



HYDE PARK

CENTRAL SCHOOL DISTRICT

District Mission Statement:

The Hyde Park Central School District empowers our community to strive for excellence and embrace the opportunities of our globally connected world.

General Fund-Fund Balance & Reserves

Presented by:
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June 7, 2018

What is Fund Balance?

- The difference between assets and liabilities (equity)
- In a fiscal year (July 1-June 30th), when revenues exceed expenditures, fund balance is increased, when expenditures exceed revenues, fund balance is decreased.
- Fund balance often changes daily. When revenues come in, a fund balance increases. When expenditures are made fund balance decreases.
- Fund balance is reported as of June 30th each fiscal year.



GASB (Governmental Accounting Standards Board) 54 Fund Balance Classification

- **Non-spendable**: Amounts that cannot be spent due to form (inventories, prepaid amounts), long-term loans and notes receivable, and property held for resale unless proceeds are restricted, committed or assigned.
- **Restricted**: Amounts restricted for a specific purpose by external parties, constitutional provision or enabling legislation.
- **Committed**: Amounts constrained for a specific purpose by the Board; committed fund balance is rarely used in school districts.
- **Assigned**: Amounts constrained for the intent to be used for a specific purpose by the Board. An example includes assigned appropriated fund balance (fund balance appropriated for the subsequent year's budget).
- **Unassigned**: Amounts not classified as non-spendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance. Under NYS Real Property Tax Law, unassigned fund balance cannot exceed 4% of the ensuing year's budget.



Fund Balance History

| | 6/30/05 | 6/30/06 | 6/30/07 | 6/30/08 | 6/30/09 | 6/30/10 | 6/30/11 |
|--|-------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Non-Spendable | | | | | | | \$ 1,183,274 |
| Reserved for Encumbrances | \$ 345,861 | \$ - | \$ 287,935 | \$ 575,783 | \$ 1,246,283 | \$ 812,518 | 1,030,264 |
| Restricted | - | - | - | 2,363,029 | 3,599,614 | 3,973,605 | 4,333,930 |
| Assigned | 300,000 | - | - | 1,650,000 | 2,000,000 | 2,600,000 | 7,100,000 |
| Unassigned | 55,301 | 2,175,947 | 6,400,727 | 6,448,574 | 6,692,496 | 11,267,476 | 2,568,859 |
| Total | \$ 701,162 | \$2,175,947 | \$6,688,662 | \$11,037,386 | \$13,538,393 | \$18,653,599 | \$16,216,327 |
| Year-to-Year Fund Balance % Increase | 1.55% | 210.33% | 207.39% | 65.02% | 22.66% | 37.78% | -13.07% |
| Undesignated Fund Balance as a % of ensuing year's budget | 0.09% | 3.14% | 8.64% | 8.31% | 8.45% | 14.08% | 3.07% |



Fund Balance History (continued)

| | 6/30/12 | 6/30/13 | 6/30/14 | 6/30/15 | 6/30/16 | 6/30/17 | 6/30/18 estimate |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Non-Spendable | \$ 1,076,138 | \$ 952,208 | \$ 1,143,022 | \$ 1,221,040 | \$ 1,303,518 | \$ 1,622,154 | \$ 1,700,000 |
| Reserved for Encumbrances | 400,551 | 424,402 | 397,033 | 30,841 | 30,735 | 312,994 | 35,000 |
| Restricted | 3,777,281 | 6,438,787 | 7,180,900 | 9,279,498 | 9,325,347 | 14,674,381 | 14,729,477 |
| Committed | - | - | - | - | - | - | - |
| Assigned | 6,000,000 | 3,982,785 | 3,500,000 | 3,218,632 | 1,780,731 | 1,248,316 | 2,095,155 |
| Unassigned | 3,260,042 | 4,019,975 | 3,990,295 | 2,437,712 | 6,837,038 | 2,081,472 | 2,018,773 |
| Total | \$14,514,012 | \$15,818,157 | \$16,211,250 | \$16,187,723 | \$19,277,369 | \$19,939,317 | \$20,578,405 |
| Year-to-Year Fund Balance % Increase | -10.50% | 8.99% | 2.49% | -0.15% | 19.09% | 3.43% | 3.21% |
| Unassigned Fund Balance as a % of ensuing year's budget | 3.90% | 4.74% | 4.57% | 2.75% | 7.56% | 2.27% | 2.12% |



General Fund Reserves (Source: NYSED.gov)

- **Reserve for Encumbrances**: The balance of this account represents the amount of outstanding encumbrances at the end of the fiscal year.
- **Workers' Compensation Reserve**: Used to pay for Workers' Compensation and benefits, related medical/hospital expenses, and self-insurance administrative costs.
 - This reserve is funded by budgetary appropriations and such other source(s) as may be legally appropriated.
 - Funds remaining in excess of requirements to pay all pending claims, may be transferred, within sixty days of the close of the fiscal year, to other reserve(s) or applied to the next succeeding fiscal year's budget.
- **Unemployment Insurance Reserve**: Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants.
 - This reserve may be established by board action and is funded by budgetary appropriations or funds from other reserves subject to permissive referendum. The BOE may terminate if district converts to tax contribution method of funding.
 - If the district elects to convert to tax contribution basis, excess of funds over the sum sufficient to pay pending claims may be transferred within sixty days after the end of the fiscal year to other reserve fund(s) or applied to the appropriations of the next succeeding fiscal year's budget.



General Fund Reserves (Source: NYSED.gov)

- **Retirement Contribution Reserve Fund**: to fund employer retirement contributions payable to the New York State and Local Employees' Retirement System (ERS). A reserve for contributions to the Teachers' Retirement System (TRS) is not allowed.
 - Transfers from or back to other reserve funds require a public hearing with 15 days' notice published in official newspaper(s).
 - Budgetary appropriations or taxes raised for the reserve
 - Revenues not required or restricted by law to be paid into another fund or account
 - Transfers from Tax Certiorari, Capital or Repair Reserves
- **Tax Certiorari Reserve**: established for tax certiorari obligations
 - Tax certiorari can be expended from the fund without voter approval.
 - the monies held in the reserve fund shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings
 - Any monies deposited to such a reserve fund which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies into the reserve



General Fund Reserves (Source: NYSED.gov)

- **Employee Benefit Accrued Liability Reserve (EBALR)**: The purpose of this account is to reserve funds for the payment of accrued 'employee benefits' due employees upon termination of service for vacation, sick leave, personal leave, etc.
- **Repair Reserve**: used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually or at shorter intervals.
 - **Voter approval is required to fund this reserve.**
 - Expenditures from this reserve may be made only after a public hearing has been held requiring 2/3 majority vote of BOE, except in emergency situations.
 - If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.
- **Capital Reserve**: used to pay the cost of any object or purpose for which bonds may be issued.
 - **The creation of a Capital Reserve fund requires voter approval.**
 - Proposition must specify purpose, ultimate dollar amount to be deposited into reserve, probable term or life, and source(s) of funds.
 - **Expenditures from a Capital Reserve requires voter approval.**
 - Expenditures must be specific i.e., to purchase school buses, facility construction, equipment, etc.



General Fund Reserves

| Reserved for: | 6/30/15 | 6/30/16 | 6/30/17 | Projected 6/30/18 |
|---|---------------------|---------------------|---------------------|----------------------|
| Workers' Comp | \$ 340,885 | \$ 341,374 | \$ 341,374 | \$ - |
| Unemployment | 103,429 | 103,578 | 103,578 | 105,608 |
| Retirement Contributions | 4,219,069 | 3,974,770 | 3,974,770 | 3,798,831 |
| Tax Certiorari | 2,661,585 | 722,827 | 1,071,861 | 1,462,270 |
| Employee Benefit Accrued Liability (EBALR) | 1,852,920 | 2,081,043 | 2,081,043 | 2,121,829 |
| Repairs | 101,610 | 101,755 | 101,755 | 103,750 |
| Capital Expenditures | - | 2,000,000 | 7,000,000 | 7,137,189 |
| Total Restricted Fund Balance | \$ 9,279,498 | \$ 9,325,347 | \$14,674,381 | \$14,729,477 |



Reserves Recommendations 6/30/2018 (for 6/21/18 BOE meeting agenda)

- Adopt the 2017-2018 Fund Balance & Reserves Plan
- Close the Workers' Compensation Reserve and transfer \$341,374 balance to unclassified fund balance.
- Reduce the Retirement Contributions Reserve by \$250,000.
- Close the 2013/2014 Tax Certiorari Reserve and transfer the \$14,902.03 balance to unclassified fund balance.
- Establish a 2017/2018 Tax Certiorari Reserve and fund with \$398,000 from unclassified fund balance.

