

RESERVE FUNDS THAT MAY BE USED BY NEW YORK SCHOOL DISTRICTS

Reserve Name/ Account Code	Legal Citation	Purpose	Established By:	Funding Source(s)	Expenditures	Duration	Restrictions
Retirement Contribution Reserve Fund (A 827) ERS (A 828) TRS	GML §6-r	To fund employer retirement contributions. i.e. any portion of the amount(s) payable by an eligible school district to the NY State and Local Employees' Retirement System (ERS).. Effective April 12, 2019, a sub-fund may be established to fund TRS expenditures	BOE Resolution (Not available to school districts in a city of 125,000 or more)	1.Budgetary appropriations or other funds that may be legally appropriated. 2.Revenue not restricted by law to be paid to another fund or account. 3.Transfers from Tax Certiorari, Capital or Repair Reserves subject to public hearing requirements	Separate BOE authorization required to spend from this reserve, unless included in the original budget.	No Limit.	Transfers from or back to other reserve funds require a public hearing with 15 days' notice published in official newspaper(s). This not required when transferring between ERS and TRS sub-funds. ERS sub-fund does not have a limit, but the TRS sub-fund does. TRS sub-fund is limited to annual contributions of 2% of the prior year's covered TRS salaries with a maximum, including interest earnings, of 10% of the prior year's covered TRS salaries. Sub-funds need to be separately accounted for.
Workers Compensation Reserve Fund (A 814)	GML §6-j	To fund Workers Compensation expenses, related medical expenses and self-insurance administrative costs.	BOE Resolution	Budgetary appropriations or other funds that may be legally appropriated	Separate BOE authorization required to spend from this reserve, unless included in the original budget.	No Limit. BOE may terminate if district no longer self-insures.	Districts that self-insure may establish reserve. Funds remaining at the end of each school year, in excess of requirement to pay all pending claims, may be transferred, within 60 days of the close of the school year, to other reserve funds or applied to budgetary appropriations for new school year.
Unemployment Insurance Reserve (A 815)	GML §6-m	To pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the school district uses the benefit reimbursement method.	BOE Resolution	Budgetary appropriations or other funds that may be legally appropriated or funds from other reserves authorized in the GML, or Ed. Law subject to permissive referendum.	Separate BOE authorization required to spend from this reserve, unless included in the original budget.	No Limit. BOE may terminate if district converts to "tax contribution" method of funding.	If district converts to "tax contribution" funding mechanism, balance exceeding the amount necessary to pay all outstanding claims may be transferred, to any other reserve fund(s) authorized by GML or Ed. Law §3651. Excess funds remaining at end of any school year may be transferred, within 60 days of the close of that school year., to other reserve fund(s) or applied to budgetary appropriations for the new school year.
Repair Reserve (A 882)	GML §6-d	For repairs to capital improvements or equipment not recurring annually or at shorter intervals.	BOE Resolution	Budgetary appropriations or other funds that may be legally appropriated. Voter approval is required to fund this reserve.	Public hearing required (except in an emergency) before spending from this reserve.	No Limit	Reserve must be repaid in equal installments over next two school yrs. if expenses are made without holding a public hearing. Emergency spending requires 2/3 majority vote of BOE. Legal notice required 5 days in advance of hearing. Unneeded balance may be transferred to Capital, Tax Certiorari or Retirement Contribution Reserves.
Insurance Reserve Fund (A 863)	GML §6-n	To pay liability, casualty and other types of losses, except those incurred for which the following types of insurance may be purchased: life, accident, health, workers' compensation, annuities, fidelity and surety, credit, title residual value and mortgage guarantee or to make payments in lieu of unemployment insurance contributions.	BOE Resolution (Not available to school districts in a city of 125,000 or more)	Budgetary appropriations or other funds that may be legally appropriated or funds from other reserves authorized in the GML, subject to permissive referendum.	Separate BOE authorization required to spend from this reserve, unless included in the original budget.	No Limit.	Annual contribution(s) limited to greater of \$33,000 or 5% of the budget. No limit on accumulated reserve balance. Cannot use \$ for any purpose covered by another special reserve. Judicial approval is required to pay settled or compromised claims over \$25,000. Should BOE terminate this reserve, remaining funds in excess of incurred or accrued liabilities may be transferred to any other reserve fund authorized by the GML or Ed. Law §3651. Individual Insurance Reserve Funds need to be separately accounted for.

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Property Loss Reserve (A 861) Liability Reserve (A 862)	Ed. Law §1709 (8-c) (school districts) 1950 (4) (cc) (BOCES)	To pay for property loss & liability claims incurred	BOE Resolution	Budgetary appropriations or other funds that may be legally appropriated	Separate BOE Resolution required to spend, unless included in the original budget. (See restrictions.)	3% of the annual budget.	Annual contribution(s) limited to greater of \$15,000 or 3% of the budget. Separate funds required for property loss and liability claims. \$ deposited cannot be used for another purpose w/o voter approval except BOE may use \$ not required to settle pending claims, to purchase insurance policies to cover losses previously self-insured. Balances may not be reduced below amounts required. to settle all pending claims.
Employee Benefits and Accrued Liabilities Reserve (A 867)	GML §6-p	To pay accrued benefits due employees upon termination of service for vacation, sick leave, personal leave etc.	BOE Resolution (Not available for school districts in a city of 125,000 or more)	Budgetary appropriations or other funds that may be legally appropriated or funds from other reserves authorized in the GML, subject to permissive referendum.	Separate BOE authorization required to spend from this reserve, unless included in the original budget.	No Limit.	Upon termination by BOE, balance not required to satisfy all incurred or accrued liabilities may be transferred to any other reserve fund(s) authorized in the General Municipal Law or Education Law §3651. May not be used to fund health or other post-retirement benefits.
Tax Certiorari Reserve (A 864)	Ed. Law §3651(1-a)	To pay judgments & claims in tax certiorari proceedings per RPTL, Article 7	BOE Resolution	Budgetary appropriations or other funds that may be legally appropriated. Monies held in reserve may not exceed amount necessary to meet anticipated judgments & claims	Separate BOE authorization required to spend from this reserve, unless included in the original budget.	No Limit	Money not expended for judgments & claims in the year deposited, must be returned to General Fund on or before 1 st day of the 4 th school yr. after deposit of such monies into the reserve unless claim(s) are still open and not finally determined or otherwise terminated or disposed of after the exhaustion of all appeals.
Mandatory Reserve for Debt Service (A 884) (V 884)	GML §6-1	To cover debt service payments on outstanding obligations (bonds, BANS) after the sale of district capital assets or improvements	BOE Resolution. BOE must establish if conditions met	Proceeds from the sale of capital assets and improvements as defined in GML § 6-c. Includes but not limited to land, buildings, equipment and vehicles	Through budgetary appropriations for debt service only or to retire outstanding obligations	Terminates once outstanding obligations are repaid.	Applicable State or Federal Aid must also be deposited into the reserve fund if proceeds from sale are not enough to repay all outstanding obligations. Proceeds of sale in excess of indebtedness may be expended for any other lawful district purpose.
Reserve for Tax Reduction (A 916)	Ed. Law §1604(36) §1709(37)	To allow for the gradual use of proceeds from the sale of district real property	BOE Resolution	Proceeds from the sale of real property in excess of what is required to repay outstanding debt (Bonds, BANS)	Money from reserve to be appropriated annually over ten or fewer yrs. to offset tax levy	Up to ten yrs.	Proceeds of sale of district real property must be placed in Mandatory Reserve for Debt Service in amount necessary to retire all outstanding obligations before BOE may establish Reserve for Tax Reduction.
Capital Reserve (A 878)	Ed. Law §3651	To pay the cost of any object or purpose for which bonds may be issued	Voter approval needed except for small city school districts with a population of 125,000 or more (only BOE needed in this case). Certain districts in Adirondack Park need approval of Comm. of Education and State Comptroller to establish.	Proposition(s) put before voters must specify purpose(s), ultimate \$ amount(s) to be deposited into reserve(s), probable term(s) or life/lives and source(s) of funds to be deposited into the reserve(s).	Voter approval required to spend from these reserve(s). Annual appropriation(s) to fund reserve(s) require voter approval. Eligible small city schools need BOE approvals.	Limited to term or life approved by voters.	Purpose must be specific i.e. to purchase school buses. Total exp. over life of each reserve may not exceed voter-approved maximum. Funds may be transferred to other reserves only with voter approval. Voter approval required to terminate reserve before specified expiration date. Remaining funds must first be applied to district's outstanding bonded indebtedness and secondarily to reduce the tax levy. Voters may extend term only before end date. Reserve(s) defunct after term(s) expire, except to spend remaining funds w/ voter approval.

NOTE: Reserve for Inventory (A 845) may be established to limit maximum investment in inventory and to restrict that portion of fund balance, which is not available for appropriation.

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