

## **New Hyde Park – Garden City Park UFSD RESERVE PLAN**

Reserve funds are authorized to be used by school districts pursuant to either Education Law or General Municipal Law. Below is a list of the New Hyde Park – Garden City Park UFSD (“The District”) reserves along with other pertinent information such as each reserves purpose, funding method, usage, monitoring, and funding level.

The use of a reserve is considered a funding source to the budget. By allocating a portion of a reserve to fund certain general fund expenditures, it becomes unnecessary to seek that same funding from taxpayers. Accordingly, having reserve funds plays an important part in the budget process.

### **Reserve for Retirement Contributions**

*Creation* – This reserve was created on June 27, 2006 by Board of Education Resolution for expenses related to NYS Employees’ Retirement System. The sub-reserve was created on May 13, 2019 by Board of Education Resolution for expenses related to NYS Teachers’ Retirement System.

*Authorization* – General Municipal Law § 6-r

*Purpose* – This reserve/sub-reserve is used to pay for district expenses to the NYS Employees’ Retirement System and/or the NYS Teachers’ Retirement System respectively. By utilizing this reserve/sub-reserve, the District does not need to obtain additional funding from the taxpayers to cover the required expenditure. This helps reduce the overall tax burden that would exist if the reserve was not used or did not exist.

*Funding Method* – Funds are to be placed in this reserve/sub-reserve from surplus funds at the end of any given year (unexpended appropriations and/or excess revenues). Funds may be allocated to the sub-reserve from funds already allocated to the reserve with Board authorization. Maximum contribution limits to the reserve/sub-reserve will be approved at the June board meeting.

*Use of Reserve/Sub-Reserve* – The reserve/sub-reserve can be used in any year as a funding source to support the voter approved budget. The anticipated amount to be utilized, if any, will be identified to the public during the budget process.

*Monitoring of Reserve/Sub-Reserve* – This reserve/sub-reserve is monitored by the Superintendent, Assistant Superintendent for Business, Assistant Business Manager, and the Board of Education. The Assistant Superintendent for Business shall furnish a detailed report of the operation and condition of this fund to the Board of Education within sixty days of the end of each fiscal year. This report will include the beginning reserve/sub-reserve balance, any amounts of the reserve/sub-reserve utilized during the school year, and any increases to the reserve/sub-reserve based on the results of the school year (if actual amounts are not available because the audit is not completed, then projected amounts will be utilized).

*Funding Level* – Currently The Board has the ability to set the threshold for the maximum amount of the reserve. The Board has selected 4 years of the projected liability to be that amount. The School District’s contribution into the sub-reserve in any particular year can be made in an amount not to exceed 2% of total salaries of all teachers\* paid by the School District during the immediately preceding fiscal year. Furthermore, the aggregate balance of such sub-reserve may not exceed 10% of the total salaries of all

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teachers\* paid by the School District during the immediately preceding fiscal year. At a minimum, if surplus funds exist, the Board will want to replenish the reserve and fund the sub-reserve without exceeding statutory limits if, due to a decrease in future ERS rates, the new 4 year projected liability is less than the remaining balance of the reserve, then no additional contributions will be made to the reserve and the reserve will be utilized yearly without refunding it until it is equal to or less than the new 4 year projection.

**6/30/19 Balance (Reserve for Retirement Contributions (ERS)): \$1,689,213**

**6/30/19 Balance (Sub-Reserve for Retirement Contributions (TRS)): \$319,000**

\*Per Education Law Section 501 the term "Teacher" shall mean any regular teacher, special teacher, including any school librarian or physical training teacher, principal, vice-principal, supervisor, supervisory principal, director, superintendent, city superintendent, assistant city superintendent, district superintendent and other member of the teaching or professional staff of any class, public school, vocational school, truant reformatory school or parental school, and of any or all classes of schools within the state of New York, including schools on the Indian reservation, conducted under the order and superintendence of and wholly or partly at the expense of the New York state education department or of a duly elected board of education, board of school directors or board of trustees of the state or of any city or school district thereof, provided that no person shall be deemed a teacher within the meaning of this article who is not so employed for full time outside vacation periods. The word, "teacher," shall also include any person employed in the state education department who at the time he entered such employment, or within one year prior thereto, was a teacher within the foregoing definition, or who was engaged in such department in the performance of duties pertaining to instructional services prior to September first, nineteen hundred eighty-six or who provides instructional services at the New York state school for the blind or the New York state school for the deaf, but shall not include a person who is a teacher within the foregoing definition, and who elects to become a member of the New York state employees' retirement system pursuant to paragraph five of subdivision c of section forty of the retirement and social security law upon his entry, on or after April first, nineteen hundred fifty, into his employment as such a teacher in a state-operated institution or community college under the jurisdiction of the board of trustees of the state university, or who is a teacher within the foregoing definition, and who elects to become a member of the New York city employees' retirement system, upon his entry, on or after April first, nineteen hundred fifty-six, into his employment as such a teacher in a community college operated by the city of New York, or who is a teacher within the foregoing definition, and who elects the optional retirement program established either by article eight-b or by article three, part V of this chapter. In all cases of doubt, the retirement board shall determine whether any person is a teacher as defined in this article.

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#### **Reserve for Employee Benefits Accrued Liability**

*Creation* – This reserve was created on August 30, 2005 by Board of Education Resolution.

*Authorization* – General Municipal Law § 6-p

*Purpose* – This reserve is used to pay for unused accumulated leave time contractually provided to certain groups of employees upon termination of service. This typically includes payment for unused sick and vacation leave. This fund cannot be used to pay for related employee benefit expenditures such as: certain retirement incentives, FICA and Medicare payments and retiree health insurance. By utilizing this reserve, The District does not need to obtain additional funding to cover the contractual expenditure. This helps reduce the overall tax burden that would exist if the reserve was not used or did not exist.

*Funding Method* – Funds are placed in this reserve from surplus funds at the end of any given year (unexpended appropriations and/or excess revenues). Board authorization of a maximum contribution to the reserve will be made at the June Board meeting.

*Use of Reserve* – For known payouts, the reserve can be used in any year as a funding source to support the voter approved budget. The anticipated amount to be utilized, if any, will be identified to the public during the budget process. The reserve can also be used for separations from The District that were unknown at budget time. This will require board authorization for a budget adjustment that will be funded from the reserve.

*Monitoring of Reserve* – This reserve is monitored by the Superintendent, Assistant Superintendent for Business, Assistant Business Manager, and the Board of Education. The Assistant Superintendent for Business shall furnish a detailed report of the operation and condition of this fund to the board of education within sixty days of the end of each fiscal year. This report will include the beginning reserve balance, any amounts of the reserve utilized during the school year, and any increases to the reserve based on the results of the school year (if actual amounts are not available because the audit is not completed, then projected amounts will be utilized).

*Funding Level* – This reserve must never exceed 100% of the long-term liability for unused accumulated leave time, not including related employee benefit expenditures.

**6/30/19 Balance: \$1,689,213**

**6/30/19 Total Long-Term Liability: \$1,625,702 (excludes related employee benefit expenditures)**

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### **Reserve for Unemployment Insurance**

*Creation* – This reserve was reestablished in June of 2006 by Board of Education Resolution.

*Authorization* – General Municipal Law § 6-m

*Purpose* – This reserve is used to reimburse the State for payments made to claimants where a district uses the benefit reimbursement method. The District has opted for 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. By utilizing this reserve, The District does not need to obtain additional funding to cover the expenditure. This helps reduce the overall tax burden that would exist if the reserve was not used or did not exist.

*Funding Method* – Funds are placed in this reserve from surplus funds at the end of any given year (unexpended appropriations and/or excess revenues). Board authorization of a maximum contribution to the reserve will be made at the June board meeting.

*Use of Reserve* – The reserve can be used in any year as a funding source to support the voter approved budget. The anticipated amount to be utilized, if any, will be identified to the public during the budget process.

*Monitoring of Reserve* – This reserve is monitored by the Superintendent, Assistant Superintendent for Business, Assistant Business Manager, and the Board of Education.

*Funding Level* – The reserve has been authorized to be funded up to \$60,000.

**6/30/19 Balance: \$60,000**

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#### Reserve for Capital Projects

*Creation* – The District has 2 Capital Reserves:

Reserve A – created on May 15, 2007 via voter authorization.

Reserve B – created on October 12, 2010 via voter authorization.

*Authorization* – Education Law § 3651(1)

*Purpose* –

Reserve A – Established for 15 years for the purpose of accomplishing specified building renovations, capital improvements, and vehicle acquisitions. By utilizing this reserve, The District does not need to obtain additional funding to cover the approved expenditure. This helps reduce the overall tax burden that would exist if the reserve was not used or did not exist.

Reserve B – Established for 15 years for the purpose of accomplishing specified building renovations, capital improvements, vehicle acquisitions, and the repaying of outstanding debt related to capital projects. By utilizing this reserve, The District does not need to obtain additional funding to cover the approved expenditure. This helps reduce the overall tax burden that would exist if the reserve was not used or did not exist.

*Funding Method* – Funds to be placed in this reserve are to come from surplus funds at the end of any given year (unexpended appropriations and/or excess revenues – as per voter authorization). Board authorization of a maximum contribution to the reserve will be made at the June board meeting.

*Use of Reserve* – Use of this reserve requires voter approval and can only be used in conformity with the purpose for which the reserve was created.

*Monitoring of Reserve* – This reserve is monitored by the Superintendent, Assistant Superintendent for Business, Assistant Business Manager, and the Board of Education.

*Funding Level* –

Reserve A - As stated in the approved proposition, this reserve was created with a maximum limit of \$10,000,000.

Reserve B - As stated in the approved proposition, this reserve was created with a maximum limit of \$10,000,000.

#### **6/30/19 Balances:**

Reserve A - \$0

(This reserve has reached its maximum limit and can no longer have additional funds deposited)

Reserve B - \$6,412,908

**Note: Funds spent from this reserve cannot be replenished. Voters would need to approve another Capital Projects Reserve to set aside additional funds.**

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#### **SURPLUS FUNDS:**

An annual budget contains estimates of expenditures and revenues and the actual financial results will differ from the budget. In the event that any surplus funds are available at the end of the fiscal year (unexpended appropriations and/or excess revenues), they are utilized to reduce the tax levy for the upcoming school year. However, an exception exists for reserve funds specifically authorized by law. The Board of Education, in accordance with the 3 year plan, policy #5511 (Reserve Funds), and the Reserve Plan, will determine the best use of these funds which may include (but is not limited to) allocating a portion to reduce taxes, allocating a portion to replenish or increase reserves, and allocating a portion to maintain the statutory maximum for the unassigned fund balance (currently the maximum is at 4% of the subsequent years budget).