

# Horseheads Central School District Reserve Fund Report

Per the New York State Education Department, the following reserve funds are available to school districts. The date above the totals refer to the date of the annual external audit. These are the amounts in each fund as of the end of the fiscal year as indicated above the totals. “Not established” means the district does not have this type of reserve fund.

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# Reserve Fund Report

## 1. Capital Reserve (Education Law, Section 3651)

The Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of reserve, the ultimate amounts, its probable term, and the source of the funds. An expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form of the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of Education Law. This reserve is accounted in the General Fund. (A 878)

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$1,338,468	\$1,351,477	\$1,358,136	\$1,364,050	\$717,277

Note: \$700,000 was withdrawn from this fund on 10/25/12 for Summer 2013 repair work, leaving a balance of \$17,277.

## 2. Repair Reserve (GML, Section 6-d)

The Repair Reserve Fund is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (See Opinion of the State Comptroller 81401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted in the General Fund. (A 882)

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$131,207	\$147,621	\$161,325	\$174,693	\$180,457

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# Reserve Fund Report

## 3. Workers' Compensation Reserve (GML, Section 6-j)

The purpose of this reserve fund is to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted in the General Fund (A 814).

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$277,147	\$278,342	\$278,874	\$279,420	\$279,961

## 4. Unemployment Insurance Reserve (GML, Section 6-m)

This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the employer elects to convert to tax (contribution) basis, excess of fund over sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted in the General Fund. (A 815).

**Not established**

# Reserve Fund Report

## 5. Reserve for Tax Reduction (Education Law, Section 1604 (36); (Education Law, Section 1709 (37))

This reserve is for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the district is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction. This reserve is accounted in the General Fund. (A 891)

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$677,288	\$610,286	\$463,110	\$314,534	\$240,531

## 6. Mandatory Reserve for Debt Service (GML, Section 6-I)

Upon the sale of district property that was financed by obligations, which remain outstanding at the time of sale, a reserve must be established for the purpose of retiring the outstanding obligations. The funding of the reserve is from the proceeds of the sale of district property or capital improvement. This reserve is accounted in the Debt Service Fund. (A, V 884)

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$3,434,899	\$3,520,221	\$3,539,368	\$3,562,391	\$3,780,892

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# Reserve Fund Report

## 7. Insurance Reserve (GML, Section 6-n)

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law, e.g., Unemployment Compensation Insurance. This reserve may be established by board action and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted in the General Fund. (A 863)

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$59,817	\$60,116	\$60,279	\$60,393	\$60,631

## 8. Property Loss Reserve (Education Law, Section 1709 (8)(c), and Liability Reserve (Education Law, Section 1709 (8)(c))

These reserve funds are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted in the General Fund.

**Not established**

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# Reserve Fund Report

## 9. Tax Certiorari Reserve (Education Law, Section 3651.1-a)

Chapter 588 of the laws of 1988 amended Section 3651 of the Education Law to permit the establishment of a reserve fund for tax certiorari and to expend from the fund without voter approval of the qualified voters of the school district. The new chapter further stipulates that the total of the monies held in the reserve fund shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any monies deposited to such a reserve fund which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted in the General Fund. (A 864)

6/30/20	6/30/20	6/30/20	6/30/20	6/30/12
\$1,789,226	\$1,811,482	\$2,420,952	\$1,832,663	\$1,876,678

## 10. Reserve for Insurance Recoveries (Education Law 1718 (2))

This account is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held here pending action by the board of education on their disposition. This account will not be used if the insurance recovery is expended in the same fiscal year it was received. This reserve is accounted in the General Fund. (A 887)

**Not established**

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# Reserve Fund Report

## 11. Reserve for Encumbrances (A 821)

The balance of this account represents the amount of outstanding encumbrances at the end of the fiscal year.

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$1,570,029	\$1,484,666	\$1,164,216	\$90,938	\$75,247

## 12. Reserve for Inventory (A 845)

The purpose of this account is to limit the maximum investment in inventory and to restrict that portion of fund balance, which is not available for appropriation.

**Not established**

## 13. Reserve for Employee Benefit Accrued Liability (GML 6-p)

The purpose of this account is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund (A 830)

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$11,757,608	\$11,863,025	\$11,952,459	\$10,946,977	\$4,886,570

Note: \$1,066,690 was withdrawn from this fund on 11/30/12, leaving a balance of \$3,819,880.

# Reserve Fund Report

## 14. Reserve for Retirement Contribution (ERS only)

6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
\$495,716	\$501,600	\$504,072	\$505,932	\$507,587

## 15. Unreserved-Designated Fund Balance Reserves

	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
Liability Account Adjustment	\$6,909,681	--	--	--	--
Subsequent Year's Expenditures	\$995,000	\$995,000	--	--	--
Subsequent Year's Expenditures	--	\$2,133,000	\$3,128,000	\$5,295,000	\$5,000,000
Retirement Incentives	--	\$1,400,000	\$1,400,000	\$994,750	\$994,750
Transportation and Technology	--	\$2,413,594	\$2,413,594	\$2,413,594	\$3,891,510
Retirement of School Bonds	--	--	--	\$1,600,000	--
Gap Elimination					\$5,048,275
Undesignated Fund Balance (4% state maximum)	\$2,588,609	\$2,320,942	\$2,630,804	\$2,777,130	\$2,780,467

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