

Wyomissing Area School District



Finance Committee Meeting

April 24, 2024

Agenda

- 2024/2025 Budget Update
 - Tax Increase
- Personnel Update/Discussion (6:00 to 6:15 pm)
- 2023/2024 Budget to Actual/End of Year Projection
- Fund Balance Review
- Capital Projects Funding
- Forecast Review
- Cash Flow Review
- Public Comment

Appendix – Financial Structure

General Fund	Capital Reserve	Food Service	Student Activity
Funded By: Local, State, Federal Rev	Funded By: Transfers from GF and/or Debt Service	Funded By: Patrons, National School Lunch Program	Funded By: Student Raised Fund
Funds: Salaries, Benefits, Supplies, Transportation, Utilities, Athletics, Extra-curriculars	Funds: Building Projects, Capital Expenditures	Funds: Salaries, Benefits, Staffing, Equipment, Food, Supplies	Funds: Expenditures generated by student activities

Budget Challenges Beyond 2023/2024

- Assessments – changes and appeals (+/-)
 - Reading Hospital Appeals (appeals pending) (-)
 - Commonwealth Charter Academy (no change)
 - Hotel Appeal (Wyomissing Square) (-)
 - Highlands (current apartment project) (+)
- State Revenue
 - Additional BEF
 - Student Weight Formula: \$167,815 (assumed in 24/25 budget)
 - Adequacy Investment: \$182,064
 - Additional SEF: \$824
 - Homestead/Farmstead Relief (\$900MM vs \$750MM)
- Cyber Enrollment/BOL
 - Tuition (Regular Ed) \$17,010 vs \$8,000
- Personnel
 - Hiring/Retirees/Minimum Wage
 - ESSER Positions Funding (2 Positions)
 - Health Care increase (12.0% 2024/25) (Estimated: 9% for 2025/26)
- Economic Conditions
 - Continual inflation and the impact on goods and services
 - Utilities and Fuel

Finance

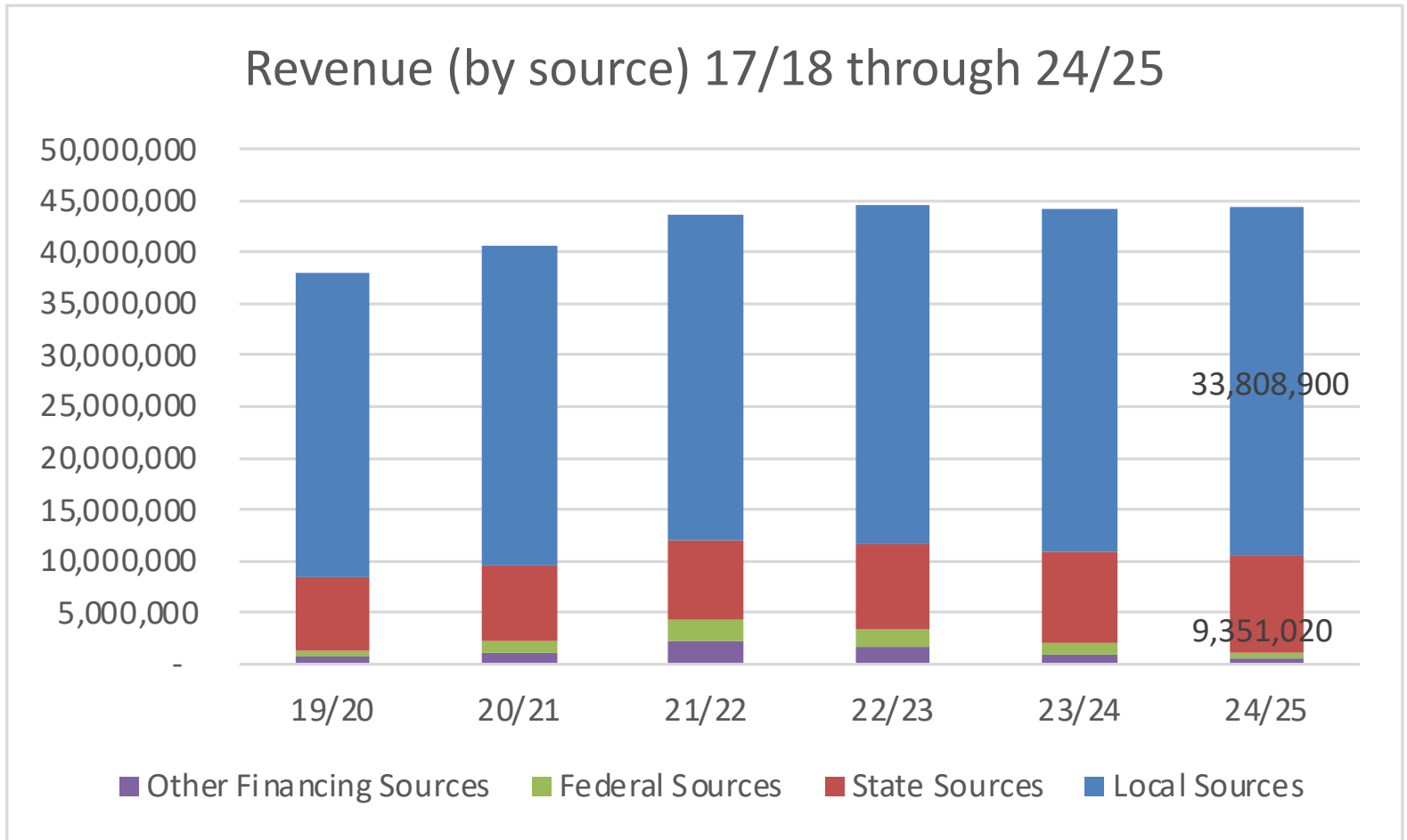
State Budget Review:

- The impact of the increases in basic education funding, special education funding and cyber tuition could be the following:
 - Basic Education: Districts will not receive any less funding than what they were provided in the 2023-2024 budget
 - \$872M is proposed to run through the newly proposed adequacy invest formula that was proposed by the Basic Education Funding Committee
 - \$200M will be distributed through the normal Basic Education Funding Formula
 - Proposed funding for the Wyomissing Area School District:

• BEF Formula:	\$167,815
• Adequacy Invest Formula:	<u>\$182,064</u>
• Total	\$348,879
 - Special Education: Proposed increase is \$824
 - Cyber Charter Tuition (impact at proposed rate of \$8,000 (regular ed only)):
 - Proposed Tuition Regular Ed for 2024/25 is \$17,010.31
 - Currently 17 Regular Ed Students Potential saving at a tuition rate of \$8,000: \$153,175.27

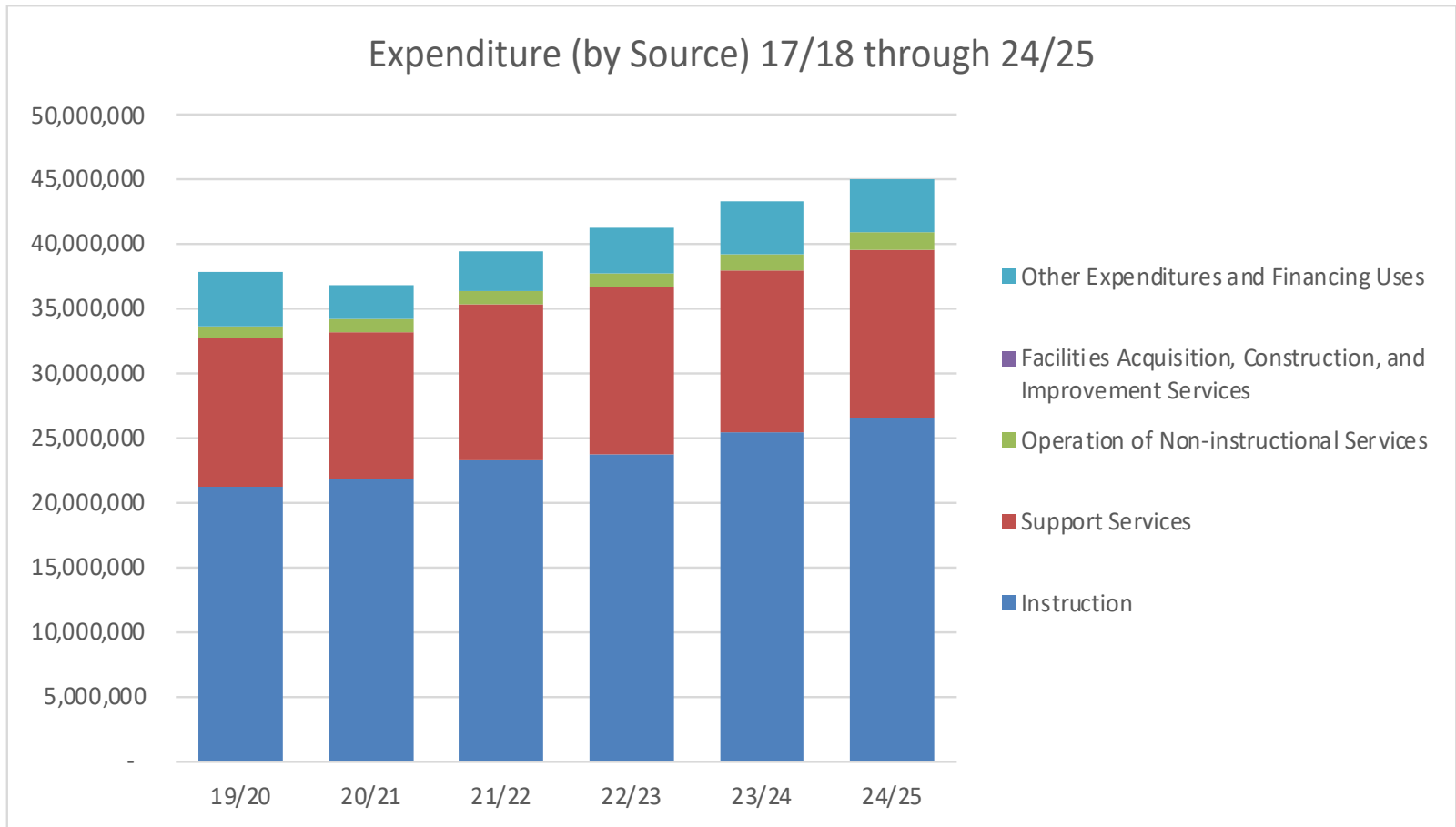
2024/2025 Projected Budgeted Revenues

- Projected Expenditure = \$43,742,175



2024/2025 Projected Budget Expenditures

- Projected Expenditure = \$45,011,393



2024/2025 Projected Budget Summary

- Projected Revenue \$43,742,175
- Projected Expenditures 45,011,393
- Projected Surplus (Deficit) **\$(1,269,218)**

- *Assumptions:*
 - *No tax increase assigned*
 - *Assessed Value decrease (Courtyard by Marriot and Reading Hospital)*
 - *Included only the Student Weighted Formula and SEF increase in State Revenue*
 - *Projected increase in Health Care costs (12.0%)*
 - *Debt Service/Capital Reserve Fund transfer*
 - *No ARP/ESSER funds budgeted (covered 2 positions)*
 - *Full Complement of staff budgeted (including changes due to pending retirements)*
 - *Additional Salary increase due to CBA including significant increase in co-curricular and athletic stipends*
 - *Inflationary cost increase in fuel, utilities, and copy paper*

2024/2025 Projected Budget Summary

Projected Surplus (Deficit) **\$(1,269,218)**

- Scenarios:

- *Tax Increase of 2.5%* **693,171**

- *Capital Transfer (50%)* **215,518**

- *Fund Balance*

- *Retirement* **280,580**

- *Unassigned* **79,949**

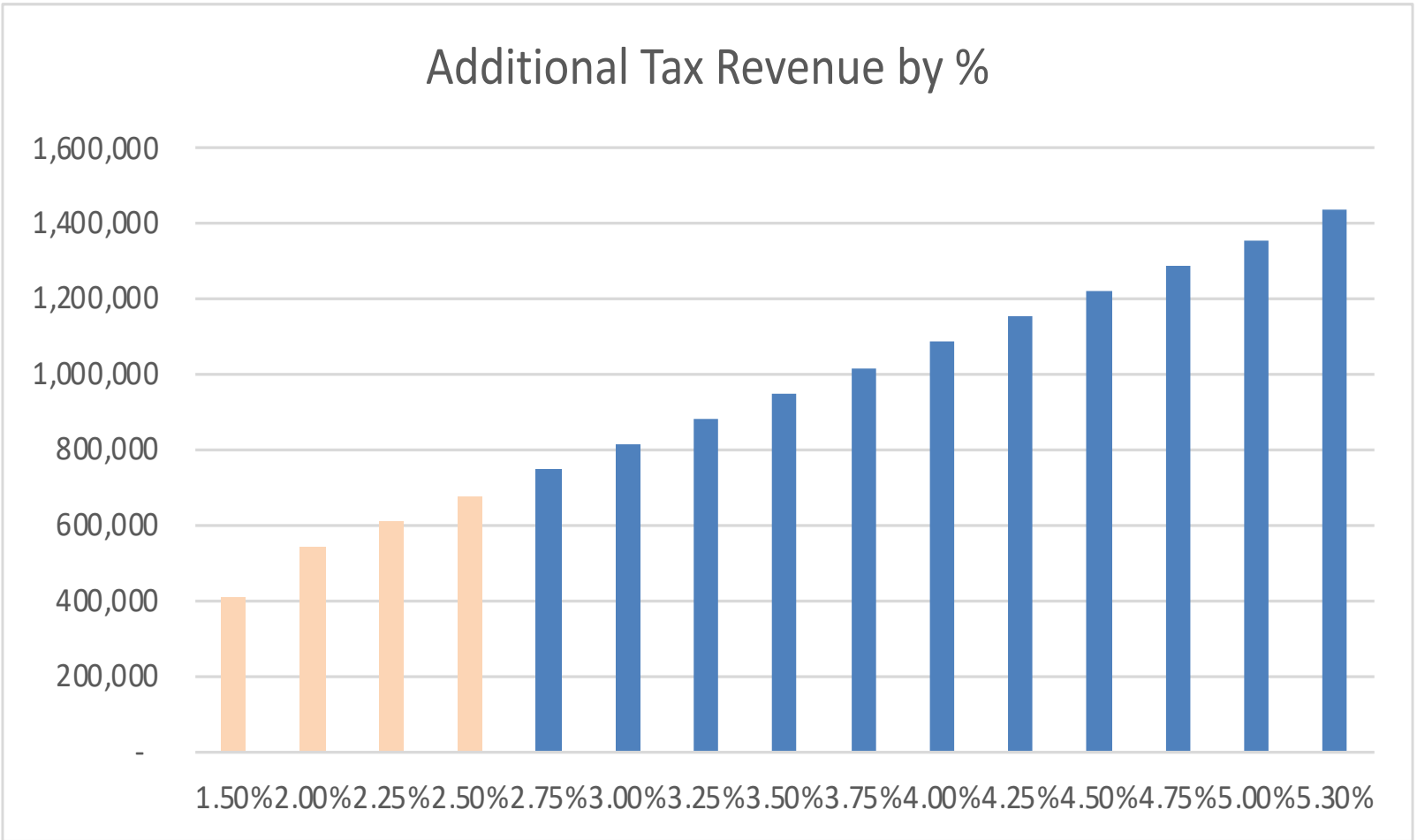
Projected Ending Surplus (Deficit) **\$0**

Millage History

- Act I Index

Wyomissing Area School District				
Millage History				
<u>Year</u>	<u>Millage</u>	<u>Increase in Mills</u>	<u>% Increase</u>	<u>PDE Index</u>
2014-15	29.4887	0.4358	1.50%	2.10%
2015-16	29.7849	0.2962	1.00%	1.90%
2016-17	30.0665	0.2816	0.95%	2.40%
2017-18	30.0665	0.0000	0.00%	2.50%
2018-19	30.6678	0.6013	2.00%	2.40%
2019-20	31.4340	0.7662	2.50%	2.30%
2020-21	31.9060	0.4720	1.50%	3.00%
2021-22	32.5441	0.6381	2.00%	3.00%
2022-23	33.1950	0.6509	2.00%	3.90%
2023-24	33.8260	0.6310	1.90%	4.10%
2024-25				5.30%

Projected Additional Tax Revenue (Tax increase)



Additional RE Tax Payment (per \$150,000 AV)



2.50% Inc



\$150,000 AV



\$127/yr or \$11/mo

Proposed new millage rate: 34.672



Personnel

Key Areas of Focus:

- WREC Math Intervention Support
- K-12 Music

Personnel

- Math Intervention Support at WREC
 - Background:
 - With ESSR funding, a Math Intervention position was created at WHEC to help identify and overcome skill deficits
 - Justification of Need:
 - Provide continued support of intervention services to students with math skill deficits
 - Recommendations:
 - Utilize a reallocation of staff approach that requires no additional staffing

WREC Schedule Discussion

Justification of Need:

- Some inefficiencies noted in current schedule
- ELA instruction is currently split which requires all classroom teachers to teach Writing and makes it disjointed
- With the development of a new schedule, instruction will begin promptly at 8:20 AM.
- A change to band and orchestra ensembles will need to be made to minimize loss of core instruction

Recommendation:

- Move WREC band and orchestra ensemble rehearsals to 2:45 - 3:25 PM.

WREC Schedule Discussion

- Instrumental lessons will continue to be held during the school day
- Choral Ensemble will continue to be held during the school day once per cycle
- Transportation will be provided via the bus that is currently offered for WREC after school activities

WREC Schedule Discussion

- Recommendation:
 - Increase K-12 Music Personnel by .75 position
- Justification for Additional Staff:
 - Ensures each music staff member receives appropriate prep time
 - Reduces travel between buildings for music staff
 - Increases teachable time at all buildings

Proposed Ending Fund Balance

Fund Balance				
	6/30/22	6/30/23	6/30/24	6/30/25
Non Spendable	\$16,280	\$14,054	\$14,054	\$14,054
Restricted	176,954	\$27,323	\$27,323	\$27,323
Committed	\$10,673,422	\$12,258,294	\$12,140,797	\$11,780,268
Assigned	\$41,539	\$161,004	\$360,529	\$1,184,222
Unassigned	\$3,300,095	\$3,461,173	\$3,600,911	\$2,777,217
Total	\$14,208,290	\$15,921,848	\$16,143,614	\$15,783,084

Committed Fund Balance						
			6/30/22	6/30/23	6/30/24	6/30/25
	Capital Designated-Security (Committed)		\$3,821,488	\$4,821,488	\$5,075,132	\$5,075,132
		PSERS (Committed)	\$4,193,192	\$4,193,192	\$4,193,192	\$3,832,663
	Curriculum Enhancements (Committed)		\$1,100,000	\$1,100,000	\$938,859	\$938,859
	Athletic Equipment Replacement (Committed)		\$550,000	\$550,000	\$550,000	\$550,000
	Furniture Replacement (Committed)		\$282,742	\$213,652	\$213,652	\$213,652
	Field House Equipment Replacement (Committed)		\$25,000	\$25,000	\$25,000	\$25,000
	Technology Infrastructure Replacement (Committed)		\$0	\$500,000	\$500,000	\$500,000
	Door Access Upgrade (DW) (Committed)		\$0	\$53,962	\$53,962	\$53,962
	Vehicle /Equipment Replacement (Committed)		\$701,000	\$801,000	\$591,000	\$591,000

Note: Assigned fund balance is a placeholder for the next year's budget deficit

Capital Project Funding Scenario

Projects (Hypothetical):

◦ Flannery Field	\$2,000,000
◦ West Reading Playground	\$750,000
◦ Air Handler Replacement	\$370,000
◦ Parking (Additional)	<u>\$450,000</u>
Total Project Costs	\$3,570,000

Current Committed Fund Balance for Capital Projects: \$4,821,488

Current Earnings Rates: 4.6% - 5.5%

Current Borrowing Rates: 4.38%

Capital Project Funding Scenario

Scenario: Cash

- Current Committed Fund Balance for Capital Projects: \$4,821,488
- Currently earning: 4.6% to 5.5% annual
- Using cash to pay for current capital project (hypothetical) \$3,570,000 would leave a balance of \$1,251,488 for other District capital needs.

Pros:

- No additional debt service
- No immediate impact on General Fund budget
- Saves time

Cons:

- Depletes cash reserves
- District would need to raise funds in future years to replenish fund

Capital Project Funding Scenario

Scenario: Cash and Debt Service

- Use mix of cash and debt totaling \$3,570,000

Pros:

- Reduced cash reserves used (District can do more)
- Provides additional funds for current projects
- Continue to earn on cash reserves

Cons:

- Increase debt service payment
- Adds additional year(s) of debt service payments
- District committed to minimally increase general fund budget

Capital Project Funding Scenario

Scenario: Debt Service

- Issue \$3,570,000 in new debt service
- Currently yield is 4.38%
- Principal + Interest = Total added over 20 years

Pros:

- Saves cash reserves for other capital needs (District can do more)
- Provides additional funds for current projects
- Continue to earn on cash reserves

Cons:

- Increase debt service payment
- Adds up to 4 additional year of debt service payments
- District committed to increase general fund budget

5-Year Forecast

FY24 Wyomissing Area_042424_2.50%

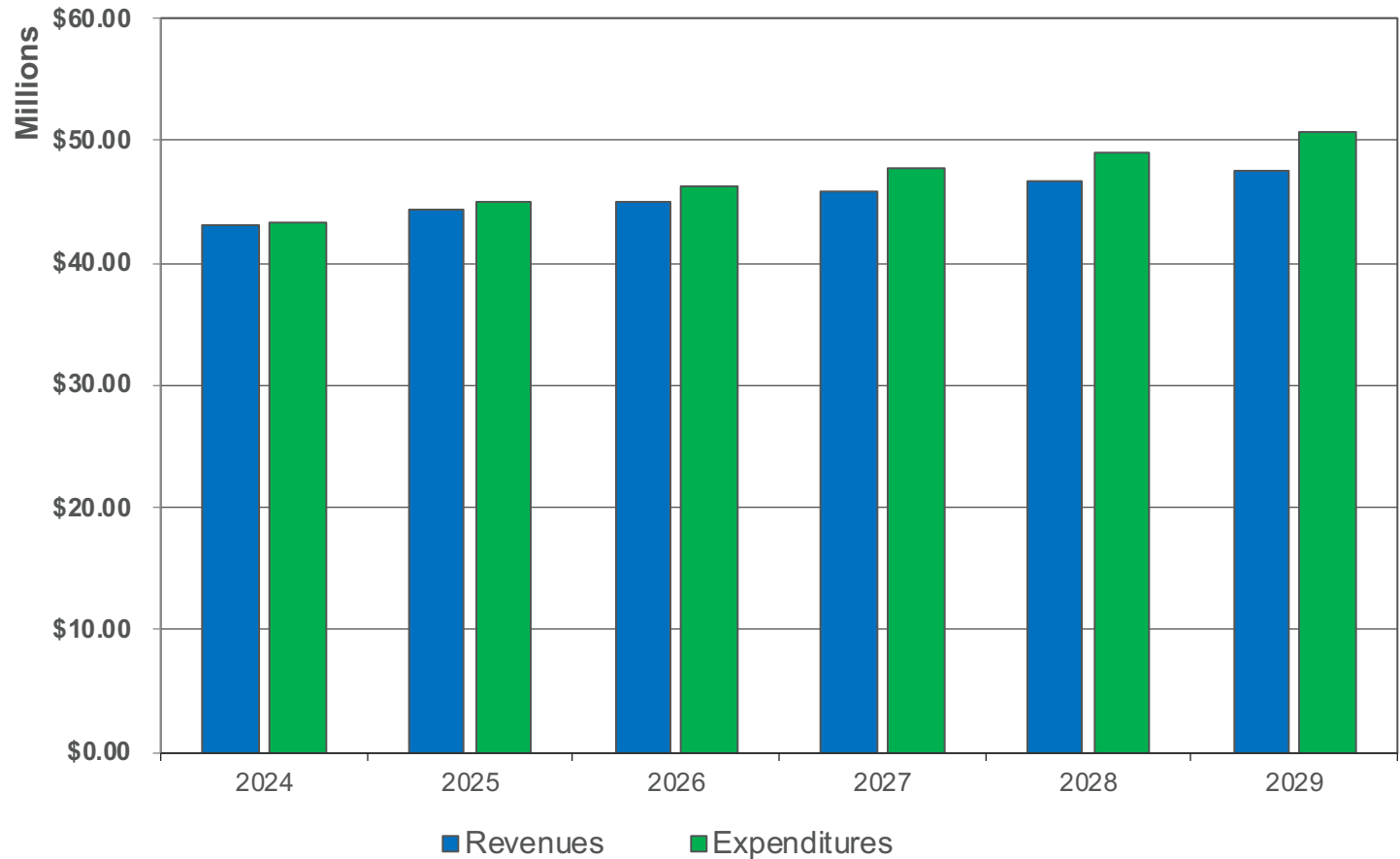
	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	2024	2025	%Δ	2026	%Δ	2027	%Δ	2028	%Δ	2029	%Δ
REVENUE											
Local	\$33,305,030	\$34,502,071	3.59%	\$35,050,471	1.59%	\$35,709,013	1.88%	\$36,379,967	1.88%	\$37,065,558	1.88%
State	\$8,791,690	\$9,351,021	6.36%	\$9,549,889	2.13%	\$9,732,903	1.92%	\$9,926,354	1.99%	\$10,130,723	2.06%
Federal	\$1,006,935	\$582,254	-42.18%	\$544,490	-6.49%	\$518,056	-4.85%	\$499,552	-3.57%	\$486,599	-2.59%
Other Financing Sources	\$0	\$0		\$0		\$0		\$0		\$0	
TOTAL REVENUE	\$43,103,655	\$44,435,346	3.09%	\$45,144,851	1.60%	\$45,959,972	1.81%	\$46,805,873	1.84%	\$47,682,880	1.87%
EXPENDITURES											
Salary and Benefit Costs	\$30,952,842	\$31,962,349	3.26%	\$32,971,350	3.16%	\$34,207,709	3.75%	\$35,484,200	3.73%	\$36,818,158	3.76%
Other	\$12,311,817	\$13,049,044	5.99%	\$13,357,723	2.37%	\$13,558,439	1.50%	\$13,586,549	0.21%	\$13,991,751	2.98%
TOTAL EXPENDITURES	\$43,264,659	\$45,011,393	4.04%	\$46,329,073	2.93%	\$47,766,147	3.10%	\$49,070,750	2.73%	\$50,809,908	3.54%
SURPLUS / DEFICIT	(\$161,004)	(\$576,047)		(\$1,184,222)		(\$1,806,176)		(\$2,264,877)		(\$3,127,028)	
BEGINNING FUND BALANCE	\$15,941,606	\$15,780,602		\$15,204,555		\$14,020,333		\$12,214,157		\$9,949,280	
PROJECTED YEAR END BALANCE	\$15,780,602	\$15,204,555		\$14,020,333		\$12,214,157		\$9,949,280		\$6,822,251	
FUND BALANCE AS % OF EXPENDITURES	36.47%	33.78%		30.26%		25.57%		20.28%		13.43%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	4.38	4.05		3.63		3.07		2.43		1.61	

5 Year Forecast

- Assumes 2.5% inc in 2024/25, 2% thereafter
- Assumes wage and benefit growth

5-Year Forecast

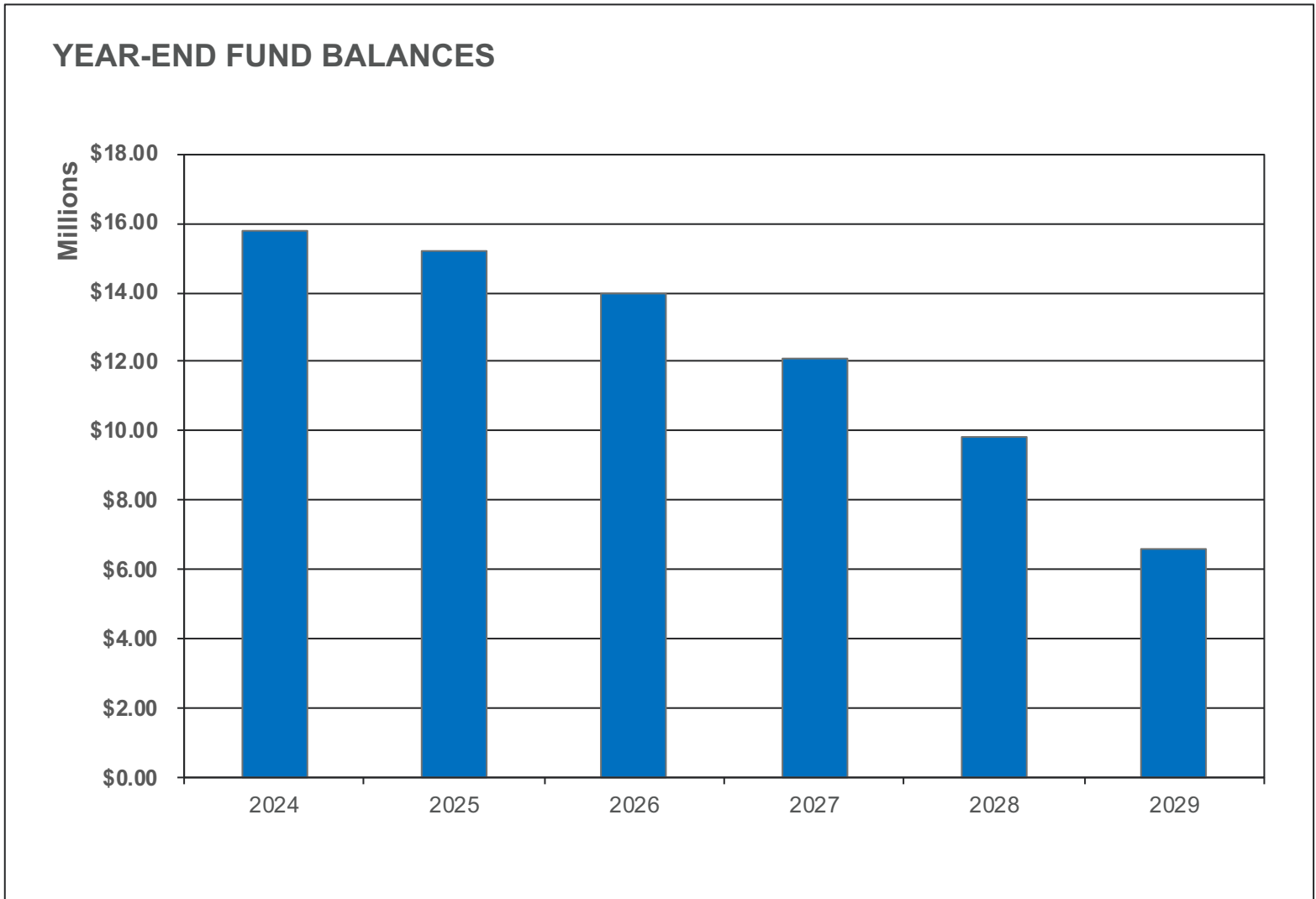
REVENUES VS. EXPENDITURES



5 Year Forecast

- Assumes 2.5% inc in 2024/25, 2% thereafter
- Assumes wage and benefit growth

5-Year Forecast

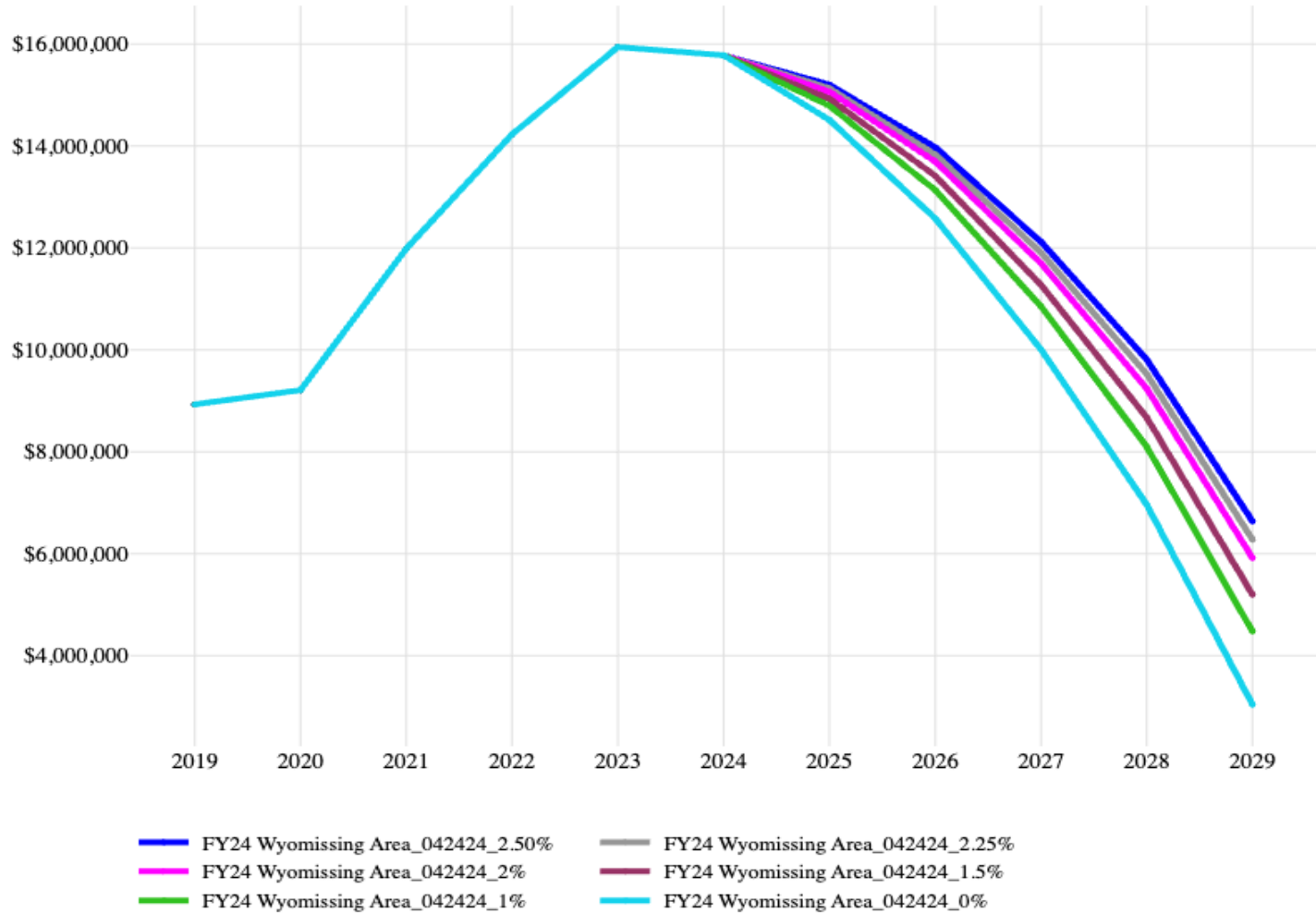


5 Year Forecast

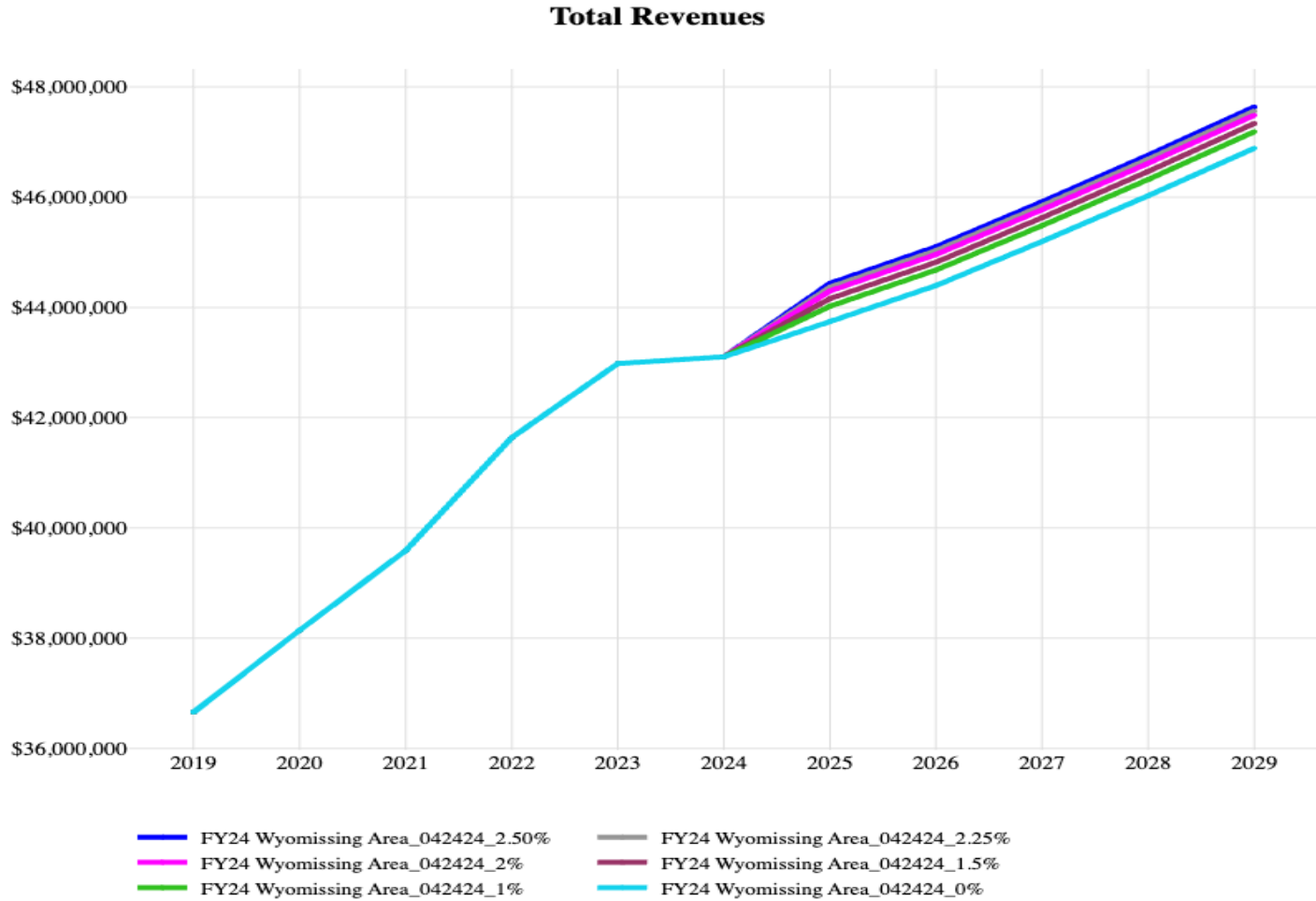
- Assumes 2.5% inc in 2024/25, 2% thereafter
- Assumes wage and benefit growth

5-Year Forecast Scenario Fund Balance

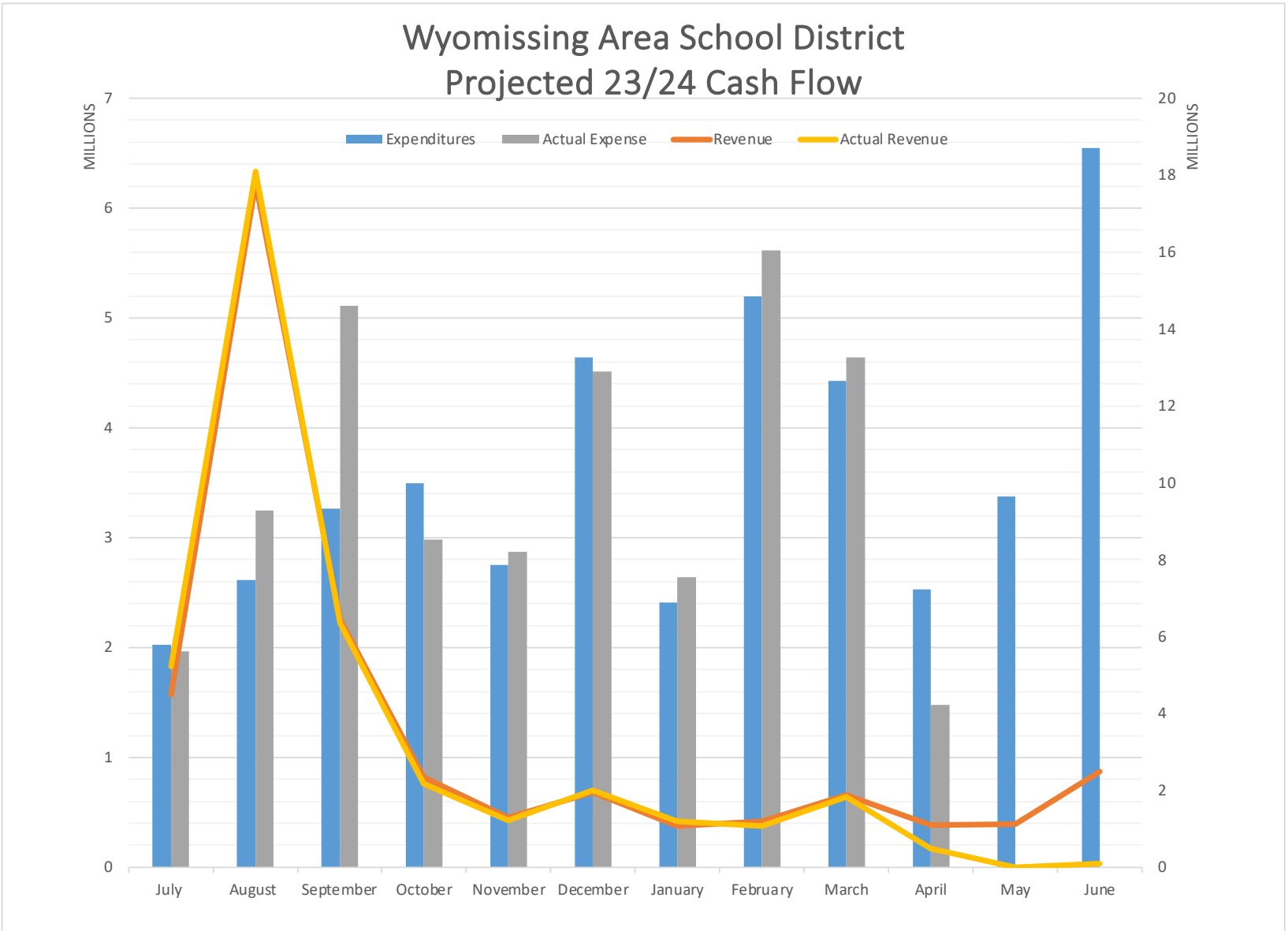
General Fund Balance



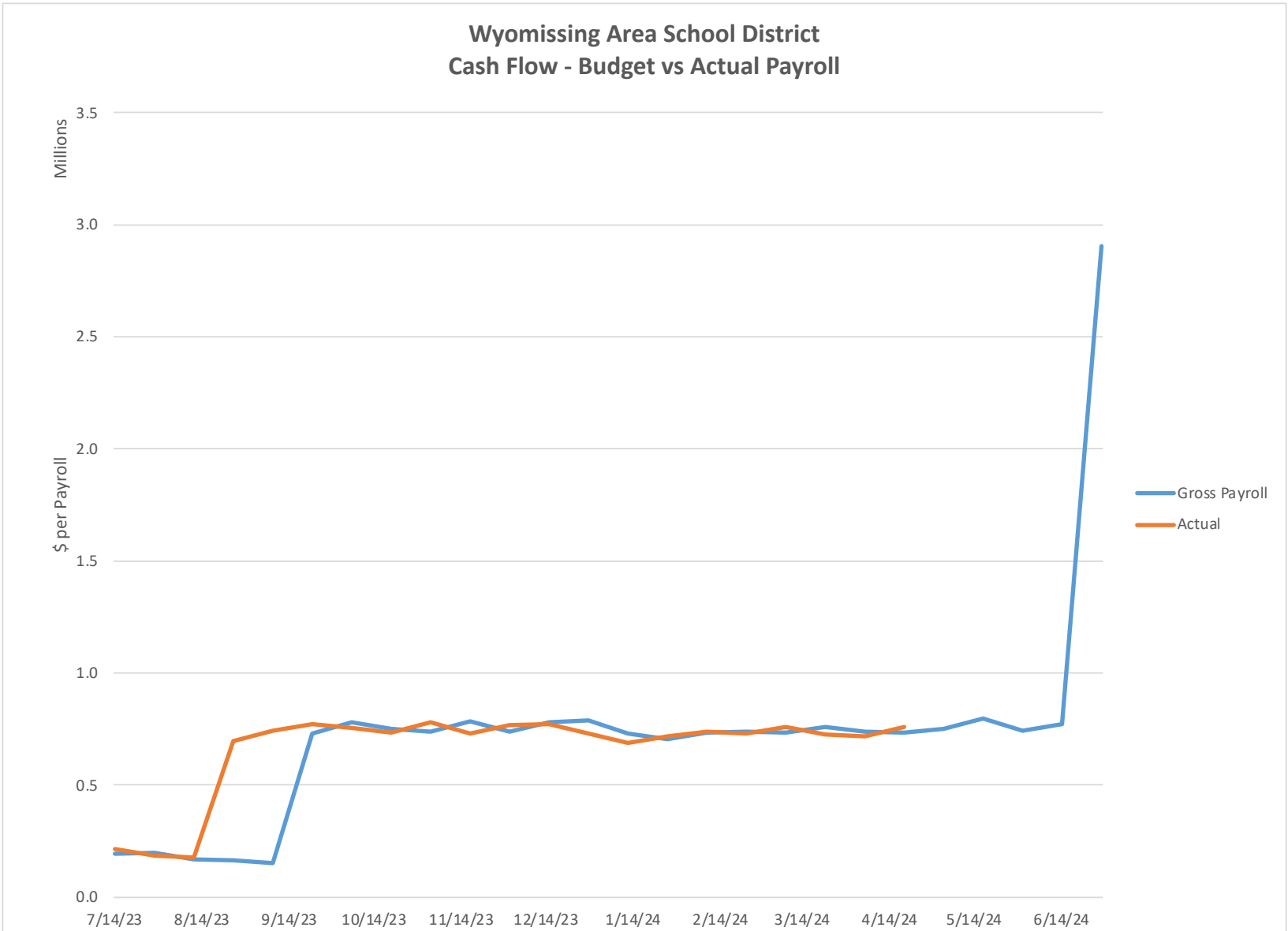
5-Year Forecast Scenario Total Revenue



Cash Flow as of March 31, 2024



Cash Flow as of March 31, 2024



Cash Flow as of March 31, 2024

Revenue Rec'd by % to Budget (Cumulative)				Expenditures by % to Budget (Cumulative)			
Month	Budgeted	Actual	Over/Under	Month	Budgeted	Actual	Over/Under
July	10.45%	12.33%	1.88%	July	4.68%	4.54%	-0.14%
August	51.73%	54.34%	2.61%	August	10.73%	12.05%	1.32%
September	66.65%	69.06%	2.40%	September	18.27%	23.86%	5.59%
October	72.07%	74.07%	2.00%	October	26.34%	30.75%	4.42%
November	75.08%	76.87%	1.78%	November	32.70%	37.39%	4.69%
December	79.58%	81.48%	1.90%	December	43.43%	47.82%	4.39%
January	82.08%	84.25%	2.17%	January	48.99%	53.93%	4.93%
February	84.83%	86.73%	1.90%	February	61.00%	66.91%	5.91%
March	89.17%	92.09%	2.93%	March	71.23%	77.63%	6.40%
April	91.68%	92.09%	0.41%	April	77.07%	81.05%	3.98%
May	94.25%	92.09%	-2.16%	May	84.87%	81.05%	-3.82%
June	100.00%	92.34%	-7.66%	June	100.00%	81.05%	-18.95%

Expenditures trending higher than projected:

- Teachers paid earlier than projected
- Paid missed invoice from prior years from SOS and G & L

Revenues are trending higher than projected:

- Interest income trending higher than projection
- No BPT tax in December due to a refund that was paid

Next Steps

- May COW Meeting:
 - Approve Proposed Final Budget
- May 22 Facilities/Finance Committee
 - Debt Service Presentation – Raymond James
 - Technology Leases:
 - Server Replaces
 - iPads replacement @ West Reading