

# **Financial Reserve Plan**

## **Fiscal Year July 1, 2024 – June 30, 2025**

## **Overview and Importance of Reserves**

The establishment and responsible funding of reserve accounts is a cornerstone of sound financial planning. Each reserve fund outlined in this document has been formally authorized by the Board of Education for a specific fiscal purpose and is maintained in accordance with New York State laws and regulatory guidance.

By fully complying with statutory requirements for the creation, use, and reporting of reserves, the District safeguards its financial health while reinforcing public trust and credibility among community stakeholders. Strategic saving for future expenses—such as infrastructure improvements, equipment acquisitions, and other authorized purposes—reduces reliance on debt and promotes long-term fiscal stability.

Reserves also serve as a buffer during periods of economic uncertainty. They offer a flexibility to mitigate the need for service reductions or tax increases, and enable the District to respond proactively to emerging challenges. In favorable fiscal periods, excess funds not required for current operations may be prudently set aside by the Board of Education to support future initiatives.

In addition to designated reserves, maintaining a reasonable level of undesignated fund balance within operating budgets and in accordance with the law is essential. Unreserved, unappropriated fund balance provides a safeguard against unforeseen expenditures or revenue shortfalls and ensures adequate cash flow to support ongoing operations.

Together, legally established reserves and prudent fund balance management equip the District to respond effectively to both planned initiatives and unexpected challenges. Incremental, purpose-driven saving today helps minimize financial strain on future budgets and supports a stable, consistent programs for students and a consistent property tax levy.

## **Policy 6245 – Reserves**

Policy 6245 outlines the District's goals and provides guidance on maintaining an appropriate year-end fund balance. A well-defined fund balance strategy promotes financial stability, supports operational flexibility, and ensures readiness to address both planned initiatives and unexpected challenges.

In accordance with the Governmental Accounting Standards Board (GASB) Statement # 54, fund balance classifications for governmental funds are defined as follows:

1. **Non-Spendable**
  - a. Amounts that cannot be spent due to their form (e.g. inventory) or because they are legally or contractually required to remain intact.
2. **Restricted**
  - a. Amounts constrained by external parties or legislation (e.g. grants and donations).
3. **Committed**
  - a. Amounts designated for specific purposes by the District's Board of Education. These funds cannot be repurposed without formal action by the same authority.
4. **Assigned**
  - a. Amounts intended for a specific purpose, as designated by the Board of Education or by an authorized official or body.
5. **Unassigned**
  - a. Amounts available for general use and not restricted or designated for any specific purpose.

To ensure fiscal sustainability, the District aims to maintain an unassigned fund balance that does not exceed 4% of the ensuing fiscal years budgeted expenditures, in alignment with New York State Real Property Tax Law Section 1318. If the unassigned fund balance exceeds this threshold, the Board will review existing reserves to determine appropriate allocation of excess funds, considering projected liabilities, capital needs, and long-term financial goals.

As of June 30, 2025, the District maintains reserve accounts in accordance with applicable laws and regulations. Each reserve is designated to address specific liabilities, obligations, or strategic priorities, and reflects the District's commitment to transparency, accountability, and long-term financial health.

## **Tax Certiorari Reserve**

### **Purpose**

The Board of Education is authorized, by resolution, to establish a reserve fund for the refund of current-year property taxes resulting from tax certiorari proceedings. Voter approval is not required for the creation or use of this reserve.

In accordance with legal requirements, any funds not needed to settle claims must be returned to the unreserved fund balance by the beginning of the fourth fiscal year following the year of the reserve's establishment—unless those claims remain open and unresolved after all appeals have been exhausted or formally concluded.

This reserve is reviewed and established annually based on the assessment of liability exposure.

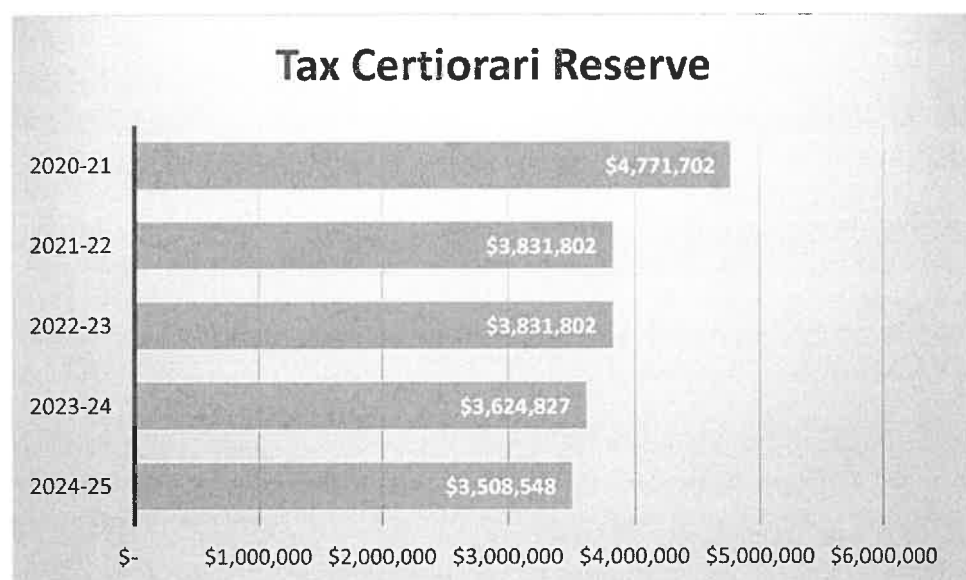
Balance at June 30, 2025:     \$3,508,548

**Ideal Balance:**                      The reserve is reviewed annually on the District's assessment of liability exposure. The reserve amount is determined each through an analysis of ongoing tax certiorari matters and the associated financial risk. As of June 30, 2025, the District faces potential refund claims totaling approximately \$5,787,592.

**Use:**                                      The reserve is intended to fund tax certiorari claims as they occur.

Each year, the district receives an estimate from legal of potential tax certiorari claims. For the 2024-2025 year, petitioners have filed claims totaling approximately \$3,981,345 with a projected refund obligation of \$1,652,909 based on historical outcomes and current legal assessments.

**Funding:**                                The District supports funding this reserve through year-end balances when appropriate. As of June 30, 2025, no funds have been allocated for this purpose.



**Employee Benefit Accrued Liability Reserve (EBALR)**

**Purpose**

The Board of Education is authorized, by resolution, to establish and fund a reserve to finance the monetary value of accrued but unused employee leave time. This includes sick leave, personal leave, vacation days, and any other earned but unliquidated compensated absences. Voter approval is not required for the creation or use of the reserve.

Disbursements from the reserve are restricted to payments legally owed to employees upon termination of employment, in accordance with applicable collective bargaining agreements, employment contracts, and District policies.

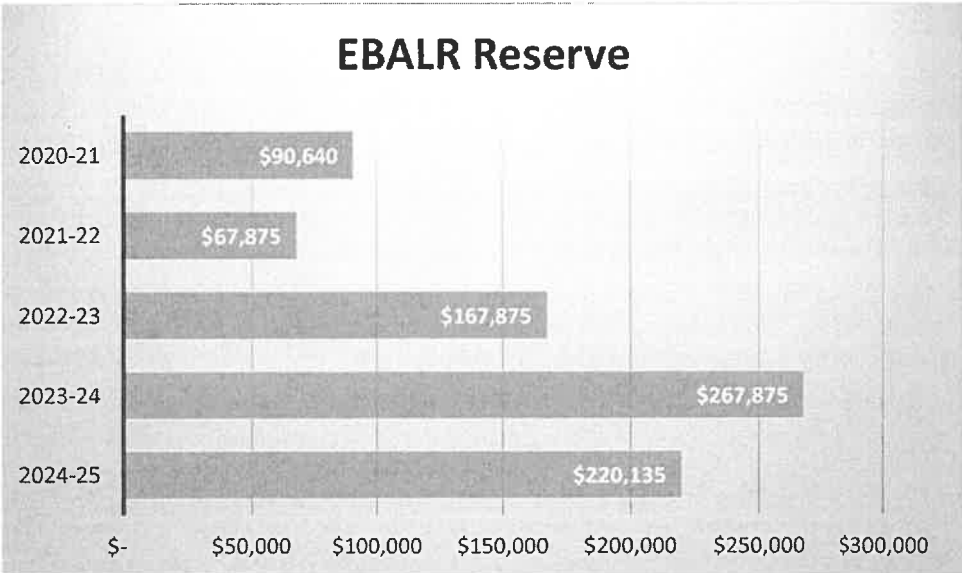
Originally established during the 2011-2012, the reserve is reviewed annually to ensure that its balance aligns with projected obligations related to termination benefits.

Balance at June 30, 2025:     \$220,135.

Ideal Balance:                      As of June 30, 2025, the reported compensated absences liability is \$335,301. This figure represents the District’s net liability for earned employee leave time, calculated as the total compensated absences amount, reduced by any prior expenditures applied toward eligible termination payouts.

Use:                                      The reserve will draw down as eligible employee benefit costs are paid out to retirees upon their separation from the District.

Funding:                                The District recommends funding this reserve from year-end fund balance as needed, based on the annually calculated schedule of eligible compensated absences. As of June 30, 2025, no portion of the year-end fund balance has been appropriated for this purpose.



## Employees' Retirement & Teachers' Retirement System Contribution Reserve

### Purpose

The Board of Education is authorized, by resolution, to establish reserve funds for the purpose of financing retirement contributions made to the Employees' Retirement System (ERS) and the Teachers' Retirement System (TRS). Voter approval is not required for the creation or use of these reserves.

Expenditures from these reserves may only be made pursuant to a board resolution and must be used to offset retirement contributions. These reserves are intended to support the District's financial commitment to ERS and TRS as costs are incurred. The ERS Reserve was created during the June 30, 2007 school year and the TRS Reserve was created during the June 30, 2019 school year.

ERS Balance at June 30, 2025: \$781,944.

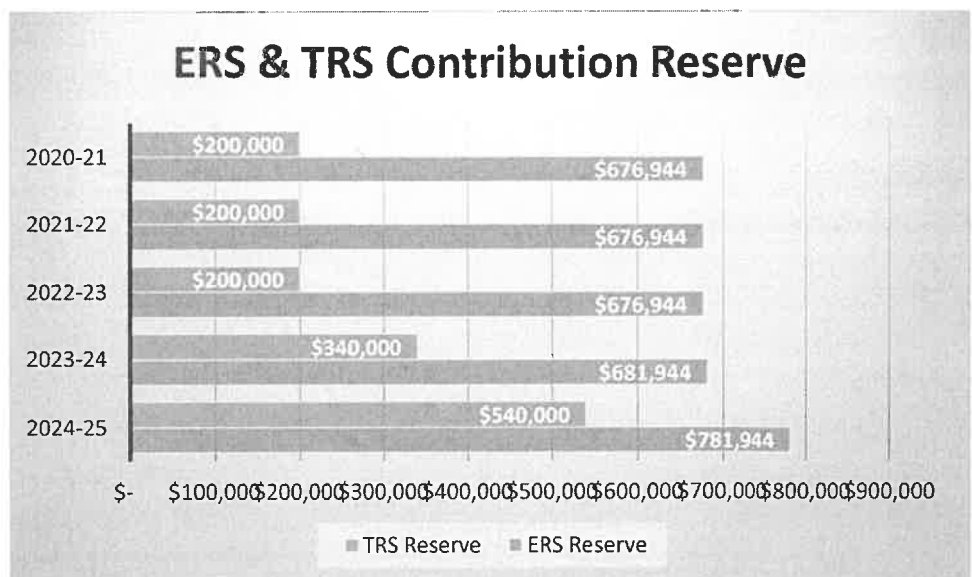
TRS Balance at June 30, 2025: \$540,000.

**Ideal Balance:** The ideal balances to maintain a reserve balance equivalent to approximately five years of projected ERS contributions. Based on the current projection for December 2025 of \$458,831, the ideal balance is estimated at \$2,294,155.

In accordance with statutory guidelines, the District may fund the TRS Reserve can have up to a maximum of 10% of the prior year's salaries for TRS employees with the maximum contribution in any year equal to 2% of the prior year's TRS salaries. The 2024-2025 school year salaries totaled \$27,717,178, resulting in an ideal reserve funding level of \$2,771,718.

**Uses:** To support the District's annual retirement contribution obligations.

**Funding:** The District recommends funding this reserve through the year-end fund balance. As of June 30, 2025, the District appropriated \$100,000 toward ERS and \$200,000 toward TRS from available year-end funds.



## **Debt Service Reserve**

### **Purpose**

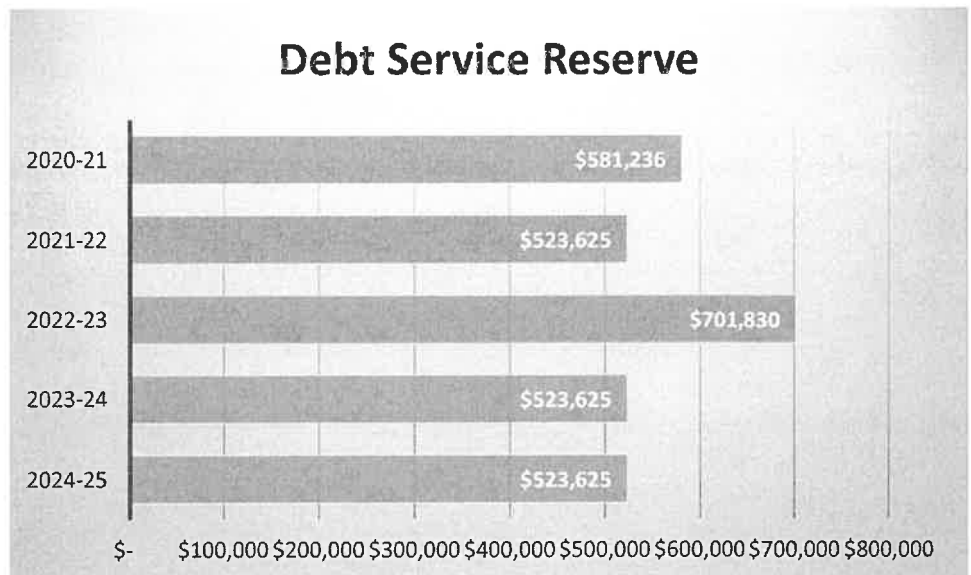
The Board of Education may, by resolution, establish a Debt Service Reserve to cover payments on outstanding obligations – such as bonds or bond anticipation notes – following the sale of District capital assets or improvements. This reserve was established prior to the June 30, 2009 school year.

Balance at June 30, 2025: \$523,625.

Ideal Balance: Maintaining a reserve of \$2,000,000 would provide adequate coverage for upcoming debt service obligations.

Uses: This fund will be used to support future debt service payments.

Funding: The District recommends funding this reserve through year-end fund balance. As of June 30, 2025, no year-end fund balance was appropriated for this purpose.



**Reserve for Liability and Claims**

**Purpose**

The Board of Education may, by resolution, establish a Reserve for Liability and Claims to cover loss and liability expenses. Annual contributions are limited to 5% of the District’s total budget. Both the establishment and expenditure of funds require Board resolution and must align with the reserve’s stated purpose to offset any losses that exceed insurance coverage or are not covered by insurance.

|                           |                                                                                                                                                                          |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Balance at June 30, 2025: | \$650,000.                                                                                                                                                               |
| Ideal Balance:            | The maximum allowable funding for this reserve is capped at 5% of the District’s annual budget. Based on current figures, an ideal contribution would total \$2,992,123. |
| Uses:                     | The fund will be used to address liabilities and claims as they occur.                                                                                                   |
| Funding:                  | The District recommends funding this reserve through the year-end fund balance. As of June 30, 2025, \$500,000 was appropriated from available year-end funds.           |





## Unemployment Insurance Reserve

### Purpose

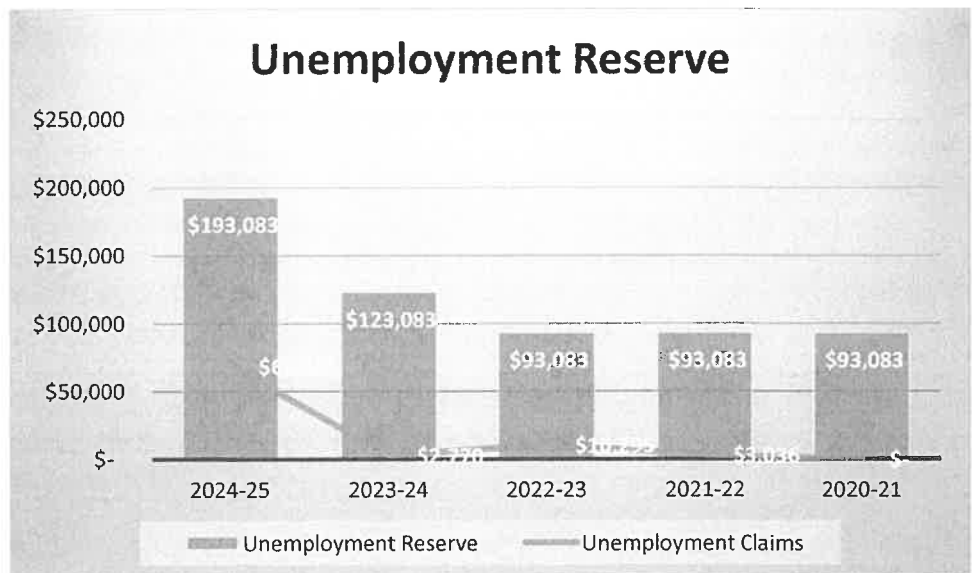
The Reserve for Unemployment Insurance was established by the Board of Education and has been in place since before the 2008-2009 school year. This reserve is used to reimburse the State Unemployment Insurance Fund for payments made to claimants, as the District utilizes the benefit reimbursement method. It functions as an operational reserve, with funds allocated to offset anticipated unemployment claim expenditures in the current fiscal year.

Balance at June 30, 2025: \$193,083.

Ideal Balance: The recommended balance for this reserve is approximately 2% of payroll. During the COVID-19 pandemic, unemployment costs became highly unpredictable and rose sharply in the 2020-2021 school year. New York state covered school districts through federal relief programs spanning from March of 2020 through 2023 with some claims extended into 2024. Based on current payroll figures the recommended ideal contribution to this reserve would be \$554,344.

Uses: For the 2025-2026 school year, the District has budgeted \$30,000 to support unemployment insurance costs. This reserve is drawn upon throughout the year to cover eligible expenses as they arise.

Funding: The District recommends funding this reserve through the year-end fund balance. As of June 30, 2025, \$100,000 was appropriated from available year-end funds to support this purpose.



## Capital Reserve

### Purpose

The Dobbs Ferry School District established a Capital Reserve Fund through voter referendum. This reserve is designated to cover the cost of any capital project or purpose for which bonds may be legally issued. Any proposition presented to voters must clearly specify: the intended purposes(s) of the reserve (e.g., construction, and equipment purchases), the maximum dollar amount to be deposited, the probable term of the reserve and the source of funding. Voter approval is required to establish the reserve and to authorize expenditures from the reserve. All spending must be tied to specific, voter approved purposes. Additionally, annual appropriations to fund the reserve also require voter authorization.

Balance at June 30, 2025: \$2,403,464.

Ideal Balance: A reserve not to exceed \$2,500,000 over a 10-year period was voted on by the taxpayers.

Uses: The fund will support future capital projects and reduce reliance on bonded debt.

Funding: The District recommends funding this reserve using available year-end fund balance. As of June 30, 2025, \$387,533 has been appropriated for this purpose.

