



**2023-2024 Fiscal Year End
DRAFT
2025-2026 Proposed Preliminary Budget**



2023-2024 Fiscal Year End Results



Fiscal Year End June 30, 2024

Budgeted Revenue		Audited Revenue	Audited Expenditures	Budgeted Expenditures	
\$	126,585,115	\$ 132,762,082	\$ 131,184,084	\$	126,585,115
Adjustments for Grants/Donations/Leases			Adjustments for Grants/Donations/Leases		
MEF Grants and Donations	\$ (128,990)		\$ (128,990)	MEF Grants and Donations	
Safety and Security Grants	\$ (337,000)		\$ (337,000)	Safety and Security Grants	
Federal Pass Through	\$ (368,409)		\$ (368,409)	Federal Pass Through	
ESSER	\$ (1,174,796)		\$ (1,174,796)	ESSER	
GASB 87 Leases	\$ (963,957)		\$ (963,957)	GASB 87 Leases	
Subtotal	\$ (2,973,152)		\$ (2,973,152)	Subtotal	
Adjusted Revenue	\$ 129,788,930		\$ 128,210,932	Adjusted Expenditures	
Surplus		\$1,577,998			



2023-2024 Revenues

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>	<u>Adjustments</u>	<u>Remaining Variance</u>	<u>Revised Total</u>
Local Sources	\$ 99,588,671	\$ 102,073,468	\$ 2,484,797	\$ (497,398.90)	\$ 1,987,398.05	\$ 101,576,069.10
State Sources	\$ 26,582,836	\$ 28,221,794	\$ 1,638,958	\$ (337,000.00)	\$ 1,301,958.27	\$ 27,884,794.00
Federal Sources	\$ 413,609	\$ 1,498,302	\$ 1,084,693	\$ (1,174,796.00)	\$ (90,102.95)	\$ 323,506.00
Other Sources	\$ -	\$ 968,518	\$ 968,518	\$ (963,957.00)	\$ 4,561.00	\$ 4,561.00
TOTAL	\$ 126,585,115	\$ 132,762,082	\$ 6,176,966	\$ (2,973,152)	\$ 3,203,814	\$ 129,788,930



Local Revenue Variances

Interest Earnings	\$751,360	Interest rates were higher than predicted
Earned Income Taxes	\$513,479	Increased wages, population/economic growth
Transfer Taxes	\$(225,639)	Based on average of three prior years of actual revenue
Interim Taxes	\$(168,922)	Based on average of three prior years of actual revenue
Delinquent Taxes	\$110,735	Based on average of three prior years of actual revenue
Refund of Prior Year Expense	\$221,537	Comp. Ed Refunds, tuition reimbursement, BCIU final reconciliation, settlement, lease security deposit refund
District Activities	\$294,122	Field Trips, AP Exams, Course Fees
Grants and Donations (unspent)	\$283,731	MEF Grants and other donations that remain unspent (restricted fund balance)
Other	\$206,995	Summer School Tuition, Real Estate Tax, Adult Education, Energy Efficiency Revenues, Public Utility, Occupational Priv., Local Services Tax, Delin. Per Capita



State Revenue Variances

Basic Education Subsidy	\$731,492	State budget approved after Methacton's final budget was adopted
Special Education Subsidy	\$87, 158	State budget approved after Methacton's final budget was adopted
Plancon Payments	\$485,659	Budget was developed taking into account NMTCC debt that was expiring and we would no longer be receiving reimbursements
Transportation Subsidy	\$109,785	Budget was developed using known data from prior years
Social Security and Retirement Subsidy	\$(259,287)	As a result of actual salary expense being less than budgeted
Other	\$147,151	Health Services Reim., Tuition for Orphans, Job Grant

Federal Revenue Variances

Medical Access	\$(59,702)	Reimbursements requested were less than budgeted
Title I & Title II & Title IV	\$(30,400)	Allocations for Federal funds change after July 1 of each year

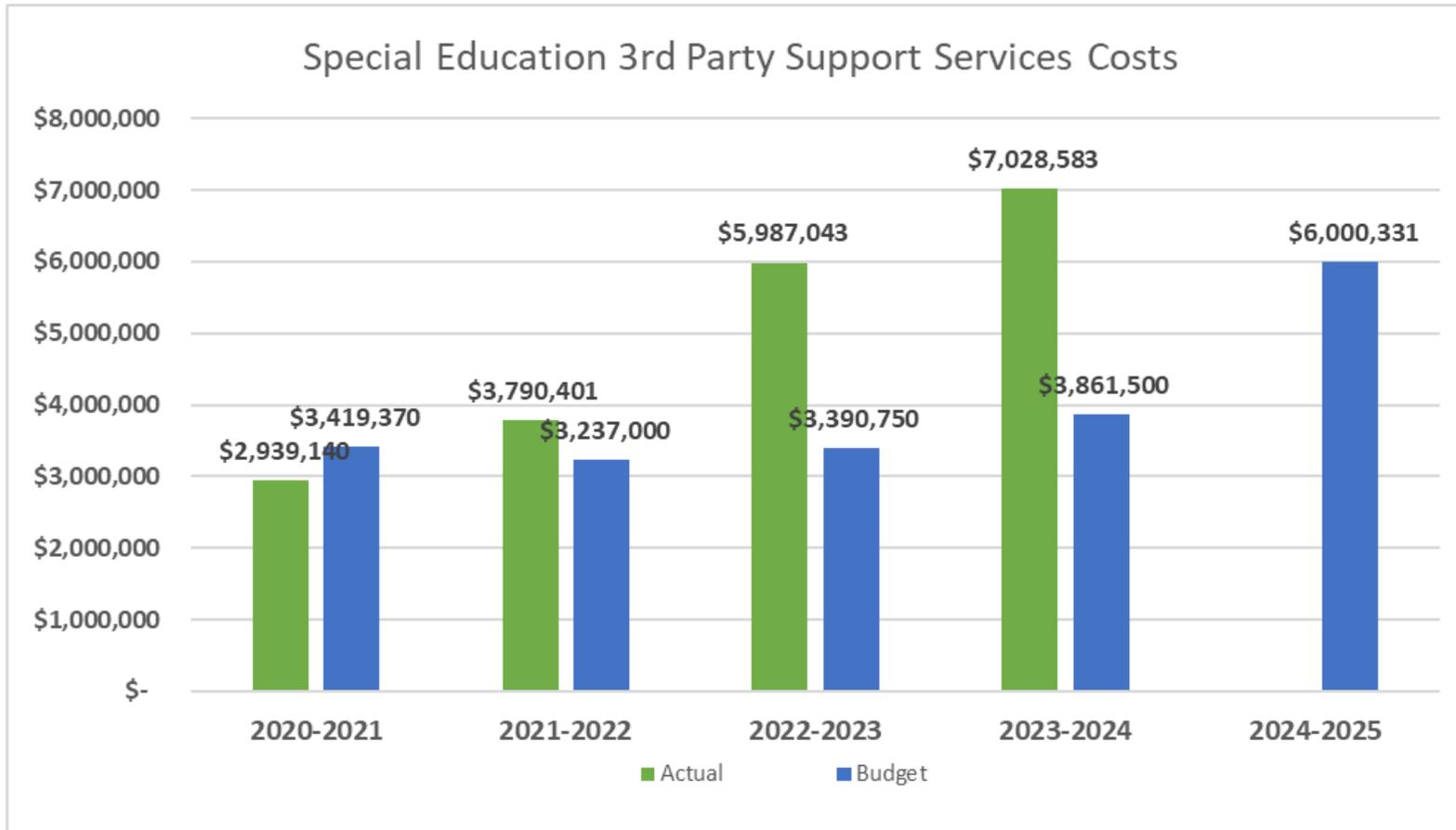


Expenditure Variances > 10% and \$100,000

Regular Education		
Purchased & Professional Services	\$1,149,501	Substitute teacher services
Salaries & Benefits	\$(490,263)	Offset to the increase in substitute teacher costs

Special Education		
3 rd Party Support Services	\$3,167,083	Direct services provided for Autistic, Emotional & Learning Support (RBT's) – see supporting slide
Other Purchased Services	\$544,357	Tuition to AP, charter, PRRI and nonpublic schools – see supporting slide





Special education support services costs have increased 248% over the past four years. The 2023-2024 costs were \$7,028,583. The 2025-2026 budget was developed taking into consideration actual spend in 2023-2024.

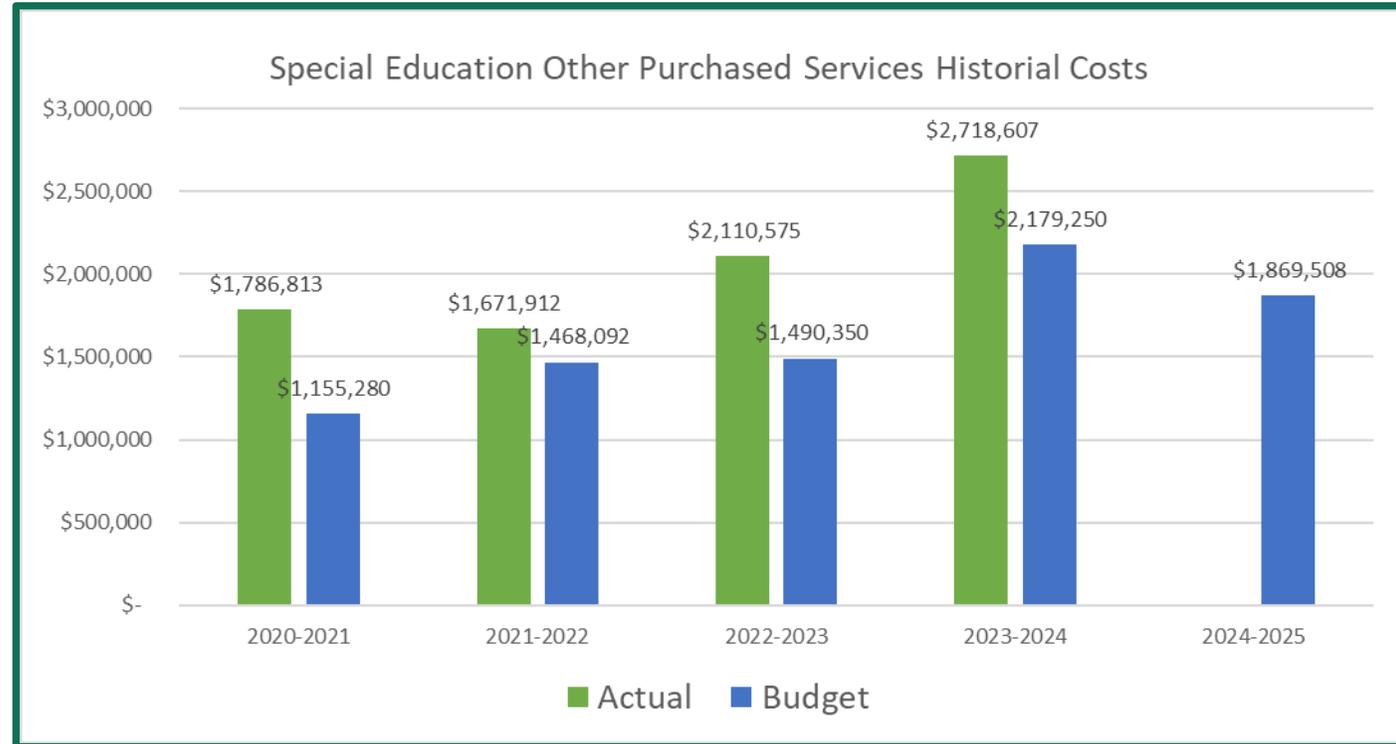


Expenditure Variances > 10% and \$100,000

Special Education (continued)

- **Other Purchased Services +\$544,357**

Tuition to Nonpublic Schools	\$386,481
Tuition to Other Public Schools	\$(224,830)
Tuition to Approved Private Schools	\$319,104
Tuition to PRRI	\$258,052
Charter School Tuition	\$118,694
Other Tuition	\$(312,500)
Travel	\$(1,750)
IU	\$1,106



Tuition is budgeted based on what is known. The variances in tuition are based on enrollment figures. Other purchased services have increased 56% percent over the past 4 years.



Expenditure Variances > 10% and \$100,000

Support Services	\$344,329	
Legal	\$212,170	Special Education & RTK
Community Relations	(\$107,000)	\$150,000 budgeted for professional services, \$107,000 was unspent
Interim Principal	\$64,680	This would be an offset to the salary account
Office of the Superintendent	(\$38,350)	Budgeted for professional services
Nursing Services	\$236,790	Substitute nurses, 1:1 nursing services



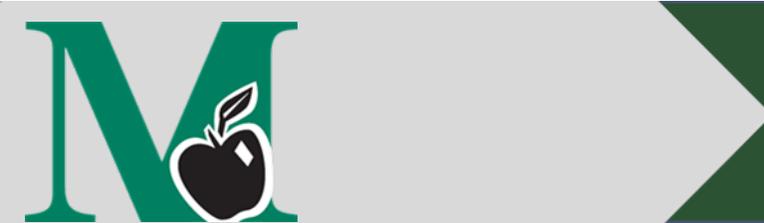
Fiscal Year End Recap

REVENUES		
Local Sources	\$	102,073,468
State Sources	\$	28,221,794
Federal Sources	\$	1,498,302
Other Revenue Sources	\$	968,518
TOTAL REVENUES	\$	132,762,082

EXPENDITURES		
Instruction	\$	75,979,741
Support Services	\$	41,612,381
Operation of Non-Instructional Services	\$	1,796,147
Capital Outlay	\$	659,198
Debt Service	\$	10,613,037
Transfers Out	\$	444,938
TOTAL EXPENDITURES	\$	131,184,084
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$	1,577,998

Fund Balance Comparison		
	June 30, 2024	June 30, 2023
Nonspendable Fund Balance	\$ 2,695,527	\$1,826,892
Restricted Fund Balance	\$ 323,172	\$140,248
Committed Fund Balance	\$ -	
Assigned Fund Balance	\$ -	
Unassigned Fund Balance	\$ 9,387,396	\$8,860,957
TOTAL FUND BALANCES	\$ 12,406,095	\$10,828,097
Subsequent Year Budget	\$ 134,105,665	\$ 126,585,115
Unassigned Fund Balance %	7.00%	7.00%

The surplus at year end was \$1.58 million, a little over \$1 million has been committed, mostly in the area of curriculum. The increase to unassigned fund balance was \$523,439.





2025-2026
DRAFT
Proposed Preliminary Budget



Object Comparison

Object	25-26 Proposed	24-25 Budget	Budget to Budget	Budget to Budget	% of Total Increase
Salaries	\$55,918,280	\$54,864,409	\$1,053,871	1.92%	18.49%
Benefits	\$36,059,220	\$34,963,478	\$1,095,743	3.13%	19.23%
Purchased Services	\$13,524,211	\$11,631,416	\$1,892,796	16.27%	33.22%
Purchased Property Services	\$1,613,036	\$1,924,282	(\$311,247)	(16.17%)	(5.46%)
Other Purchased Services	\$15,169,350	\$13,416,271	\$1,753,079	13.07%	30.76%
Supplies	\$4,776,679	\$4,198,847	\$577,831	13.76%	10.14%
Equipment	\$75,000	\$57,459	\$17,451	31.40%	0.32%
Other Objects	\$3,377,132	\$4,217,491	(\$840,358)	(19.93%)	(14.75%)
Other Uses of Funds	\$9,290,750	\$8,832,012	\$458,738	5.19%	8.05%
TOTAL	\$139,804,159	\$134,105,665	\$5,698,494	4.25%	100%



Object Comparison Detail

Salaries

- Contractual increases, no new positions

Benefits

- Base on preliminary healthcare estimates(1st look), PSERS rate

Purchased Services

- Special Education – RBT support
- Legal – special education and RTK
- 1:1 Nursing services – based on student need
- Psychologists (REACH)
- IU services

Purchased Property Services

- Removal of capital items from the general fund

Object	Budget to Budget	% of Total Increase
Salaries	\$1,053,871	18.49%
Benefits	\$1,095,743	19.23%
Purchased Services	\$1,892,796	33.22%
Purchased Property Services	(\$311,247)	(5.46%)



Object Comparison Detail

Other Purchased Services

- Out of district placements
- Contractual transportation increase specialized third party transportation services

Supplies

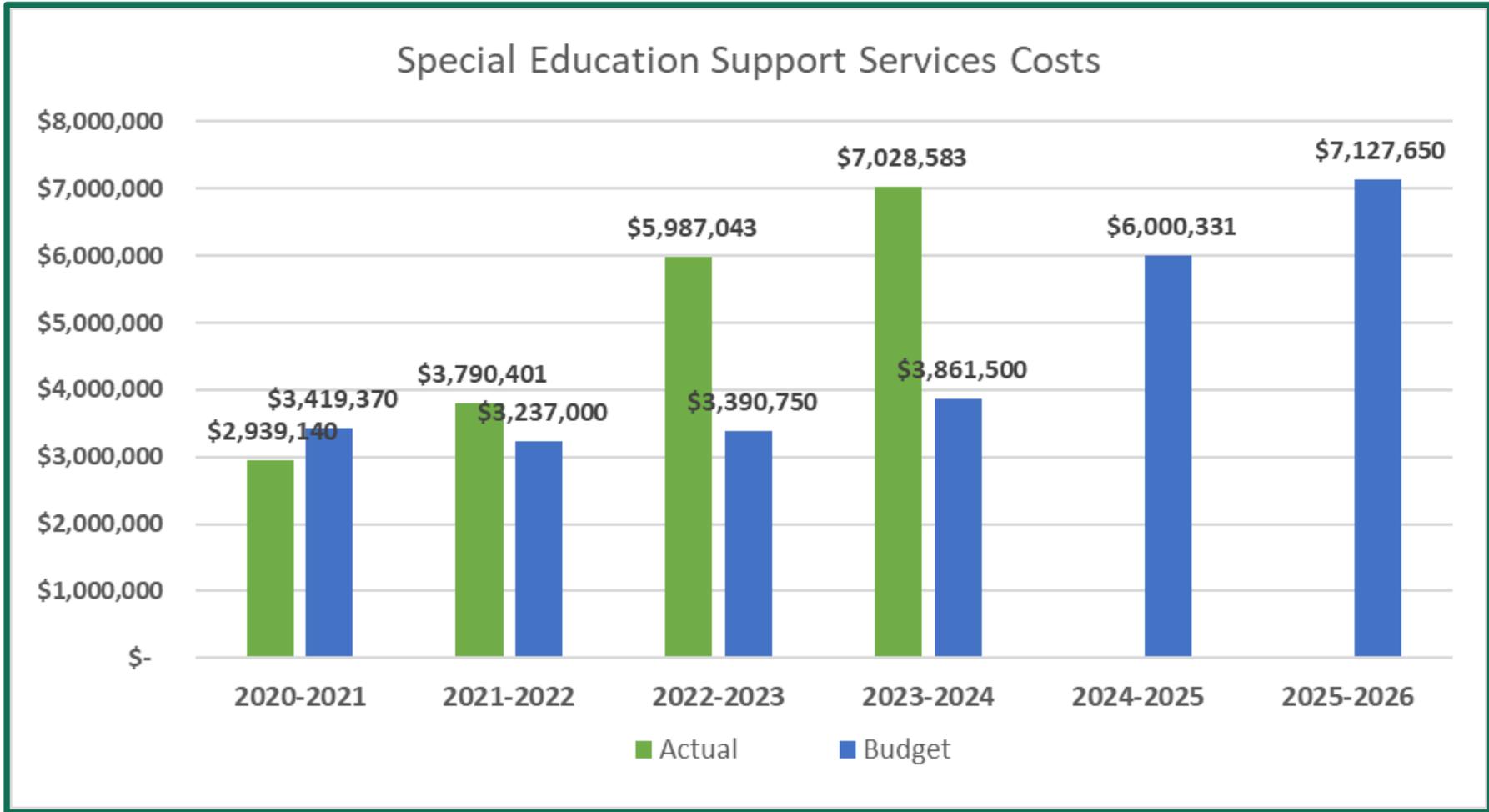
- Curriculum and text refresh
- Security supplies and software

Other Objects and Other Use of Funds

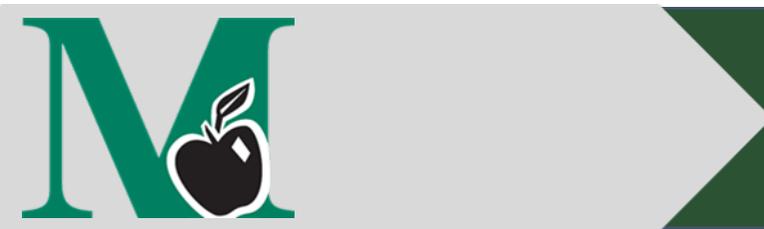
- Based on debt schedule
- No budgeted transfer to capital fund

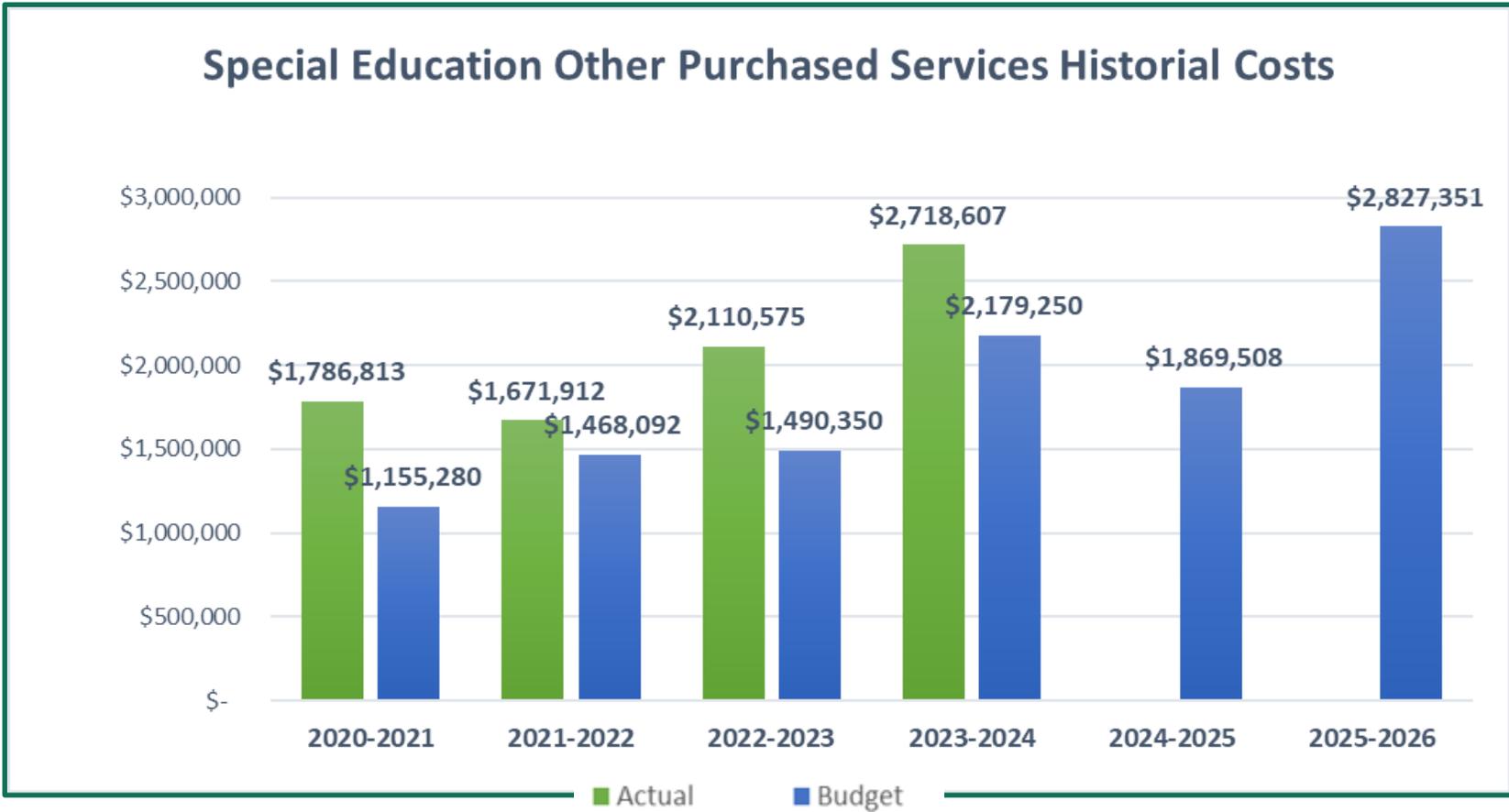
Object	Budget to Budget	% of Total Increase
Other Purchased Services	\$1,753,079	30.76%
Supplies	\$577,831	10.14%
Other Objects	(\$840,358)	(14.75%)
Other Uses of Funds	\$458,738	8.05%





Special Education support services for the 2025-2026 school year was budgeted taking into account actual spend in 2023-2024





Special Education other purchased services have increased 56% percent over the past 4 years.



Major Program Comparison - Major Drivers

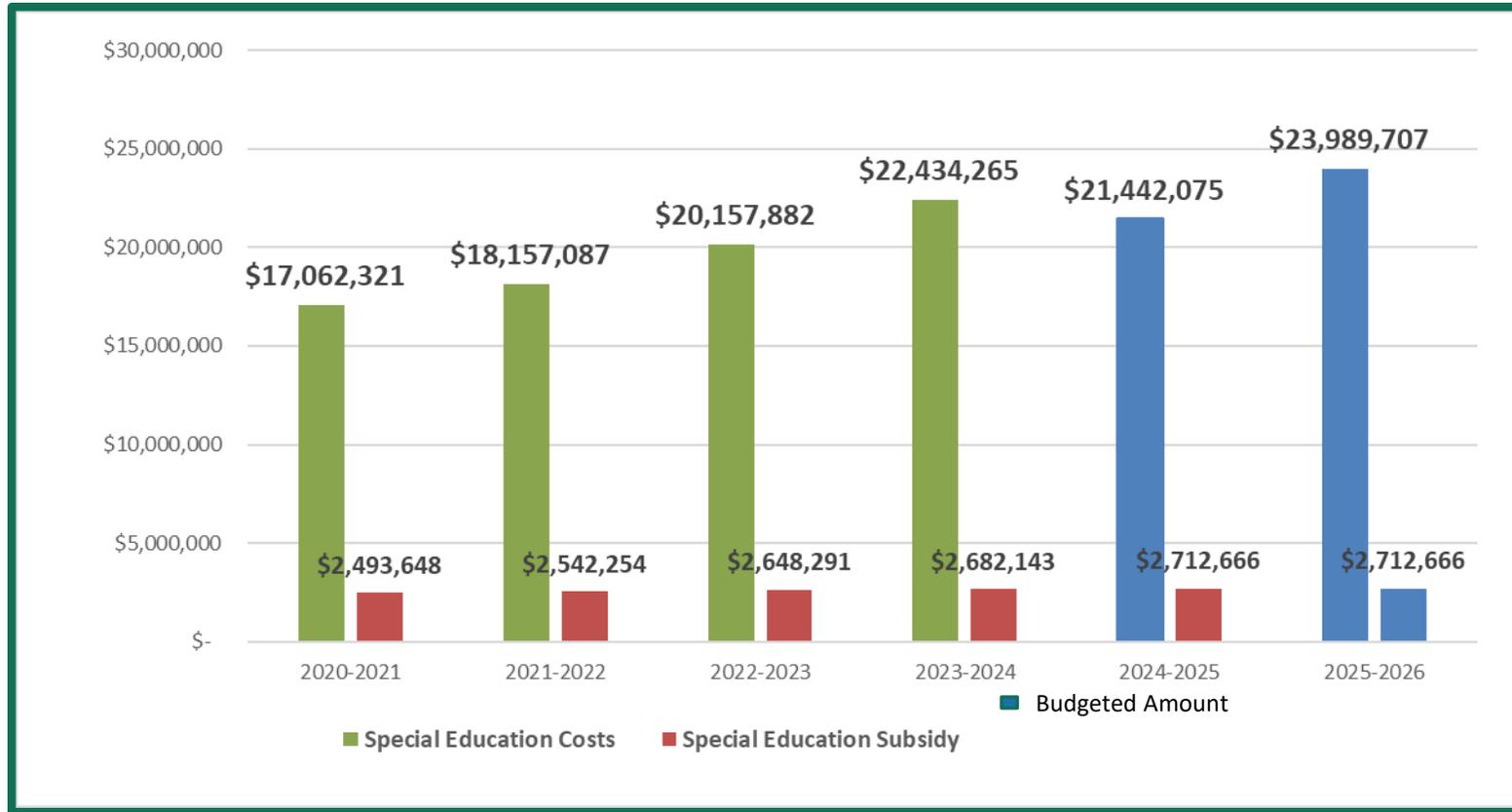
<u>Program</u>	<u>Proposed 26</u>	<u>Budget 25</u>	<u>Budget to Budget</u>	<u>Budget to Budget</u>
Regular Education	\$ 54,426,937	\$ 52,406,311	\$ 2,020,625	3.9%
Special Education	\$ 23,989,707	\$ 21,442,575	\$ 2,547,132	11.9%
Vocational Education	\$ 2,206,954	\$ 1,917,118	\$ 289,836	15.1%
Administrative Support Services	\$ 8,193,152	\$ 7,467,474	\$ 725,678	9.7%
Transportation	\$ 8,806,098	\$ 8,193,290	\$ 612,808	7.5%
Fund Transfer	\$ 250,000	\$ 1,625,000	\$ (1,375,000)	-84.6%

- Regular Education
 - Increase in salary and benefit costs
- Special Education
 - Increase in salary and benefit costs
 - Increase in purchased services
- Vocational Education
 - Anticipated 4% increase in NMTCC
- Administrative Support Services
 - Increase in salary and benefit costs
- Transportation
 - First Student contractual increases
 - Increased expense for additional 3rd parties to provide transportation for homeless and out of district placements
- Fund Transfer
 - No budgeted Capital transfer

NOTE: Budget 25 Special Education costs are projected to be higher than budgeted



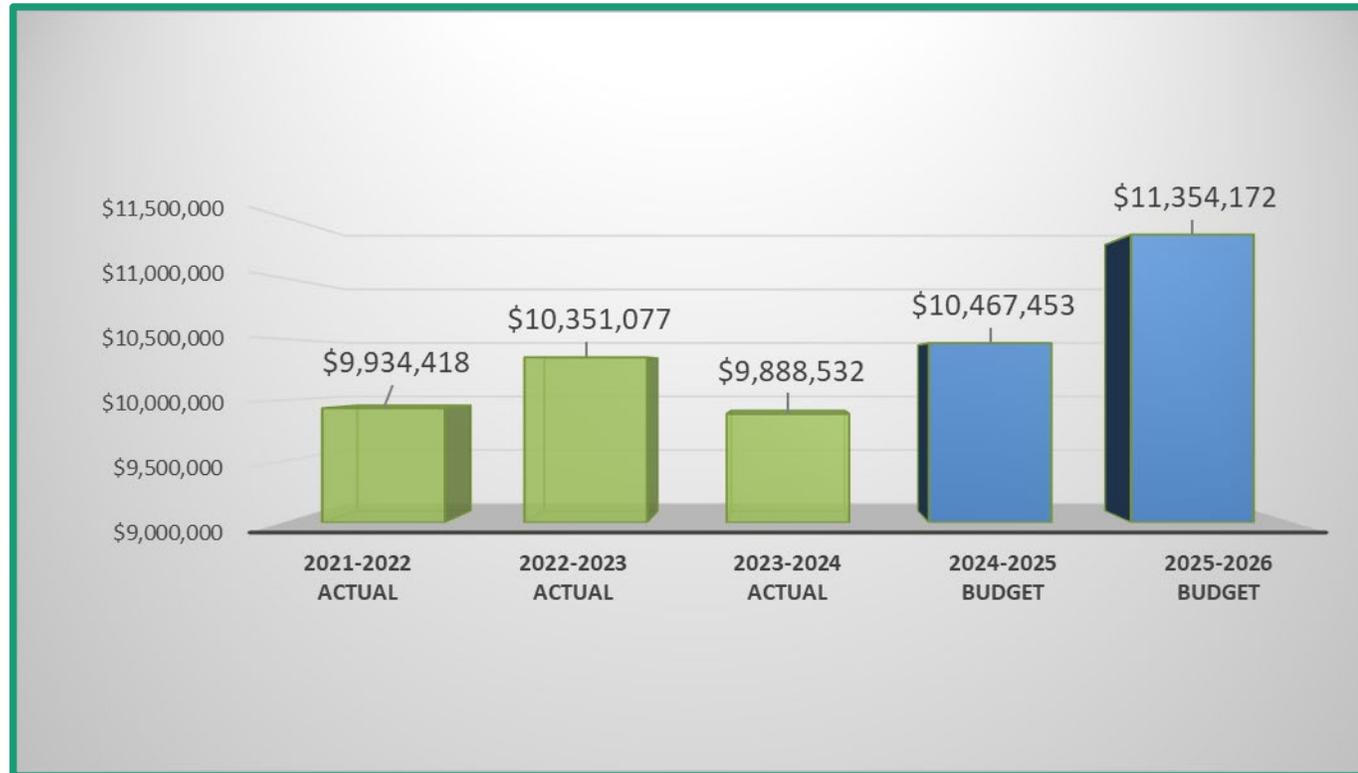
Special Education Costs and Subsidy Information



- Budgeted costs for the 2024-2025 school year are less than actual costs in the 2023-2024 school year
- Special education costs have increased on average 8% per year over the past five years. During that same time period special education subsidy has increased on average 1.76%
- All other costs during the same five year timeframe have increased 3.74%, while the regular education subsidy has increased on average 5.32% per year



Debt Service



The five year trend in Debt Service can be seen in the chart above. The budgeted figures for 2025-2026 include anticipated borrowing for the high school project.



Act 1

- [Act 1 of 2006](#), the Taxpayer Relief Act, was signed on June 27, 2006. This law provides limits on a school district's ability to increase taxes. The Act 1 index for 2025-2026 is 4.0%.
- The Act 1 Index is calculated and set by Pennsylvania Department of Education. It limits a school district's ability to increase the millage rate from previous year by no more than the established Index.
 - Districts can be granted an exception to the requirement for voter approval of tax rate increases greater than their indices if the extra rate increase is needed to cover: existing debt, increase in special education costs, increase in pension costs.
- Act 1 is calculated using the percentage changes in wages statewide and the percentage changes in school employee compensation costs nationwide.



Approved ACT 1 Index

NOTE: Methacton has not exceeded the Act 1 Index in past 7 years

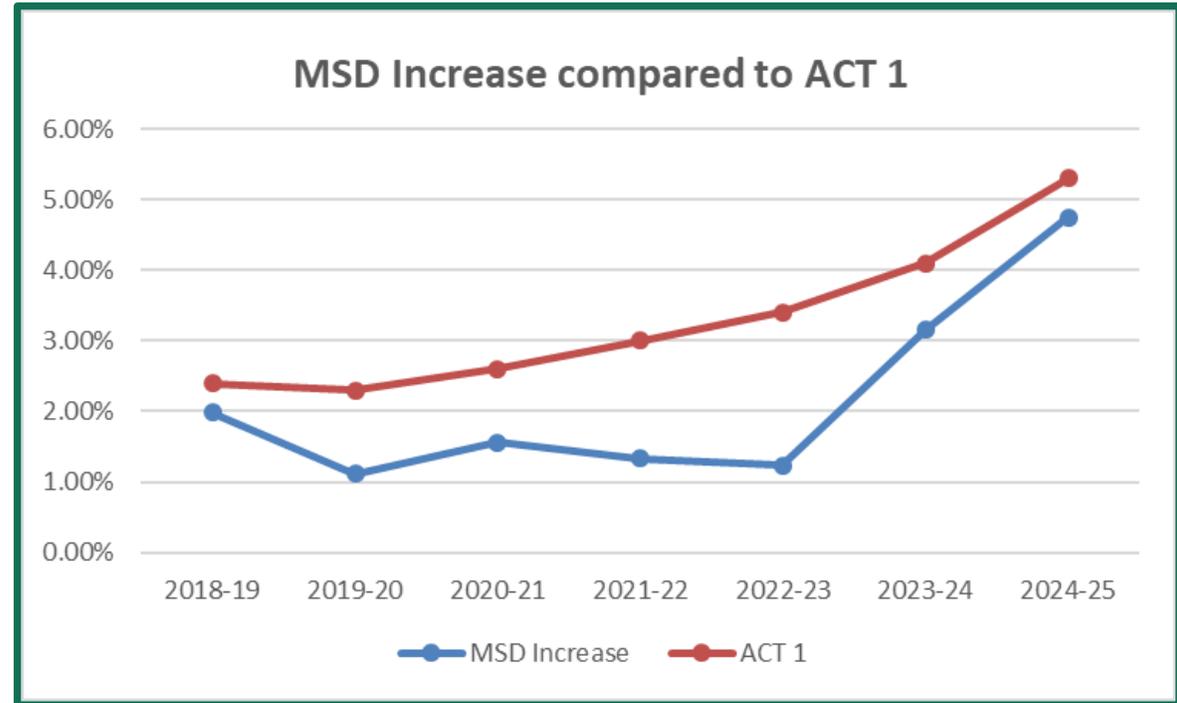
<u>Revenue Category</u>	<u>Amount</u>
Local	\$108,336,759
State	\$28,956,253
Federal	\$416,922
Total	\$137,709,934

<u>Expense Category</u>	<u>Amount</u>
Salary & Benefits	\$91,977,500
Operational	\$35,158,776
Debt & Transfers	\$12,667,882
Total	\$139,804,158

ACT 1 – 4.0%

Net Tax Levy = \$94,289,118

Increased tax bill for a home assessed at the district average = \$240.52



SHORTFALL (\$2,094,224)

With Act 1 Index limit



ACT 1 and Special Education Exception

Because of Special Education costs increases year over year and with the 25/26 preliminary budget having a \$2.1 million shortfall, we are proposing to file for the Special Education Exception while we work on reducing the budget.

ACT 1 – 4.0%

Net Tax Levy = \$94,289,118

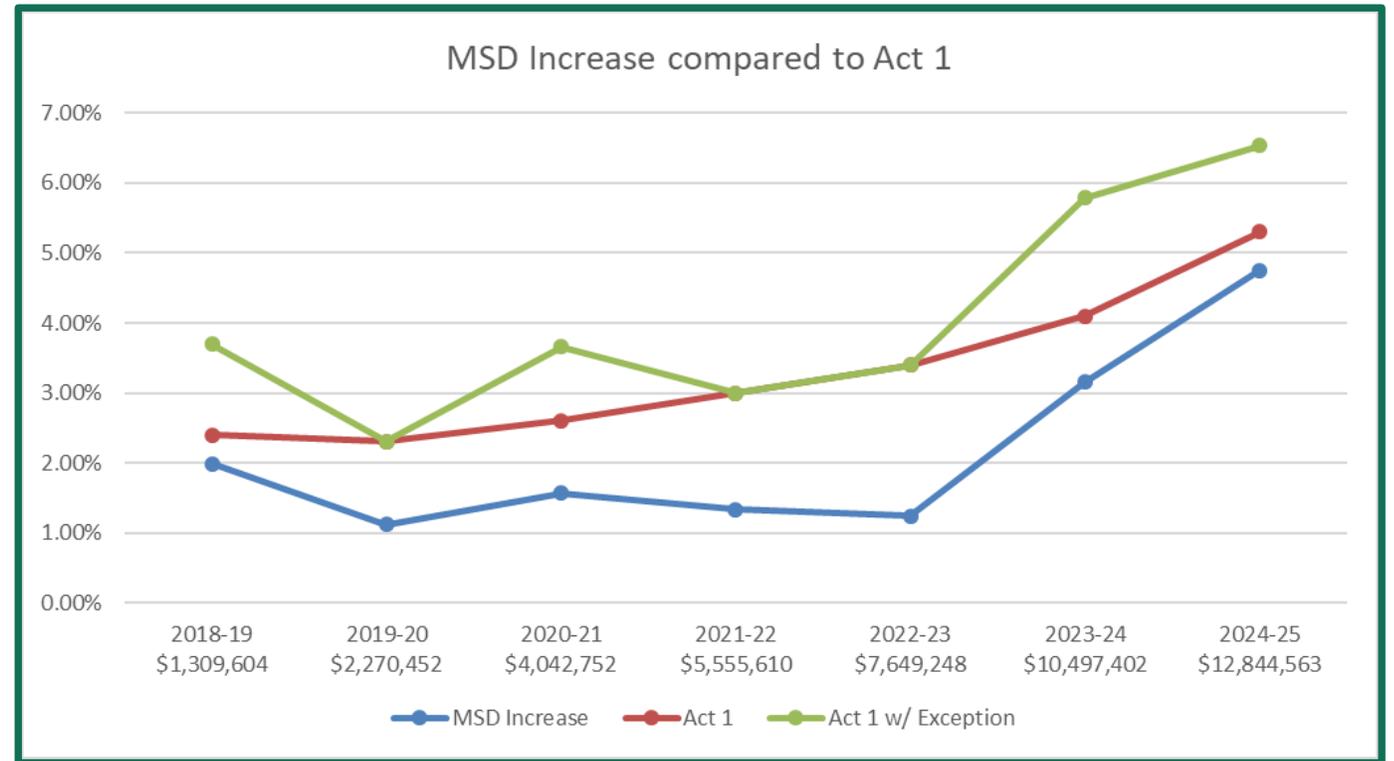
Increased tax bill for a home assessed at the district average = \$240.52

W/ Special Ed. Exception – 6.3086%

Net Tax Levy = \$96,449,076

Increased tax bill for a home assessed at the district average = \$379.34

The graph to the right shows the Act 1 index and the Act 1 index with special education exceptions compared to the year over year Methacton increase. Methacton was eligible for the special education exception in four of these years. Had we implemented a tax increase equal to Act 1 for the past 7 years, the total tax levy would have been an additional \$12.8 million.



Revenue Comparison

	2025-2026	2024-2025	2023-2024		% Budgeted Inc.
	<u>Budgeted</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	
Local Sources	\$ 110,430,984	\$ 105,212,484	\$ 101,576,069	\$ 99,588,671	3.89%
State Sources	\$ 28,956,253	\$ 28,476,259	\$ 27,884,794	\$ 26,582,836	0.36%
Federal Sources	\$ 416,922	\$ 416,922	\$ 323,506	\$ 413,609	0.00%
Other Sources	\$ -	\$ -	\$ 4,561	\$ -	0.00%
TOTAL REVENUES	\$ 139,804,159	\$ 134,105,665	\$ 129,788,930	\$ 126,585,116	4.25%

Total revenues are budgeted at a 4.25% increase over 2024-2025 budgeted amounts. The major driver is the increase in Real Estate Tax.



Local Revenue Summary

LOCAL REVENUE

- ACT 1 with Special Education exception allows for 6.3086% tax increase
- Real Estate assessment based on December county report
- Interest income based on projection
- Collection rate is set at 96.96%, average of the last three years

Category	Budgeted Amount	% of Local Revenue
Real Estate Tax	\$93,513,873	84.68%
Earned Income Tax	\$9,625,000	8.72%
Interest Income	\$1,760,000	1.59%
RE Transfer Tax	\$1,478,359	1.34%
Delinquent Tax	\$1,098,903	1.00%
Interim RE Tax	\$971,066	0.88%
IDEA	\$885,675	0.80%
All other Local Revenue	\$1,098,108	0.99%
Total Local Revenue	\$110,430,984	100%



State Revenue Summary

- A 2% increase is assumed for basic education subsidy
- No assumed increase for special education, pupil transportation and nonpublic subsidies
- Reduction in plancon reimbursements

Category	Budgeted Amount	% of State Revenue
Retirement	\$9,652,513	33.33%
Basic Education Subsidy	\$8,787,068	30.35%
Property Tax Relief	\$3,012,835	10.40%
Special Education	\$2,712,666	9.37%
Social Security	\$2,133,749	7.37%
Pupil Transportation	\$1,707,010	5.90%
Nonpublic Transportation	\$332,255	1.15%
Plancon Reimbursements	\$236,273	0.82%
Other State Revenue	\$381,883	1.32%
Total State Revenue	\$28,956,253	100%



Federal Revenue Summary

- Title I – Instructional aids - math and reading at Eagleville, Skyview and Arcola
- Title II – Staff development
- Title IV – Career readiness and equitable education
- ACCESS – Special education related costs

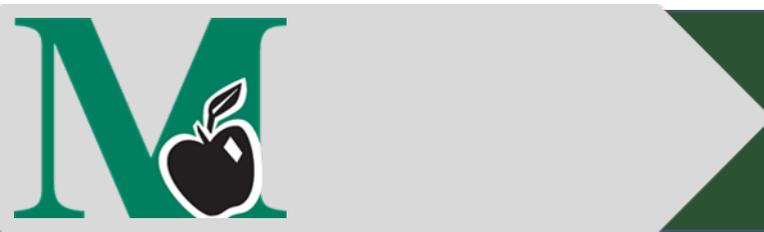
Category	Budgeted Amount	% of Total Budget
Title I	\$244,892	58.74%
Title II	\$82,996	19.91%
Title IV	\$16,756	4.02%
ACCESS	\$72,278	17.34%
Total	\$416,922	100%



2025-2026 Proposed Preliminary Budget Summary

Expenditures			
<u>Program</u>	<u>Proposed 26</u>	<u>Budget 25</u>	<u>Budget to Budget</u>
Instructional	\$ 80,791,037	\$ 76,150,837	6.09%
Support Services	\$ 44,771,446	\$ 43,202,706	3.63%
Operation of Non- Instructional Services	\$ 1,929,484	\$ 1,945,379	-0.82%
Debt Service/Fund Transfers	\$ 12,312,193	\$ 12,806,743	-3.86%
Grand Total	\$ 139,804,159	\$ 134,105,665	4.25%

Revenues			
<u>Category</u>	<u>Proposed 26</u>	<u>Budget 25</u>	<u>Budget to Budget</u>
Local	\$ 110,430,984	\$ 105,212,484	4.96%
State	\$ 28,956,253	\$ 28,476,259	1.69%
Federal	\$ 416,922	\$ 416,922	0.00%
Other	\$ -	\$ -	0.00%
Total	\$ 139,804,159	\$ 134,105,665	4.25%



Still More Work To Be Done

- Continue review of operational costs and make adjustments where appropriate
- Continue review of special education services and make adjustments where appropriate
- Update Revenue projections as more information becomes available
(Local, State and Federal Levels)
- Medical/RX projections will be updated with 2nd and 3rd looks
(February & April)
- Continue to review and update staffing



Next Steps

- January 28th
 - A)** Board to authorize the administration to make available for public inspection the Proposed Preliminary Budget (must be made available for public inspection 20 days prior to adoption)
 - or**
 - B)** Adopt resolution stating Methacton will NOT raise taxes above the ACT 1 Index

If option a is chosen then we will need to advertise as outlined above and advertise for a special meeting to the work session on February 18th to:

Approve the 2025-2026 Preliminary Budget as presented on the PDE 2028 in the amount of \$139,804,159 and authorize Administration to apply for referendum exceptions in the accordance with Act 1

Regardless of taking option A) or B) we will need to begin work to bring the budget within the allowable Act 1 Index of not greater than 4% increase

- February 18th – Adoption of Proposed Preliminary Budget & School Board to adopt resolution seeking referendum exception
- March 26th – Deadline for Department of Education to issue ruling on referendum exception
- April 22nd – Adoption of Proposed Final Budget
- May 27th – Adoption of Final Budget

