

Budget Presentation # 1 2022-2023 Tax Levy Limit

Presented by Deirdre Lunetta, CPA
Assistant Superintendent for
Business

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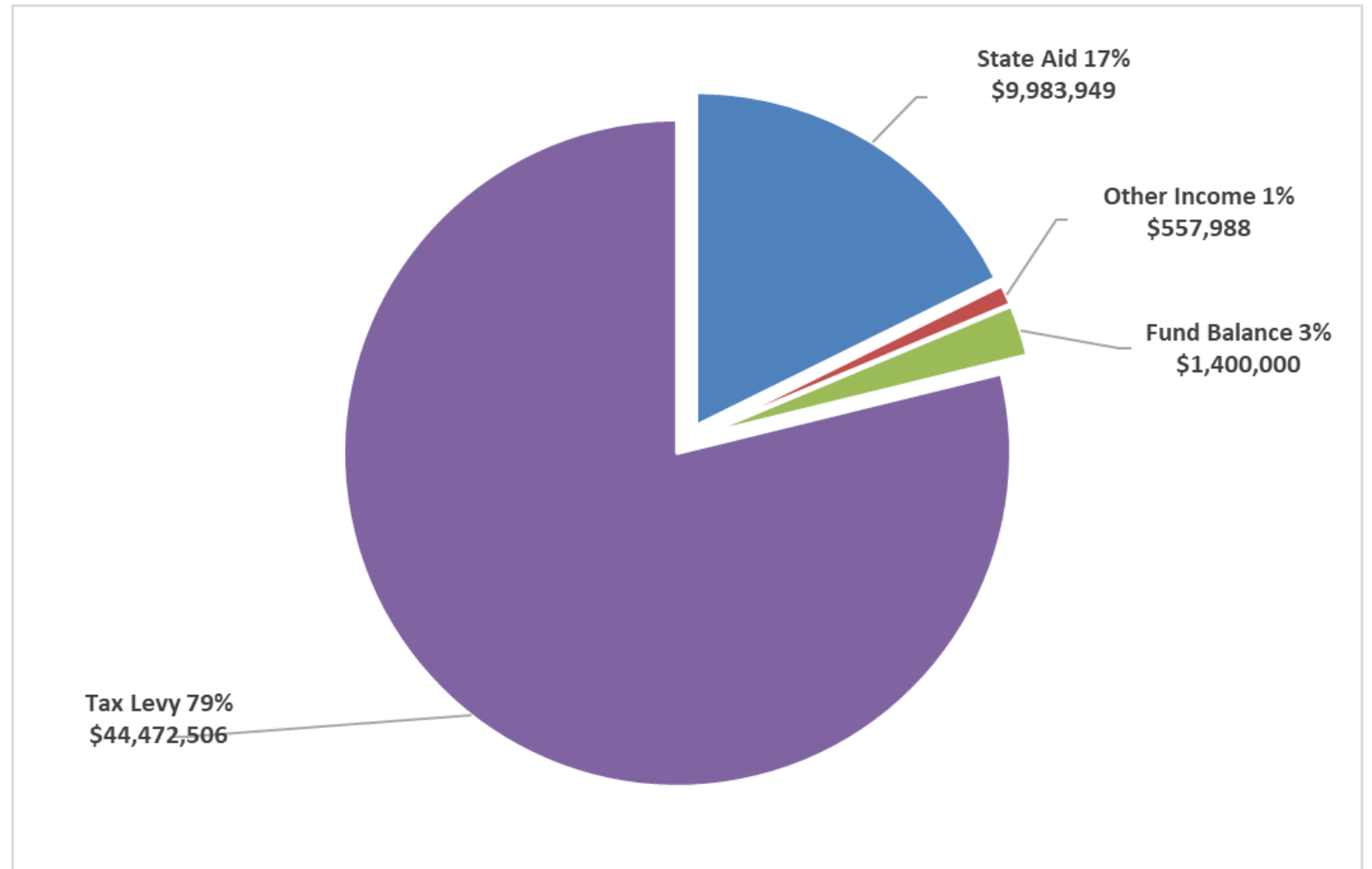
Objectives

Discuss the tax cap calculation

Discuss 2022-2023 debt service and the debt service fund

Present two different tax cap scenarios for consideration

Revenue Budget 2021- 2022



STATE AID				
Category	Adopted Budget	Executive Budget		
	2021-2022	2022-2023		
		Total	Diff.	%
Foundation Aid	5,666,838	5,836,843	170,005	3.00%
Services Aid (Trans, BOCES, Hardware, Software)	2,561,386	2,859,251	297,865	
High Cost Excess	156,670	247,571	90,901	
Private Excess Cost	183,615	193,017	9,402	
Sub Total w/o Building Aid	8,568,509	9,136,682	568,173	6.63%
* Building Aid	1,415,440	1,341,917	-73,523	
Total with Building Aid	9,983,949	10,478,599	494,650	4.95%

The Tax Cap Calculation

- Effective 1/1/12 – Limits the annual growth of property taxes levied by local governments and school districts to 2% or the rate of inflation, whichever is less.
- Components of the calculation:
 - Payments In lieu of taxes (PILOTS)
 - Tax base growth factor (obtained from the NYS Office of Real Property tax services).
 - Capital Exclusion (Capital expenses less offsetting revenue, i.e. principal and interest on bonds reduced by anticipated building aid).
 - Allowable Growth Factor (obtained from the NYS Office of the State Comptroller – 2% for the 2022/2023 fiscal year).

Scenario 1 – Tax Cap Calculation 2022-2023

2022-2023 DRAFT - TAX CAP CALCULATION BABYLON UFSD

MAXIMUM ALLOWABLE LEVY CALCULATION EST.				
		2022-2023		
Prior Year Tax Levy		\$	44,472,506	
Tax Base Growth Factor per NYORPS	X		1.0086	
		\$	44,854,970	
Prior Year Receivables: (Add)				
21-22 PILOT Funds			26,382	
				Debt Expenses Build Aid
Prior Year Exclusions: (Subtract)				
Bonds (Prin. & Int.) less building aid	-	\$	2,752,282	\$ 4,181,710 \$ 1,429,428
BOCES Capital Expense		\$	-	
Adj. Prior Year Levy	=	\$	42,129,070	
Allowable Growth Factor	X		1.0200	
(lesser of CPI or 2%)				
TAX LEVY LIMIT (submitted to comptroller's office by March 1st)	=	\$	42,971,651	
22-23 PILOT Funds		\$	(28,000)	
		\$	42,943,651	
Coming Year Exemptions:				
Bonds (Prin. & Int.) less building aid		\$	1,590,055	\$ 2,931,972 \$ 1,341,917
BOCES Capital Expense	+	\$	25,524	
PROPERTY TAX LEVY CAP	=	\$	44,559,230	
Prior Year's Levy		\$	44,472,506	
Amt. Allow. Increase		\$	86,724	
Percent			0.002	

Why is the calculated cap .2% rather than 2.0% ?

The capital exclusion and maturing debt

2021 - 2022

- Total Debt payments \$4,181,710
- Less Building Aid (\$1,429,428)
- Total exclusion = **2,752,282** (this was the amount that was added to calculate the 2021-2022 tax cap)

2022 - 2023

- Total Debt Payments \$2,931,972
- Less Building Aid (\$1,341,917)
- Add BOCES Capital exp \$25,524
- Total exclusion = **1,615,579**

Scenario 2 – Utilization of Debt Service Amounts

2022-2023 DRAFT - TAX CAP CALCULATION BABYLON UFSD

MAXIMUM ALLOWABLE LEVY CALCULATION EST.					
		2022-2023			
Prior Year Tax Levy		\$	44,472,506		
Tax Base Growth Factor per NYORPS	X		1.0086		
		\$	44,854,970		
Prior Year Receivables: (Add)					
21-22 PILOT Funds			26,382		
				Debt Expenses	Build Aid
Prior Year Exclusions: (Subtract)					
Bonds (Prin. & Int.) less building aid	-	\$	2,752,282	\$ 4,181,710	\$ 1,429,428
BOCES Capital Expense		\$	-		
Adj. Prior Year Levy	=	\$	42,129,070		
Allowable Growth Factor (lesser of CPI or 2%)	X		1.0200		
TAX LEVY LIMIT (submitted to comptroller's office by March 1st)	=	\$	42,971,651		
22-23 PILOT Funds		\$	(28,000)		
		\$	42,943,651		
Coming Year Exemptions:					
Bonds (Prin. & Int.) less building aid		\$	1,503,331	\$ 2,931,972	\$ 1,341,917
BOCES Capital Expense	+	\$	25,524		\$ 86,724
PROPERTY TAX LEVY CAP	=	\$	44,472,506		
Prior Year's Levy		\$	44,472,506		
Amt. Allow. Increase		\$	(0)		
Percent			0.00%		

Debt Service Fund – Restricted for Debt

- The June 30, 2021 Financial Statements reported \$787,599 in the debt service fund related to debt that will be paid off in 2030 and 2032.

- Where did this money come from?
 - Unexpended balances of previous bond projects that came in under budget.
 - Interest and earnings from investing bond proceeds.
 - Premiums and accrued interest on long-term borrowings

- We must utilize these funds to pay future debt (principal and interest on bonds) before those bonds are paid off, which is in 2030 and 2032.

- Recommend using a small portion of accumulated funds this year. The budget would include an operating transfer in as a revenue and the tax levy would not increase (operating transfer vs. real property tax on revenue side).

Utilizing Scenario 2

Why this scenario is recommended:

Beneficial to the district in long term financial planning. There is flexibility in the amount to budget on the revenue side from year to year.

Tax cap amounts are dependent on external factors. The cap is not always 2%, therefore utilizing the debt service fund sooner rather than later, spread out over the remaining life of the bonds avoids material negative impacts in future budget years.

Utilizing a smaller amount each year is more manageable and would reduce the risk of any major impacts on educational programs.

Usage Starting in 2022 - 2023			Usage Starting in 2023 - 2024				
	2015 Bond	2017 Bond	Total Usage		2015 Bond	2017 Bond	Total Usage
2022-2023	4,389	75,248	79,637	2022-2023	-	-	-
2023-2024	4,390	75,248	79,638	2023-2024	5,017	83,609	88,626
2024-2025	4,390	75,248	79,638	2024-2025	5,017	83,609	88,626
2025-2026	4,390	75,248	79,638	2025-2026	5,017	83,609	88,626
2026-2027	4,390	75,248	79,638	2026-2027	5,017	83,609	88,626
2027-2028	4,390	75,248	79,638	2027-2028	5,017	83,609	88,626
2028-2029	4,390	75,248	79,638	2028-2029	5,017	83,609	88,626
2029-2030	4,390	75,248	79,638	2029-2030	5,017	83,609	88,626
2030-2031		75,248	75,248	2030-2031		83,609	83,609
2031-2032		75,248	75,248	2031-2032		83,608	83,608
	<u>35,119</u>	<u>752,480</u>	<u>787,599</u>		<u>35,119</u>	<u>752,480</u>	<u>787,599</u>

Usage Starting in 2024-2025			
	2015 Bond	2017 Bond	Total Usage
2022-2023	-	-	-
2023-2024	-	-	-
2024-2025	5,853	94,060	99,913
2025-2026	5,853	94,060	99,913
2026-2027	5,853	94,060	99,913
2027-2028	5,853	94,060	99,913
2028-2029	5,853	94,060	99,913
2029-2030	5,854	94,060	99,914
2030-2031		94,060	94,060
2031-2032		94,060	94,060
	<u>35,119</u>	<u>752,480</u>	<u>787,599</u>

Usage Starting in 2025 - 2026			
	2015 Bond	2017 Bond	Total Usage
2022-2023	-	-	-
2023-2024			-
2024-2025			-
2025-2026	7,024	107,497	114,521
2026-2027	7,024	107,497	114,521
2027-2028	7,024	107,497	114,521
2028-2029	7,024	107,497	114,521
2029-2030	7,023	107,497	114,520
2030-2031		107,497	107,497
2031-2032		107,498	107,498
	<u>35,119</u>	<u>752,480</u>	<u>787,599</u>

In Summary.....

- We presented two different scenarios for consideration.
 - Under Scenario 1 - The tax cap calculation for the 2022-2023 year results in a .2% allowable increase in the tax levy. This is 1/5th of 1%.
 - Alternatively, Utilizing Scenario 2 – the budget would include \$86,724 in revenue from the debt service fund. This scenario results in a 0% increase to the tax levy.



Questions/Comments?

Future Meetings

- February 14, 2022 – Budget Presentation # 2
- February 28, 2022 – Budget Presentation # 3
- March 14, 2022 – Budget Presentation #4
- March 28, 2022 – Budget Presentation #5
- April 11, 2022 – Budget Presentation Adoption and Property Tax Report Card.
- May 9, 2022 – Public Hearing on Proposed School Budget