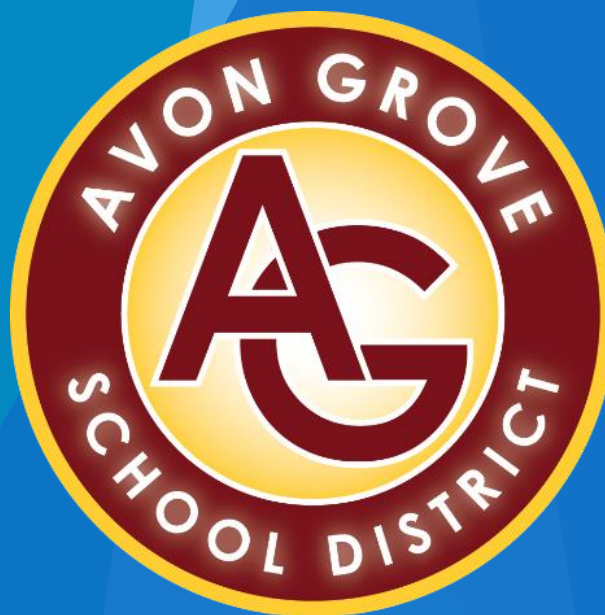

AVON GROVE SCHOOL DISTRICT

2022-23

**PRELIMINARY
BUDGET**

January 18, 2022



2022-23 BUDGET

Review 2020-21 Audited Results

Update of 2021-22 YTD Performance

2022-23 Preliminary Budget

2022-23 Budget Timeline Review

AVON GROVE SCHOOL DISTRICT

2020-21 RESULTS

2020-21 BUDGET ADOPTION

A Budget for an Uncertain Year

- ▶ 2020-21 budget adopted June 4, 2020 – less than three months after the start of the pandemic shutdown
- ▶ Economic impact of the pandemic was expected to be significant
 - ▶ PASBO advised modeling 2020-21 budgets on the 2008 – 2009 Great Recession
 - ▶ Unemployment rate in Chester County peaked at 11.6% in April 2020, and declined to 10.0% by June 2020¹
 - ▶ Home sales and other activity expected to stall due to the State-mandated lockdown
- ▶ AGSD modified the 2020-21 budget in response to these uncertainties:
 - ▶ Doubled the budgetary reserve from 1% to 2% (\$1,960,000)
 - ▶ Reduced estimated real estate tax collection factor to 96% (\$626,398)
 - ▶ Reduced estimated tax collections for interim taxes, real estate transfer taxes, and delinquent taxes (\$499,000)
 - ▶ Reduced transfer to the Capital Projects Fund (\$475,000)
 - ▶ Reduced departmental budgets to the minimum level possible to curtail spending

2020-21 BUDGET VS ACTUAL RESULTS

Revenues

	Budget	Actual	Variance	% Var	Notes
Revenues					
Real estate taxes	\$ 57,567,142	\$ 57,495,380	\$ (71,762)	-0.12%	
Interim taxes	250,000	297,718	47,718	19.09%	
Real estate transfer taxes	650,000	1,179,287	529,287	81.43%	Highest collection since 2006-07
Delinquent taxes	1,100,000	1,857,963	757,963	68.91%	Highest collection since 2010-11
Interest on investments	250,000	129,293	(120,707)	-48.28%	Federal Reserve reduced Fed Funds rate to near 0% in April 2020
Student activity fees	640,200	339,731	(300,469)	-46.93%	Field trip fees, gate receipts, and participation fees declined due to the inability to hold events and trips
Pass-through federal revenues	515,000	881,812	366,812	71.23%	Federal CRF Grant (\$333,986) passed through CCIU
Other local revenues	300,000	262,522	(37,478)	-12.49%	
State revenues	31,210,152	32,502,390	1,292,238	4.14%	PSERS and SS reimbursements higher than budget due to additional personnel on special assignment
CARES ESSER I	-	356,495	356,495	N/A	Unanticipated federal grants to assist with pandemic response
CARES GEER	-	37,355	37,355	N/A	
CARES CRF	-	342,447	342,447	N/A	
CRRSA ESSER II	-	853,907	853,907	N/A	
FEMA Public Disaster Grants	-	9,718	9,718	N/A	
Other federal revenues	785,140	1,141,493	356,353	45.39%	SBAP (Medicaid) revenues higher than budgeted based on 2019-20 services
Total Revenues	\$ 93,267,634	\$ 97,687,511	\$ 4,419,877	4.74%	

Total COVID-related grants = \$1,937,147

2020-21 BUDGET VS ACTUAL RESULTS

Expenditures

	Budget	Actual	Variance	% Var	Notes
Expenditures					
Salaries and wages	\$ 33,879,001	\$ 33,478,246	\$ 400,755	1.18%	Staff on special assignments offset by high turnover and mid-year vacancies
Benefits	22,376,548	21,962,072	414,476	1.85%	
Professional services	9,286,441	9,166,955	119,486	1.29%	
Custodial services	1,000,819	1,259,283	(258,464)	-25.83%	Additional custodians contracted to provide disinfection and cleaning services
Other facility services	1,016,076	949,114	66,962	6.59%	
Transportation	6,700,680	4,714,056	1,986,624	29.65%	Periods of remote learning, coupled with shortage of drivers, created fewer billable runs. No field trips held Charter enrollment declined 43 students - lowest total tuition cost since 2017-18
Charter school tuition	11,000,000	10,303,655	696,345	6.33%	
Other services	1,655,002	1,452,390	202,612	12.24%	
Supplies and materials	2,789,355	2,502,262	287,093	10.29%	
Capital purchases	-	651,014	(651,014)	N/A	Capital technology equipment purchased with unanticipated COVID grant funds
Dues and fees	561,975	294,715	267,260	47.56%	No field trips - budgeted fees = \$109,500 PlanCon pass-through funds \$77,416 less than budget
Debt service	5,913,674	5,329,308	584,366	9.88%	Anticipated borrowing in spring 2020 delayed
Transfer to Capital Projects Fund	1,192,000	2,197,995	(1,005,995)	-84.40%	Transfer increased at year end based on results
Transfer to Food Service Fund	-	1,607	(1,607)	N/A	
Budgetary reserve	1,960,000	-	1,960,000	100.00%	
Total Expenditures	\$ 99,331,571	\$ 94,262,672	\$ 5,068,899	5.10%	

2020-21 BUDGET VS ACTUAL RESULTS

Pandemic Response Costs and Funding Sources

Grant Revenues

Coronavirus Relief Funds (CRF)	\$ 676,433
CARES ESSER I & GEER	393,850
CRRSA ESSER II	853,907
FEMA Public Disaster Grants	12,957
Titles I, II, IV	144,404
Total Grant Revenues	2,081,551

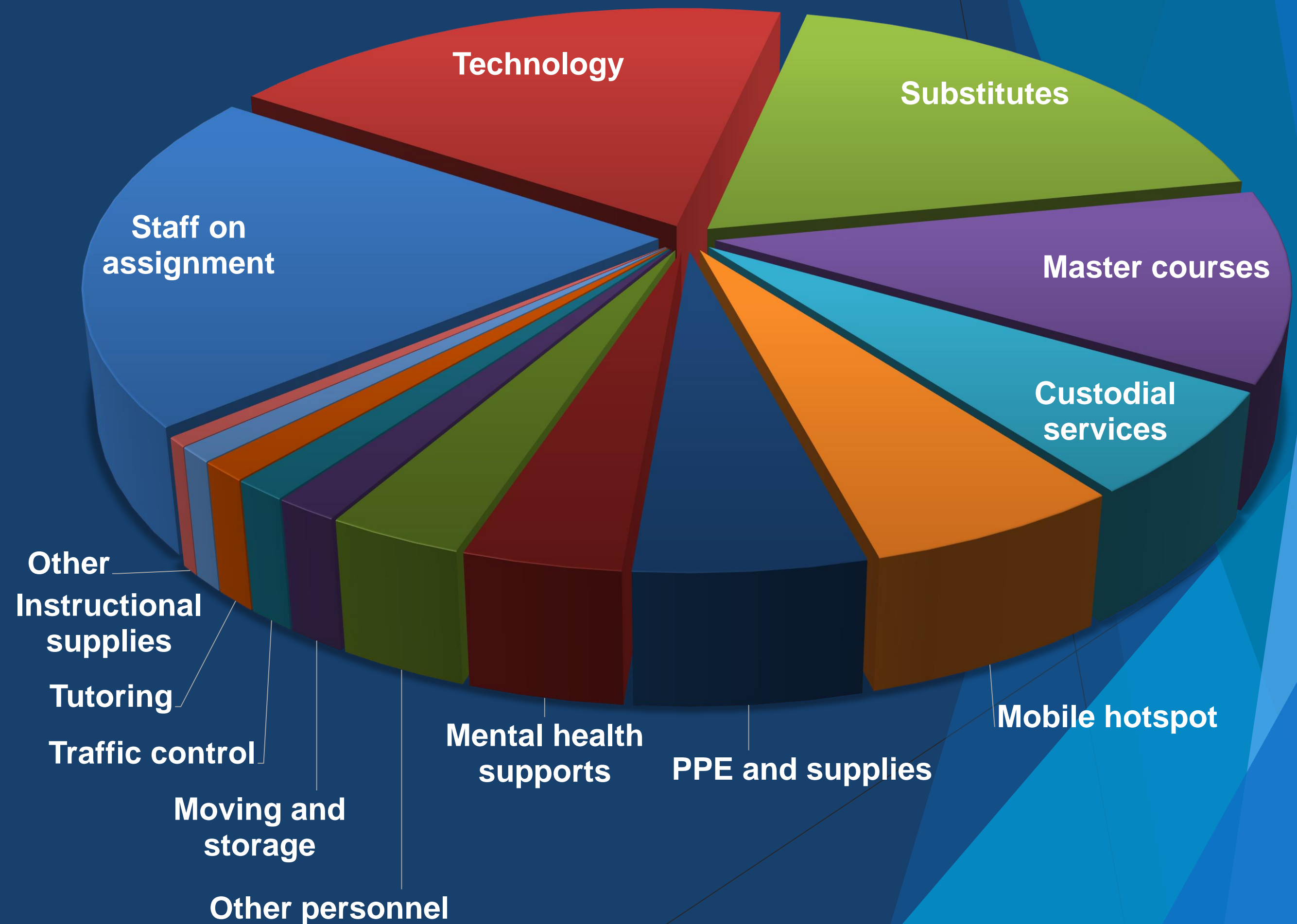
Pandemic Response Costs

Staff on special assignment	687,754
Technology devices	637,625
Substitutes	620,565
Master course building stipends	385,380
Additional custodial services	210,879
Mobile hotspot services	206,519
PPE, disinfecting wipes, acrylic glass	183,926
Mental health supports	126,579
Other personnel costs	108,485
Moving services and storage rentals	51,149
Additional traffic control services	43,719
After-school tutoring	39,962
Instructional supplies and materials	31,364
Other costs	19,379
Total Costs	3,353,285

Pandemic Response Costs

Funded by Local Funds	\$ 1,271,734
------------------------------	---------------------

Pandemic Response Costs by Type

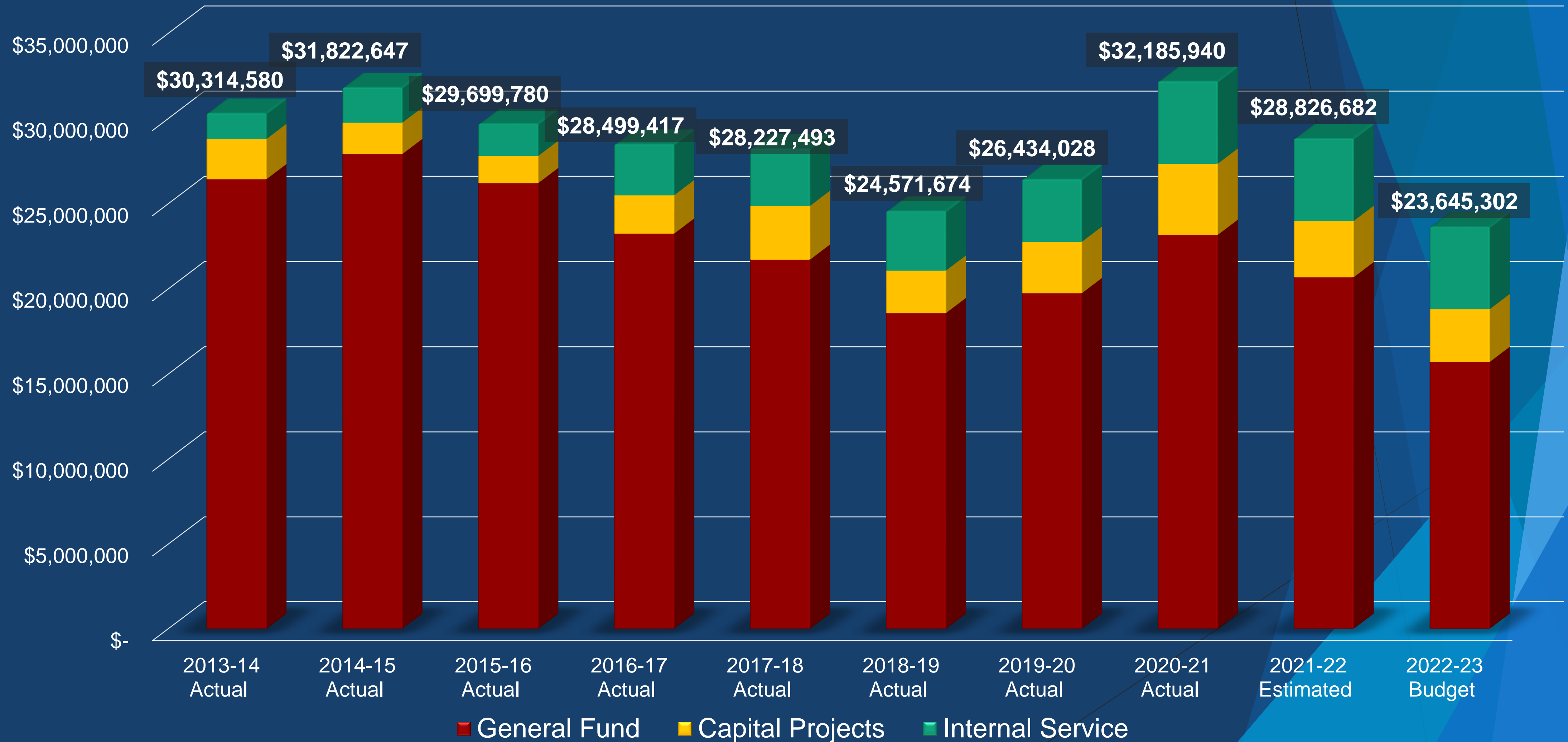


2020-21 ENDING FUND BALANCES

	General Fund	Capital Projects Fund:		Internal Service	Total
		LRP & Other	Construction		
Nonspendable:					
Prepaid expenditures	\$ 17,491	\$ -	\$ -	\$ -	\$ 17,491
Restricted:					
Capital projects	-	4,176,854	51,965,608	-	56,142,462
Committed:					
PSERS expenditures	5,998,719	-	-	-	5,998,719
Assigned	9,327,644	-	-	-	9,327,644
Unassigned	7,827,186	-	-	4,838,046	12,665,232
Ending Fund Balances	23,171,040	4,176,854	51,965,608	4,838,046	84,151,548
Beginning Fund Balances	19,746,201	3,018,437	36,380,950	3,669,390	62,814,978
Change in Fund Balances	\$ 3,424,839	\$ 1,158,417	\$ 15,584,658	\$ 1,168,656	\$ 21,336,570
Fund Balance without Borrowing Proceeds					\$ 32,185,940

FUND BALANCE HISTORY

Ten Year History – 2013-14 – 2022-23



AVON GROVE SCHOOL DISTRICT

2021-22 UPDATE

2021-22 UPDATE - REVENUES

REVENUE	Budget	Estimate	Change	
<u>Local Revenue</u>				
Current real estate taxes	59,768,474	59,249,825	(518,649)	A
Interim real estate taxes	275,000	375,000	100,000	B
Real estate transfer taxes	850,000	900,000	50,000	
Interest on investments	250,000	50,000	(200,000)	C
<u>State Revenue</u>				
Basic instructional subsidy	15,484,635	15,781,900	297,265	D
Special education subsidy	2,714,942	2,849,475	134,533	D
Transportation subsidy	1,500,000	2,032,892	532,892	E
<u>Federal Revenue</u> - Titles I, II, III, and IV	697,870	618,077	(79,793)	F

- A** Jennersville Hospital paid 2021-22 taxes under protest in the amount of \$436,513.
- B** Interim tax collections higher than budgeted due to strong collections in Penn and London Grove Townships.
- C** Despite inflation, the Federal Reserve has not increased the targeted Federal Funds rate. Interest rates remain near 0%, with an estimated 80% probability of a rate increase at the March 2022 Federal Reserve meeting.
- D** Subsidy revenues are budgeted based on the current year amount available each year due to the State's budget being finalized after the District's budget. The State increased the amount allocated to the BEF and SEF for 21-22.
- E** Increase due to the District electing to take advantage of the transportation subsidy amendment included in Act 136 of 2020 (11/25/2020). The District elected to pay the transportation contractors' certified fixed costs during periods of remote instruction for 2020-21, which guaranteed the District the same level of funding it received based on 2019-20 operations.
- F** Decrease due to the District's 2021-22 allocation from PDE declining from 2020-21.

2021-22 UPDATE – EXPENDITURES

EXPENDITURES	Budget	Estimated Actual	Change	
Charter school tuition	11,000,000	10,400,000	600,000	A
Transportation	6,571,054	6,171,054	400,000	B

A Charter school tuition costs are trending favorably to budget based on current enrollment declining slightly from 2020-21 enrollment levels. Tuition costs were budgeted conservatively for 2022-23 in the event families with students already enrolled in charter schools moved into the District. On a monthly basis, enrollment figures average 732 students in 2021-22, compared to 736 in 2020-21.

B Due to the driver shortage, the District has had to consolidate several bus runs this year, resulting in fewer billable runs being operated compared to pre-COVID levels.

AVON GROVE SCHOOL DISTRICT

2022-23 PRELIMINARY BUDGET

Tax Increase - 1.73% (0.58 Mills)

	SUMMARY	2018 - 2019 Actual Revenue / Expenditures	2019 - 2020 Actual Revenue / Expenditures	2020 - 2021 Actual Revenue / Expenditures	2021 - 2022 Final Budget Revenue / Expenditures	2021 - 2022 Estimated Revenue / Expenditures	2022 - 2023 Prelim Budget Revenue / Expenditures	\$ Budget / Budget Increase / Decrease	% Budget / Budget Increase / Decrease
	FUND BALANCE APPROPRIATION	\$ -	\$ -	\$ -	\$ 4,827,644	\$ 2,488,008	\$ 4,971,737	\$ 144,093	2.98%
	6000 REVENUE FROM LOCAL SOURCES	\$ 58,463,976	\$ 59,607,747	\$ 62,425,565	\$ 63,833,674	\$ 63,297,924	\$ 68,123,834	\$ 4,290,160	6.72%
	7000 REVENUE FROM STATE SOURCES	\$ 31,041,573	\$ 31,898,838	\$ 32,502,390	\$ 31,261,213	\$ 32,216,392	\$ 30,107,434	\$ (1,153,779)	-3.69%
	8000 REVENUE FROM FEDERAL SOURCES	\$ 993,809	\$ 762,241	\$ 2,741,415	\$ 4,135,360	\$ 4,055,567	\$ 3,250,929	\$ (884,431)	-21.39%
	9000 REVENUE FROM OTHER SOURCES	\$ 16,735	\$ 417	\$ 18,141	\$ -	\$ -	\$ -	\$ -	
	TOTAL REVENUES	\$ 90,516,093	\$ 92,269,242	\$ 97,687,511	\$104,057,891	\$102,057,891	\$106,453,934	\$ 2,396,043	2.30%
	TOTAL EXPENDITURES	\$ 87,871,266	\$ 84,212,249	\$ 86,733,607	\$ 91,656,972	\$ 90,656,972	\$ 94,759,724	\$ 3,102,752	3.39%
	TOTAL OTHER FINANCING USES	\$ 5,781,866	\$ 6,891,266	\$ 7,529,065	\$ 12,400,919	\$ 11,400,919	\$ 11,694,210	\$ (706,709)	-5.70%
	TOTAL EXP & OTHER FINANCING USES	\$ 93,653,132	\$ 91,103,515	\$ 94,262,672	\$104,057,891	\$102,057,891	\$106,453,934	\$ 2,396,043	2.30%
	REVENUE OVER (UNDER) EXPENDITURE	\$ (3,137,039)	\$ 1,165,727	\$ 3,424,839	\$ -	\$ -	\$ -	\$ -	
	CHESTER COUNTY MILLAGE	30.690	31.610	32.710	33.520	33.520	34.100		
	MILLAGE INCREASE	3.090%	2.998%	3.480%	2.476%	2.476%	1.730%		
	ACT 1 INDEX	3.10%	3.00%	3.50%	4.00%	4.00%	4.50%		
	Use of Fund Balance Notes:								
	Budgetary Reserve	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000		
	Transfer to Capital Projects	\$ 1,522,850	\$ 1,165,727	\$ -	\$ 841,180	\$ 841,180	\$ 1,674,776		
	PSERS draw down (Committed Fund Balance)	\$ 1,614,189	\$ -	\$ -	\$ 1,262,695	\$ 1,262,695	\$ 1,241,335		
	General Ops usage (Unassigned Fund Balance)	\$ -	\$ -	\$ -	\$ 1,723,769	\$ 384,133	\$ 1,055,626		

FUND BALANCES

Tax Increase - 1.73% (0.58 Mills)								
SUMMARY	2018 - 2019 Actual	2019 - 2020 Actual	2020 - 2021 Actual	2021 - 2022 Budget	2021 - 20212 Estimated	2022 - 20223 Preliminary Budget	Est. 2021-2022 / Budget 2022- 2023 Increase / Decrease	% Increase / Decrease
FUND BALANCE SUMMARY								
<i>General Fund</i>	\$ 18,580,474	\$ 19,746,201	\$ 23,171,040	\$ 18,343,396	\$ 20,683,032	\$ 15,711,295	\$ (2,632,101)	-14.35%
<i>Capital Projects Fund</i>	\$ 2,491,200	\$ 3,018,437	\$ 4,176,854	\$ 3,305,604	\$ 3,305,604	\$ 3,095,961	\$ (209,643)	-6.34%
<i>Internal Service Fund</i>	\$ 3,500,000	\$ 3,669,390	\$ 4,838,046	\$ 4,838,046	\$ 4,838,046	\$ 4,838,046	\$ -	0.00%
Totals	\$ 24,571,674	\$ 26,434,028	\$ 32,185,940	\$ 26,487,046	\$ 28,826,682	\$ 23,645,302	\$ (2,841,744)	-10.73%
Change	\$ (3,655,819)	\$ 1,862,354	\$ 5,751,912	\$ (5,698,894)	\$ (3,359,258)	\$ (2,841,744)		

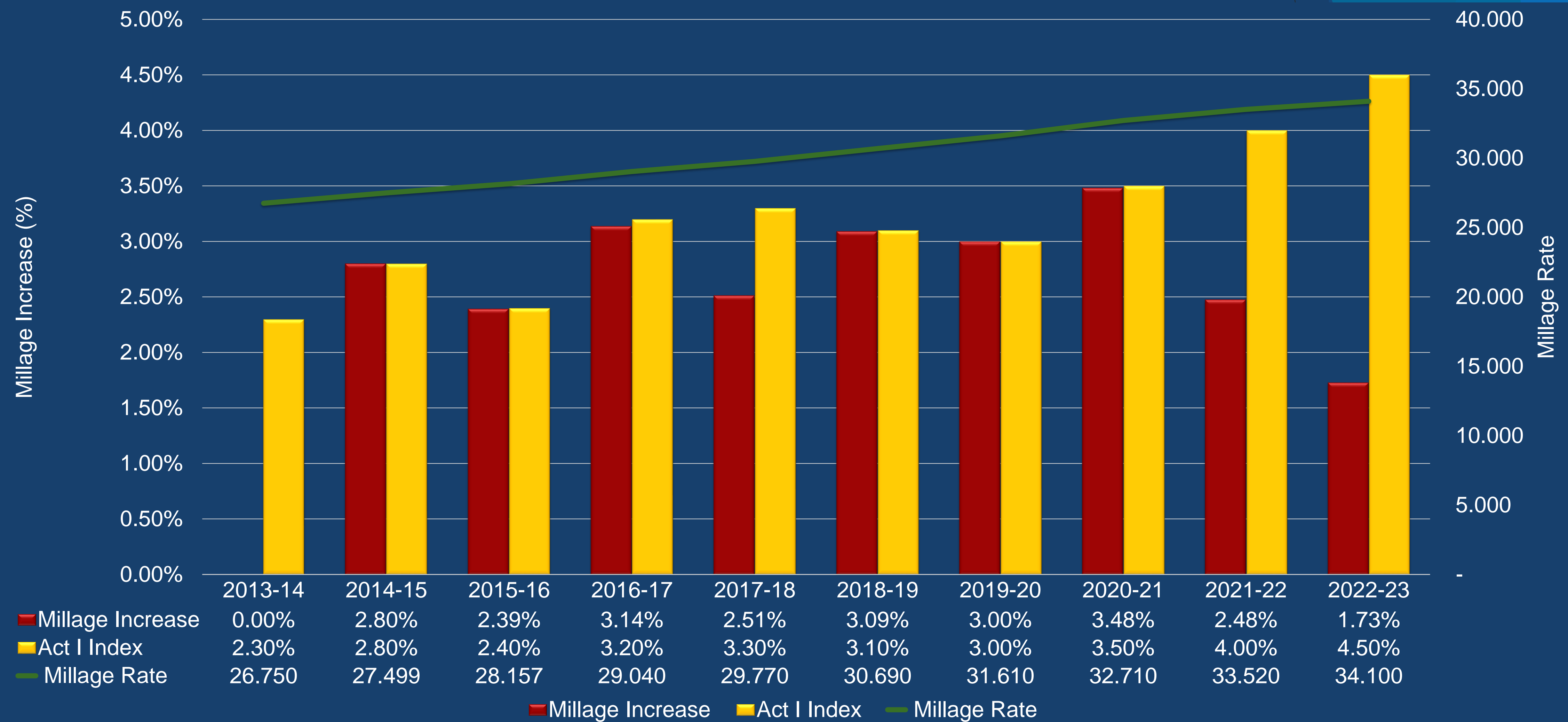
TAX INCREASE - 1.73% (0.58 MILLS)

Revenues	2021-22 Budget	2022-23 Budget	Variance	% Var	Notes
Local Revenues:					
Property Taxes	\$ 60,043,474	\$ 64,384,634	\$ 4,341,160	7.23%	Homestead/Farmstead TBD - estimated \$2.67m
Other Taxes	2,200,000	2,354,000	154,000	7.00%	
Other Local Revenues	1,590,200	1,385,200	(205,000)	-12.89%	Interest on investment estimate reduced \$150k
State Revenues	31,261,213	30,107,434	(1,153,779)	-3.69%	Homestead/Farmstead TBD - estimated \$2.67m
Federal Revenues	4,135,360	3,250,929	(884,431)	-21.39%	ESSER II and III grants will run out in 2022-23
Total Revenues	99,230,247	101,482,197	2,251,950	2.27%	
Expenditures					
Salaries	34,350,769	36,317,377	1,966,608	5.73%	Includes \$2.3M of ESSER-funded positions; these positions were included in the budgetary reserve in 2021-22
Benefits:					
PSERS	11,964,479	12,770,750	806,271	6.74%	35.26% vs 34.94%
Medical Insurance	6,435,726	6,920,522	484,796	7.53%	Based on trends and projections
HSA Contributions	487,750	32,576	(455,174)	-93.32%	Based on contracts and CBAs
Other Benefits	3,457,411	3,661,711	204,300	5.91%	
Professional Services:					
Occupational Education (Vo-Tech)	2,539,007	2,566,309	27,302	1.08%	
Pupil Services	5,275,500	5,018,031	(257,469)	-4.88%	In-house EMPOWER and BELIEVE programs replacing IU programs
Other Professional Services	2,150,984	2,166,972	15,988	0.74%	
Repairs/Maintenance/Rentals	2,145,792	2,207,516	61,724	2.88%	
Transportation	6,785,321	6,738,140	(47,181)	-0.70%	Based on contract increases and 2021-22 runs
Charter School Tuition	11,000,000	11,000,000	-	0.00%	
Other Services	1,819,251	1,882,114	62,863	3.46%	
Supplies/Books/Software/Fuel/Utilities	2,620,269	2,920,431	300,162	11.46%	Estimated utility cost increases of \$166,759 for new HS
Dues, Fees, Field Trips, and Other Expenses	624,712	557,275	(67,437)	-10.79%	
Debt Service - Principal and Interest	7,422,249	9,019,434	1,597,185	21.52%	GOB Series 2022 - anticipated to be issued in spring
Total Expenditures	99,079,220	103,779,158	4,699,938	4.74%	
Other Financing Uses					
Budgetary Reserve	4,137,491	1,000,000	(3,137,491)	-75.83%	21-22 contingency includes \$3.1M of ESSER expenditures
Transfers to Other Funds	841,180	1,674,776	833,596	99.10%	\$750,000 + planned furniture/equipment purchases
Total Other Financing Uses	4,978,671	2,674,776	(2,303,895)	-46.28%	
Total Expenditures & Other Financing Uses	104,057,891	106,453,934	2,396,043	2.30%	
Fund Balance Appropriation	\$ (4,827,644)	\$ (4,971,737)	\$ (144,093)	2.98%	

ACT 1 LOCAL REVENUE

Tax Increases Compared to Act 1 Index - 2013-14 through 2022-23

2022-23 Act I Index
 Base Index 3.4%
 Adjusted Index 4.5%



ITEMS AFFECTING THE 2022-23 BUDGET

Expenditures

INCREASES:

Debt service (interest & principal)	\$ 1,597,185
Salaries and wages ¹	\$ 518,317
PSERS contributions ¹	\$ 295,603
Medical and dental insurance ¹	\$ 263,776
Utilities	\$ 166,759
General supplies and materials	\$ 113,960
Technology supplies and fees	\$ 76,991

TOTAL MAJOR INCREASES \$ 3,032,591

DECREASES:

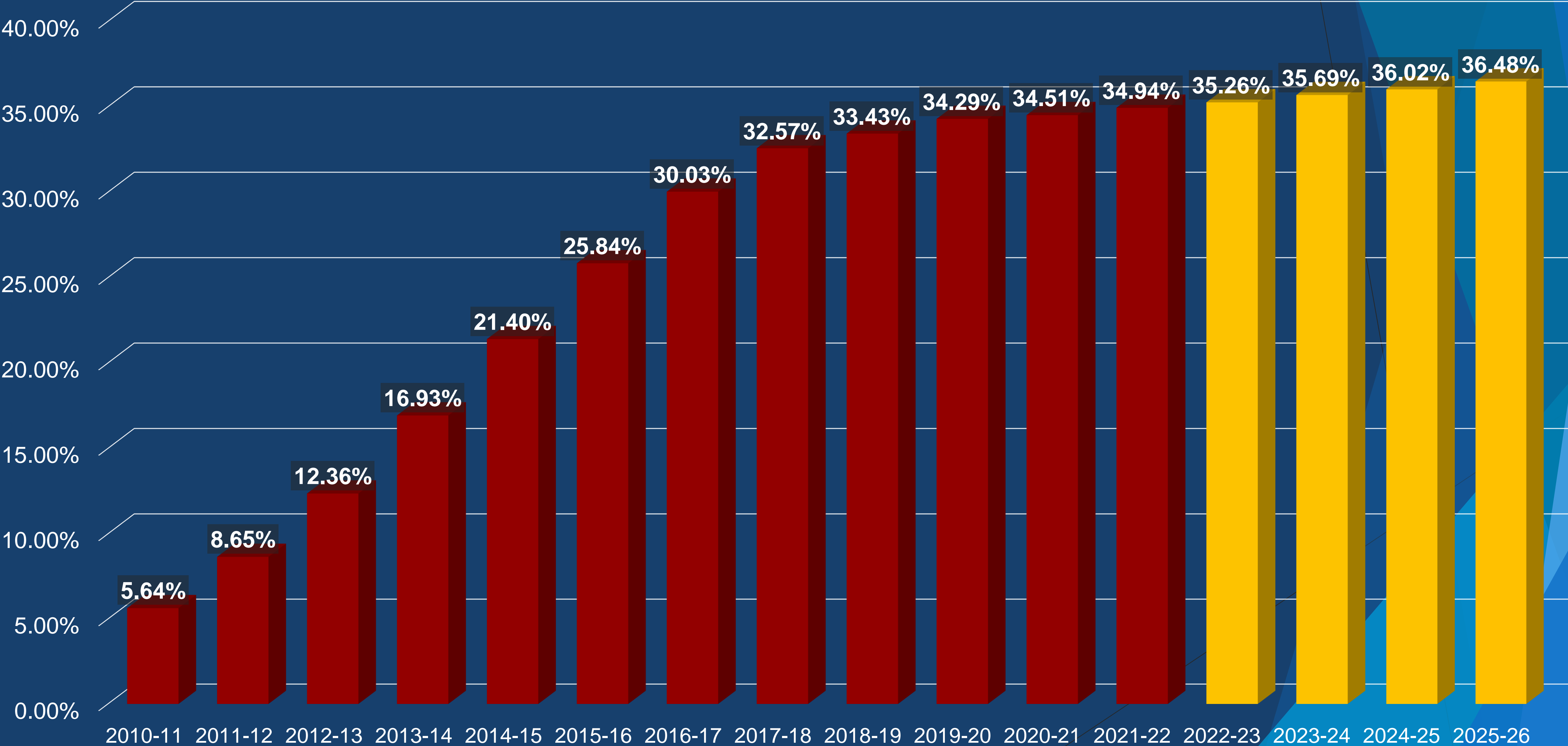
HSA contributions	\$ 455,174
Contracted pupil services	\$ 257,469
Modular classroom rentals	\$ 108,500
Curriculum materials & textbooks	\$ 65,045

TOTAL MAJOR DECREASES \$ 886,188

Net increase of major cost drivers = \$2,146,403

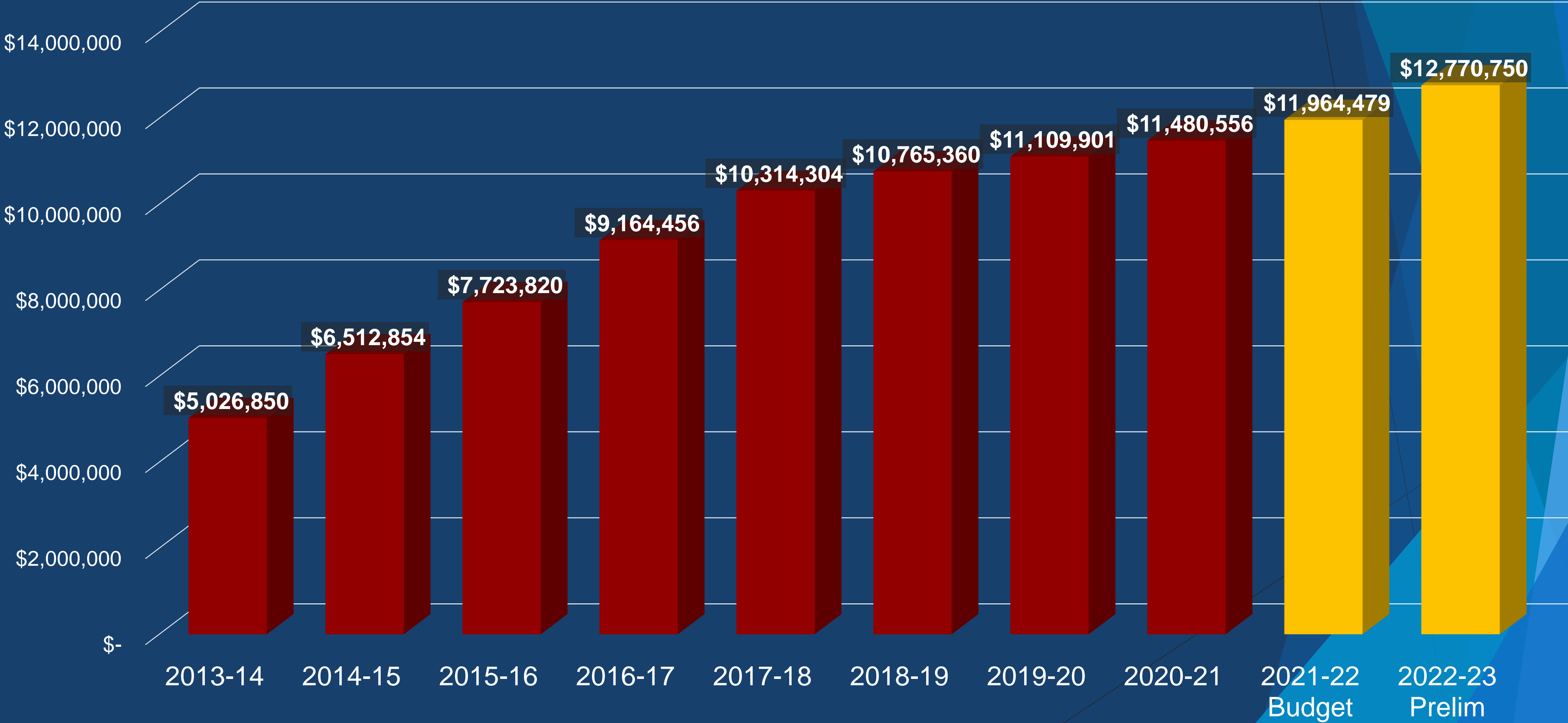
PSERS PROJECTED EMPLOYER CONTRIBUTION RATES

PSERS Employer Contribution Rates 2010-11 through 2025-26



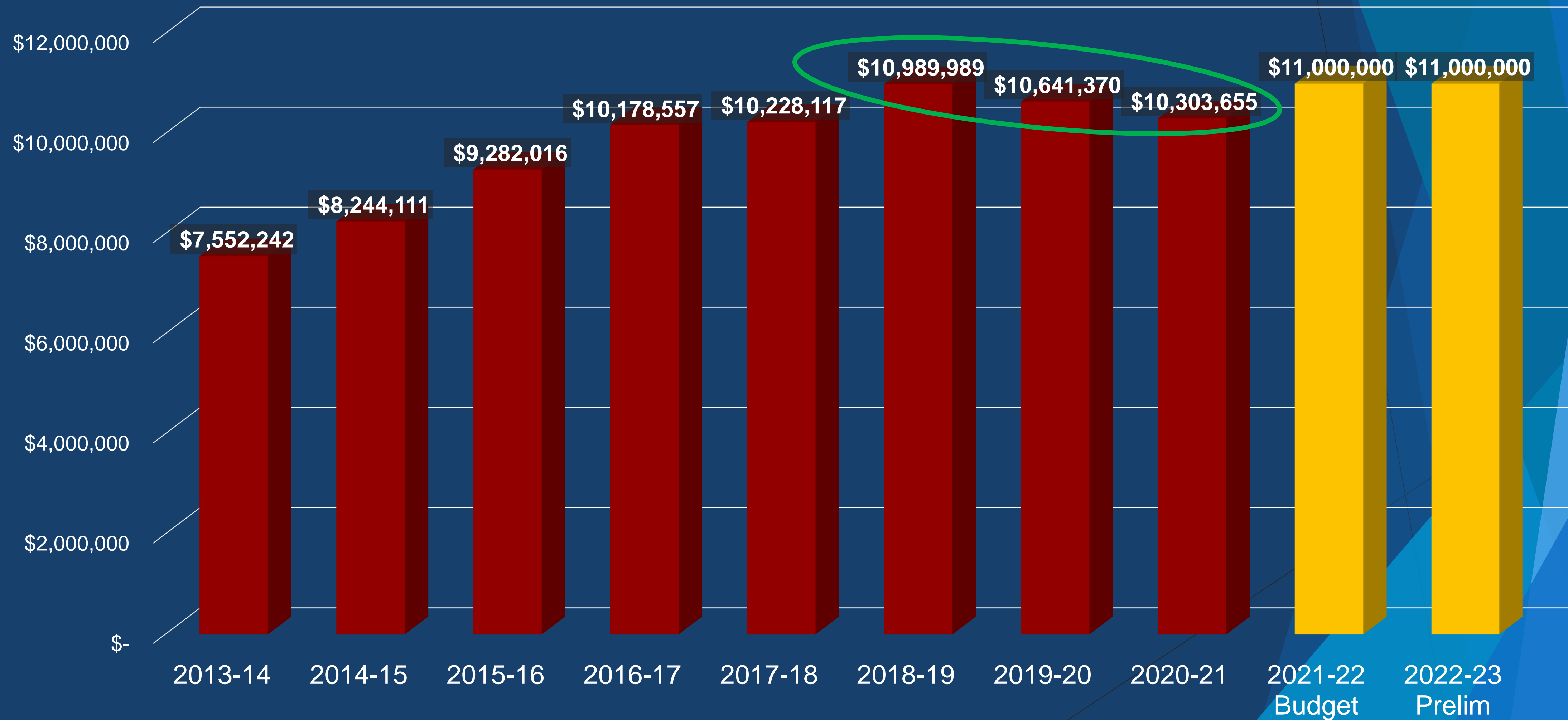
EMPLOYER RETIREMENT COSTS

Ten Year History – 2013-14 – 2022-23



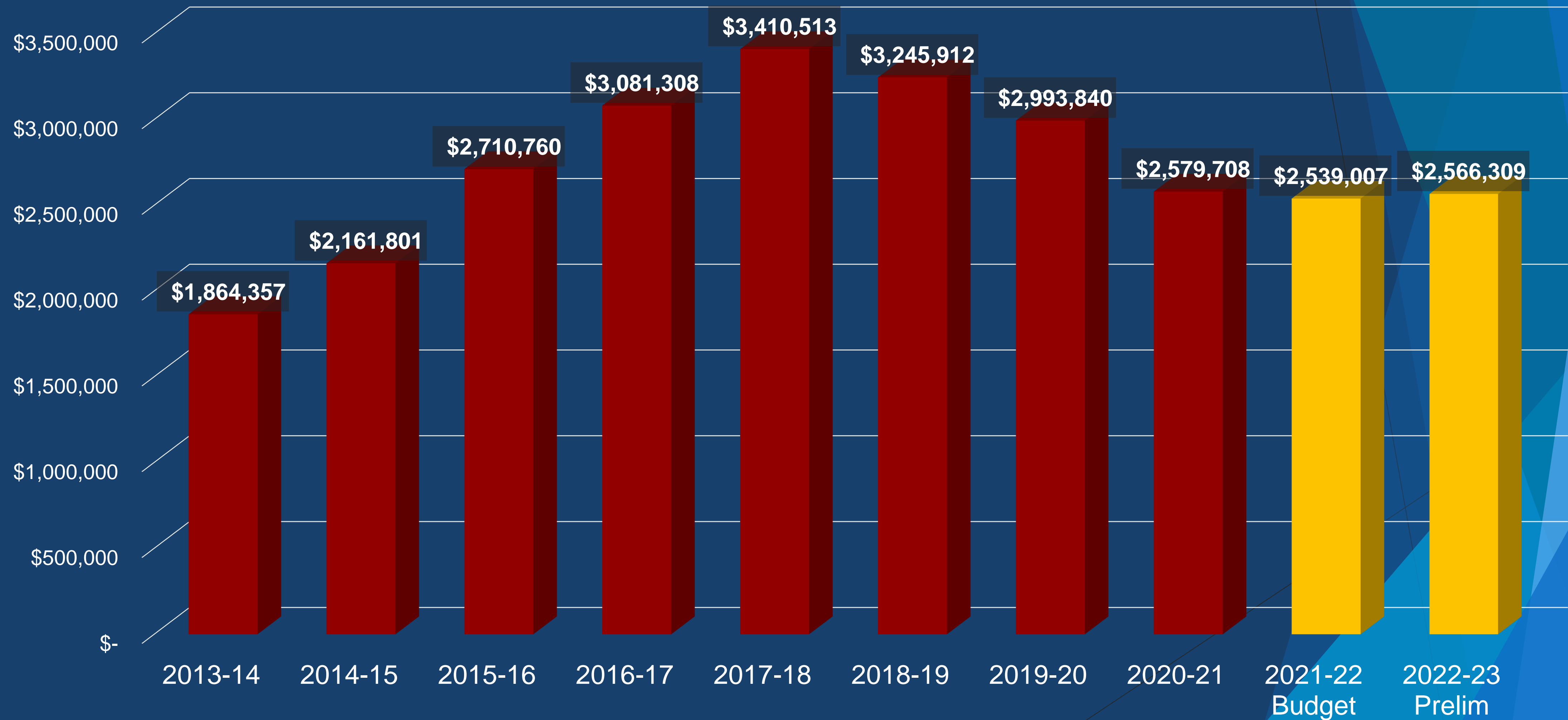
CHARTER SCHOOL TUITION

Ten Year History – 2013-14 – 2022-23



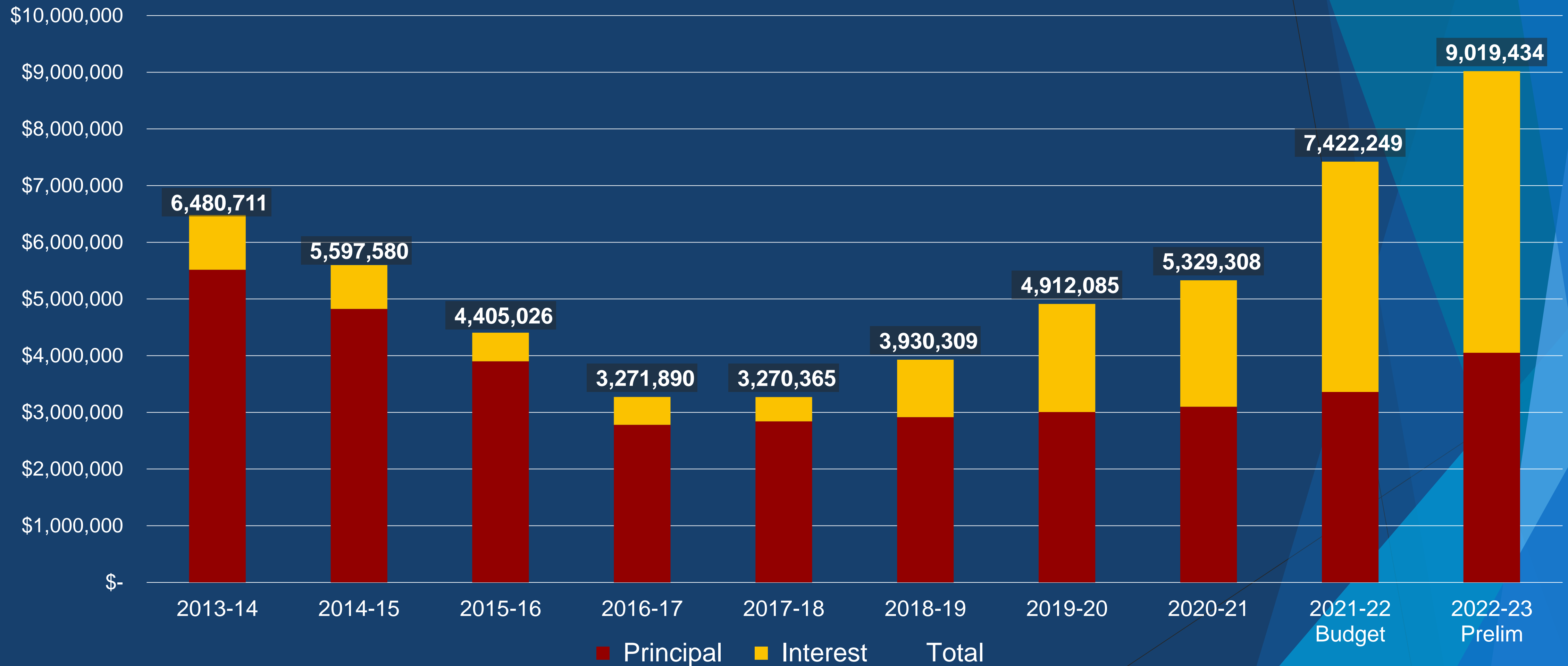
OCCUPATIONAL EDUCATION

Ten Year History – 2013-14 – 2022-23



DEBT SERVICE

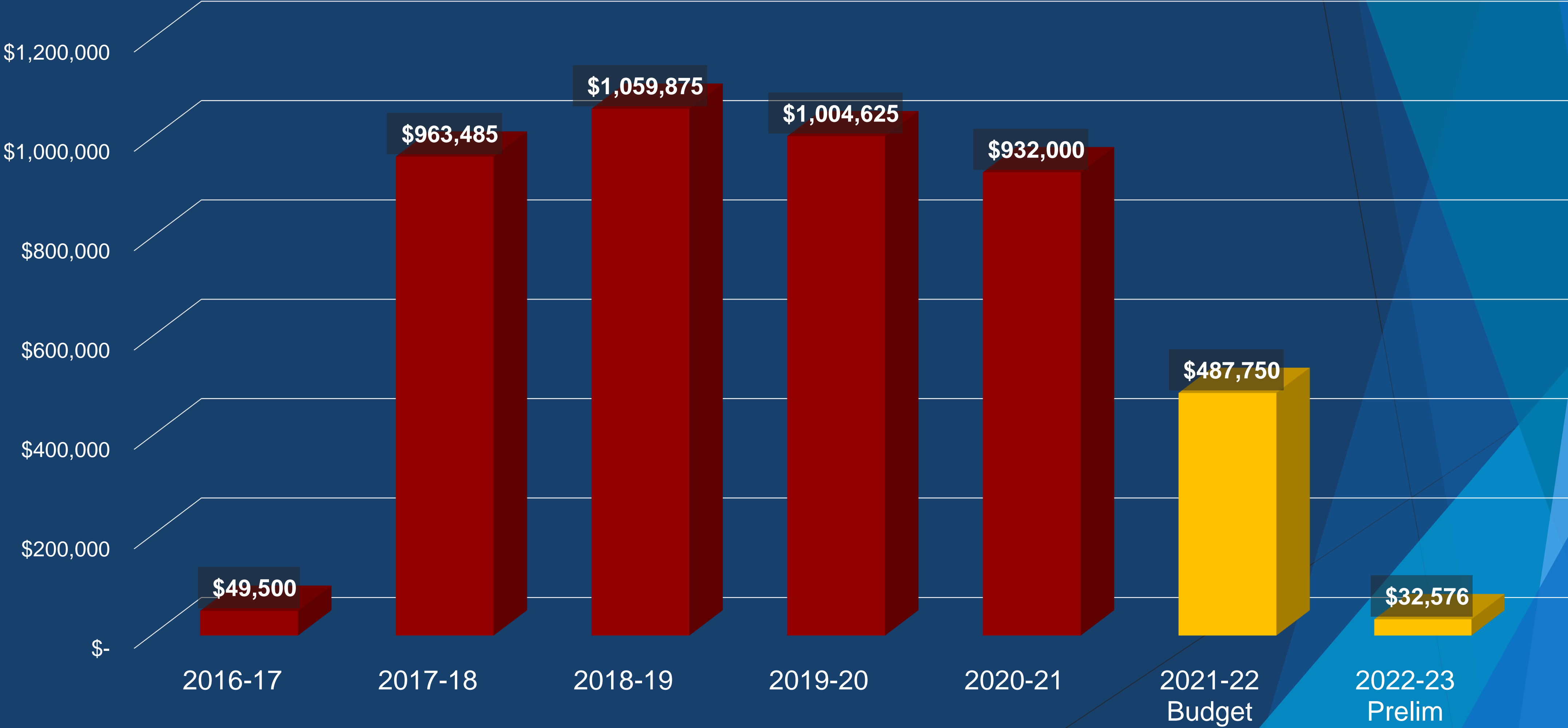
Ten Year History – 2013-14 – 2022-23



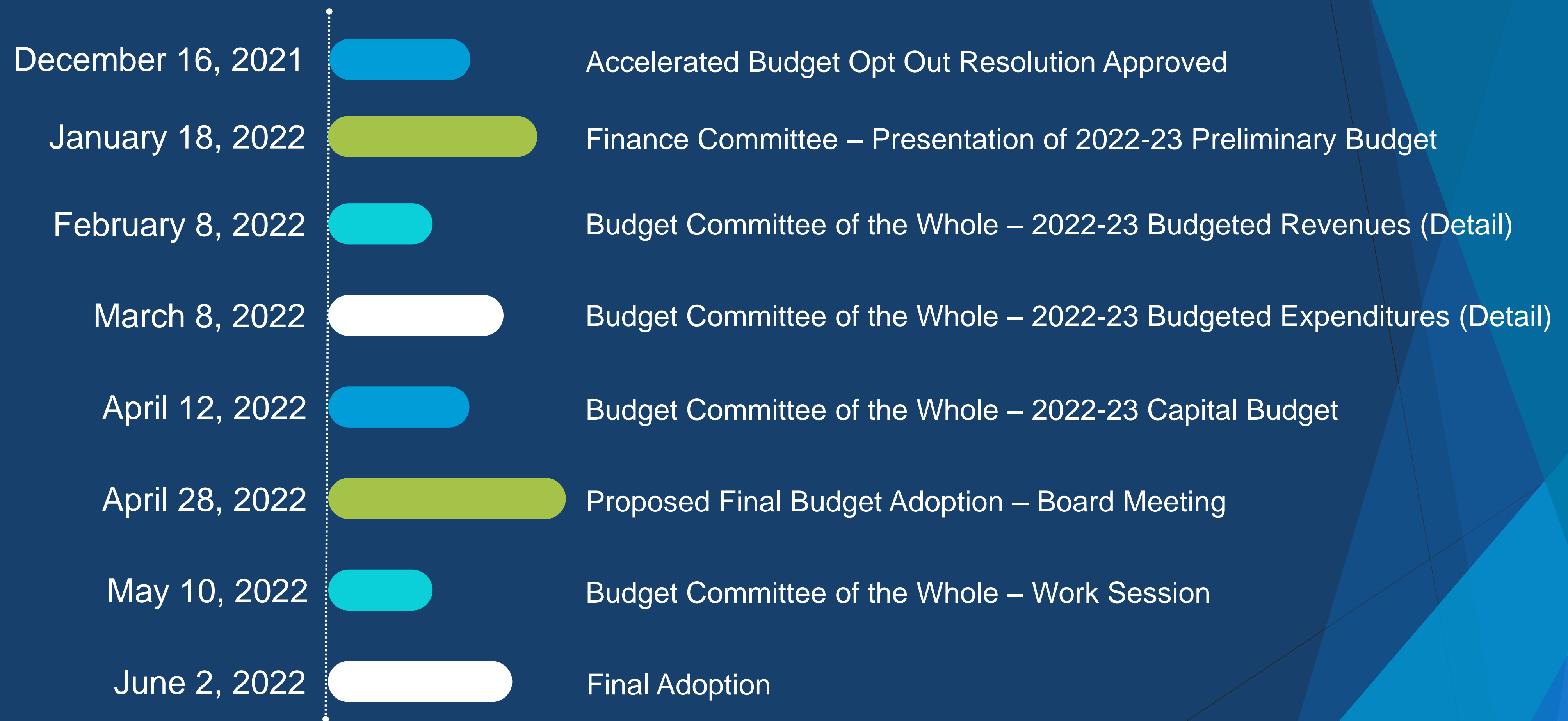
Note: The 2022-23 debt service figure includes an estimated \$1,954,734 of debt service costs for the GOB Series 2022 that will be issued in the coming months. This amount will be updated when the bonds are priced prior to issuance.

HSA CONTRIBUTIONS

Seven Year History – 2016-17 – 2022-23



2022-23 BUDGET CALENDAR





AVON GROVE SCHOOL DISTRICT

QUESTIONS

