

SUBJECT: RESERVE FUNDS

Reserve funds (which essentially are a legally authorized savings account for particular specific purposes) are an important component in the District's financial planning for specific expenses, future projects, acquisitions and other lawful purposes. To this end the District may establish and maintain reserve funds in accordance with New York State Law and Commissioner's Regulations. The District will also consider rules and/or operations issued by the New York State Comptroller when they are not in conflict with law.

District reserve funds must be properly established and maintained to promote the goals of creating an open, transparent and accountable use of public funds. The District may engage independent experts and professionals, including but not limited to auditors, accounts and other financial and legal counsel, as necessary to monitor all reserve fund activity and prepare reports that the Board of Education may require.

Government Fund Type Assignment (GASB 54)

The District shall comply with the reporting requirements of Article 3 of General Municipal Law of the State of New York and the Governmental Accounting Standards Board (GASB) Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Board authorizes the Assistant Superintendent for Business to complete the following actions as necessary to comply with the requirements of GASB 54:

- a) If the District must use funds for emergency expenditures the Board shall authorize the Assistant Superintendent for Business to expend funds first from funds classified under GASB 54 as unassigned funds as defined by this statement. The use of restricted funds as classified by GASB 54 will occur after the exhaustion of unassigned funds, unless the expenditure meets the legal purpose of a particular restricted reserve fund and the use of those monies is recommended by the Assistant Superintendent for Business and is approved by a majority vote of the Board of Education.
- b) The Board authorizes the Assistant Superintendent for Business to make a determination of the assigned amounts of fund balance. Assigned funds represent amounts intended to be used for a specific purpose. For example the amount appropriated to reduce the tax levy as determined through the budget process and finalized when the tax rates are established would be considered an assigned fund balance.
- c) Restricted fund balances are amounts as approved by the Board of Education or by a vote of District residents that will be placed in legal reserves (and thereby restricted), but at the end of the fiscal year the dollar amount is unknown. As such the Assistant Superintendent for Business is authorized to establish a funding plan with specific dollar amounts to be determined subsequent to the District's fiscal year end. The amounts must be approved by the majority vote of the Board of Education at a regularly scheduled meeting or a special meeting called for this purpose prior to the release of the audited financial statements for that fiscal year.

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SUBJECT: RESERVE FUNDS (Cont'd.)**Periodic Review and Annual Report**

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

- a) The type and description of the reserve funds
- b) The interest earned on each reserve fund
- c) Capital gains or losses resulting from the sale of investments of the reserve funds
- d) The sum total increase and sum total decrease in the reserve funds
- e) The ending balance in the reserve funds at fiscal year end
- f) A summary statement if projected use and need of the reserve funds

The Board shall utilize the information in the annual report to discuss reserve fund balances and to adequately maintain necessary funds for the District's long-term financial planning. The Board will be mindful of its role and responsibility as a fiduciary of public funds when acting on reserve fund issues.