



# Financial Reserve Plan

February 7, 2024

# RESERVE FUNDS: THE PLANNING PROCESS



- Saving for future projects, acquisitions and other allowable purposes is an important planning consideration for school districts
- Reserve funds provide a mechanism to save money to finance all or part of future infrastructure, equipment or other building requirements

# RESERVE FUNDS: GENERAL USE

Reserve funds provide a mechanism for:

- Reducing reliance on indebtedness to finance capital projects
- Providing a degree of financial stability by utilizing reserves as a budgetary option to help mitigate the need to cut services or to raise taxes
- Reserve funds have specific intended purposes and requirements as set forth in law



# RESERVE FUNDS: GENERAL USE

Reserve funds provide a mechanism for:

- There are different legal requirements relating to the establishment, funding, expenditure and dissolution of reserve funds
- There are 11 different reserves accounts that may be used by school districts for specific purposes. Note, not all reserves are applicable to the Levittown UFSD, for example: Tax Certiorari Reserve, Liability and Property Loss Reserve.



# CURRENT RESERVES

At the current time, Levittown maintains the following reserve accounts:



- Workers' Compensation Reserve
- Retirement Contribution Reserves (ERS & TRS)
- Employee Benefit Accrued Liability Reserve (EBALR)
- Unemployment Insurance
- Capital Reserves
- Debt Service Reserve

# LEVITTOWN RESERVES

## Workers' Compensation Reserve

Authorization – GML §6-j

**Purpose** – This reserve is used to pay for actual Worker's Compensation claims, related medical expenses and self-insurance administrative costs.

Ending Balance 6/30/22: **\$3,270,606**

Ending Balance 6/30/23: **\$3,534,310**

Net Increase/(Decrease): **\$263,704**



# LEVITTOWN RESERVES

## Reserve for Retirement Contributions

Authorization – GML §6-r

**Purpose** – This reserve is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System (ERS). Payments to the Teachers Retirement System are not allowed from this reserve.

Ending Balance 6/30/22: **\$10,113,372**

Ending Balance 6/30/23: **\$10,928,798**

Net Increase/(Decrease): **\$815,426**



# LEVITTOWN RESERVES

## Reserve for TRS Contributions

### Authorization – GML §6-r (sub-fund)

**Purpose** – To fund employer retirement contributions payable by any eligible school district to the New York State Teachers Retirement System (TRS).

Ending Balance 6/30/22: **\$4,076,618**

Ending Balance 6/30/23: **\$6,262,905**

Net Increase/(Decrease): **\$2,186,287**





# LEVITTOWN RESERVES

## Reserve for Accrued Employee Benefits Liability (EBALR)

Authorization – GML §—6-p

**Purpose** – This reserve is used for the payment of accrued employee benefits based on unused and unpaid sick leave, personal leave, or vacation time, due to an employee upon retirement or separation

Ending Balance 6/30/22: **\$3,162,002**

Ending Balance 6/30/23: **\$109,000**

Net Increase/(Decrease): **(\$3,053,002)**



# LEVITTOWN RESERVES

## Reserve for Unemployment Insurance

Authorization – GML §6-m

Purpose – This reserve is used to reimburse the State for payments made to claimants. The Unemployment Board has changed the methodology for billing school districts for unemployment. The expense will be a fluctuating rate based on payroll expenses, rather than a rate tied to actual costs.

Ending Balance 6/30/22: **\$997,883**

Ending Balance 6/30/23: **\$528,341**

Net Increase/(Decrease): **(\$469,542)**



# LEVITTOWN RESERVES

## Capital Reserves 2023

Authorization – ED Law §3651

Creation – This reserve is established with voter approval (***Capital Reserve Establishment Proposition***), and is used to finance all or part of the construction or reconstruction of specific capital improvement projects or specific equipment. This reserve may be used to pay the cost of any object or purpose for which bonds may be used and for which it is established

Funding of Reserve – This reserve is funded by a motion of the Board of Education up to the amount approved by the voters in the Capital Reserve Establishment Proposition

Use of Reserve – Expenditures may be made from the reserve only for a specific purpose further authorized by the voters (***Capital Reserve Expenditure Proposition***)

Ending Balance 6/30/22: **\$46,000,000**

Ending Balance 6/30/23: **\$7,305,030**

Net Increase/(Decrease): **(\$38,694,970)**



# LEVITTOWN RESERVES

## Debt Service Reserve

Authorization – GML §6-I

Purpose – This reserve is used to deposit “premiums” on debt obligations, funds may be appropriated to offset debt service payment in future budgets, no voter authorization is required to establish or expend from this reserve. This premium was generated as part of a refunding of debt, the underlying debt has since been retired

Ending Balance 6/30/22: **\$2,704,377**

Ending Balance 6/30/23:           **\$0**

Net Increase/(Decrease): **(\$2,704,377)**



# 2024-25 Anticipated Use of Reserves



- 2023-24 Voter Approved Budget utilized \$2,500,000 to balance the budget - funds being taken from the Retirement System Reserves as well as the EBALR
- 2022-23 Budget utilized \$2,900,000 in reserves to balance the budget
- Last year we relied on \$400,000 less in reserves, both financially prudent as well as addressing the auditors recommendation to do so
- At this time the goal is to appropriate the same level of reserves, \$2.5M in 2024-25 as we did in 2023-24



**QUESTIONS?**