



Edmeston Central School

Christine Nichols, Superintendent

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Frequently Asked Questions (FAQ): Establishing a Capital Reserve Fund

1. What is a capital reserve fund?

A capital reserve fund is a financial savings account set aside by the school district specifically for future capital expenditures. These are significant investments in physical assets such as buildings, playgrounds, technology infrastructure, transportation, and program upgrades. The reserve can be used to fund a portion of large-scale projects without having to rely solely on current operating budgets, emergency funds or borrowed funds

2. Why is it important for the district to establish a capital reserve fund?

Establishing a capital reserve fund is crucial for several reasons:

- **Long-Term Planning:** It allows the district to plan and allocate resources for future capital needs, ensuring that funds are available when major repairs or upgrades are required. Similar to one's own home, there will always be a system that needs upgrading or replacing, with School Districts these systems and improvements are significantly larger and more costly.
- **Financial Stability:** By saving in advance, the district can avoid unexpected financial strain and maintain stable budgets without sudden increases in taxes or borrowing. In many instances the District can set aside funds in advance of a capital project, enabling the District to propose improvements without levying additional taxes.
- **Cost Efficiency:** Investing in preventative maintenance and upgrades can reduce the likelihood of more costly emergency repairs or replacements in the future. Repairs to existing items are not aidable, therefore addressing items that are at or approaching their useful life allows the District to avoid these non aidable costs and undertake capital projects that receive building aid based on a ratio of 85.4%.
- **Resource Management:** A reserve fund provides a dedicated pool of resources for capital projects, ensuring that these needs are addressed systematically and strategically.

3. How much is the district planning to allocate to the capital reserve fund?

The district plans to initially allocate \$1 million to the capital reserve fund. The fund will not exceed \$5 million, allowing for flexibility and growth as future needs arise. The capital reserve fund will have a 10-year probable term meaning it can be funded and used up to \$5 million, and cannot be funded after 10 years. It is important to note that money in the capital reserve must be approved by the voters to use.



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4. How will the capital reserve fund be used?

The capital reserve fund will be used for:

- **Upgrades and Replacements:** Replacing outdated equipment or upgrading infrastructure.
- Facility improvements for programs and student opportunities.
- **New Projects:** Funding for new construction or major expansions.
- Other related capital expenditures authorized in the proposition.

5. How will the capital reserve fund benefit students and staff?

The capital reserve fund will directly benefit students and staff by ensuring that the district's facilities and resources are well-maintained, safe, and up-to-date. This includes improved learning environments, enhanced technology, and well-maintained buildings that contribute to a positive educational experience.

6. Will the public have a say in how the capital reserve fund is used?

Yes, eligible voters will vote on the expenditures from the capital reserve fund. The district is committed to transparency and community involvement. Any use of the reserve fund must be approved by a majority of voters.

7. How often will the district review and update the capital reserve fund?

The district will review the capital reserve fund annually to assess its balance, expenditures, and future needs. Updates will be shared with the community to keep everyone informed about the fund's status and its impact on the district's long-term planning.

8. Can the capital reserve fund be used for day-to-day operational expenses?

No, the capital reserve fund is specifically designated for capital expenditures and major repairs, not for day-to-day operational expenses. This separation ensures that the fund is used appropriately for its intended purpose and does not affect the district's operating budget. The voters must approve the establishment of the reserve for a specific purpose and therefore the use of those funds is subject to a separate vote by only for its intended purpose.

9. How can community members get more information about the capital reserve fund?



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Community members can get more information by attending school board meetings, where updates on the capital reserve fund will be provided. Additionally, information will be available on the district's website, and questions can be directed to the district's finance office.

10. Is the district using these funds to purchase electric buses?

No, the capital reserve fund is not solely established for funding electric bus purchase. Any bus purchase must be a separate proposition and voted on by its constituents. The district is concerned about the electric bus mandates short timeline and the logistical and financial challenges that it will impose on school districts, bus companies, and power companies.

11. Who can I contact if I have more questions about the capital reserve fund?

For more information, please contact Christine Nichols, cnichols@edmeston.net Superintendent or Sonja Rusweiler at (607) 965-8931 or srusweiler@edmeston.net We are here to answer your questions and provide further details about the capital reserve fund and its impact on our schools.