

Schenevus CSD

Tax Analysis

9/17/2019

Maintaining a Viable School System

- What factors help to determine a viable School system:
 - Student Enrollment
 - Academic Program both during and after school
 - Student After School Activities
 - Student Performance
 - **School District Finances**
 - School District Facilities

School District Finance Consideration

- State Aid – Factors that affect State Aid
 - Adjusted Gross Income (AGI)
 - Adjusted Property Value (APV)
 - Combined Wealth Ratio (CWR)
- Property Taxes
 - Factors in the Property Tax Cap calculation
 - Factors NOT in the Property Tax Cap calculation
 - Ability of the Communities to raise Taxes based on AGI and APV
- Other Sources
 - Use of Unappropriated (Unrestricted Fund Balance)
 - Use of Restricted Reserves – General Fund and Debt Service Fund

Factors affecting State Aid and Communities ability to pay taxes.

- Gross Property Valuation – From 2011 thru 2015 the District has lost \$11,827,698 in property valuation. Do not have 2016 –thru 2019 changes.
- Gross Income – From 2011 thru 2015 the District has lost \$138,025 in gross income.
- The good news is the State Aid ratio for CWR (Combined Wealth Ratio) from 2014 thru 2019 has gone up from 67% to 77% because the District looks poor to the State in comparison to all other Districts.

Communities in the School District have the ability to raise taxes?

- By looking at the AGI and APV means the Communities' residents do not have the assets and/or the income to manage the Property Taxes over time?

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What Can be Taxed thru the Tax Cap Calculations?

- Tax Base Growth Factor – based on the new constructions
- PILOTs – pay taxes thru an agreement
- Capital Tax Levy Exclusion – changes in debt owed minus State Aid equals amount district can raise in taxes
- Torts Exclusion - expenditures resulting from Court Orders/Judgement in excess of 5% of tax levied
- Excess ERS or TRS pension funds over 2% points, i.e. rate goes from 10% to 13% means the district can raise taxes
- Allowable Levy Growth Factor - inflation – not to exceed 2%

Why does a District raise Property Taxes?

- What reasons are acceptable for the District to raise taxes?
 - Educational programs – Meet all State minimum requirements, Maintain current programs, or Improve educational opportunities
 - Maintain facilities and grounds
 - Increase in employee salaries and benefits
 - To meet current equipment, contractual arrangements, materials and supplies needs, etc.
 - Meet new mandated staff and educational requirements
 - Reduce class size
 - Continue to provide after school programs – educational and sports programs
 - To fund Restricted Fund Balance – Reserves to appropriate level
 - Increase Unappropriated Fund Balance for protection of unknown issues
 - Increase Unappropriated Fund Balance for Cash flow reason save on Debt interest costs

What the State does not allow you to raise under the Tax Cap law - directly

- Educational programs – Meet all State minimum requirements, Maintain current programs, or Improved educational opportunities
- Maintain facilities and grounds
- Increase in employee salaries and benefits
- To meet current equipment, contractual arrangements, materials and supplies needs, etc.
- Meet new mandated staff and educational requirements
- Reduce Class size
- After school programs – educational and sports programs
- To fund Restricted Fund Balance – Reserves to appropriate level
- Increase Unappropriated Fund Balance for protection of unknown issues
- Increase Unappropriated Fund Balance for Cash flow

What the State does not allow you to raise under the Tax Cap law – directly - continued

- Salaries
- Employee and Retiree Benefits – other than ERS/TRS over 2%
- Equipment if not debt service
- Supplies
- Contractual cost unless it involves Torts
- BOCES
- Special Education costs
- Increase in Student enrolled
- Unfunded mandates

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If you are going to raise property taxes – consider the following:

- What taxes Can and Can NOT be raised thru the Tax Cap Calculations?
- Under Tax Cap - How much has been raised by the formula since 2014-2019?
- Funds available to assist the District to off set Property Tax increases.
 - Debt Service fund – used to pay for existing Debt service costs.
 - Restricted Fund Balance (Reserves) – Unemployment reserve and EBLAR (Employee Benefit Liability Allowable Reserve).
 - Unappropriated Fund Balance

Things to consider prior to raising Property Taxes?

- Look at Educational programs – only meet all State educational requirements
- Less Facility use and charges for usage
- Review Class size
- Consider only offering courses that meet a minimum number of students – x or more
- Review of after school programs – educational and sports programs
- Keep Unappropriated Fund Balance at 4% and use Restricted Fund Balance (Reserves) and Debt Service Reserve
- Communities ability to afford the taxes
- Increased State Aid
- Donations from the Public entity(s)

Sources of the information provided

- State Aid reports filed in the ST-3 reports
- State Aid Runs – Gen Aid report
- Association of School Business Officials, New York State
- Office of the State Comptroller (OSC)
- Office of NYS Real Property and Taxation

Questions and Answers

- Hope it was helpful!!