

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

**Financial Statements  
for the year ended  
June 30, 2020**

**Together with Independent  
Auditor's Report and Report Required by *Government*  
*Auditing Standards***

**Bonadio & Co., LLP**  
Certified Public Accountants

## New York Mills Union Free School District

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## **INDEPENDENT AUDITOR'S REPORT**

October 6, 2020

To the Board of Education and Superintendent of  
New York Mills Union Free School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New York Mills Union Free School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## INDEPENDENT AUDITOR'S REPORT

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2020, and the respective change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Report on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedules of Changes in Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Contributions-Pension Plans be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Balance Sheet-Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balance -Nonmajor Governmental Funds, Schedule of Changes from Original Budget to Revised Budget, Schedule of Section 1318 Real Property Tax Law Limit Calculation-General Fund, Schedule of Project Expenditures-Capital Projects Fund and Schedule of Net Investment in Capital Assets are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Balance Sheet-Nonmajor Governmental Funds and the Combining Statement of Revenues, Expenditures and Changes in Fund Balance-Nonmajor Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet-Nonmajor Governmental Funds and the Combining Statement of Revenues, Expenditures and Changes in Fund Balance-Nonmajor Funds are fairly stated, in all material respects, in relation to the basic financial statements.

## **INDEPENDENT AUDITOR'S REPORT**

The Schedule of Changes from Original Budget to Revised Budget, Schedule of Section 1318 Real Property Tax Law limit Calculation-General Fund, Schedule of Project Expenditures-Capital Projects Fund and Schedule of Net Investment in Capital Assets have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

## **NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited)**

**June 30, 2020**

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The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2020. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed, as well as a comparative analysis to prior year information. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

#### **Highlights**

- At June 30, 2020 total liabilities (what the District owes) exceeded its total assets (what the District owns) by \$7,126,782. At June 30, 2019, total liabilities exceeded total assets by \$4,561,341. Net Position decreased by \$2,565,441.
- Capital asset additions during 2020 amounted to \$359,717 primarily due to \$158,112 in building expenditures and \$201,605 for equipment purchases.
- General revenue, which includes State aid, and property taxes, accounted for \$13,802,550 or 99.88% of all revenue. Program specific revenue in the form of charges for services accounted for \$16,052 or 0.12% of total revenue.
- Total expenses in the district-wide financial statements totaled \$16,384,043 and \$13,646,015 in 2020 and 2019 respectively.
- At the close of the fiscal year, the District's governmental funds reported combined fund balances of \$5,178,380 and \$5,205,780 in 2020 and 2019, respectively, a decrease of -\$27,400 from 2019 to 2020.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are Governmental fund financial statements that focus on individual activities of the District, reporting the operation in more detail than the District-wide statements.
  - The Governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.
  - Fiduciary fund statements provide information about financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

# NEW YORK MILLS UNION FREE SCHOOL DISTRICT

## Management's Discussion and Analysis (Unaudited)

June 30, 2020

**Table A-1** Organization of the District's Annual Financial Report

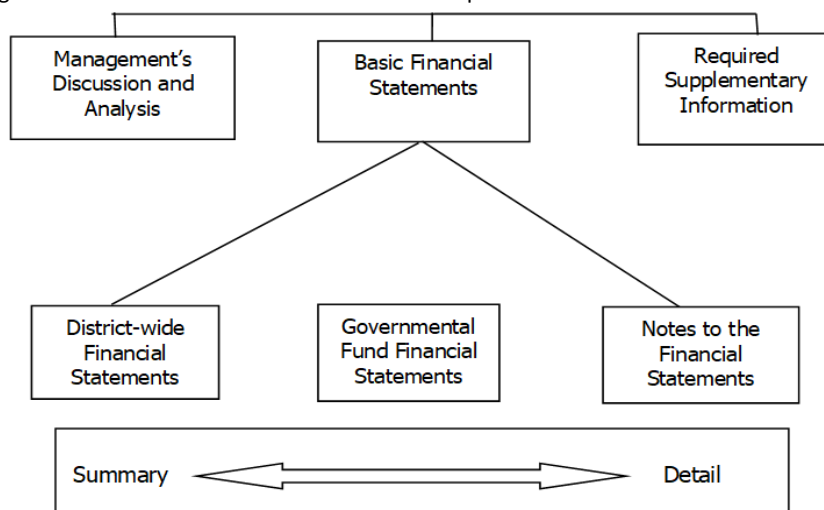


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

**Table A-2** Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenue, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net position</li> <li>Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows-outflows of resources/ liability information	All assets/deferred outflows and liabilities/deferred inflows, both financial capital, short-term and long-term	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included	All assets/deferred outflows and liabilities/deferred inflows; both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

## **NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited)**

**June 30, 2020**

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#### **District-Wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional nonfinancial factors, such as changes in the property tax base and the condition of buildings and other facilities, should be considered.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Net investment in capital assets.
  - Restricted net position includes resources with constraints placed on use by external sources or imposed by law.
  - Unrestricted net position is net position that does not meet any of the above restrictions.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.



## NEW YORK MILLS UNION FREE SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited)

June 30, 2020

The District has two kinds of funds:

- Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, Debt Service fund, Capital Projects fund, School Lunch fund, Special Revenue fund and Permanent fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

### Financial Analysis of the District as a Whole

Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

**Table A-3** Condensed Statements of Net Position - Governmental Activities (in thousands)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	<u>Change</u>	
Current assets	\$ 5,761	\$ 5,766	\$ (5)	-0.1%
Non-current assets	11,898	11,830	68	0.6%
Total Assets	<u>17,659</u>	<u>17,596</u>	<u>63</u>	0.4%
Deferred outflows	<u>9,411</u>	<u>2,539</u>	<u>6,872</u>	270.7%
Current liabilities	474	79	395	500.0%
Long-term liabilities	<u>31,619</u>	<u>22,534</u>	<u>9,085</u>	40.3%
Total liabilities	<u>32,093</u>	<u>22,613</u>	<u>9,480</u>	41.9%
Deferred inflows	<u>2,104</u>	<u>2,084</u>	<u>20</u>	1.0%
Net position:				
Net investment in capital assets	7,187	6,926	261	3.8%
Restricted	2,968	2,983	(15)	-0.5%
Unrestricted	<u>(17,281)</u>	<u>(14,470)</u>	<u>(2,811)</u>	19.4%
Total net position	<u>\$ (7,126)</u>	<u>\$ (4,561)</u>	<u>\$ (2,565)</u>	56.2%

## NEW YORK MILLS UNION FREE SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited)

June 30, 2020

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In Table A-3, total assets at June 30, 2020 were approximately \$62,380 higher than at June 30, 2019. Total liabilities increased by approximately \$9,479,722.

Deferred outflows/inflows account for the GASB No. 68 recording of pensions and GASB No. 75 recording of other post-employment benefits. The deferred outflows increased approximately \$6,871,396 and the deferred inflows increased approximately \$19,495.

**Table A-4** Changes in Net Position from Operating Results - Governmental Activities (in thousands)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Percent <u>Change</u>
Revenue			
Charges for services	\$ 16	\$ 18	-11.1%
General Revenue:			
Real property taxes	6,842	6,615	3.4%
Nonproperty tax	1,115	1,106	0.8%
Use of money and property	53	49	8.2%
Sales of property and compensation for loss	29	8	262.5%
Miscellaneous	687	445	54.4%
State sources	4,485	5,005	-10.4%
Federal sources	<u>591</u>	<u>646</u>	-8.5%
Total revenue	<u>13,818</u>	<u>13,892</u>	-0.5%
Expenses:			
General government support	2,398	2,009	19.4%
Instruction	13,109	10,783	21.6%
Pupil transportation	739	696	6.2%
Interest	<u>137</u>	<u>158</u>	-13.3%
Total expenses	<u>16,383</u>	<u>13,646</u>	20.1%
Increase (decrease) in net position	<u>\$ (2,565)</u>	<u>\$ 246</u>	-1142.7%

#### Changes in Net Position

The District's total fiscal year 2020 revenues totaled \$13,818,602 (See Table A-4). Property taxes (including other tax items) and state and federal sources formula aid accounted for most of the District's revenue (See Table A-5). The remainder came from fees charged for services, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$16,384,043 for fiscal year 2020. These expenses are predominately related to instruction, which account for 79% of District expenses. (See Table A-6). The District's general support activities accounted for 15% of total costs.

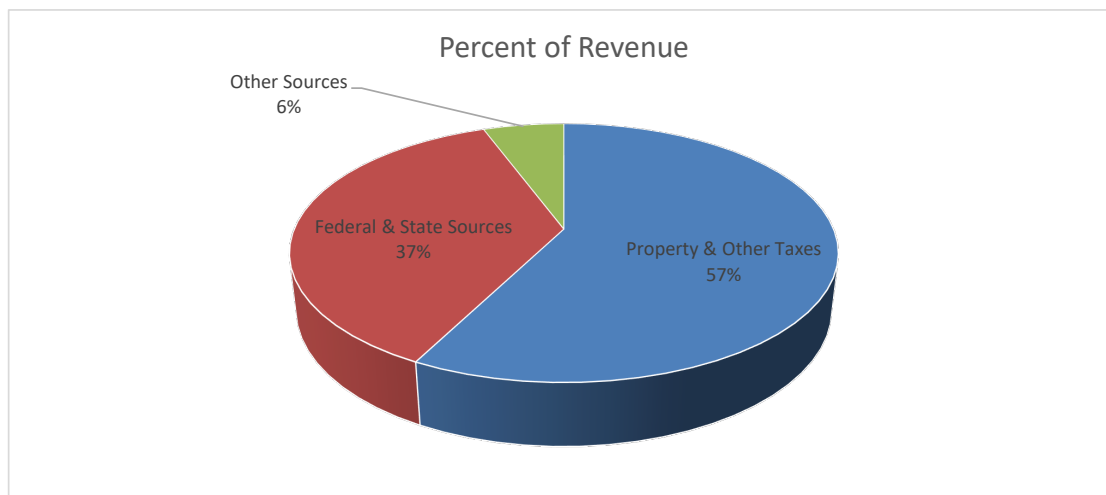
## NEW YORK MILLS UNION FREE SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited)

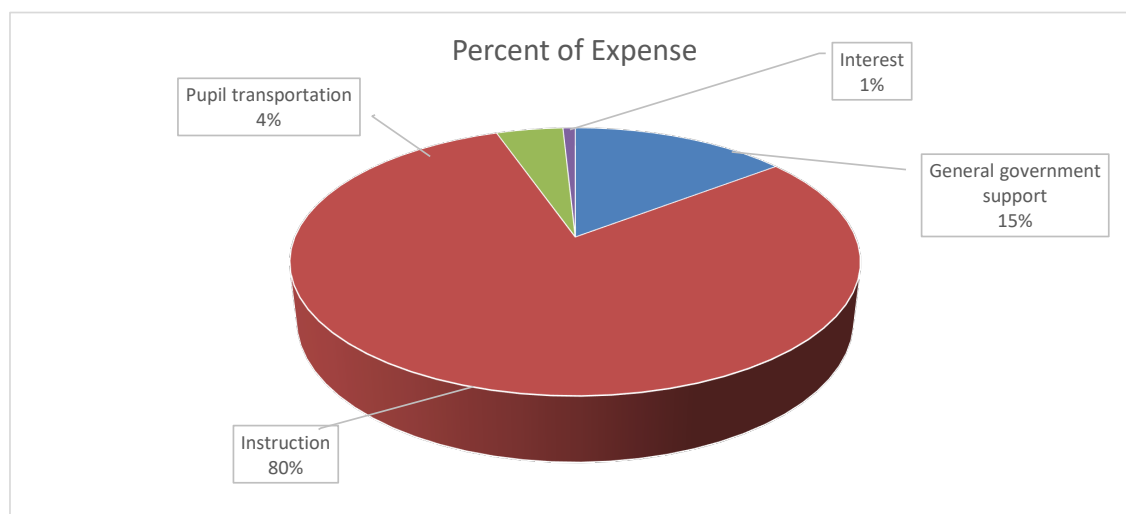
June 30, 2020

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**Table A-5** Sources of Revenue for Fiscal Year 2020



**Table A-6** Expenses for Fiscal Year 2020



### Financial Analysis of the District's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt, liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

## NEW YORK MILLS UNION FREE SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited)

June 30, 2020

At June 30, 2020, the District, in its governmental funds, reported combined fund balances of \$5.2 million, a increase of approximately \$.3 million from the prior year. The District's general fund operated at a surplus of \$36,167.

#### General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General fund.

**Table A-7** Results vs. Budget (in thousands)

	Original Budget	Final Budget	Actual	Enc.	Variance Positive/ (Negative)
Revenue:					
Real property taxes	\$ 7,912	\$ 7,912	\$ 7,957	\$ -	\$ 45
State and federal sources	4,872	4,872	4,345	-	(527)
Other	401	401	766	-	365
Total	<u>13,185</u>	<u>13,185</u>	<u>13,068</u>	<u>-</u>	<u>(117)</u>
Expenditures:					
General support	\$ 1,685	\$ 1,922	\$ 1,563	\$ 99	\$ 260
Instruction	7,890	8,501	7,744	126	631
Pupil transportation	688	723	607	23	93
Employee benefits	3,247	3,048	2,491	10	547
Debt service	1,028	518	518	-	-
Other financing (sources)	110	110	110	-	-
Total	<u>14,648</u>	<u>14,822</u>	<u>13,033</u>	<u>258</u>	<u>1,531</u>
Revenue over (under) expenditures	<u>\$ (1,463)</u>	<u>\$ (1,637)</u>	<u>\$ 35</u>	<u>\$ (258)</u>	<u>\$ 1,414</u>

The General fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

The following significant variances between budget and actual occurred during fiscal 2020:

- State and federal revenue was lower than budget by \$539,882. This line is difficult to budget and mainly consists of general aid payments in which the amount is set by the state and can vary by year due to a number of factors. In addition, miscellaneous revenue, which includes refunds of prior year expenditures, exceeded budget by approximately \$304,000. This line item is also difficult to budget and can vary year to year.
- The District experienced savings in all expenditure categories.

#### Capital Assets

As of June, 30, 2020, the District had an investment of \$11.11 million in a broad range of capital assets including land, buildings, buses, athletics facilities, computers and other educational equipment.

## NEW YORK MILLS UNION FREE SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited)

June 30, 2020

**Tables A-8** Capital Assets (net of depreciation)

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Category:			
Land	\$ 62	\$ 62	0.0%
Buildings and improvements	10,183	10,476	-2.8%
Furniture and equipment	869	854	1.8%
Total	<u>\$ 11,114</u>	<u>\$ 11,392</u>	-2.4%

### Long-Term Debt

At year-end, the District had \$4.09 million in general obligation bonds outstanding and \$27.54 million in other long-term liabilities. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

**Table A-9** Outstanding Long-Term Debt

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Category:			
General obligation bonds	\$ 4,085	\$ 4,465	-8.5%
Net pension liability	647	165	292.1%
Compensated absences	1,564	1,446	8.2%
Other postemployment benefit obligation	25,324	16,458	53.9%
Total	<u>\$ 31,620</u>	<u>\$ 22,534</u>	40.3%

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: New York Mills Union Free School District Administrative Center, 1 Marauder Boulevard, New York Mills, New York 13417.

**New York Mills Union Free School District****STATEMENT OF NET POSITION****June 30, 2020****ASSETS**

## CURRENT ASSETS:

Cash and cash equivalents	\$ 1,793,032
Cash and cash equivalents - restricted	2,905,909
Due from Federal, State and other governments	<u>1,062,418</u>
Total current assets	<u>5,761,359</u>

## NON-CURRENT ASSETS:

Capital assets, net	11,271,501
Net pension asset - TRS	<u>626,306</u>
Total noncurrent assets	<u>11,897,807</u>

Total assets	<u>17,659,166</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Pension related-TRS	2,066,928
Pension related-ERS	510,884
OPEB related	<u>6,832,913</u>
Total deferred outflows of resources	<u>9,410,725</u>

**LIABILITIES**

## CURRENT LIABILITIES:

Accrued liabilities	46,244
Due to teachers' retirement system	389,090
Due to employees' retirement system	33,430
Interest payable	<u>5,000</u>
Total current liabilities	<u>473,764</u>

## LONG-TERM LIABILITIES:

Due and payable within one year - Bonds payable	395,000
Due and payable after one year - Net pension liability - ERS	646,566
Other postemployment benefits	25,323,574
Compensated absences	1,564,196
Bonds payable	<u>3,690,000</u>
Total long-term liabilities	<u>31,619,336</u>
Total liabilities	<u>32,093,100</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension related-TRS	930,864
Pension related-ERS	20,771
OPEB related	<u>1,151,938</u>
Total deferred inflows of resources	<u>2,103,573</u>

**NET POSITION**

Net investment in capital assets	7,186,501
Restricted	2,967,711
Unrestricted	<u>(17,280,994)</u>

TOTAL NET POSITION	<u>\$ (7,126,782)</u>
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The accompanying notes are an integral part of these statements.

**New York Mills Union Free School District**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

		Program Revenue		Net (Expense)
		Charges for	Operating	Revenue and
	<u>Expenses</u>	<u>Services</u>	<u>Grants</u>	<u>Change in</u>
				<u>Net Position</u>
FUNCTIONS/PROGRAMS:				
General governmental support	\$ 2,398,787	\$ -	\$ -	\$ (2,398,787)
Instruction	13,108,989	16,052	-	(13,092,937)
Pupil transportation	738,935	-	-	(738,935)
Debt service - interest	137,332	-	-	(137,332)
Total functions/programs	<u>\$ 16,384,043</u>	<u>\$ 16,052</u>	<u>\$ -</u>	<u>(16,367,991)</u>
GENERAL REVENUE:				
Real property taxes				6,842,258
Nonproperty taxes				1,114,738
Use of money and property				53,359
Sale of property and compensation for loss				29,172
Miscellaneous				686,820
State sources				4,485,344
Federal sources				590,859
Total general revenue				<u>13,802,550</u>
CHANGE IN NET POSITION				(2,565,441)
NET POSITION - beginning of year				<u>(4,561,341)</u>
NET POSITION - end of year				<u>\$ (7,126,782)</u>

The accompanying notes are an integral part of these statements

**New York Mills Union Free School District**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2020**

	<u>General</u>	<u>Special Aid</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,762,485	\$ 9,192	\$ -	\$ 21,355	\$ 1,793,032
Cash and cash equivalents - restricted	1,518,603	-	1,336,493	50,813	2,905,909
Due from other funds	500,529	-	39	-	500,568
Due from Federal, State and other governments	<u>571,082</u>	<u>491,336</u>	<u>-</u>	<u>-</u>	<u>1,062,418</u>
Total assets	<u>4,352,699</u>	<u>500,528</u>	<u>1,336,532</u>	<u>72,168</u>	<u>6,261,927</u>
<b>LIABILITIES</b>					
Accrued liabilities	46,244	-	-	-	46,244
Due to other funds	-	500,528	-	40	500,568
Due to Teachers' Retirement System	389,090	-	-	-	389,090
Due to Employees' Retirement System	<u>33,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,430</u>
Total liabilities	<u>468,764</u>	<u>500,528</u>	<u>-</u>	<u>40</u>	<u>969,332</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>114,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,215</u>
Total deferred inflows of resources	<u>114,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,215</u>
<b>FUND BALANCES</b>					
Restricted					
Capital	791,178	-	-	-	791,178
Debt service	-	-	1,336,532	-	1,336,532
Employee Benefit	421,620	-	-	-	421,620
Repair	35,000	-	-	-	35,000
Retirement	167,404	-	-	-	167,404
Other	-	-	-	72,128	72,128
Tax Certiorari	<u>143,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,849</u>
Total restricted fund balance	<u>1,559,051</u>	<u>-</u>	<u>1,336,532</u>	<u>72,128</u>	<u>2,967,711</u>
Assigned					
Encumbrances	258,684	-	-	-	258,684
Appropriated for subsequent years expenditures	1,464,000	-	-	-	1,464,000
Unassigned	<u>487,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>487,985</u>
Total fund balances	<u>3,769,720</u>	<u>-</u>	<u>1,336,532</u>	<u>72,128</u>	<u>5,178,380</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 4,352,699</u>	<u>\$ 500,528</u>	<u>\$ 1,336,532</u>	<u>\$ 72,168</u>	<u>\$ 6,261,927</u>

The accompanying notes are an integral part of these statements



**New York Mills Union Free School District**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

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Fund balance - Total Governmental funds	\$ 5,178,380
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,271,501
Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the funds.	
Deferred outflows - ERS/TRS	2,577,812
Deferred inflows - ERS/TRS	(951,635)
Deferred outflows- OPEB	6,832,913
Deferred inflows- OPEB	(1,151,938)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability - ERS	(646,566)
Net pension asset - TRS	626,306
Interest on bonds payable is not due and payable in the current period and; therefore, not reported in the funds.	(5,000)
Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds.	114,215
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(4,085,000)
Other postemployment benefits	(25,323,574)
Compensated absences	<u>(1,564,196)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (7,126,782)</u>

The accompanying notes are integral to these statements

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Special Aid</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE:					
Real property taxes	\$ 6,842,258	\$ -	\$ -	\$ -	\$ 6,842,258
Other tax items	1,114,738	-	-	-	1,114,738
Charges for services	4,514	-	-	11,538	16,052
Use of money and property	45,610	-	7,555	194	53,359
Sale of property and compensation for loss	29,172	-	-	-	29,172
Miscellaneous	686,820	-	-	-	686,820
State sources	4,312,025	59,104	-	-	4,371,129
Federal sources	33,229	557,630	-	-	590,859
	<u>13,068,366</u>	<u>616,734</u>	<u>7,555</u>	<u>11,732</u>	<u>13,704,387</u>
Total revenue					
EXPENDITURES:					
General support	1,562,568	-	-	24,742	1,587,310
Instruction	7,743,909	626,234	-	-	8,370,143
Pupil transportation	607,082	-	-	-	607,082
Employee benefits	2,491,227	-	-	-	2,491,227
Capital outlays	-	-	-	158,112	158,112
Debt service -					
Principal	380,000	-	-	-	380,000
Interest	137,913	-	-	-	137,913
	<u>12,922,699</u>	<u>626,234</u>	<u>-</u>	<u>182,854</u>	<u>13,731,787</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>145,667</u>	<u>(9,500)</u>	<u>7,555</u>	<u>(171,122)</u>	<u>(27,400)</u>
OTHER FINANCING SOURCES AND (USES):					
Transfers in	-	9,500	-	100,000	109,500
Transfers out	(109,500)	-	-	-	(109,500)
	<u>(109,500)</u>	<u>9,500</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)					
CHANGE IN FUND BALANCE	36,167	-	7,555	(71,122)	(27,400)
FUND BALANCES - beginning of year	<u>3,733,553</u>	<u>-</u>	<u>1,328,977</u>	<u>143,250</u>	<u>5,205,780</u>
FUND BALANCES - end of year	<u>\$ 3,769,720</u>	<u>\$ -</u>	<u>\$ 1,336,532</u>	<u>\$ 72,128</u>	<u>\$ 5,178,380</u>

The accompanying notes are an integral part of these statements

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT****RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

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Net change in fund balance - total governmental funds	\$ (27,400)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	359,717
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(479,483)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	380,000
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	(953,961)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	114,215
Certain expenses in the statement of activities do not require the use of current resources and are; therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest payable	581
Change in compensated absences	(117,750)
Change in other postemployment benefits	<u>(1,841,360)</u>
Change in net position - governmental activities	<u>\$ (2,565,441)</u>

The accompanying notes are an integral part of these statements

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2020**

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	Private Purpose <u>Trusts</u>	<u>Agency</u>
ASSETS:		
Cash and cash equivalents - restricted	\$ 20,136	\$ 332,762
TOTAL ASSETS	<u>\$ 20,136</u>	<u>\$ 332,762</u>
LIABILITIES:		
Extraclassroom activity balances	\$ -	\$ 68,295
Other liabilities	<u>-</u>	<u>264,467</u>
Total liabilities	<u>-</u>	<u>\$ 332,762</u>
NET POSITION:		
Restricted for scholarships	<u>20,136</u>	
Total net position	<u>20,136</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 20,136</u>	

The accompanying notes are an integral part of these statements

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

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	Private Purpose <u>Trusts</u>
ADDITIONS:	
Gifts and contributions	\$ -
Investment earnings	<u>149</u>
Total additions	<u>149</u>
DEDUCTIONS:	
Scholarships and awards	<u>3,726</u>
CHANGE IN NET POSITION	(3,577)
NET POSITION - beginning of year	<u>23,713</u>
NET POSITION - end of year	<u>\$ 20,136</u>

The accompanying notes are an integral part of these statements

## **New York Mills Union Free School District**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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#### **1. NATURE OF OPERATIONS**

New York Mills Union Free School District (the District) provides K-12 public education to students living within its geographic borders.

##### **Reporting Entity**

The District is governed by the Laws of New York State. The District is an independent entity governed by an elected Board of Education (BOE) consisting of 7 members. The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) standards and consists of the primary government, and when applicable, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financials statements to be misleading or incomplete.

##### **Extraclassroom Activity Funds**

The extraclassroom activity funds of the District represent funds of the students of the District. The BOE exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

##### **Joint Venture**

The District is a component school district in The Oneida-Herkimer-Madison Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$3,685,552 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$979,697.

Financial Statements for the BOCES are available from the BOCES administrative office.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

### **Basis of Presentation**

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

### **District-Wide Statements**

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### **Fund Financial Statements**

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

*General Fund* - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

*Special Aid Fund* - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

*Debt Service Fund* - This fund is used to account for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of the governmental activities.

Nonmajor funds consist of the School Lunch Fund, Capital Projects, Miscellaneous Special Revenue Fund and a Permanent Fund.

#### **Fiduciary Funds**

These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used.

There are two classes of fiduciary funds:

*Private purpose trust funds* - These funds are used to account for trust arrangements in which principal and income are used to fund annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

*Agency funds* - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District solely as an agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.



## **New York Mills Union Free School District**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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#### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

#### **Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

#### **Restricted Cash and Cash Equivalents**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

#### **Due from Federal, State and Other Governments**

Due from Federal, New York State and other governments relates to receivables from New York State, the Federal government and BOCES. Management does not believe an allowance for doubtful accounts is necessary.

## **New York Mills Union Free School District**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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#### **Property Taxes**

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to the County who assumes all responsibility for collection. Uncollected real property taxes are subsequently enforced by the County(ies) in which the District is located. The County(ies) pay an amount representing uncollected real property taxes transmitted to the County(ies) for enforcement to the District no later than the following April 1.

#### **Tax Abatement Program**

The District is subject to tax abatements granted by the Oneida County Industrial Development Agency. The Agency was created in accordance with New York State Industrial Development Agency Act of 1969 to promote and develop the economic growth within the County and to assist in attracting industry to the County through various programs and other activities. The tax abatements are for the acquisition, construction and renovation of various properties in Oneida County. The total property taxes abated for the year ended June 30, 2020 were \$113,634.

#### **Interfund Transactions**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services. The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

Refer to Note 6 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

#### **Capital Assets**

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 1,000	SL	40 years
Land and site improvements	\$ 1,000	SL	20 years
Furniture and equipment	\$ 1,000	SL	5 - 15 years

#### **Vested Employee Benefits**

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements only the amount of matured liabilities is accrued within the General fund based upon expendable and available financial resources. These amounts are recognized as expenditures on a pay-as-you-go basis.

#### **Other Benefits**

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. (If applicable "The cost of providing post-retirement benefits is shared between the District and the retired employee.") The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

#### **Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. All deferred inflows and deferred outflows relate to pension plans and other postemployment benefits. Amortization is expensed against pension expense in future periods.

## **New York Mills Union Free School District**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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#### **Short-Term Debt**

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. No RANs, TANs, or BANs were issued during the year, or outstanding at year ending June 30, 2020.

#### **Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements to the extent that they are due for payment in the current year.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy governing which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

#### **District-Wide Statements - Equity Classifications**

In the District-wide statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### **Governmental fund Financial Statements - Equity Classifications**

In the fund basis statements there are five classifications of fund balance:

**Nonspendable fund balance** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District did not have nonspendable fund balance at June 30, 2020.

**Restricted fund balance** - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has available the following restricted fund balances:

#### **Capital Reserves - Building, Transportation and Vehicles**

The capital reserves (Education Law §3651) are used to pay the cost of any object or purpose for which bonds may be issued. The creation of this reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate 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. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the general and capital projects funds.

#### **Repair**

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, that are of a type not recurring annually. The BOE, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund.

#### **Retirement Contribution**

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund.

#### **Employee Benefit Reserve**

According to GML §6-p, this reserve must be used for the payment of accrued employee benefits due to employees upon termination of the employee's service. This reserve may be established by a majority vote of the BOE, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

## **New York Mills Union Free School District**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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#### **Tax Certiorari**

According to Education Law §3651.1-a, this reserve must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgements and claims arising out of tax certiorari proceedings. Any resources deposited in the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies into the reserve unless claims are still open and not finally determined or otherwise terminated or disposed of. This reserve is accounted for in the general fund.

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the BOE. The District has no committed fund balance as of June 30, 2020.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as assigned fund balance in the General fund. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year's budget and encumbrances are also excluded from the 4% limitation.

#### **Order of Fund Balance Spending Policy**

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

##### **Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund. The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the BOE as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

##### **Encumbrances**

Encumbrance accounting is used for budgetary control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### 4. CASH

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

As of June 30, 2020, the District's aggregate bank balances were insured and collateralized as follows:

<u>Description</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary government	\$ 5,398,803	\$ 4,698,941
Fiduciary funds	<u>450,634</u>	<u>352,898</u>
Cash and cash equivalents	<u>\$ 5,849,437</u>	<u>\$ 5,051,839</u>
Category 1:		
Covered by FDIC insurance	\$ 555,682	
Category 2:		
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	<u>5,293,755</u>	
	<u>\$ 5,849,437</u>	

#### 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets that are not depreciated				
Land	\$ 61,500	\$ -	\$ -	\$ 61,500
Construction in progress	<u>-</u>	<u>158,112</u>	<u>-</u>	<u>158,112</u>
Total nondepreciable cost	<u>61,500</u>	<u>158,112</u>	<u>-</u>	<u>219,612</u>
Capital assets that are depreciated				
Buildings and improvements	18,000,660	-	-	18,000,660
Furniture and equipment	<u>4,546,721</u>	<u>201,605</u>	<u>-</u>	<u>4,748,326</u>
Total depreciable historical cost	<u>22,547,381</u>	<u>201,605</u>	<u>-</u>	<u>22,748,986</u>
Less accumulated depreciation				
Buildings and improvements	(7,524,905)	(292,960)	-	(7,817,865)
Furniture and equipment	<u>(3,692,709)</u>	<u>(186,523)</u>	<u>-</u>	<u>(3,879,232)</u>
Total accumulated depreciation	<u>(11,217,614)</u>	<u>(479,483)</u>	<u>-</u>	<u>(11,697,097)</u>
Total capital assets, net	<u>\$ 11,391,267</u>	<u>\$ (119,766)</u>	<u>\$ -</u>	<u>\$ 11,271,501</u>



## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Depreciation expense for the year ended June 30 2020, was allocated to specific functions as follows:

General support	\$ 81,512
Instruction	364,407
Pupil transportation	<u>33,564</u>
Total	<u>\$ 479,483</u>

#### 6. INTERFUND BALANCES AND ACTIVITY

	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 500,529	\$ -	\$ -	\$ 109,500
Special Aid	-	500,528	9,500	-
Debt Service	39	-	-	-
Capital Projects	-	40	100,000	-
Total	<u>\$ 500,568</u>	<u>\$ 500,568</u>	<u>\$ 109,500</u>	<u>\$ 109,500</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

#### 7. LONG-TERM OBLIGATIONS

Long-term liability balances and activity for the year are summarized as follows:

	Beginning Balance	Additions	{a} Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Serial bonds	\$ 4,465,000	\$ -	\$ 380,000	\$ 4,085,000	\$ 395,000
Total bonds	<u>\$ 4,465,000</u>	<u>\$ -</u>	<u>\$ 380,000</u>	<u>\$ 4,085,000</u>	<u>\$ 395,000</u>
Other liabilities:					
Other postemployment benefits	\$ 16,457,797	\$ 9,291,981	\$ (426,204)	\$ 25,323,574	\$ -
Compensated absences	1,446,446	-	117,750	1,564,196	-
Net pension obligation - ERS	<u>165,203</u>	<u>481,363</u>	<u>-</u>	<u>646,566</u>	<u>-</u>
Total other liabilities	<u>\$ 18,069,446</u>	<u>\$ 9,773,344</u>	<u>\$ (308,454)</u>	<u>\$ 27,534,336</u>	<u>\$ -</u>

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Issue dates, maturities, and interest rates on outstanding debt are as follows:

	Bond Issue	Issued	Maturity	Interest Rate	Balance Due
2010 Serial Bond		6/28/2010	6/15/2025	3.38%	\$ 1,015,000
2018 Serial Bond		6/21/2018	6/15/2033	2.50%	3,070,000
Total bond issues					<u>\$ 4,085,000</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2020:

	Principal	Interest	Total
2021	\$ 395,000	\$ 104,413	\$ 499,413
2022	405,000	95,875	500,875
2023	415,000	86,625	501,625
2024	430,000	77,050	507,050
2025	450,000	66,600	516,600
2026-2030	1,250,000	225,900	1,475,900
2031-2033	740,000	41,550	781,550
Totals	<u>\$ 4,085,000</u>	<u>\$ 698,013</u>	<u>\$ 4,783,013</u>

## 8. PENSION PLANS

### New York State Employee's Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

The System is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2020	\$ 131,776
2019	143,602
2018	151,099

#### Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of \$646,566 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2019. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the District's proportion was 0.0024417%, which was an increase of 0.000110% from its proportion measured June 30, 2019.

For the year ended June 30, 2020 the District recognized pension expense of \$264,121. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>ERS</b>		
Differences between expected and actual experience	\$ 38,053	\$ -
Changes of assumptions	13,019	11,241
Net difference between projected and actual earnings on pension plan investments	331,461	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	94,921	9,530
Contributions subsequent to the measurement date	33,430	-
Total	<u>\$ 510,884</u>	<u>\$ 20,771</u>

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ERS Plan's Year Ended March 31:	Amount
2021	\$ 95,309
2022	120,039
2023	136,581
2024	104,754
Total	<u>\$ 456,683</u>

The District report contributions subsequent to the measurement date of \$33,430 that would be recognized as a reduction in the net pension liability in the year ended June 30, 2021.

#### Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	4.2% indexed by service
Projected COLAS	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment Rate of Return	6.8% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term Expected Real Rate of Return in %
Domestic Equity	36.0%	4.55%
International Equity	14.0	6.15
Private Equity	10.0	6.75
Real Estate	10.0	4.95
Absolute Return Strategies	2.0	3.25
Opportunistic Portfolio	3.0	4.65
Real Asset	3.0	5.95
Bonds, Cash & Mortgages	17.0	0.75
Cash	1.0	-
Inflation Indexed Bonds	4.0	0.50
	<u>100%</u>	

#### Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.8%) or 1% higher (7.8%) than the current rate:

	1% Decrease <u>(5.8%)</u>	Current Discount <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 1,186,631	\$ 646,566	\$ 149,164

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### Pension Plan Fiduciary Net Position (000)'s

Total pension liability	\$	194,596,261
Plan net position		<u>168,115,682</u>
Net pension liability (asset)	\$	<u>26,480,579</u>
ERS net position as a percentage of total pension liability		86.39%

#### New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. NYSTRS offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

#### Contributions

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except those employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>
2020	\$ 368,745
2019	387,809
2018	424,163

#### Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2020, the District reported \$626,306 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension asset used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2018. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

At June 30, 2020, the District's proportion was 0.0241070%, which was an decrease of -0.0002% from its proportion measured June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$772,756. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 424,432	\$ 46,573
Changes of assumptions	1,183,176	288,492
Net difference between projected and actual earnings on pension plan investments	-	502,265
Changes in proportion and differences between the District's contributions and proportionate share of contributions	68,641	93,534
Contributions subsequent to the measurement date	<u>390,679</u>	<u>-</u>
Total	<u>\$ 2,066,928</u>	<u>\$ 930,864</u>

The District reported contributions subsequent to the measurement date that would be recognized as a reduction in the net pension liability in the year ended June 30, 2021 in the amount of \$390,679.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense (income) as follows:

TRS Plan's Year Ended June 30:	Amount
2020	\$ 281,571
2021	16,200
2022	280,544
2023	178,499
2024	8,515
Thereafter	<u>(19,944)</u>
Total	<u>\$ 745,385</u>

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### Actuarial Assumptions

The total pension asset at the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. These actuarial valuations used the following actuarial assumptions:

Inflation	2.20%										
Projected Salary Increases	Rates of increase differ on services. They have been calculated based upon recent NYSTRS member experience.										
	<table><tr><th>Service</th><th>Rate</th></tr><tr><td>5</td><td>4.72%</td></tr><tr><td>15</td><td>3.46%</td></tr><tr><td>25</td><td>2.37%</td></tr><tr><td>35</td><td>1.90%</td></tr></table>	Service	Rate	5	4.72%	15	3.46%	25	2.37%	35	1.90%
Service	Rate										
5	4.72%										
15	3.46%										
25	2.37%										
35	1.90%										
Projected COLAs	1.3% compounded annually										
Investment Rate of Return	7.1% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2018 applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the measurement date of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:



## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Asset Type	Target Allocations	Long-Term expected real rate of return in %
Domestic equity	33%	6.3
International equity	16%	7.8
Global equities	4%	7.2
Real estate equities	11%	4.6
Private equities	8%	9.9
Domestic fixed income securities	16%	1.3
Global bonds	2%	0.9
High-yield fixed bonds	1%	3.6
Private debt	1%	6.5
Real estate debt	7%	2.9
Cash equivalents	1%	0.3
	100%	

#### Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 7.10%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount (7.10%)	1% Increase (8.10%)
Proportionate Share of Net Pension liability (asset)	\$ 2,827,080	\$ 626,306	\$ (3,523,307)

#### Pension Plan Fiduciary Net Position (000's)

The components of the current year net pension liability of the employers as of June 30, 2020, were as follows:

Total pension liability (asset)	\$ 119,879,474
Plan net position	122,477,481
Net pension liability (asset)	<u>\$ (2,598,007)</u>
NYSTRS net position as a percentage of total	102.17%

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### 9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

##### Plan Description

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. The District is required to calculate and record an other postemployment benefit (OPEB) obligation at year-end. The net OPEB obligation is the cumulative difference between the actuarially required contribution and the actual contributions made.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

##### Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Actives	100
Inactive employees or beneficiaries currently receiving benefits	<u>51</u>
Total participants	<u><u>151</u></u>

##### Total OPEB Liability

The District's total OPEB liability of \$25,323,574 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

##### Changes in Total OPEB Liability

Balance at June 30, 2019	<u>\$ 16,457,797</u>
Changes for the Year -	
Service cost	933,537
Interest	601,303
Changes of benefit terms	-
Changes in assumptions	7,757,141
Differences between expected and actual experience	-
Benefit payments	<u>(426,204)</u>
Net changes	8,865,777
Balance at June 30, 2020	<u><u>\$ 25,323,574</u></u>

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Payroll Growth, including inflation	2.60%
Discount Rate	2.21%
Healthcare Cost Trend Rates	6.6% decreasing to 4.1% over 56 years
Cost Method	Entry Age Normal Level

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were RP-2014 adjusted to 2006 Total Data Set Mortality Table projected to the valuation date

The actuarial assumptions used in the July 1, 2019 valuation were not based on a formal actuarial experience study. The liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Current Discount <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Total OPEB Liability	\$ 30,759,997	\$ 25,323,574	\$ 21,088,323

#### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% <u>Decrease</u>	Healthcare Trend <u>Rate</u>	1% <u>Increase</u>
Total OPEB Liability	\$ 21,239,078	\$ 25,323,574	\$ 30,869,584

## New York Mills Union Free School District

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,267,564. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected	\$ 1,557,467	\$ -
Changes of assumptions	<u>5,275,446</u>	<u>1,151,938</u>
Total	<u>\$ 6,832,913</u>	<u>\$ 1,151,938</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June	Amount
2021	\$ 685,474
2022	685,474
2023	685,474
2024	685,474
2025	685,474
Thereafter	<u>2,253,605</u>
	<u>\$ 5,680,975</u>

## 10. RISK MANAGEMENT

### General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

### Health Insurance

The District incurs costs related to an employee health insurance plan (the Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of one year and a member district may withdraw from the plan after that time by providing notice to the consortium prior to May 1st immediately preceding the commencement of the next school year. Plan members include nine districts, with each district bearing a proportionate share of the plan's assets and claims liabilities. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

## **New York Mills Union Free School District**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2020, the District incurred premiums or contribution expenditures totaling approximately \$1.55 million.

The Plan is audited on an annual basis and the audited statements are available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2019 revealed that the Plan is fully funded.

#### **Worker's Compensation**

The District incurs costs related to a worker's compensation insurance plan (the Insurance Plan) sponsored by BOCES and its component districts. The Insurance Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Insurance Plan must remain members for a minimum of one year; a member district may withdraw from the Insurance Plan after that time by forwarding a resolution passed by the District's Board of Education prior to the end of the fiscal year. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Insurance Plan's assets were to be exhausted, members would be responsible for the Insurance Plan's liabilities.

The Insurance Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Insurance Plan as direct insurer of the risks reinsured.

The Insurance Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims that have been reported. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made.

During the year ended June 30, 2020, the District incurred premiums or contribution expenditures totaling approximately \$42,000.

The Plan is audited on an annual basis and the audited statements are available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2019 revealed that the Plan is fully funded.

## **New York Mills Union Free School District**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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#### **Unemployment**

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. There were no claims for this program for the fiscal year. In addition, as of June 30, 2020, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

### **11. CONTINGENCIES AND COMMITMENTS**

#### **Litigation**

The District has also been named as a defendant in certain other actions. The District intends to defend itself vigorously in each of these cases. Accordingly, no loss contingency has been accrued.

#### **Other Contingencies**

The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

### **12. OPERATING LEASES**

The District leases buses under the term of various non-cancelable operating leases that expire at various dates through fiscal year 2020. The future minimum lease payments under the terms of these agreements for the year ending June 30, 2020 is \$33,694.

### **13. DONOR RESTRICTED ENDOWMENTS**

The District administers endowment funds, which are restricted to use by the donor for the purposes of student scholarships. These funds are accounted for in the Fiduciary Funds as a Private Purpose Trust.

### **14. SUBSEQUENT EVENTS**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are not entirely known at this time, but it has the potential to result in a significant economic impact.

In August 2020 the New York State Department of Education notified school districts that the Division of Budget began withholding 20 percent of local aid payments in June, and that all or a portion of these withholds may be converted to permanent reductions. As a result, at June 30, 2020 20% of the total receivables recorded in the amount of \$571,080 in General Fund have been recorded as a deferred inflow of resources in the amount of \$114,215 in the General Fund.

**REQUIRED SUPPLEMENTARY  
INFORMATION (UNAUDITED)**

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Actual on a Budgetary Basis	Final Budget Variance with Budgetary Actual
<b>REVENUE</b>						
Real property taxes	\$ 6,844,387	\$ 6,844,387	\$ 6,842,258	\$ -	\$ 6,842,258	\$ (2,129)
Other tax items	1,067,263	1,067,263	1,114,738	-	1,114,738	47,475
Charges for services	3,300	3,300	4,514	-	4,514	1,214
Use of money and property	14,000	14,000	45,610	-	45,610	31,610
Sale of property and compensation for loss	1,000	1,000	29,172	-	29,172	28,172
Miscellaneous	382,408	382,408	686,820	-	686,820	304,412
State sources	4,851,907	4,851,907	4,312,025	-	4,312,025	(539,882)
Federal	<u>20,000</u>	<u>20,000</u>	<u>33,229</u>	<u>-</u>	<u>33,229</u>	<u>13,229</u>
Total revenue	<u>13,184,265</u>	<u>13,184,265</u>	<u>13,068,366</u>	<u>-</u>	<u>13,068,366</u>	<u>(115,899)</u>
<b>EXPENDITURES</b>						
GENERAL SUPPORT:						
Board of education	26,950	29,333	15,558	1,272	16,830	12,503
Central administration	194,390	208,090	202,398	-	202,398	5,692
Finance	180,698	186,280	169,089	8,630	177,719	8,561
Staff	111,808	174,017	118,397	42,000	160,397	13,620
Central services	968,066	1,120,789	878,277	45,789	924,066	196,723
Special items	<u>203,381</u>	<u>203,670</u>	<u>178,849</u>	<u>1,316</u>	<u>180,165</u>	<u>23,505</u>
Total general support	<u>1,685,293</u>	<u>1,922,179</u>	<u>1,562,568</u>	<u>99,007</u>	<u>1,661,575</u>	<u>260,604</u>
Instruction	7,890,270	8,501,171	7,743,909	126,183	7,870,092	631,079
Pupil transportation	688,294	722,845	607,082	23,494	630,576	92,269
Employee benefits	3,246,995	3,047,643	2,491,227	10,000	2,501,227	546,416
Debt service	<u>1,027,913</u>	<u>517,913</u>	<u>517,913</u>	<u>-</u>	<u>517,913</u>	<u>-</u>
Total expenditures	<u>14,538,765</u>	<u>14,711,751</u>	<u>12,922,699</u>	<u>258,684</u>	<u>13,181,383</u>	<u>1,530,368</u>
Excess (deficiency) of revenue over expenditures	<u>(1,354,500)</u>	<u>(1,527,486)</u>	<u>145,667</u>	<u>(258,684)</u>	<u>(113,017)</u>	<u>1,414,469</u>
OTHER FINANCING SOURCES (USES):						
Transfers out	<u>(109,500)</u>	<u>(109,500)</u>	<u>(109,500)</u>	<u>-</u>	<u>(109,500)</u>	<u>-</u>
Total other financing sources	<u>(109,500)</u>	<u>(109,500)</u>	<u>(109,500)</u>	<u>-</u>	<u>(109,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,464,000)</u>	<u>\$ (1,636,986)</u>	<u>36,167</u>	<u>\$ (258,684)</u>	<u>\$ (222,517)</u>	<u>\$ 1,414,469</u>
FUND BALANCE - beginning of year			<u>3,733,553</u>			
FUND BALANCE - end of year			<u>\$ 3,769,720</u>			

The accompanying notes are an integral part of these statements



NEW YORK MILLS UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2020

	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total OPEB Liability</b>										
Service cost	933,537	\$ 800,656	\$ 777,336							
Interest	601,303	529,701	500,324							
Changes of benefit terms	-	-	-							
Differences between expected and actual experience	-	-	13,341							
Changes in assumptions	7,757,141	(1,556,128)	-							
Benefit payments	(426,204)	(342,392)	(327,937)							
<b>Total change in total OPEB liability</b>	<b>8,865,777</b>	<b>(568,163)</b>	<b>963,064</b>							
<b>Total OPEB liability - beginning</b>	<b>16,457,797</b>	<b>17,025,960</b>	<b>16,062,896</b>							
<b>Total OPEB liability - ending (a)</b>	<b>\$ 25,323,574</b>	<b>\$ 16,457,797</b>	<b>\$ 17,025,960</b>							
 <b>Covered-employee payroll</b>	 5,026,933	 \$ 5,364,320	 \$ 5,364,320							
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 503.8%	 306.8%	 317.4%							

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

**Changes of assumptions.** Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2.21%	3.50%	3.00%	4.00%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Plan assets.** No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years						2014	2013	2012	2011
	2020	2019	2018	2017	2016	2015				
Proportion of the net pension liability (asset)	0.0024417%	0.0023316%	0.0025094%	0.0025478%	0.0029002%	0.0033057%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.			
Proportionate share of the net pension liability (asset)	\$ 646,566	165,203	\$ 80,991	\$ 239,397	\$ 465,485	\$ 111,673				
Covered-employee payroll	\$ 915,776	984,031	\$ 1,019,199	\$ 961,381	\$ 1,052,166	\$ 1,032,506				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	70.60%	16.79%	7.95%	24.90%	44.24%	10.82%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.39%	96.27%	98.24%	94.70%	90.70%	97.94%				
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years						2014	2013	2012	2011
	2020	2019	2018	2017	2016	2015				
Proportion of the net pension liability (asset)	0.024107%	0.024294%	0.022838%	0.002349%	0.024474%	0.023251%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.			
Proportionate share of the net pension liability (asset)	\$ (626,306)	(439,301)	\$ (173,595)	\$ 251,542	\$ (2,542,027)	\$ (2,590,061)				
Covered-employee payroll	\$ 4,023,879	\$ 3,957,232	\$ 3,619,135	\$ 3,624,087	\$ 3,676,266	\$ 3,434,594				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.56%	-11.10%	-4.80%	6.94%	-69.15%	-75.41%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.17%	101.53%	99.01%	110.46%	110.46%	111.48%				

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years						2014	2013	2012	2011
	2020	2019	2018	2017	2016	2015				
Contractually required contribution	\$ 131,776	\$ 144,822	\$ 151,099	\$ 145,348	\$ 194,829	\$ 199,373				
Contributions in relation to the contractually required contribution	131,776	144,822	151,099	145,348	194,829	199,373				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	915,776	\$ 984,031	\$ 1,019,199	\$ 961,381	\$ 1,052,166	\$ 1,032,506				
Contributions as a percentage of covered-employee payroll	14.39%	14.72%	14.83%	15.12%	18.52%	19.31%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years						2014	2013	2012	2011
	2020	2019	2018	2017	2016	2015				
Contractually required contribution	\$ 368,745	\$ 387,809	\$ 424,163	\$ 480,554	\$ 644,449	\$ 581,415				
Contributions in relation to the contractually required contribution	368,745	387,809	424,163	480,554	644,449	581,415				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 4,023,879	\$ 3,957,232	\$ 3,619,135	\$ 3,624,087	\$ 3,676,266	\$ 3,434,594				
Contributions as a percentage of covered-employee payroll	9.16%	9.80%	11.72%	13.26%	17.53%	16.93%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**SUPPLEMENTARY  
INFORMATION**

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Capital Projects</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS:</b>					
Cash - Unrestricted	\$ -	\$ 20,831	\$ 524	\$ -	\$ 21,355
Cash - Restricted	45,813	-	-	5,000	50,813
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
State and federal aid receivable	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>45,813</u>	<u>20,831</u>	<u>524</u>	<u>5,000</u>	<u>72,168</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities	-	-	-	-	-
Due to other funds	40	-	-	-	40
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to Teachers' Retirement System	-	-	-	-	-
Due to Employees' Retirement System	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
<b>FUND BALANCE:</b>					
Restricted	45,773	20,831	524	5,000	72,128
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<u>45,773</u>	<u>20,831</u>	<u>524</u>	<u>5,000</u>	<u>72,128</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 45,813</u>	<u>\$ 20,831</u>	<u>\$ 524</u>	<u>\$ 5,000</u>	<u>\$ 72,168</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Capital <u>Projects</u>	School <u>Lunch</u>	Miscellaneous Special <u>Revenue</u>	Permanent <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUE:					
Real property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-
Other tax items	-	-	-	-	-
Charges for services	-	11,538	-	-	11,538
Use of money and property	-	153	41	-	194
Sale of property and compensation for loss	-	-	-	-	-
Miscellaneous	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Medicaid Reimbursement	-	-	-	-	-
Total revenue	<u>-</u>	<u>11,691</u>	<u>41</u>	<u>-</u>	<u>11,732</u>
EXPENDITURES:					
General support	-	24,742	-	-	24,742
Instruction	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Employee benefits	-	-	-	-	-
Debt service - Principal	-	-	-	-	-
Debt service - Interest	-	-	-	-	-
Cost of sales	-	-	-	-	-
Capital outlay	<u>158,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,112</u>
Total expenditures	<u>158,112</u>	<u>24,742</u>	<u>-</u>	<u>-</u>	<u>182,854</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(158,112)</u>	<u>(13,051)</u>	<u>41</u>	<u>-</u>	<u>(171,122)</u>
OTHER SOURCES AND (USES):					
Operating transfers in	100,000	-	-	-	100,000
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources (uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	<u>(58,112)</u>	<u>(13,051)</u>	<u>41</u>	<u>-</u>	<u>(71,122)</u>
FUND BALANCE - beginning of year	<u>103,885</u>	<u>33,882</u>	<u>483</u>	<u>5,000</u>	<u>143,250</u>
FUND BALANCE - end of year	<u>\$ 45,773</u>	<u>\$ 20,831</u>	<u>\$ 524</u>	<u>\$ 5,000</u>	<u>\$ 72,128</u>

The accompanying notes are an integral part to these statements

**OTHER INFORMATION  
(UNAUDITED)**

## NEW YORK MILLS UNION FREE SCHOOL DISTRICT

### SUPPLEMENTARY INFORMATION

#### SCHEDULE OF CHANGES FROM ORIGINAL BUDGET TO REVISED BUDGET AND SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION - GENERAL FUND (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2020

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##### CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$	14,648,265
Add: Prior year's encumbrances		<u>172,986</u>
Original budget		14,821,251
Budget revisions		<u>-</u>
Final budget	\$	<u><u>14,821,251</u></u>

##### SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	\$	<u>15,055,005</u>	
Maximum allowed (4% of 2020-21 budget)			<u><u>\$ 602,200</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law\*:

Total fund balance 3,769,720

Less:

Restricted fund balance 1,559,051

Assigned fund balance:

Appropriated fund balance 1,464,000

Encumbrances included in assigned fund balance 258,684

Total adjustments \$ 3,281,735

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 487,985

Real Property Tax Law

Actual percentage 3.24%

Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.



**NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years' Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>Unexpended Balance</u>	<u>Serial bonds</u>	<u>Federal and State sources</u>	<u>Local Sources</u>	<u>Total Financing</u>	<u>Fund balance June 30, 2020</u>
District - Renovations	\$ 4,620,290	\$ 4,620,290	\$ 4,716,405	\$ 158,112	\$ 4,874,517	\$ (254,227)	\$ 3,620,290	\$ -	\$ 1,300,000	\$ 4,920,290	\$ 45,773

The accompanying notes are integral to these statements

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)**

**FOR THE YEAR ENDED JUNE 30, 2020**

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Capital assets, net	\$ 11,271,501
Deduct:	
Short-term portion of bonds payable	395,000
Long-term portion of bonds payable	<u>3,690,000</u>
Net investment in capital assets	<u>\$ 7,186,501</u>

The accompanying notes are an integral part of these statements

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

October 6, 2020

To the Board of Directors of  
New York Mills Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New York Mills Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.