



New York State Education Department

89 Washington Ave, Albany, NY

MaryEllen Elia, Commissioner

BALANCED BUDGET

A Report on the East Ramapo Central School District

October 2017

Charles A. Szuberla, Jr., Monitor

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Balanced Budget

A Report on the East Ramapo Central School District

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Commissioner's Charge to the Monitors

On August 16, 2016, State Education Department Commissioner MaryEllen Elia appointed Charles Szuberla and reappointed Dr. John Sipple as monitors (“Monitors”) for the East Ramapo Central School District (“District”). The 2016-17 school year monitoring initiative built on the work conducted by State monitors since June 2014 and included working with the Board of Education (Board) and District leadership to implement Strategic Academic Improvement and Fiscal Improvement Plans; improve fiscal and budgetary planning and provide oversight as required by Chapter 89 of the Laws of 2016.

\$8,488,151, an increase of \$4,337,715 from the unassigned balance of \$4,150,436 reported on June 30, 2016. The increase is a result of \$2,430,866 in higher than projected revenues and \$1,906,849 lower than projected expenditures as a result of higher than anticipated state aid and conservative budgeting.

It should be noted that New York State law allows school Districts to maintain up to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget, as unassigned fund balance. For East Ramapo, the allowable amount is \$8.97 million. The District is 5(s)4(0(t)2(()]TJ [(E)1(as)4(t)2(R7-h-1.15 Td (apo)]TJ 0.002 T(s)42ayan

in school year 2015-16. The District expects 5% growth in transportation contract costs per year. The District continues to outsource the majority of student transportation, which is less expensive than owning buses and contracting directly with drivers. The District's state share of approximately 73% on expenditures helps to offset a large share of transportation costs.

The District has issued tax anticipation notes since fiscal year 2013, with amounts varying between \$15 million and \$17 million, driven by the timing of federal grant reimbursements. The District issued \$15 million in tax anticipation notes during the 2016-17 school year. The District anticipates continuing the practice in the near to mid-term. The multiple instances of note borrowing exposes the District to market access risk and interest rate fluctuations.²

The District participates in the New York State Teachers Retirement System (TRS) and the New York State and Local Employees Retirement System (ERS), two multi-employer, defined benefit retirement plans sponsored by the State of New York. For school year 2016-17, emplo

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- x Literacy through Engineering program at Kakiat School; and
- x One full-time position to facilitate a strong attendance initiative.

The following programs were requested by the Superintendent but were not included in the budget submitted to the voters:

- x Literacy through Engineering program at grades 1-6; and
- x Gifted and talented programs for all grades.

Transportation for nonpublic students on days when the public schools are not in session was not included in the budget.

During the 2016-17 school year, the District was eligible for \$3 million in reimbursement from State grant funds pursuant to Chapter 89 of the Laws of 2016. The funds were used to fund full-day Kindergarten for all public school students and for the partial restoration of elementary school arts programs.

A \$2,497,895 federal School Improvement Grant funded creation of an International Baccalaureate (IB) Program at Chestnut Ridge Middle School which is a Priority School. The full project period for the grant is five years.

The District also received two My Brother's Keeper (MBK) grants wentd ()Tj -0.003 Tc 0.005 Tw 0.28 C

Together, the three plans addressed the core areas identified as needing improvement, either by state-appointed monitors or by the District and community itself through the root-cause analysis exercise that was conducted during the development of the strategic academic plan. The strategic academic plan provides measurable objectives and explicit strategies to address areas where improvements were needed, including but not limited to:

- x Financial stability;
- x Academic opportunities and outcomes for all students;
- x Education of and accelerated rates of success for students with disabilities;
- x Education of and accelerated rates of success for English language learners; and
- x Compliance with applicable state and federal laws and regulations.

The fiscal improvement plan aligned fiscal resources with strategic academic plan, noted risks and liabilities, identified internal control improvement opportunities and examined long-term fiscal sustainability.

The Commissioner of Education approved the District's plans on September 26, 2016. Full-day kindergarten for all students and arts programming started October 6, 2016. The District submitted an expenditure report in June 2017 and received its funds prior to the end of the school year. The enacted 2017-18 State Budget continues the \$3 million in State funding (section 48 of Part YYY of Chapter 59 of the Laws of 2017).

Recognition of Improved Fiscal Condition

infrastructure needs. The projects are divided into three phases and are slated to be completed by November 2020. To date, the District has issued \$19 million in bond anticipation notes for the first phase of the project, which it plans to roll over for the next three years before converting to long-term debt. The current state building aid ratio, which assists with offsetting some of the debt burden, is 56.4%. The tax impact of the projects will be minimal due to the retirement of existing debt and reimbursement by the state. The Board selected the GEA Group to serve as construction management firm to oversee the construction. In addition, the Board created a broad-based Bond Committee to keep the community informed of the status of the facility improvement projects.

Major elements of the school facilities renovation program include:

2017-18 Adopted School Budget

The 2017-18 school budget is fiscally in balance with project revenues of \$231,084,269 and expenses of \$231,084,269. The tax levy will increase by 1.48% versus 1.69% for the 2016-17 school year budget. The budget does not exceed New York State's

