



Canon McMillan School District

District Finances Snapshot Report

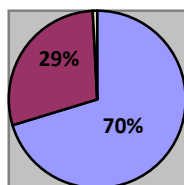
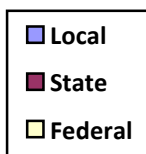
Final Budget 2016-2017

Publication Date June 2016

2016-2017 Budget in Summary

	2015-2016 Budget	2016-2017 Final Budget	Change
Revenues	\$73,063,612	\$78,960,282	5,896,970
Expenses	\$73,022,083	\$79,226,710	6,204,627
Fund Balance*	\$41,527	(266,428)	
Enrollment	5,125	5,175	
Per Pupil Cost	\$14,248	\$15,310	

Revenue Distribution



Revenue

Local = \$55,452,174
 State = \$22,939,954
 Federal & Other = \$568,154
Total = \$78,960,282

Current Information

✓ **Employee Retirement Contributions**
 CMSD continues to include this legislative mandate in long range budgeting process, regardless of on-going pension reform discussions. Funding past-service pension liability for employees is a crucial obligation that greatly affects current & future budgets.

✓ **State Revenue**
 This year was unprecedented due to the 2015-2016 state budget not becoming final until late April 2016. This presented a number of challenges and decisions. While the district was solvent it was not known when the state monies would arrive at the district, so spending was cut off a month earlier this year due to the unknown. Monies did arrive before the end of the school year. It is anticipated that the district will end with positive funds. But these monies were earmarked for purchases not made due to the budget crisis.

Top 5 Budgetary Categories

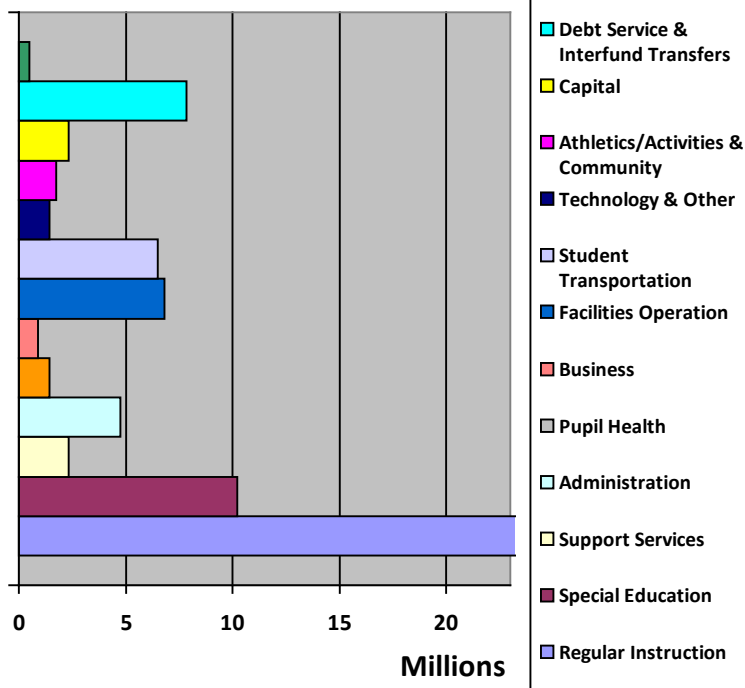
	Budget Categories
1	Regular Education- \$27,755,825
2	Special Education - \$10,224,355
3	Debt Service - \$7,826,327
4	Facilities Operation - \$6,828,868
5	Transportation - \$6,495,581

✓ **Employee Contracts and Agreements**
 District Administration and The Board of Directors successfully completed a number of contracts and agreements this year with future changes to health care in regards to spousal coverage as well as maintaining consistent employee salary increases.

✓ **Capital Expenses**
 CMSD recognizes the need to plan for a deferred maintenance reduction plan for our facilities on a long range cycle. As a result monies have been designated in the General Fund budget. In addition, the district created (2011-2012) a **Capital Reserve Fund** that may be used for improvements to facilities or one time equipment purchases. *These funds are restricted solely to capital expenditures and by law may not be used for salaries and benefits.*

✓ **Gambling Fund** - Slot revenues are available for real estate tax relief. CMSD to receive **\$925,584** in property reductions for **2016-2017**. Result will be a reduction in the amount of taxes an approved homeowner will be required to pay on their tax bills. Qualified homeowners will receive a real estate reduction of **\$100.65**.

Expenditures by Category





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What is the value of a Tax Mil?

2015-2016 Millage: 108.00

Prior year was a 0 Mil Tax Increase

2016-2017 Millage: 110.00

Revenue generated by mil:

➤ Approximately \$400,000

What is the average cost of a home?

Canonsburg: \$158,000

Cecil: \$325,341

North Strabane: \$297,181

2.00 Mill Increase – Taxpayer Impact

Canonsburg: \$22.08 per year
\$1.84 a month

Cecil: \$57.00 per year
\$4.75 a month

North Strabane: \$55.14 per year
\$4.60 per month

Historical Information - Act 1 Taxation Index					
Year	Base Index	CMSD Index	Tax Increase	CMSD Mills	Max Allowed Increase
91-92	n/a	n/a	8 Mills	83.0000	No Limit
92-93	n/a	n/a	0 Mills	83.0000 <small>*rebate offered</small>	No Limit
93-94	n/a	n/a	4 Mills	83.0000	No Limit
94-95	n/a	n/a	1.9 Mills	84.9000	No Limit
95-96	n/a	n/a	0 Mills	84.9000	No Limit
96-97	n/a	n/a	0 Mills	84.9000	No Limit
97-98	n/a	n/a	-1.9 Mills	83.0000	No Limit
98-99	n/a	n/a	0 Mills	83.0000	No Limit
99-00	n/a	n/a	0 Mills	83.0000	No Limit
00-01	n/a	n/a	0 Mills	83.0000	No Limit
01-02	n/a	n/a	0 Mills	83.0000	No Limit
02-03	n/a	n/a	0 Mills	83.0000	No Limit
03-04	n/a	n/a	6 Mills	89.0000	No Limit
04-05	n/a	n/a	0 Mills	89.0000	No Limit
05-06	n/a	n/a	0 Mills	89.0000	No Limit
06-07	3.9%	4.7%	3 Mills	92.0000	Allowed 4.1
07-08	3.4%	4.1%	2.5 Mills	94.5000	Allowed 3.70
08-09	4.4%	5.3%	2.5 Mills	97.0000	Allowed 5.00
09-10	4.1%	5%	4.85 Mills	101.85	Allowed 4.85
10-11	2.9%	3.5%	3.56 Mills	105.41	Allowed 3.56
11-12	1.4%	1.7%	0 Mills	105.41	Allowed 1.80
12-13	1.7%	2.1%	1.59 Mills	107.00	Allowed 2.21
13-14	1.7%	2.1%	0 Mills	107.00	Allowed 2.21
14-15	2.1%	2.5%	1 Mill	108.00	Allowed 2.65
15-16	1.9%	2.3%	0 Mills	108.00	Allowed 2.4840

*Data for taxes provided by Tax Collectors

How do our taxes compare to other School Districts...

Washington County Millage Ranking

Rank Highest to Lowest	School District	2015-2016 Real Estate Mills CMSD 14 th	2014-2015 Real Estate Mills CMSD 11 th	2013-2014 Real Estate Mills CMSD 10 th	2012-2013 Real Estate Mills CMSD 10 th	2011-2012 Real Estate Mills CMSD 9 th	2010-2011 Real Estate Mills CMSD 9 th	2009-2010 Real Estate Mills CMSD 11 th	2008-2009 Real Estate Mills CMSD 11 th
1	Charleroi Area	136.0000	133.0000	130.0000	130.0000	127.0000	125.0000	122.0000	120.0000
2	Washington Area	133.0000	133.0000	133.0000	127.0000	127.0000	127.0000	127.0000	125.0000
3	Burgettstown	128.0000	122.0000	119.0000	117.0000	117.0000	117.0000	114.0000	110.0000
4	Fort Cherry	126.5875	123.5000	121.0000	118.5000	117.3300	114.0000	112.5000	112.5000
5	McGuffey	126.1500	123.2000	120.0000	117.3000	117.3000	115.0000	112.0000	110.0000
6	Ringgold	125.0000	123.0000	120.0000	120.0000	120.0000	120.0000	117.0000	113.0000
7	Avella	123.0000	123.0000	120.8800	120.9000	120.8800	119.0000	115.0000	115.0000
8	Bentworth	123.0000	122.0000	120.0000	120.0000	118.5000	118.5000	118.5000	118.5000
9	Chartiers-Houston	122.0125	119.5125	110.5000	108.5000	106.5000	105.3000	102.2500	99.2500
10	Trinity	113.0000	107.7000	105.0000	103.0000	102.0000	102.0000	100.0000	98.2000
11	Peters Township	110.7500	107.1420	102.0000	100.3000	96.5100	95.2000	92.5000	89.5000
12	Beth-Center	110.6400	108.6400	106.6400	105.6000	103.0000	103.0000	103.0000	103.0000
13	Brownsville	108.5000	98.2700	91.1230	91.1000	91.0700	91.1000	91.0700	91.0700
14	Canon-cMillan	108.0000	108.0000	107.0000	107.0000	105.4100	105.4100	101.8500	97.0000
15	California Area	95.5000	93.0000	91.0700	99.1100	93.2100	72.1000	68.3170	62.1100



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The Big Picture at a Glance

What is PSERS?

Pennsylvania School Employees Retirement System is mandated state legislation that requires employers to contribute set percentage amounts for employee retirements. On November 23, 2010 the Governor signed HB 2497 into law. The legislation, known as Act 120 of 2010, set rate caps and defined employer contribution amounts. These caps, while still dramatic increases, set up the employer contribution rate in predictable increments for budget planning purposes. That is the good news! The bad news is that the increases in the “collared” time frame are higher than what the district would be able to raise in local revenues and the state has not increased funding. This has had a **dramatic impact on budget planning**.

Historic Rates with *Current Projections*

Fiscal Year Ending June 30	Total Employer Contribution Rate
2002-2003	1.15%
2003-2004	3.77%
2004-2005	4.23%
2005-2006	4.69%
2006-2007	6.46%
2007-2008	7.13%
2008-2009	4.76%
2009-2010	4.78%
2010-2011	8.22%
2011-2012	8.65%
2012-2013	12.36%
2013-2014	16.96%
2014-2015	21.40%
2015-2016	25.84%
<i>2016-2017</i>	<i>30.03%</i> <i>Represents a 4.19% increase</i>
<i>2017-2018</i>	<i>30.62%</i>
<i>2018-2019</i>	<i>31.96%</i>
<i>2019-2020</i>	<i>31.83%</i>
<i>2020-2021</i>	<i>31.90%</i>

Reserve created to aid in funding future increases

Mandated retirement represents \$9,546,390 of total budgeted compensation for 2016-2017. In 2015-2016 \$7,792,269 was budgeted. The increase is \$1,754,121



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Why do we see growth in new housing developments but my taxes keep going up?

The district is in a fortunate position that we are growing. This is a good thing because it increases tax revenues! But with growth comes added expenditures. Much of the residential growth yields additional children joining the district, so while there are additional revenues from the additional children it affects class sizes as well as all other academic, activity, transportation and athletic expenses.

What is an Unfunded Mandate? How does it affect the budget?

State and federal legislators have passed many laws requiring schools to do many good educational things— BUT they have not provided the funding to support them. Districts are required to build these items into their General Fund Budgets.

These mandates include things like...

- ✓ Requiring all buses to have stop sign arms on them that come out as a bus is slowing to a stop
- ✓ Providing programs for students with special learning needs
- ✓ Providing funding for district students to attend cyber & charter schools
- ✓ Graduation Exams
- ✓ Healthcare Requirements
- ✓ Mandated Pension Contributions (PSERS)
- ✓ Prevailing Wage
- ✓ English as a Second Language Program (ESL)

Doesn't CMSD benefit from all the growth in the area (Casino, Southpointe, and Marcellus Shale)?

Yes. Local revenues, in addition to real estate taxes, include monies for things like earned income tax, local service tax and realty transfer taxes. Centralized local taxes and mandated employer withholding made an impact for EIT collections.



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Why is fund balance important?

Understanding taxation limits and the maintenance of a fund balance is of paramount significance to the fiscal health of the school district. Credible professional organizations, including the Government Financial Officers' Association, the Association of School Business Officials International and Local Auditors recommend that fund balance levels be maintained between 5% and 8% of budgeted expenditures. (For example, a budget of \$60 million should be supported by a fund balance between \$3 million and \$6 million. Here are just a few advantages to having a healthy fund balance).

- ✓ Provides a contingency for emergency expenditures without borrowing
- ✓ Provides adequate balances to cover temporary cash flow shortfalls
- ✓ Provides a resource for unfunded state mandates, spikes in current obligations outside of the district's control (for example projected PSERS rate increases, decreased state funding).
- ✓ **Allows the district to contribute to construction costs, minimizing tax impact**
- ✓ Positions the district for favorable bond ratings and offsets construction costs as was demonstrated with the Muse borrowing.



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Long Range Planning and Unexpected Circumstances

PHASE 1: 2014-2015: **COMPLETED**

- Micro Redistricting to curb large class sizes and capacity issues.
 - Send % of Muse to Cecil Elementary
 - Send % of Cecil Elementary to Hills
 - Send % of Borland Manor to South Central
- Land acquisition for future Middle School
- Land acquisition around the South Central Elementary Site for future TBD use

PHASE 2: 2015-2016: **COMPLETED**

- Stadium - New Turf and Resurface Track
- Start construction of new K-4 (Muse)
- Support Facility – Roof and Masonry Work

PHASE 3 and 4: 2015-2018

- New Muse Elementary – In Progress (Capacity 800)
 - Able to fund with \$4M of our saved money
 - School Street Issues became known and budgeted
 - Close Muse, Cecil Elementary and First Street
- *This is a preliminary listing provided by Administration and has not yet been finalized*
 - Renovate the High School- estimate \$15M
 - Stadium Project: locker rooms and visitor side bleachers

PHASE 5:

- Complete new Middle School (Capacity 900-1000)
- Start construction of new K-4 at the Wylandville site (Capacity 700-800)

PHASE 6:

- Complete construction of new K-4 at the Wylandville site
- Renovate Hills (Capacity of 300-400)
- Close Wylandville and Borland Manor

*Upon completion of elementary project the district would implement Full Day Kindergarten and other programming enhancements to further address academic needs which would have staffing and other impacts.

*Borrowing capacity may prohibit the completion of the plan unless saved money is used to offset costs. The district retains the ability to make additional debt payments.



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Other On-Going Concerns:

- PSERS Funding
 - The rates are anticipated to continue to increase and currently no plan in place at the state level to resolve.

- PlanCon
 - Currently the moratorium has been lifted but no additional projects have entered the pipelines due to the Governor's budget having no additional funding for building projects
 - Additionally, the Governor has recommended re-instating the moratorium to begin in July 2016.

- State Funding
 - Unprecedented budget impasse

- Federal Fund
 - Federal funding has decreases
 - Federal aid for Access funds reimbursement has also decreased

- Health Care Costs

- Charter School Tuition Rates