

Sullivan West CSD Fiscal Atmosphere & Future Forecast

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Sullivan West High School Library

What is the Board's Goal in the Budget Process?

- To provide the resources the District needs to meet the cultural expectations of the community and equitable educational opportunity for all students at a price that taxpayers can afford.

Words you need to know!

- **Budget** – *plan for allocating resources.*
- **Reserve Funds** – *separate account established to finance the cost of various purposes of the district.*
- **State Aid** – *money received from the State of New York.*
- **Capital Reserve** – *created to pay in whole or in part, cost of objects or purposes for which a school may issue bonds – requires voter approval and is only for the specific purpose stated in the referendum.*
- **Tax Levy** – *total amount of property taxes a school district must collect to balance its budget, after accounting for all other revenue sources including state aid. The tax levy is the basis for determining the tax rate for each of the towns and villages that make up a school district.*
- **Contingency Budget** – *result of an unapproved Budget vote.*
- **Property Tax Cap** – *establishes a limit on the annual growth of property taxes levied by the district to two percent or the rate of inflation, whichever is less.*

Reserve Funds & Balances

- State law allows a school district to keep only 4% of its budget as unappropriated fund balance for the following year. Beyond this 4% limit, the only way that school districts can be prepared for possible expenses beyond the approved annual school budget is through creating and maintaining Reserve Funds.
- State law restricts school districts in the types of reserve funds that can be created and funded.

Reserve Funds & Balances

October 2013

\$ Tax Certiorari Reserve **\$278,401**

- *Created to pay judgments and claims from existing or known tax assessment challenges. May not exceed the amount reasonably necessary to settle claims.*

\$ Workers Compensation Reserve **\$1,405,812**

- *Created to pay for compensation benefits that may arise from claims of injured employees or the expenses of administering our self-insured program.*

Reserve Funds & Balances

October 2013

\$ **Mandatory Reserve** **\$1,160,166**

- *Created to pay outstanding bond debt as a result of the sale of the Delaware Valley Building.*

\$ **Unemployment Reserve** **\$393,854**

- *Created to reimburse the State Unemployment Insurance Fund for payments made to claimants.*

\$ **Repair Reserve** **\$82,105**

- *Created to pay for repairs to capital improvements or equipment which are of a type that do not recur annually.*

Reserve Funds & Balances

October 2013

\$ Capital Reserve **\$3,749,083**

- **Capped at \$8 million**
- **October 2009 withdrew \$1.6 million**
- **October 2012 withdrew \$2.698 million**

Created to pay in whole or in part, cost of objects or purposes for which a school may issue bonds. Use requires voter approval, and only for the specific purposes stated in the referendum.

Reserve Funds & Balances

October 2013

\$ Employee Benefit Accrued Liability Reserve **\$510,560**

- Created to *pay for any accrued “employee benefit” due an employee on termination of the employee’s service.*

\$ Retirement Contribution Reserve **\$500,206**

- Created for the payment of “retirement contributions”, which are defined as all or any portion of the amount payable to either the NYS and Local Employees’ Retirement System.

New York State Aid Changes

| Year | | Changes |
|---------|---|---|
| 2003-04 | = | \$207 M |
| 2004-05 | = | \$740 M (Court Challenge for fiscal equity) |
| 2005-06 | = | \$830 M |
| 2006-07 | = | \$1.1 B |
| 2007-08 | = | \$1.7 B |
| 2008-09 | = | \$1.7 B |
| 2009-10 | = | \$405 M (HOLD FOUNDATION AID) |
| 2010-11 | = | (\$1.4 B) minus 5.1% (GEA) (Gap Elimination Adjustment) |
| 2011-12 | = | (\$1.3 B) minus 6.1% (GEA) (Gap Elimination Adjustment) |
| 2012-13 | = | \$805 M (+4.1 M) |
| 2013-14 | = | \$1.0 B |

New York State Aid – A Look Ahead...

School Aid tied to NYS personal income growth

Represents projected statewide increase, not a district-specific increase

School Aid & NEW NY Education Reform Initiatives-School Year Basis (July 1 – June 30) (billions of dollars)

| | 2013 SY | 2014 SY | Change | 2015 SY | Change | 2016 SY | Change | 2017 SY | Change |
|--|------------|------------|---------|------------|--------|------------|--------|------------|---------|
| School Aid | \$20,236 | \$21,228 | \$992m | \$21,950 | \$722m | \$22,784 | \$834m | \$24,037 | \$1,253 |
| | | | 4.9% | | 3.4% | | 3.8% | | 5.5% |
| New NY Education Reform Initiatives | \$0 | \$75m | \$75m | \$75m | \$0 | \$75m | \$0 | \$75m | \$0 |
| Total | \$20,236 | \$21,303 | \$1,067 | \$22,025 | \$722m | \$22,859 | \$834m | \$24,112 | \$1,253 |
| | | | 5.3% | | 3.4% | | 3.8% | | 5.5% |

Sullivan West's Recent Fiscal Record (millions)

| Year | Budget | State Aid | Fund Balance Budgeted | Local Tax Levy | Local Tax Levy Change % +/- |
|---------|--------|-----------|-----------------------------|-------------------|--------------------------------------|
| 2007-08 | \$33.3 | \$14.6 | \$3.1 | \$15.3 | -5.8% |
| 2008-09 | \$33.3 | \$15.4 | \$1.5 | \$16.0 | +4.5% |
| 2009-10 | \$32.7 | \$15.4 | \$1.3 | \$16.0 | 0 |
| 2010-11 | \$32.6 | \$14.4 | \$1.8 | \$16.2 | +1.3% |
| 2011-12 | \$32.6 | \$13.2 | \$2.1 | \$16.5 | 2.04% |
| 2012-13 | \$33.4 | \$13.2 | \$2.5 | \$16.8 | +1.67% |
| 2013-14 | \$34.5 | \$13.6 | \$2.5 | \$17.2 | +1.99% |

Sullivan County 2013-2014 Budgets

| School | Budget |
|----------------------|----------|
| Eldred CSD | \$16.3 M |
| Fallsburg CSD | \$36.6 M |
| Liberty CSD | \$41. M |
| Livingston Manor CSD | \$15.1 M |
| Monticello CSD | \$80.2 M |
| Roscoe CSD | \$7.7 M |
| Sullivan West CSD | \$34.5 M |
| Tri-Valley CSD | \$30. M |

How did we contain costs & taxes in recent years?

- Attrition – savings from retirements
- Reducing legal costs
- Shared Services (CBO etc.)
- Staff realignment

Property Tax Cap/Levy Limit

| Year | Property Tax Levy Limit | Actual | Result |
|-----------|-------------------------|--------|---------------------|
| 2012-2013 | 1.67% | 1.67% | Equal to Levy Limit |
| 2013-2014 | 4.40% | 1.99% | Below Levy Limit |

What if.....

- the proposed budget is not approved by the required margin:
 - the district may resubmit the original budget or submit a revised budget to the voters in June or
 - adopt a contingency budget that levies a tax no greater than that of the prior year's.
- the resubmitted/revised budget is not approved by the required margin:
 - the Board of Education must adopt a budget that will not increase the tax levy from the prior year and is subject to contingent budget requirements.

What needs will drive future school budgets?

- Maintaining the excellent faculty, staff, programs and services we presently have.
- Implementing new state curricula (Common Core Curricular Standards) and unfunded mandates (APPR, Dignity for all Students Act, etc.).
- Providing Remedial and Compensatory Academic Services to struggling students (AIS, summer school, Title I, SPED, etc.).
- Maintaining and retaining effective instructional initiatives (Guided Reading, Balanced Math, small primary class sizes, college & career readiness, etc.)
- Preserving valuable enrichment, extracurricular, and athletic programs in the face of financial shortages.

What needs will drive future school budgets? (continued)

- Continuing to make Career & Technical Education opportunities available.
- Maintaining College Level Programs for our high school students.
- Providing necessary student transportation services.
- Planning and budgeting for Facility Maintenance.
- Budgeting for rising utility and energy costs.
- Addressing all health and safety concerns.
- Providing fair and equitable Collective Bargaining Agreements for our employees.
- Planning for post-employment financial obligations (including TRS and ERS contributions and health care cost for retirees).

Past & Future Budgets & Revenues

(with a 1.66% cap on the local tax levy)

| Year | Budget | State Aid | Fund Balance Budgeted | *Local Revenue | Local Tax Levy | % +/- |
|------------------------|----------|-----------|-----------------------------|-------------------|-------------------|--------|
| 2010-11 | \$32.6 m | \$14.4 m | \$1.8 m | \$0.3 m | \$16.2 m | +1.3% |
| 2011-12 | \$32.6 m | \$13.3 m | \$2.1 m | \$0.6 m | \$16.5 m | +2.0% |
| 2012-13 | \$33.4 m | \$13.2 m | \$2.5 m | \$0.5 m | \$16.8 m | +1.66% |
| 2013-14 | \$34.5 m | \$13.6 m | \$2.5 m | \$1.2 m | \$17.2 m | +1.99% |
| *PROJECTED | | | | | | |
| *2014- 2015 | \$34.2m | \$13.6 m | \$2.0 m | \$1.1 m | \$17.5 m | +1.66% |

* Included in these monies is approximately \$1.8 million that we have in earned interest in our debt service fund. The budget plan shown above uses all of this \$1.8 million over the next three budgets.

Next year's budget – How can we do it?

One idea...

| Year | Budget | State Aid | Fund Balance | Local Revenues | Tax Levy | % +/- |
|---------|----------|-----------|--------------|----------------|----------|--------|
| 2014-15 | \$34.2 M | \$13.6 M | \$2.0M | \$1.1M | \$17.5 M | +1.66% |

- Apply \$2.0 million in Fund Balance toward the Budget.
- Apply \$1.1 million in Local Revenues (Debt Service Interest) to the Budget.
- Continue to search for opportunities for efficiencies and additional savings.

Summary & Recommendations

- Local revenues will be severely constrained by state aid cuts and by the tax levy limit.
- Local revenues – \$1.2 million in capital fund interest – will be applied toward the 2013-14 and 2014-15 district budgets. We hope that the economy recovers by then, allowing for increased state revenues for our district.
- Our Reserves are funded and will be used accordingly.
- We will continue to actively market our unused school building in Narrowsburg.