



NORTH MERRICK
UNION FREE SCHOOL DISTRICT
—Nurturing Young Minds—

Budget Advisory Committee Meeting #1

**2025-2026 Budget Development
January 27, 2025**



Tonight's Agenda

- 2025-2026 Budget Development Timeline
- Previous Budget Presentations & Related Information
- Budget Development Process
- 2025-2026 Budget Goals
- How the Budget is Funded
- First Draft of Tax Cap Calculation
- Budget Considerations & Constraints
- 2025 Health Insurance Rates – NYSHIP

2025-2026 Budget Development Timeline



<u>Date</u>	<u>Time</u>	<u>Purpose</u>
Monday, January 27, 2025	6:00 PM	Budget Advisory Committee Meeting #1
Tuesday, February 4, 2025	1:30 PM	Follow up/Budget Advisory Committee Meeting #1 (for Committee members that cannot make evening meetings)
Tuesday, February 11, 2025	6:15 PM	Budget Advisory Committee Meeting #2
Tuesday, February 25, 2025	1:30 PM	Follow up/Budget Advisory Committee Meeting #2 (for Committee members that cannot make evening meetings)
Tuesday, March 11, 2025	6:15 PM	Budget Advisory Committee Meeting #3.
Tuesday, March 25, 2025	1:30 PM	Follow up/Budget Advisory Committee Meeting #3 (for Committee members that cannot make evening meetings)
Tuesday, April 8, 2025	7:00 PM	Monthly Board Meeting. Presentation of 2025-26 Proposed Budget, Contingency Budget and Property Tax Report Card. Anticipated adoption of final 2025-26 proposed budget and acceptance of Property Tax Report Card by Board of Education.
Tuesday, May 13, 2025	7:00 PM	Budget Hearing
Tuesday, May 20, 2025	6:30 AM - 9:30 PM	Budget Vote and Trustee Election



Previous Budget Presentations & Related Information

The screenshot shows the website www.nmerrickschools.org. The main content area features a photograph of children at a school gathering with the text "Camp Avenue School family gathers for holiday singalong". A blue navigation sidebar on the right contains the following menu items: "Our District", "Board of Education", "Programs", "Students", "Parents and Community", "Staff", and "Calendar". Under "Our District", there are sub-links for "Board Meeting Dates 24-25", "Budget Information", "Finance", and "Voter Information & Registration". The "Board of Education" and "Budget Information" items are circled in red, with a red arrow pointing from the former to the latter. The browser's address bar shows the URL, and the Windows taskbar is visible at the bottom.

Website: www.nmerrickschools.org



Previous Budget Presentations & Related Information (continued)

The screenshot shows the website header with the North Merrick Union Free School District logo and navigation links: Board Meeting Dates 24-25, Board Policies, Budget Information, Financials, and Voter Information & Registration. Below the header, a breadcrumb trail reads 'HOME > BOARD OF EDUCATION'. A vertical menu on the left contains the following items: Board Meeting Dates 24-25, Board Policies, Budget Information (circled in red), Financials, and Voter Information & Registration. To the right of the menu is a section titled 'Board of Education' with a group photo of the board members.

The screenshot shows the 'Budget Information' page. The header is identical to the previous screenshot. The breadcrumb trail reads 'HOME > BOARD OF EDUCATION > BUDGET INFORMATION'. The main heading is 'Budget Information'. Below this, there is a section for '2025/2026 Budget Information' with a sub-heading '2025/2026 Budget'. Underneath, there is a button for '2025-2026 Budget Calendar' and a link for 'Invitation to Participate on Budget Advisory Committee - January 2025'. At the bottom, there is a section for '2024/2025 Budget Information' with a plus sign icon.



Budget Development Process

- November 2024
 - ❖ Budget forms sent to all budget builders
- December 2024 – January 2025
 - ❖ Building/Department budgets submitted for review
 - ❖ Meetings with Administrators to review budgets
- January 2025 – April 2025
 - ❖ BOE and Budget Advisory Committee review of budget
 - ❖ BOE adopts proposed budget (April 8)
- March 1, 2025
 - ❖ Tax Cap Calculation must be submitted on NYS Comptroller's website



2025-2026 Budget Goals

1. To create a balanced budget that supports and enhances existing programs
2. Maintain & enhance student programs/services and district facilities while staying within the tax levy limit





2025-2026 Budget Goals (continued)

3. Continue to improve the District's financial condition by funding reserves & maintaining low fiscal stress
4. Maintain Financial Transparency
 - Budget development presentations and other budget documents available on District website



How the Budget is Funded





Expenditure & Revenue Budget





Sources of Revenue

1. State Aid
2. Fund Balance Allocation
3. Appropriations from Reserves
4. PILOTs (Payments in Lieu of Taxes)
5. Other Local Revenues
6. Property Taxes



NYS Executive Budget Proposal (2025-26 State Aid Projection)

State Aid	Budget Proposed 2025-26	Budget Actual 2024-25	Difference
Foundation Aid	\$ 9,088,238	\$ 8,910,038	\$ 178,200
★ Universal Pre-Kindergarten	\$ 630,799	\$ 630,799	\$ -
BOCES	\$ 1,121,214	\$ 980,922	\$ 140,292
High Cost Excess Cost Aid	\$ 360,382	\$ 16,618	\$ 343,764
Private Excess Cost Aid	\$ 141,473	\$ 143,716	\$ (2,243)
Hardware & Technology	\$ 21,301	\$ 21,201	\$ 100
Software, Library & Textbook	\$ 100,093	\$ 98,816	\$ 1,277
Transportation Incl. Summer	\$ 439,570	\$ 405,110	\$ 34,460
Building Aid	\$ 1,056,550	\$ 1,074,850	\$ (18,300)
High Tax Aid	\$ 620,873	\$ 620,873	\$ -
Supplemental Pub Excess Cost	\$ 7,831	\$ 7,831	\$ -
Total State Aid	\$ 13,588,324	\$ 12,910,774	\$ 677,550

Universal Pre-Kindergarten funds cannot be used to offset the general fund tax levy; they must be used solely for the operation of the Universal Pre-Kindergarten program and are accounted for in the federal fund.



Using Fund Balance & Reserves as a Revenue Source

- In uncertain economic times, reserve funds can provide a welcome budgetary option that can help mitigate the need to cut services or to raise taxes.
- Reserves *can* be used as revenue items to help manage the growth of the tax levy.



Fund Balance

- Fund balance is comprised of revenues received in excess of amounts estimated and expenditures that are less than the total amount of appropriations.
- Important for several reasons:
 - Funds unbudgeted expenses, state aid/revenue shortfalls
 - Reduces borrowing costs & provides cash flow
 - Improves credit rating
 - Can be used as a funding source for budget expenses



Fund Balance Allocation

- Fund balance has been allocated to reduce the amount of our upcoming school year budget

School Year	Appropriated Fund Balance
2022-23	\$ 295,948
2023-24	\$ 96,090
2024-25	\$ 80,000



What is a Reserve Fund?

- Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements.
- Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions.



Appropriations from Reserves

School Year	Reserve Use
2022-23	\$ 740,000
2023-24	\$ 714,000
2024-25	\$ 834,000

- Reserves have specific purposes and requirements for use
- Increased reliance on reserves as funding source



Review of the Tax Levy Limit Calculation





What is the Tax Levy Limit (tax cap)?

- On June 24, 2011, the property tax cap was signed into law (Chapter 97 of the NYS Laws of 2011).
- The tax cap law establishes a limit on the annual growth of property taxes levied by local governments and school districts.



Key Components: Calculation of Tax Levy Limit

- **Tax Base Growth Factor**: Increase from 1.0063% to 1.0078%.
- **Allowable Levy Growth Factor for 2025-26 = 2.0%**
 - No change from last year
- **PILOTs: Payment In Lieu Of Taxes**
 - Agreements made with local Industrial Development Agencies (IDAs) by which company makes fixed yearly contribution rather than pay property taxes
 - Provides certainty to business owner that there will not be a reassessment of the property, thereby increasing taxes, during the term of the agreement



Key Components: Calculation of Tax Levy Limit (cont'd)

- **Capital Exclusion**
 - Capital Expenditures are exempt from the cap (includes bond debt, bus & truck leases, purchase of new buses, expenditures on capital projects & BOCES Capital Exclusion)
- **Retirement Contributions**
 - ERS/TRS increases greater than 2 percentage points

Tax Cap calculation must be submitted to the NYS Comptroller's Office by March 1.



Tax Levy Limit Calculation

Base Formula

$$\left(\left[\left(\begin{array}{l} \text{Prior} \\ \text{fiscal} \\ \text{year tax} \\ \text{levy} \end{array} + \begin{array}{l} \text{Prior year} \\ \text{reserve} \\ \text{offset} \end{array} - \begin{array}{l} \text{Reserve} \\ \text{amount} \\ \text{(including} \\ \text{interest} \\ \text{earned)} \end{array} \right) \times \begin{array}{l} \text{Tax base} \\ \text{growth} \\ \text{factor*} \end{array} \right] + \begin{array}{l} \text{PILOTs} \\ \text{receivable in} \\ \text{the prior fiscal} \\ \text{year} \end{array} - \begin{array}{l} \text{Tort exclusion} \\ \text{amount, prior} \\ \text{fiscal year} \end{array} \right) \\
 \times \begin{array}{l} \text{Allowable} \\ \text{levy growth} \\ \text{factor (1.00} \\ \text{to 1.02)**} \end{array} - \begin{array}{l} \text{PILOTs} \\ \text{receivable} \\ \text{in coming} \\ \text{fiscal year} \end{array} + \begin{array}{l} \text{Available} \\ \text{carryover} \end{array} = \text{Tax Levy Limit}$$

+ Transfer of Function

+ Exclusions

Tax Levy Limit

+

Net of Transfer of Government Function (as determined by OSC)

+

Tax levy necessary for expenditures from court orders/judgments resulting from tort actions for any amount in excess of 5% of the total taxes levied in the prior fiscal year

+

Levy necessary to pay for increases to the system average actuarial contribution rate (or normal contribution rate) of pension funds over 2 percentage points

=

Tax Levy Limit, Adjusted for Transfers, Plus Exclusions



First Draft of Tax Cap Calculation



North Merrick UFSD - Tax Levy Limit Calculation		
Prior Year Tax Levy		26,145,025
<u>Multiply by:</u> Tax Base Growth Factor	x	1.0078
		26,348,956
<u>Add:</u> Prior Year PILOTS for Fiscal Year Ended 6/30/25		280,765
	+	26,629,721
<u>Subtract:</u> 2024/2025 Capital Tax Levy		376,838
Adjusted Prior Year Tax Levy		26,252,883
<u>Multiply by:</u> Allowable Levy Growth Factor	x	2.00%
		26,777,941
<u>Subtract:</u> PILOTS for Fiscal Year Ending 6/30/26	-	291,696
		26,486,245
<u>Add:</u> Tort Judgments greater than 5% of 2024/2025 tax levy	+	0
<u>Add:</u> ERS contribution increase greater than 2%	+	0
<u>Add:</u> TRS contribution increase greater than 2%	+	0
<u>Add:</u> 2025/2026 Capital Tax Levy	+	393,650
Allowable tax levy prescribed by Chapter 97 of the Laws of 2011		<u>26,879,895</u>
Voter approved tax levy for 2024-25		
		26,145,025
	dollar increase in levy	734,870
Allowable Levy % for North Merrick UFSD		2.81%

**Currently under review*



Budget Considerations and Constraints

- Increases in insurance premiums
- Enrollment/Staffing changes
- Additional services to support students
- Transportation costs
- BOCES services
- State Aid allocation



2025 Health Insurance Rates - NYSHIP

Yearly Premiums		
Year	Family	Individual
2015	\$ 21,706.32	\$ 9,660.60
2016	\$ 23,114.52	\$ 10,188.12
2017	\$ 25,927.68	\$ 11,332.68
2018	\$ 28,177.80	\$ 12,179.76
2019	\$ 28,953.24	\$ 12,514.20
2020	\$ 28,650.96	\$ 12,381.84
2021	\$ 29,426.88	\$ 12,898.44
2022	\$ 33,164.88	\$ 14,353.44
Jan-23	\$ 38,110.44	\$ 16,140.72
Jul-23	\$ 37,070.04	\$ 15,700.08
2024	\$ 40,405.08	\$ 17,347.92
2025	\$ 40,413.60	\$ 17,754.36



Questions?



Budget Vote

Tuesday, May 20, 2025 6:30 AM - 9:00PM
North Merrick Public Library