

NORTH SHORE CSD

STATUS OF DISTRICT RESERVES as of JUNE 30, 2019 -Updated 10-31-2019

Reserve funds are an important planning tool generally used by local governments and school districts to save for future needs and other allowable purposes. They are mainly used for non-recurring or unforeseen expenditures. They help to plan, maintain a degree of financial stability and provide for unanticipated increases in operational expenses. Reserve funds can also be used during difficult economic times to balance budgets and to avoid cuts in services.

All reserve funds in the North Shore Central School District have specific intended purposes and requirements. These requirements include a general description, duration, maximum total balance permitted, maximum annual contribution, referendum requirement for establishment if applicable and the procedure for dissolving any remaining balances in a reserve.

The District's Business Office keeps separate accounting records for each reserve fund. The amounts in each reserve fund is invested and the interest earned is credited to the reserve. The balances below reflect the funding as well as interest earned in each reserve fund through June 30, 2019

Please note that these reserves reflect balances as of 6/30/2019 as well as the amounts appropriated by the Board of Education to reduce the 2019-20 tax levy. Please refer to the district's 2017-18 and 2018-19 audited financial statements, page 9/10, for further details.

Summary Data

The summary of reserve funds and balances maintained by the North Shore Central School District are as follows:

Summary of all Reserves / Restricted Reserves

| | Beginning Balance 7/1/2018 | Designated at the end of 2018-19 to Reduce Tax Levy, and Use of EBAL Reserve for Benefits | Interest Earned through 6/30/2019 | Increase in Reserves from 7/1/2018 through 6/30/2019 | Balance as of 6/30/2019 | Designated to Reduce 2019-20 Tax Levy and other uses. This adjustment will occur at the end of the fiscal year-6/30/2020 |
|---|-------------------------------|---|-----------------------------------|--|-------------------------|--|
| Workers' Compensation Reserve | 2,029,404.39 | | 42,660.14 | | 2,072,064.53 | *(58,350.25) |
| Unemployment Reserve | 1,588,416.60 | | 33,390.07 | | 1,621,806.67 | |
| TRS Reserve- New | | | | ***592,393.50 | 592,393.50 | |
| ERS-Retirement Contribution Reserve | 8,824,641.85 | ****(1,200,000.00) to reduce levy ***500,000.00 transferred to TRS Reserve | 172,654.61 | | 7,297,296.46 | ****(1,200,000.00) |
| Liability Reserve | 108,845.67 | | 2,288.06 | | 111,133.73 | |
| Employee Benefit Accrued Liability Reserve | 333,168.14 | (5,613.80) | 6,919.85 | 10,158.04 | 344,632.23 | |
| Capital Reserve -Established on May 17, 2016 | 1,540,322.63 | | 118,164.73 | 1,500,000.00 | *****3,158,487.36 | ***3,000,000.00) |
| Repair Reserve | 1,107,232.86 | | 23,275.15 | | 1,130,508.01 | **30,000.00) |
| Total Restricted Fund Balance | \$15,532,032.14 | (1,705,613.80) | \$399,352.61 | \$2,102,551.54 | \$16,328,322.49 | (4,288,350.25) |

**\$58,350.25 was used to pay large worker's compensation medical expenses as authorized by the Board of Education on September 12, 2019. The District is self-insured for workers' compensation*

*** \$30,000.00 approved by the Board on September 26, 2019 to repair fire alarm system at the Glenwood Landing School*

**** \$3,000,000.00 District will seek voter approval to use 3 million in the capital reserve to fund the renovation of the Glen Head School Nurses Suite and Middle School Boys and Girls Locker Rooms*

*****\$500,000.00 was transferred from ERS Reserve to fund the New TRS Reserve. Also, as previously discussed with the Board the remaining fund balance of \$92,393.50 in the General Fund after the books were closed was transferred to fund the new TRS Reserve.*

****** \$1,200,000.00 used to reduce both 2018-19 and 2019-20 Tax Levies.*

****** This balance includes the leftover balance from the 2008 Capital Reserve in the amount of \$20,262.24 (\$4,297.26 balance at 6/30/2015, plus interest of \$6,758.24 accrued in 2015-16 and \$9,206.74 accrued in 2018-19).The District may move balance into the new Capital Reserve only with voters' authorization.*

Assigned Fund Balance from Tax Certiorari Reserve and Special Grant from NYS (LIPA)

| | Beginning Balance 7/1/2018 | Designated at the end of 2018-19 to Reduce 2019-20 Tax Levy | | | Balance as of 6/30/2019 | |
|---|-------------------------------|---|--|--|-------------------------|--|
| From Closed Tax Cert Reserve | 2,504,398.53 | | | | 2,504,398.53 | |
| Tax Cert Reserve Designated to Reduce Levy in 18/19 | (350,000.00) | | | | (350,000.00) | |
| Tax Cert Reserve Designated to Reduce Levy in 19/20 | | (500,000.00) | | | (500,000.00) | |
| From NYS Senate and Assembly 13/14 | 2,500,000.00 | | | | 2,500,000.00 | |
| From NYS Senate and Assembly 14/15 | 2,900,000.00 | | | | 2,900,000.00 | |
| LIPA Grant Designated to Reduce Levy in 2014-15 | (169,518.75) | | | | (169,518.75) | |
| LIPA Grant Designated to Reduce Levy in 2015-16 | (600,000.00) | | | | (600,000.00) | |
| LIPA Grant Designated to Reduce Levy in 2016-17 | (1,000,000.00) | | | | (1,000,000.00) | |
| LIPA Grant Designated to Reduce Levy in 2017-18 | (1,000,000.00) | | | | (1,000,000.00) | |
| LIPA Grant Designated to Reduce Levy in 2018-19-LIPA | (800,000.00) | | | | (800,000.00) | |
| LIPA Grant Designated to Reduce Levy in 2019-20-LIPA | | (600,000.00) | | | (600,000.00) | |
| Total LIPA and Tax Cert Remaining | 3,984,879.78 | (1,100,000.00) | | | 2,884,879.78 | |

Assigned Fund Balance and Reserve for Encumbrances

| | Beginning Balance 7/1/2018 | Fund Balance Used in 2018-19 | Designated at the end of 2018-19 Budget to Reduce 2019-20 Tax Levy | Designated LIPA See Above to Reduce 2019-20 Tax Levy | Balance as of 6/30/2019 | |
|--|-------------------------------|---------------------------------|---|---|----------------------------|--|
| Assigned Fund Balance from Regular Budget and Special Legislative Grant/Tax Cert | 2,350,000.00 | (2,350,000.00) | 1,200,000.00 | 1,100,000.00 | 2,300,000.00 | |
| Assigned Encumbrances | 1,217,781.22 | (1,217,781.22) | 1,660,895.37 | | 1,660,895.37 | |
| Total | 3,567,781.22 | (3,567,781.22) | 2,860,895.37 | 1,100,000.00 | 3,960,895.37 | |

Unassigned Fund Balance - (this represents 4% of 2019-20 budget)

| Description | Beginning Fund Balance 7/1/2018 | Designated to Adjust Unassigned Fund Balance in 2018-19 | | | Ending Fund Balance 06/30/19 | |
|--|------------------------------------|---|--|--|---------------------------------|--|
| Unassigned Fund Balance-4% of subsequent year's budget | 4,317,727.84 | (5,730.40) | | | 4,311,997.44 | |

Workers' Compensation Reserve: \$2,072,064.53

| Description | Date | Amount |
|---|-----------|-----------------------|
| Date Established and Initial Funding | 6/30/1998 | 150,000.00 |
| Second Funding-BOE Allocation of Fund Balance | 6/30/2003 | 300,000.00 |
| Third Funding-BOE Allocation of Fund Balance | 6/30/2005 | 100,000.00 |
| Fourth Funding-BOE Allocation of Fund Balance | 6/30/2011 | 877,983.44 |
| Fifth Funding-BOE Allocation of Fund Balance | 6/30/2012 | 532,635.06 |
| | | \$1,960,618.50 |
| Interest Earned to Date | 6/30/2019 | 111,446.03 |
| Ending Balance as of 6/30/2019 | | \$2,072,064.53 |

The Workers' Compensation Reserve was established on June 30, 1998 by the Board of Education. This reserve is authorized by Article 2 of the Workers' Compensation Law, to pay claims for injuries sustained on the job by district employees. The district is self-insured for Workers' Compensation. The reserve is used to pay lump-sum awards granted by the Workers' Compensation Board or to settle large claims. It is funded by budgetary appropriations or other funds that may be legally appropriated including balances remaining in the budget at the end of the fiscal year. Appropriation from this reserve can be made without voter approval. This reserve is accounted for in the General Fund. The reserve is also used if needed, to supplement the amount budgeted in the General Fund to cover the cost of the district's Workers' Compensation claims.

Two forms of payment are made directly for Workers' Compensation claims: medical expenses and indemnity payments. The indemnity payments replace salaries for injured employees. The Workers' Compensation Board determines the amount which each injured employee receives, based on the level of the injury reported to them, up to a maximum of \$840.70 per week for the 2019-20 fiscal year.

There are currently six (6) former employees who have been approved by the Workers' Compensation Board to receive indemnity payments and reimbursement for medical expenses due to partial or permanent disabilities from various injuries sustained on North Shore Central School District properties. A Third-Party Administrator (TPA) hired by the District reviews all indemnity and medical claims before they are processed. A review is also made periodically by the TPA to determine whether it is beneficial to pay a lump sum to settle the current and projected claims.

Because the District is self-insured for Workers' Compensation, it is also required to maintain an Excess Workers' Compensation Policy. The Excess Workers' Compensation Policy caps the district's exposure to a Self-Insured Retention (SIR) limit. The SIR for 2019-20 is \$650,000. This limit is "Statutory" no matter how large the claim is, the district is covered for all payments exceeding \$650,000. The SIR is a "per occurrence" deductible. For example, if three employees are in a vehicle for work related business and they are involved in an accident, it would be considered one occurrence and the deductible for all three employees would remain at \$650,000. Without this policy, the District would be responsible for the entire amount of any occurrence, no matter how large.

In addition, the District obtains an actuarial study biennially, to determine whether the reserve is adequately funded to cover current and future Excess Workers' Compensation claims. The most recent actuarial study as of June 30, 2019, estimates future claims payable at \$1,192,158.

On September 12, 2019 the Board approved the use of the reserve to pay \$58,350.25 in medical bills for an employee who sustained a job related injury.

Liability Reserve: \$111,133.73

| Description | Date | Amount |
|---------------------------------------|-------------|---------------------|
| Date Established and Initial Funding | 06/30/1998 | 100,000.00 |
| Interest Earned to Date | 06/30/2019 | 11,133.73 |
| Ending Balance as of 6/30/2019 | | \$111,133.73 |

The Liability Reserve is used to pay for property loss and liability claims incurred. The amount in the reserve cannot exceed 3% of the annual budget or \$15,000, whichever is higher. The reserve may be established by Board of Education action and is funded through budgetary appropriation. There is no referendum required to establish the reserve and expenditures can be made without voter approval.

The District's Liability Reserve was set up at the end of the 1997-98 fiscal year to hedge against losses arising from the decommissioning of the Glenwood Landing Plant by KeySpan Gas East Corporation in the spring of 1999. This issue is ongoing.

Unemployment Insurance Reserve: \$1,621,806.67

| Description | Date | Amount |
|---|------------|-----------------------|
| Date Established and Initial Funding | 06/30/1998 | 50,000.00 |
| Second Funding-Transfer from ERS Reserve | 06/30/1998 | 81,419.00 |
| Third Funding-BOE Allocation of Fund Balance | 06/30/2011 | 887,981.00 |
| Fourth Funding-BOE Allocation of Fund Balance | 06/30/2012 | 524,469.05 |
| Total Funding | | \$1,543,869.05 |
| Interest Earned to Date | 06/30/2019 | 77,937.62 |
| Ending Balance as of 6/30/2019 | | \$1,621,806.67 |

The Unemployment Insurance Reserve is used to provide funding for unemployment claims. The District is self-insured for unemployment insurance. The New York State Department of Labor sets the limit on the amount each claimant receives and pays the claims to the claimants. The District reimburses the State Unemployment Insurance Fund for payments made to claimants every quarter.

The reserve was established by a Board of Education resolution and is funded through budgetary appropriation. Appropriations from the reserve can be made without voter approval. The amount in the reserve was increased in the 2010-11 and 2011-12 fiscal years to cover additional claims from employees who were laid off during the recession.

Employee Benefit Accrued Liability Reserve: \$344,632.23

| Description | Date | Amount |
|---|------------|---------------------|
| Date established and initial funding | 06/30/2005 | \$770,488.03 |
| Transfer to General Fund – Certified by NYS Comptroller | 06/30/2010 | (655,413.00) |
| To Fund Accrued Sick Time and Vacations-Secretaries and Custodians-per contract | 06/30/2012 | 119,986.26 |
| To Fund Accrued Sick Time and Vacations-Secretaries and Custodians-per contract | 06/30/2013 | 26,443.00 |
| To Fund Accrued Sick Time and Vacations-Secretaries and Custodians-per contract | 06/30/2014 | 34,737.65 |
| Adjustment for Benefits Paid | 06/30/2015 | (14,844.74) |
| To Fund Accrued Sick Time and Vacations-Secretaries and Custodians-per contract | 06/30/2016 | 1,791.28 |
| To Fund Accrued Sick Time and Vacations-Secretaries and Custodians-per contract | 06/30/2017 | (3,667.04) |
| To Fund Accrued Sick Time and Vacations-Secretaries and Custodians-per contract | 06/30/2018 | (11,359.20) |
| To Fund Accrued Sick Time and Vacations-Secretaries and Custodians-per contract | 06/30/2018 | 16,759.06 |
| Adjustment for Benefits Paid | 06/30/2018 | (5,613.00) |
| Interest Earned to Date | 06/30/2019 | 60,779.69 |
| Adjustment for Benefits Paid | 06/30/2019 | (5,613.80) |
| To Fund Accrued Sick Time and Vacations-Secretaries and Custodians-per contract | 06/30/2019 | 10,158.04 |
| Ending Balance as of 6/30/2019 | | \$344,632.23 |

The Employee Benefit Accrued Liability Reserve (EBALR) is used to provide funding to pay the monetary value of accumulated but unused leave time of employees when they separate from service or retire. It can also be used to pay a reasonable cost to administer the reserve, professional services as well as adjustments and settlement of claims related to accrued employee benefits. It is created through Board of Education action and may be funded through budgetary appropriation or Board action. A referendum is not required to expend funds from the reserve.

In 2011-12 the New York State Budget was amended to allow school districts to withdraw amounts that exceeded the permissible limit in their (EBALR) as of June 30, 2010, the measurement date. The amount, which exceeded the permissible limit for North Shore, was \$655,413. This amount was certified by the State Comptroller's Office and transferred into the District's General Fund, unassigned fund balance on June 30, 2011.

The balance in the reserve is the total of accrued but unpaid vacation time of the District's custodial and clerical staff as of June 30, 2019. All custodial and clerical employees earn their vacation throughout the year, per their respective collective bargaining agreements, but are required to take them after the close of the fiscal year.

Repair Reserve: \$1,130,508.01

| Description | Date | Amount |
|--|------------|------------------------|
| Date Established and Initial Funding | 03/01/2007 | \$4,840,200.00 |
| Reduction-Amount Transferred from the Repair Reserve into Capital Reserve | 03/27/2008 | (2,608,522.00) |
| Total Initial Funding | | \$ 2,231,678.00 |
| Projects Funded with the Repair Reserve | | |
| Glen Head-Electrical Feed | 06/19/2008 | (150,105.00) |
| Sea Cliff-Concrete Pediment in Front of the Auditorium | 06/19/2008 | (29,500.00) |
| High School-Court Yard Concrete Repairs | 06/19/2008 | (20,000.00) |
| High School-Boiler Sump Pump | 06/19/2008 | (8,000.00) |
| Glen Head-Abate and Replace Roof Over Small Boiler Room | 07/23/2009 | (10,487.00) |
| Sea Cliff-Abate Asbestos Transite Panels | 07/23/2009 | (7,696.00) |
| High School-Abate and Replace Asbestos Tiles in 11 Classrooms | 07/23/2009 | (1,682.00) |
| District-Wide- Asphalt and Concrete Work | 07/23/2009 | (128,300.00) |
| Glen Head-Auditorium Rigging | 05/05/2011 | (12,700.00) |
| Glenwood Landing-Auditorium Rigging | 05/05/2011 | (35,000.00) |
| Sea Cliff-Auditorium Rigging | 05/05/2011 | (45,000.00) |
| Middle School-Auditorium Rigging | 05/05/2011 | (25,000.00) |
| High School-Auditorium Rigging | 05/05/2011 | (305,000.00) |
| District-Wide Masonry Work | 12/15/2011 | (500,000.00) |
| High School Emergency Repairs of School House | 08/28/2014 | (270,669.00) |
| High School Emergency Repairs of School House-Funds Returned Due to Lack of Public Hearing | 06/30/2015 | 270,669.00 |
| Project Savings Returned to the Repair Reserve-Bids Lower than Anticipated | | |
| Glen Head Electrical Feed | 06/20/2012 | 90,742.90 |

| | | |
|--|------------|-----------------------|
| District-Wide Auditorium Rigging | 06/30/2014 | 2,567.71 |
| HS Replacement of window frames and two doors | 07/05/2017 | (125,000.00) |
| GH GWL & SC Replace/repair window balances | 05/31/2018 | (46,610.00) |
| HS-Cafeteria Court Yard Asbestos Abatement and Painting | 05/31/2018 | (62,943.00) |
| Interest Earned to Date | 06/30/2019 | 318,542.40 |
| Ending Balance as of 6/30/2019 | | \$1,130,508.01 |
| Approved by the Board to Repair Fire Alarm System at the GWL School on September 26, 2019 | | (30,000.00) |

The Repair Reserve is used to pay the cost of non-recurring repairs to capital improvements or equipment. The Board may establish a Repair Reserve without voter approval by a majority vote, however voter approval is required to fund this reserve. A public hearing is required before the Board votes to appropriate funds from the Repair Reserve; voter approval is not required. At least five days must elapse between the publication of the notice of the hearing and the date of the hearing. Monies can be appropriated from a Repair Reserve in an emergency without giving notice and a public hearing. This requires at least two-thirds approval by the Board. At least half of the funds expensed without a public hearing must be replenished in the next fiscal year. The remainder must be repaid by the end of the following fiscal year.

The Repair Reserve can be funded through yearly budgetary appropriations. This can be achieved through annual budgetary appropriations, including a line item in the budget to be voted on by residents or by a proposition presented to voters OSC OP 81-401.

Any remaining funds in the Repair Reserve may be transferred to a Capital Reserve, subject to the public hearing requirement or to a Retirement Contribution Reserve, subject to a public hearing with fifteen days notice.

The North Shore Repair Reserve was established on March 1, 2007 with the retroactive PILOT (Payment in Lieu of Taxes) of \$4,840,200 received from LIPA (Long Island Power Authority). On March 27, 2008, the Board of Education approved a resolution to establish the District's Capital Reserve. The referendum was approved by voters in May of 2008. A total of \$2,608,522 was transferred from the Repair Reserve to initially fund the Capital Reserve. This left a balance of \$2,231,678 in the repair reserve at the end of 2008.

The table above shows the year to date expenses from the Repair Reserve and the remaining balance as of June 30, 2019. On September 26, 2019 the Board appropriated \$30,000.00 to repair the fire alarm system at the Glenwood Landing School.

Capital Reserve: \$8,500,000.00-Established on May 17, 2016

| |
|---|
| Maximum Amount of Funding Approved by Voters - \$ 8,500,000.00 |
|---|

| |
|--|
| Phase (1) Projects-Amount Approved by Voters for Phase (1) Projects on May 15, 2018 |
| \$3,443,911.91 |

| School | Project Description | Estimated Cost | Phase |
|--------|--|----------------|----------------|
| GH | Air Condition Library Space- Completed | 324,600.00 | Phase 1 |
| GH | Air Condition Cafeteria Space- Completed | 258,700.00 | Phase 1 |
| GWL | Air Condition Auditorium Space- Completed | 310,400.00 | Phase 1 |

| | | | |
|--|--|-----------------------|-----------------------------|
| GWL | Air Condition Library Space- Completed | 236,700.00 | Phase 1 |
| SC | SC-Air Condition Cafeteria Space- Ongoing | 207,000.00 | Phase 1 |
| MS | Air Condition Cafeteria Space- Completed | 617,900.00 | Phase 1 |
| HS | Air Condition Gym Space- Ongoing | 1,019,400.00 | Phase 1 |
| HS | Replace Entire Cafeteria Ceiling and Install New LED Lights- Ongoing | 202,800.00 | Phase 1 |
| | Sub Total Phase (1)Projects | 3,177,500.00 | |
| | Any remaining funds after the projects above are completed will be used for the following supplemental projects | | |
| SC | Install Exhaust Fans in Hallways and Stairwells | 306,500.00 | Phase I Supplemental |
| SC | Install Windows in Second Floor Hall (Currently Fixed Glass) | 124,200.00 | Phase I Supplemental |
| Total Phase (1)- Cost Including Supplemental Projects | | \$3,608,200.00 | |

Phase (2) Projects-District will seek voter approval for \$3,000,000.00 to fund Phase (2) Projects listed below in May 2020

| School | Project Description | Estimated Cost | Phase |
|--------|---|-----------------------|---------|
| MS | Renovate Girls and Boys Locker Rooms | 2,371,727.00 | Phase 2 |
| GH | GH-Renovate Nurses Room and Expand into next Room | 423,128.00 | Phase 2 |
| | Sub Total Phase 2 Projects | \$2,794,855.00 | |

Phase (3) Projects-Not Yet Funded

| School | Project Description | Estimated Cost | Phase |
|--------|--|----------------|---------|
| GH | Abate Asbestos from Crawl Space Under Gym and 1950's Wing | 395,500.00 | Phase 3 |
| GH | Replace 1995 Addition Boiler- <i>This project will be eliminated if the Energy Performance work is approved on December 10, 2019 by voters</i> | 427,100.00 | Phase 3 |
| GH | Replace 1950's Wing Septic Tank and Leaching Pools | 197,800.00 | Phase 3 |
| GWL | Abate Asbestos from Crawl Space Under 1950's Wing | 332,200.00 | Phase 3 |
| GWL | Replace 1950's Wing Septic Tank and Leaching Pool (Lower Field) | 158,200.00 | Phase 3 |
| GWL | Replace Ceramic Tiles in First Floor Halls, Old Building and Nurses' Office- <i>This is also included in the list of supplemental projects in the bond</i> | 44,400.00 | Phase 3 |
| GWL | Replace Main Entrance Exterior Doors - (2) North and South Portico Exterior Doors; (4) Gym and Auditorium Exterior Doors ; (8) With FRP Doors. Include all New Frames and Hardware on all Doors- <i>Some of these doors will be addressed in the scope of the bond</i> | 90,600.00 | Phase 3 |
| SC | Remove Flooring, Re-Frame and Install New Flooring 1 st and 2 nd Floor Classrooms, East Side of Building | 321,200.00 | Phase 3 |
| SC | Install Walk-in Refrigerator and Freezer in Kitchen | 129,400.00 | Phase 2 |
| HS | Replace Sidewalks in the Rear of Building, Around Field Areas and in Courtyard | 386,400.00 | Phase 3 |
| CO | Level Floor in Accounts' Payable Office | 213,200.00 | Phase 3 |
| CO | Level Carpeting-When Floor above is Levelled | 40,200.00 | Phase 3 |

| | | | |
|---|--|-----------------------|---------|
| CO | Re-Pipe Existing Hot Water Heating System and Zone Control- <i>Some of the scope may be addressed in the Energy Performance work</i> | 51,800.00 | Phase 3 |
| CO | Excavate and Waterproof Entire Perimeter of Building Foundation, Install French Drains and Drywells- <i>Already in the bond</i> | | |
| CO | Install New Generator | 97,000.00 | Phase 3 |
| | Sub Total Phase (3) Projects | \$2,885,000.00 | |
| Total All Phases-Some Phase (3) Projects will be Eliminated to Match the Amount Authorized by Voters | | \$9,288,055.00 | |

Cash Raised from 2015-16 Through June 30, 2019

| | |
|---|-----------------------|
| Maximum Funding Level Approved by the Voters on May 17, 2016 | \$8,500,000.00 |
| 2015-16-From Fund Balance | 847,783.50 |
| 2016-17-From Fund Balance | 2,600,000.00 |
| 2017-18-From Fund Balance | 1,500,000.00 |
| Interest Earned To Date 6/30/2018 | 36,451.04 |
| Amount Approved to Fund Phase (1) Projects | (3,443,911.91) |
| Total Amount Raised As of 6/30/2018 | 1,540,322.63 |
| 2018-19-From Fund Balance | 1,500,000.00 |
| Interest Earned in 2018-19 | 118,164.73 |
| Total Available in Reserve as of 6/30/2019 | 3,158,487.36 |
| Amount Recommended to be used to fund Phase (2) Projects | (3,000,000.00) |

The Capital Reserve Fund is used to finance specific types of capital improvements, reconstruction or equipment purchases. A Board of Education resolution is required to establish a Capital Reserve. The resolution must specify the purpose, maximum amount, probable term, and how the reserve will be funded. The Capital Reserve is generally funded from two sources: budgetary appropriations or revenues that are not required to be accounted for in any other fund or account. A voter referendum is required to establish and permit the overall funding and to expense the amount in the reserve.

The District's Capital Reserve was established on May 17, 2016. The ultimate amount was \$8,500,000 with a probable term of 10 years; the list of projects is noted above. On May 15, 2018, voters approved a referendum to fund all projects listed in Phase (1) above. It is recommended that \$3,000,000.00 be appropriated to fund the renovation of the Middle School Boys' and Girls' locker rooms and the Glen Head Elementary Nurses suite. The required referendum will be placed on the May 2020 ballot. Phase (3) Projects will be funded when the funding level authorized by voters, is reached.

Retirement Contribution Reserve: \$7,297,296.46

| Description | Date | Amount |
|--|-------------------|-----------------------|
| Date Established and Initial Funding | 06/30/2005 | \$740,876.35 |
| Accrue ERS Expenses at Year End/Increase Reserve- Approved by BOE | 06/30/2006 | 1,189,505.06 |
| Disbursement-Payment to ERS | 11/29/2006 | (533,032.00) |
| Accrue ERS Expenses at Year End/Increase Reserve- Approved by BOE | 06/30/2007 | 885,213.82 |
| Disbursement-Payment to ERS | 12/06/2007 | (471,311.42) |
| Accrue ERS Expenses at Year End/Increase Reserve- Approved by BOE | 06/30/2008 | 581,469.72 |
| Disbursement-Payment to ERS | 12/3/2008 | (578,236.39) |
| Accrue ERS Expenses at Year End/Increase Reserve- Approved by BOE | 06/30/2009 | 578,236.39 |
| Disbursement-Payment to ERS | 11/20/2009 | (462,429.00) |
| Accrue ERS Expenses at Year End/Increase Reserve- Approved by BOE | 06/30/2010 | 1,271,541.38 |
| Increase Reserve | 06/30/2011 | 287,981.00 |
| Increase Reserve | 06/30/2013 | 632,863.00 |
| Increase Reserve | 06/30/2014 | 892,435.71 |
| Disbursement-Payment to ERS | 06/30/2014 | (174,673.00) |
| Increase Reserve | 06/30/2015 | 3,564,684.00 |
| Disbursement-Payment to ERS | 06/30/2015 | (128,578.00) |
| Increase Reserve | 06/30/2016 | 1,408,762.00 |
| Disbursement-Payment to ERS | 06/30/2016 | (307,602.33) |
| Estimated to Reduce ERS Cost in 2016-17 | 06/30/2017 | (1,000,000.00) |
| Recommendation to Increase ERS Reserve | 06/30/2017 | 1,367,882.74 |
| Estimated to Reduce ERS Cost in 2017-18 | 06/30/2018 | (1,200,000.00) |
| Interest Earned Through 06/30/2018 | 06/30/2018 | 279,052.82 |
| Amount approved by voters to reduce 2018-19 tax levy- June 30, 2019 | 06/30/2019 | (1,200,000.00) |
| Amount Transferred from ERS to TRS Reserve | 06/30/2019 | (500,000.00) |
| Interest Earned in 2018-19 | 06/30/2019 | 172,654.61 |
| Ending Balance as of 6/30/2019 | | 7,297,296.46 |
| Amount approved by voters to reduce 2019-20 tax levy-This will be reflected in the balance on June 30, 2020 | | (1,200,000.00) |

The Retirement Contribution Reserve is used to pay contributions payable to New York State and Local Employees' Retirement System (ERS). It is created by Board resolution and funded through budgetary appropriation or other revenues. Any remaining funds in the Repair Reserve can also be transferred into the Retirement Contribution Reserve. If the Board of Education determines that the Retirement Contribution Reserve is no longer needed it may terminate the reserve and transfer any remaining balance into a Repair or Capital Reserve. This transfer is subject to a public hearing.

Teachers' Retirement System Reserve

The 2019-20 New York State Budget included an amendment allowing school districts to establish TRS (Teachers' Retirement Reserve). Contributions into the TRS Reserve cannot exceed 2% of the total salaries paid to all members of the Teachers' Retirement System in the immediate preceding year. In addition, the aggregate balance in the reserve cannot exceed 10% of the total salaries of all the members in the TRS Retirement System in the immediate preceding year. Under the new legislation, districts are permitted to transfer funds from ERS

(Employee Retirement System) Reserve to fund the new TRS Reserve. The TRS Payroll for the immediately preceding year, 2017-18 fiscal year, was \$46,343,886.62; 2% of 2017-18-member payroll equals \$926,877.73. In 2018-19 \$500,000.00 was transferred from ERS to fund the new TRS Reserve. In addition \$92,393.50 from 2018-19 fund balance was used to fund the TRS Reserve. The table below shows the status of the TRS reserve.

| Teachers' Retirement Reserve | Amount Transferred from ERS Reserve | Funding from Fund Balance | Total Balance |
|------------------------------|-------------------------------------|---------------------------|---------------|
| Date | Amount | Amount | Balance |
| 6/30/2019 | 500,000.00 | 92,393.50 | 592,393.50 |

Assigned Fund Balance-To Reduce Future Tax Levies- From NYS Senate and Assembly (Marcellino and Lavine)

a. During the 2013-14 school year, the District received a Supplemental Valuation Impact Aid of \$2,000,000 from the NYS Senate and a \$500,000 Grant in Aid from the NYS Assembly. In 2014-15, the NYS Senate and Assembly reallocated \$2,400,000 and \$500,000 respectively to the District. The district received a total of \$5,400,000 in the two fiscal years. The funds received were set aside and earmarked by the Board and allocated on a yearly basis to reduce the tax levy as follows:

- i. 2014-15 - \$ 169,518.75
- ii. 2015-16 - \$ 600,000.00
- iii. 2016-17 - \$1,000,000.00
- iv. 2017-18 - \$1,000,000.00
- v. 2018-19 - \$ 800,000.00
- vi. 2019-20 - \$ 600,000.00

b. The total of **\$1,230,481** plus interest which will remain in the special designation after 2019-20 will be applied to reduce future tax levies as follows:

- a. 2020-21 - \$ 400,000.00
- b. 2021-22 - \$ 300,000.00
- c. 2022-23 - \$ 200,000.00
- d. 2023-24 - \$ 150,000.00
- e. 2024-25 - \$ 100,000.00
- f. 2025-26 - \$ 80,481.00-**Plus any accrued interest**

It is recommended that the grant from Senator Marcellino and Assemblyman Lavine, be phased out on a gradual basis as reflected in the chart above to restore the structural balance of the district's future operating budgets. It is also recommended that potential uses of this funding be reviewed on an annual basis.

Assigned Fund Balance-Previously Set Aside to Pay Tax Certiorari Claims: \$2,504,398.53. Remaining Balance \$1,654,398.53

Tax Certiorari Reserve was set up to pay claims from the repeal of Nassau County Guarantee. In 2011 the Nassau County Executive proposed phasing out the County Guarantee of School taxes in his annual budget. North Shore School District along with other Nassau Schools sued the County and won on appeal. The District liquidated funds that were reserved to pay possible claims after further appeals by the County failed. The liquidated reserve funds became part of assigned fund balance; they have been applied to the 2018-19-and 2019-20 budgets, and will be applied to future budgets as follows:

- a. 2018-19 \$ 350,000.00
- b. 2019-20 \$ 500,000.00
- Remaining Balance \$1,654,398.53**
- c. 2020-21 - \$ 500,000.00
- d. 2021-22 - \$ 400,000.00
- e. 2022-23 - \$ 300,000.00
- f. 2023-24 - \$ 250,000.00
- g. 2024-25 - \$ 204,398.53

Unassigned Fund Balance: \$4,311,997.44

The Unassigned Fund Balance is used to cover unforeseen emergencies that could restrict daily operations. New York State law allows each district to set aside a maximum of 4 percent (4%) of the subsequent school year’s budget in Unassigned Fund Balance. The amounts assigned from tax certiorari reserve and special grant from NYS (LIPA) would be treated as unassigned for the purpose of the 4% calculation.

Assigned Fund Balance- To Reduce 2019-20 Levy \$2,300,000.00 and Reserve for Encumbrance \$1,660,895.37

This is the amount previously approved by the Board from fund balance to reduce the 2019-20 tax levy. Encumbrances carried over are the District’s commitment for purchase orders that were issued but not yet fulfilled at the end of the fiscal year.