

TACONIC HILLS CENTRAL SCHOOL DISTRICT



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Dr. Neil L. Howard, Jr. – Superintendent of Schools

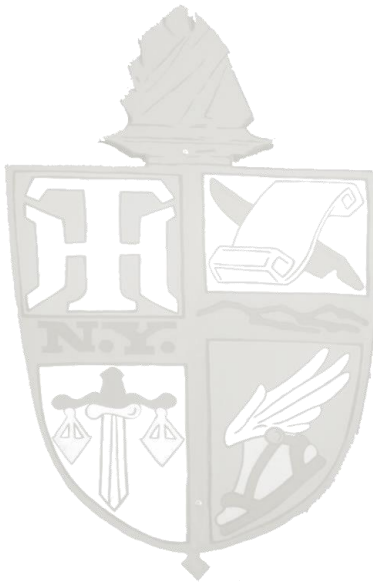
Board of Education Financial Reserve Plan 2018-2023

Adopted: November 14, 2018

Updated: November 13, 2019

Updated: February 12, 2021

Updated: November 17, 2021



MISSION STATEMENT

The mission of the Taconic Hills School District is to be a center of learning for students and community alike, by using 21st century tools and providing opportunities to motivate, engage, and encourage individuals to rise to their full potential as contributing members of society.

Submitted by
Cybil C. Howard, Assistant Superintendent for Business

The Taconic Hills Central School District maintains Reserve Funds in the form of Restricted Fund Balances that may be used for specific purposes. Reserve Funds act as legally authorized savings accounts and play a role in the district's annual budget and long-term planning processes. This plan contains a description and history of each reserve, and identifies a target reserve level. In accordance with Board of Education Policy #6621 Reserve Funds, the Board of Education will periodically review all reserve funds. The District will also prepare and submit an annual report of all reserve funds to the Board of Education. The annual report shall include the following information for each reserve fund:

- The type and description of the reserve fund;
- The date the reserve fund was established and the amount of each sum paid into the fund;
- The interest earned by the reserve fund;
- Capital gains or losses resulting from the sale of investments of the reserve fund;
- The total amount and date of each withdrawal from the reserve fund;
- The total assets of the reserve fund showing cash balance and a schedule of investments; and
- An analysis of the projected needs for the reserve fund in the upcoming fiscal year and a recommendation regarding funding those projected needs.

Annually, the plan will be updated and implemented as follows:

- Audit Committee will review balances at fall meeting;
- Audit Committee will review reserve targets, adjust targets as appropriate, and present recommendations to the full Board of Education;
- The Board will review and adopt the updated plan;
- Throughout the year, by Board resolution, adjust the budget to allow for charging appropriate expenditures to reserves as necessary per recommendations;
- In June, by Board resolution, allocate funds to reserves as established in the plan.

Summary of Fund Balance Accounts for Fiscal Year ending 2020-2021		
Restricted Fund Balances (as of June 30, 2021)		
Account	Reserve	Balance
A 806	NON-SPENDABLE FUND BALANCE	\$11,228
A 814	WORKERS COMP INSURANCE RESERVE	\$515,312
A 815	UNEMPLOYMENT INSURANCE RESERVE	\$210,062
A 821	RESERVE FOR ENCUMBRANCES	\$121,635
A 827	RESERVE FOR RETIREMENT-ERS	\$1,731,166
A 828	RESERVE FOR RETIREMENT-TRS	\$684,809
A 863	INSURANCE RESERVE	\$515,010
A 864.1920	TAX CERTIORARI RESERVE 19-20	\$11,570
A 867	RESERVE FOR EMPLOYEE BENEFITS	\$293,240
A 882	REPAIR RESERVE	\$238,819
A 891	RESERVE FOR TAX REDUCTION	\$475,089
A 878	CAPITAL RESERVE	\$5,000,238
	Subtotal of Restricted Reserve Funds	\$9,808,178
A 910	ASSIGNED FUND BALANCE	\$592,911
A 909	UNASSIGNED FUND BALANCE	\$10,876,667
Total of all Fund Balance Accounts		\$21,277,756

TACONIC HILLS CENTRAL SCHOOL DISTRICT FUND BALANCE AND GOVERNMENTAL FUND TYPE DEFINITIONS

The Board of Education recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school district and is fiscally advantageous for both the District and the taxpayer. Unanticipated events may occur that could adversely affect the financial condition of the District and jeopardize the continuation of necessary public services. Accordingly, this policy is intended to guide the District regarding maintenance of adequate fund balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs
- b. Secure and maintain investment grade bond ratings
- c. Offset significant economic downturns or revenue shortfalls
- d. Provide funds for unforeseen expenditures relating to emergencies

The Board of Education also recognizes the need to enhance the usefulness of fund balance information by providing clear fund balance classifications and clarifying governmental fund type definitions in accordance with Statement No. 54 of the Government Accounting Standards Board (GASB): Fund Balance Reporting and Governmental Fund Type Definitions.

Fund balance definition: Fund balance is a measurement of available financial resources calculated as the difference between total assets and total liabilities in each fund.

Fund type definitions: The following definitions will be used in reporting activity in governmental funds across the District. The District may or may not report in all fund types in any given reporting period, based on actual circumstances and activity.

The *general fund* is used to account for and report all financial resources not reported in other funds.

Special revenue funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Capital project funds are used to account for and report financial resources restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the District.

Fund balance reporting in governmental funds: Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Non-spendable fund balance

Definition – consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets for resale and principal endowments.

Classification – Non-spendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):

- The District will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance)
- The District will maintain a fund balance equal to the value of long-term portions of loan receivables and financial assets for resale
- The District will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact

Restricted fund balance

Definition – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed fund balance

Definition – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority (Board of Education) before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the Board of Education. A majority vote is required to approve a commitment or to remove a commitment.

Assigned fund balance

Definition – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority (Board of Education), or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund; and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

Authority to Assign – The Board of Education delegates to the Superintendent, School Business Official or designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) funds balance in any particular fund.

Unassigned fund balance

Definition – represents the residual classification for the government’s general fund, and could report a surplus or a deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which the amounts had been restricted, committed or assigned.

Operational guidelines: The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District for the Superintendent, School Business Official or designee to determine the order of the expenditure of funds, on an annual basis.

Minimum unassigned fund balance – Real Property Tax Law Sec. 1318 limits the amount of unexpended surplus funds a school district can retain to no more than four percent of the next year’s budgetary appropriations. Funds properly retained under other sections of the law (i.e. reserves established pursuant to General Municipal Law or Education Law) are excluded from the four percent limitation. In the context of previous fund balance reporting, an unexpended surplus was interpreted to be synonymous with unappropriated, unreserved fund balance. Under GASB 54 fund balance classifications, the four percent limitation will be interpreted to be applied to unrestricted fund balance (i.e. the total of the committed, assigned and unassigned classifications) less appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance. The District will strive to maintain a minimum unassigned fund balance as defined above in its general fund ranging from two percent to four percent (or the maximum level authorized by the State of New York) of the subsequent year’s budgeted expenditures. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a strong bond rating:

Replenishing deficiencies – When minimum unassigned fund balance in the general fund falls below the minimum two percent range, the District will replenish shortages/deficiencies using the budget strategies and timeframes described below.

The District will utilize budgetary strategies such as reducing recurring expenditures to eliminate any structural deficit, increasing revenues or pursuing other funding sources, or applying a combination of both options. The District shall strive to replenish deficiencies within the following time periods:

- For a deficiency resulting in a minimum fund balance between 0.1 percent and 1 percent, the District shall strive to replenish such amount over a period not to exceed five years.
- For a deficiency resulting in a minimum fund balance between 1 and 2 percent, the District shall strive to replenish such amount over a period not to exceed three years.

Implementation and review: The Board of Education authorizes the Superintendent or designee to establish any standards and procedures which may be necessary for policy implementation. The policy and procedures promulgated under it shall supersede all previous regulations regarding the District's fund balance. The policy shall be subject to periodic review and revision by the Board of Education.

Ref: GASB Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions

Adopted: February 14, 2018

TACONIC HILLS CENTRAL SCHOOL DISTRICT RESERVE FUNDS POLICY

Reserve funds (essentially a legally authorized savings account designated for a specific purpose) are an important component in the District's financial planning for future projects, acquisitions and other lawful purposes. To this end, the District may establish and maintain reserve funds in accordance with New York State Laws, Commissioner's Regulations and the rules and/or opinions issued by the Office of the New York State Comptroller, as applicable.

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. The District elects to use the default policy of GASB Statement 54 for the purposes of identifying which classifications of fund balance are spent first. 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 may require.

Periodic Review and Annual Report

The Board of Education will periodically review all reserve funds. The District will also prepare and submit an annual report of all reserve funds to the Board of Education. The annual report shall include the following information for each reserve fund:

- a) The type and description of the reserve fund;
- b) The date the reserve fund was established and the amount of each sum paid into the fund;
- c) The interest earned by the reserve fund;
- d) Capital gains or losses resulting from the sale of investments of the reserve fund;
- e) The total amount and date of each withdrawal from the reserve fund;
- f) The total assets of the reserve fund showing cash balance and a schedule of investments; and
- g) An analysis of the projected needs for the reserve fund in the upcoming fiscal year and a recommendation regarding funding those projected needs.

The Board shall utilize the information in the annual report to make necessary decisions to adequately maintain and manage the District's reserve fund balances while mindful of its role and responsibility as a fiduciary of public funds.

The Superintendent shall develop any necessary and/or appropriate regulations to implement the terms of the Board's policy.

Adopted: November 14, 2018

Capital Reserve (ED § 3651)

The Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. Propositions put before voters must specify purposes, ultimate dollar amounts to be deposited into reserves, probable terms or life/lives, and sources of funds. Voter approval is required to spend from these reserves. Expenditures must be specific i.e., to purchase school buses, facility construction, equipment, etc. Annual appropriations to fund reserves must further be authorized by voters.

The creation of a Capital Reserve fund requires authorization by a majority of the voters. The forms of the required legal notice for the vote on establishing and funding the reserve and of the proposition to be placed on the ballot are both set forth in Section 3651 of Education Law. The reserve is limited to the term or life approved by voters; may extend term only before end date.

Reserve is defunct after terms expire, except to spend remaining funds with voter approval.

With majority voter approval secured on May 18, 2021, the District created and funded a Capital Reserve Fund with a probable life of ten (10) years. The reserve was funded in the amount of \$5,000,000, with monies from unappropriated fund balance.

The Capital Reserve earned interest in the amount of \$237.68 and ended the fiscal year with a balance of \$5,000,237.68 as of June 30, 2021.

This reserve is accounted for in the **General Fund**. (A 878)

Reserve Target: The District is required to complete a Building Condition Survey (BCS) every five years. The results of the BCS inform the district's Capital Plan which will identify areas of necessary facility improvement or remediation for the purposes of planning prospective capital projects. Taconic Hills is scheduled to complete the BCS after July 1, 2022.

Repair Reserve (GML § 6-d)

The Repair Reserve Fund is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually or at shorter intervals. Sources of funds include budgetary appropriations or other revenues that may be legally appropriated and are not required by law to be paid into any other fund or account.

Voter approval is required to fund this reserve (See Opinion of the State Comptroller 81-401). Unexpended balance may be transferred to Capital, Tax Certiorari, or Retirement Contribution Reserves pursuant to Section 3651 of the Education Law and GML Section 6-r. Expenditures from this reserve may be made only after a public hearing has been held requiring two-thirds majority vote of BOE, 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.

The Taconic Hills Board of Education established a Repair Reserve Fund effective February 27, 2014. The reserve was subsequently funded with monies from unappropriated fund balance through voter approval on May 20, 2014 in the amount of \$500,000.

During the 2016-2017 school year, after a public hearing on June 15, 2016, the board of education issued requests for bids to remediate a repair to the district's heating system. \$211,185 was expensed for this repair project.

As of June 30, 2017, the balance of the Repair Reserve was \$288,815.

During the 2017-2018 school year, the following expenses were authorized by the board of education to address repairs to district facilities:

\$ 5,650 Tennis Courts (Public Hearing held July 11, 2017)
\$11,395 Chiller System (Public Hearing held October 18, 2017)
\$ 3,097 PAC Sound System (Public Hearing held October 18, 2017)
\$20,141 Total Expenses 2017-2018

As of June 30, 2018, the balance of the Repair Reserve was \$268,674.

During the 2018-2019 school year, the Repair Reserve Fund earned \$4,140.16 in interest.

As of June 30, 2019, the balance of the Repair Reserve was \$272,813.40.

During the 2019-2020 school year, repairs to the septic system in the amount of \$37,978 were authorized by the Board of Education after a public hearing held on February 12, 2020.

The Repair Reserve earned \$3,824.80 in interest.

As of June 30, 2020, the balance of the Repair Reserve was \$238,660.20.

During the 2020-2021 school year, the Repair Reserve Fund earned \$159.28 in interest.

As of June 30, 2021, the balance of the Repair Reserve was \$238,819.48.

This reserve is accounted for in the **General Fund.** (A 882)

Reserve Target: The district has identified one area of maintenance or operational repair that does not occur annually and may need to be funded by this reserve within the next year: expansion tank replacement for boiler system, and PAC roof.

Workers' Compensation Reserve (GML § 6-j)

The purpose of this reserve fund is to pay for Workers Compensation and benefits, related medical/hospital expenses, and self-insurance administrative costs as authorized by Article 2 of the Workers' Compensation Law.

Districts that qualify as a self-insurer may establish a reserve by board action under Section 50[4] of the Workers' Compensation Law.

The reserve is funded by budgetary appropriations and such other sources as may be legally appropriated. Funds remaining in excess of requirements to pay all pending claims, may be transferred, within sixty days of the close of the fiscal year, to other reserves or applied to the next succeeding fiscal year's budget.

The Taconic Hills Board of Education established a Workers' Compensation Reserve effective February 26, 2014 and funded it with \$500,000 from unappropriated fund balance. As of June 30, 2018, the balance of the Workers' Compensation Reserve was 500,103.02 including interest earnings.

During the 2018-2019 school year, the Workers' Compensation Reserve earned \$7,591.79 in interest.

As of June 30, 2019, the balance of the Workers' Compensation Reserve was \$507,694.81.

During the 2019-2020 school year, the Workers' Compensation Reserve earned \$7,234.97 in interest.

As of June 30, 2020, the balance of the Workers' Compensation Reserve was \$514,929.78.

During the 2020-2021 school year, the Workers' Compensation Reserve earned \$382.16 in interest.

As of June 30, 2021, the balance of the Workers' Compensation Reserve was \$515,311.94.

This reserve is accounted for in the in the **General Fund** (A 814)

Reserve Target: The RCG Workers' Compensation Consortium Actuarial Report and Reserve Analysis as of November 4, 2020 identifies the discounted estimated required reserve amount as \$492,605. For this reason, \$500,000 remains a reasonable target for this reserve.

Unemployment Insurance Reserve (GML § 6-m)

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.

The reserve may be established by board action and is funded by budgetary appropriations or funds from other reserves subject to permissive referendum. The BOE may terminate the reserve if the district converts to a tax contribution method of funding.

If the district elects to convert to tax contribution basis, excess of funds over the sum sufficient to pay pending claims may be transferred, to other reserve funds authorized by GML or ED § 3651. Within sixty days after the end of the fiscal year, excess amounts may either be transferred to other reserve funds or applied to the appropriations of the next succeeding fiscal year's budget.

The Unemployment Insurance Reserve has been active since before 1997 (this is the earliest date for which historical electronic data is available). One June 30, 2009 the balance of the Unemployment Reserve was \$3,959.79. On June 30, 2010, \$200,000 was transferred to the Unemployment Reserve creating a balance of \$203,959.79. In anticipation of staffing reductions during the 2010-2011 school year, on July 14, 2010, the board of education authorized the school district to transfer up to \$400,000 to the Unemployment Reserve from unappropriated fund balance.

As of June 30, 2018, the balance of the Unemployment Insurance Reserve was \$203,959.79 (1.20% of 2017-2018 payroll).

During the 2018-2019 school year, the district paid \$209.78 in unemployment insurance expenses.

As of June 30, 2019, the balance of the Unemployment Insurance Reserve was \$203,750.01. (1.28% of 2018-2019 payroll).

During the 2019-2020 school year, the Unemployment Insurance Reserve earned \$5,560.24 in interest.

As of June 30, 2020, the balance of the Unemployment Insurance Reserve was \$209,703.56. (1.30% of 2019-2020 payroll).

(Note: Due to the Covid-19 pandemic, the district experienced an increase in unemployment insurance claims by substitute and part-time employees. As of June 30, 2021, the district paid \$69,831.87 in unemployment insurance claims from the general fund.)

During the 2020-2021 school year, the Unemployment Insurance Reserve earned \$148.08 in interest.

As of June 30, 2021, the balance of the Unemployment Insurance Reserve was \$210,061.72. (1.30% of 2020-2021 payroll).

This reserve is accounted for in the **General Fund**. (A 815)

Reserve Target: 1% - 5% of Payroll. Enrollment continues to decline in the district and student needs are changing. These factors drive annual staffing decisions and long-term planning patterns. The district attempts to utilize attrition as a means of reducing costs, but when savings by attrition is not possible and declining enrollment trends continuing, the district is prepared for associated unemployment responsibilities that may result from staff layoffs.

Reserve for Tax Reduction (ED § 1604 [36]) (ED § 1709 [37])

This reserve is for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the district is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction.

The Taconic Hills Board of Education established a Reserve for Tax Reduction effective January 20, 2016. The reserve was funded with remaining funds from the Debt Service Fund in the amount of \$461,244.79, also authorized by the board of education on January 20, 2016. As of June 30, 2018, the balance of the Reserve for Tax Reduction was unchanged.

As of June 30, 2019, the balance of the Reserve for Tax Reduction remains unchanged.

During the 2019-2020 school year, the Reserve for Tax Reduction earned \$13,494.78 in interest.

As of June 30, 2020, the balance of the Reserve for Tax Reduction was \$474,739.57.

During the 2020-2021 school year, the Reserve for Tax Reduction earned \$349.78 in interest.

As of June 30, 2021, the balance of the Reserve for Tax Reduction was \$475,089.35.

This reserve is accounted for in the **General Fund**. (A 891)

Reserve Target: The Tax Reduction Reserve must be fully liquidated by June 30, 2026. The Board of Education will evaluate whether to apply any of these reserve funds to the 2022-2023 budget.

Insurance Reserve (GML § 6-n)

This reserve is used to pay liability, casualty, and other types of uninsured losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee.

The reserve is funded by budgetary appropriations or funds from other reserves subject to permissive referendum. It may not be used for any purpose for which a special reserve may be established pursuant to law e.g., Unemployment Compensation Insurance.

There is no limit on the amount that may be accumulated in the reserve balance; however, the annual contributions to this reserve may not exceed the greater of \$33,000 or five percent (5%) of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

The Taconic Hills Board of Education established an Insurance Reserve effective November 16, 2016 with \$500,000 allocated from unappropriated fund balance. As of June 30, 2018, the balance of the Insurance Reserve was unchanged (value equals 1.33% of 2017-2018 budget).

As of June 30, 2019, the balance of the Insurance Reserve remains unchanged (value equals 1.29% of 2018-2019 budget).

During the 2019-2020 school year, the Insurance Reserve earned \$14,628.16 in interest.

As of June 30, 2020, the balance of the Insurance Reserve was \$514,628.16 (value equals 1.35% of the 2019-2020 budget).

During the 2020-2021 school year, the Insurance Reserve earned \$381.99 in interest.

As of June 30, 2021, the balance of the Insurance Reserve was \$515,010.15 (value equals 1.32% of the 2021-2022 budget).

This reserve is accounted for in the **General Fund**. (A 863)

Reserve Target: Not to exceed 5% of the approved budget. This reserve was created after the district opted to increase the insurance deductible to \$5,000 to save money on annual premiums. As a result, in the event of a loss, the district would incur more unexpected costs that can be paid for from the Insurance Reserve.

Tax Certiorari Reserves (ED § 3651 [1-a])

Chapter 588 of the Laws of 1988 amended Section 3651 of the Education Law to permit the establishment of a reserve fund for tax certiorari and to expend from the fund without voter approval of the qualified voters of the school district.

The new chapter further stipulates that the total of the monies held in the reserve fund shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings in accordance with Article 7 of the Real Property Tax Law.

Any monies deposited to such a reserve fund which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth

fiscal year after deposit of these monies into the reserve unless claims are still open and not finally determined or otherwise terminated or disposed of.

The Taconic Hills Board of Education established a 2015-2016 Tax Certiorari Reserve (A 864W) on May 18, 2017 in the amount of \$17,768.83 allocated from unappropriated fund balance. As of June 30, 2018, the balance of the 2015-2016 Tax Certiorari was unchanged.

As of June 30, 2019, the balance of the 2015-2016 Tax Certiorari Reserve remains unchanged.

On August 28, 2019, due to settlement of all outstanding claims, the Board of Education authorized the 2015-2016 Tax Certiorari to be closed and the balance returned to unappropriated fund balance.

The Taconic Hills Board of Education established a 2016-2017 Tax Certiorari Reserve (A 864X) on August 31, 2017 in the amount of \$228,491.01. On July 3, 2018, the Tax Certiorari was amended to \$51,755.54 effective June 30, 2018. The balance is unchanged.

During the 2018-2019 school year, the district paid claims in the amount of \$25,066.50. As of June 30, 2019, the balance of the 2016-2017 Tax Certiorari was \$26,689.04.

On August 30, 2019, the Tax Certiorari was amended to \$27,265.61.

During the 2019-2020 school year, the 2016-2017 Tax Certiorari Reserve earned \$796.99 in interest.

As of June 30, 2020, the balance of the 2016-2017 Tax Certiorari Reserve was \$28,062.60.

During the 2020-2021 school year, the 2016-2017 Tax Certiorari Reserve earned \$12.72 in interest.

On December 16, 2020, due to settlement of all outstanding claims, the Board of Education authorized the 2016-2017 Tax Certiorari to be closed and the balance of \$28,075.32 returned to unappropriated fund balance.

The Taconic Hills Board of Education established a 2017-2018 Tax Certiorari Reserve (A 864Y) on July 3, 2018 in the amount of \$116,775.50. The following amendments occurred during the fiscal year:

- August 29, 2018 amended to \$117,460.34
- October 17, 2018 amended to \$121,999.28
- November 14, 2018 amended to \$124,558.45
- December 19, 2018 amended to \$128,264.12.

During the 2018-2019 school year, the district paid claims in the amount of \$39,366.09. As of June 30, 2019, the balance of the 2017-2018 Tax Certiorari was \$88,898.03.

During 2019-2020, the following amendments occurred for paid claims:

- August 30, 2019 amended to \$90,040.08
- June 30, 2020 amended to \$85,184.83

During the 2019-2020 school year, the 2017-2018 Tax Certiorari Reserve earned \$2,628.52 in interest.

As of June 30, 2020, the balance of the 2017-2018 Tax Certiorari Reserve was \$87,813.35.

During the 2020-2021 school year, the 2017-2018 Tax Certiorari Reserve earned \$39.81 in interest.

On December 16, 2020, due to settlement of all outstanding claims, the Board of Education authorized the 2017-2018 Tax Certiorari to be closed and the balance of \$87,853.16 returned to unappropriated fund balance.

The Taconic Hills Board of Education established a 2018-2019 Tax Certiorari Reserve (A 864Z) on August 28, 2019 in the amount of \$8,070.34. On April 21, 2020, the Tax Certiorari was amended to \$12,720.66.

During the 2019-2020 school year, the district paid claims in the amount of \$4,650.32. The 2018-2019 Tax Certiorari Reserve earned \$235.88 in interest.

As of June 30, 2020, the balance of the 2018-2019 Tax Certiorari Reserve was \$8,306.22

During the 2020-2021 school year, the 2018-2019 Tax Certiorari Reserve earned \$3.76 in interest.

On December 16, 2020, due to settlement of all outstanding claims, the Board of Education authorized the 2018-2019 Tax Certiorari to be closed and the balance of \$8,309.98 returned to unappropriated fund balance.

The Taconic Hills Board of Education established a 2019-2020 Tax Certiorari Reserve (A 864.1920) on November 18, 2020 in the amount of \$3,476.99. On December 16, 2020, the Tax Certiorari was increased by \$13,574.29.

During the 2020-2021 school year, the district paid claims in the amount of \$5,487.79. The reserve earned interest in the amount of \$6.83. As of June 30, 2021, the balance of the 2019-2020 Tax Certiorari was \$11,570.32.

These reserves are accounted for in the **General Fund**. (A864W [2015-2016], A864X [2016-2017], A864Y [2017-2018], A864Z [2018-2019], A864.1920 [2019-2020])

Reserve Target: The allowable amount in the Tax Certiorari Reserves is calculated based upon pending tax certiorari claims. The data is reviewed annually during the district's external audit.

Reserve for Encumbrances (A 821)

The balance of this account represents the amount of outstanding encumbrances at the end of the fiscal year.

As of June 30, 2021, the balance of the Reserve for Encumbrances was \$121,635.10.

Reserve Target: Not applicable.

Reserve for Employee Benefit Accrued Liability (GML § 6-p)

The purpose of this account is to reserve funds for the payment of accrued 'employee benefits' due employees upon termination of service for vacation, sick leave, personal leave, pursuant to provisions in the respective units' collective bargaining agreements.

This reserve fund may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves authorized in the GML, subject to permissive referendum.

Upon termination by BOE, balances not required to satisfy all incurred or accrued liabilities may be transferred to any other reserve funds authorized in the General Municipal Law. (May not be used to fund health or other post-retirement benefits.)

Upon information and belief, this account was created with an adjusting journal entry for *Equity Reclassification* on June 30, 2007 in the amount of \$328,105.00.

Adjusting journal entries are made on an annual basis based upon current employees' levels of accrued paid time pursuant to their respective unit's collective bargaining agreements. This adjusting journal entry detail is audited annually by the district's external auditors.

As of June 30, 2018, the balance in the Reserve for Employee Benefit Accrued Liability was \$237,957.51.

As of June 30, 2019, the balance in the Reserve for Employee Benefit Accrued Liability was \$271,670.77.

During the 2019-2020 school year, the Reserve for Employee Benefit Accrued Liability earned \$7,948.23 in interest.

On June 30, 2020, the Reserve for Employee Benefit Accrued Liability was adjusted for actual levels of compensated absences and the balance at the end of the fiscal year was \$327,315.

During the 2020-2021 school year, the Reserve for Employee Benefit Accrued Liability earned \$228.30 in interest.

On June 30, 2021, the Reserve for Employee Benefit Accrued Liability was adjusted for actual levels of compensated absences and the balance at the end of the fiscal year was \$293,239.75.

The reserve is accounted for in the **General Fund** (A 867)

Reserve Target: Actual calculated liability for employee benefits per collective bargaining agreements.

Retirement Contribution Reserve Fund (ERS) (GML § 6-r)

The purpose of this account is to fund employer retirement contributions i.e., any portion of the amounts payable by an eligible school district to the New York State and Local Employees' Retirement System (ERS), pursuant to Sections 17 or 317 of the Retirement and Social Security Law.

This reserve is created, and expenditures authorized, by resolution of the governing board to finance retirement contributions (except a school district in a city with a population of 125,000 or more). A referendum is not required either to create or expend moneys from the reserve. Transfers from or back to other reserve funds require a public hearing with 15 days' notice published in official newspapers.

Sources of funding:

- (a) Budgetary appropriations or taxes raised for the reserve
- (b) Revenues not required or restricted by law to be paid into another fund or account
- (c) Transfers from Tax Certiorari, Capital or Repair Reserves

The Taconic Hills Central School District established a Retirement Contribution Reserve Fund effective August 25, 2010 funded by monies from unappropriated fund balance. The Retirement Contribution Reserve was established with \$900,000. On December 21, 2011, the Board of Education authorized the use of \$248,600 toward the payment of 2011-2012 employee retirement costs. The Retirement Contribution Reserve Fund was further funded with monies from unappropriated fund balance in the amount of \$1,029,319 by board resolution on February 26, 2014 for a balance of \$1,680,719.

As of June 30, 2018, the balance of the Retirement Contribution Reserve Fund was \$1,680,719 (represents up to two years of contributions at approximately 17% per year based on 2017-2018 final payroll).

As of June 30, 2019, the balance of the Retirement Contribution Reserve Fund remains unchanged (represents up to two years of contributions at approximately 16.5% per year based on 2018-2019 final payroll).

During the 2019-2020 school year, the Retirement Contribution Reserve Fund earned \$49,171.80 in interest.

As of June 30, 2020, the balance of the Retirement Contribution Reserve Fund was \$1,729,890.80 which represents up to two years of contributions at approximately 17.30% of 2019-2020 payroll.

During the 2020-2021 school year, the Retirement Contribution Reserve Fund earned \$1,274.61 in interest.

As of June 30, 2021, the balance of the Retirement Contribution Reserve Fund was \$1,731,165.41 which represents up to two years of contributions at approximately 18% of 2020-2021 payroll.

This reserve is accounted in the **General Fund**. (A 827)

Reserve Target: 15-20% of ERS payroll; up to two years of contributions (upper and lower limits based upon historical contribution percentages over eight years).

Retirement Contribution Reserve Sub-Fund (TRS) (GML § 6-r)

Effective April 1, 2019 NYS law allows school districts and BOCES to establish a retirement contribution reserve fund to include amounts payable to the New York State teachers' retirement system in addition to amounts payable for the local employees' retirement system.

The sub-fund can be used to pay amounts due to NYSTRS or to offset all or some of the amounts deducted from state aid. Funds may be paid into the retirement contribution reserve fund from budgetary appropriation, revenues not required by law to be paid into any other fund or account or other funds that may be legally appropriated. This includes excess funds in the ERS portion of the retirement contribution reserve fund. Transfers from reserves authorized by General Municipal Law 6-d or Education Law 3651 can be made with a resolution and a public hearing with newspaper notice published at least 15 days' notice.

The moneys contributed annually to the Reserve Sub-Fund shall not exceed 2% of the total compensation or salaries of all teachers (as that term is defined in Education Law §501[4]) employed by the District who are members of TRS paid during the immediately preceding fiscal year.

The balance of the Reserve Sub-Fund shall not exceed 10% of the total compensation or salaries of all instructional staff (as that term is defined in Education Law §501[4]) employed by the District who are members of TRS paid during the immediately preceding fiscal year.

The Taconic Hills Central School District established a Retirement Contribution Reserve Sub-Fund (TRS) effective June 19, 2019 funded by monies from unappropriated fund balance. The Retirement Contribution Reserve was established with \$217,325.

As of June 30, 2019, the balance of the Retirement Contribution Reserve Sub-Fund (TRS) was \$217,325 (2% of TRS-eligible salaries in 2017-2018).

On November 20, 2019, the Board of Education approved the addition of \$231,355 to the reserve fund which reflects 2% of TRS-eligible salaries in 2018-2019.

During the 2019-2020 school year, the Retirement Contribution Reserve Sub-Fund (TRS) earned \$13,127 in interest.

As of June 30, 2020 the balance in the Retirement Contribution Reserve Sub-Fund (TRS) was \$461,806.65.

On February 17, 2021, the Board of Education approved the addition of \$222,616 to the reserve fund which reflects 2% of TRS-eligible salaries in 2019-2020.

During the 2020-2021 school year, the Retirement Contribution Reserve Sub-Fund (TRS) earned \$386.69 in interest.

As of June 30, 2021 the balance in the Retirement Contribution Reserve Sub-Fund (TRS) was \$684,809.34.

This reserve is accounted for in the **General Fund**. (A 828)

Reserve Target: 2% of teacher-eligible salaries per year, not to exceed 10% of teacher-eligible salaries from the preceding year.

Assigned Fund Balance

For the 2018-2019 school year, the District appropriated \$1,225,920 to balance the budget. This represents approximately 3.16% of the 2018-2019 budget.

\$523,636 of this appropriation will be allocated to the purchase of school buses and vehicles, and the replacement of a bus garage lift, per budget documents.

For the 2019-2020 school year, the District did not appropriate Assigned Fund Balance to balance the budget.

The District appropriated \$120,000 to balance the 2020-2021 budget. The appropriation was allocated to purchase school busses.

The District appropriated \$592,911 to balance the 2021-2022 budget. The represents approximately 1.52% of the 2021-2022 budget.

\$254,000 of the appropriation is allocated to the purchase of two (2) new school busses. Due to a one-time infusion of additional NYS Foundation Aid due to the pandemic, the board opted to levy a zero percent tax increase and absorb any budget shortfalls with fund balance. The remaining \$338,911 is appropriated to balance the budget.

This reserve is accounted in the **General Fund**. (A 910)

Reserve Target: During the budget-building process, district administration and the Board of Education annually review spending priorities and needs to determine if fund balance dollars can be assigned to pay for large, one-time expenses, upgrades, or maintenance issues.

Unassigned Fund Balance

For the year ending June 30, 2021, the balance of Unassigned Fund Balance was \$10,876,667.

This reserve is accounted in the **General Fund**. (A 909)

Reserve Target: During the planning of the 2018 capital project, the District planned to reserve \$1,336,135 of fund balance to annually offset debt service payments in years 2022-2036.

District administration is working together with the Board of Education to systematically reduce the level of unassigned fund balance. A Board Workshop was held on November 3, 2021 to review the district's Financial Condition ahead of the 2022-2023 budget-building cycle.

Non-Spendable Fund Balance

Non-Spendable Fund Balance consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Non-Spendable Fund Balance represents the value of the School Store inventory.

As of June 30, 2021, the balance of Non-Spendable Fund Balance was \$11,228.36.

This reserve is accounted in the **General Fund**. (A 806)

Reserve Target: Not applicable.

References

NYS Comptroller's Guide: Reserve Funds

<https://osc.state.ny.us/localgov/pubs/lmg/reservefunds.pdf>

Taconic Hills Board of Education Policy Manual