

Mayfield Central School Reserves Plan

For the period ended June 30, 2023

Updated September 21, 2023

Workers' Compensation Reserve:

Purpose: To fund Workers' compensation expenses, related medical expenses, and self-insurance administrative cost. The reserve was established through board resolution on June 16, 2009.

Ideal Balance: The equivalent of three years' of annual expenditure. The projected expenditure for 2023-24 is \$57,779

Balance on June 30, 2023:	\$ 173,249	
Ideal Balance:	\$ 173,337	\$88 overfunded

Recommendation: The reserve is at an ideal balance.

Unemployment Reserve:

Purpose: To pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the school district uses the benefit reimbursement method. (General Municipal Law) This reserve was established by the board of education under resolution on March 18, 2014.

Ideal Balance: Approximately 2% of payroll. Gross payroll for 2022-23 was approximately \$9,320,227

Balance June 30, 2023:	\$ 170,386	
Ideal Balance:	\$ 186,405	- \$16,019 underfunded

Recommendation: The reserve is underfunded. The District should assign \$16,000 to bring it to the ideal balance.

Recommended Assignment:	\$ 16,000	
New Balance June 30, 2023:	\$ 186,396	

NY State and Local Employees' Retirement Contribution Reserve:

Purpose: To fund employer retirement contributions. i.e. any portion of the amount(s) payable by an eligible school district to the NY State and Local Employees' Retirement System (ERS), but not TRS.

Ideal Balance: Approximately five years of planned ERS expenditures. The projected expenditure for 2023-24 is \$343,737

Balance June 30, 2023:	\$1,810,040	
Ideal Balance:	\$1,718,685	+ \$91,355 overfunded

Recommendation: No action deemed necessary at this time. The BOE may consider offsetting future year ERS expenses with the "excess" in future years.

Employee Benefit Accrued Liability Reserve:

Purpose: The governing board of any school district, by resolution, may establish a reserve for the purpose of funding the monetary value of accrued but unused sick leave, personal leave, vacation time, and any other forms of payment of accrued but unliquidated time earned by employees. Establishing or expending the reserve does not require voter approval. Expenditures may only be made for allowed cash payments earned by employees due upon their termination of employment.

Ideal Balance: Equivalent to the calculated total compensated absences (vested) plus 25% of total compensated absences (unvested).

Balance June 30, 2023:	\$ 930,299	
Ideal Balance:	\$ 918,010	\$12,289 overfunded

Recommendation: The reserve is overfunded by an immaterial amount. No action deemed necessary at this time.

Capital Reserve:

Purpose: The Capital Reserve is used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and for payments from the reserve. The form of the required legal notice for the vote on establishing the reserve and the form of the proposition to be placed on the ballot are set forth in 3651 of Education Law. The reserve is intended to reduce the impact to District residents of capital projects. This reserve was established May 20, 2014.

Ideal Balance: May not exceed the voter approval of 1 million dollars or the 10 year limit.

Balance June 30, 2023:	\$ 207,659 *
Ideal Balance:	\$1,000,000

*The balance of the Capital Reserve is included in the budget of the 2022 capital project.

Recommendation: The voter approval limit has been met and the remaining balance of the capital reserve has been earmarked for the 2022 Capital Project. It is recommended that a new Capital Reserve with a 10 year \$5,000,000 is established. Voter approval is required to create a Capital Reserve.

Bus Reserve:

Purpose: The Bus Reserve Fund is a capital reserve specified to be used to pay for bus purchases. Voter authorization is required for both the establishment of the reserve and for payments from the reserve. The form of the required legal notice for the vote on establishing the reserve and the form of the proposition to be placed on the ballot are set forth in 3651 of Education Law. The reserve is intended to offset the local impact to District residents for the acquisition of transportation department vehicles. This reserve was established May 19, 2015.

Ideal Balance: This reserve may not exceed the voter authorization limit of 2 million dollars or the 10 year limit. The

equivalent of five years' of annual expenditures. The annual projected expenses for two buses per year is approximately \$312,000.

Balance June 30, 2023:	\$1,201,050	
Ideal Balance:	\$1,560,000	- \$358,950 underfunded

Recommendation: The reserve is underfunded. The District should assign \$359,000 to bring it closer to the ideal balance. Additionally, based on the current term limit, the reserve needs to be expended by May 18, 2025 (2 years). It is recommended to extend the term limit 5 years and to spend the remaining funds. Voter approval is required to extend the term. It is also recommended that a new Bus Reserve with a 10 year \$5,000,000 limit is establish. Voter approval is required to create a Bus Reserve.

Recommended Assignment:	\$ 359,000
New Balance June 30, 2023:	\$1,560,050

Insurance Reserve:

Purpose: To pay liability, casualty and other types of losses, except those incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. Annual contribution(s) limited to greater of \$33,000 or 5% of the budget. No limit on accumulated reserve balance. Cannot use \$ for any purpose covered by another special reserve. Settled or compromised claims up to \$25,000 may be paid without judicial approval. Should BOE terminate this reserve, remaining funds in excess of incurred or accrued liabilities may be transferred to any other reserve fund authorized by the GML or Ed. Law §3651.

Ideal Balance: Three years of insurance premiums. Insurance premium for 2023-24 is \$91,810

Balance June 30, 2023:	\$ 143,020	
Ideal Balance:	\$ 275,430	- \$132,410 underfunded

Recommendation: The reserve is underfunded. The District should assign \$132,000 to bring it closer to the ideal balance.

Recommended Assignment:	\$ 132,000
New Balance June 30, 2023:	\$ 275,020

Repair Reserve:

Purpose: For repairs to capital improvements or equipment not recurring annually or at shorter intervals. Voter approval required to spend. Reserve must be prepaid in equal installments over next two school years. Emergency spending requires 2/3 majority vote of BOE and can be made without holding a public hearing. Legal notice required five days in advance of hearing.

Balance June 30, 2023:	\$ 51,253	
Ideal Balance:	\$ 50,000	\$1,253 overfunded

Recommendation: The reserve is overfunded by an immaterial amount. No action deemed necessary at this time.

TRS Reserve:

Purpose: On April 12, 2019 Gov. Andrew Cuomo signed this year's Article VII budget bills, including a provision allowing school districts to set aside funds in a reserve for employer contributions to the Teachers' Retirement System (TRS). Annually, a district may set aside up to 2% percent of its total TRS payroll. The fund balance may not exceed 10% of total compensation paid to TRS members in the district during the prior fiscal year. School districts may use money kept in TRS reserve funds to make payments directly to TRS or to offset the amount of school aid deducted by the state to cover these obligations.

Ideal Balance: 10% of the total compensation paid to TRS members. Total TRS payroll in 2022-23 was \$6,693,051

Balance June 30, 2023:	\$ 238,886	
Ideal Balance:	\$ 669,305	- \$294,613 underfunded

Recommendation: The TRS Reserve is underfunded. The District should assign the maximum annual allowance of \$133,861 to bring it closer to the ideal balance.

Recommended Assignment:	\$ 133,861
New Balance June 30, 2023:	\$ 372,747