

**Morris Central School  
Reserve Plan  
(Updated October 2019)**

**2012 Capital Reserve (Authorized under Education Law)**

*Creation-* This reserve was created on May 15, 2012 via voter approval .

*Purpose-* This reserve may be used to fund construction, repair and reconstruction of capital improvements and the acquisition of equipment. Probable term was for 20 years.

*Funding Methods-* Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded entirely 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. We used \$500,000 to offset the costs of our 2016 voter approved project. The project completion is expected to be in 2019. After the completion of the Building Condition Survey (BCS) in 2020, the district will have a better idea to future capital needs.

*Funding Level-* As stated in the approved 2012 proposition, this reserve was created with a maximum limit of \$10,000,000.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19 Closing Balance- \$665,383 including interest.**

**6/30/20 Recommended Balance- \$665,383 plus interest.**

**2017 Capital Reserve for Vehicle Purchases (Authorized under Education Law)**

*Creation-* This reserve was created on April 12, 2017 via voter approval.

*Purpose-* This reserve may be used to fund the acquisition of school buses. Probable term was for 20 years.

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

*Use of Reserve-* Use of this reserve requires voter approval. The proposition to use these funds must be used for a specific bus purchase and dollar amount.

*Funding Level-* As stated in the approved 2017 proposition, this reserve was created with a maximum limit of \$300,000.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19 Closing Balance- \$30,258- This is included in the overall capital reserve**

**6/30/20 Recommended Balance- \$30,258 plus interest**

**Employee Benefit Accrued Liability Reserve (Authorized under General Municipal Law)**

*Creation-* This reserve was created on January 23, 2013 with a starting balance of \$150,000

*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 not be used to pay for items such as: retirement incentives, FICA and Medicare payments and retiree health insurance. When GASB 45 was introduced, districts were advised that reserving for future liabilities created by GASB 45 in this reserve was appropriate.

*Funding Methods-* This reserve has typically been funded from excess fund balance. Due to advisement related to use of this reserve, there are no plans to increase funding at the present time.

*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 from reserve transfer contributions. This reserve will continue to be used in this manner to make such payments. The district is planning on using \$10,679 in this reserve for the 2019-2020 school year.

*Funding Level-* This reserve should be funded at a minimum of 100% of the accrued liability for unused accumulated leave time. As per the Comptroller's audit, the district's estimated liability was \$281,000 as of June 30, 2015. The ONC BOCES Shared Business Office estimated that our liability was \$268,760 as of June 30, 2017. As of September 1, 2018, the estimated liability is \$310,562

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19 Closing Balance- \$318,176 including interest. \$38,175 was expended to pay for recent retirees and their unused days**

**6/30/20- Recommended Balance- \$307,497 plus interest**

**Retirement Contribution Reserve (Authorized under General Municipal Law)**

*Creation-* This reserve was created on January 18, 2007 with a starting balance of \$147,661

*Purpose-* This reserve is used to pay for district expenses to the NYS Employees Retirement System only.

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

*Use of Reserve-* A separate plan for use of this reserve has been developed. The plan calls for annual use of this fund in decreasing amounts (potentially ending in 2024-2025), so as not to create a budgetary shortfall. For the 2019-2020 school year, none of the reserve has been planned to be used.

*Funding Level-* A funding level equal to approximately three year's worth of retirement system billings is desired. At current rates, that level is approximately \$350,000. The recommended balance below reflects an anticipated increase in future billings.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**Teachers Retirement System Reserve Sub-fund for the Retirement Contribution Reserve (Authorized under General Municipal Law)**

*Creation-* This reserve was created on May of 2019 and first funded in September of 2019 with a starting balance of \$50,000

*Purpose-* This reserve is used to pay for district expenses to the NYS Teachers Retirement System.

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

*Use of Reserve-* This reserve is meant to be used to help fund the cost of the NYS Teachers Retirement to the district. For the 2019-2020 school year, that cost is expected to be approximately \$266,375, but an increase in rates is expected for the following years..

*Funding Level-* Annually, school districts are not allowed to exceed 2% of the total compensation or salaries of all teachers employed by the district who are members of TRS paid during the immediately preceding fiscal year. Nor can the balance of the sub-fund exceed 10% of the total compensation or salaries of all teachers employed by the district who are members of the TRS paid during the immediately preceding fiscal year. The total compensation for all teachers in the 2018-2019 school year was \$2,571,763. Two percent of that amount is \$51,435.26. The district placed \$50,000 into the fund.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19- Closing Balance- \$50,000**

**6/30/20- Recommended balance: \$50,000 plus interest**

### **Insurance Reserve (Authorized under General Municipal Law)**

*Creation-* This reserve was created on September 14, 2000.

*Purpose-* This reserve is used to pay casualty and other types of losses, except for those for which insurance may be purchased.

*Funding Methods-* This reserve is funded through excess fund balance.

*Use of Reserve-* This reserve would be used to pay any allowable claims, as described in the purpose for this reserve.

*Funding Level-* This reserve is funded at \$169,591 and according to the 2016 audit conducted by the NYS Comptroller's office, it is adequately funded.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19- \$169,591 including interest**

**6/30/20- Recommended Balance- \$169,591 plus interest.**

**Repair Reserve (Authorized under General Municipal Law)**

*Creation-* This reserve was created on August 20, 2013 with an initial balance of \$72,230

*Purpose-* This reserve is used to pay for unanticipated, non-recurring repairs to district capital improvements, facilities and equipment.

*Funding Methods-* This reserve is funded through excess fund balance.

*Use of Reserve-* In accordance with the law, a public hearing must be held in order to use funds from this reserve, except in an emergency. Funds used without holding a public hearing must be repaid to the fund over two years. Use is restricted to the purpose stated above.

*Funding Level-* This reserve was created with no maximum cumulative contribution limit.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19 Closing Balance- \$165,176 including interest**

**6/30/20- Recommended Balance- \$165,176 plus interest**

### **Tax Certiorari Reserve (Authorized under Education Law)**

*Creation-* This reserve fund was established in April 24, 2008 with an initial balance of \$5,000

*Purpose-* This reserve will be used to pay for prior year judgments and claims in tax certiorari proceedings. Current year refunds would be paid through the budget.

*Funding Methods-* This reserve has typically been funded from excess fund balance. Funds placed in this reserve not used to pay tax certiorari judgments or claims must be returned to the General Fund after four years. Contributions during a given year cannot exceed anticipated claims during the same year.

*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 April 24, 2008. Since the approval of this reserve, the district has had three settled claims and two current claims against the district that are not settled.

*Funding Level-* The district currently has two pending judgments and is currently funded at \$43,662 to cover the cost of those two possible claims.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19- Closing Balance- \$43,662 including interest**

**6/30/19- Recommended balance- Up to \$43,662 depending on judgments**

### **Unemployment Insurance Payment Reserve (Authorized under General Municipal Law)**

*Creation-* This reserve was created on June 12, 2003 with an initial balance of \$200,000

*Purpose-* This reserve is used to reimburse the state for payments made to claimants where the district used 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. It was funded in anticipation of an increased number of staff reductions.

*Use of Reserve-* There are monies budgeted within the general fund to address incidental claims incurred by the district in the normal course of business. Although the district has experienced layoffs over the past several years, not all have resulted in unemployment expenses to the district. We plan on using approximately \$5,000 from this reserve for this school year.

*Funding Level-* This reserve was initially funded at \$200,000. At this time, the proposed level is deemed appropriate by our external auditors.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19- Closing Balance- \$216,122 including interest**

**6/30/20- \$216,122 plus interest**

**Liability Reserve (Authorized under Education Law)**

*Creation-* This reserve was created on January 18, 2007 with an initial balance of \$25,000

*Purpose-* This reserve is used to pay liability claims.

*Funding Methods-* This reserve is funded through excess fund balance.

*Use of Reserve-* This reserve is to be used to cover claims or suits. Funds may be expended without voter approval, unless the expenditure is for a purpose other than the one for which the fund was established.

*Funding Level-* Currently the district has no incurred but unsettled claims or suits. In the 2016 audit report by the Comptroller's office, it was felt that the reserve was appropriately funded.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19 Closing Balance- \$27,541 including interest**

**6/30/19- Recommended Balance- Up to \$27,541 plus interest**

**Property Loss (Authorized by Education Law)**

*Creation-* This reserve was created on January 18, 2007 with an initial balance of \$25,000

*Purpose-* This reserve is to pay property loss claims

*Funding Methods-* This reserve is funded through excess fund balance

*Use of Reserve-* This reserve is to be used to cover property loss claims. Funds may be expended without voter approval, unless the expenditure is for a purpose other than the one for which the fund was established.

*Funding Level-* Currently the district has no incurred but unsettled claims or suits. In the 2016 audit report by the Comptroller's office, it was felt that the reserve was appropriately funded.

*Monitoring of Reserve-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/18 Closing Balance- \$27,541 including interest**

**6/30/19- Recommended Balance- Up to \$27,541 plus interest**

**Unassigned Fund Balance**

*Creation-* Retention of these funds is 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 emergency, unanticipated expenses, or revenue shortfall, that cannot be handled either in the budget or with other available reserves.

*Funding Level-* the maximum legal limit equals 4% of the ensuing budget (\$423,694).

*Monitoring of Balance-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19- Closing Balance- \$511,356 (4.82%)**

**6/30/19- Recommended Balance- Not to exceed 4% of the ensuing budget.**

**Assigned Fund Balance- Appropriated for Subsequent Years**

*Creation-* These funds are actually fund balance that have been set aside for a particular purpose, namely to reduce the tax levy required to support an ensuing years 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 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.

*Funding Level-* Over time, it is recommended that the planned amount of assigned fund balanced included as a revenue source in future budgets be limited.

*Monitoring of Balance-* This reserve is monitored by the Superintendent, Treasurer and ONC BOCES Shared Business Manager.

**6/30/19- \$135,000 has been appropriated for the 2019-2020 fiscal year**

## Reserves Five Year Plan

Reserve	Current Funding	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Ending Balance
Capital	\$665,383	\$0	\$0	\$0	\$0	\$0	\$621,022
Capital Reserve for Vehicle Purchases	\$30,258	\$0	\$0	\$0	\$0	\$0	\$30,258
Employee Benefit (EBLAR) *Minimum Level- ±\$310,620	\$318,176	\$10,679	\$0	\$0	\$0	\$0	\$307,497
Insurance	\$169,591	\$0	\$0	\$0	\$0	\$0	\$169,591
Liability Claims	\$27,541	\$0	\$0	\$0	\$0	\$0	\$27,541
Property Loss	\$27,541	\$0	\$0	\$0	\$0	\$0	\$27,541
Repair	\$165,176	\$0	\$0	\$0	\$0	\$0	\$165,176
Retirement Contribution	\$535,689	\$0	\$20,000	\$10,000	\$10,000	\$10,000	\$485,689
Tax Certiorari	\$43,662	\$0	\$0	\$0	\$0	\$0	\$43,662
Unemployment Insurance	\$216,122	\$0	\$0	\$0	\$0	\$0	\$216,122