

AMHERST CENTRAL
SCHOOL DISTRICT, NEW YORK
*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Federal
Awards Information for the Year Ended
June 30, 2021 and Independent Auditors' Reports*

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2021

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet—Governmental Funds	14
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities	17
Statement of Fiduciary Net Position—Fiduciary Funds	18
Statement of Changes in Fiduciary Net Position—Fiduciary Funds	19
Notes to the Financial Statements	20
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)— Teachers' Retirement System	45
Schedule of District's Contributions—Teachers' Retirement System	46
Schedule of the District's Proportionate Share of the Net Pension Liability— Employees' Retirement System.....	47
Schedule of District's Contributions—Employees' Retirement System.....	48
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance— Budget (Non-GAAP Basis) and Actual—General Fund	50
Notes to the Required Supplementary Information	52

(continued)

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2021

(concluded)

Page

Supplementary Information:

Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund	53
Schedule of Capital Project Expenditures	54
Net Investment in Capital Assets	55

Federal Awards Information:

Schedule of Expenditures of Federal Awards	56
Notes to the Schedule of Expenditures of Federal Awards	57
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 <i>Government Auditing Standards</i>	58
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	60
Schedule of Findings and Questioned Costs	62
Summary Schedule of Prior Year Audit Findings	64

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Amherst Central School District, 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 Amherst Central School District, New York (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

The District's 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2021, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, 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 Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed 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, as listed in the table of contents, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Drecher & Malecki LLP

September 23, 2021

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Management's Discussion and Analysis
Year Ended June 30, 2021

As management of the Amherst Central School District, New York, (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the District's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,421,027 (*net position*). Net position consists of \$14,679,120 net investment in capital assets, \$4,591,619 restricted for specific purposes, and an unrestricted net position of \$4,150,288.
- The District's net position decreased by \$6,078,572 during the year ended June 30, 2021.
- At the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$13,366,169, a decrease of \$8,819,440 in comparison with the prior year's fund balance of \$22,185,609, as restated. This decrease was primarily due to significant capital outlay within the Capital Projects Fund following the issuance of serial bonds in the prior year.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$4,255,523, or approximately 6.9 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the District's discretion and constitutes approximately 43.3 percent of the General Fund's total fund balance of \$9,834,904 at June 30, 2021.
- During the year ended June 30, 2021, the District's serial bonds outstanding decreased by \$3,785,000. During the year, the District issued \$4,980,000 of refunding bonds which, along with premiums, refunded \$5,210,000 of previously outstanding serial bonds. Additionally, during the year the District made total scheduled principal payments of \$3,555,000.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, school food service, student activities and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances (deficit) for the General Fund, Special Aid Fund, School Lunch Fund, Miscellaneous Special Revenue Fund, Capital Projects Fund and Debt Service Fund, all of which are considered to be major.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The District maintains one fiduciary fund, the Private Purpose Trust Fund.

The fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-44 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District’s net pension liability, the changes in the District’s total other postemployment benefits (“OPEB”) obligation, and the District’s budgetary comparison for the General Fund. Required Supplementary Information and the related notes to the required supplementary information can be found on pages 45-52 of this report.

Other supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 53-55 of this report.

The Federal Awards Information section presents the District’s Schedule of Expenditures of Federal Awards. This section can be found on pages 56-64 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,421,027 at the close of the most recent fiscal year, as compared to \$29,499,599 at the close of the fiscal year ended June 30, 2020, as restated.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position

	June 30,	
	2021	2020 (as restated)
Current assets	\$ 20,007,689	\$ 29,225,204
Noncurrent assets	64,008,327	65,026,851
Total assets	84,016,016	94,252,055
Deferred outflows of resources	17,676,957	15,393,437
Current liabilities	6,858,768	7,079,509
Noncurrent liabilities	64,200,395	67,515,810
Total liabilities	71,059,163	74,595,319
Deferred inflows of resources	7,212,783	5,550,574
Net position:		
Net investment in capital assets	14,679,120	17,153,214
Restricted	4,591,619	5,265,723
Unrestricted	4,150,288	7,080,662
Total net position	\$ 23,421,027	\$ 29,499,599

The largest portion of the District's net position, \$14,679,120, reflects its investment in capital assets (e.g. land, construction in progress, buildings and equipment), net of accumulated depreciation and less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$4,591,619 represents resources that are subject to external restrictions on how they may be used. Any remaining portion of the District's net position represents resources that are unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. The final portion of the District's net position is considered unrestricted net position, \$4,150,288, which represents resources that may be used to meet the District's ongoing operations.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2021 and June 30, 2020:

Table 2—Condensed Statements of Changes in Net Position

	Year Ended June 30,	
	2021	2020
Program revenues:		
Charges for services	\$ 1,312,736	\$ 1,264,093
Operating grants and contributions	5,592,722	4,856,704
General revenues	<u>57,044,417</u>	<u>57,142,299</u>
Total revenues	<u>63,949,875</u>	<u>63,263,096</u>
Program expenses	<u>70,028,447</u>	<u>63,526,626</u>
Change in net position	(6,078,572)	(263,530)
Net position—beginning	29,499,599	29,058,629
Restatement	<u>-</u>	<u>704,500</u>
Net position—ending	<u>\$ 23,421,027</u>	<u>\$ 29,499,599</u>

Overall revenues increased 1.1 percent from the prior year, primarily due to an increase in property taxes. Total expenses increased 10.2 percent from the prior year ended June 30, 2020, as a result of increased instruction expenses related to salaries and employee benefits.

A summary of sources of revenues for the years ended June 30, 2021 and June 30, 2020 is presented in Table 3 on the following page.

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
Charges for services	\$ 1,312,736	\$ 1,264,093	\$ 48,643	3.8
Operating grants and contributions	5,592,722	4,856,704	736,018	15.2
Taxes	41,901,246	40,781,017	1,120,229	2.7
Use of money and property	33,829	203,945	(170,116)	(83.4)
Other items	913,819	1,141,013	(227,194)	(19.9)
State sources-unrestricted	14,195,523	15,016,324	(820,801)	(5.5)
Total revenues	<u>\$ 63,949,875</u>	<u>\$ 63,263,096</u>	<u>\$ 686,779</u>	1.1

The most significant sources of revenues for the year ended June 30, 2021 were taxes of \$41,901,246, or 65.5 percent of total revenues, and unrestricted State sources of \$14,195,523, or 22.2 percent of total revenues. Similarly, for the year ended June 30, 2020, the largest sources of revenues were taxes of \$40,781,017, or 64.5 percent of total revenues, and unrestricted State sources of \$15,016,324, or 23.7 percent of total revenues.

A summary of program expenses for the years ended June 30, 2021 and June 30, 2020 is presented below in Table 4:

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
General support	\$ 7,141,502	\$ 7,455,699	\$ (314,197)	(4.2)
Instruction	56,638,677	50,545,305	6,093,372	12.1
Pupil transportation	3,603,346	3,306,677	296,669	9.0
School food service	944,352	929,189	15,163	1.6
Student activities	230,351	-	230,351	100.0
Interest and other fiscal charges	1,470,219	1,289,756	180,463	14.0
Total program expenses	<u>\$ 70,028,447</u>	<u>\$ 63,526,626</u>	<u>\$ 6,501,821</u>	10.2

The most significant expense items for the year ended June 30, 2021 were instruction of \$56,638,677, or 80.9 percent of total expenses, general support of \$7,141,502, or 10.2 percent of total expenses, and pupil transportation of \$3,603,346, or 5.1 percent of total expenses. Similarly, for the year ended June 30, 2020, the most significant expense items were instruction of \$50,545,305, or 79.6 percent of total expenses, general support of \$7,455,699, or 11.7 percent of total expenses, and pupil transportation of \$3,306,677, or 5.2 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* in special revenue funds may serve as a useful measure of a government’s net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

At June 30, 2021, the District's governmental funds reported a combined ending fund balance of \$13,756,258, a decrease of \$8,825,276 from the prior year's fund balance of \$22,581,534, as restated, primarily resulting from capital outlay of \$8,317,817. Approximately 30.9 percent of this amount, \$4,255,523, constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is 1) not in spendable form, \$107,272, 2) restricted for particular purposes, \$7,845,112, or 3) assigned for particular purposes, \$1,548,351.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,255,523, while the total fund balance decreased to \$9,834,904. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 6.9 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 16.0 percent of that same amount.

The total fund balance of the District's General Fund decreased \$1,223,938 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$1,023,998 of unrestricted fund balance (\$704,000 appropriated during the budget process and a \$319,998 carryover of prior year encumbrances) in addition to the planned use of \$840,000 of restricted fund balance for spending in the 2020-2021 fiscal year. As a result of spending less than anticipated on instruction, the District's fund balance ended \$640,060 higher than anticipated.

The Special Aid Fund maintains funds that are received by the State and Federal governments. Revenues for the year ended June 30, 2021 totaled \$2,276,376 and were comprised of State and Federal sources. Expenditures totaled \$2,240,160 and were mostly used towards the instruction and transportation of students. Additionally, the General Fund transferred \$64,000 to the Special Aid Fund to remedy the operating deficit related to the State's withholding of certain aid in the prior year.

The School Lunch Fund total fund balance is \$129,678 as of June 30, 2021, of which \$107,272 represents inventory and is considered nonspendable. The remaining portion of fund balance, \$22,406, or 17.3 percent of total fund balance, is considered assigned for school lunch purposes. The fund balance of the District's School Lunch Fund decreased by \$86,277 during the current fiscal year.

The Miscellaneous Special Revenue Fund reports a fund balance of \$538,183 at June 30, 2021, a decrease of \$166,317 from the prior year, as restated. This total fund balance amount is classified as restricted fund balance for the future payment of extraclassroom activities on behalf of the students and future payments towards the District's flexible spending plans.

The fund balance in the Capital Projects Fund decreased \$7,463,334 from the prior year, resulting in ending fund balance of \$3,014,903 as of June 30, 2021. The decrease in the Capital Projects Fund is primarily due to the District's capital outlay which totaled \$8,317,817.

At June 30, 2021, the District's Debt Service Fund reports a fund balance of \$238,590, an increase of \$14,374 from the prior year. This total fund balance amount is classified as restricted fund balance for the future payment of debt principal and interest.

General Fund Budgetary Highlights

The District's General Fund budget contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the District has appropriately assigned an equal amount of fund balance at year-end for this purpose. Additionally, there was a \$373,223 increase in budgeted revenues and

appropriations between the original and final amended budget for the recognition of grants, insurance recoveries and donations. These amendments were approved by the Board of Education.

A summary of revisions from adopted budget to final budget is presented below in Table 5:

Table 5—General Fund Budget

Adopted budget, 2020-2021	\$ 62,423,000
Add: Prior year's encumbrances	<u>319,998</u>
Original budget, 2020-2021	62,742,998
Budget revisions:	
Federal grants	\$ 339,750
Insurance recoveries	29,601
Gifts and donations	<u>3,872</u>
	<u>373,223</u>
Final budget, 2020-2021	<u>\$ 63,116,221</u>

More detailed information regarding the District's General Fund budget is presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—General Fund within the Required Supplementary Information section of this report.

Capital Asset and Debt Administration

Capital assets—The District's investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$64,008,327 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year, as outlined in the District's capital asset policy.

Capital assets, net of depreciation for the governmental activities at June 30, 2021 and June 30, 2020 are presented below in Table 6:

Table 6—Summary of Capital Assets (Net of Accumulated Depreciation)

	June 30,	
	2021	2020
Land	\$ 358,500	\$ 358,500
Construction in progress	18,961,105	16,700,514
Buildings	42,810,476	43,077,135
Equipment	<u>1,878,246</u>	<u>1,212,890</u>
Total	<u>\$ 64,008,327</u>	<u>\$ 61,349,039</u>

Additional information on the District's capital assets can be found in Note 5 to the financial statements.

Long-term liabilities—At June 30, 2021, the District had total long-term liabilities outstanding of \$64,200,395, as compared to \$67,515,810 in the prior year. Of the long-term liabilities outstanding at June 30, 2021, \$46,615,000 represents serial bonds issued by the District.

A summary of the District's long-term liabilities at June 30, 2021 and June 30, 2020 is presented below in Table 7:

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2021	2020
Serial bonds	\$ 46,615,000	\$ 50,400,000
Premiums on serial bonds	5,714,231	5,785,627
Installment purchase contracts	583,876	238,636
Compensated absences	3,010,100	2,450,900
OPEB obligation	4,325,263	4,504,037
Net pension liability	3,951,925	4,136,610
Total	<u>\$ 64,200,395</u>	<u>\$ 67,515,810</u>

Additional information on the District's long-term liabilities can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for the region at June 30, 2021 was 5.7 percent. This compares to New York State's unemployment rate of 7.8 percent. These factors are considered in preparing the District's budget.

During the current fiscal year, the District appropriated \$806,000 of the General Fund's unassigned fund balance for spending in the District's adopted 2021-2022 fiscal year budget. The 2021-2022 adopted budget appropriations total of \$64,316,000 is an increase of approximately 3.0 percent as compared to \$62,423,000 in the 2020-2021 adopted budget. The District's total tax levy in 2021-2022 is \$38,952,886, which is an approximate increase of 3.1 percent as compared to \$37,767,990 levied during the 2020-2021 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Laura Bosinski, School Business Administrator, 55 Kings Highway, Amherst, NY 14226.

BASIC FINANCIAL STATEMENTS

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2021

	Primary Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,936,916
Restricted cash and cash equivalents	8,155,430
Receivables	33,138
Intergovernmental receivables	4,774,933
Inventories	107,272
Capital assets not being depreciated	19,319,605
Capital assets, net of accumulated depreciation	44,688,722
Total assets	<u>84,016,016</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	16,978,193
Deferred outflows—relating to OPEB	619,454
Deferred charge on refunding	79,310
Total deferred outflows of resources	<u>17,676,957</u>
LIABILITIES	
Accounts payable	1,529,162
Retainage payable	786,220
Accrued liabilities	1,682,326
Intergovernmental payables	54,435
Due to retirement systems	2,726,100
Unearned revenue	80,525
Noncurrent liabilities:	
Due within one year	5,064,249
Due within more than one year	59,136,146
Total liabilities	<u>71,059,163</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	6,566,398
Deferred inflows—relating to OPEB	646,385
Total deferred inflows of resources	<u>7,212,783</u>
NET POSITION	
Net investment in capital assets	14,679,120
Restricted for:	
Employee benefits	857,368
Capital projects	302,230
Retirement contribution	1,969,051
Tax certiorari	463,032
Unemployment insurance	461,755
Flexible spending	406,909
Student activities	131,274
Unrestricted	4,150,288
Total net position	<u>\$ 23,421,027</u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental activities:				
General support	\$ 7,141,502	\$ -	\$ -	\$ (7,141,502)
Instruction	56,638,677	1,215,637	4,768,228	(50,654,812)
Pupil transportation	3,603,346	-	-	(3,603,346)
School food service	944,352	27,195	824,494	(92,663)
Student activities	230,351	69,904	-	(160,447)
Interest and other fiscal charges	1,470,219	-	-	(1,470,219)
Total primary government	<u>\$ 70,028,447</u>	<u>\$ 1,312,736</u>	<u>\$ 5,592,722</u>	<u>(63,122,989)</u>
General revenues:				
Real property taxes and other tax items				38,205,737
Non-property tax items				3,695,509
Use of money and property				33,829
Sale of property and compensation for loss				658,669
Miscellaneous				255,150
State sources—unrestricted				<u>14,195,523</u>
Total general revenues				<u>57,044,417</u>
Change in net position				(6,078,572)
Net position—beginning, as restated				<u>29,499,599</u>
Net position—ending				<u>\$ 23,421,027</u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2021

	Special Revenue						
	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 6,900,344	\$ 36,572	\$ -	\$ -	\$ -	\$ -	\$ 6,936,916
Restricted cash and cash equivalents	4,097,193	-	36,768	516,879	3,280,221	224,369	8,155,430
Receivables	33,069	-	69	-	-	-	33,138
Due from other funds	1,404,945	-	-	21,304	-	14,221	1,440,470
Intergovernmental receivables	2,765,726	1,250,676	196,205	-	67,017	-	4,279,624
Inventories	-	-	107,272	-	-	-	107,272
Total assets	<u>\$ 15,201,277</u>	<u>\$ 1,287,248</u>	<u>\$ 340,314</u>	<u>\$ 538,183</u>	<u>\$ 3,347,238</u>	<u>\$ 238,590</u>	<u>\$ 20,952,850</u>
LIABILITIES							
Accounts payable	\$ 1,184,132	\$ 17,583	\$ 14,632	\$ -	\$ 312,815	\$ -	\$ 1,529,162
Accrued liabilities	1,357,949	-	7,951	-	-	-	1,365,900
Due to other funds	-	1,269,665	151,285	-	19,520	-	1,440,470
Intergovernmental payables	54,435	-	-	-	-	-	54,435
Due to retirement systems	2,726,100	-	-	-	-	-	2,726,100
Unearned revenue	43,757	-	36,768	-	-	-	80,525
Total liabilities	<u>5,366,373</u>	<u>1,287,248</u>	<u>210,636</u>	<u>-</u>	<u>332,335</u>	<u>-</u>	<u>7,196,592</u>
FUND BALANCES							
Nonspendable	-	-	107,272	-	-	-	107,272
Restricted	4,053,436	-	-	538,183	3,014,903	238,590	7,845,112
Assigned	1,525,945	-	22,406	-	-	-	1,548,351
Unassigned	4,255,523	-	-	-	-	-	4,255,523
Total fund balances	<u>9,834,904</u>	<u>-</u>	<u>129,678</u>	<u>538,183</u>	<u>3,014,903</u>	<u>238,590</u>	<u>13,756,258</u>
Total liabilities and fund balances	<u>\$ 15,201,277</u>	<u>\$ 1,287,248</u>	<u>\$ 340,314</u>	<u>\$ 538,183</u>	<u>\$ 3,347,238</u>	<u>\$ 238,590</u>	<u>\$ 20,952,850</u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances—governmental funds (page 14)		\$ 13,756,258
Other long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.		495,309
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$106,818,679 and the accumulated depreciation is \$42,810,352.		64,008,327
Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		79,310
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	\$ 2,618,487	
Deferred outflows related to experience, investment earnings, and changes of assumptions	14,359,706	
Deferred inflows of resources related to pension plans	<u>(6,566,398)</u>	10,411,795
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to experience and changes in assumptions	\$ 619,454	
Deferred inflows related to experience	<u>(646,385)</u>	(26,931)
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(786,220)
Net accrued interest expense for serial bonds and installment purchase contracts is not reported in the funds.		(316,426)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (46,615,000)	
Premiums on serial bonds	(5,714,231)	
Installment purchase contracts	(583,876)	
Compensated absences	(3,010,100)	
Other postemployment benefits obligation	(4,325,263)	
Net pension liability	<u>(3,951,925)</u>	<u>(64,200,395)</u>
Net position of governmental activities		<u>\$ 23,421,027</u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended June 30, 2021

REVENUES	Special Revenue						Total Governmental Funds
	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	
Real property taxes and other tax items	\$ 38,205,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,205,737
Non-property tax items	3,695,509	-	-	-	-	-	3,695,509
Charges for services	874,171	-	-	341,466	-	-	1,215,637
Use of money and property	19,419	-	23	13	-	14,374	33,829
Sale of property and compensation for loss	658,669	-	-	-	-	-	658,669
Miscellaneous	254,069	-	1,081	-	-	-	255,150
State sources	15,522,521	850,069	26,000	-	-	-	16,398,590
Federal sources	1,222,290	1,426,307	798,494	-	-	-	3,447,091
Sales—food service	-	-	27,195	-	-	-	27,195
Student activity collections	-	-	-	69,904	-	-	69,904
Total revenues	<u>60,452,385</u>	<u>2,276,376</u>	<u>852,793</u>	<u>411,383</u>	<u>-</u>	<u>14,374</u>	<u>64,007,311</u>
EXPENDITURES							
Current:							
General support	5,909,230	-	406,401	-	-	-	6,315,631
Instruction	34,043,565	2,213,133	-	-	-	-	36,256,698
Pupil transportation	2,601,836	27,027	-	-	-	-	2,628,863
Employee benefits	13,077,558	-	177,496	347,349	-	-	13,602,403
Debt service:							
Principal	3,824,591	-	-	-	-	5,210,000	9,034,591
Interest and other fiscal charges	1,911,032	-	-	-	-	154,412	2,065,444
Cost of sales (school lunch)	-	-	355,173	-	-	-	355,173
Student activities	-	-	-	230,351	-	-	230,351
Capital outlay	-	-	-	-	8,317,817	-	8,317,817
Total expenditures	<u>61,367,812</u>	<u>2,240,160</u>	<u>939,070</u>	<u>577,700</u>	<u>8,317,817</u>	<u>5,364,412</u>	<u>78,806,971</u>
Excess (deficiency) of revenues over expenditures	<u>(915,427)</u>	<u>36,216</u>	<u>(86,277)</u>	<u>(166,317)</u>	<u>(8,317,817)</u>	<u>(5,350,038)</u>	<u>(14,799,660)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	64,000	-	-	244,511	-	308,511
Transfers out	(308,511)	-	-	-	-	-	(308,511)
Issuance of installment purchase debt	-	-	-	-	609,972	-	609,972
Issuance of refunding bonds	-	-	-	-	-	4,980,000	4,980,000
Premium on refunding bonds	-	-	-	-	-	384,412	384,412
Total other financing sources (uses)	<u>(308,511)</u>	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>854,483</u>	<u>5,364,412</u>	<u>5,974,384</u>
Net change in fund balances (deficit)	(1,223,938)	100,216	(86,277)	(166,317)	(7,463,334)	14,374	(8,825,276)
Fund balances (deficit)—beginning, as restated	<u>11,058,842</u>	<u>(100,216)</u>	<u>215,955</u>	<u>704,500</u>	<u>10,478,237</u>	<u>224,216</u>	<u>22,581,534</u>
Fund balances—ending	<u>\$ 9,834,904</u>	<u>\$ -</u>	<u>\$ 129,678</u>	<u>\$ 538,183</u>	<u>\$ 3,014,903</u>	<u>\$ 238,590</u>	<u>\$ 13,756,258</u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit)—total governmental funds (page 16)	\$ (8,825,276)
--	----------------

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(57,436)
--	----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded loss on disposals and depreciation expense in the current period.

Capital asset additions	\$ 5,739,055	
Loss on disposal of assets	(700)	
Depreciation expense	(3,079,067)	2,659,288

Deferred charges and gains associated with refunding of bonds are not reported in the governmental funds. The charges and gains are reported as deferred outflows and inflows of resources on the statement of net position and are recognized as a component of interest expense over the life of the related debt.	79,310
--	--------

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

District pension contributions	\$ 3,154,412	
Cost of benefits earned net of employee contributions	(5,825,554)	(2,671,142)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amount are shown net of current year amortization.	77,564
--	--------

In the statement of activities, interest expense and retainages payable are recognized as they accrue, regardless of when they are paid.	(114,062)
--	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Refunding bonds issued	\$ (4,980,000)	
Refunded bonds	5,210,000	
Repayment of serial bonds	3,555,000	
Premium on refunding bonds issued	(384,412)	
Amortization of premiums on serial bonds	455,808	
Installment purchase contracts issued	(609,972)	
Reclassification of installment purchase contracts	(4,859)	
Payment of installment purchase contracts	269,591	
Change in compensated absences	(559,200)	
Change in OPEB obligation	(178,774)	2,773,182

Change in net position of governmental activities	\$ <u>(6,078,572)</u>
---	-----------------------

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
June 30, 2021

	Private Purpose Trust
	<u> </u>
ASSETS	
Restricted cash and cash equivalents	\$ 20,196
Total assets	<u> 20,196</u>
NET POSITION	
Restricted for endowment scholarships	<u> 20,196</u>
Total net position	<u><u> \$ 20,196</u></u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended June 30, 2021

	Private Purpose Trust
	<u> </u>
ADDITIONS	
Interest earnings	\$ 11
Gifts and donations	<u>10,000</u>
Total additions	<u>10,011</u>
 DEDUCTIONS	
Scholarships awarded	<u>3,000</u>
Total deductions	<u>3,000</u>
 Change in net position	 7,011
 Net position—beginning	 <u>13,185</u>
Net position—ending	<u><u>\$ 20,196</u></u>

The notes to the financial statements are an integral part of this statement.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Amherst Central School District, New York (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District reports no business-type activities or component units.

Reporting Entity

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, student activities, food service, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

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; however, since the District has administrative involvement with these funds they are reported within the District’s Miscellaneous Special Revenue Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office.

Joint Venture—The District is a participating school district in the Erie No. 1 Board of Cooperative Educational Services (“BOCES”). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by

which the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2021, there was no debt issued by the District on behalf of BOCES.

During the fiscal year ended June 30, 2021, the District was billed \$4,086,474 for BOCES administrative and program costs and recognized \$1,647,046 in revenue as a refund from prior years' expenditures paid to BOCES. Audited financial statements are available from the Erie No. 1 BOCES administrative offices.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's 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. All of the District's funds are considered major funds.

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal sources of revenue for the General Fund are real property taxes and state sources.
- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.
- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District's food service operations.
- *Miscellaneous Special Revenue Fund*—The Miscellaneous Special Revenue Fund is used to account for extraclassroom transactions, which represents funds of the student clubs and activities of the District, and funds withheld from current and retired employees

related to the District's flexible spending benefits plans. The District exercises administrative involvement with these funds.

- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.
- *Debt Service Fund*—The Debt Service Fund is used to account for bond refunding transactions and the accumulation of resources that are restricted, committed, or assigned for payment of principal and interest on long-term debt obligations of governmental funds.

Additionally, the District reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary Funds include the *Private Purpose Trust Fund*, which is used to account for assets held by the District for scholarships.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The 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.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period and certain grant revenues to be available if they are expected to be collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded

when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and pensions are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the District.

The Private Purpose Trust Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The District’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District’s investment policies. Permissible investments include obligations of the United States Treasury, U.S. government agencies, repurchase agreements and obligations of New York State or its localities. The District has no investments June 30, 2021; however, when the District does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash, Cash Equivalents and Investments—Restricted cash, cash equivalents and investments represent unspent proceeds of debt, amounts to support restricted fund balances, unearned revenue, and amounts held on behalf of others as restricted cash and cash equivalents.

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. At June 30, 2021, the District did not report any allowance for uncollectible accounts.

Inventories—Inventories of food and/or supplies 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 inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets—Capital assets, which include land, construction in progress, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Useful Life (Years)
Buildings	\$ 5,000	20-50
Equipment	5,000	5-30

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2021, the District reported \$43,757 and \$36,768 of unearned revenues in the General Fund and School Lunch Fund, respectively. The District received tuition payments and monies for the purchase of school lunches in advance, but has not performed the services and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021, the District has three items that qualify for reporting in this category. The first item, related to pensions, is reported in the government-wide financial statements. This represents the effect of the net change in the District's proportion of the collective net pension liability, the difference during the measurement periods between the District's contributions, its proportionate share of total contribution to the pension systems not included in pension expense, and any contributions to the pension systems subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and reflects the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The third item is a deferred charge on refunding which the District reports within its governmental activities. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position 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 that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2021, the District reports two deferred inflows of resources on the government-wide financial statements related to pensions and OPEB, respectively. The first item represents the effect of the net change in the District's proportion of the collective net pension liability and the difference during the measurement periods between the District's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second item represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the School Business Administrator to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Real property taxes are levied annually as of July 1st by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Erie. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than April 1st.

Compensated Absences—The District labor agreements and District rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Pension Plans—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability/(asset), deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees, as disclosed in Note 8.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. Additionally, the District early implemented GASB Statements No. 92, *Omnibus 2020*; No. 93, *Replacement of Interbank Offered Rates*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 93 addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate ("IBOR"). GASB Statement No. 97 increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans and enhances the relevance, consistency and comparability of the accounting and reporting for internal Revenue Code Section 457 deferred compensation plans. Other than matter discussed in Note 2, the implementation of GASB Statements No. 84, 92, 93, and 97 did not have a material impact on the District's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The District has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 87, *Leases*; and No. 89, *Interest Capitalization*, effective for the year ending June 30, 2022; No. 91, *Conduit Debt Obligations*; No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 94, and 96 will have on its financial position and results of operations when such statements are adopted.

2. RESTATEMENT OF NET POSITION AND FUND BALANCE

During the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The District's implementation of GASB Statement No. 84 established a Miscellaneous Special Revenue Fund fund balance of \$704,500. The impacts of the restatement are as follows:

	Governmental Activities	Miscellaneous Special Revenue Fund
Net position/fund balance, as previously stated—June 30, 2020	\$ 28,795,099	\$ -
Implementation of GASB Statement No. 84	<u>704,500</u>	<u>704,500</u>
Net position/fund balance, as restated—June 30, 2020	<u>\$ 29,499,599</u>	<u>\$ 704,500</u>

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District's investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The District's School Business Administrator is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2021, are as follows:

	Governmental Funds	Fiduciary Funds	Total
Deposits	<u>\$ 15,092,346</u>	<u>\$ 20,196</u>	<u>\$ 15,112,542</u>
Total	<u>\$ 15,092,346</u>	<u>\$ 20,196</u>	<u>\$ 15,112,542</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2021 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,000,000	\$ 1,000,000
Uninsured:		
Collateral held by pledging bank's agent in the District's name	<u>15,540,040</u>	<u>14,112,542</u>
Total	<u>\$ 16,540,040</u>	<u>\$ 15,112,542</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2021, the District's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the District's name.

Restricted Cash and Cash Equivalents—The District reports unspent proceeds of debt, amounts to support restricted fund balances, unearned revenue, and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2021, the District reported \$8,155,430 of restricted cash within its governmental funds and \$20,196 within its fiduciary funds.

Interest Rate Risk—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.

4. RECEIVABLES

Revenues accrued by the District at June 30, 2021 consisted of the following:

Receivables—Primarily represents amounts due for reimbursements, rental payments for usage of District buildings and food services provided. The District reported amounts of \$33,069 and \$69, in the General Fund and School Lunch Fund, respectively.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2021 are presented as follows:

General Fund:

New York State aid	\$1,355,740	
BOCES aid	64,080	
Erie County sales tax	300,000	
Buffalo Public School District	570,070	
Williamsville Central School District	215,366	
Other public school districts	260,270	
Miscellaneous	<u>200</u>	\$2,765,726

Special Aid Fund:

New York State—Title I	87,987	
New York State—Title II	11,190	
New York State—Title III	7,533	
New York State—Title IV	14,851	
New York State—IDEA	176,069	
New York State—Universal Pre-K	69,858	
New York State—Chapter 721 program	77,430	
New York State—SBD program	583,522	
New York State—Summer school handicapped	<u>222,236</u>	1,250,676

School Lunch Fund:

New York State—Breakfast/lunch program reimbursements	196,205
---	---------

Capital Projects Fund:

New York State—Building aid	<u>67,017</u>
Total governmental funds	<u>\$4,279,624</u>

5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021 was as follows:

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Capital assets, not being depreciated:				
Land	\$ 358,500	\$ -	\$ -	\$ 358,500
Construction in progress	<u>16,700,514</u>	<u>7,557,733</u>	<u>5,297,142</u>	<u>18,961,105</u>
Total capital assets, not being depreciated	<u>17,059,014</u>	<u>7,557,733</u>	<u>5,297,142</u>	<u>19,319,605</u>
Capital assets, being depreciated:				
Buildings	79,641,960	2,678,986	-	82,320,946
Equipment	<u>4,432,012</u>	<u>799,478</u>	<u>53,362</u>	<u>5,178,128</u>
Total capital assets, being depreciated	<u>84,073,972</u>	<u>3,478,464</u>	<u>53,362</u>	<u>87,499,074</u>
Less accumulated depreciation for:				
Buildings	36,564,824	2,945,646	-	39,510,470
Equipment	<u>3,219,123</u>	<u>133,421</u>	<u>52,662</u>	<u>3,299,882</u>
Total accumulated depreciation	<u>39,783,947</u>	<u>3,079,067</u>	<u>52,662</u>	<u>42,810,352</u>
Total capital assets, being depreciated, net	<u>44,290,025</u>	<u>399,397</u>	<u>700</u>	<u>44,688,722</u>
Governmental activities capital assets, net	<u>\$ 61,349,039</u>	<u>\$ 7,957,130</u>	<u>\$ 5,297,842</u>	<u>\$ 64,008,327</u>

Depreciation expense was charged to the functions and programs of governmental activities as follows:

General support	\$ 99,685
Instruction	2,969,101
School lunch	<u>10,282</u>
Total	<u>\$ 3,079,068</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2021 were as follows:

	General Fund	School Lunch Fund	Total Governmental Funds
Salary and other employee benefits	\$ 732,949	\$ 7,951	\$ 740,900
Health care claims	<u>625,000</u>	<u>-</u>	<u>625,000</u>
Total accrued liabilities	<u>\$ 1,357,949</u>	<u>\$ 7,951</u>	<u>\$ 1,365,900</u>

7. PENSION PLANS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution requirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

Teachers' Retirement System—TRS 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. TRS is governed by a 10 member Board of Trustees. TRS 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 TRS, 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. Additional information regarding TRS, 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 NYSTRS Comprehensive Annual Financial report which can be found on TRS's website at www.nystrs.org.

Employees' Retirement System—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS 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 ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, 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 ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and one half percent (3.5%) percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. 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.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2021, the District reported the liability presented on the following page for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of June 30, 2020 for TRS and March 31, 2021 for ERS. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019 and April 1, 2020, respectively, with update procedures used to rollforward the total

pension liability to the measurement dates. The District's proportion of the net pension 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 TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Net pension liability	\$ 3,936,990	\$ 14,935
District's portion of the Plan's total net pension liability	0.142476%	0.0149992%

For the year ended June 30, 2021, the District recognized pension expense of \$5,321,944 and \$411,595 for the TRS and ERS, respectively. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences	\$ 3,449,591	\$ 182,400	\$ 201,763	\$ -
Changes of assumptions	4,979,376	2,746,120	1,774,887	51,793
Net difference between projected and actual earnings on pension plan investments	2,571,200	-	-	4,290,296
Changes in proportion and differences between the District's contributions and proportionate share of contributions	185,763	245,256	108,339	139,320
District contributions subsequent to the measurement date	2,362,387	256,100	-	-
Total	<u>\$ 13,548,317</u>	<u>\$ 3,429,876</u>	<u>\$ 2,084,989</u>	<u>\$ 4,481,409</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2022	\$1,555,044	\$ (207,137)
2023	3,117,339	(68,749)
2024	2,579,824	(219,047)
2025	1,594,711	(812,700)
2026	78,206	-
Thereafter	175,817	-

Actuarial Assumptions—The total pension liability as of the measurement dates were determined by using actuarial valuations as noted in the table on the next page, with update procedures used to roll forward the total pension liability to the respective measurement dates. The actuarial valuations used the actuarial assumptions on the following page.

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Interest rate	7.10%	5.90%
Salary scale	1.90% - 4.72%	4.40%
Decrement tables	July 1, 2009 - June 30, 2014	April 1, 2015 - March 31, 2020
Inflation rates	2.20%	2.70%
Cost-of-living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on July 1, 2010 – June 30, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-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, 2010 – June 30, 2015. 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 – March 31, 2020.

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 the 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 as follows:

	TRS	ERS	TRS	ERS
	Target Allocation		Long-Term Expected Real Rate of Return	
			June 30, 2020	March 31, 2021
Measurement date				
Asset class:				
Domestic equities	34.9 %	32.0 %	7.1 %	4.1 %
International equities	16.4	15.0	7.7	6.3
Global equities	3.0	0.0	7.4	0.0
Private equity	8.0	10.0	10.4	6.8
Real estate	10.0	9.0	6.8	5.0
Opportunistics/absolute return strategies	0.0	3.0	0.0	4.5
Credit	0.0	4.0	0.0	3.6
Domestic fixed income securities	15.9	0.0	1.8	0.0
Global bonds	2.4	0.0	1.0	0.0
High-yield bonds	0.5	0.0	3.9	0.0
Private debt	0.6	0.0	5.2	0.0
Real assets	0.0	3.0	0.0	6.0
Real estate debt	6.0	0.0	3.6	0.0
Fixed income	0.0	23.0	0.0	0.0
Short-term	2.3	1.0	0.0	0.5
Total	<u>100.0 %</u>	<u>100.0 %</u>		

Discount Rate—The discount rate used to calculate the total pension liability was 7.1% for TRS and 5.9% for ERS. 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 liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the District's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.1% for TRS and 5.0% for ERS, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.1% for TRS and 4.9% for ERS) or one percentage-point higher (8.1% for TRS and 6.9% for ERS) than the current assumption.

	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
TRS			
Employer's proportionate share of the net pension liability/(asset)	\$ 24,868,610	\$ 3,936,990	\$ (13,629,944)
	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension liability/(asset)	\$ 4,145,462	\$ 14,935	\$ (3,794,377)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the respective valuation dates, were as follows:

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2019	April 1, 2020
Employers' total pension liability	\$ 123,242,776	\$ 220,680,157
Plan fiduciary net position	120,479,505	220,580,583
Employers' net pension liability	\$ 2,763,271	\$ 99,574
System fiduciary net position as a percentage of total pension liability	97.8%	100.0%

Payables to the Pension Plan—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 amounted to \$2,470,000.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. 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 \$256,100.

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—In addition to pension benefits, the District provides group health, vision, and dental insurance benefits to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District’s contractual agreements. The estimated cost of such benefits totaled \$231,868 for the year ended June 30, 2021.

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	154
Active employees	<u>545</u>
Total	<u><u>699</u></u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The District’s total OPEB liability of \$4,325,263 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 7, 2021.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the June 7, 2021 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.48% to 2.27% effective June 30, 2021. The salary scale changed from 3.22% to 3.11% effective June 30, 2021. The mortality rates and retirement rates changed from the use of the Pub-2010 Public Retirement Plan Mortality Tables effective June 30, 2020 to the Mortality Improvement Scale updated to MP-2020. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 4.00%, while the ultimate healthcare cost trend rate is 4.08%.

The actuarial assumptions used in the June 7, 2021 valuation were based on the results of an actuarial experience study for the period March 31, 2020 to April 1, 2021.

Changes in the Total OPEB Liability—The table on the following page presents the changes to the total OPEB liability during the fiscal year, by source.

	Total OPEB Liability
Balance at June 30, 2020	\$ 4,504,037
Changes for the year:	
Service cost	92,409
Interest	108,242
Changes of benefit terms	78,702
Changes of assumptions	80,952
Differences between expected and actual experience	(307,211)
Benefit payments	(231,868)
Net changes	(178,774)
Balance at June 30, 2021	<u>\$ 4,325,263</u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Total OPEB liability	\$ 4,785,151	\$ 4,325,263	\$ 3,935,881

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (4.00%) and ultimate (4.08%) healthcare cost trend rates:

	1% Decrease (3.00% / 3.08%)	Healthcare Cost Trend Rates (4.00% / 4.08%)	1% Decrease (5.00% / 5.08%)
Total OPEB liability	\$ 3,850,995	\$ 4,325,263	\$ 4,896,035

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various contracts, which were ratified by the District's Board of Education. Upon retirement, the District generally pays a portion of the cost of the employee's current coverage at the time of retirement as outlined in the various contracts. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The District's governmental activities contributed \$231,868 for the fiscal year ended June 30, 2021.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The District reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The following table presents the District's deferred outflows and inflows of resources at June 30, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,750	\$ 646,385
Changes of assumptions	429,704	-
Total	<u>\$ 619,454</u>	<u>\$ 646,385</u>

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

Year Ending June 30,	
2022	\$ 53,725
2023	(42,944)
2024	(37,712)

9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years.

Medical Self-Insurance—During the year ended June 30, 2008, the District entered into an Administrative Services Agreement with Independent Health. As part of the agreement, Independent Health will prepare forms, provide access to Independent Health’s Networks Providers and process claims for a fee per covered person per month. The responsibility of insuring claims however, lies with the District.

In order to insure against larger than expected health care losses associated with the self-insurance plan the District has entered into a Stop Loss Agreement with HM Life Insurance. This agreement includes a “specific deductible” for each covered person. This deductible per covered person is \$170,000 per year. The District will be liable for unlimited claims over the course of each covered member’s lifetime. In return the District pays HM Life Insurance a premium for the stop loss insurance, which was \$43.42 per single employee per month and \$116.88 per family per month during the year ended June 30, 2021. The plans coverage extends to both medical and prescription claims.

The District is liable for claims under \$170,000 per person for each of the 106 covered single members at June 30, 2021, as well as up to \$170,000 for each family member in the District’s 315 family members covered under the plan at June 30, 2021. The District would also be liable for unlimited claims over the course of each covered member’s lifetime. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonable estimated.

A summary of the District’s current liability recorded in General Fund since July 1, 2018 follows:

Year Ended June 30,	Claims, Beginning of			Claims, End of	
	Year	Incurred	Paid	Year	
2021	\$ 500,000	\$ 4,279,114	\$ 4,154,114	\$ 625,000	
2020	575,000	5,761,462	5,836,462	500,000	
2019	511,887	6,810,796	6,747,683	575,000	

The District estimates its liability related to short-term claims incurred but not yet recorded to be \$625,000, which is recorded as an accrued liability in the General Fund.

10. LONG-TERM LIABILITIES

In the government-wide financial statements long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The District's outstanding long-term liabilities include bonds payable, installment purchase contracts, compensated absences, OPEB obligation and net pension liability. The serial bonds of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District's long-term liabilities for the year ended June 30, 2021 follows:

	Balance 7/1/2020	Additions and Reclassifications	Reductions	Balance 6/30/2021	Due Within One Year
Serial bonds	\$ 50,400,000	\$ 4,980,000	\$ 8,765,000	\$ 46,615,000	\$ 3,570,000
Premiums on serial bonds	5,785,627	384,412	455,808	5,714,231	543,902
Bonds payable, net	56,185,627	5,364,412	9,220,808	52,329,231	4,113,902
Installment purchase contracts	238,636	614,831	269,591	583,876	285,582
Compensated absences	2,450,900	657,500	98,300	3,010,100	664,765
OPEB obligation	4,504,037	360,305	539,079	4,325,263	-
Net pension liability*	4,136,610	-	184,685	3,951,925	-
Total	<u>\$ 67,515,810</u>	<u>\$ 6,997,048</u>	<u>\$ 10,312,463</u>	<u>\$ 64,200,395</u>	<u>\$ 5,064,249</u>

(*Reductions to the net pension liability are shown net of additions.)

Serial Bonds—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities that range from 13 to 16 years.

On May 27, 2021, the District issued \$4,980,000 in 2021 school district current refunding serial bonds which, together with premiums of \$384,412, fully refunded \$5,210,000 of previously issued 2011 serial bonds. The refunding bonds carry an interest rate of 5.0 percent and mature in August 2024. The District deposited \$5,293,597 with an escrow agent and the refunded bonds were called on August 1, 2021. The refunding plan will permit the District to realize, as a result of the issuance of the bonds, cumulative dollar and present value debt service savings of \$68,127.

In the event of a default in the payment of the principal of or interest on the serial bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

The District does not hold any lines of credit.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the General Fund. A summary of additions and payments for the year ended June 30, 2021 is presented below:

Description	Original Issue	Interest Rate	Year of Issue/ Maturity	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021
Capital Improvements	\$ 2,928,000	3.60-3.75	2005/2021	\$ 260,000	\$ -	\$ 260,000	\$ -
Capital Improvements	15,640,000	2.00-3.50	2012/2025	6,485,000	-	6,485,000	-
Capital Improvements	18,495,000	3.00-5.00	2017/2031	15,460,000	-	1,095,000	14,365,000
Capital Improvements	3,635,000	2.00-5.00	2018/2031	3,270,000	-	230,000	3,040,000
Capital Improvements	24,925,000	2.00-5.00	2020/2036	24,925,000	-	695,000	24,230,000
Capital Improvements	4,980,000	5.00	2021/2025	-	4,980,000	-	4,980,000
Capital Improvements	<u>\$ 40,698,000</u>			<u>\$ 50,400,000</u>	<u>\$ 4,980,000</u>	<u>\$ 8,765,000</u>	<u>\$ 46,615,000</u>

Premiums on Serial Bonds—Premiums on bond issuances are being amortized on a straight-line basis over the life of their respective bonds. The refunding bonds issued during the current year were issued at a premium of \$384,412. Total unamortized premiums outstanding as of June 30, 2021 were \$5,714,231.

Installment Purchase Contracts—The District has entered into installment purchase agreements and an energy performance contract for machinery and equipment and modifications to various facilities. During 2008, the District made its initial interest payment on the energy performance contract as principal and interest payment are made quarterly. The interest rate of the energy performance contract approximates 4.45%. Further, on October 16, 2020, the District entered into an installment purchase agreements with Erie 1 BOCES of \$609,972 for computer hardware equipment. The equipment will be used to enhance student education. Principal and interest payments are made monthly. During 2021, the District made its initial interest payment on the debt. The interest rate of the installment purchase agreement is 4.50%.

Further, during the year, the District recognized that the liability related to a previous installment purchased contract with Erie 1 BOCES from 2018 was not recognized by the District. As a result, \$4,859 of remaining principal at June 30, 2021 was recognized as a liability.

The table below summarizes requirements of the installment purchase debt:

Year Ending June 30,	Governmental Activities
2022	\$ 305,708
2023	217,737
2024	<u>90,725</u>
Total minimum lease payments	614,170
Less: amount representing imputed interest costs	<u>30,294</u>
Present value of minimum lease payments	<u>\$ 583,876</u>

The table below summarizes the assets acquired through the installment purchase contract:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 759,952
Less: Accumulated depreciation	<u>(151,990)</u>
Total	<u>\$ 607,962</u>

Compensated Absences—As described in Note 1, the District provides for either cash or postemployment health benefits upon retirement. The payment in cash or health care benefits depends on individual options selected upon retirement in accordance with the union contract. The annual budgets of the operating funds provide for these benefits as they become due. The liability for compensated absences at June 30, 2021 amounts to \$3,010,100, of which \$664,765 has been included within the current portion of long-term debt. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 8, the District provides health insurance coverage for certain retirees. The District’s annual other postemployment benefit (“OPEB”) cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The long-term OPEB obligation is estimated to be \$4,325,263 as of June 30, 2021.

Net Pension Liability—The District reported a liability, totaling \$3,951,925, for its proportionate share of the net pension liability for the Employees’ Retirement System. Refer to Note 7 for additional information related to the District’s net pension liability.

The following is a maturity schedule of the District’s indebtedness:

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	Installment Purchase Contracts	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2022	\$ 3,570,000	\$ 543,902	\$ 285,582	\$ 664,765	\$ -	\$ -	\$ 5,064,249
2023	4,035,000	543,902	208,581	-	-	-	4,787,483
2024	4,245,000	543,902	89,713	-	-	-	4,878,615
2025	4,145,000	535,892	-	-	-	-	4,680,892
2026	3,210,000	439,323	-	-	-	-	3,649,323
2027-2031	18,400,000	2,185,113	-	-	-	-	20,585,113
Thereafter	9,010,000	922,197	-	2,345,335	4,325,263	3,951,925	20,554,720
Total	<u>\$ 46,615,000</u>	<u>\$ 5,714,231</u>	<u>\$ 583,876</u>	<u>\$ 3,010,100</u>	<u>\$ 4,325,263</u>	<u>\$ 3,951,925</u>	<u>\$ 64,200,395</u>

Interest requirements on serial bonds and installment purchase contracts are as follows:

Year Ending June 30,	Serial Bonds	Installment Purchase Contracts
2022	\$ 1,737,367	\$ 20,126
2023	1,628,850	9,156
2024	1,423,475	1,012
2025	1,215,225	-
2026	1,033,100	-
2027-2031	2,783,900	-
Thereafter	409,900	-
Total	<u>\$10,231,817</u>	<u>\$ 30,294</u>

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted Net Position**—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2021 includes:

- **Inventories**—Represents the portion of fund balance, \$107,272, composed of inventory. This balance is nonspendable within the School Lunch Fund as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the District at June 30, 2021 includes:

	General Fund	Miscellaneous Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
Employee benefits	\$ 857,368	\$ -	\$ -	\$ -	\$ 857,368
Capital projects	302,230	-	3,014,903	-	3,317,133
Retirement contribution	1,969,051	-	-	-	1,969,051
Tax certiorari	463,032	-	-	-	463,032
Unemployment insurance	461,755	-	-	-	461,755
Debt service	-	-	-	238,590	238,590
Flexible spending	-	406,909	-	-	406,909
Student activities	-	131,274	-	-	131,274
Total	<u>\$ 4,053,436</u>	<u>\$ 538,183</u>	<u>\$ 3,014,903</u>	<u>\$ 238,590</u>	<u>\$ 7,845,112</u>

- **Restricted for Employee Benefits**—According to General Municipal Law Section 6-p, this restriction 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.

- ***Restricted for Capital Projects***—According to Education Law Section 3651, this restriction must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the restriction only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of the Education Law.
- ***Restricted for Retirement Contribution***—According to General Municipal Law Section 6-r, this restriction must be used to pay “retirement contributions,” which are defined as all or any portion of the amount payable to the ERS (\$1,004,391), pursuant to Sections 17 or 317 of the NYSSRL and to the TRS (\$964,660), pursuant to the newly amended Section 6-r. The restriction may be established by Board resolution; there are no referendum requirements to create the funds or expend money from the funds. The Board may authorize the transfer of the moneys to a reserve fund established pursuant to Sections 6c-g of the GML or Section 3651 of Education Law.
- ***Restricted for Tax Certiorari***—According to Education Law Section 3651.1-a, this restriction must be used to establish a reserve fund for tax certiorari and to expand from the fund without voter approval. The monies held in the restriction 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 proceeds 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. A portion of this amount, \$60,000, has been appropriated within the 2021-2022 budget.
- ***Restricted for Unemployment Insurance***—According to General Municipal Law Section 6-m, this restriction 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 restriction 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. A portion of this amount, \$32,000, has been appropriated within the 2021-2022 budget.
- ***Restricted for Debt Service***—According to General Municipal Law Section 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 improvements.
- ***Restricted for Flexible Spending Benefits***—Amounts generated by contributions to the District’s Section 105(h) and 125 plans, which are restricted for use only within the Miscellaneous Special Revenue Fund for specified employee benefits.
- ***Restricted for Student Activities***—Amounts generated by the Extraclassroom Activities at the District which are restricted for use only within the Student Activities Fund for specified student activities.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority. As of June 30, 2021, the District reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2021 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	\$ 806,000	\$ -	\$ 806,000
Encumbrances	719,945	-	719,945
Specific use	-	22,406	22,406
Total	<u>\$ 1,525,945</u>	<u>\$ 22,406</u>	<u>\$ 1,548,351</u>

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditure requirements in the 2021-2022 fiscal year, \$806,000, at June 30, 2021.
- ***Assigned to Encumbrances***—Represents amounts related to unperformed (executory) contracts for goods and services. The District has \$719,945 of fund balance assigned to encumbrances at June 30, 2021.
- ***Assigned to Specific Use***—Representing fund balance within special revenue funds that is assigned for a specific purpose. The assignments' purpose relates to each fund's operations and represent remaining amounts within the special revenue fund used to maintain school lunch operations.

If the District must use funds for emergency expenditures, the Board of Education shall authorize the School Business Administrator to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	\$ 1,404,945	\$ -
Special Aid Fund	-	1,269,665
School Lunch Fund	-	151,285
Miscellaneous Special Revenue Fund	21,304	-
Capital Projects Fund	-	19,520
Debt Service Fund	14,221	-
Total	<u>\$ 1,440,470</u>	<u>\$ 1,440,470</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The District made the following transfers during the year ended June 30, 2021:

Fund	<u>Transfers Out:</u> General Fund
Transfers in:	
Special Aid Fund	\$ 64,000
Capital Projects Fund	244,511
Total	<u>\$ 308,511</u>

Transfers are used primarily to finance certain special aid programs, to support capital project expenditures and for debt service activity.

13. LABOR CONTRACTS

District employees are represented by seven bargaining units, with the balance governed by Board of Education rules and regulations. Negotiated contracts are in place through June 30, 2021 for the Amherst Paraprofessional Association, Amherst Office Personnel Association, Amherst Central School District Cook Managers Association, Amherst Central School District Lunch Employees Association, and Amherst Service Staff Association and through June 30, 2022 for the Amherst Education Association and Amherst Administration Association.

14. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The District considers encumbrances to be significant for amounts that are encumbered in excess of \$25,000. As of June 30, 2021, the District reported the following significant encumbrances within its governmental funds:

Description	Amount
General Fund:	
Amherst High School	\$ 37,285
Contract Nursing Services	89,326
Buffalo Public School District	102,656
Buffalo United Charter School	34,434
Vehicles	33,489
Fitness Center Improvements	34,996
Legal Services	31,803
Capital Projects Fund:	
Phase II/III HS site work	1,270,856
Construction management	273,170
Architectural services	54,188

15. TAX ABATEMENTS

The District is subject to tax abatements granted by the Amherst Industrial Development Agency (“AIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the AIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by AIDA, the District collected \$416,165 during the 2020-2021 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$566,196 in property taxes.

16. CONTINGENCIES

Litigation—Various legal actions are pending against the District. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

Assessments—The Town of Amherst (the “Town”) is a defendant in litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. The review of the assessments potentially affects the District, however; management believes that the level of such potential loss, if any, would be immaterial and no provisions have been made within the financial statements.

Grants—In the normal course of operations, the District receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The District is involved in litigation in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District’s financial condition or results of operations.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 23, 2021, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

REQUIRED SUPPLEMENTARY INFORMATION

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Teachers' Retirement System
Last Eight Fiscal Years*

	Year Ended June 30,							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proportion of the net pension liability/(asset)	0.142476%	0.141563%	0.143145%	0.144118%	0.145844%	0.143260%	0.144103%	0.139006%
District's proportionate share of the net pension liability/(asset)	<u>\$ 3,936,990</u>	<u>\$ (3,677,812)</u>	<u>\$ (2,588,443)</u>	<u>\$ (1,095,437)</u>	<u>\$ 1,562,049</u>	<u>\$ (14,880,118)</u>	<u>\$ (16,052,229)</u>	<u>\$ (915,014)</u>
District's covered payroll	\$ 24,501,197	\$ 23,938,698	\$ 23,567,618	\$ 23,060,841	\$ 22,759,583	\$ 21,821,400	\$ 21,286,327	\$ 20,363,490
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	16.1%	(15.4%)	(11.0%)	(4.8%)	6.9%	(68.2%)	(75.4%)	(4.5%)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%	100.7%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Teachers' Retirement System
Last Eight Fiscal Years*

	Year Ended June 30,							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,362,387	\$ 2,235,831	\$ 2,509,415	\$ 2,284,860	\$ 2,676,602	\$ 2,984,186	\$ 3,772,377	\$ 3,459,028
Contribution in relation to the contractually required contribution	<u>(2,362,387)</u>	<u>(2,235,831)</u>	<u>(2,509,415)</u>	<u>(2,284,860)</u>	<u>(2,676,602)</u>	<u>(2,984,186)</u>	<u>(3,772,377)</u>	<u>(3,459,028)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$25,000,632	\$24,501,197	\$23,938,698	\$23,567,618	\$23,060,841	\$22,759,583	\$21,821,400	\$21,286,327
Contributions as a percentage of covered payroll	9.4%	9.1%	10.5%	9.7%	11.6%	13.1%	17.3%	16.2%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability—
Employees' Retirement System
Last Eight Fiscal Years*

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proportion of the net pension liability	0.0149992%	0.0156213%	0.0174464%	0.0181471%	0.0174163%	0.0178998%	0.0179782%	0.0179782%
District's proportionate share of the net pension liability	<u>\$ 14,935</u>	<u>\$ 4,136,610</u>	<u>\$ 1,236,130</u>	<u>\$ 585,686</u>	<u>\$ 1,636,479</u>	<u>\$ 2,872,975</u>	<u>\$ 607,347</u>	<u>\$ 812,409</u>
District's covered payroll	\$ 5,211,433	\$ 5,210,214	\$ 5,089,366	\$ 5,238,494	\$ 5,357,349	\$ 5,163,069	\$ 4,926,115	\$ 4,807,850
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.3%	79.4%	24.3%	11.2%	30.5%	55.6%	12.3%	16.9%
Plan fiduciary net position as a percentage of the total pension liability	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Employees' Retirement System
Last Eight Fiscal Years*

	Year Ended June 30,							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 792,025	\$ 727,946	\$ 781,227	\$ 803,085	\$ 781,647	\$ 897,880	\$ 933,653	\$ 993,614
Contribution in relation to the contractually required contribution	<u>(792,025)</u>	<u>(727,946)</u>	<u>(781,227)</u>	<u>(803,085)</u>	<u>(781,647)</u>	<u>(897,880)</u>	<u>(933,653)</u>	<u>(993,614)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,183,305	\$ 5,183,316	\$ 5,199,002	\$ 5,265,801	\$ 5,187,793	\$ 5,255,343	\$ 4,991,435	\$ 4,866,993
Contributions as a percentage of covered payroll	15.3%	14.0%	15.0%	15.3%	15.1%	17.1%	18.7%	20.4%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios—
Last Four Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 92,409	\$ 73,825	\$ 54,611	\$ 54,987
Interest	108,242	149,321	137,357	155,342
Changes of benefit terms	80,952	3,791	(96,408)	-
Changes in assumptions	78,702	787,300	4,471	81,747
Differences between expected and actual experience	(307,211)	(777,102)	664,122	(322,616)
Benefit payments	<u>(231,868)</u>	<u>(247,543)</u>	<u>(252,128)</u>	<u>(249,502)</u>
Net changes in total OPEB liability	<u>(178,774)</u>	<u>(10,408)</u>	<u>512,025</u>	<u>(280,042)</u>
Total OPEB liability—beginning	<u>4,504,037</u>	<u>4,514,445</u>	<u>4,002,420</u>	<u>4,282,462</u>
Total OPEB liability—ending	<u>\$ 4,325,263</u>	<u>\$ 4,504,037</u>	<u>\$ 4,514,445</u>	<u>\$ 4,002,420</u>
Plan Fiduciary Net Position				
Contributions—employer	\$ 231,868	\$ 247,543	\$ 252,128	\$ 249,502
Benefit payments	<u>(231,868)</u>	<u>(247,543)</u>	<u>(252,128)</u>	<u>(249,502)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability—ending	<u>\$ 4,325,263</u>	<u>\$ 4,504,037</u>	<u>\$ 4,514,445</u>	<u>\$ 4,002,420</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 29,088,465	\$ 28,211,100	\$ 28,970,203	\$ 28,563,440
District's net OPEB liability as a percentage of covered-employee payroll	14.9%	16.0%	15.6%	14.0%

* Information prior to the year ended June 30, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local sources:				
Real property taxes and other tax items	\$ 38,170,490	\$ 38,170,490	\$ 38,205,737	\$ 35,247
Real property tax items	5,037,500	4,073,051	4,092,246	19,195
Non-property tax items	3,600,361	3,600,361	3,695,509	95,148
Charges for services	983,500	983,500	874,171	(109,329)
Use of money and property	107,500	107,500	19,419	(88,081)
Sale of property and compensation for loss	-	29,601	658,669	629,068
Miscellaneous	119,270	123,142	254,069	130,927
State sources:				
Basic formula	11,595,516	11,128,215	9,601,803	(1,526,412)
Lottery	3,400,000	3,400,000	3,719,671	319,671
BOCES	1,425,080	1,425,080	1,524,916	99,836
Tuition aid	320,000	320,000	337,084	17,084
Textbooks	206,584	206,584	154,965	(51,619)
Computer software	125,530	125,530	123,989	(1,541)
Library loan program	25,169	25,169	25,393	224
Other	-	-	34,700	34,700
Federal sources:				
Education stabilization	-	467,301	429,410	(37,891)
Coronavirus Relief Fund	-	339,750	339,750	-
Medicaid assistance	800,000	800,000	453,130	(346,870)
Total revenues	<u>60,879,000</u>	<u>61,252,223</u>	<u>60,452,385</u>	<u>(799,838)</u>
OTHER FINANCING SOURCES				
Appropriated reserves	<u>840,000</u>	<u>840,000</u>	<u>-</u>	<u>(840,000)</u>
Total other financing sources	<u>840,000</u>	<u>840,000</u>	<u>-</u>	<u>(840,000)</u>
Total revenues and other financing sources	<u>\$ 61,719,000</u>	<u>\$ 62,092,223</u>	<u>\$ 60,452,385</u>	<u>\$ (1,639,838)</u>

(continued)

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2021

(concluded)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Encumbrances</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>		<u>Final Budget</u>
EXPENDITURES					
Current:					
General support:					
Board of Education	\$ 32,099	\$ 26,404	\$ 26,354	\$ -	\$ 50
Central administration	280,589	291,045	268,919	17,412	4,714
Finance	497,771	410,818	376,617	12,858	21,343
Staff	498,632	658,141	619,619	31,803	6,719
Central services	3,959,333	4,386,902	4,071,265	231,545	84,092
Special items	1,112,640	570,091	546,456	-	23,635
Instructional:					
Instruction, administration and improvement	2,236,302	2,111,130	2,061,248	17,115	32,767
Teaching—regular school	19,011,988	19,328,999	19,028,991	153,781	146,227
Programs for pupils with handicapping conditions	6,824,893	7,501,505	7,275,175	122,750	103,580
Occupational education	710,401	710,401	710,401	-	-
Teaching—special schools	30,300	26,150	25,600	-	550
Instructional media	1,598,423	1,626,921	1,418,999	1,169	206,753
Pupil services	3,599,043	3,693,761	3,523,151	111,862	58,748
Pupil transportation	3,642,673	2,601,846	2,601,836	-	10
Employee benefits	13,267,375	13,127,973	13,077,558	19,650	30,765
Debt service:					
Principal	3,707,018	3,824,591	3,824,591	-	-
Interest and other fiscal charges	<u>1,528,518</u>	<u>1,911,032</u>	<u>1,911,032</u>	<u>-</u>	<u>-</u>
Total expenditures/encumbrances	62,537,998	62,807,710	61,367,812	719,945	719,953
OTHER FINANCING USES					
Transfers out	<u>205,000</u>	<u>308,511</u>	<u>308,511</u>	<u>-</u>	<u>-</u>
Total expenditures/encumbrances and other financing uses	<u>62,742,998</u>	<u>63,116,221</u>	<u>61,676,323</u>	<u>719,945</u>	<u>719,953</u>
Net change in fund balance*	(1,023,998)	(1,023,998)	(1,223,938)		
Fund balance—beginning	<u>11,058,842</u>	<u>11,058,842</u>	<u>11,058,842</u>		
Fund balance—ending	<u>\$ 10,034,844</u>	<u>\$ 10,034,844</u>	<u>\$ 9,834,904</u>		

*The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the required supplementary information are an integral part of this schedule.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Required Supplementary Information
Year Ended June 30, 2021

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which decreased from 2.48% to 2.27% effective June 30, 2021, while the salary scale decreased from 3.22% to 3.11%. Mortality rates were updated from the use of the Pub-2010 Public Retirement Plan Mortality Tables effective June 30, 2020 to the Mortality Improvement Scale updated to MP-2020, effective June 30, 2021.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—An annual budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Special Aid, School Lunch and the Miscellaneous Special Revenue Funds. Appropriation limits, where applicable, for the Special Aid Fund are maintained based on individual grant revenues accepted by the Board of Education. The periods of such grants may vary from the District's fiscal year. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes. No budget is adopted for the Miscellaneous Special Revenue Fund as the extraclassroom activities of the District are maintained by the individual clubs, while the flexible spending plans are based on individual's needs.

The appropriated budget is prepared by fund, function, and department. The District's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

SUPPLEMENTARY INFORMATION

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit—General Fund
Year Ended June 30, 2021

Changes from Adopted Budget to Final Budget

Adopted budget, 2020-2021		\$62,423,000
Add: Prior year's encumbrances		<u>319,998</u>
Original budget, 2020-2021		62,742,998
Budget revisions: Federal grants	\$ 339,750	
Insurance recoveries	29,601	
Gifts and donations	<u>3,872</u>	<u>373,223</u>
Final budget, 2020-2021		<u>\$63,116,221</u>

Section 1318 of Real Property Tax Law Limit Calculation

2021-2022 voter-approved expenditure budget	<u>\$ 64,316,000</u>	
Maximum allowed (4% of 2021-2022 budget)		<u>\$ 2,572,640</u>

General Fund fund balance subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:		
Assigned fund balance	\$ 1,525,945	
Unassigned fund balance	<u>4,255,523</u>	
Total unrestricted fund balance		\$ 5,781,468
Less:		
Appropriated fund balance	\$ 806,000	
Encumbrances included in assigned fund balance	<u>719,945</u>	
Total adjustments		<u>1,525,945</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law		<u>\$ 4,255,523</u>
Actual percentage		6.62%

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

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Capital Project Expenditures
Year Ended June 30, 2021

Description	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance
			Prior Years	Current Year	Total	
2016 approved project:						
High School phase 2	\$ 12,967,953	\$ 12,967,953	\$ 9,157,337	\$ 2,169,887	\$ 11,327,224	\$ 1,640,729
Middle School phase 2	4,111,110	5,285,204	4,485,638	522,541	5,008,179	277,025
Smallwood Elementary project	519,824	539,824	87,702	29,300	117,002	422,822
Windermere Elementary project	943,348	923,348	206,819	122,646	329,465	593,883
High School	<u>9,003,073</u>	<u>9,110,495</u>	<u>2,570,841</u>	<u>4,616,573</u>	<u>7,187,414</u>	<u>1,923,081</u>
Subtotal	<u>27,545,308</u>	<u>28,826,824</u>	<u>16,508,337</u>	<u>7,460,947</u>	<u>23,969,284</u>	<u>4,857,540</u>
Equipment	759,782	759,782	-	759,782	759,782	-
Middle School/District - generator backup	<u>100,000</u>	<u>100,000</u>	<u>75</u>	<u>97,088</u>	<u>97,163</u>	<u>2,837</u>
Subtotal	<u>859,782</u>	<u>859,782</u>	<u>75</u>	<u>856,870</u>	<u>856,945</u>	<u>2,837</u>
Totals	<u>\$ 28,405,090</u>	<u>\$ 29,686,606</u>	<u>\$ 16,508,412</u>	<u>\$ 8,317,817</u>	<u>\$ 24,826,229</u>	<u>\$ 4,860,377</u>

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2021

Capital assets, net of accumulated depreciation		\$	64,008,327
Add:			
Unspent debt proceeds	\$	3,504,590	
Deferred charge on refunding		<u>79,310</u>	3,583,900
Deduct:			
Serial bonds	\$	(46,615,000)	
Premiums on serial bonds		(5,714,231)	
Installment purchase contracts		<u>(583,876)</u>	<u>(52,913,107)</u>
Net investment in capital assets		\$	<u>14,679,120</u>

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

FEDERAL AWARDS INFORMATION

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity's Identifying Number (1c)	Passed- Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE:				
Passed through New York State Department of Agriculture:				
<i>Child Nutrition Cluster:</i>				
Summer Food Program for Children	10.559	N/A	\$ -	\$ 790,392
Child Nutrition - Equipment Assistance Grant	10.579	N/A	-	8,102
<i>Total Child Nutrition Cluster</i>			-	798,494
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	798,494
U.S. DEPARTMENT OF TREASURY:				
Passed through the County of Erie, New York:				
Coronavirus Relief Fund	21.019	N/A	-	339,750
TOTAL U.S. DEPARTMENT OF TREASURY			-	339,750
U.S. DEPARTMENT OF EDUCATION:				
Passed through New York State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021-21-0720	-	413,156
Title I Grants to Local Educational Agencies	84.010	0021-20-0720	-	3,524
Total Title I Grants to Local Educational Agencies			-	416,680
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	0032-21-0197	-	821,132
Special Education - Preschool Grants	84.173	0033-21-0197	-	36,259
<i>Total Special Education Cluster</i>			-	857,391
English Language Acquisition State Grants	84.365	0293-20-0720	-	7,192
English Language Acquisition State Grants	84.365	0149-21-0720	-	8,678
English Language Acquisition State Grants	84.365	0149-20-0720	-	15,727
Total English Language Acquisition State Grants			-	31,597
Supporting Effective Instruction State Grants	84.367	0147-20-0720	-	82,254
Supporting Effective Instruction State Grants	84.367	0147-21-0720	-	7,183
Total Supporting Effective Instruction State Grants			-	89,437
Student Support and Academic Enrichment Grants	84.424	0204-21-0720	-	1,927
Student Support and Academic Enrichment Grants	84.424	0204-20-0720	-	29,275
Total Student Support and Academic Enrichment Grants			-	31,202
Governor's Emergency Education Relief Fund	84.425C	N/A	-	38,744
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	-	390,666
Total Education Stabilization Funds			-	429,410
TOTAL U.S. DEPARTMENT OF EDUCATION			-	1,855,717
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ -	\$ 2,993,961

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Amherst Central School District, New York (the "District") under programs of federal government for the year ended June 30, 2021. The information in this Schedule 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* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the Schedule:

- (a) Includes all federal award programs of the Amherst Central School District, New York.
- (b) Source: Catalog of Federal Domestic Assistance.
- (c) Pass-through entity identifying numbers are presented where available.
- (d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (e) Total federal expenditures for the District's 2020-2021 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 2,993,961
Medicaid reimbursement	453,130
Total Federal sources per financial statements	<u>\$ 3,447,091</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program". During the year ended June 30, 2021, the District used \$84,419 worth of commodities.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

Certified Public Accountants

**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**

The Board of Education
Amherst Central School District, 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 the Amherst Central School District, New York (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, and have issued our report thereon dated September 23, 2021 (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 84).

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 a significant deficiency in compliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Drescher & Malecki LLP

September 23, 2021

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Board of Education
Amherst Central School District, New York:

Report on Compliance for Each Major Federal Program

We have audited the Amherst Central School District, New York's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The 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

The District's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 Regulations* ("CFR") 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 the 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 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 the 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 with 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 the 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 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.

Drescher & Malecki LLP

September 23, 2021

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified*

* (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 84.)

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None reported

Noncompliance material to the financial statements noted? _____ Yes ✓ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes ✓ No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
84.425C	Governor's Emergency Education Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

Auditee qualified as low-risk auditee? ✓ Yes _____ No

Section II. FINANCIAL STATEMENT FINDINGS

We consider the following deficiency to be a significant deficiency in compliance.

Finding 2021-001—Unrestricted Fund Balance Calculation

Criteria: New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Condition and Context: At June 30, 2021, available fund balance in the District's General Fund exceeded 4 percent of the subsequent year's budgeted appropriations.

Cause: The District's unrestricted General Fund fund balance minus amounts assigned for the subsequent years' budget is in excess of the 4 percent limitation.

Effect or Potential Effect: The District is not in compliance with New York State Real Property Tax Law §1318, which is subject to criticism from New York State and potential further repercussions.

Recommendation: We suggest that the District consider appropriating the additional funds in future budgets or the establishment of certain restricted fund balance or increasing current restrictions which would set aside these "one-time" revenues in a reserve to be utilized for future needs of the District. We recommend that the District consult with its legal advisor to ascertain its reserve options, including creating further reserves.

Management's Response: Management acknowledges that the District has available fund balance in excess of the 4 percent allowed by Real Property Tax Law §1318. The decision was made during the prior year to hold back on spending down of particular funds during the 2020-21 fiscal year due to the COVID-19 pandemic. During the year, the District used \$1,223,938 of fund balance, which was applied against and reduced unassigned fund balance. However, the District continues to be cautious on spending down available funds due to the lasting uncertainty surrounding the pandemic. The District appropriated \$806,000 of fund balance within the 2021-2022 budget, which would continue to reduce unassigned fund balance until compliance is met in future years.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2021
(Follow-up on June 30, 2020 Findings)

We consider the following deficiency to be a significant deficiency in compliance.

Finding 2020-001—Unrestricted Fund Balance Calculation

Criteria: New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Condition and Context: At June 30, 2020, available fund balance in the District's General Fund exceeded 4 percent of the subsequent year's budgeted appropriations.

Cause: The District's unrestricted General Fund fund balance minus amounts assigned for the subsequent years' budget is in excess of the 4 percent limitation.

Effect or Potential Effect: The District is not in compliance with New York State Real Property Tax Law §1318, which is subject to criticism from New York State and potential further repercussions.

Recommendation: We suggest that the District consider appropriating the additional funds in future budgets or the establishment of certain restricted fund balance or increasing current restrictions which would set aside these "one-time" revenues in a reserve to be utilized for future needs of the District. We recommend that the District consult with its legal advisor to ascertain its reserve options, including creating further reserves.

Management's Response: Management acknowledges that the District has available fund balance in excess of the 4 percent allowed by Real Property Tax Law §1318. The decision was made to hold back on spending down of particular funds in anticipation of the unprecedented upcoming 2020-21 fiscal year due to the COVID-19 pandemic.

Current Status: Refer to finding 2021-001—Unrestricted Fund Balance Calculation.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****