

**HUNTINGTON UNION FREE SCHOOL DISTRICT
RESERVE PLAN
(UPDATED SEPTEMBER 2017)**

2008 Capital Reserve (authorized under Education Law)

Creation – This reserve was created on May 20, 2008 via voter approval.

Purpose – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

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.

Funding Level – As stated in the approved 2008 proposition, this reserve was created with a maximum limit of \$10,000,000, with an annual contribution not to exceed \$2,000,000. No further contributions can be made to this fund, as the maximum contribution was reached on 6/30/13.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$820,202, including interest

6/30/17 Recommended balance: \$385,832, including interest

2013 Capital Reserve (authorized under Education Law)

Creation – This reserve was created on May 21, 2013 via voter approval.

Purpose – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

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.

Funding Level – As stated in the approved 2013 proposition, this reserve was created with a maximum limit of \$10,000,000, with an annual contribution not to exceed \$2,000,000. No further contributions can be made to this fund, as the maximum contribution was reached on 6/30/17.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$6,978,046, including interest

6/30/17 Recommended balance: Up to \$7,289,604, including interest

2017 Capital Reserve (authorized under Education Law)

Creation – This reserve was created on May 16, 2017 via voter approval.

Purpose – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

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.

Funding Level – As stated in the approved 2017 proposition, this reserve was created with a maximum limit of \$12,500,000. Accumulation of funds into this reserve must cease at \$12,500,000 or after 8 years, whichever is earlier.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Finance and Management Services.

6/30/17 Recommended balance: Up to \$672,114, including interest

Employee Benefit Accrued Liability Reserve (authorized under General Municipal Law)

Creation – This reserve was created on June 30, 2002.

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 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.

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.

Funding Level – It is desired to have this reserve funded at 100% of the accrued liability for unused accumulated leave time.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$3,496,043, including interest

6/30/17 Recommended balance: Up to \$3,185,464, including interest

Repair Reserve (authorized under General Municipal Law)

Creation – This reserve was created on February 12, 2007.

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

Funding Methods – This reserve may be funded via:

- a. Dedicated budgetary appropriation; or
- b. Such revenues as not required by law to be paid into any other fund or account.

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 a maximum cumulative contribution limit of \$1,000,000.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$322,460, including interest

6/30/17 Recommended balance: Up to \$362,912, including interest

Retirement Contribution Reserve (authorized under General Municipal Law)

Creation – This reserve was created on May 7, 2012.

Purpose – This reserve is used to pay for district expenses to the NYS Employees Retirement System only. Payments to the Teachers Retirement System from this reserve are not permitted.

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

Use of Reserve – The plan calls for annual use of this fund in decreasing amounts so as not to create a budgetary shortfall.

Funding Level – A funding level equal to approximately three years’ worth of retirement system billings is desired, but has not been achieved. There is no statutory ceiling on the amount that may be funded.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$4,959,971, including interest

6/30/17 Recommended balance: Up to \$4,866,923, including interest

Unemployment Insurance Payment Reserve (authorized under General Municipal Law)

Creation – This reserve was created on June 30, 2009.

Purpose – This reserve is used to reimburse the state for payments made to claimants where the district uses the benefit reimbursement method. The district does subscribe to the benefit reimbursement method, meaning it reimburses the State for actual claims incurred. It does not pay the State a fixed premium for unemployment insurance coverage.

Funding Methods – This reserve was funded from excess fund balance when it was created. It was funded in anticipation of an increased number of staff reductions.

Use of Reserve – The initial funding was an amount sufficient to pay full unemployment insurance at the maximum rate for approximately nine individuals. There are monies budgeted within the general fund to address incidental claims incurred by the district in the normal course of business. The district has experienced fewer layoffs over the past few years.

Funding Level – This reserve was initially funded at \$100,000. At this time, the proposed level is deemed appropriate by our external auditors.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$275,268, including interest

6/30/17 Recommended balance: Up to \$250,654, including interest

Workers’ Compensation Reserve (authorized under General Municipal Law)

Creation – This reserve was created on June 30, 2004.

Purpose – This reserve is used to pay for actual workers’ compensation claims related to medical expenses and self-insurance administrative costs. It cannot be used to pay for workers’ compensation insurance premiums. (This includes a prohibition against using these funds to pay our annual contribution to the cooperative [NYSIR]).

Purpose – This reserve is used to pay for actual workers’ compensation claims related to medical expenses and self-insurance administrative costs. It cannot be used to pay for workers’ compensation insurance premiums. (This includes a prohibition against using these funds to pay our annual contribution to the cooperative [NYSIR]).

Funding Methods – This reserve was funded through excess fund balance over the course of several years. Due to the district’s participation in NYSIR, funds may be added only based on need and available fund balance.

Use of Reserve – This reserve will be used to pay claims filed during the time period when the district was self-insured. In July 2015, the District engaged an actuary to re-evaluate the self-insured claims. The balance in this reserve will be used for the final settlement, if a payment to NYSIR is required. Otherwise, all remaining funds will be returned to the General Fund.

Funding Level – The current funding level is sufficient to pay 100% of the previously determined actuarial value of all outstanding self-insured claims. Any excess will be used at the time of settlement and either paid to the cooperative or returned to the General Fund.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$2,859,140, including interest

6/30/17 Recommended balance: Up to \$2,363,148, including interest

The following two items are not reserve accounts, but are equally as important to district revenue planning:

Unassigned Fund Balance

Creation – Retention of these funds are 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 emergent, unanticipated expense, or revenue shortfall, that cannot be handled either in the budget or with other available reserves.

Funding Level – The maximum legal limit = **4%** of the ensuing budget.

Monitoring of Balance – These funds are monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$4,924,011

6/30/17 Recommended balance: \$5,048,529

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 balance included as a revenue source in future budgets be limited.

Monitoring of Balance – The balance and use of these funds are monitored by the Assistant Superintendent for Finance and Management Services.

6/30/16 Closing balance: \$1,708,214

6/30/17 Recommended balance: \$1,400,000