



SPENCERPORT CENTRAL SCHOOL DISTRICT

Assistant Superintendent of Business

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RICK WOOD

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Date: September 28, 2021

To: Audit Committee
Board of Education
Kristin Swann, Superintendent

From: Rick Wood, Assistant Superintendent for Business *R. Wood*
Nicole Poh, Treasurer *Nicole Poh*

Re: Annual Financial Statements and Communicating Internal Control Related Matters Identified In An Audit (Management Letter) for the Year Ended June 30, 2021

On an annual basis, school districts in New York State are required by law to have an independent audit firm examine the financial records and procedures of the district for the previous fiscal year. The process begins in early spring and is usually completed by the end of September. Attached are the Financial Statements and Communicating Internal Control Related Matters Identified In An Audit (Management Letter) for your review. We are in agreement with both reports.

Raymond F. Wager, CPA, P.C., A Division of Mengel Metzger Barr & Co. LLP, has performed the District's financial statement audit as of and for the year ended June 30, 2021. The attached Financial Statements consist of the audit of the governmental activities, each major fund, and the aggregate remaining fund information. The financial statements are the responsibility of the District's management. The auditors' responsibility is to express opinions on the financial statements based on their audit.

It is anticipated the auditors will begin the Single Audit and Extraclassroom Activity Funds Audit in November or December of 2021. Their reports will be submitted to the Board of Education at the January 2022 business meeting.

We are pleased to report that the auditors again stated **“the financial statements...present fairly, in all material respects, the respective position of the governmental activities, each major fund, and the aggregate remaining fund information...”**

Statement of Auditing Standards (SAS) No. 112, Communicating Internal Control Related Matters Identified in an Audit, requires the auditors to report, in writing, to management and those charged with governance any control weaknesses, significant deficiencies and/or material weaknesses. The auditors identified three prior year control deficiencies, one current year control deficiencies and two other items comments. Their specific comments and our responses follow.

Our Mission is to educate and inspire each student to love learning, pursue excellence and use knowledge, skills and attitudes to contribute respectfully and confidently to an ever-changing global community.

Prior Year Deficiencies Pending Corrective Action:

School Lunch Operations (page 1)

“The Board approved a transfer totaling \$57,477 from the general fund to the school lunch fund to offset operating deficits, and bring fund balance to zero.

We recommend the District continue to monitor the School Lunch program and develop cost containment and revenue enhancement measures to assist in maintaining the financial integrity of the program.”

District’s Response

We concur with the recommendation and Administration will continue to monitor the School Lunch operations each fiscal year to ensure that expenditures are within developed budgets and actual revenues are meeting anticipated results.

Other Items:

Federal programs (page 2)

“As a result of recent federal programs changes the District documents various Federal Programs procedures through written questionnaires prepared by the Program Coordinators and the Business Office. Recent guidance from the New York State Education Department suggests Federal recipients should enhance their written documentation into a written procedural manual that is more detailed and specific to each federal program compliance requirements.

District’s Response

As the school year starts to return to a more “normal” year, the District’s business office will take a closer review of the NYS Education Department’s guidance and will enhance the District’s written documentation into a more formal written procedural manual to be in compliance by December 31, 2021.

GASB Statement No. 87 (page 2)

“The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87 which will be effective during the 2021-22 fiscal year. As a result, the District will be required to gather certain information relating to those items considered to be leases in order to prepare the lease payable and right to use asset calculations.”

District’s Response

The Administration will review GASB Statement No. 87 and will determine based on the guidance, the proper information to gather to prepare the calculations required to be in compliance by June 30, 2022.

Cc: Audit file, memo file

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SPENCERPORT CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2021

DRAFT

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Spencerport Central School District, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Spencerport Central School District, New York, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Spencerport Central School District, New York, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–13 and 54–58 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

As described in Note II to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Spencerport Central School District, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates 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 accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is 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 _____, 2021 on our consideration of the Spencerport Central School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Spencerport Central School District, New York's internal control over financial reporting and compliance.

Rochester, New York
_____, 2021

DRAFT

Spencerport Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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

Financial Highlights

At the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by \$104,492,792 (net position), a decrease of \$4,063,359 from the prior year.

General revenues, which includes Property Taxes, Non Property Taxes, State and Federal Aid, Investment Earnings, Compensation for Loss, and Miscellaneous, accounted for \$84,380,251, or 96% of all revenues. Program specific revenues, in the form of Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions accounted for \$3,643,501, or 4% of total revenues.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$25,768,868, an increase of \$6,820,145 in comparison with the prior year.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

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

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

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

The School District maintains six individual governmental funds; General Fund, Capital Projects Fund, Special Aid Fund, School Lunch Fund, Miscellaneous Special Revenue Fund, and Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the special aid fund, and the capital projects fund, which are reported as major funds. Data for the debt service fund, the miscellaneous special revenue fund, and school lunch fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	<u>Government-Wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during 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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District as a Whole

Net Position

The District's combined net position was lower on June 30, 2021 than the year before, decreasing by 4% to (\$104,492,792) as shown in table below.

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>Variance</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 34,522,338	\$ 33,139,773	\$ 1,382,565
Capital Assets	90,826,099	89,518,789	1,307,310
Total Assets	<u>\$ 125,348,437</u>	<u>\$ 122,658,562</u>	<u>\$ 2,689,875</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	<u>\$ 48,764,174</u>	<u>\$ 51,624,071</u>	<u>\$ (2,859,897)</u>
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 229,944,449	\$ 231,763,859	\$ (1,819,410)
Other Liabilities	8,792,068	9,796,916	(1,004,848)
Total Liabilities	<u>\$ 238,736,517</u>	<u>\$ 241,560,775</u>	<u>\$ (2,824,258)</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	<u>\$ 39,868,886</u>	<u>\$ 33,151,291</u>	<u>\$ 6,717,595</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 65,032,744	\$ 62,313,310	\$ 2,719,434
Restricted For:			
Reserve for ERS	4,562,316	4,523,693	38,623
Accrued Benefit Liability Reserve	3,105,032	3,291,424	(186,392)
Capital Reserve	4,168,668	1,917,622	2,251,046
Other Purposes	6,506,158	5,489,013	1,017,145
Unrestricted	(187,867,710)	(177,964,495)	(9,903,215)
Total Net Position	<u>\$ (104,492,792)</u>	<u>\$ (100,429,433)</u>	<u>\$ (4,063,359)</u>

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are four restricted net asset balances: Reserve for ERS, Accrued Benefit Liability Reserve, Capital Reserve, and Other Purposes. The remaining balance is a deficit unrestricted net position of (\$187,867,710).

Key Variances are as Follows:

- Unrestricted net position decreased from the change to the TRS system going from a net pension asset to a net pension liability since the measurement date of the liability was March 31, 2020, when the market was low due to COVID uncertainties.

Changes in Net position

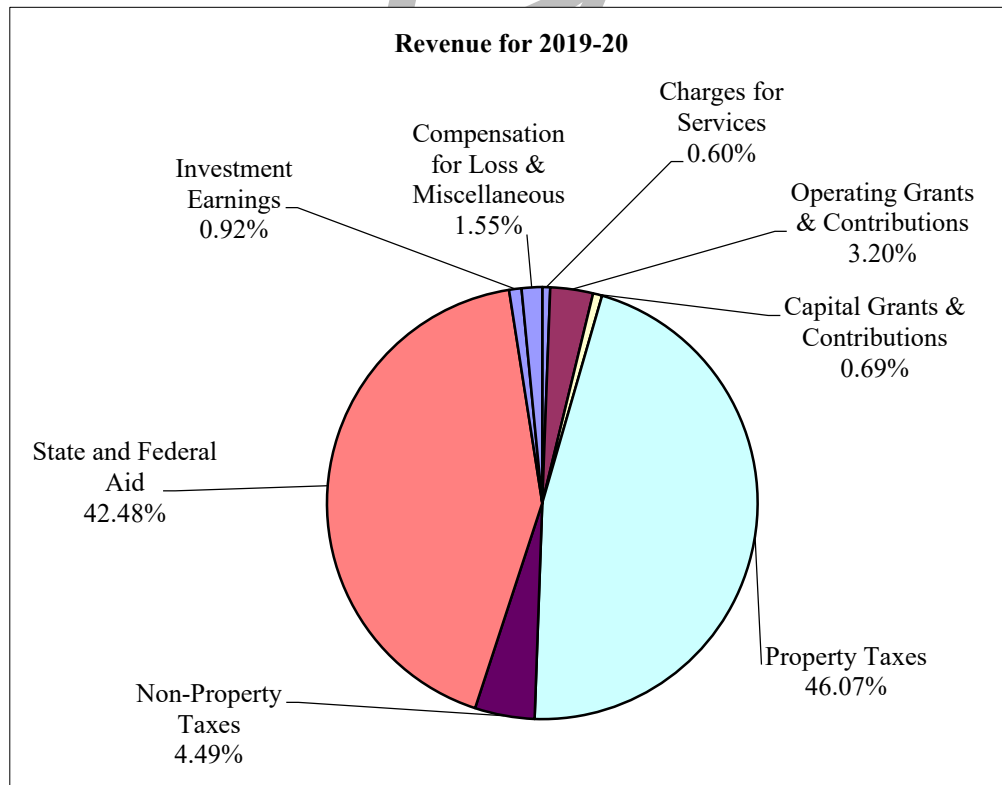
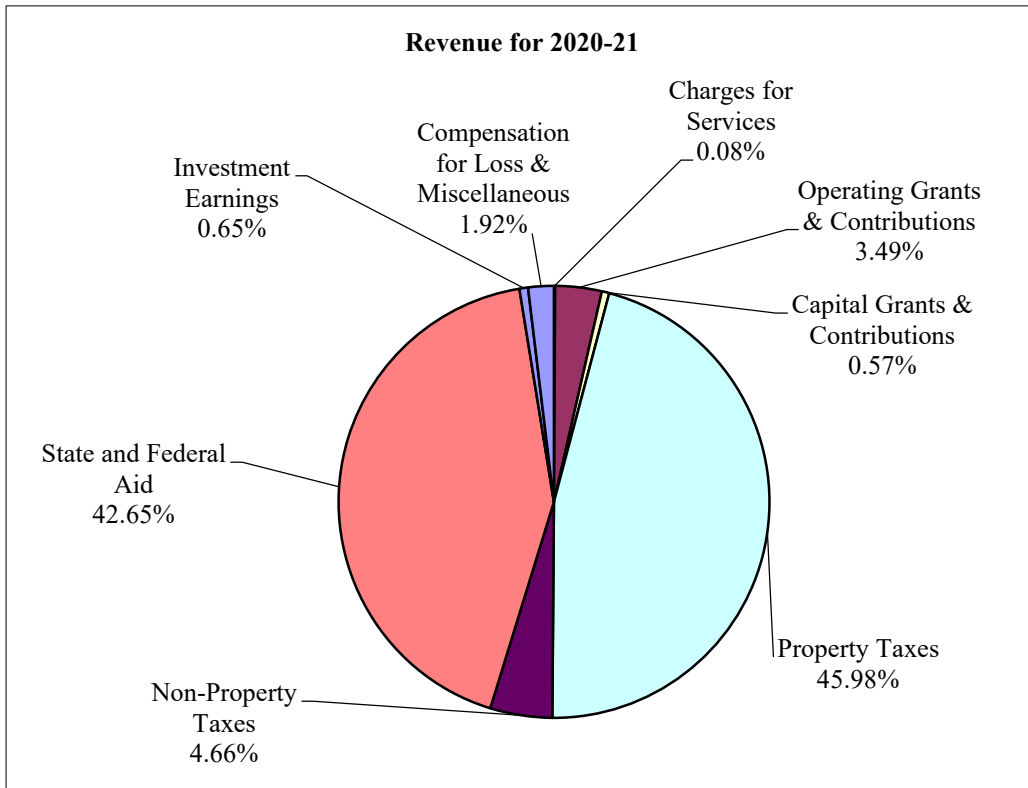
The District’s total revenue increased 3% to \$88,023,752. State and federal aid, 43%, and property taxes, 46%, accounted for most of the District’s revenue. The remaining 11% of the revenue comes from operating grants, capital grants, charges for services, non-property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

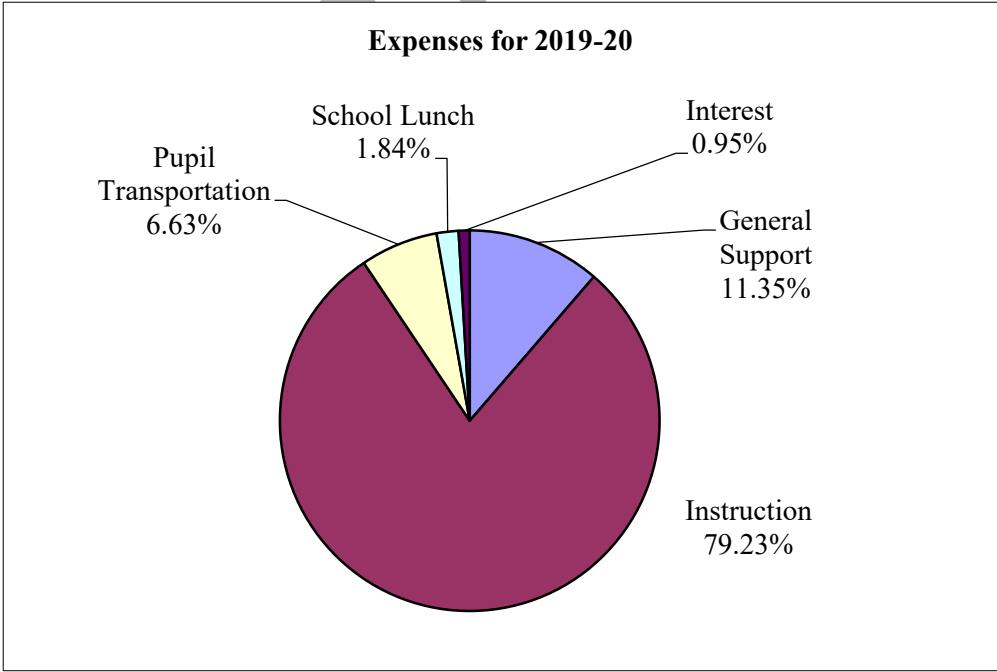
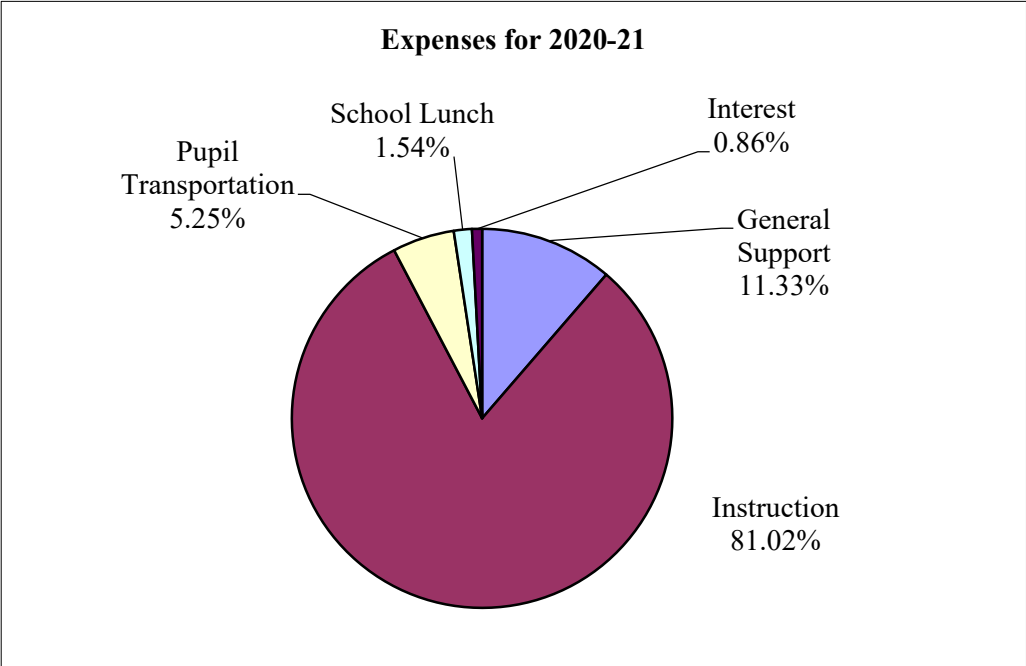
The total cost of all the programs and services decreased 3% to \$92,087,111. The District’s expenses are predominately related to education and caring for the students (Instruction) 81%. General support, which included expenses associated with the operation, maintenance and administration of the District, accounted for 11% of the total costs. See table below:

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2021</u>	<u>2020</u>	
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 65,454	\$ 506,853	\$ (441,399)
Operating Grants & Contributions	3,074,398	2,721,497	352,901
Capital Grants & Contributions	503,649	588,393	(84,744)
Total Program	\$ 3,643,501	\$ 3,816,743	\$ (173,242)
<u>General -</u>			
Property Taxes	\$ 40,473,583	\$ 39,205,489	\$ 1,268,094
Non Property Taxes	4,098,381	3,820,049	278,332
State and Federal Aid	37,545,124	36,148,362	1,396,762
Investment Earnings	570,443	785,692	(215,249)
Compensation for Loss	179,868	194,101	(14,233)
Miscellaneous	1,512,852	1,122,613	390,239
Total General	\$ 84,380,251	\$ 81,276,306	\$ 3,103,945
TOTAL REVENUES	\$ 88,023,752	\$ 85,093,049	\$ 2,930,703
<u>EXPENSES:</u>			
General Support	\$ 10,432,758	\$ 10,787,319	\$ (354,561)
Instruction	74,611,260	75,259,127	(647,867)
Pupil Transportation	4,837,981	6,306,283	(1,468,302)
School Lunch	1,419,206	1,750,498	(331,292)
Interest	785,906	895,755	(109,849)
TOTAL EXPENSES	\$ 92,087,111	\$ 94,998,982	\$ (2,911,871)
CHANGE IN NET POSITION	\$ (4,063,359)	\$ (9,905,933)	
NET POSITION, BEGINNING OF YEAR (restated)	(100,429,433)	(90,523,500)	
NET POSITION, END OF YEAR	\$ (104,492,792)	\$ (100,429,433)	

Key Variances are as Follows

- Pupil Transportation decreased as fewer runs were required for the hybrid class days.





Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$25,768,868, which is more than last year's ending fund balance of \$18,948,723.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$20,900,313. Fund balance for the General Fund increased by \$2,533,194 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2021</u>	<u>2020</u>	<u>Total Variance</u>
Nonspendable	\$ 675	\$ 28,898	\$ (28,223)
Restricted	16,955,048	14,268,795	2,686,253
Assigned	447,195	687,863	(240,668)
Unassigned	3,497,395	3,381,563	115,832
Total General Fund Balances	<u>\$ 20,900,313</u>	<u>\$ 18,367,119</u>	<u>\$ 2,533,194</u>

The District appropriated funds from the following reserves for the 2021-22 budget:

	<u>Total</u>
Capital - Bus and Vehicle	\$ 131,500
Retirement Contribution	1,307,791
Total	<u>\$ 1,439,291</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$687,863. This change is attributable to \$687,863 of carryover encumbrances from the 2019-20 school year.

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Programs for Children with Handicapping Conditions	\$677,295	The difference between the original modified budget versus the current budget is due to an increase in private school tuition for both public and private students in the amount of about \$133,000, as well as an increase in BOCES services of approximately \$480,000 due to an influx of highly specialized services and programs. In addition, due to staffing shortages related to the pandemic the district saw increased costs to secure related services with a private company, of which some costs were reallocated to the federal stimulus funding.

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Non-Property taxes	\$698,381	During budget development, the Office of the NYS Comptroller was warning of substantial drop in sales tax revenue statewide. Although holding sales tax flat compared to the prior year, Monroe County sales tax distribution was greater than budget. This may be the impact of change in law whereby NY requires all companies that sell products over the internet to collect state and local sales tax.
Expenditures Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Employee Benefits	\$885,873	Savings in employee benefits is being reflected in 1) the pension system, which is due to a lower salary amount times the employer contribution rate, 2) social security, again due to salaries being lower than budgeted multiplied by the FICA and Medicare rates, 3) unemployment insurance due to a large one-time credit, and 4) a slight savings in health insurance.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2021 fiscal year, the District had invested \$90,826,099 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,494,470	\$ 1,494,470
Work in Progress	8,001,014	3,381,844
Buildings and Improvements	76,935,867	80,077,771
Machinery and Equipment	4,394,748	4,564,704
Total Capital Assets	<u>\$ 90,826,099</u>	<u>\$ 89,518,789</u>

More detailed information can be found in the notes to the financial statements.

Long-Term Debt

At year-end, the District had \$229,944,449 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2021</u>	<u>2020</u>
Serial Bonds	\$ 28,270,000	\$ 25,445,000
Unamortized Bond Premium	978,176	1,059,691
Retirement Incentives	1,813,000	1,890,000
OPEB	190,633,607	191,920,486
Net Pension Liability	4,757,064	7,812,878
Tax Certorari Claims	-	172,161
Compensated Absences	3,492,602	3,463,643
Total Long-Term Obligations	<u>\$ 229,944,449</u>	<u>\$ 231,763,859</u>

More detailed information can be found in the notes to the financial statements.

Factors Bearing on the District's Future

Property Tax Cap:

The property tax cap was made permanent as part of the 2019 state budget. The tax cap went into effect for the district's 2012-13 budget and under this law, the growth in the property tax levy (the total amount to be raised through property taxes charged on the district's taxable assessed value of property) is capped at two percent or the rate of inflation, whichever is less, with some exceptions. The exclusions provided in the formula (pension costs and debt service) are difficult to forecast and therefore, may have a dramatic impact on the tax cap limit.

Payment in Lieu of Taxes (PILOT):

The County of Monroe has entered into agreements with different businesses that essentially offer deferred taxes. There are two (2) businesses within our school boundaries with PILOT agreements that are set to expire and two that are set to begin, both in the fiscal year 2022-23. The value of the new projects have not been determined yet. Changes in PILOT agreement values can have a significant impact on the tax cap calculation and tax levy.

State Aid:

The Gap Elimination Adjustment (GEA) law was first introduced for the 2010-2011 fiscal year as a way to help close New York State's then \$10 billion budget deficit. This reduction in aid was fully restored during the 2015-16 and 2016-17 fiscal years. Over the course of many years, Foundation Aid has also remained flat and has not followed the original formula distribution. The district received \$22,873,863 during 2020-21 and had the formula been fully phased-in the district was slated to receive \$27,435,330 (per Questar Foundation Aid History worksheet). This funding gap of approximately \$4,561,467 is supposed to be distributed over the next two (2) fiscal years. The anticipated Foundation Aid funding after that is anticipated to be significantly less.

COVID-19 and Federal Stimulus Funding:

The Coronavirus (COVID-19) caused school districts across the country to close and on March 16, 2020, the district closed its doors and implemented remote instruction for the remainder of the school year. In response to the pandemic, the district froze all spending unless it was deemed mission critical to instruction or the health and safety of students and staff. In order to open schools for 2020-2021 the district submitted to the State Education Department and the Department of Health a re-opening plan. Re-opening required many new mandates resulting in new expenses. These costs were not originally budgeted for, and examples include personal protective equipment, desk shields for classrooms and cafeterias, a health screening program, and cleaning supplies and disinfectants. Due to the FFCRA, we also experienced increased costs for the additional staffing necessary to cover the federal sick leaves of absence.

The district received just under \$9 million in federal stimulus funding to be spent during the next three to four years. This funding is to be used to help mitigate the spread of the Coronavirus and to address the impact of lost instructional time. State and federal agencies stress the importance of differentiating between recurring and non-recurring expenses and to use caution on the use of these funds.

NYS School Funding Transparency Reporting:

Education Law §3614 was passed by the legislature and became law as Chapter 59 of the Laws of 2018, requiring school districts to submit financial and student data to the SED Commissioner and NYS Division of the Budget. Based on the state form, this data will be made public and detail how funds are distributed by districts to each school building.

ESSA Financial Transparency Reporting:

In December 2015, the Every Student Succeeds Act (ESSA) was signed into law as the successor to the No Child Left Behind Act enacted in the early 2000s, as amended by the Elementary and Secondary Education Act. Among a multitude of changes to the education landscape resulting from this federal legislation was the creation of a new financial transparency reporting requirement, whereby all local education agencies (LEAs) are required to provide "The per-pupil expenditures of federal, state, and local funds, including actual personnel expenditures and actual non-personnel expenditures of federal, state, and local funds, disaggregated by source of funds, for each local educational agency and each school in the state for the preceding fiscal year." This information will be included in the State Report Cards.

Post-Employment Health Benefits:

In fiscal year 2009, the district was required to report post-employment benefit costs in more detail. The district obtained an updated actuarial study of this liability as of June 30, 2021, which reported a total liability of slightly more than \$190 million.

Retirement System Contributions:

The districts' pension contribution rate for the Employees' Retirement System ranges from 11.3% to 18.0% depending on which tier for 2023. The average employer contribution rate dropped from 16.2% to 11.6%.

The 2020-2021 Teachers' Retirement System contribution rate was 9.53% and the 2021-2022 rate is 9.80%. The 2022-2023 rate will be shared in early November 2021. Variances in rates can have a large impact on the budget.

Capital Projects:

A significant amount of work for the \$12,385,000 capital improvement project, approved in May 2018, was completed in the summer of 2021. The remainder of the work is scheduled for the summer of 2022.

Employee Contract Negotiations:

In 2021-2022, the district will continue to negotiate with the transportation, teachers and paraprofessional associations, and begin negotiations with facilities, food service and mechanics.

Pre-Kindergarten Program:

The district implemented a pre-K pilot program in 2020-2021. The NYS budget included funding for universal pre-K in 2021-2022 that helped to relieve the general fund budget of some of these expenses and allowed for the expansion into all four elementary schools.

Part 121: Personally Identifiable Information (PII):

Amendments to Education Law 2-d, part 121, relates to strengthening data privacy and security in NYS Educational Agencies to protect personally identifiable information. The district will need to evaluate the current data protection procedures and may include: 1) conducting an audit of current practices, 2) possible upgrades to cloud services, 3) generation and publishing incident reports, and 4) generating and publishing a parent bill of rights. This will require additional training to all staff and the evaluation of software purchases.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Spencerport Central School District
71 Lyell Avenue
Spencerport, New York 14559

SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 28,668,909
Accounts receivable	5,767,495
Inventories	85,259
Prepaid items	675
Capital Assets:	
Land	1,494,470
Work in progress	8,001,014
Other capital assets (net of depreciation)	81,330,615
TOTAL ASSETS	<u>\$ 125,348,437</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 48,764,174</u>
LIABILITIES	
Accounts payable	\$ 1,082,323
Accrued liabilities	3,638,112
Unearned revenues	76,078
Due to other governments	331,739
Due to teachers' retirement system	2,928,594
Due to employees' retirement system	378,170
Other Liabilities	357,052
Long-Term Obligations:	
Due in one year	5,919,666
Due in more than one year	224,024,783
TOTAL LIABILITIES	<u>\$ 238,736,517</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 39,868,886</u>
NET POSITION	
Net investment in capital assets	\$ 65,032,744
Restricted For:	
Reserve for employee retirement system	4,562,316
Accrued benefit liability reserve	3,105,032
Capital reserves	4,168,668
Other purposes	6,506,158
Unrestricted	(187,867,710)
TOTAL NET POSITION	<u>\$ (104,492,792)</u>

(See accompanying notes to financial statements)

SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities

For The Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Primary Government</u> -					
General support	\$ 10,432,758	\$ -	\$ -	\$ -	\$ (10,432,758)
Instruction	74,611,260	27,711	1,993,694	503,649	(72,086,206)
Pupil transportation	4,837,981	-	-	-	(4,837,981)
School lunch	1,419,206	37,743	1,080,704	-	(300,759)
Interest	785,906	-	-	-	(785,906)
Total Primary Government	\$ 92,087,111	\$ 65,454	\$ 3,074,398	\$ 503,649	\$ (88,443,610)
General Revenues:					
Property taxes					\$ 40,473,583
Non property taxes					4,098,381
State and federal aid					37,545,124
Investment earnings					570,443
Compensation for loss					179,868
Miscellaneous					1,512,852
Total General Revenues					\$ 84,380,251
Changes in Net Position					\$ (4,063,359)
Net Position, Beginning of Year (restated)					(100,429,433)
Net Position, End of Year					\$ (104,492,792)

SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2021

	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 22,574,340	\$ 251,059	\$ 3,891,259	\$ 1,952,251	\$ 28,668,909
Receivables	4,727,380	779,878	-	260,237	5,767,495
Inventories	-	-	-	85,259	85,259
Due from other funds	1,766,604	-	-	134	1,766,738
Prepaid items	675	-	-	-	675
TOTAL ASSETS	<u>\$ 29,068,999</u>	<u>\$ 1,030,937</u>	<u>\$ 3,891,259</u>	<u>\$ 2,297,881</u>	<u>\$ 36,289,076</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 774,538	\$ 14,464	\$ 257,204	\$ 36,117	\$ 1,082,323
Accrued liabilities	3,429,704	161,205	-	8,605	3,599,514
Due to other funds	-	1,007,825	69	758,844	1,766,738
Due to other governments	272,048	-	-	59,691	331,739
Due to TRS	2,928,594	-	-	-	2,928,594
Due to ERS	378,170	-	-	-	378,170
Other liabilities	357,052	-	-	-	357,052
Unearned revenue	28,580	-	-	47,498	76,078
TOTAL LIABILITIES	<u>\$ 8,168,686</u>	<u>\$ 1,183,494</u>	<u>\$ 257,273</u>	<u>\$ 910,755</u>	<u>\$ 10,520,208</u>
Fund Balances -					
Nonspendable	\$ 675	\$ -	\$ -	\$ 85,259	\$ 85,934
Restricted	16,955,048	-	3,633,986	1,387,126	21,976,160
Assigned	447,195	-	-	-	447,195
Unassigned	3,497,395	(152,557)	-	(85,259)	3,259,579
TOTAL FUND BALANCE	<u>\$ 20,900,313</u>	<u>\$ (152,557)</u>	<u>\$ 3,633,986</u>	<u>\$ 1,387,126</u>	<u>\$ 25,768,868</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,068,999</u>	<u>\$ 1,030,937</u>	<u>\$ 3,891,259</u>	<u>\$ 2,297,881</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	90,826,099
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(38,598)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(28,270,000)
OPEB	(190,633,607)
Compensated absences	(3,492,602)
Retirement Incentive Liability	(1,813,000)
Unamortized bond premium	(978,176)
Deferred outflow - pension	22,515,491
Deferred outflow - OPEB	26,248,683
Net pension liability	(4,757,064)
Deferred inflow - advanced refunding	(179,165)
Deferred inflow - pension	(11,242,595)
Deferred inflow - OPEB	(28,447,126)
Net Position of Governmental Activities	<u>\$ (104,492,792)</u>

SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2021

	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes and tax items	\$ 40,473,583	\$ -	\$ -	\$ -	\$ 40,473,583
Non-property taxes	4,098,381	-	-	-	4,098,381
Charges for services	27,711	-	-	-	27,711
Use of money and property	566,152	-	-	4,291	570,443
Sale of property and compensation for loss	179,868	-	-	-	179,868
Miscellaneous	1,111,891	-	-	10,242	1,122,133
State sources	36,789,834	235,122	503,649	36,247	37,564,852
Federal sources	755,290	1,724,682	-	1,044,457	3,524,429
Sales	-	-	-	37,743	37,743
TOTAL REVENUES	\$ 84,002,710	\$ 1,959,804	\$ 503,649	\$ 1,132,980	\$ 87,599,143
EXPENDITURES					
General support	\$ 7,802,901	\$ -	\$ -	\$ -	\$ 7,802,901
Instruction	41,535,620	2,177,224	-	-	43,712,844
Pupil transportation	3,291,938	-	-	-	3,291,938
Employee benefits	21,847,802	10,310	-	244,952	22,103,064
Debt service - principal	5,810,000	-	-	-	5,810,000
Debt service - interest	1,048,605	-	-	-	1,048,605
Cost of sales	-	-	-	413,122	413,122
Other expenses	-	-	-	499,424	499,424
Capital outlay	-	-	5,122,819	-	5,122,819
TOTAL EXPENDITURES	\$ 81,336,866	\$ 2,187,534	\$ 5,122,819	\$ 1,157,498	\$ 89,804,717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,665,844	\$ (227,730)	\$ (4,619,170)	\$ (24,518)	\$ (2,205,574)
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ -	\$ 75,173	\$ -	\$ 96,865	\$ 172,038
Transfers - out	(132,650)	-	(39,388)	-	(172,038)
Proceeds from obligations	-	-	8,635,000	-	8,635,000
Premium on obligations issued	-	-	-	390,719	390,719
TOTAL OTHER FINANCING SOURCES (USES)	\$ (132,650)	\$ 75,173	\$ 8,595,612	\$ 487,584	\$ 9,025,719
NET CHANGE IN FUND BALANCE	\$ 2,533,194	\$ (152,557)	\$ 3,976,442	\$ 463,066	\$ 6,820,145
FUND BALANCE, BEGINNING OF YEAR (restated)	18,367,119	-	(342,456)	924,060	18,948,723
FUND BALANCE, END OF YEAR	\$ 20,900,313	\$ (152,557)	\$ 3,633,986	\$ 1,387,126	\$ 25,768,868

(See accompanying notes to financial statements)

SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2021

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ 6,820,145

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 5,122,819	
Additions to Assets, Net	402,474	
Depreciation	<u>(4,217,983)</u>	1,307,310

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 5,810,000	
Proceeds from Bond Issuance	(8,635,000)	
Unamortized Bond Premium	<u>81,515</u>	(2,743,485)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,017

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (6,845,473)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		(3,586,972)
Employees' Retirement System		583,732

Portion of deferred (inflow) / outflow recognized in long term debt 179,165

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	\$ (28,959)	
Tax Certiorari Claims	172,161	
Retiree Incentives	<u>77,000</u>	<u>220,202</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (4,063,359)**

SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 166,198
TOTAL ASSETS	\$ 166,198
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 166,198
TOTAL NET POSITION	\$ 166,198

**Statement of Changes in Fiduciary Net Position
For The Year Ended June 30, 2021**

	Custodial Funds
ADDITIONS	
Investment earnings	\$ 17
Miscellaneous	145,522
TOTAL ADDITIONS	\$ 145,539
DEDUCTIONS	
Student activity	\$ 212,789
TOTAL DEDUCTIONS	\$ 212,789
CHANGE IN NET POSITION	\$ (67,250)
NET POSITION, BEGINNING OF YEAR (restated)	233,448
NET POSITION, END OF YEAR	\$ 166,198

SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2021

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Spencerport 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 seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 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 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 review of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agency for various student organizations in an agency fund.

(I.) (Continued)

B. Joint Venture

The District is a component of the Second Supervisory District of Monroe and Orleans Counties Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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 districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$9,047,798 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,065,640.

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

C. Basis of Presentation

1. Districtwide 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 program expenses and 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 the 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.

(I.) (Continued)

2. **Fund 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

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

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

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Miscellaneous Special Revenue Fund - Used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

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

c. **Fiduciary** - 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.

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial 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.

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

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on July 14, 2020. Taxes are collected during the period September 1 to October 31, 2020.

Uncollected real property taxes are subsequently enforced by the County of Monroe, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position 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 interfund borrowing. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

(I.) (Continued)

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

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

Refer to Note VII for a detailed disclosure by individual fund for interfund 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures 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 Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

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

(I.) (Continued)

K. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch 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 non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

M. 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.

(I.) (Continued)

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 (expenses/expenditure) until then.

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.

O. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Certain 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.

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.

In the funds 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.

P. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(I.) (Continued)

Q. Short-Term Debt

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 a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

R. 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.

S. Equity Classifications

1. District-Wide Statements

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

- a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. **Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<u>Total</u>
Workers' Compensation	\$ 1,457,959
Unemployment Costs	662,633
Retirement Contribution - TRS	1,707,347
Tax Certiorari	292,371
Debt	1,333,556
Liability	998,722
Scholarships	<u>53,570</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 6,506,158</u>

(I.) (Continued)

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications. The reported deficit of \$187,867,710 at year end is the result of full implementation of GASB #75 regarding retiree health obligations.

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

	Total
Inventory in School Lunch	\$ 85,259
Prepaid Items	675
Total Nonspendable Fund Balance	\$ 85,934

b. **Restricted Fund Balances** – 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 District has established the following restricted fund balances:

Capital Reserve - According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund under restricted fund balance. Year end balances are as follows:

Name of Reserve	Maximum Funding	Total Funding Provided	Total Year to Date Balance
2013 Technology Capital Reserve	\$ 4,000,000	\$ 1,163,034	\$ 502,128
2014 Capital Reserve	\$ 15,000,000	\$ 8,178,640	\$ 2,623,850
2017 Bus/Motor Vehicles	\$ 2,000,000	\$ 729,332	\$ 642,648
2019 Classroom Furniture & Technology Reserve	\$ 4,000,000	\$ 400,000	\$ 400,042

(I.) (Continued)

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Teachers' Retirement Reserve - General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

Tax Certiorari Reserve - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims 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 proceeding 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.

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

(I.) (Continued)

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

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund and School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 1,457,959
Unemployment Costs	662,633
Retirement Contribution - ERS	4,562,316
Retirement Contribution - TRS	1,707,347
Tax Certiorari	292,371
Liability	998,722
Capital Reserves	4,168,668
Employee Benefit Accrued Liability	3,105,032
<u>Capital Fund -</u>	
2018 Project	3,633,986
<u>Misc. Special Revenue Fund -</u>	
Scholarships	53,570
<u>Debt Service Fund -</u>	
Debt Service	1,333,556
Total Restricted Fund Balance	<u><u>\$ 21,976,160</u></u>

The District appropriated and/or budgeted funds from the following reserves for the 2021-22 budget:

	<u>Total</u>
Capital - Bus and Vehicle	\$ 131,500
Retirement Contribution	1,307,791
Total	<u><u>\$ 1,439,291</u></u>

(I.) (Continued)

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

Management has determined significant encumbrances for the General Fund to be \$108,000, and the Capital Projects Fund to be \$11,000. The District reports the following significant encumbrances:

<u>General Fund -</u>	
General Support	\$ 255,585
Instruction	185,710
Total General Fund Significant Encumbrances	<u>\$ 441,295</u>
<u>Capital Projects Fund -</u>	
Capital Improvements	<u>\$ 3,554,407</u>

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 447,195
Total Assigned Fund Balance	<u>\$ 447,195</u>

d. **Unassigned Fund Balance** – Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district and could report a surplus or 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.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. **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 first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(I.) (Continued)

T. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new standards issued by GASB:

GASB has issued Statement 84, *Fiduciary Activities*.

GASB has issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2019.

U. Future Changes in Accounting Standards

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after June 15, 2021.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2020.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 13 and 14*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 96, *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after June 15, 2021.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

II. Restatement of Net Position

For the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The District's net position has been restated as follows:

	<u>Government-Wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Net position beginning of year, as previously stated	\$ (100,483,218)	\$ 18,894,938	\$ 27,970
Adjustments for activities previously recorded in Agency Fund:			
Student Activity Balance	-	-	192,080
Other liabilities	25,815	25,815	41,368
Adjustments for activities previously recorded in Private Purpose Trust:			
Scholarships	27,970	27,970	(27,970)
Net position beginning of year, as restated	<u>\$ (100,429,433)</u>	<u>\$ 18,948,723</u>	<u>\$ 233,448</u>

III. Changes in Accounting Principles

For the year ended June 30, 2021, the District implemented GASB Statement No. 84, Fiduciary Activity. The implementation of the statement changes the reporting for certain activity previously reported in the Fiduciary Fund. The District is now required to report some or all of that activity in the Governmental funds. See Note II for the financial statement impact of implementation of the Statement.

IV. Stewardship, Compliance and Accountability

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

A. Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which 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 restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2020-21 year the budget was increased \$687,863 for prior year encumbrances.

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.

(IV.) (Continued)

Budgets are established and used for individual capital projects fund 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.

B. 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.

C. Deficit Net Position

The District-wide net position had a deficit at June 30, 2021 of \$104,492,792. The deficit is the result of the implementation of GASB Statement 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of \$190,633,607 at June 30, 2021. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

D. Deficit Fund Balance - Special Aid Fund

The Special Aid Fund had a deficit fund balance of \$152,557 at June 30, 2021 which is a result of recognizing eligible expenditures for the CRRSA funds awarded to the District, however, the FS-10 has not been approved by the State Education Department, therefore, a revenue cannot be recognized. Once approved the District will recognize a receivable and revenue and the deficit will be eliminated.

V. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

(V.) (Continued)

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging Financial Institution		15,277,607
Collateralized within Trust Department or Agent		13,201,119
Total	\$	<u>28,478,726</u>

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$21,976,160 within the governmental funds and \$166,198 in the fiduciary funds.

VI. Receivables

Receivables at June 30, 2021 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 37,538	\$ -	\$ 5,971	\$ 43,509
Due From State and Federal	1,237,530	779,878	260,237	2,277,645
Due From Other Governments	3,452,312	-	-	3,452,312
Allowance for Uncollectible Accounts	-	-	(5,971)	(5,971)
Total Receivables	<u>\$ 4,727,380</u>	<u>\$ 779,878</u>	<u>\$ 260,237</u>	<u>\$ 5,767,495</u>

VII. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2021 were as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,766,604	\$ -	\$ -	\$ 132,650
Special Aid Fund	-	1,007,825	75,173	-
Capital Projects Fund	-	69	-	39,388
Non Major Funds	134	758,844	96,865	-
Total	<u>\$ 1,766,738</u>	<u>\$ 1,766,738</u>	<u>\$ 172,038</u>	<u>\$ 172,038</u>

(VII.) (Continued)

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, the school lunch deficit, capital expenditures, and unspent bond proceeds restricted to pay debt.

VIII. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2021</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 1,494,470	\$ -	\$ -	\$ 1,494,470
Work in progress	3,381,844	5,122,819	503,649	8,001,014
<i>Total Nondepreciable</i>	\$ 4,876,314	\$ 5,122,819	\$ 503,649	\$ 9,495,484
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 142,199,273	\$ -	\$ -	\$ 142,199,273
Machinery and equipment	12,602,963	1,078,388	917,370	12,763,981
<i>Total Depreciated Assets</i>	\$ 154,802,236	\$ 1,078,388	\$ 917,370	\$ 154,963,254
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 62,121,502	\$ 3,141,904	\$ -	\$ 65,263,406
Machinery and equipment	8,038,259	1,076,079	745,105	8,369,233
<i>Total Accumulated Depreciation</i>	\$ 70,159,761	\$ 4,217,983	\$ 745,105	\$ 73,632,639
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	\$ 84,642,475	\$ (3,139,595)	\$ 172,265	\$ 81,330,615
Total Capital Assets	\$ 89,518,789	\$ 1,983,224	\$ 675,914	\$ 90,826,099

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
General Government Support	\$ 163,129
Instruction	2,865,249
Pupil Transportation	967,107
School Lunch	222,498
Total Depreciation Expense	\$ 4,217,983

IX. Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>
BAN	6/24/2021	1.50%	\$ -	\$ 6,000,000	\$ 6,000,000	\$ -
Total Short-Term Debt			\$ -	\$ 6,000,000	\$ 6,000,000	\$ -

The short-term interest expense for the year is \$81,500.

X. Long-Term Debt Obligations

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

	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 25,445,000	\$ 8,635,000	\$ 5,810,000	\$ 28,270,000	\$ 4,965,000
Unamortized Bond Premium	1,059,691	-	81,515	978,176	81,515
Total Bonds and Notes Payable	\$ 26,504,691	\$ 8,635,000	\$ 5,891,515	\$ 29,248,176	\$ 5,046,515
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 7,812,878	\$ -	\$ 3,055,814	\$ 4,757,064	\$ -
OPEB	191,920,486	-	1,286,879	190,633,607	-
Tax Certiorari Claims	172,161	-	172,161	-	-
Retirement Incentive	1,890,000	-	77,000	1,813,000	-
Compensated Absences	3,463,643	28,959	-	3,492,602	873,151
Total Other Liabilities	\$ 205,259,168	\$ 28,959	\$ 4,591,854	\$ 200,696,273	\$ 873,151
Total Long-Term Obligations	\$ 231,763,859	\$ 8,663,959	\$ 10,483,369	\$ 229,944,449	\$ 5,919,666

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2021</u>
Refunding Bonds	\$ 5,070,000	2013	2022	2.00%-2.25%	\$ 80,000
Reconstruction	\$ 1,735,000	2013	2027	2.0%-2.3%	820,000
Reconstruction	\$ 7,825,000	2015	2030	2.39%	4,935,000
Refunding Bonds	\$ 3,695,000	2016	2024	2%-5%	2,285,000
Refunding Bonds	\$ 16,520,000	2016	2023	1%-4%	2,910,000
Refunding Bonds	\$ 3,580,000	2018	2023	1%-5%	1,830,000
DASNY Bond	\$ 8,660,000	2018	2033	3.38%	6,775,000
Construction	\$ 8,635,000	2021	2036	2.00%	8,635,000
Total Serial Bonds					\$ 28,270,000

(X.) (Continued)

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 4,965,000	\$ 925,446
2023	5,555,000	710,743
2024	2,840,000	565,292
2025	1,640,000	464,093
2026	1,690,000	417,040
2027-31	7,595,000	1,305,060
2032-36	3,985,000	260,950
Total	\$ 28,270,000	\$ 4,648,624

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$6,505,000 of bonds outstanding are considered defeased.

Interest on long-term debt for June 30, 2021 was composed of:

Interest Paid	\$ 967,105
Less: Interest Accrued in the Prior Year	(40,615)
Less: Amortization of Bond Premium in the Current Year	(260,682)
Plus: Interest Accrued in the Current Year	38,598
Total Long-Term Interest Expense	\$ 704,406

XI. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>
Pension	\$ 22,515,491	\$ 11,242,595
OPEB	26,248,683	28,447,126
Refunding	-	179,165
Total	\$ 48,764,174	\$ 39,868,886

XII. Pension Plans

A. 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.

B. 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 NYRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at 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.

C. 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% of the required contributions as billed by the TRS and ERS for the current year

(XII.) (Continued)

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2021:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 1,355,766	\$ 2,928,594

D. 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 TRS and ERS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension assets/(liability)	\$ (29,678)	\$ (4,727,386)
District's portion of the Plan's total net pension asset/(liability)	0.030%	0.171%

For the year ended June 30, 2021, the District recognized pension expenses of \$811,434 for ERS and \$6,330,104 for TRS. 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 Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 362,447	\$ 4,142,136	\$ 8,525,223	\$ 242,269
Changes of assumptions	5,456,798	5,979,043	102,917	2,131,216
Net difference between projected and actual earnings on pension plan investments	-	3,087,397	-	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	342,988	831	53,052	187,918
Subtotal	<u>\$ 6,162,233</u>	<u>\$ 13,209,407</u>	<u>\$ 8,681,192</u>	<u>\$ 2,561,403</u>
District's contributions subsequent to the measurement date	378,170	2,765,681	-	-
Grand Total	<u>\$ 6,540,403</u>	<u>\$ 15,975,088</u>	<u>\$ 8,681,192</u>	<u>\$ 2,561,403</u>

(XII.) (Continued)

District contributions subsequent to the measurement date which 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:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ -	\$ 1,806,955
2022	(404,094)	3,682,899
2023	(98,129)	3,014,867
2024	(407,211)	1,866,422
2025	(1,609,525)	62,894
Thereafter	-	213,967
Total	\$ (2,518,959)	\$ 10,648,004

E. 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
Interest rate	5.90%	7.10%
Salary scale	4.40%	4.72%-1.90%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%
COLA's	1.40%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

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 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 as of March 31, 2021 are summarized as follows:

(XII.) (Continued)

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
<u>Asset Type -</u>		
Domestic equity	4.05%	7.10%
International equity	6.30%	7.70%
Global equity	0.00%	7.40%
Private equity	6.75%	10.40%
Real estate	4.95%	6.80%
Absolute return strategies *	4.50%	0.00%
Opportunistic portfolios	4.50%	0.00%
Real assets	5.95%	0.00%
Bonds and mortgages	0.00%	0.00%
Cash	50.00%	0.00%
Inflation-indexed bonds	0.50%	0.00%
Private debt	0.00%	5.20%
Real estate debt	0.00%	3.60%
High-yield fixed income securities	0.00%	3.90%
Domestic fixed income securities	0.00%	1.80%
Global fixed income securities	0.00%	1.00%
Short-term	0.00%	0.70%
Credit	3.63%	0.00%

The real rate of return is net of the long-term inflation assumption of 2% for ERS and 2.2% for TRS.

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(XII.) (Continued)

G. Sensitivity 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 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.9% for ERS and 6.10% for TRS) or 1-percentage-point higher (6.9% for ERS and 8.10% for TRS) than the current assumption :

<u>ERS</u>	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (8,237,416)	\$ (29,678)	\$ 7,539,778

<u>TRS</u>	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension asset (liability)	\$ (29,861,268)	\$ (4,727,386)	\$ 16,366,311

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776
Plan net position	220,580,583	120,479,505
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.80%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$378,170.

(XII.) (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$2,928,594.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	510
Active Employees	<u>662</u>
Total	<u><u>1172</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$190,633,607 was measured as of March 31, 2021, 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:

(XIII.) (Continued)

Inflation	2.27 percent
Salary Increases	3.11 percent, average, including inflation
Discount Rate	2.27 percent
Healthcare Cost Trend Rates	Initial rate of 4.00% increasing to an ultimate rate of 4.08%
Retirees' Share of Benefit-Related Costs	0-35 percent of projected healthcare premiums dependent on contract

The discount rate was based on high-quality 20-year tax-exempt general obligation municipal bond yield or index rate.

Mortality rates were based on the Pub-2010 Public Retirement Plan Mortality Tables, Headcount-weighted, distinct for teachers general, and safety without separate contingent survivor mortality, fully generational using social MP-2020.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 191,920,486</u>
<u>Changes for the Year -</u>	
Service cost	\$ 6,036,526
Interest	4,818,060
Changes of benefit terms	26,785
Differences between expected and actual experience	(13,190,326)
Changes in assumptions or other inputs	4,702,463
Benefit payments	<u>(3,680,387)</u>
Net Changes	<u>\$ (1,286,879)</u>
Balance at June 30, 2021	<u><u>\$ 190,633,607</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.48 percent in 2020 to 2.27 percent in 2021 salary scale changed from 3.22% to 3.11%, mortality improvement scale updated to MP-2020, and updated healthcare cost trend 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 (1.27 percent) or 1-percentage-point higher (3.27 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>(1.27%)</u>	<u>(2.27%)</u>	<u>(3.27%)</u>
Total OPEB Liability	\$ 229,492,224	\$ 190,633,607	\$ 160,299,695

(XIII.) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00 to 3.08 percent) or 1-percentage-point higher (5.00 to 5.08 percent) than the current healthcare cost trend rate:

	1% Decrease (3.00% Decreasing to 3.08%)	Healthcare Cost Trend Rates (4.00% Decreasing to 4.08%)	1% Increase (5.00% Decreasing to 5.08%)
Total OPEB Liability	\$ 155,030,697	\$ 190,633,607	\$ 237,966,497

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 \$10,599,101. 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	\$ 1,475,317	\$ 28,447,126
Changes of assumptions	23,853,269	-
Contributions after measurement date	920,097	-
Total	\$ 26,248,683	\$ 28,447,126

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</u>	
2022	\$ (282,272)
2023	(2,239,933)
2024	510,780
2025	(1,107,115)
Total	\$ (3,118,540)

XIV. Risk Management

A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

B. Health Plan

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts.

1. Plan I

The Plans 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. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plans year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plan year. Plan members bear an equal proportionate share of the Plan's assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors. This Plan's members include seventeen districts and two BOCES with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This 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 a 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 expenses in the periods in which they are made. During the year ended June 30, 2021, the District incurred premiums or contribution expenditures totaling \$1,228,134.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended December 31, 2020, revealed that the Plan was fully funded.

(XIV.) (Continued)

2. **Plan II**

The District incurs costs related to the Rochester Area School Health Plan II sponsored by the Board of Cooperative Educational services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES). The Plan was established as a Municipal Cooperative Agreement under the authorization of Article 5-G of the General Municipal Law in 2004. The plan received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2020.

Membership in the Plan may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. The Plan has full participation from all eligible participants including the two BOCES and seventeen component school districts.

A participant has the right to withdraw from the Plan, but such withdrawal shall be effective only on January 1 of the next Plan Year following the Plan Year in which the participant provides notice. Any withdrawing participant shall be responsible for its pro rata share of any Plan deficit, and shall satisfy any other obligation relating to the Participant's membership in the Plan. The withdrawing participant shall not be entitled to share in any Plan surplus.

The Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under the Plan is established and approved by a majority of the entire Board of Directors. Each participant is required to contribute to the Plan an amount equal to the Premium Equivalent applicable to the coverage options, under which the participants Enrollees are covered. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

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. Such claims estimates are based on the ultimate cost of claims that have been reported but not settled, and claims that have been incurred but not reported.

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The Plan has not been audited as this is the first full year of operation as an Article 47 Health Trust, however, unaudited financial statements indicate the Plan is funded as of June 30, 2021. An annual audit of the December 31, 2021 financial statements will take place in early 2022.

During the year ended June 30, 2021, the District incurred premiums or contribution expenditures totaling \$12,188,630.

(XIV.) (Continued)

C. Workers' Compensation

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Director. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of two BOCES and seventeen districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid.

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 expenses in the periods in which they are made. During the year ended June 30, 2021, the District incurred premiums or contribution expenditures totaling \$443,794.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2020, revealed that the Plan was underfunded.

(XIV.) (Continued)

D. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2020-21 fiscal year totaled \$0. The balance of the fund at June 30, 2021 was \$662,633 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2021, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

E. Dental Coverage

The District self insures for dental coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The District records expenditures as claims are presented for payment with a cap of \$1,000 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

A reconciliation of the claims recorded for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Beginning liabilities	\$ -	\$ 139,647
Incurred claims	729,525	631,514
Claims payments	<u>(729,525)</u>	<u>(771,161)</u>
Ending Liabilities	<u>\$ -</u>	<u>\$ -</u>

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2021	\$ 729,525	\$ 729,525
2020	\$ 631,514	\$ 771,161
2019	\$ 654,528	\$ 654,528
2018	\$ 715,879	\$ 704,456
2017	\$ 642,064	\$ 642,077
2016	\$ 612,188	\$ 612,201
2015	\$ 632,358	\$ 618,609
2014	\$ 613,838	\$ 611,594
2013	\$ 563,613	\$ 562,664
2012	\$ 584,484	\$ 584,810
2011	\$ 600,902	\$ 600,583

(XIV.) (Continued)

F. Vision Coverage

The District self insures for vision coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The District records expenditures as claims are presented for payment with a cap of \$500 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

A reconciliation of the claims recorded for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Beginning liabilities	\$ -	\$ -
Incurred claims	53,924	45,048
Claims payments	<u>(53,924)</u>	<u>(45,048)</u>
Ending Liabilities	<u>\$ -</u>	<u>\$ -</u>

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2021	\$ 53,924	\$ 53,924
2020	\$ 45,048	\$ 45,048
2019	\$ 45,852	\$ 45,852
2018	\$ 43,076	\$ 43,076
2017	\$ 46,624	\$ 46,624
2016	\$ 35,723	\$ 35,723
2015	\$ 28,325	\$ 28,325
2014	\$ 26,674	\$ 26,674
2013	\$ 30,470	\$ 30,470
2012	\$ 27,562	\$ 27,562
2011	\$ 30,025	\$ 30,025

XV. Commitments and Contingencies

A. Litigation

There is no litigation pending against the District as of the balance sheet date.

B. Grants

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

XVI. Lease Commitments and Leased Assets

The District leases rooms to Monroe 2 BOCES to operate certain programs. The operating income generated from these leases totaled \$552,776 for the 2020-21 fiscal year.

XVII. Tax Abatement

The County of Monroe IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the District property tax revenue was reduced \$647,985. The District received payment in lieu of tax (PILOT) payment totaling \$1,249,463 to help offset the property tax reduction.

XVIII. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School’s financial condition, liquidity, voter approved budgets, and future results of operations. Management is actively monitoring the global situation on its financial condition, budgets, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The School District was awarded three different stimulus packages known as Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). New York State Required the CARES funds to be reported in the General fund, as an offset to state aid reductions, referred to as the Pandemic Adjustment, while the CRRSA and ARPA funds are required to be reported in the special aid fund.

The District reported \$743,128 in CARES revenues and expenditures during the 2021 fiscal year and has submitted the CRRSA and ARPA funding applications to the New York State Education Department for approval. All three stimulus funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared. The District also provided free breakfast and lunches to all students (except those who opted out) through the National School Breakfast and Lunch Program.

Required Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2021

TOTAL OPEB LIABILITY				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 6,036,526	\$ 4,902,678	\$ 5,714,643	\$ 4,886,519
Interest	4,818,060	5,781,823	6,624,960	6,192,391
Changes in benefit terms	26,785	-	(44,163)	-
Differences between expected and actual experiences	(13,190,326)	(15,346,029)	(24,372,137)	7,376,585
Changes of assumptions or other inputs	4,702,463	33,408,456	844,724	4,812,488
Benefit payments	<u>(3,680,387)</u>	<u>(3,396,729)</u>	<u>(3,536,851)</u>	<u>(3,331,136)</u>
Net Change in Total OPEB Liability	\$ (1,286,879)	\$ 25,350,199	\$ (14,768,824)	\$ 19,936,847
Total OPEB Liability - Beginning	\$ 191,920,486	\$ 166,570,287	\$ 181,339,111	\$ 161,402,264
Total OPEB Liability - Ending	\$ 190,633,607	\$ 191,920,486	\$ 166,570,287	\$ 181,339,111
Covered Employee Payroll	\$ 35,292,309	\$ 34,698,424	\$ 33,570,457	\$ 33,570,457
Total OPEB Liability as a Percentage of Covered Employee Payroll	540.16%	553.11%	496.18%	540.17%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
For The Year Ended June 30, 2021

NYSERS Pension Plan							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0298%	0.0295%	0.0305%	0.0302%	0.0315%	0.0304%	0.0305%
Proportionate share of the net pension liability (assets)	\$ 29,678	\$ 7,812,878	\$ 2,164,080	\$ 973,899	\$ 2,958,182	\$ 4,876,863	\$ 1,028,873
Covered-employee payroll	\$ 9,798,356	\$ 9,497,363	\$ 9,127,605	\$ 8,934,384	\$ 8,756,512	\$ 8,019,085	\$ 8,248,405
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	0.303%	82.264%	23.709%	10.901%	33.783%	60.816%	12.474%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
NYSTRS Pension Plan							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.1711%	0.1707%	0.1691%	0.1690%	0.1668%	0.1664%	0.1659%
Proportionate share of the net pension liability (assets)	\$ 4,727,386	\$ (4,434,749)	\$ (3,057,730)	\$ (1,284,933)	\$ 1,786,332	\$ (17,286,558)	\$ (18,483,341)
Covered-employee payroll	\$ 29,025,346	\$ 29,308,811	\$ 28,909,300	\$ 27,932,710	\$ 26,788,532	\$ 25,736,528	\$ 25,318,423
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	16.287%	-15.131%	-10.577%	-4.600%	6.668%	-67.167%	-73.004%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
For The Year Ended June 30, 2021

NYSERS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,355,765	\$ 1,348,833	\$ 1,298,391	\$ 1,352,318	\$ 1,284,193	\$ 1,355,492	\$ 1,557,499
Contributions in relation to the contractually required contribution	<u>(1,355,765)</u>	<u>(1,348,833)</u>	<u>(1,298,391)</u>	<u>(1,352,318)</u>	<u>(1,284,193)</u>	<u>(1,355,492)</u>	<u>(1,557,499)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 9,798,356	\$ 9,497,363	\$ 9,127,605	\$ 8,934,384	\$ 8,756,512	\$ 8,019,085	\$ 8,248,405
Contributions as a percentage of covered-employee payroll	13.84%	14.20%	14.22%	15.14%	14.67%	16.90%	18.88%

NYSTRS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,928,594	\$ 2,735,605	\$ 2,699,321	\$ 3,139,616	\$ 3,316,171	\$ 3,546,097	\$ 4,528,302
Contributions in relation to the contractually required contribution	<u>(2,928,594)</u>	<u>(2,735,605)</u>	<u>(2,699,321)</u>	<u>(3,139,616)</u>	<u>(3,316,171)</u>	<u>(3,546,097)</u>	<u>(4,528,302)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 29,025,346	\$ 29,308,811	\$ 28,909,300	\$ 27,932,710	\$ 26,788,532	\$ 25,736,528	\$ 25,318,423
Contributions as a percentage of covered-employee payroll	10.09%	9.33%	9.34%	11.24%	12.38%	13.78%	17.89%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 39,229,379	\$ 34,097,503	\$ 34,092,244	\$ (5,259)
Real property tax items	1,133,901	6,265,777	6,381,339	115,562
Non-property taxes	3,400,000	3,400,000	4,098,381	698,381
Charges for services	135,000	135,000	27,711	(107,289)
Use of money and property	578,503	578,503	566,152	(12,351)
Sale of property and compensation for loss	130,000	130,000	179,868	49,868
Miscellaneous	677,500	677,500	1,111,891	434,391
State Sources -				
Basic formula	32,869,986	32,869,986	27,047,284	(5,822,702)
Lottery aid	-	-	6,271,743	6,271,743
BOCES	3,205,039	3,205,039	3,065,640	(139,399)
Textbooks	219,370	219,370	219,312	(58)
All Other Aid -				
Computer software	122,895	122,895	122,896	1
Library loan	22,900	22,900	22,900	-
Other aid	-	-	40,059	40,059
Federal Sources	<u>723,297</u>	<u>723,297</u>	<u>755,290</u>	<u>31,993</u>
TOTAL REVENUES	<u>\$ 82,447,770</u>	<u>\$ 82,447,770</u>	<u>\$ 84,002,710</u>	<u>\$ 1,554,940</u>
Appropriated reserves	<u>\$ 2,091,310</u>	<u>\$ 2,091,310</u>		
Appropriated fund balance	<u>\$ -</u>	<u>\$ -</u>		
Prior year encumbrances	<u>\$ 687,863</u>	<u>\$ 687,863</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 85,226,943</u></u>	<u><u>\$ 85,226,943</u></u>		

Required Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 27,400	\$ 31,204	\$ 27,808	\$ -	\$ 3,396
Central administration	258,397	269,197	267,058	635	1,504
Finance	783,332	781,252	752,914	17,468	10,870
Staff	533,339	595,699	573,870	20,710	1,119
Central services	5,297,514	5,390,054	4,793,336	216,772	379,946
Special items	1,446,891	1,394,920	1,387,915	-	7,005
Instructional -					
Instruction, administration and improvement	3,385,158	3,404,302	3,232,791	2,531	168,980
Teaching - regular school	22,869,255	22,582,086	21,810,430	33,418	738,238
Programs for children with handicapping conditions	9,025,802	9,703,097	9,426,366	114,500	162,231
Occupational education	791,050	791,049	791,049	-	-
Teaching - special schools	158,104	127,952	85,997	-	41,955
Instructional media	2,366,567	2,312,126	2,242,685	5,215	64,226
Pupil services	4,343,762	4,266,447	3,946,302	30,046	290,099
Pupil Transportation	3,939,355	3,844,472	3,291,938	5,420	547,114
Employee Benefits	22,924,911	22,734,155	21,847,802	480	885,873
Debt service - principal	5,810,000	5,810,000	5,810,000	-	-
Debt service - interest	1,162,106	1,048,606	1,048,605	-	1
TOTAL EXPENDITURES	\$ 85,122,943	\$ 85,086,618	\$ 81,336,866	\$ 447,195	\$ 3,302,557
Other Uses -					
Transfers - out	\$ 104,000	\$ 140,325	\$ 132,650	\$ -	\$ 7,675
TOTAL EXPENDITURES AND OTHER USES	\$ 85,226,943	\$ 85,226,943	\$ 81,469,516	\$ 447,195	\$ 3,310,232
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 2,533,194		
FUND BALANCE, BEGINNING OF YEAR	18,367,119	18,367,119	18,367,119		
FUND BALANCE, END OF YEAR	\$ 18,367,119	\$ 18,367,119	\$ 20,900,313		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For The Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		\$ 84,539,080
Prior year's encumbrances		<u>687,863</u>
Original Budget		<u>\$ 85,226,943</u>
FINAL BUDGET		<u><u>\$ 85,226,943</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2021-22 voter approved expenditure budget		\$ 87,434,885
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 447,195	
Unassigned fund balance	<u>3,497,395</u>	
Total Unrestricted fund balance	<u>\$ 3,944,590</u>	
<u>Less adjustments:</u>		
Encumbrances included in assigned fund balance	<u>\$ 447,195</u>	
Total adjustments	<u>\$ 447,195</u>	
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u>3,497,395</u>
ACTUAL PERCENTAGE		<u><u>4.00%</u></u>

Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For The Year Ended June 30, 2021

Project Title	Expenditures					Unexpended Balance	Methods of Financing			Fund Balance	
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total		Obligations	Local Sources	State Sources		Total
2015 Capital Project	\$ 12,436,200	\$ 12,436,200	\$ 12,396,812	\$ 39,388	\$ 12,436,200	\$ -	\$ 9,841,200	\$ 2,595,000	\$ -	\$ 12,436,200	\$ -
2018 Capital Project	12,385,000	12,385,000	3,381,844	4,619,170	8,001,014	4,383,986	8,635,000	3,000,000	-	11,635,000	3,633,986
Smart Schools Bond Act	<u>2,728,821</u>	<u>2,728,821</u>	<u>1,595,056</u>	<u>503,649</u>	<u>2,098,705</u>	<u>630,116</u>	<u>-</u>	<u>-</u>	<u>2,098,705</u>	<u>2,098,705</u>	<u>-</u>
TOTAL	<u>\$ 30,916,771</u>	<u>\$ 30,916,771</u>	<u>\$ 20,740,462</u>	<u>\$ 5,162,207</u>	<u>\$ 25,902,669</u>	<u>\$ 5,014,102</u>	<u>\$ 18,476,200</u>	<u>\$ 8,961,750</u>	<u>\$ 2,098,705</u>	<u>\$ 29,536,655</u>	<u>\$ 3,633,986</u>

Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special			Total Nonmajor Governmental Funds
	Revenue Funds		Debt Service Fund	
	School Lunch Fund	Miscellaneous Special Revenue Fund		
ASSETS				
Cash and cash equivalents	\$ 563,887	\$ 54,868	\$ 1,333,496	\$ 1,952,251
Receivables	260,237	-	-	260,237
Inventories	85,259	-	-	85,259
Due from other funds	74	-	60	134
TOTAL ASSETS	\$ 909,457	\$ 54,868	\$ 1,333,556	\$ 2,297,881
LIABILITIES AND FUND BALANCES				
<u>Liabilities</u> -				
Accounts payable	\$ 34,893	\$ 1,224	\$ -	\$ 36,117
Accrued liabilities	8,605	-	-	8,605
Due to other funds	758,770	74	-	758,844
Due to other governments	59,691	-	-	59,691
Unearned revenue	47,498	-	-	47,498
TOTAL LIABILITIES	\$ 909,457	\$ 1,298	\$ -	\$ 910,755
<u>Fund Balances</u> -				
Nonspendable	\$ 85,259	\$ -	\$ -	\$ 85,259
Restricted	-	53,570	1,333,556	1,387,126
Unassigned	(85,259)	-	-	(85,259)
TOTAL FUND BALANCE	\$ -	\$ 53,570	\$ 1,333,556	\$ 1,387,126
TOTAL LIABILITIES AND FUND BALANCES	\$ 909,457	\$ 54,868	\$ 1,333,556	\$ 2,297,881

Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Combined Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2021

	Special			Total	
	Revenue Funds				Nonmajor
	School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund		
REVENUES					
Use of money and property	\$ 12	\$ 2	\$ 4,277	\$ 4,291	
Miscellaneous	596	9,646	-	10,242	
State sources	36,247	-	-	36,247	
Federal sources	1,044,457	-	-	1,044,457	
Sales	37,743	-	-	37,743	
TOTAL REVENUES	\$ 1,119,055	\$ 9,648	\$ 4,277	\$ 1,132,980	
EXPENDITURES					
Employee benefits	\$ 244,952	\$ -	\$ -	\$ 244,952	
Cost of sales	413,122	-	-	413,122	
Other expenses	489,561	9,863	-	499,424	
TOTAL EXPENDITURES	\$ 1,147,635	\$ 9,863	\$ -	\$ 1,157,498	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (28,580)	\$ (215)	\$ 4,277	\$ (24,518)	
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ 57,477	\$ -	\$ 39,388	\$ 96,865	
Premium on obligations issued	-	-	390,719	390,719	
TOTAL OTHER FINANCING SOURCES (USES)	\$ 57,477	\$ -	\$ 430,107	\$ 487,584	
NET CHANGE IN FUND BALANCE	\$ 28,897	\$ (215)	\$ 434,384	\$ 463,066	
FUND BALANCE, BEGINNING OF YEAR (restated)	(28,897)	53,785	899,172	924,060	
FUND BALANCE, END OF YEAR	\$ -	\$ 53,570	\$ 1,333,556	\$ 1,387,126	

Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
For The Year Ended June 30, 2021

Capital assets, net		\$ 90,826,099
Add:		
Unspent bond proceeds	<u>\$ 3,633,986</u>	3,633,986
Deduct:		
Bond payable	\$ 28,270,000	
Deferred inflow - bond premium	179,165	
Unamortized bond premium	<u>978,176</u>	
		<u>29,427,341</u>
Net Investment in Capital Assets		<u><u>\$ 65,032,744</u></u>

Supplementary Information
SPENCERPORT CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2021

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-21-0363	\$ 904,675
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-21-0363	28,357
<i>Total Special Education Cluster IDEA</i>				<u>\$ 933,032</u>
<u>Education Stabilization Funds -</u>				
CARES Act - ESSER	84.425D	N/A	5890-21-1360	504,985
CARES Act - GEER	84.425C	N/A	5895-21-1360	85,586
CRRSA - ESSER 2	84.425R	N/A	5891-21-1360	83,696
CRRSA - GEER 2	84.425R	N/A	5892-21-1360	68,861
<i>Total Education Stabilization Funds</i>				<u>\$ 743,128</u>
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-20-1360	\$ 60,419
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-21-1360	69,214
Title IIIA - LEP	84.365	N/A	0293-20-1360	7,515
Title IIIA - LEP	84.365	N/A	0293-21-1360	14,951
Hurricane Ed Recovery - Homeless	84938B	N/A	0084-19-1360	269
Title IV - SSAE Allocation	84.424	N/A	0204-21-1360	62,008
Title I - School Improvement	84.010	N/A	0011-21-3140	38,786
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-20-1360	930
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-21-1360	537,953
Total U.S. Department of Education				<u>\$ 2,468,205</u>
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	261001060000	\$ 80,235
Summer Food Service program COVID	10.559	N/A	261001060000	964,222
<i>Total Child Nutrition Cluster</i>				<u>\$ 1,044,457</u>
Total U.S. Department of Agriculture				<u>\$ 1,044,457</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 3,512,662</u>

**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***

Independent Auditors' Report

To the Board of Education
Spencerport Central School District, New York

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Spencerport Central School District, New York'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 Spencerport Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Spencerport Central School District, New York'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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Spencerport Central School District, New York’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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rochester, New York
_____, 2021

DRAFT

SPENCERPORT CENTRAL SCHOOL DISTRICT

NEW YORK

***COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT***

For Year Ended June 30, 2021

REVISIONS DRAFT

September 27, 2021

To the Board of Education
Spencerport Central School District, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Spencerport Central School District, New York as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Spencerport Central School District, New York's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 27, 2021 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Prior Year Deficiency Pending Corrective Action:

School Lunch Operations –

The Board approved a transfer totaling \$57,477 from the general fund to the school lunch fund to offset operating deficits and bring fund balance to zero.

We recommend the District continue to monitor the School Lunch program and develop cost containment and revenue enhancement measures to assist in maintaining the financial integrity of the program.

Other Items:

The following items are not considered to be a deficiency in internal control; however, we consider them other items which we would like to communicate to you as follows:

Federal Programs –

As a result of recent federal program changes the District documents various Federal Program procedures through written questionnaires prepared by the Program Coordinators and the Business Office. Recent guidance from the New York State Education Department suggests Federal recipients should enhance their written documentation into a written procedural manual that is more detailed and specific to each federal program compliance requirements.

GASB Statement No. 87 Leases –

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87 which will be effective during the 2021-22 fiscal year. As a result, the District will be required to gather certain information relating to those items considered to be leases in order to prepare the lease payable and right to use asset calculations.

Prior Year Recommendations:

We are pleased to report the following prior year recommendations have been implemented to our satisfaction:

1. The District has reviewed all outstanding receivables and determined the level of collectability.
2. The District reconciled the Agency funds during the implementation of GASB #84.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

* * *

We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Rochester, New York
September 27, 2021