



2023-24 *Revenues & Reserves*

Board of Education Meeting

February 14, 2023



Agenda



- 2023-24 NYS Executive Budget – *Summary*
- State Aid – *1st Run*
- Property Tax Cap
- Other Revenue & Use of Reserves
- The District Fund Balance & Reserve Plan



Budget *Components* – 2023-24



- Expenditures

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

- Revenue

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



2023-2024 Executive Budget *Proposal*



2023-24 Executive Budget *Proposal*



10% Increase in **State-Wide** School Aid

FY 2024 EXECUTIVE BUDGET				
SPENDING				
(billions of dollars)				
	FY 2023 Updated	FY 2024 Projected	\$ Change	% Change
All Funds	221.6	227.0	5.4	2.4%
State Operating Funds	122.7	125.2	2.5	2.0%
School Aid (School Year Basis)	31.3	34.4	3.1	10.0%
Medicaid	25.8	27.8	2.0	7.7%
Executive Agency Operations	12.3	12.6	0.3	2.4%
All Other	53.3	50.4	-2.9	-5.4%



2023-24 Executive Budget *Proposal*



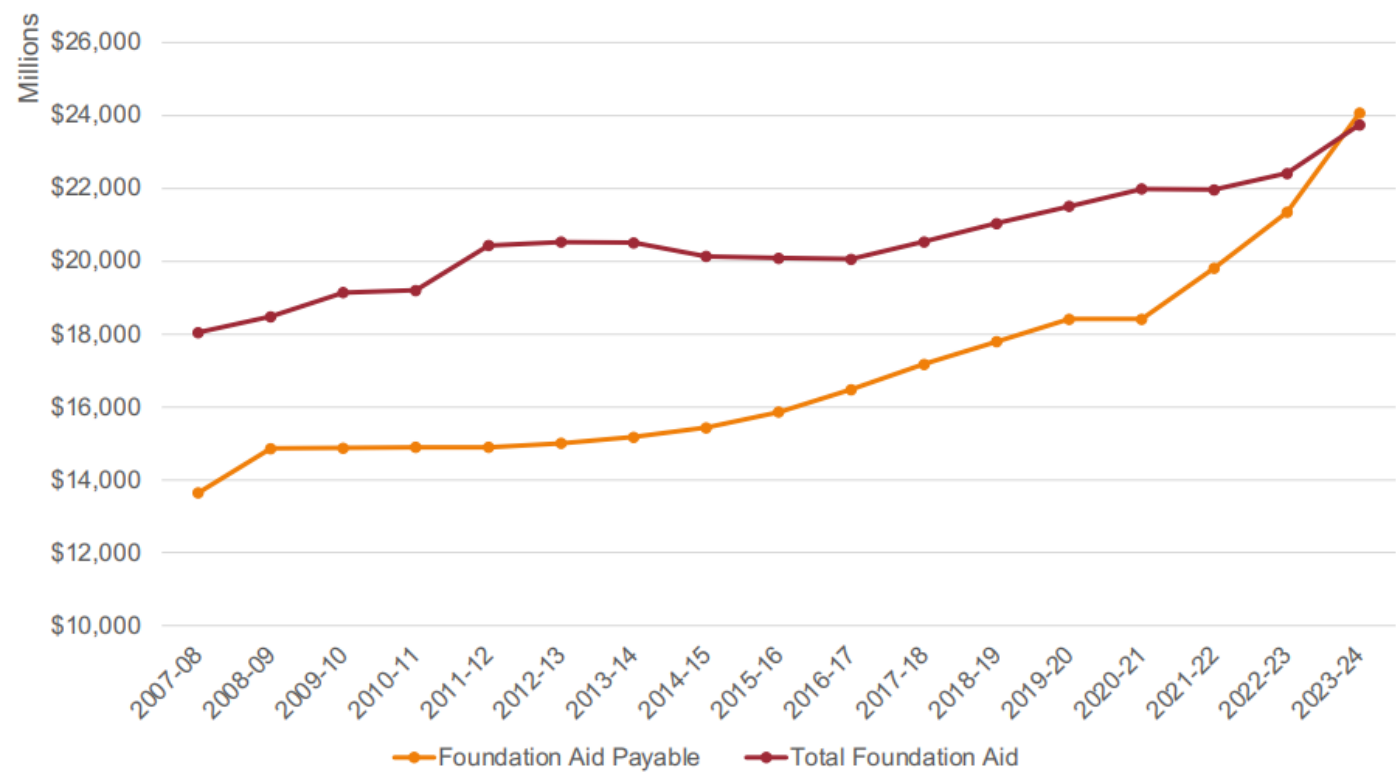
Major Focus Points

- Includes Promised Restoration Foundation Aid Amount
- Includes Additional Foundation Aid Increase
- Uses Foundation Aid to Establish High-Impact Tutoring Program for Grades 3-8
- Further Expansion of Full-day Pre-K Programs
- Expansion of Career/Tech Programs & Opportunities
- Mental Health Initiatives for Students & Staff





Total Foundation Aid vs. Foundation Aid Payable





2023-24 *Proposed* State Aid

1st Aid Run – East Rochester



State Aid	2023-24 State Aid – Governor’s Figures	2023-24 State Aid – Based on Output Reports	\$ Change
Foundation Aid	\$9,044,404	\$8,764,651	(\$279,753)
Gr 3-8 High-Impact Tutoring	\$145,251	\$0	(\$145,251)
Universal Pre-K	\$291,050	\$130,510	(\$160,540)
BOCES Aid	\$1,311,551	\$1,311,551	\$0
Public Excess Cost Aid	\$369,214	\$317,004	(\$52,210)
Private Excess Cost Aid	\$133,587	\$142,678	\$9,091
Hardware/Technology Aid	\$19,282	\$19,282	\$0
Software/Library/Textbook Aid	\$84,098	\$84,098	\$0
Transportation Aid	\$529,882	\$462,583	(\$67,299)
Building Aid	\$1,704,115	\$1,743,581	\$39,466
High Tax Aid	\$325,321	\$325,321	\$0
Total	\$13,957,755	\$13,301,259	(\$656,496)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

For more information email staci.sansoucie@erschools.org



State Aid – *Proceed with Caution!*

- Governor's Budget Still Largely Constructed of Federal Funds Ending with 2023-24
- Foundation Aid Formula has Inflation Rate Adjustment that Will Not Continue past 2023-24
- State Revenues Sensitive to Changing Economic Conditions

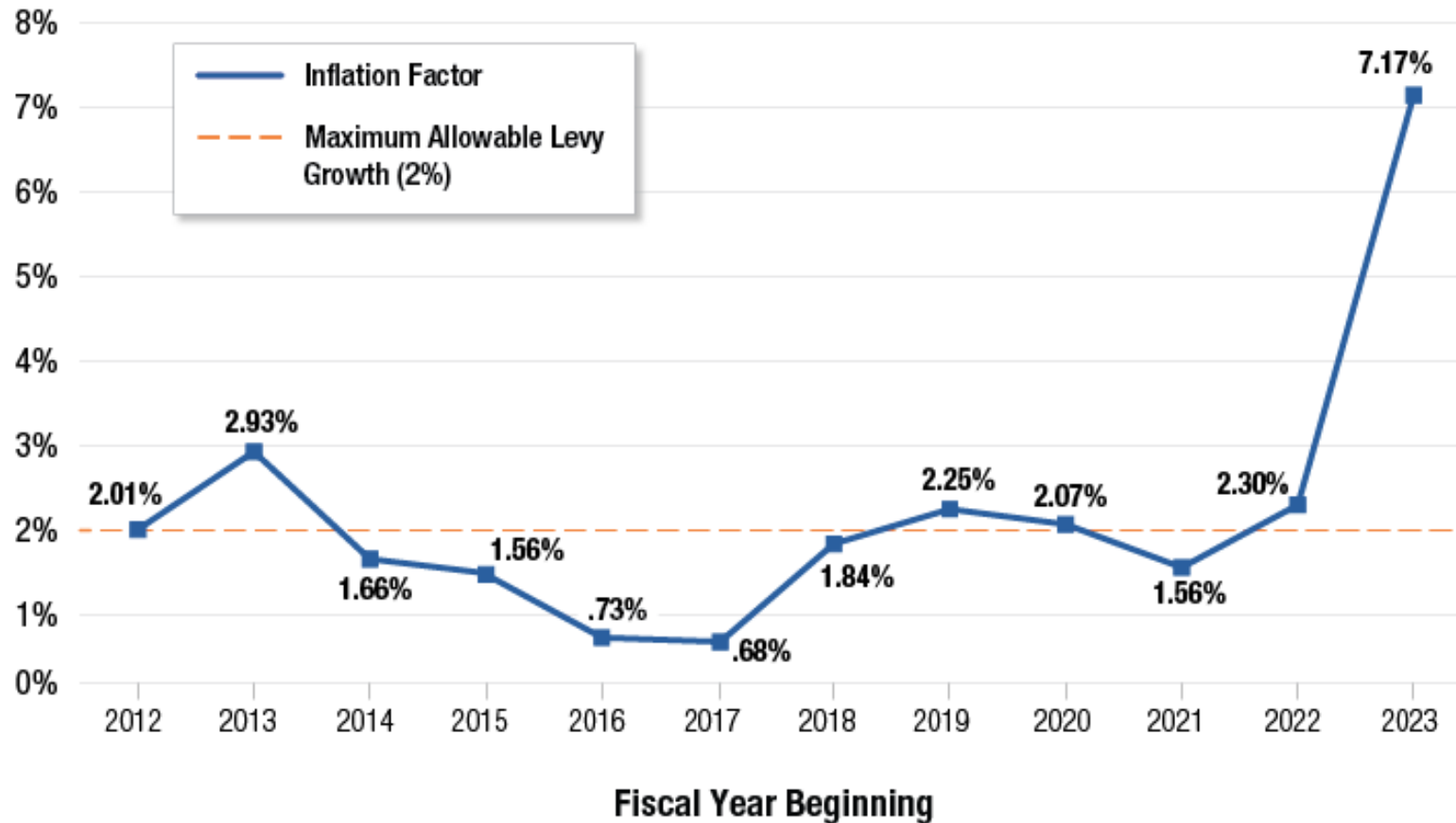




2023-24 Property Tax Cap



Tax Cap Inflation Factors for Calendar Fiscal Year Local Governments 2012-2023



2023-2024 Tax Levy Limit Calculation		Explanation/Details
Tax Base Growth Factor	1.0040	Rates provided by OSC
Allowable Levy Growth Factor	1.0200	Lesser of CPI or 2%
Prior Year Tax Levy	\$15,168,233	2022-2023 Levy
Prior Year Levy x Tax Base Growth Factor	\$15,228,906	
Add: PILOTS Receivable for prior year	\$ 140,000	Roll 22-23 estimate
Subtract: Prior year Capital Levy	\$ 215,797	
Adjusted Prior year Tax Levy	\$15,153,108	
Adjusted Prior year Tax Levy x Allowable Levy Growth Factor	\$15,456,171	
Less: PILOTS Receivable for Coming Year	\$ 149,500	Assessor validation & rate projected
Available Carryover	\$0	
Coming Year Local Capital Levy Share	\$ 446,657	Capital Expenses Exceed Aid Generated
2023-2024 Exemptions	\$0	ERS/TRS rate changes – no exemption
Maximum Allowable Levy Limit	<u>\$15,753,327</u>	<u>3.86%</u>

2023-24 Property Tax Cap



- Maximum Tax Levy Limit is *Currently* 3.86% due to Capital Exclusion*
 - **Recommendation to Approve - Tax Levy Limit = 1.98%*
 - *Rationale* - To Sustain Our Tax Revenue Next Year and to Keep School Taxes as Reasonable as Possible for Taxpayers
- Calculation Due to the Office of State Comptroller (OSC) by *March 1*



Other Revenue 2023-24



Source	23-24 Proposed Budget Amount	22-23 Adopted Budget Amount
PILOT (Payments In Lieu of Taxes)	\$149,500	\$140,000
Non-Property Tax – Monroe County Sales Tax	\$900,000	\$900,000
Admissions/Student Fees	\$ 5,000	\$ 5,000
Interest & Earnings	\$20,000	\$20,000
Rental of Real Property	\$10,000	\$10,000
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
Total Other Revenue	\$1,369,500	\$1,360,000



Use of *Reserves* 2023-24



Source	23-24 Proposed Budget Amount	22-23 Adopted Budget Amount
Mandatory Reserve for Debt	\$200,000	\$0
Capital Reserve for Technology	\$150,000	\$144,800
Capital Reserve for Equipment	\$150,000	\$151,481
Unemployment Reserve	\$5,000	\$5,000
Retirement Contribution Reserve <ul style="list-style-type: none"> • TRS \$ 0 • ERS \$ 52,296 	\$ 52,296	\$331,861
Workers' Compensation Reserve	\$135,252	\$135,252
Total Use of Reserves	\$692,548	\$768,394



Appropriated Fund Balance 2023-24



Source	23-24 Proposed Budget Amount	22-23 Proposed Budget Amount
Appropriated Fund Balance	\$600,000	\$400,000



Total Revenue 2023-24



Revenue	Tentative Amount	Tentative Detail
State Aid – All Categories	\$13,301,259	Based District Output Reports & Governor’s Executive Budget Proposal
Urban-Suburban Transfer Aid	\$331,600	Same Figure as 22-23
BOCES Rent	\$75,000	Per Lease Agreement
Other Revenues (Medicaid, PILOT, Interest)	\$394,500	Reflects Small Increase in PILOT
Monroe County Sales Tax	\$900,000	Same Figure as 22-23
Real Property Tax	\$15,468,564	+1.98%; \$300,331 in Levy
Reserves	\$692,548	Increase in Debt Service Rsv
Appropriated Fund Balance	\$600,000	Increase for Transfer to Capital
Total Projected Revenue	\$31,763,471	





Reserves

The District Fund Balance & Reserve Plan





District Reserve Plan & Fiscal Stress Update

- Audit Committee – Reserve Plan Review – [January 10, 2023](#)
- Reserve Balances & Uses
- Fiscal/Environmental Stress Update Based on 2022 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.



Name of Reserve	Balance @ 6/30/22	22-23 Amount Budgeted OR Anticipated to Use	Estimated Balance @ 6/30/23
Unemployment	\$ 1,932,577	\$ 5,000	\$ 1,927,577
Encumbrances	\$ 481,167	\$ 481,167	\$ 0
Workers' Compensation	\$ 1,321,846	\$ 135,252	\$ 1,186,594
Employee Benefit	\$ 480,159		\$ 480,124
Tax Certiorari	\$ 1,941,534		\$ 1,942,534
Capital - Projects	\$ 7,782,473		\$ 7,782,473
Capital - Technology	\$ 2,747,490	\$ 144,800	\$ 2,602,690
Capital - Equipment	\$ 1,708,667	\$ 151,481	\$ 1,557,186
Insurance	\$ 657,597		\$ 657,597
Liability Claim	\$ 1,100,000		\$ 1,100,000
<u>Retirement Contribution</u>			
• Employee Retirement	\$ 3,286,522	\$ 262,104	\$3,024,418
• Teacher Retirement	\$ 531,220	\$ 69,757	\$ 461,463
TOTAL	\$ 23,971,252	\$1,249,561	\$22,722,656

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Fund Balance



Type of Fund Balance	Balance @ 6/30/22	Anticipated Balance @ 6/30/23
Appropriated Fund Balance	\$ 400,000	\$ 400,000
Undesignated Fund Balance	\$ 1,210,232	TBD 4% of 23-24 Budget



Capital Reserve – *Equipment* Proposition for 2023-2024



- Last Authorized in 2018
- Continued Use of Equipment Reserve to Fund District Equipment Initiatives and Keep from Increasing Taxes for These Initiatives.
- **Example of Proposition:**

“RESOLVED, that the Board of Education of the East Rochester Union Free School District be authorized to establish a Capital Reserve for Equipment Fund in order to defray the cost of Equipment and, in order to accomplish the same, said Board is hereby authorized to establish the ultimate amount of such Reserve Fund to be \$1,000,000 with a probable term of twenty years and to appropriate funds of said School District to such Reserve Fund.”



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 Fiscal 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 Environmental 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
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
2022	3.3	No Designation	5.0	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 2023-24 Budget as Information Develops
- *Next* Budget Workshop: [March 7, 2023](#)
- *Next* Board Meeting & Budget Update: [March 14, 2023](#)

