



Wilson Central School District

District Multi-Year Financial Plan

Updated Feb. 2025

Contents

<u>Page(s)</u>	<u>Plan Area</u>
2	Table of Contents
3	Introduction
3 - 6	Section 1: Revenue, Taxes, State Aid and Other Income
6 -7	Section 2: Appropriated (Assigned) Fund Balance
7-8	Section 3: Expenditures
8-9	Section 4: Unassigned Fund Balance
9	Section 5: Reserves
9-10	Section 6: Capital Project Financing and Associated Debt Service
10-11	Section 7: Areas of Concern
12	Section 8: Plan Revisions

Introduction

The District's Long Range Financial plan will be used as a guideline to meet the District's financial goals. This plan includes many assumptions in estimating revenues, expenditures, and fund balances. This document will continually evolve as financial conditions and associated assumptions change.

The Wilson Central School District has historically discussed a multi-year outlook every January at the Board of Education Work Session, but the Comptroller's Office has requested that a written document be presented to the Board annually.

The District seeks to strategically manage its long-term finances in a manner that aligns with the goals of the District. These goals were reviewed in August when the Board of Education (BOE) and the Administrators met to review our District Goals. Goals were adjusted based on what the Administration and BOE found to be most important in the coming year and priority targets were set around meeting the goals. The Business Administrator oversees the finances of the District which are guided by the decisions of the BOE. The BOE also has a Finance Committee that meets at least twice a year to review important financial decisions required to be presented to the BOE. This document will present the important factors for review and an outlook of the District's financial future. This document will look at the year currently being budgeted and three years in the future. To do so, many estimates have to be made, so what is being used will be described and you will be informed if the estimates used in the prior year's plan need to be adjusted.

Section 1: Revenue

The District receives revenue from multiple sources, with the major sources being the Tax Levy, State Aid, Appropriated Fund Balance, and Other Revenues. Assumptions were made in projecting revenues including the increase in State Aid, Tax Levy, and the planned Appropriation of Fund Balance.

A. Tax Levy

The chart and table listed below show historical and projected total tax levies and percentage increases per year. For the purpose of this analysis, I will be using a 2.5% increase for 2025-26 and 2.0% for future years. The tax levy allowable limit will be calculated yearly to determine the legal limit. The legal limit can be greater than or less than 2% because it is based on a formula, not just one number. Ultimately, the Board of Education approves the levy total to include in a school budget when it approves the budget each April. The Business Administrator gives monthly budget updates at Board Work Sessions during the months of January-March and details the levy being used in the budget updates. The amount being used is discussed with the BOE Finance Committee in January once the legal limit is calculated. It is expected that inflation will be higher than 2%, so the allowable levy growth factor will be at 2% as it has been for the last few years, for 2025-26, and I would expect it to be the same for 2026-27.

The Finance Committee decided last year that for 2024-25 they would recommend to the BOE a 2.54% tax levy and that is where it remained for the final budget presented for approval. The committee met in

January 2025 and would like to see the expenditure needs for 2025-26 before they recommend a levy to use moving forward. We have discussed a 2.5% increased tax levy as I expect the legal limit to be up to about 4% again. The tax levies shown in the chart below remained at or below the legal limit. I have reflected this in the chart below and then estimated a 2% increase for the years following.

Year	Tax Levy	% Change
2021-22	\$12,689,987	0.0179
2022-23	\$12,689,987	0.0000
2023-24	\$13,019,926	0.0260
2024-25	\$13,351,053	0.0254
2025-26	\$13,684,829	0.0250
2026-27	\$13,958,525	0.0200
2027-28	\$14,237,695	0.0200
2028-29	\$14,522,448	0.0200

B. State Aid

State Aid is the largest single revenue source that the District receives. Currently, approximately 52% of the revenue received by the District is State Aid. Being a vital source of revenue, it is important to closely monitor and approximate the projected amount of State Aid that the District will receive in future years. A large portion of State Aid is non-expenditure driven or General Foundation Aid. As we have seen in the past, Foundation Aid can be subject to reduction based on the economic condition of the New York State Budget as a whole. Additionally, based on the settlement of a lawsuit by the New Yorkers for Students' Educational Rights, Foundation Aid has been fully funded based on the Foundation Aid formula as of 2023-24. Wilson is considered to be overfunded based on this formula, therefore, our Foundation Aid could be adjusted down to the formula level during any budget season. So far this has not happened. Many Districts across the State are overfunded based on the current formula. Overfunded Districts are referred to as Hold Harmless Districts. The State has made the decision so far not to lower our aid down to the formula level. In 2023-24 they gave us a three percent increase and in 2024-25 held us with no additional increase. Each year going into planning the budget we are never sure what the Foundation Aid number will look like. This uncertainty causes us to be very conservative with our savings. In Spring and Summer of 2024 The Rockefeller Institute was charged with gathering data and making recommendations for potential changes to the Foundation Aid Formula. The Report came out in December 2024 and while they proposed to keep the formula intact, they do give many suggestions for changes to parts of the formula and updated data to use to get a better representation of various factors. The governor chose to give hold harmless schools a two percent increase in Foundation Aid for 2025-26. Typically, the legislative budget does not decrease the funding to schools, so we will use this figure for 2025-26. The question is what to use going forward? I am going to use the governor's budgeted 2025-26 Foundation Aid amount in my projections for 2026-27 and 2027-28. After that, a slight increase of 1% will be projected. State Aid includes aids other than Foundation Aid and the expenses the District incurs in the preceding year to determine many of those aids. These include

BOCES, Transportation, and Excess Cost Aid. Textbook, Software, and Hardware is a fixed amount, multiplied by the number of students, and Building Aid is calculated based on Capital Project expenditures financed. We are expecting aid to start flowing from our 2021-24 Capital Project in 2024-25 for Phase One and more in 2025-26 once we have completed Phase Two. This aid will continue over the fifteen years we are paying down the bonds. The following table illustrates the projected State Aid total amounts. A new State Aid we are receiving is called Chapter Revenue. This is aid for a student that is residential placed at a New York State School. For a breakdown of all the revenue by account function being projected, see page seven.

State Aid		
Year	Total State Aid	% Change
2022-23	\$15,109,551	2.83%
2023-24	\$15,164,819	.81%
2024-25	\$14,802,297	-2.39%
2025-26	\$15,379,920	3.90%
2026-27	\$15,686,441	1.99%
2027-28	\$15,646,232	-.26%
2028-29	\$15,715,573	.44%

C. Other Revenue-

Other revenue includes interest earnings, payments in lieu of taxes (PILOT Agreements), rental of property, tuition, admissions, sale of scrap, miscellaneous items, Medicaid, refund of prior year's expenditures, and any interfund revenues. This area of revenue can see some fluctuations but overall, it is a stable portion of the revenue. The biggest change in budgeting this section of revenue since 2023-24 has been the interest income. Interest rates started to rise around May of 2022 and have increased quickly. Just as it went up quickly in mid-2022 it can drop just as quickly. As of writing this in February 2025, interest rates have gone down slightly but remain at around 4%. It is an area in which we do not want to overbudget and have a shortfall of revenue than was expected. We also have had PILOTS dropping off in the last few years and have had one added on, so the PILOT income has decreased. The use of reserves in forecasting Other Revenue is important. Most of us would have predicted a decrease in Foundation Aid for 2025-26 and potential use of reserves to balance the budget. As of now, for 2025-26 with the increase in Foundation Aid and six teacher retirements, I do not see a need for their use. As for the few years after that, we will have to see. I have forecasted interest income declining as well as refund of prior year expenditures. Overall, this Other Revenue category is only about 2% of the total budget, unless reserves are needed to balance the budget. The following table illustrates the historical and projected revenue amounts.

Other Revenue

Year	Other Revenue	% Change
2022-23	\$345,700	
2023-24	\$748,490	116.51%
2024-25	\$754,470	0.80%
2025-26	\$717,310	-4.93%
2026-27	\$720,700	.47%
2027-28	\$664,200	-7.84%
2028-29	\$597,700	-10.01%

Section 2: Appropriated (Assigned) Fund Balance

Appropriated fund balance is used to balance the revenue side of the District's budget, thus reducing the need to increase the property tax levy. Excessive appropriation of fund balance should be avoided. If consumed, these funds can lead to structurally unbalanced budgets, whereby the District expenditures exceed true revenue, thus causing a reduction in District equity. Wilson has been able to maintain an appropriated fund balance of \$500,000 each year. This is less than 2% of the current budget. This amount has not been increased in the last 10 years. It has been a goal of the Business Administrator and the Board of Education not to increase this amount. Wilson has not been in a deficit position where this equity has been needed to be used to cover the total expenditures, but it is available if needed.

Total Revenue for the current year, Projected Budgeted year (2025-26), and the three subsequent years can be found on the next page.

	2024-25 Budget	2025-26 Projected	2026-27	2027-28	2028-29
Revenue					
REAL PROPERTY TAXES	13,351,053	13,684,829	13,958,526	14,237,696	14,522,450
OTHER PAYMENTS IN LIEU OF TAXES	17,800	18,610	19,000	19,500	20,000
INTEREST AND PENALTIES ON REAL PROPER	20,000	23,000	23,000	23,000	24,000
OTHER STUDENT FEES AND CHARGES	500	500	500	500	500
ADMISSIONS (FROM INDIVIDUALS)	8,000	8,000	8,000	8,000	8,000
INTEREST AND EARNINGS	300,000	300,000	300,000	250,000	200,000
RENTAL OF REAL PROPERTY INDIVIDUALS	22,000	22,000	24,000	26,000	28,000
SALE OF SCRAP AND EXCESS MATERIALS	190	200	200	200	200
REFUNDS OF PRIOR YEARS EXPENDITURES	250,000	230,000	230,000	220,000	200,000
UNCLASSIFIED REVENUE	30,000	30,000	30,000	30,000	30,000
INTERFUND REVENUE	60,000	0	0	0	0
MEDICAID ASSISTANCE	40,000	75,000	75,000	75,000	75,000
CHAPTER REVENUE	0	100,000	105,000	110,000	115,000
CONTINUING EDUCATION TUITION	6,000	10,000	11,000	12,000	12,000
EXCESS COST AID (up 2%)	332,854	426,030	434,551	443,242	452,106
FOUNDATION AID (flat, 1%)	10,554,763	10,765,858	10,765,858	10,765,858	10,873,517
BOCES AID (1.5%)	1,179,613	1,117,114	1,133,871	1,150,879	1,168,142
TEXTBOOK, HARDWARE, SOFTWARE	97,748	98,660	98,000	97,800	97,800
TRASPORTATION AID (3%)	1,313,292	1,361,753	1,402,606	1,444,684	1,488,024
BUILDING AID (debt schedule)	1,324,027	1,630,790	1,746,556	1,633,770	1,520,984
	28,907,840	29,902,344	30,365,666	30,548,128	30,835,723
Approp. Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Revenue	29,407,840	30,402,344	30,865,666	31,048,128	31,335,723

Section 3: Expenditures

For projecting expenditures, certain assumptions were used based on prior-year trends and known factors that could potentially increase or decrease expenditures in various areas. Expenditures are projected by function code to allow for specific changes to certain areas within the budget. As of February 2025 the budgeted expenditure numbers for 2025-26 have been included in this document. These numbers could change for the final budget presented in May 2025. Some assumptions used for forecasting three years out from today are: material and supplies increasing two percent a year, contractual expenses rising three percent a year, BOCES expenses increasing one and a half percent, and utilities expenses increasing one percent. Negotiations for two of the collective bargaining agreements will be starting in the next month and another one will be negotiated in 2026-27. Therefore the salary numbers are only estimates and no retirements have been added in to the calculations. Benefits can vary, especially health insurance. Normally a five percent increase is used for health insurance costs. For 2025-26 there will only be a one percent increase. Retirement, ERS, and TRS can depend on what is going on in the markets. For 2025-26, ERS is increasing but TRS is decreasing. Therefore, the overall

increase I am using for all benefits is two percent. When updating this report next year, the percentage increase may need to be adjusted. Debt Service is planned for the existing Debt that the District currently has. The Business Administrator has worked with the District's financial advisors to add debt expected with the 2024-25 and 2025-26 construction. The Phase One final cost report is just about complete; therefore we will receive a half of year aid payment in 24-25 and a full one each year from 2025-26 for the 15 years. Phase Two is set to begin in the summer of 2025 and we have kept the expectation of a December 2025 final cost report. This report will be modified if anything changes in the future. We have verbally agreed with our contracted transportation to a one-year extension for 2025-26 at the CPI rate. We will have to see if we continue at 1-year extensions or have to go out to bid in future years. If we have to go out to bid, typically the cost for the first year is dramatically higher. I have estimated the increase in transportation to be around three percent a year. If we have a year that a bid is required and expenses increase dramatically the District has reserves to assist in that year. Students with Disabilities is often a difficult category to budget. We do the best we can with the students we currently have in outside placements and any increases or decreases for those students are made based on CSE reviews that occur in the spring. The Business Administrator and the Special Education Director will review spreadsheets in February and update them in March and April as necessary. For 2025-26 we have our total costs for students in BOCES Special Education Programs decreasing while our non-public placements costs have increased significantly. This is due to more students and the cost of those programs going up a good amount. The following table illustrates the projected increase in expenditures.

Expenditures (by Function)	2024-25	2025-26	2026-27	2027-28	2028-29
Salaries (2%)	12,390,891	12,508,906	12,759,084	13,014,266	13,274,551
Benefits (2%)	6,850,750	6,844,530	6,981,421	7,121,049	7,263,470
BOCES est 1.5% a yr,	3,949,436	3,814,746	3,871,967	3,930,047	3,988,997
Debt-debt schedule	1,214,963	1,538,835	1,650,513	1,539,250	1,428,774
Contractual est 3% increase a y	1,741,850	2,470,200	2,544,306	2,620,635	2,699,254
Utilities based on 1% increase	477,700	469,200	473,892	478,631	483,417
M&S, Equipment (Up 2% a yea	634,250	688,350	702,117	716,159	730,483
Transportation (3%)	2,008,000	2,045,000	2,106,350	2,106,350	2,106,350
Transfers	<u>140,000</u>	<u>145,000</u>	<u>150,000</u>	<u>150,000</u>	150,000
Total Expenses	29,407,840	30,524,767	31,239,650	31,676,387	32,125,297
Difference	0	-122,423	-373,983	-628,259	-789,573

Section 4: Unassigned Fund Balance

Unassigned fund balance is the funds representing District monies in excess of assets over liabilities, which have not been characterized as another form of fund balance. These funds are unrestricted and may be used for any valid purpose.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school District can retain to no more than 4% percent of the subsequent year's budgetary appropriations. Wilson has always maintained a 4% percent unassigned fund balance until 2020. The uncertainty of the pandemic was a cause for concern to the Business Administrator and the BOE Finance Committee. The Committee agreed to increase its unappropriated fund balance to around 10% due to the threat of a 20% State Aid cut in 2020-21. This cut did not occur, and in fact, additional funds were available in the form of grants for 2020-21 and beyond. Grants take time to be approved and with the addition of eight new employees being funded by the grant for 2021-22, the Finance Committee decided to leave the unassigned fund balance at 10% to have funds available to pay for these new positions. The Committee has decided to keep the unappropriated at about 10% due to the uncertainty with State Aid in the coming years and potential changes to the Foundation Aid formula. Therefore, we are fiscally looking out for our District due to the uncertainty of what the Foundation Aid will be. If the Foundation Aid formula were to be used for 2025-26 our aid would be \$9,489,397. This is a \$1,276,461 decrease from what the governor has proposed for us.

The Business Administrator and Finance Committee members will continue to review the economic situation of the District and when it feels the volatility being caused by the grant funds going away in 2024, we will work towards lowering the percentage of unassigned fund balance down toward the legal limit.

Section 5: Reserves

Reserve funds are equity accounts established to fund specific anticipated or unanticipated expenses. The establishment, funding, and expenditure of reserve funds are dictated by guidelines established by the State of New York.

The District will adhere to reserve funding guidelines, as dictated by state and auditing entities. The Board of Education shall review funding levels on an annual basis. Recommendations regarding the formation, management, and use of District reserve funds will originate with the Finance Committee.

The Business Administrator has a detailed Reserve Plan that is reviewed by the BOE Finance Committee and an updated version is approved by the BOE in February each year. Please refer to that document for details on the District's reserve accounts. In anticipation of potential future capital projects and as a means to reduce excess fund balance, the District will be seeking voter approval for a new capital reserve on the May 2025 budget vote ballot. This reserve can be funded over 15 years and be utilized, upon voter authorization, to offset the local share cost of a future capital project.

Section 6: Capital Project Financing and Associated Debt Service

The District has consistently requested voter approval on a capital project every 4-5 years. Typically, the projects have not been over \$10 million and contain items necessary for the upkeep of our buildings and

grounds. The one completed last year did include a grounds update, adding the installation of the turf field for our athletes and community to enjoy.

We are working on our next project that voters approved in December 2021. This project will again be just under \$10 million. This will include the upkeep of several buildings, a new parking lot for buses to be parked out of the way, and a storage facility. This project took longer than expected to be approved by State Education Department and construction was pushed back until the Summer of 2024 for Phase One and summer of 2025 for Phase Two.

Capital projects are financed through bonds that the District makes payments on over 15 years. Districts receive State Aid on the total cost of the project at the District's building aid ratio. Wilson's current building aid ratio is 83%. This means that for every \$1.00 spent on a capital project, we are eligible for .83 cents in aid on eligible expenses. The District has always used its capital reserve to offset any local share needed. Therefore, typically the amount of aid we receive is equal to or greater than the debt and interest payments that are needed to be made on the financing each year. This prevents large swings in the expenditure side of the budget and on the revenue side by not causing large swings in the capital exclusions.

The current capital project that was approved by the voters in December 2021 is based on a needs assessment done in 2020, known as the Building Condition Survey. Districts are required to complete such a survey every five years and a report must be sent to NYSED on the findings. Districts hire architects to complete the survey on their behalf, so a neutral party reports the findings and collaborates on additional District and Community based improvement initiatives. At this time, construction on Phase One of this project is complete and we are finishing up the final cost report. Once the report is reviewed and accepted by the State, aid will begin being generated on the project. Phase two of the project just had its bid opening, bids came in at very good amounts, so construction will begin this Spring. We will be completing our next Building Condition Survey this summer and using those findings to start discussions on the scope of our next capital project. The District's plan moving forward will be for the inclusion of a Capital Outlay Project each year. All expenses will be included in the District's annual budget and will not contribute to the District's long-term capital debt. If we consistently do a project every year, the aid from the previous project will cover about 83% of the current project.

Section 7: Areas of Concern

	2024-25	2025-26	2026-27	2027-28	2028-29
Total Revenue	29,407,840.00	30,402,344.00	30,865,666.48	31,048,128.23	31,335,723.26
Total Expenses	29,407,840.00	30,524,767.00	31,239,649.91	31,676,386.95	32,125,296.50
Difference	0.00	-122,423.00	-373,983.43	-628,258.72	-789,573.24

Overall, the District's financial health outlook looks a little concerning on paper. This has a lot to do with the conservative projection of Foundation Aid used in this document. If the legislature determines how

the foundation aid formula will be implemented and there is a good feeling of predictability moving forward schools can better predict this large portion of its revenue with some certainty. As of now we don't know if modifications to the formula will be created and fully implemented. Also, there are no retirements calculated in the salary projections for 2026-27 and forward. For 2025-26 we had nine teachers eligible for the retirement incentive and six have decided to retire. This was a huge savings to the salary total for 2025-26. So at this point I would rather be conservative than over budget expected future revenues. The expenditure categories are increasing by a certain percentage based on historical results in this document. If the revenue comes in lower than expected we would not be able to increase all the expenditure categories. The District would need to prioritize expenditures and determine which they could live with lowering. If reserves needed to be used along with cost cutting measures for a few years the District is in a good position to be able to do that.

If an extension cannot be negotiated with the bus company in any of the three years projected here, we may need to go out to bid. Typically, going out to bid has caused large increases in the first year of the contract. If this were to occur, the District may need to use reserves to assist with that first year, until the transportation aid increases the following year. We are also mindful of the electric bus mandates that have arisen and recognize that the cost of transportation will increase dramatically with those mandates. We are hopeful that New York State will realize that we do not have the infrastructure to support this requirement and push back the current year's electric buses that are expected to be purchased.

Of course, things will change as we continue to work through the 2025-26 budget. As adjustments occur those will affect the future years we are projecting. That is why this is a document that is ever changing. It is good to look out ahead to be prepared for years that may be facing a big change in a contract, transportation, building aid but one must know this data is only as good as the assumptions made to develop it.

Section 8: Plan Revision

The Business Administrator will update and extend the plan an additional year or more when planning each budget season. The document will then be reviewed and discussed with the BOE Finance Committee. We will discuss the impacts of the budgeting process that we are beginning and also three years into the future. Items discussed will then be incorporated into the document and a final version sent to the Committee for review. Once the Committee agrees with the document, the Business Administrator will present at a Board Work Session.