

AVON GROVE SCHOOL DISTRICT



First Look 2017–2018 Budget January 17, 2017





2017-2018 Budget

- Review 2015-2016 Audited Results
- Status/Review of 2016-2017 Budget
- 2017-2018 Draft Budget
- 2017-2018 Budget Timeline



2015-2016 Review

2015-2016 Review



2015-2016 Actual

| Revenue | 2015-16 Budget | 2015-16 Actual | Variance |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| Local Revenue | \$ 52,924,014 | \$ 52,981,278 | \$ 57,264 |
| State Revenue | \$ 28,326,563 | \$ 28,427,630 | \$ 101,067 |
| Federal Revenue | \$ 964,869 | \$ 607,266 | \$ (357,603) |
| | \$ 82,215,446 | \$ 82,016,174 | \$ (199,272) |
| Expenses | | | |
| Salaries | \$ 31,480,536 | \$ 30,618,429 | \$ (862,107) |
| Benefits | \$ 17,738,478 | \$ 17,120,319 | \$ (618,159) |
| Professional Services | \$ 10,219,342 | \$ 9,191,856 | \$ (1,027,486) |
| Repair/Maintenance/Rental | \$ 987,918 | \$ 1,772,048 | \$ 784,130 |
| Transportation/Insurance/Tuition | \$ 15,251,485 | \$ 15,815,668 | \$ 564,183 |
| Supplies/Books/Software/Fuel | \$ 3,016,647 | \$ 2,367,749 | \$ (648,898) |
| Capital | \$ 1,047,699 | \$ 1,021,331 | \$ (26,368) |
| Bond Interest/Dues/Fees | \$ 617,198 | \$ 712,806 | \$ 95,608 |
| Bond Principle | \$ 4,046,266 | \$ 3,900,000 | \$ (146,266) |
| | \$ 84,405,569 | \$ 82,520,206 | \$ (1,885,363) |
| Recommended Debt Adjustment | \$ 735,000 | \$ - | \$ (735,000) |
| Budgetary Reserve | \$ 100,000 | \$ - | \$ (100,000) |
| Transfers | \$ - | \$ 1,200,000 | \$ 1,200,000 |
| | \$ 835,000 | \$ 1,200,000 | \$ 365,000 |
| Total General Fund Budget | \$ 85,240,569 | \$ 83,720,206 | \$ (1,520,363) |
| Surplus/Deficit | \$ (3,025,123) | \$ (1,704,032) | \$ 1,321,091 |



2015-2016 Actual

| Revenue | | 2015-16 Actual | |
|----------------------------------|--|-----------------------|--|
| Local Revenue | | \$ 52,981,278 | |
| State Revenue | | \$ 28,427,630 | |
| Federal Revenue | | \$ 607,266 | |
| | | \$ 82,016,174 | |
| Expenses | | | |
| Salaries | | \$ 30,618,429 | |
| Benefits | | \$ 17,120,319 | |
| Professional Services | | \$ 9,191,856 | |
| Repair/Maintenance/Rental | | \$ 1,772,048 | |
| Transportation/Insurance/Tuition | | \$ 15,815,668 | |
| Supplies/Books/Software/Fuel | | \$ 2,367,749 | |
| Capital | | \$ 1,021,331 | |
| Bond Interest/Dues/Fees | | \$ 712,806 | |
| Bond Principle | | \$ 3,900,000 | |
| | | \$ 82,520,206 | |
| Recommended Debt Adjustment | | \$ - | |
| Budgetary Reserve | | \$ - | |
| Transfers | | \$ 1,200,000 | |
| | | \$ 1,200,000 | |
| Total General Fund Budget | | \$ 83,720,206 | |
| Surplus/Deficit | | \$ (1,704,032) | |

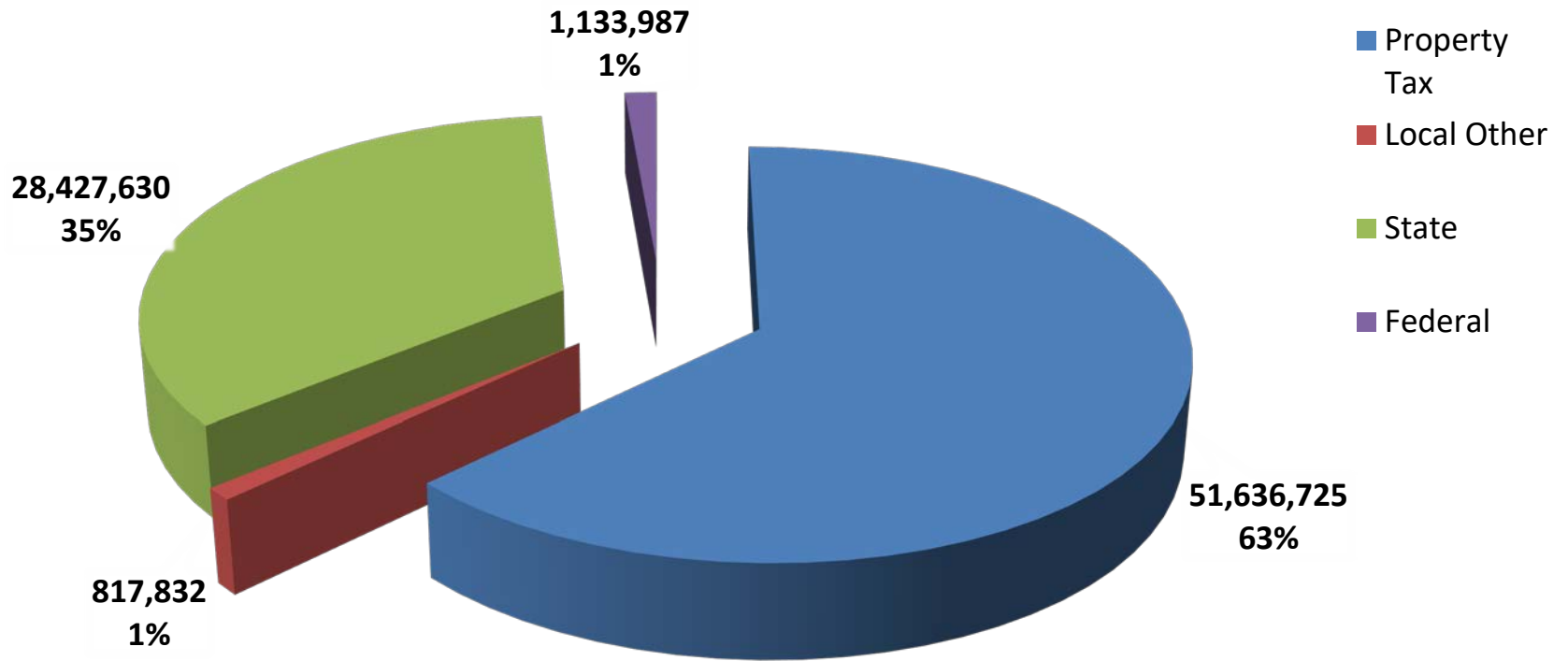


2015-2016 Actual

| | <u>Fund Balances</u> | | |
|------------------------------|---------------------------|---------------------------|---------------------------|
| | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>Change</u> |
| General Fund | \$26,209,570 | \$27,913,602 | (\$1,704,032) |
| Capital Projects Fund | <u>\$1,593,975</u> | <u>\$1,841,994</u> | <u>(\$248,019)</u> |
| Total | \$27,803,545 | \$29,755,596 | (\$1,952,051) |

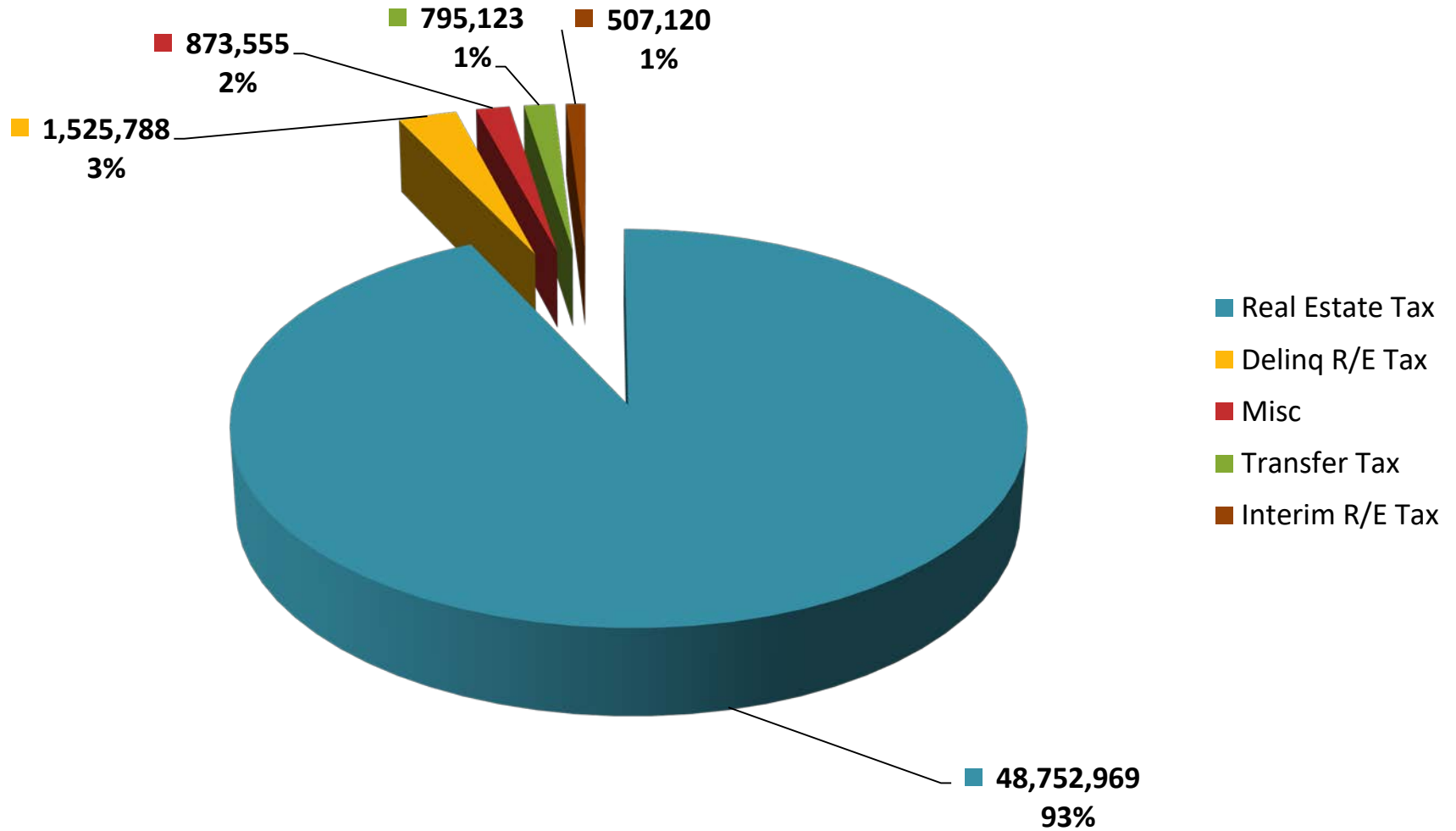


2015-2016 Total Revenue



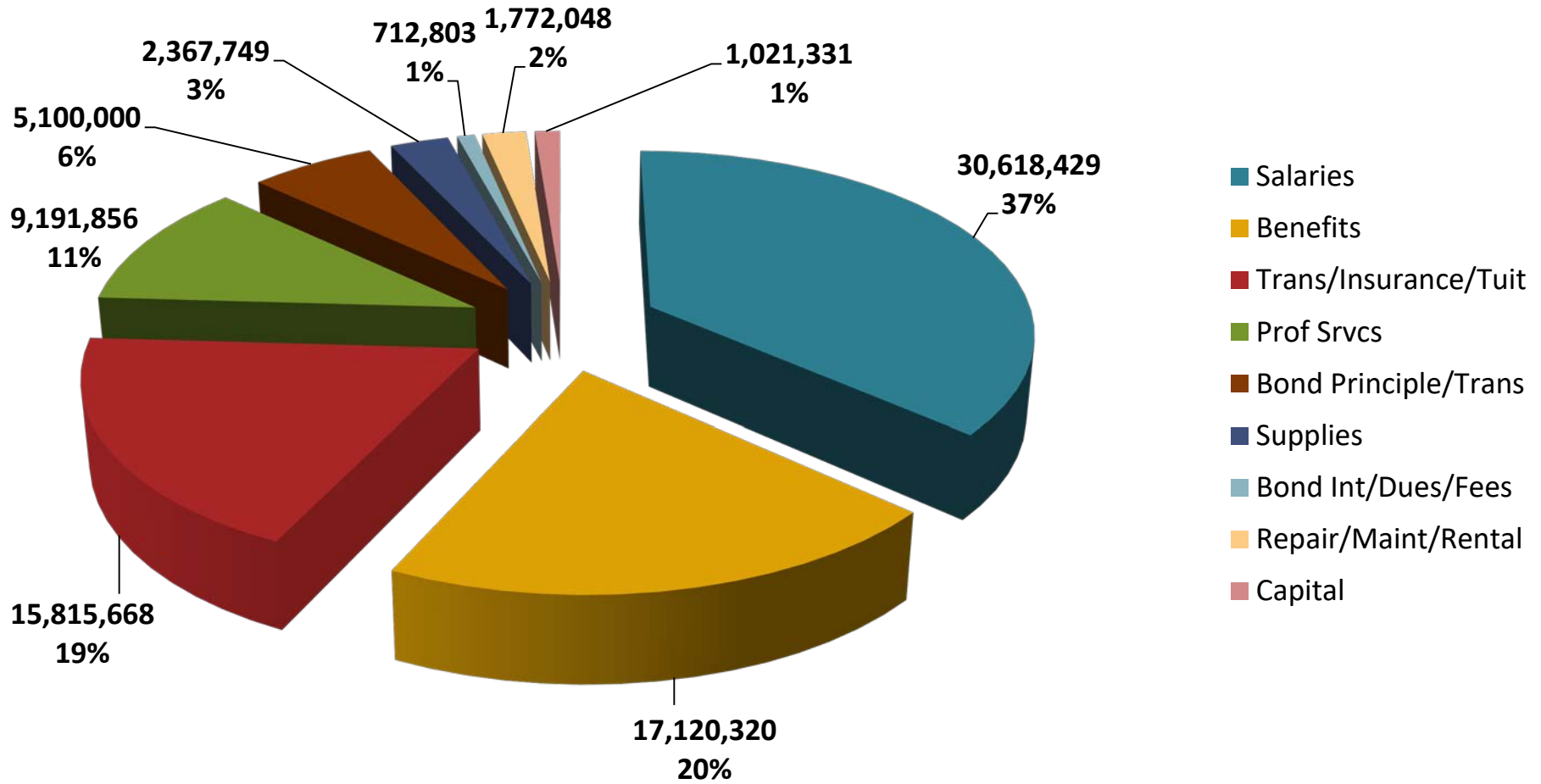


2015-2016 Local Revenue





2015-2016 Expenses





2016-2017 Update

2016-2017 Update



2016-2017 Update

| | <u>2016-17 Budget</u> | <u>2016-17 Estimate</u> | <u>Variance</u> | |
|---------------------------------|-----------------------|-------------------------|---------------------|---|
| <u>Revenue</u> | | | | |
| Basic Education Subsidy | \$ 14,600,000 | \$ 14,895,000 | \$ 295,000 | A |
| Special Education Subsidy | \$ 2,460,000 | \$ 2,519,855 | \$ 59,855 | A |
| Debt Service Reimbursement | \$ 335,000 | \$ 1,070,000 | \$ 735,000 | B |
| | \$ 17,395,000 | \$ 18,484,855 | \$ 1,089,855 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| A - Final 2016-17 PDE estimates | | | | |
| B - 2015-16 PLANCON Revenue | | | | |



2017-2018 Budget

2017–2018 Draft Budget



2017-2018 Preliminary Budget

| SUMMARY | | 2015 - 2016 Actual Revenue / Expenditures | 2016 - 2017 Final Budget Revenue / Expenditures | 2017 - 2018 Prelim Budget Revenue / Expenditures | Budget / Budget Increase / Decrease |
|--------------------------------------------------------------------|-------------------------------------|----------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------|
| FUND BALANCE APPROPRIATION | | \$ - | \$ 6,546,822 | \$ 9,204,965 | \$ 2,658,143 |
| 6000 | REVENUE FROM LOCAL SOURCES | \$ 52,970,101 | \$ 55,238,132 | \$ 58,000,740 | \$ 2,762,608 |
| 7000 | REVENUE FROM STATE SOURCES | \$ 28,427,631 | \$ 28,922,029 | \$ 26,952,022 | \$ (1,970,007) |
| 8000 | REVENUE FROM FEDERAL SOURCES | \$ 607,266 | \$ 764,869 | \$ 665,000 | \$ (99,869) |
| 9000 | REVENUE FROM OTHER SOURCES | \$ 11,176 | \$ - | \$ - | \$ - |
| TOTAL REVENUES | | \$ 82,016,173 | \$ 91,471,852 | \$ 94,822,727 | \$ 3,350,875 |
| TOTAL EXPENDITURES | | \$ 78,115,177 | \$ 84,162,852 | \$ 86,827,547 | \$ 2,664,695 |
| TOTAL OTHER FINANCING USES | | \$ 5,605,026 | \$ 7,309,000 | \$ 7,995,180 | \$ 686,180 |
| TOTAL EXP & OTHER FINANCING USES | | \$ 83,720,203 | \$ 91,471,852 | \$ 94,822,727 | \$ 3,350,875 |
| REVENUE OVER (UNDER) EXPENSE | | \$ (1,704,030) | \$ (0) | \$ (0) | \$ 0 |
| CHESTER COUNTY MILLAGE | | 28.157 | 29.040 | 29.040 | 0.00 |
| MILLAGE INCREASE | | 2.393% | 3.136% | 0.000% | |
| ACT 1 INDEX | | 2.40% | 3.20% | 3.30% | |
| Notes: | | | | | |
| Debt @ recommended level net - \$4.5M (Placeholder) | | | | \$ 1,560,000 | |
| Budgetary Reserve (Placeholder) | | | | \$ 900,000 | |
| PSERS (Committed Fund Balance) Transfer to Capital Projects | | | | \$ 2,264,000 | |
| PSERS draw down (Committed Fund Balance) | | | | \$ 970,389 | |
| General Ops usage (Unassigned Fund Balance) | | | | \$ 3,510,576 | |



Expenditures Impacting the Preliminary 2017-2018 Budget

| | |
|----------------------------------------------------|-------------|
| Salaries | \$ 750,000 |
| Full Day Kindergarten | \$408,000 |
| Benefits | \$1,040,016 |
| PSERS (32.57% vs. 30.03%) | \$1,000,000 |
| Professional Services | \$ 273,000 |
| Vocational Technical | \$324,000 |
| Other Services (Transportation/Tuition/Ins) | \$ 327,000 |
| Other (Change in Transfer) | \$ 260,000 |



Items Affecting the 2017-2018 Budget

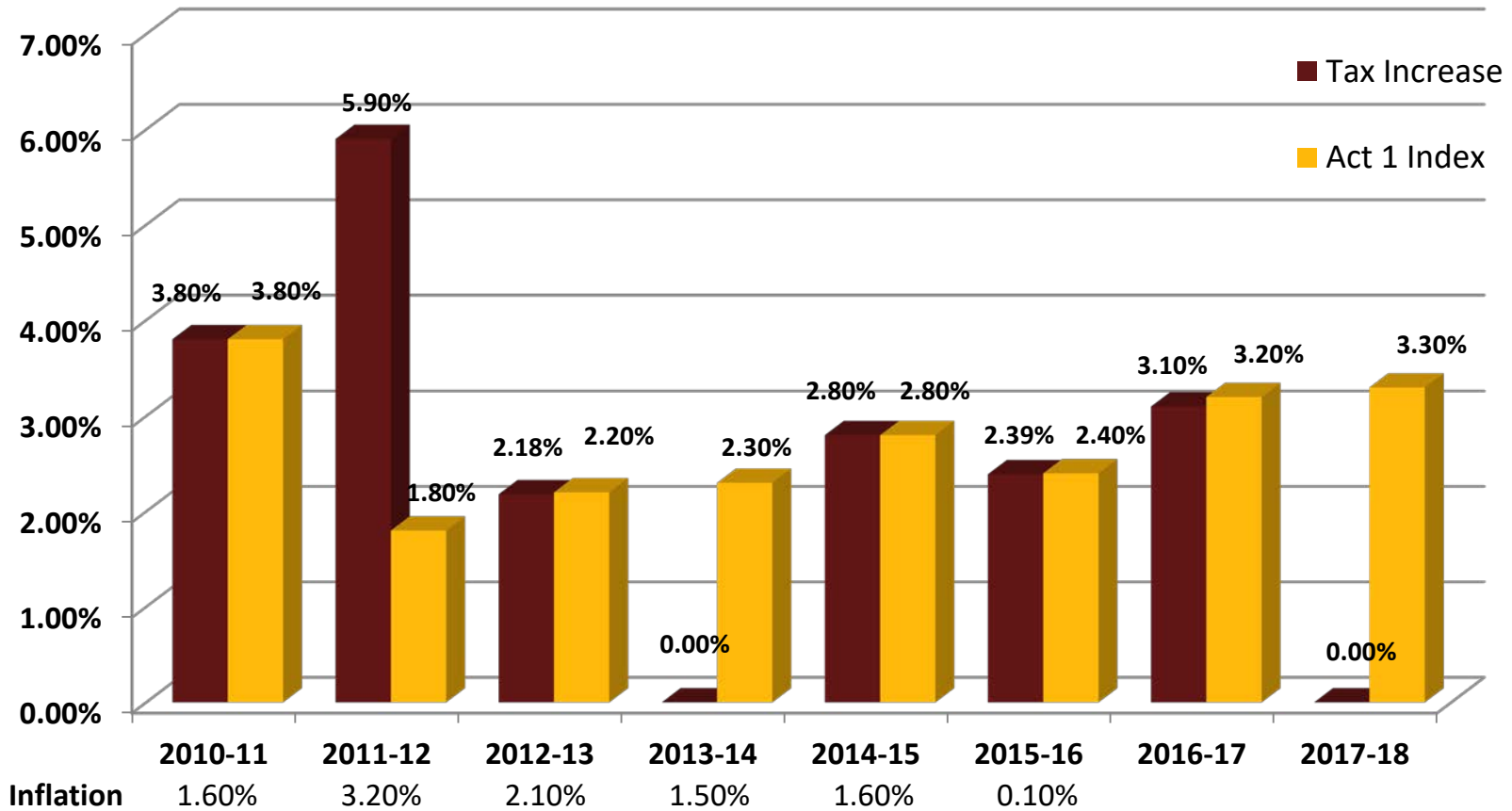
REVENUE

- Avon Grove taxable assessed values have increased by \$3.9M.
- State revenue is based upon 2016-17 amounts as approved with the passage of the 2016-17 Budget.
- Federal revenue is based on 2016-17 allocations.



Act 1 and Local Revenue

**Avon Grove School District
Tax Increase Compared to Act 1 Index
2010 through 2018**

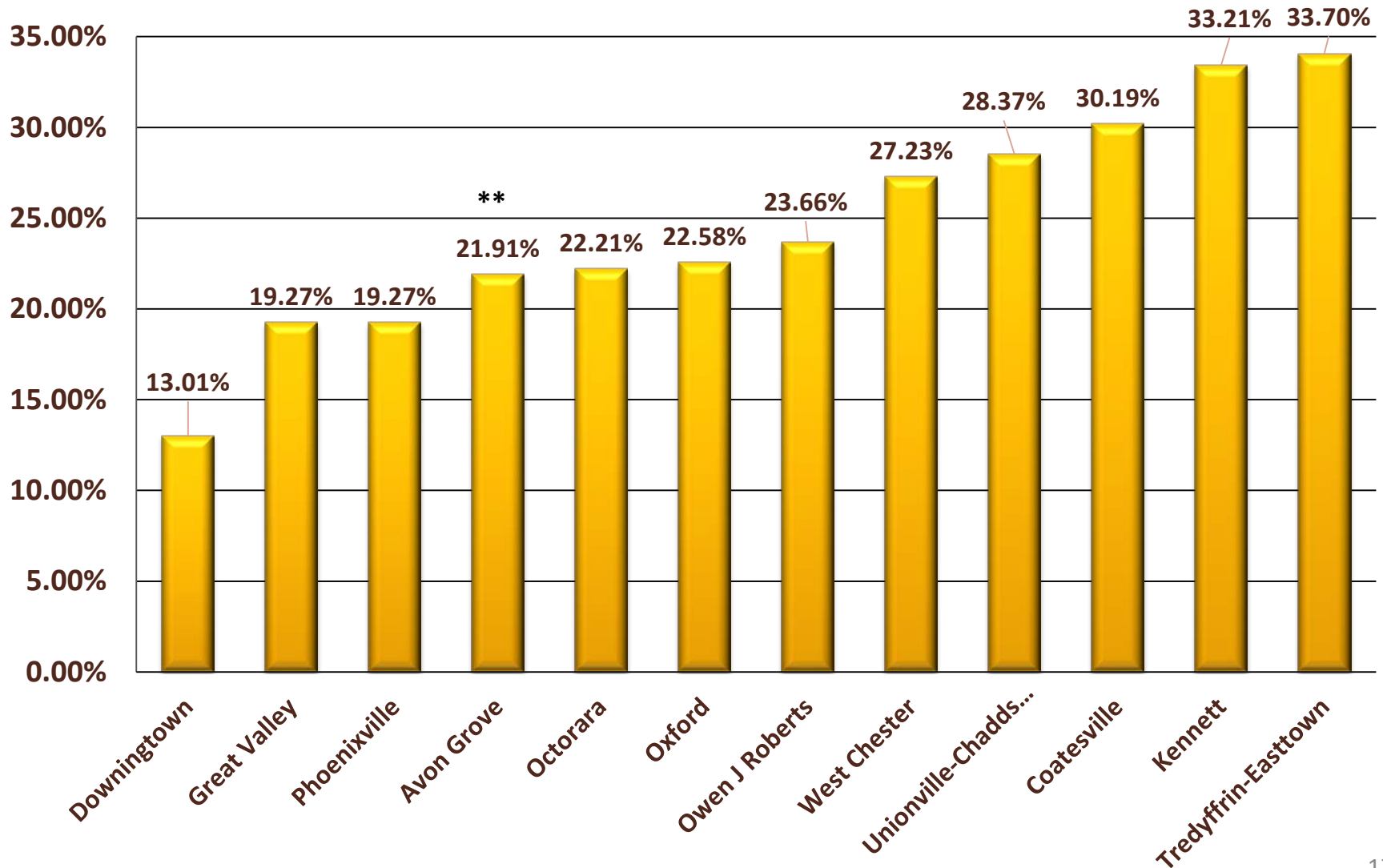


*2011-12 Avon Grove millage increase exceeded the Act 1 Index. PDE approved exceptions for PSERS & Special Education.



Real Estate Millage for Chester County School Districts

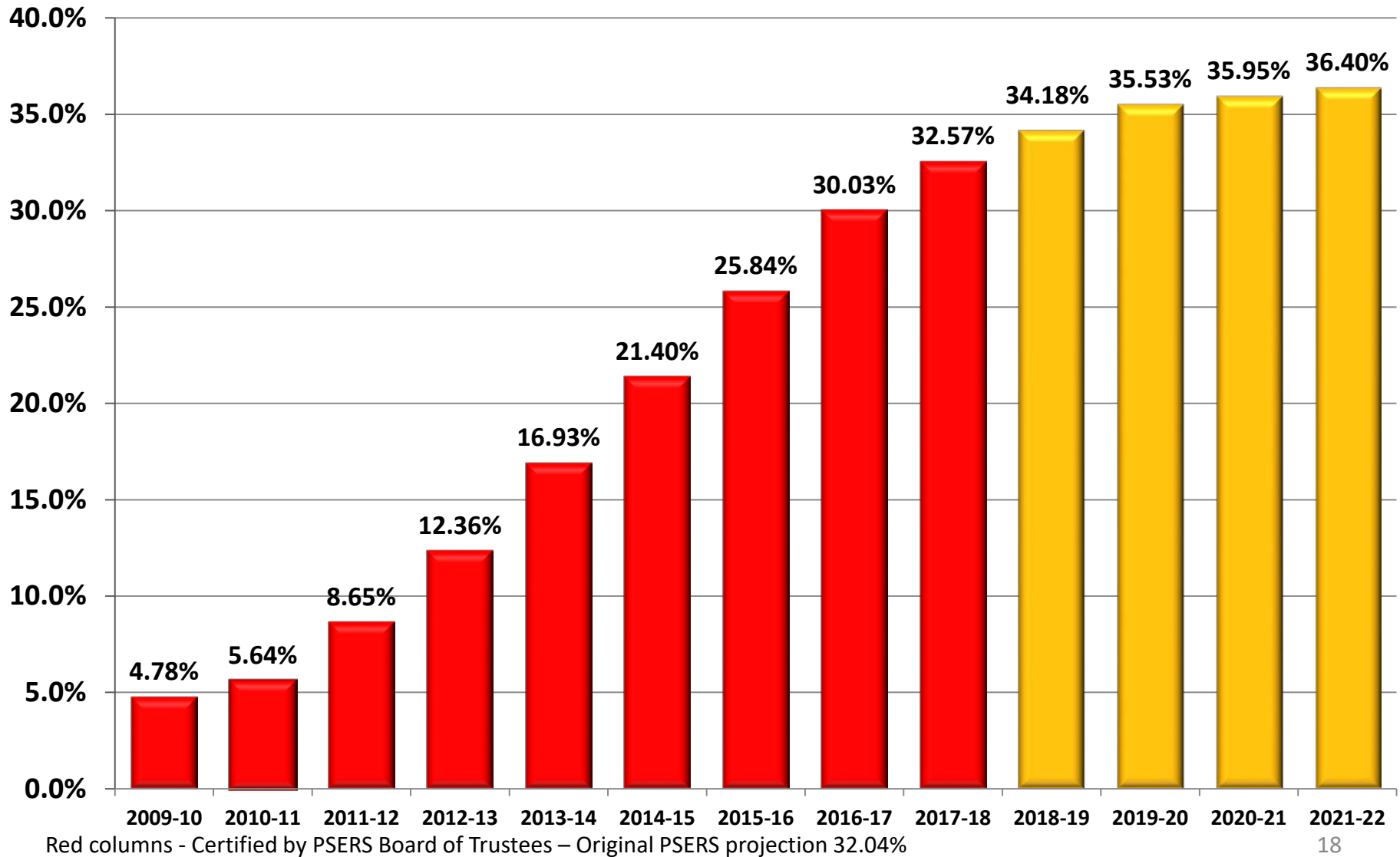
Percentage Increase Over 10 Year Period
2007-08 to 2016-17





PSERS Projected Employer Contribution Rates

PSERS Employer Contribution Rates 2010 through 2022





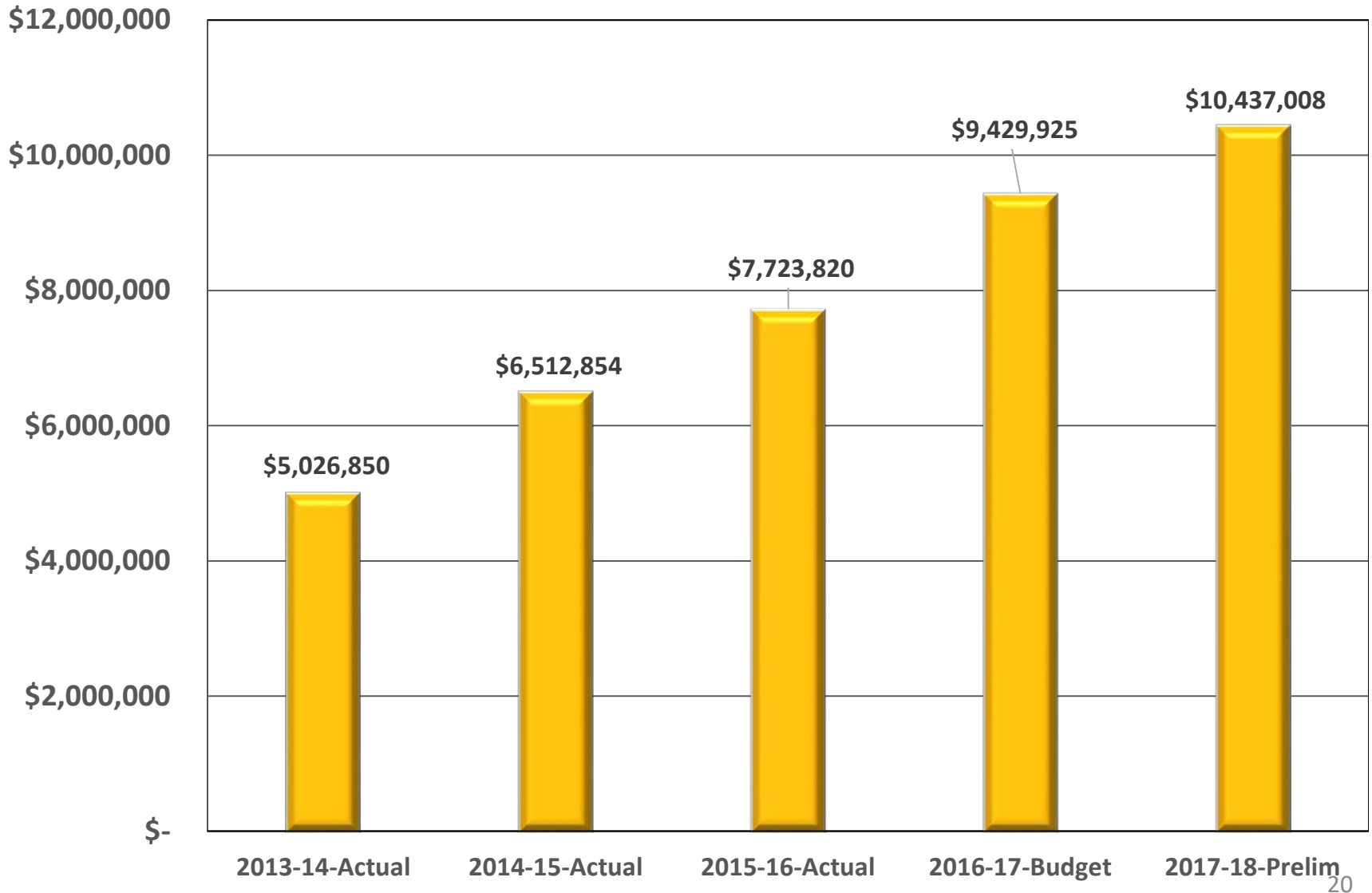
PSERS Projected Employer Contribution Rates

- The chart below shows the 5-year projected employer contribution rates using the June 30, 2016 valuation.

| PROJECTED EMPLOYER CONTRIBUTION RATES AND TOTAL EMPLOYER CONTRIBUTIONS | | |
|-------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------|
| * | | |
| (Presumes a 7.25% rate of return) | | |
| Fiscal Year Ending June | Total Employer Contribution Rate % | Projected Total Employer Contribution (thousands) \$ |
| 17/18 | 32.57 | 4,380,339 |
| 18/19 | 34.18 | 4,668,189 |
| 19/20 | 35.53 | 4,933,711 |
| 20/21 | 35.95 | 5,081,955 |
| 21/22 | 36.40 | 5,244,647 |



Employer Retirement Costs Five Year History





Preliminary Occupational Education Costs 2017-2018

Projected 2017-2018 Occupational Education Budget Chester County School District Contribution and Enrollment Changes

| District | 2016-2017 Contribution | 2017-2018 Contribution | Increase (Decrease) | Pct. Change | 2014-2015 Full-Time Equivalent | 2015-2016 Full-Time Equivalent | 2016-2017 Full-Time Equivalent | 3-Yr. Average Full-Time Equivalent |
|------------------------|---------------------------|---------------------------|------------------------|----------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------------|
| Avon Grove | 3,081,308 | 3,405,633 | 324,325 | 10.5% | 154.261 | 163.362 | 184.214 | 167.279 |
| Coatesville | 2,630,736 | 2,874,860 | 244,124 | 9.3% | 120.750 | 143.125 | 159.750 | 141.208 |
| Downingtown | 2,635,656 | 2,602,050 | (33,606) | -1.3% | 136.750 | 123.625 | 123.050 | 127.808 |
| Great Valley | 808,836 | 955,163 | 146,327 | 18.1% | 44.487 | 42.624 | 53.637 | 46.916 |
| Kennett | 1,624,037 | 1,652,784 | 28,747 | 1.8% | 80.068 | 78.184 | 85.294 | 81.182 |
| Octorara | 858,987 | 941,563 | 82,576 | 9.6% | 40.010 | 49.029 | 49.705 | 46.248 |
| Owen J. Roberts | 1,763,388 | 1,800,842 | 37,454 | 2.1% | 92.904 | 82.524 | 89.935 | 88.454 |
| Oxford | 2,115,728 | 2,168,756 | 53,028 | 2.5% | 103.640 | 107.522 | 108.415 | 106.526 |
| Phoenixville | 1,433,206 | 1,239,469 | (193,737) | -13.5% | 66.041 | 66.524 | 50.077 | 60.881 |
| Tredyffrin/Easttown | 702,725 | 700,730 | (1,995) | -0.3% | 36.475 | 34.075 | 32.706 | 34.419 |
| Unionville-Chadds Ford | 769,000 | 692,437 | (76,563) | -10.0% | 38.606 | 35.711 | 27.717 | 34.011 |
| West Chester | 2,722,372 | 2,755,672 | 33,300 | 1.2% | 127.018 | 139.625 | 139.419 | 135.354 |
| TOTAL | 21,145,979 | 21,789,959 | 643,980 | 3.0% | 1,041.010 | 1,065.930 | 1,103.919 | 1070.286 |

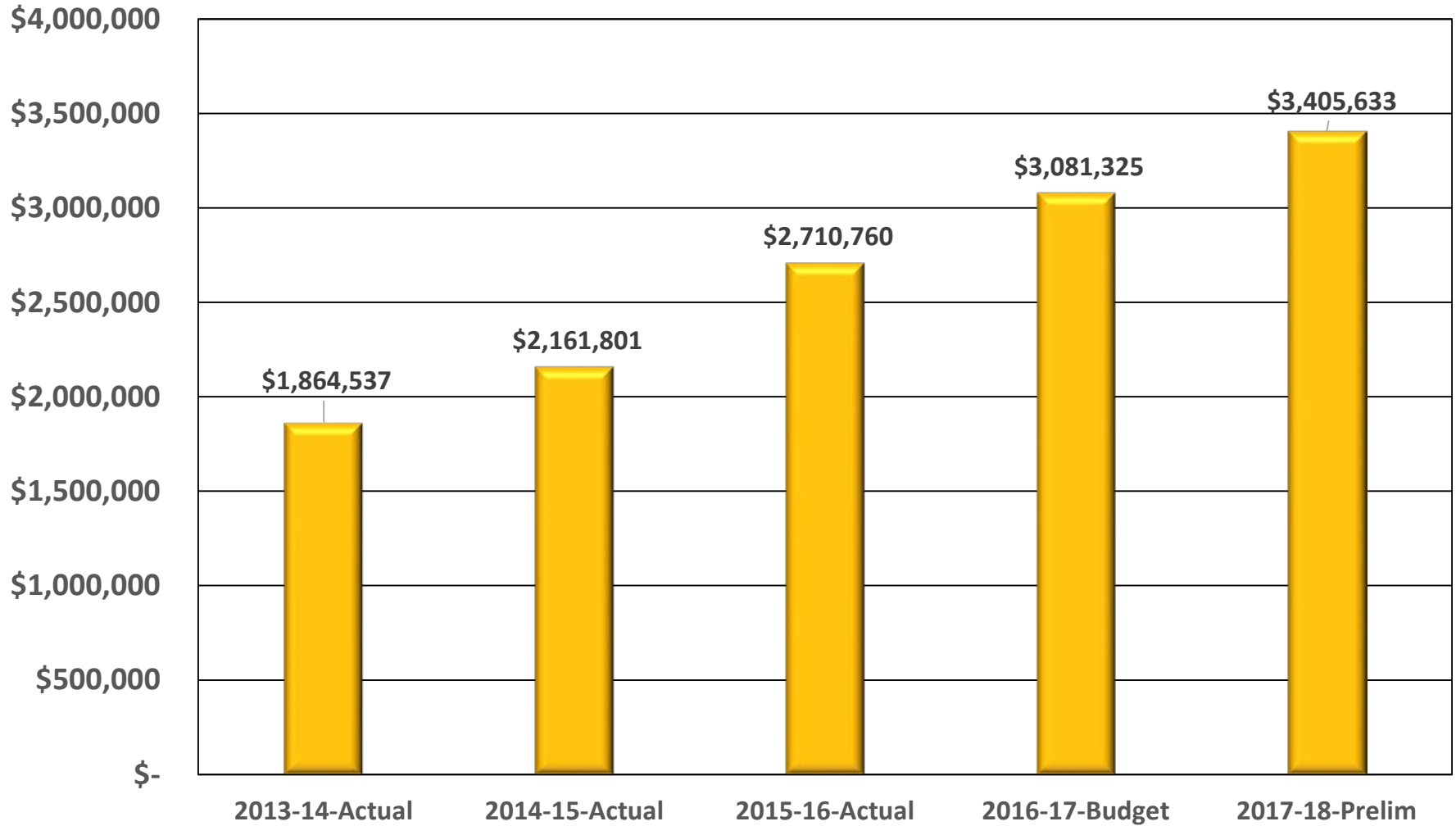
| | | |
|-------------------------------------------------------------|----|--------|
| Preliminary 2017-2018 Tuition Rate per FTE | \$ | 20,359 |
| Preliminary 2017-2018 Tuition Rate per Half-Time Equivalent | \$ | 10,180 |

Projected Tuition Rate Change from 2016-2017

0.0%

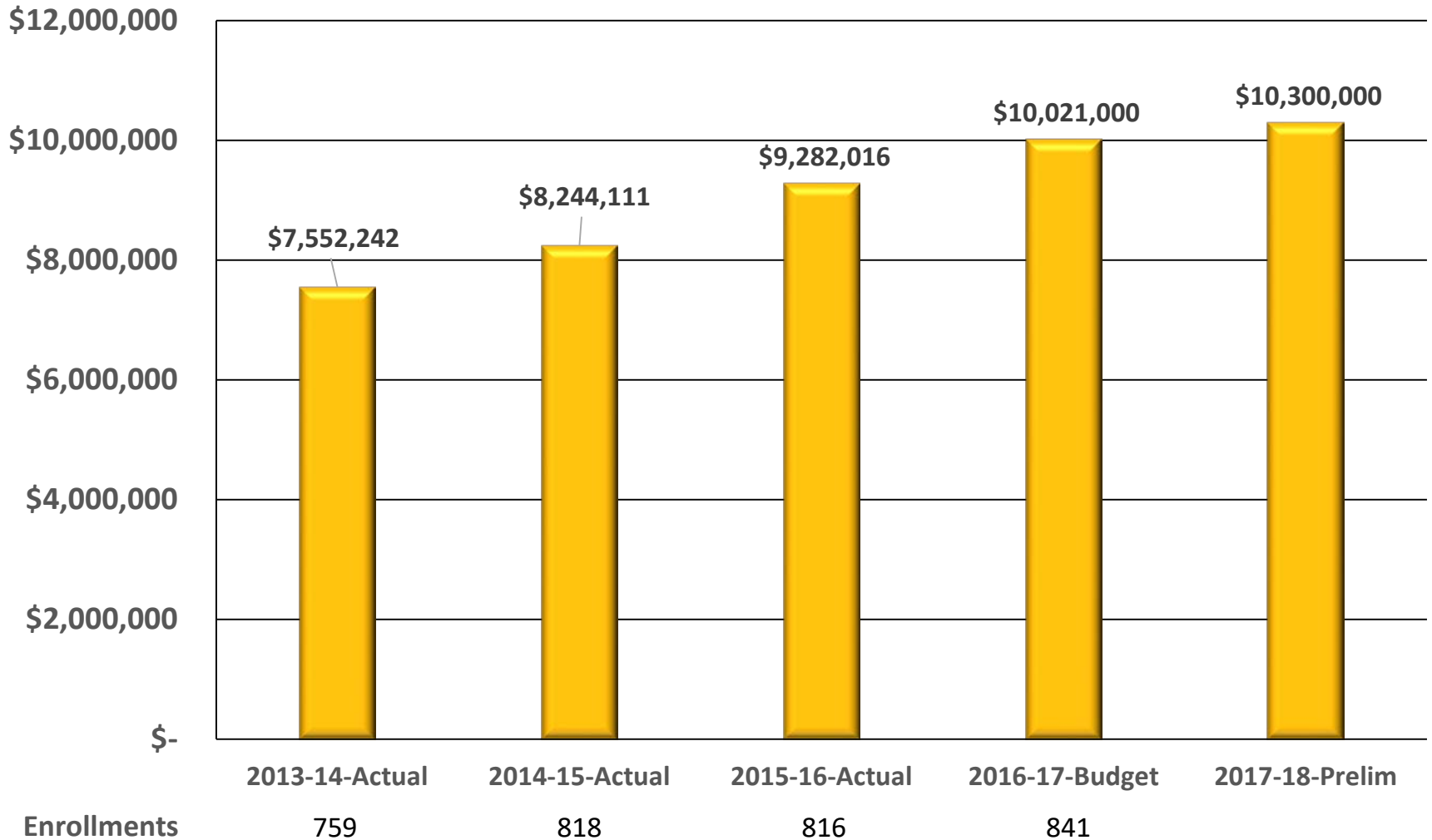


Occupational Education Costs Five Year History





Five Charter School Tuition Five Year History





2016-2017 AGSD Debt Service

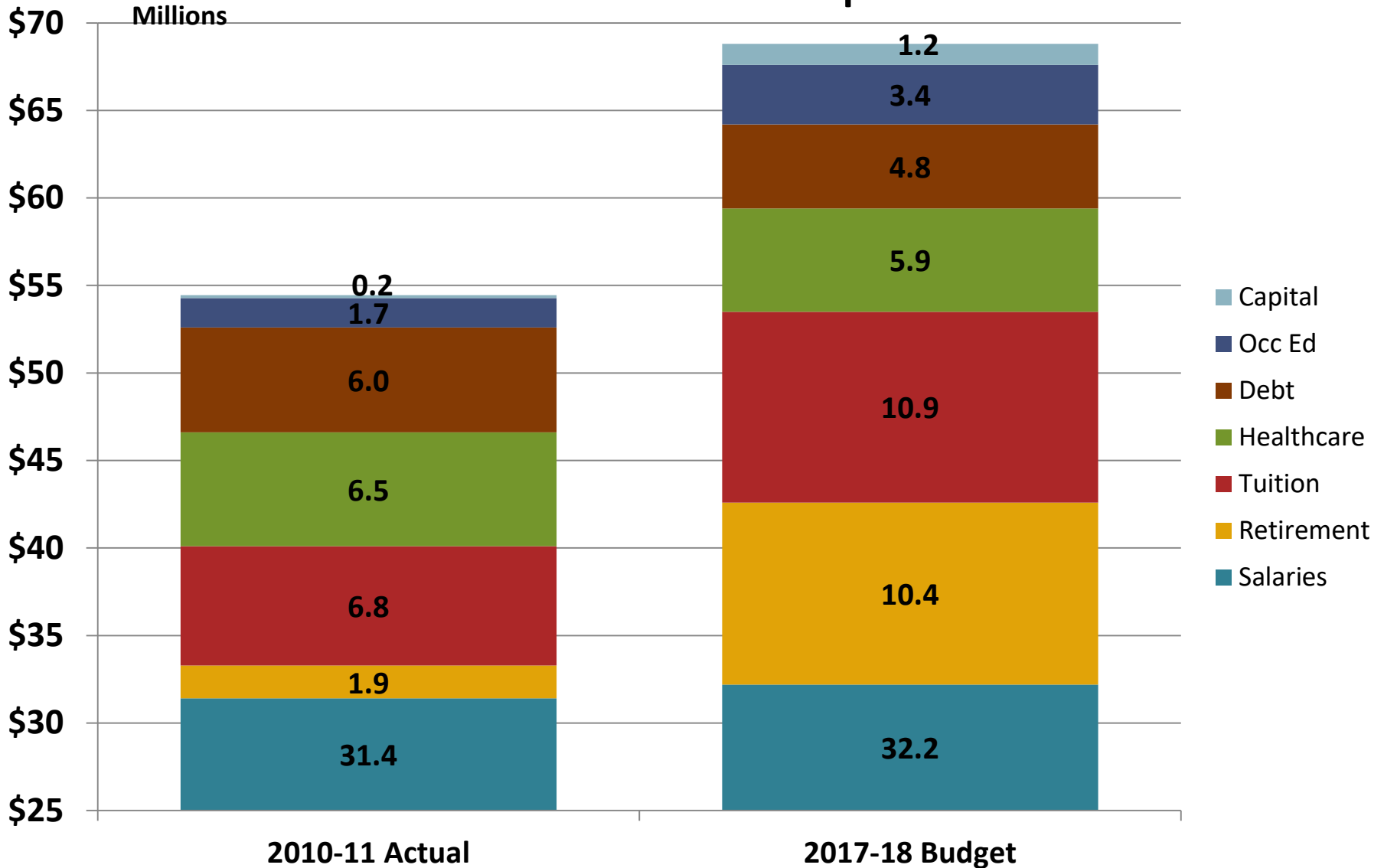
Total Principle & Interest

| Fiscal Yr. Ended | G.O. Bonds Series of 2012 | G.O. Bonds Series A of 2012 | G.O. Bonds Series of 2014 | G.O. Bonds Series of 2015 | Total Issued Debt Service | Current | Long Term |
|------------------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|------------------|-------------------|
| 6/30/2016 | 226,550 | 360,540 | 1,575,550 | 80,699 | 4,405,026 | | |
| 6/30/2017 | 222,650 | 717,890 | 1,578,850 | 752,500 | 3,271,890 | 3,271,890 | 0 |
| 6/30/2018 | 228,650 | 711,540 | 1,573,600 | 756,575 | 3,270,365 | | 3,270,365 |
| 6/30/2019 | 229,500 | 710,040 | 1,576,850 | 753,600 | 3,269,990 | | 3,269,990 |
| 6/30/2020 | 220,350 | 713,290 | 1,571,400 | 761,300 | 3,266,340 | | 3,266,340 |
| 6/30/2021 | 226,150 | 711,290 | 1,575,950 | 762,700 | 3,276,090 | | 3,276,090 |
| 6/30/2022 | 231,750 | 714,040 | 782,750 | 759,050 | 2,487,590 | | 2,487,590 |
| 6/30/2023 | 227,250 | 716,490 | 0 | 0 | 943,740 | | 943,740 |
| 6/30/2024 | 0 | 713,368 | 0 | 0 | 713,368 | | 713,368 |
| 6/30/2025 | 0 | 709,554 | 0 | 0 | 709,554 | | 709,554 |
| 6/30/2026 | 0 | 709,975 | 0 | 0 | 709,975 | | 709,975 |
| 6/30/2027 | 0 | 714,503 | 0 | 0 | 714,503 | | 714,503 |
| 6/30/2028 | 0 | 713,284 | 0 | 0 | 713,284 | | 713,284 |
| 6/30/2029 | 0 | 0 | 0 | 0 | 0 | | |
| Total P & I @ 6/30/2015 | 1,812,850 | 8,915,803 | 10,234,950 | 4,626,424 | 27,751,714 | 3,271,890 | 20,074,798 |
| Less 2015-16 Payments | (226,550) | (360,540) | (1,575,550) | (80,699) | (4,405,026) | 0 | |
| As of 6/30/2016 | 1,586,300 | 8,555,263 | 8,659,400 | 4,545,725 | 23,346,688 | 3,271,890 | 20,074,798 |



2017-2018 Budget

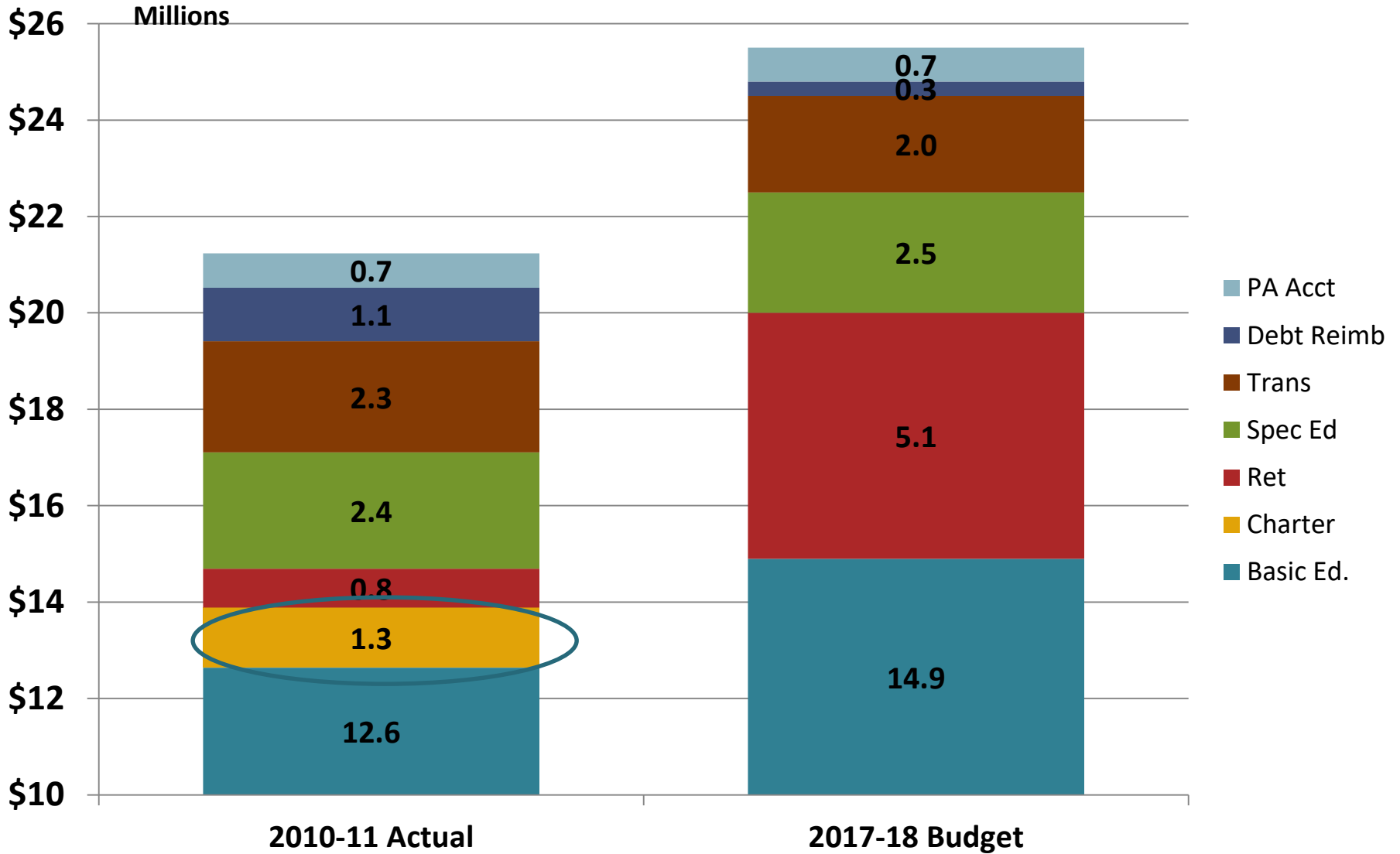
Selected General Fund Expenditures





2017-2018 Budget

State Revenue





Major Impact Items

Enhancing Educational & Support Programs

Strategic Plan Guiding Forward Progress

| | |
|--------------------------------------------------------------------------------------------------------|--------------------------|
| <i>Strategic Goal #1: Increase Learning Opportunities for All</i> | <i>\$756,000</i> |
| <ul style="list-style-type: none">– Modular Lease (PLE)– FDK Staffing | |
| <i>Strategic Goal #2: Develop and Implement a Systems Thinking Approach</i> | <i><u>\$0</u></i> |
| <i>Strategic Goal #3: Develop & Establish a Communication & Community Outreach Plan</i> | <i><u>\$0</u></i> |
| Total of Proposed Major Impacts to the General Fund 2017-18 Budget | <u>\$756,000</u> |



General Fund Balance

| | Actual 2015-16 | Budget 2016-17 | Estimate 2016-17 | Budget 2017-2018 |
|------------------------------------------|-------------------|-------------------|---------------------|---------------------|
| <u>GENERAL FUND</u> | | | | |
| Beginning Balance | 27,913,602 | 26,209,570 | 26,209,570 | 23,190,156 |
| <i>Surplus/Deficit</i> | (504,032) | (4,942,684) | (1,419,414) | (6,940,157) |
| <i>Transfers Capital Projects</i> | (1,200,000) | (1,600,000) | (1,600,000) | (2,264,815) |
| Total GF Fund Balance | 26,209,570 | 19,666,886 | 23,190,156 | 13,985,184 |
| <u>CAPITAL PROJECTS</u> | | | | |
| Beginning Balance | 1,841,994 | 1,593,975 | 1,593,975 | 1,993,975 |
| <i>Spending</i> | (1,448,019) | (2,388,740) | (1,200,000) | (4,064,000) |
| <i>Transfers From General Fund</i> | 1,200,000 | 1,600,000 | 1,600,000 | 2,264,815 |
| Total CP Fund Balance | 1,593,975 | 805,235 | 1,993,975 | 194,790 |
| TOTAL FUND BALANCE AVAILABLE | 27,803,545 | 20,472,121 | 25,184,131 | 14,179,974 |
| <u>ALLOCATION OF FUND BALANCE</u> | | | | |
| <i>Restricted (Capital Projects)</i> | 1,593,975 | 805,235 | 1,993,975 | 194,790 |
| <i>Committed (PSERS)</i> | 10,000,000 | 8,172,000 | 9,231,672 | 5,996,468 |
| <i>Assigned</i> | 9,498,498 | 7,898,498 | 7,898,498 | 7,898,498 |
| <i>Unassigned</i> | 6,711,072 | 3,596,388 | 6,059,986 | 90,218 |
| Total Fund Balance | 27,803,545 | 20,472,121 | 25,184,131 | 14,179,974 |



2017-2018 Budget Calendar

| | |
|-------------------|---------------------------------------------------------------------------------------------|
| December 15, 2016 | BOE meeting consideration of "Opt-Out" Resolution (<i>Action Taken December 15, 2016</i>) |
| January 17, 2017 | Finance Committee Meeting - Presentation of 2017-18 Draft Budget |
| February 21, 2017 | Finance Committee - 2016-17 Budget - Revenues |
| March 21, 2017 | Finance Committee - 2016-17 Budget - Expenditures |
| April 18, 2017 | Finance Committee - Budget - Capital |
| April 27, 2017 | Proposed Final Budget Adoption |
| May 16, 2017 | Finance Committee - Budget - Work Session |
| June 6, 2017 | Finance Committee - Budget - Work Session |
| June 8, 2017 | Final Adoption |



Questions



Avon Grove School District

Thank YOU