



CANASTOTA CENTRAL
SCHOOL DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2021

**CANASTOTA CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3-12
BASIC FINANCIAL STATEMENTS	
District-Wide Financial Statements	
• Statement of Net Position	13
• Statement of Activities	14
Fund Financial Statements	
• Balance Sheet – Governmental Funds	15
• Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
• Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
• Reconciliation of the Statement of Revenues and Expenditures of the Governmental Funds to the Statement of Activities	18
Fiduciary Fund Financial Statements	
• Statement of Fiduciary Net Position	19
• Statement of Changes in Fiduciary Net Position	20
Notes to Basic Financial Statements	21-45
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT’S DISCUSSION AND ANALYSIS	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	46
Schedules of Changes in the District’s Total OPEB Liability and Related Ratios	47
Schedules of Local Government Pension Contributions	48
Schedules of the Local Government’s Proportionate Share of the Net Pension Asset/Liability	49
OTHER SUPPLEMENTARY INFORMATION	
Schedules of Change from Original Budget to Revised Budget and Section 1318 of Real Property Tax Law Limit Calculation	50
Schedule of Project Expenditures – Capital Projects Fund	51
Net Investment in Capital Assets	52
SINGLE AUDIT REPORTS AND SCHEDULES	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	53
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	54-55
Schedule of Expenditures of Federal Awards	56
Notes to Schedule of Expenditures of Federal Awards	57
Schedule of Findings and Questioned Costs – Federal Compliance Requirements	58-59
Status of Prior Year’s Findings and Questioned Costs – Federal Compliance Requirements	60

Independent Auditor's Report

Board of Education
Canastota Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Canastota Central School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School 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 of America. 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 opinion.

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 Canastota Central School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

New Accounting Standard

As discussed in Note 1 and 17 to the financial statements, the School District changed its accounting policies related to the accounting and reporting of fiduciary activities by adopting the Governmental Accounting Standards Board's (GASB) Statement No. 84, *Fiduciary Activities*. The new pronouncement changes the criteria used to determine which government activities are considered fiduciary and provides guidance on accounting and reporting for the fiduciary activities identified. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of the Canastota Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Canastota Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 13, 2021

Rome, New York

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

(Continued)

The Canastota Central School District’s discussion and analysis of financial performance provides an overall review of the District’s financial activities for the fiscal years ended June 30, 2021 and 2020. The intent of this discussion and analysis is to look at the District’s financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

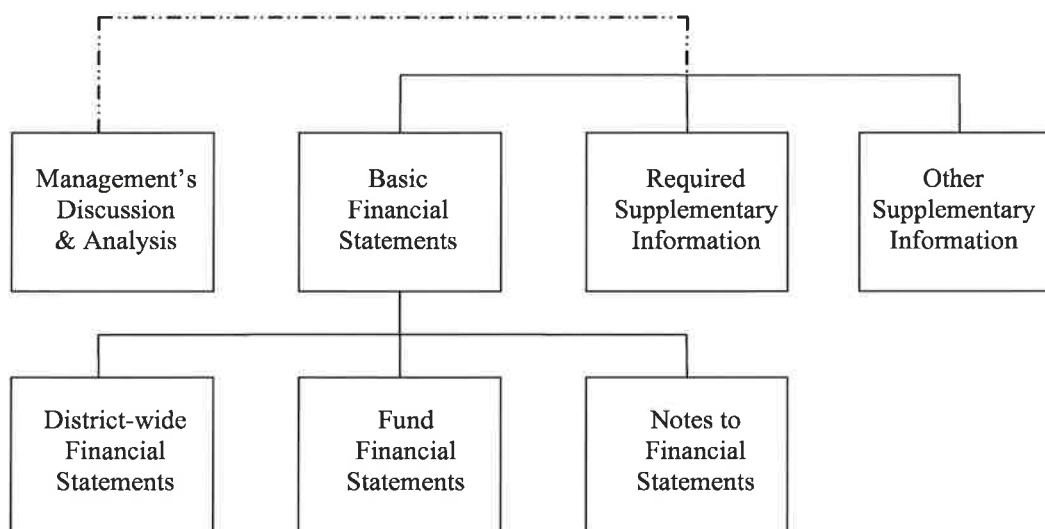
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The District’s total net position, as reflected in the District-wide financial statements, decreased \$2,846,095.
- The current total net position is a deficit in the amount of \$42,102,298. The deficit is primarily the result of the recognition of an unfunded liability for other post-employment benefits of \$81,198,199 at June 30, 2021, as required by GAAP. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.
- The District’s expenses for the year, as reflected in the District-wide financial statements, totaled \$34,414,000. Of this amount, \$2,093,999 was offset by program revenues. General revenues of \$29,473,906 amount to 93.4% of total revenues.
- The District received \$1,952,346 in operating grants to support instructional and food service programs and \$115,279 in capital grants from the New York State Smart Schools Bond Act.
- State and federal revenue increased 0.6% to \$16,161,680 in 2021 from \$16,070,285 in 2020. In the prior year, New York State temporarily withheld 20% of State aid receivables. This delay resulted in the prior year deferral of State Aid revenue of \$237,974 in the General Fund. This deferral was recognized as revenue in the current year.
- The General Fund’s total fund balance, as reflected in the fund financial statements on pages 15 and 17, increased by 209,884. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management’s Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



See Independent Auditor’s Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

(Continued)

A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. 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 District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

(Continued)

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The Districts total net position decreased \$2,846,095 during the fiscal year ending June 30, 2021. A summary of the District's Statement of Net Position for June 30, 2021 and 2020, is as follows:

	2021	(Restated) 2020	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 15,069,175	\$ 14,926,445	\$ 142,730	1.0%
Net Pension Asset - Proportionate Share		1,534,903	(1,534,903)	(100.0%)
Capital Assets, (Net of Accumulated Depreciation)	<u>30,163,271</u>	<u>24,409,844</u>	<u>5,753,427</u>	23.6%
Total Assets	<u>45,232,446</u>	<u>40,871,192</u>	<u>4,361,254</u>	10.7%
Deferred Outflows of Resources	<u>21,214,507</u>	<u>23,200,132</u>	<u>(1,985,625)</u>	(8.6%)
Total Assets and Deferred Outflows of Resources	<u>\$ 66,446,953</u>	<u>\$ 64,071,324</u>	<u>\$ 2,375,629</u>	3.7%
Non-Current Liabilities	\$ 93,888,465	\$ 91,559,340	\$ 2,329,125	2.5%
Net Pension Liability - Proportionate Share	1,484,218	2,019,218	(535,000)	(26.5%)
Other Liabilities	<u>5,296,955</u>	<u>1,361,725</u>	<u>3,935,230</u>	289.0%
Total Liabilities	<u>100,669,638</u>	<u>94,940,283</u>	<u>5,729,355</u>	6.0%
Deferred Inflows of Resources	<u>7,879,613</u>	<u>8,387,244</u>	<u>(507,631)</u>	(6.1%)
Net Position				
Net Investment in Capital Assets	14,548,906	11,564,926	2,983,980	25.8%
Restricted	9,249,795	8,659,302	590,493	6.8%
Unassigned (Deficit)	<u>(65,900,999)</u>	<u>(59,480,431)</u>	<u>(6,420,568)</u>	(10.8%)
Total Net Position (Deficit)	<u>(42,102,298)</u>	<u>(39,256,203)</u>	<u>(2,846,095)</u>	(7.3%)
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 66,446,953</u>	<u>\$ 64,071,324</u>	<u>\$ 2,375,629</u>	

Current and other assets increased \$142,730, as compared to the prior year. The increase is mainly due to an increase of \$403,026 in State Aid receivable.

The District's proportionate share of the net pension asset, as reported by the Teachers' Retirement Systems, was eliminated and a net pension liability was recorded for \$1,476,441. This was a net decrease of net asset/liability of \$3,011,344. The District's proportionate share of the net pension liability, as reported by the Employees' Retirement Systems, decreased by \$2,011,441, as compared to the prior year.

Capital assets net of accumulated depreciation increased by \$5,753,427, as compared to the prior year. This increase is primarily due to capital outlays exceeding depreciation expense. Note 6 to the Financial Statements provide additional information.

Deferred outflows of resources decreased by \$1,985,625 as compared to the prior year, mainly due to the changes of assumptions for the calculation of the other postemployment benefit liability, whereby the discount rate decreased from 2.21% to 2.16%.

Non-current liabilities increased by \$2,329,125 as compared to the prior year. This is primarily a result of the net increase in the other postemployment benefits liability by \$3,321,690.

Other liabilities increased by \$3,935,230 as compared to the prior year. This is primarily a result of the increase in the issuance of a bond anticipation notes in the amount of \$1,700,000 and a \$2,152,123 increase in accounts payables in the Capital Fund.

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

(Continued)

The \$507,631 decrease in the deferred inflows was primarily due to the recognition of a deferred inflow relating to pensions of \$866,599, due to changes in assumptions.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The restricted portion of net position at June 30, 2021 is \$9,249,795, consisting of the District's reserves and other restricted funds for debt service payments.

The unrestricted portion of net position at June 30, 2021, is a deficit of \$65,900,999, which represents the amount by which the District's liabilities and deferred inflows of resources, exceeded the District's assets and outflows of resources, excluding restricted assets, capital assets, and debt related to capital construction.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements, STAR (school tax relief) revenue is included in the other tax items line. However, the MD&A combines the STAR amount with property taxes. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

Revenues	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>	<u>Change</u>
Program Revenues				
Charges for Services	\$ 26,374	\$ 85,854	\$ (59,480)	(69.3%)
Operating Grants	1,952,346	1,834,170	118,176	6.4%
Capital Grants	115,279	962,287	(847,008)	(88.0%)
General Revenues				
Property Taxes and STAR	12,849,640	12,475,946	373,694	3.0%
State and Federal Sources	16,161,680	16,070,285	91,395	0.6%
Other	<u>462,586</u>	<u>814,010</u>	<u>(351,424)</u>	<u>(43.2%)</u>
Total Revenues	<u>31,567,905</u>	<u>32,242,552</u>	<u>(674,647)</u>	<u>(2.1%)</u>
Expenses				
General Support	4,229,443	3,534,658	694,785	19.7%
Instruction	26,710,859	26,497,174	213,685	0.8%
Pupil Transportation	2,370,522	2,490,300	(119,778)	(4.8%)
Debt Service-Unallocated Interest	350,860	402,407	(51,547)	(12.8%)
Food Service Program	<u>752,316</u>	<u>760,176</u>	<u>(7,860)</u>	<u>(1.0%)</u>
Total Expenses	<u>34,414,000</u>	<u>33,684,715</u>	<u>729,285</u>	<u>2.2%</u>
Total Change in Net Position	<u>\$ (2,846,095)</u>	<u>\$ (1,442,163)</u>	<u>\$ (1,403,932)</u>	

The District's revenues decreased by \$674,647 in 2021 or 2.1%. The major factors that contributed to the decrease were:

- State and Federal Aid increased \$91,395 from the prior year. In the prior year, New York State is temporarily withheld 20% of State aid receivables. This delay resulted in the prior year deferral of State Aid revenue of \$237,974 in the General Fund. This deferral was recognized as revenue in the current year.
- Operating grants increased due to increased revenues for the School Lunch program for increased participation.
- Capital grants decreased \$847,008 due the New York State Smart Schools Bond Act recognized in the prior year.
- Real Property Taxes and Star increased by \$373,694 from the prior year in accordance with the adopted budget.

The District's expenses increased by \$729,285 in 2021 or 2.2%. The major factors that contributed to the increase were:

- The increases (decreases) in the following expenses:
 - Payroll \$290,704
 - Pension expense (\$471,427)
 - OPEB expense \$808,082.

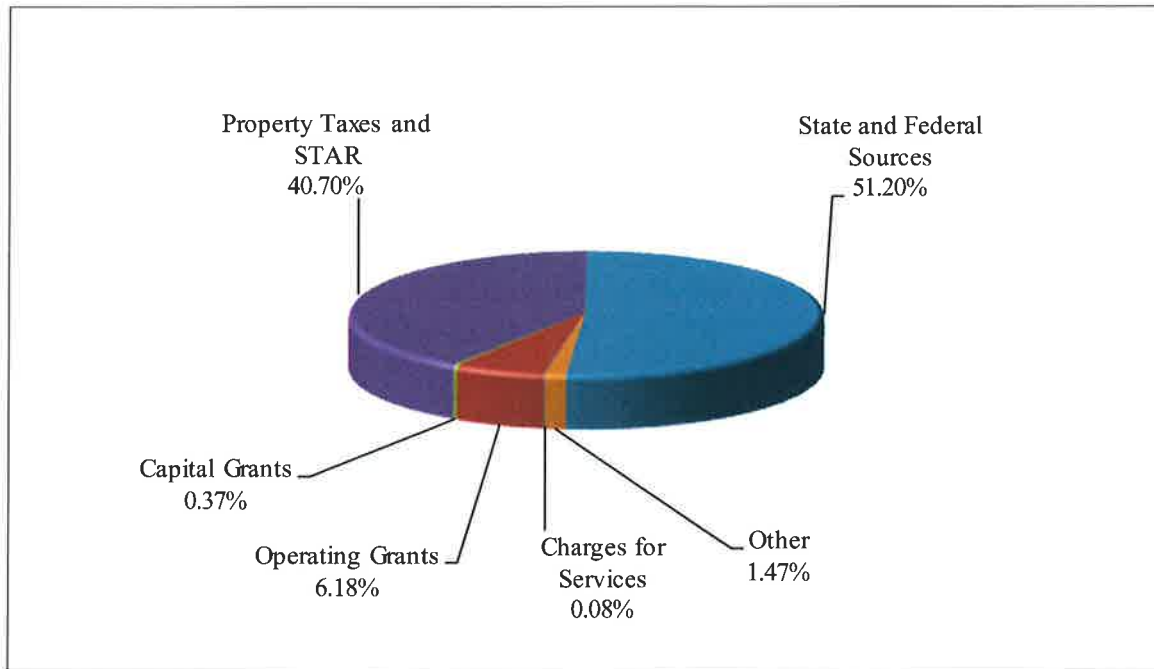
See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

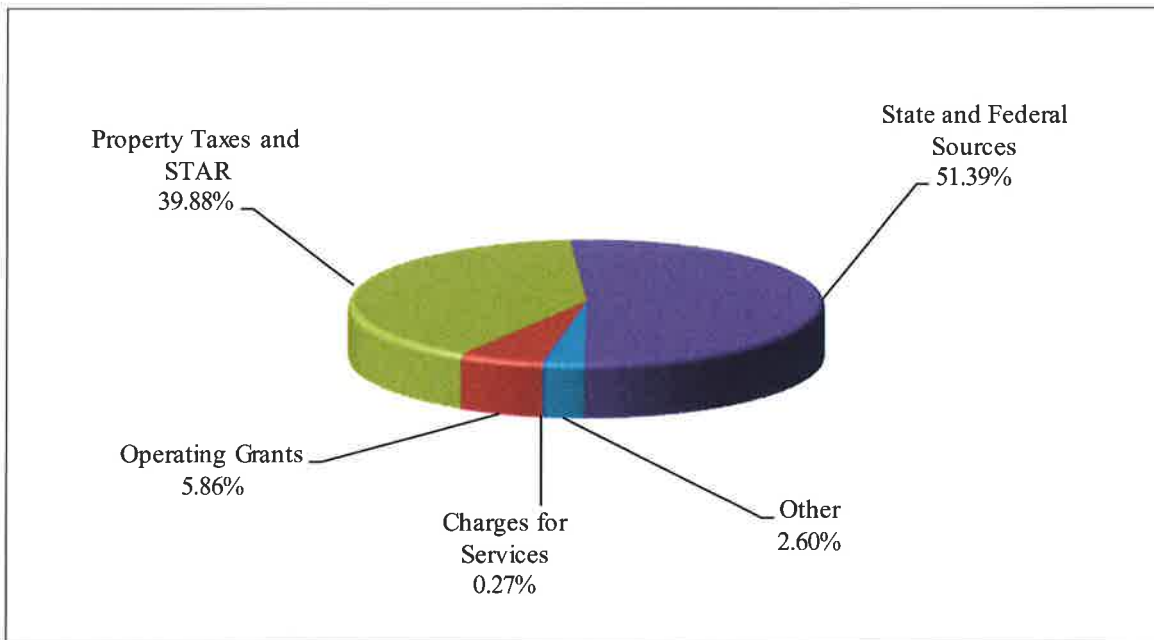
(Continued)

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2021



For the Year Ended June 30, 2020



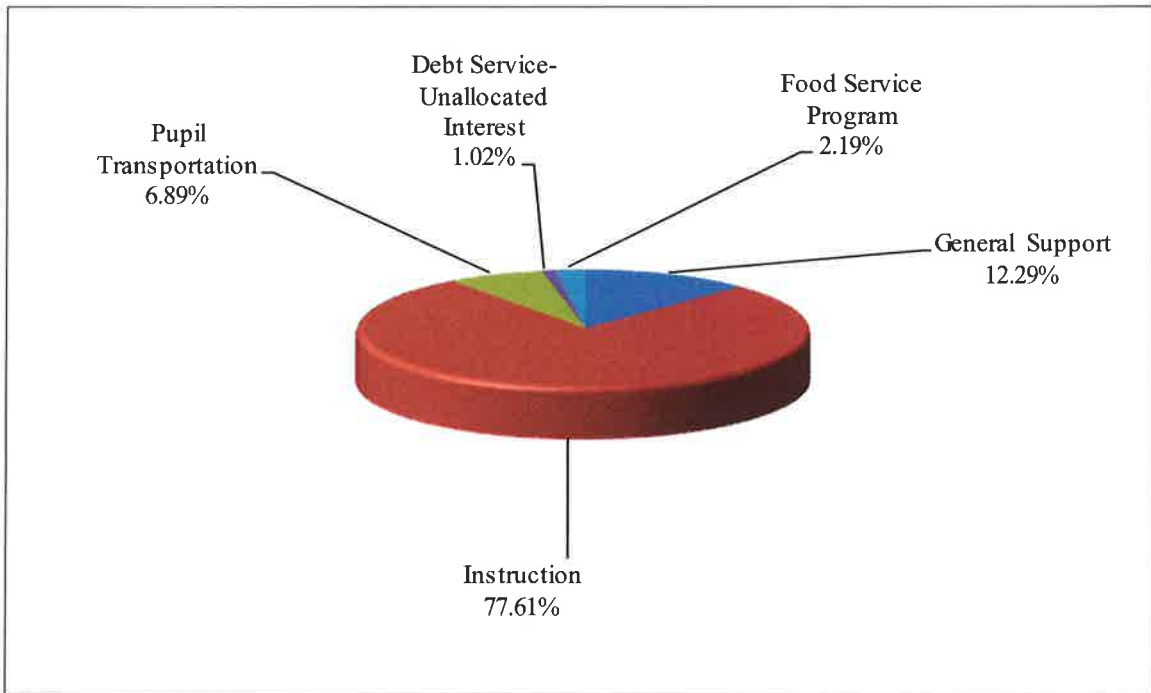
See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

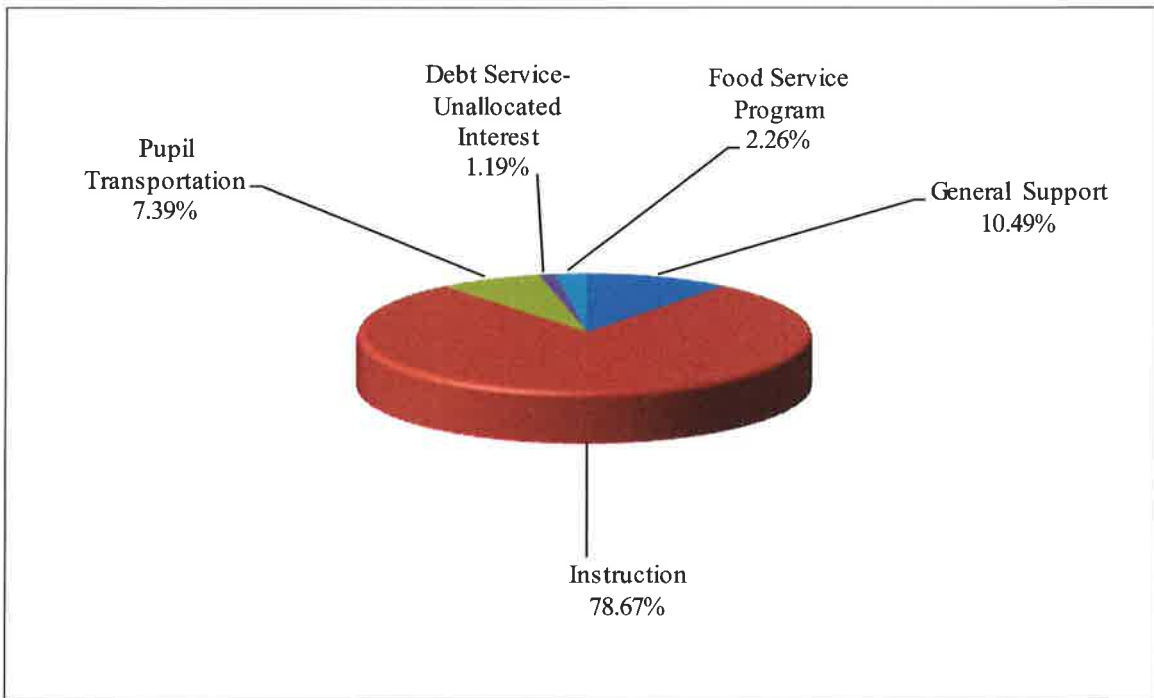
(Continued)

A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2021



For the Year Ended June 30, 2020



See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$9,800,374 which is an decrease of \$3,561,071 from the prior year. This decrease is due to a deficit of revenues over expenditures for the year in the Capital Fund. This deficit will be eliminated as the capital projects obtain permanent financing or other revenues. A summary of the change in fund balance by fund is as follows:

	2021	(Restated) 2020	Increase (Decrease)
General Fund			
Non-Spendable:	\$ 268,861	\$ 246,725	\$ 22,136
Restricted for:			
Unemployment Insurance Reserve	279,758	240,999	38,759
Employee Benefits Accrued Liability Reserve	588,396	588,030	366
Insurance Reserve	242,148	241,997	151
Liability Reserve	491,151	490,845	306
Retirement Contribution			
Employee Retirement System	2,030,836	1,524,990	505,846
Teachers' Retirement System	549,099	374,772	174,327
Tax Certiorari Reserve	526,426	531,048	(4,622)
Workers Compensation Reserve	262,425	262,262	163
Capital Reserve	3,043,932	3,169,123	(125,191)
Total Restricted	8,014,171	7,424,066	590,105
Assigned			
Appropriated for Subsequent Year's Budget	2,136,543	3,200,000	(1,063,457)
General Support		15,914	(15,914)
Instruction	104,215	18,161	86,054
Total Assigned	2,240,758	3,234,075	(993,317)
Unassigned	1,625,239	1,034,279	590,960
Total General Fund	12,149,029	11,939,145	209,884
School Lunch Fund			
Nonspendable	21,845	30,973	(9,128)
Assigned	531,374	251,009	280,365
Total School Lunch Fund	553,219	281,982	271,237
Special Aid Fund			
Unrestricted (Deficit)	(260,133)		(260,133)
Miscellaneous Special Revenue Fund			
Restricted for Scholarships	20,829	21,370	(541)
Debt Service Fund			
Restricted	1,214,795	1,213,866	929
Capital Projects Fund			
Unassigned (Deficit)	(3,877,365)	(94,918)	(3,782,447)
Total Capital Projects Fund (Deficit)	(3,877,365)	(94,918)	(3,782,447)
Total	\$ 9,800,374	\$ 13,361,445	\$ (3,561,071)

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

(Continued)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's General Fund adopted budget for the year ended June 30, 2021, was \$31,613,947. This is an increase of \$368,176 from the prior year's adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$12,759,650 in estimated property taxes and STAR and \$16,182,948 in State Aid.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$	1,034,279
Revenues and Transfers Over Budget		1,311,204
Expenditures and Encumbrances Under Budget		2,028,540
Net Decrease to Restricted Funds		(590,105)
Decrease in Non-Spendable - Prepaid Expenditures		(22,136)
Appropriated for June 30, 2022 Budget		<u>(2,136,543)</u>
Closing, Unassigned Fund Balance	\$	<u>1,625,239</u>

Opening, Unassigned Fund Balance

The \$1,034,279 shown in the table is the portion of the District's June 30, 2020, fund balance that was retained as unassigned. This was 3.27% of the District's 2020-2021 approved operating budget.

Revenues and Other Sources Under Budget

The 2020-2021 budget for revenues was \$27,138,224. The actual revenues received for the year were \$29,725,144. The actual revenue over the estimated or budgeted revenue was \$2,586,920. Additionally, the budget included \$1,275,724 for transfers from other funds, while the actual transfer was \$8. These variances contribute directly to the change to the unassigned portion of the General Fund balance from June 30, 2020 to June 30, 2021.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures was \$31,648,023. The actual expenditures and encumbrances were \$29,619,483. The final budget was under expended and encumbered by \$2,028,540. This under expenditure contributes to the change to the unassigned portion of the General Fund balance from June 30, 2020 to June 30, 2021.

Appropriated Fund Balance

The District has chosen to use \$2,136,543 of its available June 30, 2021, fund balance to partially fund its 2021-2022 approved operating budget.

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

(Continued)

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2021-2022 fiscal year with an unassigned fund balance of \$1,625,239 which is an increase of \$590,960 over the unassigned balance from the prior year as of June 30, 2020. This was 4.95% of the District's 2021-2022 approved operating budget.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets, including land, construction in progress, buildings and land improvements, furniture, and machinery and equipment. The net increase in capital assets is due to capital additions exceeding depreciation recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020, is as follows:

	2021	2020	Increase (Decrease)
Land	\$ 135,650	\$ 135,650	\$
Construction in Progress	20,373,577	15,340,112	5,033,465
Buildings and Improvements	7,755,009	7,006,550	748,459
Land Improvements	13,785	17,492	(3,707)
Furniture, Equipment, and Vehicles	1,885,250	1,910,040	(24,790)
Capital Assets, Net	<u>\$ 30,163,271</u>	<u>\$ 24,409,844</u>	<u>\$ 5,753,427</u>

B. Debt Administration

At June 30, 2021, the District had total bonds payable and energy performance contract of \$11,737,000. A summary of the debt at June 30, 2021 and 2020, is as follows:

Issue Date	Interest Rate %	2021	2020	Increase (Decrease)
2008	3.63%-4.00%	\$ 345,000	\$ 580,000	\$ (235,000)
2013	2.00%-5.00%	430,000	490,000	(60,000)
2013	2.47%	785,000	870,000	(85,000)
2015	1.10%-2.25%		70,000	(70,000)
2016	1.50%-1.75%	100,000	195,000	(95,000)
2017	1.85%-2.125%	155,000	230,000	(75,000)
2018	1.85%-2.125%	295,000	385,000	(90,000)
2019	1.85%-2.125%	8,955,000	9,560,000	(605,000)
2019	2.06%	285,000	370,000	(85,000)
2020	1.2%-1.30%	387,000		387,000
		<u>\$ 11,737,000</u>	<u>\$ 12,750,000</u>	<u>\$ (1,013,000)</u>

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

(Continued)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In May of 2021, voters of the School District passed the budget totaling \$32,812,350 and approved the purchase of three new school buses totaling \$275,000 for the 2021-2022 school year. The budget increased by a total of \$1,198,402 from the 2020-2021 school year.

The net effect to the taxpayers after State aid, federal aid and grants was a tax levy increase of \$227,107, or 1.79%.

The Board has worked diligently to be good stewards of the taxpayers' monies and have been very careful with spending. It is the Board's priority to provide the best possible education to each and every student while being fiscally responsible to taxpayers.

The budget allows the District to maintain programming for students. Staff and faculty positions have not been cut. The budget is under the allowable tax levy limit which qualifies the taxpayers for tax rebates proposed by the Governor.

The District has received a multi-year allocation of over four million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) and American Rescue Plan (ARP Act) Elementary and Secondary School Emergency Relief (ESSER) Fund. The District is planning on using the funds to assist with educational equity for all students focusing on student learning loss, adding programs to extend the school day, adding programs during the summer and social emotional learning (SEL).

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at 120 Roberts Street, Canastota, New York 13032.

See Independent Auditor's Report.

CANASTOTA CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

Assets	
Cash and Cash Equivalents	\$ 3,509,238
Restricted Cash and Cash Equivalents	9,291,472
Receivables	
Due from Other Governments	1,971,797
Other Receivables	5,963
Inventory	21,844
Prepaid Expenditures	268,861
Capital Assets (Not Being Depreciated)	19,285,734
Capital Assets (Net of Accumulated Depreciation)	<u>10,877,537</u>
Total Assets	<u>45,232,446</u>
Deferred Outflows of Resources	
Deferred Outflows - Other Postemployment Benefits	14,093,397
Deferred Outflows - Pensions	<u>7,121,110</u>
Total Deferred Outflows of Resources	<u>21,214,507</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 66,446,953</u></u>
Liabilities	
Accounts Payable	\$ 2,338,717
Accrued Liabilities	173,726
Due To	
Other Governments	221
Teachers' Retirement System	977,300
Employees' Retirement System	106,294
Bond Anticipation Notes	1,700,000
Unearned Revenue	697
Net Pension Liability - Proportionate Share	1,484,218
Noncurrent Liabilities	
Due Within One Year	
Bonds and Energy Performance Contract Payable	1,447,000
Unamortized Bond Premium	37,085
Due in More Than One Year	
Compensated Absences	471,155
Bonds and Energy Performance Contract Payable	10,290,000
Unamortized Bond Premium	445,026
Other Postemployment Benefits	<u>81,198,199</u>
Total Liabilities	<u>100,669,638</u>
Deferred Inflows of Resources	
Deferred Inflows - Pensions	3,160,162
Deferred Inflows - Other Postemployment Benefits	<u>4,719,451</u>
Total Deferred Inflows of Resources	<u>7,879,613</u>
Net Position	
Net Investment in Capital Assets	14,548,906
Restricted	9,249,795
Unrestricted (Deficit)	<u>(65,900,999)</u>
Total Net Position (Deficit)	<u>(42,102,298)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 66,446,953</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CANASTOTA CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
General Support	\$ 4,229,443	\$	\$	\$ (4,229,443)
Instruction	26,710,859	20,483	1,128,752	(25,446,345)
Pupil Transportation	2,370,522			(2,370,522)
Debt Service - Unallocated Interest	350,860			(350,860)
Food Service Program	752,316	5,891	823,594	77,169
Total Functions/Programs	\$ 34,414,000	\$ 26,374	\$ 1,952,346	\$ (32,320,001)
General Revenues				
Real Property Taxes				10,689,724
STAR and Other Real Property Tax Items				2,159,916
Use of Money and Property				11,615
Gain (Loss) on Sale of Property and Compensation for Loss				(24,468)
State and Federal Sources				16,161,680
Miscellaneous				475,439
Total General Revenues				29,473,906
Change in Net Position				(2,846,095)
Net Position (Deficit), Beginning of Year				(39,277,573)
Cumulative Effect of Change in Accounting Principle				21,370
Net Position (Deficit), Beginning of Year (Restated)				(39,256,203)
Net Position (Deficit), End of Year				\$ (42,102,298)

The Accompanying Notes are an Integral Part of These Financial Statements.

CANASTOTA CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	\$ 3,202,806	\$ 255,444	\$ 50,988	\$	\$	\$	\$ 3,509,238
Restricted Cash and Cash Equivalents	8,014,171			20,829	876,875	379,597	9,291,472
Receivables							
Due from Other Governments	1,605,389	110,821	255,587				1,971,797
Due from Other Funds	927,474	166,877			340,440		1,434,791
Other Receivables	5,013	950					5,963
Inventory		21,844					21,844
Prepaid Expenditures	268,861						268,861
Total Assets	<u>\$ 14,023,714</u>	<u>\$ 555,936</u>	<u>\$ 306,575</u>	<u>\$ 20,829</u>	<u>\$ 1,217,315</u>	<u>\$ 379,597</u>	<u>\$ 16,503,966</u>
Liabilities							
Payables							
Accounts Payable	\$ 36,594					\$ 2,302,123	\$ 2,338,717
Accrued Liabilities	132,992	921	11,659				145,572
Due To							
Other Governments		7	214				221
Other Funds	620,808	1,789	554,835		2,520	254,839	1,434,791
Teachers' Retirement System	977,300						977,300
Employees' Retirement System	106,294						106,294
Bond Anticipation Note						1,700,000	1,700,000
Unearned Revenue	697						697
Total Liabilities	<u>1,874,685</u>	<u>2,717</u>	<u>566,708</u>		<u>2,520</u>	<u>4,256,962</u>	<u>6,703,592</u>
Fund Balances (Deficit)							
Non-Spendable	268,861	21,845					290,706
Restricted	8,014,171			20,829	1,214,795		9,249,795
Assigned	2,240,758	531,374					2,772,132
Unassigned (Deficit)	1,625,239		(260,133)			(3,877,365)	(2,512,259)
Total Fund Balances (Deficit)	<u>12,149,029</u>	<u>553,219</u>	<u>(260,133)</u>	<u>20,829</u>	<u>1,214,795</u>	<u>(3,877,365)</u>	<u>9,800,374</u>
Total Liabilities and Fund Balances	<u>\$ 14,023,714</u>	<u>\$ 555,936</u>	<u>\$ 306,575</u>	<u>\$ 20,829</u>	<u>\$ 1,217,315</u>	<u>\$ 379,597</u>	<u>\$ 16,503,966</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021**

Total Governmental Fund Balances \$ 9,800,374

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

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Capital Assets	\$55,069,929	
Accumulated Depreciation	<u>(24,906,658)</u>	30,163,271

Proportionate share of long-term asset and/or liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.

Deferred Outflows- Pensions	7,121,110	
Net Pension Liability - Proportionate Share	(1,484,218)	
Deferred Inflows - Pensions	<u>(3,160,162)</u>	2,476,730

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Deferred Premium	(482,111)	
Bonds Payable	(10,867,000)	
Energy Performance Contract	(870,000)	
Accrued Interest on Bonds Payable	(28,154)	
Other Postemployment Benefits Liability	(81,198,199)	
Deferred Outflows - Other Postemployment Benefits	14,093,397	
Deferred Inflows - Other Postemployment Benefits	(4,719,451)	
Compensated Absences Payable	<u>(471,155)</u>	<u>(84,542,673)</u>

Total Net Position (Deficit) \$ (42,102,298)

CANASTOTA CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes	\$ 10,689,724						\$ 10,689,724
STAR and Other Real Property Tax Items	2,159,916						2,159,916
Charges for Services	20,483						20,483
Use of Money and Property	11,393	3		6	213		11,615
Sale of Property and Compensation for Loss	31,960						31,960
Miscellaneous	412,014	51,756		10,953			474,723
State Aid	15,955,372	24,296	52,060			115,279	16,147,007
Federal Aid	444,282	799,298	1,076,692				2,320,272
School Lunch Sales		5,891					5,891
Total Revenues	<u>29,725,144</u>	<u>881,244</u>	<u>1,128,752</u>	<u>10,959</u>	<u>213</u>	<u>115,279</u>	<u>31,861,591</u>
Expenditures							
General Support	2,986,745					5,563,561	8,550,306
Instruction	14,368,001		1,310,377	11,500		829,511	16,519,389
Pupil Transportation	1,090,711		2,922			368,608	1,462,241
Food Service Program		554,713					554,713
Employee Benefits	6,786,193	55,294	87,752				6,929,239
Debt Service - Principal	1,400,000						1,400,000
Debt Service - Interest	394,490						394,490
Total Expenditures	<u>27,026,140</u>	<u>610,007</u>	<u>1,401,051</u>	<u>11,500</u>		<u>6,761,680</u>	<u>35,810,378</u>
Excess (Deficit) Revenues Over Expenditures	<u>2,699,004</u>	<u>271,237</u>	<u>(272,299)</u>	<u>(541)</u>	<u>213</u>	<u>(6,646,401)</u>	<u>(3,948,787)</u>
Other Financing Sources (Uses)							
Proceeds of Debt						387,000	387,000
Premium on Obligations					716		716
Transfers from Other Funds	8		12,175			2,476,954	2,489,137
Transfers to Other Funds	(2,489,128)		(9)				(2,489,137)
Total Other Financing Sources (Uses)	<u>(2,489,120)</u>		<u>12,166</u>		<u>716</u>	<u>2,863,954</u>	<u>387,716</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	<u>209,884</u>	<u>271,237</u>	<u>(260,133)</u>	<u>(541)</u>	<u>929</u>	<u>(3,782,447)</u>	<u>(3,561,071)</u>
Fund Balances (Deficit), Beginning of Year	11,939,145	281,982			1,213,866	(94,918)	13,340,075
Cumulative Effect of Change in Accounting Principle				21,370			21,370
Fund Balances (Deficit), Beginning of Year (Restated)	<u>11,939,145</u>	<u>281,982</u>		<u>21,370</u>	<u>1,213,866</u>	<u>(94,918)</u>	<u>13,361,445</u>
Fund Balances (Deficit), End of Year	<u>\$ 12,149,029</u>	<u>\$ 553,219</u>	<u>\$ (260,133)</u>	<u>\$ 20,829</u>	<u>\$ 1,214,795</u>	<u>\$ (3,877,365)</u>	<u>\$ 9,800,374</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Net Changes in Fund Balance - Total Governmental Funds \$ (3,561,071)

Capital Related Differences

Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation and loss on disposals.

	Depreciation Expense	\$ (866,122)	
	Loss on Disposal	(56,428)	
	Capital Outlays	<u>6,675,977</u>	5,753,427

Long-Term Debt Transaction Differences

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments exceeded the proceeds of debt.

	Bond Proceeds	(387,000)	
	Change in Unamortized Bond Premium	37,085	
	Repayment of Bond Principal	<u>1,400,000</u>	1,050,085

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (237,974)

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	Change in Accrued Interest on Serial Bonds	6,545	
	Change in Compensated Absences	(57,520)	
	Change in Pension Expense	(960,092)	
	Change In Other Postemployment Benefits	<u>(4,839,495)</u>	<u>(5,850,562)</u>

Change in Net Position Governmental Activities \$ (2,846,095)

**CANASTOTA CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021**

	<u>Custodial Fund</u>
Assets	
Cash and Cash Equivalents - Restricted	\$ <u>78,290</u>
Total Assets	\$ <u><u>78,290</u></u>
Liabilities	
Accounts Payable	\$ <u>976</u>
Total Liabilities	<u>976</u>
Net Position	
Restricted for Extraclassroom Activities	<u>77,314</u>
Total Net Position	<u>77,314</u>
Total Liabilities and Net Position	<u>\$ <u>78,290</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CANASTOTA CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

	<u>Custodial Fund</u>
Additions	
Extraclassroom - Receipts	\$ 45,105
Real Property Tax Collected for Library	<u>334,822</u>
Total Additions	<u>379,927</u>
Deductions	
Extraclassroom - Expenses	69,479
Real Property Tax Paid to Library	<u>334,822</u>
Total Deductions	<u>404,301</u>
Change in Net Position	<u>(24,374)</u>
Net Position, Beginning of Year	0
Cumulative Effect of Change in Accounting Principle	<u>101,688</u>
Net Position, Beginning of Year (Restated)	<u>101,688</u>
Net Position, End of Year	<u>\$ 77,314</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 7 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal members.

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

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

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The School District accounts for assets held as an agent for various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's Office.

Joint Venture

The School District is a component district in Madison-Oneida Board of Cooperative Education Services (BOCES). A 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 district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

Basis of Presentation

(a) District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the School 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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School 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 and depreciation expense for the year, are allocated to functional areas in proportion to their expenditures. 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.

(b) Fund Financial Statements

The fund statements provide information about the School 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 funds of the School District are displayed as major funds. The School District reports the following governmental funds:

General Fund: This is the School District's primary operating fund used to account and report for all financial resources not accounted for and reported in another fund.

Special Revenue Funds: To account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are three classes of special revenue funds.

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Miscellaneous Special Revenue Fund: This fund is used to account for and report transactions of the School District's scholarship funds. The District has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Projects Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) Fiduciary Funds

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School 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 School District and are not available to be used. There is one class of fiduciary fund:

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups and tax collections for independent libraries within the District.

Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The School 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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months 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, other post-employment benefits, 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.

Accrued Liabilities and Long-Term Obligations

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

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Estimates

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

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

Cash and Cash Equivalents

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (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.

Property Taxes

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to October 31. The County of Madison subsequently enforced uncollected real property taxes. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the following April 1.

Receivables

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.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions not included in pension expense. The second item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes of assumptions.

Interfund Transactions and Transfers

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School 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 expenditure and revenues to provide financing or other services.

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions during the year ended June 30, 2021, are shown in Note 10 to the financial statements.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

The School District uses a capitalization threshold of \$1,500, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Lives	Depreciation Method
Land Improvements	20 Years	Straight Line
Buildings and Improvements	20-50 Years	Straight Line
Furniture, Equipment, and Vehicles	5-20 Years	Straight Line

Inventory

The inventory of food and/or supplies in the School Lunch Fund is 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 inventorable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Deferred Inflows of Resources

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

Compensated Absences

The School District employees are granted vacation in varying amounts, based primarily on length of service and service position.

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Other Benefits

School 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 insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are 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 postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

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

Unearned Revenue

Unearned revenue is reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Equity Classifications

(a) District-wide Statements

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

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

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

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

(b) Fund Statements

The following classifications describe the relative strength of the spending constraints:

Non-Spendable Fund Balance

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund.

Restricted Fund Balance

This category 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. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***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 School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

- ***Reserve for Employee Benefits Accrued Liability*** – According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

- **Reserve for Insurance** - According to General Municipal Law §6-n, must be used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. This reserve may be established by board action and funded by budgetary appropriations. There is no limit on the amount that may be accumulated; however, the total annual contribution may not exceed 5% of the budget. The reserve is accounted for in the General Fund.
- **Reserve for Liability** – According to Education Law §1709(8-c), must be used to pay for liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. The reserve is accounted for in the General Fund.
- **Retirement Contribution Reserve** – According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees’ Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers’ Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.
- **Reserve for Tax Certiorari** - According to Education Law §3651, must be used to accumulate funds to pay judgments and claims resulting from tax certiorari proceedings. Voter approval is not required provided that the monies held do not exceed the anticipated needs of the School District. If no voter approval is obtained, then any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.
- **Workers’ Compensation Reserve** – According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses as authorized by Article 2 of the Workers’ Compensation Law, and to pay for expenses associated with 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 applied to the appropriations of the next succeeding fiscal year’s budget. The reserve is accounted for in the General Fund.
- **Capital Reserve** - According to NYS 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 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 reserve is accounted for in the General Fund.
- **Capital Fund** – This Fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction, or major repair of capital facilities.
- **Debt Service Fund** – This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.
- **Restricted for Scholarships** - This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities

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

Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities

Differences between the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories.

(a) Long-Term Revenue Differences

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

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) Pension Differences

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

(e) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

(f) OPEB Differences

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

3. STEWARDSHIP AND COMPLIANCE

Fund Balance Limitations

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 School District's subsequent year's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

At June 30, 2021, the School District has an unassigned fund balance of \$1,625,239 or 4.95% subsequent year's budget for the General Fund, which exceeds the fund balance limit.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the 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. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

The budget is 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.

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 31,613,948
Add: Prior Year's Encumbrances	<u>34,075</u>
Original Budget	<u>31,648,023</u>
 Final Budget	 <u>\$ 31,648,023</u>

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.

4. CUSTODIAL CREDIT RISK

Custodial Credit Risk

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

As of June 30, 2021, the School District's bank balances of \$13,466,880 were fully covered by federal depository insurance and \$13,271,850 collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name.

As of June 30, 2021, the School District's restricted cash consisted of the following:

	General	Miscellaneous Special Revenue	Debt Service	Capital
Unemployment Insurance Reserve	\$ 279,758		\$	\$
Employee Benefit Accrued Liability	588,396			
Insurance Reserve	242,148			
Liability Reserve	491,151			
Retirement Contribution				
Employee Retirement System	2,030,836			
Teachers' Retirement System	549,099			
Tax Certiorari	526,426			
Workers Compensation	262,425			
Capital Reserve	3,043,932			379,597
Scholarship		20,829		
Reserve for Debt			876,875	
Total Restricted	<u>\$ 8,014,171</u>	<u>\$ 20,829</u>	<u>\$ 876,875</u>	<u>\$ 379,597</u>

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

5. PARTICIPATION IN BOCES

During the year, the School District was billed \$5,095,459 for BOCES' administrative and program costs. The School District recognized \$2,071,505 as its share of BOCES aid for the year ended June 30, 2021. Financial statements for the BOCES are available from the Madison-Oneida BOCES' administrative office located in Verona, New York.

During the year ended June 30, 2021, the School District issued no debt on behalf of BOCES. However, during 2003, the BOCES issued \$15,500,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During 2021, \$825,000 in principal payments was made and the outstanding balance at June 30, 2021, was \$1,580,000.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 135,650			\$ 135,650
Construction in Progress	15,340,112	6,256,958	1,223,493	20,373,577
Total	<u>15,475,762</u>	<u>6,256,958</u>	<u>1,223,493</u>	<u>20,509,227</u>
Capital Assets Being Depreciated				
Land Improvements	702,562			702,562
Buildings and Improvements	27,827,365	1,223,493		29,050,858
Furniture, Equipment and Vehicles	4,723,288	419,019	335,025	4,807,282
Total	<u>33,253,215</u>	<u>1,642,512</u>	<u>335,025</u>	<u>34,560,702</u>
Accumulated Depreciation				
Land Improvements	685,070	3,707		688,777
Buildings and Improvements	20,820,815	475,034		21,295,849
Furniture, Equipment and Vehicles	2,813,248	387,381	278,597	2,922,032
Total	<u>24,319,133</u>	<u>866,122</u>	<u>278,597</u>	<u>24,906,658</u>
Net Capital Assets Being Depreciated	<u>8,934,082</u>	<u>776,390</u>	<u>56,428</u>	<u>9,654,044</u>
Net Capital Assets	<u>\$ 24,409,844</u>	<u>\$ 7,033,348</u>	<u>\$ 1,279,921</u>	<u>\$ 30,163,271</u>

Depreciation expense is charged as follows:

<u>Function/Program</u>	
General Support	\$ 173,224
Instruction	389,755
Pupil Transportation	294,481
School Lunch	8,662
Total Depreciation	<u>\$ 866,122</u>

7. SHORT-TERM NOTES PAYABLE

The School District had Bond Anticipation Note (BAN) activity for the year ended June 30, 2021, as follows:

<u>Description</u>	Outstanding Beginning Balance	Issued	Paid	Outstanding Ending Balance
Governmental Activities				
Reconstruction and Renovation	<u>\$ 0</u>	<u>\$ 1,700,000</u>	<u>\$ 0</u>	<u>\$ 1,700,000</u>

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

8. NONCURRENT LIABILITIES

Noncurrent liability balances and activity are as follows:

Description	Restated Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Government Activities					
Bonds Payable	\$ 11,880,000	\$ 387,000	\$ 1,315,000	\$ 10,952,000	\$ 1,362,000
Unamortized Premium	519,196		37,085	482,111	37,085
Energy Performance Contract	870,000		85,000	785,000	85,000
Total Bonds and Energy Performance Contract	<u>13,269,196</u>	<u>387,000</u>	<u>1,437,085</u>	<u>12,219,111</u>	<u>1,484,085</u>
Other Liabilities					
Compensated Absences	413,635	57,520		471,155	
OPEB Liability	<u>77,876,509</u>	<u>5,296,912</u>	<u>1,975,222</u>	<u>81,198,199</u>	
Total Other Liabilities	<u>78,290,144</u>	<u>5,354,432</u>	<u>1,975,222</u>	<u>81,669,354</u>	
Total Noncurrent Liabilities	<u>\$ 91,559,340</u>	<u>\$ 5,741,432</u>	<u>\$ 3,412,307</u>	<u>\$ 93,888,465</u>	<u>\$ 1,484,085</u>

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit of the local government. The provision to be made in the General Fund's future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt for the year was composed of:

Interest Paid	\$ 391,894
Plus: Interest Accrued in the Current Year	28,153
Plus: Amortization of Premium	(37,085)
Plus: BAN Interest Accrued in Current Year	2,597
Less: Interest Accrued in the Prior Year	<u>(34,699)</u>
Total Expense	<u>\$ 350,860</u>

The following is a statement of serial bonds and energy performance contract outstanding:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
Excel Project	7/1/2008	\$ 2,589,187	7/1/2022	3.63-4.00	\$ 345,000
Bus Bond	9/15/2016	\$ 468,000	9/1/2021	1.50-1.75	100,000
Bus Bond	9/15/2017	\$ 365,000	9/1/2022	1.85-2.125	155,000
Bus Bond	9/15/2018	\$ 470,000	9/1/2023	1.85-2.125	295,000
Bus Bond	7/25/2019	\$ 370,000	6/1/2024	2.06	285,000
Bus Bond	8/3/2020	\$ 387,000	8/1/2025	1.20-1.30	387,000
DASNY Revenue Bond	6/13/2013	\$ 830,000	6/15/2027	2.00-5.00	430,000
Serial Bond	6/1/2019	\$ 10,130,000	9/1/2022	1.85-2.125	8,955,000
Energy Performance Contract	6/13/2013	\$ 1,319,485	3/1/2029	2.47	<u>785,000</u>
Total					<u>\$ 11,737,000</u>

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

Principal and interest payments due on bonds payable is as follows:

	Principal	Interest	Total
2022	\$ 1,362,000	\$ 322,807	1,684,807
2023	1,160,000	283,804	1,443,804
2024	1,010,000	252,465	1,262,465
2025	835,000	223,875	1,058,875
2026	860,000	198,653	1,058,653
2027-2031	3,910,000	627,700	4,537,700
2032-2034	1,815,000	90,150	1,905,150
Total	\$ 10,952,000	\$ 1,999,454	\$ 12,951,454

Other Debt – Energy Performance Contract

The Canastota Central School District entered into an energy performance contract during the year ended June 30, 2013. The contract is defined in Section 9-102(4) of the New York State Energy Law as: “an agreement for the provision of energy services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or manage energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues.” The contract is accounted for as a capital lease. The total net present value of the lease liability at June 30, 2021, is \$785,000.

The following is a schedule of future principal and interest payments of the capital lease as of June 30, 2021:

	Principal	Interest	Total
2022	\$ 85,000	\$ 33,920	\$ 118,920
2023	90,000	30,247	120,247
2024	95,000	26,358	121,358
2025	95,000	22,253	117,253
2026	100,000	18,148	118,148
2027-2029	320,000	27,870	347,870
Total	\$ 785,000	\$ 158,796	\$ 943,796

Unamortized Premium

The original issue premium on 2019 serial bond has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premium is being amortized using the straight-line method over 15 years, the remaining time to maturity of the respective bond issue. The current year amortization is \$37,085.

Special Provisions Affecting Remedies Upon Default

In the event of default in the payment of principal of and/or interest of the bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State Aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the bonds.

Compensated Absences

Compensated absences represent the value of earned and unused portion of the liability for compensated absences.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

9. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The Net Position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2021, were paid.

The required contributions for the current year and two preceding years were:

	<u>Amount</u>
2019	\$ 362,629
2020	\$ 388,483
2021	\$ 425,186

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School District reported a liability of \$7,777 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in a report provided to the School District.

At June 30, 2021 and 2020, the School District's proportion was .0078101 percent and .0076253 percent, respectively.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

For the year ended June 30, 2021, the School District recognized pension expense of \$235,930. At June 30, 2021, the School District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,976	\$
Change of assumptions	1,429,908	26,968
Net difference between projected and actual earnings on pensions plan investments		2,233,963
Changes in proportion and differences between contributions and proportionate share of contributions	139,616	12,179
Contributions subsequent to the measurement date	106,294	
Total	\$ 1,770,794	\$ 2,273,110

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

Year ended June 30:	Amount
2022	\$ (85,739)
2023	\$ (12,915)
2024	\$ (93,963)
2025	\$ (415,993)

(d) Actuarial Assumptions

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

Significant actuarial assumptions used in the April 1, 2020 valuation was as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of Living Adjustment	1.30% Annually
Salary scale	4.40%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation rate	2.70%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the April 1, 2020 valuation is based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment 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 arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.00%	4.05%
International equity	15.00%	6.15%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Opportunistic/Absolute return strategies	3.00%	3.25%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed Income	23.00%	0.00%
Cash	1.00%	0.50%
	100.00%	

(e) Discount Rate

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

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate share of the net pension liability (assets)	\$ 2,158,546	\$ 7,777	\$ (1,975,736)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of \$106,294 at June 30, 2021. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2021-2022 billing cycle and has been accrued as an expenditure in the current year.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

	Amount
2019	\$ 1,047,282
2020	\$ 803,549
2021	\$ 902,813

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School District reported a liability of \$1,476,441 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2019. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the School District's proportion was .053431 percent, which was a decrease of .0005649 percent from its proportion measured as of June 30, 2019 of .059080 percent.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

For the year ended June 30, 2021, the School District recognized a pension expense of \$2,008,724. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,293,658	\$ 75,665
Changes of assumptions	1,867,354	665,614
Net difference between projected and actual earnings on pensions plan investments	964,245	
Changes in proportion and differences between contributions and proportionate share of contributions	322,246	145,773
Contributions subsequent to the measurement date	902,813	
Total	\$ 5,350,316	\$ 887,052

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension asset. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2021	\$ 596,070
2022	\$ 1,181,958
2023	\$ 980,996
2024	\$ 611,204
2025	\$ 70,945
Thereafter	\$ 119,278

(d) Actuarial Assumptions

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

Significant actuarial assumptions used in the June 30, 2019 valuation were as follows:

Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.3% compounded annually.
Inflation rate	2.20%

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return ^a
Domestic Equity	33.0%	7.1%
International Equity	16.0%	7.7%
Global Equities	4.0%	7.4%
Real Estate Equities	11.0%	6.8%
Private Equities	8.0%	10.4%
Domestic Fixed Income Securities	16.0%	1.8%
Global Bonds	2.0%	1.0%
High-Yield Bonds	1.0%	3.9%
Private Debt	1.0%	5.2%
Real Estate Debt	7.0%	3.6%
Cash Equivalents	<u>1.0%</u>	0.7%
	<u>100.0%</u>	

** Real rates of return are net of the long-term inflation assumption of 2.2% for 2020.*

(e) Discount Rate

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

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

The following presents School District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Proportionate share of the net pension liability (assets)	\$ 9,326,170	\$ 1,476,441	\$ 5,111,470

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in amount of \$902,813 (excluding employees share) in the General Fund at June 30, 2021. This amount represents contribution for the 2020-2021 fiscal year that will be made in 2021-2022 and has been accrued as an expenditure in the current year.

10. POSTEMPLOYMENT HEALTH CARE BENEFITS

(a) Plan Description

The School District administers the payment of Postemployment Healthcare Benefits for retirees of the School District (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The benefits provided to employees upon retirement are based on provisions in various contracts that the school district has in place with difference classifications of employees. The District acquires health insurance through a consortium known as Central New York Health Insurance Cooperative. Dental insurance is provided by Excellus and Ameritas. The District’s plan covers medical and pharmaceutical costs. Refer to the plan documents for the specifics and limitations of the coverage offered to retirees. Many of the services in the plan require co-payments at various levels depending on the nature of the service.

The Plan does not issue a standalone publicly available financial report since no assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

(b) Benefits Provided

The Plan provides for continuation of medical, dental, and vision insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements as follows:

- Plan Types – The School District provides medical, Medicare Part B, dental, and vision benefits to its eligible retirees. The benefits are provided through fully insured plans that are sponsored by a regional health insurance consortium. One retiree receives a life insurance benefit.
- Eligibility – Employees are required to reach age 55 and provide 10 years of service to the School District to qualify for benefits.
- Benefit Cost Sharing – The School District pays from 70% to 85% of the retiree’s medical benefits depending on the employee group. The School District also reimburses some employees and dependents for the full cost of Medicare Part B.
- Spouse Benefit – The School District contributes towards the cost of eligible spouses during the retiree’s lifetime. Spouses pay from 15% to 30% for coverage.
- Surviving Spouse Benefit – Surviving beneficiaries of retired teachers shall have such coverage continued for one year following the month of death under the same premium arrangement under which the employee participated. The current Superintendent and one retired Superintendent receive survivor benefits for the lifetime of the surviving beneficiary. Surviving beneficiaries for all other retired employees pay 100% of the cost of their coverage after the death of a retired employee.

(c) Employees Covered by Benefit Terms

	Total
Actives	192
Retirees	156
Beneficiaries	70
Spouses of Retirees	4
Total	422

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

(d) Total OPEB Liability

The District's total OPEB liability of \$81,198,199 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

(e) Changes in the Net OPEB Liability

Changes in the District's total OPEB liability were as follows:

	<u>Total OPEB Liability</u>
Balances, June 30, 2020	\$ 77,876,509
Changes recognized for the year:	
Service cost	2,822,416
Interest on Total OPEB Liability	1,761,761
Effect of assumptions changes or inputs	712,735
Benefit payments	(1,975,222)
Net changes	3,321,690
Balances, June 30, 2021	\$ 81,198,199

(f) Sensitivity of the total OPEB liability to changes in the discount rate

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

	1% Decrease (1.16%)	Current Assumption (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 97,440,553	\$ 81,198,199	\$ 68,465,546

(g) 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 or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (5.6%-3.1%)	Current Assumption (6.6%-4.1%)	1% Increase (7.6%-5.1%)
Total OPEB liability	\$ 65,736,601	\$ 81,198,199	\$ 102,028,111

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

(h) 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 \$6,813,717. At June 30, 2021, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 184,984	\$ 2,239,264
Changes of assumptions	13,908,413	2,480,187
	\$ 14,093,397	\$ 4,719,451

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2022	\$ 2,229,540
2023	2,229,540
2024	2,229,540
2025	2,632,606
2026	52,720
Thereafter	0

(i) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019 rolled forward to June 30, 2021, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Assumptions

Valuation Date	July 1, 2019
Measurement and Reporting Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal - Level Percentage of Salary
Plan Type	Single Employer Defined Benefit Plan
Inflation rate	2.6% (Prior year rate was 3.0%.)
Healthcare Cost Trend Rates	6.6% to 4.1%, over 56 years
Discount Rate	2.16% (Prior year discount was 2.21%.)
Rate of Compensation Increase	2.60%
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

11. INTERFUND TRANSACTIONS

The following is a summary of the Interfund Transactions for the year ended June 30, 2021:

Fund	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 927,474	\$ 620,808	\$ 8	\$ 2,489,128
School Lunch	166,877	1,789		
Special Aid		554,835	12,175	9
Debt Service	340,440	2,520		
Capital Fund		254,839	2,476,954	
Trust and Agency				
Total	\$ 1,434,791	\$ 1,434,791	\$ 2,489,137	\$ 2,489,137

- Interfund receivables and payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.
- The School District made a transfer of \$12,175 from the General Fund to the Special Aid Fund, as the required local match for Federal and State grants.
- The School District transferred \$2,476,954 from the General Fund to the Capital Fund. This mainly consisted of \$100,000 for a small capital outlay project that was authorized per the 2020-2021 budget and \$2,376,954 for the 2019 Capital Project with an authorization of \$25,890,000.

12. FUND BALANCE

(a) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2021:

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	\$ 268,861	\$ 21,845	\$	\$	\$	\$	\$ 290,706
Restricted							
Unemployment Insurance Reserve	279,758						279,758
Employee Benefit Accrued Liability	588,396						588,396
Insurance Reserve	242,148						242,148
Liability Reserve	491,151						491,151
Retirement Contribution							
Employee Retirement System	2,030,836						2,030,836
Teachers' Retirement System	549,099						549,099
Tax Certiorari	526,426						526,426
Workers Compensation	262,425						262,425
Capital Reserve	3,043,932						3,043,932
Scholarships				20,829			20,829
Debt Service					1,214,795		1,214,795
Total Restricted (deficit)	8,014,171			20,829	1,214,795		9,249,795
Assigned							
Instruction	104,215						104,215
School Lunch		531,374					531,374
Appropriated for Subsequent Year's Budget	2,136,543						2,136,543
Total Assigned	2,240,758	531,374					2,772,132
Unassigned (Deficit)	1,625,239		(260,133)			(3,877,365)	(2,512,259)
Total Fund Balance (Deficit)	\$ 12,149,029	\$ 553,219	\$ (260,133)	\$ 20,829	\$ 1,214,795	\$ (3,877,365)	\$ 9,800,374

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

(b) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2021:

Reserve	Beginning Balance	Increase	Decrease	Ending Balance
General Fund				
Unemployment Insurance	\$ 240,999	\$ 38,759	\$	\$ 279,758
Employee Benefit Accrued Liability	588,030	366		588,396
Insurance	241,997	151		242,148
Liability	490,845	306		491,151
Retirement Contribution				
Employee Retirement System	1,524,990	776,882	271,036	2,030,836
Teachers' Retirement System	374,772	174,327		549,099
Tax Certiorari	531,048	427	5,049	526,426
Workers' Compensation	262,262	163		262,425
Capital	<u>3,169,123</u>	<u>2,251,762</u>	<u>2,376,953</u>	<u>3,043,932</u>
Total	<u>\$ 7,424,066</u>	<u>\$ 3,243,143</u>	<u>\$ 2,653,038</u>	<u>\$ 8,014,171</u>

13. RISK MANAGEMENT

General Information

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for tax certiorari, 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. Sufficient reserves exist to cover any unfavorable settlements of the tax certiorari.

Workers' Compensation Pool

Canastota Central School District participates with 33 other school districts in the Madison-Oneida-Herkimer Consortium for its workers' compensation insurance coverage. Entities joining the plan must remain members for a minimum of one year; a member may withdraw from the plan after that time by submitting a notice of withdrawal 30 days prior to the plan's year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims' costs depend on complex factors, the process used in computing claims' liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made. The Consortium is a shared-risk public entity risk pool, whereby each district pays annual premiums based on the expected aggregate claims for all enrollees. Paid claims are also accounted for in the aggregate with individual district activity not being traced separately. Due to this arrangement, a possible contingent liability exists for Canastota Central School District as a result of the possibility that any participating school district may have actual claims less than the annual premium and try to recover its portion due to it through the Consortium participants. During the current year, the School District paid \$96,744 in net fees.

The School District continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

14. CONTINGENCIES AND COMMITMENTS

Potential Grantor Liability

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

Litigation

The School District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damage which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, Special Revenue Funds, and Capital Projects Fund. At June 30, 2021, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Encumbrances included in governmental fund balances are as follows:

	Assigned General Fund
Instruction	\$ 104,215
Total Encumbrances	\$ 104,215

15. FUND DEFICITS

Capital Fund

The District's Capital Fund had a deficit fund balance of \$3,877,365 at June 30, 2021. The deficit will be eliminated when the current appropriations are made or financed with long term debt.

16. NET POSITION DEFICIT – DISTRICT WIDE

The District-wide net position had a net position deficit at June 30, 2021 of \$42,102,298. The deficit is primarily the result of the recognition of an unfunded liability for Other Postemployment Benefits of \$81,198,199 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 in subsequent years.

17. CUMULATIVE EFFECT OF IMPLEMENTING NEW ACCOUNTING STANDARD

The following adjustments were made to the prior year's net position and fund balance due to implementation of GASB 84, Fiduciary Activities.

- The Government-wide and Miscellaneous Special Revenue Fund's prior year's net position and fund balance were increased by \$21,370 for donated revenues for scholarships administered by the District previously accounted for in the Fiduciary Fund, Private Purpose Trust.
- The Fiduciary Custodial Fund is a new fund required by the new accounting standard. The beginning net position was increased by \$101,688. This beginning balance consisted of Extraclassroom activity funds held by the District but administered by the student clubs within the District.

CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
Revenues				
Local Sources				
Real Property Taxes	\$ 12,685,419	\$ 12,685,419	\$ 10,689,724	\$ (1,995,695)
STAR and Other Real Property Tax Items	74,231	74,231	2,159,916	2,085,685
Charges for Services	2,000	2,000	20,483	18,483
Use of Money and Property	21,872	21,872	11,393	(10,479)
Sale of Property and Compensation for Loss	20,000	20,000		(20,000)
Miscellaneous	201,754	201,754	443,974	242,220
State Aid	16,182,948	14,082,948	15,955,372	1,872,424
Federal Aid	50,000	50,000	444,282	394,282
Total Revenues	<u>29,238,224</u>	<u>27,138,224</u>	<u>29,725,144</u>	<u>2,586,920</u>
Other Financing Sources				
Transfers from Other Funds	1,275,724	1,275,724	8	(1,275,716)
Appropriated Fund Balance	1,134,075	3,234,075		(3,234,075)
Total Revenues and Other Financing Sources	<u>\$ 31,648,023</u>	<u>\$ 31,648,023</u>	<u>29,725,152</u>	<u>\$ (1,922,871)</u>
Final Budget Variance With Actual				
	Original Budget	Final Budget	Actual	Year-End Encumbrances
Expenditures				
General Support				
Board of Education	\$ 30,080	\$ 30,108	19,507	\$ 10,601
Central Administration	215,500	215,374	207,806	7,568
Finance	503,167	500,402	456,252	44,150
Staff	140,790	93,958	92,133	1,825
Central Services	2,211,861	2,141,076	1,840,525	300,551
Special Items	393,274	393,274	370,522	22,752
Total General Support	<u>3,494,672</u>	<u>3,374,192</u>	<u>2,986,745</u>	<u>387,447</u>
Instruction				
Instruction, Administration, and Improvement	1,242,617	1,456,804	1,342,693	114,111
Teaching - Regular School	7,223,454	6,870,213	6,527,928	71,664
Programs for Children With Special Needs	5,039,037	4,025,076	3,819,708	2,393
Occupational Education	1,137,980	1,131,187	1,027,500	103,687
Teaching - Special School	428,829	61,449	58,350	3,099
Instructional Media	759,841	810,391	696,475	5,429
Pupil Services	1,125,305	1,143,519	895,347	24,729
Total Instruction	<u>16,957,063</u>	<u>15,498,639</u>	<u>14,368,001</u>	<u>104,215</u>
Pupil Transportation	1,538,555	1,545,501	1,090,711	454,790
Employee Benefits	7,665,833	6,860,838	6,786,193	74,645
Debt Service - Principal	1,463,000	1,463,000	1,400,000	63,000
Debt Service - Interest	403,900	403,900	394,490	9,410
Total Expenditures	<u>31,523,023</u>	<u>29,146,070</u>	<u>27,026,140</u>	<u>104,215</u>
Other Financing Uses				
Transfers to Other Funds	125,000	2,501,953	2,489,128	12,825
Total Expenditures and Other Financing Uses	<u>\$ 31,648,023</u>	<u>\$ 31,648,023</u>	<u>29,515,268</u>	<u>\$ 104,215</u>
Net Change in Fund Balance			209,884	
Fund Balances - Beginning of Year			11,939,145	
Fund Balances - End of Year			<u>\$ 12,149,029</u>	

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is 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.

CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2021

Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018 *
Total OPEB Liability				
Service cost	\$ 2,822,416	\$ 1,809,701	\$ 2,118,131	\$ 2,056,438
Interest on Total OPEB Liability	1,761,761	2,097,197	1,887,710	1,813,431
Effect of assumptions changes or inputs	712,735	16,775,995	(4,880,367)	402,616
Benefit payments	(1,975,222)	(1,874,170)	(1,713,834)	(2,000,394)
Net change in total OPEB Liability	3,321,690	18,808,723	(2,588,360)	2,272,091
Total OPEB Liability - Beginning	<u>77,876,509</u>	<u>59,067,786</u>	<u>61,656,146</u>	<u>59,384,055</u>
Total OPEB Liability - Ending	<u>\$ 81,198,199</u>	<u>\$ 77,876,509</u>	<u>\$ 59,067,786</u>	<u>\$ 61,656,146</u>
Covered payroll	\$ 9,947,347	\$ 9,947,347	\$ 13,126,687	\$ 13,126,687
Total OPEB Liability as a percentage of covered payroll	816.28%	782.89%	449.98%	469.70%

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

Notes to Required Supplementary Information:

The District does not currently maintain assets in an OPEB trust.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 9 to the financial statements.

Changes to Assumptions

The discount rate changed from 2.21% to 2.16%, which is a prescribed discount rate under GASB 75, and is based on the Bond Buyer General Obligation 20-Bond Municipal Index.

CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULES OF LOCAL GOVERNMENT CONTRIBUTIONS
For the Year Ended June 30, 2021

	ERS Pension Plan Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 425,186	\$ 388,483	\$ 362,629	\$ 358,063	\$ 369,218	\$ 361,985	\$ 406,507	\$ 452,574	\$ 376,427	\$ 303,584
Contributions in Relation to the Contractually Required Contribution	425,186	388,483	362,629	358,063	369,218	361,985	406,507	452,574	376,427	303,584
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
School District's Covered-ERS Employee Payroll	\$ 2,871,521	\$ 2,833,038	\$ 2,651,089	\$ 2,550,805	\$ 2,561,421	\$ 2,279,213	\$ 2,154,765	\$ 2,133,847	\$ 1,986,798	\$ 2,014,849
Contributions as a Percentage of Covered-Employee Payroll	14.81%	13.71%	13.68%	14.04%	14.41%	15.88%	18.87%	21.21%	18.95%	15.07%

	TRS Pension Plan Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 902,813	\$ 803,349	\$ 1,047,282	\$ 945,807	\$ 1,051,769	\$ 1,180,084	\$ 1,490,064	\$ 1,329,490	\$ 944,799	\$ 874,670
Contributions in Relation to the Contractually Required Contribution	902,813	803,349	1,047,282	945,807	1,051,769	1,180,084	1,490,064	1,329,490	944,799	874,670
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
School District's Covered-TRS Employee Payroll	\$ 9,473,379	\$ 9,067,144	\$ 9,861,412	\$ 9,651,092	\$ 8,974,138	\$ 8,899,578	\$ 8,500,080	\$ 8,181,477	\$ 7,979,721	\$ 7,872,817
Contributions as a Percentage of Covered-Employee Payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%

CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULES OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
For the Year Ended June 30, 2021

ERS Pension Plan

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/liability	0.0078101%	0.0076253%	0.0076888%	0.0081388%	0.0079169%	0.0080930%	0.0075422%
District's proportionate share of the net pension asset (liability)	\$ (7,777)	\$ (2,019,218)	\$ (544,776)	\$ (262,675)	\$ (743,891)	\$ (1,298,950)	\$ (254,792)
District's covered-employee payroll	\$ 2,871,521	\$ 2,833,038	\$ 2,651,089	\$ 2,550,805	\$ 2,561,421	\$ 2,279,213	\$ 2,154,765
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	(0.27%)	(71.27%)	(20.55%)	10.30%	(29.04%)	(56.99%)	(11.82%)
Plan fiduciary net position as a percentage of total pension liability	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.90%

TRS Pension Plan

	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the net pension asset/liability	0.053431%	0.059080%	0.059250%	0.056631%	0.057673%	0.056587%	0.055387%
District's proportionate share of the net pension asset (liability)	\$ (1,476,441)	\$ 1,534,903	\$ 1,071,388	\$ 430,451	\$ (617,706)	\$ 5,877,546	\$ 6,169,733
District's covered-employee payroll	\$ 9,067,144	\$ 9,861,412	\$ 9,651,092	\$ 8,974,138	\$ 8,899,578	\$ 8,500,080	\$ 8,181,477
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	-16.28%	15.56%	11.10%	-4.80%	-6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
For the Year Ended June 30, 2021

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 31,613,948
Add: Prior Year's Encumbrances	<u>34,075</u>
Original Budget	<u>31,648,023</u>
Final Budget	<u>\$ 31,648,023</u>

Section 1318 of Real Property Tax Law Limit Calculation

2021-22 Voter Approved Expenditure Budget	\$ <u>32,812,350</u>
Maximum allowed (4% of 2021-22 Budget)	<u>\$ 1,312,494</u>

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

Unrestricted fund balance:	
Assigned fund balance	\$ 2,240,758
Unassigned fund balance	<u>1,625,239</u>
Total unrestricted fund balance	<u>3,865,997</u>

Less:	
Appropriated fund balance	2,136,543
Encumbrances included in committed and assigned fund balance	<u>104,215</u>
Total adjustments	<u>2,240,758</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ <u>1,625,239</u>
--	---------------------

Actual percentage	4.95%
-------------------	-------

CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2021

	Original Budget	Revised Budget	Expenditures			Unexpended Authorizations	Proceeds of Obligations	Methods of Financing		Fund Balance (Deficit) June 30, 2021
			Prior Years	Current Year	Total			State Aid	Local Sources	
Capital Projects										
Buses - 2005	\$ 218,157	\$ 218,157	\$ 218,157	\$	\$ 218,157	\$	\$	\$ 218,137	\$ 218,137	\$ (20)
Buses - 2012	286,000	286,000	285,365	635	285,365	286,000			286,000	635
Buses - 2013	296,000	296,000	294,711	1,289	294,711	296,000			296,000	1,289
Buses - 2014	296,500	296,500	305,578	(9,078)	305,578	306,000			306,000	422
Buses - 2016	320,000	320,000	315,263	4,737	315,263	320,000			320,000	4,737
Buses - 2017	468,000	468,000	451,382	16,618	451,382	468,000			468,000	16,618
Buses - 2018	365,000	365,000	352,574	12,426	352,574	365,000			365,000	12,426
Buses - 2019	470,000	470,000	468,166	1,834	468,166	470,000			470,000	1,834
Buses - 2021	388,000	388,000	372,733	15,267	372,733			387,000	387,000	14,267
Total Buses	3,107,657	3,107,657	2,691,196	43,728	3,063,929	2,511,000		218,137	3,116,137	52,208
Smart School Bond Act	1,357,828	1,357,828	1,189,051	53,162	1,304,666			1,171,471	1,171,471	(133,195)
2019 Capital Project	25,890,000	25,890,000	823,047	18,893,621	6,996,379			3,200,001	3,200,001	(3,796,378)
Capital Outlay 2010-2021	100,000	100,000			100,000			100,000	100,000	
Total Capital Projects	\$ 30,455,485	\$ 30,455,485	\$ 4,703,294	\$ 18,990,511	\$ 11,464,974	\$ 2,511,000		\$ 1,558,471	\$ 3,518,138	\$ (3,877,365)

CANASTOTA CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2021

Capital Assets, Net	\$ <u>30,163,271</u>
Add:	
Capital Cash	<u>379,597</u>
Deduct:	
Due to Other Funds and Other Liabilities	(2,556,962)
Bond Anticipation Note	(1,700,000)
Serial Bonds Payable	(10,867,000)
Energy Performance Contract Payable	<u>(870,000)</u>
	<u>(15,993,962)</u>
Net Investment in Capital Assets	<u>\$ 14,548,906</u>

See Independent Auditor's Report.

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Education
Canastota Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canastota Central School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Canastota Central School District's basic financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the school 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 Canastota Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school 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 school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 13, 2021

Rome, New York

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance

Board of Education
Canastota Central School District

Report on Compliance for Each Major Federal Program

We have audited Canastota Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. Canastota Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

D'Arcangelo + Co., LLP

October 13, 2021

Rome, New York

**CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Current Year Expenditures	Subrecipient
<u>U.S. Department of Agriculture</u>				
(Passed Through the State Education Department of the State of New York - Pass through Grantor's No. 250901060000)				
Summer Food Service	10.559	N/A	\$ 774,779	_____
Total Cash Assistance Subtotal			774,779	_____
Donated Food (Noncash)	10.555	N/A	24,519	_____
Total U.S Department of Agriculture and Total Nutrition Cluster			799,298	_____
<u>U.S. Department of Education</u>				
(Passed Through the State Education Department of the State of New York)				
Title I Grants to Local Educational Agencies	84.010A	0021-21-1305	327,785	_____
Title I Grants to Local Educational Agencies	84.010A	0011-21-2509	262,330	_____
Total			590,115	_____
Special Education – Grants to States, (IDEA Part B)	84.027A	0032-21-0348	373,348	_____
Special Education - Preschool Grants, (IDEA Preschool)	84.173A	0033-21-0348	7,976	_____
Total Special Education Cluster			381,324	_____
Improving Teacher Quality State Grants, (Title IIA)	84.367A	0147-21-1305	51,348	_____
Rural and Low-Income Schools Grant	84.358B	0006-21-1305	25,051	_____
ESEA Title IV SSAE	84.424A	0204-21-1305	28,854	_____
Total U.S Department of Education Passed through NYSED (Direct)			1,076,692	_____
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act				
Elementary and Secondary School Emergency Relief (ESSER) (COVID-19)	84.425D	5890-21-1305	313,263	_____
Governor's Emergency Education Relief Fund (GEER) (COVID-19)	84.425C	5895-21-1305	53,092	_____
Total			366,355	_____
Total U.S Department of Education			1,443,047	_____
<u>Total Federal Financial Assistance</u>			\$ 2,242,345	\$ _____

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

**CANASTOTA CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of federal Awards includes all federal awards administered by the Canastota Central School District. The School District's organization is defined in Note 1 to the School District's basic financial statements.

Basis of Accounting

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

De Minimis Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2021, the School District had food commodities totaling \$13,634 in inventory.

Cluster Programs

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Agriculture

Nutrition Cluster

CFDA #10.553	School Breakfast Program
CFDA #10.555	National School Lunch Program
CFDA #10.559	Summer Food Service Program

U.S. Department of Education

Special Education Cluster

CFDA #84.027	Special Education - Grants to States (IDEA, Part B)
CFDA #84.173	Special Education - Preschool Grants (IDEA Preschool)

CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2021

Summary of Auditor's Results

(d)(1)(i)	Type of financial statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200,516 (a)?	No
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Agriculture</u> Nutrition Cluster CFDA #10.559 Summer Food Service CFDA #10.555 National School Lunch Program
(d)(1)(viii)	Dollar Threshold: Type A \B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**CANASTOTA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2021**

Findings - Financial Statements Audit

None noted in the current year.

Findings and Questioned Costs – Major Federal Award Program Unit

None noted in the current year.

**CANASTOTA CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2021**

Findings - Financial Statements Audit

No findings were noted in the prior year.

Findings and Questioned Costs – Major Federal Award Program Unit

No findings were noted in the prior year.