



***TUXEDO UNION  
FREE SCHOOL  
DISTRICT***

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***Budget Work Session #4  
Proposed 2012-13 Budget –  
Revenues and 3-Part Budget  
March 29, 2012***

# The Tax Cap

- ❖ **Enacted June 24, 2011 Program bill originated with Governor.**
- ❖ **Establishes a Tax Levy Limit on all local governments and school districts (excl. NYC).**
- ❖ **Cap begins with 2012-13 school year.**
- ❖ **Leaves the current contingency budget requirements/restrictions in place.**

# The Tax Cap

- ❖ **Not really a cap, rather sets the % of voter approval necessary to pass the budget.**
- ❖ **Budget passage needs 50% voter approval if levy is below calculated limit.**
- ❖ **Levy greater than calculated limit passage requires 60% of the qualified voters present and voting.**
- ❖ **Tax levy limit calculated by each district and will vary by district.**

# Tax Levy Limit Example

<b>Prior year tax levy</b>	<b>10,162,886</b>
<b>Tax base growth factor</b>	<b>x 1.00</b>
	<b>10,162,886</b>
<b>Prior year PILOT</b>	<b>+ 338,669</b>
	<b>10,513,924</b>
<b>Prior year exemptions (capital levy, court orders)</b>	<b>-977,970</b>
<b>Adjusted Prior Year Levy</b>	<b>9,523,585</b>
<b>Allowable Growth Factor (lesser of CPI or 2%)</b>	<b>x 1.02</b>
	<b>9,714,057</b>
<b>PILOT for coming year</b>	<b>- 329,819</b>
	<b>9,384,238</b>
<b>Available Carryover</b>	<b>+ 0</b>
<b>TAX LEVY LIMIT =</b>	<b>9,384,238</b>

# Maximum Allowable Levy

**“Tax Levy Limit”**

**+**

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**Dollars attributable to exemptions**

**=**

**Maximum Allowable Tax Levy  
(with a simple majority vote)**

# Exemptions

- ❖ **Capital Tax Levy – Tax levy necessary to support capital local expenditures.**
- ❖ **Capital Local Expenditures – Tax levy associated with budgeted expenditures including debt service and lease expenditures.**
- ❖ **Court Orders/Judgments – arising out of tort actions.**
- ❖ **Pension Costs – applies only to contribution rates that increased more than 2% over prior year.**

# Maximum Allowable Levy

## Example

<b>Prior year tax levy</b>	<b>10,162,886</b>
<b>Tax base growth factor</b>	<b>x 1.00</b>
	<b>10,162,886</b>
<b>Prior year PILOT</b>	<b>+338,669</b>
	<b>10,513,924</b>
<b>Prior year exemptions</b> <b>(capital levy, court orders)</b>	<b>-977,970</b>
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<b>Allowable Growth Factor</b> <b>(lesser of CPI or 2%)</b>	<b>x 1.02</b>
	<b>9,714,057</b>
<b>PILOTs for coming year</b>	<b>- 329,819</b>
	<b>9,384,238</b>
<b>Available Carryover</b>	<b>+ 0</b>
<b>TAX LEVY LIMIT =</b>	<b>9,384,238</b>
<b>Exemptions(capital levy)</b>	<b>+956,595</b>
<b>(ERS/TRS pension costs)</b>	<b>+ 12,087</b>
<b>Maximum Allowable Levy</b>	<b>10,352,920</b>
	<b>1.87%</b>

# Voter Threshold

**2012-13 Proposed Budget**  
**Less** Estimated State Aid  
**Less** Appropriated Fund  
 Balance & Reserves  
**Less** Other Revenue

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**2012-13 Proposed Tax Levy**

**2012 -13 “Tax Levy Limit”**  
**Plus** 2012 -13  
 Exemptions

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**2012 -13 “Maximum Allowable Levy”**

**16,519,011** Proposed 12/13  
 Budget  
**845,596** State Aid  
**600,000** Appropriated  
 Fund Balance  
**4,607,826** Other Revenue

**\$10,465,589**  
**2.98%**

**9,383,852** Tax Levy Limit  
**956,595** Capital  
**12,087** Pensions

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**\$10,352,920**  
**1.87%**

**Differential of \$112,669**



# What happens if the budget is not approved by the public?

If the proposed budget is not approved by the required margin:

❖ the district may resubmit the original budget or submit a revised budget to the voters on the third Tuesday in June

**OR**

❖ adopt a contingency budget that levies a tax no greater than that of the prior year (0% increase in tax levy).

If the resubmitted/revised budget proposal is not approved by the required margin:

❖ the Board of Education must adopt a budget that levies a tax no greater than that of the prior year (0% increase tax levy) and the budget would be subject to contingent budget requirements.

\* Districts will not be allowed to increase the tax levy to fund items excluded from the tax cap

# In Brief...

- ❖ **NYS has a property tax cap, NOT a 2% cap.**
- ❖ **The property tax cap limits the school district levy NOT the individual tax bill of resident taxpayers.**
- ❖ **The law doesn't cap tax increase; it sets a new threshold for voter approval based on the tax increase.**
- ❖ **The formula allows for certain expenses to be exempt from the cap so the total tax levy increase can be greater than the perceived cap**
- ❖ **BOEs can present a budget that "overrides" the cap but will need 60% voter approval.**
- ❖ **Voters are approving the budget (spending plan) NOT the tax levy.**



# *Budget Work Session*

## *#4*

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### *Revenues*

#### *3 – Part Budget*

Program

Administrative

Capital

# *REVENUES 2012-13*

	<u>2011/12</u>	<u>2012/13</u>	<u>% Change</u>
State Aid-Governor's Proposal	\$789,392	\$845,596	7.1%
Greenwood Lake Revenue	\$4,406,988	\$4,158,826	-5.6%
Interest and Earnings	\$60,000	\$40,000	-33.3%
Inter-fund Transfers	\$30,000	\$30,000	0.0%
Tax Penalties/Interest	\$14,000	\$14,000	0.0%
Health Services Other Districts	\$35,000	\$35,000	0.0%
PILOT Agreements	\$351,038	\$330,000	-6.0%
Fund Balance	\$600,000	\$600,000	0.0%
Tax Levy (including STAR)	<u>\$10,162,886</u>	<u>\$10,465,589</u>	<u>2.98%</u>
Total Estimated Revenue	\$16,623,780	\$16,519,011	0.42%

# *Tax Cap Comparison*

- **Current Proposed Budget has a tax levy of 2.98% or is \$112,669 above cap**
- **Requires 60% of the qualified voters present and voting**
- **Tax bill for \$75,000 Assessed Value, or \$450,000 Market Value Home = \$5,301.75**
- **Maximum allowable levy amount for district is 1.87%**
- **50% voter approval required**
- **Tax bill for \$75,000 Assessed Value, or \$450,000 Market Value Home = \$5,244.75**

**Differential of \$57 or just under 16¢/day.**

# *3-Part Budget 2012/13*

## Component Appropriations:

- Program - \$12,276,756
  - In-service training, Teaching-regular school, Special Education, Occupational Education, Library/AV, Technology, Guidance, Health Services, Pupil Personnel Services, Co-curricular activities, Interscholastic sports, Transportation, and the benefits for personnel associated with above.
- Administrative - \$1,839,602
  - Board of Education, District Clerk, District Meetings, Chief School Admin., Business Administration, Auditing, Treasurer, Tax Collector, Purchasing, Legal, Records Mgmt, Public Information, Curriculum development & supervision, Supervision-regular school, Central printing & mailing, Insurance, and the benefits for personnel associated with above.
- Capital - \$2,402,653
  - Operations and Maintenance, School bus purchases, Debt service, Inter-fund transfers, Tax Certioraris, and the benefits for personnel associated with above.



# *Questions?*

***Regular Board of Education Meeting  
and Adoption of Proposed 2012-13  
Budget –  
April 19, 2012  
GGM Multipurpose Room  
7 p.m.***