



A FINANCIAL HEALTH SNAPSHOT

A Resource Tool for Planning

*for the
Almar-Parish-Williamstown
Central School District
Parish,
New York*

March 2018

“Custom tools and research to aid a school district in defining a vision and decision options for serving students in the future.”

PREFACE

The Altmar-Parish-Williamstown Central School District Board of Education is diligently engaged in on-going short term and long term planning for the school district.

The Board of Education engaged the ‘guest outsider’ services of the SES Study Team, LLC to prepared three tools to help the Board and the Superintendent as they plan for the future of the School District.

The SES Study Team has prepared three planning tools for March of 2018. They include an *Enrollment Projection/Demographic Study*, and a *Pupil Capacity Analysis Study*. The third planning tool is a *Financial Health Snapshot* of the School District.

The *Snapshot* provides a written perspective of the reserves, fund balance, revenues, expenditures, and long-term debt data of the district. It makes observations and possible suggestions for School District financial planning. Included is a ‘what if’ expenditure/revenue tool to model possible changes in expenditures and revenues over the next ten years.

A workshop was provided to the Board and senior administration to review and discuss the *Financial Health Snapshot* by Mr. Patrick Powers, Senior Partner of D’Arcangelo & Co Certified Public Accountants, who prepared the *Snapshot*.

RESOURCES

**Fund Balance, Revenues, Expenditures, Long-Term Debt,
District Reserves Charts and Observations** **Separate folder of materials**

“What If” Budget Planning Tool **Separate folder of materials**
A Model Excel Spreadsheet Tool to Analyze Possible “What if” Financial Scenarios

The modeling Excel spreadsheet enables the analysis of variables that may influence:

- future total general budgets of the District,
- financial reserves practices of the District and the planed use of those reserves,
- how the District deals with possible inflation and possible changes in State Aid,
- future tax levy amounts
- future property tax rates on true value,
- the ability of the District to sustain the student programs now in place,
- the ability of the District to enhance or add student programs,
- the ability of the District to achieve a major capital project with the approval of the School District community

The spreadsheet tool is also provided in digital format to allow the district to use as an interactive planning tool as it sees fit.

Reserve Funds that May be Used by New York State School Districts,
A resource document published by the State Aid Planning Service of the
Questar BOCES

1

**Sample Board Policy Addressing the Financial Planning
for a Public School District**

3

**Sample List of Board Policies that Address the Finances of
a School District**

4

Property Tax Rates and Equalization Rates
Equalization Rates, and What is ‘Tax Rate on True Value’?

7

*“Custom tools and research to aid a school district in defining a vision and
decision options for serving students in the future.”*

RESERVE FUNDS THAT MAY BE USED BY NEW YORK SCHOOL DISTRICTS

Reserve Name/ Account Code	Legal Citation	Purpose	Established By:	Funding Source(s)	Expenditures	Duration	Restrictions
Retirement Contribution Reserve Fund (A 827)	GML §6-r	To fund employer retirement contributions. i.e. any portion of the amount(s) payable by an eligible school district to the NY State and Local Employees' Retirement System (ERS), but not TRS	BOE Resolution	1. Budgetary Approp. or other funds that may be legally appropriated. 2. Revenue not restricted by Law to be paid to another fund or account. 3. Transfers from Tax Certiorari, Capital or Repair Reserves	Authorized by BOE Resolution	No Limit.	Transfers from or back to other reserve funds require a public hearing with 15 days notice published in official newspaper(s)
Workers Compensation Reserve Fund (A 814)	GML §6-j (S)	To fund Workers Compensation expenses, related medical expenses and self-insurance administrative costs.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated	Separate BOE authorization not required to spend from this reserve.	No Limit. BOE may terminate if district no longer self-insures	Districts that self-insure may establish reserve. Funds remaining at the end of each school year, in excess of requirement to pay all pending claims, may be transferred, within 60 days of the close of the school yr., to other reserve funds or applied to budgetary appropriations for new school year.
Unemployment Insurance Reserve (A 815)	GML §6-m	To pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the school district uses the benefit reimbursement method.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated or funds from other reserves authorized in the GML, or Ed. Law subject to permissive referendum.	Separate BOE authorization not required to spend from this reserve.	No Limit. BOE may terminate if district converts to tax contribution method of funding	If district converts to tax contribution funding mechanism, balance exceeding the amount necessary to pay all outstanding claims may be transferred, to any other reserve fund(s) authorized by GML or Ed. Law §3651. Excess funds remaining at end of any school year may be transferred, within 60 days of the close of that school yr., to other reserve fund(s) or applied to budgetary appropriations for the new school year.
Insurance Reserve Fund (A 863)	GML §6-n	To pay liability, casualty and other types of losses, except those incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated or funds from other reserves authorized in the GML, subject to permissive referendum.	Separate BOE authorization not required to spend from this reserve.	No Limit.	Annual contribution(s) limited to greater of \$33,000 or 5% of the budget. No limit on accumulated reserve balance. Cannot use \$ for any purpose covered by another special reserve. Settled or compromised claims up to \$25,000 may be paid without judicial approval. Should BOE terminate this reserve, remaining funds in excess of incurred or accrued liabilities may be transferred to any other reserve fund authorized by the GML or Ed. Law §3651.
Property Loss Reserve (A 861) Liability Reserve (A 862)	Ed. Law §1709 (8-c) (S)	To pay for property loss & liability claims incurred	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated	Separate BOE Resolution not required for most expenditures. (See restrictions.)	No Limit.	Annual contribution(s) limited to greater of \$15,000 or 3% of the budget. Separate funds required for property loss and liability claims. \$ deposited cannot be used for another purpose w/o voter approval except BOE may use \$ not required to settle pending claims, to purchase insurance policies to cover losses previously self-insured. Balances may not be reduced below amounts required, to settle all pending claims.

(S) in legal citation column indicates requirement for separate bank account per OSC Financial Management Guide.

RESERVE FUNDS THAT MAY BE USED BY NEW YORK SCHOOL DISTRICTS

Reserve Name/ Account Code	Legal Citation	Purpose	Established By:	Funding Source(s)	Expenditures	Duration	Restrictions
Employee Benefit Accrued Liability Reserve (A 867)	GML §6-p	To pay accrued benefits due employees upon termination of service for vacation, sick leave, personal leave etc.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated or funds from other reserves authorized in the GML, subject to permissive referendum.	Separate BOE authorization not required to spend from this reserve.	No Limit.	Upon termination by BOE, balance not required to satisfy all incurred or accrued liabilities may be transferred to any other reserve fund(s) authorized in the General Municipal Law (GML). May not be used to fund health or other post retirement benefits.
Tax Certiorari Reserve (A 864)	Ed. Law §3651(1-a) (S)	To pay judgments & claims in tax certiorari proceedings per RPTL, Article 7	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated. Monies held in reserve may not exceed amount necessary to meet anticipated judgments & claims	Separate BOE authorization not required to spend from this reserve.	No Limit	\$ not expended for judgments & claims in the year deposited, must be returned to General Fund on or before 1 st day of the 4 th school yr. after deposit of such monies into the reserve unless claim(s) are still open and not finally determined or otherwise terminated or disposed of after the exhaustion of all appeals.
Repair Reserve (A 882)	GML §6-d (S)	For repairs to capital improvements or equipment not recurring annually or at shorter intervals.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated. Voter approval is required to fund this reserve.	Public hearing required (except in an emergency) before spending from this reserve.	No Limit	Reserve must be repaid in equal installments over next two school yrs. if expenses are made without holding a public hearing. Emergency spending requires 2/3 majority vote of BOE. Legal notice required 5 days in advance of hearing. Unneeded balance may be transferred to Capital, Tax Certiorari or Retirement Contribution Reserves.
Capital Reserve (A 878)	Ed. Law §3651 (S)	To pay the cost of any object or purpose for which bonds may be issued	Voter Approval Only	Proposition(s) put before voters must specify purpose(s), ultimate \$ amount(s) to be deposited into reserve(s), probable term(s) or life/lives and source(s) of funds to be deposited into the reserve(s).	Voter approval required to spend from these reserve(s). Annual approp(s). to fund reserve(s) require voter approval.	Limited to term or life approved by voters. Voters may extend term only before end date. Reserve(s) defunct after term(s) expire, except to spend remaining funds w/ voter approval.	Purpose must be specific i.e. to purchase school buses, facility construction, equipment etc. Total exp. over life of each reserve may not exceed voter-approved maximum. Funds may be transferred to other reserves only with voter approval. Voter approval required to terminate reserve before specified expiration date. Remaining funds must first be applied to district's outstanding bonded indebtedness and secondarily to reduce the tax levy.
Mandatory Reserve for Debt Service (A 884) (V 884)	GML §6-1 (S)	To cover debt service payments on outstanding obligations (bonds, BANS) after the sale of district capital assets or improvements	BOE Resolution BOE must establish if	Proceeds from the sale of capital assets and improvements as defined in GML § 6-c. Includes but not limited to land, buildings, equipment and vehicles	For debt service only or to retire outstanding obligations	Terminates once outstanding obligations are repaid.	Applicable State or Federal Aid must also be deposited into the reserve fund if proceeds from sale are not sufficient to repay all outstanding obligations. Proceeds of sale in excess of indebtedness may be expended for any other lawful district purpose.
Reserve for Tax Reduction (A 891)	Ed. Law §1604(36) §1709(37)	To allow for the gradual use of proceeds from the sale of district real property	BOE Resolution	Proceeds from the sale of real property in excess of what is required to repay outstanding debt (Bonds, BANS)	\$'s from reserve to be appropriated annually over ten or fewer yrs. to offset tax levy	Up to ten yrs.	Proceeds of must be placed in Mandatory Reserve for Debt Service in amount necessary to retire all outstanding obligations before BOE may establish Reserve for Tax Reduction.

(S) in legal citation column indicates requirement for separate bank account per OSC Financial Management Guide.

NOTE: Reserve for Inventory (A 845) may be established to limit maximum investment in inventory and to restrict that portion of fund balance, which is not available for appropriation.

Below is a one example of a draft of a Board Policy that addresses the on-going use and annual updating of the long-range financial plan of the District. Please note, that it is good practice to have all board policies reviewed by the attorney for the District before enactment.

1410.00 *SAMPLE DRAFT BOARD POLICY*

4.1 *Annual Use and Update of the Long-Range Financial Plan of the District*

The Board of Education will, on an annual basis and with the guidance of the Superintendent of Schools, review the long-range financial plan of the district. The plan will be reviewed and analyzed to determine the impacts of factors which are listed below. The plan will also be reviewed in order to examine how areas of the school program are affected by potential changes to the plan. The Board will present information to the public regarding the financial plan and any revisions to it in a timely manner after the annual review.

Important Factors to Review:

- *How will potential state aid increases/decreases impact the plan?*
- *What are the implications of enrollment projections on the plan?*
- *How do any legislative changes to state aid (ex. GEA changes) impact the plan?*
- *How do potential facility changes impact the plan?*
- *What are the implications of changes in program/staffing and how do they impact the long term viability of the plan?*
- *Are there changes to sharing arrangements with other districts, including use of the BOCES that impact in a positive/negative manner on the plan?*
- *How do changes to CWR (Combined Wealth Ratio) and Equalization Rates potentially impact the long range plan?*
- *What areas of the budget might be examined to determine whether savings or lower costs might be achieved (i.e. insurances, transportation, technology)*
- *What are the implications for sustainability of the basic curriculum program and for the financial plan if the tax levy is lowered or 'frozen'?*

These factors and others as determined by the Board of Education and Superintendent of Schools will be analyzed. As additional factors are added to the review, the policy should be adjusted to include, in writing, and formally adopted by the Board in order to maintain an up-to-date listing of the review items

Below is a sample table of contents for usual and customary Board Policies that address the finances of a public school district. It is suggested that the Board of Education review the current Board Policies in place and compare them to the comprehensive sample list below. Comprehensive and up-to-date Board of Education policies regarding the finances of the district can be an added asset to the district as it administers and monitors financial practices and decisions annually. Such comprehensive policies can provide guidance for good public policy financial decisions as Board membership and administrative staff may change from year to year.

There are various Board Policy services to help the District review and maintain up-to-date financial policies that meet legal and regulations requirements on an ongoing basis throughout the year. There are BOCES with such policy services along with the NYS School Board Association.

TEMPLATE Table of Contents

DRAFT 12/08/2014
SCHOOL DISTRICT
BOARD POLICY MANUAL

SECTION 4000 FISCAL MANAGEMENT

Policy	Title
4001	Fiscal Responsibilities
4002	Reports of Possible Violations of Policy or Law
4100	System of Accounts
4101	Bonding of District Personnel
4102	Periodic Financial Reports
4103	School District Treasurer
4104	Authorized Signatures
4200	Budget Planning
4201	Budget Publication and Hearing
4202	Budget Transfers
4203	Contingency Budget
4204	School Tax
4300	Borrowing Funds
4301	Deposits
4302	Investments
4303	Insurance
4400	Audit Committee
4401	Annual Audit
4402	Internal Audit Function
4403	Auditing Claims for Payment
4404	Medicaid Billing Compliance Program
4500	General Procurement Standards
4501	Competitive Bidding
4502	Non-Bid Purchasing
4502.1	Procurement of Goods and Services Quote Form
4503	Purchase Orders
4504	Sale and Disposal of School District Property
4504.1	Disposal of District Property
4600	Petty Cash Management
4601	Extraclassroom Activities Fund
4602	Expense Reimbursement (Employees)
4602.1	Request to Attend Conference/Workshop

TEMPLATE Table of Contents

DRAFT 12/08/2014
SCHOOL DISTRICT
BOARD POLICY MANUAL

SECTION 4000 FISCAL MANAGEMENT
(Continued)

Policy	Title
4602.2	Mileage and Expense Reimbursement
4603	Accounting of Fixed Assets
4604	Meals and Refreshments at District Functions
4700	Use of District Credit Card
4701	Use of Phones
4701.1	Acceptance of Terms for use of Cellular Communication Device
4800	Accepting Gifts from the Public
4801	Fundraising by Students, Staff, or School Related Groups
4801.1	Request for Fundraising Activity
4802	Fundraising by Non-School Agencies

**APW BREAKDOWN OF TAXES
2015-2016**

(A) Town	(B) Code	(C) Taxable Value Assessments	(D) Clergy & V.F. Exempt.	(E) Taxable Value for Apportionment (C+D)	(F) Equal. Rate	(G) Full Value for Apportionment (E / F)	(I) Portion of Total FVA (G/H)	(J) Total Levy Amount for Town (I x K)
Albion	*	80,131,172		80,131,172	1.0000	80,131,172	0.21359	1,410,515.48
Amboy	*	74,598,399	-	74,598,399	1.0000	74,598,399	0.19884	1,313,124.40
Hastings	*	75,225	-	75,225	0.9500	79,184	0.00021	1,393.85
Mexico	*	8,667,837	-	8,667,837	1.0000	8,667,837	0.02310	152,576.31
Orwell	V	34,963,077	-	34,963,077	1.0000	34,963,077	0.09319	615,440.41
Parish	*	118,780,945		118,780,945	1.0882	109,153,598	0.29095	1,921,385.10
Richland	*	348,362	-	348,362	0.9100	382,815	0.00102	6,738.54
West Monroe	*	2,382,451	-	2,382,451	1.0000	2,382,451	0.00635	41,937.29
Williamstown	*	61,563,041	-	61,563,041	0.9500	64,803,201	0.17273	1,140,703.63
		381,510,509	-	381,510,509		375,161,734	1.00000	6,603,815.00
		Total TVA	Total	Total TVA		Total FVA	Total	Total Levy

2016-2017

(A) Town	(B) Code	(C) Taxable Value Assessments	(D) Clergy & V.F. Exempt.	(E) Taxable Value for Apportionment (C+D)	(F) Equal. Rate	(G) Full Value for Apportionment (E / F)	(I) Portion of Total FVA (G/H)	(J) Total Levy Amount for Town (I x K)
Albion	*	80,560,631		80,560,631	1.0000	80,560,631	0.20611	1,270,826.87
Amboy	*	74,636,401	-	74,636,401	1.0000	74,636,401	0.19095	1,177,373.40
Hastings	*	78,543	-	78,543	0.9300	84,455	0.00022	1,332.26
Mexico	*	8,677,769	-	8,677,769	1.0000	8,677,769	0.02220	136,889.97
Orwell	V	35,286,773	-	35,286,773	0.9500	37,143,972	0.09503	585,938.27
Parish	*	120,423,651		120,423,651	1.0000	120,423,651	0.30809	1,899,657.56
Richland	*	334,951	-	334,951	0.8900	376,349	0.00096	5,936.83
West Monroe	*	2,363,570	-	2,363,570	1.0000	2,363,570	0.00605	37,284.82
Williamstown	*	66,603,116	-	66,603,116	1.0000	66,603,116	0.17040	1,050,650.03
		388,965,405	-	388,965,405		390,869,914	1.00000	6,165,890.00
		Total TVA	Total	Total TVA		Total FVA	Total	Total Levy

2017-2018

(A) Town	(B) Code	(C) Taxable Value Assessments	(D) Clergy & V.F. Exempt.	(E) Taxable Value for Apportionment (C+D)	(F) Equal. Rate	(G) Full Value for Apportionment (E / F)	(I) Portion of Total FVA (G/H)	(J) Total Levy Amount for Town (I x K)
Albion	*	81,089,255		81,089,255	0.9000	90,099,172	0.22267	1,351,394.05
Amboy	*	75,656,754	-	75,656,754	1.0000	75,656,754	0.18698	1,134,772.77
Hastings	*	78,548	-	78,548	0.9300	84,460	0.00021	1,266.82
Mexico	*	8,617,591	-	8,617,591	0.9500	9,071,148	0.02242	136,057.81
Orwell	*	39,001,541	-	39,001,541	1.0000	39,001,541	0.09639	584,982.63
Parish	*	120,878,759		120,878,759	1.0000	120,878,759	0.29874	1,813,055.90
Richland	*	334,877	-	334,877	0.8700	384,916	0.00095	5,773.34
West Monroe	*	2,348,851	-	2,348,851	1.0000	2,348,851	0.00580	35,230.33
Williamstown	*	67,108,336	-	67,108,336	1.0000	67,108,336	0.16585	1,006,555.37
		395,114,512	-	395,114,512		404,633,938	1.00000	6,069,089.00
		Total TVA	Total	Total TVA		Total FVA	Total	Total Levy

PATTERN OF EQUALIZATION RATES IN THE FOUR TOWNS THAT MAKE UP THE MOST PROPERTY VALUE IN THE APW CENTRAL SCHOOL DISTRICT

TAX YEAR	TOWN	EQUALIZATION RATE
2015-2016	Parish	1.0882
2016-2017		1.0000
2017-2018		1.0000
2015-2016	Albion	1.0000
2016-2017		1.0000
2017-2018		.9000
2015-2016	Amboy	1.0000
2016-2017		1.0000
2017-2018		1.0000
2015-2016	Williamstown	.9500
2016-2017		1.0000
2017-2018		1.0000

Consistency of equalization rates and a planned manner by each town to keep property assessments as close to annual market value is an asset for the APW School District.

It is suggested that the APW Board of Education help inform the community of the relationship between a change in equalization rates and the impact on the assessed tax rate per \$1000 of value even if the tax levy (amount of taxes collected by the school district) goes down from one year to the next.

If current property assessments fall too short of what market values are estimated to be, then school tax rates per \$1000 assessed generally increase even if the property tax levy from one year to the next is has a \$0 change from one year to the next. Therefore, a long-term financial plan for the school district that includes estimating possible tax rates in the future will be influenced by equalization rates especially in the towns that include the most of the property value of the School District.

What follows on the next page are some ‘talking points’ that the District may want to use or adapt to keep the community informed about the mathematical impact of equalization rates on total property taxes paid in each town even if the school tax levy remains constant from year to year.

Equalization rates, and what is ‘tax rate on true value’?

- Appointed or elected town property assessors set the value of properties.
- The assessed values of properties that are very similar in characteristics can vary from town-to-town across the state.
- The state Board of Assessment in Albany, on a complex sampling basis, determines the mathematical relationship of the assessed values of property to the market values or true values for those properties.
- The mathematical relationship is the equalization rate. The equalization rate for a town is the percentage that on average properties are assessed at or above market value. The school district has ‘no say’ in what are the assessments or equalization rates.
- Equalization seeks to ensure, for example, that a taxpayer in one town whose property has a fair market value of \$50,000 will pay the same taxes as a property with a fair market value of \$50,000 in another town, regardless of how those two properties are assessed.

GENERALLY, IF A TOWN’S EQUALIZATION RATE DECREASES, THE TAX RATE ON ASSESSED VALUE GOES UP EVEN IF THE SCHOOL DISTRICT TAX LEVY IS LESS THAN THE YEAR BEFORE.
GENERALLY, IF A TOWN’S EQUALIZATION RATE INCREASES, THE TAX RATE ON ASSESSED VALUE LIKELY WILL GO DOWN IF THE EQUALIZATION RATES OF OTHER TOWNS STAY THE SAME OR GO DOWN AND THE SCHOOL DISTRICT TAX LEVY IS LOWER, THE SAME, OR HIGHER THAN THE YEAR BEFORE.

- For example, an assessor in Town A might assess a particular type of property with very similar characteristics at \$10,000 on a consistent basis on-average though out a town. Assessors of another Town B might assess the *same particular type of property with the same characteristics* at \$21,000 on a consistent basis on-average throughout their respective towns.
- The State Office of Real Property researches the patterns of assessments throughout the state and the patterns of the sale prices of properties within a region and each town. An equalization rate is a judgment of how closely assessed values match the market or true value of the properties in each town.
- Back to the example of Town A and Town B above. If the State Office of Real Property Tax determines that the equivalent property type in Town A and Town B has a market value of \$50,000, then the equalization rate for Town A is .20 and the equalization rate for Town B is .42. That is, the properties in Town A are assessed on average at 20% of market value while the properties in Town B are assessed on average at 42% of market value.
 - Therefore, the only way to compare ‘apples-for-apples’ the level of taxation between two towns, counties or school districts is to compare tax rates per \$1000 of market or true value and not with the comparison of tax rates per \$1000 of assessed value.