

# Plainedge Public Schools 2024-2025 Budget Presentation

## District Fund Balance and Reserve Plan

Presentation to the Board of Education

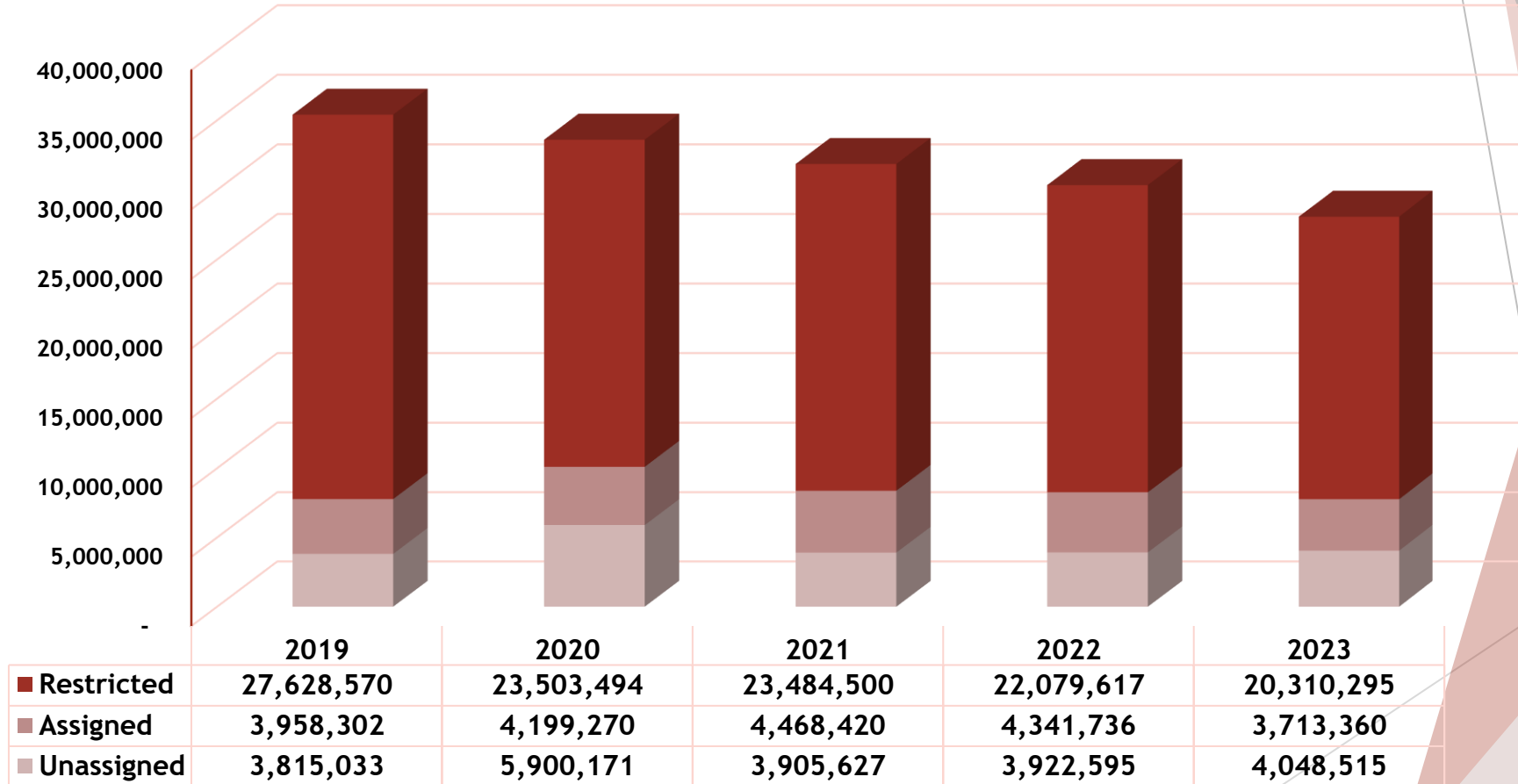
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Peter Porrazzo, Assistant Superintendent for Business

April 11, 2024



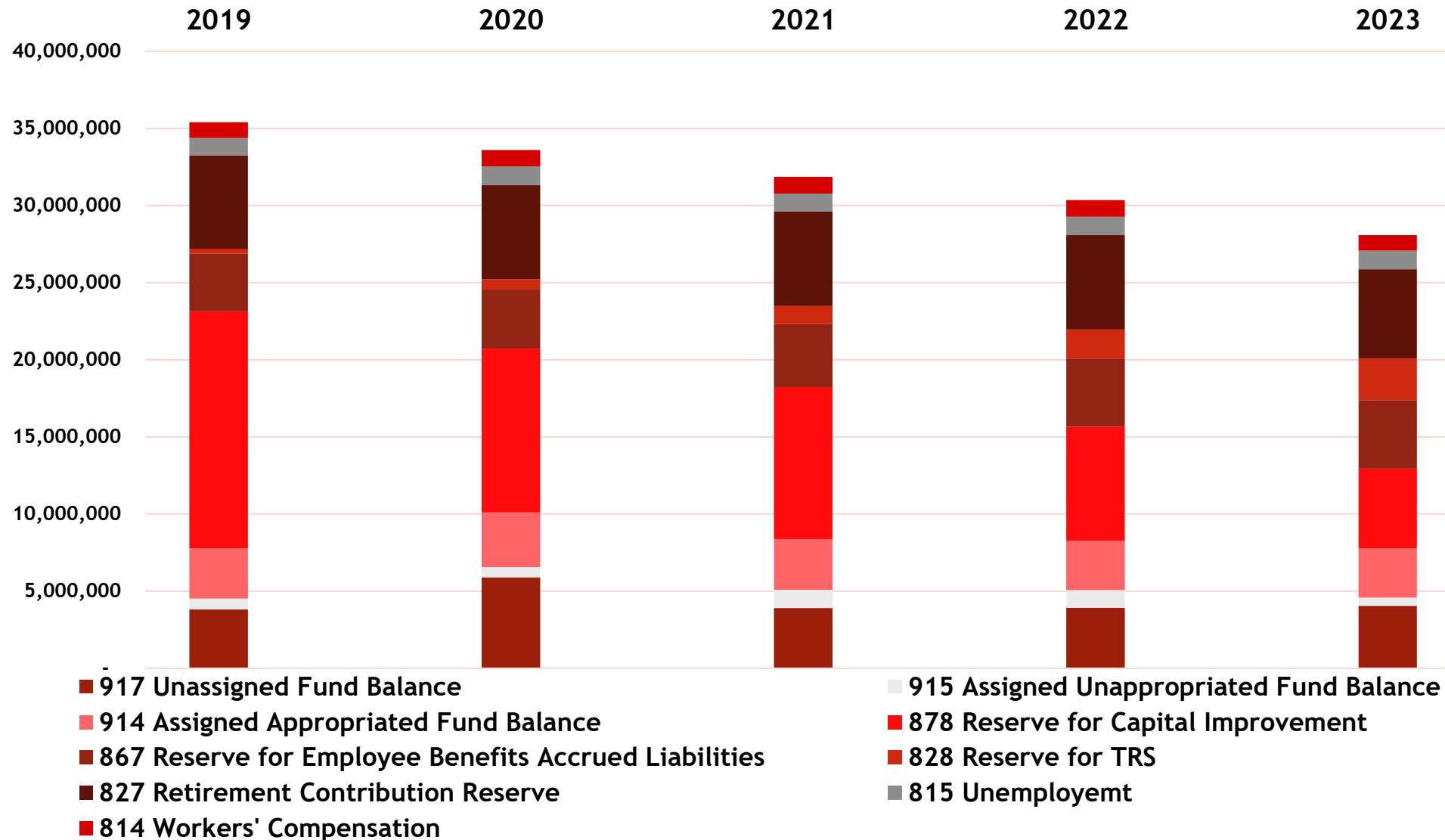
# Fund Balance by Type



# Fund Balance and Reserve History

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
917 Unassigned Fund Balance	3,815,033	5,900,171	3,905,627	3,922,595	4,048,515
915 Assigned Unappropriated Fund Balance	696,786	652,432	1,176,266	1,136,010	523,716
914 Assigned Appropriated Fund Balance	3,261,516	3,546,838	3,292,154	3,205,726	3,189,644
878 Reserve for Capital Improvement	15,359,939	10,618,162	9,845,304	7,392,243	5,177,968
867 Reserve for Employee Benefits Accrued Liabilitie	3,741,112	3,826,514	4,077,662	4,422,971	4,439,366
828 Reserve for TRS	325,000	676,113	1,176,316	1,876,669	2,718,457
827 Retirement Contribution Reserve	6,049,117	6,121,927	6,123,763	6,125,599	5,761,998
815 Unemployemt	1,129,503	1,183,372	1,183,726	1,184,082	1,210,448
814 Workers' Compensation	1,023,899	1,077,406	1,077,729	1,078,053	1,002,058
	<b>35,401,905</b>	<b>33,602,935</b>	<b>31,858,547</b>	<b>30,343,948</b>	<b>28,072,170</b>

# Fund Balance and Reserves



# Plainedge Reserves

## **Reserve for Retirement Contributions**

**Authorization – GML §6-r**

**Creation** – This reserve was created on June 15, 2006.

**Purpose** – This reserve is used for the purpose of financing retirement contributions payable to the New York State and Local Employee’s Retirement System. Payments to the Teachers Retirement System are not allowed from this reserve.

**Ending Balance 6/30/23:** \$5,761,998

## **Reserve for TRS Contributions**

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

**Creation** – This reserve was created on May 16, 2019.

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

**Ending Balance 6/30/23:** \$2,718,457

# Plainedge Reserves

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

**Authorization** – GML §—6-p

**Creation** – This reserve was reaffirmed on December 5, 2017.

**Purpose** – This reserve is used for the payment of accrued employee benefits primarily based on unused sick leave, personal leave, or vacation time due an employee upon termination of the employee’s service.

This fund cannot be used to pay for items such as retirement incentives and retiree health insurance.

**Ending Balance 6/30/23:** \$4,439,366

## **Reserve for Unemployment Insurance**

**Authorization** – GML §6-m

**Creation** – This reserve was created on June 30, 2006.

**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:** \$1,210,448

# Plainedge Reserves

## **Workers' Compensation Reserve**

**Authorization – GML §6-j**

**Creation** – This reserve was reaffirmed on Dec. 5, 2017

**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:** \$1,002,058

# Plainedge Reserves

## **Capital Reserve III 05/15/2018**

### **Authorization – ED Law §3651**

Creation – On May 15, 2018, the voters approved capital reserve III. The reserve has a funding cap of \$15,000,000 plus investment income and a probable term of 15 years and provides for annual funding of an amount not to exceed \$2,500,000. This reserve has been funded by the District in the amount of \$9,467,409 and has earned interest of \$121,178 through June 30, 2023. To date, the voters approved to expend \$7,146,086 from the reserve for capital projects, including \$1,100,000 for projects as approved by the voters on May 16, 2023 under Proposition 3. The reserve balance in the general fund is \$2,442,501.

Use of Reserve – Expenditures may be made from the reserve only for a specific purpose further authorized by the voters.

**Ending Balance 6/30/23: \$2,442,501**

## **Capital Reserve IV 05/21/2019**

### **Authorization – ED Law §3651**

Creation – In May 2019, the voters approved capital reserve IV. The capital reserve – facilities upgrade has a funding cap of \$25,000,000 plus investment income and a probable term of 15 years and provides for annual funding of an amount not to exceed \$2,500,000. This reserve has been funded by the District in the amount of \$16,200,000 and has earned interest of \$60,877 through June 30, 2023. To date, the voters approved to expend \$13,525,410 from the reserve for capital projects, including \$2,402,950 for projects as approved by the voters on May 16, 2023 under Proposition 2. The reserve balance in the general fund is \$2,735,467.

**Use of Reserve** – Expenditures may be made from the reserve only for a specific purpose further authorized by the voters.

**Ending Balance 6/30/23: \$2,735,467**



# QUESTIONS?



# MOODY'S

## INVESTORS SERVICE

Who is Moody's?

Moody's Investors Service, often referred to as Moody's, is the bond credit rating business of Moody's Corporation.

What is the District's Rating?

Plainedge is rated Aa2, this is the **third-highest long-term credit rating that ratings agency Moody's assigns to fixed-income securities, like bonds, that are of high quality with very low credit risk.**

Moody's expects the district's healthy financial operations will continue to strengthen given the district's history of prudent fiscal management and conservative budgeting. The district has achieved operating surpluses driven primarily by positive budgetary variances on district finances.

# MOODY'S

## INVESTORS SERVICE

What are the benefits of a strong Aa2 rating?

Due to the timing of tax receipts and state aid, the District may find it necessary to borrow monies known as a TAN (tax anticipation note). Our bond rating has a direct impact on the interest rate the District pays on these borrowings.

Creditors look to our Moody's rating in deciding how much credit to extend the district.

Future projects, including the energy performance contract for solar will require bonds to be issued, our credit rating will directly impact the lending decision and interest rate received.