

Gateway School District General Fund Budget

Proposed Final Budget Information for the
2023-2024 Fiscal Year

As of May 11, 2023

The background of the slide features several decorative elements consisting of concentric circles in a lighter shade of blue, resembling ripples in water. These circles are scattered across the lower half of the slide, with one prominent set in the bottom right corner and others in the bottom left and center.

Significant Revenue & Expenditure Issues for 2023-2024

- 1. Increase in Prior Year Real Estate Tax Refunds (Monroeville Mall Property) - \$3,000,000 (To be paid from Unassigned Fund Balance).
- 2. Approximate Net (Decrease) in Current Year Real Estate Tax Revenue due to the estimated (Decrease) in the Assessed Value of the Monroeville Mall property currently under appeal and estimated to be finalized in 2023 – 2024 (\$826,420) - (#1 Real Estate Assessed and Taxed Property in the District).
- 3. Increase in Employee Salary expenditures - \$ 415,583
- 4. Increase in Technology expenditures - \$ 764,803.
- 5. Net Increase in Athletic Budget – Supplies, Equipment - \$168,224
- 6. Increase in Employee Health Insurance expenditures - \$650,464
- 7. Increase in Special Education expenditures - \$416,125
- 8. Increase in Maintenance Capital Improvement Projects - \$750,000
- NOTE: Items 3. through 8. above total \$3,165,199

Net (Increase) in Total Real Estate Assessed Value for 2023-2024

- 4/01/23 Total Assessed Value * \$2,384,496,457
- 4/15/22 Total Assessed Value \$2,378,914,057
- Net (Increase) \$ 5,582,400
-
- * **Monroeville - \$ 2,326,447,972**
- * **PITCAIRN \$ - \$ 58,048,485**
- Total Assessed \$ 2,384,496,457
- A net Increase in gross revenue of \$121,405 from the 2023-2024 General Fund Budget (at the 2022-2023 millage rate of 21.7479 mills).

Monroeville Mall Loss of Revenue for 2023-2024

- Budgeted for a (\$38 million) (Decrease) in the assessed value of the Monroeville Mall Property.
- NET Equivalent loss of (\$826,420) in current year real estate tax revenue.
- Thus, this calculation adjustment eliminated all of the positive increases in assessed value that resulted from the successful District real estate appeals since 6/4/22.
- This appeal is projected to be settled in 2023 calendar year . Thus, an adjustment is required.

Summary of Proposed Final Total Revenues for 2023-2024

- Projected Proposed Final Total Revenues for 2023-2024 is \$ 88,647,558
- Increase of \$ 968,550 or 0.11% over the fiscal year 2022-2023 budgeted Total Revenues.
- (NOTE: The above Revenues “DO NOT INCLUDE” a real estate tax increase “RECOMMENDED” for 2023-2024 and include \$3,800,000 in Unassigned Fund Balance.)

Summary of Proposed Final Total Expenditures for 2023-2024

- Projected Proposed Final Total Expenditures for 2023-2024 of \$95,089,066.
- Increase of \$2,580,366 or 2.80% over the fiscal year 2022-2023 budgeted Total Expenditures.

Net Proposed Final Budgetary (Shortfall) or (Deficit) for 2023-2024

- Increase in Revenues of \$968,550 +
- Increase in Expenditures of \$2,580,366 =
- Net Proposed Final Budget (Shortfall) or
(Deficit) for 2023-2024 of (\$1,611,816).
- NOTE: BEFORE the utilization of a
“RECOMMENDED” tax increase and the
utilization of ADDITIONAL portions of Fund
Balance ?

Continued Work for 2023-2024

- District staffing remains to be further reviewed and ADJUSTED which currently comprises 64% of the total Proposed Final General Fund Budget for the 2023-2024 fiscal year.
- Central Administration is continuing to review all proposed expenditures and all revenues for applicable adjustments in an attempt to reduce the Budget (Deficit).

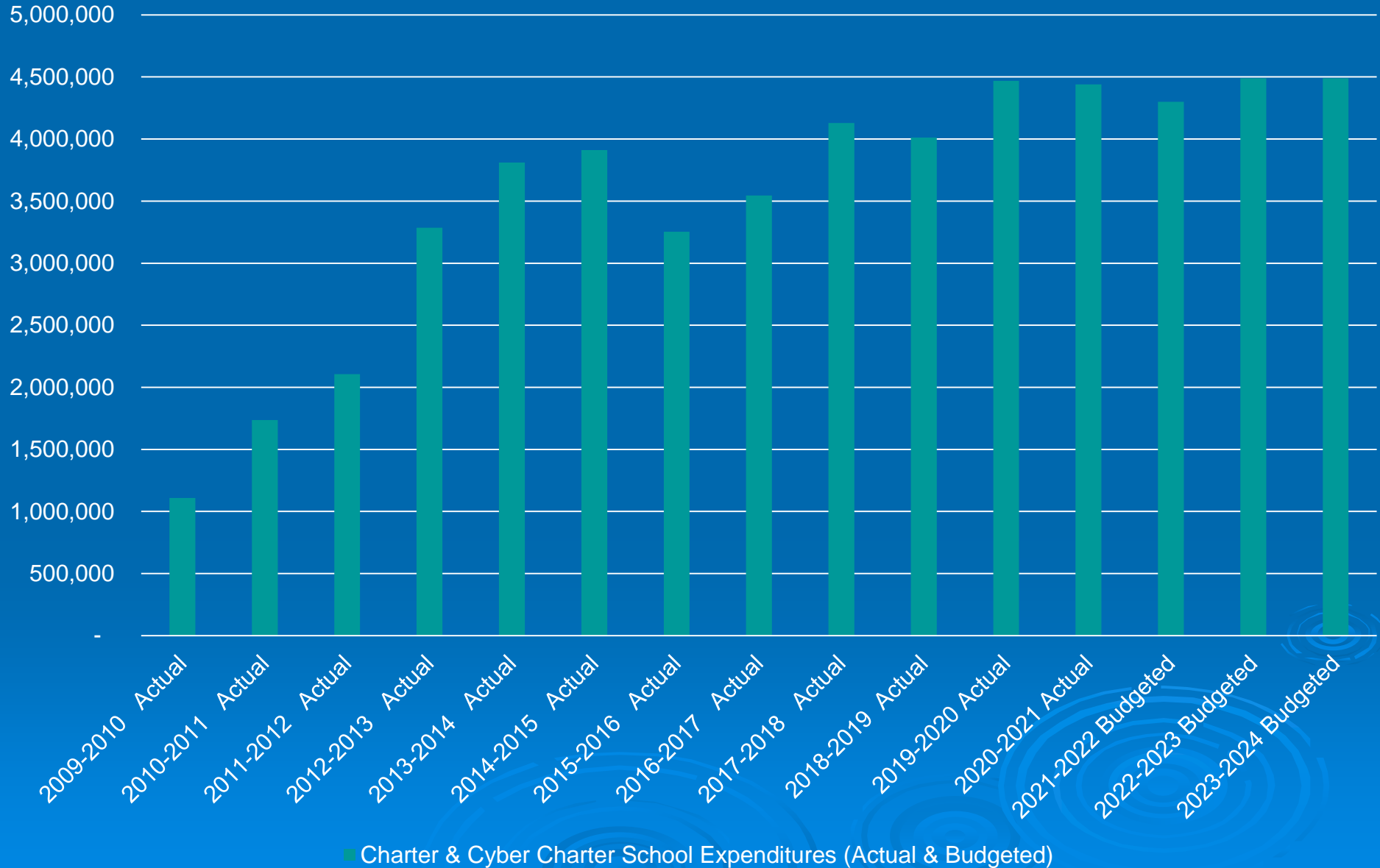
Proposed Cyber Charter School Tuition Legislative Reform for 2023-2024

- Cyber school tuition rates are again being discussed in Harrisburg with a myriad of other potential changes. (Not very optimistic!)
- Historically, NO significant changes have ever been implemented by the State Legislature which have provided a positive financial impact on school district budgets.
- Great potential savings for the District if several options would actually be implemented by the State Legislature!

Potential Savings from Charter & Cyber Charter School Reform for 2023-2024

- The specification of set tuition rate amounts for both regular education & special education cyber charter school students would equate to significant savings.
- “Cyber” charter schools incur less expenditures than “brick and mortar” charter schools. Thus, the cyber charter schools should not receive the same tuition payments as brick and mortar charter schools.
- Simply mandating that PDE update the estimated charter and cyber charter school tuition rates initially calculated with budgeted and estimated numbers by all school districts with actual school district financial and student attendance data may save some school districts money.

Charter & Cyber Charter School Expenditures (Actual & Budgeted)



State Subsidies Proposed for 2023-2024

- BEF = Basic Education Funding.
- SEF = Special Education Funding.

- BEF Governor proposed to increase by \$1.55 billion.
- SEF Governor proposed to increase by \$187 million.

- NOTE: BEF & SEF individual school district amounts released for 2023-2024 will change once PDE updates each of the subsidy formulas with the actual 2022-2023 fiscal year data. This is a typical occurrence.

Inclusion of of Governor Proposed State Budget Increases for 2023-2024

- Proposed Governor Total Increase of \$1,880,027 in Basic Education Subsidy.
- Proposed Governor Total Increase of \$353,137 in Special Education Subsidy.
- District will include total (100% = \$2,233,164) of the above two proposed increases in the 2023-2024 Budget.
- NOTE: If including 100% and the above two increases are not received from the State, the amounts would be taken from the District's Unassigned Fund Balance.

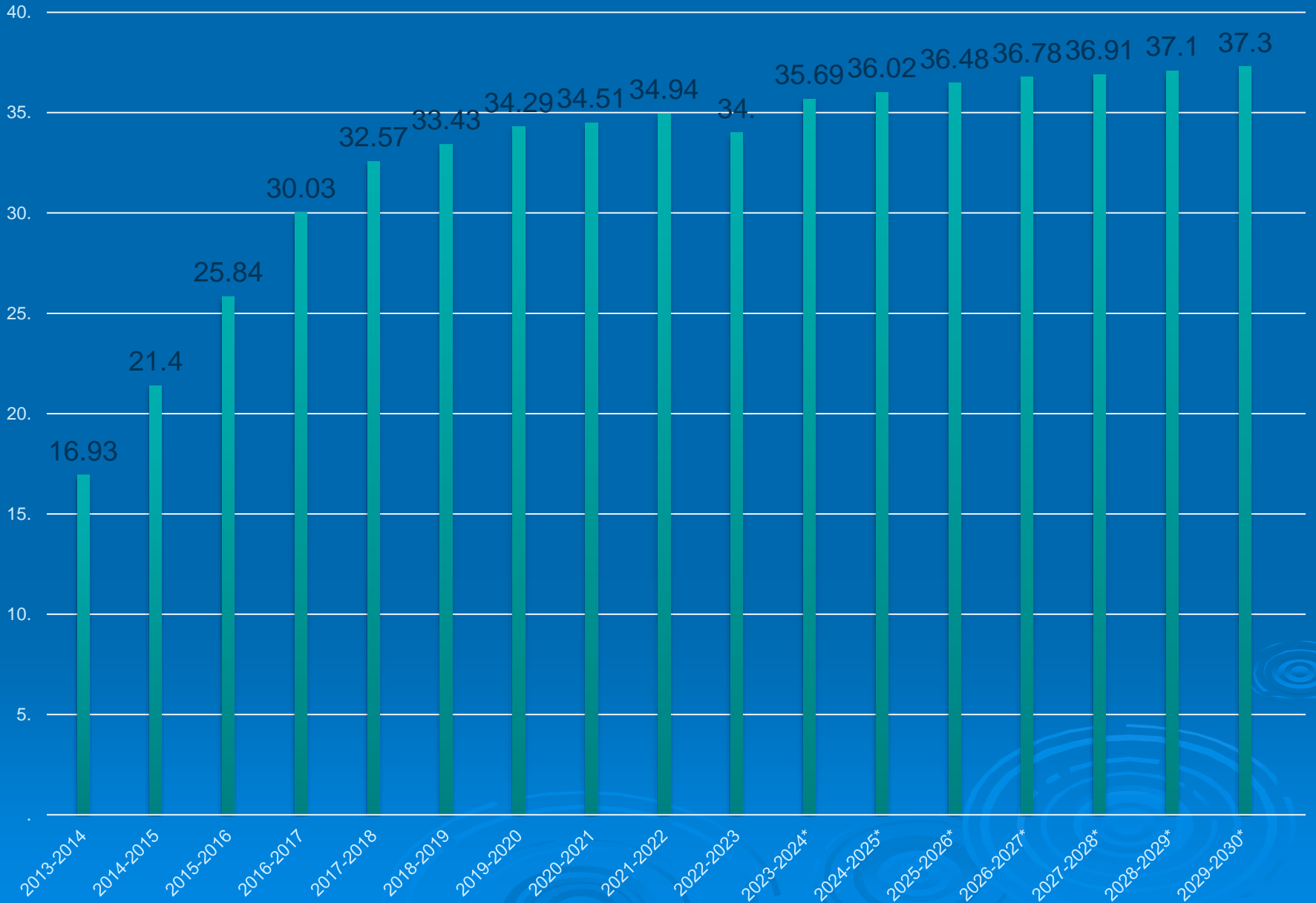
PA Pension Reform Changes for 2023-2024

- Act 5 of 2017 began on 7/1/19; however, still no immediate relief to decrease the school district required employer contribution rate.

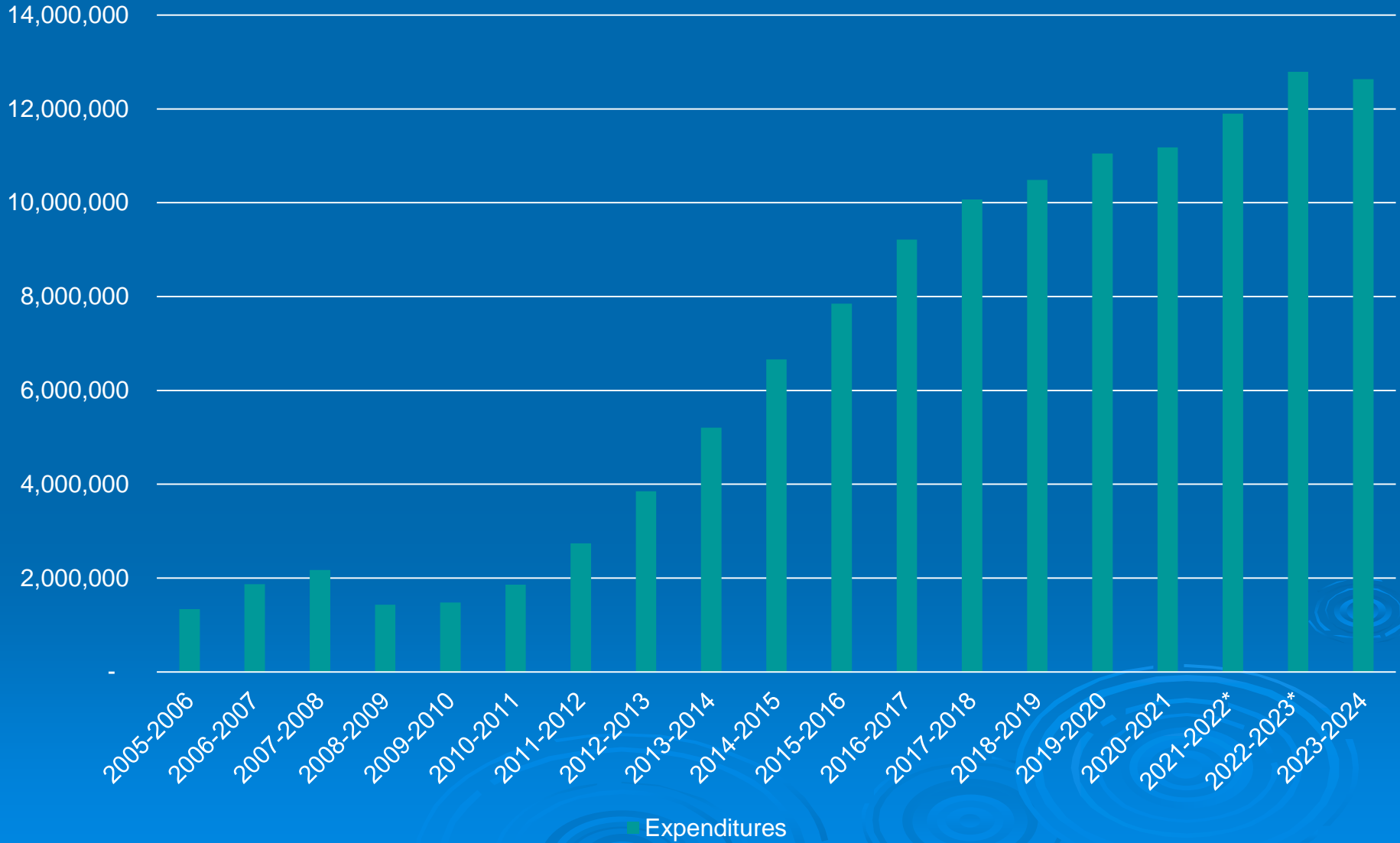
The Employer Contribution rate for 2023-2024 will be 34.00%. This is the First decline in the rate in more than a decade.

- Decrease of 1.26% (from 35.26% to 34.00%) in required employer retirement benefit expenditures to PSERS prior to the 50% State reimbursement, Savings of \$41,453

Actual & Projected* PSERS Employer Rates



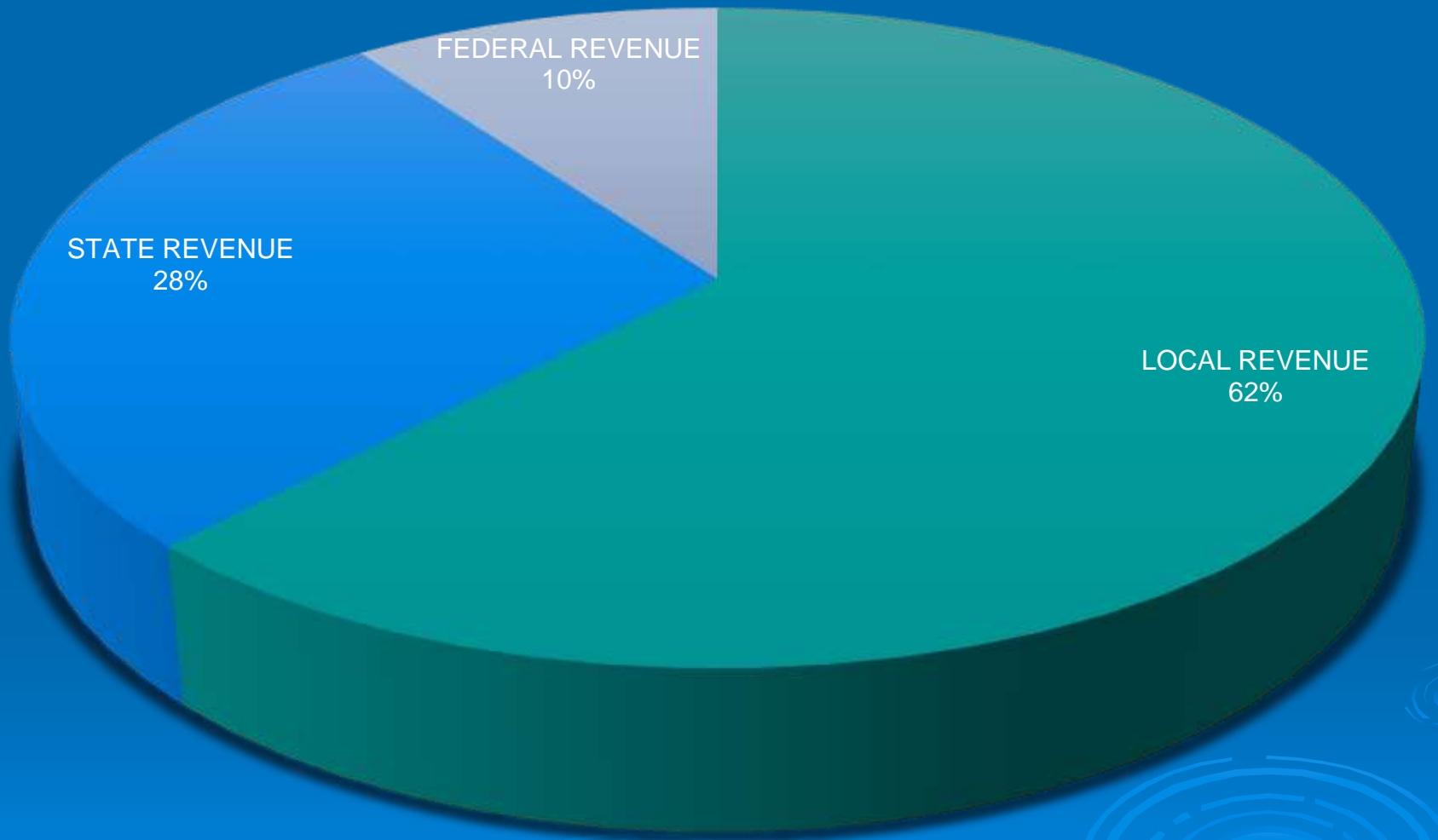
Employer Retirement (PSERS) Expenditures - Actual & Budgeted*



Composition of Major Revenue Categories for 2023-2024

- Local – 62% of the Proposed Final 23-24 Budget.
- State – 28% of the Proposed Final 23-24 Budget.
- Federal – 10% of the Proposed Final 23-24 Budget.

MAJOR REVENUE CATEGORIES FOR 2023-2024



■ LOCAL REVENUE ■ STATE REVENUE ■ FEDERAL REVENUE

Major Types of Local Revenue Categories for 2023-2024

- Current Real Estate Tax (Largest).
- Current Earned Income Tax.
- Fund Balance
- Current Mercantile Tax.
- Delinquent Real Estate Tax.
- Deed Transfer Tax.
- Delinquent Earned Income Tax.
- Current Local Services Tax.

Major Types of State Revenue Categories for 2023-2024

- Basic Education Subsidy (Largest).
- Retirement Reimbursement Subsidy – 50%.
- Special Education Subsidy.
- Property Tax Reduction Allocation.
- SS & FICA Reimbursement Subsidy – 50%.
- Transportation Reimbursement Subsidy.
- Debt Service Reimbursement Subsidy.
- Ready to Learn Block Grant.

Major Types of Federal Revenue Categories for 2023-2024

- ACCESS Funds - Passed Through the PDE.
- Title I Funds - Passed Through the PDE.
- IDEA Funds - Passed Through the AIU#3.
- Title II Funds - Passed Through the PDE.
- ACCESS Funds - Passed Through the AIU#3.
- Title IV Funds - Passed Through the PDE.
- Title III Funds - Passed Through the AIU#3.

ESSER III & Federal Funds for 2023-2024

- One-time federal COVID-19 Pandemic funds.
- Should not be utilized for any type of reoccurring fiscal year to fiscal year type of expenditure such as employee salaries and benefits. However, the required Learning Loss expenditures require the hiring of temporary staff positions over two fiscal years.
- Ideally to be utilized for ONLY non-reoccurring or very *infrequently* occurring types of expenditures such as capital improvements to improve indoor air quality in two District school buildings (Evergreen & University Park Elementary Schools).

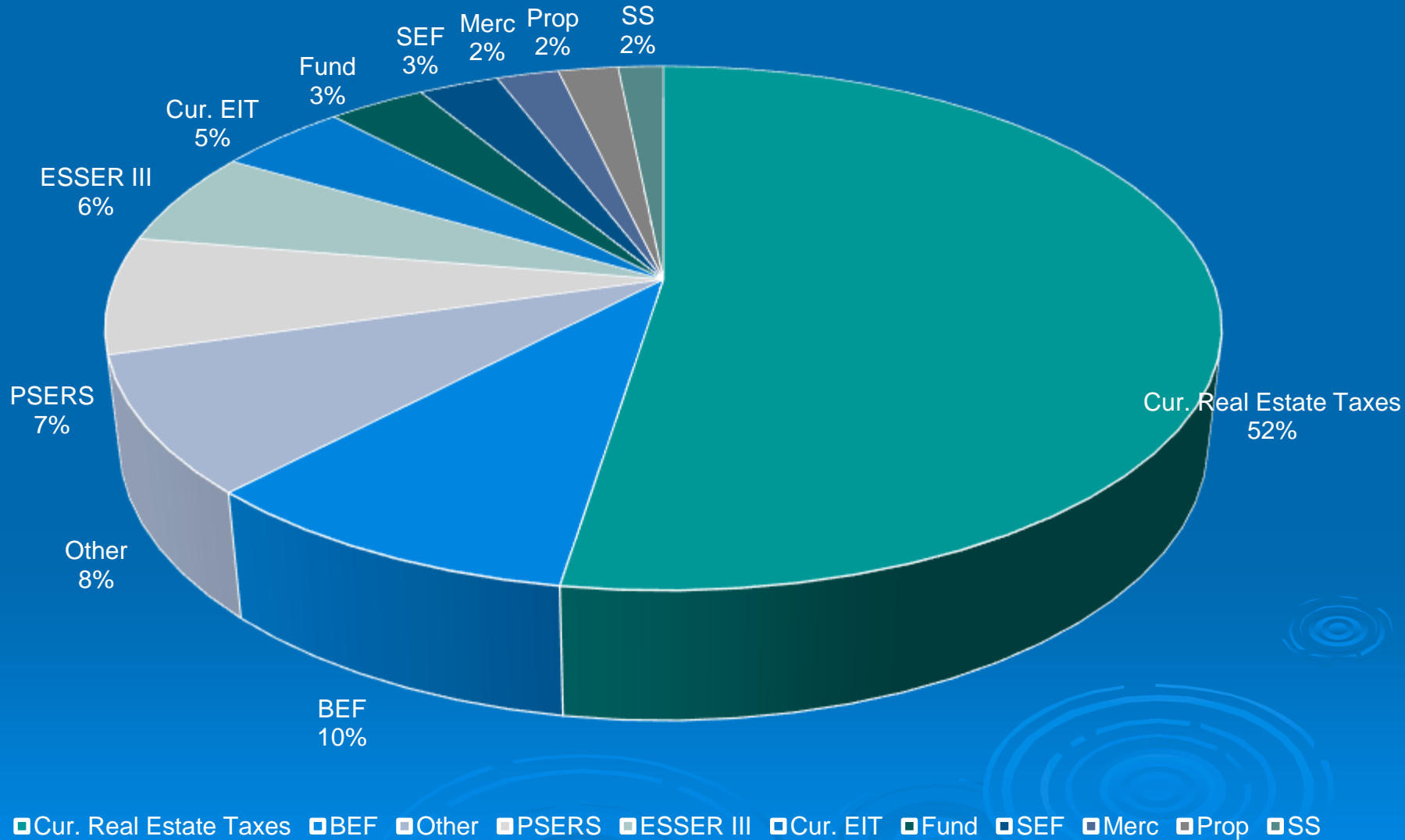
ESSER III Federal Funds

- District Total Allocation: \$5,971,929
- ESSER Balance or 74% of the above amount or \$4,448,234 available for HVAC school building upgrades. (Evergreen & UP) The Balance will be carried over to
- 2023-2024 General Fund and will be used to pay for the completion of the HVAC Project

Top Ten 2023-2024 Revenues

- 1. Current Real Estate Taxes - \$48,129,503
- 2. Basic Education Subsidy - \$10,375,480
- 3. Retirement Reimburse. Subsidy - \$6,315,429
- 4. ESSER III Federal Funding - \$4,448,324
- 5. Current Earned Income Taxes - \$4,123,842
- 6. Fund Balance - \$3,800,000
- 7. Special Education Subsidy - \$2,909,670
- 8. Mercantile Taxes - \$1,926,529
- 9. State Property Tax Reduction - \$1,840,192
- 10. SS & FICA Reimburse. Subsidy - \$1,405,142

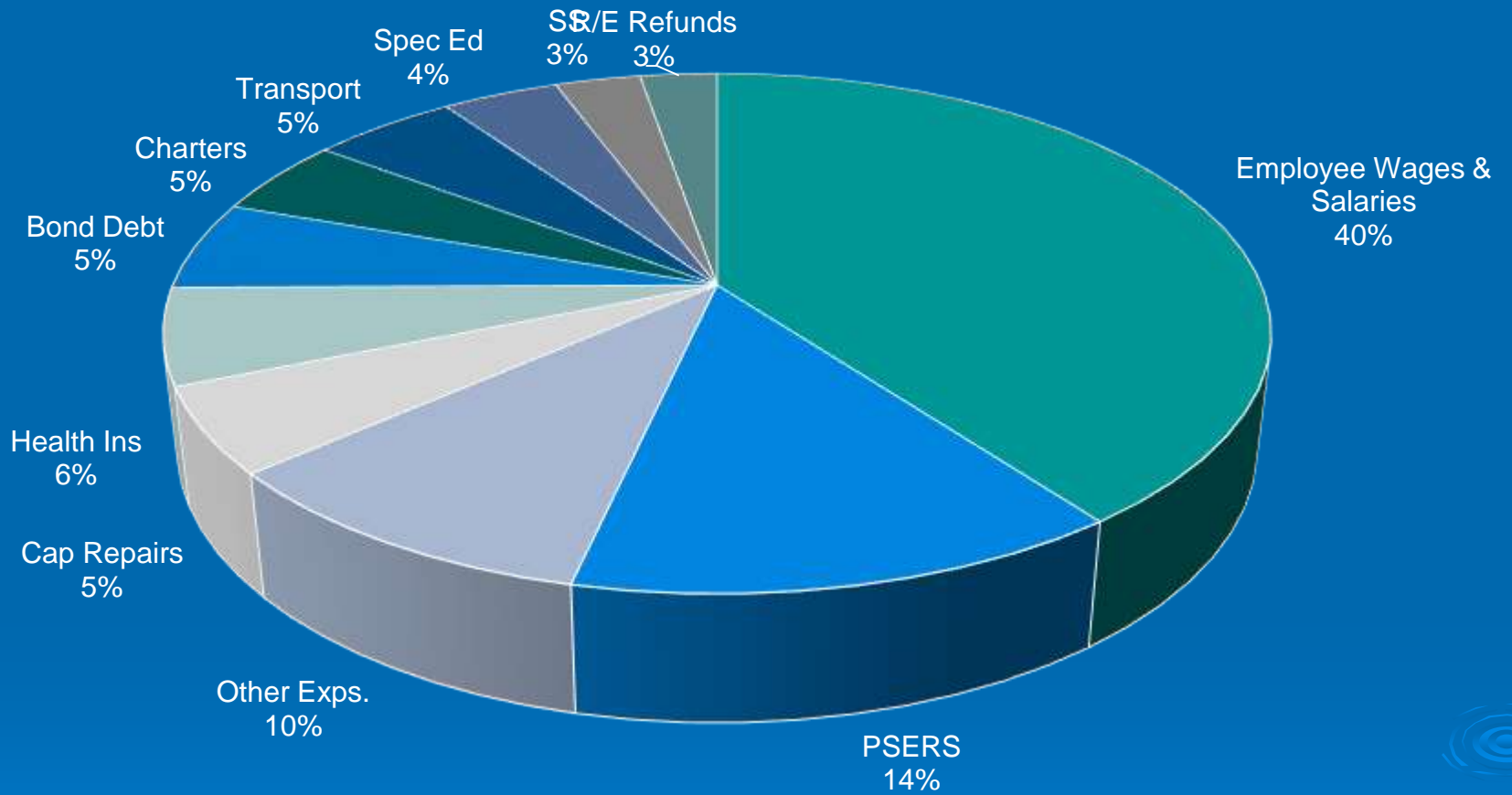
Major Revenue Categories for 2023-2024



Top Ten 2023-2024 Expenditures

- 1. Employee Wages & Salaries - \$37,149,583
- 2. Retirement Expenditures - \$12,630,859 - Gross
- 3. Capital Repair & Improvement Projects - \$843,520
- 4. Health Insurance Expenditures - \$6,309,987
- 5. Bond Debt Service Expenditures - \$4,245,812
- 6. Charter & Cyber School Expenditures - \$4,490,000
- 7. Transportation Expenditures - \$4,716,000
- 8. Special Education Expenditures - \$4,328,125
- 9. SS & FICA Expenditures - \$2,810,283 - Gross
- 10. Prior Year Real Estate Refunds - \$500,000

Major Expenditure Categories for 2023-2024



- Employee Wages & Salaries
- PSERS
- Other Exps.
- Cap Repairs
- Health Ins
- Bond Debt
- Charters
- Transport
- Spec Ed
- SS
- R/E Refunds

Proposed Final Total Personnel Expenditures for 2023-2024

- Proposed Final Personnel Wage & Salary Expenditures = 40% of the Budget.
- Proposed Final Personnel Benefits Expenditures = 24% of the Budget.
- Proposed Final Total Gross Personnel Expenditures = 64% of the Total 2023-2024 Budget.

Proposed Final Expenditure Adjustments for 2023-2024

- Adjustments to various expenditures will continue to be incorporated into the Budget as new and updated information becomes known and applied by the District to the projected expenditures.
- Hopefully more reductions than increases will continue to occur to the Proposed Final expenditures as the Budget is completed for the 2023-2024 fiscal year.
- NOTE: Staffing still needs to be fully finalized for the 2023-2024 fiscal year which is having a major negative impact on the Proposed Final 2023-2024 fiscal year Budget expenditures.

Proposed Final Revenue Adjustments for 2023-2024

- Adjustments to various revenue sources will continue to be incorporated into the Budget as new information becomes known and applied by the District to the projected revenues.
- Hopefully more increases than reductions will continue to occur to the Proposed Final revenues as the Budget is completed for the 2023-2024 fiscal year.

What is Millage?

- Millage is a tax rate applied to a real estate property's assessed valuation for the purpose of revenue generation by a taxing body such as the District.
- Each mill represents \$1 of tax assessment per \$1,000 of assessed property value.
- A mill is derived from the root word mill, which means "thousand."
- Thus, one mill is one part per thousand or 0.1% which can also be expressed as .001 for calculation purposes.

Gateway School District Real Estate Tax 2022-2023 Millage Rate

- At 21.749 Mills in 2022-2023, GSD has the 14th Lowest Millage Rate out of 42 school districts in Allegheny County.
- Duquesne City School District – Lowest in Allegheny County at 17.5000 Mills.
- Brentwood Borough School District – Highest in Allegheny County at 34.1187 Mills.
- NOTE: These millage rate rankings will probably change for the 2023-2024 fiscal year due to upcoming Allegheny County school district millage rate increases.

Neighboring Allegheny County School District Current Real Estate Tax 22-23 Millage Rates

- **Gateway School District – 22.8570 Mills***
- Plum Borough School District – 21.0757 Mills
- Woodland Hills School Dist. – 26.9982 Mills
- East Allegheny School Dist. – 26.9722 Mills
- Penn Hills School District – 30.0965 Mills*
- **NOTE: These Millage rates will probably change for the 2023-2024 fiscal year due to upcoming Allegheny County school district millage rate increases. (* = Increased millage rate for 2023-2024.)**

District Real Estate Assessment Issues to Consider for 23-24

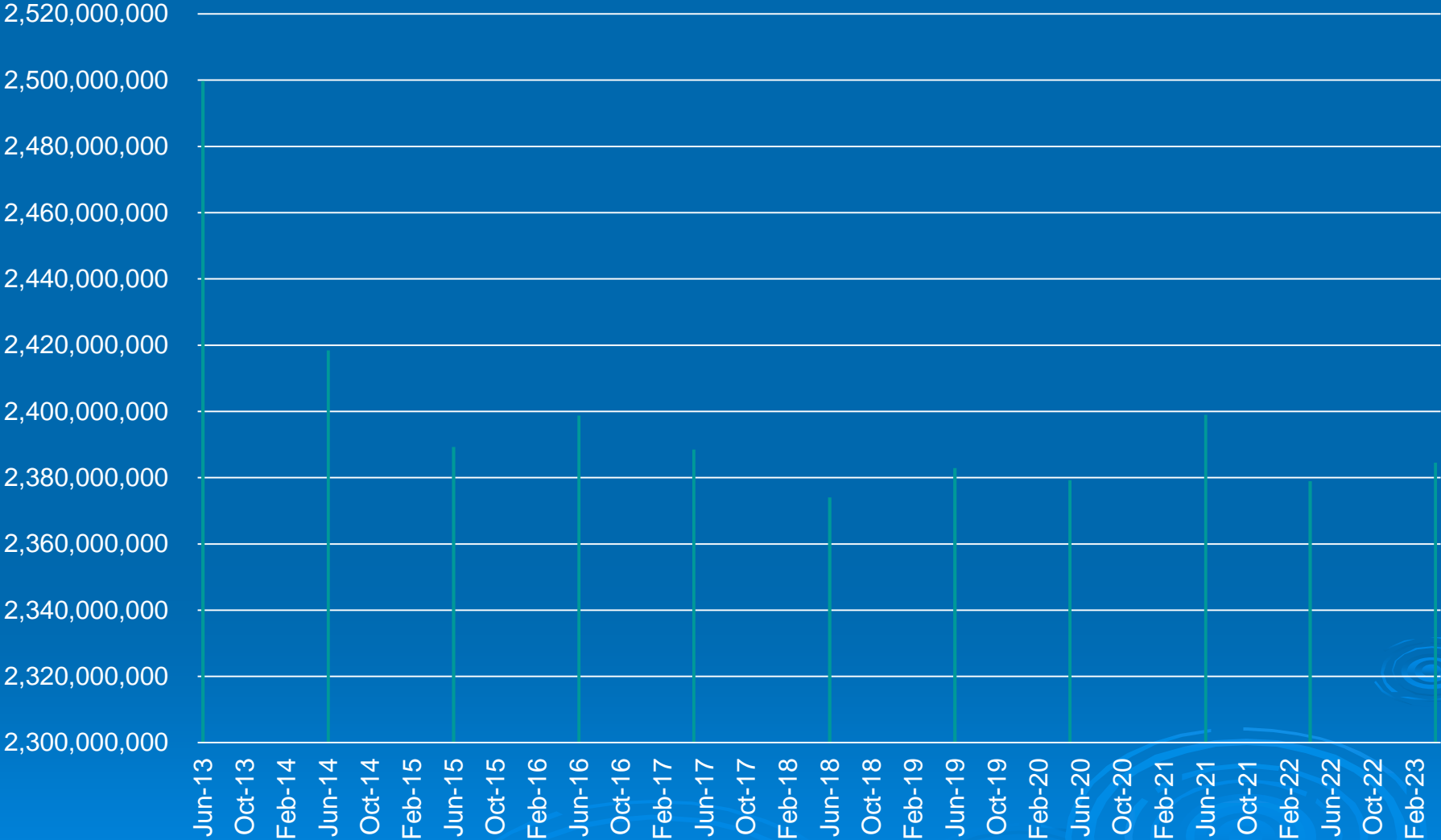
- Real estate assessment values for properties located in Monroeville and Pitcairn continue to increase and decrease in value as owner & District appeals continue to occur in the 2022-2023 and 2023-2024 fiscal years.
- Current year and prior year real estate tax refunds are having a negative effect on current year real estate tax revenue as well as prior year real estate tax refund expenditures which can effect Unassigned Fund Balance.
- The number of taxpayer appeals continue to occur and the successful taxpayer appeals further decrease the total assessed real estate value of the District.
- The District has been taking appeals against both commercial and residential taxpayers to adjust the recorded lower assessed values to the higher deed transfer sale values. The District is having successful appeals.
- New taxpayer appeals will continue to be initiated during the 2023-2024 fiscal year which **CAN NOT** be quantified either positively or negatively by the District based on a projected final outcome.

Total District Real Estate Assessed Values

➤ <u>6/14/13</u> Total Assessed Value	<u>\$2,499,750,315</u>
➤ 6/14/13 Total Assessed Value Less (\$36,000,000)' =	\$2,463,750,315
➤ 6/13/14 Total Assessed Value	\$2,418,401,741
➤ 6/13/14 Total Assessed Value Less (\$5,000,000)' =	\$2,413,401,741
➤ 6/19/15 Total Assessed Value	\$2,389,267,155
➤ 6/17/16 Total Assessed Value	\$2,398,744,723
➤ 5/12/17 Total Assessed Value	\$2,388,468,323
➤ 6/15/18 Total Assessed Value	\$2,374,052,628
➤ 6/14/19 Total Assessed Value	\$2,382,896,398
➤ 5/29/20 Total Assessed Value	\$2,379,201,718
➤ 6/4/22 Total Assessed Value	\$2,378,917,057
➤ <u>4/15/23</u> Total Assessed Value <u>Less (\$38,000,000)*</u> =	<u>\$2,384,499,457</u>

➤ **NOTE: From 6/14/13 to 4/15/23, the Total Real Estate Assessed Value of the District continued to Decrease by (\$115,250,858) or (4.83%). District made total estimated adjustments of (\$41,000,000) due to estimating for the last Allegheny County Reassessment. District made the (\$38,000,000)* adjustment due to estimating for the (Decrease) in assessed value for the Monroeville Mall.**

District Real Estate Assessed Values - (Loss) of (\$115,250,858)) in Assessed Value from 6/14/13 to 4/15/23



■ District Real Estate Assessed Values - (Loss) of (\$120,836,258) in Assessed Value from 6/14/13 to 4/15/22

5.1% Index - Equivalent in Mills

- The District is permitted to increase the millage rate by up to a 5.1% (Index) for the 2023-2024 fiscal year.
- Current Millage: 21.7479 Mills
- Multiplied by 5.1% Index: X .051
- Max Increase in Millage of: 1.1091 Mills
- Thus, the maximum amount the Real Estate Tax Millage Rate WILL be for the 2023-2024 Fiscal Year is 21.7479 Mills + 1.1091 Mills = 22.8570 Mills.
- Maintain 14th lowest ranking for 2023-2024?

Comparison of Current to Maximum Real Estate Tax Millage Rate

- 2021-2022 Current Millage Rate: 21.7479 Mills
- 2022-2023 Maximum Millage Rate: 22.8570 Mills
- Maximum Increase of (1.1091 Mills) in the Millage Rate.
- Maximum Increase of (5.1%) in the Millage Rate.
- **NOTE: An increase in the real estate tax millage rate has been “required” & will be included in the Proposed Final Budget for the 2023-2024 fiscal year. A full increase of 5.1% would yield a net amount of approximately \$2,641,508.**

Utilization of 2023-2024 Tax Increase

- Estimated Tax Increase Revenue \$2,641,508
- Less: Increase in Employee Benefits (\$685,053)
- Less: Increase in Employee Salaries (\$415,583)
- Less: Increase in Technology (\$764,803)
- Less: Increase in Capital Projects (\$750,000)
- Less: Increase in Special Ed. Cost (\$416,125)
- Remaining Tax Increase Available (\$ 390,056)
- for Other 2023-2024 Expenditure
- Increases – **NONE.**

	REAL ESTATE	TAX	NUMBER	UTILIZATION OF	AMOUNT OF FUND
FISCAL YEAR	MILLAGE RATE	INCREASE	OF MILLS	FUND BALANCE	BALANCE BUDGETED
2022-2023	20.1749	YES	0.8565	YES	\$ -
2021-2022	20.8914	YES	0.7259	NO	\$ -
2020-2021	20.1655	YES	0.2980	YES	\$ 416,000.00
2019-2020	19.8675	NO	0.00	YES	\$ 2,177,000.00
2018-2019	19.8675	YES	0.5411	YES	\$ 1,812,000.00
2017-2018	19.3264	NO	0.00	YES	\$ 3,819,000.00
2016-2017	19.3264	NO	0.00	NO	\$ -
2015-2016	19.3264	YES	0.4345	YES	\$ 574,000.00
2014-2015	18.8919	NO	0.00	YES	\$ 1,777,000.00
2013-2014	18.8919	YES	0.3704	NO	\$ -
2012-2013	21.85	YES	0.83	YES	\$ 245,000.00
2011-2012	21.02	NO	0.00	YES	\$ 370,000.00
2010-2011	21.02	YES	1.61	NO	\$ -
2009-2010	19.41	NO	0.00	YES	\$ 2,663,000.00
2008-2009	19.41	NO	0.00	YES	\$ 342,000.00
2007-2008	19.41	NO	0.00	YES	\$ 390,000.00
2006-2007	19.41	NO	0.00	NO	\$ -
2005-2006	19.41	YES	1.00	NO	\$ -
2004-2005	18.41	YES	1.00	NO	\$ -

\$ Amount of Real Estate Tax Maximum Millage Increase Per Resident Available for 2023-2024

Monroeville:

- Based on median taxable value of \$110,100.
- At Maximum 5.1% Index = \$120.90/YEAR.
- At Maximum 5.1% Index = \$10.08/MONTH.

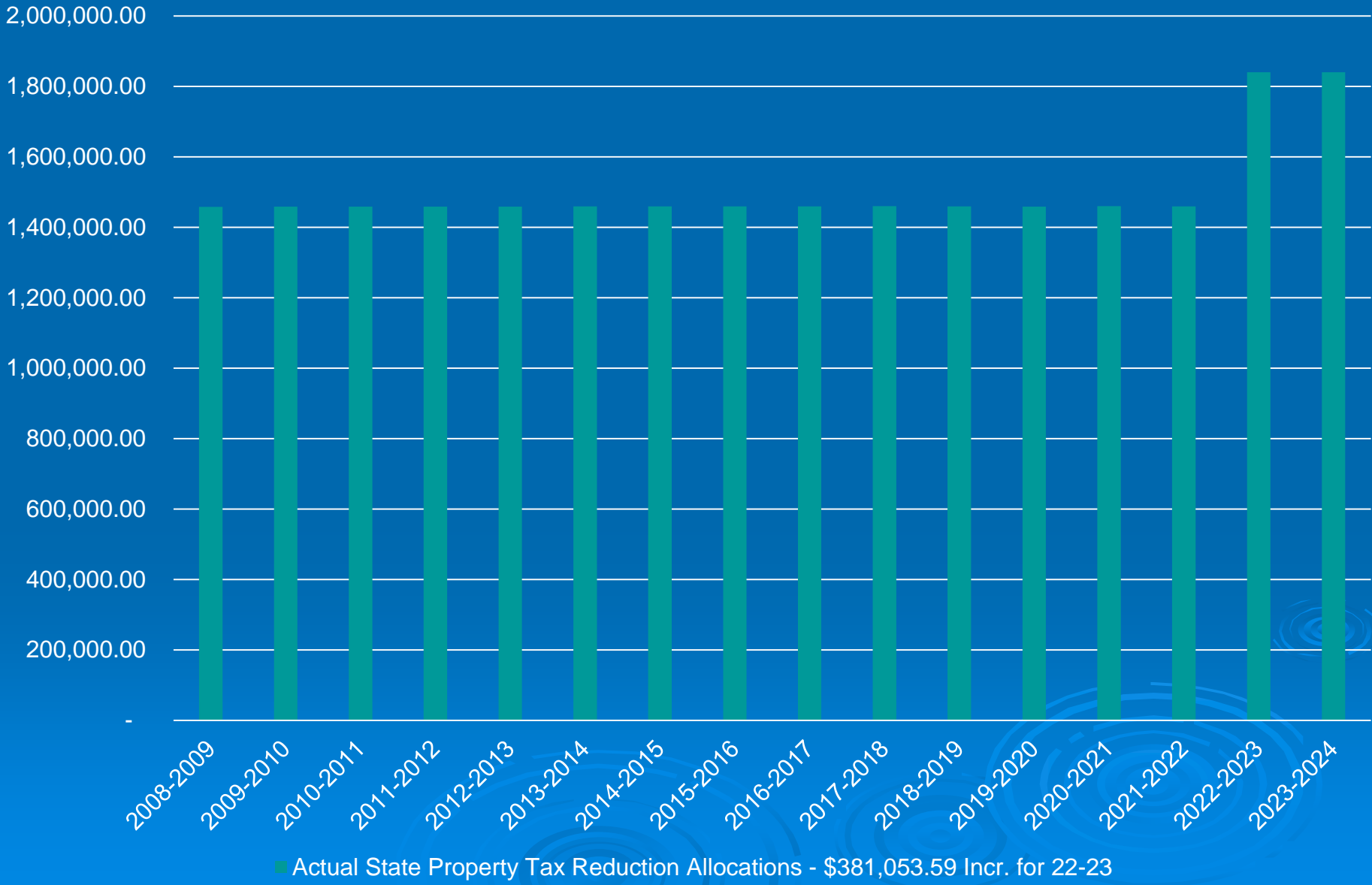
Pitcairn:

- Based on median taxable value of \$34,300.
- At Maximum 5.1% Index = \$38.37/YEAR.
- At Maximum 5.1% Index = \$3.20/MONTH.

Homestead Exclusion for 2023-2024

- State determined on April 15, 2023 that gaming revenues will be available for distribution to the school districts during the 2023-2024 fiscal year.
- PDE certified and officially released the actual distribution amount to the District on May 1, 2023. The amount of \$1,840,192 will be received by the District for the 2023-2024 fiscal year.
- Allegheny County Office of Property Assessments sent the District a file containing all of the applicable Homestead properties that qualify to receive the Homestead Exclusion from the District.
- The 2023-2024 fiscal year will be the 15th year in a row for the District to receive and to distribute a State gaming revenue distribution.
- Impact of the distribution will be revenue neutral in the District's 2023-2024 fiscal year Budget.

Actual State Property Tax Reduction Allocations - \$381,053.59 Incr. for 23-24



Homestead Exclusion for 2022-2023

- \$235.28 (Estimated # for 23-24) per eligible homestead property in both Monroeville & Pitcairn for the 2023-2024 fiscal year.

	<u>Monroeville</u>	<u>Pitcairn</u>
1.1091 Mill Increase	\$120.90	\$ 38.38
Less: Exclusion	<u>(\$235.28)</u>	<u>(\$235.28)</u>
Net Credit Effect	<u>(\$114.38)</u>	<u>(\$196.90)</u>

Projection of Ending Total Fund Balance at 6/30/23 for 2022-2023

- Beginning Fund Balance as of 7/1/23 \$12,930,925

- Less: 1. Balance the 2022-2023 Budget (\$0)
- 2. Current Year Real Estate Tax Refunds (\$199,939)
- 3. Prior Year Real Estate Tax Refunds (\$ 78,151)
- 4. **Other Major Expenditures Greater than Budget** **(\$To Be Determined)**

- Add: 1. **Other Major Revenues Greater than Budget** \$To Be Determined

- Net Projected Decrease for 2023-2024 Fiscal Year (\$3,800,000)

- (Note: This actual net # will be greater or less! This analysis ONLY focuses on some of the major identifiable items and NOT every expenditure and revenue line item variance in the entire 2022-2023 General Fund Budget.)

- **Projected Ending Fund Balance at 6/30/24** **\$ 9,130,925**

Composition of Projected Ending Fund Balance at 6/30/24 for 2023-2024

- Unassigned Fund Balance \$4,018,003
- Nonspendable Fund Balance \$ 565,057
- Restricted Fund Balance \$ 20,866
- Committed Fund Balance \$4,527,000
- Projected Total Fund Balance \$ 9,130,926
- (\$9,130,926/\$95,089,066 = 9.60%)

Total Recommended to be between 5% and 15%.

Components of Fund Balance

- **Unassigned Fund Balance**: Portion that **is immediately available** to be utilized for identified purposes such as balancing the Budget & making transfers to other funds.
- **Nonspendable Fund Balance**: Portion that offsets the amount of Prepaid Expenditures on the District's balance sheet & **is not available** for expenditure.
- **Restricted Fund Balance**: Portion that offsets the amount of cash scholarship funds held by the District on the District's balance sheet & **is only available** for student scholarship expenditures.
- **Committed Fund Balance**: Portion that **is not immediately available** due to official designation by the Board for specific purposes through a formal Board resolution. Can be designated by the Board for different purposes or classified back to Unassigned Fund Balance through an additional formal Board resolution. Designations Currently Include: 1. Future employer health insurance increases; 2. Future employer pension cost increases; & 3. Future capital repair project expenditures for District school buildings.

Composition of Committed Fund Balance Projected at 6/30/24

<u>DATE DESIGNATED</u>	<u>DESCRIPTION OF DESIGNATION</u>	<u>COMMITTED AMOUNTS</u>
<u>BY THE BOARD</u>		
3/26/2008 & 5/19/2020	FUTURE HEALTH CARE COST INCREASES	\$ 1,327,000.00
12/7/2021	FUTURE CAPITAL REPAIR & IMPROVEMENT PROJECTS	\$ 1,200,000.00
2/19/2014	GHS ROOF REPAIRS	\$ 1,000,000.00
2/19/2014	FUTURE PENSION COST INCREASES	\$ 1,000,000.00
	TOTAL COMMITTED FUND BALANCE AT 6/30/24	\$ 4,527,000.00

Projection of Total Fund Balance at 6/30/24 for 2023-2024

- Projected Total Fund Balance as of 7/1/23 \$12,930,925
- LESS: 1. Unassigned Fund Balance Required to Pay for the
P/Y R/E Tax Refunds & Budget Funds Transfer: (\$ 3,800,000)
- **Projected Total Fund Balance as of 6/30/24** **\$ 9,130,925**
- **(\$9,130,925/\$95,089,066 = 9.60%)**

Total Recommended between 5% and 15%.

(NOTE: Moody's Investors Services indicates the US Median for Total Fund Balance is 22% or would be \$20,919,593 in the above scenario.)

Budget Process for 2023-2024

- A “not to exceed” Index (5.1%) resolution was previously adopted by the Board on January 17, 2023 for the 2023-2024 fiscal year.
- Thus, referendum exceptions have not been requested and will not be utilized by the District for the 2023-2024 fiscal year to further increase the millage rate above the 5.1% Index rate. 5.1% Index = Maximum 1.1091 mills increase.
- The Proposed Final 2023-2024 General Fund Budget will be adopted by the Board on June 13, 2023. The Budget will be displayed via the PDE-2028 form on the District’s website at www.gatewayk12.org
- Various summary and detailed Excel spread sheets will also be displayed on the District’s website at www.gatewayk12.org in .pdf files once available.
- Thus, the Pre-Act 1 budget timeline will continue to be followed by the District through final Budget adoption by the Board scheduled on June 20, 2023.

Future Budget & Finance Committee Meetings

- 1. Tuesday, June 13, 2023 – Final Public Hearing.
- **NOTE: The above Budget & Finance Committee Meeting will begin at 5:00 p.m. and will be held at the Administration Building**