

How Does the District's Financial Reserve Plan Work?

The responsible use and careful tracking of each taxpayer dollar is an obligation we take very seriously. In addition to building responsible annual budgets that provide the best possible teaching and learning, we also do a great deal of planning for the future. This planning seeks to continuously improve programs and supports for our students while maintaining consistency and predictability for our taxpayers. One way we do this is by establishing reserve funds, our "savings accounts" collectively known as **assigned fund balance**. These reserve funds, a key component of our long-range planning, allow us to:

- Plan for the management of larger costs or to offset unanticipated costs.
- Reduce the district's need to raise taxes and/or cut staff, programs and services in response to certain financial obligations such as legal judgments, sharp increases in employer contribution rates, or emergency repairs.
- Maintain a higher bond rating. The higher the bond rating, the less it costs the district to borrow money for things like capital projects.

The district has established certain reserve funds as allowed by [NYS Education and General Municipal Law](#) and in line with [Board Policy 6245](#). Each reserve fund is established for specific purposes with specific funding amounts determined through board resolution or, in some cases, voter referendum. The district's current reserve funds as of June 30, 2024 are as follows:

| <u>RESERVE FUND</u> | <u>CURRENT FUNDING LEVEL</u> | <u>PURPOSE OF RESERVE</u> |
|---|------------------------------|--|
| Encumbrances | \$102,643 | To pay for those outstanding encumbrances remaining at the end of the year that we carry over to the next fiscal year. |
| Capital | \$2,112,467 | To pay for additions, renovations, and repairs to our facilities in voter-approved projects. |
| Employee Benefit Accrued Liability | \$267,875 | To pay sick, vacation, and personal leave benefits due to employees upon resignation or retirement. |
| Tax Certiorari | \$3,624,827 | To pay for judgments and claims in tax challenge proceedings held under the rules of Real Property Tax Law. |
| Retirement System Contributions | \$1,021,944 | To fund employer retirement contributions to the NYS Employees' Retirement System and the NYS Teachers' Retirement. |
| Debt Service | \$523,625 | To cover debt service payments on outstanding obligations such as bond payments. Expenditures are for debt service only or for the purpose of retiring the outstanding obligations . |
| Property & Liability Loss | \$1,000,000 | To pay for property and liability loss judgments and claims. |
| Unemployment Insurance | \$123,083 | To pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants. |

In addition to the reserve funds above, the district uses our **unassigned fund balance** (*capped by NYS law to 4% of the following year's budget*) to offset additional tax increases. For the 2024-25 budget, the District allocated \$639,893.