

BYRON BERGEN CENTRAL SCHOOL

RESERVE PLAN



The purpose of the Reserve Plan for the Byron Bergen Central School District is to provide the District with ten years of expenditure coverage in the event of a prolonged economic decline and to afford the students of the District opportunities that might not exist without reserves.

The Board of Education reviews the revenue, expenditure and reserve projection on a quarterly basis and final approval of the 2022-23 reserve plan is June 15, 2023.

The establishment and funding of reserves is an important consideration in the maintenance of a sound financial plan for any school district. While strict adherence to state law is required to ensure reserves are both legal and appropriate, adequately funded reserves are vital to the long-term health and stability of the school district. This concept is recognized by the New York State Comptroller as stated below.

Reserve Funds

The Local Government Management Guide for Reserve Funds issued by the Office of the New York State Comptroller states – Saving for future projects, acquisitions, and other allowable purposes is an important planning consideration for local governments and school districts. Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements. Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions. In uncertain economic times, reserve funds can also provide officials with a welcomed budgetary option that can help mitigate the need to cut services or to raise taxes. In good time, money not needed for current purposes can often be set aside in reserves for future use.

Intended Use of Reserves

The Local Government Management Guide for Reserve Funds issued by the Office of the New York State Comptroller states – 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 major storm).

The Byron Bergen Central School District, its Audit and Budget Committees and Board of Education believe in sound financial planning. A component of such planning includes the funding of reserves. The prudent use of reserves can greatly reduce the cost of borrowing, minimize the risk of mid-year budget cuts, and smooth potential fluctuations in tax rates. It is in the best interest of both students and taxpayers to appropriately establish and use reserves to weather the financial storms and uncertainties that will occur.

All reserves are authorized by New York State law which require adherence to establish, fund and use.

This plan will be reviewed and updated annually.

Unemployment Insurance Reserve (A815)

[GML Section 6-m]

Purpose: This reserve is used to reimburse the State Unemployment Insurance Fund for payments made to claimants where the District has elected to use the “benefit reimbursement” method. The District does subscribe to the benefit reimbursement method, meaning we reimburse the State for actual claims incurred. The District does not pay NYS a fixed premium for unemployment insurance coverage.

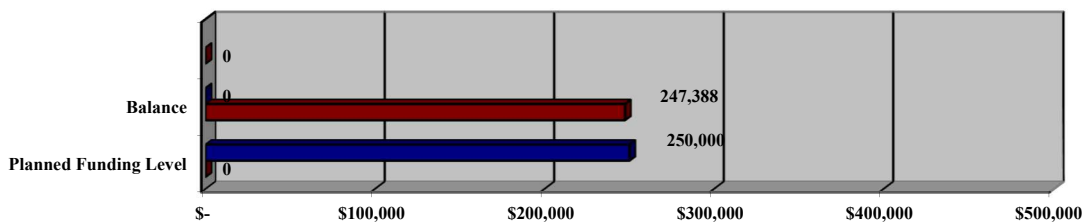
Funding: This reserve will be funded by budgetary appropriations, amounts from certain other reserve funds, subject to permissive referendum and other legally appropriate sums (e.g. surplus money).

Use: Funds will be used when any one (1) employee or more has been laid off by the District and has properly filed and qualified for unemployment benefits.

Oversight: The School Business Administrator will monitor this reserve, in conjunction with other central office administrators to assess the potential for incurring unemployment claims.

Level: Sufficient to pay full unemployment costs for a 2% reduction of staff (each year up to ten (10) years. Funds may be transferred within 60 days of the close of the school year to other reserve funds, or may be applied to budgetary appropriations for the new school year.

Reserve for Unemployment Insurance



Workers' Compensation Reserve (A816)

[GML Section 6-j]
August 24th, 2010

Purpose: This reserve is used to pay for Workers' Compensation premiums and consortium liabilities.

Funding: This reserve will be funded by budgetary appropriations and other legally appropriate sums (e.g. surplus money).

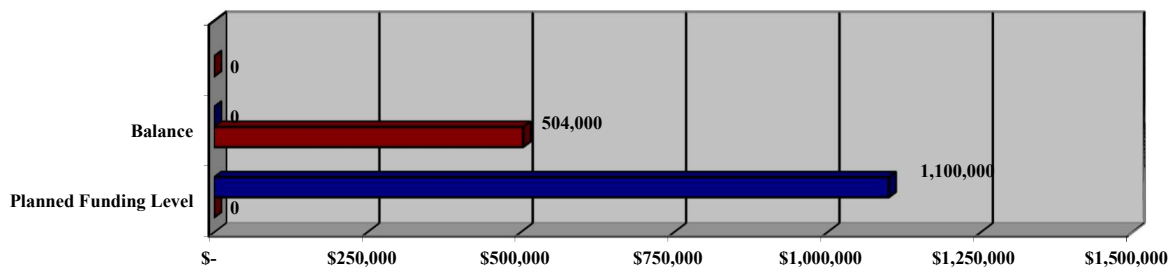
Use: This reserve will be utilized to ensure coverage of existing Workers' Compensation claims and existing liabilities.

Oversight: The School Business Administrator will monitor this reserve.

Level: The funding level of this reserve will cover ten (10) years' premiums plus the consortium's ten (10) year average liability.

Notes: If it is determined this reserve is overfunded the Board of Education may elect within 60 days after the close of the school year to transfer excess to other reserve funds or apply an amount as revenue to the next year's budget.

Reserve for Workers' Compensation



Reserve for Liability (A862)

[Ed. Law Section 1709 8-c]
June 30th, 2003

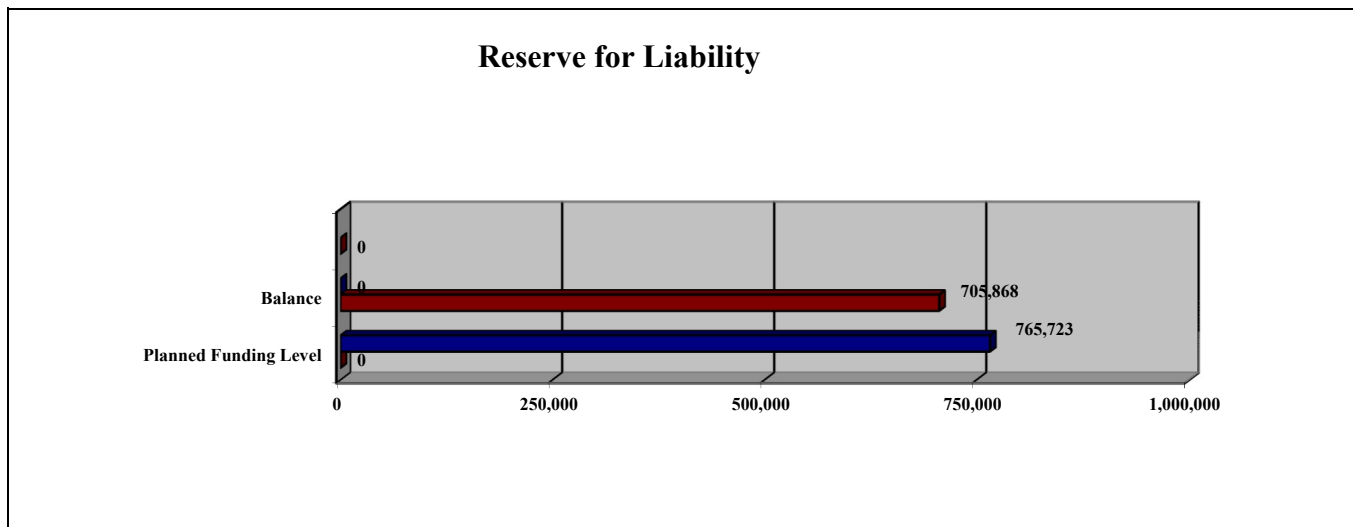
Purpose: This reserve is used to pay for property loss and liability claims.

Funding: This reserve will be funded by budgetary appropriations and other legally appropriate sums (e.g. surplus money).

Use: This reserve is used to pay property loss and liability claims.

Oversight: The School Business Administrator will monitor this reserve.

Level: May not exceed in total 3% of the annual budget or \$15,000 whichever is greater.



Reserve for Tax Certiorari (A864)

[Ed. Law Section 3651]

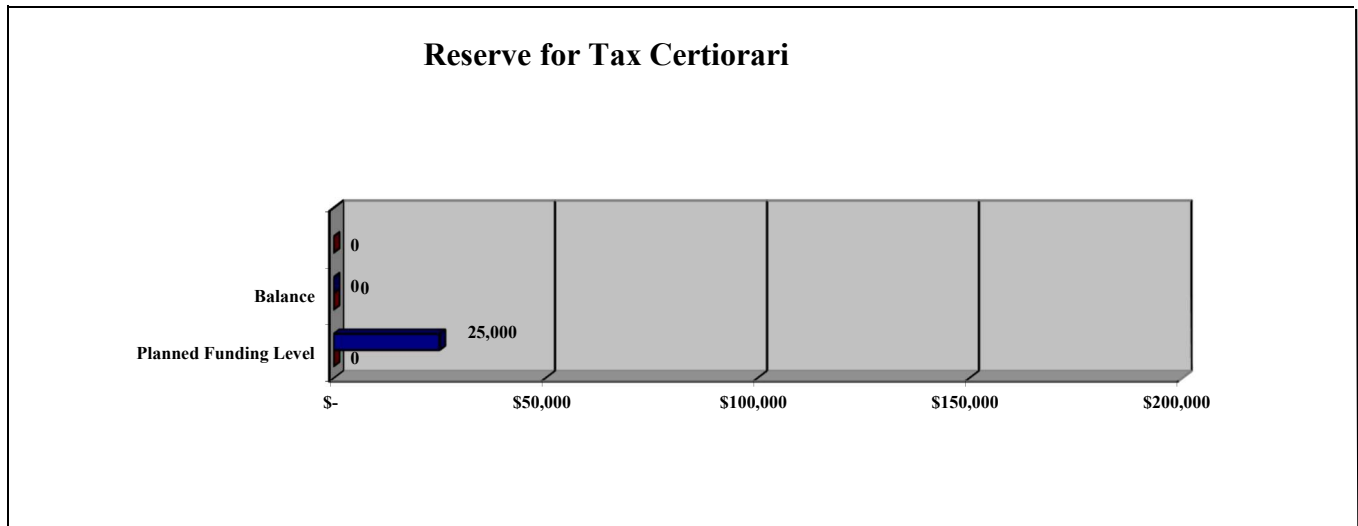
Purpose: This reserve is used to pay for judgments and claims in tax certiorari proceedings in accordance with Real Property Tax Law. Current year refunds should be paid through the budget.

Funding: This reserve will be funded by budgetary appropriations and other legally appropriate sums (e.g. surplus money).

Use: This reserve is utilized to pay for prior year tax certiorari claims.

Oversight: The School Business Administrator will monitor this reserve.

Level: Reserve may not exceed the amount that might reasonably be deemed necessary to meet anticipated claims. The current funding level has been set at \$25,000.



Reserve for Insurance Recovery (A887)

[GML Section 6-n]

June 30th, 2003

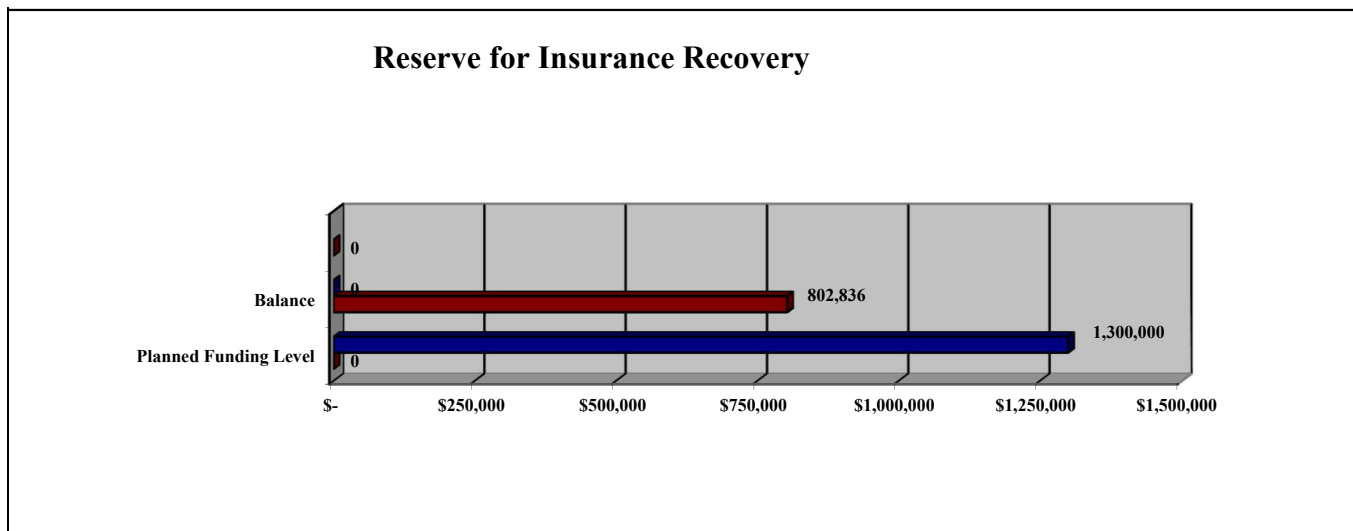
Purpose: To fund certain uninsured losses, claims, actions, or judgments for which the local government is authorized or required to purchase or maintain insurance, with a number of exceptions. An insurance reserve fund may also be used to pay for expert or professional services in connection with the investigation, adjustment, or settlement of claims, actions, of judgements.

Funding: This reserve will be funded by budgetary appropriations and other legally appropriate sums (e.g. surplus money).

Use: This reserve would be used to pay any allowable claims in excess of deductible and uninsured claims, as described in the purpose of this reserve.

Oversight: The School Business Administrator will monitor this reserve.

Level: Funding cannot exceed 5% of budget on an annual basis. There is no limit on the cash balance.



Reserve for Employee Retirement Benefits (A888)

[GML Section 6-p]

Purpose: This reserve is used to pay for unused accumulated leave time contractually provided to certain groups of employees. This typically includes payment for unused sick and vacation pay. This fund cannot be used to pay for items such as: retirement incentives and FICA and Medicare payments.

Funding: This reserve will be funded by budgetary appropriations and other legally appropriate sums (e.g. surplus money).

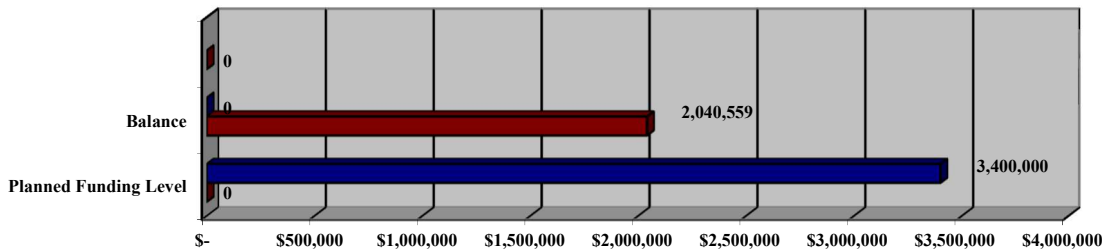
Use: This reserve will be used anytime an employee separates from the District and payment of accumulated leave is required. These transactions flow through the budget via a budget revision with the offsetting revenue coming from a drawdown of this reserve.

Oversight: The School Business Administrator will monitor this reserve.

Level: The desired funding level of this reserve will be equal to 100% of the accrued liability for unused accumulated leave time.

Note: Currently, districts must apply to the New York State Comptroller's office to be granted permission to remove excess funds from this reserve.

Reserve for Accrued Employee Benefits Liability



Reserve for NY State Retirement System (A889)

[GML Section 6-r]

August 24th, 2010

Purpose: This reserve is used to pay for District expenses to the NYS Employees' Retirement System only. Payments to the Teachers' Retirement System are not allowed from this reserve.

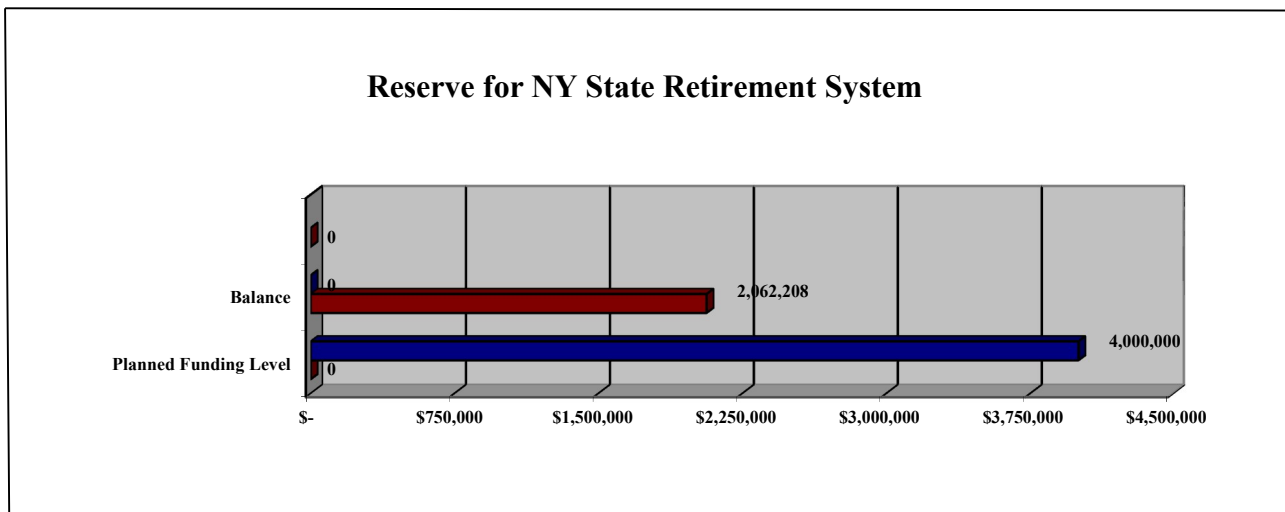
Funding: This reserve will be funded by budgetary appropriations and other legally appropriate sums (e.g. surplus money).

Use: The plan calls for saving ten (10) years of NYS Employees' Retirement System expenses to assist the district in times of fiscal stress. Funds will be used during times of financial hardship, as determined by the Board of Education. The District defines "financial hardship" as any time when unassigned fund balance is less than the maximum legal limit.

Oversight: The School Business Administrator will monitor this reserve.

Level: The desired funding level of this reserve will be equal to approximately ten (10) years of projected retirement system billings.

Note: The Board of Education may authorize a transfer of a portion of these monies to another reserve.



TRS Reserve (A889TRS)

[GML Section 6-r]

April 25th, 2019

Purpose: This reserve is used to pay for District expenses to the NYS Teachers' Retirement System only.

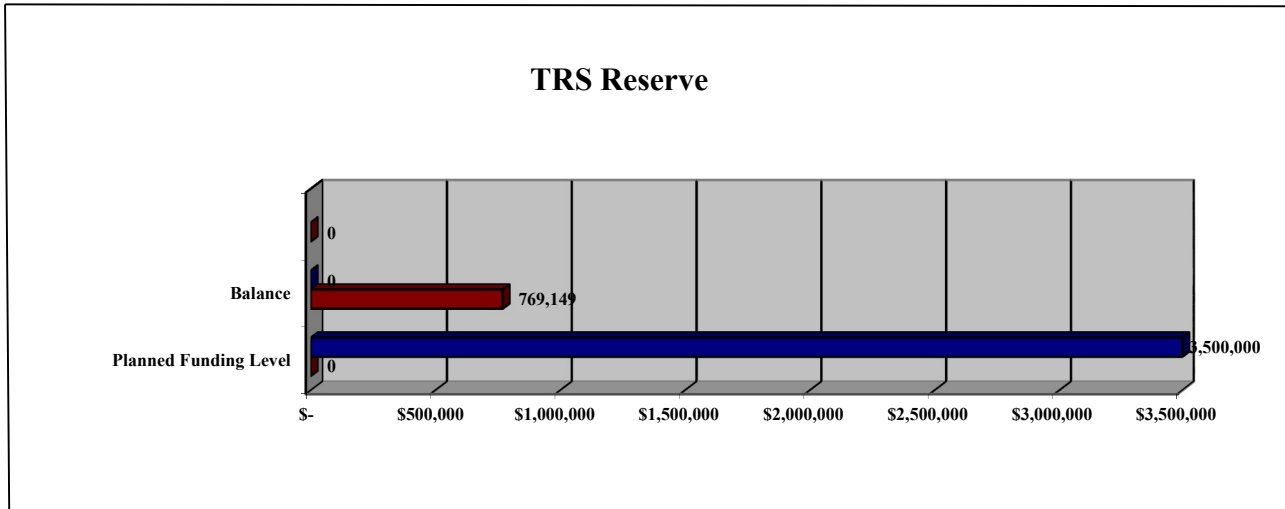
Funding: This reserve will be funded by budgetary appropriations and other legally appropriate sums (e.g. surplus money).

Use: Funds will be used during times of financial hardship, as determined by the Board of Education. The District defines "financial hardship" as any time when unassigned fund balance is less than the legal limit.

Oversight: The School Business Administrator will monitor this reserve.

Level: The monies contributed annually to this reserve shall not exceed 2% of the total salaries of all teachers paid during the immediately preceding fiscal year. The total balance of this reserve shall not exceed 10% of total salaries paid during the immediately preceding fiscal year.

Note: This reserve is actually a sub-fund of the Reserve for Employees' Retirement Contribution. The District will report this sub-fund separately in its financial system as well as in this document to ensure proper accounting of funds.



Capital Reserve – 2019 (A892)

[Ed. Law Section 3651]
May 21, 2019

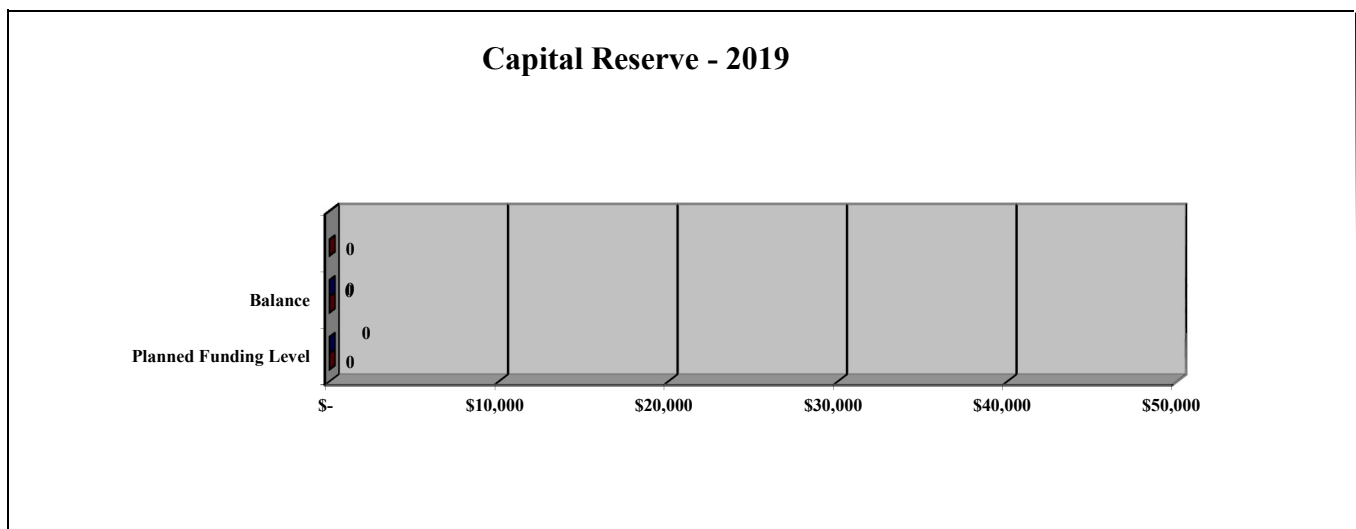
Purpose: This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

Funding: Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded entirely from excess fund balance.

Use: Use of this reserve requires voter approval. The proposition to use these funds must be specific to a set of projects and dollar amounts.

Oversight: The School Business Administrator will monitor this reserve.

Level: Voter approval was obtained on May 21, 2019 of a maximum not to exceed \$2,000,000 plus earnings. This reserve had a 10 year probable term. On October 7, 2021, voters authorized the expenditure of \$2,000,000 to be utilized in the 2021 Capital Project. On May 16, 2023, voters authorized the transfer of remaining funds into Capital Reserve Fund – 2023.



School Vehicle Reserve – 2019 (A893)

[Ed. Law Section 3651]

May 21, 2019

Purpose: This reserve may be used to fund the purchase of any school vehicle used to transport students.

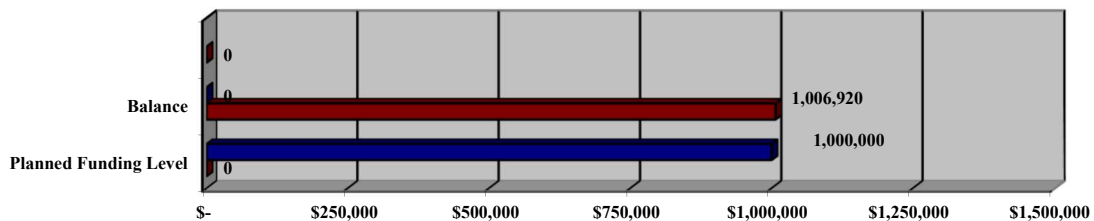
Funding: Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded entirely from excess fund balance.

Use: Use of this reserve requires voter approval. The proposition to use these funds must be specific to a set of projects and dollar amounts.

Oversight: The School Business Administrator will monitor this reserve.

Level: Not to exceed \$1,000,000 plus interest earnings.

School Vehicle Reserve - 2021



Capital Reserve–2023 (A892)

[Ed. Law Section 3651]

May 16, 2023

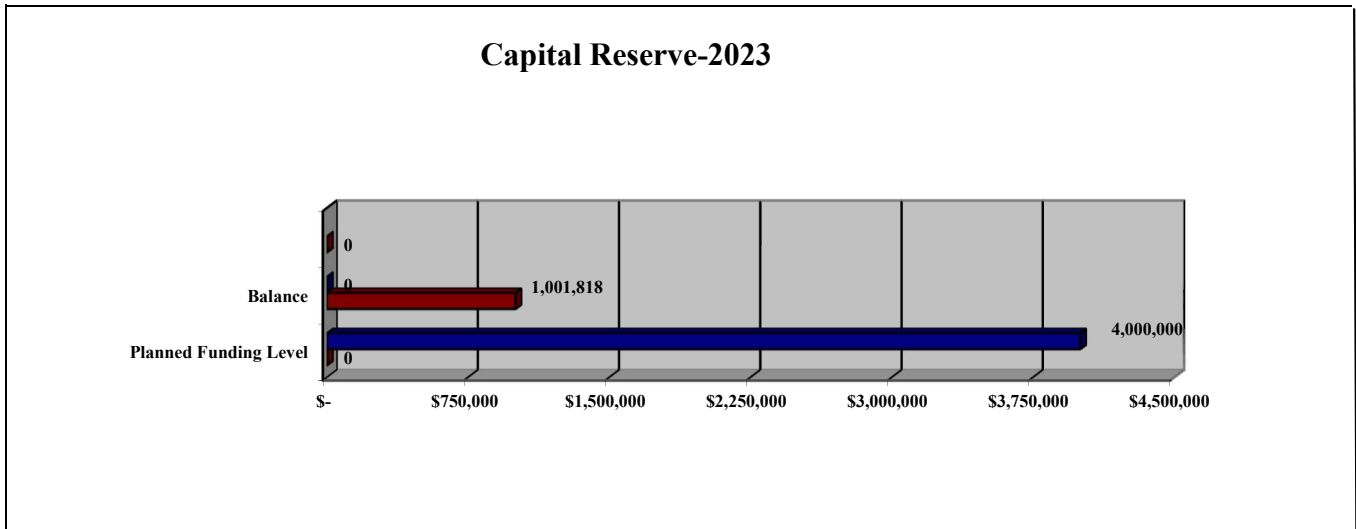
Purpose: This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

Funding: Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded entirely from excess fund balance.

Use: Use of this reserve requires voter approval. The proposition to use these funds must be specific to a set of projects and dollar amounts.

Oversight: The School Business Administrator will monitor this reserve.

Level: Not to exceed \$4,000,000 plus interest earnings.



Technology and Equipment Capital Reserve–2023

[Ed. Law Section 3651]

May 16, 2023

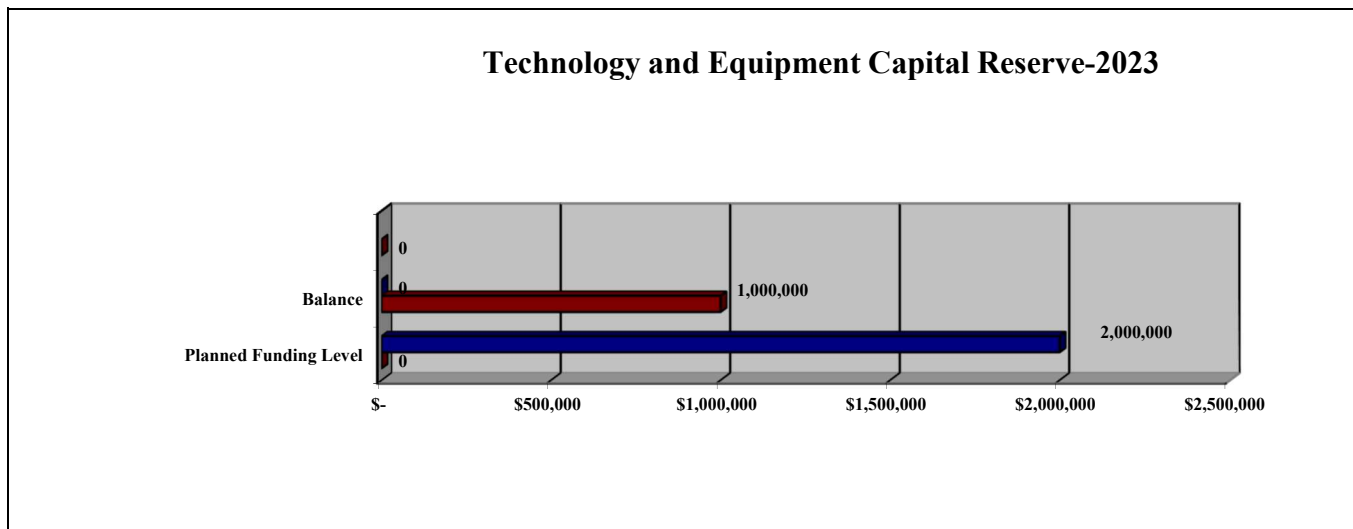
Purpose: This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

Funding: Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded entirely from excess fund balance.

Use: Use of this reserve requires voter approval. The proposition to use these funds must be specific to a set of projects and dollar amounts.

Oversight: The School Business Administrator will monitor this reserve.

Level: Not to exceed \$2,000,000 plus interest earnings.



The following items are not reserves, but are important to planning revenues for the District.

Unassigned Fund Balance (A909)

Creation: Retention of these funds are allowed by law.

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

Funding: These funds have been accumulated from excess fund balance.

Use: 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.

Oversight: The School Business Administrator will monitor these funds.

Level: The maximum legal limit is 4% of the ensuing budget.

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| Legal limit as of 6/30/23 | \$1,038,896 |
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Assigned Fund Balance - Appropriated for Subsequent Years (A910)

Creation: These funds are having been set aside, for a particular purpose, 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: These funds are fund balance that is assigned for a particular purpose.

Use: It is recommended that the practice of returning these funds continue each year, as budgets permit. In the future, tighter budgets may restrict the amount of excess available to be returned in a subsequent year.

Oversight: The School Business Administrator will monitor these funds.

Level: Over time, it is recommended that the planned amount of assigned fund balance included as a revenue source in future budgets be reduced to zero (\$0) plus encumbrances, unless truly needed to balance the ensuing budget.

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| Balance as of 6/30/23 | \$300,000 |
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Committed Fund Balance (A)

Creation: These funds have been set aside, for the payment of Health Reimbursement Account (HRA) contractual commitments and Section 125 Cafeteria Plan employee deductions.

Purpose: The District has contractual obligations to provide HRA funding for employees enrolled in the GAHP D2 healthcare plan and has withheld monies from employee payroll to be used for the Section 125 Cafeteria Plan. These funds are not available for the regular payment of invoices or payroll.

Funding: The HRA monies are funded in July of each year and the Section 125 Cafeteria funds are deducted from employee wages biweekly.

Use: When employees expend sums which comply with IRS regulations in regards to HRA and Section 125 costs, the employees are able to submit for reimbursement of their allowable out-of-pocket costs.

Oversight: The School Business Administrator will monitor these funds.

Level: Balance must be equal to or less than the total HRA balances and Section 125 Cafeteria balances available to employees as of June 30th.

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| Balance as of 6/30/23 | \$496,000 |
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