



# SACHEM

CENTRAL  
SCHOOL  
DISTRICT

# **Board of Education**

## **2020-2021**

### **Budget Development Workshop #1**

### **Tax Cap Calculation &**

### **Non-Instructional Areas**

### **An Initial Conversation**

**January 29, 2020**

*Kenneth E. Graham, Ed.D., Superintendent of Schools*

*John J. O'Keefe, Deputy Superintendent*

*Ron Sacks, School Business Administrator*





## Budget Timeline

- January 29, 2020 - Budget Development Meeting #1
- February 12, 2020 - Budget Development Meeting #2
- March 4, 2020 - Budget Development Meeting #3
- March 18, 2020 - Budget Development Meeting #4
- April 1, 2020 - Budget Development Meeting #5
- April 15, 2020 - Budget Adoption Meeting
- May 6, 2020 - Public Hearing
- May 19, 2020 - Annual Election and Budget Vote





## Challenges to Budgeting

- The 2% Tax Levy Limit Legislation (“2% Tax Cap”)
- Additionally, there are numerous mandates and expenses over which the district has no control.

### These include:

- BOCES Administrative Fees
- Special Education Mandates
- Auditing and Financial Compliance
- McKinney-Vento Act Related Costs
- Health Insurance Premium Increases
- Commissioner’s Regulations Part 154 - ELL
- Pension and Retirement Contributions – TRS/ERS





## 2019-2020 Budget Recap

**Voter Approved Budget: \$327,241,721**

- \$4,354,402 Budget-to-Budget Increase
    - ❖ 1.35% Budget-to-Budget Increase
    - ❑ 1.99% Tax Levy Increase
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- ✓ *Tax Cap Compliant*
- ✓ *Fiscally Prudent Budget*
- ✓ *Eight-Year Average\* Annual Budget Increase **1.63%***

*\* Since Inception of the Tax Cap in 2012-2013*

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## Preparing for 2020-2021

### *An Update on Fund Balance and Reserves...*

Sachem's Fund Balance & Reserves	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Employee Retirement System Reserve	\$ -	\$ -	\$ 5,689,186	\$ 14,790,152	\$ 15,514,665
Teacher Retirement System Reserve *	\$ -	\$ -	\$ -	\$ -	\$ 2,473,177
Workers' Compensation Reserve	\$ -	\$ -	\$ 2,000,000	\$ 6,595,002	\$ 7,897,195
Employee Benefit Accrued Liability Reserve	\$ 3,200,218	\$ 3,213,019	\$ 5,000,000	\$ 5,044,792	\$ 7,135,781
Capital Reserve **	\$ -	\$ -	\$ -	\$ -	\$ 6,000,000
Assigned Unappropriated Fund Balance	\$ -	\$ -	\$ 304,971	\$ 1,627,204	\$ 808,413
Assigned Appropriated Fund Balance	\$ 2,300,000	\$ -	\$ -	\$ -	\$ -
Nonspendable (Prepaid Expense)				\$ 250,000	\$ 250,000
Unassigned Fund Balance	\$ 16,577	\$ 9,887,651	\$ 12,567,661	\$ 12,915,492	\$ 13,089,669
<b>Total Fund Balance /Reserves</b>	<b>\$ 5,516,795</b>	<b>\$ 13,100,670</b>	<b>\$ 25,561,818</b>	<b>\$ 41,222,642</b>	<b>\$ 53,168,900</b>

\* Teacher Retirement Reserve established by Board resolution May 8, 2019

\*\* Capital Reserve established by Voter Referendum May 21, 2019

**IMPORTANT NOTE:** July 3, 2019 - Standard & Poors upgraded Sachem's credit rating from "AA-" to "AA" with a "Stable Outlook"

S&P Credit Analyst N. Wittstruck ... *"We believe the management team's embedded policies and practices to support budgetary balance lead to maintenance of strong flexibility."*





## Maintaining Fiscal Stability

The State Comptroller's Office (OSC) created the “**Fiscal Stress Monitoring System**” in 2013 to objectively identify issues with **budgetary solvency**.

In other words, the ability to generate enough revenue to meet expenditures.

Annually, the system analyzes Sachem's financial information to determine a “**Stress Score**” from **0 – 100**.

**The higher the score, the greater the level of fiscal stress.**

Year	Sachem's Designation	Score*
2019	No Designation	0.0
2018	No Designation	3.3
2017	No Designation	15.0
2016	Susceptible to Stress	40.0
2015	Significant Fiscal Stress	75.0
2014	Moderate Fiscal Stress	63.3
2013	Significant Fiscal Stress	70.0

### Fiscal Stress Monitoring®

Office of the NEW YORK STATE COMPTROLLER	
NYS Comptroller THOMAS P. DI NAPOLI	
*Point Range (0 to 100 Total Points)	
No Designation	0.0 - 24.9
Susceptible Fiscal Stress	25.0 - 44.9
Moderate Fiscal Stress	45.0 - 64.9
Significant Fiscal Stress 65 - 100	65.0 - 100





## Governor's State Aid Proposal

AID CATEGORY	2019-20		2020-21		CHANGE
	ADOPTED		EXECUTIVE		
	BUDGET		PROPOSED		
FOUNDATION AID	\$	88,706,928	\$	99,542,691	\$ 10,835,763
UNIVERSAL PRE-KINDERGARTEN	\$	599,400	\$	599,400	\$ -
BOCES	\$	4,907,761	\$	-	\$ (4,907,761)
HIGH COST EXCESS COST	\$	3,567,071	\$	3,486,032	\$ (81,039)
PRIVATE EXCESS COST	\$	1,693,370	\$	1,841,956	\$ 148,586
HARDWARE & TECHNOLOGY	\$	177,132	\$	-	\$ (177,132)
SOFTWARE, LIBRARY, TEXTBOOK	\$	1,040,650	\$	-	\$ (1,040,650)
TRANSPORTATION	\$	11,625,457	\$	12,287,092	\$ 661,635
BUILDING AID	\$	12,523,820	\$	11,026,488	\$ (1,497,332)
HIGH TAX AID	\$	4,022,826	\$	-	\$ (4,022,826)
TOTAL AID	\$	128,864,415	\$	128,783,659	\$ (80,756)

as of January 21, 2020

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## The “2% Tax Cap”

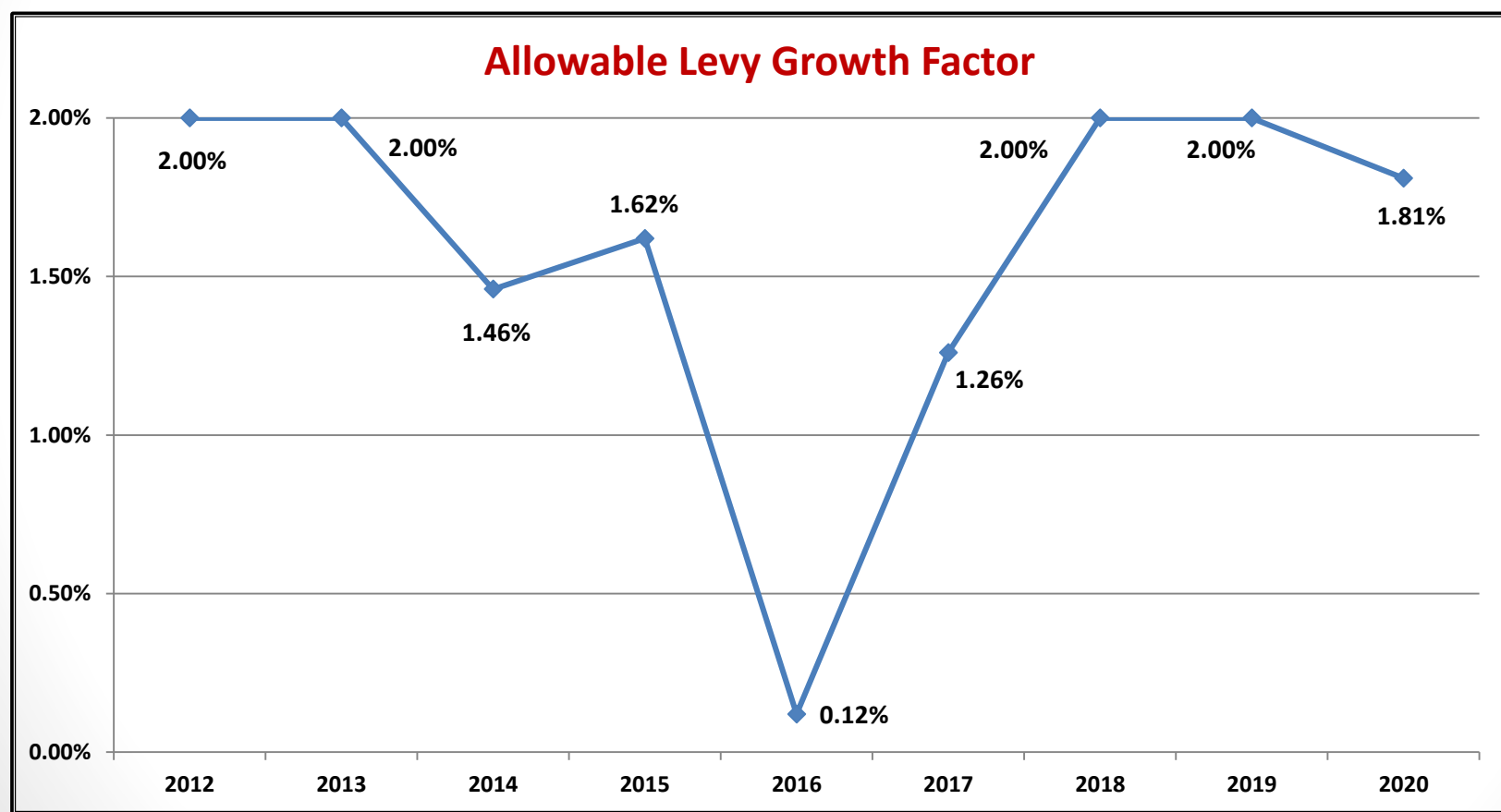
- **Reminder:** It is not a Property Tax Cap and it is typically not 2%.
  - In fact, it is only a threshold controlling the allowable increase to the Tax Levy.
  - Controlled by factors such as:
    - ❖ **Tax Base Growth Factor** (this year 1.0023)
    - ❖ **Allowable Levy Growth Factor**
      - ❑ Lesser of 2.00% or CPI-U (this year 1.81%)
    - ❖ **PILOTS** (Payments in Lieu of Taxes)
    - ❖ **Capital Tax Levy** (Includes: Capital Projects, Building Aid & Debt Payments)
    - ❖ **TRS and/or ERS Exclusions** (None for 2020 / 2021)





## Allowable Levy Growth Factor

*This is the component publicized as the “2% Cap”*



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## The Capital Tax Levy

### Components That Impact the Capital Tax Levy

- ✓ New Capital Projects
  - ✓ School Bus Purchases
  - ✓ Changes in Building Aid
  - ✓ Changes in Debt Service Payments
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### For Example:

An **Increase** in Capital Expenditures **OR**

a **Decrease** in Building Aid will

**Increase** the Capital Tax Levy Exclusions,

as well as the Tax Levy Cap,

**BUT** the District can Remain Within the **“2% Tax Cap”**

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## The Capital Tax Levy (CONT.)

### Proposed 2020/2021 Capital Expenditures:

- Various Projects at Sagamore and Samoset\* \$ 6,603,700

**Includes:** Replace roof on Sagamore “H” wing and “8<sup>th</sup> Grade” wing, as well as entire “H” wing roof at Samoset. Also, renovate and enlarge main hallway bathrooms at Sagamore, renovate cafeteria storage, remove little theater projection booth and create a storage room.

(Future budgets will address needed roofing replacement in Samoset Admin wing, and remaining roofing areas at Waverly and Merrimac.)

- Six School Buses — (4<sup>th</sup> year of multi-year plan to replace aging fleet without debt) 770,000
- \$ 7,373,700

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### Calculating the 2020/2021 Change in the Capital Tax Levy:

➤ Changes in Proposed Capital Expenditures	\$ 1,873,700
➤ Changes in Debt Service	(2,739,592)
➤ <u>Changes in State Building Aid Deduction</u>	<u>1,497,332</u>
➤ <b>Total Change:</b>	<b>\$ 631,440</b>

(\*Projects are tentatively proposed for the purpose of discussion during the budget process and are subject to change.)

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## POTENTIAL 2020/2021 Tax Levy\*

<b>2019 / 2020 Tax Levy</b>	<b>\$ 190,890,456</b>
❖ Tax Base Growth Factor ( <b>1.0023</b> )	439,048
❖ Allowable Levy Growth ( <b>1.81%</b> )	3,303,095
❖ TRS/ERS Exclusions	0
❖ Change in PILOTs <small>(PILOTs Estimated to <u>Decrease</u> by \$310K. This <u>Increases</u> the Levy by \$310K)</small>	310,000
❖ <u>Change in Capital Tax Levy</u>	<u>631,440</u>
<b><u>2020/2021 Potential Tax Levy</u></b>	<b><u>\$ 195,574,039</u></b>

This Represents a **\$ 4,683,583** or a **2.45%** Increase to the Tax Levy and is  
Within the **"2% Tax Cap"** Only Requiring a Simple Majority Vote.

\*The Capital Tax Levy, and therefore the Tax Levy, are still subject to change once finalized State Building Aid numbers are released and if there are changes to proposed Capital Expenditures.

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## POTENTIAL Capital Reserve Utilization

**Current Capital Reserve Balance**

**\$ 6,000,000**

**Potential Projects\*:**

➤ HS East Retaining Wall & Erosion Control	\$ 1,489,897
➤ HS East Turf Field Replacement	982,800
➤ HS East Running Track Replacement	815,900
➤ HS East Fire Alarm System Upgrades	114,685
➤ HS North Turf Field Replacement	840,000
➤ HS North Locker Replacement	924,000
➤ HS North Chimney Reconstruction	125,000
➤ HS North Loading Dock Drainage Improvements	65,000
➤ Sagamore Running Track Replacement	450,000
➤ <u>Sagamore Band Room Reconfiguration</u>	<u>182,750</u>
<b><u>Total Reserve Funded Expenditures:</u></b>	<b><u>\$ 5,990,032</u></b>

**Utilization of the Capital Reserve has no impact on the Tax Levy,  
but expenditures are still eligible for State Building Aid.**

**\*These proposed projects are presented for Board consideration as part of the budget process. If there is a consensus to proceed, a second proposition would be added to the May ballot for voter approval.**

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## 2020-2021 Proposed Budget

### Total Proposed Budget – Still to be Determined

- For Discussion this Evening...
  - ❖ Non-Instructional Areas of the Budget
    - ✓ Represents **\$149.7M** in Proposed Expenditures
    - ✓ This is Approximately **44%** of Total Draft Budget
    - ✓ Total Proposed Increases of **\$2.99M**, or **2.00%**
- As a Reminder...
  - ❖ Projected 2020-2021 Tax Levy Increase of **2.45%**
    - ✓ Tax Cap Compliant
      - ❑ Subject to Change Pending Release of Final Building Aid Projections with Adopted State Budget





## Non-Instructional Areas

- 1000-1999 – General Support
- 5000-5999 – Transportation
- 9000-9099 – Employee Benefits
- 9700-9799 – Debt Service
- 9900-9999 – Interfund Transfers





## BOE, Superintendent, Business, Personnel

Account	Description		2020 - 21 Proposed Budget	2019 - 20 Budget	2018 - 19 Expenditures	2017 - 18 Expenditures	2016 - 17 Expenditures
1010	BOARD OF EDUCATION	*	\$ 23,600	\$ 24,200	\$ 21,025	\$ 15,896	\$ 12,630
1040	DISTRICT CLERK	*	\$ 77,921	\$ 77,921	\$ 77,412	\$ 75,725	\$ 73,470
1060	DISTRICT MEETING	*	\$ 42,646	\$ 34,400	\$ 36,281	\$ 29,100	\$ 31,999
1240	CHIEF SCHOOL ADMINISTRATOR	*	\$ 422,632	\$ 420,529	\$ 397,360	\$ 392,925	\$ 370,205
1310	BUSINESS ADMINISTRATION	*	\$ 1,805,940	\$ 1,841,817	\$ 1,637,842	\$ 1,687,832	\$ 1,611,123
1320	AUDITING SERVICES	*	\$ 154,450	\$ 142,250	\$ 139,060	\$ 178,100	\$ 133,230
1325	DISTRICT TREASURER	*	\$ 50,000	\$ 50,000	\$ 32,220	\$ 33,000	\$ 71,385
1345	PURCHASING	*	\$ 176,919	\$ 174,583	\$ 170,933	\$ 168,183	\$ 164,767
1430	PERSONNEL	*	\$ 1,649,086	\$ 1,597,500	\$ 1,211,414	\$ 1,411,824	\$ 1,316,944
1480	COMMUNICATIONS	*	\$ 111,457	\$ 114,660	\$ 102,494	\$ 104,173	\$ 71,461

>> Represents Budget-to-Budget Increase of \$36.8K or 0.81% <<

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## Facilities, Security, Data, Insurance, BOCES

Account	Description		2020 - 21 Proposed Budget	2019 - 20 Budget	2018 - 19 Expenditures	2017 - 18 Expenditures	2016 - 17 Expenditures
1620	FACILITIES AND MAINTENANCE	*	\$ 15,016,159	\$ 14,645,419	\$ 14,480,279	\$ 13,542,489	\$ 12,776,010
1621	GROUNDS	*	\$ 1,469,903	\$ 1,377,309	\$ 1,250,037	\$ 1,241,320	\$ 1,279,786
1622	SAFETY COMPLIANCE	*	\$ 462,401	\$ 559,440	\$ 139,116	\$ 219,070	\$ 113,874
1625	SECURITY	*	\$ 3,347,823	\$ 2,882,276	\$ 2,624,519	\$ 2,000,096	\$ 1,980,624
1680	CENTRAL DATA PROCESSING	*	\$ 831,783	\$ 796,269	\$ 619,385	\$ 645,369	\$ 933,686
1910	DISTRICTWIDE INSURANCE	*	\$ 1,697,092	\$ 1,644,422	\$ 1,566,748	\$ 1,297,449	\$ 1,297,047
1930	JUDGMENTS AND CLAIMS	*	\$ 10,000	\$ 10,000	\$ 272	\$ 589	\$ 574
1981	BOCES ADMINISTRATION	*	\$ 1,914,821	\$ 1,877,274	\$ 1,843,356	\$ 1,810,051	\$ 1,779,620

>> Represents Budget-to-Budget Increase of \$957.6K or 3.87% <<

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## Transportation – District/Contract/BOCES

Account	Description		2020 - 21 Proposed Budget	2019 - 20 Budget	2018 - 19 Expenditures	2017 - 18 Expenditures	2016 - 17 Expenditures
5510	DISTRICT TRANSPORTATION	*	\$ 2,586,689	\$ 2,793,590	\$ 2,261,406	\$ 2,382,597	\$ 2,131,436
5530	TRANSPORTATION GARAGE	*	\$ 97,489	\$ 97,489	\$ 79,383	\$ 79,476	\$ 21,340
5540	CONTRACT TRANSPORTATION	*	\$ 17,583,387	\$ 17,184,378	\$ 16,205,212	\$ 16,054,225	\$ 16,107,434
5581	BOCES TRANSPORTATION	*	\$ 890,000	\$ 840,000	\$ 741,941	\$ 746,478	\$ 821,787

>> Represents Budget-to-Budget Increase of \$242.1K or 1.14% <<



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## Benefits – ERS/TRS/FICA/WC/UI/Health/Etc.

Account	Description		2020 - 21 Proposed Budget	2019 - 20 Budget	2018 - 19 Expenditures	2017 - 18 Expenditures	2016 - 17 Expenditures
9010	EMPLOYEE RETIREMENT SYSTEM	*	\$ 4,862,769	\$ 5,171,555	\$ 4,665,705	\$ 5,002,886	\$ 4,865,073
9020	TEACHER RETIREMENT SYSTEM	*	\$ 13,764,690	\$ 11,732,403	\$ 12,959,582	\$ 12,042,725	\$ 20,080,161
9030	SOCIAL SECURITY BENEFITS	*	\$ 10,593,753	\$ 10,272,393	\$ 9,226,371	\$ 9,358,313	\$ 8,998,183
9040	WORKERS' COMPENSATION	*	\$ 2,800,000	\$ 2,700,000	\$ 2,586,408	\$ 2,253,854	\$ 2,827,125
9045	LIFE INSURANCE	*	\$ 50,000	\$ 50,000	\$ 37,809	\$ 35,002	\$ 32,945
9050	UNEMPLOYMENT BENEFITS	*	\$ 75,000	\$ 100,000	\$ 15,351	\$ 28,881	\$ 67,626
9055	DISABILITY BENEFITS	*	\$ 340,000	\$ 240,000	\$ 307,914	\$ 190,369	\$ 190,782
9060	MEDICAL AND DENTAL BENEFITS	*	\$ 39,722,500	\$ 39,602,500	\$ 36,487,880	\$ 35,778,973	\$ 32,835,151
9089	MEDICARE/403B	*	\$ 3,077,571	\$ 2,765,624	\$ 2,570,084	\$ 2,619,624	\$ 2,479,890

>> Represents Budget-to-Budget Increase of \$2.65M or 3.52% <<

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## Debt, TAN, Transfer to Capital/Special Aid

Account	Description	2020 - 21 Proposed Budget	2019 - 20 Budget	2018 - 19 Expenditures	2017 - 18 Expenditures	2016 - 17 Expenditures
9710	SERIAL BONDS - LIBRARY *	\$ -	\$ -	\$ 402,900	\$ 418,700	\$ 439,600
9711	SERIAL BONDS - CONSTRUCTION *	\$ 11,152,475	\$ 13,891,969	\$ 16,825,900	\$ 16,760,695	\$ 16,275,869
9760	TAX ANTICIPATION NOTES *	\$ 1,500,000	\$ 1,500,000	\$ 1,628,239	\$ 975,000	\$ 920,444
9789	ENERGY PERFORMANCE CONTRACTS *	\$ 3,169,819	\$ 3,169,917	\$ 3,169,915	\$ 3,169,915	\$ 1,353,687
9901	TRANSFER TO SPECIAL AID FUND *	\$ 774,112	\$ 799,421	\$ 748,470	\$ 687,384	\$ 500,000
9950	TRANSFER TO CAPITAL FUND *	\$ 7,373,700	\$ 5,500,000	\$ 2,851,624	\$ 1,556,766	\$ -

>> Represents Budget-to-Budget Decrease of (\$891.2K) or -3.72% <<

- Construction bonds for the Sachem Public Library were paid in full during the 2018/19 school-year
- Transfer to Special Aid Fund supports our Special Education Summer School Program
- Transfer to Capital Funds supports scheduled renovation projects and replacement of our bus fleet

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## Next Steps ...

- Keep in mind, these are **only preliminary numbers**, and are likely subject to change.
- We are still waiting for finalized State Aid projections.
  - ❖ (Typically on or about April 1<sup>st</sup>)
- District Administration will continue to work to refine budgetary projections.
- District Administration will keep the Board of Education and the community updated as information becomes available.

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# SACHEM

CENTRAL  
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Continuing the Conversation ...

The Next Budget Workshops are  
Scheduled for

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**Wednesday, February 12<sup>th</sup>**

**Student Activities & Support Services**

(Athletics, OSS/Special Education,  
Grant Funded Programs, Co-Curricular Activities)

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**Wednesday, March 4<sup>th</sup>**

**Curriculum and Instruction**

(General Education Programs, Occupational Education,  
Guidance, Library, Music & Fine Arts, Home Teaching)

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## Continuing the Conversation ...

Additional Discussions  
**March 18<sup>th</sup> and April 1<sup>st</sup>**

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Budget Vote

**Tuesday, May 19, 2020**

**At your local Elementary School\***

**(Ten Active Buildings Only – No Voting at Tecumseh or Gatelot)**

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