

LaFargeville Central School



**Long Range
Financial Plan and
Fund Balance
Management
2023-2024**

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❖ **The Purpose and Benefit of Long Range Planning**

Multiyear planning improves management and service delivery and allows for early identification of potential problems. It aids in projecting the future costs of existing services, and in determining whether existing revenue streams will be sufficient to cover these costs by the end of the planning period.

The long-range financial plan is designed to illustrate what may happen in the future, based on what we know now about cost trends, District obligations, and the political and economic environments. The plan is not a budget. The foundations of any long-range plan are the assumptions made to estimate revenue and expenditures in the future. Some revenue and expenditure items are projected forward using a percentage increase based on historical trends, except where an obligation is known to begin or end.

❖ **School District Revenues**

Local Tax Levy

The tax levy is the total dollars that a school district collects from property owners within the district in order to balance its budget. The levy is determined after accounting for all other sources of income, including state aid.

The tax rate is used to calculate what each property owner will pay in school taxes. The district tax levy rate is just one factor, along with assessment rates and equalization rates that figure into determining the tax rate. The district does not set individual tax rates.

At the end of June 2011, the New York State Legislature enacted a property tax “cap” that seeks to limit the annual increase in the tax levies of local governments and school districts.

Although the law has been referred to as a “2 percent tax cap,” it does not, in fact, restrict any proposed tax levy increase to 2 percent. What it does is establish a tax levy limit (which will be determined by each district according to an eight-step, complex formula dictated by the law, and will vary by district) that determines the number of votes needed to pass a school budget.

State and Federal Aid

About 56% of total general fund revenues are procured through State and Federal Aid. In recent years the turbulent economic and policy environment has resulted in unpredictable state education aid. Due to this reality, revenues and more specifically state aid are the most challenging component of a long-range plan to develop.

❖ **School District Expenditures**

Employee compensation and related fringe benefit costs is the largest area of expense. These costs are mainly affected by two controllable factors: number of staff and contracts with collective bargaining units. The District employs approximately 83 full and part time employees. The teachers’ association collective bargaining agreement expires on June 30, 2024, and the collective bargaining agreement for the CSEA unit expires on June 30, 2026.

Each year, the cost of providing pension and insurance benefits, factors beyond the district's control, complicates the development of the annual school budget.

Bus Purchases

The district had been on a bus replacement schedule that called for the purchase of one new bus each year, but since 2023, it has been planning to purchase two each year. As buses exceed their warranty and mileage recommendations, they become costly to maintain and less efficient to run. In addition, the district is carefully calculating a fiscally responsible plan to transition to zero-emission buses.

By law, the district must purchase all zero-emission buses starting July 1, 2027 and fully transition to a zero-emission fleet by 2035. The district estimates the cost of a 60+ passenger electric bus to be approximately \$429,000, more than double that of the district's current diesel buses of similar size. In preparation for electric bus purchases, the district has created a capital reserve that may be used to make such purchases.

❖ Fiscal Stress Rating

Under the Office of the State Comptroller's fiscal stress monitoring system, the District received a "no designation" rating in 2023. This classification was arrived at when District data was objectively scored according to the system criteria and did not generate sufficient points to place us in one of the three established stress categories.

LaFargeville Central School District
Four Year Financial Plan, Fiscal Years 2023-2026
General Fund

9 Year Financial Analysis

	Actual					Estimated	Projected		
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenues									
Real Property Tax Items	3,667,153	3,756,731	3,861,784	3,945,095	3,950,430	4,082,768	4,164,423	4,247,712	4,332,666
Other Tax Items	276,147	273,295	264,059	251,919	224,846	243,698	243,698	243,698	243,698
Non-Property Tax Items	10,040	12,545	15,300	3,054	5,036	45,000	45,000	45,000	45,000
Charges for Services	5,673	7,844	5,301	14,677	2,691	3,364	4,205	5,256	6,570
State Aid	5,772,423	6,159,326	6,333,609	6,336,906	6,571,110	6,670,215	6,736,917	6,804,286	6,872,329
Federal Aid	23,468	49,738	29,889	147,498	1,322	1,000	1,000	1,000	1,000
Other (includes Sale of Property, Misc.)	129,184	152,924	152,625	125,096	109,323	111,509	113,740	116,014	118,335
Total Revenues and Other Sources	\$9,884,088	\$10,412,403	\$10,662,567	\$10,824,245	\$10,864,758	\$11,157,554	\$11,308,983	\$11,462,966	\$11,619,598
Expenditures by Object									
General Support	1,191,903	1,177,802	1,460,926	1,388,408	1,246,669	1,290,302	1,335,463	1,382,204	1,430,581
Instruction	4,401,483	4,578,177	4,774,855	4,674,107	4,733,311	4,898,977	5,070,441	5,247,907	5,431,583
Pupil Transportation	400,748	543,584	567,250	491,204	584,923	605,395	626,584	648,515	671,213
Employee Benefits	2,328,693	2,418,238	2,478,422	2,465,604	2,444,829	2,591,519	2,747,010	2,911,830	3,086,540
Debt Service (Principal and Interest)	1,259,135	1,270,991	1,246,727	1,230,230	1,211,937	1,189,197	1,163,602	1,161,259	930,533
Interfund Transfers	55,171	114,099	79,577	96,013	2,767	907,500	7,500	7,500	7,500
Total Expenditures and Other Uses	\$9,637,133	\$10,102,891	\$10,607,757	\$10,345,566	\$10,224,436	\$11,482,890	\$10,950,600	\$11,359,215	\$11,557,951
Surplus (Deficit)	\$246,955	\$309,512	\$54,810	\$478,679	\$640,322	(\$325,336)	\$358,383	\$103,752	\$61,646
Budgetary Reserves									
Fund Equity, Beg. of Year	\$4,009,410	\$4,256,365	\$4,565,877	\$4,620,687	\$5,099,366	\$5,739,688	\$5,414,352	\$5,772,735	\$5,876,487
Fund Equity, End of Year	4,256,365	4,565,877	4,620,687	5,099,366	5,739,688	5,414,352	5,772,735	5,876,487	5,938,133

❖ **The Purpose and Benefit of Fund Balance Management**

The Board of Education and Administration considers several aspects of Fund Balance in balancing the overall fiscal health of the District.

Why do we need Fund Balance?

Fund balance is necessary in order to cover cash flow deficits in the summer and to plan for future liabilities as well as to accommodate unforeseen issues. A good Fund Balance Management Plan will substantially reduce or eliminate a negative effect on the normal operation of our District in order to accommodate liabilities that may arise. The General Fund budget voted upon by the community is established to pay for the expenses for that year. We create Fund Balance with the idea that we can support future liabilities – known and unknown – without negatively affecting the instructional program or the taxpayers.

How is Fund Balance created?

Fund Balance is created when unexpended funds remain at the end of the fiscal year primarily by the design and management of annual district budgets. We have consistently used the legislative budget proposals when designing our annual budget, acknowledging that both the executive and legislative budget proposals are simply projections and estimates...not a guarantee of funding to the district. The actual dollars to be received from the State are not provided to us until November of the year following the vote. The development of the expenditure side of each budget is an area that we have been conservative in. By being conservative, we avoid the risk of understating expenses. We work with the building administrators closely to determine changes in placements and programming for the future. Even after the budget is adopted, we monitor the fiscal plan on a frequent basis looking for variances from our assumptions.

GASB 54

As of June 30, 2011, GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued, which replaced fund balance classifications with the following:

❖ **Fund Balance Classifications**

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's general fund, and could report a surplus or deficit, limited to 4 percent of the annual budget.

❖ **Fund Balance and Reserve Plan**

Reserve Funds, like other savings plans, are mechanisms for accumulating cash for future capital outlays and other allowable purchases. The practice of planning ahead and systematically saving for contingencies is considered prudent management. The District feels strongly that Reserves must be funded adequately in order to serve as a revenue source during periods of economic downturn and/or State Aid decreases. This helps safeguard against the loss of educational programming/services and dramatic increases in the tax levy. The District uses conservative budgeting practices to ensure adequate funding of the following reserves and fund balance categories:

Unassigned Fund Balance – These funds are unrestricted and may be used for any valid purpose. They are used for unanticipated, unbudgeted expenditures.

Funding Target: 4% of the ensuing year's budget

Assigned Appropriated Fund Balance – These funds are set aside and returned to the community by lowering the required tax levy of the ensuing year's budget. They also provide the necessary cash flow during the summer months.

Funding Target: \$600,000 - \$900,000

Reserve for Unemployment Insurance (GML section 6-m)

Purpose: This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants.

Funding Methods: The reserve may be funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and such other funds as the school board may legally appropriate.

Use of Reserve: This reserve may be used to finance unemployment costs as authorized by law. Use of this reserve each year is limited to the annual expenses incurred in that year.

Funding Target: \$149,000 (3% of payroll)

Capital Reserve (Ed Law section 3651)

Purpose: The Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued.

Funding Methods: Voter authorization is required for both the establishment of the reserve and payments from the reserve. Proposition must state the purpose, the ultimate amount thereof, its probable term, and the source from which the funds would be obtained.

Funding Target: \$3,000,000 (Based on language of the referendum approved by voters of the District)

Capital Reserve (Ed Law section 3651)

Purpose: The Capital Reserve Fund is used to pay the cost of any renovations and additions to all District facilities, purchase of vehicles, buses and equipment, technology upgrades, classroom equipment and/or school infrastructure equipment, site development, athletic fields, storm and sanitary sewer, driveways, and parking lots.

Funding Methods: Voter authorization is required for both the establishment of the reserve and payments from the reserve. Proposition must state the purpose, the ultimate amount thereof, its probable term, and the source from which the funds would be obtained.

Funding Target: \$3,000,000 (Based on language of the referendum approved by voters of the District)

Employee Benefit Accrued Liability (GML section 6-p)

Purpose: This reserve is used to pay for unused accumulated leave time earned by employees and payable upon termination of employment.

Funding Methods: The reserve may be funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and such other funds as the school board may legally appropriate.

Funding Target: \$120,000 (Not to exceed actual calculated short-term and long-term liability for employees' unused accumulated leave time)

Retirement Contribution Reserve (GML section 6-r)

Purpose: This reserve fund is used to pay for district expenses to the NYS Employees' Retirement System only.

Funding Methods: The reserve may be funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and such other funds as the school board may legally appropriate.

Funding Target: \$1,200,000 (Eight years of contribution amounts – based on 5 year average)

Retirement Contribution Reserve Sub-Fund (GML section 6-r)

Purpose: This reserve fund is used to pay for district expenses to the NYS Teachers' Retirement System only.

Funding Methods: The reserve may be funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and such other funds as the school board may legally appropriate.

Funding Target: \$300,000 (May not exceed 10% of total compensation paid to TRS members in the district during the prior fiscal year)

**LaFargeville Central School District
Historical Review of Fund Balance
2007-2008 to 2022-2023**

Year Ending	Unemployment Reserve	Retirement Reserve (ERS)	Retirement Reserve (TRS)	Capital Reserve	Capital Reserve #2	Employee Benefits Accrued Liability	Tax Certiorari	Property Loss	Encumbrances	Appropriated Fund Balance	Unappropriated Fund Balance	TOTAL
						Reserve						
2007-2008	\$ 56,174	\$ 185,786	\$ -	\$ 11,001	\$ -	\$ 109,074	\$ 463,225	\$ 5,613	\$ 4,538	\$ 368,700	\$ 497,392	\$ 1,701,503
2008-2009	\$ 57,447	\$ 260,579	\$ -	\$ 11,267	\$ -	\$ 95,473	\$ 352,147	\$ 5,718	\$ 536,124	\$ 599,900	\$ 412,192	\$ 2,330,847
2009-2010	\$ 58,180	\$ 264,519	\$ -	\$ 11,411	\$ -	\$ 91,916	\$ 50,000	\$ 5,805	\$ 523,180	\$ 599,900	\$ 556,161	\$ 2,161,072
2010-2011	\$ 97,775	\$ 312,633	\$ -	\$ 11,497	\$ -	\$ 92,641	\$ 185,672	\$ 5,805	\$ 101,563	\$ 749,900	\$ 408,526	\$ 1,966,012
2011-2012	\$ 94,696	\$ 566,713	\$ -	\$ 11,541	\$ -	\$ 92,927	\$ 170,686	\$ -	\$ 240,492	\$ 945,000	\$ 406,388	\$ 2,528,443
2012-2013	\$ 101,980	\$ 836,552	\$ -	\$ 86,572	\$ -	\$ 93,132	\$ 50,010	\$ -	\$ 212,726	\$ 1,065,000	\$ 421,250	\$ 2,867,222
2013-2014	\$ 94,384	\$ 945,734	\$ -	\$ 286,753	\$ -	\$ 90,711	\$ 50,098	\$ -	\$ 100,301	\$ 995,000	\$ 433,497	\$ 2,996,478
2014-2015	\$ 92,438	\$ 1,033,604	\$ -	\$ 387,189	\$ -	\$ 90,827	\$ 50,161	\$ -	\$ 111,450	\$ 995,000	\$ 442,682	\$ 3,203,351
2015-2016	\$ 89,352	\$ 1,058,554	\$ -	\$ 937,783	\$ -	\$ 87,627	\$ -	\$ -	\$ 71,010	\$ 995,000	\$ 437,934	\$ 3,677,260
2016-2017	\$ 103,120	\$ 1,306,113	\$ -	\$ 999,210	\$ -	\$ 87,732	\$ -	\$ -	\$ 95,453	\$ 979,500	\$ 438,282	\$ 4,009,410
2017-2018	\$ 100,507	\$ 1,163,244	\$ -	\$ 1,400,731	\$ -	\$ 87,853	\$ -	\$ -	\$ 96,978	\$ 937,000	\$ 470,052	\$ 4,256,365
2018-2019	\$ 98,916	\$ 1,020,253	\$ -	\$ 1,902,868	\$ -	\$ 87,979	\$ -	\$ -	\$ 48,923	\$ 932,000	\$ 474,938	\$ 4,565,877
2019-2020	\$ 98,228	\$ 1,027,161	\$ 60,210	\$ 1,960,454	\$ -	\$ 88,286	\$ -	\$ -	\$ 52,145	\$ 935,308	\$ 398,895	\$ 4,620,687
2020-2021	\$ 98,278	\$ 986,745	\$ 120,264	\$ 2,586,447	\$ -	\$ 83,524	\$ -	\$ -	\$ 19,377	\$ 733,795	\$ 470,936	\$ 5,099,366
2021-2022	\$ 96,177	\$ 1,081,228	\$ 180,366	\$ 2,997,759	\$ -	\$ 83,571	\$ -	\$ -	\$ 93,467	\$ 730,000	\$ 477,120	\$ 5,739,688
2022-2023	\$ 120,400	\$ 1,220,094	\$ 243,280	\$ 2,099,885	\$ 600,081	\$ 84,584	\$ -	\$ -	\$ 95,848	\$ 725,000	\$ 490,239	\$ 5,679,411