



# SPENCERPORT CENTRAL SCHOOL DISTRICT

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*Assistant Superintendent for Business*

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RICK WOOD

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TO: Audit Committee  
Board of Education  
Ms. Kristin Swann, Superintendent

FROM: Rick Wood, Assistant Superintendent for Business *R. Wood*  
Nicole Poh, District Treasurer *Nicole Poh*

RE: 2020-2021 Fund Balance Allocation

DATE: September 28, 2021

The initial recommendation for the distribution of the 2020-2021 fund balance approved at the June 29, 2021 Board of Education meeting was as follows:

1. An amount up to \$150,000 for Assigned Fund Balance for reducing the 2021-2022 tax levy, if necessary. Please note the district did not project using any assigned fund balance for this purpose; the recommendation is to have flexibility if final assessments vary greatly from original estimates.
2. All necessary funds as determined by the purchasing agent to the Assigned Fund Balance for encumbrances.
3. \$3,497,395 for the Unassigned Fund Balance (4% of 2021-2022 approved budget), an increase of about \$115,831.
4. All remaining 2020-2021 surplus to the Restricted Fund Balance and placed into the following reserves:
  - a. An amount not to exceed the 2020-2021 budget amount (\$1,375,159) into the Retirement Contribution Reserve,
  - b. An amount not to exceed the 2020-2021 budget amount (\$443,151) into the Workers' Compensation Reserve,
  - c. An amount not to exceed two percent (2%) of the salaries of TRS members based on the TRS final bill for the period 07/01/19 to 06/30/20 into the TRS Sub-fund Reserve which equals \$580,752,
  - d. An amount not to exceed \$1,000,000 into the 2014 Capital Reserve for building projects approved by the community on May 20, 2014,
  - e. An amount not to exceed \$300,000 in the 2019 Capital Reserve for Technology and Classroom Equipment approved by the community on May 21, 2019, and
  - f. An amount not to exceed \$300,000 into the 2014 Capital Reserve for buses and motor vehicles approved by the community on May 16, 2017.

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As a result of the basic financial audit for the year ended June 30, 2021 conducted by our external auditor, Raymond F. Wager, C.P.A., P.C., A Division of Mengel Metzger Barr & Co., LLP, below are the final amounts allocated to fund balance and reserves as presented in the draft external audit:

1. Allocated \$0 to the Assigned Fund Balance per the Board of Education approval of the tax levy in August,
2. Allocated \$441,195 to the Assigned Fund Balance as carry-over encumbrances,
3. Allocated \$115,831 for a total of \$3,497,395 to the Unassigned Fund Balance to maintain the 4% allowed by law,
4. Allocated the following amounts to certain reserves;
  - a. \$1,375,159 plus interest to the Restricted Fund Balance - Retirement Contribution Reserve,
  - b. \$443,151 plus interest to the Restricted Fund Balance – Workers’ Compensation Reserve,
  - c. \$580,752 to the Restricted Fund Balance – Retirement Contribution Reserve, TRS sub fund,
  - d. \$1,650,279 plus interest to the Restricted Fund Balance – 2014 Capital Reserve for Building Projects.
  - e. \$300,000 plus interest to the Restricted Fund Balance – 2019 Capital Reserve for Technology and Classroom Equipment, and
  - f. \$300,000 to the Restricted Fund Balance – 2014 Capital Reserve for buses and motor vehicles approved by the community on May 16, 2017.

Below is a table reflecting the changes to fund equity:

**SPENCERPORT CENTRAL SCHOOL DISTRICT**

Fund Equity Description	Balance 06/30/20	Balance* 06/30/21	Change
<b>NONSPENDABLE</b>			
Prepaid Items	\$0	\$675	\$675
School Lunch Deficit	\$28,898	\$0	(\$28,898)
<b>RESTRICTED</b>			
Workers' Compensation	\$1,457,295	\$1,457,959	\$664
Unemployment Insurance Reserve	\$662,244	\$662,633	\$389
Retirement Contribution (ERS) Reserve	\$4,523,693	\$4,562,316	\$38,623
Retirement Contribution (TRS) Reserve	\$1,126,180	\$1,707,347	\$581,167
Tax Certiorari Reserve	\$292,200	\$292,371	\$171
Capital Reserve - Buildings	\$973,047	\$2,623,850	\$1,650,803
Capital Reserve - Buses and Vehicles	\$342,447	\$642,647	\$300,200
Capital Reserve - Classroom Equipment & Technology	\$502,128	\$502,128	\$0
Capital Reserve - Classroom Equipment & Technology	\$100,000	\$400,042	\$300,042
Liability Reserve	\$998,137	\$998,722	\$585
Employee Accrued Benefit Liability Reserve	\$3,291,424	\$3,105,032	(\$186,392)
<b>ASSIGNED</b>			
Reserve for Encumbrance	\$687,863	\$447,195	(\$240,668)
Appropriated for Taxes	\$0	\$0	\$0
<b>UNRESTRICTED</b>			
Unappropriated	\$3,300,007	\$3,381,563	\$81,556
<b>TOTAL FUND EQUITY</b>	<b>\$18,285,563</b>	<b>\$20,784,480</b>	<b>\$2,498,917</b>

\* The 06/30/21 balance amount includes interest earned

The Audit Committee reviewed and accepted the draft basic financial audit with the above amounts at their September 29, 2021 meeting. The recommendation is to accept the 2020-2021 allocation to reserves as mentioned above.

I look forward to our discussion on Tuesday to further explain the allocation amounts and change in fund equity. Please do not hesitate to contact me if you have any questions relating to this matter.

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