

# **Caledonia-Mumford Central School 2022-2023 Reserve Plan**



**The purpose of the Reserve Plan for the Caledonia-Mumford Central School District is to provide budgetary savings to assist the District with budgetary shortages. In addition, the Reserve Plan provides District Administration guidance on current and future tax cap implications while maintaining excellent education levels and safe/exceptional facilities.**

**Updated 2/14/2024.**

## **COMPONENTS OF FUND BALANCE:**

### **Unassigned Fund Balance**

**6/30/23 Actual Balance: \$814,734**

Creation – Retention of these funds are allowed by law with no other approval required.

Purpose – These funds are unrestricted and may be used for any valid purpose.

Funding Methods – These funds have been accumulated from excess fund balance.

Use of Funds – It is recommended that these funds not be used except for an emergency, unanticipated expense, or revenue shortfall, that cannot be handled either in the budget or with other available reserves.

Monitoring of Balance – These funds are monitored by the Business Administrator.

Funding Level – The maximum legal limit is 4% of the ensuing budget. The maximum amount at 4% would be \$814,734 as of June 30, 2023.

### **Assigned Appropriated Fund Balance**

**6/30/23 Actual Balance: \$365,000**

Creation – These funds are fund balance that have been set aside for a particular purpose, namely, to reduce the tax levy required to support an ensuing year's budget.

Purpose – These funds are set aside and returned to the community by lowering the required tax levy to support the district's budget.

Funding Methods – These funds are fund balance that are assigned for a particular purpose.

Use of Funds – It is recommended that the practice of appropriating funds continue each year, as budgets permit. In the future, tighter budgets may restrict the amount of excess available to be appropriated to a subsequent year.

Monitoring of Balance – The balance and use of these funds are monitored by the Business Administrator.

Funding Level – It is recommended that the planned amount of assigned appropriated fund balance included as a revenue source in future budgets be limited to the amount of contingency included in the expenditure budget.

## **Assigned Unappropriated Fund Balance**

**6/30/23 Actual Balance: \$820,281**

### **(Reserve for Encumbrances)**

Creation – These funds are fund balance that have been set aside for a particular purpose, namely, to pay for outstanding encumbrances remaining at the end of a school year.

Purpose – These funds are used to pay for outstanding encumbrances remaining at the end of a school year.

Funding Methods – This is not a typical reserve which gets funded from budgetary appropriations or excess fund balance. Rather, these funds are obligations which were made during the prior school year that won't be paid until the subsequent school year.

Use of Funds – These funds will be expended during the subsequent year for the purpose for which they were encumbered. It is recommended that the practice of assigning fund balance for the purpose of carryover encumbrances continue each year. This practice appropriately matches revenue with the appropriations that it was intended to support.

Monitoring of Balance – The estimating and recording of these funds is monitored by the Business Administrator.

Funding Level – The funding level changes year over year based on budgetary surplus or a budgetary deficit.

## **Employee Benefit Accrued Liability Reserve**

**6/30/23 Actual Balance: \$292,972**

Purpose – This reserve is used to pay for accrued benefits due to employees upon termination of service for vacation, sick leave, and personal leave. This fund cannot be used to pay for items such as: retirement incentives, FICA and Medicare payments and retiree health insurance.

Funding Methods – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

Use of Reserve – This reserve is used when an employee separates from the District and payment of accumulated leave is required.

Monitoring of Reserve – This reserve is monitored by the Business Administrator. At the end of each fiscal year, the estimated compensated absences accrual is calculated to support the funding of this reserve.

Funding Level – This reserve can be funded at a level up to 100% of the accrued liability for unused accumulated leave time (compensated absences), which was \$716,209 on 6/30/2023.

## **Unemployment Reserve**

**6/30/23 Actual Balance: \$888,580**

Creation – This reserve may be and has been established by board action.

Purpose – This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the school district or BOCES has elected to use the benefit reimbursement method, in lieu of contributions under Article 18 of the Labor Law.

Funding Methods – Funds are placed in this reserve from budgetary appropriations or excess fund balance. In addition, this reserve can be funded from other reserves subject to permissive referendum.

Use of Reserve – This reserve would be used to pay any allowable costs, as described in the purpose for this reserve.

Monitoring of Reserve – This reserve is monitored by the Business Administrator.

Funding Level – This reserve has no funding maximum. However, the Business Administrator along with the Superintendent of Schools monitors this reserve on a yearly basis.

## **Capital Reserve - 2022**

**6/30/23 Actual Balance: \$3,332,096**

Creation – This reserve was created on May 17, 2022, via voter approval.

Purpose – This reserve may be used to fund Construction and Reconstruction of a Capital Project.

Funding Methods – Voter approval is required to establish and expend from this reserve. In accordance with the approved proposition, this reserve is funded from budgetary appropriations or excess fund balance. At the end of each fiscal year, consideration will be given to transferring additional funds to this reserve to offset the tax impact for subsequent capital projects. The reserve has the ability to be funded over a ten (10) year lifespan.

Use of Reserve – Use of this reserve requires voter approval. Consideration will be given to use the balance of these funds for subsequent capital projects.

Monitoring of Reserve – This reserve is monitored by the Business Administrator.

Funding Level – This reserve may be funded as stated in the approved proposition and has a maximum funding level of \$10,000,000 plus any accrued interest or another financial earnings. The district transferred \$1,062,903.42 from the 2017 Capital Reserve and funded another \$1,304,820 at the conclusion of the 2021-2022 school year. At the conclusion of the 2022-2023 school year, the district transferred over another \$900,000. The district will use \$2,750,000 on the 2025-2026 Capital Project which was voted on and approved at the December 5, 2023, vote.

**Retirement Contribution Reserve (ERS)****6/30/23 Actual Balance: \$857,333**

Creation – This reserve was created through Board Resolution.

Purpose – This reserve is used to pay for district expenses to the NYS Employees Retirement System only. Payments to the Teachers Retirement System are now allowed from this reserve through a sub-fund. (Please see the TRS Contribution Reserve below).

Funding Methods – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

Use of Reserve – This reserve can be used to cover all or a portion of annual NYS Employees Retirement System expense.

Monitoring of Reserve – This reserve is monitored by the Business Administrator.

Funding Level – The plan is to fund this reserve in years when the Retirement System rate is low and use this reserve in years when the rate is high. The district's maximum funding level is equal to five (5) times the yearly ERS expense. The current ERS expense is \$200,056, so the maximum funding level for this reserve as of 6/30/2023 is \$1,000,280.

**Retirement Contribution Reserve (TRS)****6/30/23 Actual Balance: \$554,772**

Creation – This reserve was created in June 2019.

Purpose – This reserve is used to pay for district expenses to the NYS Teachers Retirement System only.

Funding Methods – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

Use of Reserve – This reserve can be used to cover all or a portion of annual NYS Teachers Retirement System expense.

Monitoring of Reserve – This reserve is monitored by the Business Administrator.

Funding Level – The plan is to fund this reserve in years when the Retirement System rate is low and use this reserve in years when the rate is high. The District's maximum funding level is equal to ten percent (10%) of certified salaries and can only be funded two percent (2%) of the prior year's certified salaries per year. The district's certified salaries during the 2021-2022 fiscal year were \$5,547,723 so the maximum amount the district can fund the reserve on June 30, 2023, is \$110,954.

The maximum funding level of the reserve as of 6/30/2023 is \$611,492 which equates to 10% of the certified salaries. This number will fluctuate year over year due to salary raises.

### **Tax Certiorari Reserve**

**6/30/23 Actual Balance: \$111,126**

Creation – This reserve was created through Board Resolution.

Purpose – This reserve is used to pay judgements or claims in tax certiorari proceedings under RPTL, Article 7.

Funding Methods – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

Use of Reserve – This reserve can be used to cover all or a portion of annual settlements. Moneys not expended must be returned to the General Fund on or before the 1<sup>st</sup> day of the 4<sup>th</sup> year after funding. The District's largest Town (Caledonia) gets reassessed every four years. This money will be used to cover assessment claim challenges during those years if necessary.

Monitoring of Reserve – This reserve is monitored by the Business Administrator.

Funding Level – The plan is to fund this reserve to match submission of Tax Certiorari claims and adjust based on settlement.

### **2023 Vehicle/Equipment Reserve**

**6/30/23 Actual Balance: \$355,251**

Creation – This reserve was created in July 2023.

Purpose – Financing, in whole or in part, the purchases of vehicles, equipment, machinery or apparatus, furnishings, and costs incidental thereto, including transportation vehicles (buses and vans), buildings and grounds equipment, furnishings, and other equipment, machinery or apparatus incidental thereto or separately, provided that such capital costs are an object or purpose that would be eligible for financing under the Local Finance Law.

Funding Methods – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

Use of Reserve – This reserve works similar to the Capital Reserve which means to expend money from this reserve, the District must obtain voter approval.

Monitoring of Reserve – This reserve is monitored by the Business Administrator.

Funding Level – The plan is to fund this reserve to pay for future vehicles and equipment and other items covered under this reserve. The maximum funding level of the reserve, which was voted on in May of 2023 is \$1,000,000 plus any accrued earnings through interest, with a maximum funding timeframe of 10 years. As of 6/30/2023, the old Vehicle/Equipment Reserve was transferred over in the amount of \$355,216 plus any interest earnings. No amount was transferred at the conclusion of the 2022-2023 school year.

## **Property Loss Reserve**

**6/30/23 Actual Balance: \$373,702**

Creation – This reserve was created through Board Resolution.

Purpose – To establish and maintain a program of reserves to cover property loss and liability claims.

Funding Methods – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

Use of Reserve – Used to pay for property loss and liability claims. Separate funds must be established for property loss and for liability claims and the separate identity of each fund must be maintained. There are no referendum requirements to create the funds or expend money from the funds for property loss and liability claims.

Monitoring of Reserve – This reserve is monitored by the Business Administrator.

Funding Level – The district deems this reserve fully funded and will not fund the reserve except for interest earnings as of 6/30/2023.