

Budget Kickoff and Outlook



2026-2027

Pennridge School District

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Overview

- How Did We End The 2024-25 Fiscal Year Financially?
- Fund Balance
- Capital Projects
- School Finance 101
- Assumptions and trends for Future Budget Growth



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2024-2025 General Fund Year End

Revenues					
2024-25	Budget	Actual	Variance	% of Budget	
	\$ 159,147,064	\$ 158,600,604	\$ (546,460)	-0.34%	
Expenses					
2024-25	Budget	Actual	Variance	% of Budget	
	\$ 159,147,064	\$ 161,904,473	\$ (2,757,409)	-1.73%	
2024-25	Excess Revenues over Expenditures		\$ (3,303,868)		
Total excess as a % of expenditure budget			-2.08%		



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2024-2025 General Fund Year End

Expenditure Variance (\$2,757,408)

300 Prof Services (\$837,851)

- IU Educational Services \$643K
- Subs Professional staff \$247K

500 Other Purch Services (\$1,525,457)

- Cyber Charter tuition \$679K
- Subs Non-Professional staff \$800K

600 Supplies (\$465,021)

- Electricity \$120k
- Tech software \$322K

Revenue Variance (\$546,458)

6000 Local Revenue (\$1,358,077)

- Earned Income Tax \$907k
- Delinquent R/E Taxes \$370k
- Interest \$120K



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Fund Balance

General Fund	2023-2024	2024-2025 Estimate	Variance
Nonspendable	\$ 988,957	\$ 481,157	\$ (507,800)
Committed	\$ 3,250,952	\$ 2,700,957	\$ (549,995)
Unassigned	\$ 12,502,744	\$ 10,257,793	\$ (2,244,951)
Total General Fund	\$ 16,742,653	\$ 13,439,907	\$ (3,302,746)
Capital Projects Fund Commitment	\$ 5,710,063	\$ 7,190,449	\$ 1,480,386
Unassigned 2024-2025 General fund Balance as a Percent of the \$163,159,239 2025-2026 Budget			6.3%
PDE Genral Fund Balance Limit =			8.0%



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Capital Projects Fund

- The district has a goal of not borrowing money to maintain school facilities and grounds.
- The district is committed to properly maintaining facilities and therefore established a Capital Projects Fund to accumulate money for capital projects over a five to ten year horizon as needed.
- The Capital Projects fund is used for major building renovation and repair projects. Money is typically transferred from the General Fund to the Capital Projects Fund each year.
- Transfers come from any excess of revenues over expenditures at the end of the fiscal year and budgeted transfers to the capital fund.

Capital Projects

	2018-2019 Actual	2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 Actual	2023-2024 Actual
Fund Balance Beginning	\$ 19,724,725	\$ 21,500,817	\$ 16,024,765	\$ 18,369,577	\$ 20,375,513	\$ 13,166,854
Expenditures	\$ 3,457,486	\$ 5,478,142	\$ 3,290,103	\$ 5,351,623	\$ 12,924,326	\$ 8,702,752
Earnings	\$ 58,344	\$ 2,090	\$ 666	\$ 90,076	\$ 10,056	\$ 15,887
Transfer In	\$ 5,175,234	\$ -	\$ 5,634,249	\$ 7,267,483	\$ 5,705,611	\$ 1,230,074
Fund Balance at Year End	\$ 21,500,817	\$ 16,024,765	\$ 18,369,577	\$ 20,375,513	\$ 13,166,854	\$ 5,710,063



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Capital Projects Forecast With Estimated Revenue

	2024-2025 Unaudited	2025-2026 Forecast	2026-2027 Forecast	2027-2028 Forecast	2028-2029 Forecast
Fund Balance Beginning	\$5,710,063	\$7,190,449	\$11,135,233	\$11,680,017	\$11,224,801
Expenditures	\$4,673,527	\$2,200,000	\$5,600,000	\$8,000,000	\$5,000,000
Earnings	\$9,129				
Transfer from GF	\$6,144,784	\$6,144,784	\$6,144,784	\$7,544,784	\$9,144,784
Fund Balance at Year End	\$7,190,449	\$11,135,233	\$11,680,017	\$11,224,801	\$15,369,585



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School Finance 101



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School Finance 101

Budgeting

- Required by State Law
- 2 Parts
 - Investment Plan for programs & Services designed to achieve the district's educational goals & objectives
 - Financing Plan to meet the district's expected costs



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Finances

- Expenditures by Function
 - State Required
 - 5 educational cost categories
 - 1000 Instruction
 - 2000 Support Services
 - 3000 Non-Instructional Services
 - 4000 Capital outlay (facilities acquisition & construction)
 - 5000 Other financing uses, Debt Service
 - Instructional costs are the largest percentage at 61.5%



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School Finance 101

Finances

- Spending by Object
 - State Required
 - Examples include
 - 100 Salaries
 - 200 Benefits
 - 300 Contracted Services
 - 400 Property Services
 - 500 Other purchased services
 - 600 Supplies & Textbooks
 - 700 Equipment
 - 800 Interest, Dues and Fees
 - 900 Debt Principal
 - Salaries & Benefits represent the largest percentage at 72.6%



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Cost Factor Examples

Controllable

- Staffing
- Class Size
- Facilities
- Collective Bargaining Units
- Non-Mandated Programs

Uncontrollable

- PSERS Rate
- Charter School Tuition
- Geographic Location
- Mandated Programs
 - Special Education
 - English Language Development



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School Finance 101

Finances

- Revenue Sources
 - 3 Major Areas
 - Local
 - State
 - Federal
- What if we need more money?
 - Act 1 Index Limit
 - Bond financing for construction projects



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Revenue Factor Examples

- Zoning of tax parcels
- Trends in assessed values of real estate
- Other tax-generating capacity - Earned Income Tax
- Practical & legal limits on rates of taxation
- State subsidies
- Federal & State Grants
- Prior year funds (Fund Balance)



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What are the District Funds?

- General Fund - General Operations of the District
- Healthcare Fund - Self-Funded accumulation of resources to pay health claims and administrative fees
- Capital Projects Fund - Accumulation of resources to pay for capital projects
- Food Service Fund - General Operations of the food service program - This fund is self-supporting
- Student Activity Fund - Accumulation of student funds (Fiduciary Role)
- Debt Service Fund - Accumulation of resources to pay debt obligations - This fund is used for accounting/reporting purposes as debt service payments are budgeted in the general fund



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School Finance 101

What is fund Balance?

Governmental Accounting Term

Measure of net financial assets

Adequate balance to cover district emergencies

Not a recurring source of revenue

Used for:

One-time investments

Conservative budget balancing

Fund Balance Equation

Beginning Fund Balance	\$ Millions
Plus: Revenues	XXXX.XX
Less: Expenditures	XXXX.XX
Equals: Ending Fund Balance	\$ Millions



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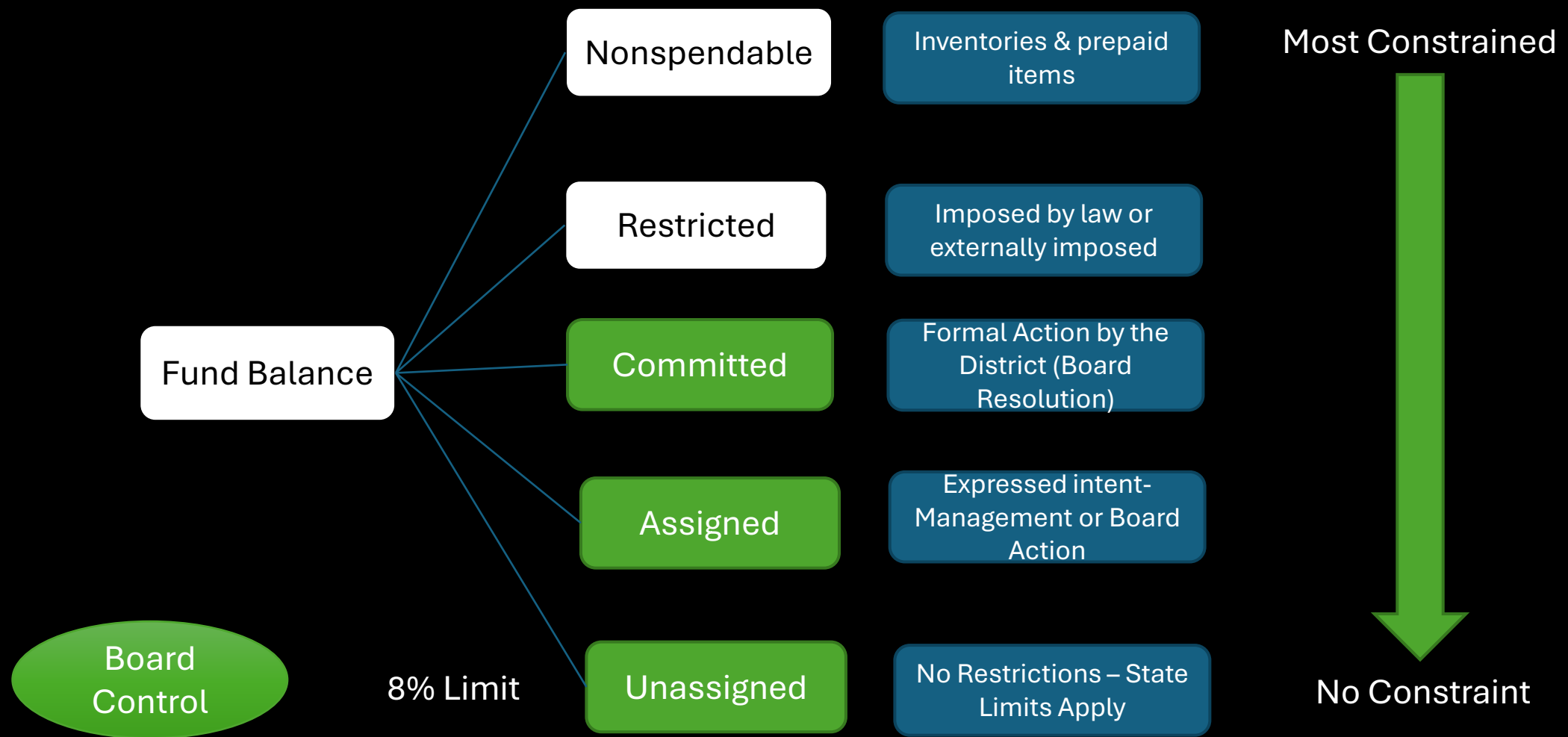
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Fund Balance

Constraint Hierarchy



Fund Balance Limits

Act 48 of 2003

24 PS 6-688 Limitations on certain unreserved fund balances

(a) For the 2005-2006 school year and each school year thereafter, no school district shall approve an increase in real property taxes unless it has adopted a budget that includes an estimated ending unreserved, undesignated fund balance less than the percentages set forth as follows:

Total Budgeted Expenditures	Fund Balance % Limit (less than or equal to)
Less Than or Equal to \$11,999,999	12.0
Between \$12,000,000 and \$12,999,999	11.5
Between \$13,000,000 and \$13,999,999	11.0
Between \$14,000,000 and \$14,999,999	10.5
Between \$15,000,000 and \$15,999,999	10.0
Between \$16,000,000 and \$16,999,999	9.5
Between \$17,000,000 and \$17,999,999	9.0
Between \$18,000,000 and \$18,999,999	8.5
Greater Than or Equal to \$19,000,000	8.0

Act 48 of 2003 places limitations on Fund Balance for School Districts

Our budget exceeds \$163MM

- Limited to 8% (Unassigned)
- At the time of budget adoption
- Other categories do not have a limit
- No other “fund” has a limit
 - General Fund only



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General Fund 2025-2026 Budget Parameters

Act 1 Base index of 2025-2026 is	3.50%
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<u>Act 1 Exceptions</u>	<u>0.00%</u>
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Allowable Act 1 Tax Increase is	3.50%
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Estimated additional revenue	3.2M
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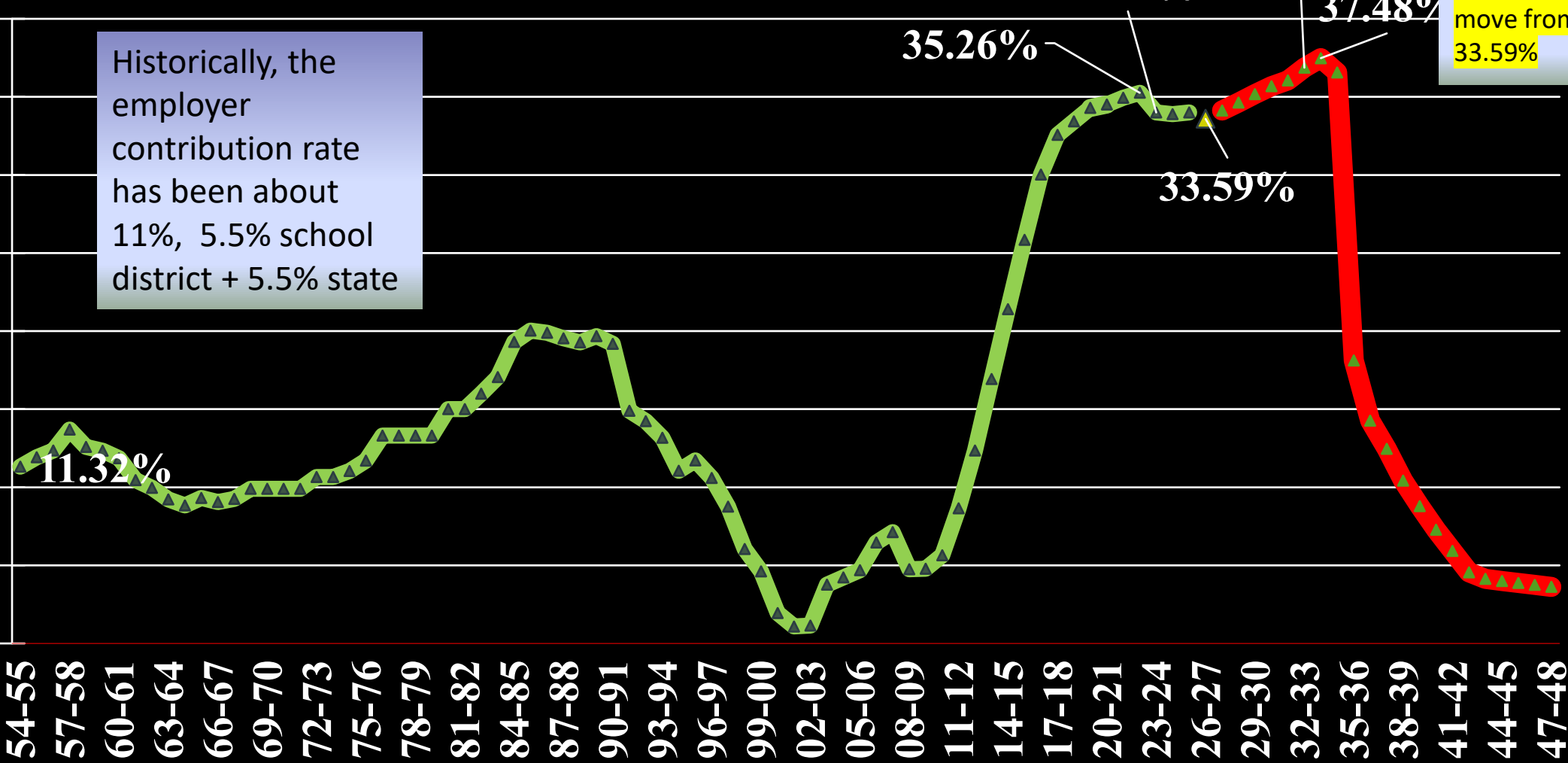
Budget Assumptions

Employee Group	2022-2023	2023-2024	2024-2025	2025-2026 Current Year	2026-2027 Budget Year	2027-2028
Administration	2.5%	2.5%	2.5%	2.5%	2.5%	TBD
Miscellaneous	2.5%	2.5%	2.5%	TBD 2.5%	TBD 2.5%	TBD
Teaching	2.19% Gross	Budget 2.5% Settlement 5.62% Gross, \$2.6 M Wage, \$3.7 M Total	3.37% Gross, \$1.7 M Wage, \$2.4 M Total	2.91% Gross, \$1.5 M Wage, \$2.1 M Total	2.65% Gross, \$1.4 M Wage, \$2.0 M Total	2.83% Gross, \$1.5 M Wage, \$2.2 M Total
Support	2.41% Gross	Budget 2.47% Settlement 7.18% Gross, \$917 K Wages, \$1.3 M Total	4.36% Gross, \$597 K Wages, \$854 K Total	2.46% Gross, \$352 K Wages, \$506 K Total	3.06% Gross, \$448 K Wages, \$647 K Total	TBD

Increased 2024-2025 Budget by approximately \$6 Million is salaries and benefits for PEA and PESPA settlements. The current five-year teacher contract is in effect from the 2023-24 to 2027-2028 fiscal year. The current administration agreement runs from 2022-2023 through 2026-2027. The current four-year PESPA contract is in effect from 2023-24 to 2026-2027 fiscal year. Early Settlement The miscellaneous salary increase percentage is set annually.

Pennsylvania School Employees Retirement System (PSERS) Employer Retirement Contributions - 100 Year Term

School District + State Contributions



2/10/2025

26-27 State Revenue Per Governor's Budget

	2025-2026 PSD Budget June 2025	2025-2026 State Budget November 2025	2026-2027 Governor's Budget February 2026	Increase/ (Decrease)	Percentage Change
Basic Education	\$ 13,698,261.00	\$ 13,735,521.00	\$ 13,831,248.00	\$ 95,727.00	0.70%
Special Education	\$ 4,160,422.00	\$ 4,101,459.00	\$ 4,139,968.00	\$ 38,509.00	0.94%
Ready to Learn/Adequacy	\$ 805,019.00	\$ 804,969.85	\$ 894,629.78	\$ 89,659.93	11.14%
Total	\$ 18,663,702.00	\$ 18,641,949.85	\$ 18,865,845.78	\$ 223,895.93	1.20%



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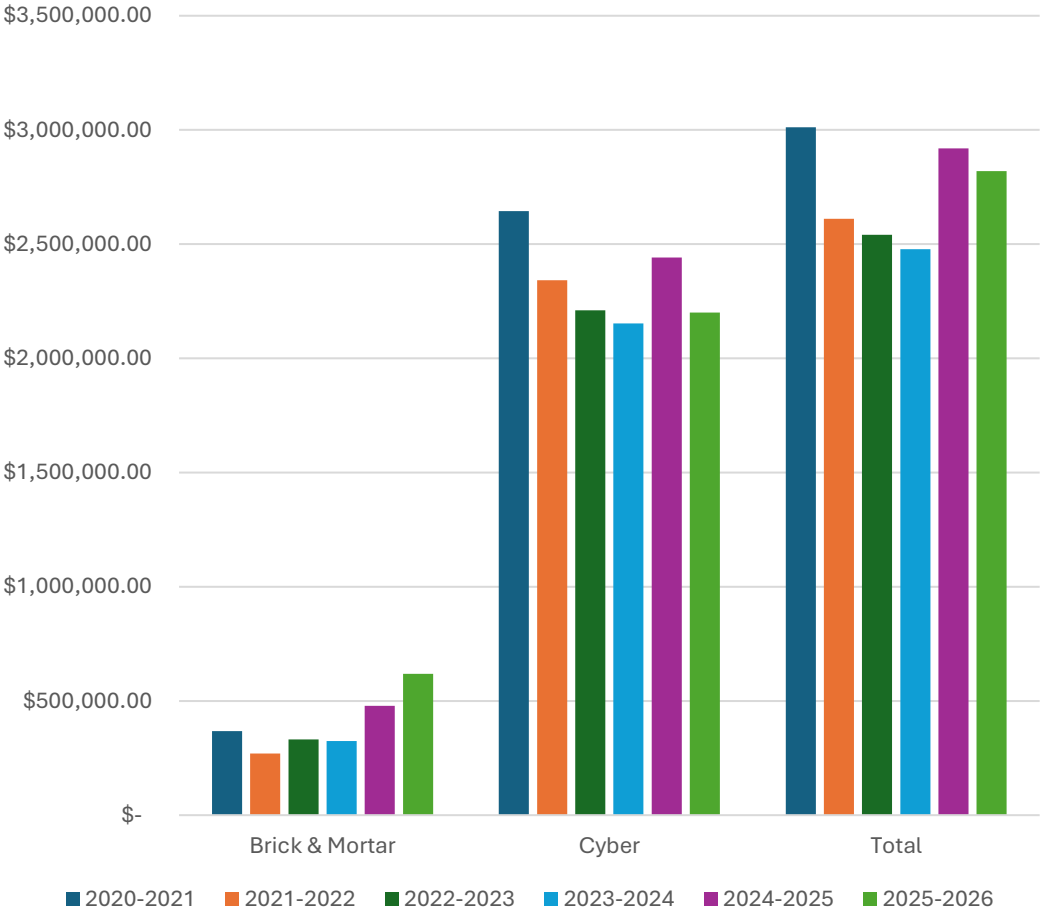
Charter School Costs

	Brick & Mortar	Cyber	Total	Enrollment
2020-2021	\$ 367,403.57	\$ 2,644,116.84	\$ 3,011,520.41	175
2021-2022	\$ 269,582.85	\$ 2,342,169.40	\$ 2,611,752.25	154
2022-2023	\$ 331,601.42	\$ 2,210,112.04	\$ 2,541,713.46	136
2023-2024	\$ 324,612.66	\$ 2,153,005.93	\$ 2,477,618.59	137
2024-2025	\$ 478,138.65	\$ 2,441,097.09	\$ 2,919,235.74	159
2025-2026	\$ 619,401.80	\$ 2,199,895.22	\$ 2,819,297.02	142

Note: 25-26 is estimated based on current enrollment

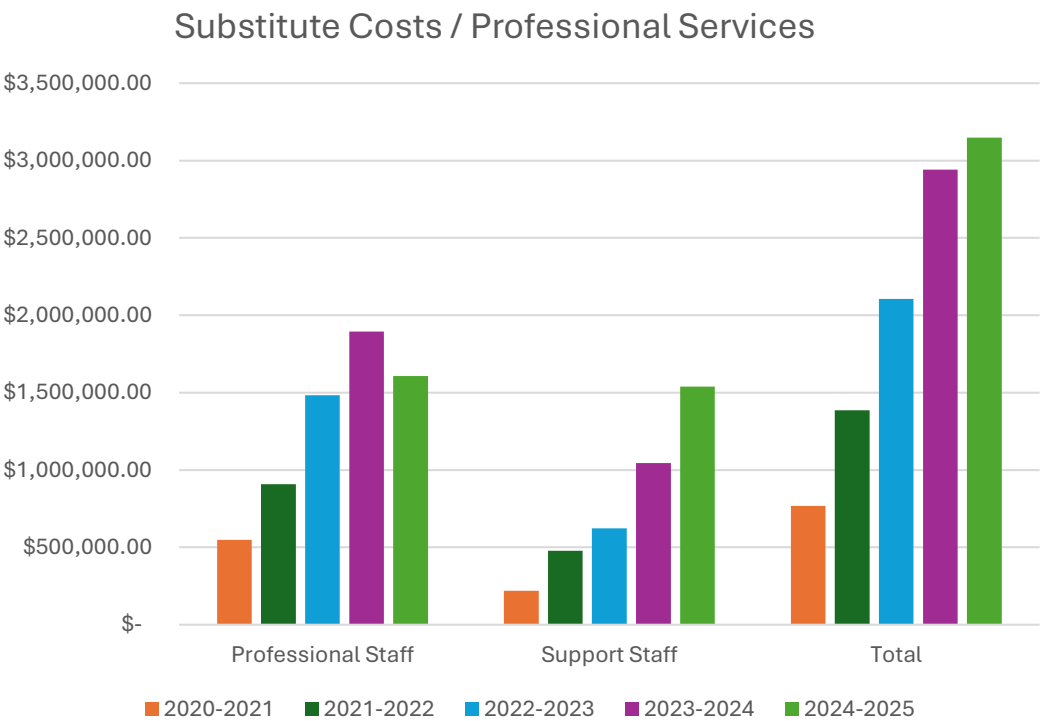
25-26 savings with revised PDE 363 calculations \$215,914

Proposed \$8,000 cyber tuition cap - savings would have been \$979,957



Substitute Costs

	Professional Staff	Support Staff	Total
2020-2021	\$ 549,078.06	\$ 218,746.27	\$ 767,824.33
2021-2022	\$ 907,274.31	\$ 478,167.83	\$ 1,385,442.14
2022-2023	\$ 1,483,994.77	\$ 622,286.18	\$ 2,106,280.95
2023-2024	\$ 1,895,258.90	\$ 1,045,599.93	\$ 2,940,858.83
2024-2025	\$ 1,607,519.71	\$ 1,539,838.19	\$ 3,147,357.90



Special Education Costs

Year		Total Special Education Costs	Students
2017-2018	\$	21,068,544.09	1,199
2018-2019	\$	23,008,837.36	1,194
2019-2020	\$	24,670,062.73	1,258
2020-2021	\$	25,288,771.83	1,260
2021-2022	\$	24,257,256.01	1,293
2022-2023	\$	25,366,858.31	1,312
2023-2024	\$	28,528,926.17	1,316
2024-2025	\$	31,835,003.21	1,324
2025-2026	\$	30,543,041.22	1,323

