



# **Seneca Falls Central School District Financial Reserve Fund Narrative Plan**

**Fiscal Year July 1, 2021 - June 30, 2022**

***Adoption by the Board of Education in November 2021***

## **District Mission Statement**

*The mission of the Seneca Falls Central School District is to provide quality educational opportunities and experiences for all students in a safe and positive environment that promotes academic excellence.*

## Reserve Fund Purpose

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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 weather occurrence).

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. Local governments and 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 allow municipalities and school districts, respectively, 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.

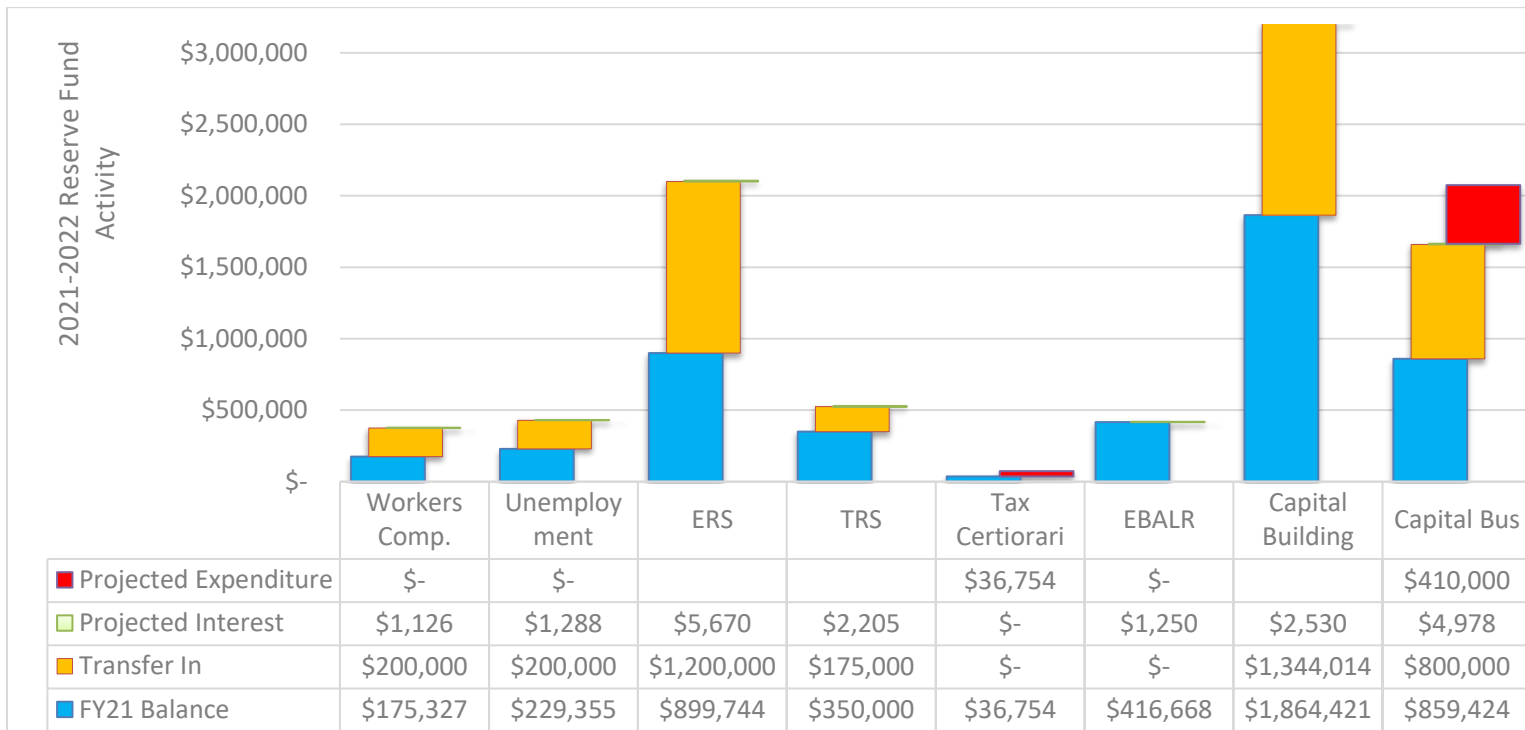
*Source: Office of the New York State Comptroller – Local Management Guide for Reserves*  
<http://www.osc.state.ny.us/localgov/pubs/lmgg/reservefunds.pdf>

## SUMMARY OF FUND BALANCE ACCOUNTS

Reserved	Unreserved
Workers Compensation Reserve	Appropriated Fund Balance
Unemployment Reserve	Unassigned Fund Balance
Encumbrances Reserve	
Employee Retirement System Reserve	
Teacher Retirement System Reserve	
Tax Certiorari Reserve	
Employee Benefit Accrued Liability	
Capital Building Reserve: Building Construction	
Capital Building Reserve: Turf/Track Replacement	
Capital Bus Reserve	

## Reserve Fund Overview

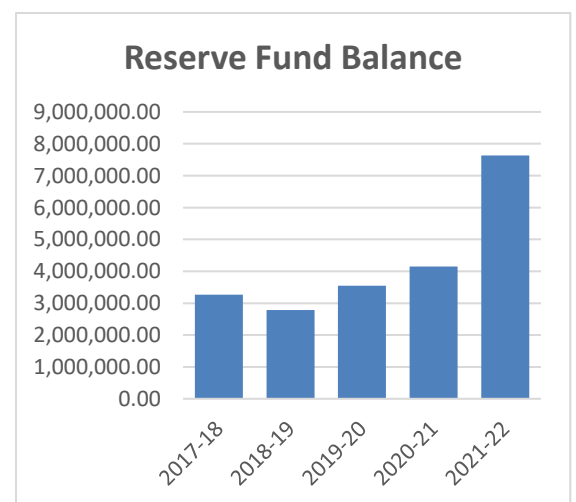
### FUND BALANCE: RESERVED



Account	Account Name	Projected 2020-21 Balance
A814	Workers Compensation Reserve	\$376,453
A815	Unemployment Reserve	\$430,643
A827	Employee Retirement System Reserve *Teacher Retirement System Reserve	\$2,624,744
A864	Tax Certiorari Reserve	\$0
A867	Employee Benefit Accrued Liability	\$417,918
A878BLDG	Capital Building Reserve: Construction	\$2,532,986
A878BUS	Capital Bus Reserve	\$1,254,402
	TOTAL	\$7,637,146

### POTENTIAL 2021-22 END OF YEAR ALLOCATION (JULY 2022)

Employee Retirement System Reserve	\$400,000
Teacher Retirement System Reserve	\$175,000
Capital Building Reserve	\$325,000
<u>Capital Bus Reserve</u>	<u>\$350,000</u>
<b>Total Appropriations Required</b>	<b>\$1,250,000</b>



## Workers' Compensation Reserve [General Municipal Law, Section 6-j]

## General Fund A814

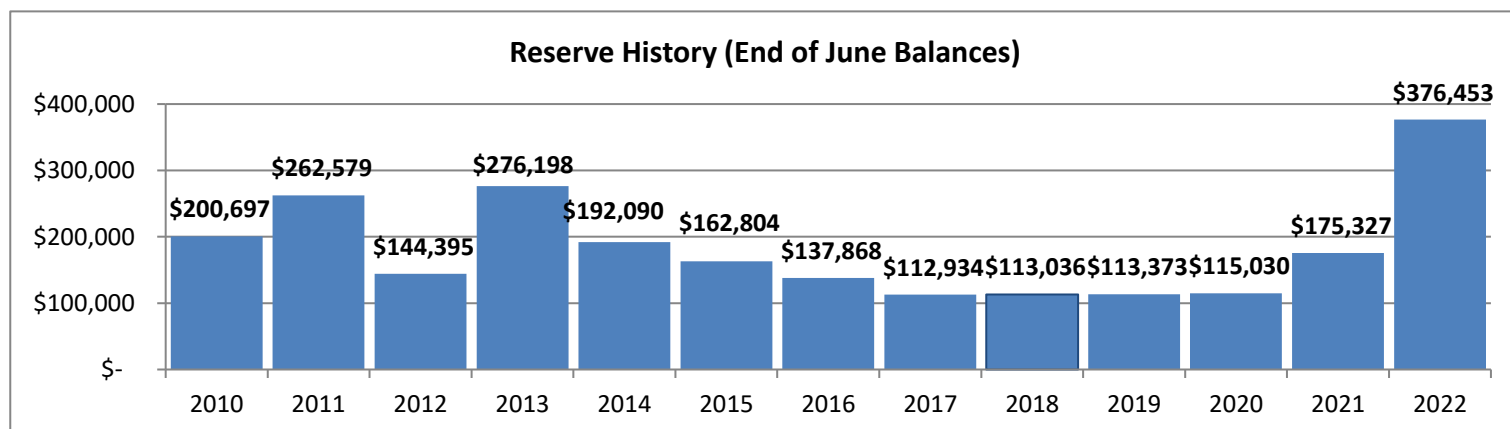
## Overview

- ✓ The purpose of this reserve fund is to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program.
- ✓ The reserve may be established by Board of Education action and is funded by budgetary appropriations and such other funds as may be legally appropriated.
- ✓ Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

## Analysis &amp; Projected Needs

Seneca Falls CSD utilizes Seneca County Self-Insurance. The district does not control these claims and assigned payments. The 2022 Cost for the annual workers compensation has risen to \$164,182. The recommendation will be to have three years of workers compensation costs in the reserve (estimated at \$500,000).

Year	Transfer In/Designation	Interest	Expenditure	Balance
2021-22	\$200,000	\$1,126	\$0	\$376,453
2020-21	\$400,000	\$296	\$300,000 for Budget App., \$40,000 for Workers Comp.	\$175,327
2019-20	\$0	\$1657	\$0	\$115,030
2018-19	\$0	\$338	\$0	\$113,373
2017-18	\$0	\$102	\$0	\$113,036
2016-17	\$0	\$66	\$25,000 Actual amount used for workers comp. costs	\$112,934
2015-16	\$0	\$64	\$25,000 for Budget Appropriation	\$137,868
2014-15	\$0	\$123	\$29,409 for Budget Appropriation	\$162,804
2013-14	\$0	\$342	\$84,450 for Budget Appropriation	\$192,090
2012-13	\$250,000 Designated	\$542	\$118,738 for Budget Appropriation	\$276,198
2011-12	\$0	\$501	\$118,685 for Budget Appropriation	\$144,395
2010-11	\$97,055 Designated	\$1,022	\$36,196 for Budget Appropriation	\$262,597
2009-10	\$200,000 Designated	\$697	\$0	\$200,697



## Unemployment Reserve [General Municipal Law, Section 6-m]

## General Fund A815

## Overview

- ✓ 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
- ✓ 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

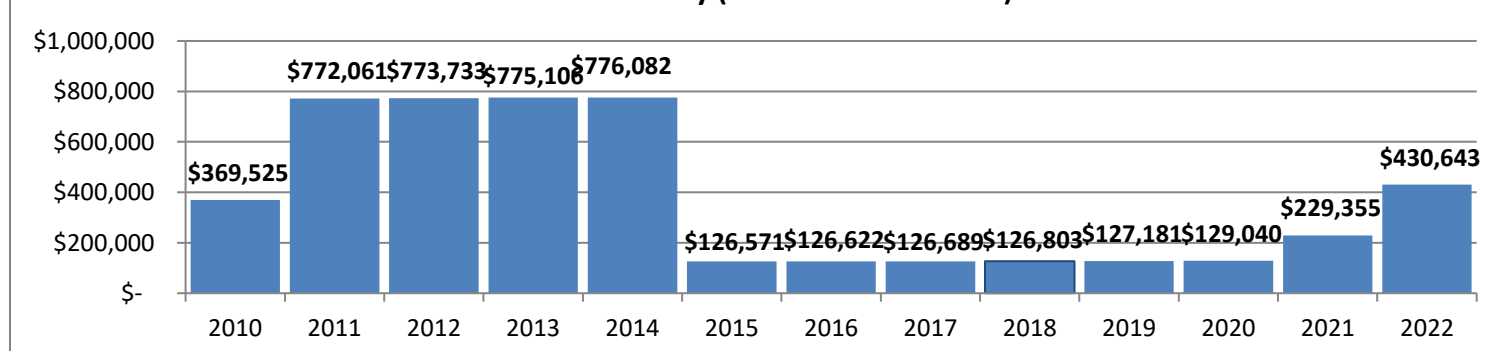
## Analysis &amp; Projected Needs

This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. Payments to SFCSD employees that have been placed on layoff status will be made until they resume full-time employment. Federal law continues to extend unemployment benefits to employees. Use of the reserve fund requires BOE action. In 2014, the Board of Education took action to transfer \$650,000 to Reserves: Capital Building Reserve (\$450,000), Capital Bus Reserve (\$100,000), ERS Reserve (\$100,000).

Currently, a teacher would be at the maximum benefit rate of \$450.00 per week @ 26 weeks, equaling \$11,700 total. The current reserve would provide coverage for about 36 employees. There are currently 37 employees funded by Federal and State grants.

Year	Transfer In/Designation	Interest	Expenditure	Balance
2021-22	\$200,000	\$1,288	\$0	\$430,643
2020-21	\$400,000	\$315	\$300,000 for Budget Appropriation	\$229,355
2019-20	\$0	\$1,859	\$0	\$129,040
2018-19	\$0	\$378	\$0	\$127,181
2017-18	\$0	\$114	\$0	\$126,803
2016-17	\$0	\$67	\$0	\$126,689
2015-16	\$0	\$51	\$0	\$126,622
2014-15	\$0	\$489	\$650,000 Transfer to Building, Bus & ERS	\$126,571
2013-14	\$0	\$976	\$0	\$776,082
2012-13	\$0	\$1,373	\$0	\$775,106
2011-12	\$0	\$1,672	\$0	\$773,733
2010-11	\$400,000 Fund Bal. Designation	\$2,536	\$0	\$772,061
2009-10	\$0	\$1,376	\$0	\$369,525

Reserve History (End of June Balances)



## Overview

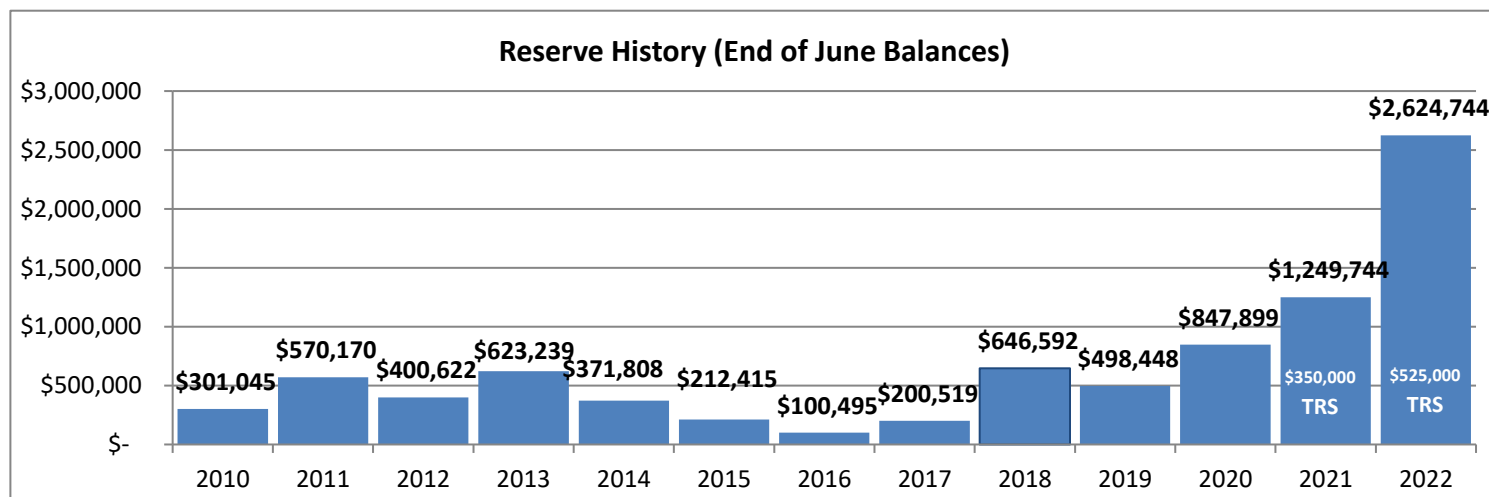
- ✓ Established by Board of Education
- ✓ Funded by budgetary appropriations, revenues not required by law to be paid into other funds or accounts, transfers from other reserve funds as permitted by law, and such other funds as the board may legally appropriate
- ✓ Voter approval is not needed to expend 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

## Analysis & Projected Needs

The ERS Reserve was established by the Board of Education in 2009-10 to cover payments to the Employee (Support Staff) Retirement System. SFCSD plans to utilize this reserve to cover annual ERS contributions over the next four years. Current ERS contributions total about \$470,000.

In 2019, the Board of Education established a Teacher's Retirement System Reserve as a sub-account in the ERS Reserve. This new reserve is capped as an appropriation of 2% of all prior year salaries (Total allocation cannot exceed 10%). Like the ERS reserve, this reserve will support the general fund budget for any large increases in TRS employee contribution rates.

Year	Transfer In/Designation	Interest	Expenditure	Balance
2021-22	\$1,200,000 (ERS) + \$175,000 (TRS)	\$7,875	\$0	\$2,624,744
2020-21	\$575,740 (ERS) + \$175,000 (TRS)	\$1104	\$350K (ERS) For '20-21 Budget	\$1,249,744
2019-20	\$310,440.41 (ERS) + \$175,000 (TRS)	\$14,011	\$150,000 For 2019-20 Budget	\$847,899
2018-19	\$0	\$1856	\$150,000 For 2018-19 Budget	\$498,448
2017-18	\$445,943 Designation	\$130	\$0	\$646,592
2016-17	\$200,000 Designation	\$25	\$100,000 For 2016-17 Budget	\$200,519
2015-16	\$0	\$80	\$112,000 For 2015-16 Budget	\$100,495
2014-15	\$100,000 From Unemployment Reserve	\$165	\$259,558 For ERS Expenditure	\$212,415
2013-14	\$17,173 Designation	\$779	\$269,383 For ERS Expenditure	\$371,808
2012-13	\$500,624 Designation	\$1,242	\$279,249 For ERS Expenditure	\$623,239
2011-12	\$0	\$1,235	\$170,783 For ERS Expenditure	\$400,622
2010-11	\$300,000 Designation	\$1,990	\$32,865 For ERS Expenditure	\$570,170
2009-10	\$0	\$1,045	\$0	\$301,045



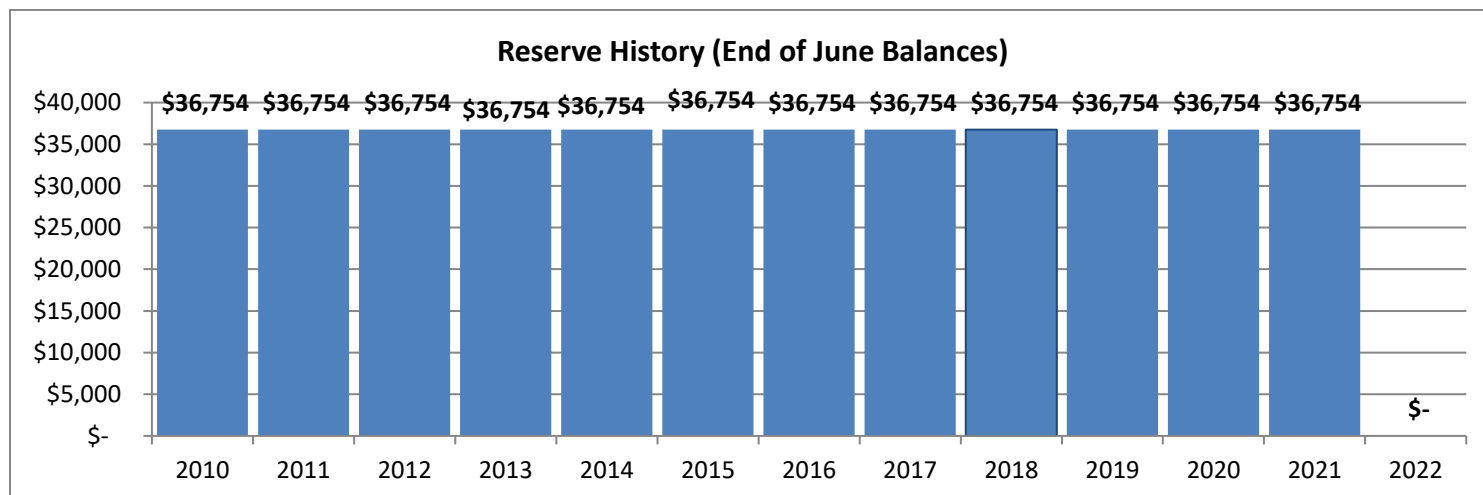
## Overview

- ✓ Established by Board of Education resolution
- ✓ Voter approval is not needed to expend funds
- ✓ Utilized to pay judgments and claims arising out of tax certiorari proceedings
- ✓ Established in the amount which might be deemed reasonably necessary to pay judgments and claims
- ✓ Monies not used and/or are not reasonably required to pay judgments or claims are to be returned to the general fund on or before the first day of the fourth fiscal year following deposit into such fund
- ✓ Total of the monies shall be deemed reasonably required to pay any such judgment or claim if the proceeding or claim has not been finally determined, or otherwise terminated or disposed of after the exhaustion of all appeals

## Analysis & Projected Needs

Seneca Falls CSD utilizes this reserve to make payments to businesses/residents that receive a legal decision on their behalf related to school property taxes. Legal claims can vary, with large claims totaling \$5,000 to \$7,000. This reserve does not generate interest. The District External Auditors have recommended the District absorb the reserve back into the general fund as there have been no claims for the last three years.

Year	Transfer In/Designation	Interest	Expenditure	Balance
2021-22	\$0	\$0	\$36,754	\$0
2020-21	\$0	\$0	\$0	\$36,754
2019-20	\$0	\$0	\$0	\$36,754
2018-19	\$0	\$0	\$0	\$36,754
2017-18	\$0	\$0	\$0	\$36,754
2016-17	\$0	\$0	\$0	\$36,754
2015-16	\$0	\$0	\$0	\$36,754
2014-15	\$0	\$0	\$0	\$36,754
2013-14	\$0	\$0	\$0	\$36,754
2012-13	\$0	\$0	\$0	\$36,754
2011-12	\$0	\$0	\$0	\$36,754
2010-11	\$0	\$0	\$0	\$36,754
2009-10	\$0	\$0	\$0	\$36,754



## Overview

- ✓ 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, holiday leave, vacation time, 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

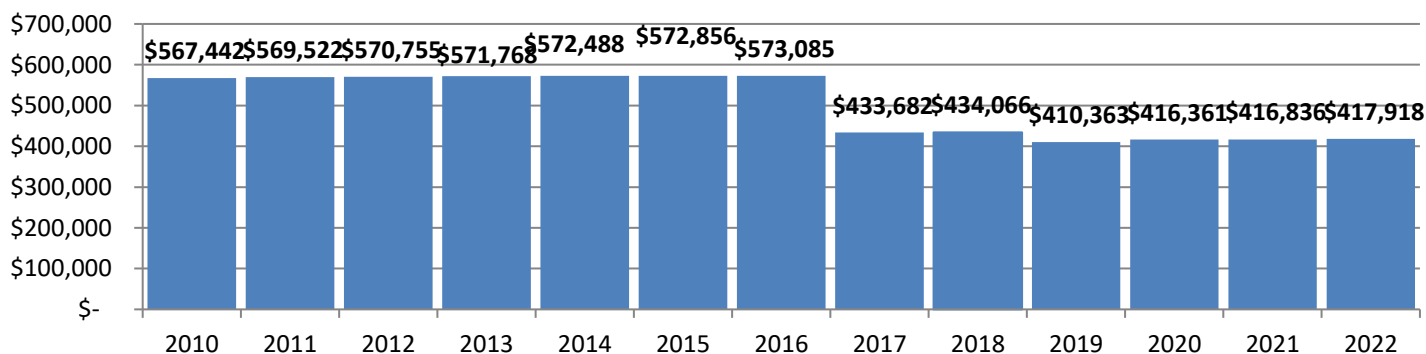
## Analysis & Projected Needs

Seneca Falls CSD utilizes this reserve to pay for contractual obligations (payment of unused sick days as part of Local & Enhanced Retirement Incentives) to SFCSD employees at the time of retirement. Retirements of teachers that work 15+ years of service with enhanced retirement incentives can be approximately \$20,000 to \$26,000.

Along with the EBLAR Reserve, the Compensated Absence fund budgets for retirement obligations. The Absence account covers approximately 6 retirements. The EBLAR Reserve covers retirement obligations above the Compensated Absence allocation. The current reserve can cover approximately 16 retirements over the next two years without any general fund use from A687 Compensated Absences.

Year	Transfer In/Designation	Interest	Expenditure	Balance
2021-22	\$0	\$1,250	\$0	\$417,918
2020-21	\$0	\$307	\$0	\$416,668
2019-20	\$0	\$5,998	\$0	\$416,361
2018-19	\$0	\$1,297	\$25,000 in Employee Payments	\$410,363
2017-18	\$0	\$384	\$0	\$434,066
2016-17	\$0	\$257	\$139,660 in Employee Payments	\$433,682
2015-16	\$0	\$229	\$0	\$573,085
2014-15	\$0	\$368	\$0	\$572,856
2013-14	\$0	\$720	\$0	\$572,488
2012-13	\$0	\$1,013	\$0	\$571,768
2011-12	\$0	\$1,233	\$0	\$570,755
2010-11	\$0	\$2,080	\$0	\$569,522
2009-10	\$0	\$2,423	\$0	\$567,442

Reserve History (End of June Balances)





## Capital Building Reserve [EDN Article 74 § 3651 (1)]

### Overview

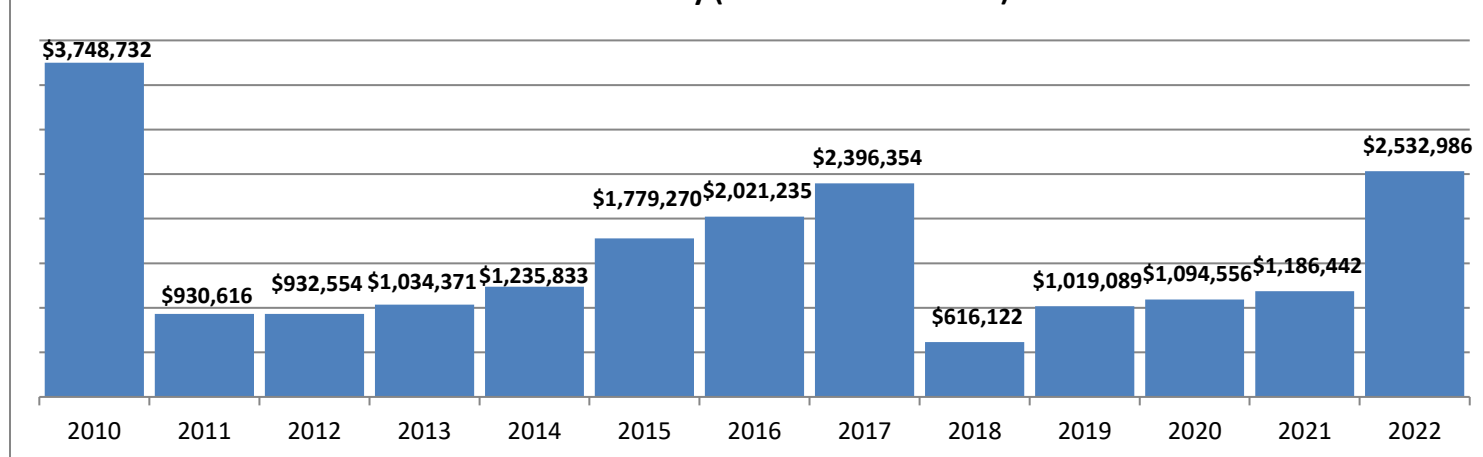
- ✓ SFCSD utilizes this reserve for Capital Improvement Projects for school facilities, buses, and equipment improvements
- ✓ Established by voter approval, can be transferred to other funds only by voter approval
- ✓ States the specific purpose of the fund, the amount, the term of fund, and sources where fund is 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
- ✓ The form of the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of Education Law.
- ✓ 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 than to tax levy

### Analysis

The capital reserve was established by a positive vote of the Seneca Falls CSD taxpayers in March 2013. The reserve is authorized to be funded up to \$9,500,000 plus earnings thereon, expiring February 2023. The purpose of the reserve is to fund site work, additions to, reconstruction, and equipping of its school buildings and facilities. This reserve is critical to maintain health and safety for students and staff. It is necessary to preserve school buildings, and should be in place to protect tax payer investment. The district has completed Capital Projects in 2005, 2010, 2015 and 2018 from this reserve.

Year	Transfer In/Designation	Interest	Expenditure	Balance
2021-22	\$1,344,014	\$2,530	\$0	\$2,532,986
2020-21	\$91,013	\$873	\$0	\$1,186,442
2019-20	\$800,000	\$25,467	\$750,000	\$1,094,556
2018-19	\$400,000	\$2,967	\$0	\$1,019,089
2017-18	\$547,660	\$1,759	\$2,329,650	\$616,122
2016-17	\$373,925	\$1,194	\$0	\$2,396,354
2015-16	\$241,155	\$809	\$0	\$2,021,235
2014-15	\$942,743 (\$400,000 from Unemployment Reserve, \$350k designated for Turf/Track -Fully Funded)	\$694	\$400,000 used to facilitate 2015 Capital Project (Roofs, Masonry)	\$1,779,270
2013-14	\$0	\$1,463	\$0	\$1,235,833
2012-13	\$200,000	\$1,817	\$0	\$1,034,371
2011-12	\$100,000	\$1,939	\$0	\$932,554
2010-11	\$373,103	\$8,781	\$3,200,000 Facilitated 2012-13 Capital Project (\$18.9 Mil)	\$930,616
2009-10	\$1,500,000	\$10,187	\$0	\$3,748,732

**Reserve History (End of June Balances)**

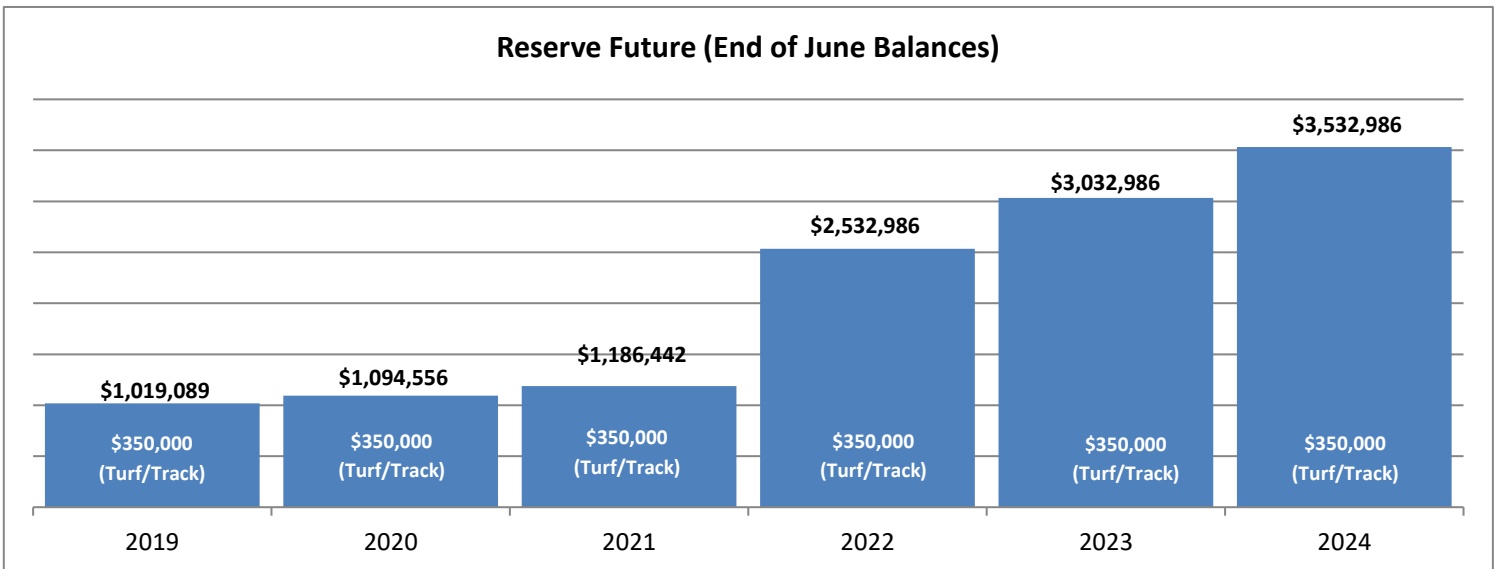


### Projected Needs

The district received voter approval (Winter 2017) on the current capital project (Construction 2019-2021). The local share (\$2,329,650) of the current capital project was transferred from the Capital Building Reserve in 2018. Moving forward, the district will look to continue its capital improvement plan with a 2025 Capital Project. This project will incorporate the resurfacing of the Track as well as the Athletic Field Turf Replacement. The \$350,000 for the turf and track has already been allocated within the Capital Building Reserve. The 2025 Capital Project would most likely go to the voters in late 2023 or early 2024. A projected \$22 Million project would require about \$3.5 Million in local share. This would require around **\$325,000** in annual designations plus interest from 2022-2024.

The current reserve fund is set to expire in 2023 and will require another voter authorization to extend it. The District will plan to propose a new ten year reserve while rolling over the current funds into it.

**Reserve Future (End of June Balances)**



## Capital Bus Reserve [EDN Article 74 § 3651 (1)]

## General Fund A878

## Overview

- ✓ Established by voter approval
- ✓ States the specific purpose of the fund, the amount, the term of fund, and sources where fund is 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 than to tax levy

## Analysis &amp; Projected Needs

Seneca Falls CSD utilizes the Capital Bus Reserve to cover the costs of transportation vehicles. This is used to purchase buses without having to Bond the purchase and eliminate interest payments on the loan. The reserve was recently authorized by voters in March of 2013 for \$3.7 Million plus interest which expires in February of 2023. The current reserve balance will cover the costs of 10 full-size buses (~\$125,000 each bus). The short term goal will be to convert all future purchases to gas buses (Buying 4 buses in 2020). The long term goal would be to purchase 3-4 buses annually to keep our bus replacement schedule to 8 years.

Year	Transfer In/Designation	Interest	Expenditure	Balance
2021-22	\$800,000 Designated	\$4,978	\$410,000 for Bus Proposition Purchase	\$1,254,402
2020-21	\$350,000 Designated	\$865	\$401,298 for Bus Proposition Purchase (Four Full Size Gas Buses)	\$859,424
2019-20	\$600,000 Designated	\$15,407	\$285,609 for Bus Proposition Purchase (Two Full Size Buses and Two Vans)	\$909,856
2018-19	\$300,000 Designated	\$1,815	\$362,090 for Bus Proposition Purchase (Three Full Size Buses)	\$580,059
2017-18	\$0	\$578	\$257,060 for Bus Proposition Purchase (Two Full Size Buses and One Van)	\$640,334
2016-17	\$0	\$488	\$260,970 for Bus Proposition Purchase (Two Full Size Buses)	\$896,816
2015-16	\$200,000 Designated	\$470	\$241,321 for Bus Proposition Purchase (Two Full Size Buses and One Van)	\$1,157,299
2014-15	\$300,000 Designated, (\$100,000 Transfer from Unemployment Reserve)	\$789	\$225,887 for Bus Proposition Purchase (Two Full Size Buses)	\$1,198,150
2013-14	\$200,000 Designated	\$1,195	\$0	\$1,023,248
2012-13	\$200,000 Designated	\$2,619	\$452,568 for Bus Proposition Purchase	\$822,053
2011-12	\$0	\$2,766	\$206,431 for Bus Proposition Purchase	\$1,072,002
2010-11	\$690,000 Designated	\$4,143	\$0	\$1,275,667
2009-10	\$0	\$3,007	\$185,900 for Bus Proposition Purchase	\$621,527

Reserve History (End of June Balances)

