

Lancaster Central School District

**Fund Balance and
Reserves:
Funding and Use**

2021-2022



Updated annually

Overview

The establishment and funding of reserves is an important consideration in the maintenance of a sound financial plan for any school district. While strict adherence to state law is required to ensure reserves are both legal and appropriate, adequately funded reserves are vital to the long-term health and stability of the school district. This concept is recognized by the New York State Comptroller:

Saving for future projects, acquisitions, and other allowable purposes is an important planning consideration for local governments and school districts. Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements. Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions. In uncertain economic times, reserve funds can also provide officials with a welcomed budgetary option that can help mitigate the need to cut services or to raise taxes. In good times, money not needed for current purposes can often be set aside in reserves for future use. (*Office of the New York State Comptroller — Local Government Management Guide — Reserve Funds, Page 1*)

The Lancaster Central School District believes that the judicious use of reserves greatly reduces long term borrowing costs, smoothes large fluctuations in tax rates and minimizes the possibility of draconian mid-year budget cuts which would have a direct impact on students. It believes it is in the best interest of both the students and taxpayers to prudently establish and use reserves to weather the financial storms and uncertainties that will occur. Again, the Comptroller notes:

The practice of planning ahead and systematically saving for capital acquisitions and other contingencies is considered prudent management. Saving for future capital needs can reduce or eliminate interest and other costs associated with debt issuances. Similarly, certain reserve funds can be utilized to help protect the budget against known risks (a potential lawsuit) or unknown risks (a major ice storm). (*Office of the New York State Comptroller — Local Government Management Guide — Reserve Funds, Page 2*)

This quote reflects the two major purposes for the establishment of reserves:

1. Saving money for a large, one-time future expenditure. A capital reserve for the replacement of a roof is an example.
2. Reserves which are intended to protect the district against large, currently unknown risks, including major revenue or expenditure budget fluctuations. The contribution rate for the Employees Retirement System set annually by New York State is an example.

Since New York State law mandates that expenditures can be no greater than the budget approved by the voters each May, the Lancaster Central School District budgets conservatively and practices fiscal prudence throughout each budget year to ensure that unanticipated expenditures do not result in mid-year budget cuts in other areas which would have an immediate impact on students. This practice has allowed and will allow the district in the future to weather state aid holdbacks, state aid cutbacks, the property tax levy cap and other negative budget impacts with minimal impact to the district's instructional programs. However, conservative budgeting can also result in budget surpluses at year-end. The Board of Education reviews any budget surpluses and determines the best use of these surpluses including transfers to voter or

board of education approved reserves and/or a reduction in the ensuing years' tax levy (assigned fund balance).

Legally established reserves can provide many benefits to the school district and to its taxpayers. However, these reserves can also cause confusion when their purpose is not clearly understood by the community. The purpose of this document is to detail the Lancaster Central School District's plan for use and maintenance of reserves.

The stakeholders of the Lancaster Central School District recognize the use of reserves as one-time revenues that assist the district in tough budgetary times. They also recognize the importance of funding such reserves in sound financial times so the reserve monies are strong enough to avail themselves in tougher times. They believe in conservatively using such reserve monies in times of economic hardship in order to continually preserve and improve the district's current levels of student programming and activities.

On August 24, 2020, S8417/A10492 was signed into law and effective immediately, authorizes local governments and school districts to spend moneys from capital reserve funds for capital costs attributable to the COVID-19 pandemic, without the referendum requirements that would otherwise apply. The bill also authorizes school districts to temporarily transfer moneys from any reserve fund to pay for operating costs or other costs attributable to the COVID-19 pandemic. The moneys that are transferred must be reimbursed from the fund into which they were transferred back into the reserve fund over a period of not more than five years, with at least twenty percent of the moneys reimbursed each year, with interest. This legislation provides financial and budgetary flexibility to school district and these measures will be used if necessary and if able to be accomplished in a fiscally prudent manner.

The following page shows the General Fund Balance Sheet from the annual Basic Financial Statements which include the reserve balances as of June 30, 2021, 2020, and 2019:

Lancaster Central School District
General Fund - Summarized Balance Sheet
June 30, 2021, 2020, and 2019

Assets	Cash and cash equivalents	2021	\$5,445,003	2020	\$11,689,640	2021 to 2020 Variance	-6,244,637	2019	\$10,026,135	2020 to 2019 Variance	\$1,663,505
Assets	Restricted cash and cash equivalents	2021	\$35,073,357	2020	\$29,723,439	2021 to 2020 Variance	\$5,349,918	2019	\$31,311,822	2020 to 2019 Variance	-1,588,383
Assets	Due from other funds	2021	\$7,546,656	2020	\$4,234,198	2021 to 2020 Variance	\$3,312,458	2019	\$959,348	2020 to 2019 Variance	\$3,274,850
Assets	Due from other governments	2021	\$1,789,851	2020	\$2,852,325	2021 to 2020 Variance	-1,062,474	2019	\$1,728,497	2020 to 2019 Variance	\$1,123,828
Assets	Other receivables	2021	\$128,220	2020	\$43,634	2021 to 2020 Variance	\$84,586	2019	\$62,484	2020 to 2019 Variance	-18,850
	Total Assets	2021	\$49,983,087	2020	\$48,543,236	2021 to 2020 Variance	\$1,439,851	2019	\$44,088,286	2020 to 2019 Variance	\$4,454,950
Liabilities	Accounts payable	2021	\$411,414	2020	\$394,434	2021 to 2020 Variance	\$16,980	2019	\$145,634	2020 to 2019 Variance	\$248,800
Liabilities	Accrued liabilities	2021	\$841,853	2020	\$196,044	2021 to 2020 Variance	\$645,809	2019	\$469,721	2020 to 2019 Variance	-273,677
Liabilities	Due to other funds	2021	\$0	2020	\$0	2021 to 2020 Variance	\$0	2019	\$0	2020 to 2019 Variance	\$0
Liabilities	Due to other governments	2021	\$0	2020	\$0	2021 to 2020 Variance	\$0	2019	\$0	2020 to 2019 Variance	\$0
Liabilities	Due to retirement systems	2021	\$5,017,539	2020	\$4,543,260	2021 to 2020 Variance	\$474,279	2019	\$5,123,855	2020 to 2019 Variance	-\$580,595
Liabilities	Other liabilities	2021	\$20,998	2020	\$8,351	2021 to 2020 Variance	\$12,647	2019	\$23,256	2020 to 2019 Variance	-\$14,905
	Total Liabilities	2021	\$6,291,804	2020	\$5,142,089	2021 to 2020 Variance	\$1,149,715	2019	\$5,762,466	2020 to 2019 Variance	-\$620,377
Fund Balance and Reserves*	Non-spendable	2021	\$0	2020	\$0	2021 to 2020 Variance	\$0	2019	\$0	2020 to 2019 Variance	\$0
Restricted	Retirement Contribution Reserve	2021	\$8,876,982	2020	\$6,548,625	2021 to 2020 Variance	\$2,328,357	2019	\$6,484,098	2020 to 2019 Variance	\$64,52
Restricted	Insurance Reserve (Liability/Casualty)	2021	\$783,004	2020	\$332,850	2021 to 2020 Variance	\$450,154	2019	\$329,570	2020 to 2019 Variance	\$3,280
Restricted	Tax Certiorari Reserve	2021	\$2,923,953	2020	\$2,238,030	2021 to 2020 Variance	\$685,923	2019	\$3,445,268	2020 to 2019 Variance	-1,207,238
Restricted	Employee Benefit Accrued Liability Reserve	2021	\$11,803,404	2020	\$10,917,118	2021 to 2020 Variance	\$886,286	2019	\$10,392,378	2020 to 2019 Variance	\$524,740
Restricted	Capital Reserve	2021	\$5,190,731	2020	\$6,757,399	2021 to 2020 Variance	-1,566,668	2019	\$6,690,815	2020 to 2019 Variance	\$66,584
Restricted	Capital Reserve (Buses)	2021	\$5,198,197	2020	\$2,579,359	2021 to 2020 Variance	\$2,618,838	2019	\$3,557,855	2020 to 2019 Variance	-978,496
Restricted	Workers' Compensation	2021	\$48,707	2020	\$49,460	2021 to 2020 Variance	-\$753	2019	\$49,708	2020 to 2019 Variance	-248
Restricted	Property Loss	2021	\$160,898	2020	\$175,817	2021 to 2020 Variance	-\$14,919	2019	\$174,084	2020 to 2019 Variance	\$1,733
Restricted	Unemployment Insurance Reserve	2021	\$66,483	2020	\$116,430	2021 to 2020 Variance	-\$49,947	2019	\$164,790	2020 to 2019 Variance	-48,360
	Total Restricted	2021	\$35,052,359	2020	\$29,715,088	2021 to 2020 Variance	\$5,337,271	2019	\$31,288,566	2020 to 2019 Variance	-1,573,478
Assigned	Reserve for Encumbrances	2021	\$502,760	2020	\$399,027	2021 to 2020 Variance	\$103,733	2019	\$592,588	2020 to 2019 Variance	-193,561
Assigned	Appropriated Fund Balance	2021	\$3,455,083	2020	\$3,079,497	2021 to 2020 Variance	\$375,586	2019	\$2,129,586	2020 to 2019 Variance	\$949,911
	Total Assigned	2021	\$3,957,843	2020	\$3,478,524	2021 to 2020 Variance	\$479,319	2019	\$2,722,174	2020 to 2019 Variance	-1,573,478
Unassigned	Undesignated Fund Balance	2021	\$4,681,081	2020	\$10,207,535	2021 to 2020 Variance	-5,526,454	2019	\$4,315,080	2020 to 2019 Variance	\$5,892,455
	Total Fund Balance and Reserves	2021	\$43,691,283	2020	\$43,401,147	2021 to 2020 Variance	\$290,136	2019	\$38,325,820	2020 to 2019 Variance	\$5,075,327
	Total Liabilities, Fund Balance and Reserves	2021	\$49,983,087	2020	\$48,543,236	2021 to 2020 Variance	\$1,439,851	2019	\$44,088,286	2020 to 2019 Variance	\$4,454,950
	Mandatory Reserve for Debt Service	2021	\$8,284,149	2020	\$8,272,245	2021 to 2020 Variance	\$11,904	2019	\$8,144,358	2020 to 2019 Variance	\$127,887

*In accordance with Governmental Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, starting for the fiscal year end June 30, 2011, the classification of fund balance into reserved and unreserved was abandoned and is replaced with reporting such monies as non-spendable, restricted, committed, assigned, and unassigned.

** From Draft financial statements, not finalized at the time of updating this plan

WORKERS' COMPENSATION RESERVE

A 8 1 4

Authority: The purpose of this reserve fund is to pay for compensation benefits and other expenditures authorized by the Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. The reserve may be established by board resolution and is funded by budgetary appropriations and such other funds as may be legally appropriated (General Municipal Law, §6-j). Appropriations from this reserve shall be included in the annual budget as a revenue source. Expenditures from this reserve do not require board action. Annual budgeted appropriations from this reserve should not exceed the budgeted expenditure in A 9 0 4 0.8 0 0. Annual actual appropriations from this reserve should not exceed annual actual expenditures from A 9 0 4 0.8 0 0.

Established by:	Board resolution
Term Limit:	N/A
Monetary Limit:	N/A
Appropriations:	Included in annual revenue budget
Expenditures:	No action needed. Must be less than or equal to annual expenditures related to Worker's Compensation Insurance-A 9 0 4 0.8 0 0
Corresponding Vendor:	The New York State Insurance Fund (N Y S I F), various medical facilities/personnel (for self-funded first aid claims)
Overfunding:	From July 1-August 31, board may elect to transfer excess monies from this reserve to other reserves, apply to unappropriated fund balance, or apply towards budgetary appropriations for the new school year.
Established:	January 9, 2012
Balance June 30, 2019:	\$49,708
Balance June 30, 2020:	\$49,460
Balance June 30, 2021:	\$48,707

Ideal Balance: This reserve should be adequate to stabilize the District's contribution to workers' compensation, which can vary in cycles with claims experience. It should be funded in years of improved experience and used to moderate rates as expenses increase.

Discussion: The district currently subscribes to coverage with New York State Insurance Fund. Yearly premiums are determined annually by the plan's board based on estimated payroll numbers, an experience rating, and an assessment charge. Due to poor claims experience (high frequency of use), the district's experience rating is high compared to industry averages. In the 2011-12 school year, the district started self-funding first aid injuries and claims with no lost time on the job, which allows the district to improve our experience rating for premium calculations in future years. Beginning in the 2011-12, the district self-funds all first-aid claims and every no lost time claim, up to a \$500 threshold per claim, for a maximum of \$20,000 total for the school year.

UNEMPLOYMENT INSURANCE RESERVE

A 8 1 5

Authority: This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants on unemployment. The reserve may be established by board action and funded by budgetary appropriations or other funds as may be legally appropriated (General Municipal Law, §6-m). Appropriations from this reserve shall be included in the annual budget as a revenue source. Expenditures from this reserve do not require board action. Annual budgeted appropriations from this reserve should not exceed the budgeted expenditure in A 9 0 5 0.8 0 0. Annual actual appropriations from this reserve should not exceed annual actual expenditures from A 9 0 5 0.8 0 0.

Established by:	Board resolution
Term Limit:	N/A
Monetary Limit:	N/A
Appropriations:	Included in annual revenue budget
Expenditures:	No action needed. Must be less than or equal to annual expenditures related to NYS Unemployment Insurance-A9050.800
Corresponding Vendor:	N.Y.S. Unemployment Insurance
Overfunding:	From July 1-August 31, board may elect to transfer excess monies from this reserve to other reserves, apply to unappropriated fund balance, or apply towards budgetary appropriations for the new school year.
Established:	March 22, 2010
Balance June 30, 2019:	\$164,790
Balance June 30, 2020:	\$116,430
Balance June 30, 2021:	\$66,483

Ideal Balance: No ideal. Typically, a percent of annual payroll. See below.

Discussion: Due to the COVID-19 pandemic, the three-and-a-half-month school closure in spring 2020, a short school closure in November/December 2020, and widespread (state and national) unemployment fraud, the 2019-20 and 2020-21 annual claims cost were excessive considering claims history from past years. Many of the closure claims and all of the fraud claims are being contested however, so we expect some claims expenses to be refunded. In 2020-21, the reserve was used to cover the claims expenses up to the amount budgeted for this purpose, \$50,000.

The factors that affect the annual expenditures are layoffs, lack of hiring in surrounding districts, and previous extensions of benefits by the federal government. Since the general fund expense fluctuates annually, the unemployment reserve for the district will be used to offset the annual budgeted expenditure, including all or part of the annual actual expense. Accordingly, if the reserve is used to pay for 100% of general fund expenses, the balance as of June 30, 2021 would be sufficient to cover the benefits for 5 employees for 26 weeks each at the maximum benefit payout of \$504 or just about 3 employees for 46 weeks each at the maximum benefit payout.

Overfunding: The reserve balance as of June 30, 2017 was considered to be far in excess of what was needed in this reserve. In May 2018, the Board of Education approved the district liquidating \$2,000,000 from this reserve. It was used as a one-time budgetary appropriation to pay down outstanding debt.

RESERVE FOR STATE AND LOCAL RETIREMENT SYSTEM CONTRIBUTIONS (Formerly named Retirement Contribution Reserve) **A 8 2 7**

Authority: This reserve fund is used to offset the cost of annual district payments made to the State and Local Employees Retirement System (E R S). The reserve may be established by board action and funded by budgetary appropriations or other funds as may be legally appropriated (General Municipal Law, §6-r). Appropriations from this reserve shall be included in the annual budget as a revenue source. Expenditures from this reserve do not require board action. Annual budgeted appropriations from this reserve should not exceed the budgeted expenditure in A 9 0 1 0.8 0 0. Annual actual appropriations from this reserve should not exceed annual actual expenditures from A 9 0 1 0.8 0 0.

Established by:	Board resolution
Term Limit:	N/A
Monetary Limit:	N/A
Appropriations:	Included in annual revenue budget
Expenditures:	No action needed. Must be less than or equal to annual expenditures related to New York State Employees Retirement System payments-A 9 0 1 0.8 0 0
Corresponding Vendor:	New York State & Local Employees Retirement System (N Y S E R S)
Overfunding:	Transfers from or back to other reserve funds require a public hearing with 15-days' notice published in the official newspaper.
Established:	June 22, 2009

Balance June 30, 2019: \$5,761,523

Balance June 30, 2020: \$5,818,859

Balance June 30, 2021: \$7,370,033

Ideal Balance: Approximately 20% of non-instructional payroll for each year of funding, which is an annual estimated cost of \$3,552,532 for 2021-22.

Discussion: Since the Employee Retirement System contribution rate fluctuates annually, causing the general fund expense to also fluctuate, the retirement reserve for the district will be used to offset the annual budgeted expenditure, including all or part of the annual actual expense. Accordingly, if the reserve is used to pay for 100% of general fund expenses, the balance as of June 30, 2021 would be sufficient to cover three years of Employee Retirement System contributions.

This reserve is currently set up to fund New York State and Local Employees' Retirement System payments only. Employer contribution rates for the Employees' Retirement System vary each fiscal year. Rate volatility will continue to be an issue in the future. The Retirement System strongly cautioned districts to plan for rising rates when doing long range budget planning. In December 2008, districts received the following official "Heads up" from the retirement system:

*Economic Conditions Mean Cautious Planning
Employer contribution rates depend on the value of the Common Retirement Fund (the Fund) and our investments' assumed rate of return. Over time, if the Fund experiences a higher than expected rate of return, contribution rates decrease; if the Fund fails to meet*

its expected rate of return, then contribution rates must increase. While 2010 rates are lower than 2009, if the current economic conditions result in continued investment performance below the Fund's assumed earnings, then you should be prepared for contribution rates for 2011 and beyond to rise.

The Board of Education's foresight to have funds reserved for retirement contributions is fiscally prudent. Having funds available to support payments to Employee Retirement System helps to mitigate the budget impact of sharp increases in contribution rates to the general fund budget and the total annual cost attributed to retirement system contributions.

Any Employment Retirement System contribution rate change that exceeds a 2% increase may be exempted from the property tax levy cap, per Chapter 97 of the laws of 2011. The reserve monies may be used towards any portion of the employer payment. The options include any or the entire premium, the increase over the previous year's contribution, or the portion of the increase that is not exempt from the property tax levy cap.

Creation of Reserve for Teachers Retirement System: Effective April 1, 2019, General Municipal Law (G M L) Section 6-r of the laws of 2019 was amended to authorize a Board of Education by resolution to establish a sub-fund within its existing Retirement Contribution Reserve Fund to finance retirement contributions to the New York State Teachers' Retirement System (T R S). Previously, General Municipal Law Section 6-r allowed for funds payable by a district to the New York State and Local Employees' Retirement System (E R S) only, excluding any Teachers Retirement System liabilities. On June 3, 2019, the Board of Education authorized this sub fund. On August 26, 2019, the Board of Education authorized the transfer of \$722,575 from A 8 2 7 to the new sub fund, A 8 2 8.

RESERVE FOR TEACHERS' RETIREMENT SYSTEM CONTRIBUTIONS

A 8 2 8

Authority: This reserve fund is used to offset the cost of annual district payments made to the Teachers' Retirement System (T R S). The reserve may be established by board action. The reserve may be funded by budgetary appropriations, such revenues as are not required by law to be paid into other funds or accounts, other funds as may be legally appropriated (General Municipal Law, §6-r), and transfers from the Retirement Contribution Reserve Fund, Repair Reserve Fund, Capital Reserve Fund, and Tax Certiorari Reserve Fund, all with board approval. Public hearing is also required for transfers from Repair Reserve Fund, Capital Reserve Fund, and Tax Certiorari Reserve Fund to this fund. Appropriations from this reserve shall be included in the annual budget as a revenue source. Expenditures from this reserve requires board action. Annual budgeted appropriations from this reserve should not exceed the budgeted expenditure in A 9 0 2 0.8 0 0. Annual actual appropriations from this reserve should not exceed annual actual expenditures from A 9 0 2 0.8 0 0.

Established by:	Board resolution
Term Limit:	N/A
Monetary Limit:	Annual contribution not to exceed 2% of prior year instructional salaries. Total balance not to exceed 10% of prior year instructional salaries.
Appropriations:	Included in annual revenue budget
Expenditures:	Require Board approval. Must be less than or equal to annual expenditures related to New York State Teachers' Retirement System payments-A 9 0 2 0.8 0 0
Corresponding Vendor:	New York State Teachers' Retirement System (NYSTRS)
Overfunding:	Not set forth
Established:	June 3, 2019

Balance June 30, 2019: \$722,575

Balance June 30, 2020: \$729,766

Balance June 30, 2021: \$1,506,949

Ideal Balance: 10% of prior year instructional payroll, which is the maximum allowed. Prior year instructional payroll is to be calculated using the total billable earnings from the New York State Teachers' Retirement System School District Final Billing Detail Report for the prior year period. For June 30, 2021, \$3,884,230 would be the 10% maximum using the 2019-20 billable earnings. However, the maximum contribution annually cannot exceed 2% of prior year instructional payroll. For June 30, 2021, \$776,846 is the maximum annual contribution according to the 2019-20 billable earnings. The June 30, 2021 contribution is equal to the maximum annual contribution, 2%.

Discussion: Since the Teachers' Retirement System contribution rate fluctuates annually, causing the general fund expense to also fluctuate, the reserve for teachers' retirement system contributions will be used to offset the annual budgeted expenditure, including all or part of the annual actual expense. Accordingly, if the reserve is used to pay for 100% of general fund expenses, the balance as of June 30, 2021 would be sufficient to cover 44% of the Teachers' Retirement System contribution obligation for one year.

The Board of Education's foresight to have funds reserved for retirement contributions is fiscally prudent. Having funds available to support payments to the Teachers' Retirement System helps to mitigate the budget impact of sharp increases in contribution rates to the general fund budget and the total annual cost attributed to retirement system contributions. This will become more important as economic difficulties from the COVID-19 pandemic affect the pension system's rates.

Any Teachers' Retirement System contribution rate change that exceeds a 2% increase may be exempted from the property tax levy cap, per Chapter 97 of the laws of 2011. The reserve monies may be used towards any portion of the employer payment. The options include any or the entire premium, the increase over the previous year's contribution, or the portion of the increase that is not exempt from the property tax levy cap.

PROPERTY LOSS RESERVE

A 8 6 1

Authority: This reserve fund is used to pay for property losses incurred. The reserve may be established by board action and funded by budgetary appropriations or other funds as may be legally appropriated (Education Law § 1709 (8-c)). The amount that can be paid into the reserve during each fiscal year is limited to the greater of \$15,000 or 3% of the annual budget. There is no limit on the accumulated reserve balance. Appropriations from this reserve shall be included in the annual budget as a revenue source. Expenditures from this reserve do not require board action.

Established by:	Board resolution
Term Limit:	N/A
Monetary Limit:	N/A
Appropriations:	Included in annual revenue budget
Expenditures:	No action needed. Can only be used for property loss purposes.
Corresponding Vendor:	Various
Overfunding:	Balances not required to settle pending claims can be liquidated by voter approval.
Established:	June 25, 2012

Balance June 30, 2019: \$174,084

Balance June 30, 2020: \$175,817

Balance June 30, 2021: \$160,898

Ideal Balance: Enough to settle all pending incurred property loss (damage, disrepair, emergency) claims. Maximum contribution allowed annually is 3% of the annual budget, which would mean a maximum contribution of \$3,537,628 in 2021-22.

Discussion: This reserve was created specifically to fund an emergency State Education Department project for the repair of the William Street School roof. Project expenditures were estimated not to exceed the \$500,000 of initial funding. The final expense for the project was \$306,120. An emergency project at John A. Sciole Elementary was funded through the reserve in 2013-14 at a cost of \$25,516. In 2020-21, an unanticipated mold abatement project had to be undertaken in the newly renovated Lancaster High School Auditorium at a cost of \$15,000. Future emergency projects and any other incurred claims will be paid from the reserve as they arise until the reserve is depleted.

INSURANCE RESERVE (LIABILITY AND CASUALTY)**A 8 6 3**

Authority: This reserve fund is used to pay liability, casualty, and other types of losses, except losses incurred for which certain types of insurance may be purchased. It includes funds for judgments, claims, incidental costs and professional services connected with the investigation and settlement of claims. The reserve may be established by board action and funded by budgetary appropriations or other funds as may be legally appropriated (General Municipal Law, §6-n). The amount that can be paid into the reserve during each fiscal year is limited to the greater of \$33,000 or 5% of the annual budget. There is no limit on the accumulated reserve balance. Expenditures from this reserve do not require board action.

Established by:	Board resolution
Term Limit:	N/A
Monetary Limit:	N/A
Appropriations:	Included in annual revenue budget
Expenditures:	No action needed. Cannot cover any expense covered by another special reserve. Settled or compromised claims up to \$25,000 may be paid without judicial approval.
Corresponding Vendor:	Various
Overfunding:	If reserve is terminated by Board, remaining funds in excess of incurred or accrued liabilities may be transferred to any other reserve fund.
Established:	June 14, 2004
Balance June 30, 2019:	\$329,570
Balance June 30, 2020:	\$322,850
Balance June 30, 2021:	\$783,004

Ideal Balance: No ideal balance. Maximum contribution allowed annually is a 5% of annual budget, which would mean a maximum contribution of \$5,896,046 in 2021-22.

Discussion: Due to the degree of insurance coverage the district subscribes to, there are few unique situations that would result in claims for the district to pay out of pocket. This reserve is not intended for use on an ongoing basis; rather, it protects the district in the case of a unique catastrophic event. The district currently has one instance of pending litigation that is not subject to insurance coverage.

TAX CERTIORARI RESERVE

A 8 6 4

Authority: The purpose of this reserve is to fund the refunding of taxes of the current year due to tax certiorari proceedings, per Real Property Tax Law, Article 7. The reserve may be established by board action and funded by budgetary appropriations or other funds as may be legally appropriated (Education Law §365 1, Sub.1a, 3a). Expenditures from this reserve do not require board action. Amounts not necessary to refund taxes must be returned to the unreserved fund balance of the general fund by the first day of the fourth fiscal year following the year for which the monies were deposited.

Established by:	Board resolution
Term Limit:	N/A
Monetary Limit:	May not exceed amount necessary to meet anticipated judgments and claims
Appropriations:	Included in annual revenue budget
Expenditures:	No action needed.
Corresponding Vendor:	Various
Overfunding:	Any balance not required to meet anticipated judgments or claims must be returned to the General Fund on or before the first day of the fourth school year after such monies had been deposited into the reserve.
Established:	August 11, 2008

Balance June 30, 2019: \$3,445,268

Balance June 30, 2020: \$2,238,030

Balance June 30, 2021: \$2,923,953

Ideal Balance: Amount necessary to meet anticipated judgments and claims, which varies annually. The current reserve balance fully covers the 2021-22 potential liability.

Discussion: Annually, the district budgets \$135,000 in the general fund expenditure budget for real property tax refunds. Beyond the budgeted expenditure, the district attempts to reserve all of the outstanding tax certiorari cases. The amount of outstanding cases is examined annually in the summer and a decision is made by the Assistant Superintendent regarding the appropriate level of funding. As of June 30, 2021, current cases on file totaled \$2,923,953 in potential refunds. The Town of Lancaster completed their 2020 reassessment project in March 2020, leading to an uptick in the quantity of challenges in the past two fiscal years.

Authority: The governing board of any school district, by resolution, may establish a reserve for the purpose of funding the monetary value of accrued but unused sick leave, personal leave, vacation time, and any other forms of payment of accrued but unliquidated time earned by employees. Establishing or expending the reserve does not require voter approval. Expenditures from this reserve do not require board action. Expenditures may only be made for allowed cash payments earned by employees due upon their termination (retirement) of employment (General Municipal Law, §6-p). Health insurance and “other” post employment benefits are not eligible to be funded by this reserve. Appropriations from this reserve shall be included in the annual budget as a revenue source. Annual actual appropriations from this reserve should not exceed annual actual contractual payments to retirees for accrued leave.

Established by:	Board resolution
Term Limit:	N/A
Monetary Limit:	N/A
Appropriations:	Included in annual revenue budget
Expenditures:	No action needed. Must be less than or equal to annual expenditures related to payments to retirees for accrued Leave
Corresponding Vendor:	Various retirees
Overfunding:	Any balance not required to satisfy all incurred or accrued liabilities may be transferred to any other reserve fund authorized by GML. From 2011-12 through 2015-16, overfunding was also able to be used towards the general fund fund balance, upon permission of the State Comptroller’s office, up to the amount of the district’s annual Gap Elimination Adjustment.
Established:	October 9, 2007
Balance June 30, 2019:	\$10,392,378
Balance June 30, 2020:	\$10,917,118
Balance June 30, 2021:	\$11,803,404

Ideal Balance: Amount necessary to equal the year end compensated absences calculation (according to State Comptroller). As of June 30, 2021, the district’s compensated absences liability equals \$11,803,404, therefore the current reserve balance fully covers calculated liability.

Discussion: This reserve is for contractual entitlements that will be paid directly upon an employee’s retirement. It does not include post-employment health benefits under Governmental Accounting Standard Board 75. New York State has not yet developed a method to fund that multi-million dollar liability nor is it a requirement of the state that the district fund the liability.

During the 2015-16 school year, the district commissioned a formal vesting study to determine how long faculty and staff typically stay employed with the district, to be used in calculating the compensated absence and Employee Benefit Accrued Liability reserve figures at the fiscal year end. The study substantiates the district's calculations and provides reasonable and rational rates for the calculation moving forward. The balance as of June 30, 2021 matches the total liability calculated using this method.

Legislation affecting this reserve: On March 31, 2011, the Governor and Legislative leaders reached an agreement on the 2011-12 state budget, which included language to allow school districts to transfer excess Employee Benefit Accrued Liability Reserve funds from the reserve to the general fund fund balance to offset the Gap Elimination Adjustment (G E A). According to the budget language, boards would have the authority to authorize, during the 2011-2012 school year, a transfer of excess Employee Benefit Liability Reserve funds to the general fund in an amount not more than the 2011-12 Gap Elimination Adjustment. This language was continued in subsequent state budgets, through the 2015-16 school year.

Potential Future of this reserve: There has been discussion around the state in past years regarding funding the Employee Benefit Accrued Liability reserve to a point that covers post employment benefit liabilities in accordance with the Governmental Accounting Standards Board 75 actuarial calculation. There are currently no bills in existence with regards to this.

CAPITAL RESERVE

A 8 7 8 & A 8 8 9

Authority: The Capital Reserve Fund is used to pay the cost of any specific object or purpose for which bonds may be issued (building acquisition and improvement, land acquisition and improvement, vehicle acquisition, technology). Voter authorization is required for both the establishment of the reserve and for payments from the reserve. The form of the required legal notice for the vote on establishing the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The proposition put before voters must address the specific purpose of the reserve, the ultimate dollar amount of the reserve, the probable term of the reserve, and the source of the funds that will be deposited into the reserve.

Established by:	Voter resolution
Term Limit:	Limit as set by voters, may be extended by voters upon expiration of term. After expiration, monies moved to general fund as unappropriated fund balance
Monetary Limit:	Limit as set by voters
Appropriations:	Require voter approval
Expenditures:	Require voter approval
Corresponding Vendor:	Depends on purpose. In instance of capital project, typically a transfer to the capital fund to offset capital expense
Overfunding:	Voters must elect to transfer excess monies from this reserve to other reserves. Voters must also elect to terminate reserve prior to expiration of term limit. Upon termination, excess monies must first be applied to outstanding debt and second to reduce the tax levy.

Capital Reserve-Capital Construction Improvements #1

A reserve was established on May 20, 2008 with the following purpose: financing, in whole or in part, additions, alterations, renovations or other improvements to the District's buildings and facilities, including the acquisition and installation of machinery, equipment, apparatus or furnishings required for the purposes of such buildings and facilities, and playgrounds, athletic fields, recreation areas, parking areas, roadways, sidewalks and other site improvements connected to such buildings and facilities, with the ultimate amount of such reserve fund not exceeding eight million dollars (\$8,000,000) plus any accrued earnings on amounts deposited in such reserve fund, the probable existence of said reserve fund being ten (10) years, but said reserve fund to continue in existence for its stated purpose until liquidated in accordance with Education Law, and the source from which funds shall be obtained for said reserve fund being (a) current and future unappropriated fund balances from the General Fund of the District, as directed by the Board of Education and (b) any other appropriations authorized by the voters from time to time.

Established:	May 20, 2008
Term Limit:	10 years (expiration in May 2018)
Monetary Limit:	Not to exceed \$8,000,000
Balance June 30, 2016:	\$4,287,479*
Balance June 30, 2017:	\$7,148,643*
Balance June 30, 2018:	\$0

*\$2,500,000 was authorized by voters in May 2015 to be used towards the 2015 \$49,615,734 capital project. This amount was liquidated from the reserve in March 2018.

Ideal Balance: May not exceed the voter authorized limits, plus accumulated interest earnings. The current balance represents 89.4% of the maximum voter authorization. Total monetary contributions as of June 30, 2017 were \$7,148,643 (including interest).

Capital Reserve-Capital Construction Improvements #2

A reserve was established on May 15, 2018 with the following purpose: financing, in whole or in part, additions, alterations, renovations or other improvements to existing District buildings and facilities, the construction of new buildings or facilities or the acquisition of lands or interests in lands for District purposes, including the acquisition and installation of machinery, equipment, apparatus or furnishings required for the purposes of such buildings and facilities, and playgrounds, athletic fields, recreation areas, parking areas, roadways, sidewalks and other site improvements connected to such buildings and facilities, with the ultimate amount of such reserve fund not exceeding Ten Million Dollars (\$10,000,000) plus any accrued earnings on amounts deposited in such reserve fund, the probable existence of said reserve fund being ten (10) years, but said reserve fund to continue in existence for its stated purpose until liquidated in accordance with Education Law, and the source from which funds shall be obtained for said reserve fund being (i) current and future unappropriated fund balances from the General Fund of the District, as directed by the Board of Education and (ii) any other appropriations authorized by the voters from time to time; and transfer to said capital reserve fund the entire balance on deposit in said District's existing Capital Reserve Fund established pursuant to Education Law Section 3651 pursuant to a proposition approved by the qualified voters of said District on May 20, 2008.

Established:	May 15, 2018
Term Limit:	10 years (expiration in May 2028)
Monetary Limit:	Not to exceed \$10,000,000

Initial balance was transferred from capital construction improvements reserve #1, per the proposition establishing the reserve.

\$ transfer from capital construction improvements reserve #1: \$4,648,643

Balance June 30, 2019: \$6,690,815*

Balance June 30, 2020: \$6,757,399*

Balance June 30, 2021: \$5,190,731

*\$5,000,000 was authorized by voters in December 2018 to be used towards the 2018 \$77.1 million capital project. This amount was liquidated from the reserve in 2021 as construction expenditures for this project were incurred for Phase 2 of the \$77.1M project at the LMS.

Ideal Balance: May not exceed the voter authorized limits, plus accumulated interest earnings. The current balance represents 100% of the maximum voter authorization. Total monetary contributions as of June 30, 2021 are \$10,000,000 (not including interest).

Discussion: The district has used capital reserve funds to its advantage in the past. A capital

reserve allows the district to save money in anticipation of a renovation or addition to a building. Funding building projects in this fashion offers the district two advantages:

1. Minimizes the future financial impact on the budget, tax levy, and the community
2. Allows the district to avoid the interest charges associated with borrowing

In short, the use of cash financing through capital reserves is prudent financial planning, avoids the expense of bond interest and may offset portions of the community share of proposed projects.

Capital Reserve-Bus Vehicle Reserve #1

A reserve was established on May 15, 2007 with the following purpose: purchasing vehicles to be used in the transportation program of the District.

Established:	May 15, 2007
Term Limit:	10 years (expiration in May 2017)
Monetary Limit:	Not to Exceed \$6,000,000

Balance June 30, 2010: \$4,296,507

Balance June 30, 2011: \$3,147,076

Balance June 30, 2012: \$0

Ideal Balance: May not exceed the voter authorized limits, plus accumulated interest earnings. The district reached the monetary limit for contributions thus bus vehicle reserve #2 was established in 2012 and money remaining in bus vehicle reserve #1 was transferred to bus vehicle reserve #2.

Capital Reserve-Bus Vehicle Reserve #2

A reserve was established on May 15, 2012 with the following purpose: purchasing vehicles to be used in the transportation program of the District

Established:	May 15, 2012
Term Limit:	10 years (expiration in May 2022)
Monetary Limit:	Not to Exceed \$9,000,000

Initial balance was transferred from bus vehicle reserve #1, per the proposition establishing the reserve.

\$ transfer from Bus Vehicle Capital Reserve #1: \$2,040,756

Balance June 30, 2016: \$4,437,545

Balance June 30, 2017: \$3,862,052

Balance June 30, 2018: \$0

Ideal Balance: May not exceed the voter authorized limits, plus accumulated interest earnings. The district reached the monetary limit for contributions thus bus vehicle reserve #3 was established in 2018 and money remaining in bus vehicle reserve #2 was transferred to bus vehicle reserve #3.

Capital Reserve-Bus Vehicle Reserve #3

A reserve was established on May 15, 2018 with the following purpose: establish a capital reserve fund pursuant to Education Law Section 3651, to be known as the "School Bus Reserve Fund-2018," for the purpose of financing, in whole or in part, the purchase of school buses and vehicles by the District, with the ultimate amount of such reserve fund not exceeding Ten Million and 00/100 Dollars (\$10,000,000) plus any accrued earnings on amounts deposited in such reserve fund, the probable existence of said reserve fund being ten (10) years, but with such reserve fund continuing in existence for its stated purpose until liquidated in accordance with the Education Law, and the sources from which funds shall be obtained for said reserve fund being (i) current and future unappropriated fund balances from the General Fund of the District, as directed by the Board of Education, and (ii) any other appropriations authorized by the voters from time to time; and transfer to said capital reserve fund the entire balance on deposit in said District's existing School Bus Reserve Fund established pursuant to Education Law Section 3651 pursuant to a proposition approved by the qualified voters of said District on May 15, 2012.

Established:	May 15, 2018
Term Limit:	10 years (expiration in May 2028)
Monetary Limit:	Not to Exceed \$10,000,000

Initial balance was transferred from bus vehicle reserve #2, per the proposition establishing the reserve.

\$ transfer from Bus Vehicle Capital Reserve #2: \$2,904,823

Balance June 30, 2019:	\$3,557,855
Balance June 30, 2020:	\$2,579,359
Balance June 30, 2021:	\$5,198,197

Ideal Balance: May not exceed the voter authorized limits, plus accumulated interest earnings. The current balance represents 82% of the maximum voter authorization. Total monetary contributions as of June 30, 2021 are \$8,194,477 (not including interest).

Discussion: The district has used bus reserve funds to its advantage since 2007. A vehicle reserve allows the district to save money in anticipation of the replacement of transportation vehicles.

Funding vehicle purchases in this fashion offers the district three advantages:

1. Minimizes the future financial impact on the budget, tax levy, and the community
2. Allows the district to avoid the interest charges associated with borrowing
3. The current transportation aid formula provides state aid to the District for such expenditures, whether purchased through a reserve, through the budget, or through a borrowing.

MANDATORY RESERVE FOR DEBT SERVICE

V 8 8 4

Authority: This reserve fund is used to cover debt service payments on outstanding obligations (Bond Anticipation Notes, bonds) after the sale of district capital assets or improvements. Expenditures may be only for debt service or to retire outstanding obligations (General Municipal Law, §6-1). The reserve may be established by board resolution and is funded by proceeds from the sale of capital assets and improvements, excess/unexpended monies related to capital project debt, and interest earnings from bonded projects (General Municipal Law, §6-c).

Established by:	Board resolution
Term Limit:	Once outstanding obligations are repaid
Monetary Limit:	N/A
Appropriations:	May be included in annual revenue budget
Expenditures:	Must be less than or equal to annual expenditures related to debt service (principal & interest)-A9711.600, A9711.700, A9731.600, and A9731.700
Corresponding Vendor:	Depository Trust Company, Dormitory Authority
Overfunding:	If all outstanding obligations are paid in full, balance may be expended for any other lawful district purpose.
Established:	Pre-2000

Balance June 30, 2019: \$8,144,358

Balance June 30, 2020: \$8,272,245

Balance June 30, 2021: \$8,284,147

Ideal Balance: Amount up to but not to exceed the total debt service obligations for the district. As of 7/1/2021, the current long-term debt obligations for the district total \$57,793,814.

Discussion: The purpose of this reserve is to use proceeds of the sale of district capital assets to repay outstanding debt service. This reserve should be used to offset the annual cost of debt service to the district's taxpayers. The district considers building aid scheduled to be received when determining any expenditure of this reserve. The amount budgeted to be used from this reserve should not exceed the balance remaining after state aid is subtracted from debt payments.

The following pages are a summary of reserve activity for all reserves from 2011-present.

A814 Workers Comp	6/30/2011	Balance	0
A814 Workers Comp	2011-12	Addition	40,000
A814 Workers Comp	2011-12	Expenditure	1,800
A814 Workers Comp	6/30/2012	Balance	38,200
A814 Workers Comp	2012-13	Addition	20,098
A814 Workers Comp	2012-13	Expenditure	2,698
A814 Workers Comp	6/30/2013	Balance	55,600
A814 Workers Comp	2013-14	Addition	103
A814 Workers Comp	2013-14	Expenditure	1,887
A814 Workers Comp	6/30/2014	Balance	53,816
A814 Workers Comp	2014-15	Addition	50
A814 Workers Comp	2014-15	Expenditure	1,443
A814 Workers Comp	6/30/2015	Balance	52,423
A814 Workers Comp	2015-16	Addition	38
A814 Workers Comp	2015-16	Expenditure	849
A814 Workers Comp	6/30/2016	Balance	51,612
A814 Workers Comp	2016-17	Addition	63
A814 Workers Comp	2016-17	Expenditure	1,312
A814 Workers Comp	6/30/2017	Balance	50,363
A814 Workers Comp	2017-18	Addition	298
A814 Workers Comp	2017-18	Expenditure	417
A814 Workers Comp	6/30/2018	Balance	50,244
A814 Workers Comp	2018-19	Addition	847
A814 Workers Comp	2018-19	Expenditure	1,383
A814 Workers Comp	6/30/2019	Balance	49,708
A814 Workers Comp	2019-20	Addition	494
A814 Workers Comp	2019-20	Expenditure	742
A814 Workers Comp	6/30/2020	Balance	49,460
A814 Workers Comp	2020-21	Addition	23
A814 Workers Comp	2020-21	Expenditure	776
A814 Workers Comp	6/30/2021	Balance	48,707
A814 Workers Comp	Total Appropriations		62,014
A814 Workers Comp	Total Expenditures		13,307
A814 Workers Comp	2021-22 Budgeted Use		20,000
A814 Workers Comp	Remaining Balance		28,707

A815 Unemployment	6/30/2011	Balance	1,164,800
A815 Unemployment	2011-12	Addition	1,426,483
A815 Unemployment	2011-12	Expenditure	250,738
A815 Unemployment	6/30/2012	Balance	2,340,545
A815 Unemployment	2012-13	Addition	5,992
A815 Unemployment	2012-13	Expenditure	82,115
A815 Unemployment	6/30/2013	Balance	2,264,421
A815 Unemployment	2013-14	Addition	4,193
A815 Unemployment	2013-14	Expenditure	57,925
A815 Unemployment	6/30/2014	Balance	2,210,689
A815 Unemployment	2014-15	Addition	2,074
A815 Unemployment	2014-15	Expenditure	24,741
A815 Unemployment	6/30/2015	Balance	2,188,022
A815 Unemployment	2015-16	Addition	1,572
A815 Unemployment	2015-16	Expenditure	9,887
A815 Unemployment	6/30/2016	Balance	2,179,707
A815 Unemployment	2016-17	Addition	2,671
A815 Unemployment	2016-17	Expenditure	6,759
A815 Unemployment	6/30/2017	Balance	2,175,619
A815 Unemployment	2017-18	Addition	12,876
A815 Unemployment	2017-18	Expenditure	2,010,976
A815 Unemployment	6/30/2018	Balance	177,519
A815 Unemployment	2018-19	Addition	2,993
A815 Unemployment	2018-19	Expenditure	15,722
A815 Unemployment	6/30/2019	Balance	164,790
A815 Unemployment	2019-20	Addition	1,640
A815 Unemployment	2019-20	Expenditure	50,000
A815 Unemployment	6/30/2020	Balance	116,430
A815 Unemployment	2020-21	Addition	53
A815 Unemployment	2020-21	Expenditure	50,000
A815 Unemployment	6/30/2021	Balance	66,483
A815 Unemployment	Total Appropriations		2,625,346
A815 Unemployment	Total Expenditures		2,558,863
A815 Unemployment	2019-20 Budgeted Use		50,000
A815 Unemployment	Remaining Balance		16,483

A827 Employee Retirement System	6/30/2011	Balance	4,656,169
A827 Employee Retirement System	2011-12	Addition	17,562
A827 Employee Retirement System	2011-12	Expenditure	0
A827 Employee Retirement System	6/30/2012	Balance	4,673,731
A827 Employee Retirement System	2012-13	Addition	1,659,026
A827 Employee Retirement System	2012-13	Expenditure	0
A827 Employee Retirement System	6/30/2013	Balance	6,332,757
A827 Employee Retirement System	2013-14	Addition	163,822
A827 Employee Retirement System	2013-14	Expenditure	975,000
A827 Employee Retirement System	6/30/2014	Balance	5,521,579
A827 Employee Retirement System	2014-15	Addition	805,182
A827 Employee Retirement System	2014-15	Expenditure	0
A827 Employee Retirement System	6/30/2015	Balance	6,326,761
A827 Employee Retirement System	2015-16	Addition	4,543
A827 Employee Retirement System	2015-16	Expenditure	0
A827 Employee Retirement System	6/30/2016	Balance	6,331,304
A827 Employee Retirement System	2016-17	Addition	7,761
A827 Employee Retirement System	2016-17	Expenditure	0
A827 Employee Retirement System	6/30/2017	Balance	6,339,065
A827 Employee Retirement System	2017-18	Addition	37,516
A827 Employee Retirement System	2017-18	Expenditure	0
A827 Employee Retirement System	6/30/2018	Balance	6,376,581
A827 Employee Retirement System	2018-19	Addition	107,517
A827 Employee Retirement System	2018-19	Expenditure	722,575
A827 Employee Retirement System	6/30/2019	Balance	5,761,523
A827 Employee Retirement System	2019-20	Addition	57,336
A827 Employee Retirement System	2019-20	Expenditure	0
A827 Employee Retirement System	6/30/2020	Balance	5,818,859
A827 Employee Retirement System	2020-21	Addition	1,551,174
A827 Employee Retirement System	2020-21	Expenditure	0
A827 Employee Retirement System	6/30/2021	Balance	7,370,033
A827 Employee Retirement System	Total Appropriations		9,067,609
A827 Employee Retirement System	Total Expenditures		1,697,575
A827 Employee Retirement System	2019-20 Budgeted Use		3,006,734
A827 Employee Retirement System	Remaining Balance		4,363,299

A828 Teacher's Retirement System	6/30/2011	Balance	0
A828 Teacher's Retirement System	2011-12	Addition	0
A828 Teacher's Retirement System	2011-12	Expenditure	0
A828 Teacher's Retirement System	6/30/2012	Balance	0
A828 Teacher's Retirement System	2012-13	Addition	0
A828 Teacher's Retirement System	2012-13	Expenditure	0
A828 Teacher's Retirement System	6/30/2013	Balance	0
A828 Teacher's Retirement System	2013-14	Addition	0
A828 Teacher's Retirement System	2013-14	Expenditure	0
A828 Teacher's Retirement System	6/30/2014	Balance	0
A828 Teacher's Retirement System	2014-15	Addition	0
A828 Teacher's Retirement System	2014-15	Expenditure	0
A828 Teacher's Retirement System	6/30/2015	Balance	0
A828 Teacher's Retirement System	2015-16	Addition	0
A828 Teacher's Retirement System	2015-16	Expenditure	0
A828 Teacher's Retirement System	6/30/2016	Balance	0
A828 Teacher's Retirement System	2016-17	Addition	0
A828 Teacher's Retirement System	2016-17	Expenditure	0
A828 Teacher's Retirement System	6/30/2017	Balance	0
A828 Teacher's Retirement System	2017-18	Addition	0
A828 Teacher's Retirement System	2017-18	Expenditure	0
A828 Teacher's Retirement System	6/30/2018	Balance	0
A828 Teacher's Retirement System	2018-19	Addition	722,575
A828 Teacher's Retirement System	2018-19	Expenditure	0
A828 Teacher's Retirement System	6/30/2019	Balance	722,575
A828 Teacher's Retirement System	2019-20	Addition	7,191
A828 Teacher's Retirement System	2019-20	Expenditure	0
A828 Teacher's Retirement System	6/30/2020	Balance	729,766
A828 Teacher's Retirement System	2020-21	Addition	777,183
A828 Teacher's Retirement System	2020-21	Expenditure	0
A828 Teacher's Retirement System	6/30/2021	Balance	1,506,949
A828 Teacher's Retirement System	Total Appropriations		1,506,949
A828 Teacher's Retirement System	Total Expenditures		0
A828 Teacher's Retirement System	2019-20 Budgeted Use		0
A828 Teacher's Retirement System	Remaining Balance		1,506,949

A861 Property Loss	6/30/2011	Balance	0
A861 Property Loss	2011-12	Addition	500,000
A861 Property Loss	2011-12	Expenditure	0
A861 Property Loss	6/30/2012	Balance	500,000
A861 Property Loss	2012-13	Addition	961
A861 Property Loss	2012-13	Expenditure	306,120
A861 Property Loss	6/30/2013	Balance	194,841
A861 Property Loss	2013-14	Addition	361
A861 Property Loss	2013-14	Expenditure	25,516
A861 Property Loss	6/30/2014	Balance	169,686
A861 Property Loss	2014-15	Addition	159
A861 Property Loss	2014-15	Expenditure	0
A861 Property Loss	6/30/2015	Balance	169,845
A861 Property Loss	2015-16	Addition	122
A861 Property Loss	2015-16	Expenditure	0
A861 Property Loss	6/30/2016	Balance	169,967
A861 Property Loss	2016-17	Addition	209
A861 Property Loss	2016-17	Expenditure	0
A861 Property Loss	6/30/2017	Balance	170,176
A861 Property Loss	2017-18	Addition	1,022
A861 Property Loss	2017-18	Expenditure	0
A861 Property Loss	6/30/2018	Balance	171,198
A861 Property Loss	2018-19	Addition	2,886
A861 Property Loss	2018-19	Expenditure	0
A861 Property Loss	6/30/2019	Balance	174,084
A861 Property Loss	2019-20	Addition	1,733
A861 Property Loss	2019-20	Expenditure	0
A861 Property Loss	6/30/2020	Balance	175,817
A861 Property Loss	2020-21	Addition	81
A861 Property Loss	2020-21	Expenditure	15,000
A861 Property Loss	6/30/2021	Balance	160,898
A861 Property Loss	Total Appropriations		507,533
A861 Property Loss	Total Expenditures		346,636
A861 Property Loss	2019-20 Budgeted Use		0
A861 Property Loss	Remaining Balance		160,898

A863 Liability/Casualty	6/30/2011	Balance	318,630
A863 Liability/Casualty	2011-12	Addition	1,202
A863 Liability/Casualty	2011-12	Expenditure	0
A863 Liability/Casualty	6/30/2012	Balance	319,831
A863 Liability/Casualty	2012-13	Addition	819
A863 Liability/Casualty	2012-13	Expenditure	0
A863 Liability/Casualty	6/30/2013	Balance	320,650
A863 Liability/Casualty	2013-14	Addition	594
A863 Liability/Casualty	2013-14	Expenditure	0
A863 Liability/Casualty	6/30/2014	Balance	321,244
A863 Liability/Casualty	2014-15	Addition	301
A863 Liability/Casualty	2014-15	Expenditure	0
A863 Liability/Casualty	6/30/2015	Balance	321,545
A863 Liability/Casualty	2015-16	Addition	231
A863 Liability/Casualty	2015-16	Expenditure	0
A863 Liability/Casualty	6/30/2016	Balance	321,776
A863 Liability/Casualty	2016-17	Addition	423
A863 Liability/Casualty	2016-17	Expenditure	0
A863 Liability/Casualty	6/30/2017	Balance	322,199
A863 Liability/Casualty	2017-18	Addition	1,907
A863 Liability/Casualty	2017-18	Expenditure	0
A863 Liability/Casualty	6/30/2018	Balance	324,106
A863 Liability/Casualty	2018-19	Addition	5,464
A863 Liability/Casualty	2018-19	Expenditure	0
A863 Liability/Casualty	6/30/2019	Balance	329,570
A863 Liability/Casualty	2019-20	Addition	3,280
A863 Liability/Casualty	2019-20	Expenditure	0
A863 Liability/Casualty	6/30/2020	Balance	332,850
A863 Liability/Casualty	2020-21	Addition	450,154
A863 Liability/Casualty	2020-21	Expenditure	0
A863 Liability/Casualty	6/30/2021	Balance	783,004
A863 Liability/Casualty	Total Appropriations		783,004
A863 Liability/Casualty	Total Expenditures		0
A863 Liability/Casualty	2019-20 Budgeted Use		0
A863 Liability/Casualty	Remaining Balance		783,004

A864 Tax Certiorari	6/30/2011	Balance	891,187
A864 Tax Certiorari	2011-12	Addition	218,785
A864 Tax Certiorari	2011-12	Expenditure	0
A864 Tax Certiorari	6/30/2012	Balance	1,109,972
A864 Tax Certiorari	2012-13	Addition	2,841
A864 Tax Certiorari	2012-13	Expenditure	24,758
A864 Tax Certiorari	6/30/2013	Balance	1,088,056
A864 Tax Certiorari	2013-14	Addition	442,286
A864 Tax Certiorari	2013-14	Expenditure	114,985
A864 Tax Certiorari	6/30/2014	Balance	1,415,356
A864 Tax Certiorari	2014-15	Addition	1,647,029
A864 Tax Certiorari	2014-15	Expenditure	0
A864 Tax Certiorari	6/30/2015	Balance	3,062,385
A864 Tax Certiorari	2015-16	Addition	471,249
A864 Tax Certiorari	2015-16	Expenditure	0
A864 Tax Certiorari	6/30/2016	Balance	3,533,634
A864 Tax Certiorari	2016-17	Addition	4,331
A864 Tax Certiorari	2016-17	Expenditure	197,349
A864 Tax Certiorari	6/30/2017	Balance	3,340,616
A864 Tax Certiorari	2017-18	Addition	19,771
A864 Tax Certiorari	2017-18	Expenditure	221,651
A864 Tax Certiorari	6/30/2018	Balance	3,138,736
A864 Tax Certiorari	2018-19	Addition	713,540
A864 Tax Certiorari	2018-19	Expenditure	407,008
A864 Tax Certiorari	6/30/2019	Balance	3,445,268
A864 Tax Certiorari	2019-20	Addition	1,473,731
A864 Tax Certiorari	2019-20	Expenditure	2,680,969
A864 Tax Certiorari	6/30/2020	Balance	2,238,030
A864 Tax Certiorari	2020-21	Addition	905,197
A864 Tax Certiorari	2020-21	Expenditure	219,274
A864 Tax Certiorari	6/30/2021	Balance	2,923,953
A864 Tax Certiorari	Total Appropriations		7,259,309
A864 Tax Certiorari	Total Expenditures		4,335,356
A864 Tax Certiorari	2019-20 Budgeted Use		135,000
A864 Tax Certiorari	Remaining Balance		2,788,953

A867 Employee Benefit Accrued Liability Reserve	6/30/2011	Balance	10,976,538
A867 Employee Benefit Accrued Liability Reserve	2011-12	Addition	1,200,000
A867 Employee Benefit Accrued Liability Reserve	2011-12	Expenditure	1,107,310
A867 Employee Benefit Accrued Liability Reserve	6/30/2012	Balance	11,069,228
A867 Employee Benefit Accrued Liability Reserve	2012-13	Addition	300,000
A867 Employee Benefit Accrued Liability Reserve	2012-13	Expenditure	1,685,100
A867 Employee Benefit Accrued Liability Reserve	6/30/2013	Balance	9,684,128
A867 Employee Benefit Accrued Liability Reserve	2013-14	Addition	14,423
A867 Employee Benefit Accrued Liability Reserve	2013-14	Expenditure	152,097
A867 Employee Benefit Accrued Liability Reserve	6/30/2014	Balance	9,546,455
A867 Employee Benefit Accrued Liability Reserve	2014-15	Addition	41,750
A867 Employee Benefit Accrued Liability Reserve	2014-15	Expenditure	35,770
A867 Employee Benefit Accrued Liability Reserve	6/30/2015	Balance	9,552,435
A867 Employee Benefit Accrued Liability Reserve	2015-16	Addition	1,904
A867 Employee Benefit Accrued Liability Reserve	2015-16	Expenditure	650,000
A867 Employee Benefit Accrued Liability Reserve	6/30/2016	Balance	8,904,339
A867 Employee Benefit Accrued Liability Reserve	2016-17	Addition	956,464
A867 Employee Benefit Accrued Liability Reserve	2016-17	Expenditure	0
A867 Employee Benefit Accrued Liability Reserve	6/30/2017	Balance	9,860,803
A867 Employee Benefit Accrued Liability Reserve	2017-18	Addition	447,390
A867 Employee Benefit Accrued Liability Reserve	2017-18	Expenditure	0
A867 Employee Benefit Accrued Liability Reserve	6/30/2018	Balance	10,338,193
A867 Employee Benefit Accrued Liability Reserve	2018-19	Addition	708,740
A867 Employee Benefit Accrued Liability Reserve	2018-19	Expenditure	654,555
A867 Employee Benefit Accrued Liability Reserve	6/30/2019	Balance	10,392,378
A867 Employee Benefit Accrued Liability Reserve	2019-20	Addition	1,041,834
A867 Employee Benefit Accrued Liability Reserve	2019-20	Expenditure	517,094
A867 Employee Benefit Accrued Liability Reserve	6/30/2020	Balance	10,917,118
A867 Employee Benefit Accrued Liability Reserve	2020-21	Addition	1,754,712
A867 Employee Benefit Accrued Liability Reserve	2020-21	Expenditure	868,426
A867 Employee Benefit Accrued Liability Reserve	6/30/2021	Balance	11,803,404
A867 Employee Benefit Accrued Liability Reserve	Total Appropriations		17,936,789
A867 Employee Benefit Accrued Liability Reserve	Total Expenditures		6,133,385
A867 Employee Benefit Accrued Liability Reserve	2019-20 Budgeted Use		365,000
A867 Employee Benefit Accrued Liability Reserve	Remaining Balance		11,438,404

V884 Debt Service	6/30/2011	Balance	8,621,494
V884 Debt Service	2011-12	Addition	27,147
V884 Debt Service	2011-12	Expenditure	0
V884 Debt Service	6/30/2012	Balance	8,648,641
V884 Debt Service	2012-13	Addition	14,619
V884 Debt Service	2012-13	Expenditure	1,740,000
V884 Debt Service	6/30/2013	Balance	6,923,261
V884 Debt Service	2013-14	Addition	743,918
V884 Debt Service	2013-14	Expenditure	0
V884 Debt Service	6/30/2014	Balance	7,667,178
V884 Debt Service	2014-15	Addition	9,934
V884 Debt Service	2014-15	Expenditure	0
V884 Debt Service	6/30/2015	Balance	7,677,112
V884 Debt Service	2015-16	Addition	11,212
V884 Debt Service	2015-16	Expenditure	0
V884 Debt Service	6/30/2016	Balance	7,688,324
V884 Debt Service	2016-17	Addition	16,259
V884 Debt Service	2016-17	Expenditure	0
V884 Debt Service	6/30/2017	Balance	7,704,583
V884 Debt Service	2017-18	Addition	183,890
V884 Debt Service	2017-18	Expenditure	0
V884 Debt Service	6/30/2018	Balance	7,888,473
V884 Debt Service	2018-19	Addition	225,885
V884 Debt Service	2018-19	Expenditure	0
V884 Debt Service	6/30/2019	Balance	8,144,358
V884 Debt Service	2019-20	Addition	127,887
V884 Debt Service	2019-20	Expenditure	0
V884 Debt Service	6/30/2020	Balance	8,272,245
V884 Debt Service	2020-21	Addition	11,902
V884 Debt Service	2020-21	Expenditure	0
V884 Debt Service	6/30/2021	Balance	8,284,147
V884 Debt Service	Total Appropriations		10,274,147
V884 Debt Service	Total Expenditures		1,990,000
V884 Debt Service	2019-20 Budgeted Use		1,644,182

A878 Capital	6/30/2011	Balance	2,489,077
A878 Capital	2011-12	Addition	9,388
A878 Capital	2011-12	Expenditure	0
A878 Capital	6/30/2012	Balance	2,498,465
A878 Capital	2012-13	Addition	6,396
A878 Capital	2012-13	Expenditure	0
A878 Capital	6/30/2013	Balance	2,504,861
A878 Capital	2013-14	Addition	4,638
A878 Capital	2013-14	Expenditure	0
A878 Capital	6/30/2014	Balance	2,509,499
A878 Capital	2014-15	Addition	2,355
A878 Capital	2014-15	Expenditure	0
A878 Capital	6/30/2015	Balance	2,511,854
A878 Capital	2015-16	Addition	1,775,625
A878 Capital	2015-16	Expenditure	0
A878 Capital	6/30/2016	Balance	4,287,479
A878 Capital	2016-17	Addition	2,861,164
A878 Capital	2016-17	Expenditure	0
A878 Capital	6/30/2017	Balance	7,148,643
A878 Capital	2017-18	Addition	456,099
A878 Capital	2017-18	Expenditure	2,500,000
A878 Capital	6/30/2018	Balance	5,104,742
A878 Capital	2018-19	Addition	1,586,073
A878 Capital	2018-19	Expenditure	0
A878 Capital	6/30/2019	Balance	6,690,815
A878 Capital	2019-20	Addition	66,584
A878 Capital	2019-20	Expenditure	0
A878 Capital	6/30/2020	Balance	6,757,399
A878 Capital	2020-21	Addition	3,433,332
A878 Capital	2020-21	Expenditure	5,000,000
A878 Capital	6/30/2021	Balance	5,190,731
A878 Capital	Total Appropriations		12,690,731
A878 Capital	Total Expenditures		7,500,000
A878 Capital	2019-20 Budgeted Use		0
A878 Capital	Remaining Balance		5,190,731

A889 Capital (Buses)	6/30/2011	Balance	3,147,076
A889 Capital (Buses)	2011-12	Addition	1,504,187
A889 Capital (Buses)	2011-12	Expenditure	1,106,320
A889 Capital (Buses)	6/30/2012	Balance	3,544,943
A889 Capital (Buses)	2012-13	Addition	1,500,000
A889 Capital (Buses)	2012-13	Expenditure	1,121,832
A889 Capital (Buses)	6/30/2013	Balance	3,923,111
A889 Capital (Buses)	2013-14	Addition	6,445
A889 Capital (Buses)	2013-14	Expenditure	791,507
A889 Capital (Buses)	6/30/2014	Balance	3,138,049
A889 Capital (Buses)	2014-15	Addition	423,183
A889 Capital (Buses)	2014-15	Expenditure	824,308
A889 Capital (Buses)	6/30/2015	Balance	2,736,924
A889 Capital (Buses)	2015-16	Addition	2,565,114
A889 Capital (Buses)	2015-16	Expenditure	864,493
A889 Capital (Buses)	6/30/2016	Balance	4,437,545
A889 Capital (Buses)	2016-17	Addition	444,613
A889 Capital (Buses)	2016-17	Expenditure	1,020,106
A889 Capital (Buses)	6/30/2017	Balance	3,862,052
A889 Capital (Buses)	2017-18	Addition	128,096
A889 Capital (Buses)	2017-18	Expenditure	957,229
A889 Capital (Buses)	6/30/2018	Balance	3,032,919
A889 Capital (Buses)	2018-19	Addition	1,524,766
A889 Capital (Buses)	2018-19	Expenditure	999,830
A889 Capital (Buses)	6/30/2019	Balance	3,557,855
A889 Capital (Buses)	2019-20	Addition	35,406
A889 Capital (Buses)	2019-20	Expenditure	1,013,902
A889 Capital (Buses)	6/30/2020	Balance	2,579,359
A889 Capital (Buses)	2020-21	Addition	3,701,191
A889 Capital (Buses)	2020-21	Expenditure	1,082,353
A889 Capital (Buses)	6/30/2021	Balance	5,198,197
A889 Capital (Buses)	Total Appropriations		19,760,845
A889 Capital (Buses)	Total Expenditures		14,562,648
A889 Capital (Buses)	2019-20 Budgeted Use		732,510
A889 Capital (Buses)	Remaining Balance		4,465,687

Total Reserves	6/30/2011	Balance	32,264,972
Total Reserves	2011-12	Addition	4,944,755
Total Reserves	2011-12	Expenditure	2,466,168
Total Reserves	6/30/2012	Balance	34,743,558
Total Reserves	2012-13	Addition	3,510,752
Total Reserves	2012-13	Expenditure	4,962,623
Total Reserves	6/30/2013	Balance	33,291,687
Total Reserves	2013-14	Addition	1,380,781
Total Reserves	2013-14	Expenditure	2,118,916
Total Reserves	6/30/2014	Balance	32,553,551
Total Reserves	2014-15	Addition	2,932,017
Total Reserves	2014-15	Expenditure	886,262
Total Reserves	6/30/2015	Balance	34,599,307
Total Reserves	2015-16	Addition	4,831,610
Total Reserves	2015-16	Expenditure	1,525,229
Total Reserves	6/30/2016	Balance	37,905,688
Total Reserves	2016-17	Addition	4,293,958
Total Reserves	2016-17	Expenditure	1,225,526
Total Reserves	6/30/2017	Balance	40,974,119
Total Reserves	2017-18	Addition	1,318,865
Total Reserves	2017-18	Expenditure	5,690,272
Total Reserves	6/30/2018	Balance	36,602,712
Total Reserves	2018-19	Addition	5,631,286
Total Reserves	2018-19	Expenditure	2,801,073
Total Reserves	6/30/2019	Balance	39,432,925
Total Reserves	2019-20	Addition	2,817,116
Total Reserves	2019-20	Expenditure	4,262,707
Total Reserves	6/30/2020	Balance	37,987,334
Total Reserves	2020-21	Addition	12,585,003
Total Reserves	2020-21	Expenditure	7,235,830
Total Reserves	6/30/2021	Balance	43,336,506
Total Reserves	Total Appropriations		82,474,276
Total Reserves	Total Expenditures		39,137,770
Total Reserves	2019-20 Budgeted Use		5,953,426
Total Reserves	Remaining Balance		37,383,080

A914 Appropriated	6/30/2011	Balance	3,300,000
A914 Appropriated	2011-12	Addition	0
A914 Appropriated	2011-12	Expenditure	0
A914 Appropriated	6/30/2012	Balance	3,100,000
A914 Appropriated	2012-13	Addition	0
A914 Appropriated	2012-13	Expenditure	0
A914 Appropriated	6/30/2013	Balance	3,710,236
A914 Appropriated	2013-14	Addition	0
A914 Appropriated	2013-14	Expenditure	0
A914 Appropriated	6/30/2014	Balance	3,765,681
A914 Appropriated	2014-15	Addition	0
A914 Appropriated	2014-15	Expenditure	0
A914 Appropriated	6/30/2015	Balance	2,193,964
A914 Appropriated	2015-16	Addition	0
A914 Appropriated	2015-16	Expenditure	0
A914 Appropriated	6/30/2016	Balance	2,233,466
A914 Appropriated	2016-17	Addition	0
A914 Appropriated	2016-17	Expenditure	0
A914 Appropriated	6/30/2017	Balance	3,243,450
A914 Appropriated	2017-18	Addition	0
A914 Appropriated	2017-18	Expenditure	0
A914 Appropriated	6/30/2018	Balance	3,279,049
A914 Appropriated	2018-19	Addition	0
A914 Appropriated	2018-19	Expenditure	0
A914 Appropriated	6/30/2019	Balance	2,129,586
A914 Appropriated	2019-20	Addition	0
A914 Appropriated	2019-20	Expenditure	0
A914 Appropriated	6/30/2020	Balance	3,079,497
A914 Appropriated	2020-21	Addition	0
A914 Appropriated	2020-21	Expenditure	0
A914 Appropriated	6/30/2021	Balance	3,455,083

A917 Unappropriated	6/30/2011	Balance	3,354,057
A917 Unappropriated	6/30/2012	Balance	3,541,551
A917 Unappropriated	6/30/2013	Balance	3,437,489
A917 Unappropriated	6/30/2014	Balance	3,630,071
A917 Unappropriated	6/30/2015	Balance	3,864,702
A917 Unappropriated	6/30/2016	Balance	3,931,459
A917 Unappropriated	6/30/2017	Balance	4,061,222
A917 Unappropriated	6/30/2018	Balance	4,213,303
A917 Unappropriated	6/30/2019	Balance	4,315,080
A917 Unappropriated	6/30/2020	Balance	10,207,535
A917 Unappropriated	6/30/2021	Balance	4,681,081

Total Reserves and Fund Balance	6/30/2011	Balance	38,919,029
Total Reserves and Fund Balance	2011-12	Addition	4,944,755
Total Reserves and Fund Balance	2011-12	Expenditure	-2,466,168
Total Reserves and Fund Balance	6/30/2012	Balance	41,385,109
Total Reserves and Fund Balance	2012-13	Addition	3,510,752
Total Reserves and Fund Balance	2012-13	Expenditure	-4,962,623
Total Reserves and Fund Balance	6/30/2013	Balance	40,439,412
Total Reserves and Fund Balance	2013-14	Addition	1,380,781
Total Reserves and Fund Balance	2013-14	Expenditure	-2,118,916
Total Reserves and Fund Balance	6/30/2014	Balance	39,949,303
Total Reserves and Fund Balance	2014-15	Addition	2,932,017
Total Reserves and Fund Balance	2014-15	Expenditure	-886,262
Total Reserves and Fund Balance	6/30/2015	Balance	40,657,973
Total Reserves and Fund Balance	2015-16	Addition	4,831,610
Total Reserves and Fund Balance	2015-16	Expenditure	-1,525,229
Total Reserves and Fund Balance	6/30/2016	Balance	44,070,613
Total Reserves and Fund Balance	2016-17	Addition	4,293,958
Total Reserves and Fund Balance	2016-17	Expenditure	-1,225,526
Total Reserves and Fund Balance	6/30/2017	Balance	48,278,791
Total Reserves and Fund Balance	6/30/2018	Balance	44,095,063
Total Reserves and Fund Balance	6/30/2019	Balance	45,877,590
Total Reserves and Fund Balance	6/30/2020	Balance	51,274,366
Total Reserves and Fund Balance	6/30/2021	Balance	51,472,670

The following reserves are legally allowed to be established and funded by school districts, but not utilized by the Lancaster Central School District:

Liability Reserve:	to pay liability claims incurred
Repair Reserve:	to pay the cost of repairs to capital improvements and equipment
Reserve for Tax Reduction:	to allow for the gradual use of proceeds from the sale of district real property

In addition to reserves the district also has an Assigned/Appropriated and Unassigned/Unappropriated fund balance. These fund balances are used for the following purposes:

ASSIGNED/APPROPRIATED FUND BALANCE

Purpose: Planned reduction in fund balance to reduce the property tax levy necessary to support the current budget.

Balance June 30, 2019:	\$2,129,586 (1.95%)
Balance June 30, 2020:	\$3,079,497 (2.69%)
Balance June 30, 2021:	\$3,455,083 (2.93%)

Ideal Balance: The designation of fund balance represents a “one-shot” revenue that cannot be anticipated to be available in the ensuing year’s budget. Overuse can cause the depletion of available fund balance, ultimately leading to spikes in the property tax rate or budget cuts. It is projected the current designated fund balance is sustainable for the foreseeable future. Generally, best practice dictates that appropriated fund balance should not exceed 1-2% of the current year budget, if necessary.

UNASSIGNED/UNDESIGNATED FUND BALANCE

Purpose: Used to fund expenditures from July through September of the ensuing year prior to the inflow of property tax receipts. Also provides a source of funds for unanticipated increases in expenditures, decreases in revenue and interruptions in cash flow.

Balance June 30, 2019:	\$4,315,080 (3.94%)
Balance June 30, 2020:	\$10,207,535 (8.92%)
Balance June 30, 2021:	\$4,681,081 (3.97%)

Ideal Balance: By law, the undesignated fund balance is limited to 4% of the ensuing year’s budget. This is generally considered to be the ideal balance. The district is annually in compliance with the statutory limit, with the exception of June 30, 2020. The undesignated fund balance in 2020 exceeded the limit by \$5,627,851 (4.92%). That excess represented budgetary funds not spent as a result of the March 16, 2020 through June 30, 2020 COVID-19 pandemic school closure. The excess was carried over as undesignated fund balance into the 2020-21 school year to mitigate unanticipated expenses (for example, Personal Protective Equipment, disinfection, and remote learning to name a few), decreases in revenue receipts (for example, state aid reductions, county sales tax receipts, and interest earnings), and cash flow interruptions (for example, state aid withholdings, decreased county sales tax receipts) due to the COVID-19 pandemic. Funds determined to not be

needed for the above-mentioned purposes at year end June 30, 2021 were allocated to reserves with Board of Education approval. Undesignated fund balance is back to the statutory 4% limit for the June 30, 2021 fiscal year end.