

**FILLMORE CENTRAL  
SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

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

**FILLMORE CENTRAL SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2021  
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Fillmore Central School District  
Fillmore, New York 14735

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fillmore Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fillmore Central School District's basic financial statements as listed in the table of contents. We have also audited the fiduciary fund types of the Fillmore Central School District as of June 30, 2021, 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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

**Opinion**

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

## **Emphasis of Matter**

As reported in Note XVII, the United States is presently in the midst of a national health emergency related to the COVID-19 virus. The impact of this situation on the District and its future results and financial position is not presently determinable.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fillmore Central School District's basic financial statements. The accompanying financial information listed as supplementary schedules 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 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 not a required part of the financial statements.

The accompanying financial information listed as supplementary schedules in the table of contents are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 January 24, 2022, on our consideration of the Fillmore Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fillmore Central School District's internal control over financial reporting and compliance.

**R. A. MERCER & CO., P.C.**

*R.A. Mercer + Co., P.C.*

Sardinia, New York  
January 24, 2022

**FILLMORE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

As management of the Fillmore Central School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Fillmore Central School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the balance of our annual report.

**Financial Highlights**

The following are the financial highlights experienced by the Fillmore Central School District during the fiscal year ending June 30, 2021:

- Overall net position from operations of the District increased during the current year in the amount of \$1,710,414 as compared to an increase of \$996,272 during the prior fiscal year.
- The District's total revenue changed by approximately 0% from \$17,106,290 during June 30, 2020 to \$17,188,437 during June 30, 2021.
- The District's total expenses changed by approximately 0% from \$16,110,018 during the year ended June 30, 2020 to \$15,478,023 during the year ended June 30, 2021.
- The District had capital outlays during the current year in the amount of \$4,120,661 which primarily related to its vehicle purchases and construction in progress.

**Overview of the Financial Statement**

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District. The fund financial statements report the School District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds listing them in a columnar format.
- The *governmental fund statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain information contained in the statements. In addition, the notes provide additional data about the District. The financial statements are followed by a section of required supplementary information that further explain and support the financial statements.

Figure A-1 summarizes the major features of the School District’s financial statements, including the portion of the School District’s activities they cover and the types of information they contain. The remainder of this section highlights the structure and contents of each statement.

**Major Features of the District-Wide and Fund Financial Statements**

<b>Figure A-1</b>	<b>Fund Financial Statements</b>		
	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as regular education programs and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activity funds.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities and changes in net position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are 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 year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

## **District-Wide Statements**

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

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

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

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants). The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements can explain the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee or agent, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

## Financial Analysis of the School District Taken as a Whole

Figure A-2 presents a Condensed Statement of Net Position showing the School District has a net position of approximately \$20,954,000. The components of the net position include; net investment in capital assets of \$13,411,000; restricted net position of \$6,437,000; and, unrestricted net position of \$1,106,000.

<b>Figure A-2 Condensed Statement of Net Position</b>			
	<u>2020-2021</u>	<u>2019-2020</u>	<u>% Change</u>
Current and Other Assets	\$ 15,020,623	\$ 9,182,847	64%
Net Pension Asset	-	679,033	-100%
Capital Assets	<u>25,637,636</u>	<u>23,082,235</u>	11%
Total Assets	40,658,259	32,944,115	23%
Deferred Outflows of Resources	<u>4,261,823</u>	<u>2,972,898</u>	43%
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ <u>44,920,082</u></b>	<b>\$ <u>35,917,013</u></b>	<b>24%</b>
Long-Term Liabilities	\$ 11,939,662	\$ 13,659,380	-13%
Other Liabilities	<u>9,825,914</u>	<u>1,601,231</u>	613%
Total Liabilities	21,765,576	15,260,611	42%
Deferred Inflows of Resources	<u>2,200,210</u>	<u>1,412,520</u>	56%
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ <u>23,965,786</u></b>	<b>\$ <u>17,092,244</u></b>	<b>40%</b>
Net Position			
Net Investment in Capital Assets	13,410,924	12,757,358	5%
Restricted	6,437,352	4,814,133	34%
Unrestricted	<u>1,106,020</u>	<u>1,672,391</u>	-34%
<b>Total Net Position</b>	<b>\$ <u>20,954,296</u></b>	<b>\$ <u>19,243,882</u></b>	<b>9%</b>

Figure A-3 presents the Changes in Net Position from Operating Results. The total change for the 2020-2021 fiscal year was an increase of \$1,710,414, with no significant change in revenue and a 4% decrease in expenses from the prior year. Some changes were a result of the following:

*Revenues*

- Property tax revenue which represents approximately 16% of the District's total revenue from governmental activities remained level during the year ended June 30, 2021.
- The District's most significant revenue is state sources which represent \$12,676,000 or 73% of total governmental revenue. The District state sources decreased 2%.
- During the year ended June 30, 2021, the District saw a decrease in program revenue of approximately \$117,000.

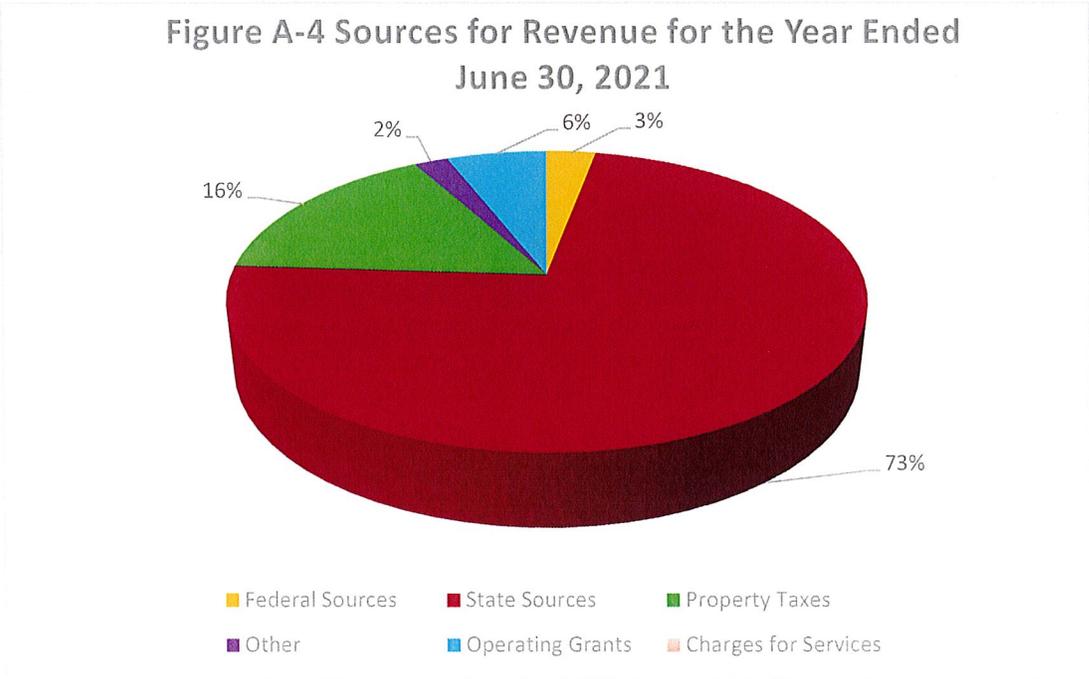
*Expenses*

- The District's general support increased by approximately \$315,000 or 19%.
- The District's instruction costs decreased by approximately \$290,000 or 3%.
- Debt service of the District decreased by approximately \$44,000 or 13% during the year ended June 30, 2021.
- Transportation costs of the District decreased approximately \$46,000 or 7% during the year ended June 30, 2021.
- The District's cost of sales (food service fund) totaled \$245,000 during the year ended June 30, 2021 compared to \$336,000 during the year ended June 30, 2020.
- The District received approximately \$1,120,000 of operating grants and charges for services from its state and federal grants which subsidized certain programs of the District.
- Most of the District's net costs (\$14.4 million) were financed by real property taxes and state aid.

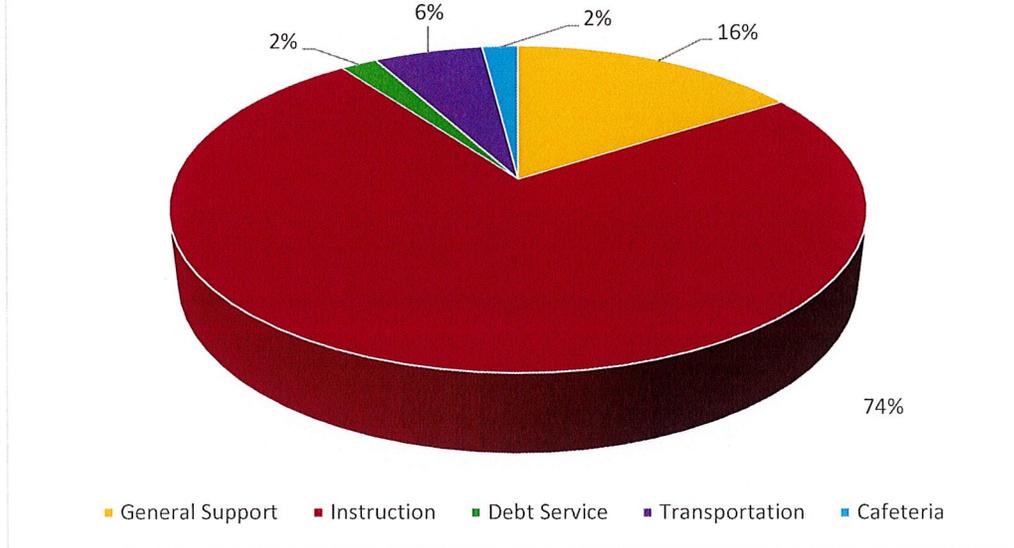
**Figure A-3 Changes in Net Position from Operating Results**

<b>Revenues</b>	<b>2020-2021</b>	<b>2019-2020</b>	<b>% Change</b>
<b>Program Revenues</b>			
Charges for Services	\$ 1,800	\$ 2,754	-35%
Operating Grants	1,116,377	1,232,553	-10%
<b>General Revenues</b>			
Property Taxes	2,680,885	2,584,380	3%
Use of Money and Property	4,007	22,431	-83%
<b>State Sources</b>			
State Sources	12,675,927	12,811,348	-2%
Federal Aid and Medicaid	424,015	106,596	397%
Miscellaneous/Sale of Property	285,426	346,228	-18%
<b>Total Revenues</b>	<b>17,188,437</b>	<b>17,106,290</b>	<b>0%</b>
<b>Expenses</b>			
General Support	2,430,572	2,041,221	20%
Instruction	11,518,607	12,386,717	-7%
Transportation	989,643	1,007,015	-2%
Debt Service	294,307	338,457	-13%
Cost of Sales - Cafeteria	244,894	336,608	-27%
<b>Total Expenses</b>	<b>\$ 15,478,023</b>	<b>\$ 16,110,018</b>	<b>-4%</b>
<b>Increase in Net Position</b>	<b>1,710,414</b>	<b>\$ 996,272</b>	<b>71%</b>

Figures A-4 and A-5 further depict the various sources of revenue and expense in the government-wide financial statements:



**Figure A-5 Expenses for the Year Ended June 30, 2021**



**Financial Analysis of the School District's Funds**

General Fund

In 2020-2021 General Fund revenues exceeded its expenses by \$1,096,576, including, \$217,993 transferred to the Capital Projects Fund, \$6,026 transferred to the Special Revenue Fund for grant match, and \$10,180 transferred from the Debt Service Fund. As a result, General Fund equity increased by \$1,096,576 resulting in beginning fund equity of \$6,309,468 increasing to \$7,406,044 for the year ended June 30, 2021. The following table represents the components of fund equity:

	<b>2020-2021</b>	<b>2019-2020</b>
Restricted for Unemployment	100,534	100,514
Restricted for Capital	3,226,776	1,638,954
Restricted for Employee Benefits	146,155	159,962
Restricted for Tax Certiorari	-0-	-0-
Restricted for Insurance	368,234	368,197
Restricted for Retirement System	974,650	885,635
Restricted for Workers Compensation	100,000	100,000
Restricted for Repairs	250,000	250,000
Assigned for Encumbrances	3,178	480
Assigned for Subsequent Year's Expenses	658,664	540,222
Unassigned	1,577,853	2,265,504
<b>Total General Fund Equity</b>	<b>\$ 7,406,044</b>	<b>\$ 6,309,468</b>

### Special Aid Fund

The District's Special Aid Fund which receives its funding from Federal, State, and local grants recognized revenues in the amount of \$871,483. In order to recognize these revenues, the District spent \$6,026 to support the specific programs for which the grant monies are received.

### Cafeteria Fund

The District's cafeteria revenues exceeded its expenses by \$58,921. Total Cafeteria Fund equity at June 30, 2021 is \$216,429.

### Capital Fund

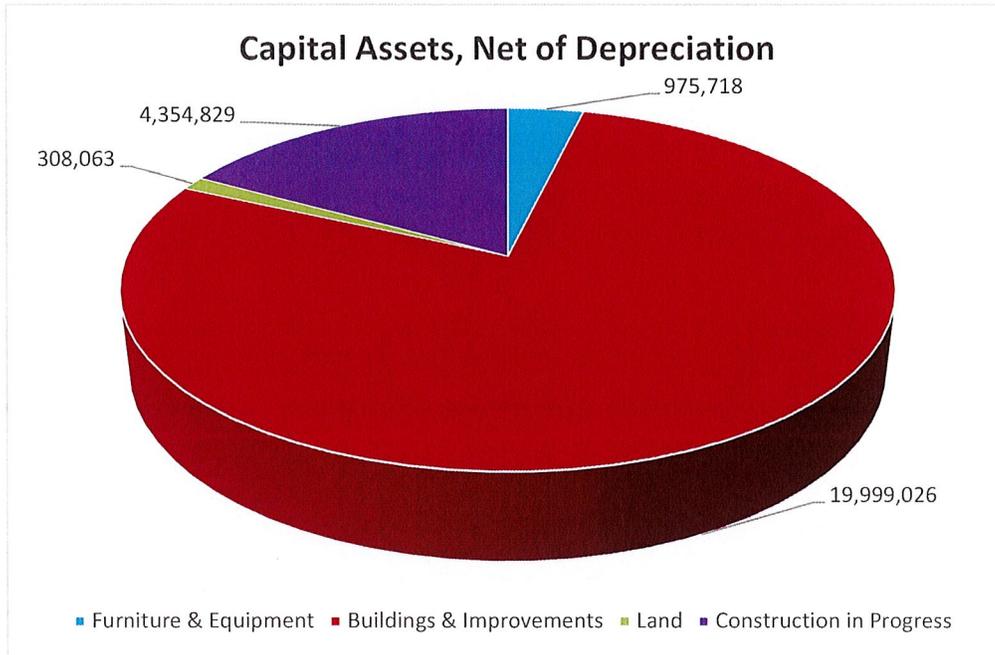
The beginning fund deficit of \$164,231 increased to a deficit balance of \$3,774,301 for the year ending June 30, 2021. The fund deficit is the net result of school bus purchases, capital improvement project expenses, revenues recognized to account for debt service payments made on school bus purchases and transfers from the general fund. Over time fund balances are increased and decreased as capital outlays are made and revenues are recognized for debt service payments made in the General Fund.

### **General Fund Budgetary Highlights**

<b>Figure A-6 General Fund – Budget vs. Actual (in thousands of dollars)</b>							
		<b>Revised</b>		<b>Actual</b>		<b>Encumbrances</b>	<b>Over (Under)</b>
		<b>Budget</b>					
Revenue							
Local sources	\$	2,730	\$	2,891	\$		\$ 161
State sources		13,192		12,666			(526)
Federal sources		37		389			352
Other sources		0		0			0
Operating transfers		0		10			10
<b>Total Revenue</b>	<b>\$</b>	<b>15,960</b>	<b>\$</b>	<b>15,957</b>	<b>\$</b>		<b>\$ ( 3)</b>
Expenditures							
General support	\$	1,998	\$	1,894	\$		\$ (104)
Instruction		8,479		7,495		2	(981)
Transportation		878		632			(246)
Employee benefits		2,849		2,392			(457)
Debt service		2,203		2,223			20
Operating transfers		175		224			49
<b>Total Expenditures</b>	<b>\$</b>	<b>16,582</b>	<b>\$</b>	<b>14,860</b>	<b>\$</b>	<b>2</b>	<b>\$ (1,719)</b>

### **Capital Assets**

The Fillmore Central School District's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$25,637,636, net of accumulated depreciation. The investment in capital assets includes land, building and building improvements, equipment, and vehicles. The increase from the prior year was \$2,555,401. The following is a graphical depiction of the components of investment in capital assets, net of accumulated depreciation:



**Long-Term and Short-Term Debt**

As of June 30, 2021, the District’s total outstanding bonded debt was \$8,452,411.

The District uses Bond Anticipation Notes to purchase buses. As of June 30, 2021, the total outstanding balance was \$663,760. During the year ended June 30, 2021, the District used an additional \$7,460,000 of Bond Anticipation Notes for the capital project.

New York State Local Finance Law limits the amount of general obligation debt a school district can issue to 10% of its full valuation. The current debt limit for the District is \$20,036,318. Currently the District is at 83% of its debt limit.

**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:

- Uncertainty of revenues associated with school aid to be received from New York State in future years.
- The financial effects of the COVID-19 pandemic relating both to aid the District receives and additional expenses the District will incur.

**Request for Information**

This financial report is designed to provide the Fillmore Central School District’s citizens, taxpayers, customers, investors, and creditors with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Fillmore Central School District, District Administrative Offices, Attention: Mr. Joseph Butler, Business Manager; 104 West Main Street, Fillmore, NY 14735.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**FILLMORE CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021**

Schedule 1

<b>Assets</b>	
Cash	
Unrestricted Cash	\$ 7,778,779
Restricted Cash	6,537,885
Receivables	
State and Federal Aid Receivable	681,557
Due from Other Governments	6,673
Inventories	15,729
Net Pension Asset	-
Capital Assets, Net of Accumulated Depreciation	<u>25,637,636</u>
<b>Total Assets</b>	<b><u>40,658,259</u></b>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows Related to Bonds	57,070
Deferred Outflows Related to OPEB	564,367
Deferred Outflows Related to Pensions	<u>3,640,386</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>4,261,823</u></b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 44,920,082</u></b>
<b>Liabilities</b>	
Payables	
Accounts Payable	\$ 1,092,788
Accrued Liabilities	41,530
Accrued Interest	25,000
Due to Fiduciary Funds	-
Due to Other Funds	-
Due to Other Governments	7,822
Due to Retirement Systems	533,801
Notes Payable	
Bond Anticipation Notes Payable	8,123,760
Unearned Credits	
Unearned Revenues	1,213
Long-Term Liabilities	
Due and payable within one year	
Bonds Payable	1,580,000
Due and payable after one year	
Bonds Payable	6,872,411
Net Pension Liabilities	745,349
Compensated Absences	156,585
Other Postemployment Benefits Payable	<u>2,585,317</u>
<b>Total Liabilities</b>	<b><u>21,765,576</u></b>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Pensions	1,794,315
Deferred Inflows Related to OPEB	<u>405,895</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>2,200,210</u></b>
<b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	13,410,924
Restricted	6,537,886
Unrestricted	<u>1,005,486</u>
<b>Total Net Position</b>	<b><u>20,954,296</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b><u>\$ 44,920,082</u></b>

See Accompanying Independent Auditors' Report and Notes to Financial Statements.

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Schedule 2

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
<b>Functions/Programs</b>					
General Support	\$ 1,942,360	\$ 488,212	\$ -	\$ 76,248	\$ (2,354,324)
Instruction	8,391,278	3,127,329	1,800	795,235	(10,721,572)
Pupil Transportation	642,808	346,835	-	-	(989,643)
Community Services	-	-	-	-	-
Employee Benefits	2,401,553	(2,401,553)	-	-	-
Debt Service	294,307	-	-	-	(294,307)
Cafeteria	244,894	-	-	244,894	-
Depreciation	1,560,823	(1,560,823)	-	-	-
<b>Total Functions and Programs</b>	<b>\$ 15,478,023</b>	<b>\$ -</b>	<b>\$ 1,800</b>	<b>\$ 1,116,377</b>	<b>\$ (14,359,846)</b>
<b>General Revenues</b>					
Property Taxes					2,680,885
Use of Money and Property					4,007
Sale of Property and Dispositions					165,136
Miscellaneous					36,146
State Sources					12,675,927
Medicaid Reimbursements					49,458
Surplus Food					14,202
Federal Sources					360,355
Sales (Cafeteria)					14,275
Other Financing - Bond Premium					69,869
<b>Total General Revenues</b>					<b>16,070,260</b>
<b>Change in Net Position</b>					<b>1,710,414</b>
Total Net Position - Beginning of Year					<b>19,243,882</b>
<b>Total Net Position - End of Year</b>					<b>\$ 20,954,296</b>

See Accompanying Independent Auditors' Report and Notes to Financial Statements.

**FUND FINANCIAL STATEMENTS**

**FILLMORE CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2021**

**Schedule 3**

	GOVERNMENTAL FUND TYPES					(Memo Only) Total
	General	Capital Projects	Special Aid	Cafeteria	Debt Service	
<b>ASSETS</b>						
Cash						
Unrestricted Cash	\$ 2,081,113	\$ 5,340,551	\$ 221,221	\$ 135,894	\$ -	\$ 7,778,779
Restricted Cash	5,166,348	-	-	-	1,371,537	6,537,885
Receivables						
State and Federal Aid Receivable	495,729	-	116,582	69,246	-	681,557
Due from Other Funds	555,322	217,993	48,494	-	-	821,809
Due from Other Governments	-	-	6,673	-	-	6,673
Inventory	-	-	-	15,729	-	15,729
<b>Total Assets</b>	<b>8,298,512</b>	<b>5,558,544</b>	<b>392,970</b>	<b>220,869</b>	<b>1,371,537</b>	<b>15,842,432</b>
<b>LIABILITIES</b>						
Payables						
Accounts Payable	43,703	1,049,085	-	-	-	1,092,788
Accrued Liabilities	40,741	-	-	789	-	41,530
Due to Other Governments	7,737	-	-	85	-	7,822
Due to Other Funds	266,486	160,000	391,757	3,566	-	821,809
Due to Employees' Retirement System	65,132	-	-	-	-	65,132
Due to Teachers' Retirement System	468,669	-	-	-	-	468,669
Notes Payable						
Bond Anticipation Notes Payable	-	8,123,760	-	-	-	8,123,760
Unearned Credits						
Unearned Revenues	-	-	1,213	-	-	1,213
<b>Total Liabilities</b>	<b>892,468</b>	<b>9,332,845</b>	<b>392,970</b>	<b>4,440</b>	<b>-</b>	<b>10,622,723</b>
<b>FUND BALANCES</b>						
Nonspendable						
Reserved for Inventories & Supplies	-	-	-	15,729	-	15,729
Restricted:						
Unemployment Insurance Reserve	100,534	-	-	-	-	100,534
Reserve for Debt Service	-	-	-	-	1,371,537	1,371,537
Insurance Reserve	368,234	-	-	-	-	368,234
Capital Reserve	3,226,776	-	-	-	-	3,226,776
Reserve for Employee Benefits	146,155	-	-	-	-	146,155
Reserve for Retirement	974,650	-	-	-	-	974,650
Reserve for Repairs	250,000	-	-	-	-	250,000
Worker's Compensation Reserve	100,000	-	-	-	-	100,000
Total Restricted	5,166,349	-	-	-	1,371,537	6,537,886
Assigned:						
Cafeteria	-	-	-	200,700	-	200,700
Central Services	3,178	-	-	-	-	3,178
Appropriated Fund Balances	658,664	-	-	-	-	658,664
Total Assigned	661,842	-	-	200,700	-	862,542
Unassigned (Deficit)	1,577,853	(3,774,301)	-	-	-	(2,196,448)
<b>Total Fund Balances</b>	<b>7,406,044</b>	<b>(3,774,301)</b>	<b>-</b>	<b>216,429</b>	<b>1,371,537</b>	<b>5,219,709</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,298,512</b>	<b>\$ 5,558,544</b>	<b>\$ 392,970</b>	<b>\$ 220,869</b>	<b>\$ 1,371,537</b>	<b>\$ 15,842,432</b>

See Accompanying Independent Auditors' Report and Notes to Financial Statements.

**FILLMORE CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule 4**

	<b>Governmental Fund Types</b>					(Memo Only) Total
	General	Capital Projects	Special Aid	Cafeteria	Debt Service	
<b>Revenues</b>						
Real Property Taxes	\$ 2,680,885	\$ -	\$ -	\$ -	\$ -	\$ 2,680,885
Charges for Services	1,800	-	-	-	-	1,800
Use of Money and Property	3,030	-	-	-	977	4,007
Sale of Property and Dispositions	169,573	-	-	-	-	169,573
Miscellaneous	36,146	-	-	-	-	36,146
State Sources	12,666,365	-	211,442	9,562	-	12,887,369
Federal Sources	339,473	-	660,041	265,776	-	1,265,290
Medicaid Reimbursements	49,458	-	-	-	-	49,458
Surplus Food	-	-	-	14,202	-	14,202
Sales (Food Service)	-	-	-	14,275	-	14,275
<b>Total Revenues</b>	<b>15,946,730</b>	<b>-</b>	<b>871,483</b>	<b>303,815</b>	<b>977</b>	<b>17,123,005</b>
<b>Expenditures</b>						
General Support	1,893,553	-	76,248	-	-	1,969,801
Instruction	7,495,613	-	801,261	-	-	8,296,874
Pupil Transportation	632,338	-	-	-	-	632,338
Employee Benefits	2,391,611	-	-	-	-	2,391,611
Debt Service	2,223,200	-	-	-	-	2,223,200
Cost of Sales	-	-	-	244,894	-	244,894
Capital Outlay	-	4,078,483	-	-	-	4,078,483
Other Expenses	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>14,636,315</b>	<b>4,078,483</b>	<b>877,509</b>	<b>244,894</b>	<b>-</b>	<b>19,837,201</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>1,310,415</b>	<b>(4,078,483)</b>	<b>(6,026)</b>	<b>58,921</b>	<b>977</b>	<b>(2,714,196)</b>
<b>OTHER SOURCES AND (USES)</b>						
Bond Anticipation Notes Redeemed from Appropriations	-	250,420	-	-	-	250,420
Other Financing - Bond Premium	-	-	-	-	69,869	69,869
Interfund Revenues	10,180	217,993	6,026	-	-	234,199
Interfund Expenditures	(224,019)	-	-	-	(10,180)	(234,199)
<b>Total Other Sources and (Uses)</b>	<b>(213,839)</b>	<b>468,413</b>	<b>6,026</b>	<b>-</b>	<b>59,689</b>	<b>320,289</b>
<b>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>1,096,576</b>	<b>(3,610,070)</b>	<b>-</b>	<b>58,921</b>	<b>60,666</b>	<b>(2,393,907)</b>
Fund Balance, Beginning of Year	6,309,468	(164,231)	-	157,508	1,310,871	7,613,616
<b>Fund Balance, End of Year</b>	<b>\$ 7,406,044</b>	<b>\$ (3,774,301)</b>	<b>-</b>	<b>\$ 216,429</b>	<b>\$ 1,371,537</b>	<b>\$ 5,219,709</b>

See Accompanying Independent Auditors' Report and Notes to Financial Statements.

**FILLMORE CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2021**

Schedule 5

	<b>Private Purpose Trusts</b>	<b>Custodial Funds</b>	<b>(Memo Only) Total</b>
<b>ASSETS</b>			
Restricted Cash	\$ -	\$ 75,459	\$ 75,459
Due from Other Funds	-	-	-
<b>Total Assets</b>	-	75,459	75,459
<b>LIABILITIES</b>			
Extraclassroom Activity Balances	-	43,291	43,291
Due to Custodial Funds	-	-	-
<b>Total Liabilities</b>	-	43,291	43,291
<b>NET POSITION</b>			
Restricted for Other Purposes	-	32,168	32,168
<b>Total Net Position</b>	-	32,168	32,168
<b>Total Liabilities and Net Position</b>	\$ -	\$ 75,459	\$ 75,459

See Accompanying Independent Auditors' Report and Notes to Financial Statements.

**FILLMORE CENTRAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule 6**

<b>Additions</b>	
Gifts and Donations	\$ 8,635
Interest Earned	0
<b>Total Additions</b>	<u>8,635</u>
 <b>Deductions</b>	
Contractual and Other	766
Scholarships Awarded	3,100
<b>Total Deductions</b>	<u>3,866</u>
 <b>Change in Net Position</b>	 4,769
 <b>Net Position - Beginning of Year</b>	 <u>27,399</u>
 <b>Net Position - End of Year</b>	 <u><u>\$ 32,168</u></u>

See Accompanying Independent Auditors' Report and Notes to Financial Statements.

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2021**

Schedule 7

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash				
Unrestricted Cash	\$ 7,778,779	\$ -	\$ -	\$ 7,778,779
Restricted Cash	6,537,885	-	-	6,537,885
Receivables				
State and Federal Aid Receivable	681,557	-	-	681,557
Due from Other Funds	821,809	-	(821,809)	-
Due from Other Governments	6,673	-	-	6,673
Inventories	15,729	-	-	15,729
Net Pension Asset	-	-	-	-
Capital Assets, Net	-	25,637,636	-	25,637,636
<b>Total Assets</b>	<b>15,842,432</b>	<b>25,637,636</b>	<b>(821,809)</b>	<b>40,658,259</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Bonds	-	57,070	-	57,070
Deferred Outflows Related to OPEB	-	564,367	-	564,367
Deferred Outflows Related to Pensions	-	3,640,386	-	3,640,386
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>4,261,823</b>	<b>-</b>	<b>4,261,823</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 15,842,432</b>	<b>\$ 29,899,459</b>	<b>\$ (821,809)</b>	<b>\$ 44,920,082</b>
<b>LIABILITIES</b>				
Current Liabilities				
Payables				
Accounts Payable	\$ 1,092,788	\$ -	\$ -	\$ 1,092,788
Accrued Liabilities	41,530	-	-	41,530
Accrued Interest	-	25,000	-	25,000
Due to Other Funds	821,809	-	(821,809)	-
Due to Other Governments	7,822	-	-	7,822
Due to Retirement Systems	533,801	-	-	533,801
Bond Anticipation Notes Payable	8,123,760	-	-	8,123,760
Unearned Revenues	1,213	-	-	1,213
Long-Term Liabilities				
Bonds Payable	-	8,452,411	-	8,452,411
Net Pension Liabilities	-	745,349	-	745,349
Compensated Absences	-	156,585	-	156,585
Other Postemployment Benefits Payable	-	2,585,317	-	2,585,317
<b>Total Liabilities</b>	<b>10,622,723</b>	<b>11,964,662</b>	<b>(821,809)</b>	<b>21,765,576</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows Related to Pensions	-	1,794,315	-	1,794,315
Deferred Inflows Related to OPEB	-	405,895	-	405,895
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>2,200,210</b>	<b>-</b>	<b>2,200,210</b>
<b>FUND BALANCE/NET POSITION</b>	<b>5,219,709</b>	<b>15,734,587</b>	<b>-</b>	<b>20,954,296</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</b>	<b>\$ 15,842,432</b>	<b>\$ 29,899,459</b>	<b>\$ (821,809)</b>	<b>\$ 44,920,082</b>

See Accompanying Independent Auditors' Report and Notes to Financial Statements.

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule 7**

<b>Total Fund Balances- Governmental Funds</b>		<b>\$ 5,219,709</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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:</p>		
Cost of the assets	43,456,140	
Accumulated Depreciation	<u>(17,818,504)</u>	25,637,636
<p>District's proportionate share of the net pension asset is reported on the statement of net position, whereas the governmental funds pension costs are based on required contributions.</p>		
		-
<p>Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
		(25,000)
<p>Deferred outflows from the refunding of debt is reported in the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in the statement of revenue, expenditures and changes in fund equity at the time of refunding.</p>		
		57,070
<p>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 governmental funds, pension expense is based on required contributions.</p>		
		1,846,071
<p>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 governmental funds OPEB expense is based on required contributions.</p>		
		158,472
<p>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:</p>		
Bonds Payable	(8,452,411)	
Net Pension Liability	(745,349)	
Other Post-Employment Benefits Payable	(2,585,317)	
Compensated Absences	<u>(156,585)</u>	<u>(11,939,662)</u>
<b>Total Net Position- Governmental Activities</b>		<b><u>\$ 20,954,296</u></b>

See Accompanying Independent Auditors' Report and Notes to Financial Statements

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Schedule 8

	Total Governmental Funds	Long-Term Liability Transactions	Capital Related Items	Reclassification and Eliminations	Statement of Activities Total
<b>Revenues</b>					
Real Property Taxes	\$ 2,680,885	\$ -	\$ -	\$ -	\$ 2,680,885
Charges for Services	1,800	-	-	(1,800)	-
Use of Money and Property	4,007	-	-	-	4,007
Sale of Property and Dispositions	169,573	-	(4,437)	-	165,136
Miscellaneous	36,146	-	-	-	36,146
State Sources	12,887,369	-	-	(211,442)	12,675,927
Medicaid Reimbursements	49,458	-	-	-	49,458
Surplus Food	14,202	-	-	-	14,202
Federal Sources	1,265,290	-	-	(904,935)	360,355
Sales (Cafeteria)	14,275	-	-	-	14,275
<b>Total Revenues</b>	<b>17,123,005</b>	<b>-</b>	<b>(4,437)</b>	<b>(1,118,177)</b>	<b>16,000,391</b>
<b>Expenditures</b>					
General Support	1,969,801	14,737	(42,178)	411,964	2,354,324
Instruction	8,296,874	94,404	-	2,330,294	10,721,572
Pupil Transportation	632,338	10,470	-	346,835	989,643
Employee Benefits	2,391,611	9,942	-	(2,401,553)	-
Debt Service-Principal	1,770,420	(1,770,420)	-	-	-
Debt Service- Interest	452,780	(158,473)	-	-	294,307
Cost of Sales	244,894	-	-	(244,894)	-
Capital Outlay	4,078,483	-	(4,078,483)	-	-
Depreciation	-	-	1,560,823	(1,560,823)	-
<b>Total Expenditures</b>	<b>19,837,201</b>	<b>(1,799,340)</b>	<b>(2,559,838)</b>	<b>(1,118,177)</b>	<b>14,359,846</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(2,714,196)</b>	<b>1,799,340</b>	<b>2,555,401</b>	<b>-</b>	<b>1,640,545</b>
<b>Other Sources and (Uses)</b>					
Bond Anticipation Notes Redeemed from Appropriations	250,420	(250,420)	-	-	-
Other Financing - Bond Premium	69,869	-	-	-	69,869
Operating Transfers In	234,199	-	-	(234,199)	-
Operating Transfers Out	(234,199)	-	-	234,199	-
<b>Total Other Sources (Uses)</b>	<b>320,289</b>	<b>(250,420)</b>	<b>-</b>	<b>-</b>	<b>69,869</b>
<b>Net Change For the Year</b>	<b>\$ (2,393,907)</b>	<b>\$ 1,548,920</b>	<b>\$ 2,555,401</b>	<b>\$ -</b>	<b>\$ 1,710,414</b>

See Accompanying Independent Auditors' Report and Notes to Financial Statements.

**FILLMORE 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, 2021**

Schedule 8

**Total Net Change in Fund Balances- Governmental Funds** **\$ (2,393,907)**

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	4,120,661	
Disposals	(4,437)	
Depreciation Expense	<u>(1,560,823)</u>	
		2,555,401

Repayment of bond principal, including bond refundings, and bond anticipation notes is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,520,000

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 this required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 158,473

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 District's required contribution to pension plans. (9,942)

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 governmental funds OPEB expense is based on District's required contribution to the OPEB plan. (90,636)

In the statement of activities, certain operating expenses- compensated absences and special termination benefits- 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 and special termination benefits changed by this amount. (28,975)

**Total Net Position- Governmental Activities** **\$ 1,710,414**

See Accompanying Independent Auditors' Report and Notes to Financial Statements

**FILLMORE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of **Fillmore 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 accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

**A. Reporting Entity**

The **Fillmore Central School District** is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five members. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statements 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*, and GASB Statement 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the **Fillmore 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 General Fund of the School District. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are included at the end of these financial statements.

**B. Joint Venture**

The **Fillmore Central School District** is a component school district in the Cattaraugus-Allegany Board of Cooperative Education 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. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law. 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 administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2021 the **Fillmore Central School District** was billed \$3,307,252 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2021, the **Fillmore Central School District** issued no serial bonds on behalf of BOCES. As of June 30, 2021, the School District had no outstanding BOCES debt.

General-purpose financial statements for Cattaraugus-Allegany BOCES are available from the BOCES administrative office.

The School District's share of BOCES aid amounted to \$1,517,004.

### **C. Basis of Presentation**

#### **1. District-wide statements:**

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

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

## 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 transaction except those required to be accounted for in another fund.

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

**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 and other activities whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

**Cafeteria** – is used to account for the operations of the cafeteria. Inventory of purchased food is stated at cost, determined on the first in-first out basis.

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

## 3. Fiduciary Fund Types:

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. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students.

Custodial funds: These funds are strictly custodial in nature. Assets are held by the District as agent for various student groups or scholarships.

## **D. Basis of Accounting and Measurement Focus**

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, 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 one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

## **E. 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. Taxes were collected during the period September 1, 2020 through October 31, 2020.

### 2. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Cattaraugus. An amount representing uncollected real property taxes transmitted to the County for the enforcement is paid by the County to the School District no later than the forthcoming April 1.

## **F. Restricted Resources**

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

## **G. Interfund Transactions**

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

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

The Governmental Funds report all inter-fund transactions as originally recorded. Inter-fund receivables and payables may be netted on the accompanying Governmental Funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note V for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures, and revenues activity.

## **H. Estimates**

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

## **I. Cash and Investments**

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

## **J. Receivables**

All receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

## **K. Inventories and Prepaid Items**

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

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

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

## **L. Other Assets**

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. In the fund statements these same costs are recognized as an expense in the period incurred.

## **M. Capital Assets**

During the year ended June 30, 2021, the District had a full independent appraisal of its fixed assets conducted by an independent third party professional at which time estimated historical costs and accumulated depreciation was determined.

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

The District's capitalization threshold, the dollar value above which asset acquisitions are added to the capital asset accounts, is \$2,000. Capitalization thresholds, depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,000	Straight-Line	40
Building Improvements	2,000	Straight-Line	25-30
Site Improvements	2,000	Straight-Line	25-30
Furniture and Equipment	2,000	Straight-Line	5-20
Vehicles	2,000	Straight-Line	8

## **N. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second 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. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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. If applicable, the District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second 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 (ERS System) and the difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth 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.

#### **O. Unearned Revenue**

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

#### **P. Vested Employee Benefits – Compensated Absences**

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. The District has recorded an estimated liability in the District-wide financial statements amounting to \$156,585.

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

## **Q. Other Benefits**

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

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Service Code Section 403(b) – Tax Sheltered Annuities. 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' plan administrator. The plans are owned by the individuals and held in trust by the plan administrator. The District has a fiduciary responsibility for the funds withheld and remittance to trustees. The assets in the plan remain the property of the District until paid subject only to the claims of the District's creditors.

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

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

## **R. Short-Term Debt**

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

## **S. Accrued Liabilities and Long-Term Obligations**

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

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

## **T. Equity Classifications**

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

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

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

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

### **Funds Statements**

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

*Nonspendable fund balance* – Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Nonspendable fund balance includes inventory recorded in the Cafeteria Fund of \$15,729.

*Restricted* – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

## 1. Unemployment Insurance Reserve

According to General Municipal Law Section 6-m, the reserve must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess of fund over sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund and was \$100,534 as of June 30, 2021.

## 2. Reserve for Debt Service

According to General Municipal Law Section 6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund and was \$1,371,537 as of June 30, 2021.

## 3. Reserve for Insurance

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following type of insurance may be purchases: life, accident, health, annuities, fidelity, and surety, credit, title residual value and mortgage guarantee. The reserve is recorded in the General Fund, and had a balance of \$368,234 at June 30, 2021.

## 4. Capital Reserve

According to General Municipal Law Section 3651, the reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of the Education Law. The voters authorized a transfer from the unassigned general fund balance to the capital reserve of up to \$1,750,000 in May 2021. This reserve is accounted for in the General Fund under Restricted Fund Balance and was \$3,226,776 as of June 30, 2021.

## 5. Employee Benefit Accrued Liability Reserve

According to General Municipal law Section 6-p, the reserve must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund and was \$146,155 as of June 30, 2021. The Board approved a withdrawal from this reserve in June 2021 in the amount of \$13,807.

## 6. Tax Certiorari Reserve

According to Education Law Section 3651.1a, the reserve must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General Fund and was \$0 as of June 30, 2021.

## 7. Retirement Contribution Reserves

According to General Municipal Law Section 6-r, the reserves must be used for the purpose of financing retirement contributions. The Retirement Contribution reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The Board approved additional funding of this Reserve during the year ended June 30, 2021, in the amount of \$89,015. The reserve is accounted for in the General Fund and was \$974,650 as of June 30, 2021.

## 8. Reserve for Repairs

According to General Municipal Law Section 6-d, the reserve must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund, and was \$250,000 at June 30, 2021.

## 9. Workers' Compensation Reserve

According to General Municipal Law Section 6-m, the reserve must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for the payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The Reserve is accounted for in the General Fund and was \$100,000 as of June 30, 2021.

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

**Assigned** - Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. General Fund encumbrances were \$3,178 as of June 30, 2021. In addition, the amount of \$658,664 has been appropriated to reduce taxes in the subsequent year. The Cafeteria assigned fund balance was \$200,700 as of June 30, 2021.

**Unassigned** – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District and could report a surplus or a deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. The total unassigned fund deficit of the District was \$2,196,448 as of June 30, 2021 which is comprised of the General Fund surplus of \$1,577,853 less Capital Projects deficit of \$3,774,301.

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. As of June 30, 2021, the District's unassigned fund balance exceeded the allowed 4%.

#### Order of Use of Fund Balance

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

#### **U. New Accounting Standards**

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*.

## V. Future Changes in Accounting Standards

GASB delayed effective dates of recent pronouncements including the following which may be applicable to the District in the future:

-GASB Statement No. 87, *Leases*, originally effective for the year ending June 30, 2021, delayed until June 30, 2022.

-GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, originally effective for the year ending June 30, 2021, delayed until June 30, 2022.

-GASB Statement No. 91, *Conduit Debt Obligations*, originally effective for the year ending June 30, 2022, delayed until June 30, 2023.

-GASB Statement No. 92, *Omnibus 2020*, effective for the year ending June 30, 2022.

-GASB Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022.

-GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

-GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

-GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suspension of GASB Statement No. 32*, effective for the year ending June 30, 2022.

The District will evaluate the impact that any new pronouncement may have on its financial statements and will implement them as applicable and when material.

## II. 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 assets of governmental activities:

Total fund balances of the District's Governmental Funds differs from "net assets" 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 Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

### 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:

i) 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.

ii) 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.

iii) 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.

iv) Pension differences:

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

v) OPEB differences:

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

### **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund which is required to have a legal (appropriated) budget adopted.

The voters of the District approved the proposed appropriation budget for the General Fund for the year ended June 30, 2021.

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

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

#### Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the Governmental Funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid. The District had \$3,178 in encumbrances at June 30, 2021.

#### Unassigned Fund Balance

The portion of the District's fund balance subject to the New York State Real Property Tax Law Section 1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to address this issue include reviewing its options with regards to reservation and designation of fund balance.

#### Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$3,774,301. This will be funded when the District obtains permanent financing for its current projects and/or the General Fund pays off the Bond Anticipation Notes issued to finance vehicle purchases and capital projects by the Capital Fund.

### **IV. CASH AND CASH EQUIVALENTS-CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the District may not recover its deposits. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase interest bearing demand deposits, certificates of deposit, obligations of the United States Treasury and United States Agencies and obligations of New York State and its localities.

The District's aggregate bank balances included balances not covered by depository insurance at year-end, collateralized as follows: (A) none, (B) \$12,915,650.

- A) Uncollateralized, or
- B) Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name.

In addition to the above bank balances, the District also participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. Total investments of the cooperative as of June 30, 2021, are \$1,412,257, which consisted of \$445,285 FDIC insured and collateralized bank deposits, \$148,852 in collateralized repurchase agreements and \$818,120 in U.S. Treasury Securities, with various interest rate and due dates. The cost of the investment pool shares are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral agreements. Additional information concerning the cooperative is presented in the annual report of New York Cooperative Liquid Assets Securities System (NYCLASS).

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of June 30, 2021 includes \$6,537,885 within the Governmental Funds and \$75,459 in the fiduciary funds.

## V. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2021 are as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 555,322	\$ 266,486	\$ 10,180	\$ 224,019
Special Aid Fund	48,494	391,757	6,026	-
Cafeteria Fund	-	3,566	-	-
Debt Service	-	-	-	10,180
Capital Projects Fund	<u>217,993</u>	<u>160,000</u>	<u>217,993</u>	<u>-</u>
Total Governmental Funds	<u>\$ 821,809</u>	<u>\$ 821,809</u>	<u>\$ 234,199</u>	<u>\$ 234,199</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The General Fund transferred \$217,993 to the Capital Projects Fund to cover purchase of buses and capital improvement project expenses.

The General Fund transferred \$6,026 to the Special Aid fund for a grant match.

The Debt Service Fund transferred \$10,180 to the General Fund for repayment of debt.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

## VI. RECEIVABLES

Receivables at June 30, 2021 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Aid	State and Federal Aid	\$ 116,582
General	State and Federal Aid	495,729
Special Aid	Due from Other Governments	6,673
Cafeteria	State and Federal Aid	<u>69,246</u>
		<u>\$ 688,230</u>

## VII. CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/2020</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance</u> <u>6/30/2021</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 308,063	\$ -	\$ -	\$ 308,063
Construction in Progress	<u>584,573</u>	<u>3,770,256</u>	<u>-</u>	<u>4,354,829</u>
Total Capital Assets, Not Being Depreciated	<u>892,636</u>	<u>3,770,256</u>	<u>-</u>	<u>4,662,892</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	34,680,556	-	-	34,680,556
Furniture and Equipment	<u>3,897,564</u>	<u>350,405</u>	<u>135,276</u>	<u>4,112,693</u>
Total Capital Assets, Being Depreciated	<u>38,578,120</u>	<u>350,405</u>	<u>135,276</u>	<u>38,793,249</u>
Less Accumulated Depreciation:				
Buildings and Improvements	13,480,908	1,200,622	-	14,681,530
Furniture and Equipment	<u>2,907,613</u>	<u>360,201</u>	<u>130,839</u>	<u>3,136,974</u>
Total Accumulated Depreciation	<u>16,388,521</u>	<u>1,560,823</u>	<u>130,839</u>	<u>17,818,505</u>
Capital Assets, Being Depreciated, Net	<u>22,189,599</u>	<u>(1,210,418)</u>	<u>4,437</u>	<u>20,974,744</u>
Governmental Activities Capital Assets, Net	<u>\$23,082,235</u>	<u>\$(2,559,838)</u>	<u>\$ 4,437</u>	<u>\$ 25,637,636</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 192,312
Instructional	1,231,889
Pupil Transportation	<u>136,622</u>
Total Depreciation Expense	<u>\$1,560,823</u>

## VIII. SHORT-TERM DEBT

### a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. 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.

### b. Short-Term Debt Interest

Interest paid and expensed amounted to \$41,939 and \$39,297, respectively for 2020-2021.

### c. Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	08-24-21	2.59%	\$108,600	\$ -	\$ 36,200	\$ 72,400
BAN	09-28-21	2.59%	124,040	-	62,020	62,020
BAN	09-28-21	2.85%	242,320	-	60,580	181,740
BAN	09-29-21	2.59%	51,620	-	51,620	-
BAN	10-23-21	2.78%	199,600	-	40,000	159,600
BAN	10-22-21	2.00%	-	188,000	-	188,000
BAN	06-23-22	1.00%	-	5,000,000	-	5,000,000
BAN	06-23-22	1.25%	<u>-</u>	<u>2,460,000</u>	<u>-</u>	<u>2,460,000</u>
			<u>\$ 726,180</u>	<u>\$ 7,648,000</u>	<u>\$ 250,420</u>	<u>\$8,123,760</u>

## IX. LONG-TERM DEBT OBLIGATIONS

a. Debt Limit

At June 30, 2021, the total outstanding indebtedness represented approximately 83% of its debt limit.

b. Long-Term Debt Interest

Long-term debt interest paid and expensed was \$410,840 and \$413,483, respectively for 2020-2021.

c. Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Additions</u>	<u>Repaid/ Retired/ Refunded</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
Serial Bond	\$ 10,160,646	\$ -	\$ 1,708,235	\$ 8,452,411	\$ 1,580,000
Other Liabilities:					
Net Pension Liability	1,197,061	-	451,712	745,349	-
Compensated Absences	127,610	28,975	-	156,585	-
Accrued Post- Employment Benefits	<u>2,174,063</u>	<u>411,254</u>	<u>-</u>	<u>2,585,317</u>	<u>-</u>
Total Other Liabilities	\$ <u>3,498,734</u>	<u>440,229</u>	<u>451,712</u>	<u>3,487,251</u>	<u>-</u>
Governmental Activities					
Long-term Liabilities	\$ <u>13,659,380</u>	\$ <u>440,229</u>	\$ <u>2,159,947</u>	\$ <u>11,939,662</u>	\$ <u>1,580,000</u>

d. Maturity

1) The following is a summary of existing long-term liabilities:

<u>Description of Issue</u>	<u>Year Issued</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2021</u>
Serial Bonds	2016	June 2023	.5%-1.72%	\$ 2,400,000
Plus: Unamortized Bond Premium				535
Serial Bonds, DASNY	2017	June 2032	2.7855%	5,225,000
Plus: Unamortized Bond Premium				<u>826,876</u>
				\$ <u>8,452,411</u>

2) The following is a summary of maturing long-term debt service requirements:

**Serial Bonds 2016**

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2022	\$1,175,000	\$90,150	1,265,150
2023	1,225,000	44,000	1,269,000
Total	<u>\$ 2,400,000</u>	<u>134,150</u>	<u>2,534,150</u>

**DASNY Bond 2017**

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2022	\$ 405,000	\$ 257,000	\$ 662,000
2023	425,000	236,750	661,750
2024	440,000	219,750	659,750
2025	460,000	197,750	657,750
2026	490,000	174,750	664,750
2027-2031	2,775,000	481,000	3,256,000
2032	230,000	11,500	241,500
Total	<u>\$ 5,225,000</u>	<u>\$ 1,578,500</u>	<u>\$ 6,803,500</u>

e. Advanced Bond Refunding

On June 15, 2016, the District issued general obligation bond series 2016 of \$6,120,000 (par value) with an interest rate of .5% to 1.72% to refund general obligation bonds originally issued in 2002 (\$70,000), 2005 (\$320,000), and a portion of 2008 (\$5,835,000 of \$7,865,000) with interest rates ranging from 3.75% to 4.75%. The net proceeds of \$6,694,515 (after a premium of \$691,784 and discounts, bond issuance costs and additional cash of \$117,269 and issue premium of \$24,980) were used to purchase government securities which will be applied against the 2008 bonds when they become callable. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the bonds.

As a result of the difference between the carrying value of the refunded debt and reacquisition price of the new debt, a deferred outflows of resources in the amount of \$496,537 was recognized, of which \$57,070 was amortized during the current year, with the remaining balance of \$36,762 to be amortized through June 30, 2023.

f. Defeased Debt

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

g. Debt Issuance Costs, Premium and Amortization

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

## **X. PENSION PLANS**

### General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). 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.

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](http://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.

### Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

ERS 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

## Funding Policies

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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100 percent of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

Contributions were as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 201,810	\$ 434,677
2020	197,771	403,408
2019	194,492	445,795

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

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
District's proportionate share of the net pension asset/(liability)	\$ (4,713)	\$ (740,636)
District's portion of the Plan's total net pension asset/(liability)	-0.0047329%	-0.026804%
Change in proportion since prior measurement date	1,192,348	(1,419,669)

For the year ended June 30, 2021, the District's recognized pension expense (credit) of \$434,677 for TRS and \$201,810 for ERS. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resource</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	\$ 57,555	\$ 648,946	\$ -	\$ 37,956
Changes of assumptions	866,520	936,732	16,343	333,896
Net difference between projected and actual earnings on pension plan investments	-	483,700	1,353,776	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	71,723	41,408	-	52,344
Subtotal	995,798	2,110,787	1,370,119	424,196
District's contributions subsequent to the measurement date	65,132	468,669	-	-
Total	<u>\$ 1,060,930</u>	<u>\$ 2,579,456</u>	<u>\$ 1,370,119</u>	<u>\$ 424,196</u>

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

Year ended June 30,	<u>ERS</u>	<u>TRS</u>
2022	\$ (49,907)	\$ 296,491
2023	(9,350)	590,394
2024	(60,492)	473,990
2025	(254,570)	288,731
2026	-	8,512
Thereafter	-	28,473
	<u>\$ (374,319)</u>	<u>\$ 1,686,591</u>

#### Actuarial Assumptions

The total pension 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 liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate	5.9%	7.1%
Salary scale	4.2%	1.90% - 4.72%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.7%	2.2%
COLA's	1.4%	1.3%

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

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

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

Measurement date <u>Asset Class:</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
			March 31, 2021	June 30, 2020
Domestic Equities	32.00%	33.00%	4.05%	7.10%
International Equities	15.00%	16.00%	6.30%	7.70%
Private Equities	10.00%	8.00%	6.75%	10.40%
Global Equities	-	4.00%	-	7.40%
Real Estate Equities	9.00%	11.00%	4.95%	6.80%
Opportunistic Funds/ARS	3.00%	-	4.50%	-
Real Assets	3.00%	-	5.95%	-
Bonds and Mortgages	23.00%	-	0%	-
Cash	1.00%	-	.50%	-
Inflation-Indexed Bonds	4.00%	-	0%	-
Domestic Fixed Income Securities	-	16.00%	-	1.80%
Global Fixed Income Securities	-	2.00%	-	1.00%
High Yield Fixed Income Securities	-	1.00%	-	3.90%
Private Debt Fixed Income	-	1.00%	-	5.20%
Real Estate Debt Fixed Income	-	7.00%	-	3.60%
Short-Term Fixed Income	-	1.00%	-	0.70%
	<u>100.00%</u>	<u>100.00%</u>		

#### Discount Rate

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

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District’s proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.1% for TRS ) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer’s proportionate share of the net pension asset (liability)	<u>\$1,308,073</u>	<u>\$ 4,713</u>	<u>\$(1,197,291)</u>
	1% Decrease <u>(6.1%)</u>	Current Assumption <u>(7.1%)</u>	1% Increase <u>(8.1%)</u>
Employer’s proportionate share of the net pension asset (liability)	<u>\$4,678,344</u>	<u>\$ 740,636</u>	<u>\$(2,564,098)</u>

Pension Plan Fiduciary Net Position

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

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2021	June 30, 2020
Employers’ total pension liability	\$220,680,157,000	\$123,242,776,000
Plan fiduciary net position	<u>220,580,583,000</u>	<u>120,479,505,000</u>
Employers’ net position asset (liability)	<u>\$ (99,574,000)</u>	<u>\$ (2,763,271,000)</u>
Ratio of plan fiduciary net position to the employers’ total pension liability	99.95%	97.76%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$468,669, (employer contributions of \$434,677 and employee contributions of \$33,992).

For ERS, employer contributions are paid annually based on the System’s fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$65,132 of employer contributions. Employee contributions are remitted monthly.

**XI. POSTEMPLOYMENT BENEFITS**

**A. General Information about the OPEB Plan**

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>132</u>
Total	<u>145</u>

**B. Total OPEB Liability**

The District’s total OPEB liability of \$2,585,317 as of June 30, 2021 used a July 1, 2020 measurement date and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases:	
For support staff employees’ payroll growth is based on the NYERS valuation as of March 31, 2020.	
For Teachers’ and Administrators’ payroll growth is based on the NYSTRS valuation as of June 30, 2019.	
Years of Service	NYERS                      NYSTRS
0	8.80%                      10.00%
10	4.18%                      4.07%
20	3.30%                      2.82%
30	3.30%                      2.06%
40	3.30%                      1.76%
Discount Rate	2.66%
Healthcare Cost Trend Rates -	8.7% for 2021, decreasing 0.50% per year to an ultimate rate of 4.50% for 2028 and later years.
Retirees’ Share of Benefit-Related Costs -	Retiree contributions are assumed to increase according to health care trend rates.

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

Mortality rates for support staff and retirees were based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2020. Mortality rates for teacher and administrator employees and retirees were based on SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using scale MP-2020. Surviving Spouses were based on SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using scale MP-2020.

The actuarial valuation reported that the assumptions used in the June 30, 2021 valuation represent a reasonable long-term expectation of future OPEB outcomes. As national economic and District experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020		\$2,174,063
Changes for the Year		
Service cost	\$134,812	
Interest	78,808	
Changes of benefit terms	-	
Differences between expected and actual experience	29,275	
Benefit payments	(128,396)	
Changes in assumptions	<u>296,755</u>	<u>411,254</u>
Balance at June 30, 2021		<u>\$2,585,317</u>

Changes of assumptions reflect a change in the discount rate from 3.51% in 2020 to 2.66% in 2021 and health care trend rates have been reset to an initial 8.0% decreasing by 0.50% annually to an ultimate 4.5% rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease</u>	<u>2.66% Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$2,768,703</u>	<u>\$2,585,217</u>	<u>\$2,408,737</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trends that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
	<u>7.0%</u>	<u>8.0%</u>	<u>9.0%</u>
	<u>Decreasing to</u>	<u>Decreasing to</u>	<u>Increasing to</u>
	<u>3.5%</u>	<u>4.5%</u>	<u>5.5%</u>
Total OPEB Liability	<u>\$2,297,748</u>	<u>\$2,585,317</u>	<u>\$2,921,483</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$212,863. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,614	\$(261,293)
Contributions subsequent to the measurement date	122,227	-
Changes of assumptions	<u>415,526</u>	<u>(144,602)</u>
Total	<u>\$ 564,367</u>	<u>\$(405,895)</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$( 757)
2023	( 757)
2024	( 757)
2025	( 757)
2026	( 757)
Thereafter	<u>40,030</u>
Total	<u>\$ 36,245</u>

**XII. RISK MANAGEMENT**

1. General Information

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

2. Medical Insurance

The **Fillmore Central School District** incurs costs related to an employee health insurance plan sponsored by the Cattaraugus-Allegany BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program. There is no required minimum period of membership; a member may withdraw from the plan at any time by timely notification to the Board of Directors of the Plan. Plan members include 22 districts, with the **Fillmore Central School** bearing its proportionate share of the Plan's assets and claims liabilities.

Plan members are subjected to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability for the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenditures in the periods in which they are made. During the year ended June 30, 2021, the **Fillmore Central School District** incurred premiums or contribution expenditures totaling approximately \$2,208,730 for the 2020-2021 plan year. Payments of claims and claim adjustment expenses attributable to insured events of the current fiscal year and prior fiscal years were unavailable from the claim administrators.

### 3. Workers' Compensation Plan

The **Fillmore Central School District** is a participant in the Cattaraugus-Allegany BOCES Self-Funded Workers' Compensation Plan, a public entity risk pool operated for the benefit of 22 individual governmental units located within Cattaraugus and Allegany Counties of New York State. The District pays an annual premium to the plan for this insurance coverage. During the year ended June 30, 2021, the Fillmore Central School District incurred premiums or contribution expenditures totaling \$45,179. The Plan is considered a self-sustaining risk pool that will provide coverage for its members. **Fillmore Central School District** has essentially transferred all related risk to the Plan.

### 4. Unemployment Insurance

The **Fillmore Central School District** provides unemployment insurance through direct billings from the New York State Unemployment Insurance Fund. The liability for unasserted claims, if any, has not been recognized as a liability and is deemed immaterial.

## **XIII. COMMITMENTS AND CONTINGENCIES**

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, would not be material.

In the normal course of operations, the District is a party to various claims and/or litigation. The District has one existing litigation matter which the outcome cannot be determined. A review by legal counsel did not report any additional contingencies regarding pending or threatened litigation, claims and assessments, asserted or probable to be asserted. Management believes there are no outstanding matters that could have a material effect on the District's financial position and results of operations.

#### **XIV. DONOR-RESTRICTED ENDOWMENTS**

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

Donor-restricted endowments are reported as cash and cash equivalents. The amount of donor-restricted endowments that is available for authorization for expenditure by the District is \$32,168.

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

#### **XV. RELATED PARTY TRANSACTIONS**

There were no material related party transactions noted during the year ended June 30, 2021.

#### **XVI. TAX ABATEMENTS AND PAYMENTS IN LIEU OF TAX (PILOT)**

Allegany County and the Allegany County Industrial Development Agency entered into a property tax abatement program for the purpose of economic development. The term of the PILOT is 15 or 20 years with the agreements expiring in 2020 and 2029. Total PILOT revenue received by the District was \$96,657 during the year ended June 30, 2021. At this time, the District is unable to quantify the amount of taxes that have been abated under this program.

#### **XVII. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of January 24, 2022 which is the date the financial statements were available to be issued.

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

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**REQUIRED SUPPLEMENTARY SCHEDULES**

**FILLMORE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL-GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

Supplementary Schedule 1

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
<b>Revenues</b>				
<b>Local Sources</b>				
Real Property Taxes	\$ 2,129,922	\$ 2,129,922	\$ 2,164,435	\$ 34,513
Other Tax Items	524,800	524,800	516,450	(8,350)
Charges for Services	-	-	1,800	1,800
Use of Money and Property	21,800	21,800	3,030	(18,770)
Sales of Property and Compensation for Loss	850	850	169,573	168,723
Miscellaneous	52,200	52,200	36,146	(16,054)
<b>State Sources</b>				
Basic Formula	11,375,788	11,375,788	11,050,890	(324,898)
BOCES	1,762,422	1,762,422	1,553,656	(208,766)
Textbooks	54,278	54,278	38,271	(16,007)
All Other Aid	-	-	23,548	23,548
<b>Federal Sources</b>				
Medicaid Reimbursements	37,500	37,500	49,458	11,958
Federal Sources	-	-	339,473	339,473
<b>Total Revenues</b>	<b>15,959,560</b>	<b>15,959,560</b>	<b>15,946,730</b>	<b>(12,830)</b>
<b>Other Sources</b>				
Operating Transfer In	-	-	10,180	10,180
<b>Total Revenues and Other Financing Sources</b>	<b>15,959,560</b>	<b>15,959,560</b>	<b>\$ 15,956,910</b>	<b>\$ (2,650)</b>
Appropriated Fund Balance	540,222	540,222		
Appropriated Reserves	82,000	82,000		
Appropriated Reserves - Encumbrances	-	480		
<b>Total Revenues, Other Sources and Appropriated Fund Balance</b>	<b>\$ 16,581,782</b>	<b>\$ 16,582,262</b>		
<b>EXPENDITURES</b>				
<b>General Support</b>				
Board of Education	\$ 15,700	\$ 18,750	\$ 10,506	\$ 8,244
Central Administration	182,472	184,945	182,580	2,365
Finance	454,167	456,817	454,727	2,090
Central Services	891,039	1,130,289	1,039,047	91,242
Special Items	207,401	207,301	206,693	608
<b>Total General Support</b>	<b>1,750,779</b>	<b>1,998,102</b>	<b>1,893,553</b>	<b>104,549</b>
<b>Instructional</b>				
Instruction, Administration and Improvement	413,229	430,079	367,344	62,735
Teaching - Regular School	3,841,026	3,874,953	3,618,079	256,191
Programs for Children with Handicapping Conditions	2,294,521	2,294,521	1,756,487	538,034
Occupational Education	390,720	390,720	364,000	26,720
Instructional Media	696,877	705,627	736,363	(33,231)
Pupil Services	783,505	783,455	653,340	130,115
<b>Total Instructional</b>	<b>8,419,878</b>	<b>8,479,355</b>	<b>7,495,613</b>	<b>980,564</b>
<b>Other Expenditures</b>				
Pupil Transportation	849,298	878,298	632,338	245,960
Employee Benefits	3,184,635	2,849,025	2,391,611	457,414
Debt Service				
Debt Service - Principal	1,770,340	1,770,420	1,770,420	-
Debt Service - Interest	431,852	432,062	452,780	(20,718)
<b>Total Other Expenditures</b>	<b>6,236,125</b>	<b>5,929,805</b>	<b>5,247,149</b>	<b>682,656</b>
<b>Total Expenditures</b>	<b>16,406,782</b>	<b>16,407,262</b>	<b>14,636,315</b>	<b>1,767,769</b>
<b>Other Financing Uses</b>				
Transfers to Other Funds	175,000	175,000	224,019	(49,019)
<b>Total Expenditures and Other Uses</b>	<b>\$ 16,581,782</b>	<b>\$ 16,582,262</b>	<b>14,860,334</b>	<b>\$ 1,718,750</b>
<b>Excess of Revenue and Other Sources Over Expenditures and Other Uses</b>			<b>\$ 1,096,576</b>	

**Note to Required Supplementary Information**

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

FILLMORE CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION

Supplementary Schedule 2

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
 LAST FIVE FISCAL YEARS  
 FOR THE YEAR ENDED JUNE 30, 2021

As of the measurement date of July 1,	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service Cost	\$ 134,812	\$ 130,364	\$ 147,397	\$ 166,710	\$ 138,919
Interest	78,808	85,476	82,336	72,170	80,577
Changes in assumptions	296,755	57,063	(104,423)	(107,894)	171,452
Differences between expected and actual experience	29,275	(126,048)	(97,112)	(137,555)	-
Benefit payments	(128,396)	(101,237)	(129,196)	(136,711)	(125,423)
Net change in total OPEB liability	411,254	45,618	(100,998)	(143,280)	265,525
Total OPEB Liability- beginning	2,174,063	2,128,445	2,229,443	2,372,723	396,488
Prior Period Adjustment	-	-	-	-	1,710,710
<b>Total OPEB liability - end of year</b>	<b>\$ 2,585,317</b>	<b>\$ 2,174,063</b>	<b>\$ 2,128,445</b>	<b>\$ 2,229,443</b>	<b>\$ 2,372,723</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	128,396	101,237	129,196	136,711	125,423
Net investment income	-	-	-	-	-
Benefit payments	(128,396)	(101,237)	(129,196)	(136,711)	(125,423)
Net change in plan fiduciary net position	-	-	-	-	-
Plan Fiduciary Net Position- Beginning	-	-	-	-	-
<b>Plan Fiduciary net position - end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
District's Net OPEB Liability	<u>\$ 2,585,317</u>	<u>\$ 2,174,063</u>	<u>\$ 2,128,445</u>	<u>\$ 2,229,443</u>	<u>\$ 2,372,723</u>
Plan fiduciary net position as % of total OPEB liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Covered employee payroll	<u>\$ 5,917,463</u>	<u>\$ 5,667,265</u>	<u>\$ 5,529,039</u>	<u>\$ 5,300,668</u>	<u>\$ 5,232,644</u>
District's Net OPEB liability as % of covered payroll	<u>43.7%</u>	<u>38.4%</u>	<u>38.5%</u>	<u>42.1%</u>	<u>45.3%</u>

Notes to Schedule:

Benefit Changes: None

Changes in Assumptions:

Discount Rate from 3.51% as of 7/1/19 to 2.66% as of 7/1/20

Payroll growth rate assumption updated to follow the NYSERS actuarial valuation as of June 30, 2019.

Inflation rate of 2.5% as of 7/1/19 and 7/1/20

Health care trend rates have been updated to an initial rate of 8% decreasing by .5% annually to an ultimate rate of 4.5%.

Mortality table has been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 General headcount Weighted Mortality Table fully generational using Scale MP-2020.

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See Paragraph on Supplementary Schedules Included in Auditors' Report.

**FILLMORE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS- OPEB  
LAST FIVE FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2021**

For the year ended June 30,	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 128,396	\$ 101,237	\$ 129,196	\$ 136,711	\$ 125,423
Contributions in relation to the actuarially determined contribution	(128,396)	(101,237)	(129,196)	(136,711)	(125,423)
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	<u>\$ 5,917,463</u>	<u>\$ 5,667,265</u>	<u>\$ 5,529,039</u>	<u>\$ 5,300,668</u>	<u>\$ 5,232,644</u>
Contributions as a percentage of District's covered-employee payroll	<u>2.17%</u>	<u>1.79%</u>	<u>2.34%</u>	<u>2.58%</u>	<u>2.40%</u>

**Notes to Schedule:**

Valuation Date: 7/1/19 and actuarially rolled forward to 7/1/20

Actuarially determined contribution rates are calculated as of July 1, 2019

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 and 2.66% as of July 1, 2020
Inflation	2.5% per year
Healthcare cost trend rates	Initial rate of 8%, decreasing to an ultimate rate of 4.5% after 2025.
Salary increases	Based on NYSERS and NYSTRS actuarial valuation as of June 30, 2019
Mortality	SOA Pub-2010 General headcount Weighted Mortality Table fully generational using Scale MP-2020.
Retiree Cost Sharing	Retirees are responsible for the portion of premium rates not covered by the District's explicit subsidy.
Participants	132 Active and 13 Retirees

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

**FILLMORE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
NYSTRS AND NYSLERS**

**FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2021**

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

For the year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 434,677	\$ 403,408	\$ 445,795	\$ 419,396	\$ 481,579	\$ 527,089	\$ 717,577	\$ 659,737	\$ 479,959
Contributions in relation to the contractually required contribution	(434,677)	(403,408)	(445,795)	(419,396)	(481,579)	(527,089)	(717,577)	(659,737)	(479,959)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	4,561,140	4,553,145	4,197,696	4,279,551	4,109,036	3,975,030	4,093,423	4,059,920	4,053,708
Contributions as a percentage of covered-employee payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 201,810	\$ 197,771	\$ 194,492	\$ 196,431	\$ 173,231	\$ 215,966	\$ 236,887	\$ 269,592	\$ 210,785
Contributions in relation to the contractually required contribution	(201,810)	(197,771)	(194,492)	(196,431)	(173,231)	(215,966)	(236,887)	(276,770)	(245,734)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	1,450,225	1,447,817	1,323,279	1,336,592	1,243,170	1,230,905	1,245,492	1,198,318	1,175,292
Contributions as a percentage of covered-employee payroll	13.92%	13.66%	14.70%	14.70%	13.93%	17.55%	19.02%	22.50%	17.93%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

FILLMORE CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE  
 NET PENSION ASSET - NYSTRS AND PROPORTIONATE SHARE OF  
 NET PENSION LIABILITY - NYSLERS  
 FOR THE YEARS ENDED JUNE 30, 2013 - JUNE 30, 2021

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
As of the measurement date of June 30,									
District's proportion of the net pension asset/liability	n/a	0.026803%	0.026137%	0.026273%	0.025930%	0.025760%	0.027251%	0.274850%	0.027674%
District's proportionate share of the net pension asset (liability)	n/a	\$ (740,636)	\$ 679,033	\$ 475,082	\$ 197,093	\$ (275,900)	\$ 2,830,479	\$ 3,061,624	\$ 182,168
District's covered employee- payroll	n/a	\$ 4,561,140	\$ 4,553,145	\$ 4,197,696	\$ 4,279,551	\$ 4,109,036	\$ 3,975,030	\$ 4,093,423	\$ 4,059,920
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	n/a	-16.24%	14.91%	11.32%	4.61%	-6.71%	71.21%	74.79%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
As of the measurement date of March 31,									
District's proportion of the net pension asset/liability	0.004521%	0.004521%	0.004270%	0.004169%	0.003761%	0.003959%	0.004557%	n/a	n/a
District's proportionate share of the net pension asset (liability)	\$ (4,713)	\$ (1,197,061)	\$ (302,541)	\$ (134,537)	\$ (353,385)	\$ (635,479)	\$ (137,011)	\$ (183,270)	n/a
District's covered employee- payroll	\$ 1,450,225	\$ 1,447,817	\$ 1,323,279	\$ 1,336,592	\$ 1,243,170	\$ 1,230,905	\$ 1,245,492	\$ 1,198,318	n/a
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	-0.3%	-82.7%	-22.9%	-10.07%	-28.43%	-51.63%	-11.00%	-15.29%	n/a
Plan fiduciary net position as a percentage of the total pension asset (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See Paragraph on Supplementary Schedules Included in Auditors' Report.

**OTHER SUPPLEMENTARY SCHEDULES**

**FILLMORE CENTRAL SCHOOL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET  
 AND THE REAL PROPERTY TAX LIMIT  
 FOR THE YEAR ENDED JUNE 30, 2021**

Supplementary Schedule 6

**I. CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET -GENERAL FUND**

Adopted Budget	\$ 16,581,782
Additions - Encumbrances from Prior Year	480
Original Budget	16,582,262
Budget Revision	-
<b>Final Budget June 30, 2021</b>	<b>\$ 16,582,262</b>

**II. SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2021-2022 Adopted Budget	\$ 17,124,859
Maximum Allowed 4% of 2021-2022 Budget	\$ 684,994
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law*	
Unrestricted Fund Balance	
Committed Fund Balance	\$ -
Assigned Fund Balance	661,842
Unassigned Fund Balance	1,577,853
Total Unrestricted Fund Balance	2,239,695
Less	
Appropriated Fund Balance	658,664
Encumbrances Included in Committed and Assigned Fund Balance	3,178
Total Adjustments	661,842
<b>General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law</b>	<b>\$ 1,577,853</b>
Actual Percentage	9.2%

\*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 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.

See Paragraph on Supplementary Schedules Included in Auditors' Report.

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL PROJECTS FUND -**  
**PROJECT EXPENDITURES AND FINANCING RESOURCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Project Title	Original Appropriation		Revised Appropriation		Expenditures to Date		Unexpended (Overexpended) Balance	Methods of Permanent Financing to Date			Fund Balance June 30, 2021		
	Original Appropriation	Total	Prior Years'	Current Year	Total	Proceeds of Obligations		Local Sources		Total			
								Local Sources	Total				
2014 Improvement Project	\$ 9,190,000	\$ 9,190,000	\$ 8,887,721	\$ -	\$ 8,887,721	\$ 302,279	\$ 8,108,992.00	933,569	\$ 9,042,561	\$ 154,840			
SMART Bond Act	535,769	535,769	535,769	-	535,769	-	-	535,193	535,193	(576)			
DASNY Fees	*	*	151,468	-	151,468	(151,468)	-	151,468	151,468	-			
Vehicle Purchase (14-15)	265,000	265,000	249,920	-	249,920	15,080	249,900	-	249,900	(20)			
Vehicle Purchase (15-16)	265,000	265,000	258,110	-	258,110	6,890	258,110	-	258,110	-			
Vehicle Purchase (16-17)	337,000	337,000	310,083	-	310,083	26,917	310,100	-	310,100	17			
Vehicle Purchase (17-18)	190,000	190,000	181,369	-	181,369	8,631	181,000	-	181,000	(369)			
Vehicle Purchase (18-19)	317,700	317,700	304,407	-	304,407	13,293	302,900	-	302,900	(1,507)			
Vehicle Purchase (19-20)	290,815	290,815	279,671	-	279,671	11,144	199,600	80,000	279,600	(71)			
Vehicle Purchase (20-21)	326,911	326,911	-	308,227	308,227	18,684	188,000	120,000	308,000	(227)			
2020 Improvement Project	8,998,294	8,998,294	490,365	3,307,335	3,797,700	5,200,594	7,460,000	900,000	8,360,000	4,562,300			
2021 Capital Project Outlay	100,000	97,993	-	97,993	97,993	-	-	97,993	97,993	-			
Smart Schools Bond Act	389,525	389,525	-	364,928	364,928	24,597	-	-	-	(364,928)			
<b>Totals</b>	<b>\$ 21,206,014</b>	<b>\$ 21,204,007</b>	<b>\$ 11,648,883</b>	<b>\$ 4,078,483</b>	<b>\$ 15,727,366</b>	<b>\$ 5,476,641</b>	<b>\$ 17,258,602</b>	<b>\$ 2,818,223</b>	<b>\$ 20,076,825</b>	<b>\$ 4,349,459</b>			
											Less: Bond Anticipation Notes Outstanding	8,123,760	
												Ending Fund Equity (Deficit) as of June 30, 2021	<b>\$ (3,774,301)</b>

\* Costs related to Dormitory Authority of the State of New York (DASNY) bond net issuance which were not included in the 2014 improvement project. These costs were funded through a bond premium that was received upon issuance of bonds.

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

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Fillmore School District under programs of the federal government for the year ended June 30, 2021. The information in the schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or area limited as to reimbursement.

Note 3 - Non-monetary Federal Program

The accompanying Fillmore Central School District is the recipient of a non-monetary federal award program. During the year ended June 30, 2021, The District reported in the Schedule of Federal Awards \$14,202 of donated commodities at fair market value received and disbursed.

Note 4 - Indirect Cost Rate

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The District has not elected to use the 10% de minimis indirect cost rate as permitted under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented.

FILMORE CENTRAL SCHOOL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2021

Federal Program Title	Federal CFDA Number	Agency or Pass-Through Number	Program or Award Amount	Revenue	Expenditures
<i>US Department of Education:</i>					
<i>Passed Through NYS</i>					
<i>Department of Education:</i>					
Title I	84.010A	0021-21-0115	\$ 283,332	\$ 283,332	283,332
Title II, Part A	84.367A	0147-21-0115	36,573	36,573	36,573
Title IV	84.424A	0204-21-0115	24,063	24,063	24,063
Title V Rural and Low Income Schools	84.358B	0006-21-0115	12,239	12,239	12,239
IDEA, Part B Public Law 94-142*	84.027A	0032-21-0042	190,067	187,235	187,235
IDEA, Pre-School Public Law 99-457*	84.173A	0033-21-0042	5,817	5,817	5,817
CARES Act-ESSER	84.425D	5890-21-0115	290,276	290,276	290,276
CARES Act-GEER	84.425C	5895-21-0115	49,197	49,197	49,197
Total US Department of Education			888,732	888,732	888,732
<i>Appalachian Regional Commission:</i>					
Appalachian Area Development	23.002	N/A	136,509	110,782	110,782
<i>US Department of Agriculture:</i>					
<i>Passed Through NYS</i>					
<i>Department of Education:</i>					
National School Lunch Program **	10.555	N/A	N/A	187,065	187,065
National School Breakfast Program **	10.553	N/A	N/A	78,711	78,711
<i>Passed Through NYS</i>					
<i>Office of General Services:</i>					
National School Lunch Program					
Noncash Assistance- Donated Commodities **	10.555	N/A	N/A	14,202	14,202
<b>Total US Department of Agriculture</b>				<b>279,978</b>	<b>279,978</b>
Total Expenditures and Revenue				<b>\$ 1,279,492</b>	<b>\$ 1,279,492</b>

\* Constitutes a cluster of Federal Programs named Special Education Cluster with revenue and expenditures of \$ 193,052

\*\* Constitutes a cluster of Federal Programs named Child Nutrition Cluster with revenue and expenditures of \$ 279,978

FILLMORE CENTRAL SCHOOL DISTRICT

Supplementary Schedule 10

SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets, Net	\$ 25,637,636
Less:	
Serial Bonds	(8,452,411)
Bond Anticipation Notes Payable	(8,123,760)
Plus:	
Equity in Capital Project Fund Less Bond Anticipation Notes	4,349,459
Investment in Capital Assets, Net of Related Debt	<u>\$ 13,410,924</u>

See Paragraph on Supplementary Schedules Included in Auditors' Report.

**INTERNAL CONTROL AND COMPLIANCE**

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

To the Board of Education  
Fillmore Central School District  
Fillmore, New York 14735

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Fillmore Central School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fillmore Central School District's basic financial statements, and have issued our report thereon dated January 24, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fillmore Central School District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fillmore Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fillmore Central School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider a significant deficiency as item A.2021-001.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fillmore Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 items B.2021-002 and B.2021-003.

## Fillmore Central School District's Response to Findings

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

## Purpose of this Report

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

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

R. A. MERCER & CO., P.C.

*R. A. Mercer & Co., P.C.*

Sardinia, New York  
January 24, 2022

**R. A. MERCER & CO., P.C.**  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
UNIFORM GUIDANCE**

To the President and  
Members of the Board of Education  
Fillmore Central School District  
Fillmore, New York

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Fillmore 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 Principle, and Audit Requirements of Federal Awards (Uniform Guidance). Those standards and 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 Fillmore 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 Fillmore Central School District's compliance.

## **Opinion on Each Major Federal Program**

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

## **Report on Internal Control Over Compliance**

Management of Fillmore 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 Fillmore 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 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.

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 the 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 the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance and its operation 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 Uniform Guidance.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

**R. A. MERCER & CO., P.C.**

*R. A. Mercer & Co., P.C.*

Sardinia, New York  
January 24, 2022

**FILLMORE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**I. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified?        Yes   x   No  
 Significant Deficiency(ies) Identified?   x   Yes        None reported  
 Noncompliance material to financial statements noted?   x   Yes        No

***Federal Awards***

Internal Controls over Major Programs:

Material Weakness(es) Identified?        Yes   x   No  
 Significant Deficiency(ies) Identified?        Yes   x   None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a) Uniform Guidance?        Yes   x   No

Federal Program Title	Federal CFDA Number	Amount
Total Expenditures of Federal Awards		<u>\$ 1,279,492</u>

**Identification of Major Programs Tested:**

US Department of Education- Title I	84.010A	<u>\$ 283,332</u>
Total Major Programs Tested		<u>\$ 283,332</u>
% of Federal Programs Tested		<u>23%</u>

---

\*\* Constitutes a cluster of Federal Programs

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

Auditee qualified as low risk?   x   Yes        No

## II. FINANCIAL STATEMENTS AUDIT – FINDINGS

### A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended June 30, 2021

#### 2021-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

**Conditions 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 converting to the full accrual method for GASB 34 purposes. In addition, the financial statements were drafted by the auditor and accepted by the District.

**Cause and Effect:** AU-C Section 265 entitles Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for an internal controls deficiency. Without assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

**Auditors' Recommendation:** Although auditors may continue to provide such assistance both now and in the future, under this 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 and disclosures 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 judgements based on these financial statements.

### B. COMPLIANCE AND OTHER MATTERS

#### 2021-002 Unassigned Fund Balance and Fund Balance Reserves

**Conditions and Criteria:** Fillmore Central School District's General Fund unassigned fund balance as of June 30, 2021 amounted to \$1,678,387. This amount constitutes approximately 10% of the 2021-2022 school budget.

**Cause and Effect:** The District's unassigned fund balance violates 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.

**Auditors' Recommendation:** Fillmore Central School District should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance. 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:** Fillmore Central School District realizes that its unassigned fund balance as of June 30, 2021 was in excess of the New York State mandated 4% level. The District has and will continue to review its options with regards to reservation and designation of fund balance.

## **2021-003 Cafeteria Fund Balance**

**Conditions and Criteria:** Fillmore Central School District's Cafeteria Fund fund balance as of June 30, 2021 amounted to \$216,429. This amount is greater than three months of Cafeteria Fund expenditures.

**Cause and Effect:** The District's Cafeteria Fund balance violated New York State Education Law, which limits school districts from retaining a Cafeteria Fund fund balance in excess of three months expenditures.

**Auditors' Recommendation:** Fillmore Central School District should continue to monitor the Cafeteria Fund fund balance throughout the year and continue to review its options with regards to the use of the fund balance. We recommend that the District ensures it is in compliance with New York State guidelines.

**School District's Response:** Fillmore Central School District realizes that its Cafeteria Fund fund balance as of June 30, 2021 was in excess of the New York State mandated level. The District has a few equipment purchases planned, and has and will continue to review its options with regards to needed expenditures within the Cafeteria Fund.

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

#### **Compliance**

##### **Year Ended June 30, 2021**

No findings related to compliance are being reported upon during the year ended June 30, 2021.

#### **Internal Control Over Compliance**

##### **Year Ended June 30, 2021**

No findings related to compliance are being reported upon during the year ended June 30, 2021.

**FILLMORE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**I. FINANCIAL STATEMENTS AUDIT FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Year ended June 30, 2020**

**2020-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements  
(Significant Deficiency):**

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 findings related to internal control over financial reporting is being reported upon during the year ended June 30, 2021 as finding 2021-001.

**B. COMPLIANCE AND OTHER MATTERS**

**Year ended June 30, 2020**

**2020-002 Unassigned Fund Balance and Fund Balance Reserves:**

Fillmore Central School's unassigned fund balance as of June 30, 2020 amounted to \$2,265,504. This amount constitutes approximately 14% of the 2020-2021 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 findings related to compliance and other matters is being reported upon during the year ended June 30, 2021 as finding 2021-002.

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

**A. Compliance**

**Year Ended June 30, 2020**

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

**B. Internal Controls Over Compliance**

**Year Ended June 30, 2020**

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

**EXTRACLASSROOM ACTIVITY FUNDS**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Fillmore Central School District  
Fillmore, New York 14171

We have audited the accompanying statement of assets and liabilities arising from cash transactions and the statement of receipts and disbursements of the Extraclassroom Activity Fund of the **Fillmore Central School District** as of and for the year ended June 30, 2021, and the related notes to the financial statements.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinion.

### **Basis for Qualified Opinion**

The records of the Extraclassroom Activity Fund of **Fillmore Central School District** were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

### **Qualified Opinion**

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to receipts referred to in the basis for qualified opinion paragraph, the financial statements referred to above present fairly, in all material respects, the recorded cash transactions of the Extraclassroom Activity Fund of **Fillmore Central School District** as of and for the year ended June 30, 2021, on the basis of accounting described in Note 1.

**R. A. MERCER & CO., P.C.**

*R.A. Mercer & Co., P.C.*

Sardinia, New York  
January 24, 2022

**FILLMORE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS**  
**EXTRACLASROOM ACTIVITY FUND**  
**AS OF JUNE 30, 2020**

Supplementary Schedule 11

**ASSETS**

Cash, Checking		<u>\$ 43,291</u>
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**LIABILITIES AND FUND BALANCE**

Extraclassroom Activity Balances		<u>43,291</u>
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<b>Total Liabilities</b>		43,291
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Fund Equity		<u>-</u>
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<b>Total Liabilities and Fund Equity</b>		<u>\$ 43,291</u>
--	--	------------------

See accompanying independent auditors' report and notes to the Extraclassroom Activity Fund financial statements.

**FILLMORE CENTRAL SCHOOL DISTRICT      Supplementary Schedule 12**  
**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID**  
**EXTRACLASSROOM ACTIVITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Balances</u> <u>6/30/2020</u>	<u>Total Receipts</u> <u>2020-2021</u>	<u>Total Payments</u> <u>2020-2021</u>	<u>Balances</u> <u>6/30/2021</u>
<b>EXTRACLASSROOM ACCOUNTS</b>				
Class of 2020	\$ 6,798	\$ 19,350	\$ 26,148	\$ -
Class of 2021	5,240	11,888	17,128	-
Class of 2022	-	30,805	17,524	<b>13,281</b>
Junior Student Council	2,334	46	885	<b>1,495</b>
Student Council	1,439	873	826	<b>1,486</b>
HS - Student Council	3,416	10,458	10,327	<b>3,547</b>
Varsity Club	1,874	4,695	4,746	<b>1,823</b>
Crest	3,295	5,392	5,771	<b>2,916</b>
FFA	7,240	6,980	5,692	<b>8,528</b>
Music Club	1,478	-	1,392	<b>86</b>
Stage Band	1,139	50	450	<b>739</b>
Middle School Drama	886	-	-	<b>886</b>
High School Drama	2,398	-	200	<b>2,198</b>
Book Fair	2,580	-	836	<b>1,744</b>
FCS Awards	2,560	1,375	3,752	<b>183</b>
SADD	3,724	-	-	<b>3,724</b>
Book It	492	-	111	<b>381</b>
Art Club	274	-	-	<b>274</b>
<b>Totals</b>	<u><b>\$ 47,167</b></u>	<u><b>\$ 91,912</b></u>	<u><b>\$ 95,788</b></u>	<u><b>\$ 43,291</b></u>

See Accompanying Independent Auditors' Report and Notes to the Extraclassroom Activity Fund Financial Statements.

**FILLMORE CENTRAL SCHOOL DISTRICT  
NOTES TO THE EXTRACLASROOM ACTIVITY FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

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

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of **Fillmore Central School District**. Consequently, such transactions are not included in the general purpose financial statements of the School District. However, for the year ended June 30, 2021, cash balance of \$43,291 and corresponding liabilities of the Extraclassroom Activity Fund are being included in the Trust and Agency balance sheet.

The books and records of the **Fillmore Central School District's** Extraclassroom Activities Fund are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenses are recognized when cash is 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 statements.

**FILLMORE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
FINDINGS AND EVALUATIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

I. Following is a discussion of the nonmaterial findings and evaluations discovered in our examination of the extraclassroom activities fund:

**A. Inactive Activity Funds**

During our audit we noted that certain activities funds (Middle School Drama, SADD and Art Club) had no activity during the current fiscal year and appeared to be inactive. We recommend that activities which are deemed to be inactive should be closed out and transferred to another activity fund in accordance with the District's policy.

**School District's Response:** The District will encourage all student groups to have active clubs during the school year. The current year inactivity could be attributable to the COVID-19 closure of schools. If there are student groups that no longer are active, the District will close the organization and transfer the remaining funds as dictated by Board Policy.

**B. Internal Profit Margin Analysis**

During our review of cash receipts, we reviewed documentation to determine whether or not internal profit margin analysis is being performed on fundraisers. Margin analysis is an excellent tool for analyzing the profitability of a fundraiser, and also identifying any potential errors in record keeping or potential fraud. We recommend that the Central Treasurer monitor completion of such analysis and follow-up with Activities that are not turning in these forms for review.

**School District's Response:** The District will provide a Fundraising Analysis document to all extraclassroom activities and encourage all student groups to complete them for all fundraising activities.

II. **Prior Year Findings**

The prior year finding regarding former student accounts having a balance did not occur again during the year ended June 30, 2021.

**R. A. MERCER & CO., P.C.**  
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RAYMOND A. MERCER, CPA 1931-1983

KENNETH S. FRANK, CPA  
ROGER J. LIS, JR., CPA  
JULIE L. JAGODA-BOOTH, CPA  
CHRISTOPHER M. ZERA, CPA

January 24, 2022

Fillmore Central School  
P.O. Box 290  
Fillmore, New York 14171

Attn: Michael Dodge, Superintendent

Dear Mr. Dodge:

We are writing to inform you of the proper distribution of your audit and the Public Notice which must be posted.

Enclosed please find the instructions regarding the distribution of your audit and an example of the form in which public notice must be given.

We hope you find the information fulfills your needs. If you have any questions, feel free to call our office.

Sincerely,

  
Julie L Jagoda-Booth, CPA

JLJ/kp  
Encls.

## **AUDIT REPORT DISTRIBUTION INSTRUCTIONS**

1. Board of Education – electronic copies
2. **All submissions must be done through the NYSED Portal**  
  
Send immediately with:
  1. Board of Education Resolution Accepting Report
  2. Corrective Action Plan (Explained on next page)
3. By e-mail or mail to:  
  
Office of the New York State Comptroller  
Division of Local Government Services & Economic Development  
Data Management Unit, 12<sup>th</sup> Floor  
110 State Street  
Albany, New York 12236  
  
Email to: [afrfile@osc.state.ny.us](mailto:afrfile@osc.state.ny.us) (Name of District in subject line)
4. Five paper Administrative Copies
5. One copy of the Single Audit Reporting Package must be submitted electronically within the earlier of 30 days of receipt from the auditor, or nine months after the end of the fiscal year – whichever comes first.

## **CORRECTIVE ACTION PLAN**

It is required by New York State that each school district that had internal control weaknesses and/or noncompliance findings submit a corrective action report. This report must provide and should include the following:

1. Comments on the findings and recommendations in the auditors' report, including a plan of corrective action taken or planned.
2. Comments on the status of the corrective action taken should be explained, including those actions taken in prior audit findings.
3. Should include a description of the noncompliance finding, material internal control weakness, and any questioned costs related to such findings.
4. Should also state if the district is in agreement with the finding and the plan of action to be taken to correct the deficiency. If there are actions in place, state what they are and also what is being done to prevent recurrence of the deficiency.
5. Should the district not agree with a finding, an explanation should be made as to the disagreement and why no corrective action is necessary.

## **PUBLIC NOTICE**

Effective as of January 1, 1989 public notice should be given within ten (10) days after the filing of a report of an external audit, in substantially the following form:

Notice is hereby given that the fiscal affairs of the Fillmore Central School District of Fillmore, New York for the period beginning on July 1, 2020 and ending on June 30, 2021, have been examined by R. A. Mercer & Co., P.C., and that the management letter prepared in conjunction with the external audit by the independent public accountant has been filed in my office where it is available as a public record for inspection by all interest persons. Pursuant to section thirty-five of the general municipal law, the governing board of the Fillmore Central School District of Fillmore, New York may, in its discretion, prepare a written response to the report of external audit by R. A. Mercer & Co., P.C. and file any such response in my office as a public record for inspection by all interested persons not later than (last date on which response may be filed - 90 days after presentation of report to board).



**R. A. MERCER & CO., P.C.**

Raymond A. Mercer, CPA 1931-1983

Kenneth S. Frank, CPA  
Roger J. Lis, CPA  
Julie L. Jagoda-Booth, CPA  
Christopher M. Zera, CPA

**Certified Public Accountants**  
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Phone 716-496-5028 Fax 716-496-5042  
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**Management Letter**

To the Board of Education  
Fillmore Central School District  
Fillmore, New York 14171

In planning and performing our audit of the financial statements of **Fillmore Central School District** for the year ended June 30, 2021 we considered the School District's internal control structure to plan our auditing procedures in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. For the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters, which are not considered to be reportable conditions, (significant deficiencies in the design or operation of the internal control structure) but which we feel are opportunities for the School District to strengthen its internal control structure. This letter does not affect our report dated January 24, 2022, on the financial statements of **Fillmore Central School District**. Our comments and recommendation, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Accounting Closing Procedures*

While conducting our audit we noted that obtaining a complete and accurate final general ledger was difficult due to the lack of an accounting assistant in the business office. This caused the audit to start over a month later than normal. Answers to questions and requests for information was also slow at times, increasing the time needed to complete the audit. A logical and organized schedule for completion of tasks would be of significant benefit and the process should become easier over time.

*Employee I-9 Forms*

It is a requirement that Form I-9 be completed and retained for all employees hired for employment in the United States. We found that there were several employees that were lacking an I-9 in their employee files. This is a federal law that must be followed in order to be compliant.

*Reserve Accounts in Non-Interest-Bearing Accounts*

We noted during our audit that the Reserve accounts are not being invested in a way that generates the greatest returns. The District could be earning significant amounts of interest during the year if the reserve funds were held in interest-bearing accounts instead.

The suggestion regarding the Reserve accounts and I-9 Forms also occurred in the previous year.

This management letter is intended for the information of the School Board, management, New York State Department of Education and all applicable federal agencies. However, this report is a matter of public record and its distribution is not limited.

**R. A. MERCER & CO., P.C.**

*R.A. Mercer + Co., P.C.*

Sardinia, New York  
January 24, 2022