

VCS 2021/22 Budget Presentation

January 14, 2021



VICTOR CENTRAL

SCHOOL DISTRICT

“The Victor Central School District budget situation is not solved. We continue to be in a perilous financial situation that has been building for years. We will need the collective wisdom of this community to continue to move forward.”

June 17, 2020

R. Timbs July 2020

- ▶ Need to develop a multi-year, strategic financial plan
- ▶ Need to stabilize spending throughout the year & end budget modifications mid-year
- ▶ Significant concern over lack of Reserves and built-in Fund Balance
- ▶ Revenue Challenges
 - ▶ State Aid
 - ▶ Sales Tax
 - ▶ Local Taxes

Victor Central School District Financial Philosophy

Offer a high quality, comprehensive education to all children comparable to surrounding districts while balancing the financial needs of our community.

2021-22 General Budget Goals

- ▶ Maintain a Comprehensive Education that the VCS District Community expects
 - ▶ Continue to refine what this means
 - ▶ Multi-year Financial Plan
- ▶ Stabilize Reserves and develop consistent budgetary practices
- ▶ Maximize efficiencies in spending
- ▶ Maximize ability to generate aid for future years
- ▶ Continue Transparency with the Community

2021-2022 Rollover Budget Assumptions

- ▶ Salary and Fringe Benefit Increases:
 - ▶ Salary increases linked to the Collective Bargaining Agreements
 - ▶ Fringe Benefit increases linked to the projected rates for Employees Retirement, Teachers' Retirement and Health/Dental Insurance
 - ▶ The Rollover Budget keeps current staffing levels as is
 - ▶ Maintains all current programs and mandates

2021-2022 Rollover Budget Assumptions

- ▶ Debt Service Increase
- ▶ Increases for Utilities and Gasoline
- ▶ Increases in Private School Tuition Rates
- ▶ Increases in BOCES Expenditures
 - ▶ Tuition Increases for Career and Technical Programs and Special Education Services
 - ▶ Moving non BOCES Technology Services/Purchases and Hardware Purchases to BOCES

Total 2021/22 Rollover Expenditure Budget

	2020/21 Adopted Budget	2021/22 Proposed Budget	Dollar Increase	% Increase
	78,256,890	82,685,424	4,428,534	5.66%

Fund Balance and Debt Service

Fund Balance:

- ▶ Is the amount of surplus that is generated during the fiscal year due to actual revenue collected that is greater than budgeted and spending less than what was anticipated
 - ▶ Appropriated Fund Balance is the surplus funds allocated to the following fiscal year to reduce the budget gap.
 - ▶ Unappropriated Fund Balance is the surplus funds that are carried over to the following fiscal year and may be used for unanticipated ordinary contingent expenses.
 - ▶ Debt Service Reserve are funds generated from the surplus remaining in a capital project that can only be used to reduce the District's Debt.

Fund Balance and Debt Service

Eight Year History

	2013	2014	2015	2016	2017	2018	2019	2020
Debt Service	2,479,049	2,491,497	2,493,550	4,498,558	2,500,406	2,520,304	2,530,848	2,310,579
Appop Fund Balance	529,000	529,000	529,000	529,000	529,000	529,000	529,000	529,000
Unapprop Fund Balance	2,258,963	2,329,793	2,558,787	2,604,114	2,654,116	2,654,116	2,798,915	3,130,275

Fund Balance and Debt Service

Notes

- ▶ The Unappropriated Fund Balances listed above for the eight years with the exception of 2014 is 4% of the next year's budget
- ▶ For the fiscal year 2014 the amount represented 3.8% of the next year's budget.

Fund Balance and Debt Service

Current District Reserve Funds

- ▶ **Employee Retirement (ERS) Reserve** - is used to minimize the budget increase associated with the District's obligation to the NYS Employees' Retirement System.
- ▶ **Teachers' Retirement (TRS) Reserve** - is used to minimize the budget increase associated with the District's obligation to the NYS Teachers' Retirement System.
- ▶ **Capital Reserve** - this reserve is authorized by voter referendum with the purpose to offset the local share of a capital (building) project.
- ▶ **Unemployment Insurance Reserve** - is used to minimize the budget increase and/or unexpected unemployment claims during the fiscal year.
- ▶ **Employee Benefit Accrued Liability Reserve (EBLAR)** - is used to pay for any accrued employee benefits owed upon termination as outlined in the District's collective bargaining agreements with our employees.

Fund Balance and Debt Service

Current District Reserve Funds *continued*

- ▶ **Workers Compensation Reserve** - is used to offset the costs of the District's payments to the Workers' Compensation Self Insurance Consortium.
- ▶ **Tax Certiorari Reserve** - is used to pay for the judgements and claims that are determined by the courts for those taxpayers who are successful in challenging their real property assessment.
- ▶ **Reserve for Liability** - is used to cover property and liability claims.

Fund Balance and Debt Service

2019/2020 Reserve Fund Activity

Reserve Fund	07/01/19 Balance	2020 Utilization	2020 Interest	2020 Funding	06/30/20 Balance
ERS Reserve	265,682	0	3,985	300,00	569,667
TRS Reserve	533,200	0	7,998	525,000	1,066,198
Capital Reserve	2,500,036	2,500,000	0	176,069	176,105
Unemployment Reserve	481,372	65,000	7,221	200,000	423,593

Fund Balance and Debt Service

2019/2020 Reserve Fund Activity *continued*

Reserve Fund	07/01/19 Balance	2020 Utilization	2020 Interest	2020 Funding	06/30/20 Balance
EBLAR Reserve	1,072,154	281,244	16,080	200,000	1,006,990
Workers' Compensation	267,905	50,000	4,019	75,000	296,924
Tax Certiorari	446,607	0	6,699	300,000	753,306
Liability Reserve	828,484	0	12,427	0	840,911
Total Reserves	6,395,440	2,896,244	58,429	1,576,069	5,133,694

VCS Reserve Fund History

Eight Year History

	2013	2014	2015	2016	2017	2018	2019	2020
ERS	443,965	443,965	443,965	443,965	443,965	443,965	265,682	569,667
TRS	0	0	0	0	0	0	553,200	1,066,198
Capital	2,704,149	2,708,989	2,708,989	3,578,054	1,520,322	2,264,497	2,500,036	176,105
Unemployment	510,149	510,149	510,149	510,149	510,149	510,149	481,372	423,593

VCS Reserve Fund History

Eight Year History

	2013	2014	2015	2016	2017	2018	2019	2020
Repair	1,000	1,000	1,000	1,000	1,000	1,000	0	0
EBLAR	1,754,975	1,568,602	1,478,602	1,372,613	1,282,613	1,192,613	1,072,154	1,006,993
Workers' Comp	761,389	649,562	506,062	361,662	311,062	311,062	267,905	296,924
Tax Cert	286,993	286,993	286,993	286,993	436,993	436,993	446,607	753,306
Liability Reserve	1,472,515	972,515	855,340	855,340	855,340	855,340	828,484	840,911

VCS Reserve Fund Goals

- ▶ The following are the funding goals of the District's Reserve Funds
 - ▶ Employee Retirement Reserve (3 years of payments) \$3,771,000. The balance as of 6/30/20 = \$569,667.
 - ▶ Teachers' Retirement Reserve (10% of TRS payroll multiplied by 5 years) \$3,000,000. The balance as of 6/30/20 = \$1,066,198.
 - ▶ Capital Reserve (the goal for this Reserve is linked to 35% of a proposed Capital Project to offset the local share) For each \$10,000,000 the amount in this Reserve at the time of the referendum should be at least \$3,300,000. The balance as of 06/30/20 = \$175,105.

VCS Reserve Fund Goals

- ▶ The following are the funding goals of the District's Reserve Funds
 - ▶ Unemployment Reserve - (1.04% of payroll) \$560,000.
The balance as of 06/30/20 = \$425,000.
 - ▶ Employee Benefit Liability Reserve (2% of budget) \$1,600,000.
The balance as of 06/30/20 = \$1,006,990.
 - ▶ Workers' Compensation Reserve (3 years of the annual Workers' Compensation Bill) \$1,000,000. The balance as of 06/30/20 = \$296,924.
 - ▶ Tax Certiorari Reserve - (Full value of current exposure of \$2,600,000).
The balance as of 06/30/20 = \$753,306.
 - ▶ Liability Reserve (up to 3% of budget) \$2,400,000.
The balance as of 06/30/20 = \$840,911

2020-21 Estimated Fund Balance as of January 14, 2021

Projected Revenue Surplus \$ 250,000

- ▶ The above number reflects a zero take back of State Aid

Projected Expenditure Surplus \$3,000,000

- ▶ The above number reflects the dollars that were allocated with the intent to be able to enhance the funding of the District's Reserve Funds

Anticipated Fund Balance \$3,250,000

2020-21 Estimated Fund Balance as of January 14, 2021

Major Caveats:

- ▶ The \$3,250,000 anticipates that the school year will close without any unanticipated expenditures due to COVID or any other major event requiring a large non budgeted expenditure.
- ▶ As stated on the previous slide the \$3,250,000 anticipates no reduction in aid. With that said for every dollar that is taken away it will be a direct reduction in the surplus.
- ▶ Hopefully we will know before our February 11, 2021 BOE meeting the status of 2020/21 State Aid

Reserve Fund Funding Priority

- ▶ Capital Reserve
- ▶ Bus Purchase Reserve
 - ▶ The rationale is to minimize the impact on the tax levy to finance long term debt
- ▶ Technology Reserve - given the move to one to one technology every effort needs to be made to fund this reserve if approved.
- ▶ Support remaining Reserves that are still underfunded.

Reserves to Consider Establishing/Re-establishing

We need to consider placing the following on the May ballot

- ▶ **Capital Reserve** - the current Reserve has a useful life of 10 years that expires at the end of 2021. We need to consider re-establishing this in May.
- ▶ **Bus Purchase Reserve** - this Reserve was recommended by Dr. Timbs. The goal at the start should be to place enough in the fund to pay for the local share of our bus financing.

Reserves to Consider Establishing/Re-establishing

We need to consider placing the following on the May ballot

- ▶ **Technology Reserve** - The purpose would be to help support the continued need to upgrade our technology hardware for both students and staff
- ▶ **Equipment Purchase Reserve** - this Reserve has been used by many districts to fund large equipment purchases such as maintenance vehicles, snow removal and lawn mowing equipment

Next Steps

- ▶ The Business Office continues to work with the Superintendent, the Personnel Office, and the Administration to determine staffing efficiencies
- ▶ The Business Office is still working to review our current revenue sources and develop the Revenue side of the 2021/22 budget. The uncertainty of State Aid for both 2020/21 and 2021/22 makes this process extremely problematic.

Next Steps

- ▶ The District continues to work with both the WF-L and the Monroe #1 Regional Information Centers to review our current situation and determine strategies to move non aideable technology contracts to the appropriate RIC that best accomplishes our goal to increase revenue.
- ▶ The Business Office will collaborate with the users of BOCES services to determine what the District's needs will be for the upcoming school year. (BOCES will release their 2021/22 rates the week of January 18th)
- ▶ The Business Office will meet with the Program and Building Administrators to finalize Contractual, Supply and Equipment allocations. The initial allocations were distributed prior to the holiday break.

Next Steps

- ▶ **January 28, 2021 Budget Workshop** will provide a deeper review of the Revenue and Expense areas of the budget tied to District Goals along with further analysis of Reserves and Fund Balance
- ▶ **February 2021 Thought Partner Community Group** will review the progress with our budget process and offer feedback

Questions?



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