



**School District of the Township of Radnor
Business Office**

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MEMO:

TO: MEMBERS OF THE PUBLIC
FROM: Kenneth E. Batchelor, Superintendent of Schools, and Michelle A. Diekow,
Business Administrator
DATE: May 22, 2018
RE: 2018-19 Final Budget

The 2018-19 budget presented is a “maintain budget” meaning it maintains all of the current programs. Presenting the budget in this fashion allows you to see the costs associated with maintaining the current programs. During the budget process Administration presented to the board information concerning the cost of new initiatives as well as costs for Capital Improvements. The Final Budget includes funds for Capital Improvements and several new initiatives including technology infrastructure upgrades recommended by the Administration. Administration believes that presenting the budget in this fashion demonstrates openness and transparency.

The following is additional information to consider during your review of the final budget:

The 2018-19 Final Budget indicates the following:

Projected Expenditures	\$98,306,000
Projected Revenues	\$97,335,676
Use of Retirement Escrow	\$ 800,000
Unassigned Fund Balance	\$ 170,324

REVENUES

- Real estate taxes include an increase of .5668 Mills. The maximum allowed by the Act 1 index of 2.4%, and utilizing \$800,000 of Committed Fund Balance for Retirement Rate Stabilization, and \$170,324 of Unassigned Fund Balance. Act 1 exceptions were not utilized.
- Local revenue was based on past history and eight months of current history.

- State subsidy revenue was based on the February release of the Governor’s budget and includes an increase to Basic Education Subsidy and Special Education Subsidy. Social Security and Retirement Subsidy were at 50% eligible expenditures. Sinking Fund revenue was based on current PDE approved bonds.
- Federal revenues were estimated at 2017-18 levels. The district has seen significant decreases in the area of Federal Programs over the past several fiscal years. In 2017-18 the district saw a significant reduction to E-rate revenue due to voice (telephone and cell phones) no longer being subject to the E-rate reimbursement. This trend continues in 2018-19.

EXPENDITURES

- Salaries include increases based on negotiated contracts.
- Health care coverage was increased by 9.76%. This increase was based on the Second Look Rate received from the Consortium in April. The Consortium uses a 50/50 rate to determine insurance rates. Fifty percent of the increase is based on the individual district experience and fifty percent of the increase is based on the experience of all members of the Consortium. In 2017-18 the district contribution for health care coverage increased by 4.36%.
- Prescription Drug (RX) coverage was increased by 7% based on information the district received from the Consortium.
- The employer share of retirement had an increase of \$449,285 over the prior year. The districts PSERS contribution was budgeted at an estimated rate of 33.43% which was an increase over the current rate of 32.57%.
- Special Education costs were based on what is known today. Special Education costs (excluding salary, benefits, and federal programs) include a decrease of \$308,317, compared to an increase of \$24,579 for 2017-18. In 2018-19 and in 2017-18, Administration did not include additional funds for potential “move in” students. Reductions made to the Special Education budget include revised estimates from the IU.
- Fund transfers to the Technology Fund are budgeted at \$1,720,807 and the Curriculum Initiatives Fund at \$1,355,803. The summary reports for these two funds, which are collapsed into the General Fund, have been modified to include the expenditures from the General Fund. This allows you to see the total amount requested in the areas of Technology and Curriculum. Beginning in 2017-18, \$146,000 for instructional data bases was moved from the Technology Fund to the Curriculum Initiatives Fund.
- The proposed final budget includes a transfer to the Capital Reserve Fund in the amount of \$250,795. Administration is recommending approval to transfer \$545,000 from the 2017-18 fiscal year General Fund to the Capital Reserve Fund (transfer to occur prior to June 30, 2018).

- Budgetary Reserve-Contingency for Personnel account is budgeted at \$576,302. This includes positions from the 2017-18 budget that are reoccurring (four positions) as well as contingency positions (two positions) for potential enrollment needs.

BUDGET BINDER CONTENTS

Included in the budget binder are the following reports and documents:

Budget Overview Tab – includes this overview memo, summary of Fund Balances, Employer Retirement Rate Stabilization Fund spend down plan, 5 Year Fund Balance History, Millage Increase History, 2018-2019 Budget Summary of Changes to Revenue and Expenditures, and a one page summary of Revenues and Expenditures.

Revenue Tab – includes all revenue accounts within the General Fund.

Summary by Major Function & Major Object Tab – breaks down the expense side of the budget by major function (regular instruction, special education, administration, etc.) and major object (salaries, benefits, contracted services, etc.) within each of those major functions in a summary format. This report includes three years of actual history; current 2017-18 budget; year-to-date expenses (including encumbrances) through 5/17/2018; the 2018-19 requested budget amount; and the difference in \$ and %, between the current year and next year budget request.

Summary by Function & Major Object Tab - breaks down the expense side of the budget by specific function (regular instruction, life skills support, learning support, office of the principal, etc.) and major object (salaries, benefits, contracted services, etc.) within each of those specific functions in a summary format. This report includes three years of actual history; current 2017-18 budget; year-to-date expenses (including encumbrances) through 5/17/2018; the 2018-19 requested budget amount; and the difference in \$ and %, between the current year and next year budget request.

Budget Detail Tab – provides the complete listing of all General Fund accounts. This report includes two years of actual history; current 2017-18 budget; year-to-date expenses (including encumbrances) through 5/17/2018; the 2018-19 requested budget amount; and the difference in \$ between the current year and next year budget request.

Technology Fund Budget Tab – provides an account by account listing of how the budget breaks down for upcoming instructional and informational technology purchases proposed by Administration for 2018-19. This report includes three years of history; current 2017-18 budget; year-to-date expenses (including encumbrances) through 5/17/2018; the 2018-19 requested budget amount; and the difference between current year and prior year. The report includes the expenditures from the general fund, so that all technology related expenditures are reflected on the report. The recap at the bottom of the sheet provides a summary of where the funds are coming from to pay for this spending plan.

Curriculum Initiative Budget Tab - provides an account by account listing of how the budget breaks down for upcoming curriculum initiative purchases proposed by Administration for 2018-19. This report includes three years of history; current 2017-18 budget; year-to-date expenses (including encumbrances) through 5/17/2018; the 2018-19 requested budget amount and the difference between current year and prior year. The report includes the expenditures from the general fund, so that all curriculum related expenditures are reflected on the report. The recap at the bottom of the sheet provides a summary of where the funds are coming from to pay for this spending plan.

Capital Plan - The five year Capital Budget by building is included in the tab. The Capital Plan provides potential projects by building. The final budget includes a transfer to the Capital Reserve Fund in the amount of \$250,795. Additionally, Administration requested a transfer from the 2017-18 General Fund Budget of \$545,000 to the Capital Reserve Funds. A combination of these two transfers, and funds remaining from previously completed projects will be used to fund the 2018-19 capital projects totaling \$2,359,580. The detailed Capital Plan was reviewed by the Facilities Committee in April and May 2018. A report by account listing includes three years of history; current 2017-18 budget; year-to-date expenses (including encumbrances) through 5/17/2018; the budget amount for 2018-19.

Radnor Township School District
Summary of Changes in Committed and Unassigned General Fund Fund Balance
Updated May 22, 2018

	GENERAL FUND				
	Balance June 30, 2017	Anticipated Usage or not Available	Anticipated Balance June 30, 2018	Anticipated Usage 2018-19	Anticipated Balance June 30, 2018
Committed For:					
Capital Projects	6,490,701		6,490,701		6,490,701
Curriculum Initiatives	203,459	(203,459)	203,459		203,459
Technology Initiatives	533,278	(533,278)	533,278		533,278
Employer Retirement Rate Stabilization	3,411,524	(490,110)	2,921,414	(800,000)	2,121,414
Early Retirement Incentive and Compensated Absences	860,472	(860,472)	860,472		860,472
Unassigned	7,687,072		7,687,072	(170,324)	7,516,748
Total	19,186,506	(2,087,319)	18,696,396	(970,324)	17,726,072
		Not Available (1,597,209)			
		Anticipated Usage (490,110)			

RADNOR TOWNSHIP SCHOOL DISTRICT

RETIREMENT ESCROW FUND

PROJECTED USAGE

Updated 1/2018									
BUDGET YEAR	Employer %	PSERS SALARIES	PSERS CONTRIBUTIONS NET OF STATE REIMBURSEMENT	AMOUNT OF INCREASE NET OF STATE REIMBURSEMENT	USE OF ESCROW FUNDS	INTEREST EARNINGS	RETIREMENT ESCROW FUND BALANCE	PAYABLE WITH CURRENT YEAR REVENUES*	MILLAGE IMPACT
A	B	C	D	E	F	G	H	I	J
RETIREMENT ESCROW FUND BALANCE 6/30/2013							\$ 5,471,110		
2013-2014 Actual	16.93%	\$ 39,243,201	\$ 3,302,230	\$ 946,451	\$ (988,730)	\$ 56,806	\$ 4,539,186	\$ 904,172	0.2920
2014-2015 Actual	21.40%	\$ 41,626,597	\$ 4,290,523	\$ 988,293	\$ (1,062,922)	\$ 25,600	\$ 3,501,864	\$ 924,131	0.2984
2015-2016 Actual	25.84%	\$ 41,879,250	\$ 5,348,208	\$ 1,057,685	\$ (141,412)	\$ 29,136	\$ 3,389,588	\$ 2,099,140	0.6778
2016-2017 Actual	30.03%	\$ 42,875,395	\$ 6,437,741	\$ 1,089,532	\$ -	\$ 21,936	\$ 3,411,524	\$ 2,053,883	0.6632
2017-2018	32.04%	\$ 42,466,040	\$ 6,803,060	\$ 365,319	\$ (490,110)	\$ 43,821	\$ 2,965,235	\$ 240,528	0.0777
2018-2019	33.27%	\$ 45,486,507	\$ 7,566,680	\$ 763,621	\$ (800,000)	\$ 32,479	\$ 2,197,714	\$ 727,242	0.2348
2019-2020	34.20%	\$ 44,985,222	\$ 7,692,473	\$ 125,793	\$ (83,117)	\$ -	\$ 2,114,597	\$ 168,468	0.0544
* Figures in this column represent the amount of current year revenue needed to begin the "catch up" toward offsetting the prior year retirement escrow account contribution - a non-recurring source of revenue.									
INDICATES ACTUAL FIGURES									

Radnor Township School District
5 Year Fund Balance History
Prepared April 20, 2018

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Budget Revenue	81,721,911	84,680,414	89,419,372	91,776,038	95,825,176
Budget Expenditures	82,710,641	85,960,476	96,261,842	93,253,034	96,315,286
Gap/Variance	(988,730)	(1,280,062)	(6,842,470)	(1,476,996)	(490,110)
Fund Balance Appropriation					
Retirement Escrow	988,730	1,062,922	1,171,005	1,373,324	490,110
Capital Projects			978,068		
Facilities Initiative			4,473,498		
Unassigned Fund Balance		217,140	219,899	103,672	
	<u>988,730</u>	<u>1,280,062</u>	<u>6,842,470</u>	<u>1,476,996</u>	<u>490,110</u>
	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>*2017-2018</u>
Actual Audited Revenue	83,324,095	85,638,022	88,289,507	92,405,272	95,724,303
Actual Audited Expenditure	81,824,743	85,018,036	91,706,629	91,162,277	96,012,273
Gap/Variance	1,499,352	619,986	(3,417,122)	1,242,995	(287,970)
Actual Fund Balance Use					
Retirement Escrow	(988,730)	(1,062,922)	(141,412)	0	(490,110)
Capital Projects	988,730	982,806			
Facilities Initiative		14,641	(3,275,710)		
Unassigned Fund Balance		65,475			202,140
	<u>0</u>	<u>0</u>	<u>(3,417,122)</u>	<u>0</u>	<u>(287,970)</u>

* Projected Revenue/ Expenditures

**RADNOR TOWNSHIP SCHOOL DISTRICT
MILLAGE INCREASE HISTORY**

YEAR	MILLAGE	MILLAGE INCREASE	% MILLAGE INCREASE	
1993-94	337.2	27.3	8.80%	
1994-95	364.3	27.1	8.00%	
1995-96	391	26.7	7.30%	
1996-97	412.1	21.1	5.40%	
1997-98	430.9	18.8	4.60%	
1998-99	455.5	25.4	5.70%	
1999-00	477.9	22.4	4.90%	
2000-01	12.91	Reassessment Year	Reassessment Year	
2001-02	13.5	0.59	4.57%	
2002-03	14.17	0.67	4.96%	
2003-04	14.92	0.75	5.29%	
2004-05	15.64	0.72	4.83%	
2005-06	16.41	0.77	4.92%	Index
2006-07	17.367	0.957	5.83%	3.90%
2007-08	18.2359	0.8689	5.00%	3.40%
2008-09	19.5118	1.2759	7.00%	4.40%
2009-10	20.2731	0.7613	3.90%	4.10%
2010-11	20.8611	0.588	2.90%	2.90%
2011-12	21.1439	0.2828	1.36%	1.40%
2012-13	21.8227	0.6788	3.21%	1.40%
2013-14	21.7122	(0.1105)	-0.51%	1.70%
2014-15	21.7122	0	0.00%	2.10%
2015-16	22.1247	0.4125	1.90%	1.90%
2016-17	22.9262	0.8015	3.62%	2.40%
2017-18	23.6199	0.6937	3.03%	2.50%
2018-19	24.1867	0.5668	2.40%	2.40%

Radnor Township School District
2018-2019 Budget - Summary of Changes to Revenue and Expenditures

Preliminary Budget approved January 23, 2018 \$ (1,516,797)

Month	Description	Expenditures		Revenue
		Additions	Reductions	(Increases)
Apr-18	Curriculum Additions/Reductions	\$ 9,904	\$ (1,800)	\$ (1,524,901)
	Basic Education Funding-Proposed			\$ (80,443) \$ (1,444,458)
	Special Education Funding-Proposed			\$ (7,653) \$ (1,436,805)
	Payment In Lieu Of Taxes			\$ 52,400 \$ (1,489,205)
	Salaries and Benefits		\$ (461,336)	\$ (1,027,869)
	Use of Retirement Escrow			\$ (800,000) \$ (227,869)
May-18	Website Monitoring Software	\$ 4,910		\$ (232,779)
	RMS Trainer and Supplies	\$ 11,288		\$ (244,067)
	Student Services Additions/Reductions	\$ 36,126	\$ (168,512)	\$ (111,681)
	Salaries and Benefits		\$ (405,946)	\$ 294,265
	Real Estate Taxes-Revised Assessment Totals			\$ 390,040 \$ (95,775)
	Social Security Revenue			\$ 28,916 \$ (124,691)
	Healthcare		\$ (377,280)	\$ 252,589
	Technology Infrastructure Upgrades	\$ 172,118		\$ 80,471
	Transfer to Capital Projects Fund	\$ 250,795		\$ (170,324)

Radnor Township School District		
2018-19 General Fund Final Budget		
22-May-18		
Revenues	2018-19 Final Budget	Percentage of Budget
Local Sources	\$ 81,079,404	82.48%
State Sources	\$ 15,504,784	15.77%
Federal Sources	\$ 745,488	0.76%
Other - Refund of Prior Year Expenditures	\$ 6,000	0.01%
Total Revenues	\$ 97,335,676	99.01%
Fund Balance Appropriation		
Committed - Retirement Rate Increases	\$ 800,000	0.81%
Unassigned	\$ 170,324	0.17%
Total Fund Balance Appropriation	\$ 970,324	0.99%
Total Revenues and Use of Fund Balance	\$ 98,306,000	100.00%
Expenditures		
Regular Education Instruction	\$ 38,826,920	39.50%
Special Education Instruction	\$ 14,980,314	15.24%
Vocational Education Instruction	\$ 198,000	0.20%
Other Instructional Programs	\$ 27,929	0.03%
Community College Education	\$ 1,148,553	1.17%
Pupil Personnel Services	\$ 4,337,455	4.41%
Support Services - Instructional Staff	\$ 4,090,681	4.16%
Administration Services	\$ 5,901,430	6.00%
Pupil Health Services	\$ 1,266,416	1.29%
Support Services - Business	\$ 1,082,727	1.10%
Operation and Maintenance Services	\$ 8,161,593	8.30%
Student Transportation	\$ 4,367,732	4.44%
Support Services - Central	\$ 1,230,323	1.25%
Other Support Services	\$ 78,913	0.08%
Student Activities and Athletics	\$ 1,374,145	1.40%
Debt Service	\$ 7,165,808	7.29%
Fund Transfers	\$ 3,490,759	3.55%
Budgetary Reserve	\$ 576,302	0.59%
Total Expenditures	\$ 98,306,000	100.00%