

Addison Central School District Reserve Fund Plan 2024-2025

Retirement Contribution Reserve (ERS & TRS)

- Purpose: The Retirement Contribution Reserve Fund is used for payments to the Employee Retirement System (ERS) in addition to the Teachers' Retirement System. This reserve is accounted for in the General Fund.
- Funded as of November 2024: ERS portion funded at \$1,551,341. The TRS portion is funded at \$346,432. This is \$403,101 more than June 30, 2024 due to accrued interest and an appropriation of fund balance.
- For the 2024-2025 school year \$321,440 will be appropriated from this reserve to balance the revenue side of the budget.
- Funding goal and methodology:
 - Monies used to fund this reserve will come from fund balance and accrued interest.
 - Transfers from Tax Certiorari, Capital, or Repair Reserves subject to public hearing requirements are allowable.
 - It is the goal of the Addison Central School District to obtain a balance that could sustain the Districts ERS payments for a period of approximately five consecutive years. A figure of approximately \$2,000,000.
- Voter approval: No
- Other use of funds:
 - May transfer a portion of funds to another reserve.
 - The reserve may be abolished if no longer needed.

Workers' Compensation Reserve

- Purpose: The Workers' Compensation Reserve must be used to pay for workers' compensation benefits.
- Funded as of November 2024: \$688,332. This is \$36,497 more than June 30, 2024 due to accrued interest.
- For the 2024-2025 school year \$150,000 will be appropriated from this reserve to balance the revenue side of the budget.
- Funding goal and methodology:

- Monies used to fund this reserve will come from fund balance and accrued interest.
 - The goal of this reserve is to obtain a balance that could sustain the districts Workers' Compensation payments for a period of five consecutive years. A figure of approximately \$600,000.
- Voter approval: No
- Other use of funds:
- May transfer surplus funds to another reserve.
 - Possibly apply as revenue towards next year's budget.

Unemployment Reserve

- Purpose: The Unemployment Insurance Reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the school district uses the benefit reimbursement method (allows employers to reimburse the Unemployment Insurance Fund for benefits paid to their former employees instead of paying on a contribution basis). This reserve is accounted for in the General Fund.
- Funded as of November 2024: \$369,365 This is \$5,975 more than June 30, 2024 due to accrued interest.
- Funding goal and methodology:
- Monies used to fund this reserve will come from fund balance and accrued interest.
 - Given the current climate, the District has no immediate plans to increase funds to this reserve with fund balance. The district will continue to maintain this fund at its current level.
- Voter approval: No
- Other use of funds:
- May transfer surplus funds to another reserve.
 - Possibly use as a revenue towards next year's budget.

Insurance Reserve

- Purpose: The Insurance Reserve Fund was established to pay liability, casualty and other types of losses, except those incurred for which the following types of insurance may be

purchased: life, accident, health, annuities, fidelity, and surety, credit, title residual value and mortgage guarantee. This reserve is accounted for in the General Fund.

- Funded as of November 2024: \$0 (Maximum amount of 5 percent of budget.) This is unchanged from June 30, 2019.
- Funding goal and methodology: Funding goal and methodology:
 - Monies used to fund this reserve will come from fund balance and accrued interest.
 - To pay liability, casualty and other types of losses, except those incurred for which the following types of insurance may be purchased: life, accident, health, workers' compensation, annuities, fidelity and surety, credit, title residual value and mortgage guarantee or to make payments in lieu of unemployment insurance contributions.
 - Annual contribution(s) limited to greater of \$33,000 or 5% of the budget. No limit on accumulated reserve balance. Cannot use monies for any purpose covered by another special reserve.
 - Currently, there are no plans to fund this reserve.
- Voter approval: No
- Other use of funds:
 - May transfer surplus funds to another reserve.

Tax Certiorari Reserve

- Purpose: The Tax Certiorari Reserve Fund was established to pay judgments and claims in tax certiorari proceedings per Article 7 of the Real Property Tax Law. This reserve is accounted for in the General Fund.
- Funded as of November 2024: \$0. This is unchanged from June 30, 2019.
- Funding goal and methodology:
 - Monies used to fund this reserve will come from fund balance and accrued interest.
 - Hold only enough in this reserve that the District could reasonably deem necessary to meet anticipated claims. Currently, there is no need to fund this reserve.
- Voter approval: No
- Other use of funds:

- Surplus funds must be returned to the General Fund on or before the 4th fiscal year

Liability Reserve

- Purpose: The Reserve for Liability Fund was established to pay for property loss and liability claims incurred but not covered by insurance. This reserve is accounted for in the General Fund
- Funded as of November 2024: \$697,710 (cannot exceed 3% of budget). This is \$19,442 more than June 30, 2024 due to allocation of accrued interest.
- Funding goal and methodology:
 - Monies used to fund this reserve will come from fund balance and accrued interest.
 - Maximum funding not to exceed 3% of the annual budget in any given fiscal year.
- Use(s): pay for claims
- Voter approval: No
- Other use of funds:
 - Statute reads the voters would need to vote to unfund this reserve.

Employee Benefit Accrued Liability Reserve

- Purpose: The EBALR Fund was established to pay accrued benefits due employees upon termination of service. This reserve is accounted for in the General Fund.
- Funded as of November 2024: \$355,002. This is \$5,740 more than June 30, 2024 due to accrued interest.
- Funding goal and methodology:
 - Monies used to fund this reserve will come from fund balance and accrued interest.
 - The judicial restrictions placed on this reserve have made access to these funds very difficult. For this reason, the District has no immediate plans to appropriate fund balance to this reserve.
- Voter approval: No
- Other use of funds:
 - Funds may be transferred to another reserve.

Repair Reserve

- Purpose: The Repair Reserve fund was established to pay the cost of certain repairs or capital improvements to facilities and equipment that do not recur annually. The District expects that an intended use of such funds would be in an emergency situation only. A public hearing (not a public vote) is generally required before expending from the Repair Reserve Fund. If monies are expended from the repair reserve without a public hearing, the monies must be put back into the reserve within two years. This reserve is accounted for in the General Fund.
- Funded as of November 2024: \$477,575. This is \$7,718 more than June 30, 2024 due to accrued interest.
- Funding goal and methodology:
 - Monies used to fund this reserve will come from fund balance and accrued interest.
 - At this time the District has no immediate plans to add to this reserve with fund balance.
 - Reserve must be repaid in equal installments over next two school years if expenses are made without holding a public hearing. Emergency spending requires 2/3 majority vote of BOE
- Voter approval: Yes (to create the reserve)
- Other use of funds:
 - Unneeded balance may be transferred to Capital, Tax Certiorari or Retirement Contribution Reserves

Capital Reserve

- Purpose: Capital Reserve Funds are used to pay for the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires voter authorization to establish the purpose of the reserve, the maximum amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. These reserves are accounted for in the General Fund.
- Funded as of November 2024: \$0.
- Funding goal and methodology:
 - Monies used to fund this reserve will come from fund balance and accrued interest.
 - The purpose of this reserve is to fund health and safety requirements and improvements, future programmatic changes, bus garage renovations, and other

various maintenance type projects that will be required to keep our facilities up-to-date and in good operating condition.

- There are no plans to fund a capital reserve this year.
- ☐ Voter approval: Yes
- ☐ Other use of funds: None

Certificate of Deposits (CD) Investments, as of 10/30/24:

- Workers Compensation: \$650,000 for 7 months
- Liability: \$300,000 for 7 months \$300,000 for 4 months
- ERS/TRS: \$1,000,000 for 7 months, \$300,000 for 4 months
- Repair: \$420,000 for 7 months
- Unemployment: \$300,000 for 7 months
- Employee Benefit Accrued Liability: \$300,000 for 7 months