

## ISLAND PARK UNION FREE SCHOOL DISTRICT RESERVE PLAN



### **2015 Capital Reserve Fund**

*Creation* – This reserve was previously created and has been in the District’s financial records as far back as May 19, 2015 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. The District used \$2,862,569 of this reserve for Capital Improvement Projects. “Proposition #1, ...b) the amount of not to exceed \$2,862,569 currently on-hand or expected to be available in the District’s Capital Reserve Fund established by the voters on May 19, 2015 is hereby authorized to be expended for the Project.”

*Monitoring of Reserve* – This reserve is monitored by the School Business Administrator. There is need to establish a new Capital Reserve. The current balance in the reserve is the interest earned before the reserve was transferred for capital improvement use.

*Funding Level* – As stated in the approved bond proposition.

**6/30/23. Closing balance: \$2,282.37**

### **Workers’ Compensation Reserve**

*Creation* – This reserve was previously created and has been in the District’s financial records as far back as April 20, 2009.

*Purpose* – This reserve is used to pay for actual workers’ compensation claims related to medical expenses, pending claims, and self-insurance administrative costs. It cannot be used to pay for workers’ compensation insurance premiums. All or part of the reserve balance in excess of incurred and pending claims can be, by Board resolution, transferred to a capital reserve or any other General Municipal Law reserve funds except the retirement contribution reserve.

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

*Use of Reserve* – This reserve is used to pay for actual workers' compensation claims related to medical expenses, pending claims, and self-insurance administrative costs. It cannot be used to pay for workers' compensation insurance premiums.

*Monitoring of Reserve* – This reserve is monitored by the School Business Administrator.

*Funding Level* – Actuarial evaluation of the District's workers' compensation cases on file; settled and unsettled cases may be necessary to determine the adequacy of the balance in this reserve fund. All or part of the reserve balance in excess of incurred and pending claims can be, by Board resolution, transferred to a capital reserve or any other General Municipal Law reserve. Funds available at the end of any fiscal year that exceed the amount needed to satisfy existing obligations and pending claims may, within 60 days of the end of this fiscal year, be transferred to another reserve fund as permitted by law, and/or applied to the budget appropriation of the next succeeding fiscal year (Gen. Mun. Law § 6-j (5)).

**6/30/23 Closing balance: \$1,502,471.91**

\*Use excess funds to lessen impact of LIPA tax certiorari settlement. To be determined over the next five-year period.

### **Reserve for Retirement Contributions**

*Creation* – This reserve was previously created and has been in the District's financial records as far back as April 20, 2009.

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

*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. The plan also calls for annual replenishment from fund balance, while amount use decreases slowly over years, so as not to create a revenue shortfall.

*Monitoring of Reserve* – This reserve is monitored by the School Business Administrator.

*Funding Level* – Although a plan is in place to draw down and replenish on the funds in this reserve, a funding level equal to approximately three years' worth of retirement system billings is desired. At current projected rates, the funding level is estimated at an amount not to exceed \$1,500,000.

**6/30/23 Closing balance: \$3,935,036.00**

\*Use excess funds to lessen impact of LIPA tax certiorari settlement. To be determined over the next five-year period. In addition, excess funds to be applied to reduce the amount of deficit fund

balance caused by the District's mitigation measures following Superstorm Sandy in the Capital Fund (awaiting FEMA reimbursements from 2012-2013 to determine net amount to be transferred).

### **Unemployment Insurance Reserve**

*Creation* – This reserve was previously created and has been in the District's financial records of the District as far back as April 20, 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 we reimburse the State for actual claims incurred. We do not pay NYS a fixed premium for unemployment insurance coverage.

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

*Use of Reserve* – This reserve is likely to become more important in future years as reductions in staffing as required given the 'tax levy limit' and enrollment trends. The current funding balance is amount sufficient to pay full unemployment insurance at the maximum rate for approximately seventy individuals.

*Monitoring of Reserve* – This reserve will be monitored by the School Business Administrator in conjunction with other central office administrators to assess the potential for incurring unemployment claims.

*Funding Level* – The projected funding level and growth should be evaluated/based on recent rate and former employees. Based on this assumption, the current recommended funding level is not to exceed \$1,000,000.

**6/30/23 Closing balance: \$955,114.34**

\* Use excess funds to lessen impact of LIPA tax certiorari settlement. To be determined over the next five-year period.

### **Reserve for Teachers Retirement Contributions**

*Creation* – This reserve was created on June 30, 2019.

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

*Funding Methods* – Funds are placed in this reserve from excess fund balance, by Board resolution to fund and expend.

*Use of Reserve* – The reserve is used to fund teacher retirement contributions.

*Monitoring of Reserve* – This reserve is monitored by the Assistant Superintendent for Business.

*Funding Level* – Annual funding limit of 2% of preceding school year's TRS members' salaries. An amount not to exceed 2% of the total compensation or salaries of all teachers in their employ who are members of NYSTRS for the immediately preceding fiscal year, not to exceed a total of 10% of preceding salaries.

**6/30/23 Closing balance: \$508,188.58**

### **Employee Accrued Benefits Liability Reserve**

*Creation* – This reserve was previously created and has been in the District's financial records as far back as April 20, 2009.

*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.

*Funding Methods* – This reserve was funded from excess fund balance. Due to the current funding levels, there are no plans to place additional funds in this reserve unless the liability increases significantly.

*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 with the offsetting revenue coming from a drawdown of this reserve.

*Monitoring of Reserve* – This reserve is monitored by the School Business Administrator. Each year, a detailed analysis of the liability will be computed and used to support the funding of this reserve not to exceed 100% of the liability.

*Funding Level* – This reserve should not exceed 100% of the accrued liability for unused accumulated leave time, as of June 30, 2023 was estimated at \$1,500,290.

**6/30/23 Closing balance: \$2,175,000.01**

\*Excess funds to be applied to reduce the amount of deficit fund balance caused by the District's mitigation measures following Superstorm Sandy in the Capital Fund (awaiting FEMA reimbursements from 2012-2013 to determine net amount to be transferred).

### **Repair Reserve**

*Creation* – This reserve was previously created and has been in the District's financial records as far back as April 20, 2009.

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

*Funding Methods* – Voter approval is required to fund this reserve. In accordance with the proposition, if approved by the voters, this reserve would be funded by unanticipated revenues and unexpended funds from the annual budget.

*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.

*Monitoring of Reserve* – This reserve is monitored by the School Business Administrator.

*Funding Level* – This reserve is recommended to be established at \$1,000,000.

**6/30/2023. Closing balance: \$822,104.43**

### **Other Post Employment Benefit Obligation**

*Creation* – This reserve was previously created and has been in the District's financial records as far back as April 20, 2009.

*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.

*Funding Methods* – This reserve was funded from excess fund balance. Due to the current funding levels, there are no plans to place additional funds in this reserve unless the liability increases significantly.

This reserve is used when an employee separates from the District and payment of accumulated leave is required. These transactions flow through the budget with the offsetting revenue coming from a drawdown of this reserve.

*Monitoring of Reserve* – This reserve is monitored by the School Business Administrator. Each year, a detailed analysis of the liability will be computed and used to support the funding of this reserve not to exceed 100% of the liability.

\* Reserve to be liquidated approximately \$975,000.00, to be applied against 2024-2025 tax levy.