

GOUVERNEUR SCHOOL DISTRICT
RESERVE PLAN
UPDATED JUNE 2023

The New York State Comptroller's guidance on the Reserve Fund describes the importance of Reserve Funds for good financial management.

"Saving for future projects, acquisitions, and other allowable purposes is an important planning consideration for local governments and school districts. Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements. Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions. In uncertain economic times, reserve funds can also provide officials with a welcomed budgetary option that can help mitigate the need to cut services or to raise taxes. In good times, money not needed for current purposes can often be set aside in reserves for future use."

Worker's Compensation Reserve

Creation – This reserve was created on June 30, 2009.

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 several years.

Use of Reserve – This reserve will be used to fund annual Workers Compensation premiums to cover expenses, related medical expenses and self-insurance administration costs.

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

Funding Level – It is our goal to maintain five years estimated costs in the reserve.

6/30/2022 Actual Balance: \$ 578,998

6/30/2023: \$ 610,000 with estimated interest

Reserve for Retirement Contributions - ERS

Creation – This reserve was created on June 30, 2009.

Purpose – This reserve is used to fund employer contributions 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 excess fund balance. It is our goal to maintain five years estimated costs in the reserve.

Use of Reserve – A separate plan for use of this reserve has been developed. The plan calls for annual use of this fund with amounts equal to or less than the annual budgeted expense for ERS.

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

Funding Level – Although a plan is in place to draw down on the funds in this reserve, a funding level equal to approximately five years worth of retirement system billings is desired.

6/30/2022 Actual Balance: \$ 3,000,000 6/30/2023: \$ 3,125,000 with estimated interest

Reserve for Retirement Contributions - TRS

Creation – This reserve was created on May 13, 2019.

Purpose – This reserve is used to fund employer contributions to the NYS Teachers' Retirement System only. Payments to the Employees' Retirement System are not allowed from this reserve.

Funding Methods – Funds are placed in this reserve from excess fund balance. It is our goal to maintain 10% of prior year costs in the reserve.

Use of Reserve – A separate plan for use of this reserve has been developed. The plan calls for annual use of this fund with amounts equal to or less than the annual increase in expense for TRS due to rate increases.

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

Funding Level – Although a plan is in place to draw down on the funds in this reserve, a maximum funding level equal to approximately 10% of prior year costs is desired.

6/30/2022 Actual Balance: \$ 787,369 6/30/2023: \$ 997,500 with estimated interest

Reserve for Accrued Employee Benefits Liability

Creation – This reserve was created on June 30, 2008.

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 – This reserve was funded from excess fund balance. Additional funds will be placed in this reserve from excess fund balance when deemed appropriate.

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.

Monitoring of Reserve – This reserve is monitored by the Business Manager. Each year, a detailed analysis of the liability is computed and is used to support the funding of this reserve equal to or less than the liability.

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

6/30/2022 Actual Balance: \$ 168,857

6/30/2023: \$ 215,000 with estimated interest

Reserve for Unemployment Insurance

Creation – This reserve was created on June 30, 2008.

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 – This reserve was funded entirely from excess fund balance when it was created. Subsequent increases to the reserve were from excess fund balance and were in anticipation of an increased number of staff reductions.

Use of Reserve – The initial funding was an amount sufficient to pay full unemployment insurance for one year. Beginning in the 2009-10 budget the reserve has been used to pay for unemployment insurance claims incurred by the District in the normal course of business. It would not be enough if there were multiple layoffs. Although the District has experienced some layoffs over the past few years, not all have resulted in unemployment expense to the District.

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

Funding Level – This reserve was initially funded at \$25,000. At this time, this level is deemed appropriate.

6/30/2022 Actual Balance: \$ 175,278

6/30/2023: \$175,000 with estimated interest

Reserve for Tax Certiorari

Creation – It was recommended to create this reserve via resolution at the Board of Education meeting on July 10, 2009.

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

Funding Methods – Future funding methods may include transfer from excess fund balance or transfers from other reserves. Funds placed in this reserve that 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. Pending the determination of current legal action, liability for these claims began to accrue effective July 1, 2014.

Monitoring of Reserve – This reserve, if needed, will be monitored by the Business Manager. It is anticipated that detailed calculations will be required each year to support the amounts in this reserve.

Funding Level – Since actual liabilities have not yet been determined, a realistic funding level cannot be determined at this time.

6/30/2022 Actual Balance: \$ 305,020

6/30/2023: \$ 222,500 plus estimated interest

Reserve for Liability

Creation – This reserve was created on June 30, 2008.

Purpose – This reserve is used to pay liability claims incurred.

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 was initially funded at a level of \$100,000, exclusive of interest earnings.

6/30/2022 Actual Balance: \$ 441,603

6/30/2023: \$ 460,750 with estimated interest

Capital Reserve - Building

Creation – This reserve was created on June 16, 2020 via voter approval. The voters approved a maximum limit of \$10,000,000 inclusive of interest.

Purpose – This reserve is 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 was funded from excess fund balance and transfer from Insurance Reserve and Property Loss Reserve funds.

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.

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

Funding Level – As stated in the approved proposition, the reserve was created with a maximum limit of \$10,000,000 inclusive of interest for the probable term of 10 years.

6/30/2022 Actual Balance: \$ 7,017,500

6/30/2023: \$ 9,600,000 including interest

Capital Reserve - Buses

Creation – This reserve was created on May 17, 2016 via voter approval. The voters approved a maximum limit of \$1,523,920 plus interest.

Purpose – This reserve is to fund the cost of any object or purpose for which bonds may be issued. This reserve will be used to support bus purchases.

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

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 May 16, 2023, the voters approved the transfer of all funds from this reserve to the newly approved 2023 Transportation Capital Reserve.

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

Funding Level – As stated in the approved proposition, the reserve was created with a maximum limit of \$1,523,920 plus interest for the probable term of 5 years.

6/30/2022 Actual Balance: \$ 372,962

6/30/2023: \$ 0 with estimated interest

Capital Reserve – 2023 Transportation Capital Reserve

Creation – This reserve was created on May 16, 2023 via voter approval. The voters approved a maximum limit of \$5,000,000 including interest.

Purpose – This reserve is to defray the cost of school buses and other vehicles, and transportation infrastructure, including construction and reconstruction of School District buildings and facilities, original equipment, machinery, apparatus, appurtenances, furnishings other incidental improvements and expenses in connection therewith.

Funding Methods – Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve was initially funded by a transfer from the Capital Reserve Fund – Buses. Additional funding will be from excess fund balance.

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.

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

Funding Level – As stated in the approved proposition, the reserve was created with a maximum limit of \$5,000,000 including interest for the probable term of 10 years.

6/30/2022 Actual Balance: \$ 0

6/30/2023: \$1,265,000 with estimated interest

Mandatory Debt Service Reserve

Creation – This reserve was created on June 22, 2015 by Board of Education resolution.

Purpose – This reserve is required when outstanding obligations remain at the time of sale of school district property (Fowler Elementary School sale August 1, 2014).

Funding Methods – Voter approval is not required to establish and fund this reserve. The net proceeds from the sale of Fowler Elementary School will be deposited into this reserve.

Use of Reserve – Funds are to be appropriated and withdrawn annually to retire outstanding obligations.

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

Funding Level – The initial deposit is \$208,242. These funds are to be invested and all interest accrues to the reserve.

6/30/2022 Actual Balance: \$ 64,123

6/30/2023: \$ 35,000 plus interest