

Naples Central School District

2015-2016

School Budget Presentation & Discussion

April 8, 2015



2015-2016 Budget

1. Budget Process
2. Revenue Projections
3. Draft Expenditure Budget
4. Budget Discussion



Guiding Questions...

- **Are there items from the presentation that need clarification?**
- **Does this budget reflect our values and priorities?**
- **Does this budget demonstrate the prudent use of taxpayer funds?**
- **Are there additional needs that have not been met in this budget?**

1. Budget Process

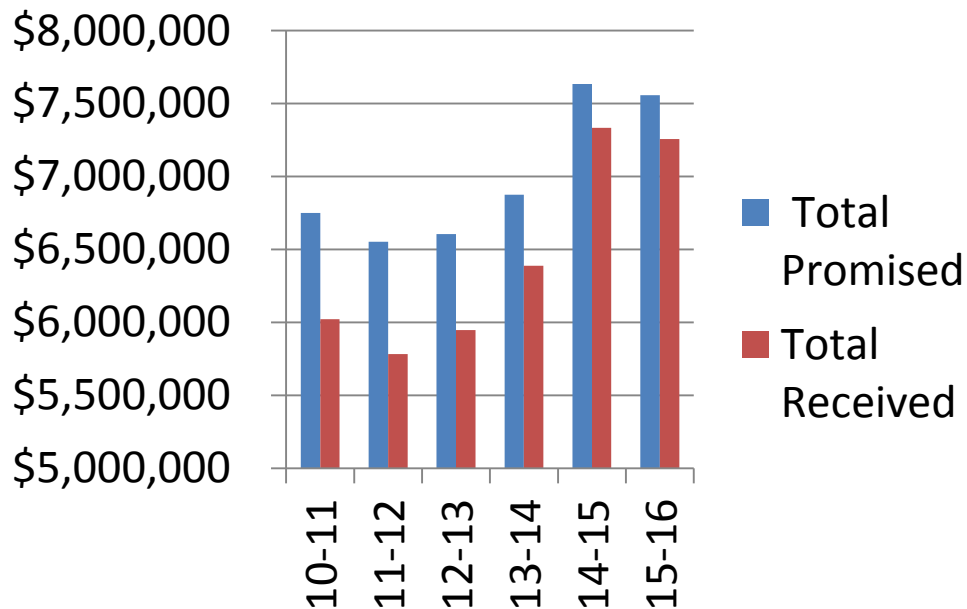
Budget Process

- October 16th – January 16th, 2015:
 - Teachers and Staff
 - Completed building and department level budget requests
 - Submitted requests to principals and department heads
- January 16th – February 17th, 2015:
 - District Administration, Department Chairpersons, and Staff
 - Reviewed components of budget
 - Made recommendations to Budget Committee and Board of Education
- February 2015 – April 2015
 - Budget Committee & Board of Education
 - Listened to input and feedback from community, staff, parents, and students during public meetings
 - Maintained focus on “keeping kids first” when making tough decisions
 - Focused on long range sustainability, taking a conservative approach
 - Reserve Usage
 - Debt Service Usage
 - Establish proposed budget

2. Revenue Projections

Gap Elimination Adjustment

- Starting in 2010, NYS Governor Patterson tried to close a dramatic state budget gap that had been building for many years with a “one time” assessment on school aid called the Gap Elimination Adjustment (GEA).
- On our aid projections that are produced by the state, this is a negative number noting money that is deducted from what is legally due to the district.



YEAR	GEA
2010-11	(\$727,478.00)
2011-12	(\$770,507.00)
2012-13	(\$658,300.00)
2013-14	(\$487,421.00)
2014-15	(\$300,548.00)
2015-16	(\$167,933.00)
TOTAL LOST AID	(\$3,112,187.00)

State Aid

	2014-15 Approved Budget	2015-2016 Approved Budget	Difference	Percentage (Increase/ Decrease)
Foundation Aid	\$4,564,218	\$4,581,105		
Gap Elimination Adjustment	(\$300,548)	(\$167,933)	\$149,502	3.51%
Excess Cost Aid	\$132,500	\$149,656	\$17,156	12.95%
BOCES Aid	\$329,002	\$387,491	\$58,489	17.78%
Textbook/Computer/Software/Library	\$63,948	\$62,689	(\$1,259)	-1.97%
High Tax Aid	\$258,763	\$258,763	\$0	0.00%
Transportation	\$607,319	\$634,496	\$27,177	4.47%
Building Aid	\$1,679,245	\$1,269,956	(\$409,289)	-24.37%
**TOTAL	\$7,334,447	\$7,176,223	(\$158,224)	-2.16%

**Note: Without the reduction in Building Aid, the increase in aid would have been \$251,065.

Property Tax Levy Limit Overview

- The tax levy limit is not a “2% cap”
- The formula allows for certain expenses to be exempt from the cap, therefore allowing the total tax levy increase to be greater, or lower than 2% depending on variables that exist
- These “exclusions” include capital debt increases, pension cost contributions, and increases in PILOT payments
- The law applies to the school district tax levy, not the individual tax bill of resident taxpayers
- The “tax levy limit” will vary district by district
- A tax levy increase above the limit set in law must be approved by 60% of the voters (supermajority).
- A tax levy at the limit, or below must be approved by over 50% of the voters (e.g. a simple majority= 51%)
- Voters are still approving the expenditure budget, not the tax levy

Source: Questar III Boces, State Aid Planning

Property Tax Levy Limit



Tax Levy Limit Before Adjustments and Exclusions

Tax Levy FYE 2015	\$10,577,807
Tax Cap Reserve Plus Interest from FYE 2014 Used to Reduce 2015	\$0
Total Tax Cap Reserve Amount (including interest earned) from FYE 2015	\$0
Tax Base Growth Factor	1.0060
PILOTs Receivable FYE 06/30/2015	\$86,647
Tort Exclusion Amount Claimed in FYE 06/30/2015	\$0
Capital Levy for FYE 06/30/2015	\$944,944
Allowable Levy Growth Factor	1.0162
PILOTs Receivable FYE 06/30/2016	\$87,171
Available Carryover from FYE 06/30/2015	\$0
Total Levy Limit Before Adjustments/Exclusions	\$9,854,290

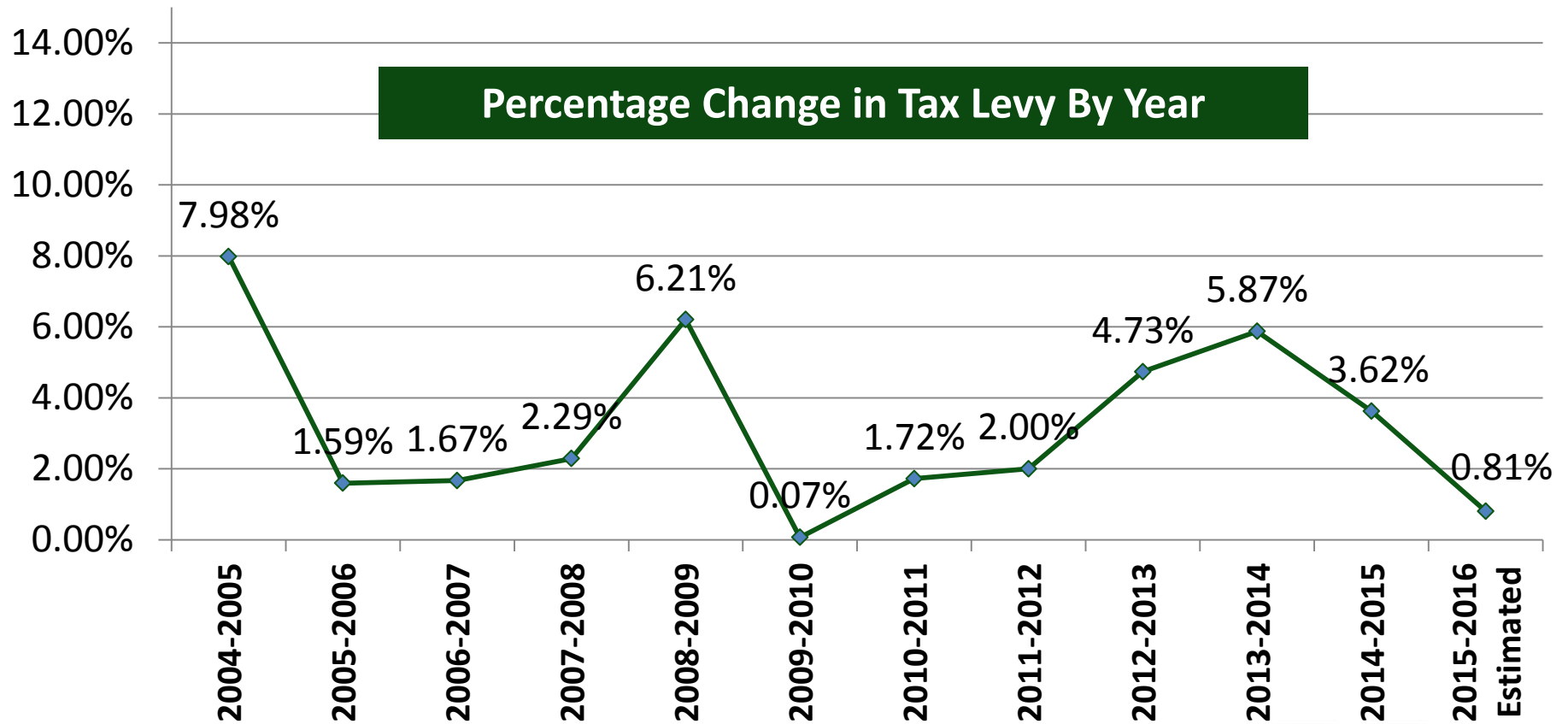
Exclusions

Tax Levy Necessary for Expenditures Resulting from Tort Orders/Judgements Over 5%	\$0
Capital Levy for FYE 06/30/2016	\$808,741
Tax levy necessary for pension contribution expenditures caused by growth in the system average actuarial contribution rate (ERS, PFRS) or normal contribution rate (TRS) in excess of 2 percentage points	
Teachers Retirement System	\$0
Employees Retirement System	\$0
Total Exclusions	\$808,741
Tax Levy Limit, Adjusted for Transfers, Plus Exclusions	\$10,663,031
Total Tax Cap Reserve Amount Used to Reduce 2016 Levy	\$0
2016 Proposed Levy, Net of Reserve	
Difference between Tax Levy Limit Plus Exclusions and Proposed Levy	\$10,663,031
Do you plan to override the cap in 2016?	<input type="radio"/> Yes <input type="radio"/> No

- Is not a 2% tax cap
- The District's limit for 15/16 is estimated to be a .81% increase over the prior year
- Total increase allowed by the tax levy limit = \$85,224
- A 1% increase in the tax levy raises approximately \$105,778
- **ESTIMATED:**
\$10,663,031

Source: Office of the State Comptroller

Tax Levy History



Transfer From Debt Service

Transfer from our Debt Service Fund to remain the same at **\$250,000.**

Details:

Debt service funds can only be used to offset costs associated with long term borrowing. For Naples CSD, these funds will be used to offset costs for paying down debt on current and prior capital construction projects. Funds are derived from interest earned on borrowings during previous capital projects.

Reserve Usage

**Decrease transfer from our Employee Benefit
Accrued Liability Reserve:**

➤ from \$350,000 to \$300,000 (-\$50,000)

Increase transfer from our Retirement Reserve:

➤ from \$150,000 to \$200,000 (+\$50,000)

Reduce Usage of Appropriated Fund Balance:

➤ from \$850,000 to \$750,000 (-\$100,000)

*Total Decreased Reserve Usage: \$100,000 per BOE adopted
"Reserve Use and Fund Balance Plan"

Long Range Reserve Usage

- A long range plan for reserves has been prepared to assist the BOE in determining the amount of reserves the district will use in this time of fiscal uncertainty. The goal is to use reserves to stabilize program and tax increases while simultaneously maintaining a healthy financial position.
- Through effective planning, the district has worked diligently to maintain our fund balance at the limit legally allowed by law so as to retain a strong financial base and credit rating.



Summary of Revenues

Summary of Revenues & Other Sources of Funding

	2014-2015	2015-2016	Inc (Dec)
	Budget	Proposed Budget	Over Prior Year
State Aid	7,334,447	7,176,223	(158,224)
Other Revenue	232,646	230,171	(2,475)
Estimated Tax Levy & STAR Reimbursement	10,577,807	10,663,031	85,224
TOTAL REVENUE	\$ 18,144,900	\$ 18,069,425	\$ (75,475)
Interfund Transfer of Debt Service	250,000	250,000	-
Appropriated Fund Balance	850,000	750,000	(100,000)
Appropriated Employee Benefit Reserve	350,000	300,000	(50,000)
Appropriated Retirement Reserve	150,000	200,000	50,000
TOTAL REVENUE & OTHER SOURCES	\$ 19,744,900	\$ 19,569,425	\$ (175,475)

3. Draft Expenditure Projections

Budgetary Program Changes

Decisions Still being Fine-tuned, Presently Appropriate to:

- Reduce through retirement 1.0 FTE Typist
- Add 0.3 FTE Health
- Reduce 1.0 FTE Building Maintenance Assistant
 - Add 0.25 FTE Seasonal Part Time Laborer
- Enter into Maintenance Contracts through BOCES
 - Savings of approximately \$25,000 in year 1
- Move District Treasurer and Payroll/Benefits to BOCES
 - Savings of \$25,000 in year 2
- Restore Field Trips (\$3,000)
- Restore Hiking Club Stipend (\$2,430)
- Restore appropriate level of funding for Special Education
 - Approximately \$50,000

Replacement Plans

New and existing replacement plans increase operational efficiency and reduce budgetary variability.

Existing Replacement Plans:

- Buses
- I-Pads/Computer Technology

Proposed Replacement Plans:

- Uniforms (\$10,000)
- Classroom Furniture (\$15,000)
- Maintenance Equipment (\$15,000)



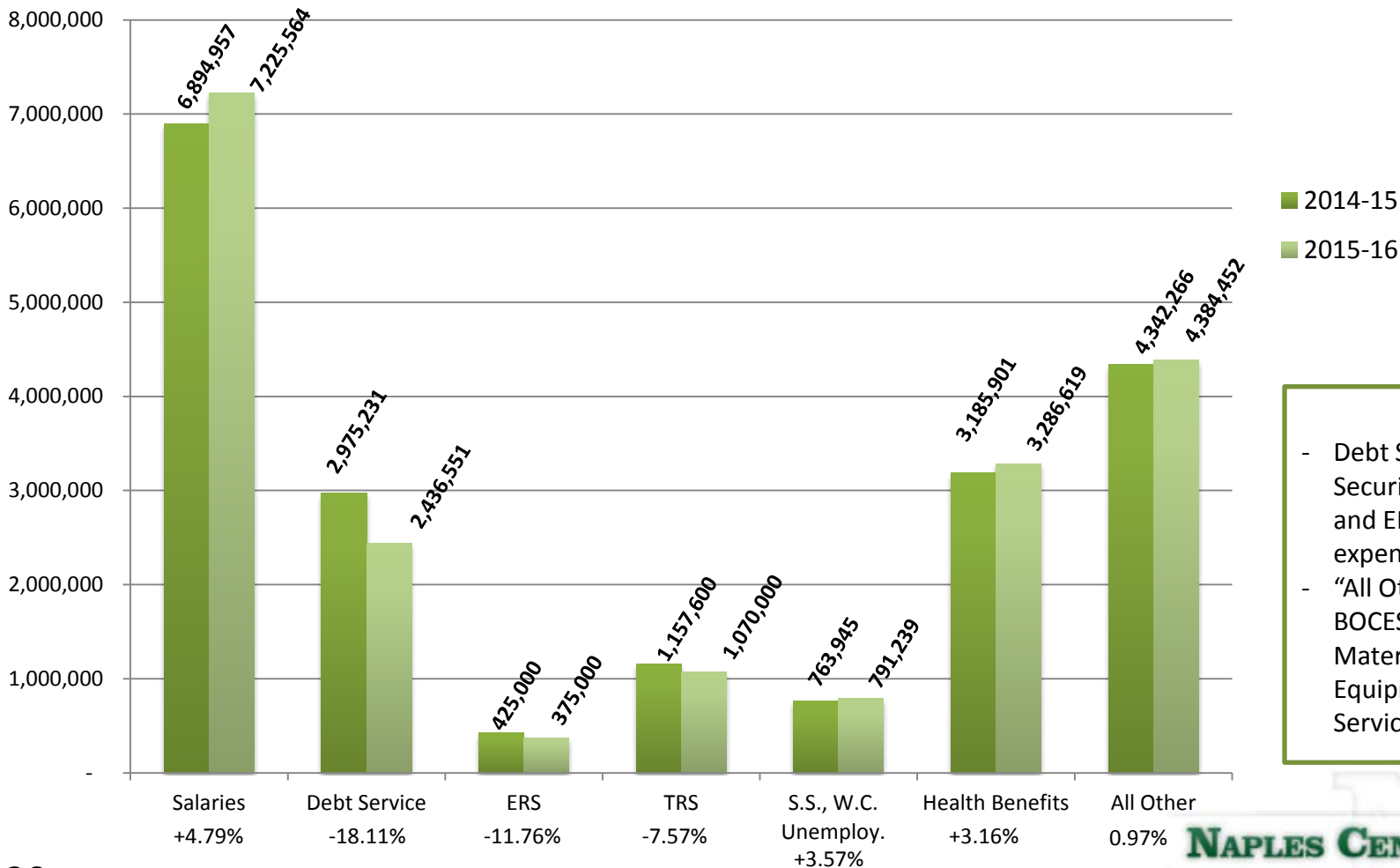
2015-2016

Expenditure Updates

- Teacher Retirement System Rate Projection decreased from 17.53% to 13.50%
- Health Insurance Contribution rate came in at approximately 10% increase
- Worker's Compensation Costs increased by 9%
- Additional monies budgeted for maintenance of new building systems. Ex. Pool Systems, HVAC Systems, Glycol System.



Expenditure Breakdown

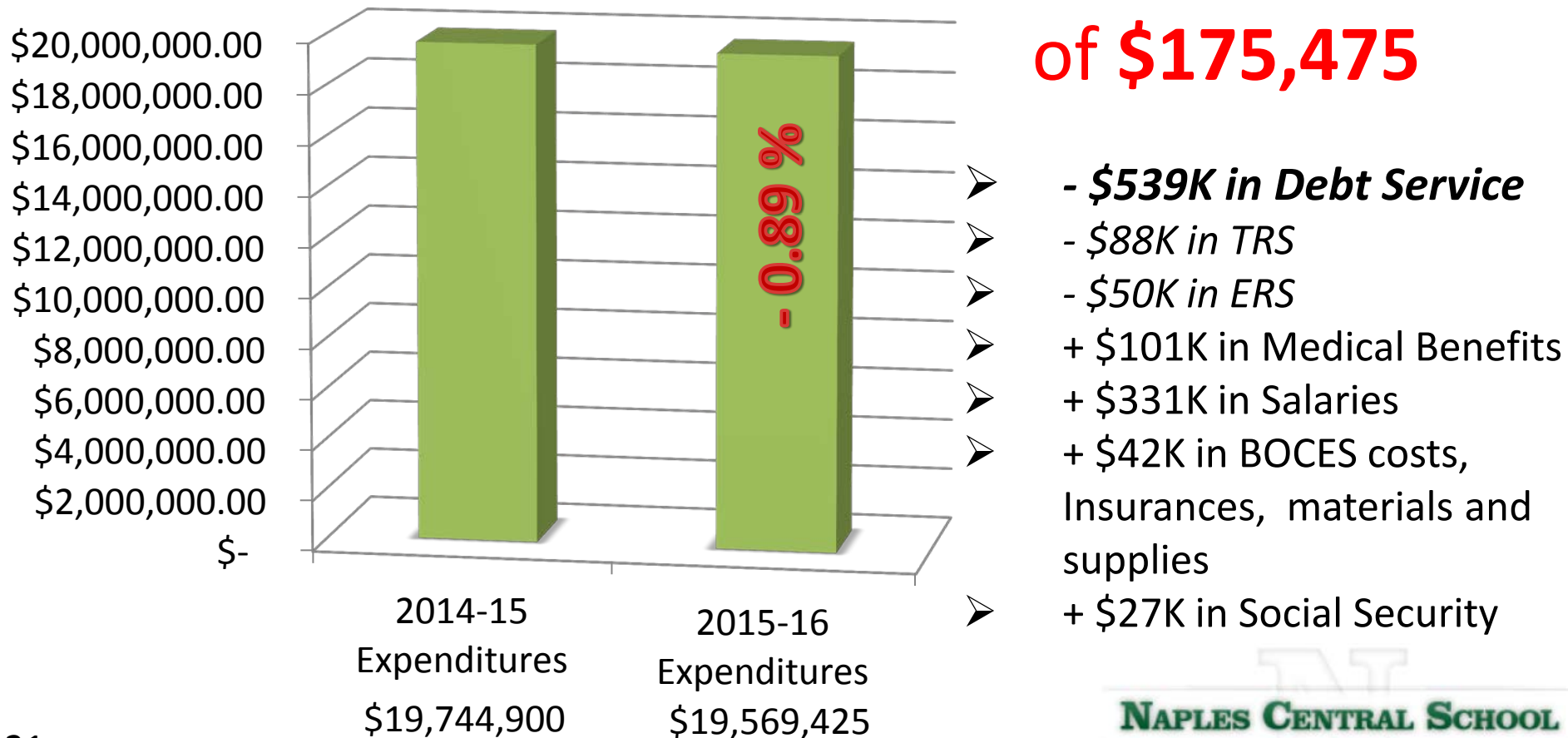


Notes:

- Debt Service, Social Security, Salaries, TRS, and ERS are obligated expenditures.
- "All Other" includes BOCES Costs, Insurances, Materials, Supplies, Equipment, and Contract Services

2015-2016 Expenditure Budget

Overall Decrease
of **\$175,475**



Summary of Proposed Budget

	2014-15	2015-16	\$ Change	% Change
General Support	1,936,935	2,087,997	151,062	7.80%
Instructional Support	8,312,562	8,612,469	299,907	3.61%
Transportation	850,130	771,954	(78,176)	-9.20%
Community Service	7,096	7,096	-	0.00%
Employee Benefits	5,598,446	5,588,858	(9,588)	-0.17%
Debt Service	2,975,231	2,436,551	(538,680)	-18.11%
Interfund Transfers	64,500	64,500	-	0.00%
Total	19,744,900	19,569,425	(175,475)	-0.89%

Explanation of Budget Components

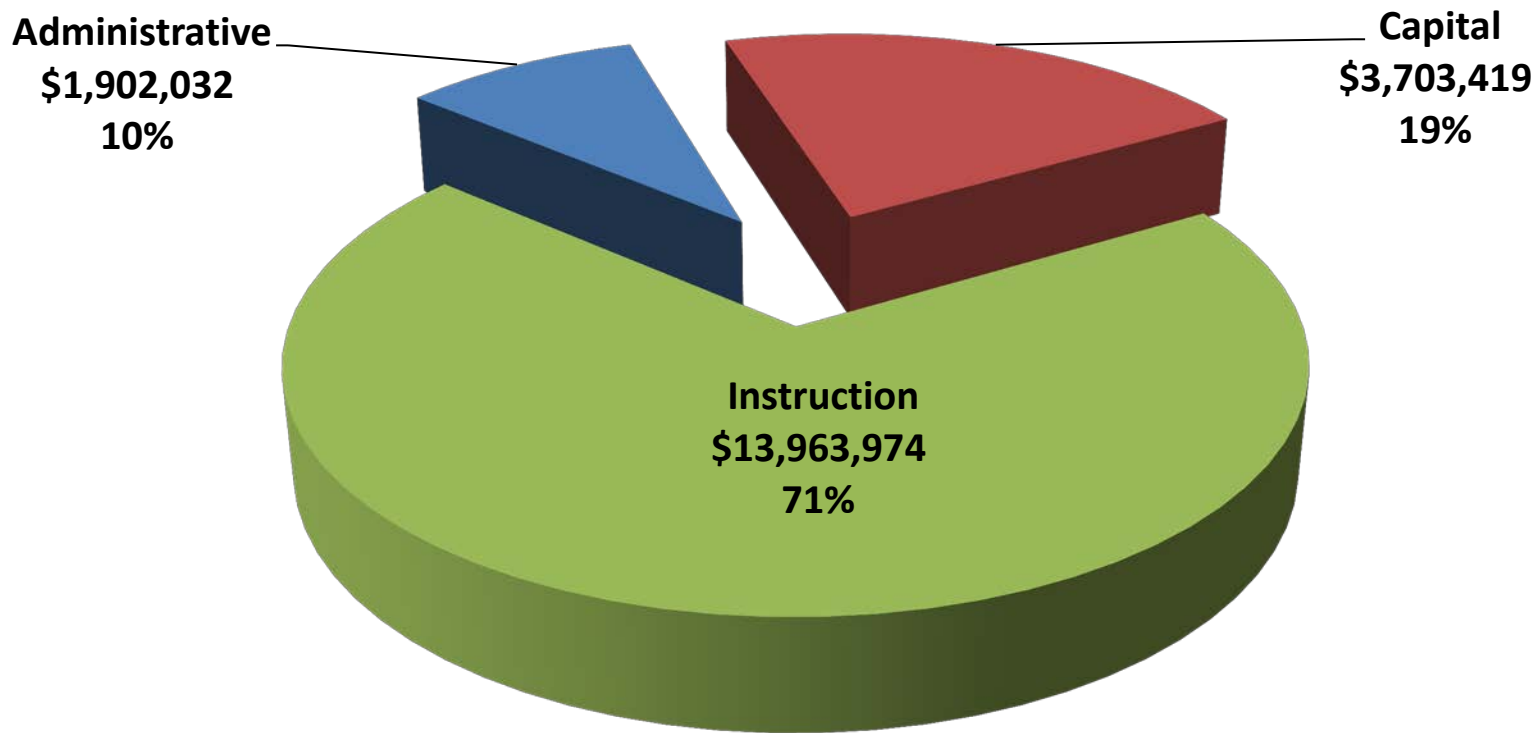
Administrative Component – Includes expenses associated with the operation of the school board, superintendent's office, and business office. Includes salaries and benefits for other school administrators who spend a majority of their time performing administrative duties.

Capital Component – Includes debt service for all facility improvements financed by bonds and notes, court awards and judgments. Includes costs for maintenance and operations of facilities as well as associated salaries and benefits, service contracts, utilities, and supplies. Includes debt service for the purchase of buses.

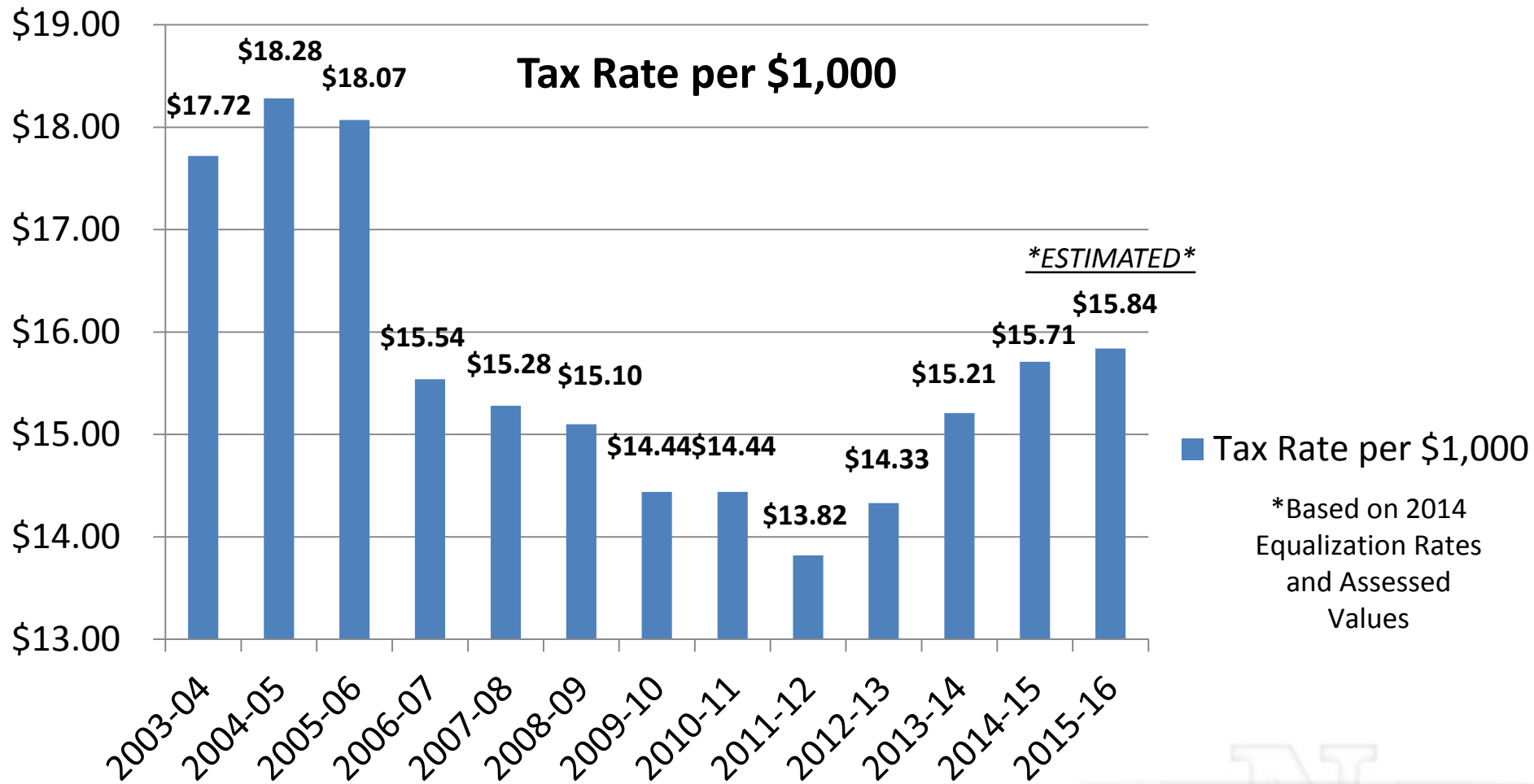
Instructional Component - Includes salaries and benefits of teachers and any school administrator who spends a majority of their time performing teaching duties. Includes all other expenses associated with the instructional program e.g. textbooks, student materials, technology, pupil services, athletics, and extra-curricular. Transportation of students is also incorporated into this component.

Budget Components

2015-2016 Uses of Education Funding



Estimated Tax Rate Impact



Estimated Impact on Property Taxes

Estimate of School Tax Increase for Primary Residential Property			
	Tax Bill Last Year	Tax Bill This Year	Increase
Full Value of Property \$70,000			
With Enhanced STAR	\$105.26	\$106.13	\$0.87
With Basic STAR	\$628.40	\$633.60	\$5.20
With No STAR	\$1,099.70	\$1,108.80	\$9.10
Full Value of Property \$100,000			
With Enhanced STAR	\$576.56	\$581.33	\$4.77
With Basic STAR	\$1,099.70	\$1,108.80	\$9.10
With No STAR	\$1,571.00	\$1,584.00	\$13.00
Full Value of Property \$150,000			
With Enhanced STAR	\$1,362.06	\$1,373.33	\$11.27
With Basic STAR	\$1,885.20	\$1,900.80	\$15.60
With No STAR	\$2,356.50	\$2,376.00	\$19.50
Full Value of Property \$200,000			
With Enhanced STAR	\$2,147.56	\$2,165.33	\$17.77
With Basic STAR	\$2,670.70	\$2,692.80	\$22.10
With No STAR	\$3,142.00	\$3,168.00	\$26.00
<i>**Estimated tax increases are based on 2014 equalization rates and assessed values. The final tax rates will be established when the Board of Education adopts the tax warrant in August 2015.</i>			

**Estimates
Only**

STAR (School Tax Property Relief)

Includes two components:

\$30,000 – Basic Exemption

\$63,300 – Enhanced Exemption

- ❖ **Primary residences qualify for the Basic Exemption for homeowners with less than \$500,000 in income**
- ❖ **Homeowner's of primary residences with at least one person 65 years of age or older with a household income of less than \$81,900 (2012 Income Tax Return) qualify for the Enhanced Exemption**
- ❖ **STAR savings cannot exceed 2% of the previous year's savings**
- ❖ **To qualify for the exemption paperwork must be filed with the Town Assessor by March 1st**

School Bus Proposition

Recommendation - Budget to include the following proposed bus purchases to be acquired in accordance with our long term bus replacement plan:

Proposition to include:

One - 65 Passenger Bus

One - 30 Passenger Bus

One - 8 Passenger Suburban

One - 5 Passenger Car

Estimated Maximum Cost - \$232,899.80



**For every \$1 paid for the purchase of a bus approximately
\$.576 is reimbursed by NYS**

Capital Reserve Proposition

Recommendation - Ballot to include the following proposed capital reserve creation:

Proposition:

“...to establish a capital reserve to be used to finance in whole or in part the cost of acquisition, construction, or reconstruction of transportation facilities in accordance with Education Law section 3651, in the ultimate amount not to exceed \$3,000,000.”



School Board Member Election

Three seats are available to fill:

1. The expiring term of Gail Musnicki (3 year term)
2. The expiring term of Joseph Callaghan (3 year term)
3. The expiring term of Ronald Burke (3 year term)

**Petitions for BOE candidacy due to
the District office by 5:00 p.m. on
April 20, 2015**

Library Board of Trustees Election

Two seats are available to fill:

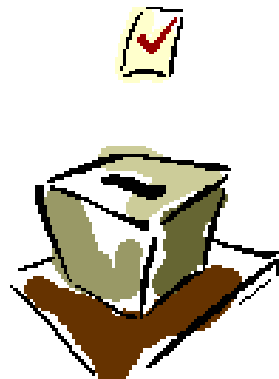
1. The expiring term of Mary Jerome (5 year term)
2. The remaining term of Mark Donadio (1 year term)

**Petitions for BOE candidacy due to
the District office by 5:00 p.m. on
April 20, 2015**



Annual Meeting Info

- **Budget Vote/Board of Education Election**
 - Tuesday, May 19, 2015
 - High School Library Media Center
 - 7:00 AM to 9:00 PM



Budget Discussion

Guiding Questions:

- Are there items from the presentation that need clarification?
- Does this budget reflect our values and priorities?
- Does this budget demonstrate the prudent use of taxpayer funds?
- Are there additional needs that have not been met in this budget?