



WESTPORT CENTRAL SCHOOL DISTRICT

RESERVES PLAN

*Adopted by the Board of Education JANUARY 12, 2017
Updated July 10, 2018*

Worker's Compensation Reserve

Creation – This reserve was created in July 2001.

Purpose – This reserve is used to pay for actual worker's compensation claims, related medical expenses and self-insurance administrative costs. It cannot be used to pay for worker's compensation insurance premiums (this includes a prohibition against using these funds to pay for our annual contribution to the cooperative).

Funding Methods – This reserve was funded through excess fund balance over the course of several years.

Use of Reserve – Since the Worker's Compensation Cooperative has money held in its reserves, the district may never get the opportunity to liquidate these funds for their stated use. Board of Education determined the funds exceeded the amount needed to satisfy existing obligations and pending claims by the sum of \$20,000 and approved transfer to the Capital Improvement Reserve Fund per resolution dated June 8, 2017.

Monitoring of Reserve – This reserve is monitored by the District Treasurer.

Funding Level – Due to the District's participation in a worker's compensation cooperative (beginning July 1, 1991), there is no need to add funds to this reserve.

6/30/17 Actual Balance: \$0

Recommended 6/30/18: \$0

Insurance Reserve

Creation – This reserve was created on July 2001.

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

Funding Methods – This reserve was previously funded from excess fund balance. Future funding of this reserve is not planned at this time.

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

Monitoring of Reserve – This reserve is monitored by the District Treasurer.

Funding Level – This reserve can be funded with an amount not to exceed \$33,000 or 5% of the budget, whichever is greater. The ultimate amount of such fund shall not exceed \$75,000, exclusive of interest earnings.

6/30/17 Actual Balance: \$25,126.12 Recommended 6/30/18: \$25,126.12 plus interest

Reserve for Accrued Employee Benefits Liability (EBALR)

Creation – This reserve was created on October 20, 2002.

Purpose – This reserve is used to pay for unused accumulated leave time contractually provided to certain groups of employees, normally upon retirement. This typically includes payment for unused sick and vacation pay. This fund cannot be used to pay for items such as: retirement incentives, FICA and Medicare payments and retiree health insurance.

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

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 budget via a budget revision with the offsetting revenue coming from a drawdown of this reserve. This reserve will continue to be used in this manner to make these payments. Board of Education approved \$33,294.22 appropriation from this reserve on July 11, 2017.

Monitoring of Reserve – This reserve is monitored by the District Treasurer. Each year, a detailed analysis of the liability is computed and is used to support the funding of this reserve up to 100% of the district's liability.

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

6/30/17 Actual Balance: \$315,751.25 Recommended 6/30/18: \$282,456.92 plus interest

Reserve for Unemployment Insurance

Creation – This reserve was created on October 20, 2002.

Purpose – This reserve is used to reimburse the 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.

Funding Methods – This reserve was funded through excess fund balance over the course of several years. It was funded to cover any unanticipated staff reductions.

Use of Reserve – The initial funding was an amount sufficient to pay full unemployment insurance at the maximum rate for approximately nine individuals. Although the budget has typically contained \$25,000 for unemployment insurance, this line in the 2013-14 budget was reduced to \$20,000, and is maintained at this level in 2014-15. A historical review of actual expenses indicates the district may spend the full \$20,000 in any given year. Any excess payments for unemployment insurance would be made from this reserve.

Monitoring of Reserve – This reserve will be monitored by the District Treasurer in conjunction with other central office administrators to assess the potential for incurring unemployment claims.

Funding Level – This reserve can be funded with \$20,000 annually. The ultimate amount of such fund shall not exceed \$75,000, exclusive of interest earnings. This fund has ranged from \$12,490 to \$36,095. At this time, this level is deemed appropriate.

6/30/17 Actual Balance: \$25,196.03 Recommended 6/30/18: \$25,196.03 plus interest

Repair Reserve – Building Maintenance Reserve

Creation – Established by Board of Education resolution April 8, 1997. Funding established on May 20, 1997 via voter approval. The ultimate amount of such fund shall be \$25,000 which amount shall be raised annually by installment of \$5,000 each year for five successive years by taxes levied on the taxable property of the district. October 11, 2007 Board of Education increased amount to \$90,000.

Purpose – This reserve was for the sole purpose of creating a budget line item and savings fund for necessary future repairs to the present school buildings.

Funding Methods – Voter approval is required to fund this reserve. In accordance with the proposition approved by the voters, this reserve will be funded by \$5,000 each year for five successive years by taxes levied on the taxable property of the district.

Use of Reserve – In accordance with the law, a public hearing must be held in order to use funds from this reserve, except in an emergency. Funds used without holding a public hearing must be repaid to the fund over two years. Use is restricted to the purpose stated above. Board of Education determined the funds exceeded the amount needed to satisfy existing obligations by the sum of \$90,000 and therefore that sum was transferred to the Capital Improvement Reserve Fund per resolution dated June 8, 2017. Board of Education determined the funds exceeded the amount authorized by \$45,108.13 and therefore that sum was transferred to the District’s General Fund per resolution dated June 8, 2017.

Monitoring of Reserve – This reserve is monitored by the District Treasurer.

Funding Level – It is recommended that appropriations for repairs by included in the annual voter approved budget and that the balance in this fund remain at \$0.

6/30/17 Actual Balance: \$0 Recommended 6/30/18: \$0

Capital Reserve - School Bus Reserve

Creation – This reserve was created on May 20, 1997 via voter approval. It was approved with a \$90,000 limit. It was created as a savings fund to replace existing bus fleet and to authorize the Board to transfer up to but not exceed \$30,000 per year from any unexpended fund balance at the close of the school year. October 11, 2007 Board of Education increased amount to \$95,000.

Purpose – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued. Purchase school buses specified.

Funding Methods – Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded entirely from excess fund balance.

Use of Reserve – Use of this reserve requires voter approval. Voters approved \$25,000 appropriation from this reserve this year as part of budget for the purchase of one passenger van.

Monitoring of Reserve – This reserve is monitored by the District Treasurer.

Funding Level – As stated in the approved proposition, this reserve was created with a maximum limit of \$90,000. The Board of Education increased this amount to \$95,000 October 11, 2007.

6/30/17 Actual Balance: \$98,616.20 Recommended 6/30/18: \$0

Note: Purpose of this reserve was to purchase school buses. Total expenditure over life of each reserve may not exceed voter-approved maximum. Funds may be transferred to other reserves only with voter approval. The fund has exceeded the life approved by voters and voter-approved maximum expenditure over life of reserve. On April 19, 2018, the Board of

Education resolved to transfer the balance of \$74,772.15 to the Transportation and Maintenance Equipment Reserve with voter approval.

Reserve for Tax Certiorari

Creation – This reserve was created via resolution at the Board of Education meeting in July 2001. This reserve was liquidated at the Board of Education meeting on June 9, 2016.

Purpose – This reserve may be used to pay judgments and claims in tax certiorari proceedings per RPTL, Article 7.

Funding Methods – Budgetary appropriations or other funds that may be legally appropriated. Monies held in reserve may not exceed amount necessary to meet anticipated judgments and claims.

Use of Reserve – Funds not expended for judgments and claims in the year deposited, must be returned to General fund on or before 1st day of the 4th school year after deposit of such monies into the reserve unless claim(s) are still open and not finally determined or otherwise terminated or disposed of after the exhaustion of all appeals.

Monitoring of Reserve – This reserve is monitored by the District Treasurer.

Funding Level – As stated in the original Board of Education resolution, this reserve was created with a maximum limit of \$100,000. Board of Education authorized deposit of \$5,500 on July 8, 2017.

Funding Level – Calculated each year based on Tax Certiorari proceedings. For 2017, there was one filing made within 30 days of the filing of the Final Assessment Rolls on July 1, 2017. I anticipate the same taxpayer will file for 2018 as a Tax Cert has been filed for this property in each of the past three years and has not yet been settled.

6/30/17 Actual Balance: \$5,500

Recommended 6/30/18: \$11,000 plus interest

Capital Reserve – Transportation and Maintenance Equipment Reserve

Creation – This reserve was approved by the voters on February 7, 2017. It was approved with a \$500,000 limit over a 10 year period of time. It will expire when the dollar limit is reached, or on June 30, 2027, whichever comes first.

Purpose – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued. Specifically, transportation and maintenance equipment.

Funding Methods – Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded from excess fund balance or other legally available funds of the School District to fund such reserve fund.

Use of Reserve – Use of this reserve requires voter approval. The proposition to use these funds must be specific to a set of projects and dollar amounts. On April 19, 2018, the Board of Education authorized the appropriation and expenditure of the maximum estimated amount of \$60,000 with required voter approval as part of the annual budget.

Monitoring of Reserve – This reserve is monitored by the District Treasurer.

Funding Level – As stated in the approved proposition, this reserve was created with a maximum limit of \$500,000. On April 19, 2018, the Board of Education resolved to transfer the balance of \$74,772.15 from the Bus Reserve with voter approval on May 15, 2018. On June 14, 2018, the Board of Education resolved to transfer \$110,000 from excess fund balance.

6/30/17 Actual Balance: \$0

Recommended 6/30/18: \$184,772.15 plus interest

Capital Reserve – Capital Improvement Reserve

Creation – This reserve was presented to the voters for approval on February 7, 2017. It was presented with a \$1,000,000 limit over a 10 year period of time. It will expire when the dollar limit is reached, or on June 30, 2027, whichever comes first.

Purpose – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued. Specifically, the construction of improvements to and reconstruction of School District facilities and sites, including original furnishings, equipment, machinery, apparatus, appurtenances, and incidental improvements and expenses.

Funding Methods – Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded from excess fund balance or other legally available funds of the School District to fund such reserve fund.

Use of Reserve – Use of this reserve requires voter approval. The proposition to use these funds must be specific to a set of projects and dollar amounts. This fund will be used to provide the taxpayer share of a future capital project to address the needs identified in the Building Condition Survey and pending Five-Year Facilities Plan.

Monitoring of Reserve – This reserve is monitored by the District Treasurer.

Funding Level – As stated in the approved proposition, this reserve was created with a maximum limit of \$1,000,000.

6/30/17 Actual Balance: \$810,554.92

Recommended 6/30/18: \$810,554.92 plus interest

The following two items are not reserve accounts, but are equally as important to planning revenues for the District.

Unassigned Fund Balance

Creation – Retention of these funds are allowed by law.

Purpose – These funds are unrestricted and may be used for any valid purpose.

Funding Methods – These funds have been accumulated from excess fund balance.

Use of Funds – It is recommended that these funds not be used except for an emergent, unanticipated expense, or revenue shortfall, that cannot be handled either in the budget or with other available reserves.

Monitoring of Balance – These funds are monitored by the District Treasurer.

Funding Level – The maximum legal limit is recommended (4% of the ensuing budget).

6/30/17 Actual Balance: \$403,757 Recommended 6/30/18: \$251,878

Assigned Fund Balance - Appropriated for Subsequent Years

Creation – These funds are actually fund balance that have been set aside for a particular purpose, namely to reduce the tax levy required to support an ensuing year's budget.

Purpose – These funds are set aside and returned to the community by lowering the required tax levy to support the district's budget.

Funding Methods – These funds are fund balance that are assigned for a particular purpose.

Use of Funds – It is recommended that the practice of returning these funds continue each year, as budgets permit. In the future, tighter budgets may restrict the amount of excess available to be returned in a subsequent year.

Monitoring of Balance – The balance and use of these funds are monitored by the District Treasurer.

Funding Level – It is recommended that the planned amount of assigned fund balance included as a revenue source in future budgets be limited to between \$50,000 and \$250,000.

6/30/17 Use of Funds: \$87,064

Planned Use of Funds 18-19: \$200,000