

BELLEFONTE AREA SCHOOL DISTRICT



BUDGETING 101

- June 27, 2006 – the Pennsylvania legislature passed Act 1 of Special Session 2006, entitled the “Taxpayer Relief Act” (hereinafter “Act 1”).
- Act 1 requires school districts to limit tax increases to the level set by an inflation index unless the tax increase is approved by voters in a referendum or the school district obtains certain referendum exceptions from the PA Department of Education (PDE) or Court of Common Pleas.
- Bellefonte has applied for and received these exceptions but has not used them to date. In other words, the District tax increases have reached the ACT 1 index but have never been more and in most cases have been below the index.
- PDE calculates a base index and an adjusted index for district’s with an aid ratio higher than 0.40. Aid ratio is a measurement of a District’s relative wealth. The lower the ratio the wealthier the district.

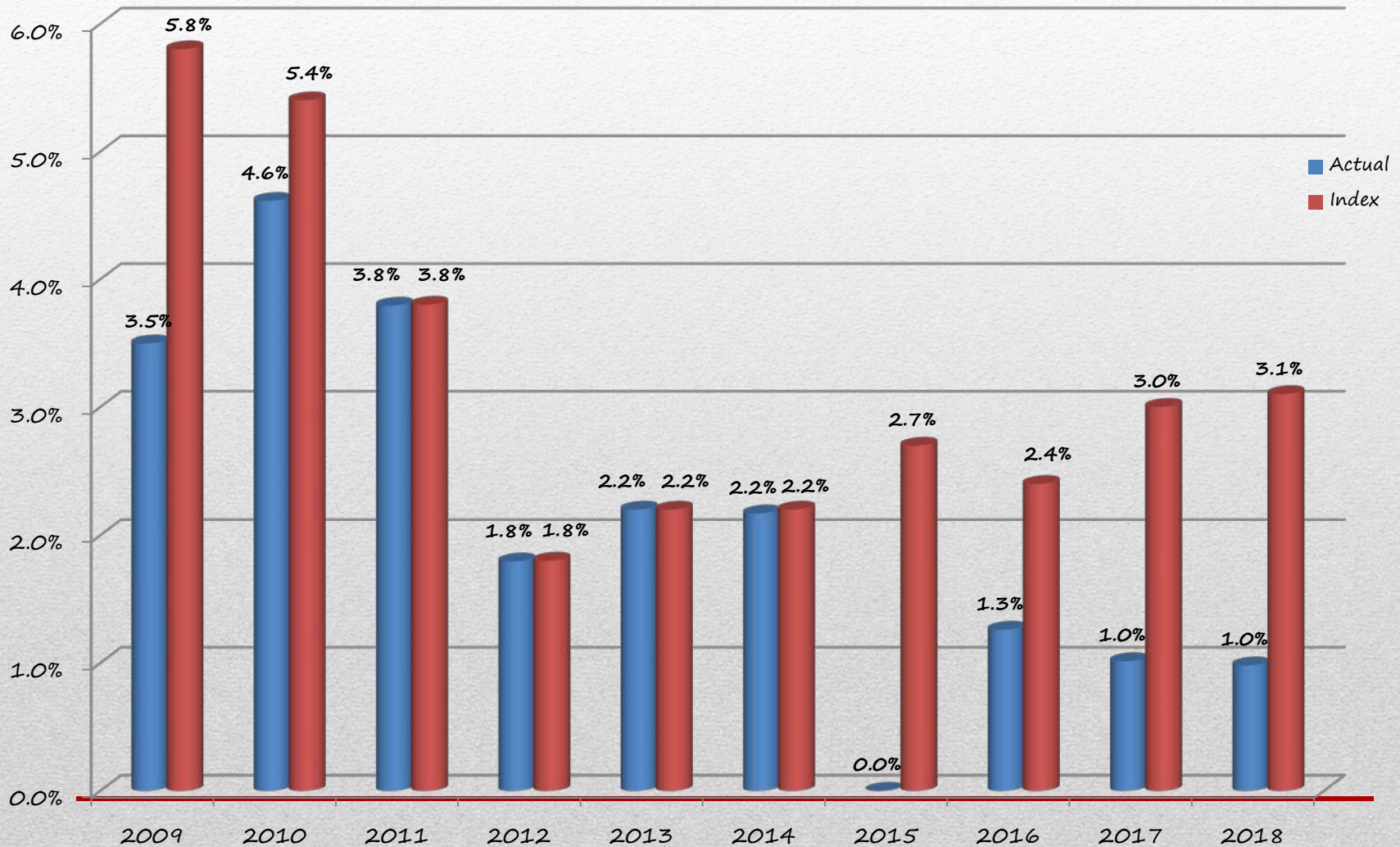
ACT 1 INDEX

SCHOOL DISTRICT ADJUSTED INDEX

Prepared by the Pennsylvania Department of Education

<u>District</u>	<u>2018-19</u> <u>Index</u>	<u>2017-18</u> <u>Index</u>	<u>2016-17</u> <u>Index</u>	<u>2015-16</u> <u>Index</u>
Bald Eagle Area SD	3.2%	3.4%	3.3%	2.6%
Bellefonte Area SD	3.0%	3.1%	3.0%	2.4%
Penns Valley Area SD	3.0%	3.1%	3.0%	2.4%
State College Area SD	2.4%	2.5%	2.4%	1.9%

Bellefonte Area School District Millage Increase vs. ACT 1 Index



LOCAL (\$30,166,535)

REAL ESTATE TAXES

EARNED INCOME TAXES

REAL ESTATE TRANSFER

INTEREST INCOME

STATE (\$16,433,465)

BASIC EDUCATION

SPECIAL EDUCATION

TRANSPORTATION

SOCIAL SECURITY

RETIREMENT

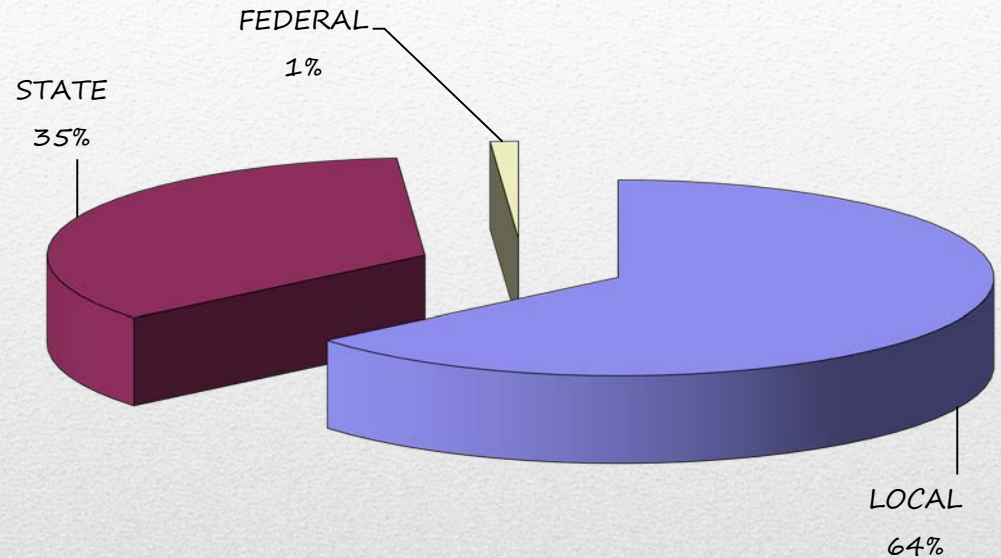
FEDERAL (\$565,000)

TITLE I

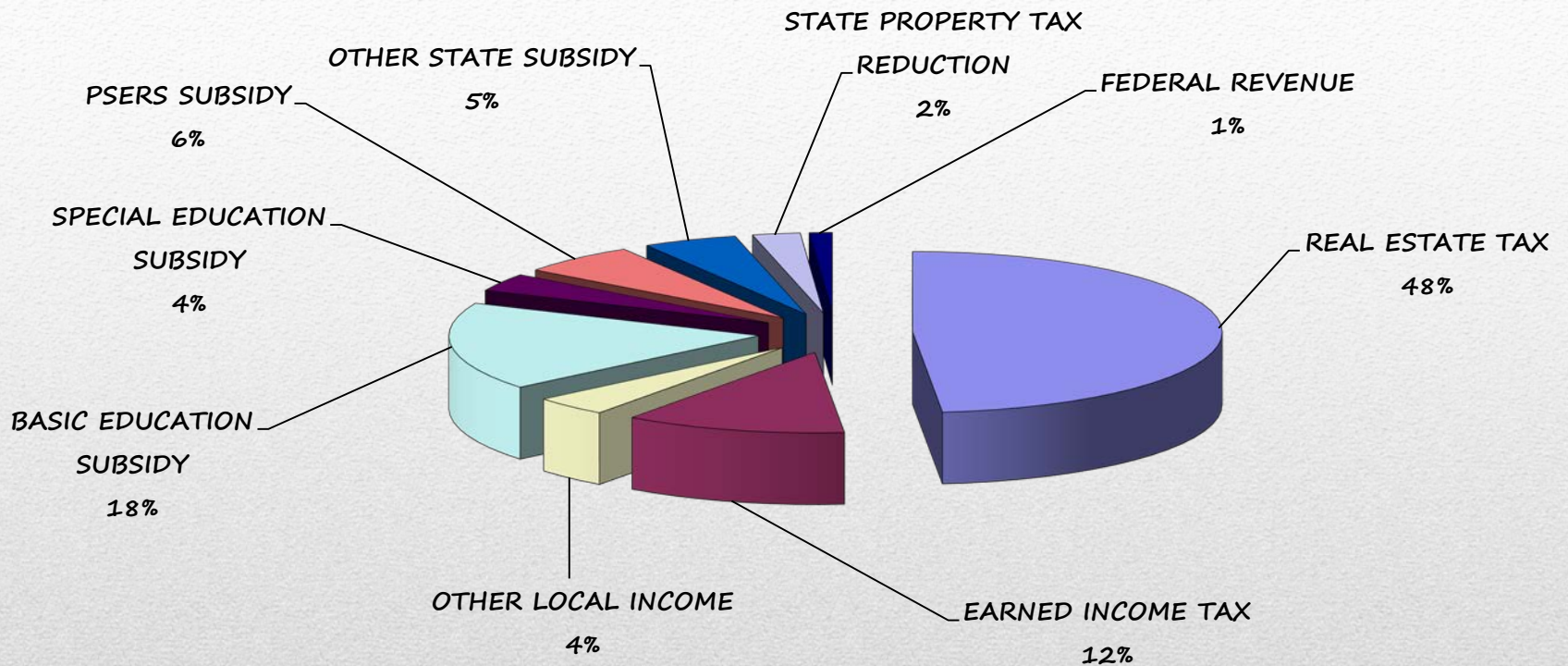
TITLE II

Budgeted Revenue

2017-2018



REVENUES



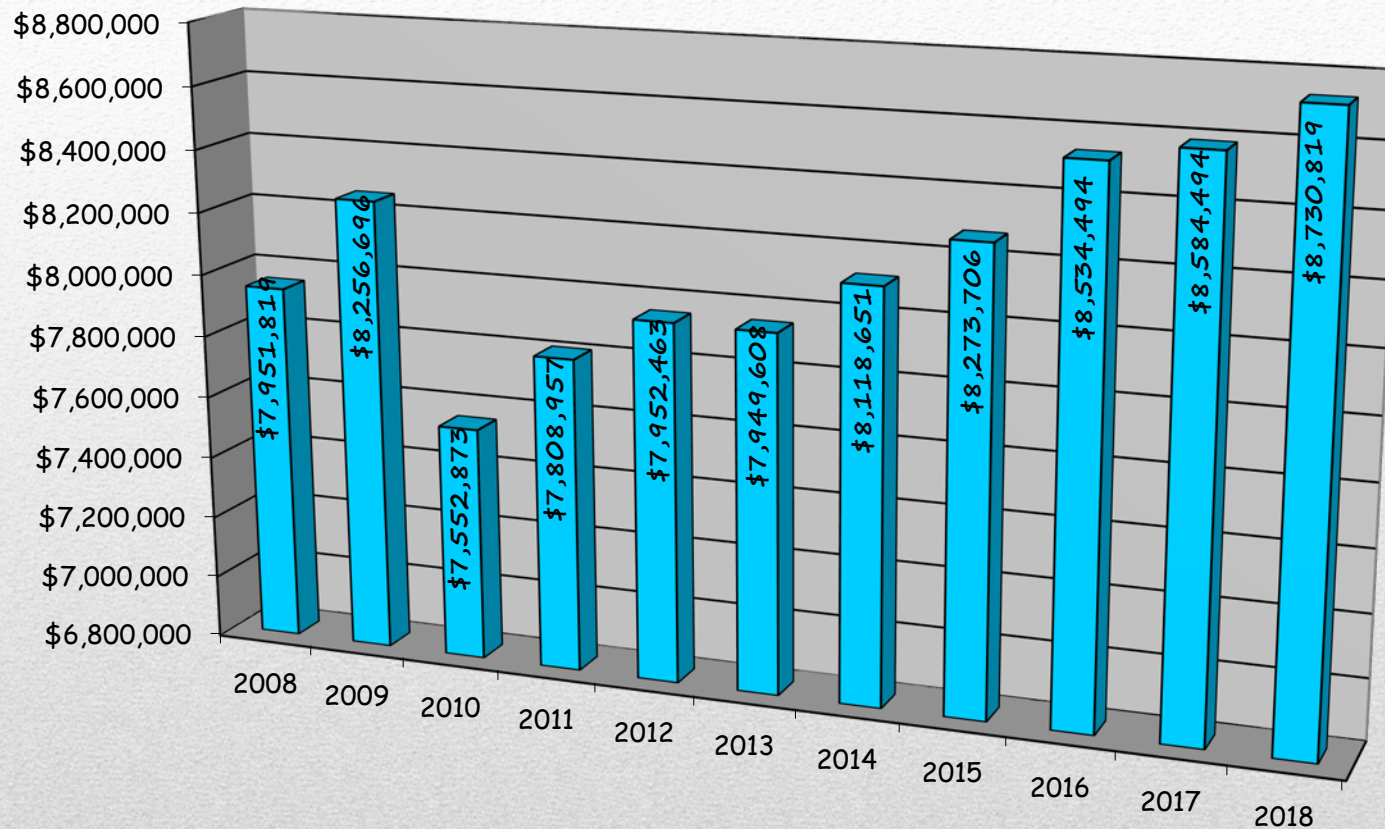
TOTAL REVENUE

FY	Assessed Valuation			Mills			Tax Levy			Collections				Percent
	Increase			Inc.			Increase			STATE	Increase (Decrease)			of Taxes
	Actual	(Decrease)	%	Actual	(Dec)	%	Actual	(Decrease)	%	ALLOCATION	Actual		%	Collected
2010 A	459,665,980	11,502,543	2.57%	42.975	1.895	4.6%	18,583,140	1,342,709	7.79%	1,173,252	17,610,344	1,227,945	7.50%	94.8%
2011 A	471,291,887	11,625,907	2.53%	44.605	1.630	3.8%	19,872,134	1,288,994	6.94%	1,173,339	18,792,001	1,181,657	6.71%	94.6%
2012 A	479,152,159	7,860,272	1.67%	45.4050	0.800	1.8%	20,582,657	710,523	3.58%	1,173,247	19,596,292	804,291	4.28%	95.2%
2013 A	489,402,424	10,250,265	2.14%	46.4039	0.999	2.2%	21,536,893	954,236	4.64%	1,173,230	20,564,181	967,889	4.94%	95.5%
2014 A	495,263,749	5,861,325	1.20%	47.4107	1.007	2.2%	22,308,372	771,479	3.58%	1,173,419	21,304,602	740,421	3.60%	95.5%
2015 A	500,063,339	4,799,590	0.97%	47.4107	0.000	0.0%	22,534,945	226,573	1.02%	1,173,959	21,554,110	249,508	1.17%	95.6%
2016 A	504,422,039	4,358,700	0.87%	48.0078	0.597	1.3%	23,043,293	508,348	2.26%	1,172,995	22,173,174	619,064	2.87%	96.2%
2017 A	508,923,185	4,501,146	0.89%	48.4941	0.486	1.0%	23,506,112	462,819	2.01%	1,173,656	22,582,852	409,678	1.85%	96.1%
2018 B	515,284,700	6,361,515	1.25%	48.9694	0.4753	1.0%	24,059,837	553,725	2.36%	1,173,346	22,736,535	153,683	0.68%	94.5%

REAL ESTATE TAX

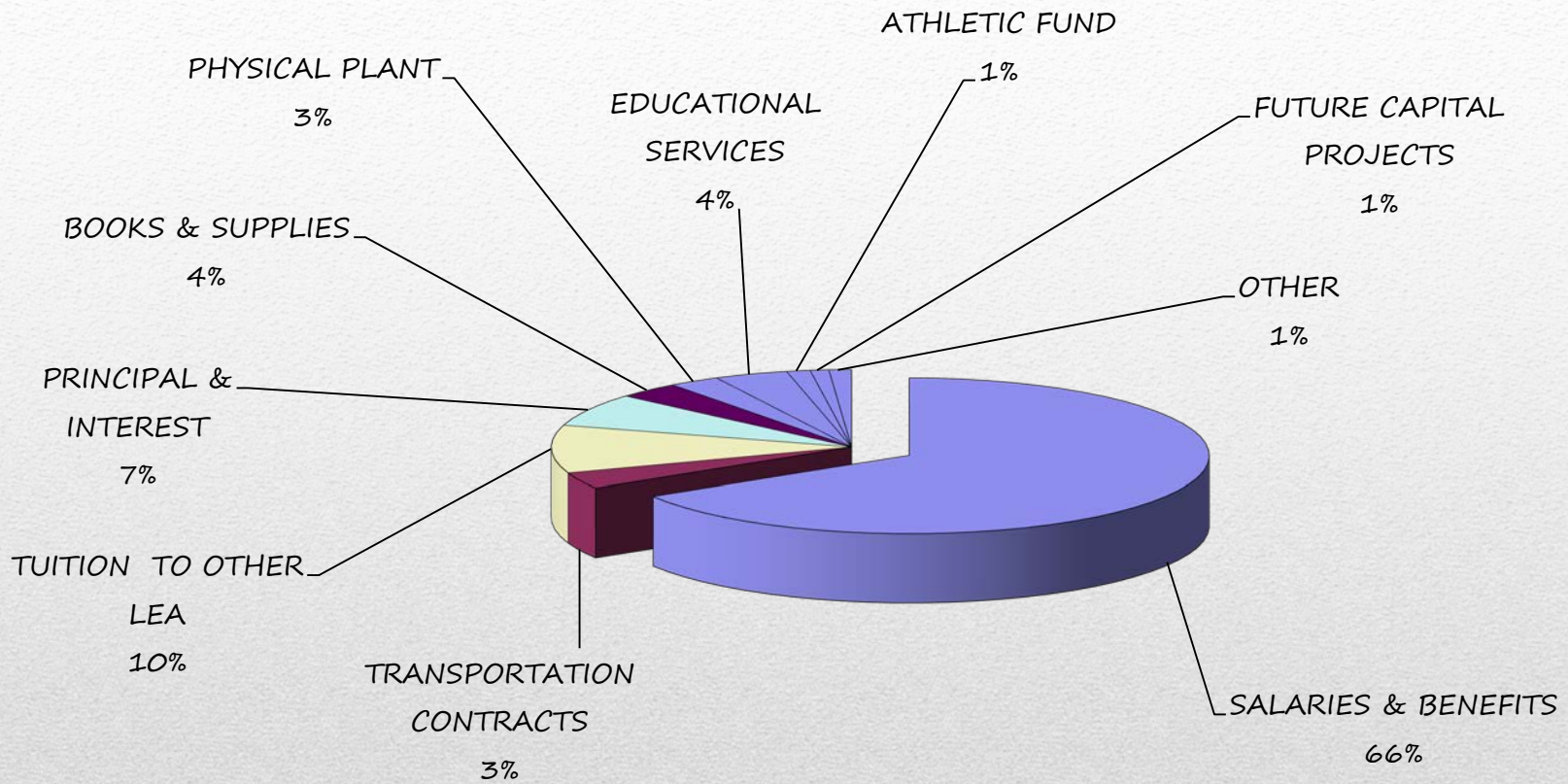
- LOCAL TAX USUALLY WITHHELD FROM PAYCHECK
- DISTRICT RATE IS 1.05% WITH ADDITIONAL 0.50% FOR EACH MUNICIPALITY EXCEPT FOR BELLEFONTE BOROUGH WHICH IS 0.60%
- RATE DETERMINED BY WHERE YOU LIVE NOT WHERE YOU WORK

EARNED INCOME TAX



BASIC EDUCATION SUBSIDY

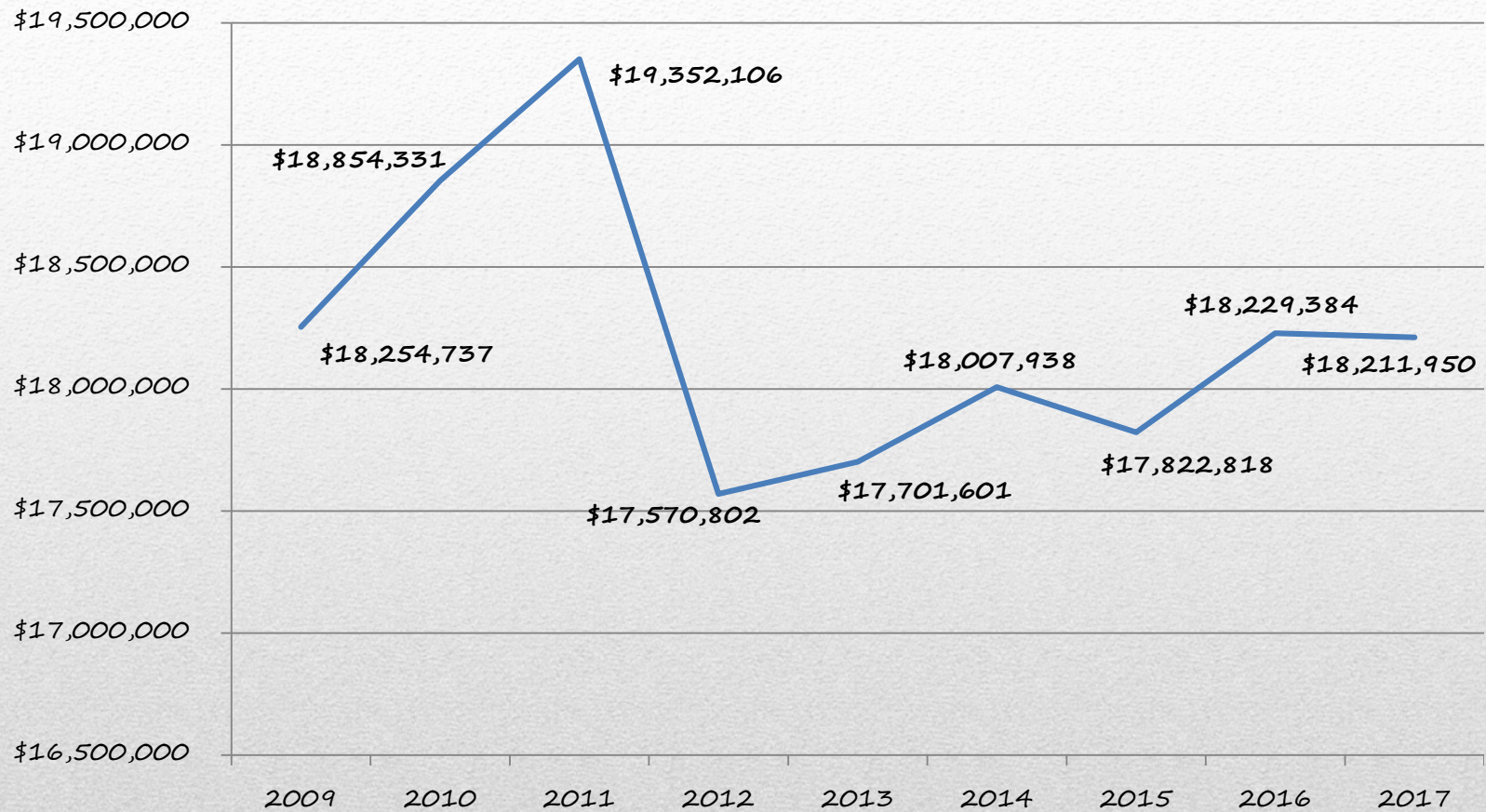
(includes ABG/RTL Grants)



EXPENDITURES

- Professional Staff (teachers, librarians, nurses, counselors & psychologists) governed by contract with Bellefonte Area Education Association (2015-2020)
- Support Staff (para educators, cafeteria, custodial, secretarial, maintenance, clerks) governed by contract with Bellefonte Area Educational Support Professionals Association (2015-2019)
- Administrators governed by ACT 93 (per school code) contract (2016-2021)
- Superintendent, Assistant Superintendent, Business Manager and Human Resource Director governed by individual employment contracts

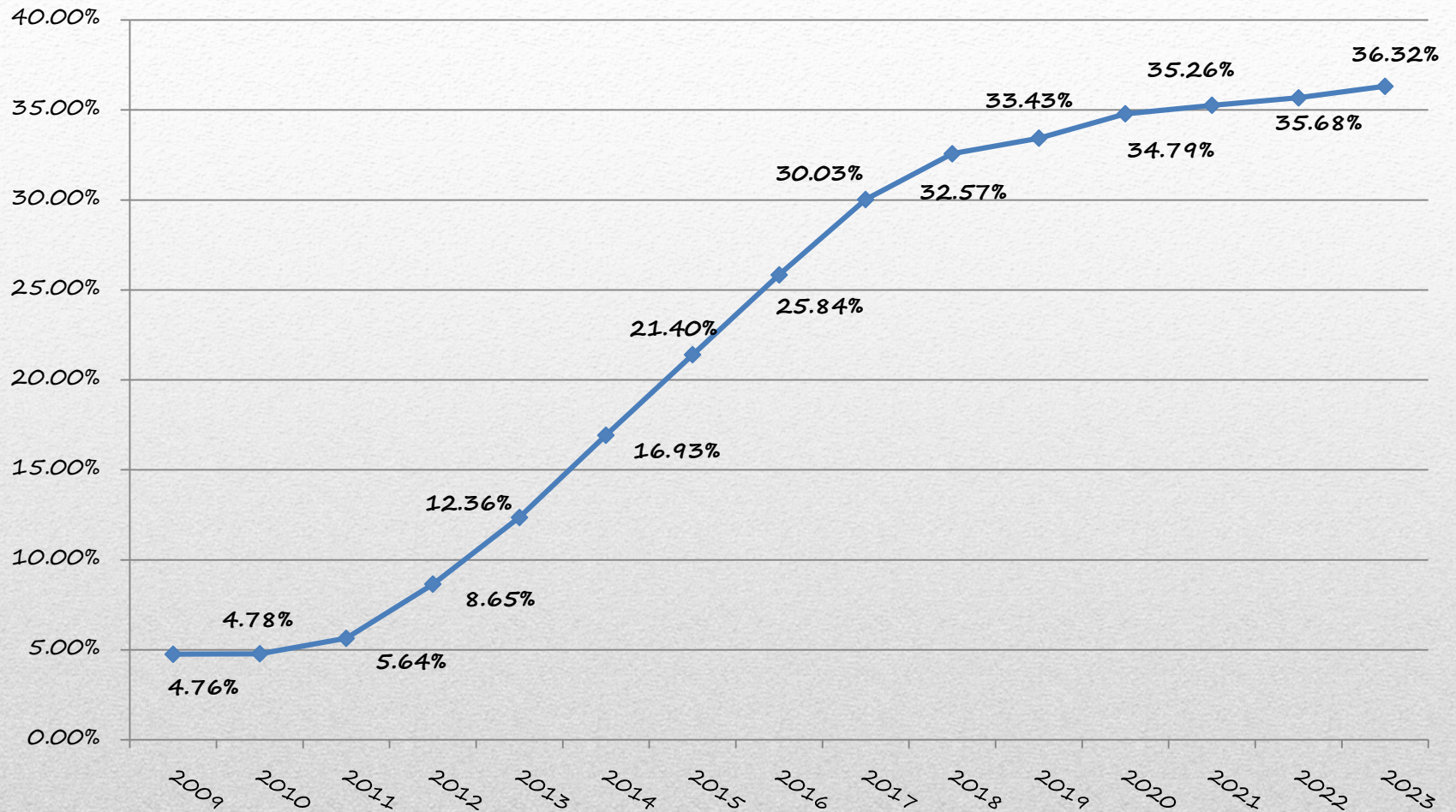
EMPLOYMENT CONTRACTS



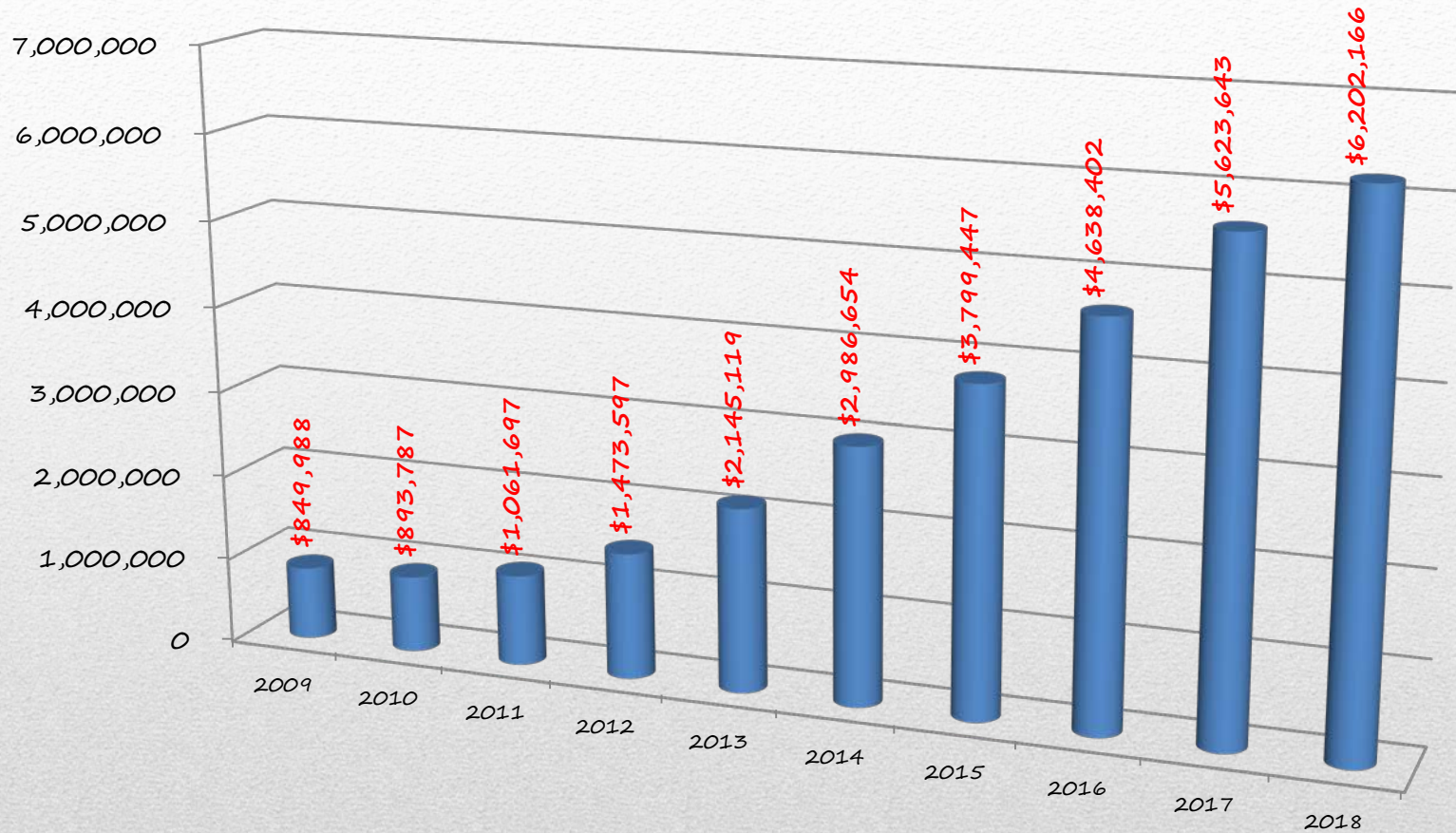
SALARIES

- District has a self-funded health insurance trust which uses a PPO (preferred provider organization) for its health insurance vehicle.
- PSERS (PA School Employees Retirement System) sets the rate that all PA school districts pay for its employee retirement contributions. Employees also contribute a fixed amount through payroll deductions.
- Funds are controlled and disbursed by PSERS and the District has no voice in the rates being set.
- The District also offers life insurance, AD&D, workers comp and tuition reimbursement benefits to employees.

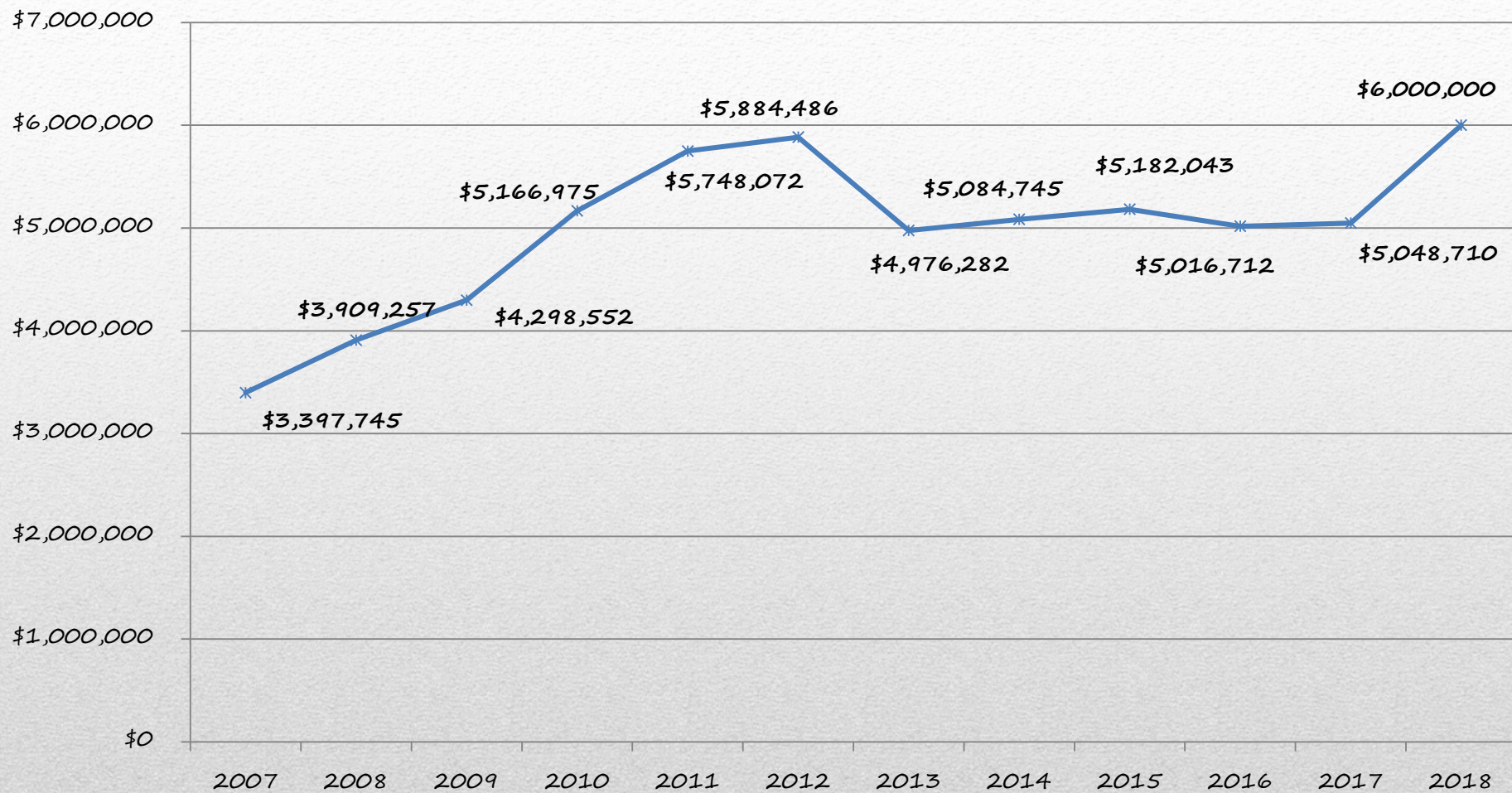
BENEFITS



FUTURE PSERS RATES



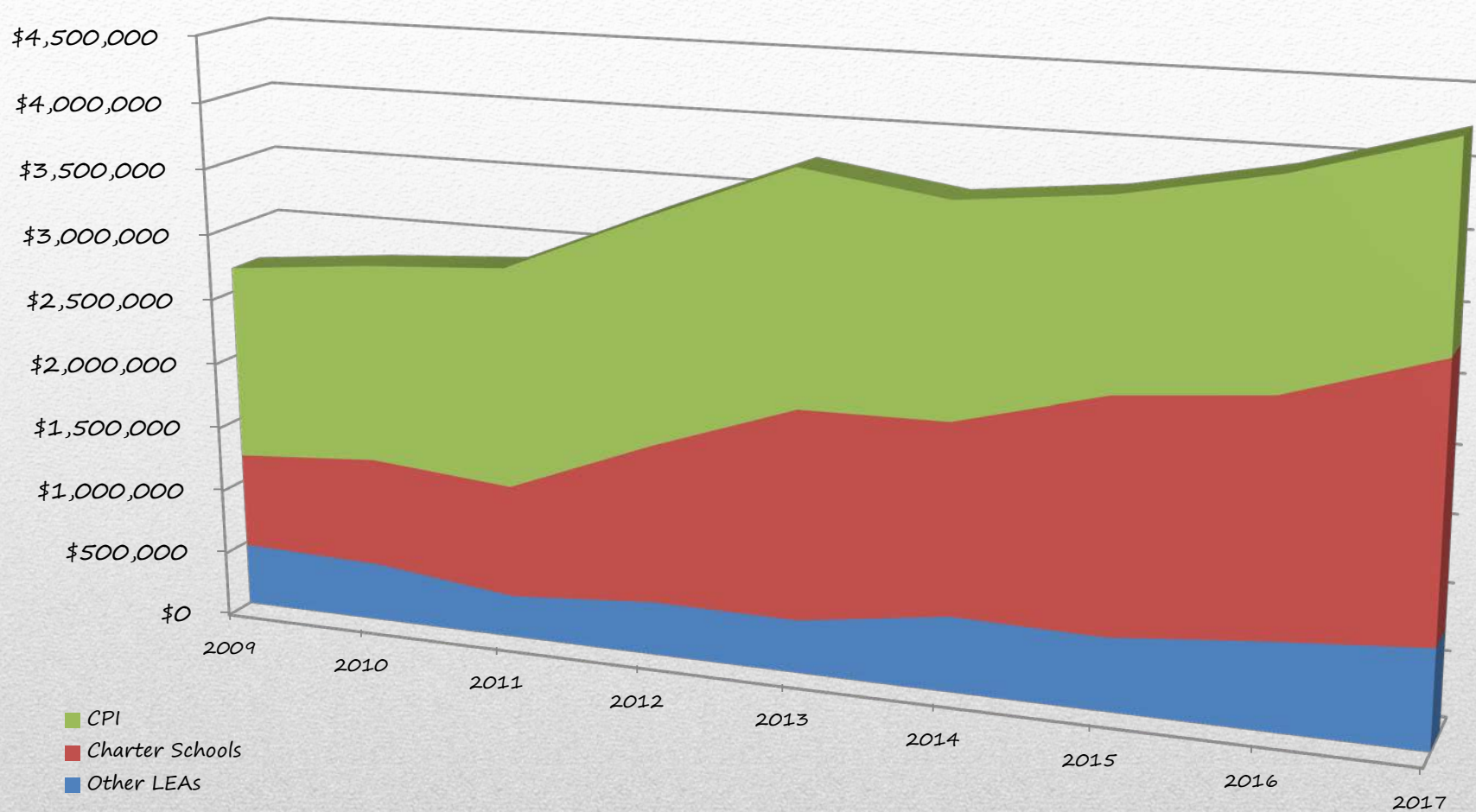
PSERS COSTS



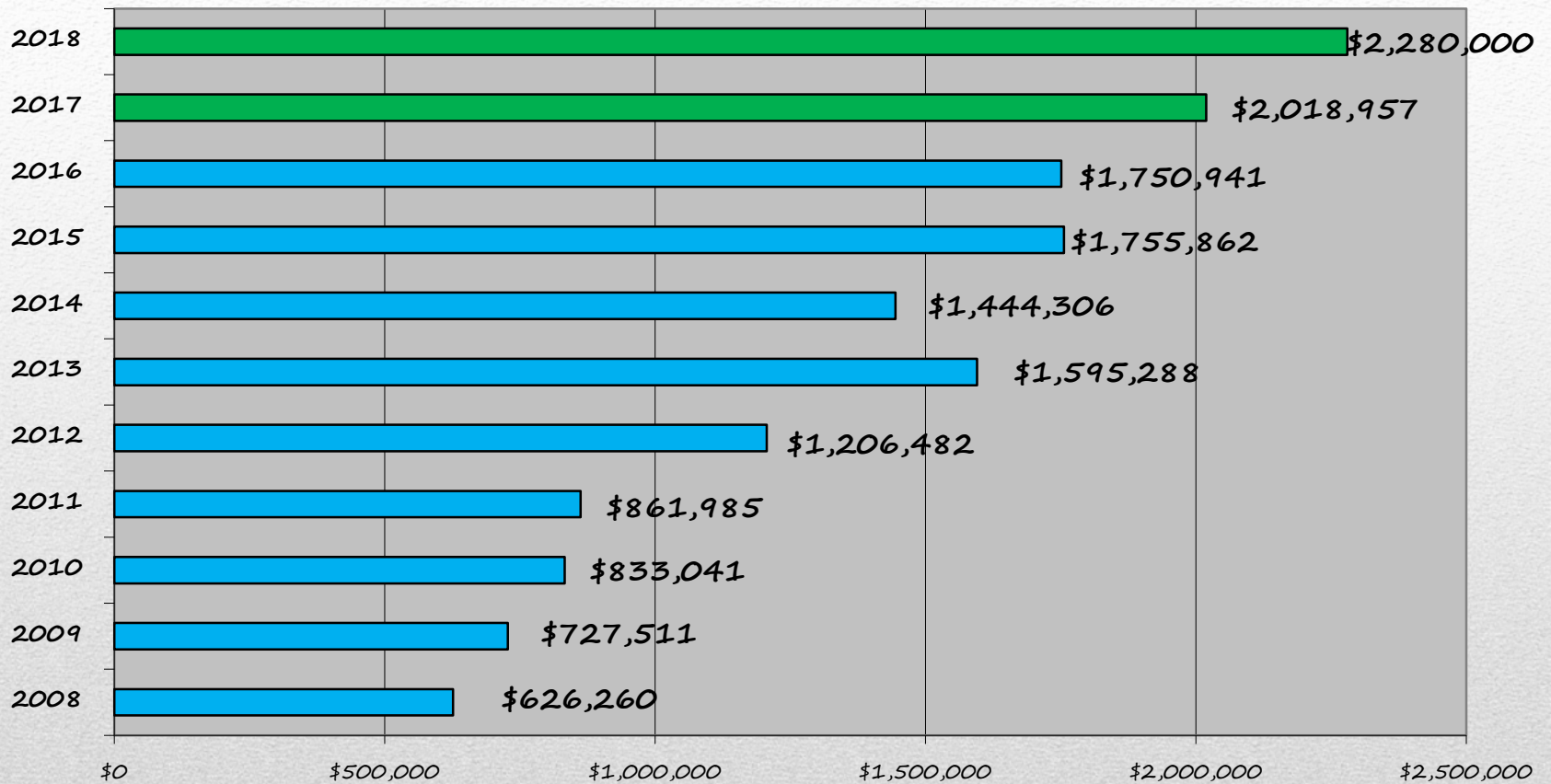
HEALTH INSURANCE

- District students in grades 9 - 12 attend the CPI (Central PA School of Science & Technology) in ½ day increments. The other ½ day is spent at the High School for core classes.
- CPI tuition rates are set by the JOC (joint operating committee) which is comprised of members from the three sending schools (PV, BEA and Bellefonte). Each district's tuition costs are based on the number of students from each school attending the CPI.
- Charter schools are defined as public schools by the PA School Code. Charter schools can be either a cyber school (on-line) or an actual school building. Tuition is "free" to the sending family but the home district of that student must pay tuition to the Charter school, which results in expense of taxpayer dollars.
- The District also pays tuition costs to other LEAs (local education agencies). This tuition is primarily for special education students who require specialized education needs. Schools are located throughout PA and on some occasions out of state.

TUITION COSTS



TUITION COSTS



CHARTER SCHOOL COSTS

- The District issues or “sells” bonds to investors in order to raise funds for capital expenditures (new or renovated buildings, etc).
- The District makes principal and interest payments on these bonds similar to a mortgage.
- The District can from time to time “refund” these bond issues to obtain a lower interest rate and therefore a lower payment (similar to refinancing your mortgage).
- The District has a bond rating which is a tool for investors to “rate” a District’s financial strength.
- Bellefonte’s bond rating is Aa3 which reflects a very healthy financial position and a strong credit position.

BONDS

	BALANCE	PRINCIPAL	BALANCE	PAID OFF	<u>ANNUAL DEBT SERVICE</u>		
<u>DEBT INSTRUMENT</u>	<u>JUNE 2017</u>	<u>DUE 2018</u>	<u>JUNE 2018</u>	<u>DATE</u>			
					2018-2019	\$3,971,606	
2007 Bond	\$7,709,458	\$90,000	\$7,619,458	8/2023	2019-2020	3,972,390	
2008 Bond	1,800,000	200,000	1,600,000	1/2028 (1)	2020-2021	3,977,520	
2011 Bond	135,000	135,000	0	5/2018	2021-2022	3,980,463	
2012 Bond	8,755,000	145,000	8,610,000	5/2026	2022-2023	3,981,064	
2013 Bond	5,235,000	1,215,000	4,020,000	5/2021	2023-2024	3,982,887	
2016 Bond	9,505,000	470,000	9,035,000	5/2026	2024-2025	3,951,469	
ACT 77 Note	139,711	46,865	92,846	7/2020	2025-2026	3,947,588	
Land Note	<u>1,678,366</u>	<u>97,027</u>	<u>1,581,339</u>	11/2031	2026-2027	3,388,831	\$3,196,600
							Balloon payment 2008 Bond
	<u>\$34,957,535</u>	<u>\$2,398,892</u>	<u>\$32,558,643</u>		2027-2028	3,347,950	\$3,155,719
							Balloon payment 2008 Bond
(1) Balloon payments 2027 & 2028					2028-2029	192,231	
					2029-2030	192,231	
					2030-2031	192,231	
					2031-2032	\$80,096	

DEBT SERVICE

- Fund Balance is the same as retained earnings in a business or a savings account for an individual.
- Fund Balance is set by Board policy at 7.0% of budgeted expenditures.
- Fund Balance in excess of 7.0% is used to reduce taxpayer burden the following year.
- Fund Balance is necessary to cover any unplanned costs or emergencies.
- Fund Balance is also important to absorb the uneven cash flow during the year.

FUND BALANCE

January 23, 2018

	<u>ACTUAL</u> <u>15-16</u>	<u>ACTUAL</u> <u>16-17</u>	<u>BUDGET</u> <u>17-18</u>	<u>BUDGET</u> <u>18-19</u>	<u>INC (DEC)</u> <u>17-18</u>	<u>PERCENT</u> <u>INC (DEC)</u>	<u>% OF EACH</u> <u>CATEGORY</u>
BEGINNING FUND BALANCE	\$8,951,048	\$9,197,962	\$9,319,217	\$6,404,217	(\$2,915,000)	-31.3%	
REVENUES:							
6000 Local Sources	29,830,481	30,793,609	30,166,535	33,026,980	2,860,445	9.5%	67.1%
7000 State Sources	15,532,695	16,282,822	16,433,465	15,667,220	(766,245)	-4.7%	31.8%
8000 Federal Sources	672,856	653,289	565,000	555,000	(10,000)	-1.8%	1.1%
9000 Other Sources	0	0	0	0	0	0.0%	0.0%
TOTAL REVENUE	46,036,032	47,729,720	47,165,000	49,249,200	2,084,200	4.4%	100.0%
EXPENDITURES:							
100 Salaries	18,229,384	18,211,951	19,021,081	19,529,219	508,138	2.7%	37.5%
200 Benefits	11,401,969	12,296,501	14,139,124	14,556,761	417,637	3.0%	28.0%
300 Professional Services	1,495,862	1,511,476	1,685,770	1,764,445	78,675	4.7%	3.4%
400 Purchased Services	2,055,142	1,954,642	1,726,882	1,810,963	84,081	4.9%	3.5%
500 Other Purchased Services	6,237,836	6,601,246	7,202,154	7,534,120	331,966	4.6%	14.5%
600 Supplies	1,506,920	1,515,122	1,481,406	1,580,000	98,594	6.7%	3.0%
700 Property	163,227	419,560	302,750	250,000	(52,750)	-17.4%	0.5%
800 Other Objects	1,305,394	1,098,104	1,286,095	1,164,927	(121,168)	-9.4%	2.2%
900 Other Uses of Funds	3,220,442	2,999,863	3,234,738	3,824,565	589,827	18.2%	7.4%
TOTAL EXPENDITURES	45,616,176	46,608,465	50,080,000	52,015,000	1,935,000	3.9%	100.0%
COMMITTED FUND BALANCE	172,942	1,000,000		0			
EXCESS/(DEFICIT) OF REVENUE OVER EXPENDITURES	246,914	121,255	(2,915,000)	(2,765,800)	149,200		
ENDING FUND BALANCE	\$9,197,962	\$9,319,217	\$6,404,217	\$3,638,417			
Real Estate Tax Millage	48.0078	48.4941	48.9694	51.3040	2.3346		
Fund Balance %	20.2%	20.0%	12.8%	7.0%			
Act 1 Base Index	1.9%	2.4%	2.5%	2.4%			
Act 1 Adjusted Index	2.4%	3.0%	3.1%	3.0%			
Allowable Exceptions	\$367,356	\$750,223	\$426,936	TBD			

300 PROFESSIONAL SERVICES

Professional Educational Services

KELLY Substitute Services

Consultants-Other

Audit

Spring Township Crossing Guards

Technical Services

Other Legal Services

Security/Safety Services

Other Pur Prof Services

400 PURCHASED SERVICES

Refuse

Laundry Services

Natural Gas

Electricity

Water/Sewage

Repairs & Maintenance-Buildings

Repairs & Maintenance-Equipment

Repairs & Maintenance-Vehicles

Rental- Land & Building

Rental-Equipment

STATE ACCOUNT CODING

500 OTHER PURCHASED SERVICES

Contracted Carriers
Transportation-IU
Insurance
Communications
Postage
Advertising
Printing & Binding
Tuition-PA LEAs
Tuition-Charter Schools
Tuition-NLS
Tuition-CPI
Tuition-Private Schools Rehab
Travel
Purchased Services-Local
IU Payments W/Held-Special Class

600 SUPPLIES

Supplies
Supplies-Bid
Supplies-Paper
Supplies -Software
Natural Gas
Oil
Gasoline
Diesel Fuel
Refreshments
Books & Periodicals

STATE ACCOUNT CODING

700 PROPERTY

New Equipment

Software

Replacement Equipment

800 OTHER OBJECTS

Dues & Fees

Intramurals

Interest-Loans

Interest-Bonds

Grants-Municipal & Community Org

Refund of Prior Years' Receipts

Miscellaneous

900 OTHER USES OF FUNDS

Principal Payments-Loans

Principal Payments-Bonds

Principal Payments-Other

Athletic Fund Transfers

Food Service Fund Transfers

Misc Other Financing Uses

STATE ACCOUNT CODING

- ❖ Posted on district web site
www.basd.net under school board tab
- ❖ Superintendent – Dr. Michelle R. Saylor
phone: 355-4814 x3002
email: msaylor@[basd.net](mailto:msaylor@basd.net)
- ❖ Business Manager – Kenneth G. Bean Jr., CMA
phone: 355-4814 x3015
email: kbean@basd.net

QUESTIONS/RESOURCES
