



WAYNESBORO AREA SCHOOL DISTRICT

2025-26 BUDGET UPDATE

Information as of March 1, 2025

This document is designed to provide an overview of the Waynesboro Area School District's budget for the fiscal year 2025-26. As a Pennsylvania Public School, WASD follows all school code requirements for creating, approving, and enacting the budget. The Board of Directors is the district's governing body and it is required to approve the final budget by June 30th of each fiscal year.

What is a budget?

The budget is the district's plan to utilize revenues and make expenditures on behalf of the students and community for educational excellent. WASD's goal is to create a budget using the most up to date information available from sources including local, state, and federal agencies on revenues.

Why are there variances with a budget and actuals?

School districts make the best available forecast of data and information when creating the budget. However, the budget does not account for many factors to include:

- Changes in enrollment and student needs
- Changes in staffing salaries due to column movement or retirement/resignations
- Changes in staffing benefits to include medical insurance, dental/vision, and tuition reimbursement
- Unanticipated expenditures required to maintain facilities, vehicles, and or equipment
- Unanticipated changes to local revenues due to economic forces affecting earned income taxes, real estate transfers, and tax assessment appeals

The timeframe of the budget

Pennsylvania's school code requires that the Board of Directors for the school district approve the final budget by June 30th of each upcoming fiscal year. That Board action includes setting the millage rate for real estate property taxes as well as any other local enabling taxes permitted by the school code and so approved by the Board. Additionally, the Board of Directors must also approve the preliminary final budget at least 30 days prior to the final budget. The district is then required to advertise the preliminary final budget and make it available for the community. The district is required to have a copy of the preliminary final budget in the state format for the community at the Clayton Admin offices. The district also chooses to make this information available online.

While each Pennsylvania school district's budget is based upon the Commonwealth's funding and budget, in most years the state does not approve their budget prior to June 30th. Thus, WASD and the other 499 school districts must approve a budget without certainly as to the final funding information provided by the state.

That being said, the district usually receives guidance from several sources including the Governor's proposed budget, state-wide organizations such as the Pennsylvania Association of School Business Officials, Pennsylvania School Boards Association, and the Pennsylvania Association of Rural and Small Schools (among others). Should the state budget be approved post-June 30th and vary significantly with the WASD budget, we do have a 15-day opportunity to re-open and approve a revised budget with Board approval.

School districts may also opt to wait on approving a budget if the Commonwealth's budget is not approved by June 15th. However, it is important to note that delaying the district budget into the next fiscal year, can result in the following delays/issues:

- Property tax bills cannot be generated and mailed, creating a delay in the receipt of those revenues. The 60-day “clock” begins when the tax bills are mailed for Discount and 120-day clock for Face payments.
- Cash flow delays could create issues for the district especially as it concerns our bond payments, which are timed to coincide with the receipt of those local property tax revenues.
- Inability to approve and enact purchase orders and pay bills
- Ability to hire and pay personnel.
- Ability to implement new programs or courses

The structure of the budget

As a Pennsylvania public school, WASD must follow the Commonwealth’s chart of accounts when submitting the annual budget and financial reports. While the district could use a separate accounting and financial reporting system, it must ultimately convert that data into the state’s required format and system each year. Thus, for expediency and efficiency, WASD uses the state system for reporting of expenditures and revenues.

Pennsylvania provides two different documents for defining how school districts will categorize and report their financial data. The Manual of Accounting and Financial Reporting for Pennsylvania Local Educational Agencies (LEAs) is a 100+ page document outlining the rules for reporting financial data. This manual includes the use of Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements for PA LEAs, along with appropriate school-code requirements. Separately, The Chart of Accounts for Pennsylvania local education agencies (LEAs) is a 160+ page manual that provides greater detail on account definitions and reporting for expenditures, revenues, and government-wide financial statements.

Each of these documents is updated on a regular basis – sometimes multiple times in a fiscal year. It is the function of the business office to follow and update our procedures and accounts as changes occur to the manual, GAAP, and GASB.

REVENUES

Revenues provide the school district with the necessary funds to operate a public education system for the community. WASD categorizes revenues based on the entity providing those funds following the chart of accounts. Those categories include:

Source	Accounting Function	Percentage of Budget
Local	6000s	47.2%
State	7000s	46.3%
Federal	8000s	1.9%
Other (Financing)	9000s	4.7%

Local Revenues

Local revenues are derived directly from the community that WASD serves. As such, these revenue sources have advantages and disadvantages for the public that the school district operates within. The majority of local revenues (88.4%) are directly related to taxes in the form of property, local services, and earned income.

One advantage of local taxes and revenues is that the funds are used directly for the education of children within our community. Those funds come from the local community and support the school district's educational programs. One disadvantage of local taxes is that an increase in tax rates directly affects the local community. It is one of the most observed and reviewed local tax issues that a community will consider as it reviews the district's education programs and outcomes. The locally elected Board of Directors is required to vote each year on the property tax rate, and their support and understanding of the budgeting process and financial needs is paramount to a successful budget.

Types of Local Revenues and Descriptions

Property taxes: Properties within the school district's boundaries are taxed based upon their assessment value (Franklin County function) and the tax millage (WASD School District function). The business office receives updated property assessment values from the County's assessor office on a regular basis and uses that information to forecast the real estate revenues for the upcoming budget year. The total property assessment values can fluctuate throughout a year based upon re-assessments for individual properties, the sale of a property, new construction, or improvements on existing property. Those total values can increase, remain flat (in total), or decline based upon the overall real estate changes within the community.

For example, if a contractor builds and sells 10 new homes in the community, the total assessed value for our taxes will increase. However, if a major commercial building appeals their assessment, the result could lower our total assessed value for tax purposes. Unless there is a change to the property, the assessed value remains the same in Franklin County. The last time a county-wide re-assessment occurred was 1961. Thus, all assessed values for property in Franklin County are in "1961 dollars."

For example, the median assessed value of an owner-occupied house qualifying for a homestead exemption is \$18,870 (1961 value). To convert the assessed value to a market value, Pennsylvania's State Tax Equalization Board (STEB) provides a Common Level Ratio (CLR) on an annual basis for each county. For 2024-25 the CLR is 12.2 for Franklin County. Thus, to convert the assessed value to the market value we would multiply $\$18,870 \times 12.2 = \$230,214$. It is important to note though that except for assessment appeals, the market value and CLR is not needed as all taxes and assessments are based on the 1961 valuation.

On average for the last ten years, WASD has experienced average annual property tax assessment growth of 1.33% per year. That increase means that the district generates a little more than \$300,000 per year of additional revenues *even if the tax rate remains flat year-over-year*.

“Natural” growth for assessed property values is a healthy sign of a community's overall wealth and is a good indicator of economic growth. However, a 1.33% increase in local revenues does not fully cover higher rates of expenditures due to inflation or other factors. Thus, the tax rate itself is often required to be increased to ensure adequate funds are available for district operations.

In Pennsylvania, counties may not re-assess properties on a county-wide basis in order to generate additional revenue. A county-wide re-assessment can change the assessed values of any and all properties, but the net result must follow the “anti-windfall” requirement. The total revenue before and after the re-assessment must be balanced to essential equal numbers.

Since the assessed values of property are essentially fixed, the Board of Directors as part of its budget approval process, can increase the property tax or millage rate for properties. More than 40% of our total district budget is based upon property tax revenues. If that revenue source does not increase, it means that the remaining 60% of our funding sources would need to increase at a rate greater than inflation or district expenditure increases. However, those revenue sources are typically outside of the scope of district control (state & federal sources).

Annually, the district receives an inflationary index limit from the Commonwealth. Act 1 of 2006 provides an annual inflationary limit that a Pennsylvania public school district can increase taxes without seeking exceptions (state or voter referendum). For the 2025-26 fiscal year, that Act 1 limit for WASD is 5.5% or approximately 6.265 mills. Of note, the Act 1 index is designed to permit school districts with a lower level of economic wealth (i.e. WASD) to increase their tax rate higher than districts with high-levels of economic wealth.

As part of the budgeting process, WASD is required under Act 1 to notify the community approximately five months prior to the new budget whether or not the district's tax rate will be at or below the limit. This important step provides the community with information by January/February of each year, what the potential tax rate could be approved when the July 1 bills are mailed (due at Face value by October 31). Thus, a property owner has essentially 7-8 months of notice as to the maximum tax rate for their property before it is due.

Property Tax Revenue Calculation

To calculate the anticipated revenue for the upcoming fiscal year, the district uses the following formula to calculate the Face revenue to be received. Please note that property taxes paid at Discount and Penalty are captured in other revenue codes. The formula for Face value is:

- Total assessed taxable property as provided by the county assessor’s office,
- Multiplied by the projected mill rate as approved or recommended by the budget committee and/or Board of Directors,
- Multiplied by the anticipated collection rate for the upcoming year.

(Assessed value *less* Homestead reduction) x Mill Rate x Collection rate = Anticipated Revenue

The calculation for the 2025-26 fiscal year is currently forecasted as:

$$(\$287,274,000 - 1,108,000) \times 113.914 \text{ mills} \times 96.5\% = \$31,457,373$$

It is important to note in this section that the calculation includes “taxable property” and not the value of “all property” within the school district. Property may be tax-exempt for a variety of reasons to include ownership by a government entity (federal, state, local, and/or education), ownership by a faith-based group such as a church or synagogue, cemeteries, certain section 8 housing developments by quasi-government entities, and properties that are considered public utilities (gas, electric, water/sewer, railyards).

As of 2025 approximately \$46,360,000 (13.9%) of property is currently tax-exempt or subject to utility substitute payments. Were this amount of property taxable it would generate an *additional \$5.3 million* for the district. The district does receive some very modest revenues categorized as payment-in-lieu of taxes, forested game lands, and Public Utility Revenue Tax (PURTA) discussed further below.

You’ll note that the property tax relief from the homestead/farmstead funds does not increase the district’s revenues. Instead, the homestead/farmstead funds *reduce* the owner-occupied property taxes (discussed further below).

Additionally, while the district’s goal is to collect all property taxes issued, some taxes may take longer to collect based on a variety of factors to include changes to ownership and economic challenges. Ultimately the district will collect nearly 100% of property taxes, but it could take multiple years for that to occur. Taxes that are paid after the due date are categorized as *Delinquent* and the revenues for those taxes is captured in a separate revenue line item.

Finally, some taxes issued will never be collected. This is rare, but it can occur due to the property’s improvements being demolished, moved without a permit (in the case of single-wide trailers), or if payment occurs in protest and a property tax appeal ultimately reduces the property’s tax. In cases where the improvements on a property are destroyed, the underlying value of the land typically remains. For example, a house fire that fully destroys the home, will still have a tax bill due for the underlying property itself.

Property Tax Offsets or Reductions

There are several mechanisms that property owners can use to reduce their school tax. Those different methods include:

Payment at discount: If a property owner pays their school tax bill two months early, they can receive a 2% reduction in their total bill. For example, property tax bills are mailed out on July 1 and due at Face value on October 31. However, a property owner can pay their bill by August 31 to receive the 2% Discount. Of note, a 2% discount for two months early payment is the equivalent of saving 12% annualized.

For example, if an owner's property tax bill is \$2,000 at Face value, a 2% Discount would that bill by \$40.

Homestead / Farmstead reduction: Owner-occupied homes and farms in WASD can take advantage of a state-wide program designed to offset the property tax bills. Owners complete a form verifying home/farm ownership and residency with the county's assessor office. Then, the home/farm owner receives a reduction in their tax bill of approximately \$143 each year.

Senior Citizens property tax / rent rebate: Senior citizens over the age of 65 or other, widows/widowers 50 and older, or people with disabilities 18 and older can apply for an income-based tax rebate or rent rebate from the Commonwealth. Households earning \$46,520 or less annually can receive from \$380 to \$1,000 as a rebate against their property tax or rent.

Property removal and assessment updates: All improvements upon a property are assessed for property tax purposes by the county. It is important for property owners to ensure that if they remove an improvement, they should contact the county assessor's office to update their tax records. Examples include the removal of storage sheds, decks, pools, or garages. This could also extend to the removal of internal items within a house such as bathrooms or other finished spaces.

Veterans exemptions: United States military veterans who are 100% disabled and whose non-disability income is below the state threshold of \$114,637 (YR2025), can submit an exemption request to waive their property taxes.

Interim Real Estate Taxes: Properties that in-process for improvements or construction may receive occupancy and/or be completed during the fiscal year. In cases where the property becomes an "improvement" on the land during the fiscal year, the county's assessors office will issue an interim real estate bill on a quarterly basis. The interim bill prorates the taxes owed until the next fiscal year and billing cycle for the school district and/or municipality.

Since interim tax bills can vary in terms of timing and size, the district estimates the revenues based on annual trends. On average, the district will receive approximately \$100,000 for interim revenues in a typical year.

Public Utility Realty Tax (PURTA): Local utilities and transportation nodes (i.e. railyards or intermodals) do not pay local property taxes. Instead, the district receives a payment-in-lieu calculation that is designed to be a tax equivalent for those utilities.

PURTA payments are based on the value of those properties, the district's market value for property and our tax rate. For WASD, we receive approximately \$30,000 of revenue annually for the PURTA-approved properties.

Payment in lieu of taxes: Housing authorities are exempt from the normal real estate property taxes. Typically, the agencies which own those properties enter into an agreement to make payments in lieu of taxes (PILOT) to the school district. Unfortunately for the district, the payments are less than real estate property taxes that would normally be assigned to that parcel.

For example, the housing developments would generate approximately \$158,000 of property tax revenues if they were taxable. Instead, the district receives just more than \$43,000 of PILOT revenue. Since the district provides the same level of services for all students, effectively other property owners are partially subsidizing the cost of the PILOT for housing authorities.

Per Capital & Occupation Taxes: These taxes are no longer applicable for the Waynesboro Area School District. Historically tied to local enabling taxes, the district previously had a per capita tax on all adults at the rate of \$10/per person per year, and an occupation tax based on an individual's job / occupation title (\$15 to \$135 per year, but 85% all employees paid either \$15 or \$30). The cost to mail, track, collect, and manage these smaller tax bills resulted in a continual decrease in our return on investment. Furthermore, in a typical year about 30%+ of the bills went to collections. Ultimately, the district eliminated these tax bills and we only collect delinquent accounts from prior years through a third-party vendor J.P. Harris.

Local Services Tax: The LST is a local enabling tax of \$5 that is often paired with municipalities LST for a total \$52 charge per employed worker within the school district. WASD receives \$5 and the municipality receives \$47 of this tax. The tax is applied to any person who works at an employer within the school district's boundaries, and appears as a payroll deduction. For WASD, we receive approximately \$50,000 in annual revenue from this tax.

Earned Income taxes: We receive earned income taxes from wages at 0.5% from those individuals who live in our community regardless of their working location. The local EIT is either a salary deduction by the employer or the individual pays quarterly taxes on their income. For budget purposes, we look at monthly and annual changes to EIT, and then forecast the amount for the following year based upon those trends.

Discount / Penalty taxes: Real estate taxes (and former occupation and per capita taxes) can be paid at Discount (2 months early), Face (on-time), or at Penalty (2 months late). The district captures the revenue at Face in function 6111. However, the 2% discount is taken in this

section and reflect as a reduction to total revenues. Penalty at 10% of the tax bill is also assessed in this area and adds to the total tax revenues received.

Delinquent taxes: When taxes are not paid by the penalty date, December 31st of a fiscal year, those uncollected taxes are sent to the Franklin County tax office for collection. The tax office then pursues the collection of delinquent taxes with the property owner – a process that can take several years. Sometimes a payment schedule is agreed upon and the property owner pays in monthly installments. This revenue also includes interest income that is charged to the property owner, plus the original 10% penalty. Of note, the county takes a 5% commission on the collection of all delinquent taxes which is authorized by Pennsylvania law.

Over time, delinquent taxes tend to increase slightly in the same manner of current real estate taxes. However, as more and more houses are covered by escrow, this can have the effect of moderating those delinquent taxes.

Investment earnings: The district will typically invest its fund balance and other cash balances into certificates of deposit, sweep accounts, and other approved types of accounts to maximize our interested earned. This interest is then placed in this account as local revenue. For calculation purposes, we review our potential investment pool of funds, current CD rates, and other factors to prepare an estimated earnings for the year.

Admissions: Paid entrance to district events, typically athletic in origin, are coded to this function for local revenue. Of note, we do not charge employees or the parents of athletes, so our admission's revenues are not significant.

IDEA and other federal pass-thru: We received federal pass-thru funds that work their way from the federal government to the state, to the local intermediate unit, and then to the district. It is a direct but lengthy route and the funds are used to offset our special education expenditures. We calculate the forecast/budget by reviewing our anticipated revenues in the current and preceding year, and then using that information as an estimate for the following year.

Received from other LEA: Abraxas youth detention center has a facility on South Mountain and because it is within our district boundary, we serve as the Local Education Agency (LEA) for the students. As such, we bill the school districts of residence for students housed at Abraxas, and pass those funds back to Abraxas. However, we do keep a 5% administrative fee for this work. This revenue account moves up/down in sync with the expenditure line, and is not truly district funds because of the pass-thru nature of the money.

State Revenues

State revenues are derived from the Commonwealth of Pennsylvania and are for the most part uncontrollable on the part of the district. The state approves (typically late) an annual budget which allocates funding for local public school districts such as WASD.

State revenues can fluctuate based on a variety of factors, legislative actions, and even based on district-level decisions pertaining to staffing and transportation.

Types of State Revenues and Descriptions

Basic Education Funding: Historically, BEF represents the largest conduit of state funding for local education. However, due to the hold-harmless decisions by the Commonwealth, WASD has traditionally not received its fair share in terms of BEF funding since the early 1990s. There is a new state funding category titled “Adequacy Funding” as part of the Ready-to-Learn Block grant (more below), that is designed to resolve this funding issue based upon the decision of Pennsylvania’s Commonwealth Court.

The BEF is calculated each year and is enacted into law by our legislature. In some years a formula has been used to distribute “new” BEF funds for school districts. In other years, the previous year’s funding becomes a “baseline” with only a limited amount of funds distributed vis-à-vis a formula. Thus, the ability to provide the reader of this document with a clear-cut method of distribution is somewhat limited in nature.

The BEF has went through several iterations to calculate its funding. At different points in time, factors such as a district’s weighted average daily membership, market value personal income aid ratio, special education enrollment, level of local taxation, and other factor were weighted. Some of the values included multiple years in the calculations, and others were a single snapshot in time. In summary, the district’s share of BEF was calculated based upon this formula deriving a share of the total state funding.

In some years, the prior cumulative level of BEF was “frozen” as a new “baseline.” Then, the formula (whichever formula was used that year) only applied to the year-over-year additional BEF provided by the state.

For 2025-26, due to the variations in methodology noted above, our budget includes the funding currently allocated in the Governor’s budget. While we recognize that the final number could change based upon underlying metrics and/or legislative decisions, an attempt to provide a financial calculation at this stage would be most prudent. The current 2025-26 increase in BEF year-over-year for WASD is currently forecasted at an increase of 0.92% -- well below inflation.

Charter Schools subsidy: Prior to 2011-12, schools received a 30% reimbursement of their cyber charter school expenditures as revenue from the Commonwealth. However, the great recession and budgetary reductions removed this revenue line item. In 2024-25, the legislature, in a rather surprising decision, reenacted a partial reimbursement model for which WASD will receive \$300,000. However, in the 2025-26 Governor’s proposed budget, that line item again has

been eliminated. At this time we are not including a partial reimbursement in our budget based upon this information.

Tuition for Section 1305/1306 students: Students who are in foster programs or other state-approved programs have funding assigned to them for the district in which they are educated. Please note that this applies to the Local Education Agency, and not the location where the student may reside. Students may be considered homeless along with living in foster or other state-approved placements, but then be transported back to their “home” school.

Since the enrollment and participation in this program is challenging to predict, the district budgets approximately \$150,000 annually for this revenue.

Special Education Funding: Designed to provide a partial reimbursement for special education expenditures under the Individuals with Disabilities Education Act, the SEF calculation contains a portion of fixed or baseline cost with a separate calculation based upon a formula. The baseline is currently fixed to the 2013-14 school year and represents \$2,257,352 of our SEF funding. The remaining funding, titled “student-based allocation,” is based upon the SEF formula which includes snapshot or multiple year’s data for categories such as:

- Act 16 special education expenditure categories – weighted and using the average of the previous three years.
- Weighted student count *multiplied* by the market value personal income aid ratio *multiplied* by the equalized millage multiplier
- Sparsity size (geographically) of the district and its population
- Total district average daily membership of all students using the average of the last three years.

It is important to note that WASD’s share of funding is not based solely on the formula. Rather, it is based upon our percentage share when compared with all 500 PA school districts. Essentially, the formula creates a weighted model where each district’s changes in metrics can ultimately affect another school district’s share of the total funding.

Thus, even if a school district’s number of students with special needs increases, it may still receive a smaller share of the student-based allocation if other district’s special education enrollment is greater.

Mathematically, for the student-based allocation funding, WASD is forecasted to receive approximately 0.2239% of the additional state funding of \$467 million. The increase in SEF on a year-over-year basis is currently estimated at 2.93% from 2024-25 to 2025-26.

Pre-K Counts Program: These are “pass-thru” funds that the district allocates to First Start Partnerships and the Waynesboro Early Learning Center. The revenue is based upon state funding and is offset in the expenditure line. If this expense increases or decreases, it does not affect the overall district surplus/deficit due to its pass-thru nature.

Transportation funding: The Pennsylvania Department of Education uses a formula to provide a partial reimbursement of qualified transportation costs for each school district. The

reimbursement is always on a one-year lag basis, so the revenues in the current year are based on the operating costs of the previous year.

PDE does not reimburse for students who are transported within the maximum walking distances to the schools – 1.5 miles for grades K-8 and 2.0 miles for grades 9-12. However, if there is a route(s) that has been categorized as hazardous by the Pennsylvania Department of Transportation, then the district can transport those students and receive partial reimbursement.

The formula takes into consideration several different factors to include:

- Market value of the real estate within the school district
- Market value aid ratio of the school district
- Whether the district owns the vehicles or contracts out a service / route.
- Mileage driven with and without students
- Additional factors based on each vehicle's: age, seating capacity, number of students assigned to the vehicle, and fuel type (diesel / gas).

Historically, when all of the factors are calculated, WASD receives about 44% of our transportation costs as revenue in the transportation funding channel.

Rental-Sinking funding: Prior to 2016, school districts could apply for partial reimbursement of capital projects using the Planning & Construction (PlanCon) process with PDE. Every 20 years or more, a school building could undergo renovation work and then qualify for a partial reimbursement when each bond payment was due for that project.

Since 2016, the PlanCon process has been closed for new construction projects. However, we still have some projects for which we continue to make bond payments and receive a partial reimbursement by the state. The calculation for this revenue line is matched up with the reimbursement for each bond based upon its PlanCon approved reimbursement rate.

Health services funding: Annually the business office completes the School Health Annual Reimbursement Request System (SHARRS) report. In this report we provide the state with the cost of our nursing staff, district physician, medical supplies, and other medical-related expenditures. We also report the number of public and nonpublic students who are covered by each school nurse, along with data on medical services provided for the year. If a certified school nurse covers more than 1,500 students in their schedule, then a small penalty is applied to the reimbursement.

In an average year, we receive about 18% of our medical costs as reimbursement through the SHARRS program.

State Property Tax Reduction: This is the homestead / farmstead funding line mentioned above with real estate taxes. The Commonwealth notified the school district each year of the total amount for this revenue line. This revenue essentially lowers the current real estate taxes received by the school district – *it does not increase total district revenues.*

The homestead / farmstead funds are used to reduce the amount of money paid by qualified property owners. The funds are shown as a reduction on the actual tax bill for each parcel. We attempt to forecast this information based upon prior year's amounts, but since they offset and reduce total real estate taxes, an increase or decrease does not affect overall revenues.

Safe Schools grant: In most years the Commonwealth provides for safety grants through the Pennsylvania Commission on Crime and Delinquency. We include both the revenue and an expense thus making this line item budget neutral in the event the grants are not passed.

Ready-To-Learn Grant / Adequacy Foundation and Supplement: These grants are used for normal education programs. The original RTL grant was approximately \$633,000 but the state is now adding the "Adequacy" funding to this section. The adequacy funding is based on the fair funding lawsuit, the ruling by the Commonwealth Court, and the Basic Education Funding Commission. For 2024-25 we received \$2.5 million as part of our initial adequacy funding. For 2025-26, that original \$2.5 million, plus the \$633,000, becomes a new "foundation" or base amount that should not change year-over-year.

For 2025-26, the current budget includes an additional \$2.5 million payment for adequacy – bringing the total to \$5.0 million for fair funding (total should be \$24 million over 9-10 years).

State Share of Social Security: Pennsylvania provides a partial reimbursement of our social security payments. Pennsylvania school employees participate in the social security system (of note, 15 states do not participate in social security for their school employees) and WASD has to pay the employer's share at 7.65%. The reimbursement level is based on our market value – personal income aid ratio (MV/PI) which is about 0.63. The MV/PI ratio is then translated into a percentage – 63% for reimbursement purposes. We typically budget slightly less than the actual MV/PI aid ratio because it can fluctuate throughout the year affecting our reimbursement.

In summary, we take out anticipated social security expenditures and calculate a reimbursement of close to 60% for this state revenue line.

State Share of Retirement: It is the same process as the social security reimbursement, but applies to our pension costs for the Public School Employees Retirement System (PSERS) that the district is mandated to use. The PSERS rate for all school districts is 34.0% for 2025-26. Thus, for every \$1,000 of salaries, we have to pay \$340 as a contribution to PSERS.

Other State Funding (e-Rate): E-Rate is a federal program that currently receives funding from charges on individual's cell phones, internet access, and cable subscriptions. WASD receives a partial reimbursement for technology infrastructure expenditures that meet the e-Rate requirements. Typically, this would involve cabling and internet access.

E-Rate must be budgeted both as an expense and a revenue in our financials. The reimbursement is currently 80% for the 2025-26 projects, but it would be lower depending upon our MVAR and the type of project.

Federal Revenues

Federal revenues are derived from the federal government and typically passed thru the Commonwealth of Pennsylvania for payment purposes. This revenue stream is based on many factors including the economics (free & reduced meal qualified families) of the people within our community.

With the exception of the recent ESSER funding, federal revenues typically do not fluctuate significantly year-over-year. Historically, federal funding pays for existing employees in the district, with some exceptions for nonpublic schools and community-engagement supplies.

Types of Federal Revenues and Descriptions

Title I NCLB: Title I funds are designed for supplemental programs to help children meet the state content and performance standards. We typically budget district staff at the elementary level with this funding. NCLB = No Child Left Behind.

Title II NCLB: Title II funds are designed for supplemental programs to improve the skills of teachers and the quality of instruction in core academic areas. We typically budget district staff at the elementary level with this funding.

Title IV: Title IV funds are designed for supplemental programs to help children receive a well-rounded education, improve student learning, and improve the use of technology. We typically budget district staff at the elementary level with this funding.

Medical Assistant Access: Some of the services the district provides are reimbursable through the medical access process. This is a Medicaid program where we may be providing occupational or physical therapy to a student, and can then receive some level of reimbursement. We have typically budgeted about \$200,000 per year to cover one of our salaries, but have also used the funds for items such as wheelchair-accessible vans.

Other Local Revenues – Financing Sources

The 9000 function series contains other revenues that are ultimately categorized as local revenues. However, these revenues are typically associated with one-time events such as bond issuances and refinancing. It is normal to see a large swing in this function since Waynesboro does not issue or refund bonds every year.

Types of Other Local Revenues and Descriptions

Sale of Bonds: We code the sale of bonds/loans to this section. This could also include a bond refunding, since we effectively buy-back the outstanding bonds, and then issue new bonds. This area does not actually affect our budget since there should be a corresponding expenditure. However, it will be visible in the budget and the annual financial report.

Capital Project Fund Transfer: When we move funds to our capital reserve, we code the activity to this account. Often, we will transfer excess fund balance to our capital reserve to fund future technology infrastructure projects.

Sale/Compensation for Surplus Property: When the district sells surplus property, we code the proceeds in this code. In most years, we receive a nominal amount for surplus property. Were we to plan on selling a larger asset in a fiscal year, we could budget for that anticipated revenue.

Insurance Recoveries: In the event that we have an insurance claim and we receive payment from our insurance company, we would book the revenue in this line.