

**Quakertown Community School District**  
**Analysis of Various Taxing Scenarios**  
**Fiscal Years 20/21 through 25/26**

**Major Assumptions for All Scenarios**

Adjusted Act 1 Index for QCSD:

2020/21 - 3.0%

2021/22 - 3.5%

2022/23 - 3.0% (projected)

2023/24 - 2.8% (projected)

2024/25 - 2.5% (projected)

2025/26 - 2.5% (projected)

Property Assessment Growth is estimated at 0.25% per year.

No additional debt in years 2021/22 - 2025/26.

Expenditures and Revenues increase or decrease as projected in PFM model.

\$1 million budgeted in each year for General Fund capital expenditures.

Property tax collection rate projected to be is 96.8% for 20/21, 96.24% for 21/22 and 96.14% for 22/23 through 25/26. Collection rates represent the total net property tax revenues (net of penalties and discounts) divided by the total face amount of current property taxes.

## **Taxing Scenarios**

*Assumption – There was a 0% Tax Increase in 20/21*

### **Scenario 1 - No Tax Increases for any years 20/21 - 25/26**

	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Fund Balance	26,835,690	23,423,674	19,004,916	12,667,245	4,520,182	(5,720,914)
Revenues	113,268,525	113,757,838	113,896,406	114,869,874	115,915,620	117,185,556
Expenditures	116,680,541	118,176,596	120,234,077	123,016,937	126,156,716	129,561,084
Operating Balance	(3,412,016)	(4,418,758)	(6,337,671)	(8,147,063)	(10,241,096)	(12,375,528)
Ending Fund Balance	23,423,674	19,004,916	12,667,245	4,520,182	(5,720,914)	(18,096,442)

### **Scenario 2 - No Tax Increases in Years 20/21 and 21/22 and Full Act 1 Increases for 22/23 - 25/26**

	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Fund Balance	26,835,690	23,423,674	19,004,916	14,773,627	10,768,210	6,547,021
Revenues	113,268,525	113,757,838	116,002,788	119,011,520	121,935,527	125,139,903
Expenditures	116,680,541	118,176,596	120,234,077	123,016,937	126,156,716	129,561,084
Operating Balance	(3,412,016)	(4,418,758)	(4,231,289)	(4,005,417)	(4,221,189)	(4,421,181)
Ending Fund Balance	23,423,674	19,004,916	14,773,627	10,768,210	6,547,021	2,125,840

In these two scenarios, there was a 0% tax increase in the first two years, 2020/21 and 2021/22. In the first scenario, in years 22/23 through 25/26, there was a 0% tax increase. The ending fund balance by June 2026 would be **(\$18,096,442)**.

In the second scenario, after two years of 0% tax increases, the assumption is that there would be full Act 1 index tax increases for years 22/23 through 25/26. The ending fund balance would be **\$2,125,840** by June 2026.

The difference in the ending fund balance in these two scenarios is **\$20,222,282**.

### **What-If Taxing Scenarios – (for analysis only, there was a 0% increase in 20/21)**

*Compares different scenarios including scenarios with tax increases in 20/21 and the compounding effect on the outward tax years.*

#### **Scenario 3 - No Tax Increase in 20/21 and Full Act 1 Increases 21/22 - 25/26**

	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Fund Balance	26,835,690	23,423,674	21,458,783	19,758,664	18,361,795	16,821,052
Revenues	113,268,525	116,211,705	118,533,958	121,620,068	124,615,973	127,894,228
Expenditures	116,680,541	118,176,596	120,234,077	123,016,937	126,156,716	129,561,084
Operating Balance	(3,412,016)	(1,964,891)	(1,700,119)	(1,396,869)	(1,540,743)	(1,666,856)
Ending Fund Balance	23,423,674	21,458,783	19,758,664	18,361,795	16,821,052	15,154,196

#### **Scenario 4 - No Tax Increase in 20/21 and 1/2 Act 1 Increases - 21/22 - 25/26**

	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Fund Balance	26,835,690	23,423,674	20,231,850	16,194,524	11,371,278	5,386,014
Revenues	113,268,525	114,984,772	116,196,751	118,193,691	120,171,452	122,389,616
Expenditures	116,680,541	118,176,596	120,234,077	123,016,937	126,156,716	129,561,084
Operating Balance	(3,412,016)	(3,191,824)	(4,037,326)	(4,823,246)	(5,985,264)	(7,171,468)
Ending Fund Balance	23,423,674	20,231,850	16,194,524	11,371,278	5,386,014	(1,785,454)

#### **Scenario 5 - No Tax Increase in 20/21 and 1/2 Act 1 Increase in 21/22, Full Act 1 Increases - 22/23 - 25/26**

	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Fund Balance	26,835,690	23,423,674	20,231,850	17,266,146	14,565,003	11,684,037
Revenues	113,268,525	114,984,772	117,268,373	120,315,794	123,275,750	126,517,066
Expenditures	116,680,541	118,176,596	120,234,077	123,016,937	126,156,716	129,561,084
Operating Balance	(3,412,016)	(3,191,824)	(2,965,704)	(2,701,143)	(2,880,966)	(3,044,018)
Ending Fund Balance	23,423,674	20,231,850	17,266,146	14,565,003	11,684,037	8,640,019

**Scenario 6 - Full Act 1 Increases in all years including 20/21**

	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Fund Balance	26,835,690	25,526,302	25,738,342	26,283,732	27,201,017	28,038,212
Revenues	115,371,153	118,388,636	120,779,467	123,934,222	126,993,911	130,337,708
Expenditures	116,680,541	118,176,596	120,234,077	123,016,937	126,156,716	129,561,084
Operating Balance	(1,309,388)	212,040	545,390	917,285	837,195	776,624
Ending Fund Balance	25,526,302	25,738,342	26,283,732	27,201,017	28,038,212	28,814,836

**Scenario 7 - 1/2 Act 1 Increases in all years including 20/21**

	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Fund Balance	26,835,690	24,480,602	22,358,839	19,409,210	15,691,646	10,828,683
Revenues	114,325,453	116,054,833	117,284,448	119,299,373	121,293,753	123,528,787
Expenditures	116,680,541	118,176,596	120,234,077	123,016,937	126,156,716	129,561,084
Operating Balance	(2,355,088)	(2,121,763)	(2,949,629)	(3,717,564)	(4,862,963)	(6,032,297)
Ending Fund Balance	24,480,602	22,358,839	19,409,210	15,691,646	10,828,683	4,796,386

**Scenario 8 - 1/2 Act 1 Increases in 20/21 and 21/22 and Full Act 1 Increases 22/23 - 25/26**

	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Fund Balance	26,835,690	24,480,602	22,358,839	20,496,906	18,933,276	17,221,176
Revenues	114,325,453	116,054,833	118,372,144	121,453,307	124,444,616	127,718,148
Expenditures	116,680,541	118,176,596	120,234,077	123,016,937	126,156,716	129,561,084
Operating Balance	(2,355,088)	(2,121,763)	(1,861,933)	(1,563,630)	(1,712,100)	(1,842,936)
Ending Fund Balance	24,480,602	22,358,839	20,496,906	18,933,276	17,221,176	15,378,240

*Prepared by: Lynn S. Routson, Finance Director  
April 14, 2021*

### Comparison of #3 and #6 Scenarios

Difference in Scenarios – Scenario #3 has a 0% increase in 20/21 and Scenario #6 has a Full Act 1 Index increase in 20/21.

All outward years are at Full Act 1 Index increases.

The difference in the fund balance by June 2026 is projected to be **\$13,660,640.**

### Comparison of #4 and #7 Scenarios

Difference in Scenarios – Scenario #4 has a 0% increase in 20/21 and Scenario #7 assumes a ½ Act 1 Index for all years from 20/21 through 25/26.

The difference in the fund balance by June 2026 is projected to be **\$6,581,840.**

### Comparison of #5 and #8 Scenarios

Difference in Scenarios – Scenario #5 assumes a 0% tax increase in 20/21 and a ½ Act 1 increase in 21/22 and Full Act 1 increases in years 22/23 through 25/26. Scenario #8 assumes a ½ Act 1 increase in 20/21 and 21/22 and a Full Act 1 increase in years 22/23 through 25/26.

The difference in the fund balance by June 2026 is projected to be **\$6,738,221.**

***The takeaway from this analysis is that taxing decisions in the base years of 2020/21 and 2021/22 have a compounding effect on the outward years.***