

**HUNTINGTON UNION FREE SCHOOL DISTRICT
RESERVE PLAN
(UPDATED OCTOBER 2023)**

2008 Building Improvement Fund (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 may be funded via end-of-year surplus monies from the District’s General Fund.

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 cumulative contribution 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.

6/30/22 – Closing balance: \$0

6/30/23 – Recommended balance: \$66

2013 Building Improvement Fund (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 may be funded via end-of-year surplus monies from the District’s General Fund.

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 cumulative contribution 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.

6/30/22 – Closing balance: \$0

6/30/23 – Recommended balance: \$11,845

2017 Building Improvement Fund (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 may be funded via end-of-year surplus monies from the District’s General Fund and/or budget appropriations and the interest accrued on such funds over the term of the capital reserve fund.

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 cumulative contribution limit of \$12,500,000. No further contributions can be made to this fund, as the maximum contribution was reached on 6/30/21.

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

6/30/22 – Closing balance: \$180,465 (including interest)

6/30/23 – Recommended balance: \$62,378 (including interest)

2018 Building Improvement Fund (Capital Reserve authorized under Education Law)

Creation – This reserve was created on May 15, 2018 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 was funded initially from the District’s repair reserve, but may be funded further via end-of-year budget surplus funds, budget appropriations and/or interest accrued on such funds over the term of the capital reserve fund.

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 2018 proposition, this reserve was created with a cumulative contribution limit of \$1,500,000. Accumulation of funds into this reserve must cease at \$1,500,000 or after 5 years, whichever is earlier.

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

6/30/22 – Closing balance: \$365,550 (including interest)

6/30/23 – Recommended balance: \$13,708 (including interest)

2022 Building Improvement Fund (Capital Reserve authorized under Education Law)

Creation – This reserve was created on May 17, 2022 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 may be funded via end-of-year surplus monies from the District’s General Fund and/or budget appropriations and the interest accrued on such funds over the term of the capital reserve fund.

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 2022 proposition, this reserve was created with a cumulative contribution limit of \$15,000,000. Accumulation of funds into this reserve must cease at \$15,000,000 or after 10 years, whichever is earlier.

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

6/30/22 – Closing balance: \$4,135,026

6/30/23 – Recommended balance: \$4,926,351 (including interest and reserve funding)

****All capital reserve recommended balances reflect the utilization of the May 2023 voter-approved capital project funding sources.***

The following is a summary of the District’s restricted capital reserve activity:

Date Created	May 2008	May 2013	May 2017	May 2018	May 2022
Number of Years to Fund	8	8	8	5	10
Maximum Funding	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$12,500,000</u>	<u>\$ 1,500,000</u>	<u>\$15,000,000</u>
General Fund					
Funding Provided	\$10,000,000	\$10,000,000	\$12,500,000	\$ 1,500,000	\$ 8,435,026
Interest Earnings	34,962	84,673	88,257	12,162	98,123
Use of Reserve	<u>(10,034,896)</u>	<u>(10,072,828)</u>	<u>(12,525,879)</u>	<u>(1,498,454)</u>	<u>(3,606,798)</u>
Total General Fund	<u>66</u>	<u>11,845</u>	<u>62,378</u>	<u>13,708</u>	<u>4,926,351</u>

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

Creation – This reserve was created on August 5, 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 days. This fund cannot be used to pay for such items as retirement incentives, FICA and Medicare payments, and retiree health insurance.

Funding Methods – This reserve has typically been funded via end-of-year surplus monies from the District's General Fund.

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 by the District to make such payments.

Funding Level – It is desired that this reserve be 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.

6/30/22 – Closing balance: \$6,396,846 (including interest)

6/30/23 – Recommended balance: Up to \$6,548,640 (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 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. On May 15, 2018 the voters authorized the transfer of repair reserve monies to the 2018 Building Improvement Fund.

Funding Level – This reserve was created with a cumulative contribution limit of \$1,000,000.

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

6/30/22 – Closing balance: \$0

6/30/23 – Recommended balance: \$0

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 (ERS) only. Payments to the NYS Teachers Retirement System (TRS) from this reserve are not permitted.

Funding Methods – This reserve has typically been funded via end-of-year surplus monies from the District’s General Fund.

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 ERS billings is desired. 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.

6/30/22 – Closing balance: \$5,909,132 (including interest)

6/30/23 – Recommended balance: Up to \$5,513,760 (including interest)

Retirement Contribution Reserve Sub-Fund (authorized under General Municipal Law)

Creation – This reserve was created on May 13, 2019.

Purpose – This reserve is used to pay for district expenses to the NYSTRS only. Payments to the NYSERS from this reserve are not permitted.

Funding Methods – This reserve has typically been funded via end-of-year surplus monies from the District’s General Fund.

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 2% of the total compensation or salaries of all certificated employees in District who are paid TRS members during the fiscal year immediately preceding. The sub-fund reserve balance shall not exceed 10% of the total compensation or salaries of all certificated employees in District who are paid TRS members during the fiscal year immediately preceding.

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

6/30/22 – Closing balance: \$2,143,085 (including interest)

6/30/23 – Recommended balance: Up to \$2,228,939 (including interest)

Unemployment Insurance Payment Reserve (authorized under General Municipal Law)

Creation – This reserve was created on June 7, 2010.

Purpose – This reserve is used to reimburse the state for payments made to claimants for whom the district uses the benefit reimbursement method. The benefit reimbursement method suggests reimbursement to the State for actual claims incurred. The district does not pay the State a fixed premium for unemployment insurance coverage.

Funding Methods – This reserve has typically been funded via end-of-year surplus monies from the District’s General Fund.

Use of Reserve – Monies budgeted within the General Fund address incidental claims incurred by the District during the normal course of business.

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.

6/30/22 – Closing balance: \$58,320 (including interest)

6/30/23 – Recommended balance: Up to \$177,191 (including interest)

Workers’ Compensation Reserve (authorized under General Municipal Law)

Creation – This reserve was created on June 19, 2006.

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 has typically been funded via end-of-year surplus monies from the District’s General Fund. Due to the district’s participation in NYSIR, funds may be added based only 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 June 2022, the District engaged an actuary to re-evaluate the self-insured claims. The balance in this reserve will be used for the final settlement purposes if payment to NYSIR is required. Otherwise, all remaining funds will be returned to the General Fund.

Funding Level – The current funding level is not 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.

6/30/22 – Closing balance: \$2,214,415 (including interest)

6/30/23 – Recommended balance: Up to \$2,566,962 (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 via end-of-year surplus monies from the District's General Fund.

Use of Funds – These funds are designated only for unanticipated emergency expenses or revenue shortfalls that cannot be addressed via the General Fund 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.

6/30/22 – Closing balance: \$5, 718,733

6/30/23 – Recommended balance: \$5,853,886

Assigned Fund Balance - Appropriated for Subsequent Years

Creation – These funds represent fund balance that has been set aside for a particular purpose, namely to reduce the tax levy required in support of the ensuing year's budget.

Purpose – These funds are set aside and returned to the community's taxpayers by lowering the levy required 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 occur only as warranted.

Funding Level – Over time, the district has reduced its assigned fund balance, as less funding has been available for this purpose. 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.

6/30/22 – Closing balance: \$1,000,000

6/30/23 – Recommended balance: \$600,000