

Syosset School District

2020-21 Budget

May 19, 2020

2020-21 Budget Planning

Important Dates

- ✓ February 10 - Budget Meeting (Capital & Admin. Codes)
- ✓ March 16 - Budget Summary (Program)
- ✓ April 28 - Budget Meeting – Revenue & Reserves
 - May 19 - Budget Adoption
 - May 27 - Budget Hearing
 - **June 9 - BUDGET VOTE DATE**

Realigning Budget Goals to Current Fiscal Environment

- **Preserve program and services in an environment of uncertain revenue.**
- **Ensure the district's financial health stays strong to effectively respond to rapidly changing economic and learning environments.**
- **Maintain safe and secure learning environment.**
- **Continue to repair and maintain facilities and equipment related to health & safety**
- **Continue to seek greater efficiencies in operations**

Fiscal Concerns for Budget 2020-2021 and Beyond

- **Uncertainty: Revenue**
Expenditures related to COVID
- **Ensure Future Financial Stability – Judicious use of Reserves**
- **Overall economic environment**
Sustained market losses will increase pension contributions
Health insurance rates could rise significantly
CPI will likely be lower, limiting future tax caps

“Next year, school districts may face significant budget shortfalls.”

OSC Presentation May 2020

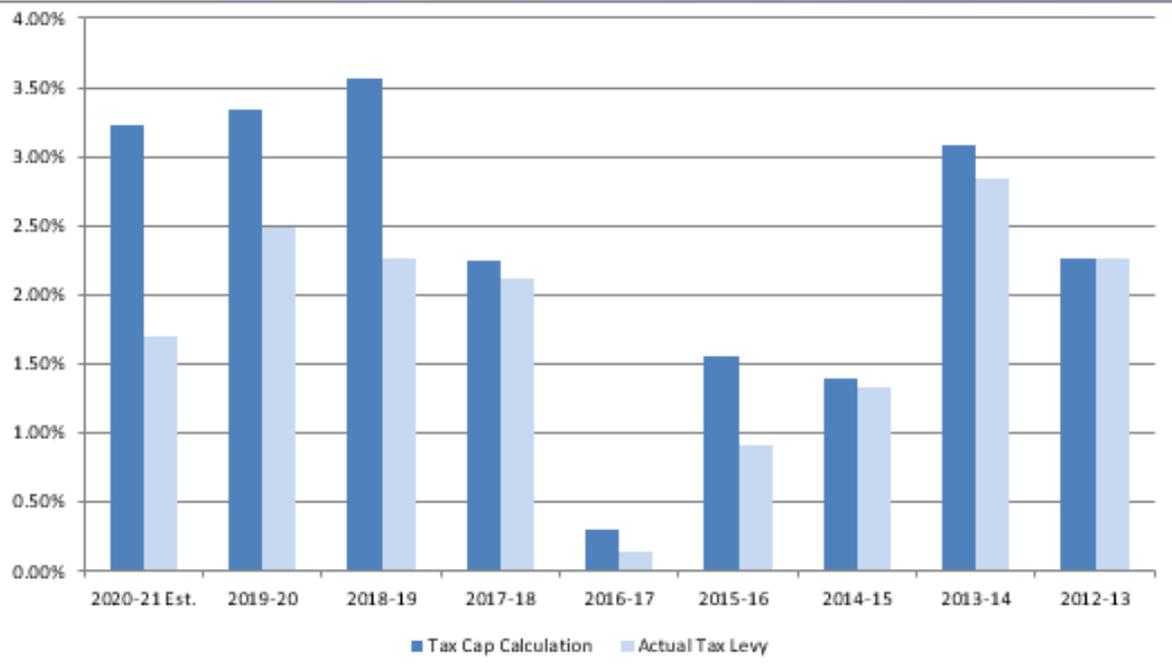
Tax Levy Calculation

Tax Levy for 2019-20	\$200,830,319
Multiply (1) by Tax Base Growth Factor 2020	1.00960
	\$202,758,289
Add: PILOT payments from prior year	\$3,921,913
LIPA "PILOT"	\$5,158,642
Subtract Exclusions - Capital	(\$3,122,809)
Adjusted Prior Year Levy	\$208,716,035
Allowable Levy Growth Factor (lessor of CPI or 2%)	\$212,493,795
Current Estimate = 1.81%	
Subtract Estimated PILOTS for 2020-21 fiscal year	(\$3,890,559)
Subtract Estimated LIPA "Pilots" for 2020-21 fiscal year	(\$4,985,067)
Tax Levy Limit	\$203,618,170
Estimated Coming Year Exemptions - Capital	\$3,698,804
2020-21 MAXIMUM ALLOWABLE TAX LEVY	\$207,316,974
	3.23%

DRAFT Syosset Budget & Tax Levy Comparison

	Draft 2020-21 Budget as of 5/19
Preliminary Spending Plan DRAFT	241,639,245
Estimated State Aid (Including Anticipated Buidling Aid	-17,519,065
Local Revenue <i>(Includes PILOTS & LIPA PILOT - PILOTS ARE ESTIMATED USING CURRENT YEAR VALUES & SUBJECT TO REVISION)</i>	-10,615,126
Appropriated Fund Balance	-4,967,274
Restricted Reserves	-3,880,000
Revenue from debt service fund	-421,615
Estimated Tax Levy 2020-21 (\$)	204,236,165

DRAFT Syosset 2020-21 Budget & Tax Levy



- Budget Increase = 1.97%
- Tax Levy Increase = 1.7%
- Calculated Tax Cap = 3.23%
- \$3 Million Under the Cap

State Required Three-Part Budget

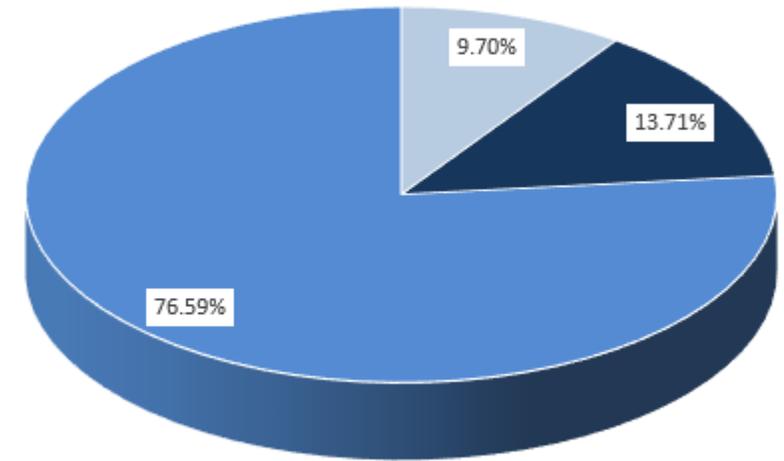
Syosset Central School District

'State Category (3-Part Budget) Report'

Fiscal Year: 2021

State Function Description	2020-2021 Proposed Budget	2019-2020 Adopted Budget	Dollar Change	Percent Change
Total Administration	23,427,365.00	23,918,362.00	-490,997.00	-2.05%
Total Capital	33,136,313.00	30,658,474.00	2,477,839.00	8.08%
Total Program	185,075,567.00	182,400,184.00	2,675,383.00	1.47%
Total	241,639,245.00	236,977,020.00	4,662,225.00	1.97%

Three-Part Budget Components



■ Administration ■ Capital ■ Program

Budget and Tax Levy and Balancing the Budget



Budget:

Expenditure Plan that supports instructional programs and services of the school district.

Tax Levy:

The amount of money raised through property taxes after all other revenue sources are deducted.

Budget

(State Aid)

(Local Revenue)

(Reserves)

Tax Levy

State Aid - Reductions

The Governor's Budget Director predicted a 20% reduction in state aid to schools, and direction to schools to wait until May 15th for an update.

For Syosset this amounts to a cut of \$3.6 if based on total aid or \$1.7 if based on Foundation Aid

Options When Revenue is Reduced

1. Reduce Budget (Expenditures)
2. Find another source of Revenue to make up the difference
- ✓ 3. Combination of 1 and 2
4. Accept higher budget increase and tax levy

Reduced Budget to Preserve all Programs and Services

Approximately \$4.4 Million in Reductions

- \$2.4 Million in Operations:
 - \$1.4 million in capital projects postponed
 - \$1 million in equipment and contractual services.
- \$2 Million in staffing reductions achieved through attrition:
 - 2 administrative positions
 - 7 support positions
 - 12 teaching positions

Enhanced Flexibility to Respond To Uncertainties

- Added \$2 Million allocation to help the district respond to potential additional costs as a result of Coronavirus Pandemic.
- Identified open non-instructional positions and equipment that would remain on budget hold until more definitive state aid numbers are available.

Benefits of Using Reserves

- Saving for future contingencies.
- Helps with long-term capital and operational planning.
- Could reduce need to borrow.
- Can help stabilize effects from fluctuations in the economy.



NYS COMPTROLLER
THOMAS P. DiNAPOLI

Office of the State Comptroller Use of Reserves

Webinar

New York State Association of School Business Officials

May 13, 2020



NYS COMPTROLLER
THOMAS P. DiNAPOLI

Types of Reserve Funds

School districts are authorized to establish the following reserves:

- ✓ • Retirement Contribution Reserve (GML §6-r)
- ✓ • Capital Reserve (EDU §3651)
- Tax Certiorari Reserve (EDU §3651(1-a))
- Property Loss Reserve and Liability Reserve (EDU §1709(8-c))
- Reserve for Tax Reduction (EDU §1604(36), §1709(37))
- Repair Reserve (GML §6-d)
- ✓ • Workers' Compensation Reserve (GML §6-j)
- ✓ • Mandatory Reserve for Debt Service (GML §6-l)
- ✓ • Unemployment Insurance Reserve (GML §6-m)
- ✓ • Insurance Reserve (GML §6-n)
- ✓ • Employee Benefit Accrued Liability Reserve (GML §6-p)

Local
Revenue -
Reserves



NYS COMPTROLLER
THOMAS P. DiNAPOLI

Local Revenue – Restricted Reserves

Total Restricted Reserves = \$26.2 Million

\$3.8 Million planned to support 2020-21 Budget, same level as last several years.

	<u>2019</u>
General Fund	
Restricted	
Workers' compensation	\$ 3,438,156
Unemployment insurance	775,564
Retirement contribution	
Teachers' retirement system	2,076,535
Employees' retirement system	15,860,129
Insurance	309,087
Employee benefit accrued liability	3,513,346
Capital	36,229
Repairs	170,067

Reserve Balances from Audited Financial Statements

What Lies Ahead?

Many uncertainties will challenge school district finances in the coming months and years

- ➔ Balancing financial flexibility with available resources
- ➔ Watching for new risks and opportunities
- ➔ Collaborating on solutions



Local Revenue - Reserves

Continue to utilize fund balance and reserves to support the tax levy:

- Fund capital projects in the budget
- Fund COVID related expenses
- Fund direct expenses in the budget (*ERS, Workers Compensation, Unemployment*)

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Elliott Auerbach, Deputy Comptroller



Resources to Manage School District Budgeting during the COVID-19 Crisis

The Office of the New York State Comptroller (OSC) recognizes the COVID-19 pandemic has created an environment of uncertainty for school district officials in dealing with their financial operations and the challenges they face as they work to put together balanced budgets for the upcoming fiscal year.

Due to the closure of school districts across New York and the subsequent changes to programs and operations, school districts may end the current fiscal year with significantly different operating results than anticipated prior to the pandemic. This may drive changes to a district's fund balance levels.¹

Next year, school districts may face significant budget shortfalls. As a result, school districts will contend with several financial management challenges. We believe the following information and resources that are readily available may help school districts manage a district's financial operations during these unprecedented times.

Local Revenue – Fund Balance

Managing Fund Balance Levels

If school district officials project that they will have surplus fund balance as they near the end of the fiscal year, they should consider the following:

- Appropriating surplus fund balance to reduce next year's real property tax levy, especially in light of the current economic times that many taxpayers are currently facing.
- Determining if there are any needed one-time purchases that could be paid for with the surplus funds.
- Assessing existing reserve fund balance levels to see if there is a need for additional funding to meet future anticipated requirements or creating new reserve funds to meet future anticipated needs.

Local Revenue – Fund Balance

Appropriated Fund Balance				
	2017-18	2018-19	2019-20	2020-21
Capital Project Work	3,335,898	1,400,000	2,200,000	1,767,274
Security Upgrades		1,000,000		
General Purpose	550,000	1,600,000	1,200,000	1,200,000
Potential Coronavirus Expenses				2,000,000
Total Appropriated Fund Balance	3,885,898	4,000,000	3,400,000	4,967,274

DRAFT Syosset 2020-21 Property Tax Report Card

<u>Shaded Fields Will Calculate</u>	Budgeted 2019-20 (A)	Proposed Budget 2020-21 (B)	Percent Change (C)
Total Budgeted Amount, not including Separate Propositions	236,977,020	241,639,245	1.97 %
A. Proposed Tax Levy to Support the Total Budgeted Amount ¹	200,830,319	204,236,165	
B. Tax Levy to Support Library Debt, if Applicable			
C. Tax Levy for Non-Excludable Propositions, if Applicable ²			
D. Total Tax Cap Reserve Amount Used to Reduce Current Year Levy, if Applicable			
E. Total Proposed School Year Tax Levy (A+B+C-D)	200,830,319	204,236,165	1.70 %
F. Permissible Exclusions to the School Tax Levy Limit	3,122,809	3,698,804	
G. School Tax Levy Limit, <u>Excluding</u> Levy for Permissible Exclusions ³	199,546,070	203,618,170	
H. Total Proposed Tax Levy for School Purposes, <u>Excluding</u> Permissible Exclusions and Levy for Library Debt, Plus Prior Year Tax Cap Reserve (E-B-F+D)	197,707,510	200,537,361	
I. Difference: (G-H);(negative value requires 60.0% voter approval) ²	1,838,560	3,080,809	
Public School Enrollment	6,577	6,391	-2.83 %
Consumer Price Index			1.81 %
<p>¹ Include any prior year reserve for excess tax levy, including interest.</p> <p>² Tax levy associated with educational or transportation services propositions are not eligible for exclusion under the School Tax Levy Limit and may affect voter approval requirements.</p> <p>³ For 2020-21, includes any carryover from 2019-20 and excludes any tax levy for library debt or prior year reserve for excess tax levy, including interest.</p>			
	Actual 2019-20 (D)	Estimated 2020-21 (E)	
Adjusted Restricted Fund Balance	26,178,931	32,178,931	
Assigned Appropriated Fund Balance	3,400,000	4,967,274	
Adjusted Unrestricted Fund Balance	9,479,081	9,655,570	
Adjusted Unrestricted Fund Balance as a Percent of the Total Budget	4.00 %	4.00 %	

DRAFT Syosset 2020-21 Property Tax Report Card

Reserve Type	Reserve Name	Reserve Description *	3/31/20 Actual Balance	6/30/20 Estimated Ending Balance	Intended Use of the Reserve in the 2020-21 School Year (Limit 200 Characters)**
Capital + (add) - (delete)	2014 CAPITAL	For the cost of any object or purpose for which bonds may be issued.	36,229	36,229	Not planned for use in 2020-21 school year.
Capital + (add) - (delete)	2018 SECURITY	For the cost of any object or purpose for which bonds may be issued.	0	1,000,000	Not planned for use in 2020-21
Capital + (add) - (delete)	2020 CAPITAL	For the cost of any object or purpose for which bonds may be issued.	0	3,000,000	If the establishment of this reserve is approved by the voters this reserve will be used in the future, but not anticipated for use in 2020-21.
Repair	REPAIR RESERVE	For the cost of repairs to capital improvements or equipment.	170,067	170,067	Not planned for use in 2020-21 school year.
Workers Compensation	WORKERS	For self-insured Workers Compensation and benefits.	3,438,156	3,438,156	Anticipate appropriating \$730,000 to support the 2020-21 budget.
Unemployment Insurance	UNEMPLOYMENT	For reimbursement to the State Unemployment Insurance Fund.	775,564	725,564	Anticipate appropriating \$50,000 to support the 2020-21 budget.
Reserve for Tax Reduction		For the gradual use of the proceeds of the sale of school district real property.			
Mandatory Reserve for Debt Service		For proceeds from the sale of district capital assets or improvement, restricted to debt service.			
Insurance	INSURANCE	For liability, casualty, and other types of uninsured losses.	309,087	309,087	Not planned for use in 2000-21 school year.
Property Loss + (add)		To cover property loss.			
Liability + (add)		To cover incurred liability claims.			
Tax Certiorari		For tax certiorari settlements.			
Reserve for Insurance Recoveries		For unexpended proceeds of insurance recoveries at fiscal year end.			
Employee Benefit Accrued Liability	EBAL RESERVE	For accrued 'employee benefits' due to employees upon termination of service.	3,513,346	3,413,346	Anticipate appropriating \$100,000 to support the 2020-21 budget.
Retirement Contribution	ERS RESERVE	For employer retirement contributions to the State and Local Employees' Retirement System.	15,860,129	15,860,129	Anticipate appropriating \$3,000,000 to support the 2020-21 budget.
Reserve for Uncollected Taxes		For unpaid taxes due certain city school districts not reimbursed by their city/county until the following fiscal year.			
Single Other Reserve + (add)	TRS	To fund employer retirement contributions to	2,076,535	4,181,817	Not planned for use in the 2020-21 school year.

Note: Be sure to click on the Save button at the bottom after each additional Reserve you add under Capital, Property Loss, Liability, or Other Reserve.

Proposition 2 – Establish 2020 Capital Reserve Fund

2020 Capital Reserve would establish a reserve for future capital projects, similar to the 2014 Capital Reserve, which helped to fund the most recent District-wide capital improvements.

Advantage of a Capital Reserve:

- Reduces borrowing costs for capital projects
- Enables savings over a period of time, instead of large expenditures in one year.

Spending from the reserve requires voter approval

2020-21 Budget Planning – Next Steps

- **May 27th Budget Hearing**
- **June 9th Budget Vote**
- **Budget Brochure and Budget Notice will be available on the website and mailed to homes.**

