



**OYSTER BAY – EAST NORWICH
CENTRAL SCHOOL DISTRICT**

Budget Fundamentals

December 16, 2014

BOE Mission Statement



We maximize each student's personal potential for tomorrow's world in a cost effective manner.

A faded circular logo is centered in the background. It features a stylized house with a chimney on a hill, a bird in flight above it, and wavy lines representing water or a field below. The entire logo is enclosed within a double-lined circular border, with the inner line being grey and the outer line being yellow.

District Demographics

Demographics



- As of Nov 30 = 1,623 public school students
- Non-public student enrollment declining
- Free & Reduced Priced Lunch = 17.0%
- Special Education Classification Rate = 11.5%
- Limited English Proficient = 5.6%
- Combined Wealth Ratio (SED) = 3.832 (NYS avg 1.000)



Budget Development

Budget Development



- Prepare “rollover” budget December 2014
- Understand budget trends
- Obtain projected data: CPI%, Health, TRS, ERS, Contracts, etc.
- Administrators meet with Central Office (Jan 2015)
 - Existing programs/enrollments evaluated
 - Cost-saving initiatives reviewed and prioritized
- Central Office continues to review budget line-by-line (Spring 2015)
- BOE to review budget in public sessions

2015-16 Budget Discussion



Timeline

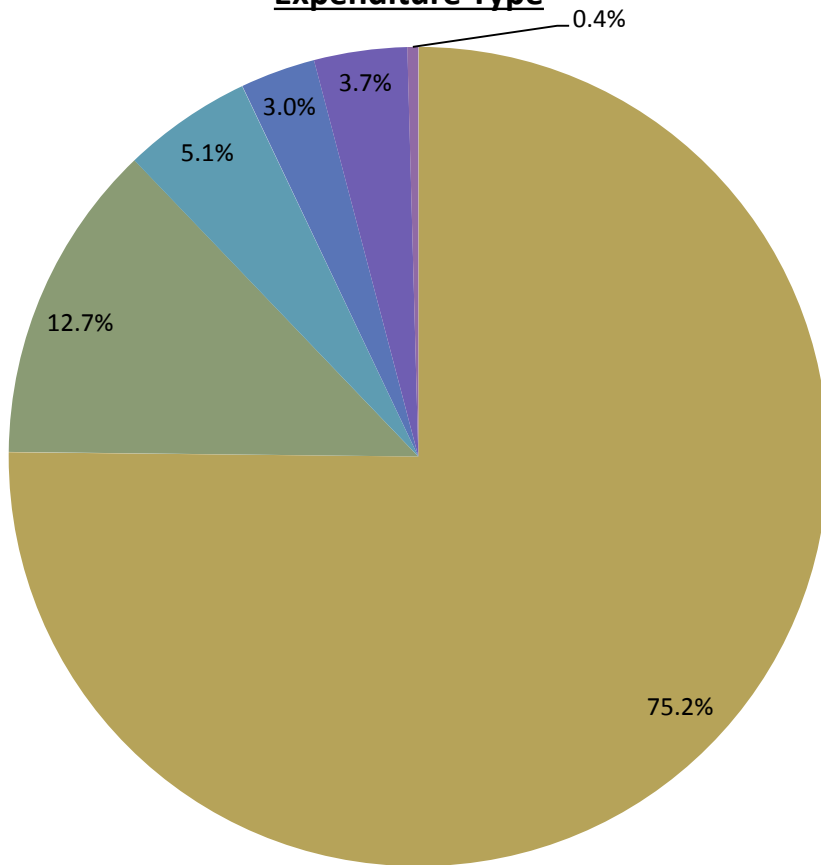
Nov 18	Jan 6	Mar 3	Mar 31	May 5
Budget Development Calendar	<u>Facilities Update:</u> <ul style="list-style-type: none">Capital ReserveSecurity	<u>Expenditure Budget:</u> <ul style="list-style-type: none">ReviewDiscussion	Budget Review <u>Impact of a Failed Budget:</u> <ul style="list-style-type: none">0% Tax Levy increase	Budget Hearing
Dec 16	Feb 10	Mar 17	Apr 21	May 19
Budget Fundamentals	Preliminary "Gap" <u>BOE direction:</u> <ul style="list-style-type: none">Levy Limit <u>Expenditure Budget:</u> <ul style="list-style-type: none">Review/Discussion Fund Balance Projection Use of Capital Reserve	<u>Revenue Budget:</u> <ul style="list-style-type: none">State AidUse of ReservesOther Revenue Sources Fund Balance Projection	Budget Review Fund Balance Projection BOE Budget Adoption	Budget Vote 7am-9pm OBHS

**VOTER REGISTRATION: District Clerk's Office (516-624-6507); 1 McCouns Lane, Oyster Bay
Monday through Friday: 8:00 a.m. to 1:00 p.m. & 2:00 p.m. to 4:00 p.m.**

OBEN Expenditure Profile

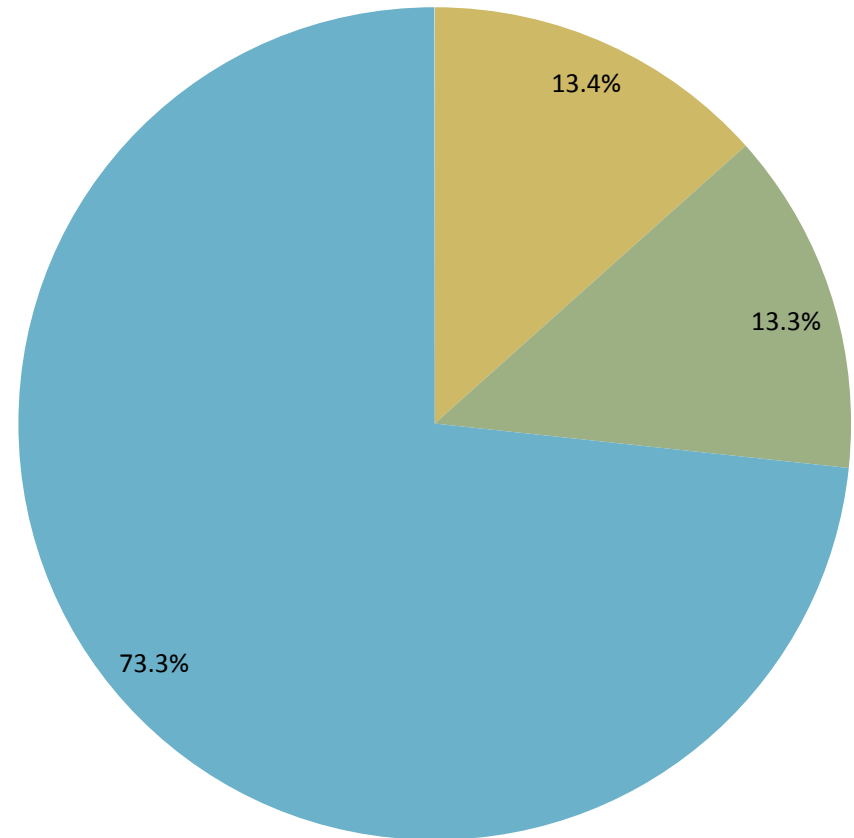


Expenditure Type



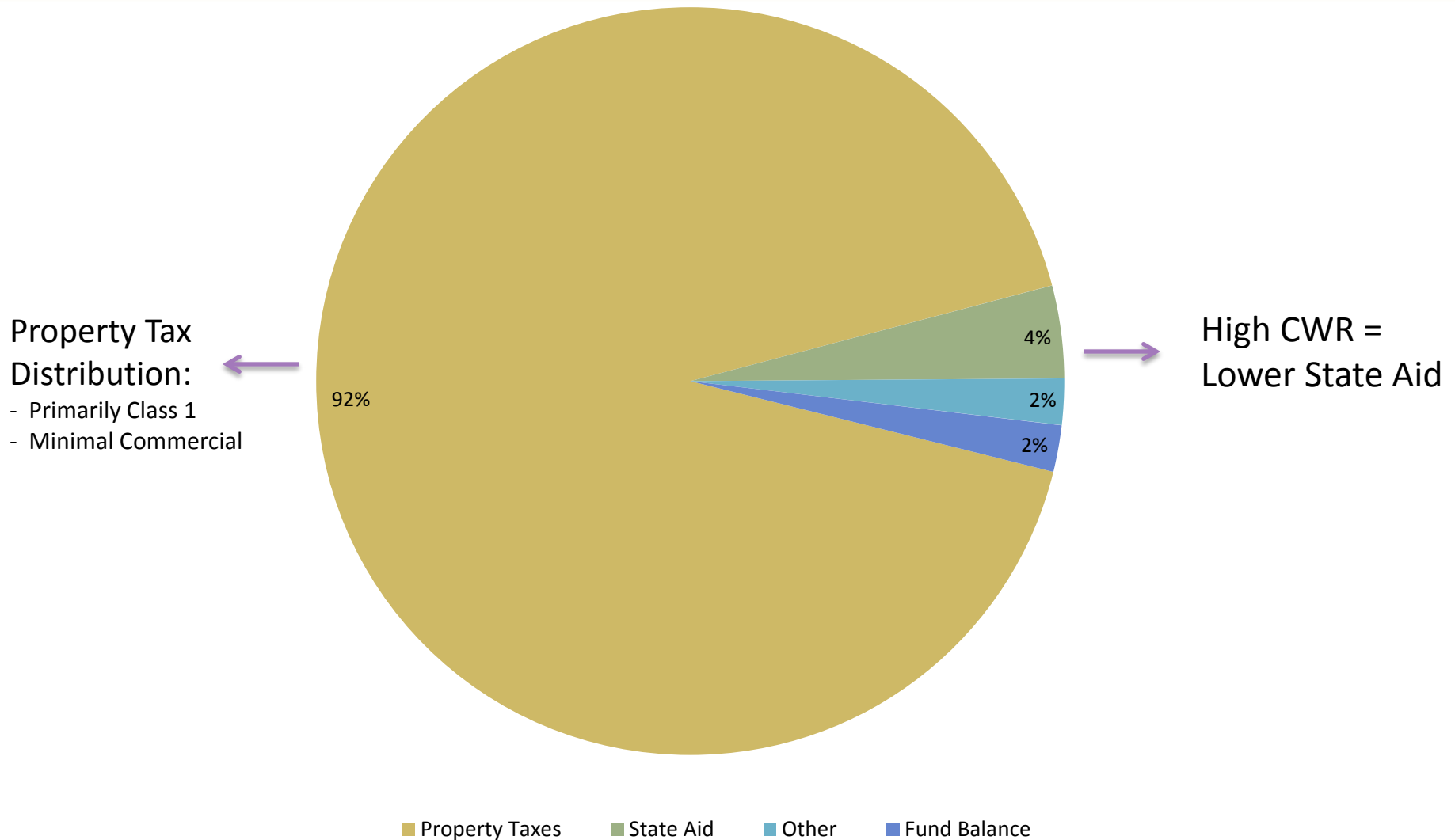
- Salaries & Benefits
- Contractual Services
- Debt Service
- Support Materials
- BOCES
- Other

Three-Part Budget



- Admin
- Capital
- Program

OBEN Revenue Profile



“The Budget Formula”

Before Levy Limit Legislation



The Board of Education adopts a spending plan which is voted on by the community to operate the District.

- (A) Spending plan (budget) is funded by a few revenue sources:
- (B) State Aid (which has decreased consistently over the years)
- (C) Local Revenues from interest earnings, reimbursable billings, refunds
- (D) Use of Reserves (Unappropriated Fund Balance, ERS Reserve, etc.)
- (E) PROPERTY TAXES collected thru the Tax Levy

The Budget Formula:

$$(A) - (B) - (C) - (D) = (E)$$

Balanced Budget



Revenue

=

Expenses

Enacted Legislation



- A property tax levy limit is a fixed limitation on the amount a school district can **increase** their portion of the property tax levy from the previous year.
- Signed into NYS law on 6/24/2011
- The tax levy limit is based on a complex formula which includes various factors and exclusions.

Calculation of Levy Limit



Base Formula

$$\left[\left(\text{Prior fiscal year tax levy} \times \text{Tax base growth factor}^* \right) + \text{PILOTs receivable in the prior fiscal year} \right] \times \text{Allowable levy growth factor (1.00 to 1.02)**} - \text{PILOTs receivable in coming fiscal year} = \text{Tax Levy Limit}$$

+ Transfer of Function

Tax Levy Limit

+

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

=

Tax Levy Limit, Adjusted for Transfer of Function

+ Exclusions

Tax Levy Limit, Adjusted for Transfer of Function

+

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

AND

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

AND

School districts ONLY: capital tax levy

=

Tax Levy Limit, Adjusted for Transfers, Plus Exclusions

Budget Formula



New “Reversed” Budget Formula

Before Tax Cap:

- (A)** Expenditure Plan
 - **(B)** Aid (State & Fed)
 - **(C)** Local Revenues
 - **(D)** Use of Reserves
-
- (E)** Needed Tax Levy

Current Tax Cap:

- (A)** Restricted Tax Levy
 - + **(B)** Aid (State & Fed)
 - + **(C)** Local Revenues
 - + **(D)** Use of Reserves
-
- (E)** Expenditure Plan

Tax Levy Limit Legislation:

True or False



The Tax Levy Limit Legislation.....

- FALSE** Caps homeowner's taxes at a 2% increase
- FALSE** Impacts assessed values
- FALSE** Restricts school levies to max 2% increase
- FALSE** Results in the same Tax Levy for all districts
- TRUE** Restricts the Tax Levy set by school districts
- TRUE** Provides for exclusions and adjustments which may result in a limit higher than 2%
- TRUE** Restricts levy regardless of additional unfunded mandates, i.e. Pensions, Healthcare

Board of Education:

Direction on Levy Limit



At February 10 BOE meeting, two options:

Option 1:

Stay within the estimated levy limit?

OR

Option 2:

Exceed levy limit requiring 60% super majority voter approval?

Proposition for Exceeding Limit

(Option 2)



BALLOT TO INCLUDE THE FOLLOWING LANGUAGE:

“Adoption of this budget requires a tax levy increase of ___% which exceeds the statutory tax levy increase of ___% for this school year and therefore exceeds the state tax cap and must be approved by sixty percent of the qualified voters present and voting.”

If budget fails twice; forced to adopt a 0% tax levy increase

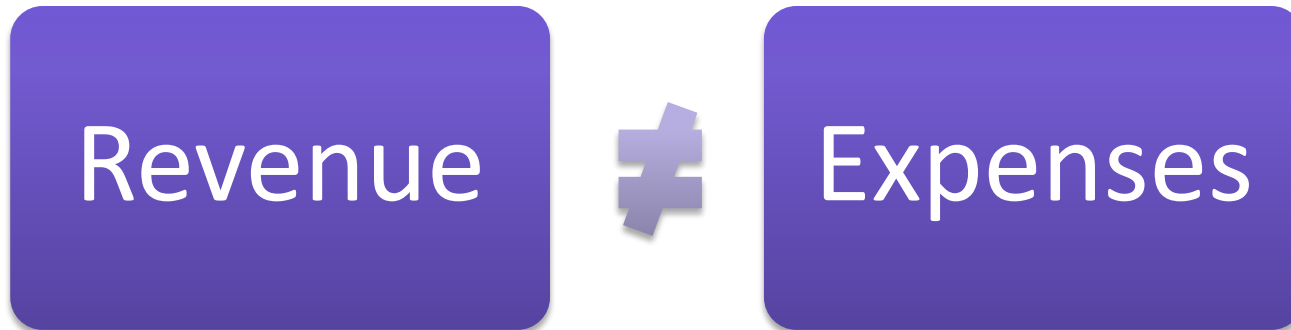
For illustrative purposes only:

If 2015-16 budget was defeated twice; \$1.5m in program reductions

Preview 2015-16



Based on Data and assumptions as of this meeting; 12/16/2014:



2015-16 “Gap” is too preliminary to report; Feb 10

Positives: Decrease in TRS & ERS Rates, Teacher Retirements last year, Health Insurance renewal decrease, ERS rate, Minimal Transportation Increase (CPI)

Negatives: Unsettled Employee Contracts, CPI%, Gap Elimination Adjustment (GEA), Affordable Care Act (ACA), NYS contribution to Summer Special Ed program, Tax Rate Growth Factor (Local Brick & Mortar Growth)



OBEN Fiscal Health

Fiscal Health



Factors indicative of a strong financial condition:

INTERNAL

- *Key Performance Indicators are stable*
- *Follow guidance from SED & OSC*
- *Commitment to funding Reserve Funds*

EXTERNAL

- *Strong Moody's Rating; Aa1*
- *Positive audit reports*



Questions?