



# QUAKERTOWN COMMUNITY SD

Finance Committee Meeting  
2021/2022 Preliminary Budget

Presented February 11, 2021

Zach Schoch, Chief Operating Officer

Lynn Routson, Finance Director

# AGENDA

- Budget Variables
- Budget Assumptions
- Budget Terminology
- Budget Calendar
- Pandemics Impact on Budget
- Current Year Projection
- Budget Drivers
- Staffing/FTE Analysis
- Healthcare Costs
- Student Enrollment
- PSERS
- Expenditure Analysis
- Five Year Projection
- Financing the Budget
- Taxing Scenarios
- Impact on Average Taxpayer
- Fund Balance Analysis
- Recap
- Questions/Detail Sheets

# POTENTIAL CHANGES AND UNKNOWNNS

The preliminary budget is developed without having all of the pertinent information and must be updated as additional information is available in all these areas:

- Redistricting - Board Decision on Recommendations from Redistricting Committee
- Transportation - Bid Results From RFP Process
- Healthcare - Second and third looks for healthcare premiums
- Salaries - Additional resignations and retirements, leaves of absence
- Tech School - 2021/2022 Tech School budget (capital needs)
- State Budget - PDE Subsidies - Basic Education Funding (BEF) and Special Education Funding (SEF)
- Special Education - 2021/2022 Bucks County IU Special Education Budget
- Property Tax Revenue - 2021/2022 Tax duplicate from Bucks County
- Normal Adjustments - Refine department budgets (special education, facilities, human resources etc.) and revenue projections as new information becomes available

# 2021/22 BUDGET ASSUMPTIONS

## Expenditures

- Half of the charter school students that left for 2020-21 will return
- No allowance for QE renovation costs or extraordinary maintenance costs
- No expenditures included for remaining Neidig bond proceeds
- COVID costs remain (bus and building sanitizing, PPE/hand sanitizer refills, food service losses, etc.)

## Revenues

- Flat funding from the state
- Does not include \$1.1 of the \$1.7 million of stimulus
- Does not include increased revenue from successful tax appeals
- Property tax collection rate of 96%
- Earned Income Tax increase of 1.75% over current year

# BUDGET TERMINOLOGY: ACT 1 INDEX

ACT1 INDEX - the maximum millage increase for each tax the school district levies (without PDE exception or voter approval). For 2021-22, the base PA Act 1 Index is 3.0%

Adjusted ACT 1 INDEX - If a District has a MV/PI\* ratio higher than .40 (higher poverty) the Act 1 Index is higher. QCSD's MV/PI ratio is .4207. For 2021-22 QCSD's Act 1 Index is 3.5%\*\*

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.

A 3.5% increase in Mills generates approximately **\$2.4 million in** Real Estate Tax Revenue

\*MV/PI = A measure of a communities wealth (market value/personal income ratio). QCSD = .420, Council Rock = .150, Bristol Borough = .604

\*\*In Bucks County, Quakertown, Morrisville, Bristol Borough, and Bristol Township typically qualify for an adjusted index due to their level of poverty

# 2021/22 PRELIMINARY BUDGET

## WHAT IS IT?

- On November 12th the Board of School Directors voted to opt out of applying for Exceptions to the Act I index for 2021/22. By doing so, the Board capped the maximum millage increase to QCSD's Adjusted Index of 3.5%
- Districts who opt out are not required to approve and submit a formal Preliminary Budget to PDE
- So.... the Preliminary Budget for 2021-22 is simply a snapshot of where we are in the budget development process at this point in time

# BUDGET CALENDAR

- January 07, 2021 – Preliminary Budget Presentation Template
- February 04, 2021 - Preliminary Budget Presentation - Finance Committee
- February 11, 2021 – Preliminary Budget Presentation – Regular Board Meeting
- March 04, 2021 – Update on Preliminary Budget – Finance Committee
- April 01, 2021 – Update on Preliminary Budget – Finance Committee
- May 06, 2021 – Update on Preliminary Budget – Finance Committee
- May 13, 2021 - Presentation and Board vote to adopt the Proposed Final Budget
- June 03, 2021 – Update on Proposed Final Budget – Finance Committee
- June 10, 2021 – Board vote to adopt 2021/22 Final Budget
- June 30, 2021 – Deadline for tax collectors to send tax bills

# WHERE WE STARTED

## 2020/21 BUDGET - PANDEMIC IMPACT

Revenue Category	'Heat Map Projections'			20/21 Budget	20/21 Projection
	Best Case	Most Likely	Worst Case		
Current Real Estate	\$ 67,168,106	\$ 66,371,646	\$ 63,577,051	\$ 66,414,823	\$ 67,472,599
Interim Real Estate	378,321	226,993	75,664	226,993	431,020
Earned Income Tax	10,732,907	10,171,166	9,609,424	10,171,166	10,450,602
Real Estate Transfer Tax	1,132,454	827,630	461,841	827,630	999,770
Delinquent Taxes	1,941,775	1,618,146	1,294,517	1,618,146	1,431,554
Interest Earnings	650,000	325,000	-	325,000	97,478
Basic Education Subsidy	10,543,888	10,543,888	8,940,680	10,543,888	10,543,732
	<b>\$ 92,547,451</b>	<b>\$ 90,084,469</b>	<b>\$ 83,959,177</b>	<b>\$ 90,127,646</b>	<b>\$ 91,426,755</b>

Revenue Projected to be \$1.3 million above budget in these categories.



# 2020/21 - PANDEMIC IMPACT ON EXPENDITURES

- Charter School Enrollment - Increased enrollment in cyber charters was 84 students, costing the District an additional \$1.7 Million
- Food Services Fund - Meal counts are significantly down due to meal serving restrictions, resulting in a loss of \$500k
- Cleaning/Sanitizing/PPE - Although mostly offset by grants, the District spent approximately \$1.3 Million spent on COVID related requirements.
- Compensatory Education (21/22) - COVID's impact on the learning environment will result in approximately \$300k for compensatory education.

# WHAT WE DID:

## 2020/21 STRATEGIES TO REDUCE THE DEFICIT

- **Attrition:** Savings from resignations/retirements/leaves/FTE management is approximately \$2.4 million.
- **NES** - Utilize \$1.8 million remaining in the Neidig Capital Fund to offset capital projects costs in the general fund.
- **Grants** - The District applied for every grant we were eligible for and received approximately \$1.2 million. An additional \$1.7 million is expected from the second wave of stimulus.
- **Cost Cutting** - Due to COVID, expenses for things like travel and conferences were significantly reduced, saving approximately \$94,000.

# WHERE WE ENDED UP: 2020/21 BUDGETED VS. PROJECTED DEFICIT

## Where we were June 2020

2020/2021 - Budgeted Deficit (\$7,273,775)

## Where we are February 2021

2020/2021 - Projected Deficit (\$5,136,718)

Net Change - \$2,137,057

### Notes:

*Does not account for any use of NES bond proceeds to offset 20/21 capital costs.*

*Approximately \$2 million of the deficit is from using the proceeds from selling schools.*

# 2021/22 BUDGET

## PRIMARY COST DRIVERS and REDUCTIONS

### COST INCREASES

Charter School Tuition - \$790,000

Food Services Losses - \$200,000

Transportation Costs - \$278,000

Compensatory Education Costs - \$300,000

COVID Related Supplies - \$170,502

### COST REDUCTIONS

Salaries - (\$268,000)

Computers - (\$316,545)

Equipment - (\$147,000)

Medical/RX - (\$104,000)

IU Transportation - (\$50,000)

Debt Service - (\$117,335)

# 2021/22 BUDGET FTE (Staffing) MANAGEMENT - PROFESSIONAL STAFF

District Employees	2019-2020 Budget			2019-2020 Actual			2020-2021 Budget			2020-2021 Actual			2020-2021 FTE Budget vs. Actual				2021-2022 Budget		
	Full Time	Part Time	FTE	Full Time	Part Time	FTE	Full Time	Part Time	FTE	Full Time	Part Time	FTE	FTE Reduced By Attrition	FTE Not Filled by Contract	FTE Not Filled Vacant	FTE Full Year Leave	Full Time	Part Time	FTE
Counselors	17.00		17.00	17.00		17.00	17.00		17.00	17.00		17.00					17.00		17.00
Librarians	4.00		4.00	4.00		4.00	4.00		4.00	3.00	2.00	4.000			0.50		3.00	2.00	3.995
Psychologists	3.00		3.00	3.00		3.00	3.00		3.00	3.00		3.00					4.00		4.00
Instructional Support Teachers/Coach	8.50		8.50	2.00		2.00	2.00		2.00	2.00		2.00					2.00		2.00
Reading Specialists/Title I	7.50		7.50	3.50		3.50	3.50		3.50	3.50		3.50					3.50		3.50
Elem. Inst. Coach/Intervention Spec. (new in 19/20)				10.00	-	10.00	10.00		10.00	10.00		10.00					10.00		10.00
School Nurses	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00					4.00		4.00
Social Worker/Behavior Analyst	3.00		3.00	3.00		3.00	3.00		3.00	3.00		3.00					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
Teacher Temporary Assignments	5.00		5.00	5.00		5.00	4.00		4.00	4.00		4.00					4.00		4.00
Teachers	291.00	5.00	293.950	293.50	5.00	296.45	296.50	5.00	298.46	285.50	5.00	288.46	10.00	5.50	1.00	5.50	287.50	5.00	290.50
<b>Total</b>	<b>346.00</b>	<b>5.00</b>	<b>348.95</b>	<b>348.00</b>	<b>5.00</b>	<b>350.95</b>	<b>350.00</b>	<b>5.00</b>	<b>351.96</b>	<b>338.00</b>	<b>7.00</b>	<b>341.96</b>	<b>10.00</b>	<b>5.50</b>	<b>1.50</b>	<b>5.50</b>	<b>341.00</b>	<b>7.00</b>	<b>345.00</b>

2019-2020 FTE Budget vs. Actual: Additions	
Addition	FTE
Kindergarten	1.00
Grade 2	1.00
<b>Total</b>	<b>2.00</b>
Note: these additional FTEs were board approved on 8/22/2019.	

2020-2021 FTE Budget vs. Actual: Reductions	
Reduction	FTE
Elementary	1.00
Elementary	1.00
Elementary	1.00
Elementary	1.00
Elementary	1.00
Elementary Placeholder	1.00
Elementary Placeholder	1.00
Sixth Grade Center	1.00
Sixth Grade Center	1.00
Strayer Middle	1.00
<b>Total FTE</b>	<b>10.00</b>

2020-2021 FTE Budget vs. Actual: Not Filled by Contract	
Position	FTE
Strayer Middle	1.00
Sixth Grade Center	1.00
High School	1.00
Elementary	1.00
Elementary	1.00
Elementary	1.00
Elementary	0.50
<b>Total</b>	<b>5.50</b>

2020-2021 FTE Budget vs. Actual: Not Filled/Vacant	
Position	FTE
Elem. Spanish	1.00
Elem. Librarian	0.50
<b>Total</b>	<b>1.50</b>

2021-2022 FTE Budget Additions	
Addition	FTE
Psychologist	1.00
ESL Teacher	1.00
Music Teacher	1.00
<b>Total FTE</b>	<b>3.00</b>

**Note:**  
2021-2022 Budget does not reflect any FTE reductions due to declining enrollment or redistricting.

# 2021/22 BUDGET FTE ANALYSIS - DETAIL

2020-2021 Budget			2020-2021 Actual			2020-2021 FTE Budget vs. Actual			
Full Time	Part Time	FTE	Full Time	Part Time	FTE	FTE Reduced By Attrition	FTE Not Filled by Contract	FTE Not Filled Vacant	FTE Full Year Leave
17.00		17.00	17.00		17.00				
4.00		4.00	3.00	2.00	4.00			0.50	
3.00		3.00	3.00		3.00				
2.00		2.00	2.00		2.00				
3.50		3.50	3.50		3.50				
10.00		10.00	10.00		10.00				
4.00		4.00	4.00		4.00				
3.00		3.00	3.00		3.00				
3.00		3.00	3.00		3.00				
4.00		4.00	4.00		4.00				
296.50	5.00	298.46	285.50	5.00	288.46	10.00	5.50	1.00	5.50
350.00	5.00	351.96	338.00	7.00	341.96	10.00	5.50	1.50	5.50

2020-2021 FTE Budget vs. Actual: Reductions	
Reduction	FTE
Elementary	1.00
Elementary	1.00
Elementary	1.00
Elementary	1.00
Elementary	1.00
Elementary Placeholder	1.00
Elementary Placeholder	1.00
Sixth Grade Center	1.00
Sixth Grade Center	1.00
Strayer Middle	1.00
<b>Total FTE</b>	<b>10.00</b>

2020-2021 FTE Budget vs. Actual: Not Filled by Contract	
Position	FTE
Strayer Middle	1.00
Sixth Grade Center	1.00
High School	1.00
Elementary	1.00
Elementary	1.00
Elementary	0.50
<b>Total</b>	<b>5.50</b>

2020-2021 FTE Budget vs. Actual: Not Filled/Vacant	
Position	FTE
Elem. Spanish	1.00
Elem. Librarian	0.50
<b>Total</b>	<b>1.50</b>

# 2021/22 BUDGET - NEW STAFF REQUESTS

## Mandated Services

ESL Teacher - ESL student enrollment has increased 24% since 2016-17 (124 to 154 students)

Psychologist - Evaluations have increased almost 50% since 2017-18 ( 323 to a projected 482 in 2021-22.)

## Program Related

Music Teacher - Band/Strings - Strings opportunities will extend to HS students next year; will also offer more instrumental course offerings at the secondary

NOTE: These positions will not add FTEs to the budget, because they will be offset by staffing reductions at the elementary level due to declining enrollment. All reductions will occur through attrition.



# STAFFING PROJECTIONS THROUGH 2024/2025

Due to declining enrollment, FTEs are reduced by 11.5 from 2020/21 actual, through 2025/26.

	Staffing Projection Through 2024/2025														
	2021/22 Budget			2022/23			2023/24			2024/25					
	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
<b>District Employees</b>															
Administrators	26.00		26.00	26.00		26.00	26.00		26.00	26.00		26.00	26.00		26.00
Census															
Aides	-	134.00	63.65	-	134.00	63.65	-	134.00	63.65	-	134.00	63.65	-	134.00	63.65
Food Service Workers		32.00	12.91		32.00	12.91		32.00	12.91		32.00	12.91		32.00	12.91
Nursing Assistants		8.00	7.40		8.00	7.40		8.00	7.40		8.00	7.40		8.00	7.40
Maintenance/Custodians	21.00	1.00	21.63	21.00	1.00	21.63	21.00	1.00	21.63	21.00	1.00	21.63	21.00	1.00	21.63
Secretaries	22.00	13.00	29.77	22.00	13.00	29.77	22.00	13.00	29.77	22.00	13.00	29.77	22.00	13.00	29.77
Other Support Staff	18.00		17.58	18.00		17.58	18.00		17.58	18.00		17.58	18.00		17.58
Counselors	17.00		17.00	17.00		17.00	17.00		17.00	17.00		17.00	17.00		17.00
Librarians	3.00	2.00	3.995	3.00	2.00	3.995	3.00	2.00	3.995	3.00	2.00	3.995	3.00	2.00	3.995
Psychologists	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00
Instructional Support Teachers/Coach	1.99		1.99	1.99		1.99	1.99		1.99	1.99		1.99	1.99		1.99
Reading Specialists/Title I	3.50		3.50	3.50		3.50	3.50		3.50	3.50		3.50	3.50		3.50
Elem. Inst. Coach/Intervention Spec. (new in 19/20)	10.00		10.00	10.00		10.00	10.00		10.00	10.00		10.00	10.00		10.00
Safe School Officer															
School Nurses	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00
Social Worker	3.00		3.00	3.00		3.00	3.00		3.00	3.00		3.00	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
Teacher Temporary Assignments	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00	4.00		4.00
Teachers	287.51	5.00	290.46	285.00	5.00	288.00	283.00	5.00	286.00	281.00	5.00	284.00	279.00	5.00	282.00
3 Year Staffing (FTEs Held)															
<b>Total</b>	<b>428.00</b>	<b>195.00</b>	<b>523.89</b>	<b>425.49</b>	<b>195.00</b>	<b>521.43</b>	<b>423.49</b>	<b>195.00</b>	<b>519.43</b>	<b>421.49</b>	<b>195.00</b>	<b>517.43</b>	<b>419.49</b>	<b>195.00</b>	<b>515.43</b>
<b>Student Enrollment</b>	<b>4,723.00</b>			<b>4,556.00</b>			<b>4,402.00</b>			<b>4,212.00</b>			<b>4,013.00</b>		
<b>Student to Teacher Ratio</b>	<b>14.10</b>			<b>13.70</b>			<b>13.32</b>			<b>12.82</b>			<b>12.29</b>		
<b>Student to Aide Ratio</b>	<b>35.25</b>			<b>34.00</b>			<b>32.85</b>			<b>31.43</b>			<b>29.95</b>		
	FT	PT	FTE	FT	PT	FTE	FT	PT	FTE	FT	PT	FTE	FT	PT	FTE
<b>Year to Year Change</b>	(7.00)	2.00	(6.01)	(2.51)	-	(2.46)	(2.00)	-	(2.00)	(2.00)	-	(2.00)	(2.00)	-	(2.00)
<b>Cumulative Change</b>	(54.00)	(6.00)	(55.67)	(56.51)	(6.00)	(58.13)	(58.51)	(6.00)	(60.13)	(60.51)	(6.00)	(62.13)	(62.51)	(6.00)	(64.13)
Notes:															



# 2021-22 BUDGET - HEALTHCARE INCREASES

- The District is a member district of the Bucks and Montgomery County Healthcare Consortium. We receive three cost estimates (“looks”) 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 cost increases are:
  - Medical – 6.4% optimistic and 11% pessimistic (budgeted at 8% in the Preliminary Budget)
  - Prescription – (-5.6%) - ( budgeted flat in the Preliminary Budget)
  - Total \$ increase to budget = no dollar increase due to reduced staffing levels.

# PROJECTED ENROLLMENT DECLINED BUDGET IMPACT

With enrollment projections continuing to show a steady decline, the five (5) year budget projection includes a reduction of two FTEs per year.

Grades 1 - 12 Enrollments Based on Grade Progression Ratios (5 Year Average GPR)																	
Kindergarten Enrollments Based on Actual Live Birth Data for Past 5 Years (2019 Live Birth Data is Preliminary)																	
	Progression	Actual										Projected					
Grades	Ratios	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	2024-25	2025-26	
K		363	374	349	305	269	366	287	289	283	254	250	230	221	203	203	
1	1.11	409	405	420	396	358	318	381	340	313	305	283	279	256	246	227	
2	1.00	405	407	410	413	399	360	317	375	347	306	304	282	278	255	245	
3	0.99	409	415	400	411	428	406	361	327	367	323	304	302	280	276	253	
4	0.99	422	414	406	382	410	425	419	359	317	360	321	302	300	278	274	
5	0.98	382	435	405	408	377	411	423	410	359	297	354	315	297	295	273	
Sub-total K-5		2390	2450	2390	2315	2241	2286	2188	2100	1986	1845	1816	1710	1632	1553	1475	
6	1.03	401	397	422	413	413	399	430	437	419	358	306	365	325	306	304	
7	1.01	452	399	390	400	402	413	417	430	443	410	361	308	368	327	308	
8	1.00	389	448	398	397	412	419	421	417	416	439	412	362	309	369	328	
Sub-total 6-8		1242	1244	1210	1210	1227	1231	1268	1284	1278	1207	1079	1035	1002	1002	940	
9	1.02	407	394	438	413	410	432	426	425	431	417	449	421	370	316	377	
10	0.98	380	398	393	428	413	401	434	427	413	417	411	442	415	364	311	
11	0.98	432	383	395	388	416	408	399	410	417	413	409	403	434	407	357	
12	1.02	359	415	364	386	389	416	408	402	426	438	421	417	411	442	415	
Sub-total 9-12		1578	1590	1590	1615	1628	1657	1667	1664	1687	1685	1690	1683	1630	1529	1460	
Special Ed.	1.00	142	157	139	175	194	176	156	161	138	128	138	128	138	128	138	
Total K-12		5352	5441	5329	5315	5290	5350	5279	5209	5089	4865	4723	4556	4402	4212	4013	
	Increase	(98)	89	(112)	(14)	(25)	60	(71)	(70)	(120)	(224)	(142)	(168)	(154)	(190)	(199)	
Notes:	2020-21 Enrollments impacted by pandemic withdrawals; analysis does not include students who may elect to return in 2021-22																
Updated 10/13/20																	

# PSERS RATE TREND

■ Although the trend has slowed, PSERS rates will continue to increase over the next 5 years.

2021 - 34.51%

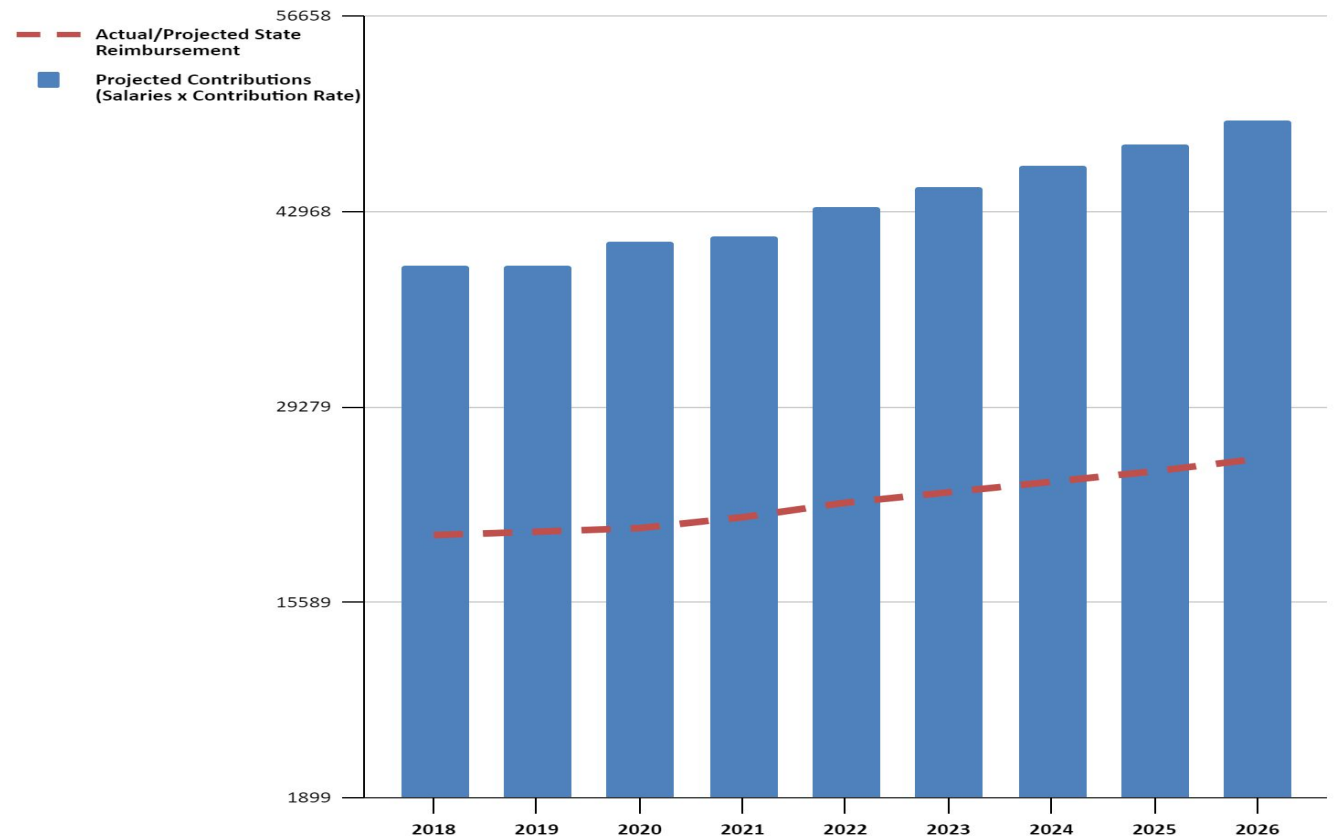
2022 - 34.95%

2023 - 35.62%

2024 - 36.12%

2025 - 36.6%

2026 - 37.23%



# EXPENDITURE ANALYSIS BY OBJECT

QUAKERTOWN COMMUNITY SCHOOL DISTRICT											
EXPENDITURES BY DETAILED OBJECT											
		2016-17	2017-18	2018-19	2019-20	2020-21	2020-21	2020-21	2021-22		
										Budget vs Budget	Projected Actual vs. Budget
Obj	Description	Actual	Actual	Actual	Actual	Original Budget	Amended Budget*	Projected	Preliminary		
Total	Salaries	\$ 41,974,251	\$ 41,213,662	\$ 40,835,150	\$ 41,814,838	\$ 43,727,723	\$ 43,727,723	\$ 41,826,557	\$ 43,459,750	-0.61%	4%
Total	Benefits	\$ 23,966,486	\$ 25,378,406	\$ 25,787,990	\$ 26,627,817	\$ 28,813,774	\$ 28,813,774	\$ 27,583,224	\$ 28,852,998	0.14%	5%
Total	Professional Services	\$ 7,900,367	\$ 8,259,378	\$ 7,433,575	\$ 7,590,193	\$ 9,339,284	\$ 9,339,284	\$ 9,354,590	\$ 9,684,987	3.70%	4%
Total	Purchased Property Servs	\$ 2,308,001	\$ 1,637,595	\$ 1,898,452	\$ 3,121,727	\$ 4,740,989	\$ 4,837,049	\$ 2,848,646	\$ 2,842,859	-40.04%	0%
Total	Other Purchased Services	\$ 12,251,805	\$ 12,005,126	\$ 12,250,909	\$ 12,495,517	\$ 13,569,813	\$ 13,569,813	\$ 14,947,469	\$ 14,678,287	8.17%	-2%
Total	Supplies	\$ 3,438,295	\$ 3,960,148	\$ 3,788,667	\$ 3,278,764	\$ 4,604,401	\$ 4,731,146	\$ 4,909,727	\$ 4,754,518	3.26%	-3%
Total	Equipment	\$ 1,460,210	\$ 823,415	\$ 975,177	\$ 1,301,710	\$ 1,572,575	\$ 1,632,500	\$ 1,502,228	\$ 1,142,620	-27.34%	-24%
Total	Other Objects	\$ 4,102,018	\$ 4,186,555	\$ 4,448,997	\$ 4,468,680	\$ 5,656,556	\$ 5,656,556	\$ 4,314,769	\$ 4,852,312	-14.22%	12%
Total	Other Financing Uses	\$ 6,752,055	\$ 7,115,928	\$ 7,380,183	\$ 7,915,443	\$ 8,047,000	\$ 8,047,000	\$ 10,502,013	\$ 7,691,579	-4.42%	-27%
Total	All Objects	\$ 104,153,489	\$ 104,580,213	\$ 104,799,100	\$ 108,614,689	\$ 120,072,115	\$ 120,354,845	\$ 117,789,223	\$ 117,959,110	-1.76%	0.14%

After accounting for the use of proceeds from the sale of schools, the budgeted expenditures in 2021/2022 are slightly LOWER than the budgeted expenditures in 2020/2021.

# TWO YEAR EXPENDITURE ANALYSIS

## 2019/20 through 2021/2022

- Expenditure Increases from 2019/20 to 2020/21
  - \$1.7 million in charter costs
  - \$2.0 million from use of proceeds from sale of schools
  - \$500k from food services losses
  - \$1.3 million in COVID costs
  - Savings in 19/20 associated with closing schools in March
    - Substitute Teachers
    - Transportation
    - Supplies
    - Utilities
- Expenditure Increases Continuing in 2021-22
  - Food Services Losses
  - Charter School Costs
  - Additional COVID-related Supplies



# Five (5) YEAR BUDGET PROJECTION (PFM MODELING) – 3.5% TAX INCREASE

## Quakertown Community School District

Concise Summary Report

Assumption: 3.5% annual increase in real estate tax millage rate for fiscal year 2021/22. Then 3.0, 2.8, 2.5, 2.5



	(Actual) 2016	(Actual) 2017	(Actual) 2018	(Actual) 2019	(Actual) 2020	(Projected) 2021	(Projected) 2022	(Projected) 2023	(Projected) 2024	(Projected) 2025	(Projected) 2026
<b>REVENUES</b>											
Real Estate Taxes	58,266,636	60,485,601	62,603,626	65,687,635	68,015,059	68,035,741	70,737,094	73,020,657	75,308,795	77,440,371	79,630,709
Act 511 Taxes	10,605,046	11,130,607	11,635,475	11,602,220	11,763,403	11,450,372	11,658,352	11,774,936	12,010,434	12,370,747	12,741,870
Other Local Revenue	4,085,092	4,107,793	3,770,654	4,233,056	4,049,108	3,212,402	3,378,222	3,413,755	3,446,578	3,488,308	3,530,873
Basic Instructional and Operating Subsidies	9,556,455	9,981,255	10,142,715	10,332,283	10,680,230	10,738,009	10,703,732	10,810,769	10,918,877	11,028,066	11,138,346
Revenue for Specific Educational Programs	2,976,553	3,023,095	3,069,199	3,182,202	3,255,259	3,320,660	3,320,660	3,356,842	3,393,445	3,430,474	3,467,936
Other State Revenue	10,959,012	13,941,065	13,567,554	13,246,777	13,260,667	13,489,407	13,960,706	14,326,454	14,667,057	14,936,659	15,415,945
Federal Revenue	635,531	603,521	617,189	709,481	909,801	1,540,914	1,339,000	684,420	698,108	712,071	726,312
Other Financing Sources	587,113	999,904	523,649	2,545,356	874,247	865,000	710,000	723,700	737,674	751,927	766,466
<b>TOTAL REVENUES</b>	<b>97,671,438</b>	<b>104,272,839</b>	<b>105,930,061</b>	<b>111,539,010</b>	<b>112,807,774</b>	<b>112,652,505</b>	<b>115,807,766</b>	<b>118,111,532</b>	<b>121,180,969</b>	<b>124,158,623</b>	<b>127,418,457</b>
<b>EXPENDITURES</b>											
Salaries and Benefits	62,510,280	65,940,737	66,592,068	66,623,141	68,442,653	69,409,781	72,312,748	74,310,629	76,622,943	79,025,373	81,602,475
Operating Expenses	27,488,306	27,534,102	27,510,005	26,486,543	27,930,225	33,723,835	33,270,162	33,147,501	33,547,915	34,228,595	34,924,266
Debt Service & Transfers	9,052,169	10,678,651	10,478,140	11,689,416	12,241,811	14,655,607	12,377,001	12,489,707	12,549,294	12,587,171	12,710,716
<b>TOTAL EXPENDITURES</b>	<b>99,050,755</b>	<b>104,153,489</b>	<b>104,580,213</b>	<b>104,799,100</b>	<b>108,614,689</b>	<b>117,789,223</b>	<b>117,959,911</b>	<b>119,947,837</b>	<b>122,720,152</b>	<b>125,841,139</b>	<b>129,237,457</b>
<b>NET OPERATING BALANCE</b>	<b>(1,379,316)</b>	<b>119,350</b>	<b>1,349,848</b>	<b>6,739,910</b>	<b>4,193,085</b>	<b>(5,136,718)</b>	<b>(2,152,145)</b>	<b>(1,836,306)</b>	<b>(1,539,184)</b>	<b>(1,682,516)</b>	<b>(1,819,000)</b>
<b>FUND BALANCE (BEGINNING OF THE YEAR)</b>	<b>15,812,815</b>	<b>14,433,499</b>	<b>14,552,849</b>	<b>15,902,697</b>	<b>22,642,607</b>	<b>26,875,692</b>	<b>21,678,974</b>	<b>19,545,829</b>	<b>17,770,523</b>	<b>16,171,340</b>	<b>14,478,824</b>
<b>FUND BALANCE (END OF THE YEAR)</b>	<b>14,433,499</b>	<b>14,552,849</b>	<b>15,902,697</b>	<b>22,642,607</b>	<b>26,835,692</b>	<b>21,678,974</b>	<b>19,545,829</b>	<b>17,770,523</b>	<b>16,171,340</b>	<b>14,478,824</b>	<b>12,648,824</b>



# FINANCING THE 2021/2022 BUDGET AT 3.5% TAX INCREASE

- Estimated 2021/22 revenues with a 3.5% tax increase is \$115,807,766
- Total projected expenditures for 2021/22 is \$117,959,910.
- Total Shortfall (deficit) at this point is \$2,152,144 which is funded by use of fund balance.
- A deficit of between \$1.0 and \$1.5 million is typically the goal for a final budget since it will be bridged by attritional savings and fiscal management.

## Notes:

Using the remaining bond money from NES to offset Capital is not included.  
Ronald Reagan Boulevard is not included in this budget.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT 2021-22 FINANCING THE BUDGET Preliminary Budget (3.5% increase in millage rate)	
	TOTAL
REVENUES	112,917,071
New Tax Revenue - increase in assessment & millage	2,890,695
TOTAL - Revenues	115,807,766
EXPENDITURES	109,174,978
Capital Expenditures	1,000,000
TOTAL - Expenditures	117,959,910
Budgetary Reserve	-
(Shortfall) Surplus	(2,152,144)
Projected Fund Balance - July 1, 2021	21,698,972
Projected Fund Balance and Budgetary Reserve- June 30, 2022	19,546,828
Use of Fund Balance-Unassigned	1,152,144
Use of Fund Balance-PSERS	-
Use of Fund Balance-Capital	1,000,000



# FINANCING THE 2021/2022 BUDGET TAXING SCENARIOS

- In each taxing scenario the district will need to balance the budget with fund balance (deficit).
- Compared to prior years, the deficit over the next four years with the tax increase at the Act I Index is significantly lower at this stage compared to past years.

	Scenario 1 3.5% Tax Increase	Scenario 2 1.75% Tax Increase	Scenario 3 0% Tax Increase
June 30, 2021 Projected Fund Balance	\$ 21,698,972	\$ 21,698,972	\$ 21,698,972
Local Revenues	85,773,668	84,552,883	83,332,099
State Revenues	27,985,098	27,985,098	27,985,098
Federal and Other Sources	2,049,000	2,049,000	2,049,000
Total Revenues	115,807,766	114,586,981	113,366,197
Total Expenditures	117,959,910	117,959,910	117,959,910
Operating Balance	(2,152,144)	(3,372,929)	(4,593,713)
Capital Expenditures	1,000,000	1,000,000	1,000,000
Net Operating Balance	(1,152,144)	(2,372,929)	(3,593,713)
June 30, 2022 Projected Fund Balance	\$ 19,546,828	\$ 18,326,043	\$ 17,105,259



# IMPACT OF TAX INCREASE ON RESIDENTS

Impact of a 3.5% tax increase on QCSD Millage:

- Current Millage Rate – 168.83
- New Millage Rate – 174.74
- Average assessed value of a QCSD homestead/farmstead = 23,857
- Tax Increase for Average Homestead/Farmstead = \$141

*Note – Due to the Homestead/Farmstead reduction, some tax bills may see a slightly different % increase.*

# HISTORICAL FUND BALANCE ANALYSIS

<b>Quakertown Community School District</b>							
<b>2021-22 Preliminary Budget</b>							
<b>Analysis of Fund Balance Surplus/Shortfall</b>							
<b>Assuming 3.5% increase in Millage Rate in 2021-22</b>							
	Actual	Actual	Actual	Actual	Actual	Projected	Preliminary
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues	97,671,437	102,855,177	105,930,061	109,452,615	112,807,775	112,652,505	115,807,766
Expenditures-Operations	97,012,788	103,552,966	104,291,322	104,532,530	108,414,689	115,261,789	116,759,910
Revenues Less Expenses	658,649	(697,789)	1,638,739	4,920,085	4,393,086	(2,609,284)	(952,144)
Budgetary Reserve							-
Net Operating Balance	(1,379,318)	119,350	1,349,848	6,739,910	4,193,086	(5,136,718)	(2,152,144)
<b><u>Fund Balance Summary:</u></b>							
Unassigned Fund Balance - beginning balance	12,049,152	9,172,566	10,897,380	13,214,373	8,383,929	8,689,176	5,579,892
Committed Fund Balance - beginning balance	3,763,663	5,260,931	3,655,467	2,688,322	14,258,676	18,146,515	16,119,081
Net Operating Balance including one-time items	(1,379,318)	119,350	1,349,848	6,739,910	4,193,086	(5,136,718)	(2,152,144)
Prior Period Adjustment	-	-	-	-	-	-	-
<b>Total Ending Fund Balance and Budgetary Reserve</b>	<b>14,433,497</b>	<b>14,552,847</b>	<b>15,902,695</b>	<b>22,642,605</b>	<b>26,835,691</b>	<b>21,698,973</b>	<b>19,546,829</b>
<i>Note: The District commits the portion of fund balance that is in excess of 8% of expenditures at the completion of the annual audit.</i>							

# RECAP: POTENTIAL CHANGES AND UNKNOWNNS

The preliminary budget is developed without having all of the pertinent information and must be updated as additional information is available in all these areas:

- Redistricting - Board Decision on Recommendations from Redistricting Committee
- Transportation - Bid Results From RFP Process
- Healthcare - Second and third looks for healthcare premiums
- Salaries - Additional resignations and retirements, leaves of absence
- Tech School - 2021/2022 Tech School budget (capital needs)
- State Budget - PDE Subsidies - Basic Education Funding (BEF) and Special Education Funding (SEF)
- Special Education - 2021/2022 Bucks County IU Special Education Budget
- Property Tax Revenue - 2021/2022 Tax duplicate from Bucks County
- Normal Adjustments - Refine department budgets (special education, facilities, human resources etc.) and revenue projections as new information becomes available

# QUESTIONS?

Detailed Budget Sheets Can Be Found on the District Website:

[https://www.qcsd.org/reports/budgets/budget\\_information\\_2021-2022](https://www.qcsd.org/reports/budgets/budget_information_2021-2022)