



STATE COLLEGE AREA SCHOOL DISTRICT
Office of Finance and Operations
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To: Finance and Audit Committee
From: Robert O'Donnell, Randy Brown and Donna Watson
Subject: 2021-2022 Budget Development - Proposed Final Budget
Date: May 10, 2021

As discussed at the last board meeting, the administration requests a review of the tax rate included in the proposed final budget. Thus far, the proposed final budget maintains the tax rate at 46.0875 mills, therefore no resulting tax increase.

The request to further evaluate the tax rate derives from the projected deficit spending which results in negative fund balance in the multi-year projections. The presentation attached provides multi-year projections resulting from several tax rate options.

In addition, there is information about the composition of our assessed value among property owners and comparison of recent real estate tax changes among our county and cohort school districts.

State College Area School District



2021-22 Budget Development

**State College
Area School District
May 12, 2021**

Budget 2021-22

- Approved 2021-22 Proposed Final Budget Summary
- Assessed Value
- Tax Increase scenarios

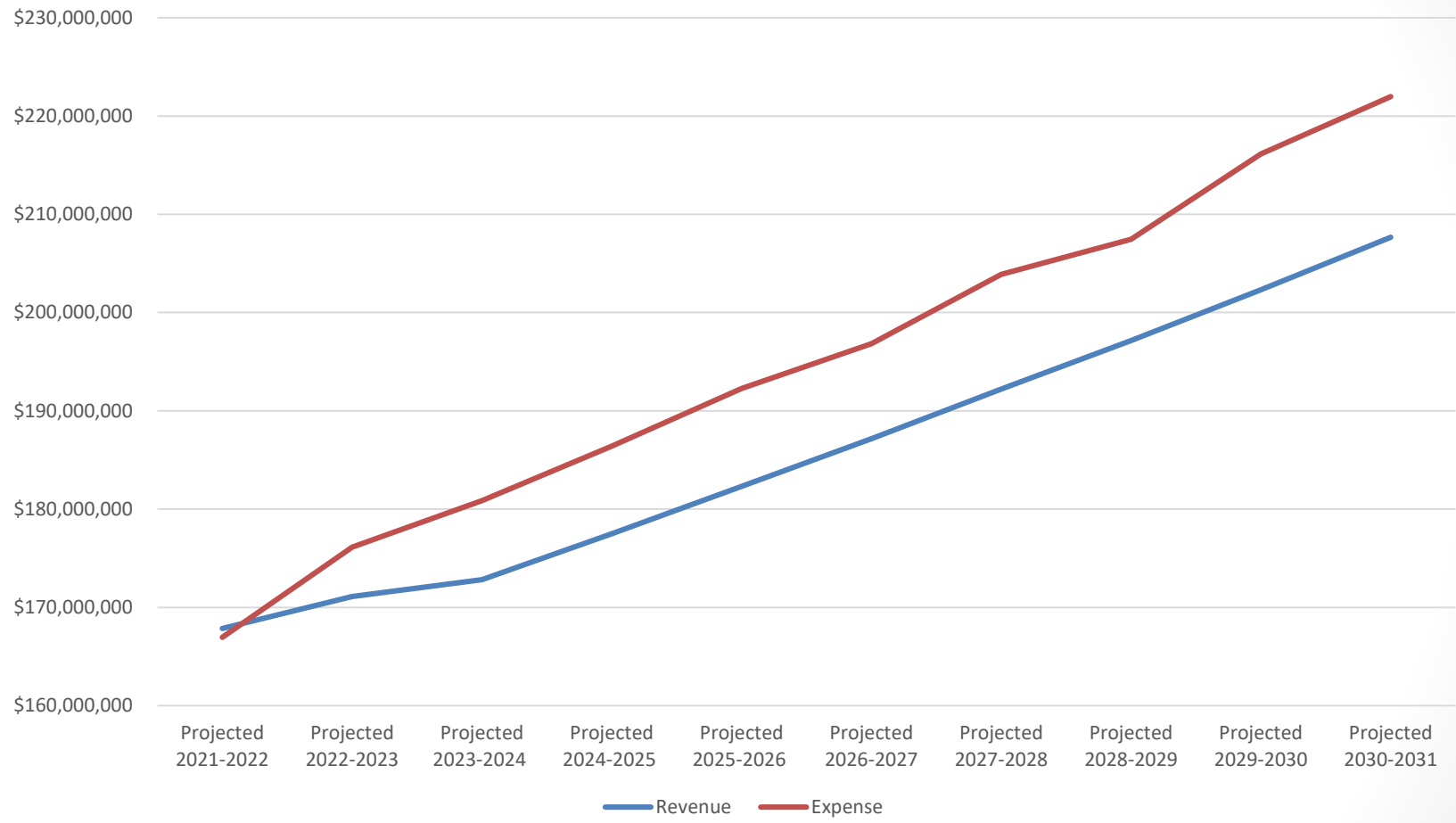
Budget 2021-22

Beginning Fund Balance	\$12,220,003
Revenue	167,859,087
Local	131,955,939
State	31,349,491
Federal	4,553,657
Expense (including capital reserve transfer)	<u>166,962,817</u>
Revenue less expense	896,271
Funding (Use) of Assigned Fund Bal (COVID-19)	288,574
Funding (Use) of Assigned Fund Bal (PSERS)	<u>(396,159)</u>
Change in Assigned Fund Balance	(107,585)
Change in Unassigned General Fund Balance	1,003,856
Ending Unassigned Fund Balance	<u><u>\$13,223,859</u></u>

Assumes a 0% real estate tax increase, maintaining a millage rate of 46.0875.

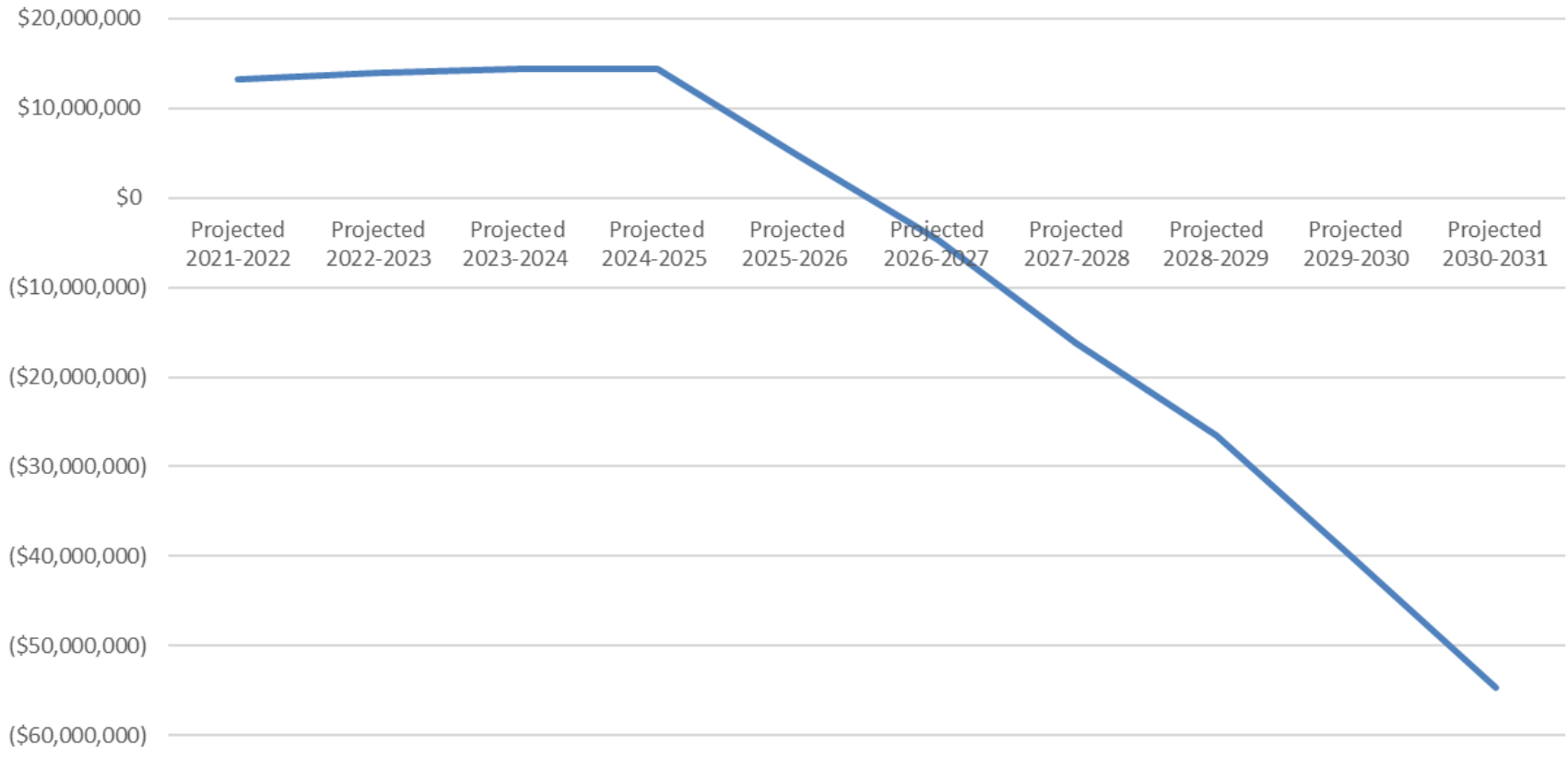


Projected Revenues and Expense

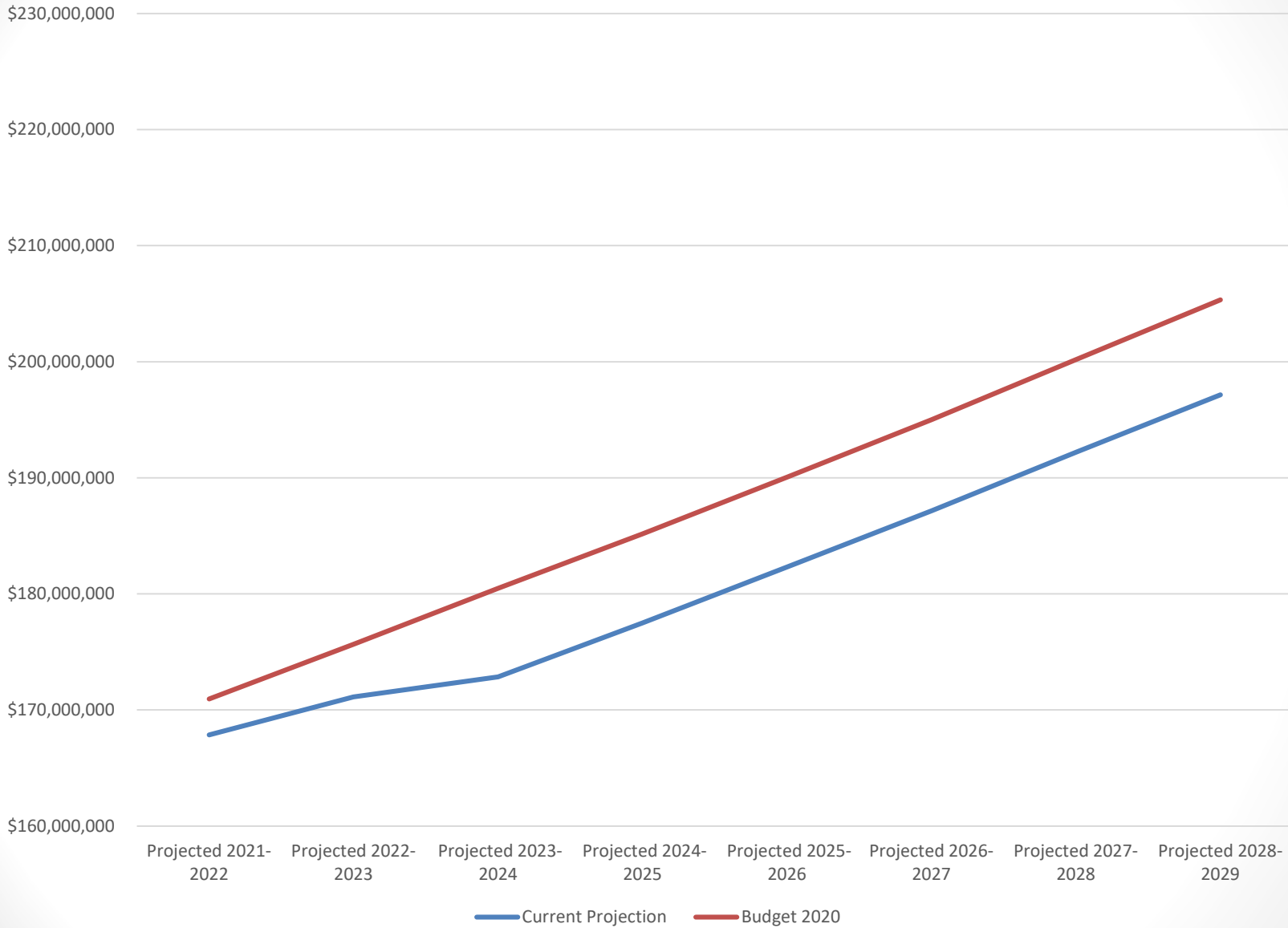




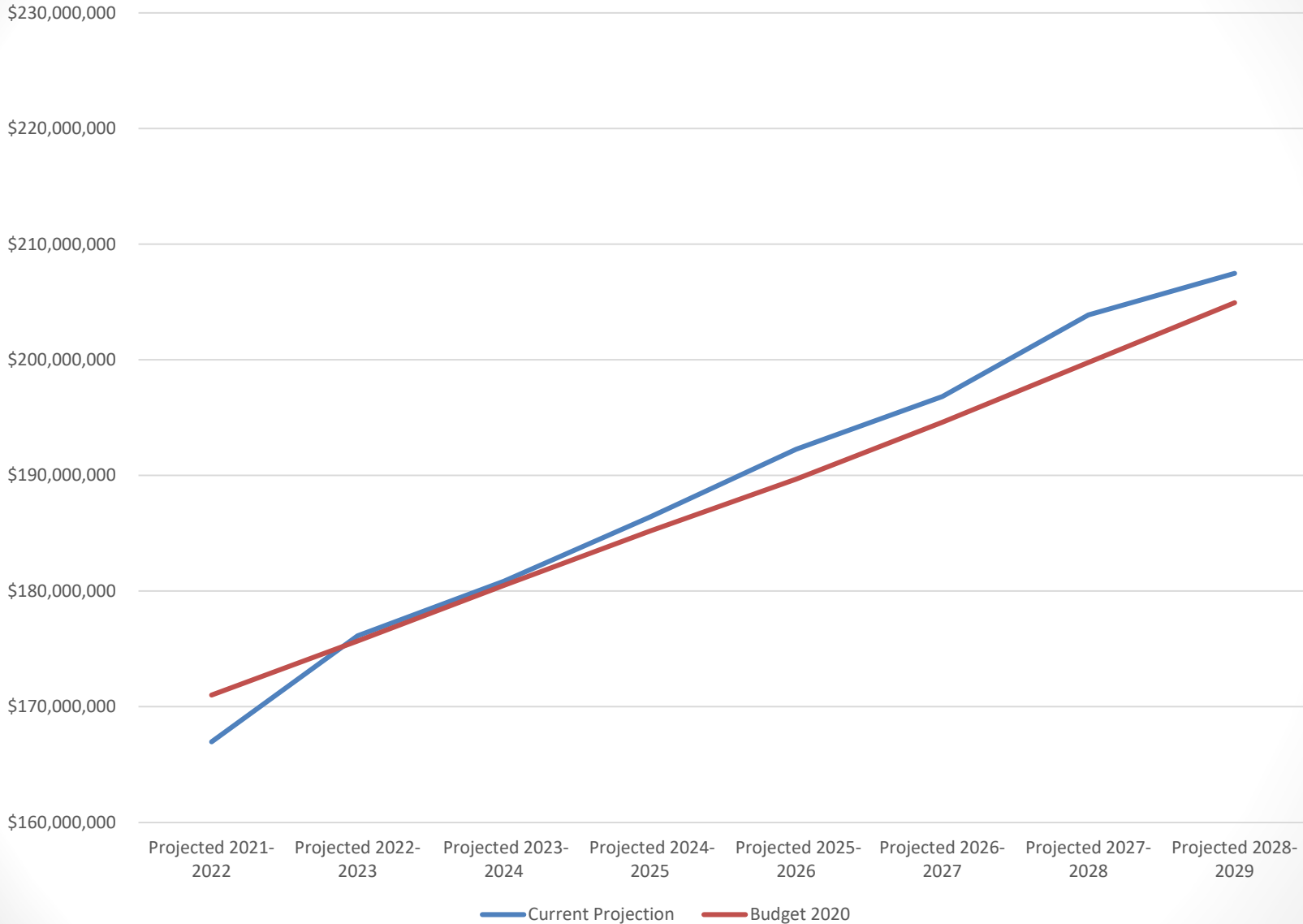
Projected Unassigned General Fund Balance



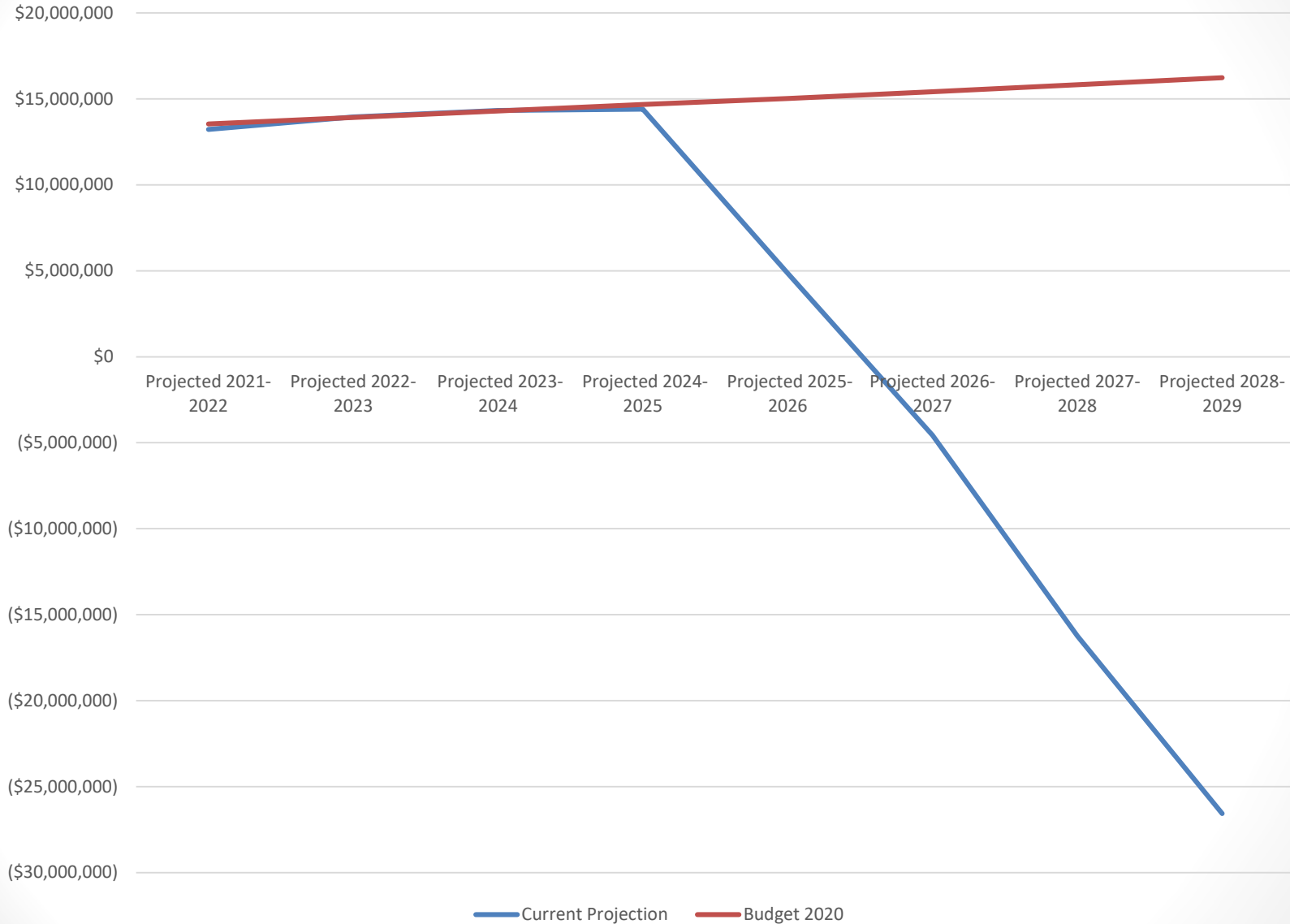
Projected Revenue



Projected Expense

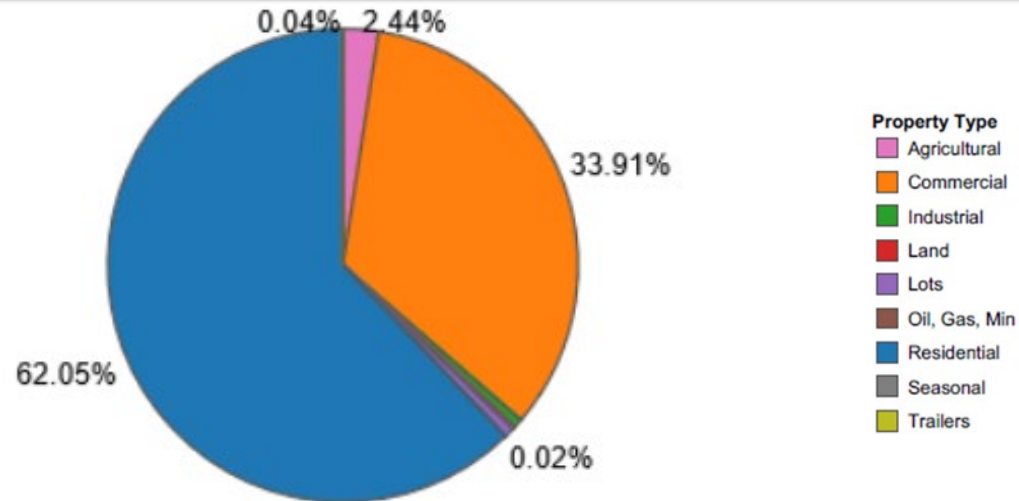


General Fund Unassigned Fund Balance



Assessed Value by Property Type

2019



Note: Information is per the Pennsylvania Department of Community and Economic Development (DCED). The timing of this report differs from the date of the district's tax bill.

Property Type	2019
Agricultural	2.44%
Commercial	33.91%
Industrial	0.63%
Land	0.16%
Lots	0.71%
Oil, Gas, Min	0.02%
Residential	62.05%
Seasonal	0.04%
Trailers	0.04%

Assessed Value by Property Type (2019 vs 2009)

Assessed Value 1
Table

Property Type	2019
Agricultural	2.44%
Commercial	33.91%
Industrial	0.63%
Land	0.16%
Lots	0.71%
Oil, Gas, Min	0.02%
Residential	62.05%
Seasonal	0.04%
Trailers	0.04%

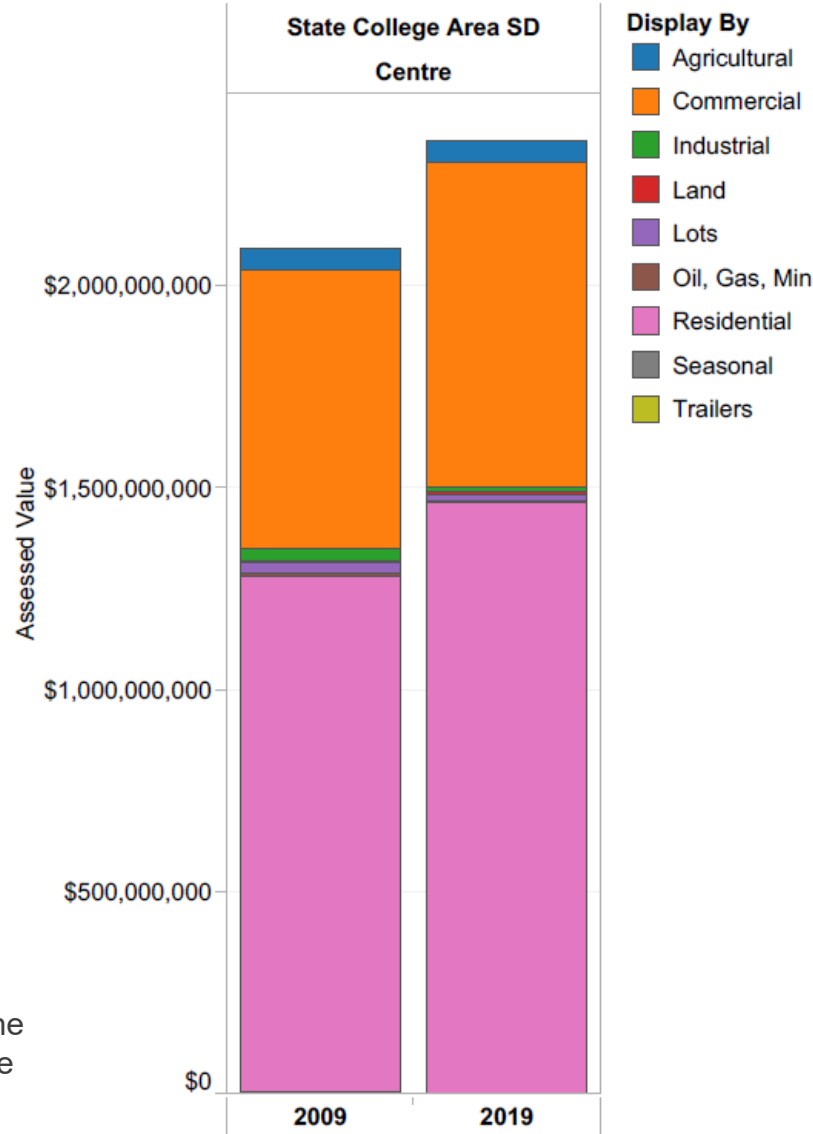
Assessed Value 2
Table

Property Type	2009
Agricultural	2.53%
Commercial	33.05%
Industrial	1.21%
Land	0.28%
Lots	1.29%
Oil, Gas, Min	0.03%
Residential	61.42%
Seasonal	0.06%
Trailers	0.12%

Note: Information is per DCED. The timing of this report differs from the date of the district's tax bill.

Assessed Value by Property Type

Source: PA Department of Education



Note: Information is per DCED. The timing of this report differs from the date of the district's tax bill.

Impact of Real Estate Tax Increase

(A) (B) (C) (D) (E)

				Unassigned Fund Balance as of June 30, 2031	
	2021-22 Assumed Real Estate Tax Increase (a)	Tax Revenue Generated in 2021-22	Additional Tax Revenue Through 2030-31	Balance	Percentage of Expense
1	(b) 0.0%	\$0	\$0	(54,681,020)	-24.63%
2	0.5%	535,397	6,158,538	(48,522,482)	-21.86%
3	1.0%	1,070,793	12,322,289	(42,358,731)	-19.08%

(a) The projected real estate tax percentage increase for 2022-23 is 1% and for 2023-24 forward is 2% for all scenarios.

(b) Real estate tax percentage increases in the current version of the multiyear projection.

Impact of Real Estate Tax Increase

Property Type	2020-21 Assessed Value		Average Assessed Value	2020-21 Tax		Count of Parcels		Average Tax	Impact of Tax Increase	
									0.5%	1%
Residential	1,462,759,540	61%	73,391	\$66,047,542	60%	19,931	82%	\$3,314	\$17	\$33
Commercial and Industrial	842,417,525	35%	534,190	\$38,824,478	35%	1,577	7%	\$24,619	\$123	\$246
Agricultural	58,611,190	2%	105,796	\$2,653,459	2%	554	2%	\$4,790	\$24	\$48
Other	53,816,000	2%	24,574	\$2,042,240	2%	2,190	9%	\$933	\$5	\$9
Total Taxable Properties	2,417,604,255		737,951	\$109,567,719		24,252		\$4,518	\$23	\$45

Notes:

- Residential, commercial and industrial properties represent 96% of the total real estate tax revenue. The total parcel counts for these categories represent 89% of the total taxable properties.
- Residential does not include residential apartments or residential with commercial as these are grouped in the "Other category". Other also includes Fraternities and sororities, hard surface, residential- out buildings, seasonal occupied less than half year, trailers, vacant lands, etc.
- Based mills subject to tax levy equals 46.0875

Residential Properties

Assessed Value Range	Average Assessed Value	Average Face Tax	Count of Parcels	%	Face Tax	%
\$7,275-\$50,000	\$ 36,011	\$ 1,612	6,124	31%	\$ 9,873,661	15%
\$50,001-\$100,000	\$ 71,243	\$ 3,209	10,013	50%	\$ 32,129,129	49%
\$100,001-\$483,340	\$ 139,398	\$ 6,338	3,794	19%	\$ 24,044,751	36%
Total	\$ 73,391	\$ 3,314	19,931	100%	\$ 66,047,542	100%

Notes:

- Assessed value, property count and total face tax based on 2020-2021 Real Estate tax detail.
- Real Estate tax mills for 2020-2021 equals 46.0875

Commercial and Industrial Properties

Assessed Value Range	Average Assessed Value	Average Face Tax	Count of Parcels	%	Face Tax	%
\$1,625 - \$2,000,000	\$ 311,103	\$ 14,338	1,488	94%	\$ 21,334,472	55%
\$2,000,001 - \$13,948,760	\$ 4,263,996	\$ 196,517	89	6%	\$ 17,490,006	45%
Total	\$ 534,190	\$ 24,619	1,577	100%	\$ 38,824,478	100%

Notes:

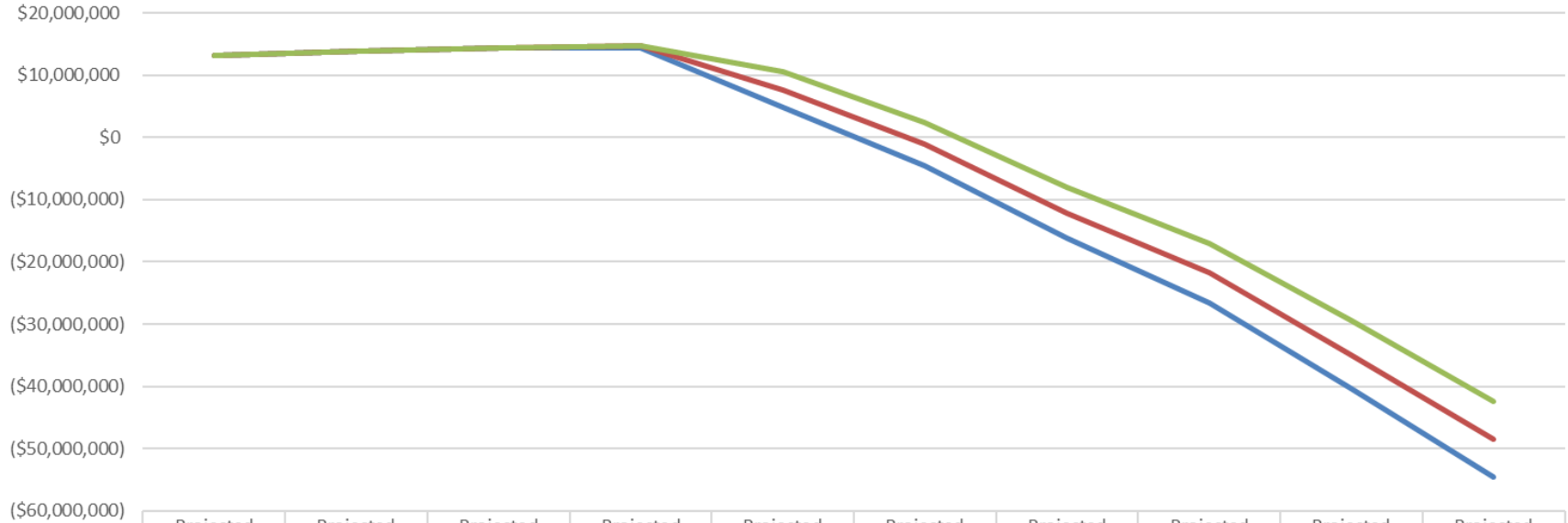
- Assessed value, property count and total face tax based on 2020-2021 Real Estate tax detail.
- Real Estate tax mills for 2020-2021 equals 46.0875

Real Estate Tax Increase Scenarios

	<u>0% Impact</u>	<u>.5% Impact</u>	<u>1% Impact</u>
Beginning Fund Balance	\$12,220,003	\$12,220,003	\$12,220,003
Revenue	167,859,087	168,394,483	168,929,881
Local	131,955,939	132,491,335	133,026,732
State	31,349,491	31,349,491	31,349,491
Federal	4,553,657	4,553,657	4,553,657
Expense (including capital reserve transfer)	166,962,817	166,962,817	166,962,817
Revenue less expense	896,271	1,431,666	1,967,064
Funding (Use) of Assigned Fund Bal (COVID-19)	288,574	823,574	1,359,574
Funding (Use) of Assigned Fund Bal (PSERS)	(396,159)	(396,159)	(396,159)
Change in Assigned Fund Balance	(107,585)	427,415	963,415
Change in Unassigned General Fund Balance	1,003,856	1,004,251	1,003,649
Ending Unassigned Fund Balance	<u>\$13,223,859</u>	<u>\$13,224,254</u>	<u>\$13,223,652</u>
Unassigned Fund Balance Percentage	7.9%	7.9%	7.9%



Projected Unassigned General Fund Balance



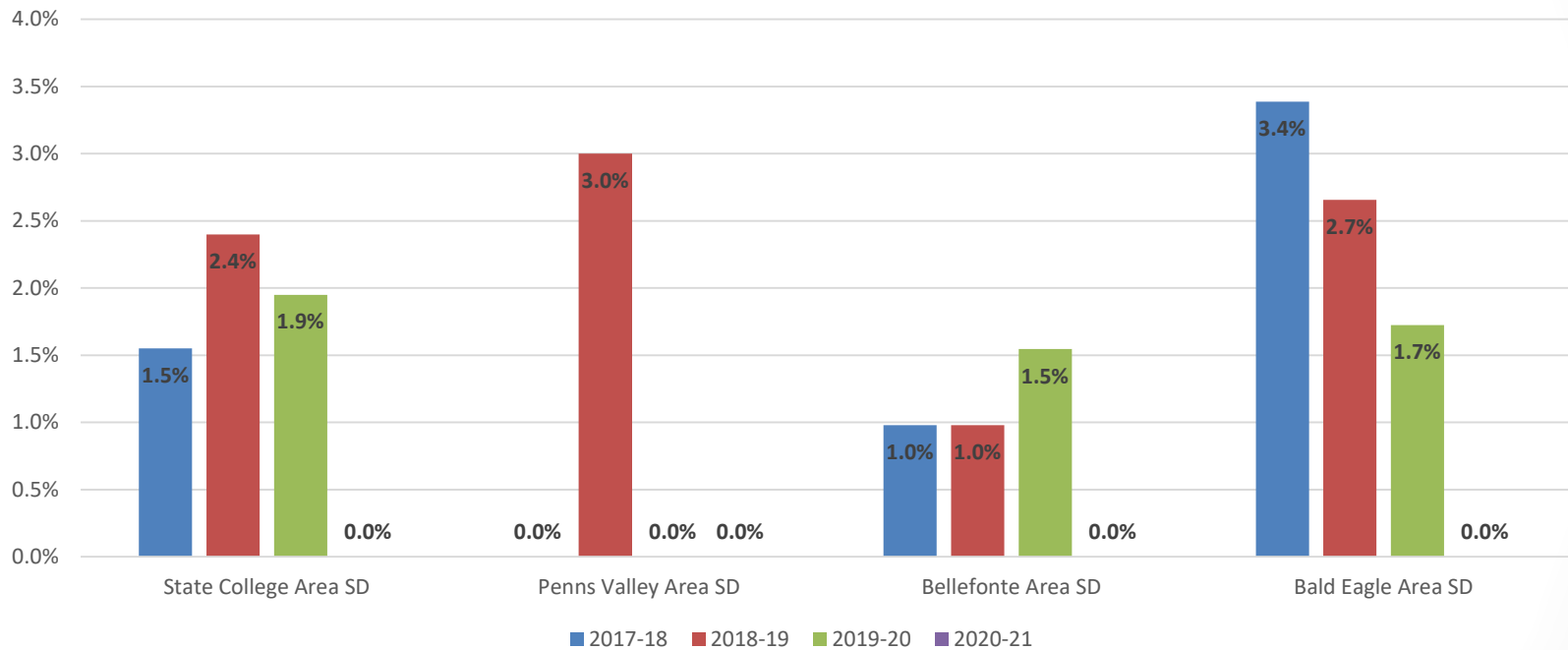
	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026	Projected 2026-2027	Projected 2027-2028	Projected 2028-2029	Projected 2029-2030	Projected 2030-2031
0%	\$13,223,859	\$13,949,137	\$14,324,630	\$14,398,081	\$4,844,959	(\$4,562,419)	(\$16,249,548)	(\$26,570,886)	(\$40,379,819)	(\$54,681,020)
0.5%	\$13,224,255	\$13,949,770	\$14,324,664	\$14,764,003	\$7,685,572	(\$1,100,519)	(\$12,146,382)	(\$21,806,083)	(\$34,930,047)	(\$48,522,482)
1%	\$13,223,652	\$13,949,639	\$14,324,545	\$14,763,773	\$10,526,479	\$2,364,150	(\$8,037,941)	(\$17,033,470)	(\$29,472,465)	(\$42,358,731)

County Cohort Real Estate Tax

School District	2017-18	2018-19	2019-20	2020-21
State College Area SD	1.5%	2.4%	1.9%	0.0%
Penns Valley Area SD	0.0%	3.0%	0.0%	0.0%
Bellefonte Area SD	1.0%	1.0%	1.5%	0.0%
Bald Eagle Area SD	3.4%	2.7%	1.7%	0.0%

County Cohort Real Estate Tax

Real Estate Tax Rate % Change

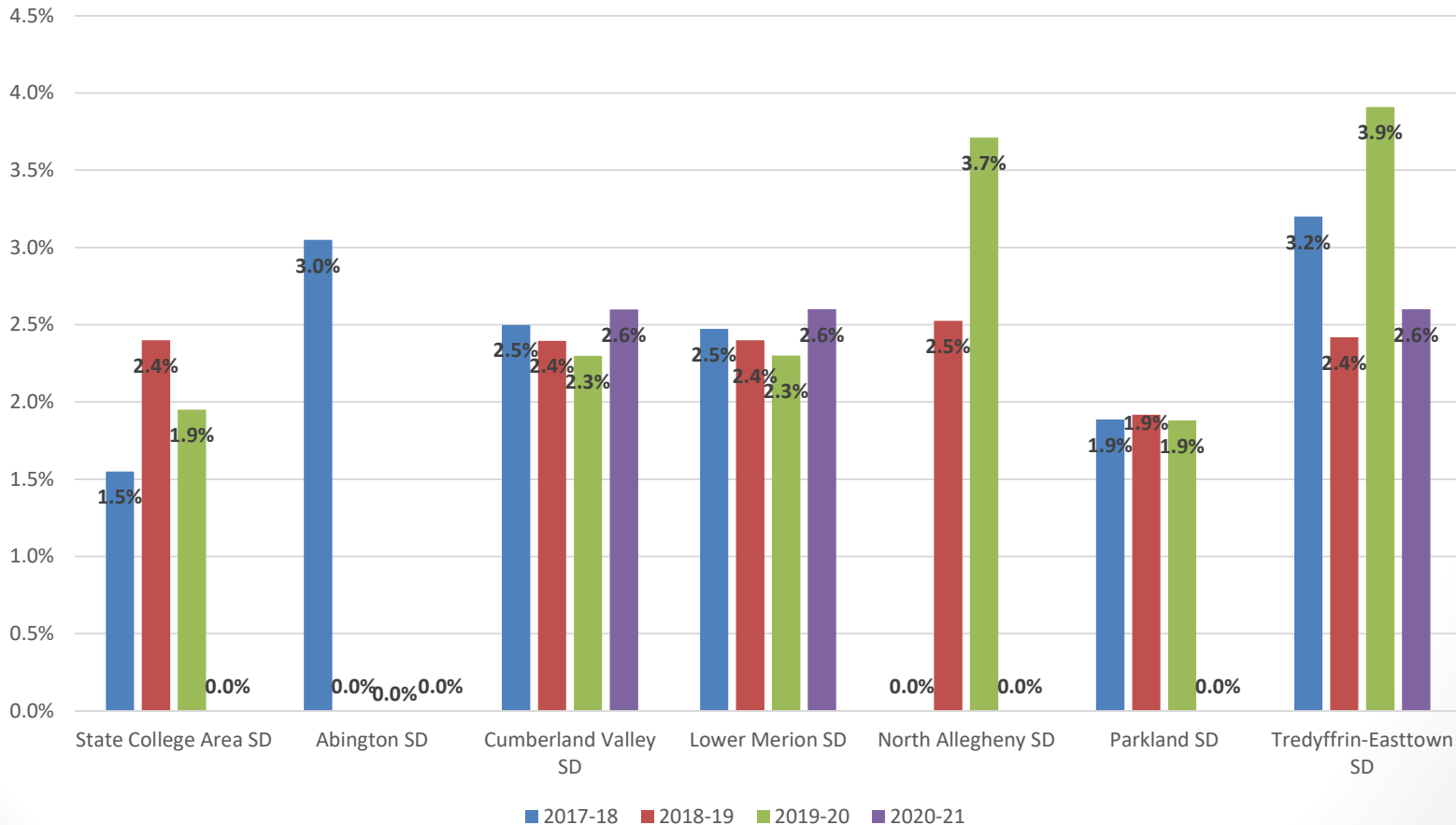


Cohort Real Estate Tax Increase

School District	2017-18	2018-19	2019-20	2020-21
State College Area SD	1.5%	2.4%	1.9%	0.0%
Abington SD	3.0%	0.0%	0.0%	0.0%
Cumberland Valley SD	2.5%	2.4%	2.3%	2.6%
Lower Merion SD	2.5%	2.4%	2.3%	2.6%
North Allegheny SD	0.0%	2.5%	3.7%	0.0%
Parkland SD	1.9%	1.9%	1.9%	0.0%
Tredyffrin-Easttown SD	3.2%	2.4%	3.9%	2.6%

Cohort Real Estate Tax

Real Estate Tax Rate % Change



Next Steps

- May 24, 2021- Board Meeting and Budget Hearing
- June 7, 2021 – Adopt Final Budget

Questions

State College Area School District

