

IROQUOIS CENTRAL SCHOOL DISTRICT

**Financial Statements as of and
for the Year Ended June 30, 2021
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

IROQUOIS CENTRAL SCHOOL DISTRICT

Table of Contents

June 30, 2021

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds	18
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund	
Balance - Governmental Funds to the Statement of Activities	19
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to Basic Financial Statements	22
Required Supplementary Information (Unaudited)	
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual	
- General Fund (Unaudited)	56
Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)	57
Schedule of Contributions - Pension Plans (Unaudited)	58
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)	59
Other Information (Unaudited)	
Combining Balance Sheet - Nonmajor Governmental Funds	61
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor	
Governmental Funds	62
Schedule of Change From Original Budget to Revised Budget And Schedule of Section 1318 of Real	
Property Tax Law Limit Calculation - General Fund (Unaudited)	63
Schedule of Project Expenditures - Capital Projects Fund (Unaudited)	64
Schedule of Net Investment in Capital Assets (Unaudited)	65

IROQUOIS CENTRAL SCHOOL DISTRICT

Table of Contents

June 30, 2021

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	66
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance	68
Schedule of Expenditures of Federal Awards	70
Notes to Schedule of Expenditures of Federal Awards	71
Schedule of Findings and Questioned Costs	73

INDEPENDENT AUDITOR'S REPORT

September 16, 2021

To the Board of Education of the
Iroquois Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iroquois Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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.

Other Matters***Change in Accounting Principle***

As discussed in Note 17 to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of contributions - pension plans, proportionate share of the net pension liability (asset), and changes in total OPEB liability and related ratios 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 required by the New York State Education Department (NYSED), the Combining Balance Sheet - nonmajor governmental funds, and the Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Balance Sheet - nonmajor governmental funds, Combining Statement of Revenue, Expenditures and Changes in Fund Balance - nonmajor governmental funds, and 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 Combining Balance Sheet - nonmajor governmental funds, Combining Statement of Revenue, Expenditures and Changes in Fund Balance - nonmajor governmental funds, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary information as required by the New York State Education Department has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 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.

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

The following is a discussion and analysis of the Iroquois Central School District's (the District) financial performance for the fiscal year ended June 30, 2021. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- At June 30, 2021 and 2020, total assets and deferred outflows (what the District owns) exceeded its total liabilities and deferred inflows (what the District owes) by \$44,747,808 and \$45,974,816 (net position), respectively, a decrease of \$1,227,008 from 2020 to 2021 operations.
- General revenue, which includes State aid, and property taxes, accounted for \$49,937,839 (or 95%), of all revenue. Program specific revenue in the form of Charges for Services and Operating Grants and Contributions accounted for \$2,450,466 (or 5%) of total revenue.
- Total expenses for in the district-wide financial statements totaled \$53,850,555 and \$53,826,644 in 2021 and 2020, respectively.
- As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$14,117,555 and \$13,462,543 in 2021 and 2020, respectively, an increase of \$655,012 from 2020 to 2021.

Overview of the Financial Statements

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

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

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

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

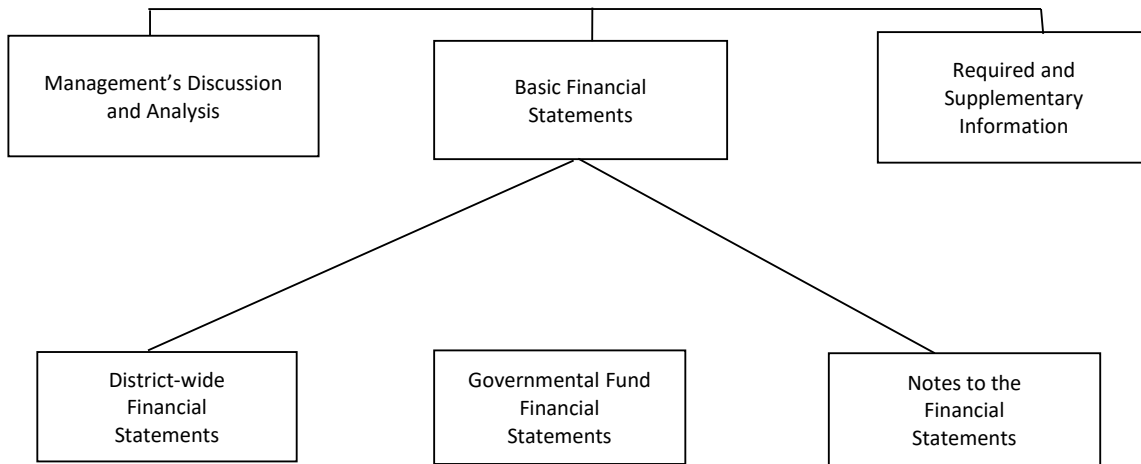


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

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

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

District-Wide Statements

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

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

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

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

Fund Financial Statements

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

The District has two kinds of funds:

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

Financial Analysis of the District as a Whole

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

Table A-3 Condensed Statements of Net Position - Governmental Activities

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Current Assets	\$ 18,100,924	\$ 16,176,189	11.9%
Non-current assets	44,365,068	47,814,461	-7.2%
Total assets	<u>62,465,992</u>	<u>63,990,650</u>	-2.4%
Deferred outflows of resources	<u>14,606,161</u>	<u>13,011,414</u>	12.3%
Current liabilities	4,008,600	2,530,417	58.4%
Long-term liabilities	<u>21,151,723</u>	<u>24,236,623</u>	-12.7%
Total liabilities	<u>25,160,323</u>	<u>26,767,040</u>	-6.0%
Deferred inflows of resources	<u>7,164,022</u>	<u>4,260,208</u>	68.2%
Net position:			
Net investment in capital assets	30,991,007	30,367,481	2.1%
Restricted	6,289,308	7,885,981	-20.2%
Unrestricted	<u>7,467,493</u>	<u>7,721,354</u>	-3.3%
Total net position	<u>\$ 44,747,808</u>	<u>\$ 45,974,816</u>	-2.7%

In Table A-3, deferred outflows of resources at June 30, 2021 were approximately \$1.5 million higher than at June 30, 2020 as a result of changes in the actuarial valuations for the District's ERS and TRS pension costs and Other Postemployment Benefits (OPEB) costs. Total assets decreased approximately \$1.6 million. At June 30, 2020, there was a net pension asset for TRS of \$2.9 million. At June 30, 2021, the District has a net pension liability for TRS of \$3 million. There was also a \$650,000 decrease in capital assets. These decreases were offset by a \$2.4 million dollar increase in cash and other smaller fluctuations within total assets.

Current liabilities increased approximately \$1.5 million dollars. This was primarily due to the liability for health insurance premiums collected in excess of claims paid and other payroll-related liabilities being reported in the General Fund rather than the Agency fund under GASB 84.

Long-term liabilities decreased approximately \$3.0 million from the prior year. Bond principal payments made during the year decreased long-term liabilities by \$1,150,000. The net pension liability in ERS decreased significantly, by approximately \$4.3 million dollars due to changes in the actuarial valuation. For TRS, what was previously a net pension asset of \$2.8 million dollars is now a net pension liability of \$3.0 million dollars. There was also an \$840,000 decrease in the total OPEB liability due to changes in that actuarial valuation.

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

Deferred inflows of resources increased approximately \$2.9 million due to the valuation change of the District's proportionate share of ERS and TRS pension costs, as well as the valuation change for the District's OPEB costs.

Table A-4 Changes in Net Position from Operating Results - Governmental Activities

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Revenue:			
Charges for services	\$ 135,142	\$ 363,593	-62.8%
Operating grants	2,315,324	1,315,300	76.0%
Capital grants	-	771,734	-100.0%
General revenue:			
Real property taxes and tax items	31,245,845	30,577,001	2.2%
Non-property taxes	2,892,044	2,704,295	6.9%
Use of money and property	32,827	192,944	-83.0%
Sale of property	23,594	23,651	100.0%
Miscellaneous	374,918	148,811	151.9%
State sources	15,296,650	15,805,204	-3.2%
Other	71,961	93,170	-22.8%
Total Revenue	52,388,305	51,995,703	0.8%
Expenses:			
General governmental support	6,754,296	7,477,782	-9.7%
Instruction	40,374,502	39,660,813	1.8%
Pupil transportation	2,601,364	3,084,894	-15.7%
Interest	375,670	371,936	1.0%
School lunch program	850,493	641,829	32.5%
School store	14,878	16,997	-12.5%
Community services	131,946	46,423	184.2%
Unallocated depreciation	2,747,406	2,525,970	8.8%
Total expenses	53,850,555	53,826,644	0.0%
CHANGE IN NET POSITION	\$ (1,462,250)	\$ (1,830,941)	-20.1%

Changes in Net Position

The District's total fiscal year 2021 revenues totaled \$52,388,305. (See Table A-4). The majority of revenues are from property taxes and state aid, which account for 89% of the revenue. Non-property taxes account for another 6% of the revenue and increased 6.9% from the prior year.

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

The total cost of all programs and services totaled \$53,850,555 for fiscal year 2021. These expenses are predominately related to general instruction, which account for 75% of District expenses. (See Table A-6). The District's general support activities accounted for 13% of total costs.

Table A-5 Sources of Revenue for Fiscal Year 2021

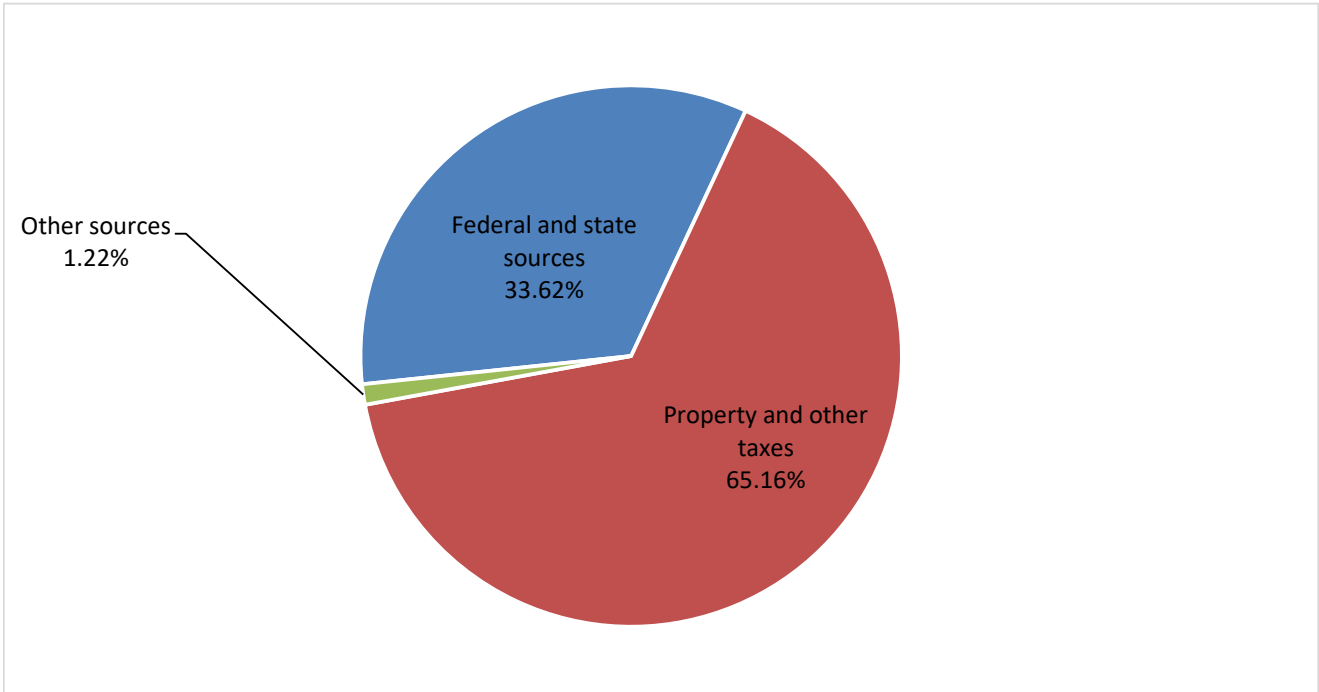
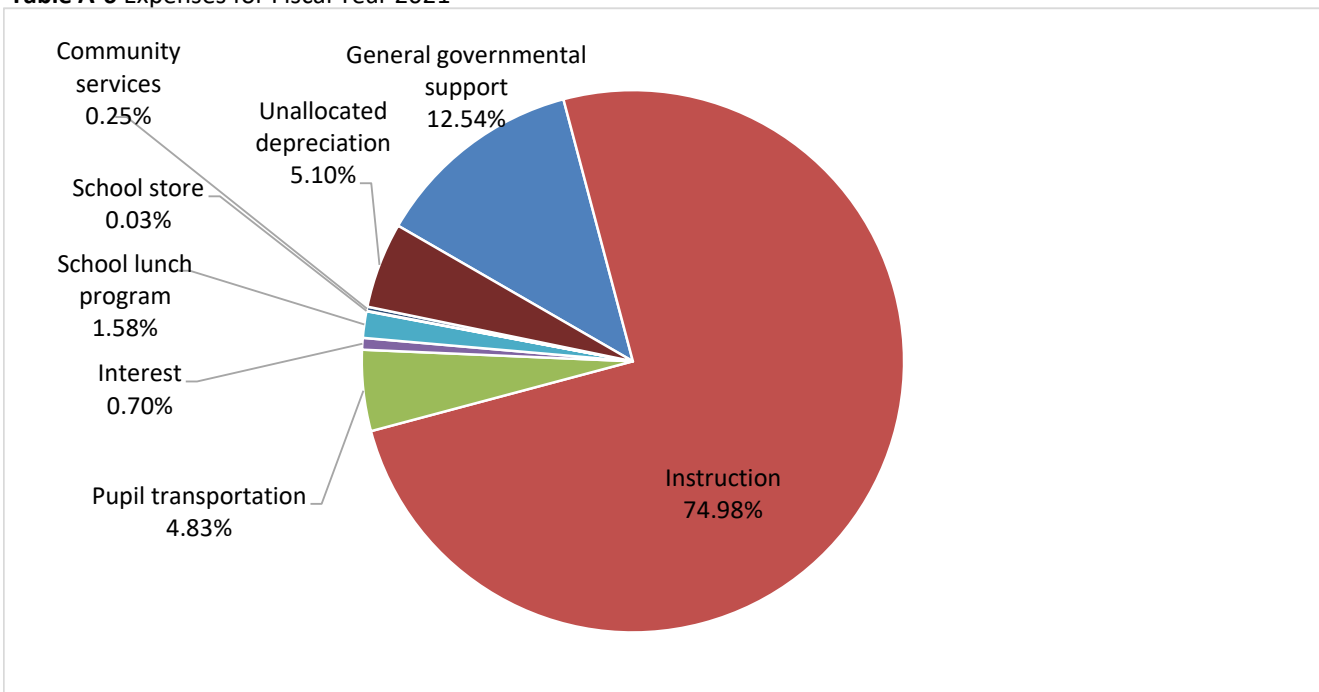


Table A-6 Expenses for Fiscal Year 2021



IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

Financial Analysis of the District's Funds

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

At June 30, 2021, the District, in its governmental funds, reported combined fund balances of \$14.1 million, an increase of approximately \$655,000 from the prior year.

General Fund Budgetary Highlights

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

Table A-7 Results vs. Budget

	Original Budget	Final Budget	Actual	Encumbrances	Positive/ (Negative)
Revenue:					
Local sources	\$ 34,389,084	\$ 34,632,283	\$ 34,567,012	\$ -	\$ (65,271)
State sources	15,820,881	15,611,900	15,509,120	-	(102,780)
Federal sources	-	208,981	452,014	-	243,033
Medicaid reimbursement	110,000	110,000	71,961	-	(38,039)
Total	<u>50,319,965</u>	<u>50,563,164</u>	<u>50,600,107</u>	<u>-</u>	<u>36,943</u>
Expenditures:					
General support	5,942,497	5,969,348	5,302,044	99,491	567,813
Instruction	28,295,178	28,067,099	26,863,243	110,317	1,093,539
Employee benefits	13,273,077	12,654,687	12,637,676	-	17,011
Transportation	2,560,562	2,219,340	1,948,954	1,938	268,448
School store	30,000	30,000	14,878	-	15,122
Community services	7,990	8,579	8,579	-	-
Other financing (sources) uses	<u>2,504,364</u>	<u>8,557,009</u>	<u>8,555,804</u>	<u>-</u>	<u>1,205</u>
Total	<u>52,613,668</u>	<u>57,506,062</u>	<u>55,331,178</u>	<u>211,746</u>	<u>1,963,138</u>
Revenue over (under) expense	<u>\$ (2,293,703)</u>	<u>\$ (6,942,898)</u>	<u>\$ (4,731,071)</u>	<u>\$ (211,746)</u>	<u>\$ 2,000,081</u>

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

The following significant variances between budget and actual occurred during fiscal 2021:

- State sources revenue was lower than budget by approximately \$103,000 due to State aid generating expenses (transportation and BOCES) being lower in the 2019-20 school year.
- Federal sources revenue was higher than budget by approximately \$243,000 due to CARES Act funding from Erie County being recorded in this line but budgeted under local sources.
- General support expenditures came in approximately \$568,000 under budget as a result of gas and electricity prices being relatively low, reduced need for printed materials and postage, reduced need for additional hours in maintenance and custodial work, and reduced rates for general liability insurance in 2020-21.
- Expenditures related to instruction were approximately \$1.1 million dollars under budget. The District had reduced expenses in many areas due to COVID restrictions:
 - Athletics: reduced expenses for coaches, officials and fees
 - Summer school expenses in 2020 were greatly reduced
 - The district had less demand for additional instructional programs and hours
 - Reduced travel and conferences
- Transportation expenditures were approximately \$270,000 lower than budget. Due to COVID restrictions, extra bus runs (athletics, field trips, etc) were reduced, lowering expenses for fuel and salaries and maintenance.

All other revenues and all expenditures were closely in line with that budgeted for the year.

Capital Assets

As of June 30, 2021, the District had an investment of \$44 million in a broad range of capital assets including land, buildings, site improvements, vehicles and other educational equipment.

Table A-8 Capital Assets (net of depreciation)

Category:	Fiscal Year	Fiscal Year	Percent
	2021	2020	Change
Land	\$ 872,363	\$ 872,363	0.0%
Construction in progress	1,243,812	-	100.0%
Buildings and improvements	38,704,819	40,500,555	-4.4%
Land improvements	548,486	611,338	-10.3%
Furniture, fixtures, and equipment	969,883	1,012,633	-4.2%
Vehicles	2,025,705	1,981,608	2.2%
Total	\$ 44,365,068	\$ 44,978,497	-1.4%

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

Long-Term Liabilities

At year-end, the District had \$13 million in general obligation bonds outstanding and \$5 million in other long term liabilities. More detailed information about the District's total long-term liabilities is presented in the notes to the financial statements.

Table A-9 Outstanding Long-Term Liabilities

	Fiscal Year	Fiscal Year	Percent
	2021	2020	Change
Category:			
Serial bonds	\$ 12,710,000	\$ 16,065,000	-20.9%
Unamortized premium	664,061	155,041	328.3%
Compensated absences	3,402,240	3,126,057	8.8%
Net pension liability	15,486	1,201,559	-98.7%
Total other postemployment benefit liability	<u>1,333,204</u>	<u>2,040,583</u>	-34.7%
	<u>\$ 18,124,991</u>	<u>\$ 22,588,240</u>	-19.8%

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The long-term impact of COVID-19 on students, staff and residents is not fully known at this time. Federal support through CARES Act and the American Rescue Plan will be essential in stabilizing revenues and supporting instructional programs over the next 2-3 years.
- The District is confident in its abilities to adapt to future disruptions by having a plans in place to continue instruction to students (whether fully remote or in-school) without significant additional investments in technology.
- The District is striving to achieve financial stability in the face of many financial challenges. These challenges arise from several factors, including State budget issues, the Property Tax Cap legislation and the COVID-19 Pandemic. We will utilize Federal funds to address leaning loss across our District and increase services to address social/emotional health issues, while minimizing the cost impact on District taxpayers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Iroquois Central School District, Elma, New York 14059.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Statement of Net Position
June 30, 2021**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 8,260,394
Cash and cash equivalents - restricted	8,028,336
Due from Federal and State governments	881,437
Due from other governments	885,919
Inventory	<u>44,838</u>
Total current assets	<u>18,100,924</u>

NON-CURRENT ASSETS:

Capital assets, net	<u>44,365,068</u>
Total non-current assets	<u>44,365,068</u>
Total assets	<u>62,465,992</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related - TRS	10,331,265
Pension related - ERS	3,696,083
Other postemployment benefits	<u>578,813</u>
Total deferred outflows of resources	<u>14,606,161</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	1,816,025
Accrued interest	25,231
Unearned revenue	22,962
Due to other governments	87
Due to Teachers' Retirement System	1,911,085
Due to Employees' Retirement System	<u>233,210</u>
Total current liabilities	<u>4,008,600</u>

LONG-TERM LIABILITIES:

Due and payable within one year -	
Bonds payable	<u>1,755,000</u>
Total long-term liabilities due and payable within one year	<u>1,755,000</u>
Due and payable after one year -	
Net pension liability - ERS	15,486
Net pension liability - TRS	3,026,732
Total other postemployment benefit liability	1,333,204
Compensated absences	3,402,240
Bonds payable, net of premium	<u>11,619,061</u>
Total long-term liabilities due and payable after one year	<u>19,396,723</u>
Total long-term liabilities	<u>21,151,723</u>
Total liabilities	<u>25,160,323</u>

DEFERRED INFLOWS OF RESOURCES

Pension related - TRS	1,717,910
Pension related - ERS	4,606,781
Other postemployment benefits	<u>839,331</u>
Total deferred inflows of resources	<u>7,164,022</u>

NET POSITION

Net investment in capital assets	30,991,007
Restricted	6,289,308
Unrestricted	<u>7,467,493</u>
Total net position	<u>\$ 44,747,808</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Statement of Activities
For the year ended June 30, 2021**

	<u>Program Revenue</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS:				
General governmental support	\$ 6,754,296	\$ 61,619	\$ -	\$ (6,692,677)
Instruction	40,374,502	49,152	1,366,273	(38,959,077)
Pupil transportation	2,601,364	-	-	(2,601,364)
Community services	131,946	-	-	(131,946)
Interest	375,670	-	-	(375,670)
School lunch program	850,493	8,325	949,051	106,883
School store	14,878	16,046	-	1,168
Unallocated depreciation	<u>2,747,406</u>	<u>-</u>	<u>-</u>	<u>(2,747,406)</u>
Total functions/programs	<u>\$ 53,850,555</u>	<u>\$ 135,142</u>	<u>\$ 2,315,324</u>	<u>\$ (51,400,089)</u>
GENERAL REVENUE:				
Real property taxes				28,252,712
Real property tax items				2,993,133
Non-property taxes				2,892,044
Use of money and property				32,827
Sale of property and compensation for loss				23,594
Miscellaneous				374,918
State sources				15,296,650
Medicaid reimbursement				<u>71,961</u>
Total general revenue				<u>49,937,839</u>
CHANGE IN NET POSITION				<u>(1,462,250)</u>
NET POSITION - beginning of year, as previously reported				45,974,816
PRIOR PERIOD ADJUSTMENT (See Note 17)				<u>235,242</u>
NET POSITION - beginning of year, as restated				<u>46,210,058</u>
NET POSITION - end of year				<u>\$ 44,747,808</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds
June 30, 2021**

	General	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,123,836	\$ -	\$ 136,558	\$ 8,260,394
Cash and cash equivalents - restricted	4,367,801	3,180,815	479,720	8,028,336
Due from other funds	532,825	1,950,307	3,956	2,487,088
Due from Federal and State Governments	412,634	-	468,803	881,437
Due from other governments	885,919	-	-	885,919
Inventory	<u>34,523</u>	<u>-</u>	<u>10,315</u>	<u>44,838</u>
 Total assets	 <u>\$ 14,357,538</u>	 <u>\$ 5,131,122</u>	 <u>\$ 1,099,352</u>	 <u>\$ 20,588,012</u>
LIABILITIES				
LIABILITIES:				
Accounts payable	\$ 97,539	\$ 1,500	\$ 72,494	\$ 171,533
Due to other funds	1,954,107	162	532,819	2,487,088
Due to other governments	34	-	53	87
Due to Teachers' Retirement System	1,911,085	-	-	1,911,085
Due to Employees' Retirement System	233,210	-	-	233,210
Accrued liabilities	1,617,505	-	26,987	1,644,492
Unearned revenue	<u>-</u>	<u>-</u>	<u>22,962</u>	<u>22,962</u>
 Total liabilities	 <u>5,813,480</u>	 <u>1,662</u>	 <u>655,315</u>	 <u>6,470,457</u>
FUND BALANCES:				
Nonspendable				
Inventory	<u>34,523</u>	<u>-</u>	<u>10,315</u>	<u>44,838</u>
Restricted for -				
Capital reserve	876,799	-	-	876,799
Retirement contribution	754,895	-	-	754,895
Unemployment insurance reserve	310,402	-	-	310,402
Repair reserve	569,376	-	-	569,376
Insurance reserve	213,974	-	-	213,974
Employee benefit accrued liability	1,251,901	-	-	1,251,901
Workers compensation	211,249	-	-	211,249
Tax Certiorari	179,205	-	-	179,205
Debt service	-	-	3,374	3,374
Capital	-	5,129,460	-	5,129,460
Extraclassroom activities and scholarships	<u>-</u>	<u>-</u>	<u>190,913</u>	<u>190,913</u>
Total restricted fund balance	<u>4,367,801</u>	<u>5,129,460</u>	<u>194,287</u>	<u>9,691,548</u>
Assigned to -				
Appropriated for future budgets	1,773,612	-	-	1,773,612
Other	<u>211,746</u>	<u>-</u>	<u>239,435</u>	<u>451,181</u>
Total assigned fund balance	<u>1,985,358</u>	<u>-</u>	<u>239,435</u>	<u>2,224,793</u>
Unassigned	<u>2,156,376</u>	<u>-</u>	<u>-</u>	<u>2,156,376</u>
 Total fund balances	 <u>8,544,058</u>	 <u>5,129,460</u>	 <u>444,037</u>	 <u>14,117,555</u>
 Total liabilities and fund balance	 <u>\$ 14,357,538</u>	 <u>\$ 5,131,122</u>	 <u>\$ 1,099,352</u>	 <u>\$ 20,588,012</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds	\$ 14,117,555
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,365,068
Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows - ERS/TRS	14,027,348
Deferred inflows - ERS/TRS	(6,324,691)
Deferred outflow - OPEB	578,813
Deferred inflow - OPEB	(839,331)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability - TRS	(3,026,732)
Net pension liability - ERS	(15,486)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(12,710,000)
Unamortized bond premium	(664,061)
Total other postemployment benefits	(1,333,204)
Compensated absences	(3,402,240)
Accrued interest	<u>(25,231)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 44,747,808</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2021**

	General	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUE:				
Real property taxes	\$ 28,252,712	\$ -	\$ -	\$ 28,252,712
Real property tax items	2,993,133	-	-	2,993,133
Non-property taxes	2,892,044	-	-	2,892,044
Charges for services	110,771	-	-	110,771
Use of money and property	32,108	-	719	32,827
Sale of property and compensation for loss	23,594	-	-	23,594
Miscellaneous	246,604	4	128,310	374,918
State sources	15,509,120	-	102,454	15,611,574
Federal sources	452,014	-	1,760,856	2,212,870
School store	16,046	-	-	16,046
Medicaid reimbursement	71,961	-	-	71,961
Sales	-	-	8,325	8,325
Total revenue	<u>50,600,107</u>	<u>4</u>	<u>2,000,664</u>	<u>52,600,775</u>
EXPENDITURES:				
General support	5,302,044	-	-	5,302,044
Instruction	26,863,243	-	975,321	27,838,564
Pupil transportation	1,948,954	-	12,088	1,961,042
Community services	8,579	-	89,387	97,966
Employee benefits	12,637,676	-	22,179	12,659,855
Cost of school lunch sales	-	-	850,493	850,493
School store	14,878	-	-	14,878
Capital outlays	-	1,839,528	-	1,839,528
Debt service -				
Principal	-	-	1,705,000	1,705,000
Interest	-	-	466,635	466,635
Total expenditures	<u>46,775,374</u>	<u>1,839,528</u>	<u>4,121,103</u>	<u>52,736,005</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>3,824,733</u>	<u>(1,839,524)</u>	<u>(2,120,439)</u>	<u>(135,230)</u>
OTHER FINANCING SOURCES AND (USES):				
Proceeds of debt issuance	-	555,000	-	555,000
Transfers in	-	6,322,151	2,233,653	8,555,804
Transfers out	<u>(8,555,804)</u>	<u>-</u>	<u>-</u>	<u>(8,555,804)</u>
Total other financing sources	<u>(8,555,804)</u>	<u>6,877,151</u>	<u>2,233,653</u>	<u>555,000</u>
CHANGE IN FUND BALANCE	(4,731,071)	5,037,627	113,214	419,770
FUND BALANCES - beginning of year, as previously reported	13,239,661	81,142	141,740	13,462,543
PRIOR PERIOD ADJUSTMENT (See Note 17)	<u>35,468</u>	<u>10,691</u>	<u>189,083</u>	<u>235,242</u>
FUND BALANCES - beginning of year, as restated	<u>13,275,129</u>	<u>91,833</u>	<u>330,823</u>	<u>13,697,785</u>
FUND BALANCES - end of year	<u>\$ 8,544,058</u>	<u>\$ 5,129,460</u>	<u>\$ 444,037</u>	<u>\$ 14,117,555</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities
For the year ended June 30, 2021

Net changes in fund balance - total governmental funds	\$ 419,770
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	2,227,411
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities.	(2,747,406)
Loss on disposal of capital assets is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(93,434)
Certain revenues that are earned during the fiscal year are not received when considered available on the modified accrual basis of accounting. Therefore, in the funds, this amount will be recognized as revenue when it is received in the subsequent year.	(212,470)
Proceeds of long-term debt are recorded as other financing sources for governmental funds, but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year.	(555,000)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	1,705,000
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	(1,929,632)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, net of employer contributions is reported as other postemployment benefits.	(91,271)
Certain expenses in the statement of activities do not require the use of current resources and are therefore not reported as expenditures in the governmental funds:	
Amortization of bond premium	86,955
Change in accrued interest	4,010
Change in compensated absences	<u>(276,183)</u>
Change in net position - governmental activities	<u>\$ (1,462,250)</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2021

	<u>Custodial Fund</u>
ASSETS:	
Cash - restricted	\$ <u>6,876</u>
Total assets	<u>6,876</u>
NET POSITION:	
Restricted for scholarships	<u>6,876</u>
Total net position	<u><u>\$ 6,876</u></u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position For the year ended June 30, 2021

	<u>Custodial Fund</u>
ADDITIONS:	
Gifts and contributions	\$ 1,550
Investment earnings	<u>5</u>
Total additions	1,555
DEDUCTIONS:	
Scholarships and awards	<u>9,000</u>
CHANGE IN NET POSITION	(7,445)
NET POSITION - beginning of year, as previously reported	-
PRIOR PERIOD ADJUSTMENT (See Note 17)	<u>14,321</u>
NET POSITION - beginning of year, as restated	<u>14,321</u>
NET POSITION - end of year	<u><u>\$ 6,876</u></u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

1. NATURE OF OPERATIONS

Iroquois Central School District (the District) provides free K-12 public education to students living within its geographic borders.

Reporting Entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The Extraclassroom Activity Funds are also included in these financial statements.

The Extraclassroom Activity Funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds; however, these funds are used as designated by student management. The District accounts for the activities of these various student organizations in the 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 component school district in the Erie #2-Chautauqua-Cattaraugus Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

During the year, the District was billed \$3,943,043 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,529,177.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

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

District-Wide Statements

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

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

Fund Financial Statements

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

The District reports the following major governmental funds:

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

Capital Projects Fund - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following nonmajor governmental funds:

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

- **Special Aid Fund:** Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.
- **School Lunch Fund:** Used to account for child nutrition activities whose funds are restricted as to use.
- **Miscellaneous Special Revenue Fund:** Used to account for and report those revenues that are restricted or committed to expenditures for specified purposes. Specifically, the District accounts for extraclassroom activities and certain scholarships here, as the District has administrative involvement with these funds.

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

Fiduciary Funds

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

The District has one class of fiduciary fund:

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. These are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. At the District, various scholarship funds that are not held in legal trusts and for which the District does not have administrative control are reported in this fund.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Measurement Focus and Basis of Accounting

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange includes property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Cash

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

Restricted Cash

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

Accounts Receivable

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

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to the Counties of Erie and Wyoming (the Counties) who assume all responsibility for collection.

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

Inventory

Inventory of food and/or supplies in the school lunch fund and school store 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 are considered immaterial in amount.

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2004. For assets acquired prior to June 30, 2004, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair value at the time received. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at 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.

Land and construction in progress are not depreciated. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 5,000	SL	40 years
Land improvements	\$ 5,000	SL	15 years
Furniture, fixtures, and equipment	\$ 5,000	SL	8 years
Vehicles	\$ 5,000	SL	15 years

Vested Employee Benefits

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

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

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

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

Other Benefits

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Accrued Liabilities and Long-Term Obligations

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

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

Restricted Resources

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

District-wide Statements - Equity Classifications

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

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

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

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

Governmental Fund Financial Statements - Equity Classifications

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the school lunch fund.

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

Capital reserve

According to Education Law §3651, this reserve 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. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the General Fund under restricted fund balance.

Reserve for Debt Service

According to General Municipal Law §6-l, the 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 the sale. Also, earnings on project monies invested together with unused proceeds are reported here. The reserve is accounted for in the Debt Service Fund.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Repair

According to Education Law §3651, expenditures made from the capital reserve fund 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 reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the General Fund under restricted fund balance.

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund 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. This reserve is accounted for in the General Fund.

Insurance Reserve

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

Tax Certiorari

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Retirement Contributions Reserve Fund

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

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

Restricted fund balance includes the following:

General Fund:	
Capital reserve	\$ 876,799
Retirement contribution	754,895
Unemployment insurance	310,402
Repair reserve	569,376
Insurance reserve	213,974
Employee benefit accrued	1,251,901
Workers compensation	211,249
Tax Certiorari	179,205
Debt Service Fund	3,374
Capital Projects Fund	5,129,460
Extraclassroom activities and scholarships	190,913
	<u>\$ 9,691,548</u>

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the BOE. The District has no committed fund balances as of June 30, 2021.

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

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

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

Order of Fund Balance Spending Policy

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

Use of Estimates

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

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

- **Long Term Revenue and Expense Differences**
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available," whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.
- **Capital Related Differences**
Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
- **Long Term Debt Transaction Differences**
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

- **Pension Differences**
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.
- **OPEB Differences**
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Budgets

The District administration prepares a proposed budget for approval by the Board Of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the BOE as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. The District had supplemental appropriations during the year, including an approved \$4.3 million dollar transfer from the capital reserve to the capital projects fund for the new capital project, a \$50,000 use of the repair reserve, and \$243,000 in appropriations related to additional CARES Act funding received from Erie County.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Encumbrances

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

5. CASH

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

At June 30, 2021, the reported amount of the District's deposits was \$16,295,606 and the bank balance was \$16,891,061. Of the bank balance, \$500,000 was covered by federal depository insurance and \$16,391,061 was covered by collateral held in the pledging bank's trust department in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$8,028,336 within the governmental funds and \$6,876 in the fiduciary funds.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

6. CAPITAL ASSETS

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

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2021</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 872,363	\$ -	\$ -	\$ 872,363
Construction in progress	<u>-</u>	<u>1,284,528</u>	<u>(40,716)</u>	<u>1,243,812</u>
Total nondepreciable cost	<u>872,363</u>	<u>1,284,528</u>	<u>(40,716)</u>	<u>2,116,175</u>
Capital assets that are depreciated:				
Buildings and improvements	66,588,547	53,672	-	66,642,219
Land improvements	4,013,602	-	-	4,013,602
Furniture, fixtures, and equipment	3,273,798	84,225	(180,145)	3,177,878
Vehicles	<u>5,659,277</u>	<u>804,986</u>	<u>(769,666)</u>	<u>5,694,597</u>
Total depreciable historical cost	<u>79,535,224</u>	<u>942,883</u>	<u>(949,811)</u>	<u>79,528,296</u>
Less accumulated depreciation:				
Buildings and improvements	(26,087,992)	(1,849,408)	-	(27,937,400)
Land improvements	(3,402,264)	(62,852)	-	(3,465,116)
Furniture, fixtures, and equipment	(2,261,165)	(114,840)	168,010	(2,207,995)
Vehicles	<u>(3,677,669)</u>	<u>(720,306)</u>	<u>729,083</u>	<u>(3,668,892)</u>
Total accumulated depreciation	<u>(35,429,090)</u>	<u>(2,747,406)</u>	<u>897,093</u>	<u>(37,279,403)</u>
Total depreciable cost, net	<u>44,106,134</u>	<u>(1,804,523)</u>	<u>(52,718)</u>	<u>42,248,893</u>
Total capital assets, net	<u>\$ 44,978,497</u>	<u>\$ (519,995)</u>	<u>\$ (93,434)</u>	<u>\$ 44,365,068</u>

Depreciation has not been allocated to the individual functions of the District's operation as no allocation methodology has been established.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

7. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General	\$ 532,825	\$ 1,954,107	\$ -	\$ 8,555,804
Special Aid	-	532,804	58,224	-
School Lunch	3,795	15	3,795	-
Capital Projects	1,950,307	162	6,322,151	-
Debt Service	<u>161</u>	<u>-</u>	<u>2,171,634</u>	<u>-</u>
Total	<u>\$ 2,487,088</u>	<u>\$ 2,487,088</u>	<u>\$ 8,555,804</u>	<u>\$ 8,555,804</u>

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

Interfund receivables and payables were incurred primarily due to salaries paid by the General Fund on behalf of the Special Aid Fund, as well as the General Fund paying the Capital Projects Fund for capital projects. The majority of the interfund revenues and expenses were transfers from the General Fund to the Capital Projects Fund to fund current project expenditures, budgeted transfers to the Debt Service Fund to fund debt obligations and transfers to the Special Aid Fund to write off uncollectible receivables in the Summer School Handicap Program.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

8. LONG-TERM OBLIGATIONS

On September 10, 2020, the District issued \$555,000 in serial bonds for the purchase of school buses. These bonds have an interest rate of 1.070% and mature in fiscal 2025.

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

	Balance 6/30/2020	Additions	Deletions {a}	Balance 6/30/2021	Due Within One Year
Bonds:					
Serial bonds payable	\$ 13,860,000	\$ 555,000	\$ (1,705,000)	\$ 12,710,000	\$ 1,755,000
Unamortized Premium	<u>751,016</u>	<u>-</u>	<u>(86,955)</u>	<u>664,061</u>	<u>-</u>
Total bonds payable	<u>\$ 14,611,016</u>	<u>\$ 555,000</u>	<u>\$ (1,791,955)</u>	<u>\$ 13,374,061</u>	<u>\$ 1,755,000</u>
Other liabilities:					
Compensated absences	<u>\$ 3,126,057</u>	<u>\$ 276,183</u>	<u>\$ -</u>	<u>\$ 3,402,240</u>	<u>\$ -</u>

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

Interest on all debt for the year was composed of:

Interest paid	\$ 466,635
Less: Interest accrued in the prior year	(29,241)
Plus: Interest accrued in the current year	25,231
Less: Amortization of bond premium	<u>(86,955)</u>
Total interest expense	<u>\$ 375,670</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

<u>Bond Issue</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>6/30/2021 Balance</u>
Serial bond - Buses	8/19/2015	536,800	8/1/2020	1.380%	\$ -
Serial bond - Buses	8/25/2016	564,000	8/1/2021	1.250-1.500%	120,000
Serial bond - Buses	8/25/2017	565,000	8/1/2022	1.890%	245,000
Serial bond - Construction	5/9/2018	8,600,000	6/15/2033	3.000%	7,030,000
Serial bond - Buses	8/24/2018	675,000	8/1/2023	2.375%	435,000
Serial bond - Buses	8/14/2018	465,000	8/1/2024	1.640%	365,000
Refunding Serial Bond	6/15/2020	4,635,000	6/15/2027	4-5%	3,960,000
Serial bond - Buses	9/10/2020	555,000	8/1/2025	1.070%	<u>555,000</u>
Total bond issues					<u>\$ 12,710,000</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2021:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,755,000	\$ 421,463	\$ 2,176,463
2023	1,670,000	368,576	2,038,576
2024	1,595,000	318,082	1,913,082
2025	1,505,000	261,907	1,766,907
2026	1,475,000	205,715	1,680,715
2027-2031	3,405,000	492,650	3,897,650
2032-2036	<u>1,305,000</u>	<u>58,500</u>	<u>1,363,500</u>
Totals	<u>\$ 12,710,000</u>	<u>\$ 2,126,893</u>	<u>\$ 14,836,893</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

9. PENSION PLANS

New York State Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, and the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer 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 system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2021	\$ 840,888
2020	\$ 842,674
2019	\$ 849,174

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

At June 30, 2021, the District reported a net pension liability of \$15,486 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. 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 pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the District's proportionate share was .0155525% percent, which was a decrease of .0007747% from its proportionate share at June 30, 2020.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$537,465. At June 30, 2021, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,129	\$ -
Changes of assumptions	2,847,421	53,703
Net difference between projected and actual earnings on pension plan investments	-	4,448,561
Changes in proportion and differences between the District's contributions and proportionate share of contributions	426,323	104,517
Contributions subsequent to the measurement date	233,210	-
Total	<u>\$ 3,696,083</u>	<u>\$ 4,606,781</u>

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

Plan's Year Ended March 31:

2022	\$ (130,435)
2023	8,182
2024	(187,467)
2025	(834,188)
Thereafter	-
	<u>\$ (1,143,908)</u>

The District recognized \$233,210 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2022.

Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021.

The actuarial valuation used the following actuarial assumptions:

Inflation	2.70%
Salary scale	4.4% indexed by service
Cost-of-living adjustments	1.4%
Decrements	Based on Plan's experience from April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% net of investment expense, including inflation

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

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

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	32.0	4.05
International Equity	15.0	6.30
Private Equity	10.0	6.75
Real Estate	9.0	4.95
Opportunistic/Absolute Return Strategy	3.0	4.50
Credit	4.0	3.63
Real assets	3.0	5.95
Fixed income	23.0	0.00
Cash	<u>1.0</u>	0.50
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 4.9%	Current Discount 5.9%	1% Increase 6.9%
Proportionate Share of Net Pension liability (asset)	<u>\$ 4,298,382</u>	<u>\$ 15,486</u>	<u>\$ (3,934,346)</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability (in 000's) of the employers as of March 31, 2021, were as follows:

Total pension liability	\$220,680,157
Net position	<u>220,580,583</u>
Net pension liability (asset)	<u>\$ 99,574</u>
ERS net position as a percentage of total pension liability	99.95%

New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, 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 and/or the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer, which can be found on the System's website at www.nystrs.org.

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

Contributions

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

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

	<u>TRS</u>
2021	\$ 1,647,203
2020	\$ 1,935,012
2019	\$ 1,690,863

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

At June 30, 2021, the District reported net pension liability of \$3,026,732 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2019. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021 the District's proportionate share was 0.109534%, which was an increase of 0.000375% from its proportionate share at June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$4,059,162. At June 30, 2021 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,652,023	\$ 155,114
Changes of assumptions	3,828,111	1,364,522
Net difference between projected and actual earnings on pension plan investments	1,976,721	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	67,671	198,274
Contributions subsequent to the measurement date	<u>1,806,739</u>	<u>-</u>
Total	<u>\$ 10,331,265</u>	<u>\$ 1,717,910</u>

The District recognized \$1,806,739 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2020 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

Plan's Year Ended June 30:

2021	\$ 1,163,193
2022	2,364,276
2023	1,938,813
2024	1,188,618
2025	18,150
Thereafter	<u>133,566</u>
	<u>\$ 6,806,616</u>

Actuarial Assumptions

The total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.3% compounded annually
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2009 to June 30, 2014.

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

The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2020 are summarized in the following table:

Asset Type	Target Allocations in %	Long-term expected real rate of return in %
Domestic equity	33.0	7.1
International equity	16.0	7.7
Global equity	4.0	7.4
Real estate equity	11.0	6.8
Private equity	8.0	10.4
Domestic fixed income	16.0	1.8
Global bonds	2.0	1.0
High-yield bonds	1.0	3.9
Private debt	1.0	5.2
Real estate debt	7.0	3.6
Cash equivalents	<u>1.0</u>	0.7
	<u>100%</u>	

Discount Rate

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

IROQUOIS CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

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

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

	1% Decrease 6.10%	Current Discount 7.10%	1% Increase 8.10%
Proportionate Share of Net Pension Liability (asset)	<u>\$ 19,118,823</u>	<u>\$ 3,026,732</u>	<u>\$(10,478,610)</u>

Pension Plan Fiduciary Net Position

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

Total pension liability	\$ 123,242,776,215
Net position	<u>120,479,505,380</u>
Net pension liability (asset)	<u>\$ 2,763,270,835</u>
NYSTRS net position as a percentage of total pension liability	97.8%

Payables to the Pension Plans

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 covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System.

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 covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2021</u>
ERS Liability	233,210
TRS Liability	1,911,085

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

10. TOTAL OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Iroquois Central School District administers the Iroquois Central School District Retiree Medical, Prescription Vision and Dental Plan (the Plan) as a single-employer defined benefit Other Post-employment Benefit Plan (OPEB). The Plan provides for continuation of medical, prescription vision and dental benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The Plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. As such, the Plan does not issue a standalone financial report.

Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	119
Active employees	<u>449</u>
Total participants	<u>568</u>

Total OPEB Liability

The District's total OPEB liability of \$1,333,204 was measured as of March 31, 2021, and was determined by an actuarial valuation as of March 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.11%
Salary scale	3.11% effective June 30, 2021
Discount Rate	2.27% effective June 30, 2021
Healthcare Cost Trend Rate	4.00% for 2021, increasing to an ultimate rate of 4.08% after 2070
Share of Benefit-Related Costs	The District will pay a percentage of the premium based on employee's years of service and hire date until the retiree becomes Medicare eligible, at which time, the retiree may remain in the plan by paying 100% of the premium.
Cost Method	Entry Age Normal Level % of Pay method

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate Contingent Survivor mortality, fully generational using scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were consistent with requirements of GASB 75 and Actuarial Standards of Practice (ASOPs). Retirement and termination assumptions reflect general published tables based on large scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed and the base table is adjusted accordingly, as necessary. No formal experience study is prepared for this plan.

Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 2,176,017</u>
Changes for the Year-	
Service cost	80,103
Interest	53,998
Changes of benefit terms	-
Changes in assumptions or other inputs	48,824
Differences between expected and actual experience	(946,955)
Benefit payments	<u>(78,783)</u>
Net changes	<u>(842,813)</u>
Balance at June 30, 2021	<u><u>\$ 1,333,204</u></u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) or 1 percentage point higher (3.27%) than the current discount rate:

	1% Decrease	Current Discount	1% Increase
	<u>1.27%</u>	<u>2.27%</u>	<u>3.27%</u>
Total OPEB Liability	<u>\$ 1,458,478</u>	<u>\$ 1,333,204</u>	<u>\$ 1,219,240</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.00% to 3.08%) or 1 percentage point higher (5.00% to 5.08%) than the current healthcare cost trend rate:

	Healthcare		
	Current		
	1% Decrease 3.00% to 3.08%	Discount 4.00% to 4.08%	1% Increase 5.00% to 5.08%
Total OPEB Liability	<u>\$ 1,180,837</u>	<u>\$ 1,333,204</u>	<u>\$ 1,512,712</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$169,580. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 405,624	\$ 820,246
Changes of assumptions	153,493	19,085
Benefit payments subsequent to measurement date	<u>19,696</u>	<u>-</u>
Total	<u>\$ 578,813</u>	<u>\$ 839,331</u>

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2022	\$ 35,479
2023	(24,087)
2024	(168,975)
2025	(142,377)
2026	7,314
Thereafter	<u>12,432</u>
	<u>\$ (280,214)</u>

The District recognized \$19,696 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of March 31, 2021 which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

11. RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Judgement claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Self-Funded Health Insurance Plan

The District is self insurance for health insurance, and the program is managed by a third party administrator. The District has calculated its best estimate of health insurance losses and claims paid subsequent to year end based on claim reports provided by the third party administrator. This does not include an estimate of the claims incurred, but not reported, since management believes that such estimated would not be material. The District purchases stop loss insurance to reimburse the District for individual claims in excess of \$500,000.

At the end of the year, the District computes the liability for claims paid subsequent to year end to excess premiums held in the District's General Fund and records any deficit as a current liability in the governmental financial statements. As of June 30, 2021, excess premiums in the District's General Fund exceeded the liability for claims paid subsequent to year end, thus no liability has been recorded.

Estimated claims as of June 30, 2020	\$ -
Premium equivalent deposited in the General Fund	10,699,238
Payments made during the year, net	<u>(9,352,969)</u>
Excess premiums held in General fund as of June 30, 2021	<u>\$ 1,346,269</u>

Workers' Compensation

The District is a participant in the Erie #2 Workers' Compensation Consortium (the Consortium). The Consortium was established under the provisions of Workers' Compensation Law of the State of New York and is administered and sponsored by its predominant participant, Erie #2-Chautauqua-Cattaraugus BOCES. The Consortium is a public entity risk pool which provides the District the opportunity to participate in a cooperative program for providing workers' compensation benefits to its employees by entering into an intermunicipal agreement pursuant to Article 5-G of General Municipal Law.

Membership is effective on the first day of the month following the Board's resolution to accept a new participant organization. Voluntary withdrawal from the Consortium is effective only once annually on the last day of the plan year. Notice of intent to withdraw must be submitted in writing not less than 120 days prior to the end of the plan year (June 30). Premiums for coverage and determine annually by the Board of Directors after review of claim history information and consultation with various advisors. Participant organizations are billed in installments during the year.

No refund or assessments, other than periodic premiums, are charged to the participant organizations, except in the case where the Consortium's assets are not sufficient to meet liabilities. In that instance, a special assessment may be assessed against the participant organizations.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

The Consortium has established reserve liabilities which provide for expenditures to be made over the life of the claims. The reserve liabilities are based on estimates of the cost of claims (including future claim adjustment expenses) which have been reported but not settled, and of claims which have been incurred but not reported. Since actual claim costs depend on such complex factors as inflation and changes in doctrines of legal liability, the process used in estimating future claim liability does not result in exact amount. Estimated claim liability is calculated based on actuarial and statistical information which reflects settlements and other social and economic factors, as well as past experience.

12. CONTINGENCIES AND COMMITMENTS

Litigation

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

Grants

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

13. TAX ABATEMENTS

The Erie County Industrial Development Agency, created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively "the Act"), has ten real property tax abatement agreements with various businesses in the District under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the District.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended June 30, 2021, the District's total tax revenues were reduced by \$279,480.

Copies of the agreements may be obtained from the Iroquois Central School, 2111 Girdle Road, Elma, NY 14059.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

14. COVID-19

The United States is presently in the midst of a national health emergency related to a virus commonly known as the Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a nation, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of the situation on the District and its future results and financial position is not presently determinable.

15. CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT (CRRSA) AND AMERICAN RESCUE PLAN ACT (ARP)

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare for and respond to the coronavirus. The District is expected to receive \$1,765,089 in Elementary and Secondary School Emergency Relief (ESSER 2) funds and \$209,673 in Governor's Emergency Education Relief (GEER 2) funds.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (ARP). These funds are focused on supporting the safe return to in-person instruction and continuity of services, addressing the impact of lost instructional time through summer or extended school programs, responding to students' academic, social, and emotional needs, and addressing the disproportionate impact of the coronavirus on economically disadvantaged students, children with disabilities, English learners, racial and ethnic minorities, migrant students, students experiencing homelessness, and children and youth in foster care. The District is expected to receive \$1,408,428 in ARP ESSER 3 funds.

16. SUBSEQUENT EVENTS

The District issued \$511,300 in serial bonds on September 9, 2021 for the purchase of buses. These bonds have an interest rate of 0.854% and mature on August 1, 2026.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

17. PRIOR PERIOD ADJUSTMENT

The District adopted GASB Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

In accordance with this Statement, the District no longer reports a Private-Purpose Trust Fund, as it does not have any scholarships meeting the legal trust criteria. Certain of these scholarships, for which the District acts as an agent, are now recorded in the Custodial Fund. In addition, this Statement clarified the criteria for reporting certain activities as governmental or fiduciary activities. As a result, the District has a new governmental fund, the Miscellaneous Special Revenue Fund, which is used to account for the Extraclassroom activity funds, which were previously recorded in the Agency Fund, and certain scholarships the District administers, which were previously recorded in the Private Purpose Trust Fund. Beginning cash, liabilities, fund balance, and net position were adjusted as noted below for the following opinion units:

	Fiduciary Activities								
	Governmental Activities			Private Purpose Trust Fund		Custodial Fund		Agency Fund	
	Cash	Accrued Liabilities	Net Position	Cash	Net Position	Cash	Net Position	Cash	Accrued Liabilities
Balance at June 30, 2020, as previously reported	\$ 13,903,432	\$ (96,088)	\$ (45,974,816)	\$ 59,487	\$ (59,487)	\$ -	\$ -	\$ 2,241,994	\$ (2,241,994)
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>2,287,161</u>	<u>(2,051,919)</u>	<u>(235,242)</u>	<u>(59,487)</u>	<u>59,487</u>	<u>14,321</u>	<u>(14,321)</u>	<u>(2,241,994)</u>	<u>2,241,994</u>
Balance at July 1, 2020, as restated	<u>\$ 16,190,593</u>	<u>\$ (2,148,007)</u>	<u>\$ (46,210,058)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,321</u>	<u>\$ (14,321)</u>	<u>\$ -</u>	<u>\$ -</u>

	General Fund		Capital Projects Fund		Miscellaneous Special Revenue Fund		
	Accrued						
	Cash	Liabilities	Fund Balance	Cash	Fund Balance	Cash	Fund Balance
Balance at June 30, 2020, as previously reported	\$ 13,542,952	\$ (73,169)	\$ (13,239,661)	\$ 1,570	\$ (81,142)	\$ -	\$ -
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>2,087,387</u>	<u>(2,051,919)</u>	<u>(35,468)</u>	<u>10,691</u>	<u>(10,691)</u>	<u>189,083</u>	<u>(189,083)</u>
Balance at July 1, 2020, as restated	<u>\$ 15,630,339</u>	<u>\$ (2,125,088)</u>	<u>\$ (13,275,129)</u>	<u>\$ 12,261</u>	<u>\$ (91,833)</u>	<u>\$ 189,083</u>	<u>\$ (189,083)</u>

The effects on current year change in net position/fund balance for each opinion unit were as follows:

- The General Fund experienced an increase in fund balance of \$5,363. The Miscellaneous Special Revenue Fund experienced an increase in fund balance of \$1,830. In total, these add to an increase in net position for governmental activities of \$7,193. This standard did not affect change in fund balance for the capital projects fund.
- The Custodial Fund experienced a decrease in net position of \$7,445.

**REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the year ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Final Budget Variance with <u>Budgetary Actual</u>
REVENUE					
Real property taxes	\$ 31,080,849	\$ 28,252,712	\$ 28,252,712	\$ -	\$ -
Real property tax items	104,753	2,932,889	2,993,133	-	60,244
Non-property taxes	2,632,882	2,632,882	2,892,044	-	259,162
Charges for services	196,200	196,200	110,771	-	(85,429)
Use of money and property	166,000	166,000	32,108	-	(133,892)
Sale of property and compensation for loss	5,400	5,400	23,594	-	18,194
Miscellaneous	173,000	416,200	246,604	-	(169,596)
State sources	15,820,881	15,611,900	15,509,120	-	(102,780)
Federal sources	-	208,981	452,014	-	243,033
School store	30,000	30,000	16,046	-	(13,954)
Medicaid reimbursement	<u>110,000</u>	<u>110,000</u>	<u>71,961</u>	-	<u>(38,039)</u>
Total revenue	<u>50,319,965</u>	<u>50,563,164</u>	<u>50,600,107</u>	-	<u>36,943</u>
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	21,395	21,391	15,733	-	5,658
Central administration	270,653	270,653	263,122	-	7,531
Finance	562,624	578,854	572,556	-	6,298
Staff	237,006	227,636	200,308	-	27,328
Central services	4,099,925	4,224,186	3,676,550	99,491	448,145
Special items	<u>750,894</u>	<u>646,628</u>	<u>573,775</u>	-	<u>72,853</u>
Total general support	<u>5,942,497</u>	<u>5,969,348</u>	<u>5,302,044</u>	<u>99,491</u>	<u>567,813</u>
INSTRUCTION:					
Instruction, administration, and improvement	2,038,035	1,982,619	1,886,423	2,700	93,496
Teaching - regular school	14,061,685	13,820,655	13,386,316	80,126	354,213
Programs for children with handicapping conditions	6,851,492	6,689,167	6,561,421	23,850	103,896
Occupational education	1,261,026	918,360	908,360	-	10,000
Teaching - special school	73,250	65,350	2,915	-	62,435
Instructional media	1,638,152	2,025,183	1,918,291	600	106,292
Pupil services	<u>2,371,538</u>	<u>2,565,765</u>	<u>2,199,517</u>	<u>3,041</u>	<u>363,207</u>
Total instruction	<u>28,295,178</u>	<u>28,067,099</u>	<u>26,863,243</u>	<u>110,317</u>	<u>1,093,539</u>
Community services	7,990	8,579	8,579	-	-
Pupil transportation	2,560,562	2,219,340	1,948,954	1,938	268,448
School store	30,000	30,000	14,878	-	15,122
Employee benefits	<u>13,273,077</u>	<u>12,654,687</u>	<u>12,637,676</u>	-	<u>17,011</u>
Total expenditures	<u>50,109,304</u>	<u>48,949,053</u>	<u>46,775,374</u>	<u>211,746</u>	<u>1,961,933</u>
Excess (deficiency) of revenue over expenditures	<u>210,661</u>	<u>1,614,111</u>	<u>3,824,733</u>	<u>(211,746)</u>	<u>1,998,876</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	<u>(2,504,364)</u>	<u>(8,557,009)</u>	<u>(8,555,804)</u>	-	<u>1,205</u>
Total other financing sources	<u>(2,504,364)</u>	<u>(8,557,009)</u>	<u>(8,555,804)</u>	-	<u>1,205</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,293,703)</u>	<u>\$ (6,942,898)</u>	<u>(4,731,071)</u>	<u>\$ (211,746)</u>	<u>\$ 2,000,081</u>
FUND BALANCE - beginning of year, as restated			<u>13,275,129</u>		
FUND BALANCE - end of year			<u>\$ 8,544,058</u>		

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the Year Ended June 30:**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	0.0155525%	0.0163272%	0.0169590%	0.0160350%	0.0170485%	0.0171830%	0.0166850%			
Proportionate share of the net pension liability (asset)	\$ 15	\$ 4,324	\$ 1,202	\$ (518)	\$ (1,602)	\$ (2,758)	\$ (564)			
Covered-employee payroll	\$ 5,866	\$ 5,908	\$ 5,822	\$ 5,615	\$ 5,612	\$ 5,380	\$ 5,127			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.26%	73.19%	20.64%	-9.22%	-28.5%	-51.3%	-10.99%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.30%	98.20%	94.70%	90.70%	97.90%			

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

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	0.1095340%	0.1091590%	0.105923%	0.107369%	0.1075210%	0.1070370%	0.1073730%			
Proportionate share of the net pension liability (asset)	\$ 3,027	\$ (2,836)	\$ (1,915)	\$ (816)	\$ 1,152	\$ 11,118	\$ 11,961			
Covered-employee payroll	\$ 18,591	\$ 18,520	\$ 18,497	\$ 17,195	\$ 17,187	\$ 16,797	\$ 16,264			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.28%	-15.31%	-10.4%	-4.7%	6.7%	66.2%	73.5%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.8%	102.2%	-101.5%	-100.7%	99.1%	-110.5%	-111.5%			

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Contributions - Pension Plans (Unaudited)

For the Year Ended June 30:

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 841	\$ 843	\$ 849	\$ 840	\$ 883	\$ 990	981	1,092	959	749
Contributions in relation to the contractually required contribution	<u>841</u>	<u>843</u>	<u>849</u>	<u>840</u>	<u>883</u>	<u>990</u>	<u>981</u>	<u>1,092</u>	<u>959</u>	<u>749</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,866	\$ 5,908	\$ 6,011	\$ 5,907	\$ 5,707	\$ 5,690	5,505	5,263	5,262	5,073
Contributions as a percentage of covered-employee payroll	14.34%	14.27%	14.13%	14.23%	15.47%	17.40%	17.82%	20.75%	18.23%	14.77%

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 1,647	\$ 1,935	\$ 1,967	\$ 1,685	\$ 2,015	\$ 2,200	\$ 2,819	\$ 2,577	\$ 1,848	\$ 1,715
Contributions in relation to the contractually required contribution	<u>1,647</u>	<u>1,935</u>	<u>1,967</u>	<u>1,685</u>	<u>2,015</u>	<u>2,200</u>	<u>2,819</u>	<u>2,577</u>	<u>1,848</u>	<u>1,715</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 18,591	\$ 18,520	\$ 18,497	\$ 17,195	\$ 17,195	\$ 17,187	\$ 16,797	16,264	15,775	15,622
Contributions as a percentage of covered-employee payroll	8.86%	10.45%	10.63%	9.80%	11.72%	12.80%	16.78%	15.85%	11.71%	10.98%

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

For the Year Ended June 30:

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$ 80	\$ 74	\$ 35	\$ 36	\$ 33					
Interest	54	70	36	36	28					
Changes of benefit terms	-	-	78	-	-					
Differences between expected and actual experience	(947)	(116)	933	(20)	119					
Changes in assumptions	49	188	9	17	(33)					
Benefit payments	(79)	(81)	(42)	(39)	(34)					
Total change in total OPEB liability	(843)	135	1,049	30	113					
Total OPEB liability - beginning	2,176	2,041	992	962	849					
Total OPEB liability - ending	\$ 1,333	\$ 2,176	\$ 2,041	\$ 992	\$ 962					
Covered-employee payroll	\$ 24,070	\$ 23,131	\$ 22,409	\$ 21,691	\$ 21,691					
Total OPEB liability as a percentage of covered-employee payroll	5.54%	9.41%	9.11%	4.57%	4.44%					

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

Notes to schedule:

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

Discount rate	<u>2.27%</u>	<u>2.48%</u>	<u>3.44%</u>	<u>3.61%</u>	<u>3.80%</u>
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as the information becomes available.

Changes of assumptions and other inputs reflect the following:

- 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.
- Mortality improvement scale updated to MP-2020.
- Updated healthcare cost trend rates to rates effective June 30, 2021.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

OTHER INFORMATION (UNAUDITED)

IROQUOIS CENTRAL SCHOOL DISTRICT

**Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021**

	Special Aid	Debt Service	School Lunch	Miscellaneous Special Revenue	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 136,558	\$ -	\$ 136,558
Cash and cash equivalents - restricted	285,594	3,213	-	190,913	479,720
Due from other funds	-	161	3,795	-	3,956
Due from Federal and State Governments	271,452	-	197,351	-	468,803
Inventory	-	-	10,315	-	10,315
	<u>-</u>	<u>-</u>	<u>10,315</u>	<u>-</u>	<u>10,315</u>
Total assets	<u>\$ 557,046</u>	<u>\$ 3,374</u>	<u>\$ 348,019</u>	<u>\$ 190,913</u>	<u>\$ 1,099,352</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 72,494	\$ -	\$ 72,494
Accrued liabilities	1,280	-	25,707	-	26,987
Due to other funds	532,804	-	15	-	532,819
Due to other governments	-	-	53	-	53
Unearned revenue	22,962	-	-	-	22,962
	<u>22,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,962</u>
Total liabilities	<u>557,046</u>	<u>-</u>	<u>98,269</u>	<u>-</u>	<u>655,315</u>
FUND BALANCES:					
Nonspendable -					
Inventory	-	-	10,315	-	10,315
Restricted for -					
Debt service	-	3,374	-	-	3,374
Extraclassroom activities and scholarships	-	-	-	190,913	190,913
Assigned to -					
Other	-	-	239,435	-	239,435
	<u>-</u>	<u>-</u>	<u>239,435</u>	<u>-</u>	<u>239,435</u>
Total fund balances	<u>-</u>	<u>3,374</u>	<u>249,750</u>	<u>190,913</u>	<u>444,037</u>
Total liabilities and fund balances	<u>\$ 557,046</u>	<u>\$ 3,374</u>	<u>\$ 348,019</u>	<u>\$ 190,913</u>	<u>\$ 1,099,352</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the year ended June 30, 2021**

	Special Aid	Debt Service	School Lunch	Miscellaneous Special Revenue	Total Nonmajor Governmental Funds
REVENUE:					
Use of money and property	\$ -	\$ 707	\$ -	\$ 12	\$ 719
Miscellaneous	9,333	-	-	118,977	128,310
State sources	69,959	-	32,495	-	102,454
Federal sources	844,300	-	916,556	-	1,760,856
Sales	-	-	8,325	-	8,325
	<u>-</u>	<u>-</u>	<u>8,325</u>	<u>-</u>	<u>8,325</u>
Total revenue	<u>923,592</u>	<u>707</u>	<u>957,376</u>	<u>118,989</u>	<u>2,000,664</u>
EXPENDITURES:					
Instruction	858,162	-	-	117,159	975,321
Pupil transportation	12,088	-	-	-	12,088
Community services	89,387	-	-	-	89,387
Employee benefits	22,179	-	-	-	22,179
Cost of sales	-	-	850,493	-	850,493
Debt service -					
Principal	-	1,705,000	-	-	1,705,000
Interest	-	466,635	-	-	466,635
	<u>-</u>	<u>466,635</u>	<u>-</u>	<u>-</u>	<u>466,635</u>
Total expenditures	<u>981,816</u>	<u>2,171,635</u>	<u>850,493</u>	<u>117,159</u>	<u>4,121,103</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(58,224)</u>	<u>(2,170,928)</u>	<u>106,883</u>	<u>1,830</u>	<u>(2,120,439)</u>
OTHER FINANCING SOURCES AND (USES):					
Transfers in	<u>58,224</u>	<u>2,171,634</u>	<u>3,795</u>	<u>-</u>	<u>2,233,653</u>
Total other financing sources	<u>58,224</u>	<u>2,171,634</u>	<u>3,795</u>	<u>-</u>	<u>2,233,653</u>
CHANGE IN FUND BALANCE	-	706	110,678	1,830	113,214
FUND BALANCES - beginning of year, as previously reported	-	2,668	139,072	-	141,740
PRIOR PERIOD ADJUSTMENT (See Note 17)	-	-	-	189,083	189,083
FUND BALANCES - beginning of year, as restated	-	2,668	139,072	189,083	330,823
FUND BALANCES - end of year	<u>\$ -</u>	<u>\$ 3,374</u>	<u>\$ 249,750</u>	<u>\$ 190,913</u>	<u>\$ 444,037</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Change From Original Budget to Revised Budget And Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund (Unaudited)
For the Year Ended June 30, 2021**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget		\$ 52,613,668
Add: Prior year's encumbrances		<u>327,351</u>
Original budget		52,941,019
Budget revisions		<u>4,565,043</u>
Final budget		<u><u>\$ 57,506,062</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter-approved expenditure budget	<u>\$ 54,019,644</u>	
Maximum allowed (4% of 2021-22 budget)		<u>\$ 2,160,786</u>

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

Unrestricted fund balance		
Assigned fund balance	\$ 1,985,358	
Unassigned fund balance - General Fund	2,153,874	
Unassigned fund balance - Bookstore	<u>2,502</u>	
Total unrestricted fund balance	<u>4,141,734</u>	

Less:		
Appropriated fund balance	1,773,612	
Encumbrances included in assigned fund balance	211,746	
Unassigned fund balance - Bookstore	<u>2,502</u>	
Total adjustments	<u>1,987,860</u>	

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,153,874</u></u>
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Actual percentage		<u>3.99%</u>
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IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2021**

Project Title	Original	Revised	Prior Years'	Current Year	Total	Unexpended	Proceeds of	State Aid	Local Sources	Total	Fund Balance
	Appropriation	Appropriation	Expenditures	Expenditures	Expenditures	Balance	Obligations			Financing	as of
Bus Purchase 20-21	\$ 555,000	\$ 555,000	\$ -	\$ 555,000	\$ 555,000	\$ -	\$ 555,000	\$ -	\$ -	\$ 555,000	\$ -
\$100,000 Project 19-20	100,000	100,000	59,284	40,716	100,000	-	-	-	100,000	100,000	-
\$100,000 Project 20-21	100,000	100,000	-	15,576	15,576	84,424	-	-	100,000	100,000	84,424
Smart Schools Project	533,690	533,690	-	12,800	12,800	520,890	-	-	-	-	(12,800)
Solar Panel Project	1,053,000	1,053,000	-	8,500	8,500	1,044,500	-	-	-	-	(8,500)
\$19M Capital Project	17,922,559	17,922,559	-	1,206,936	1,206,936	16,715,623	-	-	6,232,845	6,232,845	5,025,909
\$17M Capital Project	17,000,000	17,000,000	16,976,439	-	16,976,439	23,561	8,600,000	-	8,416,866	17,016,866	40,427
	<u>\$ 37,264,249</u>	<u>\$ 37,264,249</u>	<u>\$ 17,035,723</u>	<u>\$ 1,839,528</u>	<u>\$ 18,875,251</u>	<u>\$ 18,388,998</u>	<u>\$ 9,155,000</u>	<u>\$ -</u>	<u>\$ 14,849,711</u>	<u>\$ 24,004,711</u>	<u>\$ 5,129,460</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets (Unaudited)

June 30, 2021

Capital assets, net	\$ 44,365,068
Deduct:	
Short-term portion of bonds payable	(1,755,000)
Long-term portion of bonds payable	<u>(11,619,061)</u>
Net investment in capital assets	<u>\$ 30,991,007</u>

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

September 16, 2021

To the Board of Education of the
Iroquois Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Iroquois Central School District (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 16, 2021.

Internal Control over Financial Reporting

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

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

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

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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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

September 16, 2021

To the Board of Education of the
Iroquois Central School District

Report on Compliance for Each Major Federal Program

We have audited the Iroquois Central School District’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 auditor’s results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District’s major federal program 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 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 its major federal program 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 the 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
June 30, 2021**

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Assistance Listings</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
U.S. Department of the Treasury:				
Passed through County of Erie - COVID-19 - Coronavirus Relief Fund	21.019	N/A	\$ 243,200	\$ -
Total U.S. Department of the Treasury			<u>243,200</u>	<u>-</u>
U.S. Department of Education:				
Passed through New York State Education Department - COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Governor's Emergency Education Relief (GEER) Fund	84.425C	5895-21-0785	30,280	-
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890-21-0785	<u>178,534</u>	<u>-</u>
<i>Subtotal - 84.425 - COVID-19 - Education Stabilization Fund</i>			<u>208,814</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-0785	187,100	-
Supporting Effective Instruction State Grants	84.367	0147-21-0785	53,939	-
Student Support and Academic Enrichment Program Special Education Cluster -	84.424	0204-21-0785	14,813	-
Special Education Grants to States	84.027	0032-21-0225	478,747	-
Special Education Preschool Grants	84.173	0033-21-0225	<u>14,331</u>	<u>-</u>
<i>Subtotal - Special Education Cluster</i>			<u>493,078</u>	<u>-</u>
<i>Total Passed through New York State Education Department</i>			<u>957,744</u>	<u>-</u>
Total U.S. Department of Education			<u>957,744</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Passed through New York State Health and Human Services Drug-Free Communities Support Program Grants	93.276	N/A	<u>95,370</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>95,370</u>	<u>-</u>
U.S. Department of Agriculture:				
Child Nutrition Cluster National School Lunch Program (NSLP)	10.555	N/A	<u>39,769</u>	<u>-</u>
Passed through New York State Education Department - Summer Food Service Program (SFSP)	10.559	N/A	<u>876,787</u>	<u>-</u>
<i>Total Passed through New York State Education Department</i>			<u>876,787</u>	<u>-</u>
<i>Subtotal - Child Nutrition Cluster</i>			<u>916,556</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>916,556</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 2,212,870</u>	<u>-</u>

The accompanying notes are an integral part of these statements

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Iroquois Central School District (the District), under programs of the 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 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 or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the District's general ledger.

3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing (AL) number advised by the pass-through grantor.

Identifying numbers, other than the AL numbers, which may be assigned by pass-through grantors are not maintained in the District's financial management system. The District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the District's or State's share of certain program costs, are not included in the reported expenditures.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2021

6. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal financial 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 received food commodities, the fair value of which amounted to \$39,769, is presented in the Schedule as National School Lunch Program (NSLP) (Division of Donated Foods, AL #10.555) and was considered in the District’s Single Audit.

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR Section 200.516(a)? yes no

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

84.027, 84.173

Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? yes no

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.