

# Holding the Tax Rate at 1.76%

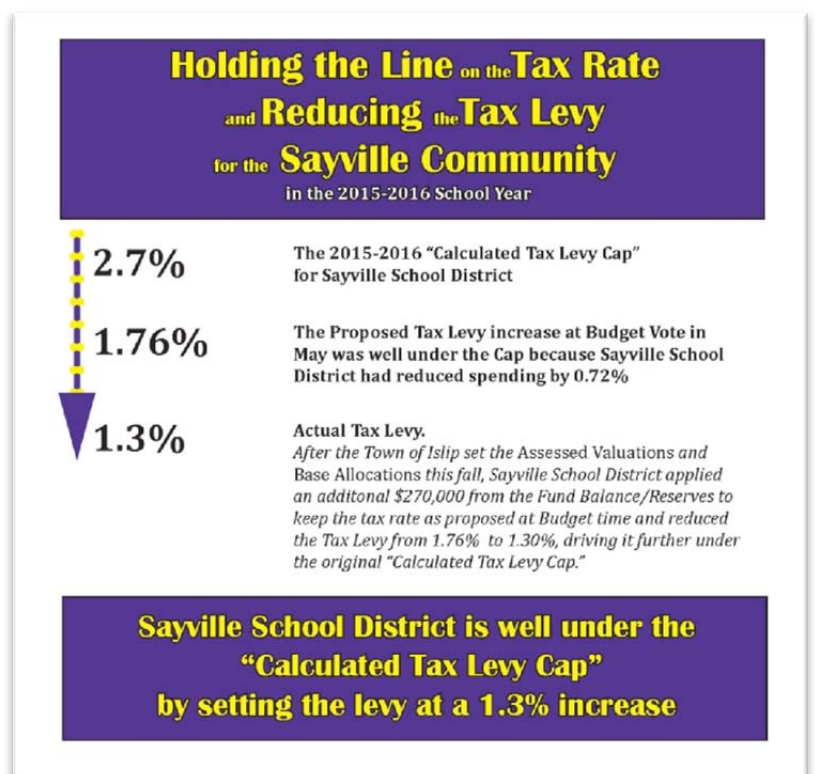
At a special Board Meeting to set the Tax Levy for the upcoming year, Sayville School District Administrators met with the Board of Education for the purpose of keeping the 'tax rate' that was proposed at Budget time and to reduce the Tax Levy from 1.76% to 1.30%. This was not as simple as it sounds due to many factors that affected the setting of the Tax Levy this year.

A few weeks ago, the Town of Islip was able to determine the *Assessed Valuations*\* and the *Base Allocation* figure\*\* that annually impact the setting of the 'tax rate' and the Tax Levy. (*Base Allocations* and *Assessed Valuations* are determined by the Town of Islip, NOT the School District.) This year, both components (*see bullets below*) would have negatively impacted the proposed Homestead tax rate.

- A Net decrease in *our Assessed Valuation*—for the second consecutive year—that amounted to \$747,002.
  - A significant driver for this *Assessed Valuation* decrease was due to the Veterans Exemption which took effect for the first time. (However, the district and the BOE anticipated the effect of this \$1,512,150 Veterans Exemption decrease when they adopted it at the Sayville Board Meeting held on January 8, 2015).
- An increase in the *Base Allocations* for Homestead Tax Base that represented the percentage of Homestead (Residential) and NonHomestead (Business) properties within the District.

The good news is Sayville School District was prepared with a solution:

- To offset the *Assessed Valuation* decrease and the change in Base Allocations, and to keep the tax rate at the proposed 1.76%, the School District applied an additional \$270,000 from the Fund Balance/Reserves, bringing the applied Fund Balance total to \$2,376,600.
- Using this additional Fund Balance reduced the Tax "Levy" Cap from 1.76% to 1.3%, putting Sayville School District further under the "Calculated Tax Levy Cap" of 2.7% than it was in May.



As in previous years, Sayville School District remains fiscally responsible by taking into consideration its state-aid projections, expenditures, miscellaneous revenues, along with its fund/reserves when it balances its annual school budgets and submits it for resident approval each May. (*This year's budget of \$89,405,025 had a spending decrease of 0.72% from the previous year and was well under the 2.7% Calculated Tax Levy Cap.*)

The healthy fiscal condition of Sayville School District is a direct result of the Administration's prudent financial management and the Board of Education's cooperation in ensuring the stability of funds and programs for our students. Likewise, the integrity of the District's credit ratings continually earns Sayville School District high marks. The Aa2 assigned by Moody's Investor Service to Sayville is summarized as follows: "The Aa2 rating reflects the stable tax base with below average wealth levels, well managed financial position with satisfactory reserves, and elevated debt burden with average payout."

For more details, please check the September 30<sup>th</sup> 2015 presentation at BoardDocs on our website at: <http://www.boarddocs.com/ny/spsny/Board.nsf>

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\**Assessed Valuations* (taxable assessment of all properties in Sayville)

\*\*The *Base Allocation* figure that represented the percentage of Homestead (Residential) and NonHomestead (Business) properties within the District.