



Avon Grove School District



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TO: Dr. Augustus Massaro
FROM: James A. Ascitutto
RE: **2010-2011 Fiscal Year**
DATE: September 12, 2011

The following is a summary of the 2010-2011 fiscal year.

| | 2010-11 Budget | 2010-11 Projected | 2010-11 Actual | Actual/ Budget |
|-------------------------------|----------------------|----------------------|----------------------|-------------------|
| Revenues | \$73,212,523 | \$73,893,697 | \$74,248,266 | 101.4% |
| Expenditures | \$74,528,053 | \$73,729,284 | \$73,153,707 | 98.2% |
| Net Surplus/Deficit | (\$1,315,530) | \$164,413 | \$1,094,559 | |
| Transfer to Capital | 0 | (\$5,000,000) | (\$5,000,000) | |
| Change in Fund Balance | <u>(\$1,315,530)</u> | <u>(\$4,835,587)</u> | <u>(\$3,905,441)</u> | |

This results in an ending fund balance at June 30, 2011 of \$19,572,964.

| | |
|--------------------------------|----------------------------|
| Committed – PSERS and Medical | \$10,000,000 |
| Assigned – Use of Fund Balance | \$2,000,000 |
| Unassigned | <u>\$7,572,964</u> |
| Total Fund Balance | <u>\$19,572,964</u> |

As the Board is aware, we entered the 2010-2011 fiscal year knowing that there were several major items that would positively impact the financial results for the 2010-2011 year that were not included when the 2010-2011 budget was adopted. These items are: (1) the Charter School Tax Settlement of \$402,000, (2) debt service savings of \$469,000, and (3) reduction in the PSERS rate of \$387,000. The total of \$1.3 million was not included by the Board as they represented “one time” items. If these non- recurring types of items are included

in the budget, they require the immediate need for the same amount of funds to be replaced in the following year's budget.

The original budget as approved by the Board included the use of \$1.3 million from the Fund Balance to balance the 2010-2011 budget. The end-of-the year financial results, which includes the \$1.3 million noted above, shows a surplus of \$1.1 million. Therefore, as the Board has been able to do many times in the past, the District operated better than originally anticipated. (\$1.3 million plus \$1.1 million = \$2.4 million) including the non-recurring items as explained above.

The following is a summary of the major items that positively impacted the financial results for 2010-2011 that were NOT included when the budget was prepared.

Revenues

| | |
|--|-----------|
| Charter School Tax Settlement (<i>Known</i>) | \$402,000 |
| Special Education Contingency Funding | \$127,000 |
| Unanticipated Delinquent Tax Collections | \$157,000 |
| Total | \$686,000 |

Expenditures

| | |
|--|-------------|
| Debt Service Refunding (<i>Known</i>) | \$469,000 |
| Reduction in PSERS (8.22% to 5.64%) (<i>Known</i>) | \$387,000 |
| Attrition – unfilled positions | \$483,000 |
| Energy Costs – cost of electric service | \$149,000 |
| Total | \$1,488,000 |

| | |
|-------------|-------------|
| Grand Total | \$2,174,000 |
|-------------|-------------|

The positive results for 2010-2011 and the ongoing evaluation of all expenditures and staff positions during 2011-2012 will help during the preparation of the 2012-2013 general fund budget.

The surplus funds generated in 2010-2011 may be utilized to replace, in part, the \$2,000,000 use of fund balance included in the 2011-2012 budget. Other cost reductions, from staff attrition and operating efficiencies may produce additional surplus funds in the 2011-2012 fiscal year which may be used to reduce the amount of funds needed for 2012-2013.