



JERICHO SCHOOL DISTRICT BUDGET 2007-08

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

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.



JERICHO SCHOOL DISTRICT BUDGET

Workshop #4

Review of State Aid Formulas
Budget Summary and Revenues
Fund Balance Management
Contingent Budget Rules

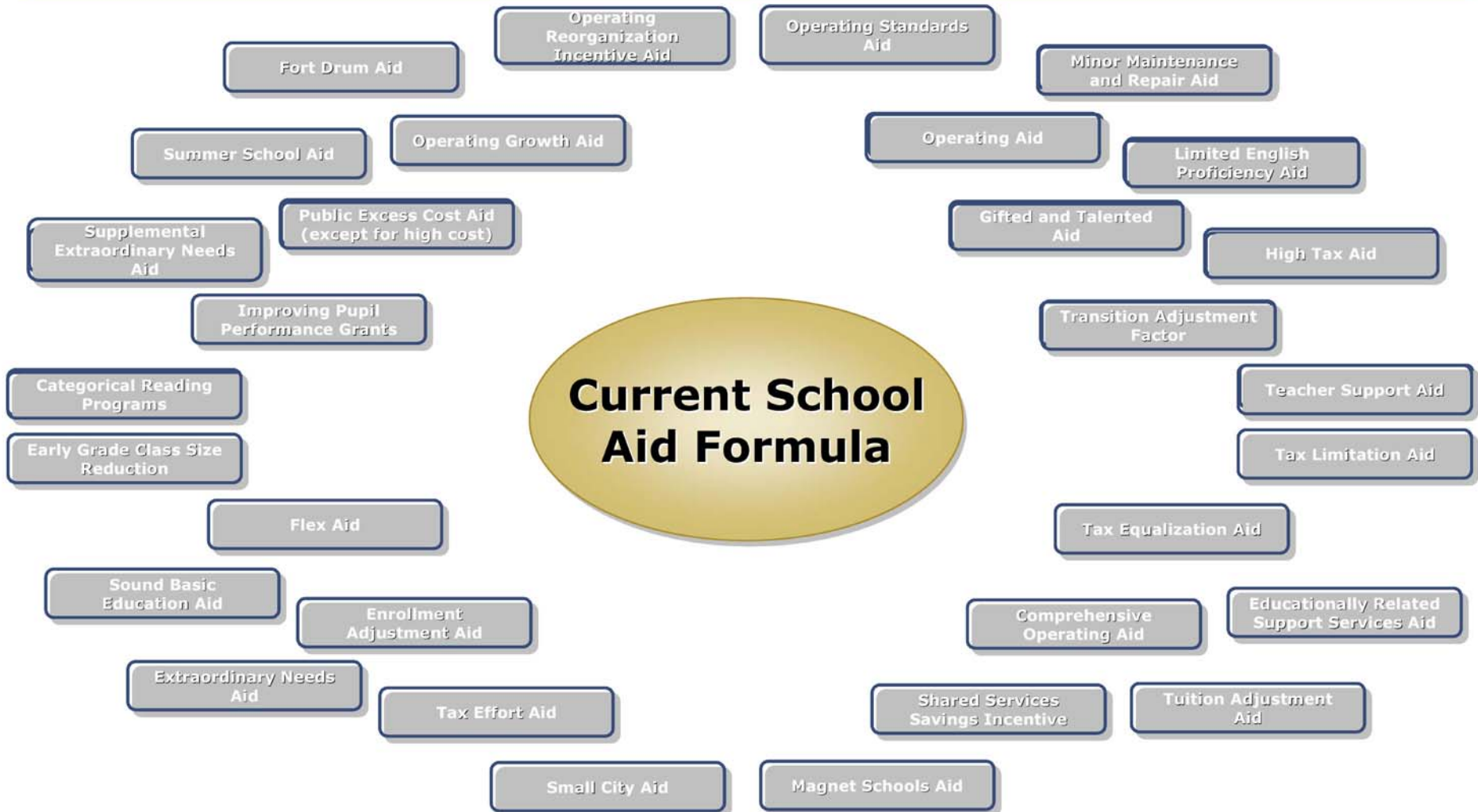
Estimated Expenditures
Estimated Revenues
Proposed Tax Levy



Governor's State Aid Proposal

- Abandon current state aid formula which is arcane and has not been fully funded for years
- Implement Foundation Formula
- Increase Star Dollars for High Tax areas of the State
- Meet the demands of the Court Order
- Allow for Regional Cost Differences

Taking the Politics Out of the School Aid Formula



Foundation Aid Explained

Local Cost of Education

-

Expected Local Contribution

=

Foundation Aid

Avg. Cost of Successful Schools

X

Regional Cost Index

X

Pupils Adjusted for Needs
(student = 1.0 + ...)

Special Education = 1.41
 Census-Based Poverty = 0.65
 Free/Reduced Price Lunch Eligibility = 0.65
 Limited English Proficiency = 0.5

Adjusted Statewide Avg. School Tax Rate

X

Relative Income

X

Full Value Property Base

* All districts will receive a minimum annual Foundation Aid increase of 3%, on top of building, transportation, high-cost special education and BOCES aid



New Foundation State Aid Formula

State Aid is based on these factors:

- Property Value behind each pupil
- Income behind each pupil

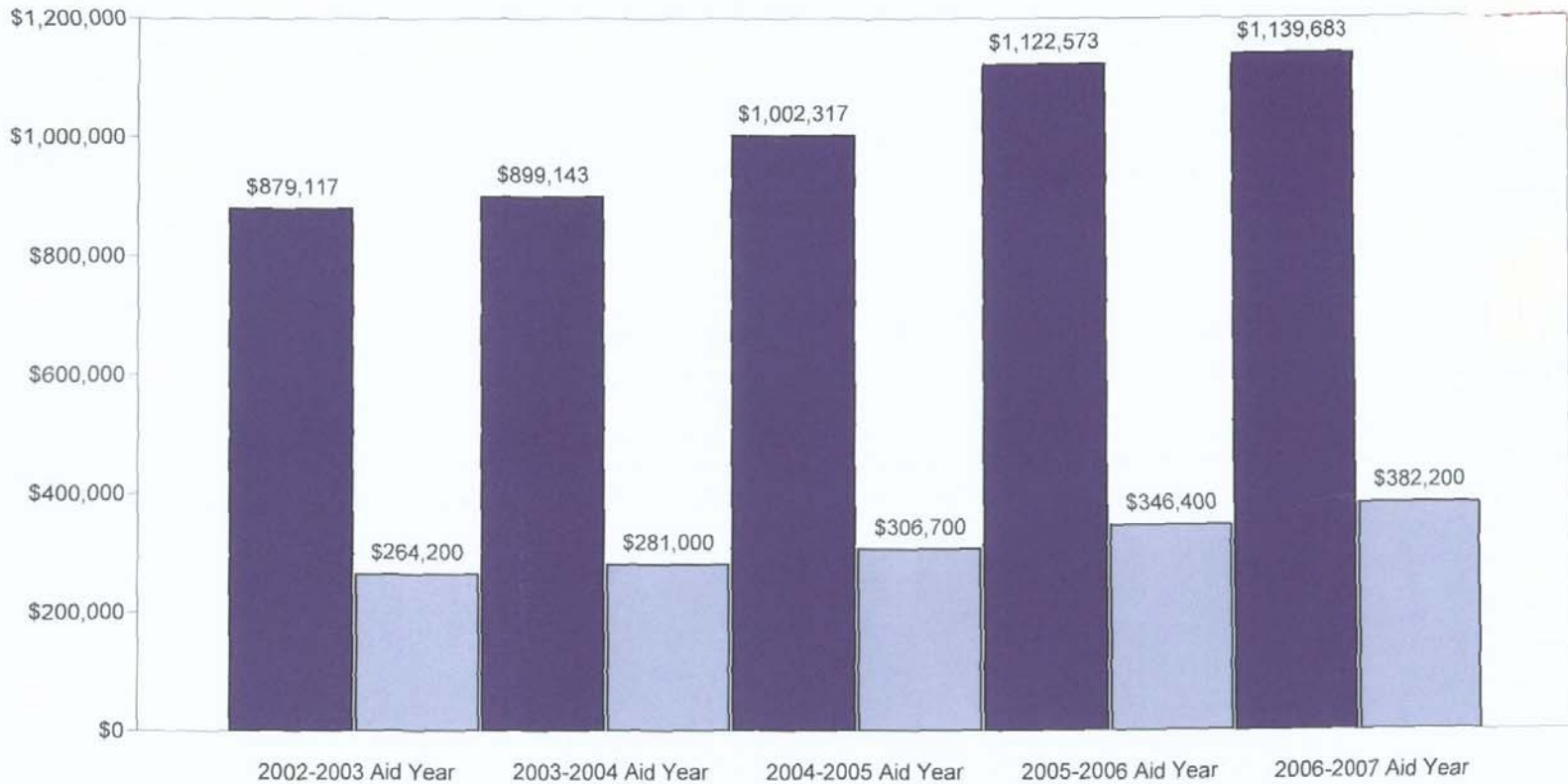
Regional Cost to Provide Adequate Education

Student Needs:

- Special Education
- Limited English Proficiency
- Free/Reduced Lunch
- Poverty Rate

Jericho UFSD

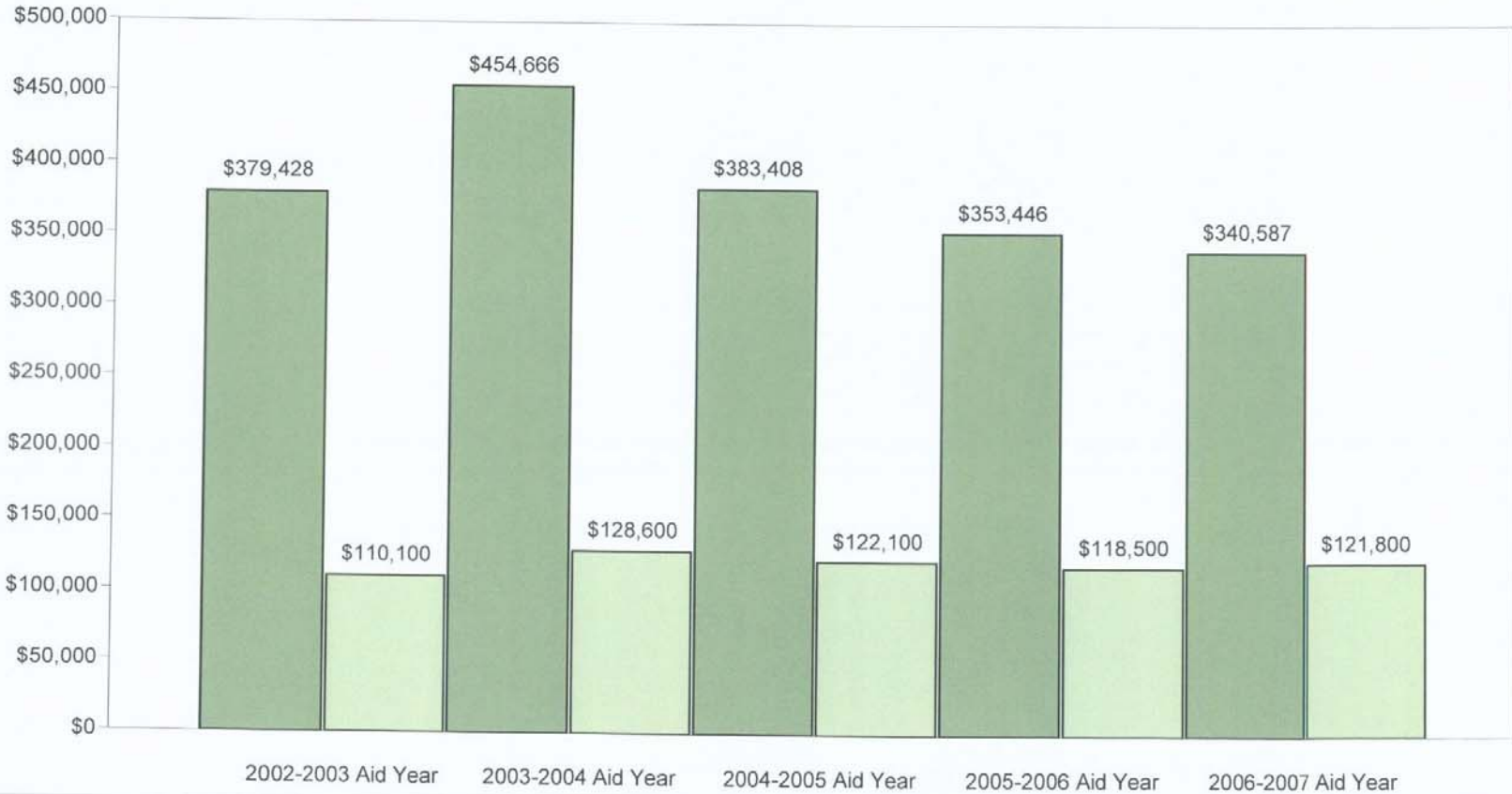
Full Value per Pupil (TWPU)



Legend	Aid Information	Source Information
<ul style="list-style-type: none"> District Data State Average 	<ul style="list-style-type: none"> 2002-2003 Aid Year: 1999 Full Value / 2000-01 TWPU 2003-2004 Aid Year: 2000 Full Value / 2001-02 TWPU 2004-2005 Aid Year: 2001 Full Value / 2002-03 TWPU 2005-2006 Aid Year: 2002 Full Value / 2003-04 TWPU 2006-2007 Aid Year: lesser of 2003 FV or 117% of 2002 FV / 2004-05 TWPU 	<ul style="list-style-type: none"> 2002-03 Final Aid Projections, 5/17/02 2003-04 Final Aid Projections, 5/14/03 2004-05 Final Aid Projections, 8/9/04 2005-06 Final Aid Projections, 3/31/05 2006-07 Final Aid Projections, 4/3/06

Jericho UFSD

Income per Pupil (TWPU)



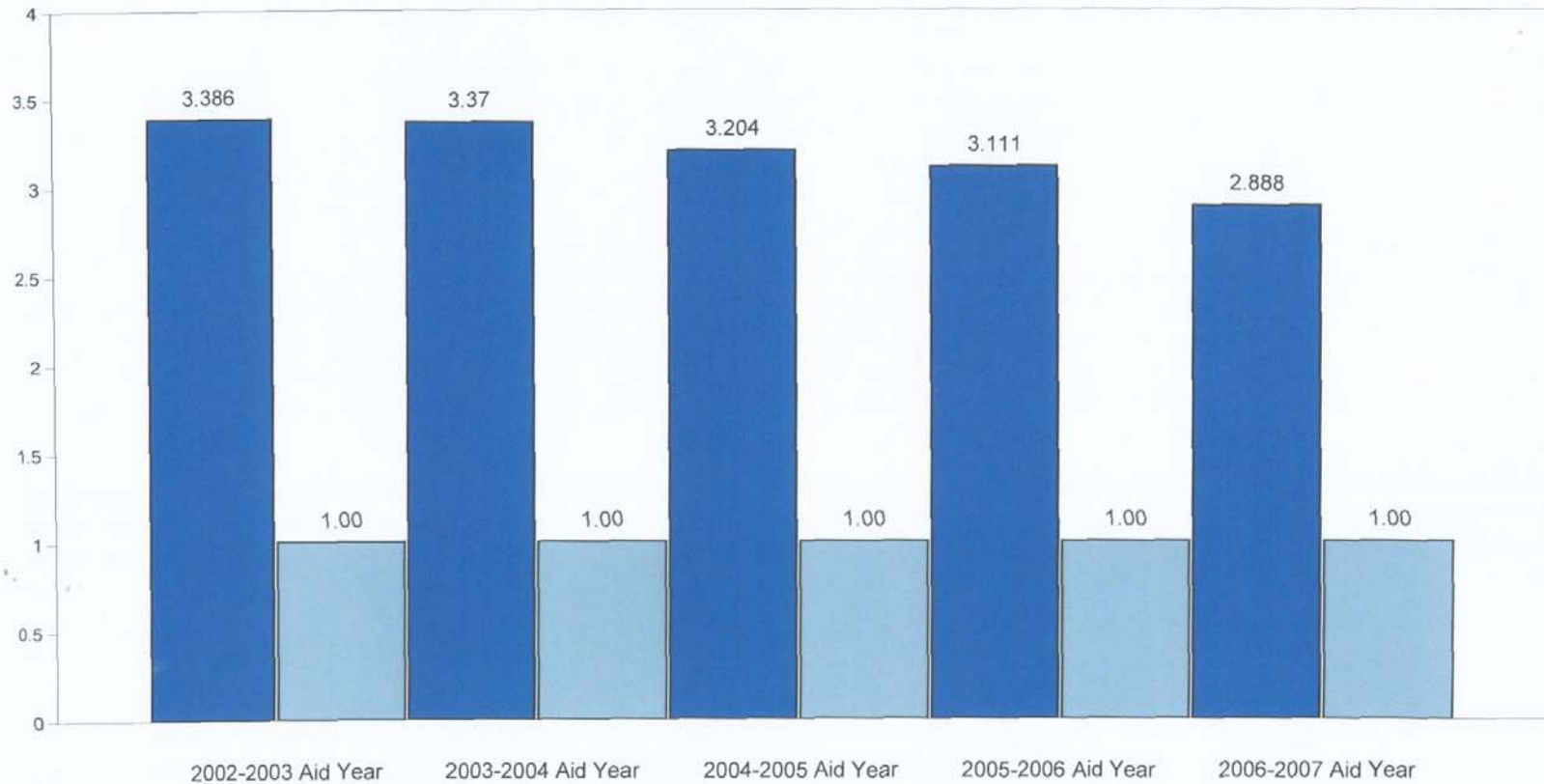
Legend
 District Data
 State Average

Aid Information
 2002-2003 Aid Year: 1999 Income / 2000-01 TWPU
 2003-2004 Aid Year: 2000 Income / 2001-02 TWPU
 2004-2005 Aid Year: 2001 Income / 2002-03 TWPU
 2005-2006 Aid Year: 2002 Income / 2003-04 TWPU
 2006-2007 Aid Year: 2003 Income / 2004-05 TWPU

Source Information
 2002-03 Final Aid Projections, 5/17/02
 2003-04 Final Aid Projections, 5/14/03
 2004-05 Final Aid Projections, 8/9/04
 2005-06 Final Aid Projections, 3/31/05
 2006-07 Final Aid Projections, 4/3/06

Jericho UFSD

Combined Wealth Ratio (CWR)



Legend

- █ District Data
- █ State Average

Aid Information

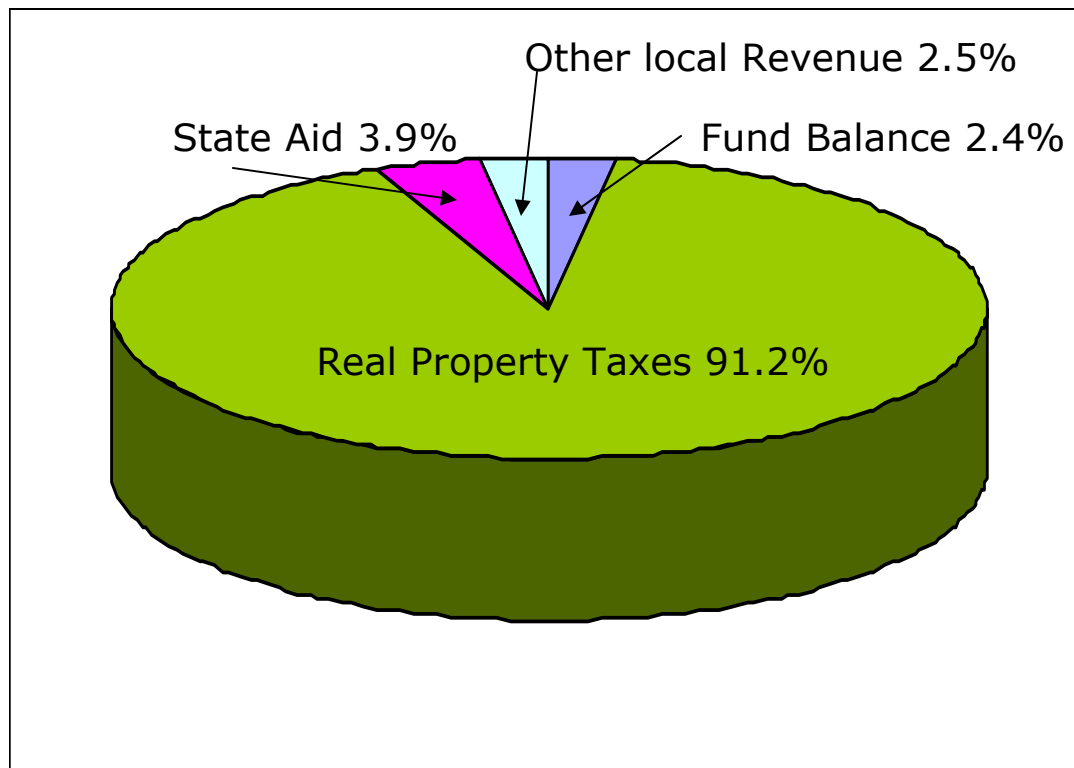
- 2002-2003 Aid Year: 2002-03 Combined Wealth Ratio
- 2003-2004 Aid Year: 2003-04 Combined Wealth Ratio
- 2004-2005 Aid Year: 2004-05 Combined Wealth Ratio
- 2005-2006 Aid Year: 2005-06 Combined Wealth Ratio
- 2006-2007 Aid Year: 2006-07 Combined Wealth Ratio

Source Information

- 2002-03 Final Aid Projections, 5/17/02
- 2003-04 Final Aid Projections, 5/14/03
- 2004-05 Final Aid Projections, 8/9/04
- 2005-06 Final Aid Projections, 3/31/05
- 2006-07 Final Aid Projections, 4/3/06



Revenue 2007-08





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



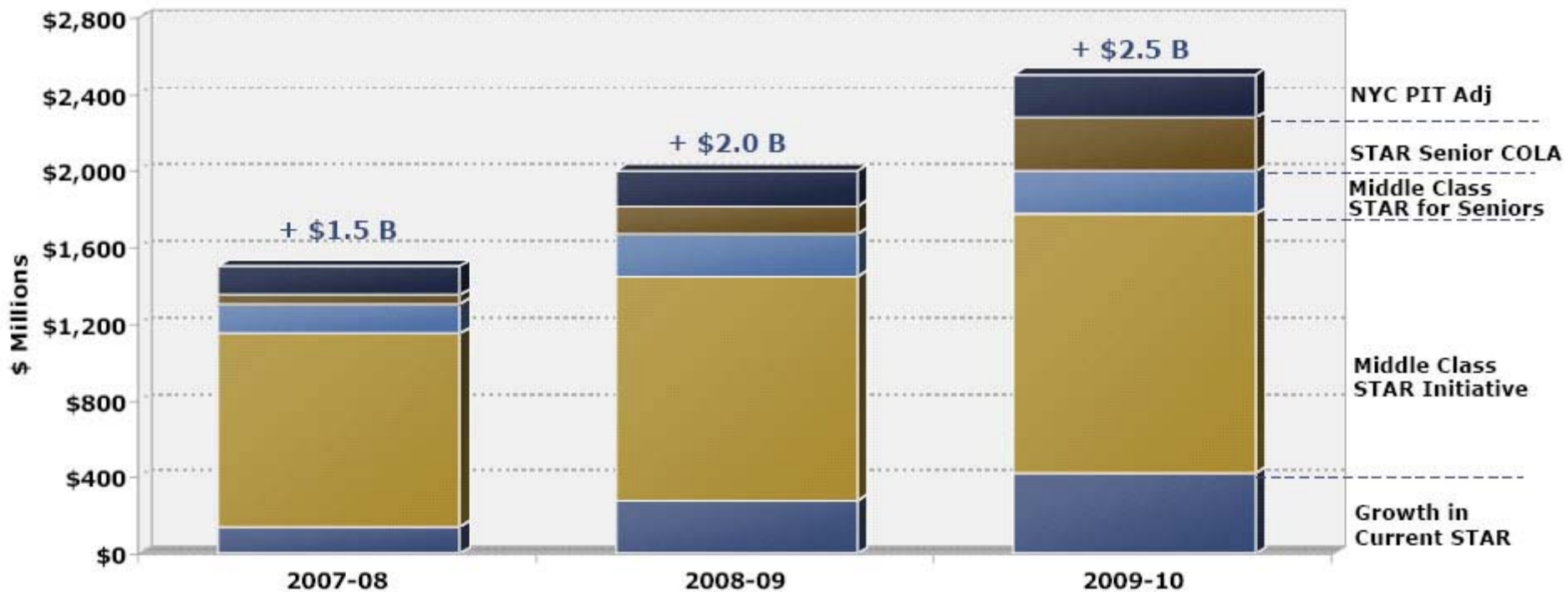
Who controls the factors that determine the amount of the school tax?

- *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.



\$6 Billion Property Tax Relief Plan

Property Tax Relief, 2007-2010



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



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>
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 6/30/05) 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.



Decisions about the budget!

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

<u>Total Budget</u>	<u>% of Increase</u>
\$95,683,737	6.9%

Financial Forums 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 2008 may not be greater than 3.84% above the prior year's budget amount.



What is the Contingent Budget Cap for 2008 in the Jericho District?

● 06/07 Adopted Budget	\$89,505,455
● Less Exclusions for 2006-07*	<u>2,438,063</u>
● Adjusted Base Year	87,067,392
● 07/08 Base Budget with 3.84% increase	90,410,779
● Add Exclusions**	<u>3,436,313</u>
● Contingent Budget	93,847,092
● Proposed Budget	95,683,737
● Required Cuts to Remain Within Budget Cap	(\$1,836,645)

*2007 Exclusion—Debt Service

**2008 Exclusions—Debt Service, Capital Imprv., Special Tuitions and Services Enrollment



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 2005-06	Budget 2006-07	Budget 2007-08	Percent Increase
	EXPENDITURES				
1000	GENERAL SUPPORT	8,232,493	9,391,420	9,876,378	
1000A	GENERAL SUPPORT BLDG IMPRV	292,667	450,000	1,075,000	
2000	INSTRUCTION	50,118,298	55,745,829	59,189,100	
5000	PUPIL TRANSPORTATION	3,944,046	4,636,617	5,016,660	
7000	COMMUNITY SERVICES	57,594	120,525	77,000	
9000	UNDISTRIBUTED	17,317,517	19,161,064	20,449,599	
	TOTAL EXPENDITURES	79,962,615	89,505,455	95,683,737	6.90%
	APPROPRIATED FUND BALANCE		2,300,000	2,300,000	
	REVENUES				
	INTEREST	1,125,828	310,000	850,000	
	MISCELLANEOUS REVENUES	255,086	250,000	250,000	
	TUITION OTHER DISTRICT--TUTORS	89,990	440,000	150,000	
	STATE AID--REGULAR	3,222,852	3,500,000	3,800,000	
	TEXTBOOK, COMPT, LIBRARY	283,665			
	USE OF POOL AND ADMISSIONS	12,750	4,400	10,000	
	TOBAY PROGRAM	7,500	4,000	7,000	
	CULTURAL ARTS FEES	39,437	97,300	40,000	
	NYS OASIS PROGRAM	73,081	66,000	66,000	
	NON-PUBLIC HEALTH CHARGES	663,047	600,000	600,000	
	RENTAL OF PROPERTY	538,739	495,000	530,000	
	TRANSFER OTHER FUNDS	17,172	-	-	
	TOTAL RECEIPTS	6,329,147	8,066,700	8,603,000	
	RAISED BY TAXES	76,310,470	81,438,755	87,080,737	6.9%



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



Tax levy for the 2007-08 Budget

- Estimate other revenue sources
 - State Aid--\$3.8M
 - Fund Balance Appropriated--\$2.3M
 - Other Local Revenues--\$2.5M

- Total Budget minus All Other Revenues= Tax Levy
 - \$95,683,737
 - 8,603,000
 - \$87,080,737

- Percentage Increase in Tax Levy 6.9%



Comparative Data Per Pupil Expenditures

			2002-03	2003-04	2004-05
ROSLYN			20,800	21,664	24,254
LOCUST VALLEY			20,223	22,419	24,015
GREAT NECK			20,775	21,910	23,476
JERICO			20,901	21,705	23,333
MANHASSET			23,344	23,162	23,211
OYSTER BAY			22,093	21,695	23,007
NORTH SHORE			20,411	22,301	21,063
EAST WILLISTON			20,741	21,296	20,837