

PLAINEDGE UNION FREE SCHOOL DISTRICT

RESERVES PLAN

JUNE 2020

Workers' Compensation Reserve

Authorization – GML §6-j

Creation – This reserve was reaffirmed on Dec. 5, 2017

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 funded through excess fund balance over the course of multiple years.

Use of Reserve – The district is self-insured for Workers' Compensation. This reserve is used to pay claims that exceed the budgeted appropriations for Workers' Compensation.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Ending Balance 6/30/20: \$1,077,406

Funds Used 2019-20: \$200,000

Interest Accrued for 2019-20: \$5,061

Five Year Plan: Maintain current levels.

Reserve for Retirement Contributions

Authorization – GML §6-r

Creation – This reserve was created on June 15, 2006.

Purpose – This reserve is used for the purpose of financing retirement contributions payable to the New York State and Local Employee's Retirement System. Payments to the Teachers Retirement System are not allowed from this reserve.

Funding Methods – Funds have been placed in this reserve from excess fund balance.

Use of Reserve – This reserve is used to pay district expenses related to the Employees' Retirement System, and to smooth tax levy fluctuations that result from rate changes and cost increases associated with these expenses.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Funding Level – The reserve balance at June 30, 2020 equals approximately six years' worth of Retirement System billings at the current rate.

Ending Balance 6/30/20: \$6,121,926

Funds Used 2019-20: \$700,000

Interest Accrued for 2019-20: \$20,718

Recommended: Leave current fund levels

Five Year Plan: Maintain current levels.

Reserve for TRS Contributions

Authorization – GML §6-r (sub-fund)

Creation – This reserve was created on May 16, 2019.

Purpose – To fund employer retirement contributions payable by any eligible school district to the New York State Teachers Retirement System.

Funding Methods – Funds have been placed in this reserve from excess fund balance.

Use of Reserve – This reserve is used to pay district expenses related to the Teachers' Retirement System, and to smooth tax levy fluctuations that result from rate changes and cost increases associated with these expenses.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Funding Level – The reserve balance at June 30, 2020 is less than 20% of actual one year of TRS expense.

Ending Balance 6/30/20: \$676,113

Funds Used: None

Interest Accrued for 2019-20: \$1,113

Recommended: Continue to fund

Five Year Plan: Continue to fund

Reserve for Accrued Employee Benefits Liability

Authorization – GML §—6-p

Creation – This reserve was created on December 5, 2017.

Purpose – This reserve is used to reserve funds for the payment of accrued employee benefits primarily based on unused and unpaid sick leave, personal leave, or vacation time due an employee upon termination of the employee's service.

This fund cannot be used to pay for items such as retirement incentives 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. This reserve will continue to be used in this manner to make these payments.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business.

Funding Level – This reserve is funded at 100% of the accrued liability for unused accumulated leave time, and will continue to be so.

Ending Balance 6/30/20: \$3,826,514

Funds Used 2019-20: \$88,652

Interest Accrued for 2019-20: \$12,813

Five Year Plan: Use funds to pay current liabilities. Maintain at sufficient level to meet liabilities.

Reserve for Unemployment Insurance

Authorization – GML §6-m

Creation – This reserve was created on June 30, 2006.

Purpose – This reserve is used to reimburse the State for payments made to claimants. The Unemployment Board has changed the methodology for billing school districts for unemployment. The expense will be a fluctuating rate based on payroll expenses, rather than a rate tied to actual costs.

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

Use of Reserve – The district is self-insured for Unemployment Insurance. This reserve is used to pay claims that exceed budgeted appropriations for unemployment claims and expenses. The district's costs are relatively low and the balance in this reserve has been stable for several years.

Monitoring of Reserve – This reserve will be monitored by the Assistant Superintendent for

Business in conjunction with other central office administrators to assess the potential for incurring unemployment claims.

Funding Level – This reserve was funded at \$605,000 in 2007 and increased over the years to \$3,117,168 in 2017. In 2018 \$2,000,000 from this reserve was used to fund the Capital Reserve III. At this time, the funds in this reserve are deemed appropriate.

Ending Balance 6/30/20: \$1,183,372

Funds Used 6/30/20: \$19,323

Interest Accrued for 2019-20: \$3,869

Five Year Plan: Maintain at sufficient level to meet liabilities.

Capital Reserve II 05/15/2015

Authorization – ED Law §3651

Creation – In May 2015, the voters approved a proposition authorizing the District to create a capital (general construction) reserve fund for the purpose of specifically described district-wide improvements. The reserve has a probable term of ten years, and an ultimate funding amount of \$25,000,000. The funding each year shall not exceed \$2,500,000. The reserve was initially funded with \$2,600,000 from the workers' compensation reserve, \$2,500,000 from the retirement contribution reserve, and \$1,522,734 from the insurance reserve, by resolution of the Board in May 2015. This reserve has been funded by the District in the amount of \$20,686,404. Voters have authorized the use of \$18,228,556 for authorized capital projects. The reserve has earned \$53,314 in interest.

Use of Reserve – Expenditures may be made from the reserve only for a specific purpose further authorized by the voters.

Monitoring of Reserve – This reserve will be monitored by the Assistant Superintendent for Business.

Ending Balance 6/30/20: \$2,511,162

Funding 2019-20: \$2,139,817

Funds Used 2019-20: \$3,336,147

Interest Accrued for 2019-20: \$12,659

Capital Reserve III 05/15/2018**Authorization – ED Law §3651**

Creation – In May 2018, the voters approved a proposition authorizing the District to create a capital (general construction) reserve fund for the purpose of specifically described district-wide improvements. The reserve has a probable term of fifteen years, and an ultimate funding amount of \$15,000,000. The funding each year shall not exceed \$2,500,000. The reserve was initially funded with \$870,000 from the workers' compensation reserve, \$3,000,000 from the retirement contribution reserve, and \$2,000,000 from the unemployment reserve pursuant to the voter approved proposition. This reserve has been funded by the District in the amount of 7,654,881. The reserve has earned \$63,985 in interest.

Use of Reserve – Expenditures may be made from the reserve only for a specific purpose further authorized by the voters.

Monitoring of Reserve – This reserve will be monitored by the Assistant Superintendent for Business.

Ending Balance 6/30/20: \$4,885,636

Funding 2019-20: \$0

Funds Used 2019-20: \$598,230

Interest Accrued for 2019-20: \$18,761

Capital Reserve III 05/21/2019**Authorization – ED Law §3651**

Creation – In May 2019, the voters approved a proposition authorizing the District to create a capital (general construction) reserve fund for the purpose of specifically described district-wide improvements. The reserve has a probable term of fifteen years, and an ultimate funding amount of \$25,000,000. The funding each year shall not exceed \$2,500,000. This reserve fund was initially funded from the net proceeds from the liquidation of split dollar life insurance policies owned by the Board of Education and unspent bond proceeds remaining in the Debt Service Fund. This reserve has been funded by the District in the amount of \$8,700,000 and has earned \$21,364 in interest.

Use of Reserve – Expenditures may be made from the reserve only for a specific purpose further authorized by the voters.

Monitoring of Reserve – This reserve will be monitored by the Assistant Superintendent for Business.

Ending Balance 6/30/20: \$3,221,364

Funding 2019-20: \$2,500,000

Funds Used 2019-20: \$5,500,000

Interest Accrued for 2019-20: \$21,364