

Quakertown Community School District

March 28, 2019 Finance Committee Meeting

2018/19 Revenue and Expenditure Projections

Methodology Used for 2018/19 Revenue and Expenditure Projections:

- Current year data is compared to historical data. Trends are analyzed for the past 3 – 5 years of data and compared to current year.
- Analytical tools are used to study the data such as Forecast5 Analytics software, employee cost projection model in Keystone Information Systems and the PFM model.
- Use of other data such as economic forecasts, reports from PDE, comparison to budget, real estate assessment data received from the county, etc.
- Use of actual data from current year such as actual revenues received and expenditures and current encumbrances, debt amortization schedules, etc.

Projected 2018/19 Surplus:

Beginning Fund Balance, 7/1/18 (actual) = \$15,902,695

Projected Fund Balance, 7/1/19 = \$19,406,931

Budgeted Shortfall (18/19) = \$867,330

Total Projected Surplus (revenues minus expenditures) = \$3,504,236

Budgeted Shortfall + Projected Surplus = \$4,371,566

One-time Events:

- Sale of 2 school buildings = \$2,000,000
- Budgeted demolition costs, not expended = \$580,000

Summary:

Excluding the one-time events that occurred in 2018/19, the surplus that is projected for 18/19 can be attributed to salaries and benefits projected to be \$1.1 million under budget; purchased services from the intermediate unit are projected to be approximately \$500,000 under budget; and, special education transportation services provided by the intermediate unit are projected to be approximately \$250,000 less than originally budgeted.

Note: The next two pages contain details supporting the summary.

2018-19 Revenue and Expenditure Projections:

Summary of Changes from January 24, 2019 through March 28, 2019:

- Revenues increased from \$110,980,104 to \$111,343,589, an increase of \$363,485.
 1. Current and interim real estate collections increased by \$476,040 due to a better than expected rate of collection and also an increase in interim real estate billings.
 2. Delinquent collections decreased by \$137,886, more than offset by an increase in current real estate collections.
 3. State revenues increased by \$51,324, due to the receipt of the Preliminary Pupil Transportation subsidy report in March 2019.
 4. Basic education and special education subsidy decreased by a total of \$40,750, based on the February 2019 estimate published by PDE.
 5. Other local revenues increased by \$14,757.
- Expenditures decreased from \$108,835,627 to \$107,839,353, a decrease of \$996,274.
 1. Projected transportation expense provided by the intermediate unit decreased by \$96,274 based on the Preliminary Pupil Transportation subsidy report received in March 2019.
 2. Projected charter school tuition increased by \$100,000 based on current enrollment data.
 3. IU services decreased by \$1,000,000 based on the receipt of the mid-year reconciliation from the Bucks Intermediate Unit #22.

Total Net Change to Operating Balance from 1/24/19 to 2/28/19 = \$312,161

Total Net Change to Operating Balance from 2/28/19 to 3/28/19 = \$1,047,598

Total Projected Net Operating Balance = \$3,504,236

Estimated Ending Fund Balance, June 30, 2019 = \$19,406,931

2018/19 Projected Surplus:

Total Projected Surplus (excess of revenues over expenditures) for 2018-19 = \$3,504,236

Beginning Fund Balance, 7/1/19 = \$15,902,695

Budgeted Shortfall = \$867,330

Total Projected Surplus = \$3,504,236

Difference = \$4,371,566

Contributing Factors:

- Revenues – Projected total revenues are \$111,343,589, compared to a budget of \$108,858,610, an excess of \$2,484,979.
 1. One time revenue of \$2,000,000 from the sale of two school buildings.
 2. Proceeds from a technology lease in the amount of \$467,974 are included in other financing sources. This amount is offset by an equal amount in expenditures.
- Expenditures – Projected total expenditures are \$107,839,353, compared to a budget of \$109,725,941, a difference of \$1,886,588.
 1. Salaries and benefits are projected to be \$67,401,918, less than the original budget of \$68,506,266, a difference of \$1,104,348, due to retirements and attrition.
 2. Projected purchased services are \$646,766 less than originally budgeted due primarily to less than budgeted intermediate unit services purchased from the Bucks IU.
 3. \$580,000 was originally budgeted for demolition costs of the two buildings that have been sold for \$2,000,000.
 4. Transportation services provided by the intermediate unit are projected to be approximately \$250,000 less than originally budgeted.
 5. Equipment expenditures are projected to be \$975,026, \$583,446 over the original budget, primarily due to the inclusion of the technology lease. This is offset by an equal amount in other financing sources on the revenue side.