



Enlarged City School District



# Budget 2024-2025

Cortland Enlarged City School District  
February 27, 2024

Kristopher Williamson, Business Administrator



**Barry Primary**



**Smith Intermediate**



**Randall Middle**



**Junior High School**



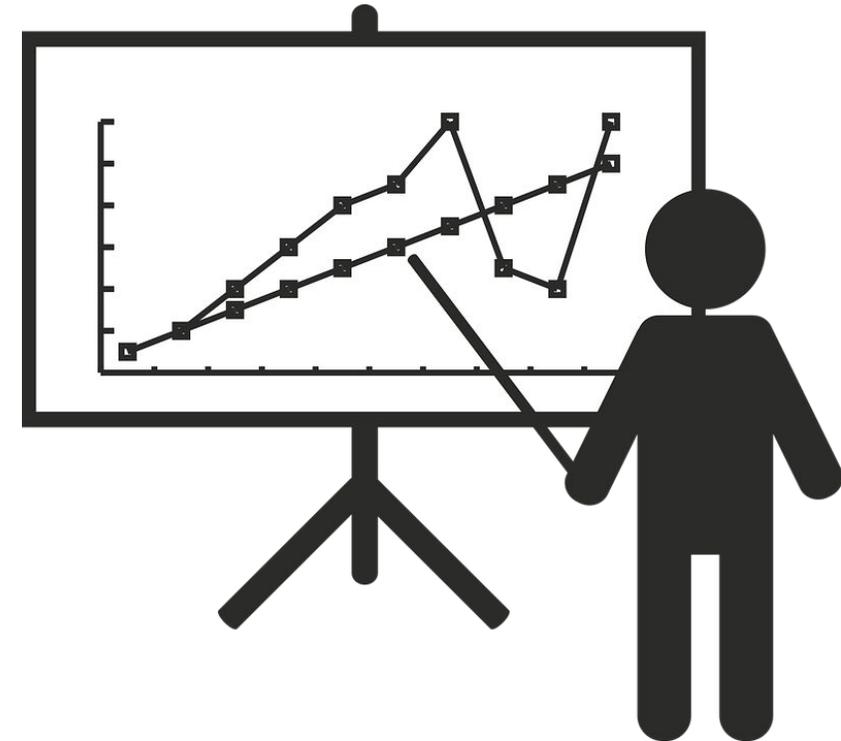
**Cortland High School**

# Budget Presentation #6

- Tax Cap Calculations (Submitted to Comptroller by March 1)
- State Aid Projections
- Current Projected Revenue Budget

## Goals:

- Provide basic overview of the Tax Cap formula
- Review 2025 Calculations
- Discuss current status of Revenue Budget
- Review possible solutions to close budget gap



# 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%)

- Tax Base: Growth of assessments to keep same tax rate
- 2% or CPI: Growth of rising costs
  - Value used is the lower of 2% or CPI

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 adjusted Local Levy amount
  - a. Represents the total adjusted local levy amount before exclusions for 2024
3. Apply lesser of 2% or CPI to total Local Levy amount to account for Levy Increases for 2025
  - a. Represents the total local levy amount before exclusions for 2025
4. Subtract PILOTs to obtain taxpayer levy before exclusions
5. Add exclusions to obtain the total taxpayer levy for 2025

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

# Adjustments to Taxpayer Levy for Tax Base Growth in 2023-2024

2023-24 Tax Levy \$18,573,269

Add current year Reserve offset + \$0

Subtract Reserve Amount - \$0

Tax Base Growth Factor x 1.0074\*

\*This implies that total relative assessments have increased 0.74%.

Tax Levy Adjustment based on Tax Base Growth \$18,710,711

# Calculating the Total Local Levy for 2025 Before Exclusions

Tax Levy Adjustment based on Tax Base Growth		\$18,710,711
Add current year PILOTs	+	\$165,730
Subtract current year Capital Exclusions	-	\$435,525
Subtract current year Torts/Judgment Excl.	-	\$0
		(\$18,440,916)
Allowable Levy Growth Factor	x	1.0200*
Total Local Tax Levy based on 2% Growth Limit		\$18,809,735

\*CPI has been between 0.12%-8.00% from 2011-2023. CPI is currently around 4.12%



# 2025 Capital Exclusions

	<b>Capital Projects</b>	<b>Bus Purchases</b>	<b>BOCES Rent and Capital</b>
Debt Service Payments	\$4,910,000	\$550,000	\$122,473
Anticipated Aid	\$4,403,340	\$422,017	\$89,885
<b>LOCAL SHARE:</b>	<b>\$506,660</b>	<b>\$127,983</b>	<b>\$32,588</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.

# 2025 Capital Exclusions

Tort/Judgment Exclusions:	\$0
Capital Tax Exclusion (Capital Projects):	\$506,660
Capital Tax Exclusion (Bus Purchases):	\$127,983
Capital Tax Exclusion (BOCES Rent/Capital):	\$32,588
Tax Levy for pension contributions to ERS:	\$5,587
Tax Levy for pension contributions to TRS:	\$0
<b>Total Exclusions:</b>	<b>\$672,818</b>

# 2025 Levy Limit with Exclusions

Total Levy Limit Before Exclusions \$18,719,045

Add Total Exclusions + \$672,818

**Tax Levy Limit with Exclusions for 2025 \$19,391,863**

This is a 4.41% or \$818,594 increase over the Tax Levy from 2024.

# Compared with Previous Years

	2021	2022	2023	2024	2025
<b>Tax Base Growth Factor</b>	1.0021	1.0000	1.0000	1.0047	1.0074
<b>Allowable Levy Growth Factor</b>	1.0181	1.0123	1.0200	1.0200	1.0200
<b>PILOTs Received</b>	\$141,000	\$149,600	\$160,600	\$165,730	\$90,690
<b>Levy Limit Before Exclusions</b>	\$17,154,999	\$17,359,136	\$17,698,311	\$18,137,744	\$18,719,045
<b>Total Exclusions</b>	\$596,205	\$748,224	\$529,548	\$435,525	\$672,818
<b>Levy Limit with Exclusions</b>	\$17,751,204	\$18,107,360	\$18,227,859	\$18,573,269	\$19,391,863
<b>Tax Levy for Fiscal Year</b>	<b>\$17,751,200</b>	<b>\$18,107,360</b>	<b>\$18,227,859</b>	<b>\$18,573,269</b>	<b>\$19,391,863</b>
<b>Difference</b>	- \$4	\$0	\$0	\$0	\$0
<b>Percent Increase</b>	1.09%	2.01%	0.67%	1.89%	4.41%

# Key Tax Levy Take-Aways

- Limited by Tax Base Growth Factor (1.0074) and Allowable Levy Growth Factor (1.0200)
  - CPI continues to be above 2%
- PILOTs decreasing next year
  - Increases taxable assessments
- Capital Exclusions are going up slightly
  - Leveling off to normal levels from previous years

**Anticipated 2025 Local Tax Levy:**

**\$19,391,863**

Percent Increase over Current Year:

4.41%

*Anticipated Tax Rate on True Increase:*

3.00%



# Initial State Aid Projections (Feb 1, 2024)

	2023-24 Legislative Aid	Increase	2024-25 Proposed Budget	Budget Adjustments	2024-25 Budgeted Aid As of 2/1/24
Foundation Aid	\$ 23,328,075	\$ (225,712)	\$ 23,102,363	\$ 225,712	\$ 23,328,075
Universal Pre-Kindergarten	\$ 508,644	\$ 321,877	\$ 830,521	\$ (310,521)	\$ 520,000
BOCES	\$ 2,176,557	\$ 310,836	\$ 2,487,393	\$ (87,393)	\$ 2,400,000
High Cost Excess Cost	\$ 708,482	\$ (57,116)	\$ 651,366	\$ (1,366)	\$ 650,000
Private Excess Cost	\$ 180,117	\$ 13,424	\$ 193,541	\$ (3,541)	\$ 190,000
Hardware & Technology	\$ 39,363	\$ (1,586)	\$ 37,777	\$ 0	\$ 37,777
Software, Library, Textbook	\$ 167,064	\$ (3,263)	\$ 163,801	\$ 0	\$ 163,801
Transportation, Including Summer	\$ 1,571,309	\$ 72,056	\$ 1,643,365	\$ (93,365)	\$ 1,550,000
Building	\$ 3,687,703	\$ 104,226	\$ 3,791,929	\$ 611,411	\$ 4,403,340
Charter School Transitional	\$ 167,040	\$ (51,427)	\$ 115,613	\$ (5,613)	\$ 110,000
<b>TOTAL (Excluding UPK)</b>	<b>\$ 32,025,710</b>	<b>\$ 161,438</b>	<b>\$ 32,187,148</b>	<b>\$ 645,845</b>	<b>\$ 32,832,993</b>

# Historical Revenue Projections

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Tax Levy	\$ 17,559,679	\$ 17,751,080	\$ 18,107,360	\$ 18,227,859	\$ 18,573,269	\$ 19,391,863
PILOTs	\$ 145,000	\$ 141,000	\$ 149,600	\$ 160,600	\$ 165,730	\$ 90,690
State Aid	\$ 29,702,387	\$ 30,835,771	\$ 31,347,787	\$ 31,741,542	\$ 32,090,698	\$ 32,832,993
Other Revenues	\$ 905,650	\$ 942,150	\$ 935,150	\$ 935,150	\$ 935,150	\$ 1,217,000
<b>TOTAL REVENUES</b>	<b>\$ 48,312,716</b>	<b>\$ 49,670,001</b>	<b>\$ 50,539,897</b>	<b>\$ 51,065,151</b>	<b>\$ 51,764,847</b>	<b>\$ 53,532,546</b>
Appropriated Fund Balance	\$ 500,000	\$ 500,000	\$ 308,359	\$ 400,000	\$ 740,000	\$ TBD
Use of Reserves	\$ 764,171	\$ 0	\$ 0	\$ 100,000	\$ 961,195	\$ TBD
<b>TOTAL BUDGET</b>	<b>\$ 49,576,887</b>	<b>\$ 50,170,001</b>	<b>\$ 50,848,256</b>	<b>\$ 51,565,151</b>	<b>\$ 53,466,042</b>	<b>\$ TBD</b>
Unspent from Approved Budget	\$ 539,289.03	\$ 5,269,843.68	\$ 4,508,387.78	\$ 1,092,823.61	TBD	TBD
% of Subsequent Budget	1.07%	10.36%	8.74%	2.04%	TBD	TBD

# Next Steps in Budget Process



- Continue to close budget gap
  - Projected Expenses: \$56,309,670 (5.32% increase)
    - \$976,135 reduction since January
  - Projected Revenues: \$54,032,546 (1.06% increase)
    - \$775,684 increase since January
  - Current Budget Gap: **\$2,277,124** (Assumes \$500,000 Fund Balance)
  - Current State Aid Projections **assumes a change to Hold Harmless of 0%**
  - Includes projected BOCES rates for 2024-25
  - Staffing and BOCES Services will need some closer examination
- Continue to update Revenue Projections based on updates from the Governor's proposed budget

# Fund Balance Projections

- Regular reviews of Fund Balance projections
- Current projection: \$5,380,000
- Current 4% RPTL Limit: \$2,252,000
- **Current projected excess: \$3,128,000**

Fund Balance projections will change by EOY

- Unanticipated expenses lower FB projections
- Miscellaneous Revenues can increase FB projections
- Appropriated Fund Balance will lower FB projections
- Final adjustments will be made during annual Audit in July/August

# Fund Balance Considerations

- Fund Balance is needed to cover expenses from July - September
- When applying Fund Balance beyond the excess from the 4% limit, cash flow becomes a concern for the Summer and Early Fall
- To maintain a healthy fund balance for future years, current year surplus should match or exceed Reserve and Appropriated Fund Balance
  - 2024 FB: \$740,000
  - 2024 Reserves: \$961,195
  - Current projected surplus: \$2,502,000
- BOE Goal to Use and Refund Reserves
  - TRS and Capital Reserves are a priority

# Tax Levy Limit Options

- Current Budget Gap: **\$2,777,124** (With \$0 Appr. Fund Balance)
- **Option 1A: Current budget**
  - Tax Levy: \$19,391,863 4.41% Increase (50% + 1)
  - Fund Balance: \$1,519,124
  - Reserves: \$1,258,000
- **Option 1B: Legislature approves 3% hold harmless**
  - Tax Levy: \$19,391,863 4.41% Increase (50% + 1)
  - Additional State Aid: \$699,842
  - Fund Balance: \$900,282
  - Reserves: \$1,177,000

# Options for Tax Levy Override

- Current Budget Gap: **\$2,777,124** (With \$0 Appr. Fund Balance)
- **Option 2A: Tax Levy Override to make up loss from not being at 3% HH**
  - Tax Levy: \$20,091,705 8.18% Increase (60%)
    - Includes \$699,842 increase to the tax levy limit
  - Fund Balance: \$900,282
  - Reserves: \$1,177,000
- **Option 2B: Legislature approves 3% HH, Override to limit Fund Balance and Reserves**
  - Tax Levy: \$19,966,409 7.50% Increase (60%)
    - Includes \$574,546 increase to the tax levy limit
  - Additional State Aid: \$699,842
  - Fund Balance: \$750,736
  - Reserves: \$752,000

# Tax Cap Limitations



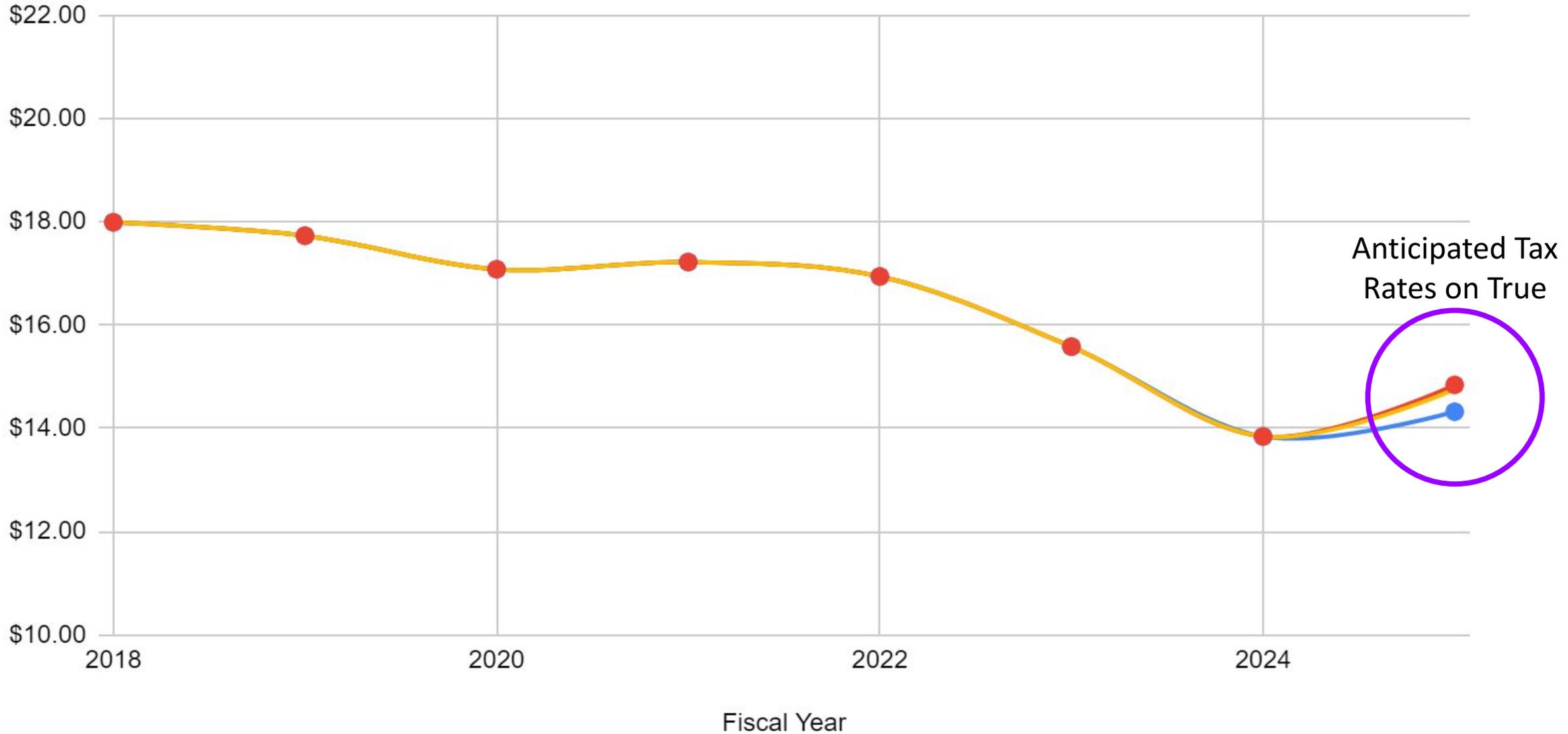
# A Brief Look at the Effects of the Tax Cap

Year	CPI	Growth Factor Used	Levy from Formula	Levy with CPI	Difference
2018	1.26%	1.26%	\$17,006,932	\$17,006,932	\$0
2019	2.13%	2.00%	\$17,215,372	\$17,236,548	\$21,176
2020	2.44%	2.00%	\$17,559,679	\$17,688,732	\$129,053
2021	1.81%	1.81%	\$17,751,200	\$17,882,869	\$131,669
2022	1.23%	1.23%	\$18,107,360	\$18,240,648	\$133,288
2023	4.70%	2.00%	\$18,227,859	\$18,840,147	\$612,288
2024	8.00%	2.00%	\$18,573,269	\$20,314,323	\$1,741,054
2025	4.12%	2.00%	\$19,391,863	\$21,609,010	\$2,217,147

*Note:  
Current Budget  
Gap is \$2.3 million.*

# Historical Tax Rates (per \$1,000 of assessed value)

● Tax Levy Limit 4.41% ● Tax Levy Override 8.18% — Tax Levy Override 7.5%



# Next Presentation - March 26

- Draft Revenue Budget
  - Anticipate some uncertainty with Foundation Aid Projections
  - Decision if the district will request a Tax Levy Override
- Draft 2024-25 Budget
  - Broken down by category
  - Proposal for closing the remaining budget gap

April 17

- BOCES Budget Adopted (Admin/Rent/Capital)
- Final Draft of 2024-25 Budget
- BOE Adopts 2024-25 Budget



Questions?

