

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.

FY 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.

FY 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, about \$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.

FY 2018/2019

In 2018, the board passed a tax rate generating four percent more revenue and the net increase to the general fund was \$523,000. After the tax 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, decided 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 of our employees were added costs 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 our expenditures exceeding revenues 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 our expenses have outpaced our

revenues 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, the board voted to increase revenue by four percent through a tax increase. This increase is expected to generate somewhere between \$486,000 and \$650,000 of recurring money to the general fund. The finalized dollar amount will not be known until March 2020. In October 2019, the board voted to restrict an additional \$350,000, bringing the total restricted to \$950,000. Based upon projected revenues and expenditures, the district anticipates a deficit of approximately \$1,100,000 for FY 2019/2020.

Fiscal Year 2021/2021

The below shows 3 different revenue scenarios: the four percent tax rate, a flat tax rate, and the compensating tax rate for FY 2020/2021. With the \$950,000 restricted, below are the projected deficits:

Summary of End of Year Balance/Contingency	Based on		
	Based on 4% Tax Rate	Holding Rate at .693	Compensating Rate
Estimated Beginning Balance July 1, 2020	\$ 5,538,327	\$ 5,538,327	\$ 5,538,327
Deficit of Revenues over Expenditures (without Beginning Balance, Contingency & On Behalf Payments)	\$ (1,793,516)	\$ (2,391,718)	\$ (2,750,917)
Estimated Ending Balance/Contingency - June 30, 2021	\$ 3,744,811	\$ 3,146,609	\$ 2,787,410

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 about \$368,000 in capital outlay funds. Over the past five years, our district has spent close to \$6 million on capital construction projects. Nearly 19% or 1.1 million came from capital outlay funds. Almost \$3.3 million or 56% 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 (\$292,000 per year) to make bond payments for a new high school. From this point forward, general funds would be utilized to cover costs of small projects formerly covered by capital outlay funds for the life of the loan.

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. 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.

We currently have 2 nickels passed and we are required to restrict \$2.9 millions of our local tax collection in our Building Fund in this school year, of which \$2.6 million of that is restricted for our 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% of the overall budget be maintained in a contingency fund.

In 2012, Woodford had \$1.8 million (6.6%) 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 8.44%, approximately \$4.0 million in the district 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 (approximately \$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
- 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? RossTarrant Architects have estimated the cost of renovation at \$35.5 million.

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

Is there any possibility of the state sharing the responsibility of building a new school? State assistance is only possible with the passage of a nickel tax. Although equalization dollars have been removed from the state budget, districts recently passing the nickel tax have continued to receive state assistance. The Governor's proposed budget does include an increase in FSPK funds.

How long will funds be restricted to pay for the new high school? Restricted funds will be designated for bond payments for up to the life of the bonds (loan), approximately twenty years. Several factors can impact the exact length of time of the restricted funds.

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 several variables. 1) Interest rates 2) Amount of restricted dollars 3) Construction Costs