QUAKERTOWN COMMUNITY SD

2019/2020 Preliminary Budget

Presented January 24, 2019

Finance Committee Meeting

AGENDA

- Budget Terminology
- Budget Timeline
- Budget Priorities
- 2018/19 Estimated Revenues/Expenditures/Fund Balance
- 2019/20 Primary Cost Drivers
- Staffing Requests
- Supporting Data
- Preliminary Budget – Act I (2.7%)
- Impact on Average Taxpayer
- 5 Year Projection
- Attachments (will be posted on website)
- Questions

POTENTIAL CHANGES AND UNKNOWNS

- The preliminary budget is developed without having all of the pertinent information. The preliminary budget will continue to be updated as additional information is available.

Additional Information Needed and Unknowns

- Second and third look for healthcare premium costs
- Additional resignations and retirements (reductions through attrition)
- Staff leave of absences
- 2019/2020 Tech School budget
- PDE BEF and SEF Funding
- 2019/2020 Bucks County IU Special Education Budget
- 2019/2020 duplicate from Bucks County (total tax assessment for 2019/20)
- Refine department budgets (special education, facilities, etc.)
- Refine revenue projections as new information is available

BUDGET TERMINOLOGY
ACT I INDEX

ACT1 INDEX - the maximum millage 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

Millage - Amount per $1,000 of property value that is used to calculate local property taxes. Assigned **millage** rates are multiplied by the total taxable value of the property in order to arrive at the property taxes.

In Bucks County only Quakertown, Bristol Borough, and Bristol Township qualify for an adjusted index.

PA Base Act I Index	2.30%
QCSD's Act I Index	2.70%

A 2.70% increase in Mills generates approximately **$1,974,765 in** Real Estate Tax Revenue

- MV/PI = A measure of a communities wealth (market value/personal income aide ratio).
- QCSD = .422, Council Rock = .150, Bristol Borough - .610

2019/20PRELIMINARY BUDGET WHAT IS IT?

- Unlike last school year, the Board of School Directors opted out of applying for exceptions to the Act I index for 2019/20. By doing so, the District capped the maximum millage increase to a 2.7% increase in the millage rate.

- Opting out of using exceptions changes the budget requirements with PDE (a formal preliminary budget is not required to be approved and submitted to the State).

- So…. The Board will not be voting on a preliminary budget this year. The preliminary budget is simply a snapshot of where we are in the budget development process.

BUDGET CALENDAR

- January 24, 2019 – Preliminary Budget Presentation – Finance Committee
- February 28, 2019 – Preliminary Budget Presentation – Regular Board Meeting
- March 14, 2019 – Update on Preliminary Budget – Finance Committee
- April 25, 2019 – Presentation of and Board vote adopting proposed final budget
- May 9, 2019 – Update on Proposed Final Budget – Finance Committee
- June 6, 2019 – Board vote to adopt final 2019/20 budget
- June 30, 2019 – Deadline for tax collectors to send tax bills

2019/20 QCSD PRIORITIES IMPACTING BUDGET

- Continue Funding Capital Maintenance - $1 million – Funded by General Fund
  - D'Huy Engineer along with QCSD Facilities will be conducting a facilities assessment in late Spring/early Summer, to update the needs identified by the 2015 facilities plan.
- Renovation/Addition – Neidig Elementary School
  - Funded by debt service (second round of borrowing in 19/20)
- Additional Staffing
  - Details on following slides
- Safety and Security
  - Development of a security coordinator position
  - Starting a safety and security budget ($30k)

PRIMARY COST DRIVERS – BUDGET TO BUDGET

- Salaries - $1,397,171
  - Increase is net of attritional savings from retirements ($179,761 savings to date)
  - Includes contractual increase
  - Includes new staffing requests
- Benefits - $1,632,028 Biggest cost drivers are:
  - Healthcare $612,395
  - Social Security $167,285
  - PSERS $798,375 (50% offset by state subsidy revenue)
    - PSERS is mostly due to the increase in overall salaries, not a large spike in PSERS rate.
- IU Special Education Services - $357,000
- Other Professional Services - $337,000
  - This is primarily due to an increase in services using ACCESS funds. It is offset with an equal increase in revenue
- Neidig Project Debt Service - $334,451

2019/20 NEW POSITIONS
(COSTS INCLUDE SALARY AND BENEFITS)

- **Additional Teaching Positions**:
  - Special education teacher at the Academy (expanding # of students) – $104,908
  - Board Certified Behavior Analyst (student needs) – $104,908
  - Elementary special education teacher (caseloads) – $104,908
  - Senior High Health and P/E Teacher (new health course)- $104,908
  - Strayer MS Mandarin Teacher (program growth) – $104,908

- **Instructional Aide Positions:**
  - Instructional Special Education Aide at the Academy (expanding # of students) - $29,897
  - Instructional Special education Aide at Strayer (student needs) - $17,258
  - Instructional Special Education Aide at Pfaff (student needs)- $38,023
  - (2) Instructional Special Education Aides at TBD (emerging student needs)- $39,984

2019/20 NEW POSITIONS (CONT.)

- **Technology:**
  - Tech Associate – $73,971
- **TOSA to Administrative Conversion:**
  - Convert Special Education TOSA to Special Education Supervisor - $60,000
  - Convert Academy TOSA to Assistant Principal of Academy - $60,000

Total New Staff Costs (Salaries and Benefits) - $843,673

Note: Security Coordinator position is not new, it is a reallocation of a position.

DISTRICT FTE STAFFING HISTORY

	2014-15			2015-16			2016-17 Actual			2017-18 Actual			2018-19 Actual			*2019-2020 Budget*		
	Full Time	Part Time	FTE	Full Time	Part Time	FTE	Full Time	Part Time	FTE	Full Time	Part Time	FTE	Full Time	Part Time	FTE	Full Time	Part Time	FTE
District Employees																		
Administrators	25.00	-	25.00	26.00		26.00	26.00		26.00	23.00		23.00	24.00		24.00	26.00		26.00
Census		-		-	-	-	-	-	-	-	-	-	-	-	-			
Aides		110.00	53.90	-	118.00	57.19	-	119.00	56.86	-	123.00	57.97	-	129.00	61.24	-	134.00	63.65
Food Service Workers		34.00	14.06	-	33.00	12.85	-	35.00	13.94	-	35.00	13.89	-	31.00	12.60		32.00	12.91
Nursing Assistants		8.00	6.58		8.00	5.68		8.00	7.40		8.00	7.40		8.00	7.40		8.00	7.40
Maintenance/Custodians	24.00	1.00	24.63	23.00	1.00	23.63	25.00	1.00	25.63	24.00	1.00	24.63	21.00	1.00	21.63	21.00	1.00	21.63
Secretaries	25.00	11.00	30.38	23.00	14.00	30.65	27.00	11.00	33.25	26.00	12.00	33.00	22.00	13.00	31.92	22.00	13.00	29.77
Other Support Staff	21.00	-	19.22	18.00		16.91	16.00		15.08	15.00		14.20	17.00		16.58	18.00		17.58
Counselors	13.00	5.00	16.40	17.00		17.00	17.00		17.00	17.00		17.00	17.00		17.00	17.00		17.00
Librarians	8.00	1.00	8.50	6.00	1.00	6.40	6.00		6.17	6.00	-	6.00	5.00		5.00	4.00		4.00
Psychologists	3.00	-	3.00	3.00		3.00	3.00		3.00	3.00		3.00	3.00		3.00	3.00		3.00
Instructional Support/Inst. Coach	8.00	-	8.00	8.00		8.00	8.00		8.00	7.00		7.50	8.50		8.50	8.50		8.50
Reading Specialists	10.00	1.00	10.00	10.00		10.00	9.00		9.50	9.50		9.50	7.50		7.50	7.50		7.50
Safe School Officer	-	1.00	0.71		1.00	0.71												
School Nurses	4.00	-	4.00	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00
Social Worker/BA	-	1.00	0.80	1.00		1.00	1.00		1.00	2.00		2.00	2.00		2.00	3.00		3.00
Speech Therapist	3.00	-	3.00	3.00		3.00	3.00		3.00	3.00		3.00	3.00		3.00	3.00		3.00
TOSA	5.00	-	5.00	7.00	-	7.00	6.00	-	6.00	7.00	-	7.00	7.00	-	7.00	5.00		5.00
Teachers	301.00	11.00	311.88	299.00	7.00	307.73	306.00	6.00	309.64	295.50	6.00	297.64	286.00	4.00	288.45	292.00	4.00	294.45
3 Year Staffing (FTEs Held)			2.35			5.80			5.62									
Total	**450.00**	**184.00**	**547.41**	**448.00**	**183.00**	**546.55**	**457.00**	**180.00**	**551.09**	**442.00**	**185.00**	**530.73**	**427.00**	**186.00**	**520.82**	**434.00**	**192.00**	**528.39**
	FT	PT	FTE	FT	PT	FTE	FT	PT	FTE	*FT*	*PT*	*FTE*	*FT*	*PT*	*FTE*	*FT*	*PT*	*FTE*
Year to Year Change				(2.00)	(1.00)	(0.86)	9.00	(3.00)	4.54	*(15.00)*	*5.00*	*(20.36)*	*(15.00)*	*1.00*	*(9.91)*	*7.00*	*6.00*	*7.57*
Cumulative Change				(2.00)	(1.00)	(0.86)	7.00	(4.00)	3.67	(8.00)	1.00	(16.68)	(23.00)	2.00	(26.59)	(16.00)	8.00	(19.02)

CONTRACTUAL PAY INCREASES 2019/20

- Support Staff Union – Contractual increases of 2.0% for all classifications (custodial, aide, secretary, maintenance).
- Supervisor/Technology/Confidential Secretary Group – Contractual increase of 2.5% -
- Teachers Union – Teachers will move a step on the salary schedule and receive an increase of 0.75% on scale. Average teacher will receive a salary increase of 2.9%
- Administrative (Act 93) – TBD, budgeted at 2.7%

HEALTHCARE INCREASES

- The District is a member district of the Bucks and Montgomery County Healthcare Consortium. We receive three looks (three cost estimates) between now and April from the consortium consultant, Lockton.

- We are self funded with the exception of stop loss. Self funded means we pay claims not premiums.

- First look (we receive 3) benefit increase are:
  - Medical – 4.69% = $189,148
  - Prescription – 22.12% = $423,249
  - Dental – 2.2% = $7,705
  - Total $ increase to budget = $620,102.

  - Note – We expect a reduction in the second and third looks.

PROJECTED ENROLLMENT AND BUDGET IMPACT

- Although enrollment is projected to continue declining, the administration does not recommend reducing staff.

Grades 1 - 12 Enrollments Based on Grade Progression Ratios (Most Recent Year)
Kindergarten Enrollments Based on Actual Live Birth Data for Past 5 Years
(2017 Live Birth Data is Preliminary)

	Progression	Actual										Projected				
Grades	Ratios	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
K		388	373	363	374	349	305	269	366	287	289	298	304	299	274	*274*
1	1.18	438	424	409	405	420	396	358	318	381	340	342	354	360	354	325
2	0.98	430	423	405	407	410	413	399	360	317	375	335	337	348	354	348
3	1.03	390	419	409	415	400	411	428	406	361	327	387	346	348	359	365
4	0.99	391	387	422	414	406	382	410	425	419	359	325	385	344	346	357
5	0.98	430	393	382	435	405	408	377	411	423	410	351	318	377	337	339
Sub-total K-5		2467	2419	2390	2450	2390	2315	2241	2286	2188	2100	2038	2044	2076	2024	2008
6	1.03	399	459	401	397	422	413	413	399	430	437	424	363	329	389	348
7	1.00	407	403	452	399	390	400	402	413	417	430	437	424	363	329	389
8	1.00	399	418	389	448	398	397	412	419	421	417	430	437	424	363	329
Sub-total 6-8		1205	1280	1242	1244	1210	1210	1227	1231	1268	1284	1291	1224	1116	1081	1066
9	1.01	470	406	407	394	438	413	410	432	426	425	421	434	441	428	366
10	1.00	403	452	380	398	393	428	413	401	434	427	426	422	435	442	429
11	0.94	399	393	432	383	395	388	416	408	399	410	403	402	399	411	418
12	1.01	373	383	359	415	364	386	389	416	408	402	413	406	405	402	414
Sub-total 9-12		1645	1634	1578	1590	1590	1615	1628	1657	1667	1664	1663	1664	1680	1683	1627
Special Ed.	*1.00*	104	117	142	157	139	175	194	176	156	161	161	161	161	161	161
Total K-12		5421	5450	5352	5441	5329	5315	5290	5350	5279	5209	5153	5093	5033	4949	4862
	Increase	-32	29	(98)	89	(112)	(14)	(25)	60	(71)	(70)	(56)	(61)	(59)	(84)	(87)

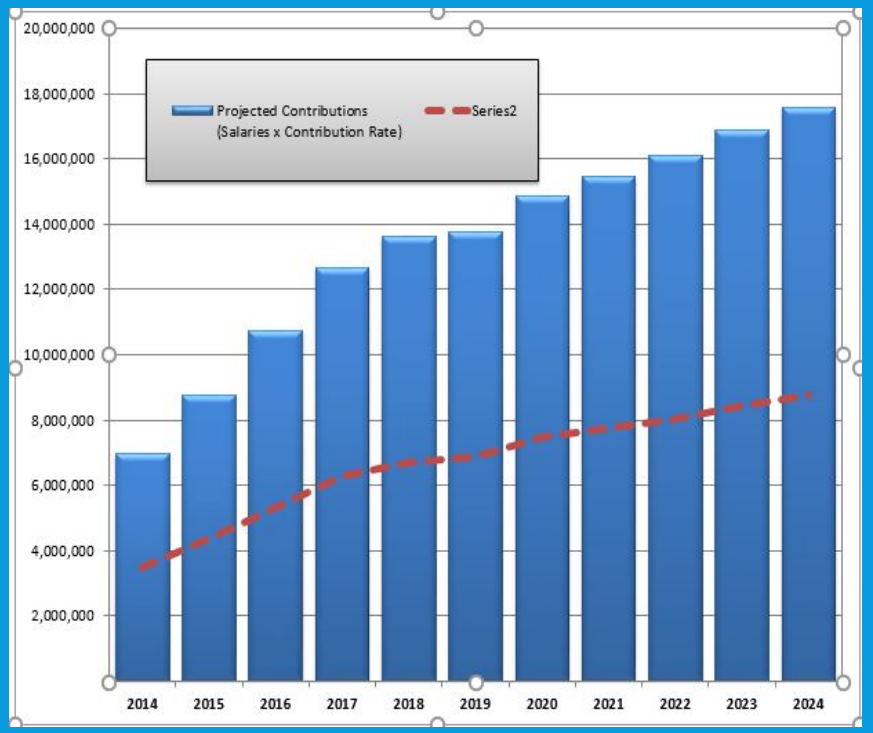
Updated 9/19/18 based on 10th day numbers

PSERS ACT 5 IMPACT

- Effective July 1, 2019 new hires will be enrolled in a defined contribution plan (401k style) as opposed to a defined pension plan.
  - Under the new plan districts will match employee contributions up to 2.5%. However, Districts must continue to fund PSERS at the full rate.
  - Although presented as a cost saving measure for districts, there will be no immediate financial relief.
- **Current System**
- Employee Salary = $50,000
- District PSERS Contribution (34.29%) = $17,145
- **Act 5 System**
- Employee Salary = $50,000
- District 401k match (2.0%) = $1,000
- District Contribution Defined Pension - This goes toward the current system to fund the underfunded defined pension plan (32.29%) = $16,145
- ***Total district contribution (cost) is the same.***

PSERS TREND

- PSERS rates continue to increase but at a slower rate. The increase in the 2019/20 budget is due to increased salaries combined with an increased PSERS rate. The 2019/20 employer rate is 34.29% of salaries



Quakertown Community School District

Retirement Planning

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		(Actual) 2014	(Actual) 2015	(Actual) 2016	(Actual) 2017	(Actual) 2018	(Budget) 2019	(Projected) 2020	(Projected) 2021	(Projected) 2022	(Projected) 2023	(Projected) 2024
	Total Revenue	91,583,034	93,477,121	97,671,437	104,272,838	105,930,061	110,980,104	112,373,610	115,305,314	118,484,604	121,797,960	125,113,500
	Total Expenditures	91,636,966	92,391,087	99,050,755	104,153,489	104,580,213	108,835,627	114,844,395	117,478,688	120,765,443	124,171,347	127,556,284
	Operating Balance	(53,932)	1,086,034	(1,379,317)	119,349	1,349,848	2,144,477	(2,470,785)	(2,173,374)	(2,280,839)	(2,373,387)	(2,442,785)
EXPENDITURES												
100	Personnel Services - Salaries	40,984,854	40,826,223	41,311,140	41,974,251	41,213,662	41,114,858	43,409,913	44,484,411	45,759,925	47,072,546	48,423,366
	Less: Non-PSERS Eligible Salaries	121,172	146,568	270,547	155,177	625,319	(0)	2	2	2	2	2
	Net PSERS Eligible Salaries	41,106,026	40,972,791	41,581,687	42,129,429	41,838,981	41,114,858	43,409,915	44,484,413	45,759,927	47,072,549	48,423,368
	PSERS Contribution Rates *	16.93%	21.40%	25.84%	30.03%	32.57%	33.43%	34.29%	34.77%	35.19%	35.84%	36.30%
	Projected Contributions (Salaries x Contribution Rate)	6,959,250	8,768,177	10,744,708	12,651,467	13,626,956	13,744,697	14,885,260	15,467,230	16,102,918	16,870,801	17,577,683
230	Actual Contributions (from AFR)	6,959,250	8,768,177	10,744,708	12,651,467	13,626,956	13,744,697	14,885,260				

*Source: PSERS as of December 7, 2018. Contributon rates in blue can be modified to reflect different budgeted contribution rates

REVENUES													
	Projected Contributions (from above)		6,959,250	8,768,177	10,744,708	12,651,467	13,626,956	13,744,697	14,885,260	15,467,230	16,102,918	16,870,801	17,577,683
	Projected State Reimbursement	50.00%	3,479,625	4,384,089	5,372,354	6,325,734	6,813,478	6,872,349	7,442,630	7,733,615	8,051,459	8,435,401	8,788,841
7820	Actual Reimbursement (from AFR)		3,476,840	4,360,009	5,344,282	6,307,300	6,719,788	6,872,349	7,484,372				
	Actual State Reimbursement %	49.72% (Average)	49.96%	49.73%	49.74%	49.85%	49.31%	50.00%	50.28%				

EXPENDITURES BY OBJECT

QUAKERTOWN COMMUNITY SCHOOL DISTRICT

EXPENDITURES BY DETAILED OBJECT

Obj		Description	2016-17 Actual	2017-18 Budget	2017-18 Actual	2018-19 Original Budget	2018-19 Amended Budget*	2018-19 Projected	18/19 Variance	2019-20 Preliminary	19/20 Budget to 18/19 Projection		19/20 Budget to 18/19 Budget	
Total	100	Salaries	41,974,251.00	43,302,379.00	41,213,661.87	42,012,743.00	42,012,743.00	41,114,858.00	(897,885.00)	43,409,914.00	2,295,056.00	5.58%	1,397,171.00	3.33%
Total	200	Benefits	23,966,485.00	26,171,711.64	25,378,406.00	26,493,523.00	26,493,523.00	26,287,060.35	(206,462.65)	28,125,551.06	1,838,490.71	6.99%	1,632,028.06	6.16%
Total	300	Professional Services	7,900,367.00	8,070,668.00	8,259,378.00	8,756,467.00	8,756,467.00	9,109,701.00	353,234.00	9,494,474.00	384,773.00	4.22%	738,007.00	8.43%
Total	400	Purchased Property Servs	2,308,000.00	2,229,756.00	1,637,595.00	3,257,112.00	3,702,379.00	2,850,887.00	(851,492.00)	3,147,656.00	296,769.00	10.41%	(554,723.00)	-14.98%
Total	500	Other Purchases Services	12,251,805.28	12,620,243.00	12,005,126.00	13,025,861.00	13,025,861.00	12,617,712.00	(408,149.00)	13,232,504.00	614,792.00	4.87%	206,643.00	1.59%
Total	600	Supplies	3,438,295.00	4,461,042.00	3,960,148.00	4,054,741.00	4,169,684.00	4,198,381.00	28,697.00	4,306,229.00	107,848.00	2.57%	136,545.00	3.27%
Total	700	Equipment	1,460,219.00	448,650.00	823,415.00	391,580.00	488,764.00	975,026.00	486,262.00	1,150,767.00	175,741.00	18.02%	662,003.00	135.44%
Total	800	Other Objects	4,102,018.48	4,815,957.48	4,186,555.00	4,375,365.00	4,375,365.00	4,308,872.00	(66,493.00)	4,284,300.00	(24,572.00)	-0.57%	(91,065.00)	-2.08%
Total	900	Other Financing Uses	6,752,055.00	7,106,549.00	7,115,928.00	7,358,549.00	7,358,549.00	7,373,130.00	14,581.00	7,693,000.00	319,870.00	4.34%	334,451.00	4.55%
									-		-		-	
Total		**All Objects**	**104,153,495.76**	**109,226,956.12**	**104,580,212.87**	**109,725,941.00**	**110,383,335.00**	**108,835,627.35**	(1,547,707.65)	**114,844,395.06**	**6,008,767.71**	**5.52%**	**4,461,060.06**	**4.04%**

**The 2018/19 amended budget includes $573,551 in purchase orders encumbered as of 6/30/18, but expended during 18/19 (services rendered or goods received after 6/30/18). The amended budget also includes adjustments for grants to be received in 18/19, but not budgeted in the original budget in the amount of $83,843. There is a corresponding increase to budgeted revenues.*

- Notes - Equipment – Equipment is not increasing by $662k , this is simply an accounting change from prior practice, accounting for approximately $500,000 of this increase.

2019/20 FINANCING OF THE BUDGET AT 2.7% TAX INCREASE

Estimated 2019/20 revenues without a tax increase is $110,398,845.

Total revenues at a 2.7% tax increase is $1,974,765.

Total projected expenditures for 2019/20 is $114,844,395.

Total Shortfall (deficit) at this point is $2,470,785 which is funded by use of fund balance.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
2019-20
FINANCING THE BUDGET
Preliminary Proposed Budget (2.7% increase in millage rate)

	TOTAL
REVENUES	110,398,845
New Tax Revenue - Increase in assessment & millage	1,974,765
TOTAL - Revenues	**112,373,610**
EXPENDITURES	109,174,978
Capital Expenditures	1,400,000
TOTAL - Expenditures	**114,844,395**
Budgetary Reserve	800,000
(Shortfall) Surplus (Revenue minus Expenditure)	**(2,470,785)**

IMPACT OF TAX INCREASE

- Raising taxes means raising the millage rate. The millage rate is then applied to the assessed value of your home divided by 1000 to arrive at your tax bill. Note, the tax increase is not applied to your prior tax bill, which may have reductions for homestead farmstead.
- The assessed value of a home is determined by the Bucks County Board of Assessment.
- Example:
  - Home has an assessed value of 22,000.
  - The assessed value is multiplied by the millage rate or 168.83 = $3,714,260
  - Divided by 1000 = $3,714.26 (this is your tax bill)

Impact of a 2.7% tax increase on QCSD Millage:

- Current Millage Rate – 164.39
- New Millage Rate – 168.83
- Average assessed value of a QCSD homestead/farmstead = 23,857
- Tax Increase on Average Homestead/Farmstead = $106

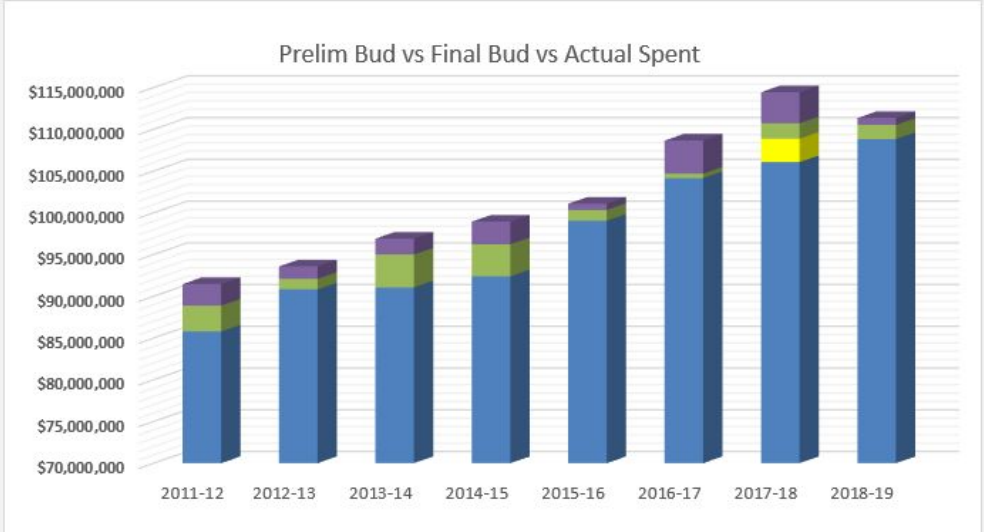
- Note – Due to the Homestead/Farmstead reduction, some tax bills may see a slightly higher increase.

PRELIMINARY VS FINAL VS ACTUAL - HISTORICAL DATA

QUAKERTOWN COMMUNITY SD

Preliminary Budget vs Final Budget vs Actual Spent

	PREL BUDGET	FINAL BUDGET	PFM-MMS CLOSED	ACTUAL
2011-12	$91,465,112	$88,875,880		$85,780,320
2012-13	$93,572,862	$92,081,123		$90,827,962
2013-14	$96,897,881	$94,998,554		$91,056,294
2014-15	$98,937,292	$96,223,730		$92,391,089
2015-16	$101,089,354	$100,336,126		$99,050,752
2016-17	$108,654,942	$104,688,676		$104,153,496
2017-18	$112,950,585	$109,226,496	$107,382,522	$104,580,212
2018-19 (Estimate)	$111,354,978	$110,525,941		$108,835,627



IMPACT ON FUND BALANCE

- Projecting an operational surplus in 18/19 of $144K.
  - With the sale of two schools, projecting total surplus of $2.144 million.
- At a 2.7% tax increase in 2019/20, shortfall (deficit) of $2.47 million.
- 2019/20 shortfall includes $400k for Ronald Reagan Blvd.
- 2019/20 operational shortfall excluding Ronald Reagan is 2.07 Million.
- Through good fiscal management and attrition, actual expenditures are typically less than budgeted, so a $1 million shortfall is a good target.
- In February, PFM will be discussing legal uses of the $2 million from the sale of schools.

Quakertown Community School District
2019-20 Preliminary Budget
Analysis of Fund Balance Surplus/Shortfall
Assuming 2.7% increase in Millage Rate in 2019-20

	Actual 2016-17	Actual 2017-18	**Projected 2018-19**	**Preliminary 2019-20**
Revenues	102,855,177	105,930,061	**108,980,104**	**112,373,610**
Expenditures-Operations	103,552,966	104,291,322	**107,835,627**	**113,444,395**
Revenues Less Expenses	(697,789)	1,638,739	**1,144,477**	**(1,070,785)**
One-time items (revenues and expenditures)				
Prior Years Plancon receipts	1,417,662			
Sale of Buildings			2,000,000	
Capital Purchases	(600,523)	(288,891)	**(1,000,000)**	**(1,400,000)**
	817,139	(288,891)	**1,000,000**	**(1,400,000)**
Net Operating Balance	**119,350**	**1,349,848**	**2,144,477**	**(2,470,785)**
Total Ending Fund Balance	**14,552,847**	**15,902,695**	**18,047,172**	**15,576,387**
Unassigned Fund Balance	10,897,380	13,214,373	**10,467,736**	**9,396,951**
Committed Fund Balance - PSERS	1,005,467	327,213	-	-
Committed Fund Balance - Capital	2,650,000	2,361,109	**7,579,436**	**6,179,436**
Total Ending Fund Balance	**14,552,847**	**15,902,695**	**18,047,172**	**15,576,387**
Unassigned Fund Balance as a % of Expenditures	*10.46%*	*12.64%*	***9.62%***	***8.18%***

Note: The District commits the portion of fund balance that is in excess of 8% of expenditures at the completion of the annual audit.

UPDATED 5 YEAR BUDGET PROJECTION (PFM MODELING) – 2.7% TAX INCREASE

Quakertown Community School District

Concise Summary Report

pfm

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	(Actual) 2014	(Actual) 2015	(Actual) 2016	(Actual) 2017	(Actual) 2018	(Projected) 2019	(Projected) 2020	(Projected) 2021	(Projected) 2022	(Projected) 2023	(Projected) 2024
REVENUES											
Real Estate Taxes	55,614,100	56,706,035	58,266,636	60,485,600	62,603,626	65,172,492	67,112,793	69,152,420	71,252,255	73,414,114	75,639,830
Act 511 Taxes	9,774,481	10,036,898	10,605,046	11,130,607	11,635,475	11,771,853	12,192,215	12,545,166	12,908,449	13,282,368	13,667,239
Other Local Revenue	3,840,419	3,974,849	4,085,091	4,107,793	3,770,654	4,148,357	4,367,679	4,455,033	4,544,133	4,635,016	4,727,716
Basic Instructional and Operating Subsidies	9,203,185	9,197,760	9,556,455	9,981,255	10,142,715	10,324,129	10,518,264	10,623,447	10,729,681	10,836,978	10,945,348
Revenue for Specific Educational Programs	2,357,853	2,651,138	2,976,553	3,023,095	3,069,199	3,211,831	3,145,831	3,180,179	3,214,929	3,250,085	3,285,653
Other State Revenue	9,445,282	9,855,871	10,959,012	13,941,065	13,567,554	13,200,804	13,854,164	14,143,453	14,606,128	15,126,489	15,570,445
Federal Revenue	741,192	553,199	635,531	603,521	617,189	647,664	647,664	660,617	673,830	687,306	701,052
Other Financing Sources	606,522	501,371	587,113	999,904	523,649	2,502,974	535,000	545,000	555,200	565,604	576,216
TOTAL REVENUES	**91,583,034**	**93,477,121**	**97,671,437**	**104,272,838**	**105,930,061**	**110,980,104**	**112,373,610**	**115,305,314**	**118,484,604**	**121,797,960**	**125,113,500**
EXPENDITURES											
Salaries and Benefits	59,594,641	60,051,945	62,510,280	65,940,737	66,592,068	67,401,918	71,535,465	73,732,456	76,227,088	78,923,419	81,631,317
Operating Expenses	23,952,647	24,475,626	27,488,306	27,534,102	27,510,005	29,935,162	31,515,401	31,742,721	32,381,386	33,034,024	33,700,955
Debt Service & Transfers	8,089,678	7,863,516	9,052,169	10,678,651	10,478,140	11,498,547	11,793,529	12,003,511	12,156,969	12,213,904	12,224,013
TOTAL EXPENDITURES	**91,636,966**	**92,391,087**	**99,050,755**	**104,153,489**	**104,580,213**	**108,835,627**	**114,844,395**	**117,478,688**	**120,765,443**	**124,171,347**	**127,556,284**
NET OPERATING BALANCE	**(53,932)**	**1,086,034**	**(1,379,317)**	**119,349**	**1,349,848**	**2,144,477**	**(2,470,785)**	**(2,173,374)**	**(2,280,839)**	**(2,373,387)**	**(2,442,785)**
FUND BALANCE (BEGINNING OF THE YEAR)	13,606,896	15,488,166	15,812,815	14,433,498	14,552,847	15,902,695	18,047,172	15,576,387	13,403,013	11,122,175	8,748,787
ADJUSTMENTS	1,935,202	(761,385)	-	-	-	-	-	-	-	-	-
FUND BALANCE (END OF THE YEAR)	15,488,166	15,812,815	14,433,498	14,552,847	15,902,695	18,047,172	15,576,387	13,403,013	11,122,175	8,748,787	6,306,003

5 YEAR DEFICIT CHANGE – 18/19 VS 19/20

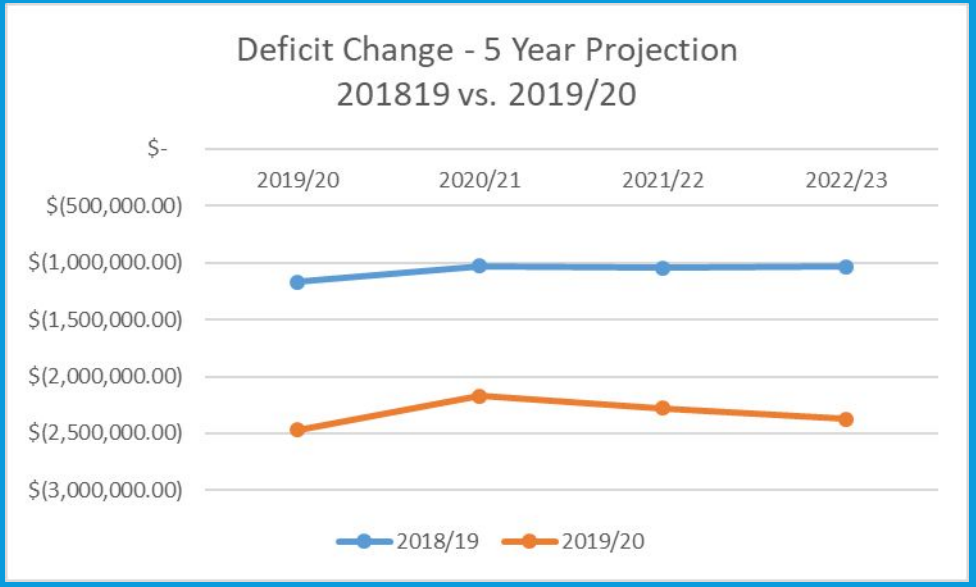
The 5 year projection last year indicated an annual operating deficit of just over $1 million

The updated 5 year projection indicates a just over $2 million annual operating Deficit.

2018/19 vs. 2019/20 - 5 Year Projection (Deficit)					
	2019/20	2020/21	2021/22	2022/23	2023/24
2018/19	$ (1,169,148.00)	$ (1,030,742.00)	$ (1,043,590.00)	$ (1,034,117.00)	
2019/20	$ (2,470,785.00)	$ (2,173,374.00)	$ (2,280,839.00)	$ (2,373,387.00)	$ 2,442,785.00
Change	$ (1,301,637.00)	$ (1,142,632.00)	$ (1,237,249.00)	$ (1,339,270.00)	

Why?

1. The 19/20 budget includes approximately $950k in new positons not accounted for last year.
2. The Act I index is projected at 2.7% not 2.8% which was used last year.
3. Medical and Prescription rate increased 8.5% not 7% used in projection.
4. Comparing 2019/20 preliminary to 2018/19 final.



QUESTIONS

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