

**SCHOOL DISTRICT
RESERVE PLAN
2018-19**

Worker's Compensation Reserve

Creation – This reserve was created on June 30, 2004.

Purpose – This reserve is used to pay for actual worker's compensation claims, related medical expenses and self-insurance administrative costs. It cannot be used to pay for worker's compensation insurance premiums (this includes a prohibition against using these funds to pay our annual contribution to the cooperative).

Funding Methods – This reserve was funded through excess fund balance over the course of several years. Due to the District's participation in a worker's compensation cooperative, there is no need to add funds to this reserve.

Use of Reserve – This reserve will be used to draw down on paid claims that resulted from the time period when the District was self-insured. The balance in this reserve will be drawn down in equal installments between July 2010 and July 2015. In July 2015, the District will engage an actuary to re-evaluate all of the self-insured claims. The balance in this reserve at that time will be used for the final settlement, if a payment to the cooperative is required. Otherwise, all remaining funds will be returned to the General Fund.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Funding Level – The current funding level is sufficient to pay 100% of the previously determined actuarial value of all outstanding self-insured claims. Any excess will be used at the time of settlement and either be paid to the cooperative, or returned to the General Fund.

7/1/2018 Actual Balance: \$400,000 recommended 6/30/19: \$400,000, including interest

Reserve for Retirement Contributions

Creation – This reserve was created on June 30, 2006.

Purpose – This reserve is used to pay for district expenses to the NYS Employee’s Retirement System only. Payments to the Teachers Retirement System are not allowed from this reserve.

Funding Methods – Funds are placed in this reserve from excess fund balance.

Use of Reserve – A separate plan for use of this reserve has been developed. The plan calls for annual use of this fund with amounts used to decrease slowly over 9 years (ending in 2017-18) so as not to create a revenue shortfall when these funds are exhausted. At this time, the plan calls for the use of all but \$100,000 of the balance. However, should future years allow, funds used would be replaced.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Funding Level – Although a plan is in place to drawn down on the funds in this reserve, a funding level equal to approximately two years’ worth of retirement system billings is desired. At current rates, that level is approximately \$600,000. The recommended balance below reflects the fact that future billings are anticipated to increase.

7/1/2018 Actual Balance: \$559,421 recommended 6/30/19: \$559,421, including interest

Insurance Reserve

Creation – This reserve was created on June 30, 2002.

Purpose – This reserve is used to pay casualty and other types of losses, except for those for which insurance may be purchased.

Funding Methods – This reserve was previously funded from excess fund balance. Future funding of this reserve is not planned at this time.

Use of Reserve – This reserve would be used to pay any allowable claims, as described in the purpose for this reserve.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Funding Level – This reserve is funded at a level of \$600,000, exclusive of interest earnings.

7/1/2018 Actual Balance: \$500,000 recommended 6/30/19: \$500,000, including interest

Reserve for Accrued Employee Benefits Liability

Creation – This reserve was created on June 30, 2002.

Purpose – This reserve is used to pay for unused accumulated leave time contractually provided to certain groups of employees. This typically includes payment for unused sick and vacation pay. This fund cannot be used to pay for items such as: retirement incentives, FICA and Medicare payments and retiree health insurance. When GASB 45 was introduced, districts were advised that reserving for future liabilities created by GASB 45 in this reserve was appropriate. That guidance has since changed. As a result, a current analysis of this reserve would deem it “overfunded”.

Funding Methods – This reserve was funded from excess fund balance. Due to the current advice surrounding use of this reserve, there are no plans to place additional funds in this reserve.

Use of Reserve – This reserve is used when an employee separates from the District and payment of accumulated leave is required. These transactions flow through the budget via a budget revision with the offsetting revenue coming from a drawdown of this reserve. This reserve will continue to be used in this manner to make these payments.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business. Each year, a detailed analysis of the liability is computed and is used to support the funding of this reserve at 100% of the liability.

Funding Level – This reserve should be funded at 100% of the accrued liability for unused accumulated leave time.

7/1/2018 Actual Balance: \$0 recommended 6/30/19: \$0 , including interest

Note: It is recommended that the amount deemed “overfunded” remain in this reserve. Originally intended to offset the GASB 45 liability, it should be retained for that purpose, should enabling legislation be authored. It has been recommended that the definition of this reserve simply be expanded to include GASB 45 liabilities.

Reserve for Unemployment Insurance

Creation – This reserve was created on June 30, 2009.

Purpose – This reserve is used to reimburse the State for payments made to claimants where the district uses the benefit reimbursement method. The District does subscribe to the benefit reimbursement method, meaning we reimburse the State for actual claims incurred. We do not pay NYS a fixed premium for unemployment insurance coverage.

Funding Methods – This reserve was funded entirely from excess fund balance when it was created. It was funded in anticipation of an increased number of staff reductions.

Use of Reserve – The initial funding was an amount sufficient to pay full unemployment insurance at the maximum rate for approximately nine individuals. Although the budget has had and continues to contain \$25,000 for unemployment insurance, this amount is used for relatively small, incidental claims incurred by the District in the normal course of business. It would not be enough if there were multiple layoffs. Although the District has experienced some layoffs over the past few years, not all have resulted in unemployment expense to the District.

Monitoring of Reserve – This reserve will be monitored by the Assistant Superintendent for Business in conjunction with other central office administrators to assess the potential for incurring unemployment claims.

Funding Level – This reserve was initially funded at \$100,000. At this time, this level is deemed appropriate.

7/1/2018 Actual Balance: \$600,000 recommended 6/30/19: \$600,000, including interest

Repair Reserve

Creation – This reserve was created on May 20, 2008 via voter approval.

Purpose – This reserve is used to pay for unanticipated, non-recurring repairs to district capital improvements, facilities and equipment.

Funding Methods – Voter approval is required to fund this reserve. In accordance with the proposition approved by the voters, this reserve was funded entirely via a transfer of funds from the Reserve for Accrued Employee Benefits Liability. The wording of the proposition does not allow for additional funding of this reserve beyond the initial amount.

Use of Reserve – In accordance with the law, a public hearing must be held in order to use funds from this reserve, except in an emergency. Funds used without holding a public hearing must be repaid to the fund over two years. Use is restricted to the purpose stated above. To date, funds have been used for the tennis court repair, installation of tank alarms for the underground fuel tanks, and a roof repair.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Funding Level – This reserve was funded at \$1,000,000.

7/1/2018 Actual Balance: \$0 recommended 6/30/19: \$0 , including interest

Note: This reserve cannot be replenished, except for funds used in an emergency. Voters would need to approve another Repair Reserve to set aside additional funds. This should be considered to be included with the budget vote in May 2013.

Reserve for Capital Projects

Creation – This reserve was created on May 20, 2008 via voter approval.

Purpose – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

Funding Methods – Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded entirely from excess fund balance.

Use of Reserve – Use of this reserve requires voter approval. The proposition to use these funds must be specific to a set of projects and dollar amounts. As of June 2012, consideration is being given to a report presented to the Board by the Facilities Committee about how to use these funds.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Funding Level – As stated in the approved proposition, this reserve was created with a maximum limit of \$10,000,000. Accumulation of funds into this reserve must cease at the earlier of reaching \$10 M or 15 years.

7/1/2018 Actual Balance: \$0 recommended 6/30/19: \$0 , including interest

Note: Funds spent from this reserve cannot be replenished. Voters would need to approve another Capital Projects Reserve to set aside additional funds. It is appropriate to have multiple capital project funds in place simultaneously. A second capital projects reserve should be considered for inclusion with the budget vote in May 2013.

Reserve for Tax Certiorari

Creation – It is recommended to create this reserve via resolution at the Board of Education meeting on June 14, 2012.

Purpose – This reserve is used to pay for prior year judgments and claims in tax certiorari proceedings. Current year refunds should be paid through the budget.

Funding Methods – Since funding this reserve cannot happen until at least July 1, 2012, the funding methods have not yet been determined. Future funding methods may include from excess fund balance or transfers from other reserves. Funds placed in this reserve that are not used to pay tax certiorari judgments or claims must be returned to the General Fund after four years.

Use of Reserve – This reserve would be used to pay for prior year tax certiorari claims. Pending the determination of current legal action, liability for these claims began to accrue effective April 1, 2012.

Monitoring of Reserve – This reserve, if needed, will be monitored by the Assistant Superintendent for Business. It is anticipated that detailed calculations will be required each year to support the amounts in this reserve.

Funding Level – Since actual liabilities have not yet been determined, a realistic funding level cannot be determined at this time.

7/1/2018 Actual Balance: \$478,371 recommended 6/30/19: \$478,371, including interest

Note: Although this reserve cannot be funded as of June 30, 2012, it is recommended it be established so that, if needed, it is readily available.

The following three items are not reserve accounts, but are equally as important to planning revenues for the District.

Unassigned Fund Balance

Creation – Retention of these funds are allowed by law.

Purpose – These funds are unrestricted and may be used for any valid purpose.

Funding Methods – These funds have been accumulated from excess fund balance.

Use of Funds – It is recommended that these funds not be used except for an emergent, unanticipated expense, or revenue shortfall, that cannot be handled either in the budget or with other available reserves.

Monitoring of Balance – These funds are monitored by the Assistant Superintendent for Business.

Funding Level – The maximum legal limit is recommended (4% of the ensuing budget).

7/1/2018 Actual Balance: \$2,018,720 recommended 6/30/19: \$2,018,720 , including interest

Assigned Fund Balance - Appropriated for Subsequent Years

Creation – These funds are actually fund balance that have been set aside for a particular purpose, namely to reduce the tax levy required to support an ensuing years budget.

Purpose – These funds are set aside and returned to the community by lowering the required tax levy to support the district's budget.

Funding Methods – These funds are fund balance that are assigned for a particular purpose.

Use of Funds – It is recommended that the practice of returning these funds continue each year, as budgets permit. In the future, tighter budgets may restrict the amount of excess available to be returned in a subsequent year.

Monitoring of Balance – The balance and use of these funds are monitored by the Assistant Superintendent for Business.

Funding Level – Over time, it is recommended that the planned amount of assigned fund balance included as a revenue source in future budgets be limited to \$600,000.

7/1/2018 Actual Balance: \$4,000,607 recommended 6/30/19: \$3,457,053 , including interest