
Center Moriches Reserve Plan

Presented by:
Keri Loughlin, Assistant Superintendent for Business

What is a Reserve?

- Reserves are district savings accounts set up for specific spending purposes.
- GASB 54 establishes fund balance classifications
 - Restricted Reserves
 - Assigned
 - Unassigned

Purpose of Reserve Plan

- Reserve funds are authorized to be used by school districts pursuant to either Education Law or General Municipal Law.
- The creation of a reserve plan categorizes all current reserves established within the Center Moriches UFSD using GASB 54 guidance.
- The plan sets guidelines for administration to follow throughout budget planning.

Restricted Reserves

Reserve	Purpose	Funding Method	Maximum Funding	Current Funding Level	Future Funding
Unemployment Established in June 2006	Offset State payments for claims; average expenditure \$8,533	Surplus funds	No maximum	\$126,962 Funding maximized at this time	No intent to fund in the future; potentially draw down this reserve to hold an average of five years expense
Retirement Contributions (TRS) Established May 2019	Finance district expenses as they relate to the NYS Teachers Retirement System; Annual Expense \$1,947,778	a) Budgetary appropriations b) Surplus funds c) Other funds as legally appropriated	Per General Municipal Law - Annually 2% of total compensation of all members of TRS in the immediate preceding year (2019 met threshold)	\$354,454 Maximum funding is 10% of total eligible salaries in the immediate preceding year (\$1,720,265)	Goal is to continue to fund this reserve with surplus funds each year, when maximized utilize reserve and replenish annually
Retirement Contributions (ERS) Established March 2012	Finance district expenses as they relate to the NYS Local Employees Retirement System; Annual expense is about \$565,000	a) Budgetary appropriations b) Surplus funds c) Other funds as legally appropriated	Per NYS Comptroller Audit Reports recommended to have three years expenses	\$1,049,912.85 (62% Funded) Maximum funding would be \$1,695,000	Goal is to continue to fund this reserve with surplus funds each year, when maximized utilize reserve and replenish annually

Restricted Reserves continued

Reserve	Purpose	Funding Method	Maximum Funding	Current Funding Level	Future Funding
Liability Reserve Established October 2006	Payment of self-insured liability claims	Budgetary appropriations	Legally cannot exceed 3% of annual budget; Maximum allowed \$1,323,038	\$564,909.92 No outstanding claims at this time	No intent to fund in the future as no claims currently exist
Employee Benefit Accrued Liability (EBALR) Established June 2006	Payment of Post Employment Benefits for retirees; five year annual expense range \$192,355 - \$312,320	Surplus funds	As per General Municipal Law 100% of long-term liability; \$3,493,539 maximum as per June 2019	\$1,411,239.76 (40% funded)	Goal is to continue to fund with surplus funds when available; expenditures for retirees continue to charge against this reserve
Repair Reserve Established February 2006	Pay for repairs and maintenance expenses above annual costs	a) Surplus funds b) Budgetary appropriations c) Transfers from other reserves	No maximum	\$607,208.80	Based on current capital project lists reviewed by facilities committee this reserve is fully funded at this time
Debt Service Established August 2019	Payments of outstanding obligations issued to finance improvements	Premiums that result from sale of Capital Bond	Determined on premium from borrowings	\$339,383.99	The reserve will be used over the next four years to offset interest payments



Assigned Fund Balance

- The Board of Education may approve balancing the following year's budget with the planned use of currently available fund balance.
- The Board of Education goal is to continue to reduce the reliance on this funding over the next five years by decreasing the allocation \$100,000 each year with a target of reaching \$800,000 allocation by budget year 2023.

Unappropriated Fund Balance

- Reserve for Encumbrances
 - At the end of the school's fiscal year there have been purchases of goods and services that have been ordered, but have not yet been received. The encumbrance reserve is utilized to set aside funds that are committed from the previous fiscal year toward paying for the purchases or services that will occur in the next fiscal year.
 - It is the goal of the district to keep these instances to a minimum.

Unassigned Fund Balance

- Funds accumulate from unexpended surplus
- Use of funds:
 - Emergency
 - Unanticipated expense
 - Revenue shortfall
- Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year's budgetary appropriations.
- The goal is to maintain 3.5%-4% annual

2020 Proposed Reserve

- Capital Reserve
 - Establishment of reserve must be approved by voters
 - Maximum funding is set through the approved proposition, utilizing surplus funds if available
 - Spending of reserve is to be approved by voters
 - Specific purpose of reserve is established at time of vote
- Details will be forth coming through the 2020-2021 budget process

