

# Finance Committee Meeting

May 23, 2023



# Mission and Vision

- Mission

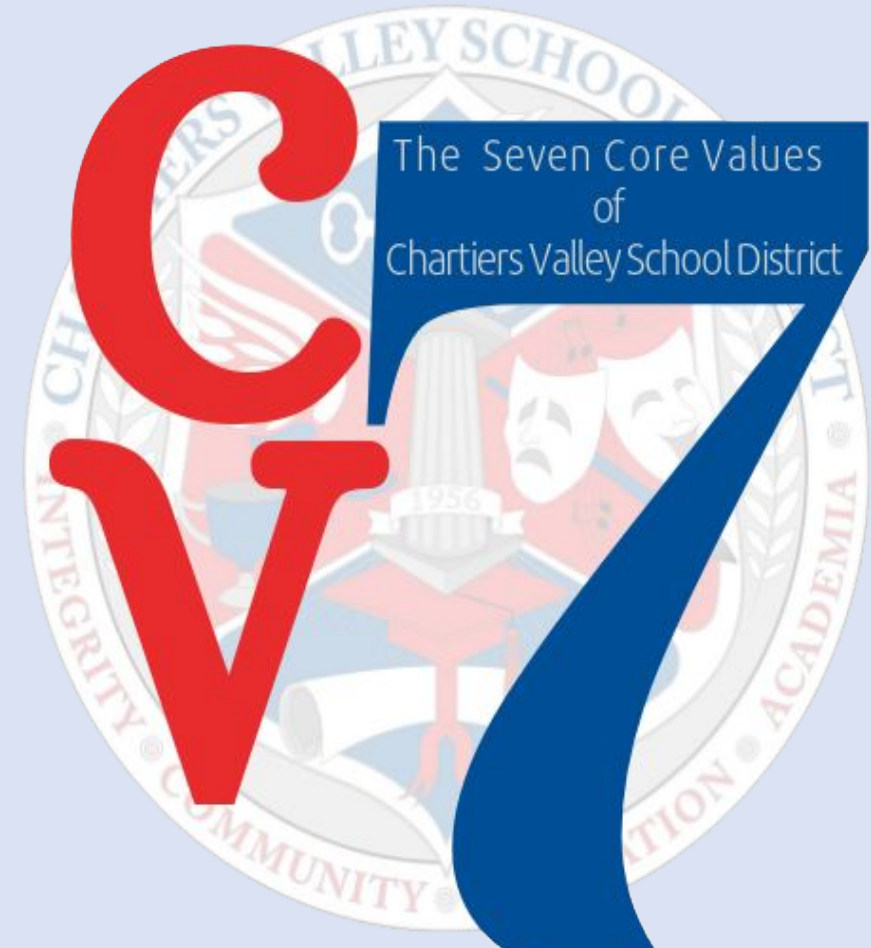
The mission of the Chartiers Valley School District, a community dedicated to shared leadership, is to graduate students who achieve personal success by providing an exceptional academic foundation in a safe, nurturing environment that inspires creativity and innovation while embracing diversity.

- Vision

We will inspire excellence in instruction, learning and innovation to prepare our students to achieve personal success.

# Chartiers Valley School District 7 Core Values

1. Demonstrate genuine care, concern and fondness for students.
2. Adopt an education-centered focus where students come first, followed closely by the needs of their parents.
3. Develop and nurture healthy, productive and cooperative relationships with colleagues.
4. Communicate regularly and clearly with students, their families and the community.
5. Create and cultivate a district-wide learning community where all employees and educators are valued.
6. Encourage innovation and creativity.
7. Embrace community and regional partnerships.



# 2022-23 CVSD Budget Update



# 2022-23 CVSD Fiscal Responsibility

- ESSER 3 funds supporting one-time cost (i.e., PS HVAC)
- Open administrative positions
- PCCD Grant supports security with door swipes and cameras
- Cyber Academy supports online offering vs. Charter School enrollment
- Food Service surplus due to Federal Aid for student breakfast

# Fund Balances at 6/30/22

|  | General Fund       | Capital<br>Improvement | Debt Stabilization | Designated Trust<br>& Activities | TOTAL               |
|--|--------------------|------------------------|--------------------|----------------------------------|---------------------|
| Nonspendable                             | \$1,024,239        | \$0                    | \$0                | \$0                              | \$1,024,239         |
| Restricted                               | 0                  | 16,620,107             | 0                  | 0                                | 16,620,107          |
| Committed                                | 1,687,618          | 953,120                | 3,213,945          | 123,070                          | 5,977,753           |
| Unassigned                               | 4,080,403          | 0                      | 0                  | 0                                | 4,080,403           |
| <b>TOTAL</b>                             | <b>\$6,792,260</b> | <b>\$17,573,227</b>    | <b>\$3,213,945</b> | <b>\$123,070</b>                 | <b>\$27,702,502</b> |
| <b>Increase (Decrease)<br/>from 2021</b> | <b>(\$278,136)</b> | <b>\$15,327,505</b>    | <b>(\$619,469)</b> | <b>\$5,225</b>                   | <b>\$14,435,125</b> |



# General Fund Balance - June 30, 2022 (A Closer Look)

|                            | Fiscal Year         |                     |                     |
|----------------------------|---------------------|---------------------|---------------------|
|                            | 2020                | 2021                | 2022                |
| Fund Balance, July 1       | \$ 1,486,659        | \$ 2,925,777        | \$ 7,070,396        |
| Net Change in Fund Balance | 1,439,118           | 4,144,619           | (278,136)           |
| Fund Balance, June 30      | <u>\$ 2,925,777</u> | <u>\$ 7,070,396</u> | <u>\$ 6,792,260</u> |
| Fund Balance Breakdown:    |                     |                     |                     |
| Nonspendable               | 688,118             | 1,052,022           | 1,024,239           |
| Committed                  | 150,226             | 2,319,274           | 1,687,618           |
| Unassigned                 | <u>2,087,433</u>    | <u>3,699,100</u>    | <u>4,080,403</u>    |
|                            | <u>\$ 2,925,777</u> | <u>\$ 7,070,396</u> | <u>\$ 6,792,260</u> |

# General Fund Balance - June 30, 2022 (A Closer Look)

- CVSD Unassigned Fund Balance as a % of Expenditure Budget = **5.66%**
- 8% cap by PDE for budgeting of unassigned fund balance



# 2022-23 Year-End Projection

|                                       |                                 |
|---------------------------------------|---------------------------------|
| 2022-23 Projected Revenue:            | \$73,675,387                    |
| 2022-23 Projected Expenses:           | <u>\$74,586,589</u>             |
| Projected Deficit as of May 23, 2023: | \$ 911,202 (Debt Stabilization) |

- Increased number of special education placements
- Increased utilities 5-8%
- Capital Reserve transfer of \$500,000 recommended
- Capital Repairs (dump truck engine and PS water main break)
- Due process settlement

# 2023-2024 Proposed Capital Budget



# 2023-24 Capital Budget

- Capital Reserve is a fund to support capital expenditures including repairs, maintenance and capital purchases (building equipment, busses, vans, other vehicles, computers, chromebooks, ipads, etc.)
- Planning and budgeting the Capital Reserve Fund is a very important aspect of a multi-year financial plan to ensure future capital expenses and fund future projects and unforeseen emergencies

# 2023-24 Capital Budget \$487,515

| <u>Account</u>                      | <u>Amount</u>     | <u>Notes</u>  |
|-------------------------------------|-------------------|---|
| 32.5110.831.000.00.000.000.000.9200 | \$ 17,921         | 17 Buses - Lease Interest                           |
| 32.5110.911.000.00.000.000.000.9200 | \$ 163,108        | 17 Buses Lease - Principal                          |
| 32.5110.831.000.00.000.000.000.9200 | \$ 23,336         | 2-Pick Up Trucks, 3 Vans, 7 Buses - Lease Interest  |
| 32.5110.911.000.00.000.000.000.9200 | \$ 130,242        | 2-Pick Up Trucks, 3 Vans, 7 Buses - Lease Principal |
| 32.5110.831.000.00.000.000.000.9200 | \$ 6,100          | 4 Buses - Lease Interest                            |
| 32.5110.911.000.00.000.000.000.9200 | \$ 52,594         | 4 Buses - Lease Principal                           |
| 32.5110.911.000.00.000.000.000.9200 | \$ 22,625         | 5 Buses - Lease Interest                            |
| 32.5110.911.000.00.000.000.000.9200 | \$ 71,589         | 5 Buses - Lease Principal                           |
| <b>Total</b>                        | <b>\$ 487,515</b> |   |

# 2023-2024 Proposed General Fund Budget



# 2023-24 Budget Process

**November/ December** – first submission by Budget Managers; Salary and Benefits projected

**January** – second submission with Superintendent, Director of F/Ops, and Accounting Manager

**February and March** – additional cuts, further refinement, essential and basic elements of the budget preserved

**April, May and June** - adjustments from retirements and PDE budget, essential and basic elements of the budget preserved



# 2023-24 Proposed Expenditure Increases

- Salaries adjusted per collective bargaining agreements
- 14% increase to healthcare; 3% increase to dental and vision premiums
  - The financial impact of these increases to the 2023-24 budget is **\$996,025** (Healthcare \$983,015; Dental \$11,358 and Vision \$1,780)
- Certified PSERS Rate 34.00%
- Projected charter school tuition with no change in funding formula

# 2023-24 Proposed Expenditure Increases (Cont.)

- 3% increase special education tuition plus we have an increased number of students in outplaced settings

The financial impact of these increases to the 2023-24 budget is **\$307,682**

- Vocational budget increase and a higher student enrollment at Parkway, 2023-24 projected budget \$956,263

## Enrollment

- 2020-21 177
- 2021-22 178
- 2022-23 190

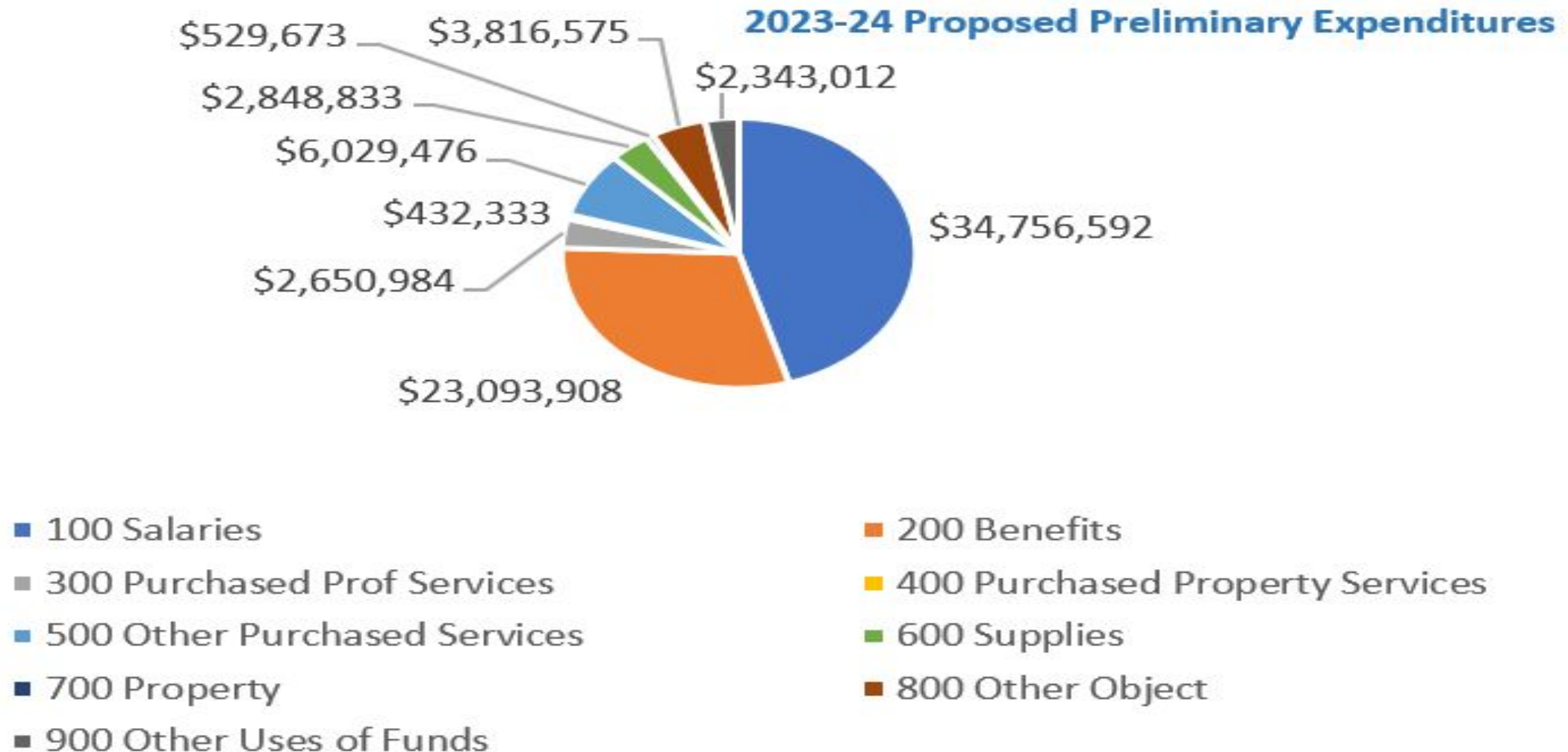
# 2023-24 CVSD Ongoing Structural Deficit

- Continue to analyze each department; all line items
  - More budget decreases since April 11th meeting
- Not replacing a Confidential Secretary
- Researching grants for Coffee Tree Roasters

# 2023-24 Proposed Expenditures

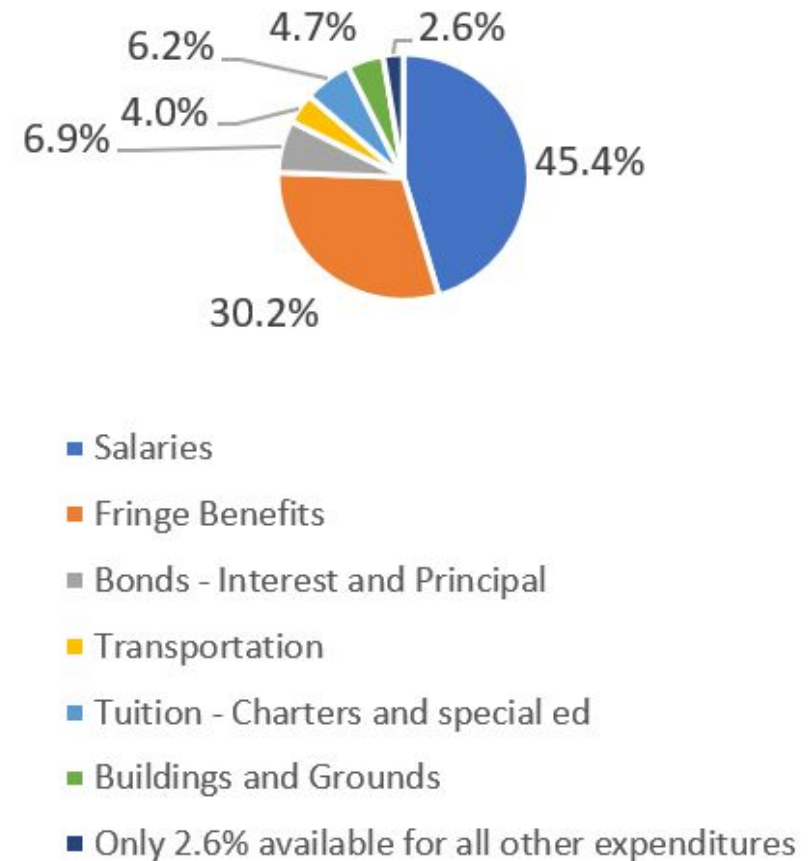
| 2023-24 Proposed Expenditures by Object |                     |              |       |
|---|---------------------|--------------|-------|
| Object                                  | Description         |              |       |
| 100                                     | Salaries            | \$34,756,592 | 45.4% |
| 200                                     | Benefits            | \$23,093,908 | 30.2% |
| 300                                     | Purchased Prof Serv | \$2,650,984  | 3.5%  |
| 400                                     | Purchased Property  | \$432,333    | 0.6%  |
| 500                                     | Other Purchased Se  | \$6,029,476  | 7.9%  |
| 600                                     | Supplies            | \$2,848,833  | 3.7%  |
| 700                                     | Property            | \$529,673    | 0.7%  |
| 800                                     | Other Object        | \$3,816,575  | 5.0%  |
| 900                                     | Other Uses of Funds | \$2,343,012  | 3.1%  |
| Total                                   |                     | \$76,501,386 |       |

# 2023-24 Proposed Expenditures



# 2023-24 Proposed Expenditures

|   |             |
|---|-------------|
| Salaries  | 45.4%       |
| Fringe Benefits                                       | 30.2%       |
| Bonds - Interest and Principal                        | 6.9%        |
| Transportation  | 4.0%        |
| Tuition - Charters and special ed                     | 6.2%        |
| Buildings and Grounds                                 | 4.7%        |
| <b>Only 2.6% available for all other expenditures</b> | <b>2.6%</b> |





# 2023-24 Proposed Revenues

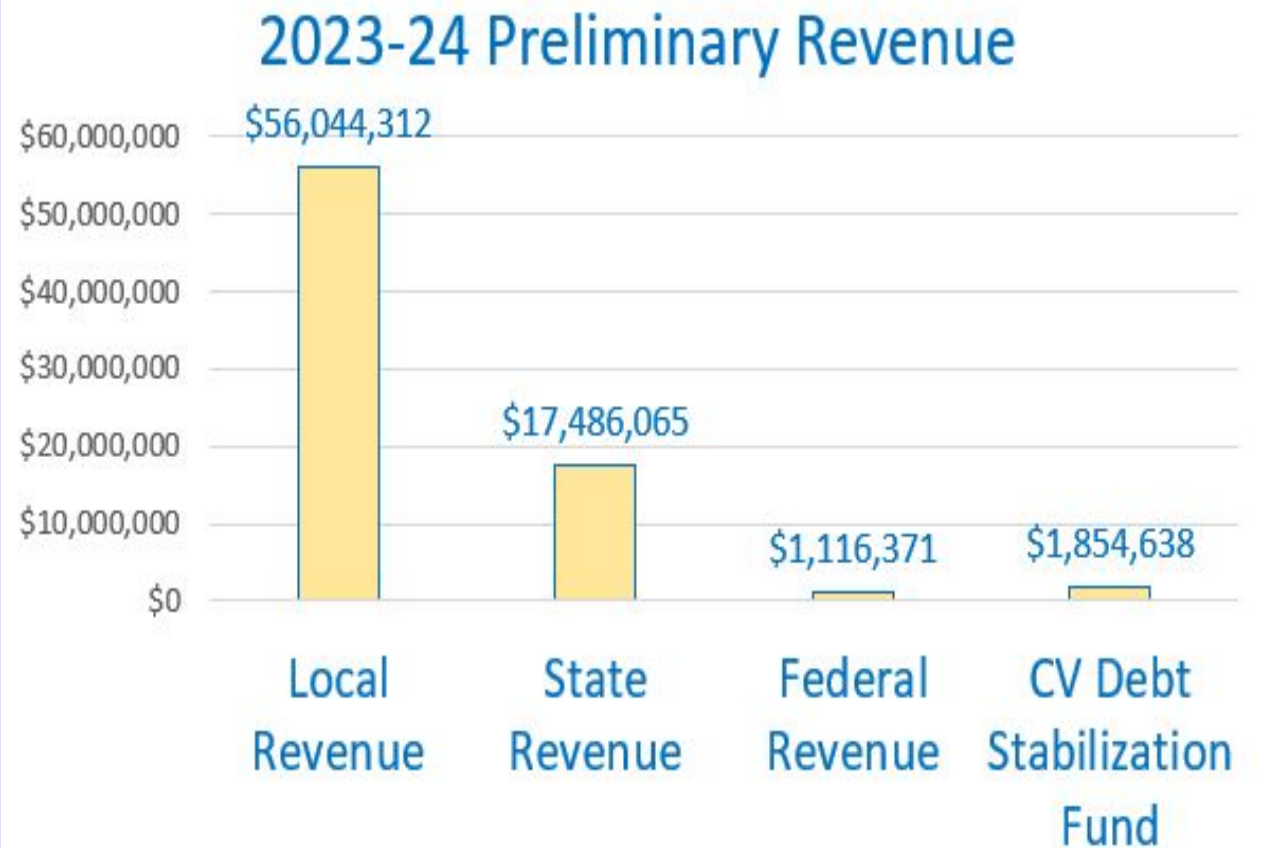


# 2023-24 Proposed Revenue Streams

- Local  
Historical revenue analyzed and projected accordingly
- State  
Flat funding for Basic Education, Special Education, Transportation, and Ready to Learn
- Federal  
Flat funding on Title funding; ESSER 3 stimulus funding with set asides, \$2,395,467, one-time funding  
**ESSER stimulus funding ends 2023-24**

# 2023-24 Proposed Revenue Summary

|                            |                     |
|----------------------------|---------------------|
| Local Revenue              | \$56,044,312        |
| State Revenue              | \$17,486,065        |
| Federal Revenue            | \$1,116,371         |
| CV Debt Stabilization Fund | \$1,854,638         |
| <b>Total</b>               | <b>\$76,501,386</b> |



# 2023-24 Proposed Revenue Detail

|  |           |                   |
|--|-----------|-------------------|
| 6100 Taxes Levied/Assessed by the LEA            | \$        | 53,490,464        |
| 6400 Delinquencies on Levied Taxes               | \$        | 1,276,088         |
| 6500 Earnings on Investments                     | \$        | 7,000             |
| 6700 Revenues from LEA Activities                | \$        | 63,633            |
| 6800 Revenues from Pass Through Funds            | \$        | 457,125           |
| 6900 Other Revenue Local Sources                 | \$        | 750,002           |
| 7100 Basic Instructional + Operational Subsidies | \$        | 7,358,712         |
| 7200 Revenue for Specific Educational Programs   | \$        | 1,760,281         |
| 7300 Revenue for Non-Educational Programs        | \$        | 2,184,634         |
| 7500 State Revenue Not Listed Elsewhere          | \$        | 303,975           |
| 7800 Revenue from the Commonwealth of PA         | \$        | 5,878,463         |
| 8500 Federal Title Grants                        | \$        | 626,615           |
| 8700 Federal Stimulus Funds                      | \$        | 194,756           |
| 8800 Medical Assistance                          | \$        | 295,000           |
| <b>Total</b>                                     | <b>\$</b> | <b>74,646,748</b> |

**2023-24  
Preliminary  
Shortfall/Deficit**

**\$1,854,638**

# 2023-24 Proposed Revenue - Common Level Ratio (CLR)

The Common Level Ratio (CLR) is the percentage applied to real estate sales to determine taxable value

September 1, 2022: Judge Hertzberg issued Court Order lowering the 2021 CLR from 81.1% to 63.53%

The CLR of 63.53% will be used in appeal cases

**More appeals are expected- CVSD projected annual revenue loss in 2023-24 is \$455,000**

Example – A median home at \$100,000 taxable value will decrease from \$81,100 to \$63,530

**Calculation** – CVSD 2022-23 millage rate of .0193957 applied to these values:

$\$81,100 \times .0193957 = \$1,573$  school tax

$\$63,530 \times .0193957 = \underline{\$1,232}$  school tax

Difference = **\$341 less in revenue**



# 2023-24 Budget Process Progression to Date

|                           | 2023-24 ROUND 3<br>Budget | 2023-24 ROUND 2<br>Budget | 2023-24 ROUND 1<br>Budget | 2022-23 Final<br>Budget |
|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| Department Budgets        | \$ 18,650,886             | \$ 18,970,159             | \$ 21,917,939             | \$ 17,791,756           |
| Salary                    | \$ 34,756,592             | \$ 35,192,753             | \$ 35,976,430             | \$ 33,347,963           |
| Benefits                  | \$ 23,093,908             | \$ 23,422,416             | \$ 24,092,558             | \$ 21,458,991           |
| Expenditure Total         | \$ 76,501,386             | \$ 77,585,328             | \$ 81,986,927             | \$ 74,629,857           |
| Revenue Tax Increase      | \$ (74,646,748)           | \$ (74,633,971)           | \$ (73,864,548)           | \$ (74,629,857)         |
| Revenue Without Tax       |                           |                           |                           |                         |
| IncreaseTotal No Increase | \$ (72,807,507)           | \$ (72,794,730)           | \$ (72,025,307)           |                         |
| Deficit w/increase        | \$ (1,854,638)            | \$ (2,951,357)            | \$ (8,122,379)            | \$ (246,445)            |
| Deficit No Increase       | \$ (3,693,879)            | \$ (4,790,598)            | \$ (9,961,620)            |                         |



# 2023-24 Proposed Budget Unknown Factors

- Retirements
- Legislative approved state funding
  - Basic Education Funding (BEF)
  - Special Education Funding (SEF)
- Federal funding
- Collective Bargaining Agreements

# 2023-24 Proposed Budget as of May 23, 2023

|                                      |                     |
|--------------------------------------|---------------------|
| Expenses                             | \$ 76,501,386       |
| Revenue with No Tax Increase         | \$ 72,851,582       |
| <b>Shortfall - No Tax Increase</b>   | <b>\$ 3,693,879</b> |
| <b>Shortfall - Full Tax Increase</b> | <b>\$ 1,854,638</b> |

Even with a tax increase to the maximum index allowable by law, 4.1%, we must utilize \$1,854,638 which will reduce both the **General Fund** and **Debt Stabilization Fund** for the 2023-24 budget.

# Projected General Fund and Debt Stabilization Fund Balances

- The 2023-24 preliminary budget deficit, with or without raising taxes, will greatly decrease the General Fund and Debt Stabilization Fund
- Without a tax increase, we will continue to have a structural deficit and the General Fund and Debt Stabilization Fund balances will be even lower due to deficit spending

# Projected General Fund and Debt Stabilization Fund Balances

- If the 2023-24 millage is not increased and millage remains at 19.3958 mills, then the planned use of Debt Stabilization and General Fund balance is **\$3,693,879**

Debt Stabilization: \$1,846,940 (decreased to \$ 455,803)

General Fund: \$1,846,939 (decreased to \$4,945,321)

- If the 2023-24 millage is increased to the Act 1 Index, 20.1909 mills, then the planned use of Debt Stabilization and General Fund balance is **\$1,854,638**

Debt Stabilization: \$927,319 (decreased to \$1,375,424)

General Fund: \$927,319 (decreased to \$5,864,941)

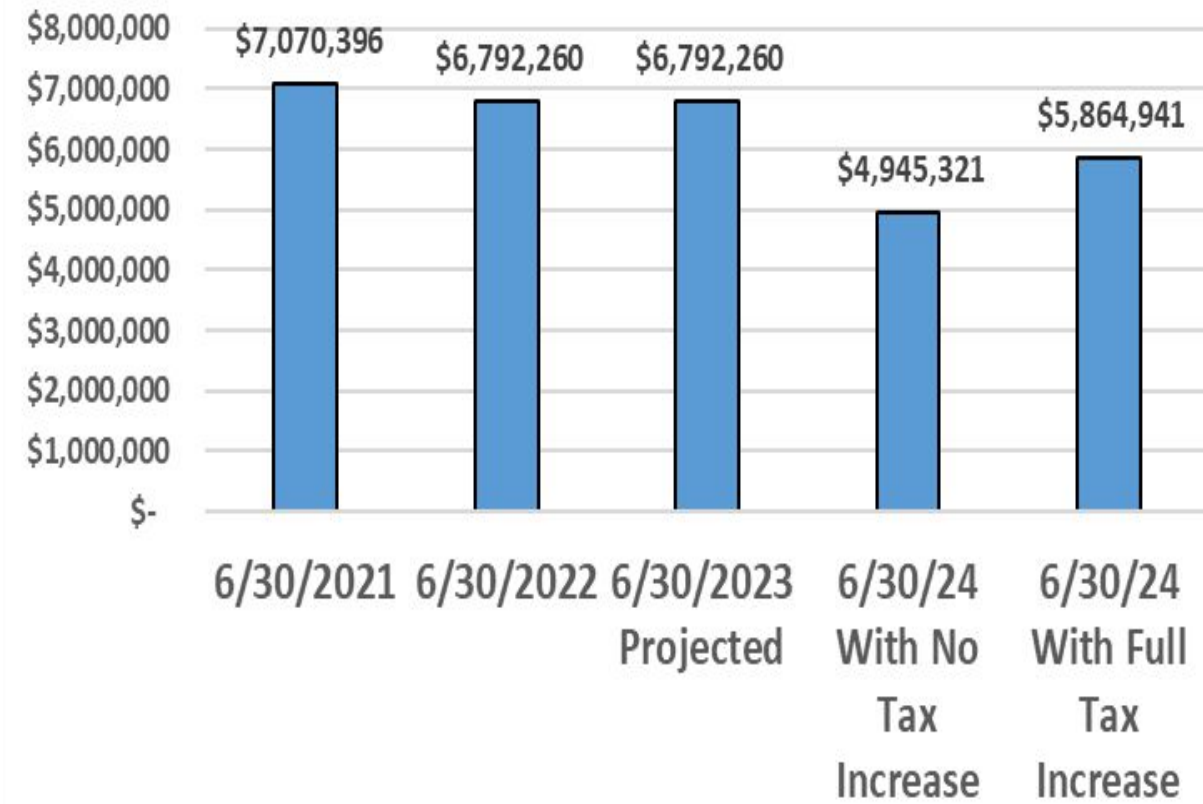
# Projected Debt Stabilization Fund

Projected Debt Stabilization Fund



# Projected General Fund

Projected General Fund Balance



# 2023-24 Preliminary Tax Levy Options

## **Act 1 Resolution (Board Action in January 2023)**

Board will not increase taxes above the Act 1 Index, 4.1%

### **Current 2022-23 Millage**

.0193958

### **2023-24 Maximum Millage**

.0201909

## **Act 1 Increase of 4.1% is an increase of .0007952 mills**

Revenue gained if District raises taxes to the Act 1 Index, 4.1%

.0201909 mills = \$1,839,241

## **Maximum Millage Increase Impact**

Average home = \$130,000

\$103.26 annual increase if taxes are raised to Act 1 Index

$(.0007943 \times \$130,000) = \$103.26$





# 2022-23 Allegheny County Millage by School District

2022-23 Allegheny County Millage Rates Highest to Lowest by School District

| District          | Millage |  | District             | Millage |  | District         | Millage |
|-------------------|---------|--|----------------------|---------|--|------------------|---------|
| Brentwood         | 35.7905 |  | Highlands            | 25.1300 |  | McKeesport       | 20.9600 |
| Penn Hills        | 30.5965 |  | Cornell              | 25.1070 |  | Allegheny Valley | 20.8377 |
| Wilkinsburg       | 29.5000 |  | Riverview            | 23.6675 |  | Keystone Oaks    | 20.4856 |
| Upper St. Clair   | 28.5628 |  | Shaler Area          | 23.5319 |  | Fox Chapel       | 20.4288 |
| Northgate         | 27.3200 |  | South Allegheny      | 23.5000 |  | Avonworth        | 20.1900 |
| East Allegheny    | 26.9722 |  | Bethel Park          | 23.428  |  | Quaker Valley    | 20.0367 |
| Steel Valley      | 26.8913 |  | Woodland Hills       | 22.9982 |  | North Allegheny  | 19.7400 |
| Carlynton         | 26.7432 |  | West Jefferson Hills | 22.7730 |  | North Hills      | 19.7000 |
| South Fayette     | 26.7000 |  | Deer Lakes           | 22.6900 |  | Pine-Richland    | 19.5867 |
| West Mifflin      | 26.5691 |  | Moon Area            | 22.6746 |  | Chartiers Valley | 19.3957 |
| Mt Lebanon        | 26.3900 |  | Baldwin-Whitehall    | 22.6300 |  | West Allegheny   | 18.5100 |
| Sto-Rox           | 26.3250 |  | Plum Borough         | 22.0241 |  | Duquesne City    | 18.4800 |
| Elizabeth Forward | 26.3243 |  | Gateway              | 21.7479 |  | Montour          | 17.9638 |
| South Park        | 25.9600 |  | Hampton              | 20.9900 |  | Clairton         | 8.1260  |

# 2023-24 Tax Levy Options

The Act 1 Index options include a millage increase from 0% to any increase to the Act 1 Index (4.1%)

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Debt Stabilization: \$1,846,940 (decreased to \$ 455,803)

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