

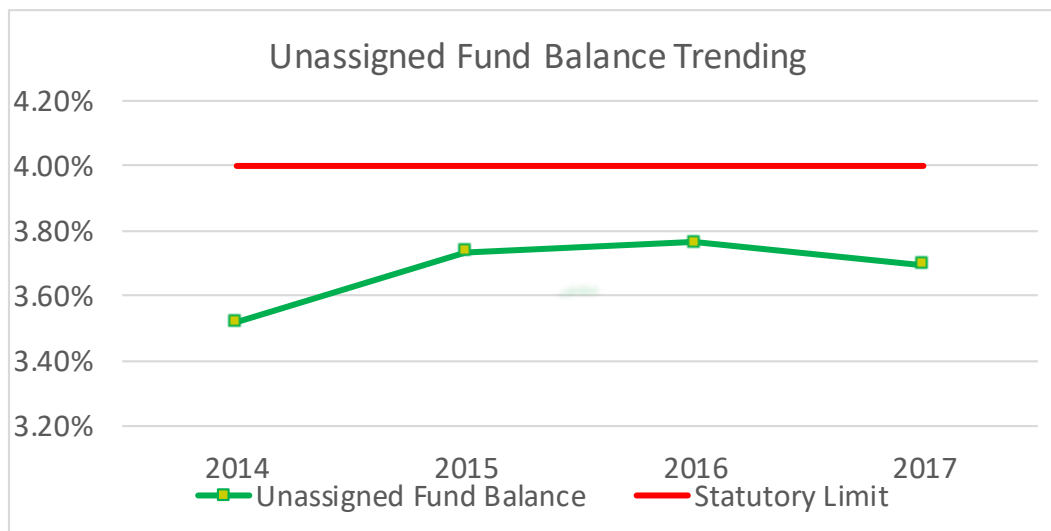


May 11, 2018

Dear Community Member,

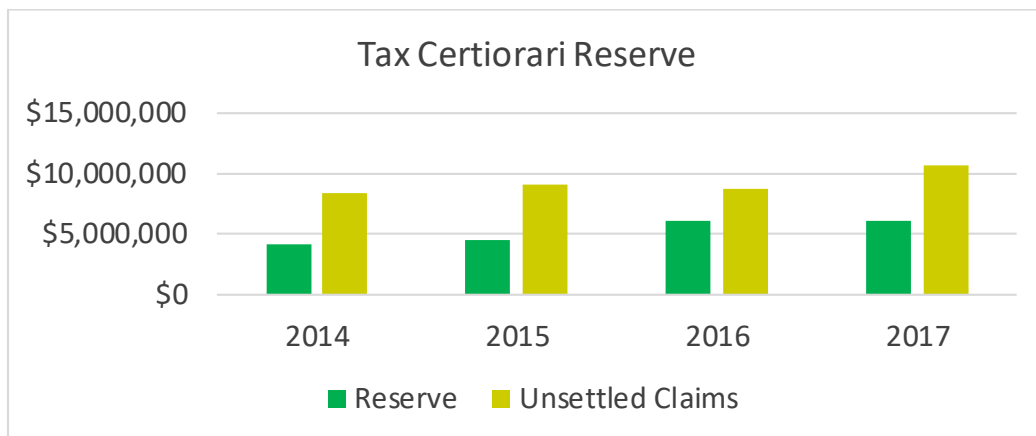
With the school year winding down and spring in the air, we are also fast approaching one of the most important days on the District calendar. On Tuesday May 15, 2018, the annual school budget vote will be held at elementary buildings throughout the District. As many of you are aware, quite a bit of information has been circulating through various traditional and social media outlets recently, much of which contains inaccuracies. I am writing to you to address these claims, ensuring you are presented with factual information, prior to the vote.

CLAIM – “The District has significantly exceeded the legal limit for unassigned fund balance.” **FACT –** This assertion has its roots in a recent State Comptroller’s review of the District’s total fund balance, including unassigned, appropriated and reserves. In short, appropriated fund balance are funds being applied to the following year’s budget, reserves are funds held for specific expenses expected to be incurred in the future, and unassigned fund balance is that which is left over. The legal limit for unassigned fund balance is four percent of the following year’s budget, and the District has continuously been in compliance with this regulation. In fact, the State Comptroller acknowledged this by stating that “...District officials have maintained unassigned fund balance within compliance with the statutory limit each year...”. The report goes on to explain the Comptroller’s office’s methodology for recalculating the District’s unassigned fund balance to include the appropriated. However, that is not how the legal limit is calculated. For illustrative purposes, the graph below shows the past four years of the District’s unassigned fund balance with respect to the legal limit.

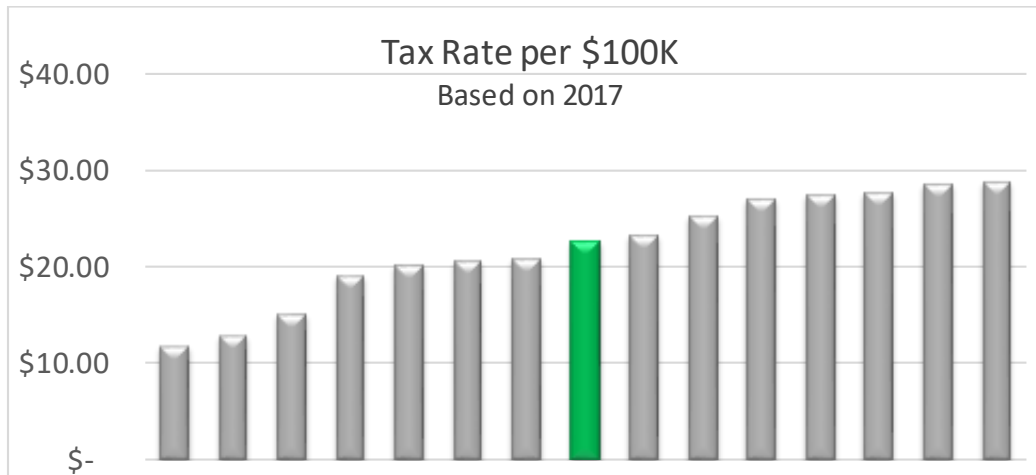


CLAIM – “The District has enough money in reserves to cut property taxes in half.” **FACT –** The District holds reserve funds for specific expenditures that are expected to be incurred at an unknown but later date. These accounts have all been established in a thoughtful manner, and they are all with the purpose of protecting the taxpayers from significant spikes and fluctuations with the tax rate. The theory of being able to cut property taxes in half would assume the liquidation of all reserve funds, a decision that would not be financially prudent and would expose the District’s tax base to a significant level of risk. This is not a recommendation that my administration could responsibly recommend to the Board of Education.

CLAIM – “Vestal has a Tax Certiorari Reserve with excessive funds, as compared to other districts locally.” **FACT –** The Tax Certiorari Reserve is in place to pay for judgements and claims resulting from tax certiorari proceedings (challenges to tax assessments). As compared to other districts locally, Vestal’s tax base is highly commercial, which lends itself to greater exposure to these types of liabilities. While the District currently has about \$6 million in the tax certiorari reserve, the total of outstanding unsettled claims is in excess of \$10 million. The funds held in this reserve ensure that the District is adequately covered in the event that the claims settled in a given year result in a significant impact to the District’s financial sustainability. Below is a chart representing the current reserve funding, as it compares to the potential exposure of unsettled claims.



CLAIM – “The taxes in the District are the highest in the region.” **FACT –** In reality, the school tax rate per \$100,000 assessed is the median of all districts within the Broome-Tioga BOCES region. That said, there are seven local districts with lower tax rates as well as seven districts with higher tax rates than Vestal’s. In the graphic below, the green bar represents Vestal.



The District firmly believes that it has the responsibility of making prudent financial decisions which ensure the long-term financial health and continued sustainability of our instructional programs. We thank you for your continued support.

Sincerely,

Jeffrey J. Ahearn, Superintendent of Schools