

**SOUTH HUNTINGTON SCHOOL DISTRICT
BUDGET WORK SESSION
BOARD OF EDUCATION MEETING
MARCH 9, 2022**



**CREATING THE
LEADERS OF TOMORROW**

FISCAL PHILOSOPHY

The district's fiscal approach as we go through the budget process is to address needs while ensuring sustainability.

Therefore, our financial recommendations are made through a prudent and protective lens on the future.

WHAT IS THE TAX LEVY LIMIT

The tax levy limit (“cap”) is the tax increase that School Districts are legally permitted to request from the taxpayers.

OUR RECENT TAX LEVY HISTORY

2018/19: 2.15%

2019/20: 2.87%

2020/21: 2.33%

*2021/22: 0.99%

*State Aid applied to lower levy from 1.99%

TAX LEVY GROWTH HISTORY

2021/22 (0.99%) = \$1,191,065

2020/21 (2.33%) = \$2,747,582

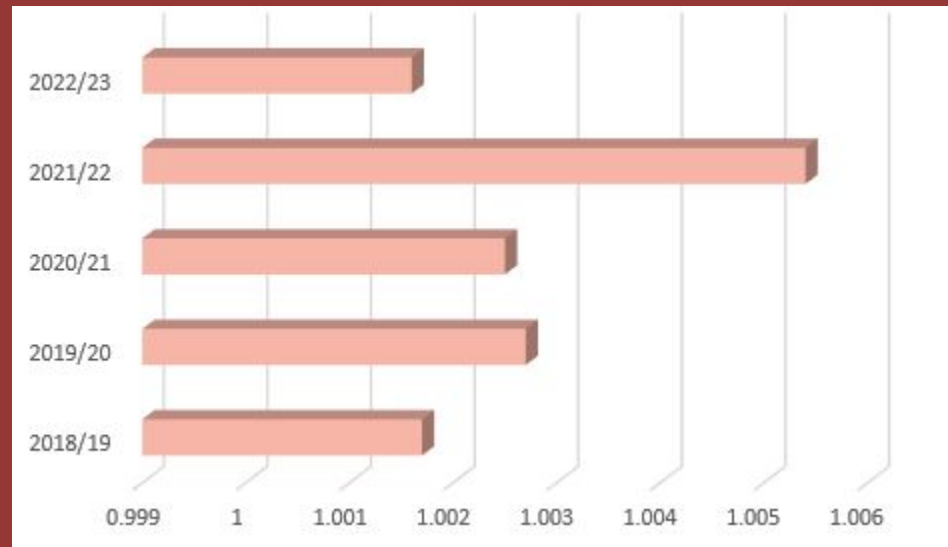
2019/20 (2.87%) = \$3,293,745

2018/19 (2.15%) = \$2,416,162

TAX LEVY FORMULA: TAX BASE GROWTH FACTOR

The growth factor is based on “quantity change,” such as new construction, newly taxable status of existing property, or measurable improvements to taxable property within the boundaries of the local government or school district.

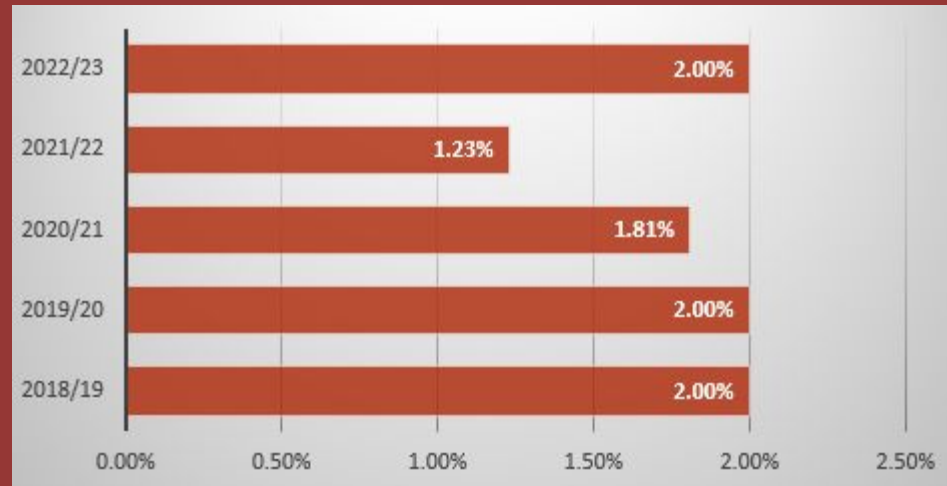
- 2018/19: 1.0017
- 2019/20: 1.0027
- 2020/21: 1.0025
- 2021/22: 1.0054
- 2022/23: 1.0016



TAX LEVY FORMULA: INFLATION FACTOR

Allowable tax levy increase is the lesser of 1.02 (max) or inflation factor (percent change in CPI for the 12 month period ending December 31)

- 2018/19: 2.00%
- 2019/20: 2.00%
- 2020/21: 1.81%
- 2021/22: 1.23%
- 2022/23: 2.00%



TAX LEVY FORMULA: EXCLUSIONS

KEY EXCLUSIONS CAN BE:

- Pension increases greater than 2%
- Capital Expenditures Net of Aid
 - a. Debt Service
 - b. Capital Expenditures
 - c. Bus Purchases
 - d. Installment Purchases

REVIEW OF CURRENT 2021/22 BUDGET

Taxation	\$121,832,088
State Aid	\$46,421,675
Other	\$9,584,000
Total Revenues (adding the above)	\$177,837,763
Total Expenditures	\$184,937,763
Reserves Usage	\$2,600,000
Appropriated Fund Balance	\$4,500,000

FUND BALANCE

Fund Balance: Carry-over funds from the current year to be allocated in the subsequent year.

- For 2021/22, we allocated \$4.5 million in Fund Balance.
- For 2022/23, we are seeking to reduce this to \$3.9 million.

RESERVES

Districts are not permitted to use “credit” to cover expenses, therefore, they have a modest cushion in the budget lines to safeguard for emergencies and unforeseen expenses. If the budget is underspent, the money is placed in reserves or fund balance. If the budget allocations are insufficient, either cuts are made or reserves utilized. Reserves can also be utilized to reduce the tax levy.

Albany wants school districts to budget to the dollar, without leaving much in reserves, while the auditors and Moody’s Investors Services believe budgeting without that modest cushion is bad fiscal practice.

The State Comptroller was quoted a few years back as stating that the districts with “ample rainy day funds” will be able to better navigate a low revenue year, while those who don’t will have to make tough decisions.

USE OF RESERVES

Over the years, the district has made gradual use of its reserves. The utilization of reserves is prudent and selective. Whenever possible, we have sought to replenish them. In 2021/22, the District maintained its utilization. For 2022/23, the degree of utilization will depend upon the final State aid number and the tax levy.

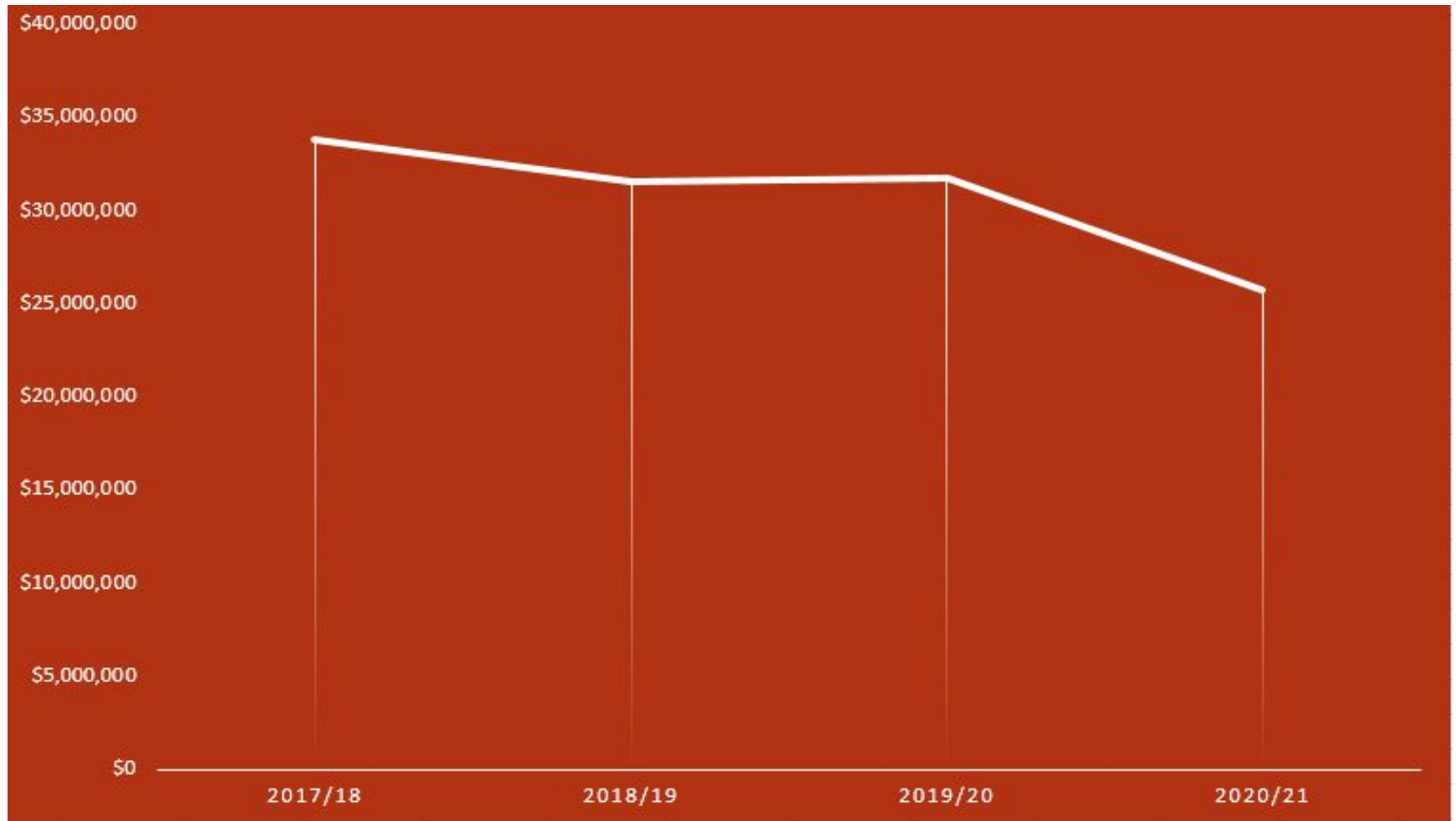
The district continues to be committed to reducing this reliance and has planned accordingly. Adequate annual State Aid plays a vital role in this plan.

4 YEAR HISTORY OF RESERVES

	2017/2018	2018/2019	2019/2020	2020/2021
WORKERS' COMPENSATION	\$ 2,802,026	\$ 2,361,745	\$ 1,952,687	\$ 1,505,195
UNEMPLOYMENT INSURANCE	\$ 330,387	\$ 335,866	\$ 339,057	\$ 339,099
INSURANCE	\$ 671,572	\$ 682,709	\$ 689,194	\$ 689,281
EMPLOYEE RETIREMENT SYSTEM	\$ 7,201,639	\$ 5,809,677	\$ 4,184,870	\$ 2,035,395
TEACHERS RETIREMENT SYSTEM	\$ -	\$ 1,000,000	\$ 1,009,500	\$ 1,009,627
EMPLOYEE BENEFIT ACCRUED LIABILITY (EBLAR)	\$ 8,838,183	\$ 9,423,925	\$ 9,893,466	\$ 8,894,707
TAX REDUCTION	\$ -	\$ -	\$ -	\$ -
ASSIGNED - APPROPRIATED CARRYOVER ENCUMBRANCES	\$ 397,512	\$ 99,100	\$ 4,040,723	\$ 1,717,259
ASSIGNED – APPROPRIATED FUND BALANCE	\$ 5,537,282	\$ 5,008,041	\$ 5,100,000	\$ 4,500,000
ASSIGNED – UNAPPROPRIATED FUND BALANCE (OPEB)	\$ 1,233,034	\$ -	\$ -	\$ -
UNASSIGNED FUND BALANCE (4% CAP)	\$ 6,816,807	\$ 6,834,978	\$ 4,511,177	\$ 5,089,635
TOTAL RESERVES	\$ 33,828,442	\$ 31,556,041	\$ 31,720,674	\$ 25,780,198

From June 30, 2018, through June 30, 2021 we have seen a decrease in our reserves of \$8,048,244, or approximately 24%.

4 YEAR - TOTAL RESERVES TREND



THE REVENUE REALITY OF 2022/2023

- The Governor's Executive Proposal contains **\$58,622,324** in total State Aid.
- Our hope is that the final approved State Budget will provide additional State Aid (probably a modest increase from the proposed) to further offset use of reserves.
- Our eligible Tax Levy Cap with all applied exclusions could be 4.43%, however, based on the current State Aid proposal this will not be necessary.

FACILITIES PLANNING FOR 2022/23

Based upon the proposed State Aid for 2022/23, the district is current planning to allocate approximately **\$1,000,000** for buildings and grounds maintenance as well as **\$4,000,000** in “Transfer to Capital” for Capital improvement projects.

Potential Maintenance and Capital Projects include:

- District-wide – Vestibules (Teen Center property sale funding/offsetting costs for several vestibules)
- Countrywood – Roof Repair
- Silas Wood – Library/Media-Makerspace Phase II
- Stimson – Small Forum
- Stimson – Public Address System (Smart Schools Funding)
- Walt Whitman – Public Address System
- Walt Whitman – Bleacher and Press Box Replacement
- Walt Whitman – Drainage
- Walt Whitman – Library Air Conditioning
- Memorial – Field Phase II

ENERGY PERFORMANCE CONTRACT

South Huntington has engaged in an Energy Performance Contract (EPC) that will help to address many of the district's needed repairs and replacements for facilities items such as boilers, water heaters, HVAC, lighting, controls, and solar arrays.

The district is awaiting final State Education Department approval to begin the work.

TRANSPORTATION PLANNING FOR 2022/23

With the proposed State Aid for 2022/23, the district is also currently planning to allocate approximately **\$1,100,000** for the purchase of additional buses.



SCHOOL DISTRICT PROPERTY SALES

- **The following District owned properties are currently for sale:**
- **2 Melville Road (Old Library)**
- **West 23rd Street (Central Field)**
 - Softball field was previously relocated to Memorial**

SCHOOL DISTRICT PROPERTY SALES

Proceeds from these property sales will be utilized to offset costs associated with:

- Deconstructing the elementary portables
- Constructing new elementary Library/Media-
STREAM Centers

Voter authorization is required to finalize these sales.

GOALS FOR 2022/2023

- Continuous strive for excellence
- Enhance opportunities and meet the needs of all students
- Close achievement gaps
- Continue to address “unfinished” learning through our Academic Recovery Plan due to the pandemic
- Continuity of programs
- Strengthen community partnerships
partnerships
- Fiscal sustainability including reducing reserve reliance as State Aid increases
- Safety and enhancement of Facilities & Grounds



UPCOMING BUDGET PRESENTATION DATES

March 23, 2022: Budget Work Session/Board of Education Meeting, JKAO

April 12, 2022: Budget Adoption/Board of Education Meeting, JKAO

April 26, 2022: BOCES Budget Vote/Special Board of Education Meeting, JKAO

May 10, 2022: Public Hearing of Budget/Board of Education Meeting, JKAO

May 17, 2022

BUDGET/REFERENDUMS VOTE & BOARD OF EDUCATION ELECTIONS,
Walt Whitman High School, 3-10 pm

Board of Education Meeting, Walt Whitman High School, 7:30 pm