

Ridgewood Public Schools District Fund Balance Analysis

Regular Business Meeting

March 18, 2013

Ridgewood Public Schools District Fund Balance Analysis

Item	Amount as of 6/30/12
Prior Year Encumbrances	\$ 592,483
Excess Surplus for use in FY13	\$ 1,100,000
Excess Surplus for use in FY14	\$ 900,000
Capital Reserve	\$ 2,137,931
Additional Extraordinary Aid	\$ 579,003
Allowable Undesignated Fund Balance	<u>\$ 1,741,455</u>
Total General Fund Balances as of 6/30/12	\$ 7,050,872

From District Audit of Fiscal Year 2011-2012

Ridgewood Public Schools

District Fund Balance

❖ Prior Year Encumbrances

- Unsatisfied Purchase Orders as of June 30 of the fiscal year.
- They are not Accounts Payable because the goods and/or services have not been delivered.
- They expand the subsequent year's budgeted revenue and appropriations.
- At the end of Fiscal Year 2011-2012, this balance was \$592,483.

❖ Excess Surplus

- Amount in excess of the 2% UFB as of June 30 of any fiscal year.
- Must be appropriated into the subsequent year budget, i.e. June 30, 2012 Excess Surplus is a revenue in the FY2013-2104 Budget.
- As of June 30, 2012 equal to \$2,000,000 which is \$1,100,00 budgeted in FY13 and \$900,000 budgeted in FY14.

Ridgewood Public Schools District Fund Balance

- ❖ **Capital Reserves are funds set aside to pay for future capital projects.**
 - **Funds are allocated to Capital Reserve by Board Resolution near the end of a fiscal year.**
 - **The practice in Ridgewood is to place all unused budgetary funds greater than the set aside for excess surplus into Capital Reserve. The set aside for excess surplus in FY13 is budgeted at \$750,000. Any additional unused budget in FY13 will be placed into Capital Reserve.**
 - **Withdrawals from Capital Reserve are made as part of the budget, \$450,000 in the FY14, or can be made during the year by BOE resolution and approval from the Executive County Superintendent.**

Ridgewood Public Schools

District Fund Balance

- ❖ **Excess Extraordinary Aid are adjustments to the Allowable Undesignated Fund Balance (UFB).**
 - **Excess Extraordinary Aid occurs when the district's qualifying costs generate a greater amount of aid than is budgeted. Since this is not an entitled aid, the district budgets conservatively to avoid a revenue shortfall if the award is under budget.**
- ❖ **Allowable Undesignated Fund Balance (UFB)**
 - **Also known as Surplus**
 - **In commercial accounting it is similar to Retained Earnings**
 - **In essence, the district emergency savings account**
 - **Limited to 2% of the Operating Budget (about \$1.8 million)**

Ridgewood Public Schools

District Fund Balance

- ❖ **Emergency Reserves are funds set aside to pay for future fiscal emergencies.**
 - **Funds are allocated to Emergency Reserve by Board Resolution near the end of a fiscal year.**
 - **If the district is budgeting a deposit into the emergency reserve account, the total balance in the reserve account cannot exceed the greater of \$250,000 or 1% of the general fund budget up to \$1 million.**
 - **The Board will establish a \$900,000 Emergency Reserve out of the savings generated by switching health insurance to the SEHBP. This reserve can be used, as needed, when health insurance premiums rise by more than 4%.**
 - **Withdrawals from Emergency Reserve are made as part of the budget or can be made during the year by BOE resolution and approval from the Executive County Superintendent.**

Ridgewood Public Schools

District Fund Balance Analysis

Item	Amount as of 6/30/12	Estimate 6/30/13
Prior Year Encumbrances	\$ 592,483	\$ 0
Excess Surplus for use in FY13 (FY14)	\$ 1,100,000	\$ 900,000
Excess Surplus for use in FY14 (Fy15)	\$ 900,000	\$ 750,000
Capital Reserve	\$ 2,137,931	\$ 25,000
Additional Extraordinary Aid	\$ 579,003	\$ 0
Emergency Reserve		\$ 900,000
Allowable Undesignated Fund Balance	<u>\$ 1,741,455</u>	<u>\$ 1,780,000</u>
Total General Fund Balances as of 6/30/12	\$ 7,050,872	\$ 4,355, 000