



JERICHO SCHOOL DISTRICT BUDGET 2008-09

The information in this document will be presented at Budget Workshop #4 on Thursday, March 6 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.

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.



JERICHO SCHOOL DISTRICT BUDGET

Workshop #4

Review of State Aid Changes

Budget Summary and Revenues

Fund Balance Management

Contingent Budget Rules

Estimated Expenditures

Estimated Revenues

Proposed Tax Levy



Highlights Governor's Proposal

● **Foundation Aid—**

- Alternate interpretation of statutory language regarding the phase-in resulted in smaller 2008-09 increases for many school districts. The 08-09 increase under SED "Current Law" aid run was \$1.6 billion more where the governor's revision is a \$900 million increase .
- Districts not on formula are guaranteed a minimum increase of 2% in 2008-09 while the minimum increase in 2007-08 was 3%.
- Executive budget postpones or defers the largest annual anticipated increase in Foundation Aid to 2010-11, the last year of the four-year phase-in period.

● **BOCES Aid—** Governor proposed a change in the BOCES Aid Ratio in the formula resulting in a loss of more than \$32 million statewide and more than \$100,000 for Jericho.

● **Supplemental Public Excess Cost Aid—** cut by the Governor

● **High Tax Aid—** Formula changed resulting in a loss of aid to Jericho




JERICHO

Budget Pulse 

 **Percent Revenue Share**

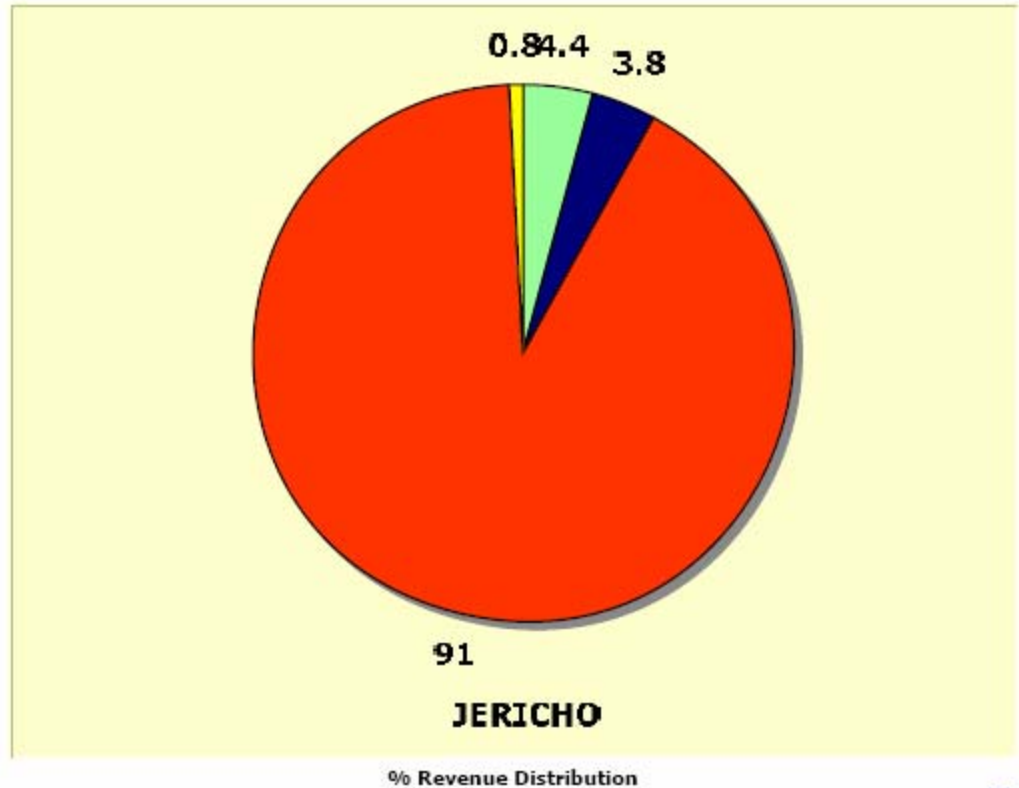
% Revenue Distribution

-  Local Revenue
-  Federal Revenue
-  State Aid (W/O STAR)
-  State Aid Relief (STAR)



Definition

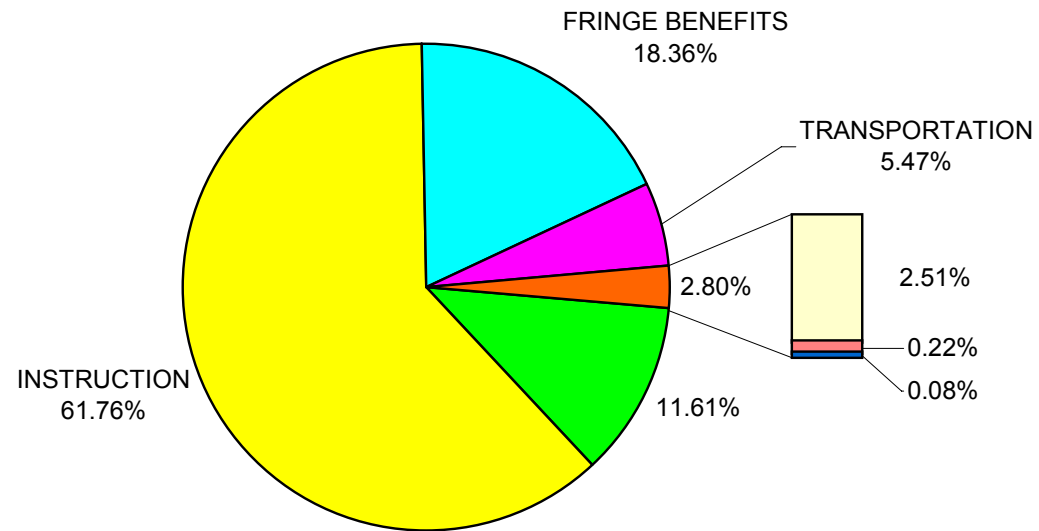
Total Revenue is the sum of four major components of aid to a school community: State Aid, STAR Aid, Federal Aid, and Local Property Tax Revenue. (STAR Aid relief goes directly to taxpayers.)



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2008-09 EXPENDITURES



■ GENERAL SUPPORT	■ INSTRUCTION
■ FRINGE BENEFITS	■ TRANSPORTATION
■ DEBT SERVICE & TAN	■ TRANSFERS
■ COMMUNITY SERVICE	



Factors Determining 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.

Relief Targeted to Middle Class

Distribution (2007-08)

Homeowners Receiving Max 80% Increase	60%
Homeowners Receiving 30%-80% Increase	26%
Homeowners Receiving Min 30% Increase	9%
Total Homeowners Receiving STAR Increase	95%

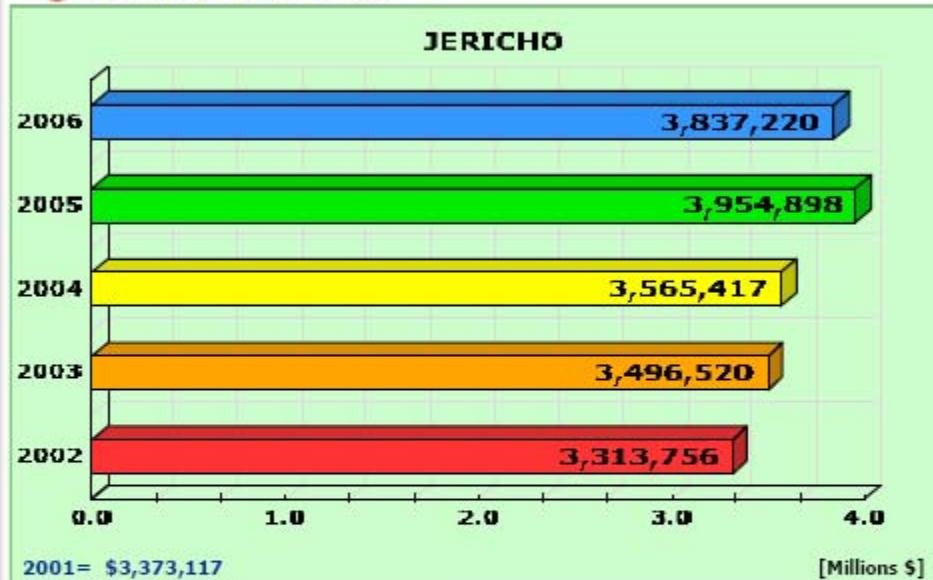
Amount of Savings (2007-08)

	Average Current STAR Savings (2006-07)	Average Middle Class STAR Savings (2007-08)
Erie County	\$526	\$947
Nassau County	\$979	\$1,762
Monroe County	\$672	\$1,210
Westchester County	\$1,823	\$3,281




JERICHO

State Aid w/o STAR



Five Year Revenue Trend

Definition

State Source Revenues are revenues received by a district from New York State. It consists primarily of State school aid but also includes revenues for loss of public utility valuation and youth programs. Revenues for STAR aid are excluded from this total.

FY: 2005-06=2006



Budget Pulse 



% Share of Total Revenues

Data Trends

State Aid w/o STAR (% Share)

3 Yr Change: **-0.90%**

5 Yr Change: **-1.50%**

State Aid w/o STAR (\$)

3 Yr Change: **\$340,700**

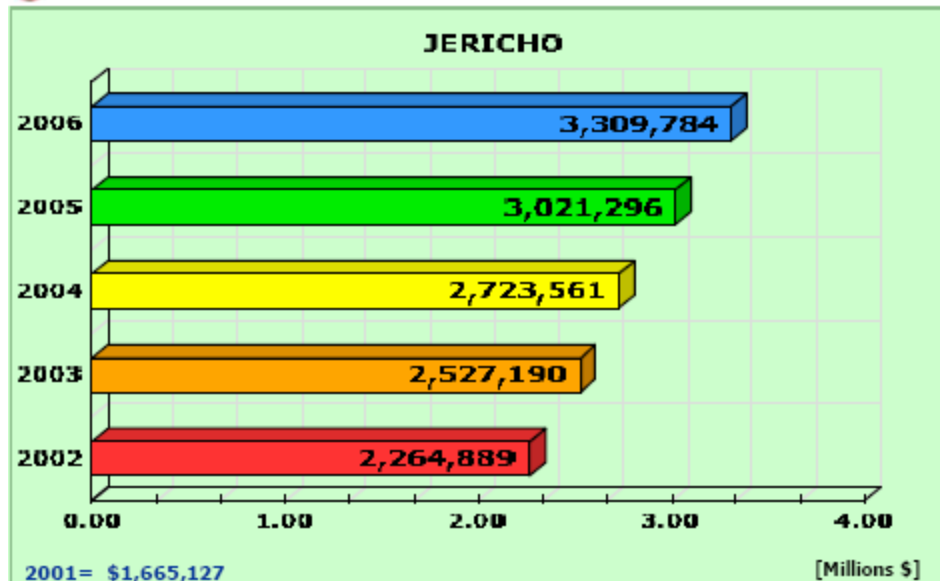
5 Yr Change: **\$464,103**






JERICHO

STAR Aid



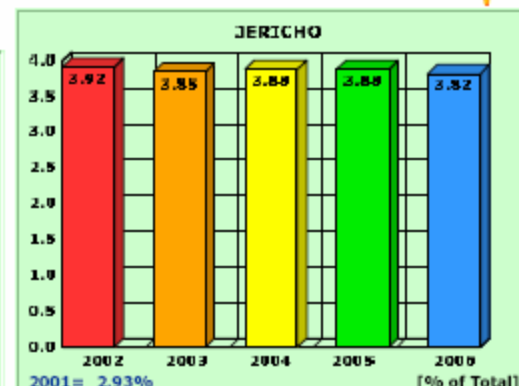
Five Year Revenue Trend

Definition

Begun in the late 1990's, STAR aid consists of revenue tax rebates returned from the State to property owners as defined and formulated by the State of New York.

FY: 2005-06=2006

Budget Pulse



% Share of Total Revenues

Data Trends

STAR Aid (% Share)

3 Yr Change: **-0.03%**

5 Yr Change: **0.89%**

STAR Aid (\$)

3 Yr Change: **\$782,594**

5 Yr Change: **\$1,644,657**





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 4% 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>6/30/06</u>	<u>6/30/07</u>	<u>6/30/08</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>
Fund Balance	600,000	500,000	200,000
Appropriated For Taxes	<u>400,000</u>	<u>600,000</u>	Now What?
Unappropriated Fund Balance	200,000	100,000	

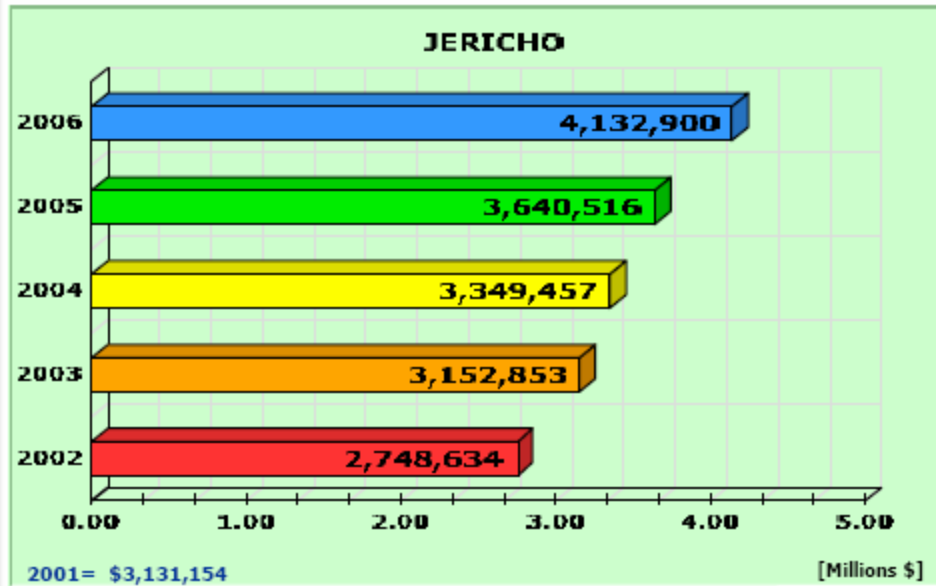
Diagram annotations:
 - An arrow points from 200,000 (Unappropriated Fund Balance 6/30/06) to 500,000 (Fund Balance 6/30/07) with the label "700,000".
 - An arrow points from 100,000 (Unappropriated Fund Balance 6/30/07) to 200,000 (Fund Balance 6/30/08) with the label "300,000".

- The district must increase the 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.




JERICHO

Unfunded Balance



Five Year Revenue Trend

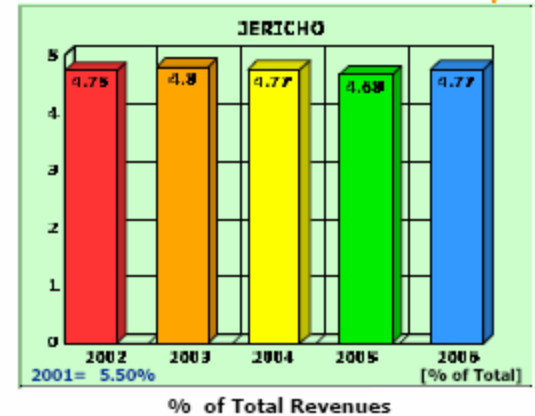
Definition

For each year, this item consists of the Total Unreserved Fund Balance of the General Fund. (A negative number may be reported by some districts). Please note that this item does not reflect the total fund balance of the General Fund, Special Aid Fund or Debt Service Fund of a district.

FY: 2005-06=2006

Note: In cases where there are no reported data, Charts will display the "Invalid Scaling Values" message.

Budget Pulse

Data Trends

Unfunded Balance (% Share)

3 Yr Change: -0.03%

5 Yr Change: -0.74%

Unfunded Balance (\$)

3 Yr Change: \$980,047

5 Yr Change: \$1,001,746





Decisions about the budget!

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

<u>Total Budget</u>	<u>% of Increase</u>
\$101,409,017	5.98%

Financial Forums in 2004 projected budget to budget increase for the next five years in the 7% range



Jericho Union Free School District Three Year Plan Capital Improvements

Revenue Sources:

Sale of Nike Site	\$3,000,000
Interest Earned on Nike Investment	150,000
Excel Funds	1,100,000
Budget Appropriation 2007-08	1,000,000
Budget Appropriation 2008-09	1,550,000
Budget Appropriation 2009-10	<u>1,550,000</u>
Total	\$8,350,000

Projects:

2007-08	
Tennis Courts	\$1,000,000
HS/MS Roofing	<u>4,200,000</u>
	\$5,200,000
2008-09	
Cantiague Roof	\$1,100,000
Asphalt	400,000
2009-10	
Jackson Roof	<u>\$1,650,000</u>
Total Projects	\$8,350,000



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 2009 may not be greater than 3.84% above the prior year's budget amount.



What is the Contingent Budget Cap for 2009 in the Jericho District?

Adopted Budget 07/08	95,683,737
Less Exclusions for 07/08	3,436,313
Adjusted base year	92,247,424
Base Budget with 3.84% increase	95,789,725
Add Exclusions**	3,636,300
Contingent Budget	99,426,025
Proposed Budget	101,409,017
Required Cuts to Remain	
Within Budget Cap	(1,982,992)

*2008 Exclusion—Debt Service

**2009 Exclusions—Debt Service, Capital Improvements



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



Budget Summary

CODE	DESCRIPTION	Actual 2006-07	Budget 2007-08	Budget 2008-09	Percent Increase
	EXPENDITURES				
1000	GENERAL SUPPORT	8,338,367	9,876,378	10,178,186	
1000A	GENERAL SUPPORT BLDG IMPRV	450,000	1,075,000	1,595,000	
2000	INSTRUCTION	55,146,138	59,189,100	62,632,309	
5000	PUPIL TRANSPORTATION	4,315,620	5,016,660	5,546,677	
7000	COMMUNITY SERVICES	42,915	77,000	77,000	
9000	UNDISTRIBUTED	18,990,878	20,449,599	21,379,845	
	TOTAL EXPENDITURES	87,283,918	95,683,737	101,409,017	5.98%
	APPROPRIATED FUND BALANCE		2,300,000	2,000,000	
	REVENUES				
	INTEREST	1,633,244	850,000	1,400,000	
	MISCELLANEOUS REVENUES	429,842	250,000	350,000	
	TUITION OTHER DISTRICT--TUTORS	122,290	150,000	120,000	
	STATE AID--REGULAR	4,108,922	3,800,000	4,200,000	
	TEXTBOOK, COMPT, LIBRARY	287,447			
	USE OF POOL AND ADMISSIONS	10,236	10,000	10,000	
	TOBAY PROGRAM	7,500	7,000	7,000	
	CULTURAL ARTS FEES	46,406	40,000	40,000	
	NYS OASIS PROGRAM	69,457	66,000	66,000	
	NON-PUBLIC CHARGES	649,393	600,000	700,000	
	RENTAL OF PROPERTY	530,953	530,000	530,000	
	TRANSFER OTHER FUNDS	27,090	-	-	
	TOTAL RECEIPTS	7,922,780	8,603,000	9,423,000	
	RAISED BY TAXES	81,819,667	87,080,737	91,986,017	5.6%
	Total Revenue	89,742,447	95,683,737	101,409,017	



Budget Comparisons 1986-87 to 2008-09

- Teachers Retirement Benefits in 1986-87 were 8.1% of the budget—in 2008-09 TRS is 4.1% of total budget
- Operations and Maintenance in 1986-87 was 19% of the budget and in 2008-09 O & M is 8.2%
- Central Administration was 7.0% in 1986-87 and in 2008-09 Central Admin is 3.4%
- Services of Children with Special Needs was 3.9% of the budget in 1986-87 while in 2008-09 it is 12.8%
- Greater percentage of the total budget (75.3%) is applied to directly benefit the students in 2008-09 compared to 63.8% in 1986-87