



Long Range Financial Analysis

Data Driven Strategic Fiscal Planning



OSWEGO

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School District:

Finance

Strategic Plans

Leadership

Educational Development

R. G. Timbs, Inc. is Registered with:



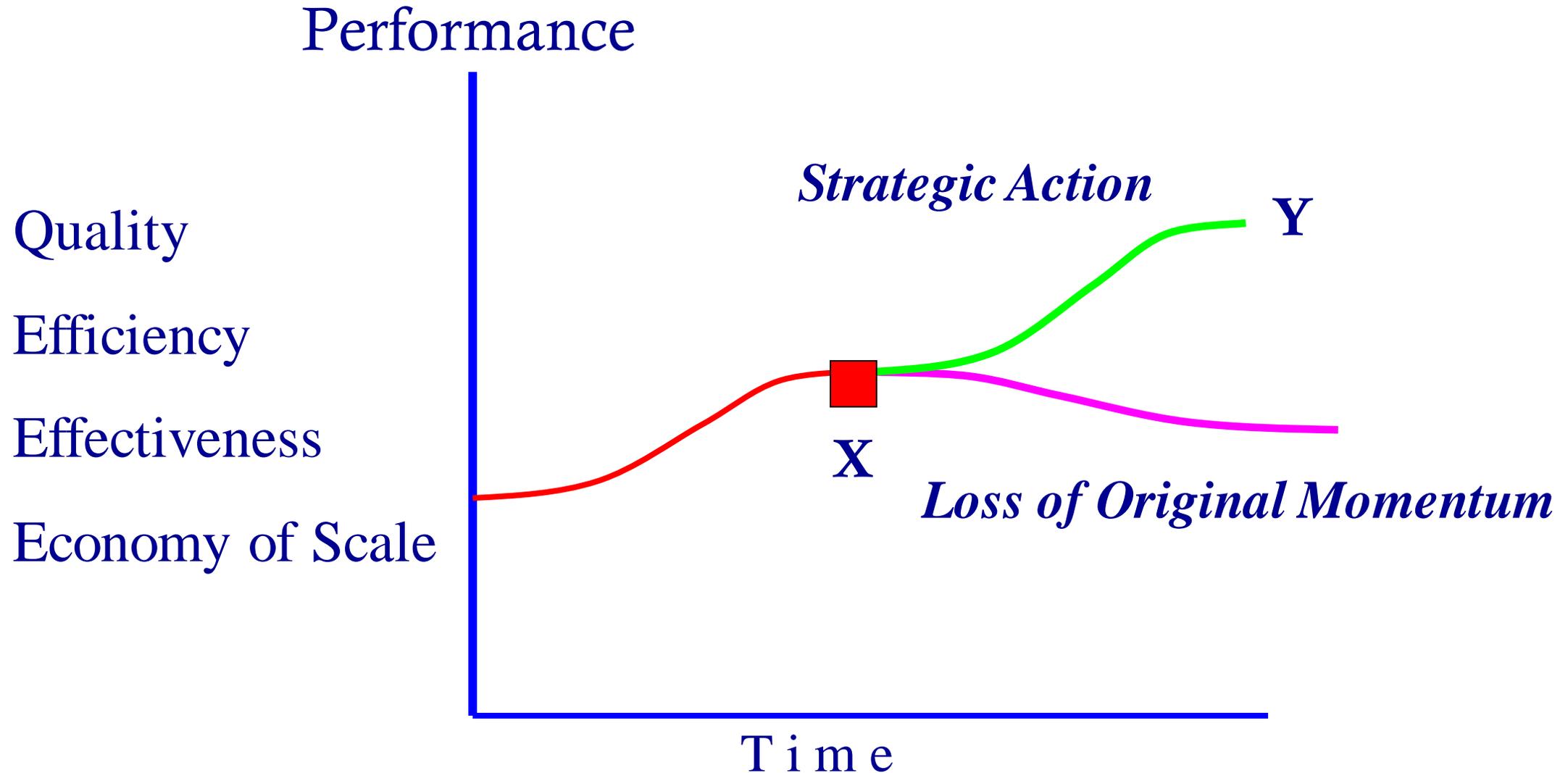
Data sets examined and research mechanisms included:

1. District Submissions to SED of the Form ST-3 (5 years prior) with Revenue and Expense Variances
2. State Education Department (NYSED) website aid calculations as they are updated
3. School District's External Auditor Reports/Recommendations
4. Buses and Capital Projects Data:
 1. Bonds, Bond Anticipation Notes Use
 2. Existing Debt Service Schedules
 3. Ongoing and/or Emergency projects
5. Foundation Aid history and potential changes
6. Other Related State Aid –Expense Driven- including but not limited to-Excess Cost Aids, BOCES and Transportation Aid
7. Types of Reserves used by the District
8. The degree to which the district possesses or uses Capital Reserves
9. Fund Balance History and Future Opportunities or Threats
 1. COVID related, CRSSA and ARPA Federal Grant related, Operational
10. Examination of Tax Cap Calculations
11. Potential Financial Events that have implications for the District's Tax Cap calculations

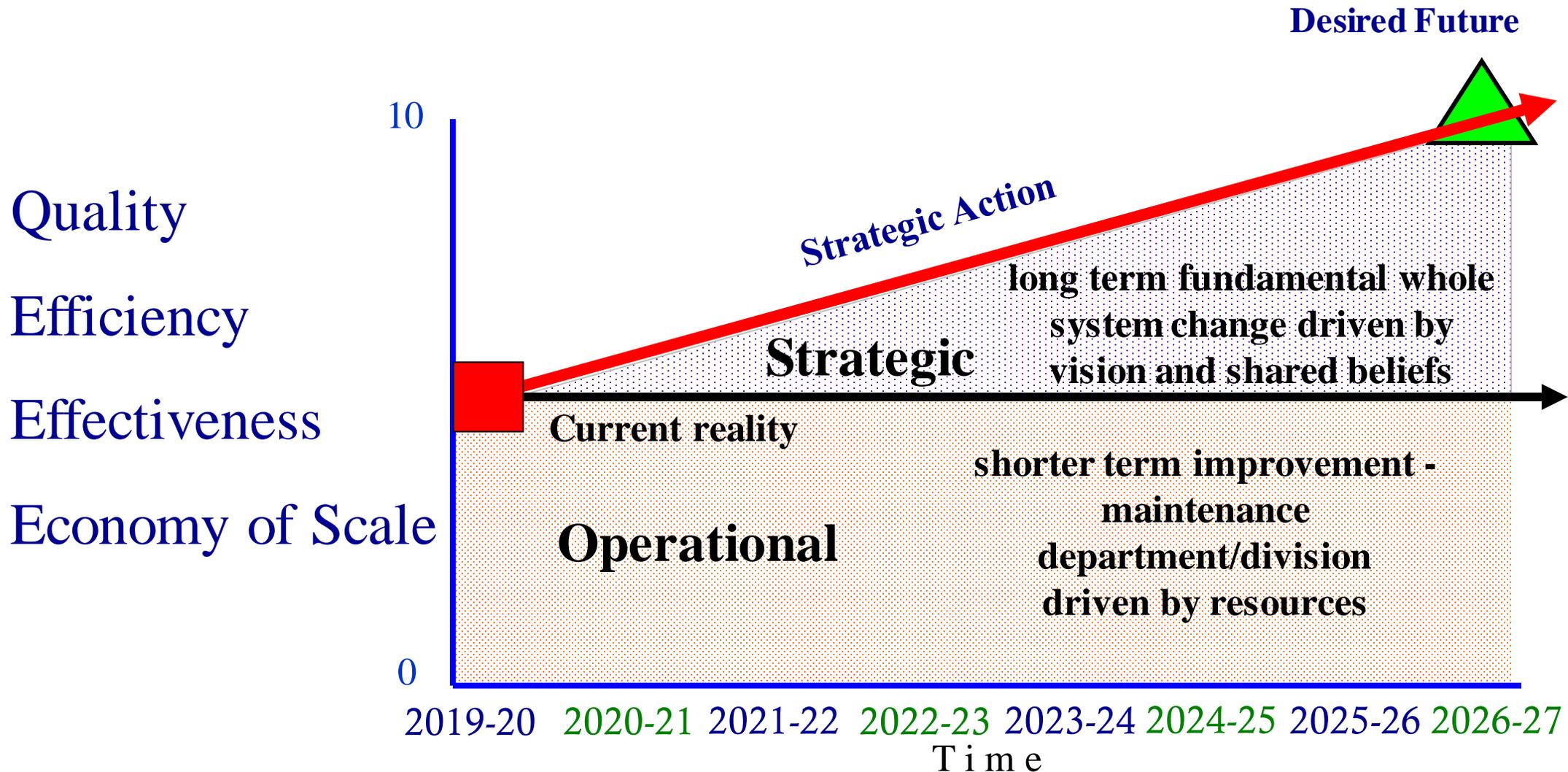
Data sets examined and research mechanisms included:

12. Statewide Reports of the Comptroller of the State of New York (OSC) as they relate to the district
13. Use of Funds (Appropriated Fund Balances, Unappropriated Fund Balances)
14. Projected Teachers Retirement System Rates and Employees Retirement System Rates
15. Projected Contractual Obligations of the district
16. Analysis of the impact on district budgets due to the loss of PILOT agreement payments
17. The District's Tax Levy history
18. The District's Revenue and Expenditure Variance history
19. Recent or Pending Statute, Regulation or Decisions of the Commissioner of Education that might have implications for the District's Finances
20. Evidence of District-wide Long-Range Financial Planning
21. Interviews with the Director of Business and Finance
22. Discussions with the Superintendent of Schools

Strategic Plans: What are they?



Operational and Strategic Plans



Oswego City School District						
Analysis of Budgeted and Actual Expenditures and Revenues						
For the 2017 through 2022 Est* Fiscal Years						
	2017	2018	2019	2020	2021	2022 Est*
EXPENSES:						
Approved General Fund Budget	\$79,510,611	\$82,839,101	\$84,115,075	\$86,034,274	\$88,505,453	\$91,159,811
Modifications	\$1,151,743	\$76,256	\$6,502,134	\$240,129	\$1,625,085	\$0
Modified Budget per ST-3 Form:	\$80,662,354	\$82,915,357	\$90,617,209	\$86,274,403	\$90,130,538	\$91,159,811
Actual Expenditures per ST-3 Form:	\$76,823,267	\$78,453,913	\$88,736,357	\$82,274,403	\$83,372,151	\$90,178,426
Year End Encumbrances	\$51,605	\$489,211	\$240,129	\$52,083	\$350,355	\$0
Expenditure Variance	\$3,787,482	\$3,972,233	\$1,640,723	\$3,947,917	\$6,408,032	\$981,385
Percent of Modified Budget	4.7%	4.8%	1.8%	4.6%	7.1%	1.1%
REVENUES:						
Budgeted Revenues	\$79,360,761	\$78,539,101	\$82,396,459	\$86,034,274	\$87,667,644	\$91,159,811
Modifications	\$149,850	\$24,650	\$112,923	\$0	\$823,000	\$0
Modified Revenue per ST-3 Form	\$79,510,611	\$78,563,751	\$82,509,382	\$86,034,274	\$88,490,644	\$91,159,811
Actual Revenues per ST-3 Form	\$81,418,458	\$78,713,349	\$85,259,146	\$85,456,224	\$88,986,571	\$92,224,832
Revenue Variance	\$1,907,847	\$149,598	\$2,749,764	(\$578,050)	\$495,927	\$1,065,021
Percent of Modified Budget	2.4%	0.2%	3.3%	-0.7%	0.6%	1.2%
Modified to Modified Summary	\$5,695,329	\$4,121,831	\$4,390,487	\$3,369,867	\$6,903,959	\$2,046,406
Actual to Actual SUMMARY:						
Actual Expenditures per ST-3 Form:	\$76,823,267	\$78,453,913	\$88,736,357	\$82,274,403	\$83,372,151	\$90,178,426
Actual Revenues per ST-3 Form	\$81,418,458	\$78,713,349	\$85,259,146	\$85,456,224	\$88,986,571	\$92,224,832
Difference Revenues to Expenditures	\$4,595,191	\$259,436	(\$3,477,211)	\$3,181,821	\$5,614,420	\$2,046,406
Assigned Appropriated Fund Balance	\$149,850	\$4,300,000	\$1,718,616	\$0	\$837,809	\$0

State Aid



State Aid Source	CURRENT	Year 1	2022 to 23	Year 2	2023 to 24	Year 3	2024 to 25	Year 4	2025 to 26	Year 5	2026 to 27
Aid Descriptions	2021-22	2022-23	Difference	2023-24	Difference	2024-25	Difference	2025-26	Difference	2026-27	Difference
E(FA0197) 00 2021-22 FOUNDATION AID	\$22,785,345	\$28,720,639	\$5,935,294	\$34,655,933	\$5,935,294	\$35,695,611	\$1,039,678	\$36,766,479	\$1,070,868	\$37,869,474	\$1,102,994
H(FA0065) 00 2021-22 SUMMER TRANSPORTATION AID	\$0	\$34,927	\$34,927	\$34,927	\$0	\$34,927	\$0	\$34,927	\$0	\$34,927	\$0
I(FA0069) 00 2021-22 TRANSPORTATION AID W/O SUMMER	\$3,191,833	\$3,456,207	\$264,374	\$3,456,207	\$0	\$3,456,207	\$0	\$3,456,207	\$0	\$3,456,207	\$0
J(FA0073) 00 2021-22 BUILDING AID	\$4,689,540	9,348,929	\$4,659,389	7,135,345	(\$2,213,584)	7,854,336	\$718,991	4,513,037	(\$3,341,299)	4,513,037	\$0
P(FA0093) 00 2021-22 BOCES AID	\$4,813,582	\$5,250,000	\$436,418	5,250,000	\$0	5,250,000	\$0	5,250,000	\$0	5,250,000	\$0
Q(FA0097) 00 2021-22 PUBLIC EC HIGH COST AID	\$734,607	\$675,255	(\$59,352)	\$675,255	\$0	\$675,255	\$0	\$675,255	\$0	\$675,255	\$0
R(FA0101) 00 2021-22 PRIVATE EXCESS COST AID	\$125,511	\$130,334	\$4,823	\$130,334	\$0	\$130,334	\$0	\$130,334	\$0	\$130,334	\$0
S(FA0105) 00 2021-22 SOFTWARE AID	\$56,460	\$56,445	(\$15)	\$56,445	\$0	\$56,445	\$0	\$56,445	\$0	\$56,445	\$0
T(FA0109) 00 2021-22 LIBRARY MATERIALS AID	\$6,224	\$23,550	\$17,326	\$40,876	\$17,326	\$58,202	\$17,326	\$75,528	\$17,326	\$92,854	\$17,326
U(FA0113) 00 2021-22 TEXTBOOK AID	\$204,422	\$218,612	\$14,190	\$232,802	\$14,190	\$246,992	\$14,190	\$261,182	\$14,190	\$275,372	\$14,190
V(FA0117) 00 2021-22 HARDWARE & TECHNOLOGY AID	\$71,327	\$71,945	\$618	\$72,563	\$618	\$73,181	\$618	\$73,799	\$618	\$74,417	\$618
X(FA0125) 00 2021-22 UNIV PREKINDERGARTEN AID	\$495,891	\$1,080,343	\$584,452	\$1,080,343	\$0	\$1,080,343	\$0	\$1,080,343	\$0	\$1,080,343	\$0
AA(FA0189) 00 2021-22 TOTAL AID	\$37,174,742	\$49,067,186	\$11,892,444	\$52,821,030	\$3,753,844	\$54,611,833	\$1,790,803	\$52,373,536	(\$2,238,297)	\$53,508,665	\$1,135,128
OVERALL Aid Increase/ Decrease without UPK	\$36,678,851	\$47,986,843	\$11,307,992	\$51,740,687	\$3,753,844	\$53,531,490	\$1,790,803	\$51,293,193	(\$2,238,297)	\$52,428,322	\$1,135,128

OSWEGO			
Analysis of Fund Balances and Reserves			
	June 2019	June 2020	June 2021
Restricted Fund Balance:			
Workers' Compensation Reserve	\$355,401	\$355,401	\$655,401
Unemployment Insurance Reserve	\$2,163,819	\$3,374,665	\$3,251,665
Reserve for Retirement Contributions	\$2,526,774	\$2,526,774	\$2,526,774
Reserve for Retirement Contributions TRS	\$550,000	\$550,000	\$1,170,120
Reserve for Property Loss	\$0	\$0	\$0
Reserve for Liability Claims	\$1,570,838	\$1,570,838	\$1,970,838
Insurance Reserve	\$0	\$0	\$0
Reserve for Tax Certiorari	\$1,034,491	\$1,034,491	\$1,034,491
Reserve for Employee Benefits and Accrued Liabilities	\$2,195,240	\$2,195,240	\$2,575,423
Capital Reserve (Amount=\$10,000,000)	\$75,042	\$75,042	\$5,075,042
Capital Reserve Buses (Amount=\$X,000,000) Date:	\$0	\$0	\$0
Capital Reserve Vehicles (Amount=\$X,000,000) Date:	\$0	\$0	\$0
Capital Reserve Technology (Amount=\$X,000,000) Date:	\$0	\$0	\$0
Capital Reserve Classroom Furniture, Equipment (Amount=\$X,000,000) Date:	\$0	\$0	\$0
Reserve for Repairs	\$0	\$0	\$0
Reserve for Debt	\$0	\$0	\$0
Reserve for Tax Reduction Nuclear Tax Stabilization	\$0	\$0	\$0
Total Restricted Fund Balance	\$10,471,605	\$11,682,451	\$18,259,754

Example: The district plans on purchasing \$8.2 million in Buses over the next 7 years. They have traditionally Bonded for the buses. The district could save the money ahead of time and pay cash. No issuance costs for the Bonds, no Interest Payments for greater efficiency and cost savings. The same goes for investments in Vehicles (Stake rack trucks, pickup trucks, vans) Equipment (snowplows, sanders, lawn equipment, classroom furniture) Technology (Smart Boards , computers, other electronic devices)

The Bethlehem Central School District, outside Albany, was one of the first in the state to decide to add electric school buses to its fleet. The district bought five of them last May.

But Bethlehem is learning an old lesson: It's not easy being green. The buses have yet to be delivered.

"Our time has been pushed back, just due to supply chain issues," said Transportation Director Karim Johnson.

The move to electric vehicles of all kinds has been accelerating in recent years, driven by concerns about the climate and health effects of internal combustion engines – and the carbon dioxide they produce – and by the soaring price of gasoline.

The same is true for diesel buses, which also emit harmful emissions. Electric buses may be less expensive to run over the bus' lifetime. That's why New York State is mandating that all school districts start purchasing zero emission buses in five years.

There are about 50,000 school buses in New York, and the state wants all the yellow buses on the road to be zero-emission by 2035.

.... Ramping up production is one key. Another is cost.

"Electric buses cost two to three times a normal bus," said Richard Timbs, executive director of the Statewide School Finance Consortium.

It's something that Bethlehem knows well.

Bethlehem Central expected its buses to arrive by January, but the delivery date now is early June.

The list price of one of the 70-passenger buses in the Bethlehem district was \$363,000, and the district received a grant from the New York State Energy Research and Development Authority for \$200,000 for each bus, for a net cost to the district of \$163,000, Johnson said.

A comparable diesel bus costs about \$135,000 to \$140,000, he said.

The district estimated it would cost about \$37,000 less to operate an electric bus vs. a diesel bus over a dozen years, but since it doesn't have the buses yet, it does not have actual data on the cost of maintenance and electricity needed to charge the buses.

The state is including \$500 million in the environmental bond act to help schools acquire the electric buses and charging stations. The bond act goes before voters in the state in November.

Congress also is providing \$5 billion over five years to help fund zero-emission buses through its Clean School Bus program.

Kennedy said the state is funding the infrastructure, as well as investing in the workforce to make sure mechanics have the skills to work on the buses and will not be displaced by the new technology.

State law also allows districts to apply for a one-time extension of up to 24 months to comply with the 2027 deadline to purchase only electric buses.

... Bus maintenance workers and drivers also must undergo training before working on or driving the buses, Johnson said.

"I think the turnover to electric, while environmentally it may be more sound, I think it's going to be real growth experience, real problematic for school districts," Timbs said.

New York schools have five years to begin electric bus conversion: All buses must be emission-free by 2035, according to state budget provision, Times Union, Rachel Silberstein April 13, 2022

Tomorrow's K-12 students will be boarding electric buses to get to school, according to new state law.

A [provision in the New York state budget](#) enacted on Friday seeks to transform the school transportation sector on an ambitious timeline, requiring all school buses purchased after 2027 to run on electricity and replacing all 50,000 diesel-fueled buses in the state with electric vehicles by 2035.

Environmental advocates applauded the state's investment in clean transportation, but educational leaders and school officials warn that implementation will be financially and logistically challenging.

In the coming years, districts will have to install charging stations and potentially overhaul their electrical infrastructure and bus routes to support the new fleets.

And it's just the first in a series of state and federal mandates targeting school districts to help governments reach their environmental goals, according to Brian Cechnicki, executive director at the Association of School Business Officials, which has lobbied for more government funding and flexibility in the statute.

"There are going to be a lot of challenges for schools to make the switch in the environment of tax caps and reliance on state aid," Cechnicki said. "These are all things that we, as advocates and schools, will need to be mindful of ... remember, the more you have to spend in these areas, the less you have to spend on teachers and academic programming."

While there are numerous state and federal funding streams available to support green initiatives, each comes with its own set of limitations, Cechnicki said.

New York's 2022-23 spending plan injects \$500 million in the Clean Water, Clean Air, and Green Jobs Environmental Bond Act to support electric school buses and charging infrastructure. New York State Energy Research and Development Authority (NYSERDA) will provide technical assistance to school districts during the transition.

New York schools have five years to begin electric bus conversion: All buses must be emission-free by 2035, according to state budget provision, Times Union, Rachel Silberstein April 13, 2022

The law does include some flexibility. For example, it enables the state Education Department to delay implementation if the 2027 deadline cannot be met without unreasonable cost or parts from overseas, education officials said Monday. School districts can also apply for a one-time, two-year implementation waiver from the department.

Bethlehem Central School District last year became one of the first in the state to start the process of swapping out its diesel buses with battery-run vehicles. The district secured \$1 million through the New York Truck Voucher Incentive Program (NYTVIP) to supplement the purchase of five electric buses.

Residents approved the purchase of five buses for the 2021-22 school year in May 2021, but supply chain issues caused manufacturing delays. Anticipated completion at the factory is slated for May 2022 with the buses delivered to Bethlehem in June 2022.

Also approved as part of the bus proposition was \$200,000 for necessary infrastructure, including charging stations for the buses.

The district will have another bus purchase proposition on the ballot this May. Assuming the measure passes, the district will order one more electric bus for the 2022-23 school year.

Waiver determinations will be made based on district's efforts to procure buses and charging infrastructure necessary to operate a zero-emission fleet and other factors such as issues with employee training.

If a waiver is granted, the district will receive technical assistance from NYSERDA. (New York State Energy Research and Development Authority)

Labor Protections: The law contains numerous labor protections.... Schools may want to take additional steps when hiring bus mechanics moving forward to ensure appropriate skill set.

Reduction in non-overtime hours, reduction in pay, or reduction in employment benefits of currently employed individuals are prohibited

Impairment of existing CBA rights are prohibited

Transfer of existing duties or functions are prohibited

Transfer of any future duties or functions of current employees are prohibited

Workforce Development Report: Prior to procurement of buses, the school/contractor must complete a workforce development report.

Funding:

Purchases, leasing, construction, or installation of charging infrastructure shall be aidable and subject to prevailing wage laws

*Environmental Bond Act: Law provides that not less than \$500 million shall be available for zero-emissions buses. **Goes before the voters in November.***

Amortization of zero-emission buses can occur over 12 years.

NYSERDA: Required to develop a "roadmap" regarding zero-emission buses in the next year and update it every three years.

NYSERDA also to issue report on availability of zero-emission school buses and charging infrastructure by December 31, 2026.

Electric Bus Purchase Scenario: AS if Oswego City School District started buying Electric Buses this year...

Fiscal Year Ending June 30:	Inflation Adjusted 4%	<u>Not Inflation Adjusted</u>					
		Planned Bus Purchases	Payment	~# Buses	Electric @ \$363,000	Electric with \$200,000 Grant Each	Value of Grant
2022	\$1,125,000	BOND	8	\$2,916,964	\$1,309,821	\$1,607,143	\$184,821
2023	\$1,303,000	BOND	9	\$3,267,000	\$1,467,000	\$1,800,000	\$164,000
2024	\$1,355,120	BOND	9	\$3,267,000	\$1,467,000	\$1,800,000	\$111,880
2025	\$1,409,325	BOND	9	\$3,267,000	\$1,467,000	\$1,800,000	\$57,675
2026	\$1,465,698	BOND	9	\$3,267,000	\$1,467,000	\$1,800,000	\$1,302
2027	\$1,524,326	BOND	9	\$3,267,000	\$1,467,000	\$1,800,000	(\$57,326)
Totals	\$8,182,469			\$19,251,964	\$8,644,821	\$10,607,143	\$462,353

Fiscal Year Ending June 30:	Inflation Adjusted 4%	<u>Inflation Adjusted 3%</u>					
		Planned Bus Purchases	Payment	~# Buses	Electric @ \$363,000	Electric with \$200,000 Grant Each	Value of Grant
2022	\$1,125,000	BOND	8	\$2,916,964	\$1,309,821	\$1,607,143	\$184,821
2023	\$1,303,000	BOND	9	\$3,365,010	\$1,565,010	\$1,800,000	\$262,010
2024	\$1,355,120	BOND	9	\$3,465,960	\$1,665,960	\$1,800,000	\$310,840
2025	\$1,409,325	BOND	9	\$3,569,939	\$1,769,939	\$1,800,000	\$360,614
2026	\$1,465,698	BOND	9	\$3,677,037	\$1,877,037	\$1,800,000	\$411,339
2027	\$1,524,326	BOND	9	\$3,787,348	\$1,987,348	\$1,800,000	\$463,022
Totals	\$8,182,469			\$20,782,259	\$10,175,117	\$10,607,143	\$1,992,648

Scenario 1

Assumptions

Revenues:

Tax increase 0% and 0% Thereafter
 State Aid Major Foundation Aid Increase for next two years, then significant reduction in rate of increase thereafter
 Variable Transportation Aid
 Building Aid follows Debt Service Schedule*
 Federal Aid remains Stable

MAJOR PILOT Revenue EXHAUSTED Beginning in 2025-26

Expenditures:

Follow contractual Obligations
 No notable changes in staff patterns
 Stable ERS and TRS increased costs*

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5 Year Financial Projections										
Fiscal Year Ending June 30:	Budget 2022	2023	2024	2025	2026	2027	% Overall Change	\$ Overall Change	% Change In Last Three years Only	\$ Change In Last Three years Only
REVENUES:		0.00%	0.00%	0.00%	0.00%	0.00%				
Real Property Taxes	\$26,643,448	\$26,643,448	\$26,643,448	\$26,643,448	\$26,643,448	\$26,643,448	0.0%	\$0	0%	\$0
PILOT	\$25,376,542	\$25,404,378	\$25,404,378	\$25,404,378	\$4,511,878	\$4,511,878	-82.2%	(\$20,864,664)	-82%	(\$20,892,500)
State Aid	\$29,907,919	\$32,513,504	\$41,114,208	\$42,186,020	\$43,289,022	\$44,424,151	48.5%	\$14,516,232	5%	\$2,238,131
Building Aid	\$4,689,540	\$9,348,929	\$7,135,345	\$7,854,336	\$4,513,037	\$4,513,037	-3.8%	(\$176,503)	-43%	(\$3,341,299)
Transportation Aid	\$3,191,833	\$3,491,134	\$3,491,134	\$3,491,134	\$3,491,134	\$3,491,134	9.4%	\$299,301	0%	\$0
Federal Aid	\$200,000	\$285,974	\$285,974	\$285,974	\$285,974	\$285,974	43.0%	\$85,974	0%	\$0
Interfund Transfers 4408 extended school year	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	0.0%	\$0	0%	\$0
Other	\$1,050,529	\$946,740	\$946,740	\$946,740	\$946,740	\$946,740	-9.9%	(\$103,789)	0%	\$0
Total Revenues	\$91,159,811	\$98,734,107	\$105,121,227	\$106,912,030	\$83,781,233	\$84,916,362	-6.8%	(\$6,243,449)	-21%	(\$21,995,668)

Total Revenues	\$91,159,811	\$98,734,107	\$105,121,227	\$106,912,030	\$83,781,233	\$84,916,362	-6.8%	(\$6,243,449)	-21%	(\$21,995,668)
EXPENSES:	Budget 2022	2023	2024	2025	2026	2027	% Overall Change	\$ Overall Change	% Change In Last Three years Only	Change In Last Three years Only
General Support										
Salaries	\$6,594,579	\$7,310,691	\$7,567,455	\$7,852,188	\$8,147,598	\$8,454,086	28.2%	\$1,859,507	8%	\$601,899
Other	\$6,811,892	\$6,870,563	\$7,068,686	\$7,272,753	\$7,482,942	\$7,699,437	13.0%	\$887,545	6%	\$426,684
Instruction										
Salaries	\$31,984,126	\$33,068,969	\$34,143,316	\$35,253,117	\$36,399,541	\$37,583,797	17.5%	\$5,599,671	7%	\$2,330,680
Other	\$10,046,204	\$11,107,189	\$11,432,411	\$11,767,389	\$12,112,417	\$12,467,796	24.1%	\$2,421,593	6%	\$700,407
Transportation										
Salaries	\$2,510,786	\$2,568,850	\$2,658,759	\$2,758,463	\$2,861,905	\$2,969,227	18.3%	\$458,441	8%	\$210,764
Other	\$687,900	\$780,500	\$803,915	\$828,032	\$852,873	\$878,460	27.7%	\$190,560	6%	\$50,427
Employee Benefits										
Retirement	\$4,538,326	\$4,663,199	\$4,876,331	\$5,038,971	\$5,207,167	\$5,381,108	18.6%	\$842,782	7%	\$342,137
Social Security	\$3,144,920	\$3,209,304	\$3,433,513	\$3,547,822	\$3,666,036	\$3,788,288	20.5%	\$643,368	7%	\$240,466
Workers' Compensation	\$275,000	\$200,000	\$202,000	\$206,040	\$210,161	\$214,364	-22.0%	(\$60,636)	4%	\$8,324
Health	\$15,000,000	\$14,785,000	\$15,524,250	\$16,300,463	\$17,115,486	\$17,971,260	19.8%	\$2,971,260	10%	\$1,670,797
Other	\$2,293,500	\$2,233,500	\$2,247,901	\$2,262,403	\$2,277,006	\$2,291,712	-0.1%	(\$1,788)	1%	\$29,309
Debt Service:										
Buildings - Principal	\$4,835,000	\$5,050,000	\$6,645,000	\$6,806,920	\$4,270,000	\$4,395,000	-9.1%	(\$440,000)	-35%	(\$2,411,920)
Buildings - Interest	\$1,599,269	\$1,451,264	\$1,436,188	\$1,991,192	\$1,186,450	\$1,061,200	-33.6%	(\$538,069)	-47%	(\$929,992)
Buses & Other - Principal	\$660,000	\$690,000	\$818,000	\$965,120	\$1,059,325	\$1,310,689	98.6%	\$650,689	36%	\$345,569
Buses & Other - Interest	\$28,310	\$30,306	\$55,135	\$75,019	\$95,762	\$114,765	305.4%	\$86,455	53%	\$39,746
RAN/TAN - Interest	\$0	\$0	\$0	\$0	\$0	\$0				
Interfund Transfers (4408)Reimbursement of Cap fu	\$150,000	\$2,901,511	\$150,000	\$150,000	\$150,000	\$150,000	0.0%	\$0	0%	\$0
Total Expenses	\$91,159,811	\$96,920,846	\$99,062,861	\$103,075,892	\$103,094,669	\$106,731,188	17.1%	\$15,571,377	4%	\$3,655,296

Adjustments (Carry Over, etc.)	\$2,046,407	\$392,973	\$8,264,600	\$12,100,738	\$392,973	\$392,973				
Assigned Appropriated Fund Balance	\$0	\$0	\$0	\$19,313,436	\$21,814,826	\$21,814,826		\$21,814,826	13%	\$2,501,390
Assigned Unappropriated	\$350,356	\$350,356	\$350,356	\$350,356	\$350,356	\$350,356		\$0	0%	\$0
Unassigned Fund Balance	\$3,876,834	\$3,962,514	\$4,123,036	\$4,123,787	\$4,269,248	\$4,871,919	-225.7%	(\$8,748,753)	-218%	(\$8,995,705)
Reserved Fund Balance	\$20,426,075	\$22,546,629	\$36,709,074	\$33,331,762	\$11,764,448	\$0	-100.0%	(\$20,426,075)	-100%	(\$33,331,762)
Total Fund Balance June 30	\$24,819,148	\$27,025,382	\$41,348,348	\$57,285,224	\$38,364,761	\$16,942,908	-31.7%	(\$7,876,240)	-70%	(\$40,342,316)
Revenue to Expenditure Difference	\$0	\$1,813,261	\$6,058,366	\$3,836,138	(\$19,313,436)	(\$21,814,826)				

Scenario 2

Assumptions

Revenues:

Tax increase 0% and 1.9% Thereafter
 State Aid Major Foundation Aid Increase for next two years, then significant reduction in rate of increase thereafter
 Variable Transportation Aid
 Building Aid follows Debt Service Schedule*
 Federal Aid remains Stable
MAJOR PILOT Revenue EXHAUSTED Beginning in 2025-26

Expenditures:

Follow contractual Obligations
 No notable changes in staff patterns
 Stable ERS and TRS increased costs*

OSWEGO										
5 Year Financial Projections										
Fiscal Year Ending June 30:	Budget 2022	2023	2024	2025	2026	2027	% Overall Change	\$ Overall Change	% Change In Last Three years Only	\$ Change In Last Three years Only
REVENUES:		0.00%	1.99%	1.99%	1.99%	1.99%				
Real Property Taxes	\$26,643,448	\$26,643,448	\$27,173,653	\$27,714,408	\$28,265,925	\$28,828,417	8.2%	\$2,184,969	4%	\$1,114,009
PILOT	\$25,376,542	\$25,404,378	\$25,404,378	\$25,404,378	\$4,511,878	\$4,511,878	-82.2%	(\$20,864,664)	-82%	(\$20,892,500)
State Aid	\$29,907,919	\$32,513,504	\$41,114,208	\$42,186,020	\$43,289,022	\$44,424,151	48.5%	\$14,516,232	5%	\$2,238,131
Building Aid	\$4,689,540	\$9,348,929	\$7,135,345	\$7,854,336	\$4,513,037	\$4,513,037	-3.8%	(\$176,503)	-43%	(\$3,341,299)
Transportation Aid	\$3,191,833	\$3,491,134	\$3,491,134	\$3,491,134	\$3,491,134	\$3,491,134	9.4%	\$299,301	0%	\$0
Federal Aid	\$200,000	\$285,974	\$285,974	\$285,974	\$285,974	\$285,974	43.0%	\$85,974	0%	\$0
Interfund Transfers 4408 extended school year	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	0.0%	\$0	0%	\$0
Other	\$1,050,529	\$946,740	\$946,740	\$946,740	\$946,740	\$946,740	-9.9%	(\$103,789)	0%	\$0
Total Revenues	\$91,159,811	\$98,734,107	\$105,651,432	\$107,982,990	\$85,403,710	\$87,101,331	-4.5%	(\$4,058,480)	-19%	(\$20,881,660)

Total Revenues	\$91,159,811	\$98,734,107	\$105,651,432	\$107,982,990	\$85,403,710	\$87,101,331	-4.5%	(\$4,058,480)	-19%	(\$20,881,660)
EXPENSES:	Budget 2022	2023	2024	2025	2026	2027	% Overall Change	\$ Overall Change	% Change In Last Three years Only	Change In Last Three years Only
General Support										
Salaries	\$6,594,579	\$7,310,691	\$7,567,455	\$7,852,188	\$8,147,598	\$8,454,086	28.2%	\$1,859,507	8%	\$601,899
Other	\$6,811,892	\$6,870,563	\$7,068,686	\$7,272,753	\$7,482,942	\$7,699,437	13.0%	\$887,545	6%	\$426,684
Instruction										
Salaries	\$31,984,126	\$33,068,969	\$34,143,316	\$35,253,117	\$36,399,541	\$37,583,797	17.5%	\$5,599,671	7%	\$2,330,680
Other	\$10,046,204	\$11,107,189	\$11,432,411	\$11,767,389	\$12,112,417	\$12,467,796	24.1%	\$2,421,593	6%	\$700,407
Transportation										
Salaries	\$2,510,786	\$2,568,850	\$2,658,759	\$2,758,463	\$2,861,905	\$2,969,227	18.3%	\$458,441	8%	\$210,764
Other	\$687,900	\$780,500	\$803,915	\$828,032	\$852,873	\$878,460	27.7%	\$190,560	6%	\$50,427
Employee Benefits										
Retirement	\$4,538,326	\$4,663,199	\$4,876,331	\$5,038,971	\$5,207,167	\$5,381,108	18.6%	\$842,782	7%	\$342,137
Social Security	\$3,144,920	\$3,209,304	\$3,433,513	\$3,547,822	\$3,666,036	\$3,788,288	20.5%	\$643,368	7%	\$240,466
Workers' Compensation	\$275,000	\$200,000	\$202,000	\$206,040	\$210,161	\$214,364	-22.0%	(\$60,636)	4%	\$8,324
Health	\$15,000,000	\$14,785,000	\$15,524,250	\$16,300,463	\$17,115,486	\$17,971,260	19.8%	\$2,971,260	10%	\$1,670,797
Other	\$2,293,500	\$2,233,500	\$2,247,901	\$2,262,403	\$2,277,006	\$2,291,712	-0.1%	(\$1,788)	1%	\$29,309
Debt Service:										
Buildings - Principal	\$4,835,000	\$5,050,000	\$6,645,000	\$6,806,920	\$4,270,000	\$4,395,000	-9.1%	(\$440,000)	-35%	(\$2,411,920)
Buildings - Interest	\$1,599,269	\$1,451,264	\$1,436,188	\$1,991,192	\$1,186,450	\$1,061,200	-33.6%	(\$538,069)	-47%	(\$929,992)
Buses & Other - Principal	\$660,000	\$690,000	\$818,000	\$965,120	\$1,059,325	\$1,310,689	98.6%	\$650,689	36%	\$345,569
Buses & Other - Interest	\$28,310	\$30,306	\$55,135	\$75,019	\$95,762	\$114,765	305.4%	\$86,455	53%	\$39,746
RAN/TAN - Interest	\$0	\$0	\$0	\$0	\$0	\$0				
Interfund Transfers (4408) Reimbursement of Cap fu	\$150,000	\$2,901,511	\$150,000	\$150,000	\$150,000	\$150,000	0.0%	\$0	0%	\$0
Total Expenses	\$91,159,811	\$96,920,846	\$99,062,861	\$103,075,892	\$103,094,669	\$106,731,188	17.1%	\$15,571,377	4%	\$3,655,296

Adjustments (Carry Over, etc.)	\$2,046,407	\$392,973	\$8,794,805	\$13,701,903	\$392,973	\$392,973		
Assigned Appropriated Fund Balance	\$0	\$0	\$0	\$17,690,959	\$19,629,857	\$19,629,857		\$19,629,857
Assigned Unappropriated	\$350,356	\$350,356	\$350,356	\$350,356	\$350,356	\$350,356		\$0
Unassigned Fund Balance	\$3,876,834	\$3,962,514	\$4,123,036	\$4,123,787	\$4,269,248	\$4,269,248	10.1%	\$392,414
Reserved Fund Balance	\$20,426,075	\$22,546,629	\$37,769,483	\$38,686,774	\$19,304,428	\$67,544	-99.7%	(\$20,358,531)
Total Fund Balance June 30	\$24,819,148	\$27,025,382	\$42,408,758	\$61,017,758	\$43,719,772	\$24,482,888	-1.4%	(\$336,260)
Revenue to Expenditure Difference	\$0	\$1,813,261	\$6,588,571	\$4,907,098	(\$17,690,959)	(\$19,629,857)		



Scenario 3

Assumptions

Revenues:

Tax increase 0% Until 2024-26, then Tax Increase to Create Reserve Amount Similar to 2021-22
 State Aid Major Foundation Aid Increase for next two years, then significant reduction in rate of increase thereafter
 Variable Transportation Aid
 Building Aid follows Debt Service Schedule*
 Federal Aid remains Stable

MAJOR PILOT Revenue EXHAUSTED Beginning in 2025-26

Expenditures:

Follow contractual Obligations
 No notable changes in staff patterns
 Stable ERS and TRS increased costs*

OSWEGO										
5 Year Financial Projections										
Fiscal Year Ending June 30:	Budget 2022	2023	2024	2025	2026	2027	% Overall	\$ Overall	% Change In Last	\$ Change In Last
<u>REVENUES:</u>		0.00%	0.00%	0.00%	21.00%	21.00%	Change	Change	Three years Only	Three years Only
Real Property Taxes	\$26,643,448	\$26,643,448	\$26,643,448	\$26,643,448	\$32,238,572	\$39,008,672	46.4%	\$12,365,224	46%	\$12,365,224
PILOT	\$25,376,542	\$25,404,378	\$25,404,378	\$25,404,378	\$4,511,878	\$4,511,878	-82.2%	(\$20,864,664)	-82%	(\$20,892,500)
State Aid	\$29,907,919	\$32,513,504	\$41,114,208	\$42,186,020	\$43,289,022	\$44,424,151	48.5%	\$14,516,232	5%	\$2,238,131
Building Aid	\$4,689,540	\$9,348,929	\$7,135,345	\$7,854,336	\$4,513,037	\$4,513,037	-3.8%	(\$176,503)	-43%	(\$3,341,299)
Transportation Aid	\$3,191,833	\$3,491,134	\$3,491,134	\$3,491,134	\$3,491,134	\$3,491,134	9.4%	\$299,301	0%	\$0
Federal Aid	\$200,000	\$285,974	\$285,974	\$285,974	\$285,974	\$285,974	43.0%	\$85,974	0%	\$0
Interfund Transfers 4408 extended school year	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	0.0%	\$0	0%	\$0
Other	\$1,050,529	\$946,740	\$946,740	\$946,740	\$946,740	\$946,740	-9.9%	(\$103,789)	0%	\$0
Total Revenues	\$91,159,811	\$98,734,107	\$105,121,227	\$106,912,030	\$89,376,357	\$97,281,586	6.7%	\$6,121,775	-9%	(\$9,630,444)

Total Revenues	\$91,159,811	\$98,734,107	\$105,121,227	\$106,912,030	\$89,376,357	\$97,281,586	6.7%	\$6,121,775	-9%	(\$9,630,444)
EXPENSES:	Budget 2022	2023	2024	2025	2026	2027	% Overall Change	\$ Overall Change	% Change In Last Three years Only	Change In Last Three years Only
General Support										
Salaries	\$6,594,579	\$7,310,691	\$7,567,455	\$7,852,188	\$8,147,598	\$8,454,086	28.2%	\$1,859,507	8%	\$601,899
Other	\$6,811,892	\$6,870,563	\$7,068,686	\$7,272,753	\$7,482,942	\$7,699,437	13.0%	\$887,545	6%	\$426,684
Instruction										
Salaries	\$31,984,126	\$33,068,969	\$34,143,316	\$35,253,117	\$36,399,541	\$37,583,797	17.5%	\$5,599,671	7%	\$2,330,680
Other	\$10,046,204	\$11,107,189	\$11,432,411	\$11,767,389	\$12,112,417	\$12,467,796	24.1%	\$2,421,593	6%	\$700,407
Transportation										
Salaries	\$2,510,786	\$2,568,850	\$2,658,759	\$2,758,463	\$2,861,905	\$2,969,227	18.3%	\$458,441	8%	\$210,764
Other	\$687,900	\$780,500	\$803,915	\$828,032	\$852,873	\$878,460	27.7%	\$190,560	6%	\$50,427
Employee Benefits										
Retirement	\$4,538,326	\$4,663,199	\$4,876,331	\$5,038,971	\$5,207,167	\$5,381,108	18.6%	\$842,782	7%	\$342,137
Social Security	\$3,144,920	\$3,209,304	\$3,433,513	\$3,547,822	\$3,666,036	\$3,788,288	20.5%	\$643,368	7%	\$240,466
Workers' Compensation	\$275,000	\$200,000	\$202,000	\$206,040	\$210,161	\$214,364	-22.0%	(\$60,636)	4%	\$8,324
Health	\$15,000,000	\$14,785,000	\$15,524,250	\$16,300,463	\$17,115,486	\$17,971,260	19.8%	\$2,971,260	10%	\$1,670,797
Other	\$2,293,500	\$2,233,500	\$2,247,901	\$2,262,403	\$2,277,006	\$2,291,712	-0.1%	(\$1,788)	1%	\$29,309
Debt Service:										
Buildings - Principal	\$4,835,000	\$5,050,000	\$6,645,000	\$6,806,920	\$4,270,000	\$4,395,000	-9.1%	(\$440,000)	-35%	(\$2,411,920)
Buildings - Interest	\$1,599,269	\$1,451,264	\$1,436,188	\$1,991,192	\$1,186,450	\$1,061,200	-33.6%	(\$538,069)	-47%	(\$929,992)
Buses & Other - Principal	\$660,000	\$690,000	\$818,000	\$965,120	\$1,059,325	\$1,310,689	98.6%	\$650,689	36%	\$345,569
Buses & Other - Interest	\$28,310	\$30,306	\$55,135	\$75,019	\$95,762	\$114,765	305.4%	\$86,455	53%	\$39,746
RAN/TAN - Interest	\$0	\$0	\$0	\$0	\$0	\$0				
Interfund Transfers (4408)Reimbursement of Cap fu	\$150,000	\$2,901,511	\$150,000	\$150,000	\$150,000	\$150,000	0.0%	\$0	0%	\$0
Total Expenses	\$91,159,811	\$96,920,846	\$99,062,861	\$103,075,892	\$103,094,669	\$106,731,188	17.1%	\$15,571,377	4%	\$3,655,296

Adjustments (Carry Over, etc.)	\$2,046,407	\$392,973	\$8,264,600	\$12,100,738	\$392,973	\$392,973				
Assigned Appropriated Fund Balance	\$0	\$0	\$0	\$13,718,312	\$9,449,602	\$9,449,602		\$9,449,602	-31%	(\$4,268,710)
Assigned Unappropriated	\$350,356	\$350,356	\$350,356	\$350,356	\$350,356	\$350,356		\$0	0%	\$0
Unassigned Fund Balance	\$3,876,834	\$3,962,514	\$4,123,036	\$4,123,787	\$4,269,248	\$4,269,248	10.1%	\$392,414	4%	\$145,461
Reserved Fund Balance	\$20,426,075	\$22,546,629	\$36,709,074	\$38,926,886	\$29,724,796	\$20,668,167	1.2%	\$242,092	-47%	(\$18,258,719)
Total Fund Balance June 30	\$24,819,148	\$27,025,382	\$41,348,348	\$57,285,224	\$43,959,885	\$34,903,256	40.6%	\$10,084,108	-39%	(\$22,381,968)
Revenue to Expenditure Difference	\$0	\$1,813,261	\$6,058,366	\$3,836,138	(\$13,718,312)	(\$9,449,602)				

Tax Cap Example Hypothetical from FY 2018-19 to 2019-20

Property Tax Cap Calculation under Chapter 97 of the Laws of 2011

(This analysis calculates the allowable tax levy for 2019-20 school year)

ENTER DATA ONLY IN CELLS SHADED IN YELLOW

Calculate "Adjusted" Current Year Tax Levy Threshold:

1)	Tax Levy 2018-2019		29,253,417.00	
Subtract 2)	Tax Cap Reserve Amount (including interest earned) from FYE 2018	-	0.00	
	sub-total	=	29,253,417.00	
Multiply: 3)	Tax Base Growth Factor https://www.tax.ny.gov/pdf/publications/orpts/tbgrf/tbgrf	x	1.00650	
	sub-total	=	29,443,564.21	
Add: 4)	PILOTS - 2018-2019	+	20,722,572.00	
	sub-total	=	50,166,136.21	
Subtract: 5a)	Value of claims and judgments > 5% of total tax levy	-	0.00	
5b)	Local share after aid of current (2018-19) allowable capital expenses	-	1,410,533.00	
Equals:	Adjusted 2018-19 Current Year Tax Levy	=	48,755,603.21	

Calculate Projected Tax Levy Threshold 2018-19

Multiply: 6)	Allowable Levy Growth Factor (1 + inflation factor, up to 2%) Provided by Dept. of Labor		1.02	
	sub-total	x	49,730,715.27	

Subtract: 7)	Projected PILOTS for 2019-20		20,956,249.00	
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Add: 8)	Available Carryover (If any)		0.00	
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Equals:	2019-20 TAX LEVY LIMIT (to be submitted to State Comptroller, Commissioner of Tax & Finance and the Commissioner of Education by March 1st) =		28,774,466.27	
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Calculate Coming Year Exemptions:

Add: 9a)	Value of any claims and/or judgments greater than 5% for 2017-18 year		-	
9b)	ERS Employer Contribution Amount	+	-	
9c)	TRS Employer Contribution Amount	+	-	
9d)	Local share after aid of 2018-19 allowable capital expenditures	+	684,401	

Equals:	Maximum Allowable Tax Levy for 2019-20		29,458,867.27	
	(requiring a simple majority vote)			

Property Tax Cap Calculation under Chapter 97 of the Laws of 2011

(This analysis calculates the allowable tax levy for 2019-20 school year)

ENTER DATA ONLY IN CELLS SHADED IN YELLOW

Calculate "Adjusted" Current Year Tax Levy Threshold:

1)	Tax Levy 2018-2019		29,253,417.00	
Subtract 2)	Tax Cap Reserve Amount (including interest earned) from FYE 2018	-	0.00	
	sub-total	=	29,253,417.00	
Multiply: 3)	Tax Base Growth Factor https://www.tax.ny.gov/pdf/publications/orpts/tbgrf/tbgrf	x	1.00650	
	sub-total	=	29,443,564.21	
Add: 4)	PILOTS - 2018-2019	+	20,722,572.00	
	sub-total	=	50,166,136.21	
Subtract: 5a)	Value of claims and judgments > 5% of total tax levy	-	0.00	
5b)	Local share after aid of current (2018-19) allowable capital expenses	-	1,410,533.00	
Equals:	Adjusted 2018-19 Current Year Tax Levy	=	48,755,603.21	

Calculate Projected Tax Levy Threshold 2018-19

Multiply: 6)	Allowable Levy Growth Factor (1 + inflation factor, up to 2%) Provided by Dept. of Labor		1.02	
	sub-total	x	49,730,715.27	

Subtract: 7)	Projected PILOTS for 2019-20		5,956,249.00	
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Add: 8)	Available Carryover (If any)		0.00	
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Equals:	2019-20 TAX LEVY LIMIT (to be submitted to State Comptroller, Commissioner of Tax & Finance and the Commissioner of Education by March 1st) =		43,774,466.27	
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Calculate Coming Year Exemptions:

Add: 9a)	Value of any claims and/or judgments greater than 5% for 2017-18 year		-	
9b)	ERS Employer Contribution Amount	+	-	
9c)	TRS Employer Contribution Amount	+	-	
9d)	Local share after aid of 2018-19 allowable capital expenditures	+	684,401	

Equals:	Maximum Allowable Tax Levy for 2019-20		44,458,867.27	
	(requiring a simple majority vote)			

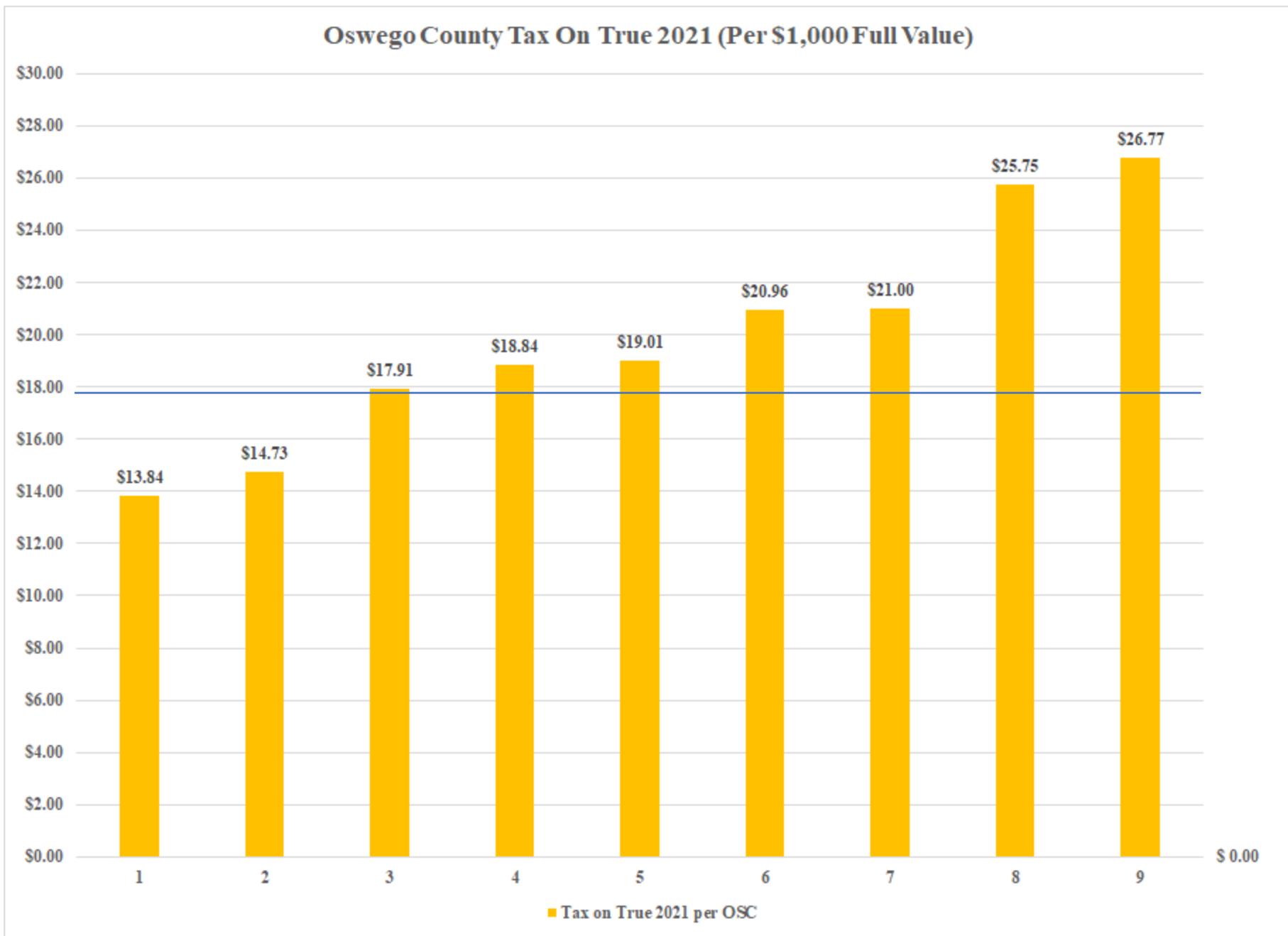


2019-20	29,458,867.27		
2018-19	29,253,417.00		
\$ Change =	205,450.27		
% change =	0.70%		

2019-20	44,458,867.27		
2018-19	29,253,417.00		
\$ Change =	15,205,450.27		
% change =	51.98%		

Oswego County Tax On True 2021 (Per \$1,000 Full Value)

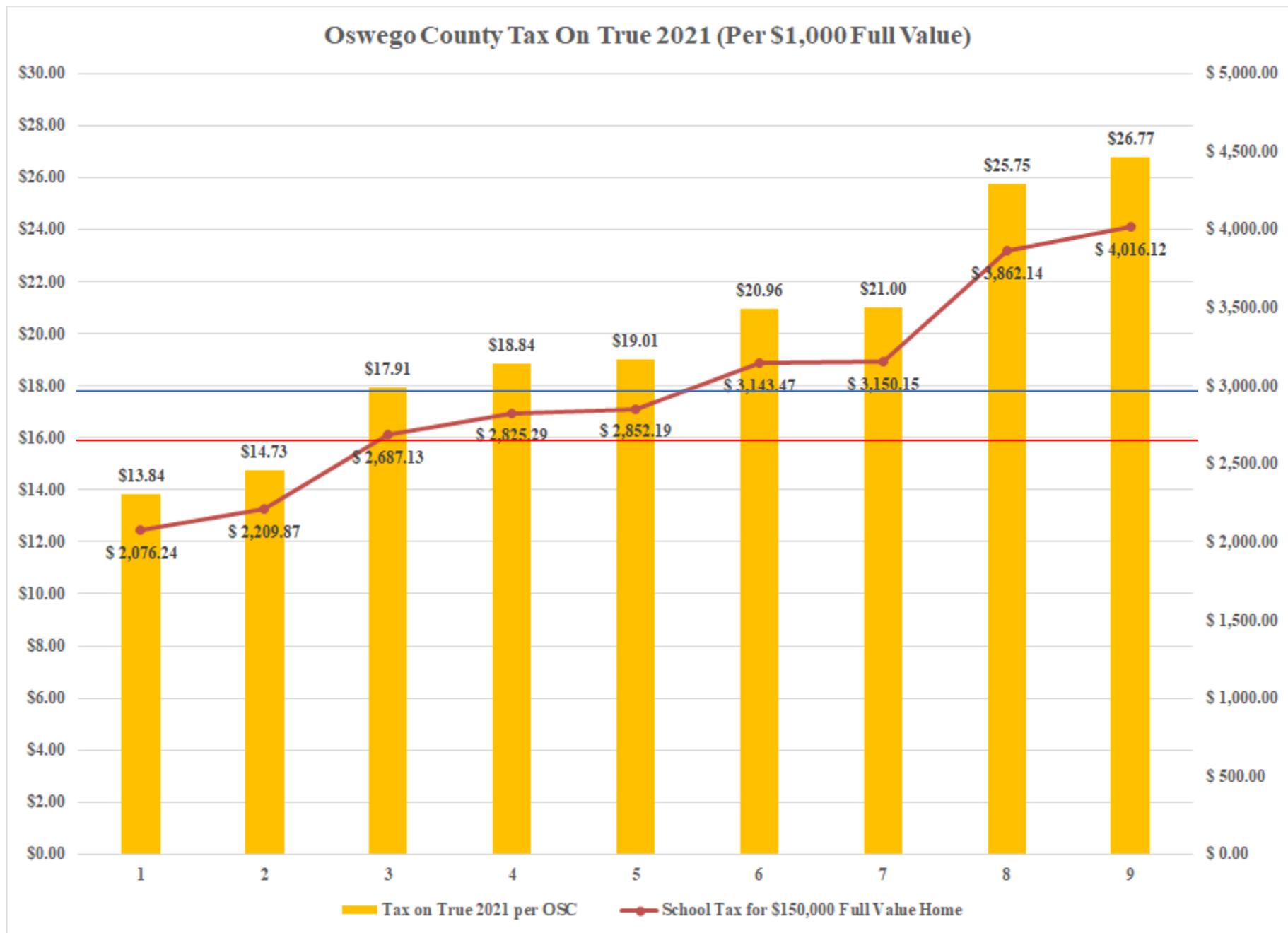
2021 State
Average
~\$17.86



Source: Office of the State Comptroller:

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.osc.state.ny.us%2Ffiles%2Flocal-government%2Fdata%2Fexcel%2F2021-school-districts.xlsx&wdOrigin=BROWSELINK>

2021 State
Average
~\$17.86
Or \$2,679 for
a Home with
\$150,000 **Full
Value**



Source: Office of the State Comptroller:

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.osc.state.ny.us%2Ffiles%2Flocal-government%2Fdata%2Fexcel%2F2021-school-districts.xlsx&wdOrigin=BROWSELINK>

Scenario 1

Revenues:
 Tax increase 0% and 0% Thereafter
 State Aid Major Foundation Aid Increase for next two years, then significant reduction in rate of increase thereafter
 Variable Transportation Aid
 Building Aid follows Debt Service Schedule*
 Federal Aid remains Stable
MAJOR PILOT Revenue EXHAUSTED Beginning in 2025-26

Expenditures:
 Follow contractual Obligations
 No notable changes in staff patterns
 Stable ERS and TRS increased costs*

Fiscal Year Ending June 30:	Budget 2022	2023	2024	2025	2026	2027
Unassigned Fund Balance	\$3,876,834	\$3,962,514	\$4,123,036	\$4,123,787	\$4,269,248	-\$4,871,919
Reserved Fund Balance	\$20,426,075	\$22,546,629	\$36,709,074	\$33,331,762	\$11,764,448	\$0

Scenario 2

Revenues:
 Tax increase 0% and 1.9% Thereafter
 State Aid Major Foundation Aid Increase for next two years, then significant reduction in rate of increase thereafter
 Variable Transportation Aid
 Building Aid follows Debt Service Schedule*
 Federal Aid remains Stable
MAJOR PILOT Revenue EXHAUSTED Beginning in 2025-26

Expenditures:
 Follow contractual Obligations
 No notable changes in staff patterns
 Stable ERS and TRS increased costs*

Fiscal Year Ending June 30:	Budget 2022	2023	2024	2025	2026	2027
Reserved Fund Balance	\$20,426,075	\$22,546,629	\$37,769,483	\$38,686,774	\$19,304,428	\$67,544

Scenario 3

Revenues:
 Tax increase 0% Until 2024-26, then Tax Increase to Create Reserve Amount Similar to 2021-22
 State Aid Major Foundation Aid Increase for next two years, then significant reduction in rate of increase thereafter
 Variable Transportation Aid
 Building Aid follows Debt Service Schedule*
 Federal Aid remains Stable
MAJOR PILOT Revenue EXHAUSTED Beginning in 2025-26

Expenditures:
 Follow contractual Obligations
 No notable changes in staff patterns
 Stable ERS and TRS increased costs*

Fiscal Year Ending June 30:	Budget 2022	2023	2024	2025	2026	2027
Reserved Fund Balance	\$20,426,075	\$22,546,629	\$36,709,074	\$38,926,886	\$29,724,796	\$20,668,167

General Comments

1. The District is in Fine Operational Financial Condition Right Now. However, the District will begin to experience significant fiscal stress beginning in 2025-26 if the District's major PILOT agreement is not sustained and capital needs of the District are not considered.
2. There are ways the District could operate with less impact on the annual General Fund Budget. There is limited evidence of Long-Range Financial Analysis and Planning related to:
 - a) Equipment and Classroom furniture Needs and Timeline
 - b) Technology Needs and Timeline
 - c) Vehicle Needs and Timeline
 - d) Bus Purchasing Methods and Timeline
 - e) The real potential for the loss of significant PILOT(s) payments

General Comments

3. There are long term threats to the district's financial stability, particularly in Revenues:
 - a) If the district Loses the PILOT(s), there will be SEVERE damage to the District's Ability to Operate (In 2021-22 the PILOT(s) represented 28% of all district Revenues)
 - b) If the district Loses the PILOT(s), there will be SEVERE consequences for the Tax Cap calculation
 - c) Beware of State Fiscal Funding Cliff 2024-25
 - d) The New Federal Funding Grant (CRSSA and ARPA) streams will have a Fiscal Cliff 2024-25, 2025-26, 2026-27.
 - e) State Aid: Foundation Aid will increase over 10% until Save Harmless Status and then the rate of increase will Diminish; expense driven aid continues in current law, but they are all partial reimbursements for District expenses.
 - f) Tax Cap Limitations will occur as the Districts Debt service decreases over the next 6 years. (Note that building aid is a sizable portion of the tax cap calculation will diminish after 3 years).

4. There are long term threats to the district's financial stability, particularly in Fund Balances:
 - a) The District's history of significant year end fund balances is on the decline and will further decline as budgeted revenues and expenditure contain little to no room for any annual unforeseen decrease in state aid unforeseen, unbudgeted expenses, and inflationary pressures.
 - b) The loss of fund balance deprives the District the opportunity to build Reserves for possible financial revenue downturns or expense spikes. Capital Reserves are a way to avoid large budget increases to cover foreseeable costs in such items ads vehicles, buses, technology, equipment, and classroom furniture.
5. Expense threats include:
 - a) General Inflation for utilities, fuel, buses, vehicles, equipment, supplies and materials and their general availability including technology.
 - b) The escalation of costs of labor contracts and the availability and competition for labor and the benefits contained in labor contracts or required by law.
 - c) Potential escalations in pension costs (ERS and TRS).
 - d) The escalation in the cost of Capital Construction.
 - e) The escalation of costs associated with Students with Special Needs
 - f) The escalation of Transportation related items such as fuel, the cost of buses and additional routes.

General Comments

6. There is a concern for the Long-Range Financial Health of the district.
 - a) With proper analysis and planning greater efficiencies and economies of scale can be achieved.
 - i. For instance, over \$8 million in bus purchases planned within 7 years. The District has historically bonded. At least for a period, anticipated fund balance amounts will enable the District to purchase buses in cash. This would eliminate the cost of issuance for Bonds and the interest charged on the Bonds.
 - b) With greater analysis and planning a strategic approach can be in place to minimize expense threats on the general fund budget and residents.
 - i. For Instance, if or when the District experiences a significant loss of PILOT funds, pre-saved reserves could temporarily fill the revenue gap or at least mitigate it to allow the District the “ramp into” a portion or notion of a tax levy remedy. However, recovery from such a loss may have a corrosive effect on the operational and educational operations of the district.
 - ii. Capital needs require an intelligently designed Capital Construction project that will affect revenues, expenditures, and the capacity to accomplish District Capital Construction needs.

RECOMMENDATIONS

Strategically and Operationally Examine Long Range Budget Implications...



1. Maintain a stable the budget by tracking expenses:
 - a) Re-Examine 2021-22 budget for sustainability and other issues (Carry Over/Reallocations).
 - b) Budget process is always difficult due to the number of assumptions (Extrapolate cost estimates). Update estimates as possible for both Revenues and Expenses.
 - c) Attempts for cost reductions should be examined (those away from student programs first) to mitigate escalation of expenses.
 - d) Reevaluate purchases and staff need. Examine the possibility of attrition and breakage.
 - e) Monitor Long-term Expenditures to the financial plan and limitations on Revenues
 - i. If the district Loses the PILOT, there will be SEVERE damage to the District's Ability to Operate (*In 2021-22 the PILOT represented 28% of all district Revenues*)
 - f) Develop a Long-Range thoughtful plan to prepare for possible State Fiscal Funding Cliff 2024-25 and beyond

2. Annually reevaluate Reserve and Fund Balance amounts for sustainability and liabilities. When and if possible:
 - b) Monitor ERS and TRS Reserve to cover potential escalations in cost as labor contract escalate
 - c) Further build and Use new Capital Reserves to ensure Building Integrity and Eliminate Tax impact of Capital Construction
 - d) Further build and Use new Capital Reserves to ensure Eliminate Tax impact of these periodic expenditures (Vehicles, Equipment, Technology for instance)
3. The Longevity of the New Federal Grants could be problematic.
 - b) Exhibit caution with use of new Federal Funding streams (Fiscal Cliff 2024-25, 2025-26, 2026-27)
 - c) Use a combination of Supplement and Supplant as practicable.
4. State Aid: Foundation Aid will increase ~26% until Save Harmless Status in the 2023-24 school year, and then the rate of increase will Diminish significantly; expense driven aid continues in current law. However, Building Aid will diminish in over-time.
5. Monitor the Tax Cap... note growing use of Appropriated Fund Balance and be aware of Super Majority Tax Levy Limit implications.



Long Range Financial Analysis- **Questions?**

Data Driven Strategic Fiscal Planning



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