



QUAKERTOWN COMMUNITY SD

2022-2023 Proposed Final Budget

Presented April 28, 2022

Finance Committee Meeting

BUDGET TIMELINE

- February 24, 2022 – Preliminary Budget Presentation – Finance Committee/Regular Board Meeting
- April 12, 2022 – Update on Preliminary Budget-Finance Committee Meeting
- April 28, 2022 – Presentation and Approval of Proposed Final Budget-Finance Committee/Regular Board Meeting
- May 12, 2022 – Update on Proposed Final Budget – Finance Committee/Regular Board Meeting
- June 9, 2022 – Board vote to adopt final 2022-23 budget – Finance Committee/Regular Board Meeting
- June 30, 2022 – Deadline for tax collectors to send tax bills

2022-23 –BUDGET CHANGES WITH 0% TAX INCREASE

Deficit as of 4/12/22	\$ 7,852,683
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Revenue Increases:

Realty Transfer Taxes	\$ 200,000
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Net Revenue Increase	\$ 200,000
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Expenditure Increases/(Decreases):

Utilities-Electric	\$ 197,526
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Building Budget/Athletics	\$ (9,351)
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Salaries/Benefits	\$ (74,517)
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Tech School	\$ (35,000)
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Net Expenditure Increase	\$ 78,658
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Deficit as of 4/28/22	<u>\$ 7,731,341</u>
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21-22 DECISIONS IMPACTING THE 22-23 BUDGET

21-22 Use of Fund Balance	\$ 4,400,000
Mid Year Class Size Reductions (3.5 FTE)	\$ 364,000
QESPA MOU	\$ 439,000
Universal Full Day Kindergarten	<u>\$ 423,000</u>
Total 21-22 Board Decisions	\$ 5,626,000

22-23 COMMITMENTS IMPACTING THE 22-23 BUDGET

QCEA Contractual Increase	\$ 2,400,000
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QESPA Contractual Increase	\$ 518,000
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Additional Staffing Requirements	<u>\$ 876,000</u>
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Total 22-23 Board Commitments	\$ 3,794,000
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21-22 DECISIONS PLUS 22-23 COMMITMENTS IMPACTING THE 22-23 BUDGET

Total 21-22 Board Decisions	\$ 5,626,000
Total 22-23 Board Commitments	<u>\$ 3,794,000</u>
Total 21-22 & 22-23 Board Decisions/Commitments	<u><u>\$ 9,420,000</u></u>

IMPACT OF NO ACT 1 TAX INCREASE 2020-2022

	20-21 Actual 0%	20-21 - Full Index 3%	21-22 Actual 0%	21-22 - Full Index 3.5%
Assessment	426,568,210	426,568,210	433,143,100	433,143,100
Millage	0.1688308	0.1738957	0.1688308	0.1799821
State Prop Tax Reduction	(2,107,512)	(2,107,512)	(2,124,099)	(2,124,099)
Collection Rate %	96.760%	96.76%	97.19%	97.19%
Current Real Estate Revenue	\$ 67,644,896	\$ 69,735,419	\$ 69,005,537	\$ 73,699,701

20-21 Revenue Loss \$ 2,090,523

21-22 Revenue Loss \$ 4,694,164

***Total Revenue Loss \$ 6,784,688**

*Total Revenue Loss of \$6,784,688 represents the Real Estate Tax revenue the District would have collected during the 20-21 & 21-22 fiscal years if they had gone to a full index increase both years.

22-23 PROPOSED FINAL BUDGET WITH 4% TAX INCREASE

	2019	2020	2021	PROJECTION 2022	BUDGET 2023	DOLLAR CHG	%Δ
REVENUE							
Local	\$81,522,912	\$83,827,570	\$84,275,817	\$84,753,840	\$88,318,523	\$3,564,683	4.21%
State	\$26,761,262	\$27,196,156	\$27,607,883	\$28,088,454	\$29,650,815	\$1,562,361	5.56%
Federal	\$709,481	\$909,801	\$1,265,829	\$2,269,692	\$3,019,005	\$749,313	33.01%
Other Financing Sources	\$2,545,356	\$874,247	\$840,000	\$697,000	\$625,000	(\$72,000)	-10.33%
TOTAL REVENUE	\$111,539,010	\$112,807,775	\$113,989,529	\$115,808,986	\$121,613,343	\$5,804,357	5.01%
EXPENDITURES							
Salary and Benefit Costs	\$66,623,140	\$68,442,655	\$68,233,763	\$71,723,734	\$76,356,814	\$4,633,080	6.46%
Other	\$38,175,961	\$40,172,034	\$43,861,272	\$45,849,968	\$50,125,153	\$4,275,185	9.32%
TOTAL EXPENDITURES	\$104,799,100	\$108,614,689	\$112,095,035	\$117,573,702	\$126,481,967	\$8,908,265	7.58%
Less Budgetary Reserve					\$1,200,000		
SURPLUS / (DEFICIT)	\$6,739,909	\$4,193,085	\$1,894,494	(\$1,764,716)	(\$3,668,624)		
BEGINNING FUND BALANCE	\$15,902,695	\$22,642,604	\$26,835,690	\$28,730,184	\$26,965,468		
YEAR END BALANCE*	\$22,642,604	\$26,835,690	\$28,730,184	\$26,965,468	\$23,296,844		
FUND BALANCE AS % OF EXPENDITURES	21.61%	24.71%	25.63%	22.93%	18.42%		
FUND BALANCE AS # OF MONTHS OF EXPEND.	2.59	2.96	3.08	2.75	2.21		

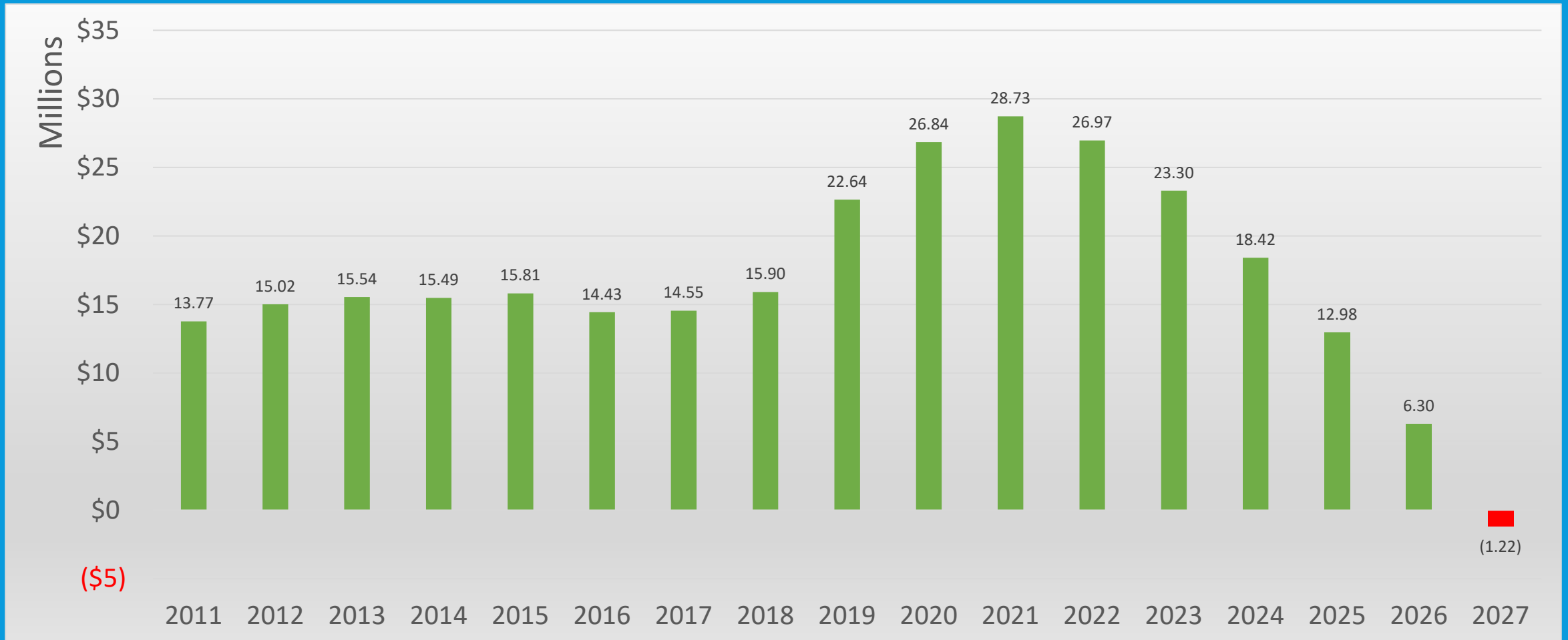
* Year End Balances are provided by the district and may not reflect the net change presented in revenues and expenditures.

FIVE YEAR FORECAST – 4% TAX INCREASE IN 22-23

	REVENUE / EXPENDITURE PROJECTIONS					
	2022	2023	2024	2025	2026	2027
REVENUE						
Local	\$84,753,840	\$88,318,523	\$90,837,440	\$93,442,681	\$96,137,320	\$98,924,411
State	\$28,088,454	\$29,650,815	\$30,039,844	\$30,419,594	\$30,845,177	\$31,246,277
Federal	\$2,269,692	\$3,019,005	\$740,005	\$740,005	\$740,005	\$740,005
Other Financing Sources	\$697,000	\$625,000	\$625,000	\$625,000	\$625,000	\$625,000
TOTAL REVENUE	\$115,808,986	\$121,613,343	\$122,242,289	\$125,227,280	\$128,347,502	\$131,535,693
EXPENDITURES						
Salary and Benefit Costs	\$71,723,734	\$76,356,814	\$79,047,916	\$81,787,339	\$84,688,990	\$87,613,344
Excludes Budgetary Reserve - Other	\$45,849,968	\$48,925,153	\$48,073,159	\$48,876,580	\$50,337,135	\$51,447,805
TOTAL EXPENDITURES	\$117,573,702	\$125,281,967	\$127,121,074	\$130,663,919	\$135,026,125	\$139,061,149
SURPLUS / (DEFICIT)	(\$1,764,716)	(\$3,668,624)	(\$4,878,785)	(\$5,436,639)	(\$6,678,623)	(\$7,525,456)
BEGINNING FUND BALANCE	\$28,730,184	\$26,965,468	\$23,296,844	\$18,418,059	\$12,981,420	\$6,302,797
PROJECTED YEAR END BALANCE	\$26,965,468	\$23,296,844	\$18,418,059	\$12,981,420	\$6,302,797	(\$1,222,659)
FUND BALANCE AS % OF EXPENDITURES	22.93%	18.60%	14.49%	9.93%	4.67%	-0.88%
FUND BALANCE AS # OF MONTHS OF EXPEND.	2.75	2.23	1.74	1.19	0.56	-0.11

Assumptions for years 2024 and after
 3% - Real Estate Taxes
 3% Annual Salary & Expenditure Increases
 5% Annual Benefit Increases
 NO ESSER/COVID Funding
 Does not take into account any future savings in personnel

FUND BALANCE PROJECTION WITH 4% TAX INCREASE IN 22-23, 3% PER YEAR ALL OTHER YEARS



POTENTIAL CHANGES AND UNKNOWNNS

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

Additional Information Needed and Unknowns

- Salaries - Additional resignations, retirements (reductions through attrition) and leaves.
- State Budget - PDE Subsidies – Basic Education Funding (BEF) and Special Education Funding (SEF)
 - Revenues for BEF and SEF subsidies includes no increase in funding from the 2021-22 year.
- 2022-2023 Tax duplicate from Bucks County (total tax assessment for 2022-2023)
- Refine department budgets (special education, facilities, human resources, etc.)
- Refine revenue projections as new information is available.
- Refine staffing plan based on actual enrollment, class sizes and course selection.

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 4.0% tax increase on QCSD Millage:

- Current Millage Rate – 168.83
- New Millage Rate – 175.58
- Average assessed value of a QCSD homestead/farmstead = 28,709
- Tax Increase on Average Homestead/Farmstead = \$193.79
- Note – Due to the Homestead/Farmstead reduction, some tax bills may see a slightly higher increase.

RECOMMENDATION

The Administration recommends the Board approve a 4% tax increase for the 22-23 Proposed Final Budget.

QUESTIONS

