



Williamsville Central School District

November 2017

- 1. Financial Analysis of 2016-17 Audit**
- 2. Review of Historical Budget Reductions**

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Overview of Financial Summary

The District's audit reviewed the six major funds and the student extra-classroom accounts:

1. General Fund
2. Special Aid
3. Capital Projects
4. School lunch
5. Debt service
6. Community Education

This review concentrates on the **General Fund** and addresses:

- Revenues, Expenditures
- Balance Sheet (Assets, Liabilities, and Fund Balance)
- Change in Fund Balance



Revenue and Expenditures

	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015	As of June 30, 2014
Total Revenue	\$ 175,368,498	\$ 171,042,418	\$ 165,930,471	\$ 162,313,391
Total Expenses	\$ 179,119,291	\$ 168,941,854	\$ 158,716,016	\$ 155,963,538
Net Change in Fund Balance	\$ (3,750,793)	\$ 2,100,564	\$ 7,214,455	\$ 6,349,853
Total Reserves and Fund Balance	\$ 66,687,221	\$ 70,438,014	\$ 68,337,450	\$ 61,092,992

Explanation of Major Changes between June 30, 2017 vs. June 30, 2016:

- Revenue-Increase in Tax Levy +\$1.3m, State aid +\$3.7m (GEA restoration)
- Expense-Increase \$2.2m instructional program, \$7.5m debt payment.

Reference – audit pages 16, 53 and 54.



Significant Expense Items

- **Instruction** - \$130,660,334 or 78.5% of total budget
- **General Support Services** - \$22,341,912 or 13.4% of total budget
- **Pupil Transportation** - \$10,537,038 or 6.3% of total budget
- Reference: Audit p. 8



Balance Sheet

	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015	As of June 30, 2014
Total Assets	\$ 81,018,840	\$ 84,974,681	\$ 85,863,900	\$ 76,981,538
Total Liabilities	\$ 14,331,619	\$ 14,536,667	\$ 17,526,450	\$ 15,888,546
Total Fund Balance	\$ 66,687,221	\$ 70,438,014	\$ 68,337,450	\$ 61,092,992

Fund Balance:

- Capital reserve – Authorized transfers were made for the capital projects in the amount of \$6,125,816. Contributing factor on why total fund balance decreased by \$3,750,793.

Reference - Audit pages 14 and 10.



Fund Balance Definitions

Definition of Restricted Reserves: Funds deposited in these accounts are **legally restricted** to support expenses that are within their assigned category

- Insurance – Payments for uninsured losses
- Unemployment – Benefit claims
- Tax Certiorari – Article 7 refunds
- Capital (Building and Bus) Proposition ballot vote required
- Workers compensation - Self-funded workers compensation claims
- Repair – Board authorized repair reserve expenses (public hearing)
- Employee benefit and accrued liability – Accrued employee payments for sick time payable at retirement
- Employee Retirement system (ERS) – Payments made to New York State



Fund Balance Definitions

Definition of Assigned Reserves:

Have been formally assigned for use by the Board of Education for a specific purpose

- Appropriated Fund Balance – Revenue allocation to balance budgets
- Encumbrances – Prior year purchase orders that will be paid in the following fiscal year

Definition of Unassigned Fund Balance:

Funds that are not classified or committed for future use

- Unassigned fund balance – New York State limits school districts to a maximum of 4% of their budget



Changes in Fund Balance and Reserves

As of June 30, 2017 Reserves: Restricted, Assigned & Unassigned	Balances June 30, 2016	Expenses Closed To Reserves	Interest Posted To Reserves	Funding/Entry To Reserves	Balances June 30, 2017	Assigned Unassigned	Changes in Reserves
<u>1. Reserves Designated as Restricted:</u>							
Insurance - casualty losses	\$ 2,037,973	\$ -	\$ 1,127	\$ (150,000)	\$ 1,889,100	\$ 1,889,100	\$ (148,873)
Unemployment	\$ 346,301	\$ (8,446)	\$ 153	\$ -	\$ 338,008	\$ 338,008	\$ (8,293)
Tax Certiorari	\$ 87,500	\$ (87,549)	\$ 49	\$ 400,000	\$ 400,000	\$ 400,000	\$ 312,500
<i>Capital Reserves Building:</i>					\$ -		
Building 2016	\$ 816,659	\$ (800,000)	\$ 415	\$ 36	\$ 17,110		\$ (799,549)
Building 2014	\$ 18,000,000	\$ (5,325,816)	\$ 8,636	\$ -	\$ 12,682,820		\$ (5,317,180)
Building 2007	\$ 265,744	\$ -	\$ 147	\$ 3,455,620	\$ 3,721,511		\$ 3,455,767
Total Capital Reserves- Building	\$ 19,082,403	\$ (6,125,816)	\$ 9,198	\$ 3,455,656		\$ 16,421,441	
Capital Reserve - Buses	\$ 4,281,352	\$ (771,320)	\$ 2,367	\$ -	\$ 3,512,399	\$ 3,512,399	\$ (768,953)
Workers Compensation	\$ 3,299,350	\$ (525,970)	\$ 1,492	\$ 530,000	\$ 3,304,872	\$ 3,304,872	\$ 5,522
Repair	\$ 5,518,363	\$ (900,000)	\$ 2,868	\$ 700,000	\$ 5,321,231	\$ 5,321,231	\$ (197,132)
Employee Benefit	\$ 10,418,941	\$ (400,000)	\$ 5,539	\$ (400,000)	\$ 9,624,480	\$ 9,624,480	\$ (794,461)
Retirement Contribution	\$ 8,233,234	\$ (2,450,000)	\$ 3,197	\$ 1,454,999	\$ 7,241,430	\$ 7,241,430	\$ (991,804)
Total Restricted Reserves:						\$ 48,052,961	
<u>2. Reserves Designated as Assigned:</u>							
Nonspendable - Cash value of life insurance	\$ 1,630,000	\$ -	\$ -	\$ 790,701	\$ 2,420,701	\$ 2,420,701	\$ 790,701
Encumbrances	\$ 2,758,598	\$ -	\$ -	\$ 590,958	\$ 3,349,556	\$ 3,349,556	\$ 590,958
2017-18 Appropriated Fund Balance	\$ 5,424,000	\$ -	\$ -	\$ -	\$ 5,424,000	\$ 5,424,000	\$ -
Total Assigned Reserves:	\$ 8,182,598	\$ -	\$ -			\$ 11,194,257	
<u>3. Unassigned:</u>							
Total Unassigned Fund Balance	\$ 7,319,999	\$ -	\$ -	\$ 120,004	\$ 7,440,003	\$ 7,440,003	\$ 120,004
Total Fund Balance	\$ 70,438,014	\$ (11,269,101)	\$ 25,990	\$ 7,492,318	\$ 66,687,221	\$ 66,687,221	\$ (3,750,793)
						Cross-check	\$ (3,750,793)



Financial Analysis of 2016-17 Audit

Change in Total Assets

Total assets decreased by \$3.9 million primarily due to transfers from the capital reserve accounts to the capital projects.

- **Positive Impact-** Savings from interest payments from use of capital reserve funding provides approximately \$1.6 million of interest expense savings to the District over a 15 year debt repayment schedule
- **Positive Impact** - Total liabilities remained stable – Minimal decrease of \$205,048 (NYS Retirement System liabilities continue to decrease)

Correlation to future District Budget Development Cycles

- **Positive Impact** – Stable financial position means that current instructional and support programs are supported by the District's revenues
- **Potential Negative Impact** – Revenue increases may be limited to tax levy and state aid
- **Potential Negative Impact** – Rising expenses without equal increases in revenue will decrease future fund balance, negatively impact budget additions, capital reserve funding/future capital projects.

Reference audit pages 14 (2016 & 2017 audits)



Historical Budget Reductions

Human Resources – Salary and benefits = 94.19% of total net budget increases for the eleven year report period.

Total \$44,297,254. **Average \$4,027,023 per year**

Program – Minimal program increases over ten year period + \$1,325,471

Represents everything from Reading Recovery to new athletic teams

Support – Minimal increases for operational areas +\$1,556,786

Represents facility operations through school bus transportation

Other – Net reductions of – \$149,003

Represents supplies and contracted expenses



Historical Budget Reductions and the Audit impact on 2018-19 Budget Planning

1. New revenue will be received from State Aid and the Tax Levy
2. Limitations of tax levy revenue due to the tax cap formula
3. Minimal opportunities to reallocate current budgets to offset new increases
4. New budget expense driver will be Human Resource expenses
5. Awareness of the compounding effect of new positions on future budgets
6. Economic factors will affect the budget (New York State revenue)



Next Steps

Upcoming 2018-19 Budget Development Information in December:

1. Review the updated Long Range Financial Plan
2. Review the Fund Balance and Reserve Plan