

2018-19 PRELIMINARY BUDGET
BUDGET OVERVIEW – Narrative
OLIVIA BUATSI
February 8, 2018

The Budget

The NYS Comptroller prescribes the budget format which is based upon the Uniform System of Accounts. The Uniform System of Accounts is used to classify the budget into components to provide a standard format for reporting financial transactions. This allows district personnel as well as the public to see comparisons with other school districts or financial periods. It also serves as a basis for budgeting and accountability to the State Comptroller, State Education Department and the general public.

Functional Activities and Functional Units

The expenditure budget is built around five major functional activities: general support, instruction, pupil transportation, community service and undistributed expenditure. These activities are further broken down into functional units.

General Support: 1010-1981

This functional activity code includes budget lines for the Board of Education, District Clerk, the Superintendent of Schools, Business Office, Auditing, Treasurer, Legal, Personnel, Public Information, Buildings and Grounds, Plant Maintenance, Printing, Insurance and BOCES (Board of Cooperative Educational Services) administrative cost.

Instruction: 2010-2855

This is the largest category of expenditures in the budget. It includes negotiated salaries of teachers, administrators, support personnel, co-curricular and athletics program stipends, equipment, supplies, textbooks, other contracted services costs and BOCES program costs. Instruction comprises curriculum, regular education, special education, occupational education, adult education, summer school, library, computer technology, guidance, health and co-curricular activities.

Transportation: 5510-5581

This function includes all costs related to student transportation on district owned and contracted buses.

Community Service and Recreation: 7140-7144

This function is for costs related to summer recreation programs and expenses for the Coalition Against Substance Abuse.

Undistributed Employee Benefits and Debt Service: 9010-9901

Included here are the district's costs for retirement expenses, health insurance, dental insurance, life insurance, short-term and long-term disability insurance, and workers' compensation. It also includes yearly expenses for outstanding principal and interest on debt service.

Object of Expenditure

The functional units are broken down into specific descriptors. The descriptors identify what is being paid (e.g. salaries, equipment, supplies and other contract services). The district also provides a program code to add further descriptor details.

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An example of a budget code is:

2110-130-40-2161

The function code, 2110, indicates that the budget is for Regular Education

The object code, 130, describes a salary budget for Middle and High School teachers

The location code, 40, refers to the Middle School

The program code, 2161, refers to certified employees

This coding system allows the budget to be viewed and sorted in multiple ways.

Refer to the detailed budget attached to this document for a line by line expenditure and budget.

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The Budget: A Glance View

The table below provides an overview of the approved and proposed budget.

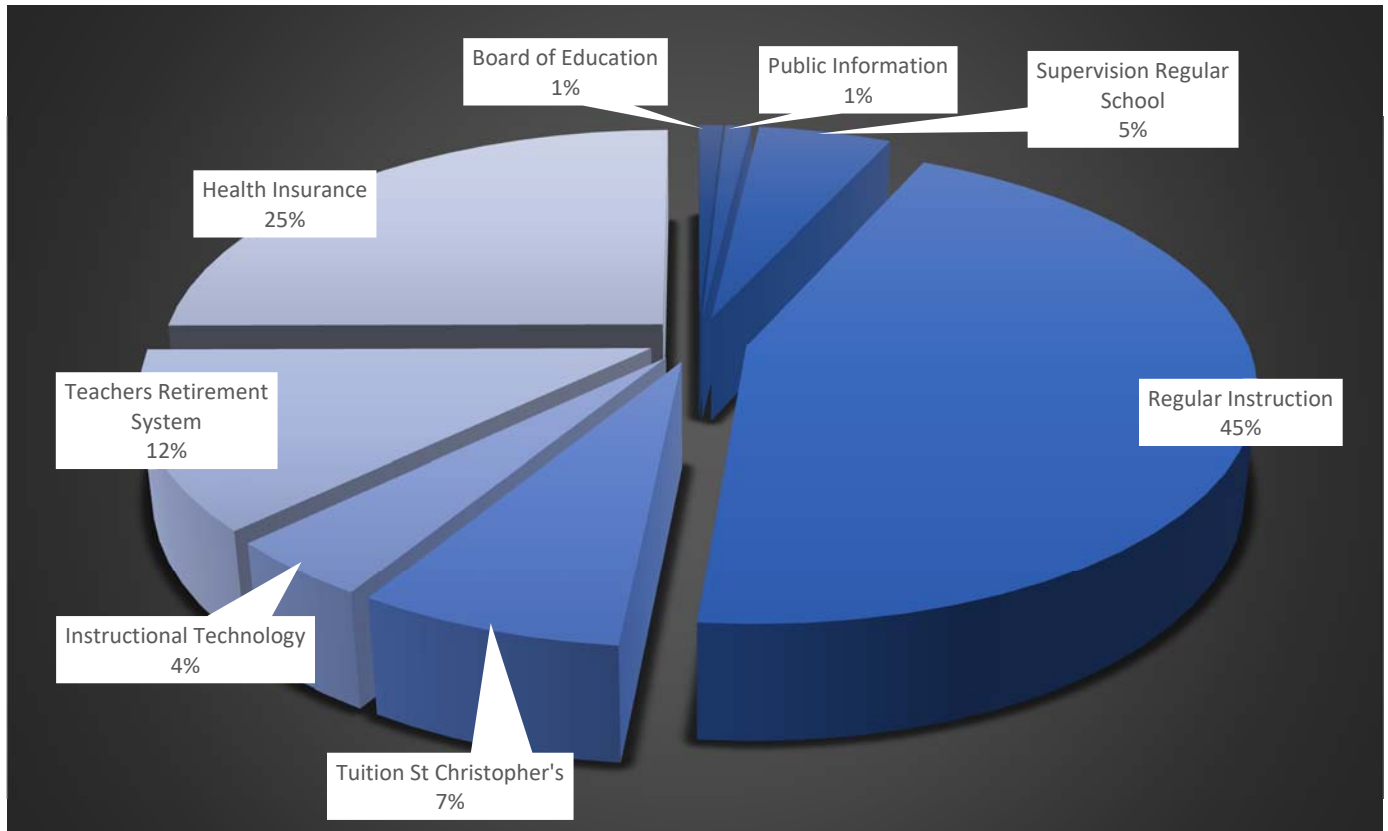
NORTH SHORE CENTRAL SCHOOL DISTRICT 2018-19 PRELIMINARY BUDGET				
APPROPRIATIONS	Approved Budget 2017-18	Proposed Budget 2018-19	Budget Change	% Change
General Support	9,924,738.01	9,798,369.49	(126,368.52)	(1.27%)
Instruction- <i>Includes Special Education, Occupational Education, Adult Education, Audio Visual, Technology, Attendance, Co-Curricular Athletics</i>	60,035,079.64	61,655,136.80	1,620,057.16	2.69%
Pupil Transportation	2,898,902.97	2,861,980.88	(36,922.09)	(1.27%)
Community Service	53,000.00	53,000.00	.00	00%
Undistributed				
Employee Benefits	25,116,884.28	26,235,418.58	1,118,534.30	4.45%
Interfund Transfers				
Debt Service/Tax Anticipation Notes/Energy Performance	4,084,909.96	4,264,613.08	179,703.12	4.40%
TOTAL APPROPRIATIONS	102,113,514.86	104,868,518.83	2,755,003.97	2.698%
REVENUES & OTHER FINANCING SOURCES				
Split Properties	100,000.00	150,000.00	50,000.00	50.00%
PILOTS:				
LIPA- Glenwood Landing 2 Peaking Stations	1,718,906.18	1,775,030.32	56,124.14	3.27%
Business PILOT-IDA	32,000.00	32,000.00	.00	.00%
LIPA PILOT-24 Former LILCO Properties	6,586,827.30	6,930,806.82	343,979.52	5.22%
State Aid	5,331,389.00	5,224,136.00	(107,253.00)	(2.01%)
Adult Education	35,000.00	35,000.00	.00	.00%
Tuition Special Education Related Services	115,000.00	100,000.00	(15,000.00)	(13.04%)
Tuition Special Education St Christopher's	250,000.00	350,000.00	100,000.00	40.00%
Interest on Investments	110,000.00	145,000.00	35,000.00	31.82%
Miscellaneous Receipts	400,000.00	450,000.00	50,000.00	12.50%
Rental of Property	35,000.00	40,000.00	5,000.00	14.29%
FUND BALANCE:				
From Current Year's Operations	710,817.55	1,200,000.00	489,182.45	68.82%
Special Legislative Grant (Marcellino and Lavine)	1,000,000.00	800,000.00	(200,000.00)	(20.00%)
Tax Certiorari Reserve	.00	350,000.00	350,000.00	100.00%
Interfund Transfer-From ERS Reserve	1,200,000.00	1,200,000.00	.00	.00%
Sub Total Before Tax Levy	17,624,940.03	18,781,973.14	1,157,033.11	6.56%
Tax Levy	84,488,574.83	86,086,545.69	1,597,970.86	1.891%
TOTAL REVENUES	102,113,514.86	104,868,518.83	2,755,003.97	2.698%

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The major budget drivers come from a few areas outlined in the table below:

TOTAL BUDGET	2016-17 ACTUAL EXPENDITURE	2017-18 APPROVED BUDGET	2018-19 PROPOSED BUDGET	\$ INCREASE	% INCREASE
	97,431,561.08	102,113,514.86	104,868,518.83	2,755,003.97	2.698%
	MAJOR BUDGET DRIVERS				
Board of Education	247,034.16	183,787.00	213,620.81	29,833.81	16.23%
Public Information	145,542.10	143,042.60	175,694.60	32,652.00	22.83%
Supervision of Instruction	4,192,231.77	4,225,713.11	4,393,971.32	168,258.21	3.98%
Regular Instruction	32,899,126.22	34,445,862.92	35,933,422.13	1,487,559.21	4.32%
Tuition St. Christopher’s	172,894.50	101,469.00	341,570.00	240,101.00	236.62%
Instructional Technology	1,812,074.96	1,801,539.31	1,937,119.94	135,580.63	7.52%
Teachers Retirement System	5,168,473.30	4,819,920.87	5,222,623.40	402,702.53	8.35%
Health Insurance	11,152,877.82	12,768,392.19	13,604,343.64	835,951.45	6.54%
TOTALS	55,790,254.83	58,489,727.00	61,822,365.84	3,332,638.84	5.69%

MAJOR BUDGET DRIVERS



Staffing Costs and Employee Benefits

More than 80% of the increase reflected in the table above is comprised of personnel costs and employee benefits.

Personnel costs reflected in the budget are based on the collective bargaining agreements. The projected salaries include increments and across the board raises for all contracts that have been settled and estimates for contracts that have not been settled. Negotiations are ongoing with clerical workers, custodians, part-time bus drivers, part-time cleaners and paraprofessionals. There are eight bargaining units in the district: teachers, administrators, clerical, custodians, part-time bus drivers, part-time cleaners, paraprofessionals and cafeteria workers.

Other drivers include ongoing litigation with LIPA (Long Island Power Authority), new website compliance requirements under ADA (Americans with Disability Act), tuition expenses for North Shore and St. Christopher's students placed in out-of-district programs. Under a prior agreement with St. Christopher Otilie, the North Shore School District is responsible for the education of up to six school-aged children

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placed at the St. Christopher Otilie (SCO) Residential Facility located within the district’s geographical boundaries. The cost of tuition and transportation expenses incurred by the District is reimbursed by the district of residence of the students.

Description	# of Employees 2016-2017	# of Employees 2017-2018	# of Employees 2018-2019
Teachers	326	331	330.8
Teacher Assistants	19	19	19
School Nurses and Subs	17	18	18
Part-time Cleaners and Subs	24	24	24
Part-time Bus Drivers	29	31	31
Paraprofessionals – Teacher Aides	51	54	49
School Monitors	15	15	16
School Monitors Part Time	22	22	22
Transportation Monitors	6	6	6
Substitute Monitors	20	19	19
Substitute Aides	20	19	19
Security and subs	21	20	20
Student Workers	27	28	28
Recreation Assistants	4	4	4
Custodians	34	34	34
Non-Affiliated	12	12	12
Non-Represented	4	4	4
Coaches	15	15	15
Clericals	59	58	58
Cafeteria Workers*	34	37	37
Administrators	24	24	24
Assistant Superintendents	2	2	2
Superintendent of Schools	1	1	1
Total Number of Employees	786	797	792.8

**Cafeteria workers are paid from a self-sustaining lunch fund*

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The table below shows new staffing proposals-included in the staffing costs noted above.

Staffing Proposals: Teaching

School	FTE	Justification	Estimated Cost
Glenwood Landing	.5FTE Mandarin Teacher	Increased enrollment	57,920.00
Glenwood Landing	.4FTE Reading Teacher	Increased enrollment	46,336.00
Glenwood Landing	.2FTE General Music Teacher	Increased enrollment	23,168.00
North Shore Middle School	.3FTE Mandarin	Increased enrollment	34,752.00
North Shore Middle School	.3FTE Information Technology Resource Teacher	Increased enrollment	34,752.00
North Shore High School	.2FTE Mandarin	Expansion in program scope	23,168.00
Net New FTE Teaching	1.9FTE		220,096.00
Staffing Proposal Support Personnel			
Sea Cliff	.5FTE Hall Monitor. This is a four-hour position	Health and Safety	14,400.00

Benefits 9010-9060

Employee benefits account for approximately 25% of the total General Fund budget. Some benefits are contractual, negotiated through collective bargaining unit agreements, and others are mandated by law. The following narrative provides the rationale and methodology for employee benefit forecasting in the 2018-2019 school year.

FICA Tax (Social Security and Medicare Tax): Function Code 9030

The Federal Insurance Contributions Act (FICA) tax is a federal payroll or employment tax. It is imposed on employers and employees to fund Social Security and Medicare – federal programs that provide retirees and disabled employees benefits.

Social Security tax is levied on employers and employees. The employer and employees' share of Social Security tax is 12.4%. Half of the tax (6.2%) is levied on employers, and the other half (6.2%) is withheld through payroll deductions from employees. The Social Security tax will be levied on a maximum salary of

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\$128,700 in 2018. The Social Security budget assumes a 5% increase in the maximum salary subject to Social Security tax in 2019. This will be prorated from January to June 2019.

Medicare tax is also levied on employers and employees. The employer and employees' share of Medicare tax is 2.9%. Half of the tax (1.45%) is levied on employers, and half of the tax (1.45%) is withheld through payroll deduction from employees. Unlike Social Security tax, there is no limit on the income subject to Medicare tax.

Retirement Contributions

NYS Teachers' Retirement System (TRS): Function Code 9020

The NYS TRS was Established in 1921. It is a defined benefit pension plan. A defined benefit pension plan guarantees employees a specified pension payment upon retirement. The benefit is calculated from a predetermined formula based on an employee's history of earnings, tenure of service and age. Teachers, substitute teachers, superintendents, business administrators, guidance counselors, and teaching assistants are eligible for TRS membership. Membership is mandatory for full-time employees and optional for part-time employees.

The NYS TRS Board manages the funds and sets the Employer Contribution Rate. The TRS Board estimates that the employer contribution rate (ECR) for 2018-2019 will be between 10.50% and 11.00% of member payroll. The District used 10.8% to project employer cost on the projected 2018-19 salaries of TRS members. Also see below a history of TRS rates.

NYS Employees' Retirement System (ERS): Function Code 9010

The NYS Employees' Retirement System (ERS) was established in 1921. ERS is also administered as a defined benefit pension plan. Secretaries, custodians, bus drivers, nurses, cafeteria workers, and ineligible TRS member employees are eligible for ERS membership. ERS membership is mandatory for full-time employees and optional for part-time employees.

Unlike TRS, ERS employer costs are based on a tier-system. There are six tiers in the Employees' Retirement System (ERS). The tier rates were applied to the projected payroll of each member of ERS to determine the employer costs for the 2018-19 budget. The required employer contribution rates are reflected in the table below:

Tier	2019 Plan Rate	Membership Date
1	21.4%	Before July 1,1973
2	19.5%	July 1, 1973 through July 26, 1976
3	15.8%	July 27, 1976 through August 31, 1983
4	15.8%	September 1, 1983 through December 31, 2009
5	13.0%	January 1, 2010 through March 31, 2012
6	9.3%	April 1, 2012 or after

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New York State Health Insurance Program (NYSHIP)

The District participates in the New York State Health Insurance Program (NYSHIP). The Employee Benefit Division (EBD) of the New York State Department of Civil Service, administers NYSHIP. The Department of Civil Service negotiates premium rate increases on behalf of all participating agencies.

Eighty percent of the 626 active district employees (who qualify to participate) and 301 retirees participate in the NYSHIP plan. The plan offers active and retired employees individual and family coverage. Retirees who are 65 years of age and older are covered by Medicare, which is their primary insurance provider. The Empire plan is their secondary insurance provider.

The Empire plan cost for retirees who qualify for Medicare is lower than the cost for active employees and non-Medicare retirees (under 65 years of age).

The District pays on average 80% of the health insurance premium cost. Employee contributions vary in accordance with collective bargaining unit agreements. Retiree contribution rates are set at the time of retirement.

NYSHIP estimates that its rates will increase by an average of 8.2% in 2018. NYSHIP provides its rate increases one year at a time on a calendar year (basis) from January to December. The amount budgeted for (July 1-December 31, 2018) reflects actual rates. The projected rate increase from January to June 2019 is 10%.

The breakdown of health insurance benefits and the number of active employees/retirees covered is as follows:

Active Employees	# of Employees
Individual	144
Family	355
Total Active Employees Enrolled	499
Retirees	# of Employees
Individual	148
Family with one member over 65	25
Family with two members over 65	128
Total	301

Currently 127 active employees who qualify to participate in the District’s health insurance plan - declined coverage. During the health benefits expense estimation process, the District must consider the possibility that the 127 employees who previously declined health insurance coverage may choose to enroll for individual or family coverage. If all 127 employees were to opt for individual coverage, the estimated district cost would be an additional \$1,302,201.92 for the 2018-2019 school year. In addition, employees may also change from individual coverage to family coverage during the year. The table below shows the number of employees who switched from individual to family coverage and from family to individual coverage in the past ten years.

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Number of employees who changed from Individual to Family and Family to Individual Coverage as of 12/7/2017:

Fiscal Year	New Enrollees Individual Coverage	# of Employees who changed from Individual to Family Coverage	New Enrollees Family Coverage	# of Employees who changed from Family to Individual Coverage	
2017/18	16	1	15	3	From July-Dec 2017
2016/17	31	16	30	4	
2015/16	23	5	23	1	
2014/15	10	10	21	5	
2013/14	18	13	11	5	
2012/13	17	10	12	2	
2011/12	18	7	18	4	
2010/11	29	11	21	1	
2009/10	18	13	17	4	
2008/09	26	9	26	2	

To cover these unforeseen changes, the district budgeted \$200,000 for employees who declined coverage; \$100,000 for those employees who may switch coverage from individual to family and \$25,000 for Affordable Care Adjustment. This adjustment would cover employees who work below the required hours to qualify for health insurance, but could exceed those hours if their employment changed.

Excess Major Medical

The District provides Excess Major Medical (EMM) coverage to all employees. The EMM covers items not covered by the Empire plan, e.g. some medical expenses provided by non-participating doctors, some rehabilitation, home care nursing services, and a vision care benefit.

The 2018-2019 Excess Major Medical cost is \$28.20 per year per employee for individual coverage and \$70.80 per year per employee for family coverage. The District pays on average 80% of the individual and family coverage cost for each employee.

Medicare Part B Premium Reimbursement

Medicare part B premiums are withheld from Social Security checks of enrollees. NYS Civil Service Law requires all participating agencies to refund the premium withheld to enrollees and their dependents if NYSHIP benefits are secondary to Medicare.

The standard Medicare Premium in 2018 is \$134.00 but some beneficiaries pay less than this standard premium. Other enrollees are assessed higher premiums based on their income (IRMAA-Income Related Monthly Adjustment Amount). The district calculates the 2018-2019 Medicare Part B reimbursement to retirees based on the standard Medicare premium and the increased premium on retirees with higher incomes.

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Dental Insurance

The District does not provide dental benefits directly to employees. Each bargaining unit provides dental coverage through their welfare benefit plan. The District's 2018-19 contribution for the Teachers' dental insurance will be \$403,097. The District's 2018-19 contribution for the secretarial unit is \$217.92 per employee for individual coverage and \$783.36 per year per employee for family coverage. The District's 2018-19 total contribution per-employee to the custodial unit is \$778.00 per year for dental coverage.

Long Term Disability

The District pays 100% of the cost of Long-Term Disability coverage for all employees. The Long-Term Disability policy provides a portion of an employee's salary while they are disabled and unable to work. The projected premium cost in 2018-19 is \$152,377.23.

Life Insurance

The District pays 100% of the cost of Life Insurance for all employees. The projected premium cost in 2018-19 is \$129,682.64.

Short Term Disability

The District is enrolled in the New York State Disability Insurance Program, and provides short-term disability to employees in custodial, part-time bus driver, cafeteria, and paraprofessional units. The projected premium for this coverage in 2018-19 is \$7,000.00.

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REVENUES SUMMARY

Sources of Revenue

There are six main sources of revenue to support the North Shore School’s budget, Split properties, PILOTs (Payment in-lieu-of Taxes), State aid, Fund balance, other receipts such as adult education charges, rental of facilities, interest on investments, tuition reimbursements for students placed in St Christopher’s Group Home and Property taxes.

The Budget: Revenues

NORTH SHORE SCHOOLS-2018-19 PROPOSED BUDGET-REVENUES					
Budget		102,113,514.86	104,868,518.83	2,755,003.97	2.698%
Source of Revenues	Description	Approved Budget 2017-18	Proposed Budget 2018-19	\$ Change	% Change
Split Properties-	<i>Refund of school taxes where property lines cross two school district boundaries.</i>	100,000.00	150,000.00	50,000.00	50.00%
LIPA-PILOT	<i>Payment in Lieu of Taxes- This is the PILOT on the two peaking stations located on Shore Road in GWL.</i>	1,718,906.18	1,775,030.32	56,124.14	3.27%
PILOT-Business	<i>PILOT granted by Nassau County Industrial Development Agency (IDA) to a business property owned by Long Island Industrial Management LLC.</i>	32,000.00	32,000.00	.00	.00%
LIPA-PILOT	<i>PILOT on 24 former LILCO-Long Island Lighting Company properties.</i>	6,586,827.30	6,930,806.82	343,979.52	5.22%
State Aid	<i>Governor’s Executive Budget Proposal</i>	5,331,389.00	5,224,136.00	(107,253.00)	(2.01%)
Adult Education Fees	<i>Estimated revenues received from community education programs.</i>	35,000.00	35,000.00	.00	.00%

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Tuition-Special Education Related Services	<i>Reimbursements for miscellaneous special education services provided to non-resident students who attend Greenvale School. Under the Child Find Law, the District of location (where the private school is located) is responsible for the initial identification and development of IESP (Individualized Education Service Plan) for both residents and non-resident students attending the Greenvale School. The district where the students reside is responsible for reimbursing NS.</i>	115,000.00	100,000.00	(15,000.00)	(13.04%)
Tuition from St. Christopher's	<i>Reimbursement for tuition and transportation cost of St Christopher's students. The NS School District is responsible for the education of school-aged children placed at the St Christopher Otilie (SCO) Residential Facility Located within district. This is the reimbursement less State Aid. Three students were placed by the District. NS is responsible for the placement of up to 6 students.</i>	250,000.00	350,000.00	100,000.00	40.00%
Interest	<i>Interest on tax receipts and other sources of district revenues</i>	110,000.00	145,000.00	35,000.00	31.82.00%
Miscellaneous Receipts	<i>Includes refunds reimbursement on purchases and insurance recoveries</i>	400,000.00	450,000.00	50,000.00	12.50%
Rental of Property	<i>Fees for the use of District Properties</i>	35,000.00	40,000.00	5,000.00	14.29%
Estimated Fund Balance	<i>Surplus from current year's 2017-18 operations</i>	710,817.55	1,200,000.00	489,182.45	68.83%

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Fund Balance-Special Legislative Grant	<i>From the Grant secured by Senator Marcellino and Lavine-See detail below of past and planned use of this fund balance</i>	1,000,000.00	800,000.00	(200,000.00)	(20.00%)
Fund Balance-Tax Certiorari Reserve	<i>This reserve was liquidated after Nassau County lost its appeal on the County Guarantee</i>	0	350,000.00	350,000.00	100.00%
Interfund Transfer	<i>ERS-Employee Retirement Reserve</i>	1,200,000.00	1,200,000.00	.00	.00%
Sub -Total before Tax Levy		17,624,940.03	18,781,973.14	1,157,033.11	6.56%
Total Tax Levy		84,488,574.83	86,086,545.69		1.89 %
Maximum Levy Permitted-Under Tax Levy Law		84,488,574.83	86,384,025.50		2.24 %
Difference Between Tax Levy and Amount Permitted		00	297,479.81		
Total Budget		102,113,514.86	104,868,518.83		

1. **Split Properties \$150,000.00** are taxes collected by other municipalities when property lines cross district boundaries. Owners of properties located within two school district boundaries are permitted to designate either of the two school districts as their district of residence for school purposes. There are currently 30 dwellings with children located on split properties that have designated North Shore as their school district of residence. A bill is generated every year to recoup the taxes remitted to the non-designated school district. This designation remains in effect until it is changed by a subsequent owner.
2. **Payment in- lieu-of Taxes (PILOT) \$1,775,030.32.** This is the PILOT on the two generators located on Shore Road in Glenwood Landing. This PILOT is for 25 years from, fiscal year 2003-04 through 2027-28 as per the agreement between Nassau County and LIPA.
3. **Payment in-lieu of Taxes-Business PILOT \$32,000.** This is payment in-lieu of taxes granted by Nassau County Industrial Development Agency (IDA) to a business property owned by Long Island Industrial Management LLC. This property is located at One Underhill Road Glen Head NY.

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4. **Payment in-lieu-of Taxes (PILOT) \$6,930,806.82.** This is the estimated PILOT on 24 former LILCO properties which were removed from the District's tax roll. On October 2, 2015, the district was notified by the Nassau County Assessor's Office that 24 LIPA (Long Island Power Authority) properties formerly owned by LILCO (Long Island Lighting Company) would be removed from the District's tax roll into a PILOT. The total amount of taxes that would have been paid by LIPA in the 2015-16 tax roll would have been \$7,529,309.

5. **State Aid \$5,224,136.00** This is the proposed amount of State Aid in the NYS Governor's 2018-19 Executive Budget. The 2017-18 estimated State Aid revenues reflected in the table above was derived from January 2017 Executive Budget. The State revised this estimate down in January 2018 from \$5,331,389 to \$5,070,254 because a number of building projects scheduled for completion were delayed. Building Aid is not payable until completion of the project. The Governor's 2018-19 Executive Budget showed an increase of \$153,882 in State Aid compared to 2017-18. This is the difference between the revised estimate of \$5,070, 254 and the proposed 2018-19 State Aid of 5,224,136.

6. **Other Receipts \$1,120,000.00** This category includes charges for adult education programs, reimbursement for mandated special education services provided to non-resident students attending Greenvale School, reimbursements for tuition and transportation expenses incurred by the district for students in St. Christopher Otilie group home located within the North Shore School District, interest on investment of district funds, refund of prior years' expenditures and fees for the use of buildings and grounds by community groups.

7. **Fund Balance and Reserves \$3,550,000.00** - Revenues and expenses are different from the amount projected every year due to a myriad of factors including, personnel changes, competitive buying decisions, discounts, changes in interest rates, as well as, changes in estimates provided by TRS, ERS and NYSHIP. This leads to a surplus or fund balance, assets minus liabilities. This surplus can be returned to tax payers, placed in a reserve or both. The use of fund balance must be planned out and maintained over a long period. A good fund balance plan serves as a benchmark to make current and future financial decisions and to maintain steady finances from year to year. Accumulation of funds in more favorable economic times can be a resource to sustain an organization during economic downturns. It is also used by credit rating agencies to assess the financial health of an entity and are crucial for one time projects and emergency expenditures. The three sources of fund balance and reserves that will be used to fund the 2018-19 budget are as follows:
 8.
 - a. **Current year's surplus \$1,200,000.00-** It is anticipated that actual revenues will exceed projected revenues. It is also anticipated that actual expenditure will be less than

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projected, asset minus liabilities. The proposed budget returns current years' (2017-18) surplus of \$1,200,000.00 to reduce next year's tax levy.

- b. **Special Legislative Grant \$800,000.00-** (Senator Marcellino and Assemblyman Lavine Grant). The district will apply \$800,000.00 of the remaining funds in the grant secured by State Senator Carl Marcellino and Assemblyman Charles Lavine to reduce the 2018-19 tax levy. A total of \$5.4 million dollars was allocated by NYS Senate and Assembly in 2013-14 and 2014-15 to offset the loss of revenue from the ramp-down of the Glenwood Landing Plant. The funds received were placed in a reserve fund and allocated on a yearly basis to reduce the tax levy as follows:

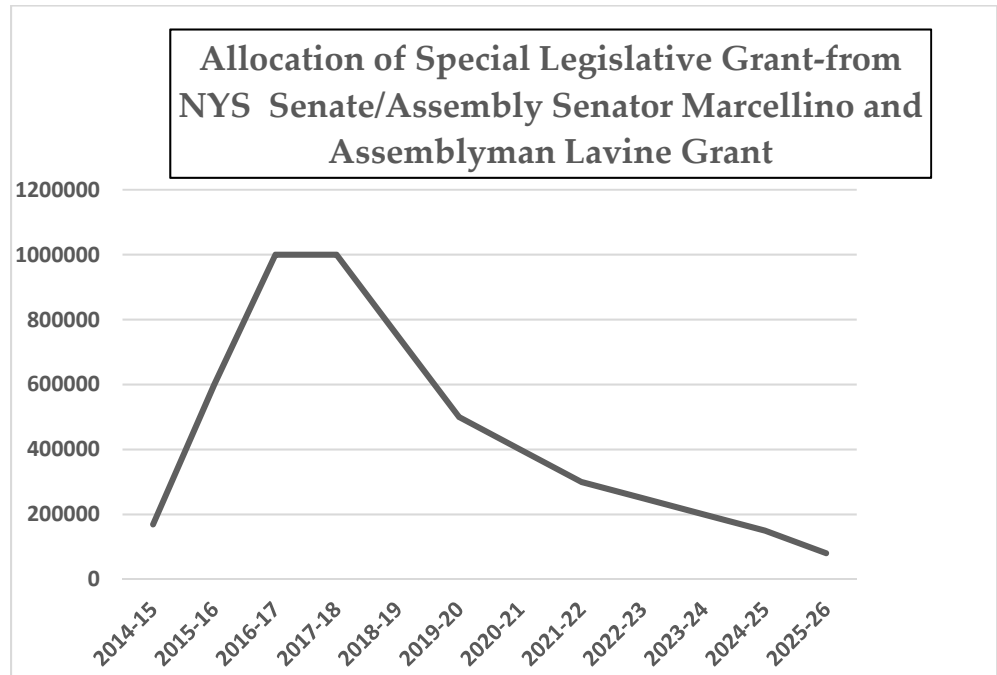
- c.
- i. 2014-15 - \$169,519.00
 - ii. 2015-16 - \$600,000.00
 - iii. 2016-17 - \$1,000,000.00
 - iv. 2017-18 - \$1,000,000.00
 - v. 2018-19 - \$800,000.00

The total of **\$1,830,481** plus interest which will remain in the reserve after 2018-19 will be applied to reduce future tax levies as follows:

- a. 2019-20 - \$600,000.00
- b. 2020-21 - \$400,000.00
- c. 2021-22 - \$300,000.00
- d. 2022-23 - \$200,000.00
- e. 2023-24 - \$150,000.00
- f. 2024-25 - \$100,000.00
- g. 2025-26 - \$80,481.00-**Plus any accrued interest**

It is recommended that the grant from Senator Marcellino and Lavine be phased out on a gradual basis as reflected in the chart below to restore the structural balance of the district's future operating budgets. It is also recommended that potential uses of this fund be reviewed on an annual basis to ensure that district goals are met.

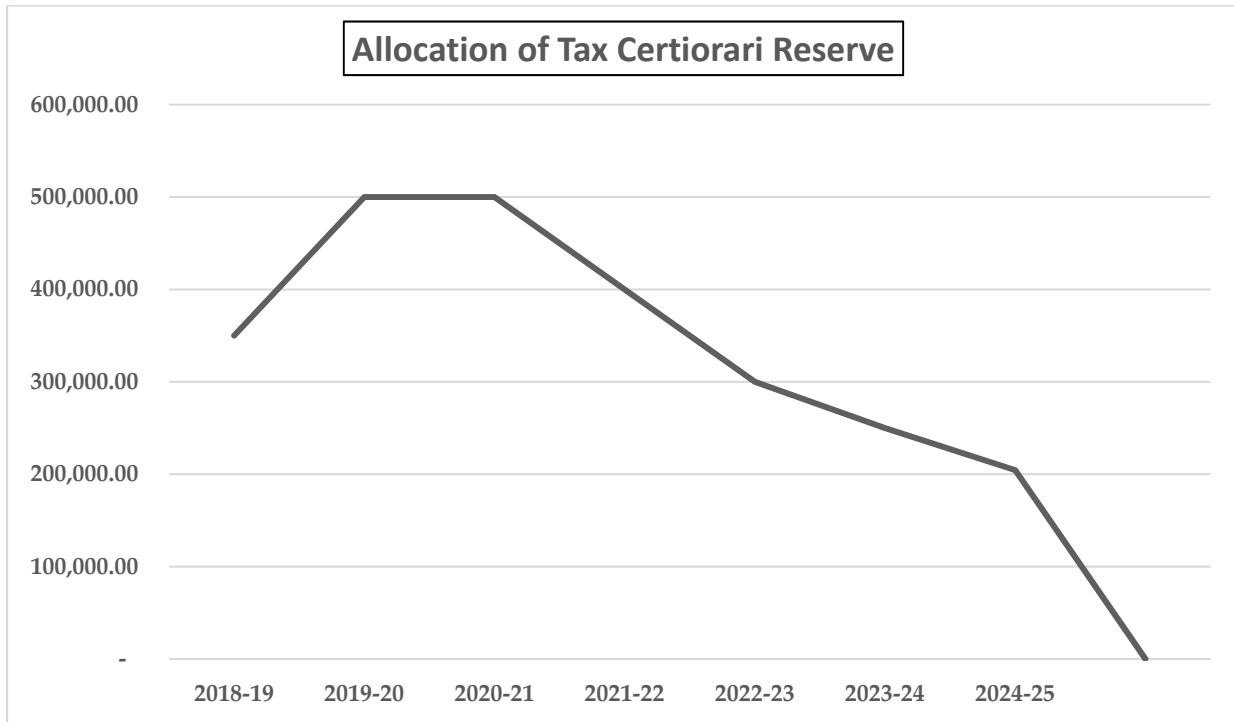
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** \$2,504,398.52 plus interest. Tax Certiorari Reserve was set up to pay claims from the repeal of Nassau County Guarantee. In 2011 the Nassau County Executive proposed phasing out the County Guarantee of School taxes in his annual budget. North Shore School district along with other Nassau Schools sued the County and won on appeal. The District liquidated funds that were reserved to pay possible claims after further appeals by the County failed. The reserve funds will be applied to the 2018-19 budget and future budgets as follows:

- a. 2018-19- \$350,000.00
- b. 2019-20- \$500,000.00
- c. 2020-21 - \$500,000.00
- d. 2021-22 - \$400,000.00
- e. 2022-23 -\$300,000.00
- f. 2023-24 - \$250,000.00
- g. 2024-25 - \$204,398.52

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Again, it is recommended that the former Tax Certiorari Reserve be phased out on a gradual basis as reflected in the chart above to restore the structural balance of the district's future operating budgets. It is also recommended that potential uses of this fund be reviewed on an annual basis to ensure that district's goals are met.

ERS Reserve \$1,200,000.00. A total of \$1,200,000.00 from the ERS Reserve will be allocated to reduce the 2018-19 tax levy.

Proposed Tax Levy \$86,086,545.69. The total spending plan minus all other sources of general fund revenues. This is the total amount of property taxes which will be raised by the Board of Education to fund the proposed budget. This amount is below the maximum levy permitted under the Tax Cap Law by **\$297,479.00**. The proposed tax levy will be distributed among the four classes of properties in the district. Nassau County assesses each class of property differently. Class 1 is single-family homes; class 2 is cooperative apartments and condos; class 3 utilities e.g. LIPA and American Water and class 4 is businesses such as factories, offices and stores.

The proposed tax levy is the amount the district can raise with a simple majority (50% plus 1) voter support. Only a simple majority is required to approve the budget because the proposed levy is below the calculated tax levy limit. The Tax Levy Limit was enacted into law beginning 2012-13 fiscal year. The law limits the amount local governments and most school districts can increase property taxes to two percent or the rate of inflation whichever is lower. Voters in school districts require a 60% or greater voter authorization to override the cap.

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Although the law is referred to as the “2 percent cap,” or “New York’s tax cap” it does not restrict the proposed tax levy to 2 percent. It can be lower or higher. Each district is required to follow an 8-step calculation, outlined below to determine the tax levy limit.

Calculation of the Tax Levy Limit

The total amount of property taxes levied by the district for the current school year 2017-18, adjusted for any excess tax levy that was identified for a previous year, including any interest earned	Prior School Year Tax Levy		84,488,574.83
A Tax Base Growth Factor or quantity change factor. The quantity change factor is determined by the NYS Department of Taxation and Finance for each district by February 1. It is the year-to-year increase in the full value of taxable real property in a school district due to physical or quantity change e.g. new construction. Increases in full value due to changes in assessment are not included. This factor cannot be less than 1.000, even if districts see a decrease in the full value of properties located within the district.	MULTIPLY BY: Tax Base Growth Factor	1.0043%	84,851,875.70
The amount of revenues received in 2017-18 from PILOTs. There are currently three sources of revenue from PILOTs. The two gas-fired peaking stations at Glenwood Landing \$(1,718,906.18). A Business PILOT (32,000.00) and 24 Former LILCO-Long Island Lighting Company properties (6,586,927.30) that were removed from the district’s tax roll on October 2, 2015.	ADD: Pilots Received in the prior School Year (2017-18)	8,337,833.48	93,189,709.18
The amount of the school district’s current-year tax levy necessary to pay for court orders or judgement arising out of tort actions. Applies only to the portion that exceeds 5% of the school district’s total prior-year tax levy. Tax certioraris do not qualify.	SUBTRACT: Tax levy to pay for <u>some court orders and judgments</u>	N/A	93,189,709.18

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The amount of the school district's current-year tax levy necessary to pay for construction and renovation of capital facilities/equipment including debt service, lease expenditures, bus and bus lease purchases. This refers to the portion paid with local tax dollars and does not include state building or transportation aid received.	SUBTRACT: Tax levy to pay for local capital costs	(4,524,542.42)	88,665,166.76
This factor accounts for inflationary change. It is limited to the lesser of 2% or the change in the consumer price index CPI. The change in CPI was 2.13% however, the allowable growth was limited to 2%	MULTIPLY BY: Allowable growth factor	1.02%	90,438,470.10
This is the number of PILOTs expected in 2018-19 from the three sources noted above (1,775,030.32 + 32,000.00 + 6,930,806.82)	SUBTRACT: Pilot receivable in the coming school year	(8,737,837.14)	81,700,632.96
If the district's current year tax levy was less than its tax levy limit, it must increase the coming year's tax levy limit by that amount or 1.5% of the current year's tax levy limit, whichever is less	ADD: Available carry over	N/A	81,700,632.96
EXCLUSIONS TO BE ADDED			
<i>The law excludes certain portions of a school district's tax levy from the calculation above. A school district is permitted to add the exclusions below to its tax levy limit, increasing the amount of taxes the district is allowed to levy while still needing a simple majority of voters for budget approval</i>			
Pension Exclusion: This applies only if the employer contribution rates set by the statewide pension systems (TRS and ERS) increase by more than 2 percentage points from one year to the next. Even with the exclusion, most, if not all pension costs must be funded within a school district's tax levy limit	ADD: Tax levy to pay for some pension contribution costs greater than 2%	N/A in 2018-19	81,700,632.96
The amount of the school district's coming-year tax levy necessary to pay for court orders or judgement arising out of tort actions. Applies only to the portion that exceeds 5% of the school district's total prior-year tax levy limit. Tax certioraris cannot be excluded	ADD: Tax levy to pay for some court orders and judgements	N/A	81,700,632.96

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<p>The amount of the school district’s coming-year tax levy necessary to pay for construction/renovation and capital facilities or equipment including debt service and lease expenditures and debt service for bus purchases and leases. This refers to the portion paid with local tax dollars and does not include state building or transportation aid received.</p>	<p>ADD: Tax levy to pay for some local capital costs</p>	<p>4,683,392.54 this number will be revised</p>	<p>86,384,025.50</p>
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MAXIMUM ALLOWABLE TAX LEVY

The tax levy plus exclusions. This is the highest total tax levy that a school district can propose as part of its annual budget for which a simple majority of voters (50% plus 1) is required

Proposed Tax Levy	86,086,545.69
Difference Between Maximum Levy Permitted and Proposed Levy	297,479.81

Percentage of Maximum Levy Permitted	2.24 %
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Percentage of Current Estimated Tax Levy Increase	1.89 %
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**TEACHERS (TRS) and EMPLOYEE RETIREMENT (ERS) SYSTEMS
 RATE COMPARISONS**

YEAR	TRS PENSION COST- APPLIED TO PAYROLL	ERS PENSION COST- APPLIED TO PAYROLL
1980-81	23.49 %	
1981-82	23.49 %	15.50 %
1982-83	23.49 %	15.10 %
1983-84	22.90 %	14.40 %
1984-85	22.80 %	14.20 %
1985-86	21.40 %	10.40 %
1986-87	18.80 %	9.40 %
1987-88	16.83 %	9.70 %
1988-89	14.79 %	3.70 %
1989-90	6.87 %	3.60 %
1990-91	6.84 %	0.30 %
1991-92	6.64 %	0.40 %
1992-93	8.00 %	0.60 %
1993-94	8.41 %	0.70 %
1994-95	7.24 %	0.70 %
1995-96	6.37 %	2.20 %
1996-97	3.57 %	3.70 %
1997-98	1.25 %	1.70 %
1998-99	1.42 %	1.30 %
1999-2000	1.43 %	0.90 %
2000-01	0.43 %	0.90 %
2001-02	0.36 %	1.20 %
2002-03	0.36 %	1.50 %
2003-04	2.52 %	5.90 %
2004-05	5.63 %	12.90 %
2005-06	7.97 %	11.30 %
2006-07	8.60 %	10.70 %
2007-08	8.73 %	9.60 %
2008-09	7.63 %	8.50 %
2009-10	6.19 %	7.40 %
2010-11	8.62 %	11.90 %
2011-12	11.11 %	16.30 %
2012-13	11.84 %	18.90 %
2013-14	16.25 %	20.90 %
2014-15	17.53 %	20.10 %
2015-16	13.26 %	18.20 %
2016-17	11.72 %	15.50 %
2017-18	9.80 %	15.30 %
2018-19 (proposed)	10.50 – 11.00 %	14.90 %

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SCHOOL BUDGET INCREASES
 1955- PRESENT

YEAR	% INCREASE
1955-56	
1956-57	25.110 %
1957-58	15.070 %
1958-59	11.570 %
1959-60	8.650 %
1960-61	4.680 %
1961-62	11.120 %
1962-63	10.270 %
1963-64	6.920 %
1964-65	5.480 %
1965-66	7.400 %
1966-67	9.800 %
1967-68	9.810 %
1968-69	10.400 %
1969-70	13.090 %
1970-71	13.150 %
1971-72	6.830 %
1972-73	6.530 %
1973-74	6.070 %
1974-75	6.580 %
1975-76	12.980 %
1976-77	-1.070 %
1977-78	9.560 %
1978-79	7.610 %
1979-80	3.880 %
1980-81	9.430 %
1981-82	10.890 %
1982-83	7.460 %
1983-84	3.650 %
1984-85	8.110 %
1985-86	7.320 %
1986-87	8.530 %
1987-88	9.390 %
1988-89	9.190 %
1989-90	6.360 %
1990-91	7.510 %
1991-92	0.220 %

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1992-93	2.180 %
1993-94	8.960 %
1994-95	5.390 %
1995-96	6.360 %
1996-97	4.430 %
1997-98	5.300 %
1998-99	5.690 %
1999-2000	3.640 %
2000-01	6.570 %
2001-02	8.870 %
2002-03	11.260 %
2003-04	5.170 %
2004-05	6.451 %
2005-06	5.992 %
2006-07	6.510 %
2007-08	5.447 %
2008-09	4.949 %
2009-10	3.397 %
2010-11	3.31 %
2011-12	2.78 %
2012-13	1.855 %
2013-14	3.841 %
2014-15	1.990 %
2015-16	1.800 %
2016-17	1.966 %
2017-18	2.633 %
2018-19 (proposed)	2.698 %

**2018-19 PRELIMINARY BUDGET
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**SUMMARY OF REVENUES BY SOURCE
 2007-PRESENT**

YEAR	BUDGET	TAX LEVY	% of BUDGET	STATE and BOCES AID	% of BUDGET	FUND BALANCE	% of BUDGET	OTHER SOURCES	% of BUDGET
2007-08	77,117,038	68,141,684	88.36 %	4,376,488	5.68 %	2,694,169	3.49 %	1,904,697	2.47 %
2008-09	80,933,386	72,883,110	90.05 %	4,067,527	5.03 %	2,000,000	2.47 %	1,982,749	2.45 %
2009-10	83,682,596	75,546,995	90.28 %	4,128,207	4.93 %	2,000,000	2.39 %	2,007,394	2.40 %
2010-11	86,455,773	78,547,918	90.85 %	3,808,440	4.41 %	2,000,000	2.31 %	2,099,415	2.43 %
2011-12	88,861,064	81,647,654	91.88 %	3,623,995	4.08 %	1,400,000	1.58 %	2,189,415	2.46 %
2012-13	90,509,228	83,627,190	92.40 %	3,698,258	4.09 %	1,000,000	1.10 %	2,183,780	2.41 %
2013-14	93,985,569	86,559,657	92.10 %	3,855,975	4.10 %	1,274,673	1.36 %	2,295,264	2.44 %
2014-15	95,850,329	87,886,066	91.69 %	4,204,981	4.39 %	1,398,097	1.46 %	2,361,185	2.46 %
2015-16	97,575,530	89,580,765	91.81 %	4,117,425	4.22 %	1,537,602	1.58 %	2,339,738	2.40 %
2016-17	99,494,105	84,498,092	84.93 %	4,898,181	4.92 %	2,566,206	2.58 %	7,531,626	7.57 %
2017-18	102,113,515	84,488,575	82.74 %	5,331,389	5.22 %	2,910,818	2.85 %	9,382,733	9.19 %
2018-19 Proposed	104,868,519	86,086,546	82.09 %	5,224,136	4.98 %	3,550,000	3.39 %	10,007,837	9.54 %

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The tables below show the district’s historical data.

ANALYSIS OF ADJUSTED BASE PROPORTIONS (1997-98 through 2017-18)

The Adjusted Base Proportions show the History of the Shift in Property Taxes from (Utilities and Businesses) to (Homeowners)

YEAR	CLASS 1	% CHANGE	CLASS 2	% CHANGE	CLASS 3	% CHANGE	CLASS 4	% CHANGE	TOTAL
1997-98	48.74914		1.01227		35.23155		15.00724		100.00
1998-99	50.35281	3.29%	0.97865	-3.32%	34.95241	-0.79%	13716.13	-8.60%	100.00
1999-00	50.70439	0.70%	0.97137	-0.74%	34.17633	-2.22%	14.14791	3.15%	100.00
2000-01	54.03663	6.57%	1.02396	5.41%	30.91346	-9.55%	14.02595	-0.86%	100.00
2001-02	56.23189	4.06%	1.05383	2.92%	29.13645	-5.75%	13.57783	-3.19%	100.00
2002-03	58.96062	4.85%	1.07456	1.97%	26.93046	-7.57%	13.03436	-4.00%	100.00
2003-04	60.51723	2.64%	1.01146	-5.87%	26.35072	-2.15%	12.12059	-7.01%	100.00
2004-05	61.61410	1.81%	1.03207	2.04%	27.05553	2.67%	10.29830	-15.03%	100.00
2005-06	63.12143	2.45%	1.10929	7.48%	26.29436	-2.81%	9.47492	-8.00%	100.00
2006-07	63.93548	1.29%	1.04091	-6.16%	25.63501	-2.51%	9.38860	-0.91%	100.00
2007-08	64.75833	1.29%	1.07680	3.45%	25.66604	0.12%	8.49883	-9.48%	100.00
2008-09	65.36670	0.94%	1.07873	0.18%	26.02573	1.40%	7.52884	-11.41%	100.00
2009-10	65.96920	0.92%	1.08229	0.33%	26.43113	1.56%	6.51738	-13.43%	100.00
2010-11	65.43430	-0.81%	1.10892	2.46%	27.08507	2.47%	6.37171	-2.24%	100.00
2011-12	64.80096	-0.97%	1.14873	3.59%	27.94531	3.18%	6.10500	-4.19%	100.00
2012-13	64.50181	-0.46%	1.28029	11.45%	28.33955	1.41%	5.87835	-3.71%	100.00
2013-14	64.26053	-0.37%	1.27576	-0.35%	28.58860	0.88%	5.87511	-0.06%	100.00
2014-15	65.32356	1.65%	1.30844	2.56%	27.36710	-4.27%	6.00090	2.14%	100.00
2015-16	70.55288	8.01%	1.42317	8.77%	21.63222	-20.96%	6.39173	6.51%	100.00
2016-17	71.99412	2.04%	1.45749	2.41%	20.16416	-6.79%	6.38423	-0.12%	100.00
2017-18	72.56116	0.79%	1.47098	0.93%	19.50790	-3.25%	6.45996	1.19%	100.00
2018-19*									

*2018-19 information has not yet been released from the Nassau County Department of Assessment.

**2018-19 PRELIMINARY BUDGET
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This year, each building and department was asked to include a narrative budget which reflects the district's goals, missions, vision and priorities set by the Board of Education. To reach a realistic assessment of these goals each building and department sought input from sources inside and outside the district. Staff members at all levels provided input during the budget development process.