

# Pennridge School District 2020-2021 Budget Proposed Final Budget Update

Impacts of Local Economic Conditions

Prepared by

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May 5, 2020

# Unemployment

- According to the US Dept. of Labor the PA U/C rate increased from 2.34% on March 28<sup>th</sup> to 10.56% on April 11.
- Between April 12 and April 22<sup>nd</sup> 275,443 additional new claims were filed in PA.
- February 2020 – 944 new U/C cases in Bucks County
- March 1 – April 21 – 53,511 new U/C cases in Bucks County
- 3,779 new U/C cases are in the zip codes attending Pennridge SD
- U/C Directly impacts the districts ability to collect Earned Income Tax and indirectly impacts Real Estate tax, Transfer Tax and Delinquent Tax

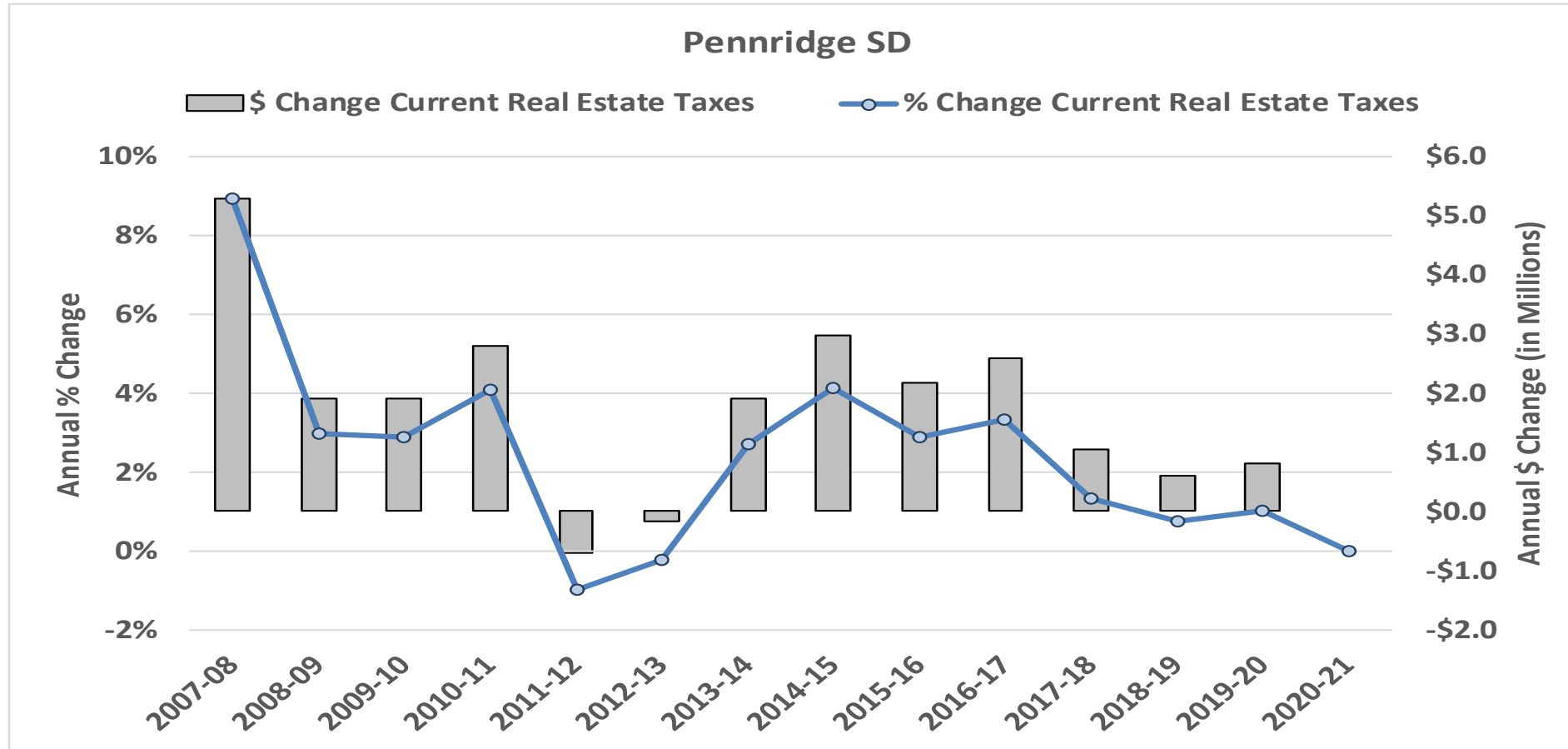
# Stock Market

- Stock Market Performance has a direct impact on the PSERS rate
- Fiscal Year 2020-2021 Rate is set at 34.51% and cannot change
- Poor stock market performance will move the PSD employer contribution of \$22.4 million (15.6% of budgeted expenditures) higher and will negatively affect future budgets beginning with 2021-2022

# Real Estate Tax Revenue History

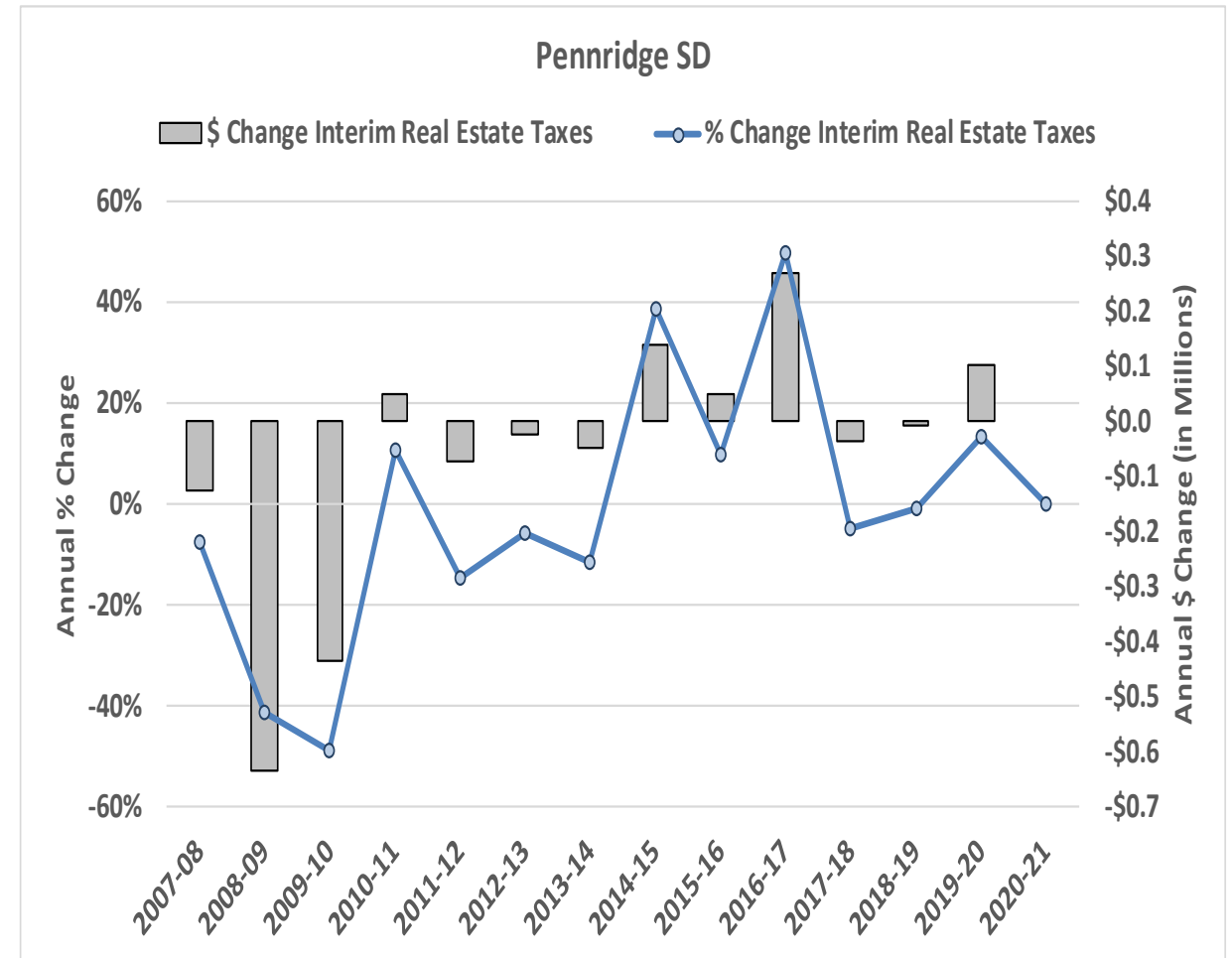
| Fiscal Year | Current Real Estate Tax Revenue | Revenue Change Year to Year | % Change in Revenue | Millage Rate | % Change in Millage Rate |
|-------------|---------------------------------|-----------------------------|---------------------|--------------|--------------------------|
| 2006-07     | \$59,330,693.47                 |                             |                     | 104.69       |                          |
| 2007-08     | \$64,624,895.01                 | \$5,294,201.54              | 8.92%               | 111.69       | 6.69%                    |
| 2008-09     | \$66,532,113.27                 | \$1,907,218.26              | 2.95%               | 116.6        | 4.40%                    |
| 2009-10     | \$68,444,501.33                 | \$1,912,388.06              | 2.87%               | 119.55       | 2.53%                    |
| 2010-11     | \$71,242,165.96                 | \$2,797,664.63              | 4.09%               | 123.0169     | 2.90%                    |
| 2011-12     | \$70,538,684.00                 | -\$703,481.96               | -0.99%              | 123.0169     | 0                        |
| 2012-13     | \$70,372,107.00                 | -\$166,577.00               | -0.24%              | 123.0169     | 0                        |
| 2013-14     | \$72,271,547.00                 | \$1,899,440.00              | 2.70%               | 125.1081     | 1.7%                     |
| 2014-15     | \$75,248,222.00                 | \$2,976,675.00              | 4.12%               | 129.6227     | 3.61%                    |
| 2015-16     | \$77,410,351.00                 | \$2,162,129.00              | 2.87%               | 132.0855     | 1.90%                    |
| 2016-17     | \$79,998,932.00                 | \$2,588,581.00              | 3.34%               | 135.2555     | 2.4%                     |
| 2017-18     | \$81,041,993.00                 | \$1,043,061.00              | 1.30%               | 135.2555     | 0                        |
| 2018-19     | \$81,650,325.62                 | \$608,332.62                | 0.75%               | 135.2555     | 0                        |
| 2019-20     | \$82,463,897.00                 | \$813,571.38                | 1.00%               | 135.2555     | 0                        |

# Real Estate Tax Revenue History



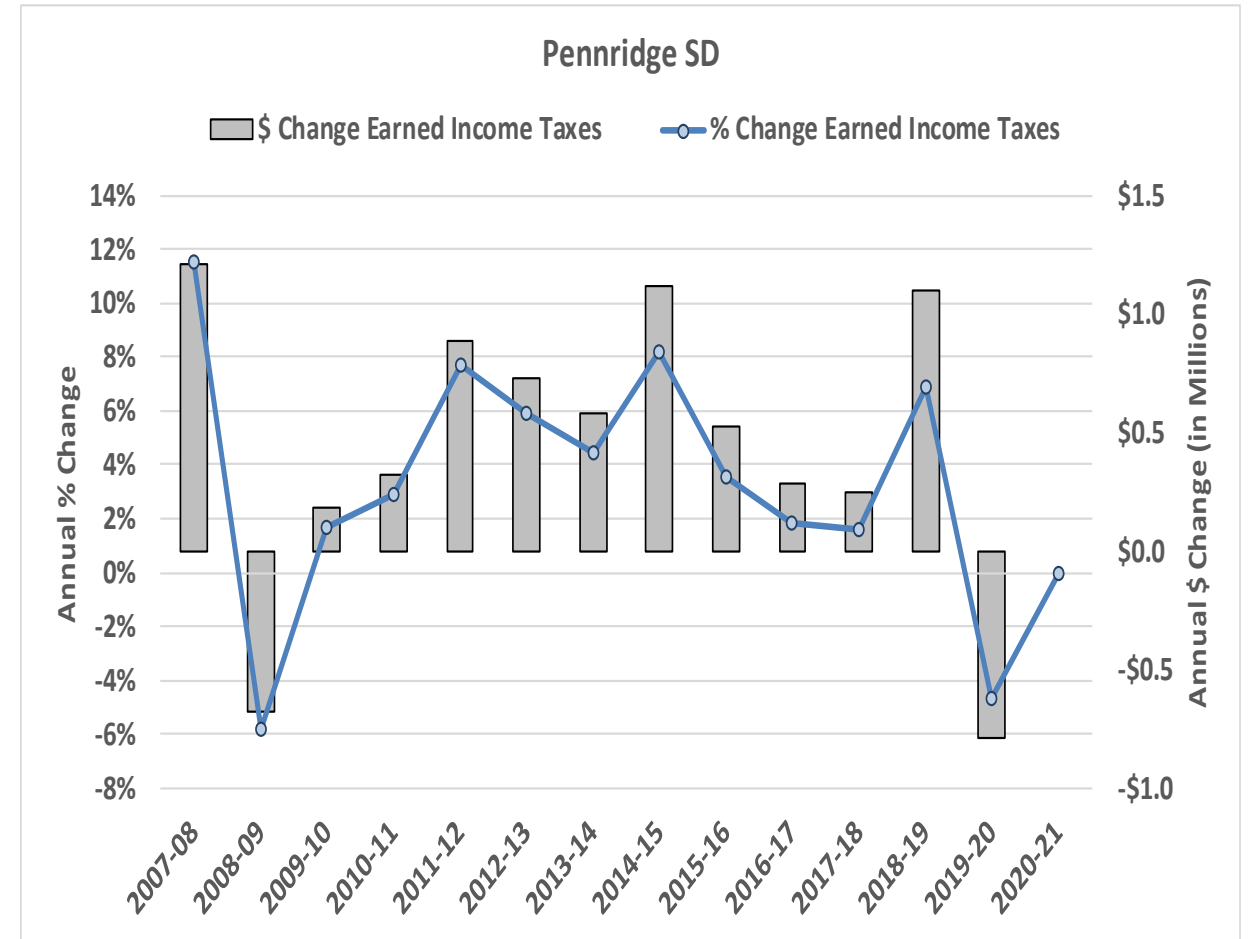
# Interim Real Estate Tax Revenue History

| Fiscal Year | Interim Real Estate Tax | Revenue Change Year to Year | % Change in Revenue |
|-------------|-------------------------|-----------------------------|---------------------|
| 2006-07     | \$1,651,225.55          |                             |                     |
| 2007-08     | \$1,525,493.17          | -\$125,732.38               | -7.61%              |
| 2008-09     | \$890,656.54            | -\$634,836.63               | -41.61%             |
| 2009-10     | \$453,033.17            | -\$437,623.37               | -49.14%             |
| 2010-11     | \$501,633.86            | \$48,600.69                 | 10.73%              |
| 2011-12     | \$428,378.00            | -\$73,255.86                | -14.59%             |
| 2012-13     | \$403,648.00            | -\$24,730.00                | -5.79%              |
| 2013-14     | \$355,896.00            | -\$47,752.00                | -11.82%             |
| 2014-15     | \$492,805.00            | \$136,909.00                | 38.47%              |
| 2015-16     | \$539,403.00            | \$46,598.00                 | 9.46%               |
| 2016-17     | \$807,290.00            | \$267,887.00                | 49.67%              |
| 2017-18     | \$768,168.00            | -\$39,122.00                | -4.84%              |
| 2018-19     | \$760,828.86            | -\$7,339.14                 | -0.96%              |
| 2019-20     | \$860,310.00            | \$99,481.14                 | 13.08%              |



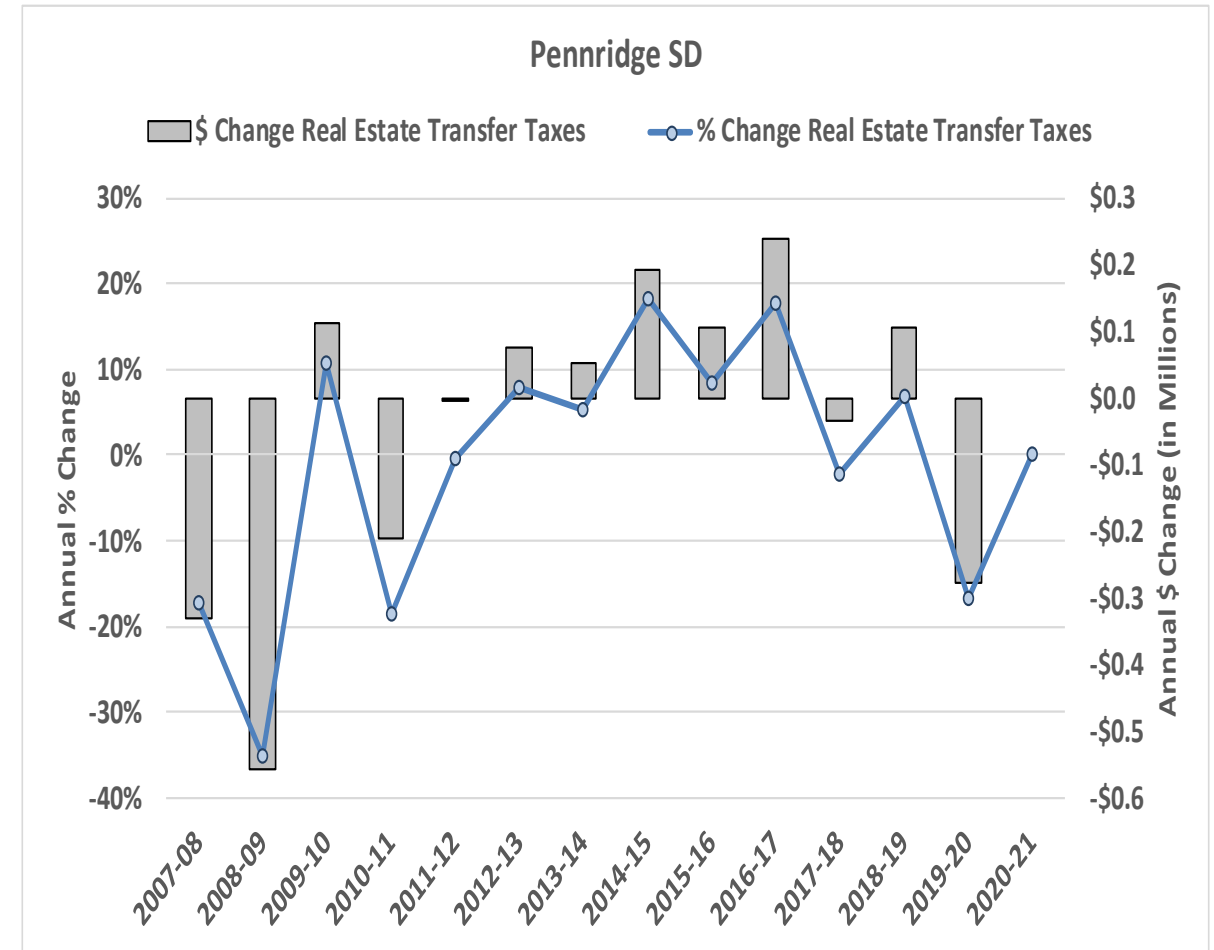
# Earned Income Tax Revenue History

| Fiscal Year | Earned Income Tax | Revenue Change Year to Year | % Change in Revenue |
|-------------|-------------------|-----------------------------|---------------------|
| 2006-07     | \$10,451,625.23   |                             |                     |
| 2007-08     | \$11,657,851.41   | \$1,206,226.18              | 11.54%              |
| 2008-09     | \$10,977,446.08   | -\$680,405.33               | -5.84%              |
| 2009-10     | \$11,160,429.09   | \$182,983.01                | 1.67%               |
| 2010-11     | \$11,479,719.90   | \$319,290.81                | 2.86%               |
| 2011-12     | \$12,368,727.00   | \$889,007.10                | 7.74%               |
| 2012-13     | \$13,095,857.00   | \$727,130.00                | 5.88%               |
| 2013-14     | \$13,680,061.00   | \$584,204.00                | 4.46%               |
| 2014-15     | \$14,795,878.00   | \$1,115,817.00              | 8.16%               |
| 2015-16     | \$15,324,345.00   | \$528,467.00                | 3.57%               |
| 2016-17     | \$15,607,674.00   | \$283,329.00                | 1.85%               |
| 2017-18     | \$15,851,468.00   | \$243,794.00                | 1.56%               |
| 2018-19     | \$16,946,351.88   | \$1,094,883.88              | 6.91%               |
| 2019-20     | \$16,206,133.00   | -\$740,218.88               | -4.37%              |



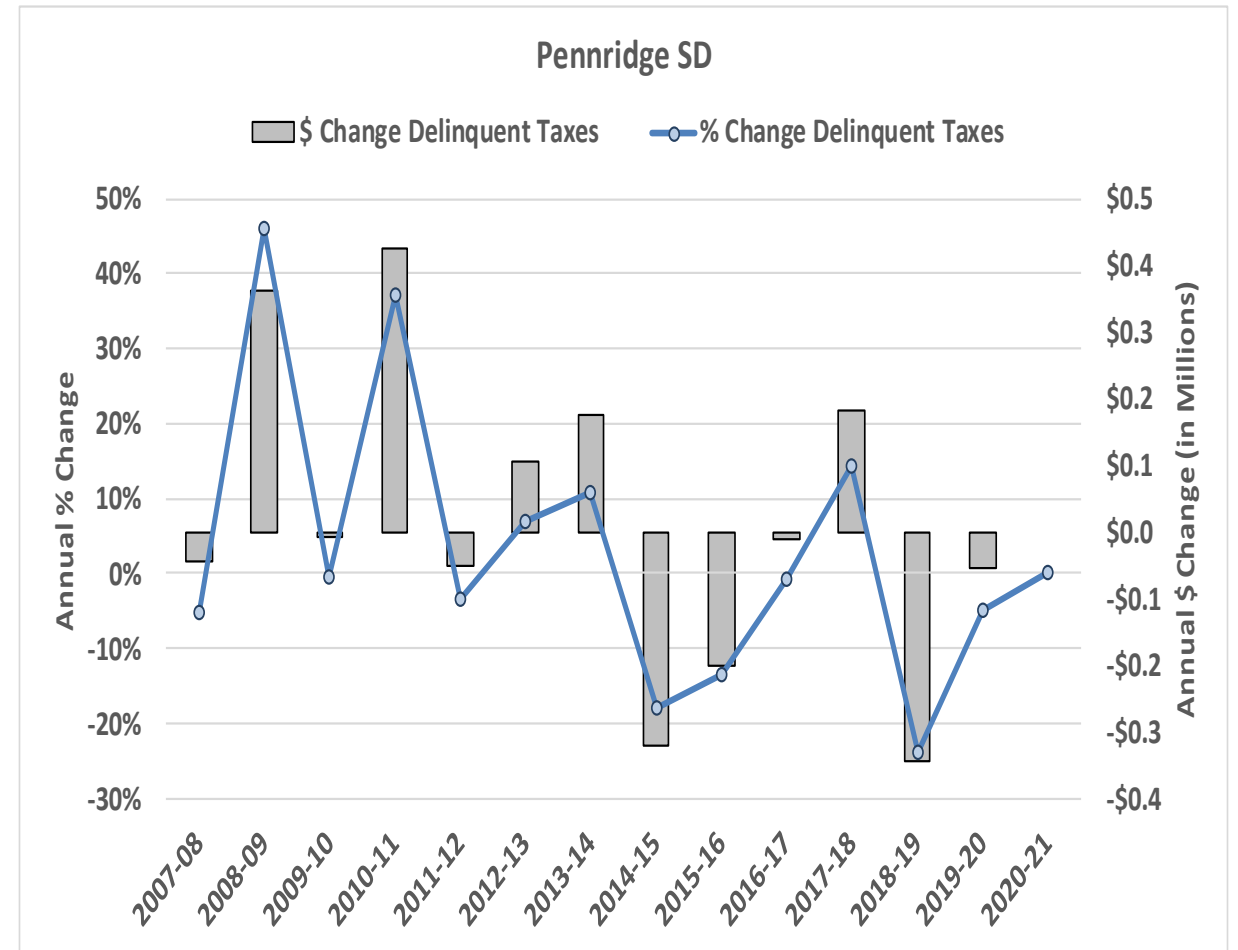
# Real Estate Transfer Tax Revenue History

| Fiscal Year | Real Estate Transfer Tax | Revenue Change Year to Year | % Change in Revenue |
|-------------|--------------------------|-----------------------------|---------------------|
| 2006-07     | \$1,922,785.04           |                             |                     |
| 2007-08     | \$1,590,856.21           | -\$331,928.83               | -17.26%             |
| 2008-09     | \$1,033,362.11           | -\$557,494.10               | -35.04%             |
| 2009-10     | \$1,144,106.86           | \$110,744.75                | 10.71%              |
| 2010-11     | \$931,583.46             | -\$212,523.40               | -18.57%             |
| 2011-12     | \$926,875.00             | -\$4,708.46                 | -0.50%              |
| 2012-13     | \$1,001,055.00           | \$74,180.00                 | 8.01%               |
| 2013-14     | \$1,053,616.00           | \$52,561.00                 | 5.24%               |
| 2014-15     | \$1,246,049.00           | \$192,433.00                | 18.26%              |
| 2015-16     | \$1,352,309.00           | \$106,260.00                | 8.53%               |
| 2016-17     | \$1,592,766.00           | \$240,457.00                | 17.78%              |
| 2017-18     | \$1,558,022.00           | -\$34,744.00                | -2.18%              |
| 2018-19     | \$1,663,349.64           | \$105,327.64                | 6.76%               |
| 2019-20     | \$1,384,392.00           | -\$278,957.64               | -16.77%             |



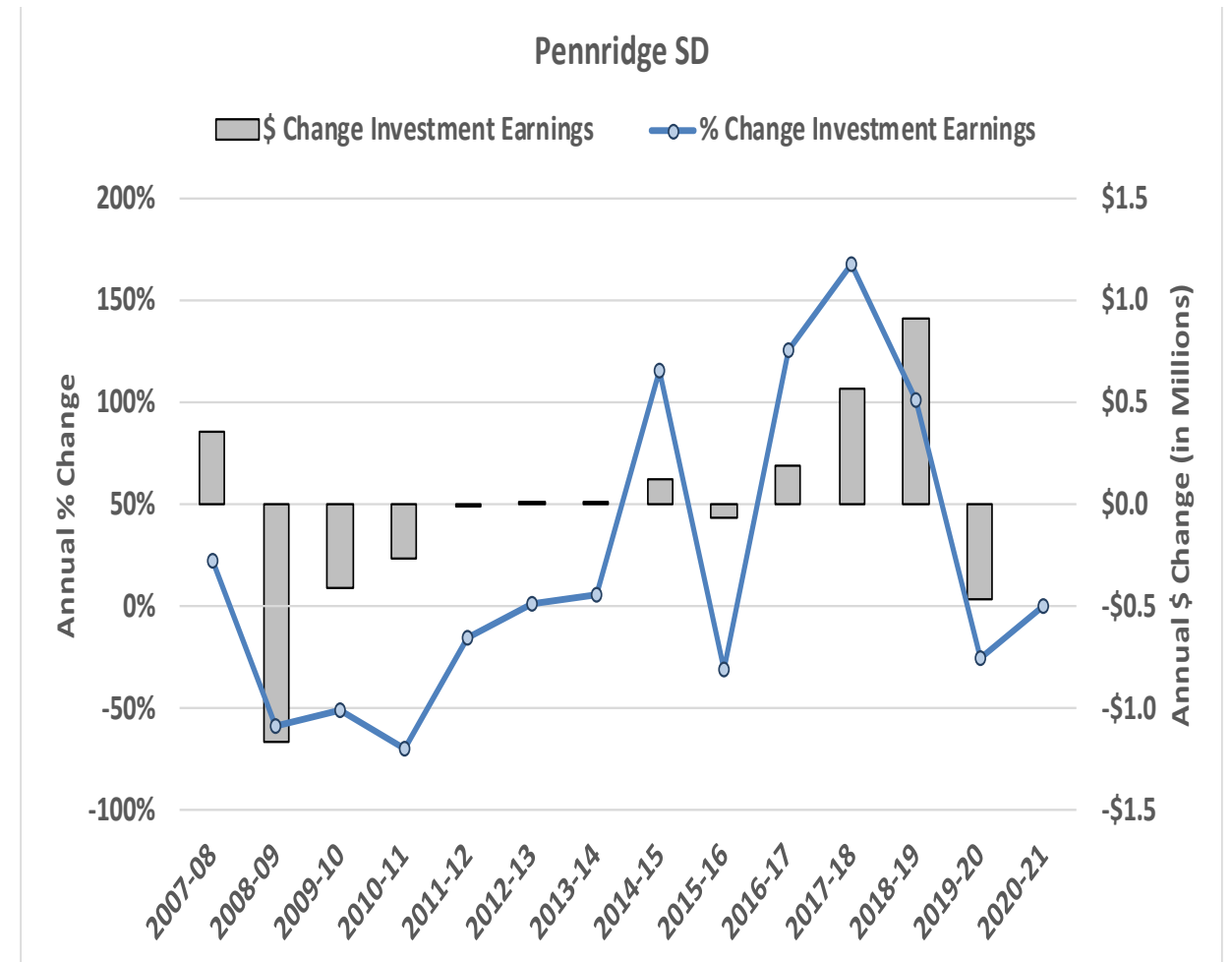
# Delinquent Tax Revenue History

| Fiscal Year | Delinquent Tax | Revenue Change Year to Year | % Change in Revenue |
|-------------|----------------|-----------------------------|---------------------|
| 2006-07     | \$830,464.77   |                             |                     |
| 2007-08     | \$787,488.43   | -\$42,976.34                | -5.18%              |
| 2008-09     | \$1,150,744.17 | \$363,255.74                | 46.12%              |
| 2009-10     | \$1,144,248.80 | -\$6,495.37                 | -0.56%              |
| 2010-11     | \$1,569,798.64 | \$425,549.84                | 37.20%              |
| 2011-12     | \$1,517,776.00 | -\$52,022.64                | -3.31%              |
| 2012-13     | \$1,621,799.00 | \$104,023.00                | 6.85%               |
| 2013-14     | \$1,796,363.00 | \$174,564.00                | 10.77%              |
| 2014-15     | \$1,474,504.00 | -\$321,859.00               | -17.92%             |
| 2015-16     | \$1,275,112.00 | -\$199,392.00               | -13.52%             |
| 2016-17     | \$1,263,712.00 | -\$11,400.00                | -0.89%              |
| 2017-18     | \$1,446,387.00 | \$182,675.00                | 14.46%              |
| 2018-19     | \$1,102,969.05 | -\$343,417.95               | -23.74%             |
| 2019-20     | \$1,050,000.00 | -\$52,969.05                | -4.81%              |



# Investment Earnings Revenue History

| Fiscal Year | Investment Earnings | Revenue Change Year to Year | % Change in Revenue |
|-------------|---------------------|-----------------------------|---------------------|
| 2006-07     | \$1,607,116.07      |                             |                     |
| 2007-08     | \$1,964,729.54      | \$357,613.47                | 22.25%              |
| 2008-09     | \$795,590.36        | -\$1,169,139.18             | -59.51%             |
| 2009-10     | \$384,762.94        | -\$410,827.42               | -51.63%             |
| 2010-11     | \$112,910.91        | -\$271,852.03               | -70.66%             |
| 2011-12     | \$95,353.00         | -\$17,557.91                | -15.50%             |
| 2012-13     | \$95,609.00         | \$256.00                    | 0.21%               |
| 2013-14     | \$101,008.00        | \$5,399.00                  | 5.65%               |
| 2014-15     | \$217,267.00        | \$116,259.00                | 115.15%             |
| 2015-16     | \$147,979.00        | -\$69,288.00                | -31.89%             |
| 2016-17     | \$333,348.00        | \$185,369.00                | 125.20%             |
| 2017-18     | \$892,552.00        | \$559,204.00                | 167.81%             |
| 2018-19     | \$1,795,780.42      | \$903,228.42                | 101.19%             |
| 2019-20     | \$1,320,950.00      | -\$474,830.42               | -26.44%             |



# LOCAL REVENUE SUMMARY 2019-2020

| ACCOUNT TITLE                          | 2019-2020<br>Budget  | YE Projection<br>W/O Pandemic | YE Projection<br>Current |                       |
|----------------------------------------|----------------------|-------------------------------|--------------------------|-----------------------|
| CURRENT REAL ESTATE TAXES              | \$ 81,910,694.00     | \$ 82,463,897.00              | \$ 82,463,897.00         |                       |
| INTERIM REAL ESTATE TAXES              | \$ 700,180.00        | \$ 860,310.00                 | \$ 860,310.00            |                       |
| PUBLIC UTILITY REALTY TAX              | \$ 107,000.00        | \$ 92,699.00                  | \$ 92,699.00             |                       |
| LIEU CURRENT TAX-ST/LOCAL              | \$ 150,000.00        | \$ 149,812.00                 | \$ 149,812.00            |                       |
| CURRENT ACT 511 LOCAL SER              | \$ 93,000.00         | \$ 90,571.00                  | \$ 90,571.00             |                       |
| EARNED INCOME TAXES                    | \$ 16,597,954.00     | \$ 17,332,809.00              | \$ 16,206,133.00         | 17.5% 2nd QTR         |
| REAL ESTATE TRANSFER TAX               | \$ 1,550,000.00      | \$ 1,811,659.00               | \$ 1,384,392.00          | End of April Actual   |
| DLQ R/E TAXES                          | \$ 1,400,000.00      | \$ 1,044,400.00               | \$ 1,044,400.00          | Reduce 5%             |
| DELINQ ACT 511 TAX                     | \$ 11,000.00         | \$ 5,000.00                   | \$ 5,600.00              |                       |
| INTEREST                               | \$ 1,850,000.00      | \$ 1,718,596.00               | \$ 1,320,950.00          | Reduced Rates 2nd Qtr |
| DISTRICT ACTIV-ADMISSIONS              | \$ 95,000.00         | \$ 90,816.00                  | \$ 90,816.00             |                       |
| STUDENT FEES                           | \$ 102,000.00        | \$ 102,400.00                 | \$ 102,400.00            |                       |
| FEDERAL IDEA                           | \$ 1,292,237.00      | \$ 1,250,856.00               | \$ 1,250,856.00          |                       |
| RENTALS                                | \$ 251,000.00        | \$ 240,000.00                 | \$ 221,238.00            |                       |
| SUMMER SCHOOL TUITION                  | \$ 20,000.00         | \$ 20,000.00                  | \$ 20,000.00             |                       |
| ADULT ED TUITION                       | \$ 15,000.00         | \$ 15,000.00                  | \$ 15,000.00             |                       |
| RECEIPTS-OTH PA LEA-ED                 | \$ 145,000.00        | \$ 145,355.00                 | \$ 145,355.00            |                       |
| COMMUNITY SERVICES ACTIVITIES          | \$ 18,000.00         | \$ 18,000.00                  | \$ 18,000.00             |                       |
| NURSERY SCHOOL TUITION                 | \$ 7,000.00          | \$ 7,000.00                   | \$ 7,000.00              |                       |
| OTHER REVENUE                          | \$ 55,000.00         | \$ 103,382.00                 | \$ 103,382.00            |                       |
|                                        |                      |                               |                          |                       |
| <b>Total Local Revenue</b>             | <b>\$106,370,065</b> | <b>\$107,562,562</b>          | <b>\$105,592,811</b>     |                       |
| <b>Change - Budget to Projection</b>   |                      | <b>\$1,192,497</b>            | <b>-\$777,254</b>        |                       |
| <b>% Change - Budget to Projection</b> |                      | <b>1.12%</b>                  | <b>-0.73%</b>            |                       |

# LOCAL REVENUE SUMMARY

| ACCOUNT TITLE                          | 19-20 YE Projection  | 2020 - 2021          | State Wide Estimate  | Reduction | State Wide Estimate  | Reduction | Pennridge            | Reduction |
|----------------------------------------|----------------------|----------------------|----------------------|-----------|----------------------|-----------|----------------------|-----------|
|                                        | W/O Pandemic         | Budget               | Conservative         | %         | Faster Recovery      | %         | History              | %         |
| CURRENT REAL ESTATE TAXES              | \$ 82,463,897.00     | \$ 83,038,098.00     | \$ 81,169,740.80     | 2.25%     | \$ 81,418,855.09     | 1.95%     | \$ 81,834,045.58     | 1.45%     |
| INTERIM REAL ESTATE TAXES              | \$ 860,310.00        | \$ 700,180.00        | \$ 430,155.00        | 50.00%    | \$ 430,155.00        | 50.00%    | \$ 502,335.01        | 41.61%    |
| PUBLIC UTILITY REALTY TAX              | \$ 92,699.00         | \$ 104,000.00        | \$ 104,000.00        |           | \$ 104,000.00        |           | \$ 104,000.00        |           |
| LIEU CURRENT TAX-ST/LOCAL              | \$ 149,812.00        | \$ 150,000.00        | \$ 150,000.00        |           | \$ 150,000.00        |           | \$ 150,000.00        |           |
| CURRENT ACT 511 LOCAL SER              | \$ 90,571.00         | \$ 93,000.00         | \$ 93,000.00         |           | \$ 93,000.00         |           | \$ 93,000.00         |           |
| EARNED INCOME TAXES                    | \$ 17,332,809.00     | \$ 17,833,312.00     | \$ 14,712,482.40     | 17.50%    | \$ 15,158,315.20     | 15.00%    | \$ 16,791,846.58     | 5.84%     |
| REAL ESTATE TRANSFER TAX               | \$ 1,811,659.00      | \$ 1,650,000.00      | \$ 1,086,995.40      | 40.00%    | \$ 1,304,394.48      | 28.00%    | \$ 1,176,853.69      | 35.04%    |
| DLQ R/E TAXES                          | \$ 1,044,400.00      | \$ 1,300,000.00      | \$ 845,000.00        | 35.00%    | \$ 975,000.00        | 25.00%    | \$ 1,300,000.00      |           |
| DELINQ ACT 511 TAX                     | \$ 5,000.00          | \$ 10,000.00         | \$ 10,000.00         |           | \$ 10,000.00         |           | \$ 10,000.00         |           |
| INTEREST                               | \$ 1,718,596.00      | \$ 1,700,000.00      | \$ 343,719.20        | 80.00%    | \$ 343,719.20        | 80.00%    | \$ 687,438.40        | 60.00%    |
| DISTRICT ACTIV-ADMISSIONS              | \$ 90,816.00         | \$ 92,000.00         | \$ 92,000.00         |           | \$ 92,000.00         |           | \$ 92,000.00         |           |
| STUDENT FEES                           | \$ 102,400.00        | \$ 102,000.00        | \$ 102,000.00        |           | \$ 102,000.00        |           | \$ 102,000.00        |           |
| FEDERAL IDEA                           | \$ 1,250,856.00      | \$ 1,219,978.00      | \$ 1,219,978.00      |           | \$ 1,219,978.00      |           | \$ 1,219,978.00      |           |
| RENTALS                                | \$ 240,000.00        | \$ 240,000.00        | \$ 240,000.00        |           | \$ 240,000.00        |           | \$ 240,000.00        |           |
| SUMMER SCHOOL TUITION                  | \$ 20,000.00         | \$ 20,000.00         | \$ 20,000.00         |           | \$ 20,000.00         |           | \$ 20,000.00         |           |
| ADULT ED TUITION                       | \$ 15,000.00         | \$ 15,000.00         | \$ 15,000.00         |           | \$ 15,000.00         |           | \$ 15,000.00         |           |
| RECEIPTS-OTH PA LEA-ED                 | \$ 145,355.00        | \$ 145,000.00        | \$ 145,000.00        |           | \$ 145,000.00        |           | \$ 145,000.00        |           |
| COMMUNITY SERVICES ACTIVITIES          | \$ 18,000.00         | \$ 18,000.00         | \$ 18,000.00         |           | \$ 18,000.00         |           | \$ 18,000.00         |           |
| NURSERY SCHOOL TUITION                 | \$ 7,000.00          | \$ 7,000.00          | \$ 7,000.00          |           | \$ 7,000.00          |           | \$ 7,000.00          |           |
| OTHER REVENUE                          | \$ 103,382.00        | \$ 57,000.00         | \$ 57,000.00         |           | \$ 57,000.00         |           | \$ 57,000.00         |           |
|                                        |                      |                      |                      |           |                      |           |                      |           |
| <b>Total Local Revenue</b>             | <b>\$107,562,562</b> | <b>\$108,494,568</b> | <b>\$100,861,071</b> |           | <b>\$101,903,417</b> |           | <b>\$104,565,497</b> |           |
| <b>Change Budget to Projection</b>     |                      |                      | <b>-\$7,633,497</b>  |           | <b>-\$6,591,151</b>  |           | <b>-\$3,929,071</b>  |           |
| <b>% Change - Budget to Projection</b> |                      |                      | <b>-7.04%</b>        |           | <b>-6.08%</b>        |           | <b>-3.62%</b>        |           |

# State and Federal Revenue

- 2019-2020 State Revenue is guaranteed by Act 13. This revenue may vary a little due to state formulas used for Basic Ed, Special Ed, Transportation, Social Security and Retirement Revenue, but should be very close to budget. State payments may be delayed until funding is received harming district cash flow.
- 2020-2021 State Revenue is budgeted per the Governor's recommendation. The state estimates being about \$4 billion short in revenue for the current fiscal year. Federal CARES money may be used to plug the state budget and hopefully maintain funding for schools in 2020-2021. We continue to wait for information.
- The Federal Revenue budget remains unchanged.

# Changes to Revenue Since April 14

- State Property Tax Reduction Allocation increased from \$2,490,382 to \$ 2,506,372 an increase of \$15,990. Real Estate Tax reduces by same amount.
- May 1, 2020 Property Assessed Value Report. Assessed Value changed from \$651,907,120 to \$653,027,040. Budgeted Real Estate Tax collection changes to \$83,169,519 an increase of \$147,411.
- Reduce Interest Earnings by \$58,663 in order to:
- Balance Revenues and Expenditures at \$143,812,026

# STATE REVENUE SUMMARY

| State Revenue                                                         | 2017-2018<br>Actual | 2018-2019<br>Actual | 2019-2020<br>Final<br>Budget | 2020-2021<br>Proposed<br>March 5, 2020 | Variance<br>Annual |
|-----------------------------------------------------------------------|---------------------|---------------------|------------------------------|----------------------------------------|--------------------|
| Basic Education Funding                                               | \$10,800,212        | \$10,981,221        | \$11,520,466                 | \$11,598,812                           | \$78,346           |
| Tuition for Orphans and Children<br>Placed in Private Homes           | 25,362              | 13,535              | 30,000                       | 30,000                                 | 0                  |
| Special Education Funding for<br>School Aged Pupils                   | 3,373,038           | 3,548,701           | 3,492,821                    | 3,506,759                              | 13,938             |
| Transportation                                                        | 1,585,441           | 1,678,278           | 1,619,725                    | 1,563,188                              | (56,537)           |
| Rental and Sinking Fund<br>Payments/Building<br>Reimbursement Subsidy | 263,735             | 1,628,915           | 976,335                      | 772,023                                | (204,312)          |
| Health Services                                                       | 137,147             | 134,912             | 140,000                      | 140,000                                | 0                  |
| State Property Tax Reduction<br>Allocation                            | 2,424,865           | 2,403,785           | 2,490,382                    | 2,506,372                              | 15,990             |
| PA Accountability Grants                                              | 625,645             | 625,645             | 625,645                      | 625,645                                | 0                  |
| Safe Schools                                                          |                     | 25,000              |                              |                                        |                    |
| State Share of Social Security and<br>Medicare Taxes                  | 2,011,904           | 2,027,640           | 2,448,367                    | 2,456,762                              | 8,395              |
| State Share of Retirement                                             | 9,143,254           | 9,745,380           | 10,974,447                   | 11,220,139                             | 245,692            |
|                                                                       | \$30,390,603        | \$32,993,012        | \$34,318,188                 | \$34,419,700                           | \$101,512          |

# REVENUE TO EXPENDITURE SUMMARY

| Classification                          | 2017-2018<br>Actual | 2018-2019<br>Actual | 2019-2020<br>Final Budget | 2020-2021<br>Proposed Final<br>March 9, 2020 | 2020-2021<br>Proposed Final<br>April 14, 2020 | 2020-2021<br>Proposed<br>Final<br>May 5, 2020 | %<br>Increase |
|-----------------------------------------|---------------------|---------------------|---------------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------|
| Revenue                                 | \$135,131,094       | \$140,554,788       | \$141,513,253             | \$143,723,278                                | \$143,723,278                                 | \$143,812,026                                 | 1.62%         |
| Expenditures                            | 131,211,454         | 135,379,554         | 141,513,253               | 144,716,760                                  | \$143,812,026                                 | \$143,812,026                                 | 1.62%         |
| Revenue<br>over/(under<br>expenditures) | \$3,919,640         | \$5,175,234         | \$0.00                    | \$(993,482)                                  | \$(88,748)                                    | \$0.00                                        |               |
|                                         |                     |                     |                           |                                              |                                               |                                               |               |

# We will be prepared for the economic realities

- Decreased Expenses:
  - March 2020 = \$1,100,000
  - Summer Bus Runs = \$200,000
  - Deferred Equipment = \$500,000
  - Deferred Maintenance = \$200,000
- Revenue Sources:
  - ESSER Fund = \$472,527
  - General Fund - Fund Balance \$16,510,491
  - Capital Fund – Fund Balance \$13,310,552

# 2020-2021 Budget Timeline

| Description                                                                                                | Due Date | Completed |
|------------------------------------------------------------------------------------------------------------|----------|-----------|
| PDE notifies school districts of the amount of their state allocation of property tax reduction funding    | May 1    |           |
| Finance Meeting/Budget Update                                                                              | May 5    |           |
| Proposed Final Budget Adoption<br>Resolution to Reject 2020-21 Property Tax allocation                     | May 11   |           |
| School district deadline to make 2020-21 proposed final budget available for public inspection on PDE 2028 | May 26   |           |
| Advertise intent to adopt final budget (10 days prior to adoption)                                         | June 5   |           |
| Budget Update/Finance Meeting                                                                              | June 8   |           |
| Final Budget Adopted<br>Resolution implementing Homestead/Farmstead exclusion                              | June 15  |           |

# Questions Discussion Define Path Moving Forward