

Converting the year-to-year, budget-to-budget, total cost change to the related tax revenue change

Changes in other revenues and fund balance use can either "buy-down", or "add-to", the required property tax revenue used to support operations. The property tax percentage increase will only be equal to the budget to budget expenditure increase when all revenue is from property taxes only, (no subsidies, interest income, etc.) and where the value of the mill is constant. In practice, the tax revenue base will always differ from the expenditure base. This means that a budget to budget percent increase will generate a higher percentage tax increase, (all else being equal), because the tax base is lower than the expenditure base. Similarly, a budget to budget decrease will generate a higher percentage tax decrease unless it is offset by other funding shortfalls.

In the example below, the budget to budget change is a decrease of \$1,140,146 dollars, but the required tax revenue increases by \$494,228 dollars. Tax revenue increases, not only to make up a shortfall in other revenue sources (\$1,634,293 dollars), but also to recover the \$800,284 loss in tax revenues arising from the decreased value of a mill.

| | Ref | Calc | 2010 - 2011 Budget | 2011 - 2012 Budget | Budget to Budget Change \$ | Budget to Budget Change % |
|---|-----|------|-----------------------|-----------------------|----------------------------------|---------------------------------|
| Total cost (expenditures) and change year to year | (a) | | \$83,624,748 | \$82,484,602 | (\$1,140,146) | -1.36% |
| Adjustments for all other revenues and fund balance use, that affect the required amount of supporting tax revenue | | | | | | |
| Less: Property Tax - C.C. | (b) | | (\$244,973) | (\$241,395) | \$3,578 | 0.00% |
| Less: All Other Local Revenues | (c) | | (\$6,590,495) | (\$5,784,723) | \$805,772 | 0.96% |
| Less: Total Budgeted Fund Balance Applied (Saved) | (d) | | (\$1,063,182) | (\$429,442) | \$633,740 | 0.76% |
| Less: State Revenues (Cost Center Budget Excludes Hmstd Tax Relief for Tax Calc Purposes) | (e) | f,y | (\$10,015,006) | (\$9,823,803) | \$191,203 | 0.23% |
| Less: Federal Revenues | (f) | | (\$1,017,090) | (\$1,017,090) | \$0 | 0.00% |
| Total all other revenues, fund balance use, and year to year change | (g) | | (\$18,930,746) | (\$17,296,453) | \$1,634,293 | 1.95% |

Total required regular tax revenue, after offsetting all other revenues, and fund balance use (before Homestead Tax Relief): Total change in budget reduction vs tax increase \$1,634,374
 The required regular tax revenue is not equal to the total budget, and the change in tax revenue is not equal to the change in the total budget due to the changes in other revenues and fund balance use.

| | Ref | Calc | 2010 - 2011 Budget | 2011 - 2012 Budget | Tot Tax Rev Change | |
|---|-----|------|-----------------------|-----------------------|-----------------------|--------------|
| Total required regular tax revenue and change in tax revenue | (h) | a+g | \$64,694,002 | \$65,188,149 | \$494,147 | 0.59% |
| Total required regular tax revenue and change in tax revenue consists of: | | | | | | |
| Property tax relief provided by the state in lieu of residential property tax | | | \$1,467,520 | \$1,467,439 | (\$81) | 0.00% |
| Property tax revenue to be collected from all taxable property | | | \$63,226,482 | \$63,720,710 | \$494,228 | 0.59% |

Tax Revenue Change Summary (\$):

The change in tax revenue is funded by both the change in assessed value and the change in the millage rate, identified below.

| | | Current Mill Rate: | New Mill Value: | Change in Mill Value & Mill Rate | Revenue Change \$ |
|--|-----|-----------------------|--------------------|--|----------------------|
| Revenue from change in mill value (current mills x change in mill value) | j,i | 27.4700 | | (\$29,133) | (\$800,284) |
| Revenue from change in mill rate (change in mills x new mill value) | l,j | | \$2,325,982 | 0.5560 | \$1,293,246 |
| Rounding adjustment (so that the total will equal h, above) | | | | | \$1,185 |
| Total change in tax revenue (\$) | h | | | | \$494,147 |

Mills:

| | | | | Change in Mill Rate | Change% |
|---|-----|-----|-------------|------------------------|---------|
| Mill Value (an incr.in mill value will decr. the tax rate; a decr. in mill value will incr. the tax rate) | (i) | | \$2,355,115 | (\$29,133) | 1.24% |
| Mills (Tax Rate): | (j) | h/i | 27.4700 | 28.0260 | 0.5560 |
| | | | | | 2.02% |

Changes in revenue and fund balance source amounts affect the amount of required tax revenue. For the upcoming budget, the revenue and fund balance use changes that affect the required amount of property tax revenue are as follows:

| | | | | | |
|--|-----|---|-------|--------------------|--------------------|
| Community college cost reduction creates offsetting reduction in Bethel taxes (loss of revenue DCCC) | (k) | b | | \$3,578 | \$3,578 |
| Loss of investment income | (l) | | Local | \$27,412 | |
| Loss in DCIU rent (all of FHG offset in part by fair share incr for Pennington) | (m) | c | Local | \$778,360 | \$805,772 |
| Decrease in use of fund balance | (n) | d | Local | \$633,740 | \$633,740 |
| Pa BEF subsidy decrease | (o) | | State | \$147,226 | |
| Pa Charter School subsidy decrease | (p) | | State | \$86,566 | |
| Pa Spec Ed subsidy increase | (q) | | State | (\$9,712) | |
| Pa Accountability Block Grant | (r) | | State | \$142,123 | |
| Pa FICA subsidy increase | (s) | | State | (\$40,000) | |
| Pa PSERS subsidy increase | (t) | e | State | (\$135,000) | \$191,203 |
| Federal | (u) | | Fed | | \$0 |
| Total revenue and fund balance use changes affecting budget to budget cost increase | (v) | | | \$1,634,293 | \$1,634,293 |

Reconciliation to Line Item Schedule of Revenues:

| | | | | | |
|---|-----|---|---------------|---------------|-------------|
| Total State Revenue Per Line Item Revenue Schedule | (w) | | \$11,482,526 | \$11,291,242 | |
| Less: Total Homestead Tax Relief Included in Line Item Revenue Schedule | (x) | | (\$1,467,520) | (\$1,467,439) | |
| Total State Revenue Per Above, net of Homestead Tax Relief | (y) | e | \$10,015,006 | \$9,823,803 | (\$191,203) |