



# 2022-23 *Revenues & Reserves*

Board of Education Meeting  
February 8, 2022



# Agenda



- 2022-23 NYS Executive Budget – *Summary*
- State Aid – *1<sup>st</sup> Run*
- Property Tax Cap
- Other Revenue & Use of Reserves
- The District Fund Balance & Reserve Plan



# Budget *Components* – 2022-23



- Expenditures

- Salaries
- Benefits
- Debt Service
- BOCES Services
- Contractual & Supplies

- Revenue

- State Aid
- Real Property Tax
- Other (PILOT, Medicaid, Interest)
- Reserves
- Appropriated Fund Balance



# 2022-23 Executive Budget *Proposal*



# 2022-23 Executive Budget *Proposal*



## \$2.07 Billion Increase in **State-Wide** School Aid

*Shown in Millions of Dollars*

School Year Basis	2021-22	2022-23	Dollar Change	Percent (%)
Foundation Aid	19,816	21,417	1,601	+8.1%
Other Formula-Based Aids	8,860	9,331	471	+5.3%
Total School Aid	28,676	30,748	<b>2,072</b>	+7.2%



# 2022-23 Executive Budget *Proposal*



## Major Focus Points

- Includes Promised Restoration Foundation Aid Amount
- Includes Expense-Based Aids Funded According to Current Law
- Excludes Further Expansion of UPK or Career/Tech BOCES Programs





# 2022-23 State Aid



**EAST ROCHESTER UNION FREE SCHOOL DISTRICT**

State Aid	2022-23 State Aid – Governor’s Figures	2022-23 State Aid – Based on Output Reports	\$ Change
Foundation Aid	\$7,755,911	\$7,755,911	\$0
Universal Pre-K	\$156,349	\$100,510	(\$55,839)
BOCES Aid	\$1,209,685	\$1,209,685	\$0
Public Excess Cost Aid	\$398,337	\$350,773	(\$47,564)
Private Excess Cost Aid	\$142,764	\$142,764	\$0
Hardware/Technology Aid	\$18,957	\$18,957	\$0
Software/Library/Textbook Aid	\$81,890	\$81,890	\$0
Transportation Aid	\$674,893	\$526,233	(\$148,660)
Building Aid	\$1,326,922	\$1,681,681	\$354,759
High Tax Aid	\$325,321	\$325,321	\$0
Total	\$12,091,029	\$12,193,725	\$102,696

## EAST ROCHESTER UNION FREE SCHOOL DISTRICT

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# State Aid – *Proceed with Caution!*

- Governor's Budget Still Largely Constructed of Federal Funds
- Foundation Aid Formula has Not Been Corrected
- State Revenues Sensitive to Changing Economic Conditions
- Proposal Contains a 15% Increase to State Reserves





# 2022-23 Property Tax Cap



2022-2023 Tax Levy Limit Calculation		Explanation/Details
Tax Base Growth Factor	1.0024	Rates provided by OSC
Allowable Levy Growth Factor	1.0200	Lesser of CPI or 2%
Prior Year Tax Levy	\$14,931,606	2021-2022 Levy
Prior Year Levy x Tax Base Growth Factor	\$14,967,442	
Add: PILOTS Receivable for prior year	\$ 130,000	Roll 21-22 estimate
Subtract: Prior year Capital Levy	\$ 300,936	
Adjusted Prior year Tax Levy	\$14,796,505	
Adjusted Prior year Tax Levy x Allowable Levy Growth Factor	\$15,092,436	
Less: PILOTS Receivable for Coming Year	\$ 140,000	Assessor validation & rate projected
Available Carryover	\$0	
Coming Year Local Capital Levy Share	\$ 215,797	Capital Expenses Exceed Aid Generated
2022-2023 Exemptions	\$0	ERS/TRS rate changes – no exemption
Maximum Allowable Levy Limit	<u>\$15,168,233</u>	<u>1.58%</u>

# Other Revenue 2022-23



Source	22-23 Proposed Budget Amount	21-22 Adopted Budget Amount
PILOT (Payments In Lieu of Taxes)	\$140,000	\$130,000
Non-Property Tax – Monroe County Sales Tax	\$850,000	\$850,000
Admissions/Student Fees	\$ 5,000	\$ 5,000
Interest & Earnings	\$20,000	\$40,000
Rental of Real Property	\$10,000	\$7,000
Rental of Real Property - BOCES	\$75,000	\$75,000
Miscellaneous – E-Rate; Swim Prog.	\$60,000	\$60,000
Medicaid	\$50,000	\$50,000
BOCES - Surplus	\$100,000	\$100,000
<b>Total Other Revenue</b>	<b>\$1,310,000</b>	<b>\$1,317,000</b>



# Use of *Reserves* 2022-23



Source	22-23 Proposed Budget Amount	21-22 Adopted Budget Amount
Mandatory Reserve for Debt	\$0	\$0
Capital Reserve for Technology	\$144,800	\$221,000
Capital Reserve for Equipment	\$100,000	\$100,000
Unemployment Reserve	\$5,000	\$50,000
Retirement Contribution Reserve (TRS only)	\$73,897	\$305,858
Workers' Compensation Reserve	\$132,600	\$132,600
<b>Total Use of Reserves</b>	<b>\$456,297</b>	<b>\$809,458</b>



# *Appropriated* Fund Balance 2022-23



Source	22-23 Proposed Budget Amount	21-22 Proposed Budget Amount
Appropriated Fund Balance	\$400,000	\$400,000



# Total Revenue 2022-23



Revenue	Tentative Amount	Tentative Detail
State Aid – All Categories	\$12,193,725	Based on 21-22 Output Reports
Urban-Suburban Transfer Aid	\$331,600	Add in 21-22 Students
BOCES Rent	\$75,000	Per Lease Agreement
Other Revenues (Medicaid, PILOT, Interest)	\$385,000	Reflects Decrease in Interest Earnings
Monroe County Sales Tax	\$850,000	Same Figure as 21-22
Real Property Tax	\$15,168,233	+1.58%; \$236,627 in Levy
Reserves	\$456,297	Decrease in Use of Debt Reserve
Appropriated Fund Balance	\$400,000	Same Figure as 21-22
Total <i>Projected</i> Revenue	\$29,859,855	





# Reserves

## *The District Fund Balance & Reserve Plan*







# District Reserve Plan & Fiscal Stress Update

- Audit Committee – Reserve Plan Review – **January 11, 2022**
- Reserve Balances & Uses
- Fiscal/Environmental Stress Update Based on 2021 Data



# OSC Recommendation for the Prudent Use of Reserves



“The practice of planning ahead and systematically saving for capital acquisitions and other contingencies is considered prudent management... Reserve funds can be utilized to help protect the budget against known risks (a potential lawsuit) or unknown risk (a major ice storm).”

Office of the New York State Comptroller – Local Government Management Guide – Reserve Funds, Pg. 2.



# Reserve Balances



Name of Reserve	Balance @ 6/30/21	Amount Budgeted 21-22 OR Anticipated to Use	Estimated Balance @ 6/30/22
Unemployment	\$ 1,932,475	\$ 50,000	\$ 1,882,475
Encumbrances	\$ 361,026	\$ 361,026	\$ 0
Workers' Compensation	\$ 1,107,512	\$ 132,600	\$ 974,912
Employee Benefit	\$ 480,124		\$ 480,124
Tax Certiorari	\$ 1,942,124		\$ 1,942,124
Capital - Projects	\$ 5,831,990		\$ 5,831,990
Capital - Technology	\$ 2,685,625	\$ 290,000	\$ 2,395,625
Capital - Equipment	\$ 1,649,908	\$ 119,182	\$ 1,530,726
Insurance	\$ 857,539		\$ 857,539
<u>Retirement Contribution</u>			
• Employee Retirement	\$ 3,048,359	\$ 247,787	\$2,800,572
• Teacher Retirement	\$ 351,191	\$ 82,595	\$ 268,596
<b>TOTAL</b>	<b>\$20,247,873</b>	<b>\$1,283,190</b>	<b>\$18,964,683</b>



# Fund Balance



Type of Fund Balance	Balance @ 6/30/21	Anticipated Balance @ 6/30/22
Appropriated Fund Balance	\$ 758,000	\$ 400,000
Undesignated Fund Balance	\$ 1,174,733	4% of 22-23 Budget



# Fiscal/Environmental Stress Monitoring



- The State Comptroller evaluates school districts financial condition through The Fiscal Stress Monitoring System each year. It measures based on both financial and environmental indicators.
- **Financial Indicators** include testing critical areas such as year-end fund balance, operating deficits, cash position and reliance on short-term cash-flow debt.
- **Environmental Indicators** for school districts are measured by poverty, class size, teacher turnover, tax base, budget support and percent of English-language learners.



# Fiscal/Environmental Stress Monitoring



School District <b>Fiscal</b> Stress Designations	Total Accumulated Points
Significant Fiscal Stress	65-100
Moderate Fiscal Stress	45-64.9
Susceptible to Fiscal Stress	25-44.9
No Designation	0-24.9

School District <b>Environmental</b> Stress Designations	Total Accumulated Points
Significant Environmental Stress	60-100
Moderate Environmental Stress	45-59.9
Susceptible to Environmental Stress	30-44.9
No Designation	0-29.9



# What are Our Scores?



Fiscal Year End	Fiscal Score	Designation	Environmental Score	Designation
2017	3.3	No Designation	0	No Designation
2018	3.3	No Designation	8.3	No Designation
2019	3.3	No Designation	13.3	No Designation
2020	0.0	No Designation	5.0	No Designation
2021	0.0	No Designation	0.0	No Designation



# Next Steps



- Continue Aligning Budget Initiatives with the District's Vision, Mission, and Core Values
- Continue Budget Discussions with Administrative Cabinet
- Continue Framing the 2022-23 Budget as Information Develops
- *Next* Budget Workshop: **March 1, 2022**
- *Next* Board Meeting & Budget Update: **March 8, 2022**

