

THE SPECIAL BUDGET EDITION

2012-2013

NEWS FROM CANAJOHARIE CENTRAL SCHOOL

District holds steady during tough times

Proposed 2012-13 budget maintains current programs

Canajoharie Central School District residents will vote May 15 on a proposed \$19.2 million budget for the 2012-13 school year. The proposal increases spending by 2.43 percent over 2011-12 and carries a tax levy increase of 2.5 percent.

Using a 4-percent increase in state aid, strategic use of fund balance and reserves, and reductions made in recent years, the Board of Education developed a proposed budget that stays under the district's 2.8 percent tax levy limit and preserves educational and extracurricular programs.

The proposal positions Canajoharie to hold steady and maintain its current programs, said Superintendent Deborah Grimshaw. The spending plan also holds most expenditures at 2011-12 levels, and addresses increases in state-mandated pension

contributions and health insurance expenses.

"The district has a plan to sustain operations for the next three years," Mrs. Grimshaw said. "We received additional aid this year, but that will not solve our long-term funding challenges. With continued expenditure efficiencies and effective use of fund balance, the district can continue to provide the best education for students and be mindful of our taxpayers' capacity for the near future."

Like many rural districts, Canajoharie is heavily dependent on the state for revenue and the 4



percent increase for 2012-13 comes after two years when the district's state aid was reduced \$1,016,216.

"The district will still continue to control expenses and identify operational efficiencies as we prepare students for college and career," Mrs. Grimshaw added.

Q & A on page 2

Budget Vote

on Tuesday, May 15

Residents of the Canajoharie Central School District will go to the polls on Tuesday, May 15, to vote on next year's proposed \$19,279,887 school budget. Voters will also elect one candidate to serve a five-year term on the Board of Education. Please take the time to read about the proposed school budget and vote on Tuesday, May 15. Polls are open from noon to 9 p.m. in the lobby of the high school. By law, all voters must be U.S. citizens, age 18 or older and residents of the district for at least 30 days prior to the vote. Advance registration is not required.

Budget questions and answers

How is the school district doing in this tough economy?

Through diligent work, reductions made by the Board of Education, and the community's support of our programs, we are in a better position to address the funding inequities that currently face all rural school districts. A 4 percent increase in school aid in the 2012-13 state budget and use of an effective fund balance strategy will allow us to hold steady and maintain our current programs during the upcoming year. We still need to be mindful that the increase in state aid is not a true increase. The added 4 percent is a positive step, but it is not a genuine increase. It simply replaces a small portion of the \$1,016,216 reduced over the previous two years. Canajoharie did not get more, we simply lost less.

Does the district have a plan to keep itself viable financially beyond the 2012-13 school year?

We have a three-year strategy for the use of our fund balance and reserves that will maintain learning opportunities for students and keep tax increases at a minimum. Ultimately, the state needs to change how it funds public schools or it will be difficult to maintain our programs in the near future.

Are there staff reductions in the proposed budget?

No. The difficult decisions made last year position us to propose a budget with no staff reductions. Additional staff reductions would reduce learning opportunities for students.

Will extracurricular activities including athletics be affected?

College and career readiness for our students includes opportunities for extracurricular activities. The proposed budget holds steady the funding allocations for athletics, drama, clubs

and music. Interscholastic athletics is an area in flux. Our position is to field teams that allow the most number of students to participate in athletics. Along with our coaches and athletic coordinator, a group of parents, board members and administrators will brainstorm options and make recommendations. A strong booster club will also help ensure that athletics are viable into the future.

What other cost-saving measures have been taken?

We contract with BOCES for business services and share a food service director with Fort Plain and St. Johnsville. We buy energy, supplies, and services jointly with other school districts and municipalities to secure better pricing. This year, we completed a personnel audit to ensure we are allocating our staff efficiently. We continue to lease buses, paying for them from a reserve fund rather than having to raise taxes. We are looking at improving energy efficiency in our lighting and heating. The district is continually seeking ways to save money and reduce expenses.

What happens in the future?

Although Canajoharie received 4 percent more in state aid this year than last year, the problem of how the state funds public schools still exists. Poorer rural districts such as Canajoharie do not have the local resources to provide the level of education that students receive in more affluent districts.

The new tax levy cap law and our local taxpayers' capacity to fund our schools will make it difficult to provide our students with the education they deserve. Until the state develops a fair way to fund education, schools such as Canajoharie will continue to struggle to maintain programs and opportunities for students that prepare them for college and careers.

Talking the tax levy cap

What exactly is the "tax levy cap"?

The tax levy is the total amount of taxes a school district raises to help fund its budget, after accounting for all other revenue. The tax levy cap, sometimes referred to in the media as a "2 percent tax cap," is a formula put in place by the state to limit how much a school district can raise its tax levy without requiring a super majority (or three-fifths of the vote, or 60 percent) approval from its voters. Our proposed budget is within the district's tax levy limit, so a simple majority is needed for the budget to pass.

Does it really limit schools from increasing taxes more than 2 percent?

The "2 percent tax cap" may not actually limit a tax levy increase to 2 percent. Schools must determine their "tax levy limit," by using a formula that begins with the current year-levy and is then followed by an eight-step calculation to adjust for tax base growth, inflation, and other factors as prescribed by the law. The end result is the tax levy limit, and any increase above that amount requires a super majority to approve the school budget. For Canajoharie, the tax levy limit is 2.8 percent.

How did Canajoharie manage to stay under its tax levy limit?

In developing the proposed budget, the board determined that expenditures would be held at 2011-12 levels wherever possible. The board also focused on strategically using the district's fund balance/reserves to maintain opportunities for students and minimize the local tax burden.

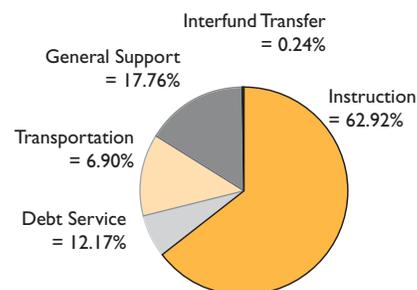
For more information on the tax levy cap, please visit the district website at www.canajoharieschools.org.



The budget at a glance

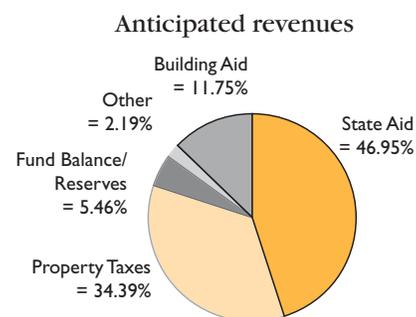
EXPENDITURES

	2011-12 Budget	2012-13 Proposed Budget	Percent Change
General Support	\$3,187,399	\$3,424,936	7.45%
Instruction	11,903,987	12,130,732	1.90%
Pupil Transportation	1,328,003	1,331,088	.23%
Debt Service	2,353,951	2,346,131	-33%
Interfund Transfers	50,000	47,000	-6.0%
TOTAL	\$18,823,340	\$19,279,887	2.43%



REVENUES

	2011-12 Budget	2012-13 Proposed Budget	Percent Change
State Aid	\$8,491,668	\$9,052,071	6.60%
State Aid - Building Aid	2,363,052	2,264,611	-4.17%
Property Taxes	6,467,909	6,629,607	2.50%
Fund Balance/Reserves	1,053,311	913,514	-13.27%
Other	447,400	420,084	-6.10%
TOTAL	\$18,823,340	\$19,279,887	2.43%



Required format

School districts are required to provide information in the format below.

	Budget adopted for 2011-12	Budget proposed for 2012-13	Contingency budget for 2012-13
Total budgeted amount	\$18,823,340	\$19,279,887	\$19,118,189
Budget increase for 2012-13 school year	--	456,547	294,849
Percentage increase	--	2.43%	1.56%
Consumer Price Index increase	--	3.2%	--

School Tax Levy Limit	--	\$6,648,929	--
Proposed School Year Tax Levy Limit (without possible exclusions to School Tax Levy Limit)	--	\$6,594,299	\$6,467,909
Total Permissible Exclusions	--	35,308	--
Proposed School Year Tax levy (including permissible exclusions to the School Tax Levy Limit)	\$6,467,909	\$6,629,607	\$6,467,909

BUDGETS ARE COMPRISED OF THREE PARTS:

Administrative component	\$1,656,654	\$1,723,909	\$1,705,209
<i>(Includes salaries/benefits of administrations and non-program clerical staff, school board costs, BOCES administrative costs, and service costs)</i>			
Program component	13,280,627	13,362,655	13,264,955
<i>(Includes salaries/benefits of all teachers and staff, extracurricular activities, BOCES program costs, and transportation program costs)</i>			
Capital component	3,886,059	4,193,323	4,148,025
<i>(Includes salaries and benefits of maintenance/custodial staff, debt service, and bus purchases)</i>			

What happens if voters don't approve the 2012-13 budget?

 If the proposed budget is defeated by voters on May 15, Canajoharie has the option of putting the same or a revised budget up for a re-vote. If a proposed budget is defeated twice by voters, the district must adopt a contingent budget. With New York's new tax levy cap law in effect, the rules for contingent budgets have changed. There is now a 0 percent cap on the tax levy increase. In other words, Canajoharie would have to raise the same amount or less of taxes as in the current year — without any adjustments for state pension rate increases, contractual obligations, or any other costs (mandated or not). Contingency rules prohibit the district from spending money in certain areas including the community's use of school facilities (unless the costs are reimbursed), new equipment, non-essential maintenance, certain student supplies, and small building improvement projects. And, the administrative component of the budget is capped at the previous year's level. If a contingency budget is set, the district would need to cut an additional \$161,698 from the proposed spending plan.

When will tax rates be set?

 Property tax rates will vary among the eight townships in the district based on assessments and equalization rates. Each July, the New York State Office of Real Property Services develops equalization rates to assure equitable allocation of property taxes among jurisdictions in the district. In the past, the Board of Education adopted the tax rates for the upcoming year during its August meeting.

The STAR program continues

The New York State School Tax Relief Program (STAR) provides New York homeowners with partial exemptions from school property taxes. If you earn less than \$500,000 and own and live in your home, you are probably eligible for the STAR exemption.

- The Basic and Enhanced Star exemptions remain in place. Basic STAR is available to all homeowners, while Enhanced STAR is available for seniors age 65+. These programs exempt a portion of a taxpayer's primary residence's assessed value when calculating school taxes, thus reducing the property owner's annual school tax bill.
- For questions about the STAR program, including how to apply, contact your local assessor.

Basic STAR Exemption Impact

Estimated Basic STAR Exemption savings based on a hypothetical home within the school district with a full assessed value of \$100,000.

	Proposed budget
2012-13	
Basic STAR tax savings	\$568

As part of the STAR program, you will receive a school property tax bill or other notice that will state the amount of the STAR exemption and your tax savings.

Published by the Canajoharie Central School Board of Education

To: Residents of the
Canajoharie Central
School District

CANAJOHARIE CENTRAL SCHOOL
Canajoharie, New York 13317

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REMEMBER TO VOTE ON
TUESDAY, May 15
Polls open noon to 9 p.m.
Canajoharie High School



Voters will
elect one
school
board
member

Incumbent Mr.
John DeValve
and Mr. Bradley
Morrison are
running for a
five-year term
on the
Canajoharie
Board of
Education