



Sidney Central School District

Financial Reserve Plan March 2020

Empowering all students to make meaningful/real contributions to their community and beyond.

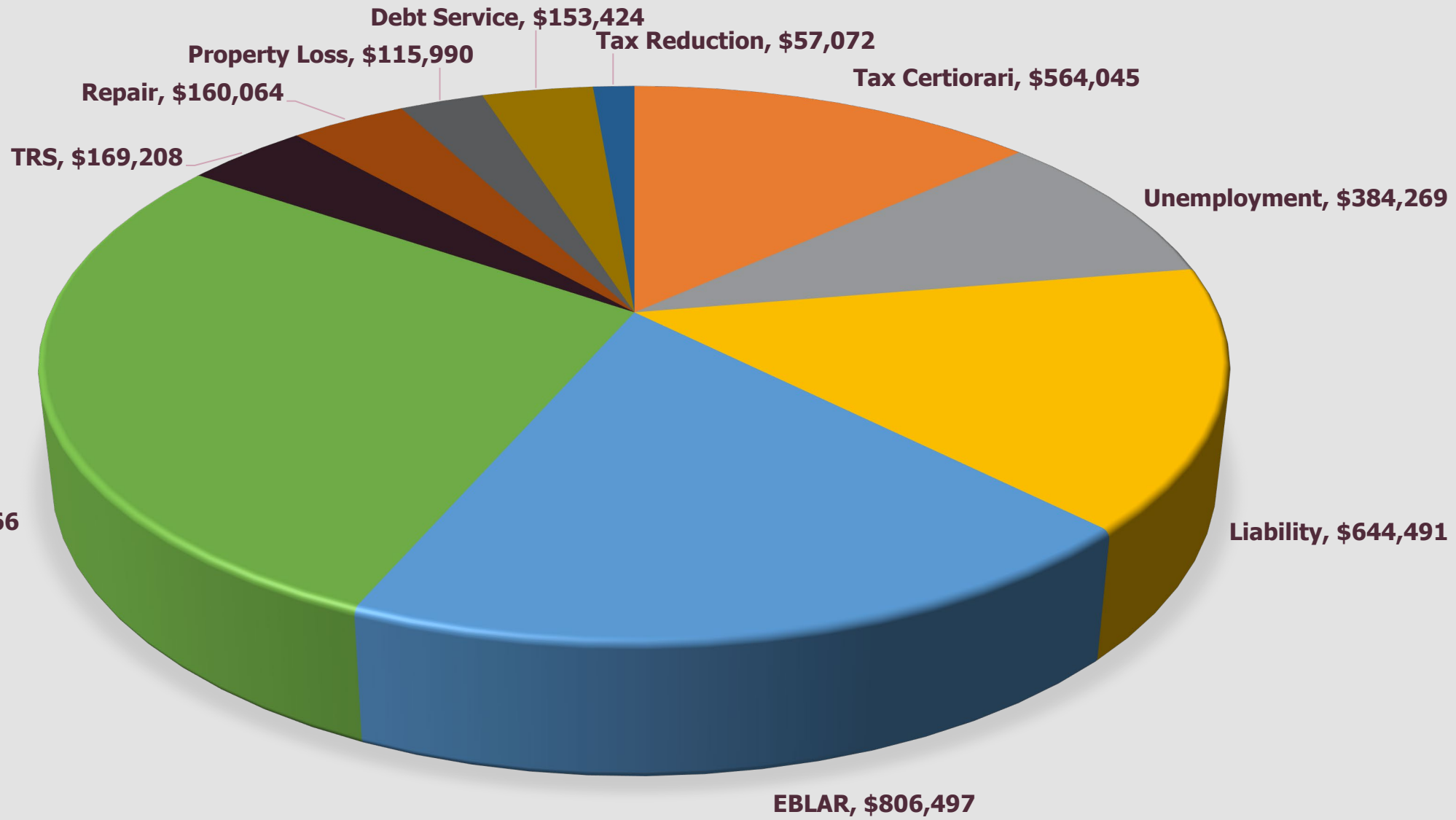


NYS Comptroller's Reasons For Reserves

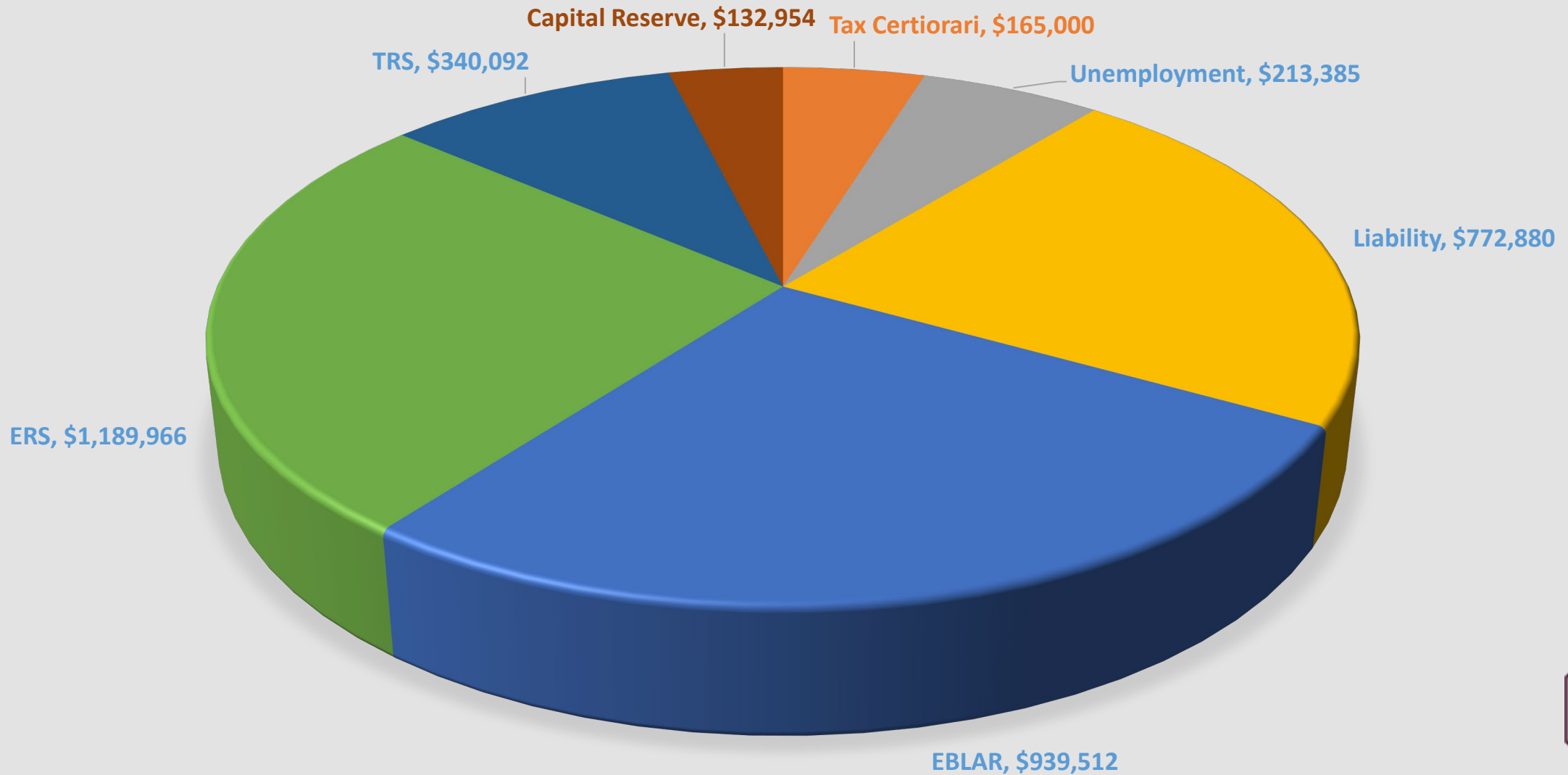
- "Saving for future projects, acquisitions, and other allowable purposes is an important planning consideration for local governments and school districts"
- "Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements"
- "Certain reserve funds can be utilized to help protect the budget against known risks (a potential lawsuit) or unknown risks (a major ice storm)."
- "There should be a clear purpose or intent for reserve funds that aligns with statutory authorizations"



CURRENT FINANCIAL RESERVE STATUS



POTENTIAL ADJUSTED FINANCIAL RESERVE BALANCES



Tax Certiorari

Purpose:

To pay the reasonably estimated costs of pending property tax assessment challenges (tax certiorari) after taxes have been collected.

- D’Arcangelo and Ferrara & Fiorenza suggest keeping a balance of \$165,000 due to possible claims:
 - Clark (Price Chopper)
 - K-Mart
 - Falling Property assessments
- Current Balance \$564,045
- Liquidate \$399,045 (The \$399,045 would be divided into thirds (\$133,015) and be distributed evenly to EBLAR, Liability and the new Capital Reserve, when approved in May 2020)
- New Balance will be \$165,000



Unemployment Reserve

Purpose:

- To pay unemployment claims to NYS.
- The Board of Education may establish, fund and by resolution expend from, for legal purposes or if excess funds, may transfer to other reserves.
- Balance \$384,269
- Liquidate \$170,884 (Move to the new TRS reserve to offset TRS yearly expenses.)
- New Balance would be \$213,385



Liability Reserve

Purpose:

May be used to fund property loss, liability claims, litigation and legal judgments.

- D’Arcangelo and Ferrara & Fiorenza suggest increasing the amount in this reserve.
 - Loss of property value assessments
 - Loss of building aid
 - Child Victims Act
- Balance \$639,865
- Increase by \$133,015 (from Tax Certiorari)
- New Balance will be \$772,880



Employee Benefit Accrued Liability Reserve (EBALR)

Purpose:

To fund earned but unused sick and vacation time (compensated absences) that an employee is due per Collective Bargaining Agreement upon leaving service.

- Balance \$806,497
- Increase by \$133,015
- New Balance will be \$939,512

Compensated Absences (Year)	Expense by Year
2016-2017	\$1,236,485.13
2017-2018	\$1,054,310.87
2018-2019	\$1,099,632.25
3 year average	\$1,130,142.75



Retirement Reserve

Purpose:

To fund cost spikes in the District's portion of NYS Employees/Teacher Retirement System costs, thereby providing annual budget stability by absorbing these cost increases without raising taxes

2 components:

- Employee Retirement Reserve (ERS)
- Teachers Retirement Reserve (TRS)

Component	Reserve Total
ERS	\$1,189,966
TRS	\$169,208
Retirement Reserve Total	\$1,359,174



Teacher Retirement System

- 3 year average contribution \$799,140.33
- Balance \$169,208
- Increase by \$170,884 (from Unemployment)
- New Balance will be \$340,092

TRS Employer Contributions	Total	Employer Contribution
2016-2017	\$838,621.00	11.72%
2017-2018	\$738,799.00	9.80%
2018-2019	\$820,001.00	10.62%
Total	\$2,397,421.00	
Average Annual Contribution	\$799,140.33	



Employee Retirement System (ERS)

- Balance \$1,189,966

ERS Employer Contributions	Total Payment	Employer Contribution
2016-2017	\$279,601.00	14.35%
2017-2018	\$307,713.00	13.79%
2018-2019	\$315,096.00	13.24%
Total	\$1,189,966.00	
Average Annual Contribution	\$300,803.33	



Repair Reserve

Purpose:

To pay for certain repairs to capital improvements or equipment. The type of repairs must not recur annually or at shorter intervals.

- Balance \$160,064



Property Loss Reserve

Purpose:

For school districts, the total amount of reserves cannot exceed 3 percent of the annual budget (exclusive of any planned balance presently authorized) or \$15,000, whichever is larger. For BOCES, the total amount of reserves cannot exceed 3 percent of the annual budget.

- Balance \$115,990



Capital Reserves

Purpose:

For the refurbishment and replacement of facilities, infrastructure and equipment without levying additional taxes or issuing debt.

- Capital Reserve Proposition Development May 2020.
- We will have a resolution at the March 17th Board of Education meeting to start a Capital Reserve. The resolution will go on the legal notice and will be its own voting line during the May vote.
- The purpose of the Capital Reserve will be to assist with reducing the local share on future construction projects and give a reserve to transfer money into at the end of the year (if applicable) to stay under the 4% allowable in the general fund.



Debt Service Reserve

Purpose:

This reserve is used to cover debt service payments on outstanding obligations (bonds, BANS) after the sale of district capital assets or improvements. Expenditures are for debt service only or for the purpose of retiring the outstanding obligations. Remaining balance of sale in excess of indebtedness may be expended for any other lawful district purpose.

- Not a General Fund Reserve
- Balance \$153,424



Tax Reduction Reserve

Purpose:

This reserve is for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the district is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction.

- Not a restricted reserve
- Balance \$57,072

