

Long Term Financial Plan Utilization of Reserve Funds

Capital Reserve Funds

Capital Reserve Funds are used to pay for the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires voter authorization to establish the purpose of the reserve, the ultimate amounts, its probable term, and the source of the funds. Expenditures may be made from the reserve only for specific purpose further authorized by the voters.

These reserves are accounted for in the General Fund- A879 and A878.

A. Building Capital Reserve

| | |
|---------------------|-----------------------------------|
| Voter Authorization | May 1995, Reauthorized May 2015 |
| Term | 10 Years |
| Ultimate Limit | \$3,000,000 plus accrued interest |
| Source of Funds | Fund Balance & Incentive Aid |
| Balance | \$1,373,930 as of 6/30/16 |

The Capital Project Reserve Fund was established to finance future maintenance, repairs and renovation of district facilities. The Reserve was funded and is utilized to offset costs associated with the 5 year facilities plan, and current EXCEL and Pool Project Plan costs and reduce the tax impact to the community.

B. Vehicle & Equipment Reserve Fund

| | |
|---------------------|---|
| Voter Authorization | May 1995, Renewed May 1999, 2003, 2008, 2011 & 2016 |
| Term | 5 Years |
| Ultimate Limit | \$4,000,000 plus accrued interest |
| Source of Funds | Annual Budget, Surplus Funds and State Transportation Aid |
| Balance | \$2,006,823 as of 6/30/16 |

The Vehicle & Equipment Reserve Fund was established specifically for the purchase of school buses, maintenance equipment and IT equipment. Historically, the district utilized the Vehicle & Equipment Reserve Fund as a flow through holding account for annual bus purchases and other equipment. Deposits to the fund were supported by an inter-fund transfer from the General Fund and New York Transportation Aid from bus purchases in the previous year. Approval for expenditure is included in proposition # 1 with the Annual Budget Vote in May.

Reserve for Insurance Recoveries – Roof

| | |
|-----------------|----------------------------|
| Term | N/A |
| Ultimate Limit | N/A |
| Source of Funds | Insurance Claim Settlement |
| Balance | \$55,508 as of 6/30/16 |

The Roof Reserve Fund was established to pay the cost of certain repairs to the roofs of school buildings. The District expects that an intended use of such funds would be in an emergency situation only. This reserve is accounted for in the General Fund- A882.

Tax Certiorari Reserve Fund

| | |
|---------------------|---|
| Board Authorization | 1997, BOE Resolution Aug 2009 |
| Term | N/A |
| Ultimate Limit | May not exceed the amount necessary to meet anticipated judgments and claims. |
| Source of Funds | Annual Budget, Surplus Funds |
| Balance | \$94,245 as of 6/30/16 |

The Tax Certiorari Reserve Fund was established to pay judgments and claims in tax certiorari proceedings per Article 7 of the Real Property Tax Law. This reserve was established as a result of the Gunlocke Company assessment litigation resulting in a Steuben County IDA payment in lieu of taxes program that originated in 1997 and has subsequently been renewed in 2008. As part of the renewed PILOT plan, this balance will be utilized over the term of the PILOT plan to assist in funding the tax amount that normally would have been collected from the Gunlocke Company. This reserve is accounted for in the General Fund- A864.

Reserve for Liability

| | |
|---------------------|------------------------------|
| Board Authorization | 2003 |
| Term | N/A |
| Ultimate Limit | N/A |
| Source of Funds | Annual Budget, Surplus Funds |
| Balance | \$548,808 as of 6/30/16 |

The Reserve for Liability Fund was established to pay for any unforeseen contractual issues and liability claims incurred. An annual review of the funding level will be conducted by the Board of Education. In the event the Board determines the reserve to be overfunded the balance will be transferred to another reserve as allowed by law. This reserve is accounted for in General Fund- A862.

Insurance Reserve

| | |
|---------------------|------------------------------|
| Board Authorization | 1996 |
| Term | N/A |
| Ultimate Limit | N/A |
| Source of Funds | Annual Budget, Surplus Funds |
| Balance | \$1,102,491 as of 6/30/16 |

This Insurance Reserve Fund was established in part to assist in managing cost and to pay liability, casualty and other type of losses not covered or exceeding our insurance limits. An example is in 2006 the District elected to increase its deductible from \$1,000 to \$2,500 per incident. By doing so the District was able to maintain a level insurance premium.

This Reserve Fund is reviewed annually by the Board of Education. The appropriate funding level is also reviewed and any amount determined to be an excess will be transferred to another reserve as allowed by law. This reserve is accounted for in the General Fund- A863.

Employee Benefit Accrued Liability Reserve

| | |
|---------------------|------------------------------|
| Board Authorization | 2003 |
| Term | N/A |
| Ultimate Limit | N/A |
| Source of Funds | Annual Budget, Surplus Funds |
| Balance | \$698,650 as of 6/30/16 |

The EBALR Fund was established to pay contractual obligations (compensated absences) relating to employees leaving the employment of the District. This reserve is accounted for in the General Fund-A867.

Unemployment Insurance Reserve

| | |
|-----------------|------------------------------|
| Term | N/A |
| Ultimate Limit | N/A |
| Source of Funds | Annual Budget, Surplus Funds |
| Balance | \$842,830 as of 6/30/16 |

The Unemployment Insurance Reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the school district uses the benefit reimbursement method. As a result of the Governor's Executive Budget, which is reducing State Aid to the Wayland-Cohocton School, Administration is budgeting for staff reductions. These potential reductions will result in utilization of this reserve for anticipated additional unemployment cost. This reserve fund will be reviewed annually. This reserve is accounted for in the General Fund-A815.

Retirement Contribution Reserve

| | |
|---------------------|------------------------------|
| Board Authorization | 2009 |
| Term | N/A |
| Ultimate Limit N/A | N/A |
| Source of Funds | Annual Budget, Surplus Funds |
| Balance | \$1,330,571 as of 6/30/16 |

The Retirement Contribution Reserve was established to assist in managing projected retirement cost increases due to the current financial crisis of New York State.

This Reserve is reviewed annually by the Board of Education. The appropriate funding level is also reviewed and any amount determined to be an excess will be transferred to another reserve as allowed by law. This Reserve is accounted for in the General Fund-A827.