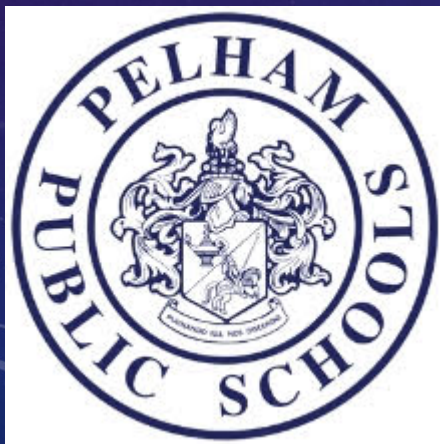


# PELHAM PUBLIC SCHOOLS 2019-20 PRELIMINARY BUDGET



SATURDAY, MARCH 9, 2019

JAMES. F. HRICAY,  
ASST. SUPERINTENDENT FOR BUSINESS

# BUDGET AT-A-GLANCE

- Total Appropriations: \$75,070,000
- Expense Budget-to-Budget Increase: 1.93%
- Projected Allowable Tax Levy Increase: 3.90%\*  
(per NYS Tax Cap Formula)
- Tax Levy Increase: 3.90%\*

\* Subject to change pending State Aid runs from NYS  
and budget development process



# COMPONENTS OF TAX INCREASE

## Operating Budget (Subject to Tax Cap):

|  |              |
|--|--------------|
| • Growth Factor  | 0.45%        |
| • <u>CPI - 2% (applied to levy, less cap exclusions)</u> | <u>1.96%</u> |
| Total Operating Budget Portion                           | 2.41%        |

## Capital Budget (Part of Tax Cap Exclusions):

|   |              |
|---|--------------|
| • Drop in Building Aid                    | 0.86%        |
| • 2018 Bond BAN                           | 0.73%        |
| • Reduction in Debt Service Payments      | (0.02%)      |
| • Removal of Capital Projects             | (0.41%)      |
| • <u>Reduced use of Debt Service Fund</u> | <u>0.33%</u> |
| Total Capital Budget Portion              | 1.49%        |

Total Tax Levy Increase: 2.41%+1.49% = 3.90%\*

\* Subject to change pending State Aid runs from NYS and budget development process

# BUDGET HIGHLIGHTS


## The Preliminary Budget:

- Complies with NYS tax cap legislation
- Aligns with the Strategic Plan
- Maintains and Enriches student programs
- Maintains class sizes within BOE guidelines
- Provides for academic and social-emotional needs of students



# FACTORS CONTRIBUTING TO A BALANCED BUDGET

- 5 Teacher Retirements
- Reduction in various facilities lines through anticipated cost savings measures and small capital projects
- Decrease in Teachers Retirement System (TRS) costs due to fund performance
- Reduced reliance on appropriated fund balance in line with District goal to bring expenditures in line with “true” revenues
  - Total use of fund balance, reserves & debt service reduced from \$1,725,000 to \$1,325,000 (\$400,000)



# 2019-20

## PRELIMINARY BUDGET

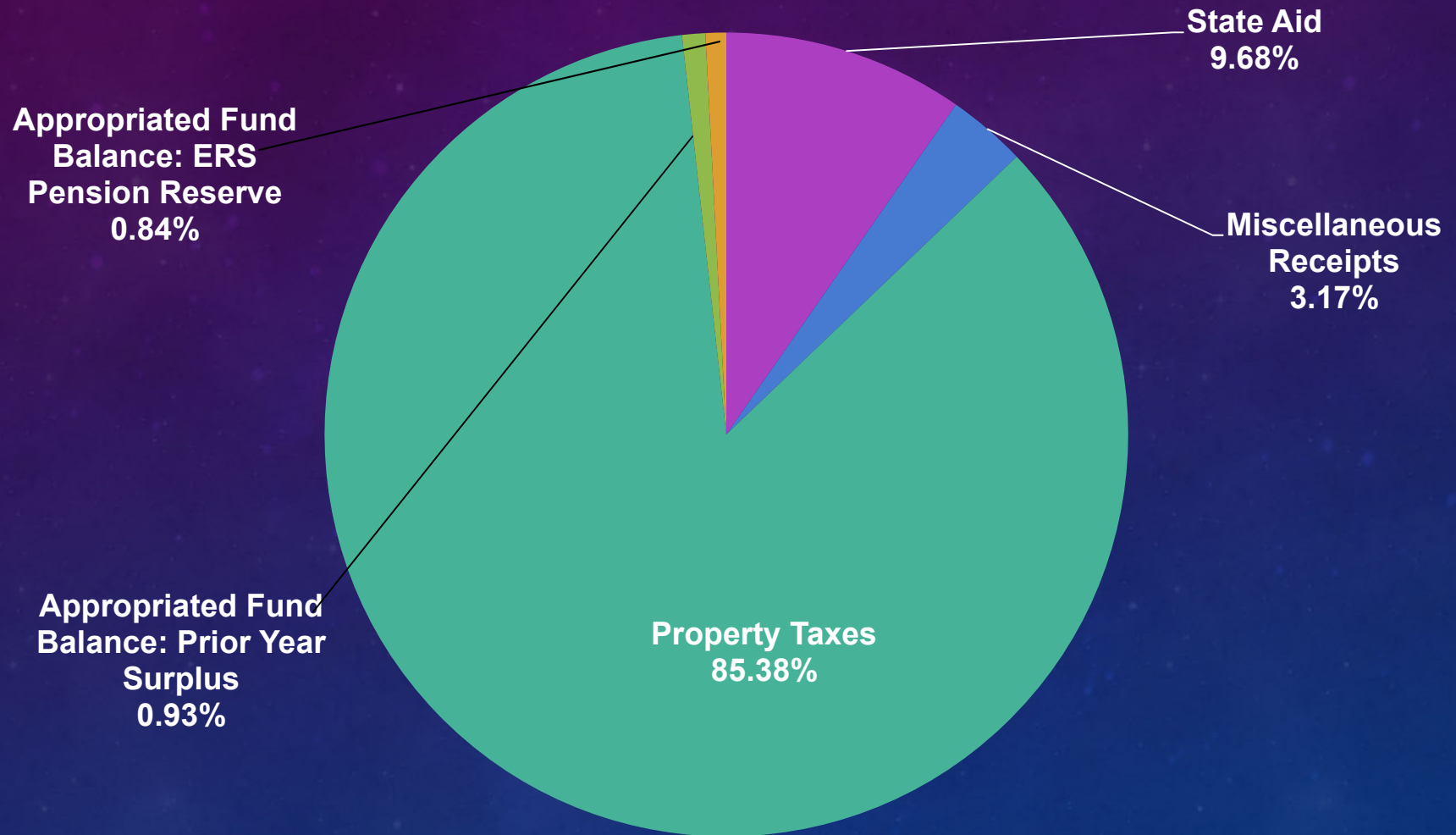
### Revenue Budget

# REVENUE BUDGET

| Category                           | % Total Revenue | 2018-19 Adopted Budget | 2019-20 Preliminary Budget | Increase (Decrease) | % Change  |
|------------------------------------|-----------------|------------------------|----------------------------|---------------------|-----------|
| Property Taxes                     | 85.38%          | \$61,692,210           | \$64,096,306               | \$2,404,096         | 3.90%     |
| State Aid                          | 9.68%           | 7,843,736              | 7,268,507                  | (575,229)           | (7.33%)   |
| Miscellaneous Receipts             | 3.17%           | 2,389,054              | 2,380,187                  | (8,867)             | (0.37%)   |
| Appropriation-Fund Balance         | 0.93%           | 810,000                | 700,000                    | (110,000)           | (13.58%)  |
| Appropriation-Debt Service Reserve | 0.0%            | 200,000                | -0-                        | (200,000)           | (100.00%) |
| Appropriation-ERS Reserve          | 0.84%           | 715,000                | 625,000                    | (90,000)            | (12.58%)  |
| TOTAL REVENUE                      | 100%            | \$73,650,000           | \$75,070,000               | \$1,420,000         | 1.93%     |



# 2019-20 REVENUE BUDGET





# PROPERTY TAXES

The background is a gradient of dark blue and purple, speckled with small white dots resembling stars. On the right side, there are faint, light-colored geometric patterns, including concentric circles and a circular scale with numerical markings from 0 to 200. In the bottom left corner, there are some curved lines and a small arrow pointing upwards.

## NEW YORK STATE TAX CAP

- 2019-20 is the eighth year of the tax cap
- Limits tax levy growth to lesser of 2% or CPI, with adjustments for certain exclusions (thus, reference to “2% Tax Cap”)
  - CPI is 2.44% for 2019-20, therefore capped at 2.00%
- Allows exclusions for capital expenditures
- Also allows exclusions related to TRS and ERS pension costs in excess of 2% rate increase from year-to-year
  - Not applicable in 2019-20



# TAX LEVY CAP PROVISIONS

## BUDGET VOTE PROVISIONS

- If budget is within tax cap limit:

Need simple majority (50% + 1 voter) to pass

- If budget is above the tax cap limit:

Need a 60% supermajority public vote to pass

- Contingency Budget:

If no budget is approved, the district must adopt a contingency budget with 0% tax levy increase over prior year

*\*This would result in significant reductions and/or increases to appropriations from fund balance in order to compensate for reduced tax revenue of \$2.4 million*



# PROJECTED TAX LEVY CALCULATION: FY 2019-20

(SUBJECT TO CHANGE PENDING STATE AID RUNS FROM NYS & BUDGET DEVELOPMENT PROCESS)

| NYS Tax Cap Formula Components                       |         | 2019-20 Amount      | %            |
|--|---------|---------------------|--------------|
| FY18-19 Tax Levy                                     |         | \$61,692,210        |              |
| x Tax Base Growth Factor                             |         | 1.0045              | 0.45%        |
| - Prior Year Exclusions                              | Capital | \$(1,387,805)       | (2.25%)      |
| <b>= FY18-19 Tax Levy Limit</b>                      |         | <b>\$60,582,020</b> |              |
| x Allowable Levy Growth Factor (CPI cap for FY19-20) |         | 1.02                | 1.96%        |
| <b>= FY19-20 Tax Levy Limit (before Exclusions)</b>  |         | <b>\$61,793,660</b> |              |
| + Current Year Exclusions                            | Capital | \$2,302,646         | 3.74%        |
|  | Pension | \$0                 | 0.00%        |
| <b>= FY19-20 Projected Allowed Tax Levy</b>          |         | <b>\$64,096,306</b> | <b>3.90%</b> |
| <b>FY19-20 Preliminary Budget Tax Levy</b>           |         | <b>\$64,096,306</b> | <b>3.90%</b> |

## BUDGETING IN THE TAX CAP ERA

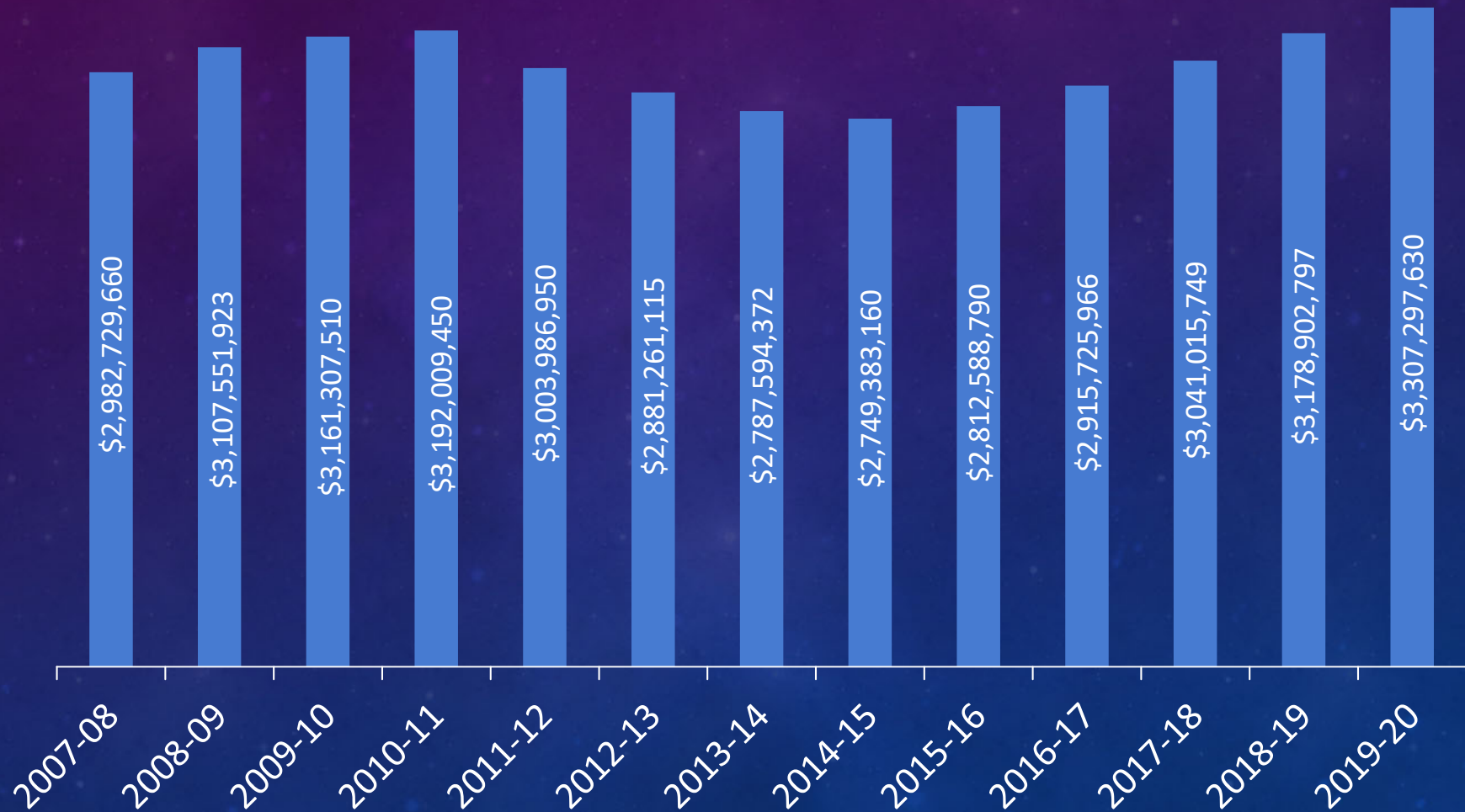
- District must bring expenditures in line with available revenue and reduce reliance on fund balance/reserve appropriations
- District has limited controllable revenue sources
- Property Taxes (85% of revenue) can grow by around \$2,400,000 for 2019-20 under the preliminary tax cap calculation
- State Aid (9.68% of revenue) is decreasing by \$575,229
  - Proposed Foundation Aid increase is \$16,582 or 0.48%
  - Building Aid for 2019-2020 decreasing \$526,557
- Use of Fund Balance/Reserves (1.76% of revenue) can be controlled but *these resources are limited* and the amounts appropriated should be gradually reduced until actual expenditures and actual revenues are in line (Goal is get to 1% of revenue)
  - *Note that Appropriations of Fund Balance are not “true” revenue sources, rather they are considered “other financing sources” to meet the gap between revenue and expenditures*

# ASSESSED VALUATION

Homestead  
&  
Non-Homestead

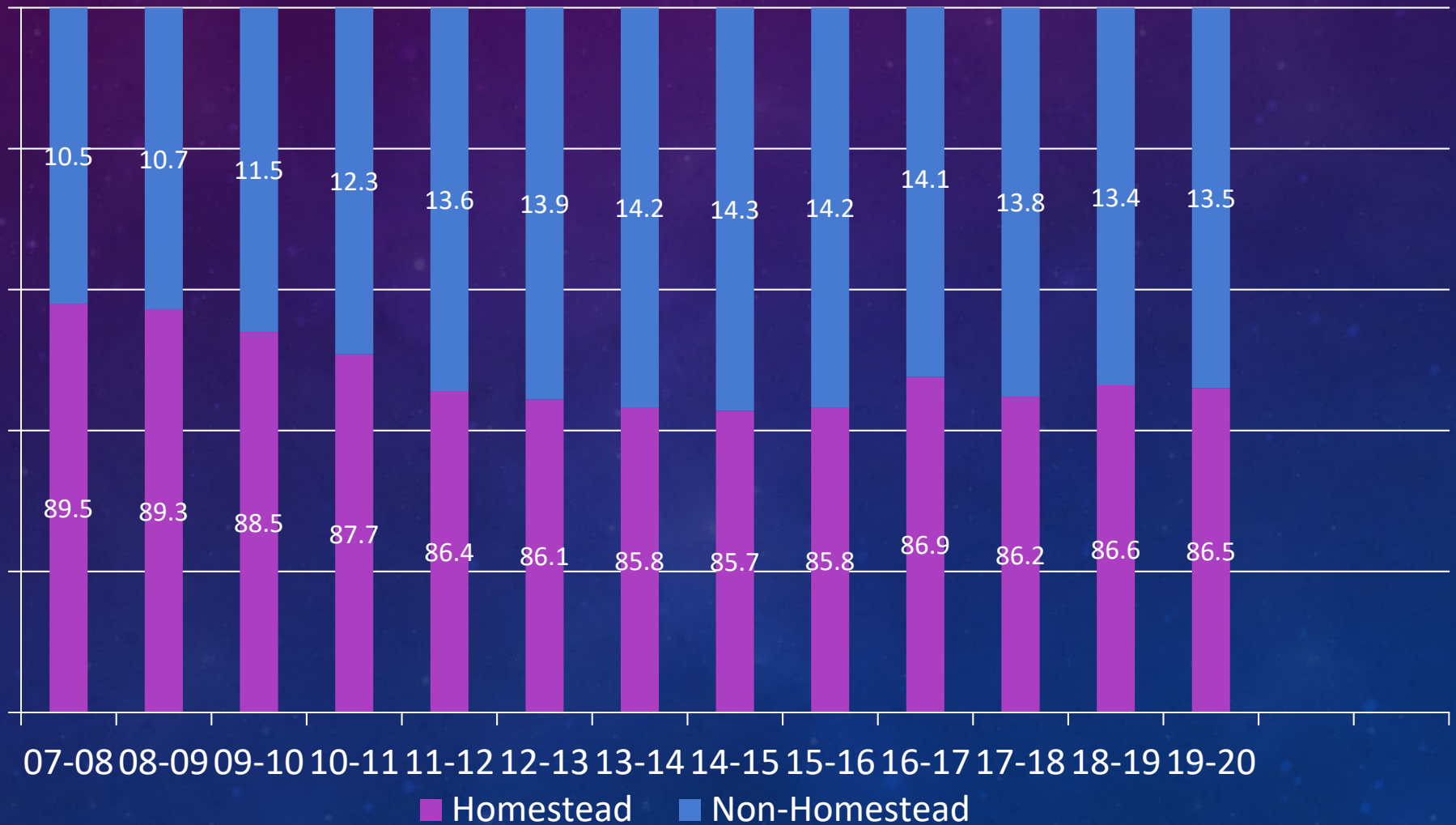


ASSESSED VALUATION  
(IN THOUSANDS)  
DATA PER TOWN OF PELHAM



# ASSESSED VALUATION

## PERCENTAGE HOMESTEAD AND NON-HOMESTEAD PROPORTIONS



# EFFECT OF SCHOOL TAX INCREASE

(ESTIMATED BASED ON 2018 ASSESSED VALUATION WHICH IS SUBJECT TO CHANGE)

## Example 1: \$500,000 home assessment - 2018-2019 School Taxes (Base Year) = \$9,196

|                                  |         |         |         |
|----------------------------------|---------|---------|---------|
| Assessed Value Change            | 2.00%   | 4.00%   | 6.00%   |
| Estimated 19-20 School Tax       | \$9,433 | \$9,618 | \$9,803 |
| Tax Increase from 18-19 (annual) | \$237   | \$422   | \$607   |
| Percent Change                   | 2.58%   | 4.59%   | 6.60%   |

## Example 2: \$900,000 home assessment - 2018-2019 School Taxes (Base Year) = \$16,553

|                                  |          |          |          |
|----------------------------------|----------|----------|----------|
| Assessed Value Change            | 2.00%    | 4.00%    | 6.00%    |
| Estimated 19-20 School Tax       | \$16,979 | \$17,312 | \$17,645 |
| Tax Increase from 18-19 (annual) | \$426    | \$759    | \$1,092  |
| Percent Change                   | 2.58%    | 4.59%    | 6.60%    |

## Example 3: \$1,300,000 home assessment - 2018-2019 School Taxes (Base Year) = \$23,909

|                                  |          |          |          |
|----------------------------------|----------|----------|----------|
| Assessed Value Change            | 2.00%    | 4.00%    | 6.00%    |
| Estimated 19-20 School Tax       | \$24,525 | \$25,006 | \$25,487 |
| Tax Increase from 18-19 (annual) | \$616    | \$1,027  | \$1,578  |
| Percent Change                   | 2.58%    | 4.59%    | 6.60%    |



# STATE AID

The background is a gradient of deep blue and purple, speckled with small, faint white dots. On the right side, there is a large, faint circular scale or protractor with degree markings from 0 to 210. Several concentric circles and arcs are scattered across the image, some with arrows indicating a clockwise direction. The overall aesthetic is technical and modern.

# STATE AID - 9.68% of Revenue Budget

| Category                    | % Total Aid   | 2018-19 Adopted Budget | 2019-20 Preliminary Budget | Increase (Decrease) | % Change       |
|-----------------------------|---------------|------------------------|----------------------------|---------------------|----------------|
| Foundation Aid              | 47.67%        | \$3,447,479            | \$3,464,331                | \$16,852            | 0.48%          |
| Building Aid                | 23.32%        | 2,221,314              | 1,694,757                  | (526,557)           | (23.70%)       |
| BOCES Aid                   | 15.98%        | 1,227,764              | 1,161,445                  | (66,319)            | (5.40%)        |
| Transportation Aid          | 5.65%         | 411,441                | 410,989                    | (452)               | (0.11%)        |
| Instructional Materials Aid | 3.26%         | 238,238                | 236,997                    | (1,241)             | (0.52%)        |
| High Tax Aid                | 1.60%         | 116,596                | 116,596                    | -                   | 0.00%          |
| All Other Aids              | 2.52%         | 180,904                | 183,392                    | 2,488               | 1.38%          |
| <b>TOTAL STATE AID</b>      | <b>100.0%</b> | <b>\$7,843,736</b>     | <b>\$7,268,507</b>         | <b>(\$575,229)</b>  | <b>(7.33%)</b> |

# MISCELLANEOUS RECEIPTS





## MISCELLANEOUS RECEIPTS - 3.17% of Revenue Budget

| Category                                | 2018-19<br>Adopted<br>Budget | 2019-20<br>Preliminary<br>Budget | Increase<br>(Decrease) | % Change       |
|---|------------------------------|----------------------------------|------------------------|----------------|
| Tuition                                 | \$1,032,814                  | \$1,027,854                      | (\$4,960)              | (0.48%)        |
| Sales Tax                               | 680,000                      | 715,000                          | 35,000                 | 5.15%          |
| Health Services                         | 152,950                      | 133,000                          | (\$19,950)             | (13.04%)       |
| Refund-Prior Year Expenses              | 193,400                      | 150,000                          | (\$43,400)             | (22.4%)        |
| All Other                               | 329,890                      | 354,333                          | 24,443                 | 7.41%          |
| <b>TOTAL MISCELLANEOUS<br/>RECEIPTS</b> | <b>\$2,389,054</b>           | <b>\$2,380,187</b>               | <b>(\$8,867)</b>       | <b>(0.37%)</b> |

# MISCELLANEOUS RECEIPTS

- Tuition
  - Includes tuition for regular and special education non-resident students (secondary program only)
- Sales Tax
  - Represents the District's apportionment of NYS sales tax
- Health Services
  - Reflects billings for health related services for certain non-resident students
- Refund of Prior Year Expenses
  - Includes BOCES refund & Prior Year Expenses
- All Other Revenues
  - Includes utility payments from Town, interest earnings, rental charges for facility use and any other miscellaneous monies received
  - Includes Arts-in-Education reimbursement from the PTAs



# APPROPRIATIONS AS OTHER FUNDING SOURCES:

USE OF  
FUND BALANCE &  
RESERVES



# APPROPRIATIONS

## 1.76% OF REVENUE BUDGET

- FY2019-20 Preliminary Budget includes \$1,325,000 in Appropriations Used as Financing Sources:
  - Appropriation of Fund Balance \$700,000
    - Represents appropriation of General Fund fund balance at the end of the 2018-19 school year; used to balance the 2019-20 budget
    - Ongoing practice for many school districts
    - Amount reduced by \$110,000 from prior year budget of \$810,000
  - Appropriation of ERS Reserve \$625,000
    - Represents appropriation from the Employee Retirement System (ERS) Reserve
    - Partially offsets budgeted ERS expenditures of \$777,754

## A NOTE REGARDING RESERVE FUNDS

- NYS recommends that school districts create reserve funds against certain long term liabilities of the school district
- Unlike the private sector, school districts are limited in the amount that can be maintained and the use of such funds

### GOAL:

- Maintain reserves against liabilities of the District and support the budget appropriately through a planned utilization of reserves over time





# 2019-20 PRELIMINARY BUDGET

## Expenditure Budget

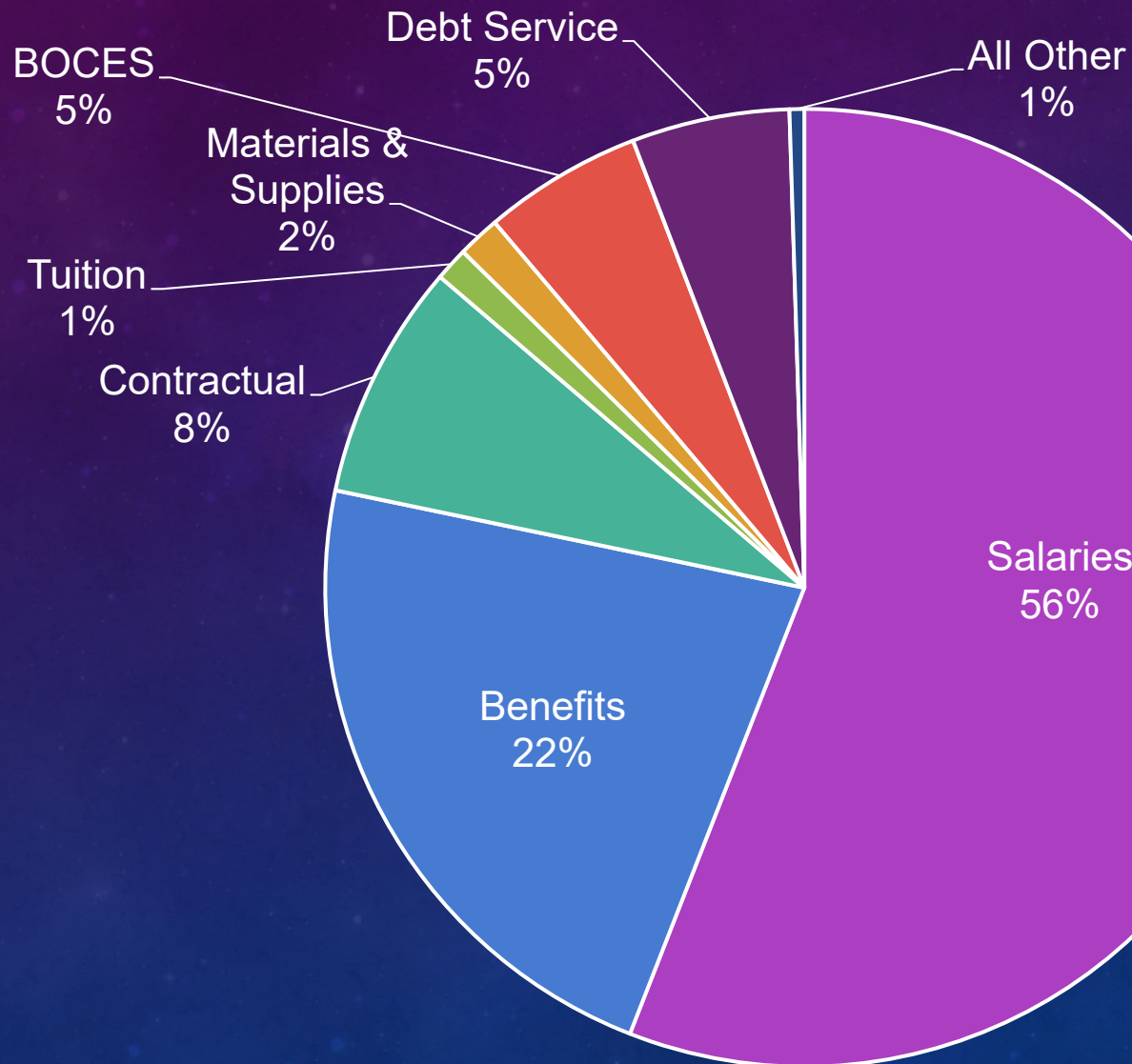


# EXPENDITURE BUDGET

| Category  | % Total Expense | 2018-19 Adopted Budget | 2019-20 Preliminary Budget | Increase (Decrease) | % Change |
|---|-----------------|------------------------|----------------------------|---------------------|----------|
| Salaries  | 55.93%          | \$41,618,368           | \$41,987,846               | \$369,478           | 0.89%    |
| Employee Benefits   | 22.33%          | 16,879,749             | 16,766,435                 | (113,314)           | (0.67%)  |
| Note: Salaries & Employee Benefits together comprise almost 80% of the Budget |                 |                        |                            |                     |          |
| Contractual   | 7.98%           | 5,825,709              | 5,990,396                  | 164,687             | 2.83%    |
| BOCES Services  | 5.37%           | 3,578,550              | 4,028,941                  | 450,391             | 12.59%   |
| Interfund Transfer-Debt Service   | 5.32%           | 3,559,119              | 3,997,403                  | 438,284             | 12.31%   |
| Materials & Supplies  | 1.43%           | 1,010,827              | 1,077,248                  | 66,421              | 6.57%    |
| Tuition   | 1.13%           | 530,094                | 850,902                    | 320,808             | 60.52%   |
| Textbooks   | 0.28%           | 210,456                | 203,769                    | (6,687)             | (3.18%)  |
| Interfund Transfers – Special Aid & Capital                                   | 0.04%           | 280,000                | 30,000                     | (250,000)           | (10.7)%  |
| Equipment   | 0.18%           | 157,128                | 137,060                    | (20,068)            | (12.77%) |
| TOTAL   | 100%            | \$73,650,000           | \$75,070,000               | \$1,420,000         | 1.93%    |

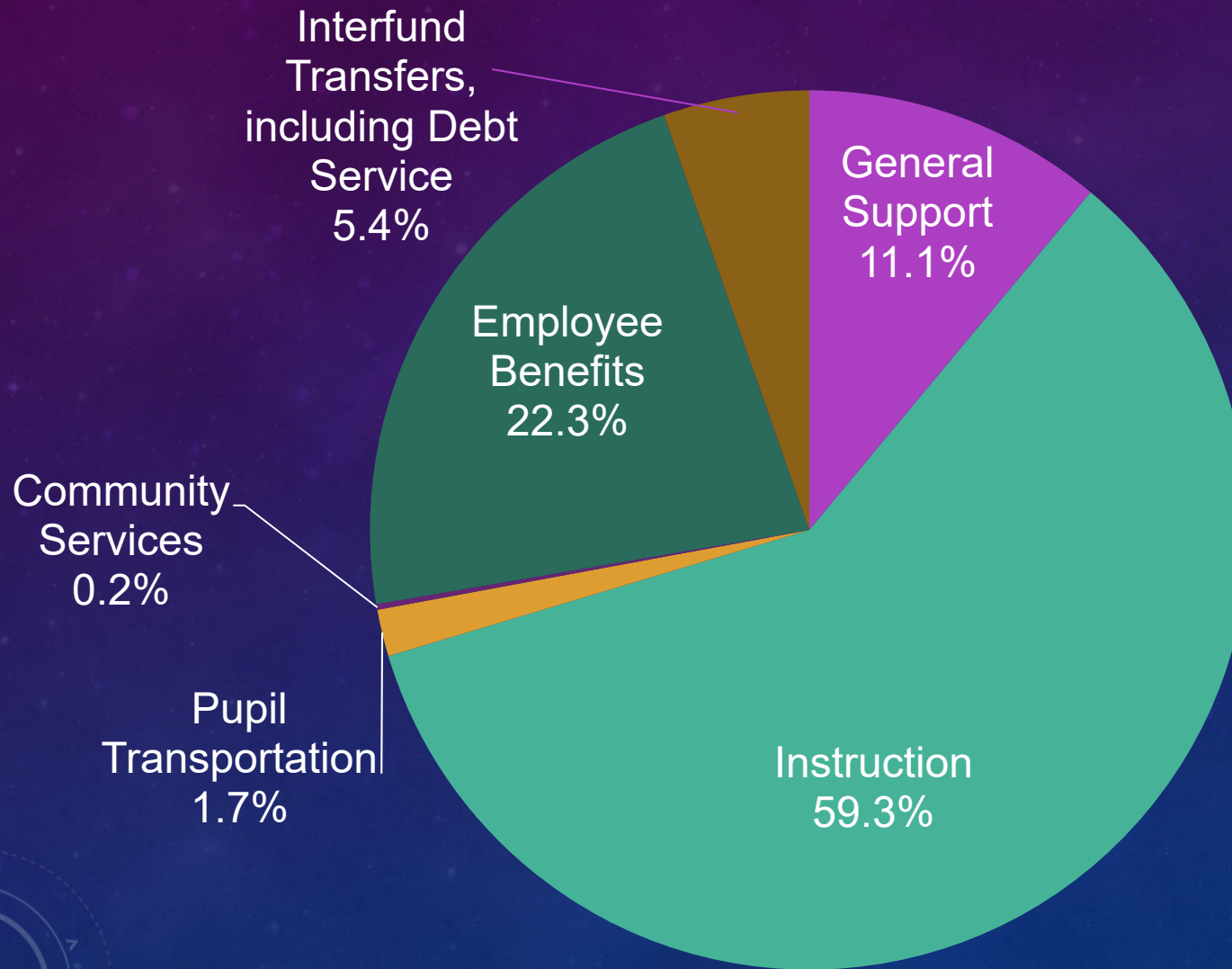
# FY 2019-20 EXPENDITURE BUDGET

BY OBJECT CODE



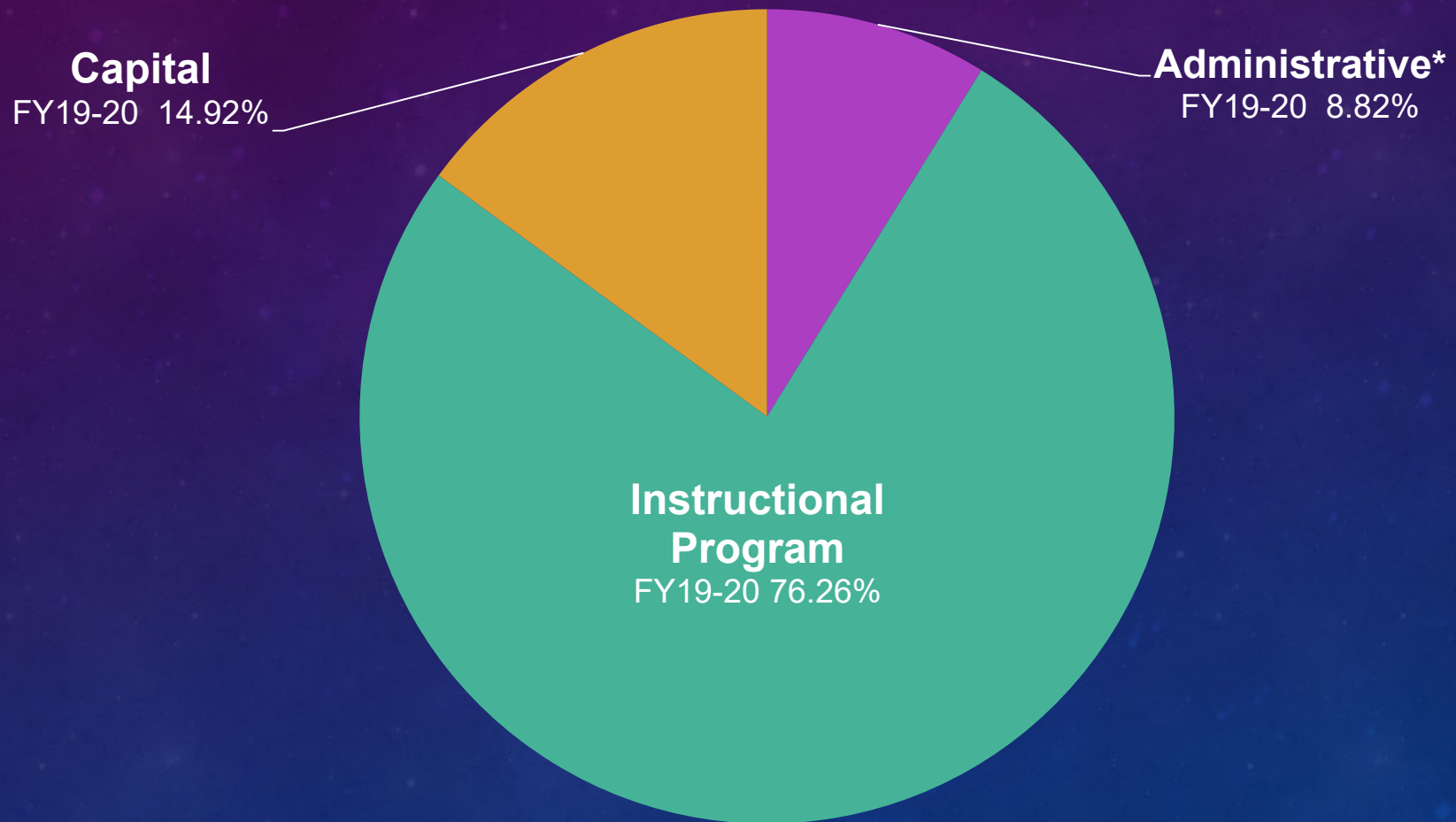
# FY 2019-20 EXPENDITURE BUDGET

BY FUNCTION CODE





## FY 2019-20 EXPENDITURE BUDGET 3 COMPONENT CATEGORIES



\*Note: The Administrative portion of the budget cannot exceed 10% of the total budget per NYS law.

## BUDGET CATEGORIES DRIVING BUDGET-TO-BUDGET CHANGE

|                                 |                  |                |
|---------------------------------|------------------|----------------|
| Salaries                        | \$369,478        | 0.89%          |
| Contractual                     | 164,687          | 2.83%          |
| Interfund Transfer-Capital      | (250,000)        | (100%)         |
| Equipment                       | (20,068)         | (12.77)%       |
| Interfund Transfer-Debt Service | 438,284          | 12.31%         |
| Tuition                         | 320,808          | 60.52%         |
| Materials & Supplies            | 66,421           | 6.57%          |
| Textbooks                       | (6,687)          | (3.18%)        |
| BOCES                           | 450,391          | 11.28%         |
| Employee Benefits               | <u>(113,314)</u> | <u>(0.67%)</u> |
| TOTAL                           | \$1,420,000      | 1.93%          |

# OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- Salaries, \$369,478 increase
  - Includes contractual increases for teachers, administrators, clerical, custodial, and exempt employees
  - Includes significant savings realized from retirements/reductions
- Net Capital & Facilities Changes increase \$145,433
  - Bond Anticipation Notes \$450K (initial phase of 2018 Bond)
  - Rent for Administrative Offices \$205K
  - Reduction of small capital projects \$355K (\$250K transfer to capital + \$105K – Other)
  - Other net reductions in Facilities Budget lines \$154K
- Contractual, BOCES, out-of-district increase \$1,018,386
  - Out of District Tuitions \$703,705
  - Transportation \$150,726
  - BOCES Administrative Fee \$52,358
  - All other \$111,597



## OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- Employee Benefits, \$113,314 decrease
  - Teachers Retirement System (TRS) pension rate decreased from 10.62% to 8.86% which, when combined with the lower staffing costs resulting from retirements, created savings of \$592,314
  - Employee Retirement System (ERS) pension rate reduction from 14.9% to 14.6% which resulted in a slight increase of \$23,359
- Health Insurance increases totaling \$325,786 as follows:
  - Medical insurance rate increase of 5.2% (blended rate)
  - Retiree health premium did not increase for Medicare eligible

## SUMMARY OF BUDGET TO BUDGET CHANGES

| REVENUE & OTHER FINANCING SOURCES        |             | EXPENDITURES                    |             |
|--|-------------|---------------------------------|-------------|
| Property Taxes                           | \$2,404,096 | Salaries                        | \$369,478   |
| State Aid                                | (575,229)   | Contractual                     | 164,687     |
| Miscellaneous Receipts                   | (8,867)     | Interfund Transfer-Capital      | (250,000)   |
| Appropriation of Prior Year Fund Balance | (110,000)   | Equipment                       | (20,068)    |
|  |             | Interfund Transfer-Debt Service | 438,284     |
| Appropriation from Debt Service Fund     | (200,000)   | Tuition                         | 320,808     |
|  |             | Materials & Supplies            | 66,421      |
| Appropriation from ERS Reserve           | (90,000)    | Textbooks                       | (6,687)     |
|  |             | BOCES                           | 450,391     |
|  |             | Employee Benefits               | (113,314)   |
| TOTAL INCREASE                           | \$1,420,000 | TOTAL INCREASE                  | \$1,420,000 |

# BUDGET RECAP

- Total Appropriations: \$75,070,000
- Expense Budget-to-Budget Increase: 1.93%
- Projected Allowable Tax Levy Increase: 3.90%\*  
(per NYS Tax Cap Formula)
- Tax Levy Increase: 3.90%\*
  - Operating Budget: 2.41%
  - Capital Budget
    - Drop in Building Aid 0.86%
    - 2018 Capital BAN 0.73%
    - Reduction in debt service (0.02%)
    - Removal of Capital Projects (0.41%)
    - Reduced use of Debt Service Fund 0.33%
  - Total Capital 1.49%

\* Subject to change pending State Aid runs from NYS and budget development process



# BUDGET DEVELOPMENT CONTINUES

- The numbers will change!
  - State Aid runs will affect State Aid revenue and likely the tax cap calculation as Building Aid is a component
  - Board review during upcoming budget discussions

## Key Budget Dates

- April 23, 2019: Board of Education adopts 2019-20 Budget
- May 21, 2019: Community Budget Vote and Board Member Election



Questions?

Thank you!