

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.

6/30/25.Estimated Closing balance: \$2,365.60

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)).

6/30/25 Estimated Closing balance: \$557,378.52*

*The District applied \$1.0MM to offset the 2024-25 Budget Appropriation

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. In accordance with General Municipal Law, excess funds may be transferred to the Repair Reserve for repairs to the school district’s facilities following a public hearing.

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.

6/30/25 Estimated Closing balance: \$3,058,482.74*

*The District applied \$380,225 to offset the 2024-25 budget appropriation and transferred \$420,000 to the Repair Reserve to fund District wide repairs.

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.

6/30/25 Estimated Closing balance: \$489,986.43

*The District applied \$500,000.00 from the reserve to offset the 2024-25 Budget appropriation.

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 School Business Administrator.

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.

6/30/25 Estimated Closing balance: \$526,743.01

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, 2024 was estimated at \$1,500,290.

6/30/25 Estimated Closing balance: \$2,254,411.24

*Excess funds may be transferred to another reserve fund (not applied to budgetary appropriations) authorized by the General Municipal Law or Education Law Section 3651, but only to the extent that the moneys that remain in the fund (after the transfer) exceed the sum needed to satisfy all liabilities incurred or accrued against the EBLAR fund. The sum needed to be retained in the fund has to be certified to the Board of Education by both the fiscal and legal officers of the District.

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.

6/30/2025. Estimated Closing balance: \$505,120.21*

*During the 2024-25 school year, \$420,000 was transferred from the Reserve for Retirement Contributions to fund District Wide repairs.

Other Post Employment Benefit Obligation*

*Reserve was liquidated, \$975,444.00 was applied against the 2024-2025 tax levy.

2024 Island Park LIPA Power Plant Tax Assessment Reserve Fund

Creation – Following voter approval, this reserve was created at the June 10, 2024 Regular Business Meeting of the Board of Education.

Purpose -To lessen or prevent increases in the District’s tax levy and /or tax rate based on the Nassau County/LIPA Tax Certiorari Settlement Agreement.

Funding Methods - Any sources of revenue resulting from a settlement with the Long Island Power Authority. Maximum allowable balance to be deposited and held in Reserve Fund cannot exceed \$7,500,000.00.

Monitoring of Reserve -This reserve is monitored by the School Business Administrator. Funds may be withdrawn from this reserve by resolution of the Board of Education for any fiscal year, to be expended for any lawful purpose, to lessen or prevent increases in the District's tax levy and / or tax rate.

Funding Level – Maximum allowable balance to be deposited and held in Reserve Fund cannot exceed \$7,500,000.00.

6/30/2025. Estimated Closing balance: \$5,500,000.00

Adopted: August 25, 2025