



SAUGERTIES CENTRAL SCHOOL DISTRICT

JANE ST. AMOUR, BUSINESS OFFICIAL

Call Box A

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Saugerties, New York 12477

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www.saugerties.k12.ny.us

To: Board of Education
From: Jane St. Amour, Business Official
Date: November 9, 2021
RE: Long Range Financial Projections 2022-2026

I have developed a long range financial projection for your review. As part of the process, revenues and expenditures have been projected over a five-year period. These figures are estimates based on assumptions, historical data and current trends as of November 2021.

MAJOR EXPENDITURE ASSUMPTIONS

- Salaries
 - The ASPA collective bargaining agreement expired on June 30, 2021. The STA collective bargaining agreement is due to expire on June 30, 2023, SESA will expire June 30, 2024 and CSEA will expire June 30, 2025. I have factored in additional amounts based on historical data into this projection. Staffing levels are kept flat throughout the projected years and did not include new positions recently added with Federal COVID relief funds.
 - There are future concerns about staffing expenditures due to:
 - Lack of substitutes
 - Minimum wage increases
- Employee Benefit Trends
 - TRS rates are projected at 10-10.5%. Final rate to be released in January 2022.
 - ERS is projected at 11.6%.
 - Active employee and all retiree Health insurance include increases of 4% for 2022-23 and the remaining years.
- Debt Service
 - Debt service projections include consideration for future borrowing including \$22M Capital Project, \$3.48M Energy Performance Contract, and Ulster BOCES Capital Project, district share of \$4.9M.
- General Support and Instructional Budgets are projected with 3% increases each year. CPI is currently over 3%.
- Equipment includes approximately \$350,000 for Building Operations, Maintenance, Technology, and Transportation each year.
- Contractual
 - Fuel –Current prices are the highest in recent history and rising. The Business Office uses NYS pricing for gas and diesel and collects bids for propane and fuel oil each June.
 - Electric/Natural Gas-District is in year 2 of a 3-year agreement with low fixed pricing.
- Materials and Supplies included in categories with a 3% increase based on current economic demands and CPI of over 3%.
- Transportation – 3 of 4 contractors have extensions with CPI (3.2%). Contract with First Student up at the end of 2023. Using 5% increase in the out years due to shortage of bus drivers and unknown future pricing for largest contract.



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MAJOR REVENUE ASSUMPTIONS

- Allowable Levy Growth Factor is set equal to 2.0%, the amount per NYS OSC as of today for municipalities with fiscal years ending March 31st. While the School District rate is not anticipated for release until January 2022, we expect it to remain at 2.0%.
- The true inflation factor is 3.33% at this time, but capped at 2% for this calculation. The projections for 2023-24 through 2025-26 incorporate the average of the Allowable Levy Growth Factors over the past six years at 1.49%. A Tax Base Growth Factor of 1.0044 is used for the projected years, which is the average over the past six years.
- The PILOT agreement with Partition St Project is ending this fiscal year (21-22) and the agreement with Central Hudson will end in 2022-23. The PILOT agreements with Blue Stone Solar and Lightstar Renewables are anticipated to begin in 2023-24, depending on construction. The net difference between these is approximately \$170,000.
- State aid:
 - General state aid is assumed to increase with the full phase-in of Foundation Aid over the next three years of approximately \$500k each year as promised by the State Legislature. While the expenditure driven aids are known to fluctuate slightly each year, these have been rolled into the net as an increase. Building Aid is set using estimates from our fiscal advisors earlier this year and includes Ulster BOCES Capital Project Long-Term Multi-Year Financing Option.
- No other significant revenue changes are anticipated.
- Appropriation of Fund Balance and Reserves have not been factored in the projections.

Please review the attached chart; "Five Year Financial Projections". Total revenue is expected to remain relatively flat for 2022-23 (due to a drop off in debt and corresponding building aid) and then increase by 4% in 2024 and then increase by 2% for 2025 and then level off for 2026. Expenditures are expected to increase by 2% in 2023, then grow by 4% in 2024, and then level off with 2% growth in 2025 and 2026. Without the use of fund balance and reserves, the deficit is expected to grow to \$1,003,002 in 2023 and then increase at various rates each year until it reaches \$6,141,130 in 2026. Salary and benefit increases will outpace revenue growth in addition to unknown future pricing of transportation expenditures.

Annual budgets are estimates of revenues and expenditures and actual financial results differ from the budget. In addition, as recommended by the Office of the State Comptroller, there are contingencies built into the budgeted expenditures. If surplus funds are available at the end of the fiscal year, the Board of Education will determine the best use of these funds which may include using these funds to reduce taxes, maintain programs, finance capital projects, and/or fund reserves.

SAUGERTIES CENTRAL SCHOOL DISTRICT

Five Year Financial Projection, Fiscal Years 2023-2026
General Fund

	Actual				Estimated	Projected				Avg Ann Increase	Assumptions				
	2018	2019	2020	2021	2022	2023	2024	2025	2026		2023	2024	2025	2026	Description
Revenues															
Real Property Tax Items	38,140,679	39,113,801	40,122,750	40,958,961	41,890,272	42,706,252	43,634,619	44,685,157	45,535,310	2%					Est Tax Cap plus Int
State Aid	22,732,443	23,121,589	22,983,828	21,944,099	23,537,616	22,809,253	24,330,136	24,597,031	23,949,442	1%					Full Foundation Aid and est inc
Federal Aid	79,450	110,580	131,572	586,488	100,000	101,500	103,023	104,568	106,136	6%	1.5%	1.5%	1.5%	1.5%	2021 CARES ACT & Avg Inc
Other (includes Sale of Property, Misc.)	1,295,668	1,286,653	1,377,911	1,285,027	938,600	950,000	800,000	800,000	800,000	-8%					Reduction in PILOTS
Interfund Transfers	3,231	-	47,885	425,948	-	-	224,314	-	-	-100%					
Total Revenues and Other Sources	\$62,251,471	\$63,632,623	\$64,663,946	\$65,200,523	\$66,466,488	\$66,567,005	\$69,092,091	\$70,186,756	\$70,390,888	2%	0%	4%	2%	0%	
Expenditures by Function															
General Support	4,932,069	5,661,798	5,252,315	5,550,669	5,984,147	6,163,671	6,348,582	6,539,039	6,735,210	5%	3%	3%	3%	3%	
Instruction	33,269,830	33,805,102	33,799,336	33,467,578	34,458,673	35,492,433	36,557,206	37,653,922	38,783,540	1%	3%	3%	3%	3%	
Pupil Transportation	4,034,010	4,101,349	2,928,578	3,605,130	4,825,963	4,970,742	5,219,279	5,480,243	5,754,255	5%	3%	5%	5%	5%	RFP in 2023-24
Employee Benefits	16,286,132	17,211,724	17,258,757	16,079,017	18,226,090	19,274,615	20,179,413	21,132,328	22,130,401	3%					Estimated inc 4.55-4.72%
Debt Service (Principal and Interest)	2,464,066	2,475,675	2,376,775	2,384,475	2,692,092	1,306,046	2,175,235	2,722,470	2,724,735	2%	---	---	---	---	Based on estimates
Interfund Transfers	1,016,795	1,633,575	234,296	1,313,243	350,000	362,500	375,625	389,406	403,877	-23%					5% increase in SL & 4408
Total Expenditures and Other Uses	\$62,002,902	\$64,889,223	\$61,850,057	\$62,400,112	\$66,536,965	\$67,570,008	\$70,855,340	\$73,917,408	\$76,532,018	2%	2%	5%	4%	4%	
Surplus (Deficit)	\$248,569	(\$1,256,600)	\$2,813,889	\$2,800,411	(\$70,477)	(\$1,003,002)	(\$1,763,249)	(\$3,730,652)	(\$6,141,130)						
Budgetary Reserves															
Fund Equity, Beg. of Year	\$7,119,386	\$7,367,955	\$6,111,355	\$8,925,244	\$11,725,655	\$11,655,178	\$10,652,176	\$8,888,927	\$5,158,274						
Fund Equity, End of Year	7,367,955	6,111,355	8,925,244	11,725,655	11,655,178	10,652,176	8,888,927	5,158,274	(982,856)						
Nonspendable and Restricted Fund Balance	1,664,322	1,704,930	2,000,273	8,379,256	7,402,539	7,402,539	7,402,539	7,402,539	7,402,539						
Unrestricted Fund Balance	5,703,633	4,406,425	6,924,971	3,346,399	4,252,639	3,249,637	1,486,388	(2,244,265)	(8,385,395)						
Nonspendable and Restricted Fund Balance															
Nonspendable	-	115,609	129,578	976,717	-	-	-	-	-						
Tax Cert Reserve	30,100	30,100	32,508	19,159	19,159	19,159	19,159	19,159	19,159						
Unemployment Reserve	75,000	75,000	75,000	90,000	90,000	90,000	90,000	90,000	90,000						
ERS Reserve	659,996	659,996	659,996	3,621,385	3,621,385	3,621,385	3,621,385	3,621,385	3,621,385						
TRS Reserve	-	-	478,678	971,485	971,485	971,485	971,485	971,485	971,485						
Capital Reserve	395,390	395,390	395,390	1,022,482	1,022,482	1,022,482	1,022,482	1,022,482	1,022,482						
EBAL Reserve	503,836	428,835	229,123	1,678,028	1,678,028	1,678,028	1,678,028	1,678,028	1,678,028						
Debt Service Reserve	\$223,430	\$223,763	\$224,142	\$224,314	\$224,314	\$224,314	\$0	\$0	\$0						