

**EDWARDS-KNOX CENTRAL SCHOOL DISTRICT**  
**RESERVES PLAN**  
**UPDATED JULY 2019**  
*Approved by the Board of Education 8/13/2019*

**Worker's Compensation Reserve**

*Creation* – This reserve was created on June 4, 2012.

*Purpose* – This reserve is used to pay for actual worker's compensation claims, related medical expenses and self-insurance administrative costs.

*Funding Methods* – This reserve was initially funded in June 2012 with excess fund balance.

*Use of Reserve* – The District recommends utilizing the Worker's Compensation Reserve to offset the self-insurance administrative costs through St. Lawrence-Lewis BOCES in addition to an equal annual amount to offset premium costs. A five-year plan includes the actual known administrative cost for 19-20 and 4% projections for subsequent years.

- 2019-2020 - \$79,290 + \$15,882 = \$95,172
- 2020-2021 - \$82,460 + \$16,518 = \$98,978
- 2021-2022 - \$85,760 + \$17,179 = \$102,939
- 2022-2023 - \$89,190 + \$17,867 = \$107,057
- 2023-2024 - \$92,758 + \$18,582 = \$111,340
- **TOTAL:     \$429,458 + \$86,028 = \$515,486**

*Monitoring of Reserve* – The Business Manager monitors the Worker's Compensation Reserve.

*Funding Level* – A funding level equal to approximately five (5) years of Worker's Compensation expenses is desired. A five year projected liability for administrative expenses is \$515,486. The District will endeavor to replenish the Worker's Compensation reserve to a balance of \$515,486 by the end of June 30, 2024. Any excess balance at June 30, 2024 will be returned to the General Fund for other purposes.

Actual Balance at 7/1/19: \$409,804.40

Recommended Balance at 6/30/20: \$515,486 (including interest)

Excess Balance at 6/30/19: \$0

## **Reserve for Retirement Contributions**

*Creation* – This reserve was created on June 4, 2012.

*Purpose* – This reserve is used to fund employer retirement contributions to the NY State and Local Employees' Retirement System (ERS). Payments to the Teachers Retirement System (TRS) are not allowed from this reserve.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations, excess fund balance, or transfers from Tax Certiorari, Capital or Repair reserves.

*Use of Reserve* – The District recommends utilizing the Retirement Contribution reserve to offset the district cost to the NY State and Local Employees' Retirement system for a five (5) year period. A five year plan includes the actual known rate for 19-20 based on estimated salary predictions and 3% projections for subsequent years.

- 2019-2020 - \$245,000
- 2020-2021 - \$252,350
- 2021-2022 - \$259,921
- 2022-2023 - \$267,718
- 2023-2024 - \$275,750
- **TOTAL:     \$1,300,739**

*Monitoring of Reserve* – The Business Manager monitors the Retirement Contribution Reserve.

*Funding Level* – Although a plan is in place to draw down on the funds in this reserve, a constant funding level equal to approximately five years of retirement system billings is desired. At current rates, that level is approximately \$1,300,739. The District will endeavor to replenish the Retirement Contribution reserve to a balance of \$1,300,739 by the end of June 30, 2024.

Actual Balance at 7/1/19: \$1,220,029.70

Recommended Balance at 6/30/20: \$1,300,739 (including interest)

Excess Balance at 6/30/2019: \$0

## **Reserve for Accrued Employee Benefits Liability**

*Creation* – This reserve was created on September 13, 1999.

*Purpose* – This reserve is used to pay for unused accumulated leave time contractually provided to employees, upon termination of the employee's service. Expenditures made from the Employee Benefit Accrued Liability Reserve fund include cash payment for the value of accumulated or accrued and unused sick leave or vacation leave. This fund cannot be used to pay for items such as: retirement incentives, social security and Medicare payments and retiree health insurance.

*Funding Methods* – This reserve was funded from excess fund balance and may be funded with budgetary appropriations or funds from other reserves authorized under General Municipal Law (GML).

*Use of Reserve* – This reserve is used when an employee separates from the District and payment of accumulated leave is required. These transactions flow through the General Fund budget with the offsetting revenue coming from a drawdown of this reserve, as needed. The District will continue to budget an annual allocation from the Accrued Employee Benefits Liability reserve to offset the budgeted expenditure.

*Monitoring of Reserve* – The Business Manager monitors the Accrued Employee Benefits Liability reserve. Annually, a detailed analysis of the liability is computed and is used to support funding this reserve at 100% of the district's liability.

*Funding Level* – This reserve should be funded at 100% of the accrued liability for unused accumulated leave time.

*Actual Balance* at 7/1/19: \$607,962.24

*Recommended Balance* at 6/30/20: \$323,609.51 (including interest) or actual liability calculated, whichever is less.

*Excess Balance* at 6/30/2019: \$284,352.73.

## **Reserve for Unemployment Insurance**

*Creation* – This reserve was created prior to June 30, 1997.

*Purpose* – This reserve is used to reimburse New York State for payments made to claimants where the district uses the benefit reimbursement method. The District does subscribe to the benefit reimbursement method, meaning we reimburse the State for actual claims incurred. We do not pay New York State a fixed premium for unemployment insurance coverage.

*Funding Methods* – This reserve was funded entirely from excess fund balance when it was created. The unemployment insurance reserve can be funded with budgetary appropriations, other funds that may be legally appropriated or funds from other reserves authorized under General Municipal Law (GML).

*Use of Reserve* – The District recommends utilizing the Unemployment Insurance reserve to offset expenditures to the New York State Unemployment Insurance fund. A five-year plan includes a projection of \$31,590 cost per year for five (5) years. The current annual projection is calculated assuming three (3) estimated staff reductions at the maximum allowable benefit.

- 2019-2020 - \$31,590
- 2020-2021 - \$31,590
- 2021-2022 - \$31,590
- 2022-2023 - \$31,590
- 2023-2024 - \$31,590
- **TOTAL:      \$157,950**

*Monitoring of Reserve* – The Business Manager monitors the Unemployment Insurance Reserve.

*Funding Level* – A funding level equal to approximately five (5) years of projected Unemployment Insurance expenses is desired. The current funding level of \$296,059.60 exceeds the projected needed 5-year allocation to the general fund budget by \$138,109.60.

Actual Balance at 7/1/19: \$296,059.60

Recommended Balance at 6/30/20: \$157,950 (including interest).

Excess Balance at 6/30/2019: \$138,109.60

## **Retirement Contribution Reserve Sub-Fund**

*Creation* – This sub-fund of the Retirement Contribution Reserve was created on May 14, 2019.

*Purpose* – This Reserve Sub-Fund is used to fund employer retirement contributions to the Teachers Retirement System (TRS).

*Funding Methods* – Funds are placed in the Reserve Sub-Fund from budgetary appropriations, excess fund balance, or transfers from reserve funds pursuant to law. A public hearing is required prior to the board resolution adopting any transfer into this reserve.

*Use of Reserve* – The District recommends utilizing the Reserve Sub-Fund to offset the district cost to the Teachers Retirement System for a five (5) year period. The law limits the annual transfer to 2% of the total compensation or salaries of all teachers and limits the total balance to 10% of the total compensation or salaries of all teachers.

- 2019-2020 - \$80,000
- 2020-2021 - \$80,000
- 2021-2022 - \$80,000
- 2022-2023 - \$80,000
- 2023-2024 - \$80,000
- **TOTAL:     \$400,000**

*Monitoring of Reserve* – The Business Manager monitors the Retirement Contribution Reserve and this sub-fund.

*Funding Level* – The Board has not funded the Reserve Sub-Fund at this time.

Actual Balance at 7/1/19: \$0

Recommended Balance at 6/30/20: \$80,000 (including interest)

Excess Balance at 6/30/2019: \$0