



Sag Harbor UFSD

2015-2016 Budget Workshop

Review of Budget, Revenue & Other Funding Sources, Tax Levy, Tax Rate & Fund Balance

March 23, 2015

2015-16 Budget Draft #1 Expenditures by Function

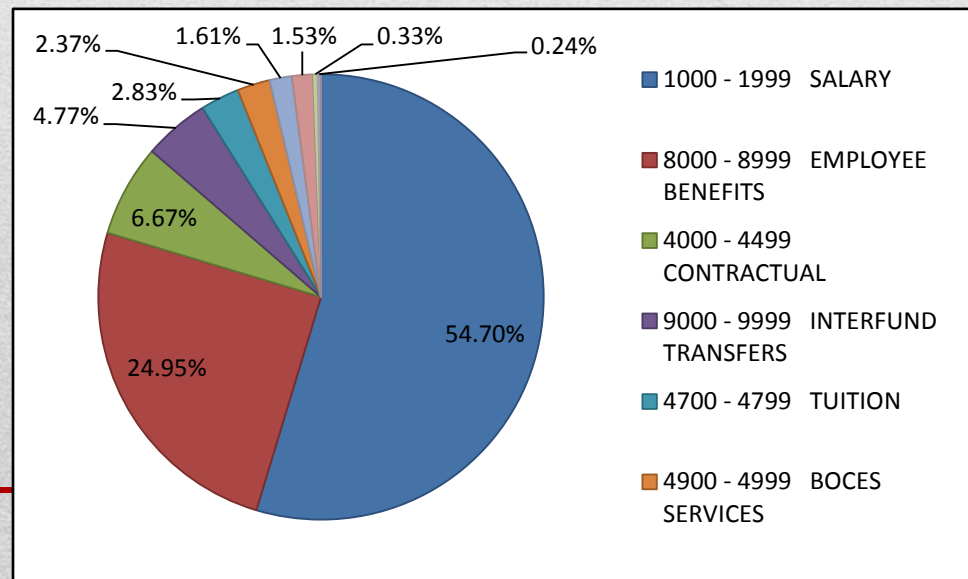
ACCOUNT GROUP BY FUNCTION	2014-15 BUDGET	2015-16 BUDGET DRAFT #1	BUDGET TO BUDGET \$ CHANGE	BUDGET TO BUDGET % CHANGE	% OF BUDGET
1000 - 1999 GENERAL SUPPORT	\$4,079,470.00	\$4,131,997.86	\$52,527.86	1.29%	11.04%
2000 - 2999 INSTRUCTION	\$20,424,959.00	\$21,066,087.71	\$641,128.71	3.14%	56.28%
5000 - 5999 TRANSPORTATION	\$750,932.00	\$806,356.05	\$55,424.05	7.38%	2.15%
7000 - 8999 COMMUNITY SERVICES	\$185,540.00	\$178,300.42	(\$7,239.58)	-3.90%	0.48%
9000 - 9099 EMPLOYEE BENEFITS	\$9,487,382.00	\$9,339,257.00	(\$148,125.00)	-1.56%	24.95%
9700 - 9799 DEBT SERVICE	\$135,000.00	\$125,000.00	(\$10,000.00)	-7.41%	0.33%
9900 - 9999 INTERFUND TRANSFERS	\$1,806,220.00	\$1,787,137.50	(\$19,082.50)	-1.06%	4.77%
GRAND TOTALS:	\$36,869,503.00	\$37,434,136.54	\$564,633.54	1.53%	100.00%

- **General Support** - includes appropriations for the Board of Education, District Clerk, the Superintendent's Office, the Business Office, and Facilities.
- **Instruction** - includes appropriations for all regular elementary and secondary instruction as well as expenditures for special education programs, extracurricular activities (clubs, intramurals, etc.) and interscholastic athletics.
- **Transportation** - includes appropriations for all student transportation, either with our own buses or by contract with private companies.
- **Community Services** - includes appropriations for security guard salaries and YARD.

2015-16 Budget Draft #1 Expenditures by Object

ACCOUNT GROUP BY OBJECT	2014-15 BUDGET	2015-16 BUDGET DRAFT #1	BUDGET TO BUDGET \$ CHANGE	BUDGET TO BUDGET % CHANGE	% OF BUDGET
1000 - 1999 SALARY	\$19,749,720.00	\$20,475,448.87	\$725,728.87	3.67%	54.70%
8000 - 8999 EMPLOYEE BENEFITS	\$9,487,382.00	\$9,339,257.00	(\$148,125.00)	-1.56%	24.95%
4000 - 4499 CONTRACTUAL	\$2,707,899.00	\$2,497,594.50	(\$210,304.50)	-7.77%	6.67%
9000 - 9999 INTERFUND TRANSFERS	\$1,806,220.00	\$1,787,137.50	(\$19,082.50)	-1.06%	4.77%
4700 - 4799 TUITION	\$1,206,500.00	\$1,059,500.00	(\$147,000.00)	-12.18%	2.83%
4900 - 4999 BOCES SERVICES	\$787,957.00	\$888,154.52	\$100,197.52	12.72%	2.37%
4500 - 4599 MATERIAL & SUPPLIES	\$581,047.00	\$602,270.63	\$21,223.63	3.65%	1.61%
2000 - 2999 EQUIPMENT	\$329,673.00	\$571,218.09	\$241,545.09	73.27%	1.53%
7000 - 7999 DEBT SERVICE - INTEREST	\$135,000.00	\$125,000.00	(\$10,000.00)	-7.41%	0.33%
4800 - 4899 TEXTBOOKS	\$78,105.00	\$88,555.43	\$10,450.43	13.38%	0.24%
GRAND TOTALS	\$36,869,503.00	\$37,434,136.54	\$564,633.54	1.53%	100.00%

Salaries and benefits make up 79.65% of the total budget.



PROPOSED BUDGET REVENUE AND OTHER FINANCING SOURCES 2015-2016: Draft #1

	2013/2014 BUDGET	2014/2015 BUDGET	2015/2016 PROPOSED	Change	
SUMMARY OF STATE AID					
Foundation Aid	\$1,173,932	\$1,183,910	\$1,183,910	\$0	0.00%
Building Aid	\$138,913	\$139,882	\$148,419	\$8,537	6.10%
Transportation Aid	\$52,868	\$44,609	\$44,401	(\$208)	-0.47%
BOCES Aid / Special Services Aid	\$110,034	\$82,120	\$110,311	\$28,191	34.33%
Software / Library / Textbook Aid	\$86,307	\$86,021	\$82,801	(\$3,220)	-3.74%
High Cost Excess Cost / Private Excess Cost Aid	\$62,158	\$107,008	\$136,735	\$29,727	27.78%
High Tax Aid	\$165,430	\$165,430	\$165,430	\$0	0.00%
State Aid Reduction / Projection Adjustment	(\$241,395)	(\$171,395)	(\$171,395)	\$0	0.00%
	\$1,548,247	\$1,637,585	\$1,700,612	\$63,027	3.85%
Payments in Lieu of Taxes (PILOTS)	\$117,000	\$117,000	\$140,000	\$23,000	19.66%
Out-of-District Tuition/Transportation	\$475,000	\$550,000	\$430,000	(\$120,000)	-21.82%
Charges for Services/Facilities Usage/Transportation	\$50,000	\$85,000	\$85,000	\$0	0.00%
Grants, Interest, Miscellaneous Revenue	\$79,000	\$111,000	\$75,000	(\$36,000)	-32.43%
General Fund Tax Levy	\$32,739,375	\$33,223,918	\$34,105,000	\$881,082	2.6520%
Appropriation from ERS Reserve	\$0	\$645,000	\$398,525	(\$246,475)	-38.21%
Appropriated Fund Balance	\$500,000	\$500,000	\$500,000	\$0	0.00%
	\$35,508,622	\$36,869,503	\$37,434,137	\$564,634	1.53%

State Aid Estimate Based on Current Law - Subject to change.

\$34,115,884 2.6847% Tax Levy Limit

Tax Levy Limit Survey @ 3-23-2015

East End Schools only

Count	East End School District Tax Levy Limit Survey	2015-2016 Tax Levy Limit % Increase	2015-2016 Proposed Tax Levy % Increase	Exceeding the Tax Levy Limit for 2015-2016
1	East End School District	1.9948%	-0.3818%	NO
2	East End School District	-0.1329%	-0.1329%	NO
3	East End School District	1.4370%	1.4370%	NO
4	East End School District	1.5759%	1.5759%	NO
5	East End School District	1.6700%	1.6700%	NO
6	Sag Harbor	2.6847%	2.6520%	NO
7	East End School District	3.3384%	3.3384%	NO
8	East End School District	3.5113%	3.5113%	NO
9	East End School District	3.7361%	3.7361%	NO
10	East End School District	?	?	?
11	East End School District	3.6000%	?	NO

Tax Levy vs. Tax Rate

Definition-Tax Levy

- *Tax Levy = Budget – Revenues & Other Funding Sources (state aid + other revenues + appropriated fund balance)*

Variables affecting the Tax Levy:

- Budget
- Appropriated Fund Balance
- State Aid and Other Revenues

Changes in any one of these variables affect the tax levy.

Definition-Tax Rate

- *Individual rate per thousand dollars of assessed value used to calculate a tax bill.*
- *To determine the tax rate, the district divides the tax levy by the total taxable assessed value of all property in their jurisdiction.*

Variables affecting the Tax Rate:

- The Amount of the Tax Levy
- The Assessment of Property

Changes in any one of these variables affects the tax rate.

Importance of Changes in Property Assessments

- Growth in Assessments spread the tax levy among more property value.
- All other things being equal, generally, if the total taxable assessed value of property in a taxing jurisdiction grows, there is a larger pie by which to divide the levy, resulting in a tax rate change below the percentage increase in the levy.

Historical Assessed Value - Town of Southampton and Town of East Hampton:

Year	Town of Southampton Taxable Assessed Value	Town of Southampton Δ From Prior Year	Town of East Hampton Taxable Assessed Value	Town of East Hampton Δ From Prior Year	Total Taxable Assessed Value	Total Δ From Prior Year	% Increase / Decrease
2010-2011	5,723,062,138	89,573,285	4,639,837	10,315	5,727,701,975	89,583,600	1.59%
2011-2012	5,668,273,092	(54,789,046)	4,653,601	13,764	5,672,926,693	(54,775,282)	-0.96%
2012-2013	5,617,712,283	(50,560,809)	4,661,899	8,298	5,622,374,182	(50,552,511)	-0.89%
2013-2014	5,601,342,610	(16,369,673)	4,670,628	8,729	5,606,013,238	(16,360,944)	-0.29%
2014-2015	5,730,217,340	128,874,730	4,695,286	24,658	5,734,912,626	128,899,388	2.30%

The taxable assessed values for both the Town of Southampton and the Town of East Hampton increased from the prior year. This has not happened since 2010-2011. On May 20, 2014, the taxpayers of Sag Harbor approved the 2014-2015 Budget and a **Tax Levy increase of 1.48%** but because of the growth in taxable assessed value, the **Tax Rate per 1,000 of assessed value decreased by .56% - .63%**.

Importance of Changes in Property Assessments

PROJECTED DURING 2014-2015 BUDGET DEVELOPMENT										
Town	Market Value Average Home in District	Equalization Rate	Taxable Assessed Value	Actual 2013 - 2014 Rate Per \$1000 Assessed Value	Projected 2014 - 2015 Rate Per \$1000 Assessed Value	Actual 2013 - 2014 School Tax in Real Dollars	Projected 2014 - 2015 School Tax in Real Dollars	Dollar Increase in Taxes	Percent Increase in Taxes	Monthly Impact
Southampton	\$500,000	100.00%	\$500,000	\$5.25	\$5.32	\$2,625.00	\$2,660.00	\$35.00	1.33%	\$2.92
	\$1,000,000	100.00%	\$1,000,000	\$5.25	\$5.32	\$5,250.00	\$5,320.00	\$70.00	1.33%	\$5.83
East Hampton	\$500,000	0.73%	\$3,650	\$719.69	\$729.23	\$2,626.87	\$2,661.69	\$34.82	1.33%	\$2.90
	\$1,000,000	0.73%	\$7,300	\$719.69	\$729.23	\$5,253.74	\$5,323.38	\$69.64	1.33%	\$5.80

ACTUAL BASED ON CERTIFIED FINAL ASSESSED VALUE FROM THE TOWN OF SOUTHAMPTON AND EAST HAMPTON										
Town	Market Value Average Home in District	Equalization Rate	Taxable Assessed Value	Actual 2013-2014 Rate Per \$1000 Assessed Value	Actual 2014-2015 Rate Per \$1000 Assessed Value	Actual 2013-2014 School Tax in Real Dollars	Actual 2014-2015 School Tax in Real Dollars	Dollar Increase (Decrease) in Taxes	Percent Increase (Decrease) in Taxes	Monthly Impact
Southampton	\$500,000	100.00%	\$500,000	\$5.25	\$5.22	\$2,625.00	\$2,610.37	(\$14.63)	-0.56%	(\$1.22)
	\$1,000,000	100.00%	\$1,000,000	\$5.25	\$5.22	\$5,250.00	\$5,220.74	(\$29.26)	-0.56%	(\$2.44)
East Hampton	\$500,000	0.73%	\$3,650	\$719.69	\$715.17	\$2,626.87	\$2,610.37	(\$16.50)	-0.63%	(\$1.37)
	\$1,000,000	0.73%	\$7,300	\$719.69	\$715.17	\$5,253.74	\$5,220.74	(\$32.99)	-0.63%	(\$2.75)

This does not necessarily mean that your total tax bill was lower because changes in your individual assessment or individual exemptions can also impact your tax bill.

Your tax bill can change each year due to changes in School District or Local Government:

- **Budgets**
- **Revenue**
- **Individual Taxable Assessed Value**

2015-2016 Projected School Tax Increase

PROJECTED DURING 2015-2016 BUDGET DEVELOPMENT - BASED ON 2014-2015 Assessed Values										
Town	Market Value Average Home in District	Equalization Rate	Taxable Assessed Value	Actual 2014-2015 Rate Per \$1000 Assessed Value	Projected 2015 - 2016 Rate Per \$1000 Assessed Value	Actual 2014-2015 School Tax in Real Dollars	Projected 2015-2016 School Tax in Real Dollars	Dollar Increase in Taxes	Percent Increase in Taxes	Monthly Impact
Southampton	\$500,000	100.00%	\$500,000	\$5.22	\$5.35	\$2,610.37	\$2,675.50	\$65.13	2.50%	\$5.43
	\$1,000,000	100.00%	\$1,000,000	\$5.22	\$5.35	\$5,220.74	\$5,351.00	\$130.26	2.50%	\$10.86
East Hampton	\$500,000	0.73%	\$3,650	\$715.17	\$733.03	\$2,610.37	\$2,675.57	\$65.20	2.50%	\$5.43
	\$1,000,000	0.73%	\$7,300	\$715.17	\$733.03	\$5,220.74	\$5,351.14	\$130.40	2.50%	\$10.87

The 2015-2016 projected Tax Levy is \$34,105,000, which is a tax levy increase of 2.65% but a projected tax rate increase of 2.5%.

This projection assumes that 2015-2016 Assessed Values will stay the same as the 2014-2015 Assessed Values. If Assessed Values continue to increase the Tax Rate and yearly impact will decline.

Also, if the District implements an Efficiency Plan for the 2015-16, 2016-17 and 2017-18 fiscal years, taxpayers will be eligible for a Freeze Credit which is equal to the greater of the homeowner's year-to-year growth in property taxes or the allowable levy growth factor (1.62% for 2015-16) under the tax cap multiplied by the homeowner's prior year tax bill.

Who is Eligible for the Property Tax Freeze Credit for 2015-2016

The law provides a Freeze Credit to qualified homeowners:

- In year two of the program, homeowners will receive the Freeze Credit for taxes from any taxing jurisdictions in which the homeowner resides that stays within the property tax cap and puts forward a compliant plan to save one percent of their 2014-2015 tax levies (1% of \$33,223,918=\$332,239.18) in each of the following three years.
- Homeowner must be eligible for the STAR exemption

Eligible homeowners

	Basic STAR	Enhanced STAR
Residency	You must own your home and it must be your primary residence.*	
Age	No age restriction	65 or older For jointly owned property, only one spouse or sibling must be at least 65 by December 31 of the year when the exemption will begin.
Income**	\$500,000 or less The income limit applies to the combined incomes of only the owners and owners' spouses who reside at the property.	\$81,900 or less. The income limit applies to all owners , and any owner's spouse who resides at the property.

The 2014-2015 Sag Harbor UFSD Maximum Star Savings was:

- Town of East Hampton – Basic Star: \$303 Enhanced Star: \$599
- Town of Southampton – Basic Star: \$302 Enhanced Star: \$638

Property Tax Freeze Credit for 2015-2016

Taxpayers will get a Freeze Credit for the greater of:

- .0162 (1.62%) x school taxes paid in 2014-15

OR

- the amount 2015-16 taxes exceed 2014-15 taxes

PROJECTED DURING 2015-2016 BUDGET DEVELOPMENT - BASED ON 2014-2015 Assessed Values

Town	Market Value Average Home in District	Equalization Rate	Taxable Assessed Value	Actual 2014-2015 Rate Per \$1000 Assessed Value	Projected 2015 - 2016 Rate Per \$1000 Assessed Value	Actual 2014-2015 School Tax in Real Dollars	Projected 2015-2016 School Tax in Real Dollars	2015-2016 \$ Increase in Taxes	2014-2015 School Tax Multiplied by 1.62% (2014-15 Levy Growth Factor)
Southampton	\$500,000	100.00%	\$500,000	\$5.22	\$5.35	\$2,610.37	\$2,675.50	\$65.13	\$42.29
	\$1,000,000	100.00%	\$1,000,000	\$5.22	\$5.35	\$5,220.74	\$5,351.00	\$130.26	\$84.58
East Hampton	\$500,000	0.73%	\$3,650	\$715.17	\$733.03	\$2,610.37	\$2,675.57	\$65.20	\$42.29
	\$1,000,000	0.73%	\$7,300	\$715.17	\$733.03	\$5,220.74	\$5,351.14	\$130.40	\$84.58

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Property Tax Levy Limit

Projected 2015-2016 Property Tax Cap - Worksheet for Determining Tax Levy Limit		
Tax levy for 2014-2015 - School Only		33,223,918
(multiplied by) Tax base growth factor		1.0166
(add) PILOTs receivable for 2014-2015		152,159
(subtract) Capital tax levy for 2014-2015:		
General Fund Capital Tax Levy	2,050,469.00	
(less) Building Aid	(139,882.00)	
(less) Transportation Aid	(4,904.00)	1,905,683
(multiplied by) Levy growth factor (lesser of 2% or the change in the rate of inflation)		0.0162
(subtract) PILOTs receivable 2015-2016		140,000
Projected 2015-2016 Tax Levy Limit (before exclusions):		\$ 32,400,666
(add) Capital tax levy for 2015-2016:		
General Fund Capital Tax Levy	1,868,388.00	
(less) Building Aid	(148,419.00)	
(less) Transportation Aid	(4,751.00)	1,715,218
Projected 2015-2016 Tax Levy Limit (after exclusions):		\$ 34,115,884
Difference between 2015-2016 tax levy and 2014-2015 tax levy:		891,966
2015-2016 Allowable Tax Levy % Increase(after exclusions):		2.6847%

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Proposed Capital Projects and Transportation Equipment

2015-16 Proposed Capital Projects and Transportation Equipment Purchases	Cost Estimate as of March 11, 2015
Interest on \$1.9 Million BAN FOR CAPITAL PROJECT	\$25,000.00
10/15/2015 2006 SERIAL BONDS	\$1,006,225.00
12/15/2015 2011 SERIAL BONDS	\$24,594.00
4/15/2016 2006 SERIAL BONDS	\$93,975.00
6/15/2016 2011 SERIAL BONDS	\$289,594.00
Purchase of a Big Bus	\$102,000.00
SHES Library and Computer Flooring	\$65,000.00
SHES Entryway Tile Replacement	\$44,000.00
SHES tennis court repair, reseal, restripe	\$40,000.00
Computer Data Closet A/C Units	\$28,000.00
Kitchen cooktop and Upgrades Needed for Installation	\$150,000.00
Total 2015-2016 General Fund Tax Levy Exclusions:	\$1,868,388.00

Kitchen Cooktop and Upgrades Needed for Installation - \$150,000

Prep kitchen upgrades to allow for installation of vent-less cooktop/oven. Installation of the vent-less cooktop requires us to enclose the kitchen area with a two hour fire rated assembly. It also requires ventilation improvements and installation of appropriate power and connection to the building's fire alarm system. The cost indicated includes the cost of the cooktop in addition to two new rolling warming cabinets and the associated upgrades necessary for this installation it is hoped that this item can be joined with the previously approved Bond upgrades for this space.

November 13, 2013 Bond Project Pierson Kitchen Expansion – Includes:

Pierson Kitchen Expansion: Remove kitchen equipment from cafeteria area, increase seating capacity, improve food preparation facilities, allow for additional serving area equipment, comply with Department of Health codes, provide additional storage capacity and overall improvement to the food service support facilities. The current bond project is budgeted at \$136,500, plus contingencies and fees = **\$175,266**.

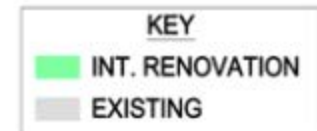


PIERSON KITCHEN EXPANSION



Features

- Removes kitchen equipment from the cafeteria area.
- Improves food preparation facilities.
- Allows for additional serving area equipment.
- Increases seating capacity.
- Complies with Health Department codes.
- Provides additional storage capacity.
- Overall improvement to food service support facilities.



WVOC-2HFG, WVOC-2HSG, WVOC-4HC, WVOC-4HF, WVOC-4HS VENTLESS GRIDDLE/COOKTOPS/OVEN



WVOC-2HFG

The ventless hood gives you the flexibility to "set up shop" just about anywhere from malls, stadiums and high-rise buildings to basement kitchens and kiosks. A convection oven with a griddle/2 cooktops or 4 cooktops is seamlessly integrated in to a ventless hood cooking system. You'll get everything you need to bake, grill and heat in one easy-to-install, compact package. You'll also enjoy optimum cooking control and performance, even energy-savings, with this superbly engineered system.

VENTLESS HOOD (All Models)

- Ventless Hood System exceeds EPA Standard 202 for the release of particulate matter.
- Interlock System will not allow heating elements to be energized if any of the filters are not in place.
- Airflow Sensing System continually monitors airflow through the filtration system, optimizing performance and grease removal.
- Ansul® R-102 Fire Suppression System is built into the ventless hood to provide ultimate protection.
- Shatter-resistant interior light for improved visibility.

COOKTOPS (All Models)

- Models WVOC-2HFG and WVOC-4HF have solid cast iron 9" french plate elements that are independently regulated by an infinite control with a positive-off position.
- Models WVOC-2HSG and WVOC-4HS have spiral 8" elements that are independently regulated by an infinite control with a positive-off position.
- Model WVOC-4HC has four ceramic cooktops that provide instantaneous heat, five times faster initial heat-up than conventional coiled hotplates.

CONVECTION OVEN (All Models)

- Oven is controlled by a solid state temperature controller adjustable from 100°F to 450°F.
- Five programmable menu keys are provided for quick and easy entry of time and temperature.
- Two speed fan provides flexibility when baking delicate pastries that are sensitive to air velocity.
- Features include five fully adjustable oven racks, refrigerator type door handle and stainless steel interior and exterior.

GRIDDLE (WVOC-2HFG, WVOC-2HSG)

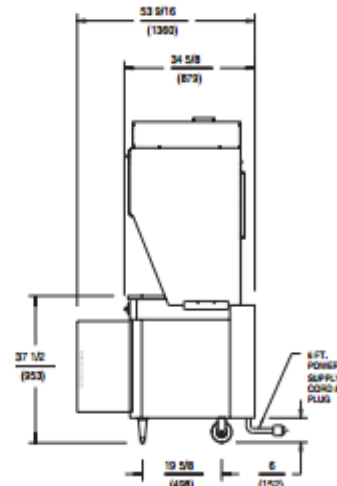
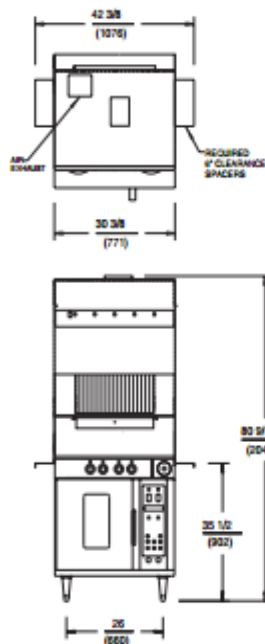
- Griddle surface (18 5/16"W x 18 1/4"D) has enclosed tubular elements that provide even heat distribution.
- Griddle is regulated by a solid state temperature controller adjustable from 100°F to 400°F.
- Griddle features include a full-width front grease trough, an extra-large removable front grease drawer and a stainless steel splashguard.

VENTLESS GRIDDLE/COOKTOPS/OVEN

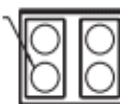


DIMENSIONS:

INCHES
(MM)



9" FRENCH DIA.
SOLID CAST
IRON ELEMENTS

COOKING SURFACE
ILLUSTRATION

MINIMUM CLEARANCE REQUIRED FROM UNIT TO THE NEAREST SURFACE			
BACK	SIDE	BOTTOM	TOP
N/A	See required spacers	6 (152)	19 (483)

WVOC-4HF ELECTRICAL SPECIFICATIONS:

MODELS	VOLTS	WATTS	AMPS PER LINE PHASE 3				AMPS SINGLE PHASE	POWER SUPPLY CORD
			L1	L2	L3	N		
WVOC-4HF	208	10700	32	31	26	-	NA	NEMA 15-60P
WVOC-4HF	240	14100	36	35	30	-	NA	NEMA 15-60P

NOTE: Specifications are subject to change without notice.

SPECIAL ENVIRONMENTAL NOTICE: The hood system is designed to reduce odor emissions but will not eliminate odors. Air exchange at the installation site must comply with requirements of the local jurisdictional authority. To ensure dilution of odor build-up, minimum recommendation is 400 cubic feet of fresh air per minute both in and out of the area.



Original Plan for the Pierson Kitchen Expansion vs. New Plan for a Vent-less Cooktop

The 2007 facilities study had two items that addressed the renovation of the current testing room to a Kitchen area. Architectural item 65 (\$360,000) and HVAC item 1 (\$60,000) = \$420,000. When you add the contingencies and fees to this item, it becomes **\$539,280**. The original number is from 2007, so another **\$35,986** would need to be added to convert the original estimate to today's dollars.

As a result, the vent-less cooktop will cost the District \$150,000 vs. reverting back to the original plans, which could cost the District \$400,000:

\$539,280 (cost of original plan)
Less \$175,266(cost incorporated into current bond project)
Plus \$35,986 (converting to today's dollars)

Also, in order to revert back to the original plans, we would need to run an exhaust duct up the outside of the building and extend it above the roof elevation. We cannot go up through the floors as the library computer room and science rooms are above this area. This would not be a very attractive element on the back of the building and it also may necessitate removal of windows in the upper floor classroom.

Elementary School Boilers



Elementary School Boilers

Schools are usually built with two boilers instead of just one. The redundancy exists because boilers occasionally do break down. Boiler #1 is the main boiler that the school uses. The school tries not use #2 because it has a small leak and emits a strong smell when it is running.



Elementary School Boilers – Current Status

The manufacture date of the SHES boilers is November 1986, which makes them roughly 27-28 years old. These types of boilers are manufactured to order because of their size, so they were probably installed within a year of that date, most likely during the summer of 1987.

We have used several companies in the past for boiler repairs but we found Best Climate Control to be the most knowledgeable. The mechanic at Best indicated that since they are 25-30 years old, they should be replaced in the near future.

Joe Farruggia, the owner of Best Climate Control, said that he will come in on April 7th to do a full assessment of the boilers. He will also have an opportunity to meet with our Construction Managers (Savin) and Architect/Engineers (BBS) that day. He said that he has spoken to his mechanics and feels that if all the lingering issues are addressed and the boilers are fixed, tuned-up and cleaned regularly, we should be able to get another winter or two out of them. He said the repairs could cost up to \$10,000 and could take up all summer to complete in order to get them in the shape for next winter.

Elementary School Boilers – Background from BBS

- The Boilers were listed as requiring replacement in BBS's original 2007 Facilities Study report. The reason they had them in the report was that the District was having numerous issues with them, and had just replaced a section that had cracked, and they were asked to provide a cost to replace them. A \$300,000 replacement cost was originally determined and included in the 2007 Facility Study. This cost needs to be escalated to today's dollars.
- BBS estimates that the two Weil McLain Series 88 cast iron sectional steam boilers and burners would cost approximately \$400,000 to replace at this point, not including contingencies and fees. The contingencies and fees would bring the number up to roughly \$500,000.
- That estimated cost includes basically a full gut of the boiler room, including new lighting and painting of the space, replacement of the problematic main boiler valves, a new lead/lag panel, carbon monoxide detection system, an eyewash/shower as recommended by SED, and a chimney allowance, as required by SED. BBS believes that the boiler room has already been abated, so they do not believe that there are any asbestos containing materials in the room. The price would also include looking at the fuel oil pump set, break glass station system, vacuum condensate receiver/boiler feed unit, insulation, breeching, etc. as required, and repair or replacement of same.

Elementary School Boilers – Background from BBS

During the discussion of the items in the report that would ultimately be incorporated in the 2009 Bond project, the District decided to remove these boilers from the project as, at that time, they were projected to have at least another 10 years of usable life if maintained well.

When the District was planning the new vote (2010, 2011-13), BBS again discussed adding the boiler replacement cost but they received some push back in order to keep the overall project cost down.

Based on recent discussions, it is apparent that the boilers have continued to be problematic in their operation and are having “chronic issues with the boilers” and that the District requested an updated cost for replacement.

These boilers are now nearing approximately 30 years old. If they have not been problematic recently, then they could conceivably get another 10 years out of them, but this is not the case. The warranty for the new boilers would be for 2 years, as is BBS’s standard. The efficiency would be a little higher on the new boilers, as we now specify high efficiency boilers, but would only be maybe 5% higher than the existing. So whatever the District burns in fuel, taking 5% savings on that probably creates a fairly long payback.

Elementary School Boilers – Replacement Cost

Replace two existing boilers.

Cost includes the replacement of two existing Weil McClain series 88 cast iron sectional steam boilers and burners. Cost also includes replacement of problematic main boiler valves, a new lead/lag panel, carbon monoxide detection system, installation of an eyewash/shower station as recommended by SEO, lighting replacement, painting and a chimney allowance as required by SEO.

Estimated Cost\$513,600

Cost would include a Manufacturer's warranty for 10 years on the heat exchanger (the boiler) and 1 year on all of the smaller associated parts from the time of installation. The burner has a 15 month manufacturer's warranty from the time of shipment. In addition, the Contractor has a 2 year material and 2 year labor warranty from the date of final payment.

Elementary School Boiler Replacement - Funding

Capital Reserve (Education Law, Section 3651) The Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of reserve, the ultimate amounts its probable term and the source of the funds. An expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The advantage of the capital reserve fund is that it allows the district to conduct a future capital project without a budgetary impact on local taxpayers, since the money would already be placed aside. A separate vote at a later time would still be needed to conduct any capital projects.

PROPOSITIONS ON BALLOT:

PROPOSITION NO. 1 - 2011- 2012 Budget

RESOLVED, that the Board of Education of the Sag Harbor Union Free School District, Sag Harbor, New York, be and is hereby authorized to expend the sums set forth in the proposed budget for the 2011-2012 school year in the total amount of \$33,226,084 and to levy the necessary tax therefor. *

* Does not include \$50,000 for Whaler's Museum.

PROPOSITION NO. 2 - Establish a Reserve Fund - "FACILITIES RENOVATION CAPITAL RESERVE FUND"

Shall the Board of Education of the Sag Harbor Union Free School District, pursuant to Section 3651 of the Education Law, be authorized to establish a reserve fund to be known as the "Facilities Renovation Capital Reserve Fund"; that the purpose of the reserve fund is to finance, in whole or in part, alterations, renovations, and repairs to District facilities; that the reserve fund shall be in an amount not to exceed \$5,000,000; that the probable term of the reserve fund shall be ten (10) years; and that the reserve fund shall be funded in an amount not to exceed \$500,000 in any year during the probable term, with such funds to be obtained from end of budget year surplus funds and/or budget appropriations.

Elementary School Boiler Replacement - Funding

Proposed Proposition for May 19, 2015:

Proposition 2 - That the Board of Education of the Sag Harbor Union Free School District be authorized to replace the two boilers located in the Sag Harbor Elementary School, including the materials, apparatus and ancillary or related work required in connection therewith; at the estimated maximum cost of \$513,000 to be an expenditure from the existing “Facilities Renovation Capital Reserve Fund.”

Approval of this referendum will *NOT* increase taxes in the 2015-2016 school year because these funds were previously set aside to pay the cost of any object or purpose for which bonds may be issued.

Fund Balance and Reserves

Sag Harbor Union Free School District						
Assigned:	Fund Balance	Balance @ June 30, 2013	Interest Earned & Δ in Encumbrances 2013/2014	Balance @ June 30, 2014 Before Transfers to Reserves	Transfers to Reserves	Year-end Balance @ June 30, 2014
	Reserved for Encumbrances (Unappropriated Fund Balance)	\$ 129,485	\$ 48,963	\$ 178,449		\$ 178,449
Reserved for:						
	Employee Benefit Accrued Liability Reserve (EBALR)	\$ 310,358	\$ 137	\$ 310,496	\$ -	\$ 310,496
	Retirement Contribution Reserve (ERS)	\$ 2,193,061	\$ 2,538	\$ 2,195,599	\$ 1,000,000	\$ 3,195,599
	Facilities Capital Reserve	\$ 628,227	\$ 595	\$ 628,822	\$ 500,000	\$ 1,128,822
	Fleet Replacement Reserve	\$ 390,142	\$ 434	\$ 390,575	\$ 10,000	\$ 400,575
	Insurance Reserve	\$ 33,000	\$ 25	\$ 33,025	\$ 151,378	\$ 184,403
	Unemployment Reserve	\$ 100,075	\$ 168	\$ 100,243	\$ -	\$ 100,243
	Worker's Compensation Reserve	\$ 245,000	\$ 186	\$ 245,186	\$ 255,000	\$ 500,186
Non-Spendable Reserves:						
	Advances (to School Cafeteria Fund)	\$ -				
Unreserved - Designated for Subsequent Year Expenditures:						
	Appropriated Fund Balance	\$ 500,000		\$ 500,000		\$ 500,000
Unreserved - Undesignated:						
	Unassigned Fund Balance	\$ 1,420,345		\$ 1,420,345	\$ 54,434	\$ 1,474,779
Year End Totals:		\$ 5,949,693	\$ 53,046	\$ 6,002,740	\$ 1,970,812	\$ 7,973,552

Fund Balance Comparison with Peer School Group at December 31, 2014

Peer Group used in Comparison For All Indicators

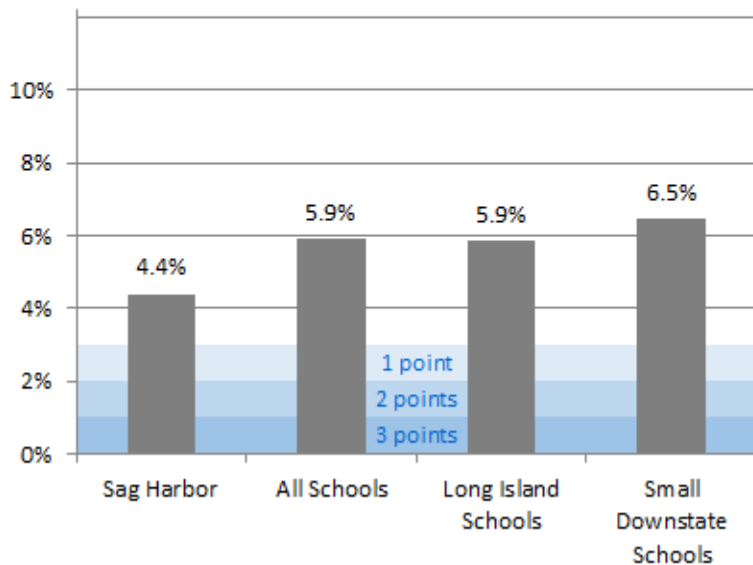
All Schools	672
Long Island Schools	124
Small Downstate Schools	98

The Fiscal Stress Monitoring System and resulting fiscal stress designations rely on data (as of 12/31/2014) from ST-3 reports submitted by school districts to the State Education Department.

Sag Harbor Union Free School District

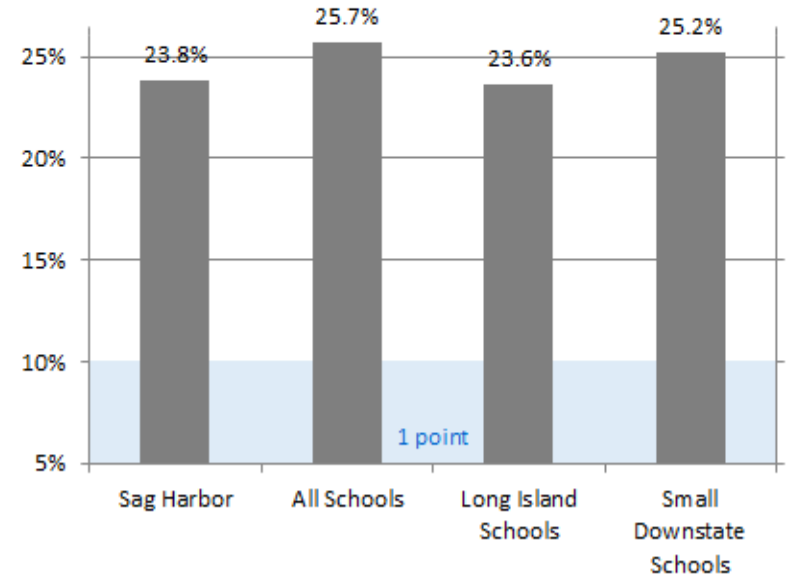
Indicator 1

Unassigned FB as a % of Gross Expenditures
(General Fund)



Indicator 2

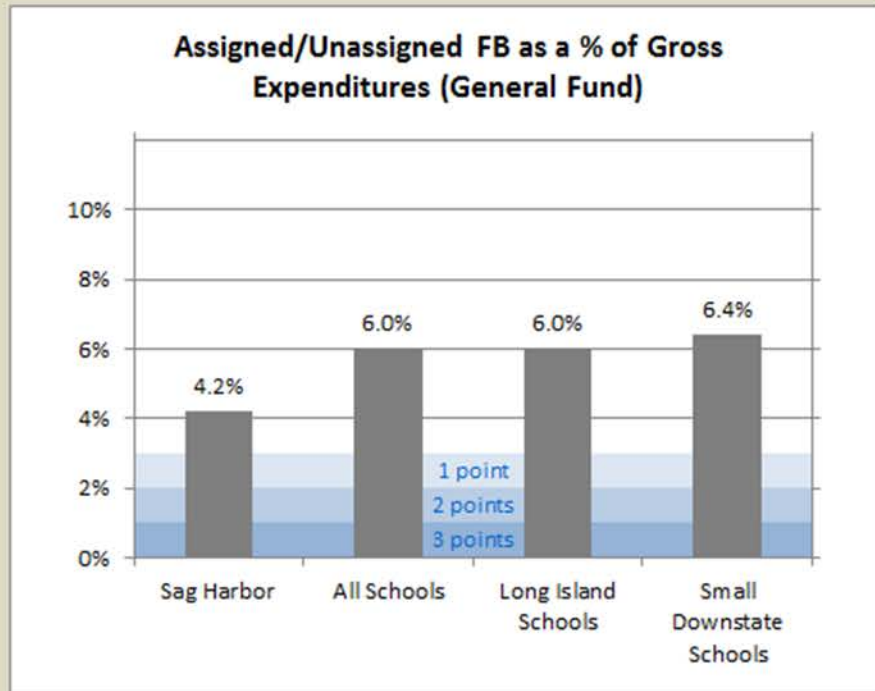
Total Fund Balance as a % of Gross Expenditures
(General Fund)



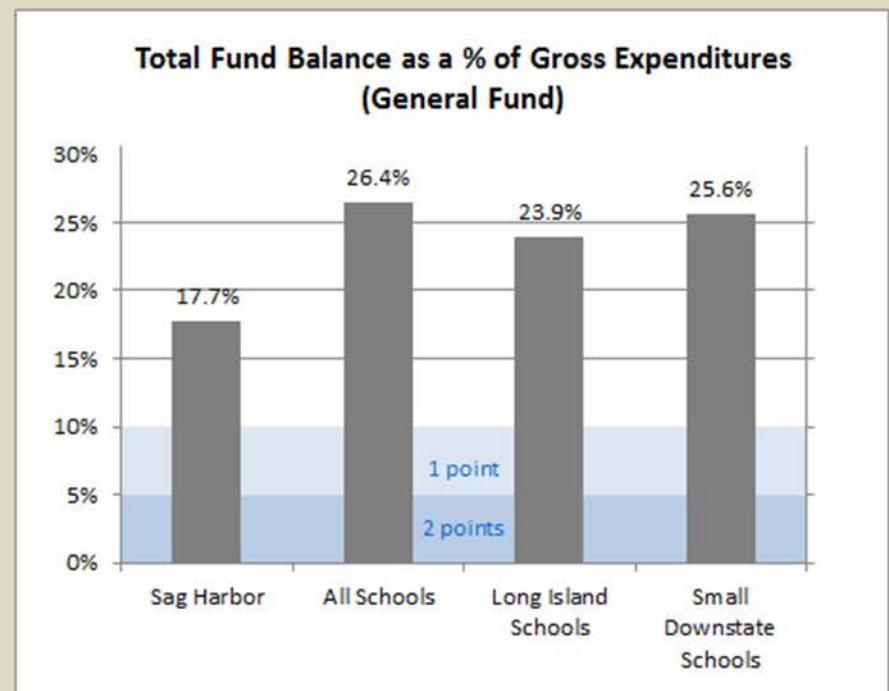
Fund Balance Comparison with Peer School Group at December 31, 2013

Sag Harbor Union Free School District

Indicator 1



Indicator 2



http://www.osc.state.ny.us/localgov/fiscalmonitoring/lists_schools.htm

Planning for the Funding of Future Repairs

Proposed Proposition for May 19, 2015:

Proposition 3 – The establishment and funding of a Repair Reserve.

Repair Reserve (GML, Section 6-d)

The Repair Reserve Fund is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually.

The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members.

Voter approval is required to fund this reserve (See Opinion of the State Comptroller 81-401).

Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Purpose – This reserve is used to pay for unanticipated, non-recurring repairs to district capital improvements, facilities and equipment.

Funding Methods – Voter approval is required to fund this reserve. In accordance with the proposition, if approved by the voters, this reserve would be funded by unanticipated revenues and unexpended funds from the annual budget.

Use of Reserve – In accordance with the law, a public hearing must be held in order to use funds from this reserve, except in an emergency. Funds used without holding a public hearing must be repaid to the fund over two years. Use is restricted to the purpose stated above.

2015-16 Budget Workshop Calendar

- **April 14** Second Review of Entire Budget
 - **April 22** Adopt 2015-2016 Budget and
Property Tax Report Card
 - **May 5** Board of Education Budget Hearing
 - **May 19** Annual Budget Vote and Election
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