

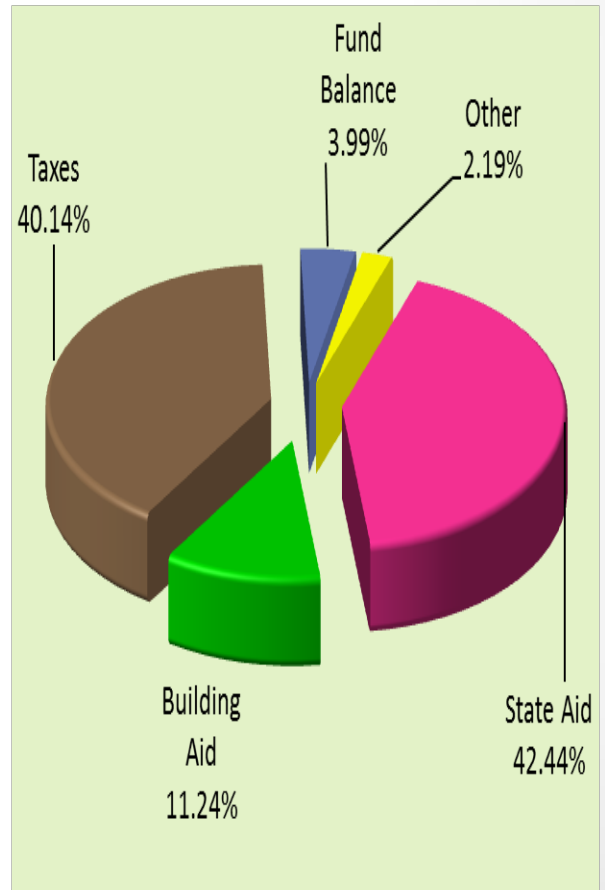
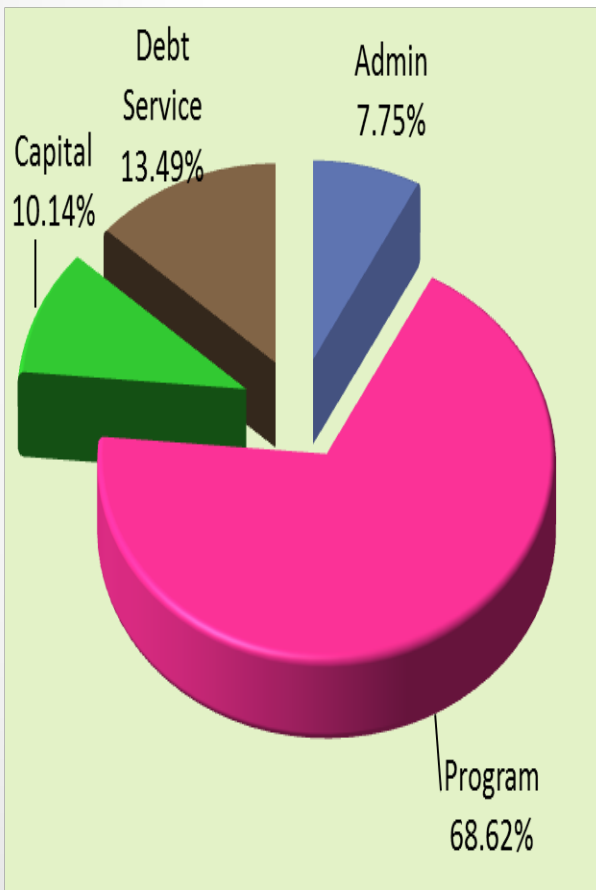
Clymer Central School 2018 – 2019 Budget Presentation



Components of the Budget

Expenditures

Revenues/Fund Balance



Budget Highlights

Administrative Component **(Decrease)** = (7.1%)

Program Component **Increase** = 4.9%

Capital Component **(Decrease)**=(1.1%)

Total Proposed **Increase** = 2.4%

Summary of Expenditures by Type

| | |
|---|--------------------------|
| Increase in Payroll | 277,818 |
| Decrease in Equipment | (12,565) |
| Decrease in Contractual Expenditures | (298,339) |
| Increase in BOCES Expenditures | 104,494 |
| Increase in Debt Service | 14,377 |
| Increase in Employee Benefits | 188,378 |
| Net Increase in Total Expenditures | <u>\$ 274,164</u> |

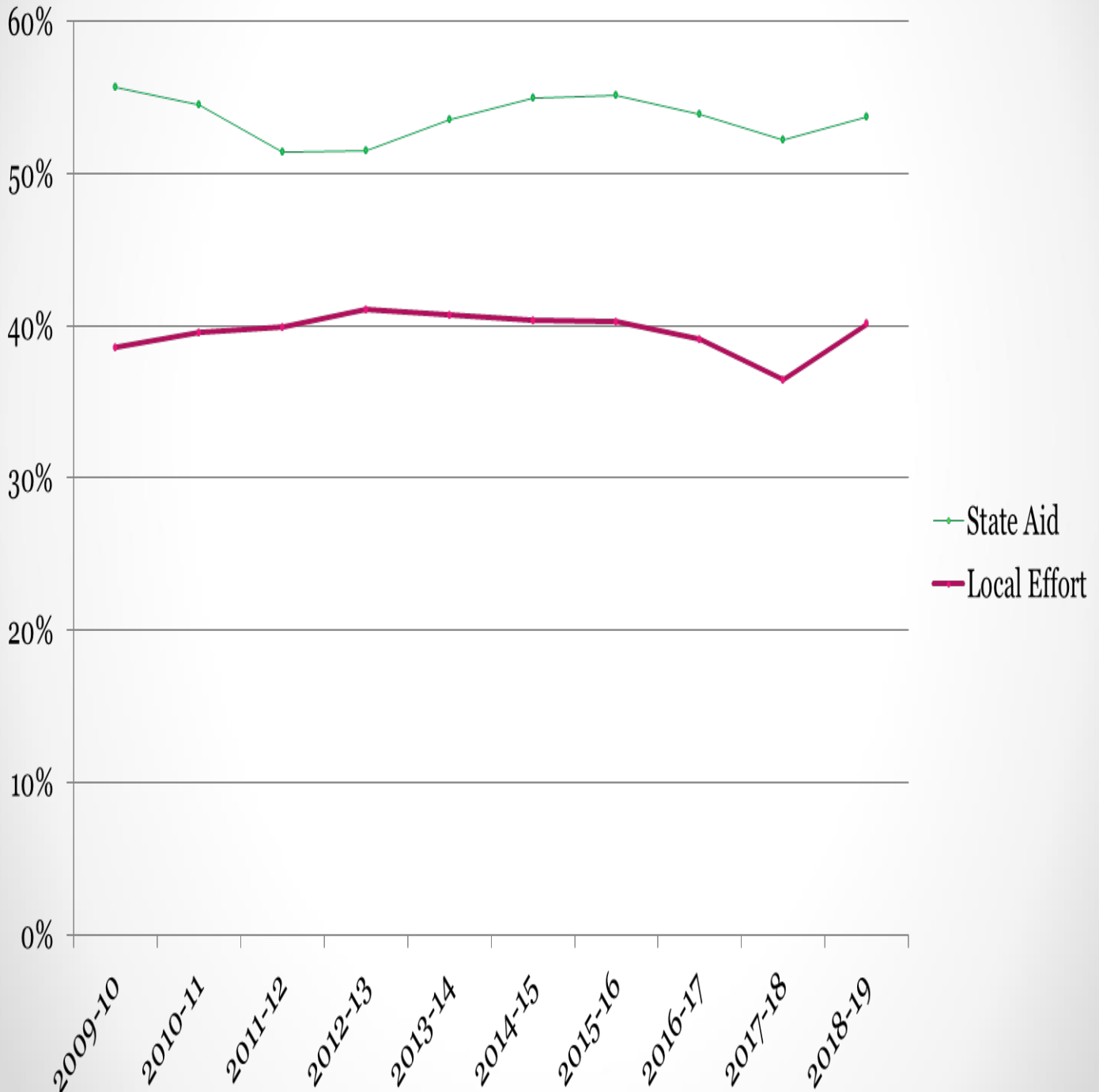
Budget Analysis

| BUDGET SUMMARY | 2017-18 BUDGET | 2018-19 BUDGET | CHANGE |
|--|-------------------|-------------------|-----------|
| Total Expenditures | \$11,287,390 | \$11,561,554 | \$274,164 |
| Less: Total Revenues | \$6,202,658 | \$6,459,408 | \$256,750 |
| Less: Appropriated Fund Balance | \$836,793 | \$671,314 | (165,479) |
| Less: Reserve for Retirement | \$135,000 | \$90,000 | (45,000) |
| Less: Reserve for Employee Benefits | \$1,000 | \$57,000 | 56,000 |
| Estimated Tax Levy | \$4,111,939 | \$4,283,832 | 171,893 |

Proposed levy is within the tax cap using fund balance to close the revenue gap.

Tax Levy Increase: 4.2%

State Aid vs. Local Effort



Budget Analysis

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|--|-------------------|-------------------|-----------|
| Total Expenditures | \$11,287,390 | \$11,561,554 | \$274,164 |
| Less: Total Revenues | \$6,202,658 | \$6,459,408 | \$256,750 |
| Less: Appropriated Fund Balance | \$836,793 | \$671,314 | (522,671) |
| Less: Reserve for Retirement | \$135,000 | \$90,000 | (45,000) |
| Less: Reserve for Employee Benefits | \$1,000 | \$57,000 | 56,000 |
| Estimated Tax Levy | \$4,111,939 | \$4,283,832 | 529,085 |

Proposed levy is within the tax cap using fund balance to close the revenue gap.

Tax Levy Increase: 4.2%

Budget Notice

| Overall Budget Proposal | Budget Adopted for the 2017-18 School Year | Budget Proposed for the 2018-19 School Year | Contingency Budget for the 2018-2019 School Year * |
|--|--|---|--|
| Total Budgeted Amount, Not Including Separate Propositions | \$ 11,287,390 | \$11,561,554 | \$11,489,354 |
| Increase/Decrease for the 2018-19 School Year | | \$274,164 | \$201,964 |
| Percentage Increase/Decrease in Proposed Budget | | 2.43% | 1.79% |
| Change in the Consumer Price Index | | 2.13% | |
| A. Proposed Levy to Support the Total Budgeted Amount | \$4,111,939 | \$4,283,832 | |
| B. Levy to Support Library Debt, if Applicable | | | |
| C. Levy for Non-Excludable Propositions, if Applicable ** | | | |
| D. Total Tax Cap Reserve Amount Used to Reduce Current Year Levy | | | |
| E. Total Proposed School Year Tax Levy (A + B + C - D) | \$4,111,939 | \$4,283,832 | \$4,111,939 |
| F. Total Permissible Exclusions | \$167,913 | \$165,590 | |
| G. School Tax Levy Limit, <u>Excluding</u> Levy for Permissible Exclusions | \$3,944,026 | \$4,118,242 | |
| H. Total Proposed School Year Tax Levy, <u>Excluding</u> Levy to Support Library Debt and/or Permissible Exclusions (E – B – F + D) | \$3,944,026 | \$4,118,242 | |
| I. Difference: G – H (Negative Value Requires 60.0% Voter Approval – See Note Below Regarding Separate Propositions) ** | \$-0- | \$-0- | |
| Administrative Component | \$964,851 | \$896,317 | \$895,817 |
| Program Component | \$7,559,374 | \$7,933,399 | \$7,869,199 |
| Capital Component | \$2,763,165 | \$2,731,838 | \$2,724,338 |
| Should the proposed budget be defeated pursuant to Section 2023 of the Education Law the following will be eliminated: - all equipment purchases \$72,200 | | | |

Fund Balance

| Fund Balance Estimate | | | | |
|------------------------------|--|------------------|---|------------------------------|
| <u>Restricted</u> | | <u>Actual</u> | <u>Used to balance the 18-19 budget</u> | <u>Estimated Balance</u> |
| | Employee Benefits | 405,611 | -57000 | 348,611 |
| | Retirement | 446,257 | -90000 | 356,257 |
| | Unemployment | 24,267 | | 24,267 |
| | Capital Reserve | 79,026 | | 79,026 |
| | Total Restricted | 955,161 | (147,000) | 808,161 |
| | | <u>Projected</u> | <u>Used to balance the 18-19 budget</u> | <u>Estimated Balance</u> |
| | <u>Unrestricted carryover from 16-17</u> | 1,163,645 | | |
| | Estimated to be used for 2017-18 | (387,061) | | |
| | Available for 2018-2019 | 776,584 | (671,314) | 105,270 |
| | | | | |
| | Total Fund balance including reserves | 1,731,745 | (818,314) | 913,431 |

Fund Balance - continued

| Fund Balance <u>Available for Future years</u> | | |
|--|-------|---------------|
| Unrestricted | | 105,270 |
| Retirement Reserve | | |
| * Use is limited to expense | | 356,257 |
| Unemployment | | <u>24,267</u> |
| | Total | 485,794 |

This year we will use \$818,314 of fund balance to stay with in the tax cap.

| Fund Balance that can only be used for a specific purpose | | |
|---|----|----------|
| Employee Benefits | \$ | 348,611 |
| (Can only be used to pay for Retiree Accumulated Sick pay) | | |
| Capital Reserve | | \$79,026 |
| (Can only be used for Capital purposes for which the reserve was established) | | |

**Concluding Remarks - Mr. Ed Bailey,
Superintendent
Questions?**

We have reviewed the following areas with reference to the district's finances:

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
- Documents of Capital Expenses Consultants of the District
- Buses and Capital Projects Data:
 - Bonds, Bond Anticipation Notes
 - Use of Capital Reserves
 - Debt Service Schedules
- Other Related State Aid
- Interviews with the Business Official and Superintendent
- Examination of Tax Cap Calculations
- Examination of PILOT Calculations
- Projected Teachers Retirement System Rates and Employees Retirement System Rates
- The district contractual obligations for cost of labor

Basic conclusions:

1. Expense have and continue to outpace revenues
2. The district is using fund balances to support expenses
3. The district's reserves are not extensive
4. The potential use of some of the district's reserves are highly restrictive (Capital Reserve and EBALR)
5. Looking forward, based on the current expense and revenue trajectory, the district will begin to experience cash flow and related financial issues beginning in Fiscal Year 2019-20
6. The district currently lacks the financial wherewithal to create opportunities to diminish expenses related to bus purchases. (Optimally, these should be on a cash basis)

Basic Recommendations:

Basics:

The district needs a large influx of long term and sustainable cash (revenue). The district's only avenue for revenues that are long term and sustainable are in property taxes. It does appear that property taxes (Tax on True) for the district are less than those of other school districts in the region.

Simultaneously, the district must reexamine and if possible recalibrate the purchase of buses, and all major expenditure areas for cost containment where reasonable. (Care must be taken not to strip the educational programs as to disadvantage the education and potential opportunities for student of the Clymer Central School District.)

Other recommendations:

1. Stabilize the budget by tracking expenses and revenues:

- a. Examine 2017–2018 budget for sustainability and other issues (Carry Over/Reallocations).**
 - 1. Keep in mind: Budget process is always difficult due to the number of assumptions (Extrapolate cost estimates, state aid volatility (enrollment, special education, etc.), actual debt service (Long Term Plan for Capital Projects).**
- b. Maintain adequate cash flow to ensure maintenance of quality educational program. (This can only be done if and when the district has revenues large enough to support expenses.)**
- c. 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 (This can only be done if and when the district has revenues large enough to support expenses.)**
- b. Readjust Reserves based on future plans for Use (At this point they could be exhausted in just a few years)**
- c. Fund Balance contributes to continuous use for Bus purchases in cash (This can only be done if and when the district has revenues large enough to support expenses.)**

3. Enrollment Study vs Alternative Funding /Expense Scenarios (Shared services educational and/or otherwise, program changes, program enhancements, potential for tuitioning and/ or school district reorganization)

4. Run multiple scenarios for tax cap calculation as a plan strategy

Caveats:

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).

Thank you for engaging *R. G. Timbs, Inc.* in a financial analysis of the district.
Please let me know if you need anything else.

Regards,
Rick

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**Thank You for
Attending our
2018 – 2019
Budget
Presentation**

