



Board of Education Meeting

Wednesday, January 25, 2023

Budget Presentation One: The Budget Process and Long Term Planning

Antonio Santana, Superintendent of Schools

Jennifer Segui, Assistant Superintendent for Finance and Management Services

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Review of Board Priorities

1. Provide a safe and secure learning environment that accepts and welcomes all and ensures all children have access to a well-rounded, culturally responsive education that supports their social emotional development during the school day and during co-curricular activities.
2. Support teaching and learning aligned to the NYS Learning Standards, ensuring all students receive skilled instruction leading to growth and the attainment of grade level learning expectations or above.
3. Review and evaluate our education programs and develop a plan to improve programs where needed in time for the upcoming annual budget consideration. Specifically in the areas of: Equity in Education, Educational Technology, and Social Emotional Support for Students and Staff.
4. Recruit, train and retain faculty and staff that reflects the cultural and linguistic diversity of the South Country Community.
5. Build partnerships in our learning community with all residents, increase opportunities for parent involvement and communication within our schools and our learning community, make appropriate support and workshops available to parents to assist them in supporting their children's education.
6. Develop a fiscally responsible and transparent budget, maximizing efficiency and economy, ensuring the district is using its resources to deliver the best educational program and meeting our long range planning goals.

Administrative Considerations

1. Assure the budget development process is consistent with Board Priorities.

6. Develop a fiscally responsible and transparent budget, maximizing efficiency and economy, ensuring the district is using its resources to deliver the best educational program and meeting our long range planning goals.

2. Appreciate that public schools in large part are funded by taxpayer dollars.

3. Establish a budget as precisely as possible, allowing for unforeseen contingencies.

4. Collaborate with stakeholders to distinguish between 'wants' and 'needs.'

5. Appreciate both the short term and long term costs associated with programs and staffing.

6. Always focus on decreasing expenditures and increasing revenues, including supplemental revenue from donations and through advocacy with elected officials.

7. Through transparent budgeting, earn the confidence of the Board and the trust of the community.



Budget Process Resources

Internal Auditors: Nawrocki Smith, LLP

External Auditors: Cullen & Danowski, LLP

Financial Advisors: Fiscal Advisors & Marketing, Inc.

Experienced Superintendents (NYSCOSS, SCSSA, ESBOCES)

Experienced Business Officials (ASBO, ESBOCES)

Stakeholder Input

Community Input

Technology and Software



Schedule of Budget Meetings and Presentations

January 18, 2023

- **Review of the Budget Process Long-Term Planning**

February 1, 2023

- Tax Cap & Budget Expense and Revenue Overview

February 15, 2023

- 1000 General Support, Operation & Maintenance, Security, Utilities
- 5000 Transportation
- 9000 Employee Benefits, Debt Service, Fund Transfers & Capital Expenditures

March 8, 2023

- 2000 Curriculum & Instruction

March 22, 2023

- Staffing Analysis

April 5, 2023

- Expenses and Revenues Update

April 19, 2023

- Budget Adoption



May 3, 2023

Budget Hearing

May 16, 2023

BUDGET VOTE & ELECTION

Budget Process Timeline

November / December

Initiate conversations with administrators regarding the budget process, including but not limited to procedures, considerations, and the identification of program needs.

December

Provide training to stakeholders (administration / clerical) on new budgeting process, including the use of the district's financial software to increase accuracy and efficiency.

January

Building and departmental budgets, staffing tables, and new / special program requests are submitted to district office for review by cabinet members.

February

Staffing counts as FTEs, (Full Time Equivalent), are due to district office and meetings are held with the administration to discuss staffing and program requests. (Wants versus Needs)

March

Staffing requests are verified through projected enrollment (Elementary and Middle Schools) and course requests (High School)

April

School budget is finalized, presented to BOE, and adopted.

May

Budget Hearing and vote is held



The Budget Process

Decide on a Budgeting Strategy

Roll Over Budget

Fixed Cost Budget

Zero Based Budget

- have each school/program justify its expenditures

Priority Budget

- look at district goals and priorities
- lay out recommendations and costs to reach our objectives

Gather Information

Revenue and Expenditures (Actual versus Budgeted)

Program Needs (Staffing / Equipment / Supplies)

Project Revenue / Expenditures

Calculate Tax Levy

Consult Consult Consult



Propose Budget to the Board of Trustees

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Long Term Planning

Challenges to be Met

With the volatility school districts have encountered in the last few years, districts must develop a long-term plan to reduce the potential funding cliff (shortfall) ahead.





Long Term Planning

Challenges to be Met - South Country

Inflation and the Tax Cap Calculation

Federal Grants Period End Date

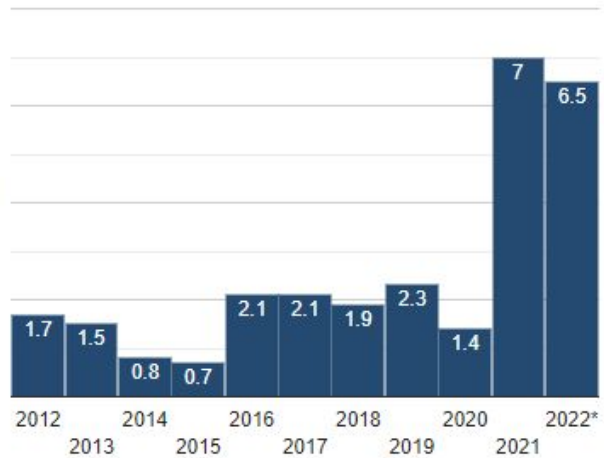
Differential in Building (State) Aid and Bond
Payments



Long Term Planning

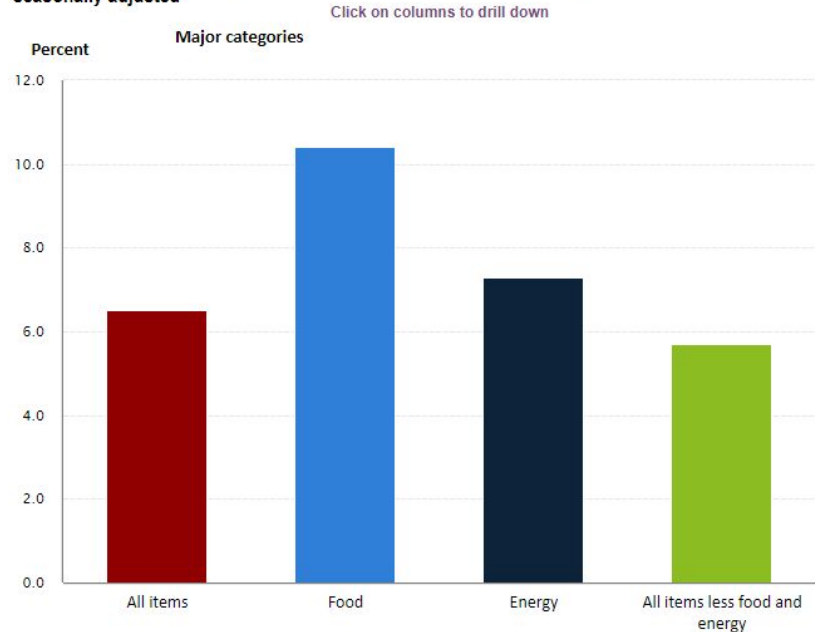
Challenges to be Met - *Inflation and the Tax Cap Calculation*

Chart: United States Annual Inflation Rates (2012 to 2022)



Despite the continuous rise in costs, school districts are limited with the amount of revenue that can be raised locally due to the tax cap formula

12-month percentage change, Consumer Price Index, selected categories, December 2022, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

Long Term Planning

Challenges to be Met - *Federal Grants Period End Date*

CRRSA (Coronavirus Response and Relief Supplemental Appropriations) funding allocated to prevent, prepare for and respond to the coronavirus

ARP ESSER (American Rescue Plan Elementary and Secondary School Emergency Relief) funding allocated to support the safe return to in-person instruction and continuity of services

After September 30, 2024, New York State and school districts are facing a potential funding cliff (or shortfall)

Federal Grant Information	
Funding Source	Grant Period
CARES Act - ESSER / GEER	3/13/20-9/30/22
CRRSA - ESSER2 / GEER2	3/13/20-9/30/23
ARP - ESSER3	3/13/20-9/30/24

Long Term Planning

Challenges to be Met - *Federal Grants Utilization*

South Country's Federal Grant Spending Plan (CRRSA & ARP)					
Federal Grant	Period Use	2021/22	2022/23	2023/24	Totals
CRRSA	3/13/20 - 9/30/23	797,938	3,119,524	0	3,917,462
ARP ESSER	3/13/20 - 9/30/24	1,202,062	3,417,386	4,360,058	8,979,506
Total		2,000,000	6,536,910	4,360,058	12,896,968

- South Country was required to submit comprehensive spending plans to NYS, which are on the district website.
- South Country used the grant allocations to offset Covid related expenditures.
- We plan on doing the same for the 2022/23 and 2023/24 school years.

Long Term Planning

Challenges to be Met - *Differential in Bond Payments and Building (State) Aid*

Period		Building Aid	Bond Payments	Difference
Current	22/23	3,744,127	7,235,550	(3,491,423)
Year 1	23/24	3,744,127	7,027,975	(3,283,848)
Year 2	24/25	3,201,704	7,010,425	(3,808,721)
Year 3	25/26	1,392,223	6,783,950	(5,391,727)
Year 4	26/27	160,805	6,400,950	(6,240,145)
Year 5	27/28	160,805	3,636,050	(3,475,245)

The district uses a five year projection for budget planning purposes as recommended by auditors and financial advisors.

Ongoing review of programs to reduce expenditures.

Use of attrition to reduce salary expenses

Engage in ongoing capital improvement projects, generating revenue in building aid at a 76.2% reimbursement rate.

- Capital Reserve Vote (\$2.6 Million)
- Energy Performance Contract (\$5.6 Million)
- Capital Transfer Budget Line
- Future Bond Proposals

Strategic use of reserves to the extent possible.

Ongoing exploration of alternative revenue sources. (Donations, Grants, etc)

Long Term Planning

Challenges to be Met - *District Reserves Utilization*

A **reserve fund** is a separate account established by a school district to finance various costs. It can be thought of as a savings account for a specific purpose.

General Municipal Law or Education Law authorizes school districts to establish any of the following reserve funds:

- **Capital Reserve Fund**
- **Employee Benefit Accrued Liability Reserve Fund (EBALR)**
- Insurance Reserve Fund
- Property Loss and Liability Reserve
- Repair Reserve Fund
- Mandatory Reserve for Debt
- **Retirement Contribution Reserve Fund**
 - **TRS District Retirement Contribution Reserve Sub Fund**
- **Unemployment Insurance Reserve Fund**
- **Workers' Compensation Reserve Fund**



Long Term Planning

Challenges to be Met - *District Reserves Utilization*

Fund balances fall into 3 categories:

Restricted

- Reserves

Assigned Fund Balance

- Includes an amount appropriated to partially fund the subsequent year's budget.

Unassigned Fund Balance

- The amount of money the district may keep in the bank without designating it for a specific purpose. The Unassigned Fund Balance is capped at 4% of the next year's General Fund budget.

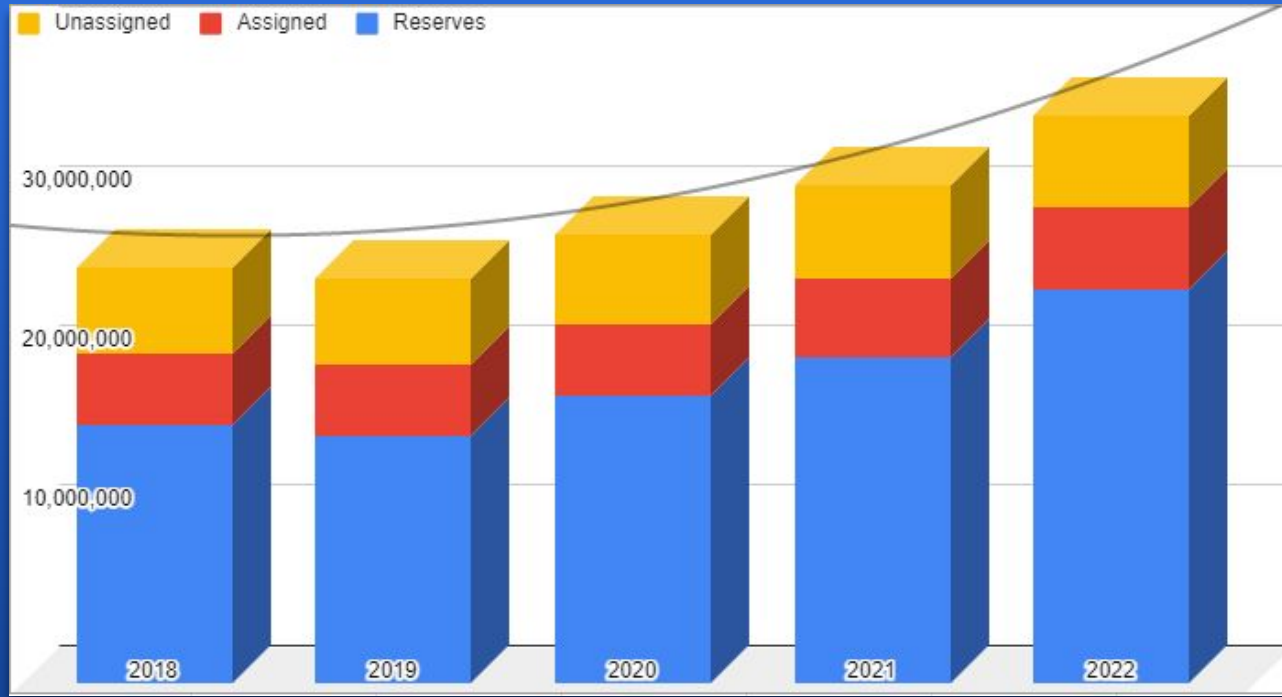
Long Term Planning

District Reserves Summary

	June 2018	June 2019	June 2020	June 2021	June 2022
Workers' Comp	2,697,602	2,727,950	3,054,898	3,112,765	2,616,967
Unemployment	1,025,726	1,037,265	1,352,695	1,356,178	1,343,109
Retirement-ERS	3,984,449	4,029,274	5,089,209	5,652,314	6,159,944
Retirement-TRS	0	250,000	1,253,719	1,706,947	1,974,880
EBLAR	5,655,210	5,092,024	4,957,954	6,212,921	7,316,407
Property Loss	490,452	0	0	0	0
Capital	2,350,065	2,304,747	2,339,030	2,345,053	5,280,000
Reserves Total	16,203,504	15,441,260	18,047,505	20,386,178	24,691,307
Assigned Fund Balance	3,998,649	3,900,000	4,000,000	4,000,000	4,000,000
Unassigned Fund Balance	5,286,320	5,384,003	5,533,226	5,818,051	5,711,956
<i>Total Fund Balance</i>	<i>\$25,488,473</i>	<i>\$24,725,263</i>	<i>\$27,580,731</i>	<i>\$30,204,229</i>	<i>\$34,403,263</i>

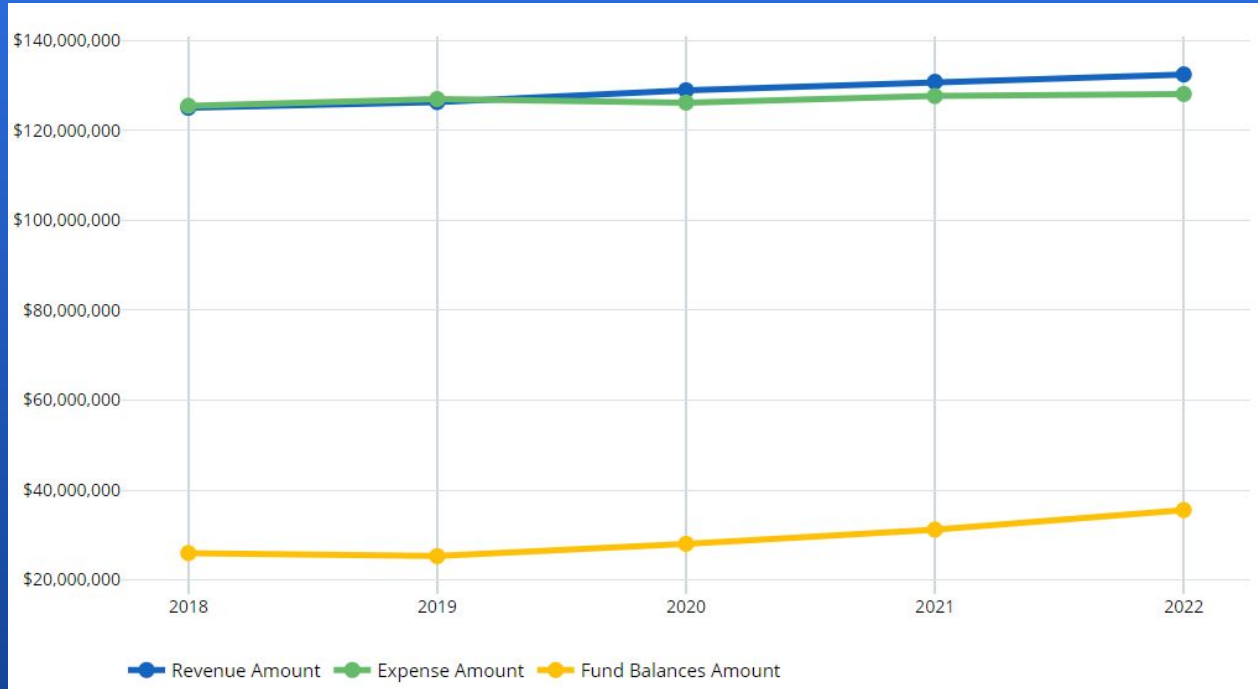
Long Term Planning

Fund Equity over Five Years



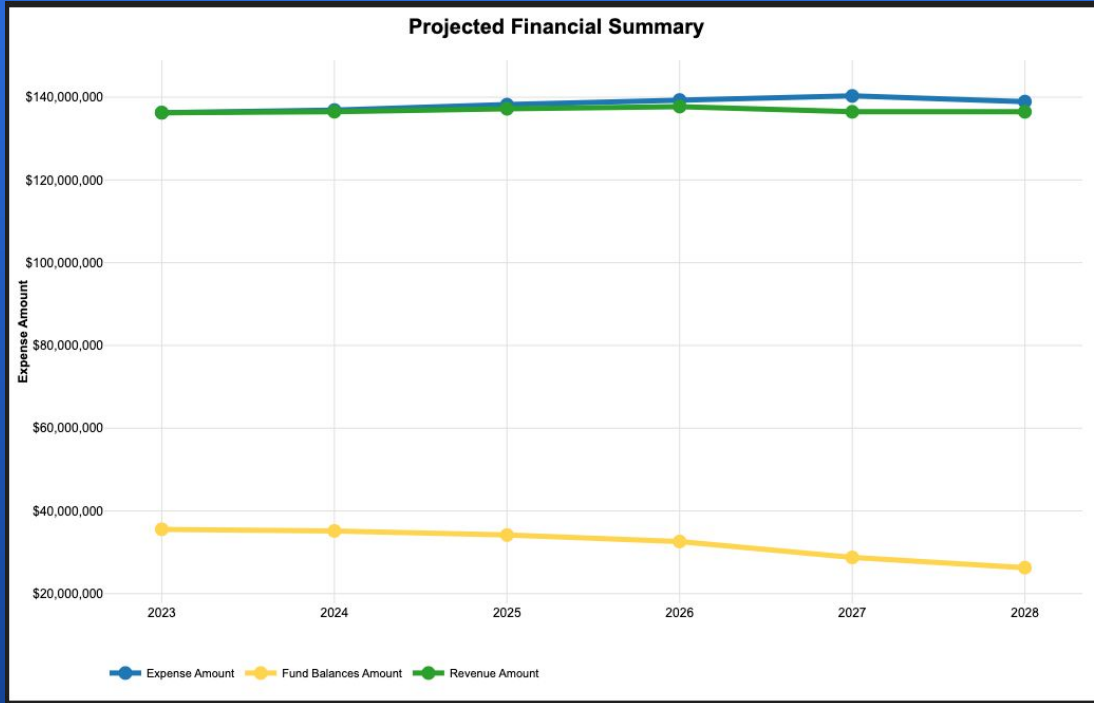
Long Term Planning

Financial Summary (Five Year Reflection)



Long Term Planning

Reserve Balances - Five Year Projection




South Country's Credit Profile

South Country:
AA Rating



Rating Scales

Moody's	S&P/Fitch	
Aaa	AAA	Rated as the highest quality and lowest credit risk.
Aa1	AA+	
Aa2	AA	Rated as high quality and very low credit risk. 
Aa3	AA-	
A1	A+	
A2	A	Rated as upper-medium grade and low credit risk.
A3	A-	
Baa1	BBB+	
Baa2	BBB	Rated as medium grade, with some speculative
Baa3	BBB-	elements and moderate credit risk.

Summary of NYS school credit briefs and a snapshot of the district's current metrics and our financial advisors characterization of them: 

Credit Profile

US\$35.49 mil sch dist rfdg serial bnds ser 2016

Long Term Rating AA/Stable

South Country Cent Sch Dist GO state credit enhancement (AGM)

Unenhanced Rating AA(SPUR)/Stable

Underlying Rating for Credit Program AA/Stable

South Country Cent Sch Dist SCHSTPR

Long Term Rating AA/Stable

Underlying Rating for Credit Program AA/Stable

Factor	Characterization	Value
Household EBI%	Strong	118
Market Value per Capita	Extremely Strong	113,478
Available General Fund	Strong	8.50%
Overall Net Debt per Capita	Moderate	2,828
Overall Net Debt as % of market value	Low	1.30%
FMA	Standard	

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Questions?