

AVON GROVE SCHOOL DISTRICT



February 21, 2017
Finance Committee Meeting
Revenue Estimates



Review of Revenue Budget 2017-18

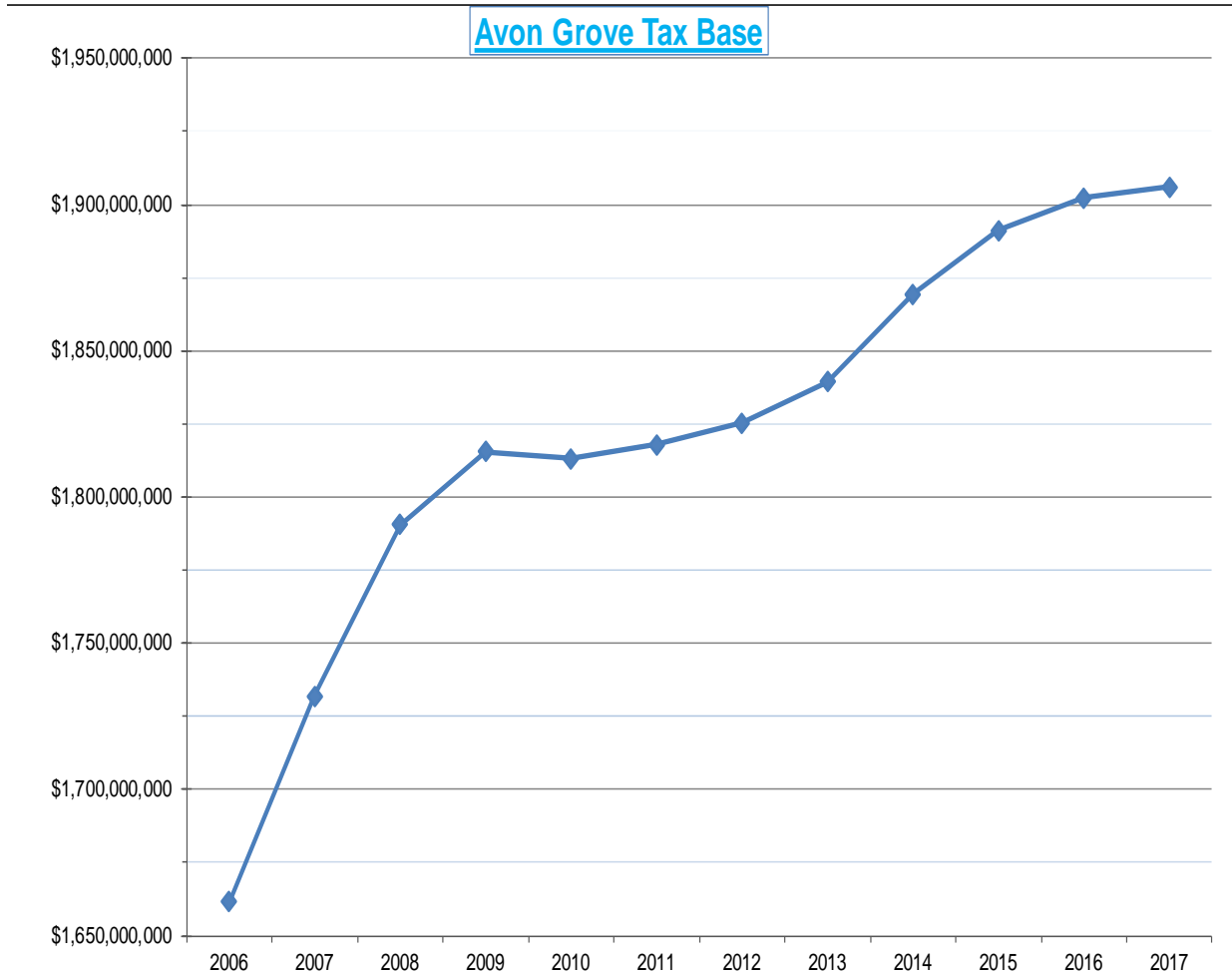
Discussion

- **Local Revenue**
 - District Historical Assessment
Tax Base and Annual Change
 - Assessment Appeals Effect on Real Estate Revenue
 - Millage History / Act 1
 - Revenues from Local Sources
- **State Budget**
 - Basic Education Funding History / Looking Ahead
 - Senate Bill 76 / Implications of Property Tax Elimination
 - Governor's Budget
 - Impact on AGSD / State Revenue
- **Federal Revenue**
- **Budget Summary**
- **Timeline**



Local Revenue

Avon Grove Historical Tax Assessment Information

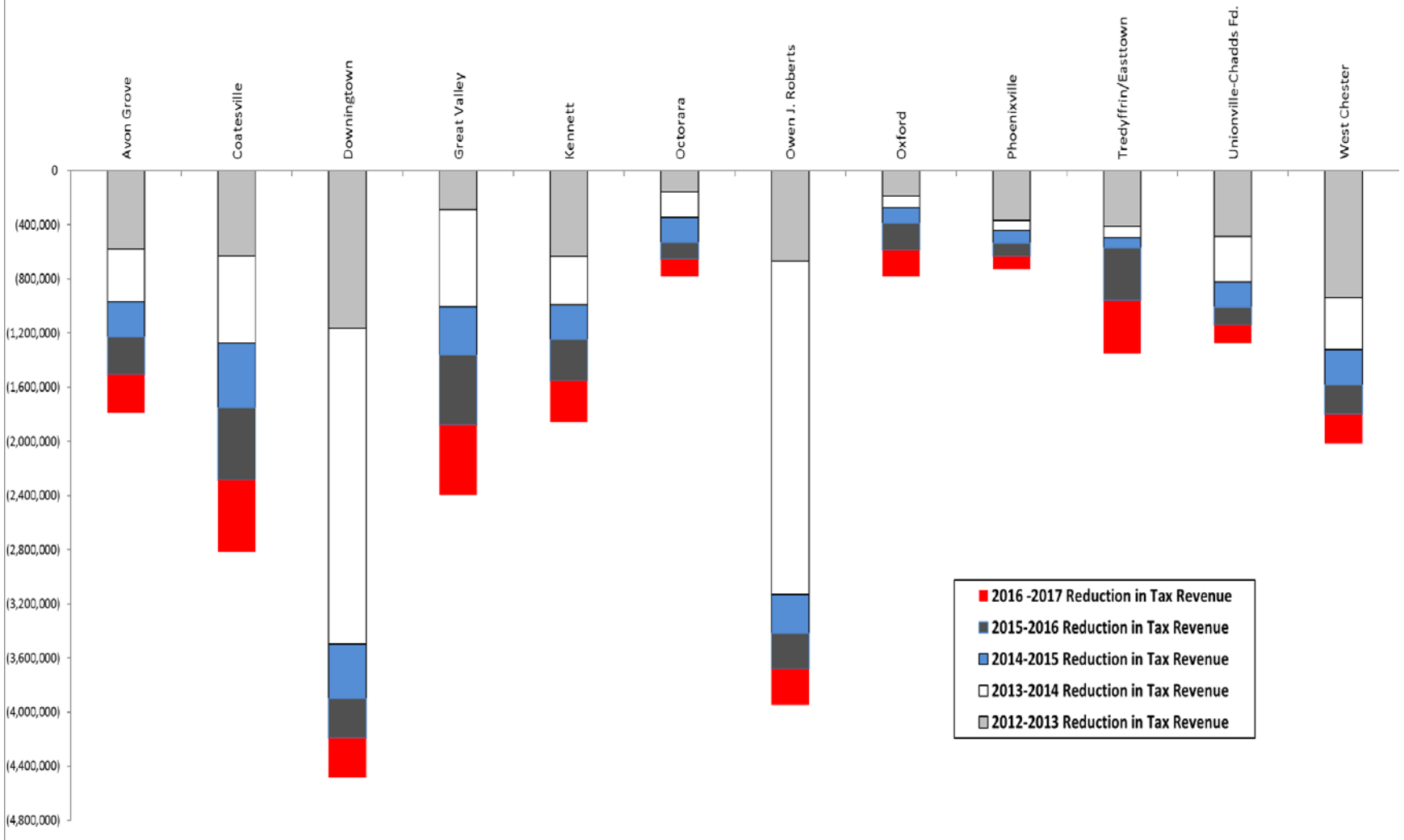


<u>Tax Year</u>	<u>Total Assessments</u>	<u>Annual Change</u>	<u>Percent Change</u>
2006	1,661,586,498		
2007	1,732,036,108	70,449,610	4.2%
2008	1,790,628,848	58,592,740	3.4%
2009	1,815,605,923	24,977,075	1.4%
2010	1,813,253,165	-2,352,758	-0.1%
2011	1,817,987,512	4,734,347	0.3%
2012	1,825,365,257	7,377,745	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%
2017	1,906,085,176	3,813,871	0.2%



Local Revenue

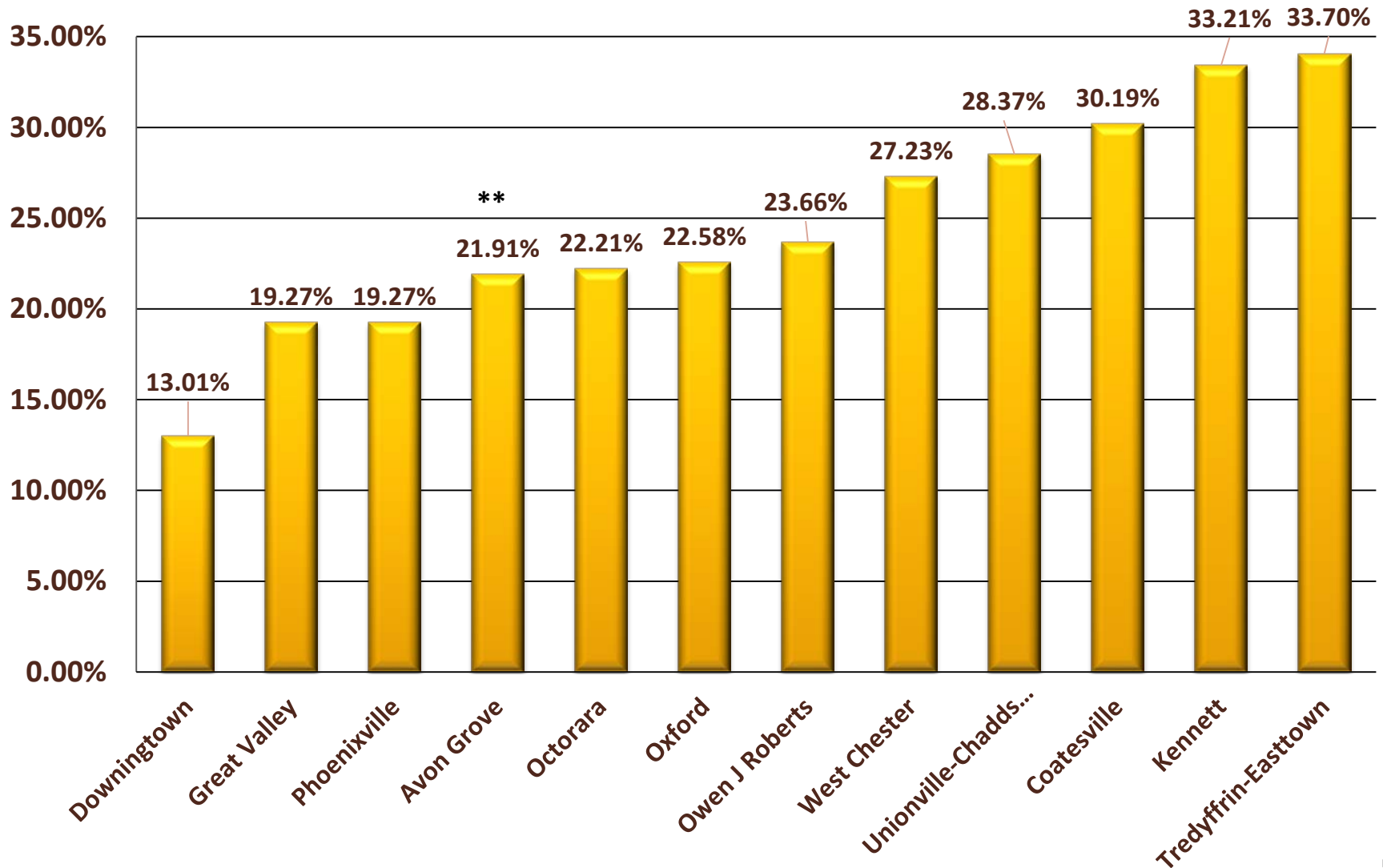
Reduction in Real Estate Tax Revenue Due to Property Assessment Appeals between 2012 - 2017





Real Estate Millage for Chester County School Districts

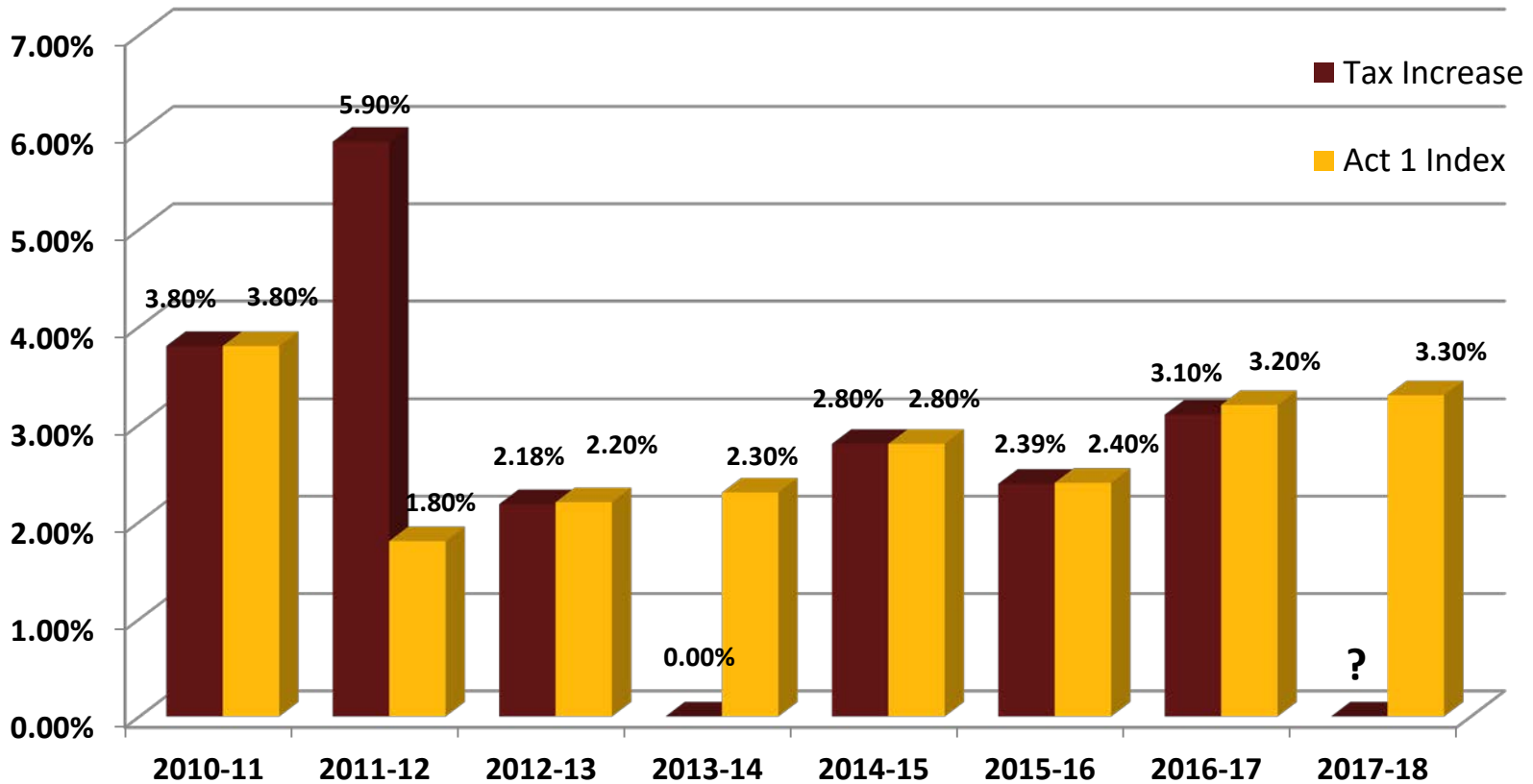
Percentage Increase Over 10 Year Period
2007-08 to 2016-17





Act 1 and Local Revenue

Avon Grove School District Tax Increase Compared to Act 1 Index 2010 through 2018



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



Local Revenue

	2014-2015 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
6111 - Current Real Estate Taxes	\$ 47,096,748	\$ 49,072,686	\$ 51,039,804	\$ 53,692,132
Increase/(Decrease)	\$ 2,027,150	\$ 1,975,938	\$ 1,967,118	\$ 2,652,328
% Increase/(Decrease)	4.5%	4.2%	4.0%	5.2%

Value of 1 mill at % of Collection Rate	\$ 1,795,833	\$ 1,834,936	\$ 1,846,880	\$ 1,848,903
--	--------------	--------------	--------------	--------------

Change in Assessed Value

Assessed Values	\$ 1,880,453,697	\$ 1,891,686,467	\$ 1,904,000,000	\$ 1,906,085,176
Mills	27.4990	28.1570	29.0400	29.0400
Tax Levy on Assessed Values	\$ 51,710,596	\$ 53,264,216	\$ 55,292,160	\$ 55,352,714
Less Homestead Exclusion	\$ (2,673,807)	\$ (2,673,610)	\$ (2,673,804)	\$ -
Net Tax Revenue Generated by Mills	\$ 49,036,789	\$ 50,590,606	\$ 52,618,356	\$ 55,352,714

Budgeted % of Collection from PDE-2028	95.50%	97.00%	97.00%	97.00%
% Face Collected	97.63%	96.37%	97.00%	97.00%
% Difference	2.13%	-0.63%	0.00%	0.00%



Local Revenue

	2014-2015 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
6111- Current Real Estate Taxes	\$ 47,096,748	\$ 48,752,969	\$ 51,039,804	\$ 53,692,132
6112 - Current Interim Real Estate Taxes	\$ 530,193	\$ 507,119	\$ 525,000	\$ 525,000
6113 - Public Utility Realty Tax	\$ 60,190	\$ 55,724	\$ 60,000	\$ 56,000
6153 - Real Estate Transfer Tax	\$ 782,426	\$ 795,124	\$ 800,000	\$ 800,000
6400 - Delinquent Taxes	\$ 1,718,477	\$ 1,525,789	\$ 1,550,000	\$ 1,550,000
6510 - Interest on Investments	\$ 58,513	\$ 117,481	\$ 100,000	\$ 200,000
6700- Revenue from Student Activities	\$ 415,880	\$ 479,154	\$ 480,000	\$ 480,000
6832 - IDEA Pass Thru/Other	\$ 523,367	\$ 526,721	\$ 522,400	\$ 526,000
6833- Federal ARRA IDEA Pass Through	\$ 95,769	\$ -	\$ -	\$ -
6910 - Rentals	\$ 67,710	\$ 60,278	\$ 60,000	\$ 60,000
6941 - Tuition Payments	\$ 16,495	\$ 9,607	\$ 10,000	\$ 20,000
6942- Summer School	\$ -	\$ 7,700	\$ -	\$ -
6990 - Miscellaneous Revenue	\$ 89,774	\$ 132,437	\$ 86,928	\$ 90,000
6992 - Indirect Costs	\$ 16,505	\$ -	\$ 4,000	\$ 4,000
Total Revenue - Local Sources	\$ 51,472,047	\$ 52,970,103	\$ 55,238,132	\$ 58,003,132
Increase/(Decrease)	\$ 2,307,020	\$ 1,498,056	\$ 2,268,029	\$ 2,765,000
% Increase/(Decrease)	4.7%	2.9%	4.3%	5.0%



State Budget

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.



State Budget

Basic Education Funding - Plan

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

What's Next?

- The Legislature is likely to consider multiple options to decrease property taxes and increase sale/income/other taxes, but nothing is certain.



State Budget

Senate Bill 76

The school property tax has been a primary source for school funding since the 1830s

Goal:

Eliminate all school property taxes across the Commonwealth and replace those taxes with a combination of funding from the Personal Income Tax and the Sales and Use Tax.

How:

Increase the Sales and Use Tax by one percentage point and broaden the base of the state sales tax to include more services and products. Necessities and business-to-business transactions will continue to be exempt from the sales tax.

- Increase in the state's personal income tax from 3.07 percent to 4.95 percent.



Implications of Property Tax Elimination

TAX SHIFT FROM BUSINESSES TO INDIVIDUALS: Eliminating property taxes across the board means that the property tax burden carried by businesses will be shifted to individuals in the form of increased PIT and SUT. Across Pennsylvania, businesses are currently paying approximately \$2.75 billion in property taxes, which will be shifted away from those businesses.

PROPERTY TAX ELIMINATION KILLS LOCAL DECISIONMAKING: With the elimination of property taxes, comes the elimination of virtually all local control that is the hallmark of Pennsylvania school district governance. School boards, parents and communities will no longer have any authority to make decisions that impact the educational, extracurricular or other programming at the school district. Without this authority, school districts will not be able to add new academic programs, increase staffing or implement extracurricular programs to respond to the needs of their students, and education will become a state-driven, one-size-fits-all approach in 500 school districts.

IT DOESN'T ELIMINATE SCHOOL PROPERTY TAXES: Property tax elimination maintains school property taxes to pay off school district debt. Taxpayers in over 40% of school districts will maintain at least 20% of their current school property tax bill—in addition to paying more in statewide personal income tax and sales tax. Taxpayers in 24 school districts will maintain at least 50% of their current property tax bill, and taxpayers in some districts will continue to pay 100% of their current school property tax bill even after an elimination bill passes



State Budget

DEPARTMENT OF EDUCATION
 SUMMARY OF STATE APPROPRIATIONS
 FEBRUARY 2017
 (Dollar Amounts in Thousands)

	2015-16 Actual	2016-17 Available	2017-18 Governor's Executive Budget	Variance Between 2016-17 Available and 2017-18 Governor's Executive Budget	% Increase/ Decrease
GRANTS & SUBSIDIES					
SUPPORT OF PUBLIC SCHOOLS					
Basic Education Funding	5,695,079	5,895,079	5,995,079	100,000	1.70%
Pre-K Counts	122,284	147,284	212,284	65,000	44.13%
Ready to Learn Block Grant	250,000	250,000	250,000	-	0.00%
Head Start Supplemental Assistance	44,178	49,178	59,178	10,000	20.33%
Mobile Science and Math Education Program	2,214	2,214	-	(2,214)	-100.00%
Teacher Professional Development	6,459	6,459	6,459	-	0.00%
Adult and Family Literacy	12,075	12,475	11,675	(800)	-6.41%
Career and Technical Education	62,000	62,000	62,000	-	0.00%
Career and Technical Education Equipment Grants	3,000	3,000	3,000	-	0.00%
Authority Rentals and Sinking Fund Requirements	-	-	29,703	29,703	100.00%
Pupil Transportation	549,097	549,097	499,097	(50,000)	-9.11%
Nonpublic and Charter School Pupil Transportation	80,009	80,009	80,009	-	0.00%
Special Education	1,076,815	1,096,815	1,121,815	25,000	2.28%
Early Intervention	241,779	252,159	263,878	11,719	4.65%
Tuition for Orphans and Children Placed in Private Homes	48,506	48,000	48,000	-	0.00%
Payments in Lieu of Taxes	164	164	166	2	1.22%
Education of Migrant Laborers' Children	853	853	853	-	0.00%
PA Charter Schools for the Deaf and Blind	44,881	47,561	50,187	2,626	5.52%
Special Education - Approved Private Schools	101,907	105,558	108,010	2,452	2.32%
School Food Services	31,988	30,000	34,488	4,488	14.96%
School Employees' Social Security	437,023	492,082	529,500	37,418	7.60%
School Employees' Retirement	1,719,000	2,064,000	2,304,000	240,000	11.63%
SUBTOTAL - SUPPORT OF PUBLIC SCHOOLS	10,529,311	11,193,987	11,669,381	475,394	4.25%



State Budget

What the Governor's Budget does for the AGSD

Basic Education Funding - \$241,755

2017-2018 Proposed increase over the 2016-2017 proposed

Special Education Funding - \$ 74,462

2017-2018 Proposed increase over the 2016-2017 proposed



State Revenue

7000 - REVENUE STATE SOURCES	2014-2015	2015-2016	2016-2017	2017-2018
	Actual	Actual	Budget	Budget
7110 - Basic Instructional Subsidy	\$ 14,381,023	\$ 14,605,370	\$ 14,600,000	\$ 14,895,442
7160 - Tuition Institutionalized Sec 1305 & 1306	\$ 59,194	\$ 59,724	\$ 40,000	\$ 40,000
7250 - Migratory Children	\$ 2,045	\$ 2,365	\$ -	\$ 2,000
7271 - Special Education	\$ 2,364,560	\$ 2,574,527	\$ 2,460,000	\$ 2,519,855
7310 - Transportation	\$ 2,074,577	\$ 1,829,148	\$ 2,100,000	\$ 2,000,000
7320 - Rental and Sinking Fund Payments	\$ 1,173,671	\$ -	\$ 335,000	\$ 336,053
7330 - Health Services (Medical/Dental Services)	\$ 6,609	\$ 210,326	\$ 108,500	\$ 105,000
7340 - Act 1 State Property Tax	\$ 2,673,807	\$ 2,673,610	\$ 2,673,804	\$ -
7360 - Safe Schools	\$ 21,721	\$ -	\$ -	\$ -
7501 - State Accountability Block Grant	\$ 587,819	\$ -	\$ -	\$ -
7505 - Ready To Learn Grant	\$ -	\$ 754,726	\$ 754,725	\$ 754,725
7810 - State Share - Social Security	\$ 1,059,295	\$ 1,234,652	\$ 1,190,000	\$ 1,200,000
7820 - State Share - Retirement	\$ 3,256,427	\$ 4,483,183	\$ 4,660,000	\$ 5,100,000
Total Revenue from State Sources:	\$ 27,660,747	\$ 28,427,630	\$ 28,922,029	\$ 26,953,075

2017-2018 7320 Rental and Sinking Fund Payments					
		% Reimb.	Reimb. Amount	Perm Cap AR	State Reimb
Series 12	\$ 228,650	19.3500%	\$ 44,244	0.5225	\$ 23,117
Series 12A	\$ 711,540	0.0000%	\$ -	0.5225	\$ -
Series 14	\$ 1,573,600	24.9300%	\$ 392,298	0.5225	\$ 204,976
Series 15	\$ 756,575	27.3100%	\$ 206,621	0.5225	\$ 107,959
Voc Tec	\$ -	0.0000%	\$ -	0.5225	\$ -
	\$ 3,270,365		\$ 643,163		\$ 336,053



Federal/Other Revenue

<u>8000 REVENUE FROM FEDERAL SOURCES</u>	2014-2015 Actual	2015-2016 Actual	2016-2017 Budget	2017-2018 Budget
8514 -Title I Education of Disadvantage	\$ 343,512	\$ 345,852	\$ 350,825	\$ 350,825
8515 -Title II-Teacher Quality/Improvement	\$ 74,009	\$ 141,146	\$ 97,727	\$ 97,727
8516 -Title III -LEP/Immigrant language instruction	\$ 104,325	\$ 112,665	\$ 116,317	\$ 116,317
8690 -Other Federal grants-in-aid				
8704 -ARRA Sch Imp/SIG				
8810 -ACCESS Medical Assistance	\$ 609,952	\$ 7,603	\$ 200,000	\$ 100,000
Total Revenue from Federal Sources	\$ 1,131,798	\$ 607,266	\$ 764,869	\$ 664,869
<u>9000 OTHER FINANCING SOURCES</u>	2014-2015 Actual	2015-2016 Actual	2016-2017 Budget	2017-2018 Budget
9400 GAIN ON SALE OF FIXED ASSETS		\$ 11,176		
Total Other Financing Sources	\$ -	\$ 11,176	\$ -	\$ -
GRAND TOTAL FROM ALL SOURCES	\$ 80,264,592	\$ 82,016,175	\$ 84,925,030	\$ 85,621,076



2017-18 Budget Summary

FINANCIAL INFORMATION Revenue & Expense Analysis

Revenue Sources

Local	\$ 58,003,132	
State	\$ 26,953,075	
Federal	\$ 664,869	
Total Revenue Sources		\$ 85,621,076

Expenditure Uses

Instruction	\$ 60,359,305	
Support Services	\$ 25,328,318	
Community Services	\$ 1,139,925	
Debt Service	\$ 4,830,365	
Fund Transfers	\$ 2,264,815	
Reserves	\$ 900,000	
Total Expenditures		\$ 94,822,728

Difference Revenue to Expenditures \$ 9,201,652

Use of Committed Fund Balance (PSERS)	\$ 1,020,389
Use of Assigned Fund Balance (Transfers)	\$ 2,264,815
Use of Unassigned Fund Balance	\$ 5,916,448
Total	\$ 9,201,652

Revenue Sources

	<u>Adj's From State Budget</u>	<u>Adjusted Budget</u>	
Local		\$ 58,003,132	
State	\$ 316,217	\$ 27,269,292	
Federal		\$ 664,869	
Total Revenue			\$ 85,937,293

Expenditure Uses

Instruction	\$ 60,359,305
Support Services	\$ 25,328,318
Community Services	\$ 1,139,925
Debt Service	\$ 4,830,365
Fund Transfers	\$ 2,264,815
Reserves	\$ 900,000
Total Expenditures	\$ 94,822,728

Difference Revenue to Expenditures \$ 8,885,435

Use of Committed Fund Balance (PSERS)	\$ 1,020,389
Use of Assigned Fund Balance (Transfers)	\$ 2,264,815
Use of Unassigned Fund Balance	\$ 5,600,231
Total	\$ 8,885,435



2017-18 Budget Summary

Fund Balance

	Actual 2015-16	Budget 2016-17	Estimate 2016-17	Budget 2017-2018
<u>GENERAL FUND</u>				
Beginning Balance	\$ 27,913,602	\$ 26,209,570	\$ 26,209,570	\$ 23,190,156
<i>Surplus/Deficit</i>	\$ (504,032)	\$ (4,942,684)	\$ (1,419,414)	\$ (6,936,837)
<i>Transfers Capital Projects</i>	\$ (1,200,000)	\$ (1,600,000)	\$ (1,600,000)	\$ (2,264,815)
Total GF Fund Balance	\$ 26,209,570	\$ 19,666,886	\$ 23,190,156	\$ 13,988,504
<u>CAPITAL PROJECTS</u>				
Beginning Balance	\$ 1,841,994	\$ 1,593,975	\$ 1,593,975	\$ 1,993,975
<i>Spending</i>	\$ (1,448,019)	\$ (2,388,740)	\$ (1,200,000)	\$ (1,997,500)
<i>Transfers From General Fund</i>	\$ 1,200,000	\$ 1,600,000	\$ 1,600,000	\$ 2,264,815
Total CP Fund Balance	\$ 1,593,975	\$ 805,235	\$ 1,993,975	\$ 2,261,290
TOTAL FUND BALANCE AVAILABLE	\$ 27,803,545	\$ 20,472,121	\$ 25,184,131	\$ 16,249,794
<u>ALLOCATION OF FUND BALANCE</u>				
<i>Restricted (Capital Projects)</i>	\$ 1,593,975	\$ 805,235	\$ 1,993,975	\$ 2,261,290
<i>Committed (PSERS)</i>	\$ 10,000,000	\$ 8,172,000	\$ 9,231,672	\$ 8,211,283
<i>Assigned</i>	\$ 9,498,498	\$ 7,898,498	\$ 7,898,498	\$ 5,633,683
<i>Unassigned</i>	\$ 6,711,072	\$ 3,596,388	\$ 6,059,986	\$ 143,538
Total Fund Balance	\$ 27,803,545	\$ 20,472,121	\$ 25,184,131	\$ 16,249,794



2017-18 Budget Summary

Real Estate Taxes

2017-2018 Real Estate Taxes	Current Millage 29.040	Millage 29.330	Millage 29.621	Millage 29.911	Index Millage 29.998
Millage % increase		1.00%	2.00%	3.00%	3.30%
Assessed Values	\$ 1,906,085,176	\$ 1,906,085,176	\$ 1,906,085,176	\$ 1,906,085,176	\$ 1,906,085,176
Tax Levy on Assessed Values	\$ 55,352,714	\$ 55,906,241	\$ 56,459,768	\$ 57,013,295	\$ 57,179,353
Budgeted % of Collection	97.00%	97.00%	97.00%	97.00%	97.00%
Real Estate Taxes	\$ 53,692,132	\$ 54,229,053	\$ 54,765,975	\$ 55,302,896	\$ 55,463,972
Revenue Increase		\$ 536,921	\$ 1,073,843	\$ 1,610,764	\$ 1,771,840

Value of 1 mill	\$ 1,848,903
------------------------	--------------



2017-2018 Budget Calendar

February 21, 2017	Finance Committee - 2017-18 Budget - Revenues
March 21, 2017	Finance Committee - 2017-18 Budget - Expenditures
April 18, 2017	Finance Committee - Budget - Capital
April 27, 2017	Proposed Final Budget Adoption
May 16, 2017	Finance Committee - Budget - Work Session
June 6, 2017	Finance Committee - Budget - Work Session
June 8, 2017	Final Adoption