

# Overview on Financial Status

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Presented to: Johnson City CSD

Presented on: February 13, 2024

Central Business Office, Broome-Tioga BOCES



# Tonight's topics

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- Projection of and Factors Impacting 2023-2024
- Projected Status of Fund Balance at 6/30/2024
- Status of Reserves, Limitations on Use, and Strategies for Funding
- Challenges Moving Forward
- Foundation Aid in the Executive Proposal
- Tax Levy Limit



# Projection of 2023-2024

	<b>Projected 6/30/2024</b>
Revenues	\$68,779,369
Expenditures	\$69,324,590
Operating Surplus (Deficit)	(\$545,221)

Without the carryforward purchase orders from 2022-2023 the district would have a surplus of \$1,040,331, \$450,000 of which is from interest earnings.

Note: This projection is expected to be refined as additional information on such things as staffing changes, BOCES services, tuition costs and utilities becomes available. It will be impacted especially by the health insurance performance.



# Factors Impacting 2023-2024

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- Interest earnings estimated at \$450,000
  - \$286,000 of interest earnings must go to reserves
- Health insurance projected at a 30% increase over prior year including cash cap payback
- BOCES and outside placements special education projected at a 6% increase over prior year



# Projected Status of Fund Balance 6/30/2024

	6-30-23 Actual	6-30-24 Projected	Increase/ (Decrease)
Non-spendable FB	\$-0-	\$-0-	\$-0-
Restricted FB	\$11,479,257	\$12,460,344	\$981,087
Assigned Appropriated FB	\$750,000	\$750,000	\$-0-
Assigned Encumbrances	\$1,585,532	\$0	(\$1,585,532)
Unassigned FB	\$2,705,211	\$2,764,435	\$59,224
<b>TOTAL FUND BALANCE</b>	<b>\$16,520,000</b>	<b>\$15,974,779</b>	<b>(\$545,221)</b>



# Status of Reserves (Restricted Fund Balance)

	6-30-23 Actual	6-30-24 Projected	Increase/ (Decrease)
Retirement Contribution Reserve <i>(for ERS)</i>	\$1,524,477	\$1,562,470	\$37,993
TRS Sub-Reserve	\$1,709,536	\$1,872,142	\$162,606
Unemployment Insurance Reserve	\$154,613	\$158,466	\$3,853
Employee Benefit Accrued Liability Reserve (EBLAR) <i>(based on days earned)</i>	\$503,654	\$516,206	\$12,552
Tax Certiorari Reserve	\$1,905,775	\$1,953,271	\$47,496
Capital Reserve	\$5,681,202	\$6,397,789	\$716,587
<b>TOTAL RESERVES</b>	<b>\$11,479,257</b>	<b>\$12,460,344</b>	<b>\$981,087</b>

The 6/30/24 projected balances include funding of \$120,000 to the TRS Sub-Reserve, and funding of \$575,000 to the Capital Reserve. All remaining increases are from interest earnings.



# Reserves: Limitations on Use

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- The first four reserve accounts listed on the previous slide can be used to support operations only up to the amount of the actual expense.
- The Tax Certiorari Reserve can be used only for settled cases, and if outstanding potential claims decrease, the reserve must be decreased.
- The Capital Reserve cannot be used to support operations, only voter-approved capital projects.



# Strategies for Funding Reserves in 2023-2024

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- Review tax certiorari claims – can we reduce?
- Fund Capital Reserve
- Increase Appropriated Fund Balance





# Challenges Moving Forward

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- Only a portion of reserves are available to support annual operations
- Federal Stimulus funding is ending
  - Will programs funded by ARP continue with General Fund support?
- Foundation Aid increases will be substantially less than the past three years



# Executive Proposal: Changes to Foundation Aid

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## 1. Removal of the “save harmless” calculation

**Current law:** districts that have calculated foundation aid less than what they are currently receiving usually due to declining enrollment are held “harmless” and receive aid equivalent to the prior year. In past years, the budget has usually included a minimum increase on top of this.

**Proposed change:** these districts would receive aid based on the formula and then a “transition adjustment” of 50% - 91% of the variance between the calculated aid and 23-24 foundation aid

In other words, these districts would receive a 9%-50% reduction of the calculated variance in foundation aid.

This adjustment is based on wealth factors



# Executive Proposal: Changes to Foundation Aid

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## 2. Change in the inflation figure

**Current law:** the inflationary increase to the base amount per student is based on the average CPI change over the previous calendar year. This would be 4.1% for calendar year 2023 (for 24-25 aid). It was 8% for 23-24 aid.

**Proposed change:** the inflationary increase would be based on the average of the last 10 years dropping the high and the low. This would mean a 2.4% increase for 24-25 aid. For the Broome-Tioga BOCES region this is a difference of \$4.9M.

For Johnson City Central School District this is \$472,000



# Executive Proposal: Changes to Foundation Aid

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## 3. Removal of the minimum increase

**Current law:** as mentioned, districts “over funded” are held harmless and typically receive a minimum 1-3% increase in aid each year.

**Proposed change:** there would be no minimum increase (and in fact a reduction). Impacted districts would not only have a reduction from prior year but would also lose this normal increase.



# Maximum allowable levy LIMIT

Maximum Tax Levy Increase without “Super Majority”	
2024-25 Maximum Allowable Tax Levy*	\$27,734,307
2023-24 Tax Levy	\$27,045,514
Maximum increase in Tax Levy to remain under Tax Levy Limit	\$ 688,793
Percentage Increase	2.55%

\*Without voter approval in excess of 60%



# Maximum allowable levy LIMIT

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CPI	PILOTS	Capital (namely BOCES project)	ERS Exemption
<ul style="list-style-type: none"><li>• 531,233 1.97%</li></ul>	<ul style="list-style-type: none"><li>• 145,270 0.54%</li></ul>	<ul style="list-style-type: none"><li>• 6,354 0.02%</li></ul>	<ul style="list-style-type: none"><li>• 5,936 0.02%</li></ul>

There is no tax base growth factor for 24-25.

\*Without voter approval in excess of 60%



# Questions?

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