

District Snapshot



2008-2009 millage: 97 mils

Proposed 2009-2010 millage: 101.85

Proposed Final Budget: \$59,653,444 passed on 5/18/09

Final Budget Recommendation: \$59,962,987 to be voted on 6/22/09

*What is the impact of increase on the **average home/year***

Canonsburg = \$50.49/year

Cecil = \$88.99/year

North Strabane = \$107.89/year

*What is the impact of increase on **the average home/month?***

Canonsburg = \$4.21/month

Cecil = \$7.42/month

North Strabane = \$8.99/month

2008-2009 Enrollment as of 4/1/2009 = 4,725

2008-2009 Per Pupil cost of \$11,632

Expected 2009-2010 Enrollment as of 6/15/2009 = 4,821

Annual Debt Service budgeted for 2008-2009 = \$6,692,315 or 12.2% of

KEY FACTS ABOUT THIS YEAR'S BUDGET

District General Health and Our Revenues

The **Economy of 2009** has had an impact to individuals, families, businesses but also to the School District. The district has been afforded the benefit of growth and new revenues. However, like most schools in Pennsylvania and throughout the United States, revenues have still been negatively impacted. Some of the areas that have been negatively impacted are as follows:

Real Estate Tax Appeals: The district has had a number of tax appeals that have meant a loss of tax revenue from both individuals and businesses. While we are fortunate enough to have new revenues to help offset these losses, we have not moved forward to the extent needed had these appeals not been made.

Interest Earnings: The Director of Business and Finance, upon her arrival, ensured that all district investment practices follow the CD limitations and are collateralized by securities that ensure investments are backed by the full faith and credit of the Federal government. The district is currently facing the economic reality of dramatically decreased earnings on its investments.

Real Estate Transfer Tax: The District earns one half percent on the sale and transfer of property in Canon-McMillan. In 2007-2008 the district budgeted \$909,900 and received \$992,972 or 109%. In 2008-2009, the district budgeted \$1,478,084 and has received only \$631,917 or 43% to date. The budgeted amount for 2009-2010 is \$1,200,000. The housing market conditions will heavily impact whether that amount is collected.

Retirements: The savings from approximately 15 retirements helped the district offset some of the additional expenses it will be incurring in 2009-2010.

State Funding and Federal Funding: The determination of our state and federal funding has been especially difficult this year. What are we getting and how much? The debate in Harrisburg is continuing and won't become final until after the passing of our district budget. This leaves us with the difficult decision of whether to budget according to the Governor's Budget (which did include an increase for Canon-McMillan as well as Federal Stimulus Funding) or the Senate's version which substitutes Federal monies as the monies we receive from the State. The impact could be that our budget includes funding for expenses we don't end up receiving. If we had a fund balance we could use it to address this situation. But in our **current negative fund balance position** that will be harder to achieve as the budget is currently designed to address the negative fund balance, not add to it.

Additional information regarding funding can be found on Pa Department of Education Website: www.pdenewsroom.state.pa.us . The debate is further articulated in a news release from the Governor's office: <http://www.pdenewsroom.state.pa.us/newsroom/cwp/view.asp?a=3&q=149565>

Expenditures and our District General Health

This year's administration is faced with many challenges when looking at expenditures.

District's Buildings are in varying degrees of needed renovation and construction.

Past Historic Spending Patterns and Budgeting: We have found that at times in the past spending was not consistent with the budget. However, the district is obligated to those expenses and is now budgeting them accordingly.

Past Budget Reductions: By placing past reductions back into the budget expenses have increased for 2009-2010. The previous reductions made were not meant to be permanent and were either spent even though reduced or were sorely missed in terms of student achievement and learning environment.

Rising Health Care Costs: The district experienced an increase on average of 8.9% from 2008-2009.

Uncertain Retirement Rate (PSERS) Future: While this year we only budgeted the certified rate of 4.78%, the district portion is believed to increase drastically by 2012-13 (anywhere from 20-35% higher given current estimates.) Many schools are putting monies aside to account for this dramatic increase. Canon-McMillan has not currently set monies aside for this due to the other financial challenges our district is battling (negative fund balance).

Utility Costs: Rising future costs are uncertain at this time. We continue to explore cost saving measures while economically the costs are expected to continue to rise.

Salaries account for the largest segment of our district spending.

2007-2008 Salaries & Benefits accounted for 65% of total budget

2008-2009 Salaries & Benefits accounted for 63% of total budget

Proposed 2009-2010 Salaries & Benefits are 60% of total budget

The district began a careful look at salaries and benefits in the Act 93 Administration agreement last year and each subsequent agreement or contract to date. While the district understands the value to our children of attracting and retaining the “best” employees from each job classification, it has been trying to strike a fair balance. Additionally, the district has adhered to its elementary classroom policy to limit the size of classes but with the growing student population this has resulted in additional hirings. Lastly, the

Administration closely monitors and evaluates each program and its operation for value, quality and final outcomes for students.

Debt Service: Our 2007-2008 Audit Management letter stated that debt service payments for 2007-2008 would be \$6,511,186 based on the 2007-2008 budget of \$54,961,948 which represented 11.8% of the district budget. The unaudited 2008-2009 budget has debt service payments of \$6,692,358 or 12.2% of overall budget. The 2009-2010 proposed budget has debt service payment of \$6,946,273 or 11.6% of overall budget. Our debt service payments continue at slight variations of these percentages through 2035-2036 school year. The total bonds outstanding are approximately \$93.6 million. Our District Auditors advise that best general practices indicate a debt service percentage should be no greater than 15% of the total budget.

Tax Issues

Act 1 of 2006

In a Special Legislative Session in 2006, The Pennsylvania State Legislature approved Act 1, which was intended to provide tax reform for school communities in a number of ways. First, it was intended to require local school boards to research and provide their communities with the option of shifting taxes from real estate to income based. If a switch was to be made, part of that change was to gauge the preference of the community for an earned income tax base or a personal income tax base. Additionally, Act 1 limited the ability of school districts to increase millage rates above an inflationary percentage called an "index". This index is set annually by the State. If a school system requires millage rates above the index to balance their budget one of two choices must be made: Either the school must submit a request to the State to have additional millage approved as an exception to the limit, or they must have the higher rate approved through a referendum vote in the community during their Primary Election. Finally, Act 1 enables

schools to reduce their real estate taxes through “homestead exclusions” to rebate gambling money back to residents who own and live in their homes.

Our community voted **against** the tax shift from property taxes to income taxes, but we are still bound by the index limitations on our annual millage increases. For more information regarding Act 1 of 2006, please go to <http://www.pde.state.pa.us/proptax/site/default.asp> .

Index Limits

For the 2009-2010 budget, our index limit is 5% over the 2008-2009 real estate tax rate of 97 mils. Thus the maximum tax rate for 2009-2010 is 101.85 mils a 4.85 increase.

2008-2009 Washington County Real Estate Tax Rates Comparisons

Rank Highest to Lowest	School District	2008-2009 Real Estate Mills
1	Washington School District	125.0000
2	Charleroi Area School District	120.0000
3	Fort Cherry School District	118.5000
4	Avella Area School District	115.0000
5	Ringgold School District	113.0000
6	McGuffery School District	112.5000
7	Bentworth School District	110.0000
7	Burgettstown Area School District	110.0000
8	Trinity Area School District	103.0000
9	Chartiers – Houston School District	99.2500
10	Bethlehem-Center School District	98.2000
11	Canon-McMillan School District	97.0000
12	California Area School District	97.0700
13	Peters Township School District	89.5000
14	Brownsville Area School District	62.1100

Gambling Fund

On April 15, 2009 the Budget Secretary of Pennsylvania certified \$613.2 million in slots (gambling) revenues available for real estate tax relief. The exact amount available per homeowner will vary by school district.

For the 2008-2009 school year, those approved home owners in the Canon-McMillan School District received a share of \$926,026.04 in property reductions. For the 2009-2010 school year, those approved home owners in the Canon-McMillan School District will receive a share of \$925,297.69. This will be computed into an amount that will reduce the amount of taxes an approved homeowner will be required to pay on their tax bills. The district is in the process of determining each property owner's share for 2009-2010. **A key point to note for all approved homeowners receiving this reduction in taxes on their tax bills, is that Gambling Fund Distributions will be an offset to the proposed tax increase.**

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Special Thanks to the Business & Central Office Staff, Technology Department, (and Fellow Business Managers who led the way!)