



Homer CSD Reserves Plan

April 16, 2018

RESERVES

The Board is responsible for appropriately managing the financial affairs of the District. Reserves may be established by the Board in accordance with applicable laws. Money set aside in reserves must be used in compliance with statutory provisions which determine how reserves are established and how they may be funded, expended, and/or discontinued. Generally, school districts are not limited as to how much money can be held in reserves. However, reserve balances must be reasonable.

Employee Benefit Accrued Liability Reserve (EBLAR) – GMU Article 2 § 6-p

- Established by Board of Education
- Funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and other funds as the school board may legally appropriate
- Voter approval is not needed to expend funds
- Utilized to pay for accrued and accumulated unused sick leave, personal leave, holiday leave, vacation time, and other benefits earned by employees and payable upon termination
- Upon determination that this fund is no longer needed the fund may be discontinued and funds may be transferred to another reserve fund as permitted by law
- Funds cannot be used to pay lump sum “retirement awards” calculated as a percent of an employee’s final salary and paid upon retirement under a collective bargaining agreement

Reserve Target – Actual calculated liability for employee benefits

June 30, 2017 Balance

\$1,835,429

Future look to move some funding to Capital Reserve

Unemployment Insurance Reserve - GMU Article 2 § 6-m

- Established by Board of Education resolution
- Funded by budgetary appropriations, amounts from any other fund authorized by this chapter by resolution subject to referendum, or other sums that may be legally appropriated
- Voter approval is not needed to expend funds
- Utilized to pay unemployment claims
- Excess funds may be transferred to other reserves authorized by General Municipal Law and Education Law sixty days before the end of the fiscal year

Reserve Target

1%-5% of payroll

Over the past few years, our enrollment has dropped significantly. Based on this and other factors, we have a steady pattern of adjusting staffing levels accordingly. There have been no layoffs and we have been able to utilize attrition. An examination of our staffing profile indicates that opportunities for attrition will be lower going forward after the next few years, and we anticipate a higher reliance on layoffs, with the accompanying unemployment responsibilities.

June 30, 2017 Balance

\$247,549 (1.3% of payroll)

Retirement Contribution Reserve – GMU Article 2 § 6-r

- Established by Board of Education
- Funded by budgetary appropriations, revenues not required by law to be paid into other funds or accounts, transfers from other reserve funds as permitted by law, and such other funds as the board may legally appropriate
- Voter approval is not needed to expend funds
- A portion of the funds may be transferred to another reserve fund established pursuant to Education Law § 3651 following a public hearing conducted in the manner set forth by in law (15 Day Public Notice of Hearing)

Reserve Target 12% of ERS payroll multiplied by 3 years

Pension costs are a significant factor in district budgets. It is desirable to have enough reserve to pay these costs for 5 years, as contributions are based on 5 year averages. The lower and upper targets are based on the history demonstrated in the above chart.

June 30, 2017 Balance

\$1,603,874

Recommended \$1,138,091 (12% of ERS payroll multiplied by 3 years)

Move \$465,783 difference to Capital Fund in 18-19

Capital Reserve – EDN Article 74 § 3651

Established by voter approval

- States the purpose of the fund, the amount, the term of fund, and sources where funds are obtained e.g. budgetary appropriations, unappropriated fund balance, and New York State Aid
 - Current Reserve established by Voters May, 2014
 - Term not stated.
 - Maximum Reserve Amount
 - \$5,000,000
- Utilized to pay for any object or purpose for which a school district may issue bonds pursuant to Finance Law
- Expended only with voter approval and for the purpose for which the fund was established
- Transferred to other funds only by voter approval
- May be liquidated by approval of voters if determined fund is no longer needed for the original purpose. Proceeds must be applied first to outstanding bond indebtedness than to tax levy

Reserve Target

The District recently completed the required Building Condition Survey. This survey identifies three categories of projected capital work: (1) Building Condition (code related work), (2) 5-year plan (beneficial upgrades), and (3) long-term planning (program and environment enhancement). Reserve targets should be set based on proposed future work.

June 30, 2017 Balance

\$531,357

Tax Certiorari Reserve Fund – EDN Article 74 §3651

- Established by Board of Education resolution
- Voter approval is not needed to expend funds
- Utilized to pay judgments and claims arising out of tax certiorari proceedings
- Established in the amount which might be deemed reasonably necessary to pay judgments and claims
- Monies not used and/or are not reasonably required to pay judgments or claims are to be returned to the general fund on or before the first day of the fourth fiscal year following deposit into such fund
- Such monies shall be deemed reasonably required to pay any such judgment or claim if the proceeding or claim has not been finally determined, or otherwise terminated or disposed of after the exhaustion of all appeals

Reserve Target

By law, the allowable amount for this reserve is calculated based on pending Tax Certiorari cases.

June 30, 2017 Balance

\$200,000 (Amount will be reduced for 2018-19 School Year)

Workers' Compensation Reserve – GMU Article 2 § 6-j

- Established by Board of Education resolution
- Funded by budgetary appropriations, or other sums that may be legally appropriated
- Voter approval is not needed to expend funds
- Utilized to pay expenses incurred by a self-funded worker's compensation plan such as compensation and benefits, medical, hospital, and expenses related to administering the plan
- Excess funds may be transferred to other reserves authorized by General Municipal Law and Education Law sixty days before the end of the fiscal year

Reserve Target

5%-10% of payroll. The amount allows us to pay several years of premiums at the current level. A single catastrophic or serious event can cause a spike in costs that can as much as double premiums.. The higher level of funding allows for such circumstances.

June 30, 2017 Balance

\$1,065,310 (5.5% of payroll)

Mandatory Reserve for Debt Service (GML § 6-1)

- This reserve is used to cover debt service payments on outstanding obligations (bonds, BANS)
- after the sale of district capital assets or improvements.
- Expenditures are for debt service only or for the purpose of retiring the outstanding obligations.
- Remaining balance of sale in excess of indebtedness may be expended for any other lawful district purpose.
- The funding of the reserve as defined in GML § 6-c is from (1) the proceeds of the cash sale of capital assets and improvement (including, but limited to land, buildings, equipment, and vehicles), and (2) State and Federal Aid received on account of a capital improvement to the retirement of outstanding obligations issued to finance such improvement.

June 30, 2017 Balance

\$6,048,641

Five Year Plan for Reserves

Fund	2017-18	2018-19	2019-20	2020-21	2021-2022
EBLR (Employee Benefit Liability Reserve)	\$1,835,429.00	\$1,835,429.00	\$1,835,429.00	\$1,835,429.00	\$1,835,429.00
Unemployment Reserve	\$247,549.00	\$247,549.00	\$247,549.00	\$247,549.00	\$247,549.00
Retirement Reserve	\$1,603,874.00	\$1,138,076.00	\$1,138,076.00	\$1,138,076.00	\$1,138,076.00
Capital Reserve	\$531,357.00	597,140.00	597,140.00	597,140.00	597,140.00
Tax Certiorari	\$200,000.00	\$150,000.00	\$150,000.00	\$150,000.00	\$150,000.00
Workers Compensation	\$1,065,310.00	\$1,065,310.00	\$1,065,310.00	\$1,065,310.00	\$1,065,310.00
Total	\$5,483,519.00	\$5,033,504.00	\$5,033,504.00	\$5,033,504.00	\$5,033,504.00
Debt Service	\$5,740,407.00	\$5,432,173.00	\$5,123,939.00	\$4,815,705.00	\$4,507,471.00
Expensed	\$308,234.00	\$308,234.00	\$308,234.00	\$308,234.00	\$308,234.00

2018-19

As per 2017 Turf Project Resolution -\$400,000 will come out of Capital Reserve

Proposed moving \$465,783 from Retirement Reserve to the Capital Reserve-15 day notice required

Monitor Tax Certiorari Reserve reduction to General Fund.

QUESTIONS ?