



SALMON RIVER CENTRAL SCHOOL DISTRICT



LONG RANGE FINANCIAL PLAN

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Contents

Executive Summary.....	3
Long Range Financial Planning.....	4
Purpose and Organization of the Plan	4
District Vision, Mission and Goals.....	5
Assumptions.....	5
External Assumptions	5
State Aid.....	5
Utilities	6
Employee Benefits	6
Federal Grants.....	6
Low Income Community	6
Internal Assumptions	6
Instructional Programs.....	6
Student Enrollment.....	7
Significant Expenses.....	7
Salaries and Staffing.....	7
Retirement	8
Health Insurance	8
Facilities.....	9
Maintenance and Utilities.....	9
Security	10
Capital Projects	10
Debt Service	11
Transportation	11
Bus Replacement Plan.....	12
Electric Buses	12
Driver Shortage	13

Technology 13

Student Devices 13

Cybersecurity 13

Software 13

BOCES..... 14

Significant Revenues 15

 State Aid 15

 Native American Aid 15

 Property Taxes and Tax Cap..... 16

 Federal Aid 16

Trends 17

Revenue Projection..... 17

Expense Projection..... 17

Gap Analysis 18

 Fund Balance 18

 Reserve Funds 18

Summary 19

 Conclusion..... 19

 Future Planning..... 19

Appendices..... 20

 Historical Data..... 20

Executive Summary

The long-range financial plan provides the District with a road map for financial well-being as well as a plan to achieve educational goals by combining financial projections with fiscal budgeting strategies. It can be used as a tool to identify areas of opportunity as well as areas of financial weakness by looking at revenue trends, expenditure commitments and financial risks.

As the 2022 school year comes to a close, Salmon River Central School District as well as all schools in New York State and across the country are facing unprecedented challenges. The COVID pandemic has impacted every aspect of school district operation and forced Districts to reimagine how instruction is provided and how school buildings function. Although the current instructional and operating environments present many challenges, the Salmon River Central School District continues to be in excellent financial condition. This is vitally important as fiscal stability positions the District to be able to fully and quickly respond to each new regulatory requirement and instructional need that arises.

Many challenges have been addressed in the last two years, but several are ongoing and many more are on the horizon. The District has identified four key areas that are most critical to the District's finances over the term of this long-range plan.

Staffing

Nationwide there is a teacher and support staff shortage. There are currently many hard to fill positions in Special Education and Transportation that remain unfilled with fewer and fewer substitutes to fill in. Staffing concerns not only cause instructional concerns within the classroom but also cause significant budget variations as well as unpredictable changes in actual expenditures and revenues. Salaries and benefits making up 66% of the District budget.

Declining Enrollment

Student enrollment is vital to a District and one of the most important drivers of district operations. The student population at Salmon River is unique in NYS. Part of the District is comprised of St. Regis Mohawk Reservation land which also falls in the Massena CSD and into Canada. Any student who lives on the reservation is able to attend Salmon River CSD, Massena CSD or Canadian Schools. Students can change schools each year without restrictions. This causes a lot of fluctuation in enrollment from year to year.

Over the last 5 years enrollment has been declining with a significant drop in 2019-20 school year due to the elimination of religious exemptions for vaccines. Many of the District's Native American population utilized the religious exemption and chose to transfer to Canadian Schools.

As of the 2022-23 school year, the District had 1,378 students, of which 966 (69.9%) are Native American and 1006 (72.8%) of those students are considered economically disadvantaged. With the heavy reliance on State Aid any drop in enrollment significantly effects Foundation Aid as well as Native American Tuition.

Technology

The COVID pandemic thrust the District into remote learning with little time for preparation. This meant many new devices needed to be acquired, maintained and tracked. This has placed significant pressure

on the IT Department, the network infrastructure and security, as well as technology replacement plans. The District will need to plan for the impact of additional hardware and software purchases over the next 5 years.

Fringe Benefits

Health insurance and retirement costs make up 26% of the District budget. Fluctuation in these costs have a significant impact on budget planning. Retirement rates are driven based on market performance and have been fairly steady over the past few years and are projected to continue to increase slightly each year. Over the past 5 years, increases in health insurance have remained stable. However, in the coming 5 years it is projected that rates will increase between 6-8% annually. This will have a significant impact on the budget as a 1% increase is approximately \$100,000.

Long Range Financial Planning

Strong financial management is essential to the District's long-term sustainability. Projections are an important element of the financial review and planning process. The uncertainty over the last two years has shown us, the importance of maintaining a financial management plan that is carefully developed with fiscally conservative budgeting strategies. Although recent events were certainly not predicted in previous multi-year forecasts, planning in several key areas helped to mitigate the worst impacts. Specifically, long range planning in the operational areas of facilities, transportation, and technology allowed us to respond quickly to ever changing pandemic related requirements.

Purpose and Organization of the Plan

Our plan ensures that we have the resources available to protect the programs and services that are needed to meet District goals, both short term and long term.

Our plan drives our decision making. When faced with making financial decisions we base these decisions on how they affect the long-range plan not the short-term impact they make. Decisions can't be made year to year due to our constraints on revenue growth as it does not allow us to make decisions that can easily be changed in future years. Ongoing expenses and recurring revenues must be matched and one-time revenues only used to pay for one-time expenses.

Our plan guides our communication and transparency with our community. Our community has a significant investment in our schools and our future, therefore we must provide full transparency with our budget process and financial management plans. All current and historical budget documents, financial audits, reserve plans and board meeting minutes are located on the District webpage for full transparency.

District Vision, Mission and Goals



In 2017, the Board developed goals to increase the achievement of ALL students by emphasizing social and emotional well-being, high academic standards and a safe learning environment which incorporate the District's Board of Education mission, vision, and values. To ensure the educational process functions without interruption requires developing a fiscally sound financial plan. By keeping District finances in order, the primary focus of the District remains on the educational program, rather than fiscal concerns. These are the drivers of our financial management plan. The District goals can be found on our website.

Assumptions

All assumptions are made at a single point in time. These factors can and will change over time but provide a basis for financial decision making. This plan will be updated each year in December and January. Forecasts of revenues and expenditures in the long-range plan are for 5 years, any longer time frame will be unreliable and speculative.

External Assumptions

Economic Conditions

Local as well as national economic conditions have had an impact on the District financial planning for supplies, materials, staffing and safety measures. There have been delays in getting supplies as well as significant price increases for certain materials. This has specifically impacted the construction project with materials and classroom furniture costs. The biggest impact has been on staffing. Many staff have resigned or retired since COVID-19 leaving it difficult to fill the number of open positions. This has been a challenge on the budget as many positions are being filled at higher starting salaries and retention stipends are needed to retain hard to find staff.

State Aid

The District is dependent on the financial health of New York State and its formula used to distribute aid each year. Approximately 92% of all revenues for the District come from State Aid. This leaves the District extremely vulnerable when changes are made to the structure of aid formulas. In the 2022-2023 budget, the NYS Governor approved to fully fund foundation aid over a 2-year period with a 3% hold harmless for Districts. This had a significant impact on our District aid since we were already fully funded for foundation aid and were held harmless to a 3% increase in State aid which was \$608,987.

Utilities

Utility costs consist of expenses for electricity, fuel, propane, and water. The District participates in the School Municipal Electricity Consortium (SMEC) as well as the Tri-County Energy Consortium (TCEC). SMEC provides for pooled purchasing of electricity through a consortium to provide better rates. TCEC is a solar farm consortium that provides member Districts with rebate revenue from meter credits based on the amount of solar energy collected. Propane and fuel oil are bid annually through the St. Lawrence Lewis BOCES Cooperative Purchasing program. Water is provided and billed by the Town of Fort Covington annually.

Employee Benefits

As mentioned employee benefits make up a significant portion of the District budget. Costs for health insurance and employee retirement are driven by market conditions. With increasing inflation and unstable markets these costs will be unpredictable in the coming years. Given the large portion of the budget even small increases can have a significant impact on the budget with little the District can do to lower costs. Employee benefits will be discussed in more detail further on in this report.

Federal Grants

Federal grants have always played a significant role in District finances and long-range planning however over the last several years this has had more of an impact with ESSER and ARP funds. Other grants such as Title and IDEA grants remain fairly steady each year and cover mainly salaries. The ESSER and ARP funds required strategic planning to prevent a fiscal cliff with funding expirations. The District received over \$9M in federal funding for COVID relief grants through the ARP and ESSER grants through 2024. When the grant funding cycle comes to an end the District will evaluate the positions that can be absorbed through the general fund based upon attrition or potential transferring of certain programs to a BOCES as service. Programs that are no longer needed will be eliminated at the end of the grant cycle.

Low Income Community

In NYS one of the main drivers of state aid is the Combined wealth ratio. This ratio considers the property tax values within a school district as well as the income tax wealth reported on individual income taxes filed within a district. Currently we are ranked as one of the poorest Districts in NYS State with a ratio of .188, the average combined wealth ratio in NYS is 1.0. This drives state aid formulas and we receive approximately 92% of our revenues from State and Federal Aid because of it.

Internal Assumptions

Instructional Programs

The District operates many programs that impact the long-range planning of the District. Programs such as Before and After School Childcare, Pre-K, Academic Summer School, After School Enrichment, Sunset Programs and Staff Development are all vital to the success of our students. Many of the programs are currently funded with grant funds with the long-term plan to fund with general funds once grants end.

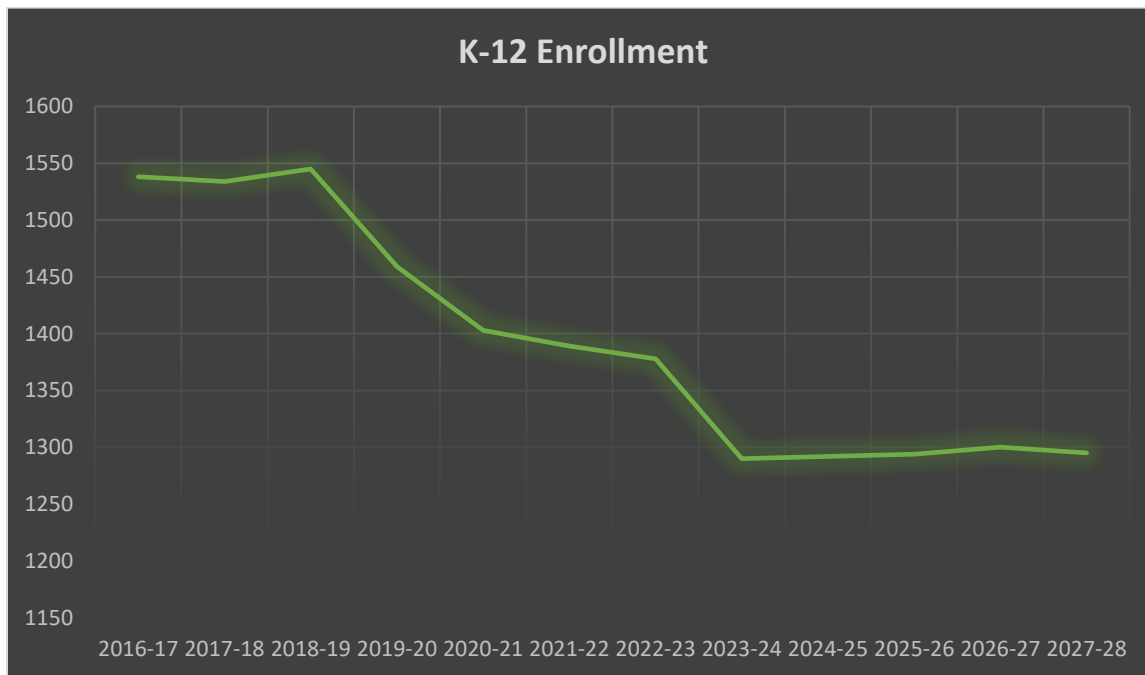
The District has made significant investments over the past few years at the Elementary in literacy, mathematics, science and social emotional learning curriculum, materials, assessments, and staff

trainings. While the large investment has been made, ongoing costs such as trainings, replacement materials and associated technology must be planned for in future budgets.

At the secondary level the District continues to focus on academic interventions, additional career pathways as well as advance placement courses. Implementation of these programs will require multiyear phase-in and additional staff training and is included in the long-range plan.

Student Enrollment

Enrollment in the District has been declining since 2016. The District experienced peak enrollment in 2009 with 1,626 K-12 students enrolled. Current enrollment for 2022-2023 is 1,378 students with projections showing stable enrollment over the next five years. Many factors have contributed to declining enrollment such as lack of employment and housing in the area, immunization requirements, and Native American transfer rights.



Significant Expenses

In preparing the long-range plan, there were several budget areas that were analyzed carefully as they have a significant role in the long-term costs of the District. Some of these costs are considered fixed leaving no control to the District and some of the costs can be managed through proper planning and budgeting. For example, the District has no ability to control the cost of retirement but it can help manage the cost of health insurance through contract negotiations for premium contributions and buyouts.

Salaries and Staffing

Salaries and benefits are the largest costs in the District budget annually accounting for 66% of the budget. The District employees both full time and part time employees that follow a 10- or 12-month calendar. There are 3 unions: The Salmon River Teacher Association (SRTA) with 216 members, the Civil Service Employee Association (CSEA) with 193 members, and the Salmon River Administrators

Association (SRAA) with 8 members. In addition, there are approximately 26 employees that do not belong to a union.

The District is the largest employer in the rural community with few other employment options available to attract families to the area. Combined with the lack of local housing many staff do not reside within the District and often resign to work at their home Districts after a few years. This makes it very difficult to recruit and maintain staff in high need positions such as Special Education, Science and Math.

The contract with SRTA runs through June 30, 2024 and provides for 4% raises in 2022-2023 and 2023-24. After 2024, the contract will be re-negotiated with the union to determine future salaries. It is estimated that the salary increase will continue to be in the 3-4% annual range based on trends in the area.

The CSEA contract expires on June 30, 2025 and provides for annual raises of \$1.25/hour in 2022-23. \$1/hour in 2023-24 and \$1/hour in 2024-25. CSEA contract negotiations are driven by minimum wage and are expected to level out in future years as minimum wage is fully implemented.

The SRAA contract expires on June 30, 2026 and provides for annual raises of 3% for 2022-23 and 2023-24 and 3.16% increases in 2024-25 and 2025-26. Contract negotiations will begin in 2026 and is not estimated to increase significantly.

Retirement

The District contributes to two retirement systems, the NYS Teachers' Retirement System (NYSTRS) and the NYS Employees' Retirement System (NYSERS). While both systems are considered to be in good financial condition the rates have been increasing slightly each year. The cost for retirement contributions also increase as contractual salaries increase. The current TRS rate is 10.29% and the ERS rate is 16.1%. The projections for 2023-2024 school year are for the rates to remain steady.

Health Insurance

The District is a member of the Franklin Essex Hamilton BOCES Health Insurance Consortium which is self-funded by all of the member districts. The health insurance consortium meets throughout the year to review potential cost saving measures and member impacts. The consortium has worked hard over the years to keep annual increases lower than neighboring consortiums. Each year in late winter – early spring the consortium meets to vote on the upcoming rates. In the 2022-2023 year the rates increased 6% and are projected to continue to increase 6%-8%.

At a cost of just over \$9M health insurance is the largest line in the district budget next to salaries. To help lower costs, the District has negotiated health insurance buyouts with each union. Currently there are 334 employees opting into the health insurance plan with 71 opting out of health insurance. The 6% increase amounted to \$540,000 in the 2022-2023 budget which was 3 times the amount of increase in the previous few years.

Facilities

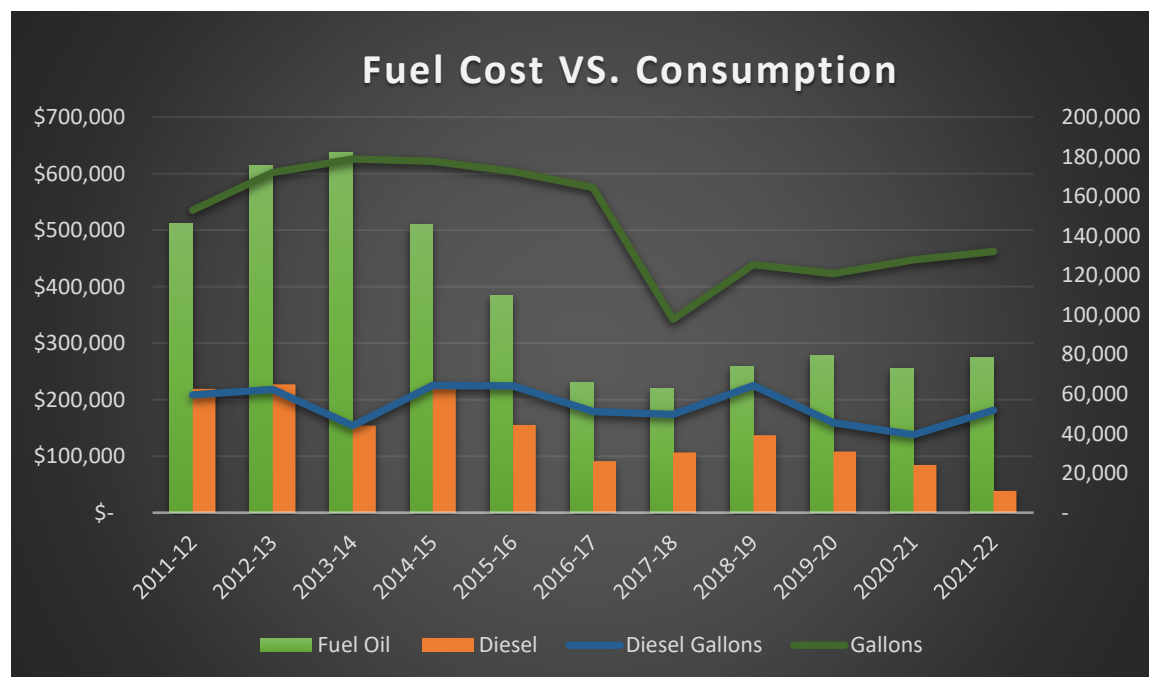
Originally constructed in 1956, the main campus has approximately 303,000 square feet of occupied space that make up the Salmon Elementary, Middle and High School. The building sits on 111 acres and uses a geo thermal heating system as well as a hot water boiler system. The St. Regis Mohawk School is comprised of 84,630 square feet and was constructed in 1935. The Mohawk School uses fuel oil as a heating source. The District also maintains the 20,625 square foot transportation facility as well as a waste water treatment plant. A five-year facilities plan was developed with the District Architects and Administration in 2019 and is continually updated as projects are performed.

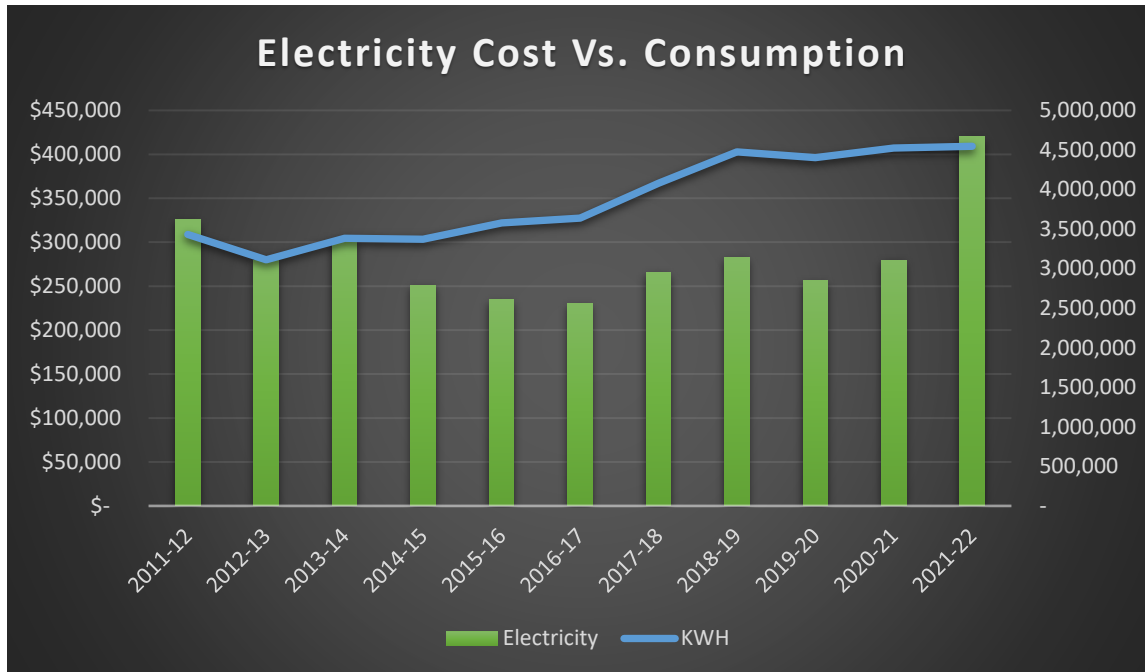
The expense of maintaining the District buildings for supplies, equipment and contracted services are expected to remain steady due to the recent upgrades to all of the facilities and systems that have increased efficiency.

Maintenance and Utilities

In 2011, The District began the process of moving the main building to geo-thermal heating and cooling from a fuel oil boiler system. The transition was completed in 2022 with the last sections of the building put on line. The main building only uses fuel oil as supplemental heat in the extreme cold and to heat the hot water. This will impact the long-range reliance on fuel oil in the District and the unpredictable cost fluctuations. Given the reliance on electricity for the geo-thermal system as well as, the potential fleet of electric buses, the District is in the beginning planning stages to look at other sources of electric power such as solar that will impact the long-range financial plan.

Over the last year, there have been significant market price increases in electricity and fuel costs. As previously mentioned, fuel prices are locked in annually through a cooperative purchasing bid and our electrical supply is purchased in bulk through a consortium. However, in our area last year rates quadrupled during the severely cold months, leading to significant unbudgeted expense increases that could not be controlled.





Security

School security has been a national as well as a local concern that has evolved over the last 10 years. The District has continually addressed these changing concerns through upgrades with capital construction projects as well as planned security enhancements through NERIC. The District has upgraded the emergency notification system, door access security system as well as speakers and security cameras in the past few years.

To limit the impact of these large projects on the annual budget, upgrades have been strategically planned to be purchased when excess funds have been available and purchases will provide aid as a revenue the following year. Costs that are planned through NERIC are reimbursed at 90% the year after the expenditure which provides for a planned revenue in the following budget.

Capital Projects

Construction projects are used to construct, renovate, improve or repair existing District buildings based on a long-range facility plan that is developed through collaboration with the District Architect and Buildings and Grounds Committee. Construction projects are recorded in the Capital Fund and are planned in advance to limit the impact on the budget annually. The District is 98% state aided for capital projects with voter approval and also receives Native American building aid based on the percentage of Native American students attending the District.

\$26.5M Project – This project was approved by the voters in May 2019 and is expected to be completed in December 2022. The project consists of remodeling the Middle and High School Classrooms and corridors. Reconfiguring the middle school entrance as well as the parking lot. Upgrades will be performed to the exterior window walls, boilers, HVAC, electrical and plumbing to provide energy efficiency savings. The project is 98% state aided and will receive \$10,145,725 in Native American Building Aid.

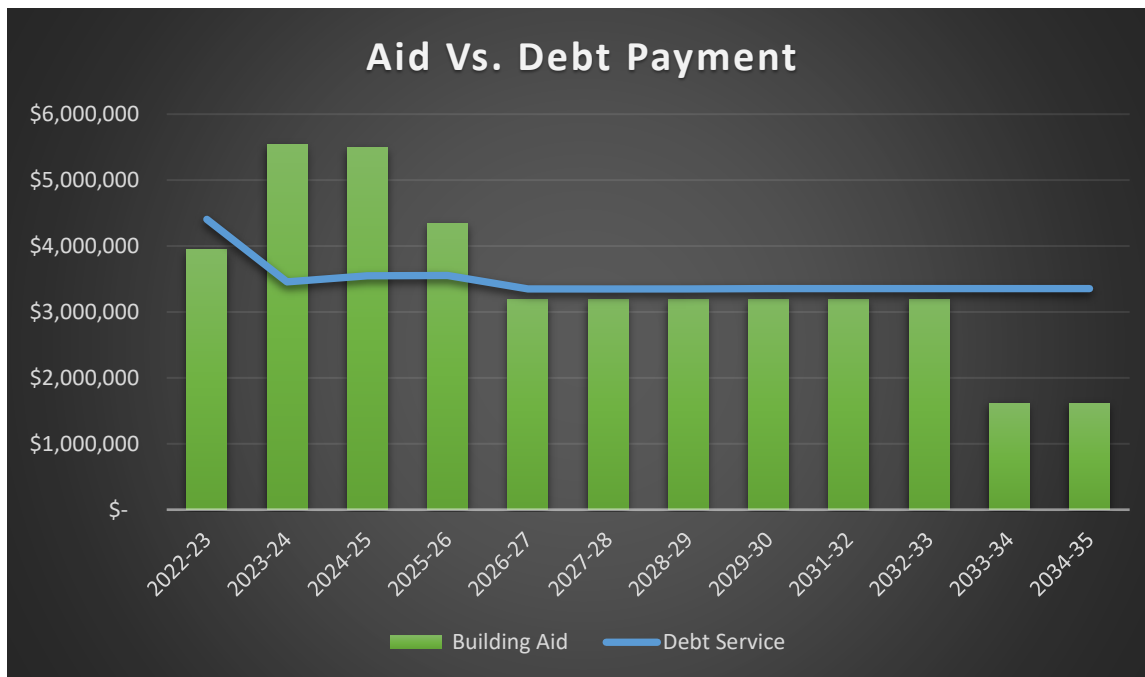
\$7.4M Field Project - This project was approved by the voters in October 2021 and is expected to be completed by September 2023. The project includes installation of a new turf field at the competition soccer/lacrosse field and a new multi-sport practice field. A new community court area will be constructed to include tennis, basketball and pickle ball courts. The project is 98% state aided and will receive \$3,254,004 in Native American Building Aid.

\$1M Fuel Tank Replacement Project - This project was approved by the voters in May 2021 and is expected to be completed in September 2023. The project is 98% state aided and will receive \$473,000 in Native American Building Aid. The in-ground fuel tank at the Middle/High School as well as the in-ground fuel tank and pump system will be replaced with new above ground tanks.

There are no immediate plans for any new projects after the completion of these projects.

Debt Service

In order to carry out the District’s facilities plan, debt will need to be issued for each project. Prior to long term bonds the District obtains short term bond anticipation notes to cover construction costs until the project is completed and final bonds will be issued. The Districts goal is to finance the cost of capital projects over the course of 15 years to line up with the building aid payments that are also paid over 15 years. Some projects do not line up and the District must strategically plan to handle the gap in revenues and expenses related to debt and building aid.

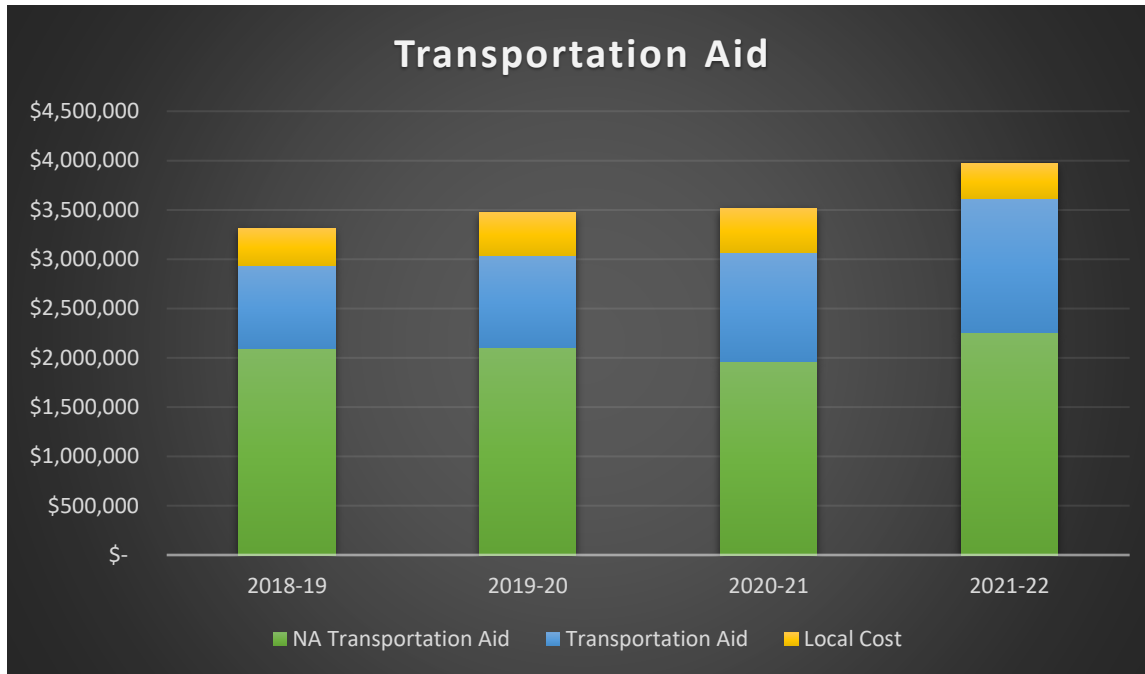


Transportation

Student transportation is the backbone of the District. Of the 1,378 students enrolled at the District, 1,320 students are signed up for transportation. This makes transportation critical in order for the District to operate daily. The Transportation Department must make safety and reliability a priority in every aspect of the operation. The District currently has 55 buses in the fleet, 35 of which are owned by the District and 20 buses owned by the NYS Department of Education for the transportation of Native American Students. The transportation department also maintains seven (7) work trucks as well as

seven (7) passenger vehicles. Buses travel roughly 360,000 miles annually with an additional 100,000 miles for sports trips, field trips and summer school.

The District receives Native American Transportation Aid based on the ratio of buses dedicated to Native American runs on the reservation. In addition, the District receives 90% cost reimbursement in NYS Transportation Aid. This makes transportation almost fully aidable each year.



Bus Replacement Plan

The New York State Department of Transportation conducts monthly 30-day inspections on the fleet and can disqualify a bus from operating for a variety of reasons. Therefore, the condition of the bus fleet drives costs associated with repair parts, mechanic staffing and down time. To keep our fleet operating at optimal levels, the District currently maintains a 5-year replacement plan for buses and other vehicles. Each year four (4) buses are purchased with voter approval to replace older buses. This keeps the transportation fleet mostly under factory warranty and reduces the need for costly repairs and time off the road. The District has had a 100% passing rate for four out of the last five years with the most recent being 99% passing.

School buses are purchased with bonds that are repaid over 5 years. New York State reimburses the District over the same period 90% of the cost of the buses plus amortized interest costs. Annually the bus replacement plan costs the District about \$9,000.

Electric Buses

In the 2022-23 budget, NYS passed a mandate that requires any bus purchased after 2027 be electric and Districts to maintain a 100% electric school bus fleet by 2035. In anticipation of this new mandate the District applied for the EPA Clean School Bus Rebate. In October 2022, the District was awarded a \$4.3M rebate which will reimburse the District for 11 new electric buses as well as eligible charging infrastructure. The District is in the early stages of planning for the replacement of diesel buses with

new electric buses. The charging stations structure as well as the power supply requirements are being investigated and plans will be developed with the Transportation Committee.

Driver Shortage

Like other Districts in our County and State, the District has a severe driver shortage. There are currently 32 permanent bus drivers and a head bus driver covering 33 routes, with 6 vacant bus driver positions. The department also has 22 bus monitors, 5 mechanics and a head mechanic. Shortages have been caused by many factors and has been a rising trend over the last 5 years. During the COVID pandemic many drivers retired or resigned leaving more vacancies than in the past. Bus drivers work 3.5 hours a day which does not provide suitable income for a main job. In order to make driving positions more attractive to prospective employees the District has had to combine driving positions with many other positions within the District to create a full day position causing the staffing budget to increase for support staff.

Technology

Prior to COVID-19 the District had made significant investments in technology, especially with network infrastructure, wireless access points, smart technology and student devices. During the pandemic, additional investments were made to include staff devices and more student devices allowing the District to operate fully remote. The District still needs to look at additional technology upgrades such as servers, wiring access points, upgrading network infrastructure to 10GB from 1GB, and transitioning to Wi-Fi 6 and 5 GHz for wireless access. These purchases will be part of the long-range plan to strategically purchase when they can be aided through BOCES or a capital project.

Student Devices

The District has a long-range replacement plan for technology and replaces certain sets of devices each year with newer Chromebooks. During the COVID-19 pandemic, the District had to speed up replacement of devices to make sure all students K-12 had devices to take home. This meant a larger number of devices were purchased that will have the same useful life. This will need to be taken into consideration in the long-range plan for replacement. Now that the District is fully 1:1 for student and staff devices we are encountering issues that were not planned for in the transition. There is a larger than expected amount of breakage and down time with the devices. While the District plans to continue with 1:1 student devices, we are looking at ways to reduce the cost and time spent on replacements and repairs.

Cybersecurity

Cybersecurity has become increasingly important over the last five years as technology has become critical to District operations. The District works diligently with IT to prevent interruptions to the network and reduce cybersecurity risk. The District has obtained software to provide safeguards as well as additional security along with cyber security insurance to cover the damages and/or losses of a cyber-attack. All of this has budget implications and are projected to continue to increase as new software and security systems become available.

Software

As the District continues in the new era of digital and remote learning, software has become more widely used at all grade levels and subject areas. With EdLaw2D restrictions all software must be vetted prior to purchasing for compliance. Many companies will not sign off on our data share agreements that

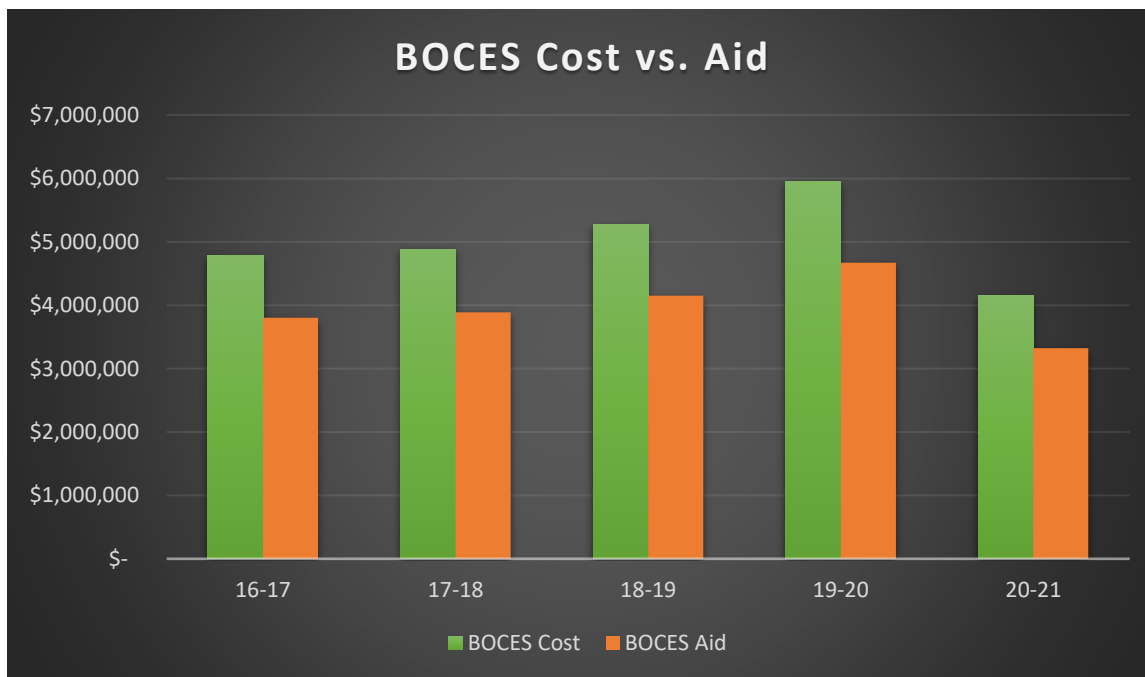
student data will not be sold to third parties. This limits the availability of software the District can purchase and still comply with Edlaw2D. It is projected that the costs of software will continue to increase each year as more programs and resources become available in a digital format. Many software programs are run through BOCES making them aidable when possible.

BOCES

The District purchases a variety of services and technology equipment through BOCES. By sharing services and contracts with other District, we are able to receive BOCES State Aid as revenue on almost all of our purchases. Each year the District commits to services and makes requests for future needs based on the planning for instructional and non-instructional programming. Currently, the District spends approximately \$4M with BOCES, mainly on technology and software programs.

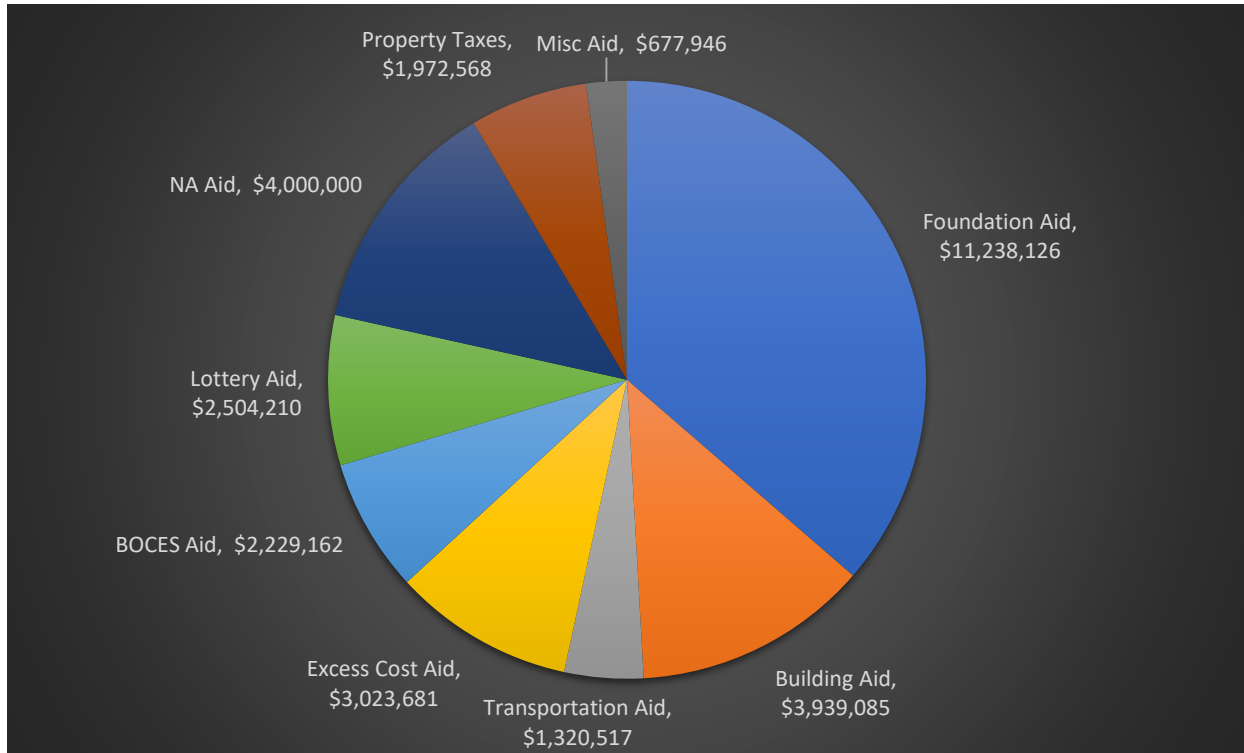
The District is reimbursed the following year for 90% of aidable expenses. Certain expenditures are not aidable and there are limitations on the amount of salary and benefits that can be given aid. This has been set at \$35,000 and has not been adjusted by the State since it was set. This makes it less attractive for the District to use BOCES to provide instructional services such as special education teachers. Each year the amount that is aidable becomes less and less as salaries and benefits continue to increase while the threshold remains static.

Given that the aid is received in the following year after purchases are made, this can be used each year to strategically plan for budgetary gaps. If there are excess budget funds mid-year and the upcoming budget has lower revenue projections purchases can be made through BOCES for additional technology needs and the aid will help the following year budget.



Significant Revenues

Revenue can be divided into local, state and federal sources. Local revenues are comprised of property taxes, interest income, tuition, transportation fees, refunds and other miscellaneous revenues. State sources include foundation aid, building aid, transportation aid as well as grant funding. Federal funding is limited in nature and mainly from grants.



State Aid

The primary revenue source for the District is foundation aid which is a formula that weighs factors such as enrollment/attendance, and poverty levels. In the past the State has not allowed the formula to calculate the aid increases annually. The increases were artificially set. In the 2022 budget, the State agreed to catch up Districts by phasing in foundation aid to full formula funding. Districts that were receiving more than the foundation aid were held harmless with a 3% aid increase. Salmon River was already receiving full foundation aid and was given a 3% aid increase.

Other state aid categories are expense driven and are projected to increase along with spending.

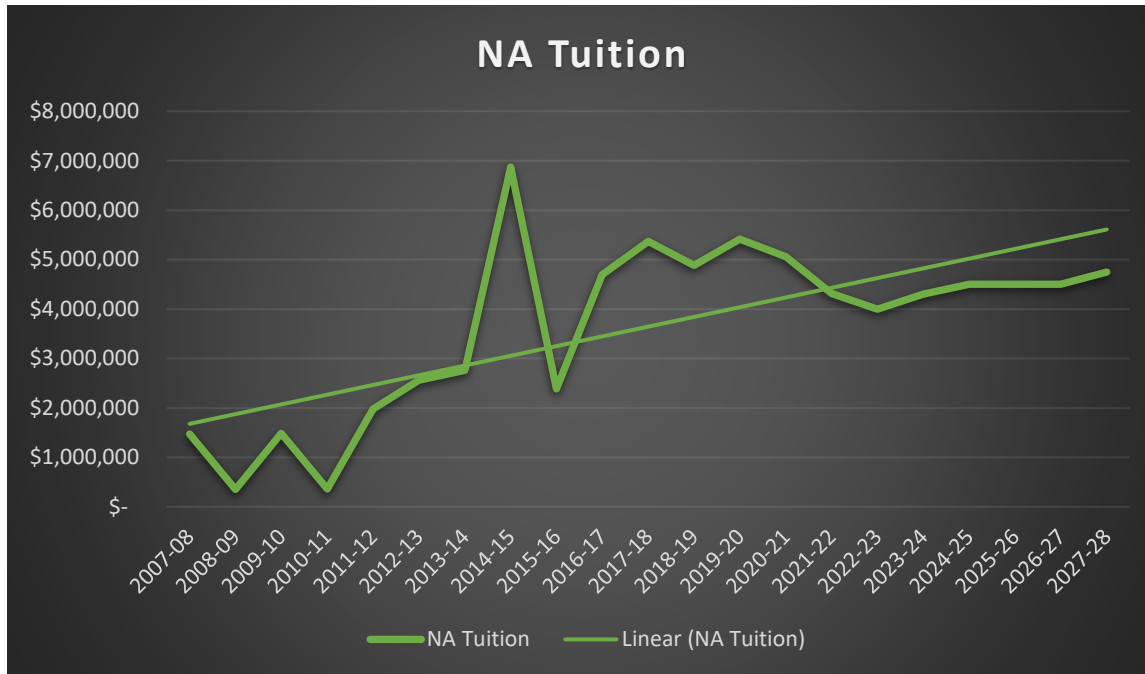
Native American Aid

The District contracts with NYS to provide education for Native American students that reside on the Akwesasne Mohawk Reservation. The contract is for 10 years and expires in 2030. Tuition is paid per student that attends the Salmon River Campus School grades K-12. The rate is calculated based off the Non-Resident Tuition formula provided by NYS.

Prior to 2015, the formula included costs/revenues from the St. Regis Mohawk School which skewed the calculation ratios for K-12 costs. In many years the formula calculated zero tuition revenue for students attending the Salmon River Campus.

In 2015, NYS agreed to amend the formula annually to remove the associated costs from the St. Regis Mohawk School and properly allocate tuition to the District. This resulted in approximately \$5M in revenue annually for the District as well as back payment for previously incorrect formula payments.

Since the formula is based on enrollment of Native American Students residing on the reservation and the revenue/expenditures annually there can be fluctuations in the amount.



Property Taxes and Tax Cap

The 2% tax levy limit (tax cap) imposes a limit on the amount of taxes the District can collect through the levy in a given year. With the 2% tax cap, there are many other factors, specifically exclusions that are included in the formula. Exclusions for items such as capital debt can increase or decrease the potential amount of taxes levied.

A true 2% increase in the tax levy only provides \$39,151 in additional revenue in the annual budget. This causes an inability to raise additional revenues when state aid is reduced or expenses increase. Our current tax levy is \$1,972,568 which is only 5.8% of our budget revenues.

Federal Aid

IDEA 611 and 619 grants

The Individuals with Disabilities Education Act is a grant that provides funding for the education of children with disabilities. IDEA Part B Sections 611 must be used only to pay for the excess costs of providing special education and related services providers (speech therapists, physical therapist, psychologists, etc.); materials and supplies for use with children with disabilities. Part B Section 619 preschool funds must be expended in the provision of service to eligible students ages 3 through 5. In 2022-2023, the District received \$480,207 in funding from IDEA grants.

Title Grants

“Title” grants are a set of funding sources that are meant to help school districts supplement their standard budget. For example, Title I is the largest federal aid program and provides funding to schools based on certain factors such as free and reduced lunch percentages. Title II funds can be used to provide supplemental activities that strengthen the quality and effectiveness of teachers, principals, and other school leaders. In 2022-2023, the District received \$1,639,102 in funding from Title grants.

ESSER, CARES and ARP Funds

In 2020 and 2021 the Federal government passed stimulus bills that provided relief funds to school districts. These included the Coronavirus Aid, Relief and Economic Security Act (CARES); the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA); and the American Rescue Plan (ARP). These funds can be used in a wide variety of ways to address issues and costs arising from the COVID pandemic. During the course of these grants the District will receive approximately \$10M in funding. Unlike the other federal grant funding, the pandemic funds are one-time grants. After the funds expire the programs, staffing and supplies will need to be eliminated or funded with other sources. This type of funding requires careful long-range planning to ensure there is no “fiscal cliff”.

Trends

Revenue Projection

	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue	Projected	Projected	Projected	Projected	Projected
Property Taxes	1,972,568	2,011,719	2,051,654	2,092,387	2,133,935
State Aid	20,824,606	21,403,130	21,998,424	22,610,990	23,226,132
Building Aid	5,545,030	5,488,620	4,341,299	3,193,979	3,193,979
Charges for Services	6,882,800	7,089,755	7,325,620	7,540,779	7,762,465
Other	318,132	348,132	348,132	348,132	348,132
Total	35,543,136	36,341,356	36,065,128	35,786,267	36,664,643
Dollar Change	3,011,894	798,220	-276,228	-278,861	878,376
Percent Change	9.3%	2.2%	-0.8%	-0.8%	2.5%

Expense Projection

	2023-24	2024-25	2025-26	2026-27	2027-28
Expenditure	Projected	Projected	Projected	Projected	Projected
Salaries	14,662,582	15,294,040	16,103,120	16,629,982	17,174,969
Benefits	8,877,000	9,467,944	9,988,046	10,528,234	11,078,030
BOCES	3,262,415	3,329,687	3,399,578	3,471,565	3,545,712
Supplies/Equipment	1,397,655	1,422,675	1,450,357	1,477,736	1,506,098
Contractual	2,164,100	2,214,880	2,267,557	2,322,204	2,378,897
Debt & Transfers	4,325,469	4,432,896	4,445,432	4,261,476	4,265,648
Total	34,689,221	36,162,123	37,654,090	38,691,198	39,949,355
Dollar Change	1,063,394	1,472,902	1,491,968	1,037,108	1,258,157
Percent Change	3.2%	4.2%	4.1%	2.8%	3.3%

Gap Analysis

After looking at the projected revenue and expenditures for the next 5 years, the gap between them can be analyzed more clearly. The revenues and expenditures are not increasing or decreasing on the same projection line. This is due to the debt payments and building aid revenue. The debt payments are not in line with the building aid revenues causing some years to have excess revenues and some years to be short revenue. Addressing these gaps through long range planning will help stabilize the revenues and expenditures and allow the District to plan additional spending in years where aid payments will be in excess of debt and limit spending in years where debt is higher.

	2023-24 Projected	2024-25 Projected	2025-26 Projected	2026-27 Projected	2027-28 Projected
Budget GAP	-853,915	-179,234	1,588,962	2,904,931	3,284,712

Fund Balance

Fund balance is necessary in order to cover cash flow deficits and to plan for future liabilities as well as accommodate unforeseen issues. A good Fund Balance Management Plan will substantially reduce or eliminate a negative effect on the normal operations of our District in order to accommodate unanticipated circumstances that may arise. The budget voted upon by the community is established to pay for the expenses for that current year. There is little room in that budget to pay for extraordinary or unanticipated expenses. For example, when the District experienced a leaking fuel tank that required removal, those costs were covered with fund balance rather than the current budget.

Fund Balance is created with the idea that it can support future liabilities – known and unknown – without negatively affecting the instructional program or the taxpayers. Similar to our taxpayers’ monthly checkbook balance after all their bills are paid.

There are varying philosophies on how much fund balance is enough to maintain a safe financial position. Currently, the NYS Comptroller allows for a maximum of 4% of the following years budget to be maintained for fund balance. Every year there is a push by school lobbyist groups to double this to 8% at a minimum. The Government Finance Officers Association recommends to maintain at least 2 months of spending in fund balance, for the District that would be about \$7M.

Reserve Funds

Reserve Funds are set aside from fund balance, like other savings plans, and 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 losses of educational programming and reduces dramatic increases in the tax levy.

Reserves are essential for moderating or even eliminating the budget impact of one-time events or temporary cost increases in certain expenses. Reserves should only be used to bridge gaps that are relatively small and temporary. If a reserve is used repeatedly as ongoing revenue the fiscal gap will continue to grow each year and the reserve will be depleted. This will cause extreme difficulty balancing future budgets.

School districts are limited by general municipal law on the types of reserves that can be funded, and what they can be used for. There are currently 12 allowable reserves that can be used by school districts.

Summary

Conclusion

The District is currently in excellent financial condition; however, the next 5 years will be challenging given the financial climate of the State and Country as well as the potential financial cliff from expiring federal funds. With recent inflation, staff shortages and increasing dependency on costly technology the District will see challenges balancing the revenue and expenditure budget. The District will be challenged to make strong financial decisions for revenue growth and cost controls. The District must also be mindful of the debt payment and corresponding aid to align them to the long-range plan.

As for revenue growth the District is fortunate to now have a properly functioning Native American Tuition formula that continues to provide increasing aid each year as it is directly tied to District expenditures. However, the District must still be cautious as the State's financial condition is constantly changing along with formulas used to determine aid. Without the ability to raise a significant revenue through property taxes the District has no means of additional revenue when there are reductions in state aid or increasing costs.

While expenditure projections show increases just over a million dollars a year this assumes that the staffing positions will be completely filled. History has shown over the last five years that this has not been the case.

Future Planning

While the future of District revenues and expenditures will always have some degree of unpredictability, the District will continue to update projections to plan for future budget deficits each year during budget development. By planning for future deficits in present time, the District can mitigate the impact to instruction and provide a more stable budget and tax levy for tax payers. Adjustments will be made as necessary to balance fund balance and use of reserves with spending reductions and new revenue sources.

Appendices

Historical Data

Student Enrollment

Student Enrollment									
School Year	District Wide			Salmon River			SRM		
	K-12	Pre K	Total	K-12	Pre K	Total	K-5	Pre K	Total
05-06	1548	72	1620	1095	19	1114	454	54	508
06-07	1537	85	1622	1120	31	1151	453	53	506
07-08	1471	88	1559	1001	42	1043	417	54	471
08-09	1550	76	1626	1151	32	1183	470	46	516
09-10	1501	76	1577	1090	31	1121	399	44	443
10-11	1474	80	1554	1114	38	1152	411	45	456
11-12	1466	70	1536	1106	28	1134	360	42	402
12-13	1452	85	1537	1095	36	1131	357	49	406
13-14	1472	84	1556	1113	36	1149	359	48	407
14-15	1508	85	1593	1152	34	1186	356	51	407
15-16	1534	85	1619	1175	28	1203	359	57	416
16-17	1448	90	1538	1100	36	1136	348	54	402
17-18	1461	73	1534	1121	32	1153	340	41	381
18-19	1467	78	1545	1124	35	1159	343	43	386
19-20	1395	64	1459	1062	33	1095	333	31	364
20-21	1354	49	1403	1028	18	1046	326	31	357
21-22	1320	69	1389	998	33	1031	322	36	358
22-23	1316	62	1378	1002	24	1026	314	38	352

Health Insurance Premiums

Historical Health Insurance Premium Increases											
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Premium Increase	5.50%	6.50%	4.00%	3.75%	4.25%	1.50%	2.00%	2.00%	1.00%	2.00%	6.00%

NYS Teacher’s Retirement System Rates and NYS and Local Employee’s Retirement System Rates

Retirement System Historical Rates												
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Teacher’s Retirement	11.11%	11.84%	16.25%	17.53%	13.26%	11.72%	9.80%	10.62%	8.86%	9.53%	9.80%	10.29%
Employee Retirement	16.00%	18.84%	20.90%	20.10%	18.20%	15.90%	15.90%	15.80%	12.60%	13.70%	15.00%	11.60%

Property Tax Rate

Property Tax Levy and Rate per \$1,000 Assessed Value									
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Tax Levy	\$1,989,899	\$1,989,899	\$2,029,697	\$2,070,291	\$2,070,291	\$2,070,291	\$1,977,111	\$1,957,568	\$1,957,568
Tax Rate/1,000	\$ 11.67	\$ 11.38	\$ 10.86	\$ 10.65	\$ 10.66	\$ 10.23	\$ 9.06	\$ 8.51	\$ 10.34

Budget

Historical Budget Data									
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Budget	\$29,469,098	\$28,388,600	\$28,948,122	\$30,851,524	\$32,502,021	\$34,061,334	\$34,061,334	\$34,339,754	\$33,625,827

Federal Grant Revenue

State and Federal Grant Allocations									
Grant	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Title I	\$ 607,556	\$ 664,317	\$ 638,275	\$ 628,883	\$ 797,880	\$ 693,191	\$ 794,128	\$ 984,258	\$1,164,776
Title I School Improvement	\$ 79,998	\$ 54,588	\$ 100,000	\$ 200,000	\$ 249,378	\$ 259,946	\$ 259,999	\$ 300,000	\$ 275,000
Title IIA	\$ 93,486	\$ 92,666	\$ 90,280	\$ 84,604	\$ 119,689	\$ 88,651	\$ 83,141	\$ 93,976	\$ 100,113
Title IIB	\$ -	\$ -	\$ -	\$ -	\$ 202,944	\$ -	\$ -	\$ -	\$ -
Title IV	\$ -	\$ -	\$ -	\$ -	\$ 45,490	\$ 52,269	\$ 53,232	\$ 50,647	\$ 65,442
Title V	\$ -	\$ -	\$ -	\$ 26,418	\$ 26,136	\$ 27,663	\$ 27,547	\$ 31,473	\$ 33,771
Title VIB	\$ 28,646	\$ 29,826	\$ 32,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Title VII	\$ 439,848	\$ 460,527	\$ 470,854	\$ 461,646	\$ 495,492	\$ 430,736	\$ 554,697	\$ 471,100	\$ 453,011
Universal Pre K	\$ 152,513	\$ 152,513	\$ 152,513	\$ 152,513	\$ 152,513	\$ 152,513	\$ 99,922	\$ 152,513	\$ 427,998
IDEA 611	\$ 400,449	\$ 398,670	\$ 417,471	\$ 489,515	\$ 430,929	\$ 445,952	\$ 450,047	\$ 453,565	\$ 465,942
IDEA 619	\$ 12,920	\$ 12,127	\$ 12,779	\$ 15,350	\$ 13,210	\$ 13,518	\$ 13,618	\$ 13,689	\$ 14,265
My Brothers Keeper	\$ -	\$ -	\$ -	\$ -	\$ 196,144	\$ 250,576	\$ 250,576	\$ 250,576	\$ 250,576
Empire Grant	\$ -	\$ -	\$ -	\$ 561,600	\$ 561,600	\$ 561,600	\$ -	\$ -	\$ -
PTECH	\$ -	\$ 150,000	\$ 250,000	\$ 350,000	\$ 450,000	\$ 514,351	\$ 578,529	\$ 518,816	\$ 430,990
ARRA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ARP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,177,232		
ESSER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,251,960		
CARES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,977		
Total	\$1,815,416	\$2,015,234	\$2,164,772	\$2,970,529	\$3,741,405	\$3,490,966	\$12,594,628	\$3,320,613	\$3,681,884