

Skaneateles Central School District
Board of Education

Audit, Budget, and Finance Advisory Committee

Minutes

03/17/20

The meeting came to order at approximately 5:30 PM with the following in attendance via a Zoom conference:

Board of Education Members: Michael Kell, Geralyn Huba, Tom Lambdin

Advisory Committee Members: Susanne Guske, Evan Dreyfuss, Jennifer Young

District Members: Christine DeMass

Mrs. DeMass opened the meeting with a review of the agenda. Mr. Kell advised he would be reporting back to the full board.

Mrs. DeMass started the meeting with an overview of funding in the District. She advised that about 75% of our revenue is locally funded by taxes (about 77% including PILOTS), about 20% state aid and 3% other revenues, fund balance and reserves. She spoke of the fact that we are entering a time of the unknown. She advised that no one is sure how aid will be impacted given the current COVID-19 pandemic. She advised that the current drop in the market will affect TRS and ERS rates most likely in the 2021-2022 school year. In her opinion, the use of reserves to support future budgets is almost a definite if state aid is lowered.

Mrs. DeMass briefly went over the tax cap formula and explained that there is portion of the formula that allows for capital exclusions so districts can pay the local share of the debt they are required to pay. There are also exclusions in place if the TRS or ERS rates increase by more than 2% over the prior year which has not occurred since the tax cap was put in place. Her concern was that the District is not taking advantage of the capital exclusions or will not take advantage of the TRS and ERS exclusions that are there to help the District when expenses rise.

Mrs. DeMass then began a review the of draft budget models. She started with the budget that would include a 2.14% increase in the current year's tax levy. She advised that this would

generate \$548,363 in revenue for the district. She then walked through the tax rate and school taxes on homes assessed at \$350,000, pointing out that these are estimates based on using 2019 assessments and equalization rates. More current information is not available until later in the year. Mrs. DeMass explained that the 2.14% model maintained programs and added a special education teacher and well as a custodian. She also advised that this model would also reduce staff by one instructional position and one non-instructional position. There would also be a reduction in the equipment budget by about \$84,000. This model would use about \$2,775 from the EBLAR reserve and \$150,000 in fund balance left over from the 19-20 school year.

Mrs. DeMass began to discuss the next model of a 1.81% increase in the tax levy. She advised that the special education teacher would not be an addition in this model and there would be other reductions in both professional development and material and supplies. The committee advised that they did not want to see any reductions in professional development. They also would like to see the additional of the special education teacher since the Principals and the Director of Learning supported this addition to enhance student learning. The committee advised that they would rather see an increase in the use of fund balance or the use or reserves to support the 1.81% model. After some discussion, the committee advised they were also in agreement that they could support something slightly higher than the 1.81% but did not want to go to the full cap of 2.14%. Mrs. DeMass advised that she would reevaluate and come up with a different model for the middle scenario that would meet their request.

Mrs. DeMass then discussed the capital reserve proposition. She advised that she originally was going to suggest a higher amount of \$2.95 million based on the surplus from the last few years, however, she is now in agreement with the \$2.5 million. This is due to the fact that she believes that the year end fund balance could be less and the Board should consider putting more into the ERS reserve even though that reserve is currently well funded. She reminded the group that the TRS reserve is capped each year and can only put in 2% of the prior year's TRS salaries. The committee has done a lot of work to set targets for each reserve, however, Mrs. DeMass advised that this may be a time where we exceed the target to better plan for the next few years. The committee agreed and agreed with the capital reserve proposition of \$2.5 million.

The meeting adjourned at 6:30.

Respectfully submitted,

Mike Kell