

Panama Final Cost Report Statement and Information

Panama Central School was cited by the New York State Department of Education for having an outstanding Final Cost Report on building projects completed in 2002 and 2005. The penalty was calculated to be \$4.9 million to be paid over a ten-year period through a reduction in state-aid in the amount of \$500,000 per year.

This reduction in aid is commonly referred to as a fine, it is actually a reduction in state aid equal to the amount of aid that was generated while the Final Cost Report was overdue.

Since that time, Panama CSD has been awarded a grant, each year equal to the \$500,000 reduction in state aid. To date, Panama CSD has received \$2 million in grant monies. This grant has been given yearly and has significantly reduced Panama's financial responsibility as it relates to the reduction in state aid. This grant money does not have to be repaid, there are no strings attached. Senator Cathy Young has been instrumental in assisting the district and has promised to continue to do all she can to help the community.

Because knowledge is crucial as community members prepare to make important decisions for our schools, understanding how this aid reduction could potentially impact the possible merger of Panama and Clymer Central School Districts is essential.

The following are points to consider:

- Based on the tentative timeline for the possible merger, if approved, the reduction balance would be down to \$1.9 million by the time a new district was formed
- In the case of a merger, all assets and liabilities are combined
- Each district currently carries building project debt
- In just the first 5 years of a merger the incentive aid could total over \$8 million of additional state aid

Further information in regards to the possible merger will be available as the consolidation study unfolds, if you would like more information, please contact Mr. Bert Lictus at blictus@mx.pacent.org or 716-782-2455.