

Watchung BOE

Financial Overview

Financial Status of the District 2023 - 2024

- Over several years the BOE has tried to maintain a cost-conscious approach to increases in the tax levy.
- As a result, increases in mandated and contractual expenses as well as the loss of Federal grant funds, has created stress on the financial operations of the district.
- Going forward, the district must establish a stable financial foundation now and into the future.

Financial Status of the District 2023 - 2024

- Loss of Federal COVID grants
 - CARES - \$28,391
 - CRRSA ESSER II - \$180,351
 - ARP IDEA - \$27,793
 - ARP ESSER III - \$423,006
 - Total = \$659,541
- Reduction of Local grants and Private donations

Financial Status of the District 2023 - 2024

- Increase in mandated expenses
 - Staffing: \$800,000 - 4 employees not on PCR; SRO not budgeted; Outsourced Staff not budgeted due to lower prior year actual; ESY not budgeted.
 - Transportation: \$75,000 - Prior year actual used to budget vs. actual Durham contract
 - Benefits: \$35,000 - under budgeted
 - Legal Fees: \$54,000 - Underfunded for settlements; attorney fees/deductible cost for BOE ethics charges.
 - Insurance: \$16,000 - actual JIF invoices higher than budget
 - Technology: \$112,481 - equipment not budgeted because prior actual was zero due to local grants
- Potential shortfall \$1.1 Million
- Review of discretionary accounts reduced the shortfall to \$776,654

Financial Status of the District 2023 - 2024

Confronting financial challenges

- Mandated and contractual expenses have increased beyond the 2% cap to the extent that they exceed the district's ability to absorb these cost increases.
- District must address reality of these additional mandated expenses and create a sound financial foundation to address these issues for the current and future years.
- “COVID Bounce” - situation delayed for three years due to funding for COVID pandemic issues and cost savings related to the pandemic.

Financial Status of the District 2023 - 2024

Recommendations

- Budget transfers from accounts with available funds to accounts that need funds
- Finance technology needs in the amount of \$112,481 through a four-year lease purchase with the first payment due August 2024.
- Adopt a budget that recognizes additional revenues as follows:
 - Extraordinary Aid - \$275,921
 - Non Public Transportation Aid - \$10,608
 - Bond interest - \$377,644
 - Total additional revenue - \$664,173
- Careful management of the budget for the remainder of the year.

Financial Status of the District 2023 - 2024

Recommendations Continued

- A one-time solution for the 2023 - 2024 school year.
- Will NOT have an affect on taxes in the 2023 - 2024 school year.
- Approved by the BOE Auditor and Executive County School Business Administrator

Outlook

- Need to address these issues while developing the FY25 budget