



Financial Data for Voorheesville CSD

Strategic Plan Presentation
January 2016



What We Will Review in This Presentation



- Current data on the district's budget, including both expenditures and revenues
- Past years' data on district budgets
- Trends and analysis of the district's budget
- An illustration of future budget possibilities

+ 2015-16 Budget - Categories of Expenditures as a % of Total Budget

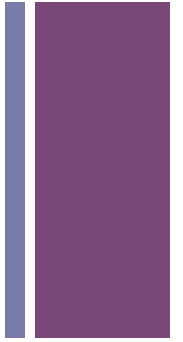
| Category | 15-16 Budgeted | % of 15-16 Budget |
|---------------------|----------------|-------------------|
| General Support | \$2,347,835 | 10.14% |
| Instruction | \$11,476,501 | 49.58% |
| Transportation | \$1,013,225 | 4.37% |
| Employee Benefits | \$6,438,614 | 27.81% |
| Debt Service | \$1,791,542 | 7.74% |
| Interfund Transfers | \$43,000 | 0.19% |
| Community Swim | \$39,000 | 0.17% |
| Total Budget | \$23,149,718 | |

+ 2015-16 Budget – Dollar Amounts of Categories of Expenditures

| Category of Expenditure | 15-16 Budgeted Amount |
|----------------------------------|------------------------------|
| Central Office, Business Office | \$705,590 |
| Operations and Maintenance | \$1,426,640 |
| Total Regular School Supervision | \$501,475 |
| Teacher Salaries | \$5,899,550 |
| Total Special Education | \$2,707,550 |
| BOCES Occupational Education | \$251,800 |
| Total Co-Curricular Activities | \$60,250 |
| Total Interscholastic Athletics | \$323,606 |
| Total Pupil Transportation | \$989,525 |
| Total Employee Health Benefits | \$6,438,614 |
| Total Salaries for all Employees | \$10,845,320 |
| Total Debt Service | \$1,791,542 |

+ Revenues by Category

- VCSD is dependent on the tax levy (the property tax payments of district property owners) for the majority of its revenue
- In the 2015-16 budget, tax levy revenues total \$16,746,414 or 72% of budgeted revenues
- State aid revenues are \$5,533,181 or 24% of total budgeted revenue in the 2015-16 budget
- State aid has declined as a share of total revenue since 2001 – in the 2001-2 budget, state aid revenue for VCSD was \$5,901,739 or 37% of budget
- Voorheesville receives less total state aid in 2015-16 than it did in 2001-2 (in nominal dollars, not adjusted for inflation – the decrease would appear to be greater if adjusted for inflation)
- The district has also appropriated a larger amount from fund balance in the past few years to preserve programs (\$500 to \$700 thousand) – we should work to reduce that (to \$250 thousand) to preserve our financial health

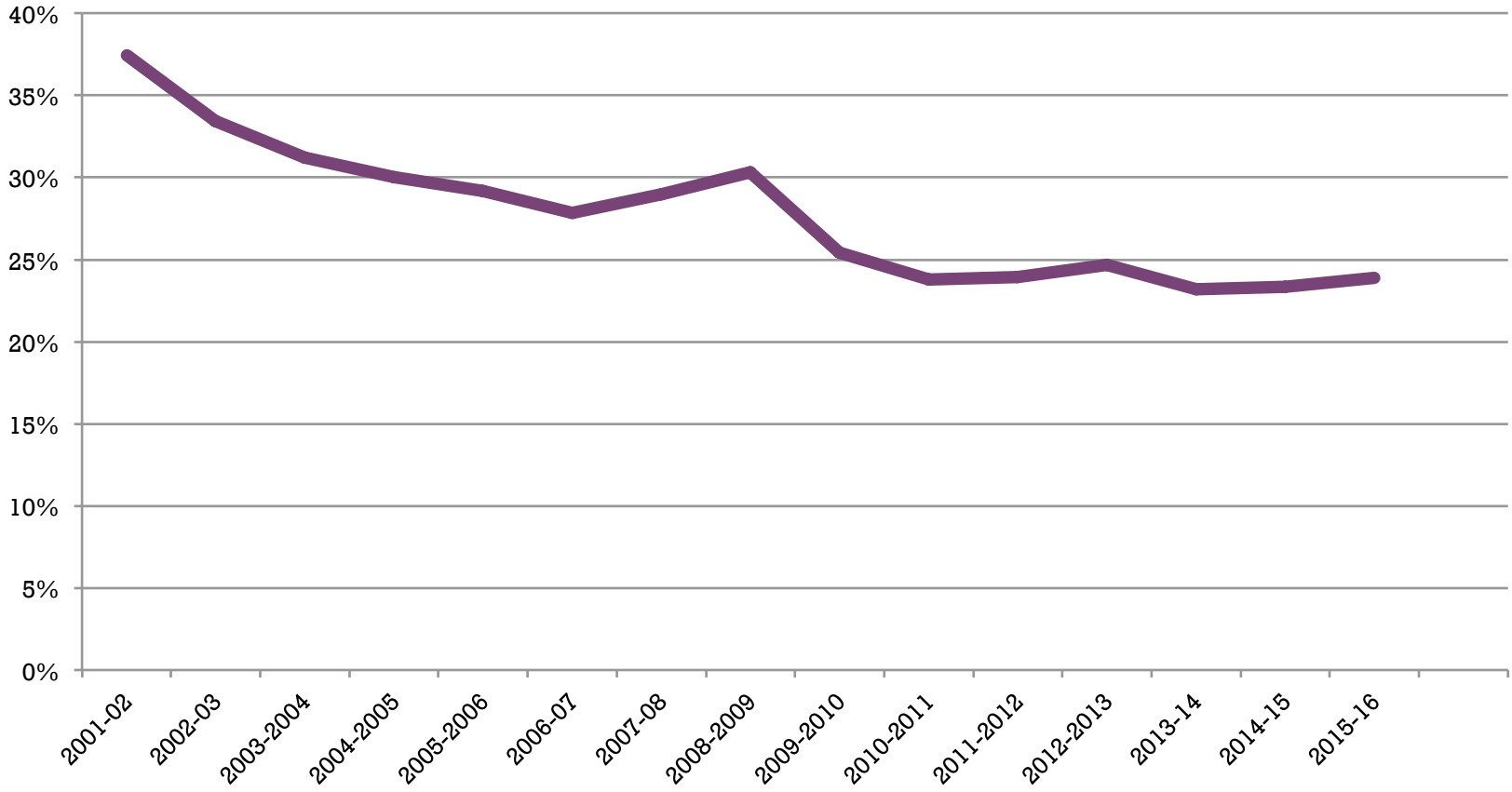




State Aid as Percentage of the Budget 2001 - 2015



State Aid as % of Budget

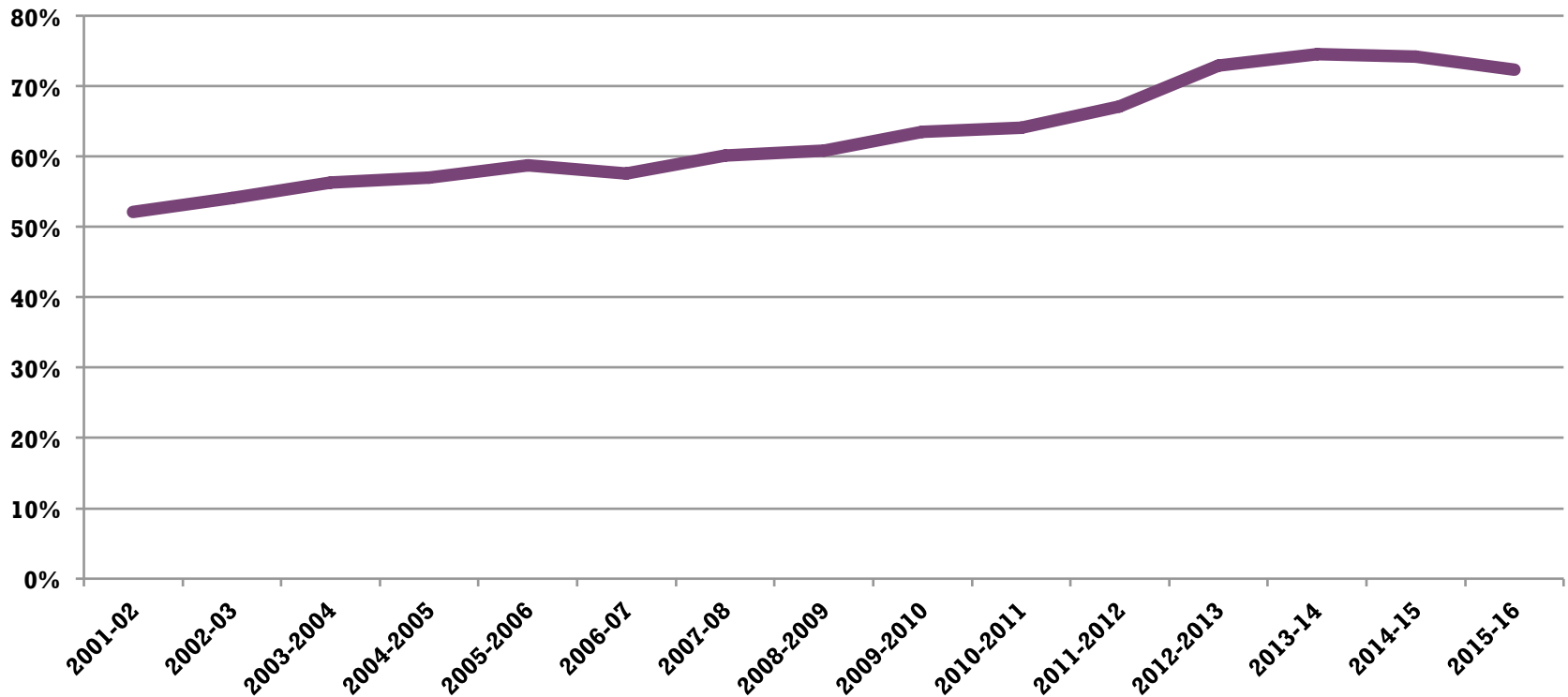




VCSD % of Revenue from the Property Tax Levy 2001 - Present



Tax Levy as % of Budget



+ District Budget Reserves



- The district maintains reserves to ensure that we are able to respond to future needs
- Examples of the use of reserves for future needs are repairs to the facilities, capital improvement projects, unexpected changes in program needs for students, and unexpected equipment replacement
- The district maintains reserves for capital projects, repairs, unemployment, encumbrances (spending commitments), and operating fund balance
- NYS regulations require that the unappropriated fund balance cannot exceed 4% of the total budget

+ VCSD Reserves

| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|--|-------------|-------------|-------------|-------------|-------------|
| Capital Reserve | 0 | \$450,000 | \$555,000 | \$880,000 | \$1,040,000 |
| Unemployment Reserve | \$100,000 | \$85,033 | \$60,000 | \$30,000.00 | \$30,000 |
| Repair Reserve | \$200,000 | \$200,000 | \$200,000 | \$250,000 | \$151,112 |
| Reserve for Encumbrances | \$345,211 | \$429,708 | \$167,731 | \$231,347 | \$249,746 |
| Unappropriated Fund Balance | \$834,851 | \$787,859 | \$891,001 | \$896,893 | \$913,689 |
| Other Reserves (Land, Certiori) | \$232,654 | 0 | 0 | 0 | 0 |
| Total Reserves | \$1,712,716 | \$1,952,600 | \$1,873,732 | \$2,288,240 | \$2,384,547 |



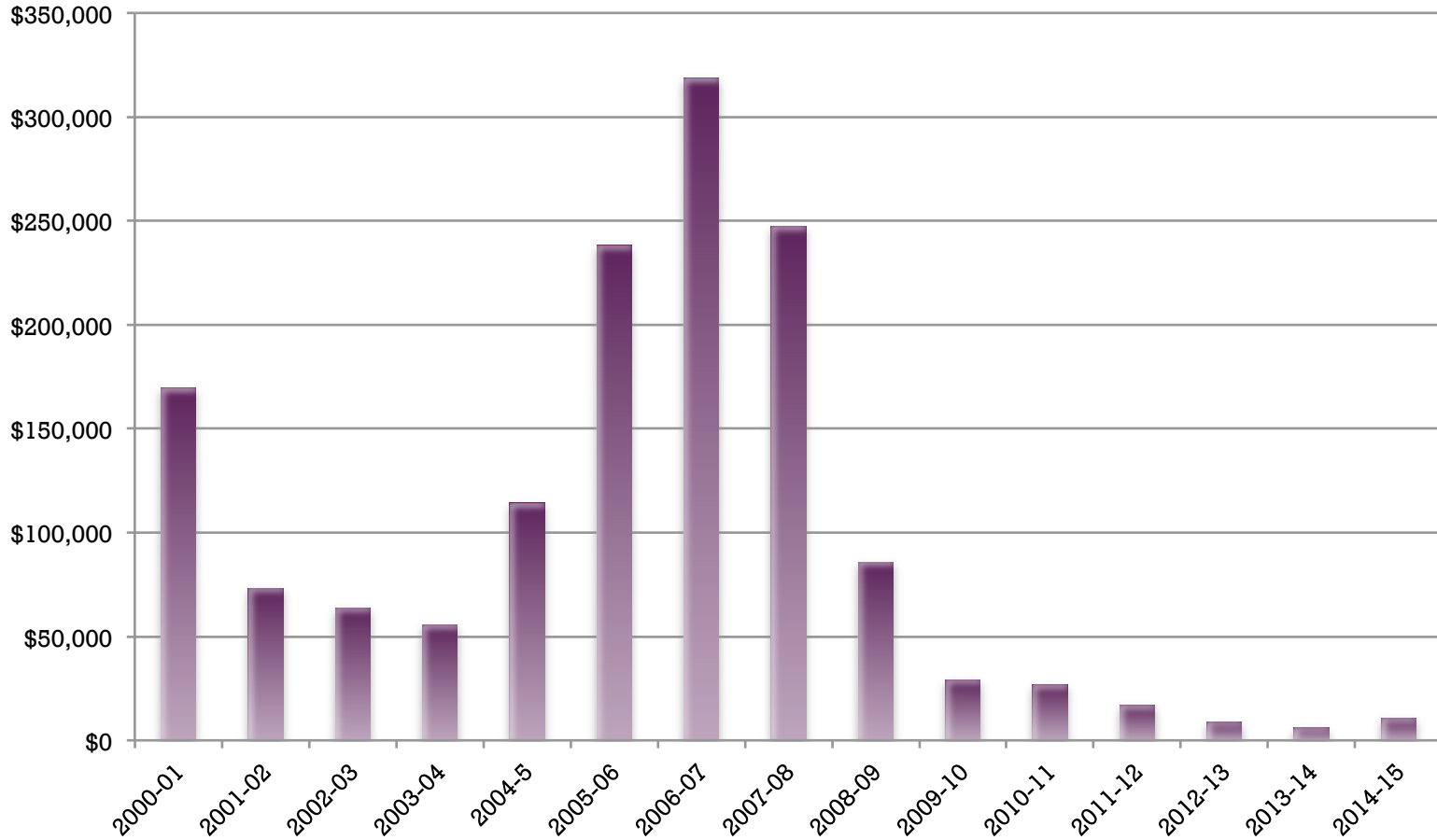
Key Points Regarding Current and Past Budget Data

- VCSD has become increasingly dependent on the property tax levy as a source of revenue due to the decline in state aid
- The tax levy limit (“tax cap”) is projected to be near 0 for the 2016-17 budget, severely limiting the district’s ability to raise revenue from local sources
- The district has a sound current financial position with regard to reserves due to prudent budgeting practices in past years
- Employee costs for salaries and benefits are the main category of expenditures (approximately 75% of total spending)
- Interest earnings for the district have declined significantly due to the sharp drop in interest rates in the wake of the Great Recession – interest earnings have had a negligible impact on the budget in recent years
- Debt from the 2001 project (MS wing, athletic wing) will be retired in 2021



+ VCSD Interest Earnings

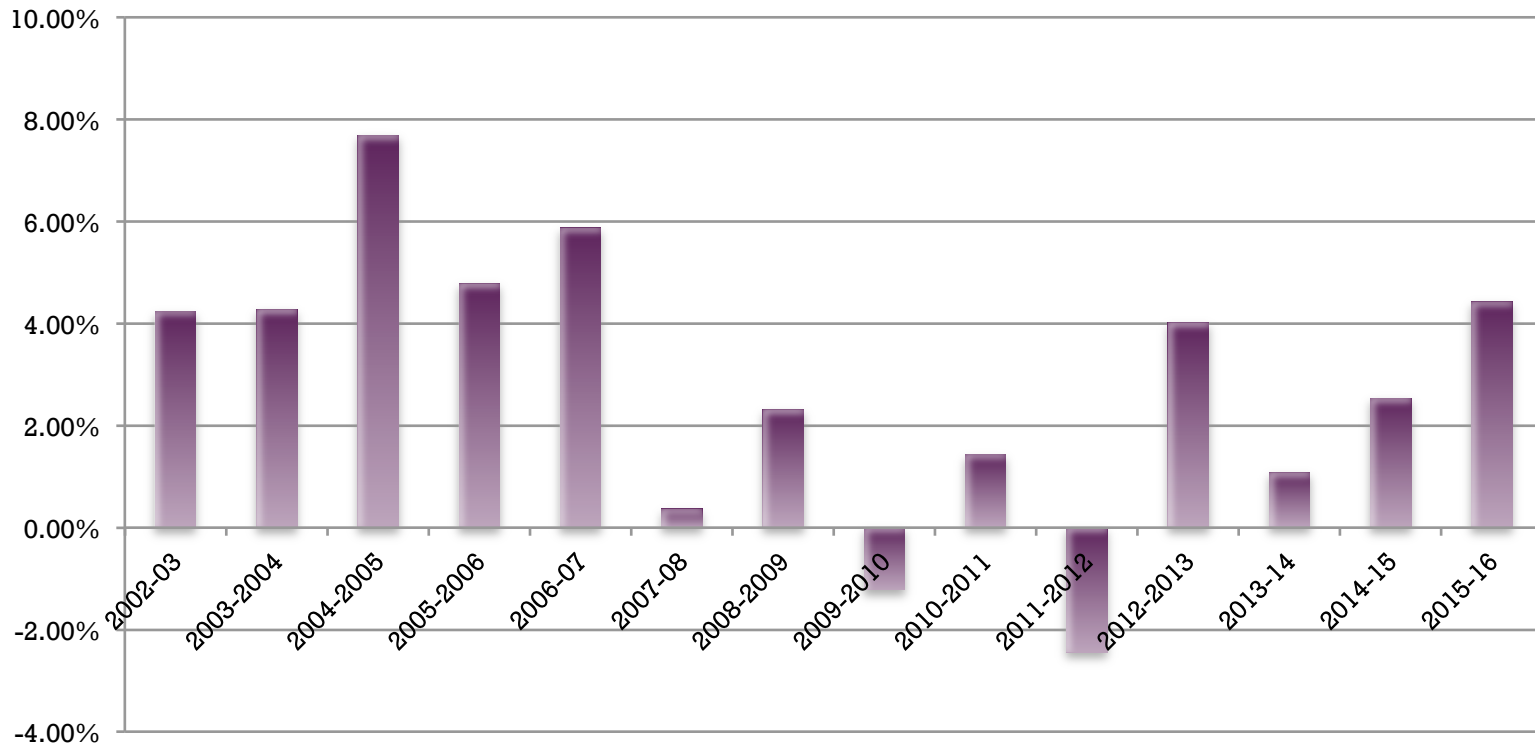
General Fund Interest Earned 2000-2015



+ VCSD Budget to Budget % Increase 2002 – 2015 (Ave = 2.81%)



Budget to Budget % Increase

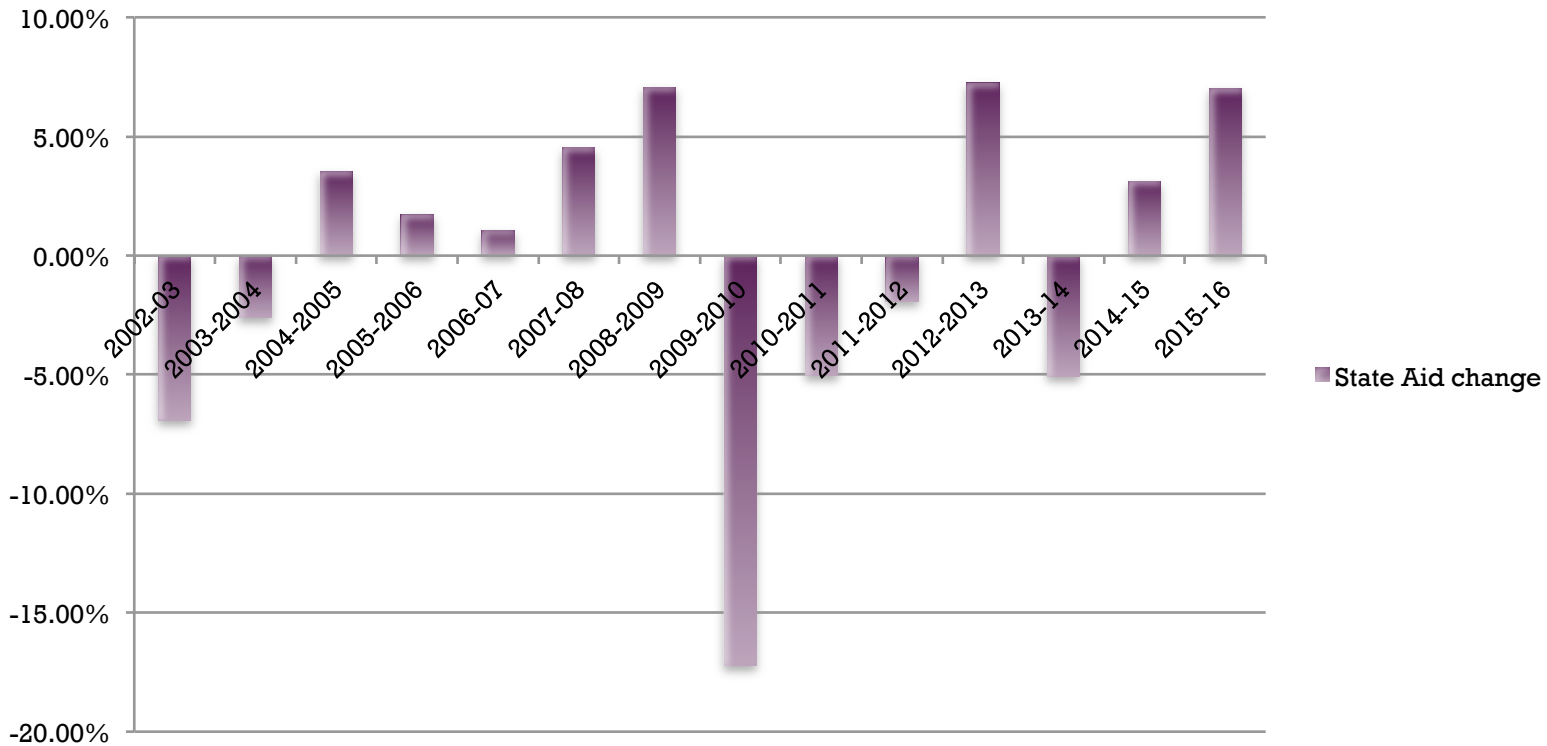




State Aid % Changes Budget to Budget 2002 – 2015 (Ave = -0.24%)



State Aid % Change



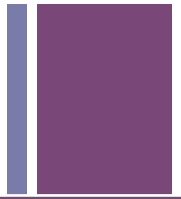


Budget Illustration for 2016 - 2021



- We can make some assumptions to illustrate what our future budgets might look like. These assumptions include:
- State aid increases in the next 5 years will have to be significant to make up for the tax levy limit (we received an 8% increase in 2015-16) – we will estimate a 5% per year overall state aid increase (4% increase for 2016-17 per the Governor's budget proposal)
- We must assume minimal tax levy increases; the levy increase is 0.96% in 2016-17, and we will estimate a 1% levy increase per year for the next 4 years
- Gradual reduction of the use of fund balance from the current approximately \$500,000 per year to \$250,000 per year in 2021 to ensure we maintain adequate fund balances for unexpected expenses
- Increase the capital reserve to \$1,300,000 and the repair reserve to \$250,000 to prepare for future facilities needs (e.g. ES roof, heating systems in both buildings, windows, etc.)
- Total salaries increase by 2% per year
- Health benefits increase by 5% per year
- Assume all other costs remain flat in 16-17 and rise 1% each year thereafter, yielding a 2.1% budget to budget increase in expenditures in 16-17 and a 2.5% increase thereafter

+ Budget Illustration – increases of 2.0% spending, 5% aid, 1-1-1-1-1 levy



| Budget Year | Total Expenditures (% increase) | Amount of State Aid Increase (% increase) | Tax Levy (% increase) | Revenues Minus Expenditures |
|--------------------|--|--|----------------------------------|------------------------------------|
| 2015-16 | \$23,149,000 (4.4% increase) | \$407,000 (8% increase) | \$16,740,000 (1.88% increase) | N/A |
| 2016-17 | \$23,647,000 (2.1% increase) | \$225,000 (4% increase) | \$16,901,000 (0.96% increase) | (\$154,000) |
| 2017-18 | \$24,238,000 (2.5% increase) | \$293,000 (5% increase) | \$16,907,000 (1% increase) | (\$154,000) |
| 2018-19 | \$24,844,000 (2.5% increase) | \$307,000 (5% increase) | \$17,076,000 (1% increase) | (\$152,000) |
| 2019-20 | \$25,465,000 (2.5% increase) | \$323,000 (5% increase) | \$17,247,000 (1% increase) | (\$150,000) |
| 2020-21 | \$26,102,000 (2.5% increase) | \$339,000 (5% increase) | \$17,420,000 (1% increase) | (\$148,000) |



Conclusions from the Budget Illustration



- Given the assumptions in our illustration, our district's future financial position is dependent primarily on state aid and expenditure changes.
- The budget illustration could change if
 - State aid changes
 - The tax levy limit changes
 - Salary and benefit increases change
- Overall conclusions: VCSD is dependent on state aid increases to maintain its programs, and we must be careful to control cost increases during each budget cycle