

PUTNAM CENTRAL SCHOOL DISTRICT

RESERVES PLAN

November, 2018

Approved by the Board of Education November 14, 2018

The practice of planning ahead and systematically saving for contingencies is considered prudent management. The Board of Education, therefore, has established reserve funds to provide resources for intended future use. A reserve fund is a separate account established by a school district to finance expenditures for a specific purpose. Generally, reserve funds are authorized under Education Law or General Municipal Law and must adhere to strict guidelines. The Putnam Central School District has established the following reserves:

Capital Reserve Fund

Creation – Established by the Board of Education in the 1995-1996 School Year and was originally known as the Building Reconstruction Reserve Fund.

Purpose – This reserve is used to finance the construction of, general improvements, reconstruction, renovations or additions to, the District's buildings, including site work and the acquisition of original furnishings equipment, machinery or apparatus required for the purpose for which such buildings are to be used. Voter approval is required to spend from this reserve. Expenditures must be specific, i.e., to purchase school buses, facility construction, equipment, etc. Annual appropriations to fund the reserve further must be authorized by voters.

Funding Methods – The reserve 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. Limited to term or life approved by voters; may extend term only before end date.

Monitoring of Reserve – This reserve is monitored by the District Treasurer in collaboration with the Superintendent of Schools.

Funding Level – As determined by voters, amount and use must be specific.

Actual Balance 9/30/18: \$100,208.09

Recommended Deposits/Expenditures/Transfers 9/30/18: None

Reserve for Unemployment Insurance

Creation – Established by the Board of Education in the 1994-1995 School Year

Purpose – This reserve is used to reimburse the New York State Unemployment Insurance fund for payments made to claimants where the district uses the benefit reimbursement method. The District does subscribe to the benefit reimbursement method, meaning we reimburse the State for actual claims incurred.

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

If the district elects to convert to the tax contribution basis, excess of funds over the sum sufficient to pay pending claims may be transferred, to other reserve fund(s) 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 fund(s) or applied to the appropriations of the next succeeding fiscal year's budget.

Use of Reserve – 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 has elected to use the benefit reimbursement method, in lieu of contributions under Article 18 of the Labor Law.

Monitoring of Reserve – This reserve will be monitored by the District Treasurer in conjunction with other central office administrators to assess the potential for incurring unemployment claims.

Funding Level – At this time, this level is deemed appropriate.

Actual Balance 9/30/18: \$16,072.17

Recommended Deposits/Expenditures/Transfers 9/30/18: None

Repair Reserve:

Creation – Established by the Board of Education in the 2014-2015 School Year

Purpose – This reserve may be used for repairs to capital improvements or equipment of a type that does not recur annually or at shorter intervals. Expenditures from this reserve may be made only after a public hearing has been held requiring 2/3 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.

Funding Methods – This reserve fund can only be funded by voter approval, either through the annual budgeting process or with referendum.

Monitoring of Reserve – This reserve is monitored by the District Treasurer in collaboration with the Superintendent of Schools.

Funding Level – There is no limit on the amount that can be accumulated in the fund. Recommended funding level is dependent on the District’s assessment of capital repairs needed.

Actual Balance 9/30/18: \$50,060.83

Recommended Deposits/Expenditures/Transfers 9/30/18: None

Reserve for Tax Certiorari

Creation – Established by the Board of Education in the 2017-2018 School Year

Purpose – This reserve is used to pay for judgements and claims resulting from tax certiorari proceedings under Article 7 of the real property tax law.

Funding Methods – The reserve may be established by board action and is funded by budgetary appropriations.

Use of Reserve – To cover any judgements or claims arising out of tax certiorari proceedings.

Monitoring of Reserve – This reserve will be monitored by the District Treasurer in collaboration with the superintendent and legal counsel when claims assessments cases arise.

Funding Level – 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.

Actual Balance 9/30/18: \$15,033.92

Recommended Deposits/Expenditures/Transfers 9/30/18: None