

Methacton School District

2018-2019 Surplus Review

Presented April 29, 2020

Agenda

- 2018 - 2019 Surplus – Budgeted vs. Actual
- 2019 – 2020 Forecast – Projecting actual for current year
- 2020 - 2021 – April Budget Update

2018-2019 End of Year Budget vs. Actual

	2018-2019 Budget	2018-2019 ACTUAL	2018-2019 Variance
Revenues			
Local	\$85,341,768.66	\$86,135,658.19	\$793,889.53
State	\$23,345,236.28	\$23,262,130.88	(\$83,105.40)
Federal	\$711,161.82	\$673,617.84	(\$37,543.98)
Total Revenue	\$109,398,166.76	\$110,071,406.91	\$673,240.15

	2018-2019 Budget	2018-2019 ACTUAL	2018-2019 Variance
Expenditures			
Salary & Benefits	\$74,347,503.42	\$71,905,287.67	\$2,442,215.75
Operating Expenses	\$24,529,859.49	\$24,914,798.37	(\$384,938.88)
Debt	\$10,520,803.85	\$11,441,348.75	(\$920,544.90)
Total Expenditures	\$109,398,166.76	\$108,261,434.79	\$1,136,731.97

Surplus	\$0.00	\$1,809,972.12	
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Revenue - 2018-2019 End of Year Budget vs. Actual

Local Revenue - \$793,889.53 Above Budget

- Real Estate Taxes were at 99.94% of projection.
- Interest Income was \$407,853.93 above budget and made up 51% of the surplus. This was due to increasing interest rates. *The 2019-2020 Budget was increased by \$511,561.18 to account for increased interest rates and projecting interest rates to continue to increase.*

State Revenue - \$83,105.40 Below Budget

- Subsidies were \$537,908.05 higher than budgeted. The transportation subsidy accounted for \$325,446.91 (661%). The other subsidy variances were due to the timing of the completion of the state budget. *The 2019-2020 Budget had no adjustment made as we budget prior year's amounts as part of the budgeting process.*
- Social Security and PSERS were below budget by a combined \$617,877.58. These areas were below budget due to the changes in staffing, resignations, replacements, and unfilled positions.

Federal Revenue - \$37,543,98 Below Budget

- Title funding came in at \$25,515.15 below requested funding. *The anticipated funding for 2019-2020 was reduced by \$80,130.00 due to projected funding.*

Total Revenue Surplus was \$673,240.15. Excluding the changes in Real Estate Taxes, the 2019-2020 Budgeted included increased revenue of \$1,359,171.25. There was a \$949,633.05 increase in Local Revenue, which was driven predominately by the interest income adjustment.

Expenditures – Salary - 2018-2019 End of Year Budget vs. Actual

Salaries - \$878,224 Below Budget

Group	Amount	Outcome	Reason
Administrators	\$49,452.58	Below	Changes in staffing and pay
Confidentials/Technology	\$74,022.69	Above	Changes in staffing and pay
MESPA	\$249,815.12	Below	6 PCA budgeted costs realized in Pupil Servicers (300s)
MEA	\$340,627.42	Below	Delays in ability to find a replacement and leaves.
Teamsters	\$287,287.09	Below	Lower than anticipated overtime due to lack of snow
Coaches & Contracts	\$21,294.20	Below	Changes in staff experience, need and post season pay

Expenses are driven by contractual obligations. Open positions are budgeted at Bachelors+15 Step 3 for MEA unless a position is specialized. All other positions are based on the contractual requirements.

Coaches pay include the post season costs. Supplemental contracts: Department/Subject Coordinators, Mentors, Sponsors and ISSS.

Budget Changes in 2019-20 based on 18/19: Personnel Budget lowered by \$653,584.46 for substitutes. Use budgetary transfers to address costs as positions are not filled. Overtime has been reduced in the budget for Teamsters. PCA costs were moved to Pupil Services (Professional Services) where the actual costs occurred.

Expenditures – Benefits - 2018-2019 End of Year Budget vs. Actual

Benefits - \$1,563,990.99 Below Budget

<u>Category</u>	<u>Amount</u>	<u>Outcome</u>	<u>Reason</u>
Medical	\$365,944.61	Below	Staff changes and anticipated benefits for unfilled positions
Unemployment	\$239,352.76	Below	Self Insured and based on actual costs
Tuition Reimbursement	\$162,455.85	Below	Contractual obligation
Prescription	\$92,775.53	Below	Staff changes and anticipated benefits for unfilled positions
Workers Compensation	\$65,767.00	Below	Self Insured, based on actual costs. Budget provided by SDIC

Retirement and Social Security were under budget by \$590k.

Medical, prescription, vision, and dental insurance are based on choices by the staff and amounts budgeted for open positions. Changes to the selections occur through out the year and will create surpluses or deficits depending on the changes. Additionally any position that goes unfilled will have a savings.

Tuition amounts are based on the MEA and MAO agreements and are budgeted based on the contractual amounts agreed upon.

Budget Changes in 2019-20 based on 18/19: Unemployment costs were budgeted at \$100,000 saving \$139,352.76. This will continue to be monitored and adjusted annually. Social Security and PSERS are based on actual staff and open positions.

Expenditures – Operating - 2018-2019 End of Year Budget Vs Actual

Operating Expenditures - \$384,938.88 Above Budget

<u>Major Object</u>	<u>Amount</u>	<u>Outcome</u>	<u>Reason</u>
Purch. Prof. Svcs.	\$507,588.26	Above	PCA's required certification that were outsourced & Subs.
Purch. Prop. Svcs.	\$37,601.74	Below	Variability of services and costs.
Other Purch. Svcs.	\$336,719.80	Above	Tuition paid to Charter Schools and other districts.
Supplies	\$326,496.09	Below	Building and Department budget underspending.
Property	\$95,271.95	Below	Planned equipment purchases did not occur.

Budget Changes in 2019-20 based on 18/19:

Purchased Professional Services were increased to include the outsourced PCA staffing; forecasted increase in PCAs were not added as they assumed the PCAs that went unfilled. Personnel budget was reduced as part of the salary costs to be transferred.

Purchased Property Services were reduced due to the reduction in costs associated with fuel, gas and other maintenance areas.

Other Purchased Services were increased to cover the areas of shortfalls and increased costs.

Supplies were reduced at the building levels to be in line with actual expenditures.

Property Costs were reduced by \$25,705.94 to account for the equipment that is no longer required to be purchased.

Surplus – Question?

Questions?

2019-2020 – Forecast (REVENUE)

Revenue

	Budget	Year to Date	Additional Revenue	Surplus / (Deficit)
Local	\$87,397,672.35	\$83,099,717.27	\$2,311,914.82	(\$1,986,040.26)
State	\$23,840,904.48	\$14,207,885.43	\$9,632,484.46	(\$534.59)
Federal	\$625,031.82	\$278,446.93	\$397,086.83	\$50,501.94
Total	\$111,863,608.65	\$97,586,049.63	\$12,341,486.11	(\$1,936,072.91)

Key areas influencing the Revenue

Budget Item	Impact Amount	Reasoning
REAL ESTATE TAX	\$144,657.77	Collections have completed, collection rate as 96.20% verses the budgeted 96.01%
INTERIM REAL ESTATE TAX	(\$349,480.08)	Assessments are on hold & Assessor's Office is closed
PER CAPITA TAX - 679	(\$25,601.88)	Due dates pushed back and economy will lower collections
PER CAPITA TAX - 511	(\$25,601.90)	Due dates pushed back and economy will lower collections
OCCUPATIONAL PRIVILEGE TAX	(\$47,619.33)	Due dates pushed back and economy will lower collections
EARNED INCOME TAX	(\$336,692.26)	Economy will lower collections
REAL ESTATE TRANSFER TAX	(\$133,887.19)	Real estate sales are anticipated to be slower than anticipated
AMUSEMENT TAX	(\$41,473.24)	Entity to tax was sold
DELINQUENT REAL ESTATE TAXES	(\$618,536.20)	Collections are slow and offices are closed
INTEREST INCOME	(\$223,341.89)	Interest rates are well below budgeted levels
TUITION ADULT EVENING SCHOOL	(\$87,750.46)	Could not run the Spring programs and will need to refund collections for them
RECEIPTS FROM OTHER LEAS IN PA	(\$44,725.00)	Other LEAs are closed

2019-2020 – Forecast (Expenditures)

Expenditures

	Budget	Year to Date	Additional Revenue	Surplus / (Deficit)
Salary	\$46,778,495.09	\$30,104,872.13	\$15,771,106.58	\$902,516.38
Benefits	\$30,181,564.08	\$20,267,928.37	\$9,006,750.66	\$906,885.05
Buildings	\$847,246.40	\$599,163.69	\$28,000.00	\$220,082.71
Departments	\$34,056,303.08	\$27,830,341.19	\$3,643,066.68	\$2,582,895.21
Total	\$111,863,608.65	\$78,802,305.38	\$28,448,923.92	\$4,612,379.35

Key areas influencing the Expenditures

Budget Item	Impact Amount	Reasoning
Salary	\$902,516.38	Hiring of staff impacted, amounts to transfer to Sub Costs not occurring
Benefits	\$906,885.05	Hiring of staff impacted, amounts to transfer to Sub Costs not occurring
Building Budgets	\$220,082.71	With schools closed supplies and other purchases are not occurring
Athletics	\$65,337.68	Planned events and costs are not being held
Business Office	\$130,724.91	Planned purchases for operating are not necessary with schools closed
Community Education	\$60,716.53	Spring Programs are not being run
Personnel	\$50,099.74	Substitutes are not required with schools closed
Pupil Services	\$108,202.48	Lower costs due to not being open
Transportation	\$2,043,252.85	Savings due to renegotiating

	Budget	Year to Date	Additional Revenue	Surplus / (Deficit)
Surplus / (Deficit)	\$0.00	\$18,783,744.25	(\$16,107,437.81)	\$2,676,306.44

2019-2020 - Forecast

Questions?

2020-2021 – April Budget Update

Revenues							
Budget	19-20 Budget	March 20-21 Budget	Rev. 20-21 Budget	Changes	19-20 Var to 20-21	% Chg	Notes
Local Revenue	\$87,397,672.35	\$89,740,518.51	\$88,065,503.99	(\$1,675,014.52)	\$667,831.64	0.76%	2.4572% RE Tax Incr, lower collection rate, lower interest income, lower income related taxes
State Revenue	\$23,840,904.48	\$24,401,104.08	\$24,345,718.59	(\$55,385.49)	\$504,814.11	2.12%	Lower state subsidies related to current year & updated PSERS/SS
Federal Revenue	\$625,031.82	\$624,282.82	\$624,282.82	\$0.00	(\$749.00)	(0.12%)	
Other Revenue	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	
Total Revenue	\$111,863,608.65	\$114,765,905.41	\$113,035,505.40	(\$1,730,400.01)	\$1,171,896.75	1.05%	

Areas of Future Consideration

1. Assessment changes are on hold until Assessors Office reopens. These calculations use the end of February 2020 values
2. Earned Income Taxes are being forecasted to be lower by 10% - 20% and will need to be factored into the next update.
3. Interest rates are continuing to fall negatively impacting interest income.
4. PSERS & Social Security costs will change based on any staffing changes.

2020-2021 – April Budget Update

Expenditures

Budget	19-20 Budget	March 20-21 Budget	Rev. 20-21 Budget	Changes	19-20 Var to 20-21	% Chg	Notes
100s - Salary	\$46,778,495.09	\$47,124,473.09	\$46,885,452.73	(\$239,020.36)	\$106,957.64	0.23%	Based on changes in staffing
200s - Benefits	\$30,244,354.45	\$31,183,343.63	\$30,904,987.14	(\$278,356.49)	\$660,632.69	2.18%	Based on changes in staffing
300s - Purch. Prof. & Tech. Svcs	\$6,360,160.86	\$6,973,908.44	\$6,917,778.44	(\$56,130.00)	\$557,617.58	8.77%	Reduction in consulting costs, tax collections and summer Community Ed
400s - Purch. Property Svcs	\$2,239,750.96	\$2,170,097.13	\$2,170,097.13	\$0.00	(\$69,653.83)	(3.11%)	
500s - Other Purchased Svcs	\$11,525,273.10	\$11,583,591.23	\$11,512,215.87	(\$71,375.36)	(\$13,057.23)	(0.11%)	Reduction in transportation costs
600s - Supplies	\$3,658,351.82	\$3,637,735.85	\$3,405,674.88	(\$232,060.97)	(\$252,676.94)	(6.91%)	Reduction in supplies required for next year due to unused supplies from current year
700s - Property	\$343,858.00	\$225,065.98	\$215,065.98	(\$10,000.00)	(\$128,792.02)	(37.46%)	Removal of vehicle for Athletics
800s - Other Objects	\$2,933,364.37	\$3,222,108.23	\$3,178,651.40	(\$43,456.83)	\$245,287.03	8.36%	Change in debt structure
900s - Other Uses of Funds	\$7,780,000.00	\$8,645,581.83	\$7,845,581.83	(\$800,000.00)	\$65,581.83	0.84%	Change in debt structure
Total	\$111,863,608.65	\$114,765,905.41	\$113,035,505.40	(\$1,730,400.01)	\$1,171,896.75	1.05%	

Areas of Future Consideration

1. The 3rd Look for Health Care costs need to be factored in to the budget.
2. PSERS & Social Security costs will change based on any staffing changes.

2020-2021 – April Budget Update

Questions?