



# **JERICHO SCHOOL DISTRICT BUDGET**

Workshop #4  
Budget Summary and Revenues  
Assessment Practices  
Fund Balance Management  
Contingent Budget Rules

Estimated Expenditures  
Budget Reductions  
Estimated Revenues  
Proposed Tax Levy



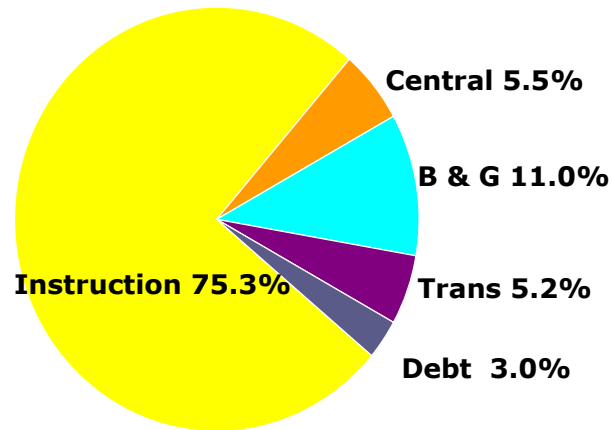
# Budget Summary

CODE	DESCRIPTION	Actual 2004-05	Budget 2005-06	Budget 2006-07	Percent Increase
	EXPENDITURES				
1000	GENERAL SUPPORT	7,800,703	9,123,910	9,391,420	
1000A	GENERAL SUPPORT BLDG IMPRV	358,047	400,000	450,000	
2000	INSTRUCTION	44,904,639	51,921,373	55,745,829	
5000	PUPIL TRANSPORTATION	3,573,820	4,418,683	4,636,617	
7000	COMMUNITY SERVICES	87,630	119,900	120,525	
9000	UNDISTRIBUTED	11,270,999	17,350,280	19,161,064	
	TOTAL EXPENDITURES	67,995,838	83,334,146	89,505,455	7.4%
	APPROPRIATED FUND BALANCE		2,000,000	2,000,000	
	REVENUES				
	INTEREST	419,300	420,000	310,000	
	MISCELLANEOUS REVENUES	222,232	250,000	250,000	
	TUITION OTHER DISTRICT--TUTORS	140,660	190,000	440,000	
	STATE AID--REGULAR	3,133,715	3,300,000	3,500,000	
	TEXTBOOK, COMPT, LIBRARY	249,277			
	USE OF POOL AND ADMISSIONS	5,960	4,400	4,400	
	TOBAY PROGRAM	7,500	4,000	4,000	
	CULTURAL ARTS FEES	67,730	97,300	97,300	
	NYS OASIS PROGRAM	67,335	66,000	66,000	
	NON-PUBLIC HEALTH CHARGES	733,414	550,000	600,000	
	RENTAL OF PROPERTY	433,765	435,000	495,000	
	TRANSFER OTHER FUNDS	17,309	-	-	
	TOTAL RECEIPTS	5,498,197	7,316,700	7,766,700	
	RAISED BY TAXES	63,715,909	76,017,446	81,738,755	7.5%

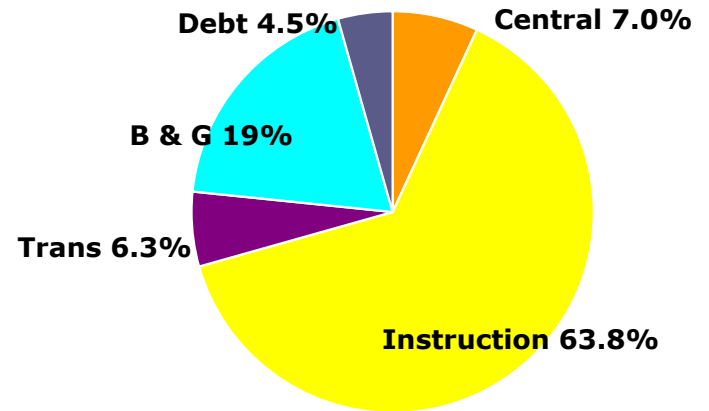


# Where Does the Money Go?

2006-07 Budget



1986-87 Actual



11.5 % more of the budget spent on Instruction



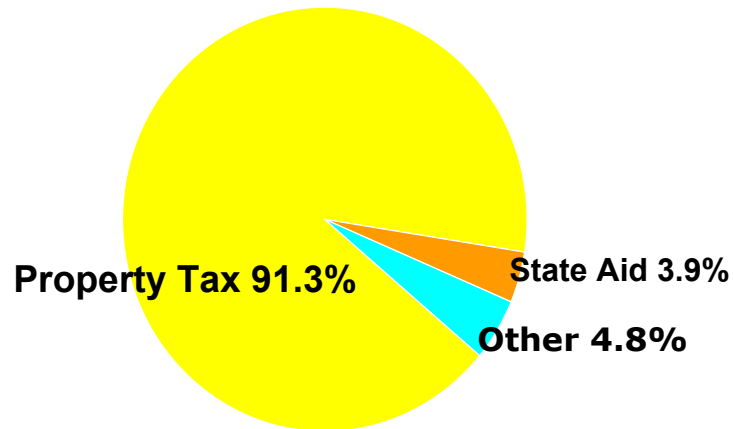
# Expenditure Comparisons 1986-87 to 2006-07

- Teachers Retirement Benefits in 1986-87 were 8.1% of the budget—in 2006-07 TRS is 3.9% of total budget
- Operations and Maintenance in 1986-87 was 19% of the budget and in 2006-07 O & M is 11%
- Central Administration was 7.0% in 1986-87 and in 2006-07 Central Admin is 5.5%
- Curriculum Improvement and Building Administration was 4.0% of total budget in 1986-87 while today it is 5.2%
- Services of Children with Special Needs was 3.9% of the budget in 1986-87 while in 2006-07 it is 11.5%
- Greater percentage of the total budget (75.3%) is applied to directly benefit the students in 2006-07 compared to 63.8% in 1986-87

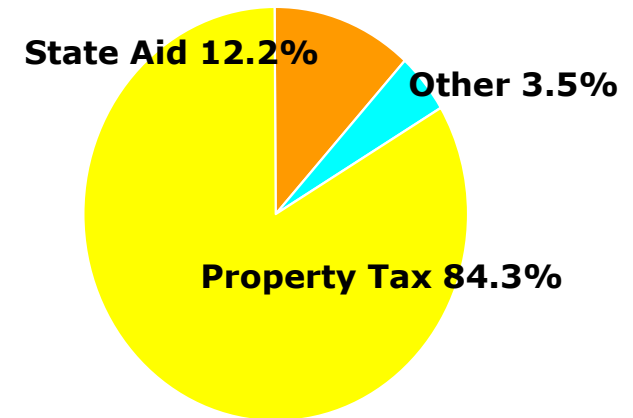


# Property Taxes Continue to be our Major Source of Funding

2006-07 Budget



1986-87 Actual



State Share of Budget –20 years later is 8.3% less  
Costing taxpayers to pay an additional \$7.4 Million



Real Estate Taxes are the major source of Revenue for our school budget, but what determines the amount of our real estate taxes?

- *The tax base*—the value of all of the property within the school district
- *The assessment practices*—percentage of market value applied to the property taxed
- *The tax levy*—the amount of money needed by the school district to fund its program



## Who controls the factors that determine the amount of the school tax?

- *State of New York* determines the Tax Base by setting the boundaries for school districts.
- *Nassau County* determines the Assessment Practices and the percentage of market value applied to the property to be taxed.
- *Jericho School District* sets the Tax Levy—the amount of money needed by the school district to fund its educational program.



# Factors Affecting the Tax Rate

- Nassau County Reassessment of Property
- Total Assessed Value of all property as provided by Nassau County
- Shift of tax burden from Class III and IV to Class I
- Cap set for the Adjusted Base Proportion





## **How many Classes of Property are there in Nassau County?**

- **Class I—Residential**
- **Class II—Condominiums and Co-op's**
- **Class III—Utilities**
- **Class IV— Commercial**



# IMPACT OF PROPERTY VALUE CHANGES AND ASSESSMENT CHANGES

- Class I property values increased at a greater value than other classes
- **Nassau County has established the taxable assessed value at 1/4% of full value for Class I and 1% for all other classes**
- Nassau County has base proportion legislation that caps a levy shift to a maximum of 5%
- If base proportions remained the same, the Class I taxpayer would pay approximately the same proportionate share as prior years
- Because base proportions may change by up to 5% a year for the next several years, Class I rates will increase regardless of the amount of the tax levy



## What is the change in the total Assessed Value and the impact of the ¼ % on Class I?

### Assessed Values 2006

Class 1 at 1/2 %

Classes II-IV at 1%

● Class I	\$19,721,132
● Class II	462,206
● Class III	456,383
● Class IV	5,678,766

### Assessed Values 2007\*

Class I at ¼ %

Class II-IV at 1%

● Class I	11,277,516
● Class II	487,709
● Class III	539,982
● Class IV	5,997,404

\*Values will change for final assessment



## How has the Full Value of property changed from 2006 tax roll to 2007 tax roll\*?

	<u>2006</u>		<u>2007*</u>
Class I	\$3,944,226,400	Class I	\$4,511,006,400
Class II	46,220,600	Class II	48,770,900
Class III	45,638,300	Class III	53,998,200
Class IV	567,876,600	Class IV	599,740,400

\*tentative tax roll

**\$566 Million increase in FV Class I—a 14.37% increase**



# What is proportionate share for each class in 2006 and 2007?

	<u>2006</u>		<u>2007*</u>
<b>Class I</b>	<b>85.68%</b>	<b>Class I</b>	<b>86.5%</b>
<b>Class II</b>	<b>1.00%</b>	<b>Class II</b>	<b>.9%</b>
<b>Class III</b>	<b>.99%</b>	<b>Class III</b>	<b>1.0%</b>
<b>Class IV</b>	<b>12.33%</b>	<b>Class IV</b>	<b>11.5%</b>

\*tentative tax roll

Adjusted base proportion in 2005-06 was 65.9%  
 Adjusted base proportion in 2006-07 will range from 65.9 to 69.23%



## **How do the new assessment practices affect the Class I tax rate?**

- If the county did not reassess properties, but instead just reduced the assessed value to  $\frac{1}{4}$  % the tax rate would double.
- The total Assessed Value for Class I may increase by at least 15%, therefore the tax rate per hundred most likely will not double.



## **How does increase in total value affect the Class I Tax Rate**

- Tax Levy Increase in 2005-06 was 7.65% but the Class I average increase in the Town of Oyster Bay was 3.56%
- Tax Levy Increase in 2006-07 based on projected budget is 7.5%.
- However, properties that experience an increase in their assessment will have a larger percentage increase in taxes paid.



# WHAT IS A FUND BALANCE and HOW IS IT CREATED?

- A fund balance occurs because a budget is an estimate of expected expenditures and revenues and not an exact prediction of the future.
  
- A fund balance is created when:
  - Revenues are higher than what was budgeted
  - Expenses are less than what was budgeted
  
- It occurs because the estimate for both revenues and for expenditures was conservative, as it should be.
  
- By law the Unappropriated Fund Balance is limited to 2% of the upcoming year's budget.





# Why do we need a **FUND BALANCE** and what is its value?

- To assure the public that the budget plan will tolerate a certain amount of unexpected adversity without forcing a crisis
- To meet unanticipated expenses and to provide for “rainy day” emergencies
- A stable fund balance is an indicator of good money management.
- A stable fund balance results in a good credit rating which leads to lower interest costs for long and short-term borrowing.
- An appropriated fund balance promotes stability in the tax rate.



# Fund Balance Management

- Managing fund balances is one of the most difficult tasks of the budgeting process, since budgets are only estimates of expenditures and anticipated revenues.
- Spending fund balance monies on the district's regular operations is not sound financial management and should be avoided.



# What would be the effect if a district did not plan for the appropriation of the fund balance and depleted the fund balance over time?

## Fund Balance Example:

	<u>6/30/05</u>	<u>6/30/06</u>	<u>6/30/07</u>
Revenue	\$10,200,000	\$11,300,000	\$11,800,000
Expenditures	<u>9,600,000</u>	<u>10,800,000</u>	<u>11,600,000</u>
<b>Fund Balance</b>	<b>600,000</b>	<b>500,000</b>	<b>200,000</b>
<b>Appropriated For Taxes</b>	<u>400,000</u>	<u>600,000</u>	<b>Now What?</b>
<b>Unappropriated Fund Balance</b>	200,000	100,000	

Diagram annotations:  
 - An arrow points from 200,000 (Unappropriated Fund Balance 6/30/05) to 500,000 (Fund Balance 6/30/06) with the label "700,000".  
 - An arrow points from 100,000 (Unappropriated Fund Balance 6/30/06) to 200,000 (Fund Balance 6/30/07) with the label "300,000".

- The district must increase the 2007 tax levy by at least \$300,000 in order to make up for the shortfall in Appropriated Fund Balance.
- If the district appropriates the full \$300,000 they will have \$-0- for emergencies.



# What is a Contingent Budget?

- In the event that the school budget is rejected, the Board of Education is empowered to levy a tax for ordinary contingent expenses.
- If the school budget is rejected twice, the school board must adopt a contingent budget.
- Education Law, however, places a computed dollar cap on the contingent budget dollar amount.
- A contingent budget for 2007 may not be greater than 4.0% above the prior year's budget amount.



# Decisions about the budget!

- Estimated Expenditures as presented in Workshops #1-3:

<u>Total Budget</u>	<u>% of Increase</u>
\$89,505,455	7.4%

Financial Forums projected budget to budget increase for the next five years in the 7% range



# What is the Contingent Budget Cap for 2007 in the Jericho District?

● 05/06 Adopted Budget	\$83,334,146
● Less Exclusions for 2005*	<u>2,160,875</u>
● Adjusted Base Year	81,173,271
● 06/07 Base Budget with 4.0% increase	84,420,202
● Add Exclusions**	<u>3,124,313</u>
● Contingent Budget	87,544,515
● Proposed Budget	<u>89,505,455</u>
● Required Cuts to Remain Within Budget Cap	(\$1,960,940)

\*2006 Exclusion—Debt Service

\*\*2007 Exclusions—Debt Service, Capital Improvement, Special Tuitions and Services



## What would be considered in order to meet the contingent budget amount?

- Instructional and Non-Instructional Staffing
- Administrative Staffing
- K-12 Class Size
- Foreign Language at Elementary Schools
- Teaming in the Middle School
- Middle School Exploratory Programs
- Learning Center and Support Class Size
- High School Electives
- Intramural and Athletic Teams
- Co-curricular Activities
- After—School Late Buses
- Driver Education
- Field Trips
- Equipment (all except for emergency replacement)
- All pupil supplies, including but not limited to notebooks, planning books, pens, pencils, musical instruments, art supplies, etc.
- Must charge outside groups for use of school facilities
- Financial support for the Cafeteria program



## What would be the amount of the tax levy for the 2006-07 budget plan?

- Estimate other revenue sources
  - State Aid--\$3.5M
  - Fund Balance Appropriated--\$2M
  - Other Local Revenues--\$2.2M
  
- Total Budget minus All Other Revenues= Tax Levy
  - \$89,475,455
  - 7,766,700
  - \$81,738,755
  
- Percentage Increase in Tax Levy 7.5%





# Comparative Data Per Pupil Expenditures

<u>District</u>	<u>2002</u>	<u>2003 E</u>	<u>2004 E</u>
Oyster Bay	21,242	23,518	25,415
Locust Valley	18,817	22,453	24,081
Jericho	19,113	22,575	23,975
Roslyn	20,385	23,232	23,871
North Shore	19,400	23,119	23,834
Great Neck	19,705	22,022	23,446
Manhasset	22,311	23,240	23,163
East Williston	19,429	21,045	22,042

E=NYSED Estimate



# **JERICHO SCHOOL DISTRICT BUDGET 2006-07**

The information in this document will be presented at Budget Workshop #4 on Thursday, March 9 at the Jericho Middle School Library at 7:30 p.m. At that time Dr. Joan L. Colvin, Assistant Superintendent for Business Affairs will review this information with the Board of Education.

The information is compiled from budget excel worksheets and the best manner to view the numbers presented is to view the slides in the slide presentation form. Click Slide Show in the lower right hand corner to begin the slide presentation. To progress from slide to slide simply press the space bar.

You may print a copy of the presentation by clicking the print symbol or you may obtain a copy from the business office. Please call 203-3600 Extension 3214.