

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT
RESERVES PLAN
UPDATED JULY 2017
Approved by the Board of Education 8/8/2017

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 17-18 and 4% projections for subsequent years. The remaining reserve balance is divided equally among 5 years to cover premium costs.

- 2017-2018 - \$70,159 + \$19,145 = \$89,304
- 2018-2019 - \$72,965 + \$19,911 = \$92,876
- 2019-2020 - \$75,884 + \$20,707 = \$96,591
- 2020-2021 - \$78,919 + \$21,536 = \$100,455
- 2021-2022 - \$82,076 + \$22,397 = \$104,473
- **TOTAL: \$380,004 + \$103,695 = \$483,699**

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

Funding Level – A funding level equal to approximately two (5) years of Worker's Compensation expenses is desired. A five year projected liability for administrative expenses is \$483,699. The District will endeavor to replenish the Worker's Compensation reserve to a balance of \$483,699 by the end of June 30, 2021. Any excess balance at June 30, 2022 will be returned to the General Fund for other purposes.

Actual Balance at 7/1/17: \$396,386.80

Recommended Balance at 6/30/18: \$483,699 (including interest)

Excess Balance at 6/30/2017: \$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 17-18 based on estimated salary predictions and 3% projections for subsequent years.

- 2017-2018 - \$242,108
- 2018-2019 - \$249,371
- 2019-2020 - \$256,852
- 2020-2021 - \$264,558
- 2021-2022 - \$272,495
- **TOTAL: \$1,285,384**

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 \$1,285,384. The District will endeavor to replenish the Retirement Contribution reserve to a balance of \$1,285,384 by the end of June 30, 2022.

Actual Balance at 7/1/17: \$1,180,084.04

Recommended Balance at 6/30/18: \$1,285,384 (including interest)

Excess Balance at 6/30/2017: \$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 7/1/17: \$588,056.71

Recommended Balance at 6/30/17: \$277,561.95 (including interest) or actual liability calculated, whichever is less.

Excess Balance at 6/30/2017: \$310,494.76.

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.

- 2017-2018 - \$31,590
- 2018-2019 - \$31,590
- 2019-2020 - \$31,590
- 2020-2021 - \$31,590
- 2021-2022 - \$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 \$286,366.23 exceeds the projected needed 5-year allocation to the general fund budget by \$128,416.23.

Actual Balance at 7/1/16: \$286,366.23

Recommended Balance at 6/30/17: \$157,950 (including interest).

Excess Balance at 6/30/2016: \$128,416.23

Reserve for Insurance

Creation – This reserve was created via resolution at the Board of Education meeting on October 24, 2005.

Purpose – This reserve is used to pay casualty and other types of losses, except those for which insurance may be purchased.

Funding Methods – This reserve was funded from excess fund balance.

Use of Reserve – This reserve would be used to pay any allowable claims, as described in the purpose for this reserve.

Monitoring of Reserve – This reserve is monitored by the Business Manager.

Funding Level – This reserve is funded at a level of \$37,436.36

Actual Balance at 7/1/16: \$37,436.36

Recommended Balance at 6/30/17: \$37,436.36

Excess Balance at 6/30/2016: \$0