

KEYSTONE OAKS SCHOOL DISTRICT

**PROPOSED FINAL
GENERAL FUND BUDGET**

2019-2020

May 7, 2019

Budget Process

September	Planning documents are reviewed and substantiated with Administration.
October	All Administrators submit budgets.
November	Business Office reviews budget for correctness in amounts, codes, and justifications. Superintendent reviews with Administration.
January	Preliminary Budget is presented to the Board of School Directors (If applying for Exceptions above the Index approval needed).
February - April	Preliminary Budget approved. Budget analyzed and updated on a monthly basis.
May	Budget update and display of the Final Proposed Budget.
June	Final Budget is presented and approved. The Budget is then submitted to the Pennsylvania Department of Education.

Administrative Perspective

- **Students and Education:** Continue to improve the quality of programs
- **Economic Conditions:** Local, State, and National
- **Local Revenue:** Slight increases, Tax Refunds and Appeals
- **PSEERS Obligations:** Retirement
- **Meeting the Obligation of all Contracts:** Administrative, Teachers, Support Services
- **Health Insurance:** Increases
- **Cyber/Cyber-Charter School Tuition:** Slight Decreases
- **Upkeep of Facilities:** Buildings and Grounds

2019-2020 PROPOSED FINAL BUDGET OVERVIEW

- The proposed final budget has a millage rate of **19.306**, which represents no increase from the 2018-2019 school year.
- Projected revenues are **\$43,328,792**, while projected expenditures are **(\$43,937,320)**.
- The preliminary budget is showing a deficit of **(\$608,528)**. This means the deficit will be taken out of the General Fund's beginning fund balance which is projected to be **\$2,965,014**, resulting in an ending fund balance of **\$2,356,486**.
- Revenues increased by **\$399,163**, while expenditures increased by **\$1,007,691** compared to the 2018-2019 school year.
- Act 1 Index is set at **2.3%** for 2019-2020.
- One (1) mill for the 2019-2020 budget is valued at **\$1,416,232**. For the 2018-2019 school year, one (1) mill was valued at **\$1,408,601**.
- At a 96% historical collection rate, one (1) mill is currently bringing in approximately **\$1.36** million in revenue for the District.
- The assessed tax base grew approximately **\$7.6** million between 2019-2020 and 2018-2019. This equates to approximately **\$146,726** additional revenue at 19.306 mills.

Where does our funding come from?

Function	Description	2019-2020	
		Proposed Final Budget	Percent of Budget
6000	LOCAL REVENUE	\$ 30,368,610	70.09%
7000	STATE REVENUE	\$ 12,264,753	28.31%
8000	FEDERAL REVENUE	\$ 695,429	1.61%
	TOTAL BUDGETED REVENUES	\$ 43,328,792	100.00%

Revenue Trends

Description	2015-2016 Actual	2016-2017 Actual	2017-2018 Actual	2018-2019 Final Budget	2019-2020 Proposed Final Budget	Change Between 2018-2019 and 2019-2020	% Increase or Decrease in Change
Current Real Estate Taxes	\$ 24,076,217	\$ 24,704,961	\$ 24,627,499	\$ 25,317,624	\$ 25,399,524	\$ 81,900	0.32%
Interim, Wage and Other Current Taxes	\$ 3,465,245	\$ 3,424,040	\$ 3,780,882	\$ 3,438,000	\$ 3,506,500	\$ 68,500	1.99%
Delinquent Taxes	\$ 873,260	\$ 968,966	\$ 941,110	\$ 750,000	\$ 900,000	\$ 150,000	20.00%
Other Local Revenue	\$ 671,403	\$ 862,569	\$ 864,818	\$ 509,240	\$ 562,586	\$ 53,346	10.48%
Basic Education State Subsidy	\$ 4,738,235	\$ 4,879,196	\$ 4,936,987	\$ 4,941,723	\$ 4,989,656	\$ 47,933	0.97%
Special Education State Subsidy	\$ 1,442,906	\$ 1,461,998	\$ 1,471,921	\$ 1,471,151	\$ 1,481,754	\$ 10,603	0.72%
Social Security/Retirement Reimbursements	\$ 2,470,641	\$ 2,816,296	\$ 3,168,583	\$ 3,243,626	\$ 3,476,226	\$ 232,600	7.17%
Debt Service Reimbursements	\$ 519,886	\$ 421,677	\$ 638,663	\$ 710,016	\$ 689,106	\$ (20,910)	-2.95%
Other State Revenue	\$ 1,654,273	\$ 1,764,490	\$ 1,656,173	\$ 1,698,827	\$ 1,628,011	\$ (70,816)	-4.17%
Federal Revenue	\$ 485,905	\$ 634,302	\$ 687,414	\$ 849,422	\$ 695,429	\$ (153,993)	-18.13%
Other Financing Sources	\$ 7,570	\$ 385,000	\$ 100,000	\$ -	\$ -	\$ -	
Total Revenue	\$ 40,405,541	\$ 42,323,495	\$ 42,874,050	\$ 42,929,629	\$ 43,328,792	\$ 399,163	0.93%

MILLAGE HISTORY – 10 YEAR

Fiscal Year	Millage
2018/2019	19.3060
2017/2018	19.0771
2016/2017	19.0771
2015/2016	18.6300
2014/2015	18.6300
2013/2014**	18.6300
2012/2013	22.0300
2011/2012	22.0300
2010/2011	22.0300
2009/2010	21.3100

**A county wide reassessment occurred in 2013/2014

Potential Real Estate Values

- Raising real estate taxes to the **2.3%** index, or **19.75** mills, would increase the District's tax revenue by **\$602,901** without taking the real estate tax appeal into consideration.
- If the District would raise real estate taxes to the index, the following increases would take place on the respective assessed values:

Assessed Value	Tax Increase
\$75,000.00	\$33.30
\$100,000.00	\$44.40
\$125,000.00	\$55.50
\$150,000.00	\$66.60
\$175,000.00	\$77.70
\$200,000.00	\$88.80

Current Tax Appeal

- Right now, the District is in the middle of a real estate tax appeal that could potentially cause a decrease of approximately **(\$24,500,000)** in assessed valuation for the District.
- This appeal is for the following calendar years: **2017, 2018, and 2019.**
- What does this mean? The District would owe the following in tax refunds for prior taxes:
 - Potential Refund Owed for 2017 Taxes (**19.0771 mills**) **(\$467,389)**
 - Potential Refund Owed for 2018 Taxes (**19.306 mills**) **(\$472,997)**
 - Total Potential Refund Amount Owed **(\$940,386)**
- For tax year 2019 and beyond, the District would lose **(\$472,997)** in tax revenue at the current millage rate of **19.306.**

Current Tax Appeal

- If the District would decide to raise real estate taxes to the index and the real estate tax appeal would go through at the full decrease of assessed valuation being asked by the appellant, the following result would occur:
 - Increase due to raising the taxes to the index **\$ 602,901**
 - Decrease due to tax appeal at **19.75 mills** **(\$483,875)**
 - Net increase in tax revenue **\$ 119,026**
- Although the District would generate a net increase of tax revenue in the amount of **\$119,026**, the District would owe **(\$940,386)** in refunds to the appellant. This would result in a loss of **(\$821,360)**.
- If the District were to not raise taxes and lose the tax appeal, the District would incur a loss of **(\$1,413,383)**.
- The District currently has approximately **\$500,000** in the Risk Management Fund to help offset the potential loss.

2019-2020 Proposed Expenditures by Object

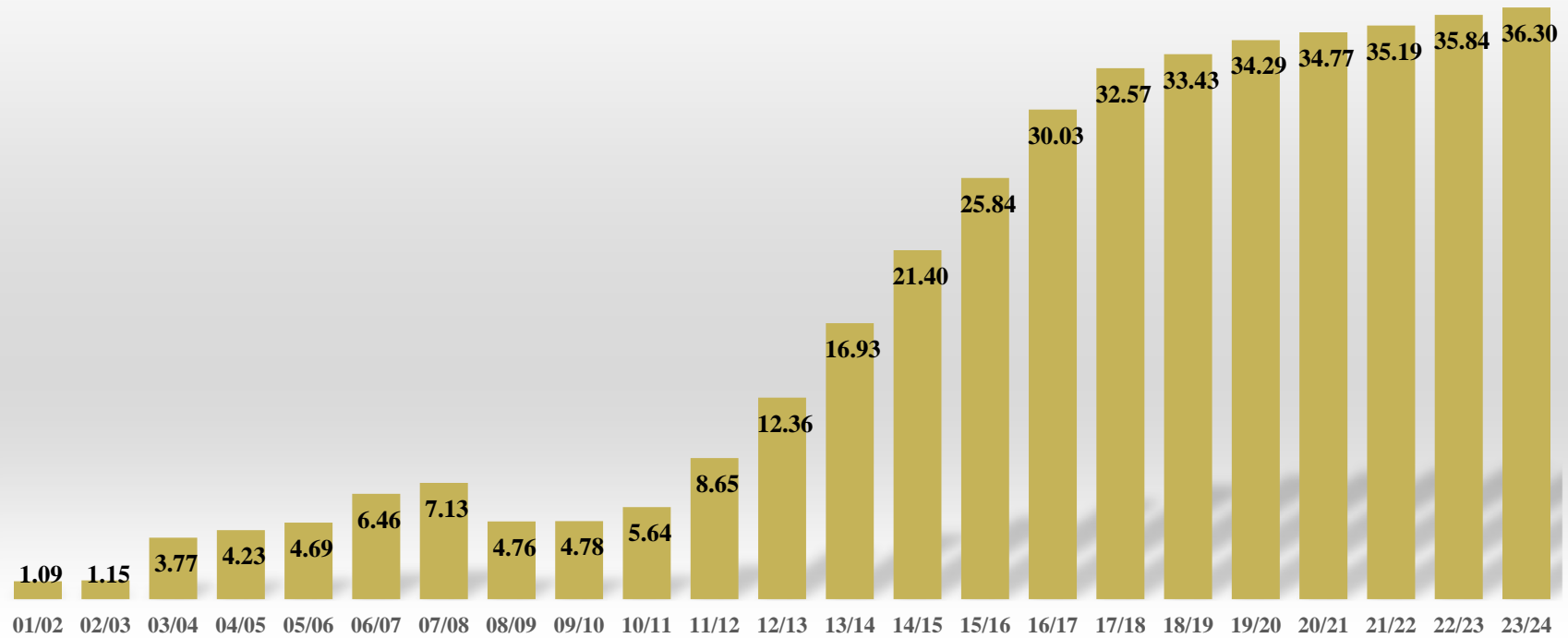
Object	Description	2019-2020	
		Proposed Budget	Final Budget Percent of Budget
100	PERSONNEL SERVICES – SALARIES	\$ 17,492,531	39.81%
200	PERSONNEL SERVICES – EMPLOYEE BENEFITS	\$ 11,033,017	25.11%
300	PURCHASED PROFESSIONAL AND TECHNICAL SERVICES	\$ 1,586,997	3.61%
400	PURCHASED PROPERTY SERVICES	\$ 1,122,100	2.55%
500	OTHER PURCHASED SERVICES	\$ 5,387,726	12.26%
600	SUPPLIES	\$ 1,467,092	3.34%
700	PROPERTY	\$ 636,152	1.45%
800	OTHER OBJECTS	\$ 566,455	1.29%
900	OTHER USES OF FUNDS	\$ 4,645,250	10.57%
	TOTAL BUDGETED EXPENDITURES	\$ 43,937,320	100.00%

Expenditure Trends By Object

Object	Description	2015-2016 Actual	2016-2017 Actual	2017-2018 Actual	2018-2019 Final Budget	2019-2020 Proposed Final Budget	Change Between 2018-2019 and 2019-2020	% Increase/ Decrease in Change
100	PERSONNEL SERVICES – SALARIES	\$ 15,440,824	\$ 15,748,907	\$ 16,601,878	\$ 16,783,162	\$ 17,492,531	\$ 709,369	4.23%
200	PERSONNEL SERVICES – EMPLOYEE BENEFITS	\$ 9,165,784	\$ 9,519,981	\$ 10,136,788	\$ 10,702,403	\$ 11,033,017	\$ 330,614	3.09%
300	PURCHASED PROFESSIONAL AND TECHNICAL SERVICES	\$ 1,353,674	\$ 1,440,274	\$ 1,658,726	\$ 1,574,811	\$ 1,586,997	\$ 12,186	0.77%
400	PURCHASED PROPERTY SERVICES	\$ 1,359,907	\$ 1,139,010	\$ 1,202,363	\$ 1,079,511	\$ 1,122,100	\$ 42,589	3.95%
500	OTHER PURCHASED SERVICES	\$ 5,269,044	\$ 4,979,893	\$ 5,703,455	\$ 5,225,206	\$ 5,387,726	\$ 162,520	3.11%
600	SUPPLIES	\$ 1,387,873	\$ 1,294,748	\$ 1,356,983	\$ 1,417,523	\$ 1,467,092	\$ 49,569	3.50%
700	PROPERTY	\$ 1,043,296	\$ 727,363	\$ 795,990	\$ 530,282	\$ 636,152	\$ 105,870	19.96%
800	OTHER OBJECTS	\$ 997,252	\$ 899,536	\$ 799,123	\$ 641,126	\$ 566,455	\$ (74,671)	-11.65%
900	OTHER USES OF FUNDS	\$ 3,870,865	\$ 4,545,646	\$ 9,645,435	\$ 4,975,605	\$ 4,645,250	\$ (330,355)	-6.64%
	TOTAL EXPENDITURES	\$ 39,888,519	\$ 40,295,357	\$ 47,900,741	\$ 42,929,629	\$ 43,937,320	\$ 1,007,691	2.35%

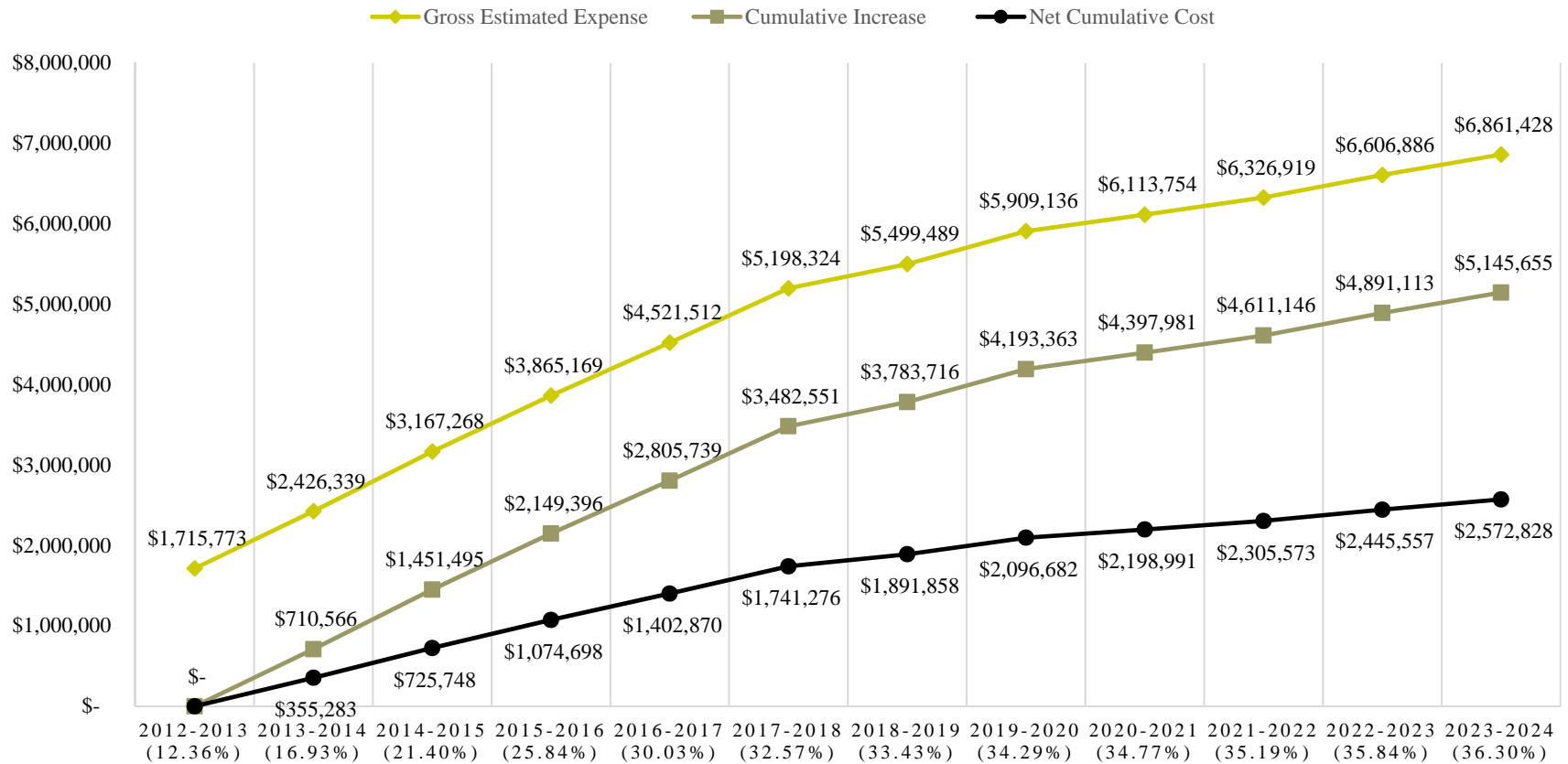
PSEERS State-Mandated Rates

PSEERS EMPLOYER CONTRIBUTION PERCENTAGES
(FUTURE YEARS ARE ESTIMATED BY PSEERS)

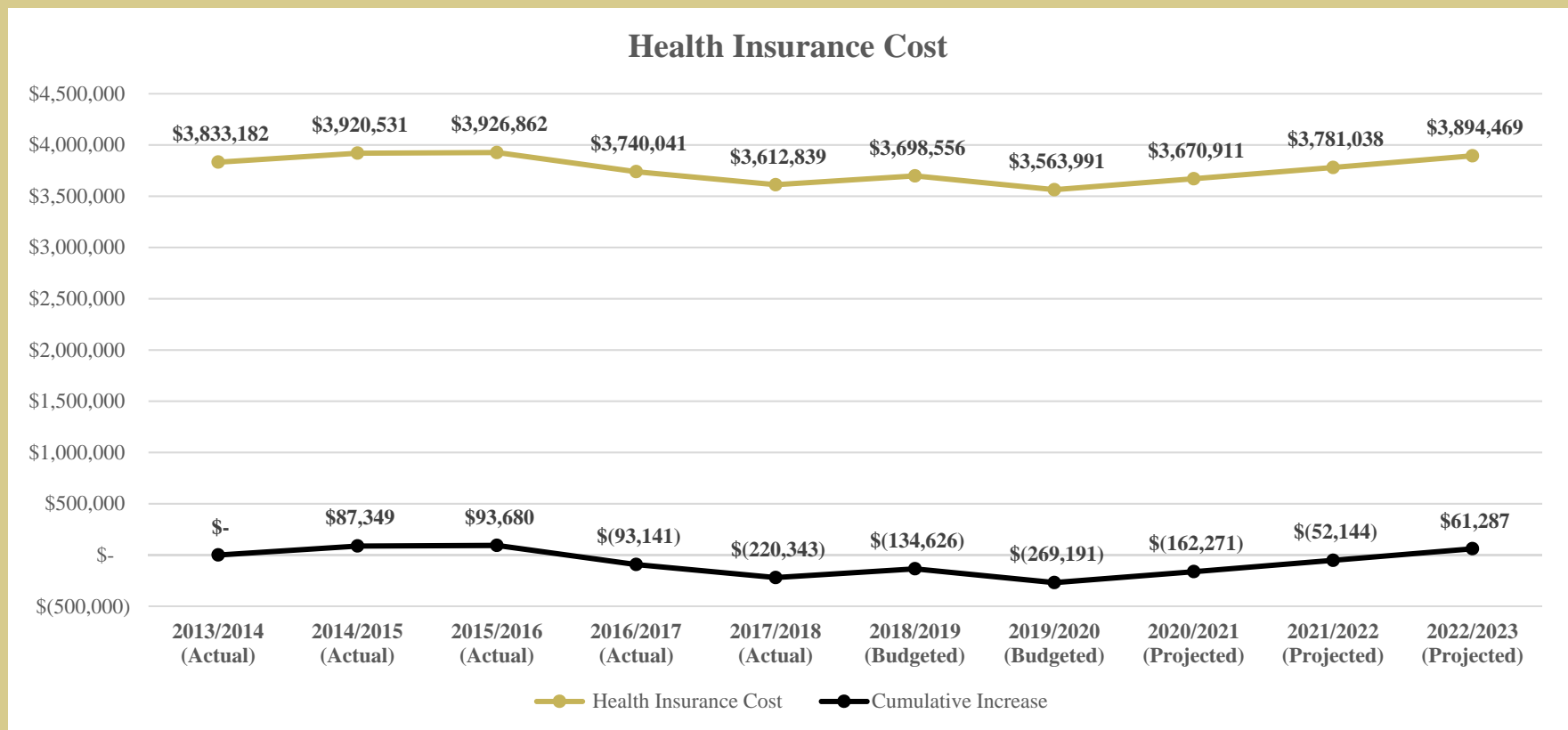


PSERS Expense

PSERS EXPENSE (AMOUNTS ESTIMATED FROM 2019-2020 TO 2023-2024)

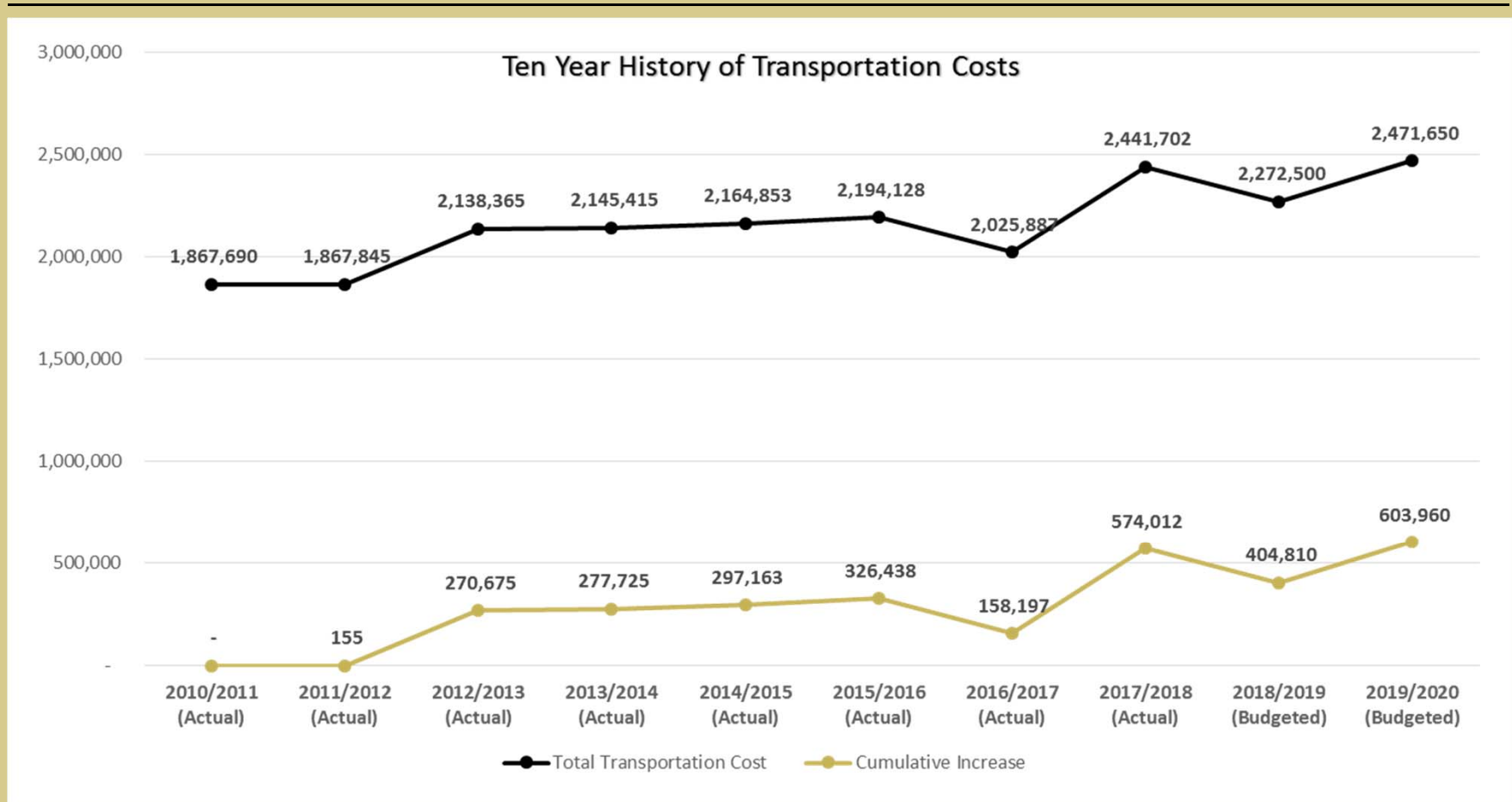


Allegheny County Schools Health Consortium

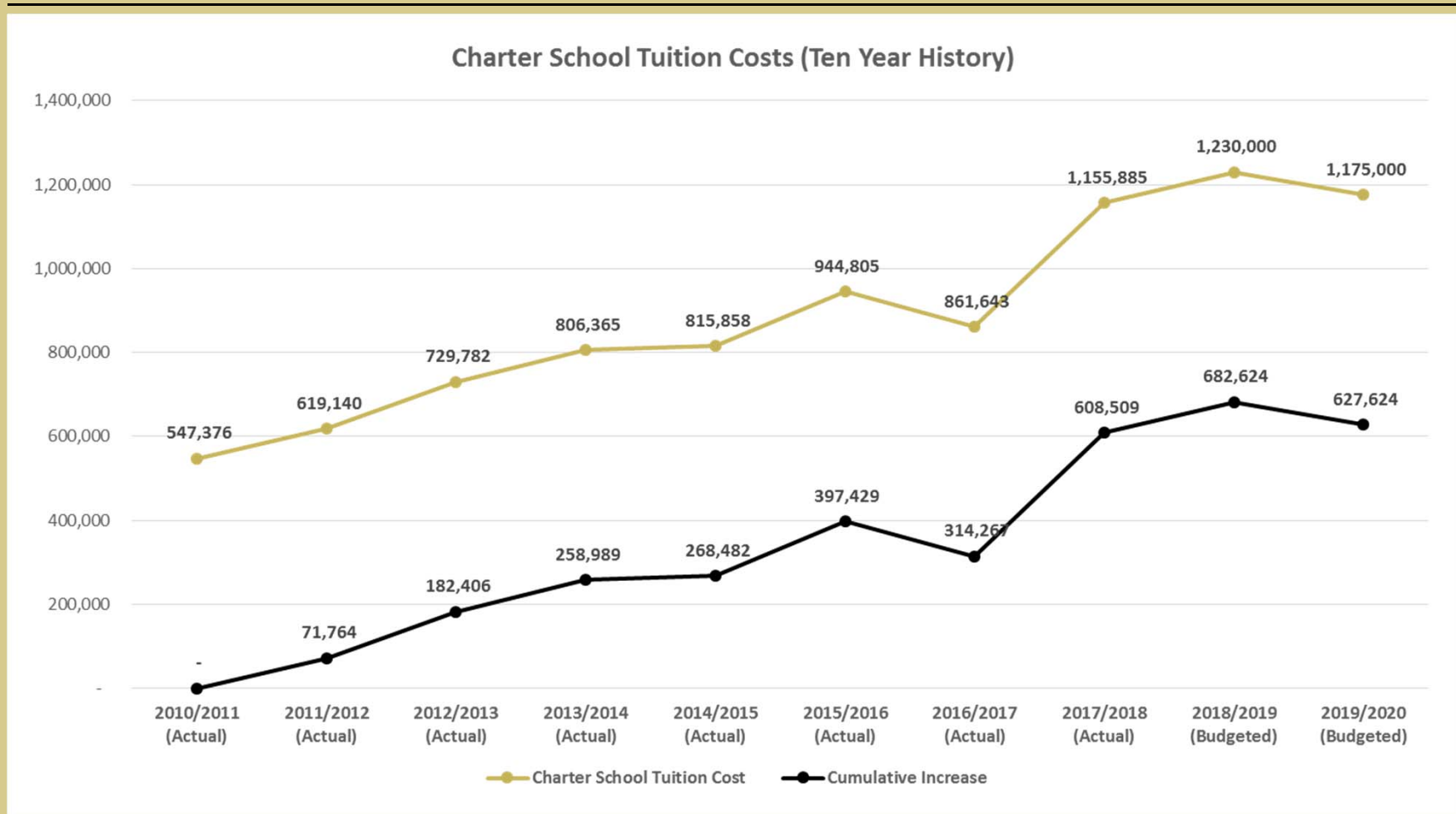


**Note: This is the total cost of all health insurance (medical, dental and vision) to the District. It does not include the employee's contribution cost.

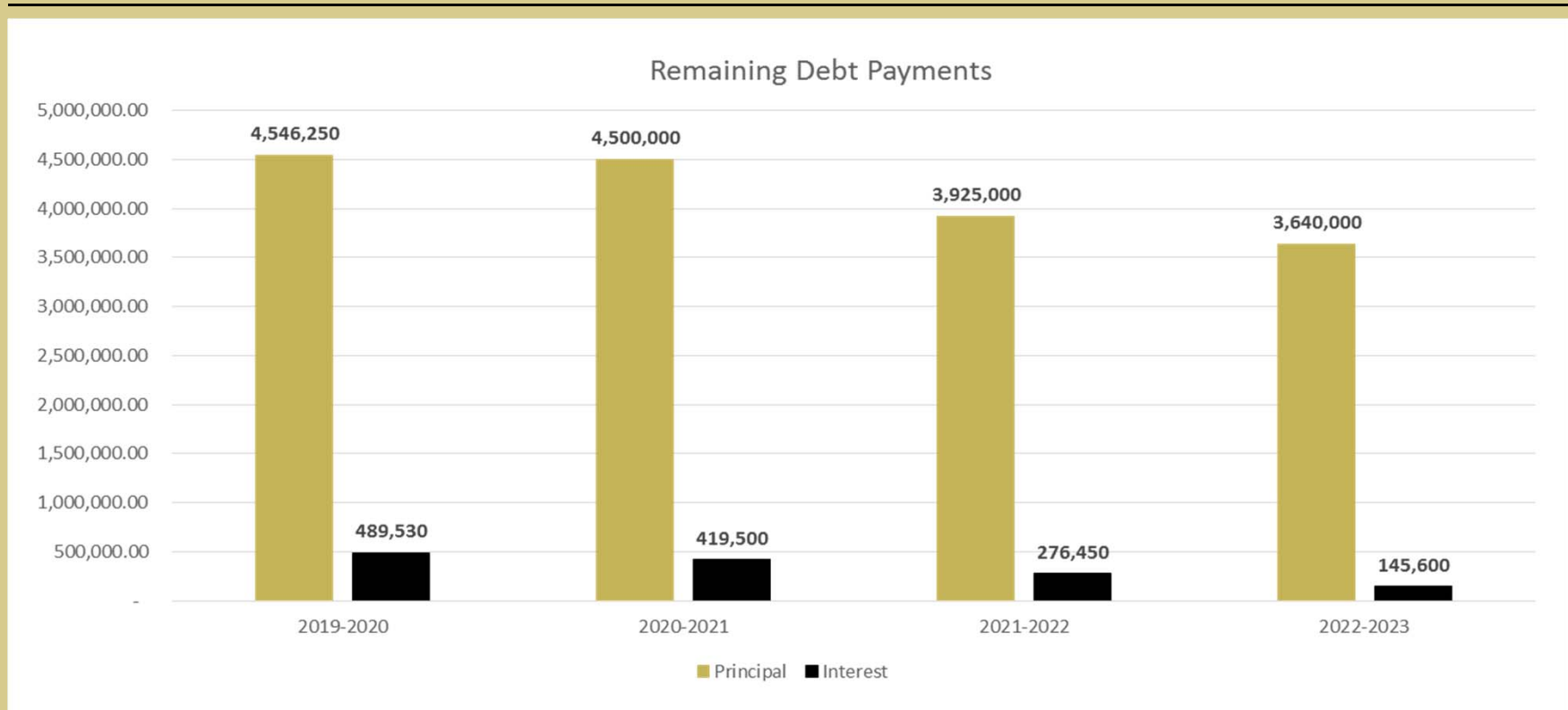
Transportation Costs



Charter School Tuition Cost



Debt Service



For many years, the Keystone Oaks School District carried debt related to major construction projects completed primarily in the mid-1990s. In recent years, the district has made good progress in paying down this debt, while completing several million dollars in renovations. There are still renovations that need to be done, but the district remains committed to reducing its debt in a timely fashion, and the current bonds are scheduled to be paid off at the end of the 2022-2023 school year.

KEYSTONE OAKS SCHOOL DISTRICT PROPOSED FINAL BUDGET 2019-2020

	2018-2019 BUDGET	2019-2020 BUDGET	VARIANCE INC/(DEC)
Beginning Estimated Fund Balance July 1	\$ 2,965,014	\$ 2,965,014	
ACCT DESCRIPTION			
Revenue by Function			
6000 Local Revenue	\$ 30,014,864	\$ 30,368,610	\$ 353,746
7000 State Revenue	\$ 12,065,343	\$ 12,264,753	\$ 199,410
8000 Federal Revenue	\$ 849,422	\$ 695,429	\$ (153,993)
TOTAL Revenue	\$ 42,929,629	\$ 43,328,792	\$ 399,163
Expenditures by Object			
100 Salaries	\$ 16,783,162	\$ 17,492,531	\$ 709,369
200 Benefits	\$ 10,702,403	\$ 11,033,017	\$ 330,614
300 Professional/Technical Services	\$ 1,574,811	\$ 1,586,997	\$ 12,186
400 Property Services	\$ 1,079,511	\$ 1,122,100	\$ 42,589
500 Other Services	\$ 5,225,206	\$ 5,387,726	\$ 162,520
600 Supplies/Books	\$ 1,417,523	\$ 1,459,997	\$ 42,474
700 Equipment/Property	\$ 530,282	\$ 643,247	\$ 112,965
800 Other Objects	\$ 641,126	\$ 561,455	\$ (79,671)
900 Other Financial Uses	\$ 4,975,605	\$ 4,650,250	\$ (325,355)
TOTAL EXPENDITURES	\$ 42,929,629	\$ 43,937,320	\$ 1,007,691
Revenues (less)/more than Expenditures	\$ -	\$ (608,528)	\$ (608,528)
Ending Estimated Fund Balance June 30	\$ 2,965,014	\$ 2,356,486	

Fund Balances as of June 30, 2018

The following represents the Estimated General Fund Balance at June 30, 2018 in the amount of \$2,965,014. The Fund Balance consists of Nonspendable Fund Balance, Assigned Fund Balance and Unassigned Fund Balance. The Fund Balance break-down is as follows:

Nonspendable Fund Balance (for prepaid expenditures)	\$118,518
Assigned Fund Balance (for Athletics)	\$65,035
Unassigned Fund Balance	\$2,781,461

A separate fund was created for compensated absences and has a \$415,426 Committed Fund Balance.

A separate fund was created for other post employment benefits and has a \$1,916,610 Committed Fund Balance.

A Risk Management Fund was created by the Board for future real estate tax refunds from real estate tax assessment appeals has a Restricted Fund Balance in the amount of \$491,389.

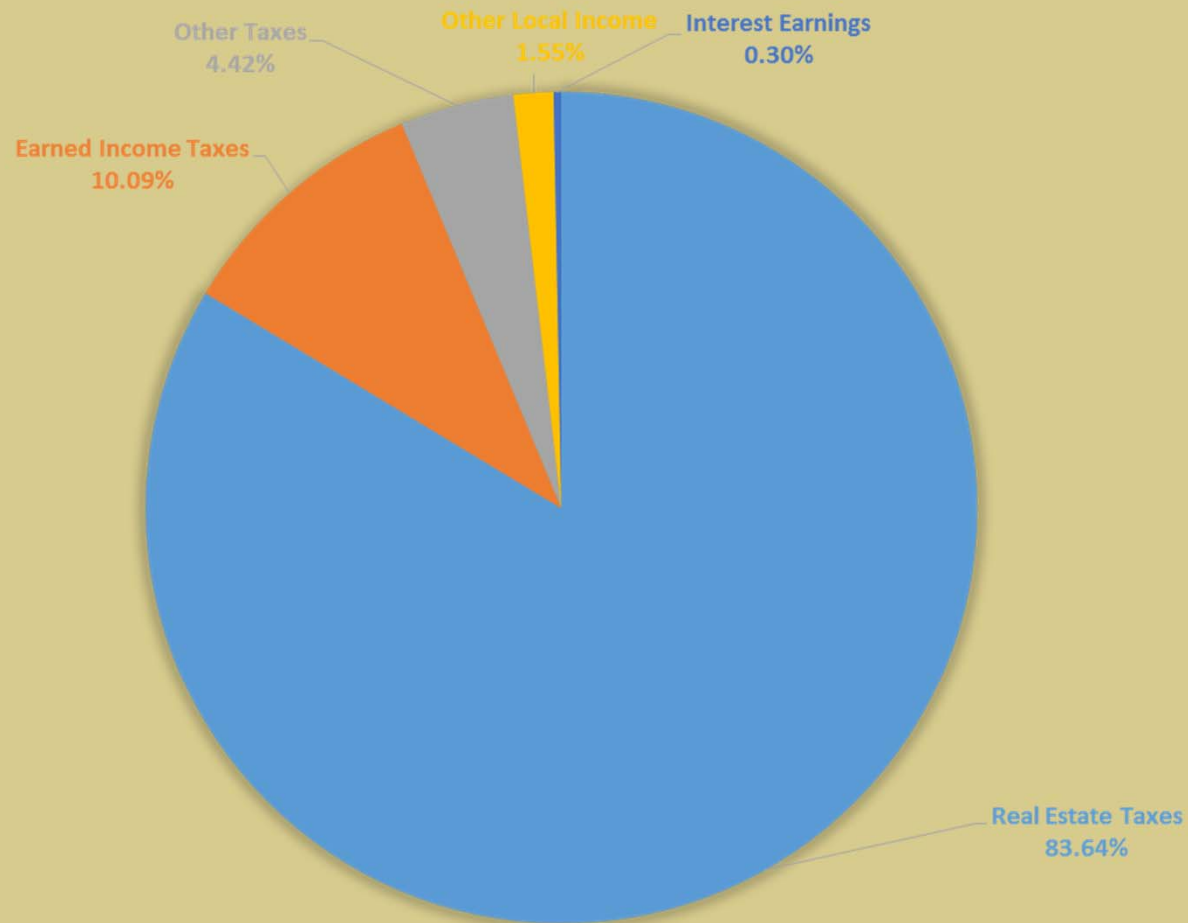
A Capital Fund for the purpose of capital improvements and deferred maintenance has a Committed Fund balance of \$799,158.

KEYSTONE OAKS SCHOOL DISTRICT

Building a Foundation of Excellence

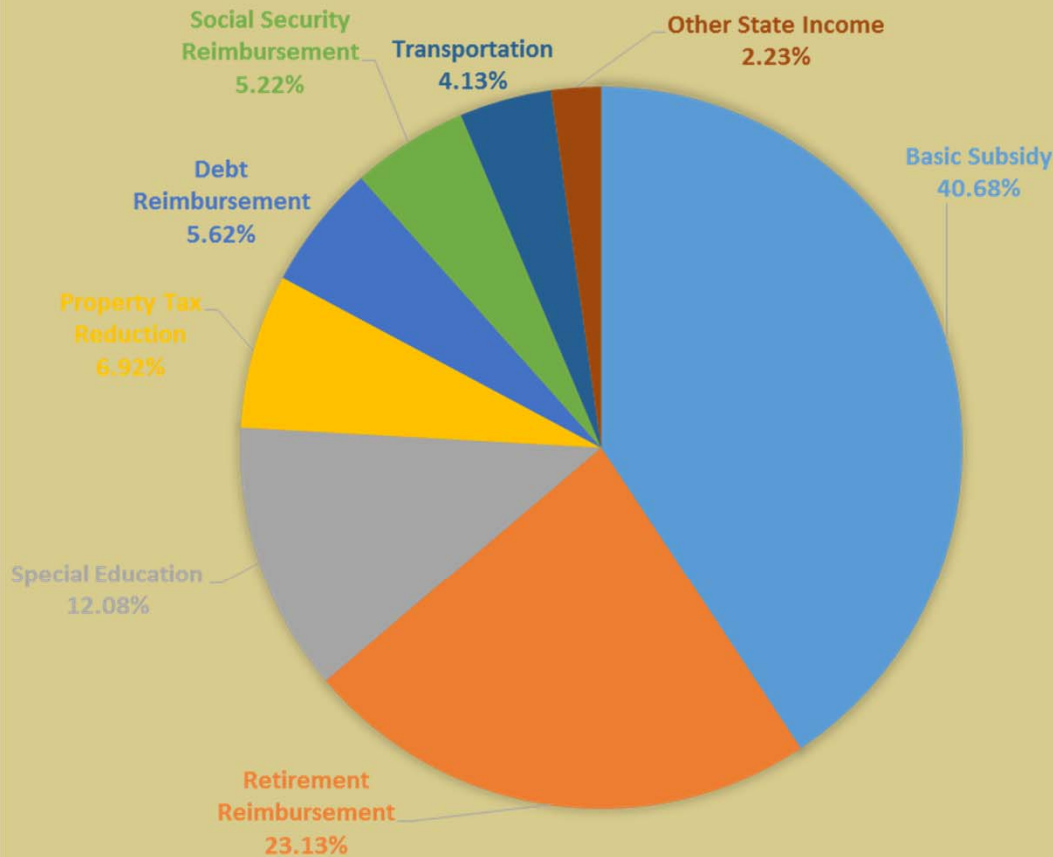


APPENDIX: Proposed Local Revenue in 2019-2020

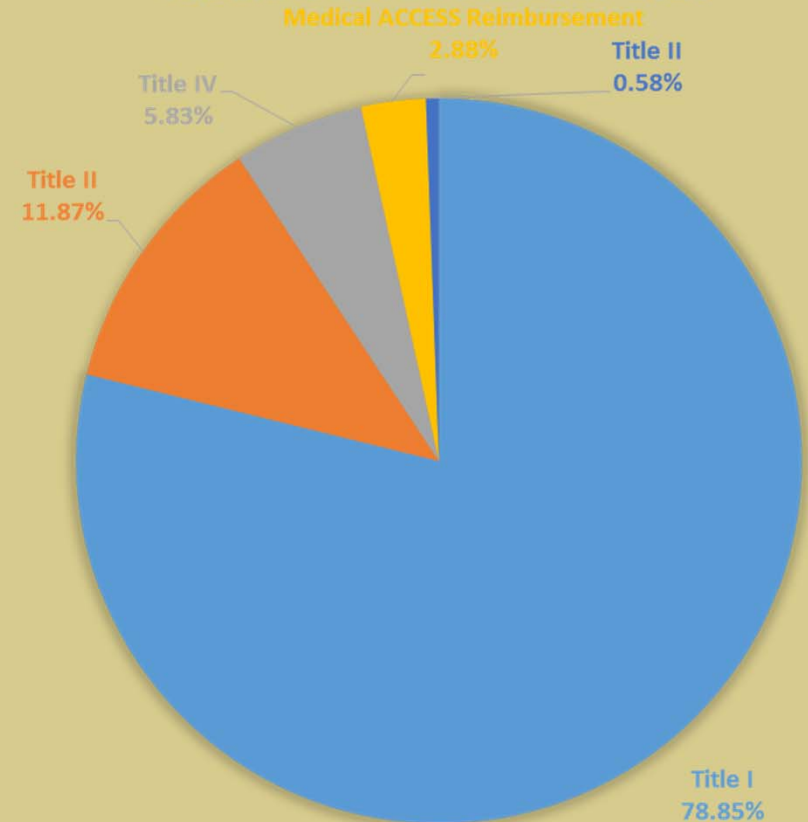


APPENDIX: Proposed State and Federal Revenue in 2019-2020

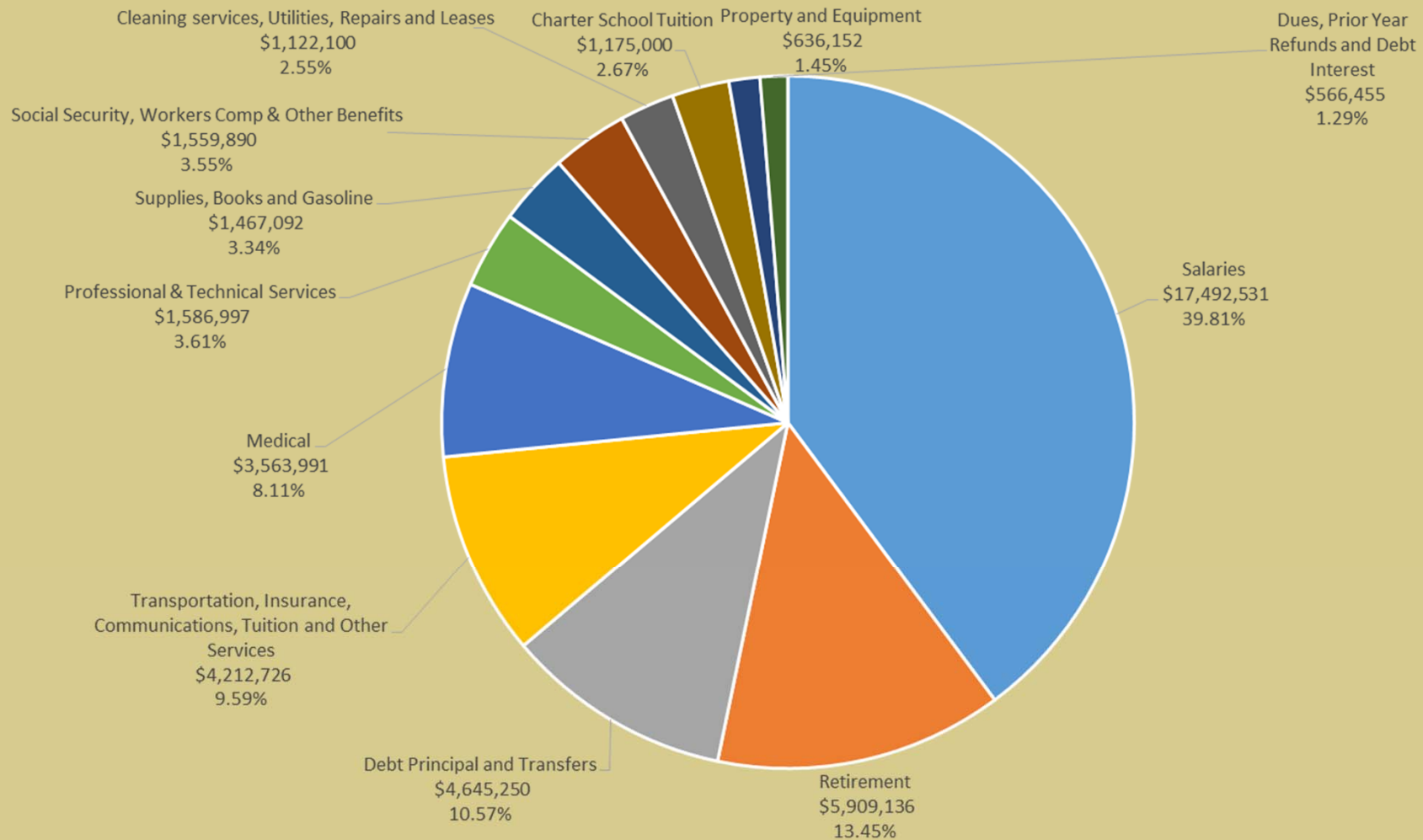
STATE REVENUES 2019-2020



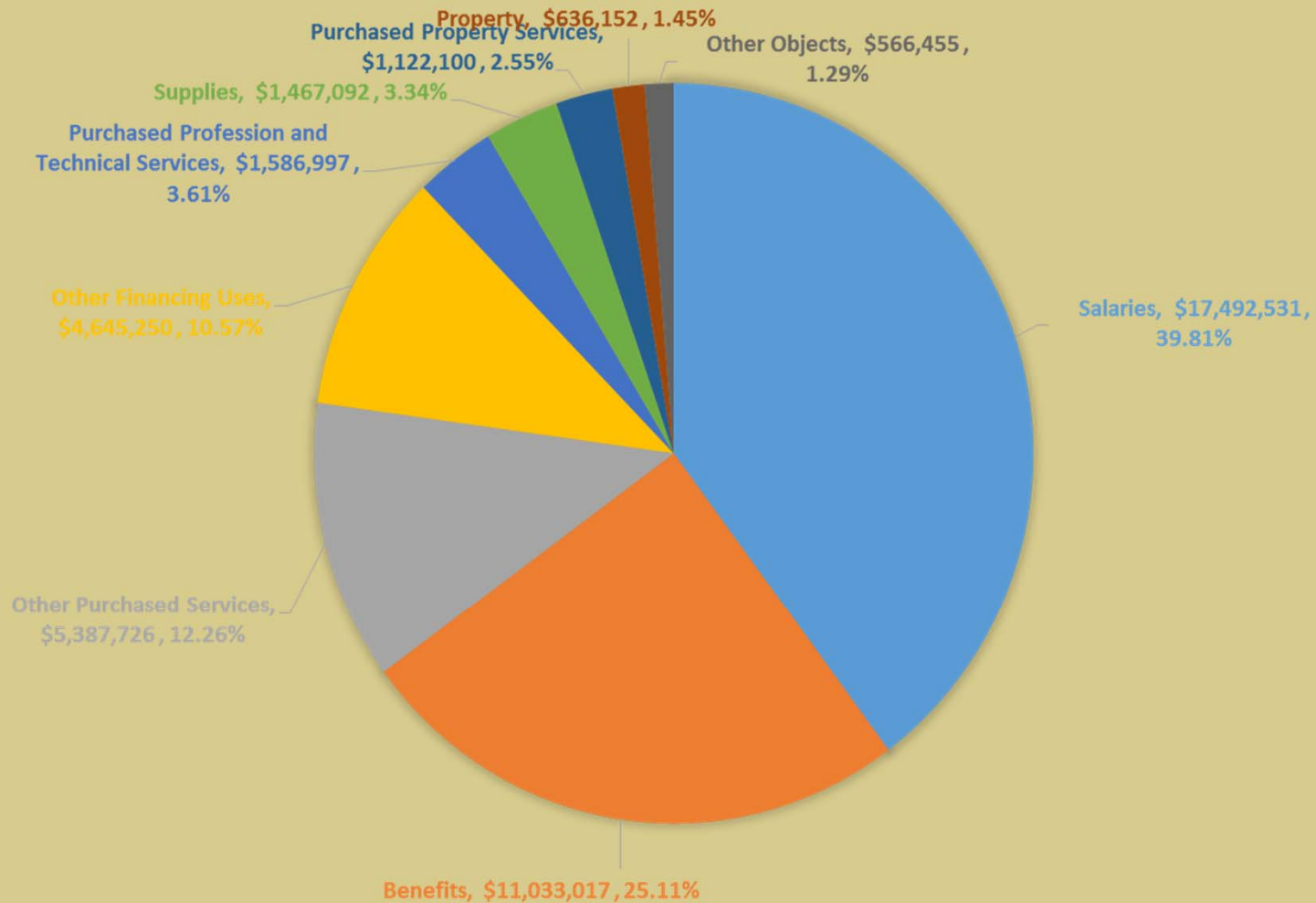
FEDERAL REVENUES 2019-2020



APPENDIX: How is our funding expended?



APPENDIX: 2019-2020 PROPOSED EXPENDITURES BY OBJECT



Appendix: PA Public School Employees' Retirement System (PSERS)

Year	PSERS Rate	Gross Estimated Expense	Estimated Increase from Prior Year	Cumulative Increase	Net Cumulative Cost
2013-2014	16.93	\$ 2,426,339	\$ 710,566	\$ 710,566	\$ 355,283
2014-2015	21.40	\$ 3,167,268	\$ 740,929	\$ 1,451,495	\$ 725,748
2015-2016	25.84	\$ 3,865,169	\$ 697,901	\$ 2,149,396	\$ 1,074,698
2016-2017	30.03	\$ 4,521,512	\$ 656,343	\$ 2,805,739	\$ 1,402,870
2017-2018	32.57	\$ 5,198,324	\$ 676,812	\$ 3,482,551	\$ 1,741,276
2018-2019	33.43	\$ 5,499,489	\$ 301,165	\$ 3,783,716	\$ 1,891,858
2019-2020	34.29	\$ 5,909,136	\$ 409,647	\$ 4,193,363	\$ 2,096,682
2020-2021	34.77	\$ 6,113,754	\$ 204,618	\$ 4,397,981	\$ 2,198,991
2021-2022	35.19	\$ 6,326,919	\$ 213,165	\$ 4,611,146	\$ 2,305,573
2022-2023	35.84	\$ 6,606,886	\$ 279,967	\$ 4,891,113	\$ 2,445,557
2023-2024	36.30	\$ 6,861,428	\$ 254,542	\$ 5,145,655	\$ 2,572,828

Appendix: Allegheny County Schools Health Consortium

Fiscal Year	Health Insurance Cost	Yearly Increase
2013/2014	\$3,833,182 (Actual)	\$304,679 (Actual)
2014/2015	\$3,920,531 (Actual)	\$87,349 (Actual)
2015/2016	\$3,926,862 (Actual)	\$6,331 (Actual)
2016/2017	\$3,740,041 (Actual)	(\$186,821) (Actual)
2017/2018	\$3,612,839 (Actual)	(\$127,202) (Actual)
2018/2019	\$3,698,556 (Budgeted)	\$85,717 (Budgeted)
2019/2020	\$3,563,991 (Budgeted)	\$(134,565) (Budgeted)
2020/2021	\$3,670,911 (Projected)	\$106,920 (Projected)
2021/2022	\$3,781,038 (Projected)	\$110,127 (Projected)
2022/2023	\$3,894,469 (Projected)	\$113,431 (Projected)

**Note: This is the total cost of all health insurance (medical, dental and vision) to (Projected) the District. It does not include the employee's contribution cost.

Appendix: Percentage of Increase in Health Care Cost from Prior Year

INCREASE IN COST OF HEALTH CARE (%)

■ KOSD % Increase ■ ASCHIC % Increase

