

DEPEW UNION FREE SCHOOL DISTRICT

PURPOSE OF SCHOOL DISTRICT'S RESERVE FUNDS

Defined by the Office of the State Comptroller's Management Guide for Reserve Funds:

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 certain economic times, reserve funds can also provide officials with a budgetary option that can help mitigate the need to cut services or to raise taxes. In good times, the funds not needed for current purposes can often be set aside in reserves for future use.

The establishment and funding of reserves is an important budgeting practice in order to maintain a sound financial plan for our District. Having the ability to utilize reserves greatly reduces long-term borrowing costs, smooths large fluctuations in tax rates and helps us to be in compliance with the State imposed tax cap. The use of reserves helps us to promote fiscal and tax stability in future years.

DEPEW UNION FREE SCHOOL DISTRICT

CURRENT RESERVES & BALANCES AS OF 3/1/2022

Employee Benefit Accrued Liability Reserve	\$ 3,064,147.03
ERS Reserve	\$ 2,568,484.66
TRS Reserve	\$ 355,812.60
Tax Certiorari Reserve	\$ 88,384.37
Unemployment Reserve	\$ 128,695.53
Workers' Compensation Reserve	\$ 304,683.82
Capital Improvement Reserve 2016	\$ 47,187.04
Capital Improvement Reserve for Vehicles & Equipment 2016	\$ 2,261,727.31
Repair Reserve	\$ 563,253.09
Health Insurance Reserve	<u>\$ 359,456.13</u>
Total in Reserve Accounts as of March 1, 2022	<u>\$ 9,741,831.58</u>

DEPEW UNION FREE SCHOOL DISTRICT

EMPLOYEE BENEFIT ACCRUED LIABILITY RESERVE

Purpose: The purpose of this reserve is to establish a funding source for the monetary value of accrued but unused sick leave, personal leave, vacation time, and any other forms of payment of accrued but unliquidated time earned by employees, payable upon termination or retirement from the district.

Established by the BOE: June 16, 2005

Why the District uses this reserve: Prior to the establishment of this fund, all employee benefit payments were paid in the year the employee resigned or retired. This placed an extraordinary burden on the district's budget and revenue sources to try to anticipate this potential payout amount. Currently, the balance in the Employee Benefit Accrued Liability Reserve represents approximately 74% of the total future liability as of June 30, 2018. It is the District's plan to continue to use this Reserve for retirements so that this expense does not affect the local share of the annual budget.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$ 3,276,777.53
Appropriated to the General Fund budget	\$ -213,280.00
Interest earned - estimated	\$ 936.50
Added available funds - estimated	\$ 0.00
Estimated Balance as of June 30, 2022	\$ 3,064,434.03
Budgeted Appropriation for 2022/23	\$ 398,042.00

DEPEW UNION FREE SCHOOL DISTRICT

RETIREMENT CONTRIBUTION RESERVE FUND (RESTRICTED ERS RESERVES)

Purpose: Available to finance retirement contributions payable to the NY State and Local Employees' Retirement System.

Established by the BOE: April 12, 2011

Why the District uses this reserve: The Employees Retirement System contribution rates have been a significant source of budget stress over the past five years, to which the District has no control over. The employer contribution rate has fluctuated between 21.1% and 15.0% since 2013/14. The purpose of this reserve is to set aside available surplus funds to provide a source of funds in forthcoming budget years in order to limit the impact of increases in employer contribution costs have on the overall District budget and ultimately the property tax rate. It is the District's plan to continue to use this Reserve in order to mitigate increases due to ERS obligations in the District's General Fund budget.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$ 2,867,918.08
Appropriated to the General Fund budget	\$ -300,000.00
Interest earned - estimated	\$ 810.34
Added available funds	\$ 0.00
Estimated Balance as of June 30, 2022	\$ 2,568,728.42

Budgeted Appropriation for 2022/23	\$ 300,000.00
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DEPEW UNION FREE SCHOOL DISTRICT

TAX CERTIORARI RESERVE

Purpose: To pay for reasonably estimated refunding costs of pending property tax assessment challenges (tax certiorari) after taxes have been collected.

Established by the BOE: June 16, 2005

Why the District uses this reserve: To protect the budget from often-unanticipated court approved tax assessment challenges from commercial property owners.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$	88,366.75
Appropriated to the General Fund budget	\$	0.00
Interest earned - estimated	\$	25.74
Added available funds		0.00
Estimated Balance as of June 30, 2022	\$	88,392.49

Budgeted Appropriation for 2022/23	\$	0.00
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DEPEW UNION FREE SCHOOL DISTRICT

UNEMPLOYMENT RESERVE

Purpose: To pay for unemployment claims during times of budget/staffing reductions

Established by the BOE: April 12, 2011

Why the District uses this reserve: As a result of layoffs during fiscally stressed times, the cost of reimbursement to the State Unemployment Insurance Funds impacts the budget in the following year, therefore, this reserve will offset the short-term expenditure impact to our budget.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$ 128,669.89
Appropriated to the General Fund budget	\$ 0.00
Interest earned - estimated	\$ 37.44
Added available funds	0.00
Estimated Balance as of June 30, 2022	\$ 128,707.33

Budgeted Appropriation for 2022/23	\$ 0.00
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DEPEW UNION FREE SCHOOL DISTRICT

WORKERS' COMPENSATION RESERVE

Purpose: To pay for compensation benefits and other expenses for Districts who are part of a self-insured workers' compensation program

Established by the BOE: June 16, 2009

Why the District uses this reserve: To protect the budget from unforeseen costs associated from injuries sustain by employees on the job. Excess worker's compensation claims during one year will often affect the District's allocated cost for a three-year period, primarily due to the time lag of work compensation claims and awards.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$ 304,623.14
Appropriated to the General Fund budget	\$ 0.00
Interest earned - estimated	\$ 88.68
Added available funds	\$ 0.00
Estimated Balance as of June 30, 2022	\$ 304,711.82

Budgeted Appropriation for 2022/23	\$ 0.00
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DEPEW UNION FREE SCHOOL DISTRICT

CAPITAL IMPROVEMENT RESERVE, 2016

Purpose: The funds are to be used to finance construction, reconstruction, improvements and equipping of school buildings and facilities

Established by the BOE: Voter approved December 13, 2016

Why the District uses this reserve: A capital reserve allows the District to save money in anticipation of a capital renovation/addition project as identified by the state required building conditions survey. The building conditions surveys prioritize facility infrastructure and building needs to maintain the health and safety of our buildings. The use of cash financing avoids interest charges associated with borrowing for a capital project and helps to ensure a zero or minimum tax impact on the community.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$ 2,546,738.98
Appropriated to the Capital Fund	\$ -2,500,000.00
Interest earned - estimated	\$ 452.38
Added available funds	\$ 0.00
Estimated Balance as of June 30, 2022	\$ 47,191.36

Budgeted Appropriation for 2022/23	\$ 0.00
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DEPEW UNION FREE SCHOOL DISTRICT

CAPITAL IMPROVEMENT RESERVE FOR VEHICLES & EQUIPMENT, 2016

Purpose: To purchase buses, maintenance vehicles, and other items of machinery and related equipment needed for use in the transportation program and construction and maintenance programs of the District.

Established by the BOE: Voter approved December 13, 2016

Why the District uses this reserve: This reserve has been used to stabilize the impact of bus replacements on the community. The use of cash financing avoids interest charges associated with borrowing for vehicle purchases. In addition, the state currently reimburses the District for anticipated interest costs even though we have none.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$ 2,923,752.38
Appropriated to the General Fund-buses	\$ -662,584.64
Appropriated to the General Fund-equip	\$ 0.00
Interest earned - estimated	\$ 777.69
Added available funds - estimated	\$ 0.00
Estimated Balance as of June 30, 2022	\$ 2,261,945.43

Budgeted Appropriation for 2022/23	\$ 596,768.00
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DEPEW UNION FREE SCHOOL DISTRICT

REPAIR RESERVE

Purpose: This reserve was established for paying for repairs to capital improvements and/or equipment of a type not recurring annually or at shorter intervals. Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations.

Established by the BOE: May 19, 2009

Why the District uses this reserve: The District is occasionally faced with costly repairs, such as with our Co-Generation plant. This reserve helps to pay for large repairs to machinery and equipment without impacting our tax cap.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$ 663,122.58
Appropriated to the General Fund	\$ -100,000.00
Interest earned - estimated	\$ 184.87
Added available funds - estimated	\$ 0.00
Estimated Balance as of June 30, 2022	\$ 563,307.45
<u>Budgeted Appropriation for 2022/23</u>	<u>\$ 0.00</u>

DEPEW UNION FREE SCHOOL DISTRICT

RETIREMENT CONTRIBUTION RESERVE FUND (RESTRICTED TRS RESERVES)

Purpose: Available to finance retirement contributions payable to the NYS Teachers' Retirement System.

Established by the BOE: May 28, 2019

Why the District uses this reserve: Similar to the District's purpose of the ERS Reserve, TRS contribution rates have been a significant source of budget stress over the past five years, to which the District has no control over. The teacher contribution rate has fluctuated between 17.53% and 10.62% between 2014-15 and 2018-19. The purpose of this reserve is to set aside available surplus funds to provide a source of funds in forthcoming budget years in order to limit the impact of increases in employer contribution costs have on the overall District budget and ultimately the property tax rate. It is the District's plan to continue to use this Reserve in order to mitigate increases due to TRS obligations in the District's General Fund budget.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$ 455,723.42
Appropriated to the General Fund budget	\$ -100,000.00
Interest earned - estimated	\$ 124.50
Added available funds - estimated	\$ 0.00
Estimated Balance as of June 30, 2022	\$ 355,847.92

Budgeted Appropriation for 2022/23	\$ 250,000.00
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DEPEW UNION FREE SCHOOL DISTRICT

HEALTH INSURANCE RESERVE FUND

Purpose: Available to finance District’s self-funded health insurance program.

Established by the BOE: September 21, 2021

Why the District uses this reserve: This reserve was established to protect the District against unforeseen increases to our Self-Funded Health Insurance plan, directly related to our Stop Loss Insurance policy.

2021/22 Balances & Uses:

Balance as of July 1, 2021	\$	0.00
Appropriated to the General Fund budget	\$	0.00
Interest earned - estimated	\$	65.13
Added available funds - estimated	\$	359,424.00
Estimated Balance as of June 30, 2022	\$	359,489.13

Budgeted Appropriation for 2022/23	\$	0.00
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