



IRVINGTON
UNION FREE SCHOOL DISTRICT

2020-21 Budget Development

Superintendent's Proposed Budget - Update
April 14, 2020



Budget Process

December	Identification of needs
January-February	State budget data released
February 11, 2020	Operations and Finance
March 3, 2020	Curriculum and Instruction
March 31, 2020	Proposed Budget
April 14, 2020	Revised Proposed Budget; Budget Discussion
May 5, 2020	Budget Adoption (?)
June ?, 2020	Budget Vote & Trustee Election

Responsibility of the Board

- **The Board must:**
 - Determine budgetary ceiling - responsible growth
 - Set fund balance appropriation level
 - Maintain a sustainable financial future



Budget Development Process

- February 11 – Anticipated Operations and Finance Budget and Considerations
- March 3 – Anticipated Curriculum and Instruction Budget and Considerations; Revenue Budget
- March 31 – Superintendent’s Proposed Budget and discussion on impact of economic uncertainty
- After considering the District’s needs and new considerations, reviewing Board feedback and incorporating new information such as modifications to State Aid and other anticipated revenue, changes are made to the previously proposed budget recommendations.
- To balance the budget, the administration makes these adjustments to develop a proposal that meets the tax cap limitations and aligns with the Strategic Objectives
- “What if...” scenarios are being addressed with respect to current economic environment



Budgetary Adjustments

The coronavirus pandemic has created future economic uncertainty with expected budgetary impacts. This results in a recommendation for a more conservative revenue outlook.

Revenue Changes	Amount	Notes
Interest Earnings	(\$20,000)	Expect continued low interest rates to remain through 2020-21. Offset lower rate with other investment vehicles allowed per general municipal law.
Sales Tax	(\$133,152)	Further decrease based on probable reduced sales from economic impact of Coronavirus
State Aid	(\$246,478)	Reduced BOCES aid based on expense projection; impact of 18% higher match for residential students; state aid pandemic adjustment
Federal Pandemic Aid	\$68,630	Currently expected to offset state aid pandemic adjustment
Total Revenue Change	(\$331,000)	

Note: Additional revenue modifications may be made to state aid based upon state budget modifications



Budgetary Adjustments

The coronavirus pandemic has created future economic uncertainty with expected budget impacts. With a reduced revenue outlook, expenditures and new considerations must be reduced to match expected revenue. Thus only the most critical new initiatives are now recommended.

Expenditure Changes	Amount	Notes
Eliminate all new considerations except Social Worker and shared Security Consultant	(\$330,319)	Not able to fund other considerations with reductions in revenue.
Push ahead change	(\$681)	Facilities BOCES expense
Total Expenditure Change	(\$331,000)	



Final Proposed Considerations

Revised Proposal

Additional Social Worker	\$103,562
Shared Services Security Consultant	<u>\$63,000</u>
Total included	\$166,562

Previously Proposed

Facility Vehicle – pickup truck	\$63,000
Coach Stipends	\$7,200
PT Business Office Clerical support	\$29,417
Scoreboard	\$30,190
PE/Health Chairperson	\$8,500
Additional Aide for PE	\$57,350
Advisor Stipends	\$10,400
Additional Elementary World Language Teacher	\$112,262
Facilities Equipment	<u>\$12,000</u>
Total not included	\$330,319

Considerations not recommended at this time, especially one-time expenditures, could be revisited at a future date based upon budgetary conditions



Budgetary Adjustments Summary

• Prior Proposed Revenue Budget	\$65,257,500
• Revenue Changes	<u>(\$331,000)</u>
• Revised Revenue Budget	\$64,926,500
• Prior Push Ahead Expense Budget	\$64,760,619
• Reduction in Push Ahead Expenses	(\$681)
• Sum of New Considerations	<u>\$166,562</u>
• Revised Expense Budget	\$64,926,500



Budgetary Summary

2019-20 Budget	\$62,953,552
Push Ahead Increase*	\$1,806,386
Amount for New Considerations	<u>\$166,562</u>
2020-21 Proposed Budget	\$64,926,500
Budget to Budget Increase	3.1%

* Push Ahead calculations include increases and decreases in our various budget lines. Please see the budget detail sheets that accompany all our presentations for this detail.



Irvington School Budget Trends

Year	Budget	% Budget Increase	Tax Rate Per M	Increase
2012-13	\$51,156,000	1.65%	\$613.84	3.66%
2013-14	\$54,070,000	5.70%	\$645.81	5.21%
2014-15	\$56,294,000	4.11%	\$665.35	3.03%
2015-16	\$57,664,000	2.43%	\$690.14	3.73%
2016-17	\$58,330,000	1.15%	\$698.78	1.25%
2017-18	\$59,100,494	1.32%	\$19.13	n/a
2018-19	\$61,348,175	3.80%	\$19.41	1.46%
2019-20	\$62,953,554	2.62%	\$19.45	0.14%
Proposed 2020-21	\$64,926,500	3.13%	\$20.10 [*]	3.37%

* Based on March 2020 Assessed Valuation. Final tax rate will be set from August 2020 Valuation.



Tax Rates & Your Taxes

Changes in Assessed Valuation (School Taxable)

August 2018:	\$2,813,559,164
August 2019:	\$2,899,594,441 *
September 2019:	\$2,948,972,380 **
March 2020:	\$2,911,363,432
Decrease from September:	\$37,608,948
Increase from Prior Year Tax Rate Base:	\$11,768,991

Per the assessor, changes in the most recent assessed valuation are a result of Small Claims Adjustment Reviews, Tax Certiorari claims and changes in exempt properties.

* Amount used to calculate 2019-20 tax rate

** Estimate used in 3/31/20 presentation



Tax Rates & Your Taxes

Formula to calculate your estimated taxes

$$\begin{array}{r} \text{Assessed value of your property} \\ \times \\ .0201036 \\ = \\ \text{Taxes} \end{array}$$

Please keep in mind that the \$20.10 tax rate per thousand is estimated based on the current assessment roll as of March 2020 and expected changes from additional exemptions and SCARS granted until the roll is finalized in August 2020.

Taxes for home with a market value of:	2020-21	2019-20	Increase
\$250,000	\$5,026	\$4,862	\$164
\$500,000	\$10,052	\$9,724	\$328
\$1,000,000	\$20,104	\$19,448	\$656



Demystifying Fund Balance

- **What is the fund balance?**

- Generated with end of year difference between expenses & revenue (budget surplus) after reserves are funded
- State allows 4% of budget to be retained by school districts

- **How is it used?**

- To cover emergency (unbudgeted) necessities
- Used for cash flow from July 1st until October (when District receives tax revenue) to pay bills and salaries; reduces interest expense by not needing to borrow via a Tax Anticipation Note (TAN)

- **What are the ramifications for going below recommended levels?**

- Not a sustainable source to balance budgets
- Could lower bond rating, resulting in higher interest rates
- District could receive “Fiscal Stress” designation from NYS

- **How is fund balance different than reserves?**

- Reserves are earmarked for specific purposes and generally have restrictions on use
- Unallocated fund balance can be used at the Board’s discretion
- For both, funds can be transferred via BOE resolutions with the exception of the capital reserve



Reserve Funds/Fund Balance

	June 2019 <u>Balance</u>	<u>Notes</u>
Tax Certiorari	\$1,513,923	To pay judgements (refunds) for tax certiorari claims
Worker Comp	\$475,922	To fund Worker Comp expenses
Capital	\$460,866	May only be used with voter approval to fund capital projects
Employee Benefits and Accrued Liability	\$434,670	To pay contractual benefits due employees upon retirement
Retirement (ERS/TRS)	\$50,000	To fund future years employer contributions to ERS or TRS
Assigned (Appropriated)	\$422,500	Used as a revenue source
Assigned (Encumbrances)	\$76,509	Any outstanding encumbrances at fiscal year end which are carried over to following year.
Unassigned	\$2,518,140	Recommended level is 4% of next year budget per OSC



Estimated Reserve Funds/Fund Balance

Reserve	Balance 6/30/19	Estimated Subtractions	Estimated Additions*	Balance 6/30/20
Tax Certiorari	\$1,513,923	(\$677,069)	\$700,000	\$1,536,854
Worker Comp	\$475,922	(\$150,000)	\$75,000	\$400,922
Capital	\$460,866	\$0	\$50,000	\$510,866
Employee Benefits and Accrued Liability	\$434,670	(\$110,000)	\$0	\$324,670
Retirement (ERS/TRS)	<u>\$50,000</u>	<u>\$0</u>	<u>\$125,000</u>	<u>\$175,000</u>
Total Reserves	\$2,935,381	(\$937,069)	\$950,000	\$2,948,312
Unassigned Fund Balance	\$2,518,140		\$78,920	\$2,597,060

* Assumption that schools reopen April 29th. Additional closure time would likely generate additional surplus to apply to reserves. Estimated additions are projections only.



Contingency Budget

- If there was to be a majority “no” vote in June and a subsequent “no” vote (if the Board chose to have a second vote), a Contingent Budget would result.
- A Contingent Budget requires the district to levy no more than the previous year levy. This would require **cuts of approximately \$2.3 million** and result in a **budget decrease of \$154,163 from the 2019-20 budget.**
- A Contingent Budget would result in no new equipment, no community use of buildings and no capital improvements (unless emergency). Other necessary cuts **would affect staffing and student programs.**
- The District does not have sufficient fund balance to offset these cuts. Even a partial offset could result in a position of “significant fiscal stress” by the Office of State Comptroller.



Projected Revenue

Revenue Source	2019-20 Budget	2020-21 Proposed Budget	\$ Variance	% Variance
Property Taxes	\$56,401,682	\$58,528,791	\$2,127,109	3.77%
State Aid	\$3,901,715	\$3,857,456	(\$44,259)	-1.1%
Federal Aid		\$68,630	\$68,630	
Tuition	\$608,532	\$424,612	(\$183,920)	-30.2%
Sales Taxes	\$555,000	\$633,069	\$78,069	14.1%
Rental-BOCES	\$298,525	\$302,249	\$3,724	1.2%
Other	<u>\$765,600</u>	<u>\$689,193</u>	<u>(\$76,407)</u>	<u>-10.0%</u>
Sub Total	\$62,531,054	\$64,504,000	\$1,972,946	3.2%
Appropriated Fund Balance	<u>\$422,500</u>	<u>\$422,500</u>	<u>\$0</u>	<u>0.0%</u>
Total Revenue Budget	\$62,953,554	\$64,926,500	\$1,972,946	3.1%



Projected Tax Levy Cap

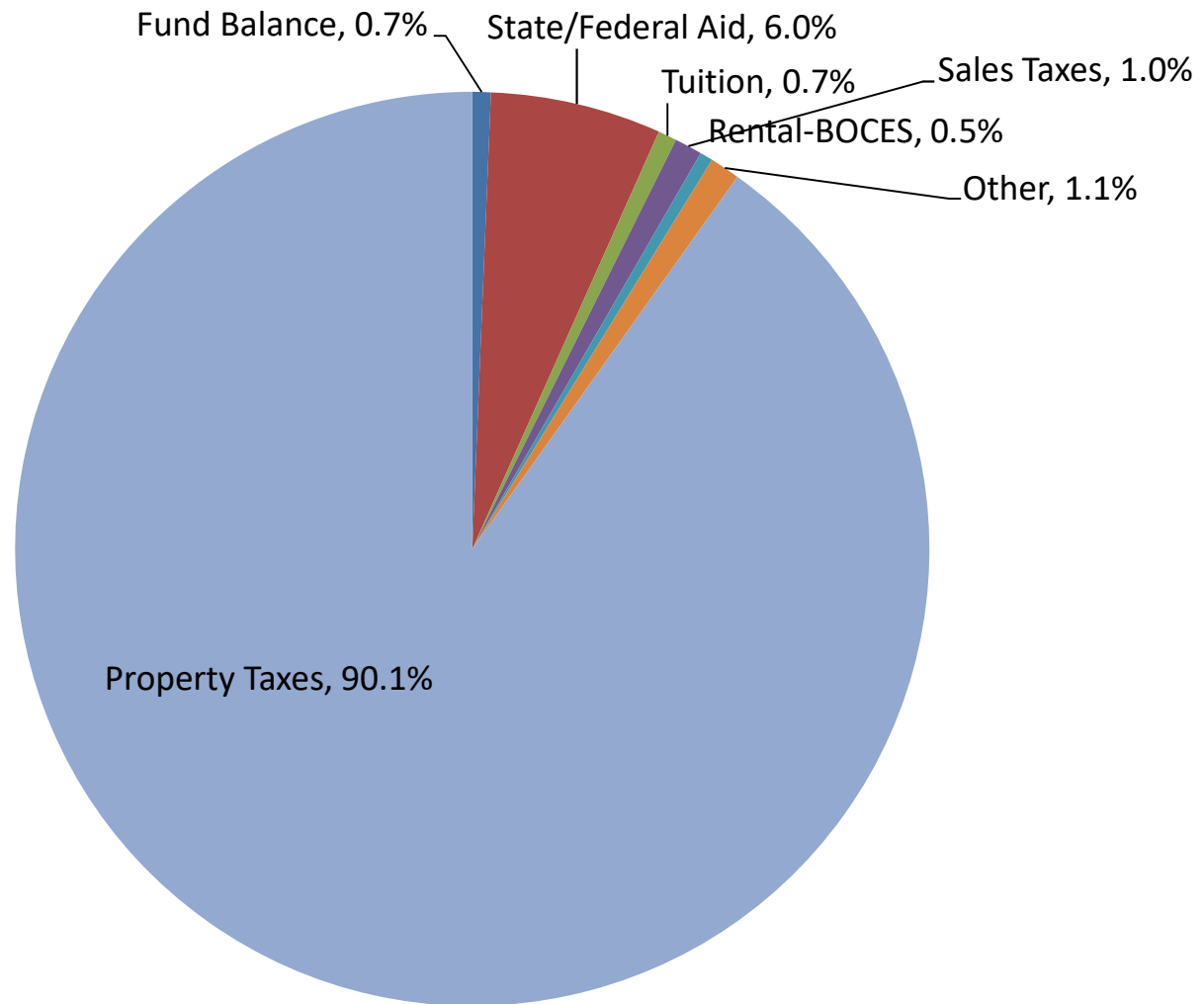
Prior Year Tax Levy	\$56,401,682
x Assessment Growth Factor	1.0188
Adjusted Prior Year Tax Levy	\$57,462,034
+ PILOTS (Base year)	\$0
- Exemptions (Base year)	<u>\$2,778,180</u>
Subtotal	\$54,683,864
x CPI or 2%	1.0181
- PILOTS (Ensuing year)	\$0
+ Carryover	\$0
+ Exemptions (Ensuing year)	<u>\$2,855,149</u>
= Allowable Tax Levy for Next Year	\$58,528,791
(may or may not = 2%)	
Allowable Tax Levy Increase Within the Tax Cap	3.77%
Net Increase	\$2,127,109

Includes BOCES capital exclusions – new this year



Projected Revenue

Revenue Category as a percent of Proposed Budget





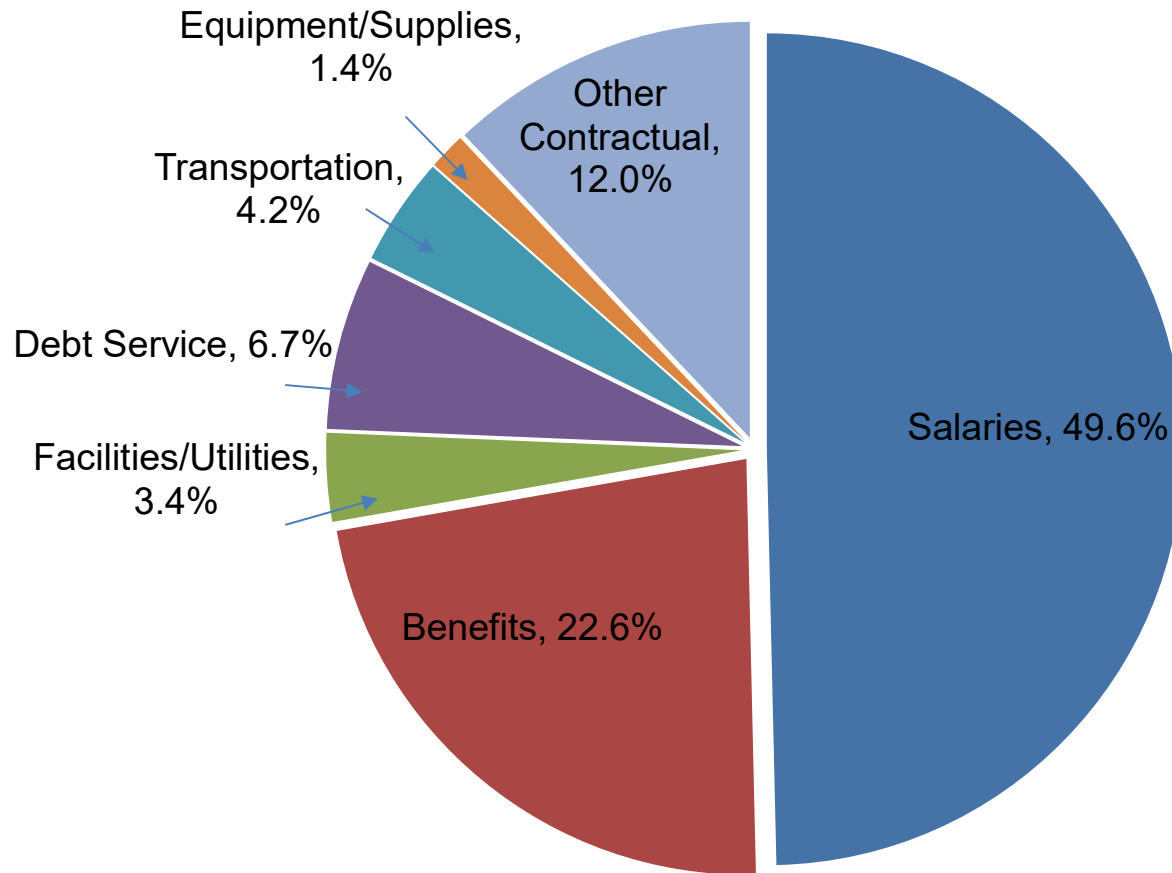
Budget Expenditure by Category

Category	2019-20 Budget	2020-21 Proposed Budget	\$ Variance	% Variance	% of Budget
Salaries	\$31,495,856	\$32,224,665	\$728,809	2.3%	49.6%
Benefits	\$13,663,310	\$14,674,111	\$1,010,801	7.4%	22.6%
Facilities/Utilities	\$2,193,177	\$2,228,626	\$35,449	1.6%	3.4%
Debt Service	\$4,238,595	\$4,318,732	\$80,137	1.9%	6.7%
Transportation	\$2,649,209	\$2,737,102	\$87,893	3.3%	4.2%
Equipment/Supplies	\$892,501	\$934,374	\$41,873	4.7%	1.4%
Other Contractual	\$7,820,906	\$7,808,890	(\$12,016)	-0.2%	12.0%
Total Budget	\$62,953,554	\$64,926,500	\$1,972,946	3.1%	



Budget Expenditure by Category

Expense Category as a percent of Total Proposed Budget





Proposed Budget Revenue & Expenditure

DESCRIPTION	2019-20 APPROVED BUDGET	2020-21 PUSH AHEAD BUDGET	CHANGE	% VARIANCE	2020-21 NEW BUDGET CONSIDERATIONS	2020-21 PROPOSED BUDGET	TOTAL CHANGE	% VARIANCE
General Support	2,965,352	2,995,955	30,603	1.0%	0	2,995,955	30,603	1.0%
Operation & Maint	4,374,044	4,387,117	073	0.3%	63,000	4,450,117	76,073	1.7%
Instruction	18,539,144	18,714,715	175,571	0.9%		18,714,715	175,571	0.9%
Special Education	9,354,719	9,728,983	374,264	4.0%	-	9,728,983	374,264	4.0%
Instructional Support	7,169,179	7,240,076	70,897	1.0%	66,709	7,306,785	137,606	1.9%
Transportation	2,649,209	2,737,102	87,893	3.3%	0	2,737,102	87,893	3.3%
Employee Benefits	13,663,310	14,637,258	973,948	7.1%	36,853	14,674,111	1,010,801	7.4%
Debt Service	4,238,595	4,318,732	80,137	1.9%	-	4,318,732	80,137	1.9%
	\$62,953,552	\$64,759,938	\$1,806,386	2.9%	\$166,562	\$64,926,500	\$1,972,948	3.1%
Estimated Budget Revenue						\$64,926,500		
Amount over						\$0		



Next Steps

- Finalize proposed budget
- Budget adoption by board
 - Date to be determined, May 5th recommended by the administration.
- Preparation and Distribution of Property Tax Report Card and Budget Notice
- Budget vote & trustee election
 - Date and process to be determined by New York State



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Discussion

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