

Capital Budget

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CAPITAL BUDGET OVERVIEW

The Capital Budget consists of all plant maintenance costs, including custodial salaries, service contracts, supplies, utilities, maintenance, repairs, construction and renovations. This portion of the budget also includes insurance, capital, debt service, debt and leasing costs. For the 2023-24 school year, the proposed capital budget is \$8,637,422 or approximately 10% of the total budget.

This area of the budget reflects the cost to operate and maintain our facilities. Plant maintenance represents approximately 50% of the capital budget. The largest components of these expenses are salaries and utilities. The salaries include wages for the Director of Facilities (0.5 FTE), his secretary (0.5 FTE), 24 FTE custodians, 6 head custodians and 2 maintenance mechanics. Utilities include oil and natural gas to heat the five buildings and central office; electricity for the same buildings, which will be supplied by NYPA and the solar panels on our roofs; water, which is provided by the Town of Cortlandt, Village of Buchanan and Montrose Water Improvement; and telephones. On a yearly basis, the District budgets monies for minor capital projects and repairs aimed at upgrading our facilities, making our buildings more environmentally friendly and reducing costs.

For the 2023-24 school year, we expect a large increase in the price of oil (2%), natural gas and electricity (22%). In addition, under our power purchase agreement with Solar City, the owners of the solar panel system on our roofs, the kw/h rate will increase by 2.2%. The rate per kw/h from the solar panels for next year will be on average \$0.16 compared to approximately \$0.23 from NYPA.

INSURANCE PROGRAM

The District contracts its insurance program with NYSIR. For the 2023-24 school year, the District expects an increase of approximately 12% compared to this year. The program includes the following coverage:

Commercial Property – this insurance covers all our buildings and contents for destruction, theft, pollution cleanup and removal, property in transit, exterior signs, valuable papers, accounts receivable, primary flood coverage, backup of sewage and drains, earthquake and excess flood. The total insured value of our facilities is approximately \$196 million. The annual premium for this insurance in 2022-23 was \$138,759 with a deductible of \$1,000 per occurrence.

Commercial Inland Marine – this insurance covers A/V equipment, EDP equipment, mobile and musical equipment. Last year, the annual cost for this insurance was \$5,693 with a deductible of \$250 per occurrence.

Commercial boiler and machinery – this insurance covers equipment breakdown, computer equipment and data restoration as well as service interruption. The premium for this insurance was \$11,229 during the 2022-23 school year.

Commercial general liability – this insurance covers bodily injury/property damage, personal injury, fire damage, medical expenses, employee benefits liability and limited pollution liability. The occurrence limit is one million dollars with a \$1,000 deductible for employee benefits liability. The premium for this insurance was \$67,747 last year.

Commercial automobile– this insurance covers our entire bus fleet and automobile vehicles as well as bodily injury, medical expenses and collision coverage during an accident. It also covers garage and garage-keepers liability. The annual premium for this insurance was \$44,226 in 2022-23 with no deductible.

School board legal liability – this insurance covers the Board of Education members from any legal liability arising from their duties as Board members. The annual premium last year was \$24,632 with a \$2,500 deductible per occurrence.

Excess catastrophe liability – this insurance covers any excess liability that is not covered by any other type of insurance. The occurrence limit is \$25 million. Last year, the premium was \$42,303.

Last year, the total cost for the NYSIR insurance program was \$334,589.

DEBT PROFILE

In the past the District financed its computer and technology program by entering into long term (5-year) leases. However, this year, the District has decided to switch the purchasing of this equipment to BOCES. The terms will be the same, but the payments will flow through BOCES.

The District finances the purchase of our bus fleet by issuing Bond Anticipation Notes (BANs) on a short term and revolving basis (usually one-year) with full amortization in five years.

The District issues long-term debt to finance capital projects and tax certiorari liabilities. The capital projects bonds are issued with maturities of between 7 and 20 years. The District tries to match the life of the asset with the liability. During the 2015-16 school year, the District issued two bonds totaling approximately \$7 million in maturities ranging from seven to eighteen years to finance our portion of the BOCES capital project and the 2013 infrastructure and technology project. The portion dedicated to technology was issued for seven years, since the equipment purchases had a life span of seven years. The rest of the bond was issued for 18 years. Tax certiorari bonds were issued for between five and ten years depending on the amount of the liability. These bonds reduce the immediate outflow of large amounts of money that the District has to pay due to tax certiorari judgements against us.

The following is the debt of the district:

- Computer Leases
- Tax Certiorari Debt
- Buses (BANs)
- Energy Performance Contract
- \$4.6 Million Capital Project 2012 Serial Bonds
- Technology, Infrastructure and BOCES Bond
- \$18.5 million Capital Project

Computer leases

Although the computer leases are accounted for in the Instructional Budget, the District always includes this debt in the Debt portion of this budget book. In 2005, the District started a computer and software renewal cycle to keep up with changing technology in the education field. Under this initiative, the District decided to enter into a lease agreement to finance these purchases. The idea was to upgrade the software (Microsoft Office and Operating System) and buy new computers in each school approximately every five years, which coincides with the lifetime of a computer and software. However, since the pandemic, the District had to review its planning. During the 2019-20 and 2020-21 school years, rather than continuing with the cycle by building, the District bought Chromebooks for every student to take home and study remotely. For the 2021-22 school year, the District decided to use the lease equipment funds to upgrade some switches and servers and buy new interactive whiteboards for the classrooms. For the 2022-23 school year, we returned to our computer cycle and replaced HS computers for classrooms and laptops for all HS offices. In addition, the District bought smart panels for the elementary schools, desktops for Project Lead the Way and the art lab at the middle school, laptops for the HS art program and Chromebooks for four grade levels. For the 2023-24 year, we are planning to outfit every middle school classroom with new workstations and purchase laptops for Project Lead the Way at the HS. In addition, we are purchasing additional Chromebooks for at least three grade levels as well as laptops for HS teachers and infrastructure upgrades to BV and FWS.

For the 2023-24 school year, the District will start purchasing all the equipment through BOCES. Therefore, going forward, we will no longer issue new equipment leases.

Payments for these leases for the 2023-24 school year are:

Building	Year Issued	Principal Payment	Interest Payment	Total Payment
BV	2018	\$64,599	\$2,481	\$67,080
FGL	2019	\$102,498	\$5,505	\$108,003
Chromebooks	2020	\$99,852	\$8,451	\$108,303
Switches, Servers and UPS	2021	\$129,994	\$8,085	\$138,079

Tax Certiorari Bonds

The District has a tax certiorari bond outstanding. The bond was issued to re-pay commercial and condominium property owners in the school district area who have contested their taxes and won a reprieve. Some of these judgements have included repayments dating as far back as 2004. Tax Certioraris is not a school district issue. However, due to the fact that the largest part of the property tax bill is for school funding, the schools are burdened with the largest liability when commercial and condominium owners are successful in grieving their taxes.

Tax certiorari bond issuance date, amount and payment for the 2023-24 school year are:

Issue Date	Amount	Maturity	2023-24 Payment
May 2015	\$822,000	May 2025	\$94,050

BANs for School Buses

On a yearly basis, the District issues one-year BANs to finance the purchase of our school bus fleet and Building and Grounds heavy equipment. The buses and equipment are financed over a five-year period. During the 2021-22 school year, the District paid down all the BANs from the past four years at favorable rates. This year, the District's repayment for the BAN will be \$205,000 and interest of \$25,025. The District will renew \$715,000 in BANs as follows:

Proposition	Payment	Renew BAN	Interest
CAP #61	\$105,000	\$315,000	\$11,025
CAP #62	\$100,000	\$400,000	\$14,000

Energy Performance Contract

During the 2007-08 school year, the District embarked on an Energy Performance Contract project. Under the project, the District contracted with Siemens to increase the efficiency of our infrastructure and lower our utility costs. The cost of the project was approximately \$2,559,000. The project was financed with a 15-year bond that is being repaid with the savings realized from

lower utility costs. For the 2023-24 school year the principal payment and interest are \$202,409 and \$19,177, respectively.

\$4.6 Million Capital Project 2012 Serial Bonds

During the 2011-12 school year, The District issued a 15-year, \$4.6 million Serial Bond to finance an infrastructure project to repair and upgrade the high school gym roof, and bathrooms at the high school and at FGL elementary school. For the 2023-24 school year, the principal and interest payments for these bonds are \$355,000 and \$47,125, respectively.

Technology, Infrastructure and BOCES Bond

During the 2014-15 school year, the District embarked on a \$6.2 million capital project to upgrade its technology infrastructure, roof repairs in all buildings, septic system upgrades and other minor capital improvements. This project was financed with two separate maturities. For the technology portion, the maturity was seven years, while the rest was financed for 18 years. In addition, PNW BOCES started a capital improvement project in some of its facilities. The 18 BOCES district components, of which we are one, were responsible for financing the project. Our District's share of the financing was \$680,919. The total principal and interest payment for these bonds will be \$314,556 compared to \$624,769 for 2022-23.

\$18.5 million Capital Project 2018 Bond Anticipation Notes

Two years ago, the District finalized its \$18.5 million capital bond. The District has been funding this project with one-year BANs. The District will continue to finance this project with BANs for the next year until the state recalculates the second portion of our State Aid. As soon as the District gets its new State Aid ratio, we will issue a long-term bond. For the 2023-24 school year, the total payment for the BAN is \$1,169,875.

ACCOUNT CODES