

# Horseheads CSD Reserve Plan



**May 2022**

# Purpose of Reserve Plan



- Office of the New York State Comptroller recommends establishment of reserve plan as part of a district's fiscal plan
- Helps protect the budget, instructional programs, and tax levy in the event of major, nonrecurring, or unforeseen expenditures
- Should state purpose, funding method, and level of funding
- Board should periodically assess the reasonableness of the amounts accumulated in each reserve

# Summary of General Fund Reserves as of 03/31/2022



|                             |              |
|-----------------------------|--------------|
| • ERS Contribution          | \$ 2,641,705 |
| • TRS Contribution          | \$200,172    |
| • Tax Certiorari            | \$938,091    |
| • Accrued Benefit Liability | \$1,233,629  |
| • Unemployment              | \$47,695     |
| • Capital                   | \$10,111,306 |

# Summary of Debt Service Fund as of 03/31/2022



- Debt Service Reserve \$4,705,290

# Retirement (ERS) Contribution Reserve



- Purpose: to help offset the costs of payments to the Employees Retirement System
- Current amount: \$2,641,705 (max. allowable 3-5 years of payments)
- How use: budget as an appropriated reserve aligning to anticipated ERS expenditure
- Voter approval to fund: no
- Voter approval to expend: no
- Appropriated funds will be transferred at the time the expenditure is made
- Other use of funds:
  - May transfer a portion of funds to another reserve
  - The reserve may be abolished if no longer needed

# Retirement (TRS) Contribution Reserve



- Purpose: subfund of the Retirement (ERS) Contribution Reserve used to help offset the costs of payments to the Teachers Retirement System
- Current amount: \$200,172 (max annual funding not to exceed 2% of the total compensation paid to all teachers in the employ of the District who are members of TRS during the preceding fiscal year)
- Maximum balance at any time may not exceed 10% of the total compensation paid to all teachers working for the District who are members of TRS during the previous fiscal year.
- How use: budget as an appropriated reserve aligning to anticipated TRS expenditure
- Voter approval to fund: no
- Voter approval to expend: no
- Appropriated funds will be transferred at the time the expenditure is made
- Other use of funds:
  - May transfer a portion of funds to another reserve
  - The reserve may be abolished if no longer needed

# Tax Certiorari Reserve



- Purpose: used to pay judgments and claims in tax certiorari proceedings
- Current amount: \$938,091
- How use: pay judgments and claims
- Voter approval to fund: no
- Voter approval to expend: no
- Funds will be appropriated by board action to cover required refunds for tax certiorari settlements as received
- Other use of funds: surplus funds are returned to the General Fund upon notification of court the judgement or claim has been dismissed

# Employee Benefit Accrued Liability Reserve



- Purpose: used to pay any accrued benefits to employees upon termination of services (i.e., accrued sick leave, vacation leave)
- Current amount: \$1,233,629
- How use: appropriate funds as part of budget process for estimated use during year. If actual amount exceeds original budget, board can appropriate additional funds during the year.
- Voter approval to fund: no
- Voter approval to expend: no
- Appropriated funds will be transferred at the time the expenditure is made (typically year end)
- Other use of funds (upon certification):
  - May transfer a portion of funds to another reserve
  - The reserve may be abolished if no longer needed



# Unemployment Reserve



- Purpose: must be used to pay for unemployment benefits
- Current amount: \$47,695
- How use: budget as an appropriated reserve aligning to anticipated unemployment expenditure
- Voter approval to fund: no
- Voter approval to expend: no
- Appropriated funds will be transferred at the time the expenditure is made (typically year end when all payments have been made)
- Excess funds remaining at end of school year may be transferred within 60 days of the close of that school year to other reserve funds or applied to budgetary appropriations for the new year
- The reserve may be abolished if no longer needed

# Capital Reserve



- Purpose: To pay the cost of any object or purpose for which bonds may be issued
- Current amount: \$10,111,306
- How use: Facility construction, equipment, etc.
- Voter approval to fund: no
- Voter approval to expend: yes
- Other use of funds: voter approval required to terminate reserve before specified expiration date. Remaining funds must first be applied to district's outstanding bonded indebtedness and secondarily to reduce the tax levy

# Debt Service Reserve



- Purpose: To cover debt service payments on outstanding obligations (bonds, BANS) with proceeds from the sale of district property, unexpended proceeds of long-term debt, or interest from capital improvements
- Current amount: \$4,705,290
- How use: Budgeted interfund transfer from debt service fund to general fund
- Voter approval to fund: no
- Voter approval to expend: no
- Interfund transfer to occur at time of debt payments or at year end
- Other use of funds: Any remaining funds once outstanding obligations are repaid may be liquidated to general fund