



# Canon McMillan School District

## District Finances Snapshot Report

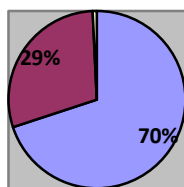
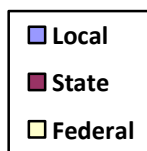
**Final Budget 2012-2013**

**Publication Date May 2012**

### 2012-2013 Budget in Summary

	2011-2012	2012-2013	Change
Revenues	\$59,893,954	\$62,603,756	\$2,709,802
Expenses	\$59,893,954	\$62,212,200	\$2,318,246
Fund Balance*	0	\$391,556	
			<b>4% Increase</b>
Enrollment	4,932	5,046	+107
Per Pupil Cost	\$12,144	\$12,407	

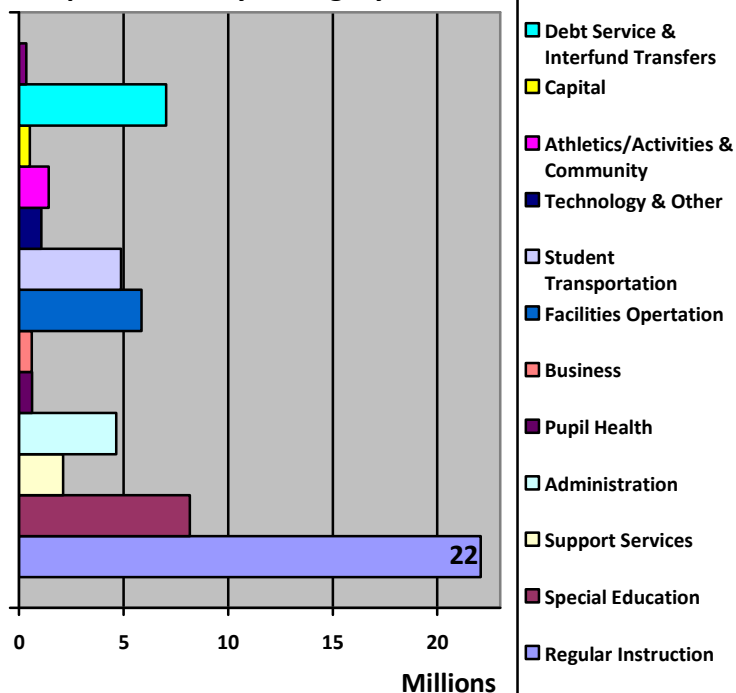
Revenue Distribution



#### Revenue

Local = \$43,860,488  
 State = \$18,171,938  
 Federal & Other = \$571,330  
**Total = \$62,603,756**

### Expenditures by Category



### Current Information

#### ✓ Employee Retirement Contributions

CMSD has included this legislative mandate in its long range budgeting process. Funding the past-service pension liability for its employees is a crucial obligation that greatly affects current and future budgets. Any Fund Balance will be set aside and accumulated in order to aid in fully funding this State-set pension liability. The pension funding challenge will mean contributing about an additional \$5.1 million by 2015-2016.

#### ✓ State Revenue

Last year the state budget rolled funding back to 2008 funding levels. It was not adjusted this year. Instead, the district is proposed to receive a small increase to that regressed funding amount.

#### ✓ Top 5 Budgetary Categories

	Budget Categories
1	Regular Education- \$22,074,646
2	Special Education - \$8,167,784
3	Debt Service - \$7,039,274
4	Facilities Operation - \$5,863,145
5	Transportation - \$4,885,168

#### ✓ 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 **\$925,280** in property reductions for **2012-2013**. 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 **\$95.10**



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What is the value of a Tax Mill?

2011-2012 Millage: 105.41  
 2012-2013 Proposed increase 1.59  
 107.00

Revenue generated by mill:

➤ Approximately \$350,000

### District Taxation

What is the average cost of a home?

Canonsburg: \$149,900  
 Cecil: \$195,000  
 North Strabane: \$196,155

### 1.59 Mill Increase - Taxation Impact to Taxpayers

Canonsburg: \$17.02 per year  
 \$1.42 a month

Cecil: \$33.39 per year  
 \$2.78 a month

North Strabane: \$41.82 per year  
 \$3.49 a month

Historical Information - Act 1 Taxation Index					
Year	Base Index	CMSD Index	Tax Increase	CMSD Mills	Maximum Allowed Increase
91-92	n/a	n/a	8 Mills	83.0000	No Limit
92-93	n/a	n/a	<b>0 Mills</b>	83.0000 *rebate offered	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	<b>-1.9 Mills</b>	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%	3 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
<b>12-13</b>	<b>1.7%</b>	<b>2.1%</b>	<b>1.59 Mills</b>	<b>106.70</b>	<b>Allowed 2.21</b>

### *How do our taxes compare to other School Districts?*

Washington County Millage Ranking					
Rank Highest to Lowest	School District	2011-2012 Real Estate Mills	2010-2011 Real Estate Mills CMSD 9 <sup>th</sup>	2009-2010 Real Estate Mills CMSD 11 <sup>th</sup>	2008-2009 Real Estate Mills CMSD 11 <sup>th</sup>
1	Washington Area SD	127.0000	127.0000	127.0000	125.0000
1	Charleroi Area SD	127.0000	125.0000	122.0000	120.0000
2	Avella SD	120.8800	119.0000	115.0000	115.0000
3	Ringgold SD	120.0000	120.0000	117.0000	113.0000
4	Fort Cherry SD	118.5000	118.5000	118.5000	118.5000
5	McGuffey SD	117.3300	114.0000	112.5000	112.5000
6	Bentworth SD	117.3000	115.0000	112.0000	110.0000
7	Burgettstown Area SD	117.0000	117.0000	114.0000	110.0000
8	Chartiers - Houston SD	106.5000	105.3000	102.2500	99.2500
9	Canon-McMillan SD	105.4100	105.4100	101.8500	97.0000
10	Trinity Area SD	103.0000	103.0000	103.0000	103.0000
11	Bethlehem-Center SD	102.0000	102.0000	100.0000	98.2000
12	Peters Township SD	96.5100	95.2000	92.5000	89.5000
13	Brownsville Area SD	93.2100	72.1000	68.3170	62.1100
14	California Area SD	91.07	91.1000	91.0700	91.0700



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### The Big Picture at a Glance

#### Does the District have a long range plan?

Yes. Administration and the School Board of Directors have recognized developing and maintaining a five year plan as a priority. Development of a five year forecast for budgetary expenditures and revenues is in progress.

#### 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.**

PSERS Contribution Rate Effects (Salaries are estimates; calculations are approximates)					
F.Y.	Salaries	PSERS Rate	% Increase	PSERS Amt	Difference
11-12	\$ 27,848,177	8.65%		\$ 2,408,867	
12-13	\$ 28,767,167	12.36%	<b>3.71%</b>	\$ 3,555,622	\$ 1,146,755
13-14	\$ 29,716,484	16.69%	<b>4.33%</b>	\$ 4,959,681	\$ 1,404,059
14-15	\$ 30,697,128	21.18%	<b>4.49%</b>	\$ 6,501,652	\$ 1,541,971
15-16	\$ 31,710,133	23.66%	<b>2.48%</b>	\$ 7,502,617	\$ 1,000,966

**\$5,093,751**

#### Does the budget include any program eliminations or staff layoffs/furloughs?

No. While many schools across the state continue to have program eliminations and staff layoffs and furloughs, our administration has not proposed those cuts. CMSD Administration and School Board of Directors made numerous reductions in the 2011-2012 budget adoption along with employee wage freeze contributions. Administration has maintained the reductions while re-assessing some aspects and will realize a small increase in staffing for 2012-2013.



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#### **Why is the district approving the final budget in May instead of June?**

It will position the district from an operational standpoint to more efficiently plan for summer projects and the start up of the next school year. Many support and professional employees do not work during the summer months and are in a time crunch at the end of the year and beginning of school year to make purchases and complete projects. This will enable the district to operate in a more efficient and prudent manner.

#### **Do we get money from the Meadows Racetrack and Casino?**

Yes. We receive real estate taxes. The 2011-2012 according to county records shows CCR Pennsylvania Racing Inc. as owing on discount the amount of \$2,060,468.03 in real estate revenues for the casino and parking. This amount is currently in dispute. Despite local publicity regarding Casino philanthropy, CMSD does not receive any other monies from the Casino.

#### **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 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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#### What is happening with the stadium?

The district in concert with booster organizations is seeking public and private donations to renovate the stadium. The time frame is dependent upon the success of those endeavors.

#### Are we planning any building projects in the next five years?

At this time, the district has no building projects slated. This is reviewed annually by Administration and the School Board of Directors. Administration and the Board Building and Grounds Committee have developed a five year Deferred Maintenance Reduction Plan that will be put into place and started in the 2011-2012 school year.

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

Yes to some extent. Local revenues received in addition to real estate taxes include monies for earned income, local service tax and realty transfer taxes show growth. But not the anticipated growth one may anticipate. Audited historical data below:

	EIT Audited	Deed Transfer Audited	LST Audited	Total EIT, Deed Transfer & LST	Net Change	Real Estate Audited	Net Change
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	4,235,400	+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	



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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, example projected PSERS rate increases, decreased state funding.
- ✓ Positions the district for favorable bond ratings and offsets construction costs

The General Fund fund balance of 6/30/2011\* was \$3,872,393 net of \$769,554 which is reserved, committed or assigned, leaving \$3,072,839 as currently unassigned. However, District Administration and the School Board of Directors will be looking to further allocate and assign portions of the fund balance for known future obligations.