

Methacton School District

2019-2020 Surplus Review

Overall Summary

Fiscal Year 2019-2020			
Revenue			
Category	Budget	Actual	Variance
Local Revenue	\$87,397,672	\$86,833,474	(\$564,198)
State Revenue	\$23,840,904	\$24,093,321	\$252,416
Federal Revenue	\$625,032	\$676,509	\$51,477
Other Revenue	\$0	\$12,440	\$12,440
Revenue Total	\$111,863,609	\$111,615,744	(\$247,864)
Expenditures			
Category	Budget	Actual	Variance
Salary	\$45,476,147	\$45,455,469	(\$20,677)
Benefits	\$29,714,296	\$29,010,336	(\$703,960)
Operating Expenses	\$25,806,671	\$23,064,745	(\$2,741,927)
Debt & Fees	\$10,866,494	\$10,908,100	\$41,606
Expenditure Total	\$111,863,609	\$108,438,651	(\$3,424,958)
Surplus / (Deficit)	(\$0)	\$3,177,094	\$3,177,094

In 2019-2020 there was a surplus of \$3.12M. Revenue was \$111.6M, which was \$247,864 below budget. Expenditures were \$108.4M, which was \$3.4M below budget.

This was primarily driven by the unexpended Operating Expenses, which were not spent due to COVID-19's closure of the school district and the savings associated by not operating the school in a traditional in person setting.

Revenue – Local Efforts

Category	Budget	Actual	Variance
Local Revenue	\$87,397,672	\$86,833,474	(\$564,198)

LOCAL REVENUE	Budget	Actual	Variance F/(U)	Variance %	Explanations
DELINQUENT REAL ESTATE TAXES	\$1,600,000.00	\$1,331,865.58	(\$268,134.42)	83.24%	Collections were basically on hold for 4th Qtr due to COVID
EARNED INCOME TAX	\$7,050,000.00	\$7,270,155.99	\$220,155.99	103.12%	High than projected income from Berkheimer
INTEREST INCOME	\$961,024.60	\$753,528.10	(\$207,496.50)	78.41%	Anticipated interest rates were below budgeted figures
REAL ESTATE TRANSFER TAX	\$950,000.00	\$1,119,282.48	\$169,282.48	117.82%	More real estate sales occurred. Could have been higher, but COVID slowed sales
IDEIA	\$895,000.00	\$791,583.18	(\$103,416.82)	88.45%	Due to COVID reimbursements were down.
TUITION ADULT EVENING SCHOOL	\$185,000.00	\$103,521.84	(\$81,478.16)	55.96%	Continuing Education closed due to COVID
INTERIM REAL ESTATE TAX	\$525,000.00	\$448,144.37	(\$76,855.63)	85.36%	Figures vary year to year
REFUND PRIOR YR EXPENDITURES	\$100,000.00	\$53,072.60	(\$46,927.40)	53.07%	Figures vary year to year
RECEIPTS FROM OTHER LEAS IN PA	\$340,000.00	\$295,275.00	(\$44,725.00)	86.85%	Figures vary year to year
AMUSEMENT TAX	\$50,000.00	\$8,526.76	(\$41,473.24)	17.05%	Golf Course sold, no future revenue from this source
Grand Total	\$12,656,024.60	\$12,174,955.90	(\$481,068.70)	96.20%	

Local Revenue was \$564,198 below budgeted amounts. Of the top ten variances, five were impacted by COVID, 3 vary based on external factors, one was slightly above forecast and the last category was short due to the sale of the asset by its owner that drove this revenue stream. Overall Local Revenue was 99.4% of budget.

Revenue - State

Revenue			
Category	Budget	Actual	Variance
State Revenue	\$23,840,904	\$24,093,321	\$252,416

STATE REVENUE	Budget	Actual	Variance F/(U)	% of Budget	Explanations
RETIREMENT	\$7,969,779.45	\$7,668,782.96	(\$300,996.49)	96.22%	Associated with Staff, plan to transfer to Sub costs did not occur due to COVID
RENT & SINK FUND	\$400,000.00	\$672,223.34	\$272,223.34	168.06%	Rebates were higher than anticipated
BASIC SUBSIDY	\$6,766,093.00	\$6,986,867.87	\$220,774.87	103.26%	Subsidy increased after the Budget was completed.
SOCIAL SECURITY	\$1,783,324.74	\$1,593,364.56	(\$189,960.18)	89.35%	Associated with Staff, plan to transfer to Sub costs did not occur due to COVID
SPECIAL EDUCATION	\$2,465,613.00	\$2,643,688.17	\$178,075.17	107.22%	Subsidy increased after the Budget was completed.
PUPIL TRANSPORTATION	\$1,700,000.00	\$1,754,539.70	\$54,539.70	103.21%	Slightly higher than budget due to Act 55
TUITION FOR ORPHANS	\$65,000.00	\$101,262.48	\$36,262.48	155.79%	Varies based on student counts.
NONPUBLIC TRANSPORTATION	\$300,000.00	\$280,280.00	(\$19,720.00)	93.43%	Slightly below budget due to not running MCIU routes
READY TO LEARN	\$250,000.00	\$252,829.00	\$2,829.00	101.13%	Subsidy increased after the Budget was completed.
HEALTH SERVICES	\$90,000.00	\$88,388.46	(\$1,611.54)	98.21%	Figures vary year to year
Grand Total	\$21,789,810.19	\$22,042,226.54	\$252,416.35	101.16%	

State Revenue was \$252,416 above budget. Retirement and Social Security reimbursements were roughly \$500k below budget due to open positions not filled. Subsidies were above budget due to the timing of when figures were approved by the state and when the budget is finalized. Overall State Revenue was 1.06% above budget.

Revenue – Federal & Other

Category	Budget	Actual	Variance
Federal Revenue	\$625,032	\$676,509	\$51,477
Other Revenue	\$0	\$12,440	\$12,440

FEDERAL REVENUE	Budget	Actual	Variance F/(U)	% of Budget	Explanations
TITLE I	\$241,537.00	\$252,576.17	\$11,039.17	104.57%	Amounts adjusted post budget.
TITLE II	\$93,028.00	\$92,279.00	(\$749.00)	99.19%	Amounts adjusted post budget.
TITLE IV	\$20,740.00	\$18,240.59	(\$2,499.41)	87.95%	Amounts adjusted post budget.
Other CARES Act Funding	\$0.00	\$149,799.54	\$149,799.54	#DIV/0!	COVID-19 Grant Funding
ACCESS	\$265,726.82	\$150,000.00	(\$115,726.82)	56.45%	Reimbursements lower due to COVID
MEDICAL ASSISTANCE CLAIMING	\$4,000.00	\$13,613.87	\$9,613.87	340.35%	Figures vary year to year
Grand Total	\$625,031.82	\$676,509.17	\$51,477.35	108.24%	

Federal Revenue was \$51,477.35 above budgeted amounts. However this includes the Cares Act Grant associated with COVID. Had these funds not been received the Federal Revenue would have been below budget by \$98,322.19. This is a direct relationship to the ACCESS funds that the district receives via reimbursement.

Expenditures – Salaries

Category	Budget	Actual	Variance
Administration	\$4,204,306	\$4,150,554	\$53,752
Professional Staff	\$32,636,740	\$32,636,517	\$223
Support Staff	\$4,236,761	\$4,135,596	\$101,164
Technology	\$508,367	\$604,600	(\$96,233)
Facilities/Maintenance	\$2,831,490	\$2,958,573	(\$127,083)
Coach & Sponsor Pay	\$1,058,483	\$969,629	\$88,854
Total	\$45,476,147	\$45,455,469	\$20,677

Administration Salaries were favorable by \$53.7k, which is related to the open Director of Technology Position and resignations that occurred during the year.

MEA salaries were slightly favorable by \$223.

MESPA was favorable by \$101,164. This was due to unfilled positions that were vacated during the fiscal year.

Confidentials were unfavorable by \$96.2k due to a budgeting change.

Facilities/Maintenance was over budget by \$127,083 related to a budget transfer and then trailing expenses being realized due to COVID.

Coach & Sponsor pay was below budget due to cancellation of events and programs. An example would be the referees, game managers, and other such positions.

Expenditures – Benefits

Category	Budget	Actual	Variance F/(U)
Medical Insurance	\$7,566,791	\$7,507,069	\$59,722
Prescription Insurance	\$1,997,734	\$1,973,234	\$24,500
Eye Care Insurance	\$30,305	\$30,024	\$281
Dental Insurance	\$366,939	\$258,502	\$108,436
Life Insurance	\$51,260	\$32,695	\$18,565
Social Security Contrib	\$3,537,209	\$3,275,311	\$261,897
Retirement Contrib	\$15,736,604	\$15,448,384	\$288,221
Tuition Reimbursement	\$232,139	\$231,242	\$897
Unemployment Comp	\$100,000	\$42,636	\$57,364
Workers' Comp	\$95,266	\$168,523	(\$73,257)
Income Protection Ins	\$51	\$0	\$51
Other Benefits	\$0	\$42,716	(\$42,716)
Total	\$29,714,296	\$29,010,336	\$703,960

Health Care Benefits (Med, Rx, Eye, & Dental) were \$193k favorable. This is due to changes in plans post completion of the budget, life events and staffing changes.

Life insurance was favorable by \$18.6k, which is based on staffing.

Social Security & PSERS combine for \$550.1k of favorable variances, which is related to staffing and associated benefits. Had the substitute expenses continue, the expectation is that these funds would have been transferred.

Tuition, Unemployment and Workers Comp amounted to an unfavorable \$15k roughly.

Expenditures – Buildings

Building	Budget	Actual	Variance F/(U)
Arrowhead	\$64,463	\$56,071	\$8,392
Eagleville	\$65,938	\$61,728	\$4,210
Woodland	\$77,275	\$62,873	\$14,401
Worcester	\$66,748	\$57,125	\$9,623
Skyview	\$105,870	\$85,554	\$20,316
Arcola	\$174,579	\$134,939	\$39,639
High School	\$313,354	\$260,811	\$52,543
Total	\$868,226	\$719,101	\$149,124

Building budgets as a whole were favorable by \$149.1k. The variances are related to the COVID shutdown which required less consumables as well as the need to purchase planned items.

Additionally, events that were planned at the buildings did not occur due to COVID.

Expenditures – Departments

Department	Budget	Actual	Variance F/(U)
Activities	\$38,319	\$30,236	\$8,083
Athletics	\$301,259	\$261,442	\$39,817
Business Office	\$13,044,141	\$13,124,755	(\$80,613)
CIA	\$439,933	\$416,122	\$23,811
Communications	\$9,850	\$4,040	\$5,810
Community Education	\$134,150	\$78,297	\$55,853
Facilities	\$3,265,912	\$3,055,262	\$210,650
Personnel	\$1,126,556	\$1,124,209	\$2,347
Pupil Services	\$7,900,992	\$7,303,798	\$597,193
Staff Development	\$141,720	\$140,165	\$1,555
Superintendent	\$538,173	\$499,456	\$38,717
Technology	\$1,691,470	\$1,626,512	\$64,958
Title Programs	\$19,490	\$4,235	\$15,256
Transportation	\$7,152,975	\$5,585,216	\$1,567,759
Total	\$35,804,940	\$33,253,744	\$2,551,196

Departmental budgets were favorable by \$2.6M. This is directly related to the COVID shutdown.

By not having to run transportation and only paying 50% of the remaining costs, Transportation was favorable by \$1.6M or 61.5% of the variance. **This also amounts to 49.3% of the total surplus in the district.**

Pupil Services also experienced a favorable variance as the COVID shutdown lowered the amount spent on professional services.

Facilities had a \$210.7k favorable variance due to the shutdown also as buildings were empty requiring less utilities, cleaning supplies and other maintenance related costs.

Overall these three groups account for 93.1% of the favorable variance by department and 74.8% of the overall surplus due to the unforeseen COVID required shutdown of in person instruction.

Expenditures – Debt

Leases			
Category	Budget	Actual	Variance
LEASE Interest	\$ 55,000.00	\$ 46,344.50	\$ 8,655.50
LEASE PRINCIPAL	\$ 160,023.10	\$ 160,023.10	\$ -
Total	\$ 215,023.10	\$ 206,367.60	\$ 8,655.50

Bonds			
Category	Budget	Actual	Variance
BONDS - Interest	\$ 2,415,981.90	\$ 2,363,625.80	\$ 52,356.10
BONDS - Principal	\$ 7,690,000.00	\$ 7,690,000.00	\$ -
Total	\$ 10,105,981.90	\$ 10,053,625.80	\$ 52,356.10

District Debt is accounted for in the Business Office budget. This is only a breakout of these lines items from this budget.

The District's debt comes from two sources. The first source is the ESCO Lease. The budget for this was over budgeted in 2019-2020 with regards to the interest that was due. A full amortization schedule has since been obtained and the budget corrected going forward.

The second source of debt that the school district has is the bond debt. This debt was under budget by \$53,356.10 due to the refinancing bond that was completed. Barring any restructure or additional debt being taken on that impacts the bond payments, these figures will align.

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Expenditures

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Benefits	\$29,714,296	\$29,010,336	\$703,960
Buildings	\$868,226	\$719,101	\$149,124
Departments	\$35,804,940	\$33,253,744	\$2,551,196

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Surplus / (Deficit)	\$0	\$3,177,094	\$3,177,094
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Overall the budget surplus includes a deficit in Revenue of \$247,864 and a surplus of \$3,424,958 in expenses.

Transportation accounts for \$1.6M of the surplus (49.3%),

Benefits account for \$703,960 which is 22.2% of the surplus. If the schools were opened and substitutes were required as in prior years, this would have been used to offset the costs as substitute costs were reduced to account for these changes.

Pupil Services account for 18.8% of the surplus due to the COVID shutdown.

These three areas directly impacted by the COVID shutdown account for 90.3% of the surplus.