

2022-23 BUDGET ADVISORY COUNCIL

Wednesday, Nov 16, 2022

Syphax Center

7:00 PM - 9:00 PM

The meeting started at 7:05pm.

1. 8 Members were present: Erik Sullivan (Chair), Michael Lyons (Vice Chair), Chuck Rush (Chair Emeritus), Nellie Carr, Katherine Christensen, Jennifer Wheelock, Jenn Wagener, and Ben Malakoff
 - APS Assistant Superintendent Leslie Peterson
2. The October meeting minutes were approved by all members.
3. Public comment – None
4. School Board update – deferred
5. Admin – proposed meeting date change (April 12th to 19th)
 - The motion to change the meeting was approved
6. APS Finance updates - Leslie
 - County provided an update yesterday on the FY2023-2024 Revenue
 - Projecting a \$35 million gap in the base budget
 - County revenue growth is positive, but expenses are outpacing the growth
 - Inflation, wage growth, transition from one-time funding and interest rates
 - County Manager proposes putting close-out funds towards the base budget
 - APS will have a similar base budget situation
 - \$42 million of one-time funding in the budget that needs to be filled
 - Need to fund the additional \$17 million of compensation increases
 - Inflation impacts
 - Close out in the works – finalized in December
 - Much of this is usually used to replenish Reserves, particularly Compensation
 - 3-5% of the Operating Budget is the goal for the close-out amount each year
7. Reserves review / discussion
 - \$64 million in total reserves
 - \$34 million in Capital reserve
 - Primarily funded by bond premium so can only be used for capital projects
 - CIP has approximately \$18 million earmarked
 - Plus \$8 million just earmarked for the Career Center project
 - This can be used for debt service (but historically has not been done)
 - \$30 million in other reserve buckets – this can be used by the Board very flexibly

- Reserve buckets include VRS, debt service, future budget years, health care, separation pay and compensation
 - Compensation currently has no funds
- Reserves are not required
- Is there a proportional allocation that could be used to determine the optimal amounts in reserve account buckets?
 - Need to balance how much is in a reserve account for flexibility purposes versus setting an expectation that every dollar in an account will be used for that item
- Some reserve buckets have only been used to fund 50% of increases (like VRS) – could this principle be applied across all use of reserves?
- Should there be some parameters around using reserves? What information needs to be provided for the School Board to decide that using reserves is appropriate?

8. APS Policies review

- Discussed BAC relevant APS policies are currently open for public comment. Due to time constraints the group did not get thru them all and it was agreed that all comments would be emailed to Erik, consolidated and submitted to the Board. Policies reviewed / to be reviewed are:
 - D-1.31 [Financial Management – Budget Savings](#)
 - D-2.30 [Financial Management – General](#)
 - D-2.33 [Financial Management – Additional County Revenue](#)
 - D-2.34 [Financial Management – Reserve Funds](#)
 - D-2.35 [Financial Management – Budget Direction](#)
 - D-2.36 [Financial Management – Budget Development](#)
 - D-1.33 [Community Activities Fund](#)
 - D-2.31 [Financial Management-Revenue Sharing](#)
 - M-5 [Financial Management-Service Provided to County Offices](#)

The meeting adjourned at 9:05.