

*Please remember to sign the Visitor's Register – Thank you.*

**Finance Committee Meeting Agenda**

**Tuesday, May 3, 2016**

**7:00 P.M. – TEAO – Room 200**

<b>1. Approval of Minutes – Meeting on April 12, 2016.....</b>	<b>2</b>
<b>2. Property Tax Appeals.....</b>	<b>4</b>
<b>3. Moody's 2016 Issuer Comment Report .....</b>	<b>6</b>
<b>4. Fund Balance .....</b>	<b>10</b>
<b>5. 2016-17 Budget Development.....</b>	<b>16</b>
<b>6. Other</b>	
<b>7. Public Comment</b>	
<b>8. Future Meeting</b>	

- a. The next Finance Committee meeting will be held on June 8, 2016.**

**Draft**  
**Finance Committee Meeting Minutes**

**April 12, 2016**  
**CHS Cafeteria**  
**7:00 P.M.**

**Attending all or part of the meeting:**

**Board Committee Members:** Virginia Lastner, Chair, Kevin Buraks, Todd Kantorczyk, Roberta Hotinski

**Other Board Members:** Douglas Carlson, Rev. Scott Dorsey, Edward Sweeney, Kate Murphy, Michele Burger

**T/E School District Representatives:** Dr. Rich Gusick, Dr. Andrea Chipego, Jeanne Pocalyko, Art McDonnell, David Francella, Dr. Wendy Towle, Mark Cataldi, Dr. Mike Szymendera, Patrick Gately, Dr. Amy Meisinger, Dr. Oscar Torres, Patrick Boyle, Nancy Adams

**Other:** Dr. Joseph O'Brien, Dr. Kirk Williard, Sandra McCabe, all from the Chester County Intermediate Unit

**Community Members:** Karen Cox, Philip Klazak, Christine Wright, Jerry Henige, Cindy Verguldi, Paul Eisenberg, Peg Layden, Neal Colligan, Ray Clarke

**Approval of Minutes:**

- The Committee approved the minutes of the March 8, 2016 meeting.

**Monthly/Year to Date Financial Report – March 2016:**

- Mr. Francella reviewed the Treasurer's reports for March 2016. A large transfer tax payment was received impacting local revenue with a total of about \$1M above the budget for the year. It was noted that transfer tax payments are received when a property sells. We learned that the Title I Grant Program's revenue amount was approved for an additional \$270K over the amount budgeted. It was reported that the District has received \$500K in state monies although the 15-16 State budget has not yet been approved. Total expenditures are consistent with the prior year.
- Mr. Francella updated the state of property tax appeals reporting that of the total loss of revenue from 25 residential appeals is \$115,014. The total tax revenue lost from 15 commercial appeals is \$161,196. The total amount of property taxes lost is \$276,210. District-initiated commercial property tax appeals resulted in additional property taxes of \$17,397. The remaining District-initiated appeals have May hearings scheduled.

**Chester County Intermediate Unit 2016-17 Budget:**

- Dr. Joseph O'Brien, Dr. Kirk Williard, and Sandra McCabe from the Chester County Intermediate Unit, presented the CCIU's 2016-17 Core, Occupational Ed, and Marketplace budgets. They reported there is no increase in the proposed Core Budget contributions needed from TESD. Although there is no budgeted increase in the Occupational Ed tuition rate the cost to TESD will increase by \$15,632 based on increase in enrollment calculation. The prices the TESD will pay for the Marketplace Programs will not increase by more than 1.96%. CCIU

**Draft**  
**Finance Committee Meeting Minutes**

presented a projection of TESD's total contribution for all requested services in 2016-17 would be \$5,631,247, an increase of \$184,541 or 3.4% over 2015-16.

- Mr. O'Brien stated the Core Budget should be approved by the Board by the end of April and Occupational Ed by the end of June. The Committee agreed that both will appear on the consent agenda at the next Board meeting.

**Other:**

- Mr. McDonnell reviewed a renewal quote for the agreement with Conrad Siegel for an actuarial analysis of employee benefits to comply with the GASB reporting requirement. The renewal quote obtained was a not to exceed the amount of \$8,300 year for three years. The Committee agreed to place the agreement on the consent agenda at the next Board meeting.
- Mr. McDonnell reviewed a renewal quote to retain audit firm of Maillie, Falconiero & and Company, LLP to perform an independent local audit for the 2015-16 year. The renewal quote obtained was not to exceed the amount of \$21,000 for a one year period. The Committee agreed to place this item on the consent agenda at the next Board meeting. Mr. McDonnell stated that this coming fiscal year, the District will release a RFP for subsequent years.

**Public Comment:**

- Ray Clarke commented on the CCIU budget
- Cindy Verguldi commented on the CCIU budget
- Neal Colligan commented on the CCIU budget

**Adjournment:**

- The meeting adjourned at approximately 7:55 P.M.

**Next Meeting:**

The next meeting is Tuesday, May 3, 2016 at 7:00 P.M.

## Tax Appeals Summary

### Initiated by Taxpayer

#### **Residential:**

<u>Appeal Year</u>	<u>Effective Year</u>	<u>Parcels</u>	<u>Assessment Change</u>	<u>Tax Gain/(Loss)</u>
2014-15	2015-16	12	\$ (2,559,390.00)	\$ (53,713)
2015-16	2016-17	25	\$ (5,480,300.00)	\$ (115,014)

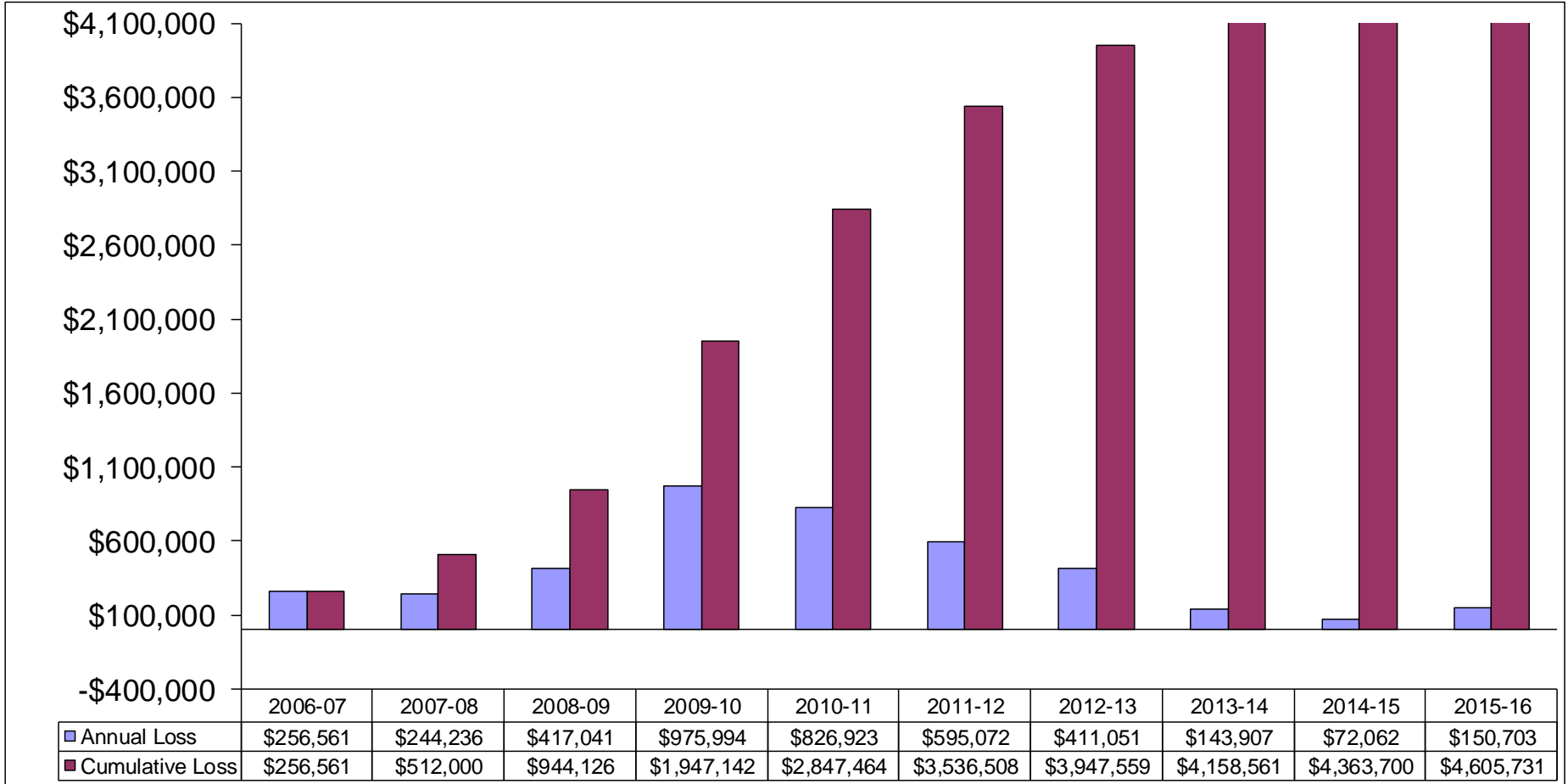
#### **Commercial:**

<u>Appeal Year</u>	<u>Effective Year</u>	<u>Parcels</u>	<u>Assessment Change</u>	<u>Tax Gain/(Loss)</u>
2013-14	2015-16	1	\$ (4,063,200.00)	\$ (85,274)
2014-15	2015-16	1	\$ (532,560.00)	\$ (11,716)
2015-16	2016-17	15	\$ (7,680,820.00)	\$ (161,196)

#### **T-E Initiated (Commercial)**

<u>Appeal Year</u>	<u>Effective Year</u>	<u>Parcels</u>	<u>Assessment Change</u>	<u>Tax Gain/(Loss)</u>
2015-16	2016-17	6	\$ 2,422,770.00	\$ 50,846

# Property Tax Revenue Lost from Assessment Appeals



## ISSUER COMMENT

11 April 2016

### RATING

#### General Obligation (or GO Related)<sup>1</sup>

Aaa Stable

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# Tredyffrin-Easttown School District, PA

## Annual Comment on Tredyffrin-Easttown SD

### Issuer Profile

Tredyffrin-Easttown School District is located in Chester County in southeastern Pennsylvania, approximately 18 miles northwest of downtown Philadelphia. The district encompasses the townships of Tredyffrin and Easttown. Chester County has a population of 512,784 and a population density of 683 people per square mile. The county's per capita personal income is \$71,971 (1st quartile) and the November 2015 unemployment rate was 3.2% (1st quartile).<sup>2</sup> Health services, retail trade, and finance/insurance are key drivers of the local economy. The Vanguard Group financial services, QVC Incorporated headquarters and television studios, and county government rank as leading employers in the area.

### Credit Overview

Tredyffrin-Easttown SD has an extremely strong credit position, and its Aaa rating far surpasses the median rating of Aa3 for US school districts. Notable credit factors include a large tax base with a superior socioeconomic profile, and a very healthy financial position. It also reflects a negligible debt burden with a mid-ranged pension liability.

**Economy and Tax Base:** The economy and tax base of the district are exceptionally strong and are comparable to the assigned rating of Aaa. Tredyffrin-Easttown SD's total full value (\$8.8 billion) is materially above the US median and increased from 2012 to 2015. Also, the full value per capita (\$220,468) is much stronger than the US median. Lastly, the median family income is a robust 221.4% of the US level.

**Finances:** The financial position of the district is very healthy and is in line with its Aaa rating. The fund balance as a percent of operating revenues (27.4%) is slightly higher than the US median. The cash balance as a percent of revenues (28.0%) fell materially between 2012 and 2015 and is roughly equivalent to other Moody's-rated school districts nationwide.

**Debt and Pensions:** The debt and pension burdens of Tredyffrin-Easttown SD are low though they are somewhat unfavorable when compared to the very strong assigned rating of Aaa. The net direct debt to full value (0.7%) is materially below the US median. The Moody's-adjusted net pension liability to operating revenues (1.4x) rose modestly from 2012 to 2015 and is slightly under the US median.

**Management and Governance:** The ability to generate positive operating margins is a component of strong financial management. Advantageously, on average over the past few years, Tredyffrin-Easttown SD ran surpluses as the tax base generally increased.

Pennsylvania school districts have an institutional framework score <sup>3</sup> of "Baa," or weak. Revenues primarily consist of local property taxes, income taxes, and state aid. Revenue

predictability is low as state aid can fluctuate annually based on state budget appropriations. Districts have a moderate ability to raise revenues as they are subject to the Act 1 cap, which requires voter approval for property tax increases above an Act 1 index, driven by the CPI. Expenditures primarily consist of instructional expenses, which are moderately predictable. Districts maintain a moderate ability to cut costs based on union contract negotiations and rising pension costs.

## Sector Trends - Pennsylvania School Districts

Districts are grappling with increased pension contributions, a backlog of state reimbursement, charter school competition, and an unwillingness or inability to raise property taxes. While fixed costs continue rising, the Act 1 cap and low tax base growth are limiting property tax revenue growth. However, Act 32 has produced higher income tax revenue. Charter schools are a threat for urban, and even a few suburban, districts. Pre- and post-default state aid intercept programs exist in the event a school district cannot pay debt service. Many districts have aggressive debt structures with swaps and variable rate debt.

Exhibit 1

### Key Indicators<sup>4 5</sup>

Tredyffrin-Easttown SD, PA

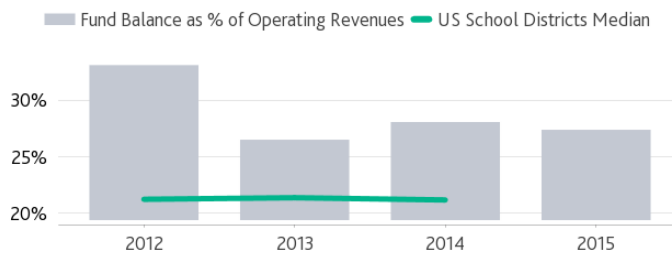
	2012	2013	2014	2015	US Median	Credit Trend
<b>Economy / Tax Base</b>						
Total Full Value	\$8,243M	\$8,069M	\$8,371M	\$8,807M	\$1,872M	Improved
Full Value Per Capita	\$206,276	\$202,005	\$209,576	\$220,468	\$80,896	Improved
Median Family Income (% of US Median)	221.4%	221.4%	221.4%	221.4%	103.1%	Stable
<b>Finances</b>						
Fund Balance as % of Operating Revenues	33.1%	26.5%	28.1%	27.4%	21.1%	Weakened
Cash Balance as % of Operating Revenues	41.3%	29.2%	30.5%	28.0%	25.1%	Weakened
<b>Debt / Pensions</b>						
Net Direct Debt / Full Value	0.66%	0.63%	0.56%	0.73%	1.5%	Stable
Net Direct Debt / Operating Revenues	0.52x	0.46x	0.41x	0.54x	0.75x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	1.1%	1.5%	1.7%	1.8%	3.1%	Weakened
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	0.89x	1.09x	1.26x	1.35x	1.58x	Stable

Source: Moody's

Exhibit 2

### Fund balance as a percent of operating revenues decreased between 2012 and 2015

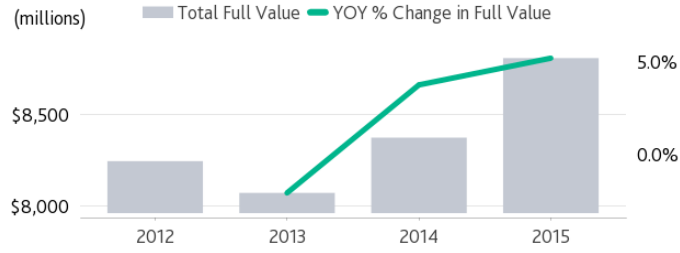
Fund Balance as a Percent of Operating Revenues



Source: Issuer financial statements; Moody's

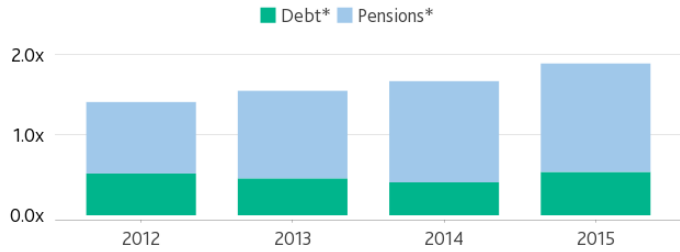
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

Exhibit 3  
**Total full value grew from 2012 to 2015**  
 Total Full Value



Source: Issuer financial statements; Government data sources; Offering statements; Moody's

Exhibit 4  
**Moody's-adjusted net pension liability to operating revenues increased from 2012 to 2015**  
 Net Direct Debt and Adjusted Net Pension Liability / Operating Revenues



\*Debt is represented as Net Direct Debt / Operating Revenues. Net Direct Debt is defined as gross debt minus self supporting debt. Pensions are represented as ANPL / Operating Revenues. ANPL is defined as the average of Moody's-adjusted Net Pension Liability in each of the past three years.  
 Source: Issuer financial statements; Government data sources; Offering statements; Moody's



## Endnotes

- 1 The rating referenced in this report is the government's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally a security backed by the full faith and credit pledge and total taxing power of the local government. See [Local Government GO Pledges Vary Across States](#), for more details. GO-related ratings include issuer ratings, which are GO-equivalent ratings for governments that do not issue GO debt. GO-related ratings also include ratings on other securities that are notched or otherwise related to what the government's GO rating would be, such as annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantee or enhancement programs or bond insurance.
- 2 The per capita personal income data and unemployment data for all counties in the US census are allocated to quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile. The first quartile consists of the top 25% of observations in the dataset, the second quartile consists of the next 25%, and so on. The median per capita personal income for US counties is \$46,049 for 2014. The median unemployment rate for US counties is 4.8 % for November 2015.
- 3 The institutional framework score measures a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(January 2014\)](#) for more details.
- 4 For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). The population figure used in the Full Value Per Capita ratio is the most recently available, most often sourced from either the US Census or the American Community Survey. Similarly, the Median Family Income data reported as of 2012 and later is always the most recently available data and is sourced from the American Community Survey. The Median Family Income data prior to 2012 is sourced from the 2010 US Census. The Full Value figure used in the Net Direct Debt and Moody's-adjusted Net Pension Liability (3-year average ANPL) ratios is matched to the same year as audited financial data, or if not available, lags by one or two years. Certain state-specific rules also apply to Full Value. For example, in California and Washington, assessed value is the best available proxy for Full Value. Certain state specific rules also apply to individual data points and ratios. Moody's makes adjustments to New Jersey local governments' reported financial statements to make it more comparable to GAAP. Additionally, Moody's ANPLs reflect analyst adjustments, if any, for pension contribution support from non-operating funds and self-supporting enterprises. Many local government pension liabilities are associated with its participation in the statewide multiple-employer cost-sharing plans. Metrics represented as N/A indicate the data were not available at the time of publication.
- 5 The medians come from our most recently published local government medians report, [Medians – Growing Tax Bases and Stable Fund Balances Support Sector's Stability \(March 2016\)](#). The medians conform to our US Local Government General Obligation Debt rating methodology published in January 2014. As such, the medians presented here are based on the key metrics outlined in the methodology and the associated scorecard. The appendix of this report provides additional metrics broken out by sector, rating category, and population. We use data from a variety of sources to calculate the medians, many of which have differing reporting schedules. Whenever possible, we calculated these medians using available data for fiscal year 2014. However, there are some exceptions. Population data is based on the 2010 Census and Median Family Income is derived from the 2012 American Community Survey. Medians for some rating levels are based on relatively small sample sizes. These medians, therefore, may be subject to potentially substantial year-over-year variation. Our ratings reflect our forward looking opinion derived from forecasts of financial performance and qualitative factors, as opposed to strictly historical quantitative data used for the medians. Our expectation of future performance combined with the relative importance of certain metrics on individual local government ratings account for the range of values that can be found within each rating category. Median data for prior years published in this report may not match last year's publication due to data refinement and changes in the sample sets used, as well as rating changes, initial ratings, and rating withdrawals.

*Fund Balances Management*

The Board of School Directors (“Board”) contributes to the successful education of students through sound fiscal management. The Board adheres to Pennsylvania state statutes and the Pennsylvania Department of Education (PDE) Manual of Accounting.

The fund balances addressed in this Policy are General, Capital, and Food Service. Fund balances allow the District to be responsive to unexpected financial conditions, to generate interest income, to meet emergency needs, to provide funding for capital expenditures and maintenance and construction projects, and to protect the high bond rating of the District.

General Fund Balance:

The General Fund accounts for the current operating revenues and expenditures of the District. The General Fund Balance is the accumulation over time of recognized revenue over operating expenditures. Operating contingency expenses may be funded through a contribution from the General Fund Balance. The General Fund Balance should not be utilized to fund recurring operating expenses.

## 1. Committed General Fund Balance:

This is the portion of the General Fund Balance which by Board action has been committed by the Board for future specific, identified needs or any other purposes the Board deems appropriate. This commitment is determined no less than annually.

## 2 Assigned General Fund Balance:

The monies in this General Fund Balance are constrained by the Board’s intent to be used for specific purposes and are not otherwise committed by Board action.

## 3. Unassigned General Fund Balance:

The monies in this unassigned General Fund Balance will only be expended with the specific authorization of the Board .

Capital Fund Balances:

The Capital Fund Balance consists of General Fund transfers, bond proceeds, or major private donations. Capital improvements, acquisition or construction of capital facilities, bond proceeds for capital projects and the servicing of debt are represented in one of these funds: Capital Reserve Fund, Capital Projects Fund or Debt Service Fund.

Food Service Fund Balance:

The Food Service Fund Balance is the net difference between the revenues from providing goods and services and the cost of the Food Service operation. The Food Service Fund Balance will be utilized for the improvement or maintenance of the District's Food Service operation.

Periodic Fund Balance Allocations

Determinations as to fund balance allocation will be made by the Board on a periodic basis as part of the budget development process.

Delegation of Authority

The Administration will develop regulations to manage the District's Fund Balances consistent with this Policy, Pennsylvania School Code, the PDE Manual of Accounting and other applicable law.

*Fund Balances Management*

The fund balances addressed in this regulation are General, Capital and Food Service.

General Fund Balance:

The **General Fund** accounts for the current operating revenues and expenditures of the District. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

The **General Fund Balance** is the accumulated difference between General Fund assets and General Fund liabilities.

Other than pursuant to the budget development process, the General Fund Balance should not be utilized as a revenue source to offset operating expense deficiency. However, operating contingency expenses may be funded through a contribution from the General Fund Balance. The District maintains both committed and unassigned General Fund Balances.

1. Committed General Fund Balance:

This is the portion of the General Fund Balance which has been specifically set aside by the Board for future identified needs or any other purposes the Board deems appropriate.

2. Unassigned General Fund Balance:

For ongoing financial security, Pennsylvania law currently requires the District to maintain an unassigned General Fund Balance that is less than eight percent of the next fiscal year's budgeted expenditures as a condition of increasing real estate property taxes. The monies in this unassigned General Fund Balance will only be expended with the specific authorization of the Board of School Directors for unexpected financial obligations.

At the close of each fiscal year, the Business Manager shall determine whether the unassigned General Fund Balance exceeds eight percent (8%) of the following year's budgeted expenditures as certified by the local auditors of the District. The Superintendent shall submit to the Board for its consideration, proposals to commit any unassigned or currently assigned General Fund Balance in one or more of the following ways by committing the balance of unassigned General Fund Balance or a portion thereof to:

- The following budget year's operating contingencies;
- The District's capital plan;

- The long-term liabilities (e.g. Other Post Employee Benefits), as determined by the actuarial report of the most current fiscal year available or as recommended by the Administration with input from the Board Finance Committee;
- The District's self-funded medical and prescription drug program's liabilities;
- The mandatory contributions to the Pennsylvania School Employee's Retirement System;
- Other obligations as approved by the Board.

Capital Fund Balances:

**Capital Funds** account for revenues and expenditures of the District related to capital assets such as land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

**Capital Fund Balances** consist of, among other sources, General Fund transfers, bond proceeds, and major private donations

Capital improvements, acquisition or construction of capital facilities, bond proceeds for capital projects and the servicing of debt are represented in one of these funds: Capital Reserve Fund, Capital Projects Fund or Debt Service Fund.

Capital Reserve Fund Balance

The Capital Reserve Fund is established to reserve funds to be used only for providing resources for capital expenditures. The funds are committed and may be spent only on capital improvements; replacement of, addition to and improvements to land and buildings; deferred maintenance and for the replacement of school buses. Receipts of this type of capital reserve fund come from transfers during the fiscal year from appropriations in the general fund. Receipts may also come from the general fund at the end of the fiscal year. The interest earnings on monies in this fund remain within the Capital Reserve Fund.

Capital Projects Fund Balances

These funds are used for the purchase or construction of major capital facilities. Separate capital projects funds are used for individual capital projects to maintain financial management. These funds are not used to account for minor maintenance or construction costs, or for the acquisition of furniture or equipment, unless authorized by a bond indenture.

Debt Service Fund Balance

These funds, formerly known as Sinking Funds, account for and accumulate resources for the payment of general long-term debt principal and interest. Bonds are repayable, both interest and principal, in installments; interest is usually paid semi-annually and principal annually on bonds. Thus debt service for bonds requires accumulation of resources only for current year payments of principal and interest. School Districts are required under the Pennsylvania Local Government Unit Debt Act to maintain a sinking fund for each bond issue. This may be done through the Debt Service Fund. If debt payments are not reported in a debt service fund, they must be reported in the general fund.

Food Service Fund Balance:

The **Food Service Fund Balance** is the net difference between the cost of the Food Service operation and the revenues from providing goods and services. Food Service Fund Balance will be utilized for the improvement or maintenance of the District's Food Service operation.

The Food Service Fund provides goods and services to the students on a continuing basis and is financed through user charges where the intent is that the costs (expenses, including depreciation and indirect cost) of providing goods or services on a continuing basis be financed or recovered primarily through fees and user charges rather than taxes or similar revenues. The District will attempt to maintain an adequate fund balance, consistent with State and Federal guidelines in an attempt to maintain operations and provide contributions to the District's capital needs of the Food Service operation.

Adopted: September 22, 2008  
Revised: September 28, 2011  
Revised: October 17, 2011

# 2015-16 General Fund Balance Commitments **Draft**

	<b>A</b>		<b>B</b>
1	<b>2015-16 Budget Commitment and Contingency</b>		<b>\$3,154,836</b>
2	<b>Capital Projects</b>		<b>\$5,206,072</b>
3	<b>Vested Employee Services</b>		<b>\$9,742,611</b>
4	<b>PSERS Contingency</b>		<b>\$9,313,434</b>
5	<b>Healthcare Contingency</b>		<b>\$4,300,000</b>
6	<b>Assigned to: Athletic Fund Expenditures</b>		<b>\$664,094</b>
7	<b>Total</b>		<b>\$32,381,047</b>

# FY 2016-17 Proposed Final Budget Summary

Draft

(using 3.875 % Tax Rate Increase)

1	Projected Revenue	\$124,916,045
2	Projected Expenditures	\$129,270,392
3	<b>Projected Budget Operating Deficit</b>	<b>(\$4,354,347)</b>
4	Act 1 Tax Increase (2.4%)	\$2,392,602
5	*Referendum Exceptions (1.475%)	\$1,470,141
6	<b>REVISED Projected Budget Deficit</b>	<b>(\$491,604)</b>

\*Total Referendum Exceptions Approved by PDE of 1.9% or \$1,894,409



# Projection Model (FY 2016-17 Proposed Final Budget)

Draft

		A	B	C	D	E
		Proposed	Projected	Projected	Projected	Projected
	Revenues	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
1	Total Revenue from Local Sources	\$107,518,435	\$107,457,152	\$107,436,219	\$107,404,238	\$107,361,949
2	Revenue from State Sources	\$12,090,861	\$12,380,796	\$12,380,796	\$12,380,796	\$12,380,796
3	PSERS Subsidy from State	\$8,363,546	\$9,191,345	\$9,544,196	\$9,810,986	\$9,613,045
4	Total Revenue from Federal Sources	\$805,946	\$750,587	\$703,533	\$663,536	\$629,539
5	<b>Total Revenues</b>	<b>\$128,778,788</b>	<b>\$129,779,880</b>	<b>\$130,064,744</b>	<b>\$130,259,557</b>	<b>\$129,985,329</b>
	Expenditures					
6	Salaries	\$57,654,052	\$57,654,052	\$57,654,052	\$57,654,052	\$57,654,052
7	Benefits	\$15,882,851	\$16,686,068	\$17,595,700	\$18,529,617	\$19,534,611
8	PSERS Expenditures	\$16,727,093	\$18,382,690	\$19,088,393	\$19,621,973	\$19,226,091
9	Other Expenditures	\$39,006,396	\$41,011,924	\$42,664,998	\$44,295,298	\$46,020,413
10	<b>Total Expenditures</b>	<b>\$129,270,392</b>	<b>\$133,734,734</b>	<b>\$137,003,142</b>	<b>\$140,100,940</b>	<b>\$142,435,166</b>
11	<b>Budget Imbalance</b>	<b>(\$491,604)</b>	<b>(\$3,954,853)</b>	<b>(\$6,938,398)</b>	<b>(\$9,841,383)</b>	<b>(\$12,449,836)</b>
12	Beginning General Fund Balance	\$33,365,552	\$32,873,948	\$28,919,095	\$21,980,697	\$12,139,314
13	Change/Use of Fund Balance	(\$491,604)	(\$3,954,853)	(\$6,938,398)	(\$9,841,383)	(\$12,449,836)
14	Ending General Fund Balance	<b>\$32,873,948</b>	<b>\$28,919,095</b>	<b>\$21,980,697</b>	<b>\$12,139,314</b>	<b>(\$310,522)</b>

- Act 1 Index of 2.4% and Referendum Exceptions of 1.475% Tax Revenue Included for FY 2016-17

# Tax Impact from Proposed Final Budget Tax Rate Draft

		A	B	C	D
					<b>**Increase to</b>
	<u>FY 2016-17</u>	<u>Tax Rate</u>	<u>Projected Revenue</u>	<u>Mills</u>	<u>T/E Homeowner</u>
			(Current Rate = 20.9868)		
1	Act 1 Index	2.400%	\$2,392,602	0.5037	\$127
2	Referendum Exceptions *	1.475%	\$1,470,141	0.3095	\$78
3	<b>Total</b>	3.875%	\$3,862,743	0.8132	\$205
			(New Rate = 21.80)		
	<b>*Total Refendum Exceptions Approved by PDE of 1.9% or \$1,894,409</b>				
	<b>**Based on Average Assessment of a T/E home of \$252,386 with a average tax bill of \$5,297</b>				

# Revenue and Variances Summary

Draft

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
		<b>Budget</b>	<b>Projection</b>	<b>Proposed Final Budget</b>	<b>Variance - \$</b>	<b>Variance - %</b>
	<u>Revenue Source</u>	<u>2015-2016</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>(C - B)</u>	<u>(D / B)</u>
1	Local	\$102,797,967	\$104,189,773	\$107,518,435	\$3,328,662	3.2%
2	State	\$12,079,489	\$11,922,818	\$12,100,440	\$177,622	1.5%
3	PSERS State Subsidy	\$7,249,691	\$7,117,678	\$8,353,967	\$1,236,289	17.4%
4	Federal	\$592,178	\$786,304	\$805,946	\$19,642	2.5%
5	<b>Total Revenues</b>	<b>\$122,719,325</b>	<b>\$124,016,573</b>	<b>\$128,778,788</b>	<b>\$4,762,215</b>	<b>3.8%</b>

# Local Revenue

Draft

		A	B	C	D	E
		Actual	Actual	Actual	Projection	Proposed Final
	<u>Local Revenue</u>	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
6111	Current Real Estate Revenue	\$89,333,196	\$89,845,394	\$93,251,423	\$97,219,741	\$101,451,762
6112	Interim Tax	\$164,795	\$325,526	\$468,201	\$507,218	\$319,507
6113	Public Utility Tax	\$118,105	\$113,080	\$117,886	\$109,405	\$114,690
6153	Transfer Tax	\$2,136,291	\$2,475,072	\$2,249,203	\$3,408,803	\$2,286,855
6154	Amusement Tax	\$26,972	\$25,490	\$26,994	\$24,811	\$25,765
6400	Delinquent Tax	\$1,227,058	\$1,455,270	\$1,163,906	\$1,040,048	\$1,282,078
6500	Earnings on Investments	\$122,518	\$110,511	\$207,696	\$213,656	\$214,883
6700	Parking Revenue	\$53,432	\$53,820	\$54,528	\$54,000	\$54,000
6800	IU - IDEA Federal Funds	\$807,643	\$715,816	\$778,891	\$793,873	\$784,803
6910	Rentals	\$617,172	\$494,243	\$617,943	\$519,243	\$557,676
6920	Contribution & Donations	\$86,342	\$73,757	\$87,919	\$67,063	\$76,246
6940	Tuition from Patrons	\$27,686	\$10,108	0	\$8,656	\$8,255
6990	Student Activities Revenue	\$142,550	\$114,350	\$144,006	\$130,576	\$186,942
6990	Miscellaneous Revenue	\$485,041	\$155,120	\$152,117	\$92,680	\$154,973
	<b>Total</b>	<b>\$95,348,801</b>	<b>\$95,967,558</b>	<b>\$99,320,714</b>	<b>\$104,189,773</b>	<b>\$107,518,435</b>

# Local Revenue Assumptions

	<u>Local Revenue</u>	
6111	Current Real Estate Revenue	Latest County assessment values including interims & losses from appeals
6111	Current Real Estate Revenue	Act 1 Index of 2.4%, Approved Referendum Exceptions of 1.475%
6112	Interim Tax	Average of the previous three years actual
6113	Public Utility Tax	Average of the previous seven years actual
6153	Transfer Tax	Average of the previous three years actual
6154	Amusement Tax	Average of the previous seven years actual
6400	Delinquent Tax	Average of the previous three years actual
6500	Earnings on Investments	Available reserves and float using estimated 0.05% rate of return
6700	Parking Revenue	All available passes sold
6800	Revenue from IU - IDEA Federal Funds	Average of the previous seven years actual
6910	Rentals	Average of the previous seven years actual
6920	Contribution & Donation Private Sources	Average of the previous seven years actual
6940	Tuition from Patrons	Average of the previous seven years actual
6990	Student Activities Revenue	Average of the previous seven years actual
6990	Miscellaneous Revenue	Average of the previous seven years actual

# Local Revenue and Variances

Draft

		A	B	C	D	E
		Budget	Projection	Proposed Final Budget	Variance - \$	Variance - %
	<u>Local Revenue</u>	2015-2016	2015-2016	2016-2017	(C - B)	(D / B)
6111	Current Real Estate Revenue	\$96,947,464	\$97,219,741	\$101,451,762	\$4,232,021	4.35%
6112	Interim Tax	\$270,348	\$507,218	\$319,507	(\$187,711)	-37.01%
6113	Public Utility Tax	\$113,108	\$109,405	\$114,690	\$5,285	4.83%
6153	Transfer Tax	\$2,113,603	\$3,408,803	\$2,286,855	(\$1,121,948)	-32.91%
6154	Amusement Tax	\$24,811	\$24,811	\$25,765	\$954	3.85%
6400	Delinquent Tax	\$1,432,886	\$1,040,048	\$1,282,078	\$242,030	23.27%
6500	Earnings on Investments	\$213,656	\$213,656	\$214,883	\$1,227	0.57%
6700	Parking Revenue	\$54,000	\$54,000	\$54,000	\$0	0.00%
6800	IU - IDEA Federal Funds	\$803,873	\$793,873	\$784,803	(\$9,070)	-1.14%
6910	Rentals	\$519,243	\$519,243	\$557,676	\$38,433	7.40%
6920	Contribution & Donations	\$67,063	\$67,063	\$76,246	\$9,183	13.69%
6940	Tuition from Patrons	\$14,656	\$8,656	\$8,255	(\$401)	-4.63%
6990	Student Activities Revenue	\$130,576	\$130,576	\$186,942	\$56,366	43.17%
6990	Miscellaneous Revenue	\$92,680	\$92,680	\$154,973	\$62,293	67.21%
	<b>Total</b>	<b>\$102,797,967</b>	<b>\$104,189,773</b>	<b>\$107,518,435</b>	<b>\$3,328,662</b>	<b>3.19%</b>

# State Revenue

Draft

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Projection</b>	<b>Proposed Final</b>
	<b><u>State Revenue</u></b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
<b>7110</b>	<b>Basic Instructional Subsidy</b>	<b>\$3,080,676</b>	<b>\$3,186,363</b>	<b>\$3,169,443</b>	<b>\$3,186,363</b>	<b>\$3,186,363</b>
<b>7160</b>	<b>State Section 1305 &amp; 1306</b>	<b>\$38,515</b>	<b>\$59,293</b>	<b>\$68,465</b>	<b>\$59,293</b>	<b>\$68,465</b>
<b>7271</b>	<b>Special Education</b>	<b>\$2,288,056</b>	<b>\$2,292,797</b>	<b>\$2,371,116</b>	<b>\$2,220,807</b>	<b>\$2,220,807</b>
<b>7310</b>	<b>Transportation</b>	<b>\$1,477,191</b>	<b>\$1,586,990</b>	<b>\$1,836,720</b>	<b>\$1,788,878</b>	<b>\$1,737,529</b>
<b>7320</b>	<b>Rentals and Sinking Fund Pymt</b>	<b>\$171,227</b>	<b>\$185,368</b>	<b>\$317,453</b>	<b>\$0</b>	<b>\$338,171</b>
<b>7330</b>	<b>Medical and Dental Services</b>	<b>\$155,881</b>	<b>\$155,721</b>	<b>\$154,888</b>	<b>\$157,596</b>	<b>\$154,888</b>
<b>7340</b>	<b>State Property Tax Reduction</b>	<b>\$2,099,645</b>	<b>\$2,099,984</b>	<b>\$2,099,990</b>	<b>\$2,099,834</b>	<b>\$2,099,990</b>
<b>7505</b>	<b>Ready to Learn Block Grant</b>	<b>\$50,894</b>	<b>\$50,894</b>	<b>\$147,247</b>	<b>\$168,039</b>	<b>\$147,247</b>
<b>7810</b>	<b>Social Security</b>	<b>\$2,019,540</b>	<b>\$2,030,660</b>	<b>\$2,130,629</b>	<b>\$2,242,008</b>	<b>\$2,146,980</b>
<b>7820</b>	<b>Retirement Payments (PSERS)</b>	<b>\$3,276,792</b>	<b>\$4,512,189</b>	<b>\$5,913,431</b>	<b>\$7,117,678</b>	<b>\$8,353,967</b>
	<b>Total</b>	<b>\$14,658,417</b>	<b>\$16,160,260</b>	<b>\$18,209,382</b>	<b>\$19,040,496</b>	<b>\$20,454,407</b>

# State and Federal Revenue Assumptions

Draft

<b>7110</b>	<b>Basic Instructional Subsidy</b>	<b>Based on prior year amount</b>
<b>7160</b>	<b>State Section 1305 &amp; 1306</b>	<b>Reduction in eligible student</b>
<b>7271</b>	<b>Special Education</b>	<b>Based on prior year amount (w/o contingency)</b>
<b>7310</b>	<b>Transportation</b>	<b>Based on prior year amount</b>
<b>7320</b>	<b>Rentals and Sinking Fund Payments</b>	<b>Bond Schedule</b>
<b>7330</b>	<b>Medical and Dental Services</b>	<b>Based on prior year amount</b>
<b>7340</b>	<b>State Property Tax Reduction</b>	<b>Based on prior year amount</b>
<b>7505</b>	<b>Ready to Learn Block Grant</b>	<b>Based on prior year amount</b>
<b>7810</b>	<b>Social Security</b>	<b>% of salaries</b>
<b>7820</b>	<b>Retirement Payments (PSERS)</b>	<b>Legislated % of covered salaries</b>
<b>8514</b>	<b>Title I - Education of Disadvantaged Children</b>	<b>Based on prior year amount</b>
<b>8515</b>	<b>NCLB Title II, Eisenhower Professional Develop</b>	<b>Based on prior year amount</b>
<b>8810</b>	<b>Access Medical Assistance</b>	<b>One time increase in amount available</b>
<b>8820</b>	<b>Medical Assistance Transportation</b>	<b>Estimated eligible reimbursable expenditures</b>



# State Revenue and Variances

Draft

		A	B	C	D	E
		Budget	Projection	Proposed Final Budget	Variance - \$	Variance - %
	<u>State Revenue</u>	2015-2016	2015-2016	2016-2017	(C - B)	(D / B)
7110	Basic Instructional Subsidy	\$3,186,363	\$3,186,363	\$3,186,363	\$0	0.00%
7160	State Section 1305 & 1306	\$59,293	\$59,293	\$68,465	\$9,172	15.47%
7271	Special Education	\$2,290,935	\$2,220,807	\$2,220,807	\$0	0.00%
7310	Transportation	\$1,588,878	\$1,788,878	\$1,737,529	(\$51,349)	-2.87%
7320	Rentals and Sinking Fund Pymnt	\$338,379	\$0	\$338,171	\$338,171	-
7330	Medical and Dental Services	\$157,596	\$157,596	\$154,888	(\$2,708)	-1.72%
7340	State Property Tax Reduction	\$2,099,834	\$2,099,834	\$2,099,990	\$156	0.01%
7505	Ready to Learn Block Grant	\$147,247	\$168,039	\$147,247	(\$20,792)	-12.37%
7810	Social Security	\$2,210,964	\$2,242,008	\$2,146,980	(\$95,028)	-4.24%
7820	Retirement Payments (PSERS)	\$7,249,691	\$7,117,678	\$8,353,967	\$1,236,289	17.37%
	<b>Total</b>	<b>\$19,329,180</b>	<b>\$19,040,496</b>	<b>\$20,454,407</b>	<b>\$1,413,911</b>	<b>7.43%</b>

# Federal Revenue and Variances

Draft

		A	B	C	D	E
		Actual	Actual	Actual	Projection	Proposed Final
	<u>Federal Revenue</u>	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
8514	Title I - Education of Disadvantaged Children	\$159,656	\$135,707	\$155,201	\$411,473	\$369,057
8515	NCLB Title II, Eisenhower Professional Develop	\$84,261	\$78,762	\$78,930	\$80,581	\$64,389
8810	Access Medical Assistance	\$850,000	\$555,181	\$565,711	\$270,000	\$350,000
8820	Medical Assistance Transportation	\$29,467	\$10,922	\$10,120	\$24,250	\$22,500
	<b>Total</b>	<b>\$1,123,384</b>	<b>\$780,572</b>	<b>\$809,962</b>	<b>\$786,304</b>	<b>\$805,946</b>
		Budget	Projection	Proposed Final	Variance - \$	Variance - %
		2015-2016	2015-2016	2016-2017	(C - B)	(D / B)
8514	Title I - Education of Disadvantaged Children	\$139,057	\$411,473	\$369,057	(\$42,416)	-10.31%
8515	NCLB Title II, Eisenhower Professional Develop	\$78,871	\$80,581	\$64,389	(\$16,192)	-20.09%
8810	Access Medical Assistance	\$350,000	\$270,000	\$350,000	\$80,000	29.63%
8820	Medical Assistance Transportation	\$24,250	\$24,250	\$22,500	(\$1,750)	-7.22%
	<b>Total</b>	<b>\$592,178</b>	<b>\$786,304</b>	<b>\$805,946</b>	<b>\$19,642</b>	<b>2.50%</b>

# 2014-15 Year-end Variances

Draft

## ◆ REVENUES

- Interim Billing  
+\$244,000
- Transfer Tax  
+\$451,000
- Delinquent Taxes to Collection  
- \$401,000
- Interest Income  
- \$75,000
- Facility Rentals  
+\$135,000
- All Other Local Revenue  
+\$159,000
- State Retirement/Social Security for Salary Expenditures  
+\$130,000
- State Funding: Basic Ed, Spec Education., Transportation, Accountability Grant, Tuition  
+\$720,000
- Federal Grant and Draw Down of Federal ACCESS Funds  
-\$282,000

# 2013-14 Year-end Variances

Draft

## ◆ REVENUE VARIANCES

- Result of Appeals (primarily Vanguard)  
+\$314,000
- Result of Transfer Tax from Large Property Sales  
+\$775,000
- Result of Fewer Delinquent Taxes to Collection  
- \$185,000
- Result of Lower Interest Rates  
- \$187,000
- Result of Averages used for Other Local Revenue  
+\$82,000
- Result of Retirement/SS from the State related to Salary Expenditures  
-\$405,000
- Result of State Funding for Basic Ed, Spec Ed Contingency, and Transportation  
+\$283,000
- Result of Reduction in Federal Grant and Draw Down of Federal ACCESS Funds  
-\$41,000

# 2012-13 Year-end Analysis

Draft

## ◆ REVENUE VARIANCES

- Result of Vanguard Appeal, Revenue not Budgeted but held in Escrow for 2011-2012 and 2012-2013
  - +\$1,198,000
  - +\$666,900
- Result of Assessment Appeals more Favorable than Budgeted
  - +\$240,750
- Result of Transfer Tax from Large Property Sales
  - +\$433,000
- Result of Refund from IBC Due to New Services Agreement
  - +\$332,000
- Result of Draw Down of Federal ACCESS Funds
  - +\$285,500
- Result of Lower Interest Rates
  - \$720,000
- Result of Retirement/SS not received from the State related to salary budget
  - \$194,000

# Looking Ahead to 2017-2018

Draft

(\*assuming a 2016-2017 Tax Rate Increase of 3.875%)

1	<b>*2017-18 Projected Operating Deficit</b>	<b>(\$3,954,853)</b>
2	Projected Act 1 Index of 2.2%	\$2,200,000
3	Referendum Exception PSERS (Est.)	\$360,000
4	Referendum Exception Special Ed (Est.)	\$80,000
	<b>Projected Budget Deficit</b>	<b>(\$1,314,853)</b>
5	New Employee CBAs/Agreements in 17-18	UNKNOWN
6	<b>Projected Budget Deficit</b>	<b>(\$1,314,853)</b>

# Looking Ahead to 2017-2018

Draft

		A	B	C	D	E
	<b>Assuming the 2016-2017 Tax Rate is</b>	<b>4.3% Tax Rate</b>	<b>3.875% Tax Rate</b>	<b>3.35% Tax Rate</b>	<b>2.4% Tax Rate</b>	<b>0% Tax Rate</b>
		<b>2017-2018</b>	<b>2017-2018</b>	<b>2017-2018</b>	<b>2017-2018</b>	<b>2017-2018</b>
	<b>Revenues</b>					
1	Total Revenue from Local Sources	\$107,883,825	\$107,457,152	\$106,930,086	\$105,982,282	\$103,580,672
2	Revenue from State Sources	\$12,380,796	\$12,380,796	\$12,380,796	\$12,380,796	\$12,380,796
3	PSERS Subsidy from State	\$9,191,345	\$9,191,345	\$9,191,345	\$9,191,345	\$9,191,345
4	Total Revenue from Federal Sources	\$750,587	\$750,587	\$750,587	\$750,587	\$750,587
5	<b>Total Revenues</b>	<b>\$130,206,553</b>	<b>\$129,779,880</b>	<b>\$129,252,814</b>	<b>\$128,305,011</b>	<b>\$125,903,400</b>
	<b>Expenditures</b>					
6	Salaries	\$57,654,052	\$57,654,052	\$57,654,052	\$57,654,052	\$57,654,052
7	Benefits	\$16,686,068	\$16,686,068	\$16,686,068	\$16,686,068	\$16,686,068
8	PSERS Expenditures	\$18,382,690	\$18,382,690	\$18,382,690	\$18,382,690	\$18,382,690
9	Other Expenditures	\$41,011,924	\$41,011,924	\$41,011,924	\$41,011,924	\$41,011,924
10	<b>Total Expenditures</b>	<b>\$133,734,734</b>	<b>\$133,734,734</b>	<b>\$133,734,734</b>	<b>\$133,734,734</b>	<b>\$133,734,734</b>
11	<b>Projected Budget Deficit</b>	<b>(\$3,528,180)</b>	<b>(\$3,954,853)</b>	<b>(\$4,481,919)</b>	<b>(\$5,429,723)</b>	<b>(\$7,831,334)</b>
12	Projected Act 1 Index of 2.2%	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
13	Exception PSERS (Est.)	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
14	Exception Special Ed (Est.)	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
15	New Employee CBAs/Agreements	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
16	<b>Projected Budget Deficit</b>	<b>(\$888,180)</b>	<b>(\$1,314,853)</b>	<b>(\$1,841,919)</b>	<b>(\$2,789,723)</b>	<b>(\$5,191,334)</b>