

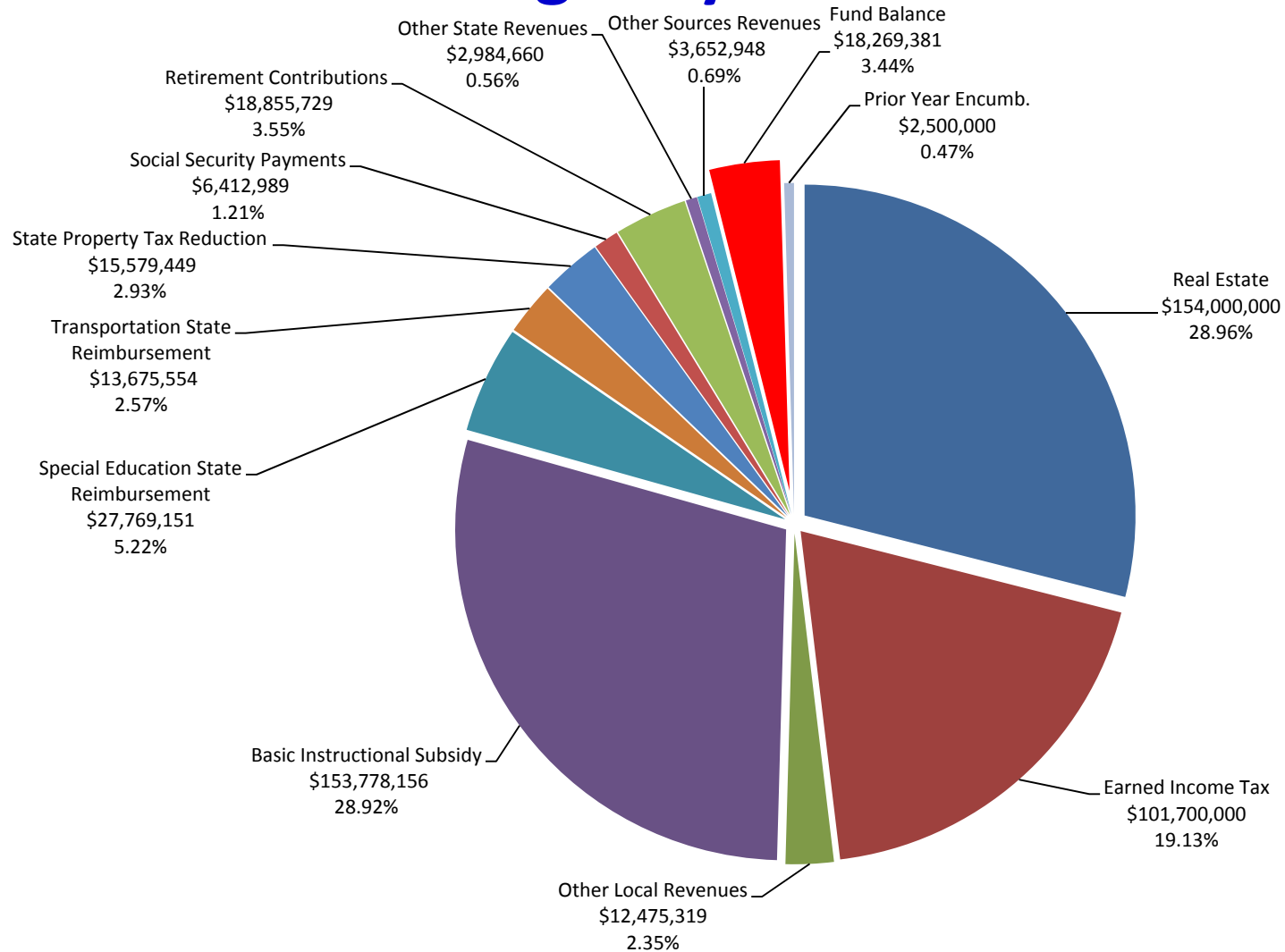


# 2013 Real Estate Revenue Update

**Board Committee Meeting  
December 3, 2013**



# 2014 Budget by Revenue Source



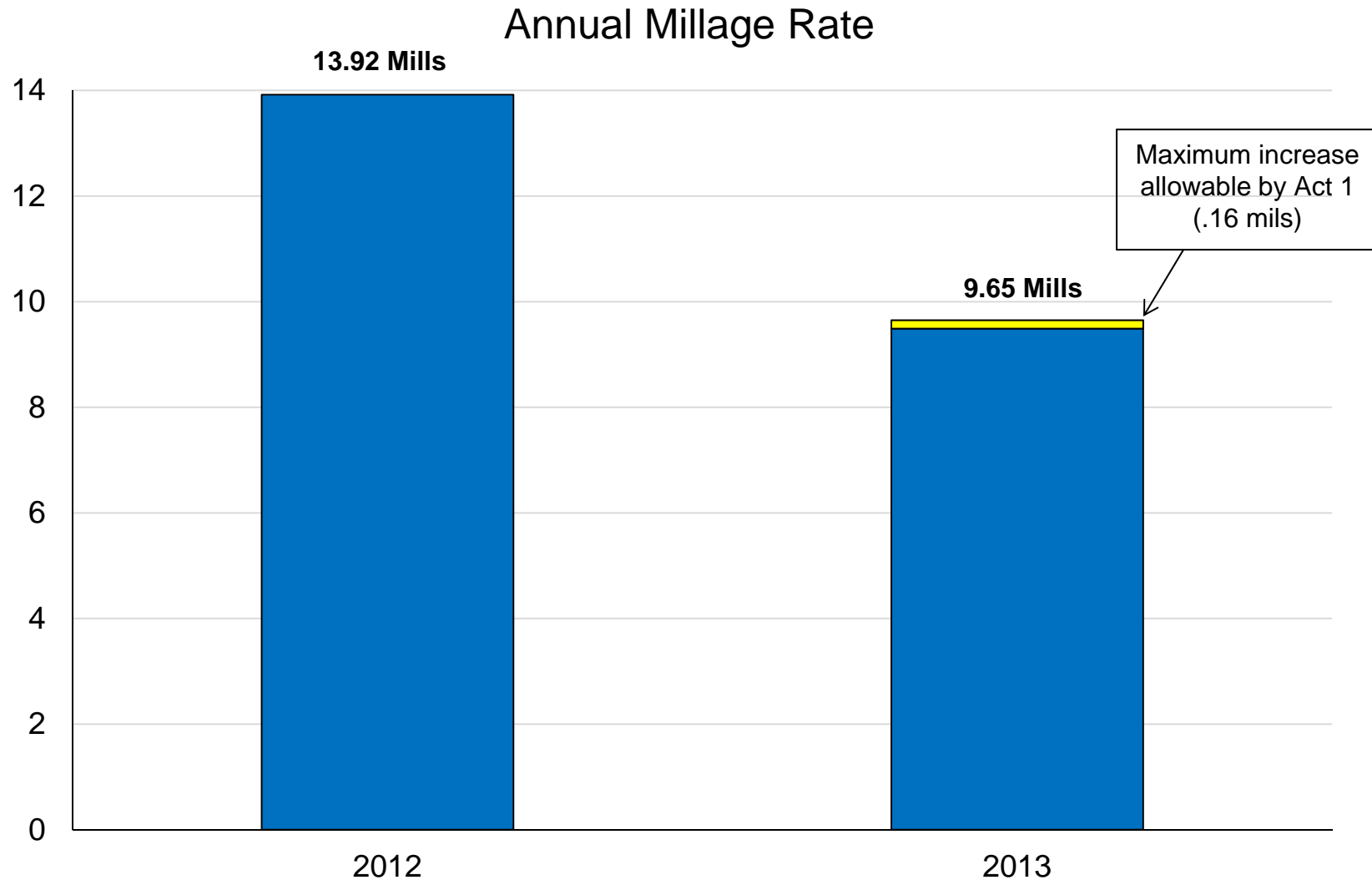
<b>Total Revenue</b>	<b>\$529,153,337</b>
<b>Prior Encumbrances</b>	<b>\$ 2,500,000</b>
<b>Deficit</b>	<b>\$ 18,269,381</b>



# Act 1 of 2006 includes Anti-windfall Provision for Districts Impacted by a Reassessment

- Act 1 was intended to ease financial burden of home ownership by providing school districts the means to lower property taxes to homeowners via gaming revenue.
- In year following a reassessment, school district revenue received from current taxes cannot exceed what a district received in the year before *except for the following*:
  - **School districts can increase millage rates up to an annual index (currently 2.0%) as set by PA Department of Education**
  - Only way that school districts can increase the millage beyond the index is to seek a voter referendum (for PPS this referendum would occur in November)

# As a result of Act 1 the Board approved a new millage rate January 2013



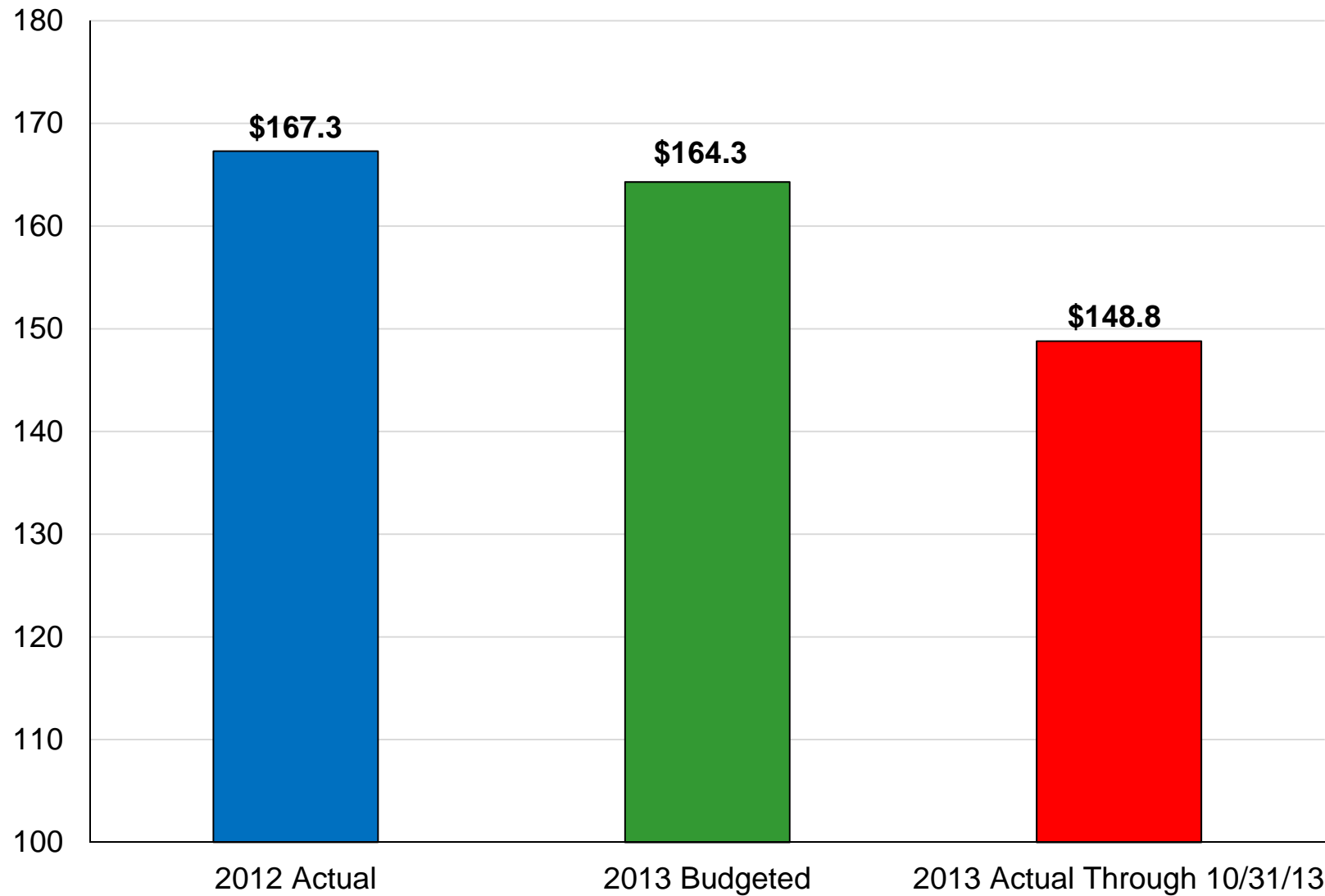


# Real Estate Reassessments

- Real Estate Reassessment appeals have resulted in lower collections to date than anticipated. District projections based on year-to-date collections have revised the expected revenue down from \$164.3 Million to \$154.0 Million. This number may continue to decline.
- The District is required to set its millage rate for 2014 and Homestead Exemption from Gaming Revenues for 2014 based on the certified property value assessments by December 31, 2013.

# Real Estate Collections to Date

(in Millions)



# General Fund Financial Summary 2013 - 2017

	2013 est.	2014 est.	2015 est.	2016 est.	2017 est.
Revenue (Millions) (a) (b)	\$504.66	\$510.88	\$516.23	\$521.68	\$524.77
Operating Expenditures (c )	\$501.96	\$529.15	\$555.64	\$571.31	\$581.66
Operating Deficit	<b>\$2.70</b>	<b>(\$18.27)</b>	<b>(\$39.41)</b>	<b>(\$49.63)</b>	<b>(\$56.89)</b>
Beginning Fund Balance	\$85.86	\$88.56	\$70.29	\$30.88	(\$18.76)
Budgeted Year-end Fund Balance	\$88.56	\$70.29	\$30.88	(\$18.76)	(\$75.64)
Fund Balance Compliance	Yes	Yes	Yes	No	No
Minimum Fund Balance per Board Policy #721 (d)	\$25.10	\$26.46	\$27.78	\$28.57	\$29.08

Funds required to comply with Fund Balance Policy

**\$43.83**

**\$3.10**

**(\$47.32)(e)**

**(\$104.73)**

Notes:

(a) Revenues from Real Estate Tax, Earned Income Tax, and Basic Education Subsidy are projected to be flat

(b) Revenue increases can be attributed to Retirement reimbursement from the State

(c) Increasing costs - retirement, health care, salaries

(d) Requires 5% of current year's budgeted operating expenditures

(e) Assumes previous year fund balance is not restored to 5%

Projections as of November 5, 2012

# The District Outlook with a 2.0% Increase in Real Estate Revenue for 2014

	2013 est.	2014 est.	2015 est.	2016 est.	2017 est.
Revenue (Millions) (a) (b)	\$504.66	\$513.96	\$519.31	\$524.76	\$527.85
Operating Expenditures (c )	\$501.96	\$529.18	\$555.67	\$571.34	\$581.69
Operating Deficit	<b>\$2.70</b>	<b>(\$15.22)</b>	<b>(\$36.36)</b>	<b>(\$46.58)</b>	<b>(\$53.84)</b>
Beginning Fund Balance	\$85.86	\$88.56	\$73.34	\$36.98	(\$9.60)
Budgeted Year-end Fund Balance	\$88.56	\$73.34	\$36.98	(\$9.60)	(\$63.44)
Fund Balance Compliance	Yes	Yes	Yes	No	No
Minimum Fund Balance per Board Policy #721 (d)	\$25.10	\$26.46	\$27.78	\$28.57	\$29.08

Funds required to comply with  
Fund Balance Policy

**\$46.89**

**\$9.20**

**(\$38.17)(e)**

**(\$92.52)**

Notes:

(a) Revenues from Real Estate Tax, Earned Income Tax, and Basic Education Subsidy are projected to be flat

(b) Revenue increases can be attributed to Retirement reimbursement from the State

(c) Increasing costs - retirement, health care, salaries

(d) Requires 5% of current year's budgeted operating expenditures

(e) Assumes previous year fund balance is not restored to 5%

Projections as of November 5, 2012



# Impact on Homeowners – Example Scenario

	<b>Assessed Property Value</b>			
<b>2012 (13.92 mills)</b>	\$100,000	\$150,000	\$200,000	\$250,000
<b>Property Tax Bill</b>	\$1,392	\$2,088	\$2,784	\$3,480
	<b>Assessed Property Value</b>			
<b>2013 (9.65 mills)</b>	\$147,000	\$220,500	\$294,000	\$367,500
<b>Property Tax Bill</b>	\$1,419	\$2,128	\$2,837	\$3,546
	<b>Assessed Property Value</b>			
<b>2013 (9.65 mills)</b>	\$136,000	\$204,000	\$272,000	\$340,000
<b>Property Tax Bill</b>	\$1,312	\$1,969	\$2,625	\$3,281
	<b>Assessed Property Value</b>			
<b>2014 (9.84 mills)</b>	\$136,000	\$204,000	\$272,000	\$340,000
<b>Property Tax Bill</b>	\$1,338	\$2,007	\$2,676	\$3,346



# 2014 General Fund Budget Adoption Timeline

- **May 29, 2013**                      **Board certified no tax increase beyond Act 1 index**
- **October 21, 2013**                **Regular Public Hearing**
- **November 12, 2013**              **Board Committee Meeting**
- **November 13, 2013**              **Release of Preliminary 2014 Budget**
- **December 2, 2013**                **Special Budget Public Hearing**
- **December 11, 2013**              **Agenda Review**
- **December 18, 2013**              **Regular Legislative Meeting - 2014 Budget Adoption**