

Quakertown Community School District



Preliminary Budget Presentation 2018/2019

Presented January 25, 2018
Finance Committee Meeting

Agenda

1. Preliminary Budget – What is it?
2. Budget Terminology
3. Budget Timeline
4. 2018/2019 Budget Priorities
5. 2018/2019 Primary Cost Drivers
6. 2018/2019 Capital Projects
7. Average Teacher/Administrative Costs
8. Trends – 6 Year Analysis
9. Impact of Closing Milford Middle School and Tohickon Valley Elem.
10. 2017/2018 Estimated Revenues/Expenditures
11. Preliminary Budgets (3 Scenarios)
12. Exceptions
13. Next Steps
14. Attachments
15. Questions?



Preliminary Budget – What is it?

All School District Budgets complete financial forecast for a fiscal year (July – June), including both expenditures and revenues, based upon an educational plan.

The Preliminary Budget is adopted pursuant to the provisions of Act 1 and must be adopted 90 days prior to the primary election. The Preliminary Budget may be waived if the board commits to keep tax increases under the index.

Procedurally, adoption of the Preliminary Budget opens the budget process.



Budget Terminology

Act 1 Index

Act 1 Index – the maximum tax increase for each tax the school district levies (without PDE exception or voter approval)

Adjusted Act 1 Index – If your District has a MV/PI ratio higher than .40 your Act 1 Index is higher. QCSD's MV/PI ratio is .422

Base Index – 2.40%

QCSD's Index – 2.80%

A 2.80% increase in Mills adds \$1,790,344 of Real Estate Tax Revenue

MV/PI = A measure of a communities wealth (market value/personal income aid ratio)

QCSD = .422, Council Rock = .150, Bristol Borough = .610



Budget Terminology

Referendum Exceptions

A school district that adopts a preliminary budget with real estate taxes that exceed its index may seek approval for referendum exceptions to increase tax rates by **more than** its Adjusted Index. Quakertown Community School District (QCSD) is eligible for two of these Exceptions.

1.) Special Education Expenditure Exception

2.98% Additional Millage Potential Increase = \$1,845,227 in additional Real Estate Taxes

2.) Retirement Contributions Exception

0.26% Additional Millage Potential Increase = \$165,019 in additional Real Estate Taxes

The maximum tax increase for QCSD could be a total of 6.04%



Budget Calendar

QCSD Important Dates + Other Notable Dates

January 11, 2018

Preliminary Budget-Preview

January 25, 2018

Preliminary Budget Presentation (*Available to Public*)

Deadline to adopt Opt Out Resolution

February 8, 2018

Deadline to adopt the Preliminary Budget

Deadline to adopt the Preliminary Budget and

Authorize application for Referendum Exceptions

February 23, 2018

Deadline to publish and post on website intent to apply for
Exceptions

Feb./Mar./April, 2018

Refine the Budget

March 1, 2018

Deadline to file Referendum Request with PDE

April 26, 2018

Adopt Proposed Final Budget

June 14, 2018

Adopt Final Budget



2018/2019 Priorities

- **Fund Capital Maintenance** – \$1 million – Funded by General Fund
 - ◆ See Attachment for a list of potential projects
- **Renovation/Addition** – Neidig Elementary School
 - ◆ Funded by debt service in the General Fund
- **Additional Special Education Supports**
 - ◆ Teacher on special assignment to support Pfaff Elementary
 - ◆ Additional aide supports
 - ◆ Senior High School Assistant Principal (Special Education Focus)



2018/2019 Primary Cost Drivers

- **Increase in Medical/Rx Premiums** – Medical 12.13% and Rx 15.44% Increase
 - ◆ Medical/Rx – \$828,316
- **Special Education Initiatives/Requirements**
 - ◆ Family Focused Partnership (FFP) – \$144,000
 - Addresses ESSA Truancy Requirements
 - ◆ SAP Counselor – \$38,000
 - ◆ District Management Group (DMG) – \$70,000
 - ◆ Lakeside Counselor – \$87,000
 - ◆ BCIU Services – \$316,400
 - ◆ Student Transportation – \$301,000
 - ◆ BCIU Transportation – \$192,000
- **Debt Service (Interest and Principal)**
 - ◆ Neidig Elementary School/SHS – \$546,000
- **Capital Projects (\$1 Million Total)**
 - ◆ Capital Improvements – \$465,000
 - ◆ Demolition MMS – \$390,000

Total – \$3,367,716



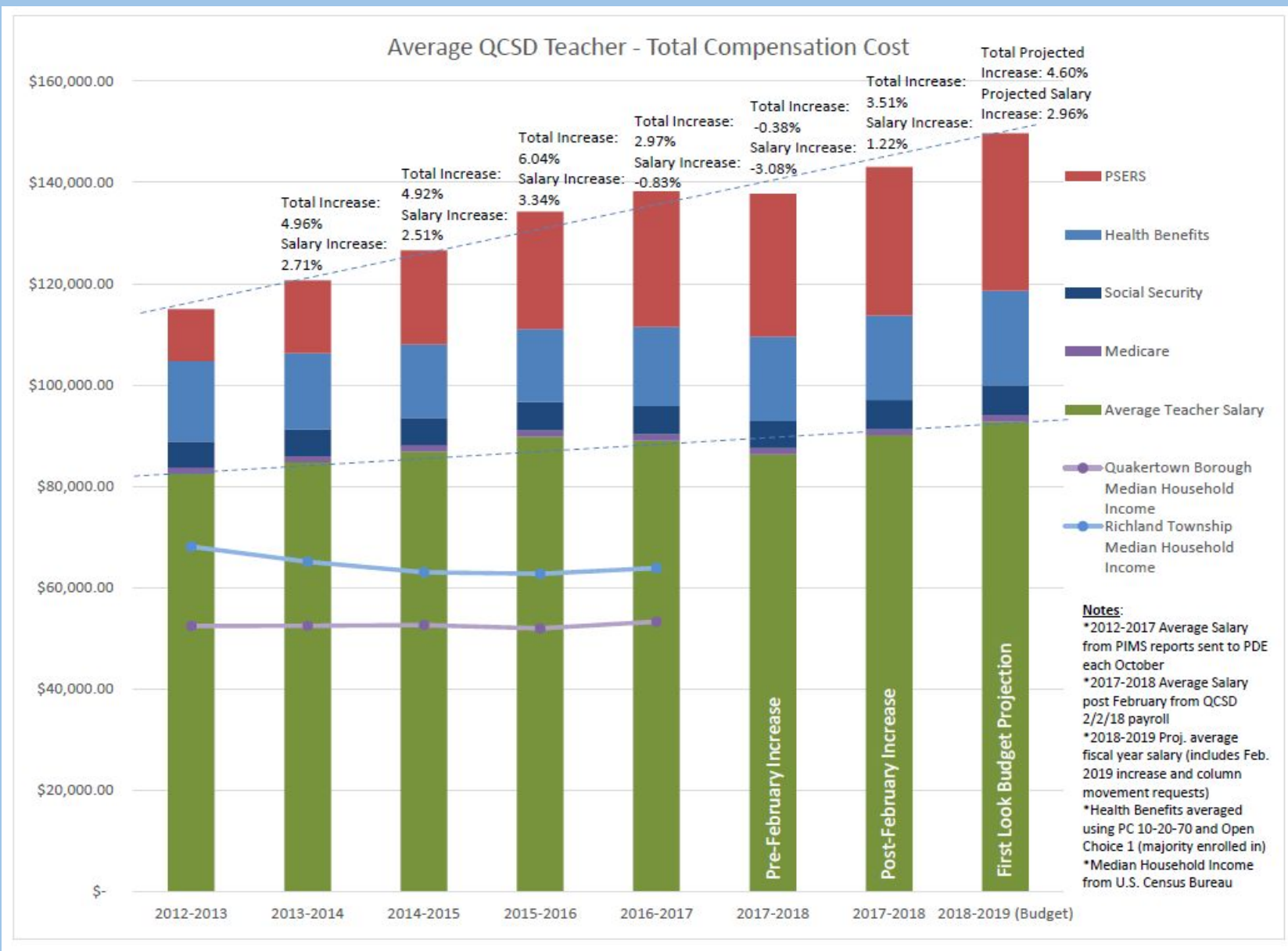
Capital Projects 2018-2019

| School | Facilities Study Schrader Group Report | Project | Cost |
|---|--|---|-----------|
| Pfaff ES | Identified as Poor | Replace HVAC controls and various casework repairs | \$296,400 |
| Richland ES | Identified as Poor | Exterior wall repairs. Replace water coolers. Install new kiln hood ventilation | \$137,280 |
| Sixth Grade Center | Identified as Poor | Replace lockers | \$140,400 |
| Alumni Stadium | Identified as Poor | Repair visitor grandstands and replace ticket booths and gates | \$268,320 |
| Facilities Building | Identified as Poor | Roof repairs or replacement | \$157,600 |
| TOTAL = \$1,000,000 | | | |
| **** Trumbauersville ES Roof Replacement to be considered as a substitute project? (\$675K) | | | |

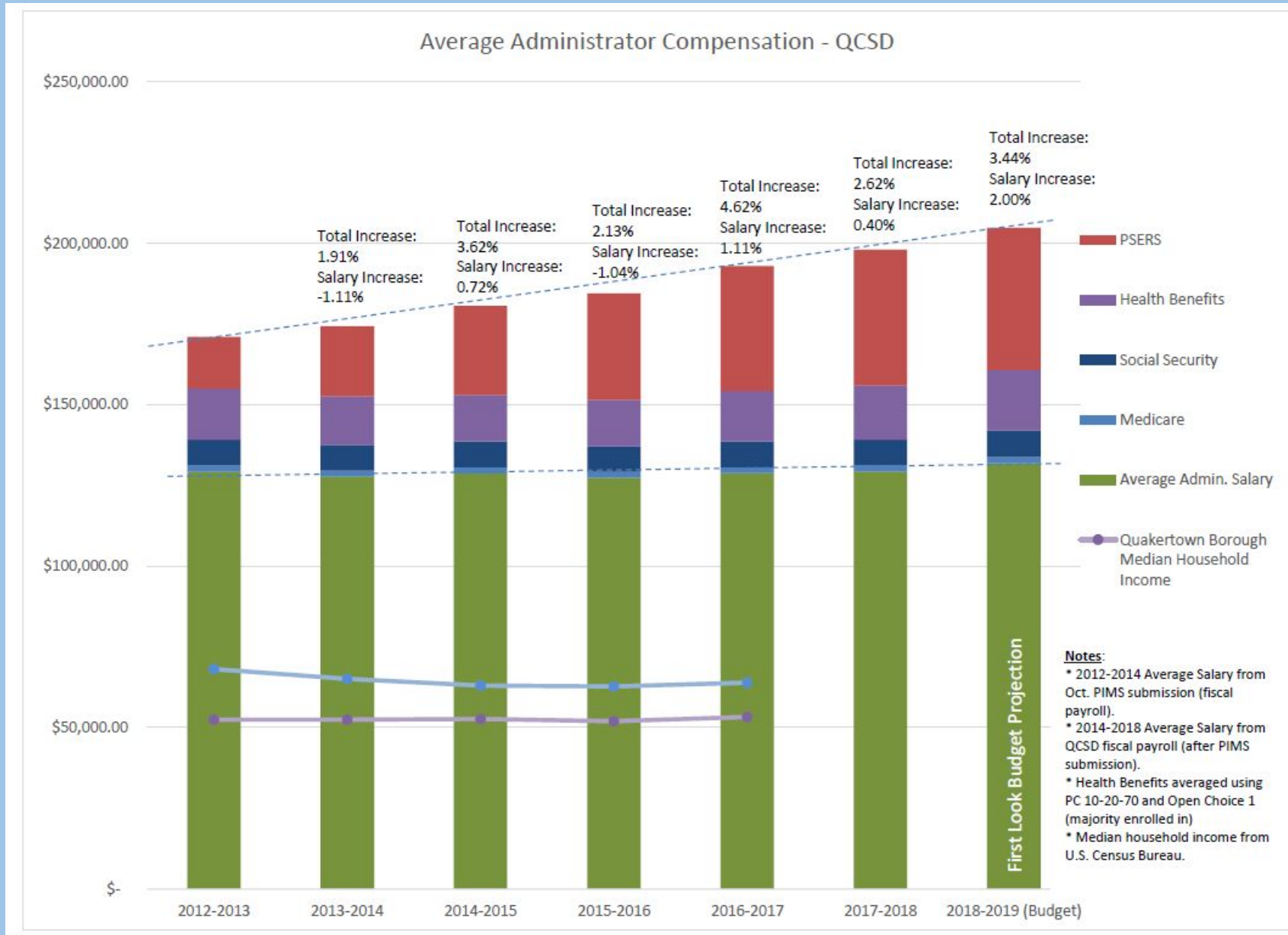
**** Schrader Group will perform another assessment with updates to the capital project list during the summer of 2018.



QCSD Average Teacher Compensation Package



QCSD Average Administrator Compensation Package



Trends

| | <u>2013/2014</u> | <u>2018/2019</u> |
|---------------------------|------------------|------------------|
| Student Enrollment | | |
| Total FTE | 5329 | 5221 |
| Teachers | 579 | 517 |
| | 373 | 344 |
| Fiscal | | |
| Salaries | \$40.9 M | \$42.3 M |
| Compensation | \$59.6 M | \$69.1 M |
| Expenditures | \$91.0 M | \$111.0 M |
| Special Education | \$12.6 M | \$18.3 M |
| PSERS (%) | 16.72% | 33.43% |
| (\$\$) | \$6.9M | \$14.1 M |
| Cost Per Student | \$17,086 | \$21,175 |
| Cost Per FTE | \$157,291 | \$213, 546 |
| | <u>2018/2019</u> | <u>2022/2023</u> |
| Total Students | 5,221 | 4,963 |
| Elementary | 2,061 | 1,775 |
| Middle | 1,317 | 1,179 |
| High School | 1,687 | 1,853 |



Milford Middle School & Tohickon Valley Elementary

Impact of Closures (PFM Model Vs. Budget)

| | Budget (MMS and TV Open) - Presented 2-9-2017 | | Budget (MMS and TV Open) Presented 3-23-2017 | PFM (MMS and TV Closed) (Scenario A2-4) - Presented 11-9-2017 | | QCSD Estimate/Budget Presented 1-11-18 | |
|---|---|---------------------------|--|---|---------------------------|---|------------------------------|
| | 2017/18 PFM Projection | 2018/19 PFM Projection | 2017/18 Prelim Budget | 2017/18 PFM Projection | 2018/19 PFM Projection | 2017/18 Estimate | **2018/19 1st Look Budget |
| Real Estate Taxes* | \$ 62,336,295 | \$ 64,148,186 | \$ 62,581,163 | \$ 62,581,163 | \$ 64,716,681 | \$ 62,571,567 | \$ 64,317,697 |
| Act 511 Taxes* | \$ 11,136,161 | \$ 11,358,884 | \$ 11,428,400 | \$ 11,428,400 | \$ 11,861,536 | \$ 11,650,549 | \$ 12,278,077 |
| Other Local Revenue* | \$ 4,121,000 | \$ 4,203,420 | \$ 4,121,000 | \$ 4,121,000 | \$ 4,176,170 | \$ 3,574,000 | \$ 3,660,999 |
| State Revenue | \$ 26,448,684 | \$ 27,253,359 | \$ 26,360,602 | \$ 26,262,918 | \$ 26,095,328 | \$ 25,936,435 | \$ 26,564,493 |
| Federal Revenue* | \$ 662,000 | \$ 675,240 | \$ 774,063 | \$ 774,063 | \$ 789,544 | \$ 774,063 | \$ 709,000 |
| Other Sources* | \$ 10,000 | \$ 10,200 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Total Revenue | \$ 104,714,140 | \$ 107,649,289 | \$ 105,275,228 | \$ 105,177,544 | \$ 107,649,259 | \$ 104,516,614 | \$ 107,540,266 |
| Salaries and Benefits | \$ 71,453,662 | \$ 74,075,709 | \$ 70,809,498 | \$ 68,636,238 | \$ 68,227,745 | \$ 67,228,356 | \$ 69,098,223 |
| Operating Expenses | \$ 30,222,793 | \$ 30,809,801 | \$ 28,885,104 | \$ 28,264,327 | \$ 29,022,301 | \$ 28,384,605 | \$ 30,466,390 |
| Debt Service and Transfers | \$ 10,474,130 | \$ 11,497,389 | \$ 10,250,162 | \$ 10,481,957 | \$ 11,261,734 | \$ 10,461,162 | \$ 10,990,365 |
| Total Expenditures | \$ 112,150,585 | \$ 116,382,899 | \$ 109,944,764 | \$ 107,382,522 | \$ 108,511,780 | \$ 106,074,123 | \$ 110,554,978 |
| Net Operating Balance | \$ (7,436,445) | \$ (8,733,610) | \$ (4,669,536) | \$ (2,204,978) | \$ (862,521) | \$ (1,557,509) | \$ (3,014,712) |
| Fund Balance Beginning of Year | \$ 14,592,621 | \$ 7,156,076 | \$ 14,612,620 | \$ 14,552,851 | \$ 12,347,873 | \$ 14,552,851 | \$ 12,995,342 |
| Fund Balance End of Year | \$ 7,156,076 | \$ (1,577,534) | \$ 9,943,084 | \$ 12,347,873 | \$ 11,485,352 | \$ 12,995,342 | \$ 9,980,630 |
| Notes: | | | | | | | |
| * Other than PSERS subsidy, revenues were not impacted by the closure of MMS and TV. Updated information was used for the 11/9/17 projection and revenues changed slightly as a result of that. | | | | | | | |

Note - 2018/2019 1st look reflects an Act I Index tax increase, budget may be adjusted for January 25, 2018 Board meeting.



2017/2018 Estimate

Actual Revenues and Actual Expenditures

FUND BALANCE SURPLUS/SHORTFALL COMPARISON

| | Actual <u>2014-15</u> | Actual <u>2015-16</u> | Actual <u>2016-17</u> | Estimate <u>2017-18</u> |
|--|--------------------------|--------------------------|--------------------------|----------------------------|
| Revenues | 93,477,122 | 97,671,438 | 102,855,177 | 104,516,614 |
| Expenditures-Operations | (92,391,085) | (97,012,785) | (103,541,756) | (105,538,524) |
| Revenue less Expense | 1,086,037 | 658,653 | (686,579) | (1,021,910) |
| <u>one-time items</u> | | | | |
| Back Plancon Revenue | | | 1,417,662 | |
| Other Exp-Land Purch | | (1,778,829) | | |
| Other Exp-Equip Purch | | (259,138) | | |
| Other Exp-Capital | | | (611,740) | (535,600) |
| Revenue less Expense-Adjusted | | (1,379,314) | 119,343 | (1,557,510) |
| Fund Balance-Commi <u>PSERS</u> | 279,295 | 502,732 | 1,005,464 | 678,254 |
| Fund Balance-Commi <u>Capital</u> | | (2,000,000) | 600,000 | 535,600 |
| Tax increase at Act 1 Index(2.8%) | | | | |
| Tax increase - Act 1 Index Spec. Ed. exception | | | | |
| Tax increase - Act 1 Index PSERS exception | | | | |
| Beginning Fund Balance | <u>11,445,209</u> | <u>12,049,156</u> | <u>9,172,573</u> | <u>10,897,381</u> |
| Prior Period Adjustment | (761,385) | | | |
| Ending Fund Balance | <u>12,049,156</u> | <u>9,172,573</u> | <u>10,897,381</u> | <u>10,553,725</u> |
| Percentage of Expenditures | 13.04% | 9.46% | 10.52% | 10.00% |
| NEW TAXES | 0 | 0 | 0 | 0 |
| SURPLUS/(SHORTFALL) | 1,365,332 | 658,653 | (686,579) | (1,557,510) |
| <u>Committed Fund Balance</u> | | | | |
| PSERS | 2,513,663 | 2,010,931 | 1,005,467 | 327,213 |
| CAPITAL | 1,250,000 | 3,250,000 | 2,650,000 | 2,114,400 |
| FB W/COMMITMENTS | 15,812,819 | 14,433,504 | 14,552,848 | 12,995,338 |

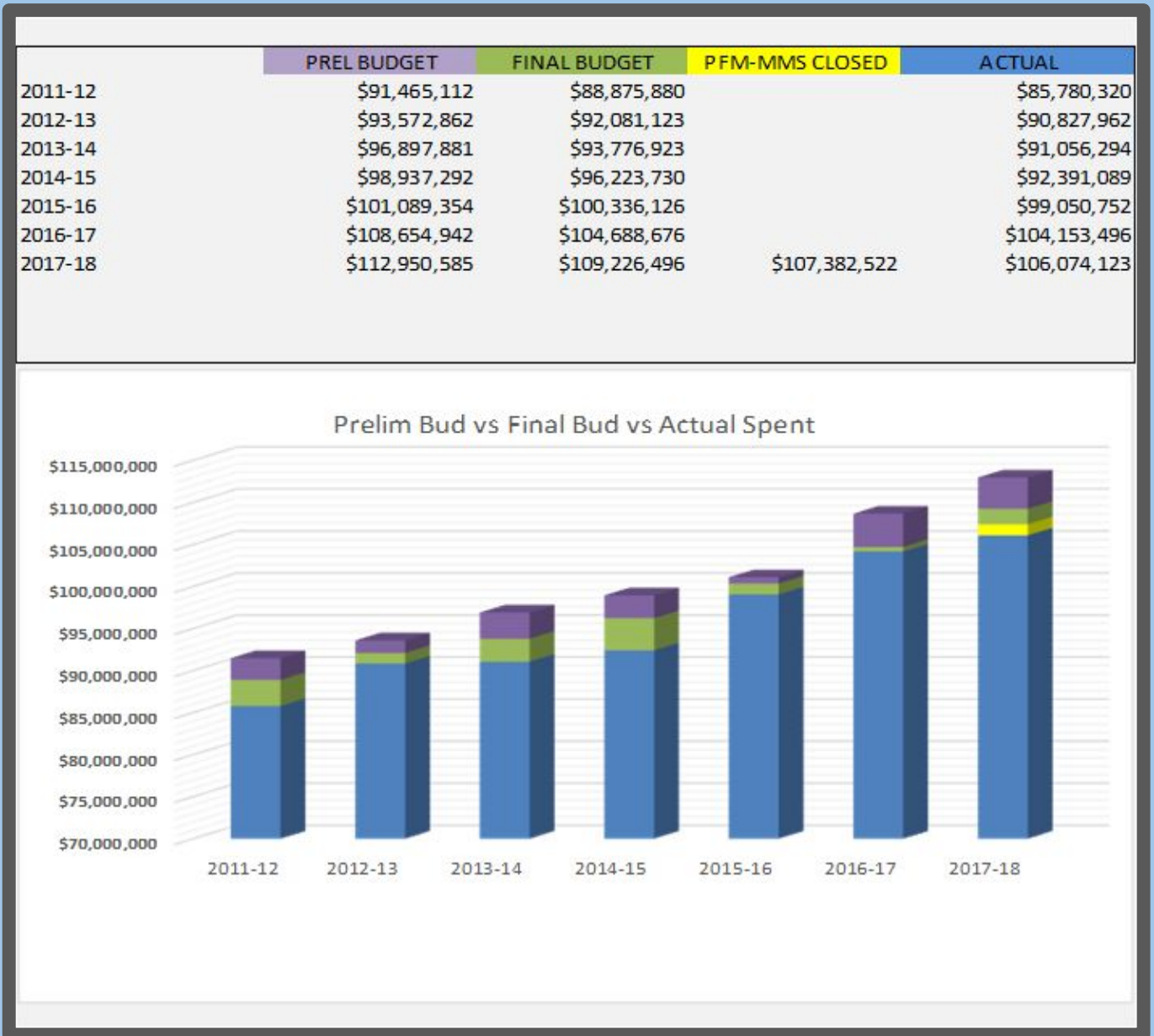


Preliminary Budget vs Final vs Actual (History)

Notes:

2017/2018 reflects current estimate of actual expenditures.

2017/2018 yellow band equates to final budget with MMS closure.



Financing Preliminary Budget

Act 1 Increase +
Partial Exceptions (4.2%)
Administrative
Recommendation- For
Vote on February 8th



| | PRELIMINARY BUDGET | | | |
|--|--------------------|-----------|-------------|--------------------------|
| | UNASSIGNED | COMMITTED | COMMITTED | TOTAL |
| | GENERAL FUND | PSERS | CAPITAL | UNASSIGNED/ COMMITTED |
| REVENUES | 105,749,923 | | | 105,749,923 |
| New Tax Revenue | 2,685,516 | | | 2,685,516 |
| TOTAL - Revenues | 108,435,439 | 0 | 0 | 108,435,439 |
| EXPENDITURES | 109,174,978 | | | 109,174,978 |
| CAPITAL EXP | 1,380,000 | | | 1,380,000 |
| Budgetary Reserve | 800,000 | | | 800,000 |
| TOTAL - Expenditures | 111,354,978 | 0 | 0 | 111,354,978 |
| (Shortfall) Surplus | (2,119,539) | 0 | 0 | (2,119,539) |
| Fund Balance - July 1, 2018 | 10,553,725 | 327,213 | 2,114,400 | 12,995,338 |
| PSERS TRANSFER | 327,213 | (327,213) | | 0 |
| CAPITAL TRANSFER | 1,380,000 | | (1,380,000) | 0 |
| Fund Balance - June 30, 2019 | 10,141,399 | - | 734,400 | 10,875,799 |
| % of Expenditures | 9.29% | | | 9.96% |
| Use of Fund Balance-Unassigned | 792,326 | | | 792,326 |
| Use of Fund Balance-PSERS | 327,213 | | | 327,213 |
| Use of Fund Balance-Capital | 1,380,000 | | | 1,380,000 |
| Value of a Mill | 405,808 | | | 405,808 |
| Millage Increase | 6.63 | | | 6.63 |
| Current Millage Rate | 157.77 | | | 157.77 |
| New Millage Rate | 164.3924 | | | 164.39 |
| Percent Increase | 4.20% | | | 4.20% |
| Real Estate Increase - Average Tax | \$174 | | | \$174 |
| Average Assessment(26,308) X Millage Incr.(.00442) | | | | |



PFM 5-Year Projection

Act I + Partial Exceptions Tax Increase (4.2%)

Quakertown Community School District

Concise Summary Report



| | (Actual) 2013 | (Actual) 2014 | (Actual) 2015 | (Actual) 2016 | (Actual) 2017 | (Estimated) 2018 | (Preliminary) 2019 | (Projected) 2020 | (Projected) 2021 | (Projected) 2022 | (Projected) 2023 |
|---|--------------------|-------------------|-------------------|--------------------|--------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Home | | | | | | | | | | | |
| Reports | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | |
| Real Estate Taxes | 54,700,933 | 55,614,100 | 56,706,035 | 58,266,636 | 60,485,600 | 62,571,567 | 65,212,869 | 67,267,048 | 69,377,619 | 71,552,590 | 73,793,927 |
| Act 511 Taxes | 9,390,594 | 9,774,481 | 10,036,898 | 10,605,046 | 11,130,607 | 11,650,549 | 12,278,077 | 12,634,419 | 13,001,212 | 13,378,763 | 13,767,392 |
| Other Local Revenue | 3,787,698 | 3,840,419 | 3,974,849 | 4,085,092 | 4,107,793 | 3,574,000 | 3,661,000 | 3,734,220 | 3,808,904 | 3,885,082 | 3,962,784 |
| Basic Instructional and Operating Subsidies | 9,003,420 | 9,203,185 | 9,197,760 | 9,556,455 | 9,981,255 | 10,178,706 | 10,288,993 | 10,391,883 | 10,495,802 | 10,600,760 | 10,706,767 |
| Revenue for Specific Educational Programs | 2,583,566 | 2,357,853 | 2,651,138 | 2,976,553 | 3,023,095 | 2,576,592 | 2,800,000 | 2,828,000 | 2,856,280 | 2,884,843 | 2,913,691 |
| Other State Revenue | 8,188,706 | 9,445,282 | 9,855,871 | 10,959,012 | 13,941,065 | 13,181,137 | 13,475,500 | 13,878,071 | 14,247,664 | 14,712,957 | 15,233,790 |
| Federal Revenue | 762,837 | 741,192 | 553,199 | 635,531 | 603,521 | 774,063 | 709,000 | 723,180 | 737,644 | 752,396 | 767,444 |
| Other Financing Sources | 30,375 | 25,851 | 501,371 | 587,113 | 999,904 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| TOTAL REVENUES | 88,448,128 | 91,002,363 | 93,477,121 | 97,671,438 | 104,272,838 | 104,516,614 | 108,435,439 | 111,466,822 | 114,535,124 | 117,777,392 | 121,155,796 |
| EXPENDITURES | | | | | | | | | | | |
| Salaries and Benefits | 59,040,758 | 59,594,641 | 60,051,945 | 62,510,278 | 65,940,737 | 67,228,356 | 69,098,223 | 71,783,435 | 74,118,076 | 76,767,536 | 79,624,998 |
| Operating Expenses | 22,722,565 | 23,371,975 | 24,475,626 | 27,488,306 | 27,534,102 | 28,584,605 | 30,649,340 | 31,277,141 | 31,500,429 | 32,135,064 | 32,783,573 |
| Debt Service & Transfers | 8,096,209 | 8,089,678 | 7,863,516 | 9,052,169 | 10,678,651 | 10,261,162 | 10,807,415 | 11,188,030 | 11,505,491 | 11,566,667 | 11,619,131 |
| TOTAL EXPENDITURES | 89,859,532 | 91,056,294 | 92,391,087 | 99,050,753 | 104,153,489 | 106,074,123 | 110,554,978 | 114,248,606 | 117,123,997 | 120,469,267 | 124,027,702 |
| NET OPERATING BALANCE | (1,411,404) | (53,931) | 1,086,034 | (1,379,314) | 119,349 | (1,557,509) | (2,119,539) | (2,781,784) | (2,588,872) | (2,691,876) | (2,871,906) |
| FUND BALANCE (BEGINNING OF THE YEAR) | 15,018,300 | 13,606,896 | 15,488,167 | 15,812,816 | 14,433,502 | 14,552,851 | 12,995,342 | 10,875,802 | 8,094,018 | 5,505,146 | 2,813,270 |
| ADJUSTMENTS | - | 1,935,202 | (761,385) | - | - | - | - | - | - | - | - |
| FUND BALANCE (END OF THE YEAR) | 13,606,896 | 15,488,167 | 15,812,816 | 14,433,502 | 14,552,851 | 12,995,342 | 10,875,802 | 8,094,018 | 5,505,146 | 2,813,270 | (58,636) |



Financing Preliminary Budget

Act 1 Increase (2.8%)

| | PRELIMINARY BUDGET | | | |
|--|--------------------|-----------|-------------|--------------------------|
| | UNASSIGNED | COMMITTED | COMMITTED | TOTAL |
| | GENERAL FUND | PSERS | CAPITAL | UNASSIGNED/ COMMITTED |
| REVENUES | 105,749,923 | | | 105,749,923 |
| New Tax Revenue | 1,790,344 | | | 1,790,344 |
| TOTAL - Revenues | 107,540,267 | 0 | 0 | 107,540,267 |
| EXPENDITURES | 109,174,978 | | | 109,174,978 |
| CAPITAL EXP | 1,380,000 | | | 1,380,000 |
| Budgetary Reserve | 800,000 | | | 800,000 |
| TOTAL - Expenditures | 111,354,978 | 0 | 0 | 111,354,978 |
| (Shortfall) Surplus | (3,014,711) | 0 | 0 | (3,014,711) |
| <i>Fund Balance - July 1, 2018</i> | 10,553,725 | 327,213 | 2,114,400 | 12,995,338 |
| <i>PSERS TRANSFER</i> | 327,213 | (327,213) | | 0 |
| <i>CAPITAL TRANSFER</i> | 1,380,000 | | (1,380,000) | 0 |
| <i>Fund Balance - June 30, 2019</i> | 9,246,227 | - | 734,400 | 9,980,627 |
| % of Expenditures | 8.47% | | | 9.14% |
| Use of Fund Balance-Unassigned | 1,687,498 | | | 1,687,498 |
| Use of Fund Balance-PSERS | 327,213 | | | 327,213 |
| Use of Fund Balance-Capital | 1,380,000 | | | 1,380,000 |
| Value of a Mill | 405,808 | | | 405,808 |
| Millage Increase | 4.42 | | | 4.42 |
| Current Millage Rate | 157.77 | | | 157.77 |
| New Millage Rate | 162.1837 | | | 162.18 |
| Percent Increase | 2.80% | | | 2.80% |
| Real Estate Increase - Average Tax | \$116 | | | \$116 |
| Average Assessment(26,308) X Millage Incr.(.00442) | | | | |



PFM 5-Year Projection

Act I Tax Increase (2.8%)

Quakertown Community School District

Concise Summary Report



| | (Actual) 2013 | (Actual) 2014 | (Actual) 2015 | (Actual) 2016 | (Actual) 2017 | (Estimated) 2018 | (Preliminary) 2019 | (Projected) 2020 | (Projected) 2021 | (Projected) 2022 | (Projected) 2023 |
|---|--------------------|-------------------|-------------------|--------------------|--------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | | | | | | | | |
| Real Estate Taxes | 54,700,933 | 55,614,100 | 56,706,035 | 58,266,636 | 60,485,600 | 62,571,567 | 64,317,697 | 66,344,424 | 68,426,790 | 70,572,694 | 72,784,076 |
| Act 511 Taxes | 9,390,594 | 9,774,481 | 10,036,898 | 10,605,046 | 11,130,607 | 11,650,549 | 12,278,077 | 12,634,419 | 13,001,212 | 13,378,763 | 13,767,392 |
| Other Local Revenue | 3,787,698 | 3,840,419 | 3,974,849 | 4,085,092 | 4,107,793 | 3,574,000 | 3,661,000 | 3,734,220 | 3,808,904 | 3,885,082 | 3,962,784 |
| Basic Instructional and Operating Subsidies | 9,003,420 | 9,203,185 | 9,197,760 | 9,556,455 | 9,981,255 | 10,178,706 | 10,288,993 | 10,391,883 | 10,495,802 | 10,600,760 | 10,706,767 |
| Revenue for Specific Educational Programs | 2,583,566 | 2,357,853 | 2,651,138 | 2,976,553 | 3,023,095 | 2,576,592 | 2,800,000 | 2,828,000 | 2,856,280 | 2,884,843 | 2,913,691 |
| Other State Revenue | 8,188,706 | 9,445,282 | 9,855,871 | 10,959,012 | 13,941,065 | 13,181,137 | 13,475,500 | 13,878,071 | 14,247,664 | 14,712,957 | 15,233,790 |
| Federal Revenue | 762,837 | 741,192 | 553,199 | 635,531 | 603,521 | 774,063 | 709,000 | 723,180 | 737,644 | 752,396 | 767,444 |
| Other Financing Sources | 30,375 | 25,851 | 501,371 | 587,113 | 999,904 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| TOTAL REVENUES | 88,448,128 | 91,002,363 | 93,477,121 | 97,671,438 | 104,272,838 | 104,516,614 | 107,540,267 | 110,544,197 | 113,584,295 | 116,797,496 | 120,145,944 |
| EXPENDITURES | | | | | | | | | | | |
| Salaries and Benefits | 59,040,758 | 59,594,641 | 60,051,945 | 62,510,278 | 65,940,737 | 67,228,356 | 69,098,223 | 71,783,435 | 74,118,076 | 76,767,536 | 79,624,998 |
| Operating Expenses | 22,722,565 | 23,371,975 | 24,475,626 | 27,488,306 | 27,534,102 | 28,584,605 | 30,649,340 | 31,277,141 | 31,500,429 | 32,135,064 | 32,783,573 |
| Debt Service & Transfers | 8,096,209 | 8,089,678 | 7,863,516 | 9,052,169 | 10,678,651 | 10,261,162 | 10,807,415 | 11,188,030 | 11,505,491 | 11,566,667 | 11,619,131 |
| TOTAL EXPENDITURES | 89,859,532 | 91,056,294 | 92,391,087 | 99,050,753 | 104,153,489 | 106,074,123 | 110,554,978 | 114,248,606 | 117,123,997 | 120,469,267 | 124,027,702 |
| NET OPERATING BALANCE | (1,411,404) | (53,931) | 1,086,034 | (1,379,314) | 119,349 | (1,557,509) | (3,014,711) | (3,704,409) | (3,539,701) | (3,671,772) | (3,881,757) |
| FUND BALANCE (BEGINNING OF THE YEAR) | 15,018,300 | 13,606,896 | 15,488,167 | 15,812,816 | 14,433,502 | 14,552,851 | 12,995,342 | 9,980,630 | 6,276,222 | 2,736,521 | (935,251) |
| ADJUSTMENTS | - | 1,935,202 | (761,385) | - | - | - | - | - | - | - | - |
| FUND BALANCE (END OF THE YEAR) | 13,606,896 | 15,488,167 | 15,812,816 | 14,433,502 | 14,552,851 | 12,995,342 | 9,980,630 | 6,276,222 | 2,736,521 | (935,251) | (4,817,008) |



Financing the Budget (No Tax Increase)

| | PRELIMINARY BUDGET | | | |
|--|--------------------|-----------|-------------|--------------------------|
| | UNASSIGNED | COMMITTED | COMMITTED | TOTAL |
| | GENERAL FUND | PSERS | CAPITAL | UNASSIGNED/ COMMITTED |
| REVENUES | 105,749,923 | | | 105,749,923 |
| New Tax Revenue | 0 | | | 0 |
| TOTAL - Revenues | 105,749,923 | 0 | 0 | 105,749,923 |
| EXPENDITURES | 109,174,978 | | | 109,174,978 |
| CAPITAL EXP | 1,380,000 | | | 1,380,000 |
| Budgetary Reserve | 800,000 | | | 800,000 |
| TOTAL - Expenditures | 111,354,978 | 0 | 0 | 111,354,978 |
| (Shortfall) Surplus | (4,805,055) | 0 | 0 | (4,805,055) |
| Fund Balance - July 1, 2018 | 10,553,725 | 327,213 | 2,114,400 | 12,995,338 |
| PSERS TRANSFER | 327,213 | (327,213) | | 0 |
| CAPITAL TRANSFER | 1,380,000 | | (1,380,000) | 0 |
| Fund Balance - June 30, 2019 | 7,455,883 | - | 734,400 | 8,190,283 |
| % of Expenditures | 6.83% | | | 7.50% |
| Use of Fund Balance-Unassigned | 3,477,842 | | | 3,477,842 |
| Use of Fund Balance-PSERS | 327,213 | | | 327,213 |
| Use of Fund Balance-Capital | 1,380,000 | | | 1,380,000 |
| Value of a Mill | 405,808 | | | 405,808 |
| Millage Increase | 0.00 | | | 0.00 |
| Current Millage Rate | 157.77 | | | 157.77 |
| New Millage Rate | 157.7662 | | | 157.77 |
| Percent Increase | 0.00% | | | 0.00% |
| Real Estate Increase - Average Tax | \$0 | | | \$0 |
| Average Assessment(26,308) X Millage Incr.(.00442) | | | | |



PFM 4-Year Projection

(No Tax Increase)

Quakertown Community School District

Concise Summary Report



| | (Actual) 2013 | (Actual) 2014 | (Actual) 2015 | (Actual) 2016 | (Actual) 2017 | (Estimated) 2018 | (Preliminary) 2019 | (Projected) 2020 | (Projected) 2021 | (Projected) 2022 | (Projected) 2023 |
|---|--------------------|-------------------|-------------------|--------------------|--------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Home | | | | | | | | | | | |
| Reports | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | |
| Real Estate Taxes | 54,700,933 | 55,614,100 | 56,706,035 | 58,266,636 | 60,485,600 | 62,571,567 | 62,527,353 | 64,499,175 | 66,525,132 | 68,612,902 | 70,764,373 |
| Act 511 Taxes | 9,390,594 | 9,774,481 | 10,036,898 | 10,605,046 | 11,130,607 | 11,650,549 | 12,278,077 | 12,634,419 | 13,001,212 | 13,378,763 | 13,767,392 |
| Other Local Revenue | 3,787,698 | 3,840,419 | 3,974,849 | 4,085,092 | 4,107,793 | 3,574,000 | 3,661,000 | 3,734,220 | 3,808,904 | 3,885,082 | 3,962,784 |
| Basic Instructional and Operating Subsidies | 9,003,420 | 9,203,185 | 9,197,760 | 9,556,455 | 9,981,255 | 10,178,706 | 10,288,993 | 10,391,883 | 10,495,802 | 10,600,760 | 10,706,767 |
| Revenue for Specific Educational Programs | 2,583,566 | 2,357,853 | 2,651,138 | 2,976,553 | 3,023,095 | 2,576,592 | 2,800,000 | 2,828,000 | 2,856,280 | 2,884,843 | 2,913,691 |
| Other State Revenue | 8,188,706 | 9,445,282 | 9,855,871 | 10,959,012 | 13,941,065 | 13,181,137 | 13,475,500 | 13,878,071 | 14,247,664 | 14,712,957 | 15,233,790 |
| Federal Revenue | 762,837 | 741,192 | 553,199 | 635,531 | 603,521 | 774,063 | 709,000 | 723,180 | 737,644 | 752,396 | 767,444 |
| Other Financing Sources | 30,375 | 25,851 | 501,371 | 587,113 | 999,904 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| TOTAL REVENUES | 88,448,128 | 91,002,363 | 93,477,121 | 97,671,438 | 104,272,838 | 104,516,614 | 105,749,923 | 108,698,949 | 111,682,637 | 114,837,704 | 118,126,242 |
| EXPENDITURES | | | | | | | | | | | |
| Salaries and Benefits | 59,040,758 | 59,594,641 | 60,051,945 | 62,510,278 | 65,940,737 | 67,228,356 | 69,098,223 | 71,783,435 | 74,118,076 | 76,767,536 | 79,624,998 |
| Operating Expenses | 22,722,565 | 23,371,975 | 24,475,626 | 27,488,306 | 27,534,102 | 28,584,605 | 30,649,340 | 31,277,141 | 31,500,429 | 32,135,064 | 32,783,573 |
| Debt Service & Transfers | 8,096,209 | 8,089,678 | 7,863,516 | 9,052,169 | 10,678,651 | 10,261,162 | 10,807,415 | 11,188,030 | 11,505,491 | 11,566,667 | 11,619,131 |
| TOTAL EXPENDITURES | 89,859,532 | 91,056,294 | 92,391,087 | 99,050,753 | 104,153,489 | 106,074,123 | 110,554,978 | 114,248,606 | 117,123,997 | 120,469,267 | 124,027,702 |
| NET OPERATING BALANCE | (1,411,404) | (53,931) | 1,086,034 | (1,379,314) | 119,349 | (1,557,509) | (4,805,055) | (5,549,657) | (5,441,359) | (5,631,563) | (5,901,460) |
| FUND BALANCE (BEGINNING OF THE YEAR) | 15,018,300 | 13,606,896 | 15,488,167 | 15,812,816 | 14,433,502 | 14,552,851 | 12,995,342 | 8,190,287 | 2,640,629 | (2,800,730) | (8,432,293) |
| ADJUSTMENTS | - | 1,935,202 | (761,385) | - | - | - | - | - | - | - | - |
| FUND BALANCE (END OF THE YEAR) | 13,606,896 | 15,488,167 | 15,812,816 | 14,433,502 | 14,552,851 | 12,995,342 | 8,190,287 | 2,640,629 | (2,800,730) | (8,432,293) | (14,333,753) |



Summary Page - Budget Scenarios

Preliminary Budget Scenarios 2018-19

| | Millage | Tax Dollars | Tax Increase Average Txp | % Increase | Adjusted Shortfall | Use of Fund Balance | Estimated Ending Fund Balance 2018-19 | Estimated Ending Fund Balance 2022-23 |
|-------------------------------------|---------|-------------|-----------------------------|------------|-----------------------|------------------------|--|--|
| No Tax Increase | 0.00 | \$0 | \$0 | 0.00% | 4,805,055 | \$4,805,055 | \$8,190,283 | 7.41% \$ (14,333,753.00) |
| Index Only | 4.42 | \$1,790,344 | \$116 | 2.80% | 3,014,711 | \$3,014,711 | \$9,980,627 | 9.03% \$ (4,817,008.00) |
| Index + Partial Exceptions(4.2%) | 6.62 | \$2,685,516 | \$174 | 4.20% | 2,119,539 | \$2,119,539 | \$10,875,799 | 9.84% \$ (58,636.00) |

Est Beginning Fund Balance \$12,995,338
 Current Millage Rate 157.77
 Value of one Mill \$405,808
 Budget \$111,354,978
 Revenues \$105,749,923
 Shortfall \$4,805,055

| Value of Mill | Avg Tax Assessment |
|---------------|-----------------------|
| 405,808 | 26,308 |



Exceptions - Why Should They be Considered?

- Prior Budgets did not adequately fund the Senior High School Renovation or ongoing Future Capital Obligations outlined in the Capital Plan.
- Prior Budgets did not adequately fund Special Education mandates and PSERS requirements.

In other words, the District funded the High School Debt Service, PSERS increases and Special Education mandates by reducing other areas in the budget such as implementing a hub system, subcontracting custodial services, reducing staff, etc.



Next Steps

January 25, 2018 – Identify Preliminary Budget scenario for February 8th vote or adopt an opt out resolution limiting maximum tax increase to Act I (2.8%)

February 8, 2018 – Adopt Preliminary Budget, unless Board adopts the opt out resolution (School Board vote)

Continue to Look for Reductions:

- a. Medical Premiums (2nd and 3rd look)
- b. Staffing/salary reductions through attrition
- c. Refine department budgets
- d. Refine 2017/2018 estimated actual

April 26, 2018 – Adopt Proposed Final Budget

June 14, 2018 – Adopt Final Budget



Budget Presentation Attachments

[\(Click Here\)](#)

- [Attachment A-D](#): PFM 5 Year Projections for Each Budget Scenarios
- [Attachment E](#): Summary, Special Education Costs
- [Attachment F](#): Summary, Staffing Counts
- [Attachment G](#): Summary, Student Enrollment
- [Attachment H](#): Expenditure History by Object
- [Attachment I-K](#): Summary, Medical/Rx Enrollment Numbers
- [Attachment L](#): Summary, Medical Premium Increases
- [Attachment M](#): Summary, PSERS Contribution
- [Attachment N](#): Cost Drivers
- [Attachment O](#): Revenue Drivers
- [Attachment P](#): Average Teacher Salaries
- [Attachment Q](#): Summary, Debt Service
- [Attachment R](#): Summary, Tax Increases
- [Attachment S](#): Summary, Tax Assessments
- [Attachment T](#): 2018/2019 Budget Assumptions
- [Attachment U](#): Summary, Avg. Cost Per FTE and Per Student
- [Attachment V](#): Prior PFM Model vs. Current Estimate and Budget
- [Attachment W](#): Expenditure Breakdown (Mandated, Contractual, Fixed, Discretionary)
- [Attachment X](#): Capital Projects 2018/2019



Questions.....

