



**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
<u>TOTAL</u>	<u>\$ 126,585,115</u>	<u>\$ 132,762,082</u>	<u>\$ 6,176,966</u>	<u>\$ (2,973,152)</u>	<u>\$ 3,203,814</u>	<u>\$ 129,788,930</u>



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

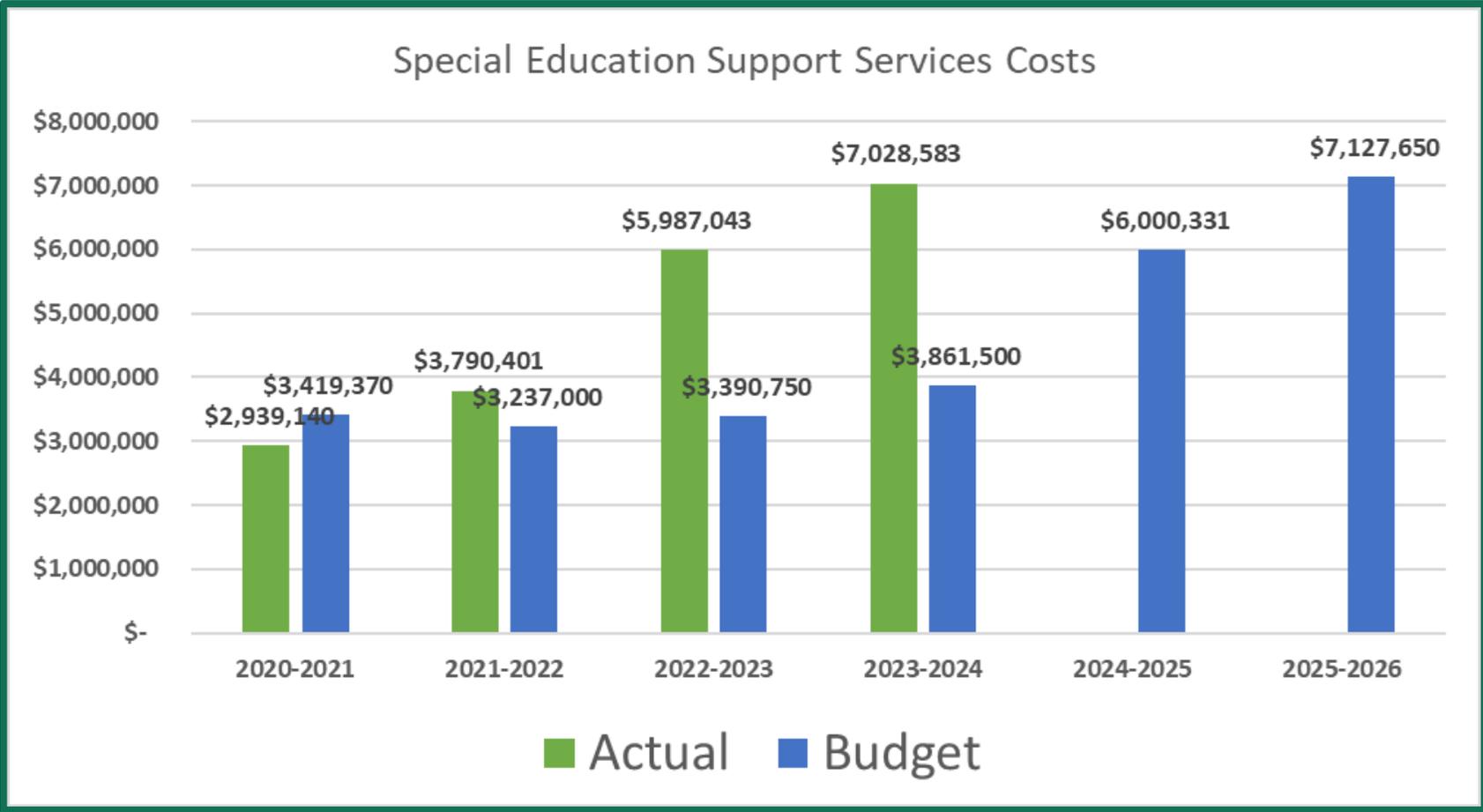


Expenditure Variances > 10% and \$100,000

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	\$539,357	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.

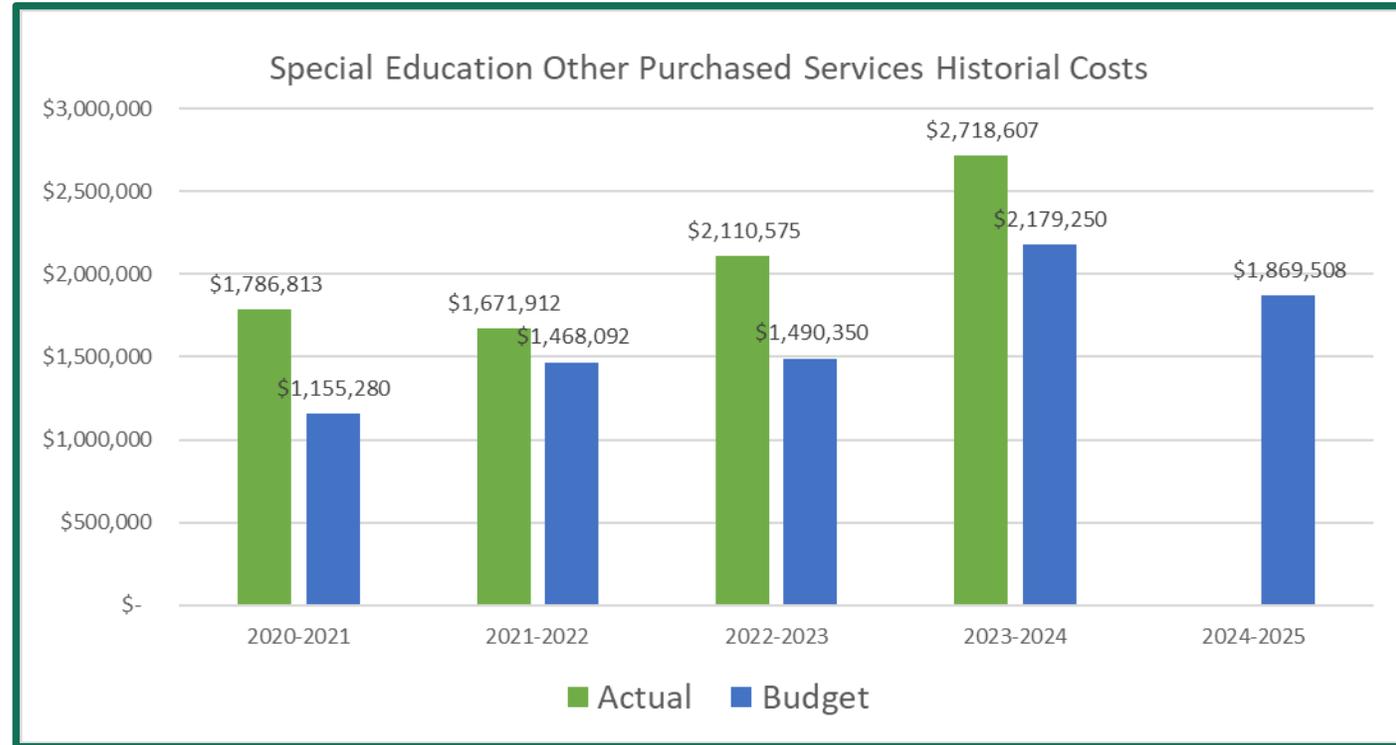


Expenditure Variances > 10% and \$100,000

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 at any given point in time. The variances in tuition are based on the fact that enrollment figures are very fluid. Other Purchased Services have increased 56% percent over the past 4 years. The 2023-2024 actual expenditures were \$2,718,607.



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



Expenditure Summary



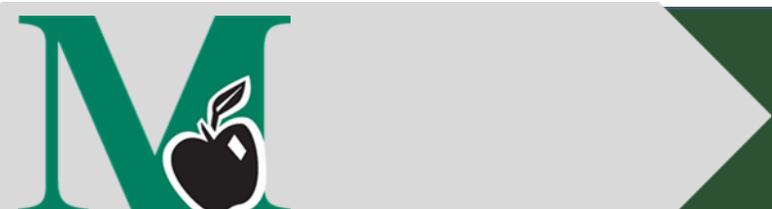
<u>Category</u>	<u>25-26 Proposed</u>	<u>24-25 Budget</u>	<u>% Increase</u>
Salary & Benefits	\$ 91,977,500.00	\$ 89,827,887.00	2.39%
Operational	\$ 35,158,776.00	\$ 31,471,035.00	11.72%
Debt & Transfers	\$ 12,667,882.00	\$ 12,806,743.00	-1.08%
Total Expenditures	\$ 139,804,158.00	\$ 134,105,665.00	4.25%



2025-2026 DRAFT Proposed Preliminary Budget

Major Expense Drivers

- PSERS (PA State Employees' Retirement System) rate = 34%
- Health Care – Medical & Rx first look rate increased by 7.7%
- Salary increases based on contractual obligations
- Special Education costs are budgeted taking 2023-2024 actuals into account
- Science and Foreign Language curriculum/text refresh



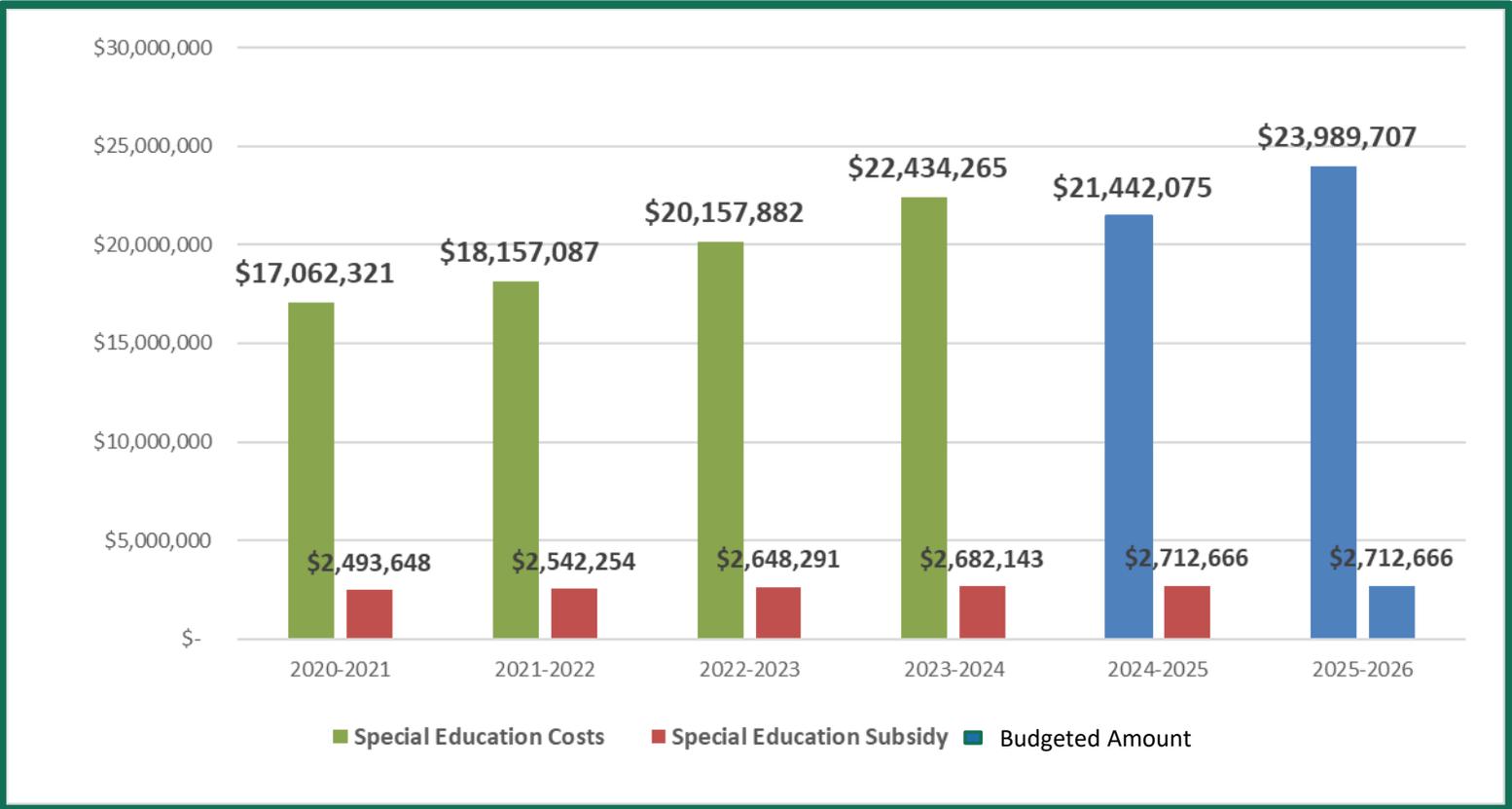
Major Program Comparison - Major Drivers

<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

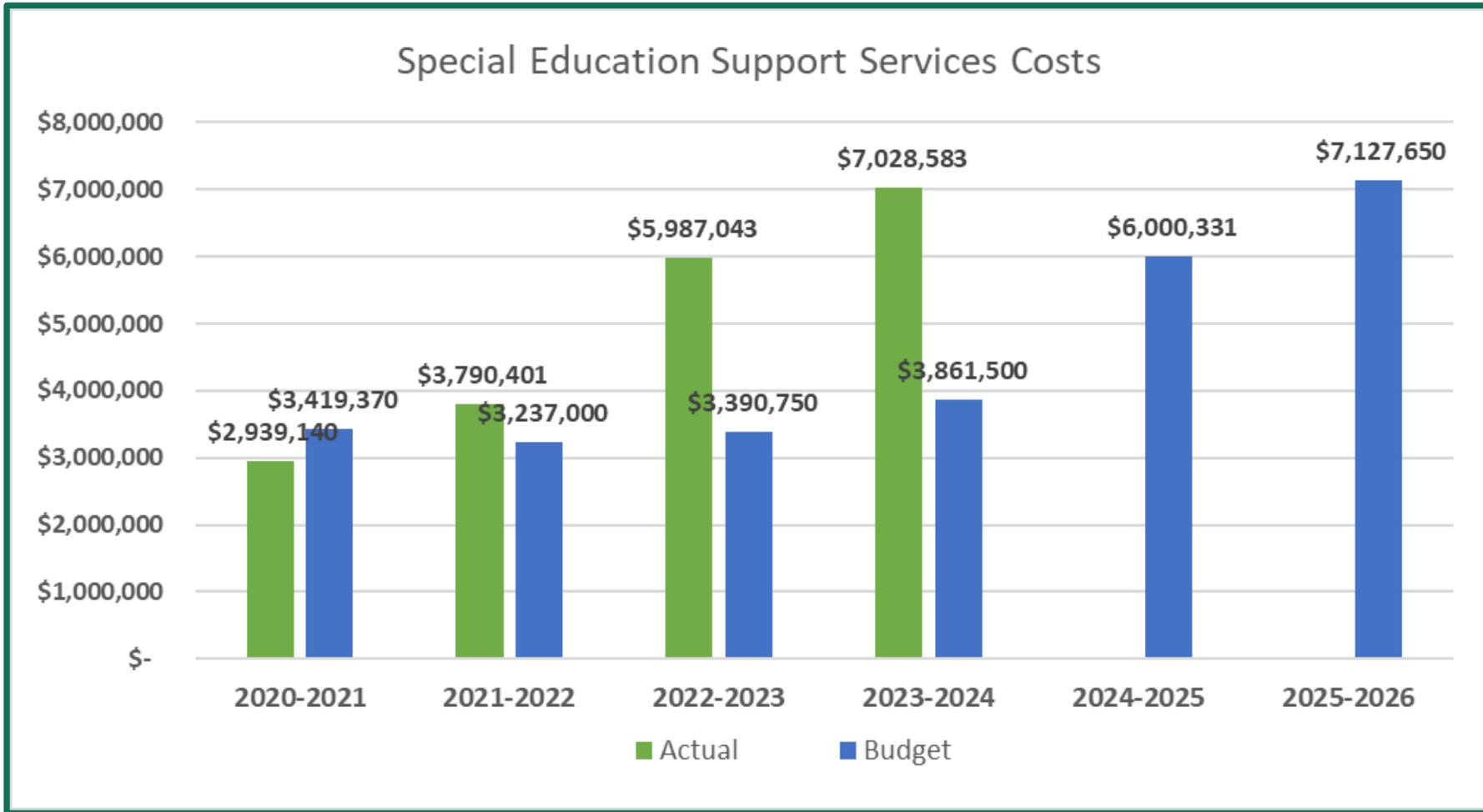


Special Education Costs and Subsidy Information



- 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% 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

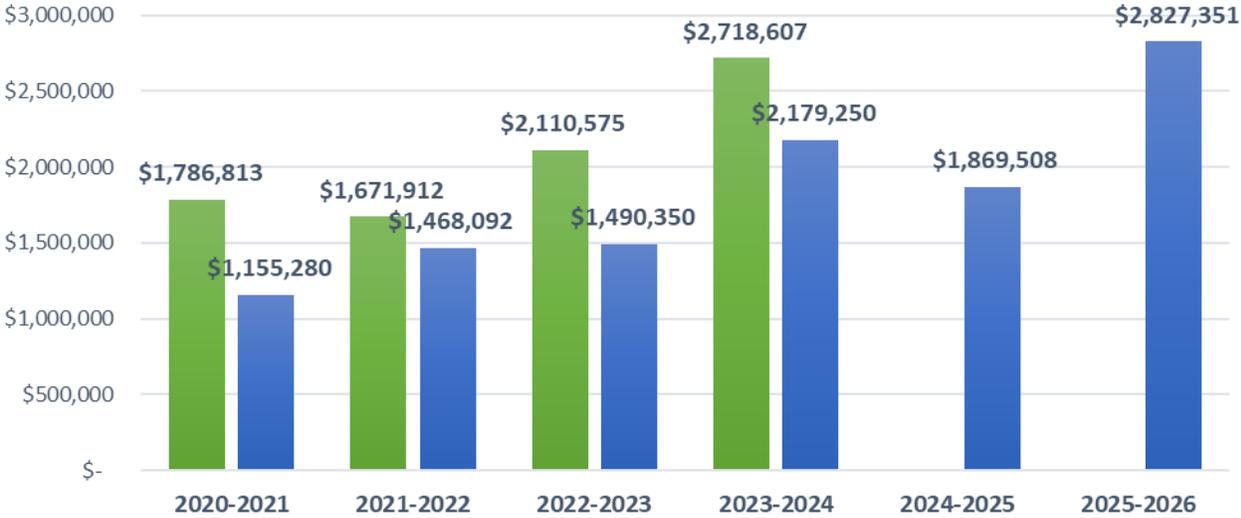




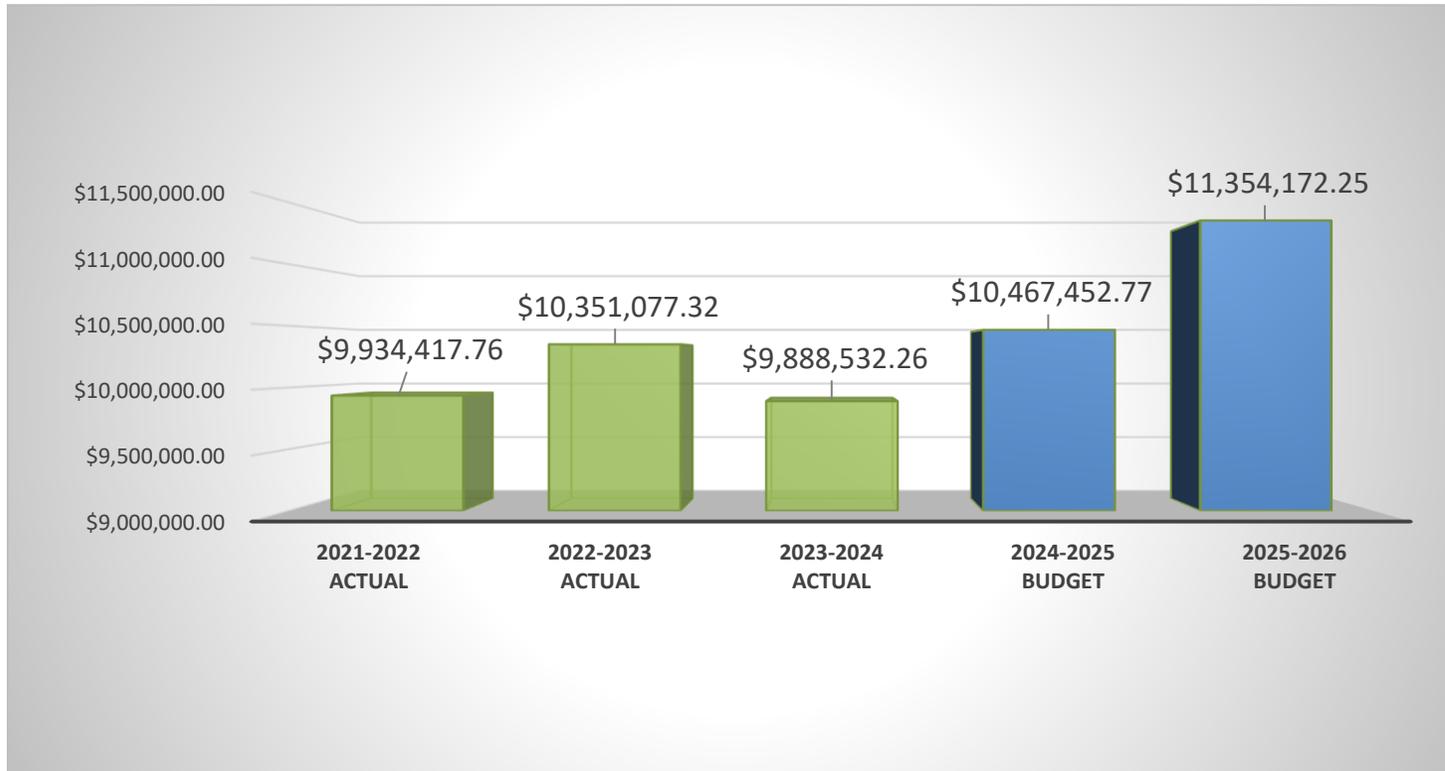
Special Education for the 2025-2026 school year was budgeted taking into account actual spend in 2023-2024.



Special Education Other Purchased Services Historial Costs



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.



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

- Increase base on preliminary healthcare estimates, PSERS rate

Purchased Services

- Special Education – RBT support
- Legal
- 1:1 Nursing Services – based on student need
- Psychologists (REACH)
- Increase in 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, as well as increased need for third party services to transport homeless and out of district placements

Supplies

- Curriculum and Text refresh
- Security Supplies and Software

Other Objects and Other Use of Funds

- Shift in principal and interest
- 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%



Approved ACT 1 Index

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

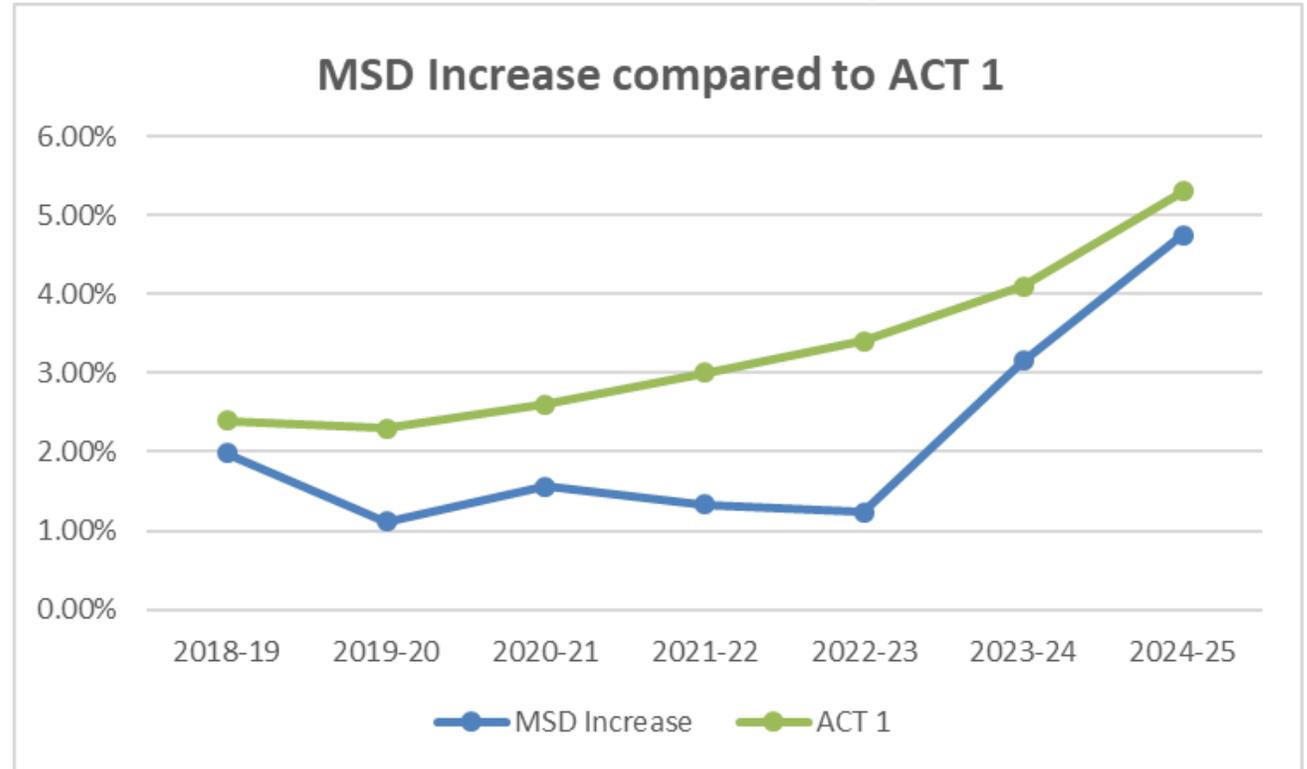
<u>Expense Category</u>	<u>Amount</u>
Salary & Benefits	\$91,977,500
Operational	\$35,158,776
Debt & Transfers	\$12,667,882
Total	\$139,804,158

SHORTFALL (\$2,094,224)

ACT 1 – 4.0%

Net Tax Levy = \$94,289,118

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



ACT 1 and Special Education Exception

Because of the large increase in Special Education costs year over year Methacton qualifies for a Special Education exception. The proposed preliminary budget presented assumes Methacton takes the entire exception.

ACT 1 – 4.0%

Net Tax Levy = \$94,289,118

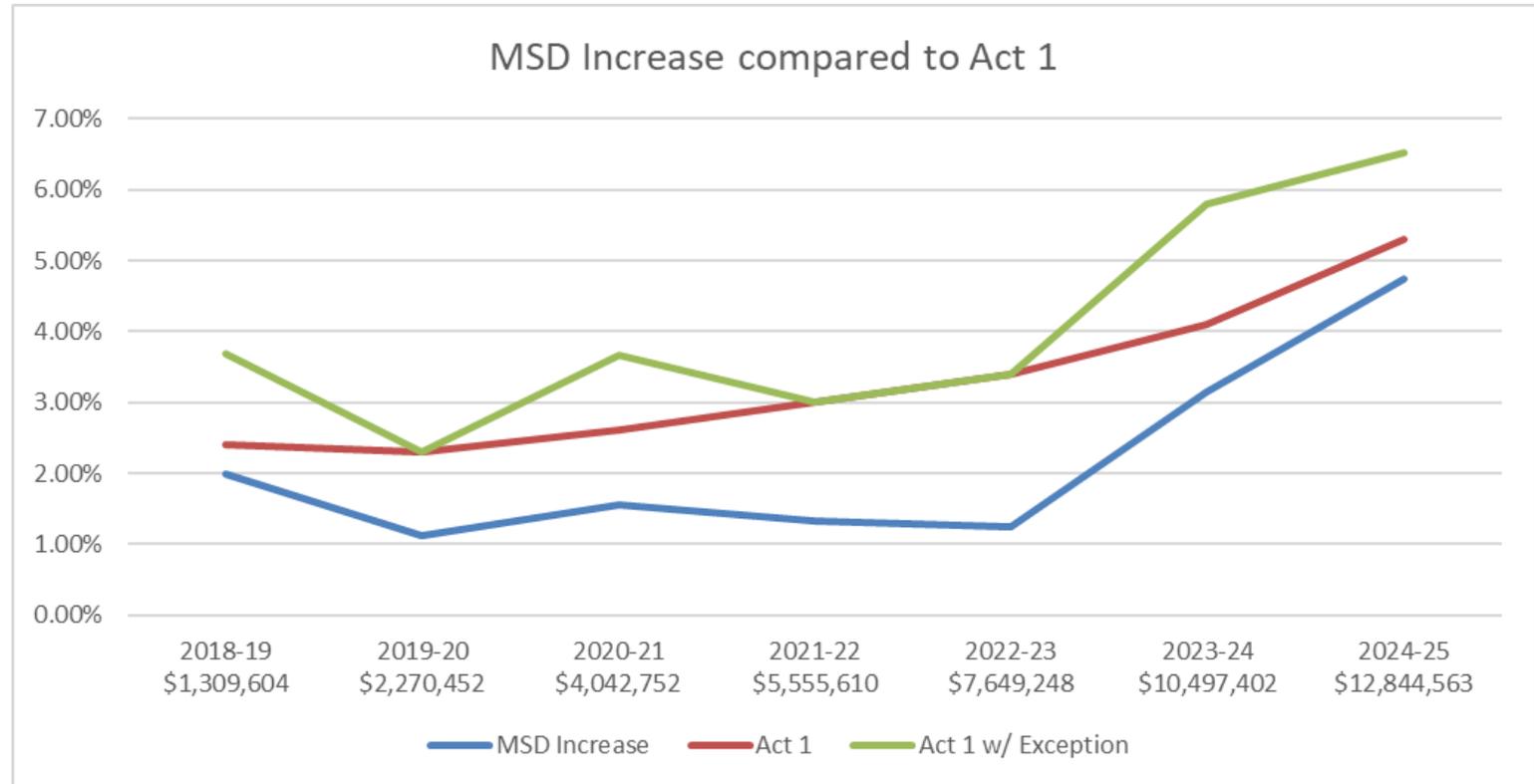
Increased tax bill for a home assessed at the district average = \$240.52

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 exceptions compared to Methacton's increase. In the seven years of data presented Methacton was eligible for the special education exception in four of those years. If Methacton had 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.



Local Revenue Summary

LOCAL REVENUE

- Tax increase is set at 6.3086%
- RE assessment based on December 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 Ed. subsidy
- No assumed increase for Special Ed., 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%



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	<u>\$ 139,804,159</u>	<u>\$ 134,105,665</u>	<u>\$ 129,788,930</u>	<u>\$ 126,585,116</u>	<u>4.25%</u>

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



2025-2026 Proposed Preliminary Budget

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

- February 18th – Adoption of Proposed Preliminary Budget & 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

