

State College Area School District



2023-24 Budget Development

**State College
Area School District
March 13, 2023**

Major Changes in Projected Revenues

- Revenue
 - Local Revenue
 - Real Estate Tax
 - Interim Real Estate Tax
 - Delinquent
 - Tuition
 - Miscellaneous Local Revenue

Real Estate Tax Assessed Value Growth

- 2022-23 Projection
 - Projected fewer settled assessment appeals
 - Slightly higher than projected collection percentage (97.4% vs. 97.2%)

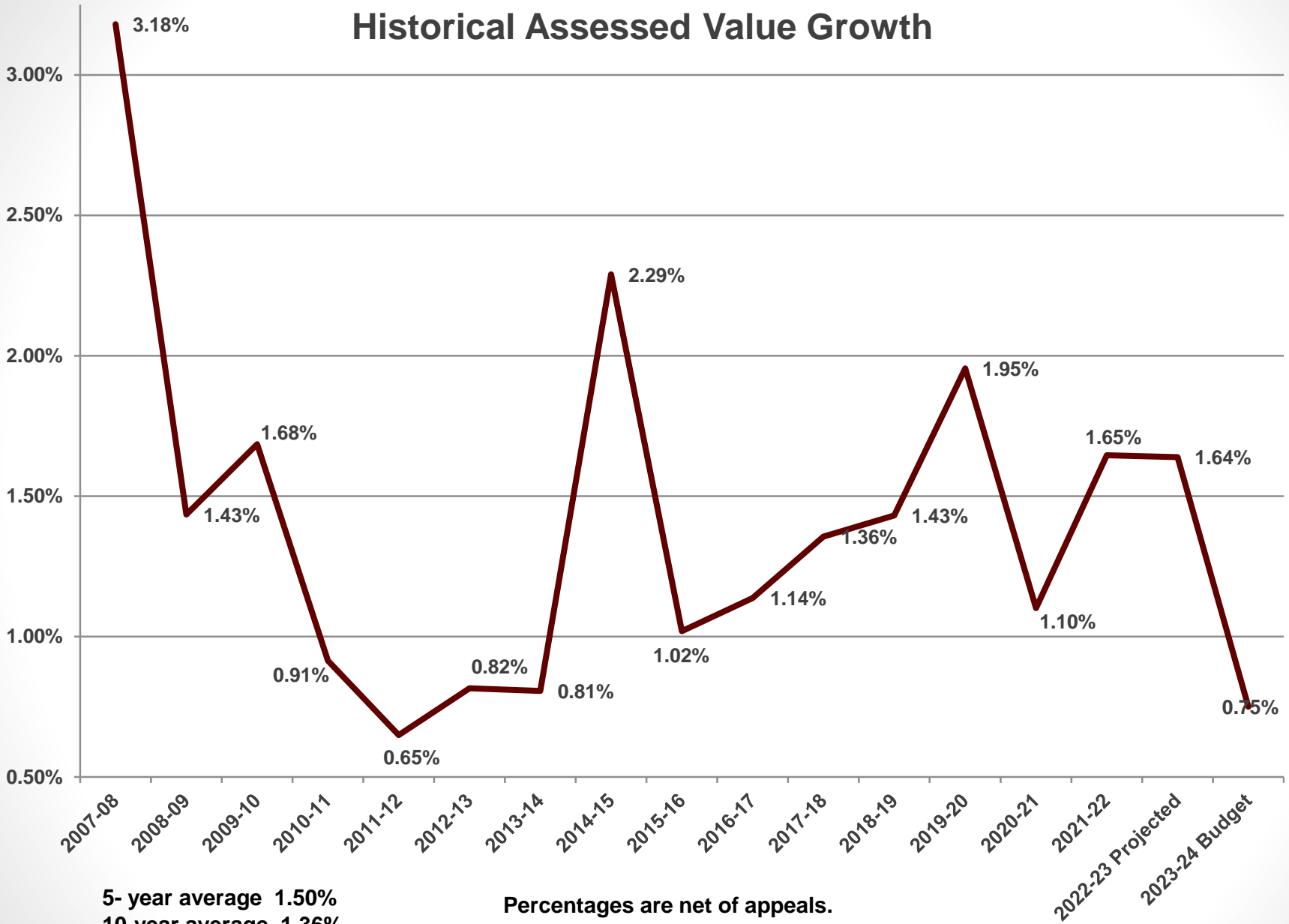
Budget	1.20%
Prior Projection	1.40%
Revised Projection	1.64%

Real Estate Tax Assessed Value Growth

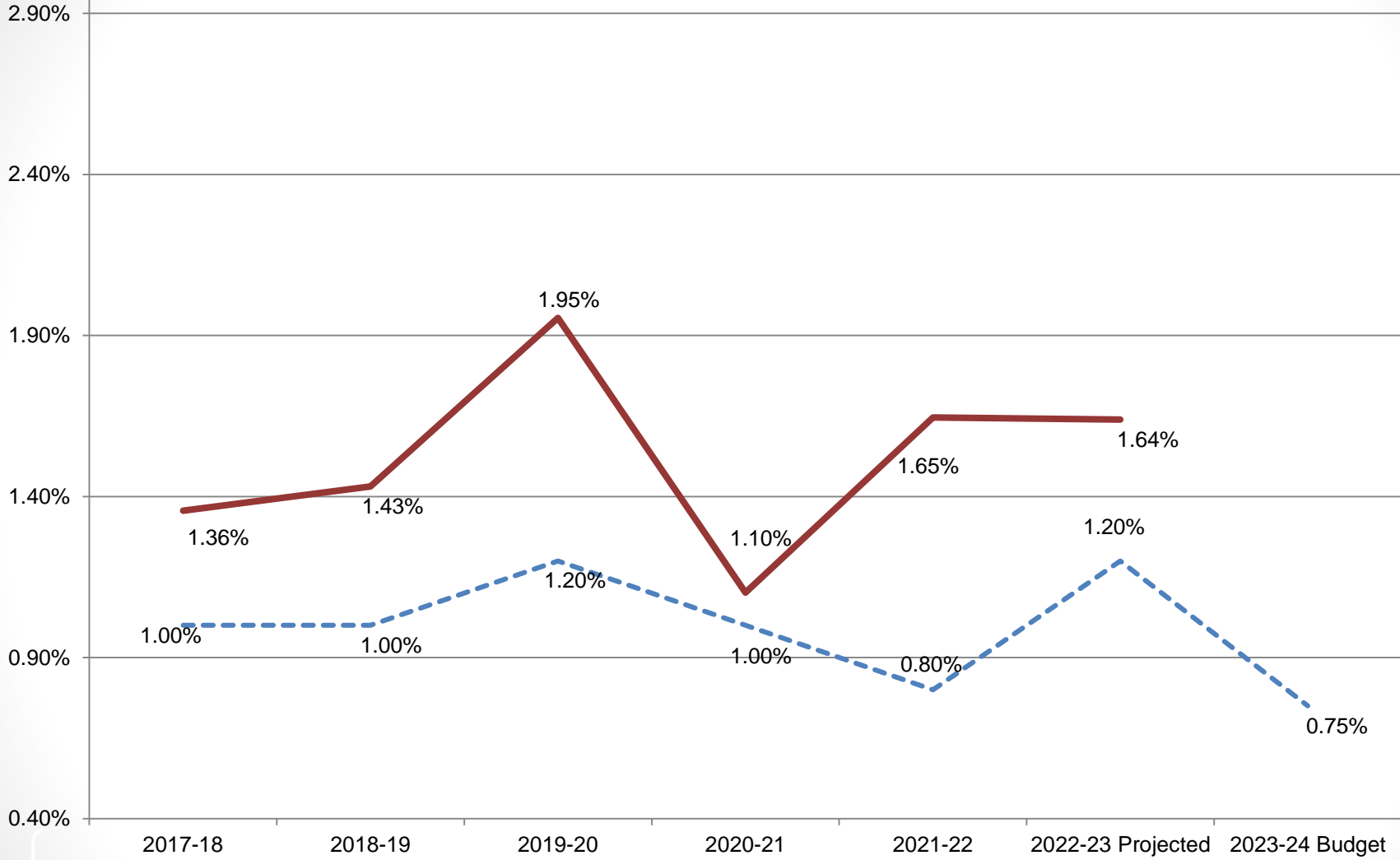
- 2023-24 Budget
 - .42% growth in assessed value as of 2/13/23
 - Properties added through the beginning of June will be included in the July 1 billing (measurement date of assessed value)
 - Offset by appeal settlements in 2023-24

Prior Projection	1.20%
Revised Projection	0.75%

Historical Assessed Value Growth



Historical Assessed Value Growth



5- year average 1.50%
10-year average 1.36%

Percentages are net of appeals.

— Actual
- - - Budget

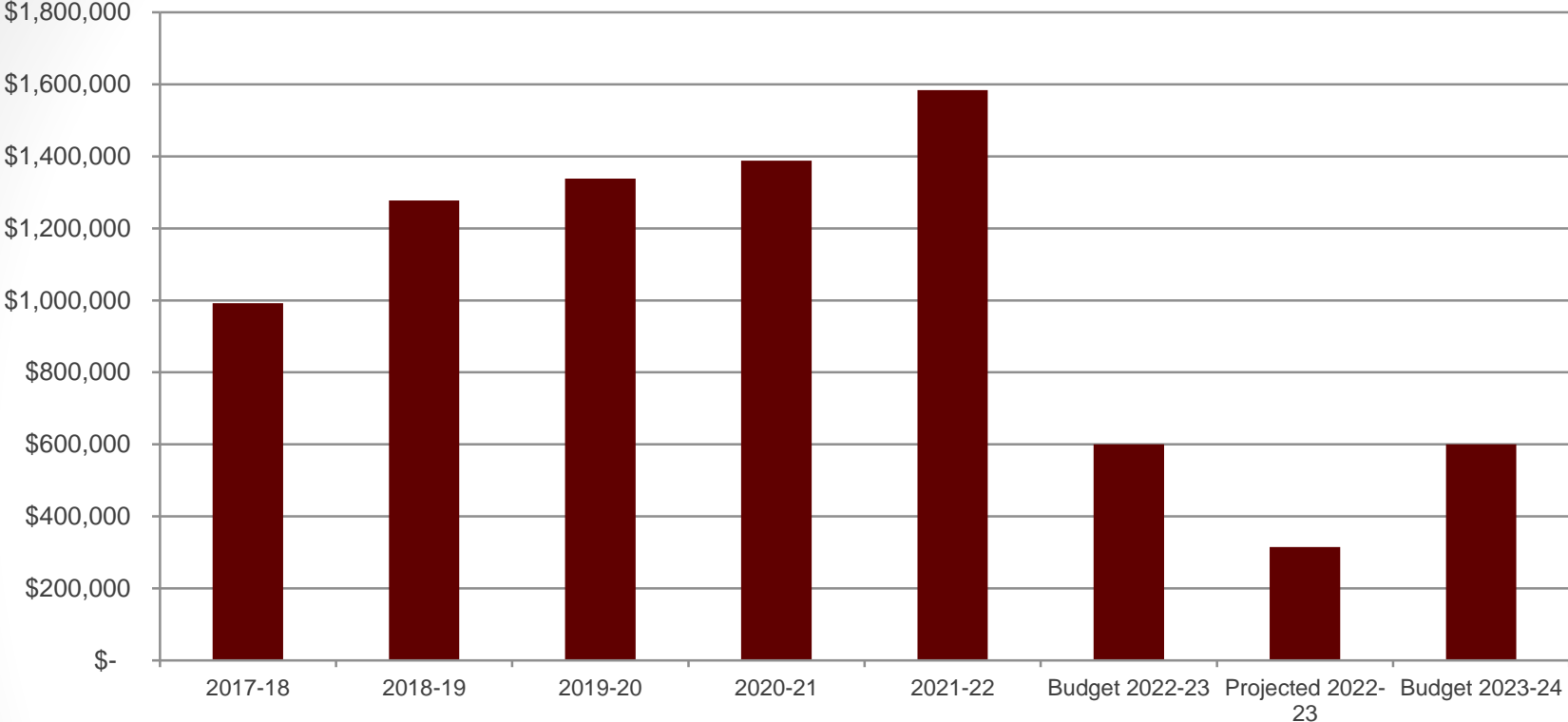
Interim Real Estate Tax

- 2022-23 Projection
 - Billings on 7/1 and 2/1 for properties not on the tax rolls in time for the duplicate billing.
 - No large buildings added during this interim period.

Budget	\$600,000
Revised Projection	\$315,000

- 2023-24 Budget
 - Difficult to predict
 - Assumes \$600,000

Historical Interim Real Estate Tax



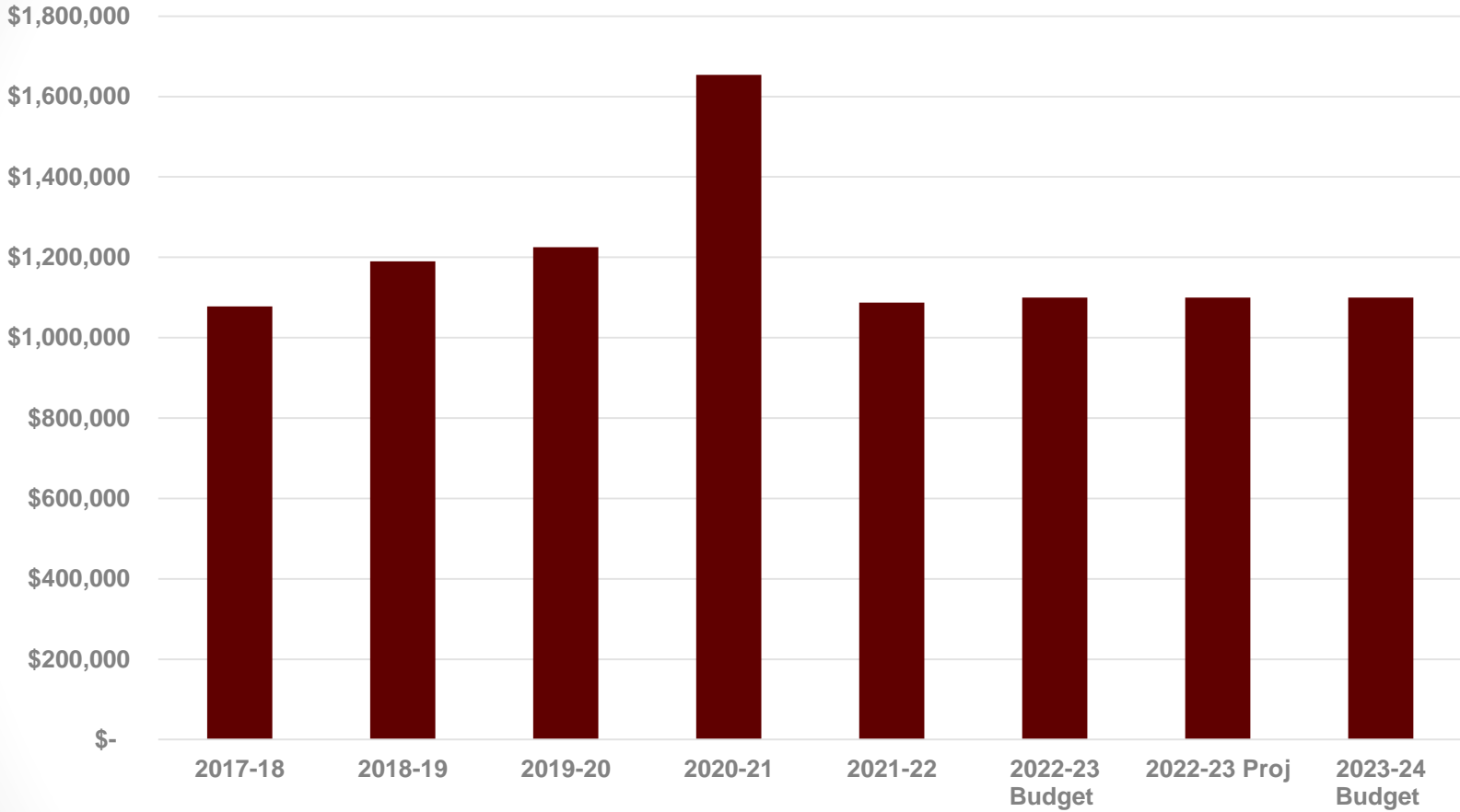
Note: Properties that are not on the tax rolls prior to the July duplicate real estate tax billing are processed in off-cycle July and February billings.

Supplemental tax rebates:
 2016-17 \$82,584
 2017-18 \$88,266
 2018-19 \$84,220
 2019-20 \$85,225
 2020-21 \$85,020
 2021-22 \$73,608

Delinquent Tax

- Real Estate taxes not paid by December 31 of each year are transferred to the Centre County Tax Office for collection. Delinquent taxes represent collection of these unpaid taxes, include penalty and interest.

Delinquent Real Estate Tax



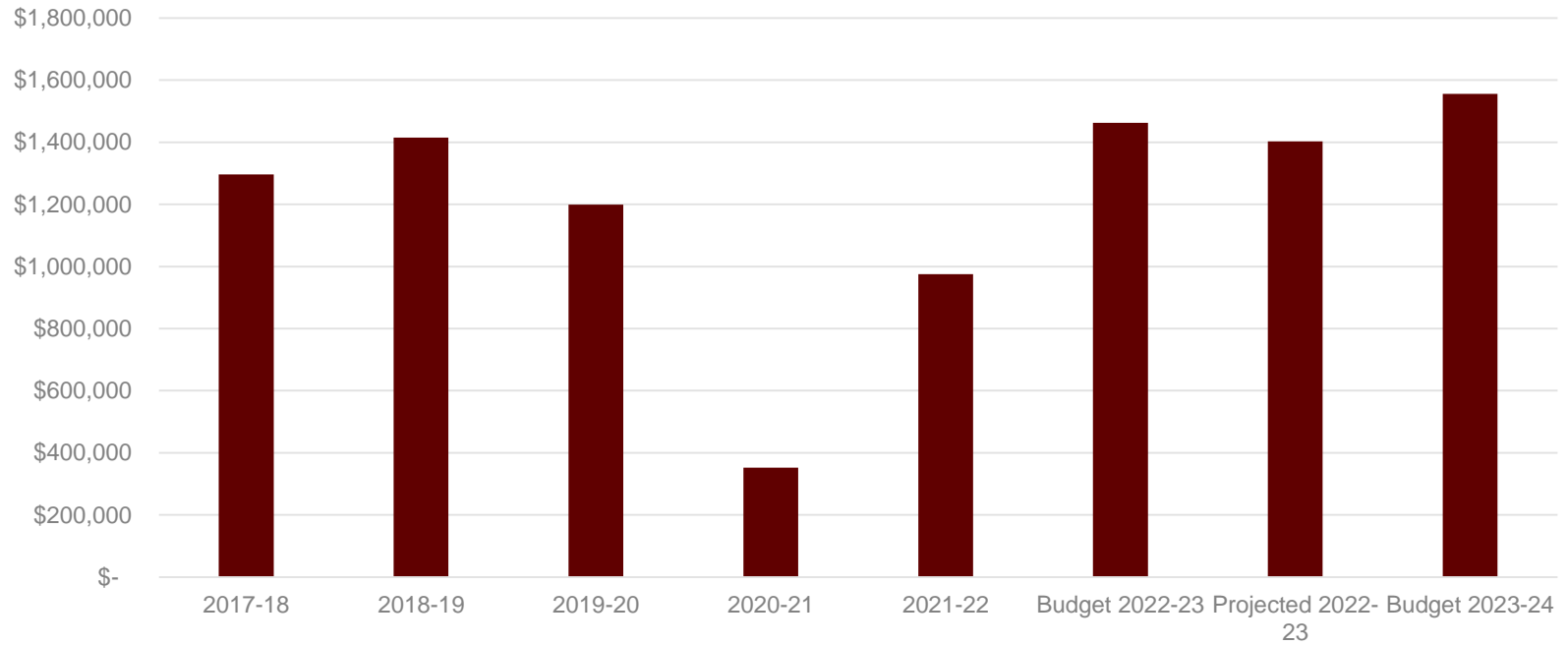
5 year average (excl 2020-21) \$1,152,000
10 year average (excl 2020-21) \$1,270,000

Tuition

- Tuition
 - CEEL/Sport & Shorts
 - Assumes increase from \$270 to \$295 per month
 - SCASD Tuition Charges

Projected 2022-23	\$1,402,544
Budget 2023-24	\$1,555,621

Tuition

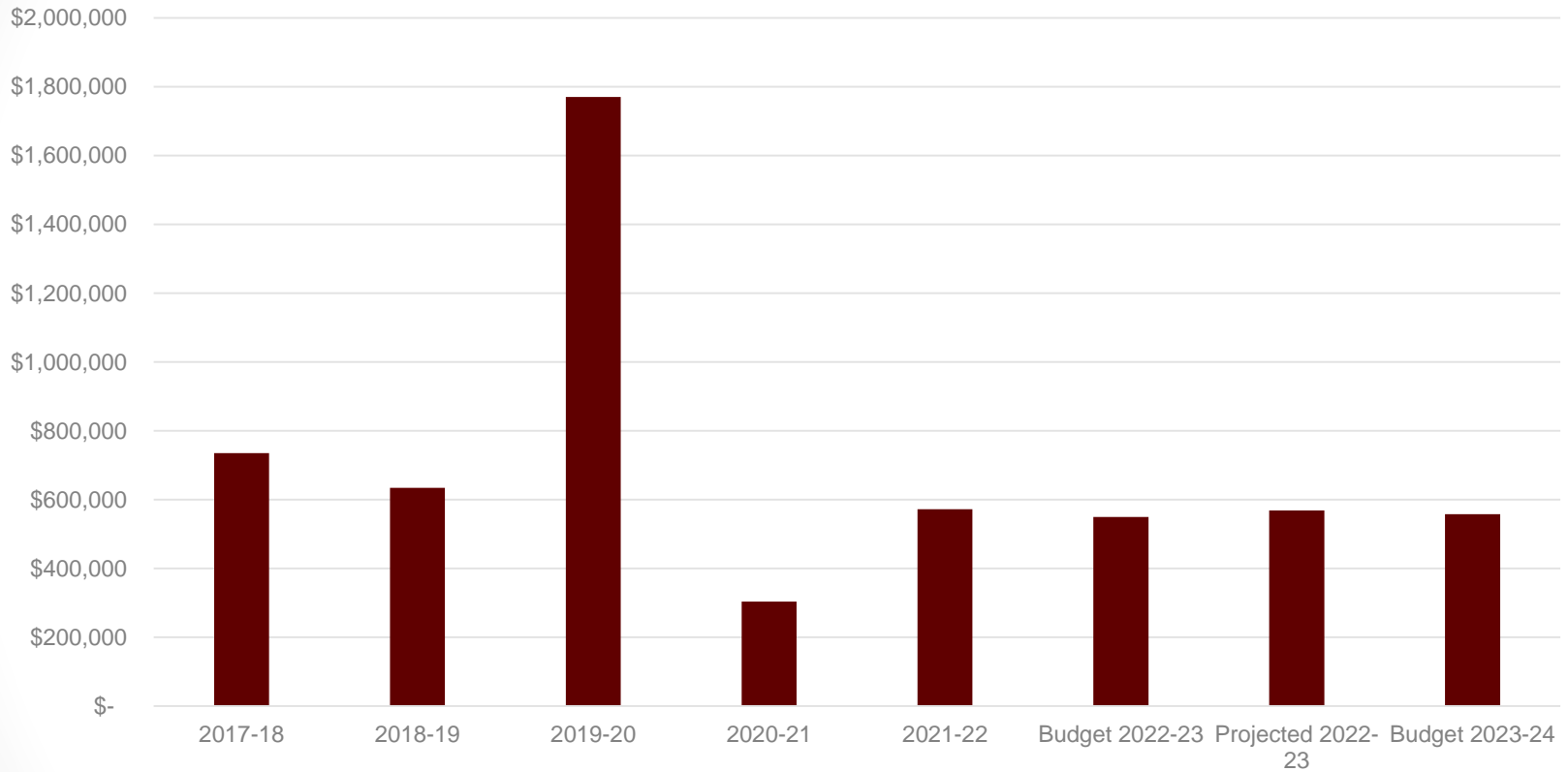


Misc Local Revenue

- Misc Local Revenue
 - Includes athletic tickets, building rental, tuition for non-resident students, driver ed revenue, parking permits, purchasing card rebates, property and equipment sales, contributions and other miscellaneous revenue.
 - Athletic Ticket
 - Assumes no ticket price increase
 - Assumes Hometown Ticket processing fees previously absorbed by the district will be paid by the purchaser (estimated \$13,000)

Projected 2022-23	\$568,931
Budget 2023-24	\$557,607

Miscellaneous Local Revenue



2019-20 includes \$1,300,000 related to the sale of the Lemont building.

2022-23

	Board Presentation 1/11/23	Board Presentation 3/13/23	3/13/23 vs. 1/11/23	Variance Explanation (>\$100K)
LOCAL SERVICES TAX				
CURRENT REAL ESTATE TAX	\$ 107,930,281	\$ 108,497,686	\$ 567,405	Assumes fewer appeals settled and an increase in collection percentage
REAL ESTATE TAX-REFERENDUM DEBT	4,944,564	4,944,564	-	
EARNED INCOME TAX	21,240,000	21,240,000	-	
REALTY TRANSFER TAX	2,800,000	2,800,000	-	
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	-	
INTERIM REAL ESTATE TAX	600,000	315,000	(285,000)	Projected based upon 2/1/23 interim tax bills
IDEA-B	1,047,675	1,047,675	-	
PAYMENTS IN LIEU OF TAX	647,824	647,824	-	
LOCAL SERVICES TAX	398,000	398,000	-	
TUITION	1,462,805	1,402,544	(60,261)	
MISC LOCAL REVENUE	549,915	568,931	19,016	
PUBLIC UTILITY REALTY TAX	127,972	127,972	-	
INTEREST ON INVESTMENTS	2,600,000	2,600,000	-	
TOTAL LOCAL	145,449,034	145,690,196	241,160	
STATE				
BASIC ED INSTR SUBSIDY	10,600,367	10,600,367	-	
SPECIAL ED REVENUE-REGULR	3,485,046	3,485,046	-	
REV. FOR RETIREMENT	13,765,178	13,453,833	(311,345)	Related to decr in projected salaries
REV. FOR SOCIAL SECURITY	2,986,461	2,918,940	(67,521)	
PROPERTY TAX REDUCTION	1,792,547	1,792,547	-	
TRANSPORTATION REVENUE	800,000	800,000	-	
BOND REIMBURSEMENTS	910,864	910,864	-	
HEALTH SERVICES REVENUE	154,304	154,304	-	
READY TO LEARN GRANT	310,013	310,013	-	
SAFETY GRANTS	-	-	-	
VOCATIONAL EDUCATION	196,000	266,000	70,000	
OTHER STATE REVENUE	304,010	304,010	-	
TUITION - 1305/1306	130,000	130,000	-	
TOTAL STATE	35,434,789	35,125,924	(308,866)	
FEDERAL				
TITLE I REVENUE	652,386	652,386	-	
TITLE II REVENUE	140,907	140,907	-	
ACCESS FUNDS	350,000	350,000	-	
OTHER FEDERAL REVENUE	2,132,370	1,990,714	(141,656)	Assumed ESSER spending moved to 2023-24
TITLE III REVENUE	44,981	44,981	-	
TOTAL FEDERAL	3,320,644	3,178,988	(141,656)	
TOTAL REVENUE	\$184,204,468	\$183,995,107	(\$209,362)	

2022-23

	Board Presentation 1/11/23	Board Presentation 3/13/23	3/13/23 vs. 1/11/23	Variance Explanation (>\$100K)
Salaries	\$79,670,822	\$77,869,544	(\$1,801,278)	Primarily related to the estimated impact of unfilled/vacant positions, offset by higher than budgeted substitute and sick/vac payouts.
Health Insurance	15,999,940	15,999,940	-	
PSERS	27,530,356	26,907,665	(622,691)	Related to salary projection
Other Benefits	7,649,790	7,464,185	(185,605)	Related to salary projection and projected lower than budgeted dental expense.
Professional Services	4,227,183	4,284,226	57,043	
Purchased Property Services	1,421,940	1,421,940	(0)	
Charter School Expense	6,513,252	6,302,899	(210,353)	Related to lower than budgeted expense per student and slightly lower projected student count.
Other Purchased Services	7,725,344	7,577,695	(147,649)	Related to fewer than budgeted contracted buses and lower insurance expense.
Supplies/Equipment	9,032,950	9,136,371	103,420	Primarily related to proposed purchase of add'l buses and physical plant equipment, offset by lower utility estimate.
Minor Capital Projects	2,343,321	2,343,321	(0)	
Transfers/contingencies	1,010,691	1,010,691	-	
Debt Service	12,216,550	12,216,550	-	
Debt Service - Referendum Debt	5,256,875	5,256,875	-	
Total Expense before transfer to capital reserve and fund balance use	180,599,015	177,791,901	(2,807,114)	
Transfer to Capital Reserve	4,243,000	4,153,586	(89,414)	
Total Expense including transfer to capital reserve	184,842,015	181,945,487	(2,896,528)	
Fund Balance Commitment/Use (Revenue Shortfall)	-	(24,472,600)	(24,472,600)	Recommended redesignating to debt service commitment.
Fund Balance Commitment/Use (Debt Service)	-	27,389,041	27,389,041	Recommended commitment to fund debt service payments up to the annual debt service previously funded from the Capital Reserve Fund.
Fund Balance Commitment/Use (Health Insurance)	792,790	792,790	-	
Fund Balance Use (PSERS/Legal)	(2,640,414)	(2,640,414)	-	
Total fund balance commitment/(use)	(1,847,624)	1,068,817	2,916,441	
Total Expenses and Transfers	\$182,994,391	\$183,014,304	\$19,913	

State College Area School District
General Fund Activity
Projection 2022-23

	Budget	Board Presentation 12/5/22	Board Presentation 1/11/23	Board Presentation 3/13/23	3/13/23 vs. 1/11/23	
Beginning Fund Balance	\$13,152,498	\$13,429,482	\$13,429,482	\$13,429,482	\$0	a
Revenue	177,037,552	182,466,508	184,204,468	183,995,107	(209,360)	b
Local	140,611,290	143,711,075	145,449,034	145,690,196	241,162	
State	33,502,270	35,434,789	35,434,789	35,125,924	(308,866)	
Federal	2,923,993	3,320,644	3,320,644	3,178,988	(141,656)	
Expense (including capital reserve transfer)	180,273,275	183,232,015	184,842,015	181,945,487	(2,896,528)	c
Revenue less expense	(3,235,722)	(765,507)	(637,547)	2,049,620	2,687,168	d (b-c)
Funding (Use) of Committed Fund Bal (Revenue Shortfall)	(3,974,900)	0	0	(24,472,600)	(24,472,600)	e
Funding (Use) of Committed Fund Bal (Debt Service)	0	0	0	27,389,041	27,389,041	f
Funding (Use) of Committed Fund Bal (Health Insurance)	0	792,790	792,790	792,790	-	g
Funding (Use) of Committed Fund Bal (PSERS)	(396,159)	(2,640,414)	(2,640,414)	(2,640,414)	-	h
Change in Assigned Fund Balance	(4,371,059)	(1,847,624)	(1,847,624)	1,068,817	2,916,441	i (e+f+g+h)
Change in Unassigned General Fund Balance	1,135,337	1,082,117	1,210,077	980,803	(229,273)	j (d-i)
Ending Unassigned Fund Balance	<u>\$14,287,835</u>	<u>\$14,511,599</u>	<u>\$14,639,559</u>	<u>\$14,410,285</u>	<u>(\$229,273)</u>	(a+j)
Unassigned Fund Balance Percentage	7.9%	7.9%	7.9%	7.9%		

2023-24 4.1% tax Increase	Board Presentation 1/11/23	Board Presentation 3/13/23	3/13/23 vs. 1/11/23	Variance Explanation (>\$100K)
LOCAL SERVICES TAX				
CURRENT REAL ESTATE TAX	\$114,422,706	\$114,164,002	\$ (258,704)	Assumes assessed value increase of .75% (previously 1.2%) based upon assessed value growth through February and estimated appeal impacts.
REAL ESTATE TAX-REFERENDUM DEBT	4,943,388	4,943,388	-	
EARNED INCOME TAX	21,980,000	21,980,000	-	
REALTY TRANSFER TAX	2,800,000	2,800,000	-	
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	-	
INTERIM REAL ESTATE TAX	600,000	600,000	-	
IDEA-B	898,756	898,756	-	
PAYMENTS IN LIEU OF TAX	647,824	647,824	-	
LOCAL SERVICES TAX	412,000	412,000	-	
TUITION	1,462,805	1,555,621	92,817	
MISC LOCAL REVENUE	549,915	557,607	7,692	
PUBLIC UTILITY REALTY TAX	117,190	117,190	-	
INTEREST ON INVESTMENTS	2,500,000	2,500,000	-	
TOTAL LOCAL	152,434,583	152,276,388	(158,195)	
STATE				
BASIC ED INSTR SUBSIDY	10,600,367	10,600,367	-	
SPECIAL ED REVENUE-REGULR	3,485,046	3,485,046	-	
REV. FOR RETIREMENT	13,600,000	13,615,203	15,203	
REV. FOR SOCIAL SECURITY	3,063,087	3,079,130	16,043	
PROPERTY TAX REDUCTION	1,421,949	1,421,949	-	
TRANSPORTATION REVENUE	800,000	800,000	-	
BOND REIMBURSEMENTS	910,702	910,702	-	
HEALTH SERVICES REVENUE	140,000	140,000	-	
READY TO LEARN GRANT	310,013	310,013	-	
SAFETY GRANTS	-	-	-	
VOCATIONAL EDUCATION	196,000	226,000	30,000	
OTHER STATE REVENUE	105,190	105,190	-	
TUITION - 1305/1306	130,000	130,000	-	
TOTAL STATE	34,762,354	34,823,600	\$ 61,246	
FEDERAL				
TITLE I REVENUE	600,000	600,000	-	
TITLE II REVENUE	140,000	140,000	-	
ACCESS FUNDS	350,000	350,000	-	
OTHER FEDERAL REVENUE	147,200	288,858	141,658	ESSER spending moved from 2022-23
TITLE III REVENUE	35,000	35,000	-	
TOTAL FEDERAL	1,272,200	1,413,858	141,658	
TOTAL REVENUE	\$188,469,137	\$188,513,846	\$44,709	

2023-24 4.1% tax Increase	Board Presentation 1/11/23	Board Presentation 3/13/23	3/13/23 vs. 1/11/23	Variance Explanation (>\$100K)
Salaries	\$81,715,005	\$82,143,003	\$427,998	Updated projection based upon contracted and estimated salary increases. FTEs reflect 2022-23 budget, adjusted to reflects current yr. revisions.
Health Insurance	17,599,934	17,599,934	-	
PSERS	27,200,000	27,230,405	30,405	Related to changes in salaries
Other Benefits	7,800,000	7,821,100	21,100	Related to changes in salaries
Professional Services	4,270,000	4,613,244	343,244	Proposed electrical study, increased prof devel (including PCCD funded), increased OT/PT services and field trips
Purchased Property Services	1,430,000	1,361,616	(68,384)	
Charter School Expense	6,620,000	6,683,714	63,714	
Other Purchased Services	7,830,000	7,711,689	(118,311)	Reflects assumed lower number of contracted buses.
Supplies/Equipment	8,880,000	10,871,498	1,991,498	Addition of reading program, HR system and increased cyber security, electric/gas and other inflation.
Minor Capital Projects	2,390,188	2,390,188	-	
Transfers/contingencies	1,789,107	1,658,559	(130,548)	Eliminate food service transfer offset by incr in estimated exp for prior year real estate tax appeals not yet settled.
Debt Service	12,218,800	12,218,800	-	
Debt Service - Referendum Debt	5,255,625	5,255,625	-	
Total Expense before transfer to capital reserve and fund balance use	184,998,658	187,559,375	2,560,717	
Transfer to Capital Reserve	2,463,000	0	(2,463,000)	Eliminated based upon change in revenues less expense
Total Expense including transfer to capital reserve	187,461,658	187,559,375	97,717	
Fund Balance Commitment/Use (Revenue Shortfall)	0	0	-	
Fund Balance Commitment/Use (Debt Service)	0	(290,800)	(290,800)	Utilization of fund balance to maintain unassigned fund balance at just below state maximum.
Fund Balance Commitment/Use (Health Insurance)	799,997	799,997	-	
Fund Balance Use (PSERS/Legal)	0	0	-	
Total fund balance commitment/(use)	799,997	509,197	(290,800)	
Total Expenses and Transfers	\$188,261,655	\$188,068,572	(\$193,083)	

**State College Area School District
General Fund Activity
Budget 2023-24**

	Board Presentation 5/16/22	Board Presentation 12/5/22	Board Presentation 1/11/23	Board Presentation 3/13/23	3/13/23 vs. 1/11/23	
Beginning Fund Balance	\$14,287,835	\$14,511,599	\$14,511,599	\$14,410,285	(\$101,314)	a
Revenue	180,071,599	186,927,959	188,469,137	188,513,846	44,709	b
Local	145,129,586	150,193,405	152,434,583	152,276,388	(158,195)	
State	33,748,225	35,462,354	34,762,354	34,823,600	61,246	
Federal	1,193,788	1,272,200	1,272,200	1,413,858	141,658	
Expense (including capital reserve transfer)	185,938,549	186,398,658	187,461,658	187,559,375	97,717	c
Revenue less expense	(5,866,950)	529,300	1,007,478	954,470	(53,008)	d (b-c)
Funding (Use) of Committed Fund Bal (Revenue Shortfall)	(5,919,820)	(521,000)	0	0	-	e
Funding (Use) of Committed Fund Bal (Debt Service)	0	0	0	(290,800)	(290,800)	f
Funding (Use) of Committed Fund Bal (Health Insurance)	0	799,997	799,997	799,997	-	g
Funding (Use) of Committed Fund Bal (PSERS)	(396,159)	0	-	-	-	h
Change in Assigned Fund Balance	(6,315,979)	278,997	799,997	509,197	(290,800)	i (e+f+g+h)
Change in Unassigned General Fund Balance	449,029	250,303	207,481	445,273	237,792	j (d-i)
Ending Unassigned Fund Balance	\$14,736,864	\$14,761,902	\$14,719,080	\$14,855,558	\$136,478	(a+j)
Unassigned Fund Balance Percentage	7.9%	7.9%	7.9%	7.9%		

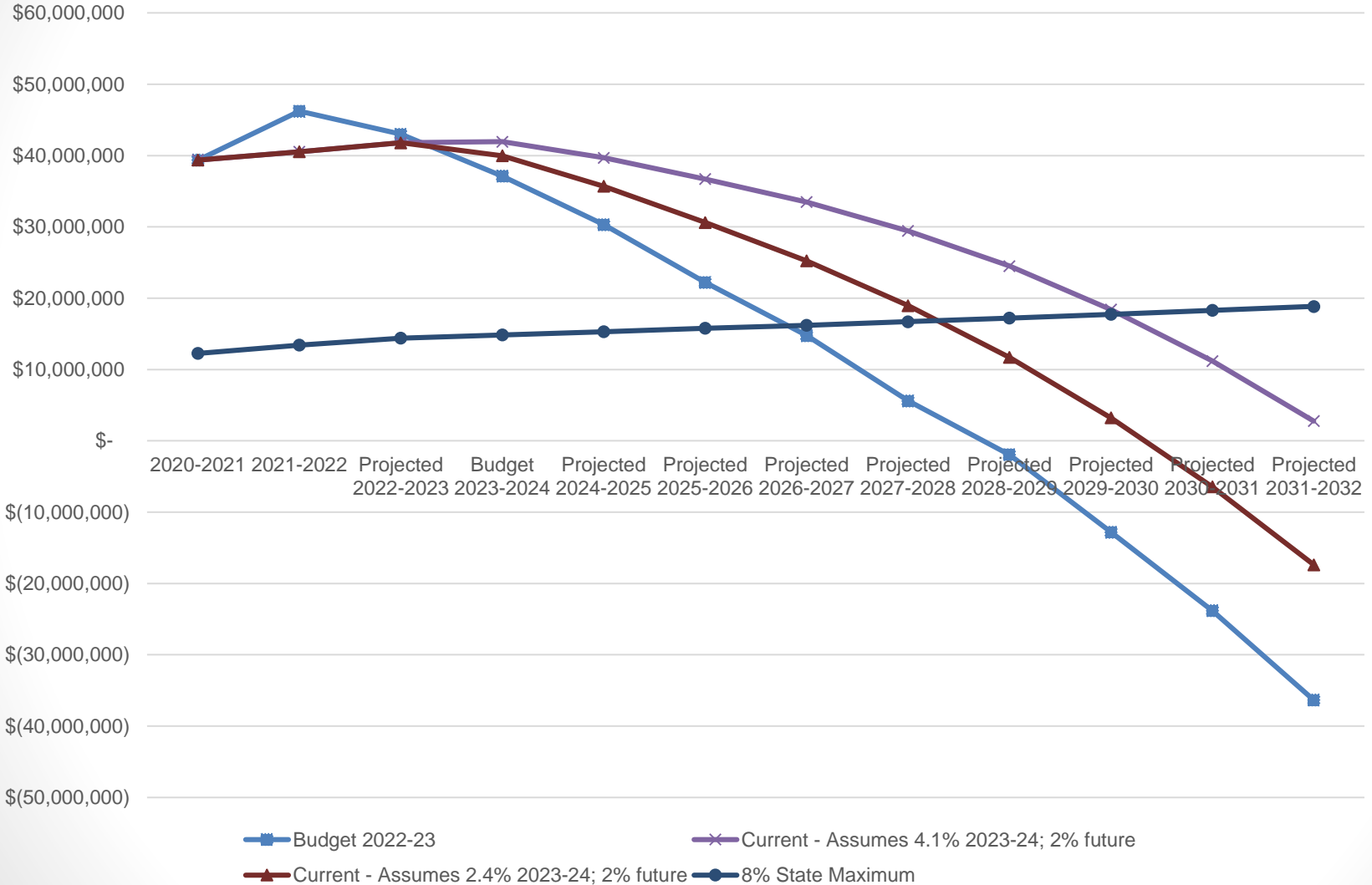
4.1% Tax Increase in 2023-24

State College Area School District						
Fund Balance Summary - General and Capital Reserve Fund						
3/9/2023						
	Actual 2019- 2020	Actual 2020- 2021	Actual 2021- 2022	Budget 2022- 2023	Projected 2022- 2023	Budget 2023- 2024
Nonspendable Fund Balance	\$ 1,855,488	\$ 1,827,163	\$ 1,598,758	\$ 1,827,163	\$ 1,598,758	\$ 1,598,758
General - Assigned- Enterprise		83,127	84,854	83,127	84,854	84,854
General Unassigned	12,627,467	12,264,882	13,429,482	14,287,834	14,410,284	14,855,558
General Committed Revenue Shortfall	10,158,600	24,472,600	24,472,600	26,857,274	-	-
General Committed Debt Service					27,389,041	27,098,241
General Committed Health Insurance			7,200,000	-	7,992,790	8,792,787
General Committed PSERS	2,640,414	2,640,414	2,640,414	1,848,096	-	-
Total General Fund	27,281,969	41,288,186	49,426,108	44,903,494	51,475,727	52,430,198
Capital Reserve Fund	64,456,646	59,832,977	62,086,123	51,657,870	65,581,432	63,081,820
Total Fund Balance	\$ 91,738,615	\$ 101,121,163	\$ 111,512,231	\$ 96,561,364	\$ 117,057,159	\$ 115,512,018

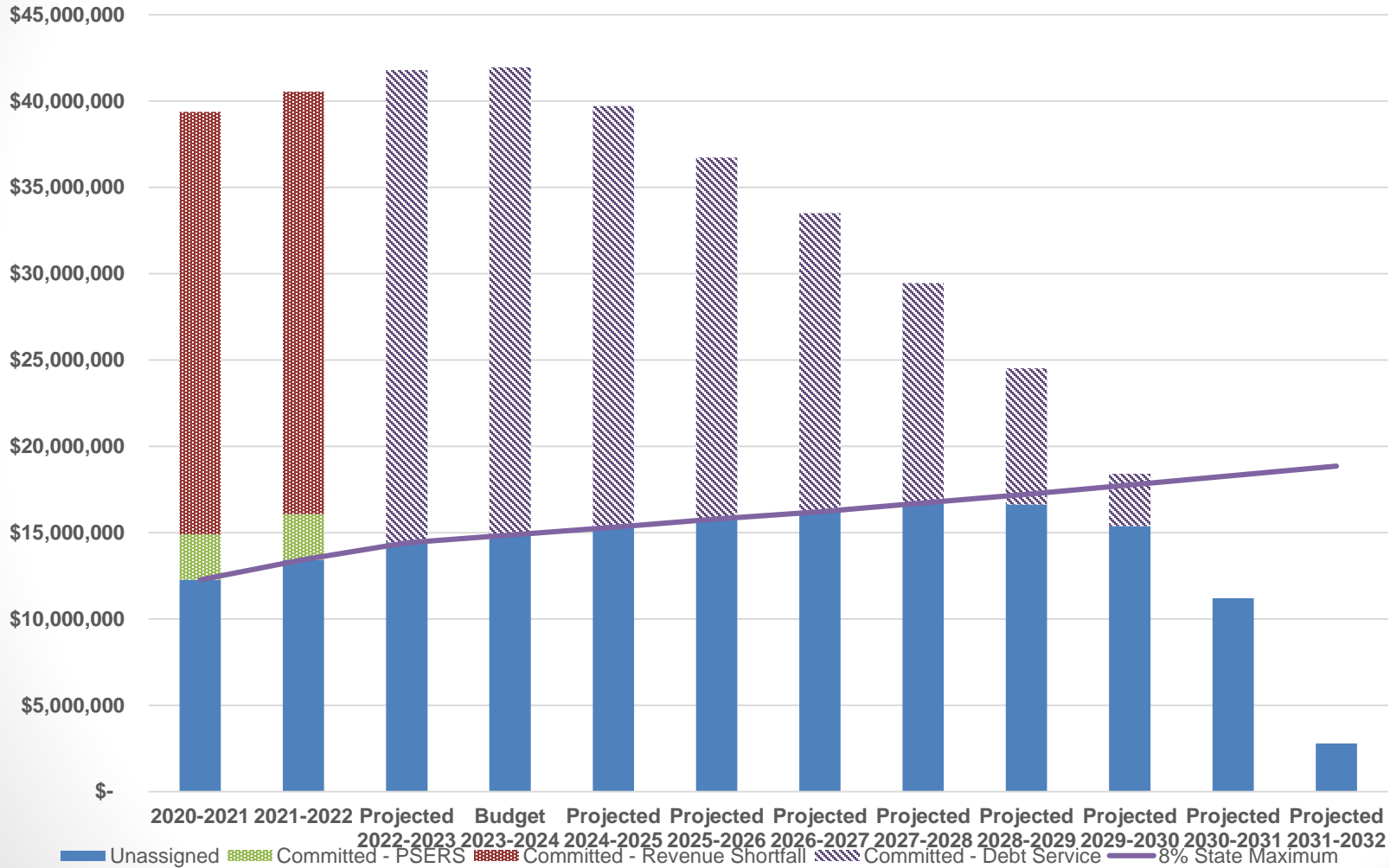
2.4% Tax Increase in 2023-24

State College Area School District						2.4% Tax Incr
Fund Balance Summary - General and Capital Reserve Fund						
3/9/2023						
	Actual 2019-2020	Actual 2020-2021	Actual 2021-2022	Budget 2022-2023	Projected 2022-2023	Budget 2023-2024
Nonspendable Fund Balance	\$ 1,855,488	\$ 1,827,163	\$ 1,598,758	\$ 1,827,163	\$ 1,598,758	\$ 1,598,758
General - Assigned- Enterprise		83,127	84,854	83,127	84,854	84,854
General Unassigned	12,627,467	12,264,882	13,429,482	14,287,834	14,410,311	14,854,996
General Committed Revenue Shortfall	10,158,600	24,472,600	24,472,600	26,857,274	-	-
General Committed Debt Service					27,389,014	25,131,214
General Committed Health Insurance			7,200,000	-	7,992,790	8,792,787
General Committed PSERS	2,640,414	2,640,414	2,640,414	1,848,096	-	-
Total General Fund	27,281,969	41,288,186	49,426,108	44,903,494	51,475,727	50,462,608
Capital Reserve Fund	64,456,646	59,832,977	62,086,123	51,657,870	65,581,432	63,081,820
Total Fund Balance	\$ 91,738,615	\$ 101,121,163	\$ 111,512,231	\$ 96,561,364	\$ 117,057,159	\$ 113,544,429

General Fund - Unassigned and Committed Fund Balance (Excluding Health)

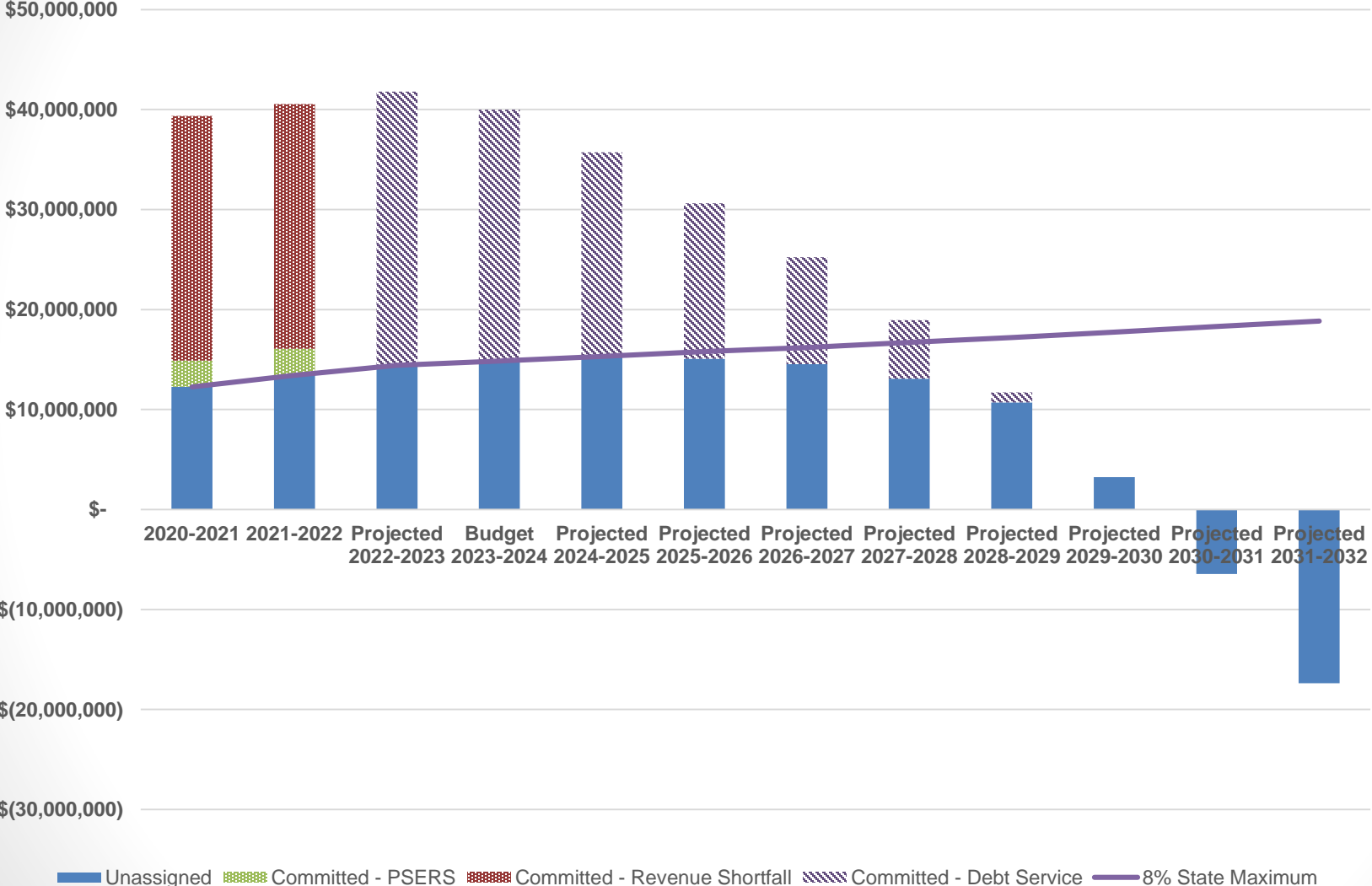


General Fund - Unassigned and Committed Fund Balance (Excluding Health) Assumes 4.1% tax increase in 2023-24; 2% thereafter



General Fund - Unassigned and Committed Fund Balance (Excluding Health)

Assumes 2.4% tax increase in 2023-24; 2% thereafter



Next Steps

- Additional topic areas
 - Staffing – possible added positions
 - Options to resolve fund balance issue
- Board discussion and direction on tax increase

Questions

State College Area School District

