

Treyz, petition question district's reserves

by **Reece Alvarez**
Ledge Staff

Dr. Peter Treyz questioned the school district's use of reserve funds at last week's school board meeting, asking about the practice of stashing away \$15.4 million over years of surplus taxpayer funds.

"It seems that we have a lot of money in our coffers that really should have gone back to the taxpayer at some point," he said on Thursday, June 19. "I mean, 15 million seems like a lot of money."

He questioned interim Superintendent of Schools Michael Jumper on the legitimacy of keeping money that was paid by taxpayers who may no longer be in the district.

Mr. Jumper verified that the district is currently maintaining \$15.4 million in reserve, and explained that the reserves are an accumulation of many years of surplus as a result of either controlled expenses or revenues that exceeded projections.

The question arose from consent agenda items passed that evening that allowed the board to use funds from several reserve funds for various purposes, such as unemployment insurance, retirement contributions, and tax certiorari.

Residents skeptical

The inquiry by Dr. Treyz comes on the back of a petition filed with the New York State Education Department (NYSESED) earlier this month by South Salem resident John Wille that alleges the district has misappropriated reserve funds and deprived KLSLD taxpayers of money.

"The BOE willfully ignored its legal obligation to monitor fund balance and calculate in a reasonable time its true June 30, 2013 fund balance, the BOE withheld at least \$880,500 in addi-

tional 2012-13 surplus from the 2013-14 levy and parked this enormous amount in an ill-advised and unnecessary Insurance Reserve effective June 30, 2013 that itself was funded illegally by the September 12, 2013 resolution," the petition states.

"This is not the only reserve that is questionable, all the reserves are questionable. They can keep a general reserve of 4% of the budget, that is about \$4.5 million, any surprise that may come up can easily be covered out of that 4%," Mr. Wille told *The Ledger*. "I am sure you have heard it said time and time again, we want to smooth out the tax increases from year to year; well that is a bunch of bull because the way they do it is by tapping into the reserve."

Syntax, the district's public relations firm, told *The Ledger* that it is preparing a thorough explanation regarding how and why the reserve was established, and that it will be submitting this explanation to the NYSED commissioner for his review.

Mr. Day told *The Ledger* that he was confident that NYSED would support the district's handling of its reserves, and reiterated Mr. Jumper's statements that the district must be prepared for pending litigation settlements and that the creation of reserves are instructed by external auditors and confirmed by the district's outside attorneys.

"I have a lot of respect for John Wille," Mr. Day said. "He is a fiscal conservative and by and large I agree with him, but in my opinion this is a policy issue he is trying to make a legal issue that wouldn't normally be one."

Rainy day fund

"We do return approximately \$3.4 million is what we are projecting for next

year as a return to taxpayers to offset the tax levy," Mr. Jumper said.

He said the current reserves are down \$1.3 million since last year, and he anticipates over the next several years, due to more aggressive and tighter budgeting, the district will have less surplus, and less of the reserves will need to be used to "bridge the difference."

Mr. Jumper added that the reserves school districts carry in comparison to private sector businesses, and with operating budgets greater than \$100 million, are very conservative, particularly in light of the millions of dollars worth of "petitions" filed against the district.

"We are reserving \$2.2 million to address those \$6 million to \$7 million of petitions," he said. "We have employee benefits that accrue liabilities, which are liabilities associated with people cashing in unused vacation time or sick time, etcetera, that we are contractually obligated to the amount that we are reserved for. Philosophically you could make a lot of different arguments. I am not sure I agree with them. I think it is prudent if you have

funds available to return a certain amount of that to the taxpayers and it is prudent to save other reserves or set aside reserves for expenses that you know are coming to fruition as we advance forward."

Mr. Jumper emphasized that there are numerous liability claims against the district that he noted Dr. Treyz was aware of, and that it is prudent to set aside reserves, particularly as the district will be aggressively budgeting in the future, and the district must have funds available to pay for claims and settlements.

"I think that our finances in the reserves are very appropriate for this district," he said.

Responding to questions from board president Charles Day, Mr. Jumper said that the budgeting of reserves is relatively consistent with practices of neighboring districts, with some degree of variability, and that auditors have helped the district establish reserves and ensure they are compliant.

Dr. Treyz made a motion to further study reserves, seconded by board member Richard Stone, but the motion failed for lack of majority board support.

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Notice of Formation of: HEALING HOME

LLC Filed with the Sec of State of Delaware on 3/11/2014 Office location: NY County, Westchester. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to principal business address:

87 Wharton Drive, Cortlandt Manor, NY 10567. Purpose: any lawful act.
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mail a copy of process to: 3 Beaver Pond Lane, South Salem, NY 10590. Purpose: Any lawful purpose. Latest date upon which LLC is to dissolve: No specific date
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Notice of Formation of a Limited Liability Company (LLC) THIN BLUE LINE LIMO SERVICE LLC Articles of Organization Filed with the Secretary Of State of New York (SSNY) on 4-29-2014 Office location: Westchester County, SSNY has been Designated as agent of the LLC upon whom process Against it may be served. SSNY shall mail a copy of Process to: 34 Deans Bridge Road Somers NY 10589

Purpose: Any Lawful Purpose Latest date upon which LLC is to dissolve: No specific date.