

AGENDA

School District #145 - Waverly Public Schools

1. OPENING OF THE MEETING

1.1. Call to Order

1.2. Open Meetings Act

1.3. Publication of Meeting

1.4. Roll Call

1.5. Pledge of Allegiance

2. APPROVAL OF AGENDA

2.1. Approve Agenda

Approval of the agenda for the meeting Passed with a motion by Board Member #1 and a second by Board Member #2.

3. Discussion Items

3.1. 2016-17 Budget

3.2. District Facility and Construction Projects

4. Upcoming Board Activities

4.1. Committee Meetings

4.2. Board Meetings

4.3. Board Training/Development

5. Adjournment

6. For Your Information

Meeting Notice

Notice of Regular Meeting
School District 145 (aka Waverly Public Schools)

The School District 145 – Waverly Board of Education will convene in special session at 6:30 P.M. on Wednesday, August 24, 2016 in the Central Office Board Room, 14511 Heywood Street, Waverly, Nebraska.

The agenda for this meeting, which shall be kept continually current, shall be readily available for public inspection at the School District 145 – Waverly Central Office, located at 14511 Heywood Street, Waverly, Nebraska. The agenda may also be viewed electronically through the school district website, www.district145.org.

Posted this 18th day of August 2016.



Bill Heimann
Superintendent

District 145 Waverly Budgeted Reserves and Cash Balance

August 22, 2016

During the past decade our district has grown in enrollment, facilities, and offering of programs, so too has the General Fund of budgeted expenditures grown. Property valuations in the district grew as well, and funding from the state provided a stream of revenue to allow the expansion of expenditures. Since 2009, steep declines in state aid revenue, combined with limited property valuation growth (2009-2011), plus insufficient cash flow (or reserves) required District 145 to become much more conservative.

Since 2009, there has been a focus on improving our fiscal bottom line. We have increased our Cash Flow significantly – with good reason. To understand why this is important, I am sharing this narrative that I have provided in the past with updated information.

The money collected and disbursed by our district is segregated into a number of “Fund” types. Examples include the General Fund, Special Building Fund, etc. Each fund segregates financial activities related to a specific purpose or purposes from those of other activities in the District.

For each Fund, a budget is constructed annually that accounts for four separate amounts of money:

1. Projected Beginning Balance: This is the amount of “cash on hand” anticipated to be available in each fund at the start of the fiscal year. Because budgets for school districts in Nebraska are developed *prior* to the start of each fiscal year, this amount is an estimate.
2. Budgeted Revenues: This is the amount of revenue the district expects to receive during the fiscal year for which the budget is prepared. The sum of the projected beginning balance and budgeted revenues represent the total “resources available” for the fiscal year, which must equal the sum of the following two amounts:
3. Budgeted Expenditures: This is the amount of money the district anticipates spending during the fiscal year. It also serves as the legal “appropriation” of public funds. It is not legal for a district to spend more than their budgeted expenditures, even if they have money available to do so. We have under spent our General Fund budget by close to 10% and maintaining this level again in 2016-17.
4. Budgeted Cash Reserve: This is the amount of money “set aside” as available, but which cannot ultimately be spent. The primary purpose of a budgeted cash reserve is to assist the district with cash flow. The sum of budgeted expenditures and budgeted cash reserve must equal the sum of projected beginning balance and budgeted revenues to present a “balanced” budget.

Cash Balance is related to, but different from Budgeted Cash Reserve. While the Reserve is a *planned* amount with which to end the fiscal year, Cash Balance is the *actual* amount of “cash on hand” at any given moment. Therefore, Budgeted Cash Reserve is a *budgeted* number (which stays the same for the entire fiscal year), while Cash Balance is an *actual* measurement of the cash on hand at a given point in time (similar to your personal checking account).

Cash Flow: The school district’s General Fund expenditures are fairly consistent from month to month throughout the fiscal year, currently approximately \$1.5 million per month. Revenues,

District 145 Waverly Budgeted Reserves and Cash Balance

August 22, 2016

however, are quite *inconsistent*. This is particularly true of property tax, which is the single largest source of funds for District 145. Property taxes in Nebraska are collected “in arrears.” School district fiscal years run from September 1 to August 31. The budgeted property taxes for the current (2016-17) fiscal year are not received by the school district throughout the school year. Instead, the first half taxes are “delinquent” April 1, 2017 and the second half are “delinquent” August 1, 2017. There is generally a one-month lag between the *payment* of property taxes by the taxpayer and the *receipt* of property taxes by the school district. What that means is that nearly *half* of the property taxes budgeted to be received in the 2016-17 fiscal year will not be received until the *following* fiscal year.

Therefore, the school district is spending budgeted *expenditures* in fairly even monthly increments, but not receiving the bulk of budgeted *revenues* until late in the fiscal year (or early in the following fiscal year). To be able to make those expenditures (without resorting to short term borrowing), the district must carry over sufficient funds from the prior school fiscal year to fund the expenditures of the early months of the new fiscal year. That is the function of the Cash Reserve, which is then “replenished” when the revenues *are* received late in the fiscal year.

In the past, it was common for school districts to “size” their cash reserve based on a one-year projection of cash flow needs. Generally, the goal would be to carry a large enough reserve to allow districts to get through the “low point” in their cash-flow year (generally March or April) without having to resort to cash-flow borrowing.

The traditional approach to cash reserves has been affected by Nebraska’s adoption of both Budget Limitations and Levy Limitations. School districts must plan much further into the future to adhere to both the Budget and Levy Limitations. An important factor in this planning process is the relationship of local funding with state funding. In general, Nebraska’s state aid formula reacts to changes in fiscal needs (such as enrollment changes) and to changes in fiscal resources (such as local property tax base) one to two *years after* the event. School districts must take those interactions into consideration when determining the need for Budgeted Cash Reserves. We are now in a position where we may no longer need to utilize a line of credit.

Spending Reserves: It is often suggested that one way to address a budget shortfall is to “spend reserves.” It is important to remember that reserves are “one-time” funds. Once they are spent, they are gone and either must be replenished (by additional revenue collection), or the district must “live with” the resulting loss of cash flow.

That is not to say it is never appropriate to reduce reserves. In September 2009, we made changes because we simply could not sustain the financial pattern that we were in. Our financial situation has improved and now we must be disciplined to not repeat the past. I am confident we are on the right path.

School District 145 Board of Education
Big Ticket Considerations 2016

Updated August 18, 2016

Bond issue project = *

Waverly Intermediate School

*Phase 3 in 2017: Telephone system/intercom/security system. Remodeling/Improvement: restrooms, lights, classrooms, floor tile in hallway at southeast and northeast portion of building, sidewalks, parking lot, playground, replace boiler and unit ventilator system, network cabling

Roof replacement (last replaced in 2002)

Carpet replacement (installed in 2007)

Window coverings

Air Conditioning in the Gym

Hamlow

Roof replacement projected in 2020

Carpet replacement projected in 2020 (last replacement was in 2002)

Classroom furniture replacement/improvement/expansion

Eagle

Playground – additional rubberized surface; outdoor basketball court surface replacement

Roof replacement - 1974 portion of the building TBD (Areas A, B, C roof and gym was new as part of the 2000 bond issue)

Carpet replacement - Pod areas A, B, C projected in 2020 (carpet install was part of the 2000 bond issue)

Air Conditioning in the Gym

Waverly High School

*Phase 3 – 2017: Telephone/intercom system improvements

Band instrument replacement (Estimated \$75,000)

Auditorium:

Projector and screen – Current screen is standard ratio size. Motorized wide-screen replacement (\$4000) with new projector estimated \$6,000

Stage floor - Convert to “black box” flooring or bring back wood finish (estimate \$12,000)

Lighting – Theatrical Media Services (Omaha) gave a \$170,000 quote for suggested upgrades

Sound system - Investigate moving the sound and lighting "room"/station out into the auditorium area. This would take out some seating towards the back. To improve the ability of the sound technician to hear people on stage for queuing purposes. No cost estimate.

Space for storage, props and dressing room

Paint

Track Surface replacement projected for 2018. Surface spray has already been completed, and painted in 2015. Estimate for surface replacement \$110,000. Base replacement if needed is extra.

School District 145 Board of Education

Big Ticket Considerations 2016

Updated August 18, 2016

Additional High School Considerations

- Sidewalk repair – south side between school and parking lot
- Food service expansion
- Gym - locker replacement
- Storage facilities track/football/softball/soccer
- Concession building roof replacement – Viking stadium
- Main gym: equalizers/sound system; LED lights (energy efficiency) – estimated \$28,000; paint floor surface, bleacher replacement projected by 2030
- Marquee – digital display (Estimated \$40,000 - \$50,000)
- Digital Display Boards in commons area - \$10,000; additional \$12,000 for historical graduation composite and yearbooks to be digitized
- Viking Stadium speaker system
- Paving assessment – 134th street, Amberly Road to I-80 (begin with 2016-17 budget)
- HVAC roof top unit compressors, fans, drives (replacement as necessary)
- Tennis Courts – estimate \$250,000
- Classroom furniture replacement
- Band Uniforms (replacement projected 2030)

Waverly Middle School

Parking lot (west) asphalt surface repairs

Band instrument replacement (estimated \$30,000)

Industrial Technology lab modules

Paint gym floor at same time as HS gym floor

Carpet replacement projected in 2025 (original was in 2007)

Heat pumps and ERV replacement may be necessary for some units beginning in 2020

Transportation

Vehicle Replacement: replace one school bus annually (\$85,000); Small vehicles

Roof replacement bus barn – current roof is original to the facility

Bus Storage Facility and/or Fencing around property?

Digital vehicle/student tracking system

Central Office

[*Phase 3 – 2017: Parking lot and sidewalk improvements](#)

Carpet replacement

Entry foyers