

Mayfield Central School Reserves Plan

For the period ended June 30, 2021

Updated September 8, 2021

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 expenditure for 2021-22 is \$55,042.

Balance on June 30, 2021:	\$ 154,305	
Ideal Balance:	\$ 165,126	- \$10,821 underfunded

Suggestion: Reserve is underfunded by an immaterial amount. No action deemed necessary.

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 2020-21 year was approximately \$7,944,391.

Balance June 30, 2021:	\$ 154,305	
Ideal Balance:	\$ 158,888	- \$4,583 underfunded

Suggestion: Reserve is underfunded by an immaterial amount. No action deemed necessary.

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. Establishing or expending the reserve does not require voter approval. Expenditures may only be made pursuant to a board resolution and must be used to finance retirement contributions.

Ideal Balance: Approximately six years of planned ERS expenditures. The expenditure for 2021-22 is \$294,026.

Balance June 30, 2021:	\$1,768,656	
Ideal Balance:	\$1,764,156	+ \$4,500 overfunded

Suggestion: The reserve is overfunded by an immaterial amount. No action deemed necessary.

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, 2021:	\$ 489,789	
Ideal Balance:	\$ 987,461	- \$497,672 underfunded

Suggestion: The reserve is underfunded. The District should assign \$315,632 to bring it closer to the ideal balance.

Recommended Assignment:	\$ 315,632
New Balance on June 30, 2021:	\$ 805,421

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, 2021:	\$1,000,000
Ideal Balance:	\$1,000,000

Suggestion: The Capital Reserve is at the ideal balance. No action deemed necessary.

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 four to six years' of annual expenditure. The annual expense for two buses in 2021-22 would be \$251,307.

Balance June 30, 2021: \$1,084,001
Ideal Balance: \$1,507,843 - \$423,842 overfunded

Suggestion: The reserve is underfunded. The District should assign \$423,842 to bring it to the ideal balance

Recommended Assignment: \$ 423,842
New Balance June 30, 2021: \$1,507,843

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 2020-21 is \$68,343

Balance June 30, 2021: \$ 73,787
Ideal Balance: \$ 239,288 - \$165,501 underfunded

Suggestion: The reserve is underfunded. The District should assign the maximum amount \$33,000 to bring it closer to the ideal balance.

Recommended Assignment: \$ 33,000
New Balance June 30, 2021: \$ 106,787

Repair Reserve:

Purpose: For repairs to capital improvements or equipment not recurring annually or at shorter intervals. Reserve must be repaid 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, 2021: \$ 269,336
Ideal Balance: N/A

Suggestion: No action deemed necessary.

TRS Reserve:

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 two 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: 2 years of TRS payments, total TRS payroll in 2020-21 was \$6,010,495, maximum annual contribution is \$120,210

Balance June 30, 2021:	\$ 118,408	
Ideal Balance:	\$ 601,050	- \$482,642 underfunded

Suggestion: The TRS Reserve is underfunded. The District should assign the maximum annual allowance of \$120,210 to the TRS Reserve to bring it closer to the ideal balance.

Recommended Assignment:	\$ 120,210
New Balance June 30, 2021:	\$ 601,050