

1. Retirement Contribution Reserve Fund:

- This reserve is established and expended at the direction of the Board of Education.
- The use of this reserve should be a part of the budget development process and, if utilized, done so as part of a strategic plan. It can be used as the BOE/district deems necessary to cover ERS expenses only. It can be expended in any increment that the BOE/district feel is appropriate.
- The amount (\$600,000) represents a rough estimate of 2 years worth of ERS costs at the recommendation of our external auditor. ERS costs for the last 3 years are as follows:
 - i. 2011-12: \$276,319
 - ii. 2010-11: \$222,066
 - iii. 2009-10: \$134,629
- This reserve must be established and funded prior to the board's approval of the tax warrant, in order for the change to impact the 2011-12 financial statements.
- The requirements of this reserve are governed by Section 6-r of General Municipal Law. Additional information can be found in NYSSBA's school law book, under Section 32 (Types of Reserve Funds).

2. Unemployment Insurance Payment Reserve Fund:

- This reserve has already been established, so we are only seeking the board's approval to increase funding to it.
- The balance in this reserve is \$94,400. The resolution that we've put on the agenda is asking that we increase the amount of funding to \$150,000, at the recommendation of our external auditor. The increase would total \$55,600.
- Similar to the first reserve, the BOE/district can decide when and how best to spend down this reserve amount.
- 2011/12 unemployment costs totaled almost \$50,000.
- Although not legally required, we are seeking the board's approval for this adjustment in the interest of transparency.

3. Fund Balance:

- The total impact of these reserves equals \$655,600, or a reduction of 3.78%.
- Without these adjustments to Unreserved Fund Balance, the district will end the fiscal year with a 12.79% fund balance.
- We will discuss additional suggestions to reduce the fund balance by up to another 1.4% which do not require board approval at the retreat next Wednesday.