

**Quakertown Community School District**  
**Analysis of Revenue Changes**  
**20/21 Budget and 21/22 Preliminary**  
**20/21 Projected and 21/22 Preliminary**

**Largest Dollar Changes Budget to Budget**

	18/19	19/20	20/21	21/22	Budget to Budget 21/22 Prelim. Minus 20/21
	Budget	Budget	Budget	Preliminary	
Current Real Estate Taxes	64,818,140	66,863,489	66,414,823	70,536,102	4,121,279
Earned Income Taxes	11,078,077	10,910,637	10,171,166	10,743,079	571,913
Delinquent Taxes	1,850,000	1,832,456	1,618,146	1,151,024	(467,122)
Interest Earnings	350,000	600,000	325,000	125,000	(200,000)
Federal Revenue	587,000	647,664	680,000	1,339,000	659,000
Other Financing Sources	10,000	888,000	1,045,000	710,000	(335,000)
	<u>\$ 78,693,217</u>	<u>\$ 81,742,246</u>	<u>\$ 80,254,135</u>	<u>\$ 84,604,205</u>	<u>\$ 4,350,070</u>

**Largest Dollar Changes 21/22 Preliminary to 20/21 Projected**

	18/19	19/20	20/21	21/22	21/22 Prelim. Minus 20/21 Projected
	Actual	Actual	Projected	Preliminary	
Current Real Estate Taxes	65,211,480	67,277,949	67,661,980	70,536,102	2,874,122
Interest Earnings	839,772	755,057	84,717	125,000	40,283
Miscellaneous Income	240,198	447,501	35,000	163,935	128,935
Retirement Revenue	6,803,444	6,897,086	7,096,866	7,546,570	449,704
Federal Revenue	709,481	909,801	1,692,336	1,339,000	(353,336)
	<u>\$ 73,804,375</u>	<u>\$ 76,287,394</u>	<u>\$ 76,570,899</u>	<u>\$ 79,710,607</u>	<u>\$ 3,139,708</u>

## **Analysis:**

### **Current Real Estate Taxes**

In 19/20 there was a millage increase of 2.7%, bringing the millage rate to 168.83. For budget year 20/21, there was a 0% millage increase, so the millage rate remained at 168.83. The 20/21 Budget was prepared during the pandemic, so very conservative collection rates were used in the calculation of estimated revenue. However, current real estate tax collections are currently projected to be \$1.2 million over budget. The collection rate in 20/21 has been higher than historical trends. The 21/22 preliminary projection is based on a 3.5% millage increase, bringing the millage rate to 174.7399. The collection rate of 96.24% is based on historical trends. Total assessment has increased, as there have been some new real estate developments and also some successful assessment appeals on behalf of the District.

### **Earned Income Tax**

The 20/21 Budget was prepared during the pandemic, so the projection was very conservative and not in line with historical trends. However, the projected 20/21 collections are estimated to be approximately \$480,000 higher than the budgeted amount. The 21/22 preliminary estimate is based on the predicted continued recovery of the economy.

### **Delinquent Taxes**

Projected delinquent taxes are estimated to be approximately \$300,000 under budget in 20/21. This is due to the higher than projected current tax revenues. The 21/22 preliminary estimate is in line with historical trends and the current downward trend in delinquent tax revenues. As more taxes are collected currently, this is offset by a decline in the collection of delinquent taxes.

### **Interest Earnings**

Interest earnings plummeted during the pandemic. The 20/21 Budget was prepared very conservatively; however, interest rates have been even lower than originally projected. The 21/22 Budget estimate is based on the expectation that the economy will continue to recover, and interest rates should slowly increase.

### **Miscellaneous Income/Refunds of Prior Year's Expenditures**

In 19/20, the District received a refund from the State for PSERS contributions of approximately \$300,000. In 21/22 the District is expecting to receive eRate refunds in the amount of approximately \$135,000.

### **Retirement Revenue**

The District receives 50% of its employer PSERS contributions back from the State in the form of a subsidy. So, this amount changes from year to year based on the projected PSERS covered salary expenditures and also the change in the employer contribution rate from year to year.

### **Federal Revenue**

Fiscal year 19/20 was the first year that the District received COVID related relief grants from the federal government. The District expended approximately \$200,000 in 19/20, so there are related expenditures equal to this revenue amount. In 20/21, the District did not budget for additional funding, but is now projected to receive and expend approximately \$1 million in these funds. In 21/22, currently we are budgeting to receive and expend \$668,000 in COVID related funds.

### **Other Financing Sources**

This category contains revenues such as sale of assets, insurance/legal recoveries and the technology lease. In 18/19, the District sold two buildings for approximately \$2 million. This amount was recorded as revenue in the 18/19 fiscal year, and then expended in the 20/21 fiscal year and was recorded as a transfer to the capital projects fund. These funds were expended on the Neidig Elementary renovation. The District carries four technology capital leases each year. Every year, one lease expires and the District enters into a new lease for the following year. The proceeds are used to purchase technology equipment. There is a corresponding expenditure in technology equipment equal to the proceeds of the lease.