AMHERST CENTRAL SCHOOL DISTRICT
RESERVES PLAN
Approved by the Board of Education on November 20, 2018
Updated April 2019

Reserve for Retirement Contributions

Creation – This reserve was created on October 5, 2010 by Board of Education resolution and re-established on November 20, 2018.

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 excess fund balance.

Use of Reserve – The plan for funds in this reserve is an annual budgetary appropriation, when needed, to general fund to help pay the expenses of the District's share of ERS contributions. It is recommended that in a year where funds are drawn down and used, those funds are replaced at year end using unappropriated fund balance, if available.

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

Funding Level – A funding level equal to approximately two (2) years' worth of retirement system billings is desired. At current rates, that level is approximately $1,548,006.

6/30/18 Actual Balance: $1,224,337 **Recommended 6/30/19: $ 1,548,006, including interest**
Recommended increase of $323,669

Reserve for Retirement Contributions Sub-Fund *(added April 2019)*

Creation – This reserve sub-fund was created on April 16, 2019 by Board of Education resolution.

Purpose – This reserve sub-fund is used to pay for district expenses to the NYS Teachers' Retirement System only.

Funding Methods – Funds are placed in this reserve sub-fund from excess fund balance.

Use of Reserve – The plan for funds in this reserve sub-fund is an annual budgetary appropriation, when needed, to general fund to help pay the expenses of the District's share of TRS contributions. It is recommended that in a year where funds are drawn down and used, those funds are replaced at year end using unappropriated fund balance, if available.

Monitoring of Reserve – This reserve sub-fund is monitored by the School Business Administrator.

Funding Level – An annual funding level equal to two percent (2%) of the prior fiscal year's TRS salaries is permitted and recommended. The total maximum funding level permitted is ten

percent (10%) of the prior fiscal year's TRS salaries. Based on prior fiscal year TRS expenditures, the current year maximum funding level is approximately $476,099. As we are in year one of this sub-fund, the maximum fund level is also $476,099.

6/30/18 Actual Balance: $0 **Recommended 6/30/19: $ 476,099, including interest**
Recommended increase of $476,099

Reserve for Employee Benefit Accrued Liability

Creation – This reserve was created on January 27, 2009 by Board of Education Resolution and re-established on November 20, 2018.

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, vacation, personal leave, etc. 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.

Use of Reserve – This reserve is used when an employee separates from the District and payment of accumulated leave is required. These transactions are planned for and expensed through the budget with the offsetting revenue coming from the reserve. Upon termination of reserve by Board of Education, balance not required to satisfy all incurred or accrued liabilities may be transferred to any other reserve fund authorized in the General Municipal Law.

Monitoring of Reserve – This reserve is monitored by the School Business Administrator. Each year, a detailed analysis of the liability is computed and is used to support the funding of this reserve at 100% of the liability.

Funding Level – This reserve should be funded at 100% of the accrued liability for unused accumulated leave time. As of June 30, 2018 the Amherst CSD compensated absences were calculated to be $2,438,300. This reserve is currently funded at 61%.

6/30/18 Actual Balance: $1,487,834 **Recommended 6/30/19: $2,438,300 including interest**
Recommended increase of $950,466

Reserve for Unemployment Insurance

Creation – This reserve was created on October 4, 2011 by Board of Education Resolution and re-established on November 20, 2018.

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 New York State a fixed premium for unemployment insurance coverage.

Funding Methods – Funds are placed in this reserve from excess fund balance.

Use of Reserve – The plan for funds in this reserve is an annual budgetary appropriation, when needed, to general fund to help pay the expenses of the District's obligation for unemployment insurance claims. It is recommended that in a year where funds are drawn down and used to below recommended levels, those funds are replaced at year end using unappropriated fund balance, if available. Excess funds remaining at the end of any school year may be transferred, within 60 days of the close of that fiscal year, to other reserve fund(s) or applied to budgetary appropriations for the new school year.

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

Funding Level – A funding level of approximately ten (10) years worth of unemployment billings is desired. At current rates, that is approximately $283,879. At this time, this level of funding is sufficient.

6/30/18 Actual Balance: $ 450,668 **Recommended 6/30/19: $ 300,000, including interest**
Recommended transfer of $150,668

Reserve for Tax Certiorari

Creation – This reserve was created on August 25, 2009 by Board of Education Resolution and re-established on November 20, 2018.

Purpose – This reserve is used to pay judgments and claims in tax certiorari proceedings.

Funding Methods –Funding methods may include 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 on or before the first day of the fourth fiscal year following the deposit of such moneys to the reserve fund.

Use of Reserve – This reserve would be used to pay for tax certiorari claims.

Monitoring of Reserve – This reserve will be monitored by the School Business Administrator. Each year, a detailed analysis of the liability is computed and is used to support the funding of this reserve at 100% of the liability.

Funding Level – This reserve should be funded at 100% of the calculated liability for pending claims. As of September 30, 2018, the Amherst CSD calculated liability is $919,984. This reserve is currently funded at 56.49%.

6/30/18 Actual Balance: $519,654 **Recommended 6/30/19: $919,984, including interest**

Recommended increase of $400,330

Capital Reserve 2017

Creation – This reserve was created on May 16, 2017 by voter approval. It was authorized with a $500,000 limit and a ten (10) year lifetime.

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

Funding Methods – Current and future unappropriated fund balances from the General Fund of the District, as directed by the Board of Education and any other appropriations authorized by the voters from time to time.

Use of Reserve – For the purpose of financing, in whole or in part, additions, alterations, renovations or other improvements to District's buildings and facilities, including the acquisition and installation of machinery, equipment, apparatus or furnishings required for the purposes of such buildings and facilities, and playgrounds, athletic fields, recreation areas, parking areas, roadways, sidewalks and other site improvements connected to such buildings and facilities. The use of this reserve requires voter approval.

Monitoring of Reserve – This reserve will be monitored by the School Business Administrator.

Funding Level – The maximum funding level over the lifetime of this reserve is $500,000 as set by voter authorization.

6/30/18 Actual Balance: $0 **Recommended 6/30/19: $500,000, including interest**
Recommended increase of $500,000

NOTE: Once the $500,000 contribution limit is reached, this reserve will then be unavailable to receive future contributions, but may continue to spend down the balance on future voter approved projects. If approved by the voters, additional capital reserves may be established.

ADDITIONAL NOTE: all transfers to reserves subsequent to year end are required to occur within sixty (60) days of fiscal year end.

The following three (3) items are not reserve accounts, but are equally as important to 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 emergent, 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 School Business Administrator.

Funding Level – The maximum legal limit is recommended (4% of the ensuing budget). Currently, the balance reflects 3.71%.

6/30/18 Actual Balance: $2,175,036

Recommended 6/30/19: $2,412,342, or 4% of ensuing year's adopted budget. *(Figure provided assumes a 3% increase in 19/20 adopted budget)*
Recommended estimated increase of $237,306

Assigned Fund Balance - Appropriated for Subsequent Years

Creation – These funds 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 is assigned for a particular purpose.

Use of Funds – It is recommended that the practice of returning these funds continue each year, as budgets permit. In the future, tighter budgets may restrict the amount of excess available to be returned in a subsequent year.

Monitoring of Balance – The balance and use of these funds are monitored by the School Business Administrator, the Superintendent, and the Board of Education.

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 $500,000 - $1,000,000, exclusive of the amount of carryover encumbrances.

6/30/18 Actual Balance: $1,072,142 (Encumbrances from prior year and appropriated during budget development)

Planned Use of Funds 2018-19: $92,142 (Encumbrances from prior year)

Debt Service Fund (Restricted Fund Balance)

Creation – The Debt Service Fund (V Fund) was created and authorized by the Board of Education in June 2017.

Purpose – These funds are restricted and may only be used for future debt and interest payments.

Funding Methods – These funds are unspent bond proceeds and bond premiums.

Use of Funds – Unspent bond proceeds must be spent on principal payments to pay down the debt associated with the borrowing. Unspent bond premiums must be spent on future interest payments within three (3) years of the bond closing in which the premiums were received.

Monitoring of Reserve – These funds are monitored by the School Business Administrator.

Funding Level – These funds are accumulated only through unspent bond proceeds and bond premiums.

6/30/18 Actual Balance: $250,781

Recommended 6/30/19: $0, plus interest earned
(This figure does not include any current year premiums earned through BAN or Bond sales.)