

Mayfield Central School Reserves Plan

For the period ended June 30, 2024

Updated October 7, 2024

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 2024-25 is \$59,201

Balance on June 30, 2024:	\$	182,177	
Ideal Balance:	\$	177,603	\$4,574 overfunded

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

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 2024-25 was \$9,461,509

Balance June 30, 2024:	\$	182,959	
Ideal Balance:	\$	189,230	- \$6,271 (underfunded)

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

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 three years of planned ERS expenditures. The projected expenditure for 2024-25 is \$674,215

Balance June 30, 2024:	\$	1,903,320	
Ideal Balance:	\$	2,022,645	- \$119,325 (underfunded)

Recommendation: The reserve is underfunded. The District should assign \$119,000 to bring it to the ideal balance if excess fund balance is available at the end of the 2024-25 school year.

NY State Teachers' Retirement Contribution 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 2023-24 was \$6,870,080

Balance June 30, 2024: \$ 534,761
Ideal Balance: \$ 687,008 **- \$152,247 (underfunded)**

Recommendation: The TRS Reserve is underfunded. The District should assign the maximum annual allowance of \$137,000 to bring it closer to the ideal balance if excess fund balance is available at the end of the 2024-25 school year.

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, 2024: \$ 857,059
Ideal Balance: \$ 832,726 **\$24,333 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. This reserve was re-established May 14, 2024.

Ideal Balance: Maximum allowable contributions of \$3,000,000. This reserve may not exceed the voter authorization limit or the 10 year limit.

Balance June 30, 2024: \$ 127,687
Ideal Balance: \$1,653,401 **- \$1,790,714 (underfunded)**

Recommendation: In preparation of the upcoming Capital Project, it is recommended to contribute the maximum amount allowed of \$1,790,714 to hit the voter approval limit of \$3,000,000 lifetime contributions. Further, it is recommended that the Capital Reserve limit is increased in 2024-25 and we assign the excess fund balance over 4% from 2023-24 to the Capital Reserve. Voter approval is required to re-establish a Capital Reserve.

Bus Purchase 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. This reserve was re-established May 14, 2024.

Ideal Balance: Maximum allowable contributions of \$5,000,000 with a minimum of the equivalent of five years' of annual expenditures. The annual projected expenses for two buses per year is approximately \$330,000. This reserve may not exceed the voter authorization limit or the 10 year limit.

Balance June 30, 2024:	\$1,328,297	
Ideal Balance (5 years):	\$1,650,000	- \$321,703 (underfunded)
Maximum Contributions:	\$2,629,158	

Recommendation: The reserve is underfunded. The District should assign \$500,000 to bring it closer to being fully funded.

Recommended Assignment:	\$ 500,000
New Balance June 30, 2024:	\$2,093,297

Technology 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 technology. This reserve was established May 14, 2024.

Ideal Balance: Maximum allowable contributions of \$2,000,000. This reserve may not exceed the voter authorization limit or the 10 year limit.

Balance June 30, 2024:	\$ 0	NEWLY ESTABLISHED
Maximum Contributions:	\$2,000,000	

Recommendation: The reserve is newly established. The District should assign \$500,000 to bring it closer to being fully funded.

Recommended Assignment: \$ 500,000
New Balance June 30, 2024: \$ 500,000

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 2024-25 is \$101,688

Balance June 30, 2024: \$ 289,193
Ideal Balance: \$ 305,063 - **\$15,870 (underfunded)**

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

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, 2024: \$ 53,894
Ideal Balance: \$ 50,000 **\$3,894 overfunded**

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