

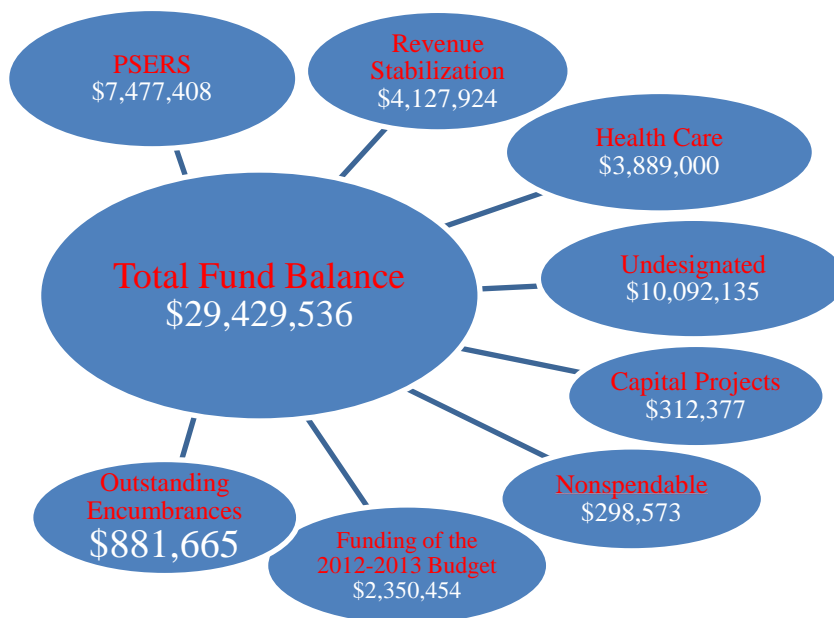
MINUTES

Council Rock School District Finance Committee Wednesday, August 21, 2013 at 7:00 p.m.

The Chancellor Center, Historic Classroom 1

- I. Continued Discussion on Fund balances and their sizing relative to uncertainty
 - a. Projections and Modeling of Employer Contributions to the Pennsylvania School Employees Retirement System (PSERS).

Dr. Foster reminded the Committee that it was decided at the conclusion of the July 21st Finance Committee Meeting that we would develop a PSERS employer contribution projection model. He explained that this model would include options in utilizing our existing fund balances to reduce the impact of these increasing costs. He then reviewed the status of our existing general fund, fund balance.



Mr. Reinhart reviewed the projection modeling the increased costs of our employer retirement contributions through the year ending June 30, 2023. He explained the assumption being made in these projections:

- The Salaries being used are based on the 2013-2014 budget and are not being increase throughout the nine year period.
- The Retirement Contribution Rate is presented based on projected contribution rates prepared by the Pennsylvania School Employees Retirement System (PSERS)
- The state share of our contributions is based on the current state contribution level of 50% of total costs.
- The Revenue generated from one mil of real estate tax is based on the collection rate and assessment values assumptions made in the 2013-2014 budget.

Mr. Reinhart reviewed the information contained on the Projection spreadsheet (See attached). He explained that the analysis should be viewed in the following three distinct sections:

- The top section calculates the projected costs of the PSERS; determines the amount of state support the district will receive and the amount of increased costs needed to be supported through local sources.
- The middle section uses the increased costs and provides the analysis of funding the local increase of costs. The annual increase in the real estate millage rate and revenue generated is identified. Once the revenue generated from real estate taxes is determined, the amount needed to be funded through the use of fund balance is identified. Finally, the annual effect on the existing fund balance is displayed.

- The final section identifies the annual real estate millage rate based on the amount of increase in taxes each year.

He presented the following three scenarios in financing the increase in contributions over the next nine years:

- Level Increase in Taxes, Use of Existing Committed Fund Balance
- 0.85% Increase in Taxes, Need For Additional Fund Balance
- Tax Increase to Fund Total Local Increase in Retirement, No Use of Fund Balance.

Mr. Reinhart reviewed each of these scenarios individually and pointed to the final millage rate in each of the scenarios. He explained that once the fund balance is used the millage rate will be the same in each scenario.

There was significant discussion regarding each scenario. Members of the Committee believed the information is very useful in developing a framework for future budget discussions.

The Committee agreed that the next step in this discussion is to identify and discuss a realistic capital plan. A financial plan should be developed based on the costs associated with this capital plan. The use of our fund balances should be a component to financing decisions to be made.

Next Meeting Thursday, September 26, 2013.

Council Rock School District
Retirement Contribution Ten Year Projection
August 21, 2013

Use Existing PSERS Reserve, Level Increase

	2014-2015		2015-2016		2016-2017		2017-2018		2018-2019		2019-2020		2020-2021		2021-2022		2022-2023		
	2013-2014 Budget	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection
Salaries and Wages	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570
Retirement Contribution Rate	16.93%		21.31%		25.80%		28.30%		29.15%		30.14%		30.87%		30.78%		30.76%		30.93%
Total Retirement Contributions	18,455,320		23,229,939		28,124,469		30,849,708		31,776,290		32,855,484		33,651,254		33,553,146		33,531,344		33,716,660
Less:																			
State Share of Contribution	9,227,660		11,614,970		14,062,235		15,424,854		15,888,145		16,427,742		16,825,627		16,776,573		16,765,672		16,858,330
Local Share of Contribution	9,227,660		11,614,969		14,062,234		15,424,854		15,888,145		16,427,742		16,825,627		16,776,573		16,765,672		16,858,330
Annual Increase to Local Share			2,387,309		2,447,265		1,362,620		463,291		539,597		397,885		(49,054)		(10,901)		92,658
Cumulative Increase			\$ 2,387,309		\$ 4,834,574		\$ 6,197,194		\$ 6,660,485		\$ 7,200,082		\$ 7,597,967		\$ 7,548,913		\$ 7,538,012		\$ 7,630,670

	2014-2015		2015-2016		2016-2017		2017-2018		2018-2019		2019-2020		2020-2021		2021-2022		2022-2023	
Funding of the Increase	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount
Real Estate Taxes (Reoccurring)																		
Value of One Mil	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%
Millage Rate	114.02	0.95%	1.08	0.95%	1.09	0.95%	1.10	0.95%	1.11	0.95%	1.12	0.53%	0.63	0.06%	-	0.00%	0.07	0.06%
Additional Revenue		1,313,817		1,325,982		1,338,147		1,350,312		1,362,477		766,393		85,155		-		85,155
Additional Resources Necessary To Fund Increase																		
Annual Amount		1,073,492		1,121,283		24,473		(887,021)		(822,880)		(368,508)		(134,209)		(10,901)		7,503
Carry forward		-		1,073,492		2,194,775		2,219,248		1,332,227		509,347		140,839		6,630		(4,271)
Total		1,073,492		2,194,775		2,219,248		1,332,227		509,347		140,839		6,630		(4,271)		3,232
Fund Balance (One Time)																		
Starting Fund Balance		7,477,408		6,403,916		4,209,141		1,989,893		657,666		148,319		7,480		850		5,121
Less:																		
Fund Balance Used		1,073,492		2,194,775		2,219,248		1,332,227		509,347		140,839		6,630		(4,271)		3,232
Ending Fund Balance		\$ 6,403,916		\$ 4,209,141		\$ 1,989,893		\$ 657,666		\$ 148,319		\$ 7,480		\$ 850		\$ 5,121		\$ 1,889

Millage Rate	115.10	116.19	117.29	118.40	119.52	120.15	120.22	120.22	120.29
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Council Rock School District
Retirement Contribution Ten Year Projection
August 21, 2013

0.85% For Years, Use Of Additional Fund Balance

	2014-2015		2015-2016		2016-2017		2017-2018		2018-2019		2019-2020		2020-2021		2021-2022		2022-2023		
	2013-2014 Budget	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection	% Increase	Projection
Salaries and Wages	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570
Retirement Contribution Rate	16.93%		21.31%		25.80%		28.30%		29.15%		30.14%		30.87%		30.87%		30.87%		30.87%
Total Retirement Contributions	18,455,320		23,229,939		28,124,469		30,849,708		31,776,290		32,855,484		33,651,254		33,651,254		33,651,254		33,651,254
Less:																			
State Share of Contribution	9,227,660		11,614,970		14,062,235		15,424,854		15,888,145		16,427,742		16,825,627		16,825,627		16,825,627		16,825,627
Local Share of Contribution	9,227,660		11,614,969		14,062,234		15,424,854		15,888,145		16,427,742		16,825,627		16,825,627		16,825,627		16,825,627
Annual Increase to Local Share			2,387,309		2,447,265		1,362,620		463,291		539,597		397,885		-		-		-
Cumulative Increase			\$ 2,387,309		\$ 4,834,574		\$ 6,197,194		\$ 6,660,485		\$ 7,200,082		\$ 7,597,967		\$ 7,597,967		\$ 7,597,967		\$ 7,597,967

Funding of the Increase

	2014-2015		2015-2016		2016-2017		2017-2018		2018-2019		2019-2020		2020-2021		2021-2022		2022-2023	
Funding of the Increase	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount
Real Estate Taxes (Reoccurring)																		
Value of One Mil	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%
Millage Rate	114.02	0.85%	0.97	0.85%	0.98	0.85%	0.99	0.85%	0.99	0.85%	1.00	0.85%	1.01	0.26%	0.31	0.00%	-	0.00%
Additional Revenue			1,180,002		1,192,167		1,204,332		1,204,332		1,216,497		1,228,662		377,114		-	
Additional Resources Necessary To Fund Increase																		
Annual Amount			1,207,307		1,255,098		158,288		(741,041)		(676,900)		(830,777)		(377,114)		-	
Carry forward			-		1,207,307		2,462,405		2,620,693		1,879,652		1,202,752		371,975		(5,139)	
Total			1,207,307		2,462,405		2,620,693		1,879,652		1,202,752		371,975		(5,139)		(5,139)	
Fund Balance (One Time)																		
Starting Fund Balance			7,477,408		6,270,101		3,807,696		1,187,003		(692,649)		(1,895,401)		(2,267,376)		(2,262,237)	
Less:																		
Fund Balance Used			1,207,307		2,462,405		2,620,693		1,879,652		1,202,752		371,975		(5,139)		(5,139)	
Ending Fund Balance			\$ 6,270,101		\$ 3,807,696		\$ 1,187,003		\$ (692,649)		\$ (1,895,401)		\$ (2,267,376)		\$ (2,262,237)		\$ (2,257,098)	

Millage Rate	114.99	115.97	116.96	117.95	118.95	119.96	120.27	120.27	120.27
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Council Rock School District

Retirement Contribution Ten Year Projection

August 21, 2013

No Fund Balance, Tax Increases

	2014-2015		2015-2016		2016-2017		2017-2018		2018-2019		2019-2020		2020-2021		2021-2022		2022-2023
	2013-2014	%		%		%		%		%		%		%		%	
	Budget	Increase	Projection	Increase	Projection	Increase	Projection	Increase	Projection	Increase	Projection	Increase	Projection	Increase	Projection	Increase	Projection
Salaries and Wages	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570	0.00%	\$ 109,009,570
Retirement Contribution Rate	16.93%		21.31%		25.80%		28.30%		29.15%		30.14%		30.87%		30.78%		30.76%
Total Retirement Contributions	18,455,320		23,229,939		28,124,469		30,849,708		31,776,290		32,855,484		33,651,254		33,553,146		33,531,344
Less:																	
State Share of Contribution	9,227,660		11,614,970		14,062,235		15,424,854		15,888,145		16,427,742		16,825,627		16,776,573		16,765,672
Local Share of Contribution	9,227,660		11,614,969		14,062,234		15,424,854		15,888,145		16,427,742		16,825,627		16,776,573		16,765,672
Annual Increase to Local Share			2,387,309		2,447,265		1,362,620		463,291		539,597		397,885		(49,054)		(10,901)
Cumulative Increase			\$ 2,387,309		\$ 4,834,574		\$ 6,197,194		\$ 6,660,485		\$ 7,200,082		\$ 7,597,967		\$ 7,548,913		\$ 7,538,012

	2014-2015		2015-2016		2016-2017		2017-2018		2018-2019		2019-2020		2020-2021		2021-2022		2022-2023
	%		%		%		%		%		%		%		%		%
Funding of the Increase	Increase	Amount	Increase	Amount	Increase	Amount	Increase	Amount	Increase	Amount	Increase	Amount	Increase	Amount	Increase	Amount	Increase
Real Estate Taxes (Reoccurring)																	
Value of One Mil	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497	0.00%	1,216,497
Millage Rate	114.02	1.72%	1.96	1.74%	2.02	0.95%	1.12	0.31%	0.37	0.38%	0.45	0.27%	0.32	-0.03%	(0.04)	-0.01%	(0.01)
Additional Revenue			2,384,334		2,457,324		1,362,477		450,104		547,424		389,279		(48,660)		(12,165)
Additional Resources Necessary To Fund Increase																	
Annual Amount			2,975		(10,059)		143		13,187		(7,827)		8,606		(394)		1,264
Carry forward			-		2,975		(7,084)		6,246		(1,581)		7,025		6,631		7,895
Total			2,975		(7,084)		(6,941)		6,246		(1,581)		7,025		6,631		7,895
Fund Balance (One Time)																	
Starting Fund Balance			-		(2,975)		4,109		11,050		4,804		6,385		(640)		(7,271)
Less:																	
Fund Balance Used			2,975		(7,084)		(6,941)		6,246		(1,581)		7,025		6,631		7,895
Ending Fund Balance			\$ (2,975)		\$ 4,109		\$ 11,050		\$ 4,804		\$ 6,385		\$ (640)		\$ (7,271)		\$ (15,166)

Millage Rate	115.98	118.00	119.12	119.49	119.94	120.26	120.22	120.21	120.28
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