



Altmar-Parish-Williamstown Central School District

District Office



639 County Route 22 • Parish, NY 13131



(315) 625-5250



(315) 625-7952



www.apwschools.org

To: Lynn Rhone, Superintendent

From: Lorrie Burrows, School Business Administrator

Date: March 25, 2021

RE: Finance Committee / Budget Workshop

Present: Lynn Rhone, Lorrie Burrows, Mark Mattison, Shawn Clark, Karen Oakes, Michael Hale, Tom Olsen.

Documents provided: Revenue Budget Performance, Expense Budget Performance, Revenue, Expenditures and Changes in Fund Balance.

Reserves:

- Financial Reserve and Fund Balance Plan Document – Board is provided annually with recommendations to act upon at the June meeting as a minimum. The Board could choose to take action on reserves at any time during the year.
- Property Tax Report Card – has a component of the reserves that must be presented at the annual meeting.

Recommendations:

- **Assigned** – appropriated to next year's budget – anticipated to be \$0, pending NYS Budget school aid runs;
- **Unassigned** –
 - Based on NYS budget, if unassigned fund balance is allowed to be at more than 4%, then amounts maybe left in unassigned;
 - If limited to 4%, then amounts above 4% will be moved to the Capital Reserve, Construction and Vehicles.
- **TRS reserve** – current year amount is calculated = \$186,208 which is 2% of the prior year's covered TRS salaries with a maximum, including interest earnings, of 10% of the prior year's covered salaries (\$931,044). With the addition of the current year amount, the new balance in the reserve will be \$560,268.
- **Capital Reserve, Construction and Vehicles** – fund with any amounts above the 4% and any current year fund balance. Can also look to move amounts from Repair reserve to these to get to total funding amount as it would be anticipated to create a new set of capital reserves at the May 2022 budget vote. Depending on the amount of the proposed capital project, there

may be a need to have at least \$6M in the capital reserve, construction account prior to the vote.

Rationale to fund Capital Reserves - these reserves are voter authorized to ***both*** establish and also to use. To contrast, the use of a Repair reserve is done with a public hearing and board action. Ultimately the capital reserve provides the voter the ultimate control. Further, a repair is a one-time expense (pipe that burst); while capital improvements have a useful life of 15-30 years(new classroom). Finally, a use of Repair reserve monies is a \$1 - \$1 use of funding, whereas use of Capital Reserve returns Building Aid (93.4% as of 3/26/21) at the District's aid ratio back into the district as revenue in the following year. Meaning, the local taxpayer is only paying \$0.066 out of the \$1 spent.

Review of Revenues, Expenditures and Fund Balance

- NYS revenues come in at higher than budgeted, which results in creating fund balance.
- District control of expenditures, namely under spending, also creates fund balance.
- Fund Balance then has to be designated by the Board into the legally allowed reserve funds. The Tax Cap has limits to the mathematical formula that could result in a negative impact should you arbitrarily lower the tax levy. The calculation always starts with the levy brought forward to the new year. Therefore, a better way to return funds directly to the taxpayer, is to use in Capital Projects with the intent to use the Capital Reserve to pay for the local share, meaning no tax impact.

Bus Proposition:

Resolution approved by BOE at \$236K, no changes as I made reference to at the March 8th board meeting. The large bus quote changed from \$116,320.01 to the new amount of \$124,132.01 due to adding the 10 year warranty. The result will reduce the amount available for the Ford Expedition (initially \$64,73.12, revised amount is \$56,261.12) that is slated to be purchased as the third vehicle. Should the costs become too much the district will have the discretion to change this to a Ford Explorer, or potentially buy a second small bus based on the price.