

# Mayfield Central School Reserves Plan

December 18, 2018

## 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 two years' of annual expenditure. The expenditure for 2017-18 is \$43,221. The expenditure for 2018-19 is \$44,085.

|                           |    |        |                             |
|---------------------------|----|--------|-----------------------------|
| Balance on June 30, 2018: | \$ | 96,691 |                             |
| Ideal Balance:            | \$ | 87,306 | <b>+\$9,385, overfunded</b> |

Suggestion: Reserve is overfunded 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 1% of payroll. Gross payroll for 2017-18 year is approximately \$7,818,240.

|                        |    |         |                              |
|------------------------|----|---------|------------------------------|
| Balance June 30, 2018: | \$ | 107,571 |                              |
| Ideal Balance:         | \$ | 78,182  | <b>+\$29,389, overfunded</b> |

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

## 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 5 years of planned ERS expenditures. The expenditure for 2017-18 is \$247,083.

|                        |    |           |                                |
|------------------------|----|-----------|--------------------------------|
| Balance June 30, 2018: | \$ | 992,776   |                                |
| Ideal Balance:         | \$ | 1,235,415 | <b>-\$242,639, underfunded</b> |

Suggestion: The reserve is underfunded. The District should assess fund balance at the end of the school to determine whether funds over and above 4% are available to fund reserve.

**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 of compensated absences less any monies expended from the general fund for this purpose.

Balance June 30, 2018:           \$ 402,092  
Ideal Balance:                   \$ 304,794     **+\$97,298, overfunded**

Suggestion: In 2018-19, we are projecting to have \$65,258 in retirement payouts. This brings the reserve balance to an amount that is ideal, as it is overfunded by an immaterial amount. No action deemed necessary.

**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, 2018:           \$ 600,843  
Ideal Balance:                   Below \$1,000,000

Suggestion: At this point, no action required but may want to consider use of reserve in future years to offset local share of 2016 Capital Project Bond principal and interest payments.

**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 three to five years’ of annual expenditure. The expenditure for 2017-18 is \$253,811.

Balance June 30, 2018:           \$ 792,027  
Ideal Balance:                   \$1,015,244     **-\$223,217, underfunded**

Suggestion: The reserve is underfunded and 2018-19 expenditures are \$241,604, which brings the reserve balance down to \$550,423 - this only allows for two more years of bus purchases. The Interim Director of Operations will be developing a bus replacement plan and the District should assess fund balance at the end of the school to determine whether funds over and above 4% are available to fund reserve. Funding this reserve should be the highest priority.

**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.

Balance June 30, 2018:           \$ 40,037  
Ideal Balance:                    N/A

Suggestion: No action deemed necessary.

**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, 2018:           \$ 265,372  
Ideal Balance:                    N/A

Suggestion: No action deemed necessary.

Accepted by BOE: February 26, 2019