

Shelter Island UFSD 2020-2021 Proposed Budget: “Fiscally Responsible Student Growth”

Board of Education Meeting of
March 2, 2020



Since we last met....

- The permissible property tax cap has changed for a final time to 2.14%. NYSED finally issued guidance to districts as to the methodology to integrate the BOCES Capital Expenditures into the property tax cap calculation. This is a new feature in the property tax cap formula.
- The District notified the NYS Comptroller of the intention to remain within the property tax cap for the 2020-2021 budget, as per the Board of Education's vote on February 10.
- The tax levy will be not more than \$10,777,960, an increase of 2.14% over the current year.

Agenda....

- Changes to the property tax cap calculation
- The revenue budget, including the Appropriated Fund Balance
- Other ballot items to be presented to the voters on May 19

Shelter Island UFSD Property Tax Calculations

All figures are
subject to
adjustment.

Prior school year tax levy	\$10,551,653	
Tax base growth factor	1.0061	
Product	\$10,616,018	
Capital Tax Levy in Prior Year	\$437,084	
Difference	\$10,178,934	
Allowable Levy Growth Factor	1.0181	
Product	\$10,336,172	
Capital Tax Levy in Coming Year	\$414,788	
Tax Levy Limit Plus Exclusions	\$10,777,960	2.14%

Revenue

- SIUFSD revenues come from three main sources:
 - Property Taxes -- Paid by the property owners in the District
 - State Aid -- Funds remitted to the District from New York State, as proposed by the Governor and authorized by the Legislature
 - Appropriated Fund Balance (AFB) -- Funds that are unspent from the prior year
 - The District must take steps to reduce its reliance on the AFB as it becomes harder and harder each year to underspend the budget. If the AFB is not attainable, then the property tax levy must be used to make up the difference
 - By instituting a multi-year, gradual reduction to the AFB, the District can create long-term financial stability

Revenue

	2019-2020 Anticipated	2020-2021 Proposed	Difference
Property Taxes	\$10,551,653	\$10,777,960	\$226,307
State Aid	\$637,216	\$657,085	\$19,869
Appropriated Fund Balance	\$746,008	\$714,978	-\$31,030
Total	\$11,934,877	\$12,150,023	\$215,146

All figures are subject to adjustment.

Budget - Next Steps

- The District will continue to monitor developments in educational needs for next year between now and when the budget must be finalized.
- The District will also continue to monitor any changes in the proposed state aid. The Legislature is expected to adopt a budget on or before April 1, 2020.
- The District will continue to look for potential reductions in the expenditure plan.

Other Ballot Propositions

- The Board of Education will be asked to consider two additional ballot propositions to place before the voters:
 - The establishment of a Repair Reserve Fund
 - The expenditure of funds from the 2006 Capital Reserve

Repair Reserve Fund

- A Repair Reserve Fund functions as a savings account for repair work, as defined in General Municipal Law Section 6-d.
- Should the voters agree to establish this reserve, the Board of Education will be asked to appropriate surplus funds from the budget at the end of each fiscal year.
- The Repair Reserve can supplement needed repairs for projects that were not included in other sources of funds.
- Under the proposed fund, not more than \$3,500,000 can ever be appropriated into the fund over its entire legal life. There is no impact on the property tax levy with this fund.

Repair Reserve Fund

- Repairs are occasional work of recurring nature which is intended to restore to a satisfactory condition that which has:
 - Decayed
 - Deteriorated
 - Weathered
 - Become broken, torn or inoperable

Repair Reserve Fund

How to access Repair Reserve funds:

- Step 1: District Administration identifies projects that are needed
- Step 2: The Board of Education holds a public hearing on the projects to educate themselves and the public as to the intended repairs and total costs involved
- Step 3: The Board of Education votes to authorize use of the Repair Reserve Funds

Repair Reserve Fund

- The Board will be asked to place the following language before the voters on the May ballot:
 - “Resolved, that the appropriation of \$3,500,000 from District fund balance or other available funds into a Repair Reserve Fund, heretofore established or to be established by the Board of Education in accordance with the provisions of Section 6-d of New York General Municipal Law, for the purpose of funding major repairs to District buildings and facilities and the sites thereof.”

2006 Capital Reserve

- The voters established a Capital Reserve Fund in 2006 to save for future projects, including “storage renovations”.
- The Fund has \$161,000 remaining.
- The administration is seeking to expend the entire remaining amount for the purchase and installation of new storage cabinetry in the High School Science Lab. Should the voters approve this proposition, the District is hopeful that work can occur this summer.

2006 Capital Reserve

- The Board will be asked to place the following language before the voters on the May ballot:
 - “Shall the Board of Education of the Shelter Island Union Free School District be authorized to expend a sum not to exceed \$161,000.00 from the Capital Reserve Fund as established on May 16, 2006 for the following purpose(s): cabinetry in the High School Science Classroom (Room XXX) and incidental work required to be performed. Since the funds to be expended hereunder are from the 2006 Capital Reserve Funds, approval of this proposition will not require a tax levy upon the real property of the district.”

What about the septic system?

- The need for a modern septic system in the District is well documented, but plans are not developed to the point where they can be presented to the voters for public approval.
- Preliminarily, the administration is planning to ask the Board in the near future to authorize a special election in Fall 2020 to seek voter permission for this work.
- The upgrades and renovation to the septic system would be funded through a bond or bond anticipation note.

Next Time....

- March 16 - Budget Overview and Adjustments
- April 20 - Budget Adoption by the Board of Education
- May 11 - Budget Hearing at Board of Education Meeting
- May 19 - Budget Vote - 12:00 pm until 9:00 pm at the School Gym