



Enlarged City School District



# Budget 2022-2023

Cortland Enlarged City School District  
February 8, 2022

Kristopher Williamson, Business Administrator



**Barry Primary**



**Smith Intermediate**



**Randall Middle**



**Junior High School**



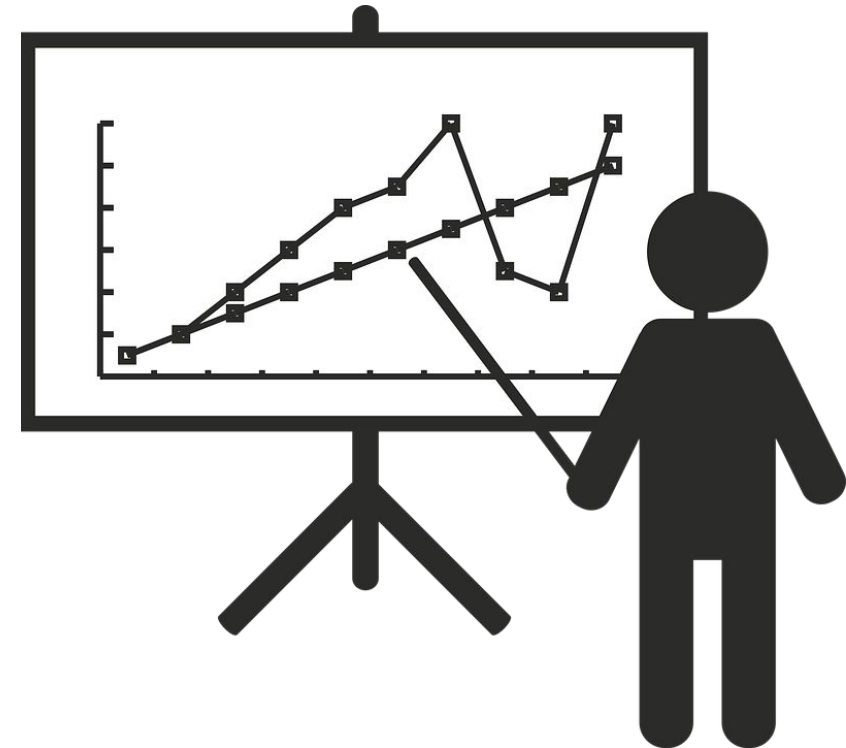
**Cortland High School**

# Budget Presentation #4

- Tax Cap Calculations

## Goals:

- Provide basic overview of the Tax Cap formula
- Review 2023 Calculations
- Discuss impacts to Cortland ECSD
- Review historical information about Tax Cap



# 2% Tax Levy Cap Information

Multi-step formula to determine maximum tax levy allowed with a simple majority vote (50% + 1)

Two separate growth factors (Tax Base and 2%)

- Reminder: 2% is just ONE of the factors in this calculation

Law allows for additional funds to be added to tax base in addition to the two growth factors (Exclusions)

# Terminology

**Exclusions** - Local share of expenses that have either been voter-approved in prior years (principal and interest for Bonds) or other expenses mentioned in the law to be excluded from percent increases

**Tax Levy Limit** - The total amount of money that taxpayers contribute to the school district that requires a simple majority vote (50% + 1)

**PILOT** - “Payment In Lieu Of Taxes” - Predetermined tax payment based on an agreed schedule of payments between the district and taxpayer - Is not included in the Tax Levy, but is part of the Local Taxes

# 2% Tax Levy Cap Formula

## Base Formula

$$\left( \left[ \left( \begin{array}{l} \text{Total taxes levied for} \\ \text{prior fiscal year} \end{array} + \begin{array}{l} \text{Prior year} \\ \text{reserve offset} \end{array} - \begin{array}{l} \text{Reserve amount} \\ \text{(including interest} \\ \text{earned)} \end{array} \right) \times \begin{array}{l} \text{Tax base} \\ \text{growth} \\ \text{factor}^1 \end{array} \right] + \begin{array}{l} \text{PILOTs} \\ \text{receivable in the} \\ \text{prior fiscal year} \end{array} - \begin{array}{l} \text{Capital tax levy} \\ \text{exclusion, prior} \\ \text{fiscal year} \end{array} - \begin{array}{l} \text{Tort exclusion,} \\ \text{prior fiscal} \\ \text{year} \end{array} \right) \\
 \times \begin{array}{l} \text{Allowable levy} \\ \text{growth factor} \\ \text{(1.00 to 1.02)}^2 \end{array} - \begin{array}{l} \text{PILOTs} \\ \text{receivable in} \\ \text{coming fiscal} \\ \text{year} \end{array} + \begin{array}{l} \text{Available} \\ \text{carryover, if} \\ \text{any} \end{array} = \text{Tax Levy Limit}$$

## + Exclusions

$$\begin{array}{l} \text{Tax Levy} \\ \text{Limit} \end{array} + \begin{array}{l} \text{Tax levy necessary for} \\ \text{expenditures resulting} \\ \text{from court} \\ \text{orders/judgments} \\ \text{arising out of tort} \\ \text{actions for any amount} \\ \text{in excess of 5\% of the} \\ \text{total taxes levied in} \\ \text{the prior fiscal year} \end{array} + \begin{array}{l} \text{Capital tax levy} \end{array} + \begin{array}{l} \text{Tax levy necessary to pay} \\ \text{for increases to the system} \\ \text{average actuarial} \\ \text{contribution rate (ERS) or} \\ \text{normal contribution rate} \\ \text{(TRS) of pension funds over} \\ \text{2 percentage points} \end{array} = \begin{array}{l} \text{Tax Levy Limit,} \\ \text{with Exclusions} \\ \text{(if applicable)}^3 \end{array}$$

# Overall Breakdown of Formula

1. Adjust current year\* taxpayer levy for Tax Base growth (addition of new properties/businesses)
2. Add PILOTs to taxpayer levy and subtract current year\* exclusions to obtain total Local Levy amount
  - a. Represents the total adjusted local levy amount before exclusions for 2022
3. Apply lesser of 2% or CPI to total Local Levy amount to account for Levy Increases for 2023
  - a. Represents the total local levy amount before exclusions for 2023
4. Subtract PILOTs to obtain taxpayer levy before exclusions
5. Add exclusions to obtain the total taxpayer levy for 2023

\*Current Year is listed as “prior year” in the formula

# Adjustments to Taxpayer Levy for Tax Base Growth in 2021-2022

2021-22 Tax Levy		\$18,107,360
Add current year Reserve offset	+	\$0
Subtract Reserve Amount	-	\$0
Tax Base Growth Factor	x	1.0000*
Tax Levy Adjustment based on Tax Base Growth		\$18,107,360

\*This implies that either there has been no growth in tax base, or there is negative growth.



# Calculating the Total Local Levy for 2023 before Exclusions

Tax Levy Adjustment based on Tax Base Growth		\$18,107,360
Add current year PILOTs	+	\$149,600
Subtract current year Capital Exclusions	-	\$748,224
Subtract current year Torts/Judgment Excl.	-	\$0
		(\$17,508,736)
Allowable Levy Growth Factor	x	1.0200*
Total Local Tax Levy based on 2% Growth Limit		\$17,858,911

\*CPI has been between 0.12%-2.47% since 2011. It is currently over 4%.

# Total Taxpayer Local Levy Limit for 2023 Before Exclusions

Total Local Tax Levy based on 2% Growth Limit		\$17,858,911
Subtract next year PILOTs	-	\$160,600
Add allowable carryover	+	\$0
<b>Total Levy Limit Before Exclusions</b>		<b>\$17,698,311</b>

For this year, this number is \$17,359,136, which results in a 1.95% increase over the current year for the Total Levy Limit before Exclusions.

# 2023 Capital Exclusions

	Capital Projects	Bus Purchases	BOCES Rent and Capital
Debt Service Payments	\$4,035,550	\$536,123	\$117,919
Anticipated Aid	\$3,732,696	\$341,040	\$86,308
<b>LOCAL SHARE:</b>	<b>\$302,854</b>	<b>\$195,083</b>	<b>\$31,611</b>

Voter approval was given for Capital Projects and Bus Purchases. The local share of these expenses are added to the tax levy as exclusions.

The local share of BOCES rent and capital is also added to the tax levy as exclusions.

# 2023 Capital Exclusions

Tort/Judgment Exclusions:	\$0
Capital Tax Exclusion (Capital Projects):	\$302,854
Capital Tax Exclusion (Bus Purchases):	\$195,083
Capital Tax Exclusion (BOCES Rent/Capital):	\$31,611
Tax Levy for pension contributions to ERS:	\$0
Tax Levy for pension contributions to TRS:	\$0
<b>Total Exclusions:</b>	<b>\$529,548</b>

# 2023 Levy Limit with Exclusions

Total Levy Limit Before Exclusions \$17,698,311

Add Total Exclusions + \$529,548

**Tax Levy Limit with Exclusions for 2023 \$18,227,859**

This is a 0.67% increase over the Tax Levy for 2022.

# Compared with Previous Years

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Tax Base Growth Factor</b>	1.0027	1.0022	1.0021	1.0000	1.0000
<b>Allowable Levy Growth Factor</b>	1.0200	1.0200	1.0181	1.0123	1.0200
<b>PILOTs Received</b>	\$145,000	\$145,000	\$141,000	\$149,600	\$160,600
<b>Levy Limit Before Exclusions</b>	\$16,469,747	\$16,840,673	\$17,154,999	\$17,359,136	\$17,698,311
<b>Total Exclusions</b>	\$745,625	\$753,047	\$596,205	\$748,224	\$529,548
<b>Levy Limit with Exclusions</b>	\$17,215,372	\$17,593,720	\$17,751,204	\$18,107,360	\$18,227,859
<b>Tax Levy for Fiscal Year</b>	<b>\$17,215,372</b>	<b>\$17,559,679</b>	<b>\$17,751,200</b>	<b>\$18,107,360</b>	<b>\$18,227,859</b>
<b>Difference</b>	\$0	- \$34,041	- \$4	\$0	\$0
<b>Percent Increase</b>	1.23%	2.00%	1.09%	2.01%	0.67%

# Key Take-Aways

- Limited by Tax Base Growth Factor (1.0000) and Allowable Levy Growth Factor (1.0200)
  - Highest that CPI has been since the inception of the Tax Cap
- PILOTs increasing this year
  - 0.06% of 2022 Local Tax Levy
- Capital Exclusions are going down, becoming more steady
  - 1.21% of 2022 Local Tax Levy

**Anticipated 2023 Local Tax Levy:** **\$18,227,859**

**Percent Increase over Current Year:** **0.67%**



# Next Steps in Budget Process

- Continue to Review Initial Budget Requests
- Continue to update Revenue Projections





# Next Presentation - March 8

- Present Initial Revenue Budget
- Transportation
- Operations and Maintenance



Questions?

