



Canon McMillan School District

District Finances Snapshot Report

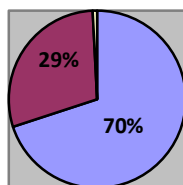
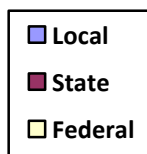
Final Budget 2015-2016

Publication Date June 2015

2015-2016 Budget in Summary

	2014-2015 Budget	2015-2016 Final Budget	Change
Revenues	\$68,743,806	\$73,063,612	\$4,319,806
Expenses	\$68,562,008	\$73,022,084	\$4,460,076
Fund Balance*	\$181,798	\$41,528	
Enrollment	5,087	5,125	+38
Per Pupil Cost	\$13,477	\$14,248	

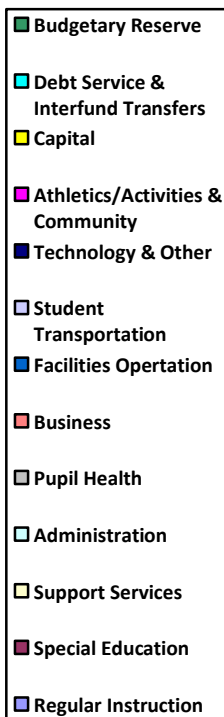
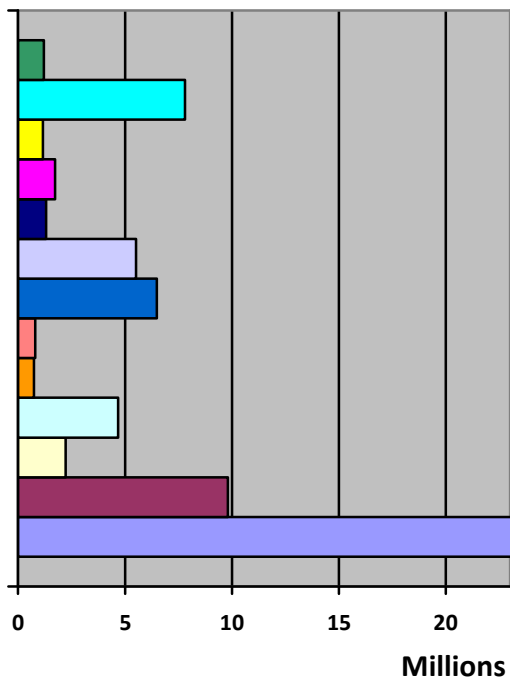
Revenue Distribution



Revenue

Local = \$51,145,883
 State = \$21,328,616
 Federal & Other = \$589,113
Total = \$73,063,612

Expenditures by Category



Current Information

✓ **Employee Retirement Contributions**
 CMSD continues to include this legislative mandate in its long range budgeting process, regardless of on-going pension reform discussions. Funding the past-service pension liability for its employees is a crucial obligation that greatly affects current and future budgets. Board consideration will be given to allocating budget surplus in 2014-2015 for the purpose of continuing to allocate funds for this State-set pension liability.

✓ **State Revenue**
 In 2010, the state budget rolled funding back to 2008 funding levels. It hasn't been adjusted. The Governor's Proposal has CMSD receiving an increase of \$770,000. The Governor's budget has not yet been finalized, so those monies have been budgeted as a placeholder only until that budget is finalized.

Top 5 Budgetary Categories

	Budget Categories
1	Regular Education- \$25,729,400
2	Special Education - \$9,800,084
3	Debt Service - \$7,422,150
4	Facilities Operation - \$6,482,509
5	Transportation - \$5,514,034

✓ **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 **\$925,480** in property reductions for **2015-2016**. 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 **\$98.28**.



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What is the value of a Tax Mil?

2014-2015 Millage: 108.00

0 Mil Tax Increase

2015-2016 Millage: 108.00

Revenue generated by mil:

➤ Approximately \$375,000

District Taxation *

What is the average Assessed Value

Canonsburg: 11,100

Cecil: 19,619

North Strabane: 23,427

*Data for taxes provided by Tax Collectors

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

How do our taxes compare to other School Districts?

Washington County Millage Ranking

Rank Highest to Lowest	School District	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	Washington Area SD	133.0000	133.0000	127.0000	127.0000	127.0000	127.0000	125.0000
2	Charleroi Area SD	133.0000	130.0000	130.0000	127.0000	125.0000	122.0000	120.0000
3	Fort Cherry SD	123.5000	121.0000	118.5000	117.3300	114.0000	112.5000	112.5000
4	McGuffey SD	123.2000	120.0000	117.3000	117.3000	115.0000	112.0000	110.0000
5	Avella SD	123.0000	120.8800	120.9000	120.8800	119.0000	115.0000	115.0000
6	Ringgold SD	123.0000	120.0000	120.0000	120.0000	120.0000	117.0000	113.0000
7	Bentworth SD	122.0000	120.0000	120.0000	118.5000	118.5000	118.5000	118.5000
8	Burgettstown Area SD	122.0000	119.0000	117.0000	117.0000	117.0000	114.0000	110.0000
9	Chartiers – Houston SD	119.5125	110.5000	108.5000	106.5000	105.3000	102.2500	99.2500
10	Bethlehem-Center SD	108.6400	106.6400	105.6000	103.0000	103.0000	103.0000	103.0000
11	Canon-McMillan SD	108.0000	107.0000	107.0000	105.4100	105.4100	101.8500	97.0000
12	Trinity SD	107.7000	105.0000	103.0000	102.0000	102.0000	100.0000	98.2000
13	Peters Township SD	107.1420	102.0000	100.3000	96.5100	95.2000	92.5000	89.5000
14	Brownsville Area SD	98.2700	91.1230	91.1000	91.0700	91.1000	91.0700	91.0700
15	California Area SD	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*

PSERS Website: www.psers.state.pa.us/pfr/pfr.htm

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>29.69%</i>
<i>2017-2018</i>	<i>30.62%</i>
<i>2018-2019</i>	<i>31.56%</i>
<i>2019-2020</i>	<i>32.23%</i>
<i>2020-2021</i>	<i>32.02%</i>

Reserve created to aid in funding future increases



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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 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



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

Yes. Local revenues received in addition to real estate taxes include monies for things like earned income, local service tax and realty transfer taxes show growth. Centralized of local taxes and mandated employer withholding made an impact for EIT collections. Audited historical data below: *Note: 14-15 is unaudited and based on budget/actual to date:*

	EIT Audited	Deed Transfer Audited	LST Audited	Total EIT, Deed Transfer & LST	Net Change	Real Estate Audited	Net Change
14-15	Budget \$5,253,000 3,412,486 YTD	Budget \$1,500,00 YTD: 988,179	Budget \$240,000 YTD: \$61,141	Budget 6,993,000 YTD: 4,461,806		Budget \$38,179,423 38,739,506 YTD	
13-14	5,506,284	1,360,936	110,310	6,977,530	+492,642	37,510,577	+280,165
12-13	4,947,820	1,328,288	208,781	6,484,889	+406,452	37,230,412	+2,061,651
11-12	4,896,671	1,061,997	119,769	6,078,437	+1,241,245	35,168,761	+572,147
10-11	4,030,710	703,103	103,379	4,837,192	+106,027	34,596,614	+1,913,414
09-10	3,837,960	807,061	86,144	4,731,165	+107,619	32,665,200	+4,193,799
08-09	3,763,466	739,699	120,381	4,623,546	-33,766	28,471,401	+1,200,727
07-08	3,588,555	992,972	75,784	4,657,312	+421,912	27,270,674	+1,514,124
06-07	3,203,062	933,578	98,761	4,235,401	+14,913	25,756,550	+2,458,978
05-06	3,209,107	909,902	101,478	4,220,487	-29,899	23,297,572	+1,599,939
04-05	3,087,713	1,064,802	97,871	4,250,386		22,327,633	

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, 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



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Article by Kevin McCory

“Which school districts in Pennsylvania receive the most state funding as a share of their total revenue?”

Interactive Map can be found at <http://www.newsworks.org/index.php/local/item/81571-which-pa-school-districts-get-the-highest-percentage-of-aid-from-the-state>

Data Based on 2013-2014

Washington County School Districts:

Rank Highest to Lowest Local Share	School District	Local Revenue %	State Revenue %
1	Peters Township SD	76.92%	22.48%
2	Canon McMillan SD	71.44%	27.24%
3	Trinity SD	57.04%	40.81%
4	Chartiers – Houston SD	53.55%	45.10%
5	Ringgold SD	49.31%	48.45%
6	McGuffey SD	43.65%	53.37%
7	Fort Cherry SD	42.14%	56.34%
8	Burgettstown SD	41.79%	54.59%
9	Washington SD	41.42%	49.74%
10	Charleroi Area Sd	40.46%	56.43%
11	Bentworth SD	39.70%	57.77%
12	Avella SD	35.02%	61.49%
13	California Area SD	33.82%	64.34%
14	Bethlehem-Center SD	25.96%	70.16%
15	Brownsville SD	25.42%	65.30%



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Long Range Planning and Unexpected Circumstances

- New Muse Elementary – In Progress
 - Able to fund with \$4M of our saved money
 - Unknown Cost to traffic concern, wasn't anticipated, will have budgetary impact to include purchasing of multiple properties which would be funded with saved money
 - Cost of Owner's Representative under budgeted by approx. \$500,000
- Track and Field
 - Unforeseen field issues raised safety concern: Field unsafe for play, displaced spring and summer sports. Anticipated to be completed by the end of August 2015.
 - Approximate cost - \$1.22M – Funding with saved money

This is a preliminary listing provided by Administration and has not yet been finalized

- High School Project
 - Reprioritization and accelerated time line for this project
 - Conservative estimate for renovation of building will be \$15M which will include stadium improvements and relocation of Central Offices
- Middle School Site
 - Acquired site for new middle school
 - Conservative estimate for new construction will be approx. \$40M
 - Approximate Cost - \$1.3M – Funded with saved money – equates to approx. 3.6 Mils
- Other Properties
 - Purchased sites near South Central one is still being litigated and could have potential costs not budgeted, that would be funded with saved money
 - Purchased Brody property and made site enhancements
- New Elementary at the Wylandville Site – Cost currently undetermined
- Renovate Hills Hendersonville – Cost currently undetermined
- Expand/Renovate South Central Property with acquired properties – Cost currently undetermined

*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 2015.
- State Funding
 - Legislators are at odds for additional funding for education
 - As of 6/22/15, the date of this publication the district has still not received final state budget numbers
 - The Governor's proposal has funding sources that may not come to fruition due to this legislative impasse.
- Federal Fund
 - Federal funding has decreases
 - Federal aid for Access has also decreased
- Health Care Costs
- Charter School Tuition Rates