



FOUNDATION
for SUCCESS

FRANKLIN SQUARE UNION FREE SCHOOL DISTRICT

DISTRICT OFFICES: WASHINGTON STREET SCHOOL
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Mr. Patrick Manley
Superintendent of Schools
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June 16, 2016

Mr. H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton, NY 13901-4417

Dear Mr. H. Todd Eames:

The Franklin Square UFSD (The District) prides itself on our proven track record of enhancing the educational program for our children while keeping taxes low for our community. We have consistently presented the community with budget proposals that comply with the Tax Levy Limit Legislation while maintaining all staff and services, as well as augmenting our instructional program. While operating under the Tax Levy Limit Legislation the District has added such enhancements as a Prekindergarten Program, programs to increase small group instruction, a 1:1 computing initiative, new technology and infrastructure, common core aligned textbook series and a STEM learning lab. We have also consistently ranked as the lowest or second lowest per pupil expenditure amount in Nassau County each year. For the past 6 years, each of our staff members has taken at least one true pay freeze per contract term. Additionally, we have received the best rating of "No Designation" on the Office of State Comptroller (OSC) Fiscal Stress Monitoring tool each year since its inception.

The years audited by the OSC, the 2014-15 and 2015-16 school year saw tax levy increases of 1.8% and 1.7% respectively. The most recently passed budget, 2016-17, carried a 0% tax levy increase.

OSC Audit Recommendations:

- 1) The Board and District Officials should ensure the amount of unassigned fund balance complies with statutory limits and reduce the amount of surplus fund balance in a manner that benefits District residents. Such uses could include but are not limited to:
 - a. Financing one-time expenditures
 - b. Funding appropriate reserves
 - c. Reducing property taxes

District Response: With the approval of the Capital Reserve by voters on May 17, 2016 the District has completed the final step in a long term plan to reduce the unassigned fund balance. The creation of a Capital Reserve will allow the District to address major capital improvements in a manner that will not impact our budget or tax levy. In order to achieve this goal it was necessary for the District to allow fund balance to

exceed the statutory limit for a period of time while the planning phase was taking place.

Additionally, to address the specific recommendations set forth by OSC:

- a. Financing one-time expenditures – The District makes every effort to avoid paying financing fees. We accomplish this goal through careful, multi-year financial planning.*
- b. Funding appropriate reserves – The District has appropriately funded all of its legally approved reserves to their maximum levels.*
- c. Reducing property taxes- The District has historically appropriated \$1,265,000 to the taxpayers annually in an effort to reduce property taxes. Additionally, the 2016-17 Budget, as approved by the voters on May 17, 2016, reduced the increase in property taxes to 0%.*

- 2) Adopt budgets with more realistic expenditure estimates based on prior year's actual results and anticipated operations to avoid raising more real property taxes than necessary, and discontinue the practice of adopting budgets that result in the appropriation of fund balance that is not used to finance District operations.

District Response: The District makes every effort to develop budgets that will mirror actual expenditures as closely as reasonably possible. Unfortunately, due to the timing of the budget vote process, the District is often budgeting for expenditures before all relevant information about that expenditure is known. Examples include budgeting for health insurance and retirement expenditures before the related agencies finalize their premium costs, as well as, budgeting for staff before enrollment is finalized and budgeting for special education placements before the CSE has had the opportunity to determine the best placement for the child in the upcoming school year. Additionally, as the year progresses we are often faced with other unknown circumstances such as medical and maternity leaves, retirements and resignations. The District is continually seeking out more efficient ways to provide a service or obtain an item which can often result in a savings (surplus). The District has in the past and will continue in the future to make every effort to estimate these expenditures as accurately as possible. The most significantly overestimated expenditure as referenced in the OSC report was personnel service costs. OSC reports an overestimate of \$702,000. The total budget for the Personnel Services category was \$21,671,921. The surplus was largely driven by the unknown circumstances listed above of medical/maternity leaves, retirements and changes in enrollment and staffing. Recent negotiations resulted in changes to our collective bargaining agreements that will provide more clarity for budgeting purposes regarding maternity leaves and retirements.

Sincerely,

Patrick Manley
Superintendent of Schools