

HARPURSVILLE CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR 2020

HARPURSVILLE CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Harpursville Central School District
54 Main Street
Harpursville, NY 13787

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 Harpursville Central School District, as of, and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Harpursville Central 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements of *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Harpursville 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 (GAAP).

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, schedule of changes in total OPEB liability, schedule of District's contributions-NYSLRS pension plan, schedule of district's proportionate share of the net pension liability - NYSLRS pension plan, schedule of District's contributions - NYSTRS pension plan, schedule of proportionate share of net pension liability/(asset) - NYSTRS pension plan, and schedule of revenues, expenditures and changes in fund balance - budget (non-GAAP) and actual - General Fund* on pages 6 through 18, and 58 through 64 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 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 Harpursville Central School District's basic financial statements. The change from original budget to revised budget and the §1318 of real property tax limit calculation, schedule of project expenditures capital projects funds, combined balance sheet-non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances non-major governmental funds, investment in capital assets, net of related debt and the Schedule of Expenditures of Federal Awards, required by the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The change from original budget to revised budget and the §1318 of real property tax limit calculation, project expenditures capital projects funds, combined balance sheet-non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances-non-major governmental, investment in capital assets, net of related debt and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the change from original budget to revised budget and the §1318 of real property tax limit calculation, project expenditures capital projects funds, combined balance sheet-non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances-non-major governmental funds, investment in capital assets, net of debt 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.

Prior Year Comparative information

We have previously audited the District's June 30, 2020, financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards and the Uniform Guidance

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of Harpursville Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Harpursville Central School District's internal control over financial reporting and compliance.

We have also issued our report dated October 13, 2021, on compliance for each major federal program, internal control over compliance, and the schedule of federal awards required by the Uniform Guidance. The purpose of that report is to describe the scope of our testing of internal control and compliance for each major program and the results of our 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 *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in considering Harpursville Central School District's internal control over each major program and compliance.

Vieira & Associates CPAs, P.C.

October 13, 2021
Endicott, New York

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

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

FINANCIAL HIGHLIGHTS

- Total General Fund revenues exceeded expenditures by \$903,495 in 2020-2021 compared to revenues exceeding expenditures in the amount of \$1,020,129 in 2019-2020.
- The General Fund adjusted budgeted expenditures and other financing uses were underspent by \$2,105,684, while actual revenues and other financing sources came in under the adjusted budget by \$1,350,347.
- Capital asset equipment and building additions during 2020-2021 amounted to \$6,020,431. Net depreciation expense totaled \$1,149,627.
- Indebtedness of the School District at June 30, 2021, in the amount of \$63,856,999 decreased \$608,933 from June 30, 2020 due to scheduled debt service payments.
- Total fund balance in the General Fund, including reserves, was \$6,198,162 at June 30, 2021. Restricted fund balance of \$4,719,307 consisted of General Fund restricted reserves and assigned fund balance of \$648,159 which consisted of encumbrances of \$148,159 and appropriations to support the 2020-2021 budget of \$500,000. Unassigned fund balance was \$830,696 which is below the maximum limit (4% of 2021-2022 appropriations) permitted under New York State Real Property Tax.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information

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

that further explains and supports the financial statements with a comparison of the School District's budget for the year and a Schedule of Changes in the School District's Total OPEB Liability and Related ratios related to the School District's unfunded actuarial liability for postemployment benefits and information related to the School District's pension obligations

District-wide Financial Statements

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

The two District-wide financial statements report the School District's net position and how it has changed. Net Position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of the school buildings and other facilities.

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

Governmental Fund Financial Statements

The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by

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

those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Figure 1) and changes in net position (Figure 2) of the School District's governmental Activities.

Figure 1

Condensed Statement of Net Position	Governmental Activities & Total School District		Total Dollar Change
	2019-2020	2020-2021	2020-2021
<i>Current assets and other assets</i>	\$ 7,906,643	\$ 11,167,225	\$ 3,260,582
<i>Net capital assets</i>	24,679,541	29,550,345	4,870,804
Total assets	32,586,184	40,717,570	8,131,386
<i>Pensions</i>	3,940,005	4,302,300	362,295
<i>OPEB</i>	2,870,814	11,182,463	8,311,649
Total deferred cash outflows	6,810,819	15,484,763	8,673,944
<i>Current liabilities</i>	2,084,431	10,305,272	8,220,841
<i>Noncurrent liabilities</i>	64,494,967	63,880,936	(614,031)
Total liabilities	66,579,398	74,186,208	7,606,810
<i>Pensions</i>	1,145,317	2,056,080	910,763
<i>OPEB</i>	9,599,209	16,086,674	6,487,465
<i>Revenues</i>	0	90,268	90,268
Total deferred inflows of resources	10,744,526	18,233,022	7,488,496
<i>Invested in capital assets, net of debt</i>	12,728,923	13,357,878	628,955
<i>Restricted</i>	3,757,173	5,306,595	1,549,422
<i>Unrestricted (deficit)</i>	(54,413,017)	(54,881,370)	(468,353)
Total net position	\$ (37,926,921)	\$ (36,216,897)	\$ 1,710,024

Total assets increased 25.0% in 2020-2021.

Deferred cash outflows increased 127.4% and deferred cash inflows increased 69.7%. These are a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan.

Total liabilities increased by 11.4%. This change stems from increases in both the School District's OPEB liability and net pension liability for the NYSLRS pension plan.

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

Our analysis in Figure 2 considers the operations of the School District's activities.

Figure 2

Changes in Net Position	Governmental Activities & Total School District		Total Dollar Change
	2019-2020	2020-2021	2020-2021
REVENUES			
Program revenues:			
Charges for service	\$ 85,245	\$ 61,362	\$ (23,883)
Operating grants and contributions	1,874,308	2,005,538	131,230
General revenues:			
Real property taxes	4,286,288	4,370,054	83,766
State and federal sources	14,857,375	14,654,753	(202,622)
Use of money and property	130,657	112,111	(18,546)
Other general revenues	351,798	383,156	31,358
Total revenues	21,585,671	21,586,974	1,303
PROGRAM EXPENSES			
General support	1,644,467	1,687,617	43,150
Instruction	10,919,519	10,455,844	(463,675)
Pupil transportation	815,336	794,183	(21,153)
Employee benefits	4,928,431	4,663,617	(264,814)
Debt service	628,928	672,276	43,348
Depreciation	1,111,382	1,149,627	38,245
Scholarships and awards	0	8,874	8,874
School lunch program	514,500	462,802	(51,698)
Total expenses	20,562,563	19,894,840	(667,723)
CHANGE IN NET POSITION	\$ 1,023,108	\$ 1,692,134	\$ 669,026

Total revenues for the School District's Governmental Activities increased by \$1,303 while total expenditures decreased \$667,723. The increase in revenue is mostly due to increases in property tax revenue and grants. The decrease in program expense is primarily due to efforts by the District to contain costs.

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

Figures 3 and 4 show the percentage of sources of revenue for 2020-2021 and 2019-2020.

Figure 3

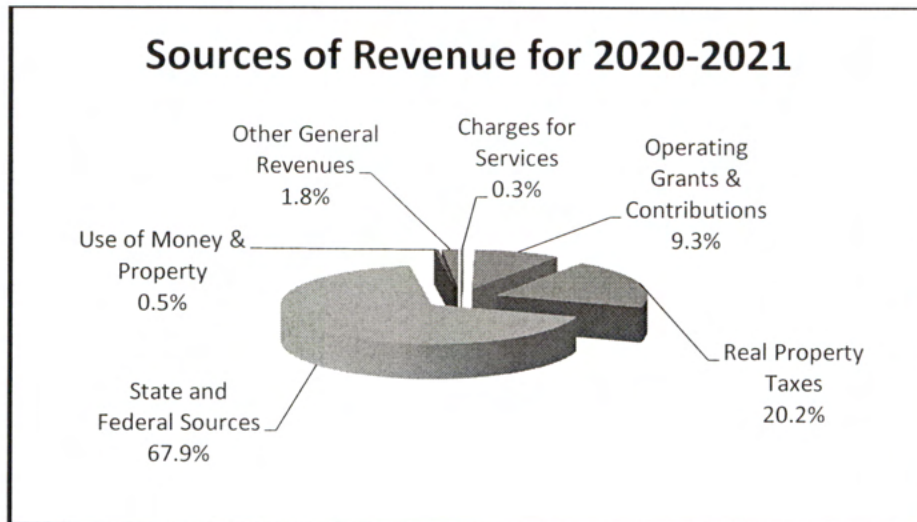
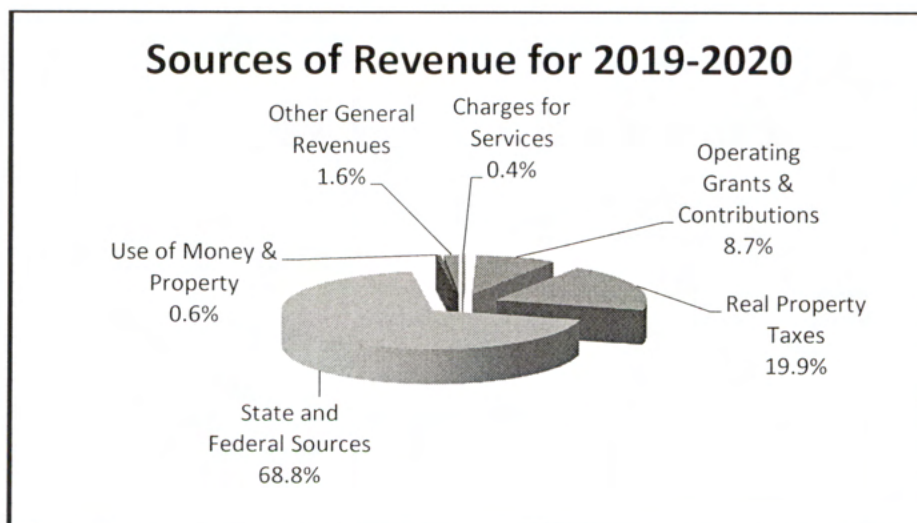


Figure 4



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

Figures 5 and 6 present the cost for each of the School District's programs for 2020-2021 and 2019-2020.

Figure 5

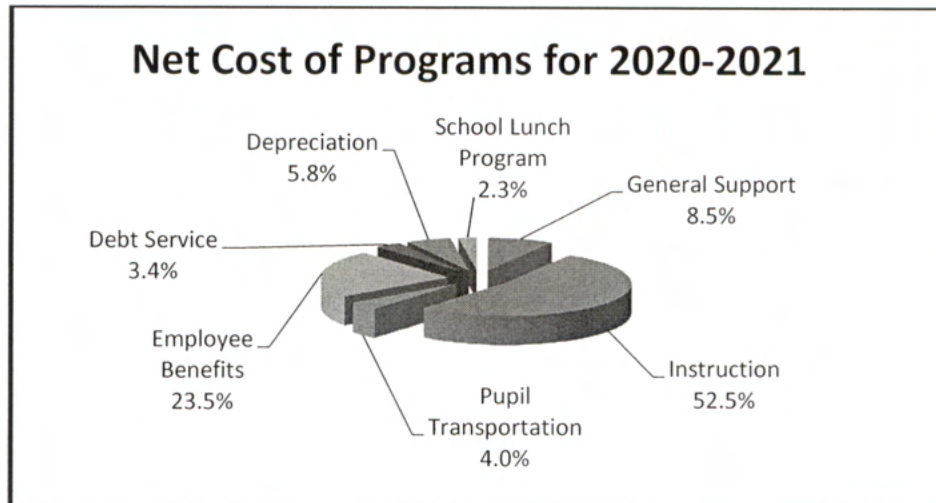
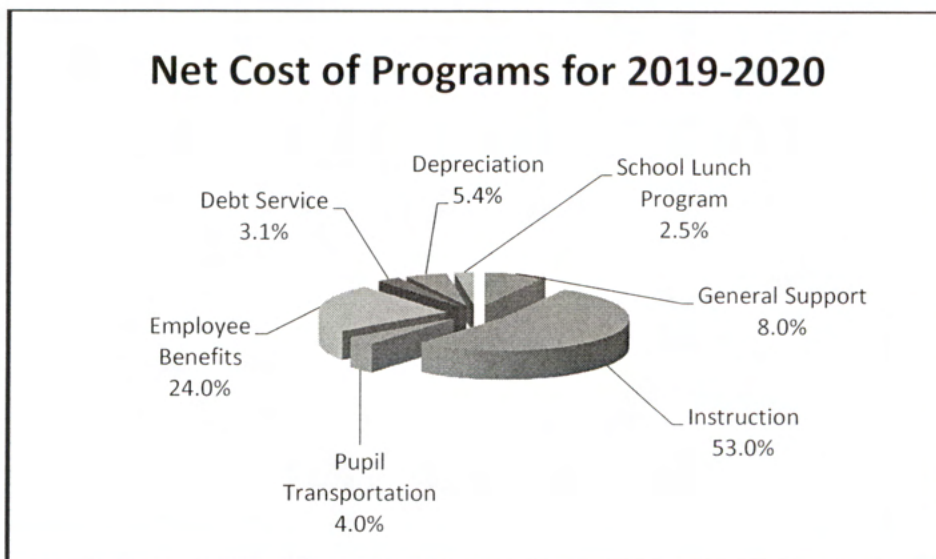


Figure 6



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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balances for the year for the School District's funds. As the School District completed the year, its Governmental Funds, as presented on the Balance Sheet, reported a combined total fund balance of \$820,650, compared to last year's total of \$5,031,508.

Figure 7

Governmental Fund Balances	2019-2020	2020-2021	Total Dollar Change 2020-2021
<i>General Fund</i>	\$ 5,294,668	\$ 6,198,162	\$ 903,494
<i>Special Aid</i>	0	0	0
<i>School Lunch</i>	88,445	247,221	158,776
<i>Debt Service</i>	108,007	179,027	71,020
<i>Capital project</i>	200,388	(5,125,230)	(5,325,618)
<i>Buses</i>	(660,000)	(695,000)	(35,000)
<i>Misc. Special Revenue</i>	0	16,470	16,470
Total Fund Balance	5,031,508	820,650	(4,210,858)

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was \$362,542 or 1.9% of total general fund expenditures and may be summarized as follows:

155,434.55	June 30, 2020 Encumbrance Carryover
7,107.64	Use of Reserve for Unemployment (BOE 9/24/20)
200,000.00	Emergency Project Floor Joists (BOE 6/16/21)
\$ 362,542	

The District's policy for amending the original budget is as follows:

- Since Section 70.2(k), Commissioner's Regulations, requires the Board to keep the incurred obligations within the amount of the total annual approved appropriations voted or authorized, and since no function or object should be either over-encumbered or over-spent, the Board will authorize the chief school officer each year at the reorganizational meeting to make necessary budget transfers within the monetary limits as established by the Board of Education in accordance with Section 170.2 Commissioner's Regulations.
- Each time the chief school officer approves a transfer of funds, such transfer will be reflected on the budget status report presented to the Board at least on a quarterly basis.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ending June 30, 2021.

Figure 8

Condensed Budgetary Comparison General Fund - 2020-2021	Original Budget	Revised Budget	Actual w/ Encumbrances	Total Dollar Variance
REVENUES				
Real property taxes	\$ 4,355,877	\$ 3,313,298	\$ 3,642,804	\$ 329,506
Real property tax items	23,547	770,066	727,250	(42,816)
State/Federal sources	14,989,162	14,989,162	14,654,753	(334,409)
All other - other financing sources	528,876	528,876	477,850	(51,026)
Total Revenues and Other Financing Sources	19,897,462	19,601,402	19,502,657	(98,745)
Transfer from other funds	0	133,018	0	(133,018)
Appropriated fund Balance	593,000	916,240	0	(916,240)
Appropriated reserves	0	202,344	0	(202,344)
Budget Grand Total	\$ 20,490,462	\$ 20,853,004	\$ 19,502,657	\$ (1,350,347)
EXPENDITURES				
General Support	\$ 2,014,483	\$ 2,135,815	\$ 1,798,238	\$ 337,577
Instruction	10,387,659	10,379,801	9,440,874	938,927
Pupil transportation	1,065,120	1,075,451	795,236	280,215
Employee benefits	5,201,873	5,085,174	4,562,822	522,352
Debt service	1,826,763	1,826,763	1,826,763	0
Transfers to other funds	150,000	350,000	323,388	26,612
Total Expenditures, and Other Financing Uses	\$ 20,645,898	\$ 20,853,004	\$ 18,747,321	\$ 2,105,683

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the School District had invested in a broad range of capital assets. Capital assets showed a net increase of \$4,870,804 from last year as shown in *Figure 9* below.

Figure 9

Capital Assets (Net of Deprec.)	Government Activities & Total School District				
	Beg. Balance 6/30/2020	Additions	Retirements	Reclass.	End. Balance 6/30/2021
<i>Land</i>	\$ 71,891	\$ 0	\$ 0	\$ 0	\$ 71,891
<i>CIP</i>	905,050	5,625,619	0	(90,040)	6,440,629
<i>Buildings</i>	22,171,441	(763,913)	0	0	21,407,528
<i>Equipment</i>	1,531,159	99,138	0	0	1,630,297
Totals	\$ 24,679,541	\$ 4,960,844	\$ 0	\$ (90,040)	\$ 29,550,345

Capital asset activity for the year ended June 30, 2021 included the following:

\$ 29,550,345	Ending Balance 6/30/2021
<u>24,679,541</u>	Beginning Balance 7/1/2020
\$ 4,870,804	Year to Year

\$ 327,958	Buses (3)
36,764	Pickup Truck & Plow
18,800	Cafeteria Equipment
<u>11,290</u>	Miscellaneous Equipment
\$ 394,812	Equipment Additions
5,625,619	Construction Additions, net
\$ 6,020,431	Total Additions
0	Retirements, net
0	Reclassifications, net
<u>(1,149,627)</u>	Depreciation
\$ 4,870,804	

Year to year increase is attributed to completion of construction projects.

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

Debt Administration

Debt, both short and long-term, considered a liability of Governmental Activities, increased \$7,100,000 in 2020-2021, as shown in *Figure 10*. Total capital indebtedness represented 38.5% of the constitutional debt limit exclusive of building aid estimates.

Figure 10

Outstanding Debt	Governmental Activities & Total School District		Total Dollar Change
	2019-2020	2020-2021	2020-2021
Bond anticipation notes	\$ 995,000	\$ 9,030,000	\$ 8,035,000
Serial bonds	11,535,000	10,600,000	(935,000)
Totals	\$ 12,530,000	\$ 19,630,000	\$ 7,100,000

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements.

The School District's bond rating is A, which remains unchanged from prior year.

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

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- Harpursville Central School District is pleased with the passage of the 2021-2022 budget of \$21,792,421. 99 voters came to the polls and passed the budget with an 83% approval. The budget increased by 6.35% from the previous year. This was largely a result of an increase in the debt service payments in the amount of \$761,113. That debt service increase is largely offset by Building Aid. The corresponding tax levy increased by 2.87% or \$124,991 over the previous year.
- Health Insurance Plan costs continue to be a significant cause for concern. The standard health insurance family plan will be increasing from \$30,492 to 33,011. However, the district is attempting to work with the bargaining units to address this concern for the long-term.
- The school district has continued to lessen its reliance on fund balance. We will continue to rely on long-term projections and available resources continue to project forward.
- Fiscally, the COVID pandemic originally created a high degree of uncertainty. Since a large percentage of the district's revenues are obtained through federal and state funding, the district would have adjusted the budget in conjunction with changes to these funding sources. Ultimately, we received the majority of our funding for the fiscal year ending June 30, 2021. The district plans to use the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and the American Rescue Plan (ARP) to offset the small amount of lost transportation aid. The district will also use the CRRSA and ARP funds to purchase new technology, pay for teacher leadership, fund professional development and help recoup lost instruction through various means including summer programs and after school programs.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Harpursville Central School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office of the Harpursville Central School District, P.O. Box 147, Harpursville, New York 13787.

HARPURSVILLE CENTRAL SCHOOL DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
Cash		
Unrestricted	\$ 1,141,641	\$ 1,318,228
Restricted	8,352,301	4,079,096
Receivables		
Due from fiduciary funds	-	74,536
State and Federal aid	843,141	989,402
Due from other governments	776,734	589,499
Other	26,823	30,010
Inventories	26,585	31,402
Deferred expenditures	-	40,412
Proportionate share of net pension asset	-	754,058
Capital assets, net	29,550,345	24,679,541
Total Assets	\$ 40,717,570	\$ 32,586,184
Deferred outflows of resources		
Pensions	\$ 4,302,300	\$ 3,940,005
Other post employment benefits	11,182,463	2,870,814
Total Deferred Outflows of Resources	\$ 15,484,763	\$ 6,810,819
LIABILITIES		
Payables		
Accounts payable	\$ 514,936	\$ 507,375
Accrued liabilities	189,595	60,087
Due to other governments	29	-
Due to Teachers' Retirement System	503,296	463,747
Due to Employees' Retirement System	67,416	58,222
Notes payable		
Bond anticipation	9,030,000	995,000
Deferred credits		
Overpayments and collections in advance	1,936	-
Unearned revenues	22,001	29,035
Long-term liabilities		
Due and payable within one year		
Bond Payable	980,000	895,000
Compensated absences payable	291,086	327,557
Proportionate share of net pension liability	801,522	1,519,678
Due and payable after one year		
Other post employment benefits	52,164,391	51,083,697
Bond Payable	9,620,000	10,640,000
Total Liabilities	\$ 74,186,208	\$ 66,579,398
Deferred inflows of resources		
Pensions	\$ 2,056,080	\$ 1,145,317
Other post employment benefits	16,086,674	9,599,209
Revenues	90,268	-
Total Deferred Inflows of Resources	\$ 18,233,022	\$ 10,744,526
NET POSITION		
Investment in capital assets, net of related debt	\$ 13,357,878	\$ 12,728,923
Restricted	5,306,595	3,757,173
Unrestricted	(54,881,370)	(54,413,017)
Total Net Position	\$ (36,216,897)	\$ (37,926,921)

See independent auditors' report and notes to financial statements

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR 2020**

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants	2021	2020
FUNCTIONS/PROGRAMS						
General support	\$ (1,687,617)	\$ (384,290)	\$ -	\$ -	\$ (2,071,907)	\$ (2,047,210)
Instruction	(10,455,844)	(4,786,197)	50,764	1,238,183	(13,953,094)	(14,615,268)
Pupil transportation	(794,183)	(528,086)	-	-	(1,322,269)	(1,326,586)
Employee benefits	(4,663,617)	4,663,617	-	-	-	-
Debt service	(672,276)	-	-	-	(672,276)	(628,928)
Depreciation	(1,149,627)	1,149,627	-	-	-	-
Scholarships and awards	(8,874)	-	-	7,450	(1,424)	-
School lunch program	(462,802)	(114,671)	10,598	759,905	193,030	14,982
Total Functions and Programs	<u>\$ (19,894,840)</u>	<u>\$ -</u>	<u>\$ 61,362</u>	<u>\$ 2,005,538</u>	<u>\$ (17,827,940)</u>	<u>(18,603,010)</u>
GENERAL REVENUES						
Real property taxes	\$ 3,642,804	\$ -	\$ -	\$ -	\$ 3,642,804	\$ 3,533,515
Other tax items	727,250	-	-	-	727,250	752,773
Use of money and property	112,111	-	-	-	112,111	130,657
Sale of property and compensation for loss	5,673	-	-	-	5,673	441
Miscellaneous	377,483	-	-	-	377,483	351,357
Interfund revenue	-	-	-	-	-	-
State sources	14,870,373	-	-	(287,173)	14,583,200	14,782,055
Federal sources	1,585,204	-	-	(1,581,035)	4,169	-
Local sources	137,330	-	-	(137,330)	-	-
Medicaid reimbursement	67,384	-	-	-	67,384	75,320
Total General Revenues	<u>\$ 21,525,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,005,538)</u>	<u>19,520,074</u>	<u>19,626,118</u>
Change in Net Position					1,692,134	1,023,108
Total Net Position - Beginning of year					(37,926,921)	(38,990,917)
Prior period adjustment See Note 15					17,890	40,888
Total Net Position - End of Year					<u>\$ (36,216,897)</u>	<u>\$ (37,926,921)</u>

See independent auditors' report and notes to financial statements

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020**

	Major Funds				Total Governmental Funds	
	General	Buses	\$10.6 Million Project	Nonmajor Funds	2021	2020
ASSETS						
Cash						
Unrestricted	\$ 985,278	\$ -	\$ -	\$ 156,363	\$ 1,141,641	1,318,228
Restricted	4,719,307	335,000	2,738,292	559,702	8,352,301	4,079,096
Receivables						
Due from other funds	717,551	-	-	36	717,587	581,346
Due from fiduciary funds	-	-	-	-	-	74,536
State and Federal aid	267,547	-	-	533,781	801,328	947,589
Due From other Governments	776,734	-	-	-	776,734	589,499
Other	25,902	-	-	921	26,823	30,010
Inventories	-	-	-	26,585	26,585	31,402
Deferred Expenditures	-	-	-	-	-	40,412
Total Assets	<u>\$ 7,492,319</u>	<u>\$ 335,000</u>	<u>\$ 2,738,292</u>	<u>\$ 1,277,388</u>	<u>\$ 11,842,999</u>	<u>\$ 7,692,118</u>
LIABILITIES						
Payables						
Accounts payable	\$ 477,490	\$ -	\$ 34,641	\$ 2,805	\$ 514,936	\$ 507,375
Accrued liabilities	74,880	-	-	-	74,880	25,885
Due to other funds	78,871	-	36	638,680	717,587	581,346
Due to fiduciary funds	-	-	-	-	-	-
Due to other governments	-	-	-	29	29	-
Due to Teachers' Retirement System	503,296	-	-	-	503,296	463,747
Due to Employees' Retirement System	67,416	-	-	-	67,416	58,222
Notes payable						
Bond anticipation	-	1,030,000	8,000,000	-	9,030,000	995,000
Deferred credits						
Overpayments and collections in advance	1,936	-	-	-	1,936	-
Unearned revenue	-	-	-	22,001	22,001	29,035
Total Liabilities	<u>1,203,889</u>	<u>1,030,000</u>	<u>8,034,677</u>	<u>663,515</u>	<u>10,932,081</u>	<u>2,660,610</u>
Deferred inflows of resources	90,268	-	-	-	90,268	-
FUND BALANCES						
Non-spendable	-	-	-	26,585	26,585	71,814
Restricted	4,719,307	-	-	587,288	5,306,595	3,757,173
Assigned	648,159	322,063	3,009,694	-	3,979,916	748,435
Unassigned	830,696	(1,017,063)	(8,306,079)	-	(8,492,446)	454,086
Total Fund Balances	<u>6,198,162</u>	<u>(695,000)</u>	<u>(5,296,385)</u>	<u>613,873</u>	<u>820,650</u>	<u>5,031,508</u>
Total Liabilities and Fund Balances	<u>\$ 7,492,319</u>	<u>\$ 335,000</u>	<u>\$ 2,738,292</u>	<u>\$ 1,277,388</u>	<u>\$ 11,842,999</u>	<u>\$ 7,692,118</u>

See independent auditors' report and notes to financial statements

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR 2020**

	Major				Total Governmental Funds	
	General	Buses	\$10.6 Million Project	Non-Major Funds	2021	2020
REVENUES						
Real property taxes	\$ 3,642,804	\$ -	\$ -	\$ -	\$ 3,642,804	\$ 3,533,515
Other tax items	727,250	-	-	-	727,250	752,773
Charges for services	50,764	-	-	-	50,764	46,984
Use of money and property	108,450	-	-	3,661	112,111	130,657
Sale of property and compensation for loss	5,673	-	-	-	5,673	10,595
Miscellaneous	312,963	-	-	64,520	377,483	351,357
State sources	14,583,200	-	-	287,173	14,870,373	15,161,236
Medicaid reimbursement	67,384	-	-	-	67,384	75,320
Federal sources	4,169	-	-	1,551,161	1,555,330	1,356,687
Local sources	-	-	-	137,330	137,330	105,250
Surplus food	-	-	-	29,874	29,874	33,190
Sales - school lunch	-	-	-	10,598	10,598	38,261
Total Revenues	19,502,657	-	-	2,084,317	21,586,974	21,595,825
EXPENDITURES						
General support	1,724,381	-	-	-	1,724,381	1,670,468
Instruction	9,367,625	-	-	1,101,510	10,469,135	11,000,525
Pupil transportation	794,183	-	-	-	794,183	833,436
Employee benefits	4,562,822	-	-	296,386	4,859,208	4,766,777
Debt service						
Principal	1,235,000	-	-	-	1,235,000	1,122,000
Interest	591,763	-	-	-	591,763	641,423
Cost of sales	-	-	-	481,602	481,602	514,500
Scholarships and awards	-	-	-	8,874	8,874	-
Capital outlay	-	325,958	5,496,773	128,845	5,951,576	1,138,076
Total Expenditures	18,275,774	325,958	5,496,773	2,017,217	26,115,722	21,687,205
Excess (Deficiency) of Revenues Over Expenditures	1,226,883	(325,958)	(5,496,773)	67,100	(4,528,748)	(91,380)
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	300,000	-	-	300,000	227,000
Operating transfers in	-	-	-	332,430	332,430	61,827
Operating transfers (out)	(323,388)	(9,042)	-	-	(332,430)	(61,827)
Total Other Sources (Uses)	(323,388)	290,958	-	332,430	300,000	227,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	903,495	(35,000)	(5,496,773)	399,530	(4,228,748)	135,620
Fund Balances - Beginning of year	5,294,667	(660,000)	200,388	196,453	5,031,508	4,895,888
Transferred from fiduciary funds	-	-	-	17,890	17,890	-
Fund Balances - End of Year	\$ 6,198,162	\$ (695,000)	\$ (5,296,385)	\$ 613,873	\$ 820,650	\$ 5,031,508

See independent auditors' report and notes to financial statements

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

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash				
Unrestricted	\$ 1,141,641	\$ -	\$ -	\$ 1,141,641
Restricted investments	8,352,301	-	-	8,352,301
Investments				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables				
Taxes	-	-	-	-
Due from other funds	717,587	-	(717,587)	-
Due from fiduciary funds	-	-	-	-
State and Federal aid	801,328	41,813	-	843,141
Due from other governments	776,734	-	-	776,734
Other	26,823	-	-	26,823
Inventories	26,585	-	-	26,585
Deferred expenditures	-	-	-	-
Net pension asset	-	-	-	-
Capital assets, net of depreciation	-	29,550,345	-	29,550,345
Total Assets	\$ 11,842,999	\$ 29,592,158	\$ (717,587)	\$ 40,717,570
Deferred Outflows of Resources				
Pensions	\$ -	\$ 4,302,300	\$ -	\$ 4,302,300
OPEB	-	11,182,463	-	11,182,463
LIABILITIES				
Payables				
Accounts payable	\$ 514,936	\$ -	\$ -	\$ 514,936
Accrued liabilities	74,880	114,715	-	189,595
Due to other funds	717,587	-	(717,587)	-
Due to fiduciary funds	-	-	-	-
Due to other governments	29	-	-	29
Due to Teachers' Retirement System	503,296	-	-	503,296
Due to Employees' Retirement System	67,416	-	-	67,416
Long Term Debt due & payable in one year	-	980,000	-	980,000
Notes payable				
Bond anticipation	9,030,000	-	-	9,030,000
Deferred credits				
Overpayments and collections in advance	1,936	-	-	1,936
Unearned revenues	22,001	-	-	22,001
Long-term liabilities				
Net pension liability	-	801,522	-	801,522
Bond Payable	-	9,620,000	-	9,620,000
Other post employment benefits	-	52,164,391	-	52,164,391
Compensated absences payable	-	291,086	-	291,086
Total Liabilities	10,932,081	63,971,714	(717,587)	74,186,208
Deferred Inflows of Resources				
Pensions	\$ -	\$ 2,056,080	\$ -	\$ 2,056,080
OPEB	-	16,086,674	-	16,086,674
Revenues	90,268	-	-	90,268
FUND EQUITY\NET POSITION				
Investment in capital assets, net of related debt	-	18,950,345	-	18,950,345
FUND BALANCES				
Non-spendable	26,585	-	-	26,585
Restricted	5,306,595	-	-	5,306,595
Assigned	3,979,916	-	-	3,979,916
Unassigned	(8,492,446)	(55,987,892)	-	(64,480,338)
Total Net Position	\$ 820,650	\$ (37,037,547)	\$ -	\$ (36,216,897)

See independent auditors' report and notes to financial statements

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

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 3,642,804	\$ -	\$ -	\$ -	\$ 3,642,804
Other tax items	727,250	-	-	-	727,250
Charges for services	50,764	-	-	-	50,764
Use of money and property	112,111	-	-	-	112,111
Sale of property and compensation for loss	5,673	-	-	-	5,673
Miscellaneous	377,483	-	-	-	377,483
State sources	14,870,373	-	-	-	14,870,373
Medicaid reimbursement	67,384	-	-	-	67,384
Federal sources	1,555,330	-	-	-	1,555,330
Local sources	137,330	-	-	-	137,330
Surplus food	29,874	-	-	-	29,874
Sales - school lunch	10,598	-	-	-	10,598
Total Revenues	21,586,974	-	-	-	21,586,974
EXPENDITURES\EXPENSES					
General support	1,724,381	-	(36,764)	-	1,687,617
Instruction	10,469,135	-	(13,291)	-	10,455,844
Pupil transportation	794,183	-	-	-	794,183
Employee benefits	4,859,208	(195,591)	-	-	4,663,617
Debt service					
Principal	1,235,000	-	-	(1,235,000)	-
Interest	591,763	-	-	80,513	672,276
Cost of sales	481,602	-	(18,800)	-	462,802
Scholarships and awards	8,874	-	-	-	8,874
Depreciation	-	-	1,149,627	-	1,149,627
Capital outlay	5,951,576	-	(5,951,576)	-	-
Total Expenditures	26,115,722	(195,591)	(4,870,804)	(1,154,487)	19,894,840
Excess (Deficiency) of Revenues Over Expenditures	(4,528,748)	195,591	4,870,804	1,154,487	1,692,134
OTHER SOURCES AND USES					
Proceeds from debt	300,000	-	-	(300,000)	-
Operating transfers in	332,430	-	-	-	332,430
Operating transfers (out)	(332,430)	-	-	-	(332,430)
Total Other Sources (Uses)	300,000	-	-	(300,000)	-
Net Change for the Year	\$ (4,228,748)	\$ 195,591	\$ 4,870,804	\$ 854,487	\$ 1,692,134

See independent auditors' report and notes to financial statements

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Custodial Trust 2021
ASSETS	
Cash	\$ -
Restricted cash	57,115
Accounts receivable	-
Due from other funds	
	<hr/>
Total Assets	\$ 57,115
	<hr/>
LIABILITIES	
Due to other funds	\$ -
Extraclassroom activity balances	-
Other liabilities	-
	<hr/>
Total Liabilities	-
	<hr/>
NET POSITION	
	\$ 57,115
	<hr/> <hr/>

See independent auditors' report and notes to financial statements

HARPURSVILLE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Harpursville Central School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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. Significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

The Harpursville Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

i) The Extraclassroom Activity Funds

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

B) Joint venture:

The District is a component district in the Broome-Tioga Board of Cooperative Educational Services (BOCES). 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.

HARPURSVILLE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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.

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.

During the year, the District was billed \$4,305,911 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,499,254.

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

C) Basis of presentation:

i) District-wide statements:

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

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

ii) Fund financial statements:

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

See independent auditors' report

HARPURSVILLE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

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

All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. A scholarship is an example of a Private-Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

D) Measurement focus and basis of accounting:

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

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

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property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety (90) days after the end of the fiscal year.

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

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on September 1. Taxes are collected during the period September 1, 2021 through March 31, 2021.

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

F) Restricted resources

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

G) Interfund transactions:

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

In the district-wide statements, the amounts reported on the Statement of Net

Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded.

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

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

I) Cash (and cash equivalents)/investments:

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. 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. Investments are stated at fair value

J) Accounts receivable:

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. An allowance for uncollectible accounts represents the portion of accounts receivable that is not expected to be collected within 365 days. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates

market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future

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accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for those non-liquid assets (inventory and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Other assets/restricted assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period incurred.

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2005. For assets acquired prior to June 30, 2005 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.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	SL	40
Building improvements	5,000	SL	25
Site improvements	5,000	SL	25
Furniture and equipment	5,000	SL	5-15

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be reciprocated as an outflow of resources (expense/expenditures) until then. If applicable, the government has four items that qualify for reporting in this category.

First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on funding and its reacquisition price, results from the difference in the carrying value of refunded or refunding debt. This amount is deferred and amortized over the shorter life of the refunded or

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refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net position liability (ERS System) and difference during the measurement periods between the District's contributions and its proportional share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

O) Pension Obligations:

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems).
Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

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be found on the System's website at www.nystrs.org.

The District reports unearned credits on its statement of net position and its balance sheet. On the statement of net position, unearned credits arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned credits is removed and revenue is recorded.

Employees' Retirement System (ERS)

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

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

	ERS	TRS
2020-2021	\$235,732	\$463,986
2019-2020	220,153	543,400
2018-2019	205,910	530,253

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

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

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

	ERS	TRS
Actuarial valuation date	4-1-20	6-30-19
Net pension asset/(liability)	(\$5,286)	(\$ 796,236)
District's portion of the		
Plan's total net pension asset/(liability)	(0.0053084%)	(0.028815%)

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For the year ended June 30, 2021, the District recognized its proportionate share of pension expense of \$122,741 for ERS and the actuarial value \$1,074,169 for TRS. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 64,554	\$ 697,662	\$ -	\$ 40,806
Changes of assumptions	971,885	1,007,054	18,330	358,962
Net difference between projected and actual earnings on pension plan investments	-	520,012	1,518,389	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	31,023	470,654	54,675	64,918
District's contributions subsequent to the measurement date	<u>67,416</u>	<u>472,040</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,134,878</u>	<u>\$ 3,167,422</u>	<u>\$ 1,591,394</u>	<u>\$ 464,686</u>

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2022 for ERS and June 30, 2021 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>NYSERS</u>	<u>NYSTRS</u>
Year ended:		
2021	\$ -	\$ 426,656
2022	(101,626)	742,622
2023	(38,325)	606,238
2024	(85,255)	375,116
2025	(298,725)	39,307
Thereafter	-	40,756

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Actuarial Assumptions

	<u>ERS</u>	<u>TRS</u>
Measurement date	03-31-21	06-30-20
Actuarial valuation date	04-01-20	06-30-19
Interest rate	6.8%	7.10%
Salary Scale	4.4%	2.20%
Decrement tables	Based on FY 2016-2020 experience	Based on 2009-2014 experience
Inflation rate	2.7%	2.2%
Projected Cost of Living Adjustments	1.4%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2021 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-202018. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

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.

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 are summarized below:

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<u>ERS</u>	<u>Target Allocation</u> <u>2020</u>	<u>Long-term expected</u> <u>Real rate of return*</u> <u>2020</u>
Asset Class:		
Domestic equities	32.00%	4.05%
International equities	15.00%	6.30%
Private Equity	10.00%	6.75%
Real estate	9.00%	4.95%
Opportunistic/Absolute return strategies (1)	3.00%	4.50%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed income	23.00%	0.00%
Cash	<u>1.00%</u>	0.50%
Total	100.00%	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2020

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic and international equities, respectively.

<u>TRS</u>	<u>Target Allocation</u> <u>2020</u>	<u>Long-term expected</u> <u>Real rate of return*</u> <u>2020</u>
Asset Class:		
Domestic equities	33.00%	7.10%
International equities	16.00%	7.70%
Global equities	4.00%	7.40%
Real estate	11.00%	6.80%
Private equities	8.00%	10.40%
Domestic fixed income securities	16.00%	1.80%
Global bonds	2.00%	1.00%
Private debt	1.00%	5.20%
Real estate bebt	7.00%	3.60%
High-yield bonds	1.00%	3.90%
Cash equivalents	<u>1.00%</u>	0.70%
Total	100.00%	

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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)

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ERS	1% Decrease ▮ (4.9%)	Current Assumption ▮ (5.9%)	1% Increase ▮ (6.9%)
Employer's proportionate share of the net pension asset/(liability)	\$ (1,467,129)	\$ (5,286)	\$ 1,342,876
TRS	1% Decrease ▮ (6.10%)	Current Assumption ▮ (7.10%)	1% Increase ▮ (8.10%)
Employer's proportionate share of the net pension asset/(liability)	\$ (5,029,551)	\$ (796,236)	\$ 2,726,587

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2021, is \$113,074 for ERS and \$1,188,492 for TRS.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021, through June 30, 2021, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021, amounted to \$67,416

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employee and employer contributions for the fiscal year ended June 30, 2021, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$503,296.

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P) Vested employee benefits:

Compensated absences

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

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

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

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

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

Q) Other benefits:

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code §403(b) and 457.

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

R) Short-term debt:

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

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which

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there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

Interest paid	\$ 19,900
Less: interest accrued in prior year	(6,106)
Plus: interest accrued in current year	<u>89,348</u>
	<u>\$103,142</u>

S) **Accrued liabilities and long-term obligations:**

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

Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

T) **Equity classifications:**

District-wide statements:

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

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

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

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

Funds statements:

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

Non-spendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balances include deferred expenditures in the General Fund of \$0 and the inventory recorded in the Food Service Fund of \$26,585.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted fund balances:

Capital

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

Unemployment Insurance

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

Employee Benefits and Accrued Liabilities

According to General Municipal Law §6-p, must be used to reserve funds 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

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

Insurance Reserve Fund

According to General Municipal Law §6-n, all expenditures made from the insurance reserve fund 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. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

Repair Reserve Funds

According to General Municipal Law §6-d, expenditures made from the repair reserve fund must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has

Retirement Contributions

According to general Municipal Law §6-r, must be used for financing retirement contributions. This 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, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

Encumbrances

Encumbrance accounting, under which purchase, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds

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HARPURSVILLE CENTRAL SCHOOL DISTRICT

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other than the General fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

Restricted fund balance includes the following:

General Fund

Capital Reserve	\$ 1,797,299
Employee Benefits and	
Accrued Liabilities	1,157,135
Retirement Contributions	1,009,369
Unemployment Insurance	209,766
Retirement Contribution – Sub Fund	287,736
Reserve for Repairs	206,402
Insurance Reserve	<u>51,600</u>
Total General Fund	<u>4,719,307</u>
Capital Fund*	171,155
Debt Service Fund*	179,027
Other Special Revenue	16,470
School Lunch*	<u>220,636</u>

Total restricted funds \$ 5,306,595

*includes remaining fund balance in these funds not otherwise classified as nonspendable, committed or assigned.

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

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$148,159. Appropriated fund balance in the General Fund amounted to \$648,159. Any remaining fund balance in other funds is considered assigned.

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As of June 30, 2021, the District's General Fund encumbrances were classified as follows:

General support	\$73,857
Instruction	73,249
Pupil Transportation	1,053

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

Net Position/Fund Balance

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Balance:

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

T) New Accounting Standards

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2021.

At June 30, 2021, the District implemented the following new standards issued by GASB. GASB issued Statement No. 84 Fiduciary Activities, effective for the year ending June 30, 2021.

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NOTES TO FINANCIAL STATEMENTS

GASB has issued Statement No. 90, Accounting and Financial Reporting for Majority Equity Interest, effective for the year ending June 30, 2021.

U) Future Changes in Accounting Standards

GASB Statement No. 87 -Leases	Effective for the year ending June 30, 2022
GASB Statement No. 89 -Accounting for Interest Cost Incurred Before the End of a Construction Period	Effective for the year ending June 30, 2022
GASB Statement No. 91 -Conduit Debt Obligations	Effective for the year ending June 30, 2023

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

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

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

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

i) Long-term revenue differences:

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

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basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) Pension differences:

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

v) OPEB differences:

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

NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES:

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, Fiduciary Activities. The implementation of the statement establishes criteria for identifying activities of all school districts. The impact of the standard was to increase both assets and liabilities for liabilities previously reported in Trust and Agency Funds. The District also created fiduciary fund Custodial Trust funds for Scholarship funds that were previously considered Private Purpose Trust funds.

NOTE 4: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

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

Appropriations are adopted at the program line item level.

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NOTES TO FINANCIAL STATEMENTS

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered.

Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law).

These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Carryover Encumbrances	\$155,434
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Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

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

Encumbrances

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

Budgets:

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. The District's Board is concerned that potential cuts in state aid due to COVID-19, may require additional use of unappropriated fund balance over that approved by the taxpayers in the original budget.

The Capital Projects Fund had a deficit fund balance of \$5,820,231. This will be funded when the District obtains permanent financing for its current construction project.

HARPURSVILLE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5: CASH (AND CASH EQUIVALENTS)-CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE

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

Uncollateralized	\$ -
Collateralized with securities held by the financial Institution, or its trust department or agent, but Not in the District's name	\$8,802,594

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$8,335,831 within the governmental funds and \$62,327 restricted for student activities in the fiduciary funds.

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2021 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due.

Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

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NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

NOTE 6: CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Governmental Activities:					
Capital assets that are not depreciated:					
Land	\$ 71,891	\$ -	\$ -	\$ -	\$ 71,891
Construction in progress	905,050	5,625,619	-	(90,040)	6,440,629
Total non-depreciable historical cost	976,941	5,625,619	-	(90,040)	6,512,520
Capital assets that are depreciated:					
Buildings	34,730,061	-	-	90,040	34,730,061
Furniture and equipment	3,710,465	394,812	(101,858)	-	4,003,419
Total depreciable historical cost	38,440,526	394,812	(101,858)	90,040	38,733,480
Total non-depreciable and depreciable costs	39,417,467	6,020,431	(101,858)	-	45,246,000
Less accumulated depreciation:					
Buildings	(12,558,620)	(853,953)	-	-	(13,412,573)
Furniture and equipment	(2,179,306)	(295,674)	101,858	-	(2,373,122)
Total accumulated depreciation	(14,737,926)	(1,149,627)	101,858	-	(15,785,695)
Total capital assets	<u>\$ 24,679,541</u>	<u>\$ 4,870,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,460,305</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 10,809
Instruction	884,074
Pupil Transportation	243,950
Cost of Goods Sold	10,794
	<u>\$ 1,149,627</u>

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NOTE 7: SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	3/10/2021	2.00%	995,000	-	995,000	-
BAN	7/22/2022	1.25%	-	8,000,000	-	8,000,000
BAN	3/09/2022	0.44%	-	1,030,000	-	1,030,000

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

Interest paid	19,900
Less interest accrued in prior year	(6,106)
Plus interest accrued in current year	89,348
	<u>\$ 103,142</u>

NOTE 8: LONG-TERM OBLIGATIONS:

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

In the fund financial statements, governmental funds recognize bond premiums and discounts 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. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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 debt of the local government. The provisions will be in the General Funds' future budgets for capital indebtedness.

Noncurrent liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable	\$ 11,535,000	\$ -	\$ (935,000)	\$ 10,600,000	\$ 980,000
Other liabilities:					
Compensated absences	327,556	-	(36,470)	291,086	-
Other Post-employment health insurance benefits	51,083,697	1,080,694	-	52,164,391	-
Net pension liability	1,519,678	-	(718,156)	801,522	-
Total long-term liabilities	<u>\$ 64,465,931</u>	<u>\$ 1,080,694</u>	<u>\$ (1,689,626)</u>	<u>\$ 63,856,999</u>	<u>\$ 980,000</u>

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NOTES TO FINANCIAL STATEMENTS

The Following is a summary of debt service requirements:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at year end
Serial Bonds	2011	2025	2.00-4.25%	\$ 485,000
Serial Bonds	2018	2031	5.00%	\$ 10,115,000

Fiscal year ended:
June 30

	Principal	Interest	Total
2022	\$ 980,000	\$ 526,363	\$ 1,506,363
2023	1,030,000	478,338	1,508,338
2024	1,075,000	427,850	1,502,850
2025	1,065,000	375,150	1,440,150
2026	1,040,000	322,500	1,362,500
2027-2031	5,410,000	781,750	6,191,750
	<u>\$ 10,600,000</u>	<u>\$ 2,911,951</u>	<u>\$ 13,511,951</u>

Interest on long-term debt for the year consisted of:

Interest paid	\$ 571,863
Less: interest accrued in the prior year	(28,096)
Plus interest accrued in the current year	<u>25,367</u>
Total interest expense	<u>\$ 569,134</u>

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

NOTE 9: PENSION PLANS:

General information: The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. See Note 1(N) – Summary of Significant Accounting Policies for further plan details.

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NOTES TO FINANCIAL STATEMENTS

NOTE 10: INTERFUND BALANCES AND ACTIVITY

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
Governmental Funds				
General	\$ 717,551	\$ 78,871	\$ -	\$ 323,388
Special Aid	-	432,848	23,386	-
School Lunch	-	12,746	2	-
Capital	-	193,122	300,000	9,042
Debt Service	<u>36</u>	<u>-</u>	<u>9,042</u>	<u>-</u>
Total government activities	<u>\$ 717,587</u>	<u>\$ 717,587</u>	<u>\$ 332,430</u>	<u>\$ 332,430</u>

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

The District typically transfers from the General Fund to the Special Aid Fund, to fund the local share of the Section 4408, Summer School Handicapped Program.

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

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

NOTE 11: POST-EMPLOYMENT BENEFITS OBLIGATION PAYABLE

Plan description

The District administers a defined benefit OPEB plan that provides OPEB for permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2021 approximately \$1,080,694 was paid on behalf of 113 retirees.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	113
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>131</u>
Total	<u>244</u>

The District's total OPEB liability of \$52,164.391 was measured as of July 1, 2020 and was determined by an actuarial valuation as of that date.

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

Inflation	2.5 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	8.0 percent to 4.04 percent over 69 years

The discount rate was based on the 20-year high -quality tax-exempt municipal bond index as of the measurement date.

Mortality rates were based on the RPH-2014, as appropriate, and projected forward with Scale MP-2020.

Retirement participation rate assumed that 100% of eligible Teachers and Instructional Administrators and 100% of participants other than Teachers and Instructional Administrators will elect medical coverage at retirement age, and 85% of active member's spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement

HARPURSVILLE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Changes in the total OPEB Liability

Balance at July 1, 2020	\$51,083,697
<u>Changes for the Year-</u>	
Service cost	1,560,967
Interest	1,813,130
Changes of benefit terms	(203,921)
Differences between expected and actual experience	(11,192,620)
Changes in assumptions or other inputs	10,785,047
Benefit payments	<u>(1,681,909)</u>
Net changes	1,080,694
Balance at July 1, 2021	<u>\$52,164,391</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.5 percent in 2019 to 2.21 percent in 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$62,302,724	\$52,164,391	\$44,205,832

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$43,367,227	\$52,164,391	\$63,779,803

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NOTES TO FINANCIAL STATEMENTS

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 \$624,544. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 9,932,613
Changes of assumptions or other inputs	9,814,428	6,154,060
Employer Contributions subsequent to the measurement date	<u>1,368,035</u>	<u>-</u>
Total	<u>\$ 11,182,463</u>	<u>\$ 16,086,673</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$(2,545,632)
2023	(2,545,632)
2024	(1,234,197)
2025	100,739
2026	(47,523)
2027 and thereafter	-

NOTE 12: RISK MANAGEMENT

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

The District participates in the Broome-Tioga, Delaware Health Insurance, a non-consortium-risk-retained public entity risk pools for its employee health and accident insurance coverage. The pool is operated for the benefit of seventeen individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool.

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

HARPURSVILLE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13: CONTINGENCIES AND COMMITMENTS

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

NOTE 14: DONOR-RESTRICTED FUNDS

The District administers funds, which are restricted by the donor for the purposes of scholarships. The value of donor-restricted funds that are available for authorization for expenditure by the District is \$16,470.

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

NOTE 15: PRIOR PERIOD ADJUSTMENT

As disclosed in Note 3, during the year the District adopted GASB Statement No. 84, *Fiduciary Activities*. As a result certain scholarship funds were no longer considered fiduciary. The cash in these funds at the beginning of the year, totaling 17,890, was transferred as restricted cash to Other Special Revenue Funds.

NOTE 16: TAX ABATEMENTS

The County of Broome entered into a property tax abatement program for the purpose of economic development. The School District property tax revenue was reduced by \$9,261. The District received payment in lieu of tax (PILOT) payments totaling \$10,995.

NOTE 17: SUBSEQUENT EVENTS

The District has evaluated events through October 13, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. No significant matters were noted during the above period.

Fiscally, the COVID pandemic has created a high degree of uncertainty. Since a large percentage of the district's revenues are obtained through federal and state funding, the district will adjust and update the budget in conjunction with changes to these funding sources. The Federal CARES Act has offset any reduction in state aid thus far; however, the state has reserved the right to adjust state aid in the 2021-21 fiscal year. If state revenues are below projections and the federal government does not provide additional aid to the state, then there may be a reduction in aid to school districts. The implications of coronavirus will be long term; we expect changes to federal and state funding as well as pension contributions. The extent of these adjustments will be dependent on the length of time it takes for full economic recovery.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN OPEB LIABILITY,
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSLRS PENSION PLAN,
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
NYSLRS PENSION PLAN,
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSTRS PENSION PLAN,
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY/(ASSET)-NYSTRS PENSION PLAN,
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET
(NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**

AND

SUPPLEMENTARY INFORMATION

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FOUR FISCAL YEARS
JUNE 30, 2021**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 2,722,875	\$ 2,090,295	\$ 1,578,320	\$ 1,560,967
Interest	1,783,588	2,059,236	1,880,365	1,813,130
Changes of benefit terms	-	(2,401,551)	(27,846)	(203,921)
Difference between expected and actual experience	-	(1,520,645)	-	(11,192,620)
Changes of assumptions	(7,932,195)	(6,854,802)	1,442,944	10,785,047
Benefit payments	<u>(1,298,781)</u>	<u>(1,346,648)</u>	<u>(1,600,005)</u>	<u>(1,681,909)</u>
Net change in total OPEB liability	(4,724,513)	(7,974,115)	3,273,778	1,080,694
Total OPEB liability - beginning	<u>60,508,547</u>	<u>55,784,034</u>	<u>47,809,919</u>	<u>51,083,697</u>
Total OPEB liability - ending	<u><u>\$ 55,784,034</u></u>	<u><u>\$ 47,809,919</u></u>	<u><u>\$ 51,083,697</u></u>	<u><u>\$ 52,164,391</u></u>
Covered payroll	\$ 6,391,007	\$ 7,074,347	\$ 7,233,967	\$ 6,935,923
Total OPEB liability as a % of covered payroll	872.85%	675.82%	706.16%	752.09%

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

See paragraph on supplementary schedules included in independent auditors' report

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
NYSLRS PENSION PLAN
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 254,264	\$ 256,292	\$ 299,335	\$ 227,867	\$ 230,809	\$ 241,927	\$ 224,295	\$ 205,911	\$ 220,154	\$ 235,732
Contributions in relation to the contractually required contributions	<u>254,264</u>	<u>256,292</u>	<u>299,335</u>	<u>227,867</u>	<u>230,809</u>	<u>241,927</u>	<u>224,295</u>	<u>205,911</u>	<u>220,154</u>	<u>235,732</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered - employee payroll	<u>1,562,519</u>	<u>1,514,464</u>	<u>1,503,094</u>	<u>1,448,495</u>	<u>1,518,423</u>	<u>1,646,718</u>	<u>1,633,782</u>	<u>1,579,460</u>	<u>1,586,220</u>	<u>1,586,220</u>
Contributions as a percentage of covered-employee payroll	16.27%	16.92%	19.91%	15.73%	15.20%	14.69%	13.73%	13.04%	13.88%	14.86%

See paragraph on supplementary schedules included in independent auditors' report

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
LAST SEVEN FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.0100000%	0.0059731%	0.0061781%	0.0056277%	0.0053478%	0.0057388%	0.0053084%
District's proportionate share of the net pension liability	\$ 172,174	\$ 958,704	\$ 580,512	\$ 181,631	\$ 378,907	\$ 1,519,678	\$ 5,286
District's covered - employee payroll	1,448,495	1,518,423	1,646,718	1,633,782	1,579,460	1,556,137	1,586,220
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	11.89%	63.14%	35.25%	11.12%	23.99%	97.66%	0.33%
Plan fiduciary net position as a percentage of the total pension liability	111.60%	92.90%	94.70%	98.24%	96.27%	86.39%	99.95%

See paragraph on supplementary schedules included in independent auditors' report

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
NYSTRS PENSION PLAN
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 622,964	\$ 686,286	\$ 951,409	\$ 890,572	\$ 1,112,189	\$ 802,284	\$ 647,721	\$ 494,467	\$ 514,503	\$ 433,326
Contributions in relation to the contractually required contribution	622,964	686,286	951,409	890,572	1,112,189	802,284	647,721	494,467	514,503	433,326
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered - employee payroll	5,417,080	5,796,355	5,854,824	6,738,571	6,306,043	5,623,034	5,317,647	5,133,224	4,891,101	4,953,205
Contributions as a percentage of covered -employee payroll	11.50%	11.84%	16.25%	13.22%	17.64%	14.27%	12.18%	9.63%	10.52%	8.75%

See paragraph on supplementary schedules included in independent auditors' report

HARPURSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY / (ASSET)
NYSTRS PENSION PLAN
LAST SEVEN FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability (asset)	0.037101%	0.042236%	0.039209%	0.034876%	0.030976%	0.029024%	0.028815%
District's proportionate share of the net pension liability (asset)	\$ (4,132,858)	\$ (4,387,021)	\$ 419,949	\$ (265,089)	\$ (560,121)	\$ (754,058)	\$ 796,236
District's covered - employee payroll	6,738,571	6,306,043	5,623,034	5,317,647	5,133,224	4,891,101	4,935,205
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	-61.33%	-69.57%	7.47%	-4.99%	-10.91%	-15.42%	16.13%
Plan fiduciary net position as a percentage of the total pension liability (asset)	111.60%	110.46%	99.01%	100.66%	101.53%	102.20%	97.80%

See paragraph on supplementary schedules included in independent auditors' report

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$ 4,355,877	\$ 3,313,298	\$ 3,642,804	\$ 329,506
Other tax items	23,547	770,066	727,250	(42,816)
Charges for services	15,000	15,000	50,764	35,764
Use of money and property	92,876	92,876	108,450	15,574
Sale of property and compensation for loss	1,000	1,000	5,673	4,673
Miscellaneous	420,000	420,000	312,963	(107,037)
Total Local Sources	4,908,300	4,612,240	4,847,904	235,664
State sources	14,914,162	14,914,162	14,583,200	(330,962)
Federal sources	75,000	75,000	71,553	(3,447)
Total Revenues	19,897,462	19,601,402	19,502,657	(98,745)
OTHER FINANCING SOURCES				
Transfers from other funds	-	133,018	-	(133,018)
Appropriated fund balance	593,000	916,240	-	(916,240)
Appropriated reserves		202,344	-	(202,344)
Total Revenues and Other Financing Sources	\$ 20,490,462	\$ 20,853,004	\$ 19,502,657	\$ (1,350,347)

Budget basis of accounting:

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

Continued on next page

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 37,500	\$ 37,500	\$ 18,563	\$ 51	\$ 18,886
Central administration	204,341	204,412	193,552	210	10,650
Finance	303,458	311,813	302,535	-	9,278
Staff	139,747	134,640	107,655	-	26,985
Central services	1,115,816	1,233,829	930,960	73,596	229,273
Special items	213,621	213,621	171,116	-	42,505
Total General Support	2,014,483	2,135,815	1,724,381	73,857	337,577
Instruction					
Instruction, administration and improvement	393,623	443,898	407,953	9,126	26,819
Teaching - regular school	4,109,843	4,026,731	3,759,502	10,167	257,062
Programs for children with handicapping conditions	3,536,168	3,509,082	3,154,366	37,277	317,439
Occupational education	679,624	679,624	676,840	-	2,784
Teaching - special school	198,930	188,779	39,886	-	148,893
Instructional media	739,668	767,385	746,586	2,033	18,766
Pupil services	729,803	764,302	582,492	14,646	167,164
Total Instruction	10,387,659	10,379,801	9,367,625	73,249	938,927
Pupil transportation	1,065,120	1,075,451	794,183	1,053	280,215
Community services	-	-	-	-	-
Employee benefits	5,201,873	5,085,174	4,562,822	-	522,352
Debt service	1,826,763	1,826,763	1,826,763	-	-
Total Expenditures	20,495,898	20,503,004	18,275,774	148,159	2,079,071
OTHER FINANCING USES					
Transfers (to) other funds	150,000	350,000	323,388	-	26,612
Total Expenditures and Other Uses	\$ 20,645,898	\$ 20,853,004	18,599,162	\$ 148,159	\$ 2,105,683
Net Change in Fund Balances			903,495		
Fund balance - Beginning			5,294,667		
Fund balance - Ending			\$ 6,198,162		

See paragraph on supplementary schedules included in independent auditors' report

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	20,490,462
Add: Prior year's encumbrances	<u>155,434</u>
Original budget	20,645,896
Budget revision:	
Use of Reserve for Unemployment	7,108
Emergency Project	<u>200,000</u>
Final budget	<u><u>\$ 20,853,004</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget	\$ 21,792,421
Maximum allowed (4% of 2021-2022 budget)	871,697

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

Unrestricted fund balance:	
Committed fund balance	-
Assigned fund balance	648,159
Unassigned fund balance	<u>830,696</u>
Total unrestricted fund balance	<u>\$ 1,478,855</u>
Less:	
Appropriated fund balance	500,000
Encumbrances included in committed and assigned fund balance	<u>148,159</u>
Total adjustments	<u>\$ 648,159</u>
General Fund Fund Balance Subject to Section 1318 of of Real Property Tax Law	<u><u>\$ 830,696</u></u>
Actual percentage	3.81%

See paragraph on supplementary schedules included in independent auditors' report

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

		Expenditures				Methods of Financing				Transfer	Balance		
		Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Local Sources	Proceeds of Obligations	State Aid	Total	to Debt Service Fund	June 30, 2021
Major capital projects													
Buses		\$ 1,519,099	\$ 2,238,015	\$ 1,330,381	\$ 325,958	\$ 1,656,339	\$ 581,676	\$ 824,267	\$ -	\$ 146,114	\$ 970,381	\$ 9,042	\$ (695,000)
Capital improvements													
03-05-01-09-0001-016	\$10.6 M Project - MS/HS	10,651,665	8,039,401	656,434	4,391,236	5,047,670	2,991,731	1,009,129	-	-	1,009,129	-	(4,038,541)
03-05-01-09-0003-006	\$10.6 M Project - Elementary	-	2,612,264	152,307	1,105,537	1,257,844	1,354,420	-	-	-	-	-	(1,257,844)
		10,651,665	10,651,665	808,741	5,496,773	6,305,514	4,346,151	1,009,129	-	-	1,009,129	-	(5,296,385)
Total Major Capital Projects		12,170,764	12,889,680	2,139,122	5,822,731	7,961,853	4,927,827	1,833,396	-	146,114	1,979,510	9,042	(5,991,385)
Non-major Capital Projects													
Emergency Floor		200,000	200,000	-	24,846	24,846	175,154	\$ 200,000	-	-	200,000	-	175,154
03-05-01-09-1001-020													
Energy Performance Contract													
03-05-01-09-J0001-019		869,310	869,310	-	2,000	2,000	867,310	-	-	-	-	-	(2,000)
03-05-01-09-J0006-008		465,859	465,859	-	2,000	2,000	463,859	-	-	-	-	-	(2,000)
		1,335,169	1,335,169	-	4,000	4,000	1,331,169	-	-	-	-	-	(4,000)
Total Non-Major Capital Projects		1,535,169	1,535,169	-	28,846	28,846	1,506,323	200,000	-	-	200,000	-	171,154
Total major and non-major projects		\$ 13,705,933	\$ 14,424,849	\$ 2,139,122	\$ 5,851,577	\$ 7,990,699	\$ 6,434,150	\$ 2,033,396	\$ -	\$ 146,114	\$ 2,179,510	\$ 9,042	\$ (5,820,231)

See paragraph on supplementary schedules included in independent auditors' report

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Food Service	Special Aid	Debt Service	Miscellaneous Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
ASSETS						
Cash						
Unrestricted	\$ 135,407	\$ 20,956	\$ -	\$ -	\$ -	\$ 156,363
Restricted	-	-	178,991	16,470	364,241	559,702
Receivables						
Due from other funds	-	-	36	-	-	36
Due from fiduciary funds	-	-	-	-	-	-
State and Federal aid	100,202	433,579	-	-	-	533,781
Due From other Governments	-	-	-	-	-	-
Other	921	-	-	-	-	921
Inventories	26,585	-	-	-	-	26,585
Total Assets	<u>\$ 263,115</u>	<u>\$ 454,535</u>	<u>\$ 179,027</u>	<u>\$ 16,470</u>	<u>\$ 364,241</u>	<u>\$ 1,298,344</u>
LIABILITIES						
Payables						
Accounts payable	\$ 885	\$ 1,920	\$ -	\$ -	\$ -	\$ 2,805
Accrued liabilities	-	-	-	-	-	-
Due to other funds	12,746	432,848	-	-	193,086	638,680
Due to other governments	29	-	-	-	-	29
Deferred credits						
Unearned revenues	2,234	19,767	-	-	-	22,001
Total Liabilities	<u>15,894</u>	<u>454,535</u>	<u>-</u>	<u>-</u>	<u>193,086</u>	<u>663,515</u>
FUND BALANCES						
Nonspendable	26,585	-	-	-	-	26,585
Restricted	220,636	-	179,027	16,470	171,155	587,288
Total Fund Balances	<u>247,221</u>	<u>-</u>	<u>179,027</u>	<u>16,470</u>	<u>171,155</u>	<u>613,873</u>
Total Liabilities and Fund Balances	<u>\$ 263,115</u>	<u>\$ 454,535</u>	<u>\$ 179,027</u>	<u>\$ 16,470</u>	<u>\$ 364,241</u>	<u>\$ 1,277,388</u>

See paragraph on supplementary schedules included in independent auditors' report

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Food Service		Debt Service	Other Special Revenue	Non-major Capital projects	Total Non-Major Funds
REVENUES						
Use of money and property	\$ -	\$ -	\$ 3,657	\$ 4	\$ -	\$ 3,661
Miscellaneous	6,200	-	58,320	-	-	64,520
State sources	27,480	259,693	-	-	-	287,173
Federal sources	650,284	900,877	-	-	-	1,551,161
Local sources	52,267	77,613	-	7,450	-	137,330
Surplus food	29,874	-	-	-	-	29,874
Sales - school lunch	10,598	-	-	-	-	10,598
Total Revenues	<u>776,703</u>	<u>1,238,183</u>	<u>61,977</u>	<u>7,454</u>	<u>-</u>	<u>2,084,317</u>
EXPENDITURES						
General support	-	-	-	-	-	-
Instruction	-	1,101,510	-	-	-	1,101,510
Pupil transportation	-	-	-	-	-	-
Community service	-	-	-	-	-	-
Employee benefits	136,327	160,059	-	-	-	296,386
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Cost of sales	481,602	-	-	-	-	481,602
Scholarships and awards	-	-	-	8,874	-	8,874
Capital outlay	-	-	-	-	128,845	128,845
Total Expenditures	<u>617,929</u>	<u>1,261,569</u>	<u>-</u>	<u>8,874</u>	<u>128,845</u>	<u>2,017,217</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>158,774</u>	<u>(23,386)</u>	<u>61,977</u>	<u>(1,420)</u>	<u>(128,845)</u>	<u>67,100</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	-	-	-	-	-
Operating transfers in	2	23,386	9,042	-	300,000	332,430
Operating transfers (out)	-	-	-	-	-	-
Total Other Sources (Uses)	<u>2</u>	<u>23,386</u>	<u>9,042</u>	<u>-</u>	<u>300,000</u>	<u>332,430</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	158,776	-	71,019	(1,420)	171,155	399,530
Fund Balances - Beginning of year	88,445	-	108,008	-	-	196,453
Reclassified from Fiduciary	-	-	-	17,890	-	17,890
Fund Balances - End of Year	<u>\$ 247,221</u>	<u>\$ -</u>	<u>\$ 179,027</u>	<u>\$ 16,470</u>	<u>\$ 171,155</u>	<u>\$ 613,873</u>

See paragraph on supplementary schedules included in independent auditors' report

**HARPURSVILLE CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2021**

Capital Assets, net	\$ 29,550,345
Deduct:	
Bond anticipation notes payable	(9,030,000)
Short-term portion of bonds payable	(980,000)
Long-term portion of bonds payable	(9,620,000)
	<u>(19,630,000)</u>
Less: Unspent bond proceeds	3,437,533
	<u>(16,192,467)</u>
Investment in capital assets, net of related debt	<u><u>\$ 13,357,878</u></u>

See paragraph on supplementary schedules included in independent auditors' report

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through NYS Education			
Department:			
Special Education Cluster:			
Special Education - Grants to States (IDEA Part B)	84.027A	0032-21-0051	\$ 218,822
Special Education - Preschool Grants (IDEA Preschool)	84.173A	0033-21-0051	11,177
Total Special Education Cluster			<u>\$ 229,999</u>
Title I, Part A:			
Title I Grants to Local Educational Agencies	84.010A	0021-20-0155	\$ 10,896
Title I Grants to Local Educational Agencies	84.010A	0021-21-0155	370,097
Title I Grants to Local Educational Agencies (School Improvement)	84.010A	0011-20-2090	37,339
Title I Grants to Local Educational Agencies (School Improvement)	84.010A	0011-21-2090	169,236
Title I Grants to Local Educational Agencies (School Improvement)	84.010A	0011-21-2390	3,000
Total Title I, Part A			<u>\$ 590,568</u>
Supporting Effective Instruction State Grants	84.367A	0147-21-0155	38,024
Rural and Low-Income School Program	84.358B	0006-20-0155	12,956
Rural and Low-Income School Program	84.358B	0006-21-0155	7,375
Governor's Emergency Education Relief Fund	84.425C	5895-21-0155	352
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0155	3,817
Student Support and Academic Enrichment Grants	84.424A	0204-21-0155	<u>21,955</u>
Total Department of Education			<u>\$ 905,046</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through NYS Education			
Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555		\$ 29,874
Cash Assistance			
National School Lunch Program	10.555		-
School Breakfast Program	10.553		-
Summer Food Service Program for Children	10.559		636,484
Child Nutrition Discretionary Grants Limited Availability	10.579	0005-20-0006	<u>13,800</u>
Total Child Nutrition Cluster			<u>\$ 680,158</u>
Total Department of Agriculture			<u>\$ 680,158</u>
Total Federal Awards Expenditures			<u><u>\$ 1,585,204</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Acquisitions 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 financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

NOTE 2: SUBRECIPIENTS:

No amounts were provided to subrecipients.

NOTE 3: OTHER DISCLOSURES:

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

NOTE 4: NON-CASH ASSISTANCE:

Nonmonetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. For the year ended June 30, 2021, the District received food commodities totaling \$29,874.

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

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued on whether
The financial statements were prepared in
accordance with GAAP: unmodified

Internal Control over Financial Reporting

	<u>Yes</u>	<u>No</u>	
Material weakness identified?	_____	_____X	
Significant deficiencies identified?	_____	_____X	none reported

Noncompliance material to financial statements
noted?

<u>Yes</u>	<u>No</u>
_____	_____X

Federal Awards

Internal control over major programs:

	<u>Yes</u>	<u>No</u>	
Material weakness identified?	_____	_____X	
Significant deficiencies identified?	_____	_____X	none reported

Type of auditors' report issued on compliance
for major programs: unmodified

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)?

<u>Yes</u>	<u>No</u>
_____	_____X

Identification of major programs:

Assistance listing/
CFDA Numbers

Name of Federal Program or Cluster

84.010A	Title I Grants to Local Educational Agencies (LEAs)
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Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk auditee?	_____X	_____
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Section II - Financial Statement Findings: No matters were reported.

Section III - Federal Award Findings and Questioned Costs: No matters were reported.

VIEIRA & ASSOCIATES

CPAs, P.C.

John B. Burtis, CPA*

Scott M. Hotalen, CPA

*Also Licensed in Pennsylvania

Cheryl DiStefano, CPA

Patrick J. Price, CPA, CVA

Nicole R. Mayers, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Harpursville Central School District
54 Main Street
Harpursville, NY 13787

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harpursville Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Harpursville 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 Harpursville Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harpursville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Harpursville 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 a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and other Matters

As part of obtaining reasonable assurance about whether Harpursville Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Vieira & Associates CPAs, P.C.

October 13, 2021
Endicott, New York

VIEIRA & ASSOCIATES CPAs, P.C.

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Harpursville Central School District
54 Main Street
Harpursville, NY 13787

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited Harpursville 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 Harpursville Central School District's major federal programs for the year ended June 30, 2021. Harpursville 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Harpursville 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 Acquisitions Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harpursville Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Harpursville 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 each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Harpursville 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 Harpursville Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Harpursville Central School District as of and for the year ended June 30, 2021. We issued our report thereon dated October 13, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Vieira & Associates CPAs, P.C.

October 13, 2021
Endicott, New York