

GENESEE VALLEY CENTRAL SCHOOL DISTRICT

AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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2020 REPORTING PACKAGE

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GENESEE VALLEY CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Genesee Valley Central School District
Belmont, New York**

We have audited the accompanying financial statements of the governmental activities and each major fund of **Genesee Valley Central School District** as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the **Genesee Valley Central School District's** basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the **Genesee Valley Central School District** as of June 30, 2020, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

Report on Summarized Comparative Information

We have previously audited the **Genesee Valley Central School District's** June 30, 2019 financial statements, and our report dated September 16, 2019, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of District's contributions – OPEB, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans on pages 3 through 9, 37 through 38, and 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Genesee Valley Central School District's** basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020 on our consideration of **Genesee Valley Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Genesee Valley Central School 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 **Genesee Valley Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 5, 2020**

I. Discussion and Analysis

The following is a discussion and analysis of the *Genesee Valley Central School District's* financial performance for the year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Genesee Valley Central School District* during the fiscal year ended June 30, 2020:

- Overall net position from operations of the District decreased during the current year in the amount of \$309,000 as compared to an increase of \$844,000 during the prior fiscal year.
- The District's total revenue increased 4% from \$17,181,000 during June 30, 2019 to \$17,786,000 during June 30, 2020. This increase was primarily the result of an increase in state aid, including basic and lottery aid.
- The District's total expenses increased approximately 11% from \$16,337,000 during the year ended June 30, 2019 to \$18,095,000 during the year ended June 30, 2020. This increase was primarily due to increases in debt service interest on the 2017 project BAN anticipation note and depreciation expense, along with Teachers' Retirement System (TRS) and Employee Retirement System (ERS) expense related to an actuarial update.
- The District's had capital outlays during the current year in the amount of approximately \$5,540,862 which was primarily related to the capital outlay project, emergency pool project, and \$13.8 million capital project.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of *Genesee Valley Central School District*.

**III. Overview of the Financial Statements
(continued)**

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net Position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements)(continued):

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

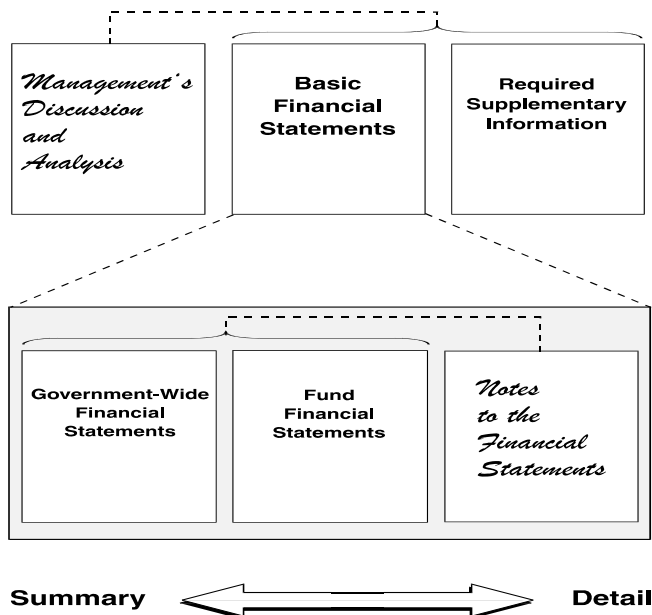
2. Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 11% to \$18,095,000. The District's expenses cover a range of services, with 71% related to instruction and 16% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 4%, while total expenses increased 11%. The District's total net position decreased approximately \$309,000 or 2% from operations during the fiscal year ended June 30, 2020.

Figure A-5 presents the major sources of revenue of the District. Revenue of the District totaled \$17,786,000 for the fiscal year ended June 30, 2020. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue, which represents approximately 18% of the District's total revenue for governmental activities, increased approximately 1% during the year ended June 30, 2020.
- The District's most significant revenue is state sources which represent \$12,667,000 or 72% of total governmental revenue. The District's state sources increased approximately 7% which was primarily related to an increase in State aid, including basic aid.
- During the year ended June 30, 2020, the District saw a decrease in program revenue which mostly resulted from a decrease in operating grants in the amount of \$114,000. This decrease was primarily related to a decrease in revenue related to the Appalachian Regional Commission grant.

IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$13,770,000. The components of net position include: invested in capital assets, net of related debt, of \$6,837,000; restricted net position of \$4,852,000; and unrestricted net position of \$2,081,000 as of June 30, 2020.

Changes in Net Position

The District's total government-wide revenue increased by approximately 4% to \$17,786,000. Approximately 18%, 8% and 72% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 2% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's largest expenditure-types, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$18,095,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$192,000 or 7% which was primarily related to an increase in BOCES services and pension expense offset by a decrease in contractual expenses.
- The District's instruction costs increased by approximately \$1,164,000 or 10%. This increase was primarily related to an increase in depreciation expense and pension expense related to an actuarial updates.
- Debt service of the District increased approximately \$484,000 during the year ended June 30, 2020, which primarily resulted from an increase in interest expense.
- Transportation costs of the District decreased 3% or \$19,000 during the year ended June 30, 2020. This decrease is due to salaries offset by an increase in contractual expenses and materials and supplies.
- The District's cost of sales (food service fund) totaled \$422,000 during the current year as compared to \$485,000 during the fiscal year ended June 30, 2019. This decrease was related to a decrease in salaries and employee benefits.
- The District received approximately \$1,579,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$16.5 million) were financed by state aid and real property taxes.

Figure A-3 – Condensed Statement of Net Position

*Genesee Valley Central School District
Condensed Statement of Net Position (in thousands of dollars)*

	Governmental Activities and Total District-wide		
	2020	2019	% Change
Assets			
Current and other assets	\$ 8,239	\$ 13,250	-38%
Capital assets	34,976	31,467	11%
Total assets	43,215	44,717	-3%
Deferred outflows of resources			
Deferred outflows related to pensions and OPEB	3,656	3,248	13%
Total deferred outflows of resources and assets	\$ 46,871	\$ 47,965	-2%
Liabilities			
Other liabilities	\$ 642	\$ 11,618	-94%
Long-term liabilities	31,031	21,062	47%
Total liabilities	31,673	32,680	-3%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	1,428	1,206	18%
Total deferred inflows of resources and liabilities	33,101	33,886	-2%
Net position			
Net investment in capital assets	6,837	6,145	11%
Restricted	4,852	5,387	-10%
Unrestricted	2,081	2,547	-18%
Total net position	13,770	14,079	-2%
Total liabilities, deferred inflows of resources, and net position	\$ 46,871	\$ 47,965	-2%

Figure A-4 – Changes in Net Position

*Genesee Valley Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)*

	Governmental Activities and Total District-wide		
	2020	2019	% Change
Revenue			
Program revenue			
Charges for services	\$ 169	\$ 183	-8%
Operating grants and contributions	1,410	1,524	-8%
General revenue			
Real property taxes	2,991	2,966	1%
Use of money & property	118	126	-6%
Sale of property & comp for loss	4	2	n/a
State sources	12,667	11,806	7%
Federal sources	60	111	-46%
Miscellaneous	367	463	-21%
Total revenue	17,786	17,181	4%
Expenses			
General support	3,060	2,868	7%
Instruction	12,721	11,557	10%
Transportation	602	621	-3%
Debt service - interest	1,290	806	60%
Cost of sales	422	485	-13%
Total expenses	18,095	16,337	11%
Change in net position	\$ (309)	\$ 844	

Figure A-5 – Sources of Revenue

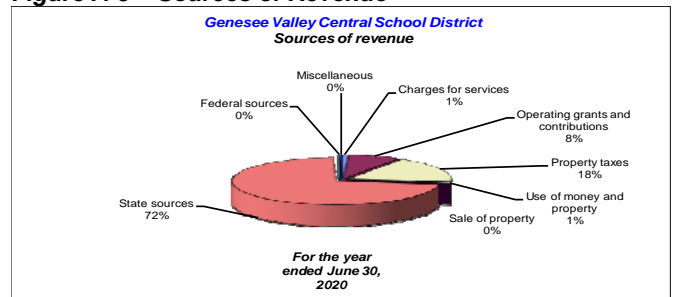


Figure A-6 Expenses

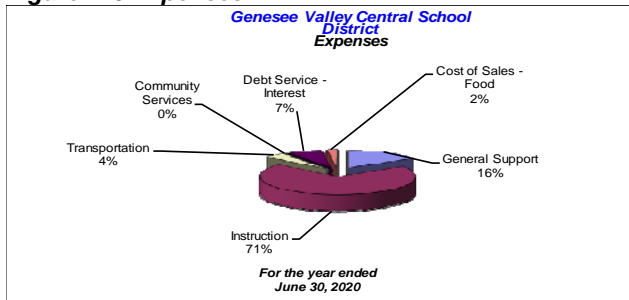


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District	
	2020	2019
Expenditures supported with general revenue (from taxes & other sources)	\$ 16,516 91%	\$ 14,630 90%
Expenditures supported with program revenue	1,579 9%	1,707 10%
Total expenditures related to governmental activities	\$ 18,095 100%	\$ 16,337 100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2020	2019	Change	2020	2019	Change
General support	\$ 3,060	\$ 2,868	\$ 192	\$ 3,060	\$ 2,867	\$ 193
Instruction	12,721	11,557	1,164	11,623	10,255	1,368
Transportation	602	621	(19)	593	614	(21)
Debt service - interest	1,290	806	484	1,290	806	484
Cost of sales - food	422	485	(63)	(50)	88	(138)
Total	\$ 18,095	\$ 16,337	\$ 1,758	\$ 16,516	\$ 14,630	\$ 1,886

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term

V. Financial Analysis of the School District's Funds

Debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses exceeded its revenues and other sources by approximately \$162,000.
- The District's general fund unassigned fund balance equated to approximately \$1,152,000 as of June 30, 2020.
- The District established many fund balance reserves during the year ended June 30, 2020, and had a total restricted fund balance that approximated \$4,698,000.
- The District's total assets decreased approximately \$293,000 as of June 30, 2020 primarily as the result of a decrease in cash and amounts due from other funds, offset by an increase in amounts due from other governments. The District's liabilities decreased approximately \$130,000, as a result of a decrease in due to TRS.
- Total revenue in the District's general fund increased \$978,000, which was primarily related to an increase in NYS aid, including basic aid. Total expenditures in the District's general fund increased \$1,449,000 primarily as a result of an increase in debt service costs associated with the District's capital project.

Food Service Fund

- The District's food service fund experienced a \$50,000 increase in fund equity during the current fiscal year.
- Revenue, including interfund transfers, in the District's food service fund was \$472,000 during 2020 as compared with \$485,000 in 2019. Expenditures decreased approximately \$63,000 as compared to the prior year primarily related to a decrease in salaries and employee benefits.

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$196,000 or 17% which was primarily related to a decrease in funding received for the Appalachian Regional Commission grant.

Capital Projects Fund

- The District had expenditures and other uses in the amount of \$5,541,000 in capital projects during the year ended June 30, 2020 related to a \$13.8 million capital project, emergency pool project, and capital outlay project.

VI. General Fund Budgetary Highlights

Over the course of the year, the District makes many budget transfers, which is the common method utilized to manage the budget throughout the year. Actual expenditures were approximately \$1,150,000 below the revised budget. The most significant variances were in the area general support, instruction and employee benefits which totaled \$211,000, \$536,000 and \$261,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$406,000 below the final budgeted amount. Significant variance of revenue items consisted of other sources which were approximately \$337,000, below that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Genesee Valley Central School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 3,485	\$ 3,476	\$ (9)	0%
State sources	12,708	12,668	(40)	0%
Federal sources	80	60	(20)	-25%
Other sources	582	245	(337)	-58%
Total revenue	\$ 16,855	\$ 16,449	\$ (406)	-2%
Expenditures				
General support	\$ 2,407	\$ 2,196	\$ 211	9%
Instruction	7,767	7,231	536	7%
Transportation	673	531	142	21%
Employee benefits	3,050	2,789	261	9%
Debt service	3,311	3,311	-	0%
Operating transfers	553	553	-	0%
Total expenditures	\$ 17,761	\$ 16,611	\$ 1,150	6%

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2020, the District had invested approximately \$34,976,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles, computer equipment, and other equipment. Capital additions made during the year ended June 30, 2020, totaled approximately \$5,650,000 and consisted primarily of the costs associated with the \$13.8 million capital project, emergency pool project, and capital outlay project. More detailed information about the District's capital assets is presented in the notes of the financial statements.

**VII. Capital Assets and Debt Administration
(continued)**

Long-term Debt

As depicted in Figure A-11, as of June 30, 2020, the District had approximately \$31,031,000 in bonds, other post-employment benefits, net pension liabilities and compensated absences, an increase of approximately \$9,968,000 as compared with the previous year. The increase in bonds payable was the result of the District making issuing a new serial bond. Other post-employment benefits decreased as a result of new actuarial update. Compensated absences increased related to the total sick days accrued for employees over the age of 55. The District also had an increase related to the ERS pension liability as a result of a new actuarial study.

Figure A-10 – Capital Assets

<i>Genesee Valley Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2020	2019	Change
Land	\$ 344,731	\$ 344,731	0%
Buildings	49,037,193	37,808,517	30%
Construction in progress	-	5,841,237	-100%
Equipment	6,326,446	6,113,300	3%
Accumulated depreciation	(20,732,735)	(18,640,441)	11%
Total Capital Assets, net	\$ 34,975,635	\$ 31,467,344	11%

Figure A-11 – Outstanding Long-term Liabilities

<i>Genesee Valley Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2020	2019	Change
Bonds payable	\$ 28,330,737	\$ 19,569,155	45%
Net pension liabilities	1,676,476	415,903	303%
Other post-employment benefits	812,657	879,396	-8%
Compensated absences	211,427	198,208	7%
Total Long-Term Debt	\$ 31,031,297	\$ 21,062,662	47%

VIII. Factors Bearing on the District's Future

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

- The factor that will likely have the largest impact on the District is the financial condition of New York State. With the passage of the two percent tax cap which limits the District's ability to raise funds to be used to offset losses of state and federal aid, the economic condition of New York State will undoubtedly have an impact on the District's future financial condition. Unfunded mandates, such as No Child Left Behind and Common Core, continue to increase the District's expenditures while the tax cap decreases the ability to raise funds.
- The District is uncertain as to the level of state aid. In the upcoming years as a result of the pandemic. New York State enacted a 2020-21 budget provision that provides for three time periods during the State's fiscal year at which time the Division of Budget will evaluate revenue and expenditures against the budget projections and potentially adjust State aid to school districts that could potentially result in midyear cuts. In addition, 2020-21 State aid includes a reduced "Pandemic Adjustment", which is being offset with Federal Stimulus funds.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Genesee Valley Central School District
Attention: Ms. Erin Ostrander, Business Official
1 Jaguar Drive
Belmont, New York 14813

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Schedule 1

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	<u>2020</u>	<u>2019</u>
Assets		
Cash		
Unrestricted	\$ 352,792	\$ 1,092,006
Restricted	4,851,397	5,387,054
Receivables		
State and federal aid	717,173	863,641
Due from other governments	1,147,438	18,758
Inventories	18,487	12,155
Net pension asset - NYS Teachers' Retirement System	758,438	536,026
Cash to be used for capital assets	393,118	5,339,603
Capital assets, net	34,975,635	31,467,344
Total assets	<u>43,214,478</u>	<u>44,716,587</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,515,405	3,083,984
Deferred outflows related to OPEB	140,639	163,967
Total assets and deferred outflows of resources	<u>\$ 46,870,522</u>	<u>\$ 47,964,538</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 48,917	\$ 158,355
Accrued liabilities	960	447
Accrued interest	28,000	31,000
Due to retirement systems	554,845	641,859
Unearned revenue	8,631	6,050
Bond anticipation notes payable	-	10,780,000
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	2,125,000	1,400,000
Portion due or payable after one year		
Bonds payable	26,205,737	18,169,155
Net pension liability - NYS Employees' Retirement System	1,676,476	415,903
Other post-employment benefits	812,657	879,396
Compensated absences	211,427	198,208
Total liabilities	<u>31,672,650</u>	<u>32,680,373</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	1,151,604	940,325
Deferred inflows related to OPEB	276,884	265,829
Total liabilities and deferred inflows of resources	<u>33,101,138</u>	<u>33,886,527</u>
Net Position		
Net investment in capital assets	6,837,113	6,145,323
Restricted	4,851,397	5,387,054
Unrestricted	2,080,874	2,545,634
Total net position	<u>13,769,384</u>	<u>14,078,011</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 46,870,522</u>	<u>\$ 47,964,538</u>

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2020	2019
			Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	\$ 2,626,147	\$ 433,900	\$ -	\$ -	\$ (3,060,047)	\$ (2,868,091)
Instruction	11,096,990	1,624,303	142,947	954,111	(11,624,235)	(10,254,569)
Pupil transportation	518,942	83,268	5,379	3,522	(593,309)	(613,833)
Debt service	1,289,554	-	-	-	(1,289,554)	(806,067)
Food service program	422,384	-	20,471	451,908	49,995	(87,573)
Depreciation	2,141,471	(2,141,471)	-	-	-	-
Total functions and programs	<u>\$ 18,095,488</u>	<u>\$ -</u>	<u>\$ 168,797</u>	<u>\$ 1,409,541</u>	<u>(16,517,150)</u>	<u>(14,630,133)</u>
General Revenues						
Real property taxes					2,991,666	2,965,789
Use of money and property					117,735	125,686
Sale of property and compensation for loss					4,571	2,095
Miscellaneous					367,212	463,183
State sources					12,667,538	11,806,410
Federal sources					59,801	110,556
Total general revenues					<u>16,208,523</u>	<u>15,473,719</u>
Change in net position					(308,627)	843,586
Net position - beginning of year					<u>14,078,011</u>	<u>13,234,425</u>
Net position - end of year					<u>\$ 13,769,384</u>	<u>\$ 14,078,011</u>

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

Schedule 3

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	Governmental Funds					2020	2019
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 442,877	\$ 35,371	\$ 27,967	\$ -	\$ -	\$ 506,215	\$ 1,092,006
Restricted cash	4,697,974	-	-	-	393,118	5,091,092	10,726,657
Due from other funds	881,299	-	-	153,423	-	1,034,722	1,276,612
State and federal aid receivable	153,981	511,714	51,478	-	-	717,173	863,641
Due from other governments	1,147,044	-	394	-	-	1,147,438	18,758
Inventories	-	-	18,487	-	-	18,487	12,155
Total assets	<u>\$ 7,323,175</u>	<u>\$ 547,085</u>	<u>\$ 98,326</u>	<u>\$ 153,423</u>	<u>\$ 393,118</u>	<u>\$ 8,515,127</u>	<u>\$ 13,989,829</u>
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 48,917	\$ -	\$ -	\$ -	\$ -	\$ 48,917	\$ 158,355
Accrued liabilities	1,009	-	(49)	-	-	960	447
Bond anticipation notes payable	-	-	-	-	-	-	10,780,000
Due to other funds	242,456	543,003	48,360	-	200,903	1,034,722	1,276,612
Unearned revenue	4,549	4,082	-	-	-	8,631	6,050
Due to Teachers' Retirement System	487,645	-	-	-	-	487,645	569,034
Due to Employees' Retirement System	67,200	-	-	-	-	67,200	72,825
Total liabilities	<u>851,776</u>	<u>547,085</u>	<u>48,311</u>	<u>-</u>	<u>200,903</u>	<u>1,648,075</u>	<u>12,863,323</u>
Fund Equity							
Nonspendable	-	-	18,487	-	-	18,487	12,155
Restricted	4,697,974	-	-	153,423	-	4,851,397	5,387,054
Assigned	621,730	-	31,528	-	192,215	845,473	452,249
Unassigned (deficit)	1,151,695	-	-	-	-	1,151,695	(4,724,952)
Total fund equity	<u>6,471,399</u>	<u>-</u>	<u>50,015</u>	<u>153,423</u>	<u>192,215</u>	<u>6,867,052</u>	<u>1,126,506</u>
Total liabilities and fund equity	<u>\$ 7,323,175</u>	<u>\$ 547,085</u>	<u>\$ 98,326</u>	<u>\$ 153,423</u>	<u>\$ 393,118</u>	<u>\$ 8,515,127</u>	<u>\$ 13,989,829</u>

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 4

Page 13

	Governmental Funds					2020	2019
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes	\$ 2,991,666	\$ -	\$ -	\$ -	\$ -	\$ 2,991,666	\$ 2,965,789
Charges for services	148,326	-	-	-	-	148,326	154,911
Use of money and property	116,406	-	20	-	1,309	117,735	125,686
Sale of property compensation for loss	4,571	-	-	-	-	4,571	6,160
Miscellaneous	215,098	-	4,815	-	-	219,913	256,057
State sources	12,667,538	543,240	13,142	-	-	13,223,920	12,381,601
Federal sources	59,801	414,393	412,683	-	-	886,877	1,036,183
Surplus food	-	-	26,083	-	-	26,083	22,704
Sales (school food service)	-	-	15,656	-	-	15,656	22,397
Total revenue	16,203,406	957,633	472,399	-	1,309	17,634,747	16,971,488
Expenditures							
General support	2,196,259	-	137,022	-	-	2,333,281	2,415,223
Instruction	7,231,202	839,083	-	-	-	8,070,285	8,071,592
Pupil transportation	531,131	3,522	-	-	-	534,653	551,267
Employee benefits	2,789,295	115,028	74,509	-	-	2,978,832	2,970,524
Debt service							
Principal	1,960,000	-	-	-	-	1,960,000	1,530,000
Interest	1,350,972	-	-	-	-	1,350,972	870,575
Capital outlay	-	-	-	-	5,387,439	5,387,439	5,550,500
Cost of sales	-	-	210,656	-	-	210,656	204,192
Other expenses	-	-	197	-	-	197	497
Total expenditures	16,058,859	957,633	422,384	-	5,387,439	22,826,315	22,164,370
Excess (deficiency) of revenue over expenditures	144,547	-	50,015	-	(5,386,130)	(5,191,568)	(5,192,882)
Other sources and uses							
BANS redeemed from appropriations	-	-	-	-	560,000	560,000	205,000
Premium earned on BAN	-	-	-	-	57,865	57,865	212,905
Premium earned on bond issuance	-	-	-	-	94,249	94,249	-
Proceeds from the issuance of bonds	-	-	-	-	10,220,000	10,220,000	-
Operating transfers in	245,319	-	-	153,423	552,520	951,262	491,858
Operating transfers out	(552,520)	-	-	(245,319)	(153,423)	(951,262)	(491,858)
Total other sources (uses)	(307,201)	-	-	(91,896)	11,331,211	10,932,114	417,905
Excess (deficiency) of revenue and other sources over expenditures and other uses	(162,654)	-	50,015	(91,896)	5,945,081	5,740,546	(4,774,977)
Fund equity (deficit), beginning of year	6,634,053	-	-	245,319	(5,752,866)	1,126,506	5,901,483
Fund equity, end of year	\$ 6,471,399	\$ -	\$ 50,015	\$ 153,423	\$ 192,215	\$ 6,867,052	\$ 1,126,506

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 6/30/2020	(Memo only) Total 6/30/2019
Assets				
Cash	\$ 32,711	\$ 109,609	\$ 142,320	\$ 108,482
Total assets	\$ 32,711	\$ 109,609	\$ 142,320	\$ 108,482
Liabilities				
Accrued liabilities	\$ -	\$ 28,928	\$ 28,928	\$ 28,618
Student extraclassroom activity funds	-	80,681	80,681	58,993
Total liabilities	-	109,609	109,609	87,611
Net position				
Reserved for scholarships	32,711	-	32,711	20,871
Total liabilities and net position	\$ 32,711	\$ 109,609	\$ 142,320	\$ 108,482

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 6

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	6/30/2020	(Memo only) 6/30/2019
Additions		
Gifts and contributions	\$ 12,446	\$ -
Interest earnings	69	36
Total additions	12,515	36
Deductions		
Scholarships awarded	675	3,275
Change in net position	11,840	(3,239)
Net position - beginning of year	20,871	24,110
Net position - end of year	<u>\$ 32,711</u>	<u>\$ 20,871</u>

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

Total fund balances - governmental funds		\$ 6,867,052
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 therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:		
Cost of the assets	\$ 55,708,370	
Accumulated depreciation	<u>(20,732,735)</u>	34,975,635
District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.		758,438
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(28,000)
Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.		2,363,801
Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions.		(136,245)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(28,330,737)	
Net pension liability - ERS	(1,676,476)	
Other post-employment benefits	(812,657)	
Compensated absences	<u>(211,427)</u>	(31,031,297)
Total net position - governmental activities		<u>\$ 13,769,384</u>

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 5,597,307	\$ -	\$ -	\$ (393,118)	\$ 5,204,189
Due from other funds	1,034,722	-	-	(1,034,722)	-
State and federal aid receivable	717,173	-	-	-	717,173
Due from other governments	1,147,438	-	-	-	1,147,438
Inventories	18,487	-	-	-	18,487
Net pension asset	-	758,438	-	-	758,438
Cash to be used for capital assets	-	-	-	393,118	393,118
Capital assets, net	-	34,975,635	-	-	34,975,635
Total assets	8,515,127	35,734,073	-	(1,034,722)	43,214,478
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	3,515,405	-	-	3,515,405
Deferred outflows related to OPEB	-	140,639	-	-	140,639
Total assets and deferred outflows of resources	\$ 8,515,127	\$ 39,390,117	\$ -	\$ (1,034,722)	\$ 46,870,522
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 48,917	\$ -	\$ -	\$ -	\$ 48,917
Accrued liabilities	960	-	-	-	960
Accrued interest	-	-	28,000	-	28,000
Due to other funds	1,034,722	-	-	(1,034,722)	-
Unearned revenue	8,631	-	-	-	8,631
Due to retirement systems	554,845	-	-	-	554,845
Bonds payable	-	-	28,330,737	-	28,330,737
Net pension liability-ERS	-	-	1,676,476	-	1,676,476
Other post-employment benefits	-	-	812,657	-	812,657
Compensated absences	-	-	211,427	-	211,427
Total liabilities	1,648,075	-	31,059,297	(1,034,722)	31,672,650
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	1,151,604	-	1,151,604
Deferred inflows related to OPEB	-	-	276,884	-	276,884
Total liabilities and deferred inflows of resources	1,648,075	-	32,487,785	(1,034,722)	33,101,138
Fund equity and net position	6,867,052	39,390,117	(32,487,785)	-	13,769,384
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 8,515,127	\$ 39,390,117	\$ -	\$ (1,034,722)	\$ 46,870,522

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds \$ 5,740,546

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 5,649,762	
Depreciation expense	<u>(2,141,471)</u>	3,508,291

Repayment of bond principal, including payment towards the refunding of bonds, capital lease principal and bond anticipation notes principal is an expenditure the governmental funds but the repayment reduces long-term liabilities in the statement of net position. 1,960,000

Bond anticipation notes redeemed from appropriations is recorded as other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position. (560,000)

Proceeds from long-term debt, including the refunding of bonds, are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt as revenue. Rather, long-term debt is recorded as a liability in the statement of net position. (10,220,000)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense and bond premium amortization is recognized as the interest accrues, regardless of when it is due. In addition, premiums on bond anticipation notes and bonds are recorded as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense. 61,418

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on the District's based on District's required contribution pension plans. (818,019)

District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on the District's required contributions to the OPEB plan. 32,356

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year compensated absences changed by this amount. (13,219)

Change in net position of governmental activities \$ (308,627)

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 2,991,666	\$ -	\$ -	\$ -	\$ 2,991,666
Charges for services	148,326	-	-	(148,326)	-
Use of money and property	117,735	-	-	-	117,735
Sale of property compensation for loss	4,571	-	-	-	4,571
Miscellaneous	219,913	-	-	147,299	367,212
State sources	13,223,920	-	-	(556,382)	12,667,538
Federal sources	886,877	-	-	(827,076)	59,801
Surplus food	26,083	-	-	(26,083)	-
Sales (school food service)	15,656	-	-	(15,656)	-
Total revenue	17,634,747	-	-	(1,426,224)	16,208,523
Expenditures					
General support	2,333,281	433,900	-	292,866	3,060,047
Instruction	8,070,285	1,511,669	13,219	2,029,062	11,624,235
Pupil transportation	534,653	(66,421)	-	125,077	593,309
Employee benefits	2,978,832	-	785,663	(3,764,495)	-
Debt service	3,310,972	-	(2,021,418)	-	1,289,554
Capital outlay	5,387,439	(5,387,439)	-	-	-
Cost of sales	210,656	-	-	(260,651)	(49,995)
Other expenses	197	-	-	(197)	-
Total expenditures	22,826,315	(3,508,291)	(1,222,536)	(1,578,338)	16,517,150
Excess (deficiency) of revenue over expenditures	(5,191,568)	3,508,291	1,222,536	152,114	(308,627)
Other sources and uses					
BANs redeemed from appropriations	560,000	-	(560,000)	-	-
Premium earned on BAN	57,865	-	-	(57,865)	-
Premium earned on bond issuance	94,249	-	-	(94,249)	-
Proceeds from the issuance of bonds	10,220,000	-	(10,220,000)	-	-
Operating transfers in	951,262	-	-	(951,262)	-
Operating transfers out	(951,262)	-	-	951,262	-
Total other sources (uses)	10,932,114	-	(10,780,000)	(152,114)	-
Net change for year	\$ 5,740,546	\$ 3,508,291	\$ (9,557,464)	\$ -	\$ (308,627)

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the **Genesee Valley Central School District** have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the **Genesee Valley Central School District** represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The **Genesee Valley Central School District** is one of 22 component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately \$2,007,000 for BOCES administration and program costs. The District's share of BOCES aid, rentals and refunds amounted to approximately \$1,195,000 for the year ended June 30, 2020. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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 and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants that are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

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

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Fiduciary Fund Types - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. Included in the Fiduciary Fund are Private Purpose Trust Funds and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting. Private Purpose Trust Funds are accounted for on the accrual basis of accounting.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,000	Straight-line	40 years
Land improvements	\$ 2,000	Straight-line	25-30 years
Furniture and equipment	\$ 2,000	Straight-line	5-20 years
Transportation vehicles	\$ 2,000	Straight-line	8 years

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Compensated Absences

Sick leave Pay and Retirement Incentive- certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick and personal days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems. The District has recorded an estimated liability in the District-wide financial statement amounting to \$211,427 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. Payment of these benefits is dependent on many factors, therefore, the timing of future payments is not readily determinable.

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental funds.

K. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Unearned Revenue (continued)

expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized. Unearned revenues recorded in the governmental funds are not recorded in the district-wide statements.

L. Deferred Inflows and Outflows of Resources

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

The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Next is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. Lastly, the third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and OPEB benefits paid subsequent to the measurement date.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees, upon reaching normal retirement age while working for the District, will have the District pay their health insurance premiums from their retirement incentive benefits (until exhausted) in accordance with their respective employment contract.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Property Loss and Liability Reserve

This reserve is used to accumulate funds to pay property loss and liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. The reserve is accounted for in the General Fund.

2. Employee Retirement Contribution Reserve

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

3. Teachers' Retirement System Contribution Reserve Subfund

This reserve is used to accumulate funds for teachers' retirement system contributions and has limits of 2% annually and 10% in total of teacher retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

4. Unemployment Insurance Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations next fiscal year's budget. If the District elects to convert to tax basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is recorded in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

5. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the Board of Education. This reserve is accounted for in the General Fund.

6. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These reserves are accounted for in the General Fund and Debt Service Fund.

7. Capital Reserve

This reserve 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. This reserve is accounted for in the General Fund.

8. Reserve for Repairs

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

9. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the private purpose trust fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2020.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

a. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances as of June 30, 2020 totaled \$221,730.

b. Appropriated Fund Equity

General Fund – The amount of \$400,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2021 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

2. Government-wide Financial Statements

A. Invested in Capital Assets, Net of Related Debt

This designation of net position is used to accumulate the capital asset balance in the statement of net position less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. There were supplemental appropriations of \$452,520 related to an emergency project during the year ended June 30, 2020.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity – budget and actual.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Property Taxes

1. Calendar

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

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties, in which the School District resident is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

R. Deferred Compensation Plan

Genesee Valley Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) – Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

T. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

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

Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

A. Long-term Revenue Differences

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

B. Capital Related Differences

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

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

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

C. Long-term Debt Transaction Differences

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

D. Pension Differences

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

E. OPEB Differences

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS

I. Cash

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

Collateral is required for demand 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.

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2020, the District's bank deposits were fully collateralized.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2020 per the bank were approximately \$6,133,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 250,000	\$ 5,883,000	\$ -	\$ 6,133,000

II. Interfund Transactions

Interfund balances and transactions as of and during the year ended June 30, 2020 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 881,299	\$ 242,456
Food Service Fund	-	48,360
Capital Projects Fund	-	200,903
Debt Service Fund	153,423	-
Special Aid Fund	-	543,003
Total	\$ 1,034,722	\$ 1,034,722

	Interfund Revenue	Interfund Expenditures
Food Service Fund	\$ -	\$ -
General Fund	245,319	552,520
Capital Projects Fund	552,520	153,423
Debt Service Fund	153,423	245,319
Total	\$ 951,262	\$ 951,262

During the year ended June 30, 2020, the District transferred \$100,000 and \$452,520 from the general fund to the capital projects fund for the capital outlay and emergency pool projects, respectively.

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

II. Interfund Transactions (continued)

The District transferred \$245,319 from the debt service fund to the general fund towards debt service costs incurred in the current year. Also during the year ended June 30, 2020, the District transferred \$153,423 of bond anticipation note premiums and interest earned from the capital projects fund to the debt service fund.

III. Receivables

Receivables at June 30, 2020 consisted of the following and management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 511,714
Food Service	Due from Other Governments	394
Food Service	State and Federal Aid	51,478
General	State and Federal Aid	153,981
General	Due from Other Governments	1,147,044
		<u>\$ 1,864,611</u>

General fund State and Federal aid includes a 20% reduction in excess cost aid receivable based upon communications received from New York State Department of Education.

IV. Capital Assets

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

	Beginning Balance 06/30/19	Net change	Ending Balance 06/30/20
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 344,731	\$ -	\$ 344,731
Construction-in-progress	5,841,237	(5,841,237)	-
Capital assets that are depreciated:			
Buildings and improvements	37,808,517	11,228,676	49,037,193
Furniture and equipment	6,113,300	213,146	6,326,446
Total depreciable historical cost	<u>43,921,817</u>	<u>11,441,822</u>	<u>55,363,639</u>
Less accumulated depreciation:			
Buildings and improvements	14,517,383	1,709,471	16,226,854
Furniture and equipment	4,123,058	382,823	4,505,881
Total accumulated depreciation	<u>18,640,441</u>	<u>\$ 2,092,294</u>	<u>20,732,735</u>
Total net book value	<u>\$31,467,344</u>		<u>\$34,975,635</u>

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital Assets (continued)

Depreciation expense was charged to governmental functions during the current year as follows:

General support	\$ 433,900
Instruction	1,624,303
Pupil transportation	83,268
	<u>\$ 2,141,471</u>

The District had capital additions in the amount of \$5,649,762.

V. Liabilities

A. Pension Plans

1. General Information

The *Genesee Valley Central School District* participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Plan Descriptions (continued)

b. Employees' Retirement System (ERS)

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

3. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Contributions (continued)

For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>		<u>TRS</u>		<u>ERS</u>
2020	\$	443,000	\$	244,000
2019		527,000		219,000
2018		473,000		220,000

The School District contributions made to the Systems were equal to 100% of the contributions required for each year.

Since 1989, the TRS' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended June 30, 2020.

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2020	6/30/2019
Net pension asset (liability)	\$ (1,676,476)	\$ 758,438
District's portion of the Plan's total net Pension asset (liability)	.006331%	.029193%

For the year ended June 30, 2020, the District's recognized pension expense of \$575,465 for ERS and \$915,076 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 98,667	\$ 513,974	\$ -	\$ 56,399
Changes of assumptions	33,756	1,432,790	29,148	349,355
Net difference between projected and actual earnings on pension plan investments	859,443	-	-	608,228
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	38,470	28,202	9,935	98,539
District's contributions subsequent to the measurement date	67,200	442,903	-	-
Total	\$ 1,097,536	\$ 2,417,869	\$ 39,083	\$ 1,112,521

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, along with contributions subsequent to the measurement date, will be recognized in pension expense as follows:

	ERS		TRS	
Year ended:				
2021	\$	171,553	\$	320,266
2022		249,118		(1,090)
2023		315,749		319,022
2024		254,833		214,646
2025		-		29,497
Thereafter		-		(19,896)

5. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/20	6/30/19
Actuarial valuation date	4/1/19	6/30/18
Interest rate	6.8%	7.1%
Salary scale	4.2% average 4/1/10 – 3/31/15	1.90% - 4.72% 7/1/09 – 6/30/14
Decrement tables	System's Experience	System's Experience
Inflation rate	2.5%	2.2%

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2018, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Measurement date	ERS 3/31/20	Expected Rate of Return	TRS 6/30/19	Expected Rate of Return
Asset Type:				
Domestic equity	36%	4.05%	33%	6.3%
International equity	14%	6.15%	16%	7.8%
Global equity	-%	-%	4%	7.2%
Private equity	10%	6.75%	8%	9.9%
Real Estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%	-%	-%
Opportunistic portfolio	3%	4.65%	-%	-%
Real assets	3%	5.95%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	.9%
High-yield fixed income securities	-%	-%	1%	3.6%
Bonds and Mortgages	17%	.75%	-%	-%
Cash and short-term	1%	-%	1%	.3%
Inflation-indexed bond funds	4%	.5%	-%	-%
Real estate debt	-%	-%	7%	2.9%
Private debt	-%	-%	1%	6.5%
Total:	100%		100%	

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

6. Discount Rate

The discount rate used to calculate the total pension asset (liability) was 6.8% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1- percentage point lower (5.8% for ERS and 6.10% for TRS) or 1-percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
Employer's Proportionate share of the net pension asset/ (liability)	\$ (3,076,807)	\$ (1,676,476)	\$ (386,765)
	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
TRS			
Employer's proportionate share of the net pension asset/ (liability)	\$ (3,423,508)	\$ 758,438	\$ 4,266,618

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Pension Plan Fiduciary Net Position

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

(in thousands)

	ERS	TRS
Measurement date	3/31/20	6/30/19
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474
Plan Net Position	\$ 168,115,682	\$ 122,477,481
Employers' net pension asset/ (liability)	\$ (26,480,579)	\$ 2,598,007
Ratio of plan net position to be Employers' total pension liability	86.39%	102.2%

9. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$67,200.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$487,645 (employer contribution \$442,903 and employee contributions of \$44,742).

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits

1. General Information about the OPEB Plan

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and vision insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	27
Active Employees	152
	179

2. Total OPEB Liability

The District's total OPEB liability of \$812,657 was measured as of July 1, 2019 and was determined by an actuarial valuation as of July 1, 2018 and was actuarially rolled forward for the fiscal year ended June 30, 2020.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

2. Total OPEB Liability (continued)

Actuarial Assumptions and Other Inputs

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

Inflation – 2.5%

Salary Increases

<u>Years of Service</u>	<u>Non-Teachers</u>	<u>Teachers/ Administrators</u>
0	8.00%	10.00%
10	3.80%	4.07%
20	3.00%	2.82%
30	3.00%	2.06%
40	3.00%	1.76%

Discount Rate – 3.51%

Healthcare Cost Trend Rates – 7.5% for 2020, decreasing 0.5% to 4.5% for 2026 and later.

Retirees' Share of Benefit-Related Costs – most retirees are responsible for the entire premium rate.

The discount rate was based on 20yr - GO Municipal Bond Index.

Mortality rates were based on the RPH-2018 Total Dataset Mortality Table.

The actuarial assumptions used for the July 1, 2019 measurement date were based on the results of an actuarial experience study for the period July 1, 2017- July 1, 2018.

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

3. Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 879,396
<u>Changes for the Year</u>	
Service costs	35,462
Interest	33,340
Changes of benefit terms	-
Differences between expected and actual experience	(47,063)
Changes in assumptions	19,250
Benefit payments	(107,728)
Net change in total OPEB liability	(66,739)
Balance at June 30, 2020	\$ 812,657

Changes in assumptions

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2019 to 3.51% in 2020. Payroll growth rate is based on NYSERS and NYSTRS valuations in 2019 and 2020. Health care trend rate from 8.0%-4.5% in 2019 to 7.5%-4.5% in 2020.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.51%) or 1% point higher (4.51%) than the current discount rate:

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	\$ 868,760	\$ 812,657	\$ 760,421

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

3. Changes in the Total OPEB Liability (continued)

Sensitivity of the Total OPEB Liability to changes in the Healthcare Trend Costs

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare trend costs that are 1% point lower (6.5%-3.5%) or 1% point higher (8.5%-5.5%) than the current discount rate:

	1% Decrease (6.5% - 3.5%)	Healthcare Cost Trend Rate (7.5 %- 4.5%)	1% Increase (8.5 %- 5.5%)
Total OPEB liability	\$ 734,735	\$ 812,657	\$ 903,915

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$42,967. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 205,800
Changes of assumptions or other Inputs	65,316	71,084
Contributions subsequent to measurement date	75,323	-
Total	\$ 140,639	\$ 276,884

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

Year ending:	Amount
2021	\$ (25,835)
2022	(25,835)
2023	(25,835)
2024	(25,835)
2025	(25,835)
Thereafter	(82,393)
Total	\$ (211,568)

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

On August 29, 2018, the District issued a bond anticipation note in the amount of \$10,780,000 to pay for current capital project expenditures and to redeem and renew the BAN matured in 2018. The note carried an interest rate of 4.00% (with effective interest rate of 2.02%) and matured on August 28, 2019. Interest paid for the year ended June 30, 2020 was \$430,002.

On August 28, 2019, the District issued a bond anticipation note in the amount of \$10,540,000 to pay for current capital project expenditures and to redeem and renew a BAN matured in 2019. The note carried an interest rate of 2.00% (with effective interest rate of 1.33%) and matured on June 23, 2020. Interest paid for the year ended June 30, 2020 was \$172,739.

During the year ended June 30, 2020, the District redeemed Bond Anticipation Notes in the amount of \$560,000.

2. Long-Term Debt

a. Debt Limit

At June 30, 2020, the total indebtedness represents approximately 147% of its debt limit.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of Net Position. The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

On June 10, 2012 the District issued serial bonds in the amount of \$21,245,000 carrying a variable interest between a rate of 2.00% per annum and 5.00% per annum and are set to mature on June 10, 2030.

On June 10, 2015 the District issued serial bonds in the amount of \$4,620,000 carrying a variable interest between a rate of 3.00% per annum and 5.00% per annum and are set to mature on June 15, 2034.

On June 23, 2020 the District issued serial bonds in the amount of \$10,220,000 carrying a variable interest between a rate of 2.00% per annum and 2.50% per annum and are set to mature on June 15, 2034.

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2020 and 2019 are summarized as follows:

	Balance June 30, 2020	Balance June 30, 2019
2012 serial bonds	\$ 14,335,000	\$ 15,465,000
2015 serial bonds	3,775,737	4,104,155
2020 serial bonds	10,220,000	-
Other post-employment benefits	812,657	879,396
Net pension liabilities		
ERS	1,676,476	415,903
Compensated absences	211,427	198,208
	<u>\$ 31,031,297</u>	<u>\$ 21,062,662</u>

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes (continued)

During the year, the District made principal payments on its serial bonds in the amount of \$1,400,000 and had amortization on bond premiums in the amount of \$58,418. The District also issued a new serial bond in the amount of \$10,220,000. The net change in compensated absences was an increase of \$13,219 during the fiscal year ended June 30, 2020. The net change in other post-employment benefits was a decrease of \$66,739 during the fiscal year ended June 30, 2020. Lastly, the District's proportionate share of the net pension liability - ERS increased by \$1,260,573 during the current year.

d. Maturity

1. The following is a summary of serial bonds indebtedness:

Description of Issue	Outstanding at June 30, 2020
Serial Bonds, issued in 2012 with a maturity date of 2030, with interest rates ranging from 2% - 5%.	\$ 14,335,000
Serial Bonds, issued in 2015 with a maturity date of 2034, with interest rates ranging from 3%-5%. Proceeds used to refund previously issued Serial Bonds.	3,460,000
Plus: Unamortized premiums on bonds	315,737
	<u>3,775,737</u>
Serial Bonds, issued in 2020 with a maturity date of 2034, with interest rates ranging from 2%-2.5%. Proceeds used to redeem previously issued BANs.	10,220,000
	<u>\$ 28,330,737</u>

2. The following is a summary of maturing debt service requirements for serial bonds and retirees' health insurance:

Year	Serial Bonds – 2012 Construction Bond	
	Principal	Interest
2021	\$ 1,190,000	\$ 509,650
2022	1,250,000	450,150
2023	1,305,000	406,088
2024	1,355,000	353,888
2025	1,420,000	299,688
2026-2030	7,815,000	823,752
Total	<u>\$ 14,335,000</u>	<u>\$ 2,843,216</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	Serial Bonds – 2015 Construction Bond	
	Principal	Interest
2021	\$ 285,000	\$ 168,581
2022	295,000	154,331
2023	310,000	139,581
2024	325,000	124,081
2025	345,000	107,831
2026-2030	1,620,000	263,156
2031-2034	280,000	26,556
Total	<u>\$ 3,460,000</u>	<u>\$ 984,117</u>

Year	Serial Bonds – 2020 Construction Bond	
	Principal	Interest
2021	\$ 650,000	\$ 225,824
2022	660,000	217,956
2023	675,000	204,756
2024	685,000	191,256
2025	700,000	177,556
2026-2030	3,740,000	643,488
2031-2034	3,110,000	185,950
Total	<u>\$ 10,220,000</u>	<u>\$ 1,846,786</u>

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$748,231 for the year ended June 30, 2020.

3. Refunding of Long-Term Debt

In prior years, the District defeased other general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

4. Debt Issuance Costs, Premium and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs were expensed when the bonds were issued in accordance with GASB 65.

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity

A. Summary

The District's fund equity is comprised of various components.

<u>Category/Fund</u>	<u>Description</u>	<u>Balance June 30, 2020</u>
Nonspendable:		
Food Service	Inventory	\$ 18,487
Restricted:		
General	Reserve for employee benefits	\$ 534,216
	Reserve for retirement system contributions	834,234
	TRS reserve subfund	20,000
	Unemployment insurance reserve	86,244
	Reserve for debt service	588,819
	Reserve for property loss and liability	441,712
	Reserve for capital	1,494,575
	Reserve repairs	698,174
		<u>\$ 4,697,974</u>
Trust & Agency	Reserve for scholarship	\$ 32,711
Debt Service	Reserve for Debt	\$ 153,423
Assigned:		
General	Reserve for encumbrances	\$ 221,730
	Appropriated fund balance	400,000
	<u>\$ 621,730</u>	
Capital Projects	Assigned fund balance	\$ 192,215
Food Service	Assigned fund balance	\$ 31,528

B. District-wide Net Position

Net position as of June 30, 2020 of the District includes restricted net position of \$4,851,397 which represent restricted amounts in the general fund as presented above.

C. Assigned – Appropriated Fund Balance

General Fund - The amount of \$400,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2021 as allowed by Section 1318 of the Real Property Tax Law.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The *Genesee Valley Central School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Risk Sharing Pools

For its employee health and accident coverage, *Genesee Valley Central School District* is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 23 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

The *Genesee Valley Central School District* also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

D. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$463,000 as of June 30, 2020 for accumulating non-vesting sick leave.

D. Contingencies

The District, in the normal course of its operations, is involved in various litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 4 - CAPITAL PROJECTS

On October 12, 2016, the voters of the District authorized a new capital project in the amount of \$13,800,000. Total expenditures incurred during the year ended June 30, 2020 were \$4,835,967.

The District also had a capital outlay project during the current year and incurred expenditures totaling \$98,952.

The Board of Education also authorized spending up to \$500,000 on an emergency pool project during the current year and incurred expenditures totaling \$452,520.

NOTE 5 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions. As a result, the District was forced to close its school buildings and move to a remote learning environment for the remainder of the school year. The District froze certain spending but maintained the majority of its workforce and contracted services. The District also provided free breakfast and lunches to all students (except those who opted out) through the Summer Food Service Program.

Also, in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$186,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. As of June 30, 2020 the District has not applied any expenditures against this funding. In addition, 2020-21 State aid includes a reduced "Pandemic Adjustment" which is being offset with Federal Stimulus funds.

Lastly, New York State enacted 2020-21 budget grants the authority to the Division of Budget (DOB) Director to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB which includes the ability to withhold and reduce specific local aid payments during the fiscal year. The State budget is deemed out of balance for the fiscal year, and the Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31).

Given the uncertainty regarding the COVID-19 Pandemic, the overall financial impact to the District cannot be reasonably predicted or estimated at this time.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 5 2020, which is the date the financial statements were available to be issued.

For the 2020-21 year, the District is following its reopening plan that was submitted to New York State in July 2020. The District will continue to evaluate the plan and make necessary changes based on District assessments, along with County and State guidance.

SUPPLEMENTARY INFORMATION

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 2,984,287	\$ 2,984,287	\$ 2,984,287	\$ -
Real property tax items	6,000	6,000	7,379	1,379
Charges for services	172,500	172,500	148,326	(24,174)
Use of money and property	106,000	106,000	116,406	10,406
Sale of property and compensation for loss	1,000	1,000	4,571	3,571
Miscellaneous	215,000	215,000	215,098	98
State Sources:				
Basic formula	11,760,076	11,760,076	11,689,274	(70,802)
BOCES	900,000	900,000	920,972	20,972
Textbooks	28,018	28,018	32,947	4,929
All other aid	20,305	20,305	24,345	4,040
Federal Sources:				
Medicaid reimbursement	80,000	80,000	59,801	(20,199)
Total revenue	16,273,186	16,273,186	16,203,406	(69,780)
Other Sources				
Operating transfer in	581,787	581,787	245,319	(336,468)
Total revenue and other sources	16,854,973	16,854,973	\$ 16,448,725	\$ (406,248)
Appropriated fund equity and carryover encumbrances	300,000	452,249		
Appropriated fund equity - supplemental appropriations	-	452,520		
Total revenue, other sources and appropriated fund equity	\$ 17,154,973	\$ 17,759,742		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 34,840	\$ 34,840	\$ 34,940	\$ -	\$ (100)
Central administration	226,424	237,274	229,029	-	8,245
Finance	163,027	184,886	175,468	-	9,418
Staff	289,673	292,961	280,875	-	12,086
Central services	1,362,210	1,416,768	1,240,500	131,818	44,450
Special items	244,533	240,473	235,447	-	5,026
Instructional:					
Instruction, administration and improvement	549,860	552,657	512,661	-	39,996
Teaching - regular school Programs for children with handicapping conditions	3,956,650	3,932,444	3,728,937	63,454	140,053
Teaching - special schools	1,582,746	1,554,255	1,389,687	-	164,568
Occupational education	29,230	36,996	36,498	-	498
Instructional media	362,085	359,485	348,855	-	10,630
Pupil services	529,747	549,173	533,607	-	15,566
	751,889	781,516	680,957	13,058	87,501
Pupil Transportation	618,325	672,990	531,131	13,400	128,459
Employee Benefits	3,075,916	3,049,531	2,789,295	-	260,236
Debt Service:					
Debt service principal	1,880,000	1,960,000	1,960,000	-	-
Debt service interest	1,397,818	1,350,973	1,350,972	-	1
Total expenditures	<u>17,054,973</u>	<u>17,207,222</u>	<u>16,058,859</u>	<u>221,730</u>	<u>926,633</u>
Other Uses:					
Transfer to other funds	100,000	552,520	552,520	-	-
Total other uses	<u>100,000</u>	<u>552,520</u>	<u>552,520</u>	<u>-</u>	<u>-</u>
Total expenditures and other uses	<u>\$ 17,154,973</u>	<u>\$ 17,759,742</u>	<u>16,611,379</u>	<u>\$ 221,730</u>	<u>\$ 926,633</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses			<u>\$ (162,654)</u>		

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 32,000	\$ 13,142	\$ (18,858)
Federal sources	332,000	412,683	80,683
Sales	23,000	15,656	(7,344)
Miscellaneous	5,000	4,815	(185)
Surplus food	891	26,083	25,192
Use of money and property	30	20	(10)
Total revenue	<u>392,921</u>	<u>472,399</u>	<u>79,478</u>
Expenditures			
General support	140,737	137,022	3,715
Employee benefits	79,750	74,509	5,241
Cost of sales	197,826	210,656	(12,830)
Other expenses	2,100	197	1,903
Total expenditures	<u>420,413</u>	<u>422,384</u>	<u>(1,971)</u>
Excess (deficiency) of revenue over expenditures	<u>(27,492)</u>	<u>50,015</u>	<u>77,507</u>
Other sources (uses)			
Transfer from general fund	<u>27,492</u>	<u>-</u>	<u>(27,492)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>50,015</u>	<u>\$ 50,015</u>
Fund equity, beginning of year		<u>-</u>	
Fund equity, end of year		<u>\$ 50,015</u>	

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 17,154,973
Additions:	
Prior year encumbrances	<u>152,249</u>
Original Budget	17,307,222
Budget Revisions: Supplemental appropriations - emergency pool project	<u>452,520</u>
Final budget	<u><u>\$ 17,759,742</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	\$ 17,326,350
Maximum allowed (4% of 2020-21 budget)	693,054
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 621,730
Unassigned fund balance	<u>1,151,695</u>
Total unrestricted fund balance	<u>1,773,425</u>
Less:	
Appropriated fund balance	400,000
Encumbrances included in committed and assigned fund balance	<u>221,730</u>
Total adjustments	<u>621,730</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,151,695</u></u>
Actual percentage	<u><u>6.6%</u></u>

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

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Overexpended) Balance	Methods of financing			Fund Balance June 30, 2020	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources		Total
2017 Project	\$ 13,800,000	\$ 13,800,000	\$ 8,773,219	4,835,967	\$ 13,609,186	\$ 190,814	\$ 10,985,000	\$ -	\$ 2,815,353	\$ 13,800,353	\$ 191,167
Emergency Pool	500,000	500,000	-	452,520	452,520	47,480	-	-	452,520	452,520	-
2019-20 Capital Outlay	100,000	100,000	-	98,952	98,952	1,048	-	-	100,000	100,000	1,048
	<u>\$ 14,400,000</u>	<u>\$ 14,400,000</u>	<u>\$ 8,773,219</u>	<u>\$ 5,387,439</u>	<u>\$ 14,160,658</u>	<u>\$ 239,342</u>	<u>\$ 10,985,000</u>	<u>\$ -</u>	<u>\$ 3,367,873</u>	<u>\$ 14,352,873</u>	<u>192,215</u>
Fund equity (deficit) as of June 30, 2020										<u>\$ 192,215</u>	

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Universal Pre-kindergarten	0409-20-7216	2020	\$ 324,204	\$ 322,514	\$ 322,514
Extended School Day	0640-20-3020	2020	184,455	180,013	180,013
Farm To School Grant	N/A	2020	50,621	7,169	7,169
Summer School Program	N/A	2020	33,544	33,544	33,544
School breakfast programs	N/A	2020	N/A	3,524	3,524
School lunch programs	N/A	2020	N/A	9,618	9,618
				<u>\$ 556,382</u>	<u>\$ 556,382</u>

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Genesee Valley Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for applicable program 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.

Note 2 - Non-monetary Federal Program

The accompanying **Genesee Valley Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2020, the District reported in the Schedule of Federal Awards \$26,083 of donated commodities at fair market value received and disbursed.

Note 3 - Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
Passed through NYS					
Department of Education:					
Title I, Part A	84.010A	0021-19-0085	\$ 10,079	\$ 10,079	\$ 10,079
Title I, Part A	84.010A	0021-20-0085	186,735	186,735	186,735
Title IIA	84.367A	0147-20-0085	31,159	31,159	31,159
IDEA Part B, Section 611 *	84.027A	0032-20-0035	137,965	132,225	132,225
IDEA Part B, Section 619 *	84.173A	0033-20-0035	11,534	11,534	11,534
Title V Rural and Low Income	84.358B	0062-20-0085	9,701	9,701	9,701
Title IV Student Support/Academic Enrichment	84.424A	0196-19-3315	132,941	20,139	20,139
Title IV SSAE	84.424A	0204-19-0085	13,312	6,082	6,082
Title IV SSAE	84.424A	0204-20-0085	14,748	6,739	6,739
Total U.S. Department of Education				414,393	414,393
US Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Breakfast Program **	10.553	N/A	N/A	79,299	79,299
National School Lunch Program **	10.555	N/A	N/A	149,309	149,309
Summer Food Service Program for Children**	10.559	N/A	N/A	9,628	9,628
COVID19 - Summer Food Service Program for Children**	10.559	N/A	N/A	174,447	174,447
Passed through NYS					
Office of General Services:					
National School Lunch Program **					
Noncash assistance (commodities)	10.555	N/A	N/A	26,083	26,083
Total U.S. Department of Agriculture				438,766	438,766
Total expenditures and revenue				\$ 853,159	\$ 853,159

* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of \$ 143,759
 ** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of \$ 438,766

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2020

Schedule SS5

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Capital Assets	\$	34,975,635
Less:		
Serial bonds		(28,330,737)
Plus:		
Assets in capital projects net of related payables		<u>192,215</u>
Investment in capital assets, net of related debt	\$	<u><u>6,837,113</u></u>

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2020

Schedule SS6

Page 44

As of the measurement date of July 1,

	2019	2018	2017	2016
Total OPEB Liability				
Service cost	\$ 35,462	\$ 62,487	\$ 71,378	\$ 58,946
Interest	33,340	38,396	34,158	39,103
Differences between expected and actual experience	19,250	(47,664)	(64,740)	-
Changes in assumptions	(47,063)	(148,310)	(47,076)	74,985
Benefit payments	(107,728)	(82,414)	(69,934)	(64,160)
Net change in total OPEB liability	(66,739)	(177,505)	(76,214)	108,874
Total OPEB liability - beginning	879,396	1,056,901	1,133,115	1,024,241
Total OPEB liability - ending	<u>\$ 812,657</u>	<u>\$ 879,396</u>	<u>\$ 1,056,901</u>	<u>\$ 1,133,115</u>
Plan fiduciary net position				
Contributions - employer	\$ 107,728	\$ 82,414	\$ 69,934	\$ 64,160
Net investment income	-	-	-	-
Benefit payments	(107,728)	(82,414)	(69,934)	(64,160)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 812,657</u>	<u>\$ 879,396</u>	<u>\$ 1,056,901</u>	<u>\$ 1,133,115</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll	<u>\$ 6,640,586</u>	<u>\$ 6,478,620</u>	<u>\$ 6,110,542</u>	<u>\$ 6,032,124</u>
District's net OPEB liability as a percentage of covered-employee payroll	<u>12.24%</u>	<u>13.57%</u>	<u>17.30%</u>	<u>18.78%</u>

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 3.87% as of 7/1/18 to 3.51% as of 7/1/19.

Payroll growth rate for non-teachers is based on NYERS valuations as of 6/30/17 and teachers and administrators' payroll growth based on the NYSTRS valuation as of 6/30/17.

Health care trend rates from 8.0% to 4.5% as of 7/1/18 to 7.5% to 4.5% as of 7/1/19.

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2020

Schedule SS7

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For the year ended June 30,	2020	2019	2018	2017
Actuarially determined contributions	\$ 107,728	\$ 82,414	\$ 69,934	\$ 64,160
Contributions in relation to the actuarially determined contribution	(107,728)	(82,414)	(69,934)	(64,160)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,640,586	\$ 6,478,620	\$ 6,110,542	\$ 6,032,124
Contributions as a percentage of District's covered-employee payroll	1.62%	1.27%	1.14%	1.06%

Notes to Schedule:

Valuation date: 7/1/2018 rolled forward to July 1, 2019 measurement date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal Level % of Salary Method.

Discount Rate: 3.51% as of July 1, 2019.

Inflation: 2.5% per year.

Healthcare cost trend rates: 2020 - 7.5%. Rates expected to decrease 0.5% each year thereafter with an ultimate rate of 4.5% after 2026.

Salary increases: Based on NYSERS and NYSTRS valuation as of June 30, 2018.

Mortality: RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.

Retiree Cost Sharing: Most retirees are responsible for the entire premium rate. Certain current retirees are receiving free subsidized coverage. All future retirees are required to pay the full cost of coverage, except for Administrators.

Participants: 152 Active and 27 Retirees

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2020

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 442,903	\$ 526,821	\$ 473,196	\$ 479,002	\$ 558,525	\$ 582,229	\$ 714,555	\$ 630,064
Contributions in relation to the contractually required contribution	(442,903)	(526,821)	(473,196)	(479,002)	(558,525)	(582,229)	(714,555)	(630,064)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,998,905	\$ 4,960,650	\$ 4,828,531	\$ 4,087,048	\$ 4,212,104	\$ 3,321,329	\$ 4,397,262	\$ 5,321,486
Contributions as a percentage of District's covered-employee payroll	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 243,993	\$ 219,102	\$ 219,766	\$ 224,887	\$ 216,182	\$ 286,421	\$ 274,755	\$ 245,758
Contributions in relation to the contractually required contribution	(243,993)	(219,102)	(219,766)	(224,887)	(216,182)	(286,421)	(274,755)	(245,758)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,865,812	\$ 1,588,506	\$ 1,576,607	\$ 1,408,553	\$ 1,339,530	\$ 1,384,289	\$ 1,307,755	\$ 1,297,720
Contributions as a percentage of District's covered-employee payroll	13.08%	13.79%	13.94%	17.48%	17.48%	17.65%	18.23%	17.91%

See accompanying independent auditor's report.

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION
ASSET – NYSTRS AND DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION ASSET (LIABILITY) - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2020

Schedule SS9

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New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability or asset	n/a	0.029193%	0.029643%	0.029648%	0.028455%	0.027136%	0.026579%	0.026331%
District's proportionate share of the net pension asset (liability)	n/a	\$ 758,438	\$ 536,026	\$ 225,355	\$ (304,763)	\$ 2,818,558	\$ 2,960,708	\$ 173,322
District's covered-employee payroll	n/a	\$ 4,960,650	\$ 4,828,531	\$ 4,087,048	\$ 4,212,104	\$ 3,321,329	\$ 4,397,262	\$ 5,321,486
District's proportionate share of the net pension asset or (liability) as a percentage of its covered employee payroll	n/a	15.29%	11.10%	5.51%	-7.24%	-84.86%	-67.33%	-3.26%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

New York State Local Employees' Retirement System - Net Pension (Liability)

As of the measurement date of March 31,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0063310%	0.0058699%	0.0056272%	0.0053889%	0.0054012%	0.0054131%	n/a	n/a
District's proportionate share of the net pension (liability)	\$ (1,676,476)	\$ (415,903)	\$ (181,616)	\$ (506,357)	\$ (866,905)	\$ (182,867)	\$ (244,610)	n/a
District's covered-employee payroll	\$ 1,865,812	\$ 1,588,506	\$ 1,576,607	\$ 1,408,553	\$ 1,339,530	\$ 1,384,289	\$ 1,307,755	\$ 1,297,720
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	-89.85%	-26.18%	-11.52%	-35.95%	-64.72%	-13.21%	-18.70%	n/a
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

See accompanying independent auditor's report.



BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants • Business Advisors

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

**To the President and
Members of the Board of Education
Genesee Valley Central School District
Belmont, New York**

We have audited 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, the financial statements of the governmental activities and each major fund of *Genesee Valley Central School District* as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise *Genesee Valley Central School District's* basic financial statements and have issued our report thereon dated October 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *Genesee Valley Central School District's* internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Genesee Valley Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Genesee Valley Central School District* 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency described in the accompanying schedule of findings and questioned costs as item II.A.2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Genesee Valley Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2020-002.

Genesee Valley Central School District's Responses to Findings

Genesee Valley Central School District's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. **Genesee Valley Central School District's** responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 5, 2020**



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

**To the President and
Members of the Board of Education
Genesee Valley Central School District
Belmont, New York**

Report on Compliance for Each Major Federal Program

We have audited the compliance of *Genesee Valley Central School District* with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. *Genesee Valley Central School District's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of *Genesee Valley Central School District's* major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal 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 *Genesee Valley Central School District's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination on *Genesee Valley Central School District's* compliance.

Opinion on Each Major Federal Program

In our opinion *Genesee Valley Central School District* complied, in all material respects, with the 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, 2020.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

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 award 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 deficiencies, significant deficiencies or material weaknesses. 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.

Purpose of this Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 5, 2020**

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Page 53

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2020

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to reserve transfers, debt service fund and converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to generally accepted accounting principles.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2020-002 Fund Balance

Year ended June 30, 2020

Conditions and criteria: **Genesee Valley School District's** unassigned fund balance as of June 30, 2020 amounted to approximately \$1,152,000. This amount constitutes approximately 6.6% of the 2020-21 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditor's Recommendation: **Genesee Valley School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of fund balance. In addition, we recommend that the District document its rationale to support the purpose and dollar level of reserves and to ensure it is in compliance with New York State guidelines.

School District's Response: **Genesee Valley School District** realizes that its unassigned fund balance as of June 30, 2020 was in excess of the NYS mandated 4% level. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2020

No findings related to compliance are being reported upon during the year ended June 30, 2020.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2020

No findings related to internal control over compliance are being reported upon during the year June 30, 2020.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2019

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2020 as finding 2020-001.

B. COMPLIANCE AND OTHER MATTERS

2019-002 Unassigned Fund Balance

Year Ended June 30, 2019

Summary of Prior Year Finding: **Genesee Valley School District's** unassigned fund balance as of June 30, 2019 amounted to approximately \$1,040,000. This amount constitutes approximately 6.1% of the 2019-20 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2020 as finding 2020-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year Ended June 30, 2019

No findings related to compliance were reported upon during the year ended June 30, 2019.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2019

No findings related to internal control over compliance were reported upon during the year June 30, 2019.



**To the President and Members of the
Board of Education and School Administration
Genesee Valley Central School District
Belmont, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2020 of the District's financial statements and have issued our reports thereon dated October 5, 2020. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Genesee Valley Central School District* for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2016 through June 30, 2020. In addition, we have also presented a summary of additional comments which we desire to bring to the Board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Genesee Valley Central School District* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent and the Business Manager. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year, and wish to thank all of the staff who have assisted us during our audit.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 5, 2020**

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND
EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Revenue and other sources					
Property taxes	\$ 2,992	\$ 2,966	\$ 2,937	\$ 2,896	\$ 2,906
State aid	12,668	11,806	11,353	11,070	11,014
All other	789	699	552	562	690
	<u>16,449</u>	<u>15,471</u>	<u>14,842</u>	<u>14,528</u>	<u>14,610</u>
Expenditures and other uses					
General support	2,196	2,236	2,159	2,201	2,030
Instruction	7,231	7,076	6,982	6,657	6,500
Transportation	531	549	574	504	587
Benefits	2,789	2,712	2,675	2,619	2,452
Debt	3,311	2,401	2,138	2,129	2,130
Transfers	553	188	167	2,865	50
	<u>16,611</u>	<u>15,162</u>	<u>14,695</u>	<u>16,975</u>	<u>13,749</u>
Excess (deficiency) of revenue over expenditures	(163)	309	147	(2,447)	861
Fund equity					
Beginning of year	6,634	6,325	6,178	8,625	7,764
End of year	<u>\$ 6,471</u>	<u>\$ 6,634</u>	<u>\$ 6,325</u>	<u>\$ 6,178</u>	<u>\$ 8,625</u>
Analysis of fund equity					
Restricted					
Reserve for retirement system	\$ 834	\$ 804	\$ 804	\$ 804	\$ 804
Reserve for teachers' retirement system	20	20	-	-	-
Reserve for debt service	589	648	707	765	824
Reserve for employee benefits	534	532	547	489	495
Reserve for liability	442	442	442	442	449
Reserve for repairs	698	1,184	1,184	1,198	4,013
Reserve for unemployment insurance	86	86	86	86	86
Reserve for capital	1,495	1,426	1,262	470	592
Assigned					
Reserve for encumbrances	222	152	139	179	241
Next year's budget	400	300	225	225	225
Unassigned	<u>1,151</u>	<u>1,040</u>	<u>929</u>	<u>1,520</u>	<u>896</u>
	<u>\$ 6,471</u>	<u>\$ 6,634</u>	<u>\$ 6,325</u>	<u>\$ 6,178</u>	<u>\$ 8,625</u>

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Page 3

Future Governmental Accounting Standards

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which extends the implementation dates of new GASB standards for an additional year, including two standards outlined below that may have significance to the District.

GASB 84 – Fiduciary Activities

In 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*, which will be effective for the fiscal year ending June 30, 2021. This new standard's objective is to improve the guidance regarding the identification and reporting of fiduciary activities and focuses on the source of the revenue and control over activity assets. One of the characteristics of a fiduciary activity as defined by the standard are that the assets are for the benefit of individuals and the district does not have administrative involvement with the assets or direct financial involvement with the assets. School districts will be required to evaluate activity currently recorded in the trust and agency fund, including extraclassroom activities. Those activities that do not meet the fiduciary definition will be required to be reported in the governmental funds, either in the general fund or special revenue fund. The change also affects how certain fiduciary activities, custodial funds, are reported by requiring additions and subtractions to be included on the Statement of Changes in Fiduciary Net Position. We recommend the District review the new fiduciary activity standard to ensure proper adherence.

GASB 87- Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Accounting for Leases*, which will be effective for the fiscal year ending June 30, 2022. The primary objective of this new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications; operating leases and finance leases (previously capital leases). We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

District response: The District will become aware of the new GASB 84 and GASB 87 requirements and will seek opportunities to continue education, including attending future webinars and any other additional training.

COVID-19 Pandemic

Federal Aid

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to school Districts. The New York State Department of Education has allocated approximately \$186,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. We recommend the District continue to review Federal guidance, including compliance requirements, related to this funding.

Internal Controls IT Risks

During the initial phases of the Pandemic, certain processes of the District that were previously performed in-person were completed remotely. Because significant data is being transmitted electronically, the District may consider performing a penetration/security test of its IT network. In addition, the District shall continue to periodically review listing of employees with access to the internal local area network to determine if accounts should be disabled or deleted and continue to periodically review user access rights to determine that employees only have rights that are commensurate with their job responsibilities.

District response: As a result of the COVID-19 pandemic, the District will continue to review Federal guidance on funding and make decisions that are in the best interest of the District and its taxpayers. The District will also work with the IT Director to review network access for our users and disable users that no longer need access. We will also review user access rights to make sure job responsibilities can be met while working remotely.

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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Federal Programs

During our review of major Federal programs, we noted that certain internal control processes over compliance required by Uniform Guidance are being completed but not documented, including the review of information by someone independent of the preparer. Adequate documentation would include a signature/initials and date by the preparer and reviewer for such items including: Maintenance of Effort form; Gradation rate submission; budget versus actual comparisons, etc. We recommend the District review each control and define how documentation will be evidenced.

District response: The District will review the internal control processes and provide documentation of the review process from someone independent of the preparer.

Community Wide Eligibility Program

The Federal and State governments have extended the eligibility reflective date from April 1, 2020 to the period from April 1 through June 30, 2020. It may be worthwhile for the district to check on the direct certification data during this period (4/1-6/30) to see if direct certification percentages have increased from your previously approved rate due to COVID-19 and if so, determine whether it makes sense to reapply for CEP status at this higher rate.

District response: The District has reviewed the direct certification data during the period of 4/1-6/30 and found that the percentages did not increase. The District will continue to review and monitor this data to ensure the highest rates are utilized.

GENESEE VALLEY CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

GENESEE VALLEY CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Genesee Valley Central School District
Belmont, New York**

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the **Genesee Valley Central School District** for the year ended June 30, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 the *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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Extraclassroom Activity Fund of the **Genesee Valley Central School District** as of June 30, 2020.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 5, 2020**

GENESEE VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS-CASH BASIS
JULY 1, 2019 THROUGH JUNE 30, 2020

	Balances July 1, 2019	Total Receipts 2019-20	Total Receipts & Balances	Total Payments 2019-20	Balances June 30, 2020
Arts/Tech Club	\$ 1,227	\$ -	\$ 1,227	\$ -	\$ 1,227
Athletic/PE	2,962	7,814	10,776	6,726	4,050
Band/Jazz	113	6,175	6,288	-	6,288
Choir	163	-	163	-	163
Class of 2019	1,441	-	1,441	1,441	-
Class of 2020	7,822	52,289	60,111	57,333	2,778
Class of 2021	4,418	7,480	11,898	3,476	8,422
Class of 2022	1,787	235	2,022	100	1,922
Class of 2023	-	409	409	18	391
Drama Club	620	2,275	2,895	1,400	1,495
Elementary Student Council	5,701	313	6,014	274	5,740
Garden Group	892	-	892	54	838
High School Student Council	2,800	1,235	4,035	1,195	2,840
JAG Design Co.	3,030	5,434	8,464	6,694	1,770
JAG Enterprises/FBLA	945	9,169	10,114	2,899	7,215
Lote Club	6,001	5,879	11,880	2,955	8,925
Middle School Activities	6,835	15,155	21,990	13,176	8,814
Middle School Band	313	103	416	104	312
Middle School Choir	1,419	70	1,489	70	1,419
National Honor Society	582	175	757	152	605
Robotics Club	4,469	909	5,378	1,450	3,928
Sales Tax Payable	326	2,663	2,989	2,405	584
Scholastic Challenge	694	-	694	-	694
Student Activity Reserve	4,264	555	4,819	-	4,819
Yearbook Club	169	5,894	6,063	621	5,442
Total activity fund	\$ 58,993	\$ 124,231	\$ 183,224	\$ 102,543	\$ 80,681

**GENESEE VALLEY CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

Page 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of **Genesee Valley Central School District**. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$80,681 are included in the Trust and Agency Fund as restricted cash, with a corresponding amount recorded as a liability in the Fund.

The accounts of the Extraclassroom Activity Fund of **Genesee Valley Central School District** are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.

**To the President and
Members of the Board of Education
Genesee Valley Central School District
Belmont, New York**

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *Genesee Valley Central School District* as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered *Genesee Valley Central School 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 *Genesee Valley Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Genesee Valley Central School District's* internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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. We noted no deficiencies in internal control to be a material weakness.

Comments for the extraclassroom fund of Genesee Valley Central School District are listed below:

Inactive Activity Funds

During the audit of the extraclassroom activity fund, we noticed two activities (Scholastic Challenge and Choir) had very little or no activity during the current fiscal year and seems to be an inactive account. We recommend that the District review the status of this club and those activities which are determined to be inactive should be closed out and transferred to the Trust and Agency Fund, General Fund or to another Activity Fund. The District may wish to develop a policy which dictates the course of action when activity funds remain inactive for a period of time, such as being transferred to the student council fund.

District response: The District will continue to evaluate each activity fund to determine appropriateness and take steps necessary to either transfer funds on inactive accounts to active accounts or remove these funds from the Extracurricular activity ledgers.

Student Involvement

During our audit, we noticed that in some activity funds are not being run by the students, whereby meetings are held to establish the mission of the club, along with decisions on fundraisers, purchases and other business items. State Education Law defines an activity fund as "an organization within the School District whose activities are conducted by students and whose financial support is raised other than taxation or through charges of the Board of Education". We recommend that students become involved in the decision making process of activity funds, including the cash receipts and cash disbursements function.

District response: The District will continue to evaluate each activity fund to determine appropriateness and takes steps necessary to either involve students, transfer funds on inactive accounts to active accounts or remove these funds from the Extracurricular activity ledgers.

Funds Raised for Certain Purposes

School districts were faced with difficult decisions during school closures resulting from the Pandemic including what to do with funds raised by students for certain purposes (i.e. student trip) that didn't take place. We recommend that the District develop a policy to address this situation if it occurs in the future and consider reviewing the policy with its legal counsel.

District response: Under unprecedented times, the District allowed funds to be used in areas other than the intended class trip that was contingent on class approval. To protect ourselves from future occurrences, the District will look into drafting a policy regarding funds raised by students for purposes that are unable to take place.

This communication is intended solely for the information and use of management, Board of Education, and others within [Genesee Valley Central School District](#), and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 5, 2020**



October 5, 2020

To the Audit Committee
and Board of Education
Genesee Valley Central School District
Belmont, New York

We have audited the financial statements of Genesee Valley Central School District as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Genesee Valley Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension liability (TRS & ERS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3IV and the Covid-19 Pandemic in Note 5 to the financial statements, due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 5, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of Genesee Valley Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.