



STATE COLLEGE AREA SCHOOL DISTRICT
 Office of Finance and Operations
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To: Board of Directors
 From: Robert O'Donnell, Randy Brown and Donna Watson
 Subject: 2021-2022 Budget Development
 Date: April 1, 2021

Executive Summary

This finance report provides a significant update to the budget development process centered on the \$5,246,995 in revenue from the American Rescue Plan Act of 2021 and year-to-date earned income tax revenue (EIT) collections. Specifically, it addresses the impact this revenue has on the budgeted fund balance projections, and provides information to assist the Board in approving the FY 2021-22 general fund budget (budget), as well as the real estate tax rate. These two factors have led us to recommend no tax increase for FY 2021-22. For this memo, the district's financial advisor provided input on the impact of the financial projections in relation to financial stability and credit rating.

American Rescue Plan Act of 2021 - ESSER III

The American Rescue Plan Act of 2021 legislation signed into law on March 11, 2021, which we will refer to as ESSER III funding, provides \$122 billion for K-12 education, \$2.75 billion for non-public school grants, and \$2.5 billion for IDEA (the details yet to be provided).

Pennsylvania's share of this funding is approximately \$5 billion. PDE has set aside for separate distribution 5% or \$250 million for learning loss; \$50 million or 1% for summer enrichment; \$50 million or 1% for afterschool programs; \$125 million of 2.5% for state activities; and \$25 million or 0.5% for state administration. School districts and charters schools will receive an allocation of \$4.5 billion, distributed based upon Title I-A apportionments. This funding is available for spending through September 2024.

Unlike ESSER I funding, equitable service sharing does not apply, meaning the district is not required to provide a portion of this funding for private schools, similar to the Title I-A formula. The "supplement not supplant provision" does not apply to ESSER funding. In most cases, federal funding must supplement the district's budget providing additional resources in excess of the regularly budgeted expenses. The ESSER funding may supplant budgeted expenses and lost revenue, which is essential for districts to overcome revenue shortfalls being experienced during

this period. In addition, any expenses covered by this federal funding are excluded from the charter school calculation, thus decreasing the charter school rate for the following year. The total estimated ESSER III allocation of \$5,246,995 includes \$1,049,399 for lost learning, which could fund tutoring opportunities, after school programs and summer school, as well as mental health services. The proposal for the remaining funding would reimburse (supplant) currently budgeted expenses for instructional salaries, extended school year, student related information technology resources, and maintenance supplies.

Earned Income Tax

Our current year EIT revenue through December is running higher than our projections. The previous projections showed a decrease of \$1.8 million compared to the FY 2019-20 budget. Based upon this new information the projections are updated to reflect a decrease of only \$940,000 or five percent decrease.

Prior projections for the next two years predicted revenue holding steady at that reduced amount, however based upon state-wide and local economic data we believe those projections should now reflect a one percent increase each year. The greatest impact on EIT revenue is consistently driven by our largest employer. Because of the uncertainty of Penn State's impact on the local economy over the coming months, our EIT projections need to remain extremely conservative in regards to expected growth.

Change in Budgeted Fund Balance

When factoring the changes in estimated revenue for the current and projection years, the cumulative growth in fund balance through FY 2025-26 is approximately \$11.8 million. This growth results primarily from increases in EIT of \$7.5 million and ESSER III \$5 million as discussed. Although this projection includes a \$4.4 million ending fund balance, as compared to a deficit of \$7.1 million in the March presentation, the projections show expenses are greater than revenue each year after FY 2021-22. This means we are spending from our savings account, which is not a long term strategy for financial stability.

Tax Rate

Based upon the improved revenue projections, at this time, the administration recommends no change in the tax rate in response to the challenging local economic conditions and the recent ESSER III funding.

While the March 15 Board meeting included discussions surrounding a potential increase in the tax rate in the FY 2021-22 general budget, we do not think this is necessary at this time. The projections presented in this report do not include an increase in the tax rate, making this the second consecutive year without a change in the tax rate.

Credit Rating

The district's financial advisor has supplied an evaluation following review of the district's current financial projections as compared to that of June 2020. This input also provides an understanding of the district's financial condition in relation to the credit rating.

In the short term, the district's financial position is not a concern. The district obviously will benefit from federal, state and local stimulus funding. However, the full impact of the pandemic still remains to be determined and must be closely monitored.

Mr. Beckett shares in his review that in the long term, the district will need to increase taxes and/or reduce expenses to maintain long-term financial stability. Both the financial stability and the strong commitment to the capital reserve fund have prepared the district to pay for debt service and expenses for future capital projects as well as decrease the costs of financing on debt. Our positive financial situation has resulted in lower interest rates which ultimately benefits taxpayers due to lower costs.

Expense Budget

Also provided is the FY 2021-22 Expenditure Budget Matrix. As discussed in prior budget cycles, the matrix shows expenses by category and function. This analysis also includes a comparison showing the percentage of each functional area and category in relation to the total budget for the current and prior budget years.

As has been presented previously, the FY 2021-22 expenditure budget is built to be flexible to respond to the needs of the pandemic in the upcoming academic year. The compensation portion of the budget vastly resembles the FY 2019-20 staffing levels. It includes increases for wages and salaries at the contractual and/or estimated rates, all benefits, and mandated employer retirement contributions. Aside from ESSER III lost learning expenses, budgets for other expenses including supplies, equipment, services, and transfers have been budgeted to reflect any cost increase. The exception remains the capital reserve transfer which has been eliminated as a cost savings measure. At this time, we are not preparing for significant programmatic changes.

Next Steps

In preparing for the presentation of the proposed final budget at the next Board meeting, there is a finance and audit committee meeting scheduled for April 14. The proposed final budget, budgeted FTE analysis, virtual program, food service, unemployment and inflation impact will be discussed at the committee meeting. There is also a CAC for Finance meeting scheduled for April 14 to review this information.

The administration continues to prepare for the coming academic year as well as analyze the multi-year budget projections. These both require balancing short term impacts and expectations for the coming school year along with the long-term financial stability of operating the district at the same time having the resources available to meet debt service requirements and future capital project needs. As the pandemic and period of economic uncertainty continues, we will continue to be mindful of the fortunate circumstances and prudent fiscal planning which we've experienced over the past several years resulting in our strong financial position.

Attachment A

Budget 2021-22
Comparative Statements

	A	B	C	D	E	H	K	N	O	P
1	State College Area School District									
2	General Fund Revenue									
3	Budget 2021-22									
4										
5										
6										
7										
8		Board Presentation 11/18/19	Board Presentation 3/2/20 (1)	Projected June 2020 (2)	Preliminary Budget 12/7/2020 (3)	Board Presentation 2/15/21 (4)	Board Presentation 3/15/21 (5)	Board Presentation 4/5/21	4/5/21 vs.3/15/21	Variance Explanation
9	LOCAL SERVICES TAX									
10	CURRENT REAL ESTATE TAX	\$106,917,277	\$106,917,277	\$101,712,018	\$100,644,466	\$100,764,382	\$100,764,382	\$100,764,382	(\$0)	
11	REAL ESTATE TAX-REFERENDUM DEBT	4,945,269	4,945,269	4,945,269	4,945,269	4,945,269	4,945,269	4,945,269	-	
12	EARNED INCOME TAX	19,800,000	19,800,000	16,200,000	16,922,059	16,922,059	16,922,059	18,040,795	1,118,736	Change in assumption from 0% to 1% (and 2020-21 projection from -10% to -5%)
13	REALTY TRANSFER TAX	2,200,000	2,200,000	1,650,000	2,400,000	2,500,000	2,500,000	2,500,000	-	
14	DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,200,000	1,200,000	1,300,000	1,300,000	1,300,000	-	
15	INTERIM REAL ESTATE TAX	600,000	700,000	600,000	600,000	600,000	600,000	600,000	-	
16	IDEA-B	740,000	740,000	740,000	740,000	740,000	740,000	740,000	-	
17	PAYMENTS IN LIEU OF TAX	664,382	674,646	674,646	674,646	674,646	674,646	674,646	-	
18	LOCAL SERVICES TAX	414,000	396,000	396,000	353,000	353,000	353,000	372,000	19,000	
19	TUITION	1,420,000	1,581,910	1,511,093	1,581,910	1,405,011	1,405,011	1,405,011	-	
20	MISC LOCAL REVENUE	631,705	538,409	538,409	518,409	396,646	396,646	396,646	-	
21	PUBLIC UTILITY REALTY TAX	117,190	117,190	117,190	117,190	117,190	117,190	117,190	-	
22	INTEREST ON INVESTMENTS	250,000	250,000	250,000	100,000	100,000	100,000	100,000	-	
23										
24	TOTAL LOCAL	139,799,823	139,960,701	130,534,624	130,796,949	130,818,203	130,818,203	131,955,939	1,137,736	
25										
26	STATE									
27	BASIC ED INSTR SUBSIDY	8,407,038	8,407,038	8,407,038	8,406,928	8,406,928	8,406,928	8,406,928	-	
28	SPECIAL ED REVENUE-REGULR	3,323,982	3,323,982	3,323,982	3,358,750	3,358,750	3,358,750	3,358,750	-	
29	REV. FOR RETIREMENT	13,100,000	13,250,000	12,450,000	12,846,216	12,846,216	12,758,206	12,831,101	72,895	Related to change in salaries
30	REV. FOR SOCIAL SECURITY	2,853,160	2,901,570	2,725,725	2,815,568	2,815,568	2,796,278	2,812,255	15,977	Related to change in salaries
31	PROPERTY TAX REDUCTION	1,423,580	1,423,580	1,423,580	1,426,711	1,426,711	1,426,711	1,426,711	-	
32	TRANSPORTATION REVENUE	800,000	800,000	800,000	800,000	800,000	800,000	800,000	-	
33	BOND REIMBURSEMENTS	743,278	749,552	749,552	937,733	937,733	937,733	937,733	-	
34	HEALTH SERVICES REVENUE	140,000	140,000	140,000	140,000	140,000	140,000	140,000	-	
35	READY TO LEARN GRANT	310,013	310,013	310,013	310,013	310,013	310,013	310,013	-	
36	SAFETY GRANTS	0	0	0	0	0	0	0	-	
37	VOCAIONAL EDUCATION	100,000	100,000	100,000	196,000	196,000	196,000	196,000	-	
38	OTHER STATE REVENUE	0	0	0	0	0	0	0	-	
39	TUITION - 1305/1306	130,000	130,000	130,000	130,000	130,000	130,000	130,000	-	
40	TOTAL STATE	31,331,052	31,535,735	30,559,891	31,367,919	31,367,919	31,260,620	31,349,491	88,872	
41										
42	FEDERAL									
43	TITLE I REVENUE	600,000	600,000	600,000	600,000	600,000	600,000	600,000	-	
44	TITLE II REVENUE	156,489	159,772	159,772	159,772	140,000	140,000	140,000	-	
45	ACCESS FUNDS	250,000	250,000	250,000	250,000	250,000	250,000	250,000	-	
46	OTHER FEDERAL REVENUE	60,000	60,000	60,000	110,000	912,030	912,030	3,528,657	2,616,627	Projected ESSER III funds utilized in 2021-22
47	TITLE III REVENUE	35,000	35,000	35,000	35,000	35,000	35,000	35,000	-	
48										
49	TOTAL FEDERAL	1,101,489	1,104,772	1,104,772	1,154,772	1,937,030	1,937,030	4,553,657	2,616,627	
50										
51	TOTAL REVENUE	\$172,232,364	\$172,601,207	\$162,199,287	\$163,319,640	\$164,123,152	\$164,015,853	\$167,859,087	\$3,843,235	

(1) The projection presented on 3/2/2020 was prior to the COVID pandemic and included an assumed 2% real estate tax increase, 1.2% assessed value growth.

(2) Reflects the impact of the 0% tax increase in 2020-21 and 1% tax increase in 2021-22 and other assumed changes in revenue due to the COVID pandemic.

(3) Reflects the impact of assumed 0% tax increase (previously 1%) in 2021-22, higher than projected 2019-20 revenue, improved realty transfer tax and a drop in interest rates. State revenue reflects changes in estimates, the impacts of an increase in salary expense and plancon revenue related to debt paid from the capital reserve fund.

(4) Reflects increases in projected real estate, transfer and delinquent tax. Decreased tuition reflects projected reduced programming operations and misc local revenue reflects expected volume/use for athletics, building rental and driver ed. Federal revenue reflects estimated ESSER II funds available for 2021-22.

(5) Reflects change in PSERS and Social Security reimbursement related to salary change.

	A	B	C	D	E	H	K	N	O	P
1	State College Area School District									
2	General Fund Expenses and Fund Balance Transfers									
3	Budget 2021-22									
4										
5										
6		Board Presentation 11/18/19	Board Presentation 3/2/20 (1)	Projected June 2020 (2)	Preliminary Budget 12/7/2020 (3)	Board Presentation 2/15/21 (4)	Board Presentation 3/15/21 (5)	Board Presentation 4/5/21	4/5/21 vs.3/15/21	Variance Explanation
7	Salaries	\$76,114,722	\$77,406,150	\$72,715,098	\$75,111,845	\$75,111,845	\$74,597,252	\$75,023,470	\$426,218	Lost learning funded by ESSER III
8	Health Insurance	16,904,598	16,820,873	17,210,502	17,645,279	17,645,279	17,335,113	17,335,113	-	
9	PSERS	26,200,000	26,500,000	24,900,000	25,692,431	25,692,431	25,516,412	25,662,202	145,790	Lost learning funded by ESSER III
10	Other Benefits	7,400,000	7,600,000	7,109,677	7,255,670	7,255,670	7,223,169	7,257,138	33,969	Lost learning funded by ESSER III
11	Professional Services	3,740,000	4,040,000	3,680,000	3,698,502	3,698,502	3,809,374	3,809,374	-	
12	Purchased Property Services	1,480,000	1,420,000	1,400,000	1,369,153	1,369,153	1,422,447	1,422,447	-	
13	Charter School Expense	7,160,000	6,600,000	6,600,000	5,825,760	5,825,760	5,825,760	5,825,760	-	
14	Other Purchased Services	6,790,000	6,900,000	7,130,000	7,231,615	7,231,615	7,082,266	7,082,266	-	
15	Supplies/Equipment	7,750,000	7,460,000	7,250,000	8,009,185	8,009,185	7,903,308	7,903,308	-	
16	Minor Capital Projects	2,315,071	2,315,071	1,412,535	1,412,535	1,412,535	1,412,535	1,412,535	-	
17	Transfers/contingencies	1,402,637	1,674,062	1,672,256	1,766,700	1,766,700	1,757,728	1,757,728	-	
18	Debt Service	7,440,038	7,440,038	7,440,038	7,415,475	7,415,475	7,415,475	7,415,475	-	
19	Debt Service - Referendum Debt	5,257,625	5,257,625	5,257,625	5,257,625	5,257,625	5,257,625	5,257,625	-	
20	Total Expense before transfer to capital reserve and fund balance use	169,954,691	171,433,818	163,777,732	167,691,775	167,691,775	166,558,464	167,164,441	605,977	
21										
22										
23	Transfer to Capital Reserve	2,315,000	2,315,000	-	198,376	198,376	198,376	198,376	-	
24	Fund Balance Assignment/Use (COVID-19)			(1,633,000)	(4,986,000)	(4,182,488)	(3,334,176)	(142,426)	3,191,750	Impact of ESSER III funds and increase in EIT assumption
25	Fund Balance Use (PSERS/Legal)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	-	
26	Total Transfer to Capital Reserve and fund balance use	1,918,841	1,918,841	(2,029,159)	(5,183,783)	(4,380,271)	(3,531,959)	(340,209)	3,191,750	
27										
28	Total Expenses and Transfers	\$ 171,873,532	\$ 173,352,659	\$ 161,748,573	\$ 162,507,992	\$ 163,311,504	\$ 163,026,505	\$ 166,824,232	\$ 3,797,727	
29										
30										
31	Total Debt Service (General + Capital Reserve Fund)									
32	Debt Service Paid from Capital Reserve (a)	\$4,855,775	\$4,855,775	\$4,855,775	\$4,855,775	\$4,855,775	\$4,855,775	\$4,855,775	\$0	
33	Total Debt Service (including referendum debt)	\$17,553,438	\$17,553,438	\$17,553,438	\$17,528,875	\$17,528,875	\$17,528,875	\$17,528,875	\$0	
34										
35	Interest included in Debt Service	\$8,858,438	\$8,858,438	\$8,858,438	\$8,848,875	\$8,848,875	\$8,848,875	\$8,848,875	\$0	
36	<i>(a) Debt service for Series 2018 and Series 2019 Bonds for all years is included in the Capital Reserve Fund.</i>									
37										
38										
39	(1) The projection presented on 3/2/2020 was prior to the COVID pandemic and included approximately \$1.1 million in proposed additions in 2020-21.									
40										
41	(2) Reflects the impact of the elimination of proposed staffing additions and salary increases in 2020-21, as well as other expense reductions in response to the anticipated impacts of the COVID pandemic.									
42										
43	(3) Reflects pre-COVID staffing levels w/ 1 admin and secretary position remaining vacant and continued .5 social worker funded via a grant in 2020-21. Includes estimated contractual and assumed increases in salaries, health, PSERS and other benefits. Assumes continuation of new Virtual Academy in elementary and secondary, full CEEL and summer programs, and charter school students based on updated enrollment. Assumes bus and other routine equipment replacement and anticipated IT network costs. Capital reserve transfer assumes receipt of Plancon reimbursement for debt funded from capital reserve. Debt service reflects savings from refinancing. Excludes COVID-related expenses.									
44										
45	(4) Decrease in use of COVID assigned fund balance is due to projected increases in revenue.									
46										
47	(5) Reflects assumed net reduction in salaries and related benefits related to expected complement (with no change in FTEs), reduction of PDS positions, decrease in community ed staffing and other expense related to anticipated demand, addition of .5 psychologist and 1.0 custodian for Memorial Field and Fairmount. Health insurance updated based upon Conrad Seigel estimates. Increase in IU intervention expense, offset by decr in training, purchased psych services, printing and travel.									
48										

Projected ESSER III funds utilized in 2021-22

	A	B	C	D	E	G	I	K	L	M
1	State College Area School District									
2	General Fund Activity									
3	Budget 2021-22									
4										
13										
14		Board Presentation 11/18/19	Board Presentation 3/2/20 (1)	Projected June 2020 (2)	Preliminary Budget 12/7/2020 (3)	Board Presentation 2/15/21 (4)	Board Presentation 3/15/21 (5)	Board Presentation 4/5/21 (6)	4/5/21 vs.3/15/21	
15										
16	Beginning Fund Balance	\$13,461,569	\$13,354,872	\$12,518,215	\$12,485,127	\$12,485,127	\$12,218,720	\$12,220,003	\$1,283	a
17										
18	Revenue	172,232,364	172,601,208	162,199,287	163,319,640	164,123,152	164,015,853	167,859,087	3,843,235	
19										
20	Local	139,799,823	139,960,701	130,534,624	130,796,949	130,818,203	130,818,203	131,955,939	1,137,736	
21	State	31,331,052	31,535,735	30,559,891	31,367,919	31,367,919	31,260,620	31,349,491	88,872	
22	Federal	1,101,489	1,104,772	1,104,772	1,154,772	1,937,030	1,937,030	4,553,657	2,616,627	
23										
24	Expense (including capital reserve transfer)	172,269,691	173,748,818	163,777,732	167,890,151	167,890,151	166,756,840	167,362,817	605,977	
25	Revenue less expense	(37,327)	(1,147,611)	(1,578,446)	(4,570,511)	(3,766,999)	(2,740,987)	496,271	3,237,258	b
26										
27	Funding (Use) of Assigned Fund Bal (COVID-19)	0	0	(1,633,000)	(4,986,000)	(4,182,488)	(3,334,176)	-142,426	3,191,750	c
28	Funding (Use) of Assigned Fund Bal (PSERS)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	0	d
29	Change in Assigned Fund Balance	(396,159)	(396,159)	(2,029,159)	(5,382,159)	(4,578,647)	(3,730,335)	(538,585)	3,191,750	e (c+d)
30										
31	Change in Unassigned General Fund Balance	358,832	(751,452)	450,713	811,648	811,648	989,348	1,034,856	45,508	f (b-e)
32										
33	Ending Unassigned Fund Balance	<u>\$13,820,401</u>	<u>\$12,603,420</u>	<u>\$12,968,928</u>	<u>\$13,296,775</u>	<u>\$13,296,775</u>	<u>\$13,208,068</u>	<u>\$13,254,859</u>	<u>\$46,791</u>	(a+f)
34										
35	Unassigned Fund Balance Percentage	8.0%	7.3%	7.9%	7.9%	7.9%	7.9%	7.9%		
36										
37										
38	(1) The projection presented on 3/2/2020 was prior to the COVID pandemic and included a tax increase and approximately \$1.1 million in proposed additions in 2020-21.									
39	(2) Reflects decreased revenue and expense estimates as a result of the COVID pandemic, and the use of COVID fund balance in 2021-22.									
40	(3) Reflects the impact of a 0% tax increase and other projected revenue changes and the impact of expenses at primarily pre-COVID levels, thus increasing the projected use of COVID fund balance..									
41	(4) Reflects net increase in revenue estimate, thus decreasing the use of COVID fund balance.									
42	(5) Update of expenses thus decreasing the use of COVID fund balance.									
43	(6) Revenue increases including ESSER III estimate and increased earned income tax revenue related to change in assumption for 2020-21 and 2021-22. Revenue is offset by addition of lost learning expenses to be funded with ESSER III.									
44										
45										
46										
47										
48										
49										

Attachment B

Multiyear Projection

	B	T	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
1	State College Area School District														
2	General Fund Revenue														
3	3/31/2021														
4															
5															
6	Assumptions:														
7	Earned Income Tax Growth (1)	2.90%	2.25%	-10.00%	-5.00%	1.00%	1.00%	2.5%	2.5%	2.5%	2.50%	2.50%	2.50%	2.50%	2.50%
8	Assessed Value Growth (2)	1.43%	1.95%	1.00%	1.11%	0.80%	0.60%	1.0%	1.2%	1.2%	1.20%	1.20%	1.20%	1.20%	1.20%
9	Exceptions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Act 1 Index	2.40%	2.30%	2.60%	2.60%	3.40%	3.00%	3.0%	3.0%	3.0%	3.00%	3.00%	3.00%	3.00%	3.00%
12	Actual/Projected Total Tax Increase	2.40%	1.95%	0.00%	0.00%	0.00%	1.00%	2.0%	2.0%	2.0%	2.00%	2.00%	2.00%	2.00%	2.00%
13		Actual 2018-2019	Actual 2019-2020	Budget 2020-2021	Projected 2020-2021	Budget 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
14	LOCAL SERVICES TAX														
16	CURRENT REAL ESTATE TAX	\$96,102,333	\$100,120,228	\$98,702,922	\$101,123,553	\$100,764,382	\$103,736,884	107,062,141	110,716,018	114,493,674	\$118,388,569	\$122,411,299	\$126,560,463	\$130,842,203	\$135,264,051
17	REAL ESTATE TAX-REFERENDUM DEB	4,941,977	4,946,210	4,945,740	4,945,740	4,945,269	4,944,564	4,943,388	4,946,210	4,943,153	4,943,623	4,942,447	4,944,093	4,945,551	4,945,081
18	EARNED INCOME TAX	18,388,631	18,802,288	16,200,000	17,862,174	18,040,795	18,220,000	18,680,000	19,150,000	19,630,000	20,120,000	20,620,000	21,140,000	21,670,000	22,210,000
19	REALTY TRANSFER TAX	3,070,277	3,046,841	1,350,000	2,625,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
20	DELINQUENT REAL ESTATE TAX	1,190,289	1,225,055	850,000	1,074,000	1,300,000	1,300,000	1,300,000	1,200,000	1,200,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
21	INTERIM REAL ESTATE TAX	1,277,422	1,338,213	400,000	1,289,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
22	IDEA-B	739,659	781,373	740,000	820,064	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000
23	PAYMENTS IN LIEU OF TAX	664,382	674,646	674,646	613,671	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646
24	LOCAL SERVICES TAX	386,864	376,816	392,000	372,400	372,000	372,000	381,000	391,000	401,000	411,000	421,000	432,000	443,000	454,000
25	TUITION	1,414,650	1,198,923	1,511,093	295,807	1,405,011	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26	MISC LOCAL REVENUE	634,427	1,770,439	518,409	136,000	396,646	460,852	460,852	460,852	460,852	460,852	460,852	460,852	460,852	460,852
27	PUBLIC UTILITY REALTY TAX	118,725	110,406	117,190	122,788	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190
28	INTEREST ON INVESTMENTS	1,269,780	1,090,774	250,000	130,000	100,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
29															
30	TOTAL LOCAL	130,199,417	135,482,211	126,651,999	131,410,197	131,955,939	135,366,135	139,209,217	143,245,915	147,510,514	151,805,879	156,337,434	161,019,244	165,843,442	170,815,819
31															
32	STATE														
33	BASIC ED INSTR SUBSIDY	7,920,859	8,406,928	8,407,038	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928
34	SPECIAL ED REVENUE	3,292,352	3,358,750	3,323,982	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750
35	REV. FOR RETIREMENT	11,363,341	11,921,782	11,948,339	11,603,660	12,831,101	13,417,681	13,850,000	14,400,000	14,900,000	15,450,000	15,900,000	16,250,000	16,550,000	16,900,000
36	REV. FOR SOCIAL SECURITY	2,536,120	2,375,222	2,652,226	2,769,025	2,812,255	2,882,505	2,937,840	3,005,410	3,065,518	3,126,828	3,189,365	3,253,152	3,318,215	3,384,580
37	PROPERTY TAX REDUCTION	1,423,448	1,423,580	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711
38	TRANSPORTATION REVENUE	926,079	803,219	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
39	BOND REIMBURSEMENTS (3)	320,857	277,820	751,246	718,694	937,733	938,804	938,994	939,196	939,055	875,728	875,509	718,819	719,287	666,215
40	HEALTH SERVICES REVENUE	140,026	140,519	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
41	READY TO LEARN GRANT	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013
42	SAFETY GRANTS	65,000	24,691	35,000	80,309	0	0	-	-	-	0	0	0	0	0
43	VOCATIONAL EDUCATION	227,172	197,228	100,000	196,942	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000
44	OTHER STATE REVENUE (4)	6,818,508	634,792	0	35,000	0	0	-	-	-	0	0	0	0	0
45	TUITION - 1305/1306	108,757	107,373	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
46															
47	TOTAL STATE	35,452,531	29,981,916	30,024,555	29,976,032	31,349,491	32,007,392	32,495,236	33,113,009	33,672,975	34,220,958	34,733,276	34,990,374	35,355,905	35,719,197
48															
49	FEDERAL														
50	TITLE I REVENUE	783,712	786,137	700,000	700,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
51	TITLE II REVENUE	167,980	169,276	159,772	159,772	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
52	ACCESS FUNDS	343,115	685,060	250,000	100,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
53	OTHER FEDERAL REVENUE (5)	119,545	765,724	621,365	2,589,813	3,528,657	2,720,368	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
54	TITLE III REVENUE	56,699	47,960	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
55															
56	TOTAL FEDERAL	1,471,051	2,454,158	1,766,137	3,584,585	4,553,657	3,745,368	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000
57															
58	TOTAL REVENUE	167,123,000	167,918,285	158,442,691	164,970,814	167,859,087	171,118,896	172,839,453	177,493,924	182,318,490	187,161,838	192,205,709	197,144,617	202,334,346	207,670,016
59															
60															
61															
62	(1) Projected decrease in 2020-21, 2021-22 and 2022-23 are related to the estimated impact of COVID-19. Future years are assumed to increase gradually to slightly less than the historical 5-year average of 3.2% for years prior to COVID-19.														
63	(2) Projected 2021-22 and 2022-23 reflect the estimated impact of COVID-19. Years 2023-24 forward assume historical 10-year average of 1.2% through 2019-20.														
64	(3) Excludes reimbursement due to the district for debt service payments related to the high school and elementary project debt paid during construction. Reimbursement related to referendum debt is approximately \$312,000 annually. Plancon reimbursement related to debt paid from the capital reserve fund is included in transfer to capital reserve.														
65	(4) Other State Revenue for 2018-19 and 2019-20 include DCED grant revenue related to the State High Project and three elementary buildings. This grant revenue is included in both revenue and expense.														
66	(5) Other Federal Revenue includes Perkins, Title IV and 2019-20 includes Elementary and Secondary Emergency Relief Funds (ESSER I) of \$597,581 and \$58,000 of PCCD COVID safety grant (\$333,778), the second PCCD allotment (\$205,260), ESSER II (\$1,787,168), Special Education COVID-19 Mitigation Grant (SECMG)(\$14,348), county COVID grant of \$72,965 and ESSER III (\$20,000). Projected 2021-22 includes the balance of the ESSER II funds (\$787,682) SECMG funds and ESSER III (\$2,616,627). Projected 2022-23 includes ESSER III of \$2,610,368.														

	B	C	AA	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP
81	State College Area School District															
82	General Fund Expenses and Fund Balance Transfers															
83	3/31/2021															
84																
85																
86		Actual 2018-	Actual 2019-	Budget 2020-	Projected 2020-	Budget 2021-	Projected 2022-	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
87		2019	2020	2021	2021	2022	2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	
88	Salaries	69,490,777	71,274,299	70,754,328	68,721,487	75,023,470	76,897,563	78,373,738	80,176,334	81,779,861	83,415,458	85,083,767	86,785,442	88,521,151	90,291,574	
89	Health Insurance	12,563,861	13,478,031	15,230,533	14,512,389	17,335,113	19,588,678	21,547,545	23,702,300	26,072,530	28,679,783	31,547,761	34,702,537	38,172,791	41,990,070	
90	PSERS	22,561,701	23,775,689	23,896,677	23,207,320	25,662,202	26,835,362	27,700,000	28,800,000	29,800,000	30,900,000	31,800,000	32,500,000	33,100,000	33,800,000	
91	Other Benefits	6,797,767	6,773,545	6,885,204	6,713,932	7,257,138	7,432,224	7,600,000	7,800,000	8,000,000	8,200,000	8,400,000	8,600,000	8,800,000	9,000,000	
92	Professional Services	3,150,563	2,831,599	3,544,822	3,717,582	3,809,374	3,870,000	3,810,000	3,870,000	3,940,000	4,010,000	4,080,000	4,150,000	4,220,000	4,290,000	
93	Purchased Property Services	1,781,117	1,320,379	1,214,940	1,507,700	1,422,447	1,420,000	1,440,000	1,460,000	1,480,000	1,510,000	1,540,000	1,570,000	1,600,000	1,630,000	
94	Charter School Expense	6,013,133	5,929,478	6,489,092	5,763,554	5,825,760	5,920,000	6,020,000	6,120,000	6,220,000	6,330,000	6,440,000	6,550,000	6,660,000	6,770,000	
95	Other Purchased Services	6,465,922	6,138,888	6,937,527	6,698,338	7,082,266	7,020,000	7,140,000	7,260,000	7,380,000	7,510,000	7,640,000	7,770,000	7,900,000	8,030,000	
96	Supplies/Equipment	8,155,769	7,579,832	6,896,594	8,810,674	7,903,308	7,980,000	8,060,000	8,100,000	8,180,000	8,110,000	8,190,000	8,270,000	8,350,000	8,430,000	
97	Minor Capital Projects	2,222,559	2,258,549	1,384,838	1,384,838	1,412,535	2,343,321	2,390,188	2,437,991	2,486,751	2,536,486	2,587,216	2,638,960	2,691,740	2,745,574	
98	Transfers/contingencies	283,622	703,311	2,095,349	912,178	1,757,728	1,694,034	1,721,914	1,750,353	1,779,360	1,808,947	1,839,126	1,869,908	1,901,306	1,933,332	
99	Debt Service	7,613,533	7,453,050	7,469,638	7,084,029	7,415,475	7,360,250	7,367,000	7,370,275	7,361,125	6,335,800	6,334,675	3,781,150	3,783,025	2,617,900	
100	Debt Service - Referendum Debt	5,254,125	5,258,625	5,258,125	5,258,125	5,257,625	5,256,875	5,255,625	5,258,625	5,255,375	5,255,875	5,254,625	5,256,375	5,257,925	5,257,425	
101	Transfer to Capital Projects - DCED Grant	6,799,671	606,921	-	-	-	-	-	-	-	-	-	-	-	-	
102	Transfer to Capital Reserve (1)	8,175,289	3,081,825	-	-	198,376	2,513,370	2,435,928	2,296,498	2,532,769	2,230,327	3,155,669	3,021,582	5,185,341	5,185,341	
103	Fund Balance Assignment/Use (COVID-19)	-	10,158,600	911,000	11,482,290	(142,426)	(5,310,900)	(8,001,820)	(8,185,744)	-	-	-	-	-	-	
104	Fund Balance Use (PSERS)(2)	(1,207,573)	-	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	-	-	-	-	
105																
106	Total Expenses and Fund Balance Transfers	\$166,121,836	\$168,622,623	\$158,572,508	\$165,378,277	\$166,824,232	\$170,424,618	\$172,463,959	\$177,820,473	\$191,871,611	\$196,569,216	\$203,892,839	\$207,465,955	\$216,143,279	\$221,971,217	
107																
108	Total Expense and Transfers (excl fund balance use/assignment)	\$167,329,409	\$158,464,023	\$158,057,667	\$154,292,146	\$167,362,817	\$176,131,677	\$180,861,938	\$186,402,376	\$192,267,770	\$196,832,676	\$203,892,839	\$207,465,955	\$216,143,279	\$221,971,217	
109																
110	(1) Includes estimated plancon reimbursement related to debt service funded from the capital reserve fund beginning in 2021-22.															
111	(2) Recommendation for use of fund balance may change.															
112																
113																
114	Total Debt Service (General + Capital Reserve Fund)															
115	Debt Service Paid from Capital Reserve (3)	\$3,444,319	\$4,079,915	\$4,848,525	\$4,848,525	\$4,855,775	\$4,856,300	\$4,851,800	\$4,847,925	\$4,854,300	\$4,845,800	\$4,847,175	\$4,852,925	\$4,852,925	\$4,881,925	
116	Total Debt Service (including referendum debt)	\$16,311,977	\$16,791,590	\$17,576,288	\$17,190,679	\$17,528,875	\$17,473,425	\$17,474,425	\$17,476,825	\$17,470,800	\$16,437,475	\$16,436,475	\$13,890,450	\$13,893,875	\$12,757,250	
117																
118	Interest included in Debt Service	\$8,976,977	\$9,111,590	\$9,266,288	\$9,185,472	\$8,848,875	\$8,483,425	\$8,034,425	\$7,561,825	\$7,065,800	\$6,627,475	\$6,201,475	\$5,755,450	\$5,408,875	\$5,012,250	
119	(3) Debt service for Series 2018 and Series 2019 Bonds for all years is included in the Capital Reserve Fund.															

	B	C	W	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ
1	State College Area School District														
2	General Fund Activity														
3	3/31/2021														
4															
5															
6															
15			Actual 2019-	Projected	Budget 2021-	Projected	Projected	Projected	Projected	Projected 2026-	Projected 2027-	Projected	Projected 2029-	Projected 2030-	Projected 2031-
16			2020	2020-2021	2022	2022-2023	2023-2024	2024-2025	2025-2026	2027	2028	2028-2029	2030	2031	
17	Beginning Fund Balance		\$13,253,860	\$12,627,467	\$12,220,003	\$13,254,859	\$13,949,137	\$14,324,630	\$13,998,081	\$4,444,959	(\$4,962,419)	(\$16,649,548)	(\$26,970,886)	(\$40,779,819)	i
18															
19	Revenue		167,918,285	164,970,814	167,859,087	171,118,896	172,839,453	177,493,924	182,318,490	187,161,838	192,205,709	197,144,617	202,334,346	207,670,016	
20															
21	Local		135,482,211	131,410,197	131,955,939	135,366,135	139,209,217	143,245,915	147,510,514	151,805,879	156,337,434	161,019,244	165,843,442	170,815,819	
22	State		29,981,916	29,976,032	31,349,491	32,007,392	32,495,236	33,113,009	33,672,975	34,220,958	34,733,276	34,990,374	35,355,905	35,719,197	
23	Federal		2,454,158	3,584,585	4,553,657	3,745,368	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	
24															
25	Expense and transfers (excluding use of fund balance)		158,464,023	154,292,146	167,362,817	176,131,677	180,861,938	186,402,376	192,267,770	196,832,676	203,892,839	207,465,955	216,143,279	221,971,217	
26	Revenue less expense		9,454,262	10,678,668	496,270	(5,012,781)	(8,022,486)	(8,908,452)	(9,949,281)	(9,670,838)	(11,687,130)	(10,321,338)	(13,808,933)	(14,301,201)	ii
27															
28	Funding/(Use) of Assigned Fund Balance (COVID-19)		10,158,600	11,482,290	(142,426)	(5,310,900)	(8,001,820)	(8,185,744)	-	-	-	-	-	-	iii
29	(Use) of Assigned Fund Balance (PSERS/Legal Liability)		0	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	0	0	0	0	iv
30	Incr (Decr) in Assigned Fund Balance		10,158,600	11,086,131	(538,585)	(5,707,059)	(8,397,979)	(8,581,903)	(396,159)	(263,460)	-	-	-	-	v (iii+iv)
31															
32	Change in non-spendable Fund Balance		77,945												
33															
34	Change in Unassigned General Fund Balance		(626,393)	(407,463)	1,034,855	694,278	375,493	(326,549)	(9,553,122)	(9,407,378)	(11,687,130)	(10,321,338)	(13,808,933)	(14,301,201)	vi (ii-v)
35															
36	Ending Unassigned Fund Balance		\$12,627,467	\$12,220,003	\$13,254,859	\$13,949,137	\$14,324,630	\$13,998,081	\$4,444,959	(\$4,962,419)	(\$16,649,548)	(\$26,970,886)	(\$40,779,819)	(\$55,081,020)	(i+vi)
37															

	B	C	T	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
1	State College Area School District															
2	General Fund Balance															
3	3/31/2021															
4																
5		Actual	Actual	Budget	Projected	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
6		2018-2019	2019-2020	2020-2021	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	
7	General Fund - Unassigned															
8	Beginning Balance	\$12,252,696	\$13,253,860	\$12,648,033	\$12,627,467	\$12,220,003	\$13,254,859	\$13,949,137	\$14,324,630	\$13,998,081	\$4,444,959	(\$4,962,419)	(\$16,649,548)	(\$26,970,886)	(\$40,779,819)	
9																
10	Revenue less Expense (incl change in no	1,001,164	(626,393)	(129,818)	(407,463)	1,034,855	694,278	375,493	(326,549)	(9,553,122)	(9,407,378)	(11,687,130)	(10,321,338)	(13,808,933)	(14,301,201)	
11																
12	General Fund - Unassigned	13,253,860	12,627,467	12,518,216	12,220,003	13,254,859	13,949,137	14,324,630	13,998,081	4,444,959	(4,962,419)	(16,649,548)	(26,970,886)	(40,779,819)	(55,081,020)	
13																
14	% of Expense (subject to 8% cap)	7.92%	7.97%	7.92%	7.92%	7.92%	7.92%	7.92%	7.51%	2.31%	-2.52%	-8.17%	-13.00%	-18.87%	-24.81%	
15																
16																
17	General Fund - Assigned															
18	PSERS															
19	Beginning Balance	3,847,987	2,640,414	2,640,414	2,640,414	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	
20																
21	Additions															
22	Planned Uses	(1,207,573)	-	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	-	-	-	-	
23																
24	Ending Fund Balance	2,640,414	2,640,414	2,244,255	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	-	
25																
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42	COVID-19															
43	Beginning Balance	-	-	7,054,000	10,158,600	21,640,890	21,498,464	16,187,564	8,185,744	-	-	-	-	-	-	
44																
45	Additions/Use		10,158,600	911,000	11,482,290	(142,426)	(5,310,900)	(8,001,820)	(8,185,744)	-	-	-	-	-	-	
46																
47																
48	Ending Fund Balance	-	10,158,600	7,965,000	21,640,890	21,498,464	16,187,564	8,185,744	-	-	-	-	-	-	-	
49																
50																
51	Total General Fund - Assigned	2,640,414	12,799,014	10,209,255	23,885,145	23,346,560	17,639,501	9,241,522	659,619	263,460	-	-	-	-	-	
52																
53	Total General Fund	15,894,274	25,426,481	22,727,471	36,105,148	36,601,419	31,588,638	23,566,152	14,657,700	4,708,419	(4,962,419)	(16,649,548)	(26,970,886)	(40,779,819)	(55,081,020)	

	B	C	T	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
57	State College Area School District															
58	Capital Reserve Fund															
59	3/31/2021															
60																
61		Actual	Actual	Budget	Projected	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
62		2018-2019	2019-2020	2020-2021	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	
63																
64	Beginning Balance	\$62,683,123	\$65,352,257	\$64,622,655	\$64,456,646	\$60,078,765	\$53,536,802	\$49,711,961	\$45,955,423	\$44,321,402	\$42,884,568	\$41,125,114	\$37,849,679	\$34,369,012	\$32,982,749	
65																
66	Additions:															
67	Transfer	8,175,289	1,783,500	-	-	198,376	2,513,370	2,435,928	2,296,498	2,532,769	2,230,327	3,155,669	3,021,582	5,185,341	5,185,341	
68	Lemont Sale		1,298,325													
69	Bond Reimbursements			198,361	198,361	198,376	198,370	198,428	198,298	198,269	198,327	198,169	198,082	198,341	198,341	
70	Donation/Net Investment Earnings	1,331,388	1,191,756	273,113	272,283	250,394	653,052	794,239	719,108	686,428	657,691	622,502	556,994	487,380	459,655	
71	Total Additions	9,506,677	4,273,581	471,474	470,644	647,146	3,364,792	3,428,595	3,213,904	3,417,466	3,086,345	3,976,340	3,776,658	5,871,062	5,843,337	
72																
73	Uses:															
74	Debt Service:															
75																
76	2018 Bonds - Elementary (1)	(3,444,319)	(3,441,200)	(3,444,450)	(3,444,450)	(3,444,700)	(3,444,600)	(3,445,600)	(3,443,350)	(3,442,850)	(3,443,850)	(3,441,100)	(3,439,600)	(3,444,100)	(3,444,100)	
77	2019 Bonds - HS/Elem/Nittany Ave/Memorial Field/Playgrounds/North bldg (2)		(638,715)	(1,404,075)	(1,404,075)	(1,411,075)	(1,411,700)	(1,406,200)	(1,404,575)	(1,411,450)	(1,401,950)	(1,406,075)	(1,413,325)	(1,408,825)	(1,437,825)	
78	Middle School (3)	-	-	-	-	-	-	-	-	-	-	(2,404,600)	(2,404,400)	(2,404,400)	(2,404,400)	
79																
80	Capital Expenditures:															
81	Athletic/Recreation Facilities (4)	(83,158)	-	-	-	(2,333,333)	(2,333,333)	(2,333,333)	-	-	-	-	-	-	-	
82	MNMS HVAC	(1,687,185)	(563,613)													
83	South Track Lighting	(6,811)	(442,209)													
84	North Field Lighting	(437,220)														
85	North Field Turf	(1,178,850)	(83,455)													
86	Total Uses	(6,837,543)	(5,169,192)	(4,848,525)	(4,848,525)	(7,189,108)	(7,189,633)	(7,185,133)	(4,847,925)	(4,854,300)	(4,845,800)	(7,251,775)	(7,257,325)	(7,257,325)	(7,286,325)	
87																
88	Net Change	2,669,133	(895,611)	(4,377,051)	(4,377,881)	(6,541,963)	(3,824,841)	(3,756,538)	(1,634,021)	(1,436,834)	(1,759,455)	(3,275,435)	(3,480,667)	(1,386,263)	(1,442,988)	
89																
90	Ending Fund Balance	\$65,352,257	\$64,456,646	\$60,245,604	\$60,078,765	\$53,536,802	\$49,711,961	\$45,955,423	\$44,321,402	\$42,884,568	\$41,125,114	\$37,849,679	\$34,369,012	\$32,982,749	\$31,539,761	
91																
93	<i>(1) Elementary: Series 2018 Bonds - debt service for 25 years to fund \$56.9 MM @ 3.72%. Debt service for the Series 2018 Bonds is to be paid from the Capital Reserve Fund.</i>															
94	<i>(2) Series 2019 Bonds - debt service for 25 years to fund \$25.6 MM @ 2.74%. Borrowing includes \$6.1 Million High School; Elem \$2.9 million; Memorial Field \$12.7 million; Playgrounds \$900,000; North building \$3 million. Debt service for Series 2019 Bonds is to be paid from the Capital Reserve Fund.</i>															
95	<i>(3) Middle School: Wrapped debt service for 25 years to fund \$60 MM @ 4%.</i>															
96	<i>(4) Assumes estimated \$7.6 million for Athletic/Recreation Facilities is funded from Capital Reserve. 2018-19 expense represents Memorial Field construction funded by brick donations.</i>															

State College Area School District
Fund Balance Summary - General and Capital Reserve Fund
3/31/2021

	Actual 2018- 2019	Budget 2019- 2020	Projected 2019-2020	Actual 2019- 2020	Budget 2020- 2021	Projected 2020-2021	Budget 2021- 2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026	Projected 2026-2027	Projected 2027-2028
Nonspendable Fund Balance	\$ 1,933,433	\$ 1,801,683	\$ 1,933,433	\$ 1,855,488	\$ 1,933,433	\$ 1,855,488	\$ 1,855,488	\$ 1,855,488	\$ 1,855,488	\$ 1,855,488	\$ 1,855,488	\$ 1,855,488	\$ 1,855,488
General Unassigned	13,253,860	12,756,751	12,648,033	12,627,467	12,518,216	12,220,003	13,254,859	13,949,137	14,324,630	13,998,081	4,444,959	(4,962,419)	(16,649,548)
General Assigned COVID-19	-	-	7,054,000	10,158,600	7,965,000	21,640,890	21,498,464	16,187,564	8,185,744	-	-	-	-
General Assigned PSERS	2,640,414	1,980,794	2,640,414	2,640,414	2,244,255	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-
General Assigned Legal Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Total General Fund	17,827,707	16,539,228	24,275,881	27,281,969	24,660,904	37,960,637	38,456,907	33,444,126	25,421,641	16,513,188	6,563,908	(3,106,930)	(14,794,060)
Capital Reserve Fund	65,352,257	59,227,936	64,622,655	64,456,646	60,245,604	60,078,765	53,536,802	49,711,961	45,955,423	44,321,402	42,884,568	41,125,114	37,849,679
Total Fund Balance	\$ 83,179,964	\$ 75,767,163	\$ 88,898,535	\$ 91,738,615	\$ 84,906,508	\$ 98,039,402	\$ 91,993,710	\$ 83,156,087	\$ 71,377,064	\$ 60,834,591	\$ 49,448,476	\$ 38,018,183	\$ 23,055,619

Attachment C

Multi-year Projection

March 14, 2021

	B	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
1	State College Area School District													
2	General Fund Revenue													
3	3/5/2021													
4														
5														
6	Assumptions:													
7	Earned Income Tax Growth (1)	2.25%	-10.00%	-10.00%	0.00%	0.00%	2.5%	2.5%	2.5%	2.50%	2.50%	2.50%	2.50%	2.50%
8	Assessed Value Growth (2)	1.95%	1.00%	1.11%	0.80%	0.60%	1.0%	1.2%	1.2%	1.20%	1.20%	1.20%	1.20%	1.20%
9	Exceptions	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Act 1 Index	2.30%	2.60%	2.60%	3.40%	3.00%	3.0%	3.0%	3.0%	3.00%	3.00%	3.00%	3.00%	3.00%
12	Actual/Projected Total Tax Increase	1.95%	0.00%	0.00%	0.00%	1.00%	2.0%	2.0%	2.0%	2.00%	2.00%	2.00%	2.00%	2.00%
13		Actual 2019-2020	Budget 2020-2021	Projected 2020-2021	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
14	LOCAL SERVICES TAX													
16	CURRENT REAL ESTATE TAX	\$100,120,228	\$98,702,922	\$101,123,553	\$100,764,382	\$103,736,884	107,062,141	110,716,018	114,493,674	\$118,388,569	\$122,411,299	\$126,560,463	\$130,842,203	\$135,264,051
17	REAL ESTATE TAX-REFERENDUM DEBT	4,946,210	4,945,740	4,945,740	4,945,269	4,944,564	4,943,388	4,946,210	4,943,153	4,943,623	4,942,447	4,944,093	4,945,551	4,945,081
18	EARNED INCOME TAX	18,802,288	16,200,000	16,922,059	16,922,059	16,920,000	17,340,000	17,770,000	18,210,000	18,670,000	19,140,000	19,620,000	20,110,000	20,610,000
19	REALTY TRANSFER TAX	3,046,841	1,350,000	2,625,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
20	DELINQUENT REAL ESTATE TAX	1,225,055	850,000	1,074,000	1,300,000	1,300,000	1,300,000	1,200,000	1,200,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
21	INTERIM REAL ESTATE TAX	1,338,213	400,000	1,289,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
22	IDEA-B	781,373	740,000	820,064	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000
23	PAYMENTS IN LIEU OF TAX	674,646	674,646	613,671	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646
24	LOCAL SERVICES TAX	376,816	392,000	352,800	353,000	353,000	362,000	371,000	380,000	390,000	400,000	410,000	420,000	431,000
25	TUITION	1,198,923	1,511,093	295,807	1,405,011	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26	MISC LOCAL REVENUE	1,770,439	518,409	136,000	396,646	460,852	460,852	460,852	460,852	460,852	460,852	460,852	460,852	460,852
27	PUBLIC UTILITY REALTY TAX	110,406	117,190	122,788	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190
28	INTEREST ON INVESTMENTS	1,090,774	250,000	130,000	100,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
29														
30	TOTAL LOCAL	135,482,211	126,651,999	130,450,482	130,818,203	134,047,135	137,850,217	141,845,915	146,069,514	150,334,879	154,836,434	159,477,244	164,260,442	169,192,819
31														
32	STATE													
33	BASIC ED INSTR SUBSIDY	8,406,928	8,407,038	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928
34	SPECIAL ED REVENUE	3,358,750	3,323,982	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750
35	REV. FOR RETIREMENT	11,921,782	11,948,339	11,602,217	12,758,206	13,350,000	13,850,000	14,400,000	14,900,000	15,450,000	15,900,000	16,250,000	16,550,000	16,900,000
36	REV. FOR SOCIAL SECURITY	2,375,222	2,652,226	2,768,398	2,796,278	2,866,185	2,937,840	3,005,410	3,065,518	3,126,828	3,189,365	3,253,152	3,318,215	3,384,580
37	PROPERTY TAX REDUCTION	1,423,580	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711
38	TRANSPORTATION REVENUE	803,219	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
39	BOND REIMBURSEMENTS (3)	277,820	751,246	718,694	937,733	938,804	938,994	939,196	939,055	875,728	875,509	718,819	719,287	666,215
40	HEALTH SERVICES REVENUE	140,519	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
41	READY TO LEARN GRANT	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013
42	SAFETY GRANTS	24,691	35,000	80,309	0	0	-	-	-	0	0	0	0	0
43	VOCATIONAL EDUCATION	197,228	100,000	196,942	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000
44	OTHER STATE REVENUE (4)	634,792	0	35,000	0	0	-	-	-	0	0	0	0	0
45	TUITION - 1305/1306	107,373	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
46														
47	TOTAL STATE	29,981,916	30,024,555	29,973,962	31,260,620	31,923,391	32,495,236	33,113,009	33,672,975	34,220,958	34,733,276	34,990,374	35,355,905	35,719,197
48														
49	FEDERAL													
50	TITLE I REVENUE	786,137	700,000	700,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
51	TITLE II REVENUE	169,276	159,772	159,772	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
52	ACCESS FUNDS	685,060	250,000	100,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
53	OTHER FEDERAL REVENUE (5)	765,724	621,365	2,569,813	912,030	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
54	TITLE III REVENUE	47,960	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
55														
56	TOTAL FEDERAL	2,454,158	1,766,137	3,564,585	1,937,030	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000
57														
58	TOTAL REVENUE	167,918,285	158,442,691	163,989,029	164,015,852	167,105,527	171,480,453	176,093,924	180,877,490	185,690,838	190,704,709	195,602,617	200,751,346	206,047,016
59		1,778,154												
60		4,505,903												
61														
62	(1) Projected decrease in 2020-21, 2021-22 and 2022-23 are related to the estimated impact of COVID-19. Future years are assumed to increase gradually to slightly less than the historical 5-year average of 3.2% for years prior to COVID-19.													
63	(2) Projected 2021-22 and 2022-23 reflect the estimated impact of COVID-19. Years 2023-24 forward assume historical 10-year average of 1.2% through 2019-20.													
64	(3) Excludes reimbursement due to the district for debt service payments related to the high school and elementary project debt paid during construction. Reimbursement related to referendum debt is approximately \$312,000 annually.													
65	(4) Other State Revenue for 2018-19 and 2019-20 include DCED grant revenue related to the State High Project and three elementary buildings. This grant revenue is included in both revenue and expense.													
66	(5) Other Federal Revenue includes Perkins, Title IV and 2019-20 includes the district's share of Elementary and Secondary Emergency Relief Funds (ESSER) and \$58,000 of PCCD COVID safety grant. Projected 2020-21 includes the balance of the first allotment of the PCCD COVID safety grant (\$333,778), the second PCCD allotment (\$205,260), a portion of the \$2,574,850 ESSER II allocation (\$1,787,168), a portion of the \$28,000 Special Education COVID-19 Mitigation Grant (SECMG)(\$14,348), and county grant of \$72,965. The balance of the ESSER II funds (\$787,682) and the balance of SECMG funds.													

	B	C	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP
81	State College Area School District														
82	General Fund Expenses and Fund Balance Transfers														
83	3/5/2021														
84															
85															
86			Actual 2019-	Budget 2020-	Projected 2020-	Projected	Projected 2022-	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
87			2020	2021	2021	2021-2022	2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
88	Salaries		71,274,299	70,754,328	68,704,762	74,597,252	76,462,183	78,373,738	80,176,334	81,779,861	83,415,458	85,083,767	86,785,442	88,521,151	90,291,574
89	Health Insurance		13,478,031	15,230,533	14,512,389	17,335,113	19,588,678	21,547,545	23,702,300	26,072,530	28,679,783	31,547,761	34,702,537	38,172,791	41,990,070
90	PSERS		23,775,689	23,896,677	23,204,434	25,516,412	26,700,000	27,700,000	28,800,000	29,800,000	30,900,000	31,800,000	32,500,000	33,100,000	33,800,000
91	Other Benefits		6,773,545	6,885,204	6,712,542	7,223,169	7,400,000	7,600,000	7,800,000	8,000,000	8,200,000	8,400,000	8,600,000	8,800,000	9,000,000
92	Professional Services		2,831,599	3,544,822	3,717,582	3,809,374	3,870,000	3,810,000	3,870,000	3,940,000	4,010,000	4,080,000	4,150,000	4,220,000	4,290,000
93	Purchased Property Services		1,320,379	1,214,940	1,507,700	1,422,447	1,420,000	1,440,000	1,460,000	1,480,000	1,510,000	1,540,000	1,570,000	1,600,000	1,630,000
94	Charter School Expense		5,929,478	6,489,092	5,763,554	5,825,760	5,920,000	6,020,000	6,120,000	6,220,000	6,330,000	6,440,000	6,550,000	6,660,000	6,770,000
95	Other Purchased Services		6,138,888	6,937,527	6,598,338	7,082,266	7,020,000	7,140,000	7,260,000	7,380,000	7,510,000	7,640,000	7,770,000	7,900,000	8,030,000
96	Supplies/Equipment		7,579,832	6,896,594	8,810,674	7,903,308	7,980,000	8,060,000	8,100,000	8,180,000	8,110,000	8,190,000	8,270,000	8,350,000	8,430,000
97	Minor Capital Projects		2,258,549	1,384,838	1,384,838	1,412,535	2,343,321	2,390,188	2,437,991	2,486,751	2,536,486	2,587,216	2,638,960	2,691,740	2,745,574
98	Transfers/contingencies		703,311	2,095,349	1,012,178	1,757,728	1,694,034	1,721,915	1,750,353	1,779,360	1,808,947	1,839,126	1,869,909	1,901,307	1,933,333
99	Debt Service		7,453,050	7,469,638	7,084,029	7,415,475	7,360,250	7,367,000	7,370,275	7,361,125	6,335,800	6,334,675	3,781,150	3,783,025	2,617,900
100	Debt Service - Referendum Debt		5,258,625	5,258,125	5,258,125	5,257,625	5,256,875	5,255,625	5,258,625	5,255,375	5,255,875	5,254,625	5,256,375	5,257,925	5,257,425
101	Transfer to Capital Projects - DCED Grant		606,921	-	-	-	-	-	-	-	-	-	-	-	-
102	Transfer to Capital Reserve (1)		3,081,825	-	-	198,376	2,513,370	2,435,928	2,296,498	2,532,769	2,230,327	3,155,669	3,021,582	5,185,341	5,185,341
103	Fund Balance Assignment/Use (COVID-19)		10,158,600	911,000	10,522,790	(3,334,176)	(8,721,600)	(8,625,614)	-	-	-	-	-	-	-
104	Fund Balance Use (PSERS)(2)		-	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	-	-	-	-
105															
106	Total Expenses and Fund Balance Transfers		\$168,622,623	\$158,572,508	\$164,397,776	\$163,026,505	\$166,410,952	\$171,840,166	\$186,006,217	\$191,871,612	\$196,569,216	\$203,892,839	\$207,465,955	\$216,143,279	\$221,971,218
107															
108	Total Expense and Transfers (excl fund balance use/assignment)		\$158,464,023	\$158,057,667	\$154,271,145	\$166,756,840	\$175,528,711	\$180,861,939	\$186,402,376	\$192,267,771	\$196,832,676	\$203,892,839	\$207,465,955	\$216,143,279	\$221,971,218
109															
110	(1) Includes estimated plancon reimbursement related to debt service funded from the capital reserve fund beginning in 2021-22.														
111	(2) Recommendation for use of fund balance may change.														
112															
113															
114	Total Debt Service (General + Capital Reserve Fund)														
115	Debt Service Paid from Capital Reserve (3)		\$4,079,915	\$4,848,525	\$4,848,525	\$4,855,775	\$4,856,300	\$4,851,800	\$4,847,925	\$4,854,300	\$4,845,800	\$4,847,175	\$4,852,925	\$4,852,925	\$4,881,925
116	Total Debt Service (including referendum debt)		\$16,791,590	\$17,576,288	\$17,190,679	\$17,528,875	\$17,473,425	\$17,474,425	\$17,476,825	\$17,470,800	\$16,437,475	\$16,436,475	\$13,890,450	\$13,893,875	\$12,757,250
117															
118	Interest included in Debt Service		\$9,111,590	\$9,266,288	\$9,185,472	\$8,848,875	\$8,483,425	\$8,034,425	\$7,561,825	\$7,065,800	\$6,627,475	\$6,201,475	\$5,755,450	\$5,408,875	\$5,012,250
119	(3) Debt service for Series 2018 and Series 2019 Bonds for all years is included in the Capital Reserve Fund.														

	B	C	W	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ
1	State College Area School District														
2	General Fund Activity														
3	3/5/2021														
4															
5															
6															
15			Actual 2019-	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected 2026-	Projected 2027-	Projected	Projected 2029-	Projected 2030-
16			2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026	2027	2028	2028-2029	2030	2031
17	Beginning Fund Balance		\$13,253,860	\$12,627,467	\$12,218,720	\$13,208,068	\$13,902,642	\$13,542,929	\$3,630,636	(\$7,363,486)	(\$18,241,865)	(\$31,429,994)	(\$43,293,333)	(\$58,685,266)	i
18															
19	Revenue		167,918,285	163,989,029	164,015,852	167,105,527	171,480,453	176,093,924	180,877,490	185,690,838	190,704,709	195,602,617	200,751,346	206,047,016	
20															
21	Local		135,482,211	130,450,482	130,818,203	134,047,135	137,850,217	141,845,915	146,069,514	150,334,879	154,836,434	159,477,244	164,260,442	169,192,819	
22	State		29,981,916	29,973,962	31,260,620	31,923,391	32,495,236	33,113,009	33,672,975	34,220,958	34,733,276	34,990,374	35,355,905	35,719,197	
23	Federal		2,454,158	3,564,585	1,937,030	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	
24															
25	Expense and transfers (excluding use of fund balance)		158,464,023	154,271,145	166,756,840	175,528,711	180,861,939	186,402,376	192,267,771	196,832,676	203,892,839	207,465,955	216,143,279	221,971,218	
26	Revenue less expense		9,454,262	9,717,884	(2,740,987)	(8,423,184)	(9,381,486)	(10,308,453)	(11,390,281)	(11,141,838)	(13,188,130)	(11,863,338)	(15,391,933)	(15,924,201)	ii
27															
28	Funding/(Use) of Assigned Fund Balance (COVID-19)		10,158,600	10,522,790	(3,334,176)	(8,721,600)	(8,625,614)	-	-	-	-	-	-	-	iii
29	(Use) of Assigned Fund Balance (PSERS/Legal Liability)		0	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	0	0	0	0	iv
30	Incr (Decr) in Assigned Fund Balance		10,158,600	10,126,631	(3,730,335)	(9,117,759)	(9,021,773)	(396,159)	(396,159)	(263,460)	-	-	-	-	v (iii+iv)
31															
32	Change in non-spendable Fund Balance		77,945												
33															
34	Change in Unassigned General Fund Balance		(626,393)	(408,747)	989,348	694,575	(359,713)	(9,912,294)	(10,994,122)	(10,878,378)	(13,188,130)	(11,863,338)	(15,391,933)	(15,924,201)	vi (ii-v)
35															
36	Ending Unassigned Fund Balance		\$12,627,467	\$12,218,720	\$13,208,068	\$13,902,642	\$13,542,929	\$3,630,636	(\$7,363,486)	(\$18,241,865)	(\$31,429,994)	(\$43,293,333)	(\$58,685,266)	(\$74,609,467)	(i+vi)
37															

	B	C	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
1	State College Area School District														
2	General Fund Balance														
3	3/5/2021														
4															
5		Actual	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
6		2019-2020	2020-2021	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	
7	General Fund - Unassigned														
8	Beginning Balance	\$13,253,860	\$12,648,033	\$12,627,467	\$12,218,720	\$13,208,068	\$13,902,642	\$13,542,929	\$3,630,636	(\$7,363,486)	(\$18,241,865)	(\$31,429,994)	(\$43,293,333)	(\$58,685,266)	
9															
10	Revenue less Expense (incl change in noi	(626,393)	(129,818)	(408,747)	989,348	694,575	(359,713)	(9,912,294)	(10,994,122)	(10,878,378)	(13,188,130)	(11,863,338)	(15,391,933)	(15,924,201)	
11															
12	General Fund - Unassigned	12,627,467	12,518,216	12,218,720	13,208,068	13,902,642	13,542,929	3,630,636	(7,363,486)	(18,241,865)	(31,429,994)	(43,293,333)	(58,685,266)	(74,609,467)	
13															
14	% of Expense (subject to 8% cap)	7.97%	7.92%	7.92%	7.92%	7.92%	7.49%	1.95%	-3.83%	-9.27%	-15.41%	-20.87%	-27.15%	-33.61%	
15															
16															
17	General Fund - Assigned														
18	PSERS														
19	Beginning Balance	2,640,414	2,640,414	2,640,414	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	
20															
21	Additions														
22	Planned Uses	-	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	-	-	-	-	
23															
24	Ending Fund Balance	2,640,414	2,244,255	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	-	
25															
33															
42	COVID-19														
43	Beginning Balance	-	7,054,000	10,158,600	20,681,390	17,347,214	8,625,614	-	-	-	-	-	-	-	
44															
45	Additions/Use	10,158,600	911,000	10,522,790	(3,334,176)	(8,721,600)	(8,625,614)	-	-	-	-	-	-	-	
46															
47															
48	Ending Fund Balance	10,158,600	7,965,000	20,681,390	17,347,214	8,625,614	-	-	-	-	-	-	-	-	
49															
50															
51	Total General Fund - Assigned	12,799,014	10,209,255	22,925,645	19,195,310	10,077,551	1,055,778	659,619	263,460	-	-	-	-	-	
52															
53	Total General Fund	25,426,481	22,727,471	35,144,365	32,403,378	23,980,193	14,598,707	4,290,255	(7,100,026)	(18,241,865)	(31,429,994)	(43,293,333)	(58,685,266)	(74,609,467)	

	B	C	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
57	State College Area School District														
58	Capital Reserve Fund														
59	3/5/2021														
60															
61		Actual	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
62		2019-2020	2020-2021	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	
63															
64	Beginning Balance	\$65,352,257	\$64,622,655	\$64,456,646	\$60,078,765	\$53,536,802	\$49,711,961	\$45,955,423	\$44,321,402	\$42,884,568	\$41,125,114	\$37,849,679	\$34,369,012	\$32,982,749	
65															
66	Additions:														
67	Transfer	1,783,500	-	-	198,376	2,513,370	2,435,928	2,296,498	2,532,769	2,230,327	3,155,669	3,021,582	5,185,341	5,185,341	
68	Lemont Sale	1,298,325													
69	Bond Reimbursements		198,361	198,361	198,376	198,370	198,428	198,298	198,269	198,327	198,169	198,082	198,341	198,341	
70	Donation/Net Investment Earnings	1,191,756	273,113	272,283	250,394	653,052	794,239	719,108	686,428	657,691	622,502	556,994	487,380	459,655	
71	Total Additions	4,273,581	471,474	470,644	647,146	3,364,792	3,428,595	3,213,904	3,417,466	3,086,345	3,976,340	3,776,658	5,871,062	5,843,337	
72															
73	Uses:														
75	Debt Service:														
76	2018 Bonds - Elementary (1)	(3,441,200)	(3,444,450)	(3,444,450)	(3,444,700)	(3,444,600)	(3,445,600)	(3,443,350)	(3,442,850)	(3,443,850)	(3,441,100)	(3,439,600)	(3,444,100)	(3,444,100)	
	2019 Bonds - HS/Elem/Nittany														
	Ave/Memorial Field/Playgrounds/North														
77	bldg (2)	(638,715)	(1,404,075)	(1,404,075)	(1,411,075)	(1,411,700)	(1,406,200)	(1,404,575)	(1,411,450)	(1,401,950)	(1,406,075)	(1,413,325)	(1,408,825)	(1,437,825)	
78	Middle School (3)		-	-	-	-	-	-	-	-	(2,404,600)	(2,404,400)	(2,404,400)	(2,404,400)	
79															
80	Capital Expenditures:														
81	Athletic/Recreation Facilities (4)	-	-	-	(2,333,333)	(2,333,333)	(2,333,333)	-	-	-	-	-	-	-	
82	MNMS HVAC	(563,613)													
83	South Track Lighting	(442,209)													
84	North Field Lighting														
85	North Field Turf	(83,455)													
86	Total Uses	(5,169,192)	(4,848,525)	(4,848,525)	(7,189,108)	(7,189,633)	(7,185,133)	(4,847,925)	(4,854,300)	(4,845,800)	(7,251,775)	(7,257,325)	(7,257,325)	(7,286,325)	
87															
88	Net Change	(895,611)	(4,377,051)	(4,377,881)	(6,541,963)	(3,824,841)	(3,756,538)	(1,634,021)	(1,436,834)	(1,759,455)	(3,275,435)	(3,480,667)	(1,386,263)	(1,442,988)	
89															
90	Ending Fund Balance	\$64,456,646	\$60,245,604	\$60,078,765	\$53,536,802	\$49,711,961	\$45,955,423	\$44,321,402	\$42,884,568	\$41,125,114	\$37,849,679	\$34,369,012	\$32,982,749	\$31,539,761	
91															
93	<i>(1) Elementary: Series 2018 Bonds - debt service for 25 years to fund \$56.9 MM @ 3.72%. Debt service for the Series 2018 Bonds is to be paid from the Capital Reserve Fund.</i>														
	<i>(2) Series 2019 Bonds - debt service for 25 years to fund \$25.6 MM @ 2.74%. Borrowing includes \$6.1 Million High School; Elem \$2.9 million; Memorial Field \$12.7 million; Playgrounds \$900,000; North building \$3 million.</i>														
94	<i>Debt service for Series 2019 Bonds is to be paid from the Capital Reserve Fund.</i>														
95	<i>(3) Middle School: Wrapped debt service for 25 years to fund \$60 MM @ 4%.</i>														
96	<i>(4) Assumes estimated \$7.6 million for Athletic/Recreation Facilities is funded from Capital Reserve. 2018-19 expense represents Memorial Field construction funded by brick donations.</i>														

State College Area School District



2021-22 Budget Development

**State College
Area School District
April 5, 2021**

Budget 2021-22

- ESSER III
- Earned Income Tax
- Change in Budgeted Revenue and Expense
- Updated Multiyear projection
- Tax Rate
- Expense Matrix

American Rescue Plan Act of 2021

- Signed into law on March 11, 2021
- \$122 billion for K-12 education via ESSER
- \$2.75 billion for non-public school grants
- \$2.5 billion for IDEA
 - Still waiting for details/allocation

ESSER III

- PA's share is about \$5 billion
- There are PDE set asides for specific programs:
 - Learning loss (5%; about \$250 million)
 - Summer enrichment (1%; about \$50 million)
 - Afterschool programs (1%; about \$50 million)
 - Reserve 2.5% for state activities (about \$125 million)
 - Reserve 0.5% for state administration (about \$25 million)

ESSER III

- School districts and charter school allocation is approximately \$4.5 billion.
- Allocations are done via Title I-A shares.
- Requires spending by September 30, 2024
- Equitable services shares do not apply (district does not need to utilize a portion for private schools)
- Supplement not supplant does not apply
 - Allows the district to utilize ESSER III funds to fund existing expense.
 - Any expenses funded with federal grants are excluded from the charter school calculation, thus decreasing the charter school rate for the following year.
 - For example, the 2021-22 budgeted expense will be used to determine the 2022-23 charter school rate (based upon current charter school law).

ESSER III ELIGIBLE USES

- Generally the SAME uses available under ESSER II
- BUT—SDs and CSs MUST use a minimum of 20% of their ESSER III funds to address learning loss

...implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students' academic, social, and emotional needs and address the disproportionate impact of the coronavirus on the student subgroups, students experiencing homelessness, and children and youth in foster care...



-
- (A) Any activity authorized by the Elementary and Secondary Education Act of 1965.
 - (B) Any activity authorized by the Individuals with Disabilities Education Act.
 - (C) Any activity authorized by the Adult Education and Family Literacy Act.
 - (D) Any activity authorized by the Carl D. Perkins Career and Technical Education Act of 2006.
 - (E) Coordination of preparedness and response efforts of local educational agencies with State, local, Tribal, and territorial public health departments, and other relevant agencies, to improve coordinated responses among such entities to prevent, prepare for, and respond to coronavirus.
 - (F) Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population.



(G) Developing and implementing procedures and systems to improve the preparedness and response efforts of local educational agencies.

(H) Training and professional development for staff of the local educational agency on sanitation and minimizing the spread of infectious diseases.

(I) Purchasing supplies to sanitize and clean the facilities of a local educational agency, including buildings operated by such agency.

(J) Planning for, coordinating, and implementing activities during long-term closures, including providing meals to eligible students, providing technology for online learning to all students, providing guidance for carrying out requirements under the Individuals with Disabilities Education Act and ensuring other educational services can continue to be provided consistent with all Federal, State, and local requirements.



(K) Purchasing educational technology (including hardware, software, and connectivity) for students who are served by the local educational agency that aids in regular and substantive educational interaction between students and their classroom instructors, including low-income students and children with disabilities, which may include assistive technology or adaptive equipment.

(L) Providing mental health services and supports, including through the implementation of evidence-based full-service community schools.

(M) Planning and implementing activities related to summer learning and supplemental afterschool programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, children with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.



(N) Addressing learning loss among students, including low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and children and youth in foster care, of the local educational agency, including by—

- (i) administering and using high-quality assessments that are valid and reliable, to accurately assess students' academic progress and assist educators in meeting students' academic needs, including through differentiating instruction;
- (ii) implementing evidence-based activities to meet the comprehensive needs of students;
- (iii) providing information and assistance to parents and families on how they can effectively support students, including in a distance learning environment; and
- (iv) tracking student attendance and improving student engagement in distance education.



(O) School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health needs.

(P) Inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and non-mechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.

(Q) Developing strategies and implementing public health protocols including, to the greatest extent practicable, policies in line with guidance from the Centers for Disease Control and Prevention for the reopening and operation of school facilities to effectively maintain the health and safety of students, educators, and other staff.

(R) Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency.



THE BEST STRATEGIES

- Offset general fund expenses so that you have a buffer for the future when ESSR funds expire.
- Don't forego property tax increases if you need them without consideration of federal funding.
- Use 1 and 2 to build fund balance for cliff year. You only have the capacity the Act 1 Index gives you raise additional local revenues.
- Advance purchase recurring costs e.g. textbooks, other instructional materials, PPE
- Return on investment projects to lower future expenses e.g. energy conservation



IS A “ONE-TIME” EXPENDITURE ONLY ONE TIME?

So-called “one-time” spending of ESSER dollars:

- Few and limited options
- Debt service for authorized project funding
- Equipment purchases—except what about replacement or maintenance?
- Contracted services—can you live without them in the future?
- Technology—will it need replaced? When?



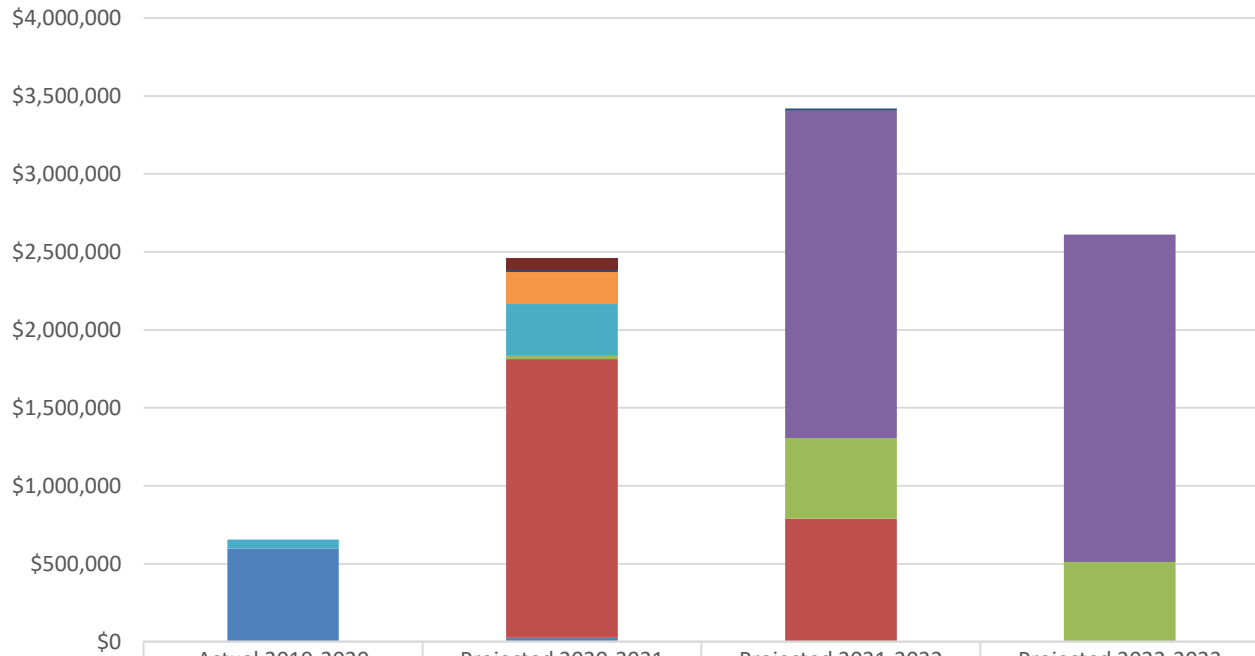
ESSER III – District Estimated Allocation and Proposed Spending

	2020-21	2021-22	2022-23	Total
Lost Learning (20%)	\$20,000	\$517,829	\$511,570	\$1,049,399
Proposed reimbursement for budgeted expense:				
Instructional Salaries		\$874,078	\$639,078	\$1,513,156
Extended School Year		\$430,020	\$430,020	\$860,040
Student Related Information Technology		\$644,700	\$1,029,700	\$1,674,400
Maintenance Supplies		\$150,000	\$0	\$150,000
	\$0	\$2,098,798	\$2,098,798	\$4,197,596
Total Estimated ESSER III Grant	\$20,000	\$2,616,627	\$2,610,368	\$5,246,995

ESSER III Funds – Lost Learning

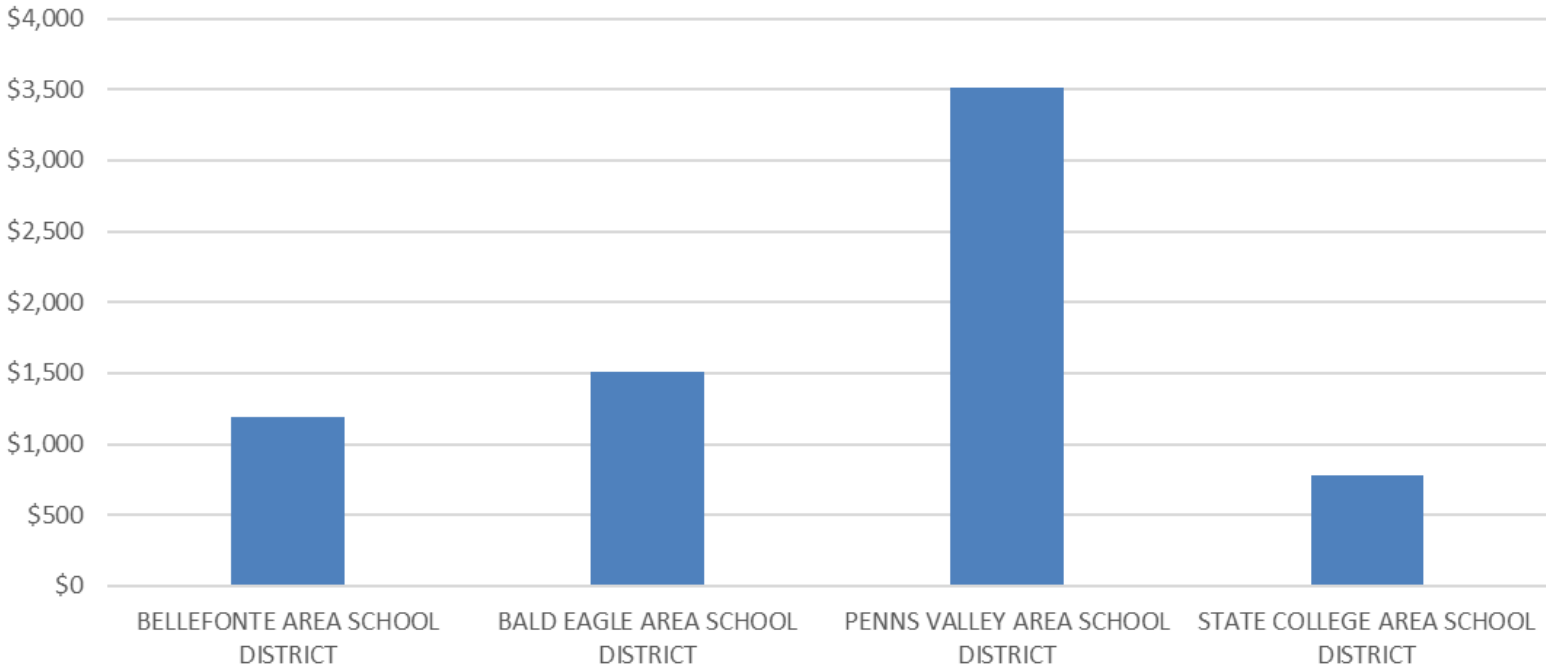
- Tutoring
- Afterschool programs
- Mental health

District COVID Funding

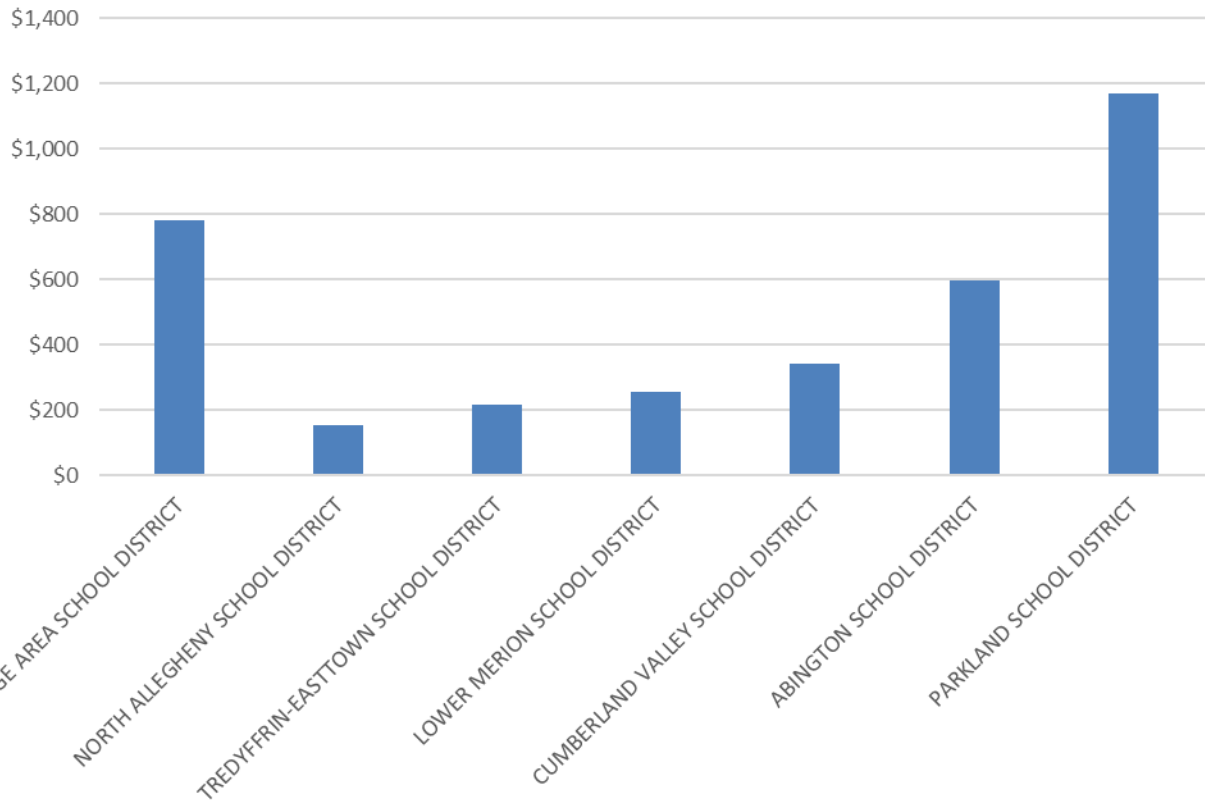


	Actual 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023
County Grant		\$72,965		
Special Ed COVID Mitigation Equity Grant		\$14,348	\$14,348	
PCCD		\$205,260		
PCCD	\$58,076	\$333,778		
ESSER III Estimate - Other			\$2,098,798	\$2,098,798
ESSER III Estimate - Lost Learning		\$20,000	\$517,829	\$511,570
ESSER II		\$1,787,168	\$787,682	
ESSER I	\$597,581	\$25,451		

ESSER III Dollars Per Student Comparison



ESSER III Dollars Per Student Compared to Cohort Districts



Earned Income Tax

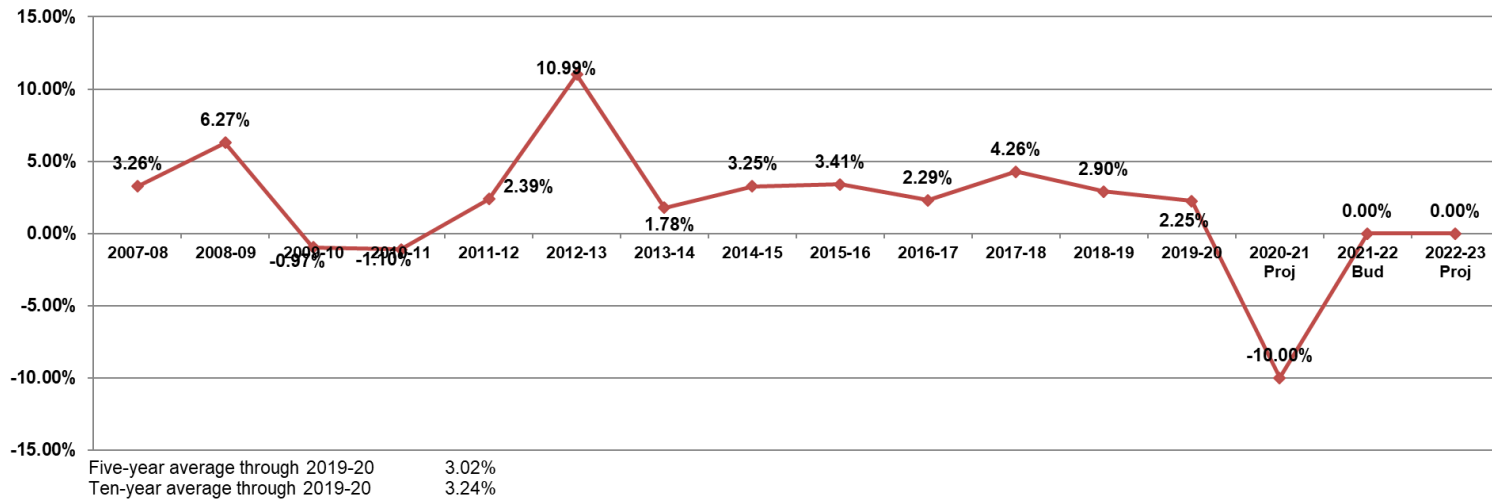
- New projections based upon
 - Monthly income and employment data to inform projections
- March 2021 Projection
 - 2020-21 budget 10% reduction
 - 0% increase 2021-22 and 2022-23 budget
- Updated Projection
 - 5% reduction in 2020-21 based upon July – Dec 2020
 - 1% increase 2021-22 and 2022-23 budget

Centre County Employment and Wages

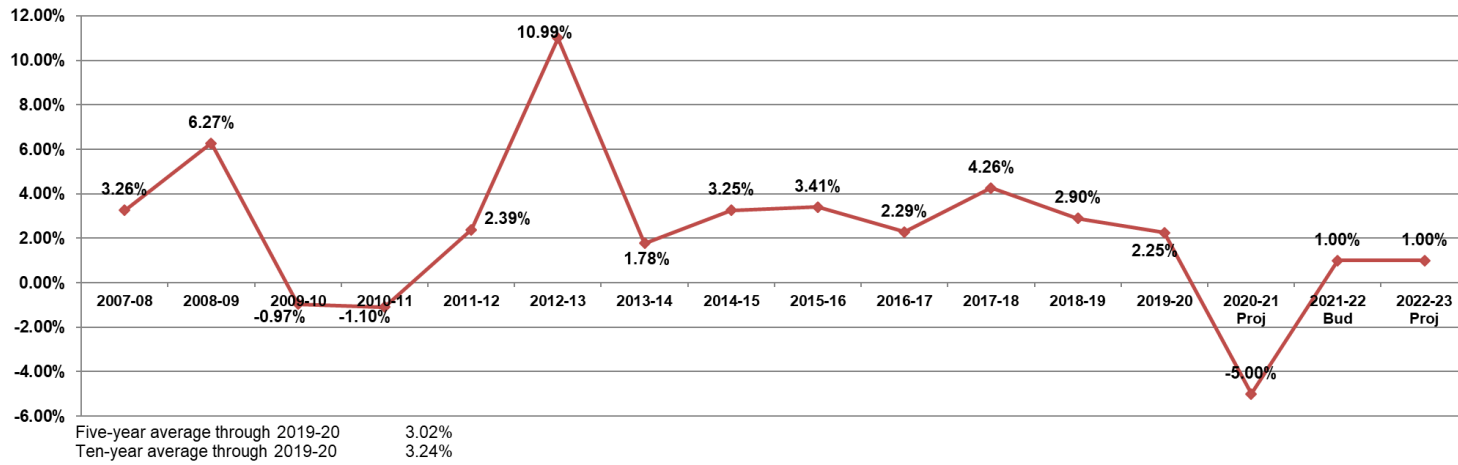
	2019 Q2	2020 Q2	Change	% Change
Establishments	3,590	3,653	63	1.75%
Employment	67,808	59,832	(7,976)	-11.76%
Wages	\$877,564,713	\$852,130,309	(\$25,434,404)	-2.90%

March 15, 2021 Projection

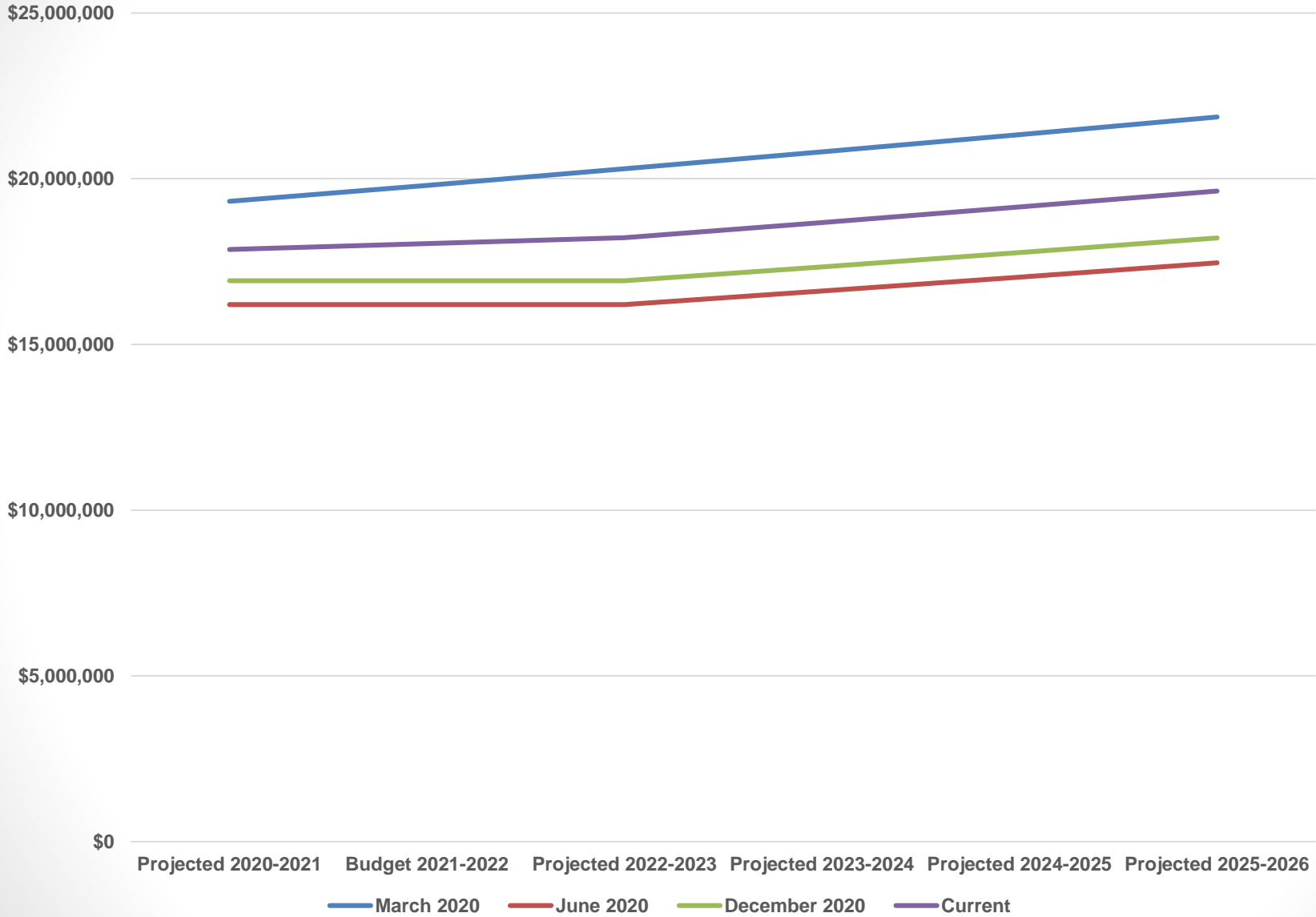
Earned Income Tax - Historical Percent Change



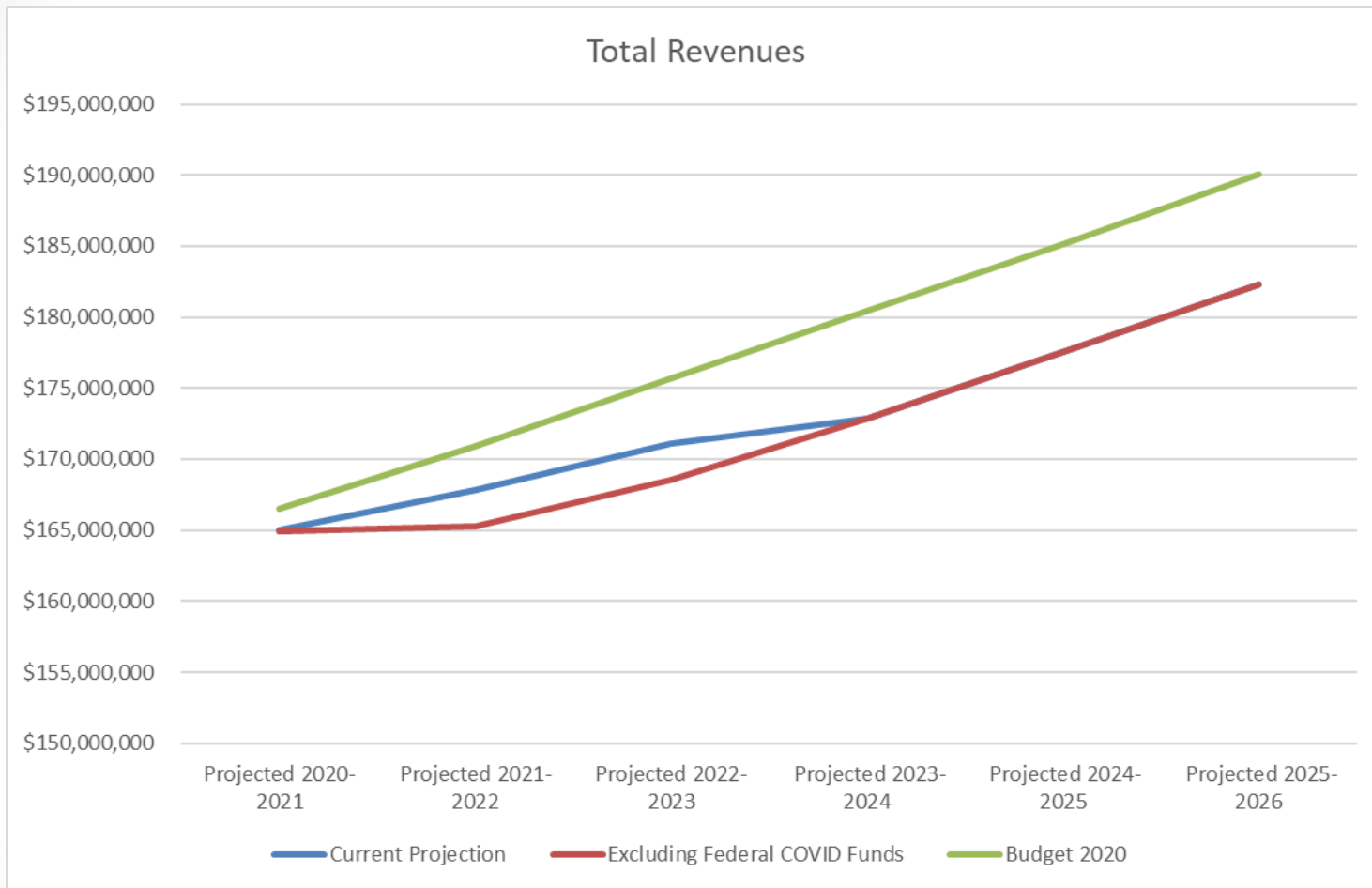
Earned Income Tax - Historical Percent Change



Earned Income Tax Projections

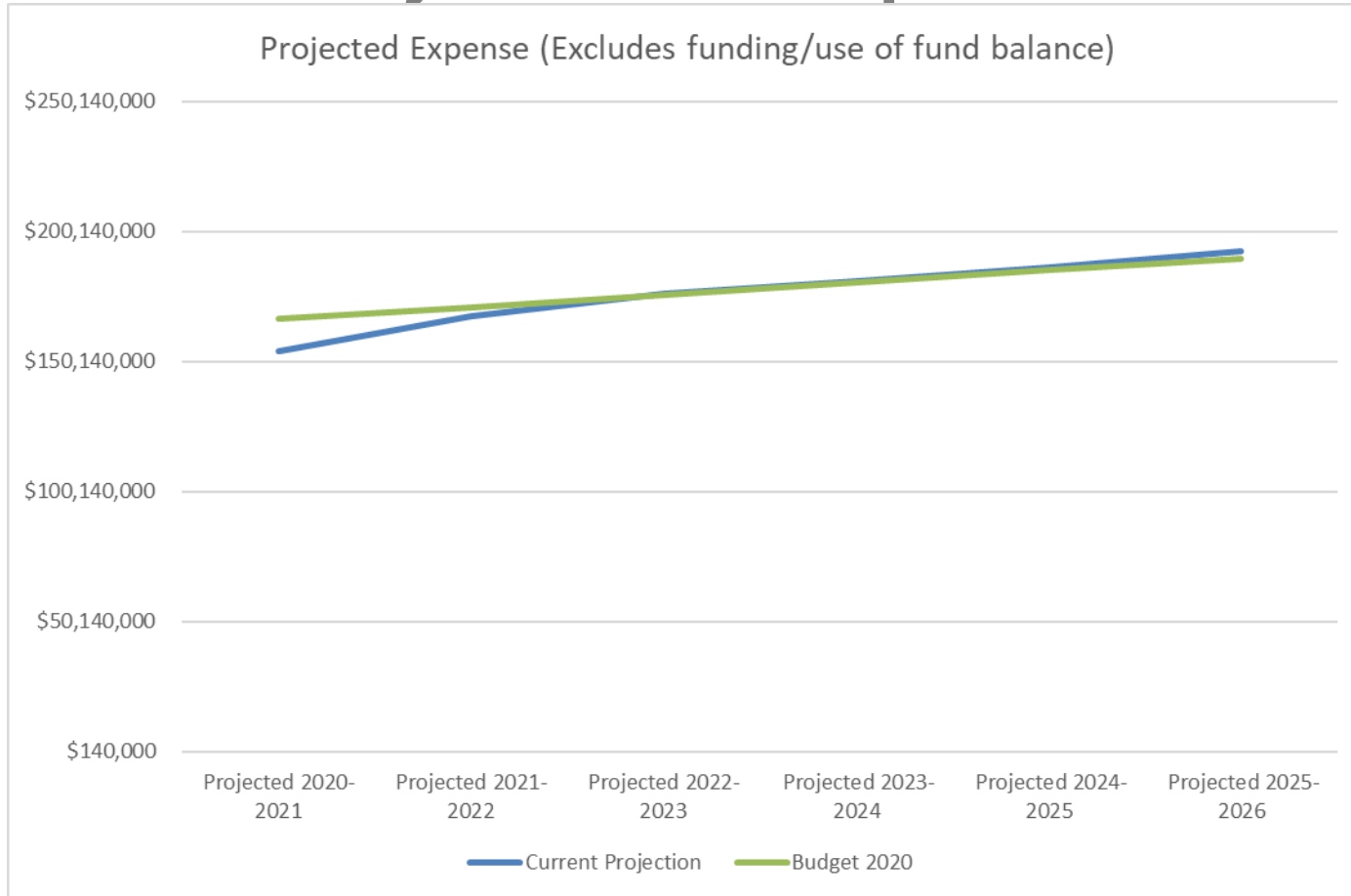


Projected Revenue



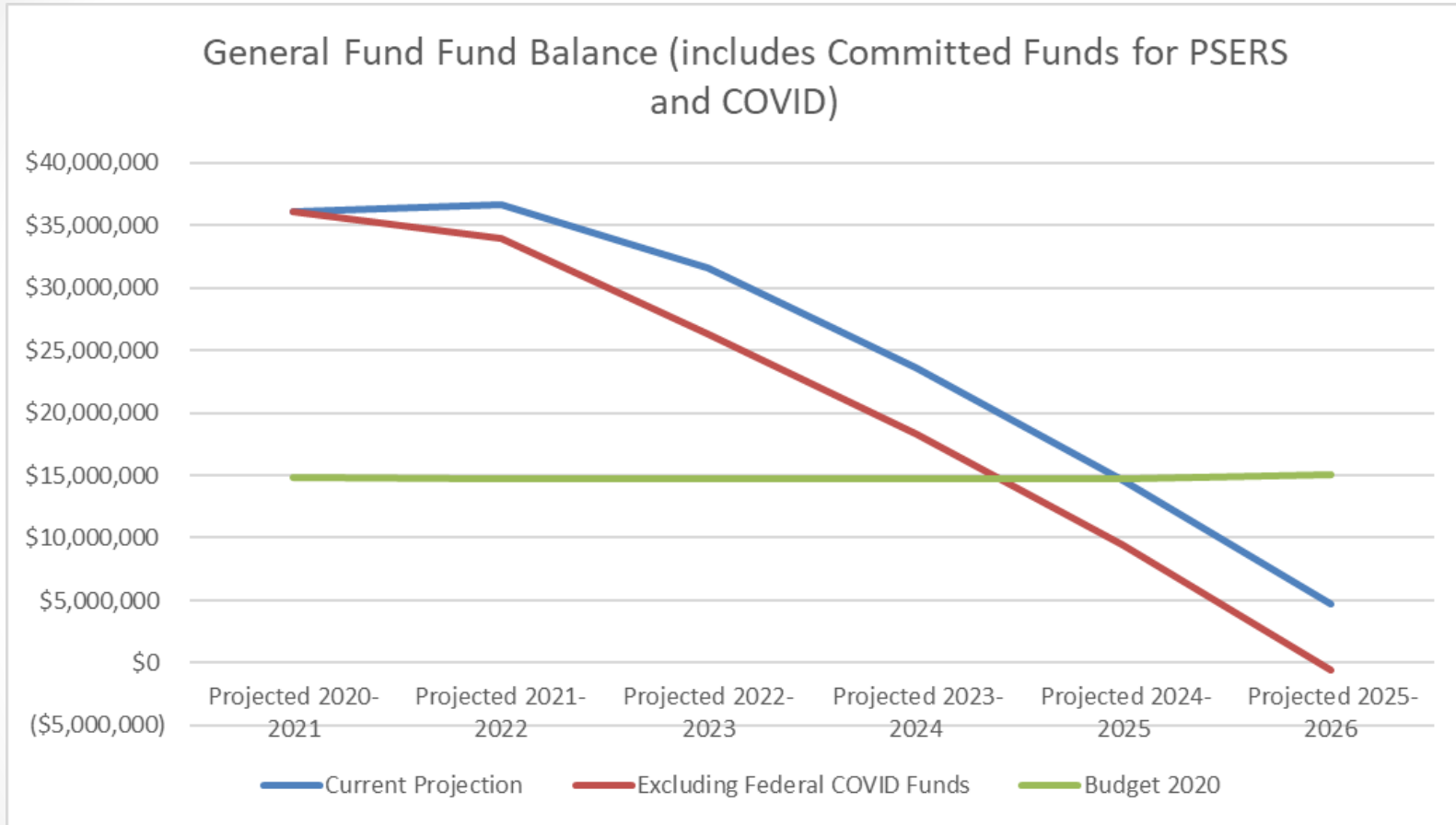
The cumulative decrease in revenues compared to the 2020 Budget is approximately \$32 million through 2025-26, primarily related to the change in real estate tax revenue of \$31.4 million.

Projected Expense



The net decrease in expenses from 2020-21 through 2025-26 is \$11.3 million. This decrease includes expense reductions implemented at the start of the pandemic, lower charter school expense and debt refinancing savings. These savings are offset by COVID related expenses and lost learning expense.

Impact of Federal COVID Funds



The District's commitment of fund balance for 2019-20 and projected for 2020-21, resulting from higher than projected revenue and reductions in expense, are projected to provide \$21 million of excess committed fund balance to offset projected lost revenue in future years resulting from the pandemic. Federal COVID dollars have provided addition funds to offset COVID related expenses, provide funds to support learning loss recovery initiatives and replenish a portion of the District's fund balance.

General Fund Unassigned Fund Balance

	Actual 2019-2020	Projected 2020-2021	Budget 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026	
Beginning Unassigned Fund Balance	\$13,253,860	\$12,627,467	\$12,220,003	\$13,254,859	\$13,949,137	\$14,324,630	\$13,998,081	i
Revenue	167,918,285	164,970,814	167,859,087	171,118,896	172,839,453	177,493,924	182,318,490	
Expense (excluding use of fund balance)	158,464,023	154,292,146	167,362,817	176,131,677	180,861,938	186,402,376	192,267,770	
Revenue less expense	9,454,262	10,678,668	496,270	(5,012,781)	(8,022,486)	(8,908,452)	(9,949,281)	ii
Incr (Decr) in Assigned Fund Balance	10,158,600	11,086,131	(538,585)	(5,707,059)	(8,397,979)	(8,581,903)	(396,159)	iii
Change in Unassigned General Fund Balance	(626,393)	(407,463)	1,034,855	694,278	375,493	(326,549)	(9,553,122)	iv (ii-iii)
Ending Unassigned Fund Balance	\$12,627,467	\$12,220,003	\$13,254,859	\$13,949,137	\$14,324,630	\$13,998,081	\$4,444,959	(i+iv)

General Fund – Fund Balance

(unassigned and assigned)

	Projected 2020-2021	Budget 2021- 2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026	
Current Projection	\$36,105,148	\$36,601,419	\$31,588,638	\$23,566,152	\$14,657,700	\$4,708,419	
March 15, 2021 Projection	35,144,365	32,403,378	23,980,193	14,598,707	4,290,255	(7,100,026)	
Increase	960,783	4,198,041	7,608,445	8,967,445	10,367,445	11,808,445	
Revenue Increases:							Total
Earned Income Tax	\$940,114	\$1,118,736	\$1,300,000	\$1,340,000	\$1,380,000	\$1,420,000	\$7,498,851
Local Service Tax	19,600	19,000	19,000	19,000	20,000	21,000	117,600
ESSER III Revenue	20,000	2,616,627	2,610,368				5,246,995
Total Projected Revenue Increase	\$979,714	\$3,754,363	\$3,929,368	\$1,359,000	\$1,400,000	\$1,441,000	\$12,863,446

2021-22 Proposed Budget												
	A	B	C	D	E	F	G	H	I	J	K	
	Function	Salaries	Benefits	Professional Services	Purchased Property Services	Charter School	Other Purchased Services	Supplies/ Equip	Other Exp & Financing Uses	Total Expense	2021-22 % of Total Budget	2019-20 % of Total Budget
1	Instructional											
2	Regular Instructional											
3	Regular Programs	\$ 38,573,396	\$ 24,101,230	\$ 46,859	\$ 34,695	\$ 4,163,772	\$ 453,692	\$ 1,135,541	\$ 47,552	\$ 68,556,737		
4	Federally Funded Reg Prog	418,204	206,377	-	-	-	-	30,487	-	655,067		
5	Total Regular Instructional	\$ 38,991,600	\$ 24,307,607	\$ 46,859	\$ 34,695	\$ 4,163,772	\$ 453,692	\$ 1,166,028	\$ 47,552	\$ 69,211,804	41%	40%
6	Other Instructional											
7	Vocational Educ	\$ 2,293,464	\$ 1,491,359	\$ 13,242	\$ 3,560	\$ -	\$ 21,445	\$ 151,480	\$ 11,869	\$ 3,986,418		
8	Other Programs	1,267,456	804,087	74,284	2,500	-	136,570	105,884	34,197	2,424,978		
9	Total Other Instructional	\$ 3,560,919	\$ 2,295,446	\$ 87,526	\$ 6,060	\$ -	\$ 158,015	\$ 257,363	\$ 46,066	\$ 6,411,396	4%	4%
10	Special Programs- Elem/Sec											
11	Life Skills Support- Public	\$ 210,394	\$ 123,809	\$ -	\$ -	\$ -	\$ 600	\$ 7,675	\$ -	\$ 342,478		
12	Deaf or Hearing Impaired Support	95,753	67,156	-	-	-	1,350	300	-	164,559		
13	Blind or Visually Impaired Support	134,210	110,368	60,000	-	-	1,720	1,900	-	308,198		
14	Speech and Language Support	703,392	453,600	-	-	-	1,500	11,130	-	1,169,622		
15	Emotional Support-Public	433,533	252,560	-	-	-	495,817	700	-	1,182,609		
16	Autistic Support	2,072,391	1,863,397	-	-	-	639,079	5,750	-	4,580,617		
17	Learning Support- Public	5,431,694	4,275,517	4,200	30,828	-	72,941	116,055	2,300	9,933,535		
18	Gifted Support	1,179,422	695,129	1,250	-	-	20,325	7,102	2,250	1,905,478		
19	Multi-Handicapped Support	293,020	244,963	-	-	-	-	300	-	538,283		
20	Special Programs- Other Support	338,406	185,202	252,100	-	1,661,988	366,500	70,800	420	2,875,415		
	Total Special Programs	\$ 10,892,214	\$ 8,271,700	\$ 317,550	\$ 30,828	\$ 1,661,988	\$ 1,599,832	\$ 221,712	\$ 4,970	\$ 23,000,795	14%	13%
21	Support Services											
22	Support Services-Students	\$ 3,439,885	\$ 2,396,919	\$ 41,919	\$ -	\$ -	\$ 23,925	\$ 55,187	\$ 3,025	\$ 5,960,861		
23	Support Services- Instr Staff	2,904,621	2,269,621	132,684	-	-	71,654	583,973	32,355	5,994,908		
24	Support Services- Admin	4,711,308	3,001,716	795,124	18,377	-	64,077	97,831	70,765	8,759,198		
25	Support Services- Pupil Health	1,029,365	716,387	558,608	-	-	-	19,520	-	2,323,880		
26	Support Services- Business	832,185	527,237	105,000	25,000	-	63,322	36,929	21,912	1,611,584		
27	Oper & Main of Plant Serv	3,965,193	3,087,850	701,737	1,134,500	-	436,501	2,493,307	7,000	11,826,087		
28	Student Transportation Serv	1,406,939	1,388,559	8,429	54,577	-	3,693,574	487,100	930	7,040,107		
29	Support Services- Central	1,945,440	1,329,533	358,135	95,550	-	453,834	2,343,409	50,800	6,576,700		
30	Total Support Services	\$ 20,234,937	\$ 14,717,822	\$ 2,701,635	\$ 1,328,004	\$ -	\$ 4,806,887	\$ 6,117,254	\$ 186,786	\$ 50,093,325	30%	29%
31	Non-instructional (I.e Student Activities/Athletics/Comm ed)	\$ 1,343,800	\$ 661,877	\$ 655,804	\$ 22,860	\$ -	\$ 63,841	\$ 140,950	\$ 58,751	\$ 2,947,884	2%	2%
32	Other Expenditures & Financing Uses											
33	Other								\$ 75,000	\$ 75,000		
34	Debt Service Transfer								7,415,475	7,415,475		
35	Debt Service- Referendum								5,257,625	5,257,625		
36	Capital Projects Transfer								1,412,535	1,412,535		
37	Food Service Transfer								400,000	400,000		
38	Capital Reserve Transfer								198,376	198,376		
39	Budgetary Reserve								938,603	938,603		
40	Total Other Exp & Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,697,614	\$ 15,697,614	9%	12%
41	Total 2021-22 Budget	\$ 75,023,470	\$ 50,254,453	\$ 3,809,374	\$ 1,422,447	\$ 5,825,760	\$ 7,082,266	\$ 7,903,308	\$ 16,041,739	167,362,818	100%	100%
	2021-22 % of Total Budget	45%	30%	2%	1%	3%	4%	5%	10%	100%		
	2019-20 % of Total Budget	44%	28%	2%	1%	4%	4%	5%	12%	100%		

Next Steps

- April 14, 2021- Finance and Audit Committee
- April 19, 2021- Board Meeting
 - Presentation of Proposed Final Budget
- May 3, 2021- Board Meeting
 - Board Approval of Proposed Final Budget
- May 12, 2021- Finance and Audit Committee
- May 24, 2021- Board Meeting and Budget Hearing
- June 7, 2021 – Adopt Final Budget

Finance Committee – April 14, 2021

- Proposed Final Budget
- Budgeted FTEs
- Virtual Program
- Food Service
- Unemployment
- Inflation

Questions

State College Area School District





MEMORANDUM

To: Randy Brown
Donna Watson

From: Tom Beckett, NW Financial Group, LLC.

Date: March 24, 2021

Re: District Financial Projections and Rating Impacts

This memo outlines our initial thoughts on the District's most recent set of financial projections and any potential impacts the assumptions and results of those projections may have on the District's credit ratings. For the purpose of this memo, we are evaluating the District's Moody's rating which is the higher of the two at Aa1.

Financial Projections – Background and Assumptions.

The District prepares 10-year budget projections as part of its regular financial planning and budgeting process. The projections break out General Fund revenues and expenses, annual surplus/deficit position of the General Fund and balance projections for the General Fund in the Assigned and Unassigned categories. The projections also model transfers to the Capital Reserve Fund to pay for a portion of the District's debt service related to recent capital projects and to build reserves for future capital projects.

By state regulation and the District's fund balance policy, the Unassigned General Fund balance is limited to approximately 8% of General Fund expenditures. Fund Balances in the Assigned categories are used to accumulate funds and finance costs for specific purposes including COVID and PSERS. The Capital Reserve Fund receives transfers from the General Fund to pay for capital projects and related debt service.

The District is currently evaluating the necessity, timing, and scale of property tax increases to fund sustainable operations. The budget projections provide a convenient measurement of the fiscal health of the District under alternative revenue and expense assumptions. These projections are shared with the rating agencies during the financing process as well as during annual surveillance calls.

Comparing March 2021 and June 2020 projections

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The rating agencies evaluate credits on the basis of area economics, leverage and financial metrics. The primary financial measure is liquidity. This is the metric that will be impacted by changed assumptions in revenue and expense.

Moody’s currently measures liquidity by looking at “available Fund Balance” and “Net Cash”. For the District, these two measures are very similar (The difference is Net Cash deducts short-term borrowing from Cash and Investments. The District does not need short term borrowing.) As a result we’ll look at available Fund Balance which includes “Operating Funds”. In the past, Moody’s has not included the Capital Reserve Fund as operating funds.

The table below compares the June 2020 projections to the March 2021 projections measuring General Fund Balance as a % of Operating Expenses for the years ending June 30, 2021-2031. We have also included the Capital Reserve Fund Balance and Combined Fund Balance %.

Comparison of Projected Fund Balances

	Budget	Projected								
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
<u>June '20</u>										
General Fund Balance % of Operating Expense	13.96%	12.51%	8.68%	5.32%	1.87%	-1.94%	-5.85%	-10.43%	-14.24%	-19.13%
Capital Reserve Fund Balance % of Operating Expense	38.12%	32.98%	29.15%	26.09%	24.36%	22.73%	21.18%	18.70%	16.57%	15.13%
Combined % of Operating Expense	52.08%	45.49%	37.83%	31.41%	26.23%	20.78%	15.33%	8.26%	2.32%	-3.99%
<u>March '21</u>										
General Fund Balance % of Operating Expense	23.08%	21.22%	16.87%	11.50%	5.89%	0.05%	-5.35%	-11.37%	-16.63%	-22.83%
Capital Reserve Fund Balance % of Operating Expense	38.94%	32.00%	28.23%	25.41%	23.78%	22.30%	20.89%	18.56%	16.57%	15.26%
Combined % of Operating Expense	62.02%	53.22%	45.11%	36.91%	29.67%	22.36%	15.55%	7.19%	-0.07%	-7.57%

Both projections show the impact of structurally unbalanced operations in the near term reducing available liquidity in the medium and long terms. This is a credit negative for the District and would likely result in downward pressure on the rating in FY23-24 and beyond.

Analysis and Conclusions

The District is in a strong fiscal position – now. The amount of liquidity has enabled the District to absorb cost pressures from successive adverse fiscal conditions including the unwinding of its interest rate swap; a needed and aggressive capital program; rapid increase in PSERS and OPEB contributions and the COVID-19 Pandemic. Some other considerations are:

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1. **Timing and scale of measures needed to eliminate structural deficits**- Even with the significant balances available to the District, tax increases and/or expenditure reductions in the General Fund will be inevitable. By forgoing multiple years of fiscal discipline, the ultimate impact (tax increase or expenditure reductions) will be larger.
2. **Maintaining Capital Reserve Fund Balance** – This not only serves its primary purpose of paying capital and debt service costs, but it also supports the rating as it serves as additional liquidity in emergency situations and adds to budgetary flexibility in future years.
3. **Immediate Rating Impact** – We do not anticipate that the difference between the two projections will result in immediate pressure on the rating. Structural imbalance absolutely will. Delaying any tax increase or expenditure reduction will accelerate a rating action.
4. **Maintaining a hard-won rating** – SCASD has managed to upgrade its rating despite the budget pressures itemized above. This has resulted in lower financing costs during at time when the District was in a construction/borrowing mode. To the extent that rating declines in the future, it will increase borrowing costs for refunding and new money transaction.

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