Onondaga Central School District

Fund Balance and Reserves:

Funding and Use

2025-2026

Revised: June 2026

Overview

The establishment and funding of reserves is an important consideration in the maintenance of a sound financial plan for any school district. While strict adherence to state law is required to ensure reserves are both legal and appropriate, adequately funded reserves are vital to the long-term health and stability of the school district. This concept is recognized by the New York State Comptroller:

Saving for future projects, acquisitions, and other allowable purposes is an important planning consideration for local governments and school districts. Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements. Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions. In uncertain economic times, reserve funds can also provide officials with a welcomed budgetary option that can help mitigate the need to cut services or to raise taxes. In good times, money not needed for current purposes can often be set aside in reserves for future use. *(Office of the New York State Comptroller -Local Government Management Guide -Reserve Funds, Pg. 1)*

The Onondaga Central School District believes that judicious use of reserves greatly reduces long term borrowing costs, smooths large fluctuations in tax rates, and minimizes the possibility of draconian mid-year budget cuts which would have a direct impact on students. It believes it is in the best interest of both the students and taxpayers to prudently establish and use reserves to weather the financial storms and uncertainties that will occur. Again, the Comptroller notes:

> The practice of planning ahead and systematically saving for capital acquisitions and other contingencies is considered prudent management. Saving for future capital needs can reduce or eliminate interest and other costs associated with debt issuances. Similarly, certain reserve funds can be utilized to help protect the budget against known risks (a potential lawsuit) or unknown risks (a major ice storm). *(Office of the New York State Comptroller -Local Government Management Guide -Reserve Funds, Pg. 2)*

This quote reflects the two purposes for the establishment of reserves:

1 Saving money for a large, one time future expenditure such as a capital reserve for the replacement of a roof as an example.

2 Reserves which are intended to protect the district against a large, currently unforeseen risk.

Since New York State law mandates that expenditures can be no greater than the budget approved by the voters in May, the Onondaga Central School District budgets conservatively and practices fiscal prudence throughout each budget year to ensure that unanticipated expenditures do not result in mid-year budget cuts in other areas which would have an immediate impact on students. This practice has allowed and will allow the district in the future to weather state aid holdbacks, state aid cutbacks, and other negative budget impacts without impacting instructional programs. However, conservative budgeting can also result in budget surpluses at year-end. The Board of Education reviews any budget surpluses and determines the best use of these surpluses including transfers to voter or Board of Education approved reserves or to a reduction in the ensuing years' tax levy.

Legally established reserves can provide many benefits to the school district and to its taxpayers. However, these reserves can also cause confusion when their purpose is not clearly understood by the community. The purpose of this document is to detail the Onondaga Central School District's plan for use and maintenance of reserves.

The stakeholders of the Onondaga Central School District recognize the use of reserves as one time revenues that assist the district in tough budgetary times. They also recognize the importance of funding such reserves in sound financial times so the reserve monies are strong enough to avail themselves in tougher times.

This plan complements the three-year financial plan created by the district.

The following shows the General Fund Balance Sheet from the annual Basic Financial Statements which include the reserve balances as of June 30, 2023, 2024, and 2025:

	2023	2024	2025
ASSETS			
Cash			
Unrestricted	673,503	1,851,932	2,213,005
Restricted	4,879,939	3,064,870	3,817,412
Investments			
Receivables	10,026	9,985	51,155
Due From Other Funds	926,256	829,096	518,969
State and Federal Aid	1,216,070	203,158	408,722
Other Receivables	556,900	501,349	568,998
Inventories			
Prepaid Expenditures	312,464	332,091	359,648
Total Assets	**8,575,158**	**6,792,481**	**7,937,909**
LIABILITIES			
Payables			
Accounts Payable	68,224	141,799	96,021
Accrued Liabilities	104,697	64,916	95,658
Due to Other Funds	0	0	208
Due to Other Gov'ts			
Due to NYS TRS	940,752	915,799	977,628
Due to NYS ERS	92,579	132,928	141,953
Comp Absences Liability	5,040	1,163	7,410
Other Liability (Group Insurance)	143,933	161,303	162,600
Unearned Revenue	4,000	8,000	21,926
Total Liabilities	**1,359,225**	**1,425,908**	**1,503,404**

DEFERRED REVENUES			
Planned Balance	0	0	0
FUND BALANCES			
NON SPENDABLE			
Not in spendable form	312,464	332,091	359,648
Must remain intact			
Total Non-Spendable	312,464	332,091	359,648
RESTRICTED			
Reserve for Unemployment Insurance	237,911	249,753	260,305
Reserve for Retirement Contributions	1,759,377	1,496,348	1,605,804
Reserve for Liability Claims	582,280	812,908	1,197,733
Reserve for Tax Certiorari	135,161	0	0
Reserve for EBALR	487,420	504,374	453,569
Capital Reserve	1,676,304	0	300,000
Other Restricted Fund Balance			
Total Restricted Fund Balance	4,878,453	3,063,383	3,817,411
ASSIGNED			
Assigned Appropriated Fund Balance	856,336	833,014	841,111
Assigned Unappropriated Fund Balance	136,252	70,063	321,821
(includes carryover encumbrances)			
Total Assigned Balance	992,588	903,077	1,162,932
UNASSIGNED			
Reserve for Tax Reduction	0	0	0
Unassigned Fund Balance	1,032,428	1,068,024	1,094,514
Total Unassigned Balance	1,032,428	1,068,024	1,094,514
Total Fund Balances	**7,215,933**	**5,366,575**	**6,434,505**
Total Liabilities &Fund Balance	**8,575,158**	**6,792,483**	**7,937,909**

Unemployment Insurance Payment Reserve Fund (GML Section 6-m)

Purpose:	To reimburse the State Unemployment Insurance Fund for payments made to claimants where the municipality has elected to use the "benefit reimbursement" method.
How to Create and Use:	Created by resolution of the governing board. A referendum is not required either to create or expend the reserve. Expenditures may be made only as required by law to pay into the Unemployment Insurance Fund an amount equivalent to the amount of benefits paid to claimants and charged to the account of the district or BOCES in accordance with Labor Law Section 581(1)(e).
Source of Funds:	Budgetary appropriations, amounts from certain other reserve funds, subject to permissive referendum; other funds that may be legally appropriated.
Use of Unexpended Balances:	If at the end of any fiscal year, the moneys in the fund exceed amounts required to be paid into the Unemployment Insurance Fund as described above, plus any additional amounts required to pay all pending claims, the governing board, within 60 days of the close of the fiscal year, may elect to transfer all or part of the excess amounts to certain other reserve funds, or apply all or part of the excess to the budget appropriation of the next succeeding fiscal year. If the local government terminates its election to become liable for payments in lieu of contributions (i.e., elects to convert to "tax contribution" basis), moneys remaining in the fund may be transferred to certain other reserve funds, to the extent moneys in the fund exceed amounts sufficient to pay all pending claims.
Last Activity:	In 2024-25 the District utilized $148. December 15, 2009 Board of Education resolution to increase reserve by $135,720 in anticipation of funding cliff created by federal stimulus.
Comment:	Reserve is currently funded at approximately three times anticipated annual expenditure.

Retirement Contribution Reserve Fund (GML Section 6-r)[1]

Purpose:	For the payment of "retirement contributions," which are defined as all or any portion of the amount payable to either the New York State and Local Employees' Retirement System, pursuant to Section 17 of the Retirement and Social Security Law.
How to Create and Use:	Created, and expenditures authorized, by resolution of the governing board to finance retirement contributions. A referendum is not required either to create or expend moneys from the reserve.
Source of Funds:	a) Budgetary appropriations or taxes raised for the reserve b) Revenues that are not required by law to be paid into any other fund or account

c) Amounts from reserve funds established pursuant to Sections 6-c, 6-d, 6-e, 6-f or 6-g of the General Municipal Law (supported by the same tax base), subject to public hearing requirements
d) Other funds that may be legally appropriated.

Use of Unexpended Balances: The board may authorize the transfer of a portion of the moneys in the retirement contribution reserve to a reserve fund established pursuant to Sections 6-c, 6-d, 6-e, 6-f or 6-g of the General Municipal Law (supported by the same tax base), or in the case of a school district, a reserve fund established pursuant to Section 3651 of the Education Law. Such a transfer is subject to a public hearing. If the board determines that the retirement contribution reserve is no longer needed, the board may terminate the fund by resolution. The resolution must transfer any moneys remaining in the retirement contribution reserve to one or more reserve funds established pursuant to Sections 6-c, 6-d, 6-e, 6-f or 6-g of the General Municipal Law (supported by the same tax base), or in the case of a school district, one or more reserve funds established pursuant to Section 3651 of Education Law.

Last Activity: On June 24, 2025 the Board of Education authorized a resolution to increase the reserve by $400,000 from a surplus from the 2024-25 school year. The District allocated $400,000 towards the balancing of the 2025-26 budget. The reserve balance is currently $1,188,968.

On June 4, 2019 the Board of Education approved a resolution to create Retirement Contribution Reserve Sub-Fund for “TRS”. The sub-fund is only partially funded at $473,832. District allocated $170,000 towards the balancing of the 2025-26 budget.

Comment: Reserve is currently funded at more than the anticipated annual expenditure; however, as a general rule many districts fund this reserve at 3 ½ times the annual expense. It is suggested that the district continue increasing this reserve over time to approximately three and one half times the annual expense.

Liability Reserve Fund (Education Law Sections 1709[8-c], 1950[4][cc])

Purpose: To establish and maintain a program of reserves to cover property loss and liability claims.

How to Create and Use: Created by resolution of the governing board and used to pay for property loss and liability claims. Separate funds must be established for property loss and for liability claims and the separate identity of each fund must be maintained. There are no referendum requirements to create the funds or expend money from the funds for property loss and liability claims.

Source of Funds: Budgetary appropriations.

Special Provisions: For school districts, the total amount of reserves cannot exceed 3 percent of the annual budget (exclusive of any planned balance presently authorized) or $15,000, whichever is larger. For BOCES, the total amount of reserves cannot exceed 3 percent of the annual budget. Neither a school district nor a BOCES reserve may be reduced below total amounts estimated to be necessary to cover incurred but unsettled claims or suits, including related expenses, other than by payment of losses for which such amounts were established.

Use of Unexpended Balances:	For school districts, payments may not be made for purposes other than those for which the funds were established unless authorized by public vote, except that the school board may authorize use of the reserve funds (other than amounts allocated for unsettled claims or suits including related expenses) to pay premiums for insurance policies purchased to insure subsequent losses in areas previously self-insured, in the event of dissolution of the self-insurance plan. For BOCES, the board may authorize use of the reserve funds (other than amounts allocated for unsettled claims or suits including expenses in connection therewith) to pay premiums for insurance policies purchased to insure subsequent losses in areas previously self-insured, in the event of dissolution of the self-insurance plan.
Last Activity:	On June 24, 2025, the Board of Education acted on a resolution to authorize the transfer of an additional $800,000 into the liability reserve. The current balance is $1,240,245.
Comment:	Due to new Child Victims Act proceedings, the District continues to fund this reserve.

<u>Tax Certiorari Reserve Funds (Education Law Section 3651[1-a])</u>

Purpose:	To pay judgments and claims in tax certiorari proceedings in accordance with Article seven of the Real Property Tax Law.
How to Create and Use:	Establishment of, and expenditures from, a Section 3651[1-a] reserve to pay judgments and claims in tax certiorari proceedings do not require voter approval.
Source of Funds:	For a reserve under Section 3651[1-a], generally budgetary appropriations.
Special Provisions:	• If a school district is located wholly or partly within the Adirondack Park and has State lands subject to taxation assessed at more than 30 percent of aggregate taxable assessed valuation in the district, the establishment of a reserve fund is subject to consent of the State Comptroller, on recommendation of the Commissioner of Education. • The total amount in a Section 3651[1-a] reserve fund may not exceed the amount that might reasonably be deemed necessary to meet anticipated tax certiorari judgments and claims. • The school authorities must annually render a detailed report of the operation and condition of each reserve fund under Section 3651, with a copy of the report provided to the Commissioner of Education.

Use of Unexpended Balances: Funds reserved for tax certiorari judgments and claims pursuant to Education Law, Section 3651[1-a] that are not expended for the payment of judgments or claims arising out of tax certiorari proceedings for the tax roll in the year the moneys are deposited to the fund and/or that will not be "reasonably required to pay any such judgment or claim,"18 must be returned to the general fund on or before the first day of the fourth fiscal year following the deposit of such moneys to the reserve fund.

Last Activity: In September 2023, this reserve was liquidated as the District settled the tax certiorari case brought by Lehigh Hanson, LLC. Lehigh Hanson, LLC. had 3 cases involving property assessed at a total value of $8,669,300. The property assessments were lowered by a total of $433,465 (5%). In turn, Lehigh Hanson, LLC. would not seek a refund from the district from previous years.

Comments: This reserve was liquidated in June of 2014 due to the fact that there had been no active proceedings in several years. During the Summer of 2014 and 2015 we were contacted by DiFelice Lands, LLC that they wanted to lower the assessment on 32 properties in the district. On December 28, 2015 the 32 properties were acquired by Stickland & West Seneca Properties, LLC. During the summer of 2017 this case was settled and we paid the owners $36,731 in back taxes. Around that same time, we were contacted by another property owner RJ Graham Golf Course. Our attorneys notified us on March 9, 2018 that the current refund liability is about $5,600 but additional parcels are going to be added to this claim increasing the liability up to at least $20,000. We are currently monitoring and the town attorney has asked for the districts involvement in preparing a settlement offer.

In July 2019, The District began and is currently defending a tax certiorari case brought by Lehigh Hanson, LLC. Petitioner claims that its current assessment which is set at $1,532,300 should be reduced to $306,460. There are currently three years of taxes at issue. In the event that the Petitioner prevails on its claim, refunds would be owed by the District. Other than noted above the District does not have any tax certiorari claims that are anticipated to have a material financial impact on the District.

Employee Benefit Accrued Liability Reserve Fund (GML Section 6-p)[1]

Purpose: To pay for any accrued "employee benefit" due an employee on termination of the employee's service. "Employee benefits" for this purpose means the authorized "cash payment of the monetary value of accrued and accumulated but unused and unpaid sick leave, personal leave, holiday leave, vacation time, time allowances granted in lieu of overtime compensation and any other forms of payment for accrued but unliquidated time earned by district employees and payable to district employees upon termination of service, whether by retirement or otherwise …" (GML Section 6-p[1][b]). Note that lump sum payments upon separation from service that are calculated in a manner unrelated to accrued, unliquidated leave time credits are not payable from the employee benefit accrued liability reserve fund (2006 Op St Comp No. 2006-8, at 19). The fund also may not be used to pay the cost for health insurance for retirees (see 2004 Ops St Comp No. 2004-8, at 23).

Expenditures may be made from an employee benefit accrued liability reserve fund for the payment of all or part of the cost, including interest, of:

a) The cash payment of the monetary value of accumulated or accrued and unused sick leave, holiday leave, vacation leave, time allowance granted in lieu of overtime compensation and other forms of payment for accrued leave time and benefits due to a municipal employee upon termination of municipal employment and separation from service "as required by ordinance, local law, collective bargaining agreement or Section six of the civil service law"
b) The reasonable costs of the administration of the reserve fund
c) Expert or professional services rendered in connection with the investigation, adjustment or settlement of claims, actions or judgments relating to claims for accrued employee benefits.

How to Create and Use: Created by resolution of the governing board. A referendum is not required either to create or expend moneys from the reserve.

Source of Funds: Budgetary appropriations, amounts from certain other reserve funds subject to permissive referendum, other funds that may be legally appropriated.

Special Provisions: No expenditure shall be made from an employee benefit accrued liability reserve fund for any employee benefit for which a reserve fund has already been established under any other provision of law. However, if a municipal corporation has previously established a reserve fund for a type of accrued employee benefits for which expenditures may be made from the employee benefit accrued liability reserve fund, the municipal corporation may, by resolution, discontinue such other reserve fund and transfer any unexpended balance to the employee benefit accrued liability reserve fund, subject to certain limitations.

Use of Unexpended Balances: If the governing body determines that such fund is no longer needed, any remaining moneys may be transferred to any other reserve fund authorized by the General Municipal Law (supported by the same tax base) or, in the case of school districts, a reserve fund established under Education Law Section 3651, but only to the extent that the moneys in the employee benefit accrued liability reserve fund exceed a sum sufficient to pay all liabilities incurred or accrued against the employee benefit accrued liability fund, as certified to the governing board by the fiscal and legal officers of the local government prior to the discontinuance of the fund.

Last Activity: District utilized $172,413 in 2024-25. The reserves total amount is $469,668

Comment: The District offered a retirement incentive for first eligible instructional staff in 2024-25. 7 staff members took advantage which allowed for a maximum sick day buy out of up to $30,000. The same incentive was available to first eligible instructional staff for the 2025-26 school year, 3 staff members took advantage.

Reserve is currently over funded per NYS OSC guidance; however, the district is restricted by allowable usage of the reserve and its ability to reduce the balance.

The district has allocated approximately $185,000 be used from this reserve to balance the 2025-26 budget.

School District Capital Reserve Funds (Education Law Section 3651[1])

Purpose:	To pay the cost of any object or purpose for which bonds may be issued by, or for the objects or purposes of, a school district pursuant to the Local Finance Law.
How to Create and Use:	Establishment of a Section 3651[1] reserve requires voter approval by a majority of qualified voters. (Exception: city school districts in a city having a population of 125,000 or more. Note, however, when school taxes must be included in the computation of a city's constitutional tax limit, the establishment of a reserve fund by the school authorities of such city is subject to the consent of the city legislative body.) The notice for the voter approval must state that a proposition to establish a reserve fund will be submitted, the purpose of the fund, the ultimate amount thereof, its probable term and the source from which the funds would be obtained. The proposition that is voted upon must specify the purpose for which the fund would be established, the ultimate amount, the probable term and the source from which the funds are to be obtained. An expenditure from the reserve fund (except for school districts in a city having a population of 125,000 or more) must be authorized by district voters and for the specific purpose specified in the proposition.
Source of Funds:	Generally, an annual amount necessary to meet the requirements of the proposition under Section 3651[1]; also the voters may from time to time direct school authorities to pay moneys derived from any other source into a Section 3651[1] reserve. (No voter approval provision in the case of a school district in a city with population of 125,000 or more.)
Special Provisions:	• If a school district is located wholly or partly within the Adirondack Park and has State lands subject to taxation assessed at more than 30 percent of aggregate taxable assessed valuation in the district, the establishment of a reserve fund is subject to consent of the State Comptroller, on recommendation of the Commissioner of Education. • The school authorities must annually render a detailed report of the operation and condition of each reserve fund under Section 3651, with a copy of the report provided to the Commissioner of Education.
Use of Unexpended Balances:	All or any part of the reserve established pursuant to Education Law Section 3651[1] may be transferred to another reserve fund established pursuant to that section with voter approval. Also, when voters determine that the original purpose of the reserve fund is no longer desirable, the reserve fund may be liquidated by applying the balance first to any outstanding bonded indebtedness and then, subject to certain limitations, to the annual tax levy. Voter approval is not required on transfers from or liquidation of reserve funds in a school district in a city having a population of 125,000 or more.
Last Activity:	On June 24, 2025, the Board of Education acted on a resolution to authorize the transfer of $300,000 into the liability reserve. The current balance is $310,648. On May 20, 2025 district voters authorized the establishment of a $3 million capital reserve to be used for renovations and additions to all District facilities,

including purchase of equipment, technology upgrades, classroom equipment and/or school infrastructure equipment, site development, athletic field and playground improvements, storm and sanitary sewer, driveways, and parking lots.

On March 20, 2024 district voters authorized the use of $1,843,057 balance of the capital reserve to be used for the 2026 Capital Project. This dollar amount was transferred to the capital fund. A new capital reserve will need to be authorized by voters in May 2025.

Tax Reduction Reserve Funds for School Districts (Education Law Sections 1604[36], 1709[37])

Purpose:	To reduce real property taxes over a period of time.
How to Create and Use:	Created by resolution of the board of education and used to reduce school district real property taxes for a period not to exceed 10 years.
Source of Funds:	Proceeds from the sale or appropriation of real property, after being used for any other legally required purpose (e.g., General Municipal Law Section 6-l, discussed above).
Last Activity:	June 8, 2010 Board of Education resolution to establish the reserve and fund with $322,000 proceeds from sale of property. The board allocated $99,042 to balance the 2016-17 budget, but did not use those funds, so they were reallocated in 2017-18 and by doing so, we will have spent all the funds in this reserve.

Reserve for Encumbrances

Purpose:	To record the amount of outstanding encumbrances at the end of the fiscal year.

In addition to reserves the district also has an Appropriated and Unappropriated fund balance. Fund balances are used for the following purposes:

Appropriated Fund Balance

Purpose:	Planned reduction in fund balance to reduce the property tax levy necessary to support the current budget.
Source of Funds:	Budget surplus from the prior year’s budget, or a planned reduction in fund balance.
Last Activity:	April 8, 2025 the Board of Education budget resolution approved $841,111 in fund balance and $830,000 in reserves to balance the 2025-26 budget.
Comment:	The designation of fund balance represents "one-shot" revenue that cannot be anticipated to be available in perpetuity. Overuse can cause the depletion of available fund balance, ultimately leading to volatility in the property tax rate and budget cuts. It is projected the current designated fund balance is sustainable for the foreseeable future.

Unassigned Fund Balance

Purpose:	Provides a source of funds for unanticipated increases in expenditures, decreases in revenue and interruptions in cash flow.
Source of Funds:	Budget surplus from the prior year's budget.
Comment:	The district has $1,094,514 in unassigned fund balance which is at the statutory limit of 4%.