

**Multi-Year Budgeting
Three Year Projection of
Revenue, Expenditures and Fund Balances
For
General Fund**



Prepared For:

City School District of the City of Middletown

January 19, 2023

**Municipal
Solutions, Inc.**
Municipal Financial Advisors

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Budget Opportunities for Upcoming Fiscal Year

To assist the City School District of the City of Middletown in establishing a sound long range fiscal management plan that will promote efficiency and long-term financial solvency Municipal Solutions, Inc. has developed this three-year projection of revenues and expenditures for the district.

Multiyear financial planning and budgeting is a vital tool for school districts to use as it develops plans and established its priorities for the upcoming and future fiscal years in an evolving and uncertain funding environment, especially given the fact that FY 2023-24 will be the final year of the Foundation Aid phase-in where a final injection of large amounts of state aid will become available. Unlike most years where New York State has traditionally faced significant State budget gaps, the 2023-24 fiscal year will see unprecedented increases and diversity in school aid.

For the State's upcoming fiscal year, the State is still flush with money for at least one more year, driven by billions from Washington in special Covid-19 relief aid which will total an estimated \$65 billion through State Fiscal Year 2024-25. But tax revenues and tax receipts are expected to decrease during the 2023-24 fiscal year, including reduced sales tax growth and lower wall street financial firm bonuses due to a poor stock market and an inflationary environment that has led to a slowing economy that stands a fairly good chance of going onto a recession (perhaps rather shallow and shorter term) but still threatening the ability of the State to continue increased aid to local governments and school districts after this State Fiscal Year. Ensuing years stand a very good chance of seeing a return to more normal budget constraints and pressures.

With the large portion of the increased State funding coming from federal aid available to schools as a result of coronavirus relief packages, all must recognize the fact that this is an extraordinary federal aid one-shot funding delivered to meet extraordinary needs and cannot be relied upon as a source of stable and reliable revenue to fund a dependable school state aid program for New York State, hence a good probability that traditional school aid challenges and trying State budget deliberations will be back with us beginning in the 2024-25 fiscal year.

As the District enters the fiscal year 2023-24 budgeting process, the Middletown City School District will see an estimated \$28,705,786 or a 19.43% increase in state aid funding (from \$150,222,373 last year to an estimated \$178,928,119 in aid from all sources for FY 2023-24). The all-important Foundation aid will increase from \$110,120,782 to \$140,995,992; a 28% increase and transportation aid is expected to increase from \$6,735,650 to \$8,082,473. It is interesting to note that High-Cost Excess Aid – which is for public school students with disabilities that attend public schools or BOCES is projected to decrease from \$5,468,113 to \$4,730,742 or 13.48% decrease in the upcoming year.

This unprecedented increase in foundation aid is directly attributable to the fact that in the 2021-22 enacted State Budget, to settle the New Yorkers for Students' Educational Rights (NYSER) lawsuit the state committed to funding the Foundation Aid formula over the next three years Middletown City Schools was a large-underfunded District). As part of this, FY 2022-23 saw all school districts with remaining aid to be phased-in receive half of their Foundation Aid still due.

Under current law, the 2023-24 school year will be the final year of the three-year phase-in. There may be some changes in the final aid runs since the projections are based on documents sent to the State in mid-October 2022, but the aid numbers should be fine for budgeting purposes.

Another reason for the foundation aid increase in the 2023-24 fiscal year is the fact that the foundation aid calculation includes fully adjusting the Foundation Aid Amount (the starting point of the calculation) for calendar year inflation. Through October 2022, the Consumer Price Index for all Urban Consumers (CPI-U) was 8.255%; at the same time last year the 2021 CPI-U was 4.26%. This change in inflation also increased the foundation aid increase. State officials expect the final increase in Foundation Aid this year will cost \$2.7 billion – about \$800 million more than what the Board of Regents had previously projected. With that increase, schools across the State would receive a total of \$24 billion in Foundation Aid and \$233 million in expense-based and other aids due to school districts.

The agreement to fully fund foundation aid is a major milestone. At the same time, it should be noted that going forward, the 2007 original foundation aid formula that was developed to distribute state funding in an equitable way by considering each school district's wealth and student need, should be updated. The current aid formula does not measure significant changes in community demographics that have occurred over the last 15 years, for example 2000 census data is used in the current aid formula and newer better data is available.

The next significant step in equitable school aid distribution is a formal review of the outdated Foundation Aid formula. Discussions have been held regarding possible formula aid calculation methods, but serious discussion is needed to align aid formulas to reflect the current cost of educating students, changing community demographics, and levels of student need.

In mid-November 2022, the NYS Comptroller released a multi-year estimated receipts and disbursement report for the State Fiscal Year 2022-23 through 2024-25 that projects the State's tax revenues in all funds for FY 2022-23 will decline by 15.70%, or \$19.1 billion, from the previous year (which saw a 22.20% or \$18.3 billion increase in revenues) with tax revenues projected to grow by 4.70% in State fiscal year 2023-24 and increase an additional 2.50% in fiscal year 2024-25.

Stimulus aid relief actions by the federal government have played an important role in preventing more severe fiscal impacts from the Covid pandemic and its aftereffects, but financial risks increase as this fiscal and monetary relief winds down.

One other major factor that is placing upward pressure and will continue to compete with State budget funds devoted to school aid is the cost of the State-share of Medicaid spending. Medicaid is a federal, state, and local government funded program that provides a wide range of medical services to economically disadvantaged populations, including low-income children and their families, low-income seniors, and low-income people with disabilities. Over the past fifteen years the Medicaid program has seen monthly enrollment grow by about 5.00% per year since 2007 and exceeded 7 million for the first time in February 2021 to the point where one in three New Yorkers were enrolled in the program. Current enrollment projections assume a decline of 18.50% in FY 2023-24 to more historic levels of about 6.1 million eligible individuals, but the

Division of Budget estimates that projected costs will continue to increase even though enrollment is projected to decline. The increased costs are primarily due to continued growth in higher cost enrollees, as well as elevated health care inflation levels in such areas as increased minimum wage rates and aid to financially distressed hospitals all leading to significant risks to the State budget. For example, as the State Comptroller notes, unanticipated gross costs of \$20.5 billion could accrue by FY 2024-25 if no reduction in projected caseloads occurs and per-enrollee cost do not decrease, which would result in unbudgeted State costs of up to \$8.1 billion.

In State fiscal year 2007-08 the total cost off the program was \$46.2 billion (this represented 12.20% of all State fund expenditures). For the State fiscal year 2023-24 total costs are estimated to total \$98.5 billion with a State share of \$27.8 billion (21.88% of all State fund expenditures). State share expenditures are expected to continue to grow to \$29.6 billion by State Fiscal Year 2024-25 (8.70% per year).

The Medicaid program is much like a giant snowball rolling down a mountain that keeps getting bigger and bigger and continues to pick up momentum the longer it rolls. The cost of the program will be untenable without major reforms to the program but given the propensity of legislators on both the State and federal level to increase rather than decrease benefits the costs of this program are going to put extreme pressures on stable and sustainable school aid in the future. Discussions regarding Medicare costs have begun in Washington but reactions so far to making program reductions indicate that cuts will be met with stiff resistance and potential political suicide for members that support cuts to the current system.

Good Times Are Here For At Least Another Year But What Happens After That?

Over the past two years the State has enjoyed a strong recovery and a tremendous influx of federal funds, but economic growth is not expected to continue into 2023 and, perhaps the first part of 2024. One major concern is the current supply chain problems coupled with the highest inflation rates seen in more than forty years, the war in Ukraine, and strained China relations. If inflation continues and interest rates continue to climb (which seems almost certain), significant segments of the State's economy could stagnate (real estate and the financial industry chief among them) and a chance of a recession in 2023, perhaps mild, does seem to be almost certain.

Stimulus and relief actions by the federal government have played a significant role in supplementing and increasing revenues to the State and school districts, but these funds will wind down over the next couple of years. While the funds from the federal programs to fund child-care, rental assistance and other economic relief payments may go away there is a good likelihood that the expanded programs themselves will not and there will be pressures to have the State continue the efforts the federal government initiated but stopped or cut back funding for.

Significant growth is forecast in the two largest areas of State spending: Education and Medicaid. In addition to reduced federal funds several significant state tax increases will also sunset at the end of 2023 (corporate franchise taxes) and in 2027 (personal income taxes on the wealthy).

The personal income tax increases enacted in fiscal year 2021-22 increased the State’s already significant high level of reliance on high income taxpayers. It is worth noting that the higher income tax rates affect less than one percent of all taxpayers, but those impacted pay over thirty percent of the tax liability. Concerns abound regarding a combined State, federal and New York City income tax range in the area of 54% of income will make states like Florida, Texas and Tennessee much more attractive, not only for existing New York State executives, but also in attracting high paid new talent to the state who may well demand businesses open offices in more tax friendly areas so they will not have to move to New York State (especially among young professionals that do not have children to keep them tied to home and can raise their new families elsewhere less expensively). The Manhattan Institute said that New York City’s highest earners pay the highest combined state and local income taxes in the U.S.

Since the higher tax rates went into effect, many of those who moved out of New York State were among the 65,000 New Yorkers who pay 51% of the personal income tax. The top 1% of New York City residents reported a combined \$133.3 billion in income in 2018, according to the city’s Independent Budget Office. They paid \$4.9 billion in local income taxes, making up 42.5% of total income tax collected by the city. Between 2010 and 2020, New York’s share of the nation’s millionaire earners dropped from nearly 13% to just under 9%, the lowest level on record.

It has been noted that a wealthy New York City resident that moves to Florida, with no State income tax and reduced property taxes, can purchase a \$1 million condo just with the savings they realize by avoiding New York State and local taxes. This is a trend to be monitored, especially as “temporary” higher income tax surcharges and/or higher upper income taxes are debated in Albany.

Both New York and California face a big struggle in keeping their top earners. Almost 30,000 high-earning households left New York State and only around 9,600 arrived -- a net loss of almost 20,000. That's about 3% of New York's top filers.

Here's a summary of the IRS data on high-earning households in California and New York between 2019 and 2020:

STATE	TOTAL HIGH-EARNING HOUSEHOLDS	HIGH-EARNING DEPARTURES	HIGH-EARNING ARRIVALS	NET CHANGE
California	1.423 million	36,751	17,522	- 19,229
New York	628,497	29,562	9,650	- 19,919

This is an issue that may continue to erode New York State’s population for years to come if changes are not made. The State’s financial condition has been adversely affected by federal government actions including the elimination of mortgage interest and state and property tax deductions against federal income tax payments, various federal program audits and disallowances of various State administered programs, changes to federal program participation rates and changes in Medicaid rules.

There are still difficult challenges ahead, because federal bailouts in education, local governments, Medicaid, health care, and transportation will not last forever. They are one-shots that can temporarily help State, school district, local government, and city budgets, but they will last for about two years and then, for the most part they will disappear.

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The NYS Comptroller’s “Report on Estimated Receipts and Disbursements: State Fiscal Years 2022-23 through 2024-25” released in November 2022 cautions that the State’s financial outlook remains subject to an elevated level of risk and uncertainty.

Job growth in New York for 2023 is projected to remain flat. And employment in New York State is not anticipated to fully recover to its pre-pandemic levels until the end of 2025.

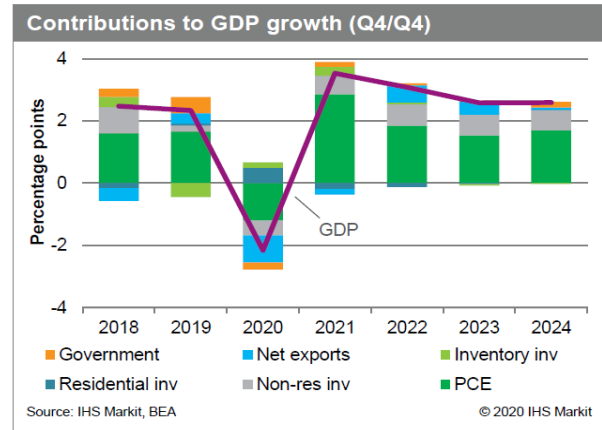
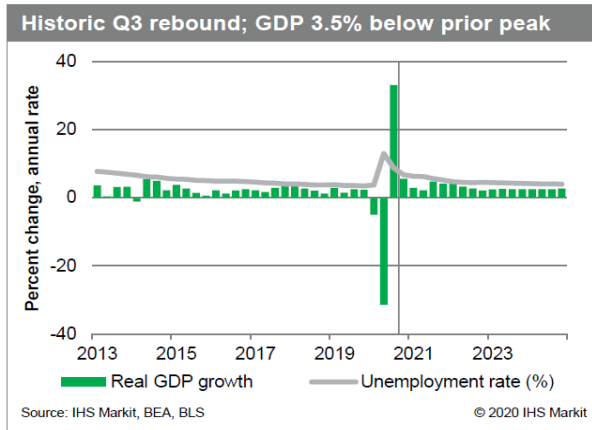
Wage increases, especially for lower paid support positions in the State, will likely see income growth of around 3.3%.

Selected Economic Indicators

UNITED STATES					
	2021	2022	2023	2024	2025
Real GDP	5.9	1.7	(0.5)	1.3	2.0
Employment	2.8	4.0	(0.4)	(0.5)	0.9
Wages	8.8	8.8	3.5	4.1	5.2
Personal Income	7.4	2.1	3.7	4.6	4.9
NEW YORK					
Employment	2.7	4.5	0.0	(0.3)	0.8
Wages	8.6	9.7	3.3	4.0	4.8
Personal Income	5.6	1.3	3.3	4.2	4.5

Source: S&P Global/IHS Markit, October 2022 U.S. and Regional Macroeconomic Forecast
 Note: 2021 statistics are actual results, while those for all other years are projections.

A chart of historic vs estimated GDP follows:



Source: IHS Markit, Posted 07 December 2020

New York State personal income tax receipts in FY 2023-24 are estimated to decrease by \$3.72 billion, or 7.30%. This reflects anticipated flat employment and expectations of an economy in recession, as well as continued volatility in the equities markets, which are not expected to return to prior highs.

For the fiscal year 2024-25, income tax collections are projected to increase by \$2.23 billion, or 4.79%. It is assumed that increases in employment and wages over the year will be offset by a significant decline in bonus payments to be paid at the end of the year.

Business tax receipts are estimated to decrease by \$292 million or 1.10%, in fiscal year 2022-23 to \$27.4 billion. The estimated decline is primarily the result of lower corporate profit growth and the economic slowdown.

In fiscal year 2023-24, business tax receipts are projected to continue to decrease, but at a faster rate of 2.40%, or \$649 million, reflecting a slower growth in corporate profits and financial markets. Business tax receipts are projected to experience slight growth in fiscal year 2024-25 by \$77 million or .03%, as economic growth is partially offset by the full year impact of the expiration of the increased corporate franchise tax rates at the end of 2023, assuming they are not extended.

Personal Income Tax Collections (Millions of Dollars)

	Actual	Projected		
	SFY 2021-22	SFY 2022-23	SFY 2023-24	SFY 2024-25
Total Gross Collections	81,122	78,154	76,120	79,630
Refunds	(10,385)	(27,423)	(29,112)	(30,394)
Net Collections	70,737	50,731	47,008	49,236

Looking ahead, for the 2024- and 2025-years extreme caution is warranted. Fiscal stimulus, though a one shot-revenue, has given rise to a state budget trend unique in New York's traditional fiscal history; rapid growth in revenues, spending and surplus revenues. But there are storm clouds on the horizon.

The anticipated Federal Reserve action to raise rates up to at least two more times this year will increase interest rates, especially on the short end of the yield curve, but longer-term interest rates will not rise as significantly, which has resulted in the inverted yield curve environment we are currently in. The current outlook foresees ten-year Treasury yields as high as 4.25% and 4.50% for the 30-year Treasury bond. Inflation will remain elevated with the possibility of inflation rates stabilizing at rates slightly over 4.50% from their recent record highs.

New York State revenue enhancers the legislature entertained as part of the 2021-22 budget process included marijuana legalization and taxation and a regulated and taxed sports betting authorization will increase revenues to the State, but the revenues produced will not be significant enough to make up for the loss of the one-short federal stimulus revenues.

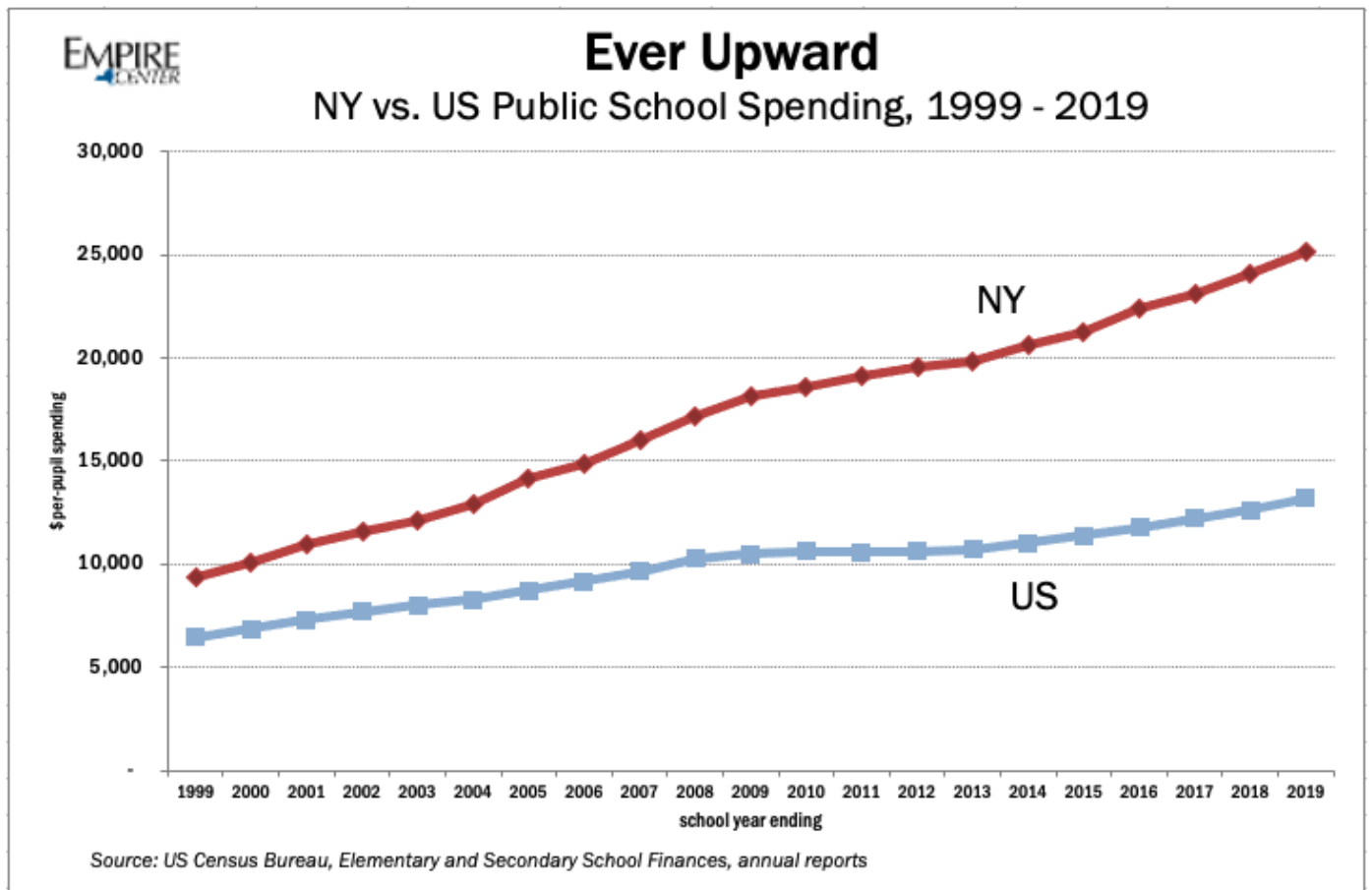
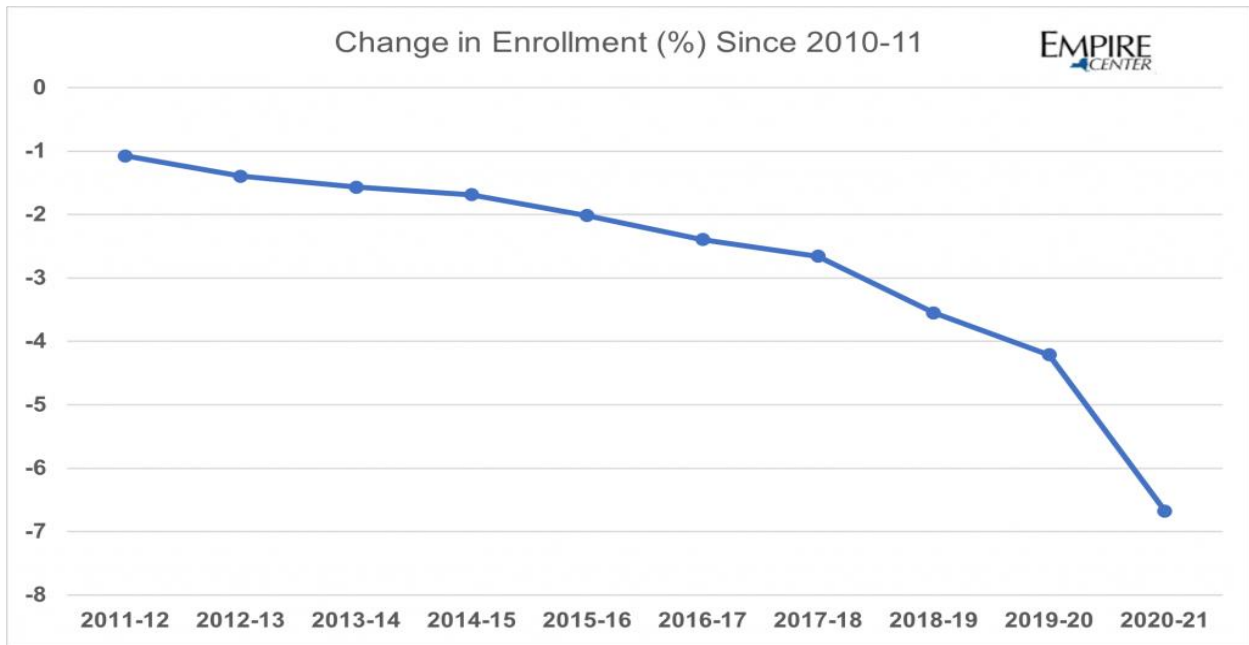
Lottery aid for education from traditional games is expected to remain flat over the next three fiscal years at just under \$4.3 billion. All four commercial casinos granted licenses in recent years have operating histories now and the experiment with casinos has underperformed original estimates with projected revenues to total \$133 million in fiscal year 2021-22, increasing to \$139 million in fiscal year 2023-24. Governor Hochul has proposed three new casinos with at least one located in New York City, which, if combined with the ability to do sports betting as part of their operations, could have a significantly positive impact on gaming revenues.

On bright spot in gaming revenues has been the success in mobile sports betting which appears to have revenue growth possibilities for an extended period of time. Weighing in on the 1-year anniversary of mobile sports wagering, which took place on Jan. 8, Governor Hochul reported that the state has collected more than \$709.2 million in taxes on such bets, the highest amount nationwide. An additional \$200 million in licensing fees has also been collected, generating a total of more than \$909 million in revenue, most of it to be used for education.

School District Costs Continue to Increase

It is important to keep in mind that on a per pupil basis, New York spends 89% above the national average (\$22,366 vs. \$11,762 as of 2016) and spending rose more than 50% faster than the national average between 2011 and 2017, at 17% compared to 11.40% nationally even before any increases in aid, a point not missed by taxpayers with the gap increasing each year.

As documented in a recent Empire Center report, declining enrollment is one of the factors driving up New York's relative per-pupil spending level. The number of pre-K to 12th grade pupils in New York public schools has dropped by more than 15% since 2000, contrasting with a national enrollment increase of 7 percent during the same period. The difference reflects underlying demographic trends, including upstate New York's continuing population decline and out-migration losses to other states.



Although New York spends more per pupil than any state in the country – nearly twice the national average – the 2023-24 state budget proposes an increase of \$1.6 billion, or 8.10%, in State operating aid.

Future Overall State Budget Projections

Currently, the State is enjoying a strong recovery (for the first time in memory the State is ending its fiscal year with no budget deficits) with economic growth anticipated to continue for the remainder of the current fiscal year with slow-downs coming in fiscal year 2023-24 and beyond caused by continued supply chain disruptions, accelerating inflation and higher interest rates could have negative impacts on manufacturing, real estate and stock market related sectors of the economy.

Federal stimulus and relief actions by the federal government have played a vital role in preventing severe economic and human impacts from the COVID-19 pandemic, but there is risk going forward as fiscal and monetary relief winds down.

Federal grants have supported spending for Medicaid, transportation, education, public health, and environmental and energy programs, as well as other activities. In fiscal year 2020-21, federal grants included funding for pandemic-related costs totaling \$11.8 billion. Between fiscal years 2020-21 and 2024-25, it is estimated that at least \$65 billion in federal pandemic assistance will be received.

In fiscal year 2021-22, all federal receipts are projected to increase by \$19.4 billion, or 24.80%, from fiscal year 2020-21 to \$97.5 billion. It is projected that federal receipts will decline nearly \$20.4 billion or 20.90% in fiscal year 2022-23 and will fall a further \$5.2 billion or 6.80% in fiscal year 2023-24.

By fiscal year 2024-25 the punch bowl of federal stimulus could very well be completely removed but there is a good possibility that some programs like rental and homeowner assistance and other popular pandemic relief programs could be continued and would have to be funded from State funds instead of federal relief grants to the State, resulting in recurring spending commitments.

The tax increases enacted in fiscal year 2021-22 exacerbated the State's already elevated level of reliance on high income taxpayers. While the higher enacted rates affect less than 1.00% of all taxpayers, those impacted pay over 30% of the tax liability. Concerns abound to the level of the tax rates, taxpayer response to the increases and the volatility of the income subject to the tax. The top State/New York City tax rate, combined with local property taxes makes New Yorkers the highest taxed in the nation. Nearly half of the taxpayers subject to the new rates are nonresidents of New York and the net out-migration rate of high-income earners has been approximately 1.00% annually in the past five years. A continued 1.00% decrease could potentially result in a loss of \$1.1 billion in taxable income and a reduction in revenues by over \$108 million annually. In addition, this group of taxpayers is very dependent on financial markets which influence bonuses paid to high-wage Wall Street employees as well capital gains, which history shows can be volatile. For example, in 2009, when the stock market dropped by 22.50%, taxable income declined by over \$46 billion and to date fiscal year 2022 could well be another one of those years.

While the State is currently in a positive fiscal position, the time to put away rainy day fund reserves is now. The NYS Comptroller's Office has recommended a target of at least 10.00% of General Fund receipts, estimated to be around \$10.6 billion in state fiscal year 2024-2025 adequate

reserves would improve the State’s flexibility to weather economic downturns and buy time to deal with the increasing costs of entitlement programs that will continue to increase faster than inflation rates in the future. One disturbing trend we are already seeing from State Legislators as this year’s budget is being crafted is a call to use more of the funds that could be reserved for a rainy day (rain we know is coming) to fund new and expanded programs without an eye towards the compounded costs to be paid in the future.

Albany’s supercharged post-pandemic spending trend is simply unsustainable in the long run. How this fiscal cycle ends – in a soft landing or a crash – will be determined by the budgets of the next few years. As called for by the Empire Center, “the legislature should embrace fiscal policies grounded in the three Rs of restraint, responsibility, and reform. Spending should be reined in, taxes reduced, and economic competitiveness restored as top priority.”

Assumptions Used to Prepare Budget Estimates

Developing a long-range multi-year budgeting plan will allow District decision-makers to set long term priorities and work towards accomplishing longer term strategic planning goals and objectives, while gaining an understanding and awareness of the fiscal uncertainties and changing State and federal education policies that will have to be navigated during the next three-year long-range planning period. It can be used to analyze the effect that present and future costs and revenues will have on the district’s budget.

Armed with this information the School Board can decide what program funding choices to make and can determine what funding levels they feel the community will find acceptable to ensure their students continue to receive a quality education.

This report projects revenue, expenditures, and fund balances for the next three years – Fiscal Years 2023-24 through 2025-26. Unlike a budget, this report does not authorize expenditures since it is intended to be a guideline for District Officials to use in preparation of future budgets. Its sole purpose is to show what effect various financial decisions, State Aid revenue levels, and the Property Tax Cap will have on the district’s overall financial picture (i.e.: total revenues, expenditures & fund balance). To be an efficient tool, this report should be updated annually at budget time.

It is not to be assumed that the information contained in this report is final since District needs and policies will change based on evolving historical information, actual state aid received by the district, current service delivery requirements and/or future economic trends. We therefore recommend that each of these variables be reviewed on an ongoing basis and that the report be modified as needed to meet the district’s decision-making needs.

EXPENDITURES

Inflation Rate for Expenditure Items not specifically stated below will be 4.50% each year for 2023- 2024 through 2025-26.

Teacher Retirement System annual pension contributions have been calculated at 10.29% of payroll each fiscal year. for

Employee Retirement System pension contribution has been calculated at 16.50% of base salaries for all fiscal years.

Base Salaries have been projected to increase at a 9.00% annual rate for each year of the three-year planning period.

Health Insurance costs are estimated to increase at 10.00% per year.

Natural Gas costs will increase 25% in FY 2023-24 and increase 4.50% each year thereafter.

Electricity costs will increase 66% in FY 2023-24 and increase 4.50% each year thereafter. Note: the dramatic increase in gas and electric costs have been attributed to international and domestic factors that have caused the market price of natural gas and electricity to rise.

According to the utility company natural gas has become a global commodity that not only heats our homes but is also heavily relied upon to produce electricity on demand and whenever needed, lower electric production and increased reliance on natural gas following the closure of the Indian Point nuclear plant.

Zero-Emission School Bus Mandate – The 2022-23 Enacted State Budget introduced a zero-emission school bus mandate that established a 2035 deadline for all student transportation to be provided by zero emission school vehicles. A complete conversion of pupil transportation involves a complete restructuring of the district’s contract school bus operator’s transportation infrastructure, including changes in maintenance facilities and equipment, operations, electricity consumption, and physical infrastructure. The conversion is going to be extremely expensive, but costs are not known yet and hopefully State aid will assist with some of the transition costs – but it is estimated that costs will at best be similar to current gas and diesel transportation costs and many estimates predict significant increased costs as electric utilities are forced to make transformer and electric production upgrades.

REVENUES

State Operating Aid revenues reflect the increased Basic Foundation Aid catch-up payments and have been estimated to increase to \$140,995,992 in fiscal year 2023-24 and decreases back to a more traditional aid estimated increase of 4.50% in following years.

State Building Aid will be calculated by Municipal Solutions for each budgeted year.

Real Property tax increases will be used to balance the budget.

Other Revenues will not increase in all future fiscal years.

Because of the increase in aid estimated state aid payments no appropriated fund balance will be used to balance the budget for each year of the three-year period.

As you can see from the following multi-year projections the large FY 2023-24 foundation aid increase will have a profound effect on the District's revenues. The Board may want to consider the use of these additional revenues in areas where investments could be a priority such as career and technology education, student mental health services and, perhaps, reduce tax levy increases.

Middletown City School District
3-Year Budget Projection for General Fund
Using Assumptions Contained in this Report

REVENUES:	(Per Audit)	Adopted			
	Actual	Budget	Estimated	Estimated	Estimated
	2021/22	2022/23	2023/24	2024/25	2025/26
Real Property Taxes (with STAR)	77,438,073	72,404,150	52,725,299	59,027,909	64,523,364
Other Tax Items	1,038,802	1,173,221	1,173,221	1,173,221	1,173,221
Non-Property Tax Items	2,237,832	2,100,000	2,100,000	2,100,000	2,100,000
Charges for Services	723,412	890,000	890,000	890,000	890,000
Use of Money and Property	127,609	32,000	32,000	32,000	32,000
Sale of Property & Comp. of Loss	61,472	78,750	78,750	78,750	78,750
Miscellaneous	1,491,908	1,925,000	1,925,000	1,925,000	1,925,000
Interfund Revenues	21,531	-	-	-	-
State Aid (Other than Building Aid)	114,292,757	132,572,249	166,197,597	172,542,417	179,172,753
State Aid (Building Aid)	10,199,181	12,240,422	12,084,481	13,477,827	12,946,586
Federal Sources	463,559	473,000	473,000	473,000	473,000
Interfund Transfers	500,000	500,000	500,000	500,000	500,000
TOTAL REVENUES	208,596,136	224,388,792	238,179,348	252,220,123	263,814,674
Appropriated Reserves		1,550,000.00			
Appropriated Fund Balance		2,702,938.00	-	-	-
Total Revenue & Fund Balance	\$208,596,136	\$228,641,730	\$238,179,348	\$252,220,123	\$263,814,674
 EXPENDITURES:					
General Support	22,098,256	21,208,971	22,043,784	23,003,904	24,004,454
Instruction	119,872,547	127,005,526	132,347,840	137,917,523	143,724,358
Pupil Transportation	10,082,328	10,659,582	11,139,016	11,640,015	12,163,549
Community Service	5,950	5,985	6,254	6,536	6,830
Employee Benefits	36,687,610	40,865,796	44,455,802	47,659,432	51,133,149
Debt Service	13,893,192	12,633,970	10,952,967	13,994,312	13,984,805
Interfund Transfers	26,716,905	16,261,900	17,233,686	17,998,401	18,797,529
TOTAL EXPENDITURES	\$229,356,788	\$228,641,730	\$238,179,348	\$252,220,123	\$263,814,674
EXCESS OF REVENUE OVER EXP.	(20,760,652)	-	-	-	-
			Estimated	Estimated	Estimated
			2022/23	2023/24	2024/25
Estimated Budget Increase			\$9,537,618	\$14,040,775	\$11,594,550
Estimated% Budget Increase			4.17%	5.90%	4.60%
Estimated Tax Levy Increase			(\$19,678,851)	\$6,302,609	\$5,495,455
Estimated % Tax Levy Increase			-27.18%	11.95%	9.31%

Notes: 1. This document is for planning purposes and may not reflect budget goals.
2. These estimates should be reviewed annually as part of the budgeting process.

Historical Statement of Revenues, Expenditures and Fund Balances

General Fund - City School District of the City of Middletown

	Fiscal Year Ending June 30:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$67,233,682	\$70,052,577	\$70,544,856	\$72,349,095	\$72,593,191
Real Property Tax Items	7,872,293	7,753,471	6,946,946	6,720,823	5,883,684
Non-Property Taxes	1,950,171	1,875,736	2,096,259	2,180,701	2,237,832
Charges for Services	621,967	782,320	803,684	965,781	723,412
Use of Money & Property	417,624	433,691	319,539	62,011	127,610
Sale of Property & Comp. for Loss	182,856	345,176	49,660	104,710	61,472
Miscellaneous Local Sources	1,762,525	1,791,949	1,513,513	1,889,240	1,491,909
Interfund Revenues	18,786	15,739	18,131	14,408	21,531
State Aid	92,950,598	99,490,273	106,569,386	107,714,176	124,491,937
Federal Aid	572,034	718,419	555,225	2,948,100	463,558
Total Revenues	<u>\$173,582,536</u>	<u>\$183,259,351</u>	<u>\$189,417,199</u>	<u>\$194,949,045</u>	<u>\$208,096,136</u>
Expenditures:					
General Support	\$15,810,450	\$17,218,954	\$16,813,825	\$20,472,485	\$22,098,251
Instruction	92,936,982	101,367,490	106,363,295	108,489,039	119,872,663
Pupil Transportation	8,466,482	9,110,916	7,887,326	8,227,561	10,082,327
Community Service	17,700	7,850	950	0	5,950
Employee Benefits	28,223,770	30,441,365	33,896,443	35,626,908	36,687,502
Debt Service	16,780,265	16,458,458	15,111,637	10,518,507	13,893,191
Total Expenditures	<u>\$162,235,649</u>	<u>\$174,605,033</u>	<u>\$180,073,476</u>	<u>\$183,334,500</u>	<u>\$202,639,884</u>
Excess (Deficit) of Revenue over Expenditures	<u>\$11,346,887</u>	<u>\$8,654,318</u>	<u>\$9,343,723</u>	<u>\$11,614,545</u>	<u>\$5,456,252</u>
Other Financing Sources (Uses):					
Operating Transfers In	\$190,625	\$652,444	\$724,474	\$675,103	\$500,000
Operating Transfers (Out)	<u>(3,365,506)</u>	<u>(22,518,596)</u>	<u>(10,705,657)</u>	<u>(1,015,753)</u>	<u>(26,716,905)</u>
Total Other Financing Sources (Uses)	<u>(\$3,174,881)</u>	<u>(\$21,866,152)</u>	<u>(\$9,981,183)</u>	<u>(\$340,650)</u>	<u>(\$26,216,905)</u>
Excess (Deficit) of Revenues & Other Sources Over Expenditures & Other (Uses)	<u>\$8,172,006</u>	<u>(\$13,211,834)</u>	<u>(\$637,460)</u>	<u>\$11,273,895</u>	<u>(\$20,760,653)</u>
Fund Balances Beg. of Fiscal Year	<u>\$58,696,106</u>	<u>\$66,868,112</u>	<u>\$53,656,278</u>	<u>\$53,018,818</u>	<u>\$64,292,713</u>
Fund Balances End of Fiscal Year	<u>\$66,868,112</u>	<u>\$53,656,278</u>	<u>\$53,018,818</u>	<u>\$64,292,713</u>	<u>\$43,532,060</u>

Source: Audited Annual Financial Reports of the School District.

Notes: This table is NOT audited.

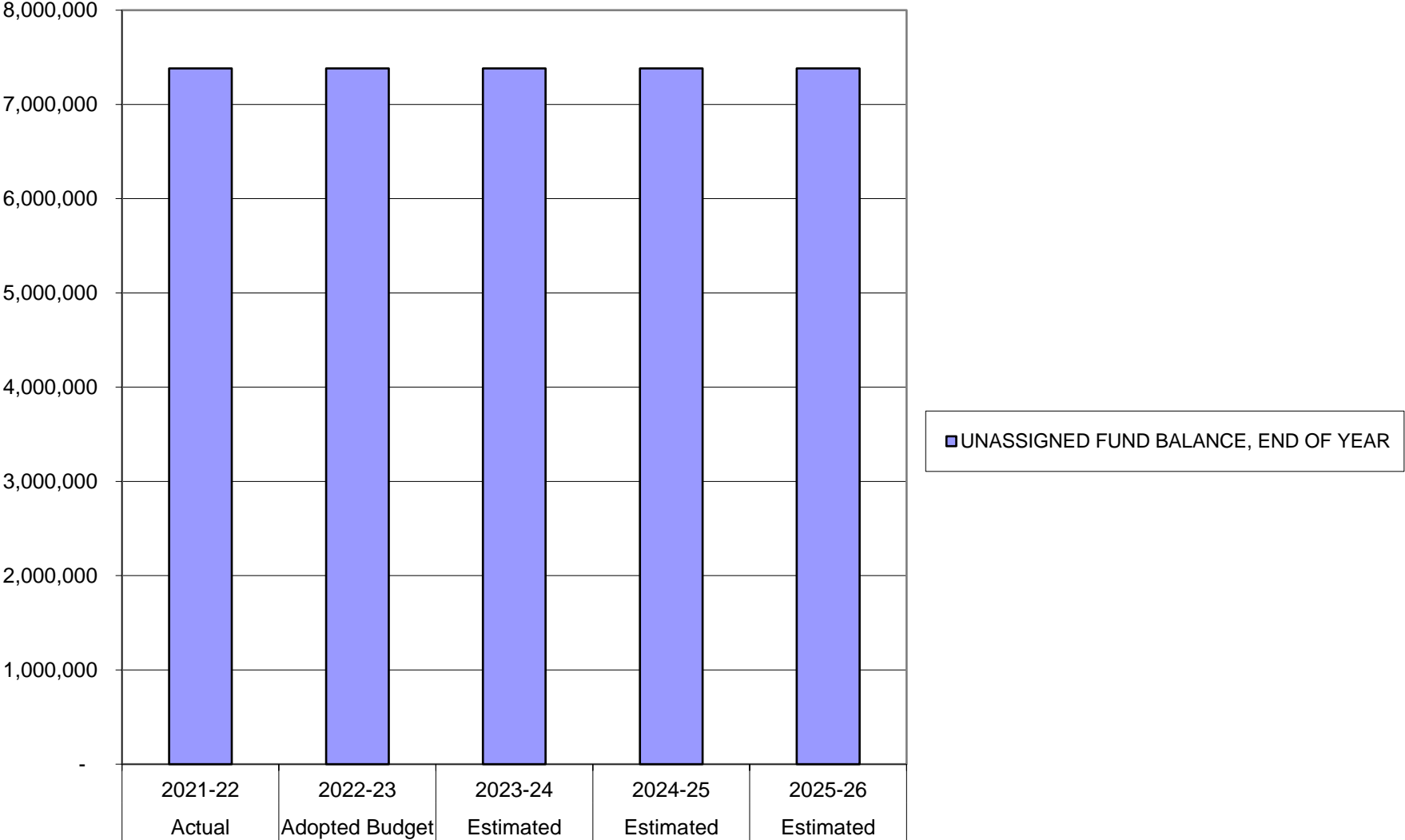
Balance Sheet
General Fund - City School District of the City of Middletown

	Fiscal Year Ending June 30:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash	\$66,393,103	\$47,434,061	\$52,863,589	\$61,606,889	\$47,569,264
Accounts Receivable	11,183	111,016	159,565	148,985	171,475
Taxes Receivable	3,892,954	3,278,013	3,842,192	3,143,409	3,596,724
State & Federal Aid Receivable	3,908,412	3,239,823	2,854,704	3,327,371	3,702,529
Due from Other Governments	3,257,168	4,370,575	3,008,654	4,730,549	4,190,256
Due from Other Funds	<u>4,010,113</u>	<u>9,529,734</u>	<u>4,490,327</u>	<u>5,722,533</u>	<u>2,281,771</u>
Total Assets	<u>\$81,472,933</u>	<u>\$67,963,222</u>	<u>\$67,219,031</u>	<u>\$78,679,736</u>	<u>\$61,512,019</u>
Liabilities:					
Accounts Payable	\$1,972,529	\$1,821,946	\$1,873,978	\$1,143,934	\$2,241,808
Accrued Liabilities	236,328	120,386	324,767	503,712	323,089
Due to Other Governments	973,946	1,147,965	988,684	1,337,825	3,195,656
Due to Other Funds	667,446	11,829	486,909	455,596	581,998
Due to Teachers' Retirement System	6,782,729	7,770,514	6,904,550	7,795,533	8,644,926
Due to Employees' Retirement System	518,245	518,830	548,886	625,543	489,243
Unearned Revenue	0	58,717	58,717	58,717	58,716
Deferred Tax Revenues	<u>3,453,598</u>	<u>2,856,757</u>	<u>3,013,722</u>	<u>2,466,163</u>	<u>2,444,523</u>
Total Liabilities	<u>\$14,604,821</u>	<u>\$14,306,944</u>	<u>\$14,200,213</u>	<u>\$14,387,023</u>	<u>\$17,979,959</u>
Fund Balances:					
Restricted	\$34,284,860	\$25,644,611	\$31,774,901	\$47,285,044	\$29,017,271
Assigned	13,101,896	12,861,873	11,192,501	5,444,707	7,133,070
Unassigned	<u>19,481,356</u>	<u>15,149,794</u>	<u>10,051,416</u>	<u>11,562,962</u>	<u>7,381,719</u>
Total Fund Balances	<u>\$66,868,112</u>	<u>\$53,656,278</u>	<u>\$53,018,818</u>	<u>\$64,292,713</u>	<u>\$43,532,060</u>
Total Liabilities & Fund Balances	<u>\$81,472,933</u>	<u>\$67,963,222</u>	<u>\$67,219,031</u>	<u>\$78,679,736</u>	<u>\$61,512,019</u>

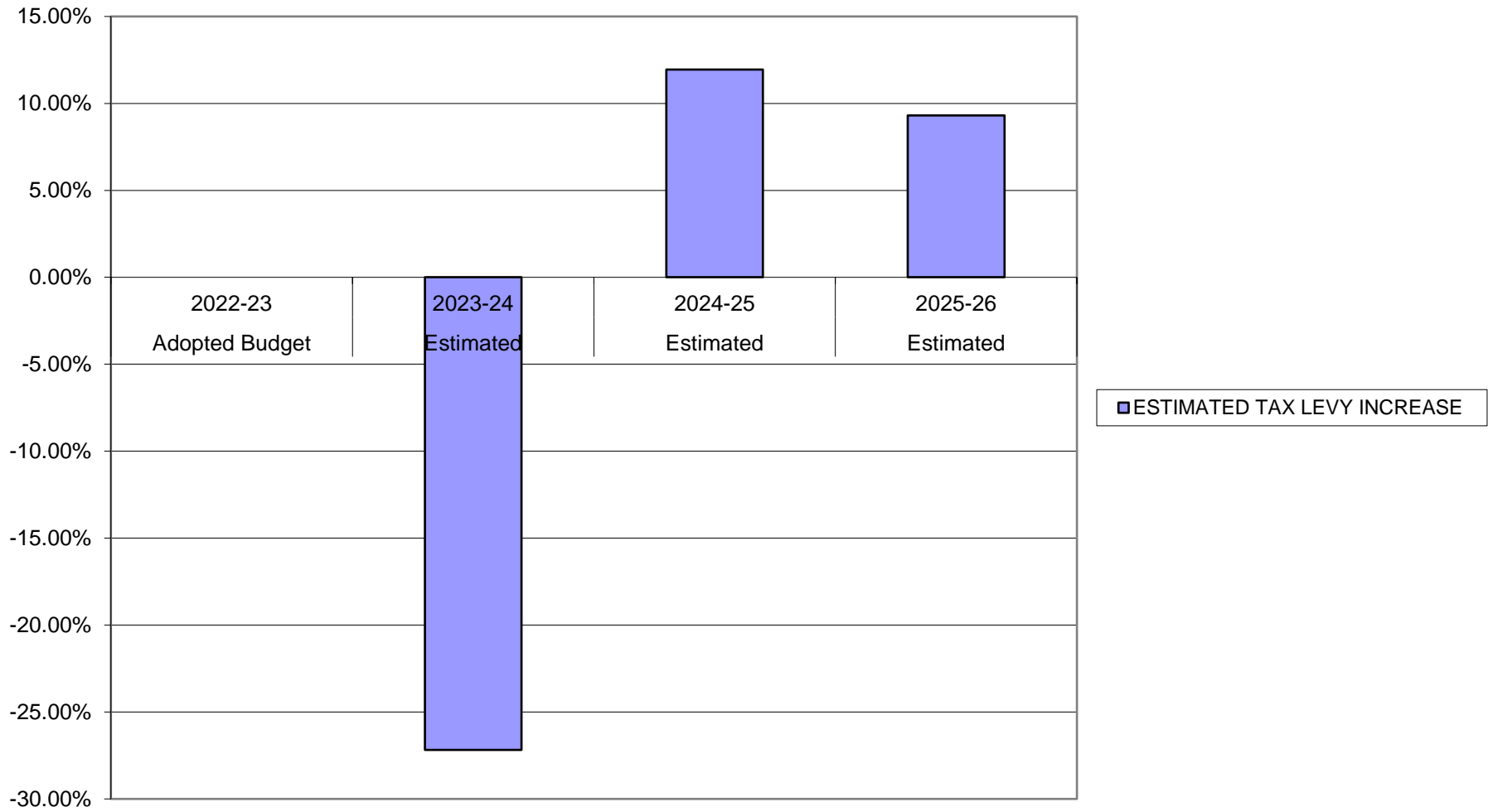
Source: Audited Annual Financial Reports of the School District.

Note: This table is NOT audited.

UNASSIGNED FUND BALANCE, END OF YEAR



ESTIMATED TAX LEVY INCREASE



In recent years the District has followed the NYS Comptroller's audit report recommendations to use cash to pay for capital improvements (using cash to fund the 2019 voter approved \$9.47 million building project which will generate an estimated \$366,171 of new building aid in FY 2021-22 and \$616,097 in aid for FYs ending 2023 to 2035 and appropriated (\$27,769,404 for the new Twin Towers), moved unappropriated fund balances to reserve funds and used appropriated fund balance to offset tax increases.

These actions will decrease the district's unappropriated fund balances as recommended in the Comptroller's 2018 report and given the district reserves that can be prudently used to assist in overcoming the upcoming future difficult budget years. The use of reserves should be conservative because the infusion of cash to the district will be guaranteed for one more year, dropping off significantly after the upcoming year and the use of reserves combined with cost controls and close monitoring of teacher and support staff right-sizing as a result of apparent projected total pupil population declines will be vital to maintaining adequate fund balance levels to meet these multi-year challenges.

One item of note – because of the tax cap it is particularly important to keep capital project debt service levels even and not have significant debt service decreases from year-to-year. As is noted in the capital project debt service projections, principal and interest payments will fall off in FY 2025 and it is good to note that the new Twin Towers capital project will fill in the dip beginning around that time.

Conclusion

State revenues will be increasing substantially for the district for the next year, and a return to more normal state aid revenues could catch the district short if adequate preparations have not been made. The future course of additional state and federal government educational initiatives and funding remain unknown and if inflation cannot be brought under control, the threat of recession in 2023 or 2024 could be on the horizon, and the use of fund balances and reserves could come back in play as part of future budgeting needs.

The State should be commended for finally honoring its commitment to funding foundation aid, but the focus should now shift towards updating the foundation aid formula to measure districts current poverty needs more accurately.

With the continued growth in student need in the Middletown School District a continued push for an equitable Foundation Aid formula, especially in potential times of fiscal austerity, is vital to the District's ability to provide a sound, basic education to all its students.

Unfortunately, the politics and costs involved in constructing an updated fair and equitable Foundation Aid formula will not come quickly or without pain, so close monitoring of expenses and draws against fund balance and reserve funds must be undertaken as budgets are being developed. Increasing expenses and future flat or moderate aid increases in the out years will put an increasingly greater burden on the district's operating budget and taxpayers. Care should continue to be taken to ensure that all budgeted expenditures are necessary to provide a competitive education for students of the district.

Considering that a substantial portion of New York State's Budget is devoted to entitlement programs and debt service demands that have to be paid no matter what condition the overall state of the economy is in any given year and the fact that the State is so highly dependent on State income tax revenues that are expected to increase at levels below the expected increases in expenses, the past dependence on temporary revenue streams that could disappear within the next two years, and concerning expenditure increases in mandated State level programs, especially in the area of Medicaid program, it is important to proceed cautiously, especially in the district's 2024-25 fiscal year and beyond.

State tax code changes could be severe enough for those with high incomes to abandon the State for other lower tax states in the south and southwest, especially if the State Legislature maintains and/or increases tax surcharges on upper income wage earners. An accelerating trend already being experienced during and after the pandemic period.

Another very real concern for the district is the percent of increase future tax cap increases will be set at. With the exceedingly high inflation rate numbers being experienced now and projected for the future, the allowable tax levy allowance increases frozen at a maximum of 2.00% vs. inflation at 4.00% or higher could put a tremendous strain on the district's finances.

The increased fiscal support the district will experience for the next two to three fiscal years is going to give the district time to monitor future fiscal conditions and make plans for what could be difficult and challenging budgeting decisions in the not-so-distant future.

In addition, public perception of the value of the education received versus the cost of that education must be weighed as the Property Tax Cap Law will force the district to make continued cuts until the State develops a method to supplement real property taxes with some other forms of revenue, revenue that may not be available because of pressures on many fronts. And as the population continues to age and fewer and fewer taxpayers have a direct link to the school system, budgets with larger tax rate impacts will likely be increasingly difficult to pass.

Another critical area, mandate relief, while vitally needed by local governments and school districts, has been and will probably continue to be ignored by the State and the lack of flexibility will result in further cutbacks in staffing and educational opportunities at a time when a well-educated workforce is necessary for the country to maintain its dominance in the global economy. But, it seems, as has been proven in the past, for every person's "unnecessary mandate" there are at least two special interest groups that feel the measures must remain, and many times it is argued that more regulations and/or spending is needed.

So, for the next three years the budgeting process will still be complicated and complex, but instead of wondering where the money is going to come from the focus will be on how do we spend this increased money wisely – perhaps a harder challenge than when money is not as readily available.

APPENDIXES

EXHIBIT A

ENROLLMENT PROJECTIONS & HOUSEHOLD INCOME INFORMATION

Historical & Projected Enrollment Projections

Enrollment	
<u>School Year</u>	<u>K-12 Enrollment</u>
2018-19	7,588
2019-20	7,673
2020-21	7,545
2021-22	7,503
2022-23	7,525

Enrollment Projections	
<u>School Year</u>	<u>Projected Enrollment</u>
2023-24	7,373
2024-25	7,350
2025-26	7,350
2026-27	7,525
2027-28	7,530

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the School District, the County, the State, and the United States.

Population				
<u>Year</u>	<u>School District</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	33,581	307,647	17,990,455	249,632,692
2000	36,174	341,367	18,976,457	281,421,906
2010	40,892	372,813	19,378,102	308,745,538
2020	45,299	401,310	20,201,249	331,449,281

Source: US Census Bureau.

Median Household Income				
<u>Year</u>	<u>School District</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$31,881	\$39,198	\$32,965	\$30,056
2000	41,126	52,058	43,393	41,994
2017 - 2021	65,705	85,640	75,157	69,021

Source: US Census Bureau, American Community Survey (2017-2021).

EXHIBIT B

STATUS OF OUTSTANDING DEBT

Details of Short-Term Indebtedness Outstanding

The School District has the following short-term indebtedness outstanding:

<u>Type</u>	<u>Maturity</u>	<u>Purpose</u>	<u>Amount</u>
Bond Anticipation Note	11/30/23	Capital Project	<u>\$20,825,000</u>
Total			<u><u>\$20,825,000</u></u>

Source: Note Records of the School District.

Status of Outstanding Bond Issues

Year of Issue:	2012 ¹	2013 ²	2015 ³
Amount of Issue:	\$5,000,000	\$10,150,000	\$22,830,000
Last Maturity:	6/15/2031	8/15/2025	9/15/2025
Interest Rate/Instrument:	Various - QSCB	Various - Ref SB	Various - Ref SB
Purpose:	Building	Building	Building
Balance Principal 06-30-22:	\$2,840,000	\$1,120,000	\$8,960,000

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$265,000	\$129,250	\$270,000	\$23,250	\$2,085,000	\$370,750
2024	275,000	118,319	280,000	17,400	2,185,000	277,125
2025	285,000	106,631	280,000	10,750	2,290,000	165,250
2026	300,000	94,163	290,000	3,625	2,400,000	54,000
2027	315,000	80,663				
2028	325,000	66,094				
2029	340,000	51,063				
2030	360,000	34,913				
2031	375,000	17,813				
Totals:	<u>\$2,840,000</u>	<u>\$698,906</u>	<u>\$1,120,000</u>	<u>\$55,025</u>	<u>\$8,960,000</u>	<u>\$867,125</u>

Notes: ¹ Issued as Qualified School Construction Bonds. The School District will receive direct payments from the United States Treasury equal to the amount of interest payable, thereby resulting in an effective 0% interest rate. However, since March 1, 2013, the subsidy payments have been subject to certain automatic reductions pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, commonly known as federal sequestration. The School District was notified by the Department of Treasury that the subsidy payments due to the School District between October 1, 2020, and September 30, 2030, will be reduced by 5.7%. This follows cuts of 5.9% in 2020, 6.2% in 2019, 6.6% in 2018, 6.9% in 2017, 6.8% in 2016, 7.3% in 2015 and 7.2% in 2014. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise affects the sequester, at which time the sequestration rate is subject to change.

² Refunded the School District's 2002A&B Bonds, which were called and redeemed in full on April 15, 2013.

³ Refunded the School District's 2004, 2005A and 2006 Bonds, which were called and redeemed in full on June 1, 2015, December 1, 2015, and September 15, 2016, respectively.

EXHIBIT B

STATUS OF OUTSTANDING DEBT (cont.)

Status of Outstanding Bond Issues

Year of Issue:	2016		2017 ⁴		2019	
Amount of Issue:	\$48,871,000		\$5,640,000		\$25,805,000	
Last Maturity:	6/15/2042		6/15/2023		6/15/2038	
Interest Rate/Instrument:	Various - SB		Various - Ref SB		Various - DASNY SB	
Purpose:	Building		Building		Building	
Balance Principal 06-30-22:	\$38,900,000		\$1,210,000		\$22,405,000	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$1,600,000	\$1,050,163	\$1,210,000	\$60,500	\$1,370,000	\$1,010,150
2024	1,635,000	1,018,163			1,435,000	941,650
2025	1,665,000	985,463			1,505,000	869,900
2026	1,700,000	952,163			1,580,000	794,650
2027	1,730,000	918,163			1,660,000	715,650
2028	1,770,000	883,563			1,745,000	632,650
2029	1,810,000	848,163			1,830,000	545,400
2030	1,850,000	809,700			1,925,000	453,900
2031	1,775,000	754,200			2,020,000	357,650
2032	1,805,000	700,950			2,080,000	297,050
2033	1,880,000	646,800			1,715,000	234,650
2034	1,940,000	590,400			730,000	148,900
2035	1,990,000	532,200			770,000	112,400
2036	2,050,000	472,500			800,000	81,600
2037	2,115,000	411,000			840,000	49,600
2038	2,180,000	347,550			400,000	16,000
2039	2,245,000	282,150				
2040	2,315,000	214,800				
2041	2,385,000	145,350				
2042	2,460,000	73,800				
Totals:	<u>\$38,900,000</u>	<u>\$12,637,238</u>	<u>\$1,210,000</u>	<u>\$60,500</u>	<u>\$22,405,000</u>	<u>\$7,261,800</u>

Notes: ⁴ Refunded the School District's 2008 Bonds, which were called and redeemed in full on June 15, 2018.

EXHIBIT B

STATUS OF OUTSTANDING DEBT (cont.)

Status of Outstanding Bond Issues

Year of Issue:	2020	
Amount of Issue:	\$4,775,000	
Last Maturity:	6/15/2035	
Interest Rate/Instrument:	2.00% - SB	
Purpose:	Building	
Balance Principal 06-30-22:	\$4,200,000	
<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$295,000	\$84,000
2024	300,000	78,100
2025	310,000	72,100
2026	310,000	65,900
2027	320,000	59,700
2028	330,000	53,300
2029	335,000	46,700
2030	345,000	40,000
2031	355,000	33,100
2032	365,000	26,000
2033	370,000	18,700
2034	380,000	11,300
2035	185,000	3,700
Totals:	<u>\$4,200,000</u>	<u>\$592,600</u>

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EXHIBIT B

STATUS OF OUTSTANDING DEBT (cont.)

Total Annual Bond Principal and Interest Due				
Fiscal Year	Total			
<u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>% Paid</u>
2023	\$7,095,000	\$2,728,063	\$9,823,063	8.91%
2024	6,110,000	2,450,756	8,560,756	16.58%
2025	6,335,000	2,210,094	8,545,094	24.54%
2026	6,580,000	1,964,500	8,544,500	32.80%
2027	4,025,000	1,774,175	5,799,175	37.85%
2028	4,170,000	1,635,606	5,805,606	43.09%
2029	4,315,000	1,491,325	5,806,325	48.51%
2030	4,480,000	1,338,513	5,818,513	54.13%
2031	4,525,000	1,162,763	5,687,763	59.82%
2032	4,250,000	1,024,000	5,274,000	65.15%
2033	3,965,000	900,150	4,865,150	70.13%
2034	3,050,000	750,600	3,800,600	73.96%
2035	2,945,000	648,300	3,593,300	77.66%
2036	2,850,000	554,100	3,404,100	81.24%
2037	2,955,000	460,600	3,415,600	84.95%
2038	2,580,000	363,550	2,943,550	88.19%
2039	2,245,000	282,150	2,527,150	91.01%
2040	2,315,000	214,800	2,529,800	93.92%
2041	2,385,000	145,350	2,530,350	96.91%
2042	2,460,000	73,800	2,533,800	100.00%
Totals:	<u>\$79,635,000</u>	<u>\$22,173,194</u>	<u>\$101,808,194</u>	

Source: Bond Records of the School District.

Other Obligations

The School District currently has an outstanding energy performance contract lease purchase financing. The energy performance contract financing has an outstanding principal amount of \$1,561,719.49. Payments of \$142,527.31 (principal and interest) are due semi-annually until the final maturity on June 23, 2028.

Trend of Outstanding Debt

	Fiscal Year Ending June 30:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$79,085,000	\$98,495,000	\$93,125,000	\$86,495,000	\$79,635,000
Bond Anticipation Notes	35,060,000	5,180,000	0	25,100,000	22,100,000
Energy Performance Contracts ¹	3,999,417	3,411,255	2,809,146	2,192,752	1,561,719
Total Debt Outstanding	<u>\$118,144,417</u>	<u>\$107,086,255</u>	<u>\$95,934,146</u>	<u>\$113,787,752</u>	<u>\$103,296,719</u>

Source: Audited Annual Financial Reports of the School District.

Notes: This table is NOT audited.

¹ Not debt for Local Finance Law or Constitutional purposes but does count towards debt limit of the School District. It should be noted that the School District has received voter authorization to exceed the debt limit for certain heretofore authorized capital projects.

EXHIBIT C

COMPUTATION OF DEBT LIMIT

Computation of Debt Limit and Calculation of Net Indebtedness

(As of January 15, 2022)

<u>Fiscal Year Ending June 30:</u>	<u>Taxable Assessed Valuation</u>	<u>Special State Equalization Ratio</u> ¹	<u>Taxable Full Valuation</u>
2019	\$594,374,140	Various	\$3,131,030,510
2020	601,216,628	Various	3,530,772,180
2021	607,901,551	Various	3,649,648,042
2022	615,707,453	Various	3,762,071,414
2023	<u>619,849,914</u>	Various	<u>3,845,870,970</u>
Total	<u>\$3,039,049,686</u>		<u>\$17,919,393,116</u>
Five-Year Average Full Valuation			\$3,583,878,623
Debt Limit: 5% of Average Full Valuation			\$179,193,931
Inclusions:			
Bonds			\$77,280,000
Bond Anticipation Notes			<u>20,825,000</u>
Total Inclusions			<u>\$98,105,000</u>
Exclusions:			
Budgeted Appropriations ²			<u>\$6,015,000</u>
Total Exclusions:			<u>\$6,015,000</u>
Total Net Indebtedness ^{3&4}			<u>\$92,090,000</u>
Net Debt-Contracting Margin ⁵			\$87,103,931

Notes: ¹ Equalization ratios used for computation of constitutional debt limit are "special ratios" as established by the State Office of Real Property Services. Therefore, the full values shown here are not comparable to those of other municipalities. Pursuant to Article 12-B of the Real Property Tax Law, the constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Services. Regular State equalization rates are established by said State Office of Real Property Services and are used for all other purposes.

² Budgeted appropriations are automatically excluded pursuant to provisions of Article VIII, Section B of the State Constitution and Section 136.00 of the Local Finance Law.

³ Represents 51.39% of the School District's Debt Limit.

⁴ Energy performance contracts ("EPCs") and other installment purchase obligations, while not debt, do count towards a school district's debt limit. The principal amount of the School District's outstanding EPCs has not been included in this debt limit computation table in order to be consistent with the State Comptroller's official debt statement filing instructions. For a summary of outstanding principal, see "Other Obligations", herein.

⁵ It should be noted that the School District has received voter authorization to exceed the debt limit for certain heretofore authorized capital projects.

EXHIBIT D

VALUATION OF TOWNS WITHIN THE DISTRICT & TAX RATES

Assessed and Full Valuations

	Valuations Based on Regular Equalization Ratios				
	Fiscal Year Ending June 30:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assessed Valuations:					
Town of Goshen	\$413,320	\$413,320	\$413,320	\$413,320	\$413,320
Town of Wallkill	308,164,008	312,759,691	317,937,115	318,966,754	325,037,755
Town of Wawayanda	60,303,295	59,858,270	60,631,606	61,060,478	61,364,365
City of Middletown	232,336,005	234,870,270	236,725,412	239,409,362	240,750,184
Total	<u>\$601,216,628</u>	<u>\$607,901,551</u>	<u>\$615,707,453</u>	<u>\$619,849,914</u>	<u>\$627,565,624</u>
Equalization Rates:					
Town of Goshen	62.00%	61.00%	56.00%	56.00%	49.50%
Town of Wallkill	21.00%	19.75%	18.00%	18.00%	16.02%
Town of Wawayanda	68.00%	65.50%	61.50%	59.50%	51.00%
City of Middletown	16.35%	15.25%	13.45%	13.00%	11.70%
Full Valuations:					
Town of Goshen	\$666,645	\$677,574	\$738,071	\$738,071	\$834,990
Town of Wallkill	1,467,447,657	1,583,593,372	1,766,317,306	1,772,037,522	2,028,949,782
Town of Wawayanda	88,681,316	91,386,672	98,587,977	102,622,652	120,322,284
City of Middletown	1,421,015,321	1,540,132,918	1,760,040,238	1,841,610,477	2,057,693,880
Total	<u>\$2,977,810,940</u>	<u>\$3,215,790,536</u>	<u>\$3,625,683,592</u>	<u>\$3,717,008,723</u>	<u>\$4,207,800,936</u>

Source: School District Officials.

Tax Rate / \$1,000 Assessed Value:

	Fiscal Year Ending June 30:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Town of Goshen	\$41.10	\$39.01	\$37.18	\$37.18	\$34.76
Town of Wallkill	121.63	120.76	116.60	116.60	108.83
Town of Wawayanda	37.62	36.47	35.39	35.37	33.74
City of Middletown	155.94	156.12	160.22	160.22	147.07

Source: School District Officials.

EXHIBIT E

STATE AID VS. REVENUES & ANNUAL RETIREMENT COSTS

A summary of State aid payments received by the School District for the last five fiscal years and the amounts budgeted for the 2022-23 fiscal year are as follows:

Fiscal Year <u>Ending June 30:</u>	Total General Fund <u>State Aid</u>	Total General Fund <u>Revenues</u>	Percentage of Total Revenues <u>Consisting of State Aid</u>
2018	\$92,950,598	\$173,582,536	53.55%
2019	99,490,273	183,259,351	54.29%
2020	106,569,386	189,417,199	56.26%
2021	107,714,176	194,949,045	55.25%
2022	124,491,937	208,096,136	59.82%
<u>2023 (Budgeted)</u>	<u>144,812,671</u>	<u>223,888,792</u>	<u>64.68%</u>

Source: Audited Annual Financial Reports and Adopted Budget of the School District.

Note: This table is NOT audited.

The actual ERS and TRS amounts paid for the last five fiscal years and budgeted amounts for fiscal year 2022-23 are as follows:

Fiscal Year <u>Ending June 30:</u>	<u>ERS</u>	<u>TRS</u>
2018	\$1,803,978	\$6,091,987
2019	1,857,780	7,055,301
2020	1,900,870	7,770,514
2021	2,146,634	8,427,387
2022	2,356,529	7,798,532
<u>2023 (Budgeted)</u>	<u>2,569,733</u>	<u>8,395,571</u>

Note: This table is NOT audited.

EXHIBIT F

RETIREMENT CONTRIBUTIONS - ERS

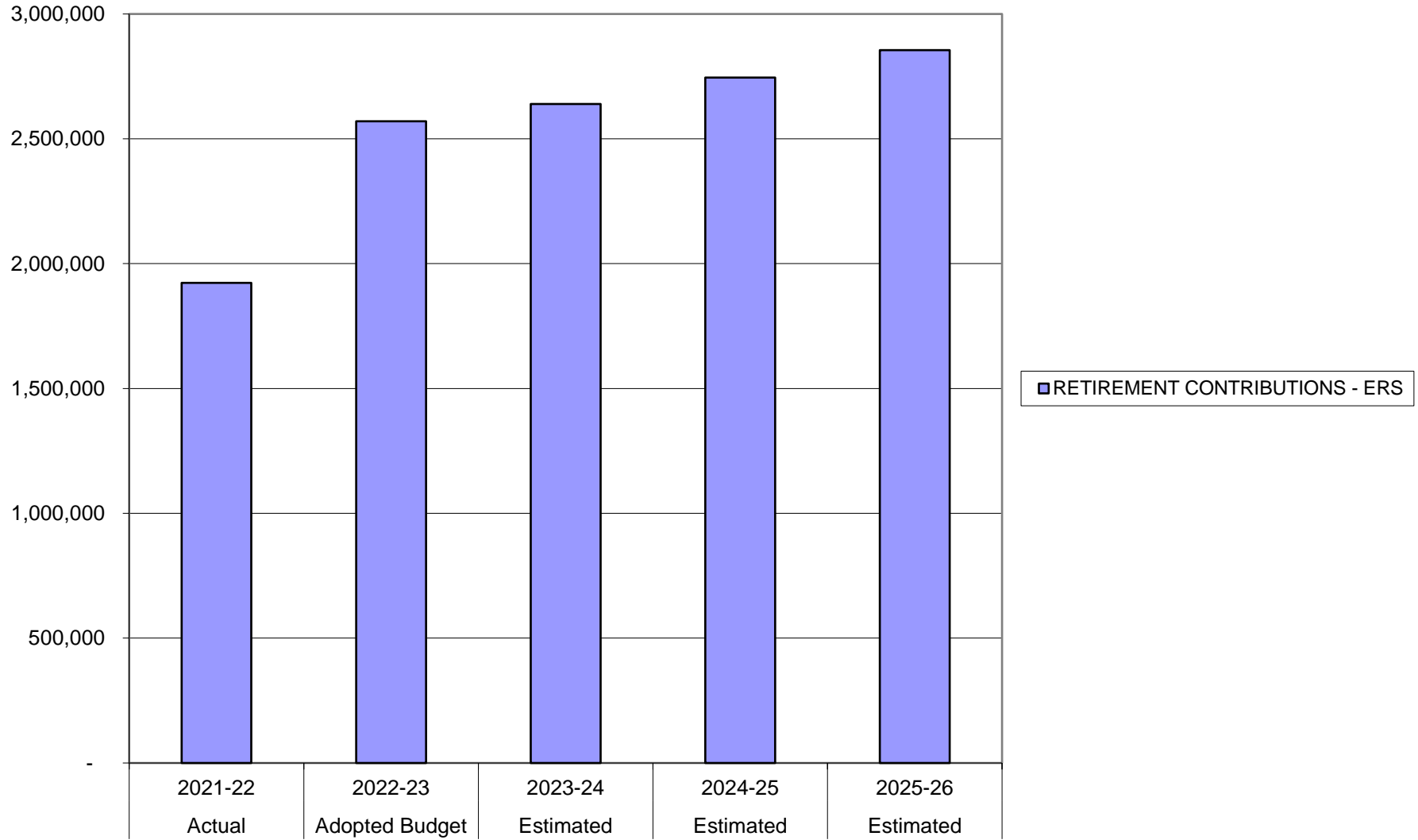


EXHIBIT G

RETIREMENT CONTRIBUTIONS - TRS

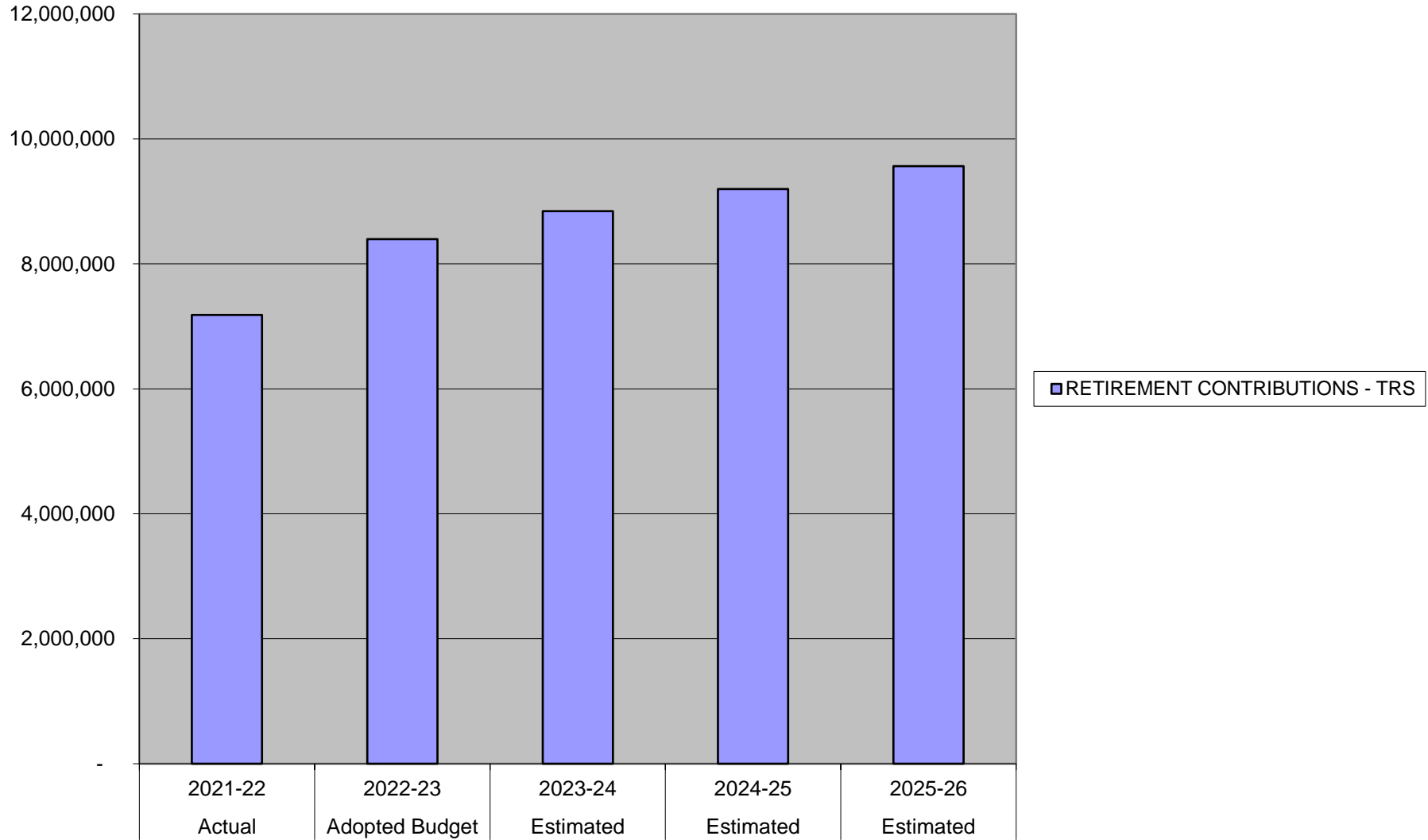


EXHIBIT H

HEALTH CARE INSURANCE COST

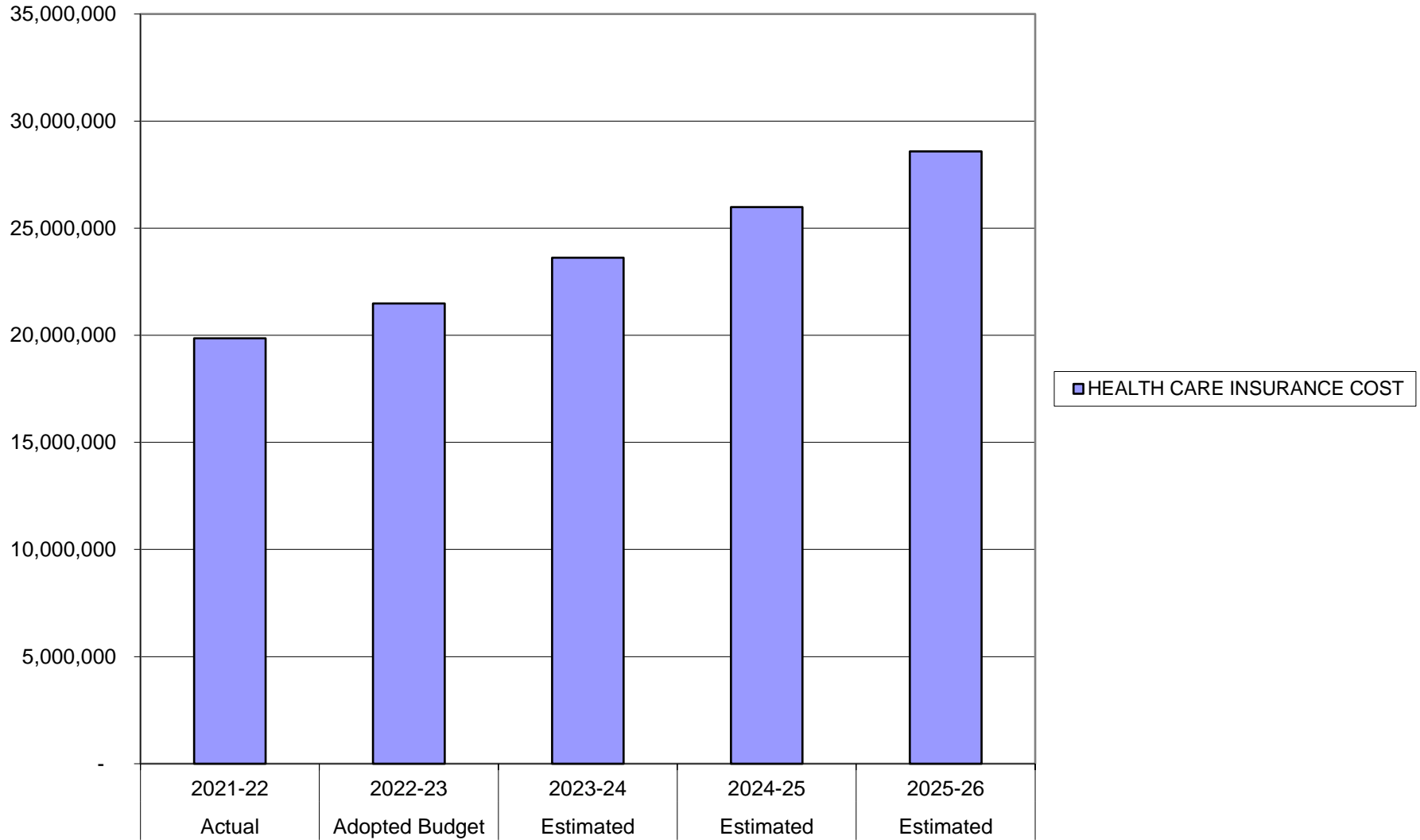


EXHIBIT I

WAGE & SALARY COSTS

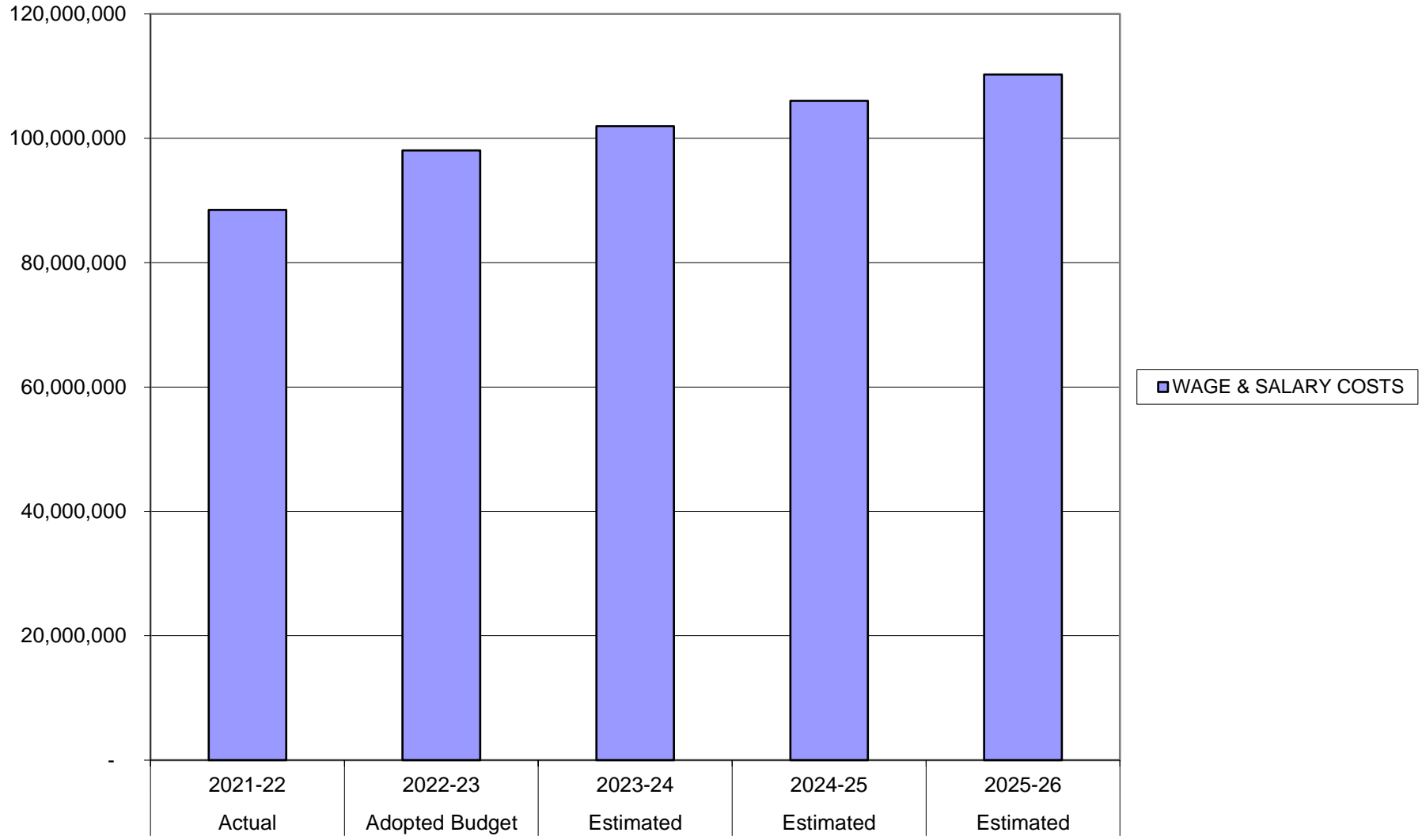


EXHIBIT J

STATE AID WITH BUILDING AID

