



**BRANDYWINE
HEIGHTS**
AREA
SCHOOL
DISTRICT

Budget Overview
2020-21 School Year
December 9, 2019

Budget Timeline

Oct. – Jan.

- Budget creation w/admin
- Act 1 resolution (recommended) or exceptions – Dec 9th
- Adopt prelim budget if filing for exceptions – Jan 6th (not recommended)

Feb. - April

- Budget work sessions:
 - Revenues
 - Curriculum
 - Special Ed
 - Technology
 - Maintenance
 - Transportation
 - Athletics
 - Salary/Benefits

May - June

- Proposed final budget approval – May 4th
- Final budget approval – June 8th (30 day review required)

2018-19 Financial Summary

	2018-19 Budget	2018-19 Actual	2019-20 Budget
Revenues	\$31,828,130	\$31,731,701	\$32,428,635
Expenditures	32,517,700	31,381,287	\$33,215,448
Revenues over Expenditures	(689,570)	350,414	(786,813)
Beginning Fund Balance	8,625,029	8,625,029	8,975,443
Ending Fund Balance	\$7,435,459	\$8,975,443	\$8,188,630

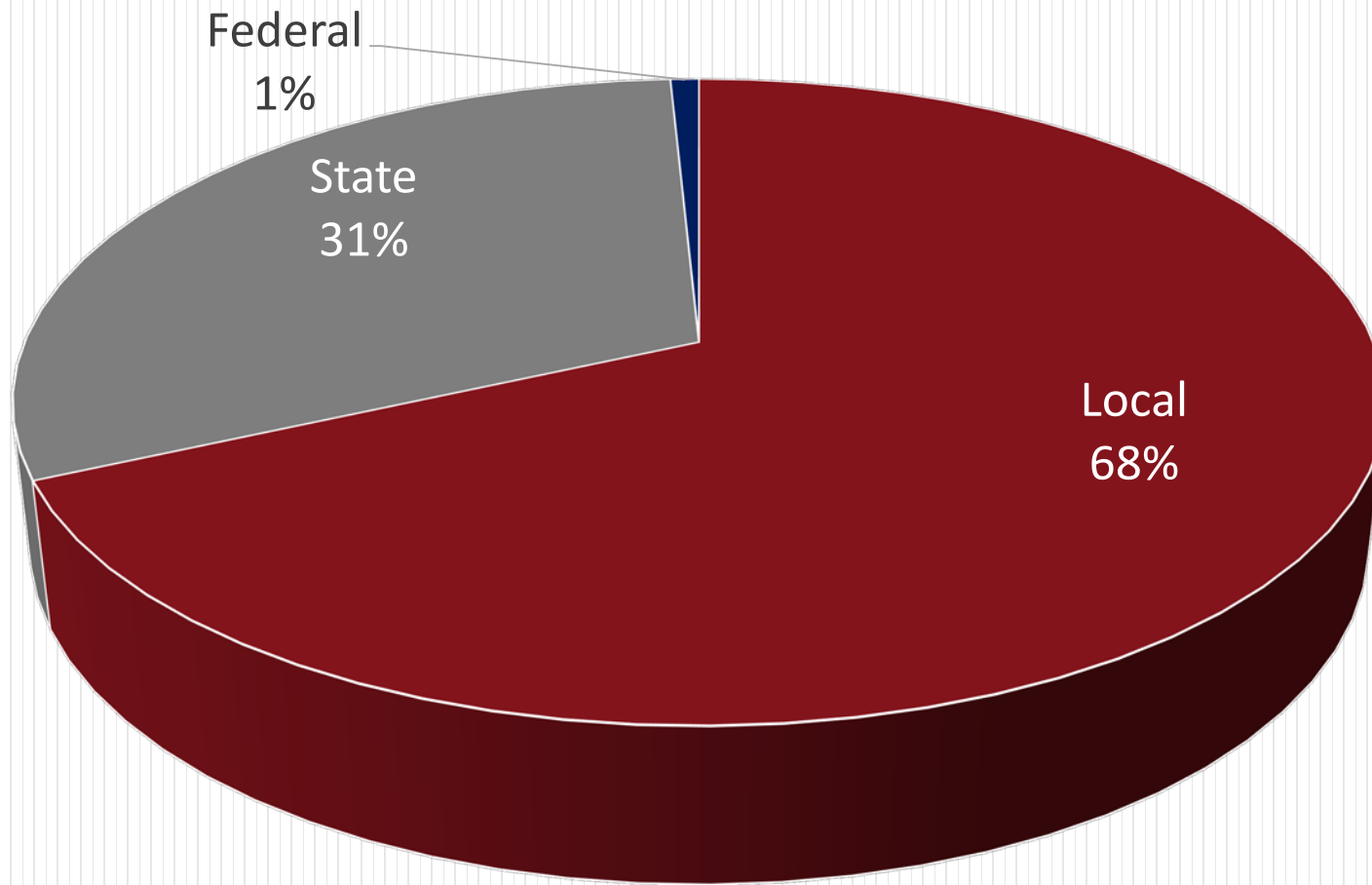




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Revenue

Revenue - 2019-20 Budgeted



Local

- Real Estate
- Earned Income
- Interest earnings
- Transfer
- Per Capita

State

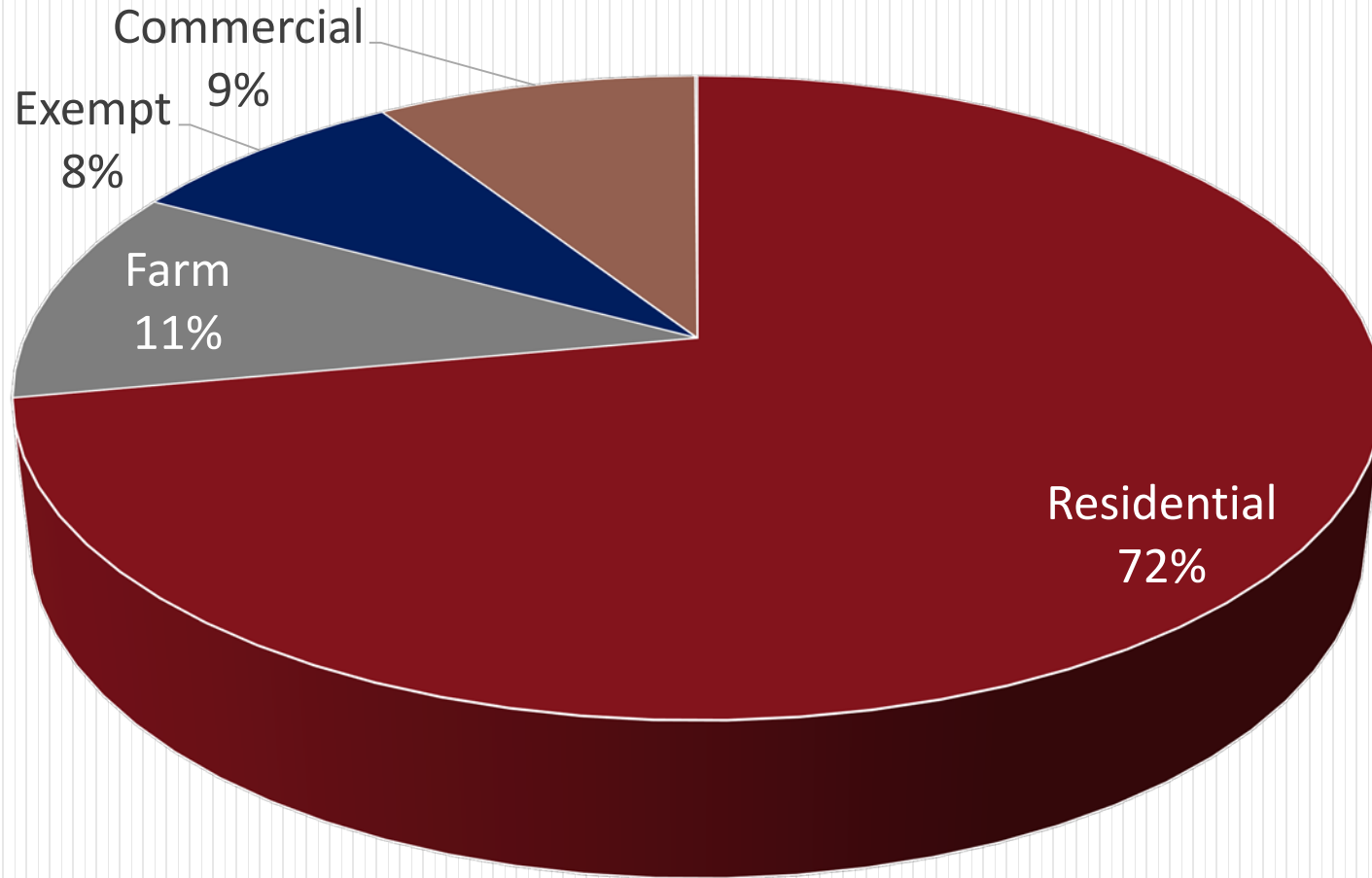
- Basic Ed
- Special Ed
- Transportation Subsidy
- Social Security & PSERS – 50%

Federal

- Title I, II, & IV



Local effort – Real Estate 2019-20 Budgeted



Local

- **Real Estate**
- Earned Income
- Interest earnings
- Transfer
- Per Capita

Act 1

- Act 1 of 2006 limits the percentage increase of real estate tax millage to an amount established by two factors:
 - Statewide Average Weekly Wage (SAWW)
 - Employment Cost Index (ECI)
- Average of both factors determines base Act 1 Index
 - 2.6% for 2020-21
- Adjustment for districts with a market value/personal income aid ratio greater than .4000
 - .4159% adjustment for BHASD
- Adjusted Act 1 Index for 2020-21 is 3.0%

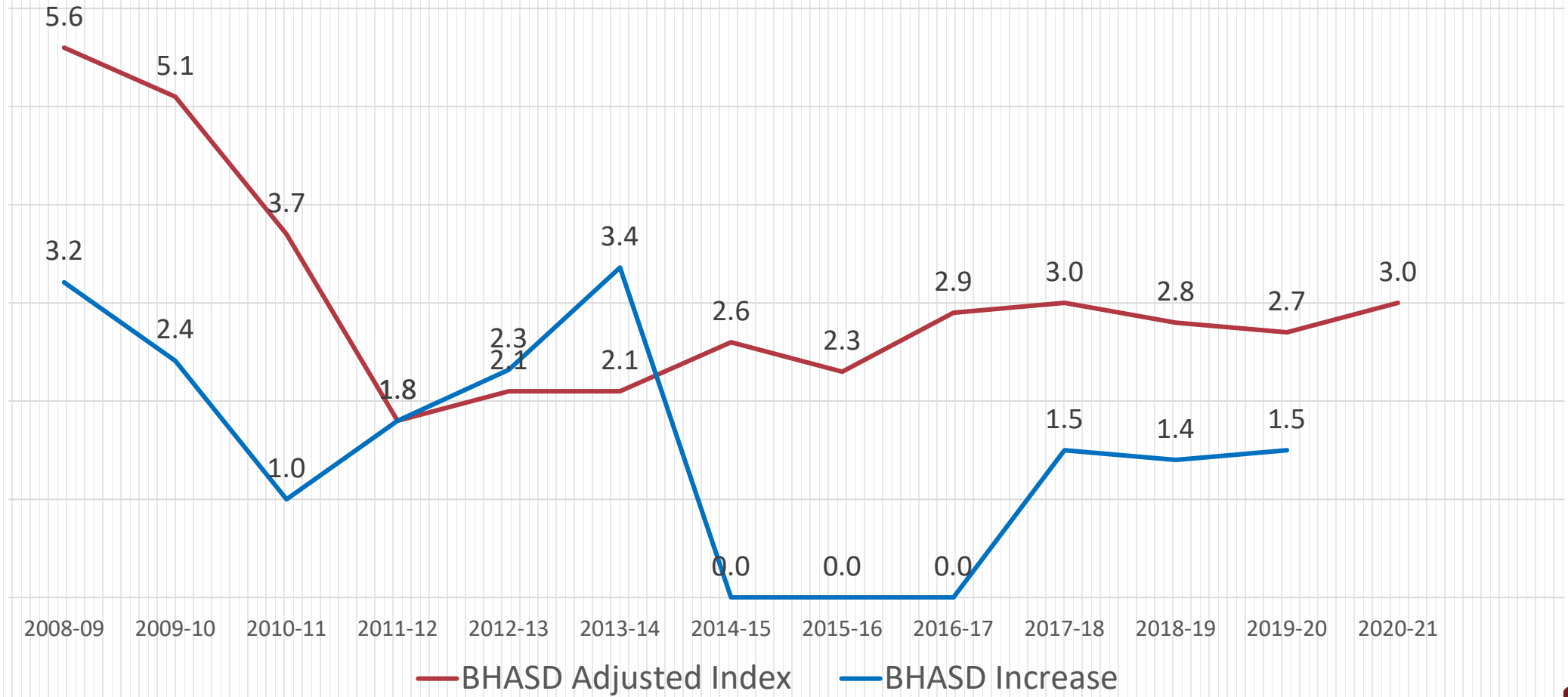


Act 1 History

School Year	SAWW Index	EC Index	Base Index	MV/PI AR	BHASD Adjusted Index
2006-07	4.20%	3.50%	3.90%	0.5312	5.00%
2007-08	2.80%	4.00%	3.40%	0.5360	4.40%
2008-09	4.30%	4.50%	4.40%	0.5254	5.60%
2009-10	4.60%	3.60%	4.10%	0.5029	5.10%
2010-11	2.70%	3.00%	2.90%	0.5112	3.70%
2011-12	0.90%	1.90%	1.40%	0.5019	1.80%
2012-13	2.10%	1.30%	1.70%	0.4938	2.10%
2013-14	2.00%	1.40%	1.70%	0.4847	2.10%
2014-15	2.60%	1.60%	2.10%	0.4665	2.60%
2015-16	2.40%	1.40%	1.90%	0.4676	2.30%
2016-17	2.50%	2.20%	2.40%	0.4494	2.90%
2017-18	2.60%	2.30%	2.50%	0.4378	3.00%
2018-19	2.60%	2.20%	2.40%	0.4236	2.80%
2019-20	2.20%	2.40%	2.30%	0.4090	2.70%
2020-21	2.20%	2.90%	2.60%	0.4159	3.00%



Tax Increase History compared to index



Millage

- The millage rate is a figure representing the amount per \$1,000 of the assessed value of property, which is used to calculate the amount of property tax.
- 2019-20 millage rate = 33.7422
- 2019-20 assessed value = \$599,353,761
- 2019-20 Homestead exclusion = \$788,059
- Collection percentage = 96%
- Net tax generated by mills = \$18,658,037
- Value of 1 mil = \$552,958



What's the value of a mil?

- Value of 1 mil = \$552,958
- Current millage rate = 33.7422
- Keep assessment base equal for assumption

	New Millage Rate	Revenue Generated	Impact on a Property assessed at \$115,000
1.0% increase	34.0796	\$194,146	\$38.80
1.5% increase	34.2483	\$291,219	\$58.21
2.0% increase	34.4170	\$388,291	\$77.61
2.5% increase	34.5858	\$473,937	\$97.01
3.0% increase	34.7545	\$570,955	\$116.41



Millage Comparison

District	2018-19 Millage	2019-20 Millage	Change	% Change
Antietam	39.7400	41.0500	1.3100	3.30%
Brandywine Hts. Area	33.2435	33.7422	0.4987	1.50%
Exeter Twp.	32.6214	33.1107	0.4893	1.50%
Fleetwood Area	33.1100	33.1100	0.0000	0.00%
Daniel Boone Area	30.8340	31.9850	1.1510	3.73%
Wyomissing Area	30.6680	31.4340	0.7660	2.50%
Muhlenberg	29.8100	30.7300	0.9200	3.09%
Kutztown Area	29.9543	29.9543	0.0000	0.00%
Conrad Weiser Area	28.8600	29.6500	0.7900	2.74%
Governor Mifflin	28.1000	28.6000	0.5000	1.78%
Oley Valley	27.3406	27.9394	0.5988	2.19%
Schuylkill Valley	27.0700	27.8200	0.7500	2.77%
Twin Valley	27.5465	27.5624	0.0159	0.06%
Boyertown Area	26.3700	27.3300	0.9600	3.64%
Hamburg Area	26.9600	26.9600	0.0000	0.00%
Tulpehocken Area	27.1000	26.8500	-0.2500	-0.92%
Wilson	25.6700	26.2600	0.5900	2.30%
Reading	17.9300	17.9300	0.0000	0.00%

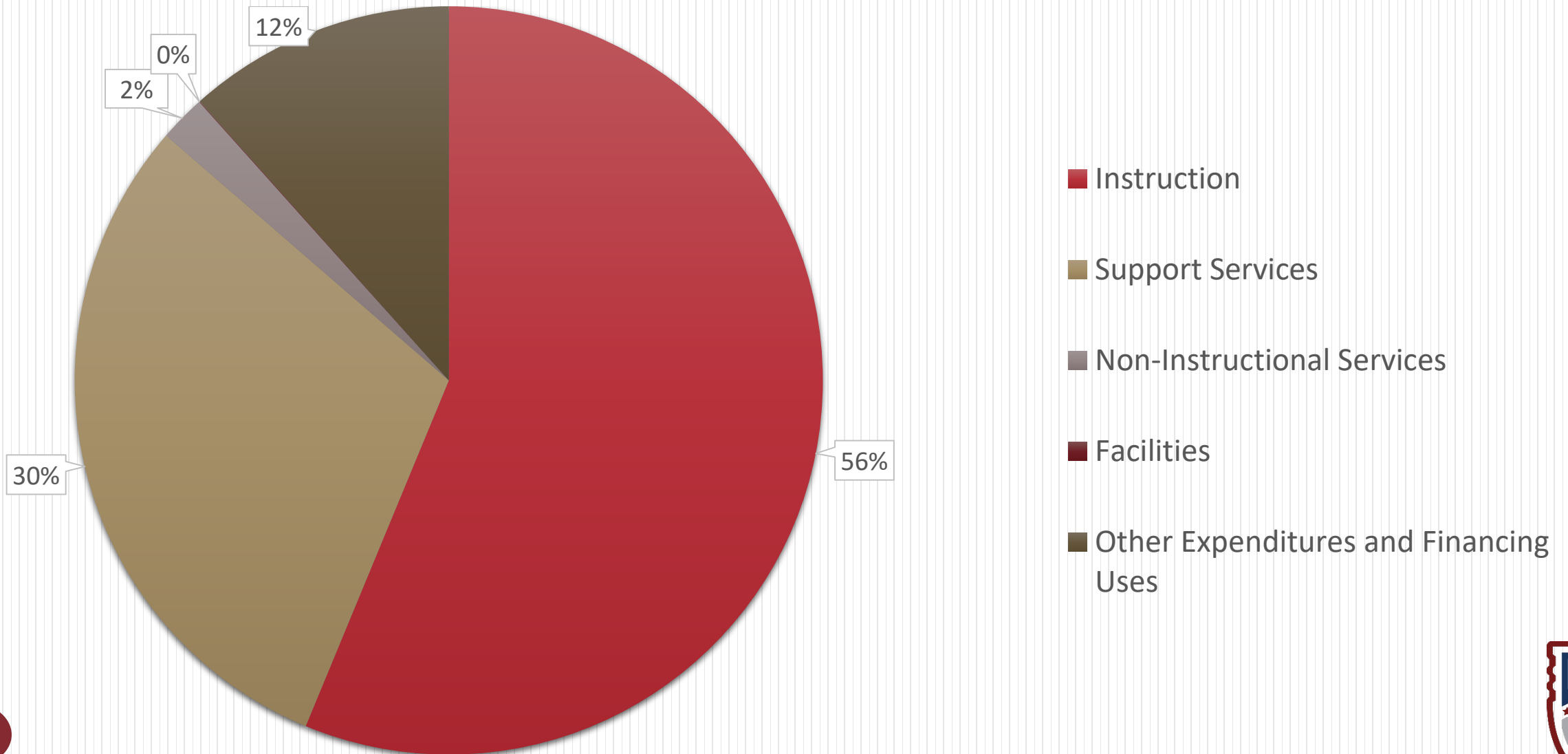




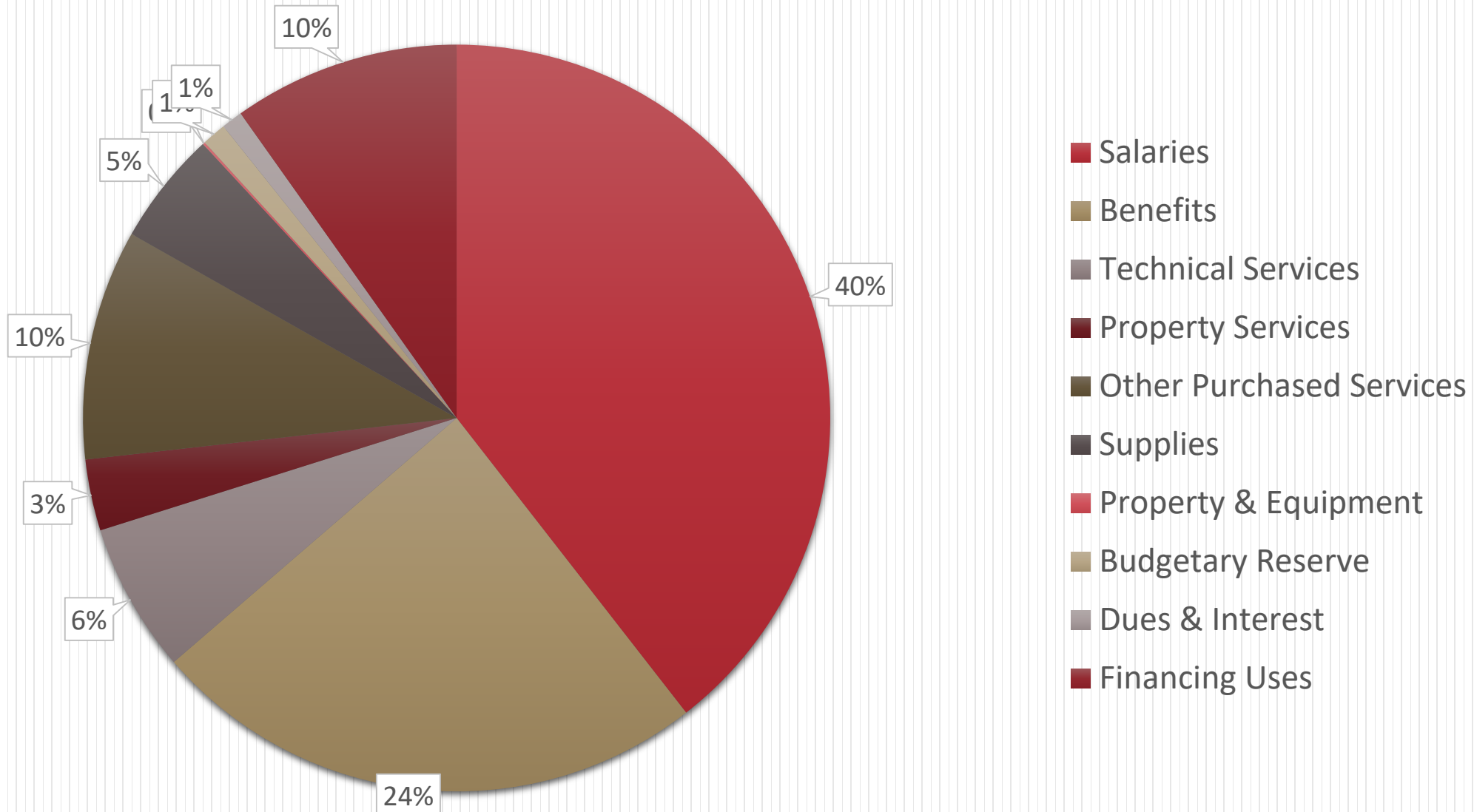
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Expenditures

Expenditures by Major Function – 2019-20 Budget



Expenditures by Object – 2019-20 Budget

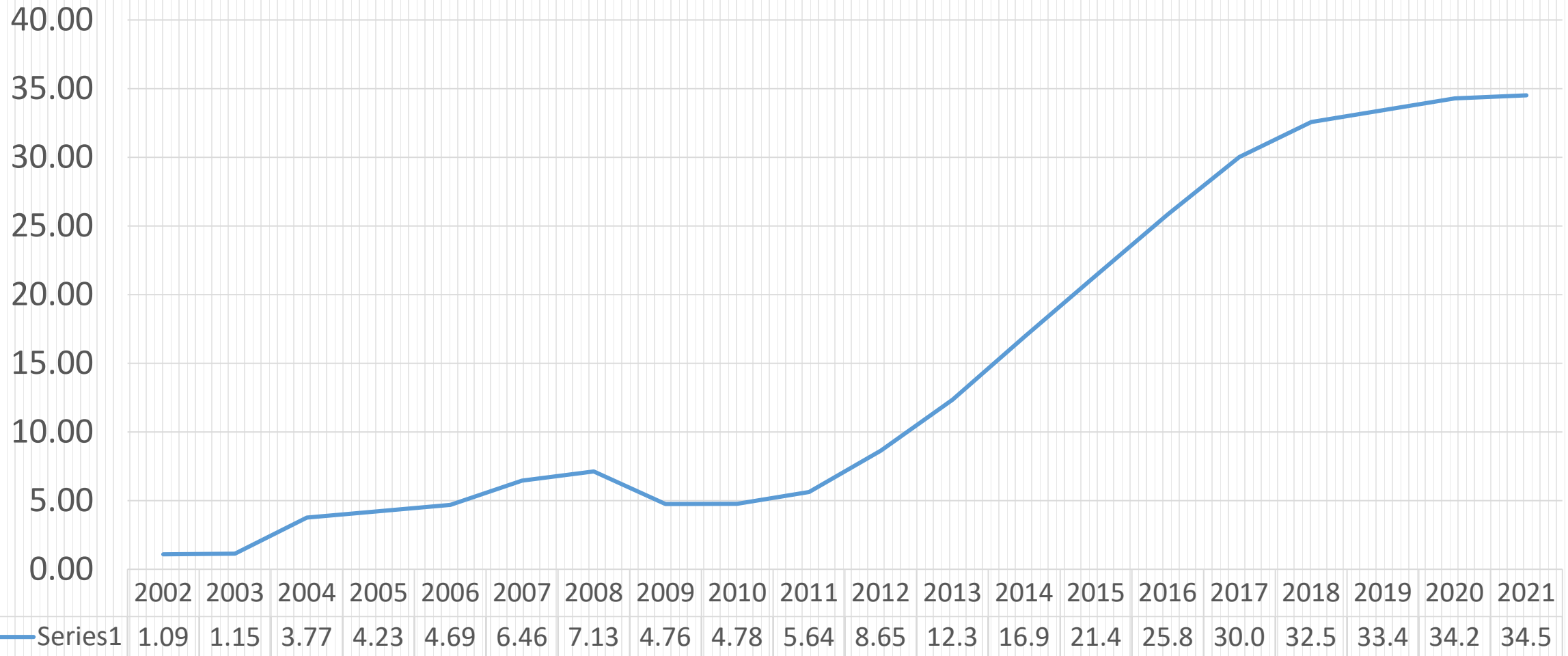


Expenditure Considerations

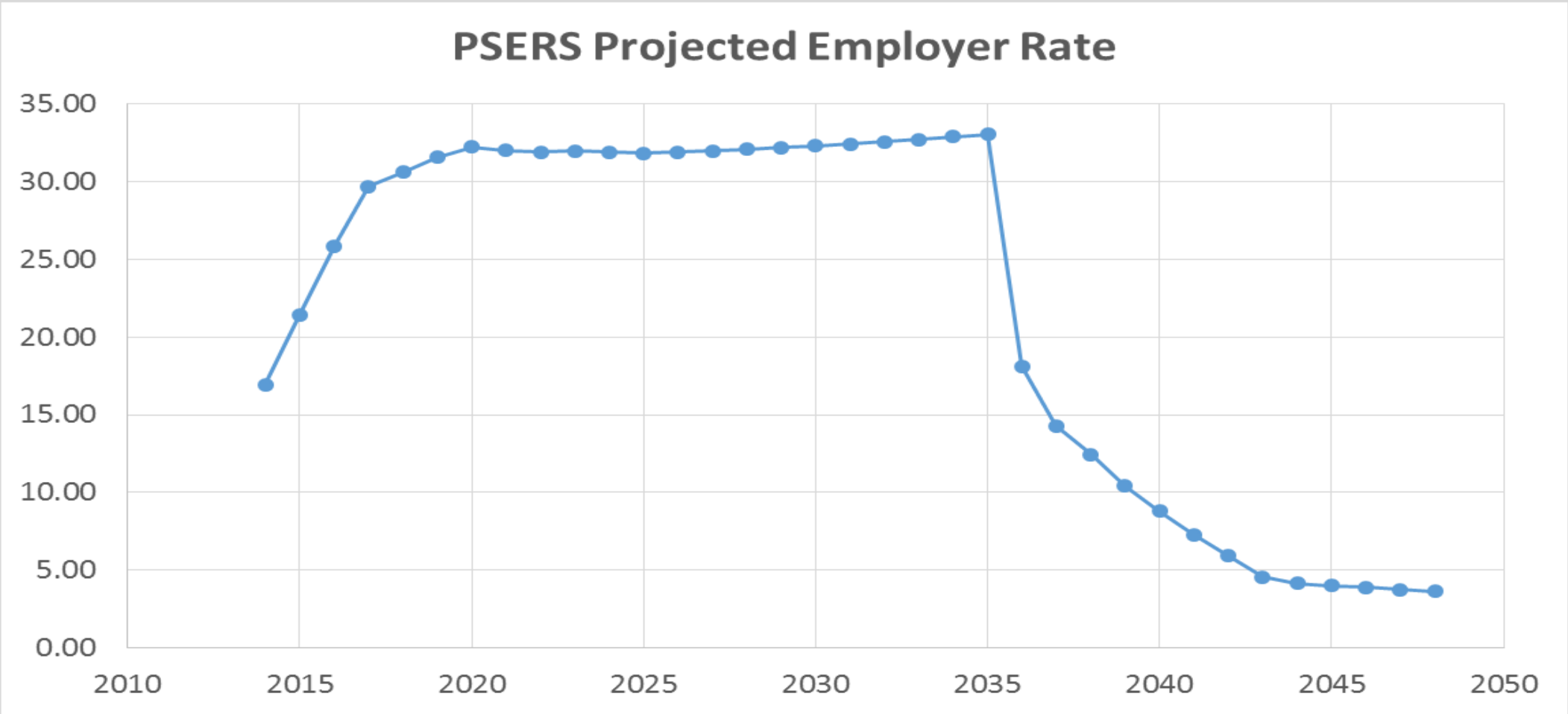
- Salaries – Teacher contract and ACT 93 agreement in place
- Benefits
 - Consistent year – to – year medical/RX increases
 - Flat dental, life, long term disability rates
- PSERS
 - Rate leveling off compared to recent history
 - 2019-20 budget employer contribution rate of 34.29%, 2020-21 is 34.51%
 - Funded through three sources: employee contributions, employer contribution rate which includes contributions from school employers and the Commonwealth, and investment returns from the System.
- ***Over 75% of the employer contribution rate is for the payment of an unfunded liability, which is primarily debt for past service already earned by members.***



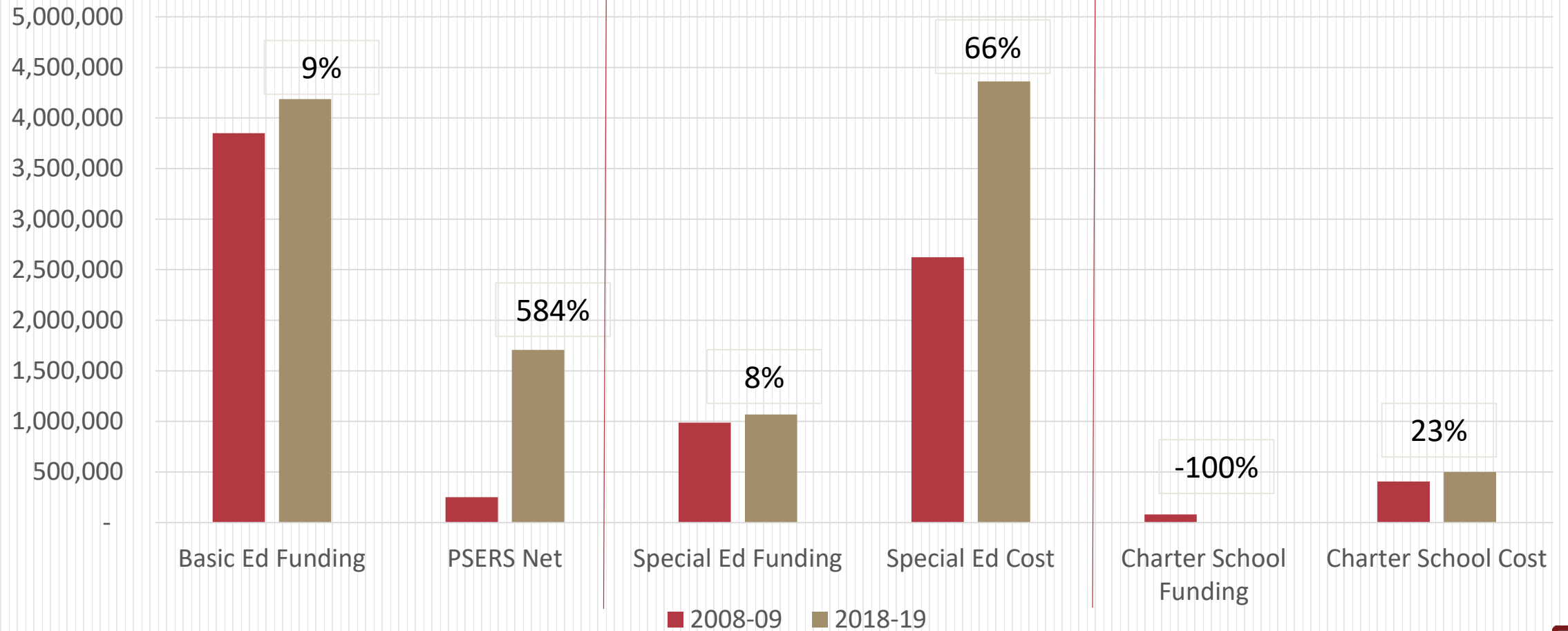
PSEERS – Historical Employer Contribution Rate



PSERS – Long term Employer Contribution projection



Unfunded State Mandates



- State Funding is at an all time high, however, state mandated costs have significantly outpaced state funding.

Debt Service

<u>FISCAL YEAR</u>	<u>G.O.N. SERIES of 2014</u>	<u>G.O.N. SERIES B of 2016</u>	<u>G.O.B. SERIES A of 2019</u>	<u>G.O.B. SERIES B of 2019</u>	<u>TOTAL PAYMENTS</u>
2019-20	\$ 10,000	\$ 2,175,000	\$ 5,000	\$ 5,000	\$ 2,195,000
2020-21	-	1,855,000	5,000	5,000	1,865,000
2021-22	1,765,000	-	5,000	5,000	1,775,000
2022-23	460,000	-	5,000	1,465,000	1,930,000
2023-24	-	-	1,345,000	585,000	1,930,000
2024-29	-	-	9,000,000	50,000	9,050,000
TOTAL	2,235,000	4,030,000	10,365,000	2,115,000	18,745,000

- GOB of 2019 generated \$10 million of “new money” to finance major district capital improvements and provided \$0.7 million of ongoing operating budget relief.
- Plan to borrow an additional \$4 million in 2020 as per original facility improvement plan.



Fund balance as of June 30, 2019

- **Fund balance post audit:**
 - Committed: \$1,224,000
 - Pension increases
 - Assigned: \$3,886,813
 - Emergency maintenance, state budget delays, litigation, etc.
 - Unassigned: \$3,864,630, 12% of expenditures
 - **Total Fund balance: \$8,975,443**
- **Capital Reserve: \$500,000**
- **Potential uses of fund balance and capital reserve:**
 - Capital projects and one-time expenditures
 - Projects outside of major bond issuance scope
 - Move away from practice of funding budget shortfalls



Budget discussion/Recommendations

- Decision to opt-out (stay within Act 1) or file for exceptions
 - Administration recommends opt-out
 - Exceptions (administration does not recommend) could be used to cover costs related to Retirement and Special Education, or Debt payments that are anticipated to outpace the Act 1 index.
- Discussion on use of fund balance and potential tax increase
 - No decision needed tonight



Next steps

- Tonight
 - Decision to opt-out (stay within Act 1) or file for exceptions
- December
 - Receive budget requests from managers
- January
 - Build preliminary budget
 - Monitor state and federal budget progress
- February / March
 - Budget Workshops
- May 4th - Proposed final budget approval
- June 8th - Final budget approval

