

# **East Syracuse Minoa Central School District**

## **Reserves Plan**

**December 2023**



## OVERVIEW

### **Reserve funds: Saving for the future**

Reserve funds act as a savings account, allowing school districts to set aside money for use in the future. Reserve funds can be used for short-term needs or to balance a school budget, or to help the district finance long-term projects and expenses. School districts must follow strict legal requirements, under Education Law or General Municipal Law, to create, fund, dissolve or draw money from reserve funds.

### **Why Create Reserve Funds?**

Reserve funds allow school districts to plan ahead and save incrementally for the future. They can help mitigate the financial impact of major, non-recurring or unforeseen expenditures on a school district's annual operating budget. Reserve funds can also reduce or eliminate a district's need to raise taxes and/or cut staff, programs and services in response to unanticipated financial obligations such as legal judgments.

### **Benefits of Reserve Funds**

Beyond giving school districts the ability to provide financial and program stability and save for the future, reserve funds provide a number of other benefits, including:

- Establish a higher bond rating and reduce borrowing costs
- Maintain a stable operating budget
- Maintain a stable tax levy
- Minimize the tax impact of capital projects
- Boost district's overall fiscal strength
- Supplement the limitations of the 4% cap on unrestricted fund balance

### **ESM's Approved Reserve Funds**

- Workers' Compensation Reserve
- Unemployment Reserve
- Employee Benefits Accrued Liability Reserve
- Retirement Contribution Reserves
- Tax Certiorari Reserve
- 2017 Capital Reserve
- 2016 Bus Purchase Reserve
- Reserve for Debt

## INDIVIDUAL RESERVE FUNDS

### **Workers' Compensation Reserve**

Purpose: As a self-insured district, ESM can use this reserve to pay for Workers Compensation and benefits, including administrative costs and medical/hospital expenses for employees injured on the job.

6/30/23 Balance: \$1,277,777

Funding Guideline: Current funding level is sufficient to pay claims for 9.4 years based on average expenses.

### **Unemployment Reserve**

Purpose: School districts pay unemployment claims granted by the New York State Department of Labor. This reserve can help cover the costs of paying benefits to former employees.

Established: March 9, 2009

6/30/23 Balance: \$581,623

Funding Guideline: Funding level is appropriate given historical level of use. If layoffs were to increase in the future, consideration could be given to increasing this reserve.

### **Employee Benefits Accrued Liability Reserve (EBALR)**

Purpose: Covers payments to employees for unused accumulated leave time upon separation from service in accordance with bargaining unit contracts.

Established: August 8, 2000

6/30/23 Balance: \$202,881

Funding Guideline: Each year, a detailed analysis of the liability is computed. The goal is to support the funding of this reserve at 100% of the liability.

### **Retirement System Reserve (NY State and Local Employees' Retirement System - ERS)**

Purpose: District contributions for pensions can vary dramatically from year to year. This reserve helps provide stability when budgeting for ERS retirement costs.

Established: February 8, 2005

6/30/23 Balance: \$3,595,176

Funding Guideline: The current funding levels are sufficient to support 3 years of ERS expenses. Continued investment in this reserve will contribute to the long-term financial stability of the district.

### **Retirement Contribution Reserve (Teachers' Retirement System - TRS)**

Purpose: District contributions for pensions can vary dramatically from year to year. This reserve helps provide stability when budgeting for TRS retirement costs.

Established: June 17, 2019

6/30/23 Balance: \$1,943,716

Funding Guideline: The current funding levels are sufficient to support 0.5 years of TRS expenses. Continued investment in this reserve will contribute to the long-term financial stability of the district.

### **Tax Certiorari Reserve Fund**

Purpose: Taxpayers can challenge their school property tax assessments. This reserve helps the district pay claims that exceed the budgeted appropriations for tax refunds, or claims that result in unusually large settlements.

Established: September 9, 1996

6/30/23 Balance: \$3,634,520

Funding Guideline: This reserve may be funded up to the amount at risk from tax certiorari claims, which can fluctuate during the year as claims are settled. The school attorney provides a periodic update on potential claim exposure.

### **2017 Capital Reserve Fund**

Purpose: To pay for future capital improvements to district facilities and sites. Voter approval is required to establish, fund and use capital reserves.

Established: May 16, 2017

6/30/23 Balance: \$4,338,262

Funding Guideline: The 2017 Capital Reserve has a funding limit of \$10 million & was fully funded. \$1.3 million of the \$4.3 million remaining was approved by voters for Building Our Spartan Future.

### **2016 Bus Purchase Reserve Fund**

Purpose: This reserve is used for the purchase of school buses.

Established: May 17, 2016

6/30/23 Balance: \$807,531

Funding Guideline: \$800,000 will be used for 2023-24 bus purchases as outlined in the most recent bus proposition. Up to \$800K can be contributed to the 2016 Bus Reserve each year through 2026.