



Seneca Falls Central School District Financial Reserve Fund Narrative Plan

Fiscal Year July 1, 2024 - June 30, 2025

Adoption by the Board of Education in November 2024

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

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	
Capital Technology and Infrastructure	
Insurance	

Account	Account Name	Projected FY25 Balance
A814	Workers Compensation Reserve	\$848,399
A815	Unemployment Reserve	\$629,909
A827	Employee Retirement System Reserve	\$4,620,170
	*Teacher Retirement System Reserve	\$836,404
A864	Tax Certiorari Reserve	\$0
A867	Employee Benefit Accrued Liability	\$464,365
A878BLDG	Capital Building Reserve: Construction	\$5,323,263
A878BUS	Capital Bus Reserve	\$3,010,420
	Capital Tech.& Infrastructure Reserve	\$200,000
	Insurance Reserve	\$800,000
	TOTAL	\$16,732,930

PROPOSED 2024-25 END OF YEAR ALLOCATION

Workers Comp.	\$ 200,000
ERS Reserve	\$ 0
TRS Reserve	\$ 175,000
Capital Building	\$ 850,000
Capital Bus	\$ 950,000

Total Appropriations Required
\$2,175,000

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.

Balance & Analysis

Balance 07/01/23	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/24
\$739,236	\$39,096	(\$25,000)	-	\$753,332

Balance 07/01/24	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/25
\$753,332	\$15,067	(\$120,000)	\$200,000	\$848,399

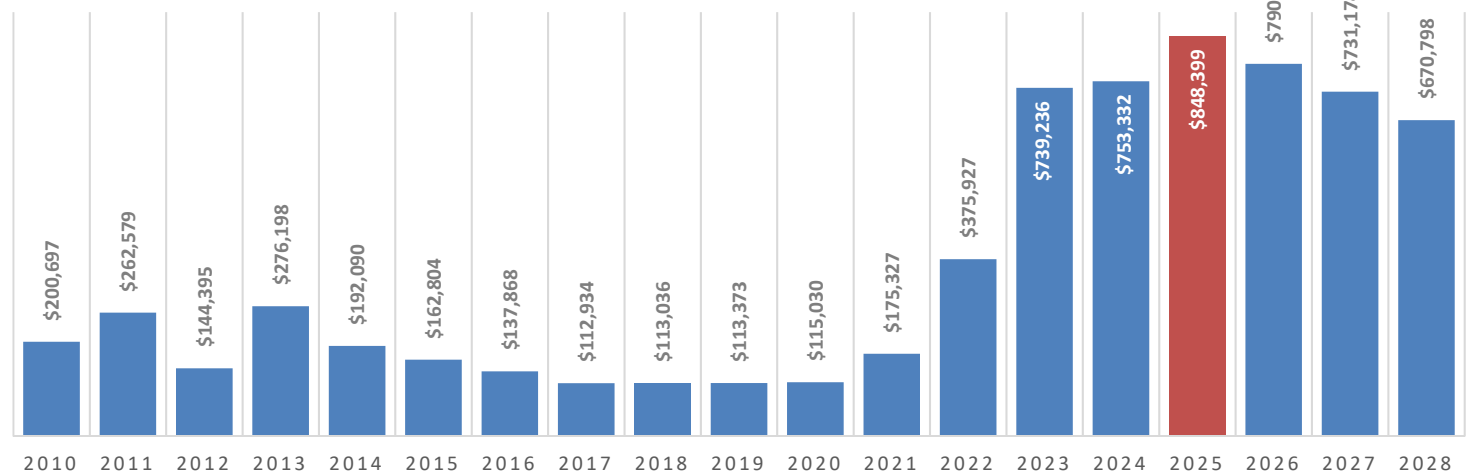
- ✓ Seneca Falls CSD utilizes Seneca County Self-Insurance for its Workers' Compensation Insurance Program. The district does not control these claims and assigned payments. Premiums are based off of 50% of property value of the District and 50% based on Workers' Compensation claims (3-year look back in claims).
- ✓ The 2023-24 cost for the annual workers compensation has risen to \$217,585. The 2024-25 general fund budget allocated \$220,000 to FY25 annual premium costs. In September, the premium was billed at \$185,251.

**Workers Comp
Premium Costs**

FY 2020	\$117,735
FY 2021	\$124,403
FY 2022	\$164,182
FY 2023	\$183,184
FY 2024	\$217,585
FY 2025	\$185,251

Projected Needs

- ✓ The 4-year rolling average premium is \$187,550.
- ✓ Recommendation: Reduce the general fund allocation in FY26 for Workers' Comp. costs to \$150,000 and the remaining cost will be covered by the Workers' Compensation Reserve. This would require a use of up to \$50,000 to \$75,000 from the reserve.
- ✓ The financial goal is to have 5 years' worth of premium costs in the reserve, estimated at \$937,750.

RESERVE HISTORY (END OF JUNE BALANCES)

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

Balance & Analysis

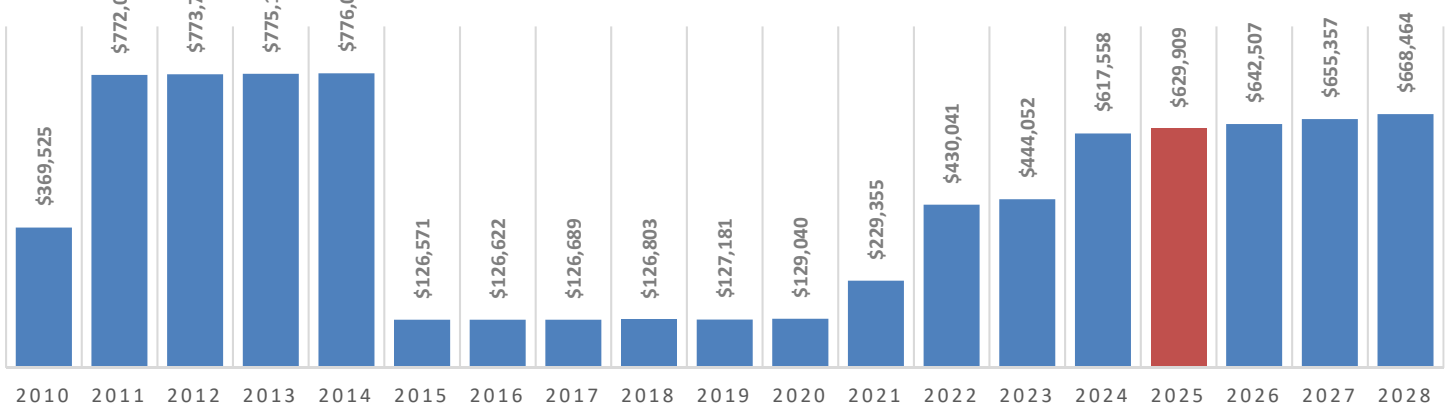
Balance 07/01/23	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/24
\$444,052	\$23,506	-	\$150,000	\$617,558

Balance 07/01/24	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/25
\$617,558	\$12,351	-	\$0	\$629,909

- ✓ 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.
- ✓ Currently, a teacher would be at the maximum benefit rate of \$504.00 per week @ 26 weeks, equaling \$13,104.
- ✓ Currently, a non-instructional staff member would be around \$207.00 per week @ 26 weeks, equaling \$5,382.
 - Rate Calculator: <https://ux.labor.ny.gov/benefit-rate-calculator/>

Projected Needs

- ✓ There are currently 22 instructional positions funded by Federal and State grants. That would require \$288,288 in the reserve to cover unemployment costs if those positions were eliminated. There are 26 non-instructional positions that depend on student enrollment. If those positions were eliminated, that would cost \$139,932. Current unemployment costs are billed to the district at an average of \$15,000 (\$75,000 over 5 years).
- ✓ Due to those scenarios, the minimum reserve goal is set at \$503,220 for 2024-25.

RESERVE HISTORY (END OF JUNE BALANCES)

Employee Retirement System Reserve [General Municipal Law, Article 2 § 6-r]**General Fund A827****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

Balance & Analysis

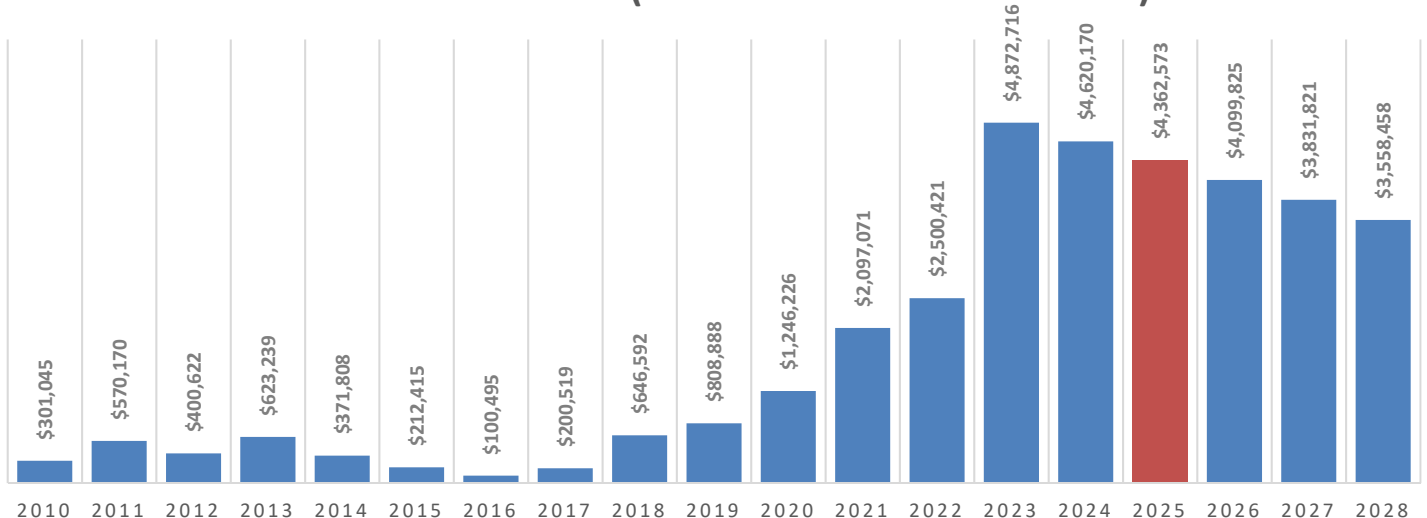
Balance 07/01/23	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/24
\$4,153,314	\$219,402	(\$200,000)	\$700,000	\$4,872,716

Balance 07/01/24	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/25
\$4,872,716	\$97,454	(\$350,000)	\$0	\$4,620,170

- ✓ The ERS Reserve was established by the Board of Education in 2009-10 to cover payments to the Employee (Support Staff) Retirement System.
- ✓ The District's share of the required contributions, based on covered payroll paid for the District's year
 - Ended June 30, 2021: \$349,991
 - Ended June 30, 2022: \$385,463
 - Ended June 30, 2023: \$294,833
 - Ending June 30, 2024: \$340,961

Projected Needs

- ✓ The District has allocated up to \$350,000 to cover the 2024-25 ERS contributions.
- ✓ The goal is to utilize this reserve to cover annual ERS contributions over the next ten years. This would require a balance of about \$3,500,000 in the ERS reserve.

RESERVE HISTORY (END OF JUNE BALANCES)

Teacher Retirement System Reserve [General Municipal Law, Article 2 § 6-r]**General Fund A827****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

Balance & Analysis

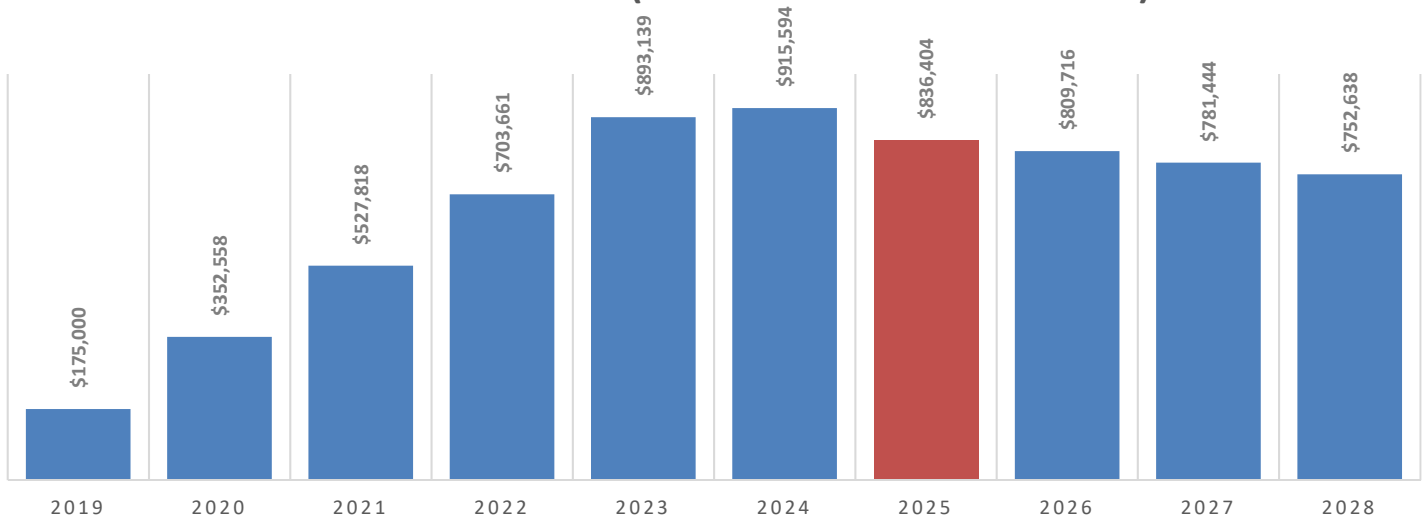
Balance 07/01/23	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/24
\$893,139	\$47,365	(\$25,000)	-	\$915,504

Balance 07/01/24	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/25
\$915,504	\$18,310	(\$272,500)	\$175,000	\$836,404

- ✓ 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 at 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.

Projected Needs

- ✓ The goal will be to utilize this reserve to cover 25% of the annual TRS contributions over the next five years.
- ✓ The district currently budgets annual TRS contributions at \$1,089,982. As of FY23, the TRS Reserve could handle an annual contribution (2% cap of \$9,121,008) of \$182,420 and is capped at \$921,101 (10%). Beginning in FY25, we will be appropriating \$272,500 (25% of contributions) from the reserve.
- ✓ FY26 and beyond will allow for 20% allocation of \$220,000 annually but would require an equity transfer of \$175,000 annually. This plan usage would leave about \$500,000 in 2035.

RESERVE HISTORY (END OF JUNE BALANCES)

Tax Certiorari Reserve [General Municipal Law, EDN Article 74 §3651 (1-a)]**General Fund A864****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

Balance & Analysis

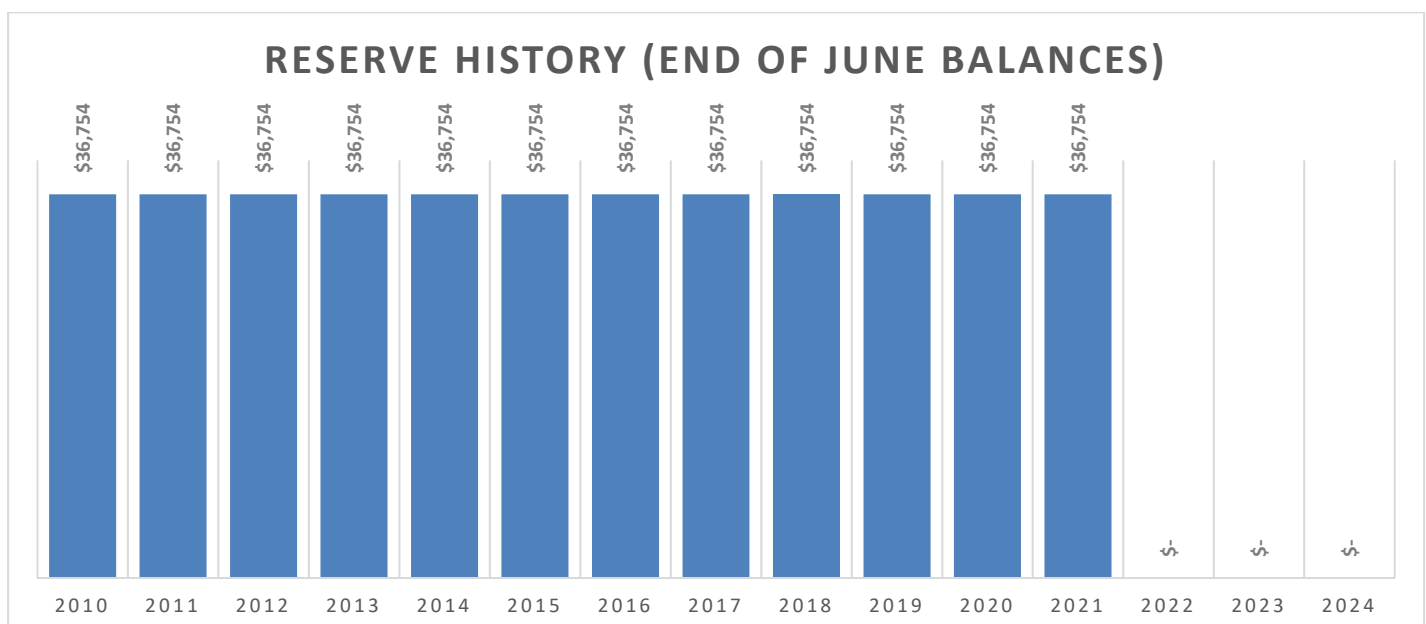
Balance 07/01/23	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/24
\$0	\$0	-	-	\$0

Balance 07/01/24	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/25
\$0	\$0	-	-	\$0

- ✓ 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.

Projected Needs

- ✓ 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. The Board of Education approved this removal in FY22.
- ✓ There is a current claim in the court system for Goulds Pumps, Inc for a reduction in assessment value. We will need to allocate funds (to be determined) at the end of fiscal year 2025.



Employee Benefit Accrued Liability Reserve [General Municipal Law, Article 2 § 6-p]**General Fund A867****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

Balance & Analysis

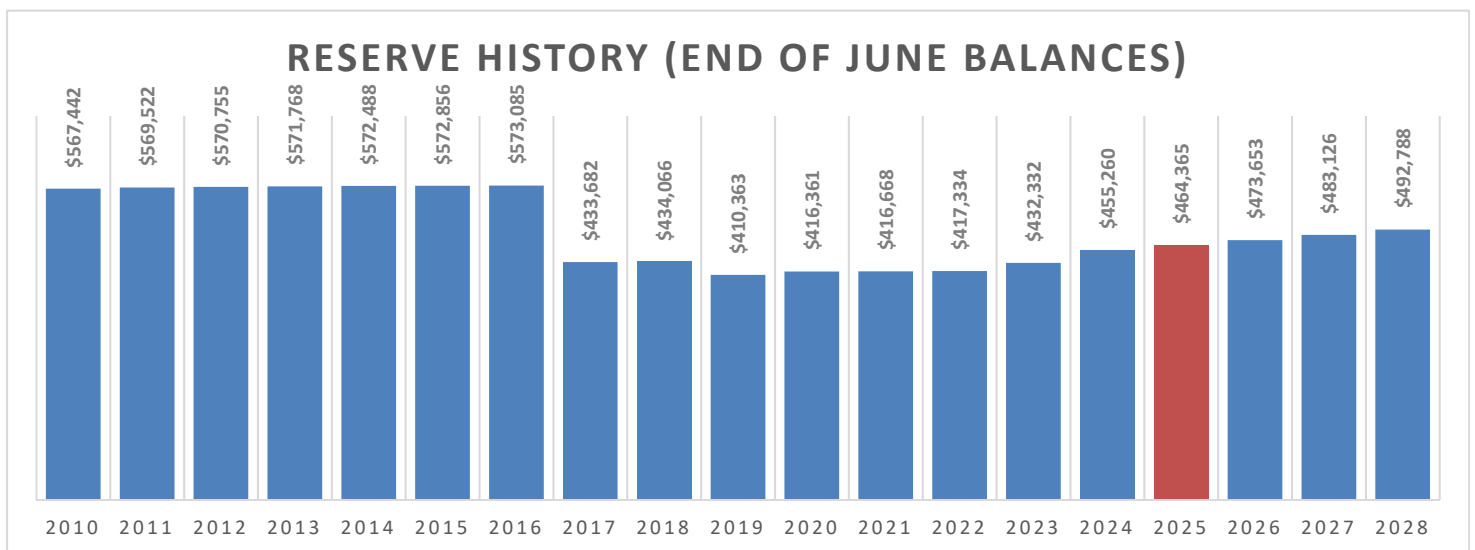
Balance 07/01/23	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/24
\$432,332	\$22,928	-	-	\$455,260

Balance 07/01/24	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/25
\$455,260	\$9,105	-	-	\$464,365

- ✓ 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.

Projected Needs

- ✓ 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 17 retirements over the next two years without any general fund use from A687 Compensated Absences.



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

Balance & Analysis

Balance 07/01/23	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/24
\$6,582,173	\$253,379	(\$4,250,000)	\$1,800,000	\$4,385,552

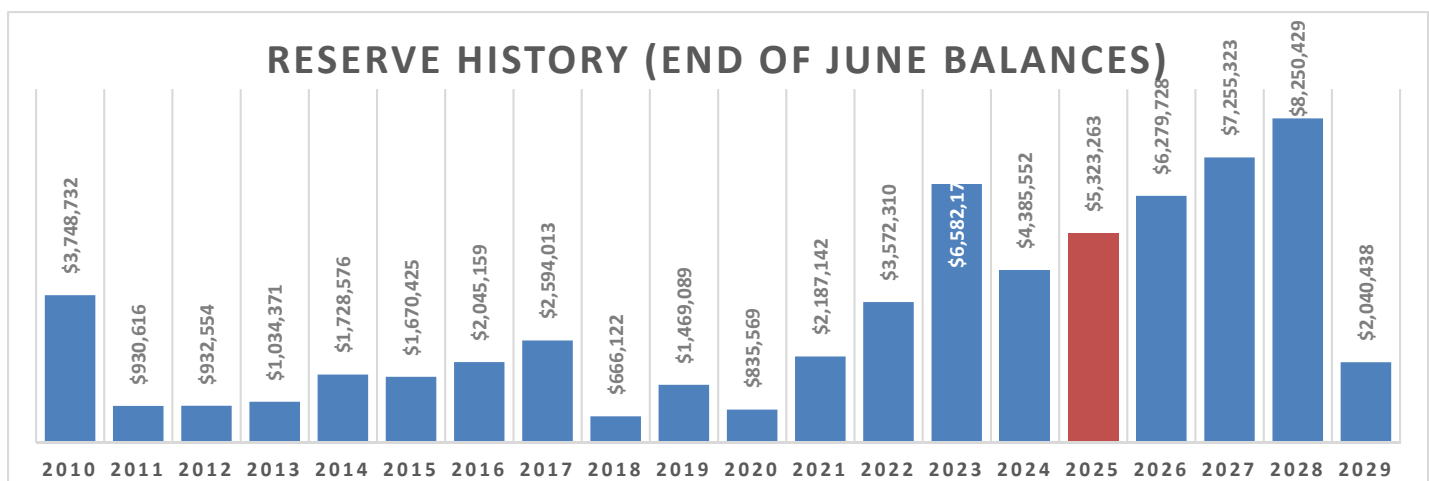
Balance 07/01/24	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/25
\$4,385,552	\$87,711	-	\$850,000	\$5,323,263

- ✓ The purpose of the reserve is to fund site work, additions to, reconstruction, and equipping of its school buildings and facilities maintain health and safety for students and staff. The district has had successful Capital Project referendums for reserve use in 2005, 2010, 2015, 2018, and 2023.
- ✓ The capital reserve was established in March 2013 for up to \$9,500,000, expiring in 2023. Another reserve was established in 2022, expiring in 2032, with a total reserve amount of \$11,500,000 (FY22 balance was rolled in).
- ✓ A separate “Track & Turf” subaccount was established for \$350,000 to assist with future local share costs to upgrade the turf and track.
- ✓ The 2023 Capital Project (\$24,750,000) required \$4,250,000 in local share from the reserve.

(1) Fiscal Year Ending 30-Jun	(2) Current Local Share all Projects	(3) Proposed Capital Project \$24,750,000	(4) 2029 Capital Project \$37,500,000	(5) Net Estimated Local Share All Projects
2023	52,731			52,731
2024	57,422			57,422
2025	17,511	40,000		57,513
2026	17,111	39,600		56,711
2027	17,961	36,206		54,167
2028	19,961	35,406		55,367
2029	12,711	47,206		59,917
2030	(47,006)	41,806	64,375	59,176
2031	(23,506)	39,806	42,625	58,926
2032	(15,845)	41,006	30,130	55,291
2033	(18,845)	40,206	37,530	58,891
2034	(18,345)	37,406	40,730	59,791
2035	(19,595)	42,606	36,130	59,141
2036	(17,595)	40,406	33,930	56,741
2037	2,311	41,006	13,930	57,247
2038	2,811	39,206	16,730	58,747
2039	(2,439)	40,006	16,330	53,897
2040	(3,189)	38,206	17,730	52,747

Projected Needs

- ✓ As the District prepares for future building enhancements, the capital reserve would need about \$6,375,000 to prepare for a potential \$37,500,000 project referendum in 2028. This would require an estimated additional **\$850,000 + interest** in FY25, FY26 and FY27 to cover the future project. A capital project mitigates the drop in local share in 2030 to stabilize the local share of projects.



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

Balance & Analysis

Balance 07/01/23	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/24
\$2,142,140	\$88,451	(\$474,261)	\$1,157,486	\$2,913,816

Balance 07/01/24	Revenue (Interest)	Appropriated Reserve	Equity Transfer	Balance 06/30/25
\$2,913,816	\$58,276	(\$911,672)	\$950,000	\$3,010,420

- ✓ 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.
- ✓ Previously, the reserve was authorized by voters in March of 2013 for \$3.7 Million, expiring February 2023. The Board of Education approved a resolution to establish a new Capital Bus Reserve for ten years, expiring 2032, for \$5,500,000 (FY22 balance was rolled in).

Vehicle Propositions**2022 \$472,451 (3)****2023 \$474,261 (3)****2024 \$911,672 (4 + 1 V)***Buy 4 Buses, Trade/Sell 4 Buses***2025 \$952,300 (5)***Buy 5 Buses, Trade 4 Buses***2026 \$970,000 (5)***Buy 4 Buses/1 Van,**Trade 4 Buses/1 Van***2027 No Purchases****2028 TBD****Projected Needs**

- ✓ FY24 saw a purchase of 4 buses and one van for \$911,672.
- ✓ With the 2027 Zero-emission transportation vehicle mandate from NYS looming, the district will be increasing its bus purchases from 4 to 5 buses in the next three years (8-year refresh). Current zero-emission buses are currently running around \$475,000 per bus. It will be crucial to start increasing the bus reserve to combat the purchase increases.
- ✓ Due to the large purchase price, it is recommended to have a goal of ten bus purchases in the reserve (\$4,750,000).

RESERVE HISTORY (END OF JUNE BALANCES)