



STATE COLLEGE AREA SCHOOL DISTRICT

Office of Finance and Operations

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To: Robert J. O'Donnell
From: Randy L. Brown and Donna Watson
Date: January 17, 2019
Subject: Opt Out Resolution for 2019-2020 Budget

The administration presents the Accelerated Budget Opt Out Resolution certifying the tax rate within the inflation index (Act 1 of 2006) of 2.3% for the 2019-2020 Fiscal Year for your approval. This recommendation follows the preliminary budget discussions on December 17, 2018 and January 7, 2019.

Attached is the resolution, the 2019-20 revenue and expense statement (Attachment A) and the additional PDE form which is required to be filed in support of this resolution (Attachment B). All documents are as presented at the January 7th meeting.

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 31, 2019. 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 (2019-2020) 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 2.30%, 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 21st day of January, 2019.

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.

Attachment A

Comparative Statements

**State College Area School District
General Fund Revenue
Projected 2018-19 vs. Preliminary Budget 2019-20**

	Projected 2018-2019	Budget 2019-2020	Variance
LOCAL SERVICES TAX			
CURRENT REAL ESTATE TAX	\$95,926,717	\$99,530,098	\$3,603,381 (1)
REAL ESTATE TAX-REFERENDUM DEBT	4,941,977	4,946,210	4,233
EARNED INCOME TAX	18,230,000	18,690,000	460,000 (2)
REALTY TRANSFER TAX	2,394,000	2,194,000	(200,000) (3)
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	-
INTERIM REAL ESTATE TAX	600,000	600,000	-
IDEA-B	739,659	740,000	341
PAYMENTS IN LIEU OF TAX	648,561	648,561	-
LOCAL SERVICES TAX	402,000	406,000	4,000
TUITION	1,513,346	1,513,346	-
MISC LOCAL REVENUE	573,112	573,112	-
PUBLIC UTILITY REALTY TAX	117,190	117,190	-
INTEREST ON INVESTMENTS	800,000	250,000	(550,000) (4)
TOTAL LOCAL	127,986,561	131,308,516	3,321,955
STATE			
BASIC ED INSTR SUBSIDY	7,921,450	7,921,450	-
SPECIAL ED REVENUE-REGULR	3,315,119	3,315,119	-
REV. FOR RETIREMENT	11,472,439	12,314,000	841,561 (5)
REV. FOR SOCIAL SECURITY	2,629,084	2,707,735	78,651 (6)
PROPERTY TAX REDUCTION	1,423,448	1,423,448	-
TRANSPORTATION REVENUE	800,000	800,000	-
BOND REIMBURSEMENTS	320,857	785,815	464,958 (7)
HEALTH SERVICES REVENUE	140,000	140,000	-
READY TO LEARN GRANT	310,013	310,013	-
VOCATIONAL EDUCATION	103,895	100,000	(3,895)
OTHER STATE REVENUE	1,975,393	0	(1,975,393) (8)
TUITION - 1305/1306	130,000	130,000	-
TOTAL STATE	30,541,699	29,947,580	(594,118)
FEDERAL			
TITLE I REVENUE	709,940	600,000	(109,940) (9)
TITLE II REVENUE	156,415	156,415	-
ACCESS FUNDS	250,000	250,000	-
OTHER FEDERAL REVENUE	60,000	60,000	-
TITLE III REVENUE	35,000	35,000	-
TOTAL FEDERAL	1,211,355	1,101,415	(109,940)
TOTAL REVENUE	\$159,739,614	\$162,357,512	\$2,617,897

**State College Area School District
General Fund Expenses and Fund Balance Transfers
Projected 2018-19 vs. Preliminary Budget 2019-20**

	Projected 2018-2019	Budget 2019-2020	Variance
Salaries	\$ 70,136,956	\$ 72,235,162	\$ 2,098,206 (1)
Health Insurance	13,193,987	14,909,205	1,715,218 (2)
PSERS	22,944,879	24,628,001	1,683,122 (3)
Other Benefits	7,000,842	7,208,693	207,851 (4)
Professional Services	3,573,704	3,590,000	16,296
Purchased Property Services	1,735,254	1,390,000	(345,254) (5)
Charter School Expense	6,330,172	6,440,000	109,828 (6)
Other Purchased Services	5,976,277	6,080,000	103,723 (7)
Supplies/Equipment	8,504,707	7,714,503	(790,204) (8)
Minor Capital Projects	2,181,543	2,225,174	43,631
Transfers/contingencies	1,332,096	1,880,148	548,052 (9)
Debt Service	7,613,532	7,540,783	(72,749)
Debt Service - Referendum Debt	5,254,125	5,258,625	4,500
Transfer to Cap Projects-DCED Grant	1,935,393	-	(1,935,393) (10)
Transfer to Capital Reserve	1,640,000	896,000	(744,000) (11)
Fund Balance Use (PSERS/Legal)	(1,207,573)	(659,620)	547,953 (12)
Total Expenses and Fund Balance Transfers	<u>\$158,145,894</u>	<u>\$161,336,674</u>	<u>\$3,190,780</u>

Revenue Footnotes

- (1) Budget reflects 2.3% Act I index for real estate tax increase and 1.2% assessed value growth.
- (2) Budget reflects projected growth of 2.5%. 5-year average is 3%.
- (3) Projected 2018-19 column reflects significant large claims to date. Budget reflect the 5-year average.
- (4) Projected 2018-19 column reflects projected investments. Budget reflects conservative estimate due to possible need to advance payment on capital projects.
- (5) Budget reflects the increase in the PSERS rate and increase in salary expense.
- (6) Budget reflects the impact of increased salary expense.
- (7) Projected 2018-19 includes debt currently receiving Plancon reimbursement. Budget also includes estimated reimbursement related to high school bonds.
- (8) Projected 2018-19 column reflects DCED grant and additional school resource officer grant funds.
- (9) Projected 2018-19 column reflects substantially approved Title I funding allotment for the 2018-19 grant year.

Expenditure Footnotes

- (1) Salary increase is based on estimated impact of contractual arrangements assuming 2018-19 staffing level.
 - (2) Estimated contractual increase in health insurance. Assumes 2018-19 staffing level.
 - (3) Reflects increase in PSERS rate and increase in salary expenses.
 - (4) Other benefits assumes 2018-19 staffing levels and estimated contractual impacts.
- Reduction in
- (6) Estimated net increase in charter school expense.
 - (7) Estimated increase in contracted services.
 - (8) Excludes the non-recurring 2018-19 expenses related to budgeted student day change and non-recurring unbudgeted expense related to mold and other building related expenses.
 - (9) Primarily related to reinstatement of contingency used in 2018-19 to cover unbudgeted mold and other building related expenses and estimated increase in food service transfer over 2018-19 budget.
 - (10) Projected 2018-19 reflects the transfer of DCED grant funds to Capital Project funds to cover the high school related expenditures.
 - (11) Projection and budget reflects assumed transfer as included in prior multiyear projections. This transfer amount has not been increased to adjust unassigned fund balance to 8% in either period.
 - (12) Budgeted reflects planned usage of PSERS fund balance.

Attachment B

2019-20 Required PDE form for Accelerated
Budget Opt Out Resolution

ITEM

AMOUNTS

Estimated Beginning Unreserved Fund Balance Available for Appropriation and Reserves Scheduled For Liquidation During The Fiscal Year

- 0810 Nonspendable Fund Balance
- 0820 Restricted Fund Balance
- 0830 Committed Fund Balance
- 0840 Assigned Fund Balance
- 0850 Unassigned Fund Balance

Total Estimated Beginning Unreserved Fund Balance Available for Appropriation and Reserves Scheduled For Liquidation During The Fiscal Year

Estimated Revenues And Other Financing Sources

- 6000 Revenue from Local Sources 125,766,308
- 7000 Revenue from State Sources 1,423,448
- 8000 Revenue from Federal Sources
- 9000 Other Financing Sources

Total Estimated Revenues And Other Financing Sources \$127,189,756

Total Estimated Fund Balance, Revenues, and Other Financing Sources Available for Appropriation \$127,189,756

Amount

REVENUE FROM LOCAL SOURCES

6111 Current Real Estate Taxes	104,476,308
6140 Current Act 511 Taxes - Flat Rate Assessments	406,000
6150 Current Act 511 Taxes - Proportional Assessments	20,884,000

REVENUE FROM LOCAL SOURCES \$125,766,308

REVENUE FROM STATE SOURCES

7340 State Property Tax Reduction Allocation	1,423,448
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REVENUE FROM STATE SOURCES \$1,423,448

TOTAL ESTIMATED REVENUES AND OTHER SOURCES 127,189,756

Act 1 Index (current): 2.3%

Calculation Method:

Rate

Approx. Tax Revenue from RE Taxes:	\$104,476,308
Amount of Tax Relief for Homestead Exclusions	<u>\$1,423,448</u>
Total Approx. Tax Revenue:	\$105,899,756
Approx. Tax Levy for Tax Rate Calculation:	\$108,999,096

Centre

Total

2018-19 Data		
a. Assessed Value	\$2,319,110,894	\$2,319,110,894
b. Real Estate Mills	45.2060	
I. 2019-20 Data		
c. 2017 STEB Market Value	\$6,979,885,220	\$6,979,885,220
d. Assessed Value	\$2,356,956,334	\$2,356,956,334
e. Assessed Value of New Constr/ Renov	\$0	\$0

2018-19 Calculations		
f. 2018-19 Tax Levy	\$104,837,727	\$104,837,727
(a * b)		

II. 2019-20 Calculations		
g. Percent of Total Market Value	100.00000%	100.00000%
h. Rebalanced 2018-19 Tax Levy	\$104,837,727	\$104,837,727
(f Total * g)		
i. Base Mills Subject to Index	45.2060	
(h / a * 1000) if no reassessment		
(h / (d-e) * 1000) if reassessment		

Calculation of Tax Rates and Levies Generated		
j. Weighted Avg. Collection Percentage	97.11892%	97.11892%
k. Tax Levy Needed	\$108,999,096	\$108,999,096
(Approx. Tax Levy * g)		
I. 2019-20 Real Estate Tax Rate	46.2457	
(k / d * 1000)		
III. m. Tax Levy Generated by Mills	\$108,999,096	\$108,999,096
(l / 1000 * d)		
n. Tax Levy minus Tax Relief for Homestead Exclusions		\$107,575,648
(m - Amount of Tax Relief for Homestead Exclusions)		
o. Net Tax Revenue Generated By Mills		\$104,476,308
(n * Est. Pct. Collection)		

Act 1 Index (current): 2.3%

Calculation Method:

Approx. Tax Revenue from RE Taxes:	\$104,476,308
Amount of Tax Relief for Homestead Exclusions	<u>\$1,423,448</u>
Total Approx. Tax Revenue:	\$105,899,756
Approx. Tax Levy for Tax Rate Calculation:	\$108,999,096

	Rate	Centre	Total
Index Maximums			
p. Maximum Mills Based On Index (i * (1 + Index))	46.2457		
q. Mills In Excess of Index (if l > p), (l - p))	0.0000		
r. Maximum Tax Levy Based On Index (p / 1000 * d)	\$108,999,096		\$108,999,096
IV. s. Millage Rate within Index? (If l > p Then No)	Yes		
t. Tax Levy In Excess of Index (if (m > r), (m - r))	\$0		\$0
u. Tax Revenue In Excess of Index (t * Est. Pct. Collection)	\$0		\$0

Information Related to Property Tax Relief

V. Assessed Value Exclusion per Homestead	\$0.00		
Number of Homestead/Farmstead Properties			
Median Assessed Value of Homestead Properties			\$0

Act 1 Index (current): 2.3%

Calculation Method:	Rate
Approx. Tax Revenue from RE Taxes:	\$104,476,308
Amount of Tax Relief for Homestead Exclusions	<u>\$1,423,448</u>
Total Approx. Tax Revenue:	\$105,899,756
Approx. Tax Levy for Tax Rate Calculation:	\$108,999,096

Centre	Total
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State Property Tax Reduction Allocation used for: Homestead Exclusions	\$1,423,448	Lowering RE Tax Rate	\$0	\$1,423,448
Prior Year State Property Tax Reduction Allocation used for: Homestead Exclusions	\$0			\$0
Amount of Tax Relief from State/Local Sources				\$1,423,448

CODE

6111 Current Real Estate Taxes

<u>County Name</u>	<u>Taxable Assessed Value</u>	<u>Real Estate Mills</u>	<u>Tax Levy Generated by Mills</u>	<u>Amount of Tax Relief for Homestead Exclusions</u>	<u>Tax Levy Minus Homestead Exclusions</u>	<u>Percent Collected</u>	<u>Net Tax Revenue Generated By Mills</u>
Centre	2,356,956,334	46.2457	108,999,096			97.11892%	
Totals:	2,356,956,334		108,999,096	- 1,423,448	= 107,575,648	X 97.11892%	= 104,476,308

	<u>Rate</u>		<u>Estimated Revenue</u>
6120 <u>Current Per Capita Taxes, Section 679</u>	\$0.00		0
6140 <u>Current Act 511 Taxes – Flat Rate Assessments</u>	<u>Rate</u>	<u>Add'l Rate (if appl.)</u>	<u>Tax Levy</u>
6141 Current Act 511 Per Capita Taxes	\$0.00	\$0.00	0
6142 Current Act 511 Occupation Taxes – Flat Rate	\$0.00	\$0.00	0
6143 Current Act 511 Local Services Taxes	\$5.00	\$0.00	406,000
6144 Current Act 511 Trailer Taxes	\$0.00	\$0.00	0
6145 Current Act 511 Business Privilege Taxes – Flat Rate	\$0.00	\$0.00	0
6146 Current Act 511 Mechanical Device Taxes – Flat Rate	\$0.00	\$0.00	0
6149 Current Act 511 Taxes, Other Flat Rate Assessments	\$0.00	\$0.00	0

Total Current Act 511 Taxes– Flat Rate Assessments 406,000 406,000

	<u>Rate</u>	<u>Add'l Rate (if appl.)</u>	<u>Tax Levy</u>	<u>Estimated Revenue</u>
6150 <u>Current Act 511 Taxes – Proportional Assessments</u>				
6151 Current Act 511 Earned Income Taxes	0.950%	0.000%	18,690,000	18,690,000
6152 Current Act 511 Occupation Taxes	0.000	0.000	0	0
6153 Current Act 511 Real Estate Transfer Taxes	0.500%	0.000%	2,194,000	2,194,000
6154 Current Act 511 Amusement Taxes	0.000%	0.000%	0	0
6155 Current Act 511 Business Privilege Taxes	0.000	0.000	0	0
6156 Current Act 511 Mechanical Device Taxes – Percentage	0.000%	0.000%	0	0
6157 Current Act 511 Mercantile Taxes	0.000	0.000	0	0
6159 Current Act 511 Taxes, Other Proportional Assessments	0	0	0	0

Total Current Act 511 Taxes– Proportional Assessments 20,884,000 20,884,000

Total Act 511, Current Taxes 21,290,000

Act 511 Tax Limit -->	6,979,885,220 X	12	83,758,623
	Market Value	Mills	(511 Limit)

Tax Function	Description	Tax Rate Charged in:			Less than or equal to Index	Index	Additional Tax Rate Charged in:		Less than or equal to Index
		2018-19 (Rebalanced)	2019-20	Percent Change in Rate			2018-19 (Rebalanced)	2019-20	
6111	<u>Current Real Estate Taxes</u> Centre	45.2060	46.2457	2.30%	Yes	2.3%			
	<u>Current Act 511 Taxes – Flat Rate Assessments</u>								
6143	Current Act 511 Local Services Taxes <u>Current Act 511 Taxes – Proportional Assessments</u>	\$5.00	\$5.00	0.00%	Yes	2.3%			
6151	Current Act 511 Earned Income Taxes	0.950%	0.950%	0.00%	Yes	2.3%			
6153	Current Act 511 Real Estate Transfer Taxes	0.500%	0.500%	0.00%	Yes	2.3%			

Account Description	Amounts
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0810 Nonspendable Fund Balance	
0820 Restricted Fund Balance	
0830 Committed Fund Balance	
0840 Assigned Fund Balance	
0850 Unassigned Fund Balance	127,189,756

Total Ending Fund Balance - Committed, Assigned, and Unassigned	\$127,189,756
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5900 Budgetary Reserve

Total Estimated Ending Committed, Assigned, and Unassigned Fund Balance and Budgetary Reserve	\$127,189,756
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