

# AVON GROVE SCHOOL DISTRICT



***February 23, 2016***  
***Finance Committee Meeting***  
***Revenue Estimates***

## **Discussion**

- **Local Revenue**

- County / District Historical Assessment
- Millage History / Act 1
- Real Estate Tax Increase / Effects
- Calculations

- **State Revenue**

- Basic Education Funding History / Moving Forward
- Governor's Budget Presentation
  - Challenges
  - Politically
- State Budget
- Funding

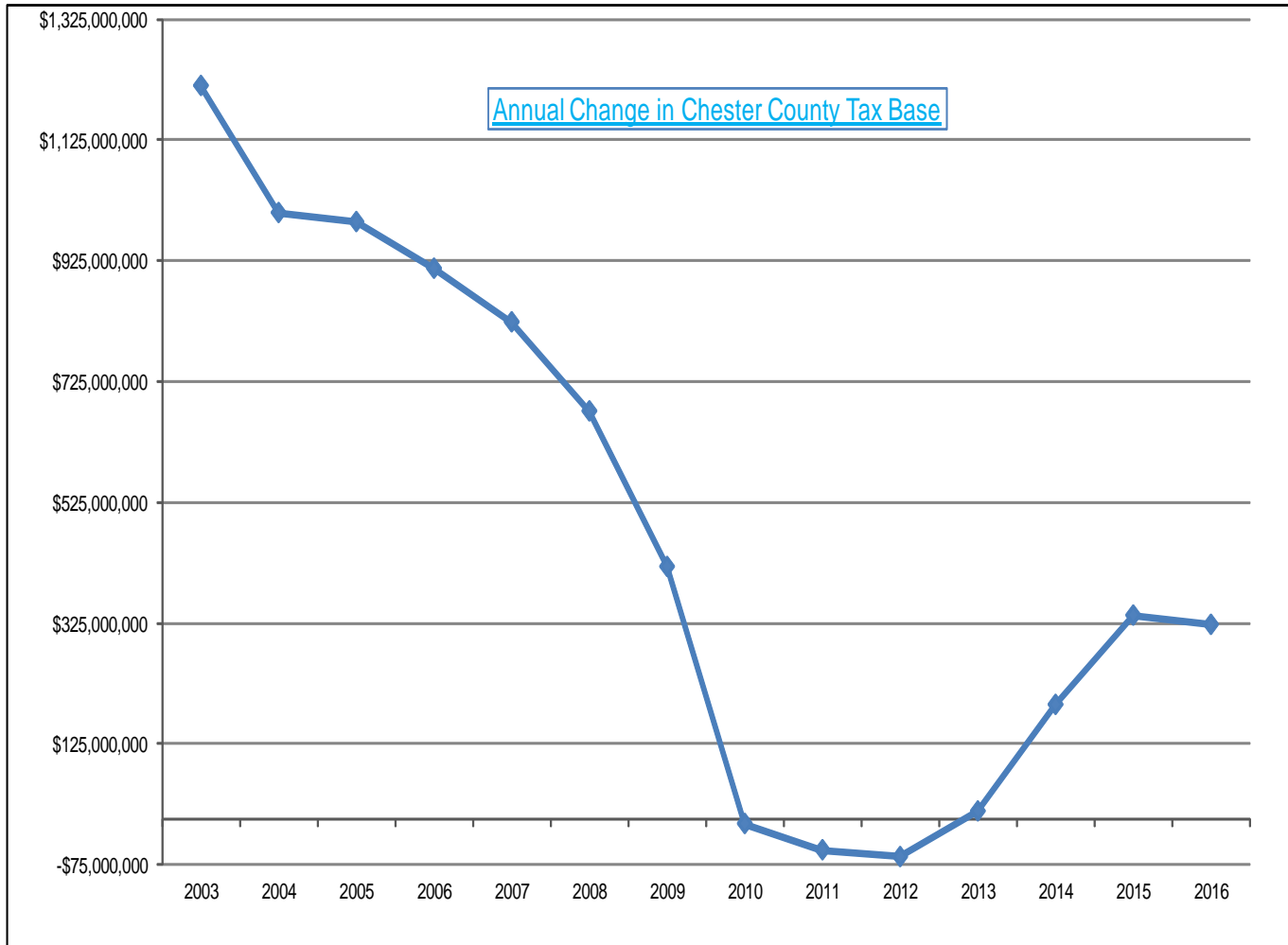
- **Budget Summary**

- **Timeline**

- Revised

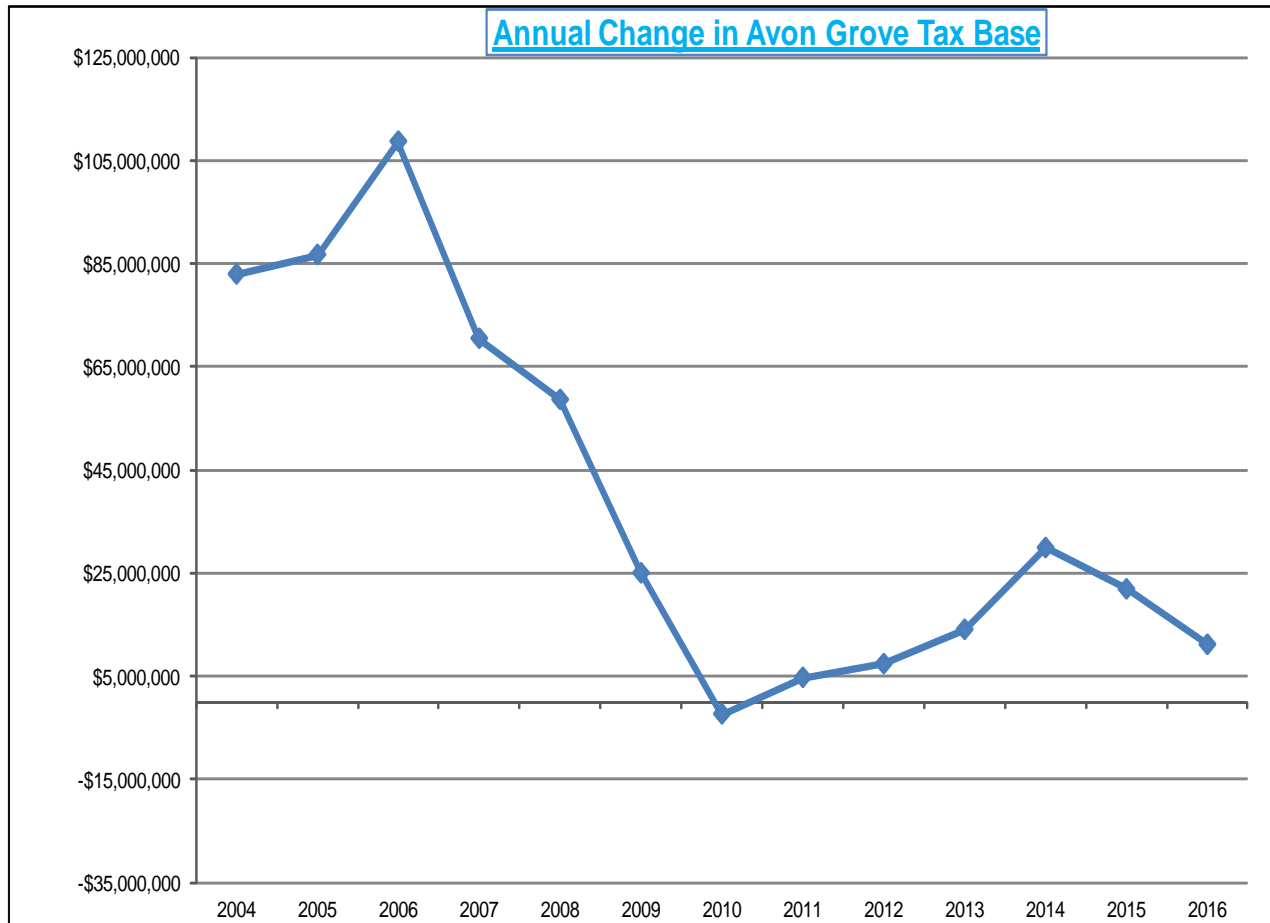
# Local Revenue

## Historical Tax Assessment Information



<u>Tax Year</u>	<u>Total Assessments</u>	<u>Annual Change</u>	<u>Percent Change</u>
2002	30,486,345,519		
2003	31,701,386,466	1,215,040,947	3.99%
2004	32,706,047,748	1,004,661,282	3.17%
2005	33,695,691,190	989,643,442	3.03%
2006	34,608,147,816	912,456,626	2.71%
2007	35,431,814,248	823,666,432	2.38%
2008	36,107,970,018	676,155,770	1.91%
2009	36,526,648,175	418,678,157	1.16%
2010	36,519,701,853	-6,946,322	-0.02%
2011	36,469,186,768	-50,515,085	-0.14%
2012	36,407,357,056	-61,829,712	-0.17%
2013	36,421,160,028	13,802,972	0.04%
2014	36,611,357,228	190,197,200	0.52%
2015	36,949,355,330	337,998,102	0.92%
2016	37,272,084,899	322,729,569	0.87%

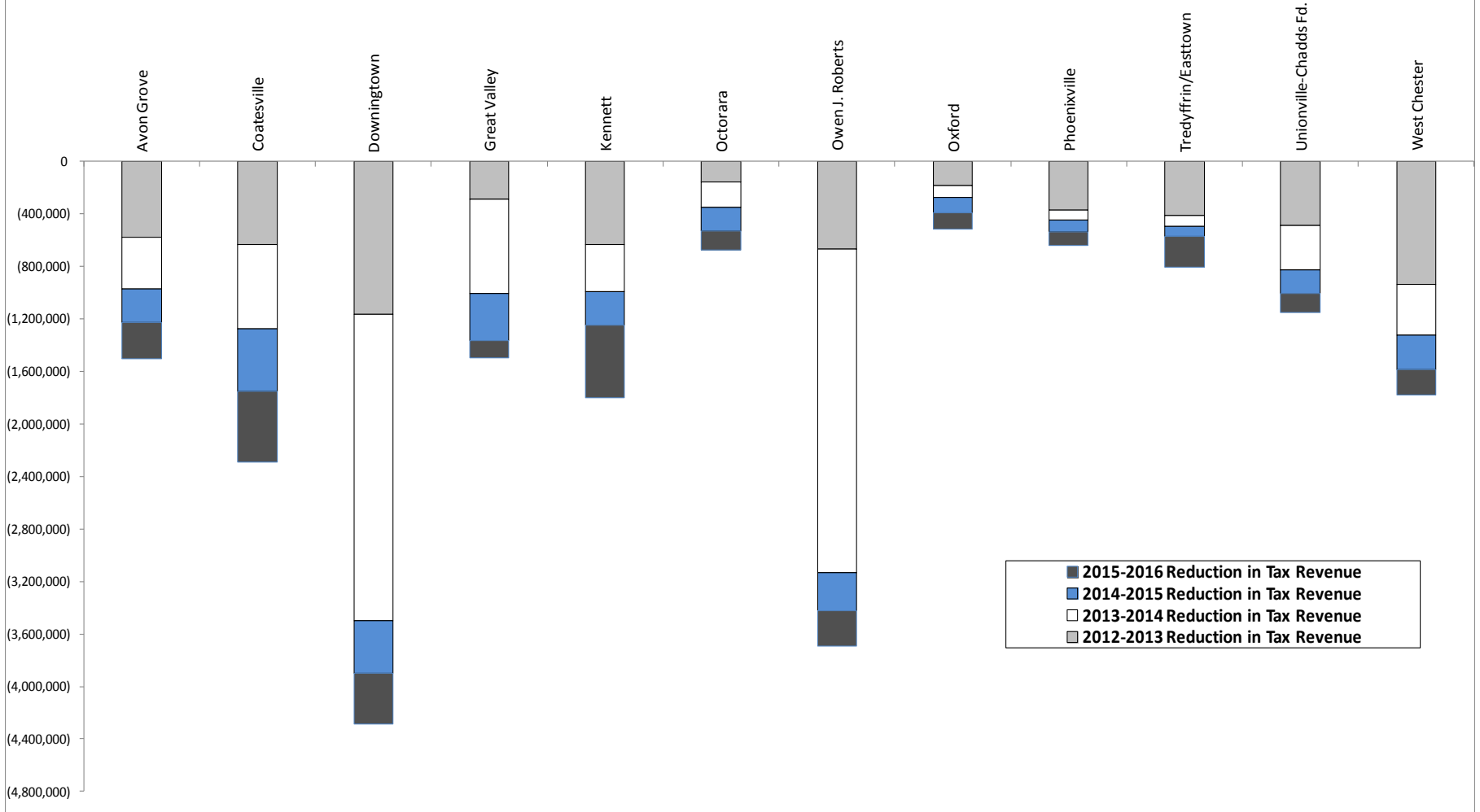
## Avon Grove Historical Tax Assessment Information



<u>Tax Year</u>	<u>Total Assessments</u>	<u>Annual Change</u>	<u>Percent Change</u>
2002	1,305,618,758		
2003	1,383,350,410	77,731,652	6.0%
2004	1,466,262,848	82,912,438	6.0%
2005	1,552,955,618	86,692,770	5.9%
2006	1,661,586,498	108,630,880	7.0%
2007	1,732,036,108	70,449,610	4.2%
2008	1,790,628,848	58,592,740	3.4%
2009	1,815,605,923	24,977,075	1.4%
2010	1,813,253,165	-2,352,758	-0.1%
2011	1,817,987,512	4,734,347	0.3%
2012	1,825,365,257	7,377,745	0.4%
2013	1,839,399,117	14,033,860	0.8%
2014	1,869,280,567	29,881,450	1.6%
2015	1,891,145,697	21,865,130	1.2%
2016	1,902,271,305	11,125,608	0.6%

# Local Revenue

**Reduction in Real Estate Tax Revenue Due to Property Assessment Appeals between 2012 - 2016**





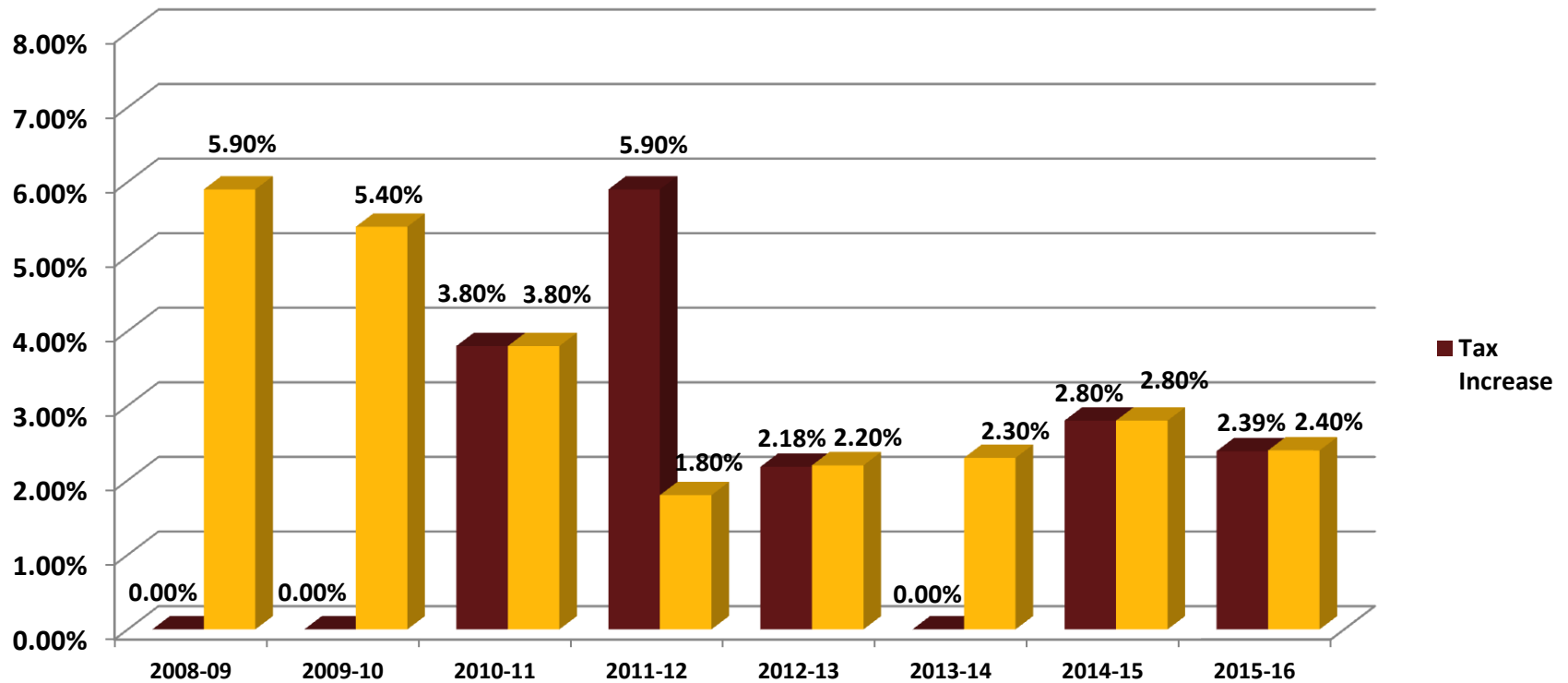
# Real Estate Millage for Chester County School Districts

School District	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	(EIT)
<b>Avon Grove SD*</b>	23.8200	23.8200	23.8200	23.8200	24.7200	26.180	26.7500	26.7500	27.4990	28.1570	<b>No</b>
Coatesville Area SD	25.7000	25.7000	26.5000	27.5000	28.4900	29.490	30.1090	31.1926	32.0036	32.7716	Yes
Downingtown Area SD	23.1500	24.0500	24.8500	25.4750	26.2130	26.728	27.1820	27.1820	27.1820	27.1820	Yes
Great Valley SD	16.9700	17.4400	17.9200	18.2200	18.5000	19.030	19.5900	19.5900	20.0000	20.3200	No
Kennett Consolidated SD	21.5700	21.9500	23.1400	23.9537	24.7781	25.729	26.7303	27.4520	27.9406	28.6020	Yes
Octorara Area SD	28.3700	31.6100	31.6100	32.2280	35.1200	35.280	36.6600	36.6600	36.6600	37.5100	Yes
Owen J Roberts SD	23.2700	23.9600	24.8900	25.5000	26.1700	26.820	27.2759	27.7395	28.2888	28.8262	Yes
Oxford Area SD	23.2500	25.1592	28.6865	29.5479	29.5479	29.548	30.0500	30.0502	30.2324	30.5350	Yes
Phoenixville Area SD	23.1200	24.4400	25.8900	26.3900	27.0600	27.780	28.2400	28.6400	28.8900	28.8900	Yes
Tredyffrin-Easttown SD	15.7300	16.2600	16.9700	17.4700	17.9700	18.647	19.2630	19.5902	20.2171	20.9868	No
Unionville-Chadds Ford SD	20.4900	21.5700	22.5300	23.5800	24.2600	24.530	25.1800	25.7300	26.4400	26.9900	No
West Chester Area SD	15.1600	15.7900	16.8500	17.8500	18.3600	18.360	18.6700	18.6700	19.2100	19.5779	Yes

\*23.82 since 2004-05

# Act 1 and Local Revenue

**Avon Grove School District  
Tax Increase Compared to Act 1 Index  
2008 through 2016**



\*2011-12 Avon Grove millage increase exceeded the Act 1 Index.  
PDE approved exceptions for PSERS & Special Education.

# Effects of a Real Estate Tax Increase

<u>2015-2016</u>			<u>2016-2017</u>			Increase
Assessed Value	Mill*	Total Tax Paid	Assessed Value	Mill*	Total Tax Paid	
\$50,000	28.157	\$1,407.85	\$50,000	29.05	\$1,452.50	\$44.65
\$110,000	28.157	\$3,097.27	\$110,000	29.05	\$3,195.50	\$ 98.23
\$168,025	28.157	\$4,731.08	\$168,025	29.05	\$4,881.12	\$150.04
\$225,000	28.157	\$6,335.32	\$225,000	29.05	\$6,536.25	\$200.93
\$300,000	28.157	\$8,447.10	\$300,000	29.05	\$8715.00	\$267.90

**\*2016/17 Act I Index 3.2% = .90 Maximum Millage Increase allowed**

**Increase not reflecting 2016 Homestead Exclusion (PA Property Tax Relief)**





# Local Revenue

Value of 1 mill @ % of coll \$1,756,730	Value of 1 mill @ % of coll \$1,795,833	Value of 1 mill @ % of coll \$1,834,936	<b>Value of 1 mill @ % of coll \$1,845,203</b>
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## 6111 - CURRENT REAL ESTATE

	2013-2014 Actual	2014-2015 Actual	2015-16 Estimate	2016-17 Budget
<b>Avon Grove School District</b>				
6111-Real Estate Taxes	\$ 45,069,598	\$ 47,096,748	\$ 49,072,686	\$ 53,603,151
Increase/(Decrease)	\$589,851	\$2,027,150	\$1,975,938	\$4,530,465
% Increase/(Decrease)	1.33%	4.50%	4.20%	9.2%
<b>Change in Assessed Value</b>				\$ -
Final Assessed Values-County Mills	\$1,849,189,611 26.7500	\$1,880,453,697 27.4990	\$1,891,686,467 28.1570	\$1,902,271,305 29.0500
Tax Levy on A.V.	\$49,465,822	\$51,710,596	\$53,264,216	\$55,260,981
Less Homestead Exclusion	-\$2,673,800	-\$2,673,807	-\$2,673,610	\$0
Net Tax Revenue Generated by Mills	\$46,792,022	\$49,036,789	\$50,590,606	\$55,260,981
Budgeted % of Collection from PDE-2028	95.00%	95.50%	97.00%	97.00%
% Face Collected	97.38%	97.63%	97.00%	97.00%
% Difference	2.38%	2.13%	0.00%	0.00%
Real Estate Taxes Coll-Budget	\$44,452,421	\$46,830,140	\$49,072,888	\$53,603,152
Net Real Estate Taxes Coll-Audit	\$ 45,069,598	\$47,096,748	\$49,072,686	\$ 53,603,152
<b>BUDGET - OVER/(NOT COLLECTED)</b>	\$617,177	\$266,608	(\$202)	\$0



# Local Revenue

	2013-2014 Actual	2014-2015 Actual	2015-16 Estimate	2016-17 Budget
6113 - Public Utility Realty Tax	\$58,579	\$60,190	\$60,000	<b>\$60,000</b>
<b>Act 511</b>				
6153 - R/E Transfer Tax	\$822,118	\$782,426	\$700,000	<b>\$800,000</b>
<b>Total Act 511</b>	<b>\$822,118</b>	<b>\$782,426</b>	<b>\$700,000</b>	<b>\$800,000</b>
<b>% Increase/(Decrease)</b>				
6112 - Interim Taxes	\$564,858	\$530,193	\$475,000	<b>\$525,000</b>
6400 - Delinquent Taxes (All)	\$1,433,246	\$1,718,477	\$1,400,000	<b>\$1,500,000</b>
6510 - Earnings on Investments	\$59,741	\$58,513	\$70,000	<b>\$70,000</b>
6700- Revenue from Student Activities	\$452,235	\$415,880	\$480,000	<b>\$480,000</b>
6832 - IDEA Pass Thru/Other	\$538,639	\$523,367	\$522,400	<b>\$522,400</b>
6833- Federal ARRA IDEA Pass Through	\$0	\$95,769	\$0	<b>\$0</b>
6839 - Other Intermediate Source	\$0	\$0	\$0	<b>\$0</b>
6910 - Rentals	\$46,217	\$67,710	\$50,000	<b>\$50,000</b>
6941 - Tuition Payments	\$6,146	\$16,495	\$3,000	<b>\$3,000</b>
6944 - Receipts from Other LEA's	\$25,789	\$0	\$0	<b>\$0</b>
6991 - Refund Prior Years' Expenditures	\$1,049	\$0	\$0	<b>\$0</b>
6992 - Indirect Costs	\$6,092	\$16,505		<b>\$4,000</b>
6990 - Miscellaneous Revenue	\$80,720	\$89,774	\$90,928	<b>\$86,928</b>
<b>Total Revenue - Local Sources</b>	<b>\$49,165,027</b>	<b>\$51,472,047</b>	<b>\$52,924,014</b>	<b>\$57,704,480</b>
<b>Increase/(Decrease)</b>	<b>(\$10,930)</b>	<b>\$2,307,020</b>	<b>\$1,451,967</b>	<b>\$4,780,466</b>
<b>% Increase/(Decrease)</b>	<b>0.0%</b>	<b>4.7%</b>	<b>2.8%</b>	<b>9.0%</b>

## Basic Education Funding

### History

- 1966 - Act 580 - Set the level of state support at 50%.  
(PASBO)
- 1983 - Act 31 - Equalized Subsidy for Basic Education (ESBE). Removed the 50% state share and added a minimum annual increase of 2%. (PASBO)
- 1991-92 - Hold Harmless (funding level from year to year) + additional funding. (PASBO)
- 2006 – Act 114 - Costing Out Study
  - Formula has been consistent for three years (three years following the Costing Out Study) over the past 20.

## Basic Education Funding - Plan

### *Moving Forward*

- 2014 - Act 51 - Statute established the Basic Education Funding Commission.
  - Issue their report by June 10, 2015

### Other Motivators / Support

- The Campaign for Fair Education Funding
- Lawsuit filed after the election by parents, districts and others, challenging the state's education finance system.
- Governor

## What do we know?

- Still waiting on a final budget for 2015-16!
  - 1970-71 state budget was not passed until March 6, 1971 after a slugfest over the first state income tax.
  - In 1956, final budget was not approved until June 1 (336 days after the deadline).

## **On February 9, Governor Wolf presented the 2016-17 Proposed State Budget.**

### *Highlights & Statements from Budget Address*

#### Challenges

- “Our Commonwealth is in a crisis. A crisis that threatens our future.
- Pennsylvania now faces a \$2 billion budget deficit.
- Since 2011, school districts have been forced to increase local property taxes by \$1.2 billion, and all because of Harrisburg’s irresponsibility.
- In the last year alone, 83 school districts increased property taxes above the index because Harrisburg didn’t produce a responsible budget and another 175 school districts are contemplating additional tax increases this year for the same reason.”

## Challenges Continued

- “This tax shifting is not sustainable, and it will only continue to squeeze families and seniors if we do not stop passing the buck on to local communities.
- If we don’t have sustainable revenue sources in our budget, the result will be billions of dollars in new property tax hikes.
- Today, because of years of budgetary irresponsibility, the Commonwealth of Pennsylvania is considered to be among the least creditworthy states in America.”

## Politically

- “We had a deal.
- They walked away from the table and went home for the holidays without holding that final vote. They still have not held that final vote. And because of that, we still don’t have a budget.
- It’s up to the people in this chamber to save our taxpayers from getting handed the bills Harrisburg wasn’t responsible enough to pay.”





# State Budget

**DEPARTMENT OF EDUCATION**  
**SUMMARY OF STATE APPROPRIATIONS**  
 February 9, 2016  
 (Dollar Amounts in Thousands)

	2014-15 Actual Budget	2015-16 Available Budget	2016-17 Governor's Executive Budget	Variance Between 2015-16 Available Budget and 2016-17 Governor's Executive Budget	% Increase/ Decrease
<b>GRANTS &amp; SUBSIDIES</b>					
<b>SUPPORT OF PUBLIC SCHOOLS</b>					
Basic Education Funding	5,730,079	6,106,969	6,306,969	200,000	3.27%
Pre-K Counts	97,284	147,284	197,284	50,000	33.95%
Head Start Supplemental Assistance	39,178	49,178	59,178	10,000	20.33%
Mobile Science and Math Education Programs	1,864	-	-	-	0.00%
Teacher Professional Development	6,459	7,460	7,460	-	0.00%
Adult and Family Literacy	12,075	12,075	14,675	2,600	21.53%
Career and Technical Education	62,000	70,003	85,003	15,000	21.43%
Career and Technical Education Equipment Grants	3,000	3,000	5,000	2,000	66.67%
Authority Rentals and Sinking Fund Requirements	306,198	281,850	306,198	24,348	8.64%
Pupil Transportation	546,677	549,097	562,991	13,894	2.53%
Nonpublic and Charter School Pupil Transportation	78,614	80,009	80,224	215	0.27%
Special Education	1,046,815	1,096,815	1,146,815	50,000	4.56%
Early Intervention	237,516	237,516	237,516	-	0.00%
Tuition for Orphans and Children Placed in Private Homes	48,506	48,506	48,506	-	0.00%
Payments in Lieu of Taxes	163	164	164	-	0.00%
Education of Migrant Laborers' Children	853	853	853	-	0.00%
PA Charter Schools for the Deaf and Blind	42,809	44,881	47,561	2,680	5.97%
Special Education - Approved Private Schools	95,347	101,907	107,991	6,084	5.97%
School Food Services	32,488	31,988	32,488	500	1.56%
School Employees' Social Security	515,772	437,023	536,082	99,059	22.67%
School Employees' Retirement	1,157,853	1,438,687	1,503,375	64,688	4.50%
<b>SUBTOTAL - SUPPORT OF PUBLIC SCHOOLS</b>	<b>10,061,550</b>	<b>10,745,265</b>	<b>11,286,333</b>	<b>541,068</b>	<b>5.04%</b>

## What the Governor's Budget does for the AGSD

**Basic Education Funding - \$278,000**

**2016-17 Proposed increase over the 2015-16 proposed.**

**Special Education Funding - \$138,000**

**2016-17 Proposed increase over the 2015-16 proposed**

## Revenue

- AGSD State revenue is adjusted to December Blue-Lined Version except for line items tied to salaries and debt.



# State Budget

## 7000 - REVENUE STATE SOURCES

	2013-2014 Actual	2014-2015 Actual	2015-16 Budget	2016-17 First Look
<b>7110 - Basic Instructional Subsidy</b>				
Basic Education Funding	\$ 14,390,067	\$ 14,381,023	\$ 14,390,048	\$ 14,515,328
<b>7160 - Tuition Institutionalized Sec 1305 &amp; 1306</b>	\$ 67,185	\$ 59,194	\$ 36,000	\$ 40,000
<b>7250 - Migratory Children</b>	\$ -	\$ 2,045	\$ -	\$ -
<b>7271 - Special Education - Funding for School Age Pupils</b>	\$ 2,358,539	\$ 2,364,560	\$ 2,306,654	\$ 2,445,256
<b>7310 - Transportation</b>				
Total Transportation Reimbursements	\$ 2,173,277	\$ 2,074,577	\$2,218,157	\$ 2,100,000

## 7320 - Rental and Sinking Fund Payments

Building	2016-2017	% Reimb.	Reimb. Amount	Perm Cap AR	State Reimb								
Series 12	\$222,650	19.3500%	\$43,083	0.5225	\$22,511								
Series 12A	\$717,890	0.0000%	\$0	0.5225	\$0								
Series 14	\$1,578,850	24.9300%	\$393,607	0.5225	\$205,660								
Series 15	\$752,500	27.3100%	\$205,508	0.5225	\$107,378								
Voc Tec	\$0	0.0000%	\$0	0.5225	\$0								
	<u>\$3,271,890</u>		<u>\$642,198</u>		<u>\$335,548</u>	\$	1,150,910	\$	1,173,671	\$	735,775	\$	335,548



# State Budget

	2013-2014 Actual	2014-2015 Actual	2015-16 Budget	2016-17 First Look
7330 - Health Services (Medical/Dental Services)	\$ 108,808	\$ 6,609	\$ 108,500	\$ 108,500
7360 - Safe Schools	\$ -	\$ 21,721	\$ -	
7340 - Act 1 State Property Tax	\$ 2,673,800	\$ 2,673,807	\$ 2,673,610	\$ -
7501 - State Accountability Block Grant	\$ 280,716	\$ 587,819	\$ 587,819	\$ 892,923
7502 - Dual Enrollment	\$ -	\$ -	\$ -	\$ -
7810 - State Share - Social Security	\$ 1,207,495	\$ 1,059,295	\$ 1,190,000	\$ 1,190,000
7820 - State Share - Retirement	\$ 2,481,756	\$ 3,256,427	\$ 4,080,000	\$ 4,660,000
<b>Total Revenue from State Sources:</b>	<b>\$ 26,892,553</b>	<b>\$ 27,660,747</b>	<b>\$ 28,326,563</b>	<b>\$ 26,287,555</b>
<b>8000 REVENUE FROM FEDERAL SOURCES</b>				
	2013-2014 Actual	2014-2015 Actual	2015-16 Budget	2016-17 First Look
8514 -Title I Education of Disadvantage	\$ 335,256	\$ 343,512	\$ 350,825	\$ 350,825
8515 -Title II-Teacher Quality/Improvement	\$ 82,695	\$ 74,009	\$ 97,727	\$ 97,727
8516 -Title III -LEP/Immigrant language instruction	\$ 115,142	\$ 104,325	\$ 116,317	\$ 116,317
8690 -Other Federal grants-in-aid				
8704 -ARRA Sch Imp/SIG				
8810 -ACCESS Medical Assistance	\$ 293,177	\$ 609,952	\$ 400,000	\$ 400,000
<b>Total Revenue from Federal Sources</b>	<b>\$ 826,270</b>	<b>\$ 1,131,798</b>	<b>\$ 964,869</b>	<b>\$ 964,869</b>
<b>9000 OTHER FINANCING SOURCES</b>				
	2013-2014 Actual	2014-2015 Actual	2015-16 Budget	2016-17 First Look
9910 GAIN ON CHANGE IN ESTIMATE	\$2,139,766			
<b>Total Other Financing Sources</b>	<b>\$ 2,139,766</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>GRAND TOTAL FROM ALL SOURCES</b>	<b>\$ 79,023,616</b>	<b>\$ 80,264,592</b>	<b>\$ 82,215,648</b>	<b>\$ 84,956,904</b>

# 2016-17 Budget Summary

## FINANCIAL INFORMATION Revenue & Expense Analysis

<u>Revenue Sources</u>		<u>Adj's From State Budget</u>	<u>Adjusted Budget</u>	
Local	\$57,704,479		\$57,704,479	
State	\$26,287,007	\$416,000	\$26,703,007	
Federal	\$964,869		\$964,869	
Other	\$0		\$0	
Total Revenue Sources	\$84,956,355		\$85,372,355	
<u>Expenditure Uses</u>				
Instruction	\$57,330,832	\$0	\$57,330,832	
Support Services	\$25,530,822		\$25,530,822	
Community Services	\$1,077,980		\$1,077,980	
Debt Service	\$3,271,890		\$3,271,890	
Reserves	\$250,000		\$250,000	
	\$87,461,524		\$87,461,524	
 <u>Difference Revenue to Expense</u>	 \$2,505,169		 \$2,089,169	
Use of Committed Fund Balance (PSERS)	\$1,828,000		\$1,828,000	
Use of Un-Assigned Fund Balance	\$677,169		\$261,169	
Total	\$2,505,169		\$2,089,169	
	\$0		\$0	



# 2016-17 Budget Summary

## Fund Balance

### Avon Grove School District Fund Balance

	Actual 2013-14	Actual 2014-15	Budget 2015-16	Est. 2015-16	Budget - 2016-17
<b>General Fund</b>		*			
<b>Beginning Balance</b>	\$22,991,882	\$26,437,174	\$27,913,688	\$27,913,688	\$24,854,628
<b>Surplus/Deficit</b>	\$6,529,164	\$1,476,514	(\$3,025,121)	(\$1,859,060)	(\$2,505,168)
<b>Transfers</b>					
<i>Capital Projects</i>	(\$1,563,872)	\$0	(\$1,800,000)	(\$1,200,000)	(\$1,920,250)
<i>Internal Service Fund</i>	(\$1,520,000)				
<b>Total GF Fund Balance</b>	<b>\$26,437,174</b>	<b>\$27,913,688</b>	<b>\$23,088,567</b>	<b>\$24,854,628</b>	<b>\$20,429,210</b>
<b>Capital Projects</b>					
<b>Beginning Balance</b>	\$1,753,349	\$2,357,492	\$1,841,994	\$1,841,994	\$1,500,000
<b>Spending</b>	(\$959,729)	(\$764,604)	(\$3,320,439)	(\$1,541,994)	(\$2,920,250)
<b>Gain on Bond Refinancing</b>		\$249,106			
<b>Transfers From General Fund</b>	\$1,563,872	\$0	\$1,800,000	\$1,200,000	\$1,920,250
<b>Total CP Fund Balance</b>	<b>\$2,357,492</b>	<b>\$1,841,994</b>	<b>\$321,555</b>	<b>\$1,500,000</b>	<b>\$500,000</b>
<b>Total Fund Balance Available</b>	<b>\$28,794,666</b>	<b>\$29,755,682</b>	<b>\$23,410,122</b>	<b>\$26,354,628</b>	<b>\$20,929,210</b>
<b>Allocation of Fund Balance</b>					
<i>Restricted (Capital Proj)</i>	\$2,357,492	\$1,841,994	\$321,555	\$1,500,000	\$500,000
<i>Nonspendable</i>	\$409,509	\$0	\$0	\$0	\$0
<i>Committed (PSERS)</i>	\$10,000,000	\$10,000,000	\$8,488,754	\$8,488,754	\$6,660,754
<i>Assigned</i>	\$588,989	\$9,088,991	\$7,288,991	\$7,288,991	\$5,368,741
<i>Unassigned</i>	\$15,438,676	\$8,824,697	\$7,210,822	\$8,976,883	\$8,149,715
<i>Budgetary Reserve</i>	\$0	\$0	\$100,000	\$100,000	\$250,000
<b>Total Fund Balance</b>	<b>\$28,794,666</b>	<b>\$29,755,682</b>	<b>\$23,410,122</b>	<b>\$26,354,628</b>	<b>\$20,929,210</b>

\* Audited

Combined General & Capital Projects Funds

# 2016-2017 Budget Calendar

February 9, 2016	<del>Finance Committee - 2016-17 Budget - Revenue</del>
February 23, 2016	Finance Committee - 2016-17 Budget Revenue
March 8, 2016	Finance Committee - 2016-17 Budget - Expense
April 12, 2016	Finance Committee - Budget Update
April 28, 2016	Proposed Final Budget Adoption
June 9, 2016	Final Adoption



# Avon Grove School District First Draft Budget

Avon Grove School District will continue to monitor the state budget process.

- Pennsylvania School Business Officials (PASBO) – State Budget Blog - ongoing
- Pennsylvania School Boards Association (PSBA) – State Budget