 2015-16 actual only included reimbursements related to debt service payments made at the end of 2014-15. Due to the state funding delay, no reimbursement was received for the 2015-16 debt payments made. As a result, the 2016-17 column includes the 2015-16 reimbursement in addition to the projected 16-17 reimbursements. 2016-17 forward includes approximately \$300,000 reimbursement related to High School Referendum and estimated reimbursement on PlanCon for principal and interest due in each period.
- (6) Previously referred to as the Accountability Block Grant. Future years projected at 2016-17 state budget amount.

General Fund Expenses and Fund Balance Transfers

- (1) Includes legal liability payments and food service transfer of \$130,000 in 2015-16 growing to \$335,000 in 2017-18.
- (2) Transfer to capital reserve, plus Debt Service is at least \$9,500,000 in all periods.
- (3) Reflects actual debt service for referendum borrowing.
- (4) Reflects updated PSERS pay forward projection prepared May 2016.

State College Area School District  
 General Fund Balance  
 12/1/2016

	Actual 2015-2016	Budget 2016-2017	Projected 2016-2017	Preliminary Budget 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
<b>General Fund - Unassigned</b>											
Beginning Balance	\$10,278,914	\$11,012,785	\$11,114,602	\$11,684,977	\$11,689,205	\$11,707,206	\$11,769,869	\$11,668,017	\$11,557,842	\$11,392,853	\$11,142,377
Revenue less Expense	835,688	5,134	570,375	4,228	18,001	62,663	(101,852)	(110,175)	(164,989)	(250,475)	(434,444)
<b>General Fund - Unassigned</b>	<b>\$11,114,602</b>	<b>11,017,919</b>	<b>11,684,977</b>	<b>11,689,205</b>	<b>11,707,206</b>	<b>11,769,869</b>	<b>11,668,017</b>	<b>11,557,842</b>	<b>11,392,853</b>	<b>11,142,377</b>	<b>10,707,934</b>
% of Expense	7.90%	7.49%	7.89%	7.69%	7.56%	7.42%	7.18%	6.93%	6.65%	6.33%	5.92%
<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
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>Total General Fund</b>	<b>19,528,321</b>	<b>17,052,634</b>	<b>17,719,692</b>	<b>15,537,192</b>	<b>14,347,620</b>	<b>13,750,663</b>	<b>13,252,652</b>	<b>12,746,318</b>	<b>12,185,170</b>	<b>11,538,535</b>	<b>10,707,934</b>

**2016-17 Multiyear Projections  
(from June 13, 2016 Board  
Meeting)**

## 2016-17 Budget with Future Projections as presented on June 13, 2016

State College Area School District  
 General Fund Activity  
 5/5/16

<b>Assumptions:</b>												
<b>Earned Income Tax Growth</b>	<b>3.25%</b>	<b>1.80%</b>	<b>1.80%</b>	<b>1.50%</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.80%</b>	<b>1.90%</b>	<b>2.00%</b>	<b>2.10%</b>	<b>2.20%</b>	<b>2.30%</b>
<b>Assessed Value Growth</b>	<b>1.50%</b>	<b>1.20%</b>	<b>1.02%</b>	<b>1.30%</b>	<b>1.40%</b>	<b>1.50%</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>
<b>Exceptions</b>	<b>0.00%</b>	<b>3.60%</b>	<b>3.60%</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>Act 1 Index</b>	<b>2.10%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>
<b>Actual/Projected Total Tax Increase</b>	<b>1.95%</b>	<b>5.50%</b>	<b>5.50%</b>	<b>4.32%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>

	<b>Actual 2014- 2015</b>	<b>Budget 2015- 2016</b>	<b>Projected 2015-2016</b>	<b>Budget 2016- 2017</b>	<b>Projected 2017-2018</b>	<b>Projected 2018-2019</b>	<b>Projected 2019-2020</b>	<b>Projected 2020-2021</b>	<b>Projected 2021-2022</b>	<b>Projected 2022-2023</b>	<b>Projected 2023-2024</b>	<b>Projected 2024-2025</b>
Revenue	\$130,546,078	\$136,368,756	\$138,345,164	\$144,611,162	\$148,553,987	\$152,629,955	\$156,827,763	\$160,744,572	\$165,083,234	\$169,591,306	\$174,234,403	\$179,091,384
Local	107,184,863	112,155,974	113,347,349	118,015,711	121,234,603	124,663,109	128,314,614	132,201,882	136,240,537	140,421,782	144,761,684	149,264,063
State	21,832,411	22,867,781	23,564,594	25,300,451	26,174,384	26,821,846	27,368,149	27,397,690	27,697,697	28,024,524	28,327,720	28,682,321
Federal	1,528,805	1,345,000	1,433,220	1,295,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000
Expenses and Fund Balance Use	<u>130,013,623</u>	<u>135,761,263</u>	<u>137,608,950</u>	<u>144,606,028</u>	<u>148,287,320</u>	<u>152,395,054</u>	<u>156,646,445</u>	<u>160,471,617</u>	<u>164,761,698</u>	<u>169,251,792</u>	<u>173,888,768</u>	<u>178,796,470</u>
Change in Unassigned General Fund Bal	\$532,455	\$607,493	\$736,214	\$5,134	\$266,667	\$234,901	\$181,318	\$272,955	\$321,536	\$339,513	\$345,635	\$294,914

2016-17 Budget with Future Projections as presented on June 13, 2016

<b>Assumptions:</b>												
<b>Earned Income Tax Growth (1)</b>	<b>3.25%</b>	<b>1.80%</b>	<b>1.80%</b>	<b>1.50%</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.80%</b>	<b>1.90%</b>	<b>2.00%</b>	<b>2.10%</b>	<b>2.20%</b>	<b>2.30%</b>
<b>Assessed Value Growth (2)</b>	<b>1.50%</b>	<b>1.20%</b>	<b>1.02%</b>	<b>1.30%</b>	<b>1.40%</b>	<b>1.50%</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>	<b>1.70%</b>
<b>Exceptions (3)</b>	<b>0.00%</b>	<b>3.60%</b>	<b>3.60%</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>Act 1 Index</b>	<b>2.10%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>	<b>2.40%</b>
<b>Actual/Projected Base RE Tax Increase</b>	<b>1.95%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>2.40%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>
<b>Actual/Projected Total Tax Increase</b>	<b>1.95%</b>	<b>5.50%</b>	<b>5.50%</b>	<b>4.32%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>	<b>1.65%</b>

	<b>Actual 2014-2015</b>	<b>Budget 2015-2016</b>	<b>Projected 2015-2016</b>	<b>Budget 2016-2017</b>	<b>Projected 2017-2018</b>	<b>Projected 2018-2019</b>	<b>Projected 2019-2020</b>	<b>Projected 2020-2021</b>	<b>Projected 2021-2022</b>	<b>Projected 2022-2023</b>	<b>Projected 2023-2024</b>	<b>Projected 2024-2025</b>
<b>LOCAL SERVICES TAX</b>												
CURRENT REAL ESTATE TAX	\$83,695,164	\$86,303,894	\$86,197,004	\$89,471,686	\$92,415,214	\$95,553,106	\$98,886,378	\$102,440,116	\$106,115,242	\$109,913,192	\$113,840,270	\$117,895,827
REAL ESTATE TAX-REFERENDUM DEBT (3)	-	3,183,420	3,183,420	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
EARNED INCOME TAX	16,204,754	16,270,000	16,500,000	16,750,000	17,020,000	17,310,000	17,620,000	17,950,000	18,310,000	18,690,000	19,100,000	19,540,000
REALTY TRANSFER TAX	2,176,269	1,500,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
DELINQUENT REAL ESTATE TAX	1,174,635	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 (4)	721,636	310,254	560,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
IDEA-B	764,400	750,000	750,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
PAYMENTS IN LIEU OF TAX	514,670	514,670	555,011	555,011	555,011	555,011	555,011	555,011	555,011	555,011	555,011	555,011
LOCAL SERVICES TAX	366,198	370,000	370,000	374,000	378,000	382,000	386,000	390,000	394,000	398,000	402,000	406,000
TUITION	770,667	1,196,010	1,215,223	1,148,207	1,148,207	1,148,207	1,148,207	1,148,207	1,148,207	1,148,207	1,148,207	1,148,207
MISC LOCAL REVENUE	562,772	384,918	900,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
PUBLIC UTILITY REALTY TAX	122,808	122,808	116,691	122,808	122,808	122,808	122,808	122,808	122,808	122,808	122,808	122,808
INTEREST ON INVESTMENTS	110,889	150,000	100,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
<b>TOTAL LOCAL</b>	<b>107,184,863</b>	<b>112,155,974</b>	<b>113,347,349</b>	<b>118,015,711</b>	<b>121,234,603</b>	<b>124,663,109</b>	<b>128,314,614</b>	<b>132,201,882</b>	<b>136,240,537</b>	<b>140,421,782</b>	<b>144,761,684</b>	<b>149,264,063</b>
<b>STATE</b>												
BASIC ED INSTR SUBSIDY	6,433,441	6,440,460	6,912,348	6,912,348	6,912,348	6,912,348	6,912,348	6,912,348	6,912,348	6,912,348	6,912,348	6,912,348
SPECIAL ED REVENUE-REGULR	3,236,908	3,221,640	3,255,571	3,255,571	3,255,571	3,255,571	3,255,571	3,255,571	3,255,571	3,255,571	3,255,571	3,255,571
REV. FOR RETIREMENT	6,166,360	7,762,524	7,762,524	9,284,320	10,100,000	10,700,000	11,200,000	11,200,000	11,450,000	11,750,000	12,000,000	12,300,000
REV. FOR SOCIAL SECURITY	2,119,844	2,297,740	2,297,740	2,365,057	2,412,358	2,460,605	2,509,817	2,560,013	2,611,214	2,663,438	2,716,707	2,771,041
PROPERTY TAX REDUCTION	1,422,517	1,422,441	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
TRANSPORTATION REVENUE	835,406	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
BOND REIMBURSEMENTS (5)	1,010,206	517,497	476,918	622,001	632,953	632,168	629,259	608,604	607,410	582,013	581,940	582,207
HEALTH SERVICES REVENUE	144,589	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 (6)	246,078	128,440	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013
VOCATIONAL EDUCATION	74,107	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040	107,040
OTHER STATE REVENUE	12,958	0	0	0	0	0	0	0	0	0	0	0
TUITION - 1305/1306	129,996	80,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
<b>TOTAL STATE</b>	<b>21,832,411</b>	<b>22,867,781</b>	<b>23,564,594</b>	<b>25,300,451</b>	<b>26,174,384</b>	<b>26,821,846</b>	<b>27,368,149</b>	<b>27,397,690</b>	<b>27,697,697</b>	<b>28,024,524</b>	<b>28,327,720</b>	<b>28,682,321</b>
<b>FEDERAL</b>												
TITLE I REVENUE	846,002	700,000	755,480	700,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
TITLE II REVENUE	202,051	200,000	187,970	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
ACCESS FUNDS	353,462	350,000	350,000	300,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
OTHER FEDERAL REVENUE	75,657	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	51,632	35,000	79,770	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
<b>TOTAL FEDERAL</b>	<b>1,528,805</b>	<b>1,345,000</b>	<b>1,433,220</b>	<b>1,295,000</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>130,546,078</b>	<b>136,368,756</b>	<b>138,345,164</b>	<b>144,611,162</b>	<b>148,553,987</b>	<b>152,629,955</b>	<b>156,827,763</b>	<b>160,744,572</b>	<b>165,083,234</b>	<b>169,591,306</b>	<b>174,234,403</b>	<b>179,091,384</b>

- (1) The 5-year historical growth through 2014-15 is 3.4%.
- (2) 2014-15 reflects major building projects not fully reflected in 2013-2014 assessed value. 2015-16 forward assumes gradual growth to historical averages. (10-yr average 1.7%)
- (3) Assumes additional tax equal to the debt service on referendum borrowing.
- (4) Reflects reduction for property tax rebate program. Budget 2015-16 includes a \$200,000 reduction. Projected 2015-16 forward assumes \$100,000.
- (5) Reflects projected annual reimbursement. Actual 2014-15 revenue includes retroactive reimbursement of \$631,000 received in January 2015. 2015-16 forward includes estimated \$200,000 to \$300,000 reimbursement related to High School referendum borrowing.
- (6) Previously referred to as the Accountability Block Grant. Future years projected at 2015-16 state budget amount.

## 2016-17 Budget with Future Projections as presented on June 13, 2016

State College Area School District  
 General Fund Expenses and Fund Balance Transfers  
 5/5/16

	2014-2015 Actual	2015-2016 Budget	2015-2016 Projected	Budget 2016- 2017	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected	2021-2022 Projected	2022-2023 Projected	2023-2024 Projected	2024-2025 Projected
Salaries	\$57,437,758	61,269,218	60,999,861	63,093,412	64,355,280	65,642,386	66,955,234	68,294,338	69,660,225	71,053,429	72,474,498	73,923,988
Health Insurance	11,730,480	12,432,612	12,432,612	12,743,668	14,018,035	15,319,838	16,751,822	18,327,004	20,059,705	21,965,675	24,062,243	26,368,467
PSERS	12,143,509	15,525,047	15,447,117	18,569,640	20,200,000	21,400,000	22,400,000	22,400,000	22,900,000	23,500,000	24,000,000	24,600,000
Other Benefits	5,705,039	6,323,751	6,202,085	6,396,163	6,500,000	6,600,000	6,700,000	6,800,000	6,900,000	7,000,000	7,100,000	7,200,000
Professional Services	3,796,001	2,688,525	2,846,112	2,920,699	2,970,000	3,020,000	3,070,000	3,120,000	3,170,000	3,220,000	3,270,000	3,330,000
Purchased Property Services	2,001,179	2,090,571	2,115,175	2,125,793	2,160,000	2,200,000	2,240,000	2,280,000	2,320,000	2,360,000	2,400,000	2,440,000
Other Purchased Services	10,044,281	10,885,651	11,266,602	11,808,254	12,010,000	12,210,000	12,420,000	12,630,000	12,840,000	13,060,000	13,280,000	13,510,000
Supplies/Equipment	5,686,056	6,252,598	6,125,750	6,108,307	6,200,000	6,290,000	6,380,000	6,480,000	6,580,000	6,680,000	6,780,000	6,880,000
Minor Capital Projects	2,055,717	2,096,831	2,096,831	2,138,768	2,181,543	2,225,174	2,269,678	2,315,071	2,361,373	2,408,600	2,456,772	2,505,908
Athletics/transfers/contingencies (1)	2,652,293	3,662,310	3,436,067	4,244,769	4,333,207	3,301,371	3,360,699	3,421,212	3,482,937	3,545,895	3,610,113	3,675,616
Debt Service (2)	5,081,310	5,165,109	4,354,927	4,904,284	5,014,258	5,003,733	4,919,728	4,960,025	4,935,723	4,860,376	4,865,876	4,868,726
Debt Service - Referendum Debt (3)	0	3,384,493	3,384,493	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
Transfer to Capital Reserve (2)	12,230,000	5,775,600	8,709,600	6,675,000	5,274,000	5,136,000	4,580,280	4,582,000	4,690,270	4,737,100	4,729,800	4,631,300
Fund Balance Use (PSERS/Legal) (4)	(550,000)	(1,791,053)	(1,808,281)	(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>\$130,013,623</b>	<b>\$135,761,263</b>	<b>\$137,608,950</b>	<b>\$144,606,028</b>	<b>\$148,287,320</b>	<b>\$152,395,054</b>	<b>\$156,646,445</b>	<b>\$160,471,617</b>	<b>\$164,761,698</b>	<b>\$169,251,792</b>	<b>\$173,888,768</b>	<b>\$178,796,470</b>

(1) Includes legal liability payments and food service transfer of \$130,000 in 2015-16 growing to \$335,000 in 2017-18.

(2) Transfer to capital reserve, plus Debt Service is at least \$9,500,000 in all periods.

(3) Reflects actual debt service for referendum borrowing.

(4) Reflects updated PSERS pay forward projection prepared May 2016.

## 2016-17 Budget with Future Projections as presented on June 13, 2016

State College Area School District  
Fund Balance Summary  
5/5/16

	Actual 2014-2015	Budget 2015-2016	Projected 2015-2016	Budget 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
As Presented - Including Increase for Referendum Debt:												
Nonspendable Fund Balance	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035	\$ 1,785,035
General Unassigned	10,277,278	10,884,771	11,013,492	11,018,626	11,285,293	11,520,194	11,701,512	11,974,467	12,296,002	12,635,516	12,981,151	13,276,064
General Assigned PSERS	8,572,000	7,330,947	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	-
General Assigned Legal Liability	1,650,000	1,100,000	1,100,000	550,000	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>22,284,313</b>	<b>21,100,753</b>	<b>21,212,246</b>	<b>18,838,376</b>	<b>16,918,315</b>	<b>15,945,643</b>	<b>15,467,341</b>	<b>15,344,137</b>	<b>15,269,513</b>	<b>15,212,868</b>	<b>15,162,344</b>	<b>15,061,099</b>
Capital Reserve Fund	31,557,038	32,835,238	40,266,638	45,385,188	36,741,488	37,960,538	28,621,618	29,284,418	30,057,738	30,877,388	27,851,738	24,719,688
Capital Projects Fund	1,626,139	1,626,139	1,253,181	1,253,181	1,253,181	1,253,181	1,253,181	1,253,181	1,253,181	1,253,181	1,253,181	1,253,181
Capital Projects Fund - HS												
Referendum Financed	77,822,788	35,049,461	35,049,461	-	-	-	-	-	-	-	-	-
<b>Total Capital Funds</b>	<b>111,005,965</b>	<b>69,510,838</b>	<b>76,569,280</b>	<b>46,638,369</b>	<b>37,994,669</b>	<b>39,213,719</b>	<b>29,874,799</b>	<b>30,537,599</b>	<b>31,310,919</b>	<b>32,130,569</b>	<b>29,104,919</b>	<b>25,972,869</b>
Debt Service Fund	4,638	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>\$ 133,294,916</b>	<b>\$ 90,611,591</b>	<b>\$ 97,781,526</b>	<b>\$ 65,476,745</b>	<b>\$ 54,912,984</b>	<b>\$ 55,159,362</b>	<b>\$ 45,342,139</b>	<b>\$ 45,881,735</b>	<b>\$ 46,580,432</b>	<b>\$ 47,343,436</b>	<b>\$ 44,267,262</b>	<b>\$ 41,033,968</b>
Fund Balance Excl Capital Proj Fund	\$ 55,472,128	\$ 55,562,130	\$ 62,732,065	\$ 65,476,745	\$ 54,912,984	\$ 55,159,362	\$ 45,342,139	\$ 45,881,735	\$ 46,580,432	\$ 47,343,436	\$ 44,267,262	\$ 41,033,968



## 2016-17 Budget with Future Projections as presented on June 13, 2016

State College Area School District  
 General Fund Balance  
 5/5/16

	<u>Actual 2014-2015</u>	<u>Budget 2015-2016</u>	<u>Projected 2015-2016</u>	<u>Budget 2016-2017</u>	<u>Projected 2017-2018</u>	<u>Projected 2018-2019</u>	<u>Projected 2019-2020</u>	<u>Projected 2020-2021</u>	<u>Projected 2021-2022</u>	<u>Projected 2022-2023</u>	<u>Projected 2023-2024</u>	<u>Projected 2024-2025</u>
<b><u>General Fund - Unassigned</u></b>												
Beginning Balance	\$9,744,824	\$10,277,278	\$10,277,278	\$11,013,492	\$11,018,626	\$11,285,293	\$11,520,194	\$11,701,512	\$11,974,467	\$12,296,002	\$12,635,516	\$12,981,151
Revenue less Expense	532,455	607,493	736,214	5,134	266,667	234,901	181,318	272,955	321,536	339,513	345,635	294,914
<b>General Fund - Unassigned</b>	<b>\$10,277,278</b>	<b>10,884,771</b>	<b>\$11,013,492</b>	<b>11,018,626</b>	<b>11,285,293</b>	<b>11,520,194</b>	<b>11,701,512</b>	<b>11,974,467</b>	<b>12,296,002</b>	<b>12,635,516</b>	<b>12,981,151</b>	<b>13,276,064</b>
% of Expense	7.87%	7.91%	7.90%	7.50%	7.50%	7.50%	7.44%	7.44%	7.44%	7.45%	7.45%	7.41%
<b><u>General Fund - Assigned</u></b>												
<b>PSERS</b>												
Beginning Balance	8,572,000	8,572,000	8,572,000	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
Additions												
Uses	-	(1,241,053)	(1,258,281)	(1,829,004)	(1,636,728)	(1,207,573)	(659,620)	(396,159)	(396,159)	(396,159)	(396,159)	(396,158)
Ending Fund Balance	8,572,000	7,330,947	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	-
<b>Legal Liability</b>												
Beginning Balance	2,200,000	1,650,000	1,650,000	1,100,000	550,000	-	-	-	-	-	-	-
Additions												
Uses	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	-	-	-	-	-	-	-
Ending Fund Balance	1,650,000	1,100,000	1,100,000	550,000	-	-	-	-	-	-	-	-
<b>Total General Fund - Assigned</b>	<b>\$10,222,000</b>	<b>\$8,430,947</b>	<b>\$8,413,719</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>

**Impact of change in projected years  
between the projection presented at the  
June 13, 2016 board meeting and the  
current projections (2017-18 Budget)**

**Assumptions:**

<b>Earned Income Tax Growth (1)</b>	0.00%	0.40%	1.00%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%
<b>Assessed Value Growth (2)</b>	-0.16%	-0.30%	-0.30%	-0.40%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
<b>Exceptions (3)</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Act 1 Index</b>	0.00%	0.10%	-0.40%	-0.40%	-0.40%	-0.40%	-0.40%	-0.40%	-0.40%
<b>Actual/Projected Based RE Tax Increase</b>	0.00%	-0.10%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
<b>Actual/Projected Total Tax Increase</b>	0.00%	-0.10%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%

Note: The schedule below subtracts the projection presented at the June 13, 2016 board meeting from the current projection.

	2015-2016 Projected	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	2024-2025 Projected	Impact of changes in Projected Years FY16 to FY25	FY17 to FY25
<b>LOCAL SERVICES TAX</b>												
CURRENT REAL ESTATE TAX	-\$96,359	-\$151,973	-\$545,617	-\$514,136	-\$582,807	-\$761,889	-\$954,451	-\$1,156,725	-\$1,372,035	-\$1,601,396	-\$7,737,388	-\$7,641,029
REAL ESTATE TAX-REFERENDUM DEBT (1)	-	-	-	-	-	-	-	-	-	-	-	-
EARNED INCOME TAX	256,613	260,000	330,000	510,000	680,000	840,000	990,000	1,130,000	1,260,000	1,370,000	7,626,613	7,370,000
REALTY TRANSFER TAX	1,123,942	282,000	282,000	-	-	-	-	-	-	-	1,687,942	564,000
DELINQUENT REAL ESTATE TAX	157,788	-	-	-	-	-	-	-	-	-	157,788	-
INTERIM REAL ESTATE TAX	57,178	-	-	-	-	-	-	-	-	-	57,178	-
IDEA-B	(11,980)	47,597	40,000	-	-	-	-	-	-	-	75,617	87,597
PAYMENTS IN LIEU OF TAX	(0)	-	-	-	-	-	-	-	-	-	(0)	-
LOCAL SERVICES TAX	7,122	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	70,122	63,000
TUITION	14,300	2,097	2,097	2,097	2,097	2,097	2,097	2,097	2,097	2,097	33,173	18,873
MISC LOCAL REVENUE/TUITION	186,930	144,100	144,100	144,100	144,100	144,100	144,100	144,100	144,100	144,100	1,483,830	1,296,900
PUBLIC UTILITY REALTY TAX	0	(5,618)	(5,618)	(5,618)	(5,618)	(5,618)	(5,618)	(5,618)	(5,618)	(5,618)	(50,566)	(50,566)
INTEREST ON INVESTMENTS	33,743	-	-	-	-	-	-	-	-	-	33,743	-
<b>TOTAL LOCAL</b>	<b>1,729,277</b>	<b>585,202</b>	<b>253,962</b>	<b>143,442</b>	<b>244,771</b>	<b>225,690</b>	<b>183,128</b>	<b>120,853</b>	<b>35,544</b>	<b>(83,818)</b>	<b>3,438,052</b>	<b>1,708,775</b>
<b>STATE</b>												
BASIC ED INSTR SUBSIDY	-\$9,332	\$630,792	\$630,792	\$630,792	\$630,792	\$630,792	\$630,792	\$630,792	\$630,792	\$630,792	\$5,667,796	\$5,677,128
SPECIAL ED REVENUE-REGULR	26	13,197	13,197	13,197	13,197	13,197	13,197	13,197	13,197	13,197	118,799	118,773
REV. FOR RETIREMENT	14,971	129,802	260,888	250,000	300,000	300,000	250,000	300,000	300,000	300,000	2,405,661	2,390,690
REV. FOR SOCIAL SECURITY	(220,666)	32,280	60,029	61,230	62,455	63,704	64,978	66,277	67,603	68,955	326,845	547,511
PROPERTY TAX REDUCTION	-	-	-	-	-	-	-	-	-	-	-	-
TRANSPORTATION REVENUE	134,352	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	584,352	450,000
BOND REIMBURSEMENTS (4)	(355,987)	273,502	-	-	-	-	-	-	-	-	(82,485)	273,502
HEALTH SERVICES REVENUE	10,906	-	-	-	-	-	-	-	-	-	10,906	-
READY TO LEARN GRANT (5)	-	-	-	-	-	-	-	-	-	-	-	-
VOCATIONAL EDUCATION	(16,149)	(16,149)	(16,149)	(16,149)	(16,149)	(16,149)	(16,149)	(16,149)	(16,149)	(16,149)	(161,490)	(145,341)
OTHER STATE REVENUE	12,064	-	-	-	-	-	-	-	-	-	12,064	-
TUITION - 1305/1306	39,929	-	-	-	-	-	-	-	-	-	39,929	-
<b>TOTAL STATE</b>	<b>-389,887</b>	<b>1,113,424</b>	<b>998,758</b>	<b>989,070</b>	<b>1,040,295</b>	<b>1,041,544</b>	<b>992,818</b>	<b>1,044,117</b>	<b>1,045,443</b>	<b>1,046,795</b>	<b>8,922,377</b>	<b>9,312,263</b>
<b>FEDERAL</b>												
TITLE I REVENUE	\$52,296	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,296	\$0
TITLE II REVENUE	(12,505)	-	-	-	-	-	-	-	-	-	(12,505)	-
ACCESS FUNDS	40,000	-	-	-	-	-	-	-	-	-	40,000	-
OTHER FEDERAL REVENUE	18,498	-	-	-	-	-	-	-	-	-	18,498	-
TITLE III REVENUE	(20,614)	-	-	-	-	-	-	-	-	-	(20,614)	-
<b>TOTAL FEDERAL</b>	<b>77,674</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77,674</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>1,417,065</b>	<b>1,698,626</b>	<b>1,252,719</b>	<b>1,132,512</b>	<b>1,285,066</b>	<b>1,267,233</b>	<b>1,175,946</b>	<b>1,164,971</b>	<b>1,080,987</b>	<b>962,977</b>	<b>12,438,103</b>	<b>11,021,038</b>

**State College Area School District  
General Fund Expenses and Fund Balance Transfers  
Increase (Decrease) in Expense**

**Note: The schedule below subtracts the projection presented at the June 13, 2016 board meeting from the current projection.**

	Projected 2015-2016	Projected 2016-2017	Preliminary Budget 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Impact of changes in Projected Years FY16 to FY25    FY17 to FY25	
Salaries	\$ 499,872	\$ 861,146	\$ 1,601,426	\$ 1,633,455	\$ 1,666,124	\$ 1,699,446	\$ 1,733,435	\$ 1,768,104	\$ 1,803,466	\$ 1,839,535	\$ 15,106,009	\$ 14,606,137
Health Insurance	(220,283)	89,349	93,413	102,755	113,030	124,333	136,766	150,443	165,487	182,036	937,330	1,157,613
PSERS	113,749	258,605	521,776	500,000	600,000	600,000	500,000	600,000	600,000	600,000	4,894,130	4,780,381
Other Benefits	(116,685)	83,887	124,604	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,491,806	1,608,491
Professional Services	401,844	574,158	733,357	750,000	760,000	780,000	800,000	820,000	840,000	850,000	7,309,359	6,907,515
Purchased Property Services	(135,327)	(75,996)	(110,203)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(1,161,526)	(1,026,199)
Other Purchased Services	352,684	29,367	485,121	500,000	510,000	520,000	530,000	540,000	550,000	560,000	4,577,171	4,224,487
Supplies/Equipment	(117,624)	165,375	(126,318)	(130,000)	(130,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)	(1,038,567)	(920,943)
Minor Capital Projects	-	300,000	(42,776)	(43,631)	(44,504)	(45,394)	(46,302)	(47,228)	(48,172)	(49,136)	(67,143)	(67,143)
Athletics/transfers/contingencies	(2,485,008)	(2,486,505)	(1,993,243)	(2,034,165)	(2,074,849)	(2,116,346)	(2,158,673)	(2,201,846)	(2,245,883)	(2,290,801)	(22,087,317)	(19,602,310)
Debt Service	(36,032)	1	-	-	-	-	-	-	-	-	(36,031)	1
Debt Service - Referendum Debt	(0)	-	-	-	-	-	-	-	-	-	(0)	-
Transfer to Capital Reserve	3,060,400	1,334,000	228,000	(9,000)	(76,080)	140,000	172,430	100,000	72,200	60,700	5,082,650	2,022,250
Fund Balance Use (PSERS/Legal)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses and Fund Balance Transfers</b>	<b>\$1,317,590</b>	<b>\$1,133,386</b>	<b>\$1,515,158</b>	<b>\$1,349,413</b>	<b>\$1,403,721</b>	<b>\$1,642,040</b>	<b>\$1,607,657</b>	<b>\$1,669,473</b>	<b>\$1,677,098</b>	<b>\$1,692,335</b>	<b>\$ 15,007,870</b>	<b>\$ 13,690,280</b>
Change in expense excl transfer to cap reserve	(1,742,810)	(200,614)	1,287,158	1,358,413	1,479,801	1,502,040	1,435,227	1,569,473	1,604,898	1,631,635	9,925,220	11,668,030
Change in revenue	1,417,065	1,698,626	1,252,719	1,132,512	1,285,066	1,267,233	1,175,946	1,164,971	1,080,987	962,977	12,438,103	11,021,038
Total Incr (Decr) in avail FB	3,159,875	1,899,241	(34,439)	(225,900)	(194,735)	(234,806)	(259,281)	(404,502)	(523,911)	(668,657)	2,512,883	(646,992)

**Note: Changes by line item are impacted by the reformatting to include athletics in the detailed expense lines. Net athletics expense was previously included in the Athletics/Transfer/Contingencies line.**

STATE COLLEGE AREA SCHOOL DISTRICT  
(Centre County, Pennsylvania)

**Accelerated Budget Opt Out Resolution Certifying Tax Rate Within Inflation Index  
(and No Need to Comply with Act 1 Accelerated Budget Procedures)**

**Background.** Act 1 § 311(a), 53 P.S. § 6926.311(a), requires an accelerated budget adoption timeline and procedure unless a school district, no later than 110 days before the primary election, adopts a resolution containing the certifications incorporated in this resolution. The deadline this year is January 27, 2017. After adoption of a resolution containing such certifications, § 311(d) authorizes a school district to comply with pre-Act 1 budget adoption rules as set forth in School Code § 687, 24 P.S. § 6-687. The School Board has reviewed the school district preliminary budget or has other information sufficient to make a determination that the budget for the next fiscal year can be funded based on maintaining current tax rates or increasing taxes by an amount less than or equal to the Act 1 index. In lieu of the Act 1 budget adoption timeline and procedure, the School Board wishes to make the required certifications and comply with pre-Act 1 budget adoption rules.

**RESOLVED,** that the Board of School Directors of State College Area School District, makes the following unconditional certifications:

1. The school district's various tax levies and other revenue sources will be sufficient to balance the school district final budget for the next fiscal year (2017-2018) based on maintaining current tax rates or increasing tax rates by an amount less than or equal to the Act 1 index applicable to the school district as calculated by the Pennsylvania Department of Education. This conclusion is based on the school district preliminary budget or other information available to the School Board.
2. The applicable index for the next fiscal year is 2.50%, and the School Board will not for the next fiscal year increase the rate of its real estate tax, or any other tax for the support of public education, by an amount that exceeds the applicable index.
3. The School Board has to date and in the future will comply with the rules set forth in School Code § 687 for adoption of the school district proposed and final budgets for the next fiscal year.
4. The School Board understands that the school district will not be eligible to use Act 1 referendum exceptions for the next fiscal year.

Duly adopted by the State College Area School District (Centre County, Pennsylvania) in lawful session assembled on this \_\_\_\_ day of December, 2016.

STATE COLLEGE AREA SCHOOL  
DISTRICT

Attest:

\_\_\_\_\_  
President, Board of School Directors

\_\_\_\_\_  
Secretary

[Per Act 1 §§ 311(d)(2)(ii) and (iii), the school district must, within 5 days after adoption of this resolution submit to PDE: (1) on a PDE prescribed form, information on any proposed tax increase – **Real Estate Tax Rate Report**; and (2) a copy of this resolution.]

# State College Area School District



# Proposed Preliminary Budget 2017-2018

**State College  
Area School District  
December 5, 2016**

# Budget Timeline – Proposed Preliminary Options

**Option 1:** Apply for available exceptions to increase the real estate rate above the Act 1 index of 2.5%.

- December 19: Adopt a Resolution Authorizing Proposed Preliminary Budget for Display and Advertising
- January 23: Proposed Preliminary Budget on Form PDE-2028 available for public inspection
- February 3: Publish notice of intent to adopt 2017-2018 Preliminary Budget
  - If applicable: Publish and post on district website notice of intent to apply to PDE for exceptions.
- February 13: Approve Preliminary Budget for 2017-2018



# Budget Timeline – Proposed Preliminary Options

**Option 2:** Increase the real estate tax rate equal to or below the Act 1 index of 2.5%

- Prior to January 26, 2017: Adopt a resolution stating the district will not increase the tax rate by more than the Act 1 Index. **(Recommended Option)**

or

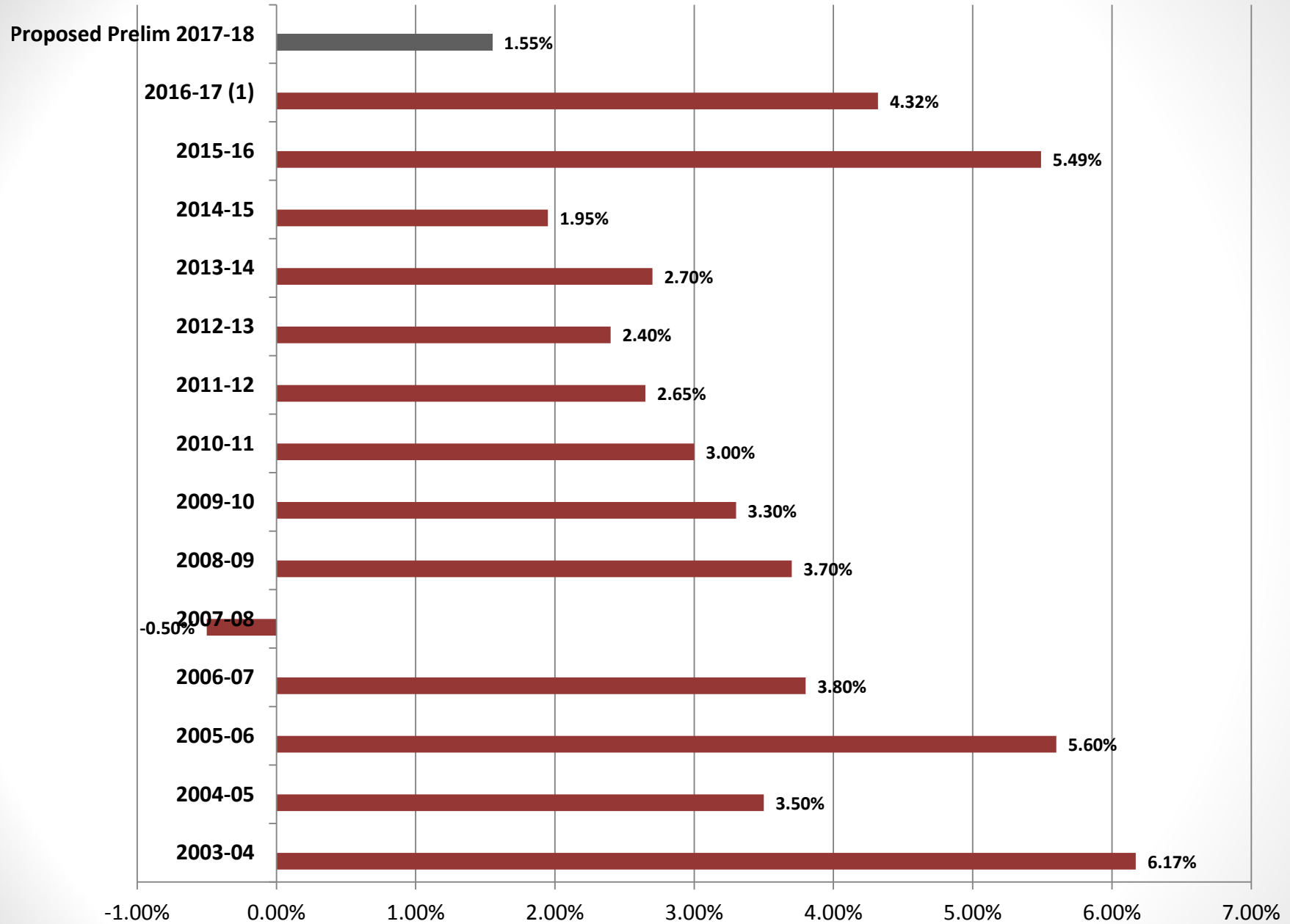
- Follow the Proposed Preliminary Budget Process outlined in option 1

# 2017-2018 Proposed Preliminary Tax Rate Increase

- Act 1 Index - 2.5%
- Proposed Preliminary Increase - 1.55%

Note: Decision point for discussion at this time is the budget process, which is impacted by the board's intent to tax at or below the Act 1 Index.

# Real Estate Tax Increase

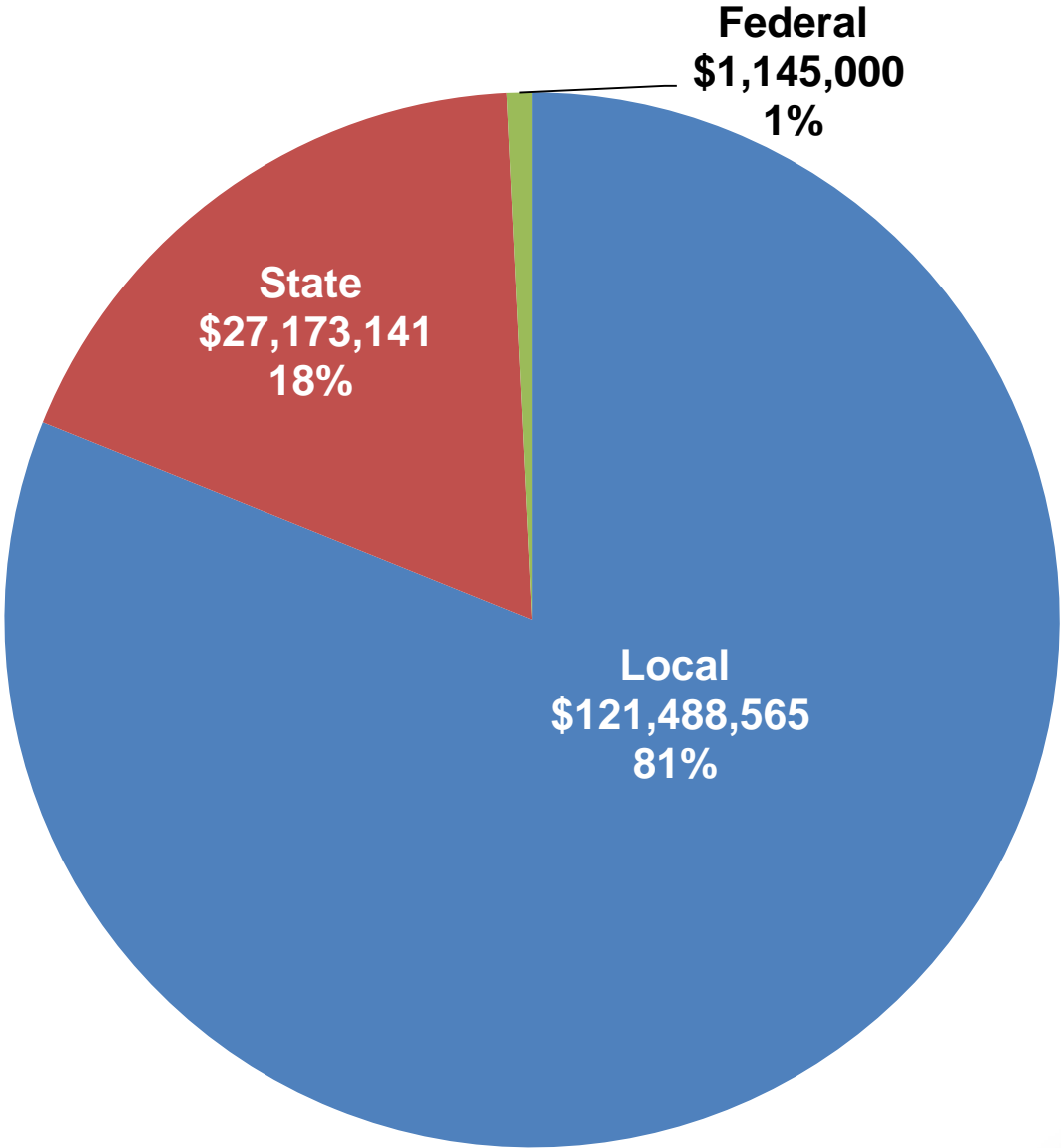


(1) Act 1 Index 2.4%, exceptions 1.92%

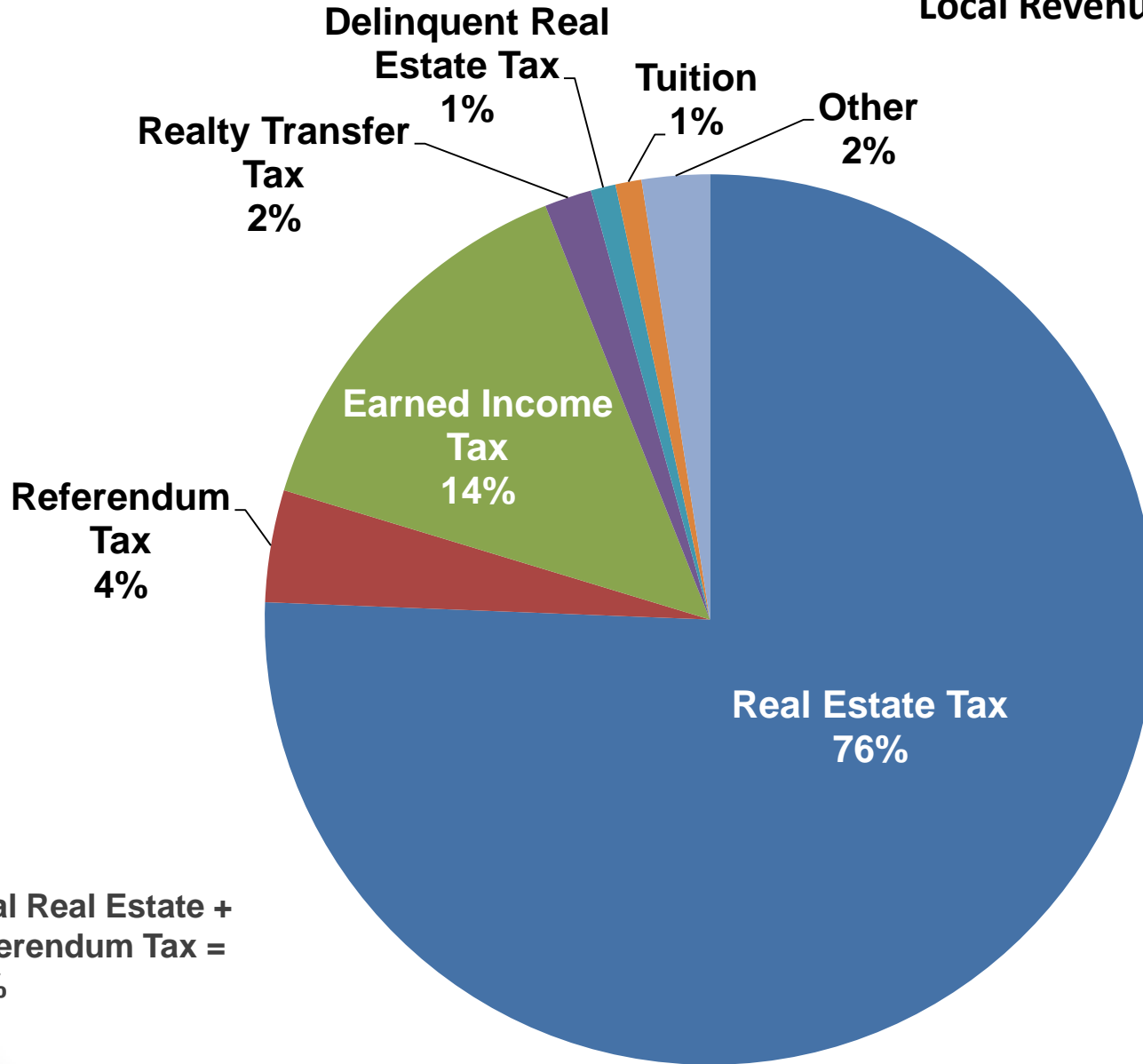
Average since 2006-2007 - 2.98%

5-Year Average increase excluding exceptions- 1.93%

# 2017-18 Proposed Preliminary Budget Revenue by Source



# 2017-18 Proposed Preliminary Budget Local Revenue



Total Real Estate +  
Referendum Tax =  
80%

# Revenue

## Projected 2016-2017

### Revenue 2016-2017

Budget 2016-2017	\$144,701,795
Projection	<u>146,309,789</u>
Projected Increase	\$ <u>1,607,994</u>

- Primary Impacts

- Increase in state budget allocation of Basic and Special Education \$643,989
- PlanCon reimbursement for 2015-2016 debt service payments paid in 2016-2017 \$273,502
- Increase in estimates for Earned Income and Transfer tax based on 2015-16 results \$542,000

# Revenue - Proposed Preliminary Budget 2017-2018

**92% of budgeted revenues are based on the below key assumptions.**

## **Key Local Revenue Assumptions**

- Real Estate Tax
  - Proposed real estate tax increase – 1.55%
    - Act 1 = 2.5%
  - Assessed value growth = 1.1%
    - 5 year average = 1.14%
    - 2015-16 growth = 1.02%
- Earned income tax growth = 2%

## **Key State Revenue Assumptions**

- Basic and Special Education Subsidy – assumed revenue equal to 2016-2017
- 50% reimbursement for PSERS and Social Security expense assumed to continue

# Revenue - Proposed Preliminary Budget 2017-2018

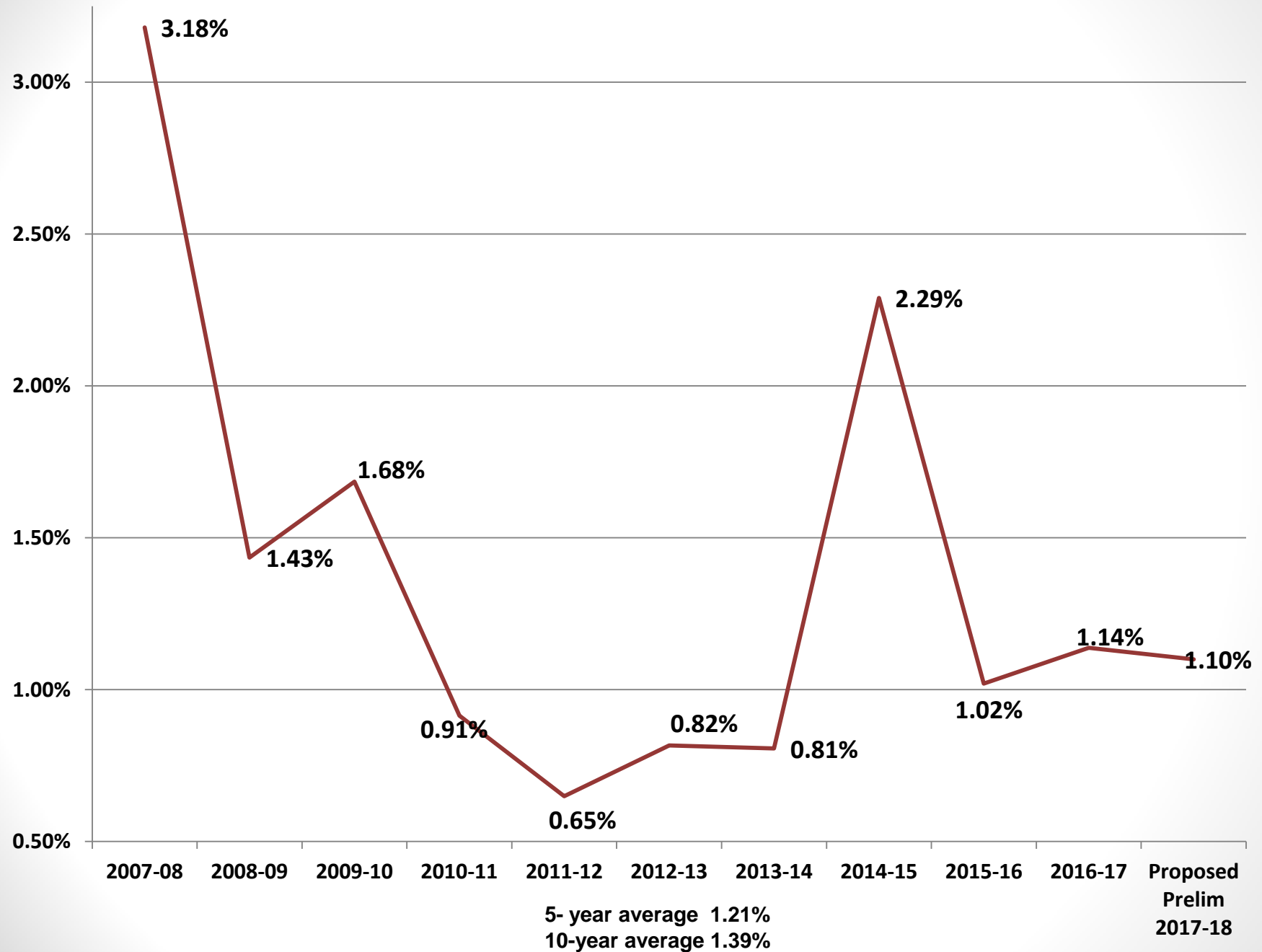
## Impact of Change in Tax Rate Increase:

Assumed Tax Increase:	2017-18	Thru 2025-26
0%	(\$1,499,181)	(\$15,382,703)
2.5%	\$ 918,638	\$ 9,404,936

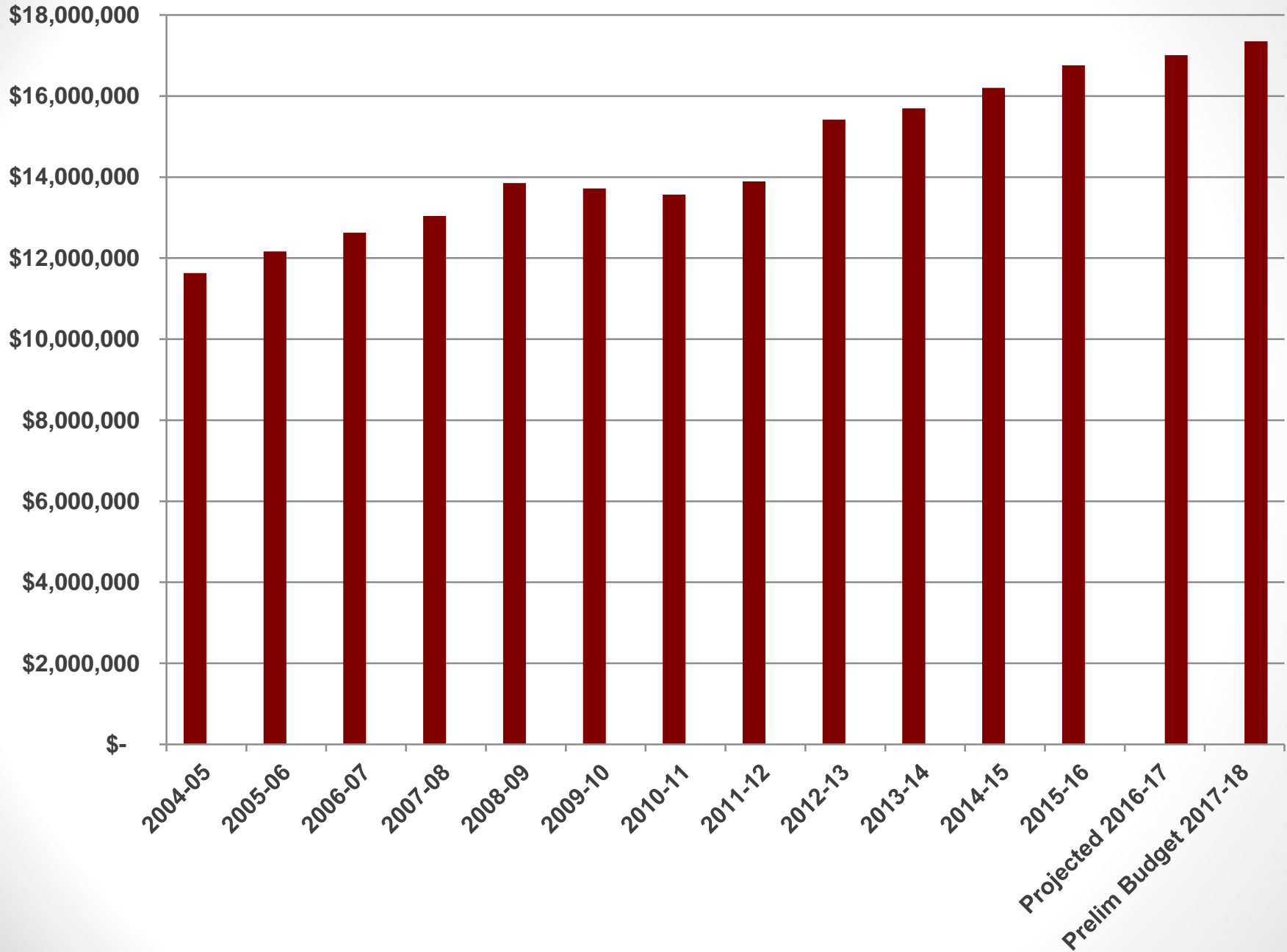
Note: The amounts above are compared to the proposed preliminary tax increase of 1.55% for 2017-18. The tax rate assumed for 2018-2019 thru 2025-26 is assumed constant at 2% for all projections.



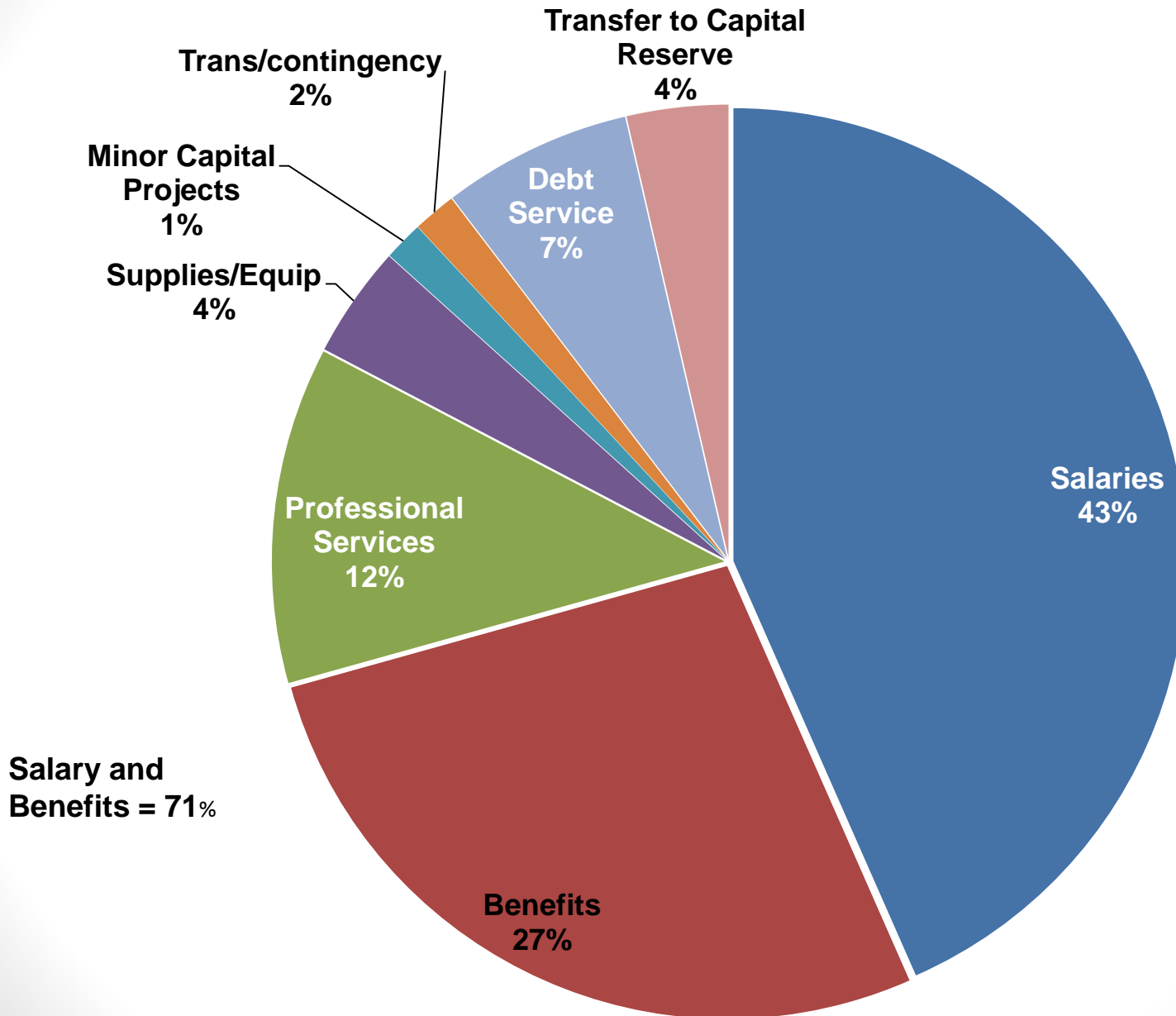
# Historical Assessed Value Growth



# Earned Income Tax Revenue



# 2017-18 Proposed Prelim Expenses by Object



# Expense and Capital Reserve Transfer Projected 2016-2017

## Expense (excluding capital reserve transfer)

Budget 2016-2017	\$140,400,665
Projection	<u>140,109,419</u>
Projected Decrease	<u>\$ 291,249</u>

- Increases in spending are offset by savings in other line items and use of contingency.
- Projection includes proposed accountant and physical plant/construction manager positions.

## Capital Reserve Transfer

Budget 2016-2017	\$6,675,000
Projection	<u>8,009,000</u>
Projected Increase	<u>\$ 1,334,000</u>

- Increase primarily related to revenue increases driven primarily by the final state budget approved after adoption of the district's budget.

# Expense - Proposed Preliminary Budget 2017-2018

## **Key expense assumptions:**

- Salary and related benefits, for staff included in 2016-2017, have been increased to reflect the estimated impact of employment contracts changes.
- Health insurance includes estimated premium increase and offsetting estimated impact of employment contract changes.
- Assumed PSERS rate increase from 30.03% to 32.04%.
- Assumed charter school increase of 2.5% (assumed level enrollment).
- Debt service reflects all existing debt.
- Transfer for Minor Capital Projects equal to 2016-17 projection.
- Transfer to capital reserve reflect transfer as projected in the most recent capital reserve projection of \$5.5 million.

# Expense - Proposed Preliminary Budget 2017-2018

## New programs included in 2017-2018 budget:

• Elementary School Programs	\$1,452,000
• New positions and purchased services	
• International Baccalaureate Program	208,500
• Addition of technology staff	<u>107,800</u>
Total new costs	<u>\$1,768,300</u>

# Use of Fund Balance

Proposed Preliminary Budget assumes the following use of committed fund balance:

- PSERS                    \$1,636,728
  - Based on May 2016 analysis
- Legal Liability    \$550,000
  - Final year

# Multiyear Projections

- Updated projections for 2016-2017 and 2017-2018 have been incorporated into the multiyear projections.
- The most significant changes in projected revenues include:
  - Increases in assumed EIT growth
  - Updated assumption in assumed assessed value growth
  - Increase in Basic Education Subsidy to the 2016-2017 level
- Expenses were updated based on the 2017-2018 proposed preliminary expense changes.
- In order to maintain an unrestricted fund balance comparable to the projection provided in June 2016, the tax rate increase from 2018-2019 forward has been increased from 1.65% to 2% (the 5-year historical increase, excluding referendum exceptions)



# Questions