



Financial Reserve Balances and Allowable Uses

February 5, 2025

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
- Employee Benefit Accrued Liability Reserve
- 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 6/30/23: **\$3,534,310**

Ending Balance 6/30/24: **\$4,033,227**

Net Increase/(Decrease): **\$498,917**



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

Ending Balance 6/30/24: **\$12,471,550**

Net Increase/(Decrease): **\$1,542,752**



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 6/30/23 **\$6,262,905**

Ending Balance 6/30/24: **\$9,087,223**

Net Increase/(Decrease): **\$2,824,318**



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

Ending Balance 6/30/24: **\$124,387**

Net Increase/(Decrease): **\$ 15,387**



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

Ending Balance 6/30/24: **\$609,924**

Net Increase/(Decrease): **\$81,583**



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 6/30/23: \$7,305,030

Ending Balance 6/30/24: \$18,075,211

Net Increase/(Decrease): \$10,770,181



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

Ending Balance 6/30/24: **\$0**

Net Increase/(Decrease): **\$0**



ANALYSIS OF RESERVES

- All Reserve Balances are within legal authorizations and we have addressed all the auditors prior year's concerns
- The 2023-24 Budget includes an application, or use of \$2.45M in Operating Reserves
- The 2023-24 Results of Operations returned, or deposited \$4.96M to these Operating Reserves
- The 2024-25 Budget includes an application, or use of \$2.95M in Operating Reserves
- Based on the current usage and ability to regenerate reserves the District maintains a strong balance sheet as evidenced by it's Aa2 Bond Rating (Moody's)
- **Included on the May 20, 2025 Budget Ballot will be a Proposition to allow the Expenditure from the 2023 Capital Reserve**





QUESTIONS?