

Warrensburg Central School District

Long Range Financial Analysis

Data Driven Fiscal Planning

R. G. Timbs, Inc.
24 Sherman Oaks Drive
New Hartford, New York 13413
February 2018



Data Sources:

- State Aid Data form the State Education Department (SED)(NYSED)
- District Submissions to SED of the Form ST-3 (3 years prior)
- NYSED website aid calculations
- School District's External Auditor Reports/Recommendations
- Documents of Capital Expenses Consultants of the District
- Buses and Capital Projects Data:
 - Bonds, Bond Anticipation Notes
 - Use of Capital Reserves
 - Debt Service Schedules
 - Related State Aid
- Interviews with the Business Official and Superintendent
- Examination of Tax Cap Calculations
- Examination of PILOT Calculations
- Reports of the Comptroller of the State of New York (OSC)
- Projected Teachers Retirement System Rates and Employees Retirement System Rates

Capital Project Debt Service

Sources:
BPD Inc.
& WCSD

<u>Fiscal Year Ending</u>						
<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Building Aid</u>	<u>Total Local Share</u>	<u>Debt Service Offsets</u>
2018	\$650,000	\$146,950	\$796,950	\$847,655	(\$50,705)	Debt Service Fund
2019	\$565,000	\$133,056	\$698,056	\$845,628	(\$147,572)	\$133,800
2020	\$580,000	\$287,056	\$867,056	\$936,535	(\$69,479)	\$41,200
2021	\$960,000	\$321,975	\$1,281,975	\$1,555,006	(\$273,031)	
2022	\$995,000	\$288,638	\$1,283,638	\$1,555,006	(\$271,368)	
2023	\$730,000	\$253,350	\$983,350	\$1,303,050	(\$319,700)	
2024	\$760,000	\$228,350	\$988,350	\$1,222,650	(\$234,300)	
2025	\$600,000	\$202,825	\$802,825	\$1,060,120	(\$257,295)	
2026	\$615,000	\$184,944	\$799,944	\$1,060,120	(\$260,176)	
2027	\$640,000	\$166,344	\$806,344	\$1,047,854	(\$241,510)	
2028	\$655,000	\$146,763	\$801,763	\$1,035,588	(\$233,825)	
2029	\$675,000	\$126,475	\$801,475	\$1,035,588	(\$234,113)	
2030	\$625,000	\$105,288	\$730,288	\$953,657	(\$223,369)	
2031	\$535,000	\$85,313	\$620,313	\$835,284	(\$214,971)	
2032	\$520,000	\$67,925	\$587,925	\$805,342	(\$217,417)	
2033	\$535,000	\$51,025	\$586,025	\$795,677	(\$209,652)	
2034	\$555,000	\$33,638	\$588,638	\$709,378	(\$120,740)	
2035	\$480,000	\$15,600	\$495,600	\$618,471	(\$122,871)	

Restricted Fund Balance:

	June 2015	June 2016	June 2017	June 2018
Workers' Compensation Reserve	\$38,009	\$100,086	\$350,189	\$351,000
Unemployment Insurance Reserve	\$52,325	\$52,430	\$52,482	\$53,000
Reserve for Retirement Contributions	\$763,187	\$839,718	\$840,902	\$1,198,168
Reserve for Property Loss	\$0	\$0	\$0	\$0
Reserve for Liability Claims	\$0	\$0	\$0	\$0
Insurance Reserve	\$33,008	\$66,075	\$99,142	\$99,200
Reserve for Tax Certiorari	\$131,623	\$131,887	\$421,716	\$31,070
Reserve for Taxes Raised Outside Tax Limit (Cities Over 125,000)	\$0	\$0	\$0	\$0
Reserve for Employee Benefits and Accrued Liabilities	\$862,903	\$843,521	\$846,410	\$847,000
Capital Reserve	\$875,284	\$2,037,134	\$0	\$0
Reserve for Repairs	\$467,615	\$468,552	\$452,220	\$453,000
Reserve for Debt	\$0	\$0	\$0	\$0
Other Restricted Fund Balance	\$0	\$0	\$0	
Total Restricted Fund Balance	\$3,223,954	\$4,539,403	\$3,063,061	\$3,032,438
Assigned Appropriated and Unassigned Fund Balances				
Assigned Unappropriated	\$0	\$0	\$0	\$0
Assigned Appropriated Fund Balance (Against Next Year's Budget)	\$370,000	\$231,704	\$0	\$0
Total Unassigned (cash on hand)	\$824,984	\$787,335	\$2,675,156	\$2,799,905
Total Assigned Appropriated and Unassigned Fund Balances	\$1,194,984	\$1,019,039	\$2,675,156	\$2,799,905
Total All Fund Balances	\$4,803,971	\$5,873,284	\$5,986,472	\$5,932,343
Assigned Appropriated Fund Balance Analysis				
Next Year's Budget	\$19,637,786	\$19,238,143	\$19,566,440	\$19,438,951
Assigned Appropriated Fund Balance (Against Next Year's Budget)	\$370,000	\$231,704	\$0	\$687,859
RPT Law §1318 Allowance 4%	\$785,511	\$769,526	\$782,658	\$777,558
Difference (Over/Under)	(\$39,473)	(\$17,809)	(\$1,892,498)	(\$2,022,347)
Total Unassigned (cash on hand) %	4.2%	4.1%	13.7%	14.4%
Cafeteria Fund	\$48,197	\$43,692	\$61,035	\$75,000
Debt Service Fund	\$175,389	\$175,768	\$175,944	\$0

State Aid Source 2016-17, 2017-18 DBSAA1	CURRENT	Year 1	2018 to 19	Year 2	2019 to 20	Year 3	2020 to 21	Year 4	2021 to 22	Year 5	2022 to 23
Aid Descriptions	2017-18	2018-19	Difference	2019-20	Difference	2020-21	Difference	2021-22	Difference	2022-23	Difference
E(FA0197) 00 FOUNDATION AID	\$8,597,240	\$8,707,580	\$110,340	\$8,817,920	\$110,340	\$8,928,260	\$110,340	\$9,038,600	\$110,340	\$9,148,940	\$110,340
G(FA0029) 00 HIGH TAX AID	\$462,680	\$462,680	\$0	\$462,680	\$0	\$462,680	\$0	\$462,680	\$0	\$462,680	\$0
H(FA0065) 00 SUMMER TRANSPORTATION AID	\$4,070	\$0	(\$4,070)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
I(FA0069) 00 TRANSPORTATION AID W/O SUMMER	\$519,535	\$523,605	\$4,070	\$523,605	\$0	\$523,605	\$0	\$523,605	\$0	\$523,605	\$0
J(FA0073) 00 BUILDING AID	\$828,681	\$845,982	\$17,301	\$936,535	\$90,553	\$1,555,006	\$618,471	\$1,555,006	\$0	\$1,303,050	(\$251,956)
P(FA0093) 00 BOCES AID	\$480,405	\$480,405	\$0	\$507,081	\$26,676	\$507,081	\$0	\$507,081	\$0	\$507,081	\$0
Q(FA0097) 00 PUBLIC EC HIGH COST AID	\$154,460	\$166,738	\$12,278	\$166,738	\$0	\$166,738	\$0	\$166,738	\$0	\$166,738	\$0
R(FA0101) 00 PRIVATE EXCESS COST AID	\$55,444	\$101,244	\$45,800	\$101,244	\$0	\$101,244	\$0	\$101,244	\$0	\$101,244	\$0
S(FA0105) 00 SOFTWARE AID	\$10,846	\$0	(\$10,846)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
T(FA0109) 00 LIBRARY MATERIALS AID	\$4,260	\$0	(\$4,260)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
U(FA0113) 00 TEXTBOOK AID	\$42,872	\$57,368	\$14,496	\$57,368	\$0	\$57,368	\$0	\$57,368	\$0	\$57,368	\$0
V(FA0117) 00 HARDWARE & TECHNOLOGY AID	\$8,656	\$8,592	(\$64)	\$8,592	\$0	\$8,592	\$0	\$8,592	\$0	\$8,592	\$0
AC(FA0189) 00 TOTAL AID	\$11,169,149	\$11,416,149	\$185,045	\$11,581,763	\$227,569	\$12,310,574	\$728,811	\$12,420,914	\$110,340	\$12,279,298	(\$141,616)

Scenario #1

Assumptions Scenario 1

Revenues:

-4% change to Tax Levy 1st Year +2% thereafter*
State Aid Stable with gentle increase in Foundation Aid
Building Aid follows Debt Service Schedule
Federal Aid remains Stable*

Expenditures:

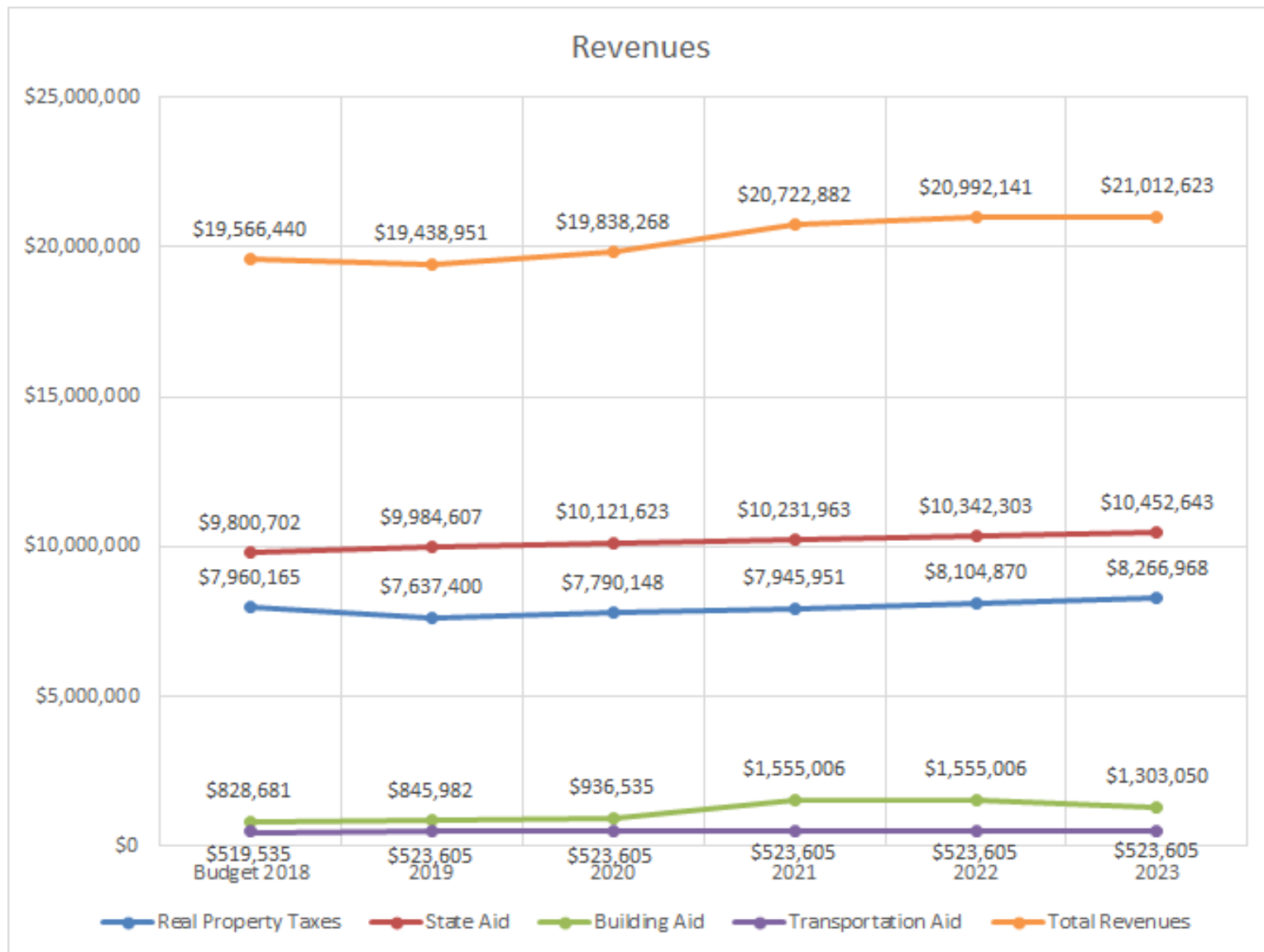
Follow contractual Obligations
No notable changes in staff patterns
Stable ERS and TRS costs*

Fiscal Year Ending June 30:	Budget 2018	2019	2020	2021	2022	2023
REVENUES:		-4.00%	2.00%	2.00%	2.00%	2.00%
Real Property Taxes	\$7,960,165	\$7,637,400	\$7,790,148	\$7,945,951	\$8,104,870	\$8,266,968
PILOT/Tax Penalties	\$35,457	\$60,457	\$79,457	\$79,457	\$79,457	\$79,457
State Aid	\$9,800,702	\$9,984,607	\$10,121,623	\$10,231,963	\$10,342,303	\$10,452,643
Building Aid	\$828,681	\$845,982	\$936,535	\$1,555,006	\$1,555,006	\$1,303,050
Transportation Aid	\$519,535	\$523,605	\$523,605	\$523,605	\$523,605	\$523,605
Federal Aid	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Interfund Transfers	\$34,544	\$0	\$0	\$0	\$0	\$0
Other	\$337,356	\$336,900	\$336,900	\$336,900	\$336,900	\$336,900
Total Revenues	\$19,566,440	\$19,438,951	\$19,838,268	\$20,722,882	\$20,992,141	\$21,012,623

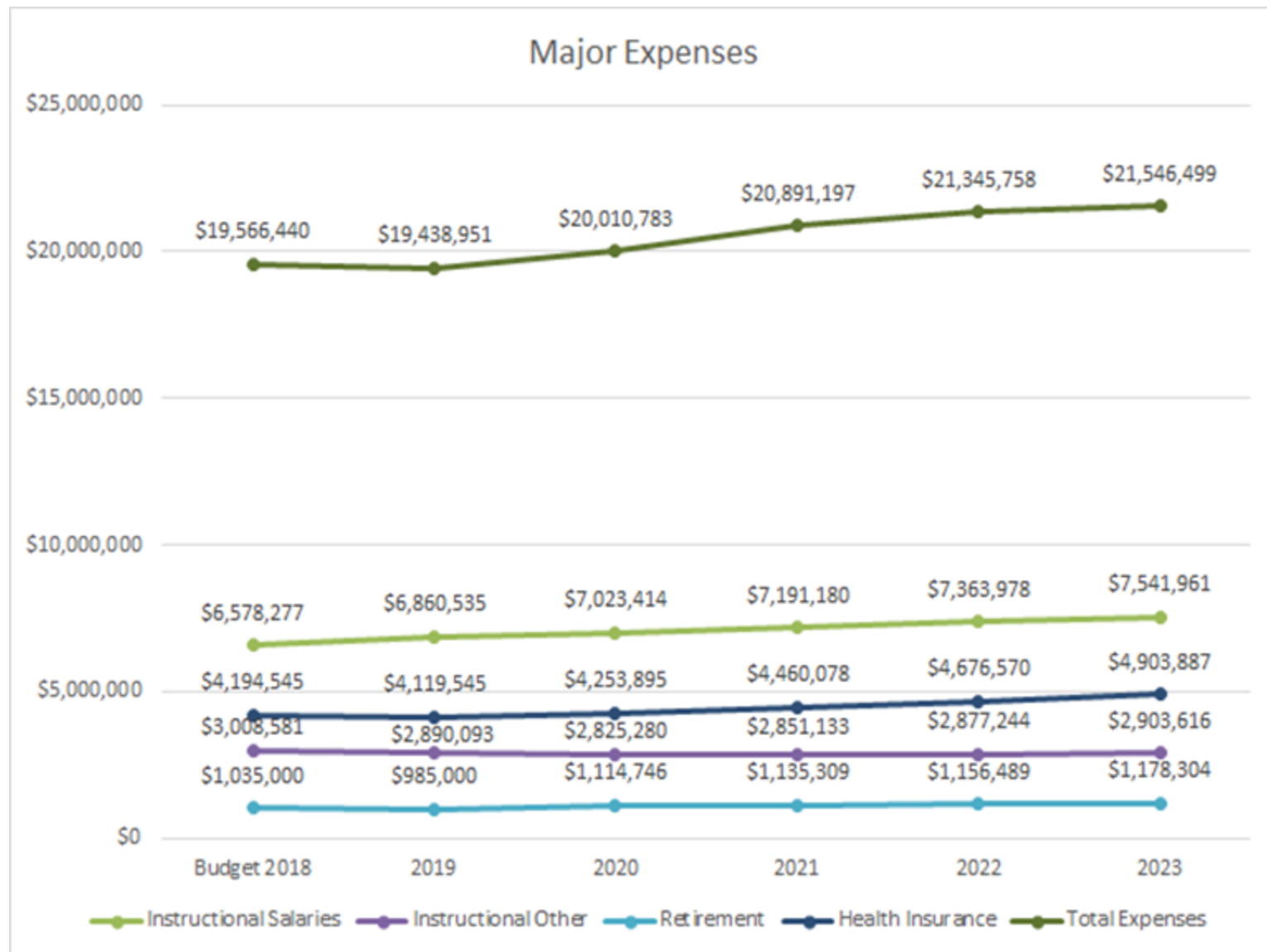
1% Tax Increase = ~\$76,000

Total Revenues		Scenario #1	\$19,566,440	\$19,438,951	\$19,776,313	\$20,660,927	\$20,930,186	\$20,950,668
EXPENSES:		Budget 2018	2019	2020	2021	2022	2023	
General Support								
Salaries		\$882,512	\$906,522	\$930,237	\$954,664	\$979,823	\$1,005,737	
Other		\$1,208,170	\$1,138,131	\$1,148,851	\$1,159,677	\$1,170,612	\$1,181,657	
Instruction								
Salaries		\$6,578,277	\$6,860,535	\$7,023,414	\$7,191,180	\$7,363,978	\$7,541,961	
Other		\$3,008,581	\$2,890,093	\$2,825,280	\$2,851,133	\$2,877,244	\$2,903,616	
Transportation								
Salaries		\$484,608	\$455,000	\$444,209	\$433,094	\$421,646	\$409,855	
Purchase of Buses		\$0	\$30,000	\$30,000	\$30,000	\$0	\$0	
Other		\$388,834	\$379,702	\$382,980	\$386,291	\$389,635	\$393,013	
Community Service (After Sch Program Literacy)		\$18,500	\$117,367	\$117,367	\$117,367	\$117,367	\$117,367	
Employee Benefits								
Retirement (83% Salaries=.150/17% Salaries=.16)		\$1,035,000	\$985,000	\$1,114,746	\$1,135,309	\$1,156,489	\$1,178,304	
Social Security		\$661,463	\$650,000	\$660,135	\$673,988	\$688,256	\$702,952	
Workers' Compensation		\$80,000	\$80,000	\$83,612	\$87,441	\$91,499	\$95,801	
Health		\$4,194,545	\$4,119,545	\$4,253,895	\$4,460,078	\$4,676,570	\$4,903,887	
Other		\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	
Debt Service:								
Buildings -	Principal	\$550,000	\$565,000	\$580,000	\$960,000	\$995,000	\$730,000	
	Interest	\$146,950	\$133,056	\$287,056	\$321,975	\$288,638	\$253,350	
RAN/TAN -	Interest	\$0	\$0	\$0	\$0	\$0	\$0	
Interfund Transfers (4408, Capital Outlay)		\$320,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	
Total Expenses		\$19,566,440	\$19,438,951	\$20,010,783	\$20,891,197	\$21,345,758	\$21,546,499	
Adjustments (Carry Over, etc.)		\$1,441,773	\$1,000,000	\$800,000	\$700,000	\$600,000	\$500,000	
Transfer from fund balance to capital*		\$1,000,000						
4% of Expenses		\$777,558	\$800,431	\$835,648	\$853,830	\$861,860	\$861,860	
Assigned Appropriated Fund Balance		\$0	\$172,514	\$168,314	\$353,617	\$533,876	\$533,876	
Committed Fund Balance		\$248,255	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
Unassigned Fund Balance		\$777,558	\$800,431	\$835,648	\$853,830	\$861,860	\$861,860	
Reserved Fund Balance		\$5,402,432	\$6,355,300	\$6,951,769	\$7,279,970	\$7,338,064	\$7,304,188	
Total Fund Balance June 30		\$6,428,245	\$7,428,245	\$8,055,731	\$8,587,417	\$8,833,800	\$8,799,924	
Revenue to Expenditure Difference		\$0	\$0	(\$172,514)	(\$168,314)	(\$353,617)	(\$533,876)	

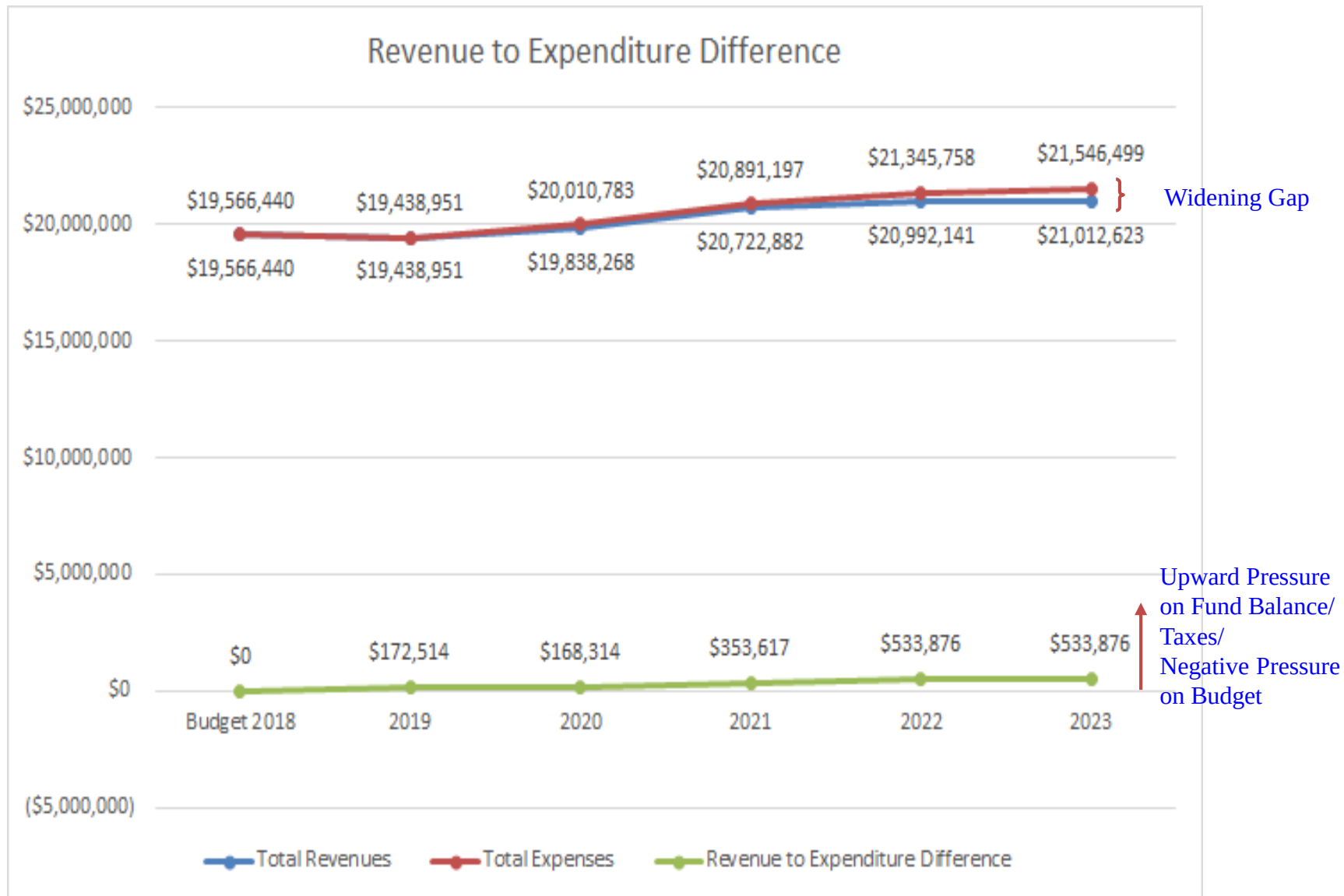
Scenario #1



Scenario #1



Scenario #1



Scenario #2

Assumptions Scenario 2

Revenues:

-4% change to Tax Levy 1st Year +0% thereafter*
 State Aid Stable with gentle increase in Foundation Aid
 Building Aid follows Debt Service Schedule
 Federal Aid remains Stable*

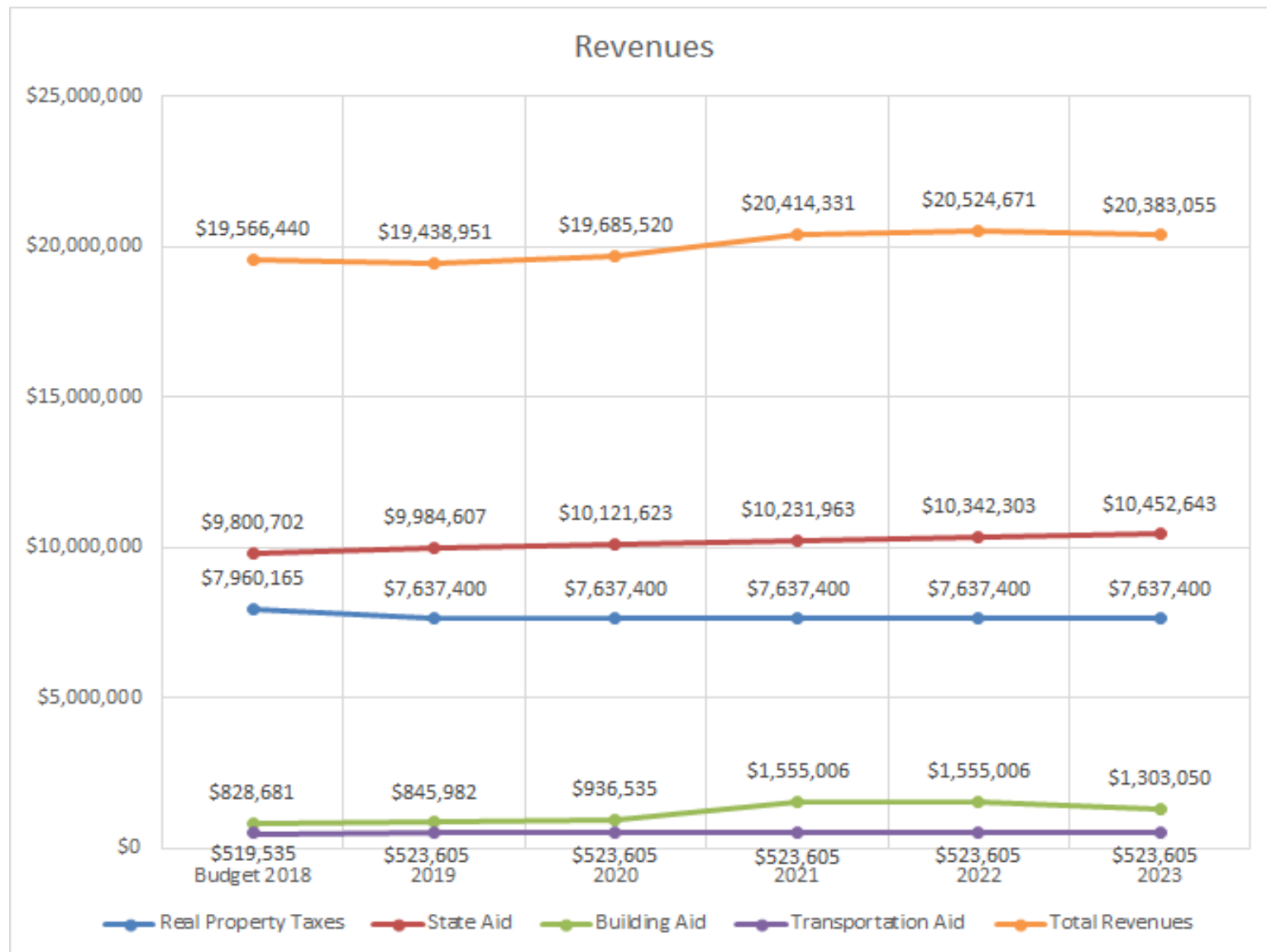
Expenditures:

Follow contractual Obligations
 No notable changes in staff patterns
 Stable ERS and TRS costs*

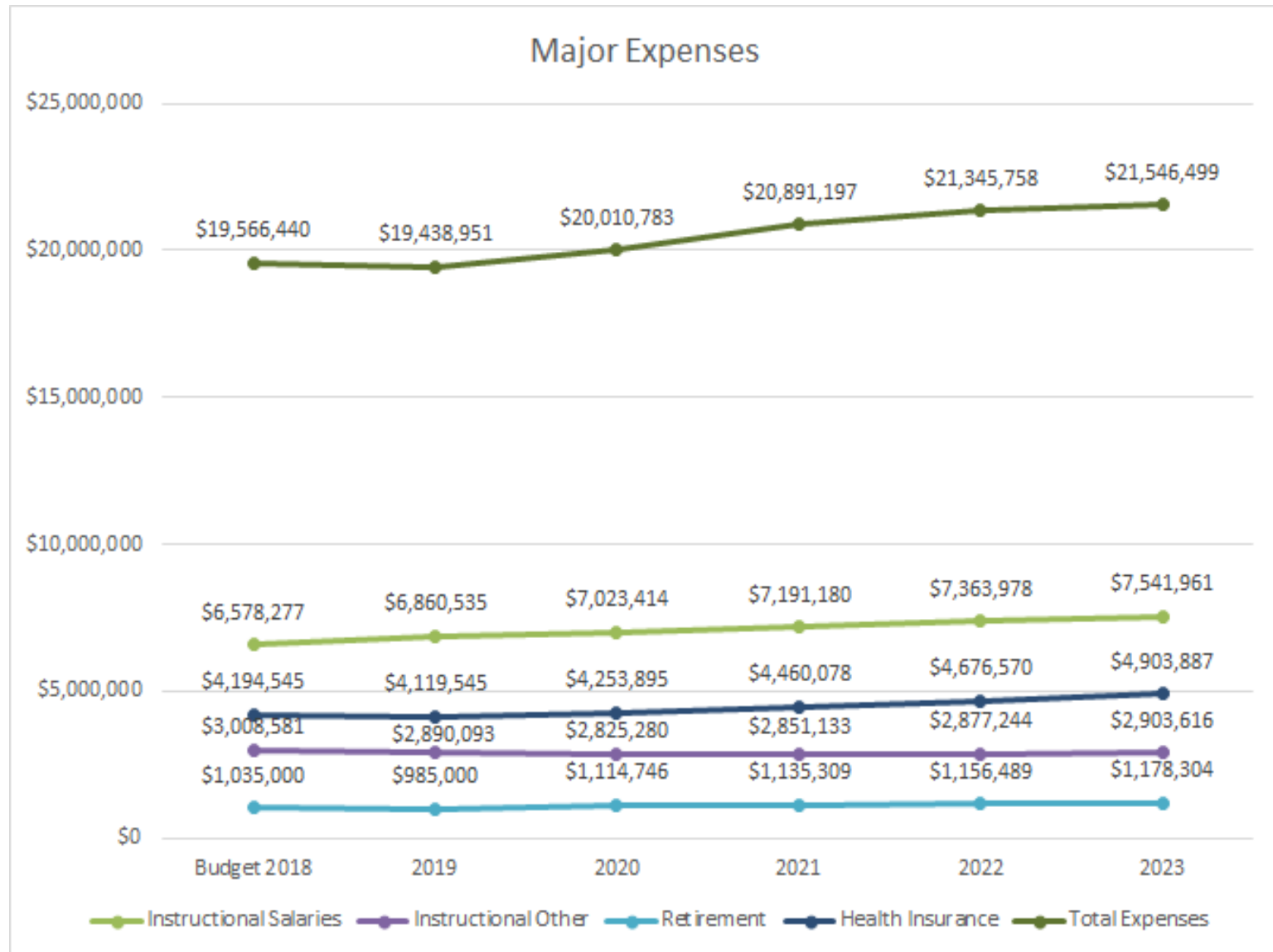
Fiscal Year Ending June 30:	Budget 2018	2019	2020	2021	2022	2023
REVENUES:		-4.00%	0.00%	0.00%	0.00%	0.00%
Real Property Taxes	\$7,960,165	\$7,637,400	\$7,637,400	\$7,637,400	\$7,637,400	\$7,637,400
PILOT/Tax Penalties	\$35,457	\$60,457	\$79,457	\$79,457	\$79,457	\$79,457
State Aid	\$9,800,702	\$9,984,607	\$10,121,623	\$10,231,963	\$10,342,303	\$10,452,643
Building Aid	\$828,681	\$845,982	\$936,535	\$1,555,006	\$1,555,006	\$1,303,050
Transportation Aid	\$519,535	\$523,605	\$523,605	\$523,605	\$523,605	\$523,605
Federal Aid	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Interfund Transfers	\$34,544	\$0	\$0	\$0	\$0	\$0
Other	\$337,356	\$336,900	\$336,900	\$336,900	\$336,900	\$336,900
Total Revenues	\$19,566,440	\$19,438,951	\$19,685,520	\$20,414,331	\$20,524,671	\$20,383,055

Total Revenues		Scenario #2					
		\$19,566,440	\$19,438,951	\$19,623,565	\$20,352,376	\$20,462,716	\$20,321,100
EXPENSES:		Budget 2018	2019	2020	2021	2022	2023
General Support							
Salaries		\$882,512	\$906,522	\$930,237	\$954,664	\$979,823	\$1,005,737
Other		\$1,208,170	\$1,138,131	\$1,148,851	\$1,159,677	\$1,170,612	\$1,181,657
Instruction							
Salaries		\$6,578,277	\$6,860,535	\$7,023,414	\$7,191,180	\$7,363,978	\$7,541,961
Other		\$3,008,581	\$2,890,093	\$2,825,280	\$2,851,133	\$2,877,244	\$2,903,616
Transportation							
Salaries		\$484,608	\$455,000	\$444,209	\$433,094	\$421,646	\$409,855
Purchase of Buses		\$0	\$30,000	\$30,000	\$30,000	\$0	\$0
Other		\$388,834	\$379,702	\$382,980	\$386,291	\$389,635	\$393,013
Community Service (After Sch Program Literacy)		\$18,500	\$117,367	\$117,367	\$117,367	\$117,367	\$117,367
Employee Benefits							
Retirement (83% Salaries=.150/17% Salaries=.16)		\$1,035,000	\$985,000	\$1,114,746	\$1,135,309	\$1,156,489	\$1,178,304
Social Security		\$661,463	\$650,000	\$660,135	\$673,988	\$688,256	\$702,952
Workers' Compensation		\$80,000	\$80,000	\$83,612	\$87,441	\$91,499	\$95,801
Health		\$4,194,545	\$4,119,545	\$4,253,895	\$4,460,078	\$4,676,570	\$4,903,887
Other		\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Debt Service:							
Buildings - Principal		\$550,000	\$565,000	\$580,000	\$960,000	\$995,000	\$730,000
Interest		\$146,950	\$133,056	\$287,056	\$321,975	\$288,638	\$253,350
RAN/TAN - Interest		\$0	\$0	\$0	\$0	\$0	\$0
Interfund Transfers (4408, Capital Outlay)		\$320,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Total Expenses		\$19,566,440	\$19,438,951	\$20,010,783	\$20,891,197	\$21,345,758	\$21,546,499
Adjustments (Carry Over, etc.)		\$1,441,773	\$1,000,000	\$800,000	\$700,000	\$600,000	\$500,000
Transfer from fund balance to capital*		\$1,000,000					
Assigned Appropriated Fund Balance		\$0	\$325,262	\$476,865	\$821,087	\$1,163,444	\$1,163,444
Committed Fund Balance		\$248,255	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Unassigned Fund Balance		\$777,558	\$800,431	\$835,648	\$853,830	\$861,860	\$861,860
Reserved Fund Balance		\$5,402,432	\$6,202,552	\$6,490,470	\$6,351,201	\$5,779,727	\$5,116,284
Total Fund Balance June 30		\$6,428,245	\$7,428,245	\$7,902,983	\$8,126,118	\$7,905,031	\$7,241,587
Revenue to Expenditure Difference		\$0	\$0	(\$325,262)	(\$476,865)	(\$821,087)	(\$1,163,444)

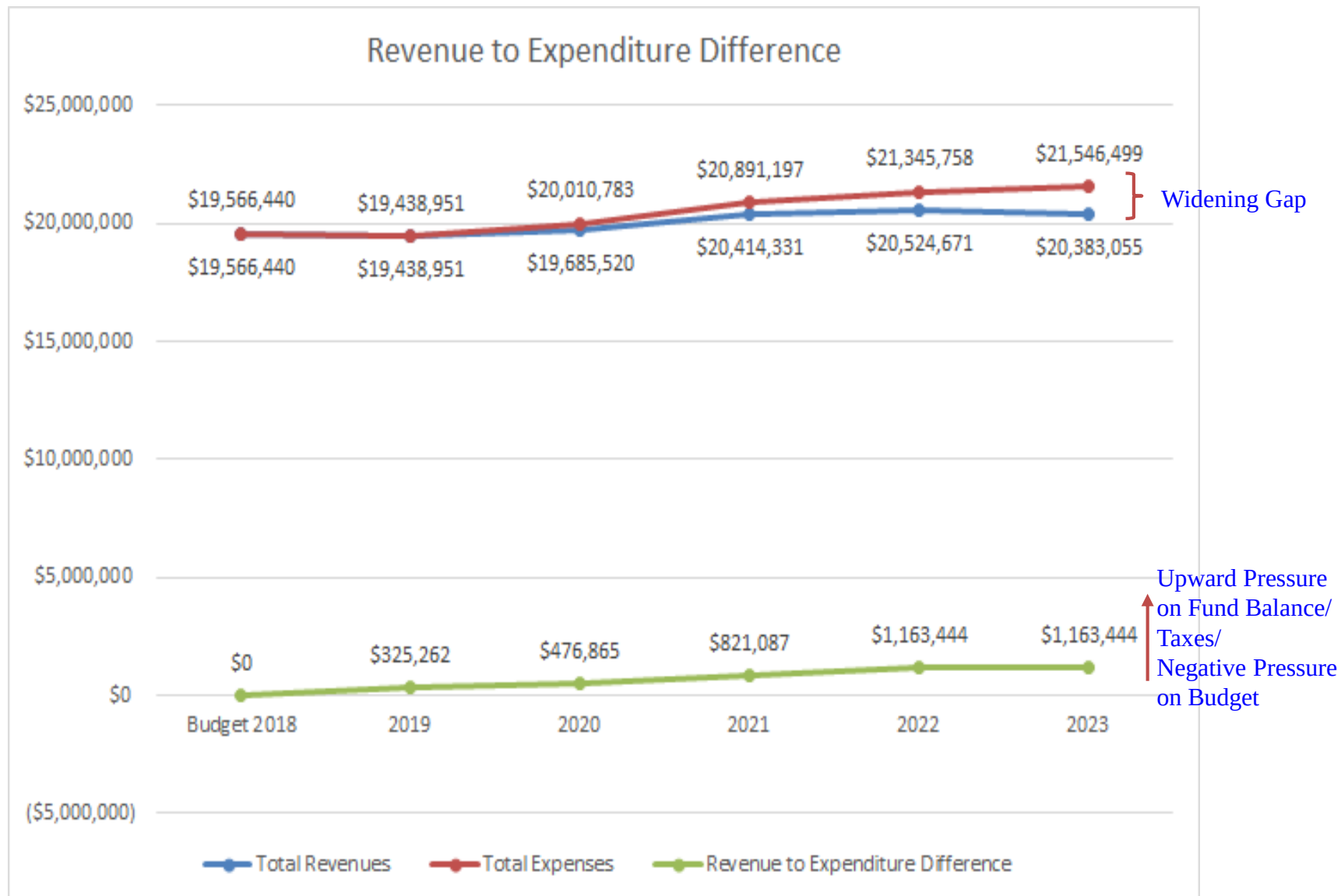
Scenario #2



Scenario #2



Scenario #2



RECOMMENDATIONS

For Future Discussion



1. Stabilize the budget by tracking expenses and revenues:
 - a) Examine 2017–2018 budget for sustainability and other issues (Carry Over/Reallocations).
 - b) Budget process is always difficult due to the number of assumptions (Extrapolate cost estimates, state aid volatility (enrollment, special education, etc.), actual debt service (New Capital Project).
 - c) Maintain adequate cash flow to ensure maintenance of quality educational program.
 - d) Reevaluate building use and staff needs. Examine the possibility of attrition and breakage.
2. Annually reevaluate Reserve and Fund Balance amounts for sustainability and liabilities:
 - a) Rebuild reserves for liabilities and future use.
3. Enrollment Study vs Alternative Funding /Expense Scenarios (Shared services educational and/or otherwise, program changes, program enhancements)
4. Reexamine Debt Service Schedule Long Term vs. Educational and Capital Construction Needs
 - a) Consider transfer from Fund Balance to offset Capital Borrowing costs current project
 - b) Consider the creation of Capital Reserves
 1. Technology
 2. Buses and Vehicles
 3. Capital Construction
 4. Equipment
 - c) Run multiple scenarios for tax cap calculation as a plan strategy
5. Uncertainty with Federal Budget for Title Grants and Impact aid could be problematic.
6. State Aid is a critical factor so lobby hard because over time expenses will out strip revenues (Bullet Aid is helpful but it is not the long term solution to escalating expenses).

Questions
from the
Board of Education?
Warrensburg Central School District

