

SUBJECT: RESERVE FUNDS

Reserve funds (essentially a legally authorized savings account designated for a specific purpose) are an important component in the BOCES financial planning for future projects, acquisitions and other lawful purposes. To this end, the BOCES may establish and maintain reserve funds in accordance with New York State Laws, Commissioner's Regulations and the rules and/or opinions issued by the Office of the New York State Comptroller, as applicable. The BOCES shall comply with the reporting requirements of Article 3 of the General Municipal Law of the State of New York and the Governmental Accounting Standards Board (GASB) issued GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Any and all BOCES reserve funds shall be properly established and maintained to promote the goals of creating an open, transparent and accountable use of public funds. The BOCES may engage independent experts and professionals, including but not limited to, auditors, accountants and other financial and legal counsel, as necessary, to monitor all reserve fund activity and prepare any and all reports that the Board may require. In an effort to maintain total transparency the BOCES administration will report annually the financial status of each of its reserves to the Board and component Chief School Officers (see Periodic Review and Annual Report below).

Types of Reserve Funds

BOCES can legally reserve funds for specific future uses to help reduce our reliance on operating funds or borrowed monies. However, because BOCES funds are derived primarily from component and participating school districts, the Office of the State Comptroller has recommended BOCES officials clearly inform districts why any reserves are needed, how monies will be allocated to reserves and how those monies will be used.

- a) Reserves for Career and Technical Education Equipment - Career and Technical Education regularly requires the acquisition of large, state-of-the-art equipment in an effort to instruct Career and Technical Education learners with the latest equipment used in the field. Requests for Career and Technical Education equipment are prioritized annually, selected by administration, and reviewed by Career and Technical Education Advisory Council prior to purchasing equipment. The reserve is replenished annually from available surplus funds. These funds are accounted for in the Assigned portion of the Capital Projects Fund (H915). Pursuant to Education Law 1950(4)(ee).
- b) Unemployment Insurance Reserve - BOCES regularly hires annual term and part-time employees along with full-time staff to provide programs and services for our 31 component school districts. Annually, dozens of employees are laid-off as a result of services being discontinued. This reserve was established to fund this expense and is replenished from available funds. These funds are accounted for in the Restricted portion of the General Fund (A815). Pursuant to General Municipal Law Section 6-m.
- c) ERS Contribution Reserve - Upon the recommendation of our auditors, West & Company, the BOCES Board of Education established a Retirement Contribution Reserve to offset incentive costs and climbing employers' share for ERS. These funds are accounted for in the Restricted portion of the General Fund (A827). Pursuant to General Municipal Law 6-r.

- d) Insurance Reserve - Working with our insurance broker, we determined that BOCES would save annually by increasing our deductible on loss from \$1,000 to \$5,000 per occurrence. The initial savings helped to fund the establishment of the reserve. These funds are accounted for in the Restricted portion of the General Fund (A863). Pursuant to General Municipal Law 6-n.
- e) Employee Benefit Accrued Liability Reserve (EBALR)– Available for the cash payment of accrued and accumulated but unused sick leave, personal leave, holiday leave, vacation time and other benefits earned by employees and payable upon retirement or termination pursuant to the existing collective employment agreements. Any excess cash above the audited year end compensated absences liability recorded in W689 will be returned to the component districts using the RWADA method for distribution. These funds are accounted for in the Restricted portion of the General Fund (A867). Pursuant to General Municipal Law 6-p.

Periodic Review and Annual Report

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

- a) The type and description of the reserve fund;
- b) The date the reserve fund was established and the amount of each sum paid into the fund;
- c) The interest earned by the reserve fund;
- d) Capital gains or losses resulting from the sale of investments of the reserve fund;
- e) The total amount and date of each withdrawal from the reserve fund;
- f) The total assets of the reserve fund showing cash balance and a schedule of investments; and
- g) An analysis of the projected needs for the reserve fund in the upcoming fiscal year and a recommendation regarding funding those projected needs.

The Board shall utilize the information in the annual report to make necessary decisions to adequately maintain and manage the BOCES reserve fund balances while mindful of its role and responsibility as a fiduciary of public funds.

The District Superintendent shall develop any necessary and/or appropriate regulations to implement the terms of the Board's policy.

Adopted: June 11, 2003
Revised: August 10, 2011