

Scotia-Glenville School District  
Scotia, New York

To: Susan Swartz, Superintendent  
From: Drew Giaquinto, Business Manager  
Subject: 4th Fiscal Projection 2022-2023  
Date: August 8, 2023



I have completed the fourth fiscal projection for the year-ending June 30, 2023, with the supporting Revenue and Budget Status reports and the Summary Variance Analysis and Fund Balance Projection report. The projection will closely reflect the financial results presented for audit. **We are in the process of closing the financials for the fiscal year in preparation for the West and Co. external audit the first week of September.**

I am projecting a **\$5,651,000** operating surplus, an increase of \$1,737,000 from the operating surplus after the 3<sup>rd</sup> fiscal projection. Favorable revenue activity from unanticipated retroactive Medicare subsidy monies and continued higher than anticipated yields in investments contributed to the favorable activity. Significant savings in Special Education, public and private placements, were recognized and contributed to the favorable activity.

The District will project an unrestricted fund balance on June 30, 2023, of \$2,482,000 or 3.94% of the 2023/24 adopted budget. The statutory limit is 4%. The prior year's unrestricted balance was \$2,329,000. The District will increase its restricted fund balance by \$1,150,000 by increasing three reserves on June 30, 2023, at the August 14<sup>th</sup> Board of Education meeting.

**The Repair Reserve** will be increased by \$800,000 with such funds allocated to repair and resurface the Glen Worden and Transportation parking lots in the spring and summer of 2024. The District has used the Repair Reserve in recent years to resurface the High School and Lincoln parking lots as well as enhance the lead remediation work performed in the current capital project. The parking lot work would complete the strategic plan in this area which has seen the High School, Lincoln, Glendaal and the Middle School lots, as well as Prestige Parkway and HS access road all resurfaced since 2019.

**The Tax Certiorari Reserve** will increase to approximately \$705,000 from \$555,000 to adequately set aside funds for potential settlements on outstanding claims received. I have attached an analysis supporting the claims outstanding related to the current reserve balance (prior to the \$150,00 increase).

**The TRS Reserve** will increase by \$200,000 from \$1,253,000 to \$1,453,000 and may be applied to future TRS payments, preferably when pension rates escalate significantly in a given budget year (see attached history of pension rates). We have been in a recent period of stable but double-digit rate percentages (10% to 10.5%) but can climb in the 18% range during a recession. I have included the subsection of General Municipal Law Ch. 59 of the Laws of 2019 below and the current and projected funding have us in compliance with below:

“Such municipal corporation may pay into such sub-fund during any particular fiscal year an amount not to exceed 2% of the total compensation or salaries of all teachers in the employ of said municipal corporation who are members of the New York state teachers' retirement system paid during the immediately preceding fiscal year. The balance of such sub-fund may not exceed 10% of the total compensation or salaries of all teachers in the employ of the municipal corporation who are members of the New York state teachers' retirement system paid during the immediately preceding fiscal year”

**Revenue** is projected **favorable at \$1,647,000** an increase of \$645,000 from the 3rd projection. We were able to work with a consultant on the Medicare D subsidy funds and recover \$161,000 from 2019-2022 fiscal years. The consultant was part of the Highmark transition from Blue Shield and did not increase costs to the District. Interest income generated \$190,000 more than

we projected at the third fiscal projection, benefitting from another rate increase from the Federal Government.

**Expenditure and encumbrance** savings are projected at **\$4,004,000**, an increase of **\$1,083,000** from the 3rd projection. We recognized \$550,000 of additional savings in the volatile special education area based on final placement costs in private and public tuition and related services.

**We continued to benefit from CARES ACT 2 funds** which have supplanted General Fund budgeted expenses in staffing and contractual areas (temporary help, SRO, Trainer, and summer school) to create one-time savings within the budget. In addition, turnover savings in staffing related to timing and difficulty of replacing vacancies, has contributed to the savings in budgeted expenditures.

**Revenue** is slightly favorable at \$1,647,000 (2.69%). **State Aid** is unfavorable at \$112,000 reflecting the deduct from foundation aid for the district's local share (\$43,000) to other District's providing instruction to foster students who originated at SGCSD. High-cost excess cost aid is unfavorable at \$30,000 reflecting less students placed in private and public out of district programs than projected for 22/23 when reporting to SED at the end of 21/22. **Interest income** is favorable at **\$621,000** as basis points are now 450 basis points above the prior year and approaching levels not seen in over a decade. Refund of prior year BOCES expenditures of \$283,000 contributes to the favorable revenue as well as health services to other districts, \$155,000. **Government subsidies in Medicare and Medicaid** generate \$307,000 of favorable activity with \$161,000 related to a retroactive payment on prior year Medicare subsidies.

**Expenditures are favorable at \$4,004,000 (6.53%).** Staffing, salary and wages reflect approximately \$1,689,000 of the savings, a 6% favorable variance. Grant subsidies (\$1.1 million) and turnover are the main factors driving the savings. Employee Benefits generate \$668,000 in savings with Medical Benefits at \$261,000 and ERS pension at \$236,000 contributing to the favorable activity. The impact of Tier 5 and Tier 6 are contributing to the ERS (non-certified personnel) savings and Medicare Advantage plans, grants subsidies and stable enrollment contribute to the medical insurance savings. Special Education tuition and related services are under budget at \$960,000 in out-of-district tuition and related contractual services.

I have attached reports as follows for Board of Education Review:

- Tax Certiorari analysis (Attachment A)
- History of TRS Employer Contribution Rates (Attachment B)
- Revenue status displaying categorical revenue original and amended budget vs. recognized revenue at 6/30/23 (Attachment C)
- Appropriation status displaying original and amended budget vs. expenditures and encumbrances and unencumbered balances by line item at 6/30/23 (Attachment D)
- Flash report displaying Revenue and Expenditure summary analysis with fund balance chart (Attachment E).

The above reports and narrative will be ready for the August 14<sup>th</sup> BOE meeting. Please let me know if you have any questions or require additional information.

Attachments