

A background image showing a hand pointing at a calculator. The hand is in the upper right, and the calculator is in the lower left. The image is faded and serves as a backdrop for the text.

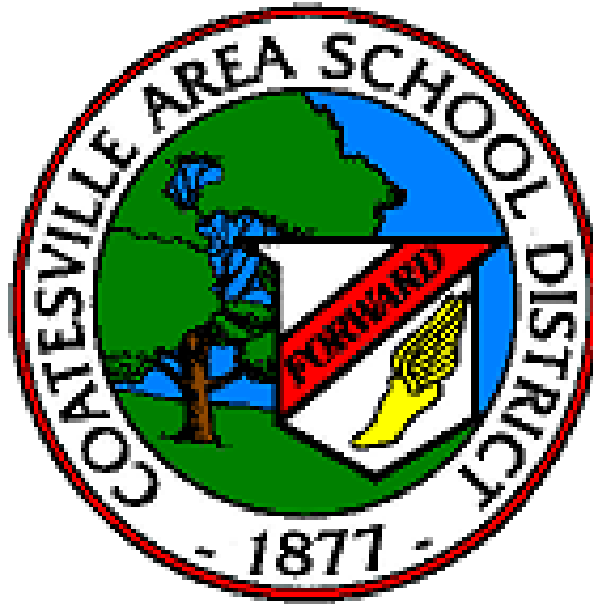
Coatesville Area School District Financial Review

December 3, 2019

Financial Review

Areas of Review

- A. 2018-2019 Audit (Preliminary Review)
- B. 2019-2020 Preliminary Projection
- C. 2020-2021 Budget Projection



2018-2019 CASD
Audit Review
December 3, 2019

Audit Report Card

Summary of Auditor's Results

- A. Financial Statements - Unmodified
- B. Federal Programs - Unmodified
- C. No Internal Control weaknesses or deficiencies
- D. Federal Finding related to reporting of prior year Federal Program reconciliations



Results of Operations

2018-2019 Results by Function

Function	Actual
Local Sources	\$116,138,509
State Sources	52,811,372
Federal Sources	3,300,792
Total Revenues	172,250,673
Instructional	\$123,075,365
Support Services	38,923,190
Student Activities	1,256,721
Debt/Transfers	15,464,928
Total Expenditures	178,720,204
Revenues over/(under) Expenditures	(\$6,469,531)

Variations

- Revenue
 - Local Taxes
 - Real Estate Very close to what was budgeted
 - Earned Income Tax collection up slightly
 - Interim Taxes
 - New Construction
 - State Sources
 - State assistance of \$1m received late May
- Expenditures
 - Benefits
 - Health Care
 - Favorable Year in Self-Funded Health Care for Medical
 - Tuition (Charter Schools)
 - Increased by over \$9m almost 25% over 2017-2018
 - Legal
 - Increased 18% (\$125k)
 - Security Services
 - Increased 84% (\$137k)
 - Natural Gas
 - Increased 57% (\$200k)

Fund Balances @ June 30th, 2019

Fund Balances

(And Changes from 6/30/2018)

Fund	FY End 2018	FY End 2019	Change
<i>General Fund</i>	\$11,254,089	\$4,784,558	(\$6,469,531)
<i>Capital Project</i>	5,382,170	4,428,467	(953,703)
<i>Capital Reserve</i>	944,062	887,242	(56,820)
<i>Food Service</i>	623,693	851,977	229,284
<i>Debt Service</i>	0	0	0
<i>Total Fund Balances</i>	\$18,204,014	\$10,952,244	(\$7,250,770)

Breakout of Fund Balances

- General Fund
 - Decreased almost 60%
 - Rating of Bonds in Serious Jeopardy
- Capital Project Fund
- Capital Reserve Fund
- Food Services
 - Six (6) months operating Reserves per NSLP

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources Related to Pensions

June 30, 2019 Liability for Pension

> \$153,363,000 (As of 6/30/2018 by
PSERS – for General Fund)

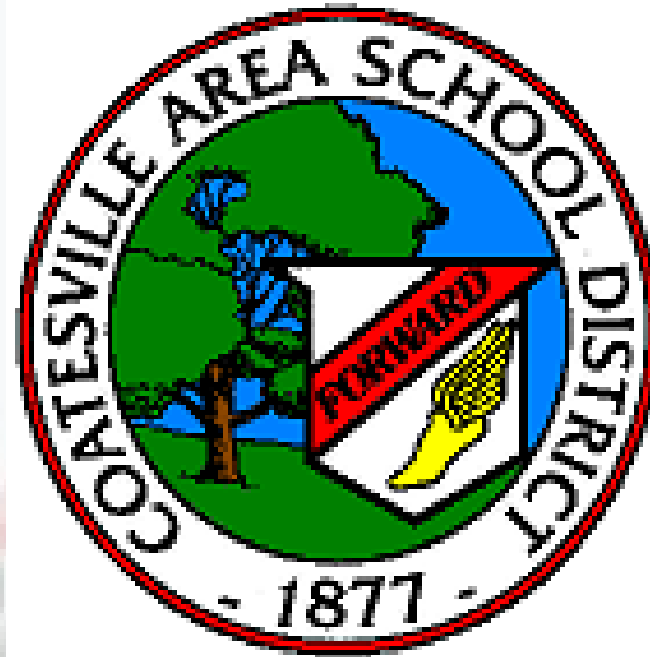
> \$2,989,000 (For Food Service Fund)

> Added to the Statement of Net
Position for both Funds

> Results in a negative Net Position for
both Funds

General Fund Net Position-(\$166,682,340)

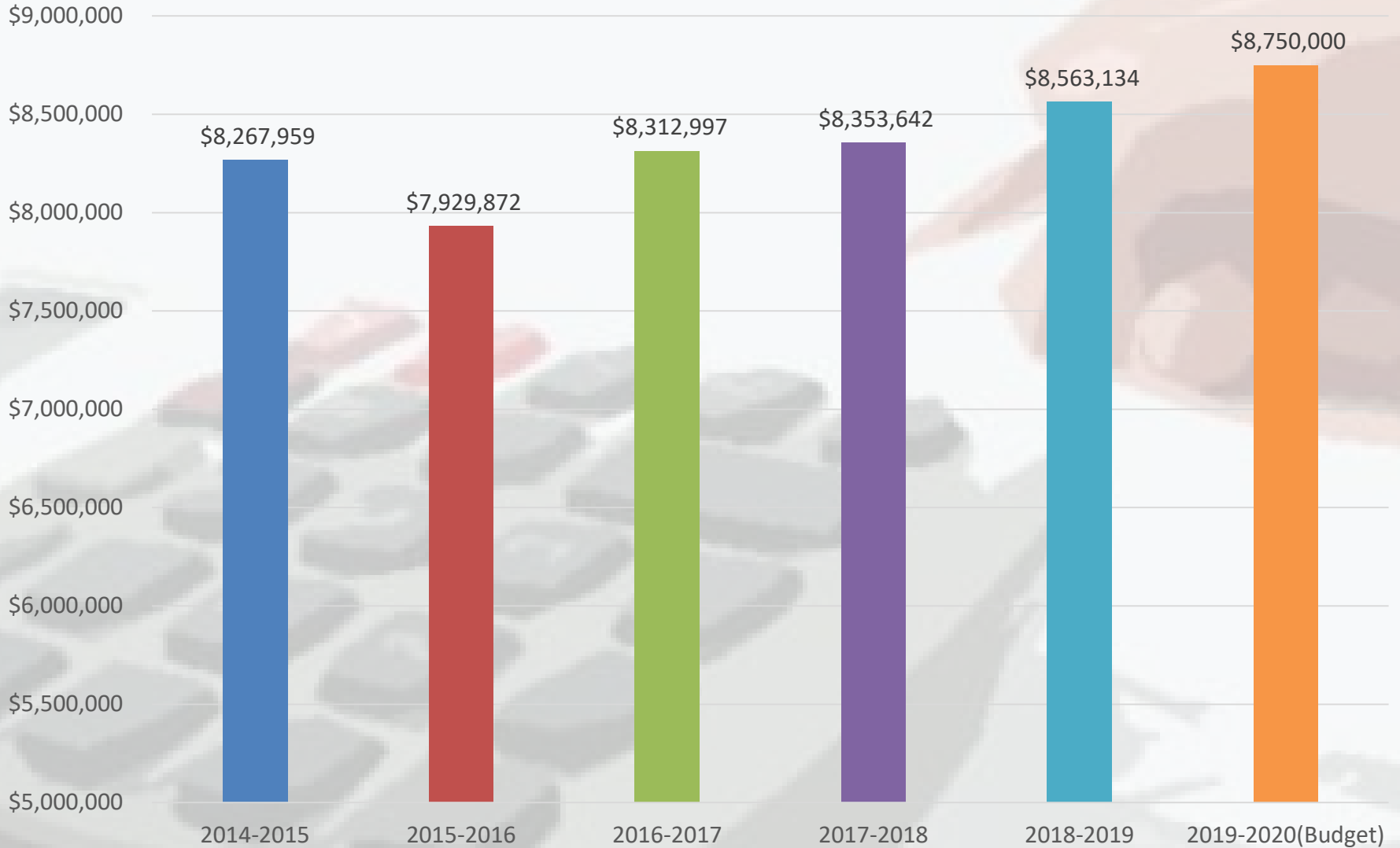
Food Service Fund Net Position-
(\$2,422,471)



2019-2020 CASD
Preliminary Projection of Operations
December 3, 2019

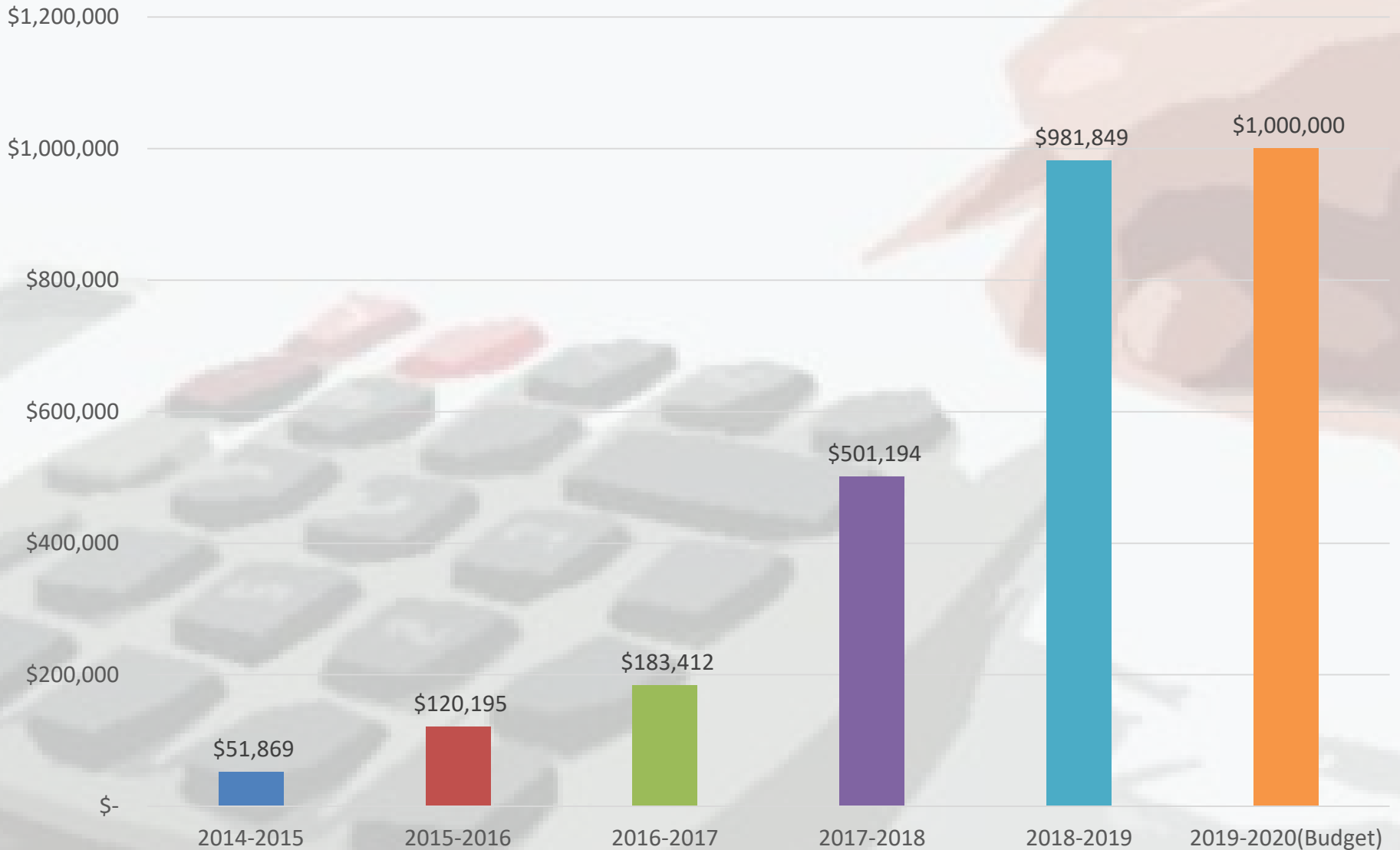
Preliminary Projections

Earned Income Tax Trend



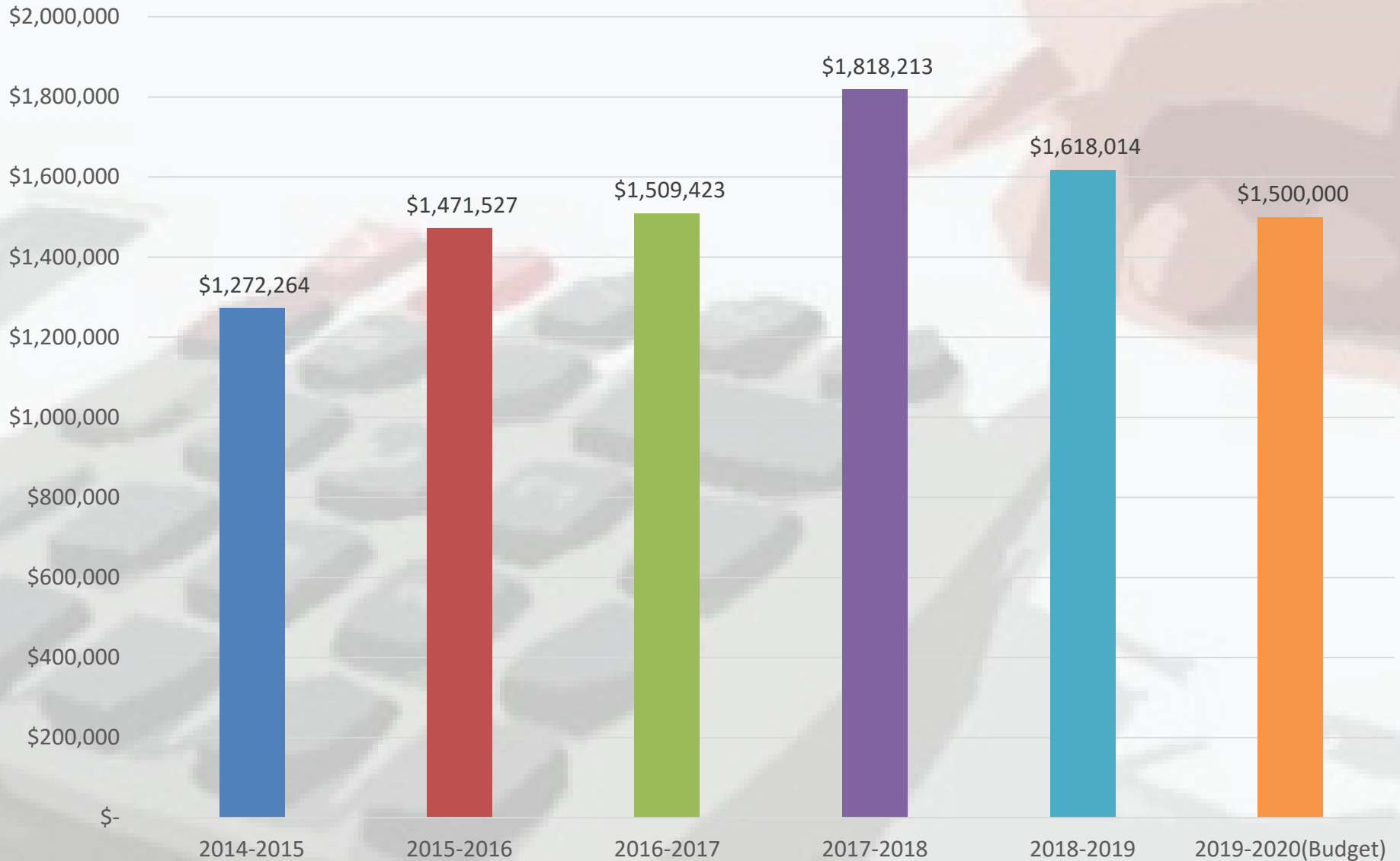
Preliminary Projections

Investment Earnings Trend



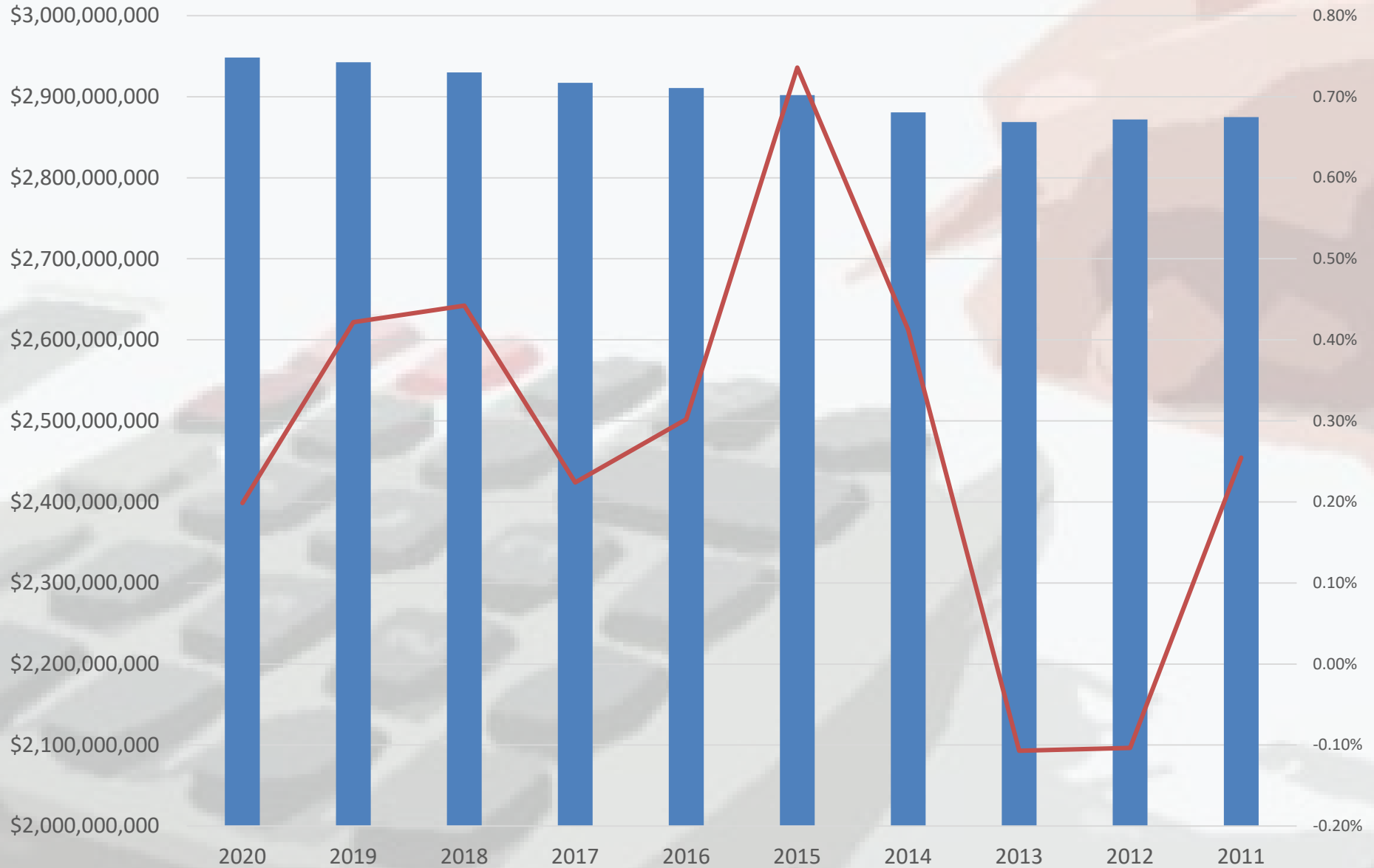
Preliminary Projections

Transfer Tax Trends



Preliminary Projections

Property Tax Assessment Trend



Preliminary Projections

2019-2020 Operating Projection November 30, 2019

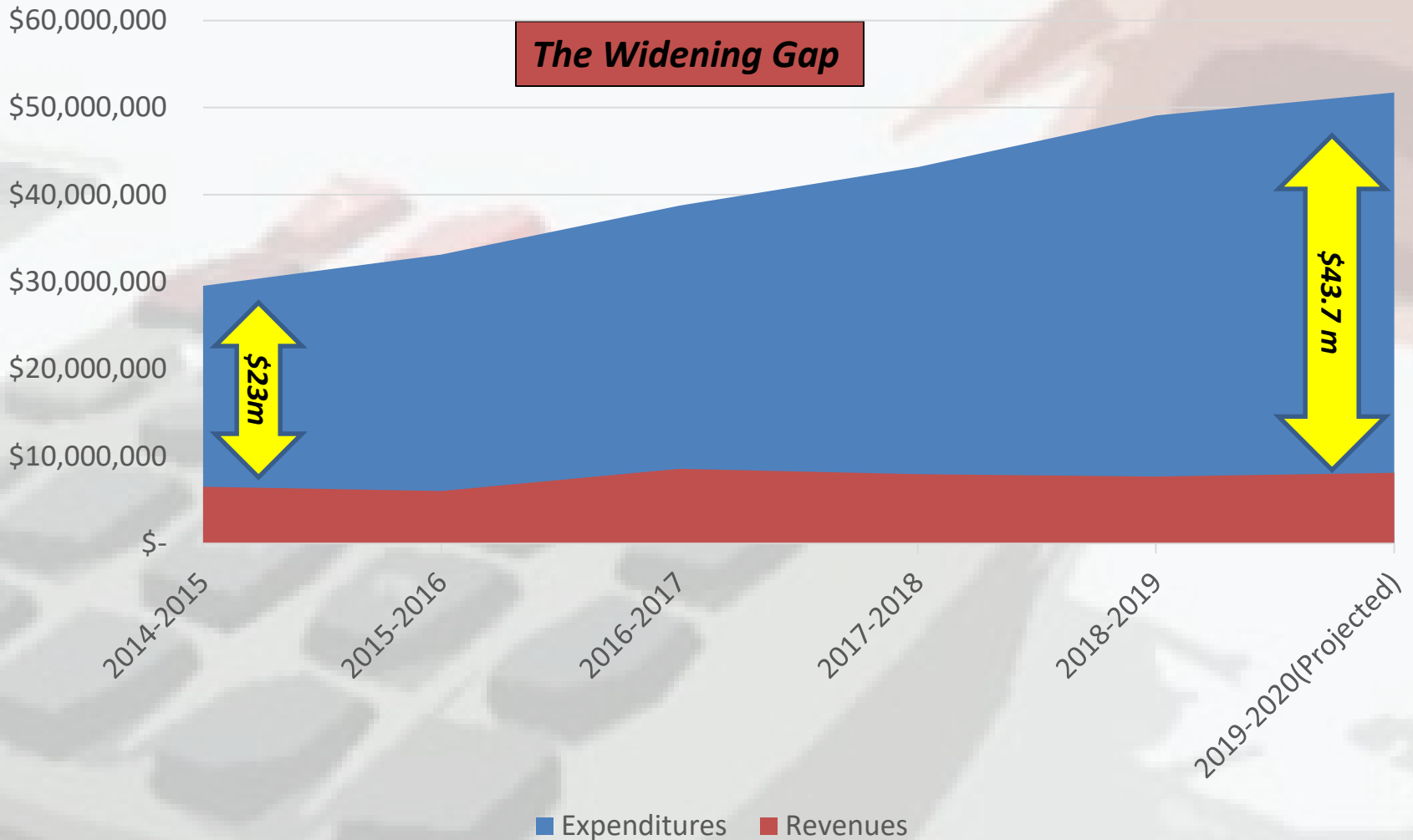
	Budget 2019-2020	Projected 2019-2020	Actual 2018-2019
Revenues	\$176,205,753	\$176,320,450	\$172,250,674
Expenditures	180,687,943	184,574,943	178,720,214
<u>Over/Under</u>	(\$4,482,190)	(\$8,254,493)	(\$6,469,540)
Reserve	\$302,321	(\$7,952,172)	(\$4,784,256)

Watch Areas

- Charter School Costs
- Special Education
- Staffing
- State Budget

Preliminary Projections

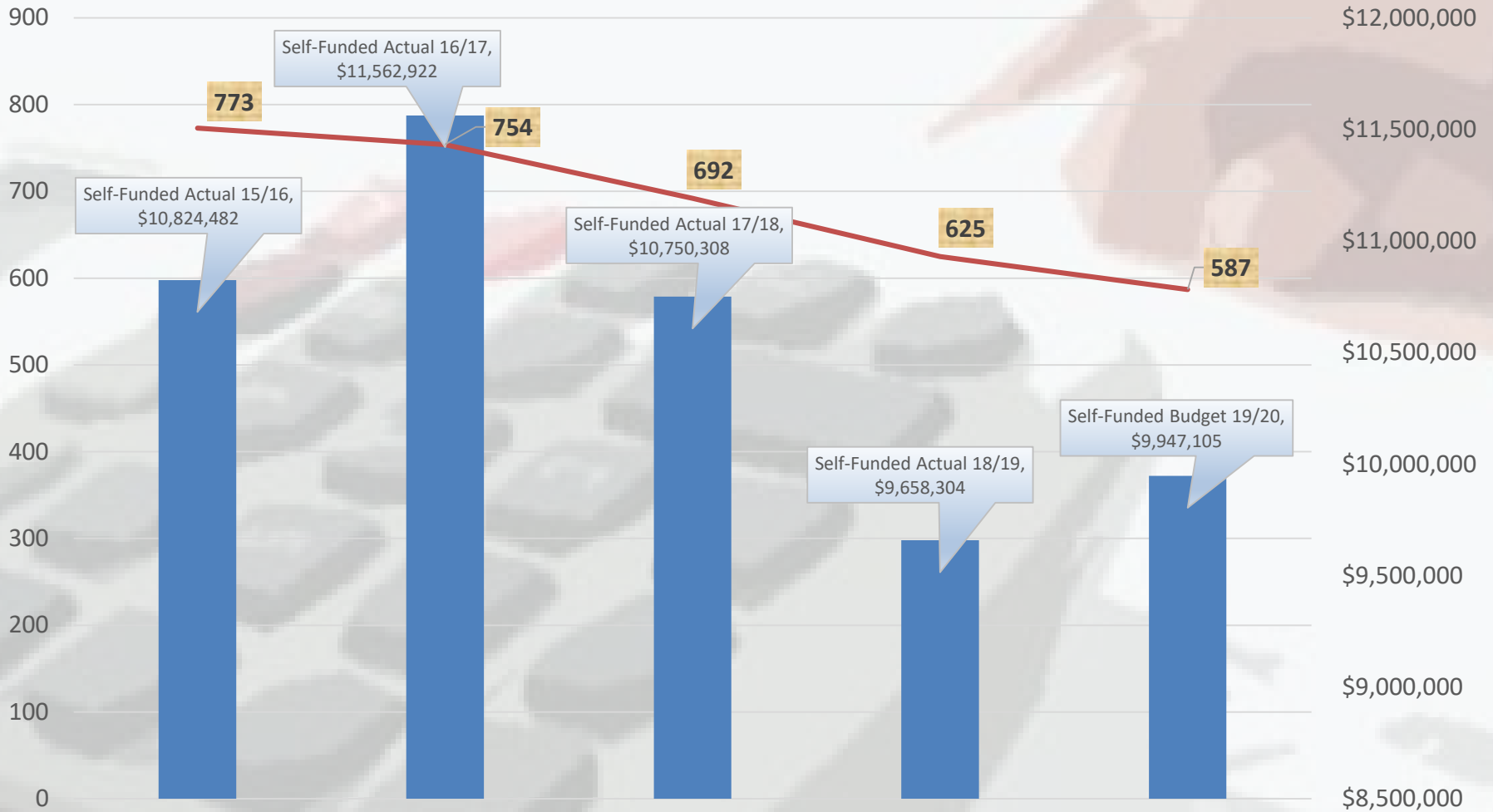
Special Education Costs 6 years

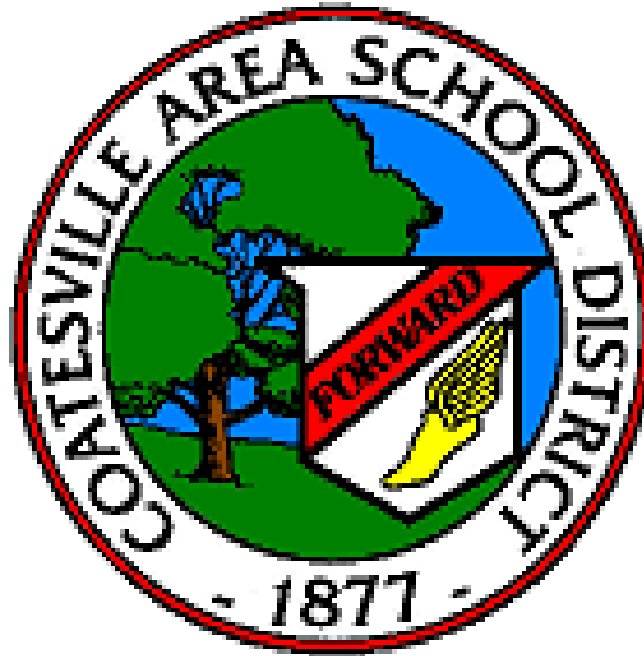


Preliminary Projections

Health Care Costs

Total Cost and Total Employees Covered



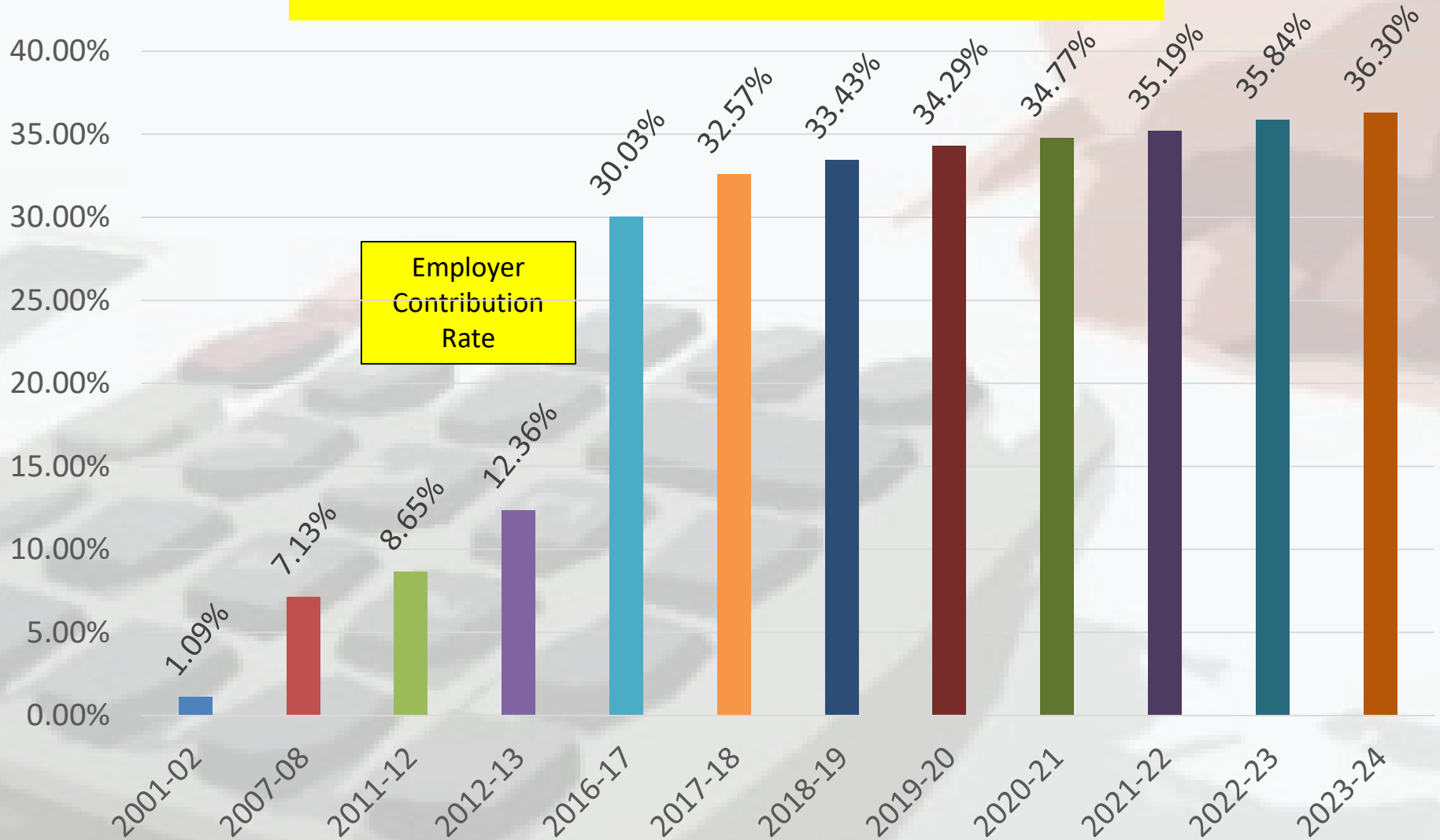


2020-2021 CASD
Draft Preliminary Budget

December 3, 2019

The Pension Issue

Historical & Projected Pension Contribution Rates

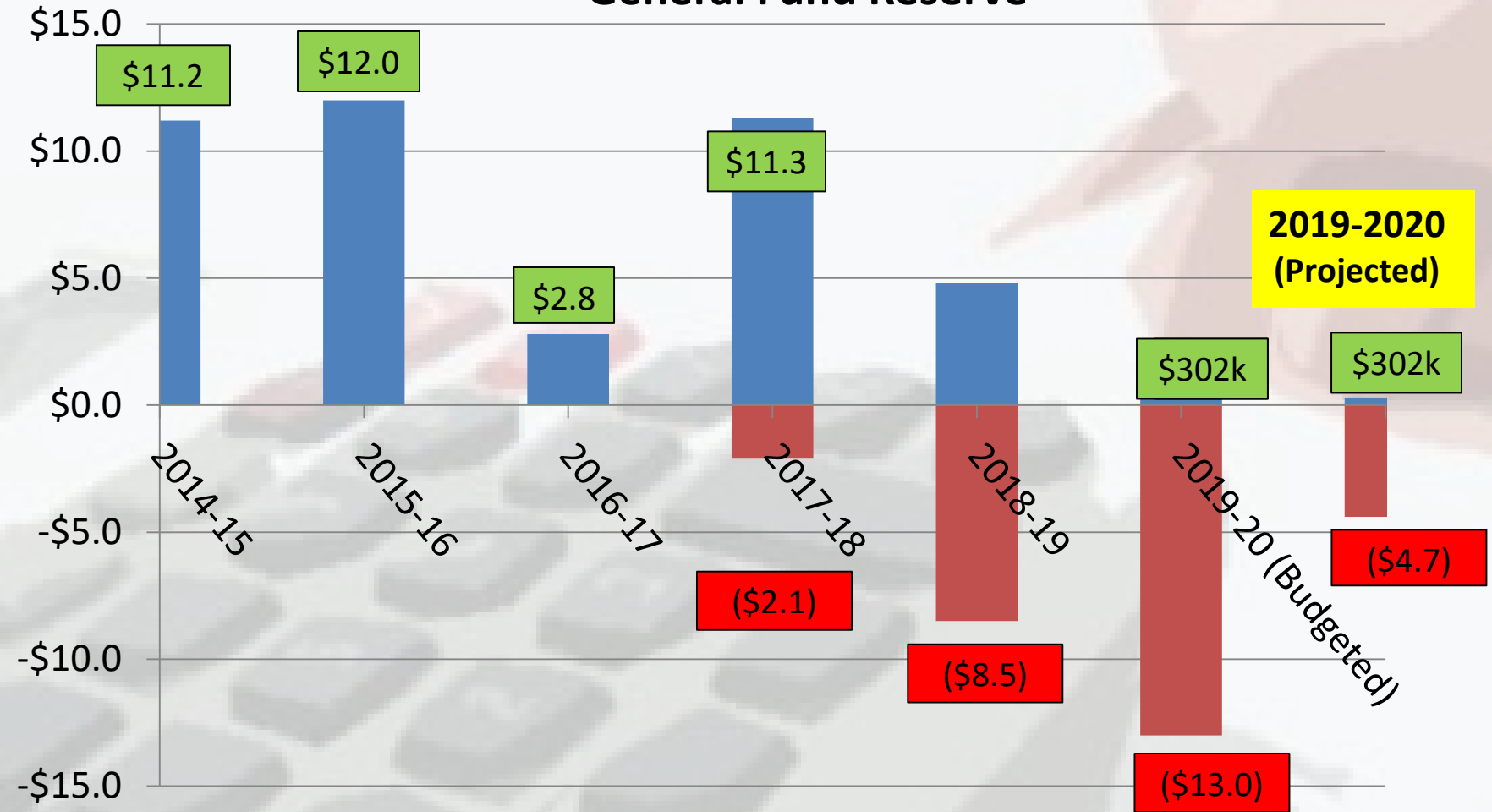


Variables

- Economy
- Population Growth
- Politics
 - State Budget
 - Looming Threat of Property Tax Reform
- Assessment Appeals
- Insurance Costs
- Special Education
- Charter Schools

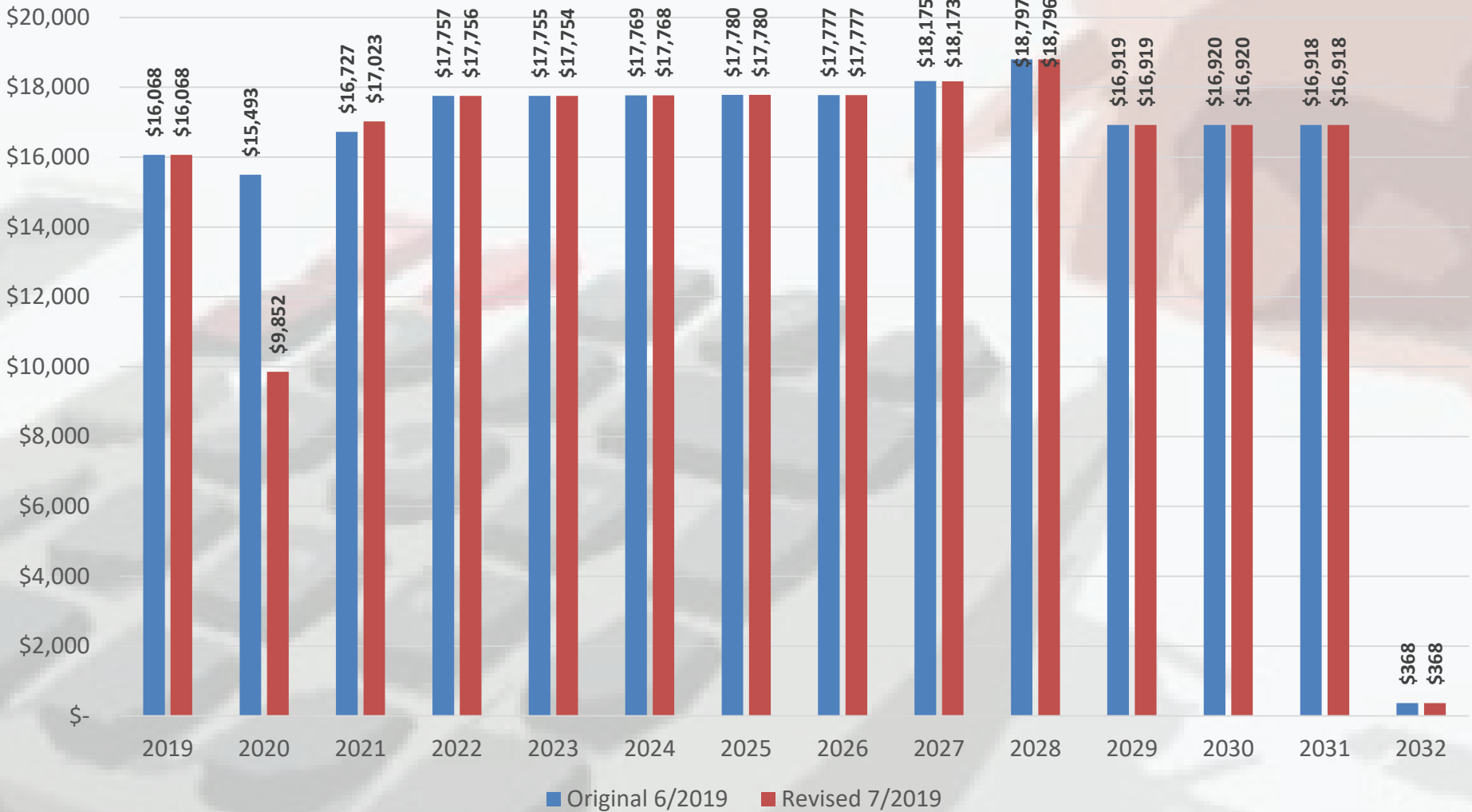
Reserves

General Fund Reserve



In Millions

Debt Amortization



■ Original 6/2019 ■ Revised 7/2019

In Thousands

Major Increases for 2020-2021:

- >Salaries: 0
- >Benefits: 0
- >Special Education: + \$400k
- >Substitute Teachers: +200k
- >Transportation: +\$500k
- >Charter Schools: +\$12.2m
- >Debt Dervice: 0



Building a Budget:

Staffing:	37.6% (\$72.0 million)	46.6%
Debt:	9.0% (\$17.3 million)	87.4%
Support of Other Schools:	40.8% (\$78.0million)	93.2%
Transportation:	5.8% (\$11.0 million)	97.6%
Infrastructure:	4.4% (\$8.5 million)	100%
Operating Costs:	2.4% (\$4.5 million)	100%
Budgetary Reserve:	0.0% (\$0.0 million)	100%



Total Budget: \$191,300,000



Total:
\$110,300,000

Revenues: Funding the Budget	
Local Sources	\$ 124.0 million
State Sources	52.6 million
Federal Sources	3.7 million
TOTAL REVENUE	\$ 180.3 million
BUDGET GAP before any tax increase	11.0 million
Use of Reserves	N/A
TOTAL before any tax increase	\$ 191.3 million
BUDGET GAP After proposed use of Reserves	\$ 11.0 million

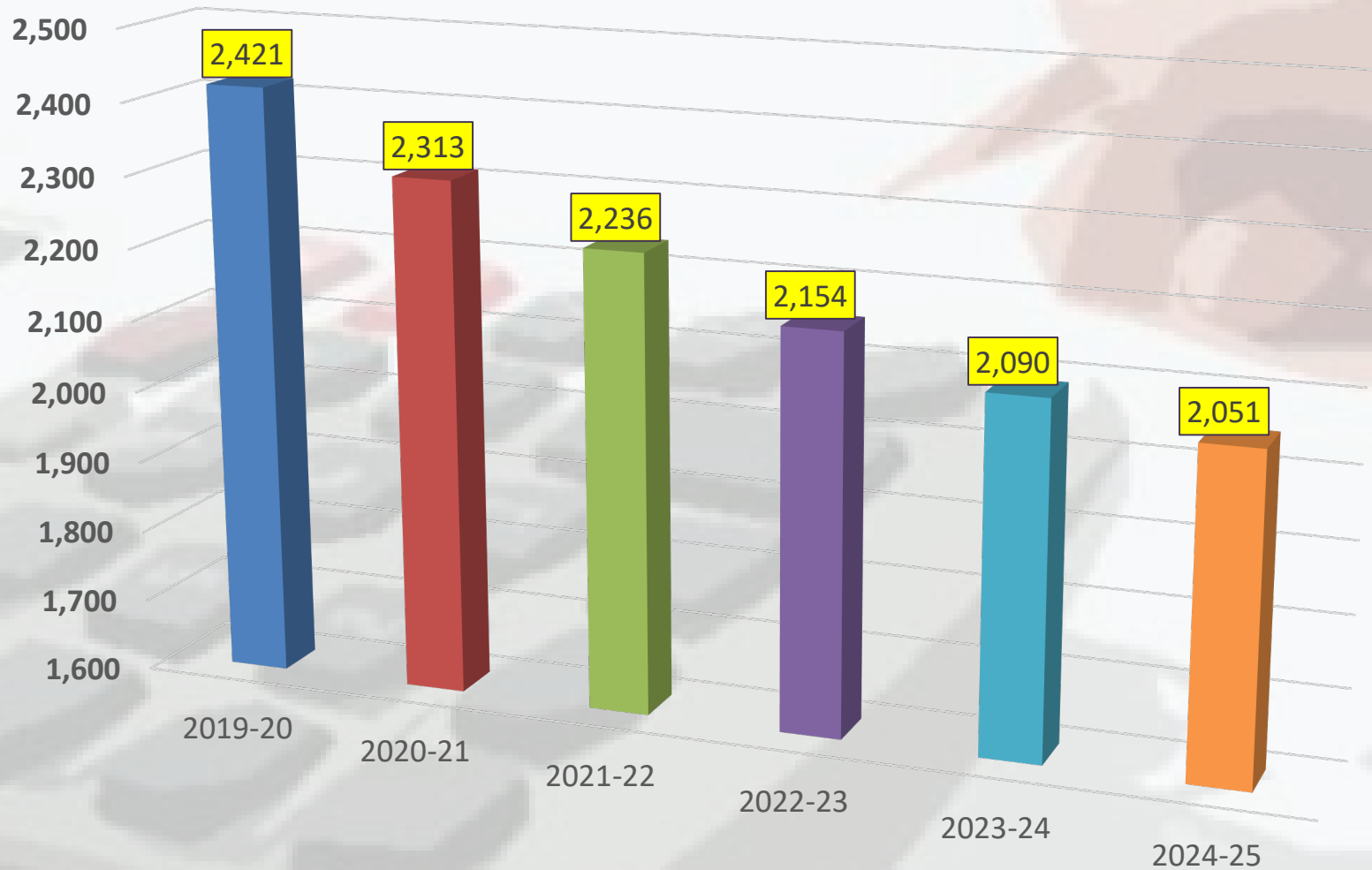
Projected District Enrollment 2020-2025



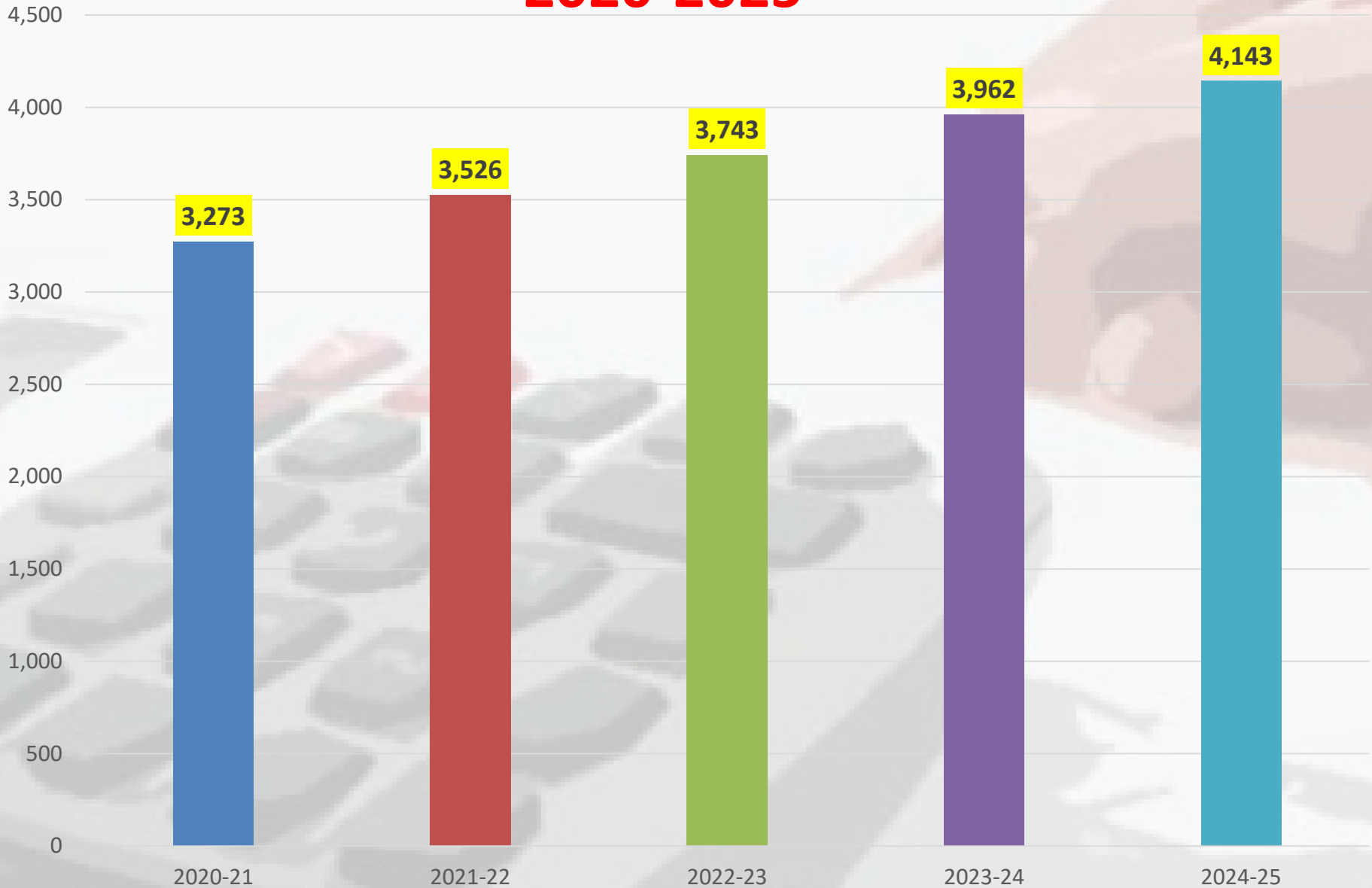
Projected District Enrollment

2020-2025

Elementary Enrollment
Current and Projected

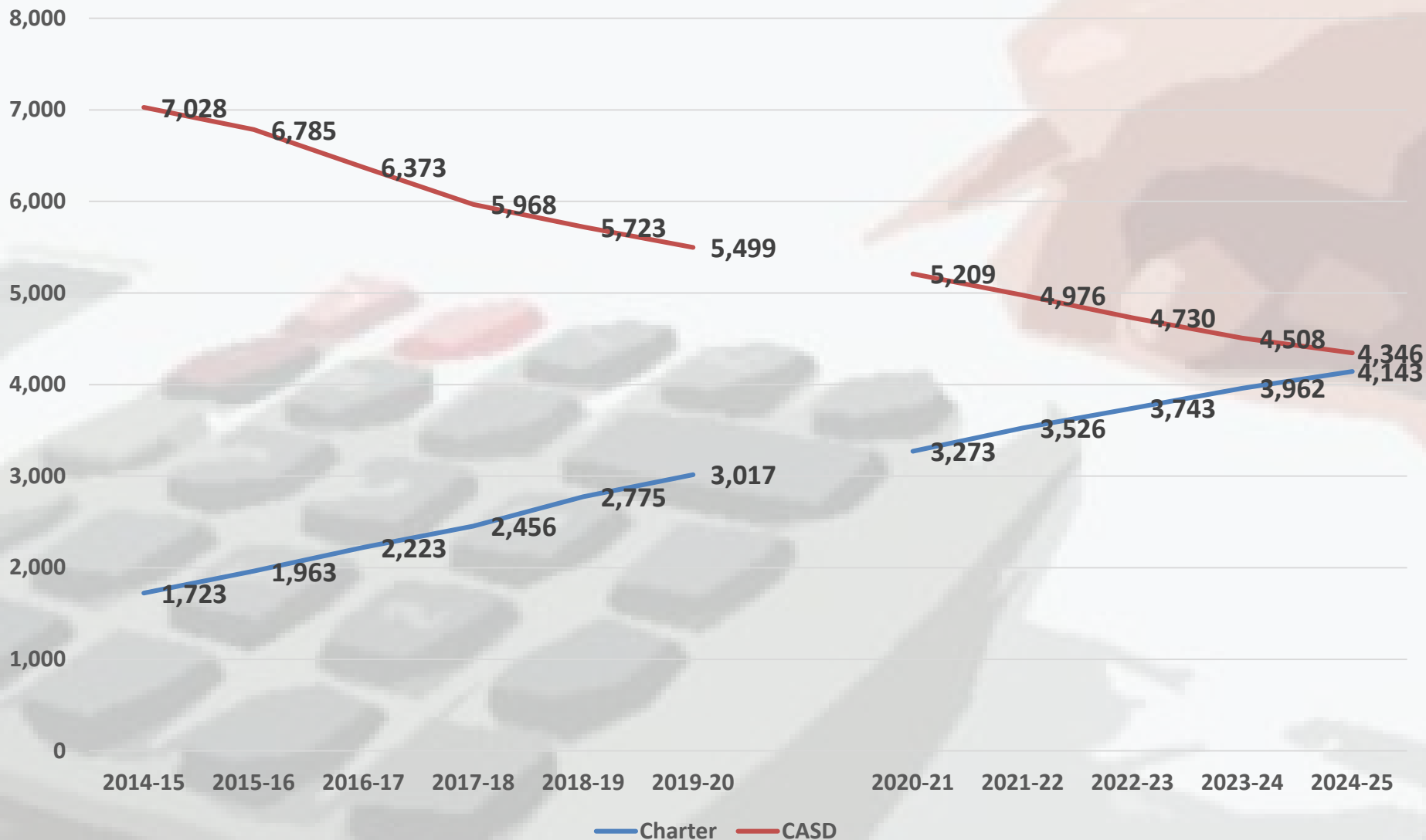


Projected Charter School Enrollment 2020-2025

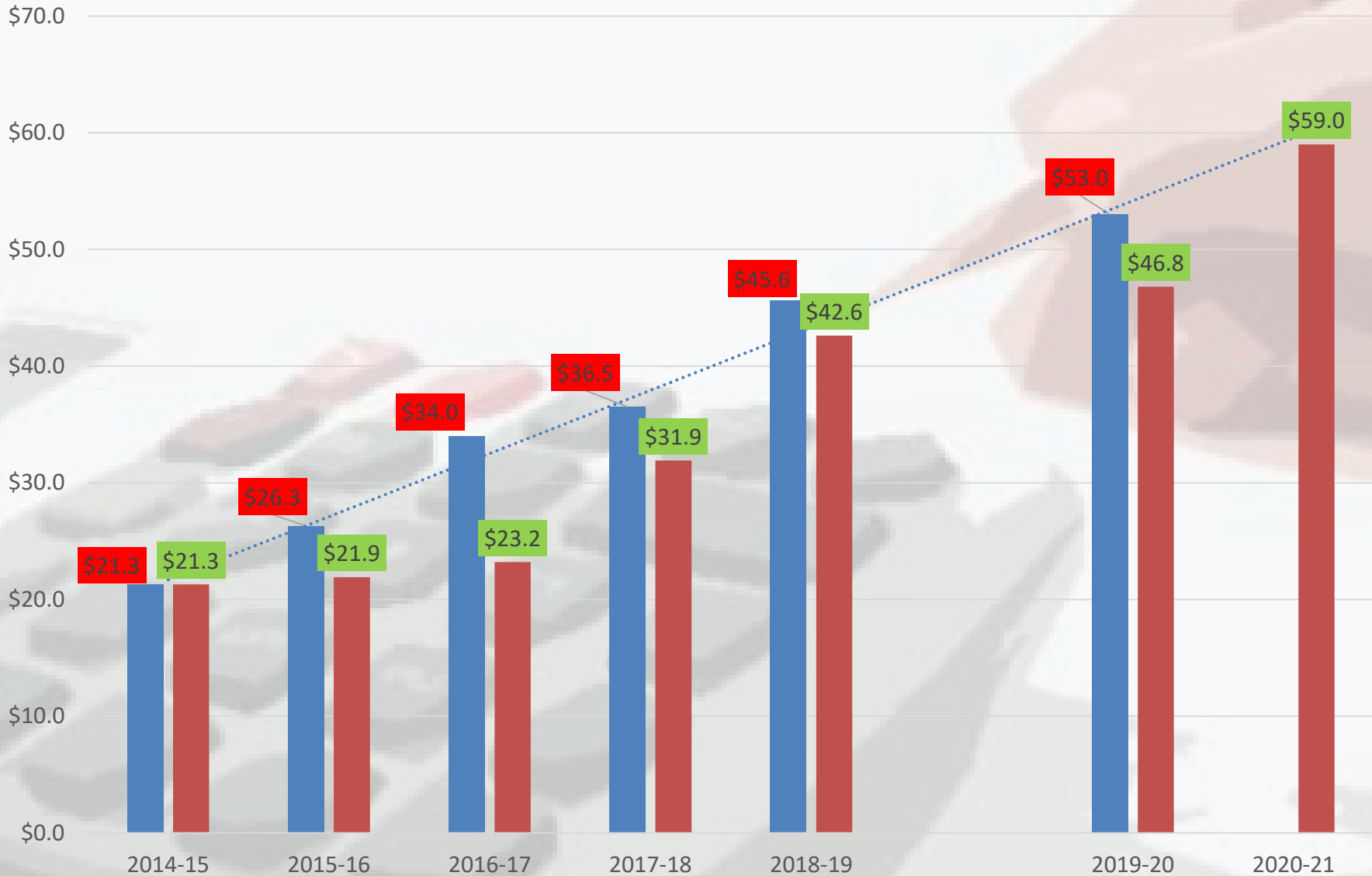


Projected Charter School Enrollment 2020-2025

CASD vs Charter School Enrollment Trend



Historical & Projected Charter School Costs



Class Size

Suggested Elementary Class Size Ranges

Kdg. – 1 st	18 – 22 Students
2 nd – 3 rd	20 – 24 Students
4 th – 5 th	22 – 26 Students

Suggested MS Class Size Ranges

6 th – 8 th	24 – 28 Students
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Suggested HS Class Size Ranges

9 th – 12 th	26 – 30 Students
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Secondary classes with enrollments of fewer than fifteen (15) students shall require administrative approval in order to be conducted.

Staffing: Projected for 2020-2021

School Level	Staffing Proposed
Secondary	TBD
Elementary	TBD
Special Education	TBD
Other (Support, Adm, Etc..)	TBD
Estimated Total	TBD Need a total Reduction of positions to balance budget without raising taxes

Act 1: Historical

Fiscal Year	Act 1 Index (Adjusted Base)	CASD Millage Increase (%)	*CPI Increase
2020-21	3.3%	TBD	TBD
2019-20	2.9%	3.9%	1.6%
2018-19	3.0%	5.3%	2.8%
2017-18	3.2%	4.3%	2.0%
2016-17	3.1%	2.1%	0.3%
2015-16	2.4%	2.4%	0.0%
2014-15	2.6%	2.6%	1.7%
2013-14	2.1%	3.6%	1.5%
2012-13	2.1%	2.1%	1.7%
2011-12	1.7%	3.5%	3.6%
Avg's	2.6%	3.3%	1.7%

***Social Security Cost-Of-Living Adjustments –
Bureau of Labor Statistics
January 1st of Year following the budget
adoption**

Act 1 Index & Use of Exceptions

Referendum Exceptions

Special Education

Retirement Expenses

Special Education Estimated Referendum Exceptions	\$3,000,000 (Tentative) Estimated additional 3% Tax Increase if done
Pension	\$0

Estimated Revenue

Remaining
Budget Gap

Estimated Revenue from
Act 1 Index
(Allowable increase of 3.3%)
21.784 mills

\$3.4 million

\$7.6 million

Estimated Revenue from
Act 1 Exceptions

\$3.0 million

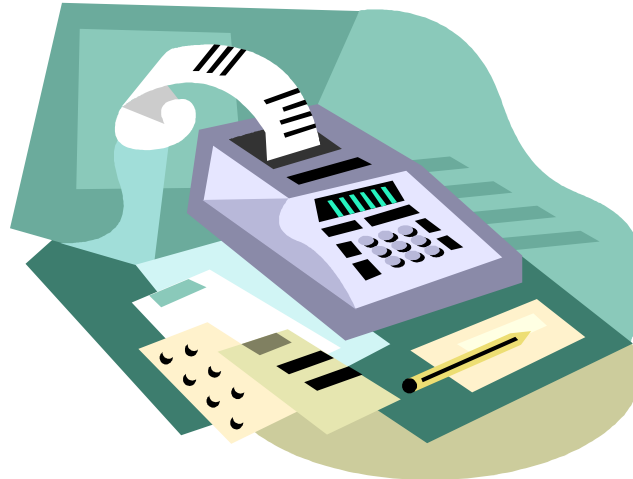
TBD – If used

A Look at Millage:

Current millage (19-20): 38.2014

Millage proposed to fund 20-21
budget: TBD

TBD%



Act 1 Index = 3.3%

Impact on Taxpayer

**Tax Increase of the Act 1 Index
(3.3%)**

TBD

Average Assessment - \$
Median Assessment - \$

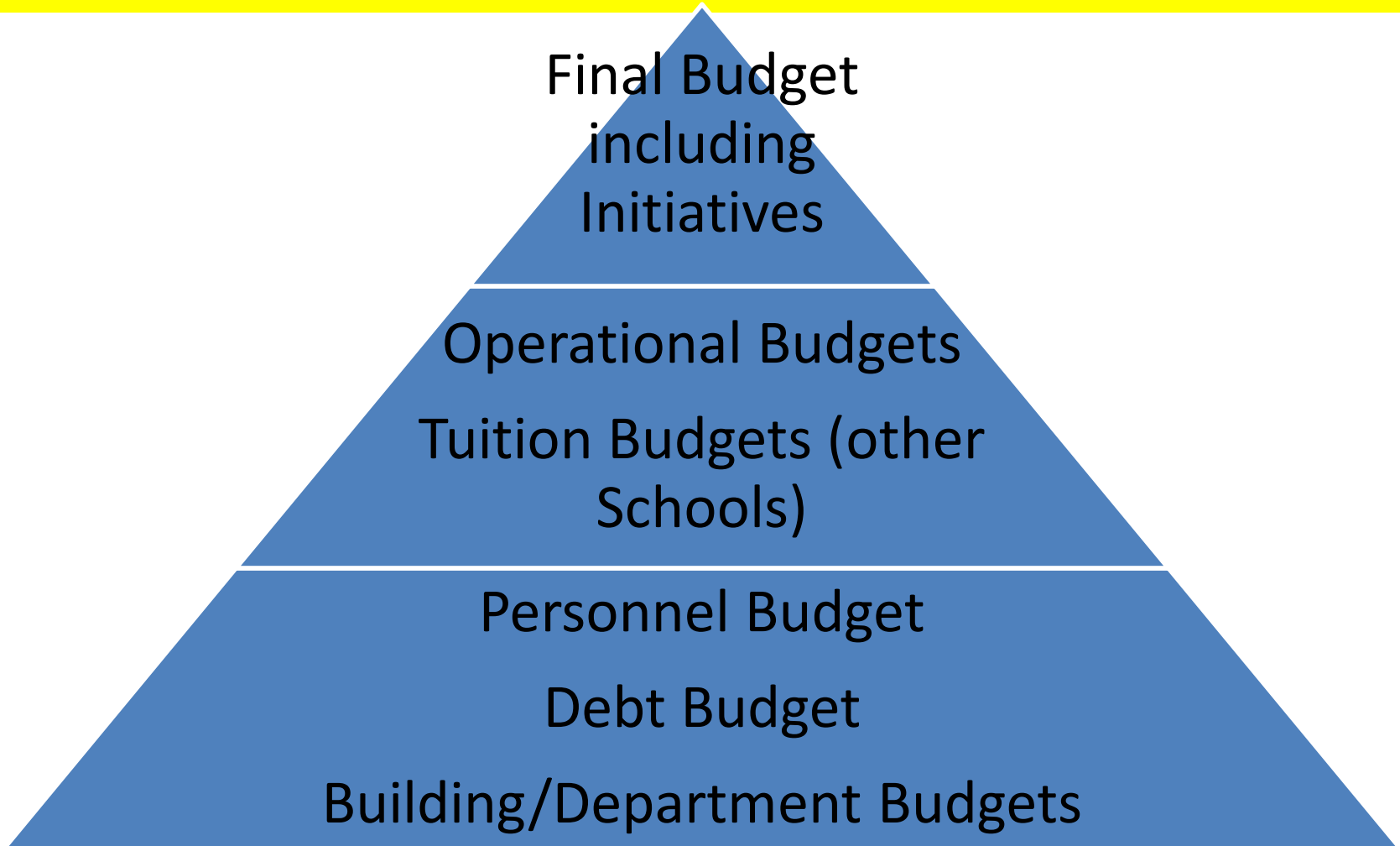
Average
Median

TBD



Current millage (2019-2020) is 38.2018

Budget Construction



Areas with Potential Gaps

Areas to Look out for:

- Charter School Tuition
- Staffing
- Transportation
- Special Education
- Health Care Costs
- STATE BUDGET!!
 - (And Potential Surprise Legislation)

>Complacency

Budget Timeline

Stay within Act 1 Index



Adopt resolution before 1/9/2020 indicating CASD will stay within Index (12/17/19)

Preliminary budget adopted:
4/28/2020

Final budget adopted:
6/9/2020

Use Act 1 Index PLUS possible referendum exceptions



Preliminary budget available to public no later than 1/9/20

Board must adopt preliminary budget by 1/29/20 (1/28/20)

Board must file exceptions with PDE by 2/13/20 (1/28/20)

Final budget adopted:
6/9/2020

On the Budget Calendar

2020-2021 Budget Action Dates for the Board

- Dec 17:** Deadline to approve Resolution not to raise taxes over Act 1 Index
- Jan 28:** Board adopts preliminary budget if opt out Resolution NOT adopted and deadline for approval of any referendum exceptions (Deadline to approve filing of Referendum Exceptions is Feb 13, so could approve n Feb 11, but recommend approval on this date)
- Apr 28:** Board adopts preliminary budget if opt out Resolution is adopted
- May 22:** Final budget available for inspection (20 days before adoption)
- May 30:** Public notice of intent to adopt final budget (10 days before adoption)
- June 9:** Final budget adoption (must be before June 30)

