

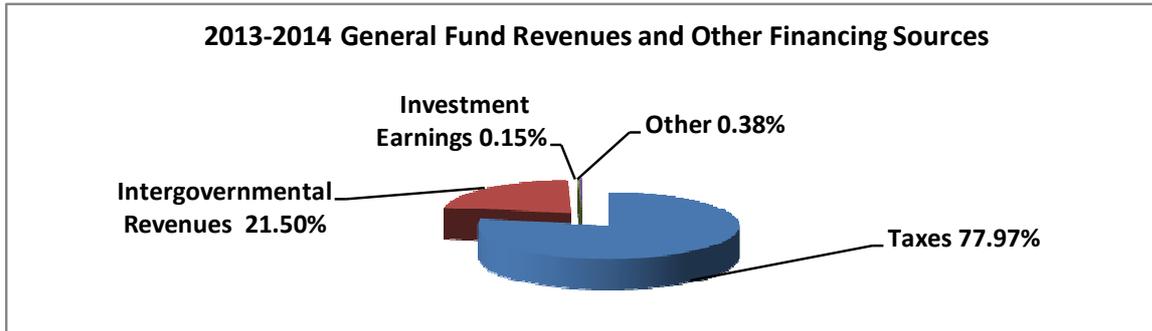
Where Does CR get its Funds and How does CR Spend the Money?

The complete answer to these questions, and more, can be found in the financial audit completed by BDD, Certified Public Accountants. Council Rock has published the audit from the 2013-14 school year online at the following link: http://www.crsd.org/cms/lib5/PA01000188/Centricity/Domain/4/2014_06_30_BA_Financial_Statements.pdf . All text and data below is copied or sourced from this link, and reflects actual revenues and expenses as opposed to budgeted data.

Citizens For Education wants to highlight some of the more specific findings of the report.

Where does CR get its funds?

The source of Council Rock funding is found in the GENERAL FUND – In the words of the audit, “The General Fund is the District's primary operating fund. At the conclusion of the 2013-2014 fiscal year, the General Fund balance was \$29,046,993 representing an increase of \$944,573 in relation to the prior year. The increase in the District's General Fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2013-2014 fiscal year. The District's reliance upon tax revenues is demonstrated by the graph below that indicates 77.97% of General Fund revenues are derived from local taxes.”

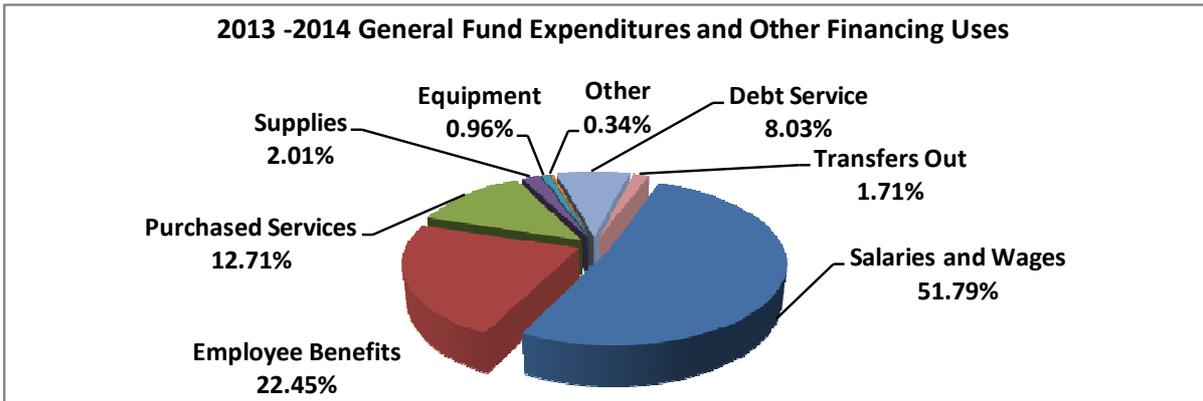


General Fund Revenues and Other Financing Sources

	<u>2014</u>	<u>2013</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
Local Tax revenues	162,163,813	157,647,513	4,516,300	2.87
Intergovernmental Revenues	44,719,959	42,989,819	1,730,140	4.02
Investment earnings	309,452	46,062	263,390	571.82
Other	794,858	1,327,878	-533,020	-40.14
Total	207,988,082	202,011,272	5,976,810	2.96

How does CR spend the money?

“The largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.”



General Fund Expenditures and Other Financing Uses

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$107,224,768	\$107,061,410	\$163,358	0.15
Employee benefits	46,483,838	42,605,577	3,878,261	9.1
Purchased services	26,323,483	25,793,447	530,036	2.05
Supplies	4,174,664	4,542,005	-367,341	-8.09
Equipment	1,982,985	1,590,236	392,749	24.7
Other	706,279	515,003	191,276	37.14
Debt service	16,615,958	16,781,656	-165,698	-0.99
Transfers out	<u>3,531,534</u>	<u>4,449,054</u>	<u>-917,520</u>	<u>-20.62</u>
	\$207,043,509	\$203,338,388	\$3,705,121	1.82

Salaries and wages increased by a modest \$163,358 or .15% in 2013-2014 due to the District's collective bargaining agreements. Employee benefits increased from 2012-13 to 2013-14 by \$3,878,261, or 9.1%. This increase can be almost completely attributed to the District's required contribution to PSERS (Pensions). The 2013-2014 required PSERS contribution rate increased from 12.36% in 2012-2013 to 16.93% in 2013-2014, which translates to a 36.97% increase. This expense is a state mandate, and the district has no control over this expenditure. According to the audit, "As a result of the PSERS contribution rate increase, the associated expenditures increased by \$5,054,432." It should be noted that during the same period, healthcare and dental contributions were reduced by \$1,235,945, due to changes in the healthcare plan selection and a higher employee contribution.

Purchased services increased by \$530,036 or 2.05% in 2013-2014 due to the onetime costs associated with mold remediation in some of our buildings and modular classrooms.

Supplies decreased by \$367,341 or 8.09% in 2013-2014. In 2012-13 the District purchased a large elementary reading curriculum. There were no comparable purchases made this year. In 2013-14, the District increased its technology related spending by \$392,749, which was 24.70% more than in 2012-13.

According to School Board Policy No. 620, the General Fund cannot have more than 5% of the following year's budget for unassigned expenses. In order to comply with this policy, the District made operating transfers totaling \$2,931,534 to the Capital Projects Fund in 2013-14. "In

addition, the District transferred \$600,000 to the Capital Projects Fund as an equity contribution related to the current refunding of general obligation bonds, Series of 2014C.”

Citizens For Education hopes the reader found this abridged version and explanation of District revenues and expenditures to be helpful.