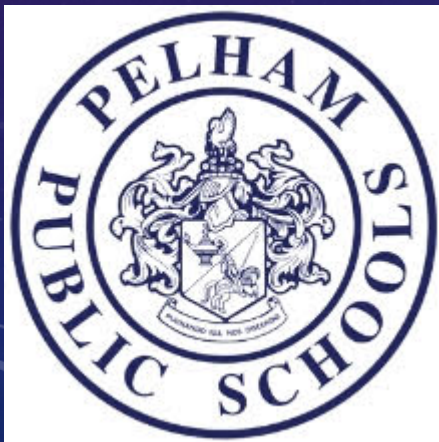


PELHAM PUBLIC SCHOOLS 2020-21 PROPOSED BUDGET



TUESDAY, MAY 12, 2020

BUDGET AT A GLANCE

Total Appropriations \$76,700,000

Budget-to-Budget Increase 2.36%

Maximum Allowable Tax Levy Increase 3.48%

Tax Levy Increase per Proposed Budget* 3.15%

*Includes utilizing \$215,000 of available Debt Service Fund

ADJUSTMENTS FROM PRELIMINARY BUDGET DUE TO REDUCED REVENUES

| | |
|--|------------|
| Reductions from current budget to be purchased this year | -\$130,000 |
|--|------------|

| | |
|----------------------------|------------|
| Elimination of office rent | -\$200,000 |
|----------------------------|------------|

| | |
|-----------------------|------------|
| Personnel adjustments | -\$119,000 |
|-----------------------|------------|

| | |
|-------------------------------|-----------|
| Reduction in teacher overages | -\$35,000 |
|-------------------------------|-----------|

| | |
|---------------------------------------|------------|
| Smaller adjustments/lower contingency | -\$186,000 |
|---------------------------------------|------------|

| | |
|--------------|--------------------|
| Total | \$-670,000* |
|--------------|--------------------|

| | |
|--|--------------------|
| Application of Debt Service Reserve | \$215,000** |
|--|--------------------|

* Matches non-tax revenue reductions

** Reduces Tax Levy increase

COMPONENTS OF TAX INCREASE

| Operating Budget (Subject to Tax Cap) | | |
|--|---------|--------------|
| • Growth Factor | 0.44% | |
| • CPI: 1.81% (applied to levy, less capital exclusions) | 1.76% | |
| Total Operating Budget portion | | 2.20% |
| Capital Budget (Exclusion; Not Subject to Cap) | | |
| • Drop in Building Aid | 0.78% | |
| • 2018 Capital Project Funding (BANs) | 0.74% | |
| • Reduction in Debt Service Payments | (0.04%) | |
| • Use of Debt Service Fund (BAN issuance premiums & appropriation of fund balance) | (0.53%) | |
| Total Capital Budget Portion | | 0.95% |
| Total Tax Levy Increase* | | 3.15% |

*Maximum allowable increase would be 3.48% absent use of \$215,000 of available Debt Service Fund

BUDGET HIGHLIGHTS

The Proposed Budget:

- Complies with NYS tax cap legislation
- Aligns with the Strategic Plan
- Maintains student instructional, extracurricular and athletic programs
- Maintains class sizes within BOE guidelines
- Provides for academic and social-emotional needs of students
- Reallocates staff to meet student need
 - Dedicated Interventionist at Siwanoy and Colonial
 - Elementary Technology Teacher

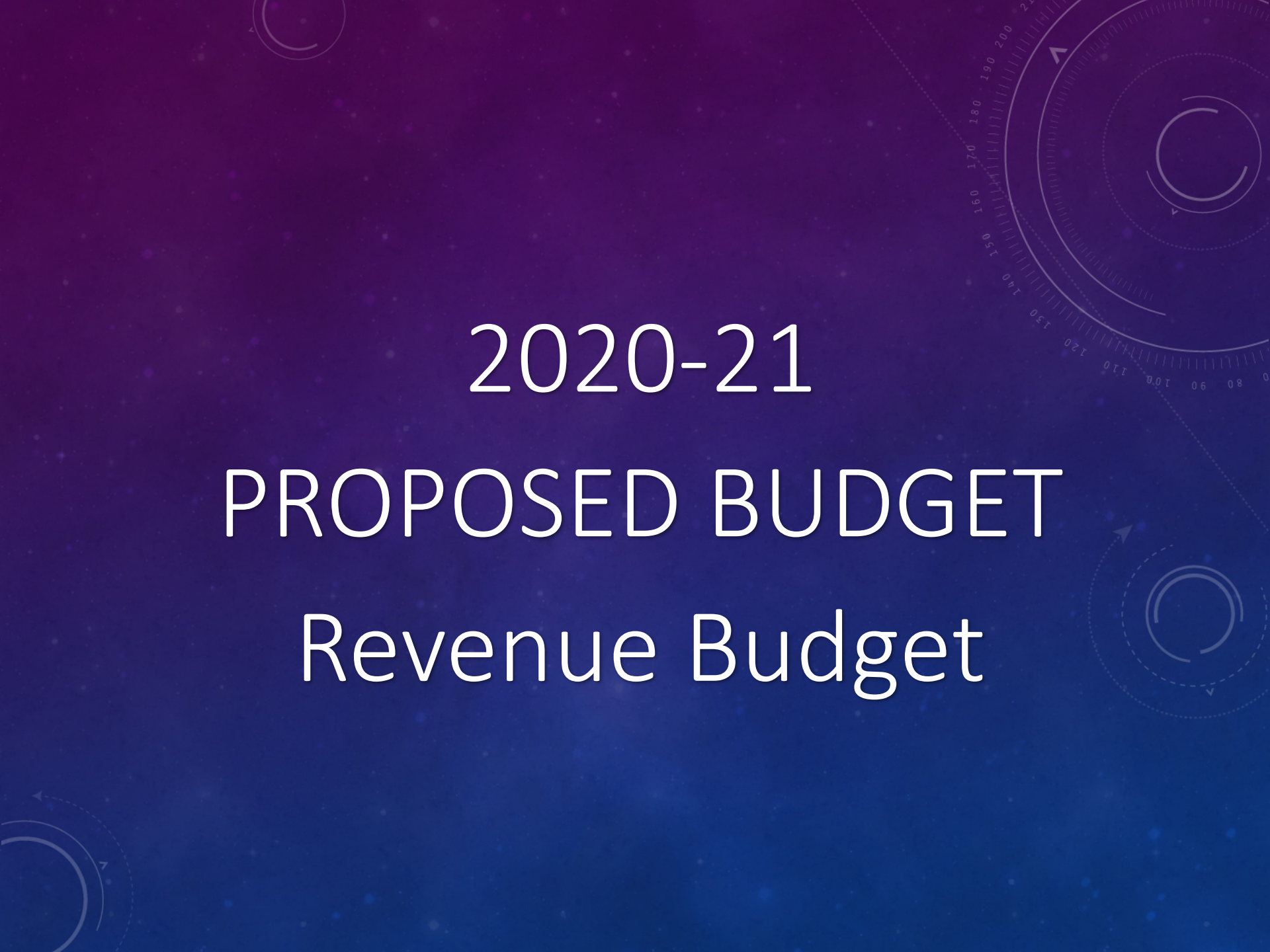
SIGNIFICANT COMPONENTS OF BUDGET CHANGE

Areas of Savings & Increased Revenues:

- 9 teacher and 2 administrator retirements
- Reduced out-of-district tuition costs due to shifting student need
- Property lease

Areas of Increased Cost:

- Teachers' Retirement System (TRS) rate increase
- Health care rate increase
- Debt service related to 2018 Capital Projects
- Student transportation
- BOCES

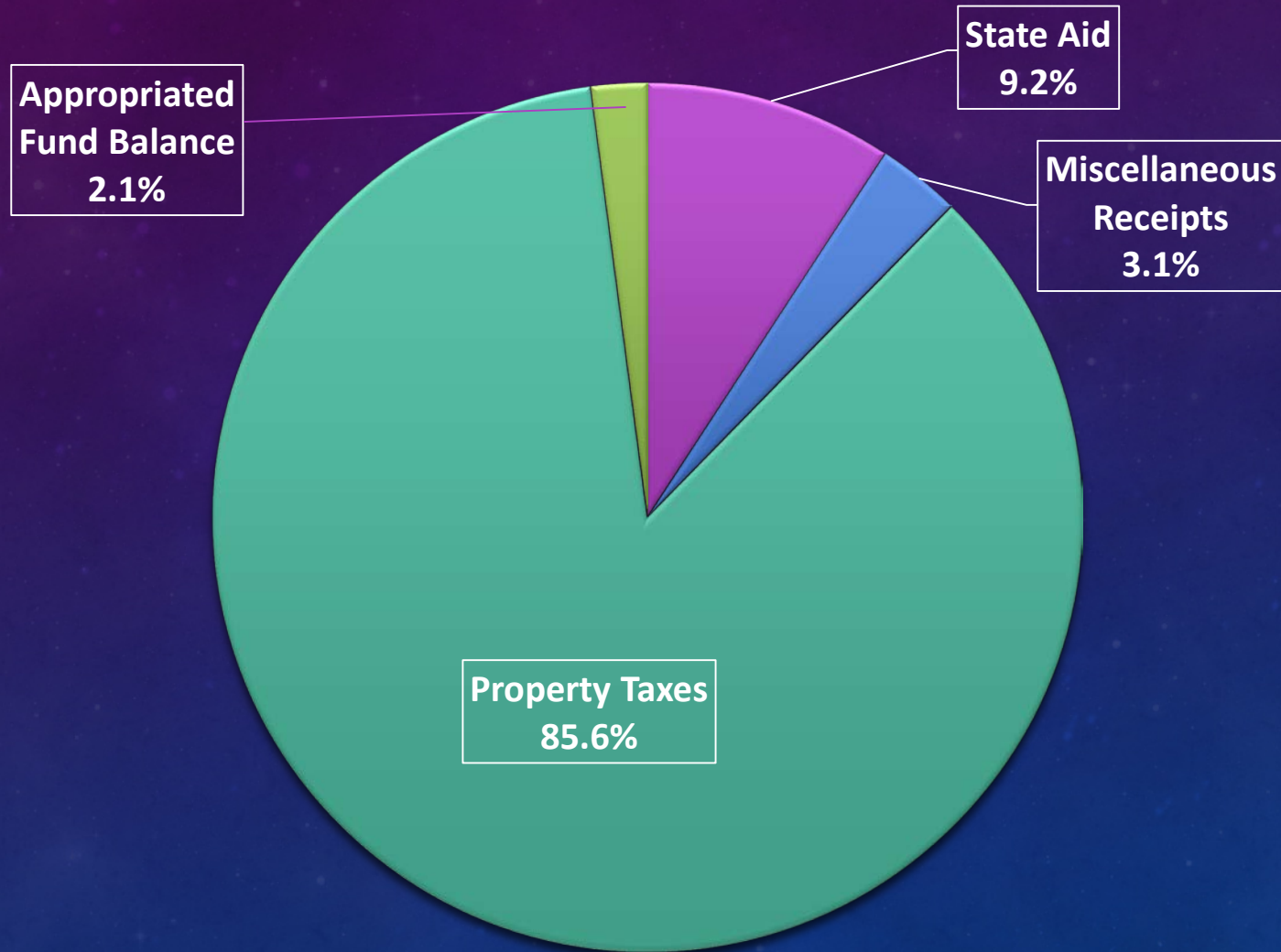


2020-21 PROPOSED BUDGET Revenue Budget

REVENUE BUDGET

| Category | % Total Revenue | 2019-20 Adopted Budget | 2020-21 Proposed Budget | Increase (Decrease) | % Change |
|------------------------------------|-----------------|------------------------|-------------------------|---------------------|----------|
| Property Taxes | 85.6% | \$63,646,306 | \$65,648,182 | \$2,001,876 | 3.15% |
| State Aid | 9.2% | 7,585,216 | 7,075,680 | (509,536) | (6.72%) |
| Miscellaneous Receipts | 3.1% | 2,373,478 | 2,376,433 | 2,955 | 0.12% |
| Appropriation-Fund Balance | 0.9% | 700,000 | 655,000 | (45,000) | (6.43%) |
| Appropriation-Debt Service Reserve | 0.4% | -0- | 344,705 | 344,705 | n/a |
| Appropriation-ERS Reserve | 0.8% | 625,000 | 600,000 | (25,000) | (4.00%) |
| TOTAL REVENUE | 100% | \$74,930,000 | \$76,700,000 | \$1,770,000 | 2.36% |

2020-21 REVENUE BUDGET



PROPERTY TAXES



NEW YORK STATE TAX CAP

- 2020-21 is the ninth 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 1.81% for 2020-21
- Allows exclusions for capital expenditures
- Also allows exclusions related to TRS and ERS pension costs in excess of 2 percentage point rate increase from year-to-year
 - Not applicable in 2020-21
- New for 2020-21: Allows for additional capital exclusion for BOCES facilities/capital expenditures (minimal impact for Pelham)

TAX LEVY CAP PROVISIONS

BUDGET VOTE PROVISIONS

If Budget is Within the Tax Cap Limit:

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

If Budget is Above the Tax Cap Limit:

- ➡ Need a supermajority public vote to pass (60%)

If Budget Fails:

- ➡ Board of Education must adopt a Contingency Budget
- ➡ Result is \$2 million budget gap

2020-21 PROJECTED TAX LEVY CALCULATION

| NYS Tax Cap Formula Components | | Amount | % |
|--|---------|--------------|---------|
| 2019-20 Tax Levy | | \$63,646,306 | |
| x Tax Base Growth Factor | | 1.0044 | 0.44% |
| - Prior Year Exclusions | Capital | (1,895,188) | (2.98%) |
| = Prior Year Tax Levy Limit | | 62,031,162 | |
| x Allowable Levy Growth Factor (lower of CPI or 2%) | | 1.0181 | 1.76% |
| = 2020-21 Tax Levy Limit (before Exclusions) | | 63,153,926 | |
| + Current Year Exclusions | Capital | 2,494,256 | 3.93% |
| | Pension | \$0 | |
| = 2020-21 Allowable Tax Levy | | \$65,648,182 | 3.15% |
| 2020-21 Preliminary Budget Tax Levy | | \$65,648,182 | 3.15% |

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--subject to cap and taxpayer tolerance/sensitivity*
 - *State Aid--formula driven and subject to political considerations*
- Use of Fund Balance/Reserves 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)
 - *Appropriations of Fund Balance are not “true” revenue sources, rather they are considered “other financing sources” to meet the gap between “true” revenue and expenditures ... usage is like drawing on a savings account*

ASSESSED VALUATION

Homestead
&
Non-Homestead

ASSESSED VALUATION

Total Property Value—Homestead & Non-Homestead (Data per Town of Pelham)



*2020-21 valuation as of 5.6.20.

EFFECT OF SCHOOL TAX INCREASE

Example 1: \$500,000 home assessment – 2019-20 School Taxes (Base Year) = \$9,181

| | | | |
|------------------------------------|---------|---------|---------|
| Assessed Value Change | 2.00% | 4.00% | 6.00% |
| Estimated 2020-21 School Tax | \$9,295 | \$9,478 | \$9,660 |
| Tax Increase from 2019-20 (annual) | \$115 | \$297 | \$479 |
| Percent Change | 1.25% | 3.23% | 5.22% |

Example 2: \$920,000 home assessment - 2019-20 School Taxes (Base Year) = \$16,893

| | | | |
|------------------------------------|----------|----------|----------|
| Assessed Value Change | 2.00% | 4.00% | 6.00% |
| Estimated 2020-21 School Tax | \$17,104 | \$17,439 | \$17,774 |
| Tax Increase from 2019-20 (annual) | \$211 | \$546 | \$881 |
| Percent Change | 1.25% | 3.23% | 5.22% |

Example 3: \$1,350,000 home assessment - 2019-20 School Taxes (Base Year) = \$24,788

| | | | |
|------------------------------------|----------|----------|----------|
| Assessed Value Change | 2.00% | 4.00% | 6.00% |
| Estimated 2020-21 School Tax | \$25,098 | \$25,590 | \$26,082 |
| Tax Increase from 2019-20 (annual) | \$310 | \$802 | \$1,294 |
| Percent Change | 1.25% | 3.23% | 5.22% |

STATE & FEDERAL AID

STATE & FEDERAL AID - 9.2% of Revenue Budget

| Category | % Total Aid | 2019-20 Adopted Budget | 2020-21 Proposed Budget | Increase (Decrease) | % Change |
|--------------------------------------|--------------|------------------------|-------------------------|---------------------|---------------|
| Foundation Aid | 49.6% | \$3,510,900 | \$3,510,844 | \$(56) | (0.0%) |
| Building Aid | 16.9% | 1,694,757 | 1,195,677 | (499,080) | (29.4%) |
| BOCES Aid | 18.9% | 1,398,505 | 1,328,947 | (69,558) | (4.9%) |
| Transportation Aid | 6.5% | 410,989 | 462,819 | 51,830 | 12.6% |
| Instructional Materials Aid | 3.7% | 261,142 | 262,949 | 1,807 | 0.7% |
| High Tax Aid | 1.6% | 116,596 | 116,596 | - | 0.00% |
| All Other Aids | 2.8% | 192,327 | 197,848 | 5,521 | 2.9% |
| Pandemic Adjustment | (1.2%) | 0 | (84,928) | (84,928) | n/a |
| TOTAL STATE AID | 98.8% | \$7,585,216 | \$6,990,752 | \$(594,464) | (7.8%) |
| Federal Aid | 1.2% | 0 | 84,928 | 84,928 | n/a |
| TOTAL STATE & FEDERAL AID | 100% | \$7,585,216 | \$7,075,680 | \$(509,536) | (6.7%) |

STATE AID REVENUE MEASUREMENT PERIODS & FISCAL YEAR REDUCTIONS

- NYS Budget Director is empowered to adjust or reduce any general fund and/or state special revenue fund appropriation to maintain a balanced budget should an imbalance occur during any of three measurement periods: 1) April 1-30, 2020; 2) May 1-June 30, 2020; and 3) July 1-Dec. 31, 2020.
- If the Budget Director proposes a reduction, the state legislature has 10 days to prepare its own plan, which may be adopted if passed by both houses. If passed, the Division of the Budget is required to then implement the legislative plan. Absent passage of an alternate plan, the reductions will go into effect automatically.

MISCELLANEOUS RECEIPTS



MISCELLANEOUS RECEIPTS - 3.1% of Revenue Budget

| Category | 2019-20 Adopted Budget | 2020-21 Preliminary Budget | Increase (Decrease) | % Change |
|---|------------------------------|----------------------------------|------------------------|-------------|
| Tuition | \$1,027,854 | \$1,115,088 | \$87,234 | 8.5% |
| Sales Tax | 715,000 | 750,000 | 35,000 | 4.9% |
| Health Services | 133,000 | 122,000 | (11,000) | (8.3%) |
| Refund-Prior Year Expenses, including Arts in Ed | 315,000 | 250,000 | (65,000) | (20.6%) |
| All Other | 182,624 | 139,345 | (43,279) | (23.7%) |
| TOTAL MISCELLANEOUS RECEIPTS | \$2,373,478 | \$2,376,433 | \$2,955 | 0.1% |

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
 - Westchester County increased rate from 3% to 4% effective 8.1.19 (school districts receive 10% of the increase)
 - Estimated revenue reduced 25% from preliminary budget due to COVID19
- **Health Services**
 - Reflects billings for health related services for certain non-resident students
- **Refund of Prior Year Expenses**
 - Includes annual BOCES refund, Arts-in-Education reimbursement from the PTAs & other recapture of prior year expenditures
 - Arts in Education reimbursement reduction due to COVID19
- **All Other Revenues**
 - Includes utility payments from Town, interest earnings, rental charges for facility use and any other miscellaneous monies received
 - Interest income reduced from preliminary budget due to COVID19



APPROPRIATIONS AS OTHER FUNDING SOURCES:

USE OF FUND BALANCE & RESERVES

APPROPRIATIONS

2.1% OF REVENUE BUDGET

2020-21 Preliminary Budget includes \$1,599,705 in Appropriated Fund Balance

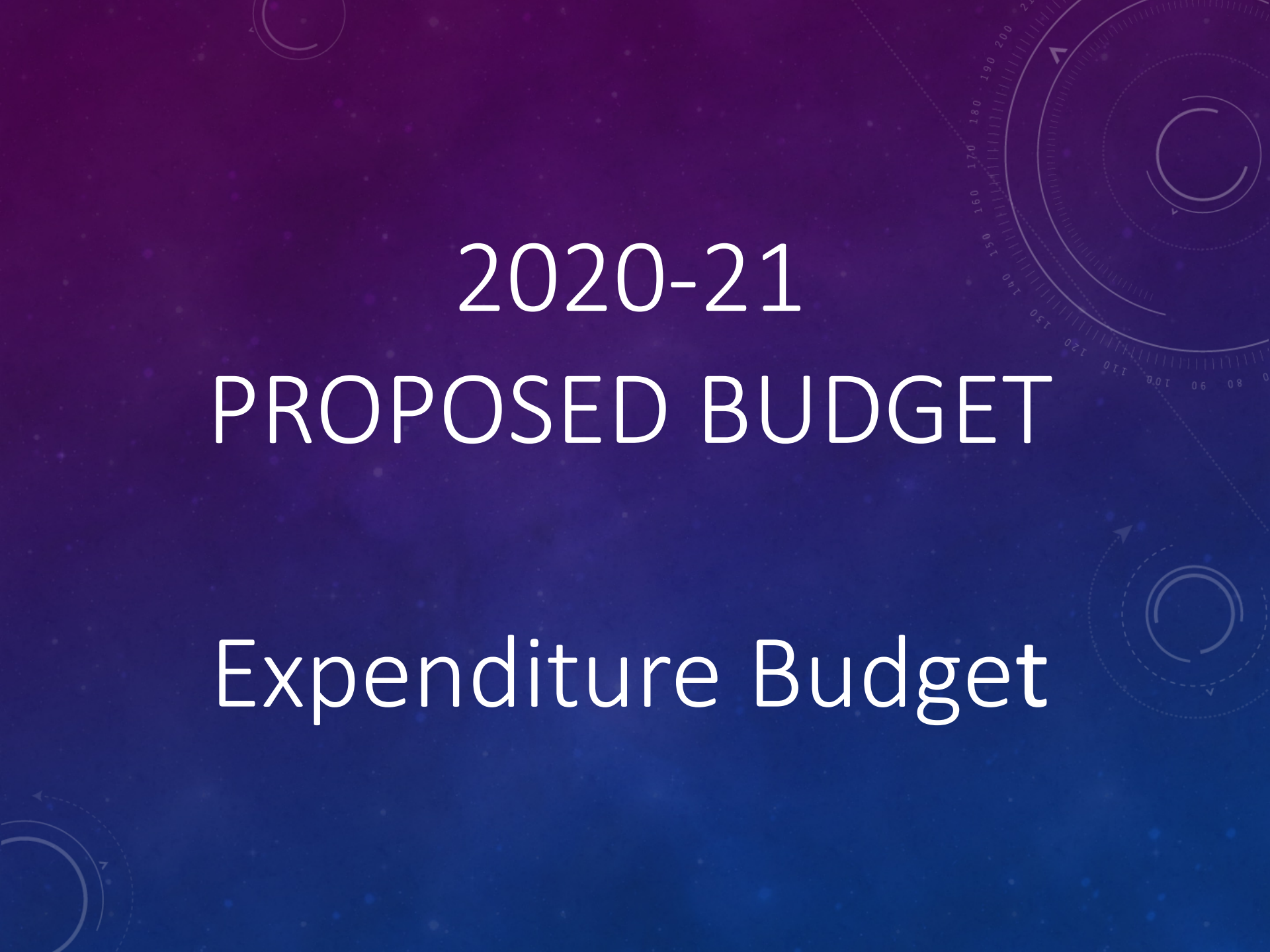
| Source | Amount | Notes |
|--------------------|-----------|---|
| Prior Year Surplus | \$655,000 | <ul style="list-style-type: none"> • Appropriation of General Fund fund balance generated at the end of 2019-20 school year • Ongoing practice for most school districts • Reduction of \$45,000 from prior year |
| ERS Reserve | \$600,000 | <ul style="list-style-type: none"> • Appropriation from Employee Retirement System Reserve • Partially offsets budgeted ERS expenditures of \$818,380 • Reduction of \$25,000 from prior year |
| Debt Service Fund | \$344,705 | <ul style="list-style-type: none"> • Represents a combination of premiums received/expected from Bond Anticipation Notes issued in connection with 2018 Capital Projects and approximately \$215,000 of existing Debt Service Fund available balance |

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



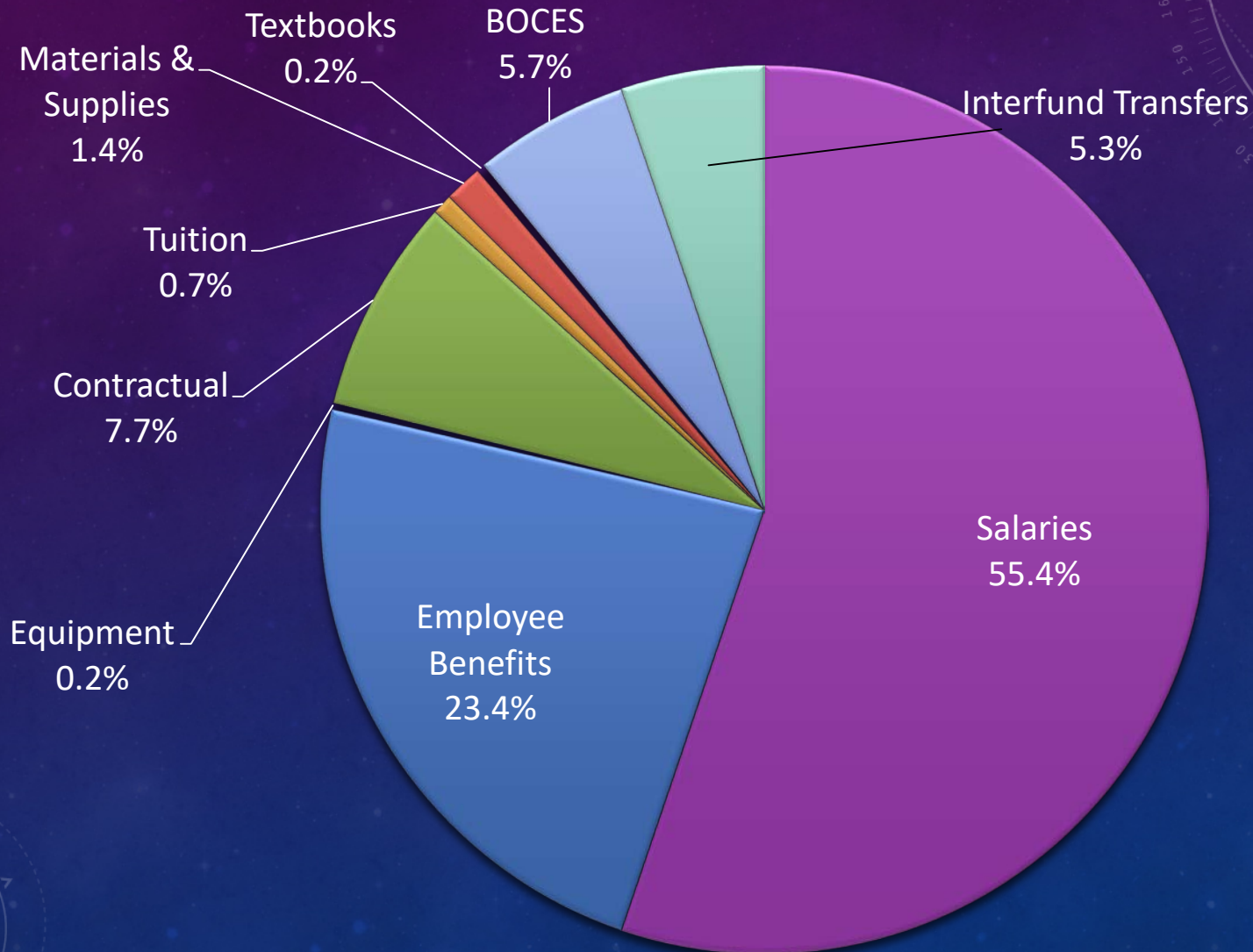
2020-21 PROPOSED BUDGET Expenditure Budget

EXPENDITURE BUDGET

| Category | % Total Expense | 2019-20 Adopted Budget | 2020-21 Preliminary Budget | Increase (Decrease) | % Change |
|---|-----------------------|---------------------------|-------------------------------|------------------------|-------------|
| Salaries | 55.4% | \$42,144,537 | \$42,515,324 | \$370,787 | 0.9% |
| Employee Benefits | 23.4% | 16,919,744 | 17,973,243 | 1,053,499 | 6.2% |
| Note: Salaries & Employee Benefits together comprise almost 80% of the Budget | | | | | |
| Contractual | 7.7% | 5,990,396 | 5,875,920 | (114,476) | (1.9%) |
| BOCES Services | 5.7% | 4,028,941 | 4,394,931 | 365,990 | 9.1% |
| Interfund Transfer-Debt Service Fund | 5.2% | 3,547,403 | 3,990,207 | 442,804 | 12.5% |
| Materials & Supplies | 1.4% | 1,077,248 | 1,074,271 | (2,977) | (0.3%) |
| Tuition | 0.7% | 850,902 | 535,000 | (315,902) | (37.1%) |
| Textbooks | 0.2% | 203,769 | 171,354 | (32,415) | (15.9%) |
| Equipment | 0.2% | 137,060 | 134,750 | (2,310) | (1.7%) |
| Interfund Transfers – Special Aid Fund | 0.1% | 30,000 | 35,000 | 5,000 | 16.7% |
| TOTAL | 100% | \$74,930,000 | \$76,700,000 | \$1,770,000 | 2.36% |

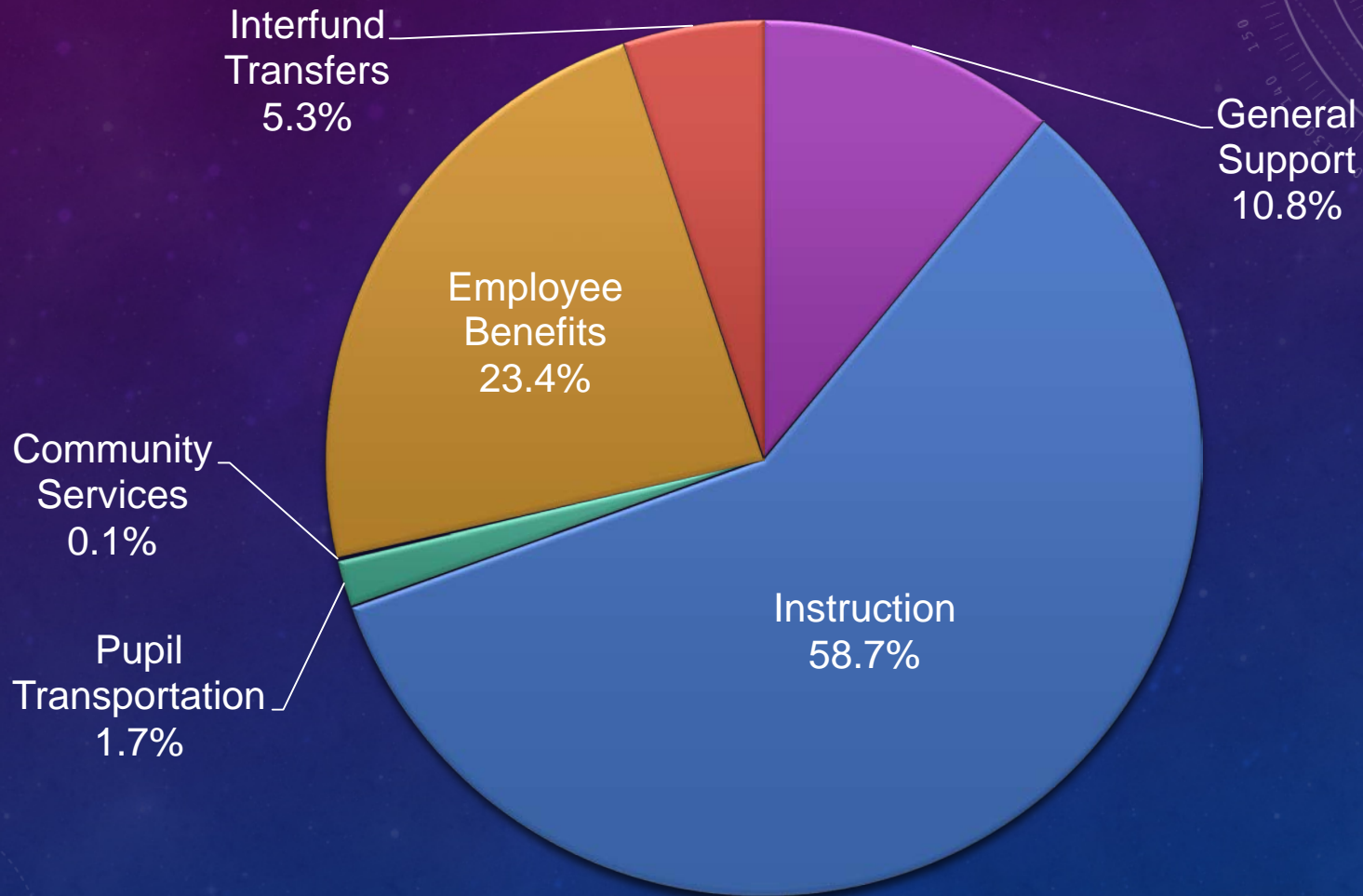
2020-21 EXPENDITURE BUDGET

BY OBJECT CODE



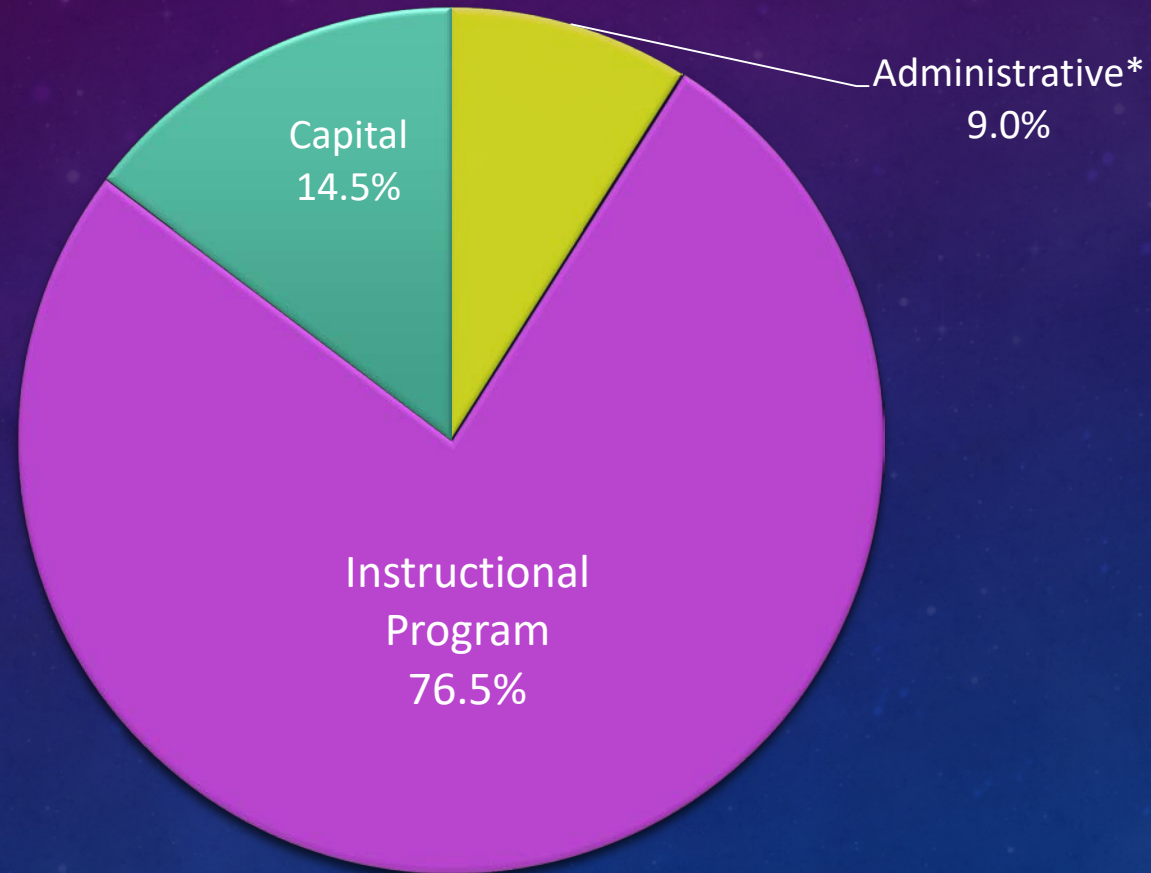
2020-21 EXPENDITURE BUDGET

BY FUNCTION CODE



2020-21 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

| Category of Spending | Budget Change | % Total Budget Change |
|-------------------------------------|---------------|-----------------------|
| Employee Benefits | \$1,053,499 | 1.41% |
| Interfund Transfer-Debt Service | 442,804 | 0.58% |
| Salaries | 370,787 | 0.49% |
| BOCES | 365,990 | 0.48% |
| Interfund Transfer-Special Aid Fund | 5,000 | 0.01% |
| Equipment | (2,310) | (0.00%) |
| Materials & Supplies | (2,977) | (0.00%) |
| Textbooks | (32,415) | (0.04%) |
| Contractual | (114,476) | (0.15%) |
| Tuition | (315,902) | (0.42%) |
| TOTAL | \$1,770,000 | 2.36% |

OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- Employee Benefits, \$1,053,000 increase
 - Pensions
 - Teacher Retirement System (TRS), \$247,000 increase driven by rate increase from 8.86% to 9.53% (7.6%) and salary base increase
 - Employee Retirement System (ERS), \$38,000 increase with relatively flat rate
 - Health Insurance, \$760,000 increase
 - Medical insurance rate increase of 3.7% for current & non-Medicare eligible retirees
 - No increase for Medicare eligible retirees
 - Allowance for settlements of collective bargaining unit contracts

OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- Interfund Transfer-Debt Service Fund, \$443,000
 - Increase due to interest expense on Bond Anticipation Notes used to fund 2018 Capital Projects
 - Increase partly offset by appropriations of revenue from the Debt Service Fund
- Salaries, \$371,000 increase
 - Includes known contractual increases for administrators and custodial staff
 - Includes contractual step increases for teachers and clerical staff
 - Includes significant savings realized from retirements (9 teachers & 2 administrators)

OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- BOCES, increase \$366,000
 - Administrative charges (shared by member districts), \$23,000 increase
 - Copier leases district-wide (transferred to BOCES in 2019-20), \$74,000
 - Estimated hardware purchase & repair, \$36,000 (not usually estimated on initial request for services)
 - Installment purchase agreement, increase \$20,000
 - Classlink, Frontline, RTIM Direct, Frontline PD: increases totaling \$40,000 (new or enhanced level of services)
 - Interscholastic athletics software “Huddle”, \$8,000 (new)
 - ThoughtExchange, increase \$24,000 (new in 2019-20)
 - Arts-in-Education spending, estimated increase \$70,000 (based on recent experience; partly refunded by PTAs in subsequent year)
- Tuition, decrease \$316,000
 - Reduction in Special Education placements out of district due to changing student need

SUMMARY OF BUDGET TO BUDGET CHANGES

| REVENUE & OTHER FINANCING SOURCES | | EXPENDITURES | |
|--|-------------|---------------------------------|-------------|
| Property Taxes | \$2,001,876 | Employee Benefits | \$1,053,499 |
| State Aid | (509,536) | Salaries | 370,787 |
| Miscellaneous Receipts | 2,955 | Interfund Transfer-Debt Service | 442,804 |
| Appropriation of Prior Year Surplus Fund Balance | (45,000) | BOCES | 365,990 |
| | | Contractual | (114,476) |
| Appropriation from ERS Reserve | (25,000) | Equipment | (2,310) |
| | | Interfund Transfer-Special Aid | 5,000 |
| Appropriation from Debt Service Fund (premium on BAN issuance) | 344,705 | Textbooks | (32,415) |
| | | Materials & Supplies | (2,977) |
| | | Tuition | (315,902) |
| TOTAL INCREASE | \$1,770,000 | TOTAL INCREASE | \$1,770,000 |

BUDGET RECAP

Total Appropriations

\$76,700,000

Budget-to-Budget Increase

2.36%

Maximum Allowable Tax Levy
Increase

3.48%

Tax Levy Increase per
Proposed Budget

3.15%

June 9, 2020

Community Budget Vote and Board Member Election

****Election by absentee ballot only. Ballots must be received by the District Clerk of Pelham Union Free School District by no later than 5:00 p.m. on June 9, 2020**

On the Ballot

- 2020-21 Budget Proposal
- Authorization to reallocate previously approved funds within the 2018 capital bond
- Two seats on the school board - uncontested



Questions?

Thank you!