

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, transportation, capital, debt service, debt and leasing costs. For the 2022-23 school year, the proposed capital budget is \$9,952,428 or approximately 12% 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 (0.50 FTE), his secretary (0.5 FTE), 22 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 in our roofs; water, which is provided by 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 2022-23 school year, we expect a large increase in prices of oil (3.2%), natural gas and electricity (18%). 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 \$0.155 compared to approximately \$0.212 from NYPA.

INSURANCE PROGRAM

The District contracts its insurance program with NYSIR. For the 2022-23 school year, the District expects an increase of approximately 5.2% 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 2021-22 was \$129,722 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 \$10,092 during the 2021-22 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 \$66,175 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 \$45,157 in 2021-22 with no deductible.

School board legal liability – this insurance covers the Board of Education members from any legal liability risen from their duties as Board members. The annual premium last year was \$23,876 with a \$2,500 deductible per occurrence.

Excess catastrophe liability – this insurance covers any excess educational liability that is not covered by other type of insurance. The occurrence limit is \$25 million. Last year, the premium was \$42,025.

Last year, the total cost for NYSIR insurance program was \$323,550.

DEBT PROFILE

The District finances its computer and technology program by entering into long term (5-year) leases; finances the purchase of our bus fleet by issuing short term debt (BANs) on a revolving basis, usually one-year; and 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 and the rest 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
- School Refunding 2012 Serial Bonds
- School Refunding 2014 Serial Bonds
- \$4.6 Million Capital Project 2012 Serial Bonds
- Technology, Infrastructure and BOCES Bond
- \$18.5 million Capital Project

Computer leases

The District started a computer and software renewal cycle in 2005 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 boards for the classrooms. For the 2022-23 school year, we are trying to get back on a computer cycle. We are planning to outfit every high school classroom with new workstations. In addition, we are purchasing additional Chromebooks for at least two grade levels and interactive panels in all three elementary schools and two computer labs at the middle school.

The District has a Master Lease Agreement with Chase Bank to issue capital leases on a yearly basis for new computers and software upgrades in all buildings. During the last five years, the District has replaced over 1,200 desktops and bought 2,000 Chromebooks district-wide with monies from these leases.

Payments for these leases for the 2022-23 school year are:

Building	Year Issued	Principal Payment	Interest Payment	Total Payment
FW/DW	2017	\$122,262	\$5,678	\$124,940
BV	2018	62,209	4,869	67,078
FGL	2019	99,852	8,151	108,003
Chromebooks	2020	97,575	10,728	108,303
Switches, Servers and UPS	2021	128,047	10,032	138,079

Tax Certiorari Bonds

The District has two tax certiorari bonds outstanding. These bonds were 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 dates, amounts and payments for the 2022-23 school year are:

Issue Date	Amount	Maturity	2022-23 Payment
May 2015	\$822,000	May 2025	\$96,076

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 \$105,000 and interest of \$1,750 compared to \$327,000 and interest of \$5,620, last year. The District will renew \$420,000 in BANs as follows:

Proposition	Payment	Renew BAN	Interest
CAP #60	\$105,000	\$420,000	\$1,750

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 2022-23 school year the principal payment and interest are \$195,853 and \$25,733, respectively.

School Refunding 2012 Serial Bonds

During May 2003, the District issued a \$17,500,000 bond maturing on 2023 for the 2001-02 capital projects. During the 2007-08 school year, the District refunded \$11.29 million of the bonds at interest rates ranging between 2.75% and 5.00%, realizing savings of approximately \$600,000. The refunded bonds mature in 2023. For the 2022-23 school year, the total principal and interest payments for these bonds are \$1,255,000 and \$37,650, respectively.

School Refunding 2014 Serial Bonds

In August 2004, the District issued an 18-year, \$17 million Serial Bond maturing between 2005 and 2018, with interest rates ranging between 3.75% and 4.25%. These bonds were refinanced during 2014 at interest rates ranging between 2.00% and 3.00%. For the 2022-23 school year, the principal and interest payments for these bonds are \$1,225,000 and \$18,375, 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 2022-23 school year, the principal and interest payments for these bonds are \$335,000 and \$64,375, 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. 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 \$624,769 compared to \$620,725 for 2021-22.

\$18.5 million Capital Project 2018 Bond Anticipation Notes

Last year, 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 two to three years until the state re-calculates our State Aid. As soon as the District gets its new State Aid ratio, then we will issue a long term bond.

ACCOUNT CODES - CAPITAL

ACCOUNT	DESCRIPTION	2021-22 Budgeted	2022-23 Projected	Pct. Chg.
A 1620.160-10	PLANT MAINTENANCE:NON INSTRUCTIONAL SALARIES	1,680,201	1,786,685	6.3%
A 1620.162-10	PLANT MAINTENANCE:NON-INSTRUCTIONAL SUMMER	20,000	21,000	5.0%
A 1620.164-10	PLANT MAINTENANCE:NON-INSTRUCTION OVERTIME	200,000	250,000	25.0%
A 1620.165-10	PLANT MAINTENANCE:NON-INST LONGEVITY	45,000	45,000	0.0%
A 1620.167-10	PLANT MAINTENANCE:NON-INSTRUCT SKILL INCENT	15,000	15,000	0.0%
A 1620.200-10	PLANT MAINTENANCE:EQUIPMENT	93,000	100,000	7.5%
A 1620.400-10	PLANT MAINTENANCE:CONTRACTUAL EXPENDITURE	125,000	160,000	28.0%
A 1620.409-10	PLANT MAINTENANCE:CONTRACT SERVICES	85,000	90,000	5.9%
A 1620.424-10	PLANT MAINTENANCE:UTILITIES OIL	252,000	260,000	3.2%
A 1620.425-10	PLANT MAINTENANCE:UTILITIES PROPANE GAS	19,000	20,000	5.3%
A 1620.426-10	PLANT MAINTENANCE:UTILITIES WATER	29,000	30,000	3.4%
A 1620.427-10	PLANT MAINTENANCE:UTILITIES ELECTRICITY	563,600	665,000	18.0%
A 1620.428-10	PLANT MAINTENANCE:UTILITIES TELEPHONE	58,500	59,500	1.7%
A 1620.429-10	PLANT MAINTENANCE:MUNICIPAL WATER SERVICES	30,000	35,000	16.7%
A 1620.433-10	PLANT MAINTENANCE:PROP & GEN LIAB/FIRE INS	123,836	130,276	5.2%
A 1620.434-10	PLANT MAINTENANCE:BOILER INSURANCE	9,615	10,115	5.2%
A 1620.435-10	PLANT MAINTENANCE:AUTO LIABILITY	45,684	48,059	5.2%
A 1620.449-10	PLANT MAINTENANCE:PROFESSIONAL SERVICES	125,000	120,000	-4.0%
A 1620.450-10	PLANT MAINTENANCE:MATERIALS AND SUPPLIES	280,000	294,000	5.0%
A 1621.160-10	MAINTENANCE PLANT:NON INSTRUCTIONAL SALARIES	883,948	901,943	2.0%
A 1621.400-10	MAINTENANCE PLANT:CONTRACTUAL EXPENDITURE	100,000	105,000	5.0%
A 1622.400-10	SECURITY OF PLANT: CONTRACTUAL EXPENDITURE	15,000	15,000	0.0%
A 1680.490-10	CENTRAL DATA PROCESSING:SERVICES FROM BOCES	65,000	66,625	2.5%
A 1910.431-10	UNALLOCATED INSURANCE:PROFESS LIABL/CRIME INS	20,964	22,054	5.2%
A 1910.436-10	UNALLOCATED INSURANCE:UMBRELLA EXCESS LIABILITY	60,096	63,221	5.2%
A 9732.700-10	BAN - BUSES:INTEREST ON INDEBTEDNESS	9,120	10,120	11.0%
A 9901.950-10	TRANSFER TO OTHER FUNDS:TRANSFER TO	60,000	75,000	25.0%
A 9901.960-10	TRANSFER TO OTHER FUNDS:TRANSFER TO	4,344,846	4,298,831	-1.1%
A9099.500-10	CAPITAL PROJECT	-	150,000	N/M
A 9950.990-10	TRANSFER CAP FUND (BANS):TRANSFER TO CAP FUNDS BAN	305,500	105,000	-65.6%
		<u>9,663,910</u>	<u>9,952,428</u>	2.9%