

Naples Central School District

2017-2018 School Budget Presentation & Discussion April 12, 2017



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.

2017-2018 Budget Update

1. Budget Process
2. Revenue Projections
3. Draft Expenditure Budget
4. Vote Day Information
5. 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, 2017:
 - Teachers and Staff
 - Completed building and department level budget requests
 - Submitted requests to principals and department heads
- January 16th – February 10th, 2017:
 - District Administration, Department Chairpersons, and Staff
 - Reviewed components of budget
 - Made recommendations to Budget Committee and Board of Education
- February 2017 – April 2017
 - 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 to:
 - Reserve Usage
 - Debt Service Usage
 - Will establish proposed budget

2. Revenue Projections



State Aid – Current Status

- State Aid is second largest component that supports our budget at approximately 37%
- State Budget was approved late (April 7th)
- Budget proposes \$25.25 billion total state budget on public education
- Unfortunately, all aspects of legislation are not fully know/understood at this time. Although we have a budget, funds could be rescinded

State Aid Deficiency

- Foundation (General Operating) Aid

- **For Naples:**

- True GEA restoration would have meant: **+\$3,112,187** (withheld from 2010 through 2016)
 - Full foundation aid restoration would have meant: **+\$8,620,669**
 - Complex formula capped at 0.47% means total possible aid restoration of: **\$21,592**

- **Bottom Line:**

- Since 2008-09, Naples CSD taxpayers have funded New York's portion of our support totaling **\$11,732,856**. That is 26% less aid than is legally owed. Is anyone paying 26% less income taxes than they did in 2008-09?

State Aid

	2016-17 Approved Budget	2017-18 Est. Budget	Difference	Percentage (Increase/ Decrease)
Foundation Aid	\$4,594,067	\$4,747,968	\$153,901	3.35%
Excess Cost Aid	\$205,087	\$128,233	(\$76,854)	-37.47%
BOCES Aid	\$402,299	\$455,680	\$53,381	13.27%
Textbook/Computer/Software/Library	\$61,607	\$61,006	(\$601)	-0.98%
High Tax Aid	\$258,763	\$258,763	\$0	0.00%
Transportation	\$575,025	\$601,849	\$26,824	4.66%
Building Aid	\$1,287,962	\$1,287,724	(\$238)	-0.02%
**TOTAL	\$7,384,810	\$7,541,223	\$156,413	2.12%

Bullet Aid Request

Plans for Use of Funds

- Common Sense Media or other Digital Citizenship Program/Vendor: \$10,000
- Staff Professional Development Summer Curriculum Writing Hours: \$18,000 (\$30/hr. x 20 teachers x 4 days x 7.5 hours)
- BOCES Technology Trainer/Coach: \$4,200
- Technology Conference Attendance for 7 People: \$3,400 (Ex: Educon; NYSCATE; East Irondequoit Digital Symposium)

Expected Cost of Project: \$35,600

Property Tax Levy

- Represents the largest support (55%) of the District's budget
 - Our wealth ratio impacts our reliance on property taxes
- Capped based on a complex formula that is tied to volatile variables



Property Tax Levy cont.

- It's is not a “2% tax cap”
- Each school district must present three separate tax levy numbers to be in compliance
- Chances are: none will be 2%
- The three parts include:
 - Tax Levy Limit
 - Maximum Allowable Tax Levy
 - Proposed Tax Levy



Property Tax Levy cont.

- **Tax Levy Limit** – a formula that essentially tells how much community support a District may obtain from its proposed budget
 - The highest allowable tax levy (before exclusions) that a district can propose and require a simple majority of voters (50% plus 1) to pass the budget
 - If a district proposed a tax levy beyond the Tax Levy Limit (before exclusions) it will need a supermajority approval of voters (60% to pass the budget)
- **Maximum Allowable Tax Levy** – is the Tax Levy Limit PLUS certain exclusions. Taxes levied to fund the following expenses are excluded from the limit:
 - Voter approved Capital Expenditures
 - Increases beyond two percentage points in Employee and/or Teacher Retirement System costs (mandated by NYS)
 - Changes in Payments in Lieu of Taxes
 - Exclusions are not tied to the Supermajority rule
- **Proposed Tax Levy** – the levy called for by the district to support the budget
 - The total amount of money to be raised by the local community after factoring all other revenues

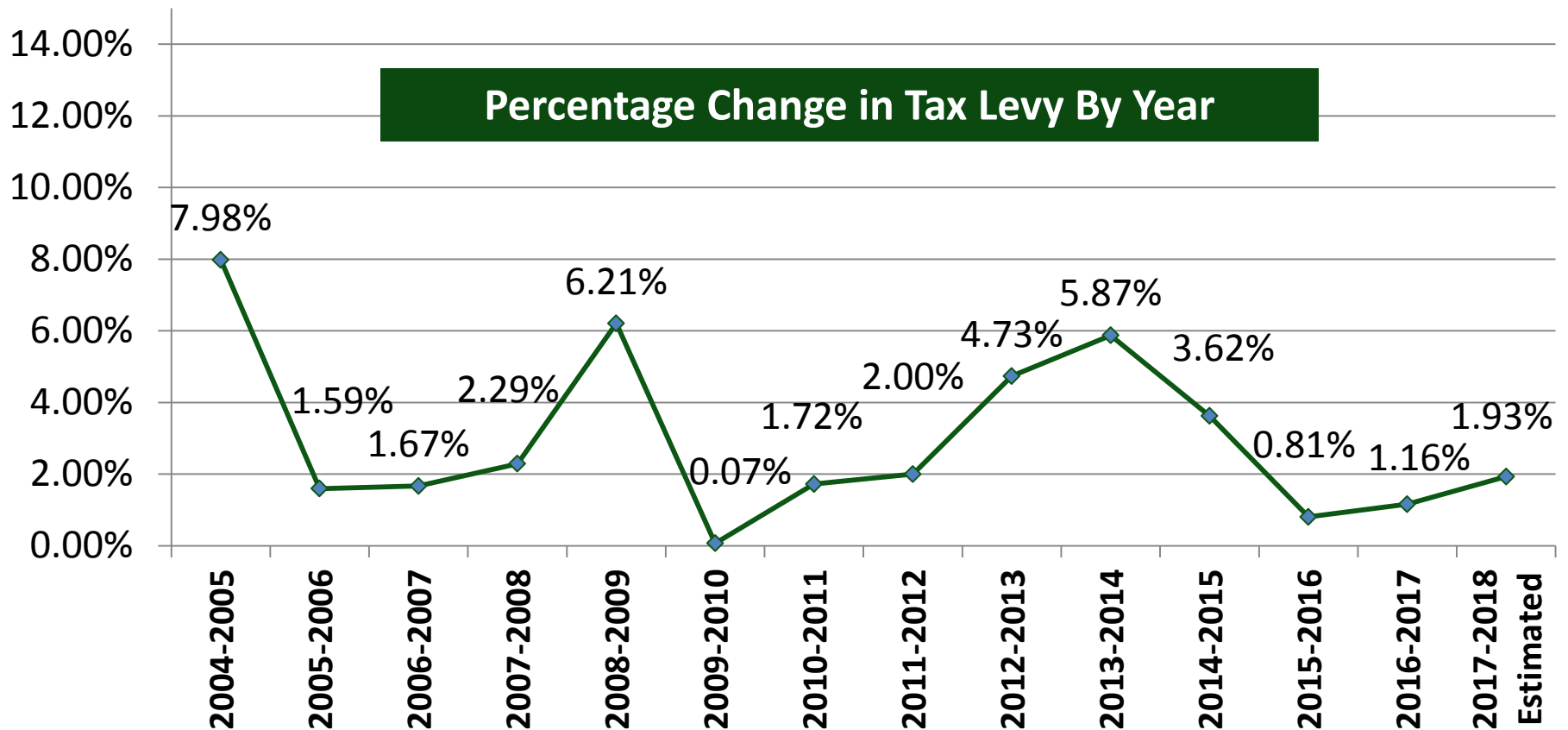
Property Tax Levy Limit



Tax Levy Limit Before Adjustments and Exclusions	
Tax Levy FYE 2017	\$10,786,474
Tax Cap Reserve Plus Interest from FYE 2016 Used to Reduce 2017	\$0
Total Tax Cap Reserve Amount (including interest earned) from FYE 2017	\$0
Tax Base Growth Factor	1.0090
PILOTs Receivable FYE 06/30/2017	\$80,697
Tort Exclusion Amount Claimed in FYE 06/30/2017	\$0
Capital Levy for FYE 06/30/2017	\$812,360
Allowable Levy Growth Factor	1.0126
PILOTs Receivable FYE 06/30/2018	\$104,502
Available Carryover from FYE 06/30/2017	\$0
Total Levy Limit Before Adjustments/Exclusions	\$10,175,301
Exclusions	
Tax Levy Necessary for Expenditures Resulting from Tort Orders/Judgements Over 5%	\$0
Capital Levy for FYE 06/30/2018	\$819,438
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	\$819,438
Tax Levy Limit, Adjusted for Transfers, Plus Exclusions	\$10,994,739
Total Tax Cap Reserve Amount Used to Reduce 2018 Levy	\$0
2018 Proposed Levy, Net of Reserve	\$10,994,739
Difference between Tax Levy Limit Plus Exclusions and Proposed Levy	\$0
Do you plan to override the cap in 2018?	<input type="radio"/> Yes <input type="radio"/> No

- Is not a 2% tax cap
- The District's limit for 17/18 is estimated to be 1.93% increase over the prior year
- Total increase allowed by the tax levy limit = \$208,265
- A 1% increase in the tax levy raises approximately \$107,865
- **ESTIMATED:**
\$10,994,739

Tax Levy History



14 year average: 2.98%

3 year average (post capital project): 1.30%

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.



Reserve Use per BOE Adopted Plan

	Anticipated	Estimated
	2016/17	2017/18
Appropriated Fund Balance	650,000.00	550,000.00
Reserves - Retirement	150,000.00	150,000.00
Reserves - EBALR	250,000.00	150,000.00

***Note:** Plan is subject to change based on final expenditures

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.

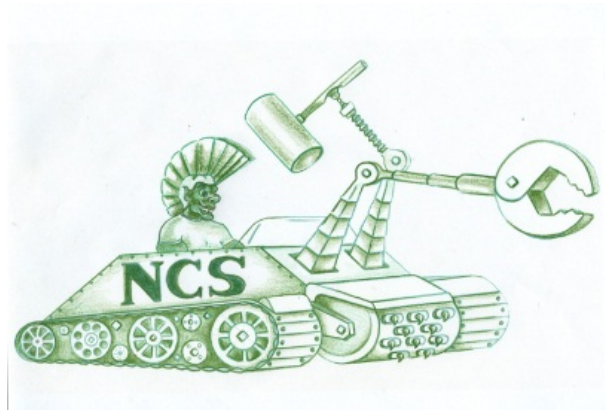


Summary of Revenues

Summary of Revenues & Other Sources of Funding

	2016-2017 Budget	2017-2018 Proposed Budget	Inc (Dec) Over Prior Year
Revenues			
State Aid	7,384,810	7,541,223	156,413
Other Revenue	264,606	283,393	18,787
Estimated Tax Levy & STAR Reimbursement	10,786,474	10,994,739	208,265
TOTAL REVENUE	\$ 18,435,890	\$ 18,819,355	\$ 383,465
Other Sources			
Interfund Transfer of Debt Service	250,000	250,000	-
Appropriated Fund Balance	650,000	550,000	(100,000)
Appropriated Employee Benefit Reserve	250,000	150,000	(100,000)
Appropriated Retirement Reserve	150,000	150,000	-
TOTAL OTHER SOURCES	1,300,000	1,100,000	(200,000)
TOTAL REVENUE & OTHER SOURCES	\$ 19,735,890	\$ 19,919,355	\$ 183,465

3. Draft Expenditure Projections



Budgetary Program Changes

Decisions Still being Fine-tuned, Presently Appropriate to:

- Robotics Contribution
- Athletic Training
- 1:1 Digital Devices Grades 10-12
- Leveled Literacy Intervention to Grades 7 & 8
- Fund Supplies and Materials for STEAM Room

Replacement Plans

Existing replacement plans increase operational efficiency and reduce budgetary variability.

Existing Replacement Plans:

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



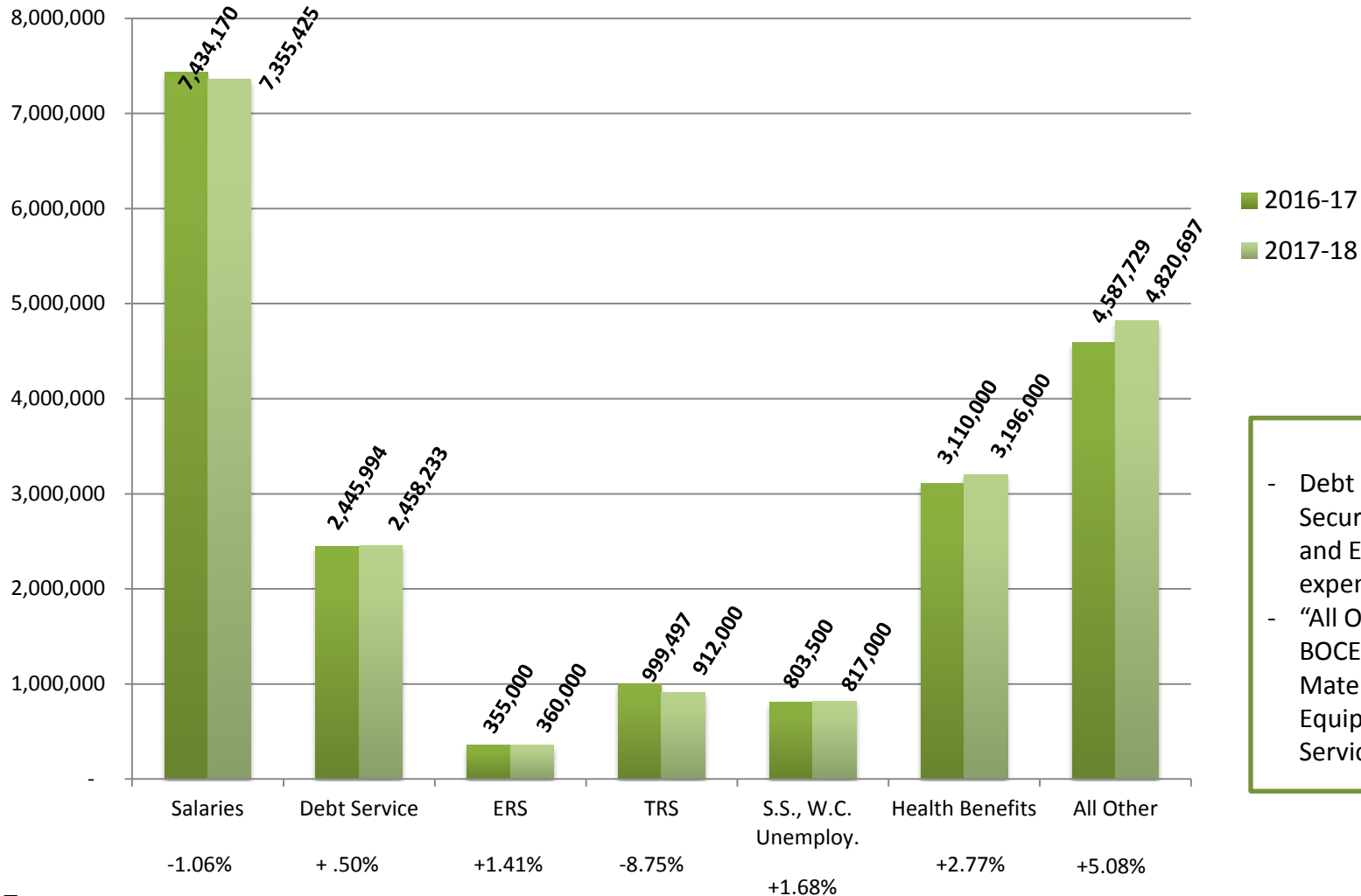
2017-2018

Expenditure Updates

- BOCES Expense for Special Education and Career & Technical Education increased by approximately \$500,000
- Teacher Retirement System Rate decreased from 11.7% to 9.8% (projected)
- Employee Retirement System Combined Rate decreased from 15.5% to 15.3% (projected)
- Health Insurance Contribution rate came in at (approximately) a 5% increase
- Reduction of contract bus run to BOCES at \$78,000
- Zero based budgeting for most other areas



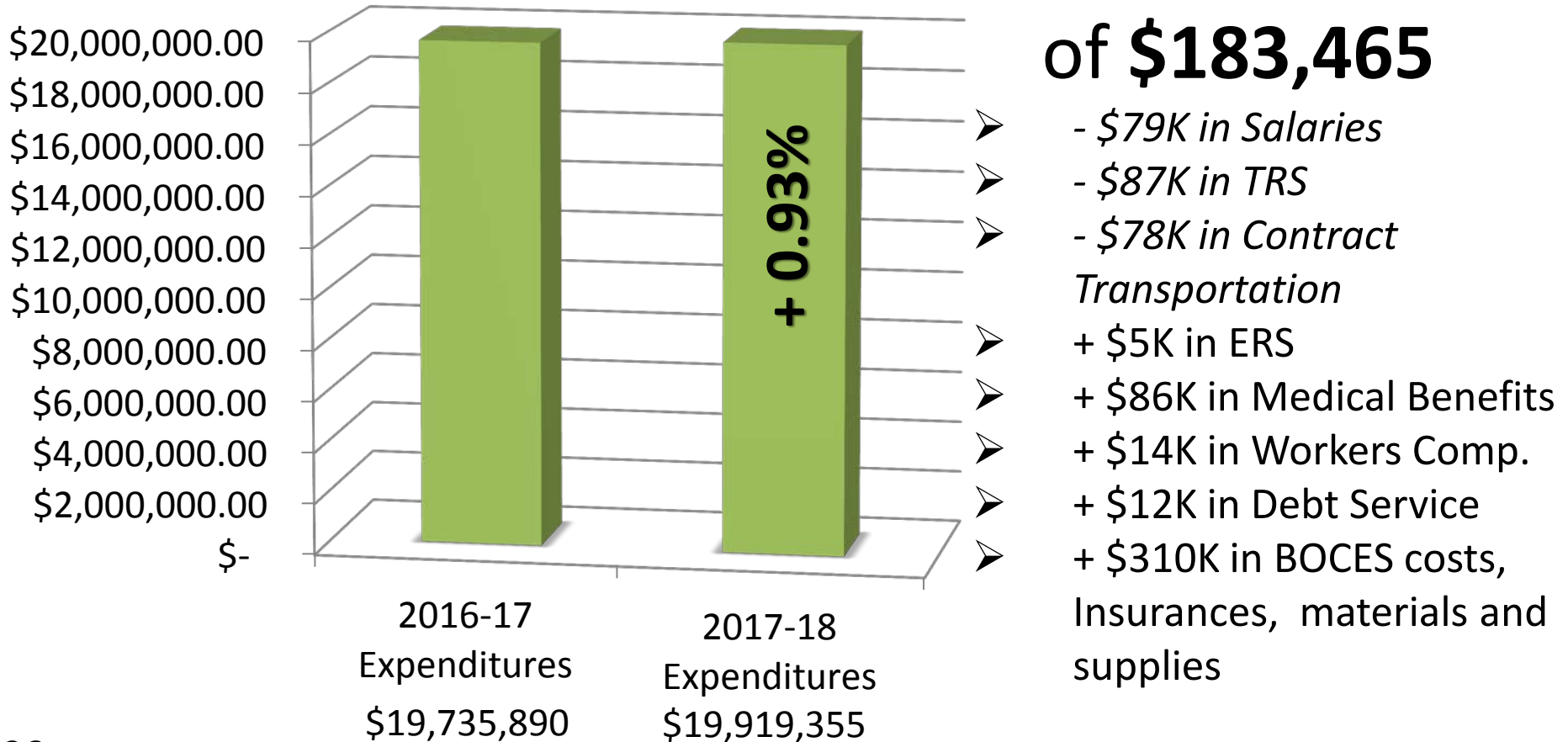
Expenditure Breakdown



Notes:

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

2017-2018 Expenditure Budget



Summary of Proposed Budget

	2016-17	2017-18	\$ Change	% Change
General Support	2,147,714	2,181,757	34,043	1.59%
Instructional Support	8,922,161	9,044,820	122,659	1.37%
Transportation	832,125	829,645	(2,480)	-0.30%
Community Service	2,900	2,900	-	0.00%
Employee Benefits	5,333,997	5,351,000	17,003	0.32%
Debt Service	2,445,994	2,458,233	12,239	0.50%
Interfund Transfers	51,000	51,000	-	0.00%
Total	19,735,890	19,919,355	183,465	0.93%

Explanation of Budget Components

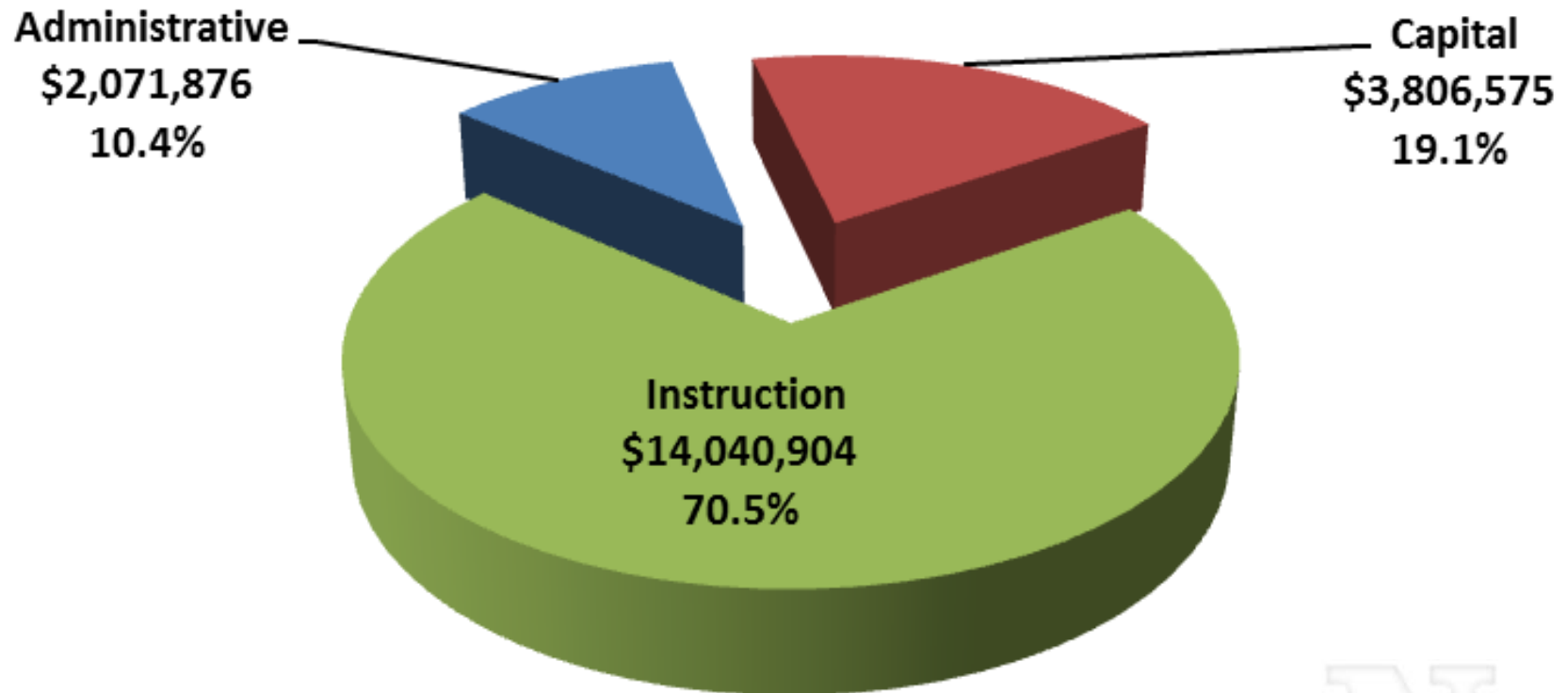
Administrative Component – Includes expenses associated with the operation of the school board, superintendent’s office, and business office. Includes salaries and benefits for other school administrators who spend a majority of their time performing administrative duties.

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.

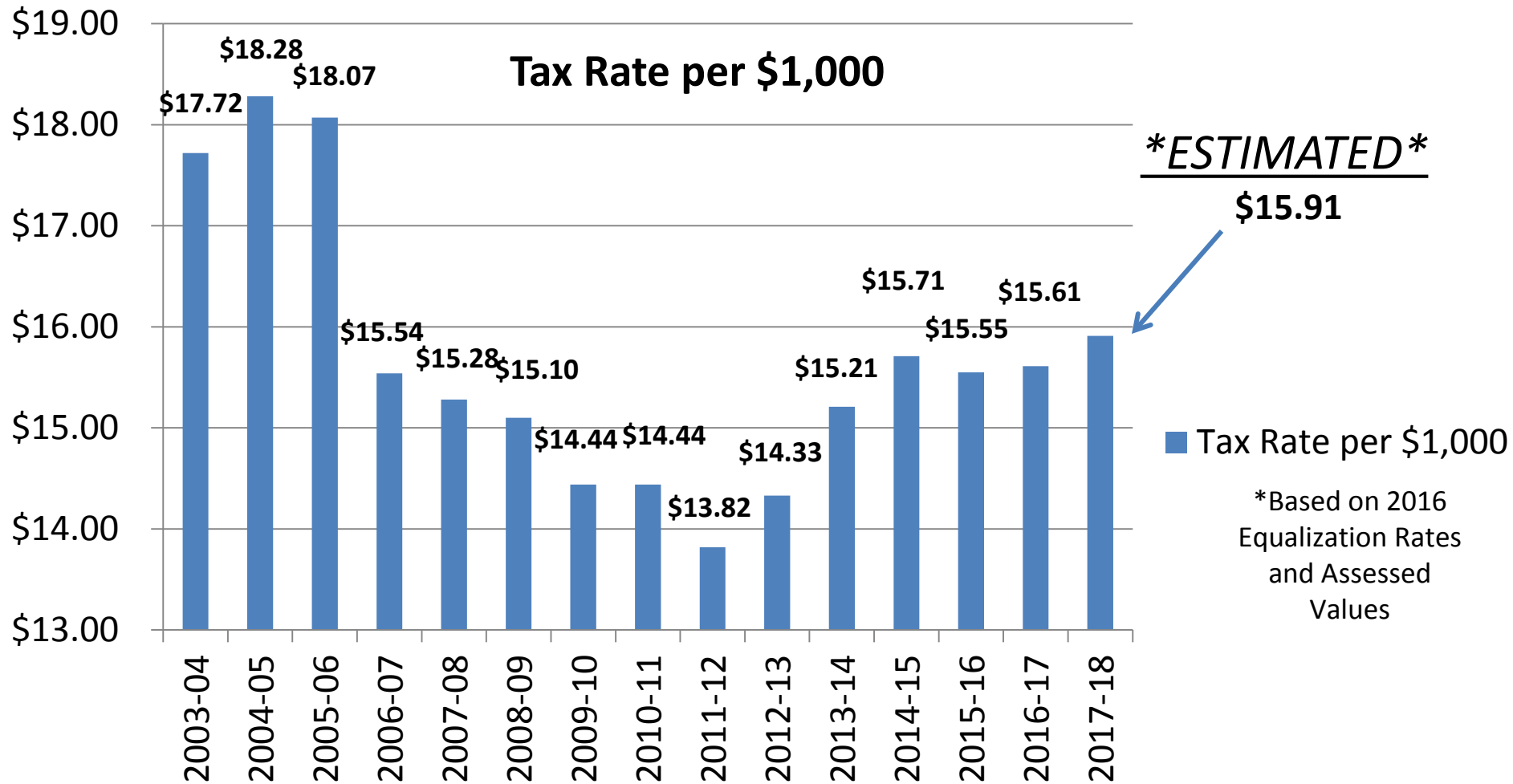
Instructional Component - Includes salaries and benefits of teachers and any school administrator who spends a majority of their time performing teaching duties. Includes all other expenses associated with the instructional program e.g. textbooks, student materials, technology, pupil services, athletics,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

Budget Components

2017-2018 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	\$73.37	\$74.78	\$1.41
With Basic STAR	\$624.40	\$636.40	\$12.00
With No STAR	\$1,092.70	\$1,113.70	\$21.00
Full Value of Property \$100,000			
With Enhanced STAR	\$541.67	\$552.08	\$10.41
With Basic STAR	\$1,092.70	\$1,113.70	\$21.00
With No STAR	\$1,561.00	\$1,591.00	\$30.00
Full Value of Property \$150,000			
With Enhanced STAR	\$1,322.17	\$1,347.58	\$25.41
With Basic STAR	\$1,873.20	\$1,909.20	\$36.00
With No STAR	\$2,341.50	\$2,386.50	\$45.00
Full Value of Property \$200,000			
With Enhanced STAR	\$2,102.67	\$2,143.08	\$40.41
With Basic STAR	\$2,653.70	\$2,704.70	\$51.00
With No STAR	\$3,122.00	\$3,182.00	\$60.00

**Estimates
Only**

***Estimated tax increases are based on 2016 equalization rates and assessed values. The final tax rates will be established when the Board of Education adopts the tax warrant in August 2017.*

STAR (School Tax Property Relief)

Includes two components:

\$30,000 – Basic Exemption

\$65,500 – Enhanced Exemption (Ontario Only)

- 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 (2016 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 (Enhanced STAR only)

4. Vote Day Information



Anticipated Propositions

1. Expenditure Budget
2. Capital Project
 - Capital Project Approval
 - Capital Reserve – General
 - Capital Reserve – Bus Garage
3. Bus Purchase
 - Authorization Amount/Details
 - Capital Reserve – Bus Purchase



Capital Project Proposition

Proposition to include:

- Approval of \$7,725,000 Project to Fund:
 - Secure Main Entry at the Elementary
 - New Bus Loop & Parking – Elementary
 - New Bus Garage & Property Purchase of 3.82 Acres from Hazlitt
- Use of Capital Reserves to Fund Project Resulting in:

NO TAX IMPACT

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 – 60 Passenger Bus: Wheel Chair Accessible

One – 20 Passenger Bus

One – 8 Passenger Van

Estimated Maximum Cost - \$240,497.85



For every \$1 paid for the purchase of a bus approximately
\$.567 is reimbursed by NYS

School Board Member Election

Three seats are available to fill:

1. The expiring term of Jacob Hall (3 year term)
2. The expiring term of Robert Brautigam (3 year term)
3. The expiring term of Robert Hotchkiss (3 year term)

**Petitions for BOE
candidacy due to the District
office by 5:00 p.m. on
April 17, 2017**



Library Board of Trustees Election

One seat is available to fill:

1. The expiring term of Judy Kaminski (5 year term)

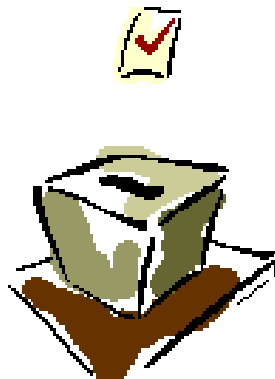
**Petitions for Library Board
candidacy due to the District office
by 5:00 p.m. on April 17, 2017**



Annual Meeting Info

Budget Vote/Board of Education Election

- Tuesday, May 16, 2017
- 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?**

