GRAND ISLAND CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

GRAND ISLAND CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Grand Island Central School District

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and budgetary comparison for the general fund 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 described in Note 2 to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*, in 2021. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary 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 accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information including the schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information including the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Lumsden & McCormick, LLP

October 12, 2021

Management's Discussion and Analysis (unaudited)

June 30, 2021

Introduction

Management's Discussion and Analysis (MD&A) of Grand Island Central School District (the District) provides an overview of the District's financial performance and activities for the year ended June 30, 2021. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements which follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) fiduciary fund statements, (5) notes to the financial statements, and (6) supplementary information.

In 2021, the District adopted GASB Statement No. 84, *Fiduciary Activities.* This statement redefines activities considered to be fiduciary, and as a result, payroll, employee third party withholdings, and certain other activities are now recorded in the general fund and scholarship activity is reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse fiduciary resources.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District's custodial fund includes extraclassroom activities. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	2021	2020	Change $	Change %
Current and other assets	$ 17,998,000	$ 21,028,000	$ (3,030,000)	(14.4%)
Capital assets	83,659,000	70,924,000	12,735,000	18.0%
Total assets	101,657,000	91,952,000	9,705,000	10.6%
Deferred outflows of resources	18,727,000	17,025,000	1,702,000	10.0%
Long-term liabilities	67,129,000	70,514,000	(3,385,000)	(4.8%)
Other liabilities	22,904,000	9,307,000	13,597,000	146.1%
Total liabilities	90,033,000	79,821,000	10,212,000	12.8%
Deferred inflows of resources	7,794,000	5,296,000	2,498,000	47.2%
Net position				
Net investment in capital assets	28,671,000	24,812,000	3,859,000	15.6%
Restricted	5,130,000	5,857,000	(727,000)	(12.4%)
Unrestricted	(11,244,000)	(6,809,000)	(4,435,000)	65.1%
Total net position	$ 22,557,000	$ 23,860,000	$ (1,303,000)	(5.5%)

Net position amounted to $22,557,000 and $23,860,000 at June 30, 2021 and 2020. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used which includes reserves set aside for specific purposes governed by law and regulations. Such items include the retirement contribution reserve, restricted to fund contributions paid by the District for the New York State and Local Employees' Retirement System (ERS); the debt service reserve, which is set aside for the repayment of bonds issued to finance capital projects; and the employee benefit accrued liability reserve, which must be used to pay future accumulated vacation and sick time. Other restricted resources include unemployment insurance, capital, tax certiorari reserves, and amounts restricted for scholarships.

Total assets increased by $9,705,000 ($5,650,000 or 6.5% increase in 2020). Current and other assets decreased by $3,030,000 and capital assets increased by $12,735,000. The capital asset increase is the result of the ongoing capital improvement projects exceeding depreciation expense. The decrease in current and other assets is primarily due to a decrease in the District's proportionate share of the New York State Teachers' Retirement System (TRS) net pension position, in the amount of $3,644,000 in 2020. In 2021, the District's proportionate share of the TRS net pension position was a liability amounting to $3,895,000. The $7,539,000 decrease is largely a result of actual investment earnings were less than projected amounts.

Total liabilities increased $10,212,000 ($7,110,000 or 9.8% increase in 2020). Long-term liabilities decreased by $3,385,000 due to required principal payments of $3,424,000, offset by the issuance of new bonds in the amount of $685,000. The District's proportionate share of the Employee Retirement System (ERS) pension liability decreased from $4,864,000 to $18,000 in 2021. Other liabilities increased $13,597,000 due to the issuance of bond anticipation notes for the ongoing capital projects of $18,200,000 ($5,300,000 in 2020).

Changes in deferred outflows and deferred inflows of resources reflect changes in OPEB as well as pension activity at the State level which is required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date, and as such are not included in the current net pension position. Deferred outflows of resources and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions relative to pensions.

Condensed Statement of Activities	2021	2020	Change $	Change %
Revenues				
Program revenues				
Charges for services	**$ 146,000**	$ 520,000	$ (374,000)	(71.9%)
Operating and capital grants and contributions	**3,055,000**	3,270,000	(215,000)	(6.6%)
General revenues				
Property and sales tax	**39,101,000**	37,928,000	1,173,000	3.1%
State aid	**20,053,000**	19,934,000	119,000	0.6%
Other	**687,000**	653,000	34,000	5.2%
Total revenue	**63,042,000**	62,305,000	737,000	1.2%
Expenses				
Instruction	**50,980,000**	50,701,000	279,000	0.6%
Support services				
General support	**7,481,000**	7,999,000	(518,000)	(6.5%)
Pupil transportation	**3,577,000**	3,831,000	(254,000)	(6.6%)
Food service	**965,000**	987,000	(22,000)	(2.2%)
Interest expense	**1,517,000**	1,493,000	24,000	1.6%
Total expenses	**64,520,000**	65,011,000	(491,000)	(0.8%)
Change in net position	**(1,478,000)**	(2,706,000)	1,228,000	(45.4%)
Net position – beginning	**23,860,000**	26,566,000	(2,706,000)	(10.2%)
Cumulative effect of GASB 84	**175,000**	-	175,000	
Net position – ending	**$ 22,557,000**	$ 23,860,000	$ (1,303,000)	(5.5%)

District revenues increased by $737,000 ($745,000 or 1.2% increase in 2020). This increase was largely generated by the increase in property and sales taxes due to an increase in the property tax levy and sales tax collections from Erie County. This was offset by a decrease in capital grants as the District did not receive Smart Schools Bond Act reimbursements in the current year.

Total expenses decreased $491,000 ($3,240,000 or 5.2% increase in 2020). Payroll expense decreased $271,000 as a result of employee retirements during the year, BOCES services decreased $263,000 as a result of less training and services for students with special needs, and pension expense decreased $494,000. These decreases were partially offset by increases in materials and supplies related to COVID-19.

Financial Analysis of the District's Funds

The total fund balance for the governmental funds is a deficit of $4,527,000, a decrease of $12,849,000 from 2020 which had a positive fund balance of $8,322,000.

- Total fund revenues increased $544,000 or 0.9% ($738,000 or 1.2% in 2020) and total fund expenditures increased $9,305,000 or 13.8% ($3,894,000 or 6.1% in 2020). The increased revenue is due to property and sales taxes which increased $1,173,000 and partially offset by a decrease in the Smart Schools Bond Act. Capital outlay expenditures increased $10,228,000 as a result of ongoing capital projects.
- Fund balance in the general fund decreased $997,000 primarily as a result transfers to the capital project fund in the amount of $2,712,000, offset by property and sales taxes discussed above.
- The school lunch fund's deficit fund balance was $849,000, a $30,000 improvement from June 30, 2020.
- The capital projects fund balance deficit was $13,505,000 ($1,450,000 in 2020) due to expenditures related to ongoing capital projects.

General Fund Budgetary Highlights

The final general fund revenue budget for 2021 was $60,116,000; actual revenues were $60,642,000, resulting in a $526,000 favorable variance from budget. This variance is primarily due to sales tax revenue, which was greater than expected.

Actual expenditures and carryover encumbrances were $5,604,000 less than the final amended budget of $64,740,000. This difference is attributable to many factors and many unknown items when the budget is prepared.

Capital Assets

	2021	2020
Land and land improvements	$ 3,599,000	$ 2,248,000
Buildings and improvements	93,641,000	94,744,000
Furniture and equipment	7,347,000	4,885,000
Vehicles	7,610,000	7,454,000
Construction in progress	18,399,000	6,291,000
	130,596,000	115,622,000
Accumulated depreciation	(46,937,000)	(44,698,000)
	$ 83,659,000	$ 70,924,000

Current year additions of $15,566,000 were offset by depreciation expense and disposals totaling $2,831,000.

Debt

At June 30, 2021, the District had $36,883,000 of outstanding bonds, with $3,571,000 due within one year ($39,622,000 outstanding in 2020). Outstanding compensated absences were $14,846,000 ($14,181,000 in 2020) with $2,073,000 expected to be paid within one year.

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

Current Financial Issues and Concerns

The extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts, including its residents, employees, and vendors, none of which can be predicted. Federal revenue sources are expected to increase due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known.

School districts in New York State are also impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this planning process.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Rubie Harris, Assistant Superintendent for School Business and Finance, Grand Island Central School District, 1100 Ransom Road, Grand Island, New York 14072.

Statement of Net Position

June 30, 2021
(With comparative totals as of June 30, 2020)

	2021	2020
Assets		
Cash	**$ 14,729,042**	$ 13,041,353
Due from other governments	**1,338,077**	1,719,680
Accounts receivable	**55,527**	93,411
State and federal aid receivable	**1,839,498**	1,250,602
Due from fiduciary funds	**-**	1,247,649
Inventory	**36,043**	31,488
Net pension asset	**-**	3,643,593
Capital assets (Note 6)	**130,596,506**	115,621,547
Accumulated depreciation	**(46,937,189)**	(44,697,881)
Total assets	**101,657,504**	91,951,442
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	**17,419,831**	15,044,395
Deferred outflows of resources related to OPEB	**1,306,908**	1,981,005
Total deferred outflows of resources	**18,726,739**	17,025,400
Liabilities		
Accounts payable	**789,573**	1,016,032
Accrued liabilities	**1,250,369**	525,785
Due to retirement systems	**2,664,293**	2,465,226
Bond anticipation notes	**18,199,738**	5,300,000
Long-term liabilities		
Due within one year:		
Bonds	**3,570,960**	3,423,959
Compensated absences	**2,073,000**	1,951,000
Due beyond one year:		
Bonds and related premiums	**37,912,203**	41,239,812
Compensated absences	**12,773,000**	12,230,000
Net pension liability	**3,913,214**	4,864,011
Total OPEB liability	**6,886,507**	6,805,403
Total liabilities	**90,032,857**	79,821,228
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	**7,462,188**	5,279,705
Deferred inflows of resources related to OPEB	**332,152**	16,243
Total deferred inflows of resources	**7,794,340**	5,295,948
Net Position		
Net investment in capital assets	**28,670,931**	24,812,075
Restricted	**5,129,682**	5,857,214
Unrestricted	**(11,243,567)**	(6,809,623)
Total net position	**$ 22,557,046**	$ 23,859,666

See accompanying notes.

Statement of Activities

For the year ended June 30, 2021
(With summarized comparative totals for June 30, 2020)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue: 2021	Net (Expense) Revenue: 2020
Governmental activities					
General support	$ 7,481,386	$ 8,792	$ -	**$ (7,472,594)**	$ (7,982,652)
Instruction	50,979,845	90,680	2,266,521	**(48,622,644)**	(47,683,611)
Pupil transportation	3,576,582	-	-	**(3,576,582)**	(3,831,356)
Interest expense	1,517,447	-	-	**(1,517,447)**	(1,493,486)
School food service	965,271	46,848	788,261	**(130,162)**	(230,509)
	$ 64,520,531	$ 146,320	$ 3,054,782	**(61,319,429)**	(61,221,614)
General revenues					
Real property taxes				**35,227,592**	34,516,169
Sales tax				**3,873,161**	3,411,483
Miscellaneous				**687,929**	653,060
State aid				**20,053,278**	19,934,905
Total general revenues				**59,841,960**	58,515,617
Change in net position				**(1,477,469)**	(2,705,997)
Net position - beginning				**23,859,666**	26,565,663
Cumulative effect of a change in accounting principle (Note 2)				**174,849**	-
Net position - beginning as restated				**24,034,515**	26,565,663
Net position - ending				**$ 22,557,046**	$ 23,859,666

See accompanying notes.

Balance Sheet - Governmental Funds

June 30, 2021
(With summarized comparative totals as of June 30, 2020)

	General	Capital Projects	School Lunch	Special Aid	Miscellaneous Special Revenue	Total Governmental Funds 2021	Total Governmental Funds 2020
Assets							
Cash	$ 12,720,263	$ 1,567,220	$ 147,597	$ 120,776	$ 173,186	**$ 14,729,042**	$ 13,041,353
Due from other governments	1,338,077	-	-	-	-	**1,338,077**	1,719,680
Accounts receivable	55,527	-	-	-	-	**55,527**	93,411
State and federal aid receivable	558,734	-	283,905	996,859	-	**1,839,498**	1,250,602
Due from other funds, net	-	3,461,593	-	-	-	**3,461,593**	3,439,174
Inventory	-	-	36,043	-	-	**36,043**	31,488
Total assets	$ 14,672,601	$ 5,028,813	$ 467,545	$ 1,117,635	$ 173,186	**$ 21,459,780**	$ 19,575,708
Liabilities and Fund Balances							
Accounts payable	$ 379,747	$ 334,298	$ 12,875	$ 62,653	$ -	**$ 789,573**	$ 1,016,032
Accrued liabilities	871,369	-	-	-	-	**871,369**	280,785
Due to retirement systems	2,664,293	-	-	-	-	**2,664,293**	2,465,226
Due to other funds, net	1,102,534	-	1,304,077	1,054,982	-	**3,461,593**	2,191,525
Bond anticipation notes	-	18,199,738	-	-	-	**18,199,738**	5,300,000
Total liabilities	5,017,943	18,534,036	1,316,952	1,117,635	-	**25,986,566**	11,253,568
Fund Balances							
Nonspendable:							
Inventory	-	-	36,043	-	-	**36,043**	31,488
Restricted:							
Capital	-	-	-	-	-	**-**	412,203
Debt service	1,811,451	-	-	-	-	**1,811,451**	2,465,331
Employee benefit accrued liability	1,430,930	-	-	-	-	**1,430,930**	1,677,272
Retirement contribution	1,429,460	-	-	-	-	**1,429,460**	1,018,239
Unemployment insurance	223,461	-	-	-	-	**223,461**	222,975
Tax certiorari	61,194	-	-	-	-	**61,194**	61,194
Scholarships	-	-	-	-	173,186	**173,186**	-
Assigned:							
Designated for subsequent year's expenditures	1,950,000	-	-	-	-	**1,950,000**	1,950,000
Other purposes	63,807	-	-	-	-	**63,807**	228,671
Unassigned	2,684,355	(13,505,223)	(885,450)	-	-	**(11,706,318)**	254,767
Total fund balances (deficit)	9,654,658	(13,505,223)	(849,407)	-	173,186	**(4,526,786)**	8,322,140
Total liabilities and fund balances	$ 14,672,601	$ 5,028,813	$ 467,545	$ 1,117,635	$ 173,186	**$ 21,459,780**	$ 19,575,708

See accompanying notes.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2021

Total fund balances - governmental funds		$ (4,526,786)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		83,659,317
The District's proportionate share of net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to pensions	17,419,831	
Net pension liability	(3,913,214)	
Deferred inflows of resources related to pensions	(7,462,188)	6,044,429
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to OPEB	1,306,908	
Total OPEB liability	(6,886,507)	
Deferred inflows of resources related to OPEB	(332,152)	(5,911,751)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds and related premiums	(41,483,163)	
Accrued interest	(379,000)	
Compensated absences	(14,846,000)	(56,708,163)
Net position - governmental activities		$ 22,557,046

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2021
(With summarized comparative totals for June 30, 2020)

	General	Capital Projects	School Lunch	Special Aid	Miscellaneous Special Revenue	Total Governmental Funds 2021	Total Governmental Funds 2020
Revenues							
Real property taxes	$ 31,853,261	$ -	$ -	$ -	$ -	**$ 31,853,261**	$ 30,789,383
Real property tax items	3,374,331	-	-	-	-	**3,374,331**	3,726,786
Nonproperty taxes	3,873,161	-	-	-	-	**3,873,161**	3,411,483
Charges for services	90,680	-	-	-	-	**90,680**	153,380
Use of money and property	21,434	1,147	99	-	609	**23,289**	90,916
Sale of property and compensation for loss	122,190	-	-	-	-	**122,190**	166,247
Miscellaneous	284,325	-	176	-	73,644	**358,145**	413,496
State sources	20,053,278	-	27,732	347,723	-	**20,428,733**	21,189,637
Federal sources	969,695	-	760,254	949,103	-	**2,679,052**	2,013,579
Sales	-	-	46,848	-	-	**46,848**	350,456
Total revenues	60,642,355	1,147	835,109	1,296,826	74,253	**62,849,690**	62,305,363
Expenditures							
General support	5,601,193	-	419,139	-	75,916	**6,096,248**	6,385,454
Instruction	31,640,526	-	-	1,296,826	-	**32,937,352**	32,964,680
Pupil transportation	2,331,327	-	-	-	-	**2,331,327**	3,020,491
Employee benefits	14,250,526	-	129,749	-	-	**14,380,275**	14,406,150
Debt service							
Principal	3,423,959	-	-	-	-	**3,423,959**	3,278,015
Interest	1,825,096	-	-	-	-	**1,825,096**	1,853,135
Cost of sales	-	-	311,198	-	-	**311,198**	320,288
Capital outlay	-	15,453,753	-	-	-	**15,453,753**	5,225,637
Total expenditures	59,072,627	15,453,753	860,086	1,296,826	75,916	**76,759,208**	67,453,850
Excess revenues (expenditures)	1,569,728	(15,452,606)	(24,977)	-	(1,663)	**(13,909,518)**	(5,148,487)
Other financing sources (uses)							
Proceeds from issuance of debt and related premiums	200,743	685,000	-	-	-	**885,743**	685,000
Operating transfers, net	(2,767,203)	2,712,203	55,000	-	-	**-**	-
Total other financing sources (uses)	(2,566,460)	3,397,203	55,000	-	-	**885,743**	685,000
Net change in fund balances	(996,732)	(12,055,403)	30,023	-	(1,663)	**(13,023,775)**	(4,463,487)
Fund balances (deficit) - beginning	10,651,390	(1,449,820)	(879,430)	-	-	**8,322,140**	12,785,627
Cumulative effect of a change in accounting principle (Note 2)	-	-	-	-	174,849	**174,849**	-
Fund balances (deficit) - beginning as restated	10,651,390	(1,449,820)	(879,430)	-	174,849	**8,496,989**	12,785,627
Fund balances (deficit) - ending	$ 9,654,658	$ (13,505,223)	$ (849,407)	$ -	$ 173,186	**$ (4,526,786)**	$ 8,322,140

See accompanying notes.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2021

Total net change in fund balances - governmental funds		$ (13,023,775)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense and disposals.		12,735,651
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2021 TRS and ERS contributions	3,210,973	
2021 ERS accrued contribution	264,338	
2020 ERS accrued contribution	(233,208)	
2021 TRS pension expense	(5,213,673)	
2021 ERS pension expense	(528,273)	(2,499,843)
Debt proceeds are recorded as other financing sources in the governmental funds but increase long-term liabilities in the statement of net position.		(685,000)
OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.		(1,071,110)
Payments of long-term liabilities are reported as expenditures in governmental funds and as a reduction of debt in the statement of net position.		3,423,959
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Amortization of bond premiums	441,649	
Compensated absences	(665,000)	
Interest	(134,000)	(357,351)
Change in net position - governmental activities		$ (1,477,469)

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	$ 31,006,302	$ 31,006,302	**$ 31,853,261**		$ 846,959
Real property tax items	4,179,300	4,179,300	**3,374,331**		(804,969)
Nonproperty taxes	3,052,941	3,052,941	**3,873,161**		820,220
Charges for services	181,500	181,500	**90,680**		(90,820)
Use of money and property	67,300	67,300	**21,434**		(45,866)
Sale of property and compensation for loss	11,000	11,000	**122,190**		111,190
Miscellaneous	266,500	266,500	**284,325**		17,825
State sources	21,035,715	21,035,715	**20,053,278**		(982,437)
Federal sources	316,000	316,000	**969,695**		653,695
Total revenues	60,116,558	60,116,558	**60,642,355**		525,797
Expenditures					
General support					
Board of education	55,300	55,300	**42,059**	1,354	(11,887)
Central administration	251,990	251,990	**244,519**	-	(7,471)
Finance	641,520	593,820	**459,607**	-	(134,213)
Staff	352,181	411,181	**369,750**	-	(41,431)
Central services	4,892,349	4,856,349	**3,932,277**	12,170	(911,902)
Special items	676,963	676,963	**552,981**	-	(123,982)
Instruction					
Instruction, administration, and improvement	1,696,520	1,691,079	**1,572,526**	593	(117,960)
Teaching - regular school	18,535,724	18,031,265	**17,126,431**	8,259	(896,575)
Programs for children with handicapping conditions	6,786,568	6,852,821	**6,442,949**	22,636	(387,236)
Occupational education	1,508,275	1,509,275	**1,483,252**	-	(26,023)
Teaching - special schools	233,429	233,429	**61,103**	-	(172,326)
Instructional media	1,770,649	1,833,148	**1,621,784**	66	(211,298)
Pupil services	2,849,608	3,254,456	**3,332,481**	18,729	96,754
Pupil transportation	2,735,875	2,735,875	**2,331,327**	-	(404,548)
Community service	17,045	17,045	**-**	-	(17,045)
Employee benefits	16,468,158	16,468,158	**14,250,526**	-	(2,217,632)
Debt service					
Principal	3,437,000	3,437,000	**3,423,959**	-	(13,041)
Interest	1,831,085	1,831,085	**1,825,096**	-	(5,989)
Total expenditures	64,740,239	64,740,239	**59,072,627**	63,807	(5,603,805)
Excess revenues (expenditures)	(4,623,681)	(4,623,681)	**1,569,728**	(63,807)	6,129,602
Other financing sources (uses)					
BAN premiums	-	-	**200,743**		200,743
Operating transfers out	(115,000)	(115,000)	**(2,767,203)**		(2,652,203)
Appropriated fund balance, reserves, and carryover encumbrances	4,738,681	4,738,681	**-**		(4,738,681)
Total other financing sources (uses)	4,623,681	4,623,681	**(2,566,460)**		(7,190,141)
Excess revenues (expenditures) and other financing sources (uses)	$ -	$ -	**$ (996,732)**	$ (63,807)	$ (1,060,539)

See accompanying notes.

GRAND ISLAND CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2021

Assets	
Cash	**$ 107,917**
Liabilities	
Due to other governments	**660**
Net Position	
Extraclassroom activity balances	**$ 107,257**

* * *

GRAND ISLAND CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2021

Additions	
Student activity receipts	**$ 67,669**
Deductions	
Student activity disbursements	**76,175**
Change in net position	**(8,506)**
Net position - beginning	**174,849**
Cumulative effect of a change in accounting principle (Note 2)	**(59,086)**
Net position - beginning as restated	**115,763**
Net position - ending	**$ 107,257**

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Grand Island Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, nor does it contain any component units.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

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

During the year ended June 30, 2021, the District was billed $3,517,000 for BOCES administrative and program costs and recognized revenue of $155,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the NY44 Health Benefits Plan Trust which is a public entity risk pool. The plan is designed to provide health insurance coverage for participating entities. This activity is further discussed in Note 11.

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial 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 the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District also elected to display the following as major funds:

- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Miscellaneous special revenue fund*. This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund. Amounts accumulated for the payment of future principal and interest payments restricted for such purpose are included in the general fund.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for the collection and distribution of student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

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

Governmental funds 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 they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2021, the tax lien was issued on July 27, 2020 for collection from September 1 through December 1, 2020. Thereafter, uncollected amounts became the responsibility of Erie County and were submitted to the District by April 1st of the following year as required by law.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2020 was approved by a majority of the voters in a general election held on June 9, 2020.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished through budget appropriations.

Inventory

Inventory consists of food and similar food service goods related to school lunch operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	$ 500	20
Buildings and improvements	$ 500	30 - 50
Furniture and equipment	$ 500	5 - 20
Vehicles	$ 500	8

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 10) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrators and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for payment of health insurance until exhausted.

The government-wide financial statements reflect the estimated liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In 2008, the District voters approved a capital reserve that can be funded up to $10,000,000. To date, $8,629,000 of this reserve has been funded.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is 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.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds include transfers to provide financing or other services.

In the government-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 fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

2. Change in Accounting Principle

Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll and employee third party withholdings are recorded in the general fund and scholarship and similar activities are reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse the fiduciary resources or no further action, approval, or condition is required prior to release of the assets. The impact of these required accounting changes on the District's government-wide, governmental fund, and fiduciary fund activity is as follows

	Miscellaneous Special Revenue Fund	Total Government-Wide	Fiduciary Funds
Fund balance/net position/fiduciary net position, July 1, 2020	$ -	$ 23,859,666	$ 174,849
Scholarship activity	174,849	174,849	(174,849)
Student activity accounts	-	-	115,763
Fund balance/net position/fiduciary net position, as restated, July 1, 2020	$ 174,849	$ 24,034,515	$ 115,763

Fund balance and net position have not been restated in the prior year columns of the applicable financial statements as such information does not constitute a full comparative presentation of the prior year.

3. Stewardship and Compliance

The capital projects deficit fund balance of $13,505,223 will be funded when the District obtains permanent financing for its projects. The school lunch fund reflects a deficit of $849,407.

4. Cash

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District's banking policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2021, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' agents in the District's name.

5. Interfund Transactions – Fund Financial Statements

			Transfers	
Fund	Receivable	Payable	In	Out
General	$ 14,356,229	$ 15,458,763	$ -	$ 2,767,203
Capital projects	3,461,593	-	2,712,203	-
School lunch	1,782,156	3,086,233	55,000	-
Special aid	2,693,312	3,748,294	-	-
	$ 22,293,290	$ 22,293,290	$ 2,767,203	$ 2,767,203

The general fund provides cash flow to various other funds; these amounts will be repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the school lunch fund to pay for a portion of its deficit and to the capital projects fund for ongoing capital improvement projects.

6. Capital Assets

	July 1, 2020	Increases	Retirements/ Reclassifications	June 30, 2021
Non-depreciable capital assets:				
Land	$ 152,746	$ -	$ -	$ 152,746
Construction in progress	6,291,366	14,468,826	(2,361,486)	18,398,706
Total non-depreciable assets	6,444,112	14,468,826	(2,361,486)	18,551,452
Depreciable capital assets:				
Land improvements	2,095,500	-	1,350,800	3,446,300
Buildings and improvements	94,743,235	-	(1,102,071)	93,641,164
Furniture and equipment	4,884,700	361,836	2,101,060	7,347,596
Vehicles	7,454,000	736,049	(580,055)	7,609,994
Total depreciable assets	109,177,435	1,097,885	1,769,734	112,045,054
Less accumulated depreciation:				
Land improvements	1,511,875	123,490	-	1,635,365
Buildings and improvements	35,596,048	1,566,449	-	37,162,497
Furniture and equipment	2,659,210	525,085	(11,317)	3,172,978
Vehicles	4,930,748	608,665	(573,064)	4,966,349
Total accumulated depreciation	44,697,881	2,823,689	(584,381)	46,937,189
Total depreciable assets, net	64,479,554	(1,725,804)	2,354,115	65,107,865
	$ 70,923,666	$ 12,743,022	$ (7,371)	$ 83,659,317

Depreciation expense has been allocated to the following functions: general support $248,156, instruction $2,376,123, pupil transportation $163,239, and school food service $36,171.

As of June 30, 2021, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	$ 83,659,317
Bonds and related premiums	(41,483,163)
Cash and related assets, net of related payables	4,694,515
Bond anticipation notes	(18,199,738)
	$ 28,670,931

7. Short-Term Debt

Aggregate bond anticipation notes (BANs) outstanding at June 30, 2021 amounted to $18,199,738 and carry interest at 1.5%. In July 2021, the District issued $14,575,000 in serial bonds with interest between 2.0%-5.0% maturing through August 2035.

8. Long-Term Liabilities

	July 1, 2020	Increases	Decreases	June 30, 2021	Amount Due in One Year
Bonds	$ 39,621,614	$ 685,000	$ 3,423,959	$ 36,882,655	$ 3,570,960
Bond premiums	5,042,157	-	441,649	4,600,508	-
Compensated absences	14,181,000	665,000	-	14,846,000	2,073,000
	$ 58,844,771	$ 1,350,000	$ 3,865,608	$ 56,329,163	$ 5,643,960

Existing Obligations

Description	Maturity	Rate	Balance
2008 bond	August 2023	3.38%-4.10%	$ 750,000
2017 bond (1)	June 2022	1.98%	129,267
2017 bond (2)	December 2031	3.0%-5.0%	34,115,000
2018 bond	June 2023	3.21%	265,388
2019 bond	May 2024	2.76%	390,000
2020 bond	June 2025	1.99%	548,000
2021 bond	June 2026	1.55%	685,000
			$ 36,882,655

Debt Service Requirements

Years ending June 30,	Principal	Interest
2022	$ 3,570,960	$ 1,575,050
2023	3,591,695	1,413,243
2024	3,614,000	1,246,341
2025	3,374,000	1,081,323
2026	3,397,000	917,474
2027-2031	18,355,000	2,084,225
2032	980,000	14,700
	$ 36,882,655	$ 8,332,356

9. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.53% for 2021. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2021, these rates ranged from 9.7%-19.8%.

The amount outstanding and payable to TRS for the year ended June 30, 2021 was $2,279,075. A liability to ERS of 264,338 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2021.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2021, the District reported liabilities of $3,895,325 and $17,889 for its proportionate share of the TRS and ERS net pension liabilities, respectively.

The TRS net pension position was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures applied to roll forward the net pension position to June 30, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2020, the District's proportion was 0.140968%, an increase of 0.000722 from its proportion measured as of June 30, 2019.

The ERS net pension position was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2021 measurement date, the District's proportion was 0.0179655%, a decrease of 0.0004027 from its proportion measured as of March 31, 2020.

For the year ended June 30, 2021, the District recognized pension expense of $5,741,946 on the government-wide statements (TRS expense of $5,213,673 and ERS expense of $528,273). At June 30, 2021, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,413,084	$ 199,628	$ 218,473	$ -
Changes of assumptions	4,926,678	1,756,104	3,289,203	62,035
Net difference between projected and actual earnings on pension plan investments	2,543,989	-	-	5,138,764
Changes in proportion and differences between contributions and proportionate share of contributions	125,197	172,522	359,794	133,135
District contributions subsequent to the measurement date	2,279,075	-	264,338	-
	$ 13,288,023	$ 2,128,254	$ 4,131,808	$ 5,333,934

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

Years ending June 30,	TRS	ERS
2022	$ 1,497,602	$ (213,403)
2023	3,043,363	(53,150)
2024	2,516,696	(239,505)
2025	1,566,162	(960,406)
2026	80,927	-
Thereafter	175,944	-
	$ 8,880,694	$ (1,466,464)

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2019 valuation, with update procedures used to roll forward the total pension liability to June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

Inflation – 2.2%
Salary increases – Based on TRS member experience, dependent on service, ranging from 1.90%-4.72%
Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually
Investment rate of return – 7.1% compounded annually, net of investment expense, including inflation
Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis
Discount rate – 7.1%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* Consideration was given to expected 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.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation, with update procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.7%
Salary increases – 4.4%
COLA – 1.4% annually
Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation
Mortality – Society of Actuaries' Scale MP-2020
Discount rate – 5.9%

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

	TRS		ERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	7.1%	32%	4.1%
Global and international equities	20%	7.4%-7.7%	15%	6.3%
Private equities	8%	10.4%	10%	6.8%
Real estate	11%	6.8%	9%	5.0%
Domestic fixed income securities	16%	1.8%	23%	-
Global fixed income securities	2%	1.0%	-	-
Bonds and mortgages	7%	3.6%	-	-
Short-term	1%	0.7%	1%	0.5%
Other	2%	3.9%-5.2%	10%	3.6%-6.0%
	100%		100%	

Discount Rate

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

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 7.1% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	$ (24,605,425)	$ (3,895,325)	$ 13,485,698
District's proportionate share of the ERS net pension asset (liability)	$ (4,965,284)	$ (17,889)	$ 4,544,767

10. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical, dental, and vision insurance benefits for certain District employees and their spouses based on various bargaining unit agreements and individual contracts. Eligibility for benefits is based on covered employees who retire from the District at age 55 or older and have met vesting requirements. Retirees are provided with health insurance at different cost percentages depending on their retirement date and bargaining unit. The District principally provides a fixed per annum contribution towards insurance for those employee groups covered. The Plan has no assets, does not issue financial statements, and is not a trust.

At March 22, 2021, employees covered by the Plan include:

Active employees	532
Inactive employees or beneficiaries currently receiving benefits	163
Inactive employees entitled to but not yet receiving benefits	-
	695

Total OPEB Liability

The District's total OPEB liability of $6,886,507 was measured as of March 31, 2021 and was determined by an actuarial valuation as of March 22, 2021, with update procedures used to roll forward the total OPEB liability to June 30, 2021.

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

Healthcare cost trend rates – based on the National Health Expenditure Projections 2012-2028 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2021_b (updated September 2020) for long-term rates, initially 4.0%, with an ultimate rate of 4.08% after 2070
Salary increases – 3.11%
Mortality – Pub-2010 Public Retirement Plans Mortality Tables, headcount weighted, without separate contingent survivor mortality, fully generational using Scale MP-2020
Discount rate – 2.27% based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date
Inflation rate – 2.11%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	$ 6,805,403
Changes for the year:	
Service cost	347,483
Interest	169,900
Changes of benefit terms	133
Differences between expected and actual experience	(454,415)
Changes of assumptions or other inputs	320,071
Benefit payments	(302,068)
Net changes	81,104
Balance at June 30, 2021	$ 6,886,507

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (1.27%)	Discount Rate (2.27%)	1.0% Increase (3.27%)
Total OPEB liability	$ (7,476,587)	$ (6,886,507)	$ (6,345,796)

The following presents the sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates, including what the District's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (3.00% to 3.08%)	Healthcare Cost Trend Rate (4.00% to 4.08%)	1.0% Increase (5.00% to 5.08%)
Total OPEB liability	$ (6,159,150)	$ (6,886,507)	$ (7,746,111)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2021, the District recognized OPEB expense of $1,373,178. At June 30, 2021, the District reported deferred outflows 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	$ 834,552	$ 331,600
Changes of assumptions or other inputs	472,356	552
	$ 1,306,908	$ 332,152

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

Years ending June 30,	
2022	$ 724,501
2023	114,893
2024	16,894
2025	42,311
2026	42,311
Thereafter	33,846
	$ 974,756

11. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan) for certain collective bargaining units. The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 23 participating members as of June 30, 2020 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2020, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

The District maintains a self-funded health insurance plan for certain collective bargaining units. The District provides a monthly premium equivalent equal to adjusted actual claims and an excess amount to fund an approximate 20% allowance for claims run-off and other uncertainties. The District purchases excess insurance that limits their self-funded exposure to $150,000 per incident.

Claims activity for the plan is as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2021	$ 251,000	$ 7,386,000	$ 7,274,000	$ 363,000
2020	$ 305,049	$ 7,748,451	$ 7,802,500	$ 251,000

The estimated liability has been accrued on the government-wide and governmental funds financial statements as it is expected to be paid with currently available financial resources.

12. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

Construction Commitments

The District's taxpayers have approved two capital projects that remain in progress at year end and are expected to cost $82,146,000. As of June 30, 2021, $76,370,000 has been expended on the projects and numerous open contracts are in place.

13. Risks and Uncertainties

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease continued into 2021, and the District was required to implement numerous safety measures and remote learning initiatives. The full extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts and their residents, employees, and vendors, none of which can be predicted.

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.140968%	0.140246%	0.142168%	0.141555%	0.140340%	0.137018%	0.139025%	0.136296%
District's proportionate share of the net pension asset (liability)	$ (3,895,325)	$ 3,643,593	$ 2,570,774	$ 1,075,957	$ (1,503,095)	$ 14,231,761	$ 15,486,556	$ 897,174
District's covered payroll	$ 23,816,727	$ 23,217,674	$ 23,333,337	$ 22,275,870	$ 21,655,468	$ 20,581,900	$ 20,536,209	$ 19,964,426
District's proportionate share of the net pension position as a percentage of its covered payroll	16.36%	15.69%	11.02%	4.83%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:								
Inflation	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.92%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 2,279,075	$ 2,110,162	$ 2,465,717	$ 2,286,667	$ 2,610,732	$ 2,871,515	$ 3,607,866	$ 3,337,134	$ 2,363,788
Contribution in relation to the contractually required contribution	(2,279,075)	(2,110,162)	(2,465,717)	(2,286,667)	(2,610,732)	(2,871,515)	(3,607,866)	(3,337,134)	(2,363,788)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 23,914,743	$ 23,816,727	$ 23,217,674	$ 23,333,337	$ 22,275,870	$ 21,655,468	$ 20,581,900	$ 20,536,209	$ 19,964,426
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

Data prior to 2013 is unavailable.

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0179655%	0.0183682%	0.0204885%	0.0213092%	0.0209045%	0.021361%	0.020798%
District's proportionate share of the net pension liability	$ (17,889)	$ (4,864,011)	$ (1,451,670)	$ (687,742)	$ (1,964,235)	$ (3,428,496)	$ (702,621)
District's covered payroll	$ 6,768,077	$ 6,543,005	$ 6,584,111	$ 6,765,626	$ 6,306,994	$ 6,329,519	$ 6,185,341
District's proportionate share of the net pension position as a percentage of its covered payroll	0.26%	74.34%	22.05%	10.17%	31.14%	54.17%	11.36%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:							
Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 931,898	$ 909,620	$ 920,564	$ 993,655	$ 940,676	$ 1,158,683	$ 1,138,001	$ 1,276,662	$ 1,124,884
Contribution in relation to the contractually required contribution	(931,898)	(909,620)	(920,564)	(993,655)	(940,676)	(1,158,683)	(1,138,001)	(1,276,662)	(1,124,884)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	6,768,077	6,543,005	$ 6,584,111	$ 6,765,626	$ 6,306,994	$ 6,329,519	$ 6,185,341	$ 6,169,985	$ 6,046,960
Contributions as a percentage of covered payroll	13.77%	13.90%	13.98%	14.69%	14.91%	18.31%	18.40%	20.69%	18.60%

Data prior to 2013 is unavailable.

Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios

June 30,	2021	2020	2019	2018	2017
Total OPEB liability - beginning	$ 6,805,403	$ 5,998,232	$ 3,197,110	$ 3,252,592	$ 2,801,293
Changes for the year:					
Service cost	347,483	301,993	151,116	153,717	139,477
Interest	169,900	208,377	112,607	119,836	90,618
Changes of benefit terms	133	22,323	-	-	-
Differences between expected and actual experience	(454,415)	30,815	2,768,950	(79,304)	441,348
Changes of assumptions or other inputs	320,071	486,418	(2,619)	2,999	15,608
Benefit payments	(302,068)	(242,755)	(228,932)	(252,730)	(235,752)
Net change in total OPEB liability	81,104	807,171	2,801,122	(55,482)	451,299
Total OPEB liability - ending	$ 6,886,507	$ 6,805,403	$ 5,998,232	$ 3,197,110	$ 3,252,592
Covered-employee payroll	$ 29,286,872	$ 28,365,559	$ 28,365,559	$ 27,456,741	$ 27,456,741
Total OPEB liability as a percentage of covered-employee payroll	23.5%	24.0%	21.1%	11.6%	11.8%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Annual differences between expected and actual experience are due to changes in healthcare trend rates.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	4.00% - 4.08%	5.20% - 4.18%	5.20% - 4.32%	6.20% - 4.17%	5.30% - 4.17%
Inflation	2.11%	2.22%	2.36%	2.20%	2.31%
Salary increases	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	2.27%	2.48%	3.44%	3.61%	3.80%
Society of Actuaries' mortality scale	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016

Data prior to 2017 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2021

Original expenditure budget	$ 64,626,568
Encumbrances carried over from prior year	228,671
Revised expenditure budget	$ 64,855,239

* * *

Unrestricted Fund Balance

Assigned	$ 2,013,807
Unassigned	2,684,355
	4,698,162
Encumbrances included in assigned fund balance	(63,807)
Appropriated fund balance used for tax levy	(1,950,000)
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	$ 2,684,355

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2022 expenditure budget (unaudited)	$ 67,118,207
4% of budget	2,684,728
Actual percentage of 2022 expenditure budget	4.0%

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2021

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2012 Capital Project	$ 51,425,315	$ 57,995,955	$ 57,818,242	$ 120	$ 57,818,362	$ 177,593
2020 Capital Project	24,149,626	24,149,626	3,929,880	14,621,601	18,551,481	5,598,145
Smart Schools Bond Act	1,629,396	1,629,396	607,154	161,472	768,626	860,770
	$ 77,204,337	$ 83,774,977	$ 62,355,276	$ 14,783,193	$ 77,138,469	$ 6,636,508

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor Number	Expenditures	
U.S. Department of Education:				
Passed Through New York State Education Department				
Special Education Cluster:				
Special Education Grants to States	84.027	0032-21-0227	$ 559,790	
Special Education Preschool Grants	84.173	0033-21-0227	11,289	
Total Special Education Cluster			571,079	
Title I Grants to Local Educational Agencies	84.010	0021-21-0795	369,136	
Supporting Effective Instruction State Grants	84.367	0147-21-0795	7,700	
Student Support and Academic Enrichment Program	84.424	0204-21-0795	1,188	
Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425C	5895-21-0795	56,826	[1]
Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0795	335,292	[1]
Total U.S. Department of Education			1,341,221	
U.S. Department of the Treasury:				
Passed Through Erie County				
Coronavirus Relief Fund	21.019	N/A	320,250	
U.S. Department of Agriculture:				
Passed Through New York State Education Department				
Child Nutrition Cluster:				
COVID-19 - Summer Food Service Program for Children	10.559	N/A	716,488	
Passed Through New York State Office of General Services				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A	43,766	
Total Child Nutrition Cluster and U.S. Department of Agriculture			760,254	
Total Expenditures of Federal Awards			$ 2,421,725	

[1] *Total Education Stabilization Fund - $392,118*

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Grand Island Central School District (the District), an entity as defined in Note 1 to the District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

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

Indirect Costs

The District does not use the 10% de minimis indirect cost rate introduced by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2021, the District used $43,766 worth of commodities under the National School Lunch Program (CFDA Number 10.555).

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

The Board of Education
Grand Island 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 remaining fund information of Grand Island 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, and have issued our report thereon dated October 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lyman & McCormick, LLP

October 12, 2021

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Education
Grand Island Central School District

Report on Compliance for Each Major Federal Program

We have audited Grand Island 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 auditors' 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Lumsden & McCormick, LLP

October 12, 2021

Schedule of Findings and Questioned Costs

For the year ended June 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Child Nutrition Cluster:		
COVID-19 - Summer Food Serve Program for Children	10.559	$ 716,488
National School Lunch Program	10.555	43,766
		$ 760,254

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.