

# COPIAGUE PUBLIC SCHOOLS

## BUDGET WORK SESSION

# Fund Balance Management

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December 15, 2014

# FUND BALANCE MANAGEMENT

**What is fund balance?** *The district's savings account*

*Two components of fund balance:*

I. **RESTRICTED** for particular purpose

Reserves for "rainy days":

	Actual July 2014 <u>Balances</u>	Forecast July 2015 <u>Balances</u>	Forecast July 2016 <u>Balances</u>
• Retirement System (ERS premiums only)	395,975	975	
<i>Add: proposed Transfer from Insurance Reserve</i>		<u>107,837</u>	
Retirement System Revised Total		108,812	0
• Insurance: (Property casualty/liability loss)	107,837	0	0
• Building Repairs (closed June 2013)			
• Workers' Compensation Claims:	154,274	274	0
- district is self funded (closed November 2014)			
• Unemployment Claims	57,474	36,174	0
• EBLAR Liability - Future Retiree Expense (Employee benefit accrued liability reserve)	<u>3,134,161</u>	<u>2,984,161</u>	<u>2,900,000</u>
<b>TOTAL <u>RESTRICTED</u> FUND BALANCE</b>	<b>3,849,721</b>	<b>3,129,421</b>	<b>2,900,000</b>

# FUND BALANCE MANAGEMENT

	Actual	Forecast	Forecast
	July 2014	July 2015	July 2016
	<u>Balances</u>	<u>Balances</u>	<u>Balances</u>
II. <b><u>UNRESERVED</u></b> or			
unrestricted to allow for as-needed or emergency use			
- Use to supplement revenue budget			
<i>(Effect is to Reduce tax rate increase due to loss of other revenue – i.e: state aid, etc)</i>			
<b>** Total UNRESERVED fund balance</b>	<b>588,860</b>	<b>500,000</b>	<b>500,000</b>
- Tighter budgets unable to replenish FB			
<b>Total RESTRICTED fund balance</b>	<b>3,849,721</b>	<b>3,129,421</b>	<b>2,900,000</b>
- Six accounts mentioned previously			
- Use up restricted funds to supplement loss in Unreserved FB			
<b>TOTAL FUND BALANCE PROJECTION</b>	<b>4,438,581</b>	<b>3,629,421</b>	<b>3,400,000</b>

\*\* Forecasted Unreserved Balance are amounts After \$1,000,000 transfer to following year budget as revenue

# FUND BALANCE MANAGEMENT

## Review of Planned Multi-Year Spend Down

<u>Restricted Reserves</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
ERS	1,263,000	2,069,000	1,990,000	1,195,000	396,000	* 108,000
Insurance (Disability)	142,000	143,000	-	-	-	-
Repairs	94,000	94,000	94,000	-	-	-
Insurance (Property)	128,000	128,000	107,000	108,000	108,000	-
Workers' Compensation	253,000	604,000	554,000	354,000	154,000	-
Unemployment	-	200,000	201,000	121,000	57,000	* 36,000
EBLAR	<u>6,376,000</u>	<u>5,039,000</u>	<u>3,796,000</u>	<u>3,381,000</u>	<u>3,134,000</u>	<u>2,984,000</u>
<b>TOTAL RESTRICTED</b>	<b>8,256,000</b>	<b>8,277,000</b>	<b>6,742,000</b>	<b>5,159,000</b>	<b>3,849,000</b>	<b>3,128,000</b>

\* ERS and Unemployment (\$108,000 & \$36,000) would be available to transfer for 2015 – 2016

From 2010 our Restricted Reserves have decreased from \$8,256,000 to \$3,128,000 (↓ \$5,128,000)

# FUND BALANCE MANAGEMENT

## Impact of Tighter Budgets that are not Replenishing Reserves

<u>UNRESTRICTED FB</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Estimated <u>2015</u>
Transfer (Appropriated)	4,307,000	4,171,000	3,912,000	3,035,000	2,500,000	1,000,000
Unappropriated (Saved)	<u>7,369,000</u>	<u>4,512,000</u>	<u>4,132,000</u>	<u>1,430,000</u>	<u>589,000</u>	<u>500,000</u>
<b>TOTAL UNRESTRICTED</b>	11,676,000	8,683,000	8,044,000	4,465,000	3,089,000	1,500,000

Note: Unappropriated FB

4% Maximum Allowed by Law	4,020,000	4,076,000	4,136,000	4,276,000	4,385,000	-
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### Impact of Budget Tightening on Fund Balance:

- Revenue supplement from FB transfer is declining - planned for - but time has run out for 2015-16 Budget.
- State Aid not keeping pace with cost increases in Pensions (ERS & TRS) and Health Insurance.
- Tax Levy Cap 3 year average is 2.62% (2.41, 3.84, 1.62) has reduced the amount raised thru taxes.
- Assessed Values (tax base) continued to decline until 2014-15.
- Lower revenue adds pressure to reduce expense budget to stay within Tax Cap.
- Fund Balance used to keep staffing and programming intact ( while enrollment grows).

From 2010 our Unrestricted FB of \$11,676,000 has been reduced to \$1,500,000 estimated for 2015-16 (drop of \$10,176,000 in 6 years)

# FUND BALANCE MANAGEMENT

## BUDGET EXPENSE TREND

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<b>Budget Amount</b>	100,644,451	100,507,857	101,902,840	103,394,622	106,910,556	109,618,073
<b>Increase &lt;Decrease&gt;</b>	2,394,033	(136,594)	1,394,983	1,491,782	3,515,934	2,707,517
<b>Percent Change</b>	2.44%	-0.136%	1.39%	1.46%	3.40%	2.53%
<b>Six Year Average Budget Increase</b>						<b>1.85%</b>

# FUND BALANCE MANAGEMENT

## **FUND BALANCE CHANGE - IMPACT on 2015-16 Budget & Beyond**

RESTRICTED FB decrease from 2014-15 to 2015-16	\$ (426,000)
UNRESTRICTED FB decrease from 2014-15 to 2015-16	<u>(1,500,000)</u>
Total FB not available (Decrease) for 2015-16 Budget	\$ (1,926,000)

## **FUTURE BUDGETS (In General)**

Must be developed to Balance Expense with Revenue (Not Fund Balance)

Recognize that Cap on Taxes may be here to stay

Look for/expand Revenue Sources (Medicaid, Grants etc)

Continue Cost Containment & Reduction Efforts(shared services, self funding etc)