

**FRANKFORT-SCHUYLER CENTRAL  
SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL SCHEDULES**

**JUNE 30, 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

### **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 the Frankfort-Schuyler Central School District (the "District"), as of and for the year ended June 30, 2021, 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.

### **Auditors' 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 *Governmental 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 auditors' 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 auditors consider 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.

### **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 Frankfort-Schuyler Central School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 11 and pages 48 through 52 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 53 through 55, as described in the table of contents and the schedule of expenditures of federal awards 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements 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 12, 2021, on our consideration of Frankfort-Schuyler Central School 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 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 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 Frankfort-Schuyler Central School District's internal control over financial reporting and compliance.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 12, 2021

# FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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*The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2021. This section is a summary of the School 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 in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.*

#### FINANCIAL HIGHLIGHTS

- In May, 2021, District residents approved the budget.
- The District continues its partnership with Oneida BOCES Food Service Program to provide cafeteria services. The partnership to date has been positive, reducing expenses for the District, as well as increasing the number of meals sold.
- The District continues to oppose all assessment reductions in order to preserve the tax base for levying taxes.
- NYS law limits the amount of unrestricted fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,192,871. This amount is slightly above the limit and assists the District in maintaining financial stability.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (MD&A) (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 School District:

The first two statements are *District-wide* financial statements that provide both short-term and long-term information about the School District's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School District's operations in more detail than the District-wide statements.

The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term, as well as what remains for future spending.

*Fiduciary funds* statements provide information about the financial relationships, in which the School District acts solely as a custodian for the benefit of others.

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 of the School District's budget for the year.

**Table A-1** summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information that they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each statement.

**Table A-1 Major Features of the District-wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as 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 revenues, expenditures, and changes in fund balances</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 focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues 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

### **District-Wide Statements**

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues 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 School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School 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 School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

In the District-wide financial statements, the School District's activities are shown as governmental activities. Most of the School District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds 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 School 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 funds statements explains 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, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenues, expenditures and changes in fund balances.

- **Fiduciary Funds:** The School District is the custodian for assets that belong to others, such as the student activities funds. The School 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 School 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**

**Table A-2**

**Condensed Statement of Net Position**

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>% Change (Incr.; - Decr.)</b>
<b>Assets</b>			
Current and other assets	\$ 13,554,691	\$ 10,984,296	23.4%
Capital assets - net	12,290,205	12,845,018	-4.3%
<b>Total Assets</b>	<b>25,844,896</b>	<b>23,829,314</b>	<b>8.5%</b>
<b>Deferred Outflows of Resources</b>			
Pensions	4,067,032	3,752,699	8.4%
Other post-employment benefits	8,416,174	1,793,651	369.2%
<b>Total Deferred Outflows of Resources</b>	<b>12,483,206</b>	<b>5,546,350</b>	<b>125.1%</b>
<b>Liabilities</b>			
Other liabilities	592,625	23,618	2409.2%
Long-term liabilities	50,617,202	43,183,661	17.2%
<b>Total Liabilities</b>	<b>51,209,827</b>	<b>43,207,279</b>	<b>18.5%</b>
<b>Deferred Inflows of Resources</b>			
Pensions	1,759,354	1,327,156	32.6%
Other post-employment benefits	3,826,481	2,899,580	32.0%
<b>Total Deferred Inflows of Resources</b>	<b>5,585,835</b>	<b>4,226,736</b>	<b>32.2%</b>
<b>Net Position</b>			
Net investment in capital assets	6,350,205	6,360,018	-0.2%
Restricted	7,369,632	6,017,690	22.5%
Unrestricted	(32,187,397)	(30,436,059)	-5.8%
<b>Total Net Position</b>	<b>\$ (18,467,560)</b>	<b>\$ (18,058,351)</b>	<b>-2.3%</b>



## Changes in Net Position

The School District's 2021 revenue was \$20,645,846 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 38.9% and 51.2%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$21,227,342 for 2021. These expenses (80%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative and business activities accounted for 20% of total costs.

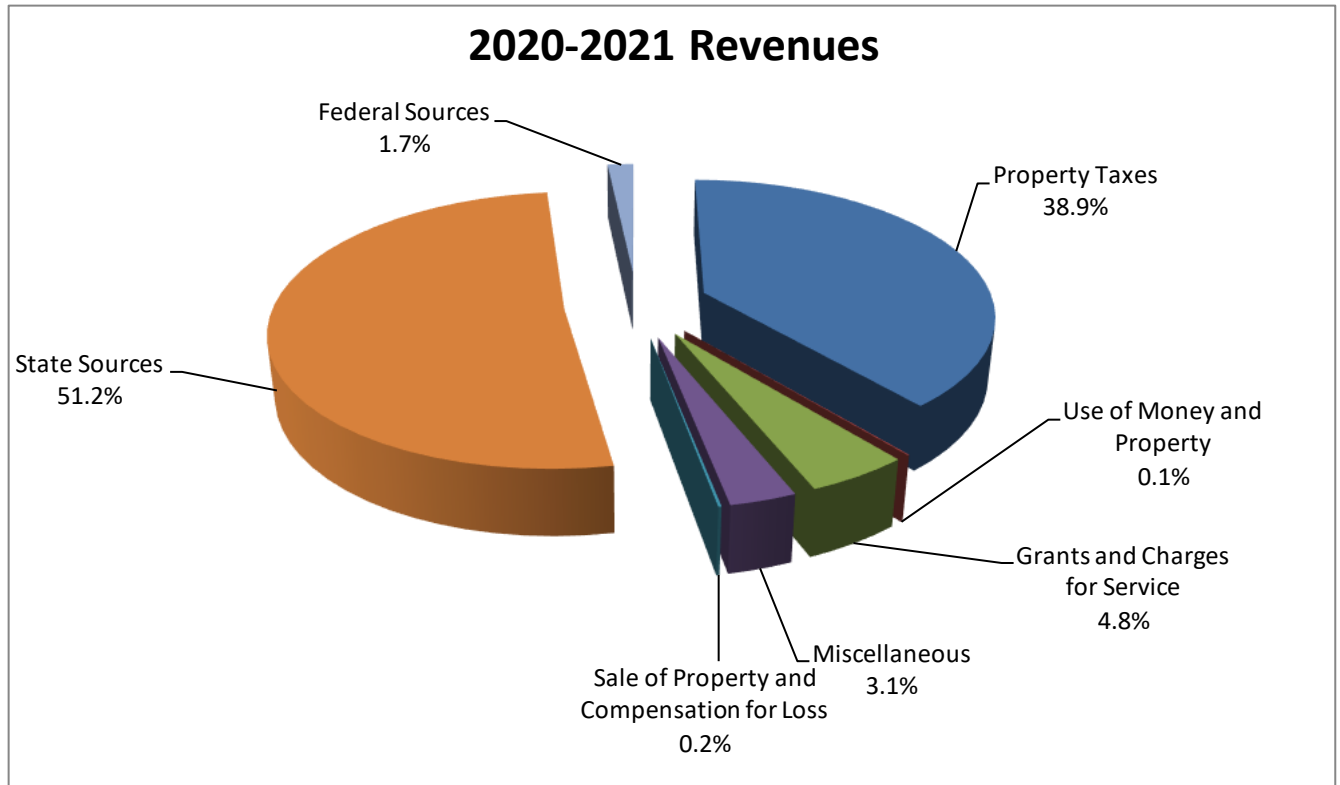
Net position decreased during the year by \$581,496.

**Table A-3**

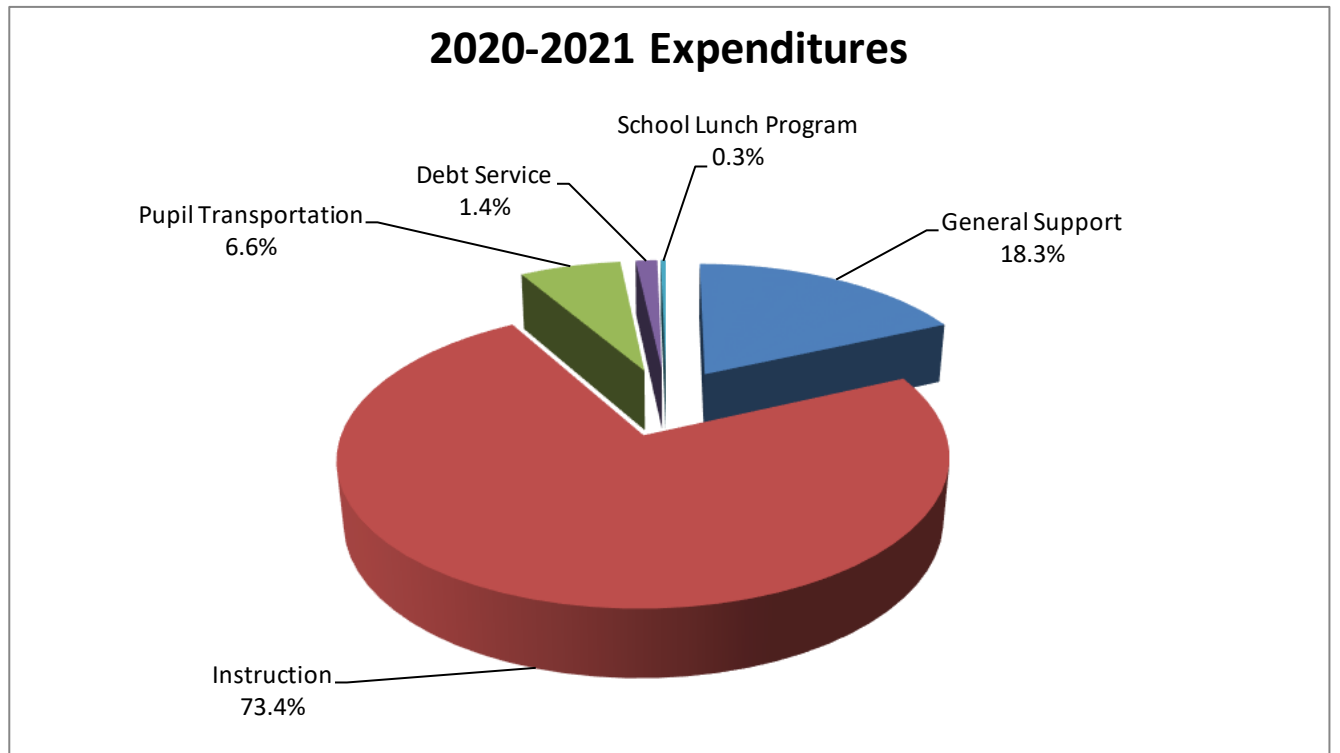
### Change in Net Position from Operating Results

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>% Change Incr.; - Decr.)</b>
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for services	\$ 283,375	\$ 155,284	82.5%
Operating grants and contributions	713,832	726,872	-1.8%
<b>General Revenues</b>			
Property taxes	8,037,147	7,909,149	1.6%
State sources	10,575,050	10,877,195	-2.8%
Federal sources	349,086	64,061	444.9%
Use of money and property	16,001	127,678	-87.5%
Sale of property and compensation for loss	31,413	23,323	34.7%
Interfund revenue	0	60,000	-100.0%
Miscellaneous	639,942	370,465	72.7%
<b>Total Revenues</b>	<b>20,645,846</b>	<b>20,314,027</b>	<b>1.6%</b>
<b>Expenses</b>			
General support	3,931,993	4,079,910	-3.6%
Instruction	15,584,193	14,812,699	5.2%
Transportation	1,409,451	1,238,829	13.8%
Debt service	301,705	323,465	-6.7%
<b>Total Expenses</b>	<b>21,227,342</b>	<b>20,454,903</b>	<b>3.8%</b>
<b>Total Change in Net Position</b>	<b>\$ (581,496)</b>	<b>\$ (140,876)</b>	<b>-312.8%</b>

**TABLE A-4 – REVENUES**



**TABLE A-5 – EXPENDITURES**



## Governmental Activities

Revenue for the School District's governmental activities totaled \$20,645,846 while total expenses were \$21,227,342. Accordingly, net position decreased by \$581,496.

**Table A-6** presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

**Table A-6**

### Net Cost of Governmental Activities

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2021	2020	(Incr.; -Decr.)	2021	2020	(Incr.; -Decr.)
General support	\$ 3,861,029	\$ 4,007,089	-3.6%	\$ 3,861,029	\$ 4,007,089	-3.6%
Instruction	15,584,193	14,812,699	5.2%	14,586,986	13,930,543	4.7%
Pupil transportation	1,409,451	1,238,829	13.8%	1,409,451	1,238,829	13.8%
Debt service - interest	301,705	323,465	-6.7%	301,705	323,465	-6.7%
Cost of sales - lunch program	70,964	72,821	-2.6%	70,964	72,821	-2.6%
Totals	<u>\$21,227,342</u>	<u>\$20,454,903</u>	3.8%	<u>\$20,230,135</u>	<u>\$19,572,747</u>	3.4%

- The cost of all governmental activities for the year was \$21,227,342.
- The users of the School District's programs financed \$283,375 of the costs.
- The federal and state government grants financed \$713,832.
- The majority of costs were financed by the School District's taxpayers and state aid.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$11,322,207. Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt, including the principal and interest payment.

No significant variances were reflected in the governmental fund financial statements for 2021.

## 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.

	Results vs. Budget		Actual (Budgetary Basis)	Variance Actual/Budget
	Original Budget	Final Budget		
<b>REVENUES</b>				
Local Sources	\$ 8,655,905	\$ 8,655,905	\$ 8,951,774	\$ 295,869
State Sources	10,725,782	10,725,782	10,541,459	(184,323)
Federal Sources	60,000	60,000	349,086	289,086
<b>Total Revenues</b>	<b>19,441,687</b>	<b>19,441,687</b>	<b>19,842,319</b>	<b>400,632</b>
<b>EXPENDITURES</b>				
General Support	2,773,763	3,554,595	2,582,848	971,747
Instruction	10,270,628	11,741,848	9,743,604	1,998,244
Pupil Transportation	1,305,583	1,057,599	946,620	110,979
Employee Benefits	4,895,163	4,199,993	3,804,525	395,468
Debt Service	932,550	882,550	847,550	35,000
<b>Total Expenditures</b>	<b>20,177,687</b>	<b>21,436,585</b>	<b>17,925,147</b>	<b>3,511,438</b>
<b>OTHER USES</b>				
Transfers Out	14,000	14,000	9,263	4,737
<b>Total Expenditures and Other Uses</b>	<b>20,191,687</b>	<b>21,450,585</b>	<b>17,934,410</b>	<b>\$ 3,516,175</b>
<b>Revenues Over (Under) Expenditures and Other Uses</b>	<b>(750,000)</b>	<b>(2,008,898)</b>	<b>1,907,909</b>	
<b>Beginning Fund Balance</b>	<b>8,714,902</b>	<b>8,714,902</b>	<b>8,714,902</b>	
<b>Ending Fund Balance</b>	<b>\$ 7,964,902</b>	<b>\$ 6,706,004</b>	<b>\$ 10,622,811</b>	

## CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2021, the School District had \$12,290,205 invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Table A-7

	Fiscal Year 2021	Fiscal Year 2020
Land, land improvements and construction in progress	\$ 256,188	\$ 205,707
Buildings and equipment	12,034,017	12,639,311
Totals	<u>\$ 12,290,205</u>	<u>\$ 12,845,018</u>

## Long-Term Debt

As of June 30, 2021, the School District had \$48,135,081 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

**Table A-8**

### Outstanding long-term debt

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
General obligation bonds (financed with property taxes)	\$ 5,940,000	\$ 6,485,000
All other debt	<u>42,195,081</u>	<u>35,126,483</u>
Totals	<u><u>\$ 48,135,081</u></u>	<u><u>\$ 41,611,483</u></u>

During 2021, the School District paid \$545,000 of outstanding bonds. Other debt represented other post-employment benefits and compensated absences for 2021 and 2020.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

With increased funding due to CRRSA and ARP funds for the next two to three years, the District will be working toward using these funds to help with the learning loss and social and emotional health of our students due to COVID-19. However, the funding cliff that accompanies these funds is a concern that the District will work to address with prudent financial planning.

### CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Frankfort-Schuyler Central School District  
Kacey Sheppard-Thibault, CFE  
Assistant Superintendent of Business and Technology  
605 Palmer Street  
Frankfort, NY 13340

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2021**

**ASSETS**

Cash		
Unrestricted		\$ 5,360,288
Restricted		6,893,075
Receivables		
State and Federal aid		1,261,294
Other receivables		40,034
Capital assets, net of depreciation		12,290,205
<b>Total Assets</b>		<b>25,844,896</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Other post-employment benefits		8,416,174
Pensions		4,067,032
<b>Total Deferred Outflows of Resources</b>		<b>12,483,206</b>

**LIABILITIES**

Payables		
Accounts payable		581,637
Accrued liabilities		10,988
Long-term liabilities		
Due and payable within one year		
Due to Teachers' Retirement System		696,122
Due to Employees' Retirement System		42,212
Bonds payable		570,000
Unearned revenue		909,780
Due and payable after one year		
Bonds payable		5,370,000
Net pension liability - proportionate share		834,007
Other post-employment benefits		41,448,035
Compensated absences payable		747,046
<b>Total Liabilities</b>		<b>51,209,827</b>

**DEFERRED INFLOWS OF RESOURCES**

Other post-employment benefits		3,826,481
Pensions		1,759,354
<b>Total Deferred Inflows of Resources</b>		<b>5,585,835</b>

**NET POSITION**

Net investment in capital assets		6,350,205
Restricted		
Reserve for employee benefit accrued liability		747,046
Reserve for debt service		476,557
Unemployment insurance reserve		222,871
Reserve for retirement contribution - ERS		2,800,000
Reserve for tax certiorari		39,937
Reserve for retirement contribution - TRS		376,504
Reserve for insurance		33,000
Reserve for repairs		2,673,717
Unrestricted		(32,187,397)
<b>Total Net Postion</b>		<b>\$ (18,467,560)</b>

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 3,861,029	\$ 0	\$ 0	\$ (3,861,029)
Instruction	15,584,193	(283,375)	(713,832)	(14,586,986)
Pupil transportation	1,409,451	0	0	(1,409,451)
Debt service	301,705	0	0	(301,705)
School lunch program	70,964	0	0	(70,964)
<b>Total Functions and Programs</b>	<u>\$ 21,227,342</u>	<u>\$ (283,375)</u>	<u>\$ (713,832)</u>	<u>(20,230,135)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				6,514,149
Other tax items				1,522,998
Use of money and property				16,001
Sale of property and compensation for loss				31,413
Miscellaneous				639,942
State sources				10,575,050
Federal sources				349,086
<b>Total General Revenues</b>				<u>19,648,639</u>
<b>CHANGE IN NET POSITION</b>				(581,496)
<b>TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>				<u>(17,886,064)</u>
<b>TOTAL NET POSITION - END OF YEAR</b>				<u>\$ (18,467,560)</u>

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**JUNE 30, 2021**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash							
Unrestricted	\$ 4,679,812	\$ 0	\$ 0	\$ 476,557	\$ 32,130	\$ 171,789	\$ 5,360,288
Restricted	6,893,075	0	0	0	0	0	6,893,075
Due from other funds	239,680	0	0	0	0	0	239,680
State and Federal aid	1,032,201	229,093	0	0	0	0	1,261,294
Other receivables	0	0	40,034	0	0	0	40,034
<b>TOTAL ASSETS</b>	<b>\$ 12,844,768</b>	<b>\$ 229,093</b>	<b>\$ 40,034</b>	<b>\$ 476,557</b>	<b>\$ 32,130</b>	<b>\$ 171,789</b>	<b>\$ 13,794,371</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 573,843	\$ 2,400	\$ 5,394	\$ 0	\$ 0	\$ 0	\$ 581,637
Accrued liabilities	0	2,733	0	0	0	0	2,733
Due to other funds	0	223,960	15,720	0	0	0	239,680
Due to Employees' Retirement System	42,212	0	0	0	0	0	42,212
Due to Teachers' Retirement System	696,122	0	0	0	0	0	696,122
Unearned revenue	909,780	0	0	0	0	0	909,780
<b>Total Liabilities</b>	<b>2,221,957</b>	<b>229,093</b>	<b>21,114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,472,164</b>
<b>FUND BALANCE</b>							
Restricted							
Reserve for employee benefit accrued liability	747,046	0	0	0	0	0	747,046
Reserve for debt service	0	0	0	476,557	0	0	476,557
Unemployment insurance reserve	222,871	0	0	0	0	0	222,871
Reserve for retirement contribution - ERS	2,800,000	0	0	0	0	0	2,800,000
Reserve for tax certiorari	39,937	0	0	0	0	0	39,937
Reserve for retirement contribution - TRS	376,504	0	0	0	0	0	376,504
Reserve for insurance	33,000	0	0	0	0	0	33,000
Reserve for repairs	2,673,717	0	0	0	0	0	2,673,717
Assigned	2,536,865	0	18,920	0	32,130	171,789	2,759,704
Unassigned	1,192,871	0	0	0	0	0	1,192,871
<b>Total Fund Balance</b>	<b>10,622,811</b>	<b>0</b>	<b>18,920</b>	<b>476,557</b>	<b>32,130</b>	<b>171,789</b>	<b>11,322,207</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 12,844,768</b>	<b>\$ 229,093</b>	<b>\$ 40,034</b>	<b>\$ 476,557</b>	<b>\$ 32,130</b>	<b>\$ 171,789</b>	<b>\$ 13,794,371</b>

See notes to basic financial statements.



**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2021**

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Total fund balance - governmental funds balance sheet (page 14)	\$ 11,322,207
Add:	
Land, building and equipment, net of accumulated depreciation	12,290,205
Pensions	<u>2,307,678</u>
Total	14,597,883
Deduct:	
Compensated absences	747,046
Other post-employment benefits	36,858,342
Accrued interest payable	8,255
Net pension liability - proportionate share	834,007
Long and short-term bonds payable	<u>5,940,000</u>
Total	<u>44,387,650</u>
<b>NET POSITION, GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (18,467,560)</u></u>

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Debt Service</b>	<b>Capital</b>	<b>CM Misc. Special Revenue</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>							
Real property taxes	\$ 6,514,149	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,514,149
Other tax items	1,522,998	0	0	0	0	0	1,522,998
Charges for services	283,375	0	0	0	0	0	283,375
Use of money and property	14,690	0	0	1,222	0	89	16,001
Sale of property and compensation for loss	31,413	0	0	0	0	0	31,413
Miscellaneous	585,149	0	40,033	0	0	14,760	639,942
State sources	10,541,459	96,460	33,591	0	0	0	10,671,510
Federal sources	349,086	617,372	0	0	0	0	966,458
<b>Total Revenues</b>	<b>19,842,319</b>	<b>713,832</b>	<b>73,624</b>	<b>1,222</b>	<b>0</b>	<b>14,849</b>	<b>20,645,846</b>
<b>EXPENDITURES</b>							
General support	2,582,848	0	62,210	0	0	15,347	2,660,405
Instruction	9,743,604	723,095	0	0	0	0	10,466,699
Pupil transportation	946,620	0	0	0	0	0	946,620
Employee benefits	3,804,525	0	0	0	0	0	3,804,525
Debt service							
Principal	545,000	0	0	0	0	0	545,000
Interest	302,550	0	0	0	0	0	302,550
Capital outlay	0	0	0	0	50,481	0	50,481
<b>Total Expenditures</b>	<b>17,925,147</b>	<b>723,095</b>	<b>62,210</b>	<b>0</b>	<b>50,481</b>	<b>15,347</b>	<b>18,776,280</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,917,172</b>	<b>(9,263)</b>	<b>11,414</b>	<b>1,222</b>	<b>(50,481)</b>	<b>(498)</b>	<b>1,869,566</b>
<b>OTHER FINANCING SOURCES AND USES</b>							
Operating transfers in	0	9,263	0	0	0	0	9,263
Operating transfers (out)	(9,263)	0	0	0	0	0	(9,263)
<b>Total Other Sources (Uses)</b>	<b>(9,263)</b>	<b>9,263</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES</b>	<b>1,907,909</b>	<b>0</b>	<b>11,414</b>	<b>1,222</b>	<b>(50,481)</b>	<b>(498)</b>	<b>1,869,566</b>
<b>FUND BALANCE - BEGINNING OF YEAR, AS RESTATED</b>	<b>8,714,902</b>	<b>0</b>	<b>7,506</b>	<b>475,335</b>	<b>82,611</b>	<b>172,287</b>	<b>9,452,641</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 10,622,811</b>	<b>\$ 0</b>	<b>\$ 18,920</b>	<b>\$ 476,557</b>	<b>\$ 32,130</b>	<b>\$ 171,789</b>	<b>\$ 11,322,207</b>

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

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**REVENUES**

Governmental funds \$ 20,645,846

**EXPENDITURES**

\$ 18,776,280

Add:

Depreciation 605,294

Pensions 1,069,118

Increase in other post-employment benefits 1,399,208

3,073,620

Deduct:

Principal payments of long-term debt 545,000

Bond related items and accrued interest 845

Decrease in compensated absences 26,232

Change in fixed assets 50,481

622,558

**EXPENDITURES - STATEMENT OF ACTIVITIES**

21,227,342

**CHANGE IN NET POSITION**

\$ (581,496)

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2021**

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash	\$ 170,882
<b>Total Assets</b>	\$ 170,882
<b>LIABILITIES</b>	
Other liabilities	\$ 130,270
<b>Total Liabilities</b>	130,270
<b>NET POSITION</b>	
Reserved for extraclassroom activities	\$ 40,612

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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2021**

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<b>ADDITIONS</b>	
Extraclassroom receipts	\$ 56,309
<b>Total Additions</b>	56,309
<b>DEDUCTIONS</b>	
Extraclassroom disbursements	58,780
<b>Total Deductions</b>	58,780
<b>Change in Net Position</b>	(2,471)
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>	43,083
<b>NET POSITION - END OF YEAR</b>	\$ 40,612

See notes to basic financial statements.

# FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Frankfort-Schuyler Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

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

#### **A) Reporting Entity**

The Frankfort-Schuyler Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the 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 GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, 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 financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

##### **i) Extraclassroom Activity Funds**

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education 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 included with these financial statements. The District accounts for assets held as an agent for various student organizations in the custodial fund.

#### **B) Joint Venture**

The District is one of 10 component districts in Herkimer-Fulton-Hamilton-Otsego Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**B) Joint Venture – (Continued)**

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.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component 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 districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$4,046,915 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$1,669,288.

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

**C) Basis of Presentation**

**1) 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 revenues and other exchange and nonexchange 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 Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

C) **Basis of Presentation – (Continued)**

2) **Funds 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 Revenue Funds:** These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition or 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.

**Miscellaneous Special Revenue Fund:** Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

**Capital Projects Funds:** These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

**Debt Service Fund:** This fund accounts for the accumulation of resources and the payments of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital assets are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary fund:

**Custodial Fund:** Fiduciary activities are those in which the District acts as custodian 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.

D) **Measurement Focus and Basis of Accounting**

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**D) Measurement Focus and Basis of Accounting – (Continued)**

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

The governmental 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 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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, pensions and other post-employment benefits, 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.

**E) Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

**F) Restricted Resources**

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

**G) 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.

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.



FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**G) Interfund Transactions – (Continued)**

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.

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**H) 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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues 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.

**I) Cash (and Cash Equivalents)/Investments**

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 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.

Investments are stated at fair value.

**J) Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**K) Inventories and Prepaid Items**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**K) Inventories and Prepaid Items – (Continued)**

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

The District had no inventories or prepaid items at June 30, 2021.

**L) Capital Assets**

Capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. 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:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life</u></b>
Land/site improvements	\$ 2,500	Straight-line	20
Building and improvements	2,500	Straight-line	20
Furniture and equipment	2,500	Straight-line	5 – 20

**M) Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows 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 (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**M) Deferred Outflows and Inflows of Resources – (Continued)**

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District’s proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District’s proportion of the net pension asset (liability) was based on a projection of the District’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
	March 31, 2021	June 30, 2020
Measurement date		
District's proportionate share of the net pension asset (liability)	\$ (2,944)	\$ (1,020,897)
District’s portion of the Plan’s total net pension asset (liability)	0.0029563%	0.036945%
Change in proportion since the prior measurement date	0.0001932%	0.00033%

For the year ended June 30, 2021, the District recognized its proportionate share of pension expense of \$128,601 for ERS and \$555,783 for TRS. At June 30, 2021, the District’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**M) Deferred Outflows and Inflows of Resources – (Continued)**

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)**

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 7,093	\$ 894,510	\$ 0	\$ 52,319
Changes of assumptions	530,744	1,291,198	0	460,244
Net difference between projected and actual earnings on pension plan investments	0	666,736	1,190,618	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	6,804	71,952	17,425	38,748
District's contributions subsequent to the measurement date	42,212	555,783	0	0
Total	<u>\$ 586,853</u>	<u>\$ 3,480,179</u>	<u>\$ 1,208,043</u>	<u>\$ 551,311</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2022 for ERS and June 30, 2022 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2022	\$ (51,751)	\$ 815,583
2023	(17,639)	669,224
2024	(47,670)	410,327
2025	(165,851)	22,371
2026	0	45,112
Thereafter	0	0

**Actuarial Assumptions**

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset (liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**M) Deferred Outflows and Inflows of Resources – (Continued)**

**Actuarial Assumptions – (Continued)**

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.4%	1.90% - 4.72%
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	Systems experience	Systems experience
Inflation rate	2.7%	2.20%
Projected cost of living adjustments	1.4%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 through March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 through March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

The long-term 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 returns net of investment expense 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**M) Deferred Outflows and Inflows of Resources – (Continued)**

**Actuarial Assumptions – (Continued)**

Measurement date	<u>ERS</u> March 31, 2021	<u>TRS</u> June 30, 2020
<b><u>Asset type</u></b>		
Domestic equity	4.05%	7.1%
International equity	6.30	7.7
Global equities	0	7.4
Real estate	4.95	6.8
Domestic fixed income securities	0	1.8
Global fixed income securities	0	1.0
High-yield fixed income securities	0	3.9
Mortgages	0	3.6
Private debt	0	5.2
Credit	3.63	0
Private equity/alternative investments	6.75	10.4
Absolute return strategies	4.50	0
Opportunistic portfolio	4.50	0
Cash	0.50	0.7
Real assets	5.95	0

**Discount Rate**

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 7.10% for TRS. 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 Systems' 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 asset (liability).

**Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption**

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 6.10% for TRS) or 1 percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate:

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**M) Deferred Outflows and Inflows of Resources – (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption – (Continued)**

	<b><u>1% Decrease (4.9%)</u></b>	<b><u>Current Assumption (5.9%)</u></b>	<b><u>1% Increase (6.9%)</u></b>
<b><u>ERS</u></b>			
District's proportionate share of the net pension asset (liability)	\$ (817,059)	\$ (2,944)	\$ 747,861
	<b><u>1% Decrease (6.10%)</u></b>	<b><u>Current Assumption (7.10%)</u></b>	<b><u>1% Increase (8.10%)</u></b>
<b><u>TRS</u></b>			
District's proportionate share of the net pension asset (liability)	\$ (6,448,657)	\$ (1,020,897)	\$ 3,534,369

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	<b>(Dollars in thousands)</b>		
	<b><u>ERS</u></b>	<b><u>TRS</u></b>	<b><u>Total</u></b>
Measurement date	March 31, 2021	June 30, 2020	
Employers' total pension asset (liability)	\$ (220,680,157)	\$ (123,242,776)	\$ (343,922,933)
Plan fiduciary net position asset (liability)	220,580,583	120,479,505	341,060,088
Employers' net pension asset (liability)	(99,574)	(2,763,271)	(2,862,845)
 Ratio of plan fiduciary net position to the employers' total pension asset (liability)	 99.95%	 97.8%	 99.17%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$42,212.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November, 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amount to \$696,122.

Additional pension information can be found in Note 8.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N) Unearned Revenue**

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. The District has no unearned revenue as of June 30, 2021.

**O) Vested Employee Benefits**

**Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

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.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, 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 funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**P) Other Benefits**

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

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. 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.



FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Q) 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 budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

The District had no short-term debt for the year ended June 30, 2021.

**R) 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, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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 when due.

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.

**S) Equity Classifications**

**District-Wide Statements**

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

**i) 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.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**S) Equity Classifications – (Continued)**

**District-Wide Statements – (Continued)**

**ii) Restricted Net Position**

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

**iii) Unrestricted Net Position**

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

**Funds Statements**

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

**1. Nonspendable**

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**2. Restricted**

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. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The District has established the following restricted fund balances:

**Currently Utilized by the District:**

**Debt Service**

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service, must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund under Restricted Fund Balance.

**Employee Benefit Accrued Liability**

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board 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 under Restricted Fund Balance.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**S) Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**2. Restricted – (Continued)**

**Currently Utilized by the District: – (Continued)**

**Retirement Contributions**

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed reported of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Unemployment Insurance**

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Tax Certiorari**

According to Education Law §3651.1-a, 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 judgments and claims arising out of tax certiorari proceedings. Any resources deposited to 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. This reserve is accounted for in the General Fund under Restricted Fund Balance.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**S) Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**2. Restricted – (Continued)**

**Currently Utilized by the District: – (Continued)**

**Liability and Insurance**

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Repairs**

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, 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 under Restricted Fund Balance.

**3. Committed**

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2021.

**4. Assigned**

Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**S) Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**5. Unassigned**

Includes all other General Fund amounts that do not meet the definitions of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded for the 4% limitation.

**Order of Use of Fund Balance**

The District's policy is to annually determine the appropriate use of fund balance upon recommendation of the Superintendent and Board of Education.

**T) New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021. This statement establishes criteria for identifying fiduciary activities.

GASB has issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2021. This statement requires the reporting of majority equity interests which meet the definition of an investment at fair value and requires the reporting of majority equity interests which do not meet the definition of an investment as a component unit.

GASB has issued Statement No. 92, *Omnibus 2020*, portions of the Statement are effective for the year ending June 30, 2021. The statement aims to improve the consistency of various authoritative accounting literature including items such as reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, and measurement of liabilities related to asset retirement obligations (AROs) in a government acquisition.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2021. This statement addresses accounting and financial reporting implications that result from the replacement of an Interbank Offered Rates (IBOR).

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**U) Future Changes in Accounting Standards**

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2022. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improves the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, portions of the statement are effective for the year ending June 30, 2022. This statement increases consistency and comparability related to the reporting of fiduciary component units which do not have a governing board.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)**

**A) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balance of the District’s governmental funds differs from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

**B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities**

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories, described as follows:

**i) Long-Term Revenue and Expense Differences**

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

**ii) Capital Related Differences**

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

**iii) Long-Term Debt Transaction Differences**

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**iv) Pension Differences**

Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset (liability) and differences between the District’s contributions and its proportionate share of the total contributions to the pension systems.

**v) OPEB Differences**

OPEB differences occur as a result of changes in the District’s total OPEB liability and differences between the District’s contributions and OPEB expense.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted.

The voters of the District approved the proposed appropriation budget for the General Fund.

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 Board of Education 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 restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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.

**Encumbrances**

Encumbrance accounting is used for budget 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 restrictions or 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.

**Unreserved Undesignated General Fund Balance**

The District's unreserved undesignated General Fund balance was in excess of the New York State Real Property Tax Law limit, which restricts it to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

**NOTE 4 – CASH (AND CASH EQUIVALENTS), CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

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.



**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 4 – CASH (AND CASH EQUIVALENTS), CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS – (CONTINUED)**

The District’s aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District’s name		12,670,084

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$6,893,075 within the governmental funds and \$170,882 in fiduciary funds.

**NOTE 5 – CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 52,500	\$ 0	\$ 0	\$ 52,500
Construction in process	153,207	50,481	0	203,688
Total nondepreciable historical cost	<u>205,707</u>	<u>50,481</u>	<u>0</u>	<u>256,188</u>
Capital assets that are depreciated:				
Buildings	19,739,344	0	0	19,739,344
Furniture and equipment	3,884,356	0	0	3,884,356
Total depreciable historical cost	<u>23,623,700</u>	<u>0</u>	<u>0</u>	<u>23,623,700</u>
Less accumulated depreciation:				
Buildings, furniture and equipment	10,984,389	605,294	0	11,589,683
Total accumulated depreciation	<u>10,984,389</u>	<u>605,294</u>	<u>0</u>	<u>11,589,683</u>
Net depreciable historical cost	<u>12,639,311</u>	<u>(605,294)</u>	<u>0</u>	<u>12,034,017</u>
<b>GRAND TOTAL</b>	<u><u>\$ 12,845,018</u></u>	<u><u>\$ (554,813)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 12,290,205</u></u>

Depreciation was allocated to the following programs as follows:

General support	\$ 111,207
Instruction	450,652
Pupil transportation	40,757
School lunch program	2,678
<b>TOTAL</b>	<u><u>\$ 605,294</u></u>

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 6 – LONG-TERM DEBT**

Interest on long-term debt for the year was composed of:

Interest on long-term debt for the year was	\$ 302,550
Less interest accrued in the prior year	(9,100)
Add interest accrued in the current year	<u>8,255</u>
<b>Total interest expense</b>	<b><u><u>\$ 301,705</u></u></b>

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

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Governmental activities:					
Bonds and notes payable:					
Serial bonds	\$ 1,085,000	\$ 0	\$ 225,000	\$ 860,000	\$ 235,000
Serial bonds	5,400,000	0	320,000	5,080,000	335,000
Total bonds and notes payable	<u>6,485,000</u>	<u>0</u>	<u>545,000</u>	<u>5,940,000</u>	<u>570,000</u>
Other liabilities:					
Other post-employment benefits	34,353,205	7,094,830	0	41,448,035	0
Compensated absences, net	773,278	0	26,232	747,046	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u><u>\$ 41,611,483</u></u></b>	<b><u><u>\$ 7,094,830</u></u></b>	<b><u><u>\$ 571,232</u></u></b>	<b><u><u>\$ 48,135,081</u></u></b>	<b><u><u>\$ 570,000</u></u></b>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

The following is a summary of the maturity of long-term indebtedness:

<b><u>Description of Issue</u></b>	<b><u>Serial Bond</u></b>	<b><u>Serial Bond</u></b>	
Issue date	6/15/2012	6/15/2018	
Final maturity	6/12/2025	6/12/2033	
Interest rate	2.00-3.00%	2.00-3.00%	
Outstanding at year end	\$ 860,000	\$ 5,080,000	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
Fiscal year ended June 30:			
2022	\$ 570,000	\$ 279,800	\$ 849,800
2023	595,000	256,000	851,000
2024	615,000	231,050	846,050
2025	525,000	205,200	730,200
2026	405,000	181,750	586,750
2027 - 2031	2,375,000	420,500	2,795,500
2032 - 2033	<u>855,000</u>	<u>58,000</u>	<u>913,000</u>
<b>TOTALS</b>	<b><u><u>\$ 5,940,000</u></u></b>	<b><u><u>\$ 1,632,300</u></u></b>	<b><u><u>\$ 7,572,300</u></u></b>

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 7 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 239,680	\$ 0	\$ 0	\$ 9,263
Special Aid Fund	0	223,960	9,263	0
School Lunch Fund	0	15,720	0	0
Total Governmental Activities	239,680	239,680	9,263	9,263
Custodial Fund	0	0	0	0
<b>TOTALS</b>	<b>\$ 239,680</b>	<b>\$ 239,680</b>	<b>\$ 9,263</b>	<b>\$ 9,263</b>

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.

**NOTE 8 – PENSION PLANS**

**General Information**

The District participates in the New York State Employees’ Retirement System (NYSERS) and the New York State Teachers’ Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer 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.

**Plan Descriptions and Benefits Provided:**

**Teachers’ Retirement System (TRS)**

The District participates in the New York State Teachers’ Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability 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. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public 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 System issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers’ Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System’s website at [www.nystrs.org](http://www.nystrs.org).

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 8 – PENSION PLANS – (CONTINUED)**

**Plan Descriptions and Benefits Provided: – (Continued)**

**Employees’ Retirement System (ERS)**

The District participates in the New York State and Local Employees’ Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides 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), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees’ Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% 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% to 3.5% 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. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the Systems’ fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers’ Retirement Board pursuant to Article 11 of the Education Law.

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2020-2021	\$ 555,783	\$ 128,601
2019-2020	665,686	119,561
2018-2019	544,557	129,937

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Additional pension information can be found in Note 1 M.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS**

**General Information About the OPEB Plan:**

**Plan Description**

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District’s Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Funding Policy**

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

**Benefits Provided**

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

**Employees Covered by Benefit Terms**

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	100
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>111</u>
Total	<u><u>211</u></u>

**Net OPEB Liability:**

The District’s total OPEB liability of \$41,448,035 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4%
Salary Increases	3.0%
Discount Rate	2.21%
Healthcare Cost Trend Rates	6.5% for 2020, decreasing to an ultimate rate of 3.94% for 2091.

The discount rate was based on the Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 SOA Mortality Table with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2020.

**Changes in the Total OPEB Liability:**

Balance at June 30, 2020	\$ 34,353,205
Changes for the year:	
Service cost	1,096,448
Interest	1,223,679
Changes in benefit terms	0
Differences between expected and actual experience	(2,431,977)
Changes in assumptions or other inputs	8,181,483
Benefit payments	<u>(974,803)</u>
Net changes	<u>7,094,830</u>
Balance at June 30, 2021	<u>\$ 41,448,035</u>

The following changes have been made since the previous Measurement Date:

**Changes to Assumptions and Other Inputs**

- Changed the discount rate from 3.50% to 2.21%. The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**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:

	<b><u>1% Decrease</u></b>	<b><u>Discount Rate</u></b>	<b><u>1% Increase</u></b>
Total OPEB Liability	\$ 49,252,370	\$ 41,448,035	\$ 35,238,984

**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 (5.5% decreasing to 2.94%) or 1 percentage point higher (7.5% decreasing to 4.94%) than the current healthcare cost trend rate:

	<b><u>1% Decrease (5.5% Decreasing to 2.94%)</u></b>	<b><u>Healthcare Cost Trend Rates (6.5% Decreasing to 3.94%)</u></b>	<b><u>1% Increase (7.5% Decreasing to 4.94%)</u></b>
Total OPEB Liability	\$ 34,517,766	\$ 41,448,035	\$ 50,509,271

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,399,208. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 81,681	\$ 2,001,539
Changes of assumptions or other inputs	7,297,367	1,824,942
Employer contributions subsequent to the measurement date	<u>1,037,126</u>	<u>0</u>
Total	<b><u>\$ 8,416,174</u></b>	<b><u>\$ 3,826,481</u></b>

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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**NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – (Continued)**

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

<b><u>Fiscal Year Ending June 30:</u></b>	
2022	\$ 1,153,333
2023	576,915
2024	1,051,363
2025	1,146,636
2026	661,446
Thereafter	<u>0</u>
Total	<u>\$ 4,589,693</u>

**NOTE 10 – RISK MANAGEMENT**

**General Information**

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.

**NOTE 11 – DONOR-RESTRICTED ENDOWMENTS**

The District administers endowment funds, which are restricted by the donor for the purposes of scholarships.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

**NOTE 12 – CONTINGENCIES AND COMMITMENTS**

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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

The District does not accrue a liability for accumulating, nonvesting sick leave, since payment is based on an uncontrollable future event (sickness).

**NOTE 13 – TAX ABATEMENTS**

The County of Herkimer enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$181,643. The District received Payment in Lieu of Tax (PILOT) payment totaling \$80,421.



**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 14 – RESTATEMENT OF NET POSITION**

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of Statement No. 84 results in the reporting of the criteria for identifying fiduciary activities. The District's net position has been restated as follows:

	<u>CM - Misc. Special Revenue</u>	<u>Government- wide Statement of Net Position</u>	<u>Custodial Fund</u>
Fund Balance/Net Position, beginning of year as previously stated	\$ 0	\$ (18,058,351)	\$ 0
GASB Statement No. 84 implementation:			
Extraclassroom activity fund balances previously recorded as a liability in the former Trust & Agency Fund	0	0	43,083
Scholarship funds previously recorded in Private Purpose Trust Funds (Fiduciary Fund)	<u>172,287</u>	<u>172,287</u>	<u>0</u>
Fund Balance/Net Position, beginning of year as restated	<u>\$ 172,287</u>	<u>\$ (17,886,064)</u>	<u>\$ 43,083</u>

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the issuance date of the of the audit report. There were no issues to report that would have a material effect on the financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Final Budget Variance with Budgetary Actual Over (Under)</u>
<b>REVENUES:</b>				
<b>Local Sources</b>				
Real property taxes	\$ 7,934,543	\$ 6,523,414	\$ 6,514,149	\$ (9,265)
Real property tax items	99,000	1,510,129	1,522,998	12,869
Charges for services	172,000	172,000	283,375	111,375
Use of money and property	27,000	27,000	14,690	(12,310)
Sale of property and compensation for loss	0	0	31,413	31,413
Miscellaneous	56,874	56,874	585,149	528,275
Interfund revenues	366,488	366,488	0	(366,488)
<b>Total Local Sources</b>	<b>8,655,905</b>	<b>8,655,905</b>	<b>8,951,774</b>	<b>295,869</b>
<b>State Sources</b>	<b>10,725,782</b>	<b>10,725,782</b>	<b>10,541,459</b>	<b>(184,323)</b>
<b>Federal Sources</b>	<b>60,000</b>	<b>60,000</b>	<b>349,086</b>	<b>289,086</b>
<b>Total Revenues</b>	<b>19,441,687</b>	<b>19,441,687</b>	<b>19,842,319</b>	<b>\$ 400,632</b>

See paragraph on supplementary schedules included in independent auditors' report.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of Education	29,348	43,143	29,710	\$ 3,407	\$ 10,026
Central administration	173,000	248,399	223,637	4,886	19,876
Finance	315,644	341,572	288,640	10,707	42,225
Staff	156,688	163,889	114,056	9,478	40,355
Central services	1,491,471	2,149,980	1,377,802	496,754	275,424
Special items	607,612	607,612	549,003	0	58,609
<b>Instructional</b>					
Instruction, administration and improvements	487,833	578,521	478,644	71,537	28,340
Teaching – regular school	5,065,223	5,623,275	4,692,801	615,289	315,185
Programs for children with handicapping conditions	2,982,991	2,989,336	2,844,195	52,070	93,071
Occupational education	536,673	536,673	534,990	0	1,683
Teaching - special school	58,461	58,461	26,436	0	32,025
Instructional media	505,883	1,201,836	649,871	482,613	69,352
Pupil services	633,564	753,746	516,667	105,994	131,085
<b>Pupil Transportation</b>	1,305,583	1,057,599	946,620	50,430	60,549
<b>Employee Benefits</b>	4,895,163	4,199,993	3,804,525	18,700	376,768
<b>Debt Service</b>	932,550	882,550	847,550	0	35,000
<b>Total Expenditures</b>	20,177,687	21,436,585	17,925,147	1,921,865	1,589,573
<b>Other Financing Uses</b>					
Transfers to other funds	14,000	14,000	9,263	0	4,737
<b>Total Expenditures and Other Uses</b>	20,191,687	21,450,585	17,934,410	\$ 1,921,865	\$ 1,594,310
<b>NET CHANGE IN FUND BALANCE</b>	(750,000)	(2,008,898)	1,907,909		
<b>FUND BALANCE – BEGINNING</b>	8,714,902	8,714,902	8,714,902		
<b>FUND BALANCE – ENDING</b>	\$ 7,964,902	\$ 6,706,004	\$ 10,622,811		

See paragraph on supplementary schedules included in independent auditors' report.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT  
BENEFITS LIABILITY AND RELATED RATIOS**

**FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019 AND 2018**

<b>Measurement Date</b>	<b>July 1, 2020</b>	<b>July 1, 2019</b>	<b>July 1, 2018</b>	<b>July 1, 2017</b>
<b>Total OPEB Liability</b>				
Service cost	\$ 1,096,448	\$ 1,115,061	\$ 1,072,285	\$ 1,422,709
Interest	1,223,679	1,264,692	1,278,152	1,117,674
Change of benefit terms	0	0	(3,610,997)	0
Differences between expected and actual experience	(2,431,977)	0	166,470	0
Change of assumptions or other inputs	8,181,483	853,874	(902,504)	(5,067,764)
Benefit payments	(974,803)	(889,457)	(852,644)	(816,568)
<b>Net change in total OPEB liability</b>	<b>7,094,830</b>	<b>2,344,170</b>	<b>(2,849,238)</b>	<b>(3,343,949)</b>
<b>Total OPEB Liability - beginning</b>	<b>34,353,205</b>	<b>32,009,035</b>	<b>34,858,273</b>	<b>38,202,222</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 41,448,035</b>	<b>\$ 34,353,205</b>	<b>\$ 32,009,035</b>	<b>\$ 34,858,273</b>
<b>Covered-employee payroll</b>	<b>\$ 7,752,815</b>	<b>\$ 7,190,093</b>	<b>\$ 6,604,000</b>	<b>\$ 6,303,035</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>534.62%</b>	<b>477.79%</b>	<b>484.69%</b>	<b>553.04%</b>
<b>Plan's fiduciary net position</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net OPEB Liability</b>	<b>\$ 41,448,035</b>	<b>\$ 34,353,205</b>	<b>\$ 32,009,035</b>	<b>\$ 34,858,273</b>

See paragraph on supplementary schedules included in independent auditors' report.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015**

**NYS Employees' Retirement System**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability (asset)	0.0029563%	0.0031495%	0.0029687%	0.0030541%	0.0033011%	0.0032484%	0.0031192%
District's proportionate share of the net pension liability (asset)	\$ 2,944	\$ 834,007	\$ 210,342	\$ 98,569	\$ 310,181	\$ 521,375	\$ 105,374
District's covered-employee payroll	928,465	892,111	902,766	876,539	841,121	843,266	818,982
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.3%	93.5%	23.3%	11.2%	36.9%	61.8%	12.9%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

**NYS Teachers' Retirement System**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability (asset)	0.036945%	0.036615%	0.037382%	0.036851%	0.037144%	0.037362%	0.038825%
District's proportionate share of the net pension liability (asset)	\$ 1,020,897	\$ (951,253)	\$ (675,963)	\$ (280,101)	\$ 397,828	\$ (3,880,709)	\$ (4,324,867)
District's covered-employee payroll	6,338,099	6,355,767	6,398,476	6,238,207	6,001,656	5,875,226	5,760,060
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-16.1%	15.0%	10.6%	4.5%	6.6%	66.1%	75.1%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%	111.48%

See paragraph on supplementary schedules included in independent auditors' report.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS**

**FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015**

**NYS Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 128,601	\$ 119,561	\$ 129,937	\$ 124,406	\$ 121,871	\$ 168,848	\$ 143,556
Contributions in relation to the contractually required contribution	128,601	119,561	129,937	124,406	121,871	168,848	143,556
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 928,465	\$ 892,111	\$ 902,766	\$ 876,539	\$ 841,121	\$ 843,266	\$ 818,982
Contribution as a percentage of covered-employee payroll	13.85%	13.40%	14.39%	14.19%	14.49%	20.02%	17.53%

**NYS Teachers' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 604,021	\$ 563,121	\$ 679,518	\$ 611,344	\$ 703,394	\$ 795,963	\$ 1,014,316
Contributions in relation to the contractually required contribution	604,021	563,121	679,518	611,344	703,394	795,963	1,014,316
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 6,338,099	\$ 6,355,767	\$ 6,398,476	\$ 6,238,207	\$ 6,001,656	\$ 5,875,226	\$ 5,760,060
Contribution as a percentage of covered-employee payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.55%	17.61%

See paragraph on supplementary schedules included in independent auditors' report.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

<b>ADOPTED BUDGET</b>	\$ 20,191,687
<b>ADDITIONS:</b>	
Prior year's encumbrances	<u>1,258,898</u>
<b>FINAL BUDGET</b>	<u><u>\$ 21,450,585</u></u>

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SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2021

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2021-2022 voter-approved expenditure budget	\$ 20,768,066
Maximum allowed (4% of 2021-2022 budget)	830,723
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	2,536,865
Unassigned fund balance	<u>1,192,871</u>
Total unrestricted fund balance	3,729,736
Less:	
Appropriated fund balance	615,000
Encumbrances included in assigned fund balance	<u>1,921,865</u>
Total Adjustments	<u>2,536,865</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,192,871</u></u>
Actual percentage	5.7%

See paragraph on supplementary schedules included in independent auditors' report.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES**

**FOR THE YEAR ENDED JUNE 30, 2021**

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Balances</u>	
			<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>		<u>Local Sources</u>	<u>State Aid</u>	<u>Proceeds of Obligations</u>		<u>Total</u>
District-wide renovations	\$ 7,528,950	\$ 7,528,950	\$ 7,659,618	\$ 50,481	\$ 7,710,099	\$ (181,149)	\$ 1,837,229	\$ 0	\$ 5,905,000	\$ 7,742,229	\$ 32,130
Totals	<u>\$ 7,528,950</u>	<u>\$ 7,528,950</u>	<u>\$ 7,659,618</u>	<u>\$ 50,481</u>	<u>\$ 7,710,099</u>	<u>\$ (181,149)</u>	<u>\$ 1,837,229</u>	<u>\$ 0</u>	<u>\$ 5,905,000</u>	<u>\$ 7,742,229</u>	<u>\$ 32,130</u>

See paragraph on supplementary schedules included in independent auditors' report



**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

**NET INVESTMENT IN CAPITAL ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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<b>CAPITAL ASSETS, NET</b>		\$ 12,290,205
<b>DEDUCT:</b>		
Short-term portion of bonds payable	570,000	
Long-term portion of bonds payable	<u>5,370,000</u>	
		<u>5,940,000</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		<u><u>\$ 6,350,205</u></u>

See paragraph on supplementary schedules included in independent auditors' report.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**FEDERAL AWARD PROGRAM INFORMATION  
(SINGLE AUDIT)**

**(UNIFORM GUIDANCE)**

**JUNE 30, 2021**



**INDEPENDENT AUDITORS' 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**

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

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 Frankfort-Schuyler Central School District as of and for the year ended June 30, 2021, 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 12, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Frankfort-Schuyler Central School District's internal control over financial reporting (internal control) to determine the 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 Frankfort-Schuyler Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Frankfort-Schuyler Central School 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.

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 Frankfort-Schuyler Central School 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 determination of 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.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 12, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

**Report on Compliance for Each Major Federal Program**

We have audited Frankfort-Schuyler Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Frankfort-Schuyler Central School District's major federal programs for the year ended June 30, 2021. Frankfort-Schuyler Central School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Frankfort-Schuyler Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Frankfort-Schuyler Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Frankfort-Schuyler Central School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Frankfort-Schuyler Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the Frankfort-Schuyler Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Frankfort-Schuyler Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Frankfort-Schuyler Central School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*WEST & COMPANY CPA PC*

Gloversville, New York  
October 12, 2021

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032210302	\$ 232,452
Special Education Preschool Grants	84.173	0033210302	5,407
Total Special Education Cluster			<u>237,859</u>
Title I Grants to Local Educational Agencies	84.010	0021211105	256,101
Title I Grants to Local Educational Agencies - School Improvement Grant	84.010	0011213048	56,614
Total Title I Grants to Local Educational Agencies			<u>312,715</u>
Elementary and Secondary School Emergency Relief Fund - CARES	84.425D	5890211100	236,805
Governor's Emergency Education Relief Fund - CARES	84.425C	5895211100	40,134
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			<u>276,939</u>
Improving Teacher Quality State Grants	84.367	0147211105	47,168
Student Support and Academic Enrichment Program	84.424	0147211105	19,630
Total U.S. Department of Education			<u>894,311</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 894,311</u></u>

See notes to schedule of expenditures of federal awards.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

**NOTE 2 – SUBRECIPIENTS**

No amounts were provided to subrecipients.

**NOTE 3 – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 2021, the District had food commodities totaling \$-0- in inventory.

**NOTE 4 – INDIRECT COST RATE**

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

**NOTE 5 – CLUSTERS**

The special education cluster consists of Special Education - Grants to States and Special Education - Preschool Grants.



FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

**A. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? \_\_\_Yes XNo
  - b. Significant deficiency(ies) identified? \_\_\_Yes XNo
3. Noncompliance material to financial statements noted? \_\_\_Yes XNo

Federal Awards

1. Internal control over major programs:
  - a. Material weakness(es) identified? \_\_\_Yes XNo
  - b. Significant deficiency(ies) identified? \_\_\_Yes XNo
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? \_\_\_Yes XNo
4. Identification of major programs:

**CFDA Number**

**Name of Federal Program**

84.425D	Elementary and Secondary School Emergency Relief Fund - CARES
84.425C	Governor's Emergency Education Relief Fund – CARES
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

5. Dollar threshold used to distinguish between type A and B programs: \$750,000
6. Auditee qualified as low-risk auditee? \_\_\_Yes XNo

**B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**JUNE 30, 2021**



## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Frankfort-Schuyler Central School District as of June 30, 2021, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion 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. 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 auditors' 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 qualified audit opinion.

### **Basis for Qualified Opinion**

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

## **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Frankfort-Schuyler Central School District as of June 30, 2021, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 12, 2021

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

EXTRACLASROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2021

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<b>ASSETS</b>	
Cash	\$ 40,612
<b>TOTAL ASSETS</b>	<u>\$ 40,612</u>
<b>LIABILITIES AND CLUB BALANCES</b>	
Club balances	\$ 40,612
<b>TOTAL LIABILITIES AND CLUB BALANCES</b>	<u>\$ 40,612</u>

See notes to financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Balance</u> <u>July 1, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2021</u>
Band	\$ 3,975	\$ 250	\$ 0	\$ 4,225
Builder's Club	1,007	0	0	1,007
Cheerleaders	2,787	0	300	2,487
Chess Club	231	0	0	231
Chorus	(24)	250	0	226
Class of 2021	11,524	16,451	27,891	84
Class of 2022	3,368	8,810	6,134	6,044
Class of 2023	2,078	5,834	3,969	3,943
Class of 2024	0	5,121	1,643	3,478
Computer Science Club	51	0	0	51
Drama Club	45	0	0	45
HS FBLA	842	173	120	895
MS FBLA	255	0	0	255
FOR Club	847	0	0	847
Jr. Honor Society	19	0	0	19
Key Club	429	0	0	429
National Honor Society	3,571	800	800	3,571
Sales Tax	5,603	231	0	5,834
Senior Yearbook	1,852	18,376	17,674	2,554
Student Council	4,623	13	249	4,387
<b>TOTALS</b>	<u>\$ 43,083</u>	<u>\$ 56,309</u>	<u>\$ 58,780</u>	<u>\$ 40,612</u>

See notes to financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Extraclassroom Activity Funds of the Frankfort-Schuyler Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds and their corresponding cash accounts are reflected in the custodial fund of the Statement of Fiduciary Net Position – Fiduciary Funds associated with the basic financial statements of the District.

The books and records of Frankfort-Schuyler Central School District’s Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

**NOTE 2 – MANAGEMENT LETTER**

The management letter items for the Extraclassroom Activity Funds are included in the management letter associated with the basic financial statements.



October 12, 2021

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

Re: Management Letter  
June 30, 2021

Dear Board Members:

In planning and performing our audit of the basic financial statements of the Frankfort-Schuyler Central School District for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our auditing procedures for the purpose of expressing an opinion 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The following summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated October 12, 2021. This letter does not affect our report dated October 12, 2021, on the financial statements of Frankfort-Schuyler Central School District.

### **Prior-Year Findings**

#### **(1) Unassigned General Fund Balance**

**Prior Condition:** The District's unassigned General Fund balance at June 30, 2018, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

**Status:** This condition remains outstanding as of June 30, 2021.

**Recommendation:** We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

#### **(2) Extraclassroom Activity**

**Prior Condition:** During our June 30, 2020 testing of extraclassroom activities we noted the following:

- a) Clubs were not paying or collecting sales tax.
- b) One receipt was missing student treasurer signature.

**Status:** The above conditions were corrected as of June 30, 2021.



\* \* \* \* \*

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We appreciate the courtesies, assistance and cooperation extended to us by the Business Office during our audit. Please feel free to contact us regarding our comments and recommendations, or any other matters that may come to your attention, at your convenience.

Very truly yours,

*WEST & COMPANY CPAs PC*

WEST & COMPANY CPAs PC