

FUND BALANCE MANAGEMENT PLAN

September 11, 2023



Central Square Central School District

WHAT IS FUND BALANCE?

❖ Balance Sheet –

- Assets – Liabilities = Fund Balance

Includes –

- Restricted (Reserve) Funds
- Nonspendable
- Committed
- Assigned
- Unassigned



WHY IS FUND BALANCE SO IMPORTANT?

- ❖ Provides a cushion for unforeseen expenditures or revenue shortfalls.
- ❖ Helps to ensure adequate cash flow.
- ❖ Assists in the computation of school district's tax levy.
- ❖ Reduces borrowing and interest costs.
- ❖ Improves credit rating.
- ❖ Funds unbudgeted contingent expenses.
- ❖ Funds state aid shortfalls.



HOW MUCH FUND BALANCE?

- ❖ Government Finance Officer's Association (GFOA) recommends, at a minimum, unassigned fund balance should be no less than two months or operating revenues of expenditures. (~15%)
- ❖ School District's unassigned fund balance limited to 4% of next year's budget.
- ❖ NYSSBA, NYSCOSS, NYSASBO all continuously advocate for the limit to be increased.



Fund Balance Management Planning is to...

Help maximize the use of surplus funds over the long term and to preserve educational programs and goals in the short term.

- ✓ Unassigned Fund Balance (operating capital)
 - Maximum is 4% of following year's budget (operating cash flow)
- ✓ Committed (Appropriated) Fund Balance
 - Source of revenue applied toward following year's budget
- ✓ Transfer to Restricted Funds
 - Long Range Planning

Restricted (Reserve) Funds Authorized for School Districts under the Education Law

**Capital Reserve
Fund**

**Liability Reserve
Fund**

**Property Loss
Fund**



**Tax Certiorari
Reserve Fund**

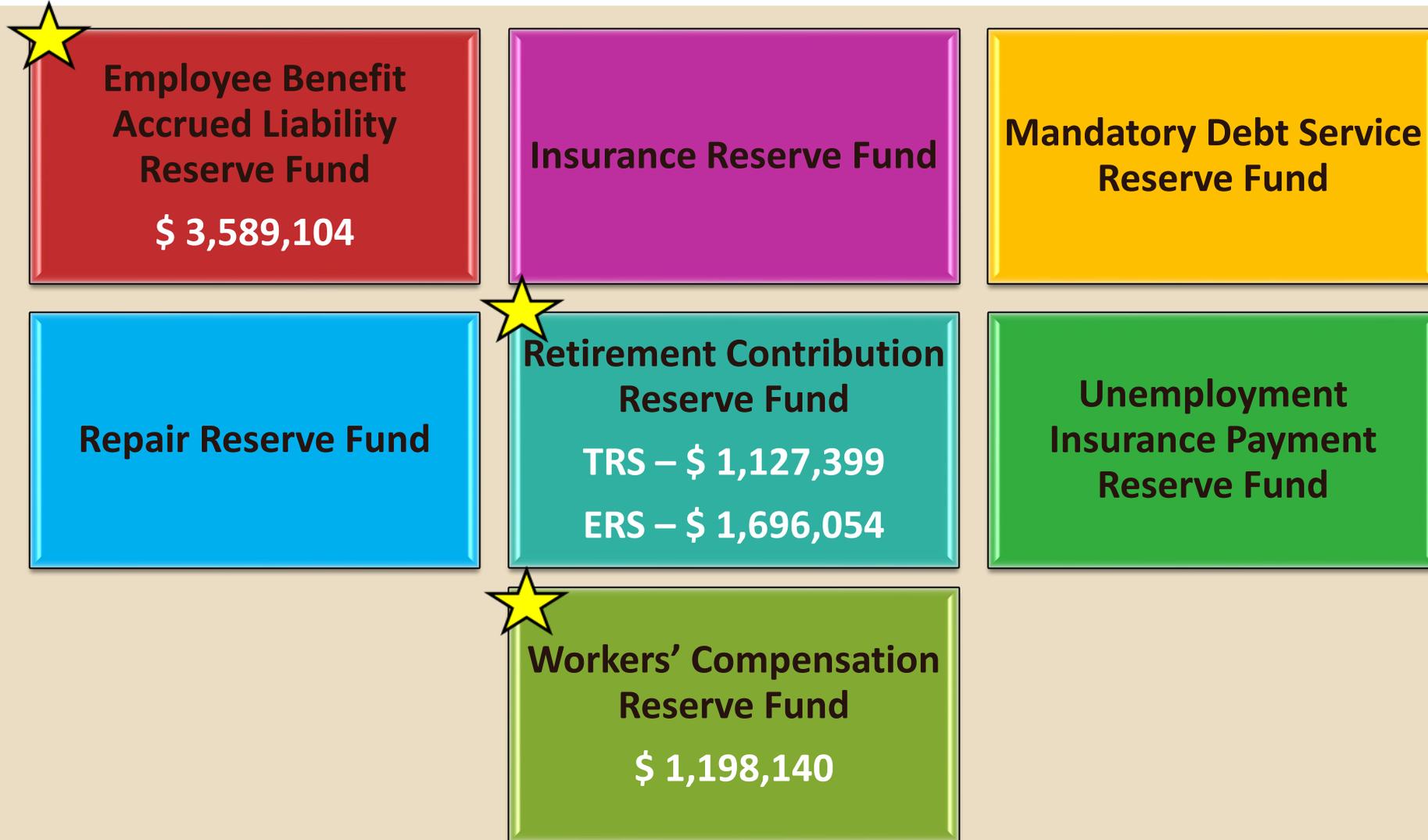
\$ 82,350

**Tax Reduction
Reserve Fund**

**Uncollected Taxes
Reserve Fund**

**Career Education
Instructional
Equipment
Reserve Fund**

Restricted (Reserve) Funds Authorized for School Districts under the General Municipal Law



Fund Balance –Analysis

** Estimate for 2023*

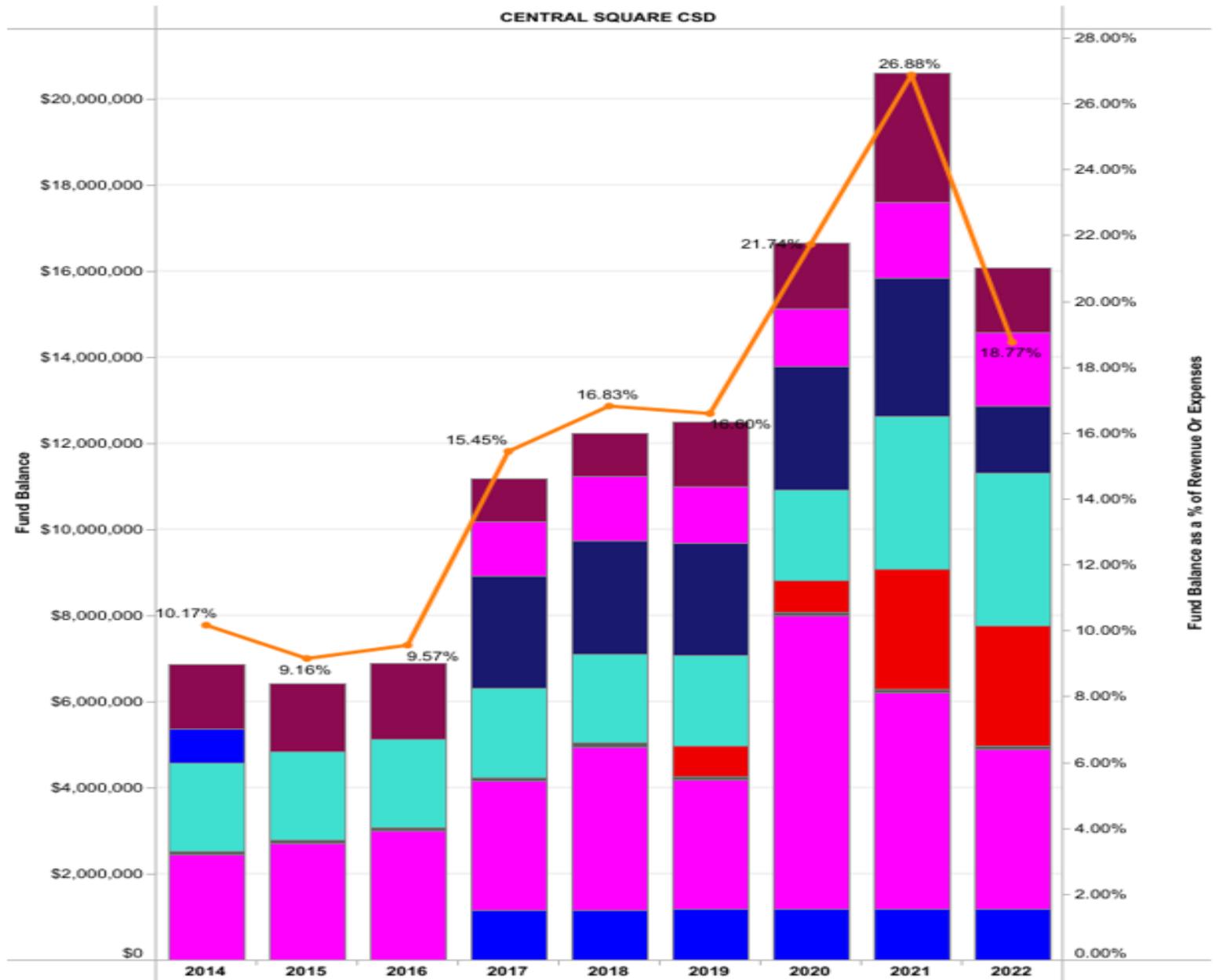
| RESTRICTED | 6/2019 | 6/2020 | 6/2021 | 6/2022 | 6/2023 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Workers' Compensation Fund | \$ 1,177,858 | \$ 1,186,369 | \$ 1,186,486 | \$ 1,186,681 | \$ 1,198,140 |
| Service and Termination (EBLAR) | 2,089,128 | 2,104,223 | 3,554,430 | 3,554,777 | 3,589,104 |
| Tax Certiorari | 80,956 | 81,541 | 81,549 | 81,562 | 82,350 |
| ERS | 179,833 | 179,833 | 1,679,833 | 1,679,833 | 1,696,054 |
| TRS | 542,086 | 547,379 | 1,116,496 | 1,116,617 | 1,127,399 |
| TOTAL RESTRICTED | \$ 4,069,862 | \$ 4,099,345 | \$ 7,618,794 | \$ 7,619,470 | \$ 7,693,047 |
| ASSIGNED | | | | | |
| Encumbrances | \$ 1,295,244 | \$ 1,352,937 | \$ 1,746,320 | \$ 1,712,866 | \$ 2,082,614 |
| Appropriated | 1,500,000 | 1,500,000 | 3,000,000 | 1,500,000 | 3,000,000 |
| UNASSIGNED | 2,992,342 | ★ 6,813,102 | ★ 5,014,819 | 3,416,835 | 4,579,961 |
| NONSPENDABLE | 2,625,833 | 2,870,159 | 3,209,985 | 1,849,885 | 1,207,649 |
| TOTAL FUND BALANCE | \$ 12,483,281 | \$ 16,635,542 | \$ 20,589,918 | \$ 16,099,056 | \$ 18,563,271 |

Fund Balance –Analysis

** Estimate for 2023*

| | 6/2019 | 6/2020 | 6/2021 | 6/2022 | 6/2023* |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL FUND BALANCE | \$ 12,483,281 | \$ 16,635,542 | \$ 20,589,918 | \$ 16,099,056 | \$ 18,563,271 |
| Unassigned Fund Balance | 2,992,342 | 6,813,102 | 5,014,819 | 3,416,835 | 4,579,961 |
| Next Year's Budget | 80,113,554 | 81,325,857 | 85,963,942 | 88,546,056 | 93,045,211 |
| 4% Limit | 3.73% | 8.37% | 5.83% | 3.85% | 4.92% |

Fund Balance by Fund and Percentage
 Shown as a % of Expense
 District(s) - CENTRAL SQUARE CSD
 % of Revenues or Expenses reflects selected funds only
 Source: NYSED ST-3 Form



Detail by:

- Assigned Appropriated Fund Balance
- Assigned Unappropriated Fund Balance
- Committed Fund Balance
- Not in Spendable Form
- Reserve for Employee Benefits and Accrued Liabilities
- Reserve for Retirement Contributions
- Reserve for Tax Certiorari
- Unassigned Fund Balance
- Workers Compensation Reserve
- % of Revenue Or Expenses



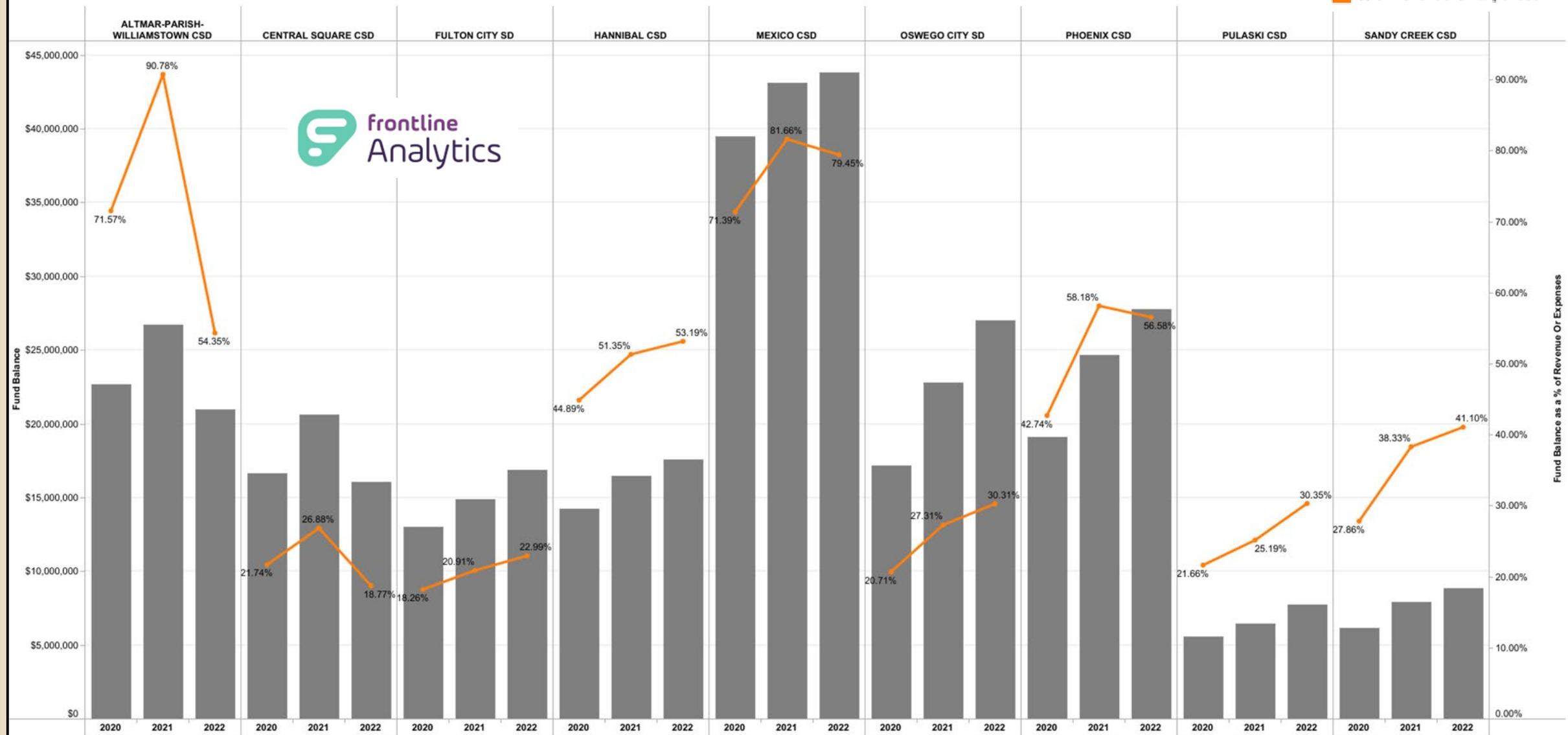
Fund Balance by Fund and Percentage

Shown as a % of Expense
 District(s) - ALTMAR-PARISH-WILLIAMSTOWN CSD, CENTRAL SQUARE CSD, FULTON CITY SD and 6 more
 % of Revenues or Expenses reflects selected funds only
 Source: NYSED ST-3 Form

Detail by:

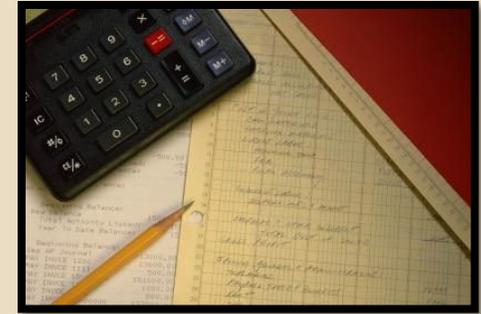
A General

% of Revenue Or Expenses



WHAT HAVE WE USED FUND BALANCE ON?

- ❖ No Tax Levy increase for 2021-2022 & 2022-2023
- ❖ Providing unaided portion of 2022 \$25 million capital project
- ❖ Funds Appropriated Fund Balance
- ❖ Increase in Reserves



What will we use our Fund Balance on in the future?

- ❖ Revenue shortfalls due to Grant Funding ending in the 2023-24 year.