



Sidney Central School District

Financial Reserve Update Fall 2019

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"

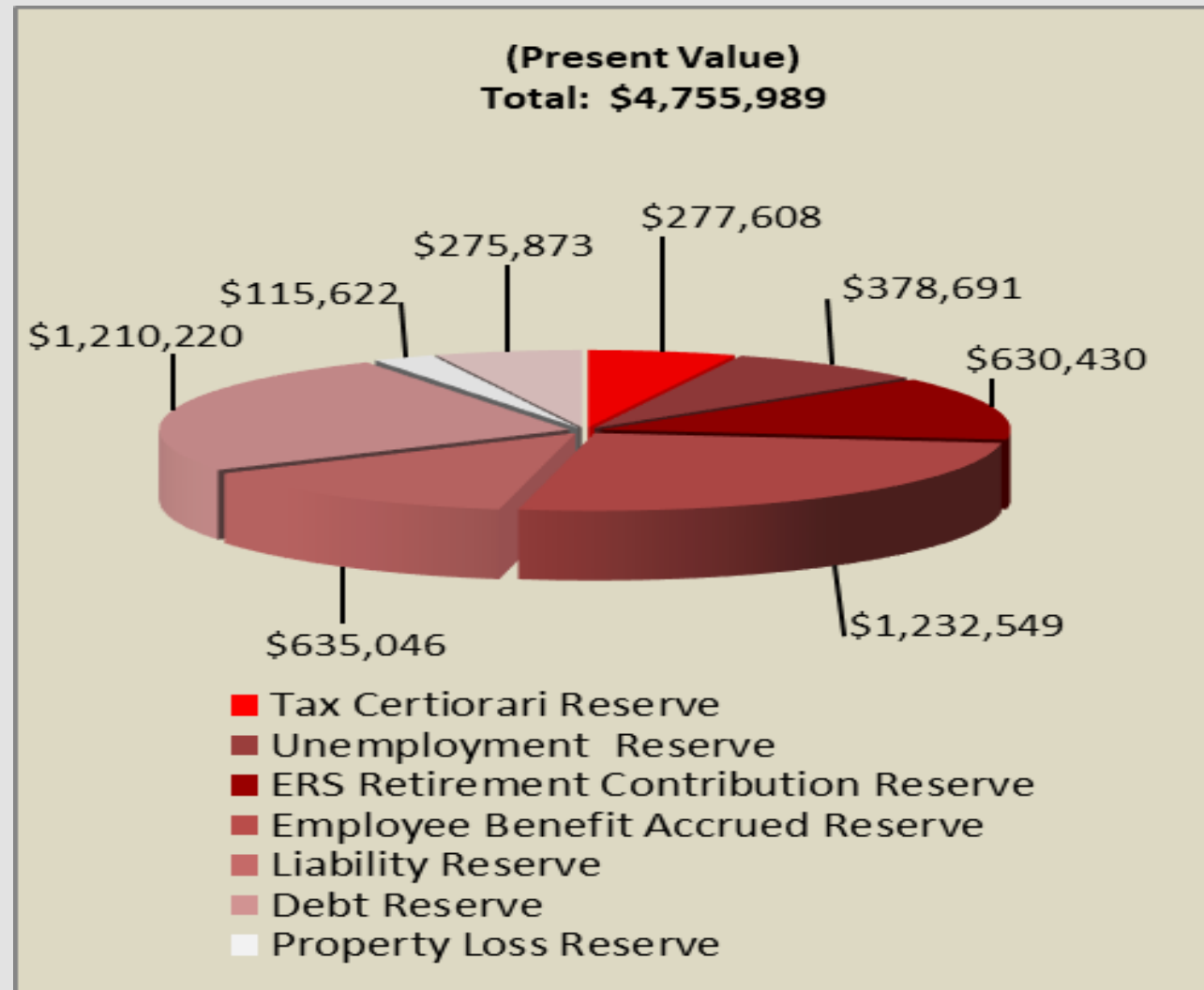


Types of Reserves

- Risk Mitigation Reserves
- Capital Reserve
- Tax Reduction (Sale of Property)



Allocation of District Reserves



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.

- Audited Financial Statements 2018 -2019
- Balance \$806,360.00

Compensated Absences (Year)	Total
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	\$1,185,375.00
TRS	\$169,108.00
Retirement Reserve Total	\$1,354,483.00



Employee Retirement System

- The district has the ability to move funds between sub funds (ERS, TRS)

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	\$902,410.00	
Average Annual Contribution	\$300,803.33	

* per external audit



Teacher Retirement System

- TRS employer contribution rates
- Contributions to the TRS sub-fund may be up to 2% annually of total salaries not to exceed 10%
- 2020-2021 estimate 9.25–10.25% employer contribution

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	

* per external audit



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.

- Audited Financial Statements 2018 -2019
- Balance \$ 160,043



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.

- Audited Financial Statements 2018 -2019
- Balance \$115,923



Liability Reserve

Purpose:

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

- Audited Financial Statements 2018 -2019
- Balance \$ 639,865



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.
- Audited Financial Statements 2018 -2019
- Balance \$381,484



Tax Certiorari

Purpose:

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

- Any monies deposited to such a reserve fund which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies into the reserve unless claim(s) are still open and not finally determined or otherwise terminated or disposed of.
- Settled most recent tax certiorari challenge June 2019
- No Outstanding Claims
- Recognize the potential for 2 claims during 2019-2020 school year
- Audited Financial Statements 2018 -2019
- Balance \$563,862



Capital Reserves

Purpose:

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

- Capital Reserve created with May 2013 referendum liquidated in Fall 2018 with closeout of capital project.
- Capital Reserve Proposition Development May 2020.
- Currently working with attorney, bond counsel and fiscal advisors for guidance moving forward.



Debt Service Reserve Mandatory

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
- Audited Financial Statements 2018-2019
- Balance \$150,676



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
- Audited Financial Statements 2018-2019
- Balance \$57,072

