

# **Dundee Central School District**

Board of Education  
Financial Reserve Plan Document

ACCEPTANCE 6/15/23

*The Dundee Central School District Board of Education believes that long term financial health of the school district is essential to provide students with the educational programs and facilities to meet its mission.*

**RESERVE FUNDS THAT MAY BE USED BY NEW YORK SCHOOL DISTRICTS**

Reserve Name/ Account Code	Legal Citation	Purpose	Established By:	Funding Source(s)	Expenditures	Duration	Restrictions
Retirement Contribution Reserve Fund (A 827)	GML §6-f	To fund employer retirement contributions, i.e. any portion of the amount(s) payable by an eligible school district to the NY State and Local Employees' Retirement System (EKS), but not TRS	BOE Resolution	1. Budgetary Approp. or other funds that may be legally appropriated. 2. Revenue not restricted by Law to be paid to another fund or account. 3. Transfers from Tax Certiorari, Capital or Repair Reserves	Authorized by BOE Resolution	No Limit.	Transfers from or back to other reserve funds require a public hearing with 15 days notice published in official newspaper(s)
Workers Compensation Reserve Fund (A 814)	GML §6-j (S)	To fund Workers Compensation expenses, related medical expenses and self-insurance administrative costs.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated	Separate BOE authorization not required to spend from this reserve.	No Limit. BOE may terminate if district no longer self-insures	Districts that self-insure may establish reserve. Funds remaining at the end of each school year, in excess of requirement to pay all pending claims, may be transferred, within 60 days of the close of the school yr., to other reserve funds or applied to budgetary appropriations for new school year.
Unemployment Reserve (A 815)	GML §6-m	To pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the school district uses the benefit reimbursement method.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated or funds from other reserves authorized in the GML, or Ed. Law subject to permissive referendum.	Separate BOE authorization not required to spend from this reserve.	No Limit. BOE may terminate if district converts to tax contribution method of funding	If district converts to tax contribution funding mechanism, balance exceeding the amount necessary to pay all outstanding claims may be transferred, to any other reserve fund(s) authorized by GML or Ed. Law §3651. Excess funds remaining at end of any school year may be transferred, within 60 days of the close of that school yr., to other reserve fund(s) or applied to budgetary appropriations for the new school year.
Insurance Reserve Fund (A 863)	GML §6-n	To pay liability, casualty and other types of losses, except those incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated or funds from other reserves authorized in the GML, referendum.	Separate BOE authorization not required to spend from this reserve.	No Limit.	Annual contribution(s) limited to greater of \$33,000 or 5% of the budget. No limit on accumulated reserve balance. Cannot use \$ for any purpose covered by another special reserve. Settled or compromised claims up to \$25,000 may be paid without judicial approval. Should BOE terminate this reserve, remaining funds in excess of incurred or accrued liabilities may be transferred to any other reserve fund authorized by the GML or Ed. Law §3651.
Property Loss Reserve (A 861)	Ed. Law §1709 (8-c)	To pay for property loss & liability claims incurred	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated	Separate BOE Resolution not required for most expenditures. (See restrictions.)	No Limit.	Annual contribution(s) limited to greater of \$15,000 or 3% of the budget. Separate funds required for property loss and liability claims. \$ deposited cannot be used for another purpose w/o voter approval except BOE may use \$ not required to settle pending claims, to purchase insurance policies to cover losses previously self-insured. Balances may not be reduced below amounts required, to settle all pending claims.
Liability Reserve (A 862)	(S)						

(S) in legal citation column indicates requirement for separate bank account per OSC Financial Management Guide.

**State Aid & Financial Planning Service – Questar III BOCES**

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**RESERVE FUNDS THAT MAY BE USED BY NEW YORK SCHOOL DISTRICTS**

Reserve Name/ Account Code	Legal Citation	Purpose	Established By:	Funding Source(s)	Expenditures	Duration	Restrictions
Employee Benefit Accrued Liability Reserve (A 867)	GML §6-p	To pay accrued benefits due employees upon termination of service for vacation, sick leave, personal leave etc.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated or funds from other reserves authorized in the GML, subject to permissive referendum.	Separate BOE authorization not required to spend from this reserve.	No Limit	Upon termination by BOE, balance not required to satisfy all incurred or accrued liabilities may be transferred to any other reserve fund(s) authorized in the General Municipal Law (GML). May not be used to fund health or other post retirement benefits.
Tax Certiorari Reserve (A 864)	Ed. Law §3651(1-4) (S)	To pay judgments & claims in tax certiorari proceedings per RPTL, Article 7	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated. Monies held in reserve may not exceed amount necessary to meet anticipated judgments & claims	Separate BOE authorization not required to spend from this reserve.	No Limit	\$ not expended for judgments & claims in the year deposited, must be returned to General Fund on or before 1 <sup>st</sup> day of the 4 <sup>th</sup> school yr. after deposit of such monies into the reserve unless claim(s) are still open and not finally determined or otherwise terminated or disposed of after the exhaustion of all appeals.
Repair Reserve (A 882)	GML §6-d (S)	For repairs to capital improvements or equipment not recurring annually or at shorter intervals.	BOE Resolution	Budgetary Approp. or other funds that may be legally appropriated. Voter approval is required to fund this reserve.	Public hearing required (except in an emergency) before spending from this reserve.	No Limit	Reserve must be repaid in equal installments over next two school yrs. if expenses are made without holding a public hearing. Emergency spending requires 2/3 majority vote of BOE. Legal notice required 5 days in advance of hearing. Unexpended balance may be transferred to Capital, Tax Certiorari or Retirement Contribution Reserves.
Capital Reserve (A 878)	Ed. Law §3651 (S)	To pay the cost of any object or purpose for which bonds may be issued	Voter Approval Only	Proposition(s) put before voters must specify purpose(s), ultimate \$ amount(s) to be deposited into reserve(s), probable term(s) or life/lives and source(s) of funds to be deposited into the reserve(s).	Voter approval required to spend from these reserve(s). Annual approp(s) to fund reserve(s) require voter approval.	Limited to term or life approved by voters. Voters may extend term only before end date. Reserve(s) defined after term(s) expire, except to spend remaining funds w/ voter approval.	Purpose must be specific i.e. to purchase school buses, facility construction, equipment etc. Total exp. over life of each reserve may not exceed voter-approved maximum. Funds may be transferred to other reserves only with voter approval. Voter approval required to terminate reserve before specified expiration date. Remaining funds must first be applied to district's outstanding bonded indebtedness and secondarily to reduce the tax levy.
Mandatory Reserve for Debt Service (A 884) (V 884)	GML §6-l (S)	To cover debt service payments on outstanding obligations (bonds, BANS) after the sale of district capital assets or improvements	BOE Resolution BOE must establish if	Proceeds from the sale of capital assets and improvements as defined in GML § 6-c. Includes but not limited to land, buildings, equipment and vehicles	For debt service only or to retire outstanding obligations	Terminates once outstanding obligations are repaid.	Applicable State or Federal Aid must also be deposited into the reserve fund if proceeds from sale are not sufficient to repay all outstanding obligations. Proceeds of sale in excess of indebtedness may be expended for any other lawful district purpose.
Reserve for Tax Reduction (A 891)	Ed. Law §1604(36) §1709(37)	To allow for the gradual use of proceeds from the sale of district real property	BOE Resolution	Proceeds from the sale of real property in excess of what is required to repay outstanding debt (Bonds, BANS)	\$'s from reserve to be appropriated annually over ten or fewer yrs. to offset tax levy	Up to ten yrs.	Proceeds of must be placed in Mandatory Reserve for Debt Service in amount necessary to retire all outstanding obligations before BOE may establish Reserve for Tax Reduction.

(S) in legal citation column indicates requirement for separate bank account per OSC Financial Management Guide.  
**NOTE: Reserve for Inventory (A 845) may be established to limit maximum investment in inventory and to restrict that portion of fund balance, which is not available for appropriation.**

## **DUNDEE CSD RESERVE FUND PHILOSOPHY**

The District will continue to use conservative budgeting practices and constantly monitor the use of reserves. The District will continually update and analyze a 5 year financial outlook of the school each year. The goal is to provide long term financial stability, avoid drastic cuts to the education program due to a lack of financial resources, and maintain a stable tax levy. As the District monitors the use of reserves it will attempt to avoid a major funding cliff due to the reliance on reserves in balancing the budget. In the short term, due to difficult economic times, the District will attempt to construct its budget as close to breakeven as possible to avoid large excesses at the end of the year.

Through the management of its reserves the District hopes to achieve the following:

- Stability and improvements in the educational program
- Maintenance of educational programming during economic downturns
- The ability to maintain a stable tax levy
- The ability to fund non-recurring items in the budget
- A long term plan for preserving its infrastructure and school buildings
- The ability to maintain and/or improve its bond rating which will save taxpayers money at both the local and state level
- Cash flows that will eliminate the need to issue Revenue Anticipation Notes in the event state or federal aid is not paid timely

## **DUNDEE CSD RESERVE FUND PROCEDURES**

This document contains a description and history of each reserve maintained by the Dundee Central School District.

Annually, the plan will be updated and implemented as follows:

- Board of Education will review balances and patterns of revenues, expenses, and appropriations after books close each fall.
- Board of Education will review updated long-range financial projection and consider reserve balances and use in meeting its goals.
- Board of Education will review regional events and/or patterns and their impact on potential exposure.
- The Board will adopt the updated plan.
- In June, by Board resolution, allocate funds to reserves, as deemed appropriate.

**SUMMARY OF FUND BALANCE ACCOUNTS**

**RESERVE FOR RETIREMENT (NYSERS & NYSTRS)**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2012	1,000,000	825,000	-0-	1,825,000
2013	1,825,000	700,000	22,185	2,502,815
2014	2,502,815	700,000	-0-	3,202,815
2015	3,202,815	450,000	219,986	3,432,829
2016	3,432,829	-0-	250,000	3,182,829
2017	3,182,829	-0-	280,184	2,902,645
2018	2,902,645	-0-	-0-	2,902,645
2019	2,902,645	102,008	-0-	3,004,653
2020	3,004,653	107,868	269,238	2,843,283
2021	2,843,283	113,204	-0-	2,956,487
2022	2,956,487	516,302	-0-	3,472,789
2023	3,472,789	115,650	-0-	3,588,439
2024	3,588,439	118,000	285,000	3,421,439
2025	3,421,439	122,000	1,310,000	2,233,439
2026	2,233,439	125,000	1,350,000	1,008,439

The Retirement Reserve for New York State Employees' Retirement System was established by the Board of Education during the 2008-2009 school year, with another established during the 2018-2019 school year for New York State Teachers' Retirement System contributions. In recent years the average rates have been as follows:

	<b>NYSERS</b>	<b>NYSTRS</b>
2015-2016	20.4%	13.26%
2016-2017	19.0%	11.72%
2017-2018	16.1%	9.80%
2018-2019	15.9%	10.62%
2019-2020	15.9%	8.86%
2020-2021	16.2%	9.53%
2021-2022	18.3%	9.80%
2022-2023	13.1%	10.3%
2023-2024	15.0%	10.0%
2024-2025	16.5%	11.1%
2025-2026	17.9%	12.3%

Due to the uncertainty of the stock markets and overall economy, the District will continue to monitor this fund in future years. Since retirement costs are a significant line item in the budget this reserve is very useful if money is needed to assist in balancing budgets in the short term to provide educational program and tax stability. Pension costs are a significant factor in district budgets. It is desirable to have enough reserve to pay these costs for 10 years.

**Retirement Contribution Reserve – GML 6-r**

- Established by Board of Education
- Funded by budgetary appropriations, revenues not required by law to be paid into other funds or accounts, transfers from other reserve funds as permitted by law, and such other funds as the board may legally appropriate
- Voter approval is not needed to expend funds
- A portion of the funds may be transferred to another reserve fund established pursuant to Education Law § 3651 following a public hearing conducted in the manner set forth by in law.
- Contributions to Reserve for TRS Contributions in a fiscal year may not exceed 2% of the total compensation or salaries of the teachers employed by the school district who are members of the NYS Teachers' Retirement System paid during the prior fiscal year. The balance may not exceed 10% of the total compensation or salaries of teachers employed and who are members of the NYS teachers' retirement system paid during the prior fiscal school year.

**Insurance Reserve**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2012	533,000	-0-	-0-	533,000
2013	533,000	-0-	-0-	533,000
2014	533,000	-0-	-0-	533,000
2015	533,000	-0-	-0-	533,000
2016	533,000	-0-	423,000	110,000
2017	110,000	-0-	-0-	110,000
2018	110,000	-0-	-0-	110,000
2019	110,000	-0-	-0-	110,000
2020	110,000	-0-	-0-	110,000
2021	110,000	-0-	-0-	110,000
2022	110,000	-0-	-0-	110,000
2023	110,000	-0-	-0-	110,000
2024	110,000	-0-	110,000	-0-

The Board of Education formally establish this reserve prior to the 1996 school year. This reserve was established to pay for potential property damage costs to repair buildings and to cover any liability, casualty, or other types of losses for which coverage may not be purchased.

**Insurance Reserve – GML 6-n**

- Established by Board of Education
- Funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and such other funds as the school board may legally appropriate.
- Contributions to the fund may not exceed 5 percent of the total budget for that year, or \$33,000, whichever is greater.
- Voter approval is not needed to expend funds. A judicial approval is needed to pay settled or compromised claims exceeding \$25,000.
- Upon determination that this fund is no longer needed the fund may be discontinued

and transferred to another reserve fund as permitted by law.

### Unemployment Reserve

	Balance July 1,	Sources	Uses	Balance June 30,
2012	792,621	-0-	23,965	768,656
2013	768,656	-0-	14,276	754,380
2014	754,380	50,000	62,606	741,774
2015	741,774	-0-	-0-	741,774
2016	741,774	1,035,129	-0-	1,776,903
2017	1,776,903	-0-	5,000	1,771,903
2018	1,771,903	-0-	3,708	1,775,611
2019	1,775,611	-0-	-0-	1,775,611
2020	1,775,611	-0-	775,611	1,000,000
2021	1,000,000	-0-	-0-	1,000,000
2022	1,000,000	450,000	-0-	1,450,000
2023	1,450,000	-0-	1,258,203	191,979
2024	191,979	-0-	-0-	191,979
2025	191,979	-0-	-0-	191,979
2026	191,979	-0-	-0-	191,979

The Board of Education established this reserve during the 2004-2005 school year. The District is obligated to pay 100% of all unemployment claims granted by the NYS Department of Labor. For many Districts across NYS, as well as Dundee CSD, decreases in state aid, uncertainties regarding future state aid, property tax cap limits, and enrollment decline have required the school district to leverage this reserve fund and appropriate excess funds to stabilize its tax levy. The District has historically utilized this reserve to pay unemployment claims. The District will continue to monitor this reserve in future years as reductions in force may be necessary to balance future budgets.

#### **Unemployment Insurance Reserve – GML 6-m**

- Established by Board of Education resolution.
- Funded by budgetary appropriations, amounts from any other fund authorized by this chapter by resolution subject to referendum, or other sums that may be legally appropriated.
- Voter approval is not needed to expend funds.
- Utilized to pay unemployment claims.
- Excess funds may be transferred to other reserves authorized by General Municipal Law and Education Law sixty days before the end of the fiscal year.

### Employee Benefit Accrued Liability Reserve

	Balance July 1,	Net Sources	Net Uses	Balance June 30,
2012	3,265,611	422,624	-0-	3,688,235
2013	3,688,235	-0-	897,494	2,790,741
2014	2,790,741	-0-	28,274	2,762,467
2015	2,762,467	-0-	42,894	2,719,573
2016	2,719,573	-0-	612,128	2,107,445
2017	2,107,445	-0-	365,219	2,472,664
2018	2,472,664	-0-	98,595	2,374,069
2019	2,374,069	690,892	50,975	3,013,968
2020	3,013,968	3,396,813	-0-	6,410,781
2021	6,410,781	319,512	-0-	6,730,293
2022	6,730,293		673,092	6,057,201
2023	6,057,201	-0-	370,000	5,687,201
2024	5,687,201	715,000	125,000	6,277,201
2025	6,277,201	-0-	215,000	6,062,201
2026	6,062,201	-0-	210,000	6,067,201

The Board of Education established this reserve during the 2008-2009 school year. Funds in this account can only be used to offset costs for accrued and accumulated but unused sick leave and personal leave, and other benefits that are payable upon termination of employment in accordance with negotiated employment contracts.

Increasingly the school district relies on this reserve fund as an appropriated reserve to stabilize its budget and tax levy.

The District had an actuarial valuation of its compensated absence liability in 2019-2020, resulting in a significant increase in the calculated reserve balance. Another valuation is scheduled in 2023-2024. Annually the school district updates this valuation of compensated absences for its active workforce and remaining funds attributable to its retired workforce.

#### **Employee Benefit Accrued Liability Reserve – GML 6-p**

- Established by Board of Education.
- Funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and other funds as the school board may legally appropriate.
- Voter approval is not needed to expend funds.
- Utilized to pay for accrued and accumulated but unused sick leave, personal leave, and other benefits earned by employees and payable upon termination.
- Upon determination that this fund is no longer needed the fund may be discontinued and funds may be transferred to another reserve fund as permitted by law.
- Funds cannot be used to pay lump sum “retirement awards” calculated as a percent of an employee’s final salary and paid upon retirement under a collective bargaining agreement.

**Capital Reserve-Capital Construction**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2017	1,000,000	-0-	-0-	1,000,000
2018	1,000,000	-0-	1,000,000	-0-
2019	-0-	150,000	-0-	150,000
2020	150,000	-0-	-0-	150,000
2021	150,000	1,000,000	-0-	1,150,000
2022	1,150,000	1,850,000	-0-	1,150,000
2023	1,150,000	2,825,000	-0-	3,975,000
2024	3,975,000	950,000	-0-	4,925,000
2025	4,925,000	950,000	-0-	5,875,000
2026	5,875,000	950,000	300,000	6,525,000

**Capital Reserve Fund-Capital Construction**

The Board of Education received voter authorization during 2019-2020 to establish and fund a capital reserve fund through available resources for capital construction activities in the future. On May 16, 2023 The voters approved the creation of a capital reserve fund of \$5,000,000 for a term of ten years to be funded through available resources for the purchase of transportation vehicles and/or capital construction activities in the future.

**Capital Reserve-Buses**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2013	791,064	2,000,000	459,039	2,332,025
2014	2,332,025	-0-	196,337	2,135,689
2015	2,135,688	-0-	153,873	1,981,815
2016	1,981,815	-0-	277,958	1,703,857
2017	1,703,857	-0-	477,175	1,226,682
2018	1,226,682	-0-	443,421	783,261
2019	783,261	2,225,000	481,647	2,526,614
2020	2,526,614	-0-	324,332	2,202,282
2021	2,202,282	-0-	255,417	1,946,865
2022	1,946,865	-0-	335,517	1,611,348
2023	1,611,348	-0-	329,600	1,281,748
2024	1,281,748	-0-	500,000	781,748
2025	781,748	-0-	525,000	256,748
2026	256,748	-0-	256,748	-0-

**Capital Reserve Fund-Buses**

The Board of Education established a Capital Reserve Fund through voter approval during the 2010-2011 school year, for ten years in the amount of \$1,000,000. Subsequent votes

established and funded an additional \$2,000,000 and \$2,225,000. An additional authorization for \$5,000,000 was approved by voters on May 16, 2023 for transportation vehicle and/or capital construction activities in the future. The Board authorizes the use of this reserve and seeks voter authorization to fund transportation vehicle purchases on an annual basis.

**Capital Reserve – EL 3651**

- Established by voter approval.
- States the purpose of the fund, the amount, the term of fund, and sources where funds are obtained e.g. budgetary appropriations, unappropriated fund balance, and New York State aid.
- Utilized to pay for any object or purpose for which a school district may issue bonds pursuant to Finance Law.
- Expended only with voter approval and for the purpose for which the fund was established; transferred to other funds only by voter approval.
- May be liquidated by approval of voters if determined fund is no longer needed for the original purpose. Proceeds must be applied first to outstanding bond indebtedness then to tax levy.

**Repair Reserve**

The Board of Education established a Repair Reserve Fund during the 2009-2010 school year, It has been utilized for non-recurring large capital emergency repairs, and is intended to be a funding source for unanticipated emergency capital repairs if they arise.

**Repair Reserve**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2012	686,780	-0-	-0-	686,780
2013	686,780	-0-	-0-	686,780
2014	686,780	-0-	-0-	686,780
2015	686,780	-0-	-0-	686,780
2016	686,780	-0-	-0-	686,780
2017	686,780	-0-	-0-	686,780
2018	686,780	-0-	-0-	686,780
2019	686,780	-0-	-0-	686,780
2020	686,780	-0-	-0-	686,780
2021	686,780	-0-	-0-	686,780
2022	686,780	-0-	-0-	686,780
2023	686,780	-0-	-0-	686,780
2024	686,780	-0-	-0-	686,780
2025	686,780	-0-	-0-	686,780
2026	686,780	-0-	-0-	686,780

**Repair Reserve – GML 6d**

- Funded by voter approval.
- Used to pay the cost of repairs to capital improvements or equipment, where repairs

are of a type not recurring annually or at shorter intervals.

- Sources of funds include budgetary appropriations or other revenues that may be legally appropriated and are not required by law to be paid into any other fund or account.
- Expended only after public hearing has been held required 2/3majority vote of the Board of Education, except in emergency situations. If no public hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.
- Unexpended balance may be transferred to other funds in accordance with law.

**Mandatory Reserve for Debt Service**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2012	410,661	83,957	-0-	494,618
2013	494,618	3,781	-0-	498,399
2014	498,399	-0-	261,709	236,690
2015	236,690	-0-	-0-	236,690
2016	236,690	-0-	134,134	102,556
2017	102,556	-0-	-0-	102,556
2018	102,556	-0-	-0-	102,556
2019	102,556	-0-	-0-	102,556
2020	102,556	-0-	-0-	102,556
2021	102,556	-0-	-0-	102,556
2022	102,556	-0-	-0-	102,556
2023	102,556	-0-	-0-	102,556
2024	102,556	-0-	102,556	-0-

Funds in this account can only be used to offset costs for debt service principal and interest obligations. Sources of funds include interest earnings, premiums on issued obligations, and unexpended debt proceeds.

**Reserve for Tax Reduction**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2017	-0-	10,000	-0-	10,000
2018	10,000	-0-	-0-	10,000
2019	10,000	-0-	-0-	-0-
2020	10,000	-0-	10,000	-0-

**Reserve for Tax Reduction– EL 1604/1709**

- Funded by proceeds from the sale of real property.
- Excess amounts after all debt and obligations have been settled.
- Will be used to offset tax levy.
- Voter approval is not needed to expend funds.

**Workers Compensation Reserve**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2019	-0-	313,000	-0-	313,000
2020	313,000	-0-	-0-	313,000
2021	313,000	-0-	-0-	313,000
2022	313,000	-0-	-0-	313,000
2023	313,000	-0-	-0-	313,000
2024	313,000	-0-	-0-	313,000
2025	313,000	-0-	-0-	313,000
2026	313,000	-0-	-0-	313,000

**Workers' Compensation Reserve**

During 2018-2019 the Board of Education established and funded a reserve fund to pay for Workers Compensation and benefits, related medical/hospital expenses, and administrative costs as authorized by Article 2 of the Workers' Compensation Law. The District is a member of the Wayne Finger Lakes Workers' Compensation Plan, which was established on July 1, 1991 under Article 5G of the GML. Each participating District in the Plan share responsibility for its operations based on a Municipal Cooperation Agreement. As of June 30,2019, the District's identified occurrence cost for incurred and identified claims totaled \$312,393.

**Workers' Compensation Reserve - GML 6j**

- The 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.

**Tax Certiorari Reserve**

	<b>Balance July 1,</b>	<b>Sources</b>	<b>Uses</b>	<b>Balance June 30,</b>
2019	-0-	250,000	-0-	250,000
2020	250,000	-0-	-0-	250,000
2021	250,000	-0-	-0-	250,000
2022	250,000	-0-	-0-	250,000
2023	250,000	-0-	-0-	250,000
2024	250,000	-0-	250,000	-0-

**Tax Certiorari Reserve**

The Board of Education received notice of complaint on real property assessment on a large commercial property in the school district, challenging its assessed value by \$1.3 million. At June 30, 2019 the matter had been referred to the claimant's legal counsel upon denial of the assessor and Town. The reserve will be closed out in 2023-2024.

**Tax Certiorari Reserve - ED 3651-1a**

- Section 3651 of the Education Law permits the establishment of a reserve fund for tax

certiorari and to expend from the fund without voter approval of the qualified voters of the school district.

- The total of 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 in accordance with Article 7 of the Real Property Tax Law.
- 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 unless claim(s) are still open and not finally determined or otherwise terminated or disposed of.

### **Unassigned Fund Balance**

The Board of Education retains an unassigned unappropriated fund balance in accordance with Real Property Tax Law, equal to or less than 4% of the succeeding year budget.

### **INTENDED USE OF RESERVES**

Reserve funds, like other savings plans, are mechanisms for accumulating cash for future capital outlays and other allowable purposes. The practice of planning ahead and systematically saving for capital acquisitions and other contingencies is considered prudent management. Saving for future capital needs can reduce or eliminate interest and other costs associated with debt issuances. Similarly, certain reserve funds can be utilized to help protect the budget against known risks (a potential lawsuit) or unknown risks (a major ice storm).

Most reserve funds are established to provide resources for an intended future use. An important concept to remember is that a reserve fund should be established with a clear intent or plan in mind regarding the future purpose, use and, when appropriate, replenishment of funds from the reserve.

Reserve funds should not be merely a “parking lot” for excess cash or fund balance. School districts should balance the desirability of accumulating reserves for future needs with the obligation to make sure taxpayers are not overburdened by these practices. There should be a clear purpose or intent for reserve funds that aligns with statutory authorizations.

Each statute that authorizes a reserve fund sets forth a particular underlying purpose for the fund. For example, provisions of the General Municipal Law (the GML) and the Education Law (the EL) allow school districts to establish capital reserves for future equipment purchases and capital improvements. The GML also authorizes the establishment of an employee benefit accrued liability reserve for the payment of the monetary value of accumulated, unused leave time to employees upon separation from service. Planning today and saving incrementally for expected future events can help mitigate the financial impact of major, nonrecurring or unforeseen expenditures on your annual operating budget. Establishing and funding allowable reserve funds for a clear purpose can help smooth out spikes in the annual budget and in the real property tax levy.

*Source: Office of the New York State Comptroller – Local Management Guide for Reserves*  
<http://www.osc.state.ny.us/localgov/pubs/lmg/reservefunds.pdf>

## **ANALYSIS OF RESERVE/FUND BALANCE ACCOUNTS AND PROJECTED NEEDS**

The District has created a multi-year financial plan document that is updated and discussed each year. This document serves to monitor reserve usage and plan for the challenges that are facing all school districts due to the property tax cap and limited State aid.

An annual budget contains estimates of revenues and expenditures and the actual results may differ from the budget. In the event that any surplus funds are available at the end of the fiscal year, the Board of Education will determine the best use of these funds.