

# Naples Central School District

## 2015-2016 School Budget Update

January 21, 2015

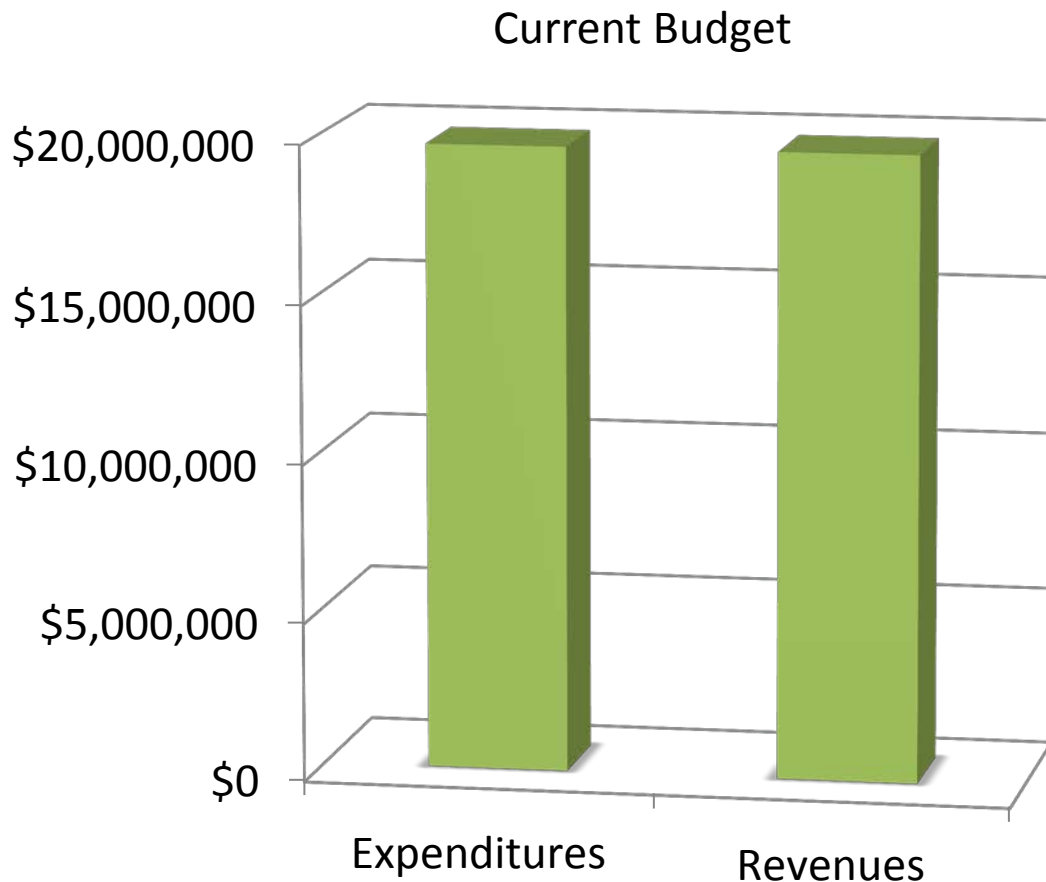


# 2015-2016 Budget Update

- Budget Process
- State of the State Address
- Pension Rate Updates - TRS
- Debt Service Review
- Tax Cap Update



# Current NCSD 2014-15 Budget



Budgeted  
Expenditures  
=  
Budgeted  
Revenues

In Naples, this  
equates to  
\$19,744,900

# Budget Process

- October 16<sup>th</sup> – January 16<sup>th</sup>, 2015:
  - Teachers and Staff
    - Completed building and department level budget requests
    - Submitted requests to principals and department heads

# Budget Process Cont.

- January 16<sup>th</sup> – February 17<sup>th</sup>, 2015:
  - District Administration, Department Chairpersons, and Staff
    - Reviewed components of budget
    - Made recommendations to Budget Committee and Board of Education

# Budget Process Cont.

- February 2015 – April 2015
  - Budget Committee & Board of Education
    - Will listen to input and feedback from community, staff, parents, and students during public meetings
    - Will maintain focus on “keeping kids first” when making tough decisions
    - Will focus on long range sustainability, taking a conservative approach
      - Reserve Usage
      - Debt Service Usage
    - Will establish proposed budget

# State of the State



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## 2015 Opportunity Agenda

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# Current & Future Challenges

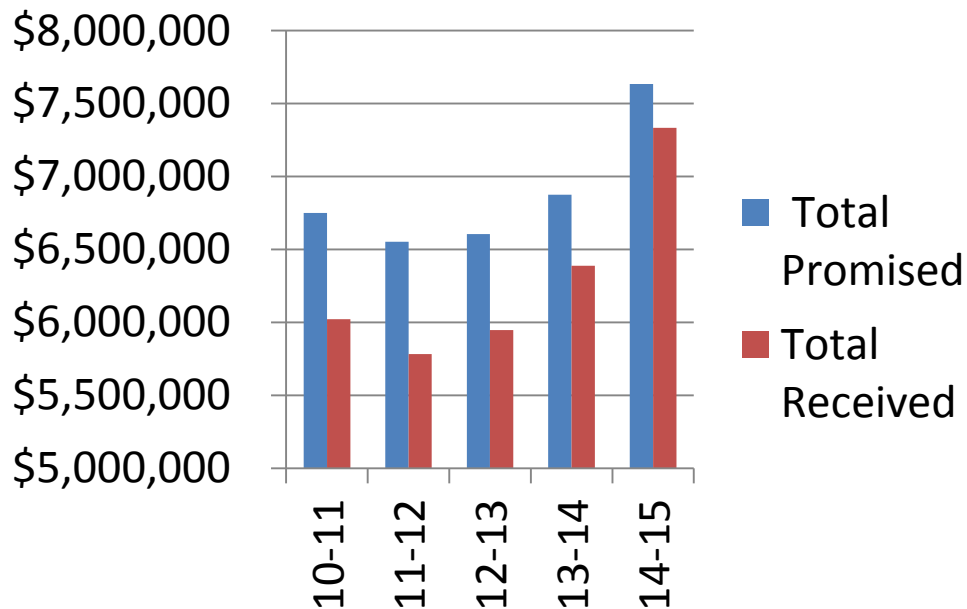
- New York State Employee and Teacher retirement costs
- Health insurance premium increases
- Uncertainty surrounding further state aid cuts/lack of state aid increases/GEA
- Property Tax Levy Limit
- New and existing state mandates





# Gap Elimination Adjustment

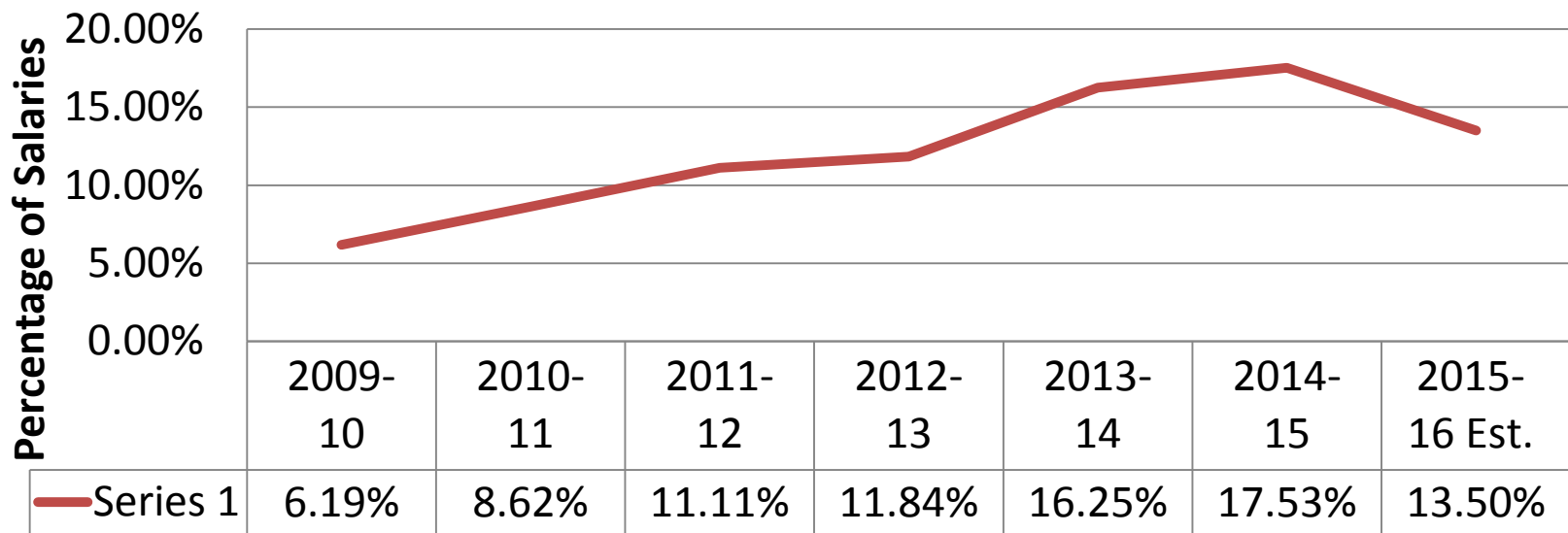
- Starting in 2010, NYS Governor Patterson tried to close a dramatic state budget gap that had been building for many years with a “one time” assessment on school aid called the Gap Elimination Adjustment (GEA).
- On our aid projections that are produced by the state, this is a negative number noting 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)
<b>TOTAL LOST AID</b>	<b>(\$2,944,254.00)</b>

# Teacher Retirement System

## TRS Employer Contribution Rate (ECR) History



- NYS TRS pension system is starting to show a turn around as a result of rebounding economy and new tier additions.
- This will mean a reduction in the cost to the district creating an anticipated savings vs. prior year expense.

# Debt Service

<b>DEBT SERVICE</b>				
Serial Bonds - Principal	1,824,135.00	1,545,000.00	(279,135.00)	-15.30%
Serial Bonds - Interest	934,553.00	664,138.00	(270,415.00)	-28.94%
Statutory Bonds-Buses-Principal	199,949.00	211,380.00	11,431.00	5.72%
Statutory Bonds-Buses-Interest	16,594.00	16,033.00	(561.00)	-3.38%
<b>TOTAL DEBT SERVICE</b>	<b>2,975,231.00</b>	<b>2,436,551.00</b>	<b>(538,680.00)</b>	<b>-18.11%</b>

- In 2014-15 (current budget year), final payments for the \$5,005,000 Refunding Serial Bond (2003) will be made.
- Debt Service expense anticipated to be reduced by \$538,680

# Transfer From Debt Service

## **Anticipate Consistent**

## **Debt Service Fund Use 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.

# 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
<b>Total Levy Limit Before Adjustments/Exclusions</b>	<b>\$9,854,290</b>
<b>Exclusions</b>	
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
<b>Total Exclusions</b>	<b>\$808,741</b>
<b>Tax Levy Limit, Adjusted for Transfers, Plus Exclusions</b>	<b>\$10,663,031</b>
Total Tax Cap Reserve Amount Used to Reduce 2016 Levy	\$0
2016 Proposed Levy, Net of Reserve	
<b>Difference between Tax Levy Limit Plus Exclusions and Proposed Levy</b>	<b>\$10,663,031</b>
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

# Questions/Comments?



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