



Dansville Central School District

Reserve Planning
January 14, 2025



Reserve Planning

- Feedback from our stakeholders called for open and honest communication regarding the budget process.
- We are committed to educating the BOE and community about the process.
- On November 25, 2024, the BOE approved the **2025-26 Budget Development Calendar**.
 - Includes 5 budget workshops starting on March 4th
- Over the next several months we will present a series of mini-presentations related to the budget (i.e. expenditures, revenues, tax cap, etc.) to provide background information.
- Tonight's presentation will focus on **Reserve Funds** and the important role they play in long-term fiscal planning.



What is a reserve fund?

- A reserve fund acts as a savings account, allowing school districts in New York State to save money for use in the future; an essential component to responsible fiscal planning.
- There are various types of school district reserve funds and each one is targeted for a specific purpose.
- Some are used for short-term needs or to balance a school budget, while others help districts finance long-term projects and expenses.
- The rules for creating, funding, and using reserve funds in school districts are set by two laws in New York State: General Municipal Law (GML) and Education Law.



How are reserves funded?

- As we close each fiscal year we review our actual expenditures and revenues compared to what we had budgeted for. If any remaining funds exist that were not expended in the budget, they are referred to as **fund balance**.
- The New York State Comptroller limits school districts to carrying over only 4% of this balance to the following year's budget. This money is referred to as **unappropriated fund balance** and can be used for a variety of needs as identified and allowed by NYS law.
- Any funds that exceed that 4% can be placed into **reserves** or carried over as **appropriated fund balance** to the following school year for long-term planning purposes and sustainability of the district's budget and operations.



What are the benefits of reserve funds?

The status of a district's reserve funds affects its bond rating. Generally, having a healthier fund balance and reserve funds lead to a higher bond rating. The higher a bond rating, the less it costs a district to borrow money for things such as capital projects.

Additional Benefits:

- Save for future needs
- Maintain a stable operating budget
- Maintain a stable tax levy
- Supplement the limitations of fund balance



What reserve funds do we maintain in Dansville?

Employee-Related Reserves

- Retirement Contribution Reserve Fund (ERS)
- Retirement Contribution Reserve Fund (TRS)
- Employee Benefit Accrued Liability Reserve (EBALR)
- Unemployment Insurance Reserve

Property-Related Reserves/Funds

- Capital Reserves
- Repair Reserve
- Debt Service Fund

Other Reserves

- Tax Certiorari Reserve



Employee-Related Reserves

Retirement Contribution Reserve Fund (ERS)

Allows districts to save money to meet future pension obligations for staff who are members of the New York State and Local Employees Retirement System (ERS).

Funding Level:

ERS reserve does not have an annual limitation for how much you can fund

Funding Methods:

This reserve may be funded from excess fund balance or budgetary appropriations.

Use of Reserve:

This reserve may be used to pay yearly contributions as needed. BOE Resolution is required.



Employee-Related Reserves

Retirement Contribution Reserve Fund (TRS)

Allows districts to save money to meet future pension obligations for staff who are members of the New York State Teachers Retirement System (TRS).

Funding Level:

TRS reserve has an annual funding limit equal to 2% of the TRS salaries from the prior year, and a maximum total funding of 10% of the TRS salaries.

Funding Methods:

This reserve may be funded from excess fund balance or budgetary appropriations.

Use of Reserve:

This reserve may be used to pay yearly contributions as needed. BOE Resolution is required.



Employee-Related Reserves

Employee Benefit Accrued Liability Reserve (EBALR)

Reimbursement for unused sick leave, personal leave, holiday leave and vacation time is often owed to employees who leave their jobs. This reserve fund helps districts meet these financial obligations.

Funding Level:

The calculated costs known to the district of sick, personal, holiday leave and vacation time to be paid out upon employee separation from the District.

Funding Methods:

This reserve may be funded from excess fund balance or budgetary appropriations.

Use of Reserve:

This reserve may be used to pay for contractually obligated retirement awards per language set forth through bargaining unit contracts.
Separate BOE authorization not required.



Employee-Related Reserves

Unemployment Insurance Reserve

School districts are obligated to pay 100 percent of all unemployment claims granted by the New York State Department of Labor. This reserve can help districts cover the costs of paying benefits to former employees.

Funding Level:

There is no legal limit for this reserve.

Funding Methods:

This reserve may be funded from excess fund balance or budgetary appropriations.

Use of Reserve:

This reserve may be used to pay claims as needed. No funds will be expended for any other reasons other than those related to the NYS DOL claims for that budget year. Separate BOE authorization not required.



Property-Related Reserves

Capital Reserve(s)

This reserve is used to pay for capital improvements to district facilities and sites. Voter approval is required to establish and use these reserves. A proposition to use these funds must be specific to a set of projects and dollar amounts.

Funding Level:

Must be established with voter approval. At the time of approval, funding limit, timeframe of reserve, and purpose of the reserve must be presented to the voters.

Funding Methods:

This reserve may be funded from excess fund balance or budgetary appropriations.

Use of Reserve:

This reserve may be used to pay, or offset only those expenses related to the reserve language when established.
Voter approval is required.



Property-Related Reserves

Repair Reserve

This reserve is used to pay for repairs and maintenance expenses that are not usual, or regularly occurring.

Funding Level:

There is no legal limit for this reserve, but voter approval is required to fund this reserve.

Funding Methods:

This reserve may be funded from excess fund balance or budgetary appropriations. Voter approval is required to fund the reserve.

Use of Reserve:

Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years (General Municipal Law, §6-d).



Property-Related Fund

Debt Service Fund

The Debt Service Fund is used to cover payments of principal and interest on capital debt (BANS/BONDS) and is crucial for ensuring that school districts can responsibly manage their capital debt and stabilize the flow of debt payments to control impact on the tax levy, without jeopardizing the funding of regular school operations.

Funding Level:

The maximum funding level for this is whatever interest and other proceeds from debt the district receives during a capital project.

Funding Methods:

This is funded with proceeds from issuing debt (bond premiums), interest received on funds while waiting to expend capital funds, and remaining balances of projects not entirely spent.

Use of Fund:

This fund may be used to pay, or offset long term debt.



Other Reserves

Tax Certiorari Reserve Fund

This reserves protects the district against any claims resulting from taxpayers who challenge property assessments.

Funding Level:

The maximum amount that can be in the reserve should be limited to the amount of judgments that the district reasonably projects that it may need related to property assessment challenges issued through local municipalities.

Funding Methods:

This reserve may be funded from budgetary appropriations.

Use of Reserve:

This reserve may be used through budgetary appropriations.
Separate BOE authorization not required.



Dansville CSD Reserve Funds

	Balance on 6/30/2021	Balance on 6/30/2022	Balance on 6/30/2022	Balance on 6/30/2023	Balance on 6/30/2024
Retirement (ERS)	\$1,161,319	\$1,913,153	\$1,911,929	\$2,047,866	\$2,156,993
Retirement (TRS)	\$417,253	\$617,253	\$818,400	\$1,048,916	\$1,100,020
EBALR	\$594,809	\$546,059	\$546,017	\$560,682	\$591,241
Unemployment	\$617,216	\$905,700	\$1,105,857	\$3,547,845	\$3,671,423
Capital Reserve 2016	\$18,024	\$18,056	\$18,055	\$45	\$48
Capital Reserve 2018	\$730,145	\$877,100	\$1,217,836	\$597,887	\$3,867,513
Capital Reserve 2012 Bus/Equipment	\$593,021	\$593,830	\$693,830	\$545,973	\$391,359
Capital Reserve 2022 Bus/Equipment				\$300,000	\$491,750
Debt Service Fund	\$754,552	\$982,300	\$1,025,846	\$1,080,758	\$1,296,957
Repair Reserve	\$129,039	\$129,039	\$179,039	\$100,004	\$105,194
Tax Certiorari	\$0	\$0	\$0	\$0	\$0



Next Steps

Develop a long-term **District Reserve Plan** for future BOE approval.

In addition to long-term sustainability, the **Reserve Plan** should be informed by:

- Increasing costs of healthcare
- Future capital projects
- Replacement schedules for equipment
- Staffing needs
- Retirements



Next Steps

We will continue to provide presentations on topics that will help inform our 2025-2026 Budget and **Long-term Fiscal Plan**.

- January 28: **Tax Cap** - What is it? How is it calculated? Why is it important?
- **Capital Project Planning** - How does it affect our ability to stabilize our finances?
- Weekly presentations on the status of our **2025-2026 Expenditure Budget** as it develops and evolves at our Budget Workshops throughout March and April.

Thank you for your continued support of our schools!

QUESTIONS??