

Elmira Heights Central School District

2022-2023

Reserve Plan

The establishment and funding of reserves is an important consideration in the maintenance of a sound financial plan for any school district. This concept is recognized by the New York State Comptroller:

Saving for future projects, acquisitions, and other allowable purposes is an important planning consideration for local governments and school districts. Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements. Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions. In uncertain economic times, reserve funds can also provide officials with a welcomed budgetary option that can help mitigate the need to cut services or to raise taxes. In good times, money not needed for current purposes can often be set aside in reserves for future use. *(Office of the New York State Comptroller — Local Government Management Guide — Reserve Funds, Pg. 1)*

The following is summary of the current reserve funding along with explanation of each reserve.

ELMIRA HEIGHTS CENTRAL SCHOOL DISTRICT GENERAL FUND Summary Of General Fund Reserves 6/30/2022

Account Code	Reserve:	Amount
A.814	Worker's Compensation Reserve	\$726,210.86
A.815	Unemployment Reserve	\$175,449.81
A.827	Retirement Contribution Reserve	\$1,198,253.71
A 828	TRS Contribution Reserve	\$225,705.54
A.864	Tax Certiorari Reserve	\$17,284.37
A.867	Employee Benefits Accrued Liability Reserve	\$197,536.17
A.878	Capital Reserve	\$1,231,931.68
A.882	Repair Reserve	\$206,776.17
Total Reserved Fund Balance		\$ 3,979,148.31

Workers' Compensation Reserve

Purpose – To pay for compensation and benefits, medical, hospital, or other expenses authorized by Article 2 of the Workers' Compensation Law and to pay the expenses of administering a self-insurance program.

Creation – Established by Board resolution.

Use of Reserve – The District has a self-insured workers' compensation plan. This reserve is used to cover the costs of District claims on a yearly basis as well as run out liability.

The 2022-2023 proposed budget appropriated up to \$62,000 to be used toward District expense for Workers' Compensation program.

Funding – The goal is to obtain a balance that would sustain District's Workers' Compensation obligation for a period of five years along with any potential run out obligation. May be funded by budget appropriation or other funds that may be legally appropriated.

Unemployment Reserve

Purpose – to pay the cost of reimbursement to the State Unemployment Insurance fund for payments to claimants.

Creation – Established by Board resolution

Use of Reserve – The District is self-insured for unemployment costs and funds are used to pay incidental claims incurred in the normal course of business.

Funding – The district has no immediate plans to increase funding of this reserve. However, given the financial uncertainty of education funding the District will continue to maintain fund at current level. May be funded by budget appropriation or other funds that may be legally appropriated.

Retirement Contribution Reserve

Purpose – Used to pay district expense for NYS Employee Retirement System contributions.

Creation – Established by Board resolution

Use of Reserve – The 2022-2023 proposed budget appropriates up to \$190,000 to be used toward District expense for Employee Retirement System.

Funding – The goal is to obtain a balance that would sustain District's contribution for ERS for the period of five years. May be funded by budget appropriation or other funds that may be legally appropriated.

Teachers Retirement System Contribution Reserve

Purpose – Used to pay district expense for NYS Teacher Retirement System contributions.

Creation – Established by Board resolution 4/24/2019

Use of Reserve – The 2022-2023 proposed budget appropriates up to \$118,350 to be used toward District expense for Teacher Retirement System.

Funding – It is the goal for the District to begin funding the TRS Reserve with up to 2% of compensation of employees of the District that are members of TRS in the prior fiscal year but not to exceed the 10% maximum funding level set by law. May be funded by budget appropriation or other funds that may be legally appropriated.

Tax Certiorari Reserve

Purpose – To pay judgements & claims in tax certiorari proceedings per Real Property Tax Law, Article 7.

Creation – Established by Board resolution.

Use of Reserve- There is no plan to appropriate funds as part of the 2022-2023 budget.

Funding – Hold monies necessary to meet anticipated judgements and claims. May be funded by budget appropriation or other funds that may be legally appropriated.

Employee Benefits Accrued Liability Reserve

Purpose – To pay accrued benefits due employee upon termination of service.

Creation – Established by Board resolution

Use of Funds – Used to pay for contractually obligated expense when an employee separates from the District. This may include payments for unused sick or vacation days accumulated. Disbursement of funds by Board resolution when deemed appropriate based on employee retirement during current fiscal year.

Funding – The District has no immediate plans to increase funding of this reserve. May be funded by budget appropriation or other funds that may be legally appropriated.

Capital Reserve

Purpose – to pay the cost of any object or purpose for which bonds may be issued.

Creation – Voter authorization – proposition before the voters must specify purpose, ultimate dollar amount, term, and source of funds to be deposited. Current Capital Reserve was established May 2017.

Use of Reserve – Voter authorization required to make payment from reserve. Proposition to use these funds must be specific to a project(s) and dollar amount.

Funding – Current reserve established with ultimate funding of \$5,000,000 plus interest earning with a probable term of 10 years. May be funded by budget appropriation or other funds that may be legally appropriated.

Repair Reserve

Purpose – To pay the cost of repairs that do not recur annually to capital improvements and equipment.

Creation – Establish by Board resolution

Use of Reserve – Public hearing required to expend funds except in the case of emergency. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Funding – Voter approval is required to fund this reserve.