

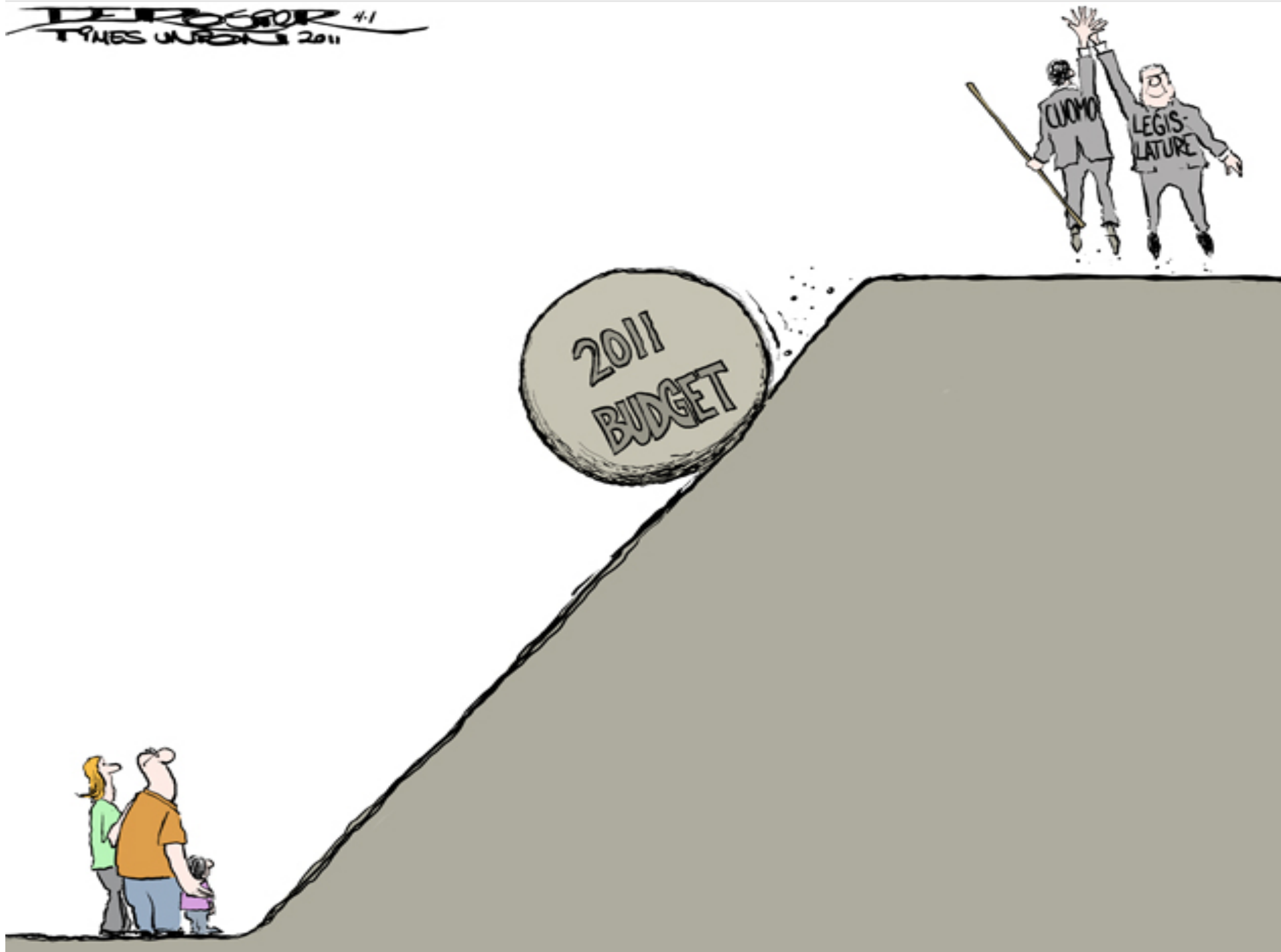
Community Budget Forum

An overview of the current budget outlook and the property tax cap

North Colonie Central Schools

November 14, 2011

Shaker High School Media Center



Academic Challenges in 2011-12

- Race To The Top (RTTT)
- Common Core Standards
- Annual Professional Performance Review (APPR)
- New State Assessments
- Response to Intervention (RTI)

- Property Tax Cap
 - Not an academic challenge, but a factor in our ability to meet the above challenges.

2010-11 Budget Results

- \$91,150,000 Expenditure Budget
- \$86,426,671 Actual Expenditures

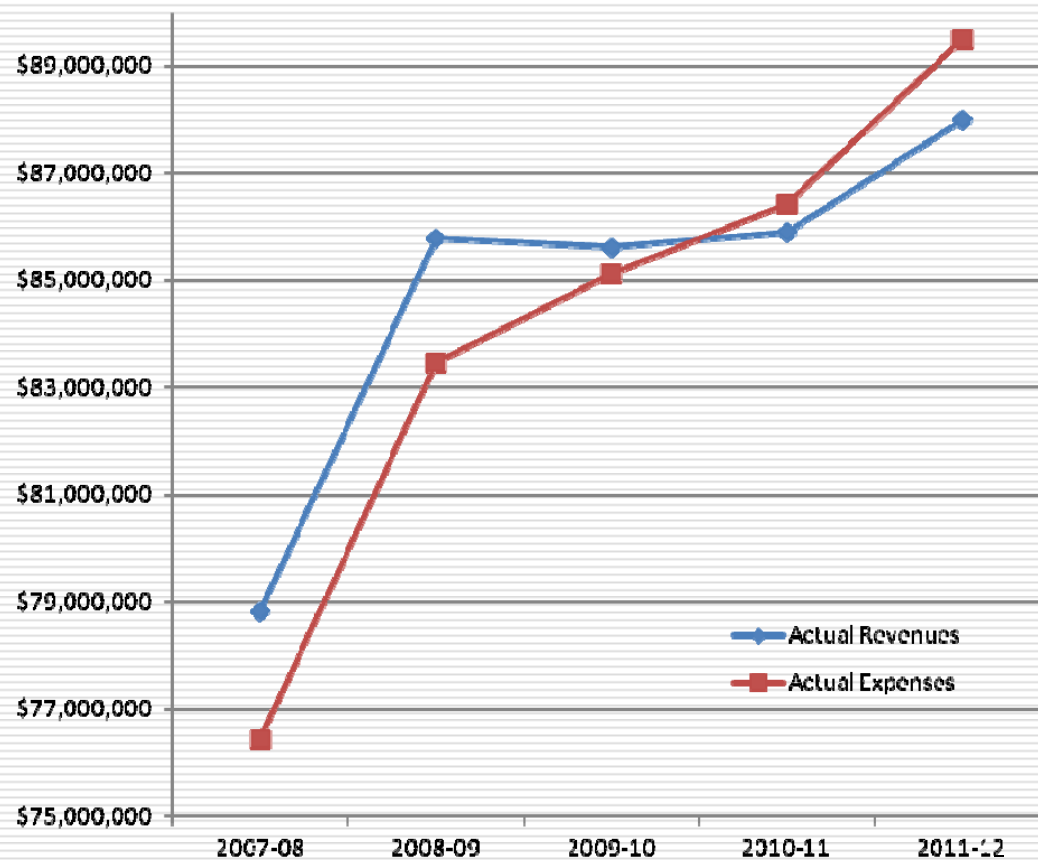
- \$86,650,000 Revenue Budget
- \$86,385,119 Actual Revenues

- \$4,500,000 Budgeted Use of Fund Balance
- \$41,552 Actual Use of Fund Balance

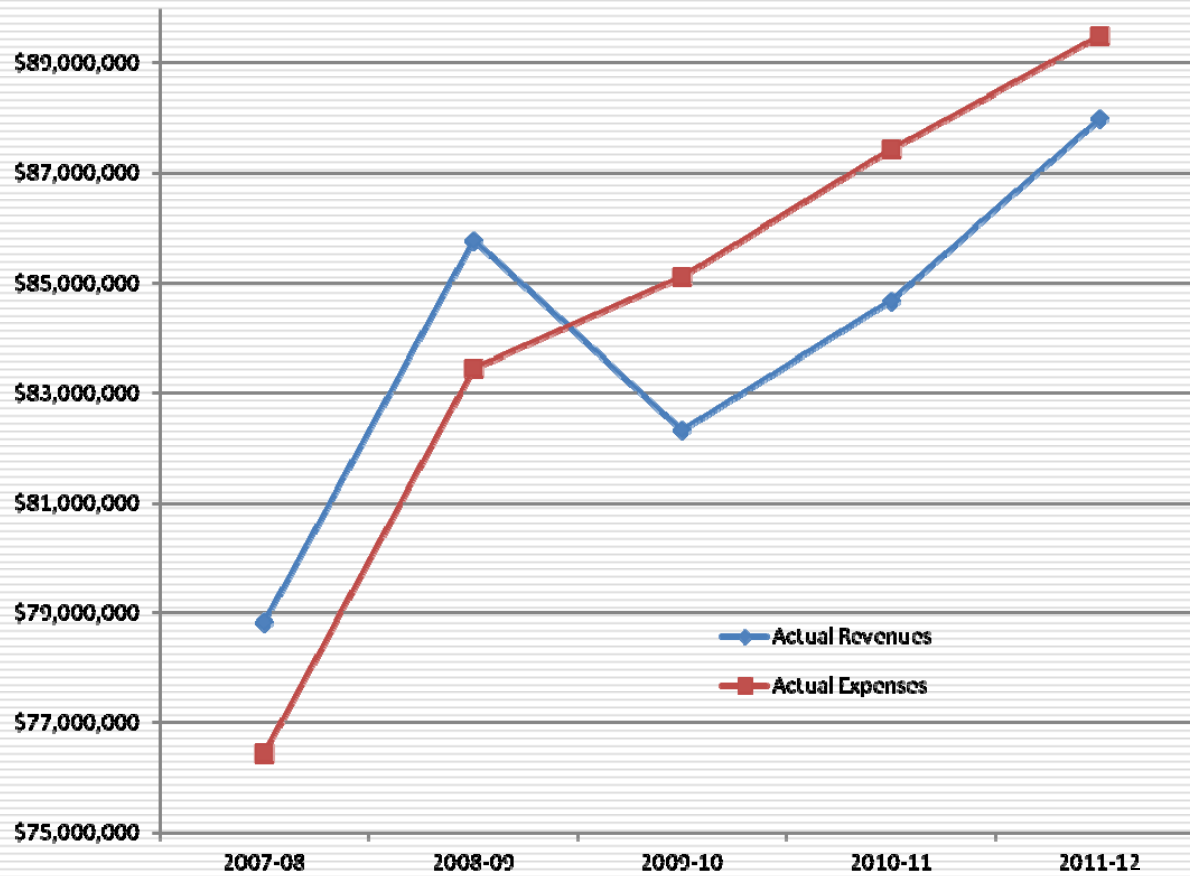
2010-11 Budget Variances

- \$2,900,000 – Salaries
 - \$1,019,000 Federal Jobs Grant
 - \$1,000,000 Conservative Budgeting
 - Balance from breakage, attrition, reduced OT, substitutes, etc.
- \$650,000 Benefits
- \$350,000 Water, Gas, Electric, Telephone
- \$350,000 Materials & Supplies
- \$170,000 Tax Certiorari
- \$110,000 BOCES Services
- \$110,000 Transfer to Special Aid
- (\$500,000) Bond Anticipation Notes
- (\$550,000) State Aid
- (\$235,000) Tax Revenues
- (100,000) Interest Earnings

Revenues & Expenditures 2007-08 to 2011-12 Including Federal Dollars



Revenues & Expenditures 2007-08 to 2011-12 Without Federal Dollars



Budget Vote History

Year	Yes	No	Tax Rate Increase
2011-12	64.6%	35.4%	2.97%
2010-11	62.4%	37.6%	3.90%
2009-10	64.6%	35.4%	3.49%
2008-09	66.9%	33.1%	3.77%
2007-08	68.3%	31.7%	2.42%
2006-07	58.1%	41.9%	7.78%
2005-06	65.1%	34.9%	5.89%
2004-05	63.1%	36.9%	8.00%
2003-04	70.9%	29.1%	4.25%
2002-03	71.6%	28.4%	3.91%
2001-02	73.9%	26.1%	2.67%

North Colonie Central School District
Four Year Budget Projection
2010-11 to 2014-15

	Future Assumptions	2010-11 Budget	2010-11 Actual	Estimated 2011-12 Actual	Estimated 2012-13 Actual	Estimated 2013-14 Actual	Estimated 2014-15 Actual
Beginning Fund Balance		13,897,819	13,897,819	13,856,267	12,555,852	10,115,852	5,640,852
Expenses							
Textbooks		406,450	356,772	350,000	195,587	195,587	195,587
Interfund Transfers		1,060,000	949,099	850,000	600,000	600,000	600,000
Equipment		1,170,719	1,170,840	1,392,493	1,392,493	1,392,493	1,392,493
Maintenance Projects		210,000	210,000	110,000	110,000	110,000	110,000
Materials & Supplies		2,458,931	2,313,805	2,390,000	2,390,000	2,390,000	2,390,000
Debt Service		4,942,363	5,441,198	4,416,646	4,415,363	4,359,063	4,312,019
Contractual		8,536,232	6,936,927	7,600,000	7,800,000	8,100,000	8,100,000
Benefits (not ERS or TRS)	6%, 10%, 10%, 10%	13,202,580	12,853,686	13,624,907	14,987,398	16,486,138	18,134,751
Employees Retirement	12.7%, 16.3%, 18.9%, 16%	1,500,316	1,733,464	2,329,785	2,816,217	2,485,423	2,547,559
Teachers Retirement	8.7%, 11.5%, 12%, 12%	3,610,553	3,283,342	4,383,951	4,680,312	4,881,565	5,003,604
Salaries - Non Instructional	4.25%, 4.25%, 4.25%, 2.50%	14,229,306	13,614,543	14,293,161	14,900,620	15,533,897	15,922,244
Salaries - Instructional	1.3%, 2.5%, 4.3%, 2.5%	39,822,550	37,562,995	38,121,314	39,002,597	40,679,708	41,696,701
Total Expenses		91,150,000	86,426,671	89,862,258	93,290,587	97,213,874	100,404,959
Change in Expenditures		1.17%		3.98%	3.82%	4.21%	3.28%



Retirement Costs 2009-10 through 2012-13

	Actual 2009-10	Actual 2010-11	Estimated 2011-12	Estimated 2012-13
Employee Retirement System (ERS)	\$970,000	\$1,733,000	\$2,329,000	\$2,816,000
Teacher Retirement System (TRS)	\$2,393,000	\$3,283,000	\$4,383,000	\$4,680,000
Total Retirement Costs	\$3,363,000	\$5,016,000	\$6,704,000	\$7,500,000
Total Expenses	\$85,129,000	\$86,427,000	\$89,774,000	\$93,323,000
Pension Costs as % of Total Expenses	3.950%	5.804%	7.468%	8.037%

North Colonie Central School District
Four Year Budget Projection
2010-11 to 2014-15

	Future Assumptions	2010-11 Budget	2010-11 Actual	Estimated 2011-12 Actual	Estimated 2012-13 Actual	Estimated 2013-14 Actual	Estimated 2014-15 Actual
Revenues							
State Aid	3%, 0%, 0%	13,991,162	13,434,048	13,931,906	14,349,863	14,349,863	14,349,863
Annexation Aid	per formula	2,856,587	2,856,587	2,856,587	2,856,587	2,570,928	2,285,269
ARRA	2 years, then 0	1,218,565	1,218,565	0	0	0	0
Tuition		1,620,000	1,917,453	1,800,000	1,850,000	1,900,000	1,950,000
Interest		250,000	146,451	100,000	150,000	200,000	250,000
Other		1,314,116	1,647,587	1,685,000	1,735,000	1,785,000	1,835,000
Transfers		0	0	250,000	0	0	0
Revenues Other Than Tax (ROTT)		<u>21,250,430</u>	<u>21,220,691</u>	<u>20,623,493</u>	<u>20,941,450</u>	<u>20,805,791</u>	<u>20,670,132</u>
Change in Revenues		-0.45%	-0.14%	-2.95%	1.54%	-0.65%	-0.65%
Use of Unreserved Fund Balance		4,090,000	41,552	1,300,415	2,440,000	4,475,000	5,715,000
Reserve for Retirement Contribution		410,000	0				
Tax Levy Required (Expenses - ROTT)		65,399,570	65,164,428	67,938,350	69,909,137	71,933,083	74,019,827
Total All Revenues		<u>91,150,000</u>	<u>86,426,671</u>	<u>89,862,258</u>	<u>93,290,587</u>	<u>97,213,874</u>	<u>100,404,959</u>
Tax Levy Increase		3.90% *		4.26%	2.90%	2.90%	2.90%
Fund Balance Remaining		9,397,819	13,856,267	12,555,852	10,115,852	5,640,852	-74,148

Summary Budget Projection

	Estimated 2011-12 Actual	Estimated 2012-13 Actual	Estimated 2013-14 Actual	Estimated 2014-15 Actual
Beginning Fund Balance	\$13,856,267	\$12,555,852	\$10,115,852	\$5,640,852
Total Expenses	\$89,862,258	\$93,290,874	\$97,213,874	\$100,404,959
Total Revenues	\$88,561,843	\$90,850,587	\$92,738,874	\$94,689,959
Fund Balance Used to Balance Budget	\$1,300,415	\$2,440,000	\$4,475,000	\$5,715,000
Fund Balance Remaining	\$12,555,852	\$10,115,852	\$5,640,852	- \$74,148

Tax Levy Limit

What is it?

What does it mean for North Colonie?

Property Tax Cap Chapter 97 of the Laws of 2011

- Not really a “cap”

- Sets a higher threshold for voter approval of budgets
IF proposed tax levy increased exceeds the “tax levy
limit”
 - 60% or more vs. simple majority (more than 50%)

- “Tax levy limit” calculated and will vary by District

- “Tax levy limit” is NOT a limit – just a threshold for
what level of voter support is required

The Formula

$$\begin{aligned} & \text{Prior year tax levy} \\ & \quad \times \\ & \quad \text{Tax base growth factor, if any} \\ & \quad + \\ & \quad \text{Payments in lieu of taxes (PILOTs) receivable during prior year} \\ & \quad - \\ & \quad \text{Taxes levied for exemptions during prior year (not ERS \& TRS)} \\ & \quad = \\ & \quad \text{Adjusted Prior Year Tax Levy} \\ & \quad \times \\ & \quad \text{Allowable levy growth factor (lesser of 2\% or CPI)} \\ & \quad - \\ & \quad \text{Payments in lieu of taxes (PILOTs) receivable in the coming year} \\ & \quad + \\ & \quad \text{Available carryover, if any} \\ & \quad = \\ & \quad \text{"Tax Levy Limit"} \end{aligned}$$

North Colonie 2012-13 Estimated Tax Levy Limit Calculation

Base Formula		
Real Property Tax Levy for 2011-12	A	\$67,940,313
Tax Base Growth Factor	B	1.005
	A x B	\$68,280,014
Plus Pilots Receivable 2011-12	C	\$0
	(A x B) + C	\$68,280,014
Allowable Levy Growth Factor	D	1.020
	((A x B) + C) x D	\$69,645,614
Minus Pilots Receivable 2012-13	E	\$0
Tax Levy Limit	(((A x B) + C) x D) – E	\$69,645,614
Exclusions		
Tax Levy Necessary for Tort Judgments		\$0.00
Tax Levy Necessary for Pension Contributions		
ERS	.6% x Salary Base .6% x \$13 million	\$78,000
TRS	.49% x Salary Base .49% x \$39 million	\$191,100
Tax Levy Limit Adjusted for Exclusions		\$69,914,714
Actual Tax Levy Percentage Increase	(F-A) / A	2.90%

What Options Does the Board of Education Have?

1. Propose a budget requiring a tax levy before exemptions at or below the Tax Levy Limit prescribed by law requires a simple majority (50% + 1 voter approval)
2. Propose a budget requiring a tax levy before exemptions above the Tax Levy Limit
 - Requires a “super majority” (60% voter approval)
 - Requires a statement on ballot indicating the required tax levy before exemptions exceeds the Tax Levy Limit

What Happens if Budget is Not Approved by Public?

- If the proposed budget is not approved by the required margin:
 - the district may resubmit the original budget or submit a revised budget to the voters on the third Tuesday in June
 - OR
 - adopt a contingency budget that **levies a tax no greater than that of the prior year (0% increase in tax levy)**.

- If the resubmitted/revised budget proposal is not approved by the required margin:
 - the Board of Education must adopt a budget that **levies a tax no greater than that of the prior year (0% increase tax levy) and the budget would be subject to contingent budget requirements**.

What Happens if Budget is Not Approved by Public?

- Districts will not be allowed to increase the tax levy to the extent necessary to fund items of expenditure excluded from the tax cap.
 - No growth factor
 - No capital, court order/judgments or pension exemptions

- The effects of having a budget vote fail continue on into the future.
 - The tax levy base for the calculation for the following year will start at the lower levy and will limit the next year's levy as well.

Are Contingent Budget Laws Still in Effect?

- Yes!
- Administrative cap is in effect
- Non-contingent expenses removed
- Expenditures are no longer subject to overall contingent budget spending cap (4% or 120% of CPI)

In Brief...

- ❑ NYS has a property tax cap, not a “2% cap”
- ❑ The property tax cap limits the school district levy NOT the individual tax bill of resident taxpayers
- ❑ The actual allowable tax levy increase will vary by district
- ❑ The formula allows for certain expenses to be exempt from the cap therefore allowing the total tax levy increase to be greater than the “perceived cap”
- ❑ BOEs can present a budget that “overrides” the cap but will need 60% voter approval
- ❑ Voters are approving the budget (spending plan) not the tax levy
- ❑ The education community has many unanswered questions

For more information...

- Visit the Budget section on our website:
www.northcolonie.org
- Sign up for District News on SNN. We'll be sending budget updates throughout the year.