

# Proposed Final General Fund Budget Presentation

**2020-21 Budget**

**Midd-West School District**

**April 27, 2020  
Board Presentation**

**Mr. Richard Musselman – Superintendent  
Mr. Michael Miller – Business Office Consultant**



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## Act 1 2020-21 Data & Timelines

- **2020-21 ADJUSTED INDEX SET AT 3.5%, BASE 2.6%**
- **MAX MILLAGE INCREASE TO INDEX IS 2.4714, A TOTAL RATE OF 73.0834 (CURRENT AT 70.6120)**
- **2020 ASSESSMENT CURRENTLY AT \$177,664,000**
- **MAX ADDITIONAL REVENUE TO INDEX = \$439,079 AT 100% COLLECTION**

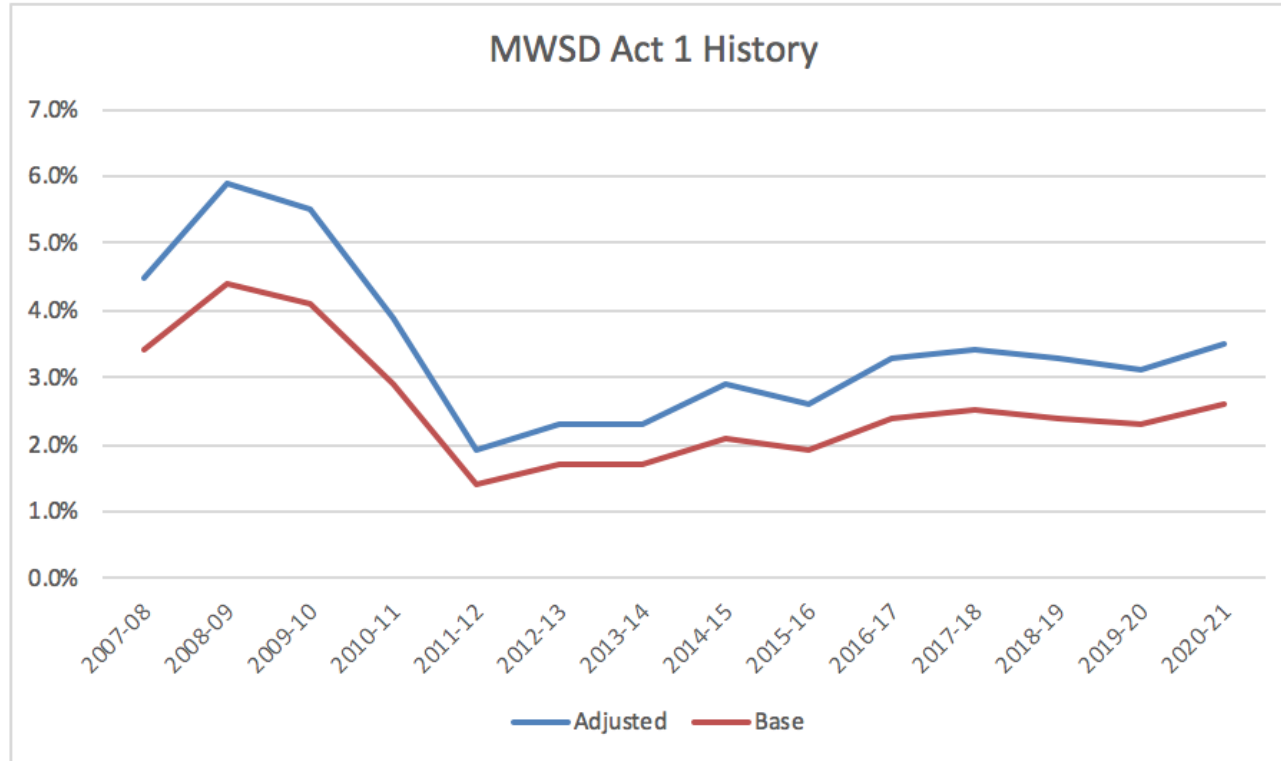
### **TIMELINE PER ACT 1 - PRESIDENTIAL ELECTION YEAR**

- **JANUARY 9, 2020 – DEADLINE FOR ADOPTING OPT – OUT RESOLUTION (NOT TO EXCEED ADJUSTED ACT 1 INDEX) (APPROVED NOVEMBER 19)**
- **MAY 31, 2020 – DEADLINE FOR ADOPTING PROPOSED FINAL BUDGET**
- **JUNE 30, 2020 – DEADLINE FOR ADOPTING FINAL BUDGET**



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# ACT 1 RATE HISTORY



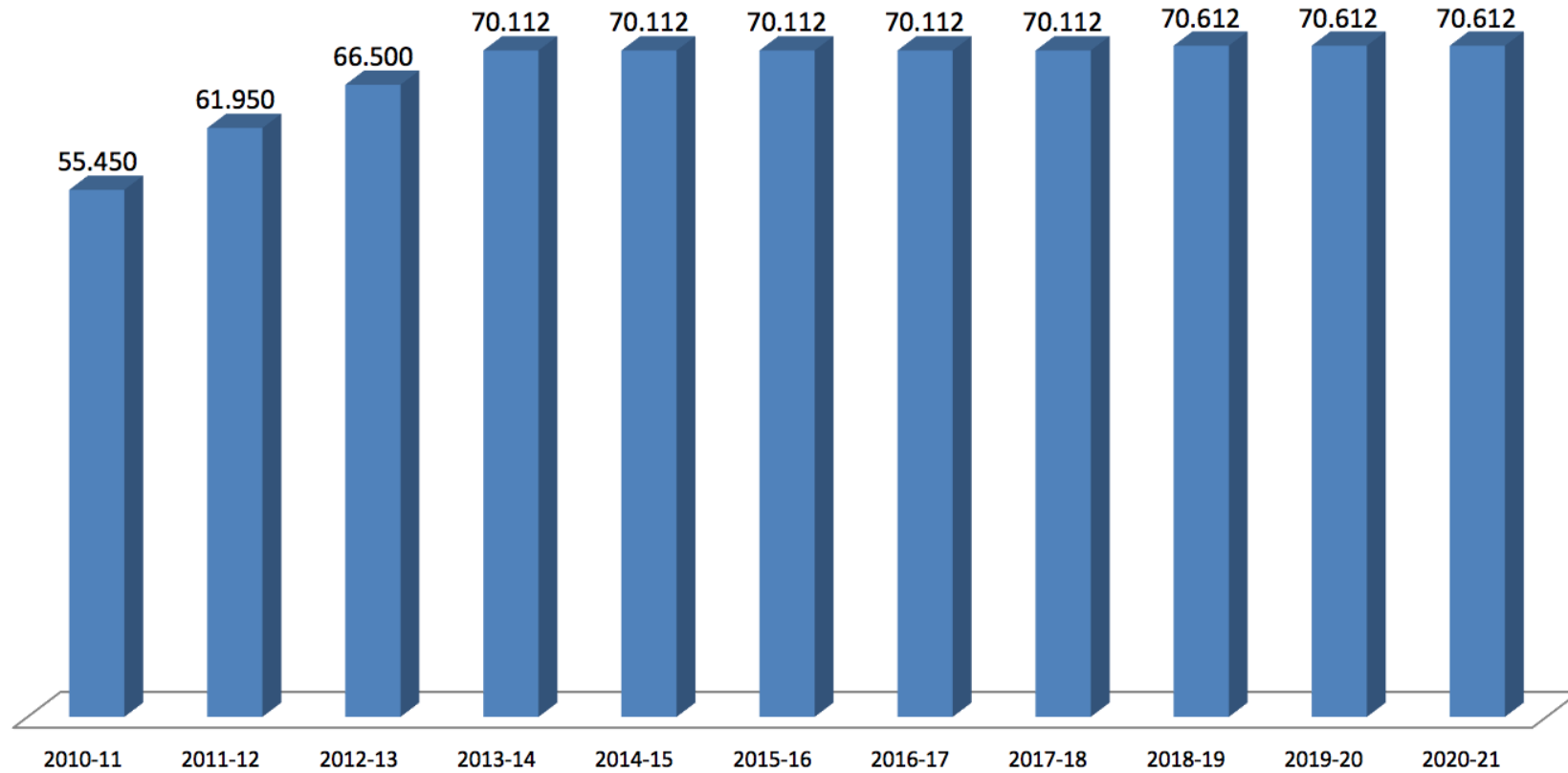
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Adjusted	5.3%	4.5%	5.9%	5.5%	3.9%	1.9%	2.3%	2.3%	2.9%	2.6%	3.3%	3.4%	3.3%	3.1%	3.5%
Base	3.9%	3.4%	4.4%	4.1%	2.9%	1.4%	1.7%	1.7%	2.1%	1.9%	2.4%	2.5%	2.4%	2.3%	2.6%



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# MILLAGE RATE HISTORY

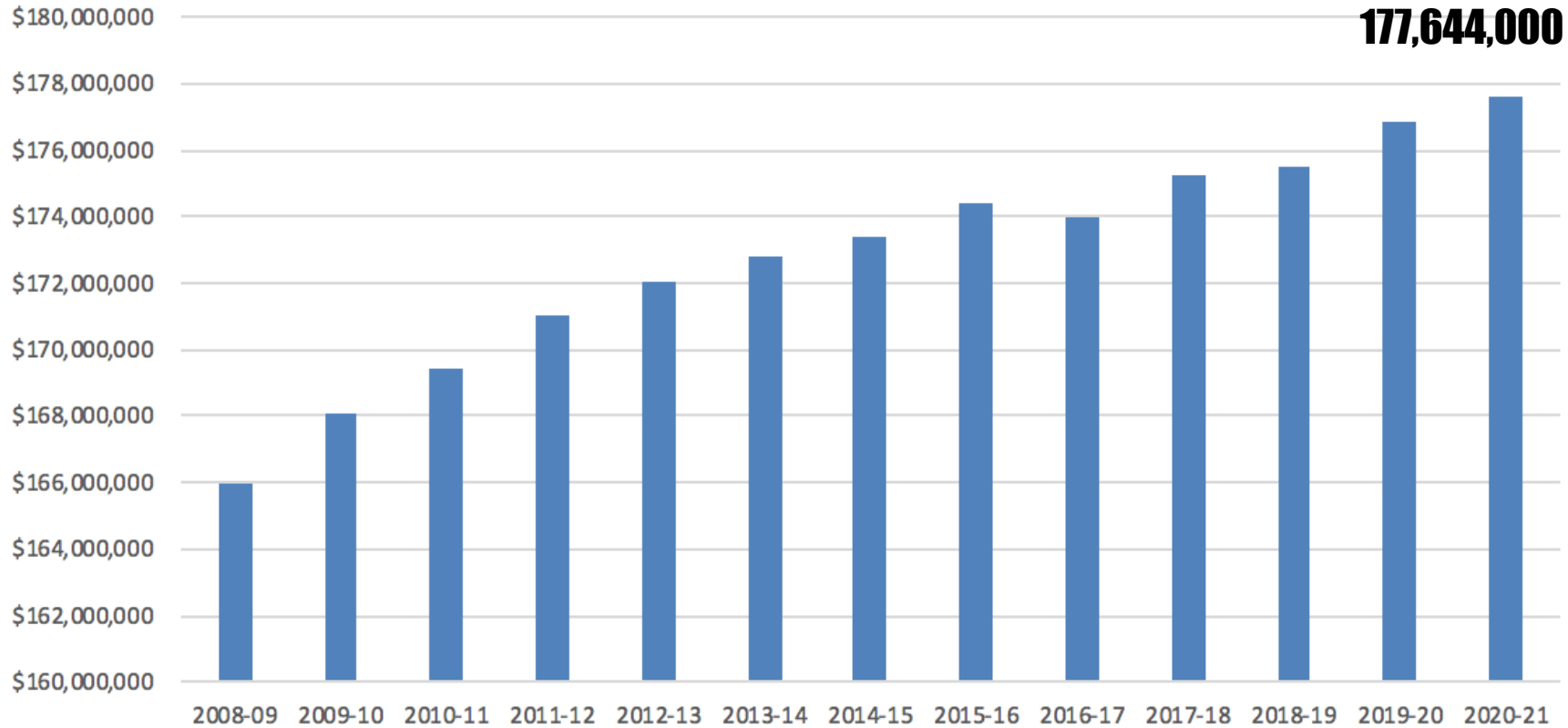
## Ten Year History of Taxation for MWSD



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# ASSESSMENT HISTORY

Assessment History



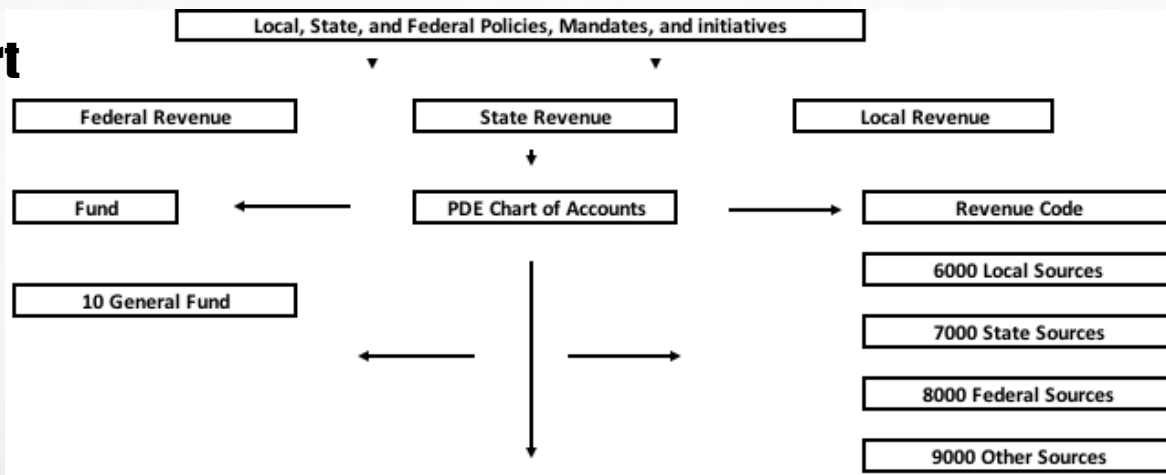
Year	Assessment
2008-09	\$ 165,982,300
2009-10	\$ 168,080,300
2010-11	\$ 169,449,840
2011-12	\$ 171,051,120
2012-13	\$ 172,032,320
2013-14	\$ 172,802,560
2014-15	\$ 173,401,790
2015-16	\$ 174,408,540
2016-17	\$ 174,016,590
2017-18	\$ 175,239,320
2018-19	\$ 175,547,810
2019-20	\$ 176,900,030
2020-21	\$ 177,644,000



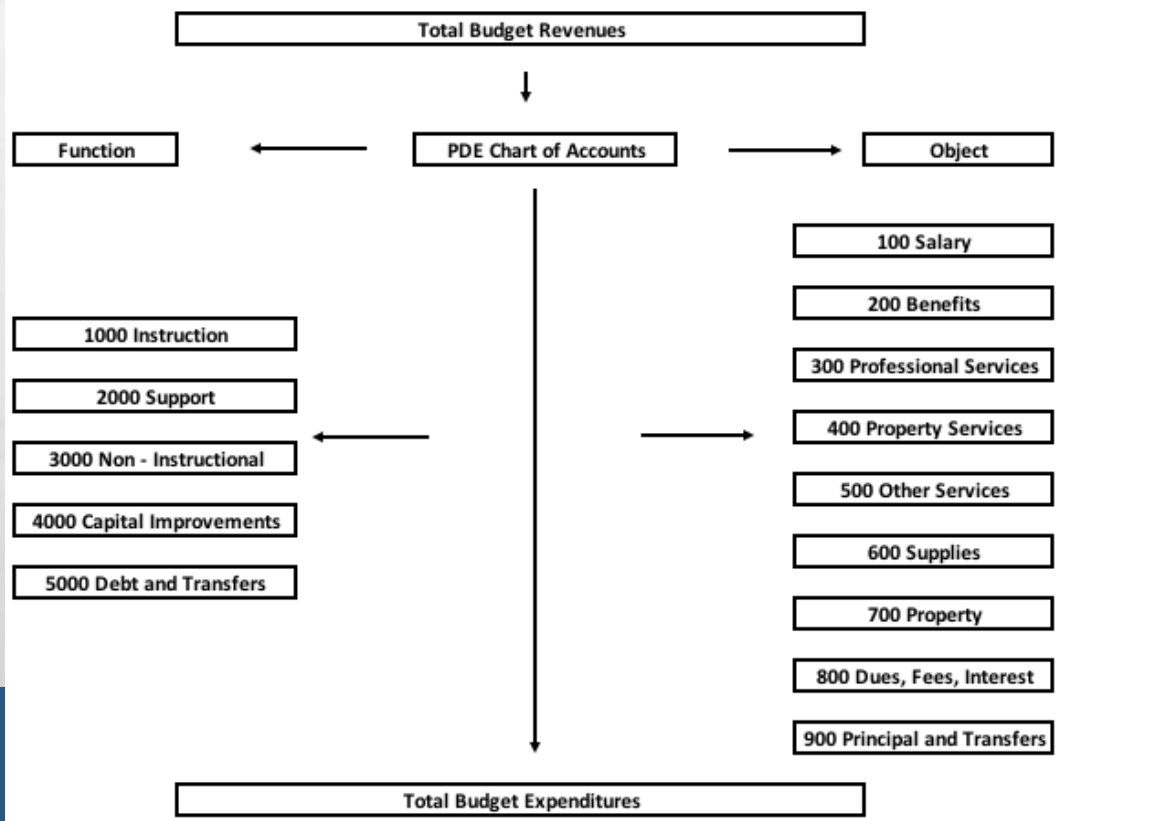
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# PA School Budget Flowchart

## Revenue Side



## Expenditure Side



# Changes Since February Presentation



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## Changes Since February

- **COVID19 PANDEMIC RESULTING IN DISTRICT CLOSURE ON MARCH 13 AND ALL PUBLIC SCHOOLS STARTING MARCH 16.**
- **IT IS AN INDEFINITE PERIOD OF CLOSURE AND IT COULD BE THE REST OF THE YEAR.**
- **IT REQUIRED THE CLOSURE OF ALL BUSINESSES EXCEPT “ESSENTIAL BUSINESSES”**
- **THIS WILL IMPACT BUSINESSES, CONSUMERS, RESIDENTS, AND TAXPAYERS**
- **THE RESULT ON THE DISTRICT WILL BE A REDUCTION IN LOCAL REVENUES BASED ON VARIABLE SOURCES OF TAXES**
- **THE FEDERAL RESERVE MADE TWO EMERGENCY ADJUSTMENTS TO INTEREST RATES TO EFFECTIVELY 0%**



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## Changes Since February (cont)

### **REVENUES CHANGES FROM FEBRUARY BUDGET**

- **EARNED INCOME TAX IS FORECASTED TO DROP BY \$400,000 TO 2017-18 LEVELS**
- **REAL ESTATE REVENUE WAS FORECASTED AT A LOWER RATE THAN THE PRIOR YEAR ALREADY**
- **REAL ESTATE TRANSFER TAXES IS FORECASTED TO DROP BY \$50,000**
- **INTEREST INCOME IS FORECASTED TO DROP BY \$125,000 DUE TO NEAR ZERO DEPOSIT RATES**
- **THESE WILL PARTLY BE OFFSET BY AN INCREASE IN DELINQUENT REVENUE COLLECTION OF \$100,000 IN THE SECOND HALF OF THE YEAR AS CONDITIONS HOPEFULLY IMPROVE AND DELINQUENT BILLS ARE PAID**
- **A DROP IN REVENUE OF \$475,000 IN THE LOCAL REVENUE ACCOUNTS.**



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## Changes Since February (cont)

### REVENUES CHANGES FROM FEBRUARY BUDGET

- **THE FINAL STATE EDUCATION BUDGET MAY CHANGE. RIGHT NOW GOVERNOR'S BUDGET NUMBERS ARE IN. (INCREASE OF \$85K BASIC ED, \$25K SP. ED)**
- **THERE ARE \$13B IN FEDERAL STIMULUS DOLLARS TO BE ALLOCATED THROUGH TITLE I PART A FORMULA. THESE ARE NOT IN THE BUDGET AS THERE IS LITTLE DETAIL ON THIS FUNDING SOURCE AT THE MOMENT (KEEP AS RESERVE)**

**Federal Stimulus through CARES Act**



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## Changes Since February (cont)

### **EXPENDITURE AND FUND BALANCE CHANGES FROM FEBRUARY BUDGET**

- **THERE ARE 8 POTENTIAL PROFESSIONAL RETIREES SAVING DISTRICT \$215,000 IN SALARY AND BENEFITS WITH NEW REPLACEMENTS**
- **\$117,000 INTEREST SAVINGS WITH 2020 NOTE REFINANCE**
- **IT IS A REDUCTION OF \$332,000 AND DEFICIT GROWTH OF 142,000 FROM FEBRUARY (ABOUT \$292,000 TOTAL)**



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# 2020-21 Proposed Final Budget



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# 2020-21 BUDGET REVENUES

## Proposed Final 2020-21 Budget Revenues

<u>Revenue Type</u>	<u>Amount</u>	<u>Percent of Total</u>
LOCAL REAL ESTATE ASSESSMENT	177,700,000	
MILLAGE	70.6120	
NET LOCAL RE @ 96.19% Collection	11,229,476	29.0%
DELINQUENT REAL ESTATE	750,000	1.9%
EARNED INCOME	5,500,000	14.2%
REAL ESTATE TRANSFER	150,000	0.4%
OTHER LOCAL REVENUE	1,070,900	2.8%
<b><u>TOTAL LOCAL REVENUE</u></b>	<b>18,700,376</b>	<b>48.3%</b>

## STATE REVENUE

BASIC EDUCATION GRANT	9,250,000	23.9%
SPECIAL EDUCATION	1,545,000	4.0%
PA BLOCK GRANTS	379,616	1.0%
GAMING REVENUE	791,271	2.0%
TRANSPORTATION SUBSIDY	2,200,000	5.7%
DEBT SERVICE SUBSIDY	550,000	1.4%
SOC SEC SUBSIDY	580,000	1.5%
RETIREMENT SUBSIDY	2,864,322	7.4%
OTHER STATE REVENUE	375,729	1.0%
<b><u>TOTAL STATE REVENUE</u></b>	<b>18,535,938</b>	<b>47.8%</b>

## FEDERAL REVENUE

TITLE I	780,000	2.0%
TITLE II	150,000	0.4%
QZAB SUBSIDY	440,000	1.1%
ACCESS & OTHER	137,000	0.4%
<b><u>TOTAL FEDERAL REVENUE</u></b>	<b>1,507,000</b>	<b>3.9%</b>
<b><u>TOTAL REVENUE</u></b>	<b>38,743,314</b>	<b>100.0%</b>
<b><u>CHANGE FROM FEBRUARY</u></b>	<b>(475,000)</b>	



# BUDGET REVENUES TRENDS

	Audited 2017-2018	Audit 2018-2019	Budget 2019-2020	Forecast 2020-2021
<b>BEGINNING FUND BALANCE</b>	\$ 11,171,435	\$ 11,625,842	\$ 7,372,559	\$ 7,372,559
<b>LOCAL REVENUE</b>				
<b>LOCAL REAL ESTATE</b>				
ASSESSMENT	174,808,640.00	175,547,810	176,900,030	177,700,000
MILLAGE	70.1120	70.6120	70.6120	70.6120
NET LOCAL RE COLLECTION	10,840,013	11,093,570	11,252,578	11,229,476
DELINQUENT REAL ESTATE	580,114	526,155	811,670	750,000
EARNED INCOME	5,471,036	5,621,545	5,726,000	5,500,000
REAL ESTATE TRANSFER	184,423	184,599	185,000	150,000
OTHER LOCAL REVENUE	1,036,991	1,108,373	1,052,438	1,070,900
<b>TOTAL LOCAL REVENUE</b>	18,112,575	18,534,242	19,027,686	18,700,376
<b>STATE REVENUE</b>				
BASIC EDUCATION SUBSIDY	8,826,988	8,930,266	9,000,000	9,250,000
SPECIAL EDUCATION	1,477,853	1,470,200	1,560,185	1,545,000
PA BLOCK GRANTS	379,616	379,616	379,616	379,616
GAMING REVENUE	793,331	791,638	791,271	791,271
TRANSPORTATION SUBSIDY	1,938,984	2,012,926	2,012,926	2,200,000
DEBT SERVICE SUBSIDY	608,630	505,901	505,901	550,000
SOC SEC SUBSIDY	482,544	550,370	600,000	580,000
RETIREMENT SUBSIDY	2,307,736	2,582,718	2,660,199	2,864,322
OTHER STATE REVENUE	207,063	525,512	464,731	375,729
<b>TOTAL STATE REVENUE</b>	17,022,745	17,749,145	17,974,829	18,535,938

	Audited 2017-2018	Audit 2018-2019	Budget 2019-2020	Forecast 2020-2021
<b>FEDERAL REVENUE</b>				
TITLE I	590,548	606,247	780,000	780,000
TITLE II	119,380	122,920	150,000	150,000
ACCESS	150,049	110,748	110,000	110,000
QZAB SUBSIDY	405,441	406,963	406,000	440,000
OTHER FEDERAL REVENUE	64,299	70,605	65,000	27,000
<b>TOTAL FEDERAL REVENUE</b>	1,329,717	1,317,483	1,511,000	1,507,000



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# 2020-21 BUDGET EXPENDITURES

## Proposed Final 2020-21 Budget Expenditures

<u>Expenditure Type</u>	<u>Amount</u>	<u>Percent of Total</u>
100 - SALARIES	\$ 14,588,806	37.4%
200 - BENEFITS	\$ 10,002,041	25.6%
300 - PURCHASED SERVICES	\$ 868,578	2.2%
400 - PROPERTY SERVICES	\$ 372,275	1.0%
500 - OTHER PURCHASED SERVICES	\$ 6,530,669	16.7%
600 - SUPPLIES	\$ 1,528,635	3.9%
700 - EQUIPMENT	\$ 256,231	0.7%
800 - DUES, FEES, INTEREST	\$ 1,300,971	3.3%
900 - DEBT PRINCIPAL & FUND TRANSFERS	\$ 3,587,620	9.2%
TOTAL EXPENDITURES	\$ 39,035,826	100.0%
Revenue	\$ 38,743,314	
Expenditures	\$ 39,035,826	
Surplus / Deficit	(292,512)	



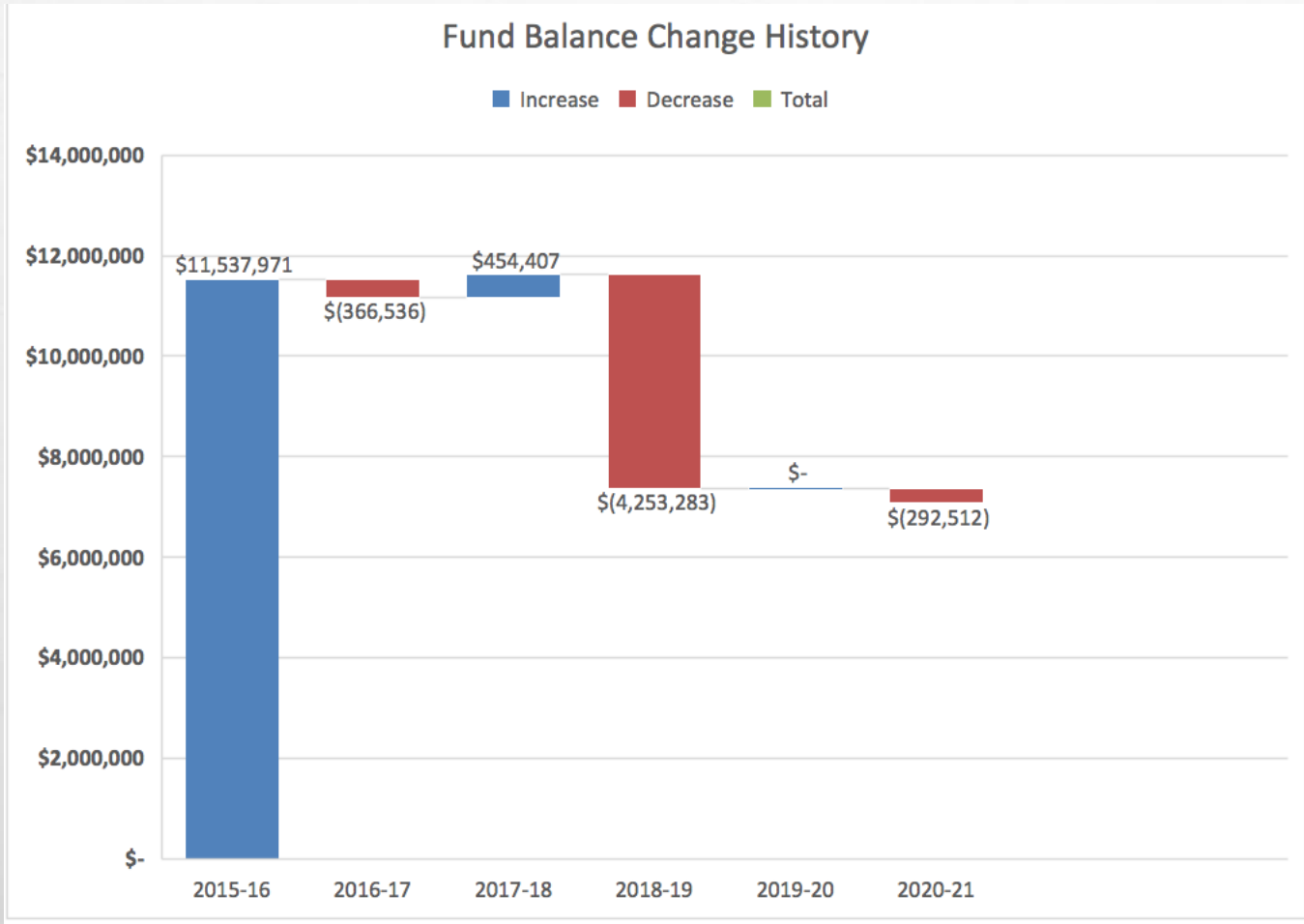
# BUDGET EXPENDITURE TRENDS

	2017-2018	2018-2019	2019-2020	2020-2021
<b><u>EXPENDITURES</u></b>				
SALARIES	13,395,291	13,391,674	14,502,711	14,588,806
HEALTHCARE	2,855,136	3,073,774	3,866,559	3,566,559
RETIREMENT	4,218,252	4,416,134	4,720,988	4,934,552
SOC SEC	977,671	991,927	1,105,134	1,124,542
OTHER BENEFITS	417,194	396,819	252,017	376,390
300-PURCHASED SERVICES	707,743	828,587	825,400	868,578
400-PURCHASED PROPERTY SERVICES	749,357	852,305	373,750	372,275
500-OTHER PURCHASED SERVICES	5,652,234	6,039,882	6,129,846	6,530,669
600-SUPPLIES	1,114,510	1,172,569	1,468,584	1,528,635
700-PROPERTY	192,456	387,199	268,873	256,231
800 & 900-OTHER	45,102	83,999	58,013	65,065
DEBT SERVICE	4,685,686	4,801,934	4,941,640	4,823,525
CAPITAL TRANSFER	1,000,000	5,417,350	-	
<b><u>TOTAL EXPENDITURES</u></b>	<b>36,010,631</b>	<b>41,854,153</b>	<b>38,513,515</b>	<b>39,035,826</b>
<b><u>ENDING FUND BALANCE</u></b>	\$ 11,625,842	\$ 7,372,559	\$ 7,372,559	\$ 7,080,047
FB as % Of Budget	32.28%	17.61%	19.14%	18.14%
<b><u>Surplus / Deficit</u></b>	454,407	(4,253,283)	\$ -	\$ (292,512)





# RECENT GF FUND BALANCE HISTORY



General Fund Fund Balance		
2015-16	\$ 11,537,971	
2016-17	\$ 11,171,435	
2017-18	\$ 11,625,842	\$1M Capital Transfer
2018-19	\$ 7,372,559	\$5.4M Capital Transfer
2019-20	\$ 7,372,559	Balanced Budget
2020-21	\$ 7,080,047	\$292K Deficit Budget



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# TAXPAYER IMPACT ON BOARD TAX DECISION

	Current (19-20) Total Bill	Current Millage Bill Impact	Increase half of Index	Increase to the Index
	70.612	70.612	71.8477	73.0834
<b>Additional Revenue @ 96.19% Collection Incremental Increase</b>		\$ -	\$ 211,175	\$ 422,350
<b>Increase per \$1,000 of Assessment</b>		\$ -	\$ 1.24	\$ 2.47
<b>Increase per \$100,000 of Assessment</b>		\$ -	\$ 123.57	\$ 247.14
<b>Average Residential \$16,100 (estimate)</b>	\$ 1,225.53	\$ -	\$ 19.89	\$ 39.79
<b>Average Farm \$23,300 (estimate)</b>	\$ 1,773.60	\$ -	\$ 28.79	\$ 57.58
<b>Average Commercial / Industrial \$47,000 (estimate)</b>	\$ 3,577.64	\$ -	\$ 58.08	\$ 116.16



# Budget Cost Drivers

## 2020-21 Budget

- **Salaries**
- **Pension**
- **Trends in Cost vs. State Revenues**
- **Debt**
- **Total Expenditure History**

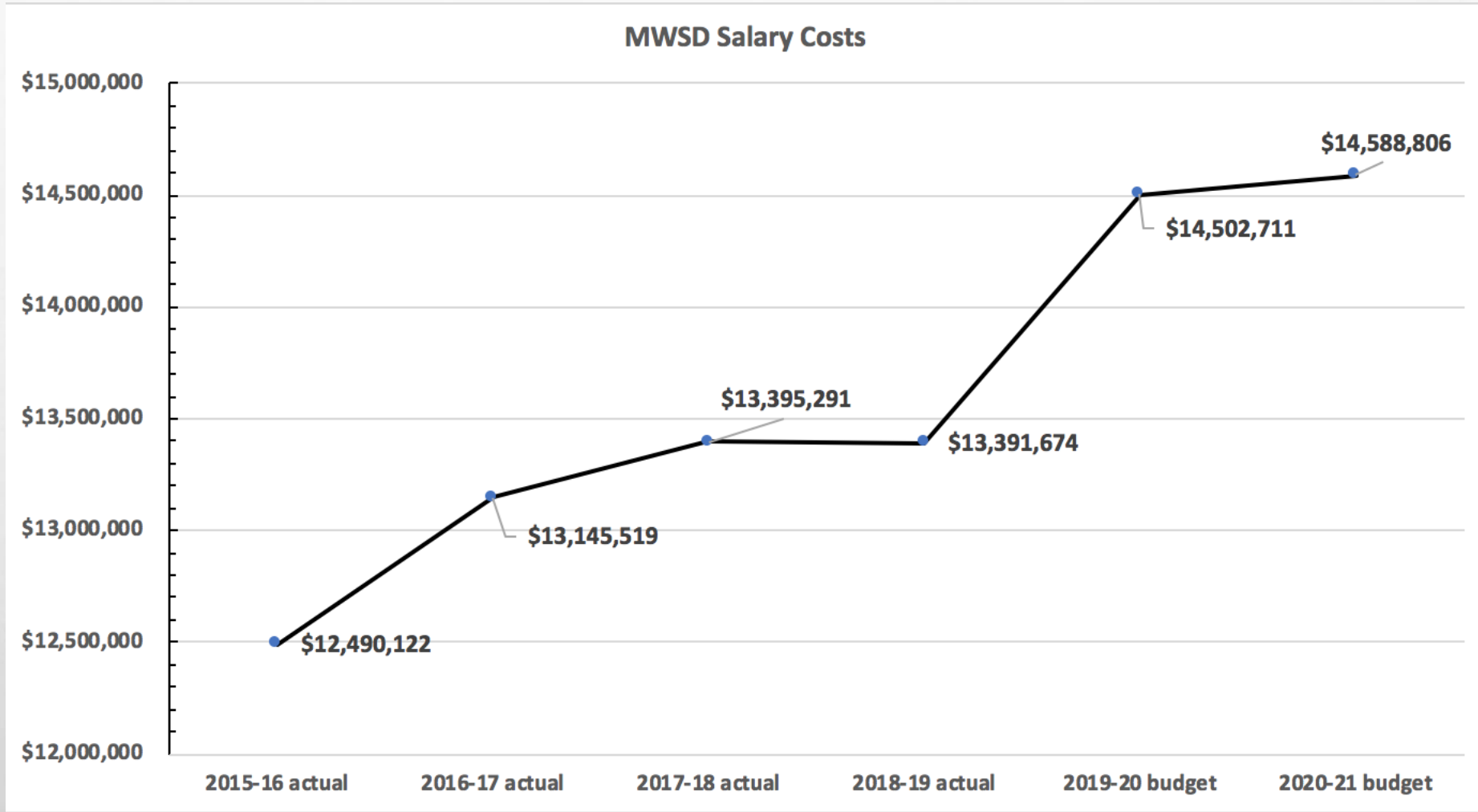


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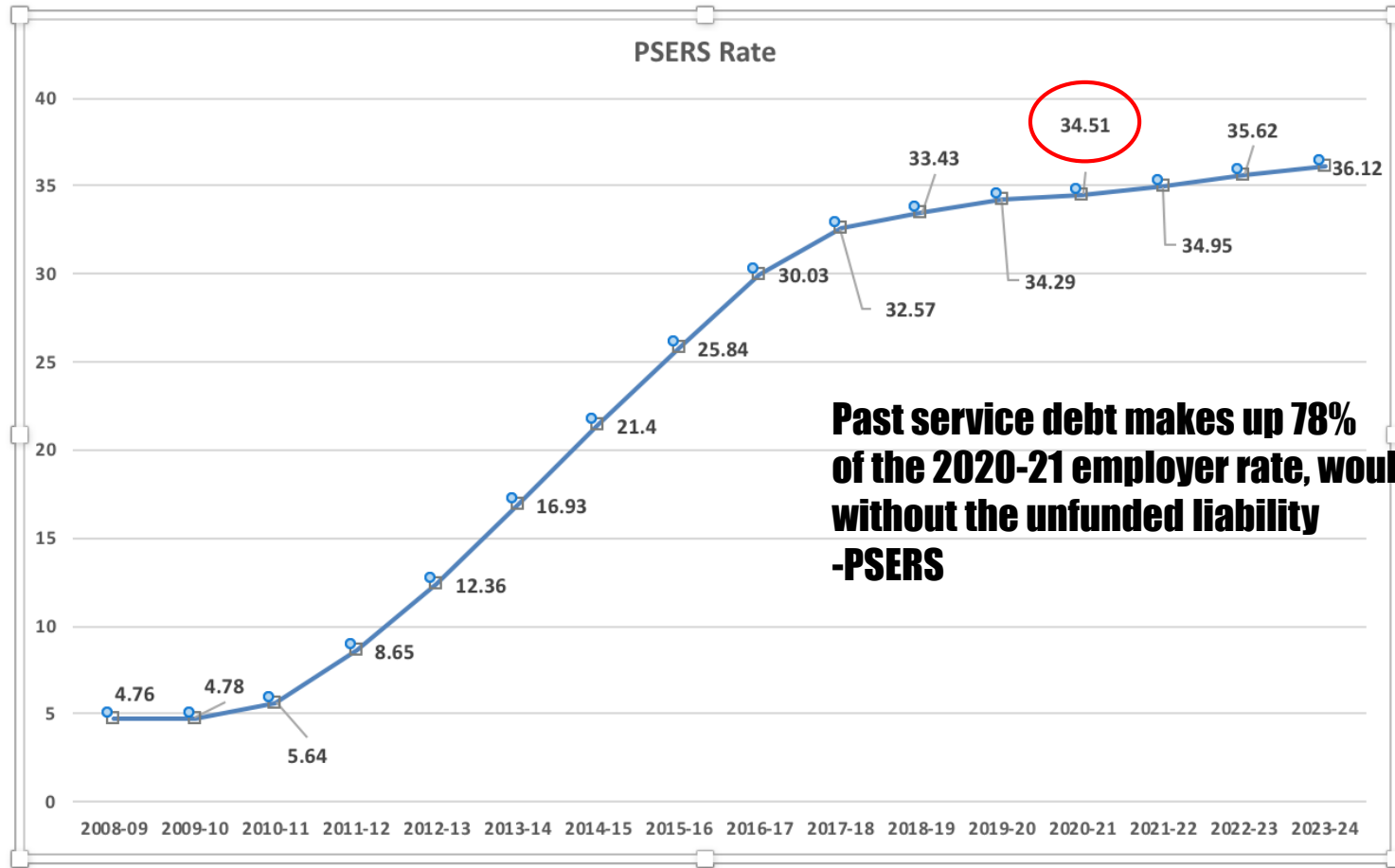
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# OBJECT 100 SALARIES TRENDS



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# OBJECT 230 PENSION TRENDS (PSERS)

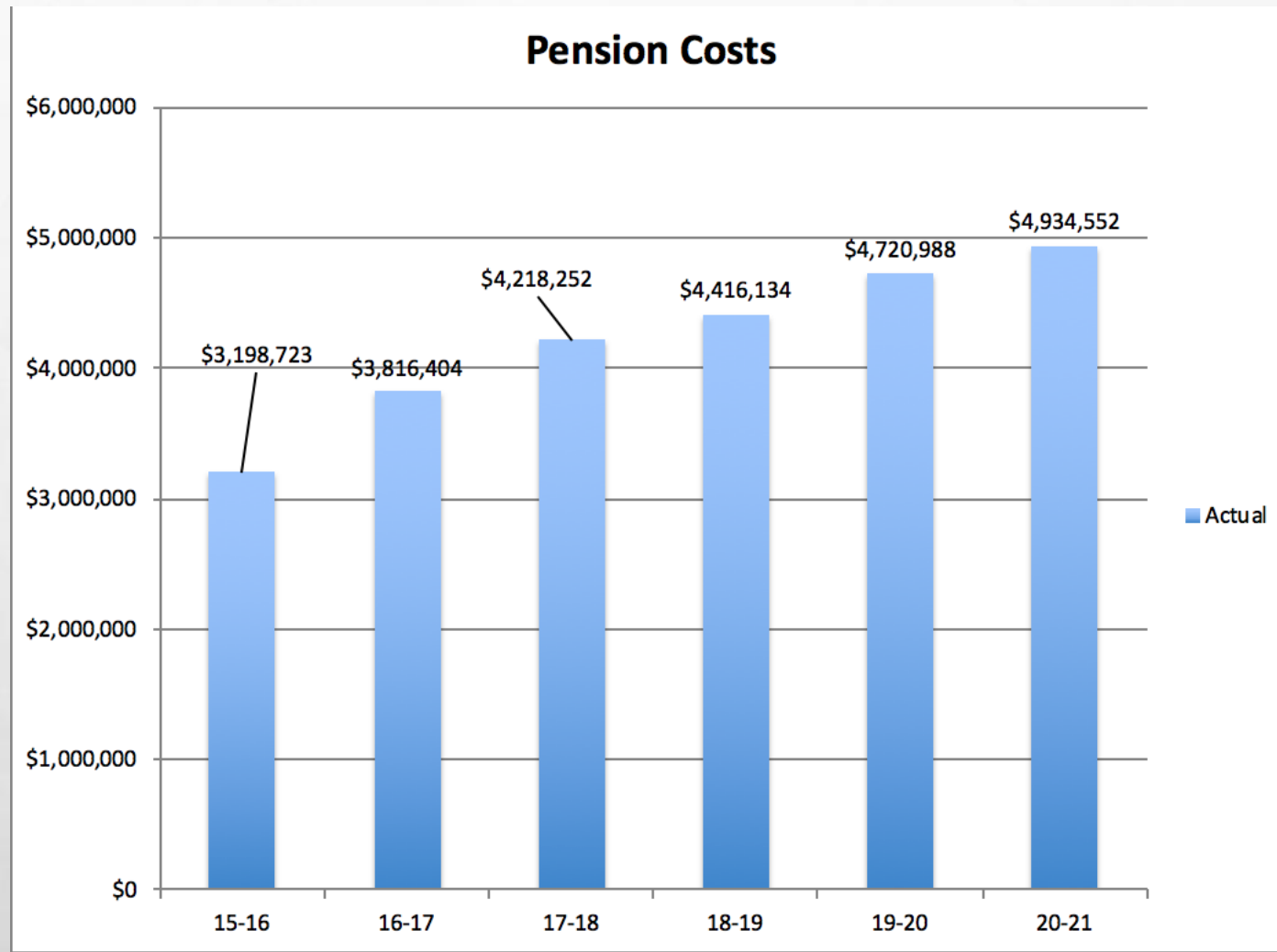


**Past service debt makes up 78% of the 2020-21 employer rate, would be 7.6% without the unfunded liability -PSERS**



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# OBJECT 230 PENSION TRENDS (PSERS) CONTINUED



# TRENDS IN COST VS. STATE REVENUES

	Actual 2012-13	Budget 2020-21	Growth
<b>Costs</b>			
Salaries	\$ 12,292,574	\$ 14,740,326	19.9%
PSERS Cost*	\$ 1,492,895	\$ 4,934,552	230.5%
Sp. Ed Cost	\$ 3,709,420	\$ 6,255,981	68.7%
<b>Revenues</b>			
Basic Education Subsidy	\$ 8,104,083	\$ 9,250,000	14.1%
Sp. Ed Subsidy	\$ 1,394,919	\$ 1,545,000	10.8%

\* State reimburses half of cost

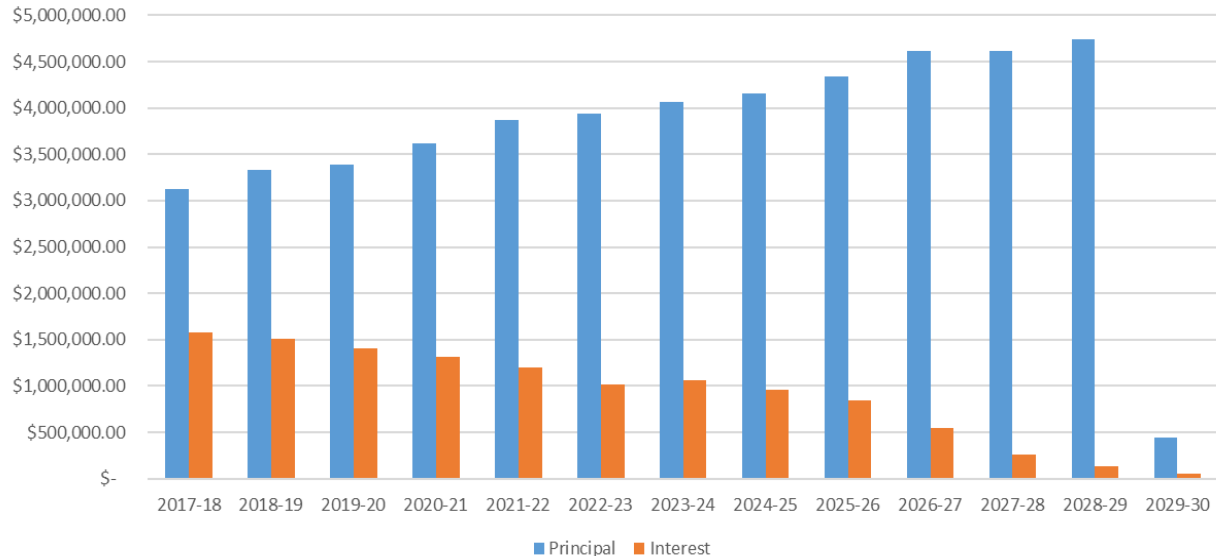
Difference made up by local effort



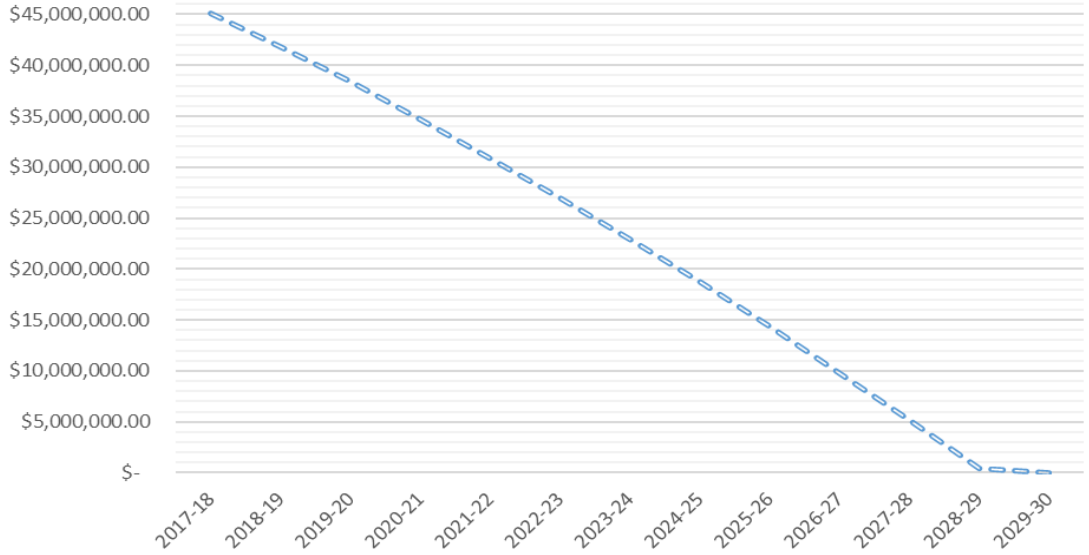
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# DEBT OVERVIEW

Principal and Interest Payments Over Time



EOY Principal Balance



**\*Does not include current refunds Series of 2019 & Series of 2020**

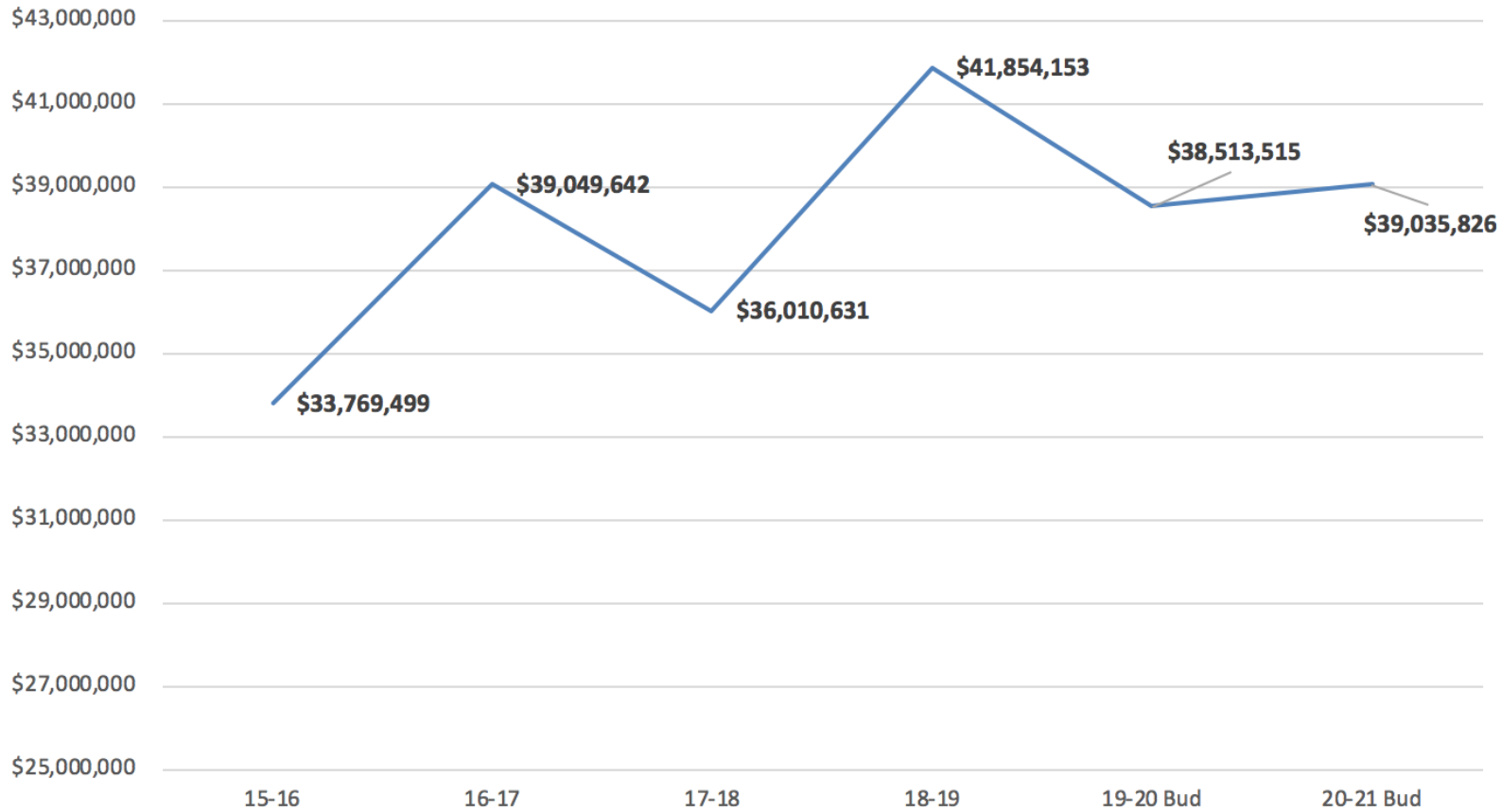


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# TOTAL EXPENDITURE HISTORY

## Expenditures



Year	Expenditures	
15-16	\$ 33,769,499	
16-17	\$ 39,049,642	\$4.5M Capital Transfer
17-18	\$ 36,010,631	\$1M Capital Transfer
18-19	\$ 41,854,153	\$5.4M Capital Transfer
19-20 Bud	\$ 38,513,515	
20-21 Bud	\$ 39,035,826	



**QUESTIONS?**



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