

Naples Central School District

2016-2017

School Budget Presentation & Discussion

April 6, 2016



District Mission Statement

The Naples Central School District challenges and supports all students to develop their diverse talents and abilities in a safe environment with rigorous opportunities. Students will graduate with the skills and confidence needed to excel in their chosen pursuits.

2016-2017 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

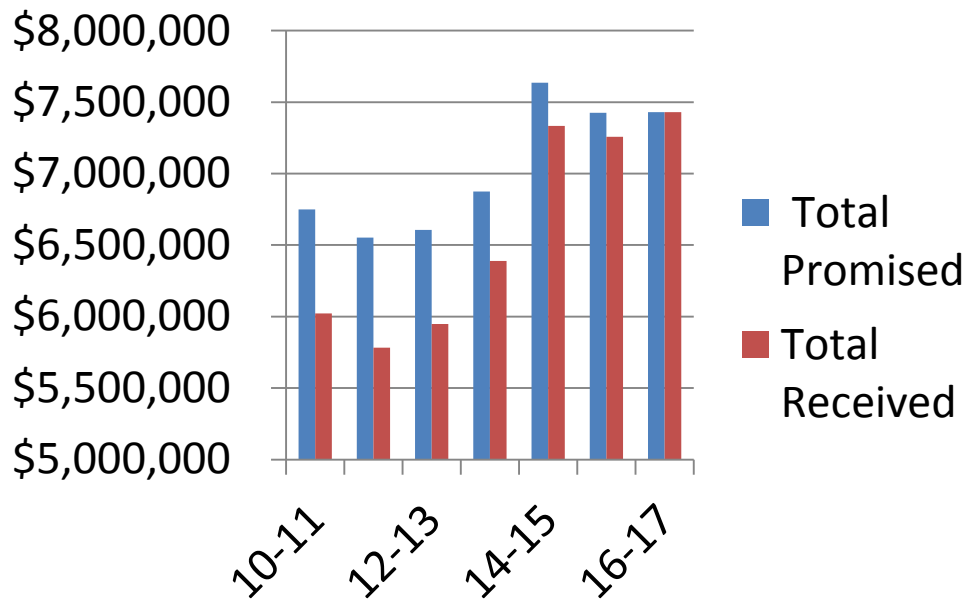
Budget Process

- December 1st – January 15th, 2016:
 - Teachers and Staff
 - Completed building and department level budget requests
 - Submitted requests to principals and department heads
- January 16th – February 12th, 2016:
 - District Administration, Department Chairpersons, and Staff
 - Reviewed components of budget
 - Made recommendations to Budget Committee and Board of Education
- February 2016 – April 2016
 - 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
 - Will 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)
2016-17	\$0.00
TOTAL LOST AID	(\$3,112,187.00)

State Aid

	2015-16 Approved Budget	2016-2017 Approved Budget	Difference	Percentage (Increase/ Decrease)
Foundation Aid	\$4,581,105	\$4,594,067		
Gap Elimination Adjustment	(\$167,933)	\$0	\$180,895	4.10%
Excess Cost Aid	\$149,656	\$205,087	\$55,431	37.04%
BOCES Aid	\$387,491	\$402,299	\$14,808	3.82%
Textbook/Computer/Software/Library	\$62,689	\$61,607	(\$1,082)	-1.73%
High Tax Aid	\$258,763	\$258,763	\$0	0.00%
Transportation	\$634,496	\$575,025	(\$59,471)	-9.37%
Building Aid	\$1,269,956	\$1,287,962	\$18,006	1.42%
**TOTAL	\$7,176,223	\$7,384,810	\$208,587	2.91%

Bullet Aid Request

Plans for Use of Funds

- Reading Recovery initial training for one (1) teacher: \$7,000
- Reading Recovery Continuing Contact training for two (2) teachers: \$6,000
- Leveled Literacy Intervention training and kits for two (2) teachers: \$7,400
- English Language Arts curriculum mapping and coaching: \$5,000
- Leveled Literacy “Blue” 2nd grade kit: \$3,000
- Leveled Literacy “Green” 1st grade kit: \$2,700
- Leveled Literacy “Orange” kindergarten kit: \$1,800
- Fountas & Pinnell Benchmark Assessment Systems (2): \$800

Expected Cost of Project: \$33,700

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

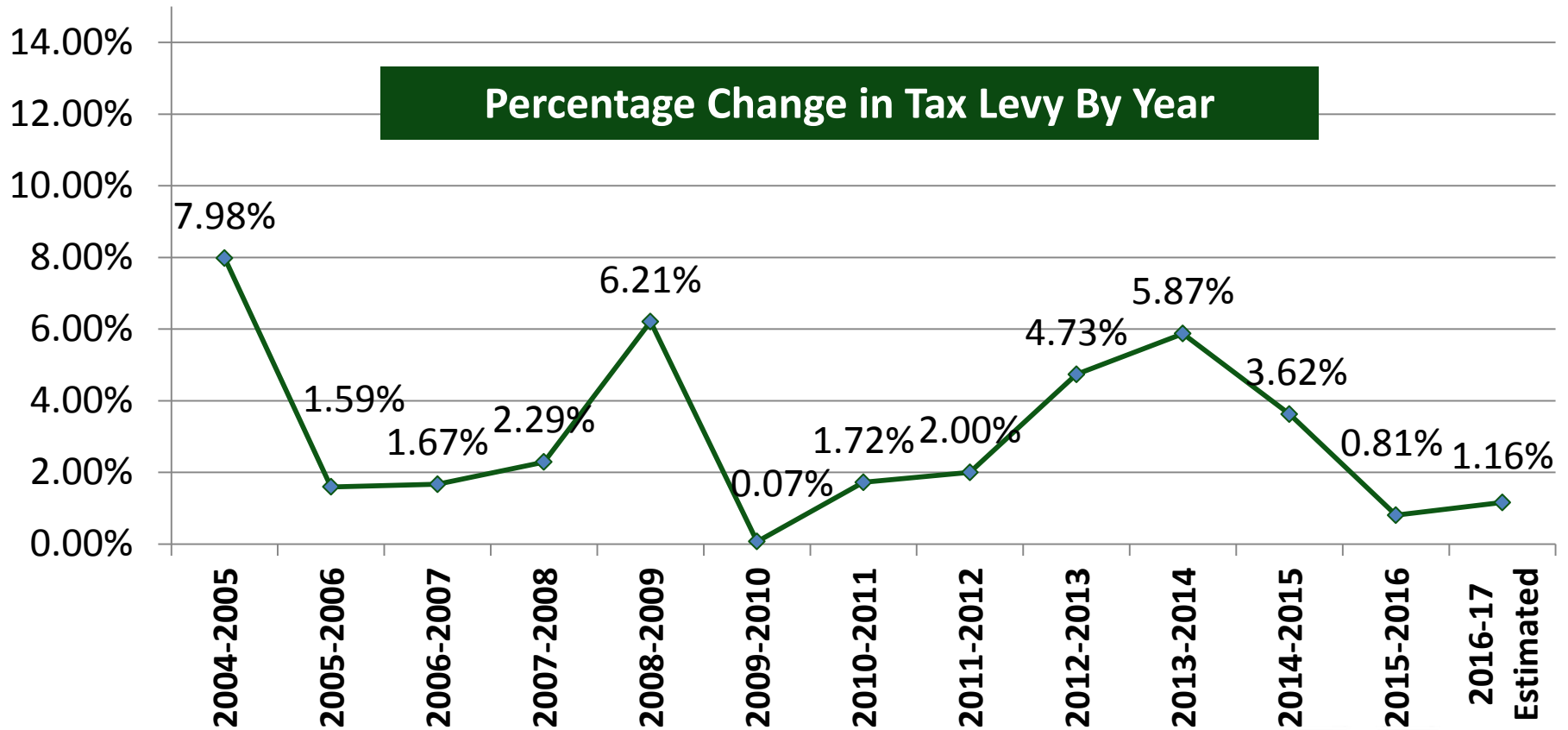


Tax Levy Limit Before Adjustments and Exclusions	
Tax Levy FYE 2016	\$10,663,031
Tax Cap Reserve Plus Interest from FYE 2015 Used to Reduce 2016	\$0
Total Tax Cap Reserve Amount (including interest earned) from FYE 2016	\$0
Tax Base Growth Factor	1.0095
PILOTs Receivable FYE 06/30/2016	\$87,171
Tort Exclusion Amount Claimed in FYE 06/30/2016	\$0
Capital Levy for FYE 06/30/2016	\$808,741
Allowable Levy Growth Factor	1.0012
PILOTs Receivable FYE 06/30/2017	\$80,697
Available Carryover from FYE 06/30/2016	\$0
Total Levy Limit Before Adjustments/Exclusions	\$9,974,114
Exclusions	
Tax Levy Necessary for Expenditures Resulting from Tort Orders/Judgements Over 5%	\$0
Capital Levy for FYE 06/30/2017	\$812,360
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	\$812,360
Tax Levy Limit, Adjusted for Transfers, Plus Exclusions	\$10,786,474
Total Tax Cap Reserve Amount Used to Reduce 2017 Levy	\$0
2017 Proposed Levy, Net of Reserve	
Difference between Tax Levy Limit Plus Exclusions and Proposed Levy	\$10,786,474

- Is not a 2% tax cap
- The District's limit for 16/17 is **estimated to be** 1.16% increase over the prior year
- Total increase allowed by the tax levy limit = \$123,443
- A 1% increase in the tax levy raises approximately \$106,630
- **ESTIMATED:**
\$10,786,474

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 \$300,000 to \$250,000 (-\$50,000)

Decrease transfer from our Retirement Reserve:

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

Reduce Usage of Appropriated Fund Balance:

➤ from \$750,000 to \$650,000 (-\$100,000)

*Total Decreased Reserve Usage: \$200,000 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

	2015-2016	2016-2017	Inc (Dec)
	Budget	Proposed Budget	Over Prior Year
Revenues			
State Aid	7,176,223	7,384,810	208,587
Other Revenue	230,171	264,606	34,435
Estimated Tax Levy & STAR Reimbursement	10,663,031	10,786,474	123,443
TOTAL REVENUE	\$ 18,069,425	\$ 18,435,890	\$ 366,465
Other Sources			
Interfund Transfer of Debt Service	250,000	250,000	-
Appropriated Fund Balance	750,000	650,000	(100,000)
Appropriated Employee Benefit Reserve	300,000	250,000	(50,000)
Appropriated Retirement Reserve	200,000	150,000	(50,000)
TOTAL OTHER SOURCES	1,500,000	1,300,000	(200,000)
TOTAL REVENUE & OTHER SOURCES	\$19,569,425	\$ 19,735,890	\$ 166,465

3. Draft Expenditure Projections

Budgetary Program Changes

Decisions Still being Fine-tuned, Presently Appropriate to:

- Add 1.0 FTE Instructional Coach
- Add 0.25 FTE Seasonal Part Time Laborer
- Offer Accelerate U Courses (\$3,600)
- Restore Ski Club Stipend (\$1,640)
- Restore Field Trip Expense (\$1,500)

Replacement Plans

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

Existing Replacement Plans:

- Buses
- I-Pads/Computer Technology
- Uniforms
- Classroom Furniture
- Maintenance Equipment

Proposed Replacement Plans:

- Instrument (\$11,000)



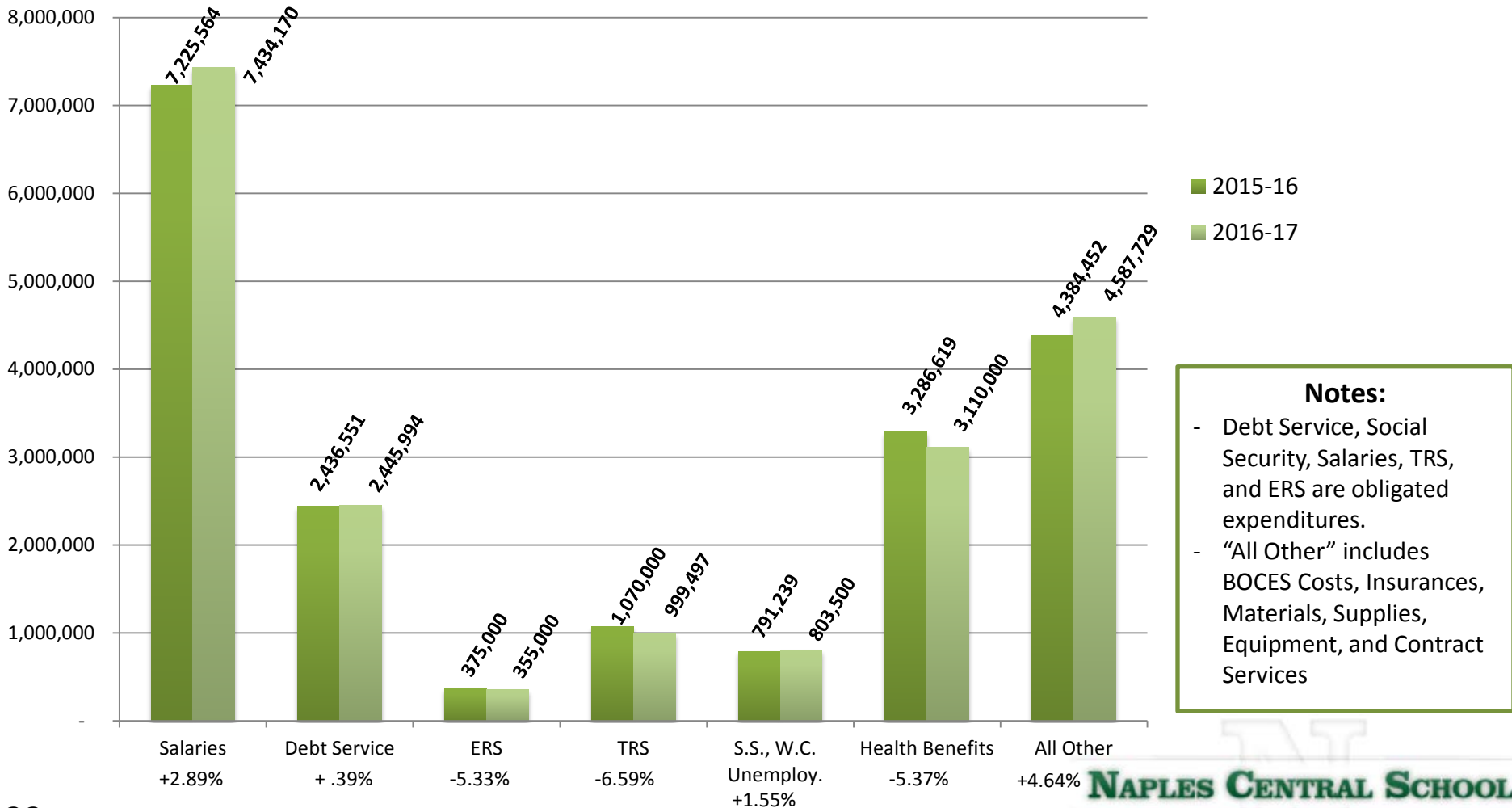
2016-2017

Expenditure Updates

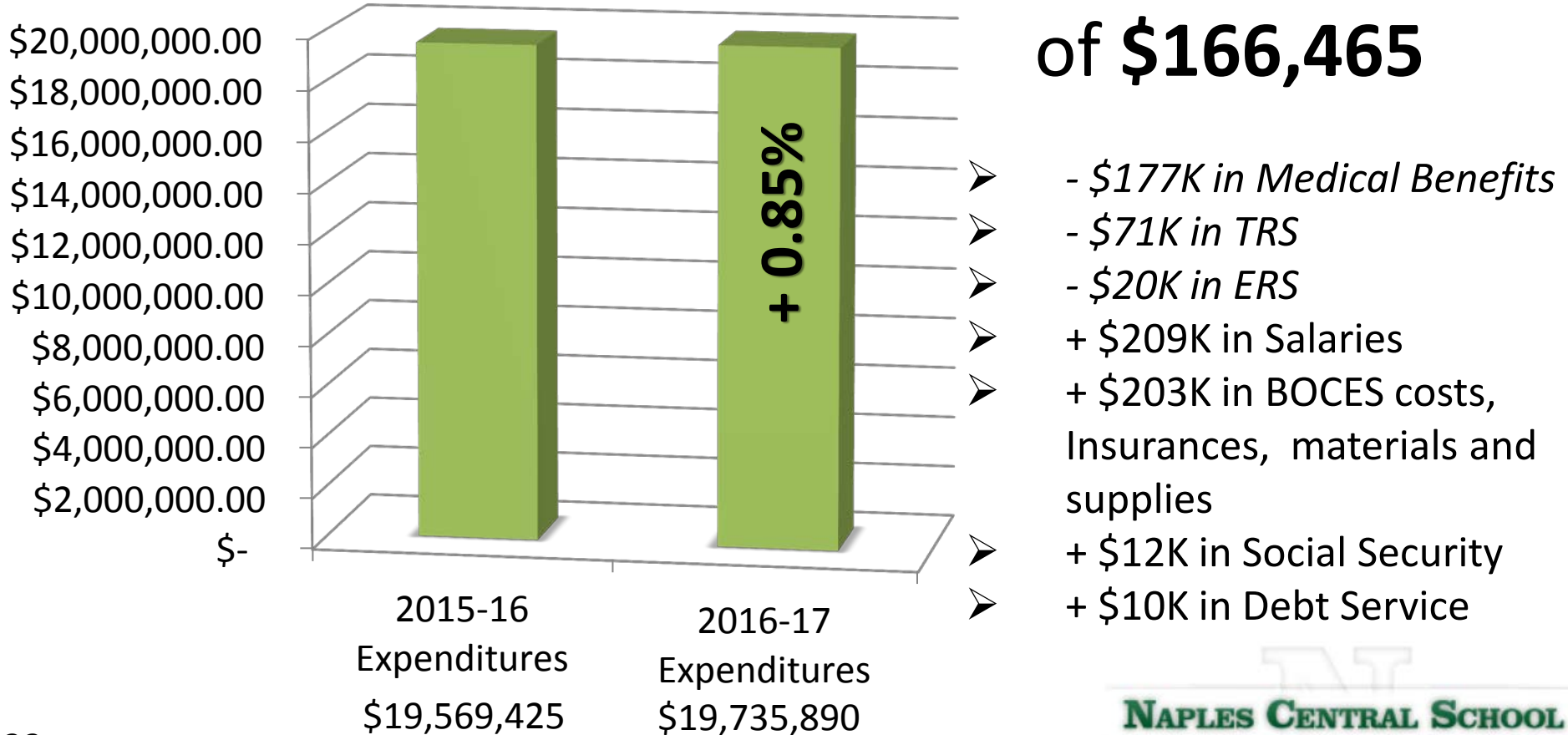
- BOCES Expense for Special Education and Career & Technical Education increased by approximately \$250,000
- Teacher Retirement System Rate decreased from 13.26% to 12.0% (projected)
- Employee Retirement System Combined Rate decreased from 18.5% to 16.0% (projected)
- Health Insurance Contribution rate came in at (approximately) a 4% increase
- Additional monies budgeted for maintenance of new building systems. Ex. Pool Systems, HVAC Systems, etc.



Expenditure Breakdown



2016-2017 Expenditure Budget



Summary of Proposed Budget

	2015-16	2016-17	\$ Change	% Change
General Support	2,087,997	2,147,714	59,716	2.86%
Instructional Support	8,612,469	8,922,161	309,691	3.60%
Transportation	771,954	832,125	60,171	7.79%
Community Service	7,096	2,900	(4,196)	-59.13%
Employee Benefits	5,588,858	5,333,997	(254,861)	-4.56%
Debt Service	2,436,551	2,445,994	9,443	0.39%
Interfund Transfers	64,500	51,000	(13,500)	-20.93%
Total	19,569,425	19,735,890	166,465	0.85%

Explanation of Budget Components

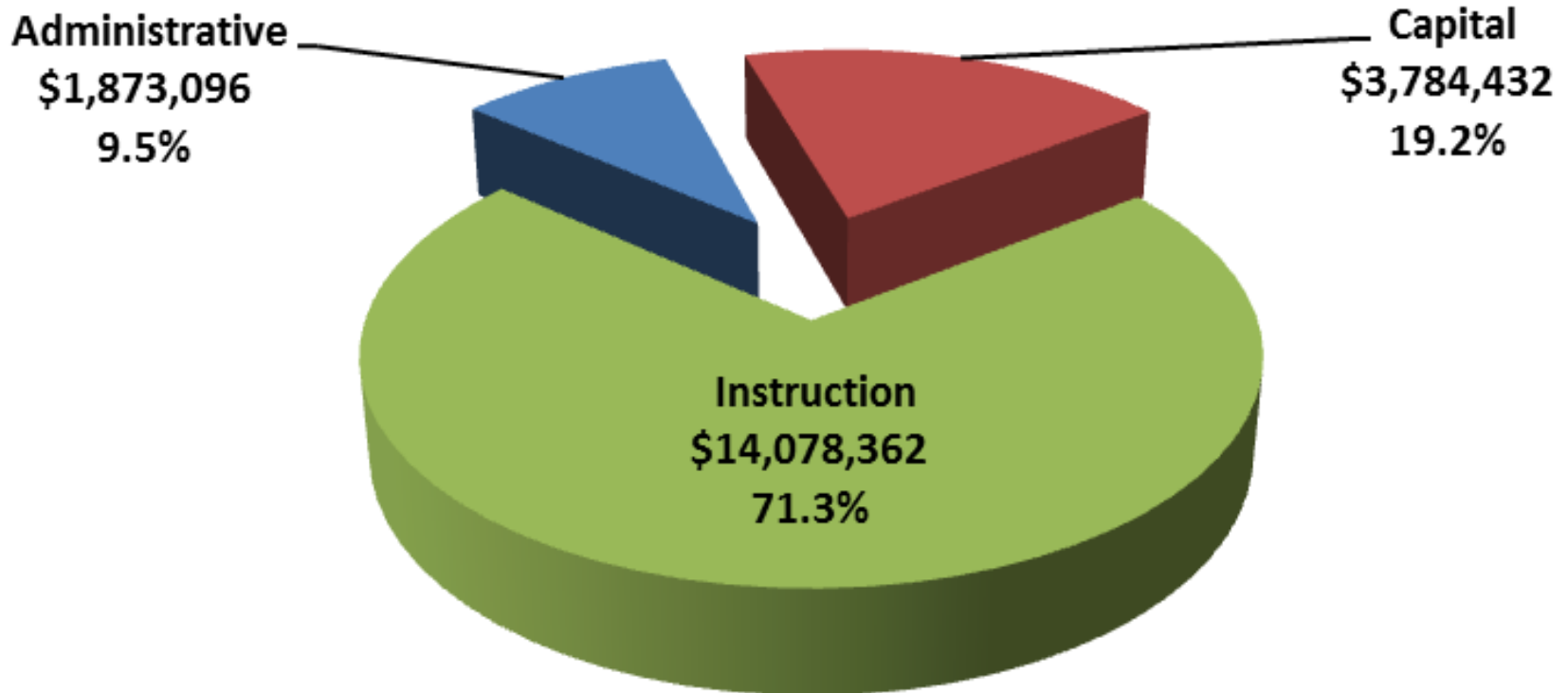
Administrative Component – Includes expenses associated with the operation of the school board, superintendent’s office, and business office. Includes salaries and benefits for other school administrators who spend a majority of their time performing administrative duties.

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.

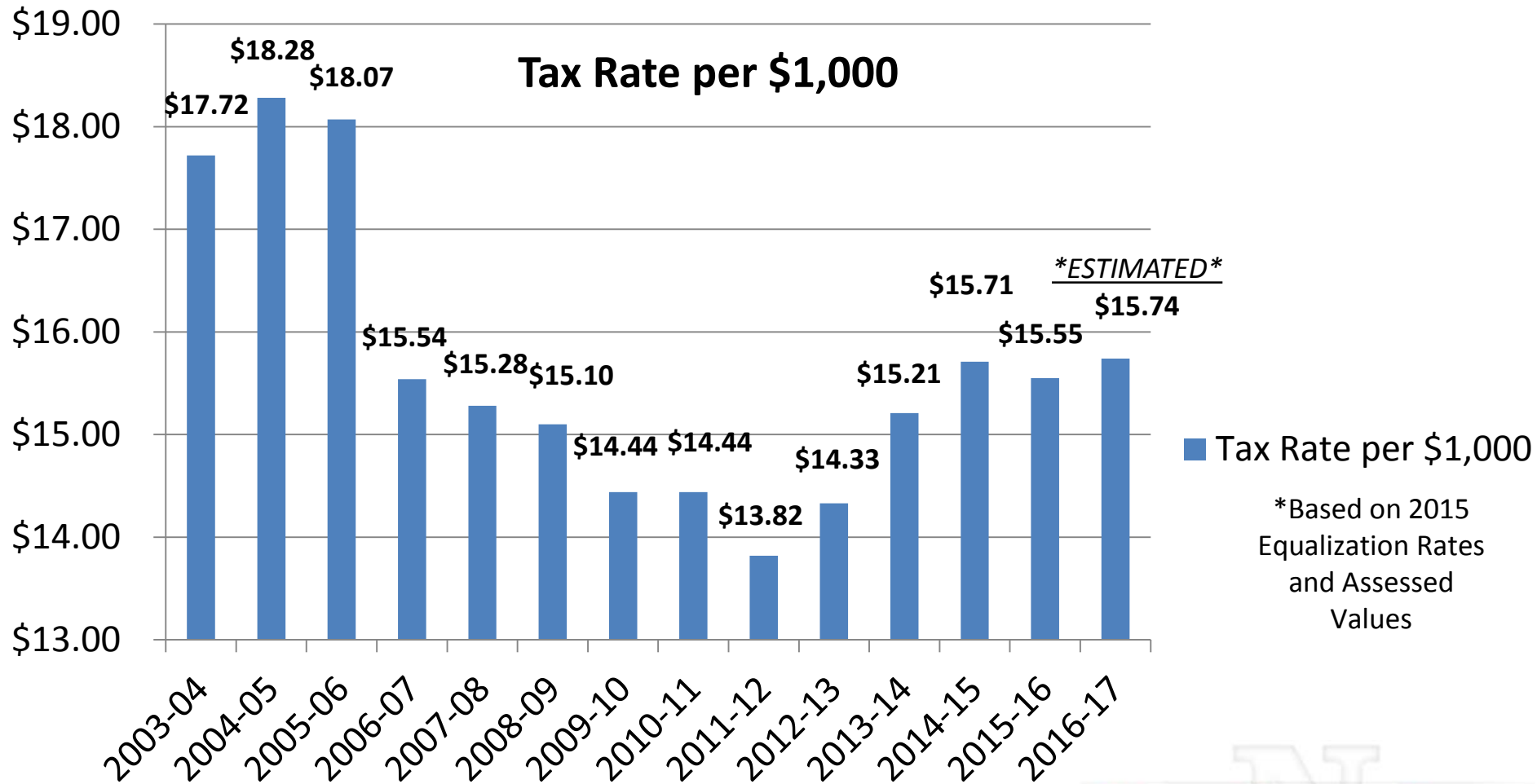
Instructional Component - Includes salaries and benefits of teachers and any school administrator who spends a majority of their time performing teaching duties. Includes all other expenses associated with the instructional program e.g. textbooks, student materials, technology, pupil services, athletics,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

Budget Components

2016-2017 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
<i>Full Value of Property \$70,000</i>			
With Enhanced STAR	\$104.19	\$105.46	\$1.27
With Basic STAR	\$622.00	\$629.60	\$7.60
With No STAR	\$1,088.50	\$1,101.80	\$13.30
<i>Full Value of Property \$100,000</i>			
With Enhanced STAR	\$570.69	\$577.66	\$6.97
With Basic STAR	\$1,088.50	\$1,101.80	\$13.30
With No STAR	\$1,555.00	\$1,574.00	\$19.00
<i>Full Value of Property \$150,000</i>			
With Enhanced STAR	\$1,348.19	\$1,364.66	\$16.47
With Basic STAR	\$1,866.00	\$1,888.80	\$22.80
With No STAR	\$2,332.50	\$2,361.00	\$28.50
<i>Full Value of Property \$200,000</i>			
With Enhanced STAR	\$2,125.69	\$2,151.66	\$25.97
With Basic STAR	\$2,643.50	\$2,675.80	\$32.30
With No STAR	\$3,110.00	\$3,148.00	\$38.00
<i>**Estimated tax increases are based on 2015 equalization rates and assessed values. The final tax rates will be established when the Board of Education adopts the tax warrant in August 2016.</i>			

**Estimates
Only**

CURRENT: STAR (School Tax Property Relief)

Includes two components:

\$30,000 – Basic Exemption

\$65,300 – 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 \$84,550 (2014 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

STAR: Potential Changes

Final details of the state budget legislation are still unknown.

However, the following will likely be included:

- STAR exemption amount frozen at prior year value
- No new STARs, they will become a personal income tax credit
- New mandatory requirement for Enhanced STAR: Tax filers must go through the Income Verification Program

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 – 60 Passenger Bus

Estimated Maximum Cost - \$229,862.17



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

Bus Reserve Proposition

To be
funded up
to
\$750,000



Intended to
create annual
savings to district
of approximately
\$20,000 in
interest on
borrowings and
related incidental
costs

School Board Member Election

Three seats are available to fill:

1. The expiring term of Margo Ulmer (3 year term)
2. The expiring term of Carter Chapman (3 year term)
3. The expiring term of Brent Gerstner (3 year term)

**Petitions for BOE
candidacy due to the
District office by 5:00
p.m. on April 18, 2016**



Library Board of Trustees Election

Two seats are available to fill:

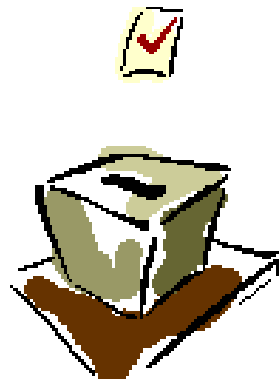
1. The expiring term of Adam Corcoran (5 year term)
2. The remaining term of Colleen Betrus (5 year term)

**Petitions for BOE candidacy due to
the District office by 5:00 p.m. on
April 18, 2016**



Annual Meeting Info

- **Budget Vote/Board of Education Election**
 - Tuesday, May 17, 2016
 - High School Library Media Center
 - 7:00 AM to 8:00 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?**

