

Quakertown Community School District
Analysis of Key Local Revenue Sources

Month to Month Comparisons

Category	18/19	Year-to-date	% of	Year-to-date	March			April		
	Actual	April 2019	Total	April 2020	2019	March 2020	Difference	2019	April 2020	Difference
Current Real Estate Taxes	\$ 65,211,480	\$ 65,332,156	100.19%	\$ 67,275,091	\$ -	\$ -	\$ -	\$ (4,334)	\$ (2,185)	\$ 2,149
Interim Real Estate Taxes	349,864	188,378	53.84%	345,572	89,191	59,163	(30,028)	8,948	36,658	27,710
Earned Income Taxes	10,552,988	6,435,910	60.99%	6,385,147	1,053,510	1,037,797	(15,713)	487,903	257,221	(230,682)
Transfer Taxes	1,049,232	732,657	69.83%	840,746	64,780	40,652	(24,128)	42,181	64,048	21,867
Delinquent Taxes	1,688,526	991,144	58.70%	752,482	62,770	79,325	16,555	195,740	110,406	(85,334)
Interest Earnings	839,772	734,405	87.45%	709,919	73,704	51,645	(22,059)	61,242	34,087	(27,155)
Totals	\$ 79,691,862	\$ 74,414,650	93.38%	\$ 76,308,957	\$ 1,343,955	\$ 1,268,582	\$ (75,373)	\$ 791,680	\$ 500,235	\$ (291,445)

Summary:

Current Real Estate Taxes:

Since all of the current real estate taxes are collected by December 31, there is no impact on local revenues due to the COVID-19 closure in 19/20.

Going forward, the District estimates a lower collection percentage due to the economic impacts of COVID-19 on personal income and on an individual's ability to pay taxes in the discount or face period.

Interim Real Estate Taxes:

Since most of the interim tax collections have already been collected for fiscal year 2019/20, there is little impact on local revenues due to the COVID-19 closure.

Going forward, the District estimates lower interims being billed and collected due to the economic impact of the COVID-19 closure and the increase in the unemployment rate in the District.

Earned Income Taxes:

Earned income tax collections in 19/20 have lagged behind what we experienced in 18/19. This is caused by a combination of factors. One factor is the delay in the filing of income tax returns until July. Since the revenues collected in July may be included in the 19/20 revenue, the effect of this lag will be somewhat mitigated. The increase in the unemployment rate in the District will also have a negative effect on total collections for 19/20.

Going forward, the District estimates lower earned income tax collections due to the economic condition and the rate of unemployment. This effect can be mitigated by the rate of the expected economic recovery when state-wide closures are lifted and unemployment rates decrease.

Transfer Taxes:

Most of the transfer taxes have been collected for 19/20, so the effect of the state-wide closure should be minimal.

Going forward, depending on the economic recovery, transfer taxes are expected to be affected negatively due to the economic downturn and the rate of unemployment. Again, this could be mitigated by a quicker financial recovery.

Delinquent Taxes:

The rate of collection of delinquent taxes has been negatively impacted by the economic downturn. This effect could be mitigated by an economic recovery and a lowering of the unemployment rate.

Going forward, in 2020/21, the District may experience an increase or stabilization of delinquent tax collections. This would be due to an expected decrease in current real estate tax collections. Taxpayers unable or unwilling to pay their real estate taxes currently may make payment of delinquent taxes a priority in order to avoid foreclosure.

Interest Earnings:

Interest rates have fallen steadily since the state-wide closure. The effect of this in 19/20 is only on the 'liquid balances' that the District has. Much of the District's cash reserves were invested in medium range investments at the beginning of the fiscal year. These investments are now maturing and have earned substantially more than what would be earned in the current interest rate environment. Therefore, the effect on interest earnings in 19/20 is minimal.

Going forward, in 20/21, depending on the rate of economic recovery, interest earned on cash balances will be much lower than in 19/20 due to the fact that interest rates have fallen substantially since the state-wide closure and federal reserve actions. Also, cash flow in 20/21 will be negatively impacted by lower than usual rates of collection for taxes such as current real estate and earned income tax. The combination of lower collection rates and lower interest rates will negatively impact interest earnings.