

Amityville Union Free School District

2015 – 2016

Budget Presentation #3

Fund Balance

Reserves

Transfer to Capital

February 11, 2015

Fund Balance

If a school district has budgeted responsibly, at the end of each fiscal year it will have funds remaining. These funds are referred to as **Fund Balance**. Fund balance results from a combination of:

- Receiving revenue in excess of what was budgeted.
- Spending less than what was budgeted.

Fund Balance Limits

- Fund balance accumulates year to year but there are limits on the total amount a district can accumulate without designating for a particular reserve or purpose.
- School districts can use fund balance to offset the amount to be raised from property taxes and / or maintain programs. Over the past few years Amityville UFSD has applied **\$3.8 million dollars** a year from fund balance to reduce the tax levy and the burden on the tax payers.

Two Parts of Fund Balance

- The total fund balance of a school district is made up of two parts:
 - **Reserved Fund Balance:** The reserved portion of fund balance is made up of monies that may be used for very specific purposes.
 - **Unreserved Fund Balance:** The unreserved portion of the fund balance is the amount which is uncommitted and is, therefore, available to be used to reduce real property taxes in the next fiscal year.

Unreserved / Undesignated Fund Balance

In addition:

Allowable by SED:

- we are allowed to reserve 4% of the budget each year. This reserve is unreserved and unallocated
- 4% of this current year budget (\$82,940,931.) = \$3,284,316.
- 4% of last year's budget (\$80,838,781) = \$3,233,551.24.
- We are permitted, by law, to reserve the difference between the two years = \$50,765 as of June 30, 2014.

Fund Balance Analysis

How do you estimate your Fund Balance?

Revenues

Expenditures

Use of Fund Balance

- The Board of Education will be provided with monthly Fund Balance Projections
- Based on revenues and expenditures the Board will pass a resolution to use up to \$4,500,000 of Fund Balance on June 30, 2015 to reduce the tax levy and the burden on the tax payers in the Amityville School District in the 2015 – 2016 budget year.

Reserve Funds

Existing:

- *Workers' Compensation Reserve
- Unemployment Insurance Reserve
- *Retirement Contribution Reserve
- Employee Benefit Accrued Liability Reserve
- Debt Service Reserve
- Capital Reserve (approved by voters 5/2014)

Replenishment of Reserve Funds

Workers' Compensation Reserve

- In recent years the Board of Education has approved using \$1,500,000 from this reserve to reduce the tax levy.
- In May 2014 the Board of Education passed a resolution recommending designating no more than \$500,000 of Fund Balance as of June 30, 2014 to replenish this reserve.
- We are required to continue to replenish this reserve.
- I am recommending that we again try to designate no more than \$500,000 of Fund Balance as of June 30, 2015 to continue refunding this reserve.

Replenishment of Reserve Fund

Employee's Retirement Reserve

- In recent years the Board of Education has approved using \$640,000 from this reserve to reduce the tax levy.
- In May 2014 the Board of Education passed a resolution recommending designating no more than \$500,000 of Fund Balance as of June 30, 2014 to replenish this reserve.
- We were able to appropriate \$320,000 of Fund Balance, effective June 30, 2014, to replenish this reserve. We are required to continue to replenish this reserve.
- I am recommending that we again try to designate no more than \$320,000 of Fund Balance as of June 30, 2015 to continue refunding this reserve.

Additional Reserves

- Capital Reserve

- Approved by voters in May 2014 to Fund no more than \$2 million dollars a year in each of the next ten (10) years.
- I am recommending that where possible we appropriate no more than \$2 million dollars of the June 2014 Fund Balance to the Capital Reserve.

Additional Reserves

- Repair Reserve

- To pay the cost of repairs that do not recur annually to capital improvements and equipment
- Established by a Board of Education Resolution
- Voter approval is required to fund the reserve
- To establish a Repair Reserve not to exceed \$1,000,000.
- Public Hearing required (except in an emergency) before spending from this reserve.

Transfer to Capital

- The 2014 - 2015 budget contains \$150,000 in Transfer to Capital. These monies provide another source of funding the repair and restoration of the school buildings
- I am recommending that we budget \$250,000 in the Transfer to Capital in the 2015 - 16 school year.

Budget Vote and Trustee Election

- February 11 Capital Component and Facilities
- February 25 Fund Balance, Reserve, Transfer to Capital
- March 4 Administrative Component
- March 11 Program Component
- March 18 Staffing
- April 1 Budget Summary
- April 15 Budget Adoption
- May 6 Budget Hearing
- May 19 Budget Vote and Trustee Election