

General Fund History

What are general funds? The general fund is comprised of local and state dollars. These funds are used to pay operational costs, such as salaries, maintenance, instructional resources, student transportation, utilities, insurance, etc.

2008-2015

During the period of 2008-2015 our board employed the following conservative strategies to achieve financial security.

1. Implemented a “live within your means” approach in terms of budgeting and spending.
2. Adopted the maximum tax increase each year to generate additional revenue.
3. Utilized capital outlay dollars for small projects to preserve the general fund.
4. Saved unused general fund dollars to grow the district’s contingency fund to a safe level.
5. Took advantage of cost saving opportunities to lower costs.

As a result of the above fiscally responsible strategies, the board placed the district in a safe financial state which has been key to Woodford County’s overall success as a district. Our capacity to provide resources in a timely manner has played into the district’s ability to perform well academically, invest in the training and retention of staff, and provide needed safety resources for students.

Fiscal Years 2016/2017 and 2017/2018

In 2016/2017 and 2017/2018, the board opted to maintain a flat tax rate rather than adopting a tax that would generate up to four percent additional revenue. Although the rate remained flat, approximately \$300,000 of additional revenue was generated each of these two years due to increased property assessments. With this additional funding, and few added expenses, the district was able to maintain its financial position.

Fiscal Year 2018/2019

In 2018, the board passed a tax increase (four percent) and the net increase to the general fund was \$523,000 of new revenue. After the tax was passed, the board made the decision to restrict \$600,000 for bond payments for a future high school. The net result of the increase and restriction was a loss to the general fund of approximately \$77,000. In the 2018 biennial state budget, the legislature cut professional development funds, instructional resource funds, and the Kentucky Internship Program for New Teachers. The board, upon the recommendation of the superintendent and district staff, made a decision to continue funding these resources, at a cost of approximately \$150,000, due to their overall impact on student achievement. Additionally, school resource officers, along with the approximately \$200,000 dollar increase for the yearly salary step, were added to the general fund budget for a total increase of nearly \$500,000. Another cost absorbed by the general fund was the shift of small maintenance/facility projects formerly covered by capital outlay funds. These projects totaled close to \$250,000.

As a result of expenditures exceeding revenue during the 2018/2019 fiscal year, the end of year cash balance, as of June 30, 2019, decreased by approximately \$600,000. Additional invoices/bills were paid through the end of August which added an additional \$400,000 to that total resulting in a net loss to our cash balance of nearly \$1,000,000. This is the first time in a number of years that that expenses have outpaced revenue and caused us to use our operating cash on hand. Operating cash is used to pay expenses from July 1 until we receive tax revenue in November. These expenses include current bond payments.

Fiscal Year 2019/2020

In September, 2019, the board voted to increase revenue by four percent through a tax increase. This increase will generate somewhere between \$486,009 and \$650,000 of reoccurring money to the general fund. The finalized dollar amount will not be known until March 2020. This additional revenue will be used to cover the following expenses: Salary adjustments/extended contracts for some employees (\$120,000); step increase (\$200,000); and money for facility/maintenance projects (amount to be determined by the board). The following one-page summary outlines these recurring expenses.

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Woodford Co. Public Schools

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Change</u>
Unreserved FB	\$ 6,642,587	\$ 7,629,029	\$ (986,442)
Total Increase in FY 2019 Revenues		523,000	
Restriction for Bonding		<u>(600,000)</u>	
		(77,000)	

FY 2019 Additional Expenditures Approved in May 2018*

Personnel Costs (Step & New Staff per Staffing Policy)	370,000
PD/IR/KTIP/PS	135,000
SLEO's	320,000
GF Capital Projects (*approved in Spring 2019)	<u>250,000</u>
	\$ 1,075,000

FY 2020 Recurring Expenditures from FY 2019

Personnel Costs (Step & New Staff per Staffing Policy)	370,000
PD/IR/KTIP/PS	160,000
SLEO's	<u>292,000</u>
Sub Total	\$ 822,000

New Recurring from FY 2020

Personnel Costs (Salary Schedule Adjustments Approved in May)	123,000
Step	<u>200,000</u>
Sub Total	<u>323,000</u>

Total FY 2019 & 2020 recurring expenditures \$ 1,145,000

Does not include any funds for Capital Projects

FY 2020 Trimmed Budgets	200,000
FY 2020 Revenue Changes	
Local Taxes	985000
SEEK	<u>-521000</u>
Sub Total	<u>664,000</u>
Projected impact on operating cash	(481,000)

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Capital Outlay History

What are capital outlay funds? Capital outlay funds provide funding for capital construction projects based on a district's student population. Capital outlay funds are included in the state SEEK funding formula and are determined by multiplying the district's average daily attendance by \$100. These funds can be used either for direct construction costs or to pay for debt issued on behalf of the district. Up to 80% of the total funds may be used for debt service.

2013-Present

Currently, Woodford receives close to \$360,000 in capital outlay funds. Over the past five years, our district has spent close to 6 million dollars on capital construction projects. Nearly nineteen percent or \$1.1 million came from capital outlay funds. Almost \$3.3 million or 56 percent was borrowed (funded through the sale of bonds) and \$714,000 or 12% came from building funds. A few examples of capital projects funded over the past five years include: renovation of Southside's cafeteria and kitchen, installation of security cameras at all schools, paving Northside Elementary and WCHS parking lots, and new school canopies at Southside Elementary and WCMS.

In June, 2019, the board voted to restrict 80% of capital outlay dollars (\$288,000 per year) to make bond payments for a new high school. From this point forward, general funds will be utilized to cover costs of small projects formerly covered by capital outlay funds for the life of the loan (20 years).

Building Fund History

What are building funds? The official name of this fund is The Facilities Support Program of Kentucky (FSPK). This funding source is based on property assessments certified by our local PVA. To be eligible for these funds a school district must levy, a 5-cent equivalent tax, also known as the nickel tax, in addition to the 30-cent equivalent tax required to participate in SEEK, also known as state funding. All school districts in Kentucky have levied the required taxes and are eligible for building funds.

Woodford County currently has passed two nickels and this year will be required to restrict \$2.9 million of our total local tax revenues. This money is designated to our building fund. \$2.6 million of the \$2.9 million is needed for current bond payments.

Contingency Fund History

What are contingency funds? A contingency fund is simply a rainy-day fund (one-time money) set aside to handle unexpected expenses outside the usual operating budget or mid-year reductions. In terms of personal finances, it operates much like a savings account. The state requires 2 percent of the overall budget be maintained in a contingency fund.

In 2012, Woodford had \$1.8 million or 6.6 percent in the contingency fund. Using the conservative strategies outlined under the general fund section of this document, our contingency fund has steadily grown over time. Woodford currently maintains 9.17 percent, approximately 4.3 million dollars in our contingency fund which would cover approximately eight weeks of operating expenses. This is a safe but not excessive balance.

Future Considerations

As funding options for a new high school are considered, other factors to be mindful of include:

- Rising costs of Construction
- Fluctuation of Bonding Capacity
- Staff Raises (\$220,000 per one percent raise)
- Ongoing maintenance/small project costs
- Costs Passed on to Districts via Legislative Actions
- State Budget Reductions
- Expanded Program Offerings
- Construction of Athletic Facilities
- Renovation of the Current High School for other Programming

Frequently Asked Questions and Answers

How much would it cost to renovate the current high school? We do not have an exact figure. However, the Kentucky Department of Education has indicated the project may be approved for bonding (borrowing) if one major system is replaced. For example, replacing the roof or HVAC would allow the district to bond the project and do other repairs at the same time.

Has the district explored the idea of fundraising or seeking donations to fund a new school? All ideas and suggestions are welcomed. A formal plan has not been instituted at this time.

Is there any possibility of the state sharing the responsibility of building a new school? In years past, the state provided matching funds (not a one-to-one match) for districts passing the nickel tax. This was removed from the state budget in 2018. Districts passing the nickel tax after the removal of matching funds from the state budget have still received a small amount of assistance.

How long will funds be restricted to pay for the new high school? Restricted funds will be designated for bond payments for the life of the bonds (loan), which is approximately twenty years.

If we choose to wait, how long would it be before a complete high school could be built? The answer to this question depends on the following variables: 1) Interest Rates 2) Bonding Potential 3) Construction Costs