



Skaneateles Central School District
Reserve Plan Document

Introduction and Overview

of Reserve Funds

Reserves serve many purposes for school districts and it's imperative to have a well-developed plan on how to fund and use these reserves into the future. Planning for the future is becoming increasingly more important for school districts with uncertainty of state funding looming on the horizon and federal funds dropping off from the COVID-19 pandemic by September of 2024. Reserves are a legal way for school districts to set money aside for future expenditures that include but are not limited to; funding a capital project, purchasing a building, offset mandatory employer pension costs, repair expensive equipment, etc.

Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions. When economic times are uncertain, reserve funds provide district officials with a way to offset budget increases that can help keep taxes down from year to year. On the flip side, when times are good, these funds can continue to sit on the sideline until necessary.

In addition to reserve funds, maintaining a reasonable amount of unassigned fund balance within operating funds is another important financial consideration for local governments and school districts. A reasonable level of unrestricted, unappropriated fund balance provides a cushion for unforeseen expenditures or revenue shortfalls and helps to ensure that adequate cash flow is available to meet the cost of operations. Combining a reasonable level of unassigned fund balance with specific legally established reserve funds provides resources for both unanticipated events and other identified or planned needs.

The purpose of this reserve documents it to outline each of the reserves that have been created by Skaneateles Central School District to provide more transparency to our tax payers. Our intent is to provide comprehensive but direct information for all to understand. In general, each of these reserves have specific intended purposes and requirements that each school district must follow to stay in compliance with local and state laws and regulations. For reach active reserve we will outline the following items;

- When was the reserve created
- The general guidelines for each reserve we have in place to date
- Any funding or liquidation amounts and the reasoning
- Types of expenses for which each fund may be used
- Any other applicable information related to that reserve

Because of the complexity of some of the legal requirements relating to the establishment, funding, expenditure and dissolution of reserve funds, we continue to consult with our school

attorney and exercise professional judgment in determining how best to include reserve funds in the overall financial management policies for Skaneateles Central School District.

Intended Use of Reserves

Reserve funds have been largely categorized and talked about as savings accounts that school district have to set money aside. Although true, as previously stated, these reserves are very restrictive and can only be spent on items determined by the Office of the New York State Comptroller. Reserve funds act as mechanisms for accumulating cash for future capital outlays and other allowable purposes. To practice wise financial management, it's critical for school districts to continuously plan ahead while systematically saving for capital acquisitions and other contingencies. If school districts are able to accomplish this, it can reduce or eliminate the need to borrow for these funds which in turn cost the district additional funds. Additionally, many of the reserves that the school district has established allows to protect the budget from known (tax certiorari claims) or unknown (water main breaks) risks.

As stated previously, one of the important concepts about establishing these reserves is building a clear intent on the potential use of the reserve or plan in mind regarding the future purpose, use and, when appropriate, replenishment of the funds taken from the reserve. School districts should balance the desirability of accumulating reserves for future needs with the obligation to make sure taxpayers are not overburdened by these practices. A clear purpose or intent for reserve funds that aligns with the district's Strategic Plan should be the goal for each reserve established.

Planning today and saving incrementally for expected future events can help mitigate the financial impact of major, nonrecurring or unforeseen expenditures on a district's annual operating budget. Establishing and funding allowable reserve funds for a clear purpose can help smooth out spikes in the annual budget and in the real property tax levy. When a district has large spikes in a budget from year to year without any contingencies or reserves built in as safety nets, typically the only option on the table is get increase taxes which is not in the district's best interest.

Board of Education Direction and Oversight

The Board of Education plays a crucial role in ensuring the fiscal integrity and responsible management of reserves within the school district. One primary responsibility is the establishment and periodic review of financial policies governing the allocation and usage of reserves. These policies guide the Board in determining the appropriate level of reserves, taking into account factors such as enrollment trends, economic conditions, and potential future expenses.

Additionally, the Board of Education is tasked with overseeing the budgeting process, including the allocation of funds to and from reserves. They must carefully evaluate the district's financial health and consider the long-term impact of utilizing reserves on educational programs and

services. Transparency is key, and the Board is responsible for communicating financial decisions to the community, ensuring that stakeholders are informed about the purpose and impact of utilizing reserves.

Furthermore, the Board of Education is entrusted with safeguarding the reserves against misuse or mismanagement. This involves establishing internal controls, conducting regular audits, and seeking professional financial advice to assess the adequacy of reserves and their alignment with the district's strategic goals. In times of economic uncertainty or unforeseen challenges, the Board may need to make prudent decisions regarding the use of reserves to address emergent needs while maintaining fiscal responsibility and accountability to the community. Overall, the Board of Education's fiscal oversight of reserves is a critical aspect of its stewardship role, aiming to provide a stable financial foundation for the delivery of quality education in Skaneateles Central School District.

Active Skaneateles CSD Reserves Authorized by General Municipal Law (GML)

1) Retirement Contribution Reserve – Employee Retirement System (ERS)

Details of Reserve:

When/how was this reserve established and how can we use the funds?

A Retirement Contribution Reserve must be created by a resolution of the governing board of a municipality. A referendum is not required either to create or expend moneys from the reserve. This Retirement Contribution Reserve was established by board resolution in the 2013-2014 school year.

Funding and Use Details

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
2013-2014	\$470,000.00	\$470,000.00	Initial funding of reserve after being established
2014-2015	\$1,403,000.00	\$1,873,000.00	Funding from excess fund balance at year end
2015-2016	\$195,594	\$2,068,594.00	Funding from excess fund balance at year end
2016-2017	-	\$2,068,594.00	
2017-2018	-	\$2,068,594.00	

2018-2019	\$39,681.55	\$2,108,275.55	Interest earnings
2019-2020	\$29,733.09	\$2,138,008.64	Interest earnings
2020-2021	\$1,555.55	\$2,139,564.19	Interest earnings
2021-2022	\$3,408.17	\$2,142,972.36	Interest earnings
2022-2023	\$21,219.66	\$2,164,192.02	Interest earnings

Current Balance: \$2,164,192.02 as of June 30, 2024

Purpose/Reason to Create

The purpose of this account is to fund employer retirement contributions i.e., any portion of the amount(s) 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. Each school district contributes a percentage (set by New York State) of their overall payroll amount for individuals who qualify to contribute and receive a pension from the Employee Retirement System (ERS). An example of a calculation is as follow;

Overall Payroll for ERS Employees: \$3,000,000
 NYS Employer Contribution Rate: 16.2%
 Yearly District Contribution: \$486,000

NOTE: Overall payroll amounts and employer contributions rates change each year so each school district's yearly contribution change with those figures also.

Employer retirement contribution amounts are determined by how well the stock market is currently performing and the expectations of how it will perform over the next year. Since this is completely out of the school district's control, this reserve is created to balance and offset unexpected swings in employer contribution rates. It allows for the district to better plan and lessen the blow of those budgetary impacts caused by these rate changes.

Possible Funding Sources include;

- (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

Expenditures

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 newspaper(s).

2) Retirement Contribution Reserve – Sub-Fund – Teacher Retirement System (TRS)

Details of Reserve:

When/how was this reserve established and how can we use the funds?

Up until April 1, 2019 school districts were not able to set aside funds to pay for the employer contribution amounts made each year into the Teacher’s Retirement System. Upon adoption of the 2019-2020 NYS Budget, school districts were now allowed to start setting funds aside to pay for these steep costs. The maximum amount a school district can have in their TRS reserve is equal to 10% of the previous year’s reportable salaries but they can only contribute a maximum of 2% per year until they reach that cap. So for example, if Skaneateles had employee salaries (in the previous school year) that are enrolled in the Teacher’s Retirement System equal to \$10,000,000, the cap of that reserve is set at \$1,000,000 ($\$10,000,000 \times .10 = \$1,000,000$) and the maximum amount a district could contribute into that reserve is \$200,000 ($\$10,000,000 \times 2\%$). As total salaries increase/decrease, the cap of this reserve fluctuates with it.

A Retirement Contribution Reserve ‘Sub-Fund’ must be created by a resolution of the governing board of a municipality. A referendum is not required either to create or expend moneys from the reserve. This Retirement Contribution Reserve ‘Sub-Fund’ was established by board resolution towards the end of the 2018-2019 school year.

Funding and Use Details

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
2018-2019	\$229,780.07	\$229,780.07	2% contribution of 2017-2018 eligible TRS salaries
2019-2020	\$237,265.01	\$467,045.08	2% contribution of 2018-2019 eligible TRS salaries
2020-2021	\$231,584.00	\$698,629.08	2% contribution of 2019-2020 eligible TRS salaries
2021-2022	\$246,729.58	\$945,358.66	2% contribution of 2020-2021 eligible TRS salaries
2022-2023	\$258,956.23	\$1,204,314.89	2% contribution of 2021-2022 eligible TRS salaries
2023-2024	\$144,431.50	\$1,348,746.39	Fully funded the allowable 10% of TRS salaries as of the 2022-2023 school year

Current Balance: \$1,348,746.39 as of June 30, 2024

Purpose/Reason to Create

The purpose of this account is to fund employer retirement contributions that are due on an annual basis i.e., any portion of the amount(s) payable by an eligible school district to the New York State Teachers' Retirement System (TRS). Currently the annual TRS contribution amount for Skaneateles CSD is about 4 times more than the amount we contribute to the Local Retirement System (ERS). With the state and federal fiscal cliff looming on the horizon it could be critical to fund this reserve now to help offset possible increases in future budget cycles. Each school district contributes a percentage (set by New York State) of their overall payroll amount for individuals who qualify to contribute and receive a pension from the Teachers' Retirement System (TRS). An example of a calculation is as follow;

Overall Payroll for ERS Employees: \$12,000,000
NYS Employer Contribution Rate: 9.53%
Yearly District Contribution: \$1,143,360.00

NOTE: Overall payroll amounts and employer contributions rates change each year so each school district's yearly contribution change with those figures also.

Employer retirement contribution amounts are determined by how well the stock market is currently performing and the expectations of how it will perform over the next year. It is the intent for New York State to have a pension account that is fully funded based on the amount of service earned (or pension amount payable) to individuals who are members of the retirement system but since these funds are invested into various mutual funds, the performance of them cannot be guaranteed. Since this is completely out of the school district's control, this reserve is created to balance and offset unexpected swings in employer contribution rates if the stock market or balance or in the pension fund were to crash. It allows for the district to better plan and lessen the blow of those budgetary impacts caused by these rate changes.

Possible Funding Sources include;

- (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

Expenditures

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 newspaper(s).

3) Unemployment Insurance Reserve

Details of Reserve:

When/how was this reserve established and how can we use the funds?

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 or elected to use the benefit reimbursement method, in lieu of contributions under Article 18 of the Labor Law. The reserve was established by board action in the 2020-2021 school year right after the start of the COVID-19 pandemic. It was initially funded by excess fund balance that was unappropriated from the previous school year.

Funding and Use Details

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
2020-2021	\$255,000.00	\$255,000.00	Initial funding after BOE established
2021-2022	\$(85,000.00)	\$170,000.00	Liquidation based on need and potential liability decreased

Current Balance: \$170,000 as of June 30, 2024

Purpose/Reason to Create

Upon the start of the COVID-19 pandemic, school district faced a lot of uncertainties about funding from the state and federal government to help support their annual budget. Due to that, many districts had to make budget cuts in preparation of potential lost funding. In doing that, many school districts saw a very substantial increase in unemployment claims made by past employees so several districts created an unemployment reserve to offset these expense spikes.

As the pandemic progressed, several state and federal funding sources were injected into school district to help support instruction. That injection of funds allowed for school districts to not only maintain the staffing levels they had prior to the pandemic, but also increase staffing in certain areas to help with the possibility of lost instruction time for students. Now that unemployment claims are significantly down, we are evaluating the need and potential future use of the funds the reserve currently holds.

Possible Funding Sources include;

- (a) Budgetary appropriations
- (b) Revenues not required or restricted by law to be paid into another fund or account

4) Repair Reserve

Details of Reserve:

When/how was this reserve established and how can we use the funds?

Currently the district has two active Repair Reserves. One was created prior to the 2012 school year for repairs needed specifically to the Winkleman Field and the other was created to help offset potential unexpected costs related to building improvements that were made through capital improvement projects. There are no referendum requirements is a school district wished to create a Repair Reserve. In other words, the Board of Education can establish the reserve by a resolution that appropriates funds to it. Each of these reserves were created by a board resolution.

The Skaneateles Central School District is thankful to have a community that invests heavily in the infrastructure of our buildings through various capital improvement projects. To protect this investment, the Board of Education has recently created this reserve to set aside funds that will allow for the district to repair or replace essential components that are necessary to instructional initiatives and functional learning spaces. This will help maintain the integrity of our buildings to create the best overall environment for the students of Skaneateles.

Funding and Use Details

Winkleman Field Repair Reserve

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
Prior to 2012	\$5,000.00	\$5,000.00	Previous

Repair Reserve – Capital Improvements

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
2022-2023	\$250,000.00	\$250,000.00	Initial funding after BOE established
2023-2024	\$250,000.00	\$500,000.00	Increase balance to create a bigger safety net to repair/replace systems implemented and deployed through capital projects

Current Balance: \$250,000 as of June 30, 2024

Possible Funding Sources include;

- (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

- Each of the established reserves have been funded with unassigned fund balance remaining at the end of a fiscal year but board resolution.

Expenditures

Again, the Repair Reserve is created for the purpose to pay for certain repairs to specific equipment or capital improvements that are necessary to operate on a daily basis. These types of expenses are expected to not recur annually or in short term increments. At the end of the day, these are emergency funds that are set aside to make sure the school district continues to operate efficiently without having to dip into other contingencies or find new funding sources to pay for the expense.

When a school district has a situation when they need to use these funds, a public hearing is necessary to explain to the community why the expense is necessary and how much they will need. A notice must be sent out at least 5 days prior to the hearing. In an emergency, moneys in a repair reserve fund may be expended without giving notice and without holding a public hearing. To make such an emergency expenditure, the governing board must pass a resolution approved by at least a two-thirds vote. In addition, at least one-half of the expenditure must be repaid in the next fiscal year and the balance repaid by the end of the fiscal year after that. If the school district holds the public hearing and gives ample time to communicate it beforehand, the funds are not required to be replenished to the reserve.

5) Employee Benefit and Accrued Liability Reserve (EBALR)

Details of Reserve:

When/how was this reserve established and how can we use the funds?

To establish and fund an Employee Benefit Accrued Liability Reserve (EBALR) a school district only has to present a resolution to the Board of Education and have it pass by a simple majority. There is no referendum necessary to fund or expend money from the reserve.

The EBALR was established prior to the 2012 school year and has fluctuated over the past few years based on the liability assumed to the district. The liability calculation is different for each employee based on what bargaining unit they are represented by (Teacher’s Association, Civil Service, Administrator’s, etc.)

Funding and Use Details

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
Prior to 2012	\$585,422.00	\$585,422.00	Reserve balance as of 7/1/2012

2018-2019	\$11,257.54	\$596,679.54	Additional funding based on increased liability
2019-2020	(\$66,387.75)	\$530,291.79	Liquidation based on retirements and decreased liability
2020-2021	\$349,019.04	\$879,310.83	Additional funding based on increased liability
2021-2022	(\$102,864.23)	\$776,446.60	Liquidation based on retirements and decreased liability
2022-2023	(\$102,895.85)	\$673,550.75	Liquidation based on retirements and decreased liability
2023-2024	(\$94,595.43)	\$578,955.32	Liquidation based on retirements and decreased liability

Current Balance: \$578,955.32 as of June 30, 2024

Purpose/Reason to Create

The purpose to establish an EBALR is to save up for any accrued leave time an employee is due upon leaving/resigning or retiring from our district. Over time these payouts can be large for individuals based on their negotiated contract so instead of having the general fund budget fund these costs randomly when an employee no longer works for us, we calculate the amount each employee “could be due” and put those funds aside to fund the expense. In instances where a district does not plan and calculate these costs to come from a special reserve, the expenses could have drastic effects on a budget which could affect programming, staffing, or any other initiative a district might have.

Unfortunately, these expenses are not optional, they are mandatory due to the fact that they are negotiated in each settled contract that is approved by the Board of Education. Some examples of expenditures that may be made to an employee upon leaving the district can include, but are not limited to;

- Unused sick leave time that has accumulated
- Vacation time that has not been taken to date or has been accrued for the next school year
- Time allowance granted in lieu of overtime compensation

Setting funds aside as our liability to pay out these expenditures increases helps to create a safety net to allow for budgeted funds meant for the education of our students to continue with that purpose.

Possible Funding Sources include;

- (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

Expenditures

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 newspaper(s).

6) Tax Certiorari Reserve

Details of Reserve:

When/how was this reserve established and how can we use the funds?

The current Tax Certiorari Reserve was created back in the 2013-2014 school year with excess fund balance that was remaining. School districts are the only municipality that can create this type of reserve. The reserve is created by

Funding and Use Details

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
2013-2014	\$150,000.00	\$150,000.00	Initial funding of reserve based on filed assessment claims from Onondaga and Cayuga counties
2017-2018	\$121,312.00	\$271,312.00	Interest earnings
2018-2019	\$224,091.03	\$495,403.03	Interest earnings
2019-2020	(\$50,309.94)	\$445,093.09	Interest earnings
2020-2021	\$15,477.00	\$460,570.09	Interest earnings
2023-2024	\$289,530.00	\$724,092.54	Increase funding based on current grievances and potential settlements

Current Balance: \$724,092.54 as of June 30, 2024

Purpose/Reason to Create

A tax certiorari reserve for a school district in New York serves as a financial provision to cover potential refunds resulting from successful property tax assessment challenges by property owners in the district. In the context of New York and many other jurisdictions, tax certiorari refers to the legal process through which property owners can challenge their property tax assessments.

Here's how it generally works:

1. **Assessment Challenge:** Property owners may dispute the assessed value of their property, claiming that it is too high or inaccurate. Each year a property owner must file the claim prior to 'Grievance Day.' This is a day that is set that determines when the claim must be filed by.
2. **Legal Proceedings:** If the property owner decides to pursue the matter further, they can take legal action through a tax certiorari proceeding. This involves filing a petition with the court to review and potentially reduce the property's assessed value. The school district has no involvement in the process and it must be done through the local Assessor's Office.
3. **Potential Refunds:** If the court decides in favor of the property owner and lowers the assessed value, it can result in a lower property tax liability for that property. In such cases, the school district may be required to refund a portion of the taxes already collected and therefore will not receive the full tax warrant amount that was budgeted for the current school year. This could have drastic effects on a budget if the assessment adjustment(s) are significant enough.
4. **Tax Certiorari Reserve:** To prepare for potential refunds and associated legal expenses, school districts often establish a tax certiorari reserve. This reserve is essentially a set-aside fund that allows the district to cover any unexpected financial obligations resulting from successful tax certiorari challenges.

Establishing a tax certiorari reserve helps school districts manage their finances more effectively by setting aside funds for potential liabilities. It ensures that the district has the financial resources to cover any refunds or adjustments that may be required due to changes in property tax assessments.

It's important for school districts and other local government entities to carefully manage their finances and reserves, taking into account potential uncertainties such as tax certiorari challenges. The establishment of reserves is a common practice to mitigate financial risks and uncertainties.

7) Capital Reserve

When/how was this reserve established and how can we use the funds?

Over the years, several capital reserves have been created and used to help offset the cost of capital project work throughout our district. Each reserve created has to be very specific in its intent and can only be established by a majority of the voters of the community. This means that the school district need to hold a public vote on whether or not to create the reserve. Coupled with that, none of the funds can be spent from the reserve until the community again approves the specific expenses by a majority vote.

Leading up to the vote the district would document and inform the community on exactly the intent in which these funds would be spent. Capital projects typically involve significant expenditures for the construction, renovation, or acquisition of long-term assets, such as buildings, facilities, or major infrastructure improvements. Establishing a capital reserve allows school districts to plan for and finance these projects in a responsible and sustainable manner.

Currently the school district has several capital reserves that have been planned to use for construction projects we are currently in and those that are years away from beginning.

Funding and Use Details

2017 Capital Reserve – Project 2023/24 Authorization

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
2016-2017	\$1,922,875.00	\$1,922,875.00	Initial funding of reserve after voter approval
2017-2018	\$577,125.00	\$2,500,000	Funding from excess fund balance at year end to meet target amount
2020-2021	(\$2,500,000)	\$0.00	Fully liquidated to cover capital construction costs

NOTE: Funds have been fully earmarked on costs associated with current capital construction improvements.

Current Balance: \$0.00 as of June 30, 2024

Capital Reserve – Project 2023/24 Turf Replacement

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
Prior to 2012	\$225,000.00	\$225,000.00	Funding of reserve prior to 2012
2017-2018	\$150,000.00	\$375,000.00	Funding from excess fund balance at year end to meet target amount

2020-2021	(\$375,000.00)	\$0.00	Fully liquidated to cover capital construction costs
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NOTE: Funds are currently in capital funds for turf replacement in the summer of 2024.

Current Balance: \$0.00 as of June 30, 2024

2018 Capital Reserve – For Future Capital Improvement Project

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
2017-2018	\$830,611.00	\$830,611.00	Initial funding of reserve
2018-2019	\$1,669,389.00	\$2,500,000.00	Funding from excess fund balance at year end to meet target amount
2022-2023	\$64,453.57	\$2,564,453.57	Interest earnings
2023-2024	\$137,564.06	\$2,702,017.63	Interest earnings

NOTE: Voter authorization of \$2,500,000. Authorization can increase above limit with interest earnings.

Current Balance: \$2,702,017.63 as of June 30, 2024

2017 Capital Reserve - For Future Capital Improvement Project

<u>School Year</u>	<u>Funding/Liquidation</u>	<u>Balance at Year End</u>	<u>Notes</u>
2020-2021	\$2,500,000.00	\$2,500,000.00	Funding from excess fund balance at year end to meet target amount
2022-2023	\$64,453.58	\$2,564,453.58	Interest earnings
2023-2024	\$137,564.03	\$2,702,017.61	Interest earnings

NOTE: Voter authorization of \$2,500,000. Authorization can increase above limit with interest earnings.

Current Balance: \$2,702,017.63 as of June 30, 2024

Purpose/Reason to Create

It is always the intent for school districts to provide the best environment for students and staff to learn and grow each day. To do that, school districts must constantly plan, coordinate and communicate potential enhancements to the community so they are aware of what the reserve funds will be spent on. Some of these needs could be state mandated, they could be to replace outdated technology, or to enhance critical infrastructure of our buildings that help make them function.

Here are some key purposes of creating a capital reserve:

1. **Long-Term Planning:** Capital projects often require substantial financial resources and long-term planning. By establishing a capital reserve, a school district can

accumulate funds over time to address future capital needs without relying solely on immediate budget allocations.

2. **Smoothing Financial Impact:** Capital projects can have a large financial impact, and funding them entirely from the annual operating budget may strain the district's finances. A capital reserve allows the district to set aside funds gradually, reducing the financial burden on current budgets.
3. **Mitigating Tax Impact:** Funding capital projects through a capital reserve may help mitigate the need for large, one-time tax increases to cover project costs. By planning and saving in advance, a school district can distribute the financial impact more evenly over time.
4. **Flexibility and Responsiveness:** Having a capital reserve provides a school district with financial flexibility and the ability to respond to unforeseen or urgent capital needs. It allows the district to address unexpected facility issues or take advantage of opportunities for improvement as they arise.
5. **Creditworthiness:** Establishing and maintaining a capital reserve can enhance a school district's creditworthiness. Rating agencies and lenders often view reserves positively as they demonstrate prudent financial management and the ability to cover future liabilities. This can also have an effect on the interest rates a district assumes that is attached to debt. Lower interest rates equate to lower overall cost to a capital project.
6. **Community Support:** Showing that the district is responsibly planning for the future and maintaining its facilities can foster confidence and support from the community. Improved buildings make for a safer and welcoming environment for our students. Residents may be more likely to support bond initiatives or other funding measures if they see that the district has a well-managed capital reserve.

In summary, a capital reserve for a school district in New York helps ensure financial stability, facilitates long-term planning for capital projects, and allows the district to address its infrastructure and facility needs in a sustainable manner. It is a financial tool that contributes to the overall fiscal health and responsibility of the school district.

Additional Resources:

[New York State Comptroller - Reserve Funds](#)

[NYS Education Department - Reserve Funds](#)

[One Page Skaneateles CSD Reserve Funds](#) (Updated as of 8/31/23)