

OVERVIEW OF FINANCIAL STATUS



Presented To: Harpursville CSD
Presented On: February 23, 2017

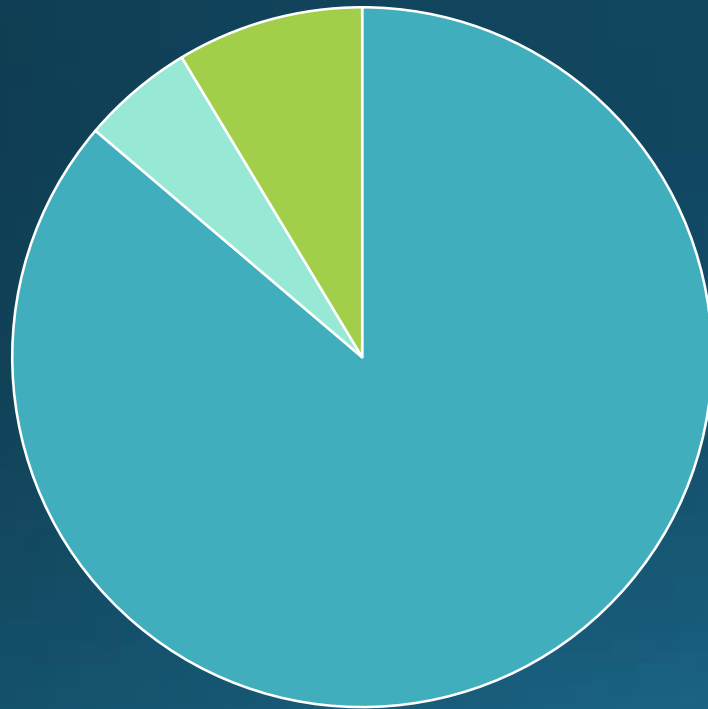
Presented By: Kathy Blackman, C.P.A.
Controller, Central Business Office

Tonight's Topics

- Budgeting, Fund Balance, and Financial Reporting
- 5 Year Overview
 - Fund Balance
 - Structural Deficit
 - Cash Flow
- 2016-17 Projected performance
- Long range plan
- State Aid Executive Proposal
- Tax Levy Limit Calculation
- Questions

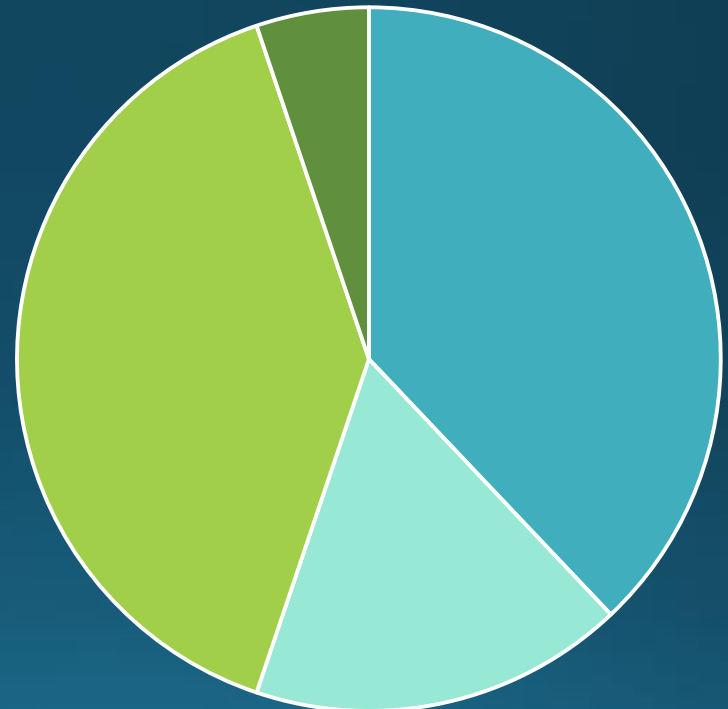
Budgeting - General

Revenue



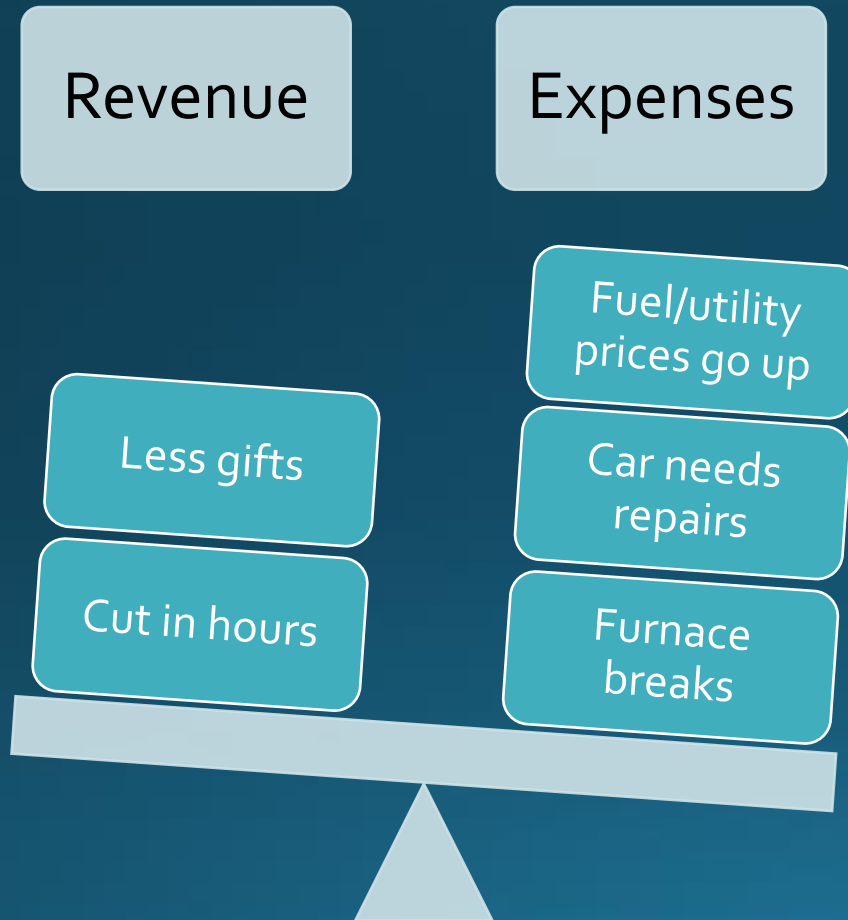
□ Wages □ Gifts □ Other

Expenses



□ House □ Car □ Living □ Other

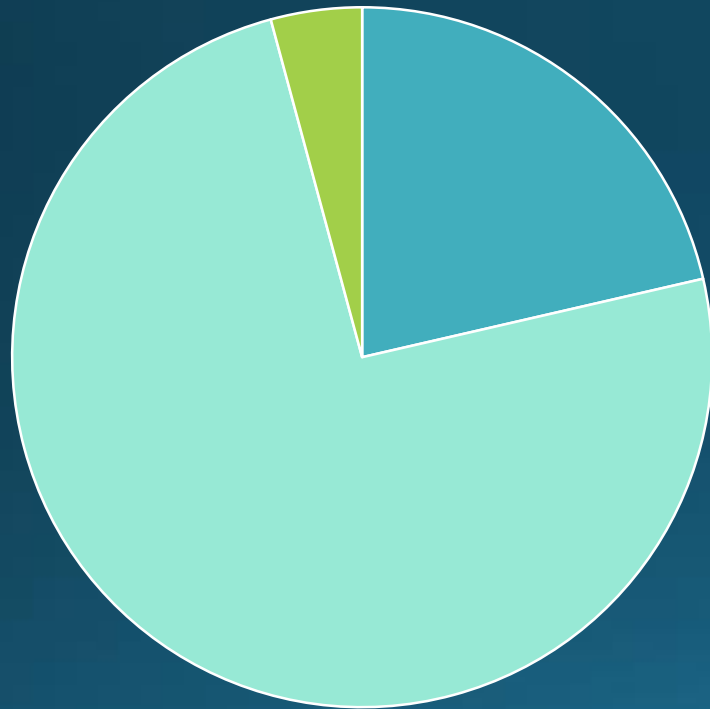
Budgeting - General



Actual revenues and expenditures differ from the established budget. The budget remains intact; however, modifications to spending occur if revenue is reduced.

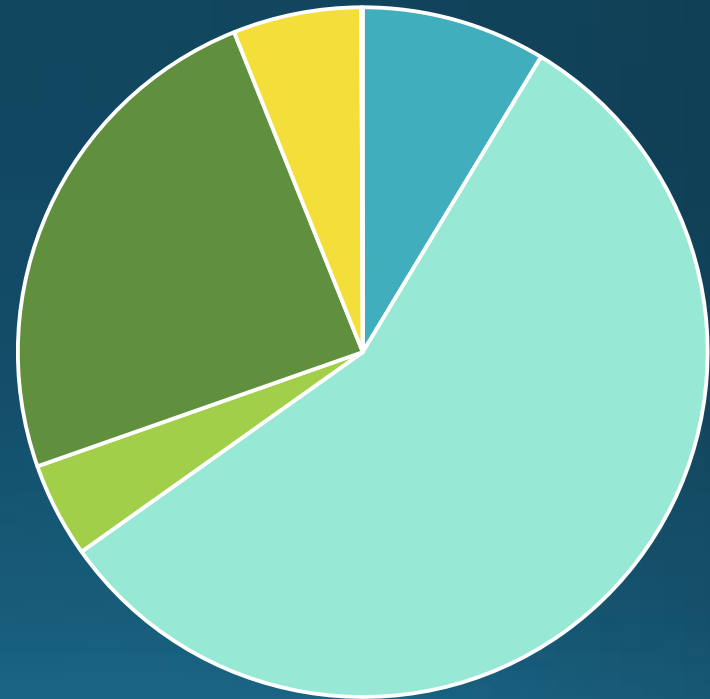
Budgeting - Schools

Revenue



□ Taxes □ State Aid □ Other

Expenses



□ General Support □ Instruction
□ Transportation □ Employee Benefits
□ Debt Service □ Other

Putting the pieces together

- Revenue Status Report from 7/1/2016 to 1/31/17

Harpursville CSD							NVISION
Revenue Status Report From 7/1/2016 To 1/31/2017							
Account	Description	Budget	Adjustments	Revised Budget	Revenue Earned	Unearned Revenue	
A 1001	Real Property Taxes	3,857,206.00	-762,950.26	3,094,255.74	3,094,255.74	0.00	
A 1081	Payment in Lieu of Taxes	8,840.00	0.00	8,840.00	8,388.22	451.78	
A 1085	School Tax Relief Reimburs	0.00	762,950.26	762,950.26	762,950.26	0.00	
A 1090	Interest & Penalties on Taxes	13,000.00	0.00	13,000.00	5,471.06	7,528.94	
A 1311	Other - Day School Tuition	0.00	0.00	0.00	800.00	-800.00	
A 2230	Tuitions	15,000.00	0.00	15,000.00	0.00	15,000.00	
A 2401	Interest Income	2,000.00	0.00	2,000.00	1,312.63	687.37	
A 2410	Rental of Real Property	29,000.00	0.00	29,000.00	10,693.50	18,306.50	
A 2650	Sale of Scrap & Excess Materis	1,000.00	0.00	1,000.00	2,513.05	-1,513.05	
A 2680	Insurance Recoveries	0.00	0.00	0.00	9,561.03	-9,561.03	
A 2700	Reimburs of Medicare Part D	5,000.00	0.00	5,000.00	11,265.14	-6,265.14	
A 2701	Refund of Pr Yr Exp - Boces	320,000.00	0.00	320,000.00	367,092.42	-47,092.42	
A 2703	Refund of Prior Yrs Expenses	165,042.00	0.00	165,042.00	153,010.10	12,031.90	
A 2770	Other Unclassified	5,000.00	0.00	5,000.00	1,780.56	3,219.44	
A 2770.01	Miscellaneous Revenues - BOCES	380,000.00	0.00	380,000.00	2,492.44	377,507.56	
A 3100	Excess Cost Aid	460,000.00	1,193,289.00	1,653,289.00	385,862.75	1,267,426.25	
A 3101	Basic Formula Aid	12,210,696.00	-2,835,863.38	9,374,832.62	2,653,800.48	6,721,032.14	
A 3102	Lottery Aid	0.00	1,079,013.13	1,079,013.13	1,079,013.13	0.00	
A 3102.01	Lottery VLT Grant	0.00	563,561.25	563,561.25	394,492.84	169,068.41	
A 3103	BOCES Aid	1,431,135.00	0.00	1,431,135.00	0.00	1,431,135.00	
A 3104	Tuition Aid	175,000.00	0.00	175,000.00	0.00	175,000.00	
A 3260	Textbook Aid	48,406.00	0.00	48,406.00	12,330.00	36,076.00	
A 3262	Computer Software Aid	27,676.00	0.00	27,676.00	0.00	27,676.00	
A 3263	Library Materials	5,131.00	0.00	5,131.00	0.00	5,131.00	
A 3289	Other State Aid	0.00	0.00	0.00	3,198.28	-3,198.28	
A 4601	Medicaid Assistance	20,000.00	0.00	20,000.00	4,253.77	15,746.23	
A 5050	Interfund Trnfr for Debt Srvc	187,027.00	0.00	187,027.00	187,027.00	0.00	
A Totals:		19,366,159.00	0.00	19,366,159.00	9,151,564.40	10,214,594.60	
Grand Totals:		19,366,159.00	0.00	19,366,159.00	9,151,564.40	10,214,594.60	

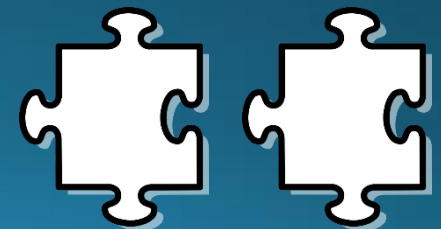
Revenues to date – does not represent what is actually projected to be received through year end.



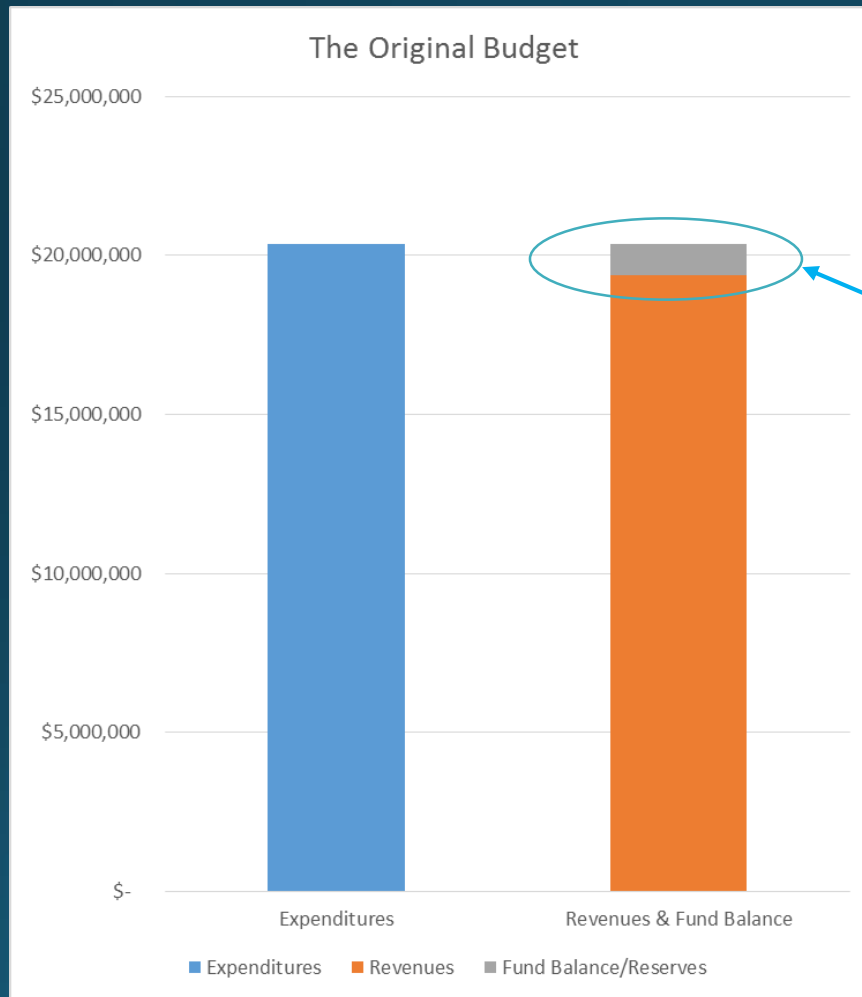
Putting the pieces together

- Revenue Status Report from 7/1/2016 to 1/31/17

Description	Amount
Original Revenue Budget	\$19,366,159
Appropriated Fund Balance	\$700,000
Appropriated Reserve – RCR	\$220,000
Appropriated Reserve – Unemployment	\$77,000
Total Revenue Budget	\$20,363,159

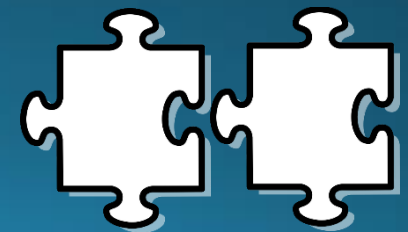


Appropriated Fund Balance



The Original Budget is balanced using a combination of Budgeted Revenue PLUS a small amount of Appropriated Fund Balance and Reserves.


The Appropriated Fund Balance and Reserves are not a "Revenue" and will not be included on the Revenue Status Report.



Putting the pieces together

- Appropriation Status Summary Report By Function From 7/1/2016 to 1/31/17

Harpursville CSD
 Appropriation Status Summary Report By Function From 7/1/2016 To 1/31/2017

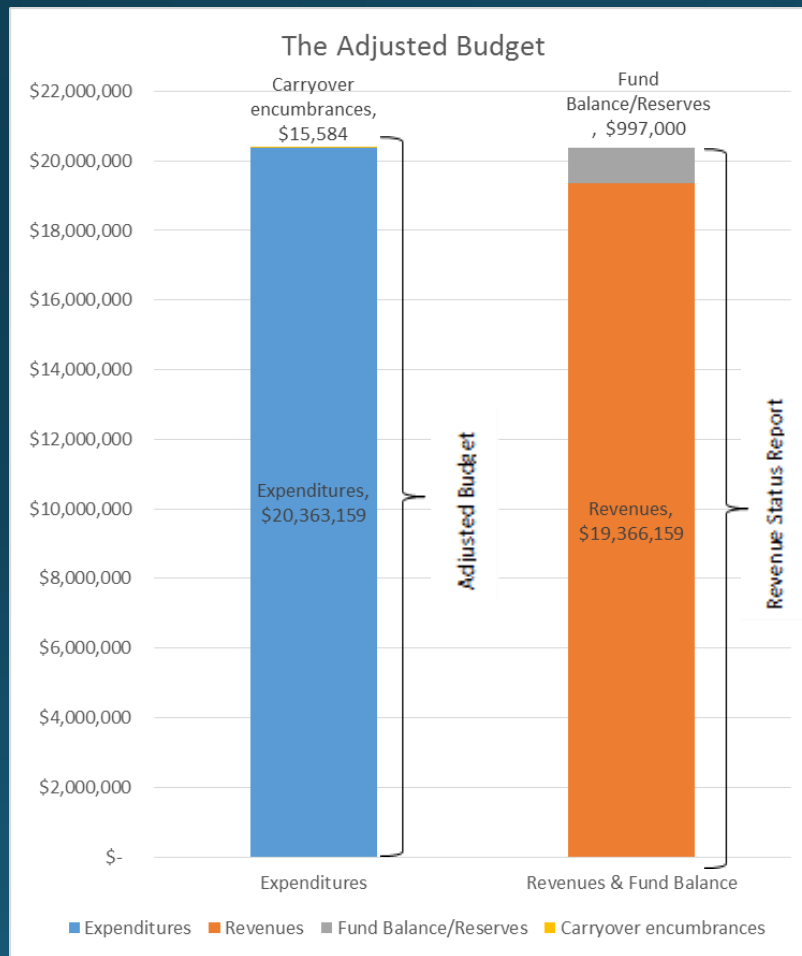


Account	Description	Budget	Adjustments	Adj. Budget	Expensed	Encumbered	Available
2820	PSYCHOLOGICAL SRVC-REG SCHOOL *	96,210.60	-5,000.00	91,210.60	43,092.76	46,677.10	1,440.74
2822	EDUC'L RELATED SUPPORTSERV *	52,807.00	0.00	52,807.00	23,796.20	26,175.80	2,835.00
2850	CO-CURRICULAR ACTIV-REG SCHL *	53,038.00	0.00	53,038.00	10,210.35	0.00	42,827.65
2855	INTERSCHOL ATHLETICS-REG SCHL *	234,569.19	0.00	234,569.19	131,163.51	24,600.26	78,805.42
5510	DISTRICT TRANSPORTATION *	959,369.28	27,347.41	986,716.69	457,277.47	472,510.37	56,928.85
5530	GARAGE BUILDING *	43,328.20	0.00	43,328.20	17,579.33	23,602.28	2,146.59
9010	STATE RETIREMENT *	227,923.89	11,100.00	239,023.89	225,910.39	0.00	13,113.50
9020	TEACHERS' RETIREMENT *	691,596.96	0.00	691,596.96	250,472.09	0.00	441,124.87
9030	SOCIAL SECURITY *	563,940.95	0.00	563,940.95	243,084.61	0.00	320,856.34
9040	WORKERS' COMPENSATION *	110,000.00	-8,135.00	101,865.00	70,020.53	23,332.45	8,512.02
9050	UNEMPLOYMENT INSURANCE *	70,000.00	0.00	70,000.00	20,902.92	49,097.08	0.00
9060	HOSPITAL, MEDICAL & DENTAL INS *	3,112,674.51	-25,557.00	3,087,117.51	1,814,200.10	1,059,819.22	213,098.19
9711	SERIAL BONDS - SCH CONSTRUCT *	518,025.00	0.00	518,025.00	31,512.50	486,512.50	0.00
9731	BANS - SCHOOL CONSTRUCTION *	1,568,834.00	0.00	1,568,834.00	1,568,833.90	0.00	0.10
9732	BANS - BUS PURCHASES *	50,600.00	0.00	50,600.00	0.00	47,682.47	2,917.57
9770	REVENUE ANTICIPATION NOTES *	40,000.00	0.00	40,000.00	0.00	20,833.33	19,166.67
9901	TRANSFER TO SPECIAL AID *	32,000.00	0.00	32,000.00	12,800.13	0.00	19,199.87
Fund ATotals:		20,363,159.00	15,583.55	20,378,742.55	10,575,434.84	7,713,682.69	2,089,625.02
Grand Totals:		20,363,159.00	15,583.55	20,378,742.55	10,575,434.84	7,713,682.69	2,089,625.02

Expenditures to date – does not represent what is actually projected to be spent through year end

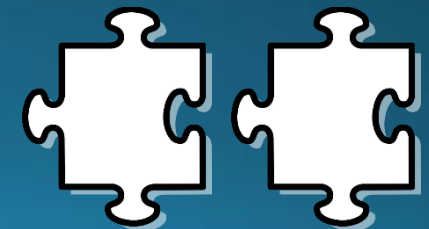


Appropriated Fund Balance

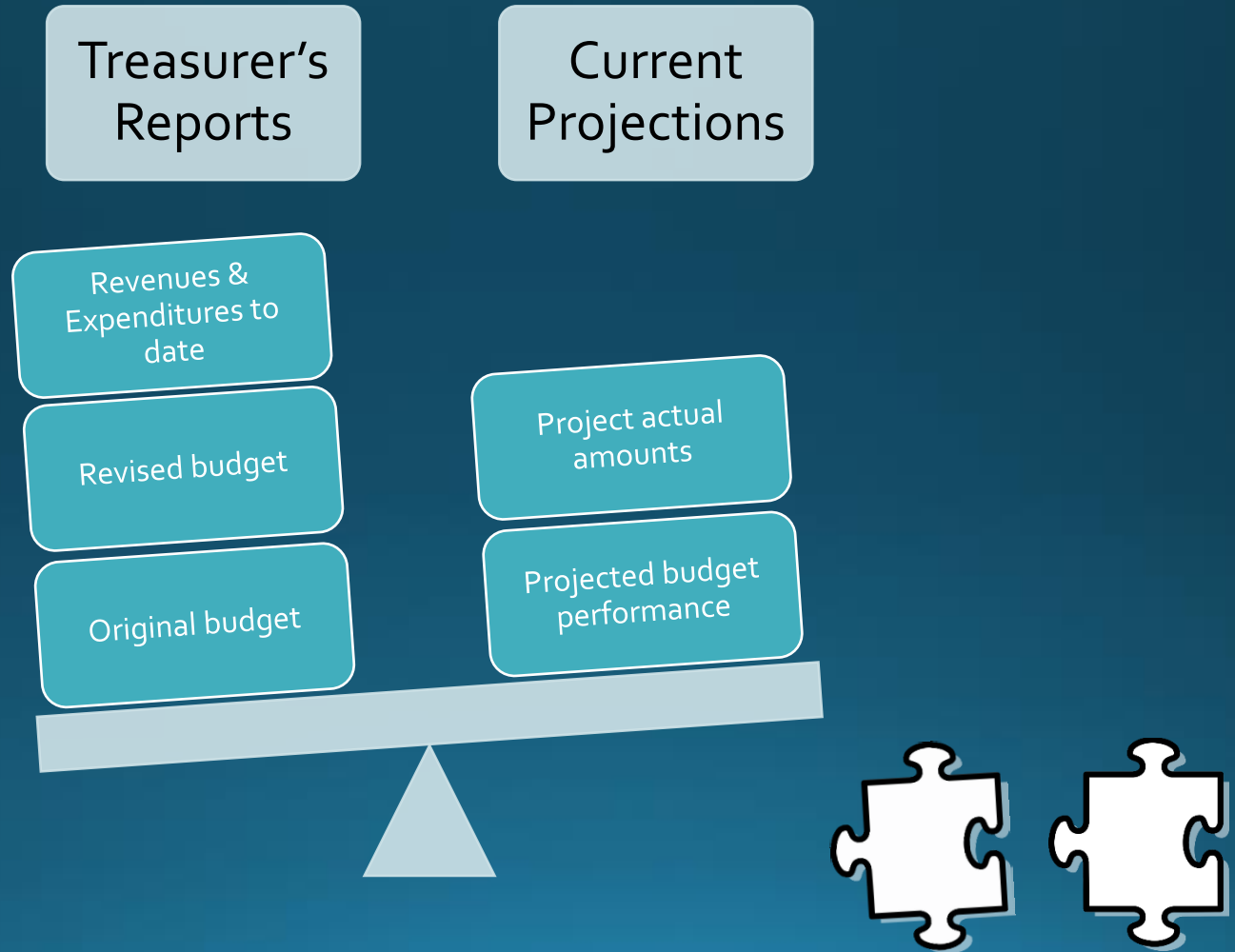


The Adjusted Expenditure Budget is greater than the Original Expenditure Budget by the amount of the Carryforward Encumbrances. These are reflected in total in the "Adjustments" column of the Appropriation Status Report.

The variance between the total Adjusted Budget on the Appropriation Status Report and the Revenue Status Report is the amount of the carryover encumbrances & the budgeted fund balance/reserves.



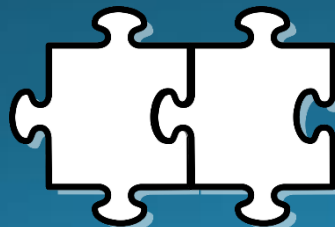
Putting the pieces together



Putting the pieces together

	Budget 2016-17	Projected 2016-17
Revenues	\$19,366,159	\$19,084,404
Expenditures	\$20,378,742	\$19,928,753
Use of Fund Balance/Deficit	(\$ 1,012,583)	(\$ 844,349)

	Remaining budget
Budget - Expenditures	\$20,378,742
Projected Actual Expenditures	\$19,928,753
Remaining unencumbered Budget	\$ 499,989



Fund Balance

- **Fund Balance** is the Equity of the School District
- **Appropriated Fund Balance** is the portion of the district's fund balance from the previous fiscal year that is applied as revenue to the district's following year's budget.
- **Unassigned Fund Balance** is that part of Fund Balance which is not designated for reserves, tax levy reductions, etc. This is statutorily limited to 4% of the budget for the upcoming school year.

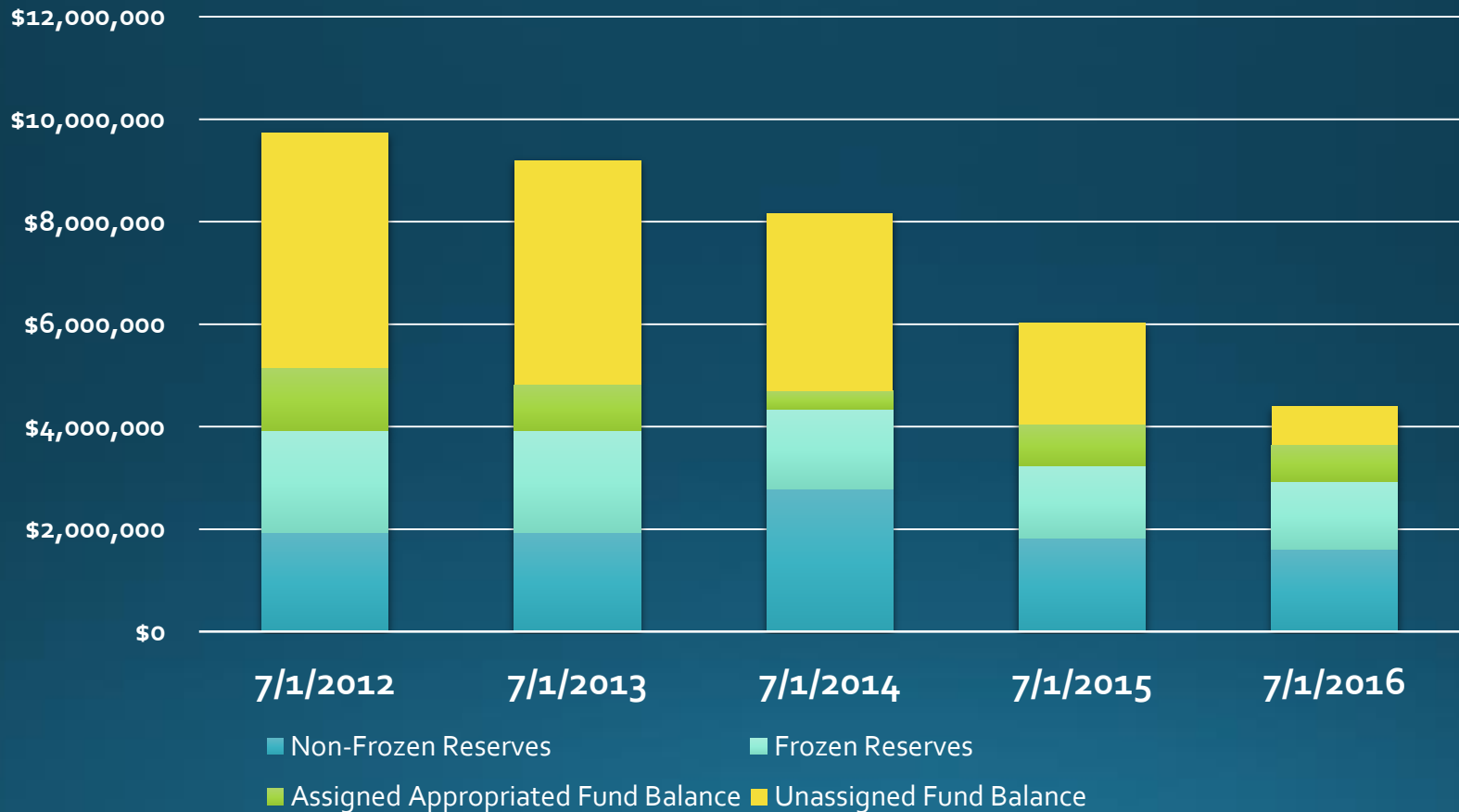
Structural Deficit

- A budget **deficit** that results from a fundamental imbalance in government receipts and expenditures, as opposed to one based on one-time or short-term factors.

5 Year Overview Fund Balance Components

	7/1/2012	7/1/2013	7/1/2014	7/1/2015	7/1/2016
Non-Frozen Reserves	\$1,933,621	\$1,935,013	\$2,784,198	\$1,819,113	\$1,603,993
Frozen Reserves - EBALR	\$1,997,216	\$1,997,216	\$1,550,983	\$1,417,113	\$1,324,099
Assigned Appropriated Fund Balance	\$1,211,130	\$ 883,611	\$ 362,674	\$ 803,615	\$ 715,584
Unassigned Fund Balance	\$4,584,899	\$4,378,076	\$3,454,759	\$1,982,553	\$ 752,757
TOTAL FUND BALANCE	\$9,726,866	\$9,193,916	\$8,152,614	\$6,022,394	\$4,396,433

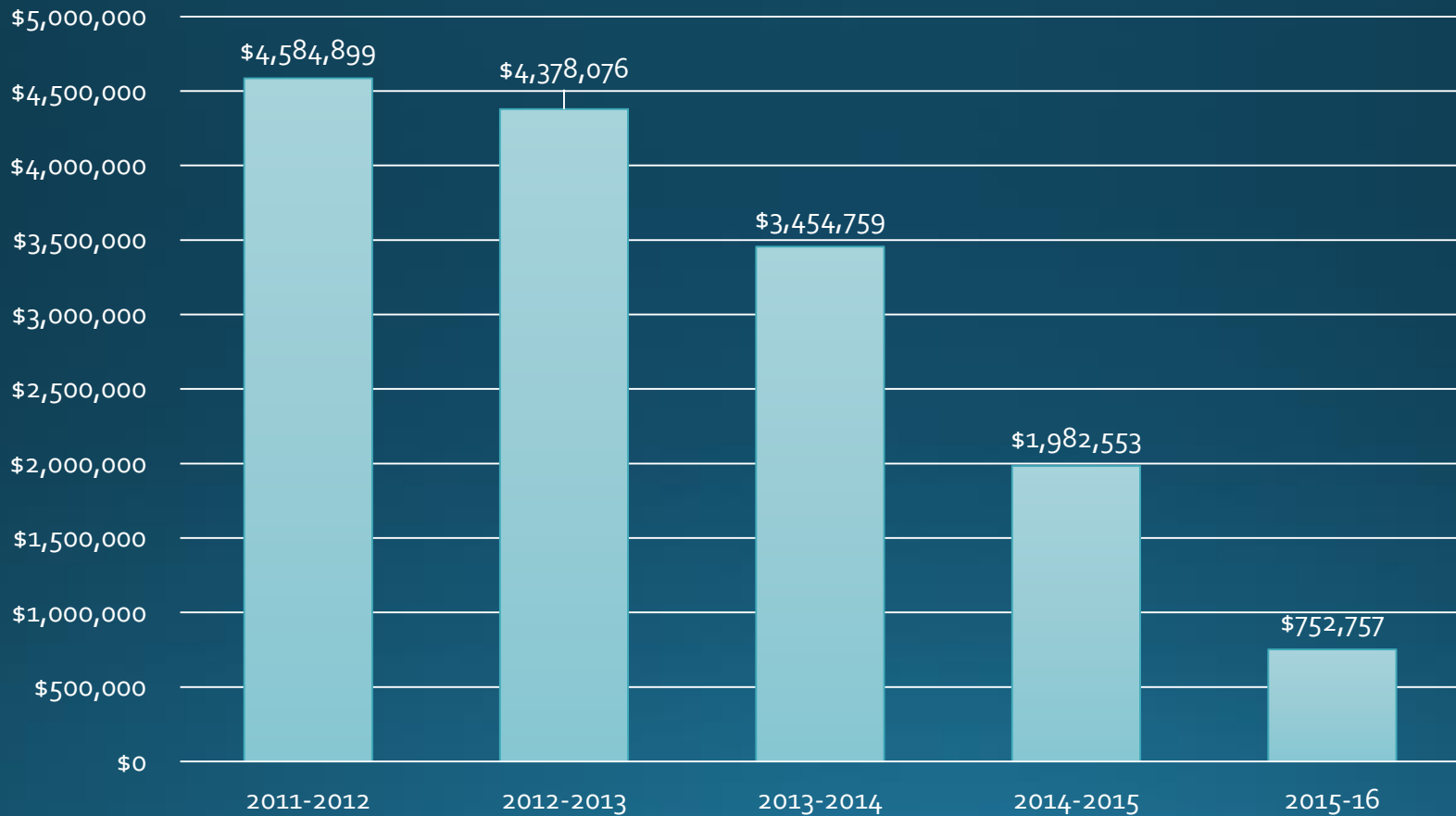
5 Year Overview Fund Balance Components



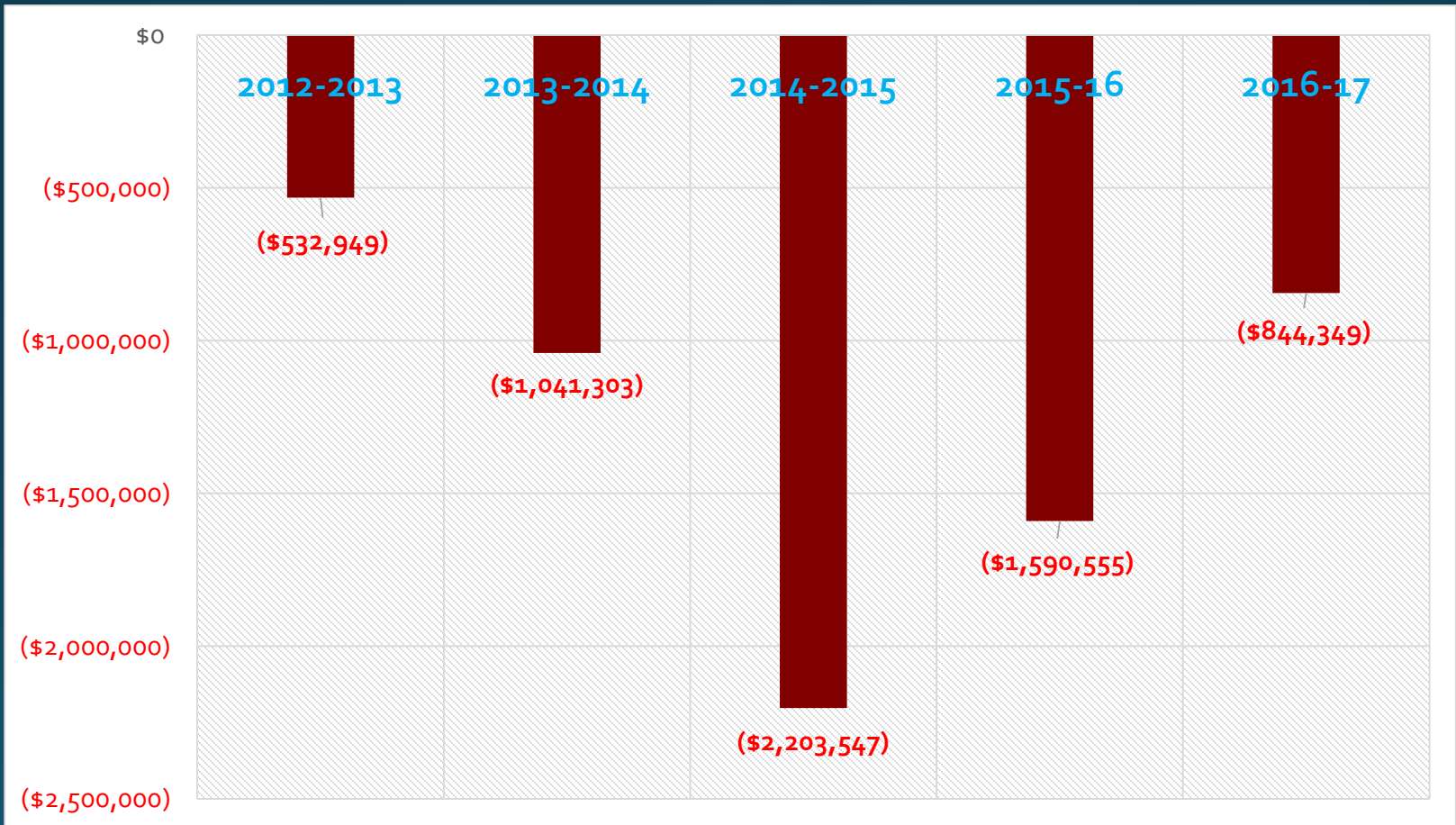
5 Year Overview Unassigned Fund Balance

Year	Unassigned Fund Balance as of 6/30
2011-2012	\$4,584,899
2012-2013	\$4,378,076
2013-2014	\$3,454,759
2014-2015	\$1,982,553
2015-2016	\$752,757
2016-2017	???

5 Year Overview Unassigned Fund Balance



5 Year Overview Operating Surplus/Deficit

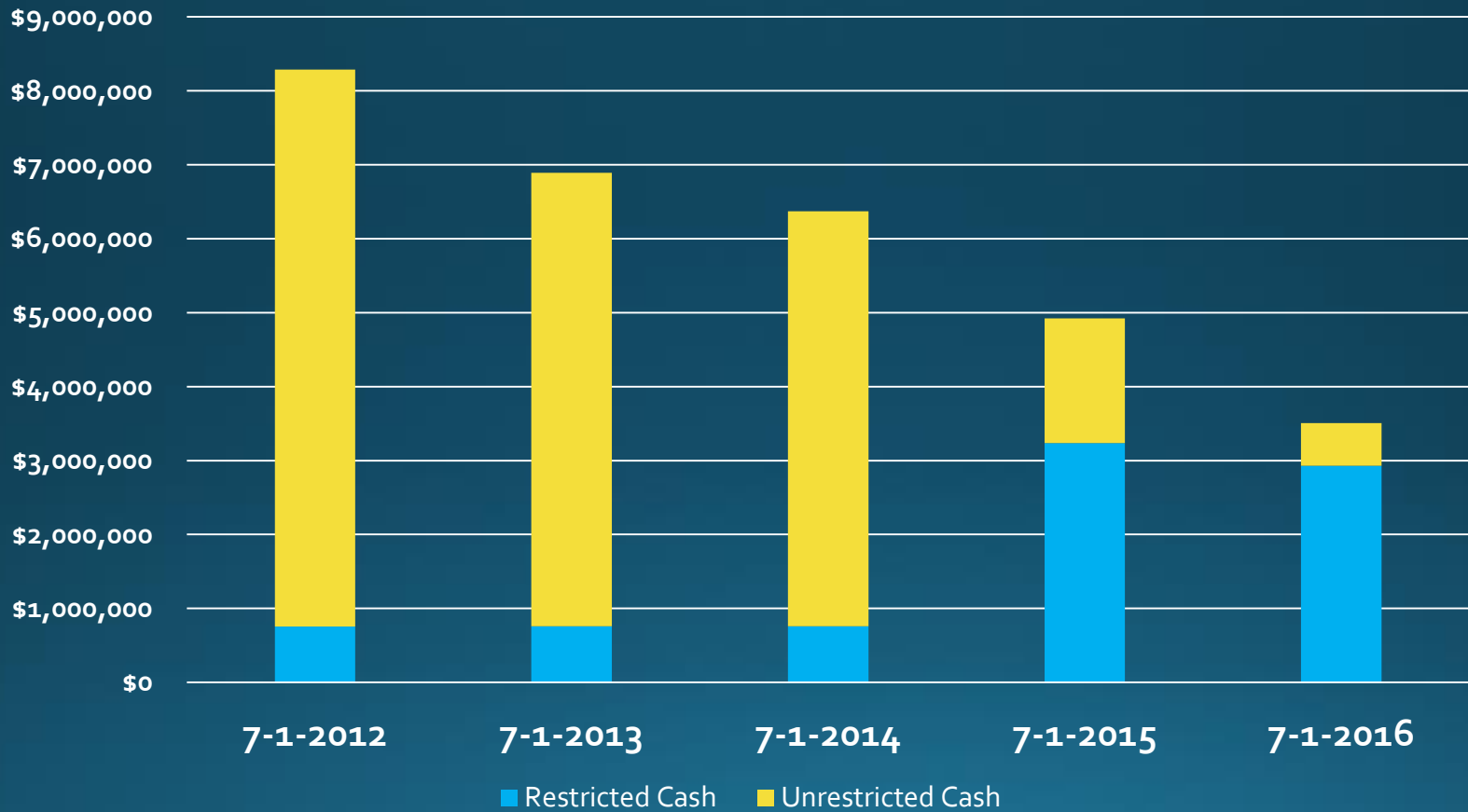


5 Year Overview Cash Balances

	Total Cash	Restricted Cash	Unrestricted Cash
June 30, 2012	\$8,286,135	\$ 756,347	\$7,529,788
June 30, 2013	\$6,889,832	\$ 757,744	\$6,132,088
June 30, 2014	\$6,370,382	\$ 758,679	\$5,611,703
June 30, 2015	\$4,923,094	\$ 3,236,226	\$1,686,868
June 30, 2016	\$3,506,242	\$2,928,092	\$578,150

Source: Audited Financial Statements

5 Year Overview Cash Balances



Summary of 2015-2016

	2015-2016
Final Revenues	\$18,205,961
Final Expenditures	\$19,796,516
Operating Surplus	(\$1,590,555)
Loss in Total Fund Balance	(\$1,590,555)

Summary 2015-16

Fund Balance Components

	7/1/2015	7/1/2016
Non-Frozen Reserves	\$1,819,113	\$1,603,993
Frozen Reserves - EBALR	\$1,417,113	\$1,324,099
Assigned Appropriated Fund Balance	\$ 803,615	\$ 715,584
Unassigned Fund Balance	\$1,982,553	\$ 752,757
TOTAL FUND BALANCE	\$6,022,394	\$4,396,433

STATUS OF RESERVES

	Balance 6/30/16
Unemployment Insurance Reserve	\$ 244,413
Insurance Reserve	\$ 50,019
Retirement Contribution Reserve	\$ 609,503
Tax Certiorari Reserve	\$ 66
Repair Reserve	\$ 200,075
Capital Reserve	\$ 499,917
Employee Benefit Accrued Liability Reserve (EBLAR)	\$ 1,324,099
TOTAL RESERVES	\$ 2,928,092

Projection of 2016-2017

	2016-2017
Projected Revenues	\$19,084,404
Projected Expenditures	\$19,928,753
Projected Operating Surplus/(Deficit)	(\$844,349)
Projected Gain in Total Fund Balance	(\$844,349)

Note: This projection is expected to be refined as additional information on such things as staffing changes, boces services, tuition costs and utilities become available.

Projected 16-17 performance

- If the 2016-2017 budget went exactly as planned then we would have anticipated a deficit of **\$1,012,584** (for appropriated fund balance, appropriated reserves and carryover encumbrances).
 - The district will receive less in state aid than anticipated due to a reduction in special education students receiving Excess Cost Aid and Tuition Aid.
 - The districts costs for special education services through BOCES are more than was planned.

Projected Status of Fund Balance 6/30/2017

	2015-16	2016-17 Projected	Increase/ (Decrease)
Restricted Reserves	\$2,928,092	\$2,648,785	(\$279,307)
Appropriated FB	\$700,000	\$500,000	(\$200,000)
Encumbrances	\$15,584	\$0	(\$15,584)
Unassigned FB	\$752,757	\$403,299	(\$349,458)
TOTAL FUND BALANCE	\$4,396,433	\$3,552,084	(\$844,349)

Assumptions in the long range projection

Revenues:

- Foundation Aid would increase 2% each year with the except for 17-18 which would increase 1.69%
- Expenditure Driven State Aid (excluding Building Aid) would increase 2% each year, except for 17-18 which would decrease 1.16%
- The tax levy could be 2.13% in 17-18
- The tax levy is projected to be 2% in 18-19 and beyond

Expenditures:

- Staff is based on current staff of record, including open positions
- Health Insurance is projected at an estimated 10.76% increase in 17-18 and fluctuate from 9.38% - 11.81% annually thereafter
- Teacher Retirement System costs are projected at 9.8% for 17-18 and to moderately increase, while the Employee Retirement System costs are projected to be relatively flat
- The average expenditure increase overall is projected at 3.52% per year

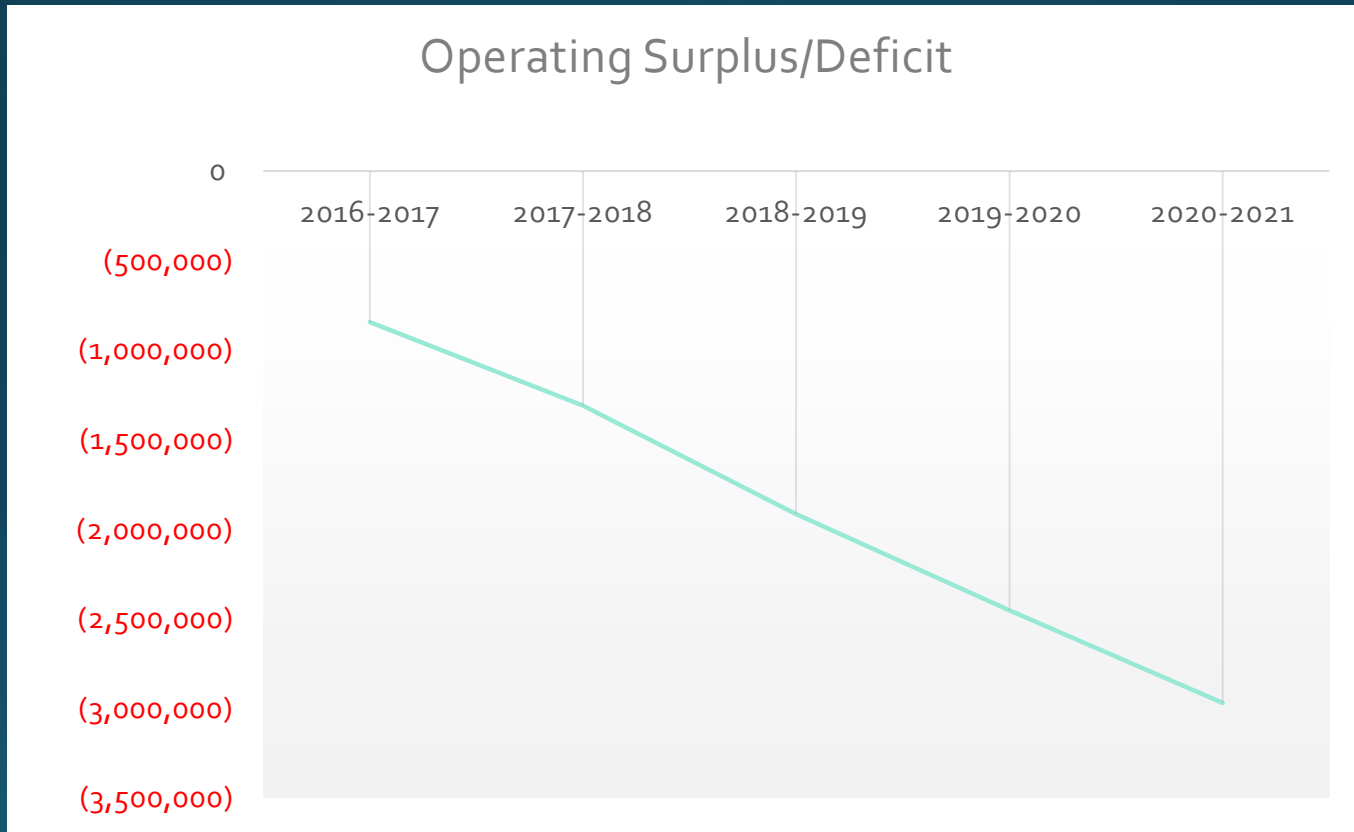
Long Term projection: 2/8/2017

Based on 2016-17 Projection of Fund Balance

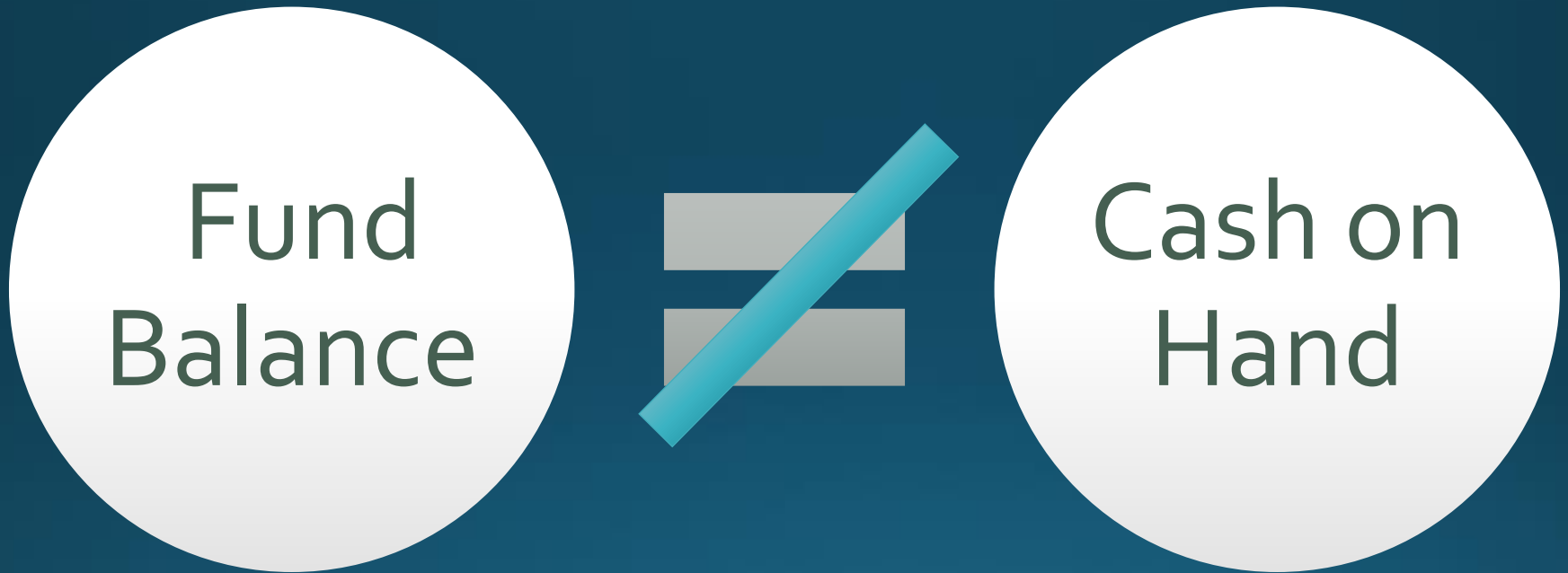
	2016-17	2017-18	2018-19	2019-20	2020-21
Tax Levy %	3.02%	2.13%	2.00%	2.00%	2.00%
Foundation Aid %	4.16%	1.44%	2.00%	2.00%	2.00%
Beginning Fund Balance	\$4,396,433	\$3,552,084	\$2,243,054	\$327,509	(\$2,125,674)
Operating Surplus/ (Deficit)	(\$844,349)	(\$1,309,030)	(\$1,915,546)	(\$2,453,183)	(\$2,969,664)
Ending Fund Balance	\$3,552,084	\$2,243,054	\$327,509	(\$2,125,674)	(\$5,095,338)

Long Term projection: 2/8/2017

Based on 2016-17 Projection of Fund Balance



Fund Balance



Revenue Anticipation Notes (RANS)

Borrowed
\$2M – July
2016

RAN is due
in March
2017

Additional
borrowing
will be
needed

Amount &
timing TBD

State Aid Analysis

Formula Aids

- These aids are run by state established formulas.

Building Aid

- This aid is for debt service payments related to capital projects.

Expense Driven

- This category of aids is based on estimated 2016-17 expenditures.

Formula Aids

Foundation Aid

- Allocates a vast majority of operating aid to the district.

Community Schools Aid

- Sub-category of Foundation Aid to support schools as community hubs

Formula Aids

	2016-2017 Budget	2017-2018 Budget	Dollar Increase	Percent Increase
Foundation Aid	\$9,644,336	\$9,783,195	\$138,859	1.44%
Community Schools Aid*	\$89,804	\$89,804	\$-0-	0.00%

*Community Schools Aid is included in the Foundation Aid amount.

Building Aid

All currently aided projects

Decreasing with a corresponding decrease in debt service

	2016-2017 Budget	2017-2018 Budget	Dollar Increase	Percent Increase
Building Aid	\$1,745,506	\$1,506,751	(\$238,755)	(13.68%)

Expense Driven Aids

Transportation Aid

Excess Cost Aid (Special Education)

BOCES Aid

Instructional Materials Aid

Tuition Aid

Deduction for Certain Students

Expense Driven Aids

	2016-2017 Budget	2017-2018 Budget	Dollar Increase	Percent Increase
Transportation Aid	\$830,854	\$1,047,233	\$216,379	26.04%
Excess Cost-High Cost	\$300,000	\$270,000	(\$30,000)	(10.00%)
Excess Cost-Private	\$160,000	\$140,000	(\$20,000)	(12.50%)
BOCES Aid	\$1,431,135	\$1,412,007	(\$19,128)	(1.34%)
Instructional Materials Aid	\$81,213	\$80,623	(\$590)	(0.73%)
Tuition Aid Chapter 47/66/721	\$175,000	\$-0-	(\$175,000)	(100.00%)
Deduction for Certain Students	(\$10,000)	(\$16,000)	(\$6,000)	(60.00%)
TOTAL EXPENSE DRIVEN AIDS	\$2,968,202	\$2,933,863	(\$34,339)	(1.16%)

Total Aid Projection for 2016-17

	2016-2017 Budget	2017-2018 Budget	Dollar Increase	Percent Increase
Foundation Aid	\$9,644,336	\$9,783,195	\$138,859	1.44%
Building Aid	\$1,745,506	\$1,506,751	(\$238,755)	(13.68%)
Expense Driven	\$2,968,202	\$2,933,863	(\$34,339)	(1.16%)
Total Aid	\$14,358,044	\$14,223,809	(\$134,235)	(0.93%)

	2016-2017 Budget	2017-2018 Budget	Dollar Increase	Percent Increase
Aid Excluding Building Aid	\$12,612,538	\$12,717,058	\$104,520	0.83%

Tax Levy Limit Calculation

Step 1

- Prior Year Tax Levy

Step 2

- Tax Base Growth Factor

Step 3

- PILOTS 2016-17

Step 4

- Exclusions 2016-17 (Capital Levy & Torts)

Step 5

- ***Allowable Growth Factor***

Step 6

- Available Carryover

Step 7

- PILOTS 2017-18

Step 8

- Exclusions 2017-18 (Capital Levy, Pensions & Torts)

Result

- Maximum Allowable Levy within Tax Levy Limit

Harpursville Maximum Allowable Levy Limit

STEPS			
Step 1		Prior Tax Levy	\$ 3,857,206
Step 2	x	Tax Base Growth Factor	<u>1.0006</u>
			\$ 3,859,520
Step 3	+	PILOTS current year	\$ 8,840
Step 4	-	Exclusion: Capital Levy, current year	<u>(\$ 86,369)</u>
			\$ 3,781,991
Step 5	x	Allowable Growth Factor	<u>1.26%</u>
			\$ 3,829,644
Step 6	+	Available Carryover	-0-
Step 7	-	PILOTS next year	<u>(\$ 9,012)</u>
		TAX LEVY LIMIT	\$ 3,820,632
Step 8	+	Exclusion: Capital Levy, next year	\$ 118,922
		MAXIMUM ALLOWABLE LEVY LIMIT	\$ 3,939,554

Maximum allowable tax levy limit

Maximum Tax Levy Increase without "Super Majority"	
2017-18 Maximum Allowable Tax Levy*	\$3,939,554
2016-17 Tax Levy	\$3,857,206
Maximum increase in Tax Levy to remain under Tax Levy Limit	\$ 82,348
Percentage Increase	2.13%

*Without voter approval in excess of 60%
Draft calculation, actual to be filed 3-1-17

Harpursville Variables impacting tax levy limit

- Tax Base Growth Factor - Increase of \$2,314
- Allowable Growth Factor = 1.26% - Increase of \$47,653
- Exclusion: Capital Levy - Increase of \$32,553
- PILOTs - Decrease of (\$172)

The change in the capital levy is the primary reason why Harpursville's levy limit is more than the allowable growth factor of 1.26%.

Questions

