



Cornwall Central School District

2024-25 Proposed Budget Overview

March 18, 2024

2024-25 Budget – Needs Assessment Update

The following reflects a newly identified need as a result of the District’s recently held Universal Pre-K lottery:

Universal Pre-K Program (UPK)

- Additional 20 seats / students

The District’s 24-25 UPK enrollment is currently at 78 students. These students are at four different community-based UPK programs and the District is receiving partial state aid funding for them. However, based on the number of UPK applicants seeking placement in 24-25 (134) and historical parent placement acceptance rate, the District could fill another UPK class (20 students).

\$ 52,364

Previously identified Needs – 2/5/24 BOE Meeting

1,024,178

Updated Total Cost of Needs Assessment

\$ 1,076,542

2024-25 Budget – Summary Update

The following provides an overview of the current status of the 2024-25 Budget process:

Meeting Date	Preliminary Expenditures	Preliminary Revenue	Projected Assigned Fund Balance / Reserves	Funds Available For District Needs
2/26/24	\$ 89,818,446	\$ 87,079,345	\$ 2,500,000	\$ (239,101)
3/18/24	\$ 89,830,646	\$ 87,079,345	\$ 2,500,000	\$ (251,301)
4/8/24				
4/18/24 (Budget Adoption)				

2024-25 Revenue Projections

Source:
Governor's Executive
Budget Proposal

	2024-25 Revenue Projections	2023-24 Projected Revenue	Budget-to-Budget Increase
State Aid	\$ 33,524,001	\$ 31,995,238	\$ 1,528,763
School Tax Levy	52,194,149	51,575,246	618,903
Miscellaneous	1,361,195	1,172,203	188,992
TOTAL	\$ 87,079,345	\$ 84,742,687	\$ 2,336,658

State Aid

- ❖ The increase in state aid is reflective of the Governor’s proposed Executive Budget, which reduces the District’s Foundation Aid by \$363,395, when compared to current law.
- ❖ While the final state aid figures will be determined jointly by the Legislature and Governor, both houses’ respective budget proposal calls for:
 - Rejecting the Governor’s proposal to alter the Foundation Aid current formula.
 - An increase in the BOCES aidable salary cap from \$30,000 to \$60,000.
 - An increase in funding for Universal Pre-K.

2024-25 Revenue Projections

School Tax Levy

- ❖ While the Maximum Allowable Tax Levy is 3.12%, the Tax Levy for 2024-25 currently reflects only a 1.2% increase. Note: for every 1% increase, the tax levy increases by \$515,752.
- ❖ The following reflects the estimated increase in school taxes under the **Proposed Tax Levy increase of 1.2%**. Note: based on current 2023-24 assessment levels and equalization rates.

Residence – Fair Market Value	Estimated Tax Increase	
	Tax / Year	Tax / Month
\$250,000	\$ 53	\$ 4
\$350,000	\$ 74	\$ 6
\$450,000	\$ 95	\$ 8

Miscellaneous Revenue

- ❖ Miscellaneous Revenue levels remain healthy due to the interest rate environment favorably impacting our interest income.

Open Items:

- ❖ Final state aid figures.

Fund Balances / Reserves

The following reflects the District's various fund balances and reserves over the past three years:

Fund Balance / Reserve	Balance at Year-end		
	6/30/23	6/30/22	6/30/21
Unassigned Fund Balance	\$3,489,707	\$3,258,064	\$3,065,451
Assigned Fund Balance (to reduce Tax Levy)	2,500,000	4,110,420	2,250,000
Tax Certiorari Reserve	841,571	812,038	812,038
ERS Pension Contribution Reserve	1,200,000	918,491	918,491
TRS Pension Contribution Reserve	2,000,000	1,645,320	1,041,530
Employee Benefit Accrued Liability Reserve	534,503	515,746	515,746
Unemployment Insurance Reserve	15,388	14,848	14,848
Capital Reserve #1	- 0 -	4,994,592	4,994,592
Capital Reserve #2	2,997,888	300,000	- 0 -
Total	\$13,579,057	\$16,569,519	\$13,612,696

Fund Balances / Reserves

Unassigned Fund Balance

- This is the District's rainy-day fund, which does not have to designate an immediate purpose. NYS limits the Unassigned Fund Balance to 4% of the total budget.
- The current Unassigned Fund Balance of \$3,489,707 reflects the full 4%.

	6/30/23	6/30/22	6/30/21
Unassigned Fund Balance	\$3,489,707	\$3,258,064	\$3,065,451

Assigned Fund Balance

- This is the amount the District uses to help fund the budget (expenditures). In doing so, it reduces the amount of the total tax levy and resulting school tax increase.
- This amount must always be kept to a sustainable and realistic amount each year or the District risks a funding gap in the next year's budget.
- Assigning too much fund balance also impacts the amount that could be dedicated to a specific reserve account.
- Looking at the District's financial history and barring an unforeseen expenditure or revenue anomaly, a sustainable and realistic amount would be \$2M to \$2.5M per year.

	6/30/23	6/30/22	6/30/21
Assigned Fund Balance	\$2,500,000	\$4,110,420	\$2,250,000

Fund Balances / Reserves

Tax Certiorari Reserve

- This reserve provides funding for school tax refunds the District is ordered to pay upon a taxpayer's successful challenge to their taxable assessed value.
- The projected liability / payout on open challenges is currently approximately \$1.25 million.
- The projected liability / payout will fluctuate from year to year but the reserve should strive to be fully funded based on the projection at each year end.

	6/30/23	6/30/22	6/30/21
Tax Certiorari Reserve	\$841,571	\$812,038	\$812,038

ERS Pension Contribution Reserve / TRS Pension Contribution Reserve

- These reserves provide funding for future pension obligations for staff who are part of the NYS Teachers' Retirement System (TRS) or NYS Employee's Retirement System (ERS).
- The use of these reserves provide budgetary stability in those years that experience a dramatic increase in the respective employer contribution rate.
- With both retirement funds tied to the volatility of the stock market and global economic picture, a continuous funding strategy to these reserves would favorably position the District for any kind of downturn.

	6/30/23	6/30/22	6/30/21
ERS Pension Contribution Reserve	\$1,200,000	\$918,491	\$918,491
TRS Pension Contribution Reserve	\$2,000,000	\$1,645,320	\$1,041,530

Fund Balances / Reserves

Employee Benefit Accrued Liability Reserve

- This reserve provides funding for contractual benefit obligations when staff retire (e.g., unused sick time and unused vacation time).
- Based on the historic level of retirements each year, the current reserve level is deemed adequate.

	6/30/23	6/30/22	6/30/21
Employee Benefit Accrued Liability Reserve	\$534,503	\$515,746	\$515,746

Unemployment Insurance Reserve

- This reserve provides funding for NYS unemployment insurance claims related to former employees.
- The District is required to pay 100% of all unemployment claims paid by NYS.
- Adequate funding of this reserve would total approximately two years of anticipated high claims, or ~\$150,000.

	6/30/23	6/30/22	6/30/21
Unemployment Insurance Reserve	\$15,388	\$14,848	\$14,848

Fund Balances / Reserves

Capital Reserve #1 and #2

- A capital reserve provides funding for future capital improvements to District facilities.
- By using a capital reserve, a District can reduce / eliminate the local taxpayer share of a capital project that is not covered by building aid – thereby, reducing the school tax impact.
- Capital Reserve #1 was established in 2018 with a maximum funding amount of \$5,000,000. It was subsequently earmarked for a \$23M District-wide capital project approved by taxpayers at the May 20, 2022 Budget Vote.
- Capital Reserve #2 was established in May 2022 with a maximum funding amount of \$5,000,000.

	6/30/23	6/30/22	6/30/21
Capital Reserve #1	\$ - 0 -	\$4,994,592	\$4,994,592
Capital Reserve #2	\$2,997,888	\$300,000	\$0

2024-25 Budget Calendar / Agendas

April 8, 2024 -- BOE Budget Session (7 pm @ Cornwall Elementary)

- Review any changes to State Aid as per anticipated adopted NYS Budget.
- Review / prioritization of Needs Assessment for 2024-25 Budget inclusion.

April 18, 2024 -- BOE Budget Session (7 pm @ Cornwall Elementary)

- BOE adoption of the 2024-25 Budget.

May 21, 2024

Budget Vote and Board of Education Election
(6 am to 9 pm – Cornwall Middle School Gymnasium)