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# Finance Committee Meeting

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**Dr. Theodore Fulton, Superintendent of Schools**  
**Marcy Tannenbaum, Assistant Superintendent for Business**  
**Vito Belcastro, District Auditor**  
**Dorinda Spinelli, District Treasurer**  
**Hicksville Public Schools**  
**November 1<sup>st</sup>, 2023**



# **2022-2023 Year in Review & Forecast of Current and Future Years**

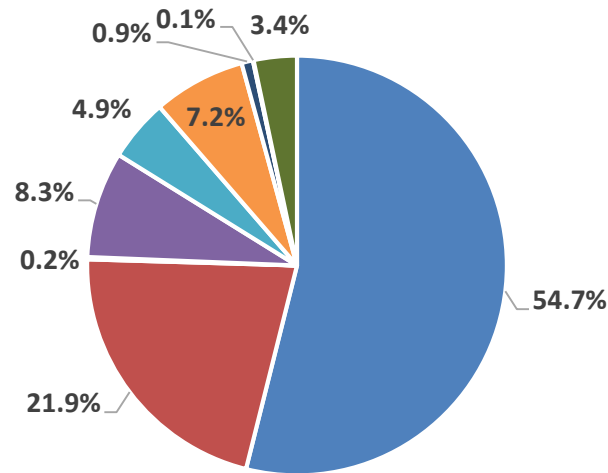


- The focus of the October 11, 2023 Finance Committee meeting was the 2022-2023 Year in Review, where we examined the final financial results of the 2022-2023 Fiscal School Year, and various historical trends.
- The purpose of today's Finance Committee meeting is to recap some of the trends previously discussed, to forecast the current year, and to project, based on trends, the next three years.
- The primary focus of this presentation includes:
  - Salaries and benefits - the largest annual expenditures of the District
  - State Aid and the tax levy - the main funding sources of the annual budget
  - The impact of both on fund balance.



# Appropriations

% of Appropriations 2022/2023

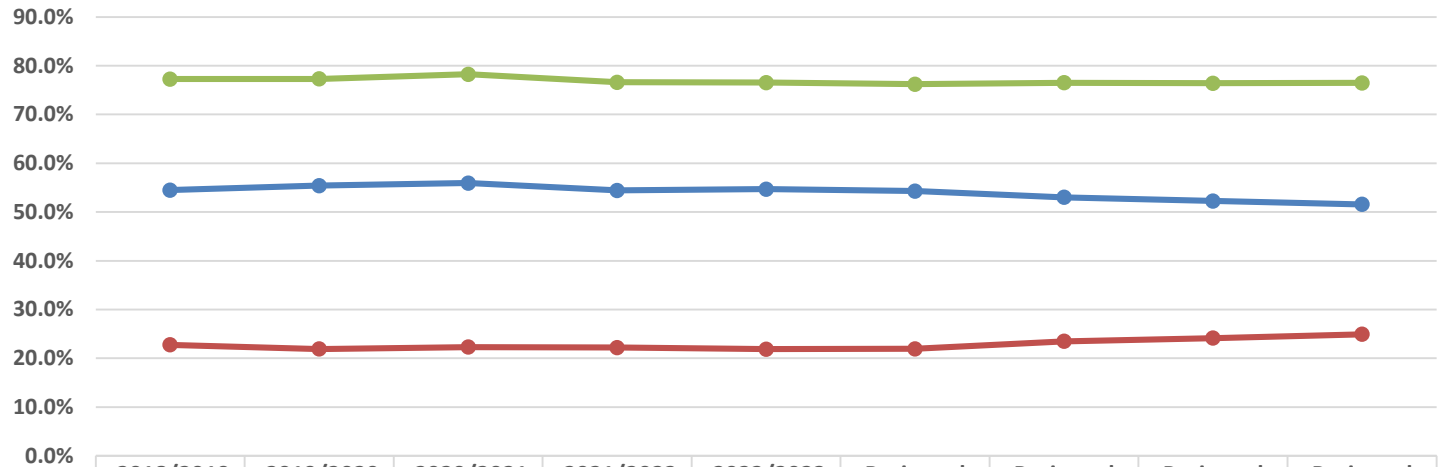


- Salaries
- Benefits
- Equipment & Capital Outlay
- Contractual, Other
- Transportation Contracts
- BOCES Services
- Supplies
- Deb Service, Interest
- Interfund Transfers

- Salaries and Employee Benefits make up over 75% of the District's annual expenditures.



# Salaries & Benefits in Relation to Overall Budget

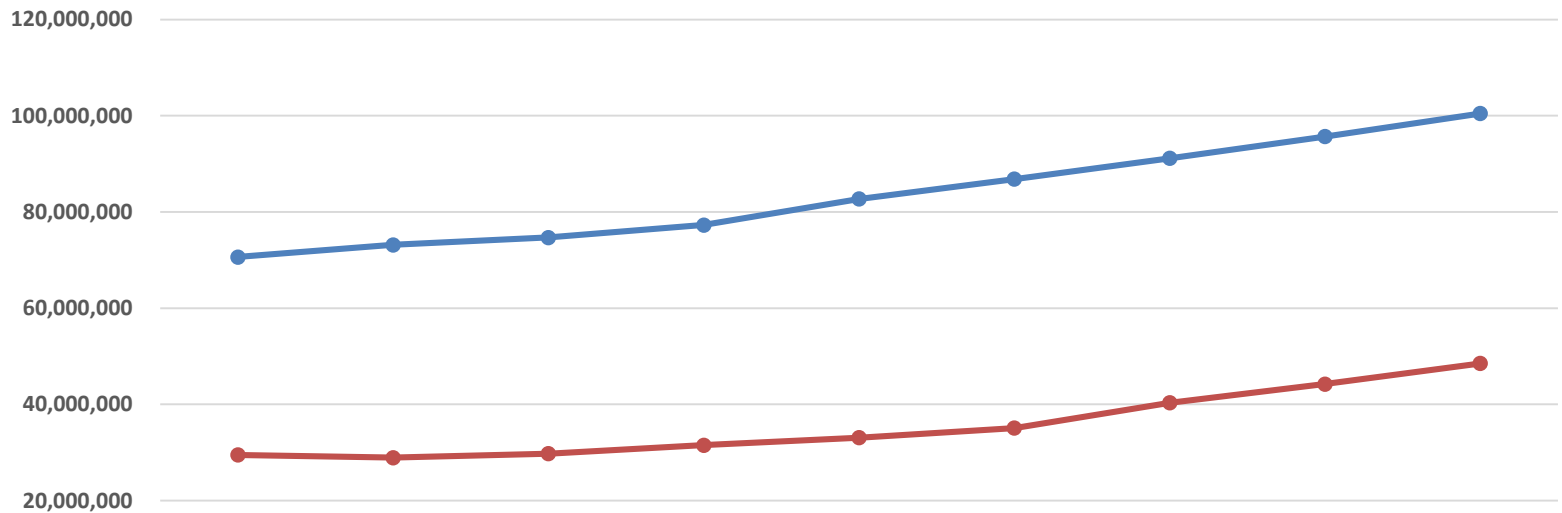


	2018/2019 Expenditures	2019/2020 Expenditures	2020/2021 Expenditures	2021/2022 Expenditures	2022/2023 Expenditures	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Salaries - % of Expenditures	54.5%	55.4%	55.9%	54.4%	54.7%	54.3%	53.0%	52.3%	51.6%
Benefits - % of Expenditures	22.8%	21.9%	22.3%	22.2%	21.9%	21.9%	23.5%	24.1%	24.9%
Combined - % of Expenditures	77.2%	77.3%	78.2%	76.6%	76.5%	76.2%	76.5%	76.4%	76.5%

This slide illustrates annual salaries and benefits relative to the overall expenditures. The growth in benefit costs, particularly in health insurance, consistently outpaces the growth of most other costs.



# Salaries & Benefits

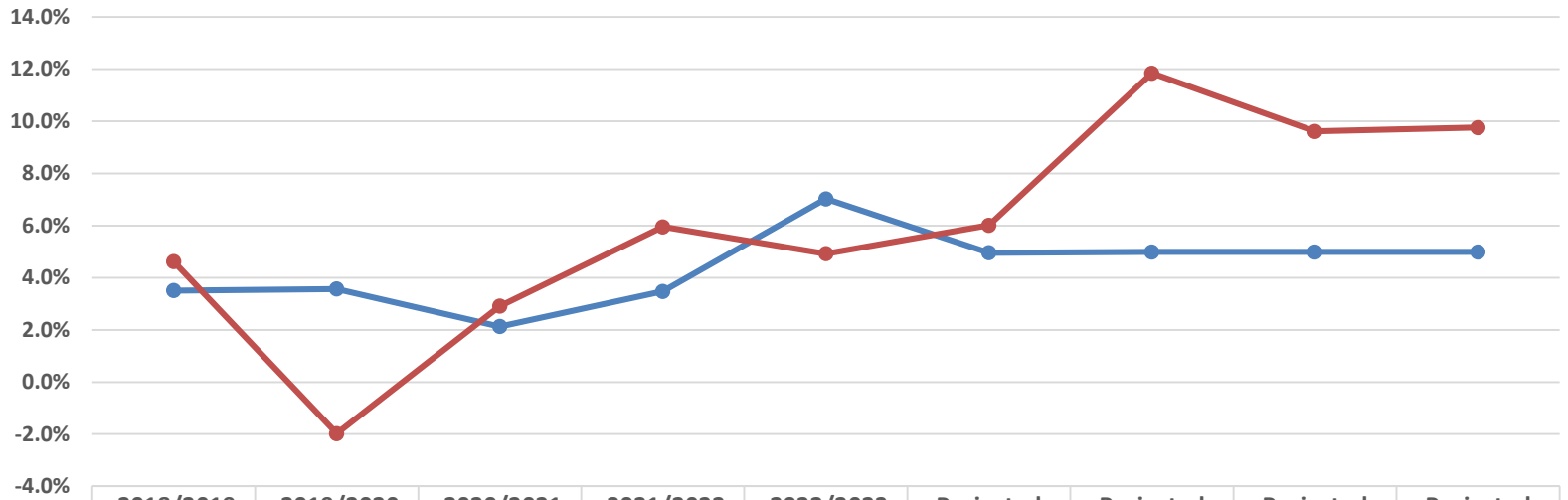


	2018/2019 Expenditures	2019/2020 Expenditures	2020/2021 Expenditures	2021/2022 Expenditures	2022/2023 Expenditures	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Salaries	70,631,141	73,148,154	74,700,947	77,293,497	82,720,712	86,818,953	91,147,401	95,692,271	100,464,385
Benefits	29,502,642	28,918,109	29,759,236	31,529,275	33,080,154	35,069,150	40,340,163	44,216,863	48,529,382

- Salary growth is reflective of contractual increases and staffing increases.
- Benefits growth is primarily reflective of health insurance premium increases, a larger base of insured employees, as well as anticipated increases in pension rates and the salary base for which these rates are applied.



# Salaries & Benefits Growth



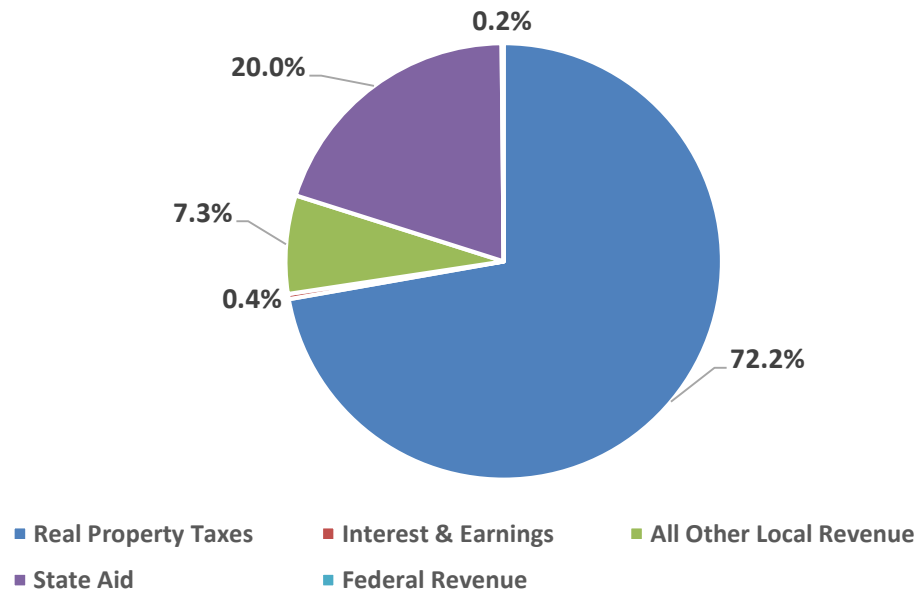
	2018/2019 Expenditures	2019/2020 Expenditures	2020/2021 Expenditures	2021/2022 Expenditures	2022/2023 Expenditures	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Salaries Growth	3.5%	3.6%	2.1%	3.5%	7.0%	5.0%	5.0%	5.0%	5.0%
Benefits Growth	4.6%	-2.0%	2.9%	5.9%	4.9%	6.0%	11.8%	9.6%	9.8%

This chart illustrates the historical growth trend of salaries and benefits, and the assumptions used in our projection of the current and future years.



# Revenues

% of Revenue 2022/2023

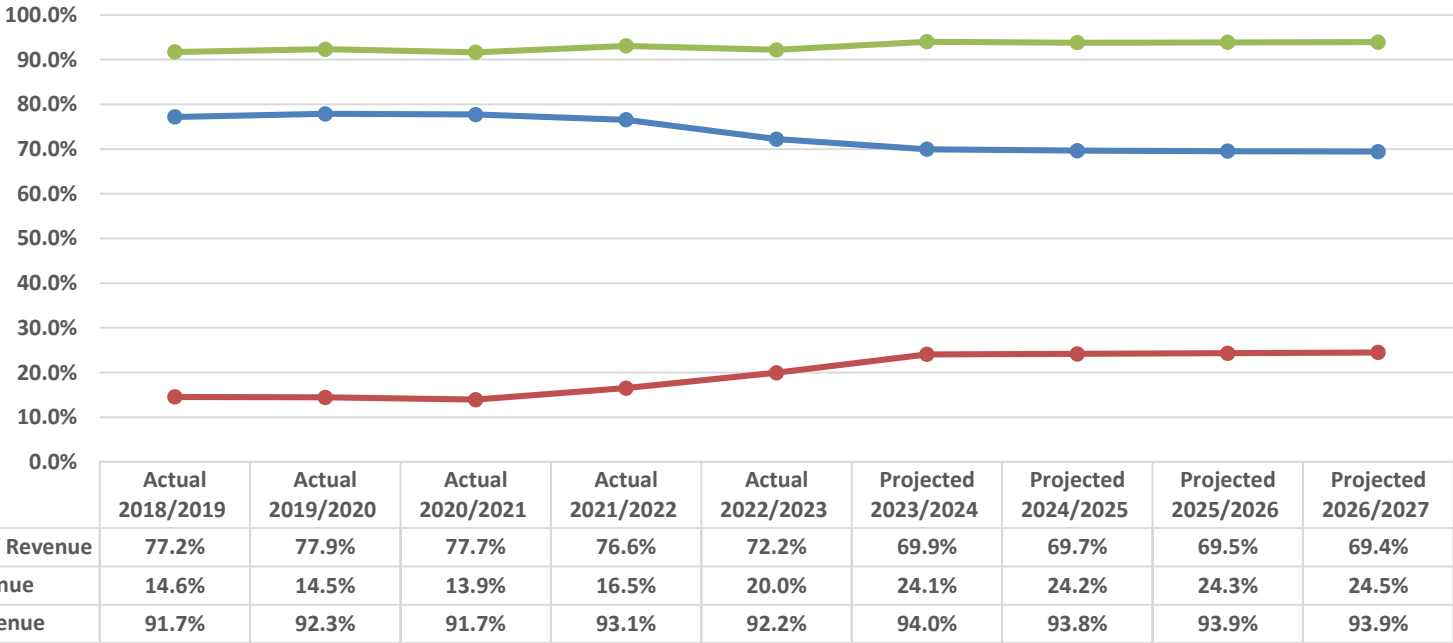


- Property Taxes and State Aid make up 90% of total annual revenues.





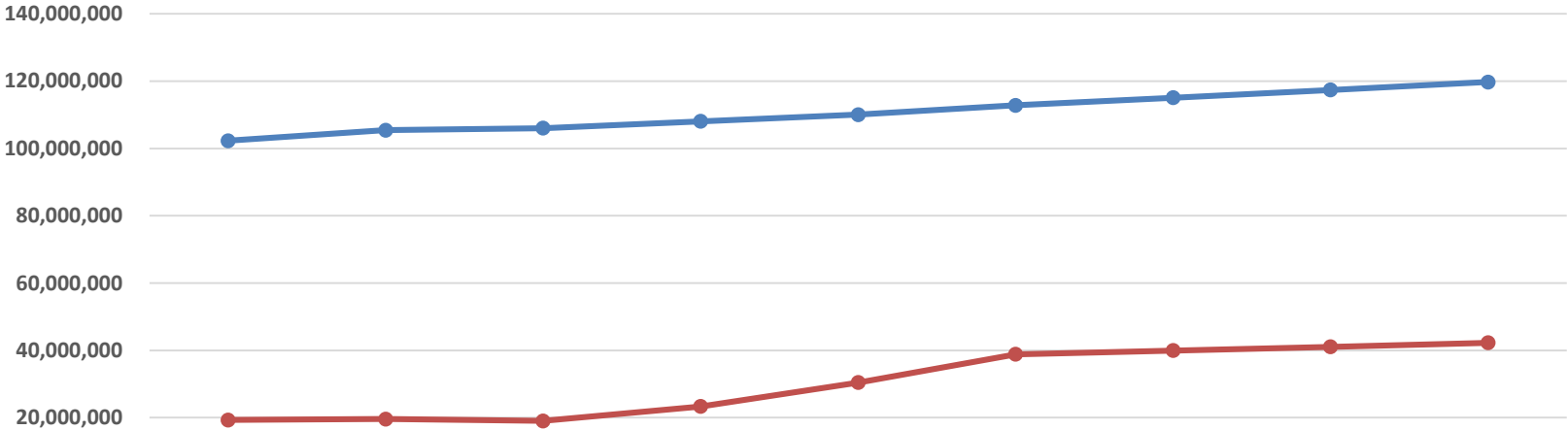
# Property Taxes & State Aid in Relation to All Revenues



This slide illustrates the primary funding sources of revenue. State aid has increased significantly over the past few years, increasing the level of revenues from State Aid by more than 5%.



# Property Taxes & State Aid

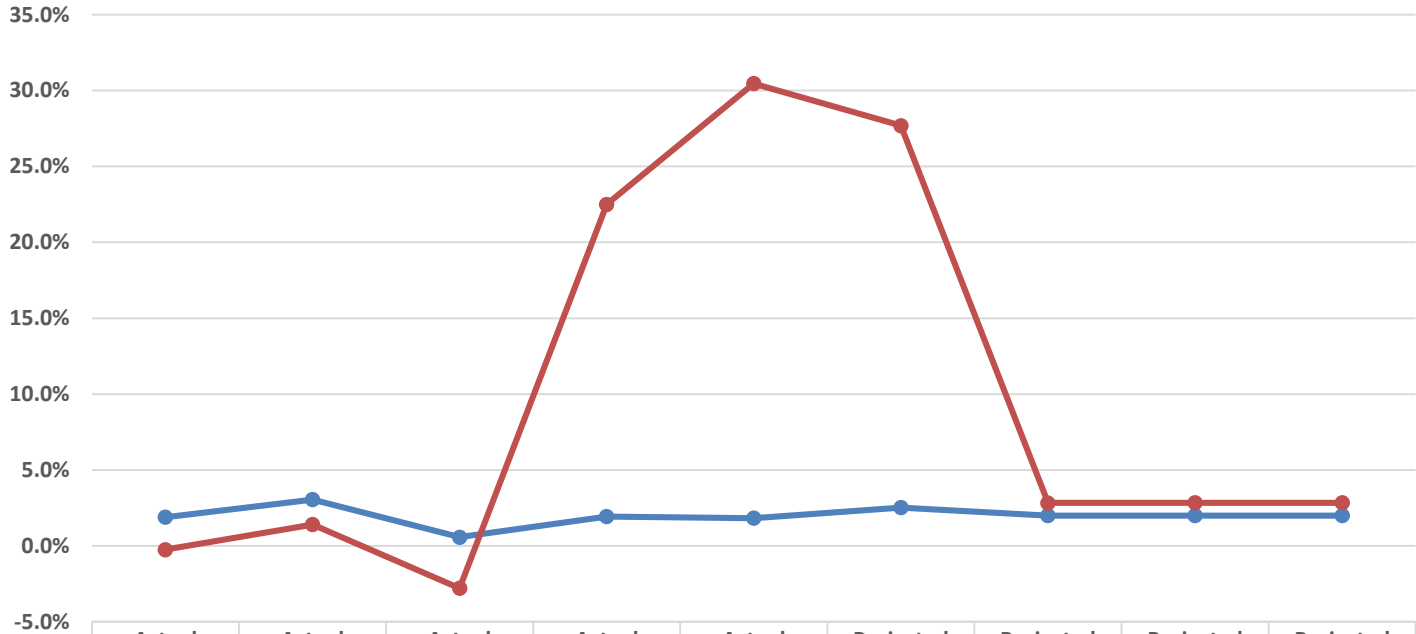


	Actual 2018/2019	Actual 2019/2020	Actual 2020/2021	Actual 2021/2022	Actual 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Real Property Taxes	102,299,710	105,417,157	106,024,291	108,068,589	110,043,714	112,824,647	115,081,140	117,382,763	119,730,418
State Aid	19,299,241	19,570,681	19,025,503	23,305,830	30,406,119	38,824,741	39,925,063	41,058,396	42,225,728

The chart above illustrates the growth in the District’s two primary sources of revenue.



# Property Taxes & State Aid Growth



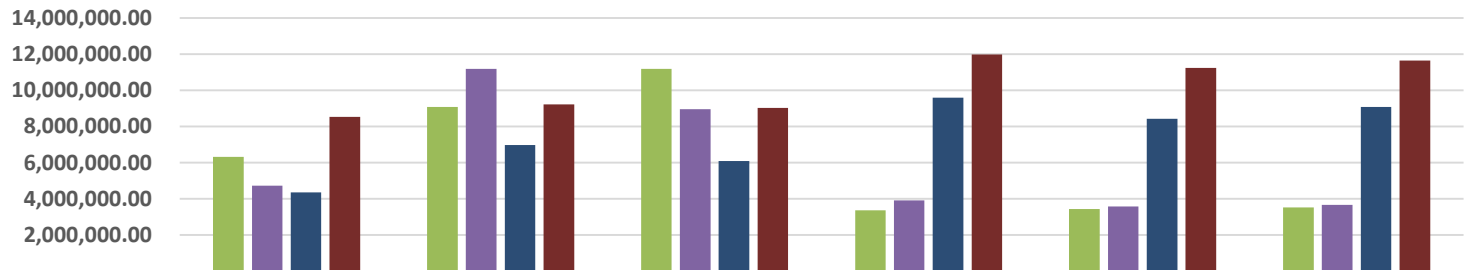
	Actual 2018/2019	Actual 2019/2020	Actual 2020/2021	Actual 2021/2022	Actual 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Real Property Tax Growth	1.9%	3.0%	0.6%	1.9%	1.8%	2.5%	2.0%	2.0%	2.0%
State Aid Growth	-0.2%	1.4%	-2.8%	22.5%	30.5%	27.7%	2.8%	2.8%	2.8%

The significant growth of State Aid is reflective of the State’s 3 year plan to fully fund Foundation Aid from 2021/2022 through 2023/2024. Moving forward, we should expect a return to limited growth in State Aid.



# Revenue & Expenditure Growth

Revenue and Expense Growth



	Actual 2021/2022	Actual 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
■ Property Tax & State Aid Increase	6,324,924.64	9,075,414.63	11,199,554.78	3,356,815.00	3,434,956.00	3,514,987.00
■ Total Revenue Increase	4,732,192.88	11,195,166.41	8,951,857.71	3,917,551.00	3,578,757.00	3,664,943.00
■ Salaries & Benefits Increase	4,362,589.54	6,978,094.26	6,087,236.69	9,599,460.75	8,421,570.49	9,084,632.54
■ Total Expense Increase	8,535,912.36	9,216,514.00	9,035,314.00	11,990,942.06	11,245,053.18	11,648,577.43

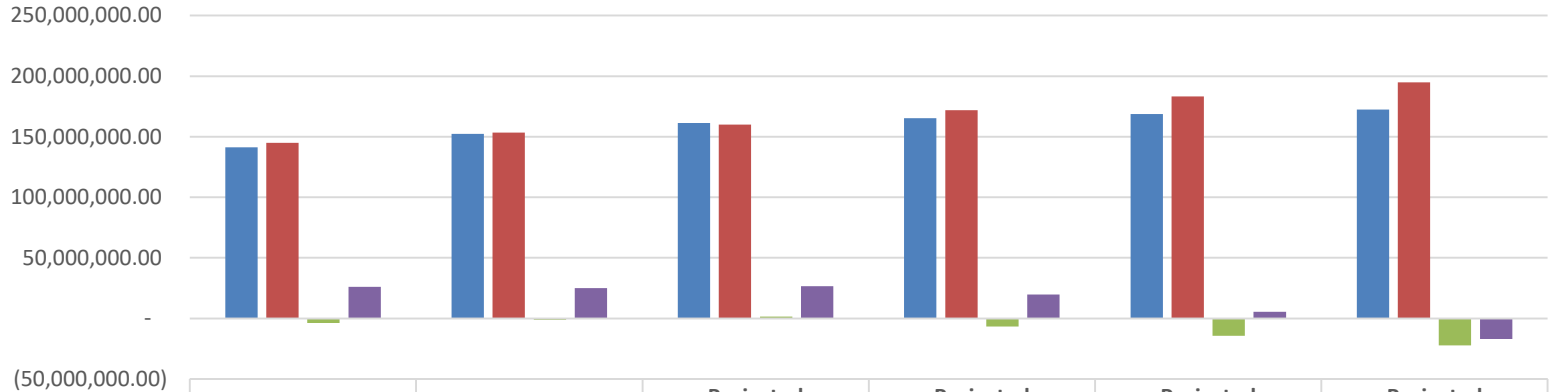
■ Property Tax & State Aid Increase    ■ Total Revenue Increase    ■ Salaries & Benefits Increase    ■ Total Expense Increase

The Property Tax Cap, and limited growth of State Aid may impact the District’s ability to raise revenue to fund the growth in the budget. While the correction in foundation aid has provided sufficient funding to offset costs in recent years, the limited growth going forward may not be sufficient to fund the continued growth of Salaries, benefits and other budgetary needs in the future.



# Impact on Fund Balance

Total Revenues, Expenses & Changes in Fund Balance



	Actual 2021/2022	Actual 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
■ Revenues	141,159,737.88	152,354,904.29	161,306,762.00	165,224,313.00	168,803,070.00	172,468,013.00
■ Expenses	145,059,158.61	153,440,675.18	159,905,534.05	171,896,476.11	183,141,529.29	194,790,106.72
■ Operating Suplus/(Deficit)	(3,899,420.73)	(1,085,770.89)	1,401,227.95	(6,672,163.11)	(14,338,459.29)	(22,322,093.72)
■ Fund Balance (Deficit)	26,153,268.95	25,067,498.06	26,468,726.01	19,796,562.90	5,458,103.61	(16,863,990.11)

■ Revenues ■ Expenses ■ Operating Suplus/(Deficit) ■ Fund Balance (Deficit)

Unless there is growth in revenue or a decline in expenditures, the result will be operating deficits, requiring continuous use of reserves, which is not sustainable.

