

Unionville-Chadds Ford School District

2021-22 Proposed Final General Fund Budget

May 3, 2021 Budget Hearing

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Superintendent

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Director of Business & Operations

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2021-22 Budget Focus

- Return to normal
- County-wide reassessment in Delaware County
- ESSER, CARES and other one-time Grant Funds available
- 10% budget cuts across all categories
- Impacts from 2020-21 budget:
 - Zero millage increase
 - Salary freeze for support staff
 - Salary freeze for administrators
- Market adjustments to some support staff wage rates
- Bringing virtual academy in-house

Historical Context

- Act 1 Index for the current and past four years
 - 2017-18 = 2.5%
 - 2018-19 = 2.4%
 - 2019-20 = 2.3%
 - 2020-21 = 2.6%
 - 2021-22 = 3.0%
- PSERS contribution rate increases are now approaching the top
 - 32.57% in 2017-18 was an increase of 8.46% (Index of 2.5%)
 - 33.43% in 2018-19 was an increase of 2.64% (Index of 2.4%)
 - 34.29% in 2019-20 was an increase of 2.57% (Index of 2.3%)
 - 34.51% in 2020-21 was an increase of 0.64% (Index of 2.6%)
 - 34.94% in 2021-21 is an increase of 1.25% (Index of 3.0%)

The Future

- Independent Financial Office Act 1 Index projections:
 - 2022-23 = 3.5%
 - 2023-24 = 3.7%
 - 2024-25 = 3.3%
 - 2024-25 = 2.7%
- Most recent PSERS contribution rate projections:
 - 35.62% in 2022-23 will be increase of 1.95%
 - 36.12% in 2023-24 will be increase of 1.40%
 - 36.60% in 2024-25 will be increase of 1.33%
 - 37.23% in 2025-26 will be increase of 1.72%

Budget Overview

Total Revenues	\$ 92,483,594	2.57%
Total Expenditures	<u>92,920,010</u>	2.53%
Operating Surplus/(Deficit)	(436,416)	
Beginning Unrestricted FB	<u>9,661,451</u>	Estimate
Ending Unrestricted FB	9,225,035	
Ending Assigned FB	<u>3,448,785</u>	
Ending Unassigned FB	\$ <u>5,776,250</u>	6.22%
Chester/Delaware Millage	29.96	15.46
Chester/Delaware % Change	(3.06% average)	3.06% (40.52)%

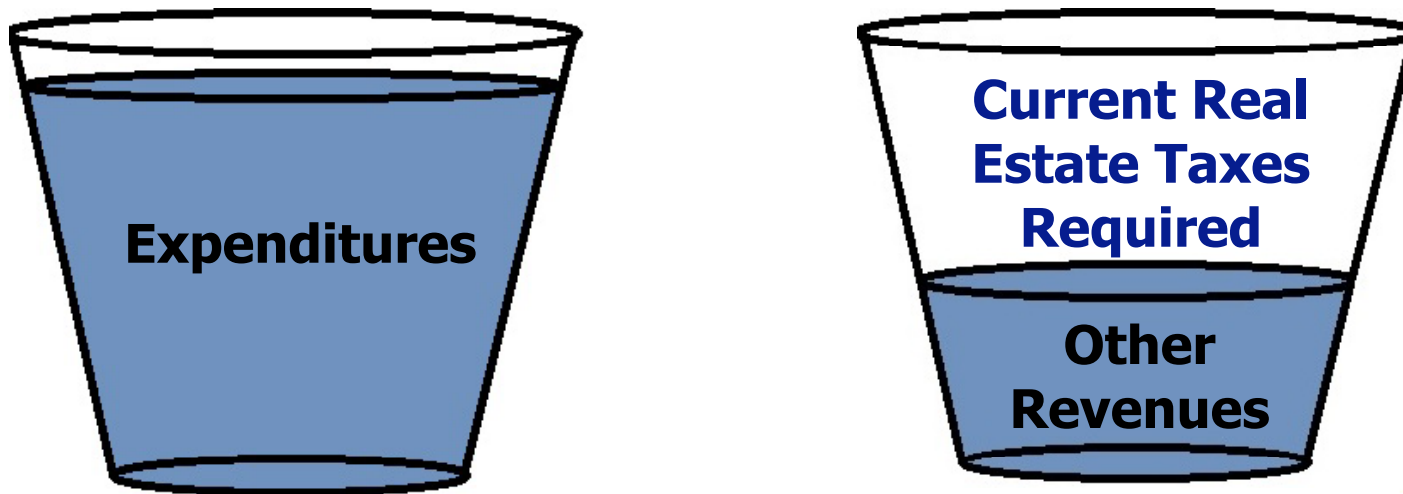
Program Size: Expenditures

First we determine the **size** of the bucket needed based on contracts, programs, etc. and how full we want that bucket to be. This represents our expenditures plan for the coming fiscal year.



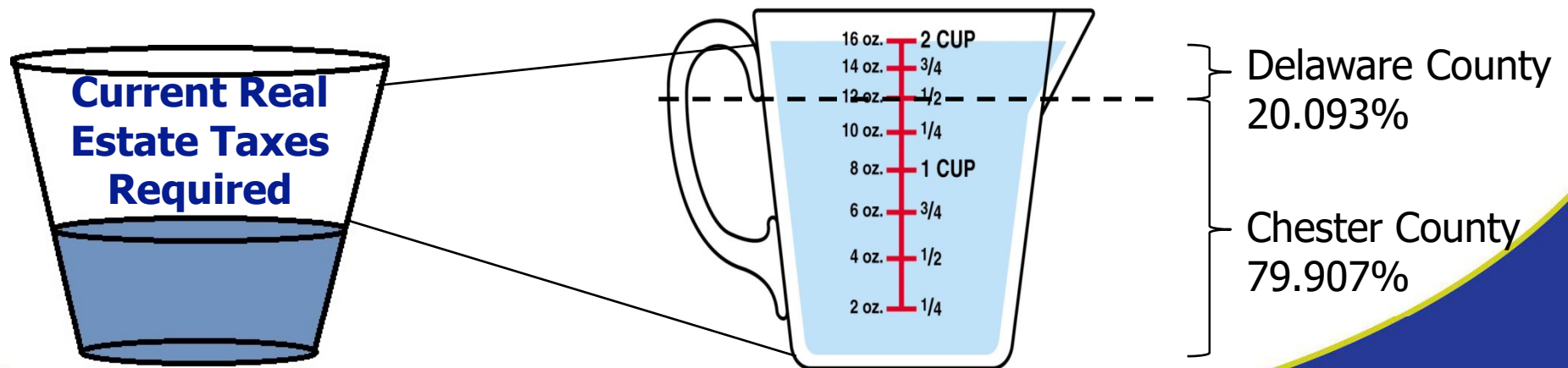
Determining Current Real Estate Taxes Required

Now we compare all other revenues (Federal, State and other local revenue) to the volume needed in the expenditures bucket to determine the current real estate taxes required.



Splitting Between Counties

Section 672.1(a)(1) of the Public School Code proscribes how the tax burden is shared in multiple county school districts. Pennsylvania Department of Community & Economic Development's State Tax Equalization Board (STEB) determines the market value, by township, of taxable properties in the School District, which is used to determine tax revenue required from each County (Chester vs. Delaware).



First: Program Size

First we determine the **size** of the bucket needed based on contracts, programs, etc. and how full we want that bucket to be. This represents our expenditures plan for the coming fiscal year.



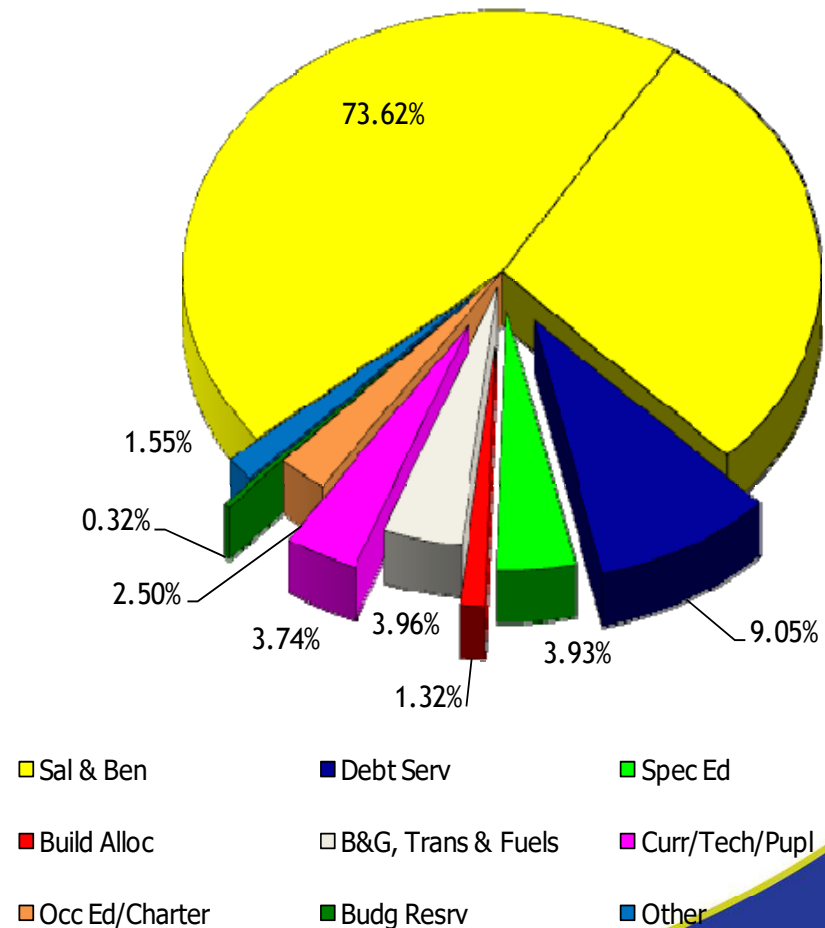
Expenditure Changes

(20/21 Budget to 21/22 Budget)

Salaries & Wages	\$ 1,670,830
Benefits	1,057,529
Building Allocations	(78,455)
Curriculum & Instruction	(107,763)
Technology	78,840
Special Education	(77,650)
Human Resources	(118,063)
Occ Ed, IU & Other Ed (virtual academy)	173,375
Fuels & Utilities	150,000
Transportation	(158,472)
Buildings & Grounds (incl Cap Res)	(82,868)
Debt Service	(72,187)
Insurance	33,393
Administration	(55,700)
Federal & Categorical Programs	<u>(128,414)</u>
Net Change	\$ <u>2,294,395</u>

Expenditure Summary

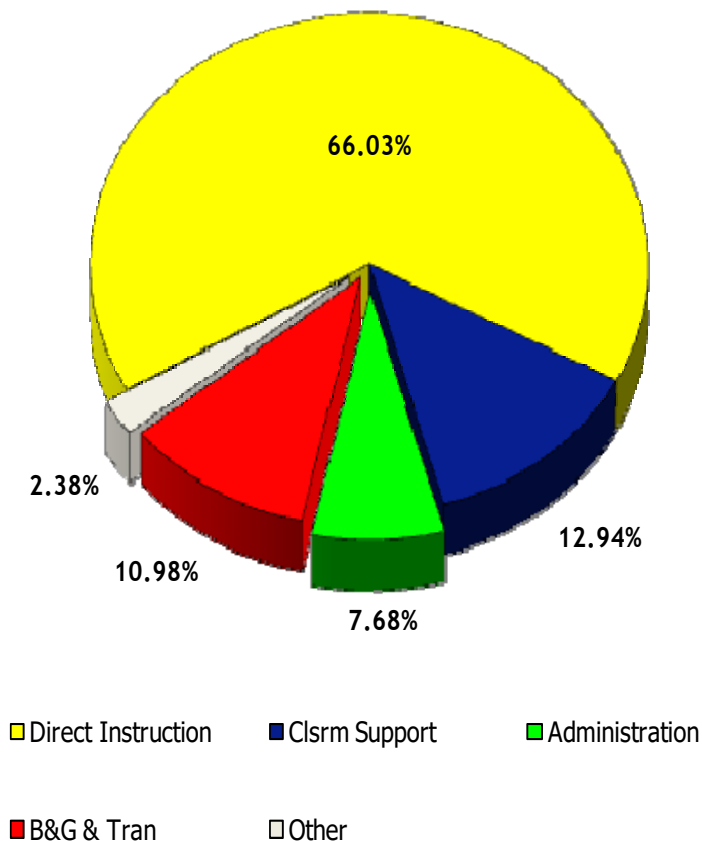
- Personnel Costs
 - Central Salaries (45.15%) & Benefits (28.47%) are 73.62% of total costs
 - Add another 0.65% included in other Categories for a total of 74.27%
- 10% cuts to all categories
- 2020-21 included spending for PCCD, ESSER & CARES grants on PPE, tents, air filtration systems and related one-time expenditures
- 2021-22 includes most of the remaining ARP ESSER funds for additional tent rentals and cost of bringing virtual academy in-house



Central Salaries

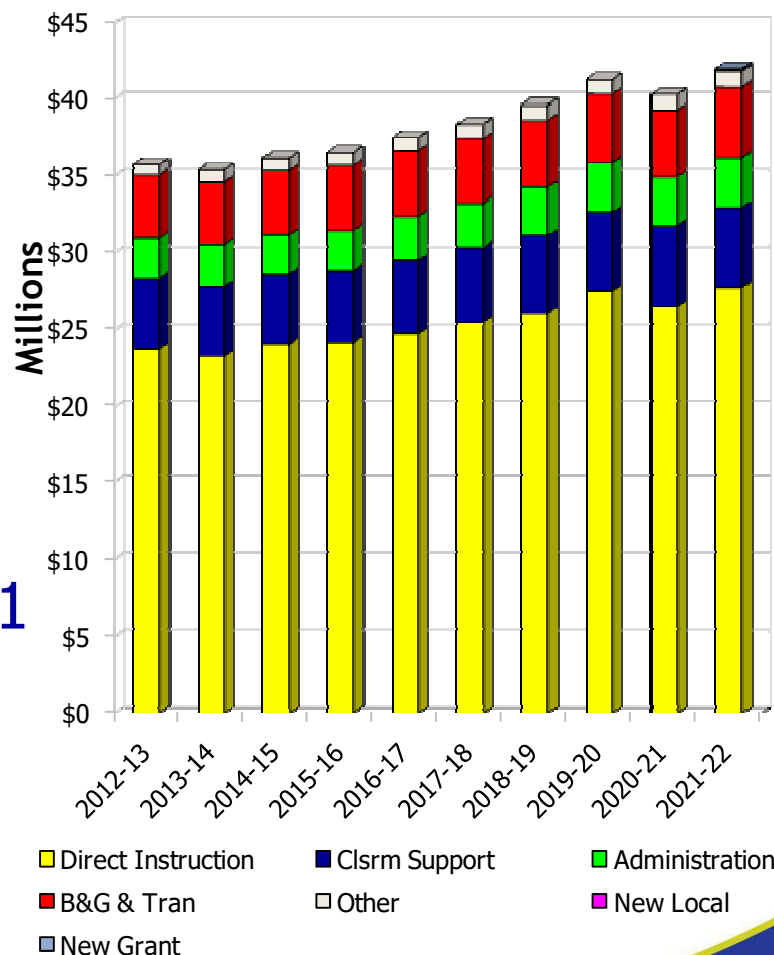
Education is labor intensive:

- 78.97% is direct educational delivery & student services
 - 12.94% "Support" includes Pupil Personnel, Psychologists, Guidance, Social Workers, Libraries, Curriculum, Nurses & Technology
- 7.68% Administration
 - Superintendent's Office, Principals' Offices, Business Office & Communications
- 10.98% Buildings & Grounds and Transportation Services
- 2.38% Other
 - Supplementals, Coaches & Crossing Guards

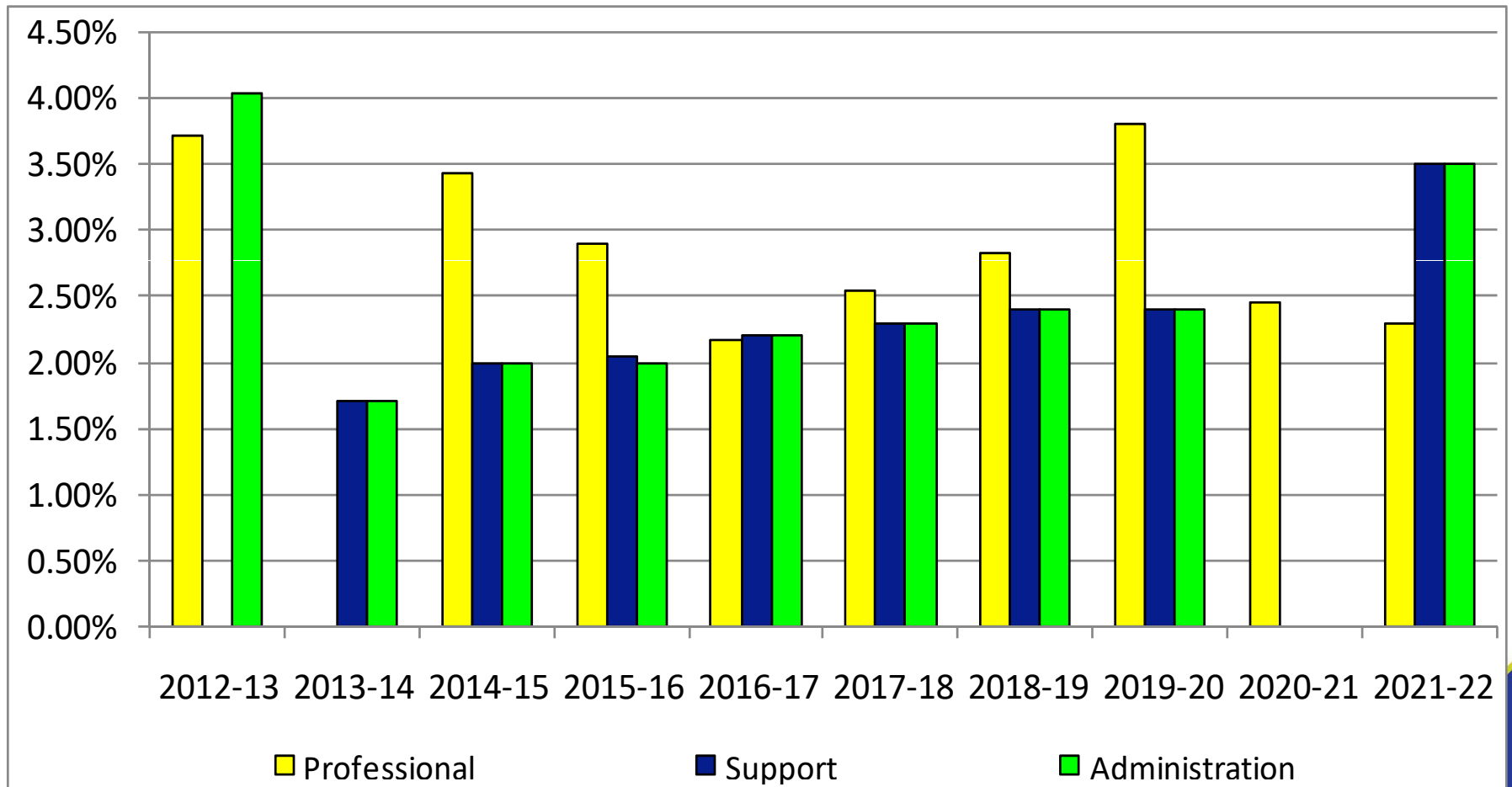


Salary History

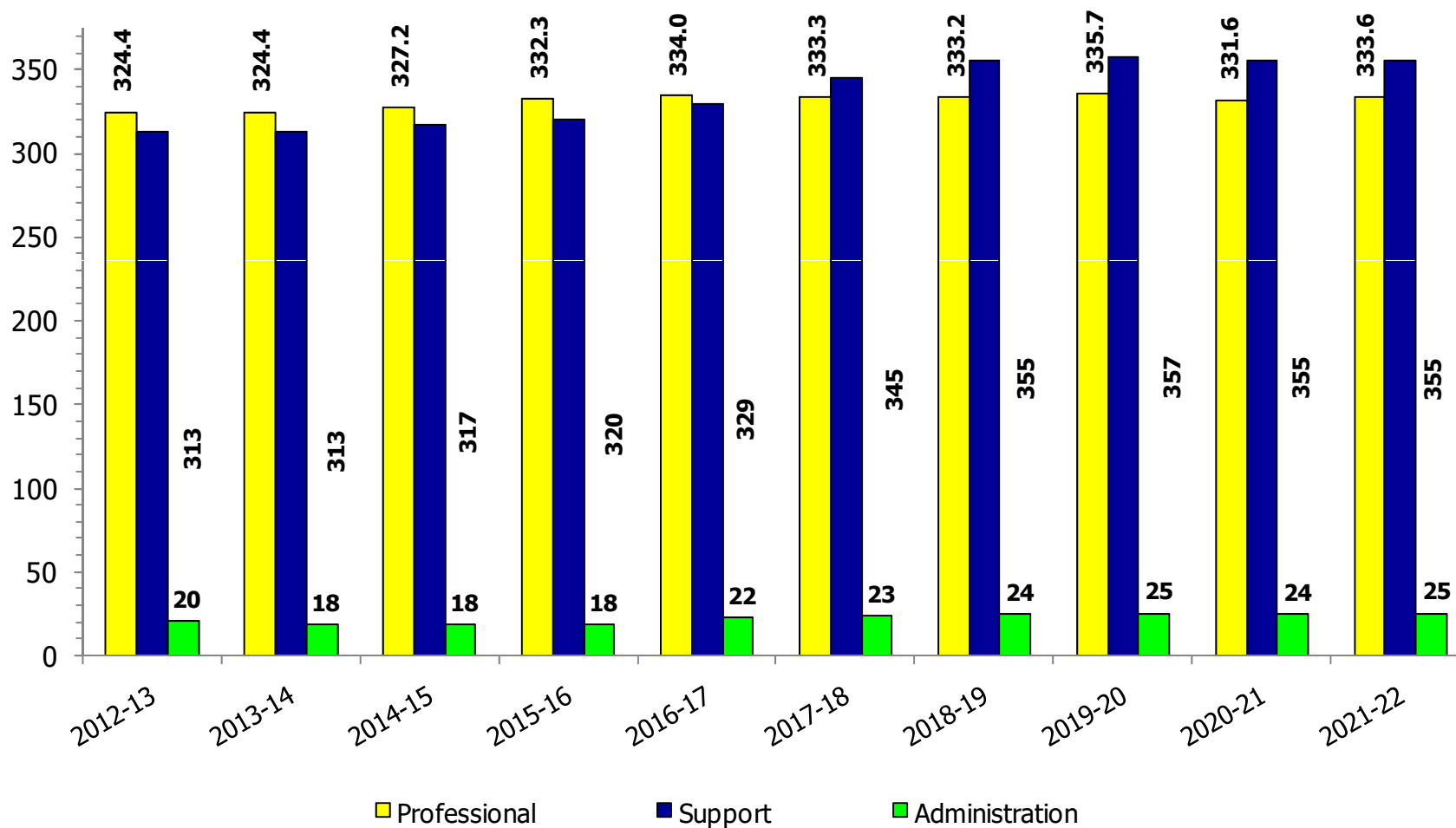
- Administration freezes
 - 2020-21
- Teacher freezes
 - 2013-14
- Support staff freezes
 - 2012-13
 - 2020-21
- Positions vacant in 2020-21
 - 2.5 FTE Elementary Teachers
 - 0.6 High School Spanish
 - 1.0 High School Librarian
 - 1.0 Tax Office Manager



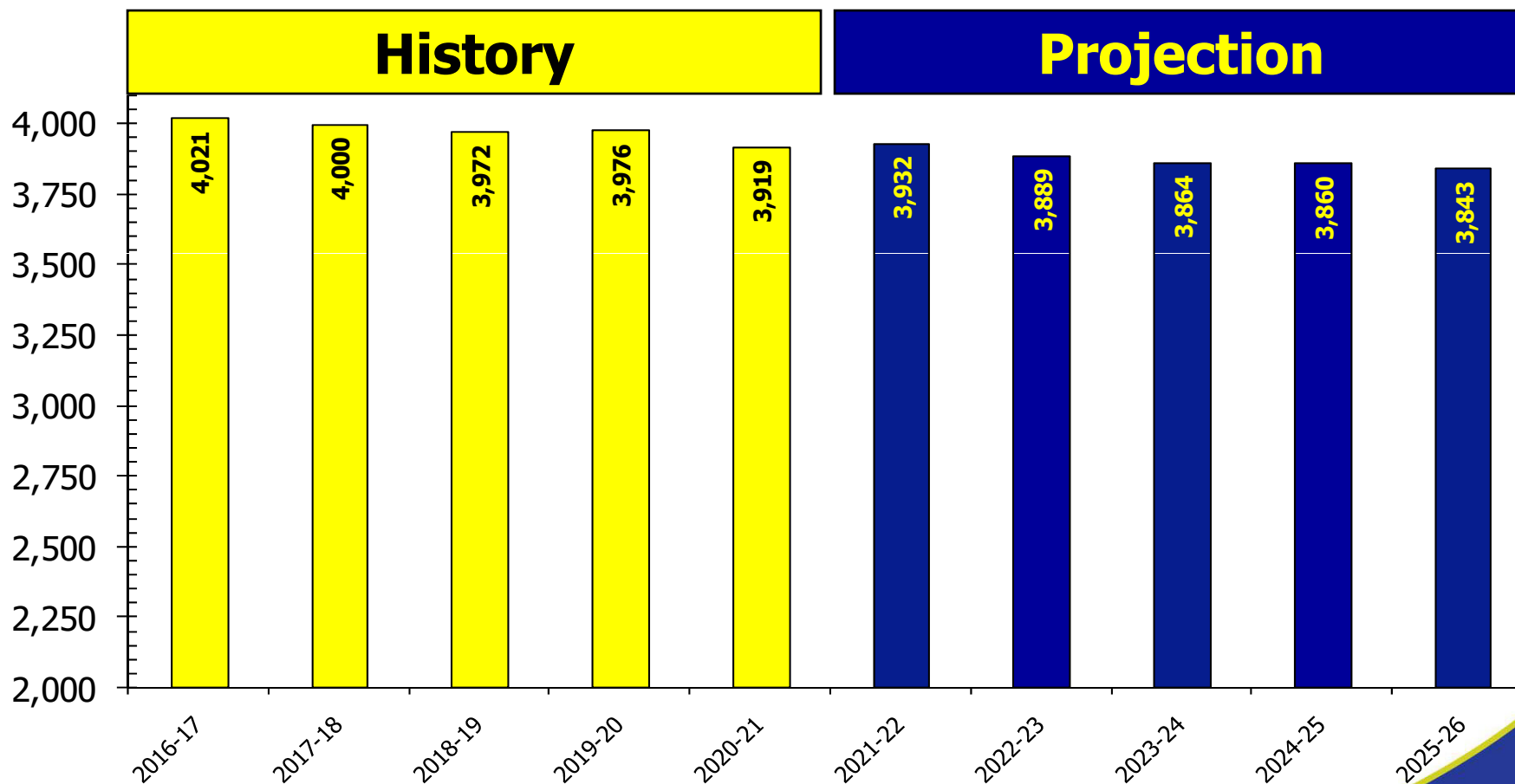
Salary/Wage Increases



Staffing

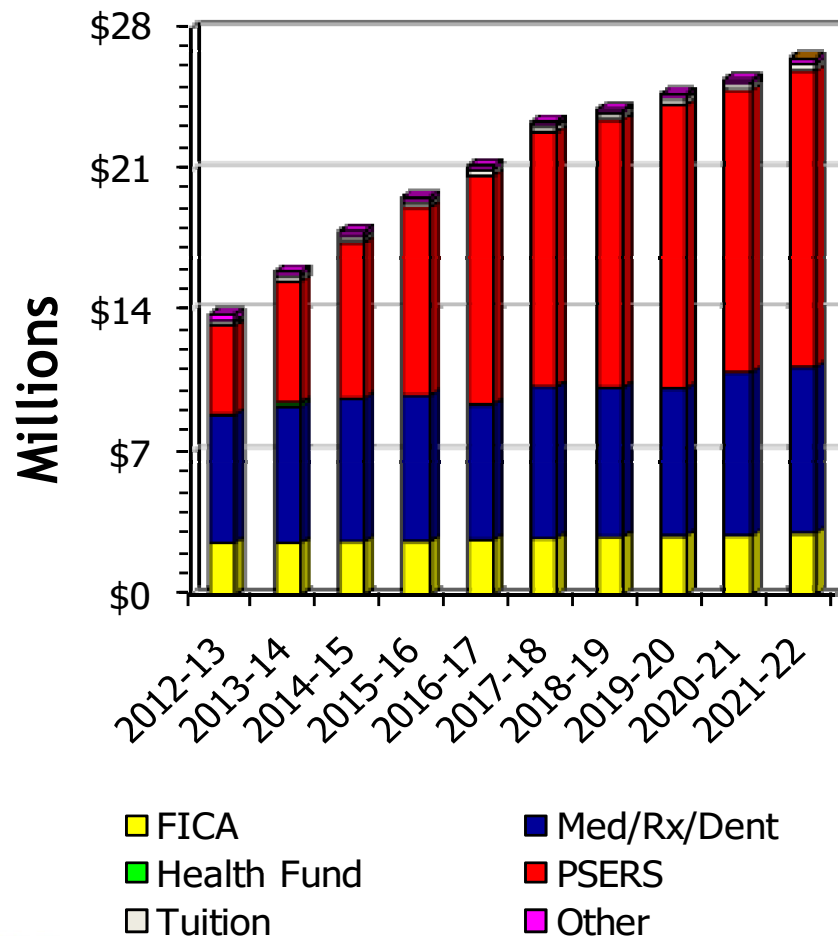


Enrollment



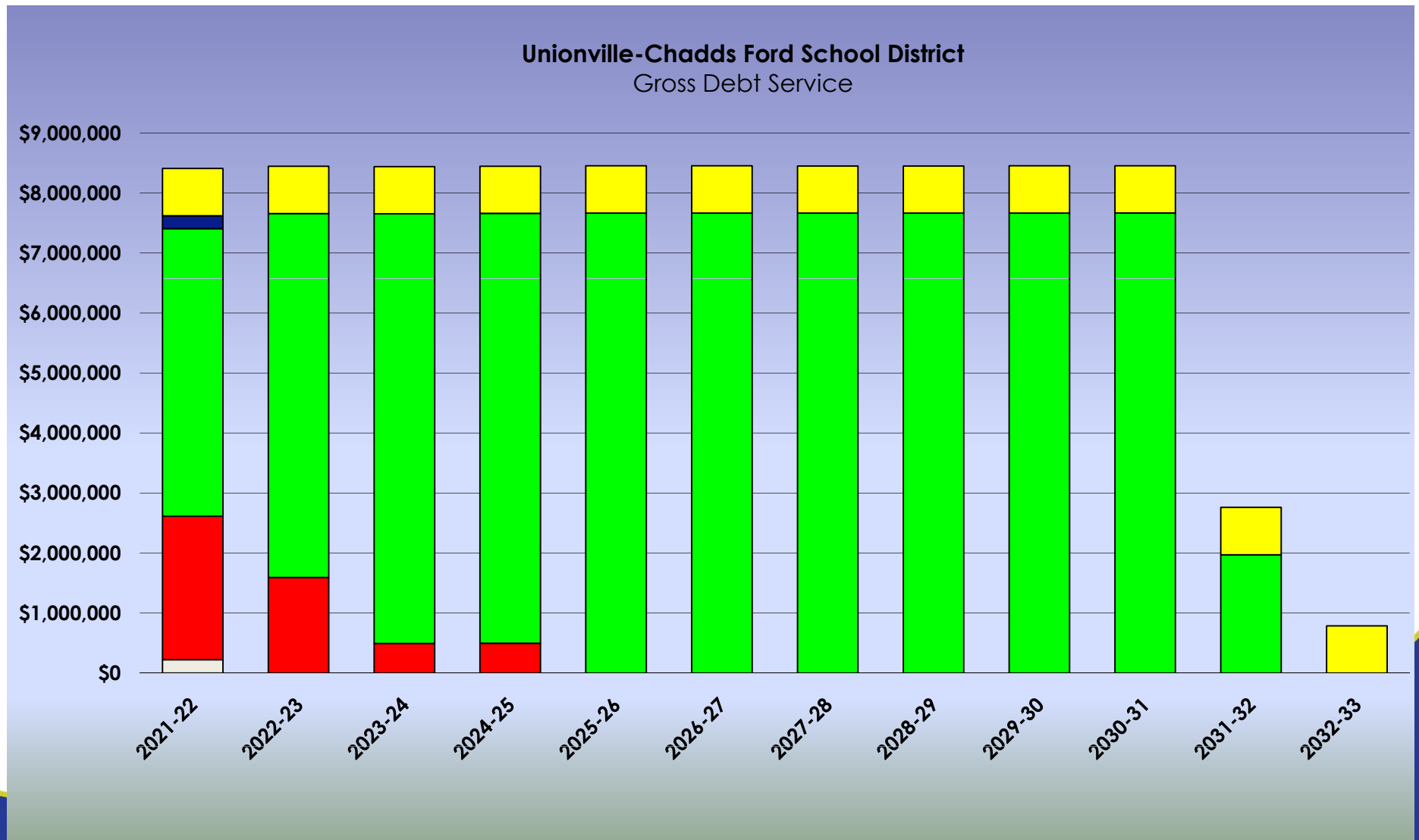
Unlocking the Potential in All of Us

Benefits History



- Medical/Prescription
 - Medical and prescription rates have a zero increase
 - Healthcare Trust Fund
 - 46.21% of projected medical and prescription gross premium
- PSERS
 - 34.94% vs. 34.51% of payroll
 - Exceeds 50% of total benefits costs
 - No new projections released December 2020
 - Projected to peak in 2027-28 at 38.17% of payroll, prepared December 2019

Debt Service



MOODY'S
INVESTORS SERVICE

ISSUER COMMENT

5 June 2020

RATING

General Obligation (or GO Related) ¹

Aa1

No Outlook

Unionville-Chadds Ford School District, PA

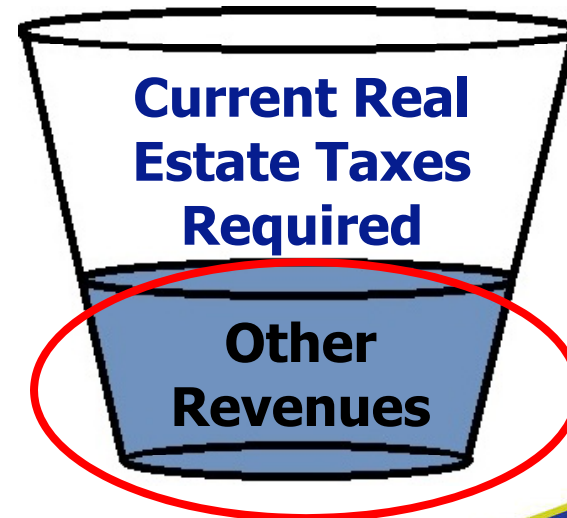
Annual Comment on Unionville-Chadds Ford SD

Issuer Profile

Finances: Overall, the district has a healthy financial position, which is relatively in line with its Aa1 rating. The nominal size of reserves is in line with the national average. However, the cash balance as a percent of operating revenues (20.9%) is a little below the US median, and declined slightly from 2015 to 2019. Furthermore, Unionville-Chadds Ford SD'S fund balance as a percent of operating revenues (10.1%) is materially lower than the US median.

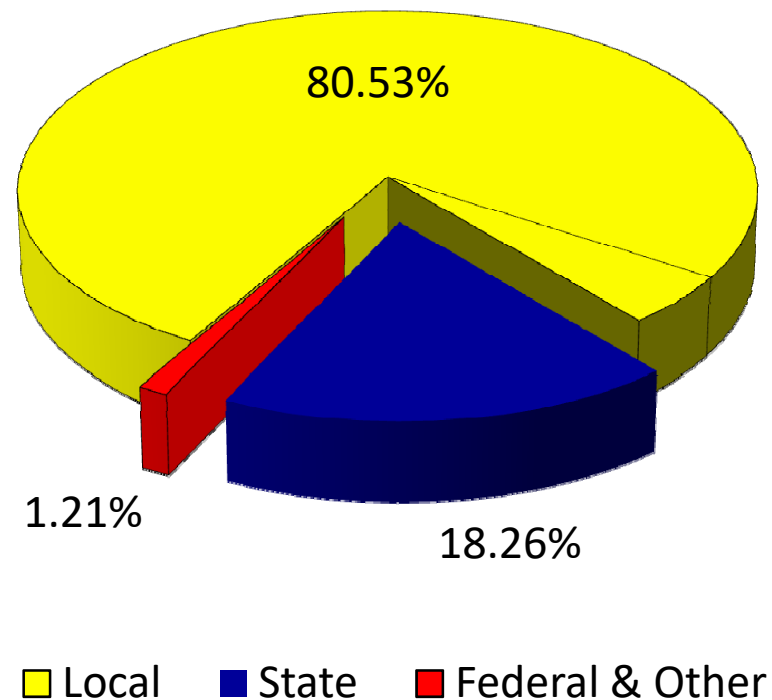
Determining Current Real Estate Taxes Required

Now we compare all other revenues (Federal, State and other local revenue) to the volume needed in the expenditures bucket to determine the current real estate taxes required.



Revenue Summary

- Local Revenues
 - \$74,476,635
 - 80.53% of total
- State Revenues
 - \$16,891,230
 - 18.26% of total
 - Includes \$1,488,647 State Property Tax Reduction allocation
- Federal & Other Revenues
 - \$489,292 ARP ESSER III Funds
 - 1.21% of total



ARP ESSER III Funds

2021-22 LEA Allocations from
American Rescue Plan
Elementary and Secondary School Emergency Relief Fund III Award
Allocations Based on LEA Share of Final FY 20-21
State-Determined Title I Calculated Allocation
(Based on 90% of Award Amount to LEAs)

AUN	Local Education Agency (LEA)	LEA Share of ARP-Elementary and Secondary Emergency Relief Fund III - (Actual Value)
124150003	Avon Grove CS	\$2,058,887
124150004	Pennsylvania Leadership Charter School	\$7,603,253
124150503	AVON GROVE SCHOOL DISTRICT	\$3,585,361
124151902	COATESVILLE AREA SCHOOL DISTRICT	\$13,977,765
124152003	DOWNINGTOWN AREA SCHOOL DISTRICT	\$2,495,933
124152637	Insight PA Cyber CS	\$12,457,134
124153320	Collegium CS	\$4,223,164
124153350	Renaissance Academy CS	\$1,418,348
124153503	GREAT VALLEY SCHOOL DISTRICT	\$2,501,186
124154003	KENNETT CONSOLIDATED SCHOOL DISTRICT	\$4,793,153
124156503	OCTORARA AREA SCHOOL DISTRICT	\$4,545,738
124156603	OWEN J ROBERTS SCHOOL DISTRICT	\$2,834,045
124156703	OXFORD AREA SCHOOL DISTRICT	\$6,401,619
124157203	PHOENIXVILLE AREA SCHOOL DISTRICT	\$3,300,048
124157802	TREDYFFRIN-EASTTOWN SCHOOL DISTRICT	\$1,503,594
124158503	UNIONVILLE-CHADDS FORD SCHOOL DISTRICT	\$737,292
124159002	WEST CHESTER AREA SCHOOL DISTRICT	\$4,289,284
Total		\$78,725,804

Pandemic Grant Funds

Title	Amount	Fiscal Yr	Start	End
PCCD 33979	\$272,230	20/21	3/20	10/20
PCCD 35303	115,554	20/21	7/20	9/22
CARES	150,448	20/21	3/20	12/20
ESSER I	82,072	20/21	3/20	9/22
ESSER II	387,365	20/21	3/20	9/23
ARP ESSER III	727,292	21/22 – 23/24	3/20	9/24

Use of Grant Funds

PCCD 33979 – custodial supplies, disinfectant, electrostatic sprayers, hand sanitizer, PPE for schools, technology equipment for distance learning, touch free thermometers, signage, posters and floor markings

PCCD 35303 – additional bus driver hours for mid day and social distanced runs, additional PPE and additional technology equipment for hybrid learning

CARES – air purification systems and filters for these units

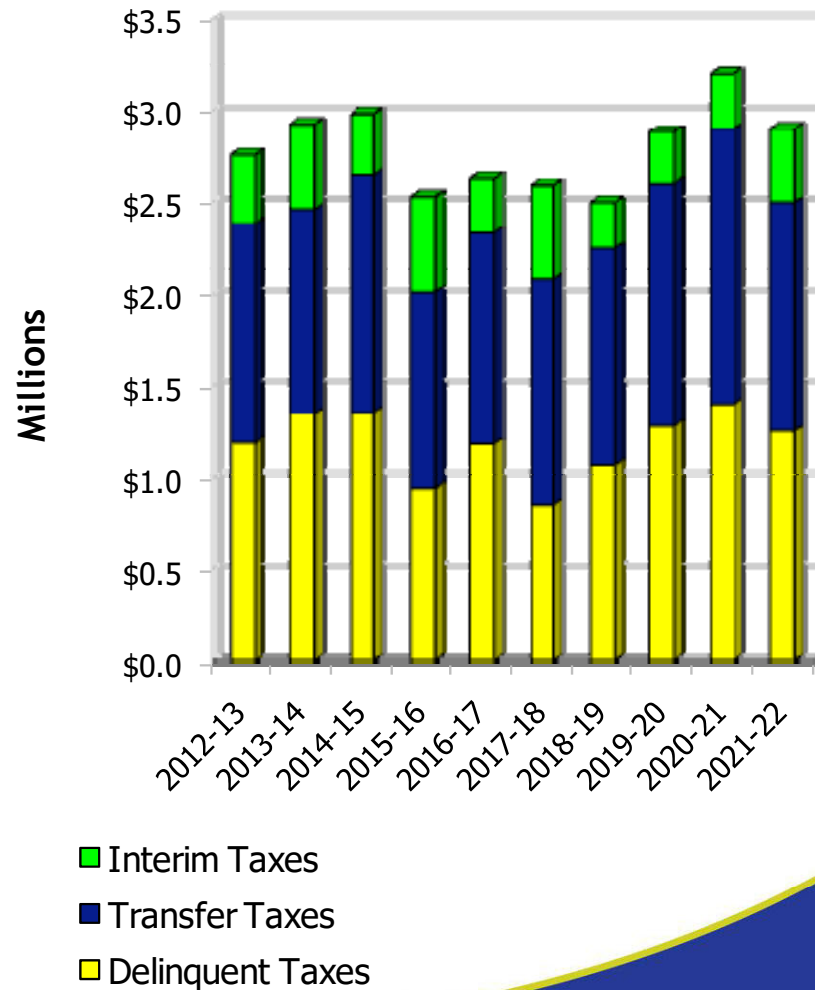
ESSER I – one elementary staff position to maintain class sizes to allow social distancing for the 2020-21 school year, purchase Seesaw software for K-5 distance learning

ESSER II – staff costs incurred with additional sabbaticals and extended sick leaves during 2020-21 school year

ARP ESSER III – 20% minimum for skills development during 2021-22 through 2023-24, additional PPE and filters, tent rentals for 2021-22 school year, staff and curriculum to transition virtual academy, further consultation with Dr. Suleiman, additional pay for nurses for COVID testing

Other Local Revenue Trend

- Delinquent Taxes have been lower as less is lienied each year
- Transfer & Interim Taxes are volatile and very dependent upon the economy
 - Transfer based on sales
 - Interims based on new construction and additions

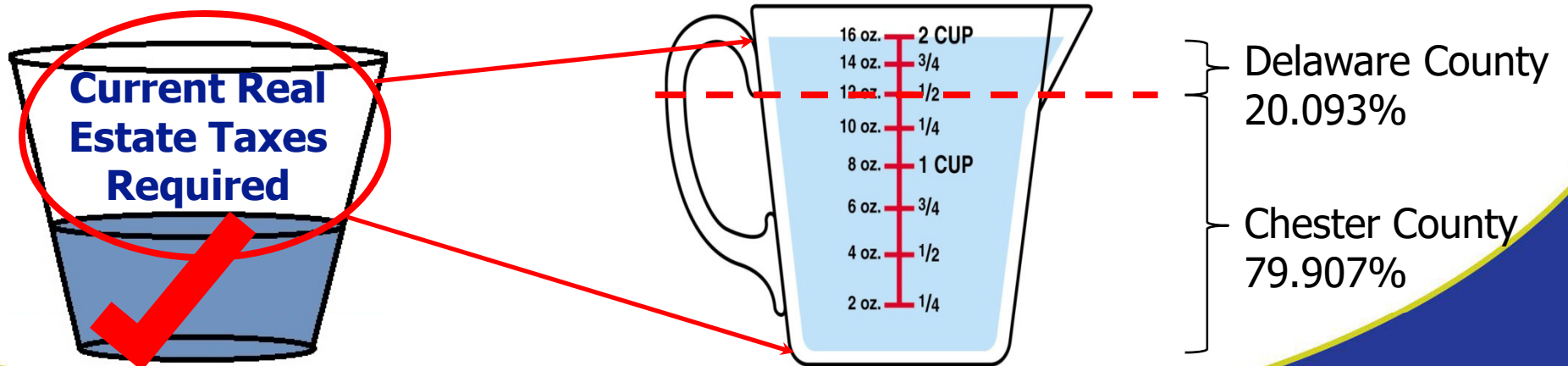


State Funding

- State funding is neither reliable nor adequate.
- Allocation of new state funds among the 500 school districts and other education agencies is usually fraught with political deal making in Harrisburg.

Splitting Between Counties

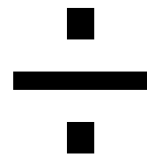
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Each County's Tax Rate

Once each county's share of the revenue is determined based on the market values, the millage is determined by spreading the tax revenue required across the taxable assessed value determined by the respective county's tax assessment office.

Delaware County
share of real estate
tax revenue



Aggregate taxable
assessed value of
county properties



Millage rate per
dollar of assessed
value



Calculation for 2021-22

I. Computation of Levy

Required Real Estate Tax Revenue
State Property Tax Reduction Allocation plus carryover
Total Required Tax Levy

Revenue	Collection Rate	Tax Levy
\$ 70,116,997	97.00%	\$ 72,285,564
		1,489,737
		\$ 73,775,301

II. Determination of County Shares

			Total Tax Levy	County Share
<u>2019 Chester</u> County Market Value	\$ 3,099,254,353			
<u>2019 UCFSD</u> Total Market Value	\$ 3,878,553,865	= 79.90747%	x \$ 73,775,301	= \$ 58,951,977
<u>2019 Delaware</u> County Market Value	\$ 779,299,512			
<u>2019 UCFSD</u> Total Market Value	\$ 3,878,553,865	= 20.09253%	x \$ 73,775,301	= \$ 14,823,324

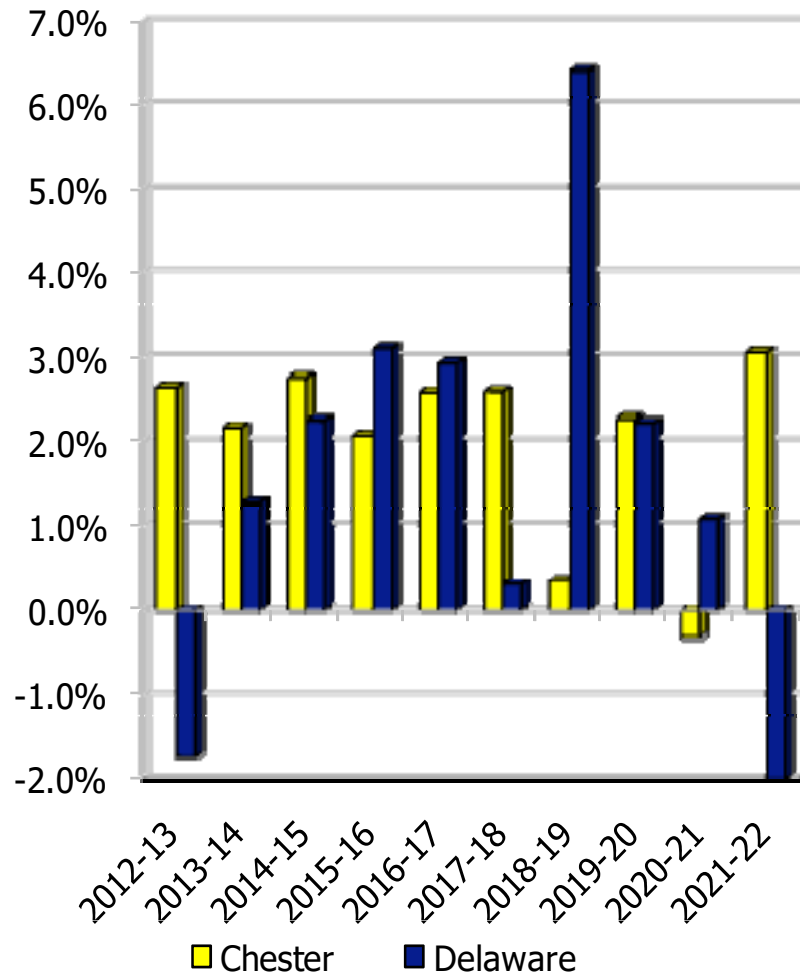
III. Act 1 Rebalancing of Base Real Estate Tax Rates

	Total	Chester	Delaware
2020-2021 Calculated Total Tax Levy	\$ 71,878,441		
Share based on 2019 Market Values		\$ 57,436,244	\$ 14,442,197
Rebalanced Base Mills (not less than actual)		29.1961	15.0719
Maximum Mills Based on Act 1 Index	(3.0% Chester and 2.6% Delaware)	30.0719	15.4637

IV. Determination of Real Estate Tax Rates

Chester County Millage		Estimated Tax Levy Calc	Mills in Excess of Index
<u>Chester</u> County Share	\$ 58,951,977		
<u>2021 Chester</u> County Assessed Value	\$ 1,967,261,230	\$ 58,939,146	N/A
	= 29.96		
Delaware County Millage			
<u>Delaware</u> County Share	\$ 14,823,324		
<u>2021 Delaware</u> County Assessed Value	\$ 958,219,751	14,814,077	N/A
	= 15.46		

Millage Impact



- **Millage Rates**

	<u>2020-21</u>	<u>2021-22</u>
– Chester County	29.07	29.96
– Delaware County	25.99	15.46
- **Percentage Change**

	<u>20-21</u>	<u>21-22</u>
– Chester County	-0.31%	3.06%
– Delaware County	1.09%	(40.52%)
– Weighted Average	-0.02%	2.97%
- **Impact on Average Home**

– Chester County	\$ (37.21)	\$228.23
– Delaware County	43.53	203.61
- **10 Year Average Percent Change**

– Chester County	2.02%
– Delaware County	2.24%

Impact on Average Residential Property

Chester County						Delaware County				
Tax Year	Average Assessed Value	Millage	Average Taxes at Face	Average Dollar Change	Average Percent Change	Average Assessed Value	Millage	Average Taxes at Face	Average Dollar Change	Average Percent Change
2021-22	264,767	29.96	\$ 7,932.42	\$ 228.23	2.96%	449,289	15.46	\$ 6,946.01	\$ 203.61	3.02%
2020-21	265,022	29.07	7,704.19	(37.21)	-0.48%	259,423	25.99	6,742.40	43.53	0.65%
2019-20	265,480	29.16	7,741.40	155.09	2.04%	260,555	25.71	6,698.87	117.94	1.79%
2018-19	266,093	28.51	7,586.31	38.14	0.51%	261,667	25.15	6,580.93	401.28	6.49%
2017-18	265,687	28.41	7,548.17	204.28	2.78%	261,517	23.63	6,179.65	10.28	0.17%
2016-17	265,218	27.69	7,343.89	218.02	3.06%	261,858	23.56	6,169.37	228.87	3.85%
2015-16	264,019	26.99	7,125.87	170.25	2.45%	259,524	22.89	5,940.50	182.22	3.16%
2014-15	263,072	26.44	6,955.62	209.37	3.10%	259,382	22.20	5,758.28	182.18	3.27%
2013-14	262,194	25.73	6,746.25	75.51	1.13%	256,845	21.71	5,576.10	49.10	0.89%
2012-13	264,922	25.18	6,670.74	170.58	2.62%	257,789	21.44	5,527.00	(48.40)	-0.87%

Ten Year Average

\$ 143.23

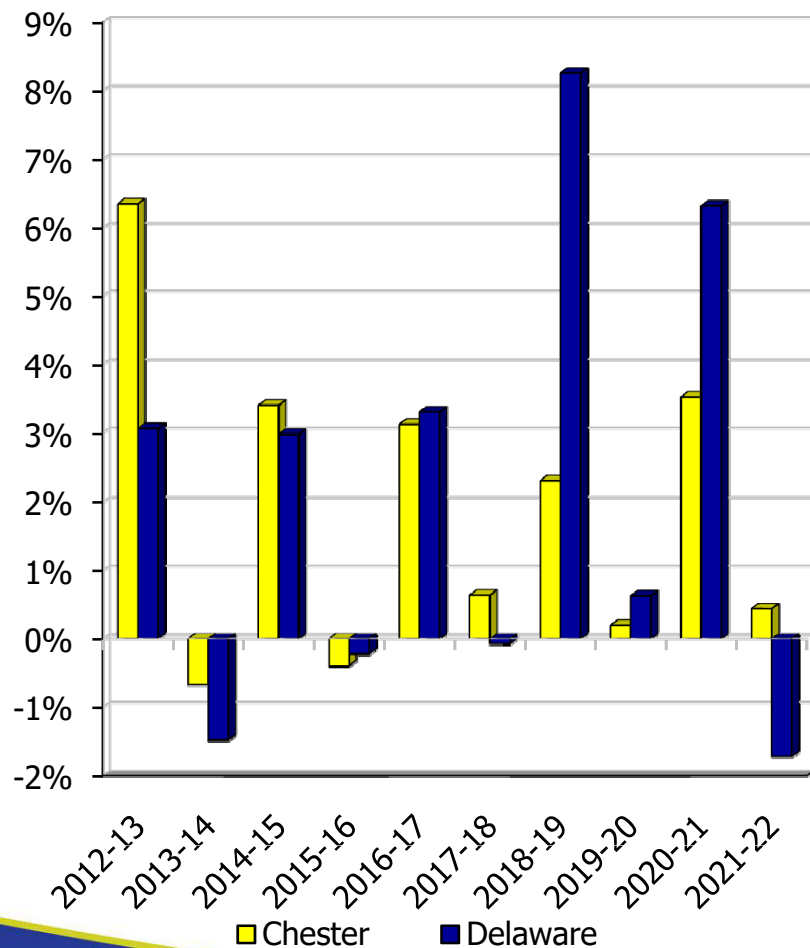
2.02%

\$ 137.06

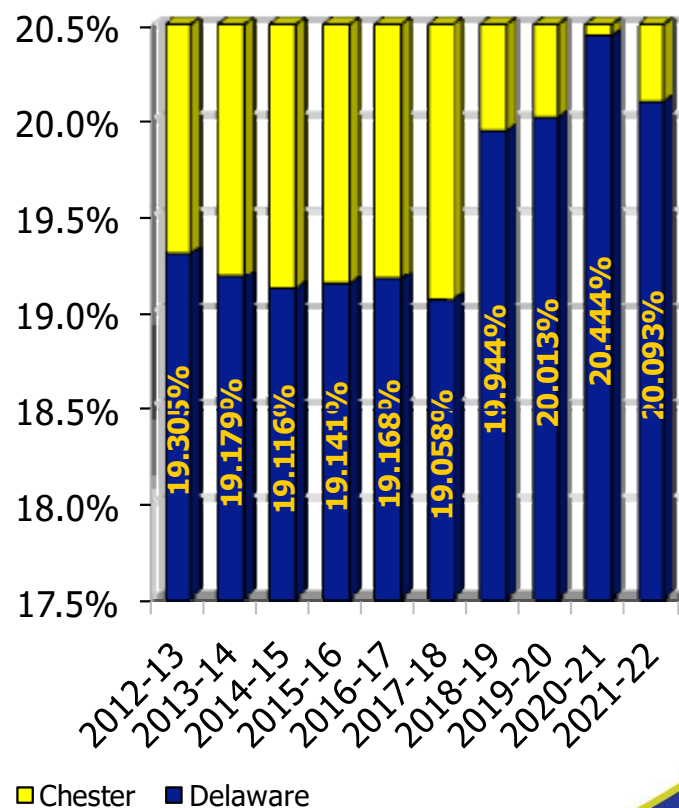
2.24%

Market Value Changes (2 year lag from State)

Annual Percent Change

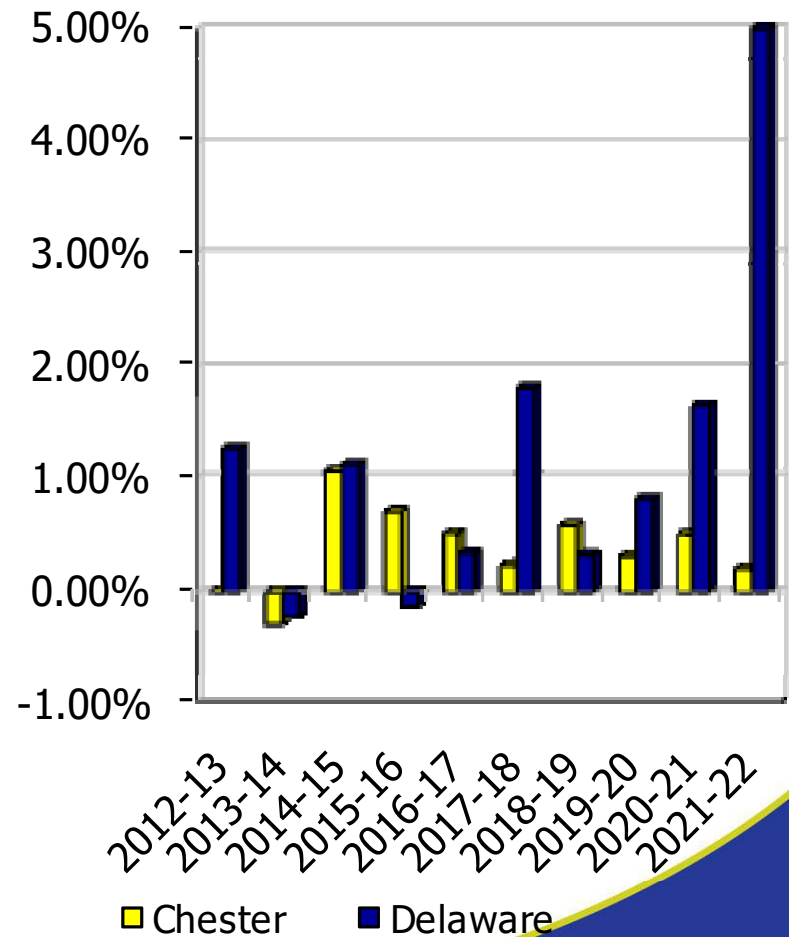


Delaware County Share

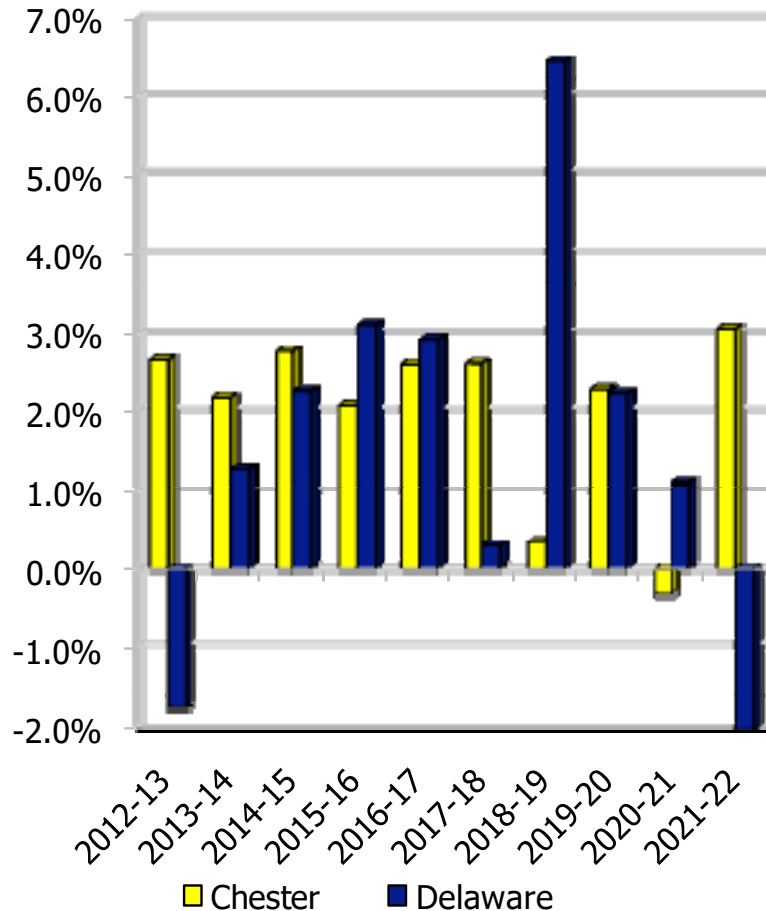


Assessed Value Changes (current tax year from Counties)

- Delaware County experience a County-wide reassessment
 - Increased of 72.86% overall
 - Assessment appeals have increased in Delaware due to reassessment
- Chester County assessment increase of 0.20 %
 - Three townships had net loss
 - Three townships had net gain

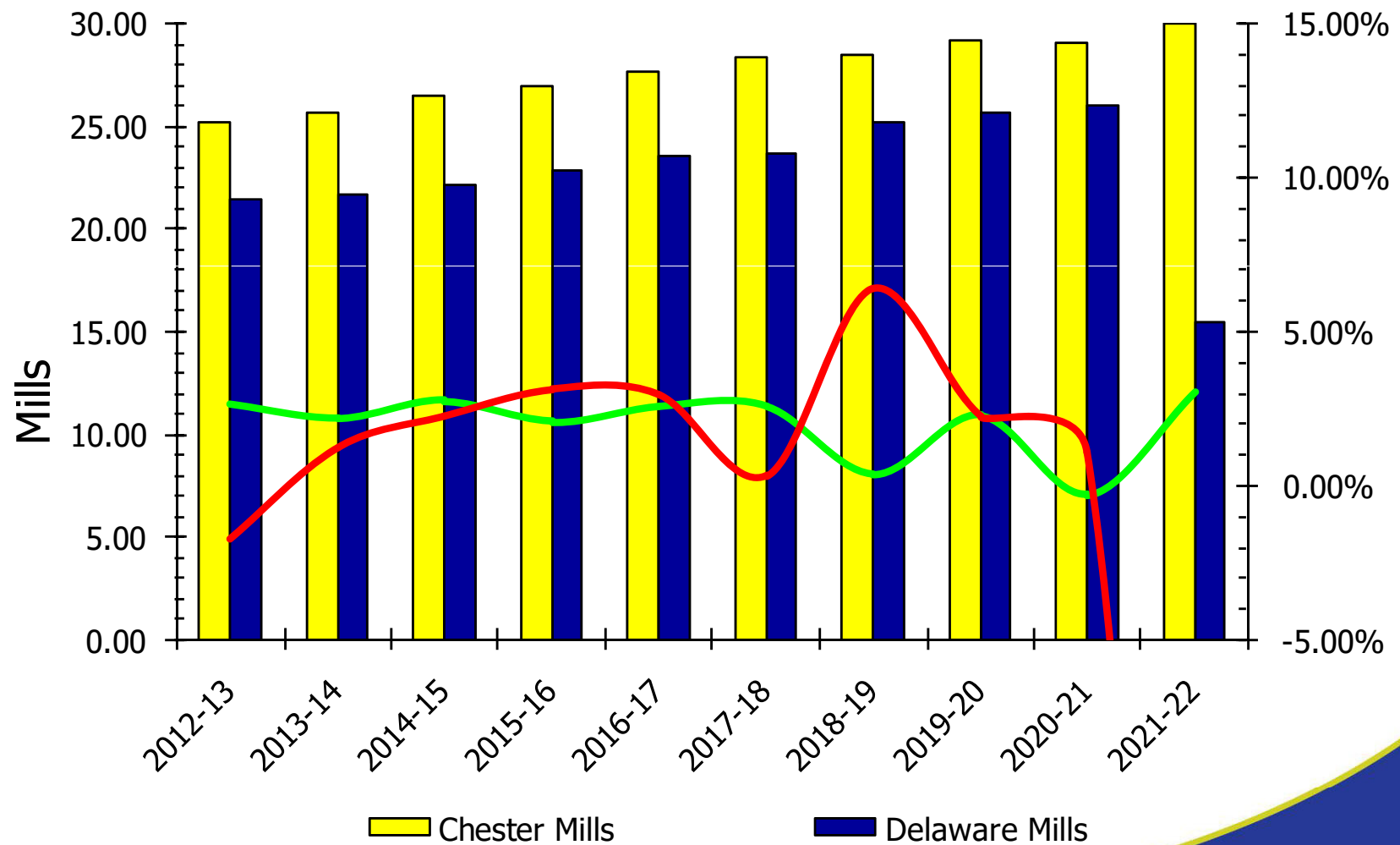


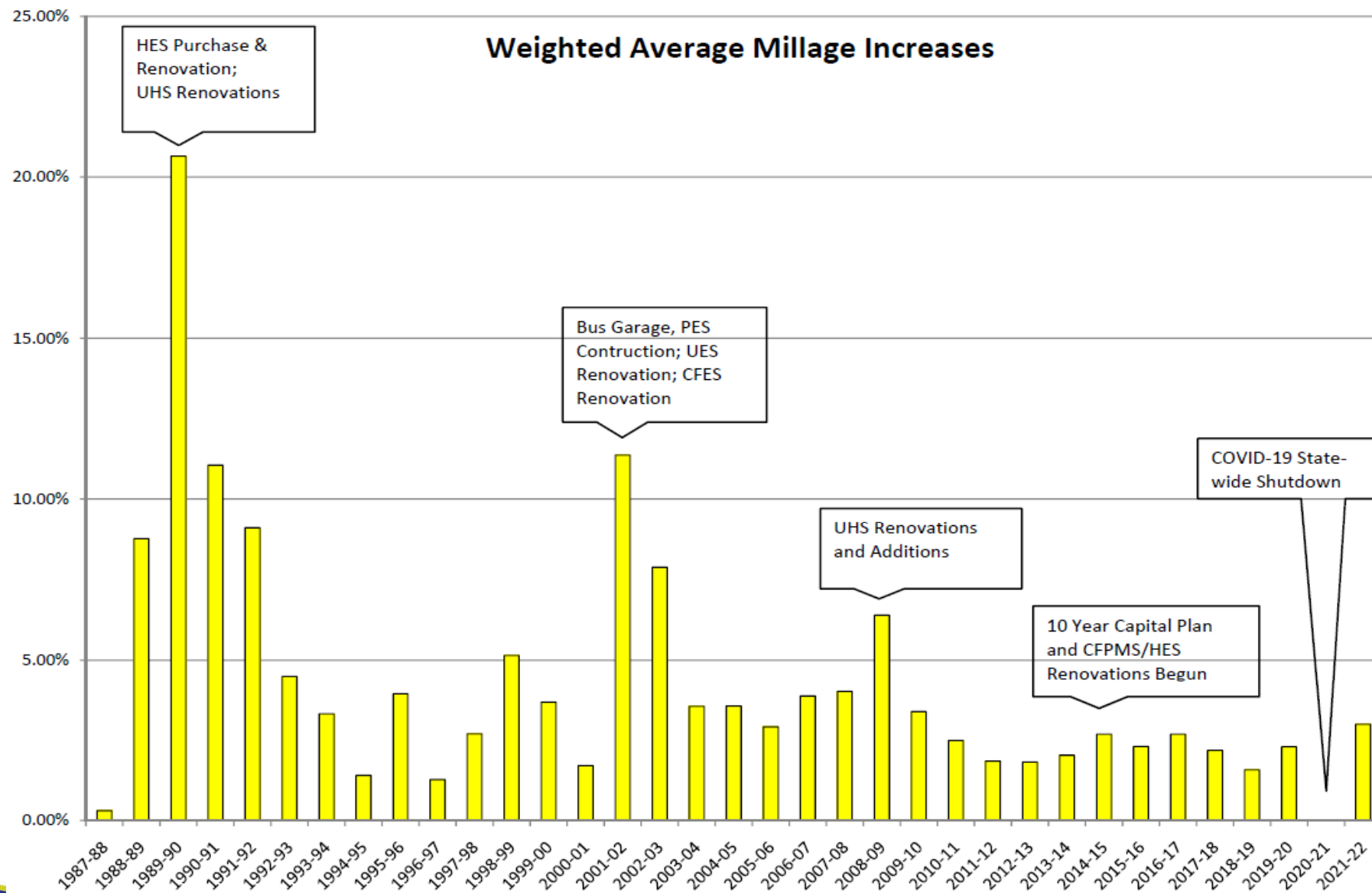
Different Millage Changes



- Factor of:
 - Market value ratio change
 - Assessed value growth/(decline)
 - Expenditures growth/(decline)
 - Other revenues growth/(decline)
 - Targeted fund balance
- Percentage point difference in change between counties without a county wide reassessment has varied:
 - Low 0.05% percentage points 2019-20
 - High 9.94% percentage points 2008-09

Millage History





Estimated Homestead/ Farmstead Tax Relief

2021-22 State Property Tax \$1,488,647

Reduction Allocation

Total Homesteads/Farmsteads *6,641*

Chester County Homesteads *5,414*

Chester County Farmsteads *64*

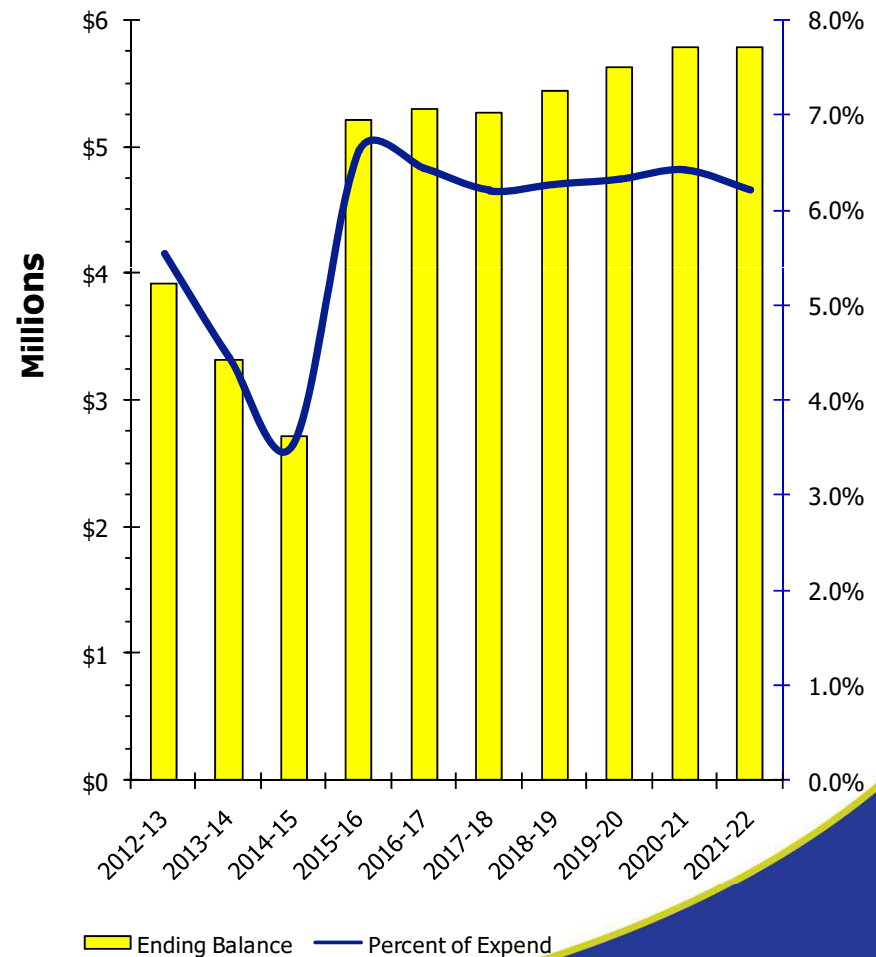
Delaware County Homesteads *1,163*

Tax Relief per Homestead/Farmstead *\$224.31*

	Median Assessed Values	Exclusion Amounts
Chester County	<i>\$251,250</i>	<i>\$ 7,487</i>
Delaware County	<i>425,000</i>	<i>14,509</i>

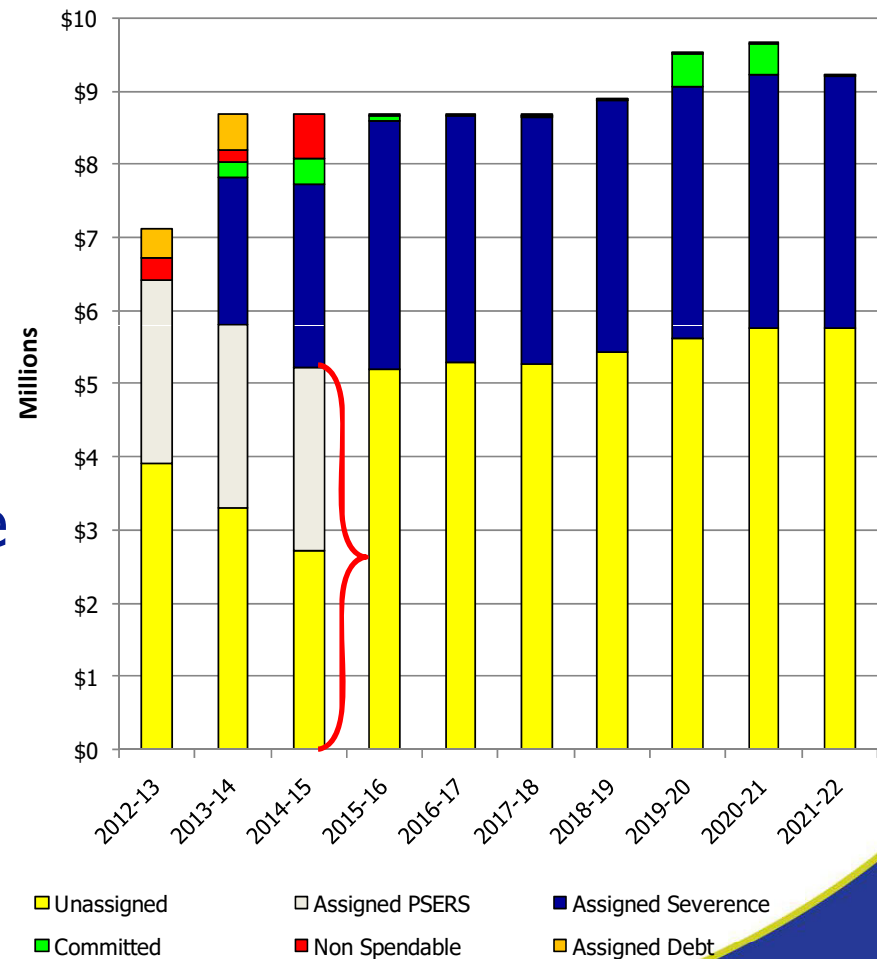
Unassigned Fund Balance

- State maximum budgeted ending Unassigned Fund Balance is 8.00%
- Board Policy 620 directs the District to target Unassigned Fund Balance between 5% and the state maximum of 8%
- 2021-22 Estimate is 6.22%
- Unassigned Fund Balance levels have significant impact of the District's Bond Rating, thus lowering the cost of borrowing
 - Moody's Aa1
 - Standard & Poor's AA



Total Fund Balance

- Estimated 2021-22 budgeted ending total fund balance at 9.94%
- Fund balance consideration does not include food service operations or reserve fund:
 - Capital Reserve Fund
 - Capital Projects Fund
 - Debt Service Fund
 - Healthcare Trust Fund



Reserve Funds

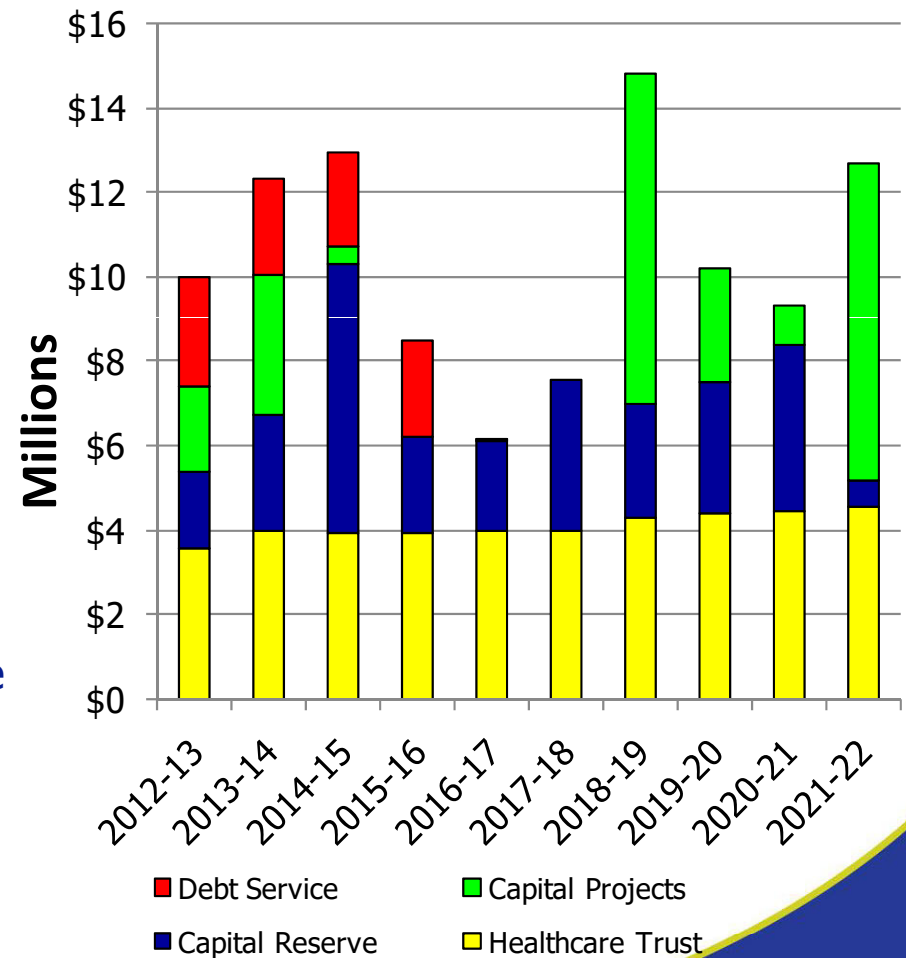
Capital Reserve Fund is annual funding and one-time savings transferred from the General Fund for capital maintenance, equipment and improvements

- Previously referred to as 5 Year Capital Plan and now includes the 10 Year Capital Plan

Capital Projects Fund represents Bond Proceeds for renovations and improvements

Debt Service Reserve Fund is one-time savings from bond refinancing transferred from the General Fund for paying down existing debt or avoiding the incurrence of new debt when doing larger capital projects

Healthcare Trust Fund is reserved for self-funding of medical, prescription and dental employee benefit insurances



2021-22 Proposed Final Budget

	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
REVENUE											
Local	\$72,483,646	\$74,432,944	2.69%	\$76,744,656	3.11%	\$79,277,382	3.30%	\$81,599,169	2.93%	\$83,606,840	2.46%
State	\$16,170,495	\$16,891,319	4.46%	\$16,962,090	0.42%	\$17,355,450	2.32%	\$17,759,349	2.33%	\$18,183,623	2.39%
Federal	\$1,634,106	\$1,115,729	-31.72%	\$754,437	-32.38%	\$754,437	0.00%	\$626,437	-16.97%	\$626,437	0.00%
Other Financing Sources	\$0	\$0		\$0		\$0		\$0		\$0	
TOTAL REVENUE	\$90,288,247	\$92,439,992	2.38%	\$94,461,183	2.19%	\$97,387,269	3.10%	\$99,984,955	2.67%	\$102,416,900	2.43%
EXPENDITURES											
Salary and Benefit Costs	\$66,033,273	\$69,134,919	4.70%	\$71,425,552	3.31%	\$74,048,015	3.67%	\$76,762,358	3.67%	\$79,452,182	3.50%
Other	\$24,129,762	\$23,741,489	-1.61%	\$23,793,329	0.22%	\$23,845,688	0.22%	\$23,898,570	0.22%	\$23,951,981	0.22%
TOTAL EXPENDITURES	\$90,163,035	\$92,876,408	3.01%	\$95,218,882	2.52%	\$97,893,703	2.81%	\$100,660,928	2.83%	\$103,404,163	2.73%
SURPLUS / DEFICIT	\$125,212	(\$436,416)		(\$757,698)		(\$506,434)		(\$675,974)		(\$987,263)	
BEGINNING FUND BALANCE	\$9,544,829	\$9,670,041		\$9,233,625		\$8,475,927		\$7,969,493		\$7,293,519	
PROJECTED YEAR END BALANCE	\$9,670,041	\$9,233,625		\$8,475,927		\$7,969,493		\$7,293,519		\$6,306,256	
PROJECTED YEAR END ASSIGNED BALANCE	\$3,448,785	\$3,299,541		\$3,229,541		\$3,229,541		\$3,229,541		\$3,229,541	
PROJECTED YEAR END UNASSIGNED BALANCE	\$6,221,256	\$5,934,084		\$5,246,386		\$4,739,952		\$4,063,978		\$3,076,715	
UNASSIGNED BALANCE AS A % OF EXPENDITURES	6.90%	6.39%		5.51%		4.84%		4.04%		2.98%	

Budget Schedule

- Budget Hearings
 - Monday, May 3 at 7:00pm Zoom Meeting
 - Wednesday, May 5 at 7:00pm Zoom Meeting (if needed)
- Modifications to Proposed Final Budget
 - On or before Friday, May 14 for distribution to Board Members
- Board Approve Proposed Final Budget
 - Monday, May 17 at 7:30pm Board Regular Meeting
- Public Inspection Copy
 - Available on or before Tuesday, June 1 (20 days before final adoption)
- Board Approve Final Budget
 - Monday, June 21 at 7:30pm Board Regular Meeting

Board Questions & Discussion