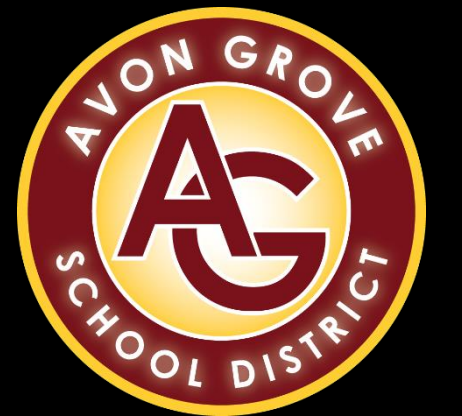


AVON GROVE SCHOOL DISTRICT

2018-19

PROPOSED FINAL BUDGET

JUNE 5, 2018



BUDGET SUMMARY – 2018-19 VS 2017-18

	May Proposed Final Budget	Adjustments	June Proposed Final Budget	2017-2018 Budget	Budget Variance
Revenues					
Local	\$ 58,752,119	\$ 162,708	\$ 58,914,827	\$ 56,832,977	\$ 2,081,850
State	30,384,943	15,310	30,400,253	29,838,166	562,087
Federal	634,000		634,000	664,869	(30,869)
Total Revenues	<u>89,771,062</u>		<u>89,949,080</u>	<u>87,336,012</u>	<u>2,613,068</u>
Expenditures					
Instruction	62,102,409	(432,308)	61,670,101	59,334,851	2,335,250
Support Services	26,090,998	53,557	26,144,555	25,572,674	571,881
Community Services	1,284,960	163,676	1,448,636	1,176,136	272,500
Debt Service	4,829,990		4,829,990	4,830,365	(375)
Fund Transfer	1,850,000		1,850,000	1,850,000	-
Contingency	960,000		960,000	900,000	60,000
Total Expenditures	<u>97,118,357</u>		<u>96,903,282</u>	<u>93,664,026</u>	<u>3,239,256</u>
Deficiency of Revenues Under Expenditures	<u>\$ (7,347,295)</u>		<u>\$ (6,954,202)</u>	<u>\$ (6,328,014)</u>	<u>\$ (626,188)</u>
Fund Balance Usage					
Committed Fund Balance (PSERS)	\$ 1,614,189		\$ 1,614,189	\$ 1,020,389	\$ 593,800
Assigned Fund Balance (transfers)	1,850,000		1,850,000	1,850,000	-
Debt Service Placeholder	1,560,000		1,560,000	1,560,000	-
Budgetary Reserve	960,000		960,000	900,000	60,000
Unassigned Fund Balance	1,363,106	(393,093)	970,013	997,625	(27,612)
Total Use of Fund Balance	<u>\$ 7,347,295</u>		<u>\$ 6,954,202</u>	<u>\$ 6,328,014</u>	<u>\$ 626,188</u>

EXPENDITURE ADJUSTMENTS

Proposed Final Budgeted Expenditures (May 2018)

\$ 97,118,357

Attritional savings and savings due to retirements and changes
in various positions

(355,900)

Reclassifications of account codes:

Special education administrative expenses reclassified from
1200 function to 2000 functions

(97,501)

2000 functions reclassification for special education expenses

97,501

Reclassify tax rebate program from instruction (1110)

(100,000)

Reclassify tax rebate program to Community Service (3300)

100,000

Increase in Facilities Director cost (contracted through CCIU)

10,000

Increase in estimated life insurance costs

3,000

Increase in salaries & benefits due to changes in positions

67,825

AGHS Play & Musical expenditures (formerly Fund 81)

50,000

AGHS Scholarship expenditures (formerly Fund 81)

10,000

(215,075)

REVENUE & FUND BALANCE ADJUSTMENTS

Proposed Final Budgeted Revenues (May 2018)

Increase in assessed value of \$1,770,544 (interim billings)	52,708	
Increase in estimated interest income	50,000	
AGHS Play & Musical revenues (formerly Fund 81)	50,000	
AGHS Scholarship donations (formerly Fund 81)	10,000	
Decrease in State Social Security reimbursement (attritional savings)	(6,272)	
Decrease in State PSERS reimbursement (attritional savings)	(28,418)	
Increase in estimated State Transportation Subsidy	50,000	178,018

Proposed Final Budgeted Revenues (June 2018)

\$ 89,949,080

Proposed Final Use of Fund Balance (May 2018)

\$ 7,347,295

Use of Unassigned Fund Balance:

Increase in Revenues	(178,018)	
Decrease in Expenditures	(215,075)	(393,093)

Proposed Final Use of Fund Balance (June 2018)

\$ 6,954,202

BUDGET SUMMARY

SUMMARY	2015 - 2016 Actual Revenue / Expenditures	2016 - 2017 Actual Revenue / Expenditures	2017 - 2018 Final Budget Revenue / Expenditures	2018 - 2019 Final Budget Revenue / Expenditures	Budget / Budget Increase / Decrease
FUND BALANCE APPROPRIATION	\$ -	\$ -	\$ 6,328,014	\$ 6,954,202	\$ 626,188
6000 REVENUE FROM LOCAL SOURCES	\$ 52,970,101	\$ 54,639,125	\$ 56,832,977	\$ 58,914,827	\$ 2,081,850
7000 REVENUE FROM STATE SOURCES	\$ 28,427,631	\$ 30,203,441	\$ 29,838,166	\$ 30,400,253	\$ 562,087
8000 REVENUE FROM FEDERAL SOURCES	\$ 607,266	\$ 638,100	\$ 664,869	\$ 634,000	\$ (30,869)
9000 REVENUE FROM OTHER SOURCES	\$ 11,176	\$ 28,536	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 82,016,173	\$ 85,509,201	\$ 93,664,026	\$ 96,903,282	\$ 3,239,256
TOTAL EXPENDITURES	\$ 78,115,177	\$ 83,605,793	\$ 86,083,661	\$ 89,263,292	\$ 3,179,631
TOTAL OTHER FINANCING USES	\$ 5,605,026	\$ 4,870,113	\$ 7,580,365	\$ 7,639,990	\$ 59,625
TOTAL EXP & OTHER FINANCING USES	\$ 83,720,203	\$ 88,475,906	\$ 93,664,026	\$ 96,903,282	\$ 3,239,256
REVENUE OVER (UNDER) EXPENSE	\$ (1,704,030)	\$ (2,966,704)	\$ (0)	\$ 0	\$ (0)
MILLAGE RATE	28.157	29.040	29.7700	30.6900	0.92
MILLAGE INCREASE	2.393%	3.136%	2.514%	3.090%	
ACT 1 INDEX	2.40%	3.20%	3.30%	3.10%	
Debt @ recommended level net - \$4.5M (Placeholder)			\$ 1,560,000	\$ 1,560,000	
Budgetary Reserve			\$ 900,000	\$ 960,000	
Transfer to Capital Projects			\$ 1,850,000	\$ 1,850,000	
PSERS draw down (Committed Fund Balance)			\$ 1,020,389	\$ 1,614,189	
General Ops usage (Unassigned Fund Balance)			\$ 997,625	\$ 970,013	

BUDGETED USE OF FUND BALANCE VS. ACTUAL

	<u>Actual 2013-14</u>	<u>Actual 2014-15</u>	<u>Budget 2015-16</u>	<u>Actual 2015-16</u>	<u>Budget 2016-2017</u>	<u>Actual 2016-2017</u>	<u>Budget 2017-2018</u>	<u>Estimate 2017-2018</u>	<u>Estimate 2018-2019</u>
GENERAL FUND									
Beginning Fund Balance	\$ 22,991,882	\$ 26,437,088	\$ 27,913,602	\$ 27,913,602	\$ 26,209,570	\$ 26,209,570	\$ 23,242,867	\$ 23,242,867	\$ 20,607,705
Surplus (Deficit)	* 3,445,206	1,476,514	(3,025,123)	(504,032)	(4,946,822)	(1,366,703)	(4,478,014)	(785,162)	** (2,584,202)
Transfer to Capital Projects				(1,200,000)	(1,600,000)	(1,600,000)	(1,850,000)	(1,850,000)	(1,850,000)
Net Change in Fund Balance	<u>3,445,206</u>	<u>1,476,514</u>	<u>(3,025,123)</u>	<u>(1,704,032)</u>	<u>(6,546,822)</u>	<u>(2,966,703)</u>	<u>(6,328,014)</u>	<u>(2,635,162)</u>	<u>(4,434,202)</u>
Ending Fund Balance	<u>\$ 26,437,088</u>	<u>\$ 27,913,602</u>	<u>\$ 24,888,479</u>	<u>\$ 26,209,570</u>	<u>\$ 19,662,748</u>	<u>\$ 23,242,867</u>	<u>\$ 16,914,853</u>	<u>\$ 20,607,705</u>	<u>\$ 16,173,503</u>
CAPITAL PROJECTS FUND									
Beginning Fund Balance	\$ 1,753,349	\$ 2,357,492	\$ 1,841,994	\$ 1,841,994	\$ 1,593,975	\$ 1,593,975	\$ 2,251,726	\$ 2,251,726	\$ 3,001,726
Surplus (Deficit)	604,143	(515,498)	79,111	(1,448,019)	788,740	(942,249)	(1,100,000)	(1,100,000)	(1,600,000)
Transfer from General Fund				1,200,000	1,600,000	1,600,000	1,850,000	1,850,000	1,850,000
Net Change in Fund Balance	<u>604,143</u>	<u>(515,498)</u>	<u>79,111</u>	<u>(248,019)</u>	<u>2,388,740</u>	<u>657,751</u>	<u>750,000</u>	<u>750,000</u>	<u>250,000</u>
Ending Fund Balance	<u>\$ 2,357,492</u>	<u>\$ 1,841,994</u>	<u>\$ 1,921,105</u>	<u>\$ 1,593,975</u>	<u>\$ 3,982,715</u>	<u>\$ 2,251,726</u>	<u>\$ 3,001,726</u>	<u>\$ 3,001,726</u>	<u>\$ 3,251,726</u>

* Surplus is primarily the result of a gain on change in accounting estimate (\$3.6m) for treatment of health claims and the creation of the Internal Service Fund.

** Adjusted for placeholders for debt service (\$1,560,000) and the budgetary reserve (\$960,000)

BUDGETED USE OF FUND BALANCE VS. ACTUAL

	Actual 2013-14	Actual 2014-15	Budget 2015-16	Actual 2015-16	Budget 2016-2017	Actual 2016-2017	Budget 2017-2018	Estimate 2017-2018	Estimate 2018-2019
INTERNAL SERVICE FUND									
Beginning Fund Balance	\$ -	\$ 1,520,000	\$ 2,067,051	\$ 2,067,051	\$ 1,896,235	\$ 1,896,235	\$ 3,004,824	\$ 3,004,824	\$ 3,004,824
Surplus (Deficit)	-	547,051	-	(170,816)	-	1,108,589	-	-	-
Transfer from General Fund	1,520,000	-	-	-	-	-	-	-	-
Net Change in Fund Balance	1,520,000	547,051	-	(170,816)	-	1,108,589	-	-	-
Ending Fund Balance	<u>\$ 1,520,000</u>	<u>\$ 2,067,051</u>	<u>\$ 2,067,051</u>	<u>\$ 1,896,235</u>	<u>\$ 1,896,235</u>	<u>\$ 3,004,824</u>	<u>\$ 3,004,824</u>	<u>\$ 3,004,824</u>	<u>\$ 3,004,824</u>
GENERAL FUND	\$ 26,437,088	\$ 27,913,602	\$ 24,888,479	\$ 26,209,570	\$ 19,662,748	\$ 23,242,867	\$ 16,914,853	\$ 20,607,705	\$ 16,173,503
CAPITAL PROJECTS FUND	2,357,492	1,841,994	1,921,105	1,593,975	3,982,715	2,251,726	3,001,726	3,001,726	3,251,726
INTERNAL SERVICE FUND	1,520,000	2,067,051	2,067,051	1,896,235	1,896,235	3,004,824	3,004,824	3,004,824	3,004,824
TOTAL AVAILABLE FUND BALANCE	<u>\$ 30,314,580</u>	<u>\$ 31,822,647</u>	<u>\$ 28,876,635</u>	<u>\$ 29,699,780</u>	<u>\$ 25,541,698</u>	<u>\$ 28,499,417</u>	<u>\$ 22,921,403</u>	<u>\$ 26,614,255</u>	<u>\$ 22,430,053</u>
FUND BALANCES									
Restricted - Capital Projects	\$ 2,357,492	\$ 1,841,994	\$ 1,921,105	\$ 1,593,975	\$ 3,982,715	\$ 2,251,726	\$ 3,001,726	\$ 3,001,726	\$ 3,251,726
Restricted - Internal Service	1,520,000	2,067,051	2,067,051	1,896,235	1,896,235	3,004,824	3,004,824	3,004,824	3,004,824
Committed - PSERS	10,000,000	10,000,000	10,000,000	10,000,000	8,633,297	8,633,297	7,019,108	7,019,108	5,404,919
Assigned	8,941,880	9,088,989	9,088,989	9,088,989	8,941,880	8,941,880	8,000,000	8,000,000	4,000,000
Unassigned	7,495,208	8,824,613	5,799,490	7,120,581	2,087,571	5,667,690	1,895,745	5,588,597	6,768,584
Total Fund Balance	<u>\$ 30,314,580</u>	<u>\$ 31,822,647</u>	<u>\$ 28,876,635</u>	<u>\$ 29,699,780</u>	<u>\$ 25,541,698</u>	<u>\$ 28,499,417</u>	<u>\$ 22,921,403</u>	<u>\$ 26,614,255</u>	<u>\$ 22,430,053</u>

AN IMPORTANT NOTE

School districts budgets do not operate in the same manner as the budget of a for-profit entity

Per the Pennsylvania School Code, a district ***cannot*** exceed its annually approved budget:

Act 14 of 1949, Section 609

No work shall be hired to be done, no materials purchased, and no contracts made by any board of school directors which will cause the sums appropriated to specific purposes in the budget to be exceeded.

WHAT DOES THIS MEAN?

Pennsylvania schools operate in an environment where major cost drivers (curriculum, retirement costs, special education services, transportation services, etc.) are mandated by the State

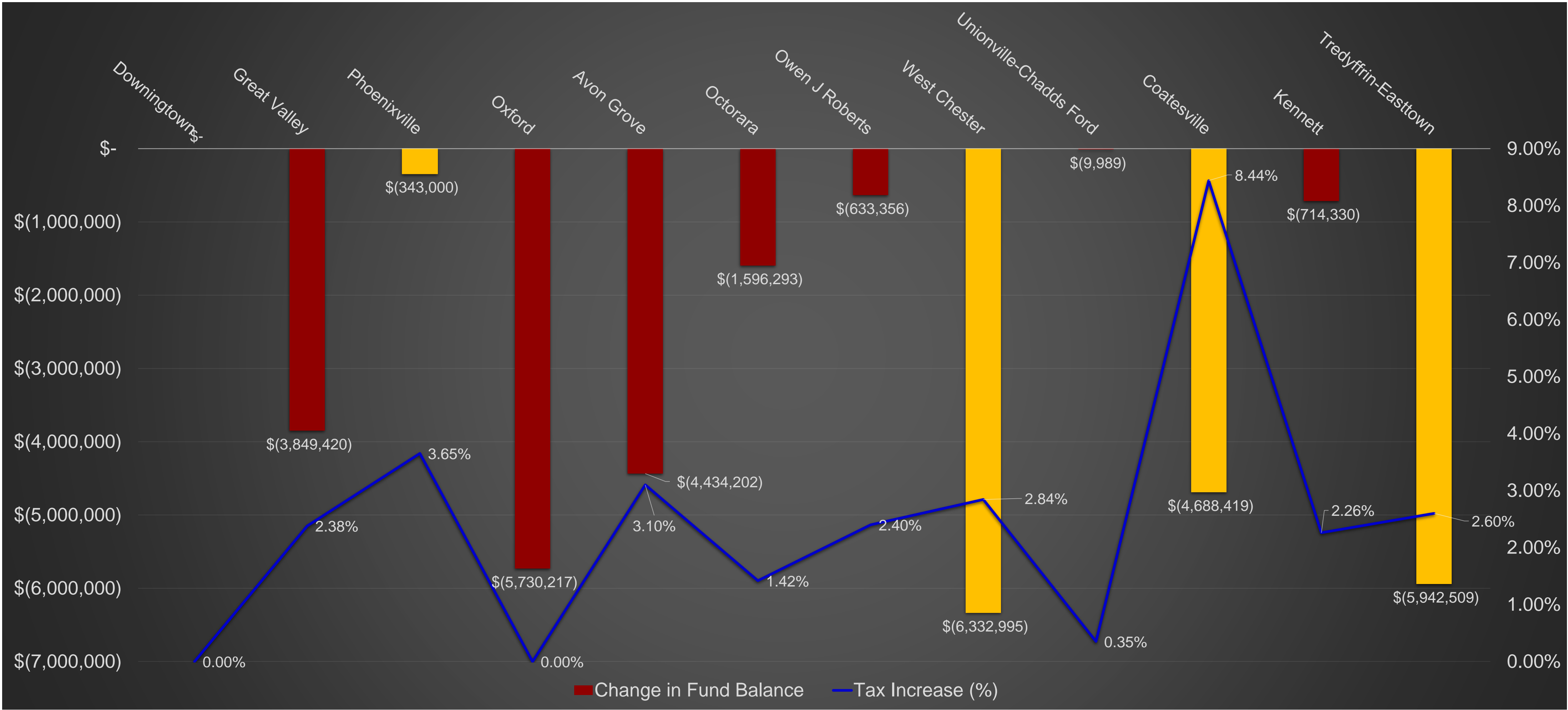
State funding is not provided by legislators to assist districts in meeting those mandates; based on a study by the National Education Association*, PA ranks 46th in the nation based on school funding

The result: *districts must budget for the worst because of unknown factors that might exist that are not in the district's control*

***Source:** Rankings of the States 2016 and Estimates of School Statistics 2017, National Education Association, May 2017

2018-19 Budgeted Use of Fund Balance – Chester County

(based on most recent information available at time of preparation)



- For comparative purposes, the change in millage shown above for dual-county districts represents only the Chester County portion of the total millage change
- AGSD's use of fund balance is represented exclusive of the debt placeholder (\$1,560,000) and budgetary reserve (\$960,000)

AVON GROVE SCHOOL DISTRICT

QUESTIONS

