

# Prudent Financial Planning for Shaping our Future

Budget Workshop-March 8, 2018 Mattituck-Cutchogue School District

Presented by Kevin J. Coffey, Business and Operations Administrator

## Agenda

- Driving Factors
- District Reserves and Fund Balance
  - Formal Plan
  - Projected 6/30/2018
  - Capital Reserve
  - Appropriated Fund Balance
  - Future Plan
  - Outside View
- **2**018-2019 Budget
  - Overview
  - Budget Drivers
  - Next Steps

# Driving Factors: Supporting high quality and creative teaching and learning!

- Continue to strengthen the expertise of your administrative team as we respond to the transition
- Keep our focus on the goals
- Take action through our budget planning process aligning staffing needs with program needs for the 2018-2019 School Year
- Design a plan for best use of facilities and property
- Budget work to include a look at a capital reserve option
- Design a plan for better communication including phones and use of technology
- Become active in legislative issues around mental health, funding, and support for smaller districts who wish to collaborate for athletics, programs and services

Driving Factors: **Board of Education Goal exercises fiscal** responsibility in the service of High Quality and Creative Teaching and Learning and all related goals.

Given the current environment of diminishing resources, tax cap, and State and Federal mandates and declining student enrollment

- Strategic plan for facilities
- Budget planning
- Reserves analysis and under spending trends, capital reserve discussion
- Indicators might be use of data on enrollment and staffing projections
- Use district goals as a driver and consideration for all budgetary decisions
- Explore more grant and outside resources
- Understand policy and procedures that exist that influence BOE decision making

- Establish formal Reserve Plan
  - Gradual measured approach
    - Avoid tax spikes
  - Manage Districts' strong balance sheet
  - Use for intended purpose
- Ongoing Updates and Communications to Board of Education
- 5 Year Plan

- Current status of Reserves-Projected 6/30/2018
  - Employee Benefit Accrued Liability approx. \$1.5M
    - Reserve=Liability at 6/30/2018
    - Incentive of \$446K addresses Internal Control Comment at 6/30/2017
    - Appropriated \$346K for 17/18
    - Appropriate \$121K in 18/19 based on know retirements
  - ERS (Retirement-CSEA staff only) approx. \$2.1M
    - Transfer \$2.5M to new Capital Reserve in 17/18
    - Appropriate \$275K in 18/19
  - Workers Compensation \$616K
    - Appropriated \$154K in 17/18
    - Appropriate \$75K in 18/19

#### District Reserves (con't)

- Current status of Reserves-Projected 6/30/2018
  - Unemployment approx. \$94K
    - Transfer \$500K to new Capital Reserve in 17/18
    - Appropriate \$14K in 18/19
  - Capital \$3.0M
    - Transfer \$2.5M from ERS in 17/18
    - Transfer \$500K from Unemployment in 17/18

- Capital Reserve
  - Recommend establishing a Capital Reserve for \$6.0M in May 2018 based on voter approval
  - Voters will approve a reserve for security systems, renovations, technology, solar, vehicles, equipment, boilers, A/C, doors, roof renovations, floor replacement, etc.
  - May 2019 first year voters can approved specific capital related projects for 19/20 school year and forward
  - Initial funding of \$3.0M in 17/18
    - Fund from \$2.5M ERS and \$500K Unemployment Reserve
  - If there is any excess fund balance can be used to fund reserve annually
  - Key Benefits
    - Fund capital efforts with reserve no effect on tax rate
    - No borrowing for larger projects
    - Maintains buildings and infrastructure

#### Appropriated Fund Balance

- Definition
  - Appropriated fund balance is a funding source to balance the budget for expenditures exceeding budgeted revenue. Allows districts the ability to manage the tax levy in the tax cap environment.
- Reduce Reliance
  - The 18/19 \$500K reduction in appropriated fund balance reduces the reliance on the this revenue source in the future
    - Accomplish by tight budgeting of 18/19 budget expenditures and revenues
- Long-term Goal
  - Goal is to reduce to appropriated fund balance to zero for the 21/22 budget
    - Setting up the capital reserve is a key component to implement this plan

- Outside View
  - Cullen & Danoswski-Outside Auditors
    - Thoughts on District Plan
    - Other Districts Approaches
    - OSC Reports on Reserves
  - Ingerman Smith-Counsel
    - Thoughts on District Plan
    - What are your clients doing
    - Formal steps to set-up
- BOE Discussion

### 2018-2019 Budget

- Overview
  - Tax Rate
    - 18/19-0.25% tax levy vs. 0.97% allowable tax levy
    - 17/18-0.17% tax levy vs. 1.37% allowable tax levy
  - Budget to Budget
    - 18/19 \$40,712,455 vs \$40,765,316 or a decrease of \$52,861
  - Key Changes-Expenses
    - Decreases
      - \$387,246 Salary-Reduction in headcount of 12 or 5%, offset by contractual increases
      - \$559,575 Principal and Interest-Structure of refinance
      - ▶ \$508,894 Other-BOCES, Transportation, Pole Barn and Columns
    - Increase
      - ▶ \$754,827 Benefits-Contractual Medical Premiums 9% and TRS Retirement from 9.8% to 10.63%
      - \$648,026 Equipment, including VOIP Phone System and TV Studio

### 2018-2019 Budget

- Overview
  - Key Changes-Revenues
    - Decreases
      - \$500,000 in appropriated fund balance, planned reduction
      - \$225,426 Employee Benefit Accrued Liability, due to incentive in 17/18
      - \$79,000 appropriated workers compensation, planned reduction
    - Increase
      - \$150,000 State Aid
      - ► \$275,000 ERS, planned reduction
      - \$219,725 Interfund Transfer from Capital Fund

# Key Budget Drivers

- Savings
  - Incentive Plan
  - Alignment of staff and enrollment
- Technology and Program Initiatives
  - VOIP phone system-communications
  - Security
    - Switches and Servers
    - Cameras
  - TV Studio
  - 1:1 Chrome Books 5-8<sup>th</sup> Grade

#### Next Steps

- Next Steps
  - March 9 provide budget detail
  - Committee meetings review budgets
- Budget Hearing March 15
  - Presentation by Building and Departments
    - Enrollment and Staffing
    - Initiatives
- Budget Hearing March 22
  - Review of complete budget
  - Finalize decision on Capital Reserve
    - Public feedback
    - BOE Resolution to be voted on

# Prudent Financial Planning for Shaping our Future

- Thank you for....
  - Supporting our students
  - Supporting the staff
  - Performing the fiduciary duty to our taxpayers
  - Making Mattituck-Cutchogue an excellent school district