

BOARD MEETING: Regular
DATE: Wednesday, February 4, 2015
TIME: 6:00 p.m.
PLACE: Naples High School Cafeteria

I. Meeting Called to Order

II. Roll Call

III. Adopt the Agenda of the Regular Meeting of February 4, 2015 (Board Action)

IV. Executive Session (Board Action)

V. Pledge of Allegiance

VI. Public Comments: The Board of Education invites you, the residents of our school community, to feel comfortable in sharing matters of interest or concern that you might have with us. The Board President will be happy to recognize those of you who wish to speak. We would ask that you come forward and please identify yourself before presenting your thoughts.

Those items brought to the attention of the Board during this time may be taken under consideration for future response or action. (*Individual comments will be limited to three minutes.*)

As a matter of courtesy, we ask that issues related to specific School District personnel or students be brought to the attention of the Superintendent of Schools privately. Thank you for this consideration.

Board Reponse: The Board of Education is committed to keeping communication open and transparent. The Board of Education President will be working with the Board and the Superintendent to make every effort to respond to public comments directed to the Board of Education at previous meetings, during the next scheduled meeting.

VII. Points of Interest

VIII. Superintendent Recognitions & Updates

- Kudos
- Professional Learning Report
- Community Education Committee Discussion
- Updates from Albany
- Transportation Department Update
- Reserve Fund Overview

IX. Committee Reports

- Policy
- Facilities

X. Personnel (Board Action)

- Resignation
- Unpaid Leave
- Rescind Appointment
- Reinstate Appointment
- Appointment:
 - Teacher
 - Teacher Aide

XI. Contractual Agreement (Board Action)

XII. Consent Agenda Items (Board Action)

- Substitutes
 - Teacher
 - School Monitor
 - School Bus Monitor
 - Food Service Helper

XIII. Executive Session (Board Action)

Regular Meeting

February 4, 2015

Minutes of a Regular Meeting of the Board of Education of Naples Central School held on Wednesday, February 4, 2015 at 6:01 p.m. in the Naples High School Cafeteria.

Members Present: Ronald Burke Robert Hotchkiss: Arrived at 6:06 p.m.
 Joseph Callaghan Gail Musnicki
 Carter Chapman Margo Ulmer
 Brent Gerstner Jericho Cervantes
 Jacob Hall

Members Absent: Robert Brautigam

Also Present: Matthew Frahm, Mitchell Ball, Kristina Saucke, Justin Stuck, and Karen Mead.

Guests: Tammy Brace, Rocky Dean, Emma Brace, Diann Payne and John McCabe

A quorum being present, the meeting was called to order at 6:01 p.m. by Board President Margo Ulmer.

Motion: Jacob Hall

2nd: Ronald Burke

Resolved, that the Board of Education approves the agenda of the Regular Meeting of February 4, 2015 as presented.

Voting Yes: 7 Motion Carried

Voting No: 0

Motion: Carter Chapman

2nd: Brent Gerstner

Resolved, that the Board of Education approves calling an executive session at 6:01 p.m. for the purpose of discussing the employment history of a particular person or persons.

Voting Yes: 7 Motion Carried

Voting No: 0

Time out of Executive Session: 7:00 p.m.

Public Comment

John McCabe inquired about additional state aid and how it would be handled if in fact additional state aid money was received.

Board Response

None

Points of Interest

Board of Education President Margo Ulmer noted various details regarding the Elementary School Play.

Board of Education Member Ronald Burke noted that there has been pushback from many organizations regarding the Governor's plan for state funding.

Board of Education Member Carter Chapman spoke about the Indoor Soccer Tournament.

Mrs. Ulmer noted that a student received a high school diploma on February 3, 2015.

Superintendent Recognitions & Updates

Superintendent Matthew Frahm recognized Technology Teacher Aide Deb Wordingham noting a number of activities and accomplishments.

Mr. Frahm gave a Professional Learning update and spoke briefly about the EduCon conference, the Professional Learning Days on January 28th, 29th, and 30th, and the Instruction and Staff Development Services through Wayne Finger Lakes BOCES.

Mr. Frahm started a discussion regarding the Community Education Committee. The Board of Education discussed the purpose of the Community Education Committee, the roles and responsibility of the committee, and whether or not the committee is now necessary. The Board of Education agreed to continue the conversation at a future Board of Education meeting.

Mr. Frahm provided some updates from Albany noting comments that were made by the Governor and responses from various stakeholder groups in the education realm.

Director of Transportation Rocky Dean and School Business Administrator Mitchell Ball provided an update on the Transportation Department noting various district data and outlining facilities and equipment needs for the upcoming years.

Mr. Ball provided a reserve fund overview noting the current reserves in the district, their purpose, their intended future use, and long range financial planning.

Facilities Committee

Board of Education and Facilities Committee Member Gail Musnicki reviewed items as discussed in the Facilities Committee Meeting.

Policy Committee

Board of Education and Policy Committee Member Ronald Burke reviewed items as discussed in the Policy Committee Meeting.

Motion: Jacob Hall

2nd: Carter Chapman

Resolved, that upon the recommendation of the Superintendent, the Naples Central School District Board of Education approves the following personnel items as presented:

- Resolved, that the Board of Education approve the retirement resignation of Elementary teacher M. Lauren O'Brien, with regret, with June 30, 2015 as her last day of employment.
- Resolved, that the Board of Education approve unpaid leave of absence for teacher Katherine Piedici effective January 27, 2015 through the return of Elementary Principal Kristina Saucke plus one day or June 30, 2015 whichever date comes first.
- Resolved that the Board of Education rescinds its January 21, 2015 resolution approving a probationary appointment for Amanda Jennejohn in the Music and Special Education tenure areas as a 0.6 FTE Music teacher and a 0.4 Special Education teacher.

- Resolved, that the Board of Education reinstates the initial appointment of Amanda Jennejohn to a probationary term of three (3) years beginning on August 29, 2012 and expiring on June 30, 2015 as 0.5 FTE Music Teacher, effective August 29, 2012. The certification area and status is Music Pre-K-12, Initial. Salary for this position will be Step 1 of the 2012-2013 Distribution Schedule – Masters. This appointment is in accordance with and subject to Education Law, the regulations of the Commissioner of Education, and the by-laws of the Board of Education.
- Resolved, that the Board of Education approves the retroactive appointment of Amanda Jennejohn to a probationary term of two (2) years beginning on February 13, 2014 and expiring on February 12, 2016, as 0.4 FTE Special Education Teacher, effective February 13, 2014. The certification area and status is Music, Initial; Students with Disabilities Grades 1-6, Initial; and Childhood Education Grades 1-6, Initial. Salary for this position was Step 2 of the 2013-2014 Distribution Schedule – Masters. This appointment is in accordance with and subject to Education Law, the regulations of the Commissioner of Education, and the by-laws of the Board of Education.
- Resolved, that the Board of Education approves the appointment of Jodie Schwartz, 6094 State Route 21, Naples, NY 14512 as Teacher Aide, effective February 5, 2015, at a rate of \$9.75/hour.

Voting Yes: 8
Voting No: 0

Motion Carried

Motion: Gail Musnicki
2nd: Brent Gerstner

WHEREAS, the Naples Central School District requires an interim Elementary Principal during the temporary absence of current Elementary Principal Kristina Saucke;

NOW, THEREFORE, Be it Resolved, that the Board of Education appoints Katherine M. Piedici as Interim Elementary Principal effective on January 27, 2015 through the return of Elementary Principal Kristina Saucke plus one day or June 30, 2015, whichever date comes first, subject to the terms of the Interim Elementary Principal employment contract between the Superintendent and Katherine M. Piedici and the regulations of the Commissioner of Education.

Voting Yes: 8
Voting No: 0
Abstain: 0

Motion Carried

Motion: Brent Gerstner
2nd: Jacob Hall

Resolved, that the Board of Education, upon the recommendation of Superintendent Matthew Frahm, approves the Consent Agenda Items as presented:

- a. Resolved, that the Board of Education hereby approves the following list of Substitutes Appointments:

<u>Name</u>	<u>Position</u>	<u>Address</u>
Julie McDonald	Teacher	3480 Reed Corners Road, Canandaigua, NY 14424
Sharon Johnson	School Monitor	7131 Seman Road, Naples, NY 14512
Sharon Johnson	School Bus Monitor	7131 Seman Road, Naples, NY 14512
Sharon Johnson	Food Service Helper	7131 Seman Road, Naples, NY 14512

Voting Yes: 8
Voting No: 0

Motion Carried

Motion: Brent Gerstner
2nd: Gail Musnicki

Resolved, that the Board of Education approves calling an executive session at 9:24 p.m. for the purpose of discussing the employment history of a particular person or persons.

Voting Yes: 8 **Motion Carried**
Voting No: 0


Time out of Executive Session: 10:01 p.m.

Motion: Ronald Burke
2nd: Brent Gerstner

There being no further business, the Regular Meeting of February 4, 2015 is hereby adjourned at 10:01 p.m.

Voting Yes: 8 **Motion Carried**
Voting No: 0

Dated this 4th day of February, 2015



Mitchell Ball
District Clerk

January 30, 2015

Mr. Matthew Frahm
Superintendent
Naples Central School

Dear Mr. Frahm,

Please accept this letter as notification of my resignation from my position as elementary teacher from Naples Central School. June 30, 2015 will be my last day of employment.

It has been an honor and a pleasure to have taught in the elementary school. I have enjoyed my thirty-six years teaching in this outstanding school and community.

Best regards,

M. Laureen O'Brien

M. Laureen O'Brien

**TERMS AND CONDITIONS OF THE EMPLOYMENT OF KATHERINE PIEDICI
WITH THE NAPLES CENTRAL SCHOOL DISTRICT
SUPERINTENDENT OF SCHOOLS**

IT IS HEREBY AGREED by and between the Naples Central School District Superintendent (the "Superintendent") and Katherine Piedici, Interim Elementary School Principal that:

1. Katherine Piedici will act as the Interim Elementary School Principal for the Naples Central School District, performing all of the legal, normal, and customary duties of the office of Elementary School Principal to the best of her ability.
2. The Superintendent will employ the Interim Elementary School Principal effective January 27, 2015. It is intended that Katherine Piedici will serve as Interim Elementary School Principal through and including of the day of return of Kristina Saucke, Elementary School Principal.
3. The Superintendent will pay to the Interim Elementary School Principal the sum of \$308 per day for her services. There will not be a reduction of pay for weeks that include holidays including President's Day, the Friday before Easter, and Memorial Day (if applicable).
4. Payments will be paid through payrolls as determined by the District's monthly payroll calendar. The Superintendent of Schools shall be responsible for the withholding of all taxes and social security payments.
5. The Superintendent will grant three (3) sick days to the Interim Elementary Principal, which will be surrendered if not used.
6. The Superintendent will grant four (4) vacation days to the Interim Elementary Principal, which will be surrendered if not used.
7. The Superintendent will reimburse the Interim Elementary School Principal for the actual and necessary expenses incurred in the conduct of district business upon submission of appropriate claim information.
8. The Interim Elementary Principal shall maintain any current medical, dental, and/or health insurance benefits. There will be no change in plan or employee/employer contribution (Health: Excellus BP2, 10% employee contribution/Dental: HEG with \$0 employee contribution).

9. Any party to this agreement may terminate if upon two (2) days written notification to the other. In the event of termination prior to the completion of the agreed upon term of the contract, the employee will return to their prior salaried teacher position.

10. The District agrees, as a further condition of this employment contract, that it shall defend, hold harmless, and indemnify the Interim Elementary School Principal from any and all demands, claims, suits, actions, and legal proceedings brought against the Interim Elementary School Principal in her individual capacity, or in her official capacity as agent and employee of the District, provided the incident arose while the Interim Elementary School Principal was acting within the scope of her employment or under the direction of the Superintendent, including but not limited to all uninsured financial loss arising out of any proceeding, claim, demand, suit, or judgment by reason of alleged negligence or other conduct resulting in bodily or other injury to any person or damage to the property of any person.

FOR THE DISTRICT:

Matthew T. Frahm
Superintendent

Dated: _____

FOR THE INTERIM ELEMENTARY SCHOOL PRINCIPAL:

Katherine Piedici

Dated: _____

Naples Central School District Transportation Department Update

General Info

District Size: 118 Square Miles

Annual Miles Driven: 240,000 Miles per School Year

Average # of students transported daily: Approx. 550 daily

Routing Software: Transfinder

Drivers

16 Regular Drivers

4 Substitute Drivers

*Average age of bus driver: 56 years old

Monitors

6 Monitors

3 Substitute Monitors

Bus Runs - In District

- Regular Runs – 13 runs AM, 13 runs PM
- Late Runs – 9 runs
- Special Needs – 1 run AM, 1 run PM (Suburban)
- BOCES Runs – 1 run AM and 1 run PM

Out of District Bus Runs

- Prattsburgh – 1 run (Suburban). Share a contract with Prattsburgh with no cost to district – they run the morning transportation and we run the afternoon transportation.
- Honeoye CORAL/School of the Holy Childhood – 1 run AM (Bus), 2 runs PM (Suburban). Honeoye transports our students to School of the Holy Childhood at no cost to district; however, we do provide a bus monitor.
- St. Mary's and Red Jacket – 1 run AM (Suburban)

Contracted Runs

- Durham Bus Services –Finger Lakes Secondary School (Marcus Whitman) AM and PM, Red Jacket PM
- This trip includes the driver and a bus monitor as outlined on various IEP's

Fleet

Suburbans: 3

30 Passenger Bus: 2

Large Buses: 15

Cars: 1 (Admin Use & Driver's Ed.)

Maintenance Equipment Serviced: 8

- Per Vehicle Replacement Plan: We would like to add a suburban to the fleet to be used for ski team, tennis team, golf, hiking club, teachers, bowling team, swim team, music department, etc.
- The department will look to add 1 car for Driver's Ed to the fleet in 2015-16 because it will save the district approximately \$2,000 over the first 5 years.

Fuel

- Approximately 27,000 Gallons of diesel fuel per year
- Approximately 5,500 Gallons of gasoline per year
 - ❖ In ground diesel tank is 30 years old (Usable Life "UL" of 25 years)

Building Structures and Equipment

- The roof on the bus storage is 30 years old and leaks (UL of 20 years)
- The boiler is 50 years old (UL of 40 years)
- Storage floor is crumbling and becoming a safety hazard
- The original part of the bus garage was built in 1948-1949 and was built to accommodate smaller buses. Buses are now larger and clearance is a concern as there is only 3 inches of clearance for bus entry.
- The hoist is now 30 years old and starting to show signs of age. (UL of 25 years)



Board of Education
Financial Reserve Plan Document
Fiscal Year July 1, 2014 – June 30, 2015

The Naples Central School District Board of Education believes that there is a strong correlation between the long term financial health of the school district and its ability to provide students the necessary services and facilities to meet its mission.

CURRENT MISSION STATEMENT*

Based on the belief that all children can learn, the staff of the Naples Central School Community accepts the responsibility to challenge all students to attain higher levels of achievement. Working within that community, our young men and women will develop physically, socially, emotionally and culturally, consistent with the resources available. They will leave the school with a solid foundation in the basic skills that will lead to lifelong learning, an understanding of human relations, a sense of pride in themselves and their community, and a value for citizenship.

*Current Mission Statement is being reviewed & revised and will be updated in the upcoming months.

Table of Contents

Intended Use of Reserves	3
Reserve Funds	4
<i>Reserve for Encumbrances</i>	5
Overview.....	5
<i>Tax Certiorari Reserve</i>	6
Overview.....	6
Analysis & Projected Needs.....	7
<i>Liability Reserve</i>	8
Overview.....	8
Analysis & Projected Needs.....	9
<i>Insurance Reserve</i>	10
Overview.....	10
Analysis & Projected Needs.....	11
<i>Property Loss Reserve</i>	12
Overview.....	12
Analysis & Projected Needs.....	13
<i>Employee Benefits Accrued Liability Reserve</i>	14
Overview.....	14
Analysis & Projected Needs.....	15

<i>Retirement Contributions Reserve</i>	16
Overview	16
Analysis & Projected Needs	16-17
<i>Unemployment Insurance Reserve</i>	18
Overview	18
Analysis & Projected Needs	19
<i>Capital Reserve</i>	20
Overview	20
Analysis & Projected Needs	20-21
<i>Debt Service Fund</i>	22
Overview	22
Analysis & Projected Needs	23
<i>Appropriated Fund Balance</i>	24
Overview	24
<i>Unassigned Fund Balance</i>	24
Overview	24
Summary of Accounts	25
Reserve Fund Strategy	26
Long Term Plan for Use of Fund Balance	27-28

INTENDED USE OF RESERVES

Reserve funds, like other savings plans, are mechanisms for accumulating cash for future capital outlays and other allowable purposes. 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).

Most reserve funds are established to provide resources for an intended future use. An important concept to remember is that a reserve fund should be established with a clear intent or plan in mind regarding the future purpose, use and, when appropriate, replenishment of funds from the reserve. Reserve funds should not be merely a “parking lot” for excess cash or fund balance. Local governments and school districts should balance the desirability of accumulating reserves for future needs with the obligation to make sure taxpayers are not overburdened by these practices. There should be a clear purpose or intent for reserve funds that aligns with statutory authorizations.

Each statute that authorizes a reserve fund sets forth a particular underlying purpose for the fund. For example, provisions of the General Municipal Law (the GML) and the Education Law allow municipalities and school districts, respectively, to establish capital reserves for future equipment purchases and capital improvements. The GML also authorizes the establishment of an employee benefit accrued liability reserve for the payment of the monetary value of accumulated, unused leave time to employees upon separation from service. Planning today and saving incrementally for expected future events can help mitigate the financial impact of major, nonrecurring or unforeseen expenditures on your annual operating budget. Establishing and funding allowable reserve funds for a clear purpose can help smooth out spikes in the annual budget and in the real property tax levy.

Source: Office of the New York State Comptroller – Local Management Guide for Reserves

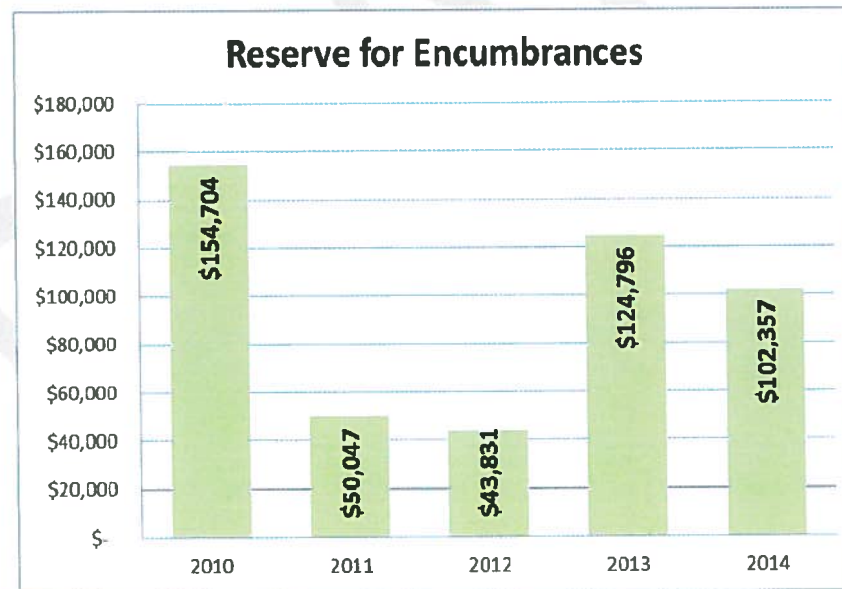
<http://www.osc.state.ny.us/localgov/pubs/lmg/reservefunds.pdf>

Reserve for Encumbrances

Overview

A “Reserve for Encumbrances” is not a “reserve” in the traditional sense of reserves. This reserve is utilized to hold funds that are committed towards purchases or services from the following fiscal year for which no balance sheet liability exists as the good or services have not been received, or billed. This value will fluctuate from year to year depending on various factors like the regular ongoing purchasing cycle and supplier’s ability to deliver products in a timely fashion.

Significant additions or deletions to this reserve at year end can cause large fluctuations in overall fund balance. The District will try to minimize its use at year end so that balances remain stable and consistent.



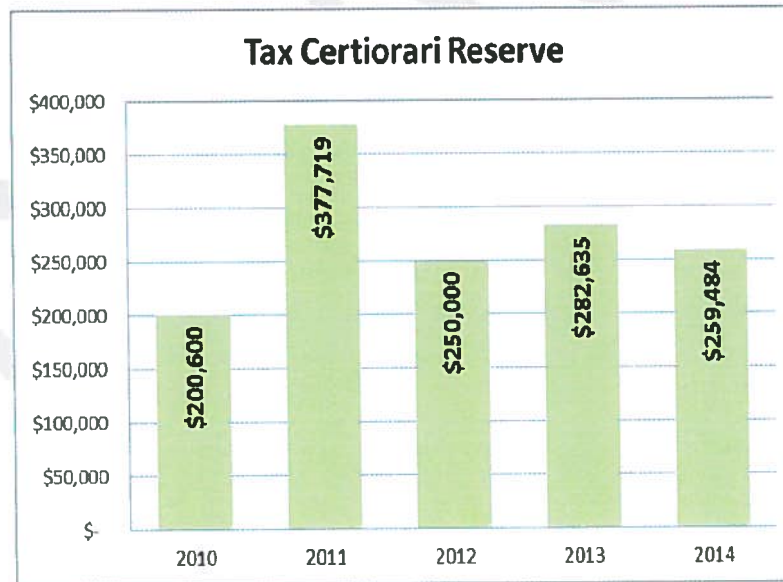
Tax Certiorari Reserve [EDN Article 74 §3651 (1-a)]

Overview

- Established by Board of Education resolution
- Voter approval is not needed to expend funds
- Utilized to pay judgments and claims arising out of tax certiorari proceedings
- Established in the amount which might be deemed reasonably necessary to pay judgments and claims
- Monies not used and/or are not reasonably required to pay judgments or claims are to be returned to the general fund on or before the first day of the fourth fiscal year following deposit into such fund
- Such monies shall be deemed reasonably required to pay any such judgment or claim if the proceeding or claim has not been finally determined, or otherwise terminated or disposed of after the exhaustion of all appeals

Analysis & Projected Needs

The tax certiorari reserve was established by the Board of Education in September of 2008. The amount of the reserve, capped by the Board of Education, is not to exceed the amount of \$500,000. A portion of the District is situated on Canandaigua Lake which contains lakefront properties that are assessed at high values in comparison to other district properties. As a result the District is extremely dependent upon tax revenues received from these properties. For the 2014-2015 school year approximately 54% of the District's revenues were derived from the tax levy. Approximately 60% of the tax base is located in the Town of South Bristol where the majority of the lakefront property is located and tax certiorari proceedings are ongoing. Current economic conditions in the housing market present many unknowns and it is prudent for the District to protect itself against fluctuations that may occur. As of June 30, 2014 the estimated cost to the district, if all determinations were granted in favor of the landowner, would be \$601,957. The District will continue to monitor and possibly increase this fund in future years to protect itself from major losses in tax revenue.



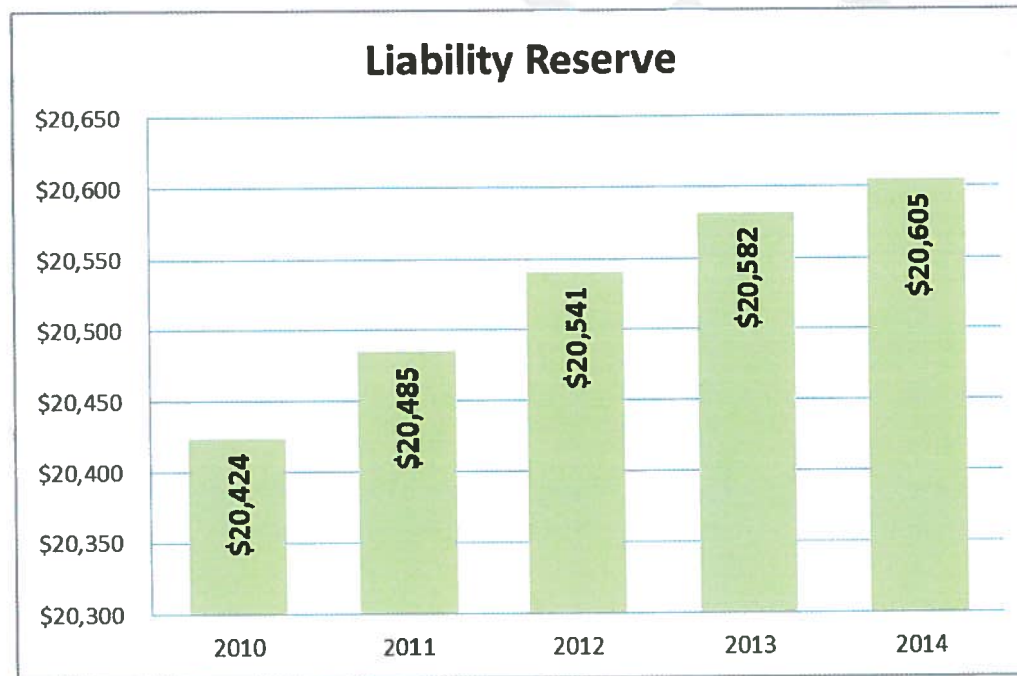
Liability Reserve [EDN Article 35 §1709 (8-c)]

Overview

- Established by Board of Education resolution
- May be established as separate funds
- Each fund may not exceed 3 percent of the annual budget, or \$15,000 whichever is greater
- Once established funds may not be reduced below amounts needed to cover incurred but unsettled claims other than for payments for which the funds were established
- May be expended without voter approval unless the funds are expended for a purpose other than the one for which it was established
- Utilized to cover property loss and other liability claims

Analysis & Projected Needs

The District will hold this reserve to fund liability claims that are either not covered by insurance, or are denied coverage by the insurance company as they arise. At 3% of budget, the current maximum amount that can be funded in this reserve is approximately \$585,000. However, there are no plans to increase this reserve at the present time.



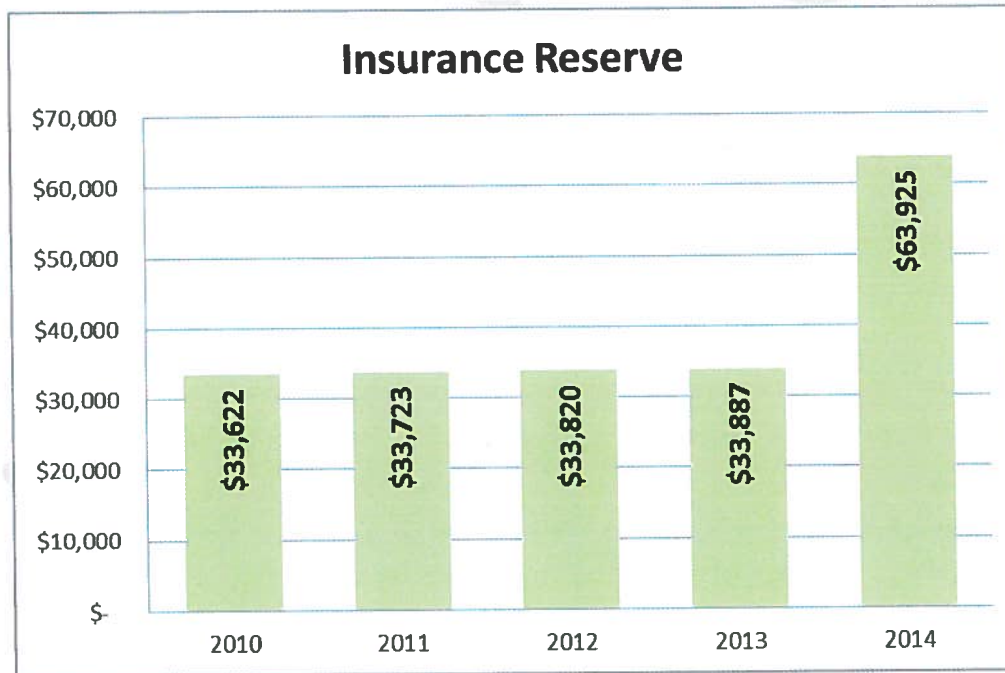
Insurance Reserve (GML Article 2 § 6-n)

Overview

- Established by Board of Education
- Funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and such other funds as the school board may legally appropriate
- Contributions to the fund may not exceed 5 percent of the total budget for that year, or \$33,000, whichever is greater
- Voter approval is not needed to expend funds. A judicial approval is needed to pay settled or compromised claims exceeding \$25,000
- Upon determination that this fund is no longer needed the fund may be discontinued and transferred to another reserve fund as permitted by law

Analysis & Projected Needs

The District will hold this reserve to fund losses, claims, actions, or judgments as they arise for those claims that are either not covered by insurance, or are denied coverage by the insurance company. At 5% of budget, the current maximum amount that can be funded in this reserve is approximately \$975,000. However, there are no plans to increase this reserve at the present time.



Property Loss Reserve [EDN Article 35 §1709 (8-c)]

Overview

- Established by Board of Education resolution
- May be established as separate funds
- Each fund may not exceed 3 percent of the annual budget, or \$15,000 whichever is greater
- Once established funds may not be reduced below amounts needed to cover incurred but unsettled claims other than for payments for which the funds were established
- May be expended without voter approval unless the funds are expended for a purpose other than the one for which it was established
- Utilized to cover property loss and other liability claims

Analysis & Projected Needs

The District will hold this reserve to fund property loss claims that are either not covered by insurance, or are denied coverage by the insurance company as they arise. At 3% of budget, the current maximum amount that can be funded in this reserve is approximately \$585,000. However, there are no plans to increase this reserve at the present time.



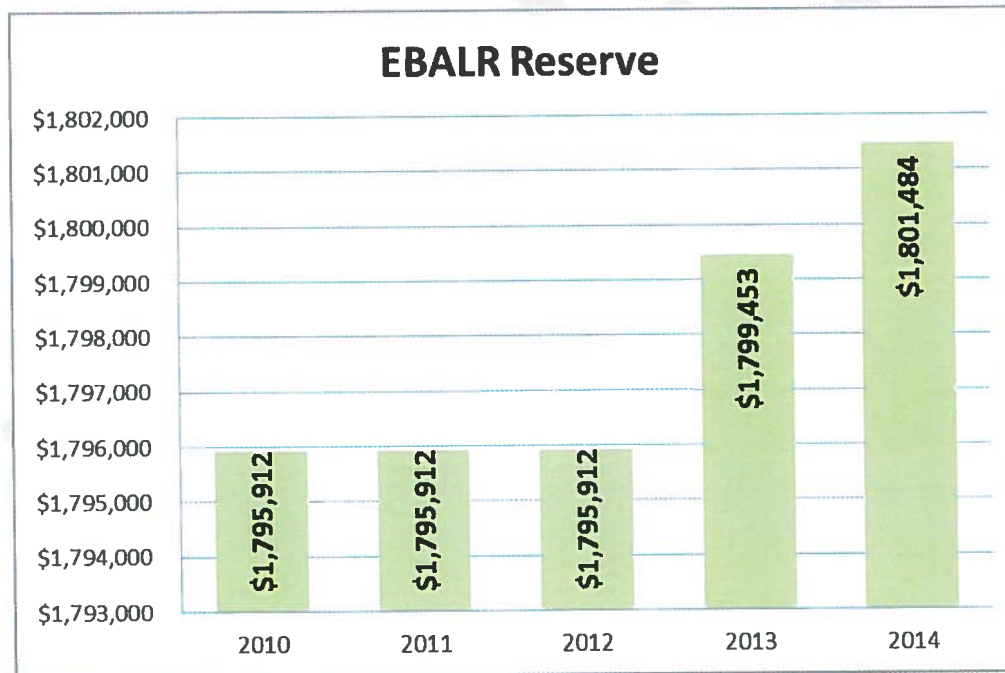
Employee Benefits Accrued Liability Reserve (GML Article 2 § 6-p)

Overview

- Established by Board of Education
- Funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and other funds as the school board may legally appropriate
- Voter approval is not needed to expend funds
- Utilized to pay for accrued and accumulated but unused sick leave, personal leave, holiday leave, vacation time, and other benefits earned by employees and payable upon termination
- Upon determination that this fund is no longer needed the fund may be discontinued and funds may be transferred to another reserve fund as permitted by law
- Funds cannot be used to pay lump sum “retirement awards” calculated as a percent of an employee’s final salary and paid upon retirement under a collective bargaining agreement

Analysis & Projected Needs

As of June 30, 2011 the District had an estimated future liability of \$3,086,557 for benefits paid to its instructional employees upon termination of employment. This liability is largely made up of accrued sick leave benefits payable to employees in the form of health insurance premiums, at their daily rate, upon retirement from the District. As this liability represents a significant portion of the District's long term obligations the District continues to monitor this reserve and consider further funding if needed. For the 2014-2015 school year the District appropriated \$350,000 from this reserve to support retiree health insurance benefits. The District anticipates appropriating additional funds from this reserve in the 2015-2016 budget.



Retirement Contributions Reserve (GML Article 2 § 6-r)

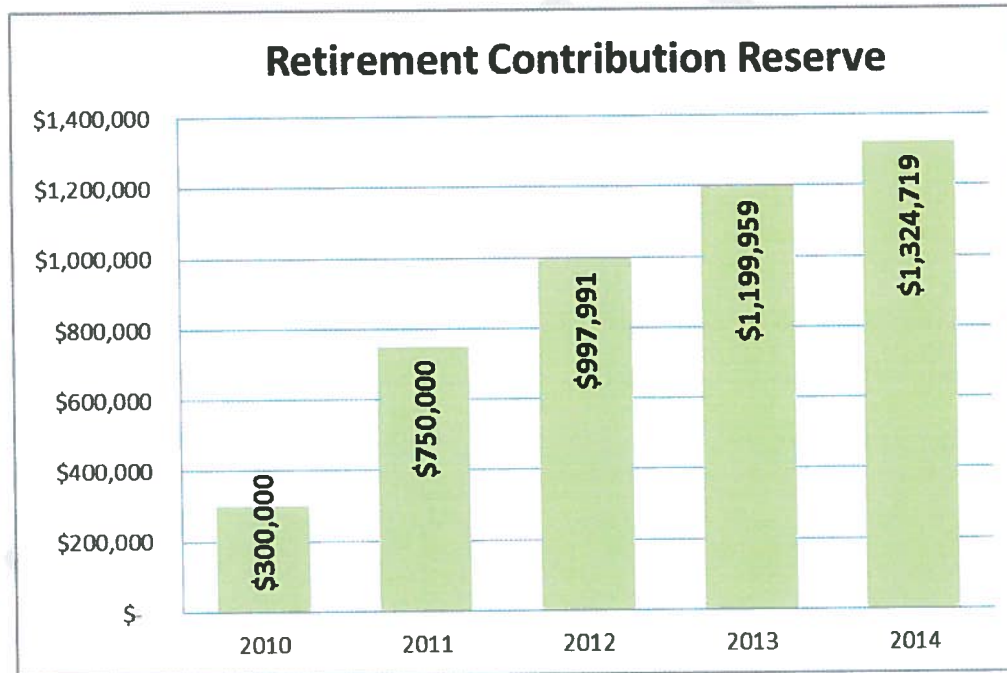
Overview

- Established by Board of Education
- Funded by budgetary appropriations, revenues not required by law to be paid into other funds or accounts, transfers from other reserve funds as permitted by law, and such other funds as the board may legally appropriate
- Voter approval is not needed to expend funds
- A portion of the funds may be transferred to another reserve fund established pursuant to Education Law § 3651 following a public hearing conducted in the manner set forth by in law

Analysis & Projected Needs

The ERS Reserve was established by the Board of Education in September of 2009. In November of 2009, the Board resolved to place \$80,000, received by First Wind Energy, LLC, in the settlement of wind farm proceedings, in the ERS Reserve. In addition to this amount the Board added \$220,000 at June 30, 2010 to further fund this reserve. Additional funding of this reserve can be viewed below. As a result of the severe stock market declines in 2008 the NYSERS (New York State Employees' Retirement System) has steadily increased the employer contribution to ERS. Starting with the 2010-2011 school year the contribution rate increased from 7.1% to 11.4%. The 2011-2012 contribution rate was 15.8%, the 2012-2013 contribution rate was 18.7%, the 2013-2014 rate was 21.13% and the 2015-2016 rate is anticipated to be in the 20% range. The District expects to utilize \$150,000 of this reserve to offset NYSERS cost in the 2014-2015 budget.

Given the decline in the stock market, resulting losses, and increasing contribution rates the District will utilize this reserve to mitigate the impact of increased contributions in future years. The District will also use this reserve to protect its financial position in an era of declining state aid and property tax caps.



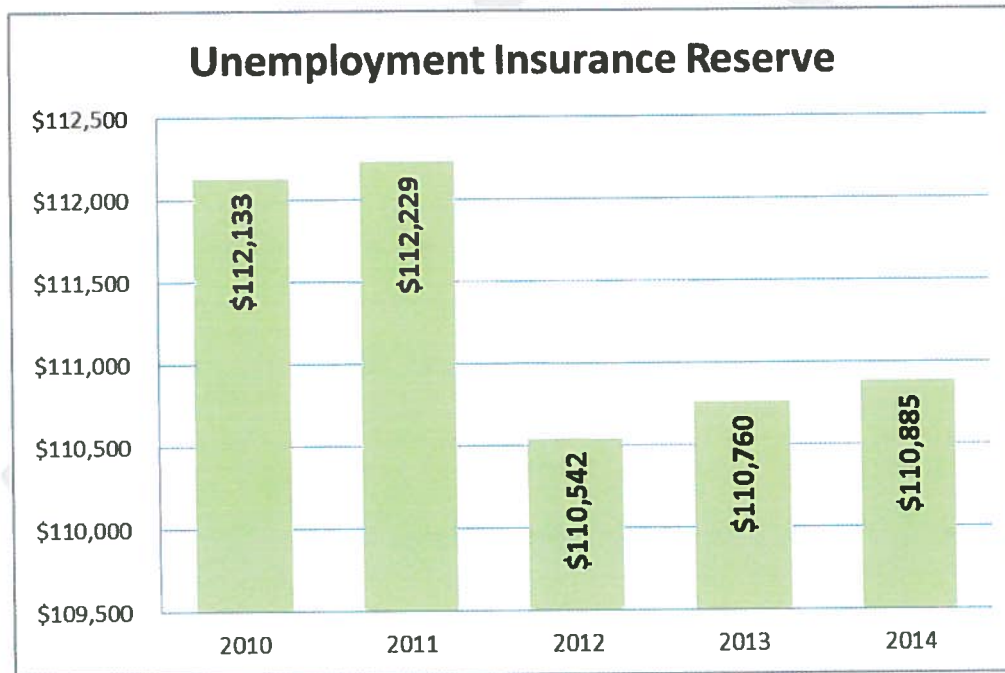
Unemployment Insurance Reserve (GML Article 2 § 6-m)

Overview

- Established by Board of Education resolution
- Funded by budgetary appropriations, amounts from any other fund authorized by this chapter by resolution subject to referendum, or other sums that may be legally appropriated
- Voter approval is not needed to expend funds
- Utilized to pay unemployment claims
- Excess funds may be transferred to other reserves authorized by General Municipal Law and Education Law sixty days before the end of the fiscal year

Analysis & Projected Needs

The District is obligated to pay 100% of all unemployment claims granted by the NYS Department of Labor. Due to recent decreases in state aid and uncertainties regarding future state aid and pending property tax caps the unemployment reserve was increased by \$80,000 at June 30, 2010. The District will continue to monitor and possibly increase this fund in future years as reductions in force may be necessary to balance future budgets.



Capital Reserve [EDN Article 74 § 3651 (1)]

Overview

- Established by voter approval
- States the specific purpose of the fund, the amount, the term of fund, and sources where fund is obtained e.g. budgetary appropriations, unappropriated fund balance, and New York State aid
- Utilized to pay for any object or purpose for which a school district may issue bonds pursuant to Finance Law
- Expended only with voter approval and for the purpose for which the fund was established
- Transferred to other funds only by voter approval
- May be liquidated by approval of voters if determined fund is no longer needed for the original purpose. Proceeds must be applied first to outstanding bond indebtedness than to tax levy

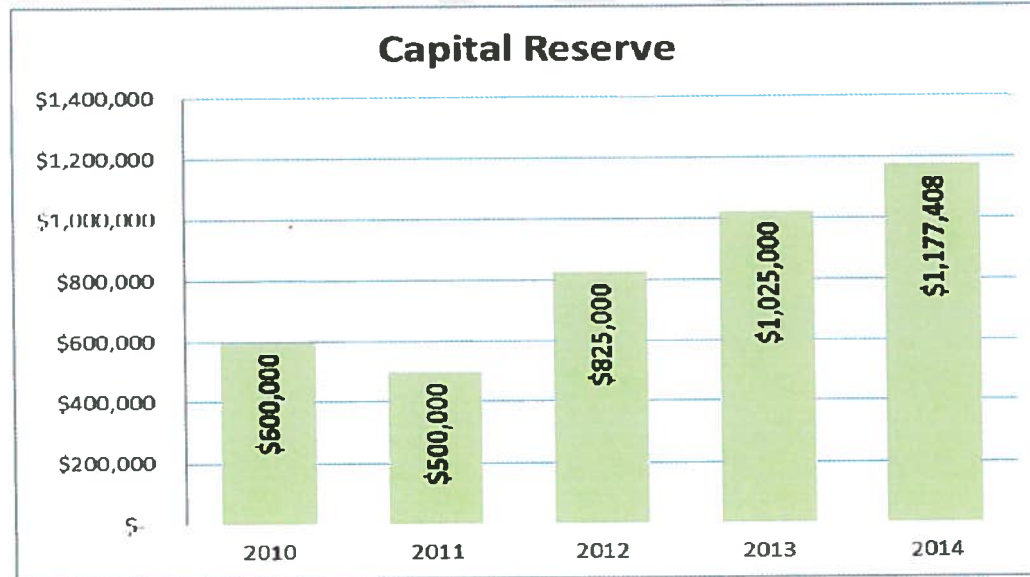
Analysis & Projected Needs

The capital reserve was established by a positive vote of the Naples CSD taxpayers on the 25th of February 2010. The reserve is authorized to be funded up to \$2,000,000 plus earnings thereon. As of June 30, 2014, \$1,777,408 has been funded. The purpose of the reserve is to fund site work, additions to, reconstruction, and equipping of its school buildings and facilities. Due to the overwhelming amount of capital construction that is needed and the low building aid ratio of 63.7% (2013-2014 aid ratio) the Board of Education feels that this reserve is critical to its mission, is necessary to maintain health and safety for students and staff, is necessary to preserve school buildings, and should be in place to protect tax payer investment. On January 19, 2011, by resolution, the Board agreed to use \$600,000 of the reserve to support the Phase 2 Capital Project, approved by the voters on March 22, 2011. Since then, the district has been able to appropriate \$1,177,408 for future capital needs. The Board will continue to fund this reserve in future years up to its maximum amount.

Capital Reserve: Assessment of Allowable Additional Funding

Date	Note	Amount Funded	Amount Deducted	Reserve Balance	Remaining Amount Allowable
2/25/2010	Initial Creation				\$2,000,000
6/30/2010	Funded	\$ 600,000		\$ 600,000	\$1,400,000
6/30/2011	Funded	\$ 500,000		\$ 1,100,000	\$ 900,000
6/30/2011	Withdrawal		\$ 600,000	\$ 500,000	\$ 900,000
6/30/2012	Funded	\$ 325,000		\$ 825,000	\$ 575,000
6/30/2013	Funded	\$ 200,000		\$ 1,025,000	\$ 375,000
6/30/2014	Funded	\$ 152,408		\$ 1,177,408	\$ 222,592

Remaining Amount to be Funded



Debt Service Fund (GML §6-1)

Overview

According to the NYS Education Department:

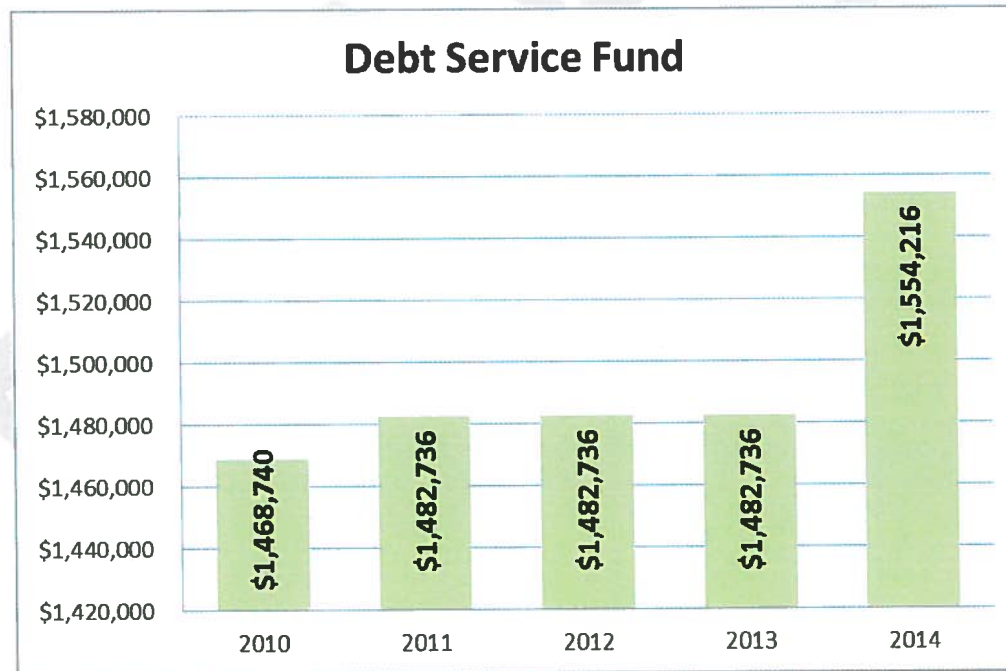
(<http://www.p12.nysed.gov/mgtserv/budgeting/handbook/otherfunds.html>),

“The use of this fund by school districts is optional except where a mandatory reserve for debt service is required as a result of having sold school property on which there is outstanding debt, or where unexpended proceeds of borrowings, earned interest, bond premium, or accrued interest are being retained to offset future payments on principal and interest.”

Analysis & Projected Needs

For the Naples Central School District, the Debt Service Fund is mandatory as the fund is used to account for “unexpended proceeds of borrowings, earned interest, bond premium, or accrued interest”. Over the years, the district has borrowed funds for various projects. At the end of every project, the district is required to take unexpended funds and use them to offset the cost of debt service principal and interest payments.

For the 2014-15 school year, the district plans to use \$250,000 to offset debt service payments through the general fund. The district will continue to expend monies from this fund in future years in an attempt to slowly work this fund down to zero.



Assigned Fund Balance/Reserve for Subsequent Year/Designated for Expenditures

For the 2014-2015 school year the District appropriated \$850,000 of unassigned fund balance towards its budget. This represents approximately 4.3% of the current budget. The District expects to return this amount to fund balance at the end of the fiscal year. Appropriations of fund balance for the 2015-2016 budget are expected to decrease and are dependent on various budgeting revenues including state aid. The District expects to return the majority of this appropriation to fund balance on June 30, 2016.

Beginning in the year 2015-2016 and thereafter the amount utilized will likely be reduced by \$100,000 annually with additional reductions in future years to insure appropriate levels of fund balance are maintained. As the economy regains strength, along with increases in state and federal funding, the District would look to reduce the appropriation of unassigned fund balance, over time, to \$350,000. *Note: please see "Reserve Fund Strategy" for greater detail.

Unassigned Fund Balance

The District intends to retain unexpended funds in this reserve up to the legal limit of 4% of the upcoming year's budget.

SUMMARY OF FUND BALANCE ACCOUNTS

	09/10	10/11	11/12	12/13	13/14
	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Fund Balance					
Reserved					
Reserved for Encumbrances	154,704	50,047	43,831	124,796	102,357
Tax Certiorari Reserve	200,600	377,719	250,000	282,635	259,484
Liability Reserve	20,424	20,485	20,541	20,582	20,605
Insurance Reserve	33,622	33,723	33,820	33,887	63,925
Property Loss Reserve	35,857	35,964	35,964	35,965	35,965
Employee Benefits Accrued Liability Reserve	1,795,912	1,795,912	1,795,912	1,799,453	1,801,484
Retirement Contributions Reserve	300,000	750,000	997,991	1,199,959	1,324,719
Unemployment Insurance Reserve	112,133	112,229	110,542	110,760	110,885
Capital Reserve	600,000	500,000	825,000	1,025,000	1,177,408
	3,253,252	3,676,079	4,113,601	4,633,037	4,896,832
Unreserved					
Designated for Expenditures (subsequent year)	527,000	600,000	850,000	850,000	850,000
Unassigned	635,826	645,328	685,054	721,193	789,796
	1,162,826	1,245,328	1,535,054	1,571,193	1,639,796
Fund Balance & Reserves at 6/30	4,416,078	4,921,407	5,648,655	6,204,230	6,536,628
Debt Service Balance	1,468,740	1,482,736	1,482,736	1,482,736	1,554,216

NAPLES CSD RESERVE FUND STRATEGY

Over the long run the District will continue to use conservative budgeting practices which will likely result in excess revenues over expenditures at the end of the fiscal year. The District wishes to avoid draconian cuts in programs in the midst of a weak economic climate. The District anticipates additional state aid and mandate relief in future years to reduce the amount of fund balance needed to support the budget. Through the management of its reserves the District hopes to achieve the following:

- Maintenance of educational programming during economic downturns
- Cash flows that will eliminate the need to issue Revenue Anticipation Notes in the event state or federal aid is not paid timely
- Cash flows that will allow increased investment earnings
- The ability to take advantage of opportunities as they arise, relevant to school district operations, that could result in better efficiencies, facilities/capital improvements, and instruction that are a savings to taxpayers in the long run
- Consistencies and improvements in its educational program
- A long term plan for preserving its infrastructure and school buildings
- The ability to maintain a stable tax levy
- The ability to maintain and/or improve its bond rating which will save taxpayers money at both the local and state level

In terms of its mission and responsibility to manage its fiscal affairs prudently the Board of Education considers all of the goals above to be critical to its philosophy in managing reserves.

Long Term Plan for Use of Fund Balance 2014-2019

6/30/14

- \$850,000 Designated for Subsequent Year Expenditures

6/30/15

- Excess Revenue over Expenditures: \$350,000
- Reduce by \$100,000 Designated for Subsequent Year Expenditures (Total \$750,000)
- Assume Designated from Employee Benefit Accrued Liability Reserve \$350,000
- Assume Designated from Retirement Contribution Reserve \$150,000
- Add \$222,592 to capital reserve
- Add up to \$150,000 to Retirement Contributions Reserve

6/30/16

- Excess Revenue over Expenditures: \$250,000
- Reduce by \$100,000 Designated for Subsequent Year Expenditures (Total \$650,000)
- Assume Designated from Employee Benefit Accrued Liability Reserve \$250,000
- Assume Designated from Retirement Contribution Reserve \$150,000
- Add up to \$150,000 to Employee Benefit Accrued Liability Reserve
- Add up to \$100,000 to Retirement Contribution Reserve

6/30/17

- Excess Revenue over Expenditures: \$250,000
- Reduce by \$100,000 Designated for Subsequent Year Expenditures (Total \$550,000)
- Assume Designated from Employee Benefit Accrued Liability Reserve \$200,000
- Assume Designated from Retirement Contribution Reserve \$150,000
- Add up to \$150,000 to Employee Benefit Accrued Liability Reserve
- Add up to \$100,000 to Retirement Contribution Reserve

6/30/18

- Excess Revenue over Expenditures: \$250,000
- Reduce by \$100,000 Designated for Subsequent Year Expenditures (Total \$450,000)
- Assume Designated from Employee Benefit Accrued Liability Reserve \$150,000
- Assume Designated from Retirement Contribution Reserve \$150,000
- Add up to \$150,000 to Employee Benefit Accrued Liability Reserve
- Add up to \$100,000 to Retirement Contribution Reserve

6/30/19

- Excess Revenue over Expenditures: \$250,000
- Reduce by \$100,000 Designated for Subsequent Year Expenditures (Total \$350,000)
- Assume Designated from Employee Benefit Accrued Liability Reserve \$150,000
- Assume Designated from Retirement Contribution Reserve \$150,000
- Add up to \$150,000 to Employee Benefit Accrued Liability Reserve
- Add up to \$100,000 to Retirement Contribution Reserve

DRAFT 12/22/14

	09/10	10/11	11/12	12/13	13/14	14/15 Budget	15/16 Budget	16/17 Budget	17/18 Budget	18/19 Budget	19/20 Budget
	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Fund Balance											
Reserved											
Reserved for Encumbrances	154,704.00	50,047.00	43,831.00	124,796.00	102,357.00	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00
Tax Certiorari Reserve	200,600.00	377,719.00	250,000.00	282,635.00	259,484.00	259,484.00	259,484.00	259,484.00	259,484.00	259,484.00	259,484.00
Liability Reserve	20,424.00	20,485.00	20,541.00	20,582.00	20,605.00	20,485.00	20,485.00	20,485.00	20,485.00	20,485.00	20,485.00
Insurance Reserve	33,622.00	33,723.00	33,820.00	33,887.00	63,925.00	33,723.00	33,723.00	33,723.00	33,723.00	33,723.00	33,723.00
Property Loss Reserve	35,857.00	35,964.00	35,964.00	35,965.00	35,965.00	35,964.00	35,964.00	35,964.00	35,964.00	35,964.00	35,964.00
Employee Benefits Accrued Liability Reserve	1,795,912.00	1,795,912.00	1,795,912.00	1,799,453.00	1,801,484.00	1,451,484.00	1,151,484.00	951,484.00	801,484.00	651,484.00	501,484.00
Retirement Contributions Reserve	300,000.00	750,000.00	997,991.00	1,199,959.00	1,324,719.00	1,174,719.00	974,719.00	824,719.00	674,719.00	524,719.00	374,719.00
Unemployment Insurance Reserve	112,133.00	112,229.00	110,542.00	110,760.00	110,885.00	112,229.00	112,229.00	112,229.00	112,229.00	112,229.00	112,229.00
Capital Reserve	600,000.00	500,000.00	825,000.00	1,025,000.00	1,177,408.00	1,177,408.00	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.00
	3,253,252.00	3,676,079.00	4,113,601.00	4,633,037.00	4,896,832.00	4,325,496.00	3,673,088.00	3,323,088.00	3,023,088.00	2,723,088.00	2,423,088.00
Appropriated from Employee Benefits	-	-	-	-	-	350,000.00	300,000.00	200,000.00	150,000.00	150,000.00	150,000.00
Appropriated from Retirement Contributions	-	-	-	-	-	150,000.00	200,000.00	150,000.00	150,000.00	150,000.00	150,000.00
Unreserved											
Designated for Expenditures	527,000.00	600,000.00	850,000.00	850,000.00	850,000.00	750,000.00	650,000.00	550,000.00	450,000.00	350,000.00	350,000.00
Undesignated	635,826.00	645,328.00	685,054.24	721,193.00	789,796.00	829,796.00	829,796.00	829,796.00	804,520.00	804,520.00	806,600.00
	1,162,826.00	1,245,328.00	1,535,054.24	1,571,193.00	1,639,796.00	1,579,796.00	1,479,796.00	1,379,796.00	1,254,520.00	1,154,520.00	1,156,600.00
Fund Balance & Reserves at 6/30	4,416,078.00	4,921,407.00	5,648,655.24	6,204,230.00	6,536,628.00	5,905,292.00	5,152,884.00	4,702,884.00	4,277,608.00	3,877,608.00	3,579,688.00
Increase (Decrease) in Reserve Use			-	-	-	400,000.00	(100,000.00)	(250,000.00)	(150,000.00)	(100,000.00)	-
Debt Service Used			-	-	-	250,000.00	250,000.00	200,000.00	150,000.00	100,000.00	50,000.00
Debt Service Balance	1,468,740.00	1,482,736.00	1,482,736.00	1,482,736.00	1,554,216.00	1,304,216.00	1,054,216.00	854,216.00	704,216.00	604,216.00	554,216.00