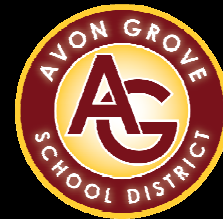


AVON GROVE SCHOOL DISTRICT

2018-19

REVENUE
ESTIMATE



FEBRUARY 13, 2018

REVIEW OF REVENUE BUDGET 2018-19

Local Revenue

- *District Historical Assessment and Annual Change*
- *Assessment Appeals Effect on Real Estate Revenue*
- *Chester County Schools Average Millage Change - 10 Years*
- *Revenues from Local Sources*

State Revenue

- *Basic Education Funding History / Looking Ahead*
- *Governor's Budget*
- *Impact on AGSD / State Revenue*

Federal & Other Revenue

Budget Summary

Timeline

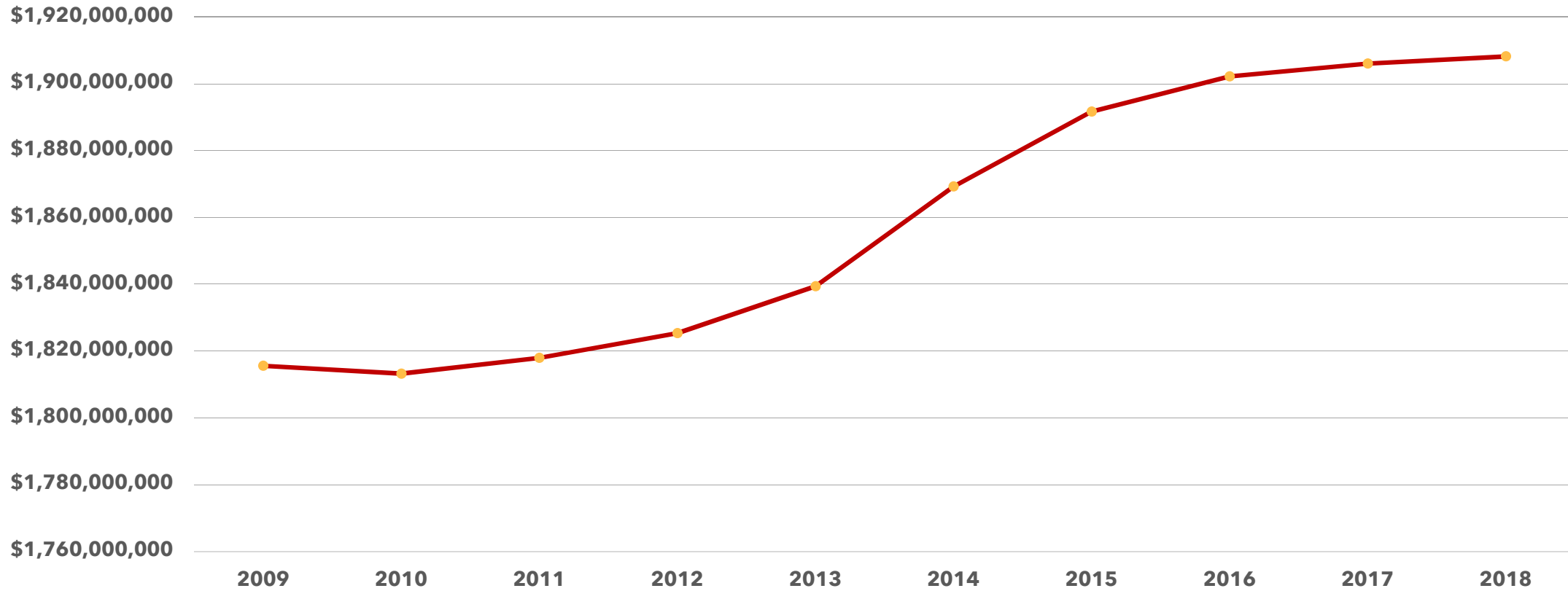
AVON GROVE SCHOOL DISTRICT

LOCAL REVENUE



LOCAL REVENUE

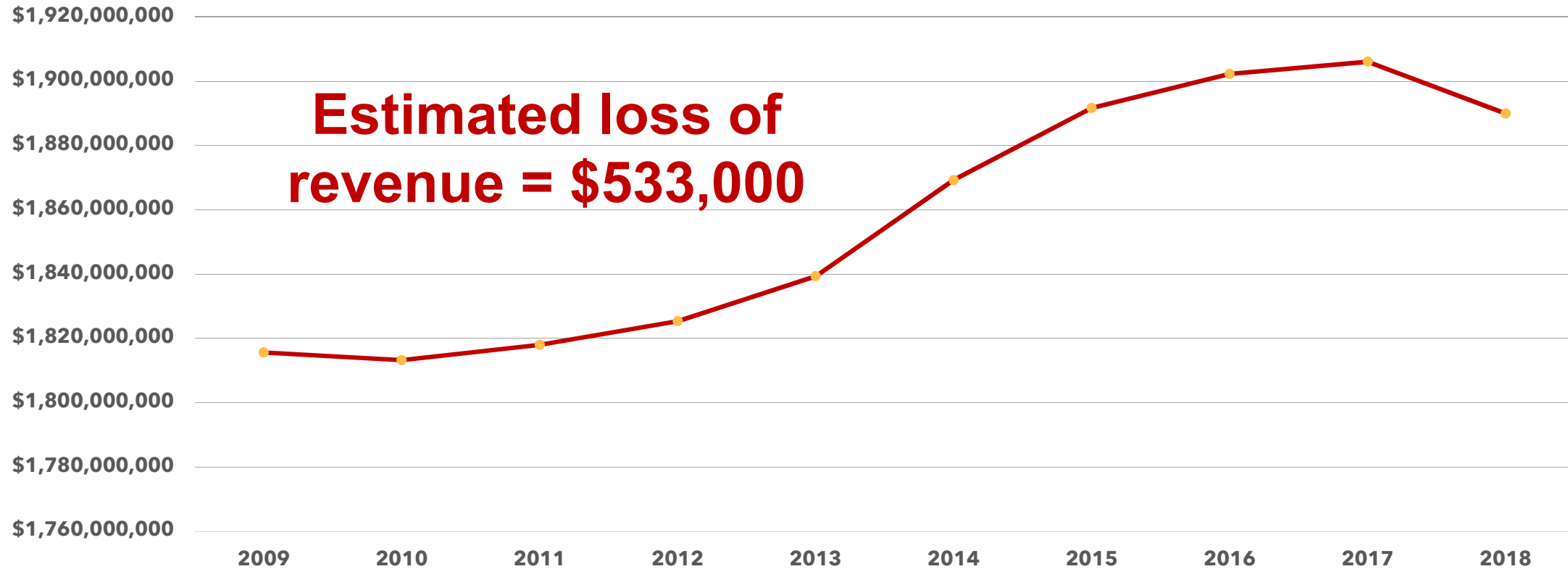
Avon Grove - 10 Year Historical Tax Assessment Data



Tax Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Assessment	1,815,605,923	1,813,253,165	1,817,987,512	1,825,365,257	1,839,399,117	1,869,280,567	1,891,686,467	1,902,271,305	1,907,000,000	1,908,229,456
Annual Change	24,977,075	-2,352,758	4,734,347	7,377,745	14,033,860	29,881,450	22,405,900	10,584,838	4,728,695	2,144,280
Percentage Change	1.4%	-0.1%	0.3%	0.4%	0.8%	1.6%	1.2%	0.6%	0.2%	0.1%

LOCAL REVENUE

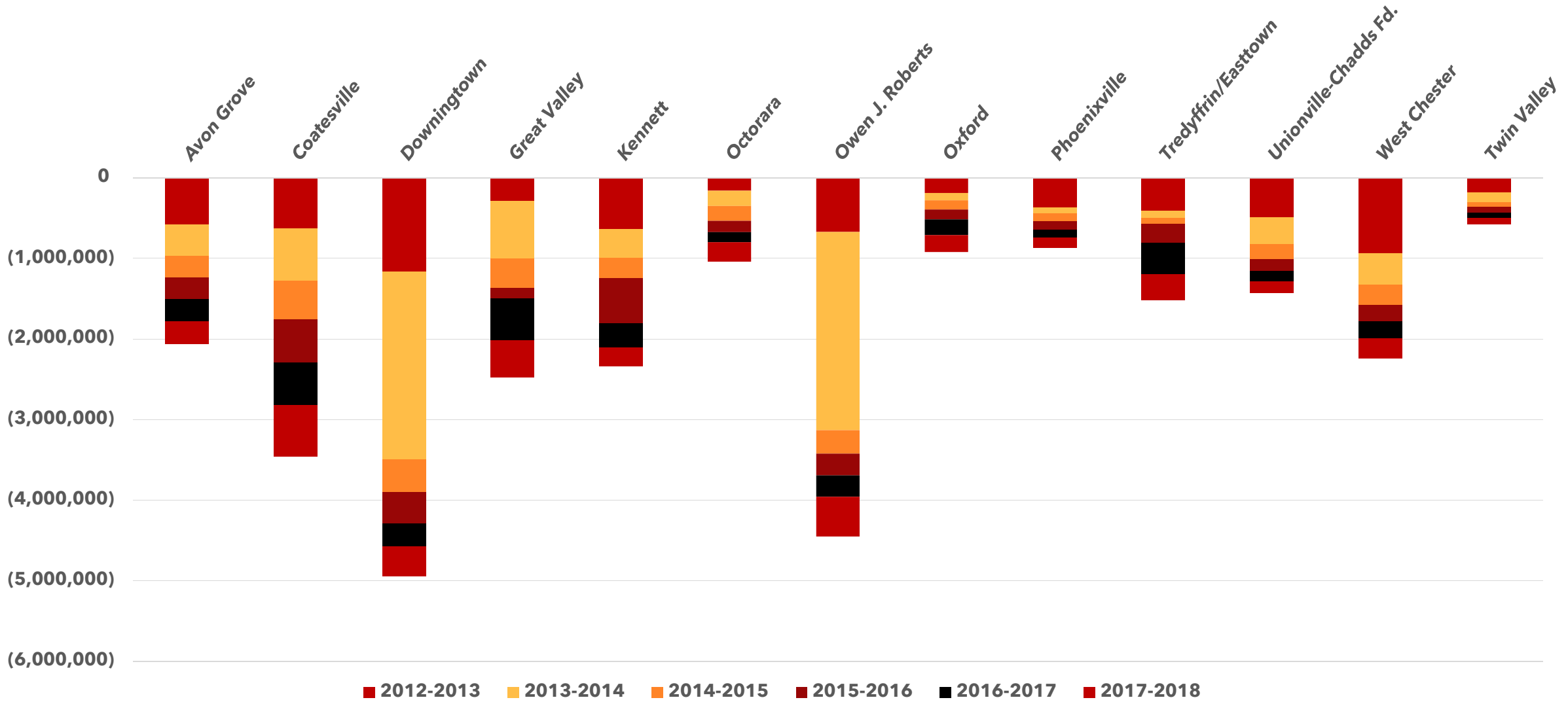
Avon Grove - 10 Year Historical Tax Assessment Data – Loss of Hospital



Tax Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Assessment	1,815,605,923	1,813,253,165	1,817,987,512	1,825,365,257	1,839,399,117	1,869,280,567	1,891,686,467	1,902,271,305	1,907,000,000	1,889,956,466
Annual Change	24,977,075	-2,352,758	4,734,347	7,377,745	14,033,860	29,881,450	22,405,900	10,584,838	4,728,695	16,128,710
Percentage Change	1.4%	-0.1%	0.3%	0.4%	0.8%	1.6%	1.2%	0.6%	0.2%	0.8%

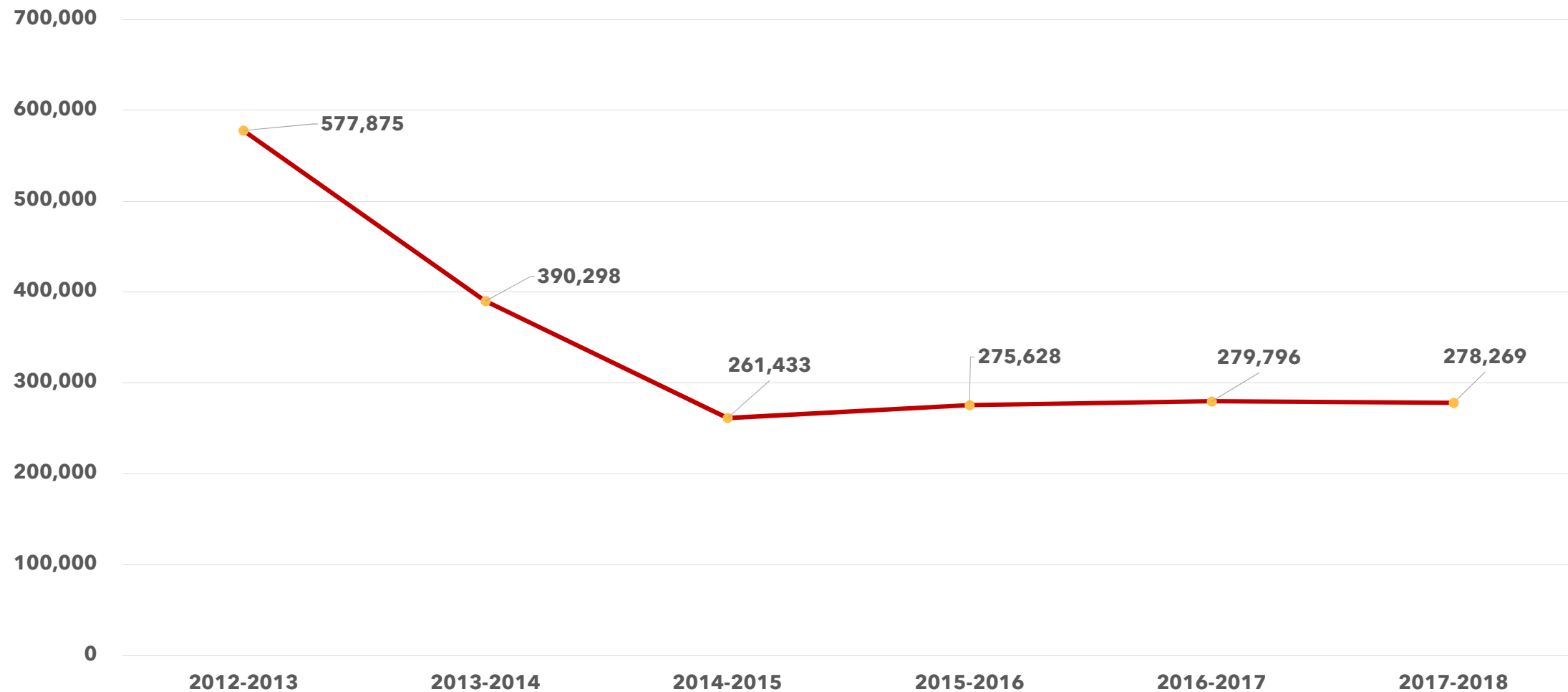
LOCAL REVENUE

Reduction in Real Estate Tax Revenue due to Property Assessment Appeals - FY 2013 to FY 2018



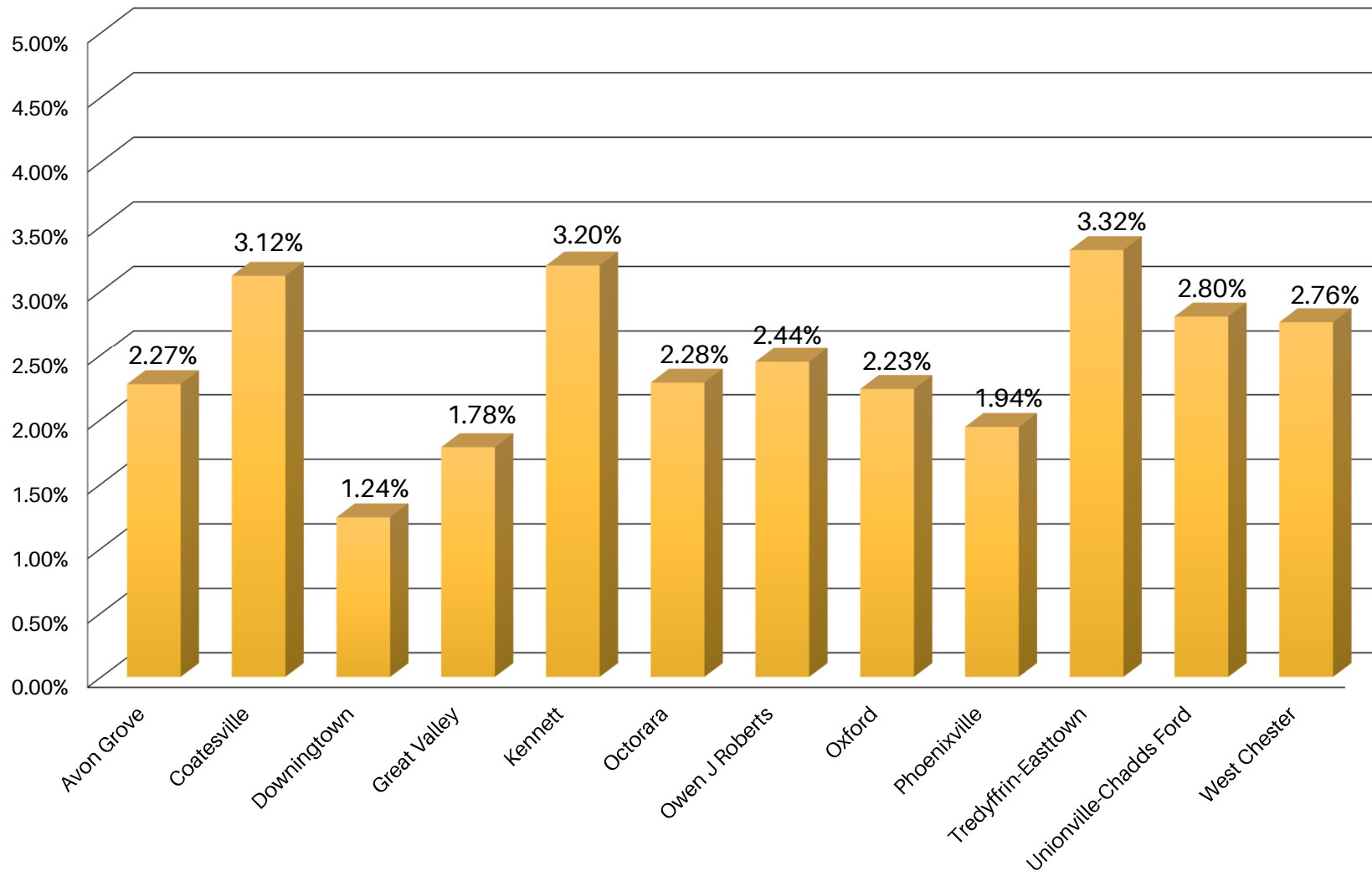
AGSD Losses due to Assessment Appeals

FY 2013 to FY 2018



REAL ESTATE MILLAGE FOR CHESTER COUNTY SCHOOL DISTRICTS

Average Change 10 Year Period 2008-09 to 2017-18



LOCAL REVENUE

	<u>2015-2016 Actual</u>	<u>2016-2017 Actual</u>	<u>2017-2018 Budget</u>	<u>2018-2019 Budget</u>
6111 - Current Real Estate Taxes	\$ 48,752,969	\$ 50,696,118	\$ 52,471,977	\$ 56,510,498
Increase	\$ 1,656,221	\$ 1,943,149	\$ 1,775,859	\$ 4,038,521
% Increase	3.52%	3.99%	3.50%	7.70%
Value of 1 Mill at % of Collection Rate	\$ 1,834,936	\$ 1,846,880	\$ 1,848,903	\$ 1,938,874
<u>Change in Assessed Values</u>				
Assessed Values	\$ 1,891,686,467	\$ 1,902,271,305	\$ 1,907,000,000	\$ 1,908,229,456
Millage Assessed	28.1570	29.0400	29.7700	30.5300
Taxy Levied on Assessed Values	\$ 53,264,216	\$ 55,241,959	\$ 56,771,390	\$ 58,258,245
Less: Homestead Exclusion	\$ (2,673,610)	\$ (2,673,805)	\$ (2,676,568)	\$ -
Net Tax Levy	\$ 50,590,606	\$ 52,568,154	\$ 54,094,822	\$ 58,258,245
Collection Factor	97.00%	97.00%	97.00%	97.00%
Net Tax Revenue Generated by Millage	\$ 49,072,888	\$ 50,991,109	\$ 52,471,977	\$ 56,510,498
Budgeted % of Collection from PDE-2028	97.00%	97.00%	97.00%	97.00%
% Face Collected	96.37%	97.85%	98.04%	97.00%
% Difference	-0.63%	0.85%	1.04%	0.00%

LOCAL REVENUE

	2015-2016 Actual	2016-2017 Actual	2017-2018 Budget	2018-2019 Budget
Local Revenues				
6111 Current Real Estate Taxes	\$48,752,969	\$50,696,118	\$52,471,977	\$56,510,498
6112 Current Interim Real Estate Taxes	507,119	294,488	525,000	525,000
6113 Public Utility Realty Tax	55,724	56,264	56,000	56,000
6153 Real Estate Transfer Tax	795,124	840,094	800,000	800,000
6400 Delinquent Taxes	1,525,789	1,225,104	1,550,000	1,400,000
6510 Interest on Investments	117,481	257,246	250,000	400,000
6700 Revenue from Student Activities	479,154	498,678	480,000	491,000
6832 IDEA Pass Through Funds	526,721	553,338	526,000	555,000
6910 Rentals	60,278	77,525	60,000	65,000
6941 Tuition Payments	9,607	16,935	20,000	20,000
6942 Summer School	7,700	9,400	-	-
6990 Miscellaneous Revenue	132,437	113,935	94,000	130,000
TOTAL REVENUE - LOCAL SOURCES	\$52,970,103	\$ 54,639,125	\$ 56,832,977	\$60,952,498
Increase from Prior Year	\$ 1,498,056	\$ 1,669,022	\$ 2,193,852	\$ 4,119,521
% Increase from Prior Year	2.91%	3.15%	4.02%	7.25%

LOCAL REVENUE

Independent Fiscal Office Report - released January 2018

- *Based on statewide tax collection data through FY 2015-16*
- *IFO projects statewide the net tax base assessment will expand 1% annually through FY 2022-23*
- *Base index is predicted to increase from 2.4% (FY 2018-19) to 3.4% by FY 2022-23*
- *Net result: tax collections estimated to increase 3.3% per annum through FY 2022-23*

Increases in the base index will increase Avon Grove's Act 1 allowable tax increase each year, resulting in additional flexibility, if needed

AVON GROVE SCHOOL DISTRICT

STATE REVENUE



BASIC EDUCATION FUNDING

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

BASIC EDUCATION FUNDING

2014 - Act 51 - Statute established the Basic Education Funding Commission

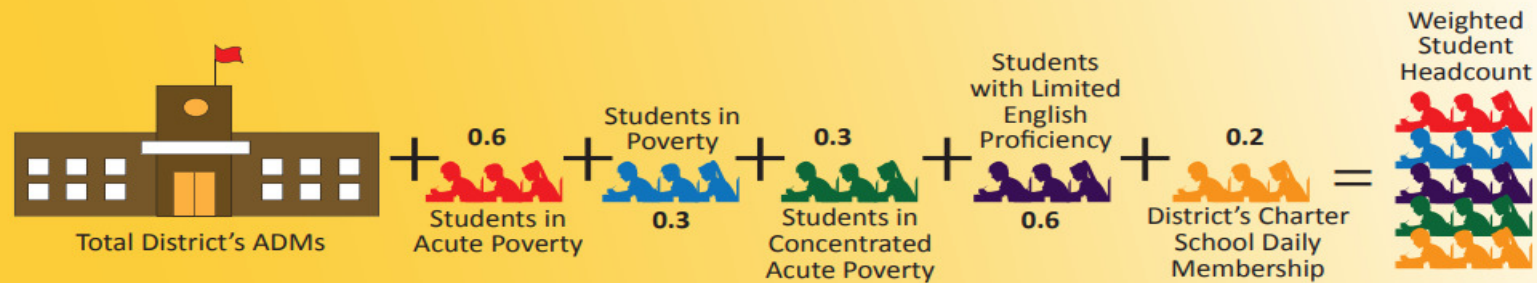
Education Funding Commission revised the BEF formula to calculate each district's share as a factor of certain major elements (effective for FY 2016-2017):

- Weighted student count (3 year average ADM, poverty threshold, number of English language learners, and charter school enrollment)*
- Sparsity to size ratio*
- Median household income index*
- Local effort capacity index (level of local funding achieved vs. total capacity for local funding)*

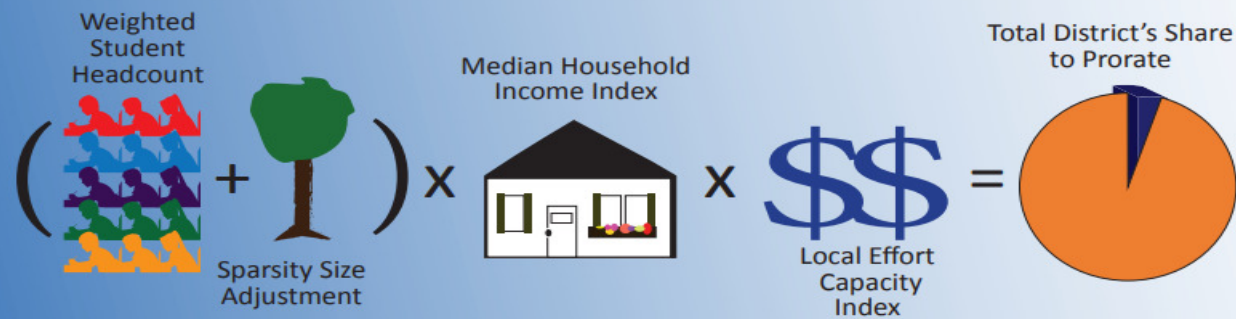
Revised formula is designed to be dynamic, and to direct resources to districts with the greatest need

BASIC EDUCATION FUNDING

STEP 1: Weighted Student Count



STEP 2: District Adjustments



Funding is distributed based on a school district's proportionate share of available dollars.



DEPARTMENT OF EDUCATION

SUMMARY OF STATE APPROPRIATIONS FY 2018-2019

Governor's Executive Budget presented February 6, 2018

<i>GRANTS AND SUBSIDIES</i>	<i>Actual</i>	<i>Available</i>	<i>Governor's</i>	<i>Increase</i>	<i>%</i>
<i>SUPPORT OF PUBLIC SCHOOLS</i>	<i>2016 - 2017</i>	<i>2017 - 2018</i>	<i>Budget</i>	<i>18-19 Budget</i>	<i>Increase</i>
			<i>2018 - 2019</i>	<i>vs 17-18</i>	<i>Increase</i>
<i>Basic Education Funding</i>	\$ 5,895,079	\$ 5,995,079	\$ 6,095,079	\$ 100,000	1.64%
<i>School Employees' Retirement</i>	2,064,000	2,264,000	2,527,000	263,000	10.41%
<i>Special Education</i>	1,096,815	1,121,815	1,141,815	20,000	1.75%
<i>Pupil Transportation</i>	549,097	549,097	549,097	-	0.00%
<i>School Employees' Social Security</i>	492,082	499,500	524,305	24,805	4.73%
<i>Early Intervention</i>	252,159	263,878	275,500	11,622	4.22%
<i>Ready to Learn Block Grant</i>	250,000	250,000	250,000	-	0.00%
<i>Pre-K Counts</i>	147,284	172,284	202,284	30,000	14.83%
<i>Authority Rentals & Sinking Fund Requirements</i>	-	29,703	140,906	111,203	78.92%
<i>Career and Technical Education</i>	62,000	62,000	112,000	50,000	44.64%
<i>Special Education - Approved Private Schools</i>	105,558	108,010	111,089	3,079	2.77%
<i>Nonpublic/Charter School Pupil Transportation</i>	80,009	80,009	80,009	-	0.00%
<i>School Food Services</i>	30,000	30,000	30,000	-	0.00%
<i>Other Programs</i>	169,904	177,932	187,158	9,226	100.00%
TOTAL - SUPPORT OF PUBLIC SCHOOLS	\$ 11,193,987	\$ 11,603,307	\$ 12,226,242	\$ 622,935	5.10%

*FY 18-19 increase in sinking fund allocation is intended to make debt service payments on bonds issued to make PlanCon reimbursements.

(Dollar Amounts Presented in T thousands)

WHAT THE GOVERNOR'S BUDGET DOES FOR THE AGSD

*Basic Education Funding - \$138,309
2018-2019 Proposed increase over the 2017-2018 proposed*

*Special Education Funding - \$ 16,825
2018-2019 Proposed increase over the 2017-2018 proposed*

Other Budget Highlights:

- Ready to Learn Block Grant funding remains level*
- Appropriations for Rental/Sinking Fund Reimbursements increased substantially - will be used to pay debt service on PlanCon bonds*
- Statewide allocation for Title II decreased 15% - may translate into a decreased allocation for AGSD in FY 2018-2019*

STATE REVENUE

	<u>2015-2016 Actual</u>	<u>2016-2017 Actual</u>	<u>2017-2018 Budget</u>	<u>2018-2019 Budget</u>
State Revenues				
7110 Basic Instructional Subsidy	\$14,605,370	\$14,895,583	\$14,970,000	\$15,100,000
7160 Tuition Institutionalized	59,724	-	40,000	40,000
7220 Vocational Education	-	-	1,053	1,000
7250 Migratory Children	2,365	1,721	2,000	2,000
7271 Special Education	2,574,527	2,486,041	2,519,855	2,590,000
7310 Transportation	1,829,148	1,843,903	2,000,000	1,900,000
7320 Rental and Sinking Fund Payments	-	1,144,338 *	335,000	445,000
7330 Health Services (Medical & Dental)	210,326	106,016	105,000	106,000
7340 Act 1 State Property Tax	2,673,610	2,673,805	2,673,633	-
7505 Ready to Learn Block Grant	754,726	754,726	754,725	754,725
7810 State Share - Social Security	1,234,652	1,291,217	1,220,100	1,247,272
7820 State Share - Retirement	4,483,183	5,006,091	5,216,800	5,483,293
TOTAL REVENUE - STATE SOURCES	<u>\$28,427,631</u>	<u>\$30,203,441</u>	<u>\$29,838,166</u>	<u>\$27,669,290</u>
Increase (Decrease) from Prior Year	\$ 766,884	\$ 1,775,810	\$ (365,275)	\$ (2,168,876)
% Increase (Decrease) from Prior Year	2.77%	6.25%	-1.21%	-7.27%

* 2016-2017 rental and sinking fund payments include two years of reimbursements

STATE REVENUE

2018 - 2019 Rental and Sinking Fund Reimbursement Summary

<u>General Obligation Bonds</u>	<u>2018-2019 Debt Service</u>	<u>Reimbursable Percentage</u>	<u>MV Aid Ratio</u>	<u>2018-2019 Reimbursement</u>
Series 2012	\$ 229,500	19.35%	0.5132	\$ 22,790
Series 2012A	710,040	0.00%	0.5132	-
Series 2014	1,576,850	24.93%	0.5132	201,743
Series 2015	<u>753,600</u>	27.31%	0.5132	<u>105,621</u>
	<u>\$ 3,269,990</u>			330,154
<i>Plus: pass-through funds to IU for TCHS and other joint ventures</i>				<u>114,846</u>
Total Rental and Sinking Fund Reimbursement				<u><u>\$ 445,000</u></u>

AVON GROVE SCHOOL DISTRICT

FEDERAL & OTHER REVENUE



FEDERAL & OTHER REVENUE

	2015-2016 Actual	2016-2017 Actual	2017-2018 Budget	2018-2019 Budget
Federal Revenues				
8514 Title I - Grants to Local Educational Agencies	\$ 345,852	\$ 364,242	\$ 351,000	\$ 350,000
8515 Title II - Improving Teacher Quality	141,146	68,874	98,000	98,000
8516 Title III - LEP/Immigrant Language Instruction	112,665	117,258	116,000	116,000
8690 Other Federal Grants (FEMA Disaster Grant)	-	27,936	-	-
8810 Medical Assistance Reimbursement (ACCESS)	7,603	51,425	99,869	70,000
8820 ACCESS Administrative Reimbursement	-	8,366	-	-
TOTAL REVENUE - FEDERAL SOURCES	\$ 607,266	\$ 638,101	\$ 664,869	\$ 634,000
Increase (Decrease) from Prior Year	\$ (524,532)	\$ 30,835	\$ 26,768	\$ (30,869)
% Increase (Decrease) from Prior Year	-1.90%	5.08%	4.19%	-4.64%
Other Financing Sources				
9400 Gain on Sale of Assets	\$ 11,176	\$ 15,167	\$ -	\$ -
9990 Insurance Recoveries	-	13,369	-	-
TOTAL OTHER FINANCING SOURCES	\$ 11,176	\$ 28,536	\$ -	\$ -

AVON GROVE SCHOOL DISTRICT

BUDGET SUMMARY



2018-19 BUDGET SUMMARY

Revenue and Expenditure Analysis

	Preliminary 2018-2019 Budget	Adjustments from State Budget	Adjusted 2018-2019 Budget	2017-2018 Budget	Budget Variance
Revenues					
Local	\$ 60,952,498		\$ 60,952,498	\$ 56,832,977	\$ 4,119,521
State	27,669,290	155,134	27,824,424	29,838,166	(2,013,742)
Federal	634,000		634,000	664,869	(30,869)
Total Revenues	89,255,788		89,410,922	87,336,012	2,074,910
Expenditures					
Instruction	62,899,378		62,899,378	59,334,851	3,564,527
Support Services	26,353,112		26,353,112	25,572,674	780,438
Community Services	1,284,961		1,284,961	1,176,136	108,825
Debt Service	4,829,990		4,829,990	4,830,365	(375)
Fund Transfer	1,850,000		1,850,000	1,850,000	-
Contingency	975,000		975,000	900,000	75,000
Total Expenditures	98,192,441		98,192,441	93,664,026	4,528,415
Deficiency of Revenues Under Expenditures	\$ (8,936,653)		\$ (8,781,519)	\$ (6,328,014)	\$(2,453,505)
Fund Balance Usage					
Committed Fund Balance (PSERS)	\$ 1,614,189		\$ 1,614,189	\$ 1,614,189	\$ -
Assigned Fund Balance (transfers)	1,850,000		1,850,000	1,850,000	-
Unassigned Fund Balance	5,472,464		5,317,330	2,863,825	2,453,505
Total Use of Fund Balance	\$ 8,936,653		\$ 8,781,519	\$ 6,328,014	\$ 2,453,505

2018-19 BUDGET SUMMARY

Effect of Millage Rate Increases

2018 - 2019 Real Estate Taxes	Current Millage	1.00% Increase	2.00% Increase	2.55% Increase	Act 1 3.10% Increase
Millage Rate	29.770	30.068	30.365	30.530	30.693
Assessed Values	\$1,908,229,456	\$1,908,229,456	\$1,908,229,456	\$1,908,229,456	\$1,908,229,456
Tax Levy	\$ 56,807,991	\$ 57,376,643	\$ 57,943,387	\$ 58,258,245	\$ 58,569,287
Budgeted % of Collection	97.00%	97.00%	97.00%	97.00%	97.00%
Real Estate Taxes	\$ 55,103,751	\$ 55,655,344	\$ 56,205,086	\$ 56,510,498	\$ 56,812,208
Revenue Increase	\$ -	\$ 551,593	\$ 1,101,335	\$ 1,406,747	\$ 1,708,457
Use of Fund Balance at Each Millage Rate	\$ 10,343,400	\$ 9,791,807	\$ 9,242,065	\$ 8,936,653	\$ 8,634,943
Value of 1 Mill	\$ 1,938,874				

AVON GROVE SCHOOL DISTRICT

TIMELINE



2018-2019 BUDGET CALENDAR

December 14, 2017		BOE meeting consideration of "Opt-Out" Resolution (<u>Action Taken December 16, 2017</u>)
January 16, 2018		Finance Committee Meeting - Presentation of 2018-19 Draft Budget
February 13, 2018		Finance Committee - 2018-19 Budget - Revenues
March 13, 2018		Finance Committee - 2018-19 Budget - Expenditures
April 17, 2018		Finance Committee - Budget - Capital Plan
April 26, 2018		Proposed Final Budget Adoption - Board Meeting
May 14, 2018		Finance Committee - Budget - Work Session
June 5, 2018		Finance Committee - Budget - Work Session
June 7, 2018		Final Adoption

AVON GROVE SCHOOL DISTRICT

QUESTIONS

