

RESERVE FUNDS

I. Establishment and Use of Funds

- A. Reserve funds are an important component in the Waterville Central School District (the District) financial planning for future projects, acquisitions, and other lawful purposes.
- B. The District will establish and maintain reserve funds in accordance with New York State Laws, Commissioner's Regulations, and the rules and the opinions issued by the Office of the New York State Comptroller, as applicable.
- C. The District will comply with the reporting requirements of Article 3 of the General Municipal Law of the State of New York and the Governmental Accounting Standards Board (GASB) Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions.
- D. Any and all District reserve funds shall be properly established and maintained to promote the goals of creating an open, transparent and accountable use of public funds.
- E. The expenditures from reserve funds will only be used for the specific purpose(s) for which the fund was established.

II. Periodic Review and Annual Report

- A. The District may engage independent experts and professionals including, but not limited to, auditors, accountants, and other financial and legal counsel, as necessary, to monitor all reserve fund activity and prepare any and all reports that the Board of Education (the Board) may require.
- B. The Board will periodically review all reserve funds. The District will also prepare and submit an annual report of all reserve funds to the Board for the June Board meeting. The annual report shall include the following information for each reserve fund:
  - 1. the type and description of the reserve fund;
  - 2. the date the reserve fund was established and the amount of each sum paid into the fund;
  - 3. the interest earned by the reserve fund;
  - 4. the capital gains or losses resulting from the sale of investments of the reserve fund;
  - 5. the total amount and date of each withdrawal from the reserve fund;

POLICY

FISCAL MANAGEMENT

4304

RESERVE FUNDS

6. the total assets of the reserve fund showing cash balance and a schedule of investments; and
7. an analysis of the projected needs for the reserve fund in the upcoming fiscal year and a recommendation regarding funding those projected needs.

III. The District shall maintain appropriate reserves whenever possible in accordance with NYS law. Reserves shall include, but are not limited to, the following:

A. Retirement Contribution Reserve Fund (A 827)

This reserve is used to fund employer retirement contributions for those in the NY State and Local Employees' Retirement System (ERS). If funds are available in the reserve, ERS expenses will be paid from the Reserve. This reserve is created, and expenditures authorized, by the governing board.

B. Employee Benefit Accrued Liability Reserve (A 867)

This reserve is used to pay accrued benefits due employees upon termination of service for vacation, sick leave, personal leave and similar expenses. If funds are available in the reserve, expenses will be paid from the Reserve. This reserve is established by the governing board and is funded by budgetary appropriations.

C. Repair Reserve (A 882)

This reserve is used for repairs to capital improvements or equipment not recurring annually or at shorter intervals. If funds are available in the reserve, appropriate Repair expenses will be paid from the Reserve. Voter approval is required to fund this reserve. Expenditures from this reserve may be made only after a public hearing requiring 2/3 majority vote by the governing board.

D. Capital Reserve (A 878)

This reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve fund requires authorization by a majority of the voters of the District.

E. Unemployment Insurance Reserve (A 815)

This reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants. The reserve is established by the governing board and is funded by budgetary appropriations or funds from other reserves subject to permissive referendum.

POLICY

FISCAL MANAGEMENT

4304

RESERVE FUNDS

F. Property Loss Reserve (A 861)

This reserve is used to cover property loss. Annual contributions are limited to 3 percent of the annual budget or \$15,000, whichever is greater. Funds cannot be used for another purpose without voter approval.

G. Tax Certiorari Reserve (A 864)

This reserve is used to cover the cost of anticipated judgements and claims arising out of tax certiorari proceedings. Expenditures from the fund do not require voter approval. Any monies deposited in this fund not expended for tax certiorari proceedings in the year the monies are deposited must be returned to the general fund unless the claims are still open.

IV. Annual Review

The Board and the audit committee will review the District's fund balance and reserves each year. This review will take place after receipt of the audited financial statements. The purpose of this review will be to develop a plan that ensures compliance, to ensure the District maintains the funds necessary to maintain positive cash flow throughout the fiscal year, and to ensure the District's financial stability.

---

---

Waterville Central School District

Adopted: 06/26/18\*

Revised: 4/4/23\*