

CREATE AND ADOPT RESERVE FUNDS

The Board of Education recognizes the importance of reserve funds to promote overall sound financial planning and management of the school district. Therefore, the district 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. The district 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.

The Superintendent and district Treasurer shall be responsible for recommending to the Board of Education the creation and projected funding needs of each specific reserve fund. Additionally, the Superintendent and district Treasurer shall recommend the expenditure of reserve funds and the liquidation of any reserve funds no longer needed.

The district Treasurer shall provide the Board of Education with regular financial reports on reserve fund activity. The Board of Education will be provided an annual report that shall provide 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 an annual report to make necessary decisions to adequately maintain and manage the district's reserve fund balances while mindful of its role and responsibility as a fiduciary of public funds.

In the case that expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the district considers unrestricted amounts to have been spent. In the case that expenditure is incurred for which committed, assigned, and unassigned fund balance is available, the district considers unassigned amounts to have been spent. Unless the determination to use restricted, committed or assigned fund balance is made by the district prior to spending amounts on an expenditure incurred, the default spending prioritization of the district is as follows:

HUDSON CITY SCHOOL DISTRICT

1. Unassigned
2. Assigned
3. Committed
4. Restricted

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

Ref: Education Law, Sections 2122, 2130, and 2523
Local Finance Law, Sections 163 and 165
8 New York Code of Rules and Regulations (NYCRR), Sections 170.2(o) and 170.2(p)

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