

**FORESTVILLE CENTRAL SCHOOL DISTRICT**  
**2016-2017 RESERVE PLAN**

**Unemployment Insurance Reserve**

*Creation* – This reserve was created on May 13, 1992.

*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. We do not pay NYS a fixed premium for unemployment insurance coverage.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

*Use of Reserve* – The annual budget is currently \$27,118 for unemployment expenses. This reserve is used to pay for ongoing claims incurred by the District.

*Monitoring of Reserve* – This reserve will be monitored by the Business Executive to assess the potential for incurring unemployment claims.

*Funding Level* – This reserve has been funded in anticipation of an increased number of staff reductions and to ensure sufficient funds for years in which there may be multiple layoffs. At this time, the level is deemed sufficient. There is no plan to contribute additional funds to the unemployment reserve at this time.

**6/30/16 Actual Balance: \$175,599.91**

**Retirement Contribution Reserve**

*Creation* – This reserve was created on July 30, 2009 and was first funded on June 30, 2011.

*Purpose* – This reserve is used to pay for district expenses to the NYS Employees Retirement System only. Payments to the Teachers Retirement System are not allowed from this reserve.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

*Use of Reserve* – This reserve is being funded as funds become available from excess fund balance. The plan is to fund this reserve up to a maximum of five years of estimated NYS Employees Retirement System expense. Funds will be used each year to cover at least the increase in ERS expense over the prior year and at most the entire ERS expense for the year. Once the reserve is fully funded, funds used will be replenished as funds become available.

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

*Funding Level* – The plan is to fund this reserve up to a maximum of approximately five years of estimated NYS Employees Retirement System expense. At current rates, that level is approximately \$1,280,000.

**6/30/16 Actual Balance: \$847,362.05**

### **Reserve for Property Loss**

*Creation* – This reserve was created on May 13, 1992.

*Purpose* – This reserve is used to pay for property loss & liability claims incurred.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or 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 Executive.

*Funding Level* – This reserve can be funded up to \$15,000 per year. There is no plan to contribute additional funds to the reserve at this time.

**6/30/16 Actual Balance: \$43,590.29**

### **Insurance Reserve**

*Creation* – This reserve was created on May 13, 1992.

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

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or 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 Executive.

*Funding Level* – This reserve can be funded up to \$33,000 per year. There is no plan to contribute additional funds to the reserve at this time.

**6/30/16 Actual Balance: \$95,938.30**

**Reserve for Tax Certiorari**

*Creation* – This reserve was re-established on June 30, 2011.

*Purpose* – This reserve is used to pay for prior year judgments and claims in tax certiorari proceedings. Current year refunds are paid through the budget.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or excess fund balance. Funds in this reserve which are not used to pay tax certiorari judgments or claims must be returned to the General Fund after four years.

*Use of Reserve* – This reserve would be used to pay for prior year tax certiorari claims that are settled in a given year.

*Monitoring of Reserve* – This reserve will be monitored by the Business Executive. The potential liability from pending claims will be calculated each year to support the funding in this reserve.

*Funding Level* – This reserve is funded at a level up to 100% of the potential liability from pending claims. The National Fuel Gas claim was settled in August, 2014 with no prior year repayment due. As of June 30, 2016 the reserve was closed out to the General fund.

**6/30/16 Actual Balance: \$0.00**

**Employee Benefit Accrued Liability Reserve**

*Creation* – This reserve was created on June 29, 1999.

*Purpose* – This reserve is used to pay for unused accumulated leave time contractually provided to certain groups of employees. 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* – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

*Use of Reserve* – This reserve is used when an employee separates from the District and payment of accumulated leave is required.



*Monitoring of Reserve* – This reserve is monitored by the Business Executive. At the end of each fiscal year the estimated compensated absences accrual is calculated to support the funding of this reserve.

*Funding Level* – This reserve can be funded at a level up to 100% of the accrued liability for unused accumulated leave time (compensated absences), which was \$552,500 on June 30, 2016.

**6/30/16 Actual Balance: \$259,070.15**

### **Capital Reserve- 2015**

*Creation* – This reserve was created on May 19, 2015 and was first funded on June 30, 2015.

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

*Funding Methods* – Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded from budgetary appropriations or excess fund balance as approved by voters. At the end of each fiscal year, consideration will be given to transferring additional funds to this reserve for subsequent capital projects.

*Use of Reserve* – Use of this reserve requires voter approval. Consideration will be given to use of the balance of these funds for subsequent capital projects.

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

*Funding Level* – As stated in the approved proposition, this reserve was created with a maximum limit of \$4,000,000. Transfer of funds into this reserve must cease at the earlier of reaching \$4,000,000 or June 30, 2025.

**6/30/16 Actual Balance: \$418,751.89**

The following four items are not reserve accounts, but are fund balance components that are equally as important in 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 emergency, 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 Business Executive.

*Funding Level* – The maximum legal limit is recommended (4% of the ensuing budget). The limit is \$482,158 as of June 30, 2016.

**6/30/16 Actual Balance: \$481,924.93**

### **Assigned Appropriated Fund Balance**

*Creation* – These funds are 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 appropriating funds continue each year, as budgets permit. In the future, tighter budgets may restrict the amount of excess available to be appropriated to a subsequent year.

*Monitoring of Balance* – The balance and use of these funds are monitored by the Business Executive.

*Funding Level* – Over time, it is recommended that the planned amount of assigned fund balance included as a revenue source in future budgets be limited to 10% of the budget.

**6/30/16 Actual Balance: \$1,145,262.00**

### **Assigned Unappropriated Fund Balance (Reserve for Encumbrances)**

*Creation* – These funds are fund balance that have been set aside for a particular purpose, namely to pay for outstanding encumbrances remaining at the end of a school year.

*Purpose* – These funds are used to pay for outstanding encumbrances remaining at the end of a school year.

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

*Use of Funds* – These funds will be expended during the subsequent year for the purpose for which they were encumbered. It is recommended that the practice of assigning fund balance for the purpose of carryover encumbrances continue each year. This practice appropriately matches revenue with the appropriations that it was intended to support.

*Monitoring of Balance* – The estimating and recording of these funds is monitored by the Business Executive.

*Funding Level* – The funding level should be minimal as most expenses attributable to a particular year are appropriated in that year.

**6/30/16 Actual Balance: \$40,529.38**

### **Nonspendable Fund Balance**

*Creation* – These funds are fund balance that have been set aside for a particular purpose, namely for long-term receivables from other funds.

*Purpose* – These funds must be maintained intact because they represent long-term receivable balances due from other funds (School Lunch and Federal Funds).

*Funding Methods* – These funds are fund balance that are inherently nonspendable in the current year.

*Use of Funds* – These funds will not be expended during the year, but will be adjusted at the end of each year to the current balances due from other funds.

*Monitoring of Balance* – The calculating and recording of these funds is monitored by the Business Executive.

*Funding Level* – The funding level is 100% of the long-term receivable from other funds at the end of each year.

**6/30/16 Actual Balance: \$165,127.56**

**Items for Consideration during 2016-2017:**

- Consider transferring funds from the Unemployment Insurance, Retirement Contribution and Employee Benefit Accrued Liability Reserves to fund ongoing expenditures throughout the year.
- Consider replenishing funds in the Retirement Contribution and Employee Benefit Accrued Liability Reserves at year-end if excess funds are available.
- If funds are available at year end, consider transferring an additional amount to the Retirement Contribution to bring it closer to its full funding capacity.
- If funds are available at year end, consider transferring a portion of fund balance to the Capital Reserve.